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PRESS RELEASE

Federal Bank delivers profit growth of 30%, PAT at Rs 190 Crore

Federal Bank, the fourth largest private sector bank in terms of branch network, announced Unaudited Financial Results for the quarter ended 30th June 2012. The Bank registered a profit of ₹ 190.35 Crore during Q1 of FY 2012-13 as against profit of ₹ 146.16 Crore during Q1 of FY 2011-12. The Bank could deliver substantial growth in top line and bottom line despite the worsening macro environment.

The Bank intends to maintain and consolidate its leadership position and improve its reach and customer base. The Bank which embarked on its transformation journey is well on its way to position itself as a national player with focus on SME and NRI clientele. The Bank is slated to cross the milestone of 1000 branches by mid August, when it would inaugurate its 1000th branch at Tiruvalla, Kerala.

Performance for the quarter ended 30.06.2012 vs quarter ended 30.06.2011

- Total income for the Q1 grew by 21.99 % on a y-o-y basis to Rs. 1,661.04 Cr.
- Net profit up by 30.23% to reach Rs.190.35 Cr.
- Net Interest Margin (NIM) at 3.42 %
- Total Deposits increased by 17.75 % from Rs. 42,935.62 Cr to Rs. 50,558.13 Cr
- Advances increased by 18.99% from Rs. 31,971.61 Cr to Rs. 38,042.90 Cr
- Investments increased by 22.99 % from Rs. 15,703.15 Cr to Rs. 19,313.48 Cr
- Net NPA at 0.62 %
- Return on Average Assets at 1.26%
- Earnings Per Share is at Rs. 44.51 (annualized)
- Book Value per share increased to Rs. 344.73
- Capital Adequacy Ratio at 15.45 %
- Return on Equity is at 13.12%
- Cost to Income stood at 43.75%
- Savings deposits grew by 26.73% to reach Rs 11976.71 Crore
- CASA ratio improved by 171 bps from 26.64% to reach 28.35%..
- NRE Savings deposits grew by 47.04% to reach level of Rs 5047.64 Crore
- NRE deposits grew by 65.41% to reach Rs 10019.59 Crore
- Credit cost came down from 1.43% to 0.80%.
- Slippage in SME/ Agri came down to 0.83%.
- Gold loans grew by 99% to reach Rs 4256 Crore.

WORKING RESULTS AT A GLANCE

(₹ in Crore)

Particulars	Q1	Q1	% y-o-y growth	Q1	Q4	% y-o-y growth
	2012-13	2011-12		2012 -13	2011 - 12	
Interest Income	1536.71	1244.71	↑ 23.46 %	1536.71	1479.02	↑ 3.90 %
Other Income	124.33	116.90	↑ 6.36 %	124.33	160.55	↓ 22.56 %
Total Income	1661.04	1361.61	↑ 21.99 %	1661.04	1639.57	↑ 1.31 %
Net Interest Income	491.64	459.75	↑ 6.94 %	491.64	491.21	↑ 0.09 %
Operating Profit	346.51	354.05	↓ 2.13 %	346.51	372.43	↓ 6.96 %
Provisions (incl.Tax)	156.16	207.89	↓ 24.88 %	156.16	134.83	↑ 15.82 %
Net Profit	190.35	146.16	↑ 30.23 %	190.35	237.60	↓ 19.89 %

Total income for the first quarter went up by 21.99 % on a y-o-y basis to Rs. 1,661.04 Cr from Rs 1,361.61 Cr reported for corresponding period of the previous fiscal. The interest earned for the three months period ending June 30, 2012 increased by 23.46 % on a y-o-y basis to Rs. 1,536.71 Cr from Rs. 1,244.71 Cr as on 30.06.2011. Core Fee Income continues its consistent upward movement registering 16.02% growth over Q1 FY12. Other Income earned for the same period as on 30.6.2012 showed an increase of 6.36% to reach Rs.124.33 Cr from Rs.116.90 Cr of Q1 FY 12. The Net Interest Income recorded an increase of 6.94 % to reach Rs.491.64 Cr as on 30.06.2012.

The Operating Profit of the Bank for the first quarter stood at Rs.346.51 Cr and Net profit for the quarter stood at Rs.190.35 Cr.

Net Interest Margin for the quarter was 3.42%. Net NPA, Return on Average Assets and Capital Adequacy Ratio were at 0.62 %, 1.26 % and 15.45 % respectively as on 30.06.2012, compared to 0.74 %, 1.15 % and 15.57 % as on 30.06.2011.

The business per employee and profit per employee as on June 30, 2012 increased to Rs.991 L and Rs.8.53 L respectively from Rs. 897 L and Rs. 7.03 L as on June 30, 2011. The Cost to Income ratio increased to 43.75 % as on 30.06.2012 from 38.60 % as on 30.06.2011

The Earning Per Share (annualized), Book Value per share and Return on average Equity (RoE) for the quarter ended 30.06.2012 stood at Rs. 44.51, Rs. 344.73 and 13.12 % respectively as against Rs. 34.18, Rs. 307.21 and 11.28 % respectively as at June 30, 2011.

GROWTH IN BUSINESS

Total business of the Bank reached Rs. 88,601.03 Crore, showing an increase of 18.28 % on a y-o-y basis. Total deposits increased by 17.75 % from Rs. 42935.62 Crore as on 30.06.2011 to Rs. 50558.13 Crore as on 30.06.2012. NRI deposits clocked an increase of 51.34% from June 2011, to reach Rs. 12,919.24 Cr. NRE Deposits registered 65.41% growth on Y-o-Y and 25.80% on Q-o-Q reaching Rs 10,019.59 Crore, the flag bearer being NRE SB growing at 47.04% followed by NRE Term Deposits which grew by 222.88%. Retail deposits grew by 31.36% to touch Rs 43,376.46 Cr. CASA deposits grew by 25.34% to reach Rs.14,334.88 Cr. Savings Deposits registered a growth of 26.73% supported by strengthening of Savings clientele base by 45.40%. **CASA ratio has improved by 171 bps from 26.64% in Q1 FY12 to reach 28.35% in Q1 FY13.** CASA was a big driver of deposit growth with 38.02% of the growth in Total Deposits contributed by CASA.

Net Advances went up by 18.99 % to Rs. 38,042.90 Crore as on 30th June 2012 from Rs. 31,971.61 Crore as on 30th June 2011. This growth was contributed by SME, corporate advances and retail segments. The retail and SME advances of the Bank form 55.74 % of the gross advances with an equal share of 27.87%. The advance to priority sector was at Rs. 12,325.52 Cr as on 30th June 2012. Gold Business registered a growth of 99% while retail gold loan grew by 113%. Lending to Agriculture sector was at Rs. 4199.10 Crore as on 30.06.2012, growing at 9.48%.

NET WORTH & CAPITAL ADEQUACY

The Net Worth of the Bank increased to Rs. 5,896.68 Cr as on 30.06.2012. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel II guidelines, stands at a very comfortable level of 15.45 % as on 30.06.2012. The Tier-I (core CRAR) capital is at 14.74 %.

ASSET QUALITY

The Bank's Gross NPA and Net NPA stand at 3.60 % and 0.62 % respectively as against 3.94 % and 0.74 % as at the end of June 2011. The total provisions held against non-performing advances, expressed as a percentage of gross NPAs amounted to 80.23 % at the end of the first quarter of FY 2012-13. Fresh slippage in Bank's focus segments, viz., SME & Agri witnessed a decline and stands at 0.83% (Gross)

MAJOR FINANCIAL INDICATORS

Particulars	(₹ in Crore)			
	3 Months 30.6.2012	3 Months 30.6.2011	% Growth	Financial Year ended 31.03.2012
Income & Expenses				
Interest Income	1536.71	1244.71	23.46	5558.39
Other Income	124.33	116.90	6.36	532.34
Total Income	1661.04	1361.61	21.99	6090.73
Total Expenditure	1314.53	1007.56	30.47	4584.26
Operating Profit	346.51	354.05	-2.13	1506.47
Net Profit	190.35	146.16	30.23	776.79
Earnings Per Share (annualised) (₹)	44.51	34.18		45.41
Business Figures	As on 30.6.2012		As on 30.6.2011	Growth
Total Deposits	50558.13		42935.62	17.75
SB & Demand Deposits	14490.55		11697.81	23.87
Term Deposits	36067.57		31237.81	15.46
Net Advances	38042.90		31971.61	18.99
Retail Advances	10916.25		9440.94	15.63
Investments	19313.48		15703.15	22.99
Gross NPA (%)	3.60		3.94	
Net NPA (%)	0.62		0.74	

Capital			
Equity Capital	171.05	171.05	
Net Worth	5896.68	5254.82	12.21
Capital Adequacy Ratio	15.45	15.57	
Tier 1	14.74	14.52	
Tier 2	0.71	1.05	

CUSTOMER TOUCHPOINTS

As on date, the Bank has 999 branches and 1058 ATMs. The Bank will open its 1000th branch at Muthoor, Tiruvalla. This will be a landmark in the history of the Bank. The Bank had opened its first branch in the state of Kerala and will open the 1000th also in the state, after establishing itself across the length and breadth of the country. The Bank would be the first Bank from Kerala to cross the milestone of 1000 branch network.

SPECIAL OFFER

To mark the joyful occasion of 1000 branch launch, the Bank has launched special deposit scheme of 1000 days, which would provide customers an interest rate of 10%. Resident Senior Citizens would get 0.50% extra on the deposits, while NRIs would earn tax-free returns.

AWARDS

During the quarter, the Bank was awarded National award of excellence "Quality Brands India 2012-14". This is a prestigious award instituted by Quality Brands India Private Limited, an independent appraiser organization established in 2008 to identify, recognize & honor business enterprises that excel in performance, research, growth and brand building in India. Our MD & CEO, Shri Shyam Srinivasan was presented with the Rashtriya Udyog Ratna award on 20th of June 2012 by National Education and Human Resource Development Organization (NEHRDO) recognizing Federal Bank's Performance Excellence and the Outstanding Contribution for the National Economic Growth. NEHRDO is an organization established for the economic and social well being of the nation through development of individuals and institutions.

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A presentation for investors is being placed separately on our Bank's website: www.federalbank.co.in

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