

# Investor Information

**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER

**Q2 FY 2020**

## 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

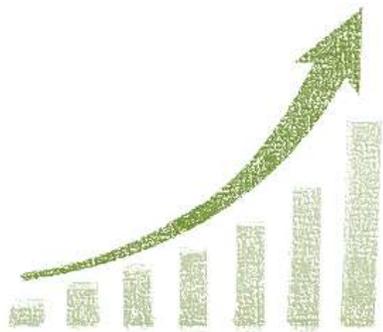
- Consistent growth in Core Fee Income and Other Income at 21% & 30% respectively, Y-o-Y.
- Cost to Income @ 53.47%

### 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%

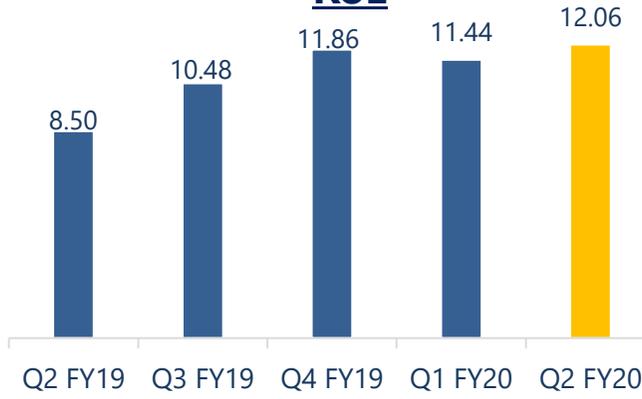


# Key Ratios

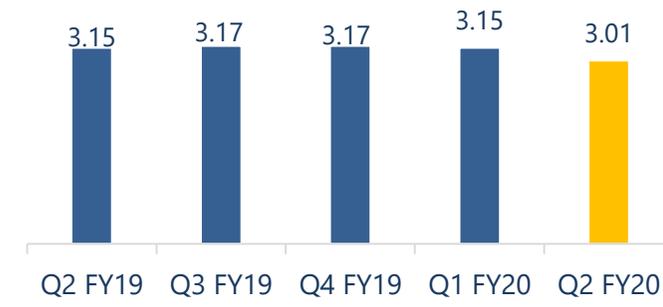
## RoA



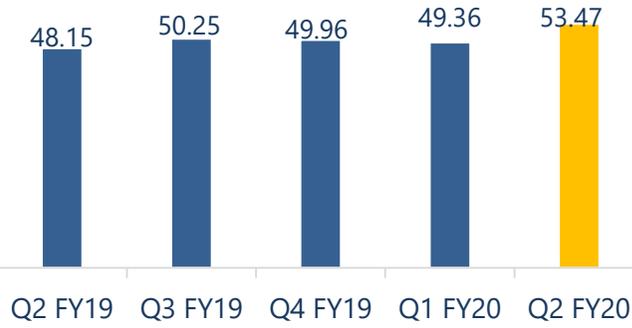
## RoE



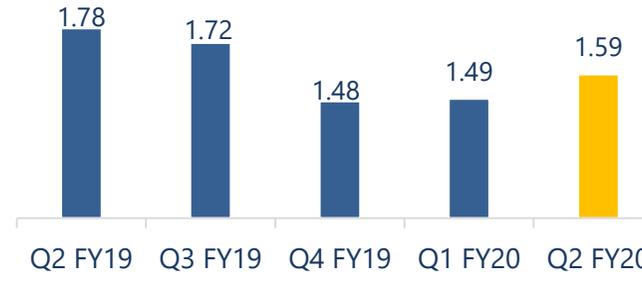
## Net Interest Margin (%)



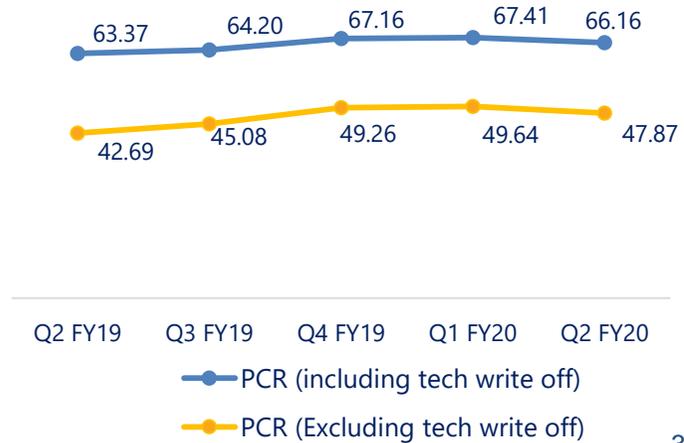
## Cost to Income Ratio



## NNPA (%)



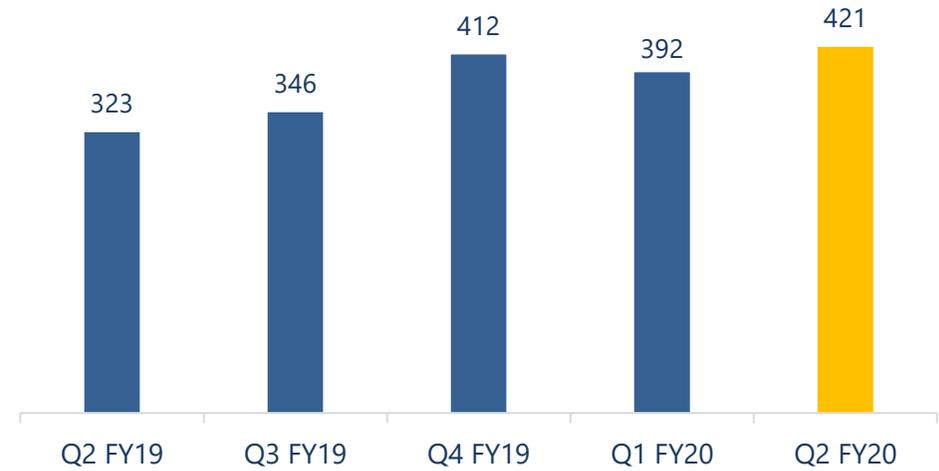
## PCR (%)



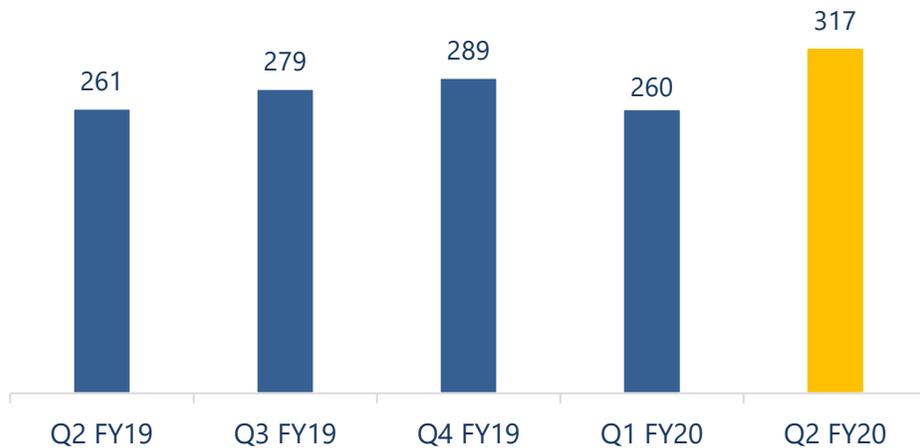
## Net Interest Income



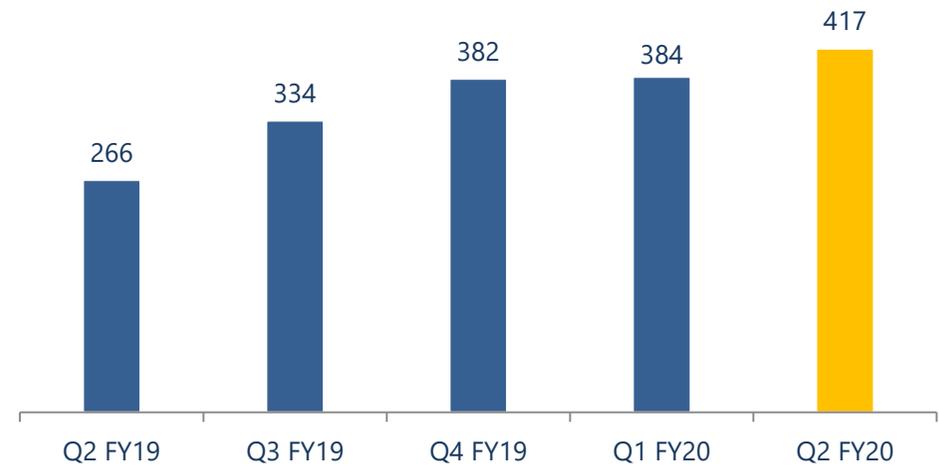
## Other Income



## Fee Income



## Net Profit



## ***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.

- 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%.

### **Retail Banking**

### **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

<b>Net Profit</b>	<b>57 %</b>	<b>↑</b>	<b>Retail (inc Agri)</b>	<b>24%</b>	<b>↑</b>
<b>Operating Profit</b>	<b>3 %</b>	<b>↑</b>	<b>Agri</b>	<b>21%</b>	<b>↑</b>
<b>RoA</b>	<b>@ 1.03%</b>	<b>↑</b>	<b>Business banking</b>	<b>15%</b>	<b>↑</b>
<b>RoE</b>	<b>@ 12.06%</b>	<b>↑</b>	<b>Commercial Banking</b>	<b>9%</b>	<b>↑</b>
<b>Cost to Income Ratio</b>	<b>@ 53.47%</b>		<b>Corporate Business</b>	<b>8%</b>	<b>↑</b>
<b>GNPA</b>	<b>@ 3.07%</b>		<b>Total Advance</b>	<b>15%</b>	<b>↑</b>
<b>Core Fee Income</b>	<b>21%</b>	<b>↑</b>	<b>CASA</b>	<b>12%</b>	<b>↑</b>
<b>Other Income</b>	<b>30%</b>	<b>↑</b>	<b>Total Deposit</b>	<b>18%</b>	<b>↑</b>
<b>NII</b>	<b>10%</b>		<b>Capital Adequacy (CRAR)</b>	<b>13.98%</b>	
<b>NIM</b>	<b>@3.01</b>				
<b>Provision Coverage Ratio</b>	<b>66.16%</b>				

## RETAIL

## WHOLESALE

## Advances

## Retail + Agri



37978 -&gt; 47218

Business Banking  
(BuB)#

8625 -&gt; 9939

Commercial  
Banking (CoB)#

10887 -&gt; 11848

## CIB



44809 -&gt; 48617

## Total Advances



102300 -&gt; 117622

## Deposits

## CASA



39457 -&gt; 44023

## CASA Ratio



33.39 -&gt; 31.55

## NRE Deposits



46787 -&gt; 52690

## Retail Deposits



111918 -&gt; 128166

## Performance

## Net Interest Income



1022 -&gt; 1124

## Core Fee Income



261 -&gt; 317

## Operating Profit



698 -&gt; 719

## Net Profit



266 -&gt; 417

## Ratios

## Cost Income Ratio



48.15 -&gt; 53.47

## Gross NPA %



3.11 -&gt; 3.07

## Net NPA %



1.78 -&gt; 1.59

Profit Per Employee (in  
Lac)

9 -&gt; 13.25

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

#SME split into BuB &amp; CoB

# Comparison : Q-o-Q (3 M)

**RETAIL**
**WHOLESALE**
**Advances**
**Retail + Agri**


44585 -&gt; 47218

**Business Banking (BuB)#**


9296 -&gt; 9939

**Commercial Banking (CoB)#**


11625 -&gt; 11848

**CIB**


48211 -&gt; 48617

**Total Advances**


113717 -&gt; 117622

**Deposits**
**CASA**


41676 -&gt; 44023

**CASA Ratio**


31.44 -&gt; 31.55

**NRE Deposits**


50812 -&gt; 52690

**Retail Deposits**


123009 -&gt; 128166

**Performance**
**Net Interest Income**


1154 -&gt; 1124

**Core Fee Income**


260 -&gt; 317

**Operating Profit**


783 -&gt; 719

**Net Profit**


384 -&gt; 417

**Ratios**
**Cost Income Ratio**


49.36 -&gt; 53.47

**Gross NPA %**


2.99 -&gt; 3.07

**Net NPA %**


1.49 -&gt; 1.59

**Profit Per Employee (in Lac)**


12.52 -&gt; 13.25

## Shareholder Value

**Book Value**  
(Per Share in ₹)

Q2 FY20

69.18

Q1 FY20

68.79

Q4 FY19

66.87

Q3 FY19

64.60

Q2 FY19

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

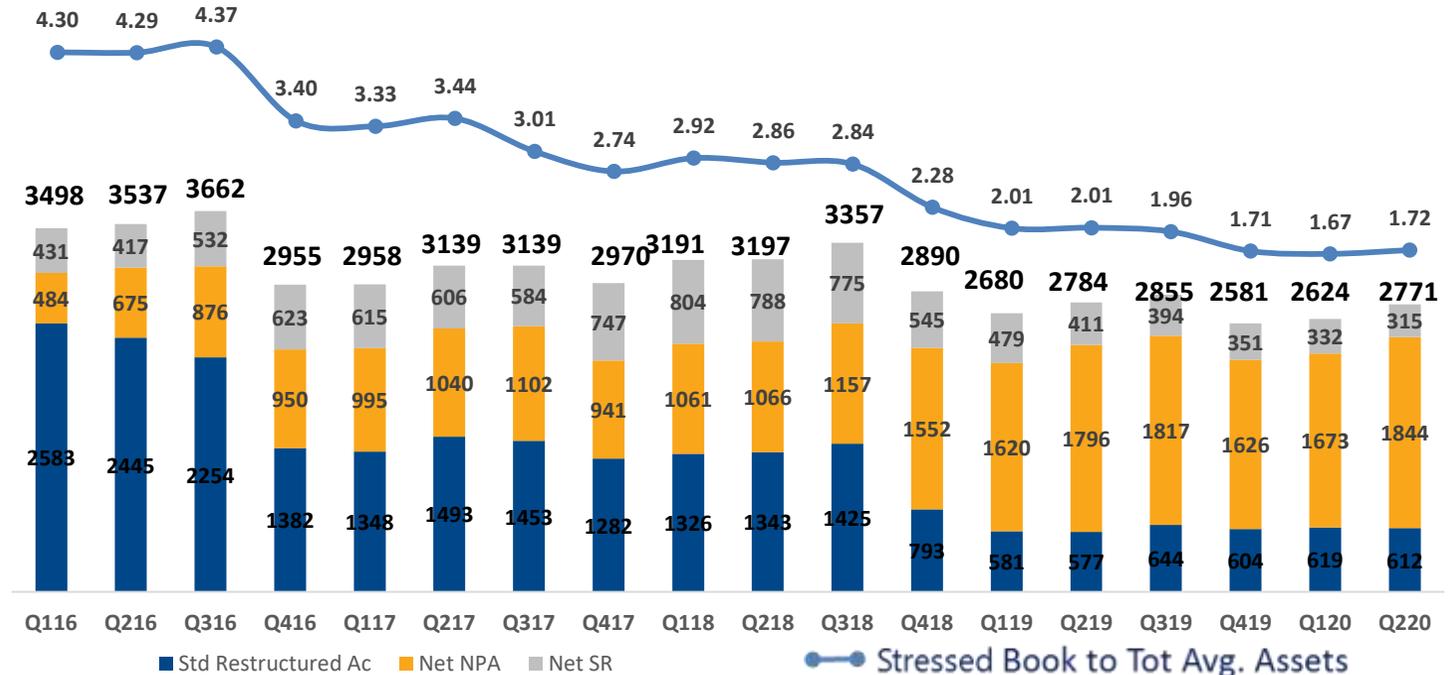
1.78

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	<b>3395</b>
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	<b>3612</b>

# Fresh Slippages Break up

## Fresh Slippages

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

## Restructured

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

## NPA Composition

Q2 FY20

Q1 FY20

Business	NPA	NPA	
<b>Retail</b>	<b>731</b>	<b>701</b>	
<b>Agri</b>	<b>554</b>	<b>517</b>	
<b>SME</b>	<b>1433</b>	<b>1390</b>	
<b>Gross NPA</b>	<b>BuB</b>	<b>713</b>	<b>660</b>
	<b>CoB</b>	<b>721</b>	<b>730</b>
<b>Corporate</b>	<b>893</b>	<b>787</b>	
<b>Total</b>	<b>3612</b>	<b>3395</b>	
<b>Net NPA</b>	<b>1844</b>	<b>1673</b>	

## Security Receipts

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

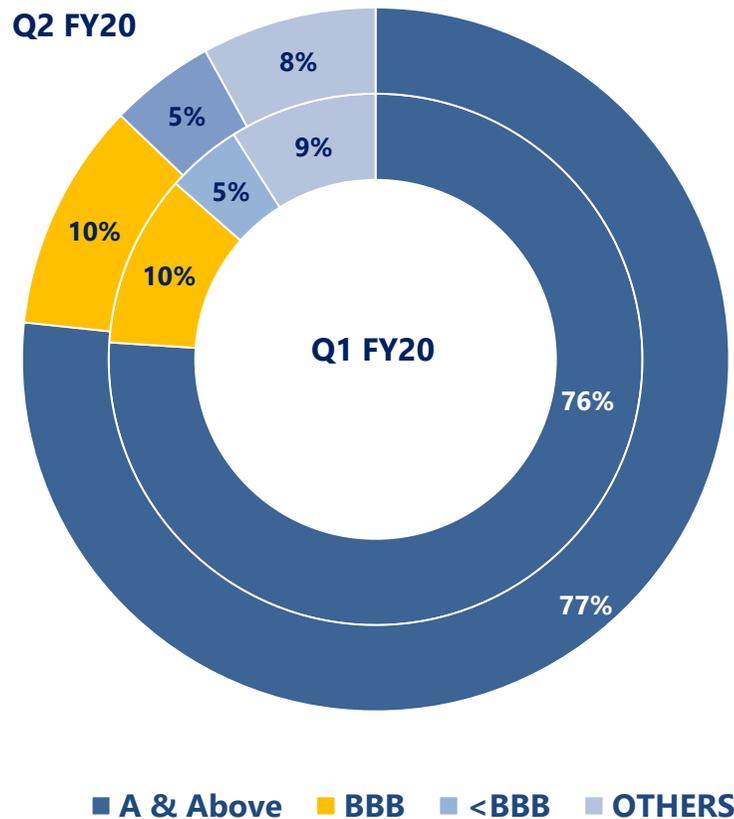
## Credit Cost



## Risk Adjusted NIM



## External Rating of Corporate Assets



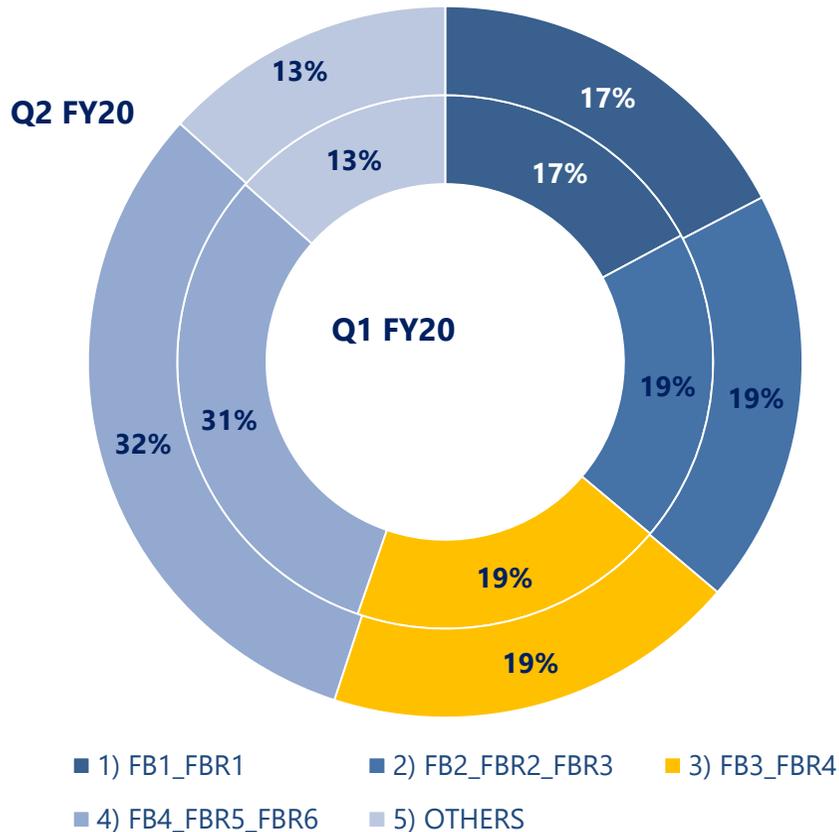
## External Rating of Corporate Assets

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

## Internal Rating of 'Others'

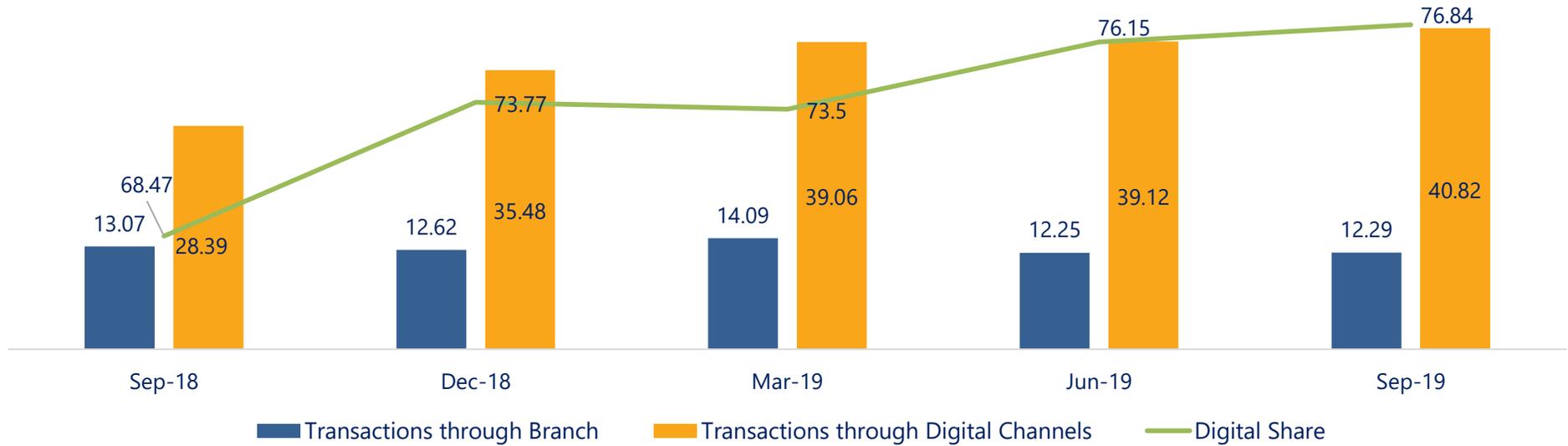
Rating	Q2 FY-20	Q1 FY-20
FBR1	27%	24%
FBR2/FBR3	2%	10%
FBR4	30%	27%
FBR5/FBR6	40%	39%
Others	1%	0%

# 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 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



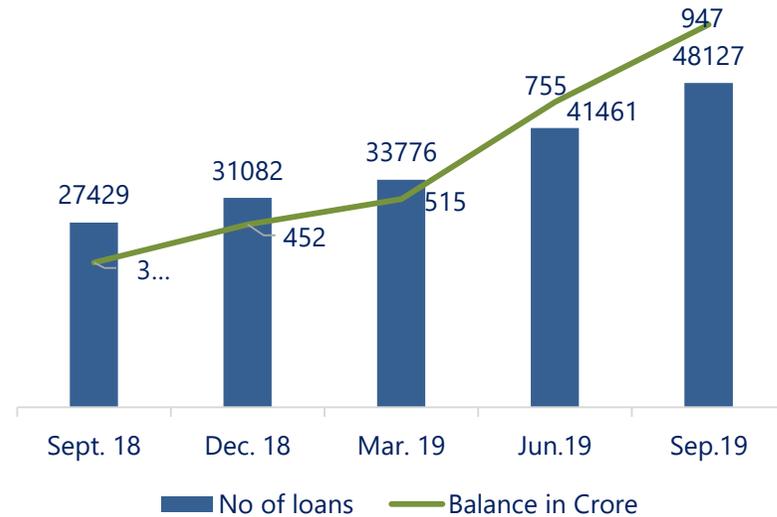


- BYOM enables Instant online loan pre approved loan disbursal
- Option to convert debit card purchases to flexible EMIs

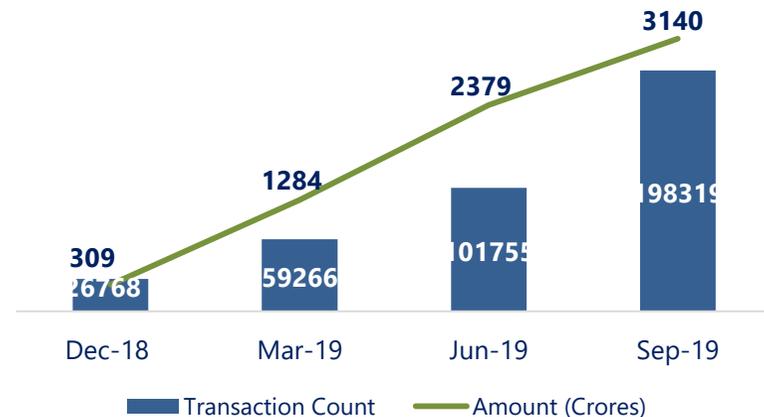


- 1200 plus customers joined the new platform for transaction banking and cumulative volume of transactions has crossed 3000 crores during the month of September 2019

## BYOM Digital Personal Loans : Loan book progress

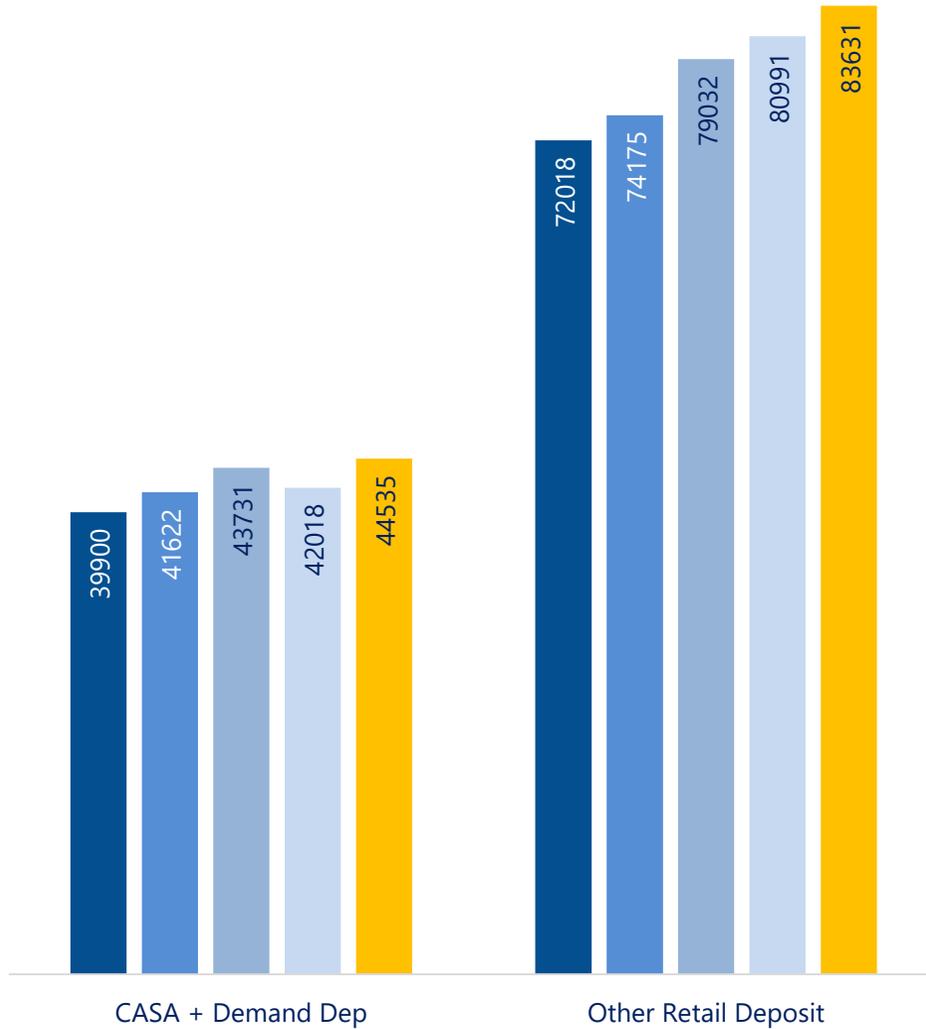


## Fed E Biz

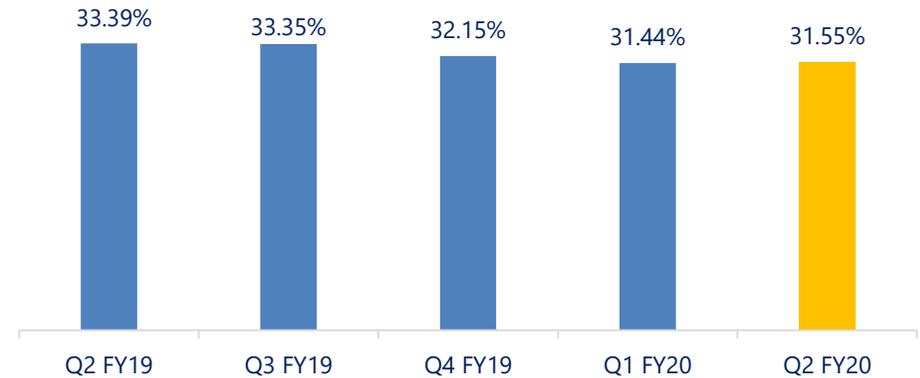


# Business Parameters

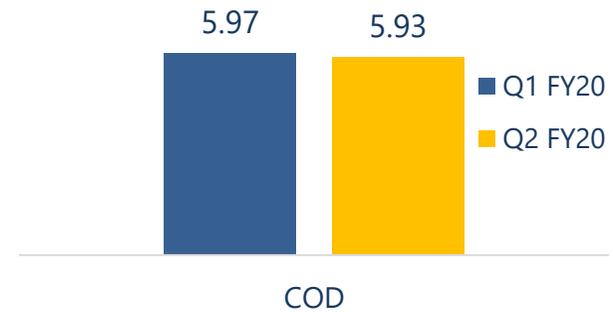
■ Q2 FY19 ■ Q3 FY19 ■ Q4 FY19 ■ Q1 FY20 ■ Q2 FY20



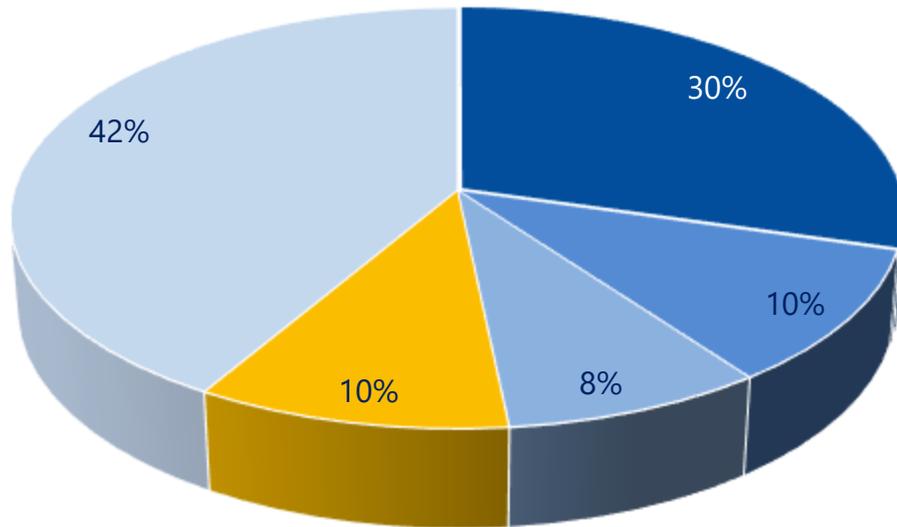
### CASA Ratio



### Cost of Deposits



## Total Loan Book



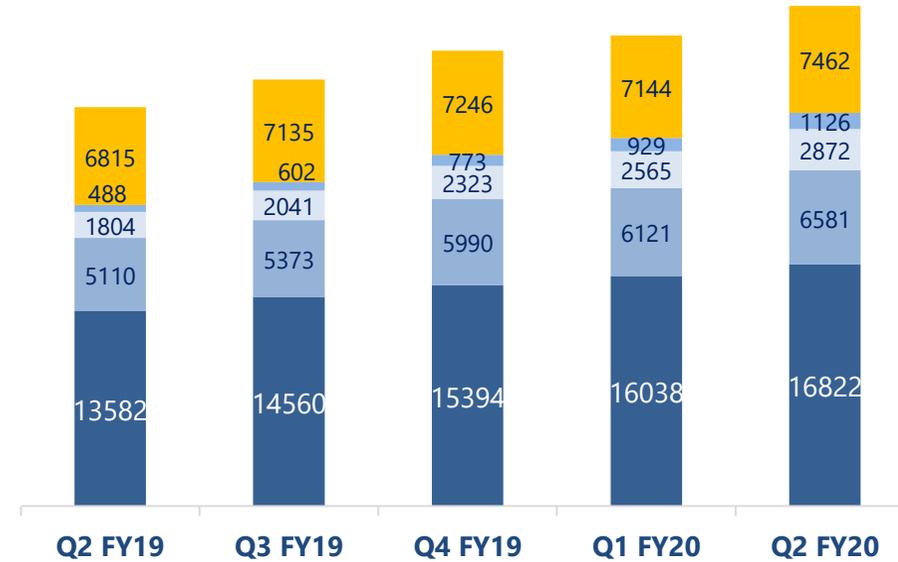
■ Retail ■ Agri ■ BuB ■ CB ■ CIB

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

## Retail Loan Book (Excl Agri & BuB)

₹ in Cr

■ Housing ■ Mortgage ■ Auto ■ Personal ■ Others



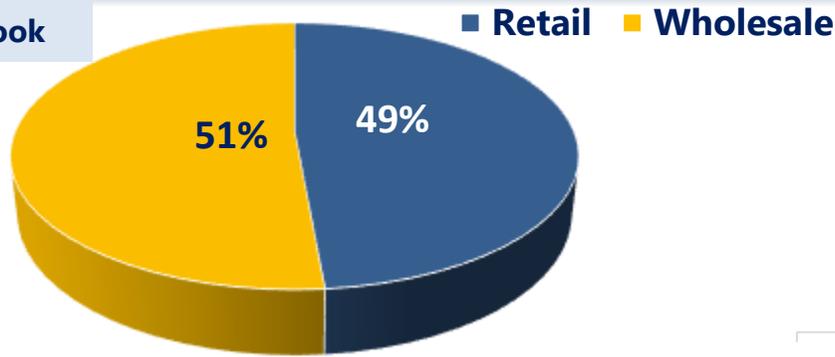
## Yield on Advances



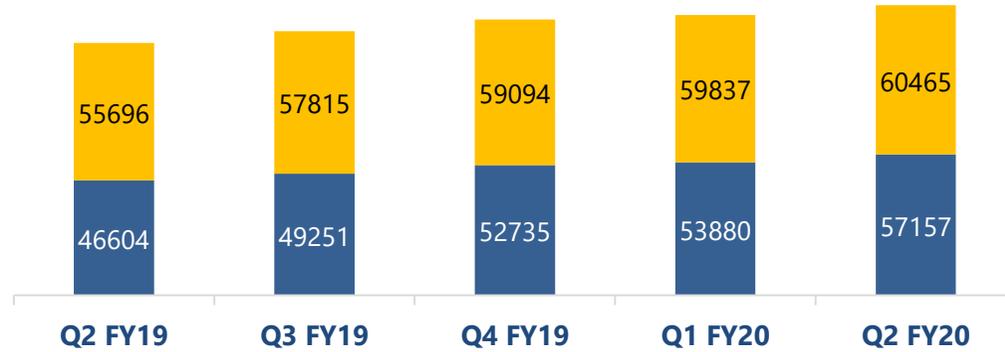
YOY

# Credit Portfolio Distribution

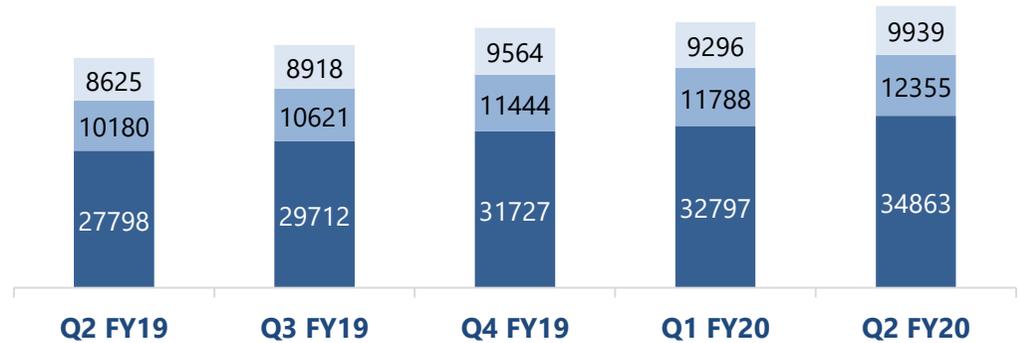
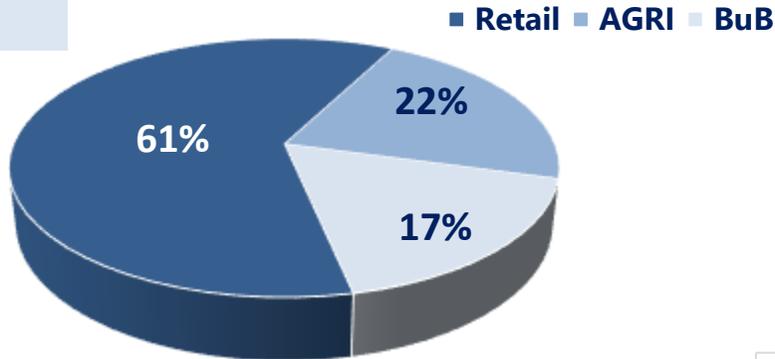
## Total Loan Book



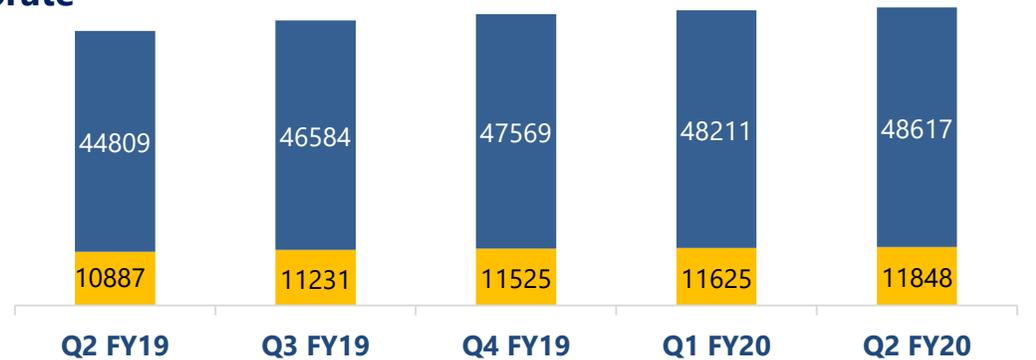
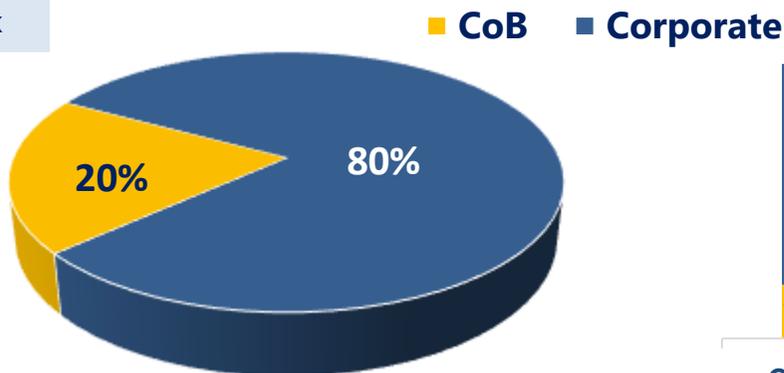
₹ in Cr



## Retail Book

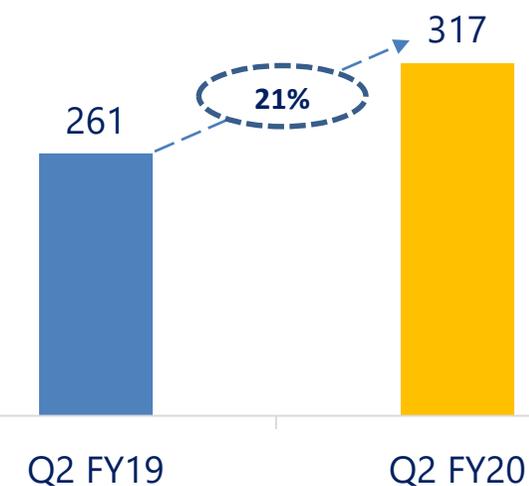


## Wholesale Book

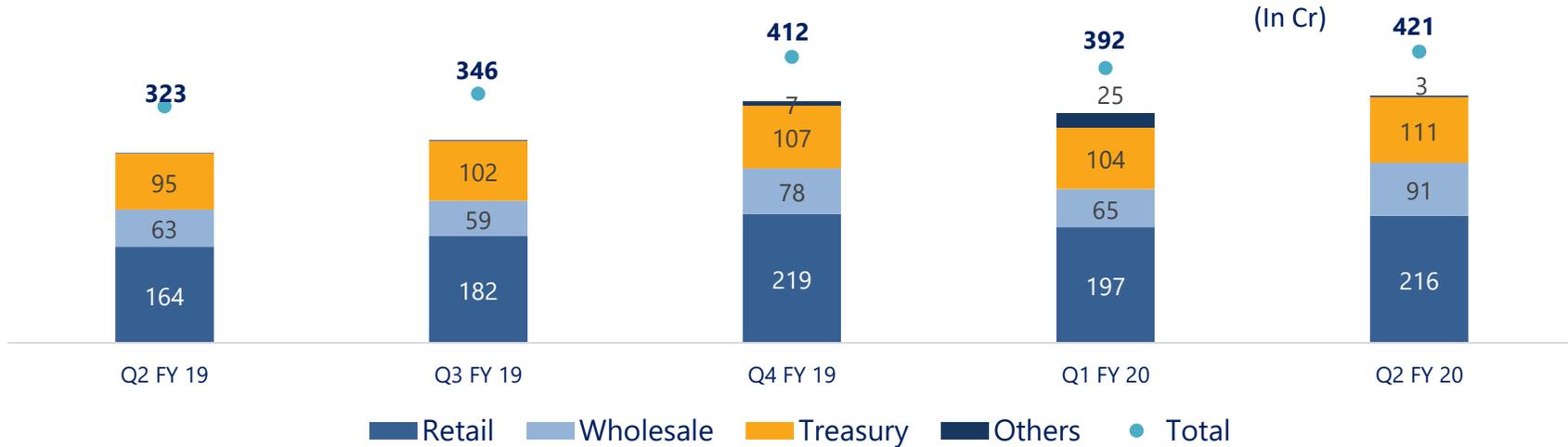


	Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19	Y-o-Y %
Loan Processing Fee	61	49	50	50	53	16%
Exchange, Commission, Brokerage & Other Fee Income	191	169	185	156	147	30%
Net Profit on Forex Transactions	64	43	54	74	61	5%
<b>Fee Income</b>	<b>317</b>	<b>260</b>	<b>289</b>	<b>279</b>	<b>261</b>	<b>21%</b>
Profit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

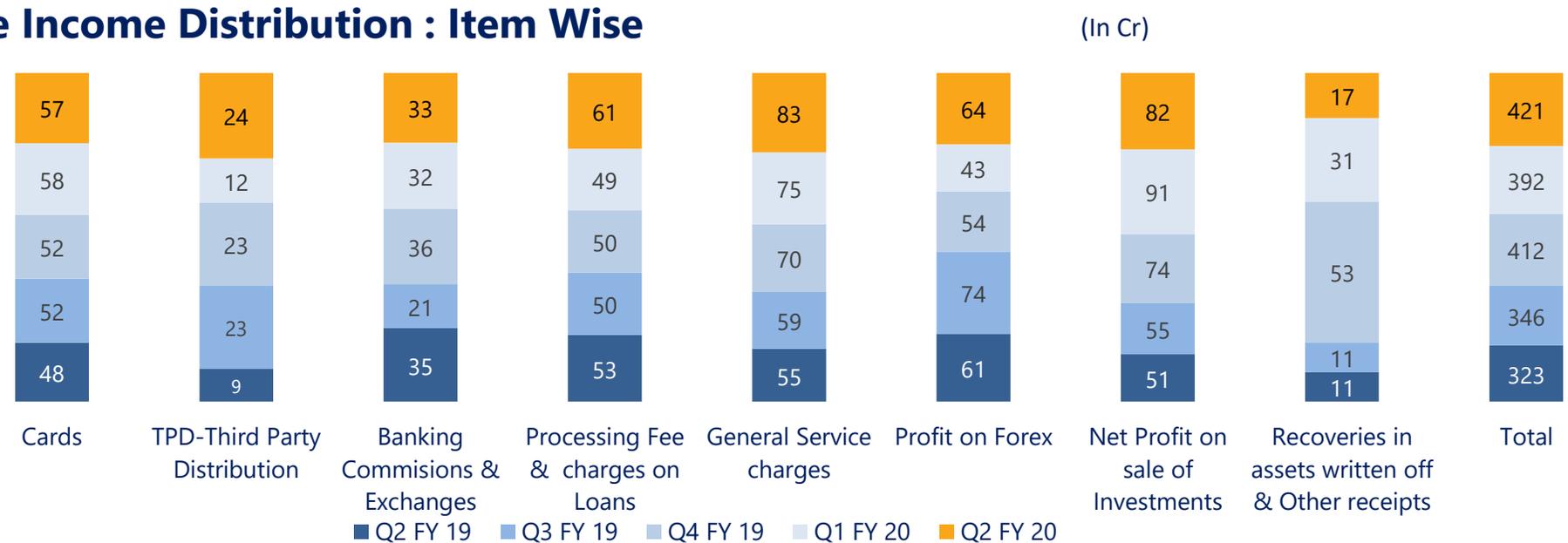
## Fee Income (Y-o-Y)



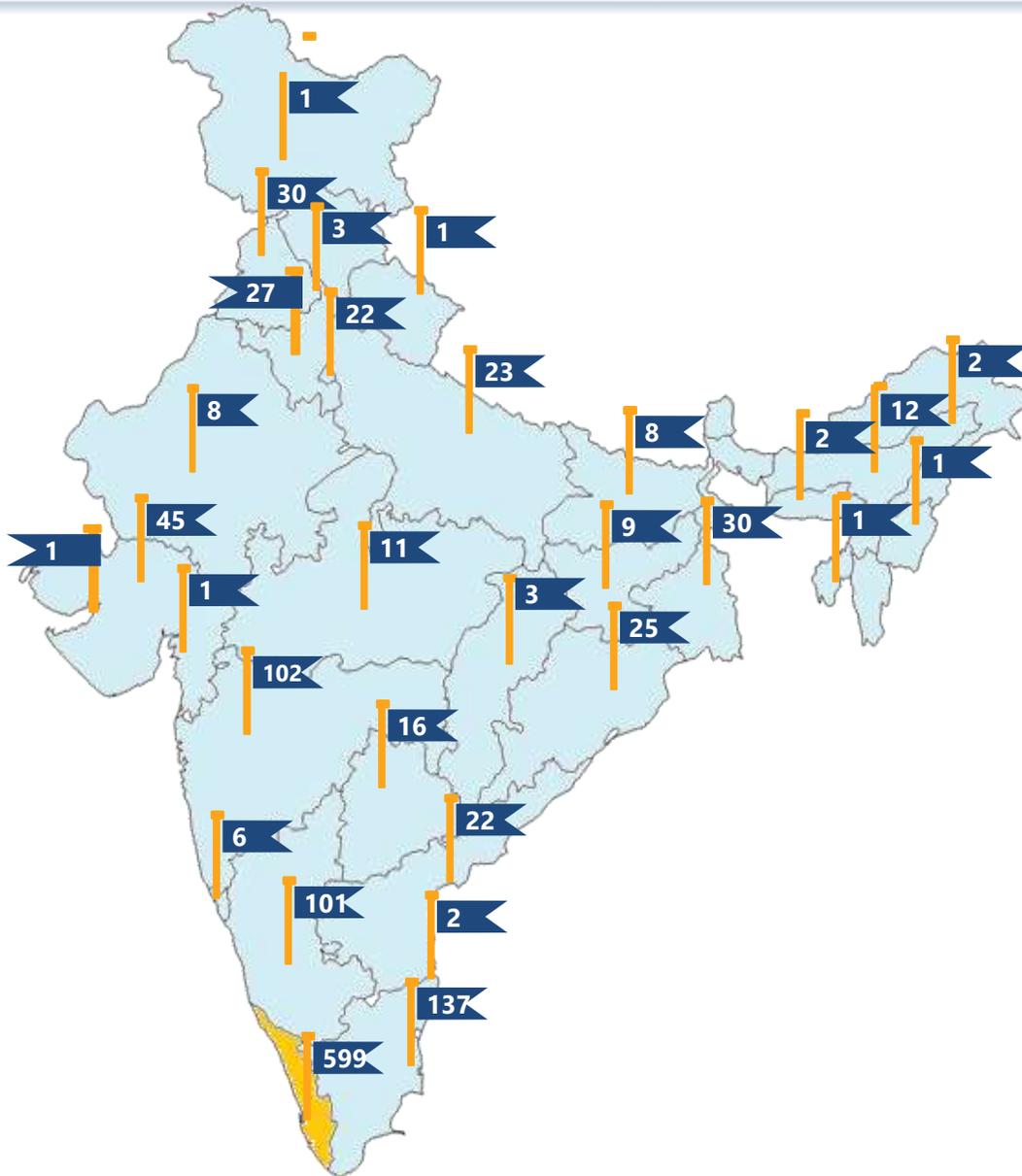
## Fee Income Distribution : Vertical Wise



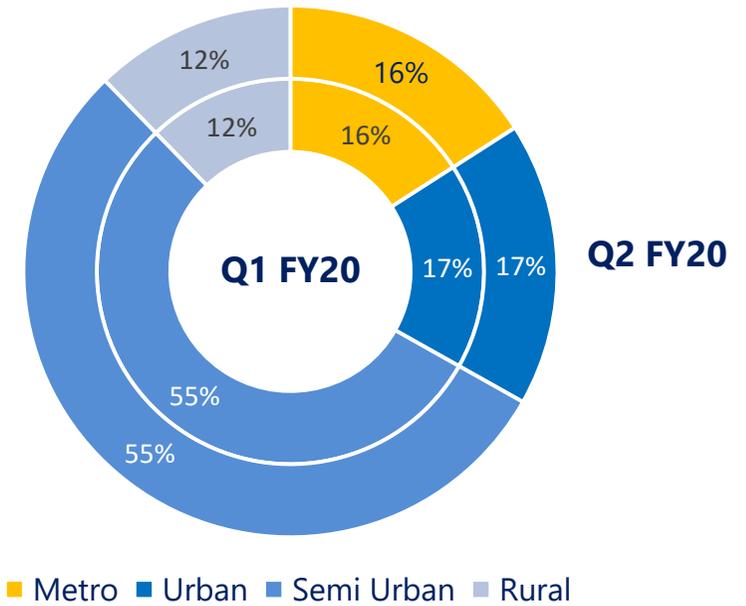
## Fee Income Distribution : Item Wise



# Distribution : Deriving Efficiency from Footprint



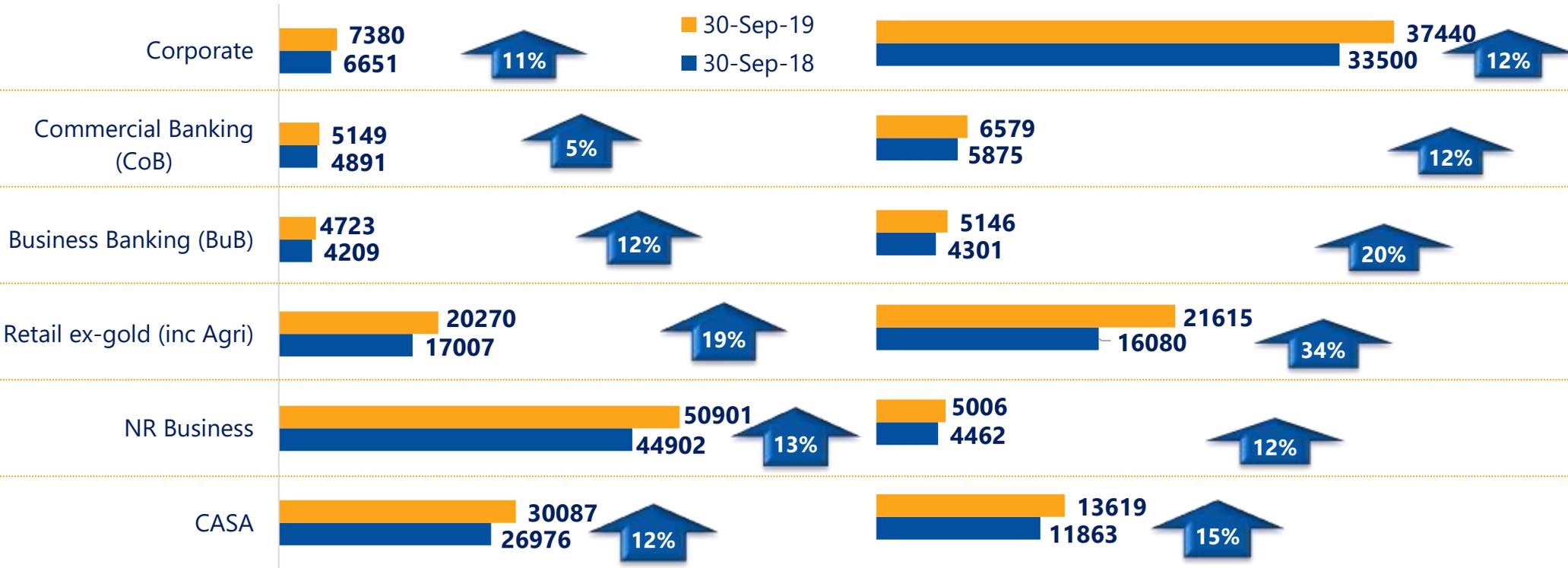
	Q2 FY20	Q1 FY20	Q4 FY19
Branches	1251	1251	1251
ATM/Recyclers	1942	1934	1937



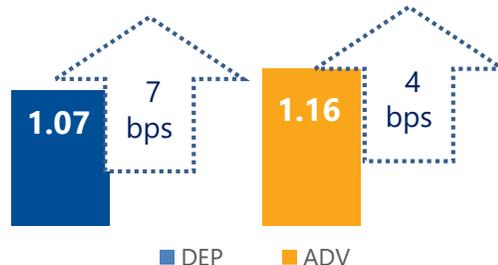
## Kerala : Prominence to Dominance

## Outside Kerala: Presence to Prominence

₹ in Cr



## 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

# CRAR – How strong is your Bank?

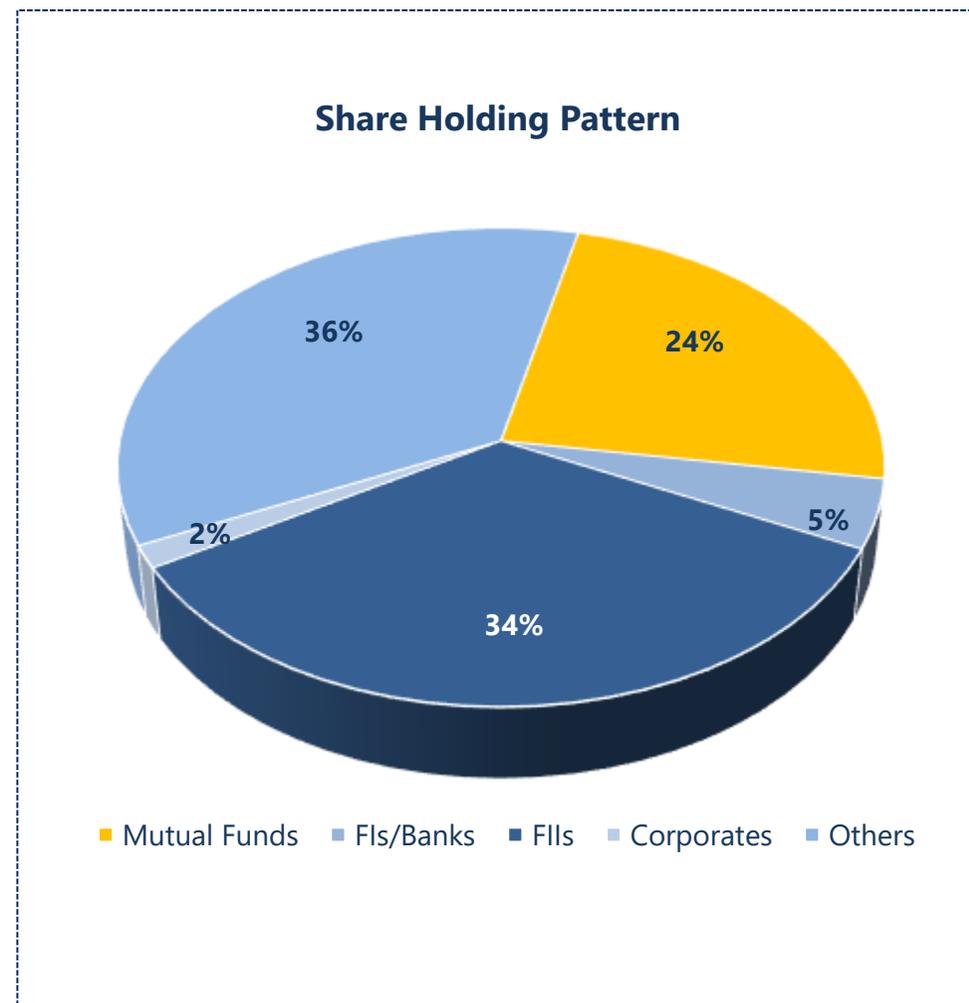
₹ in Cr

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

# Annexures

₹ in Cr

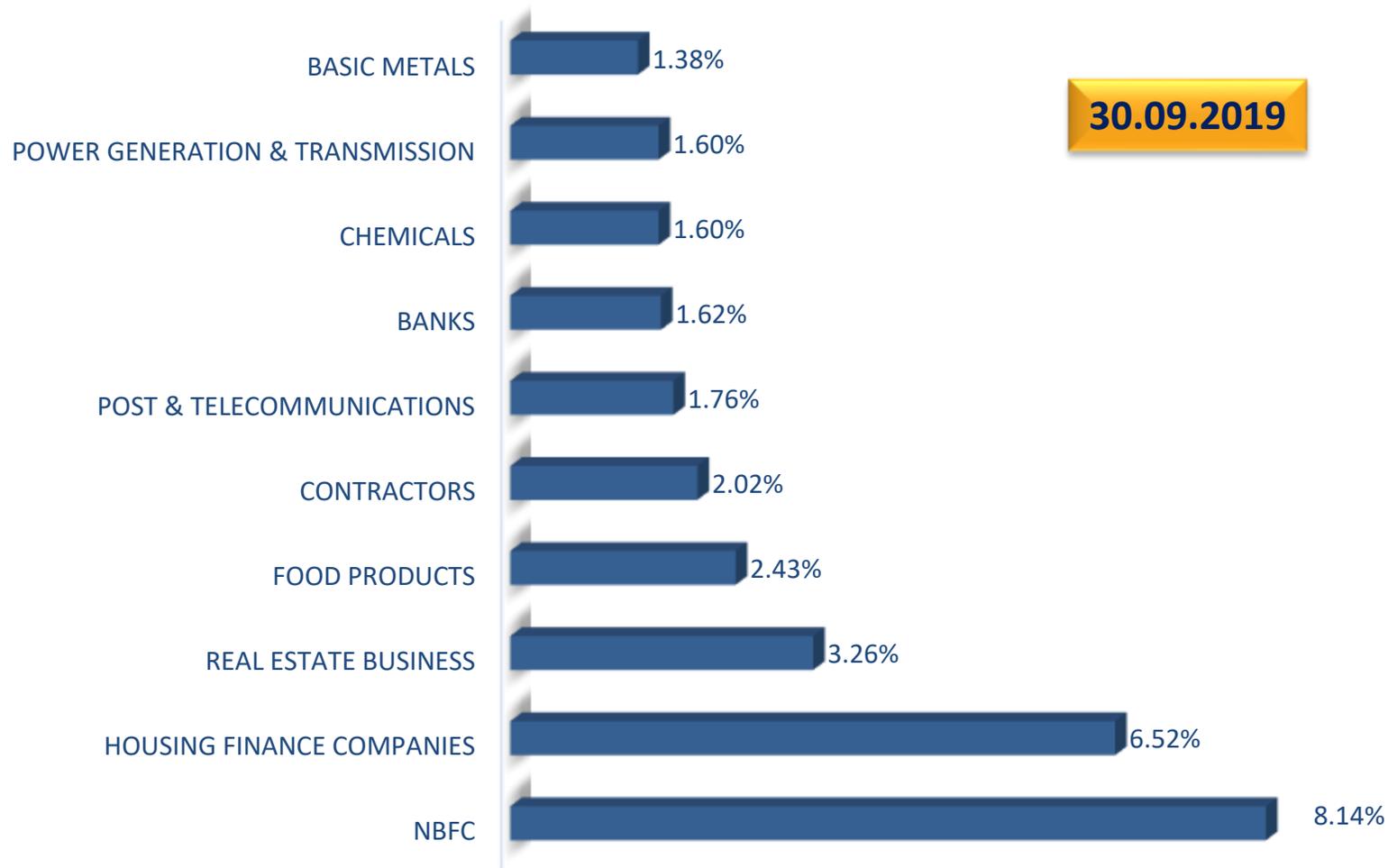
	Q2 FY20	Q2 FY19
<b>LIABILITIES</b>		
Capital	398	396
Reserves & Surplus	13357	12323
Deposits	139547	118182
Borrowings	7764	9710
Other Liabilities & Provisions	5360	5042
<b>TOTAL</b>	<b>166424</b>	<b>145654</b>
<b>ASSETS</b>		
Cash & Balance with RBI	7733	5721
Balances with Banks, Money at Call	3674	2594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



₹ 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	<b>1124</b>	<b>1154</b>	<b>-3%</b>	<b>1022</b>	<b>10%</b>
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	<b>719</b>	<b>783</b>	<b>-8%</b>	<b>698</b>	<b>3%</b>
Total Provisions	302	399	-24%	432	-30%
Net Profit	<b>417</b>	<b>384</b>	<b>8%</b>	<b>266</b>	<b>57%</b>
Net Interest Margin (%)	<b>3.01</b>	<b>3.15</b>	<b>-14bps</b>	<b>3.15</b>	<b>-14 bps</b>
Cost to Income Ratio (%)	<b>53.47</b>	<b>49.36</b>	<b>411 bps</b>	<b>48.15</b>	<b>532 bps</b>

## Top 10 Sector wise exposure as a % of Total Advance



## 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.

Fixed Deposit

Certificate of Deposit

Tier 2 (Capital) Bonds



*India Ratings  
& Research  
Pvt Ltd, CARE*

A1+

A1+

IND AA  
CARE AA

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

This presentation is not a complete description of the Bank. This presentation may contain statements that constitute forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially include, among others, future changes or developments in the Bank's business, its competitive environment and political, economic, legal and social conditions. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Bank disclaims any obligation to update these forward-looking statements to reflect future events or developments.

All information contained in this presentation has been prepared solely by the Bank. No information contained herein has been independently verified by anyone else. No representation or warranty (express or implied) of any nature is made nor is any responsibility or liability of any kind accepted with respect to the truthfulness, completeness or accuracy of any information, projection, representation or warranty (expressed or implied) or omissions in this presentation. Neither the Bank nor anyone else accepts any liability whatsoever for any loss, howsoever, arising from any use or reliance on this presentation or its contents or otherwise arising in connection therewith. This presentation may not be used, reproduced, copied, distributed, shared, or disseminated in any other manner.

Prominence  
to Dominance

Presence  
to Prominence

# Thank You

**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER