

Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q4 FY 2019

Consistent & Stable Performance

Strong Operating Momentum

- Highest ever Operating Profit @ 755cr, grows 28% Y-o-Y
- Highest ever Net Profit @ 382r, grows 163% Y-o-Y
- Q419 ROA exceeds 1% as guided and ROE @ 11.86%

Granular Liability Franchise

- Total Deposits grew by 21% and CA grew 25%, Y-o-Y.
- NRE Deposit grows 18% Y-o-Y
- Retail Deposits constitutes 91% of total deposits

Consistent Gain in Market Share

- Market Share in Advances reaches 1.13% - up by 7 bps Y-o-Y
- Market Share in Deposits reaches 1.03% up by 8 bps Y-o-Y

Digital Update

- Entered into strategic partnership with Ripple Inc, a block chain supported global remittance company, for cross border remittances.
- On boarded more than 1 Lakh merchants to Bharat QR platform

Stable & Diversified Credit Growth of 20%

- Core Retail grew by 33% & CIB by 21%
- Auto grew 62%, PL-143% & HL-32%
- Highest ever NII @ 1097Cr
- NIM @ 3.17%

Asset Quality

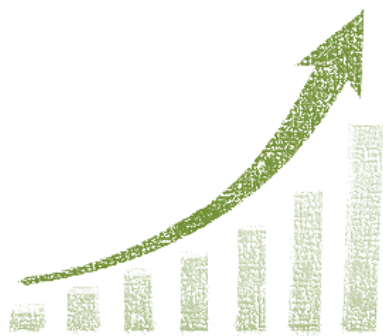
- Highest ever Recovery/ Upgrades of 323cr and Significant reduction in Slippages resulted in GNPA and NNPA falling to 2.92% and 1.48% respectively. Net Slippages (slippages less recovery/ upgrades) is negative for 1st time.
- Credit Cost contained at 0.51% even while increasing the PCR to 67.16%

Income and Cost Streams

- Consistent growth in Core Fee Income and Other Income at 21% & 31% respectively, YoY.
- Cost to Income contained @ 49.96% a reduction of 286bps Y-o-Y

Balance Sheet and Capital

- Balance Sheet grows by 15% Y-o-Y (Rs1.59L Cr)
- Total business grows by 20% Y-o-Y (Rs.2.45L Cr)
- CRAR at 14.14%





How We Fared On Our Key Deliverables

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Parameters	FY16	FY17	FY18	FY19 Target	FY19 Actuals	
NIM (%)	3.14%	3.31%	3.21%	3.20%	3.14% (3.17% for Q419)	
Fee Income (Rs Cr)	571	704	807	1000	1037	
Cost to Income (%)	57.06%	53.44%	51.69%	50.00%	50.01%	
Slippages(Rs Cr)	1829	1063	1994	1550*	1620	
Recoveries/ Upgrades (Rs Cr)	421	461	694	800	963	
Credit Cost (bps)	106bps	68bps	128bps	65 – 70bps	51 bps for Q419 and 68bps for Full Year	
ROA (%)	0.57%	0.84%	0.75%	1% for Q419 (Exit Quarter)	1.02% for Q419 (Full year 0.88%)	

* Original guidance was revised to 1550Cr post the impact of natural calamity in Kerala

Business initiatives To Sharpen high Quality Growth

Wholesale Banking

- FedeBiz –a DIY platform for Trade and Transaction Banking launched for Wholesale Clients – Over 1000 clients on boarded
- Disciplined and Continuous churning of portfolio to ensure Better Yield and Asset Quality Management
- Current Account Capability reinforced through packaged offering of Cash Management, Supply Chain Management services, Dealer-vendor management facilities etc and also by securing current account relationship of all credit clients. Current Account now constitutes 6.43% of Retail Deposits. The Contribution of Wholesale book to CASA has increased by 21% over previous FY. The book also contributed 241Cr to Core Fee Income.
- Continued sharper focus on Deeper Geographies; Mid Corporate Clients and Manufacturing Entities

- Reshaping of Gold Loan Business reversed growth trend of the book. This book (which consumes negligible capital and whose contribution to credit cost is insignificant) grew at 16% which is industry leading.
- Retail Sales channel covers all major centres. 40% of total Retail Loan disbursed through Retail Sales Channel.
- High Yield Personal Loans constitute 1.47% of total retail book with average yield of 14.78%
- Tight integration via APIs with partners for Credit Cards

Retail Banking

Government Business and Treasury

- Empanelled in 15 states, catering to 210 Government entities & select PSUs in meeting their Banking needs.
- Merchant Forex Business deepened through product diversifications, launch of derivatives etc.



New Roads

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Remittances

Tied up with Ripple for cross-border remittances. This tie up along with the existing arrangements positions Federal as the first port of call for all remittances.



Gold Loans @ Home

Partnered with a young Fintech company to distribute Gold Loans at the customers' residences. Federal Bank with its rich experience in Gold Loan Business is one of the first Banks to bring this to home spaces.



Agri Innovation

Allied with the Government of Kerala as its Banking partner in a Coconut collection process set up by the Government a la the Amul milk collection model.



Digital Loans to NTB cust

Completely digital assessment and disbursal of loans done thro tieups with two fintech startups to onboard NTB borrowers, while our fully digital BYOM channel caters to existing customers (Total portfolio of 650Cr)



Micro Finance

Deployed a novel technology for managing and distributing MFIs to SHGs and JLGs. The technology is scalable for onboarding different BCs for different geographies.



Places of Worship

Deepened relationship with the prestigious Tirumala Tirupati Devasthanam. Model which supports payment gateway, FCRA Acct management, Acquiring Bank services, Bespoke acct offerings, Coin collection etc started with the Devasthanam. The same model can easily be ported/ replicated to any other religious organization



➤ **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



Performance Highlights Y-o-Y

	3Months	12Months		
Operating Profit	28% ↑	21% ↑	Retail (inc Agri)	24% ↑
Net Profit	163% ↑	42% ↑	Agri	22%
RoA	@ 1.02%	@ 0.88%	Business banking	17% ↑
RoE	@ 11.86%	@ 9.81%	Corporate Business	21% ↑
Cost to Income Ratio	@ 49.96%	@50.01%	Total Advance	20% ↑
GNPA	@ 2.92%	@ 2.92%	CASA	16% ↑
Core Fee Income	21% ↑	29% ↑	CA	25%
Other Income	31% ↑	17% ↑	Total Deposit	21% ↑
NII	17% ↑	17% ↑	Capital Adequacy (CRAR)	14.14%
NIM	@ 3.17	@3.14		
Provision Coverage Ratio	67%			



Comparison : Y-o-Y (3 M)

Advances

RETAIL

Retail+Agri



34819→43182

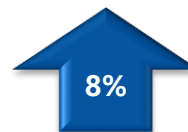
Business Banking (BuB)#



8130→9552

WHOLESALE

Commercial Banking(CoB)



10715→11547

CIB



39509→47548

Total Advances



93173→111829

Deposits

CASA



37252→43388

CASA Ratio



33.26→32.15

NRE Deposits



42586→50109

Retail Deposits



104928→122763

Performance

Net Interest Income



933→1097

Core Fee Income



238→289

Operating Profit



589→755

Net Profit



145→382

Ratios

Cost Income ratio



52.82→49.96

Gross NPA%



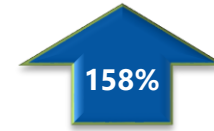
3.00→2.92

Net NPA%



1.69→1.48

Profit Per Employee



4.82→12.45(in Lakh)

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

#SME split into BuB & CoB



Comparison : Q-o-Q (Sequential)

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Advances

Deposits

Performance

Ratios



Retail deposit : Customer deposits upto 5 Cr

#SME split into BuB & CoB

Shareholder Value

Book Value
(Per Share in ₹)

Q4 FY19

66.87

Q3 FY19

64.60

Q2 FY19

62.81

Q1 FY19

62.62

Q4 FY18

61.55

EPS

(annualized)

7.68

6.68

5.33

5.32

2.98

Granularity

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

88%

91%

92%

93%

91%

Profitability
(Annualized)

ROA

1.02

0.91

0.76

0.79

0.46

RoRWA

1.79

1.51

1.24

1.37

0.77

ROE

11.86

10.48

8.50

8.61

4.88

Efficiency

Cost/Income

49.96

50.25

48.15

51.80

52.82

Net NPA%

1.48

1.72

1.78

1.72

1.69



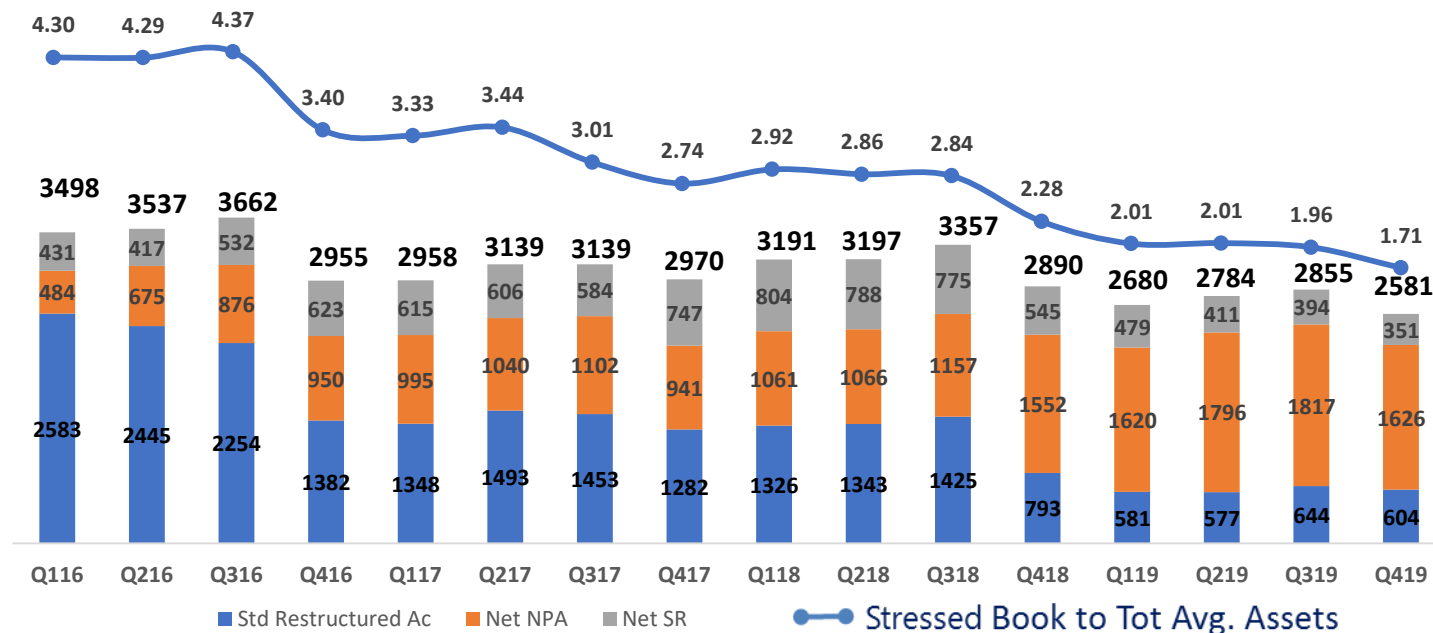
Asset Quality Drill-Down

Considerable reduction in Total Stressed Book @ 2581Cr. 1.71% of Average Total Assets.

Net Slippages (slippages less recovery/ upgrades) is negative

Net Security Receipts portfolio down to 351Cr.

• Highest ever Recovery/ Upgrades of 323cr



Movement of NPA

Amt in Rs.Cr.

Gross NPA as on 31.12.2018	3361
Add Fresh Slippage	256
Add Increase in Balances in Existing NPAs	13
Deduct Recoveries/ Upgrades	-323
Deduct Written Off	-46
Gross NPA as on 31.03.2019	3261



Fresh Slippages Break up

Fresh Slippages

	Q4 FY19	Q3 FY19	Q2 FY19	Q1 FY19	Q4 FY18
Retail	67	108	120	109	70
Agri	92	71	65	54	56
SME	97	192	169	90	142
BuB	67	107	94	39	
CoB	29	85	75	51	
Corporate	0	56	123	207	604
Total	256	426	477	461	872

Restructured

TYPE	Q4 FY19		Q3 FY19	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	604	66	644	80
Gross NPA	626	58	630	73
Net NPA	486	58	506	73
TOTAL	1090	124	1150	153

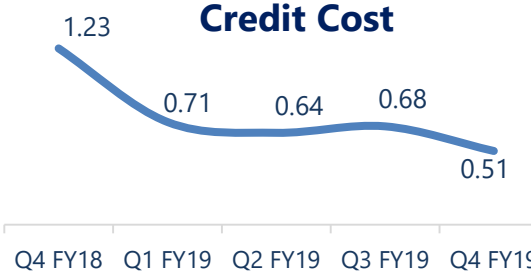
NPA Composition

		Q4 FY19	Q3 FY19
Business	NPA	NPA	
Retail	615	658	
Agri	470	414	
SME	1320	1340	
Gross NPA	BuB	595	601
	CoB	725	740
	Corporate	856	949
Total		3261	3361
Net NPA		1626	1817

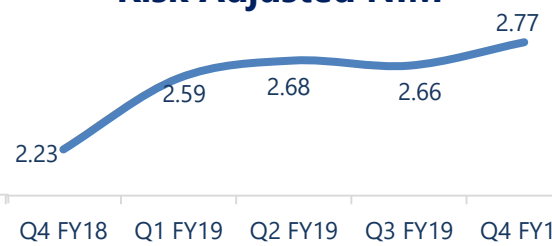
Security Receipts

	Q4 FY19	Q3 FY19
Face Value	704	710
Book Value	617	619

Credit Cost

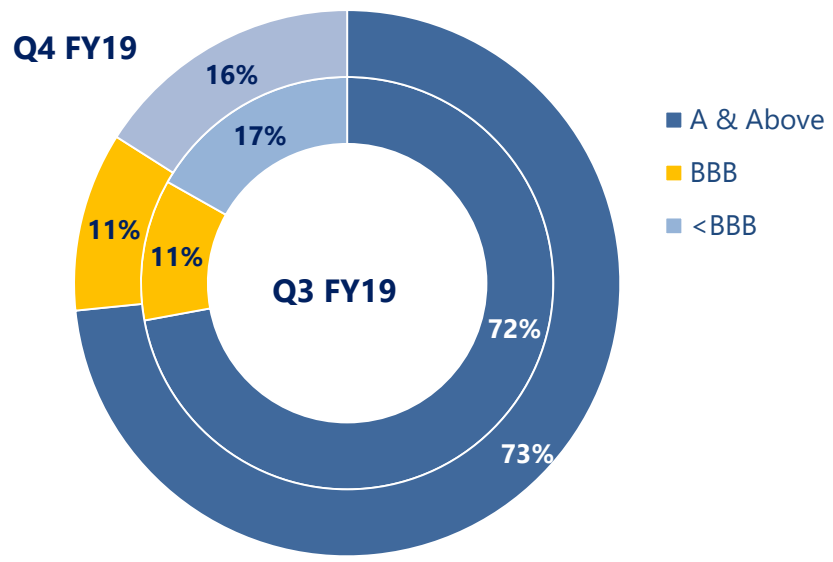


Risk Adjusted NIM

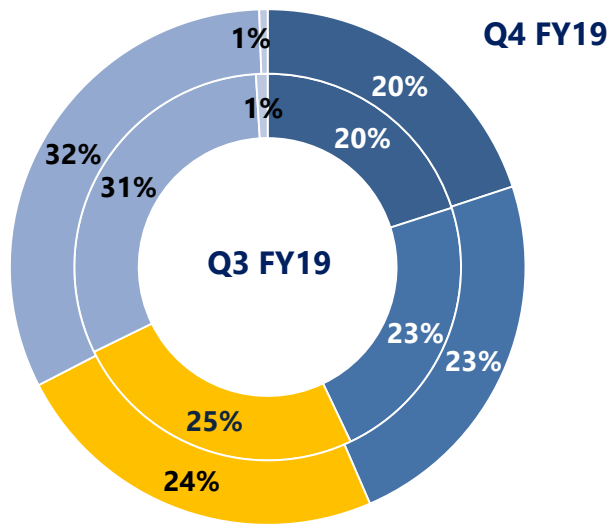




Risk Rating



- FBR1/FB1
- FBR2/FBR3/FB2
- FBR4/FB3
- FBR5/FBR6/FB4
- OTHERS



Wholesale Assets

Rating	Q4 FY-19	Q3 FY-19
A & above	73%	72%
BBB	11%	11%
< BBB	16%	17%

Other Assets

Rating	Q4 FY-19	Q3 FY-19
FBR1 FB1	20%	20%
FBR2/FBR3 FB2	23%	23%
FBR4 FB3	24%	25%
FBR5/FBR6 FB4	32%	31%
Others	1%	1%

Behavior Profiling

Data Enrichment

Targeted Campaigns

Segmentation

Portfolio Assessment

Cross Sell / Up sell

Unsecured Advances

Portfolio growth of more than 100% with higher activation rates

Usage Improvement on Cards

More than 35% growth on POS/Ecom Debit Card Usage

Digital Usage Improvement

58% improvement in usage of FedMobile; 25% improvement in Digital Banking

Targeted Campaigns

More than 10%(avg.) on conversions for Retail Campaigns

Lead Optimization

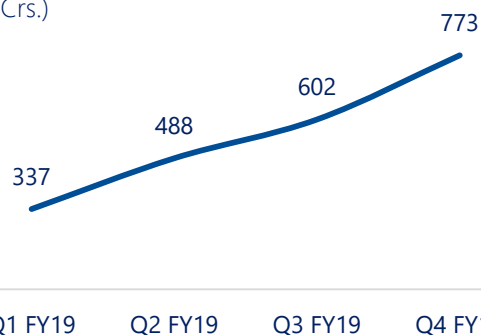
10% conversion on the NTB leads

HNI Clientele

Focused programs on balance improvement resulted in growth of 21% in HNI Client Base

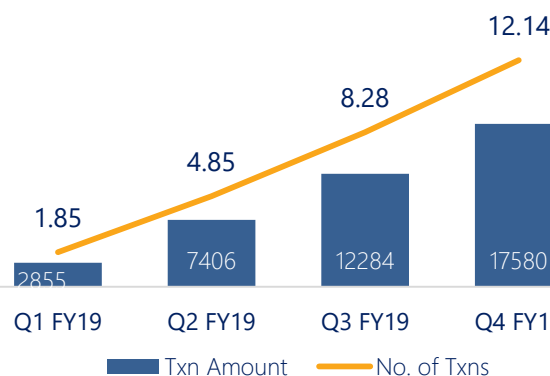
Personal Loan

(in Crs.)



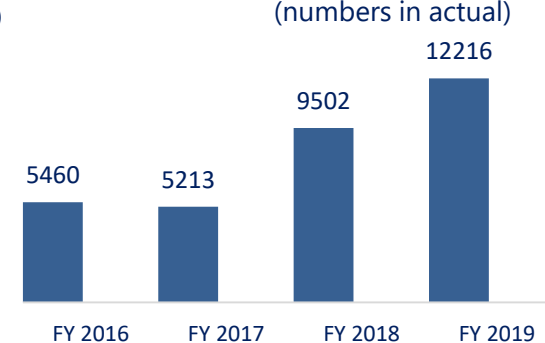
POS/Ecom Usage

(in Crs.)



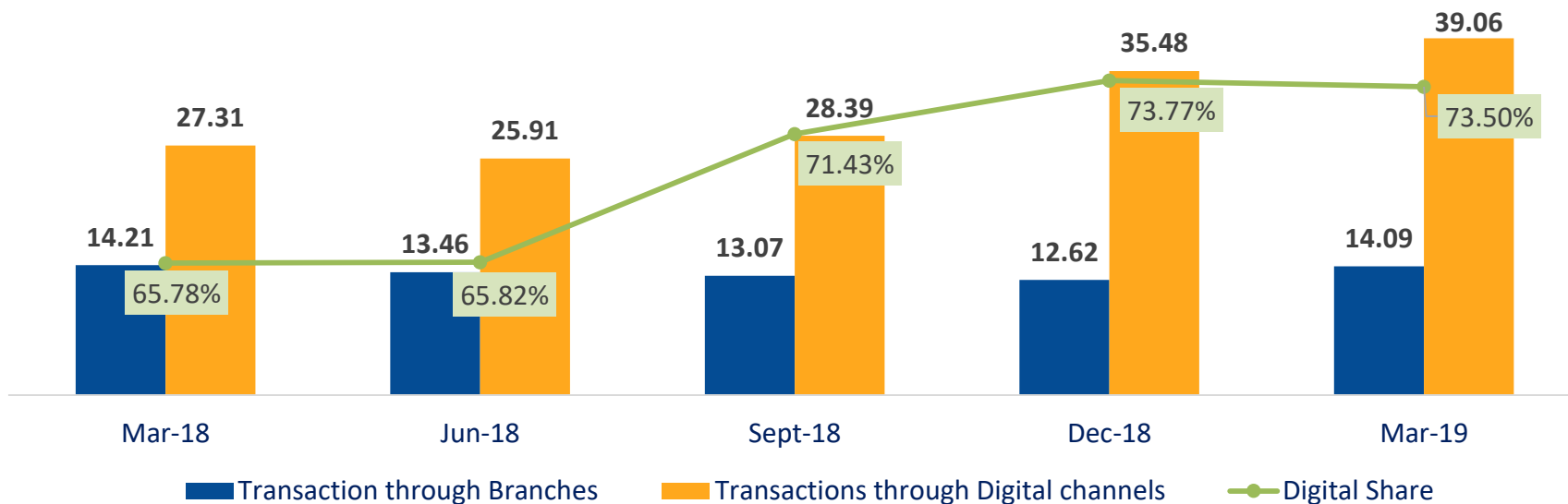
Credit Card Issued

(numbers in actual)

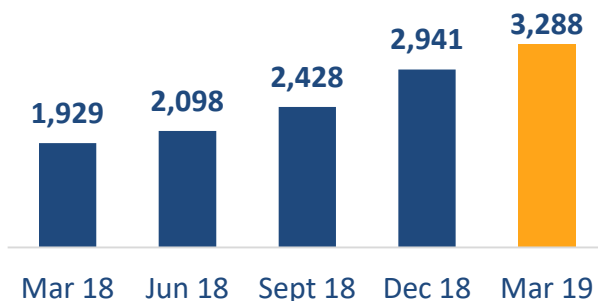


Digital vs Branch : Transaction count with bifurcation on various Digital channels(In lakhs)

43% increase in share of Digital Transaction Y-o-Y

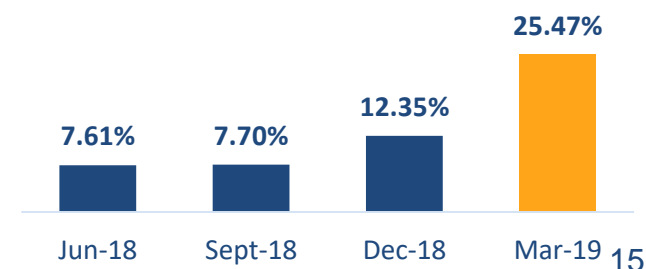


FedMobile Volume in crores



- FedMobile monthly volume crossed 3288 crores (70% growth from base)
- Digital share reached 73.50 %
- There is a growth of 25.47 % on digital users

Digital users Growth from base





- BYOM enables instant online loan pre approved loan disbursal
- Process upgrade on BYOM - Flexi EMI scheme enables customers to convert their debit card purchases to Flexible EMIs .

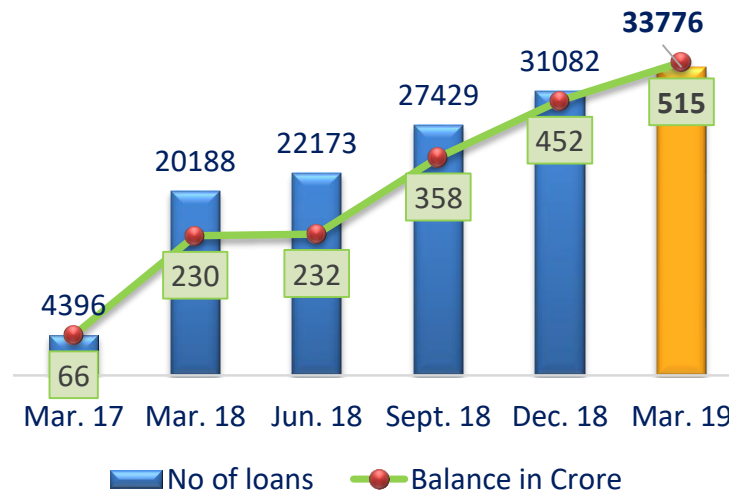


- 1000 plus customers joined the new platform for transaction banking and made transactions of 1400 crores during the month of Mar 2019

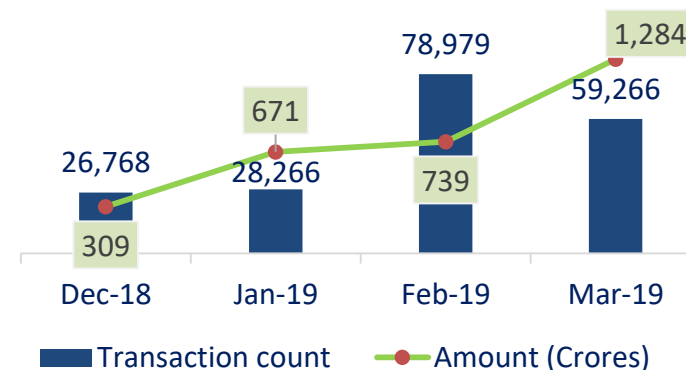


- Onboarded more than 1 Lakh merchants to Bharat QR platform.

BYOM Personal Loans : Loan book progress



Fed E Biz





FedAlert Mobile App

- Instant alerts via push notification
- Secured, reliable and assured on delivery of alerts

API- Open Banking Platform

- Open Banking platform enables start-ups and fintech companies to consume the Bank's APIs
- Latest addition : Integration with India lends

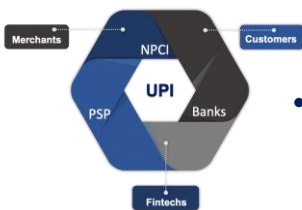


Partnership with Ripple Inc

- New partnership with Ripple Inc, a blockchain supported global remittance company, for cross border remittance through its network.
- Powered by blockchain-enabled solution, the Ripple platform ensures safe and secure cross-border transactions.

REMITTANCE USING UPI 2.0

- UPI 2.0 - Making inward remittances simple and hassle-free.
- Non Resident Indians can send money through Exchange houses and Banks using an easy to remember Virtual Payment Address (VPA) of the beneficiary



Block chain remittance SOLUTION

- Upgraded the blockchain platform for remittances with a sophisticated technology that uses the R3 Corda blockchain platform.
- The new platform will enable exchange houses and banks to connect their existing solutions to make seamless, real-time transactions.





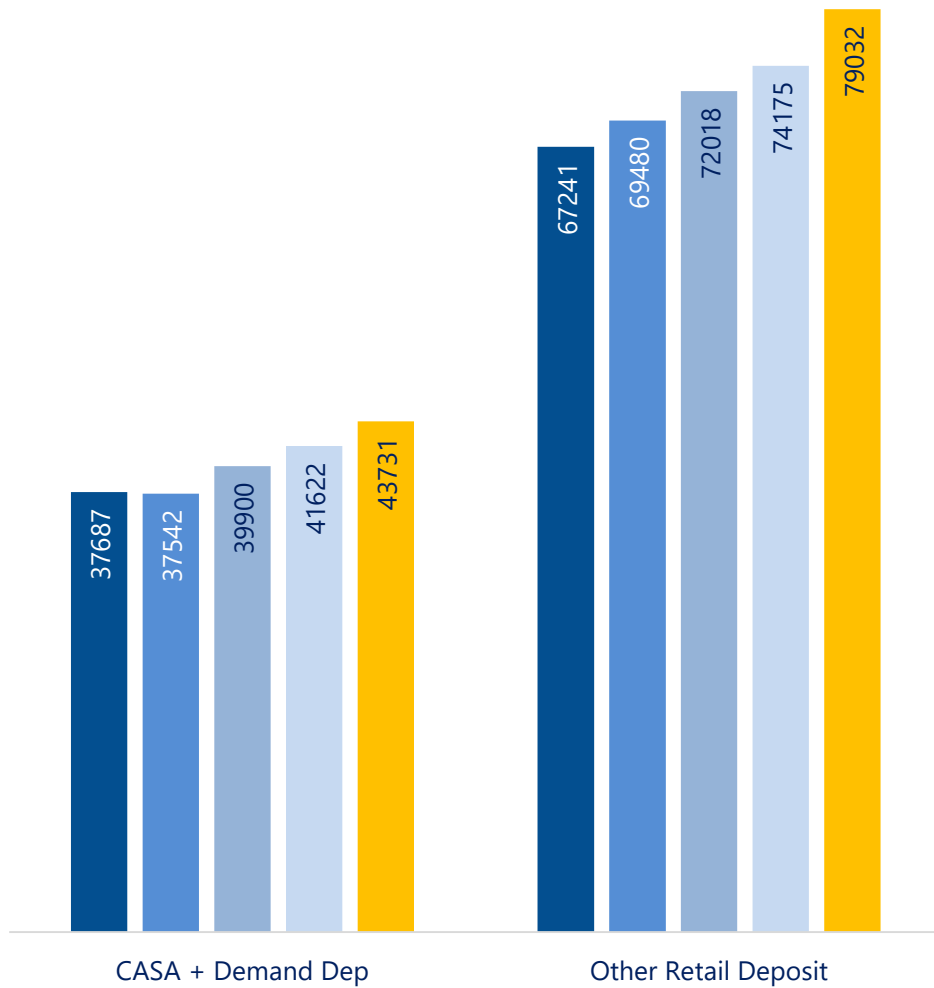
Business Parameters



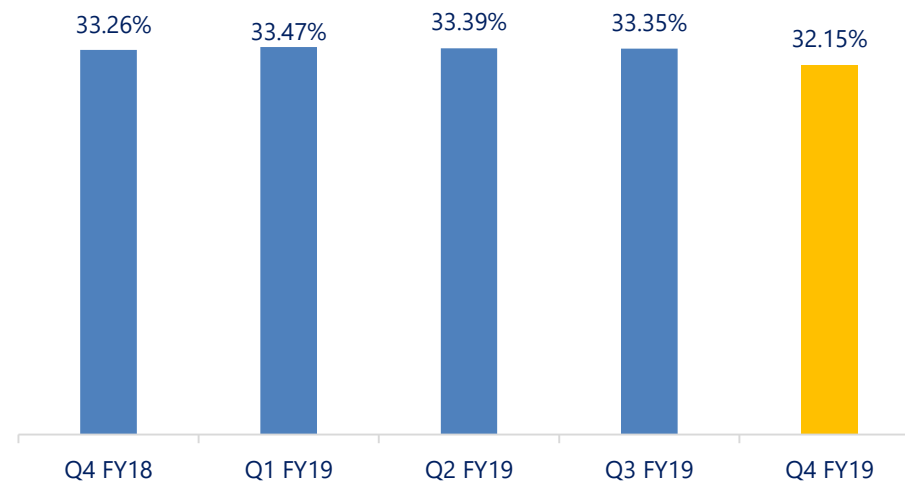
Liability : Trends

₹ in Cr

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



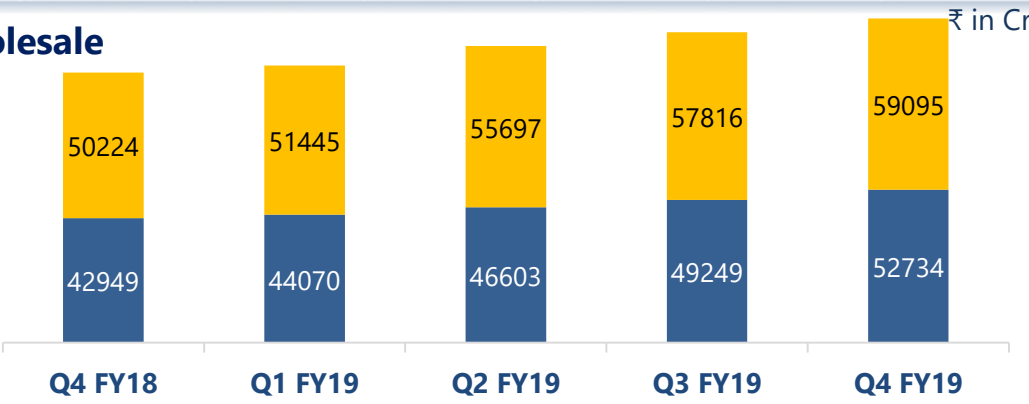
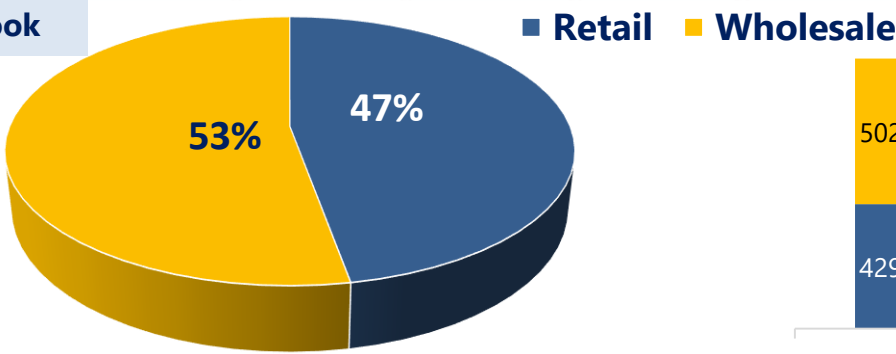
CASA Ratio



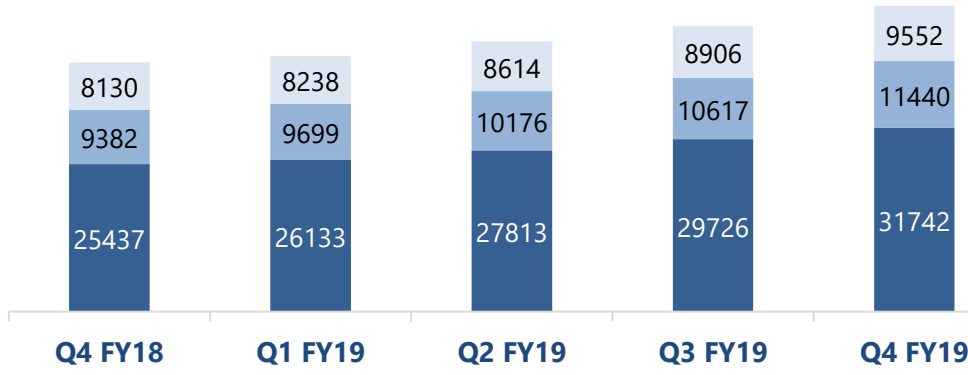
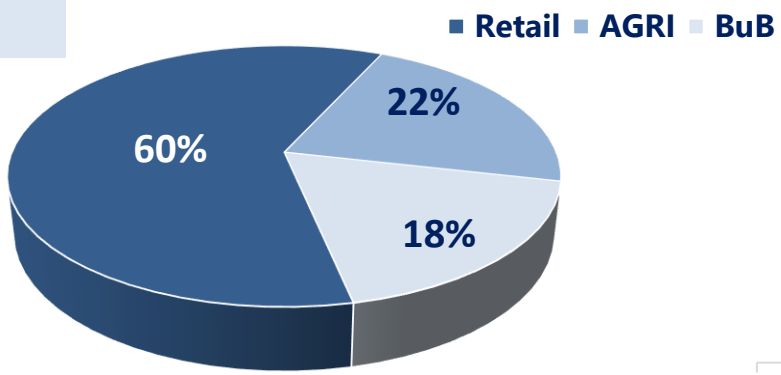


Credit portfolio distribution

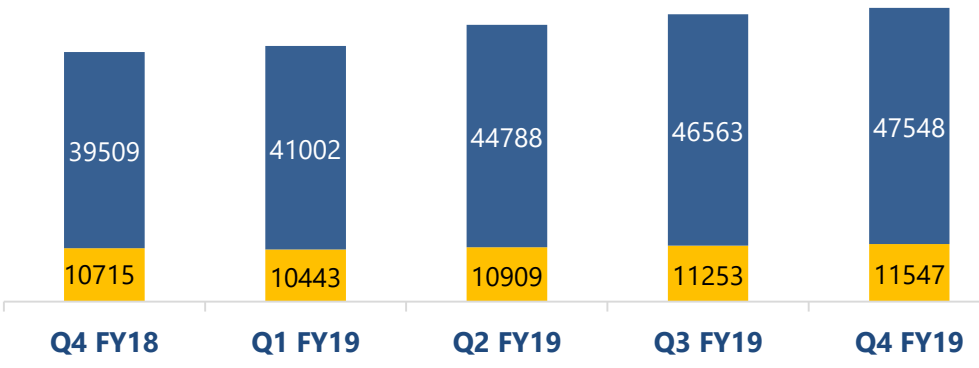
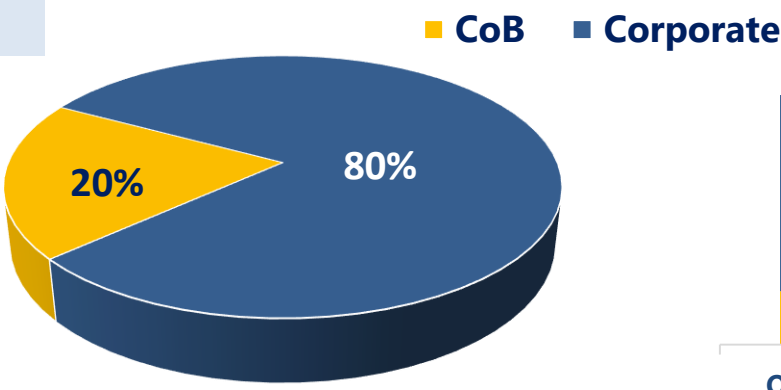
Total Loan Book



Retail Book



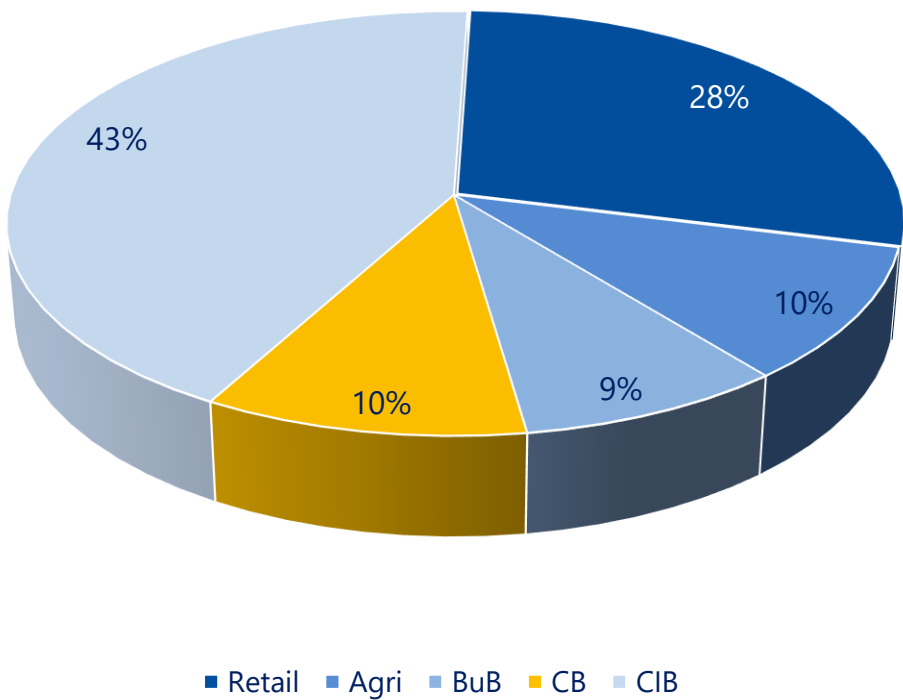
Wholesale Book



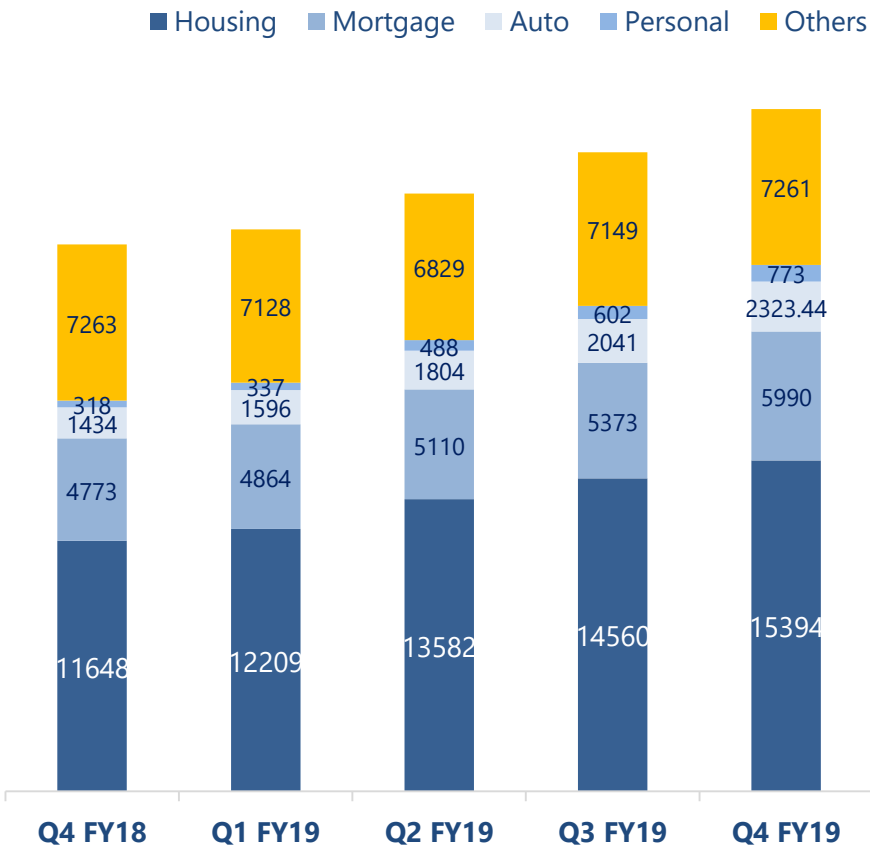


₹ in Cr

Total Loan Book



Retail Loan Book (Excl Agri & BuB)





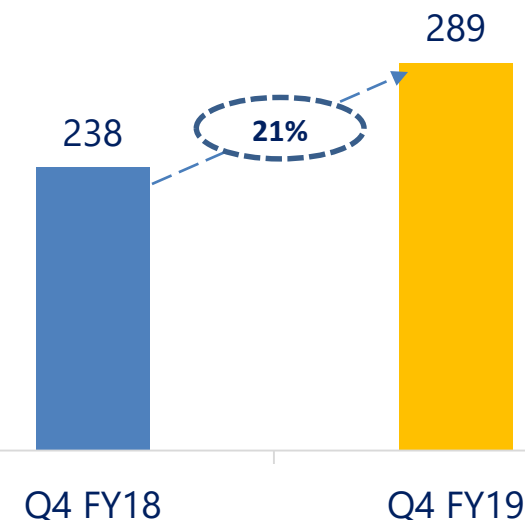
Fee Income/Other income

₹ in Cr

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

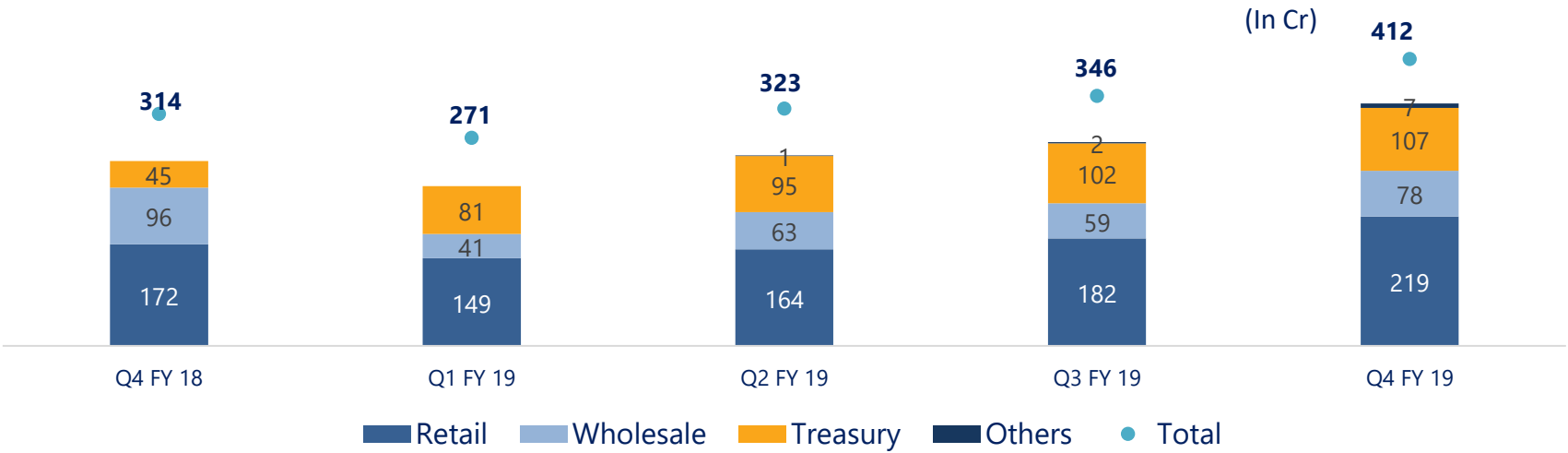
Loan Processing Fee	50	50	53	31	46	9%
Exchange, Commission, Brokerage & Other Fee Income	185	156	147	129	136	36%
Net Profit on Forex Transactions	54	74	61	47	56	-4%
Fee Income	289	279	261	208	238	21%
Profit on sale of securities	74	55	51	49	22	231%
Recovery from assets written off & Other Receipts	49	11	11	14	54	-9%
Total Other income	412	346	323	271	314	31%

Fee Income (Y-o-Y)



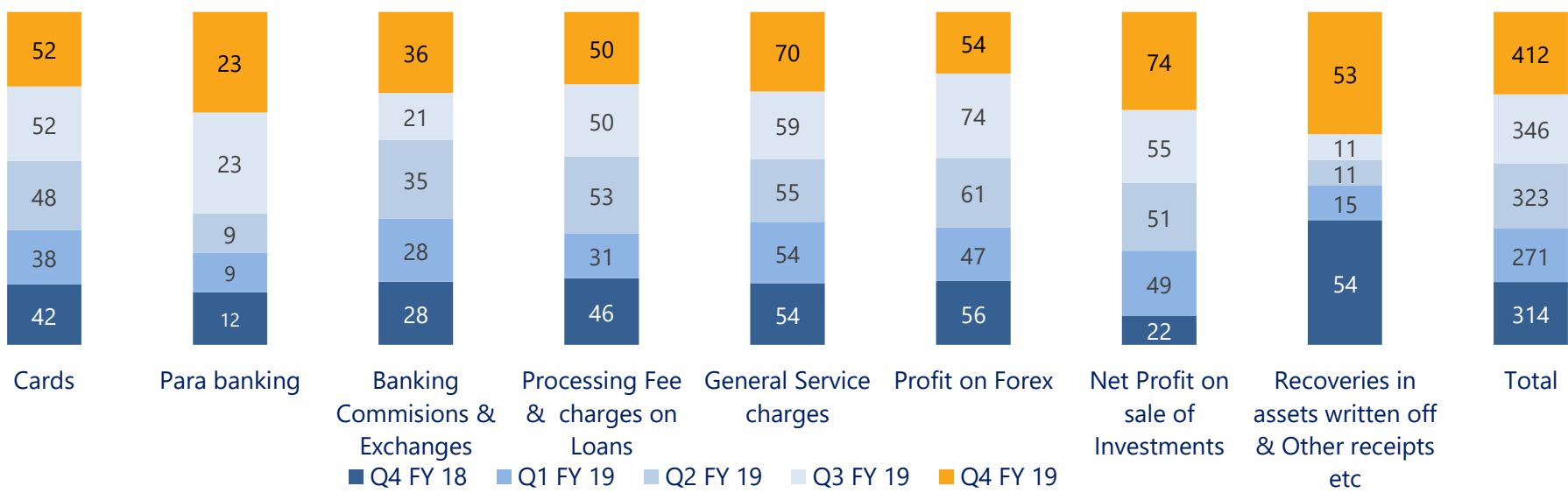


Fee Income Distribution : Vertical Wise



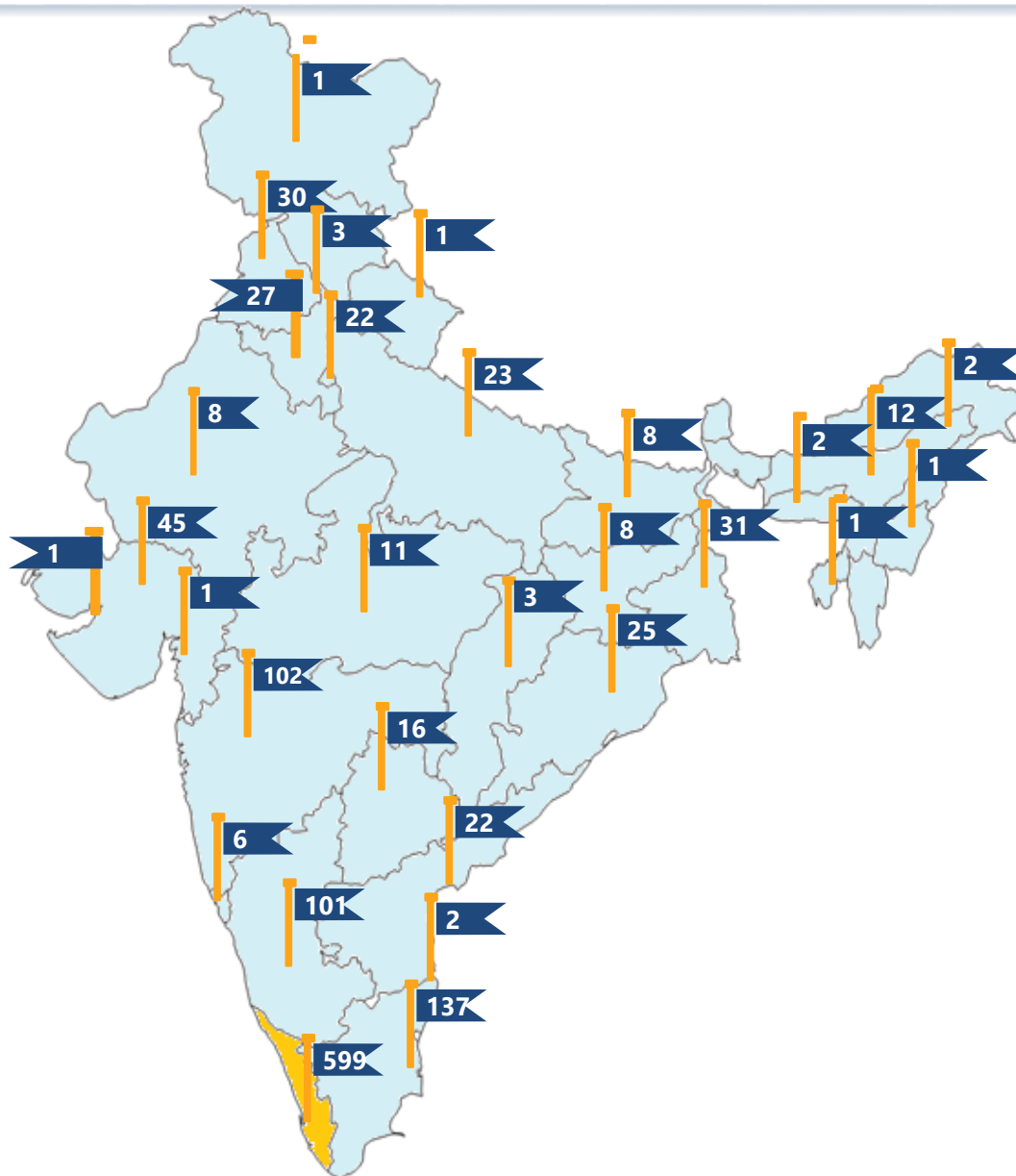
Fee Income Distribution : Item Wise

(In Cr)

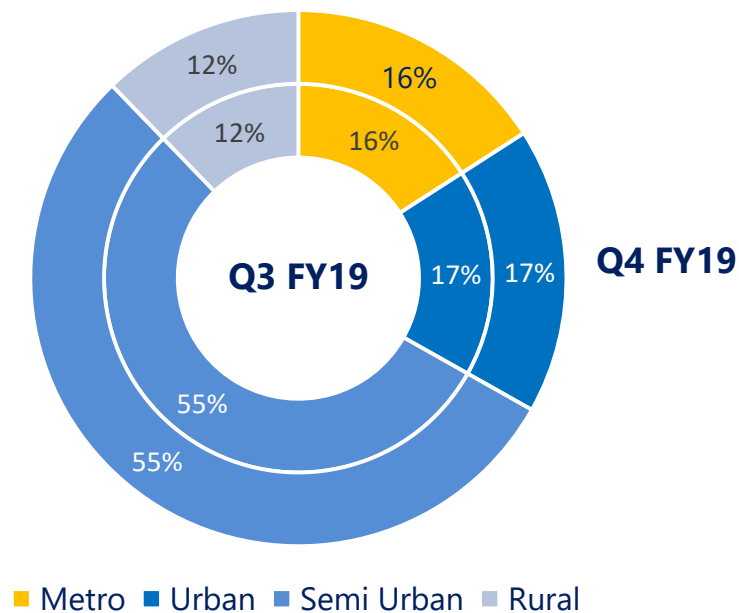




Distribution : Deriving Efficiency from Foot Print



	Q4 FY19	Q3 FY19	Q2 FY19
Branches	1251	1251	1252
ATMs	1669	1669	1683

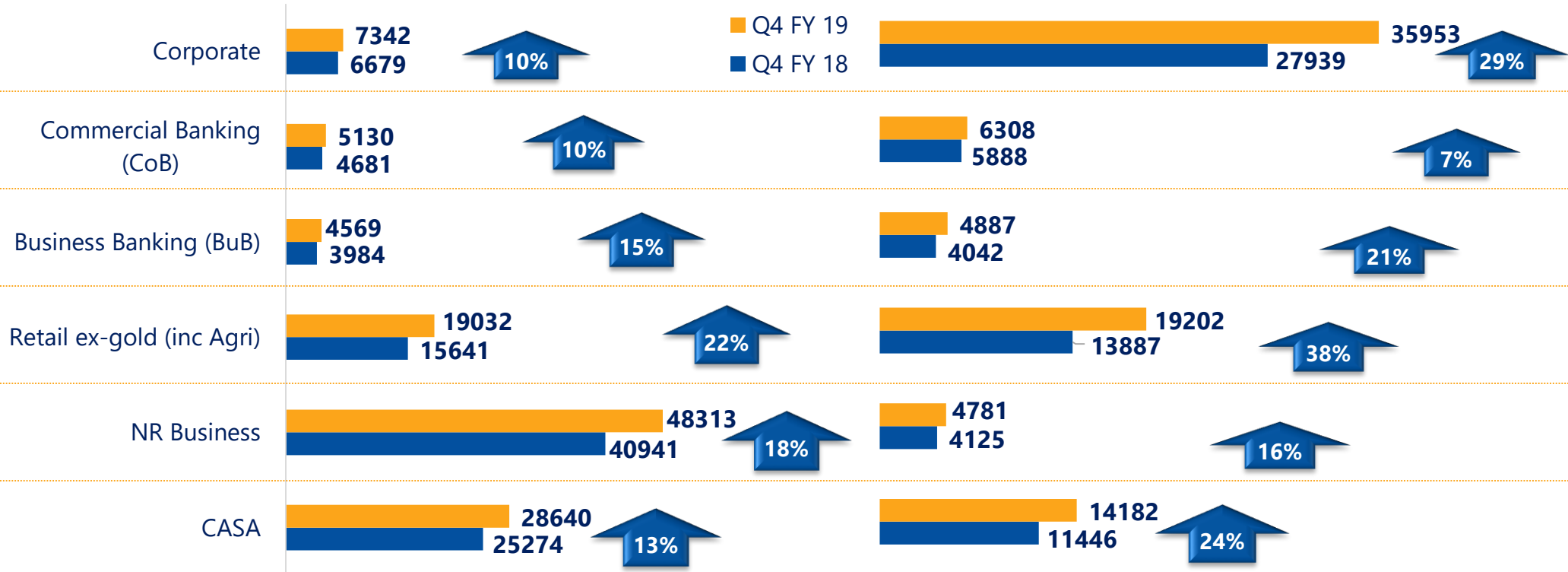




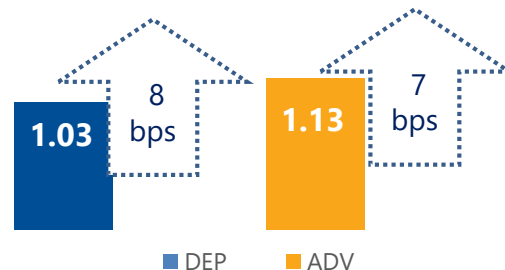
Kerala : Prominence to Dominance

Outside Kerala: Presence to Prominence

₹ in Cr



Bank's Market Share



Gain in Market Share(Y-o-Y)

Advance: Market Share improved by 7 bps
Deposit : Market Share improved by 8 bps



CRAR – How strong is your Bank?

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₹ in Cr

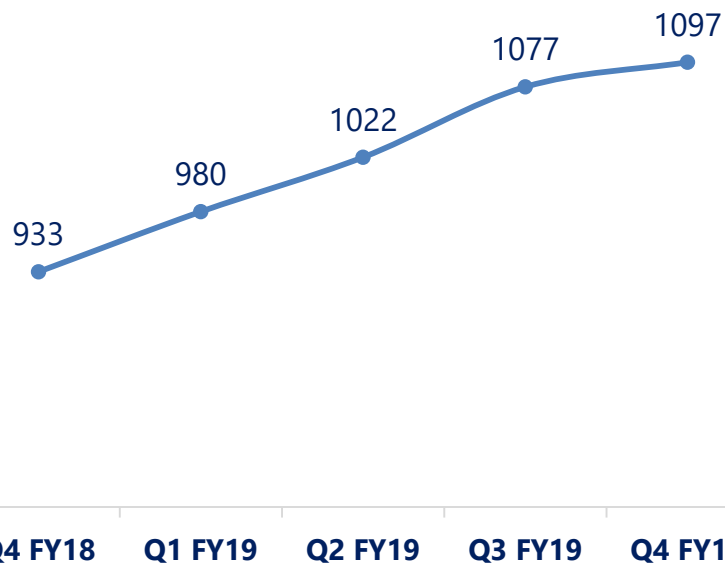
	Mar-19	Dec-18
Risk Weighted Assets		
Credit Risk	83112	84747
Market Risk	3327	2977
Operational Risk	7326	7326
Total RWA	93764	95049
Tier-1 Capital Funds	12546	11822
Tier-II Capital Funds	714	509
Total Capital Funds	13260	12332
CRAR	14.14%	12.97%
Tier-I	13.38%	12.44%
Tier-II	0.76%	0.53%



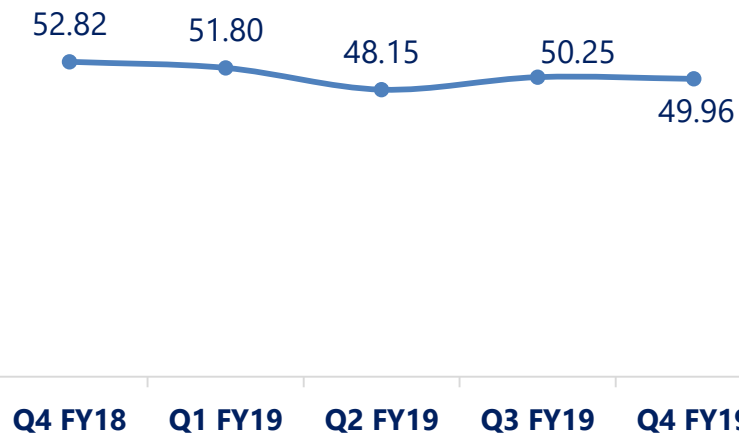
Annexures



NII Movement (in Cr)



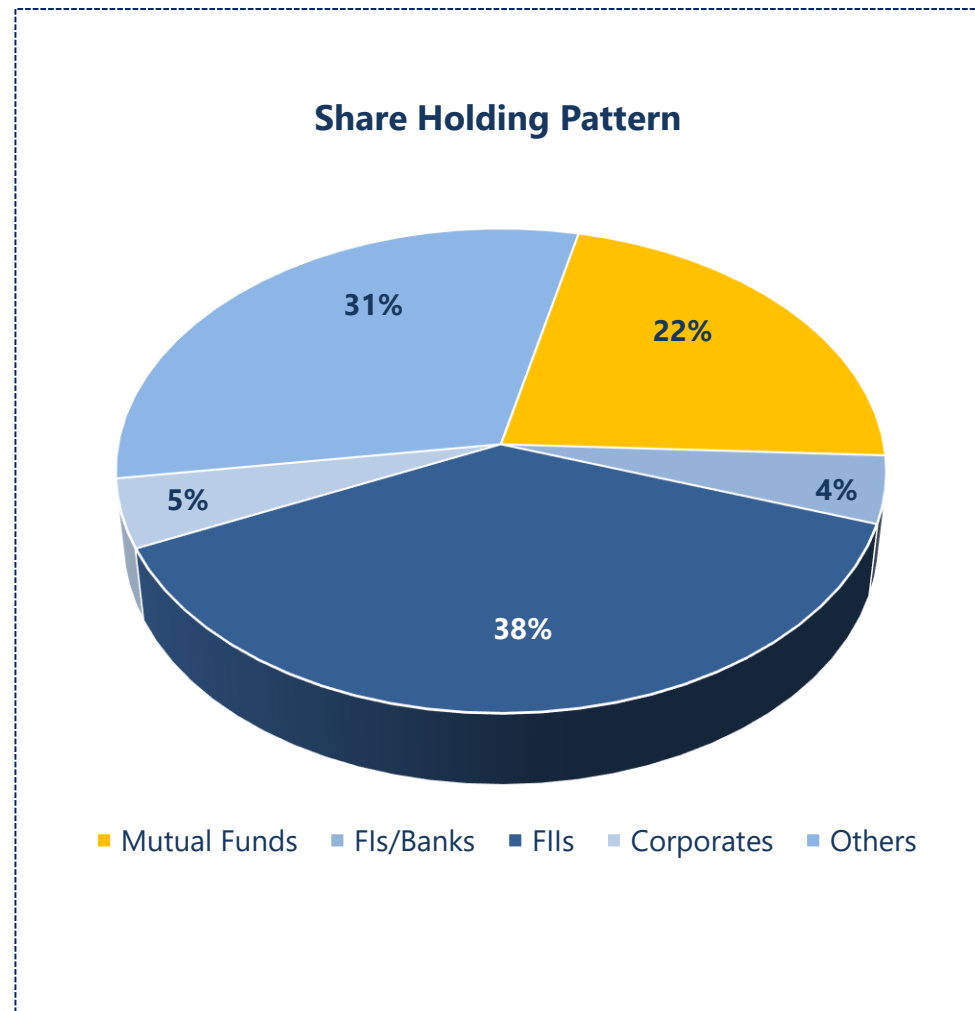
Cost to Income ratio (in %)





₹ in Cr

	Q4 FY19	Q4 FY18
LIABILITIES		
Capital	397	394
Reserves & Surplus	12876	11816
Deposits	134954	111992
Borrowings	7781	11534
Other Liabilities & Provisions	3331	2578
TOTAL	159340	138314
ASSETS		
Cash & Balance with RBI	6419	5133
Balances with Banks, Money at Call	3648	4071
Investments	31824	30781
Advances	110223	91957
Fixed Assets	472	457
Other Assets	6754	5915
TOTAL	159340	138314



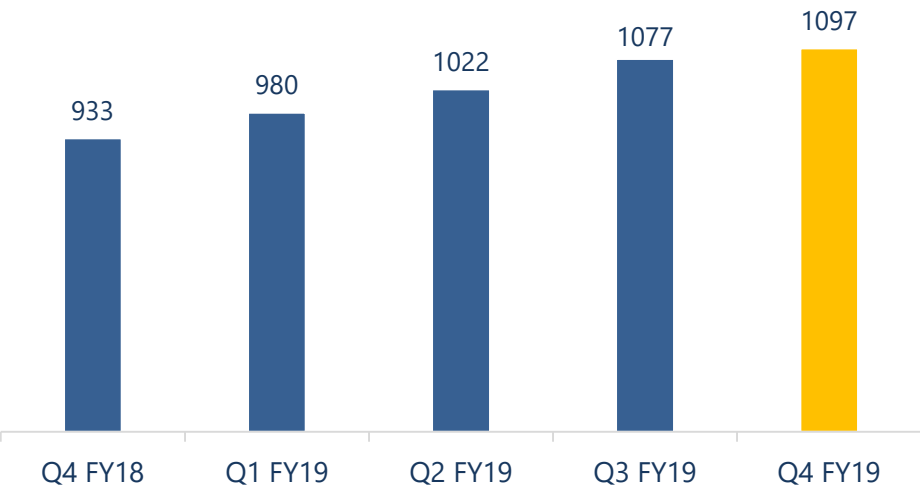


₹ in Cr

	Q4 FY19	Q3 FY19	Q-o-Q	Q4 FY18	Y-o-Y
Interest Income	3032	2954	3%	2548	19%
Interest Expenses	1936	1877	3%	1615	20%
Net Interest Income	1097	1077	2%	933	17%
Other Income	412	346	19%	314	31%
Total Income	3444	3300	4%	2862	20%
Total Expenditure	754	715	5%	659	14%
Operating Profit	755	708	7%	589	28%
Total Provisions	373	374	0%	444	-16%
Net Profit	382	334	14%	145	163%
Net Interest Margin (%)	3.17	3.17	0bps	3.11	6 bps
Cost to Income Ratio (%)	49.96	50.25	-29 bps	52.82	-286 bps

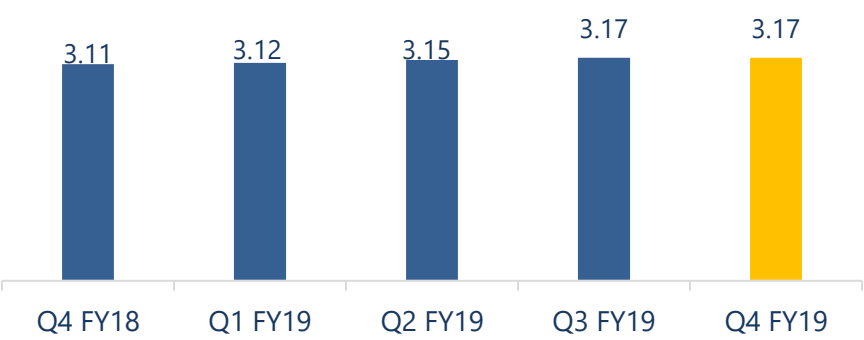


Net Interest Income

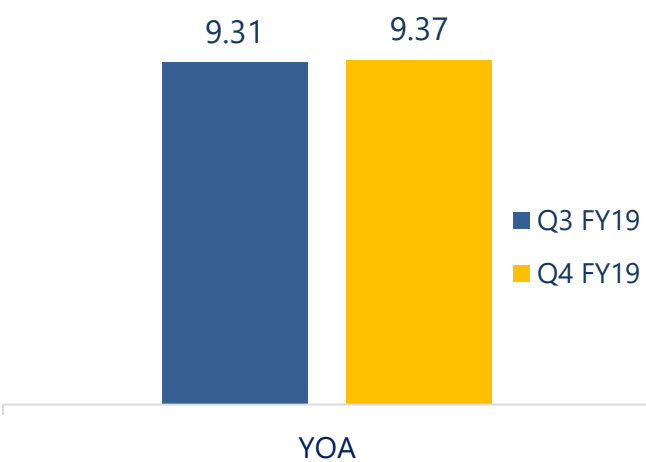


Net Interest Margin (%)

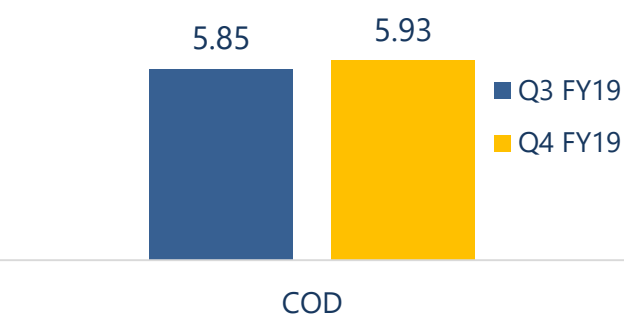
₹ in Cr



Yield on Advances

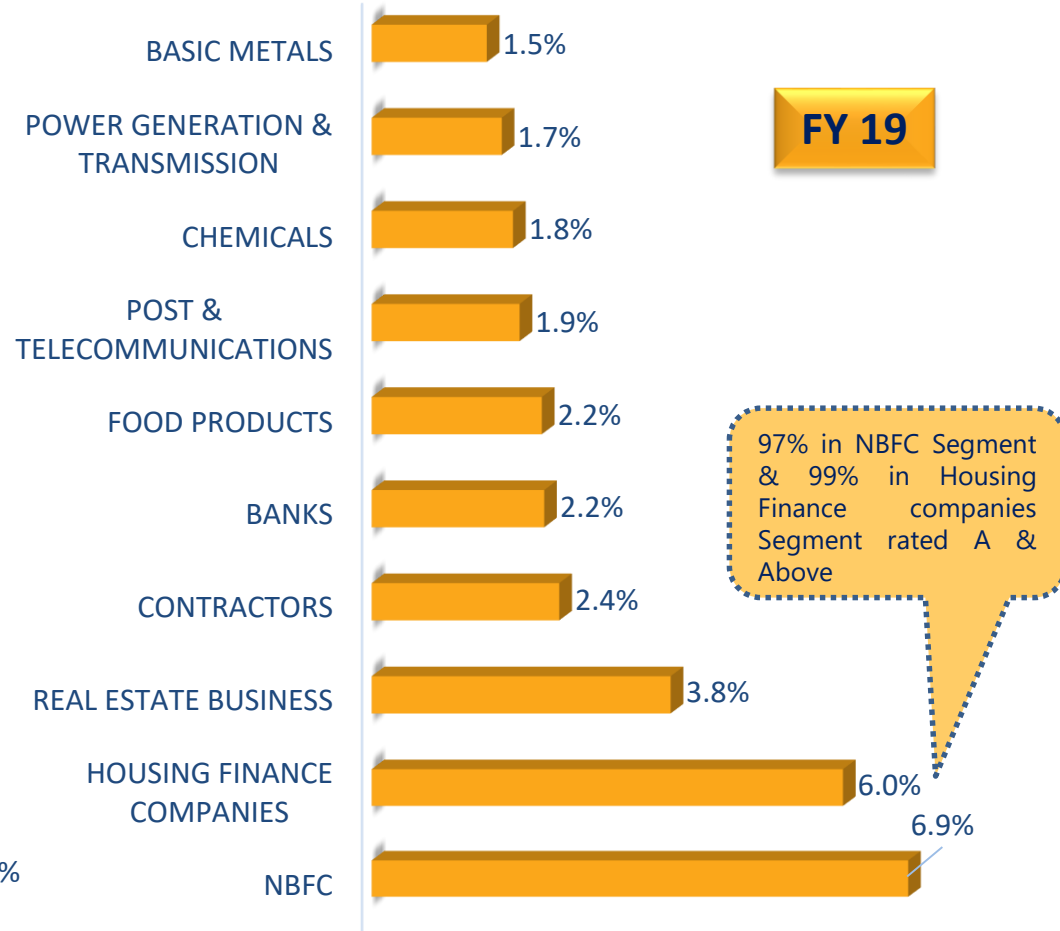
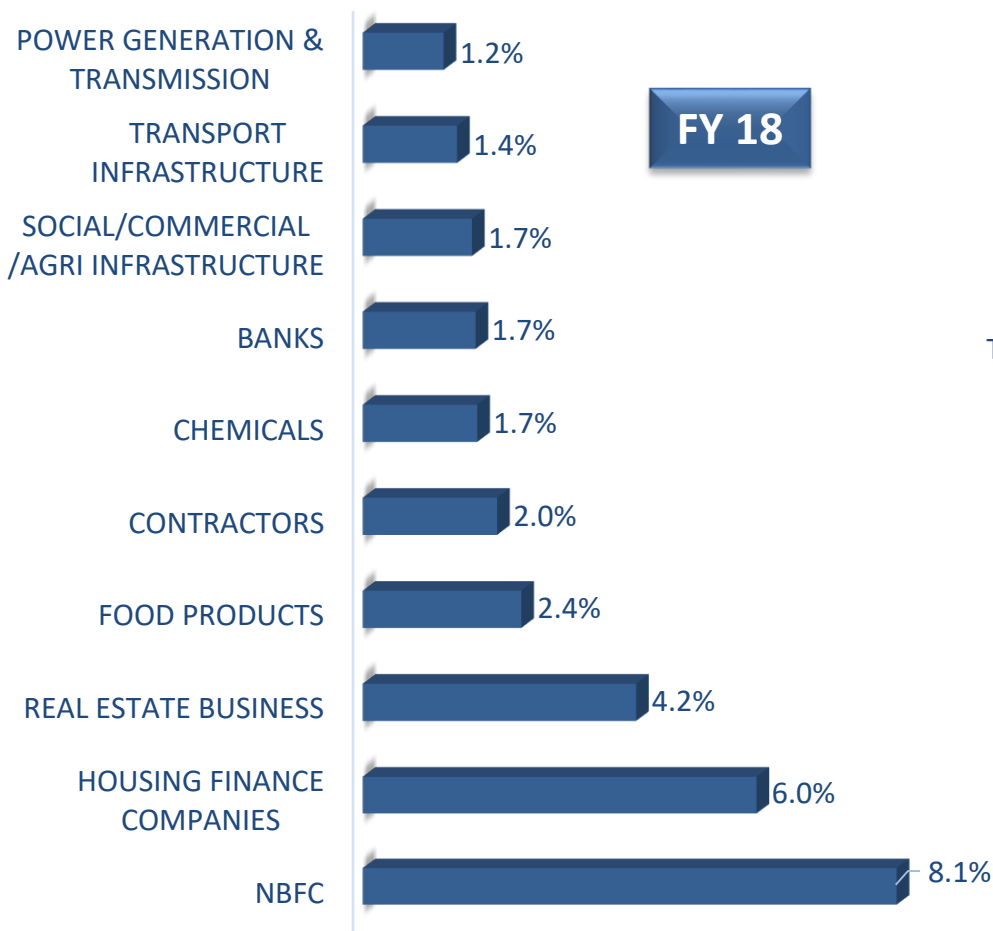


Cost of Deposits





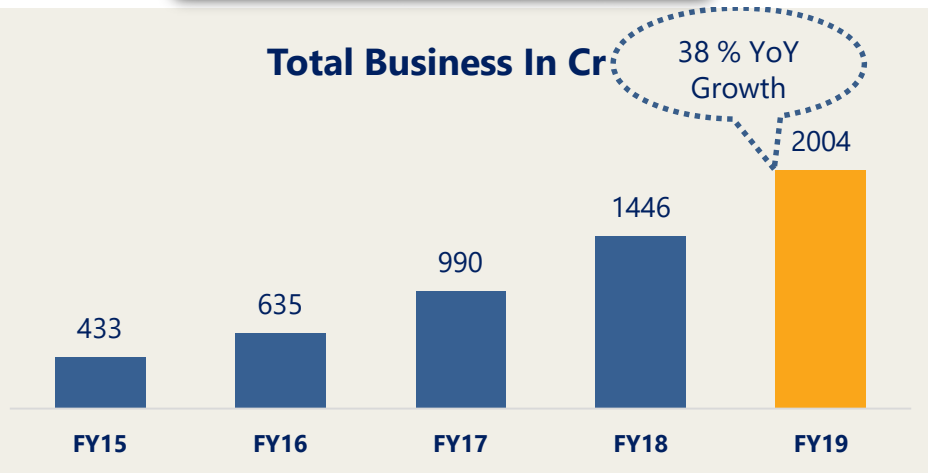
Top 10 Sector wise exposure as a % of Total Advance



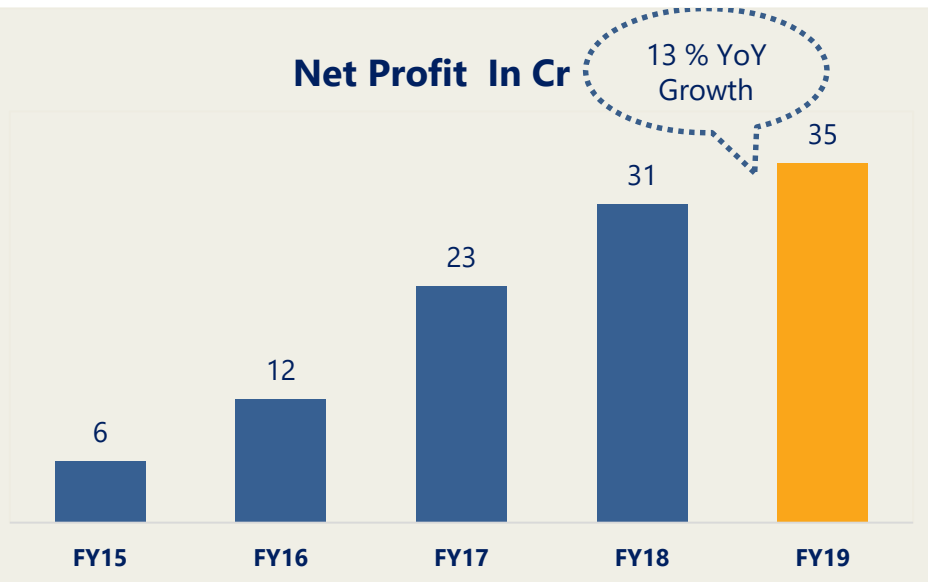


FEDFINA

Total Business In Cr



Net Profit In Cr



IDBI Federal Life Insurance

- 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
- Net Profit of 133Cr for FY19 grew by 32% YoY
- Maiden Dividend Recommended

Equirus

- Investment of 19.90% in Equirus Capital Private Ltd
- Providing Wealth Management advisory services and products for Banks HNI Segment Clients
- Net Profit of 4.10Cr for FY19.

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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Thank You