

# Investor Information

The logo for Federal Bank is centered within a blue rectangular box. The box is part of a horizontal band that is blue on top and orange on the bottom. The text "FEDERAL BANK" is in a large, bold, white sans-serif font. Below it, the tagline "YOUR PERFECT BANKING PARTNER" is in a smaller, white sans-serif font.

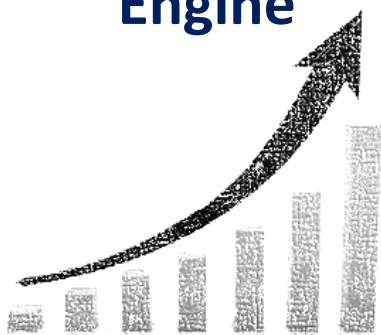
**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER

## Q3 FY 2019

## Operating Momentum Continues to make Strong Progress

\*\*\*\*

## Healthy Core Engine



### Robust Operating Momentum

- Highest ever Operating Profit @ 708cr, grows 26% Y-o-Y
- Highest ever Net Profit @ 334Cr, grows 28% Y-o-Y
- Highest ever NII @1077Cr

### Granular Liability Franchise

- Total Deposits and CASA grew 23%, 24% respectively, Y-o-Y.
- NRE Deposit grows 22% Y-o-Y
- Current Account grows materially - 40% Y-o-Y

### Consistent Gain in Market Share

- Market Share in Advances reaches 1.12% - up by 11bps Y-o-Y
- Market Share in Deposits reaches 1.03% up by 12bps Y-o-Y

### Digital Update

- 99% of New Savings Accounts are opened through Digital Channels
- Transactions using Digital Channels now account for 74% of the total transactions

### Strong, balanced Credit Growth of 25%

- Core Retail grew by 31% & CIB by 31%
- Auto grew 60%, PL-130% & HL-35%
- Smarter churning of advances book increased Yield to 9.31%

### Asset Quality

- Credit Cost contained at 68 bps.
- Total stressed Book reduced to 1.96% of Average total assets.
- No regulatory Divergence in asset portfolio

### Income and Cost Streams

- Core Fee Income and Other Income grew materially by 45% and 51% respectively, Y-o-Y
- Cost to Income @ 50.25

### Balance Sheet and Capital

- Balance Sheet grows by 17% Y-o-Y (Rs1.49L Cr)
- Total business grows by 23% Y-o-Y (Rs.2.29L Cr)
- CRAR at 12.97%



## Business initiatives To Sharpen high Quality Growth

### Corporate & Institutional Banking

- Selective sell down of Assets to ensure better yield & Asset quality management.
- Focus on Deeper Geographies; Mid Corporate Clients and manufacturing entities.

### Commercial Banking

- Initiated Retail Finance for medium and entry-level passenger car segments in 34 centres, through dealer relationships
- Continuous churning of book established as a process to ensure asset quality
- Identified new geographies for deepening market coverage.

### Business Banking and Rural & Micro Banking

- New commodity lending platform (Electronic Commodity based Financing (eCBF)) in place to professionalize Warehouse Receipt lending and contain costs.
- Partnering with commodity repositories CCRL (CDSL Commodity Repository Ltd) & NERL (National E Repository Ltd) for funding against electronic warehouse receipts.
- Introduced a new Business Loan product based on GST Returns

### Retail Business

- A Robust Digital on-boarding platform is in the pipeline to scale up Auto-Lending that would result in improved TAT and Cost to Income
- Debit Card Spends record a growth of 48% Y-o-Y as a result of strategic campaigning on ecom space with offers on shopping, travel, dining, entertainment etc.
- New partnerships in General Insurance with Tata AIG and HDFC Ergo to augment fee income
- Opened new Call Centre for Cross Selling products like Credit Card, Insurance and to extend exclusive support to Ultra HNI and NR Customers.

### Government Business & Treasury

- Empanelled in 15 states, catering to 200 govt entities & select PSUs in meeting their Banking needs.
- Selected by Kerala Govt for taking over Housing Loans of its employees
- Merchant business clocked a Y-o-Y growth of 120%



# Performance Highlights Y-o-Y

Retail (inc Agri)	23%	↑	NII NIM	13% ↑ @3.17	
SME Advance Business banking	15% 20%	↑	Core Fee Income	45% ↑	
Corporate Business	31%	↑	Operating Profit Net Profit	26% ↑ 28%	
Total Advance	25%	↑	Cost to Income Ratio GNPA	@ 50.25% @ 3.14%	
CASA CA	24% 40%	↑	RoA RoE	@ 0.91% @ 10.48%	
Retail Deposit	20%	↑	Capital Adequacy (CRAR)	12.97%	
			Provision Coverage Ratio	64.20%	

## Advances

### RETAIL

#### Retail+Agri

23%

32803→40343

#### Business Banking (BuB)#

20%

7450→8906

### WHOLESALE

#### Commercial Banking(CoB) # CIB

11%

10112→11253 35557→46563

31%

#### Total Advances

25%

85922→107065

## Deposits

#### CASA

24%

33304→41172

#### CASA Ratio

22  
bps

33.13→33.35

#### NRE Deposits

22%

39431→47930

#### Retail Deposits

20%

96576→115797

## Performance

#### Net Interest Income

13%

950→1077

#### Core Fee Income

45%

193→279

#### Operating Profit

26%

561→708

#### Net Profit

28%

260→334

## Ratios

#### Cost Income ratio

-212  
bps

52.37→50.25

#### Gross NPA%

62  
bps

2.52→3.14

#### Net NPA%

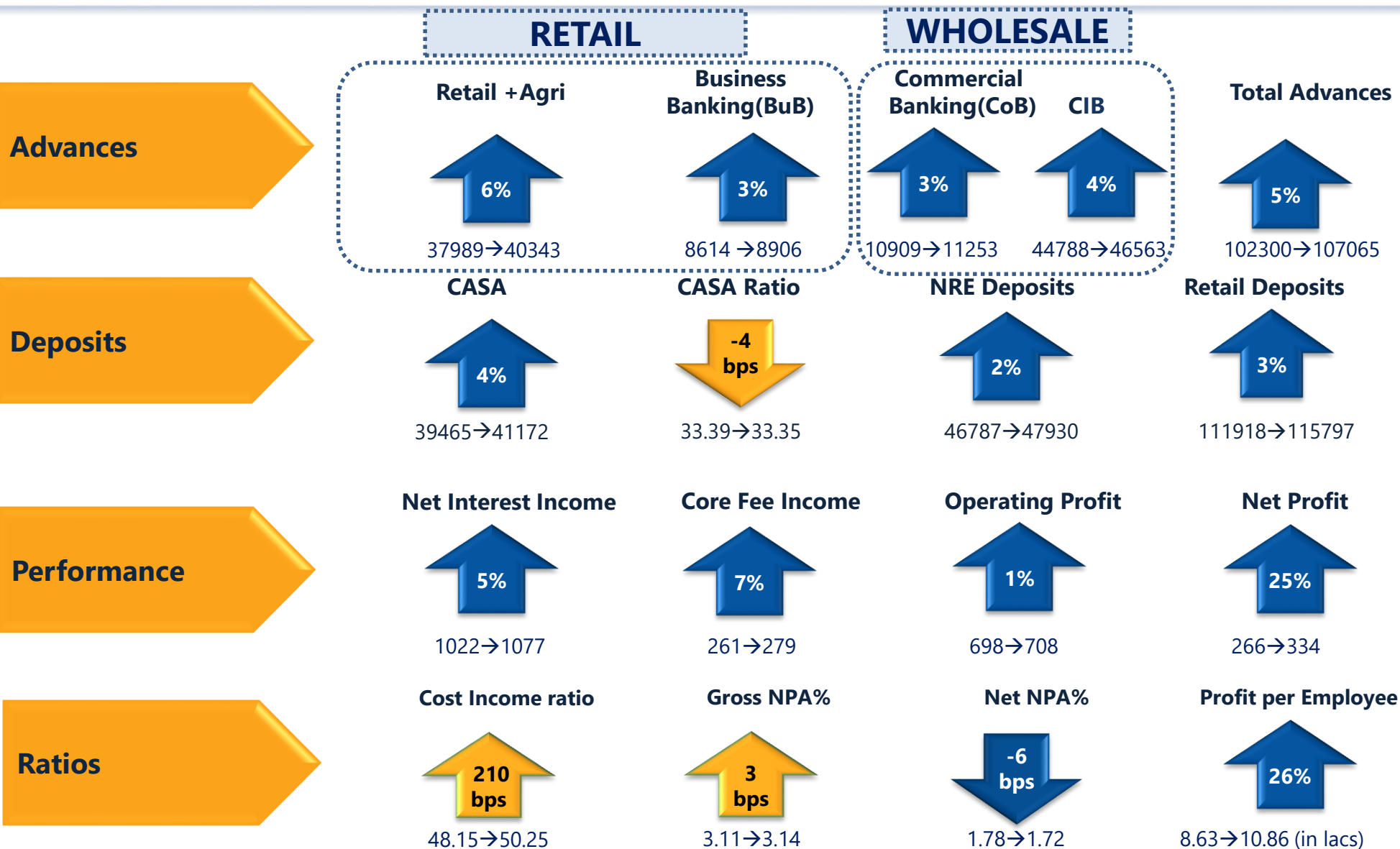
36  
bps

1.36→1.72

#### Profit Per Employee

24%

8.75→10.86(in Lacs)



## Shareholder Value

Book Value  
(Per Share in ₹)

Q3 FY19

64.60

Q2 FY19

62.81

Q1 FY19

62.62

Q4 FY18

61.55

Q3 FY18

60.80

EPS

(annualized)

6.68

5.33

5.32

2.98

5.32

## Granularity

CASA + Deposits <1  
Cr  
(% of Total Deposits)

88%

89%

91%

88%

92%

Profitability  
(Annualized)

ROA

0.91

0.76

0.79

0.46

0.87

RoRWA

1.51

1.24

1.37

0.77

1.40

ROE

10.48

8.50

8.61

4.88

8.74

## Efficiency

Cost/Income

50.25

48.15

51.80

52.82

52.37

Net NPA%

1.72

1.78

1.72

1.69

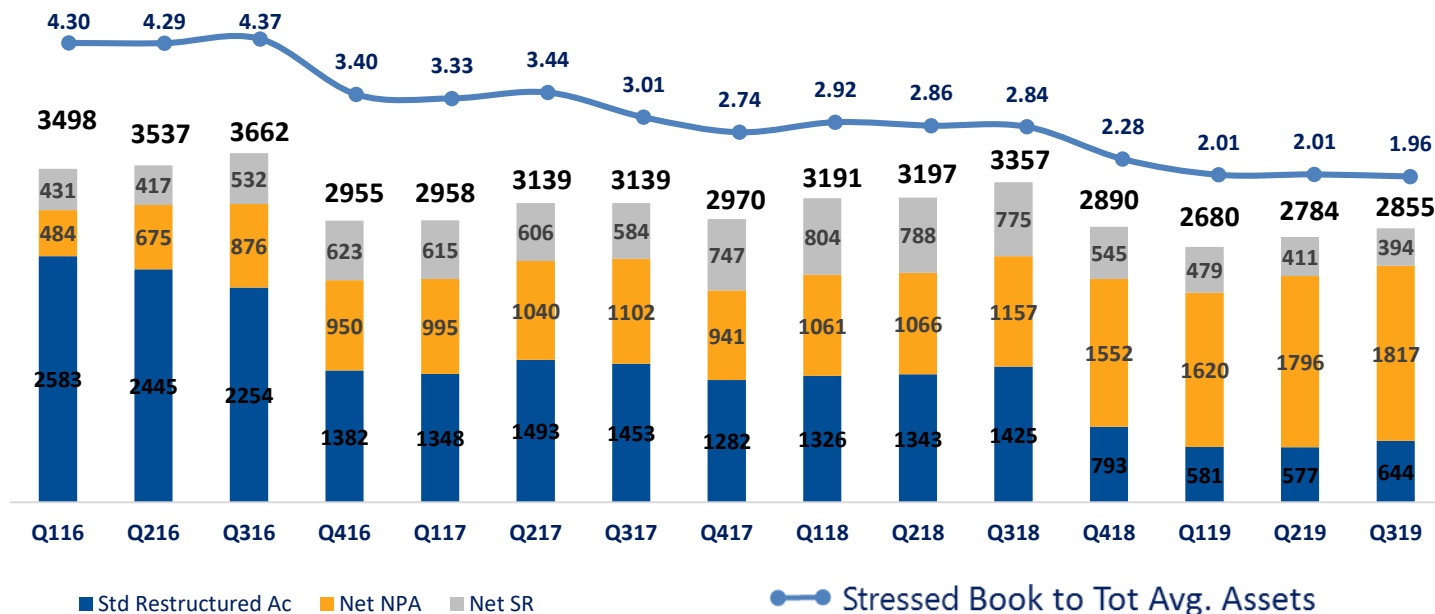
1.36

Total Stressed Book at 2875Cr. Reduced to 1.96% of Average Total Assets.

Credit Cost of the Bank at 68 bps which is well within the guided lines.

Net Security Receipts portfolio down to 394Cr.

Recovery/ upgrades at 240Cr.



## Movement of NPA

Amt in Rs.Cr.

Gross NPA as on 30.09.2018	3185
Add Fresh Slippage	426
Add Increase in Balances in Existing NPAs	9
Deduct Recoveries/ Upgrades	-240
Deduct Written Off	-19
Gross NPA as on 31.12.2018	3361





# Fresh Slippages Break up

## Fresh Slippages

	Q3 FY19	Q2 FY19	Q1 FY19	Q4 FY18	Q3 FY18
Retail	108	120	109	70	150
Agri	71	65	54	56	42
SME	192	169	90	142	122
BuB	107	94	39		
CoB	85	75	51		
Corporate	56	123	207	604	98
Total	426	477	461	872	411

## Restructured

TYPE	Q3 FY19		Q2 FY19	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	644	80	577	84
Gross NPA	630	73	705	72
Net NPA	506	73	577	72
TOTAL	1150	153	1154	156

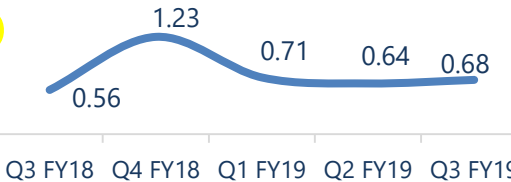
## NPA Composition

	Q3 FY19	Q2 FY19
Business	NPA	NPA
Retail	658	625
Agri	414	367
SME	1340	1213
BuB	601	531
CoB	740	682
Corporate	949	979
Total	3361	3185
Net NPA	1817	1796

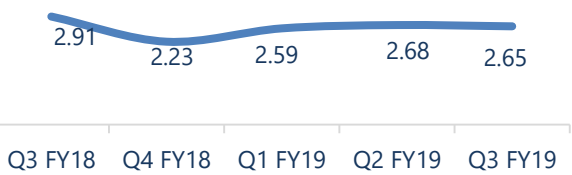
## Security Receipts

	Q3 FY19	Q2 FY19
Face Value	710	723
Book Value	619	630

## Credit Cost

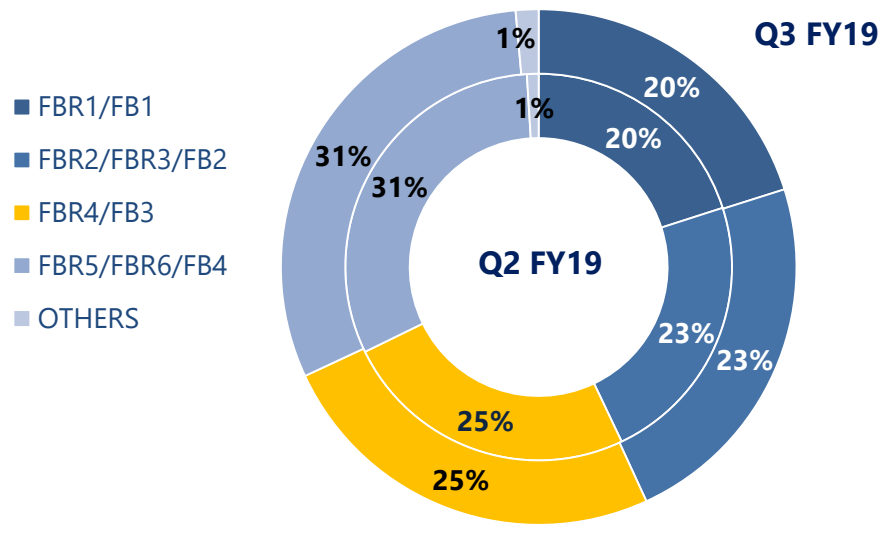
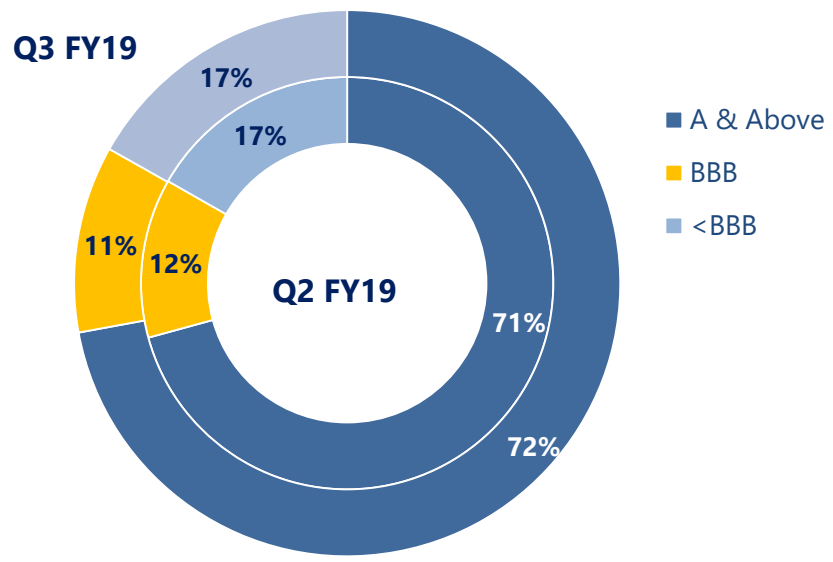


## Risk Adjusted NIM





## Risk Rating



### Wholesale Assets

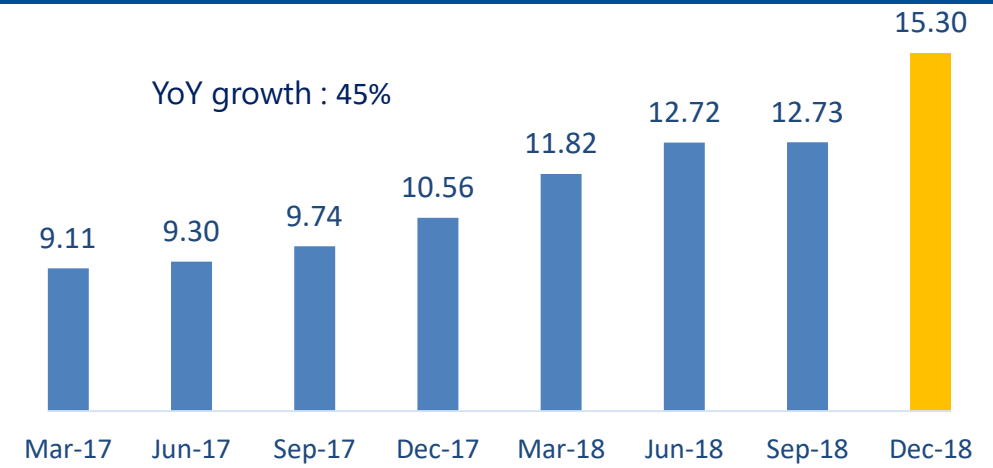
Rating	Q3 FY-19	Q2 FY-19
A & above	72%	71%
BBB	11%	12%
< BBB	17%	17%

### Other Assets

Rating	Q3 FY-19	Q2 FY-19
FBR1      FB1	20%	20%
FBR2/FBR3      FB2	23%	23%
FBR4      FB3	25%	25%
FBR5/FBR6      FB4	31%	31%
Others	1%	1%



Increase in the Number of Active Digital Users (In Lakhs)



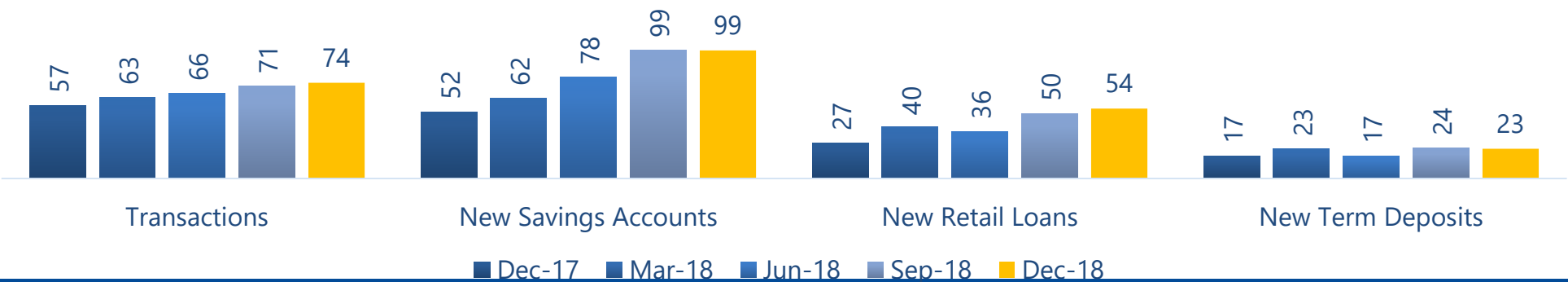
FedMobile Transaction Volume (per month in Cr)



## Digital share

74% Digital Transactions → 99% New Savings Accounts → 54% of New Retail Personal Loans → 23% of New Term Deposits

Digital Percentage





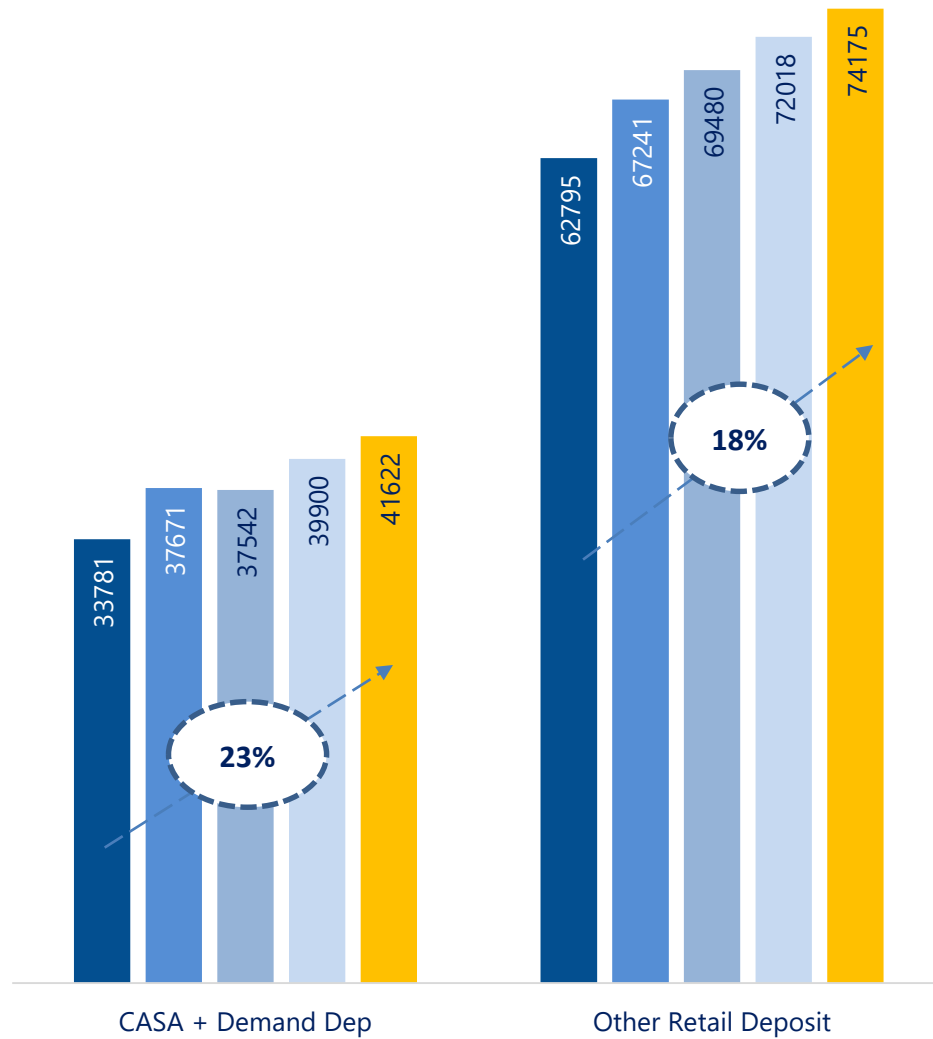
# Business Parameters



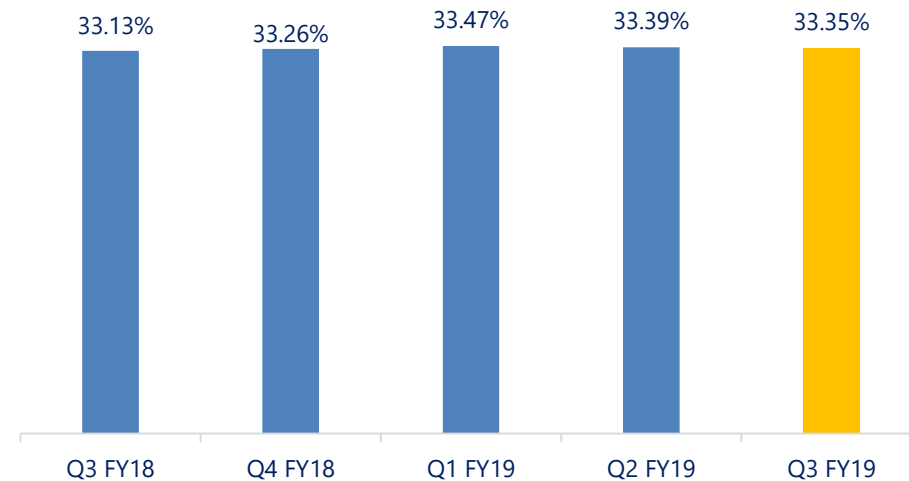
# Liability : Trends

₹ in Cr

■ Q3 FY18 ■ Q4 FY18 ■ Q1 FY19 ■ Q2 FY19 ■ Q3 FY19



## CASA Ratio



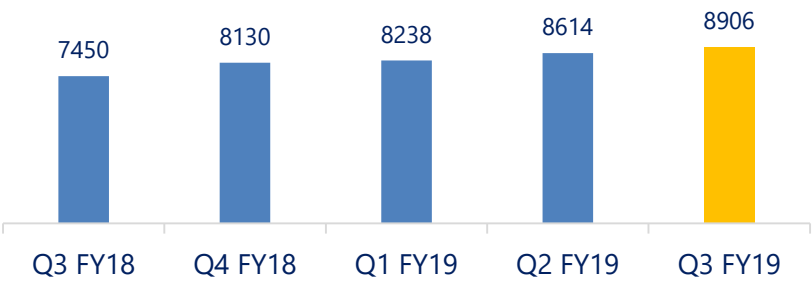


₹ in Cr

## RETAIL

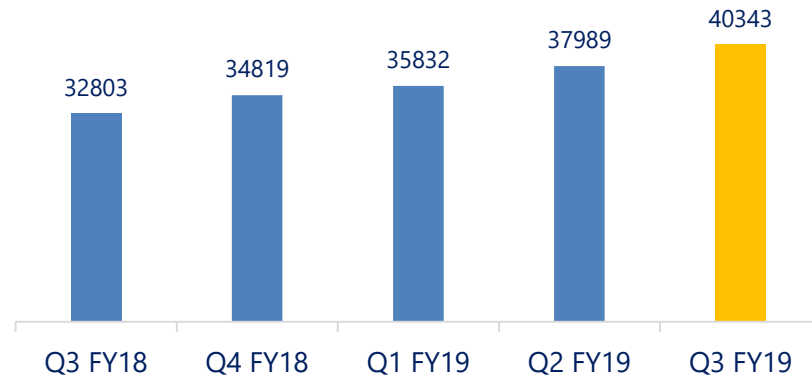
### Business banking

Y-o-Y growth : 20%  
Q-o-Q growth: 3%



### Retail ( Including Agri )

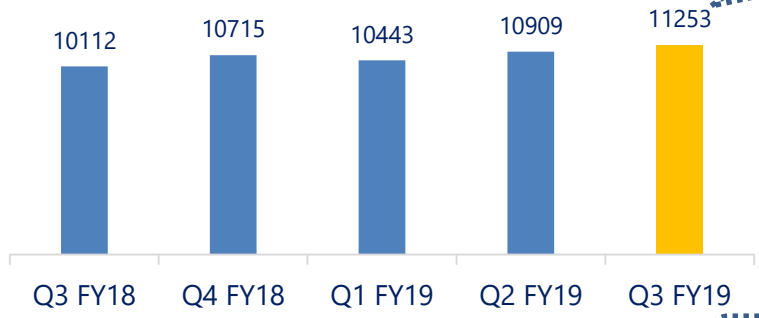
Y-o-Y growth : 23%  
Q-o-Q growth: 6%



## WHOLESALE

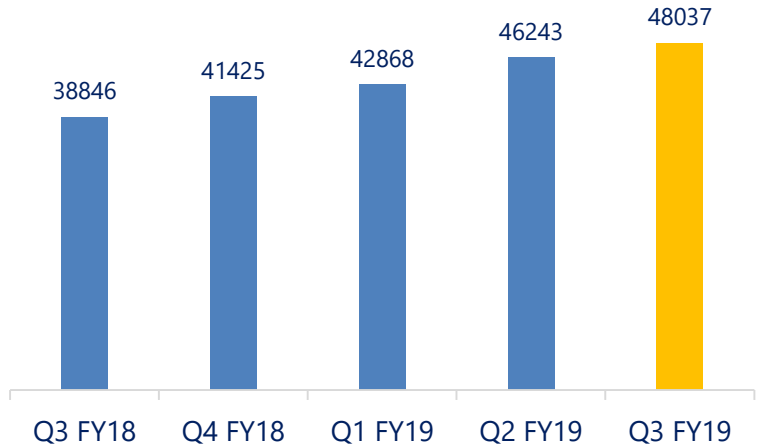
### Commercial Banking

Y-o-Y growth : 11%  
Q-o-Q growth: 3%



### Corporate\*

Y-o-Y growth : 24%  
Q-o-Q growth: 4%

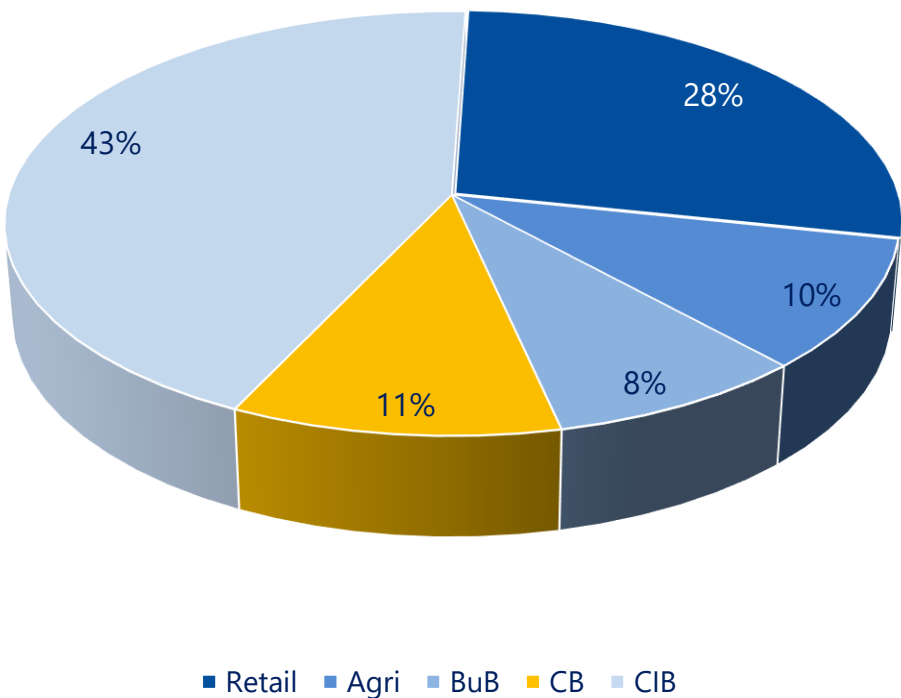


(\*Aggregate customer exposure) 14

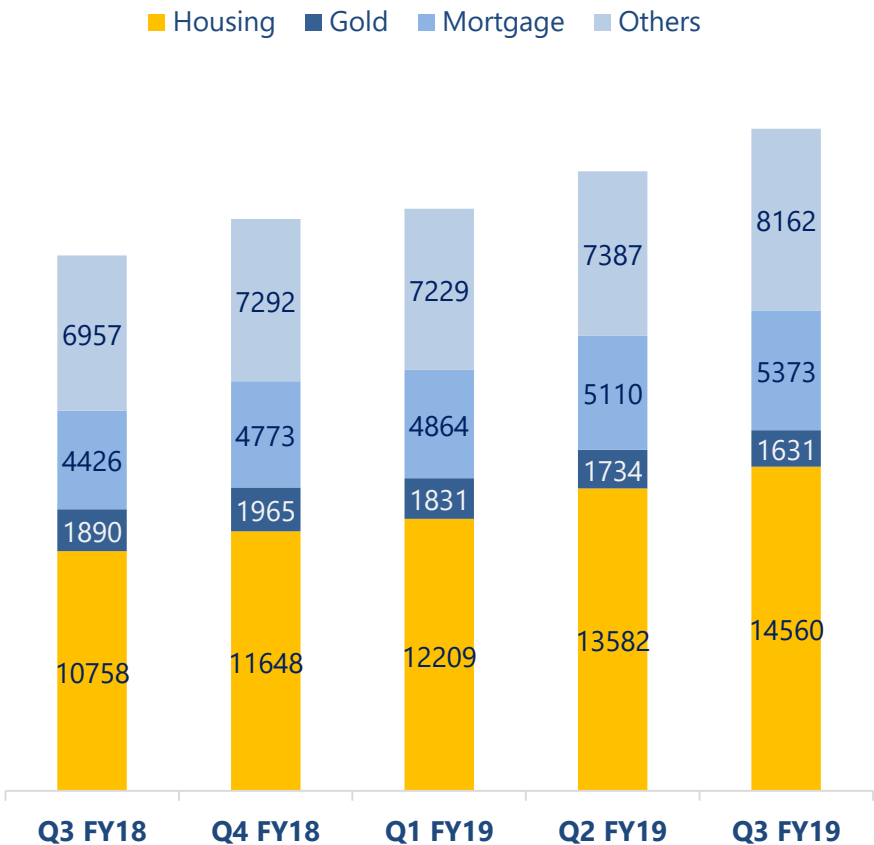


₹ in Cr

**Total Loan Book**



**Retail Loan Book (Excl Agri)**





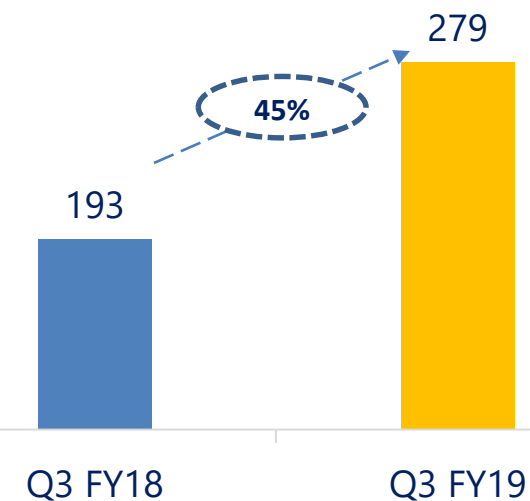
# Fee Income/Other income

₹ in Cr

Q3 FY19 Q2 FY19 Q1 FY19 Q4 FY18 Q3 FY18 Y-o-Y %

Loan Processing Fee	50	53	31	46	34	46%
Exchange, Commission, Brokerage & Other Fee Income	156	147	129	136	120	30%
Net Profit on Forex Transactions	74	61	47	56	39	91%
<b>Fee Income</b>	<b>279</b>	<b>261</b>	<b>208</b>	<b>238</b>	<b>193</b>	<b>45%</b>
Profit on sale of securities	55	51	49	22	29	89%
Recovery from assets written off & Other Receipts	11	11	14	54	7	73%
<b>Total Other income</b>	<b>346</b>	<b>323</b>	<b>271</b>	<b>314</b>	<b>229</b>	<b>51%</b>

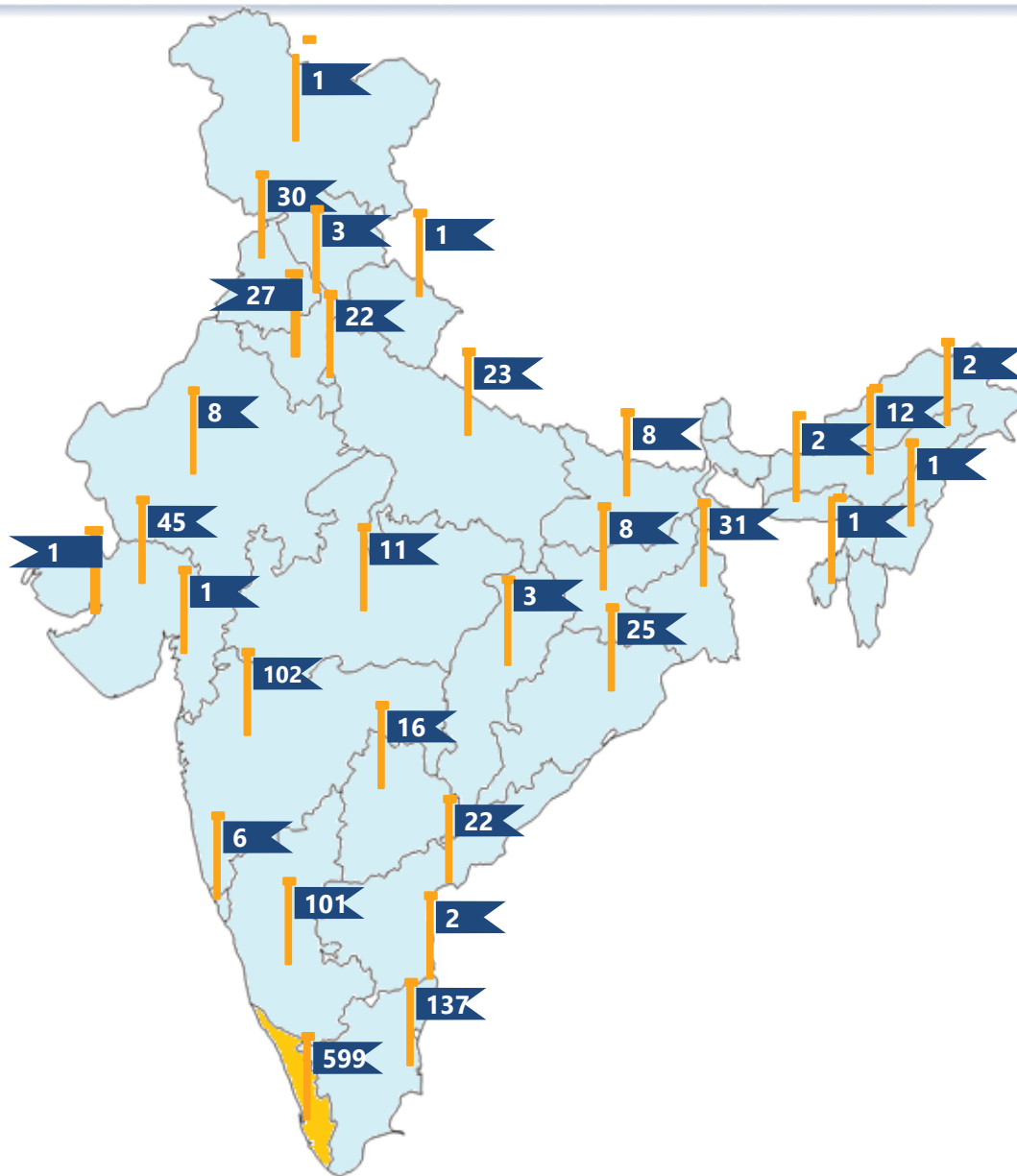
## Fee Income (Y-o-Y)



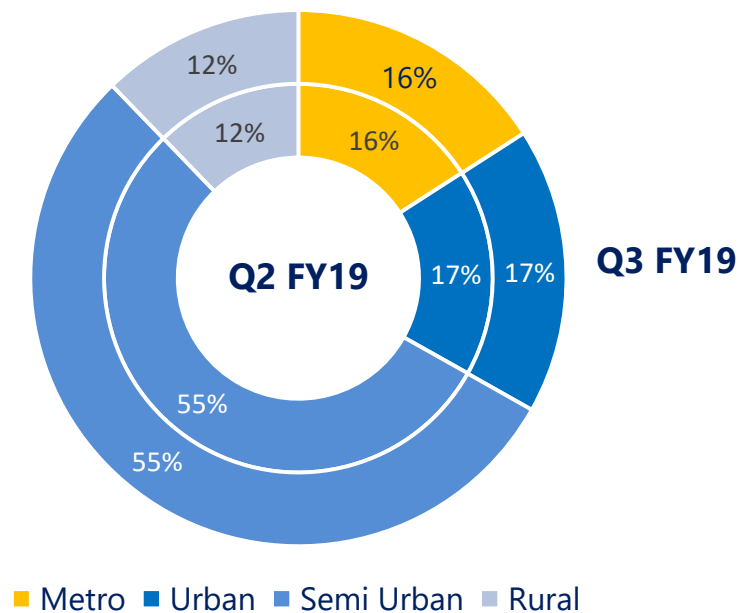




# Distribution : Deriving Efficiency from Foot Print



	Q3 FY19	Q2 FY19	Q1 FY19
Branches	1251	1252	1252
ATMs	1669	1683	1684

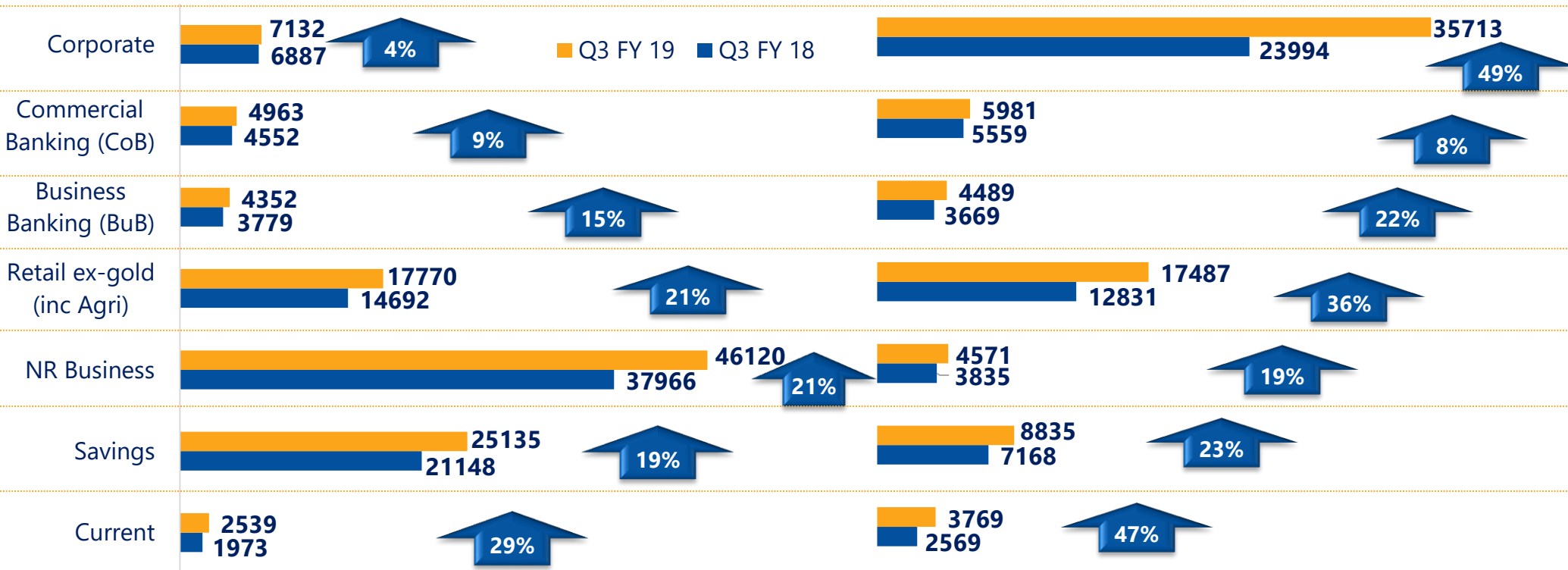




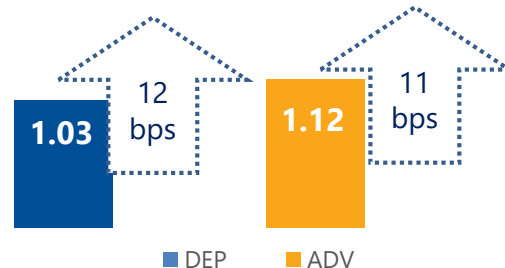
₹ in Cr

## Kerala : Continuing Dominance

## Outside Kerala: Gaining share



## Bank's Market Share



### Gain in Market Share(Y-o-Y)

Advance: Market Share improved by 11bps  
Deposit : Market Share improved by 12bps



# CRAR – How strong is your Bank?

**FEDERAL BANK**  
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₹ in Cr

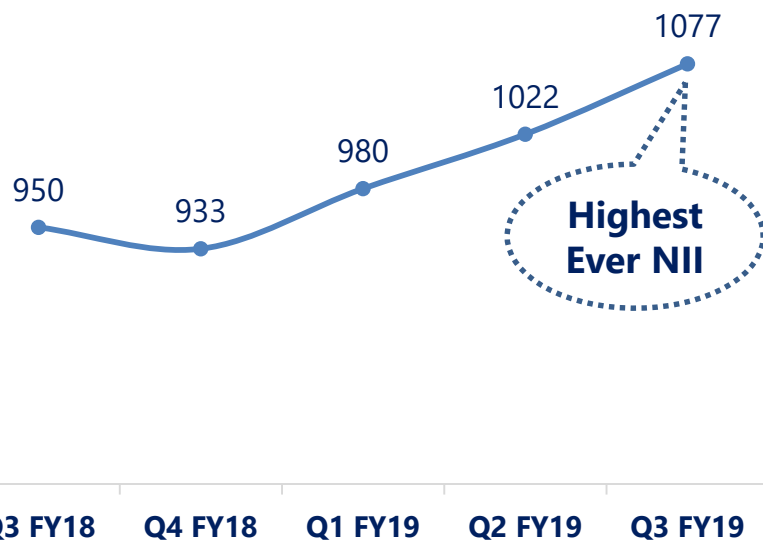
	Dec-18	Sep-18
<b>Risk Weighted Assets</b>		
Credit Risk	84747	81987
Market Risk	2977	3058
Operational Risk	7326	7326
<b>Total RWA</b>	<b>95049</b>	<b>92370</b>
<b>Tier-1 Capital Funds</b>	<b>11822</b>	<b>11815</b>
Tier-II Capital Funds	509	459
<b>Total Capital Funds</b>	<b>12332</b>	<b>12274</b>
<b>CRAR</b>	<b>12.97%</b>	<b>13.29%</b>
<b>Tier-I</b>	12.44%	12.79%
<b>Tier-II</b>	0.53%	0.50%



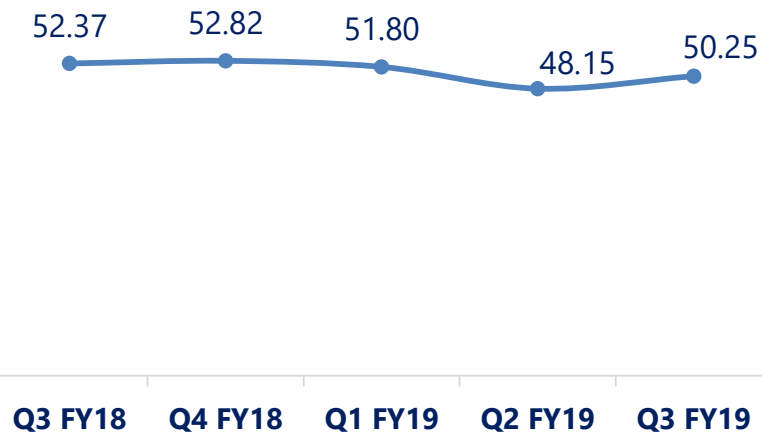
# Annexures



### NII Movement (in Cr)



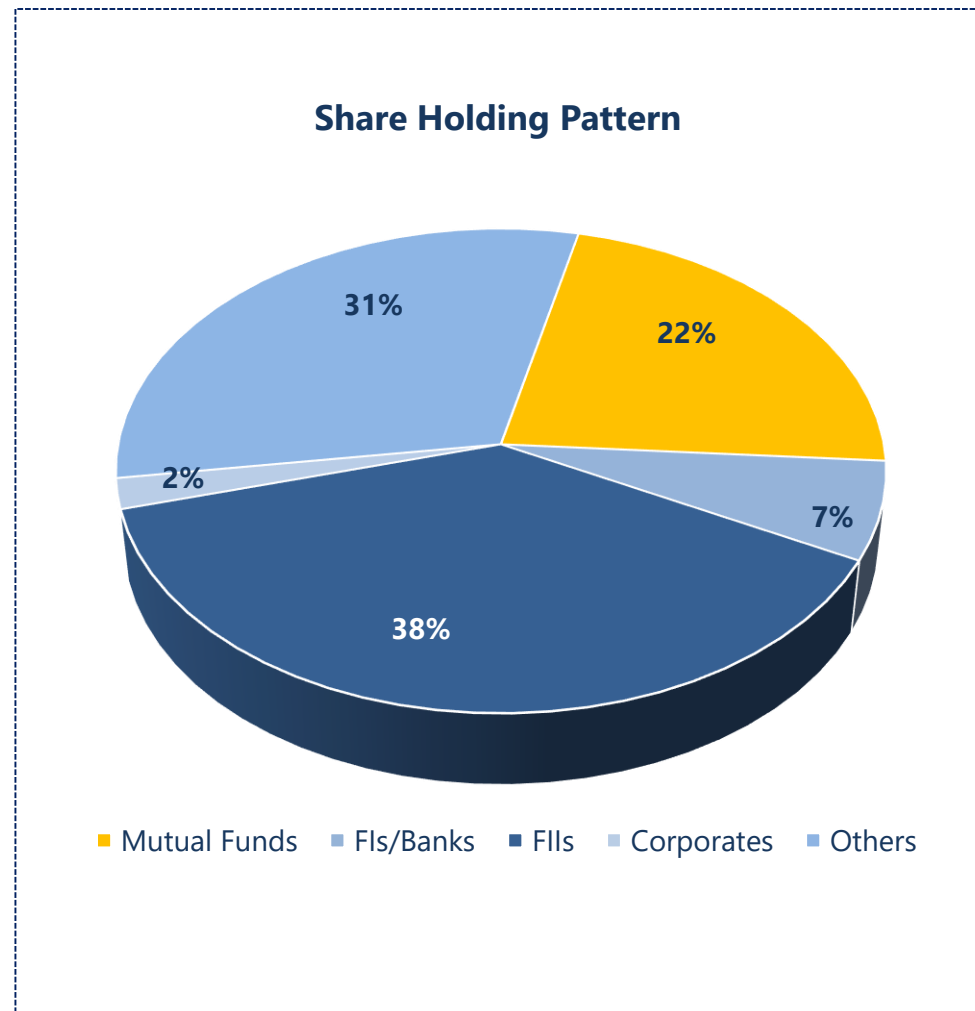
### Cost to Income ratio (in %)





₹ in Cr

	Q3 FY19	Q3 FY18
<b>LIABILITIES</b>		
Capital	397	393
Reserves & Surplus	12490	11648
Deposits	123457	100537
Borrowings	8409	10840
Other Liabilities & Provisions	5026	4803
<b>TOTAL</b>	<b>149779</b>	<b>128221</b>
Cash & Balance with RBI	6397	4637
Balances with Banks, Money at Call	1379	2569
Investments	29200	29775
Advances	105550	84953
Fixed Assets	458	462
Other Assets	6795	5825
<b>TOTAL</b>	<b>149779</b>	<b>128221</b>



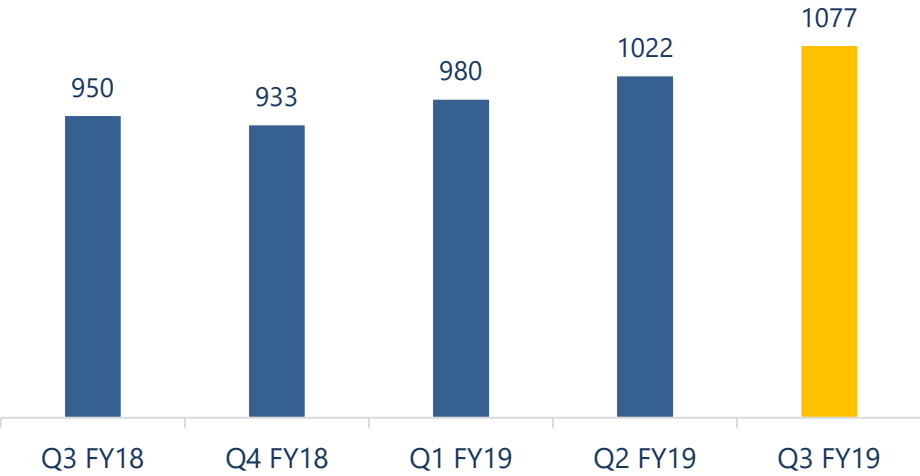


₹ in Cr

	Q3 FY19	Q2 FY19	Q-o-Q	Q3 FY18	Y-o-Y
Interest Income	2954	2765	7%	2501	18%
Interest Expenses	1877	1742	8%	1551	21%
Net Interest Income	1077	1022	5%	950	13%
Other Income	346	323	7%	229	51%
Total Income	3300	3088	7%	2730	21%
Total Expenditure	715	648	10%	617	16%
Operating Profit	708	698	1%	561	26%
Total Provisions	374	432	-13%	301	24%
Net Profit	334	266	25%	260	28%
Net Interest Margin (%)	3.17%	3.15%	2 bps	3.33%	-16 bps
Cost to Income Ratio (%)	50.25%	48.15%	210 bps	52.37%	-212 bps

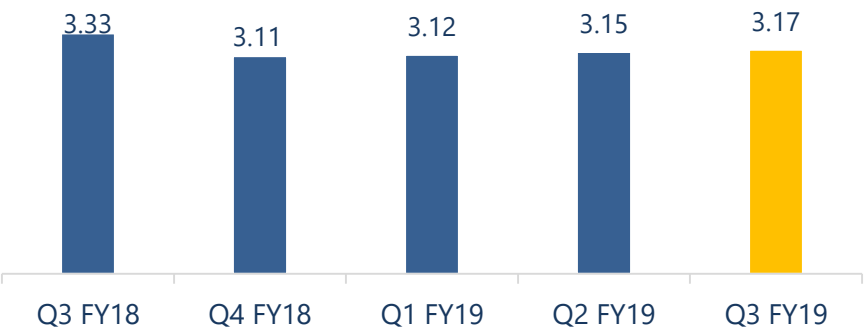


## Net Interest Income

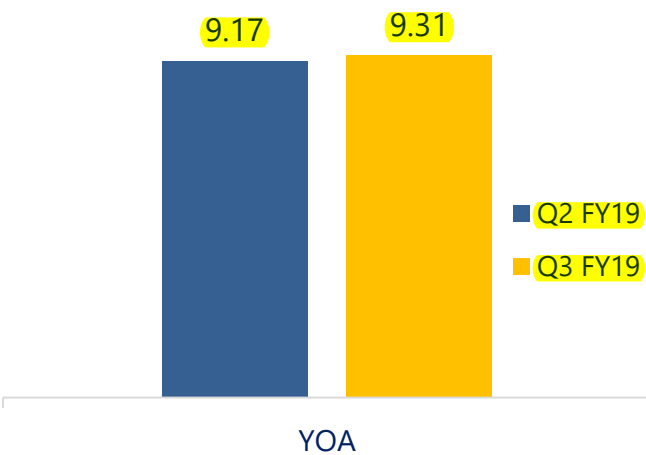


## Net Interest Margin (%)

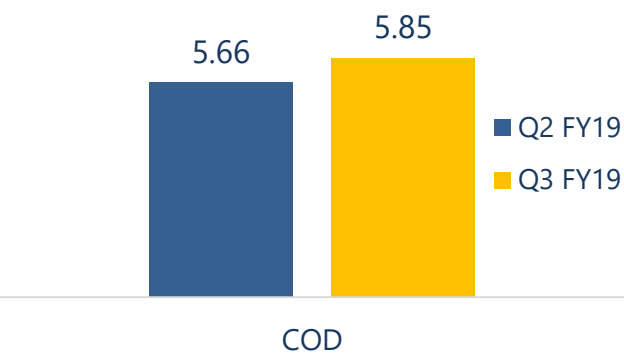
₹ in Cr



## Yield on Advances



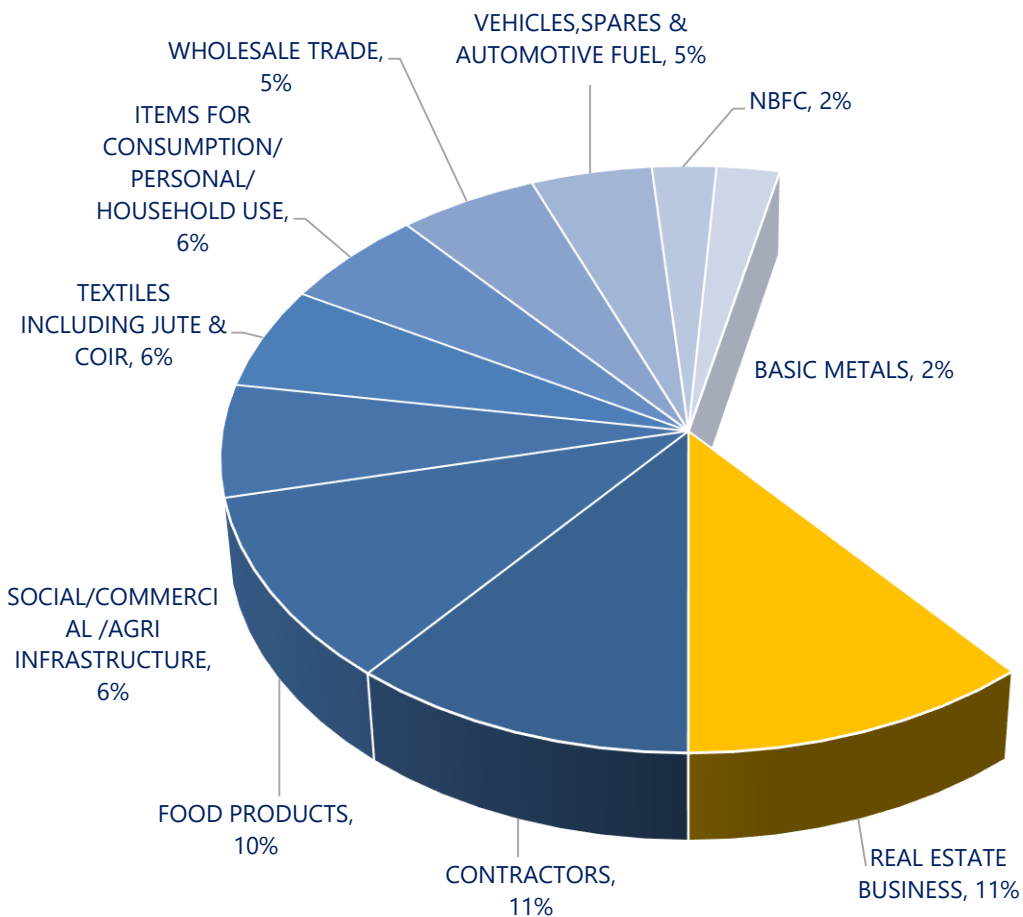
## Cost of Deposits



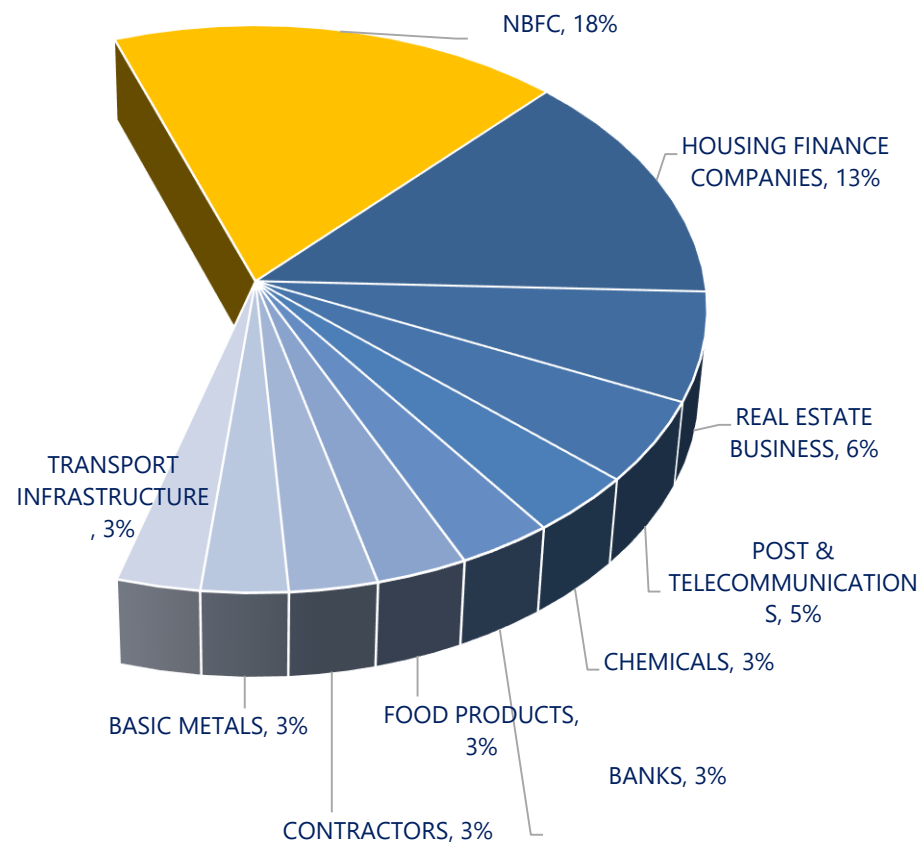




## Commercial Portfolio



## Corporate Portfolio





## Major Investments

Entity	% Equity
Fedbank Financial Services Limited	82.40%
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.

- 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 & Dubai in 2016.
- 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



*India Ratings  
& Research  
Pvt Ltd, CARE*

A1+

A1+

IND AA  
CARE AA

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



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