

A journey to conquer
new horizons



Prominence
to **Dominance**

FEDERAL BANK

YOUR PERFECT BANKING PARTNER

INVESTOR PRESENTATION Q1- FY 2020

Consistent & Stable Performance

Strong Operating Momentum

- Highest ever Operating Profit @ 783cr, grows 30% Y-o-Y
- Highest ever Net Profit @ 384cr, grows 46% Y-o-Y
- Q120 ROA at 0.98% and ROE @ 11.44%

Stable & Controlled Credit Growth of 19%

- Core Retail grew by 32% & CIB by 18%
- Auto grew 61%, PL-176% & HL-31%
- Highest ever NII @ 1154Cr, grows 18% Y-o-Y
- NIM @ 3.15%

Granular Liability Franchise

- Total Deposits grew by 19% and CA grew 23%, Y-o-Y.
- Retail Deposits constitutes 93% of total deposits

Asset Quality

- GNPA and NNPA @ 2.99% and 1.49% respectively.
- Credit Cost at 0.63% & PCR to 67.41%
- Net Stressed assets at 1.67% of the average total assets.

Consistent Gain in Market Share

- Market Share in Advances reaches 1.13% - up by 6 bps Y-o-Y
- Market Share in Deposits reaches 1.05% up by 8 bps Y-o-Y

Income and Cost Streams

- Consistent growth in Core Fee Income and Other Income at 25% & 45% respectively, YoY.
- Cost to Income contained @ 49.36 %, a reduction of 244 bps Y-o-Y

Digital Update

- Integrated our POS machines with e-Treasury system of Government of Kerala
- OCR based Tablet Banking introduced for NRI customers in GCC to facilitate Instant Account Opening

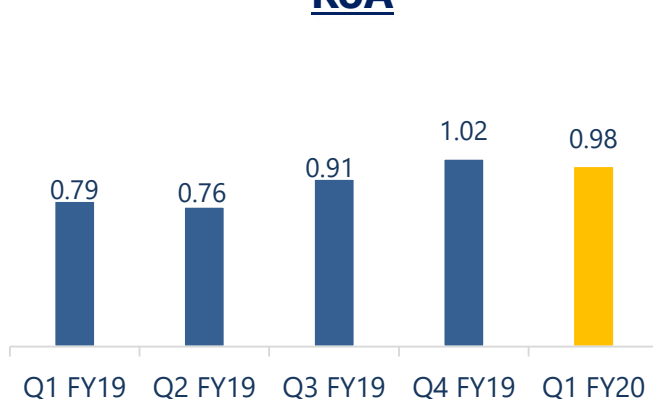
Balance Sheet and Capital

- Balance Sheet grows by 17% Y-o-Y (Rs1.60L Cr)
- Total business grows by 19% Y-o-Y (Rs.2.44L Cr)
- CRAR at 14.10%

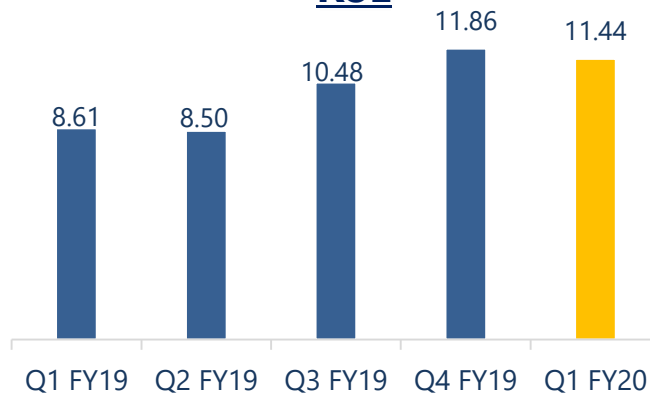


Key Ratios

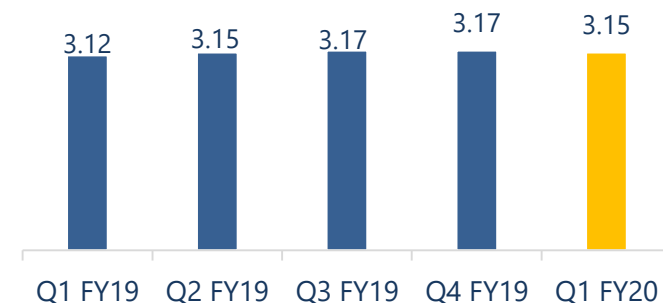
RoA



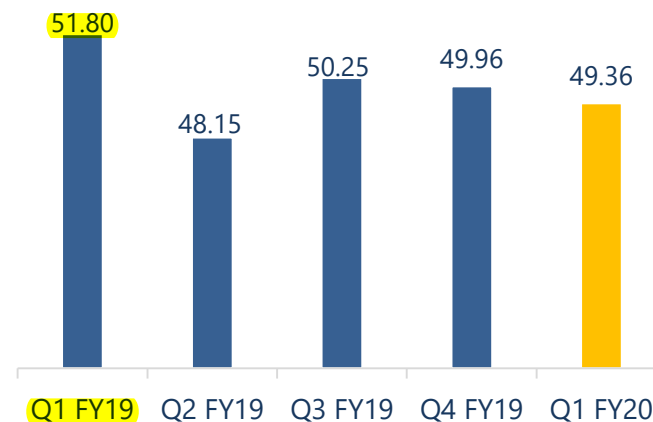
RoE



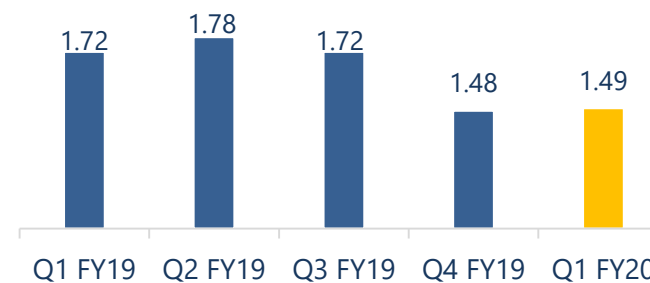
Net Interest Margin (%)



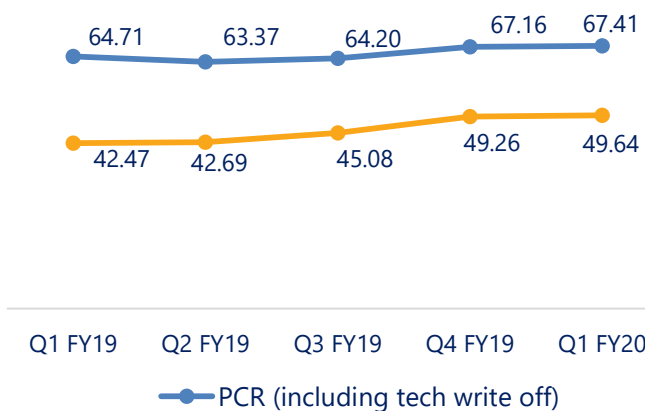
Cost to Income Ratio



NNPA (%)

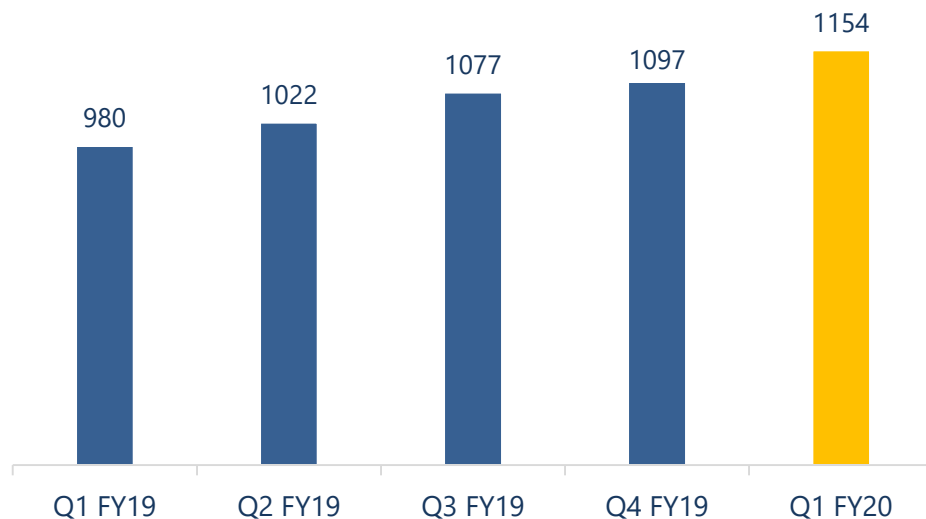


PCR (%)



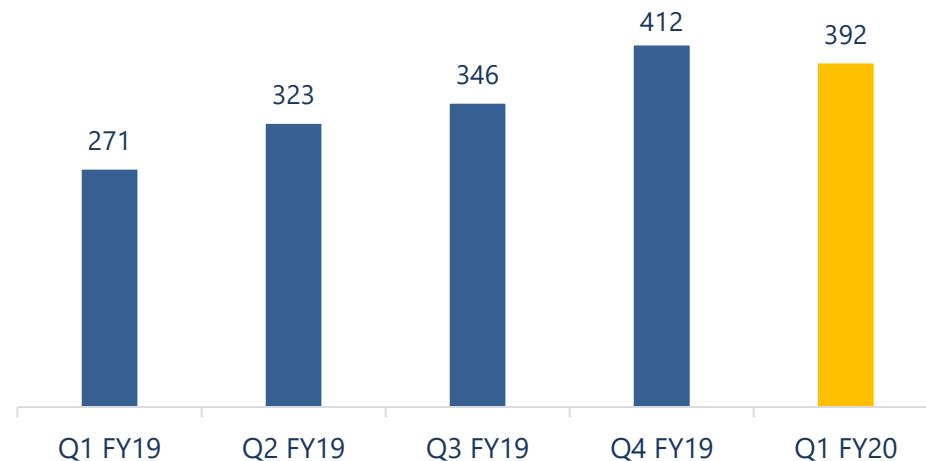
Key Revenue

Net Interest Income

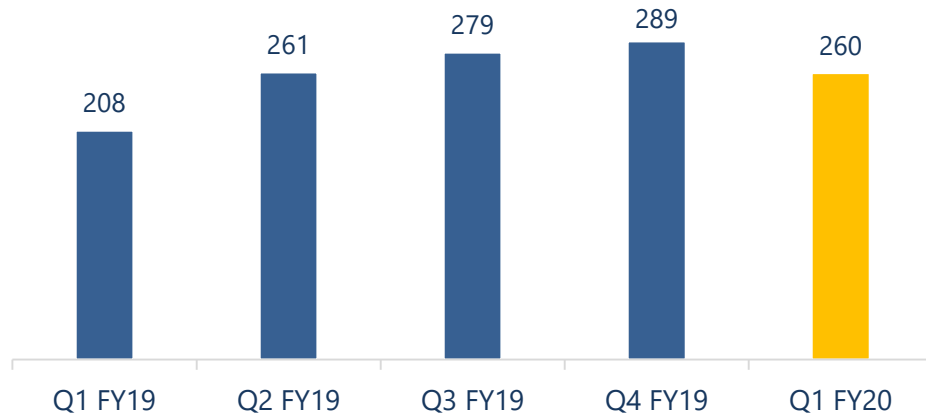


Other Income

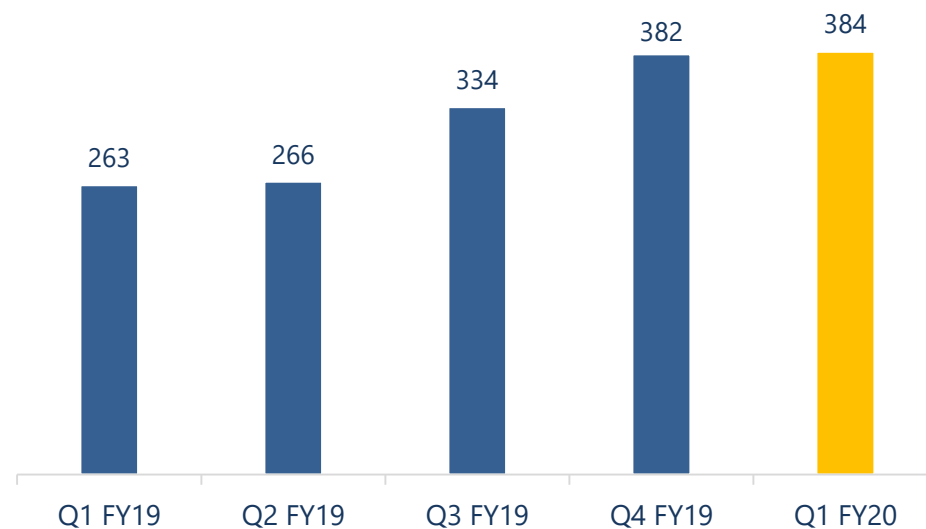
₹ in Cr



Fee Income



Net Profit



➤ **Retail - Personal Banking**

➤ **Business Banking**

➤ **Agri, Rural and Micro Banking**



➤ **Corporate & Institutional Banking**

➤ **Commercial Banking**

➤ Catering to Retail, Small Business, Agri, Rural and Micro Banking Clients.

➤ Leveraging Branch distribution, Relationship Managers, Digital, Fedfina, Fintechs and BCs to garner business.

➤ Historical strength of neighborhood Banking with wide product suite

➤ Branch as the 360 degree servicing point. Gramjeevan Branches functioning as a Financial Hub to rural India

➤ Micro lending through tech driven BC arrangements and tie ups.

➤ Catering to Commercial, Mid Market and Corporate Clients

➤ Leveraging Relationship Managers to garner business.

➤ Significant thrust given to leverage the relationships to improve Salary Accounts, Current Accounts and Fees

➤ Visible presence in key geographies

➤ Integrated offerings along the supply chain to create better value for SME clients



Business initiatives To Sharpen high Quality Growth

Wholesale Banking

- Facilitated a cautious lending approach given the heightened risks in the external environment
- Ensured right pricing and repricing of credit facilities based on Reciprocity and Risk resulting in higher yield.
- Thrust on Trade and Transaction Banking; core fee income doubled.
- Significant increase in RM/ Sales training – 100% mapping of accounts in Commercial Banking
- CA focus by 100% coverage of existing accounts/ exploring opportunities for escrow accounts- Trust and retention/ RERA etc

- Enhanced digitalization/ automation in Business Banking/ Micro Credit underwriting process.
- Wealth Management services through Equirus Capital showing significant improvement
- Assigned dedicated Investment Relationship Managers across all geographies to cater to the investment needs of ultra HNIs.
- Focused initiatives led the Bank to be in the list of Top 15 Banks in the country based on Debit Card spending (May19). In the process of launching Debit Card EMI & Contactless Cards.
- On NR front we have started exploring other geographies like Kenya, Mozambique and Botswana.
- Doorstep gold loan delivery model in partnership with a fintech partner extended to 5 cities.
- Tech integration in process for scalable and capital efficient BC business model in partnership with another fintech


Retail Banking

Government Business and Treasury

- Empanelled in 16 states, catering to 252 Government entities & select PSUs in meeting their Banking needs.
- New Treasury Front Office system in place which enables greater business granularity

Performance Highlights Y-o-Y

Operating Profit
Net Profit

30 %
46 % 


RoA
RoE

@ 0.98 %
@ 11.44 %

Cost to Income Ratio
GNPA

@ 49.36 %
@ 2.99 %

Core Fee Income
Other Income

25 %
45 % 


NII
NIM

18 %
@ 3.15 

Provision Coverage Ratio

67.41 %

Retail (inc Agri)
Agri

24 %
21 % 

Business banking

13 % 


Corporate Business

18 % 

Total Advance

19 % 

CASA
CA

12 %
23 % 

Total Deposit

19 % 

Capital Adequacy (CRAR)

14.10%

Comparison : Y-o-Y (3 M)

Advances

RETAIL

Retail + Agri



35821 -> 44585

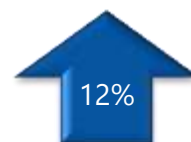
Business Banking (BuB)#



8250 -> 9296

WHOLESALE

Commercial Banking (CoB)#



10421 -> 11625

CIB



41023 -> 48211

Total Advances



95515 -> 113717

Deposits

CASA



37234 -> 41676

CASA Ratio



33.47 -> 31.44

NRE Deposits



44806 -> 50812

Retail Deposits



107022 -> 123009

Performance

Net Interest Income



980 -> 1154

Core Fee Income



208 -> 260

Operating Profit



603 -> 783

Net Profit



263 -> 384

Ratios

Cost Income Ratio



51.80 -> 49.36

Gross NPA %



3.00 -> 2.99

Net NPA %



1.72 -> 1.49

Profit Per Employee



8.63 -> 12.51

Comparison : Q-o-Q (3 M)

Advances

RETAIL

Retail + Agri



43171 -> 44585

Business Banking (BuB)#



9564 -> 9296

WHOLESALE

Commercial Banking (CoB)#



11525 -> 11625

CIB



47569 -> 48211

Total Advances



111829 -> 113717

Deposits

CASA



43388 -> 41676

CASA Ratio



32.15 -> 31.44

NRE Deposits



50109 -> 50812

Retail Deposits



122763 -> 123009

Performance

Net Interest Income



1097 -> 1154

Core Fee Income



289 -> 260

Operating Profit



755 -> 783

Net Profit



382 -> 384

Ratios

Cost Income Ratio



49.96 -> 49.36

Gross NPA %



2.92 -> 2.99

Net NPA %



1.48 -> 1.49

Profit Per Employee



12.45 -> 12.51

Key Indicators

Shareholder Value

Book Value
 (Per Share in ₹)
Q1 FY20
68.79Q4 FY19
66.87Q3 FY19
64.60Q2 FY19
62.81Q1 FY19
62.62
EPS
 (annualized)

7.76

7.68

6.68

5.33

5.32

Granularity

**CASA + Deposits <2
Cr**
 (% of Total Deposits)

89%

88%

91%

92%

93%

Profitability (Annualized)

ROA

0.98

1.02

0.91

0.76

0.79

RoRWA

1.76

1.79

1.51

1.24

1.37

ROE

11.44

11.86

10.48

8.50

8.61

Efficiency

Cost/Income

49.36

49.96

50.25

48.15

51.80

Net NPA%

1.49

1.48

1.72

1.78

1.72

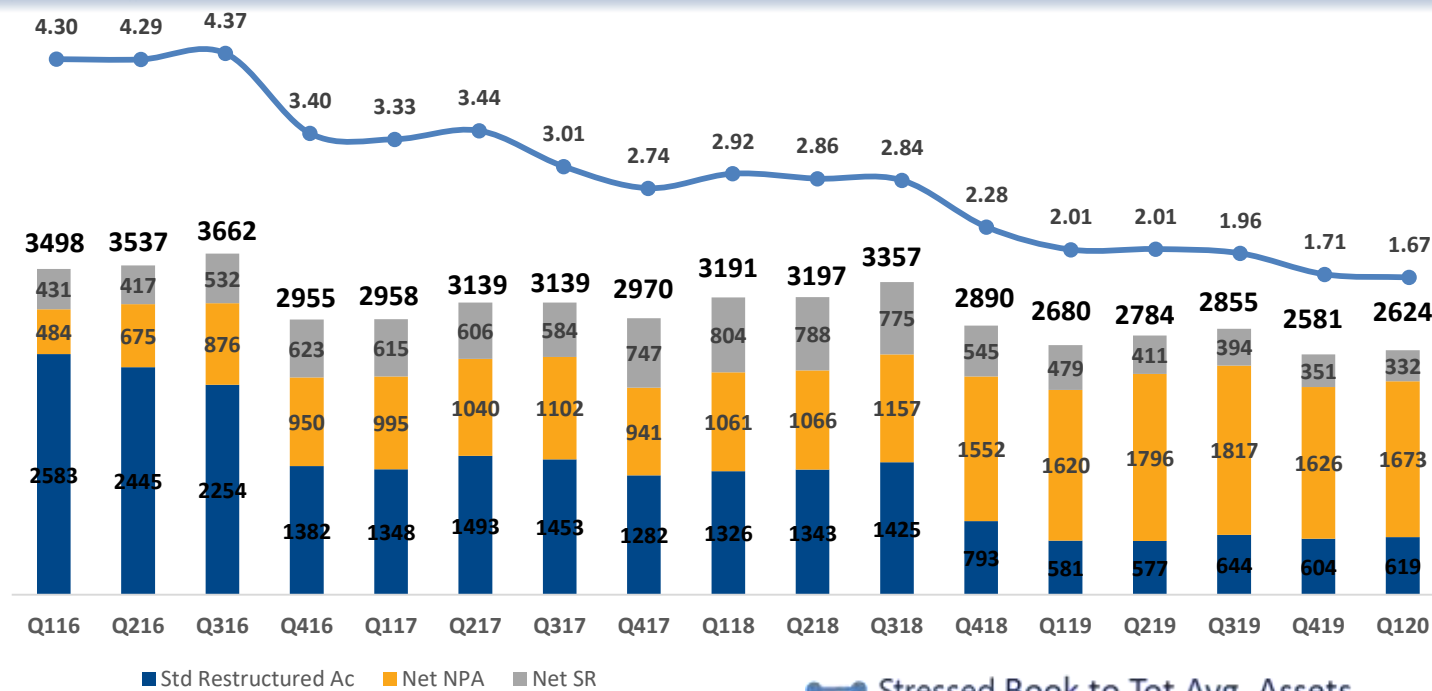
Asset Quality Drill-Down

Total Stressed Book @
2624Cr. 1.67% of Average
Total Assets.

With in Standard
Restructured Book, 60+Cr
exposure upgraded to
Investment Grade Ratings

Net Security Receipts
portfolio down to 332Cr.

• Recovery/ Upgrades of
202cr in Q120



Movement of NPA

Amt in Rs.Cr.

Gross NPA as on 31.03.2019	3261
Add Fresh Slippage	415
Add Increase in Balances in Existing NPAs	19
Deduct Recoveries/ Upgrades	-202
Deduct Written Off	-98
Gross NPA as on 30.06.2019	3395

Fresh Slippages Break up

Fresh Slippages

	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19	Q1 FY19
Retail	141	67	108	120	109
Agri	67	92	71	65	54
SME	119	97	192	169	90
BuB	99	67	107	94	39
CoB	20	29	85	75	51
Corporate	88	0	56	123	207
Total	415	256	426	477	461

Restructured

TYPE	Q1 FY20		Q4 FY19	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	619	66	604	66
Gross NPA	596	58	626	58
Net NPA	445	58	486	58
TOTAL	1064	124	1090	124

NPA Composition

Q1 FY20

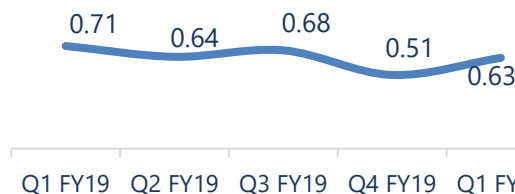
Q4 FY19

Business	NPA	NPA
Retail	701	615
Agri	517	470
SME	1390	1320
Gross NPA BuB	660	595
CoB	730	725
Corporate	787	856
Total	3395	3261
Net NPA	1673	1626

Security Receipts

	Q1 FY20	Q4 FY19
Face Value	699	704
Book Value	611	617

Credit Cost

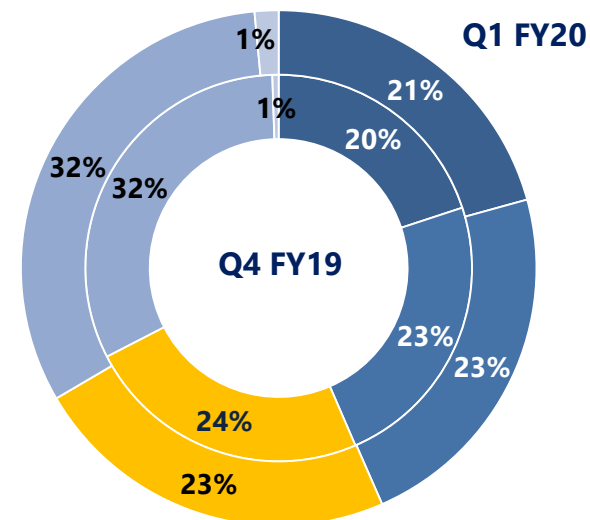
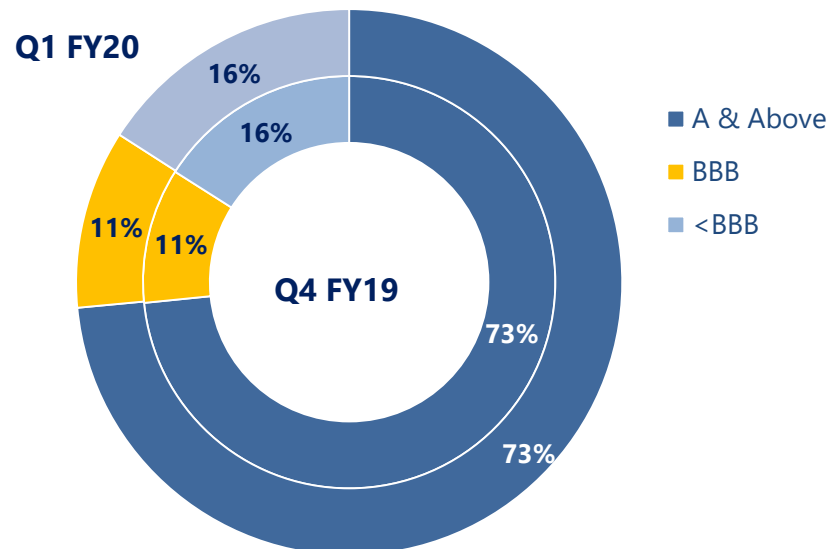


Risk Adjusted NIM



Asset Quality : Rating Distribution

Risk Rating



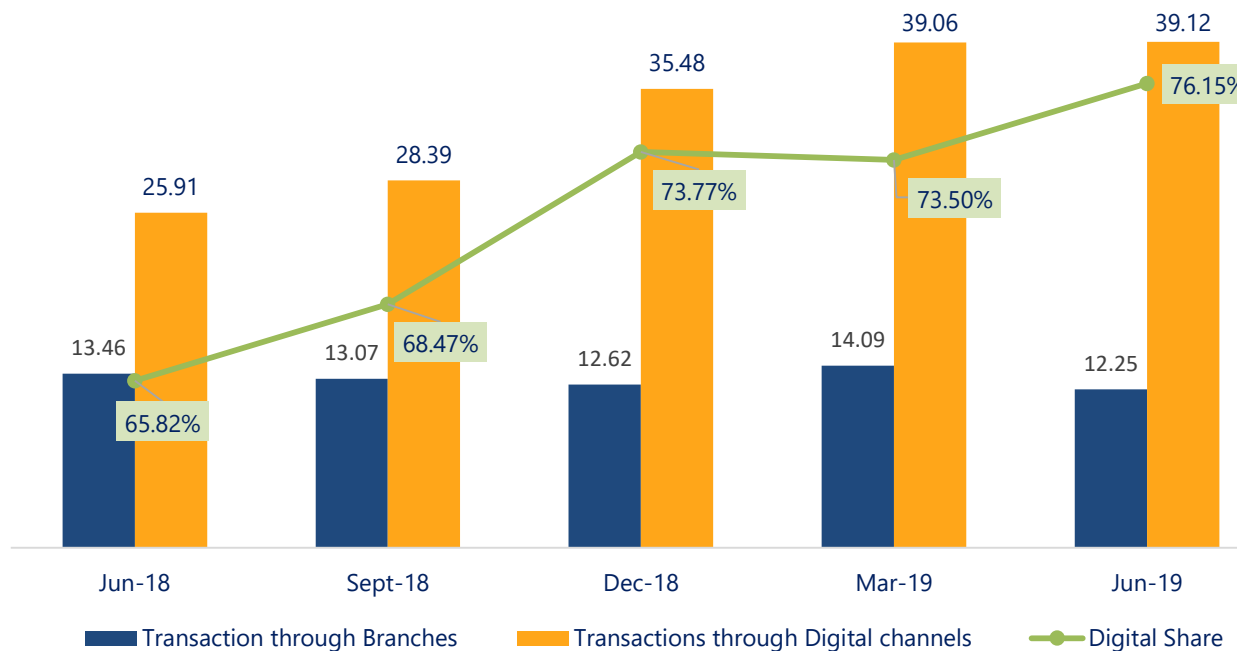
Wholesale Assets

Rating	Q1 FY-20	Q4 FY-19
A & above	73%	73%
BBB	11%	11%
< BBB	16%	16%

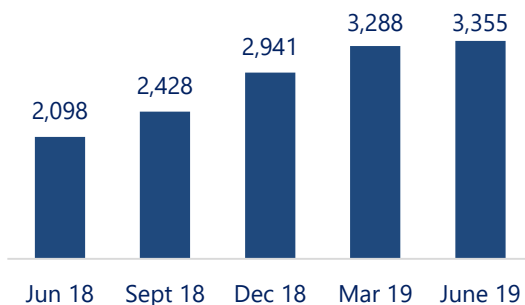
Other Assets

Rating	Q1 FY-20	Q4 FY-19
FBR1 FB1	21%	20%
FBR2/FBR3 FB2	23%	23%
FBR4 FB3	23%	24%
FBR5/FBR6 FB4	32%	32%
Others	1%	1%

Digital vs Branch : Transaction count with bifurcation on various Digital channels(In lakhs)

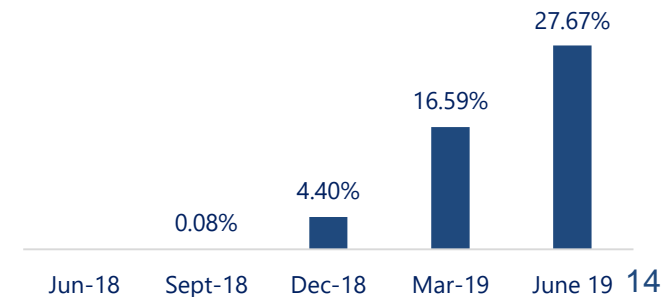


FedMobile Volume in crores



- FedMobile monthly volume crossed 3355 Cr. Digital share grew to 76.15%.
- Digital users grew by 27.67% on a Y-o-Y basis.

YoY Growth in Digital Users



Digital Migration : Performance highlights

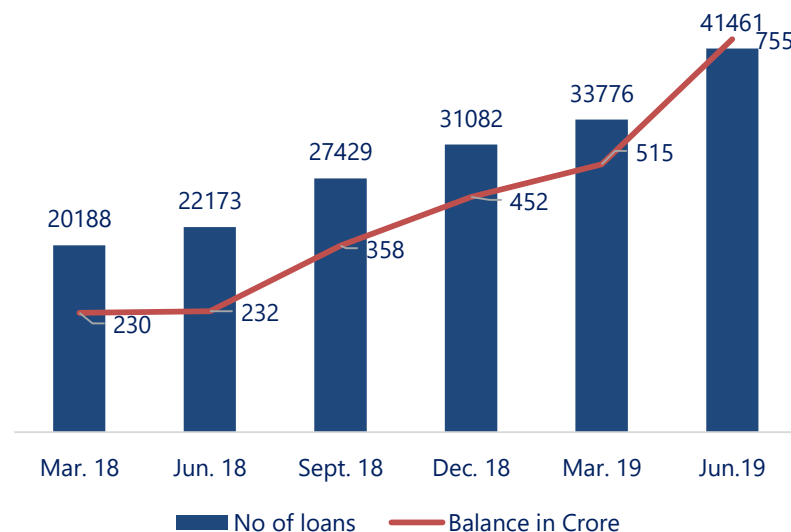
BYOM

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

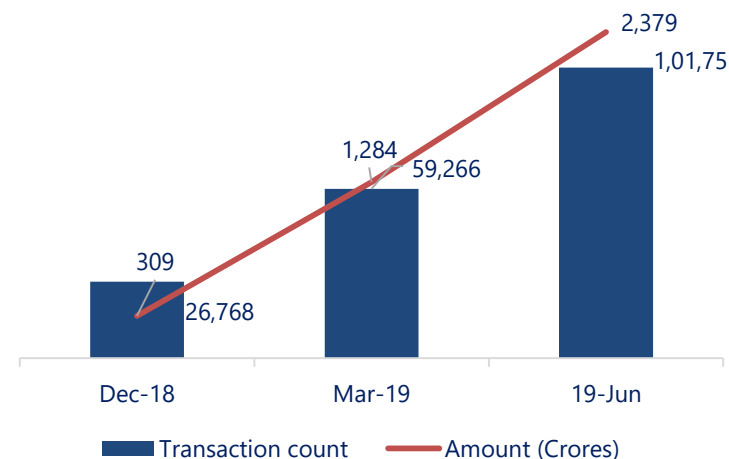
Fede biz

- 1500 plus customers joined the new platform for transaction banking and cumulative volume of transactions has crossed 2300 crores during the month of June 2019

BYOM Digital Personal Loans : Loan book progress

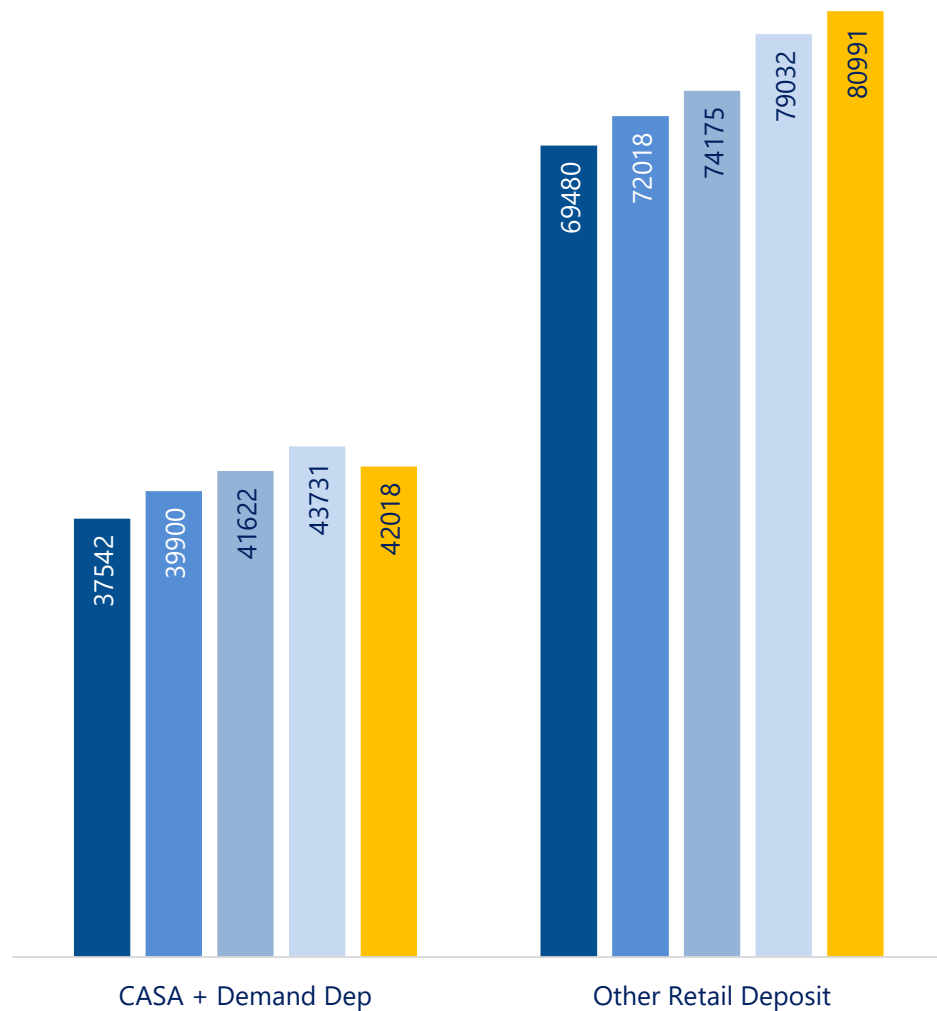


Fed E Biz

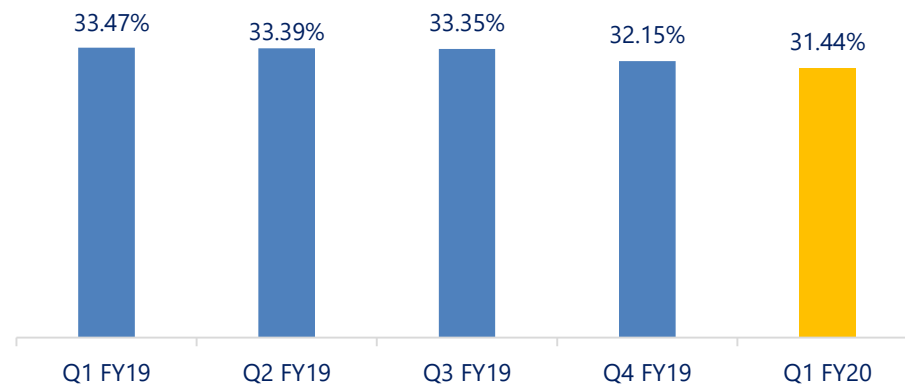


Business Parameters

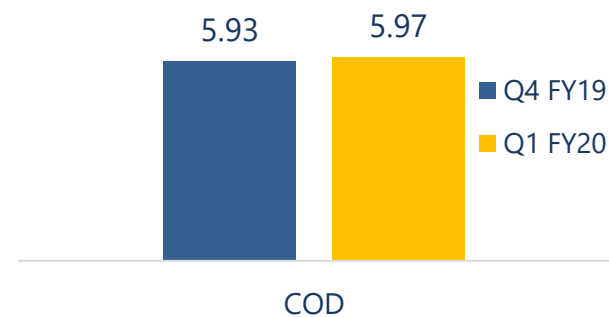
■ Q1 FY19 ■ Q2 FY19 ■ Q3 FY19 ■ Q4 FY19 ■ Q1 FY20



CASA Ratio

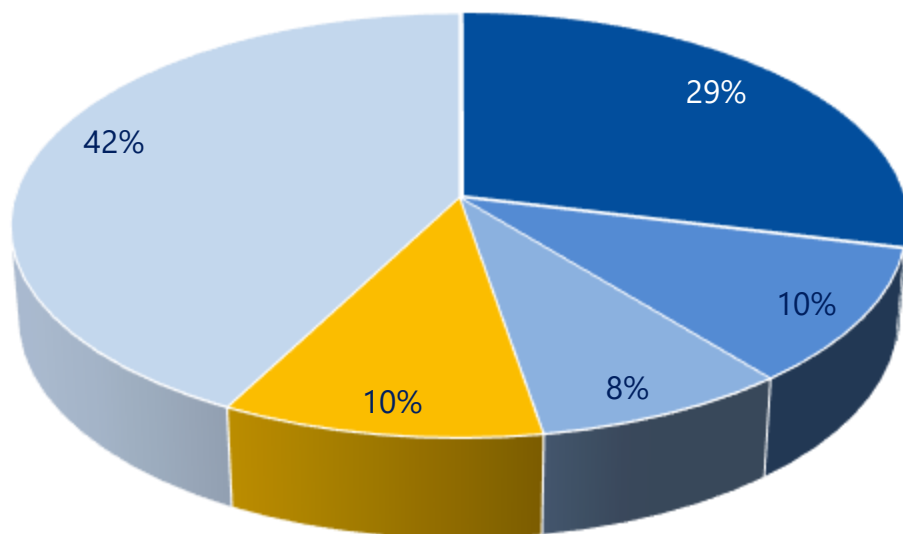


Cost of Deposits



Credit Portfolio Distribution

Total Loan Book



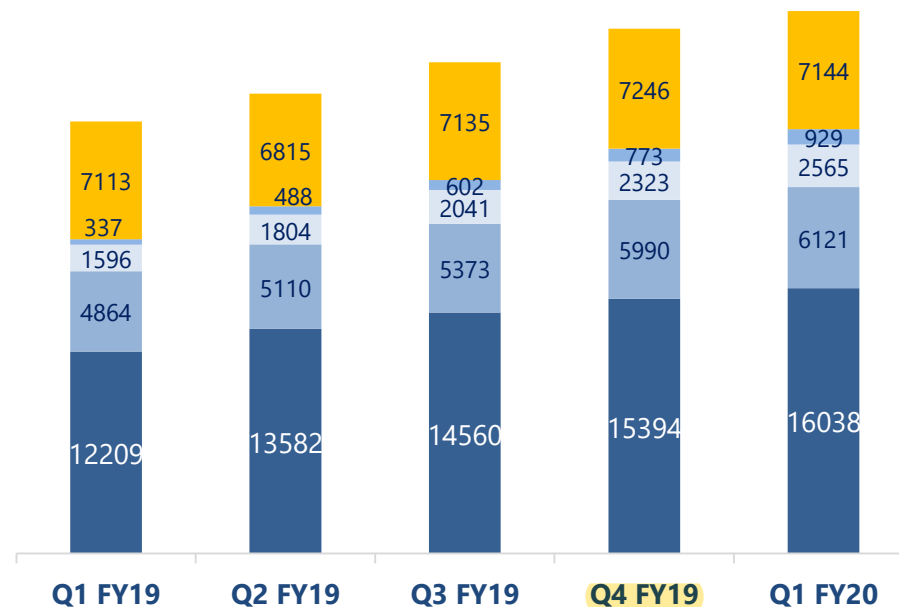
■ Retail ■ Agri ■ BuB ■ CB ■ CIB

Average Ticket Size of Wholesale Loan (CIB+CB) : 24 Cr
 Average Ticket Size of CIB Loans: 66 Cr
 Average Ticket Size of CB Loans: 7 Cr

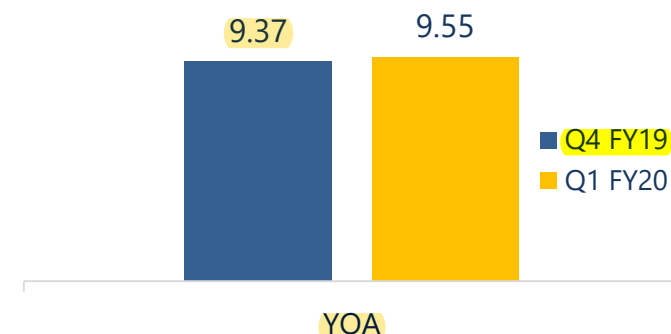
Retail Loan Book (Excl Agri & BuB)

₹ in Cr

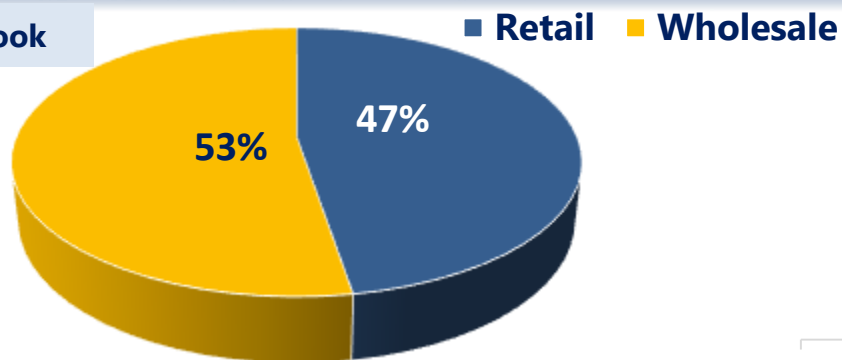
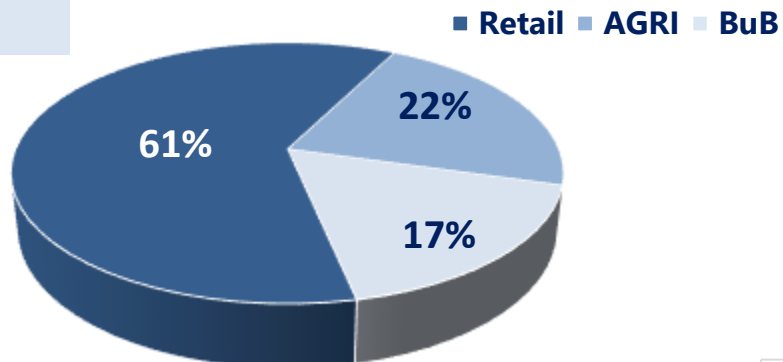
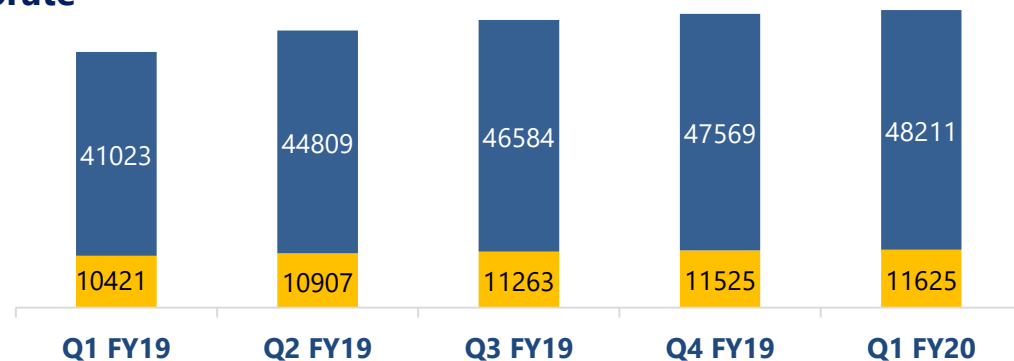
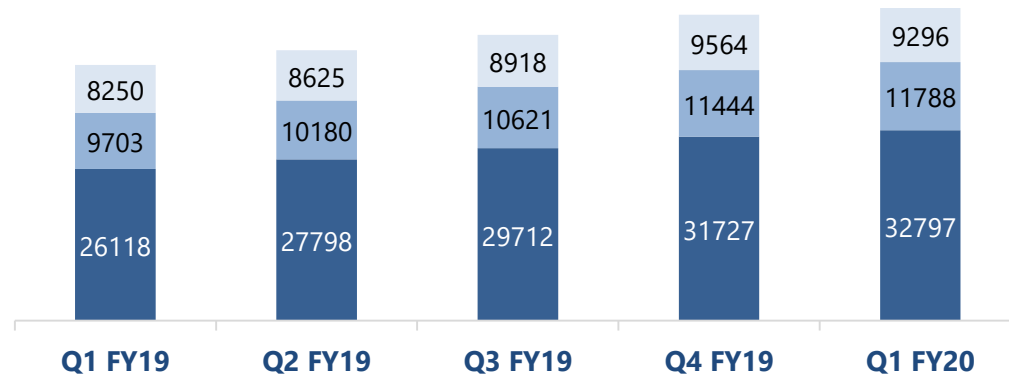
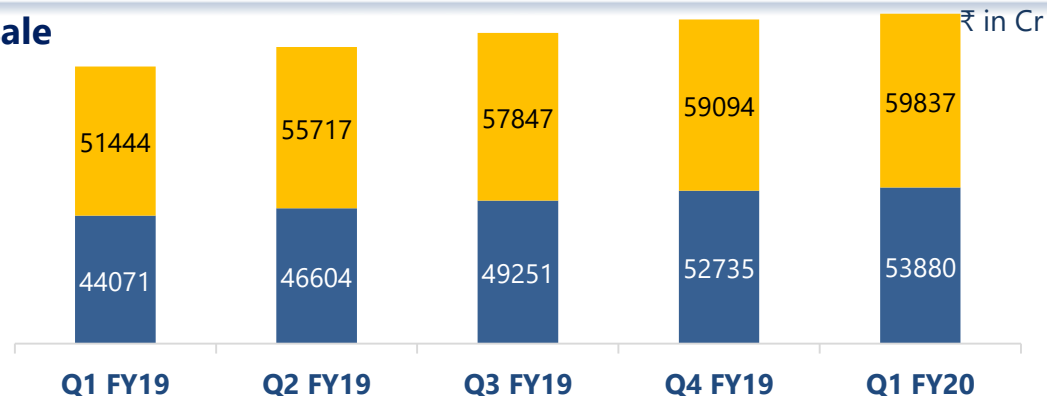
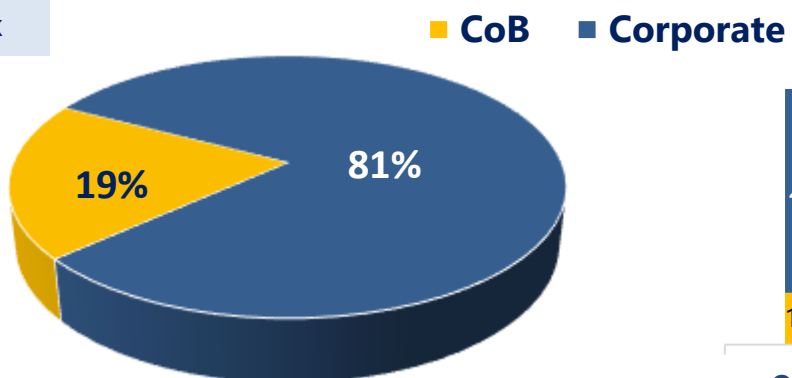
■ Housing ■ Mortgage ■ Auto ■ Personal ■ Others



Yield on Advances



Credit Portfolio Distribution

Total Loan Book

Retail Book

Wholesale Book


₹ in Cr

Q1 FY20 Q4 FY19 Q3 FY19 Q2 FY19 Q1 FY19 Y-o-Y %

Loan Processing Fee 49 50 50 53 31 56%

 Exchange, Commission,
 Brokerage & Other Fee
 Income 169 185 156 147 129 31%

 Net Profit on Forex
 Transactions 43 54 74 61 47 -10%

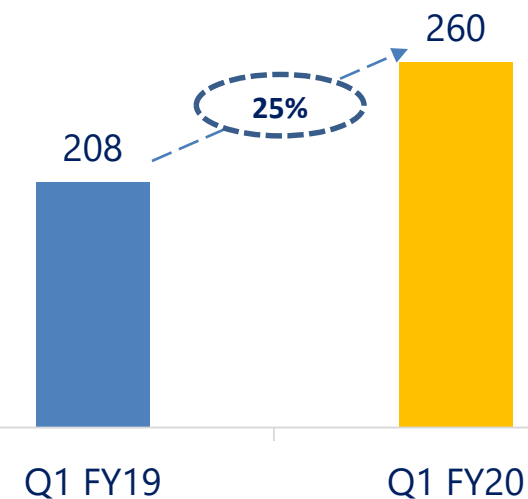
Fee Income 260 289 279 261 208 25%

Profit on sale of securities 91 74 55 51 49 87%

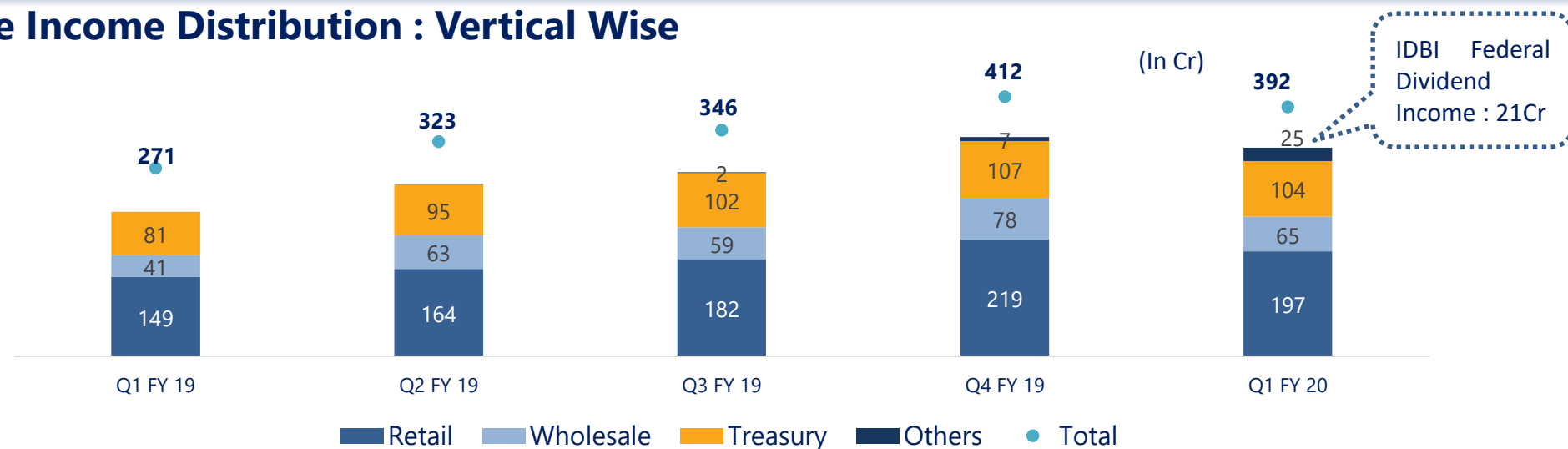
 Recovery from assets
 written off & Other
 Receipts 40 49 11 11 14 179%

Total Other income 392 412 346 323 271 45%

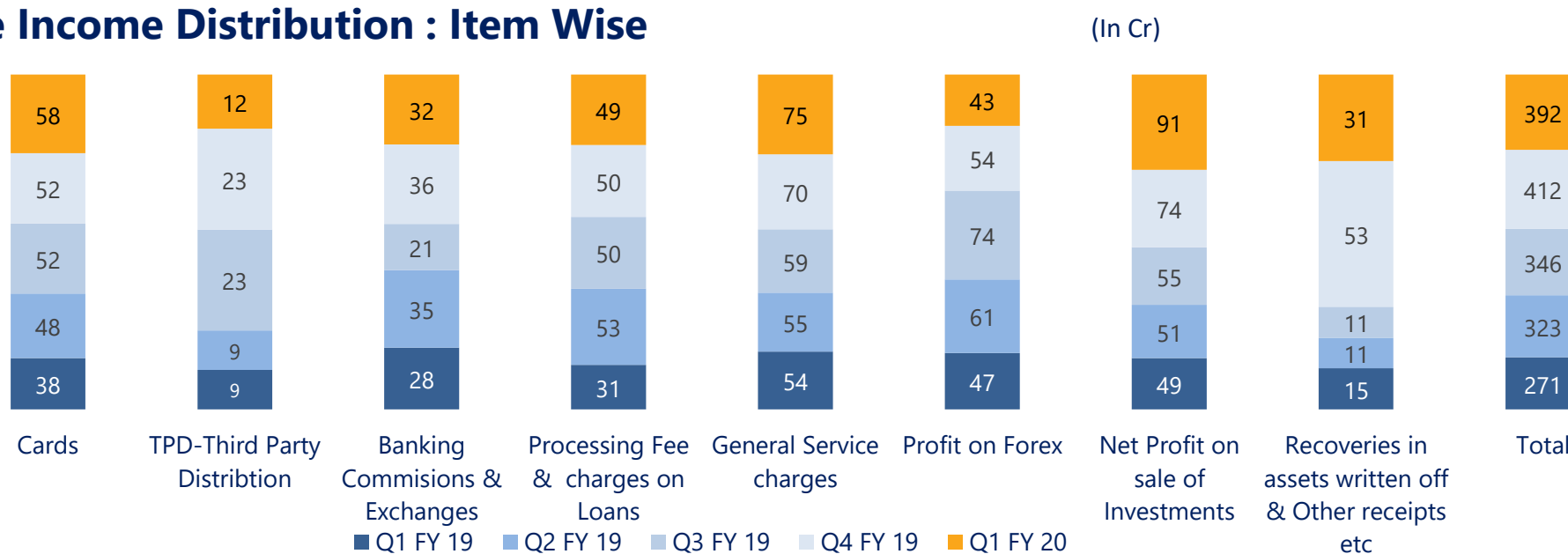
Fee Income (Y-o-Y)



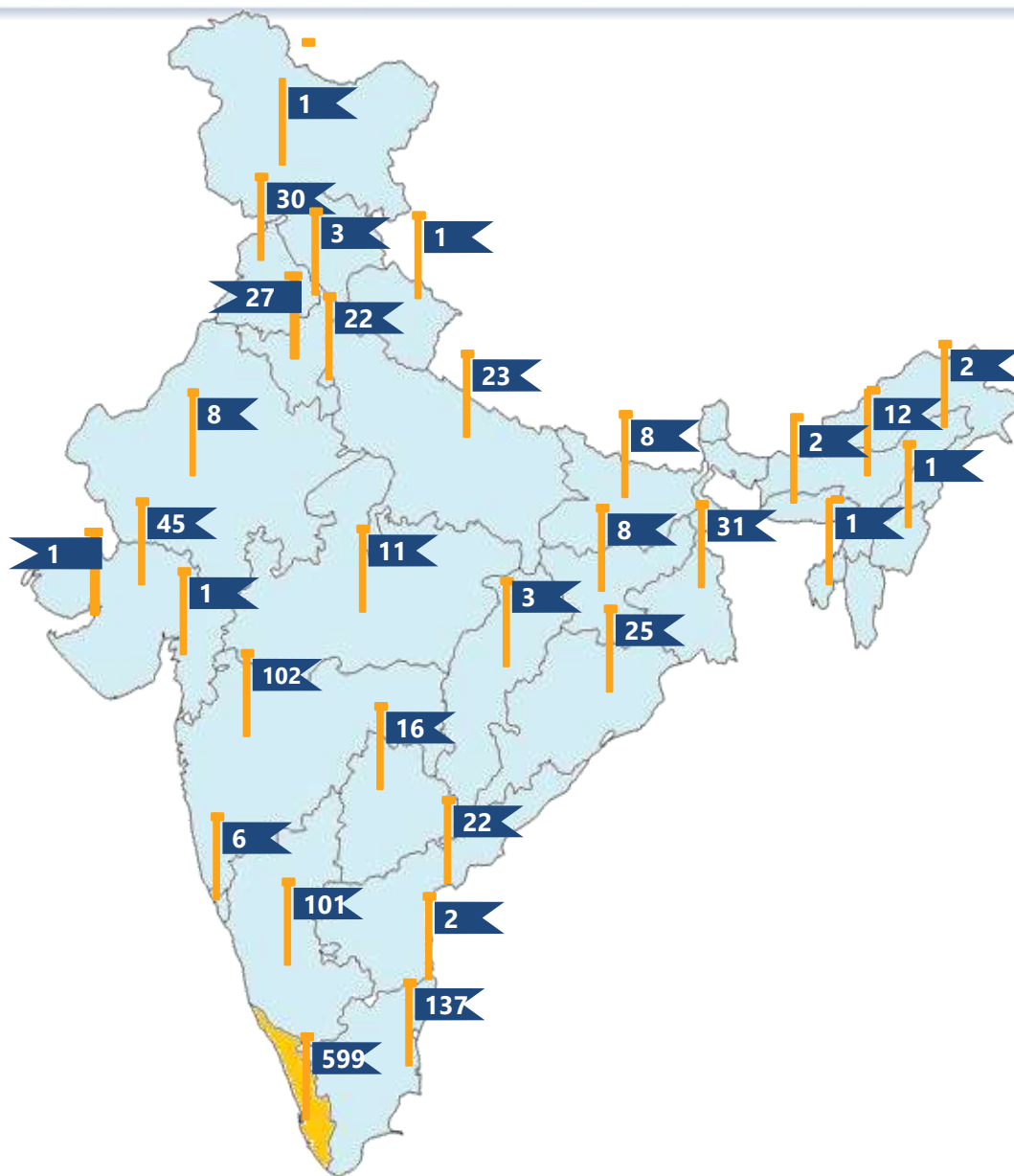
Fee Income Distribution : Vertical Wise



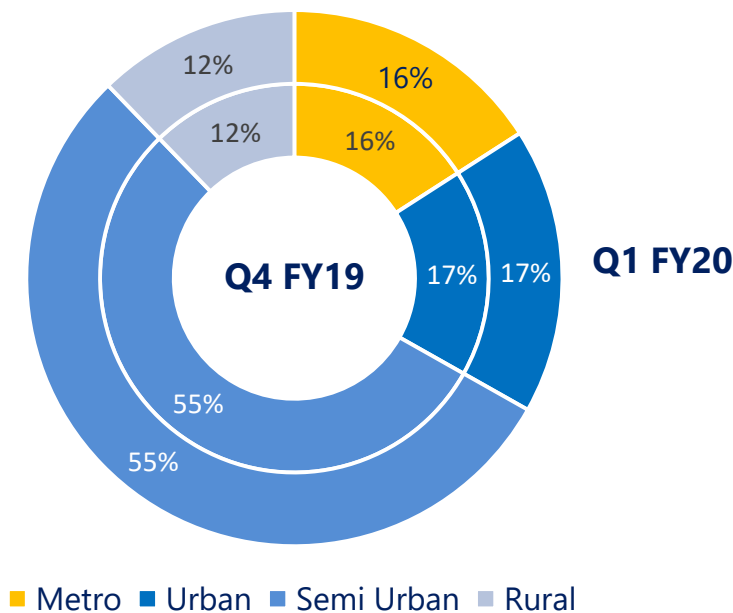
Fee Income Distribution : Item Wise



Distribution : Deriving Efficiency from Footprint

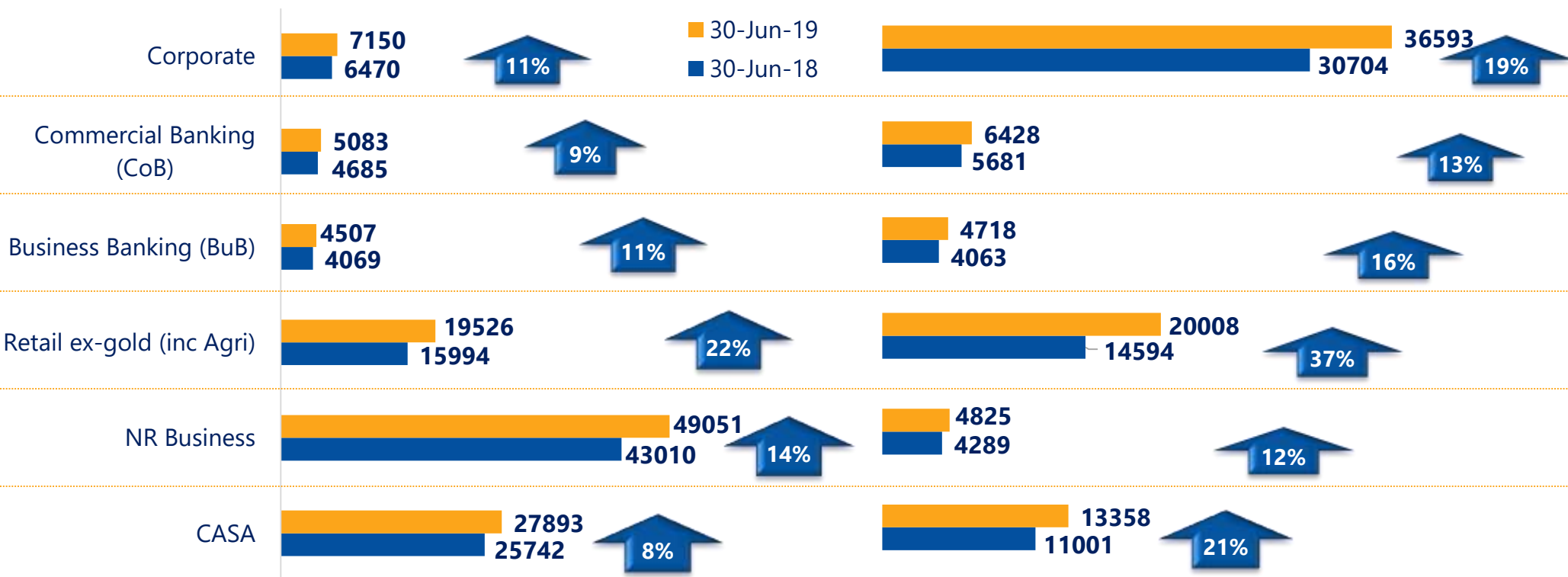


	Q1 FY20	Q4 FY19	Q3 FY19
Branches	1251	1251	1251
ATM/Recyclers	1934	1937	1926

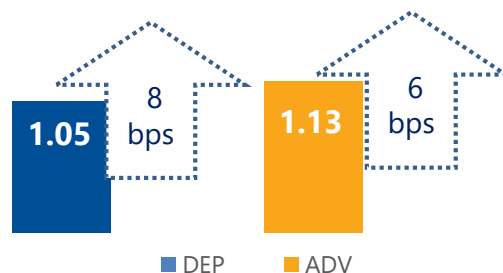


Kerala : Prominence to Dominance

Outside Kerala: Presence to Prominence ₹ in Cr



Bank's Market Share



Gain in Market Share(Y-o-Y)

Advance: Market Share improved by 6 bps
Deposit : Market Share improved by 8 bps

CRAR – How strong is your Bank?

₹ in Cr

	Jun-19	Mar-19
Risk Weighted Assets		
Credit Risk	84084	83112
Market Risk	3458	3327
Operational Risk	8715	7326
Total RWA	96257	93764
Tier-1 Capital Funds	12550	12546
Tier-II Capital Funds	1019	714
Total Capital Funds	13569	13260
CRAR	14.10%	14.14%
Tier-I	13.04%	13.38%
Tier-II	1.06%	0.76%

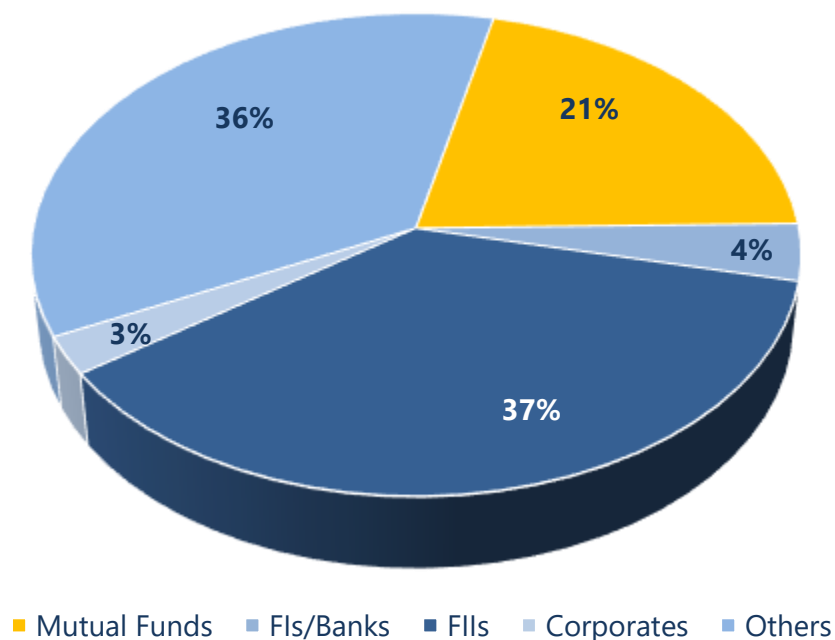
Annexures

Balance Sheet & Shareholding Pattern

₹ in Cr

	Q1 FY20	Q1 FY19
LIABILITIES		
Capital	397	396
Reserves & Surplus	13264	12103
Deposits	132537	111242
Borrowings	9951	9470
Other Liabilities & Provisions	4188	3470
TOTAL	160338	136681
ASSETS		
Cash & Balance with RBI	6449	4835
Balances with Banks, Money at Call	2791	2713
Investments	31810	28312
Advances	112032	94297
Fixed Assets	469	467
Other Assets	6787	6058
TOTAL	160338	136681

Share Holding Pattern

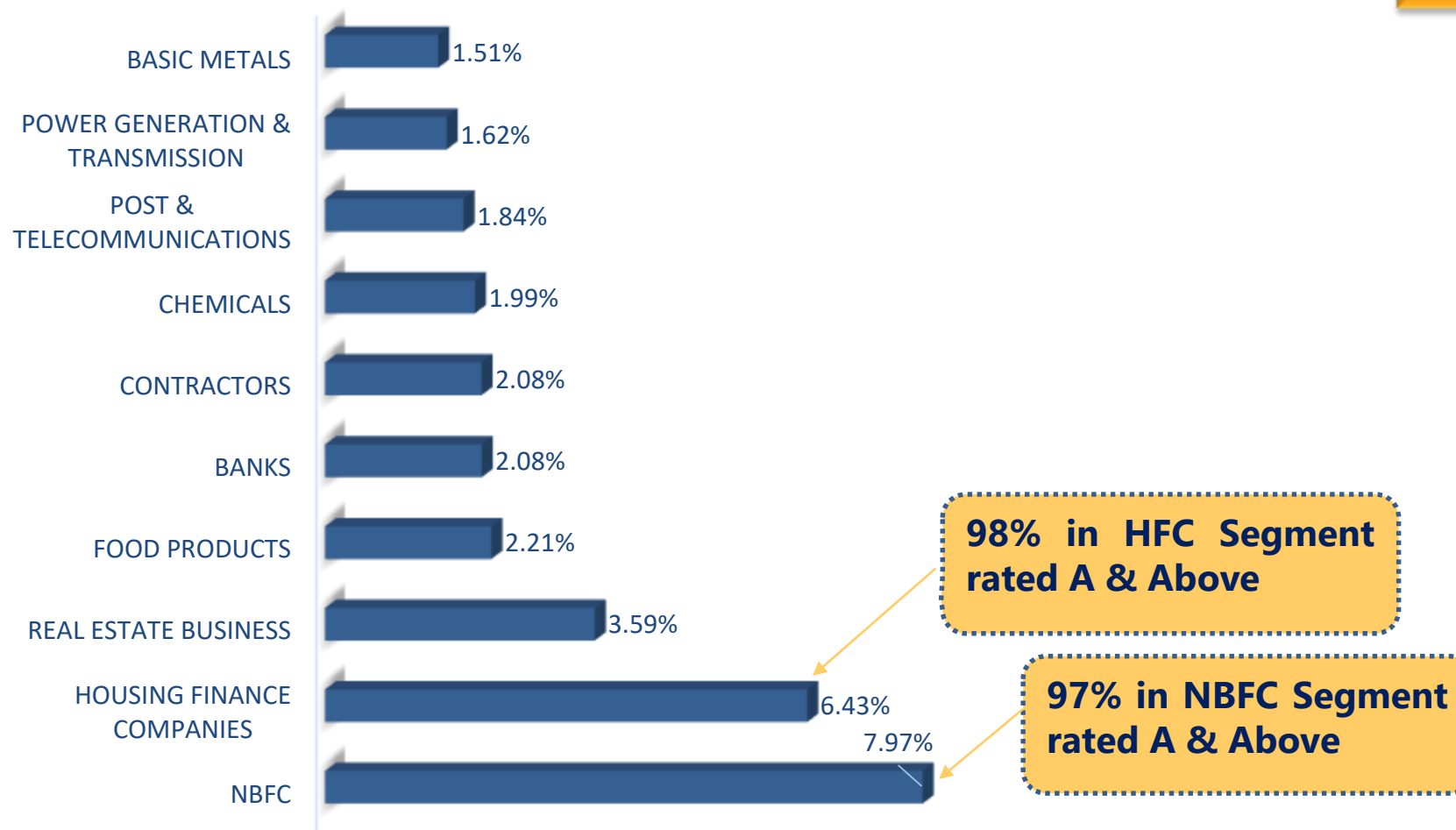


₹ in Cr

	Q1 FY20	Q4 FY19	Q-o-Q	Q1 FY19	Y-o-Y
Interest Income	3229	3032	6%	2667	21%
Interest Expenses	2075	1936	7%	1687	23%
Net Interest Income	1154	1097	5%	980	18%
Other Income	392	412	-5%	271	45%
Operating Expense	763	754	1%	648	18%
Total Income	3621	3444	5%	2938	23%
Total Expense	2838	2689	6%	2335	22%
Operating Profit	783	755	4%	603	30%
Total Provisions	399	373	7%	340	17%
Net Profit	384	382	1%	263	46%
Net Interest Margin (%)	3.15	3.17	-2bps	3.12	3 bps
Cost to Income Ratio (%)	49.36	49.96	-60 bps	51.80	-244 bps

Top 10 Sector wise exposure as a % of Total Advance

30.06.2019



Major Investments

Entity	% Equity
Federal Operations & Services Limited (FedServ)	100.00%
Fedbank Financial Services Limited	82.59%
IDBI Federal Life Insurance Company of India Limited	26.00%
Equirus Capital Private Ltd	19.59%

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 2150 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.

External Ratings

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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