

Investor Information

The logo for Federal Bank is centered on a blue rectangular background. The text "FEDERAL BANK" is written in a large, bold, white sans-serif font. Below it, the tagline "YOUR PERFECT BANKING PARTNER" is written in a smaller, white sans-serif font. The blue rectangle is set against a background of horizontal stripes: a thick blue stripe above and below the rectangle, and a thinner orange stripe running through the middle of the blue stripes.

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q2 FY 2019

Robust Operating Momentum

Healthy Core Engine



Strong Operating Momentum

- Operating Profit grows 20% Y-o-Y
- Robust Growth across all Business Segments
- Highest ever NII @1022Cr

Granular Liability Franchise

- CASA growth rate (23%) outpaces deposit growth rate (22%).
- NR Deposit grows 22%
- Current Account grows materially 30%Y-o-Y

Market Share

- Market Share in Advances reaches 1.12% up by 11bps Y-o-Y
- Market Share in Deposits reaches 1% up by 11bps Y-o-Y

Digital Initiatives

- Among the 1st 4 Banks chosen by Google for its digital credit offering
- FedeBiz – a DIY facility for Trade and Transaction Banking launched for Commercial and Corporate Clients

Robust and Organic Credit Growth

- Advances grow 26% Y-o-Y.
- Personal Loans clock 85% growth YoY
- Housing Loan and Personal Loan clock highest ever quarterly growth.

Asset Quality

- Credit Cost contained at 64 bps.
- Slippages on acct of Kerala Floods along guided lines
- Total stressed Book maintained at 2.01% of total assets.

Materially Improved Income and Cost Streams

- Core Fee Income increases by 33%
- Cost to Income limited to 48.15% down by 365 bps Q-o-Q

Balance Sheet and Capital

- Balance Sheet grows by 19% Y-o-Y (Rs.1.44L Cr)
- Total business grows by 23% Y-o-Y (Rs.2.20L Cr)
- CRAR at 13.29 %



Business initiatives To Sharpen high Quality Growth

Corporate & Institutional Banking

- Continued thrust on New Geographies – new markets penetrated.
- New client acquisition continued with sharp focus on manufacturing entities

Commercial Banking

- Strengthened the RM force for deeper penetration in different markets.
- Technology enablers in place for new client acquisition focussing on Supply Chain financing
- Continuous churning of portfolio to maintain the quality of the Book (nearly Rs.700Cr exited/limit-reduced)

Business Banking and Rural & Micro Banking

- First bank to be enrolled as a Professional Clearing Member in all three major commodity exchanges (MCX, NCDEX, NMCE(ICEX).
- Introduced first of its kind, app based door step Gold loan facility in association with Fintech partner
- Successfully piloted a JLG lending model in association with a BC Fintech partner based on block-chain technology.

Retail Business

- Tailormade Current Account Products for Co-operative sector/RERA escrow accounts/SPV accts etc
- Presence on E-Commerce space at regular intervals with offers on shopping, travel, dining, entertainment etc to enhance brand association.
- Regulator's Approval received for Truenorth Investment in Fedfina – Investment will support broadening the playing field for Fedfina

Government Business & Treasury

- Empanelled in 13 states, catering to 156 government entities & select PSUs in meeting their Banking needs.
- Risk Management Solutions pushed extensively under extreme market volatility & Derivatives capability added that will bolster customer offering.



Performance Highlights Y-o-Y

Retail (inc Agri)	21%	↑	NII	14%	↑
SME Advance Business banking	17% 22%	↑	Core Fee Income	33%	↑
Corporate Business	34%	↑	Operating Profit	20%	↑
Total Advance	26%	↑	NIM	@3.15%	
CASA CA	23% 30%	↑	Cost to Income Ratio GNPA	@48.15% @3.11%	
Retail Deposit	19%	↑	Capital Adequacy (CRAR)	13.29%	
			Provision Coverage Ratio	63.37%	

Advances

RETAIL

Retail+Agri

21%

31409→37989

Business Banking (BuB)#

22%

7072→8614

WHOLESALE

Commercial Banking(CoB) # CIB

13%

9623→10909

34%

33392→44788

Total Advances

26%

81497→102300

Deposits

CASA

23%

32199→39457

CASA Ratio

26
bps

33.12→33.39

NRE Deposits

22%

38256→46787

Retail Deposits

19%

94313→111918

Performance

Net Interest Income

14%

899→1022

Core Fee Income

33%

195→261

Operating Profit

20%

583→698

Net Profit

1%

264→266

Cost Income ratio

-268
bps

50.83→48.15

Gross NPA%

72
bps

2.39→3.11

Net NPA%

46
bps

1.32→1.78

Profit Per Employee

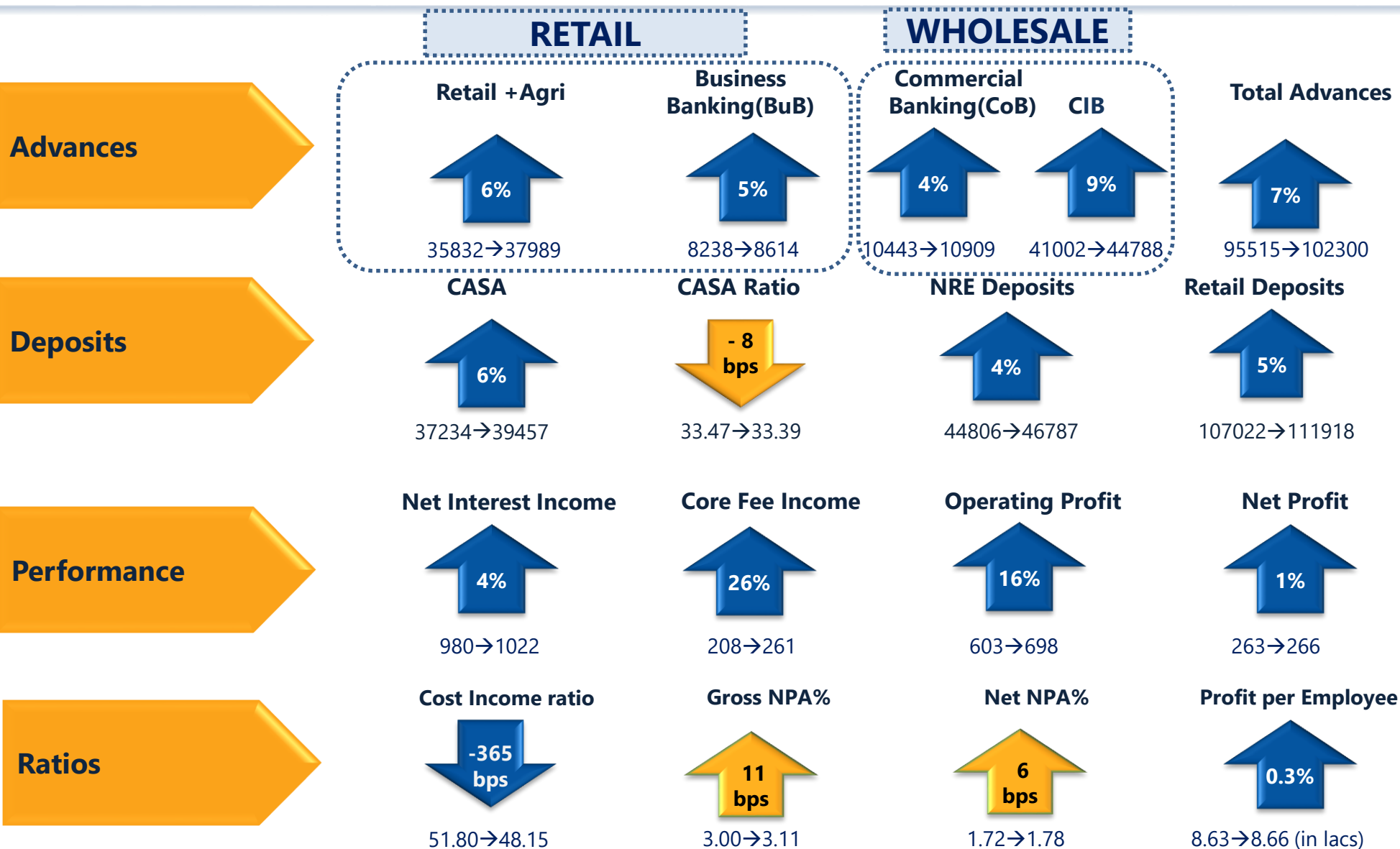
-3%

8.96→8.66(in Lacs)

Ratios

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

#SME split into BuB & CoB



Shareholder Value

Book Value
(Per Share in ₹)

Q2 FY19

62.81

Q1 FY19

62.62

Q4 FY18

61.55

Q3 FY18

60.80

Q2 FY18

59.59

EPS

(annualized)

5.33

5.32

2.98

5.32

5.35

Granularity

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

89%

91%

88%

92%

90%

Profitability
(Annualized)

ROA

0.76

0.79

0.46

0.87

0.94

RoRWA

1.24

1.37

0.77

1.40

1.45

ROE

8.50

8.61

4.88

8.74

9.02

Efficiency

Cost/Income

48.15

51.80

52.82

52.37

50.83

Net NPA%

1.78

1.72

1.69

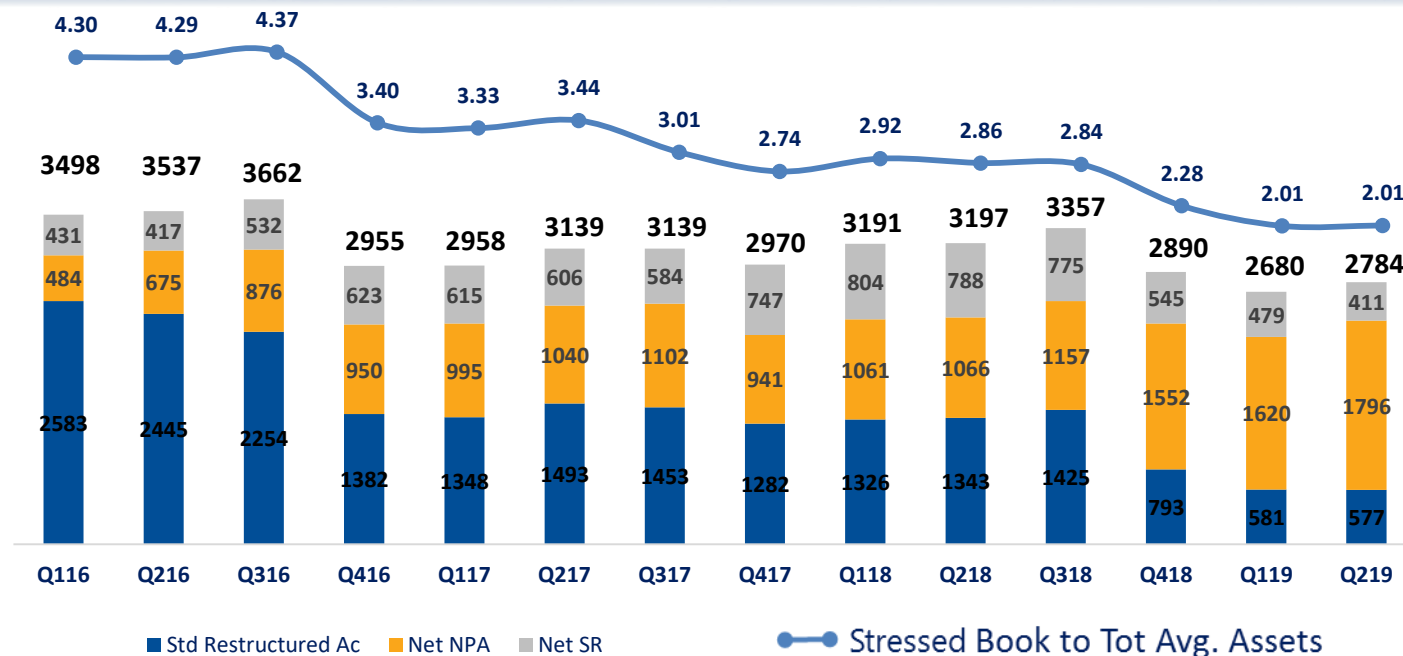
1.36

1.32

Total Stressed Book at 2784Cr. Maintained at 2.01% of Total Assets.

Credit Cost of the Bank improved to 64 bps which is well within the guided lines.

Net Security Receipts portfolio down to 411Cr



Movement of NPA

Amt in Rs.Cr.

Gross NPA as on 30.06.2018	2869
Add Fresh Slippage	477
Add Increase in Balances in Existing NPAs	5
Deduct Recoveries/ Upgrades	-155
Deduct Written Off	-11
Deduct Sale to ARCs	0
Gross NPA as on 30.09.2018	3185



Fresh Slippages Break up

Fresh Slippages

	Q2 FY19	Q1 FY19	Q4 FY18	Q3 FY18	Q2 FY18
Retail	120	109	70	150	106
Agri	65	54	56	42	51
SME	169	90	142	122	107
BuB	94	39			
CoB	75	51			
Corporate	123	207	604	98	20
Total	477	461	872	411	284

Restructured

TYPE	Q2 FY19		Q1 FY19	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	577	84	581	81
Gross NPA	705	72	656	75
Net NPA	577	72	563	75
TOTAL	1154	156	1144	156

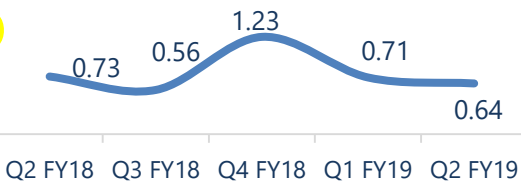
NPA Composition

		Q2 FY19	Q1 FY19
Business	NPA	NPA	
Gross NPA	Retail	625	595
	Agri	367	325
	SME	1213	1062
	BuB	531	441
	CoB	682	621
	Corporate	979	887
	Total	3185	2869
Net NPA		1796	1620

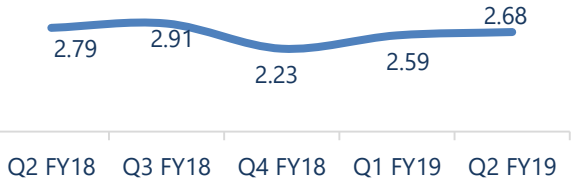
Security Receipts

	Q2 FY19	Q1 FY19
Face Value	723	758
Book Value	630	649

Credit Cost

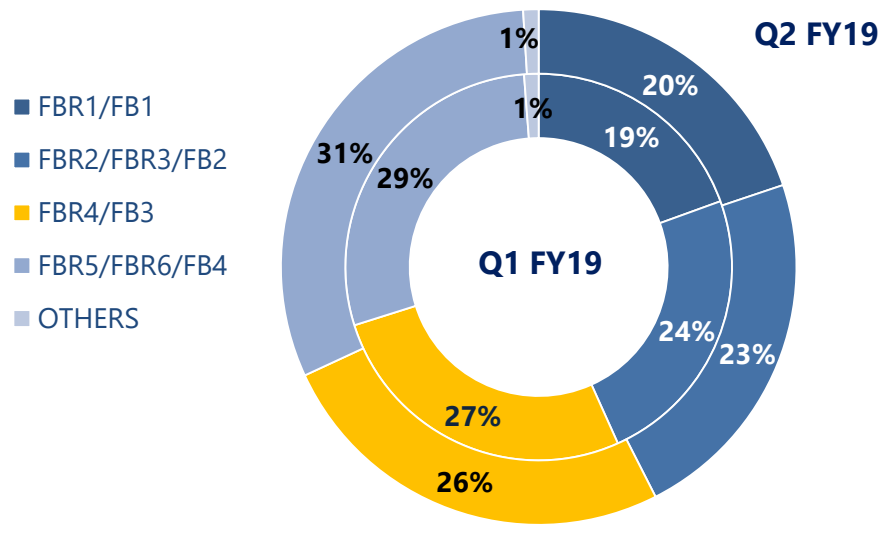
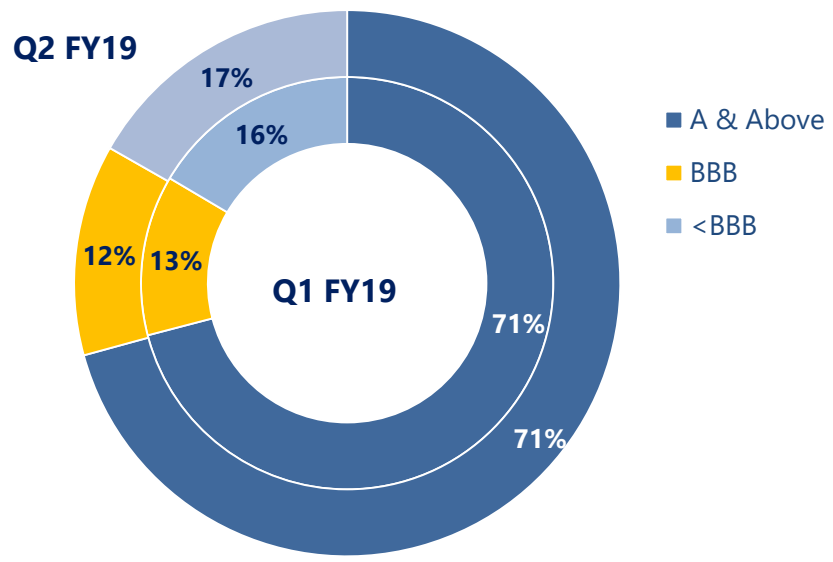


Risk Adjusted NIM





Risk Rating



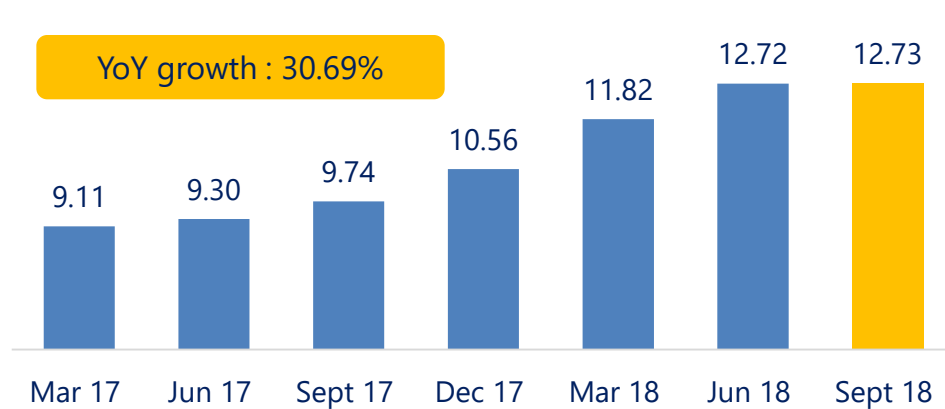
Wholesale Assets

Rating	Q2 FY-19	Q1 FY-19
A & above	71%	71%
BBB	12%	13%
< BBB	17%	16%

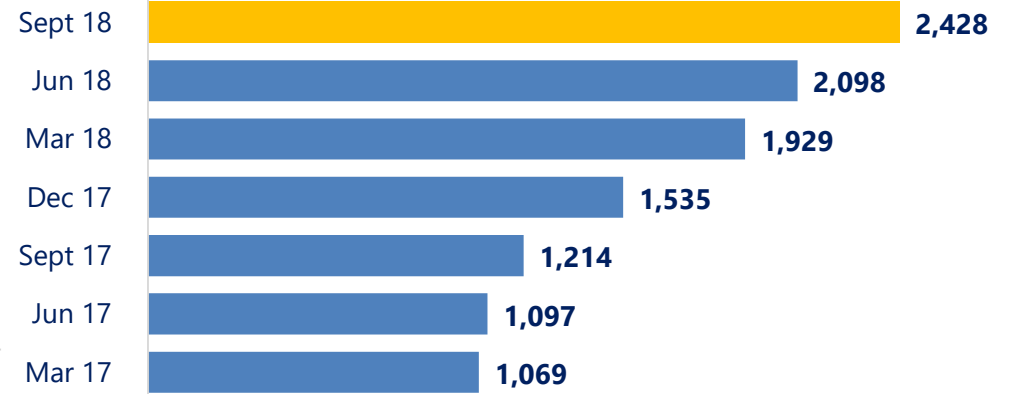
Other Assets

Rating	Q2 FY-19	Q1 FY-19
FBR1 FB1	20%	19%
FBR2/FBR3 FB2	23%	24%
FBR4 FB3	26%	27%
FBR5/FBR6 FB4	31%	29%
Others	1%	1%

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

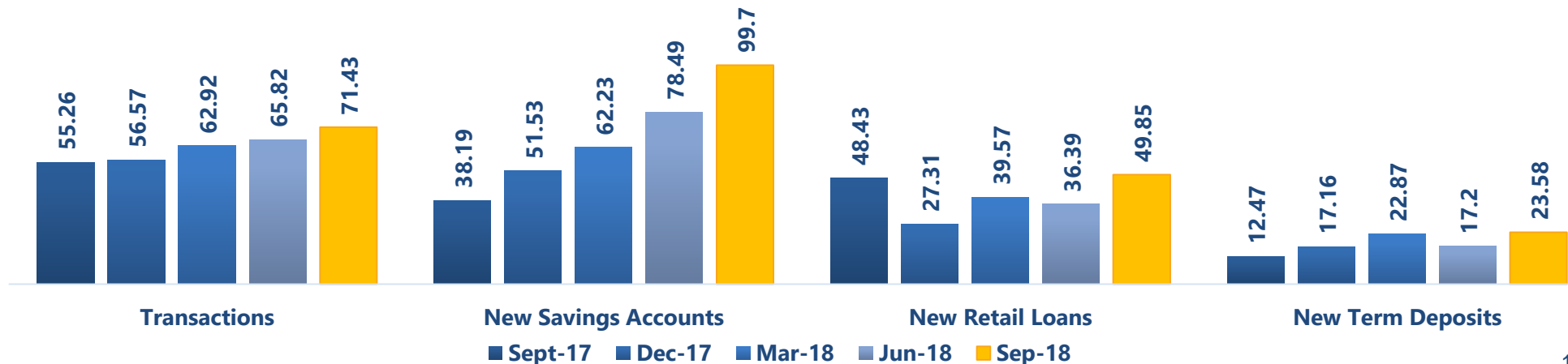


FedMobile Transaction Volume (Per month in Cr)



Digital share

71.4% Digital Transactions → 99.7% New Savings Accounts → 49.9% of New Retail Personal Loans → 23.6% of New Term Deposits





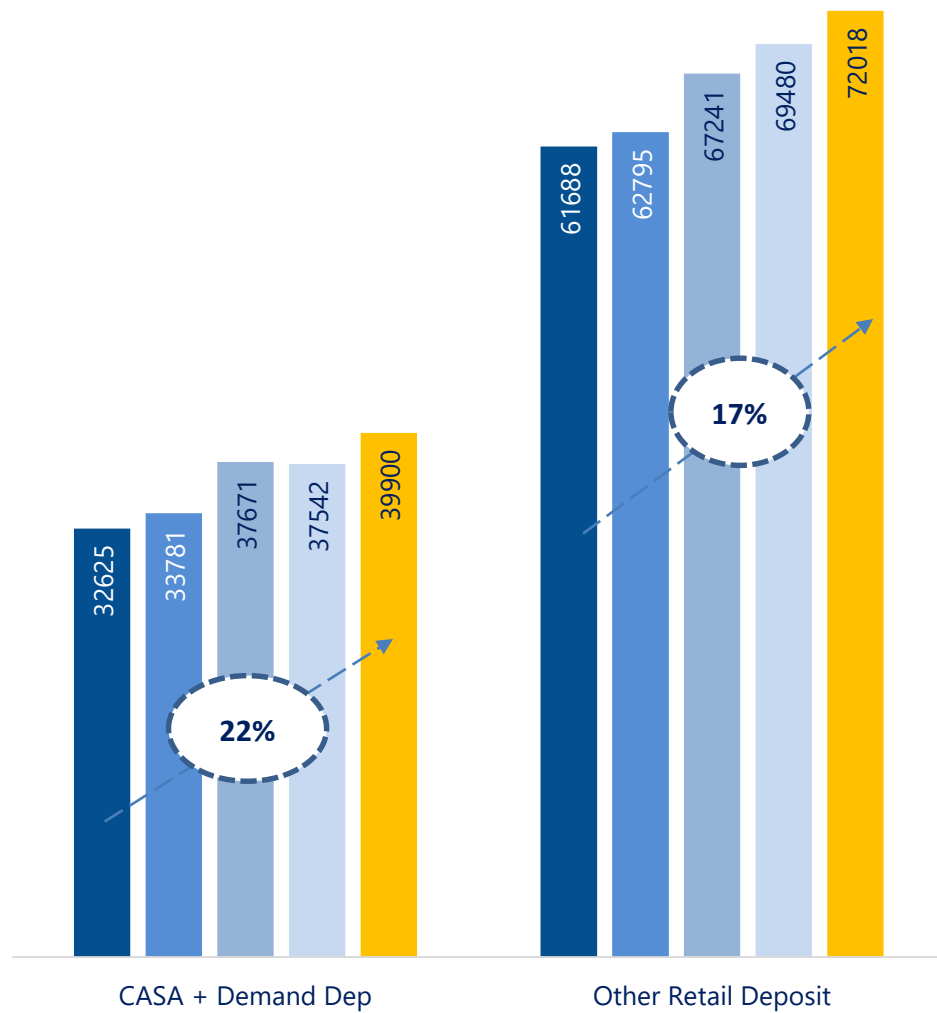
Business Parameters



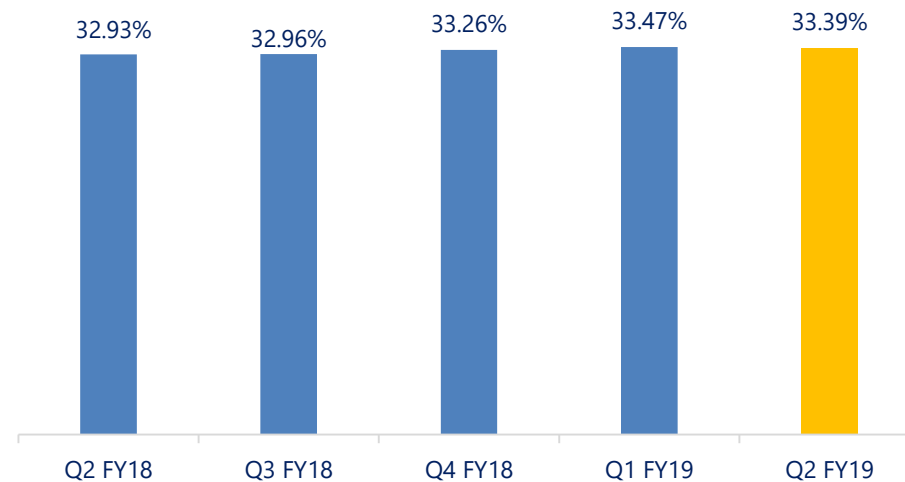
Liability : Trends

₹ in Cr

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



CASA Ratio



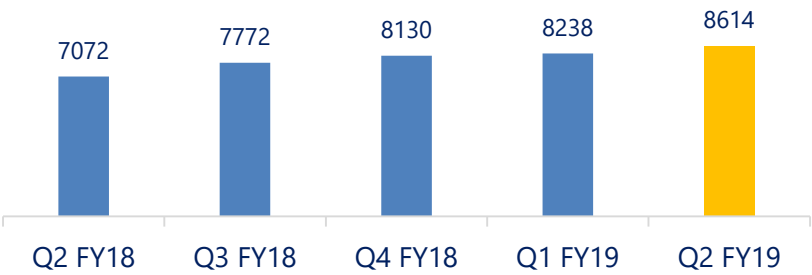


₹ in Cr

RETAIL

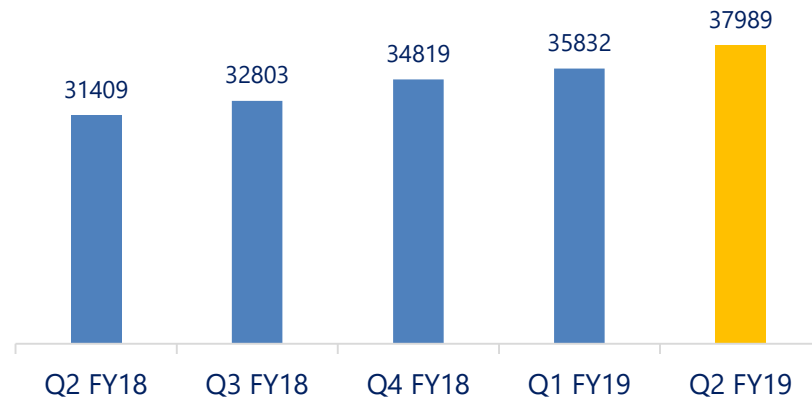
Business banking

Y-o-Y growth : 22%
Q-o-Q growth: 5 %



Retail (Including Agri)

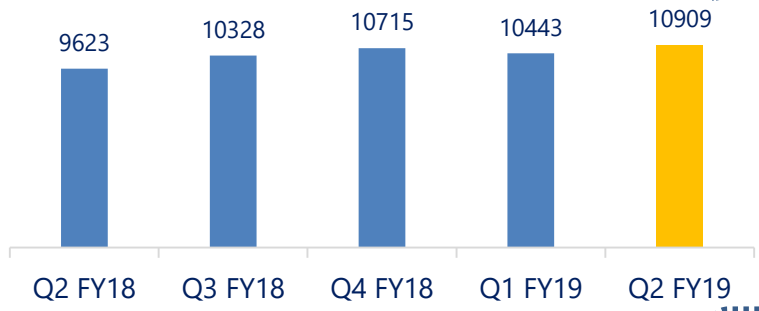
Y-o-Y growth : 21%
Q-o-Q growth: 6 %



WHOLESALE

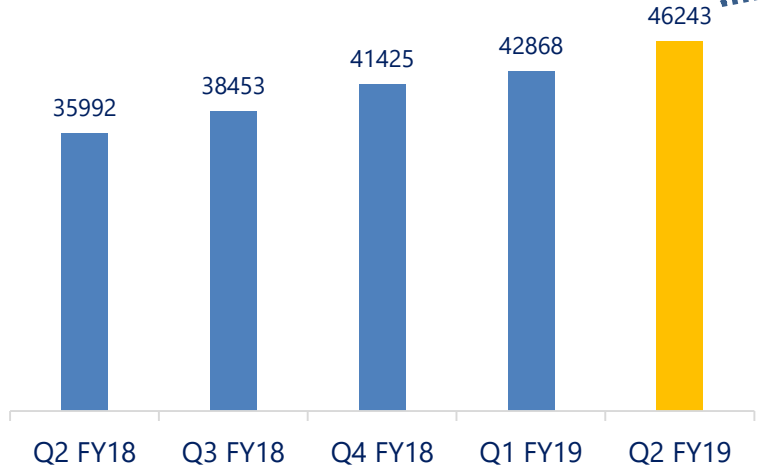
Commercial Banking

Y-o-Y growth : 13 %
Q-o-Q growth: 4 %



Corporate*

Y-o-Y growth : 28%*
Q-o-Q growth: 8 %*

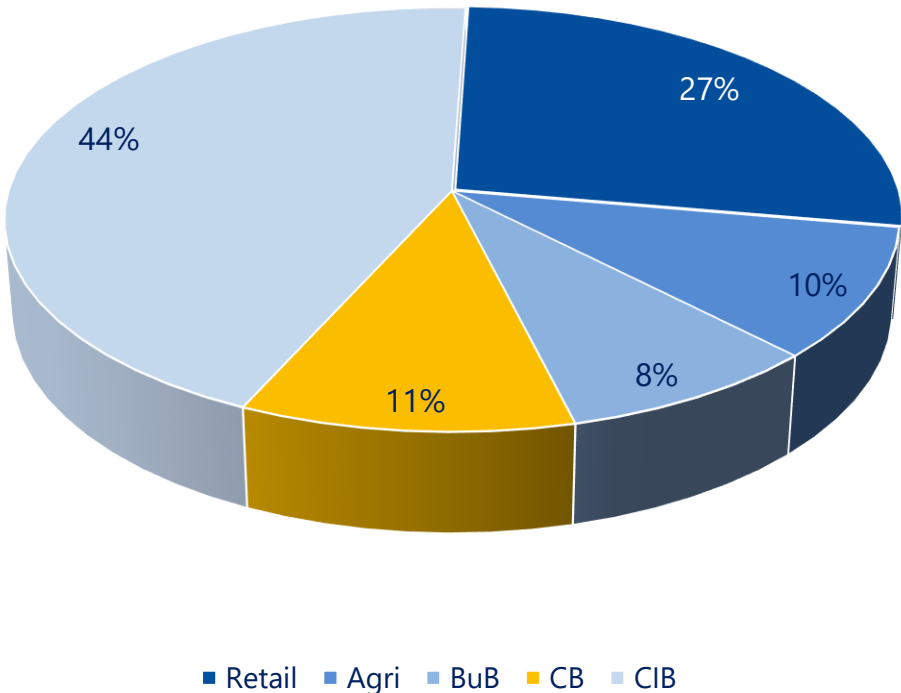


(*Aggregate customer exposure incl credit substitute)₁₄

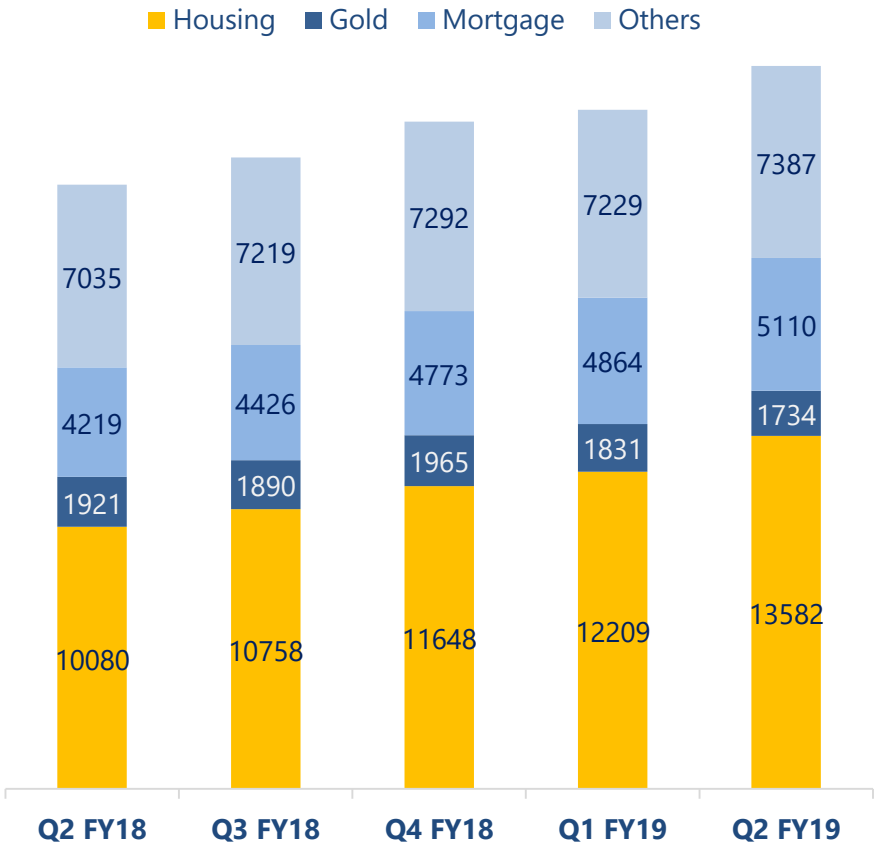


₹ in Cr

Total Loan Book



Retail Loan Book (Excl Agri)





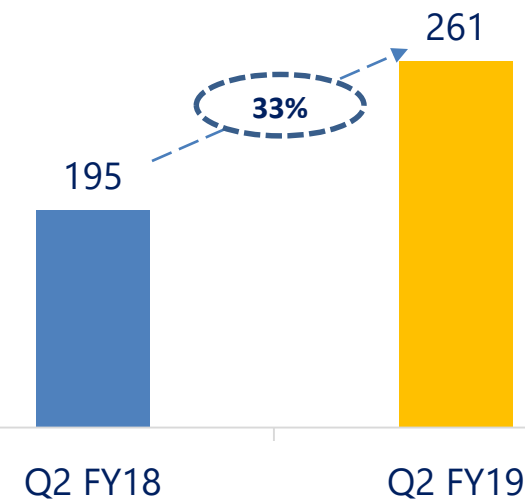
Fee Income/Other income

₹ in Cr

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

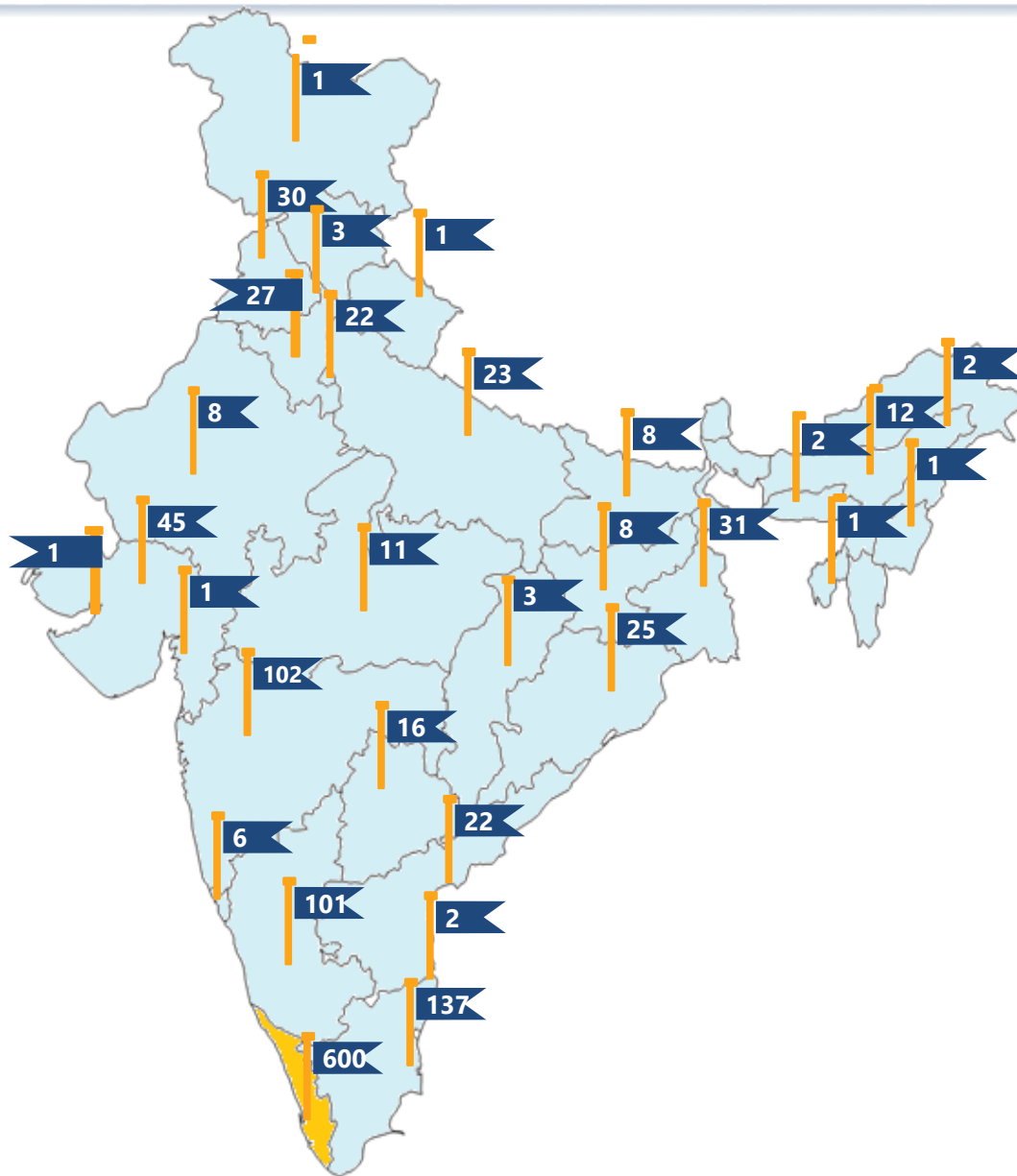
Loan Processing Fee	53	31	46	34	35
Exchange, Commission, Brokerage & Other Fee Income	147	129	136	120	119
Net Profit on Forex Transactions	61	47	56	39	41
Fee Income	261	208	238	193	195
Profit on sale of securities	51	49	22	29	75
Recovery from assets written off & Other Receipts	11	14	54	7	17
Total Other income	323	271	314	229	287

Fee Income (Y-o-Y)

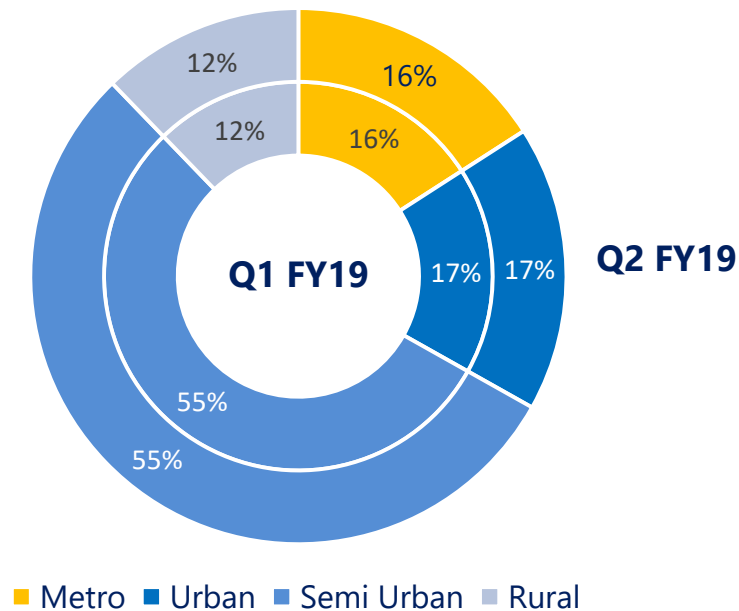




Distribution : Deriving Efficiency from Foot Print



	Q2 FY19	Q1 FY19	Q4 FY18
Branches	1252	1252	1252
ATMs	1683	1684	1696

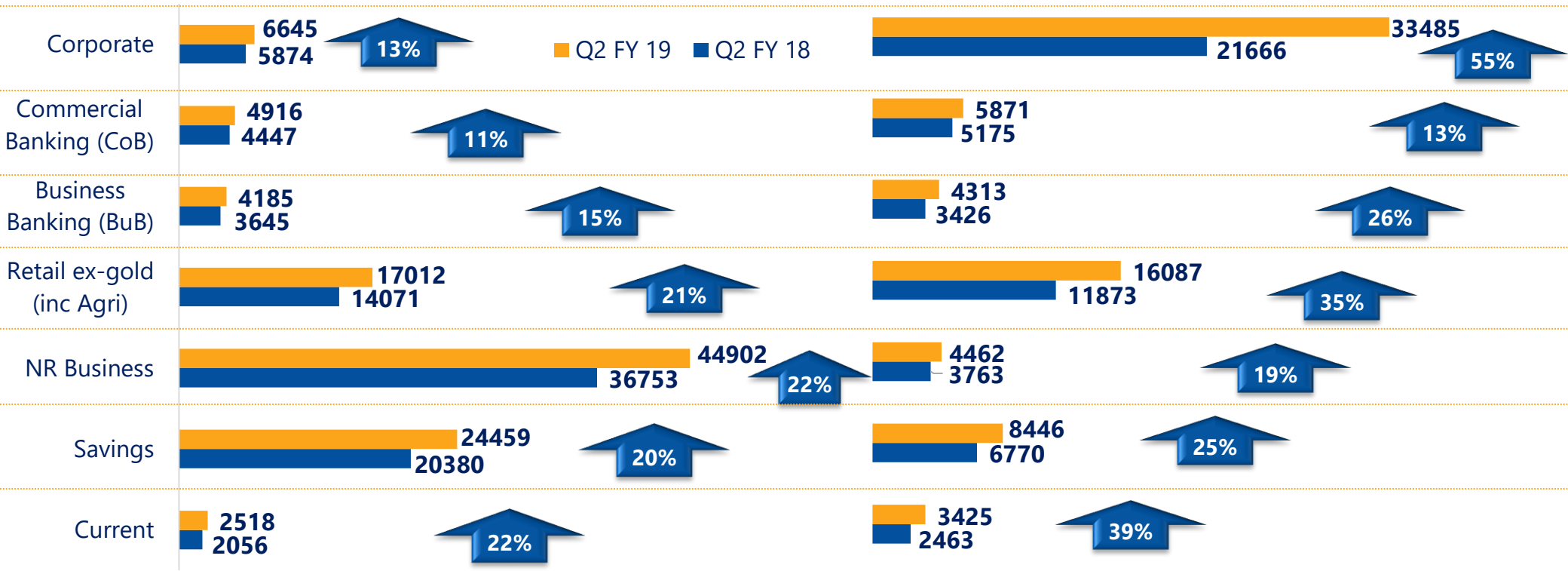




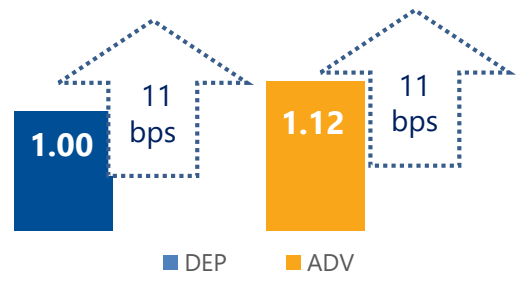
₹ in Cr

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 11bps



CRAR – How strong is your Bank?

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₹ in Cr

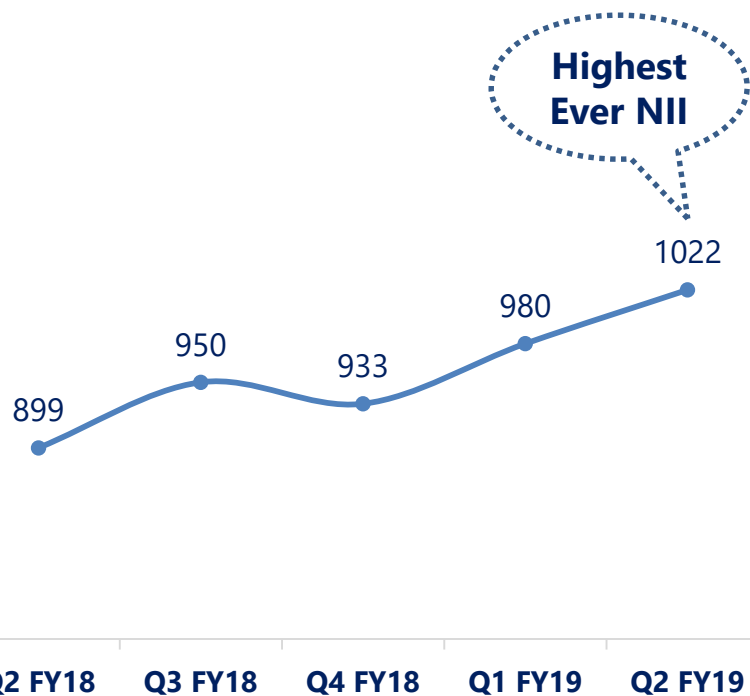
	Sep-18	Jun-18
Risk Weighted Assets		
Credit Risk	81987	73755
Market Risk	3058	3151
Operational Risk	7325	7325
Total RWA	92370	84232
Tier-1 Capital Funds	11815	11801
Tier-II Capital Funds	459	414
Total Capital Funds	12274	12216
CRAR	13.29%	14.50%
Tier-I	12.79%	14.01%
Tier-II	0.50%	0.49%



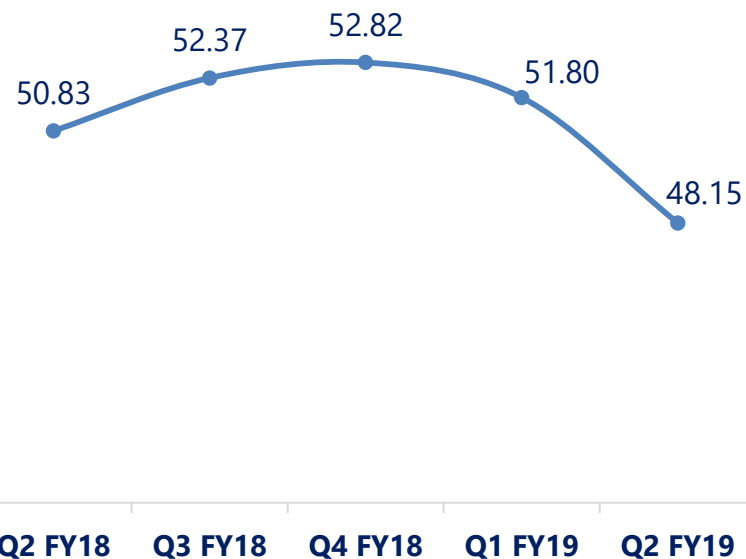
Annexures



NII Movement (in Cr)



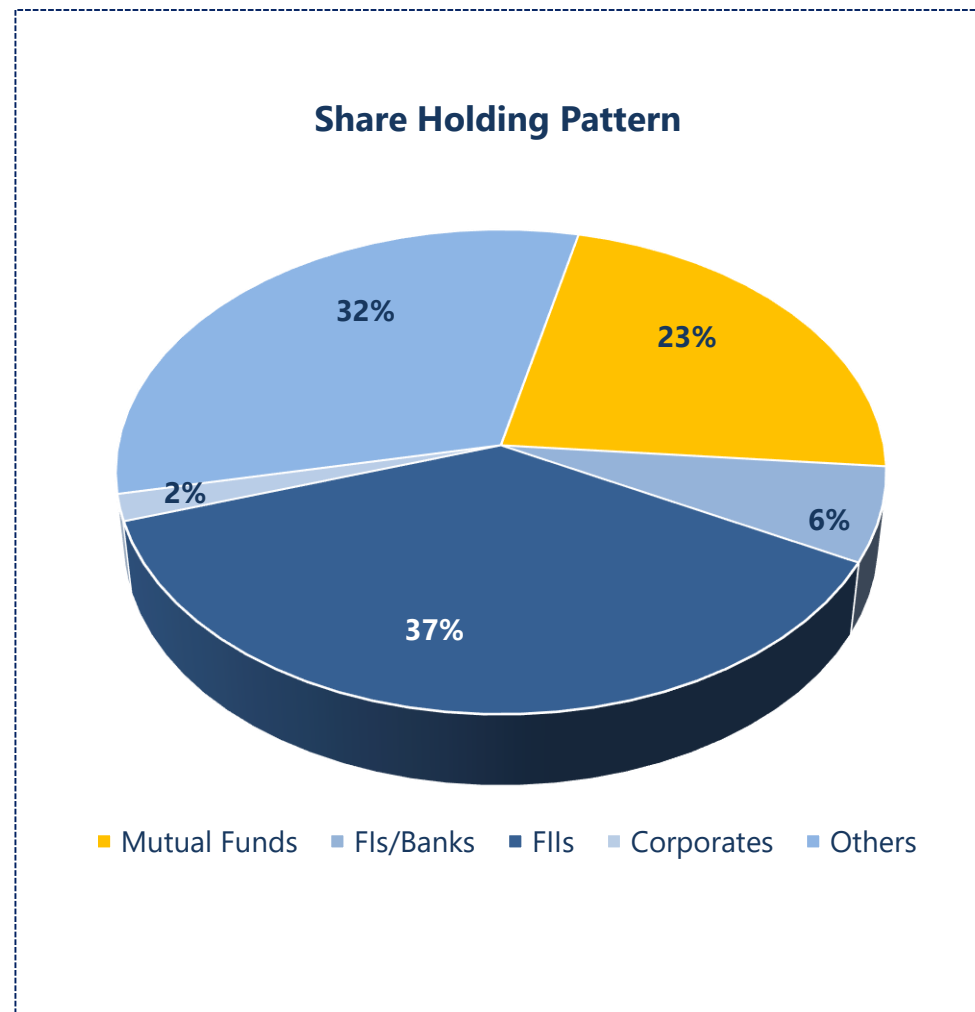
Cost to Income ratio (in %)





₹ in Cr

	Q2 FY19	Q2 FY18
LIABILITIES		
Capital	396	391
Reserves & Surplus	12145	11342
Deposits	118182	97211
Borrowings	8873	8733
Other Liabilities & Provisions	4812	4081
TOTAL	144409	121758
Cash & Balance with RBI	5718	4726
Balances with Banks, Money at Call	2429	4049
Investments	28214	26318
Advances	100941	80646
Fixed Assets	457	472
Other Assets	6649	5547
TOTAL	144409	121758



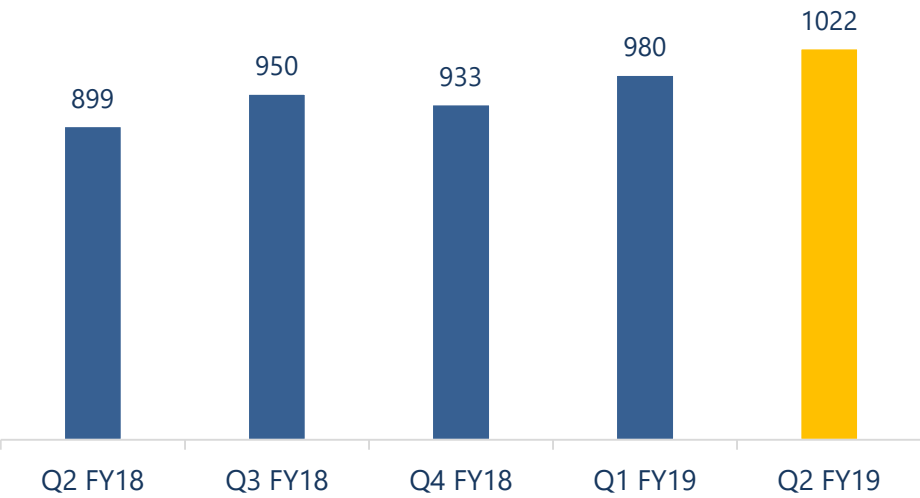


₹ in Cr

	Q2 FY19	Q1 FY19	Q-o-Q	Q2 FY18	Y-o-Y
Interest Income	2765	2667	4%	2380	16%
Interest Expenses	1742	1687	3%	1481	18%
Net Interest Income	1022	980	4%	899	14%
Other Income	323	271	19%	287	12%
Total Income	3088	2938	5%	2667	16%
Total Expenditure	648	648	0%	603	7%
Operating Profit	698	603	16%	583	20%
Total Provisions	432	340	27%	320	35%
Net Profit	266	263	1%	264	1%
Net Interest Margin (%)	3.15	3.12	3bps	3.31	-16 bps
Cost to Income Ratio (%)	48.15	51.80	-365 bps	50.83	-268 bps

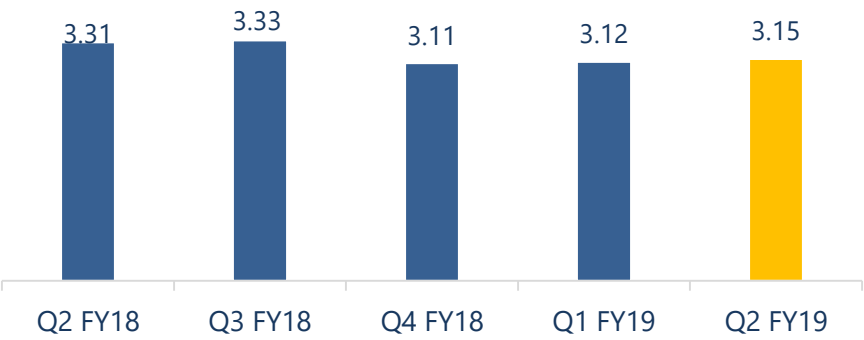


Net Interest Income

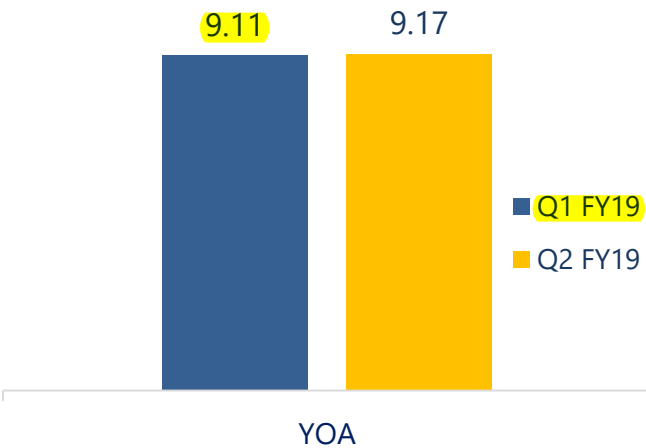


Net Interest Margin (%)

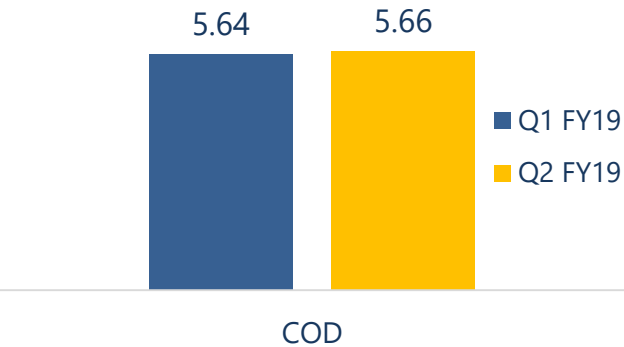
₹ in Cr



Yield on Advances

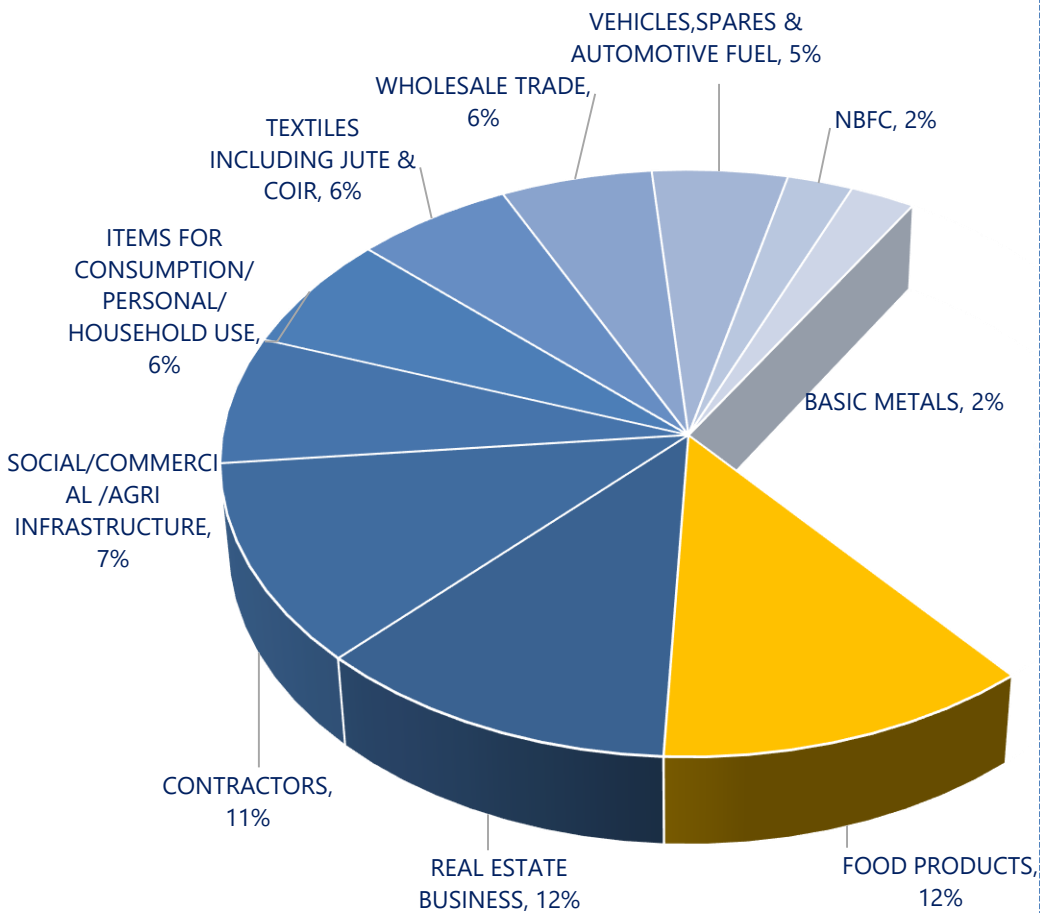


Cost of Deposits

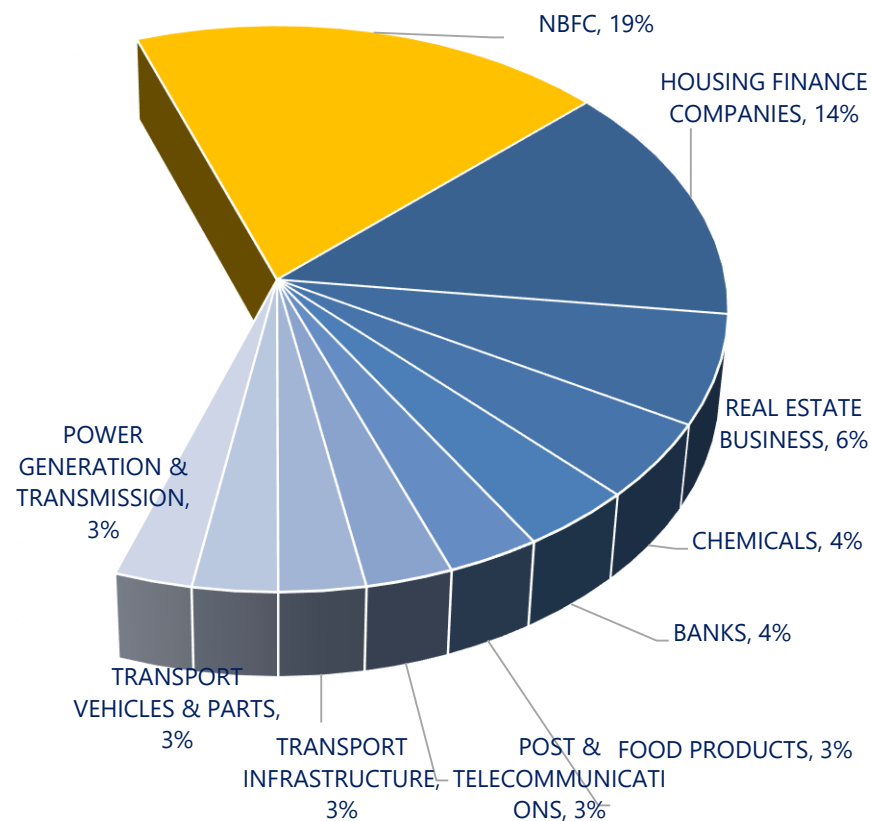




Commercial Portfolio



Corporate Portfolio





Major Investments

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

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
- 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
DepositTier 2 (Capital)
Bonds*India Ratings
& Research
Pvt Ltd*

A1+

A1+

IND AA

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



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