Investor Information

FEDERAL BANK

YOUR PERFECT BANKING PARTNER

Q2 FY 2018

Key Messages

WHY SETTLE FOR LESS?

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- Credit continues growth trend. Book grows by 25% Y-o-Y.
- Credit Growth spread evenly across all segments.

- Ahead of system growth continues
- New client acquisition across all segments shows robust growth.
- Supportive Business Architecture and growth enablers deepen across all business verticals

- Highest quarterly operating profit. Increases sequentially over last 4 quarters
- NIM at 3.31%. Increases sequentially

Granular Liability Franchise:

- Retail deposits grow 16% Y-o-Y
- CASA Ratio at 32.93%
- Continued increase in NR market share.

Strong, Consistent & Sustainable Growth

- Balance Sheet grows by 21% Y-o-Y (Rs.1.22 L Cr)
- Total business grows by 18% Y-o-Y (Rs.1.78 L Cr)
- CRAR at 14.63%

- Asset Quality Indicators - GNPA% (2.39)and NNPA% (1.32)- Improves Sequentially and Y-o-Y
- NCLT impact negligible. Ahead of system in recognizing systemically weak Accounts

- Bank further cements its position as a national player through the 'Why Settle for Less?' – Marketing Campaign
- The Campaign was run successfully through the quarter.

- Number of active digital users increases 63%
- Innovative platform for digital account opening using biometric authentication introduced

Performance Highlights (Y-o-Y)

Savings Account	21% ↑	Cost to Income Ratio	159 bps ↓
Retail Deposit	16% ↑	Operating Profit	23 % ↑
Retail Advance	17% ↑	GNPA %	39 bps ↓
SME Advance	18% ↑	Net Profit	31 % ↑
Agri Advance	24% ↑	Capital Adequacy (CRAR)	14.63
Wholesale Business	36% ↑	Provision Coverage Ratio	70%

WHY SETTLE FOR LESS?

Comparison : Y-o-Y

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Advances	**Retail+Agri** ↑ 18% 26762→31670	**SME*** ↑ 18% 14955→17651	**Wholesale*** ↑ 36% 23722→32175	**Total Advances** ↑ 25% 65439→81497
Deposits	**CASA** ↑ 20% 26787→32016	**CASA Ratio** ↑ 189 bps 31.04→32.93	**NRE Deposits** ↑ 18% 32459→38256	**Retail Deposits** ↑ 16% 81547→94313
Performance	**Net Income (NII+OI)** ↑ 19% 998→1186	**Core Other Income** ↑ 20% 163→195	**Operating Profit** ↑ 23% 475→583	**Net Profit** ↑ 31% 201→264
Ratios	**Cost Income ratio** ↓ 159 bps 52.42→50.83	**Gross NPA%** ↓ 39 bps 2.78→2.39	**Net NPA%** ↓ 29 bps 1.61→1.32	**Profit per Employee** ↑ 29% 6.96→8.96 (lacs)

* SME & Wholesale realigned as per FY beginning reclassification

Comparison : Q-o-Q (Sequential)

Advances	**Retail+Agri** 5% 30174→31670	**SME** 5% 16786→17651	**Wholesale** 7% 30127→32175	**Total Advances** 6% 77087→81497
Deposits	**CASA** 0% 32048→32016	**CASA Ratio** -51 bps 33.44→32.93	**NRE Deposits** 2% 37370→38256	**Retail Deposits** 2% 92668→94313
Performance	**Net Income (NII+OI)** 5% 1130→1186	**Core Other Income** 9% 180→195	**Operating Profit** 5% 558→583	**Net Profit** 25% 210→264
Ratios	**Cost Income ratio** 0% 50.62→50.83	**Gross NPA%** 3 bps 2.42→2.39	**Net NPA%** 7 bps 1.39→1.32	**Profit Per Employee** 24% 7.21→8.96 (n Lacs)

Key Indicators

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Category	Indicator	Q2 FY18	Q1 FY18	Q4 FY17	Q3 FY17	Q2 FY17
Shareholder Value	Book Value (Per Share in ₹)	59.59	59.42	51.43	49.94	48.63
	EPS	5.35	4.34	6.04	4.74	4.68
Granularity	CASA + Deposits <1 Cr (% of Total Deposits)	90%	92%	89%	92%	89%
Profitability	ROA	0.94	0.77	0.96	0.78	0.88
	ROE	9.02	8.26	11.92	9.62	9.78
Efficiency	Cost/Income	50.83	50.62	51.16	54.97	52.42
	Net NPA%	1.32	1.39	1.28	1.58	1.61

Asset Quality Trend

(Rs. in Cr)

Fresh Accretion					
	Q2 FY18	**Q1 FY18**	Q4 FY17	Q3 FY17	**Q2 FY17**
Retail	**106**	**97**	55	86	**63**
Agri	**51**	**45**	30	14	**26**
SME	**107**	**114**	122	119	**135**
Wholesale	**20**	**169**	37	55	**42**
Total	**284**	**425**	244	273	**266**

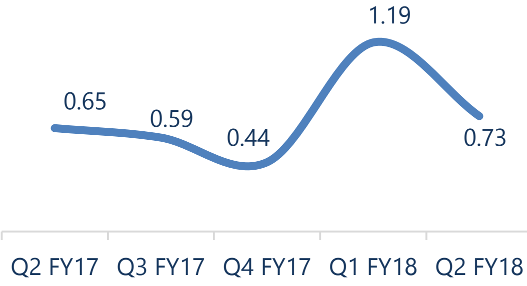
Restructured				
TYPE	**Q2 FY18#**		**Q1 FY18 #**	
	Balance	**Of which Bonds**	**Balance**	**Of which Bonds**
STANDARD	1343	157	1326	135
NPA	403	292	350	243
TOTAL	**1746**	**449**	**1676**	**378**

includes S4A,SDR,5/25

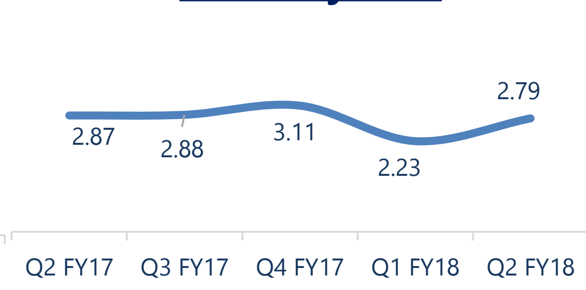
NPA Composition		**Q2 FY18**	**Q1 FY18**
	Business	**NPA**	**NPA**
Gross NPA	Retail	501	415
	Agri	242	211
	SME	948	890
	Wholesale	257	351
	Total	1949	1868
Net NPA		1066	1061

Security Receipts		
	Q2 FY18	Q1 FY18
Face Value	1093.74	1091.85
Book Value	873.48	880.40

Credit Cost



Risk Adj NIM



Asset Quality : Rating Distribution

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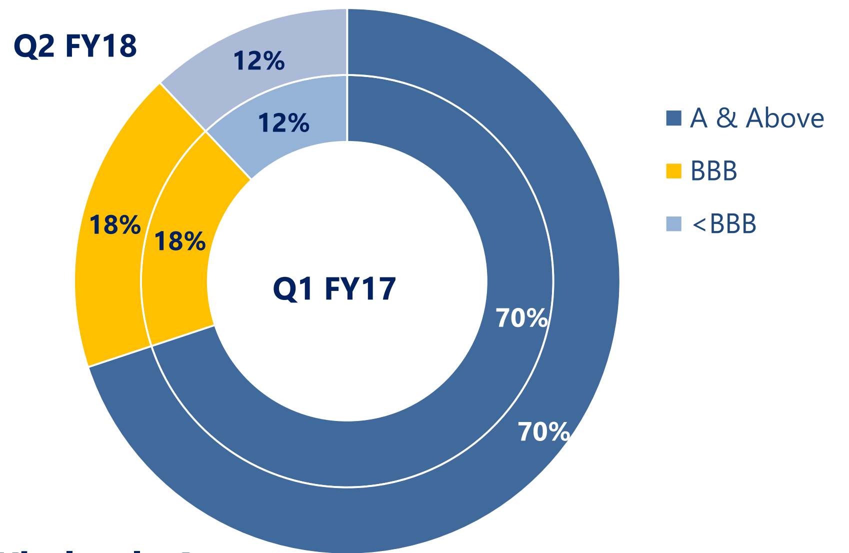
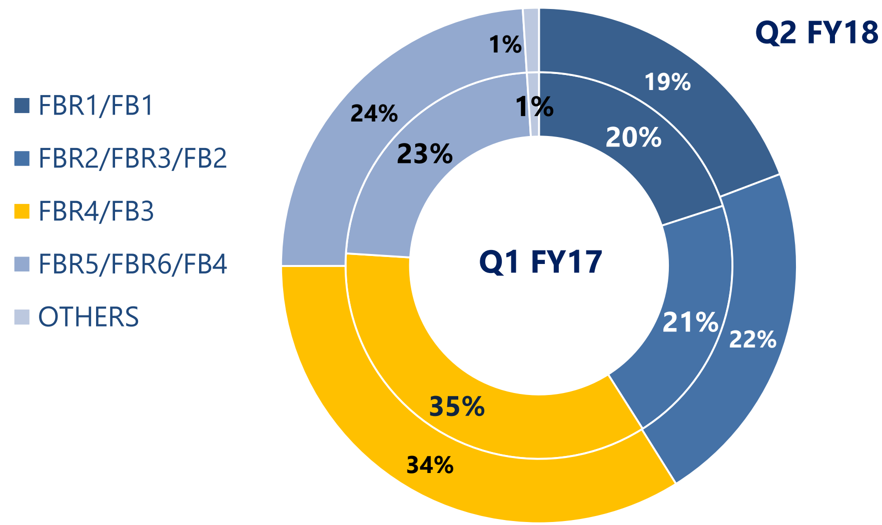
Risk Rating





Wholesale Assets

Rating	Q2 FY-18	Q1 FY-18
A & above	70%	70%
BBB	18%	18%
< BBB	12%	12%

Other Assets

Rating		Q2 FY-18	Rating	Q1 FY-18
FBR1	FB1	19%	FB 1	20%
FBR2/FBR3	FB2	22%	FB 2	21%
FBR4	FB3	34%	FB 3	35%
FBR5/FBR6	FB4	24%	FB4	23%
Others		1%	Others	1%

Digital Journey

FedNet
Internet Banking

- **FedNet** is now enabled with
  - ❑ BBPS (Bharath Bill Payment System)
  - ❑ GST payment

FedMobile

- **FedMobile** updated with
  - ❑ exciting user interface
  - ❑ UPI payments
  - ❑ chat feature
  - ❑ Bharat QR

LOTZA

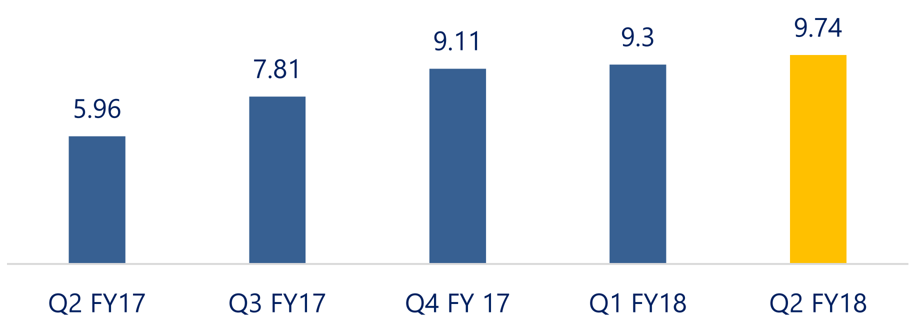
- **Lotza** UPI App launched in iOS.

- **IAO (Instant Account Opening):** A new platform for digital account opening using biometric authentication

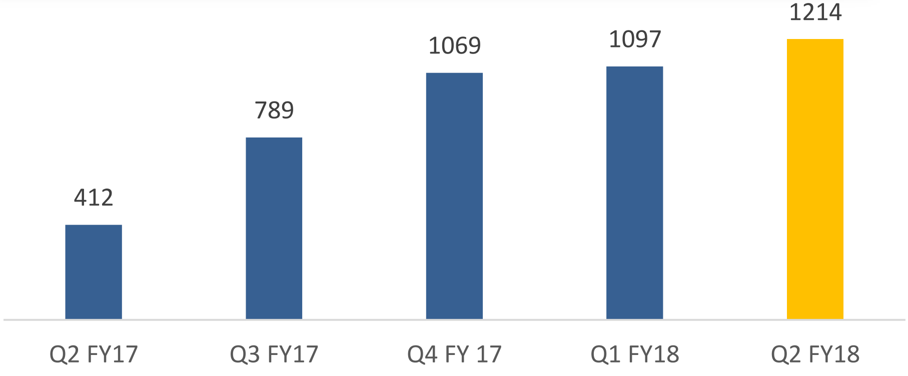
Digital Journey

WHY SETTLE FOR LESS?

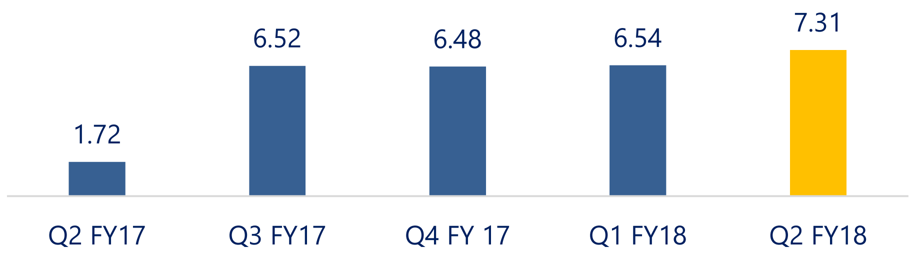
Increase in the number of Active Digital User (in Lac)



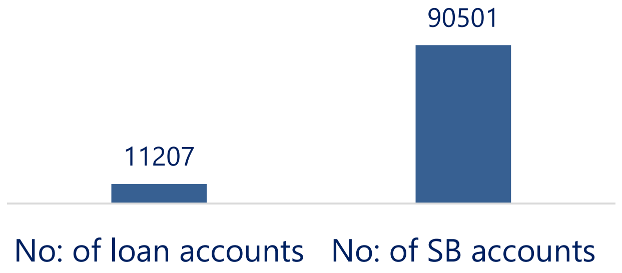
FedMobile Transaction Volume (per month in Cr)



Missed Call Banking Users (in Lac)



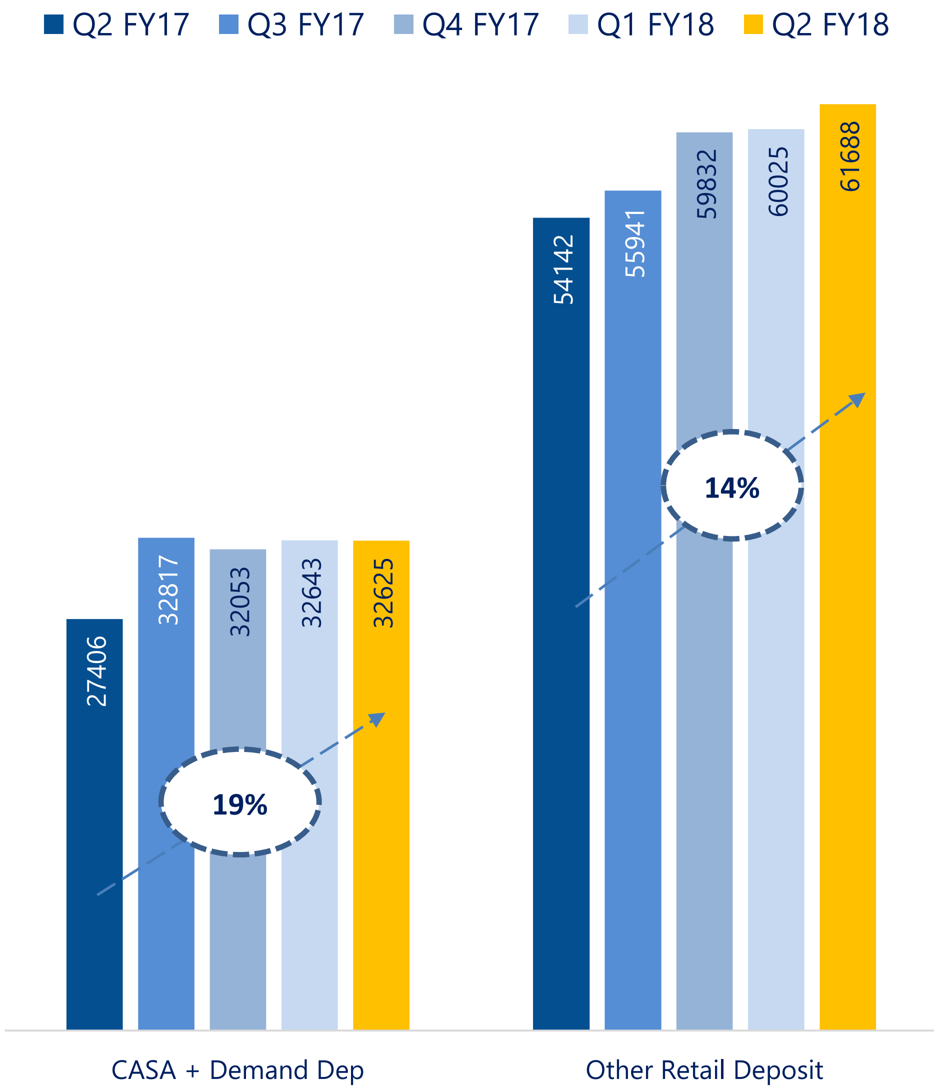
Digital onboarding (in Q2)

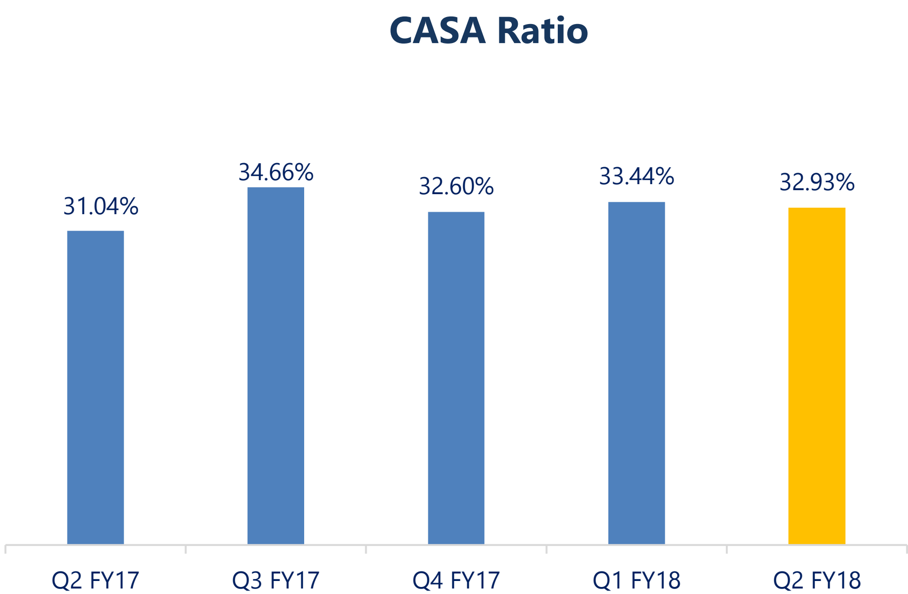


Business Parameters

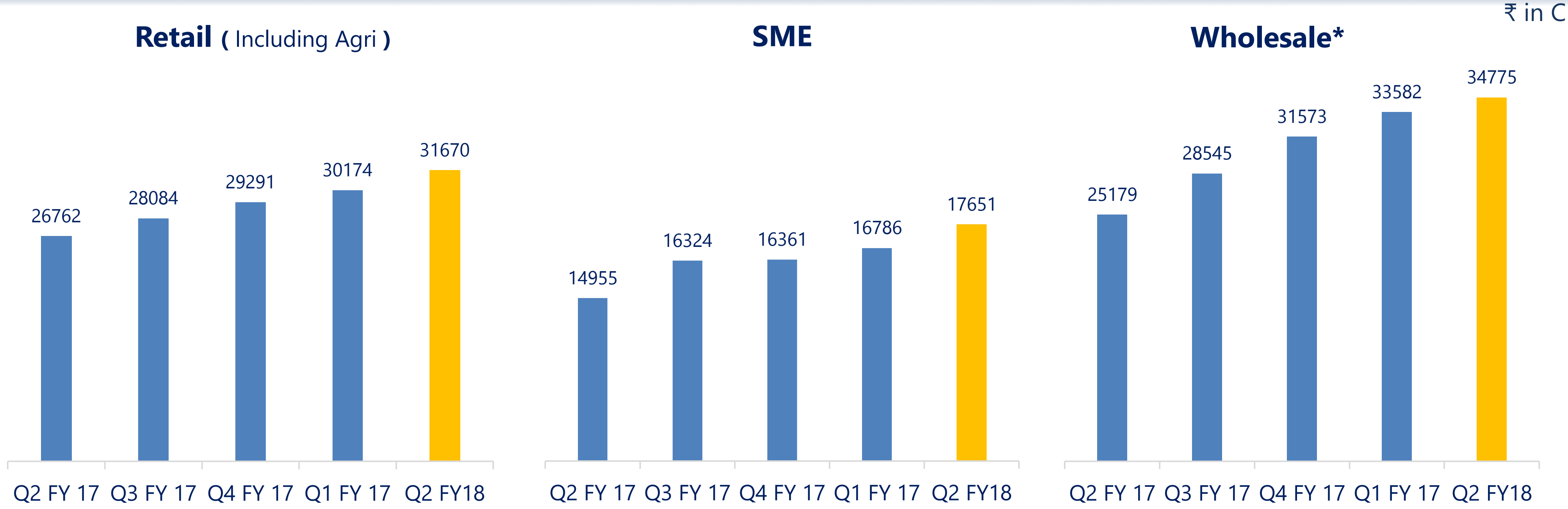
Liability : Trends

₹ in Cr





Customer Exposures



Highlights

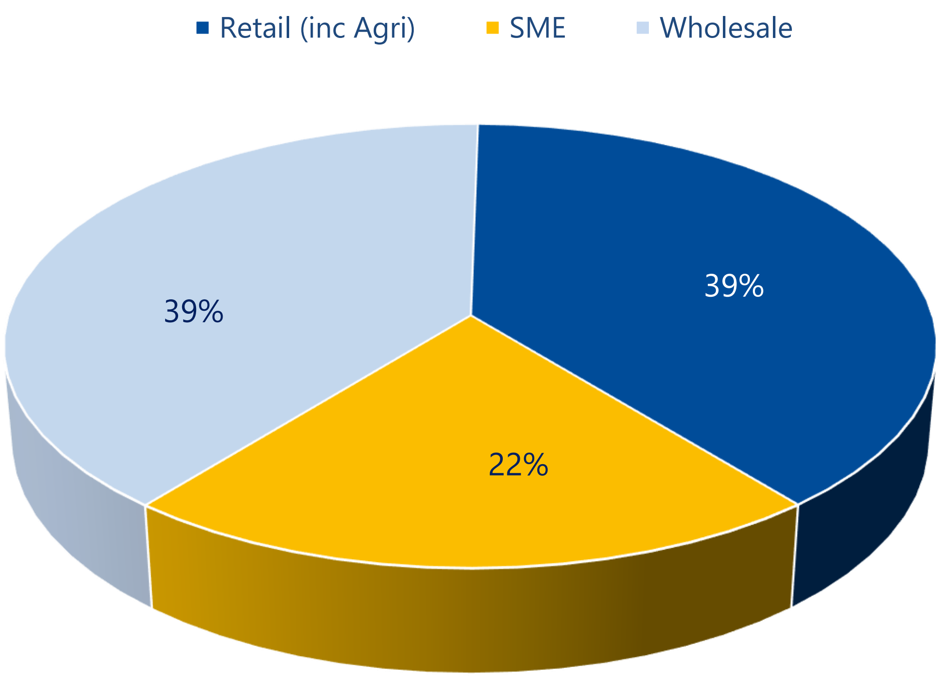
- Wholesale* portfolio grows by 38% Y-o-Y.
- SME Portfolio shows 18% growth Y-o-Y.
- Retail (including Agri) portfolio grows by 18% Y-o-Y .

(*Aggregate customer exposure)

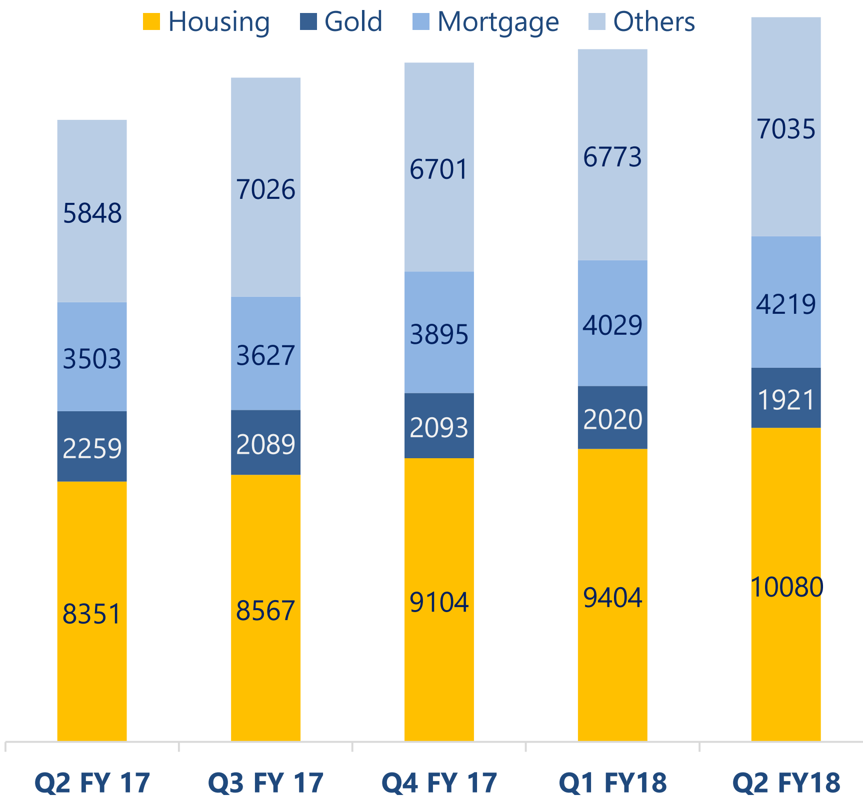
Credit Portfolio Distribution

₹ in Cr

Total Loan Book



Retail Loan Book (Excl Agri)



	Q2 FY 17	Q3 FY 17	Q4 FY 17	Q1 FY18	Q2 FY18
Housing	8351	8567	9104	9404	10080
Gold	2259	2089	2093	2020	1921
Mortgage	3503	3627	3895	4029	4219
Others	5848	7026	6701	6773	7035

Fee Income/Other income

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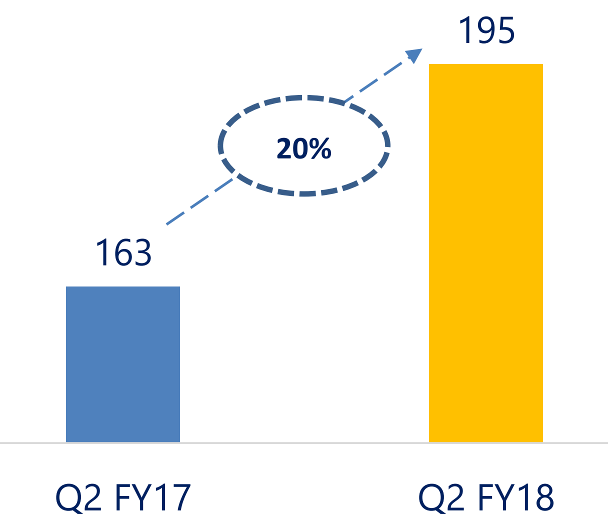
₹ in Cr

	Q2 FY18	Q1 FY18	Q4 FY17	Q3 FY16	Q2 FY17	Y-o-Y %
Loan Processing Fee	35	28	41	29	27	33%
Exchange, Commission, Brokerage& Other Fee Income	119	118	130	109	109	9%
Net Profit on Forex Transactions	41	34	41	33	27	52%
Fee Income	**195**	**180**	**212**	**171**	**163**	**20%**
Profit on sale of securities	75	112	54	86	86	-13%
Recovery from assets written off & Other Receipts	17	37	16	18	23	-26%
Total Other income	**287**	**329**	**282**	**275**	**272**	**5%**

Fee Income (Y-o-Y)



Distribution : Deriving Efficiency from Foot Print

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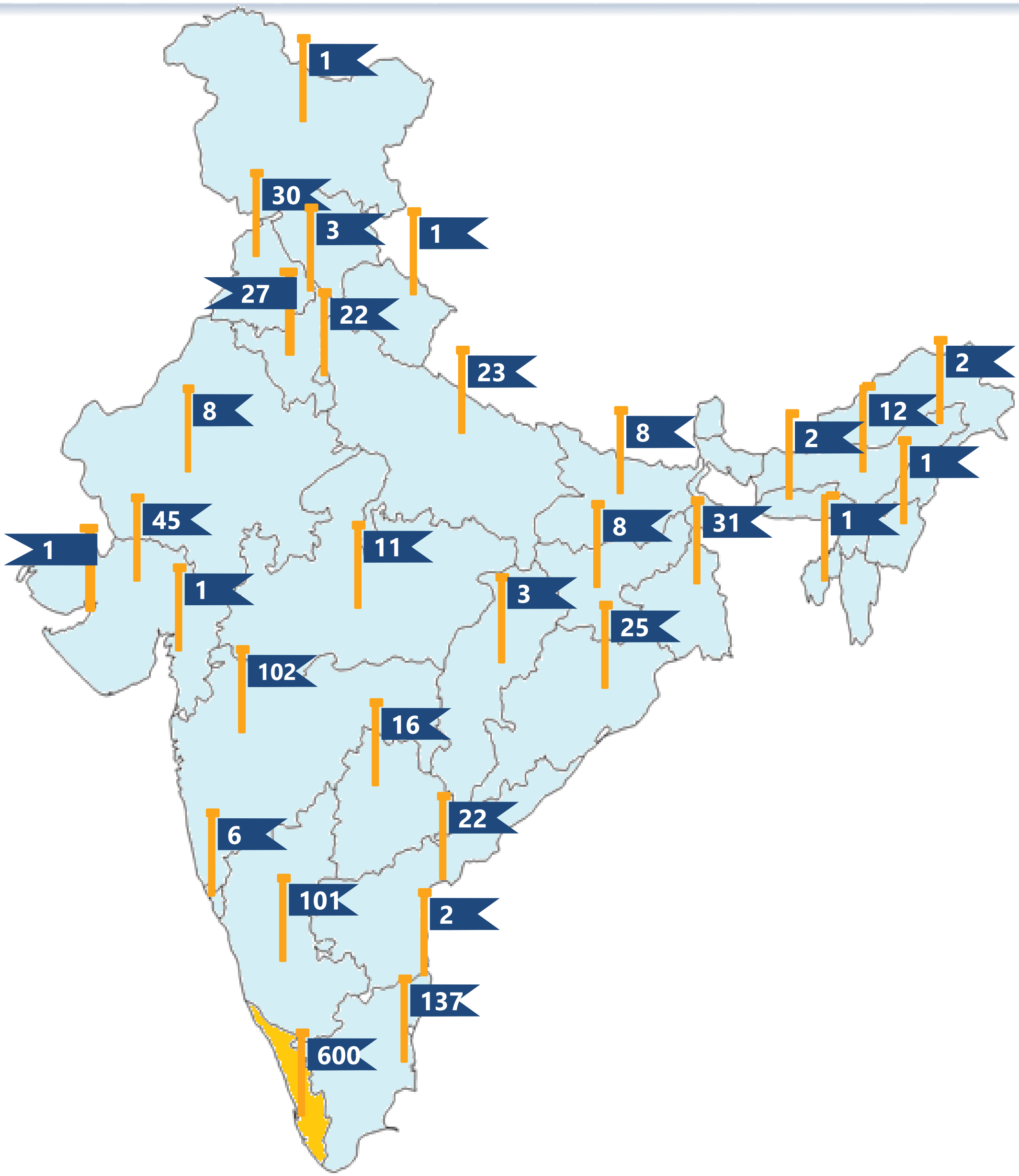
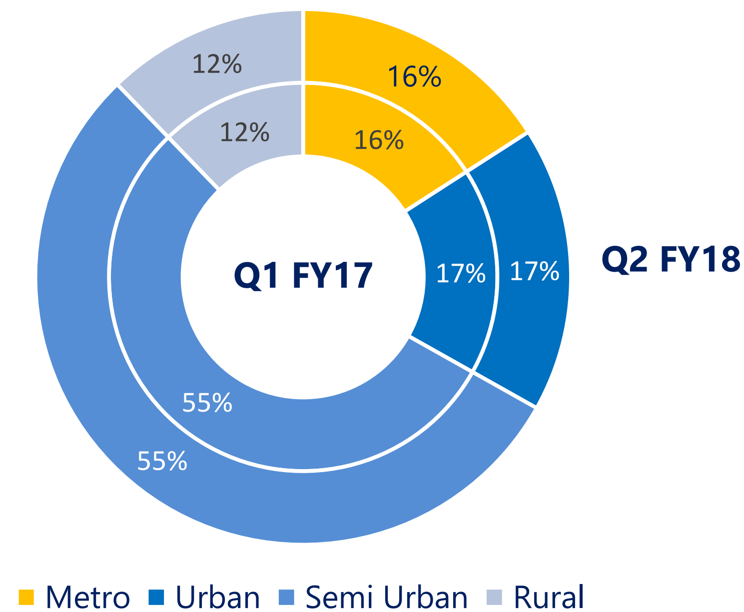


	Q2 FY18	Q1 FY18	Q4 FY17
Branches	1252	1252	1252
ATMs	1678	1678	1667

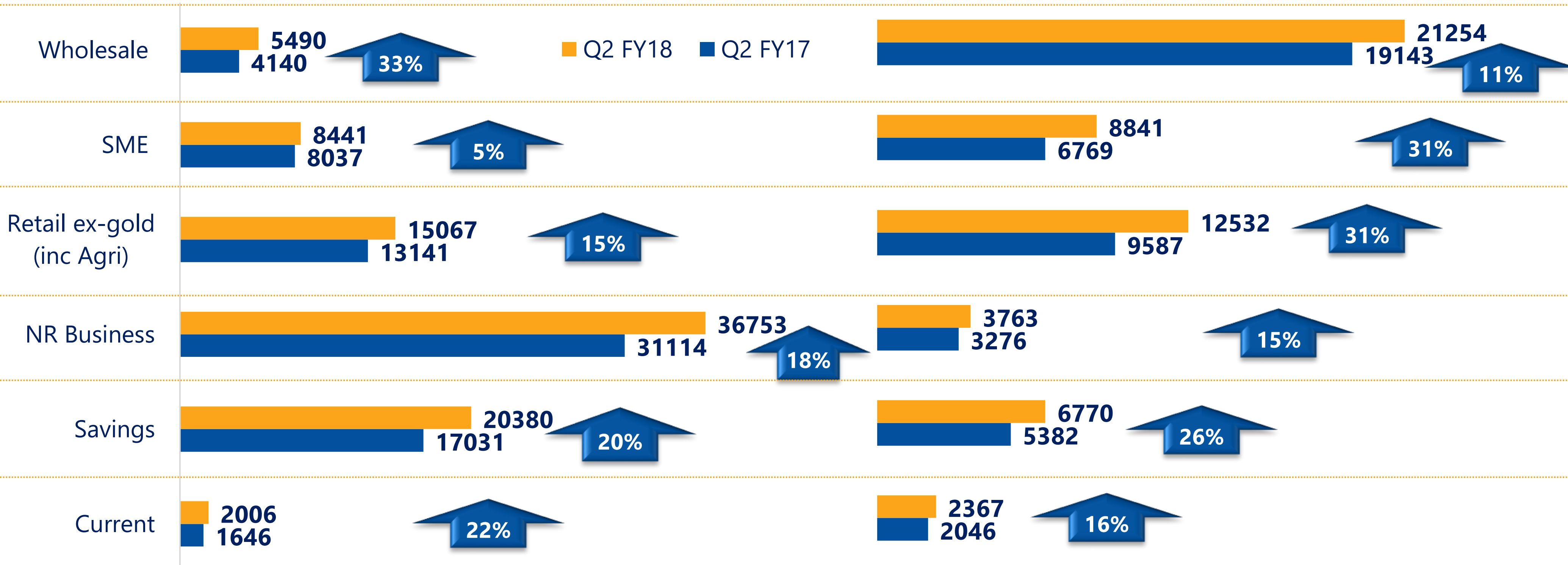


Distribution

₹ in Cr

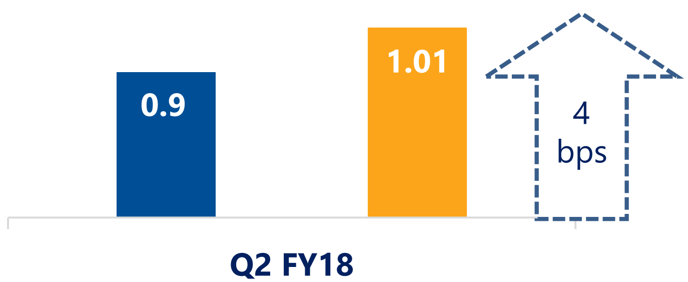
Kerala : Continuing Dominance

Outside Kerala: Gaining share



* SME & Wholesale realigned as per FY beginning reclassification

Bank's Market Share



Gain in Market Share:
growth (Q-o-Q)
Deposit: Maintained Market share
Advance : Market Share improved by 4 bps

CRAR – How strong is your Bank?

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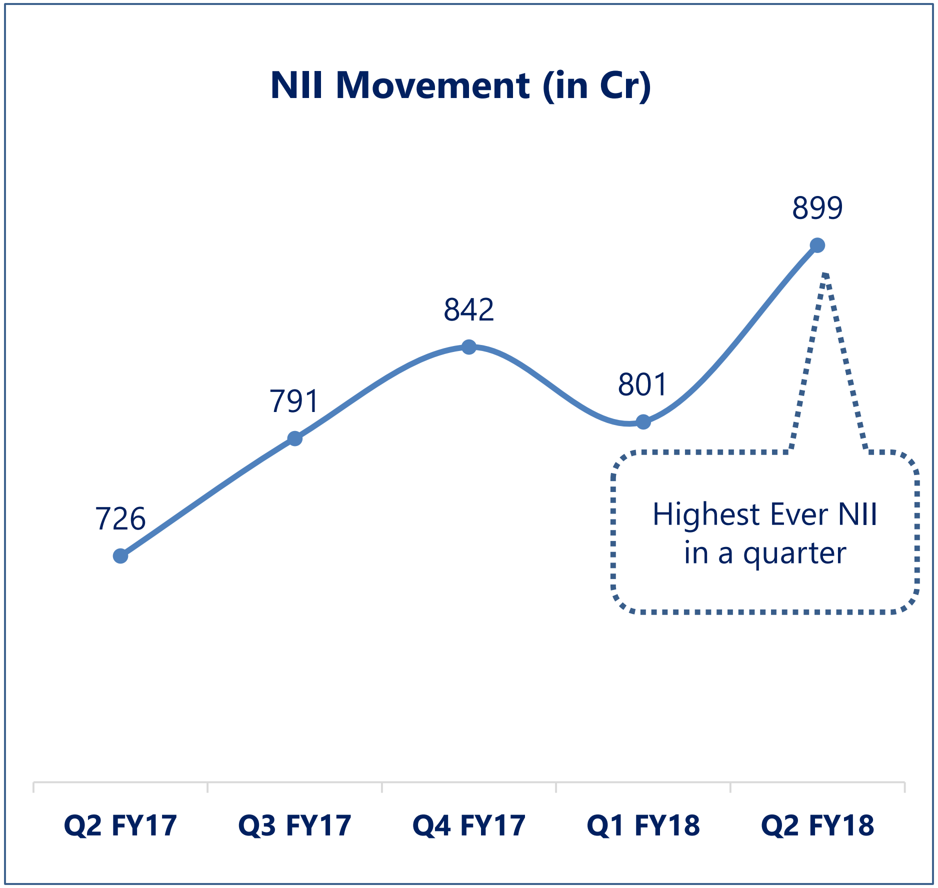
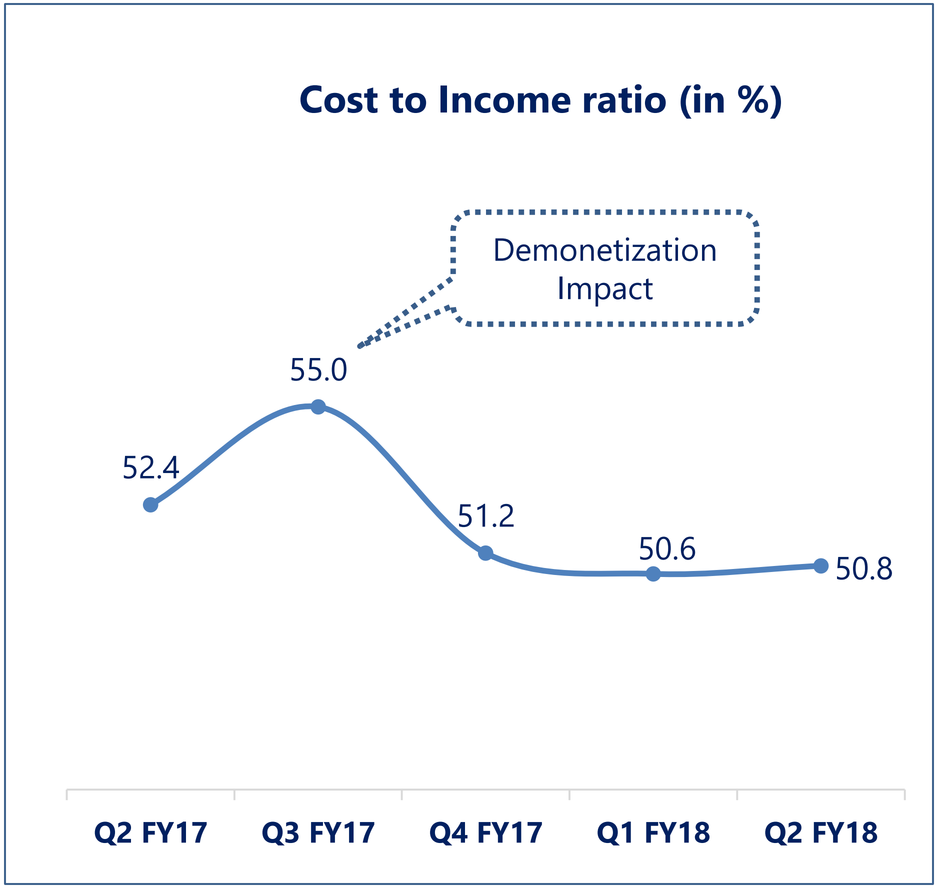
₹ in Cr

	Sep-17	Jun-17
Risk Weighted Assets		
Credit Risk	68244	64589
Market Risk	3752	3681
Operational Risk	6392	6392
Total RWA	**78388**	**74662**
Tier-1 Capital Funds	11042	10989
Tier-II Capital Funds	426	419
Total Capital Funds	**11467**	**11408**
CRAR	**14.63%**	**15.28%**
Tier-I	14.09%	14.72%
Tier-II	0.54%	0.56%

Annexures

Core Performance Indicators



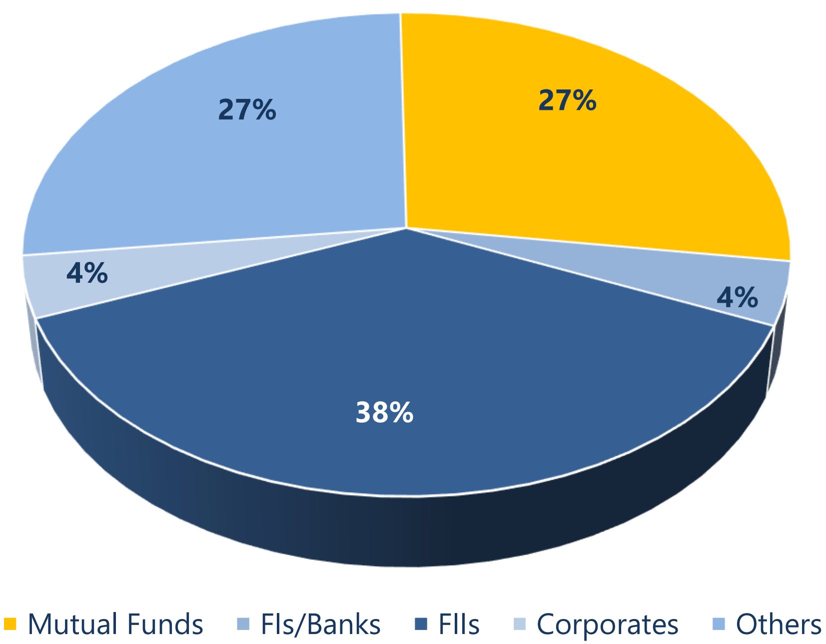


Balance Sheet & Shareholding Pattern

₹ in Cr

	Q2 FY18	Q2 FY17
LIABILITIES		
Capital	391	344
Reserves & Surplus	11342	8121
Deposits	97211	86299
Borrowings	8733	2655
Other Liabilities & Provisions	4080	3055
TOTAL	**121757**	**100475**
Cash & Balance with RBI	4726	3985
Balances with Banks, Money at Call	4048	2001
Investments	26317	24152
Advances	80645	64686
Fixed Assets	472	510
Other Assets	5547	5139
TOTAL	**121757**	**100475**

Share Holding Pattern



WHY SETTLE FOR LESS?

Financials

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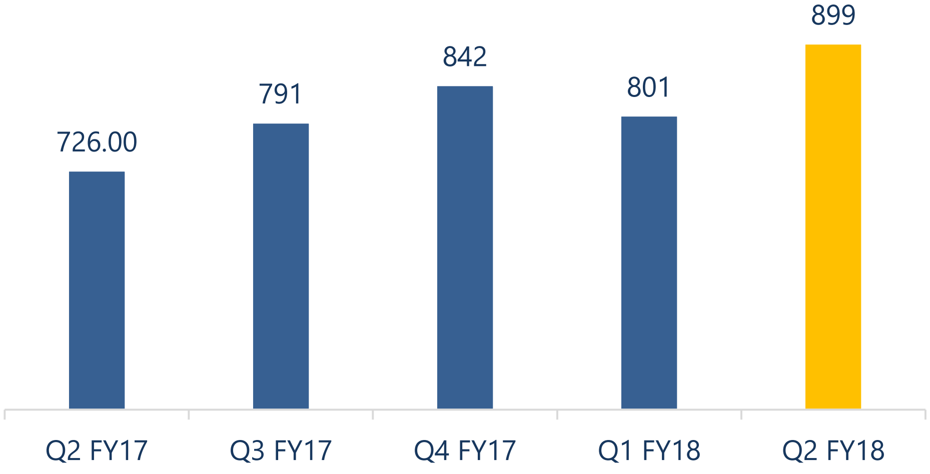
₹ in Cr

	Q2 FY18	Q1 FY17	Q-o-Q	Q2 FY17	Y-o-Y
Interest Income	2380	2324	2%	2066	15%
Interest Expenses	1481	1523	-3%	1340	10%
Net Interest Income	**899**	**801**	**12%**	**726**	**24%**
Other Income	287	329	-13%	272	6%
Total Income	2667	2653	1%	2338	14%
Total Expenditure	2084	2095	-1%	1863	12%
Operating Profit	**583**	**558**	**5%**	**475**	**23%**
Total Provisions	320	348	-8%	274	17%
Net Profit	**264**	**210**	25%	**201**	31%
Net Interest Margin (%)	**3.31%**	**3.13%**	**18 bps**	**3.32%**	**-1 bps**
Cost to Income Ratio (%)	**50.83%**	**50.62%**	**21 bps**	**52.42%**	**-159 bps**

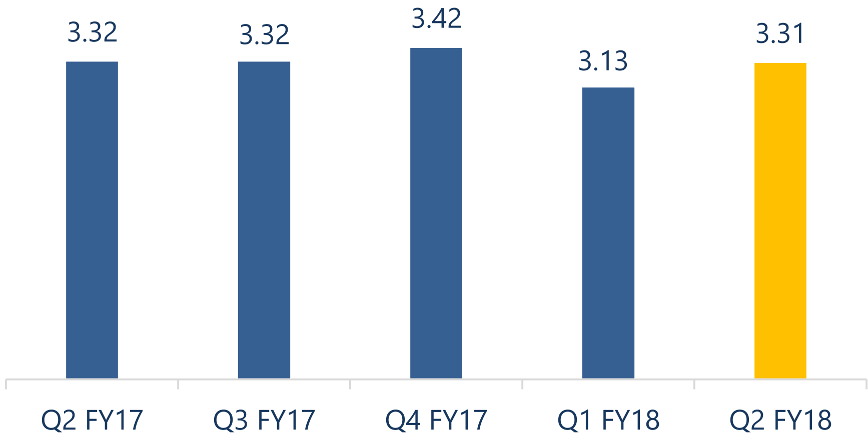
Incomes and Margins

₹ in Cr

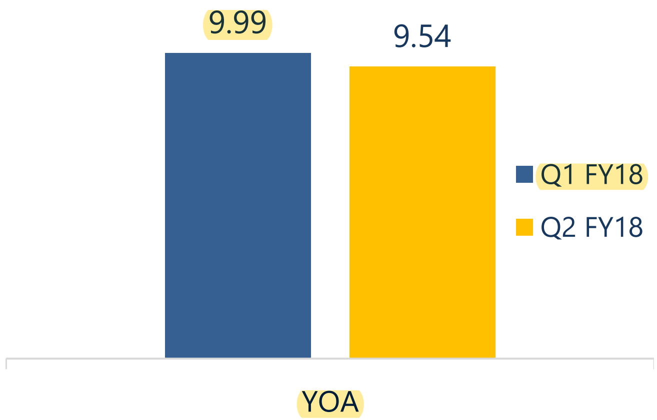
Net Interest Income



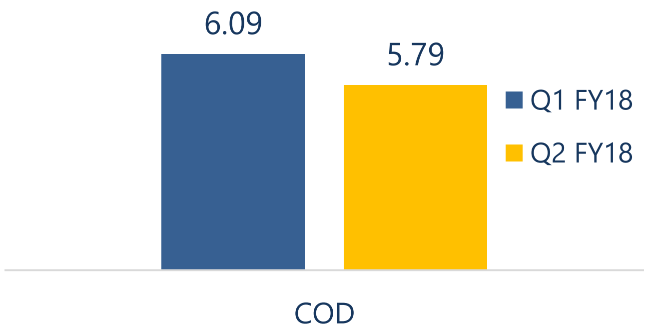
Net Interest Margin (%)



Yield on Advances

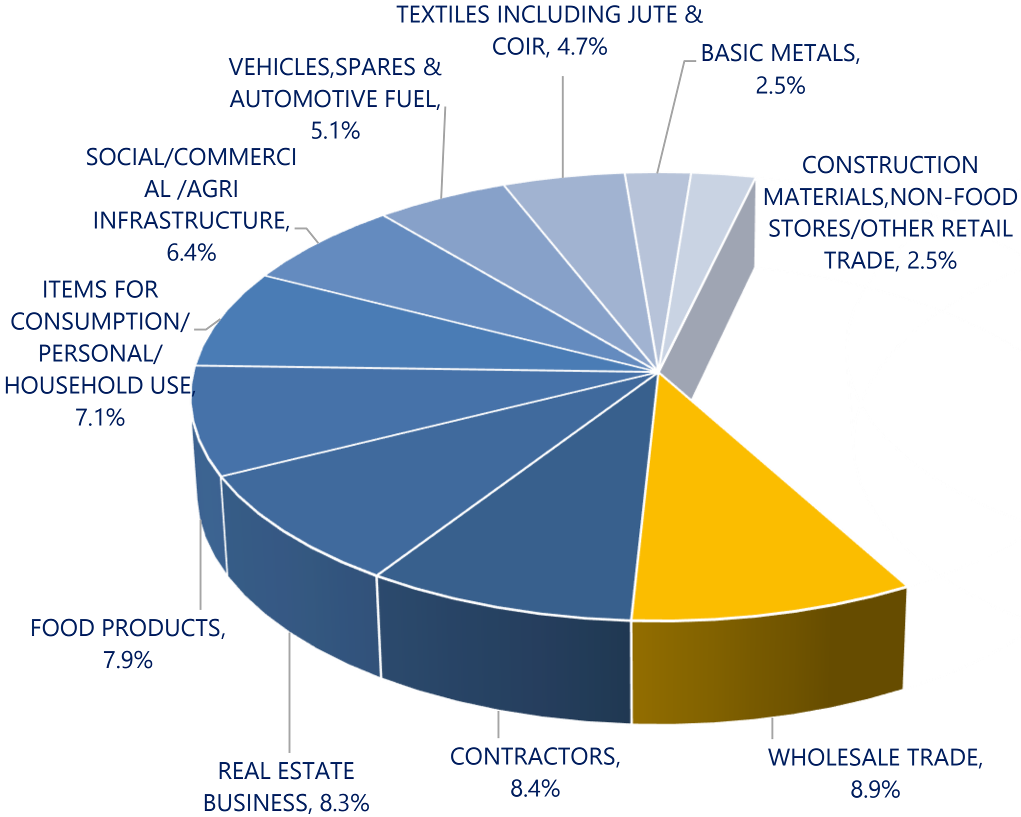


Cost of Deposits

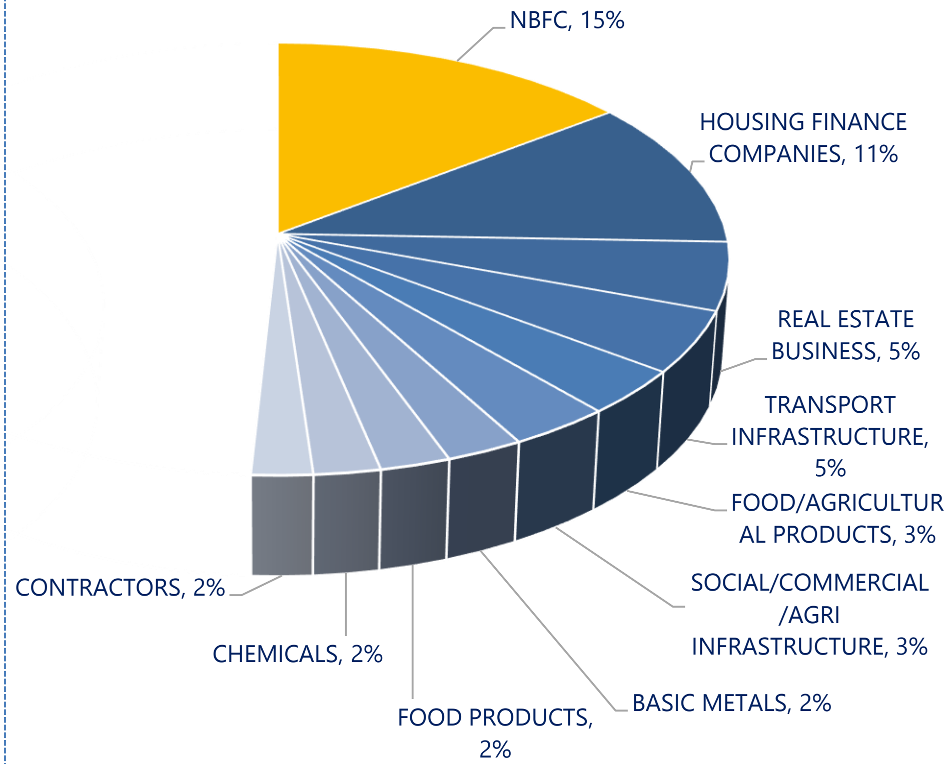


Sector wise Advance Portfolio

SME Portfolio



Wholesale Portfolio



Investments / Subsidiaries & JVs

Major Investments

Entity	% Equity
Fedbank Financial Services Limited	100.00%
IDBI Federal Life Insurance Company of India Limited	26.00%

Subsidiaries & JVs

IDBI Federal Life Insurance Co. Ltd.

- Bank's Joint Venture Life Insurance Company, in association with IDBI Bank and Ageas
- Federal Bank holds 26% equity in the J.V.
- Started selling life insurance products from March 2008

FedBank Financial Services Ltd.

- Fully owned subsidiary of the Bank with NBFC license
- Marketing Retail Asset Products of the Bank
- Retail Hubs established at major centres all over India
- Separate mechanism established for speedy and dedicated processing of retail loans sourced through this channel

UAE Representative Office

- Representative Office at Abu Dhabi, established in 2008 & Dubai in 2016.
- Gateway of the Bank to the whole of Middle East
- Increased the reach of the Bank among Non-Resident Indians in the Gulf countries

External Ratings

CRISIL RATINGS

Fixed Deposit	A1+
Certificate of Deposit	A1+

- Fixed Deposits and Certificate of Deposits enjoy highest rating in that class.

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