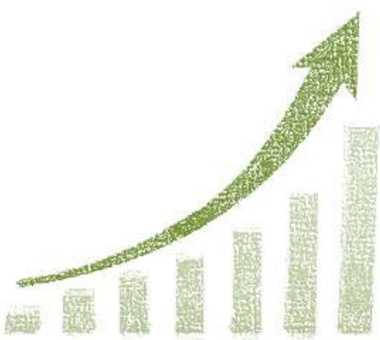
Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q2 FY 2020

Key Messages

Consistent & Stable Performance



Strong Bottomline Performance
- Highest ever Net Profit @ 417cr, grows 57% Y-o-Y
- Q2 FY20 ROA at 1.03% and ROE @ 12.06%
- Operating Profit @ 719 Cr

Calibrated Credit Growth of 15%
- Core Retail grew by 29%
- Auto grew 59%, PL-131% & HL-24%
- Gold Loan including Agri GL grew by 23%
- Net Interest Income @1124 Cr
- NIM @ 3.01%

Granular Liability Franchise
- Total Deposits grew by 18% Y-o-Y.
- CASA Ratio stands at 31.55%
- Retail Deposits constitute 92% of total deposits

Asset Quality
- GNPA and NNPA @ 3.07% and 1.59% respectively.
- Credit Cost at 0.62% & PCR to 66.16%
- **Standard assets provision to address potential stress at 72 Cr.**

Consistent Gain in Market Share
- Market Share in Advances reaches 1.16% - up by 4 bps Y-o-Y
- Market Share in Deposits reaches 1.07% up by 7 bps Y-o-Y

Income and Cost Streams
- Consistent growth in Core Fee Income and Other Income at 21% & 30% respectively, Y-o-Y.
- Cost to Income @ 53.47%

Digital Update
- First Bank in the country to launch online Demat account opening through Net banking.
- Introduced EMI facility for debit card purchases through POS terminals in association with Pine-labs

Balance Sheet and Capital
- Balance Sheet grows by 14% Y-o-Y (Rs1.66L Cr)
- Total business crosses milestone figure of 2.5L Cr to reach Rs.2.55L Cr, grows 17% Y-o-Y.
- CRAR at 13.98%

Key Ratios

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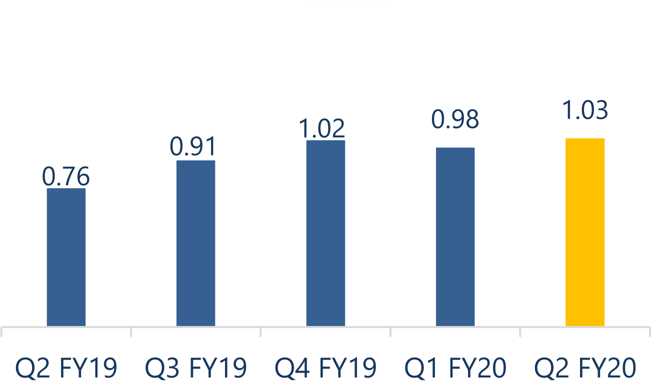
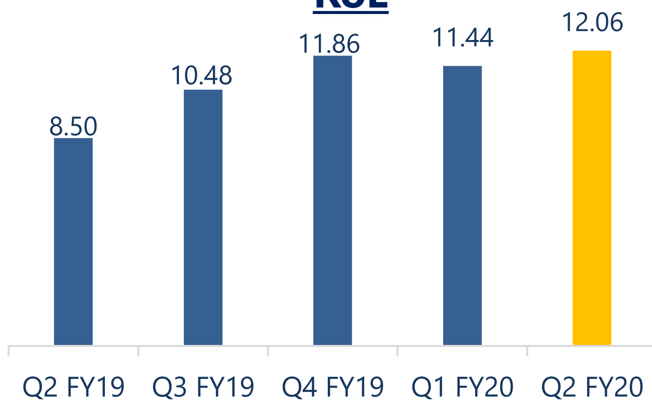
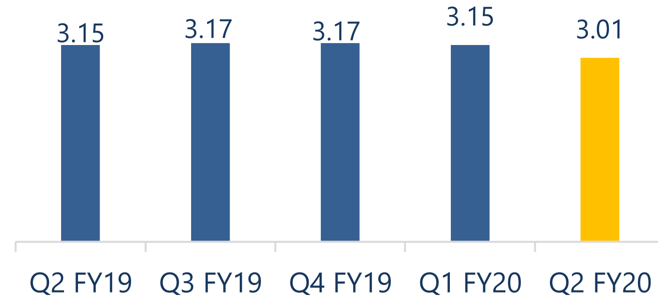
RoA



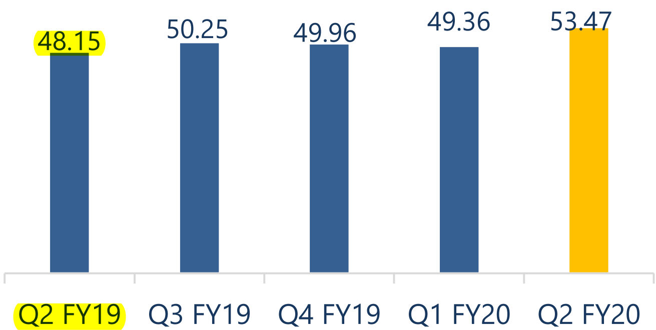
RoE



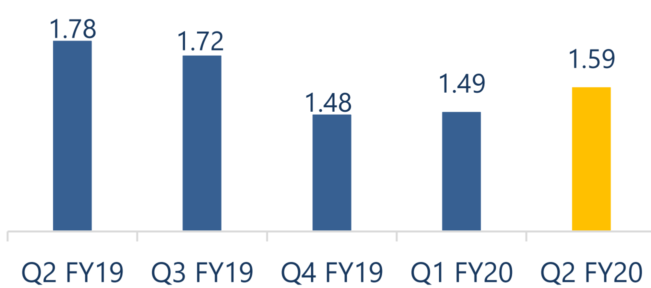
Net Interest Margin (%)



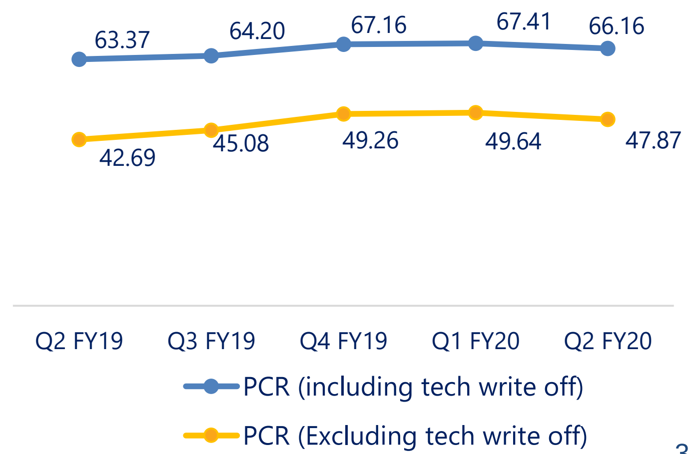
Cost to Income Ratio



NNPA (%)



PCR (%)



Key Revenue

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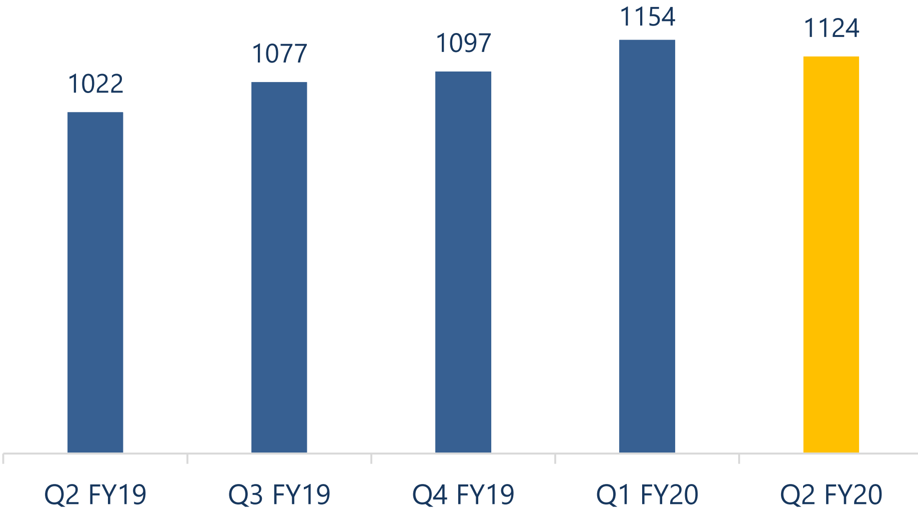
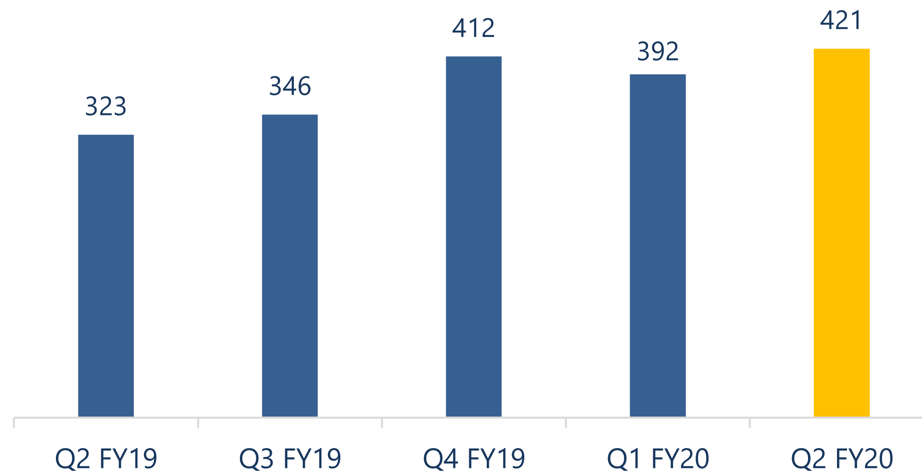
₹ in Cr

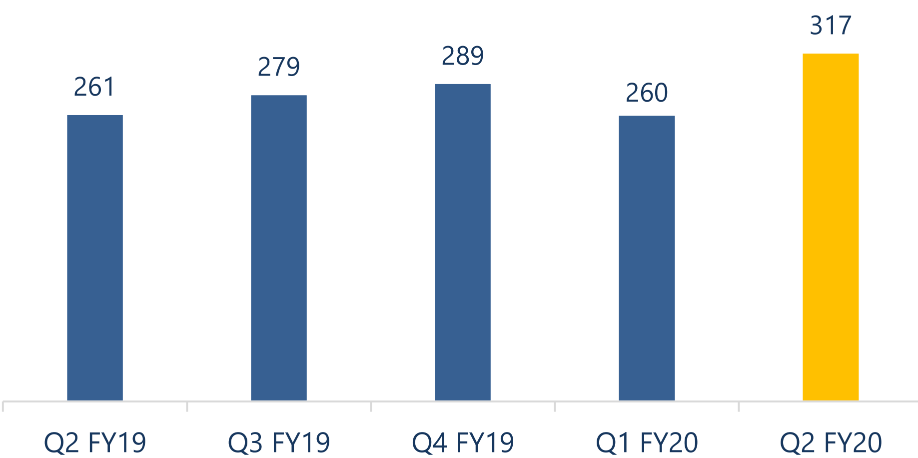
Net Interest Income



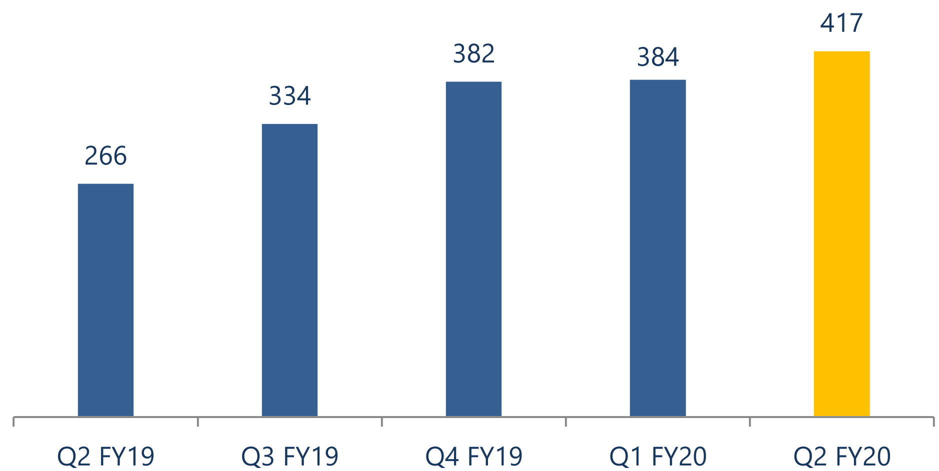
Other Income



Fee Income



Net Profit



Rearview and the Road Ahead...

Business initiatives To Sharpen high Quality Growth

Wholesale Banking

- Healthy growth in corporate CASA to cross 1000 crs – YTD growth of 64% over PY and 12.7% Q-o-Q growth.
- Corporate Advances for the first time crossed the 50,000 Cr mark inspite of the sluggish external credit environment.
- Formed dedicated vertical to handle & scale up Supply Chain Business.
- Signed dealer finance MOU with Automobile major - Maruti Suzuki (MSIL). MSIL has recognised Federal Bank as preferred partner.

Retail Banking

- CV/ CE business disbursed a shade less than 100 Cr of fresh Disbursement in Q2.
- On Debit cards, consistently crossed 800 Cr monthly spends, putting the Bank in the top 15 banks in India on this parameter. Launched Contactless Cards during the quarter.
- Door step Gold loans in partnership with Fintech ramped up further adding more centres and reached a run rate of Rs.100 Cr per month.
- Enhanced digitalization/ automation in Business Banking/ Micro Credit underwriting process.
- On NR front, started cost effective and fast remittances arrangements from Japan, Hong Kong & Saudi Arabia. Remittances through Federal Bank increased to 15.7%.

Government Business and Treasury

- Government Liability business recorded a growth of 57% Y-o-Y
- Total FX volumes this quarter were higher by 29% Q-o-Q

Performance Highlights Y-o-Y

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Prominence to Dominance
Presence to Prominence

Net Profit Operating Profit	57 % 3 %
RoA RoE	@ 1.03% @ 12.06%
Cost to Income Ratio GNPA	@ 53.47% @ 3.07%
Core Fee Income Other Income	21% 30%
NII NIM	10% @3.01
Provision Coverage Ratio	66.16%

Retail (inc Agri) Agri	24% 21%
Business banking	15%
Commercial Banking Corporate Business	9% 8%
Total Advance	15%
CASA	12%
Total Deposit	18%
Capital Adequacy (CRAR)	13.98%

Comparison : Y-o-Y

RETAIL | WHOLESALE

Advances

Retail + Agri	Business Banking (BuB)#	Commercial Banking (CoB)#	CIB	Total Advances
24%	15%	9%	8%	15%
37978 -> 47218	8625 -> 9939	10887 -> 11848	44809 -> 48617	102300 -> 117622

Deposits

CASA	CASA Ratio	NRE Deposits	Retail Deposits
12%	-184 bps	13%	15%
39457 -> 44023	33.39 -> 31.55	46787 -> 52690	111918 -> 128166

Performance

Net Interest Income	Core Fee Income	Operating Profit	Net Profit
10%	21%	3%	57%
1022 -> 1124	261 -> 317	698 -> 719	266 -> 417

Ratios

Cost Income Ratio	Gross NPA %	Net NPA %	Profit Per Employee (in Lac)
532 bps	-4 bps	-19 bps	47%
48.15 -> 53.47	3.11 -> 3.07	1.78 -> 1.59	9 -> 13.25

* Credit segments are realigned at the beginning of every FY.

#SME split into BuB & CoB

Comparison : Q-o-Q (3 M)

RETAIL | **WHOLESALE**

Advances	Retail + Agri (Retail)	6%	44585 -> 47218
	Business Banking (BuB)# (Retail)	7%	9296 -> 9939
	Commercial Banking (CoB)# (Wholesale)	2%	11625 -> 11848
	CIB (Wholesale)	1%	48211 -> 48617
	Total Advances	3%	113717 -> 117622
Deposits	CASA	6%	41676 -> 44023
	CASA Ratio	11 bps	31.44 -> 31.55
	NRE Deposits	4%	50812 -> 52690
	Retail Deposits	4%	123009 -> 128166
Performance	Net Interest Income	-3%	1154 -> 1124
	Core Fee Income	22%	260 -> 317
	Operating Profit	-8%	783 -> 719
	Net Profit	8%	384 -> 417
Ratios	Cost Income Ratio	411 bps	49.36 -> 53.47
	Gross NPA %	8 bps	2.99 -> 3.07
	Net NPA %	10 bps	1.49 -> 1.59
	Profit Per Employee (in Lac)	6%	12.52 -> 13.25

#SME split into BuB & CoB

Key Indicators

		Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19
Shareholder Value	Book Value (Per Share in ₹)	69.18	68.79	66.87	64.60	62.81
	EPS *(annualized)*	8.32	7.76	7.68	6.68	5.33
Granularity	CASA + Deposits <2 Cr (% of Total Deposits)	89%	89%	88%	91%	92%
Profitability *(Annualized)*	ROA	1.03	0.98	1.02	0.91	0.76
	RoRWA	1.86	1.76	1.79	1.51	1.24
	ROE	12.06	11.44	11.86	10.48	8.50
Efficiency	Cost/Income	53.47	49.36	49.96	50.25	48.15
	Net NPA%	1.59	1.49	1.48	1.72	1.78

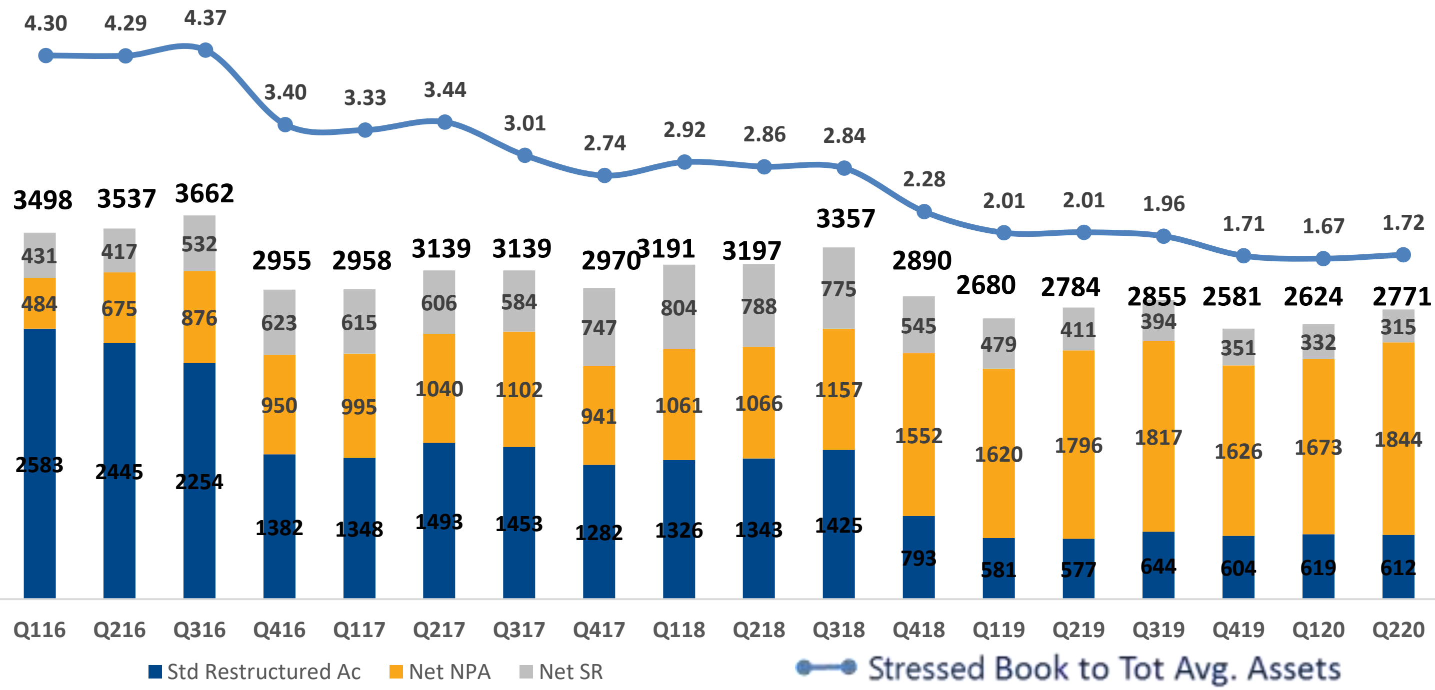
Asset Quality Drill-Down

Total Stressed Book @ 2770Cr. 1.72% of Average Total Assets, marginally higher on account of slippage of a large Corporate account..

- Standard assets provision to address potential stress at 72cr.

Net Security Receipts portfolio down to 315Cr.

Recovery/ Upgrades of 223cr in Q220



Amt in Rs.Cr.

Movement of NPA

Gross NPA as on 30.06.2019	**3395**
Add Fresh Slippage	540
Add Increase in Balances in Existing NPAs	31
Deduct Recoveries/ Upgrades	-223
Deduct Written Off	-131
Gross NPA as on 30.09.2019	**3612**

Fresh Slippages Break up

Fresh Slippages	Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19
Retail	**124**	141	67	108	120
Agri	**72**	67	92	71	65
SME	**146**	119	97	192	169
BuB	**95**	99	67	107	94
CoB	**51**	20	29	85	75
Corporate	**199**	88	0	56	123
Total	**540**	**415**	**256**	**426**	**477**

Restructured

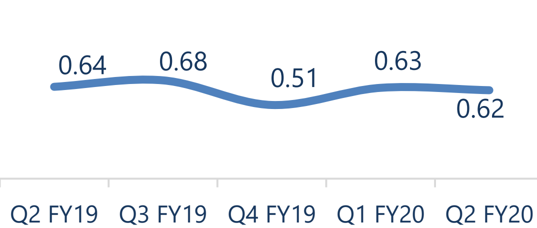
TYPE	Q2 FY20		Q1 FY20	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	612	66	619	66
Gross NPA	530	58	596	58
Net NPA	394	58	445	58
TOTAL	**1006**	**124**	**1064**	**124**

NPA Composition		Q2 FY20	Q1 FY20
Business		NPA	NPA
Gross NPA	Retail	731	701
	Agri	554	517
	SME	1433	1390
	BuB	713	660
	CoB	721	730
	Corporate	893	787
	Total	3612	3395
Net NPA		1844	1673

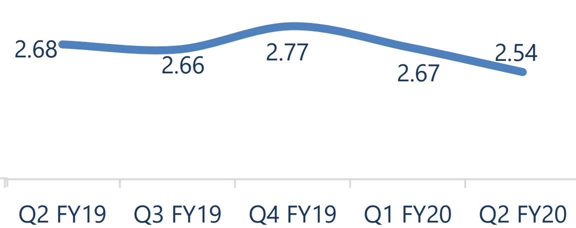
Security Receipts

	Q2 FY20	Q1 FY20
Face Value	697	699
Book Value	609	611

Credit Cost

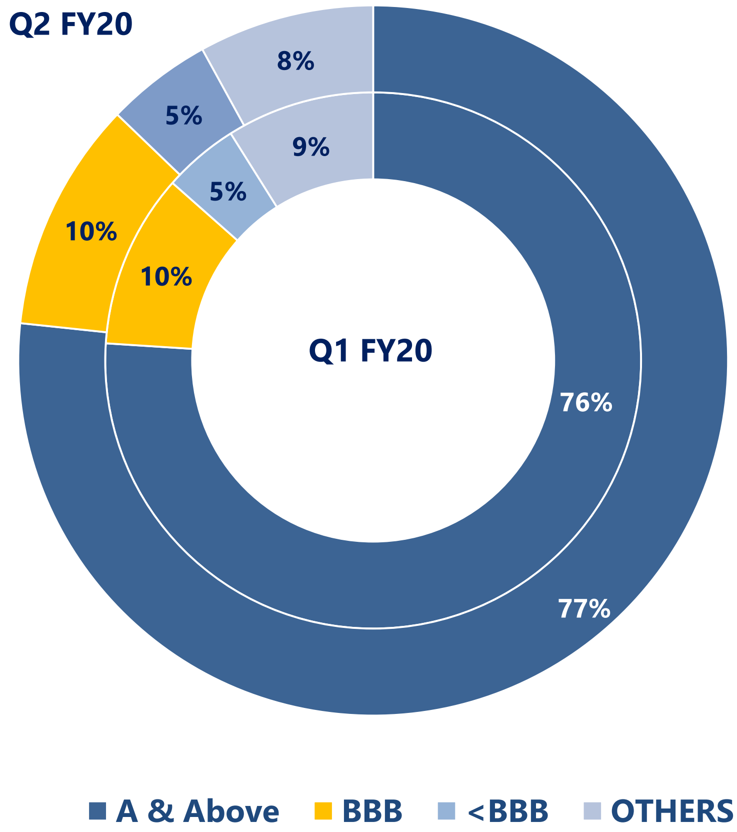


Risk Adjusted NIM



Asset Quality : Rating Distribution (Corporate Assets)

External Rating of Corporate Assets



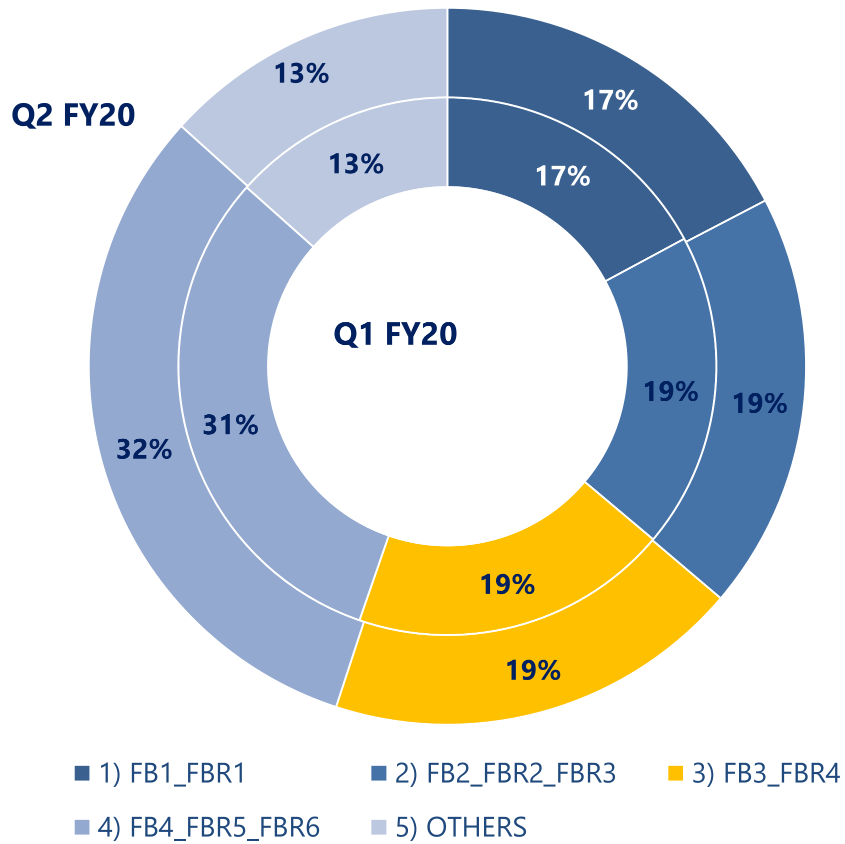
External Rating of Corporate Assets

Rating	Q2 FY-20	Q1 FY-20
A & above	77%	76%
BBB	10%	10%
< BBB	5%	5%
Others	8%	9%

Internal Rating of '*Others*'

Rating		Q2 FY-20	Q1 FY-20
FBR1	FB1	27%	24%
FBR2/FBR3	FB2	2%	10%
FBR4	FB3	30%	27%
FBR5/FBR6	FB4	40%	39%
Others		1%	0%

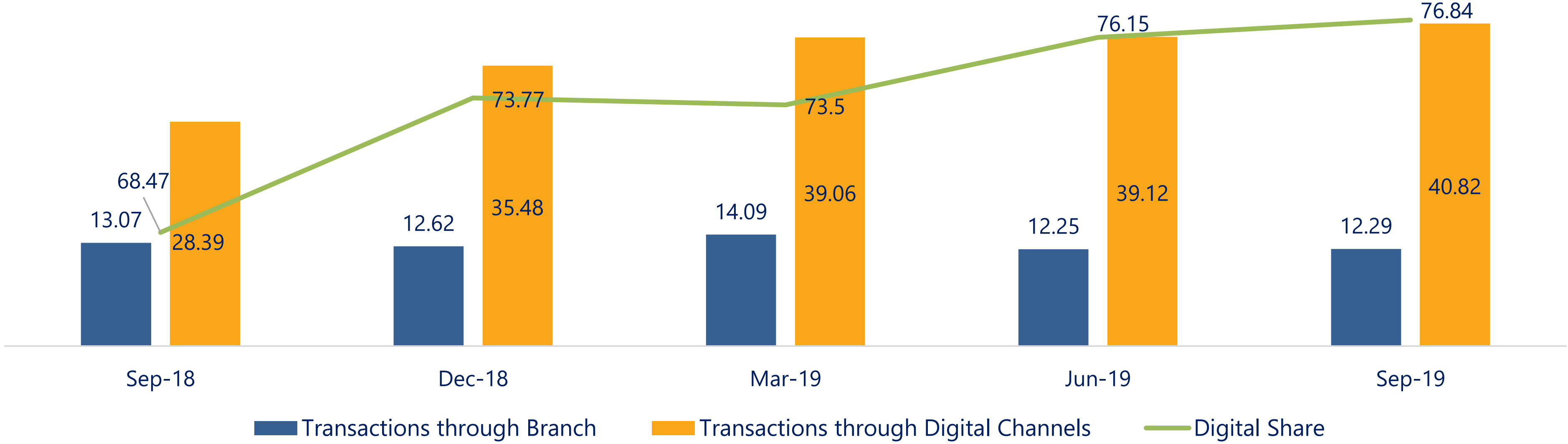
Asset Quality : Rating Distribution (Other Assets)



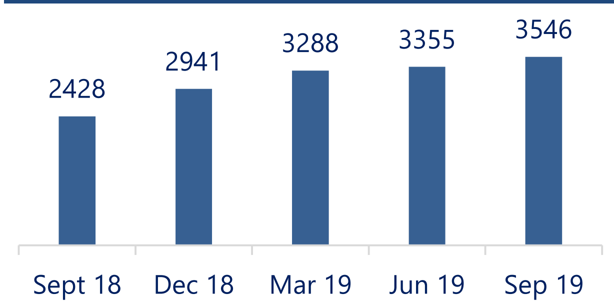
Rating		Q2 FY-20	Q1 FY-20
FBR1	FB1	17%	17%
FBR2/FBR3	FB2	19%	19%
FBR4	FB3	19%	19%
FBR5/FBR6	FB4	32%	31%
Gold, Advance against Deposit/Securities, etc.		5%	5%
Staff		3%	3%
Others		5%	6%

Digital Migration

Digital vs Branch :
Transaction count with bifurcation on various Digital channels(In lakhs)

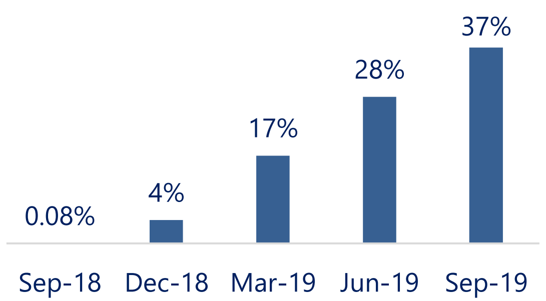


FedMobile Volume in crores



- FedMobile monthly volume crossed 3500 crores & Digital share grew to 76.84%
- There is a YoY growth of 37% on digital users

YoY Growth in Digital Users



Digital Migration : Performance highlights

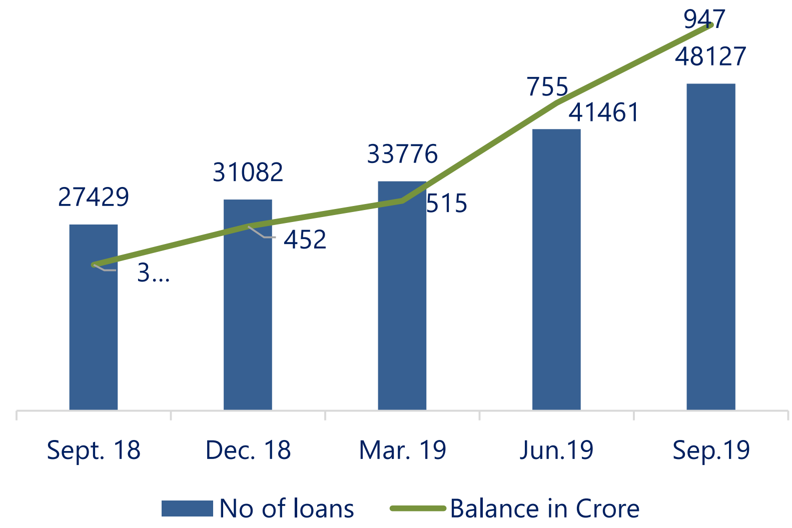
B Y O M

- BYOM enables Instant online loan pre approved loan disbursal
- Option to convert debit card purchases to flexible EMIs

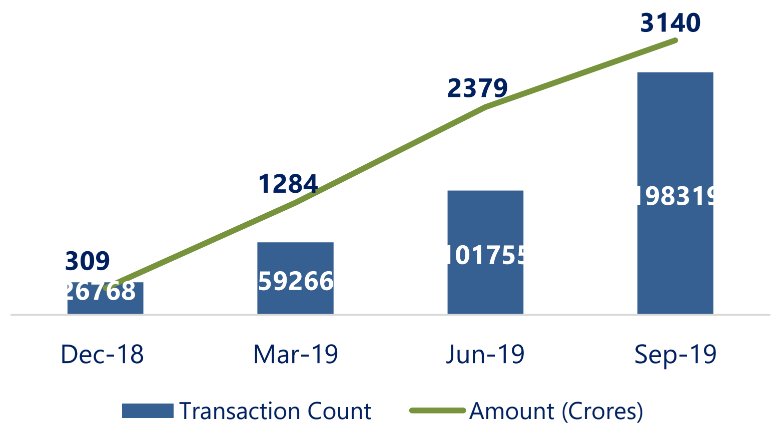
Fed e biz

- 1200 plus customers joined the new platform for transaction banking and cumulative volume of transactions has crossed 3000 crores during the month of September 2019

BYOM Digital Personal Loans : Loan book progress



Fed E Biz



Business Parameters

Liability : Trends

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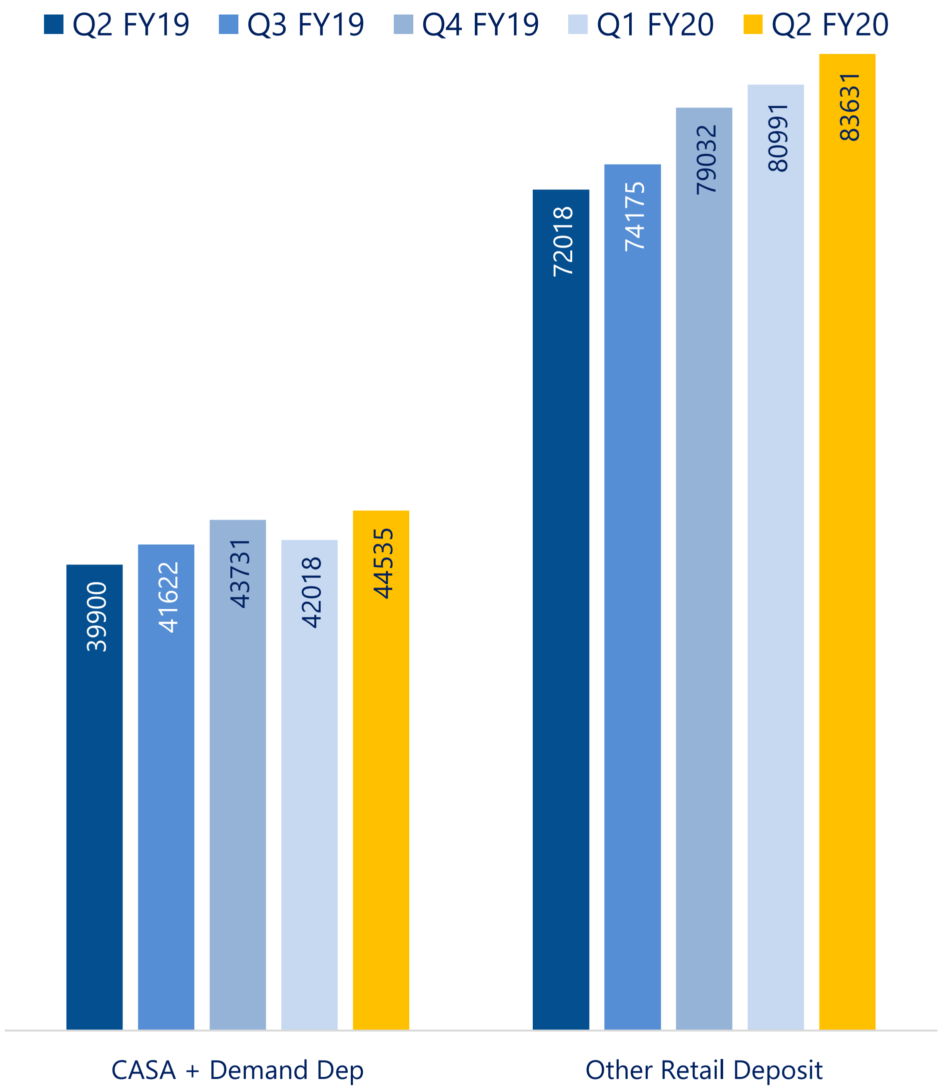
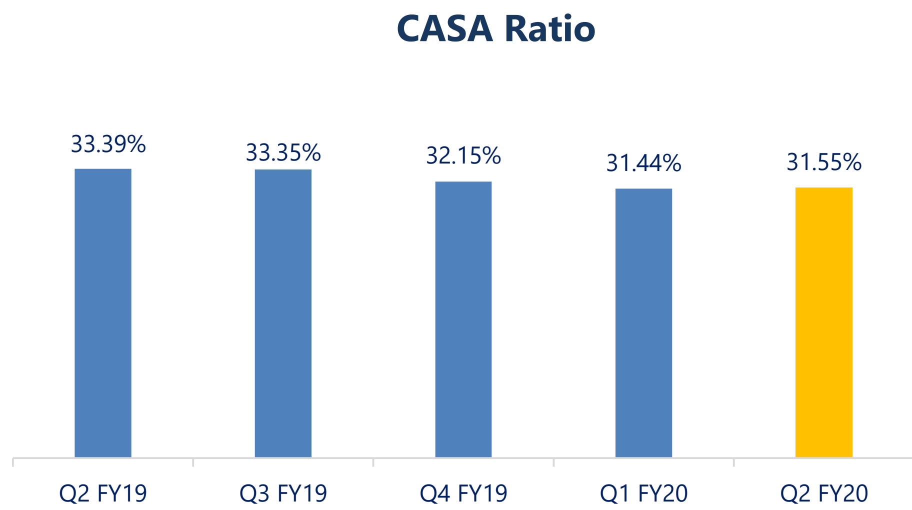
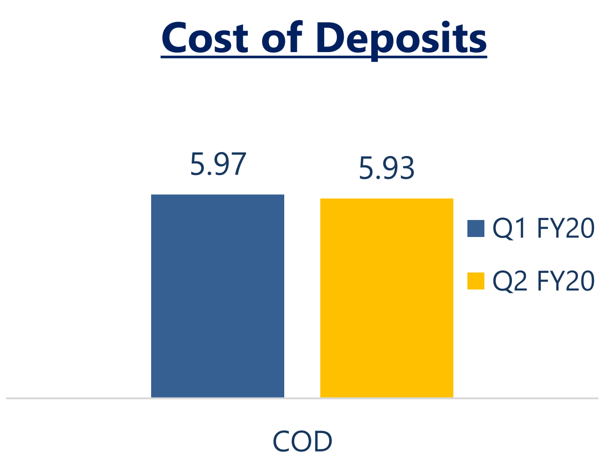
₹ in Cr



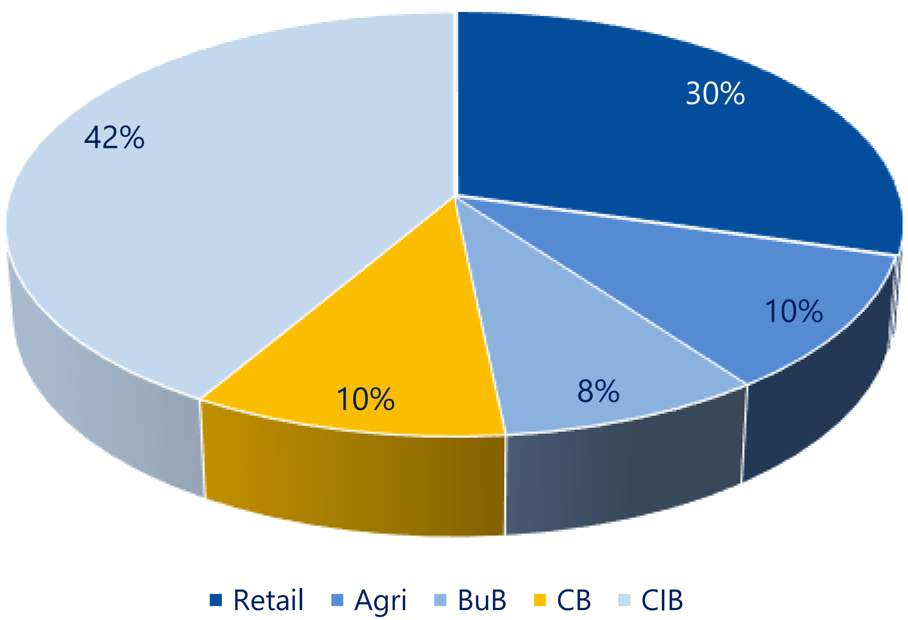




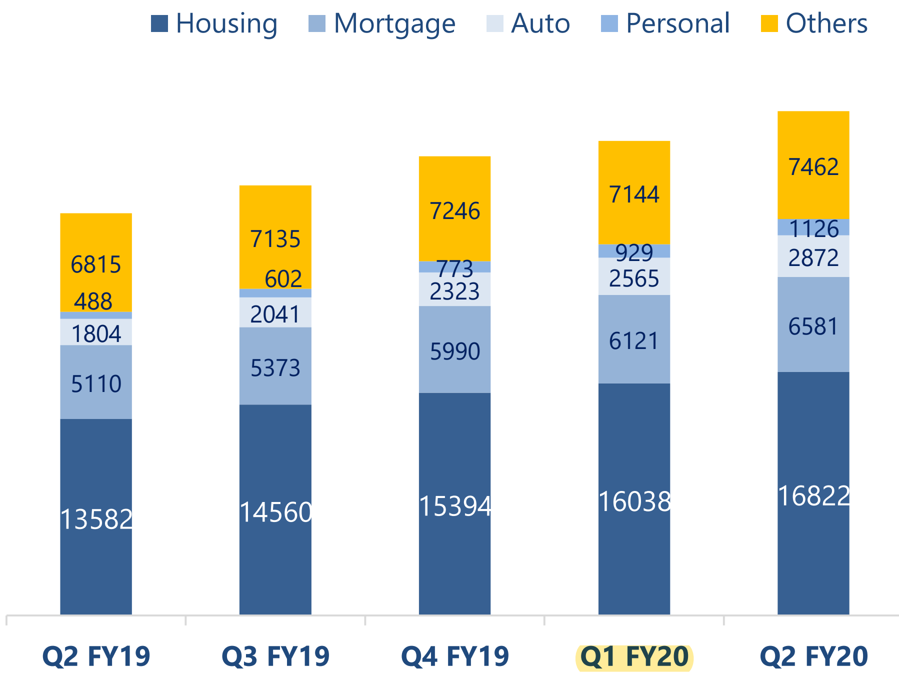
Credit Portfolio Distribution

₹ in Cr

Total Loan Book

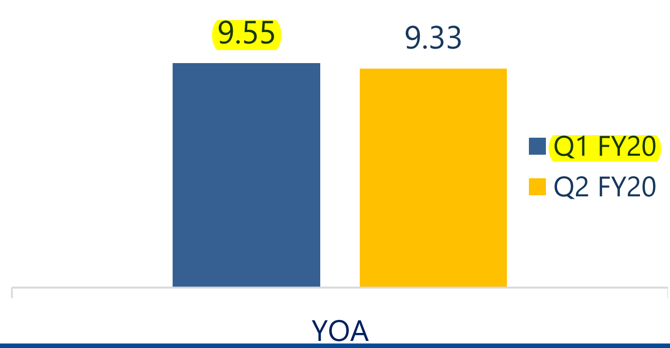


Retail Loan Book (Excl Agri & BuB)



Average Ticket Size of Wholesale Loan (CIB+CB) : 24 Cr
Average Ticket Size of CIB Loans: 65 Cr
Average Ticket Size of CB Loans: 7 Cr

Yield on Advances



Credit Portfolio Distribution

Prominence to Dominance
Presence to Prominence

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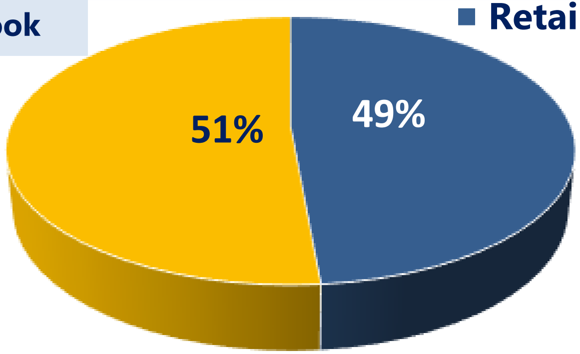
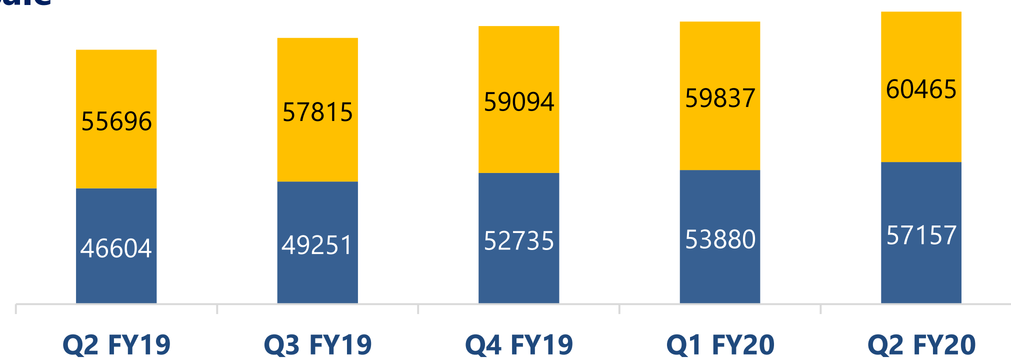
₹ in Cr

Total Loan Book

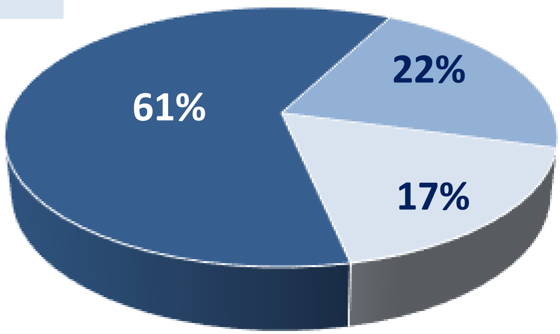
Retail | Wholesale

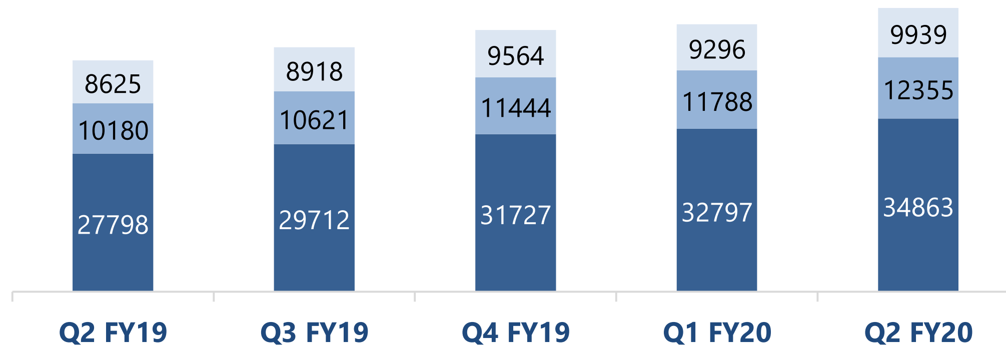




Retail Book

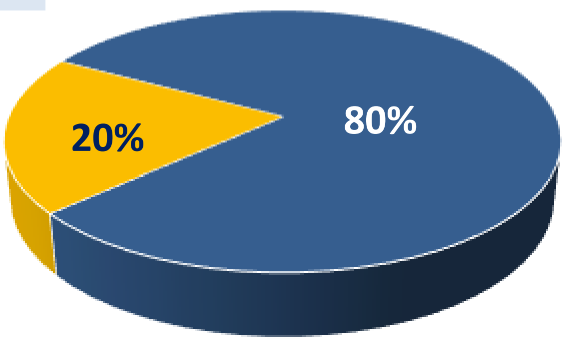
Retail | AGRI | BuB

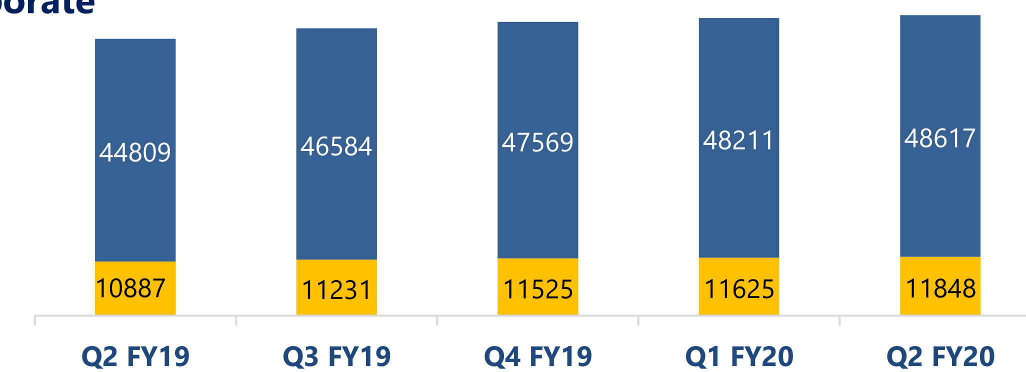




Wholesale Book

CoB | Corporate



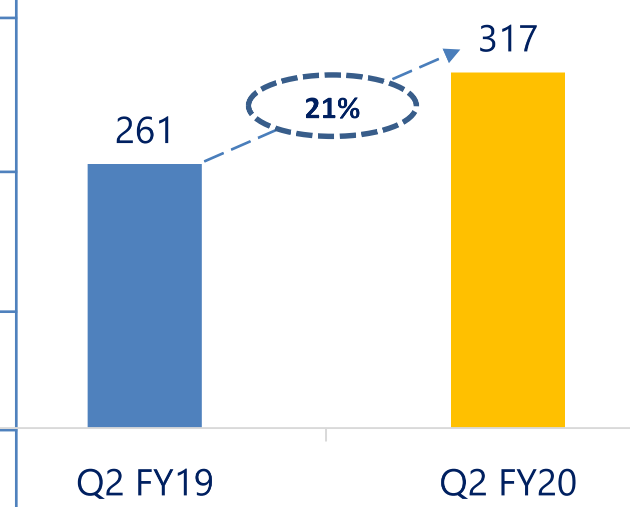


Fee Income/Other income

₹ in Cr

	Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19	Y-o-Y %
Loan Processing Fee	61	49	50	50	53	16%
Exchange, Commission, Brokerage& Other Fee Income	191	169	185	156	147	30%
Net Profit on Forex Transactions	64	43	54	74	61	5%
Fee Income	**317**	**260**	**289**	**279**	**261**	**21%**
Profit on sale of securities	82	91	74	55	51	61%
Recovery from assets written off , Other Receipts & misc.	22	40	49	11	11	99%
Total Other income	**421**	**392**	**412**	**346**	**323**	**30%**

Fee Income (Y-o-Y)



Prominence to Dominance
Presence to Prominence

Fee Income : Distribution

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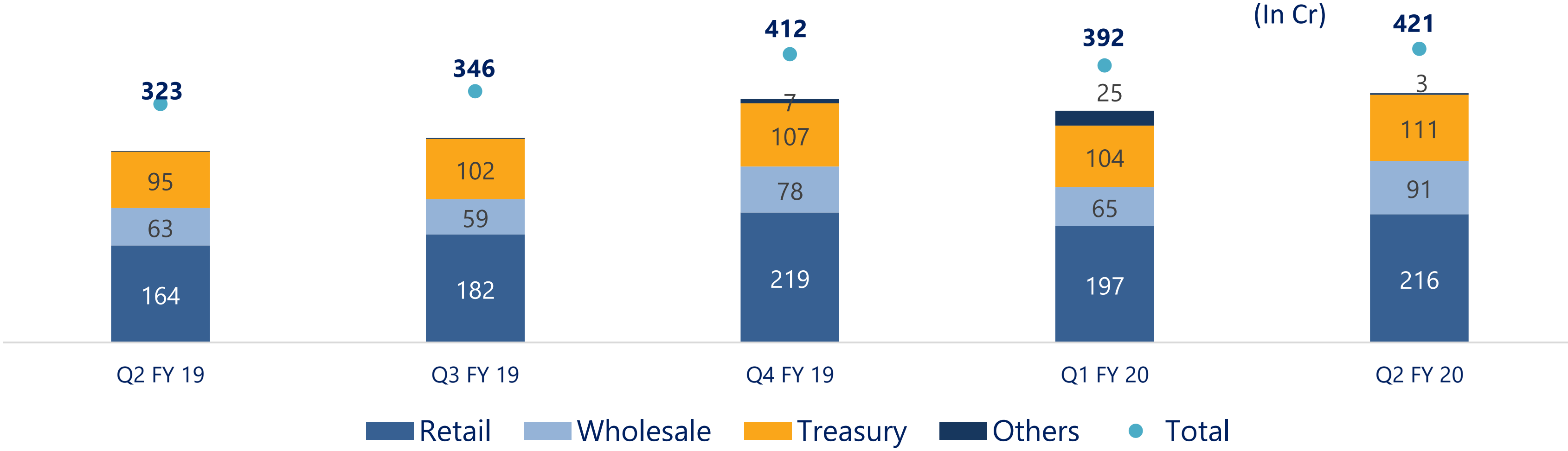
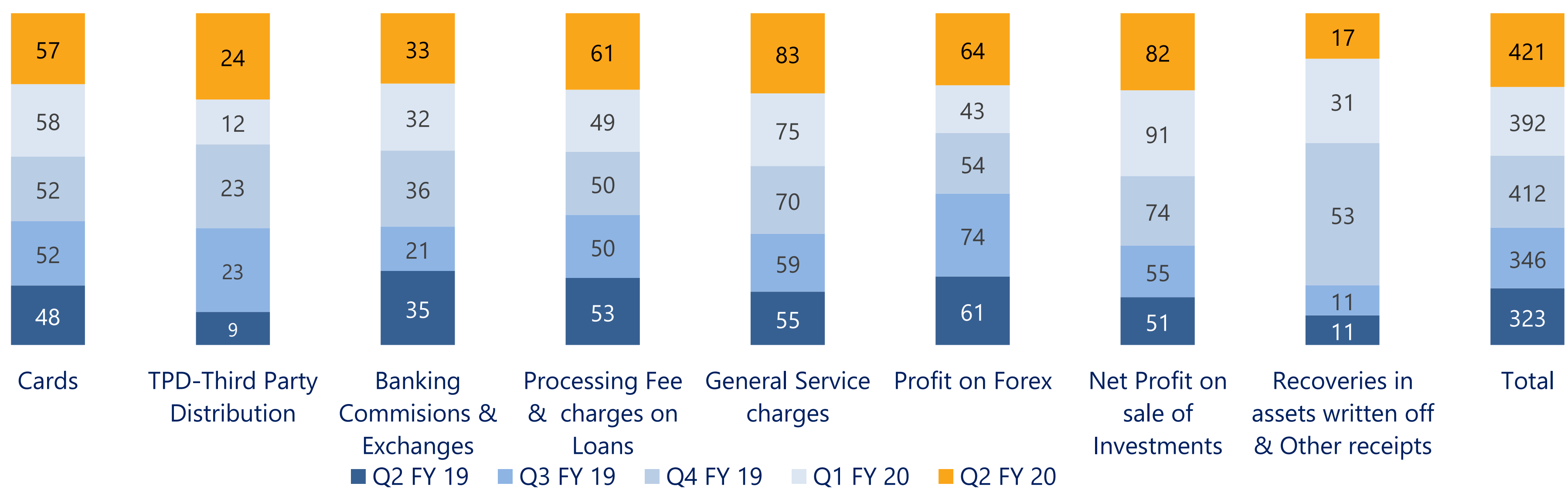
Fee Income Distribution : Vertical Wise

(In Cr)

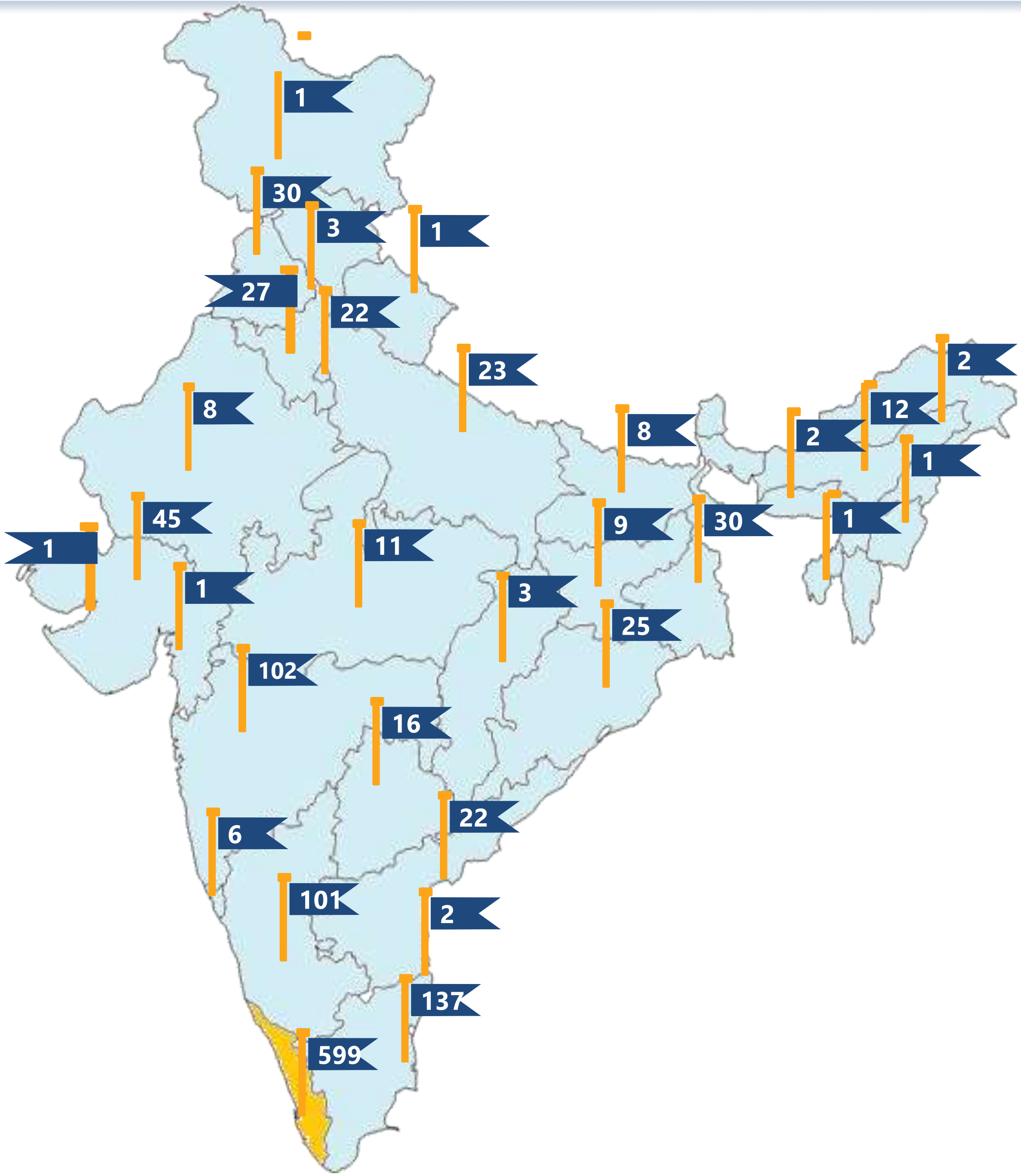


Fee Income Distribution : Item Wise

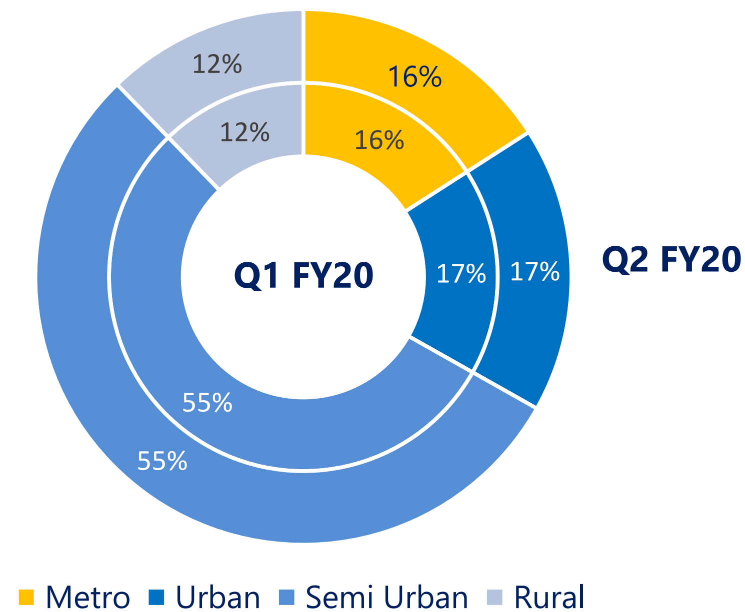
(In Cr)



Distribution : Deriving Efficiency from Footprint



	Q2 FY20	Q1 FY20	Q4 FY19
Branches	1251	1251	1251
ATM/Recyclers	1942	1934	1937



Distribution

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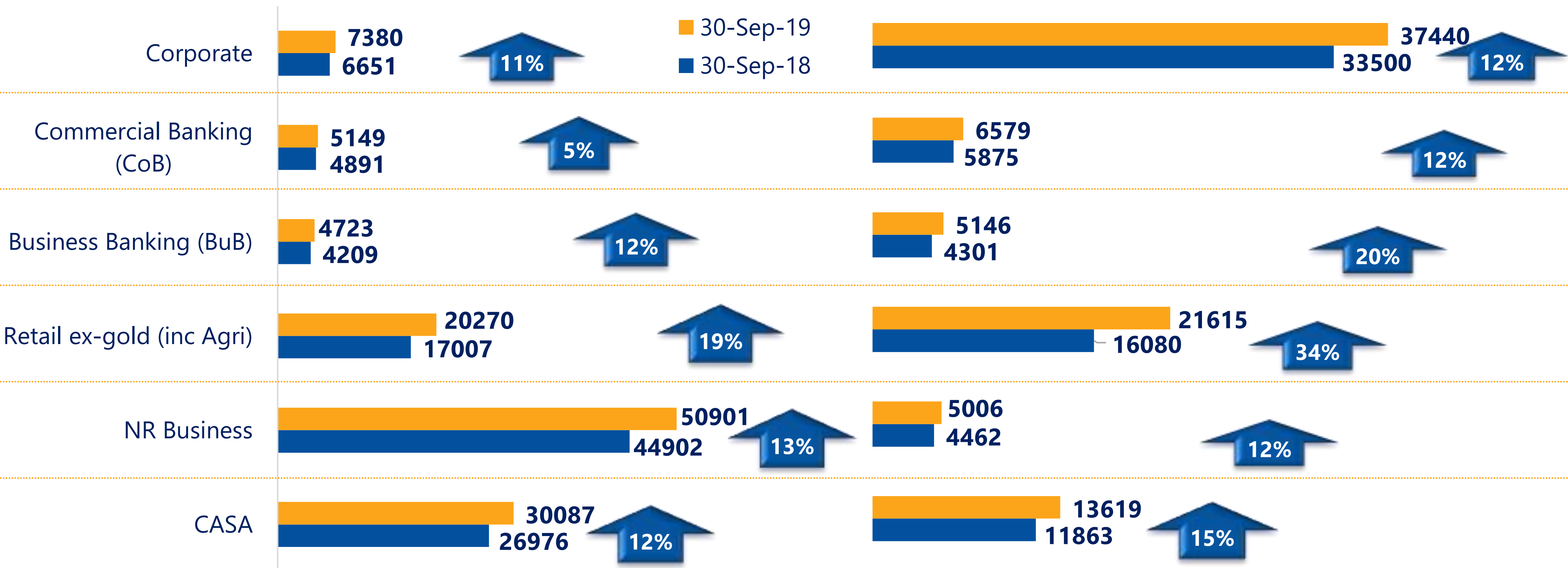
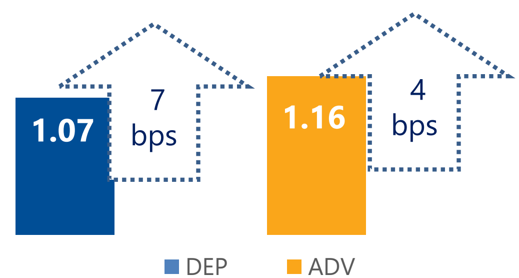
₹ in Cr

Kerala : Prominence to Dominance | Outside Kerala: Presence to Prominence



Bank's Market Share



Gain in Market Share(Y-o-Y)

Advance: Market Share improved by 4 bps
Deposit : Market Share improved by 7 bps

Prominence to Dominance
Presence to Prominence

CRAR – How strong is your Bank?

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₹ in Cr

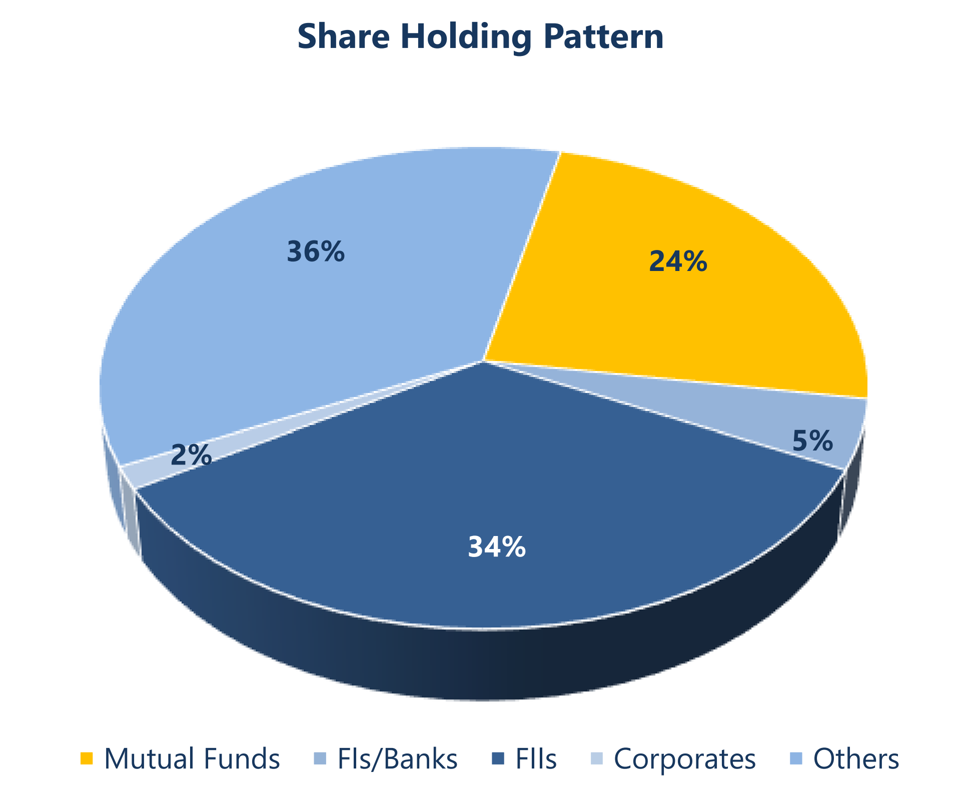
	Sep-19	Jun-19
Risk Weighted Assets		
Credit Risk	85828	84084
Market Risk	3024	3458
Operational Risk	8715	8715
Total RWA	**97566**	**96257**
Tier-1 Capital Funds	12561	12550
Tier-II Capital Funds	1081	1019
Total Capital Funds	**13642**	**13569**
CRAR	**13.98%**	**14.10%**
Tier-I	12.87%	13.04%
Tier-II	1.11%	1.06%

Annexures

Balance Sheet & Shareholding Pattern

₹ in Cr

	Q2 FY20	Q2 FY19
LIABILITIES		
Capital	398	396
Reserves & Surplus	13357	12323
Deposits	139547	118182
Borrowings	7764	9710
Other Liabilities & Provisions	5360	5042
TOTAL	**166424**	**145654**
ASSETS		
Cash & Balance with RBI	7733	5721
Balances with Banks, Money at Call	3674	2594
Investments	31094	28029
Advances	115893	102205
Fixed Assets	472	461
Other Assets	7557	6644
TOTAL	**166424**	**145654**



Prominence to Dominance
Presence to Prominence

Financials

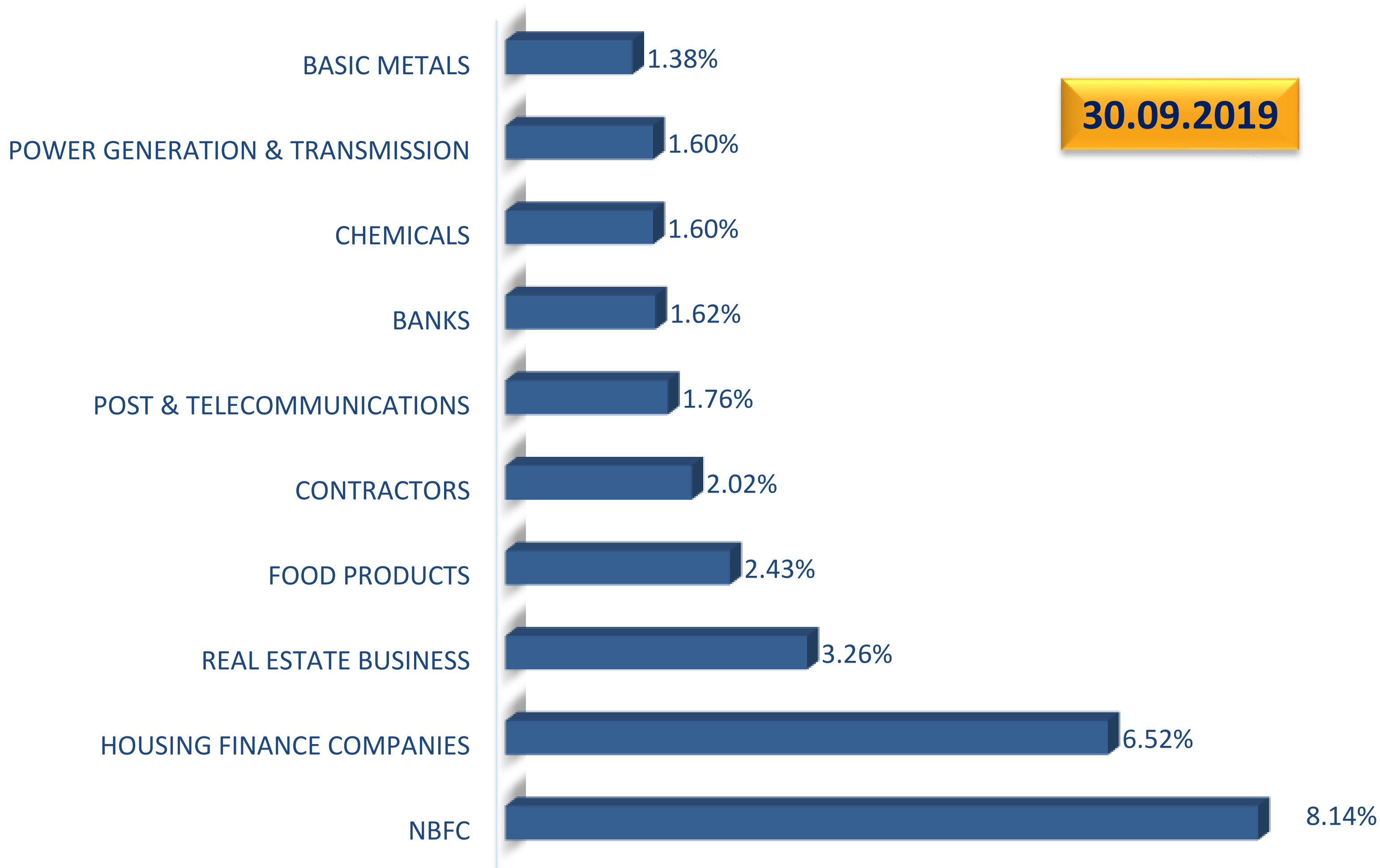
FEDERAL BANK
YOUR PERFECT BANKING PARTNER

₹ in Cr

	Q2 FY20	Q1 FY20	Q-o-Q	Q2 FY19	Y-o-Y
Interest Income	3254	3229	1%	2765	18%
Interest Expenses	2130	2075	3%	1742	22%
Net Interest Income	**1124**	**1154**	**-3%**	**1022**	**10%**
Other Income	421	392	8%	323	30%
Operating Expense	826	763	8%	648	27%
Total Income	3675	3621	1%	3088	19%
Total Expense	2956	2838	4%	2390	24%
Operating Profit	**719**	**783**	**-8%**	**698**	**3%**
Total Provisions	302	399	-24%	432	-30%
Net Profit	**417**	**384**	**8%**	**266**	**57%**
Net Interest Margin (%)	**3.01**	**3.15**	**-14bps**	**3.15**	**-14 bps**
Cost to Income Ratio (%)	**53.47**	**49.36**	**411 bps**	**48.15**	**532 bps**

Top 10 Sectors in Wholesale Advance Portfolio

Top 10 Sector wise exposure as a % of Total Advance



Investments / Subsidiaries & JVs

Major Investments

Entity	% of stake
Federal Operations & Services Limited (FedServ)	100.00%
Fedbank Financial Services Limited	74.00%
IDBI Federal Life Insurance Company of India Limited	26.00%
Equirus Capital Private Ltd	19.90%

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.

- Total AUM of 2600 Cr.
- 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.

Federal Operations & Services Limited (FedServ)

- FedServ is a wholly owned subsidiary company of Federal Bank.
- It provides operational & technology oriented services to Federal Bank.

External Ratings

CRISIL RATINGS

Fixed Deposit	A1+
Certificate of Deposit	A1+
Tier 2 (Capital) Bonds	IND AA CARE AA

India Ratings & Research Pvt Ltd, CARE

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

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