



October 20, 2012

Press Release

Federal Bank's aggressive expansion strategy results in robust CASA/ NRI business growth

Reports H1 Net Profit at ₹ 405 Crore

Federal Bank announced its unaudited financial results for the quarter and half-year ended 30.09.2012. The strategy of the Bank in going on an aggressive expansion spree through opening 253 branches and 268 ATMs, during the preceding 12 months, paid off by way of comparable retail growth. The Bank registered a profit of ₹ 215.10 Crore during Q2 of FY 2012-13 as against profit of ₹ 191.16 Crore during Q2 of FY 2011-12. The Bank also improved its half yearly profit numbers with Net Profit of ₹ 405.45 Crore during H1 of FY 2012-13 as against ₹ 337.32 Crore during H1 of FY 2011-12, registering growth of 20%. The Bank could deliver substantial growth in top line and bottom line despite the economic headwinds.

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 crossed the milestone of 1000 branches by opening a Priority Banking branch at Thiruvalla. The Bank boasts of more than 2100 customer touch-points spread across the country.

Performance for the quarter ended 30.09.2012 Vs quarter ended 30.09.2011

- Total income for Q2 grew to ₹ 1,665.04 Cr.
- Quarterly Net profit at ₹ 215.10 Cr.
- Net Interest Margin (NIM) at 3.58 %
- Total Deposits increased from ₹ 47,263.46 Cr to ₹ 49,518.07 Cr
- Advances increased from ₹ 33,606.69 Cr to ₹ 36,299.18 Cr
- Investments stood at ₹ 18,550.22 Cr
- Net NPA stood at 0.68%.
- Return on Average Assets stood at 1.43%
- Earnings Per Share (annualized) improved from ₹ 44.70 to ₹ 50.30
- Book Value per share increased from ₹ 318.39 to ₹ 357.31
- Capital Adequacy Ratio improved from 15.05% to 15.79 %.
- Return on Equity improved from 14.29% to 14.33%.
- Cost to Income ratio stood at 45.82%
- CASA ratio improved by 276 bps from 25.95% to reach 28.71%.
- NRE deposits grew by 62.30% to reach ₹ 10,747.96 Crore.
- Gold loans grew by 95% to reach ₹ 4999 Crore.

WORKING RESULTS AT A GLANCE

(₹ in Crore)

	Q 2	Q 2	% y-o-y growth	H 1	H 1	% y-o-y growth
	2012 – 13	2011 – 12		2012 – 13	2011 – 12	
Interest Income	1525.63	1367.83	↑ 11.54 %	3062.34	2612.54	↑ 17.22 %
Other Income	139.41	116.96	↑ 19.19 %	263.74	233.86	↑ 12.78 %
Total Income	1665.04	1484.79	↑ 12.14 %	3326.08	2846.40	↑ 16.85 %
Net Interest Income	505.91	474.41	↑ 6.64 %	997.55	934.16	↑ 6.79 %
Operating Profit	349.64	361.27	↓ 3.22 %	696.15	715.32	↓ 2.68 %
Provisions (incl.Tax)	134.54	170.11	↓ 20.91 %	290.70	378.00	↓ 23.10 %
Net Profit	215.10	191.16	↑ 12.52 %	405.45	337.32	↑ 20.20 %

The total income for the second quarter went up by 12.14 % on a y-o-y basis to ₹ 1,665.04 Cr from ₹ 1,484.79 Cr reported for corresponding period of the previous fiscal. The interest earned for the three months period ending September 30, 2012 increased by 11.54 % on a y-o-y basis to ₹ **1525.63** Cr from ₹ **1367.83** Cr as on 30.09.2011.

The Bank reported quarterly net profit for the quarter ended September 2012 of ₹ 215.10 Cr with y-o-y growth of 12.52%.

Net interest margin for the quarter stood at 3.58%. The Net NPA, Return on Average Assets and Capital Adequacy Ratio were at 0.68 %, 1.43 % and 15.79 % respectively as on 30.09.2012. The business per employee and profit per employee as on September 30, 2012 stood at ₹ 935 L and ₹ 9.42 L. The Cost to Income ratio stood at 45.82 % as on 30.09.2012.

The Earning Per Share (annualized), Book Value per share and Return on average Equity (RoE) for the quarter ended 30.09.2012 stood at ₹ 50.30, ₹ 357.31 and 14.33 % respectively as against ₹ 44.70, ₹ 318.39 and 14.29 % respectively as at September 30, 2011.

GROWTH IN BUSINESS

Total business of the Bank reached ₹ 85,817.25 Crore. Total deposits increased to ₹ 49518.07 Crore as on 30.09.2012. NRI deposits clocked an increase of 39.26% from September 2011, to reach ₹ 13,119.66 Cr. Retail deposits grew by 18.64% to touch ₹ 43,690.40 Cr. CASA (low cost deposits) grew by 15.88% to reach ₹ 14,215.71 Crore. **CASA ratio improved by 276 bps from 25.95% in Q2 FY 2011-12 to reach 28.71% in Q2 FY 2012-13. CASA led deposit growth as it contributed 86.43% to the overall growth in deposits.**

Net Advances stood at ₹ 36,299.18 Crore as on 30th September 2012. The retail and SME segments grew by 17.59% and 15.36% respectively. The retail advances of the Bank form 30.37 % of the gross advances while SME contributes 30.72%. The advance to priority sector was at ₹ 13,176.63 Cr as on 30th September 2012. Lending to Agriculture sector was at ₹ 4,628.44 Crore as on 30.09.2012.

MAJOR FINANCIAL INDICATORS

(₹ in Crore)

Particulars	3 Months 30.09.2012	3 Months 30.09.2011	% Growth	Financial Year ended 31.03.2012
Income & Expenses				
Interest Income	1525.63	1367.83	11.54 %	5558.39
Other Income	139.41	116.96	19.19 %	532.34
Total Income	1665.04	1484.79	12.14 %	6090.73
Total Expenditure	1315.40	1123.52	17.08%	4584.26
Operating Profit	349.64	361.27	-3.22 %	1506.47
Net Profit	215.10	191.16	12.52 %	776.79
Earnings Per Share (₹)* (Not Annualized)	12.58*	11.18*	----	45.41
Business Figures				
	As on 30.09.2012		As on 30.09.2011	Growth
Total Deposits	49518.07		47263.46	4.77 %
SB & Demand Deposits	14355.12		12484.28	14.98 %
Term Deposits	35162.95		34779.18	1.10 %
Net Advances	36299.18		33606.69	8.01 %
Retail Advances	11374.54		9673.26	17.59%
Investments	18550.22		18798.11	-1.32 %
Gross NPA (%)	3.83%		3.61 %	
Net NPA (%)	0.68%		0.58 %	
Capital				
Equity Capital	171.05		171.05	
Net Worth	6111.79		5445.98	12.23%
Capital Adequacy Ratio	15.79%		15.05 %	
Tier 1	15.06%		14.03 %	
Tier 2	0.73%		1.02 %	

ASSET QUALITY

The Bank's Gross NPA and Net NPA stood at 3.83 % and 0.68 % respectively at the end of September 2012. The total provisions held against non-performing advances, expressed as a percentage of gross NPAs amounted to 80 % at the end of the second quarter of FY 2012-13.

Future Plans

The Bank has been focusing its efforts over the last 2 years on streamlining its processes, reducing dependence on bulk deposits, and most importantly ensuring robust asset portfolio quality. The results of the half year reflect this strategy of the Bank. The branch expansion policy of the Bank to throw open more retail touch points resulted in the Bank opening its 1000th branch at Thiruvalla/ Muthoor on the 17 of August, 2012. As on date, the Bank has a network of 2125 customer touch points (1014 branches and 1111 ATMs) and an Overseas Representative Office at Abudhabi, UAE.

The Bank has designed its future plans around aggressive forays into Housing Loans, Gold Loans, SME advances and low cost deposits. The Bank has plans to grow its retail business aggressively and has special concessional offers for housing loans at base rate, innovative gold loan schemes, and mortgage backed product offerings to retail clientele.

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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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