

Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q4 FY 2016

Operating Performance in Q4 better than all other quarters in FY16

FY16 Financial Results impacted materially by Specific Event driven provisioning.

**Growth drivers in place.
Credit book (Ex-gold) reflects run rate above 30%(Ann.) over last two quarters**

Liability Profile continues to make strong progress

- Regular Stable CASA Growth
- Increasing granularity in retail deposits
- Leadership position in remittance

- **No Slippages in Corporate Credit originated over the last 12 Quarters**
- **Legacy issues in the Corporate Credit portfolio have become residual**
- **No or low exposure to 'House of Debt '**

Doubling Digital transaction every quarter led by ahead of class offerings.

Market share dominance in Network I and increased presence in Network II

Reinforcing Senior team with select Specialist Recruits

Likely impact of Middle East slowdown being monitored closely and active de-risking on the credit front.

Performance Highlights

Savings Account	21% (Y-o-Y) ↑	Net Interest Income	13% (Q-o-Q) ↑
Current Account	12% (Y-o-Y) ↑	NIM	3.31%* ↑
Retail Deposit Ratio	264 Bps (Y-o-Y) ↑	Operating Profit	21% (Q-o-Q) ↑
Retail Adv (Excl Gold)	18% (Y-o-Y) ↑	Gross NPA%	2.84% ↓
SME Adv	17% (Y-o-Y) ↑	Net NPA%	1.64% ↓
Wholesale Business	21% (Y-o-Y) ↑	Capital Adequacy (CRAR)	13.93%
Avg Monthly Customer Acquisition	60 K Customers	Provision Coverage Ratio	72.05%



(* Including one off Other Interest Income)

Comparison : Q-o-Q (Sequential)

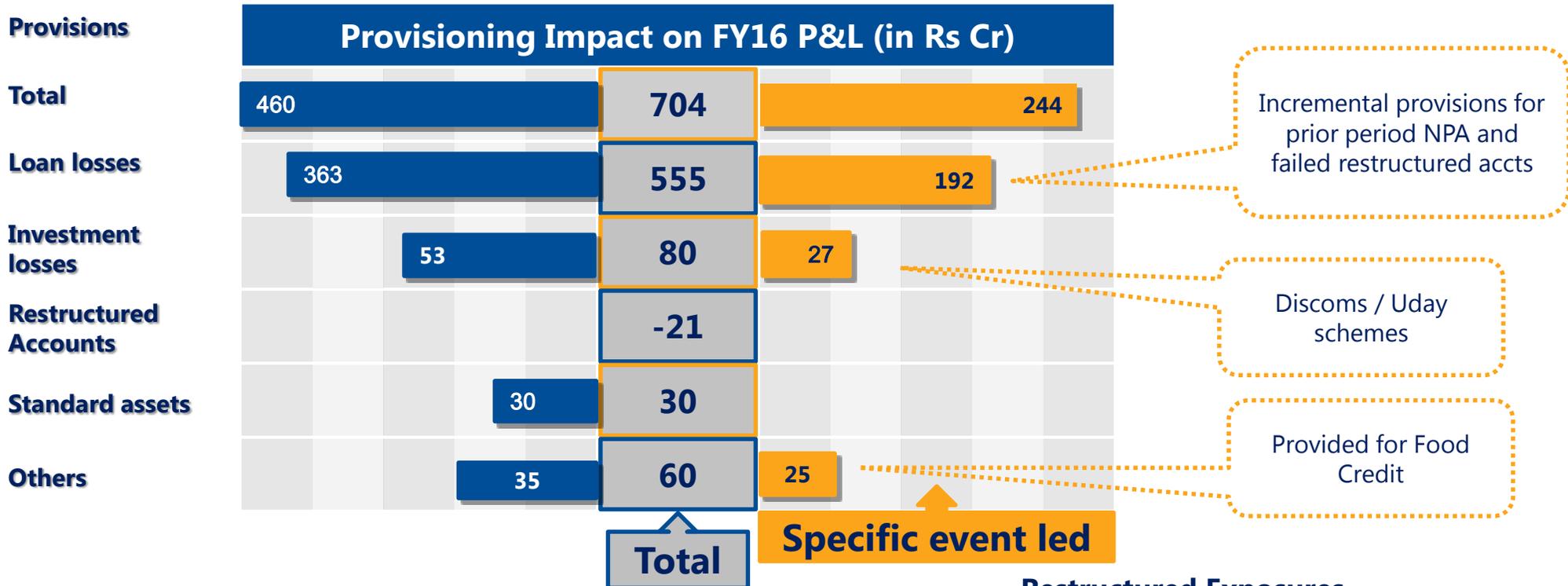
Deposits	Total Savings	Current Deposits	NRE Deposits	Term Deposits	Total Deposits
	↑ 6%	↑ 10%	↑ 8%	↑ 5%	↑ 6%
	20128 → 21422	3877 → 4283	28381 → 30732	50352 → 53119	74792 → 79172
	Retail*	Agri	SME	Corporate	Gross Advances
	↑ 5%	↑ 9%	↑ 6%	↑ 18%	↑ 10%
14265 → 14987	6062 → 6636	14033 → 15172	16668 → 19652	53538 → 58791	
Performance	Total Income	Net Income (NII+OI)	Other Income	Operating Profit	Net Profit
	↑ 8%	↑ 16%	↑ 24%	↑ 21%	↓ -96%
2086 → 2253	789 → 913	183 → 227	325 → 395	163 → 10	
Ratios	Cost Income ratio	Gross NPA%	Net NPA%	ROA	ROE
	↓ 194 bps	↓ 31 bps	↓ 2 bps	↓ 72 bps	↓ 750 bps
58.72 → 56.78	3.15 → 2.84	1.66 → 1.64	0.77 → 0.05	8.00 → 0.50	

(* Retail Exc Gold)

Comparison : Y-o-Y (FY)

Deposits	Total Savings	Current Deposits	NRE Deposits	Term Deposits	Total Deposits
	↑ 21%	↑ 12%	↑ 27%	↑ 8%	↑ 12%
	17727 → 21422	3823 → 4283	24231 → 30732	49042 → 53119	70825 → 79172
	Retail*	Agri	SME	Corporate	Gross Advances
	↑ 18%	↑ 5%	↑ 17%	↑ 18%	↑ 13%
12732 → 14997	6312 → 6636	12918 → 15172	16588 → 19652	51951 → 58791	
Performance	Total Income	Net Income (NII+OI)	Other Income	Operating Profit	Net Profit
	↑ 3%	↑ 1%	↓ 10%	↓ 13%	↓ 53%
	8298 → 8531	3259 → 3291	878 → 786	1628 → 1424	1006 → 476
	Cost Income ratio	Gross NPA%	Net NPA%	ROA	ROE
	↑ 668 bps	↑ 80 bps	↑ 91 bps	↓ 75 bps	↓ 776 bps
50.05 → 56.73	2.04 → 2.84	0.73 → 1.64	1.32 → 0.57	13.77 → 6.01	

(* Retail Exc Gold)



- Q4 Credit cost @ 2.03%. Average FY16 Credit cost @ 1.06%.
- Q4 Credit cost excluding specific events (192 Cr) is @ 0.60% and 0.70% for FY16.

Provision Coverage Ratio (Including Technically Written Off) at 72.05% (71.65% in Q3 FY 16)

Restructured Exposures

As on	31.03.2016		31.12.2015	
	Amt in Cr	Of which Bonds	Amt in Cr	Of which Bonds
Total Standard	1382	94	2254	336
Total Sub-Standard	598	208	466	26
<i>Of which Pertaining to the Quarter</i>	372	182	43	
Total	1980	302	2720	362

(Rs. in Cr)

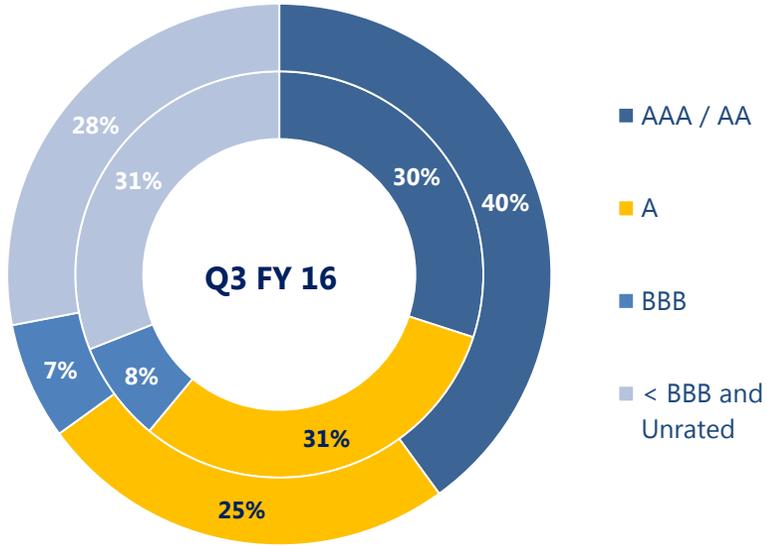
Fresh Accretion		
	Q4 FY 16	Q3 FY 16
Retail	85	61
Agri	43	20
SME	154	115
Corporate	254	375
Total	536	571

- **No Conversion to Off-balance sheet**
- **No 5:25 Structuring**
- **No SDR**

NPA Composition	Q4 FY16		Q3 FY16	
	Gross NPA	Gross NPA %	Gross NPA	Gross NPA %
Retail	287.44	1.66%	252.47	1.51%
Agri	152.75	2.30%	130.89	2.16%
SME	633.04	4.17%	614.07	4.34%
Corporate	594.53	3.03%	686.68	4.16%
Total	1667.77	2.84%	1684.11	3.15%

Risk Rating

Q4 FY 16

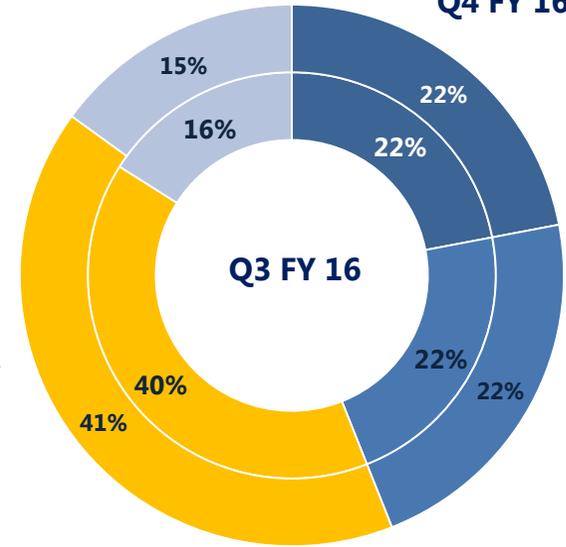


Corporate Assets

Rating	Q4 FY-16	Q3 FY-16	
AAA / AA	40%	30%	
A	25%	31%	
BBB	7%	8%	
< BBB & Others	28%	31%	
} 72%		} 69%	

- FB 1
- FB 2
- FB 3
- FB4 & Others

Q4 FY 16

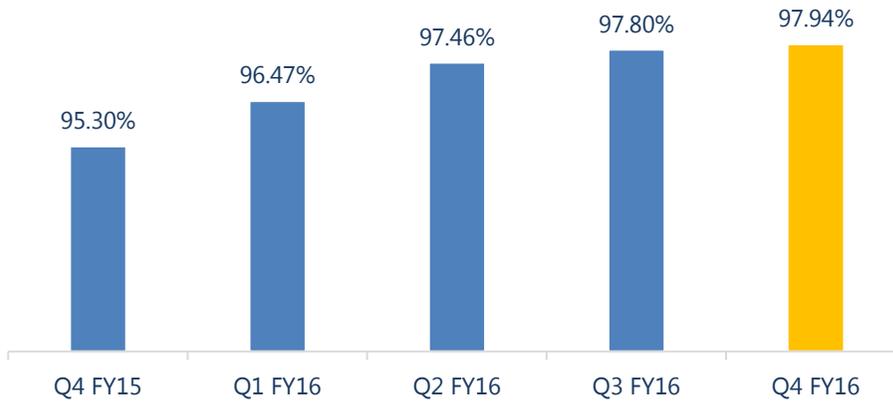


Other Assets

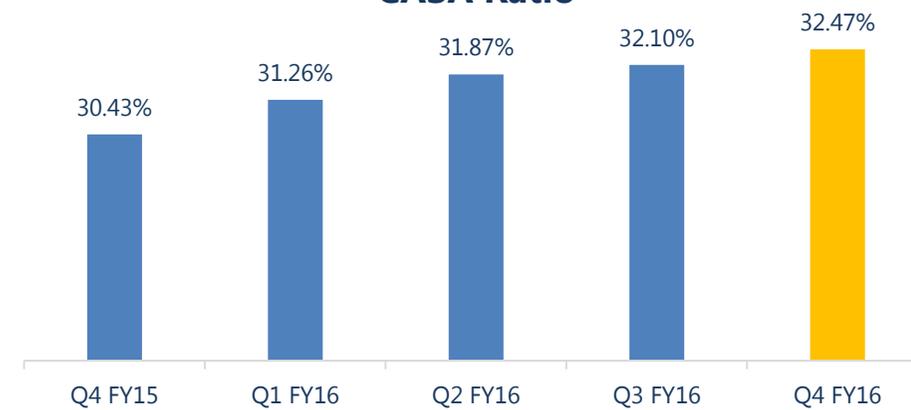
Rating	Q4 FY-16	Q3 FY-16	
FB 1	22%	22%	
FB 2	22%	22%	
FB 3	41%	40%	
FB4 & Others	15%	16%	
} 85%		} 84%	

Beyond Provisions : Growth is Focus

Retail Deposits Ratio



CASA Ratio



Retail Deposits ratio maintained above 97%

Highlights:

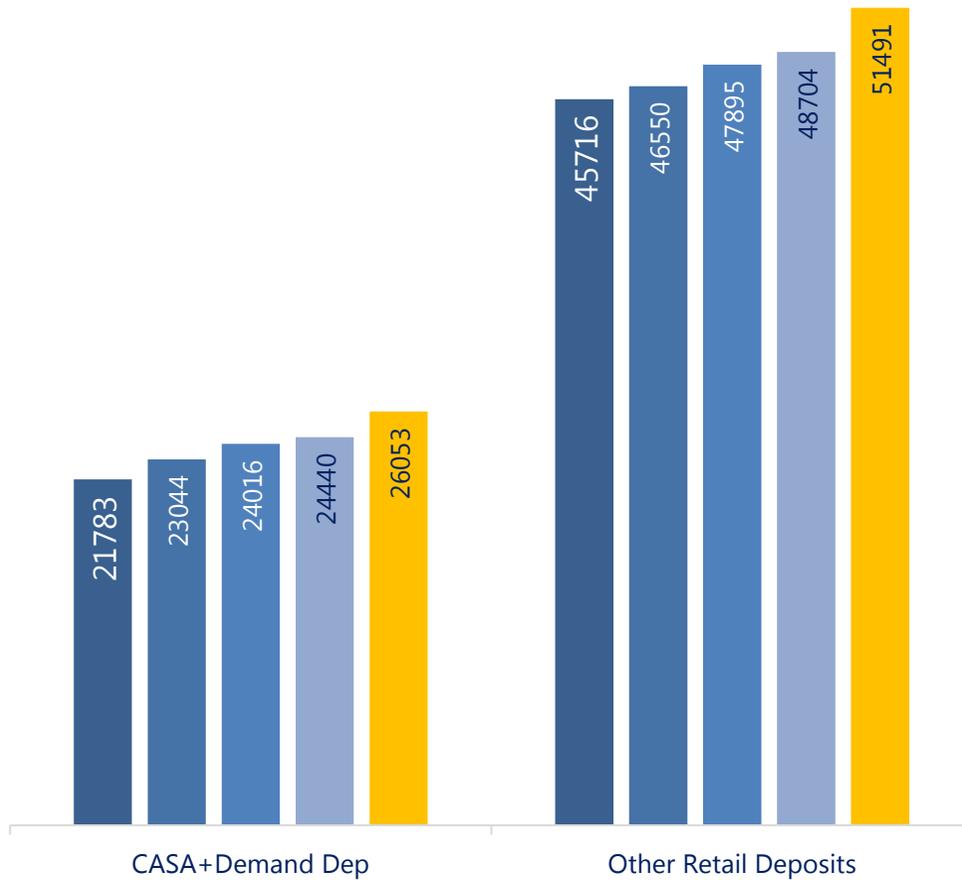
Retail liability profile continues to fuel consistent growth in deposits

- The low cost CASA augmentation stood robust with a growth of 19% Y-o-Y taking the CASA ratio to 32.47% improving by 204 bps
- 21% Y-o-Y SA traction and 12% Y-o-Y CA growth
- Retail deposits composition stands higher at 97.94% improving by 264 bps Y-o-Y
- NR franchise -sturdy 27 % Y-o-Y growth in NRE Deposits

Drivers:

- **Maturity of New Branches**
- **Effective Digital Strategy in place**
- **Active Cash Management Services**
- **Payroll Penetration Structure set up**

■ Q4 FY15 ■ Q1 FY16 ■ Q2 FY16 ■ Q3 FY16 ■ Q4 FY16

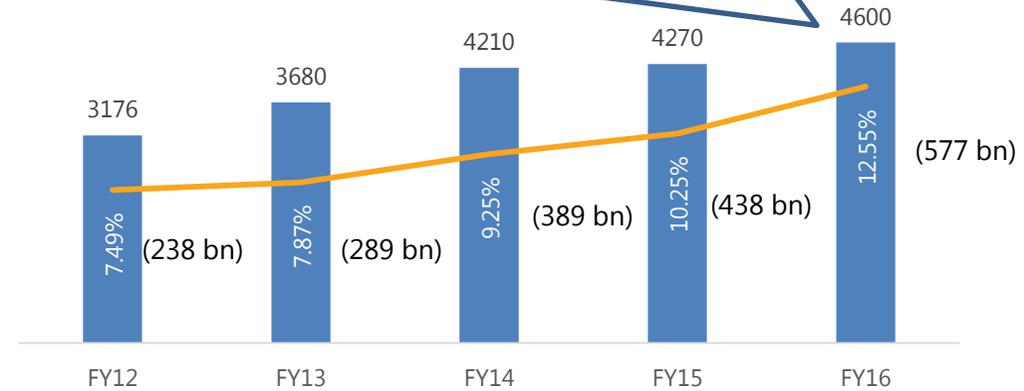


NRI Remittance trend

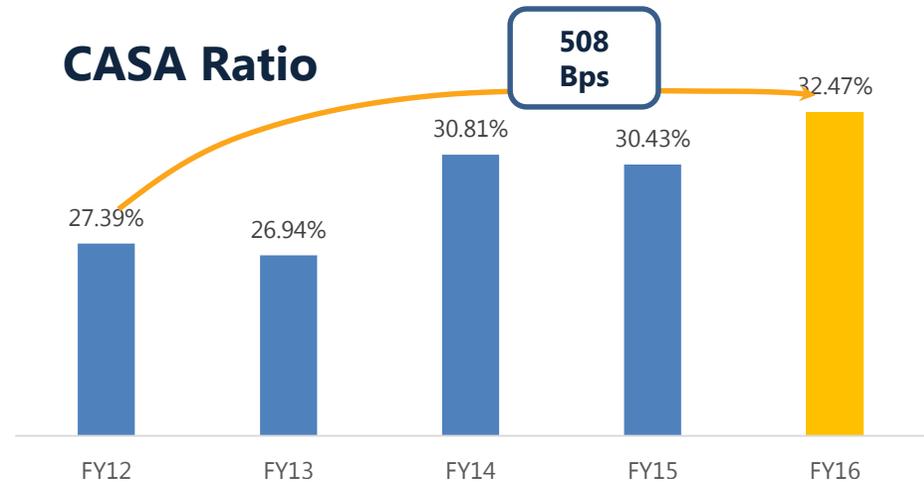
■ Total Remittances
— Federal bank%

₹ in Cr

Over the period from FY12-16, Share of Total NRI Remittances made through Federal bank increased by 506 Bps, from 7.49% to 12.55%.



CASA Ratio





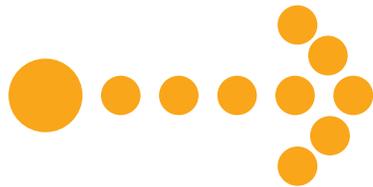
“Now if we were to talk about the future of banking, I just walked through the future of banking when I saw some of the activities that Federal Bank is engaged in”

Dr. Raghuram Rajan

**On 13th Feb 2016 at the K P Hormis
Commemorative Lecture, Kochi**

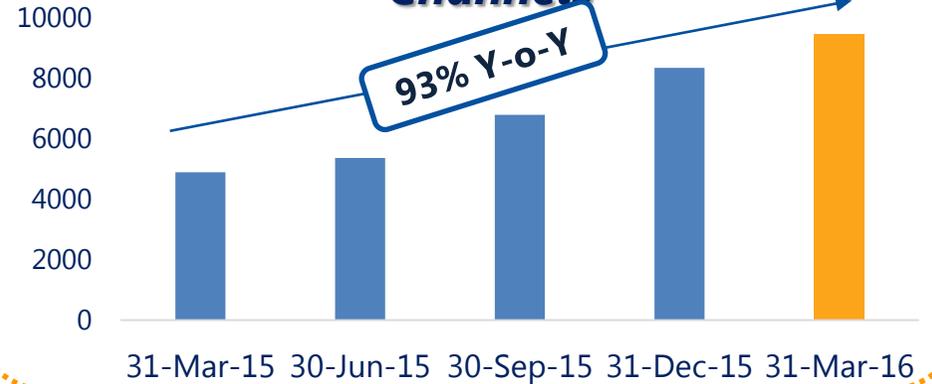
Digital

Digital at the fore



Human at the core

Migrating to the Digital Channels



Leading the digital journey

with

Product Innovations

1st



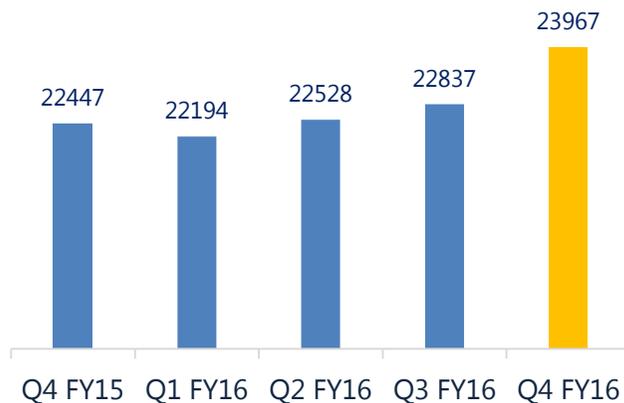
Funds Transfer through Missed Call Banking

Onboard UPI Platform

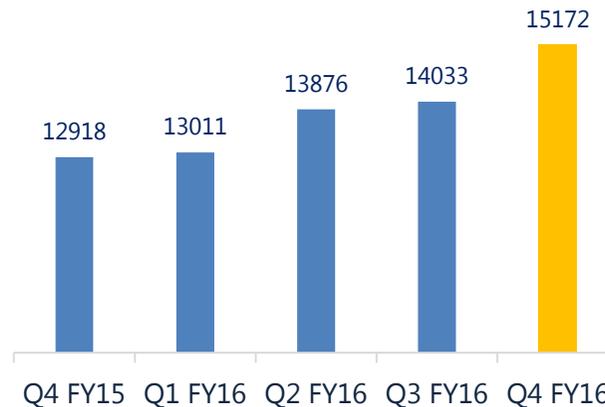
Online Credit Offerings: Car loan, Personal Loan

Innovative Offerings

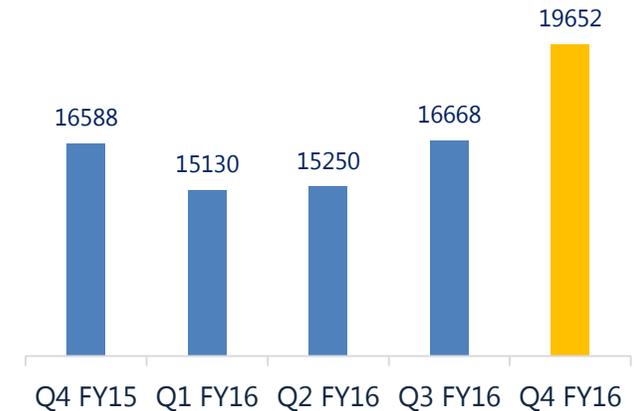
Retail (Incl Agri)



SME Adv



Wholesale Adv



Highlights

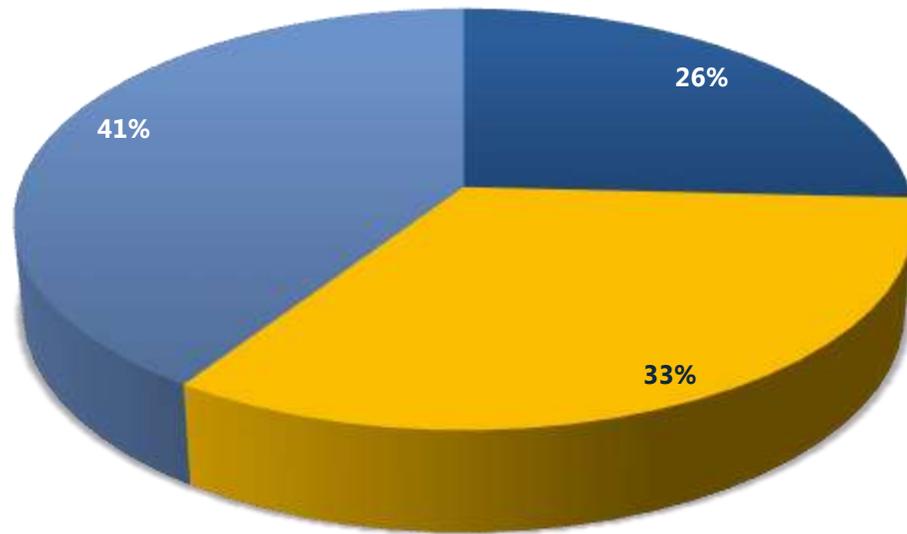
- The credit book is diversified with Wholesale exposure of 19652cr , SME - 15172 cr and Retail & Agri -23967 cr
- Retail (excl. Gold) up by 18 % Y-o-Y, and Retail Advances up by 7% Y-o-Y
- Corporate Book up by 21% Y-o-Y .

Drivers

- **Wholesale & SME Portfolio:**
 - Relationship Management structure in place
 - Out Pacing the Market in Wholesale loan Portfolio Growth
- **Retail Credit portfolio:**
 - Focus on Secured Retail Credit
 - Specialized Hubs set up for Retail Credit
 - Group Personal Loans to Salaried Class – Risk Balancing
 - Exclusive Sales Team Set up
 - Delivery through Alternate Channels
 - Analytics based Offerings.
 - Pre-approved loans
 - Repayment Track Based loans

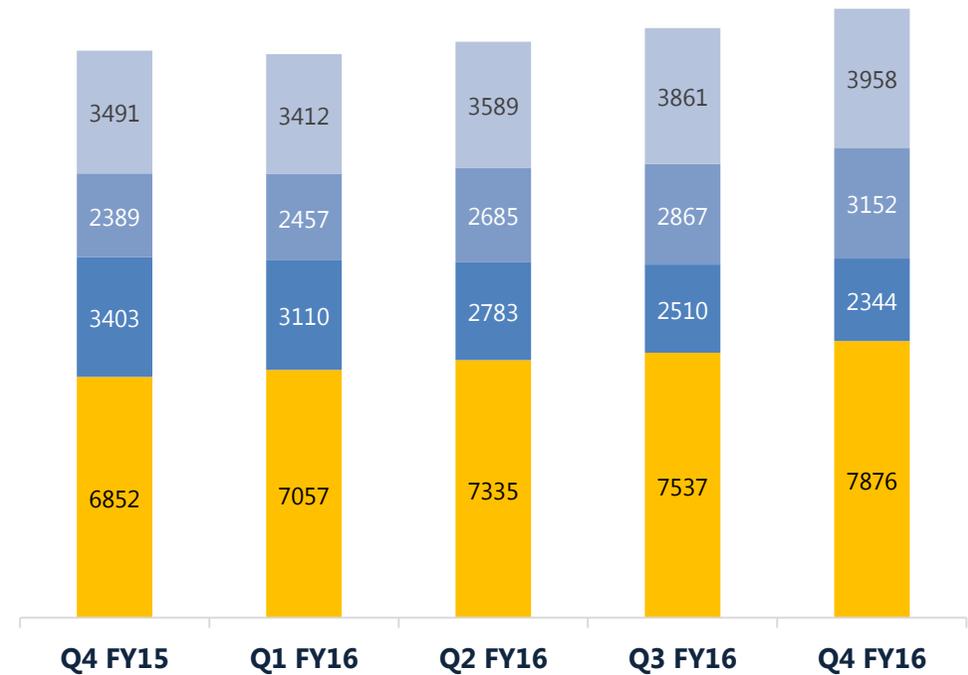
Total Loan Book

■ SME Adv ■ Wholesale Adv
■ Retail (Incl Agri)



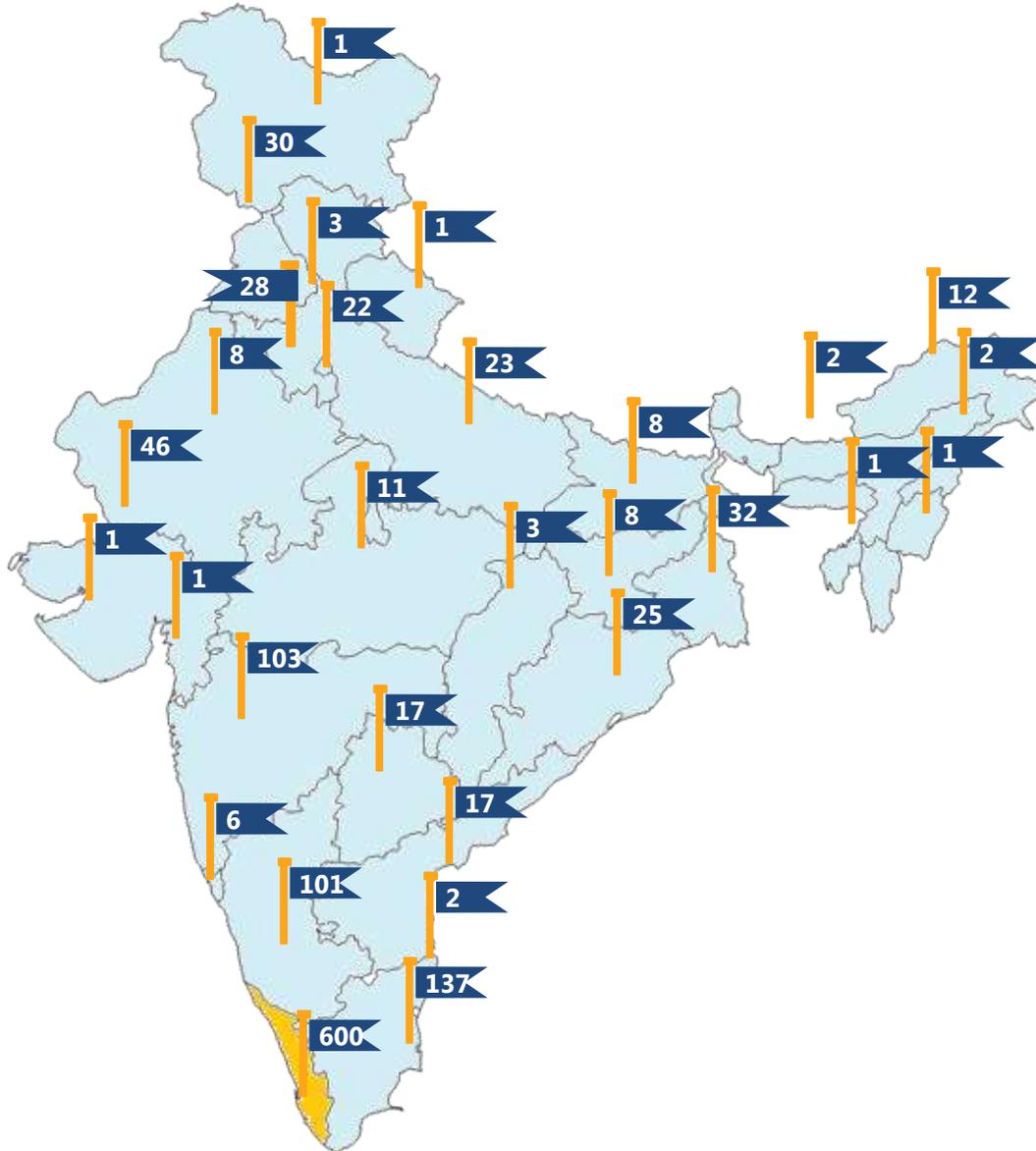
Retail Loan Book (Excl Agri)

■ Housing ■ Gold ■ Mortgage ■ Others



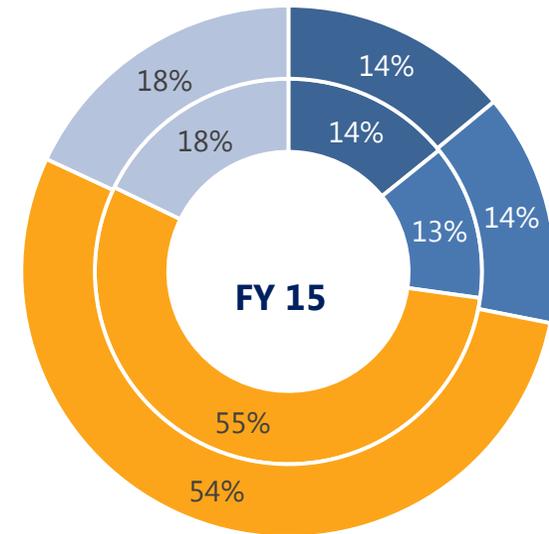
94.88% of Retail Loan book is secured

Distribution : Deriving Efficiency from Foot Print



	FY16	FY15
Branches	1252	1247
ATMs	1516	1485

FY16



■ Metro ■ Rural ■ Semi-Urban ■ Urban

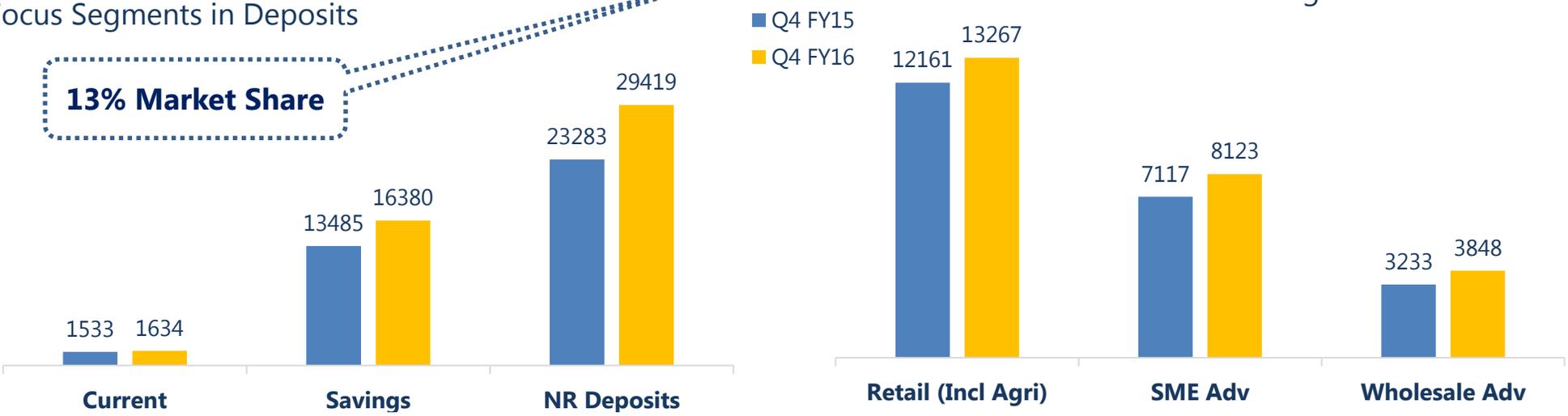
₹ in Cr

Network I : Continuing Dominance

Focus Segments in Deposits

Focus Segments in Advance

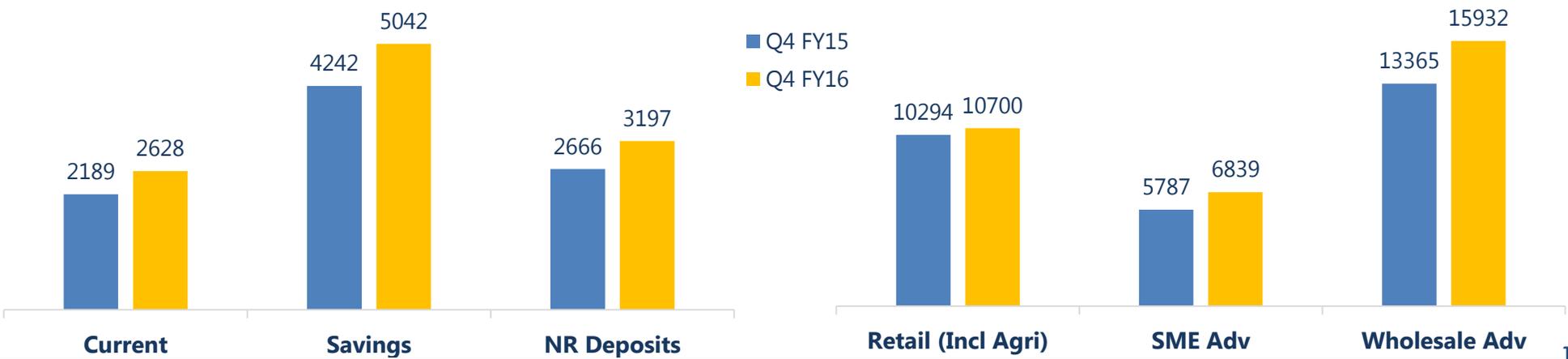
13% Market Share



Network II : Gaining share

Focus Segments in Deposits

Focus Segments in Advance



₹ in Cr

	FY 16	FY 15	Y-o-Y %
Loan Processing Fee	86	80	8%
Exchange, Commission, Brokerage & Other Fee Income	330	302	9%
Net Profit on Forex Transactions	130	116	12%
Fee Income	546	497	10%
Profit on sale of securities	128	256	-50%
Recovery from assets written off & Other Receipts	113	125	-10%

Fee Income (Y-o-Y)



Fee Income (Q-o-Q)



Strategic Cost Management Measures

Elimination

- Elimination of security personnel in offsite ATMs and replacing the same with Remote Monitoring Surveillance.

Simplification & Rationalization

- Centralized Printing and stationery framework for avoiding wastage and cost saving.

Automation/ Digitization/ Migration

- Introduction of SOFT PIN for Debit Card Activation
- Customer engagement through multiple channels & Mobile Applications

Re-negotiation

- Renegotiation in high rent premises
- Renegotiation of AMC & other recurring expenses.

Other Measures

Energy Audit

Enhanced Cash Management

Centralised Travel & Stay arrangements

Optimisation of Revenue from Channel Interchange

Cost Income Ratio

Q3 FY 16 →

58.72



Q4 FY 16 → 56.78

CRAR – How strong is your Bank?

₹ in Cr

	Mar-16	Mar-15
Risk Weighted Assets		
Credit Risk	49325	43572
Market Risk	3703	2996
Operational Risk	5302	4321
Total RWA	58330	50889
Tier-1 Capital Funds	7792	7534
Tier-II Capital Funds	334	331
Total Capital Funds	8125	7865
CRAR	13.93%	15.46%
Tier-I	13.36%	14.81%
Tier-II	0.57%	0.65%

Annexures

Balance Sheet & Shareholding Pattern

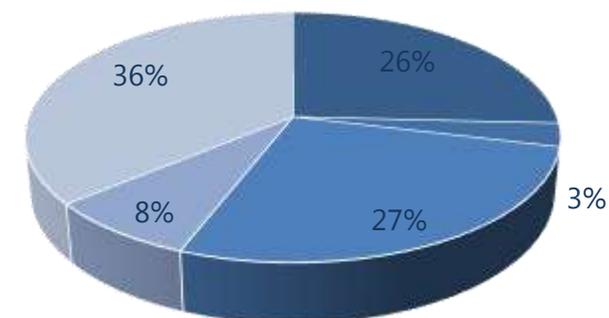
₹ in Cr

	FY 16	FY 15
LIABILITIES		
Capital	344	171
Reserves & Surplus	7748	7567
Deposits	79172	70825
Borrowings	2177	2308
Other Liabilities & Provisions	1981	1979
TOTAL	91421	82850
ASSETS		
Cash & Balance with RBI	3775	3380
Balances with Banks, Money at Call	1645	1400
Investments	22217	24409
Advances	58090	51285
Fixed Assets	520	466.6
Other Assets	5174	1910
TOTAL	91421	82850

Shareholder Value

	FY16	FY15
Book Value (Per Share in ₹)	47.32	45.17
EPS	2.77	5.87

Share Holding Pattern



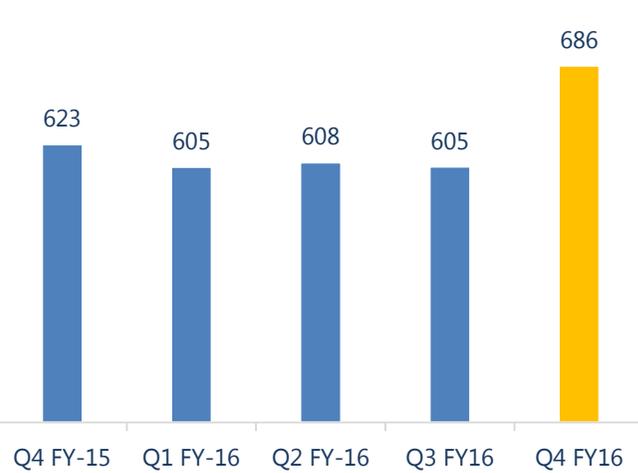
■ Mutual Funds ■ FIs/Banks ■ FIIs ■ Corporates ■ Others

₹ in Cr

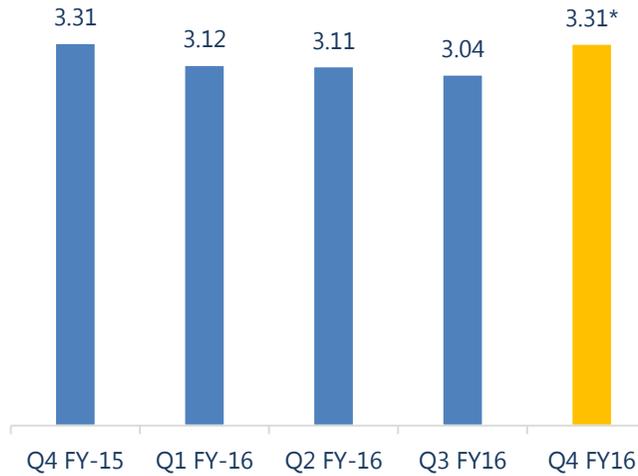
	Q4 FY16	Q3 FY16	Q-o-Q	Q4 FY15	Y-o-Y	FY16	FY15	Y-o-Y
Interest Income	2027	1903	5%	1908	5%	7745	7419	4%
Interest Expenses	1341	1298	2%	1285	3%	5240	5039	4%
Net Interest Income	686	605	13%	623	10%	2504	2380	5%
Other Income	227	183	24%	306	-26%	786	878	-10%
Total Income	2253	2086	7%	2214	1%	8531	8298	3%
Total Expenditure	1859	1761	4%	1745	5%	7107	6670	6%
Operating Profit	395	325	21%	469	-16%	1424	1628	-13%
Total Provisions	384	163	135%	189	103%	948	622	52%
Net Profit	10	163	-93%	281	-96%	476	1006	-53%
Net Interest Margin (%)	3.31*	3.04	27 Bps	3.31	0 Bps	3.14	3.27	-12 Bps
Cost to Income Ratio (%)	56.78	58.72	-194 Bps	49.51	726 Bps	56.73	50.05	668 Bps

(* Including one off Other Interest Income)

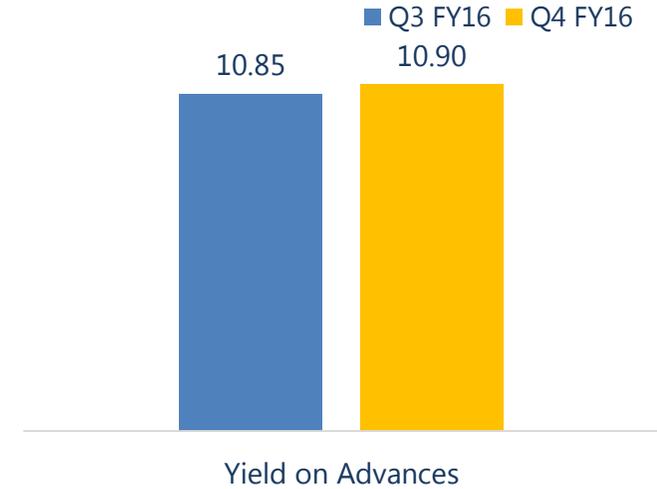
Net Interest Income



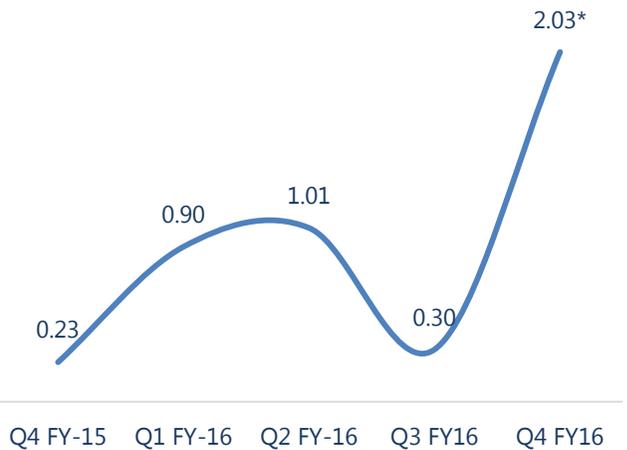
Net Interest Margin (%)



Yield on Advances



Credit Cost



Risk Adj NIM



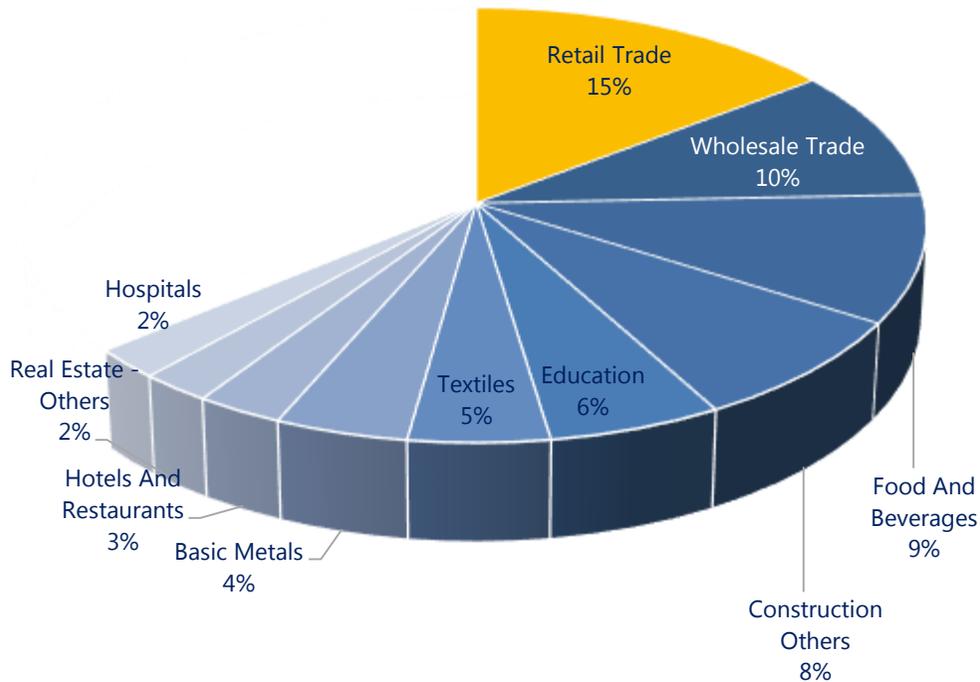
Cost of Deposits



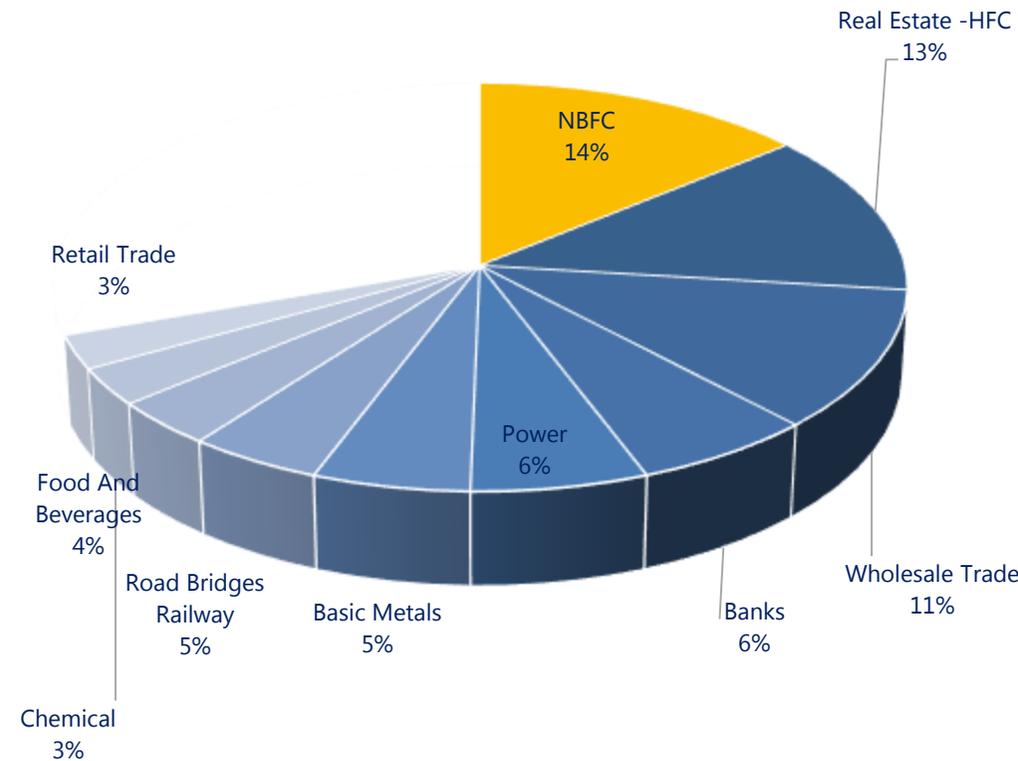
* Including specific events led provisioning

(* Including one off Other Interest Income)

SME Portfolio



Wholesale Portfolio



Major Investments

Entity	% Equity
Fedbank Financial Services Limited	100.00%
IDBI Federal Life Insurance Company of India Limited	26.00%
Kannur International Airport	5.80%

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
- Gateway of the Bank to the whole of Middle East
- Increased the reach of the Bank among Non-Resident Indians in the Gulf countries

Fixed Deposit

Certificate of Deposit

Tier 2 (Capital) Bonds

Tier 2 (Capital) Bonds



India Ratings
& Research
A Fitch Group Company



A1+

AA- (Ind)

AA

- Fixed Deposits and Certificate of Deposits enjoy highest rating in that class.
- The rating of Bonds indicate high safety and very low credit risk.

Federal Bank gets MasterCard Innovation Awards 2016 under Two categories



Inauguration of Portable Currency Exchange Counter at Cochin Port Trust



ET Best Corporate Brand 2016 Award



IDRBT Banking Technology Excellence Award 2014-15



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