

# Investor Information

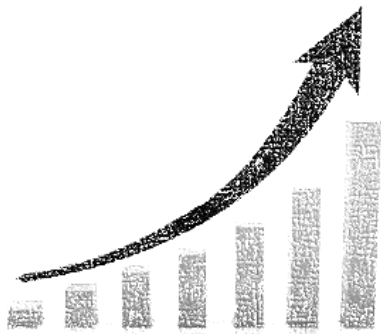
**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER

**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.



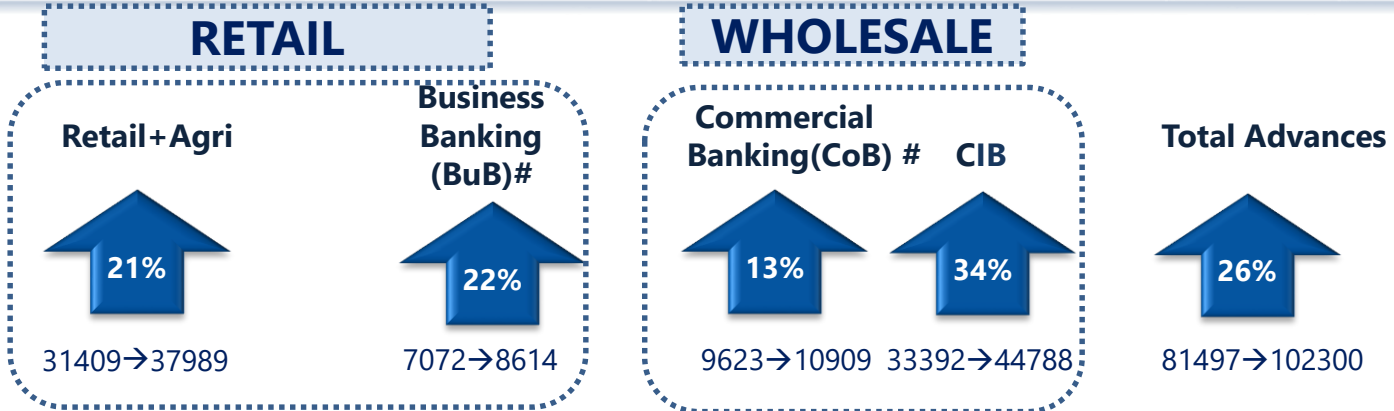
# Performance Highlights Y-o-Y

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

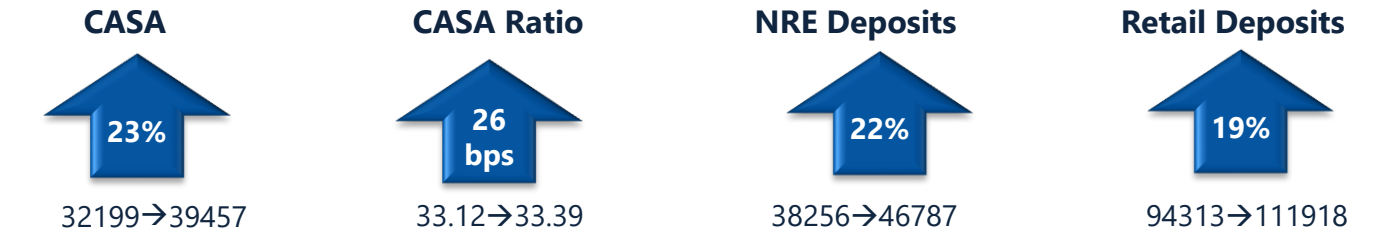


# Comparison : Y-o-Y (3 M)

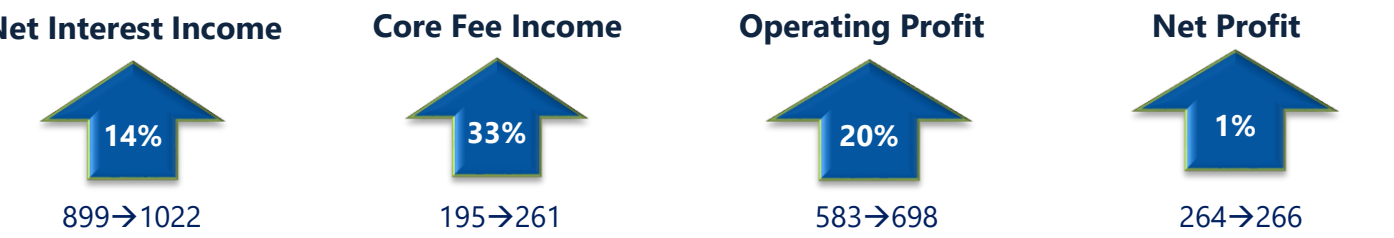
## Advances



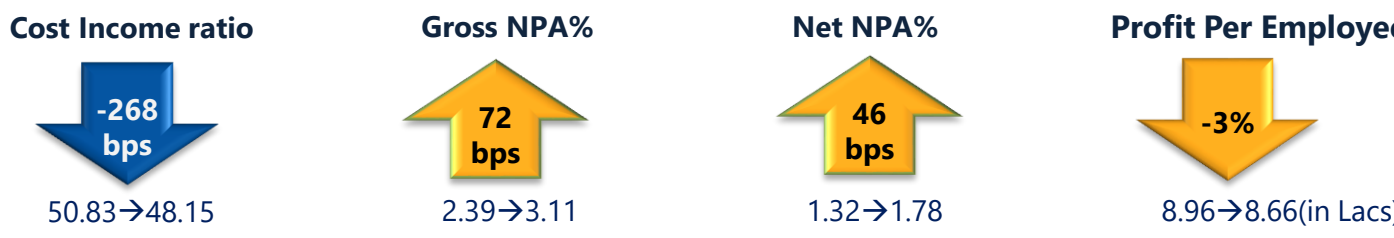
## Deposits



## Performance



## Ratios



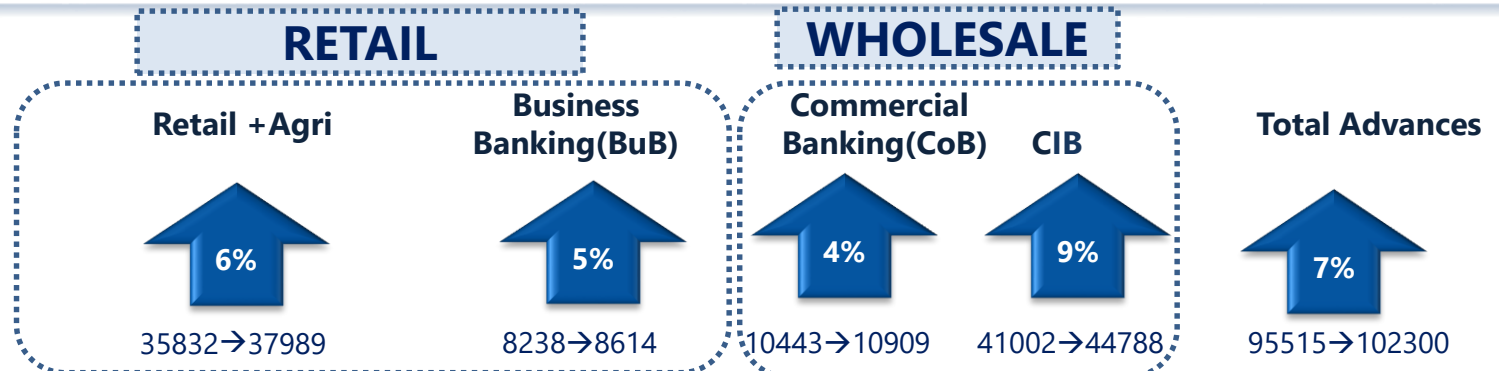
\* Credit segments are realigned at the beginning of every FY.

#SME split into BuB & CoB



# Comparison : Q-o-Q (Sequential)

## Advances



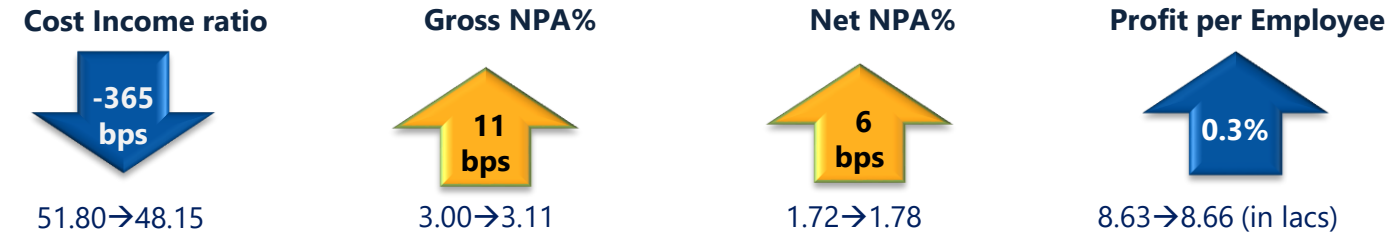
## Deposits



## Performance



## Ratios



#SME split into BuB & CoB

## Shareholder Value

**Book Value**  
(Per Share in ₹)

Q2 FY19

Q1 FY19

Q4 FY18

Q3 FY18

Q2 FY18

62.81

62.62

61.55

60.80

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

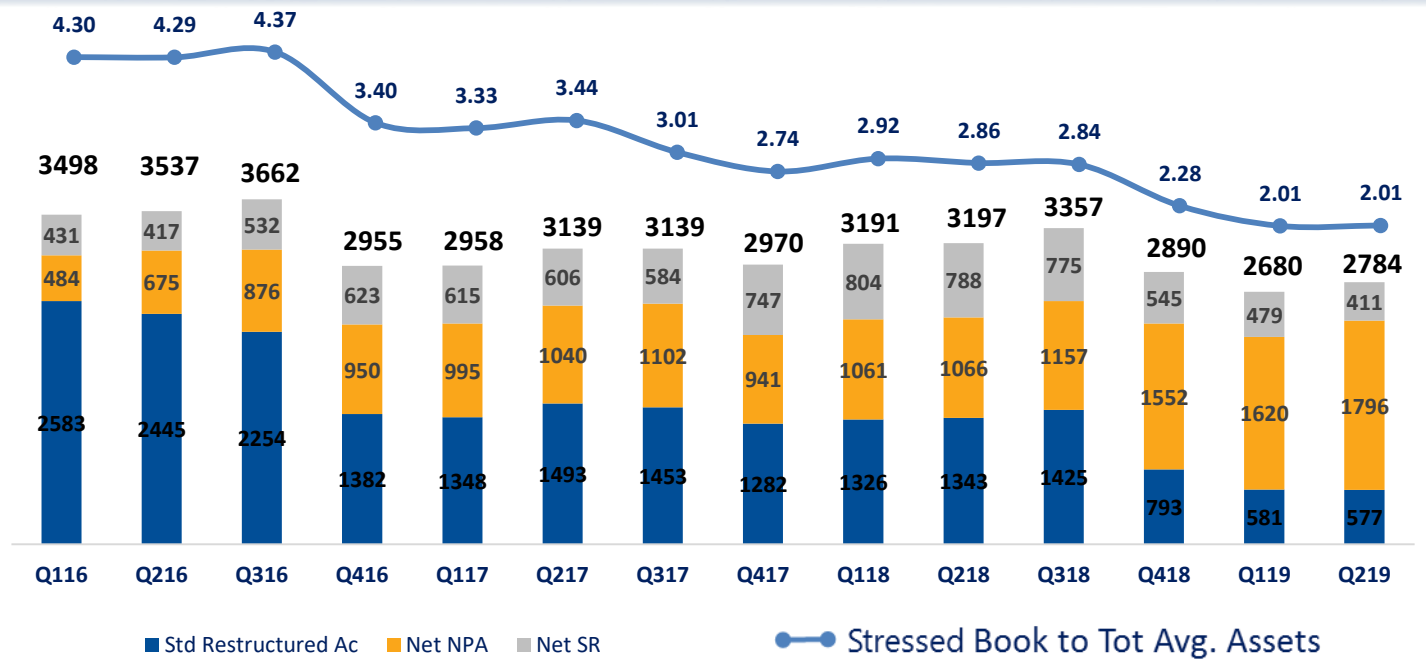


# Asset Quality Drill-Down

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
<b>Retail</b>	<b>120</b>	109	70	150	106
<b>Agri</b>	<b>65</b>	54	56	42	51
<b>SME</b>	<b>169</b>	90	142	122	107
<b>BuB</b>	<b>94</b>	39			
<b>CoB</b>	<b>75</b>	51			
<b>Corporate</b>	<b>123</b>	207	604	98	20
<b>Total</b>	<b>477</b>	<b>461</b>	<b>872</b>	<b>411</b>	<b>284</b>

## Restructured

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

## NPA Composition

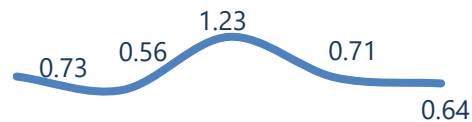
Q2 FY19      Q1 FY19

Business	NPA	NPA
<b>Retail</b>	<b>625</b>	<b>595</b>
<b>Agri</b>	<b>367</b>	<b>325</b>
<b>SME</b>	<b>1213</b>	<b>1062</b>
<b>Gross NPA</b>	<b>BuB</b>	<b>441</b>
	<b>CoB</b>	<b>621</b>
<b>Corporate</b>	<b>979</b>	<b>887</b>
<b>Total</b>	<b>3185</b>	<b>2869</b>
<b>Net NPA</b>	<b>1796</b>	<b>1620</b>

## Security Receipts

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

## Credit Cost



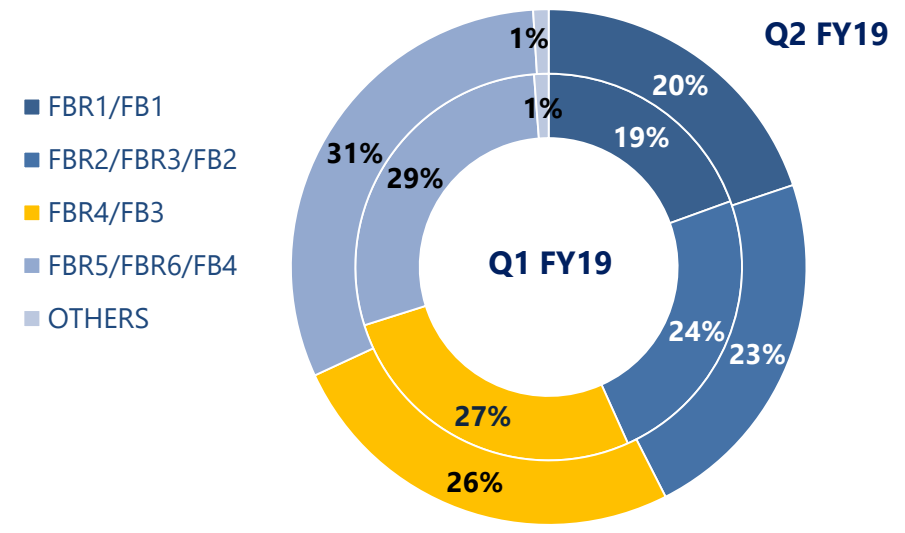
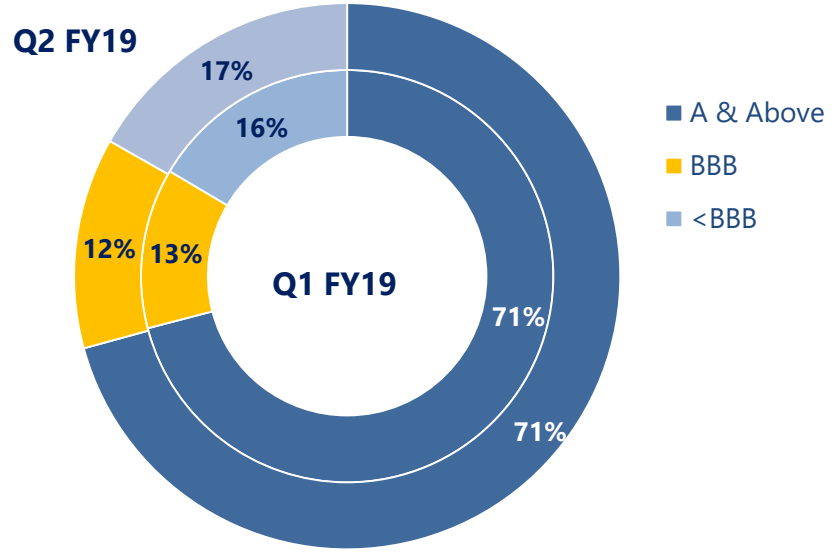
## Risk Adjusted NIM



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



## Risk Rating



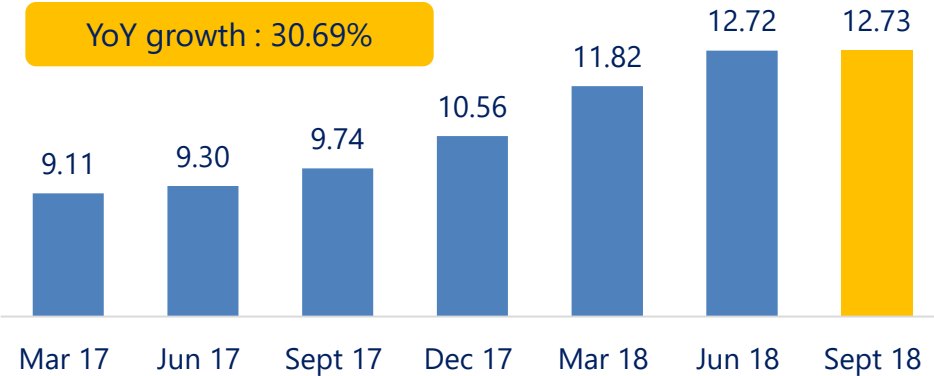
### Wholesale Assets

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

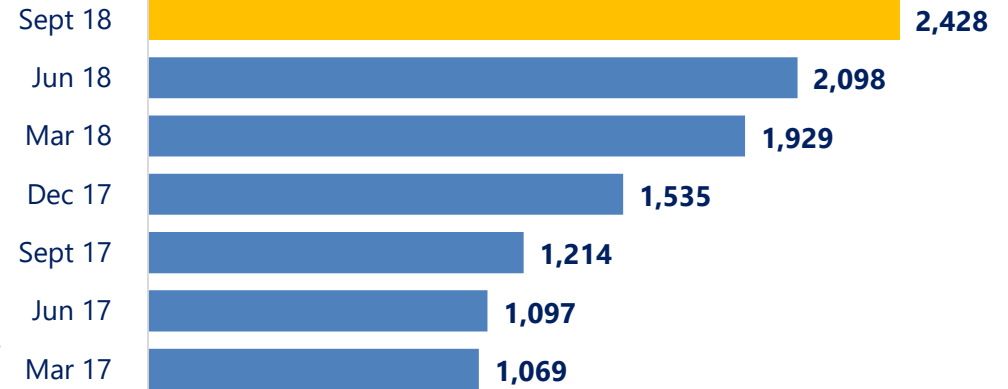
### Other Assets

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)

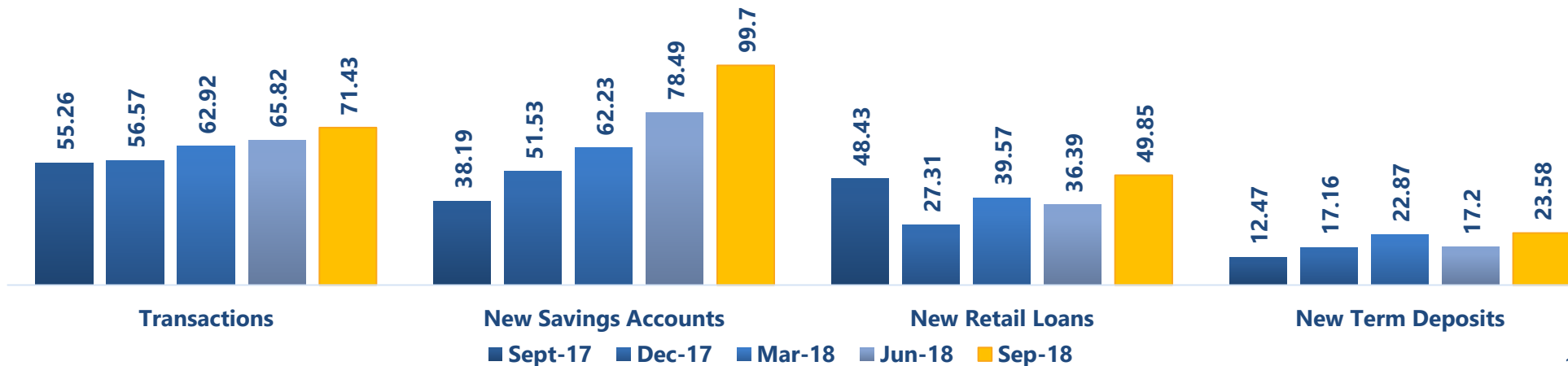


## FedMobile Transaction Volume (Per month in Cr)



## Digital share

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





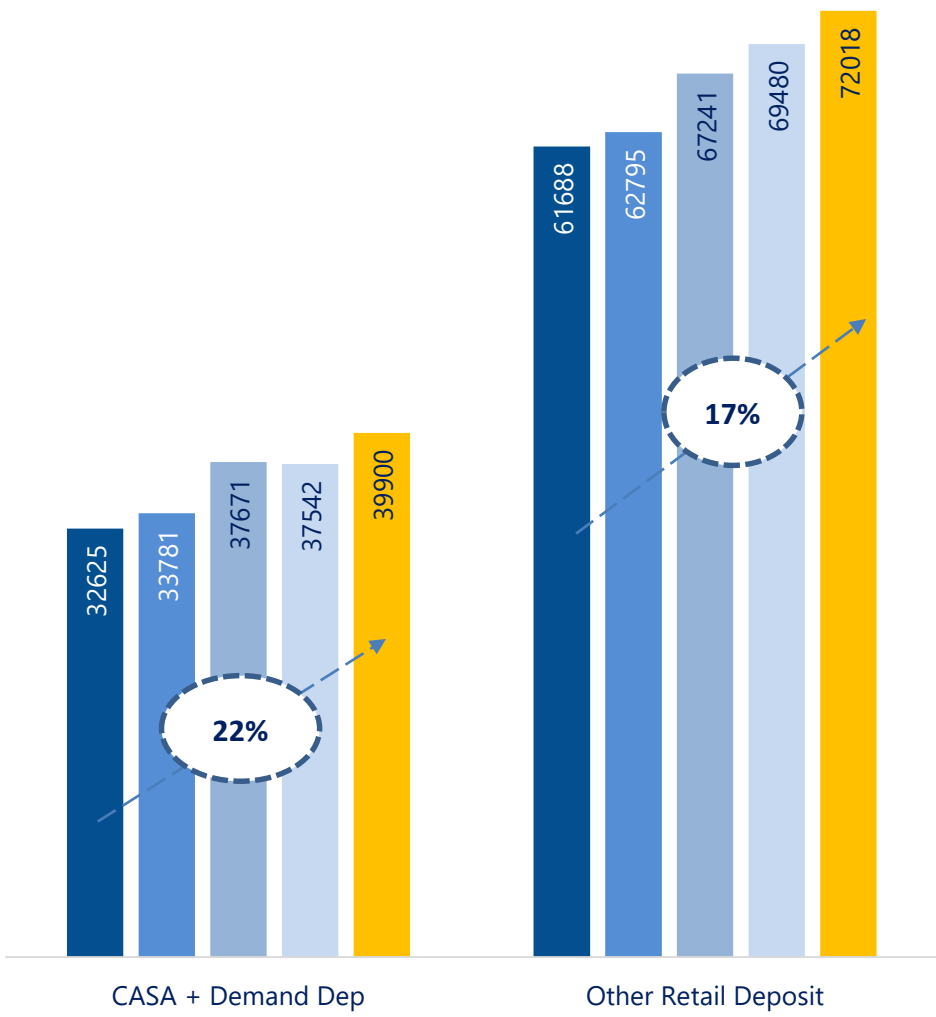
# Business Parameters



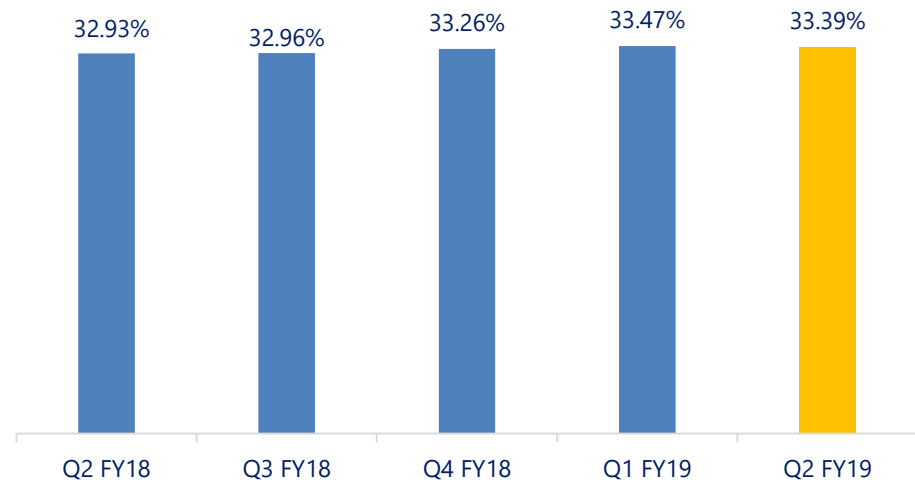
# Liability : Trends

₹ in Cr

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



## CASA Ratio





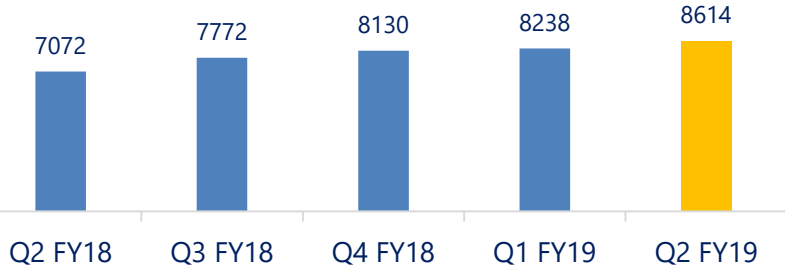
# Customer Exposures

₹ in Cr

## RETAIL

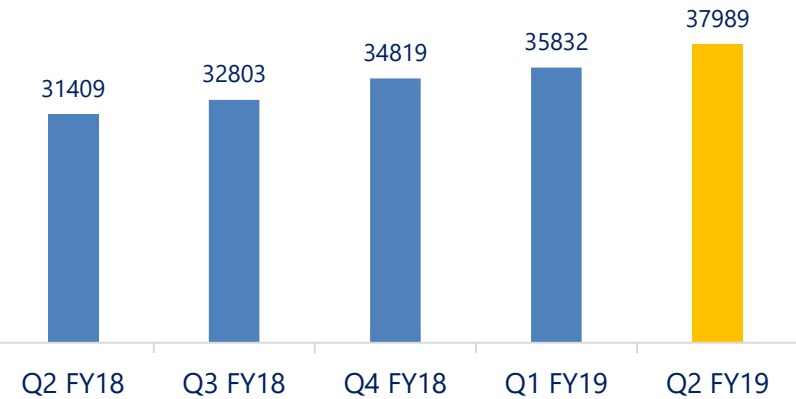
### Business banking

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



### Retail ( Including Agri )

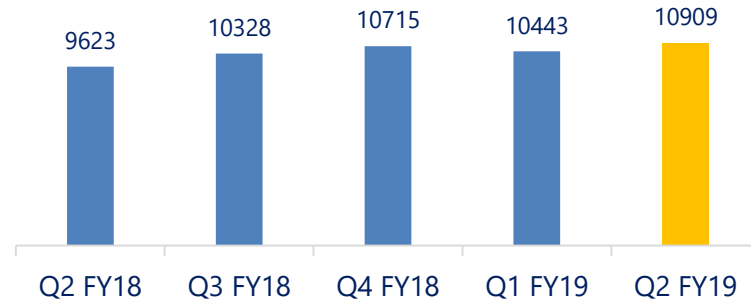
Y-o-Y growth : 21%  
Q-o-Q growth: 6 %



## WHOLESALE

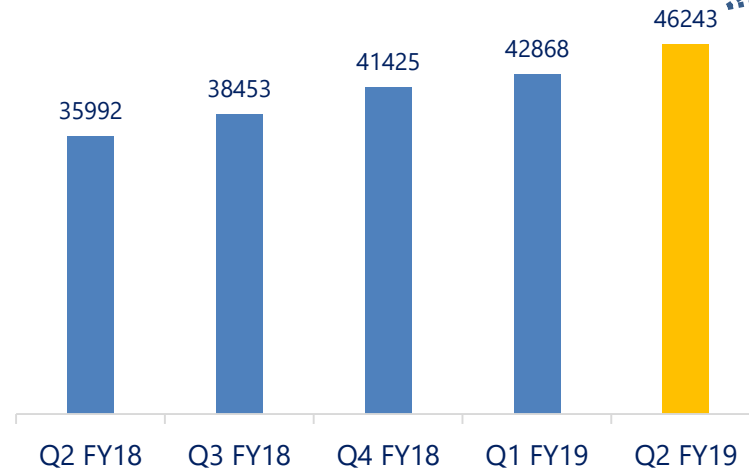
### Commercial Banking

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



### Corporate\*

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

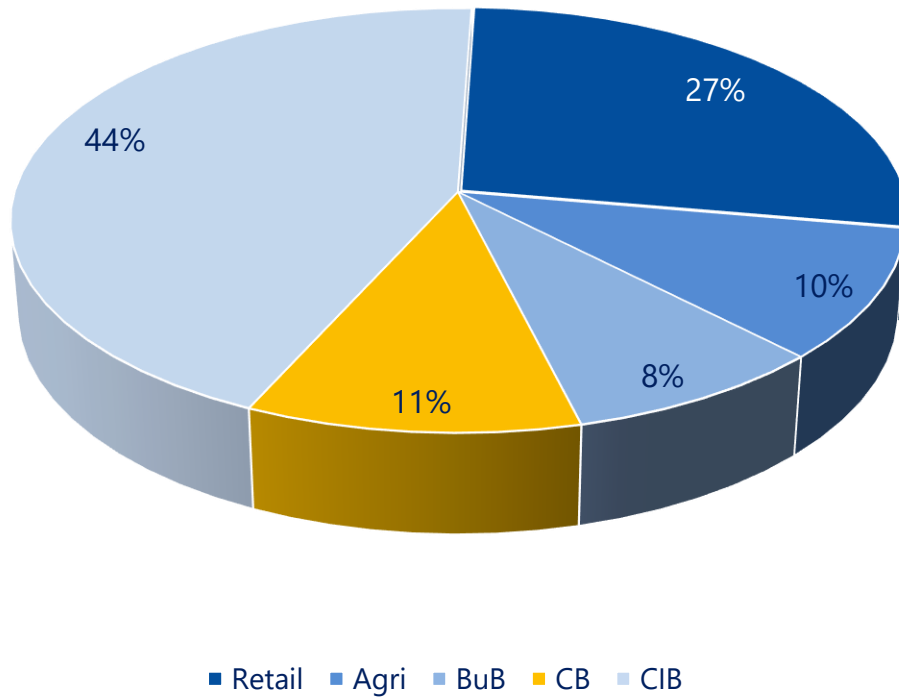


(\*Aggregate customer exposure incl credit substitute)<sub>14</sub>

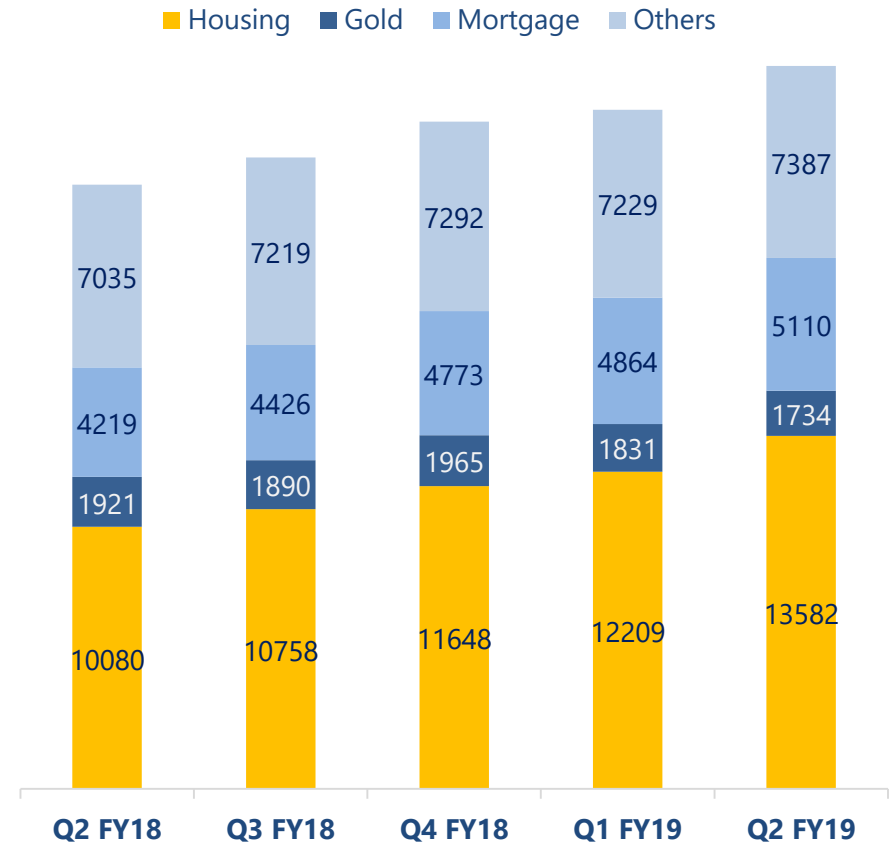


₹ in Cr

## Total Loan Book



## Retail Loan Book (Excl Agri)



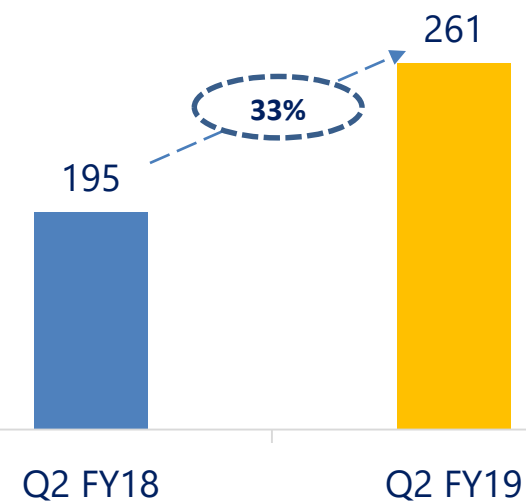


# Fee Income/Other income

₹ 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	
<b>Fee Income</b>	<b>261</b>	<b>208</b>	<b>238</b>	<b>193</b>	<b>195</b>	
Profit on sale of securities	51	49	22	29	75	
Recovery from assets written off & Other Receipts	11	14	54	7	17	
<b>Total Other income</b>	<b>323</b>	<b>271</b>	<b>314</b>	<b>229</b>	<b>287</b>	

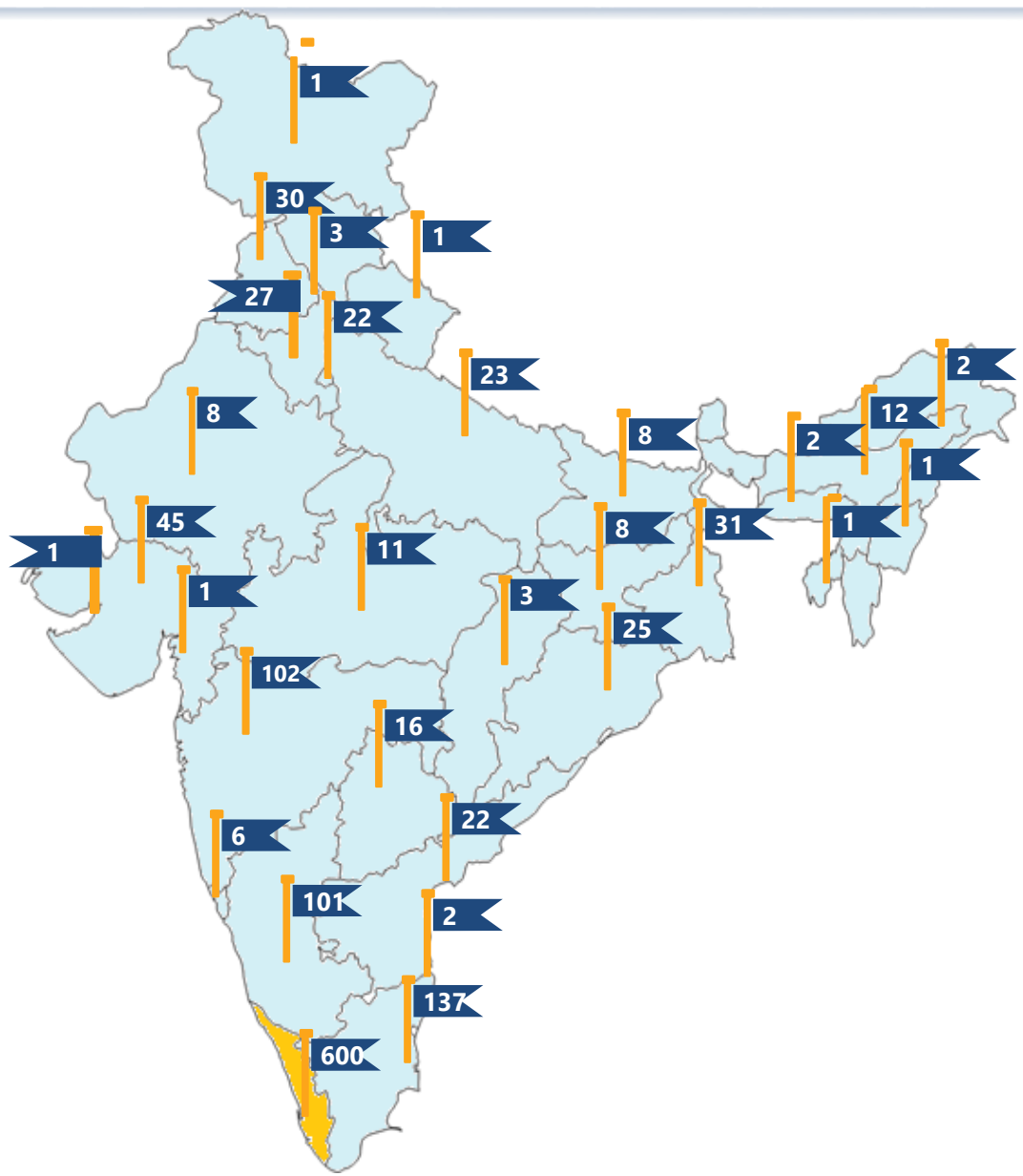
## Fee Income (Y-o-Y)



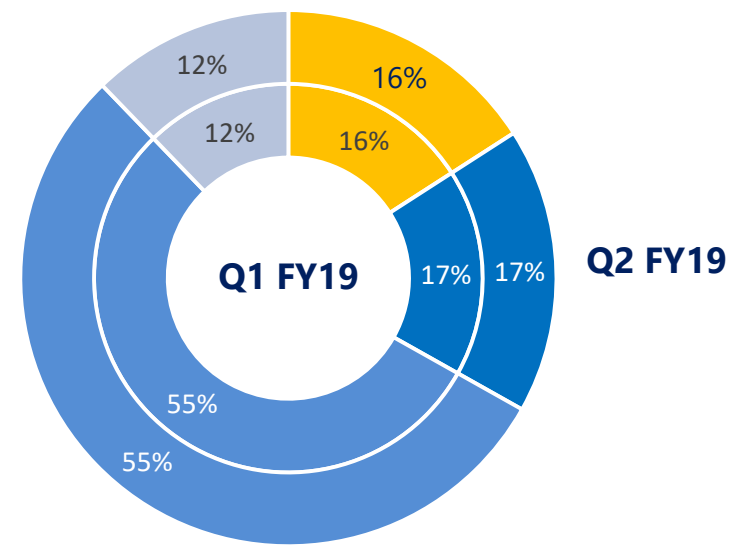


**WHY SETTLE FOR LESS?**

# Distribution : Deriving Efficiency from Foot Print



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



■ Metro ■ Urban ■ Semi Urban ■ Rural

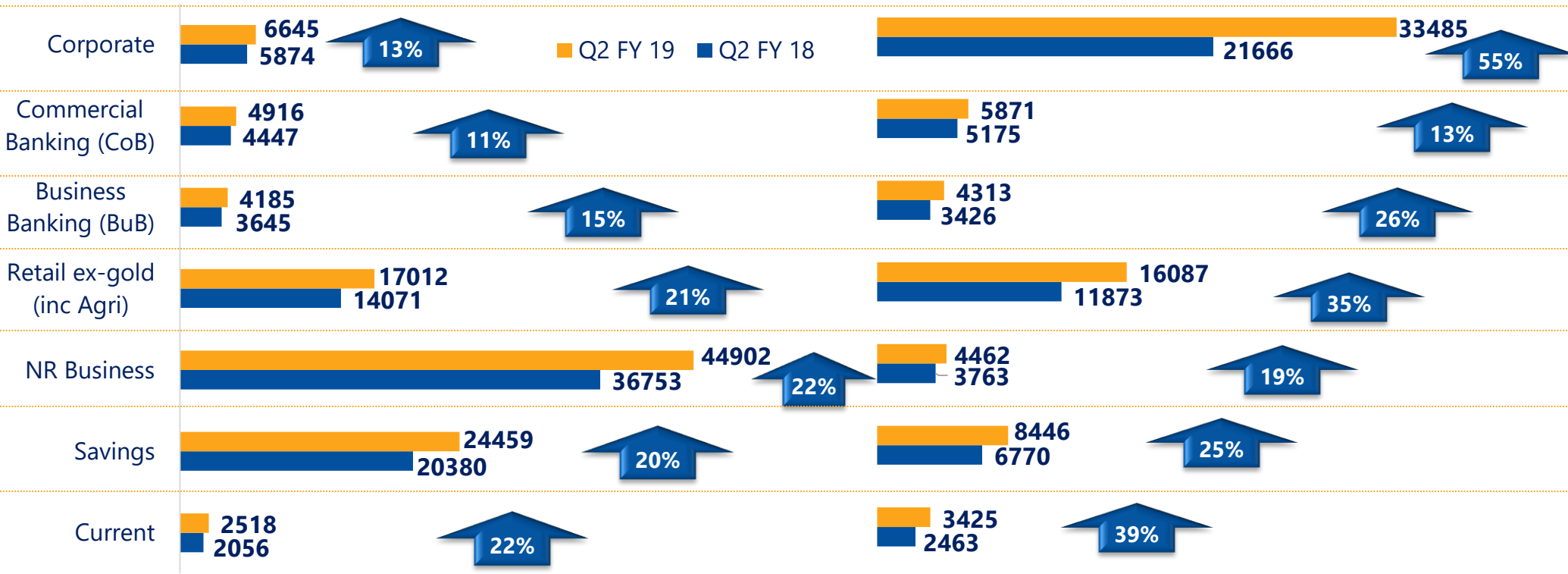


# Distribution

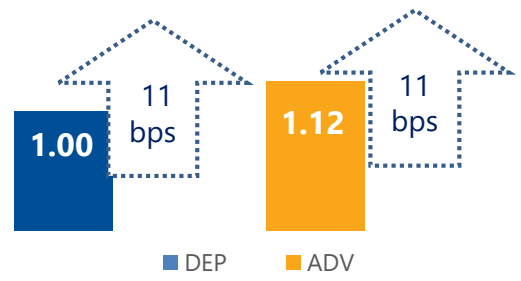
₹ in Cr

## 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



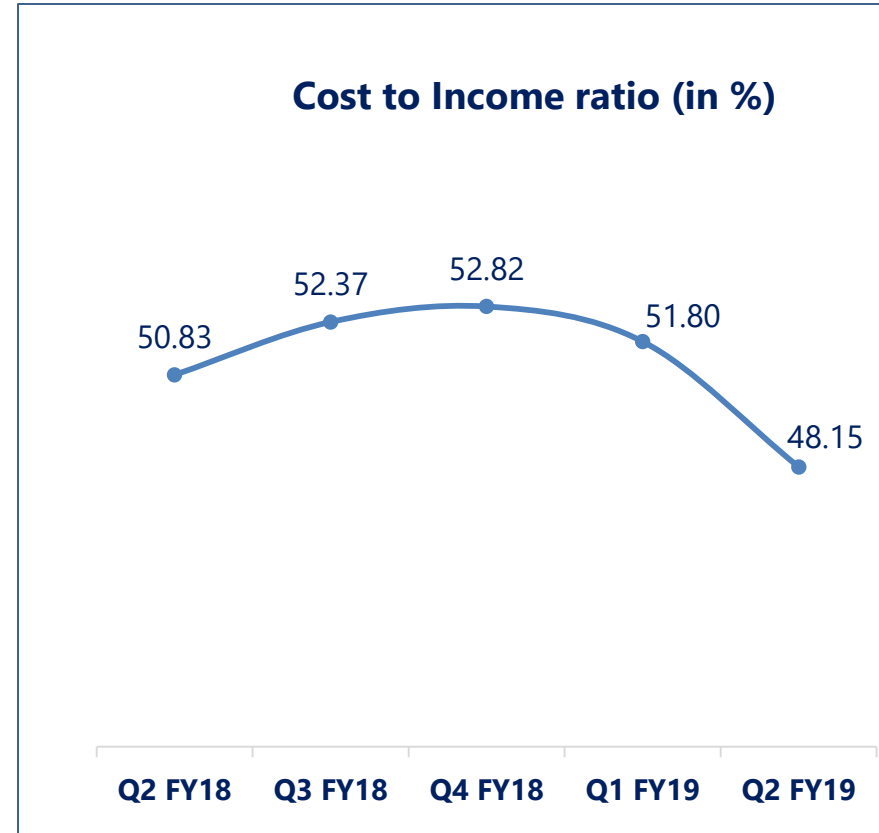
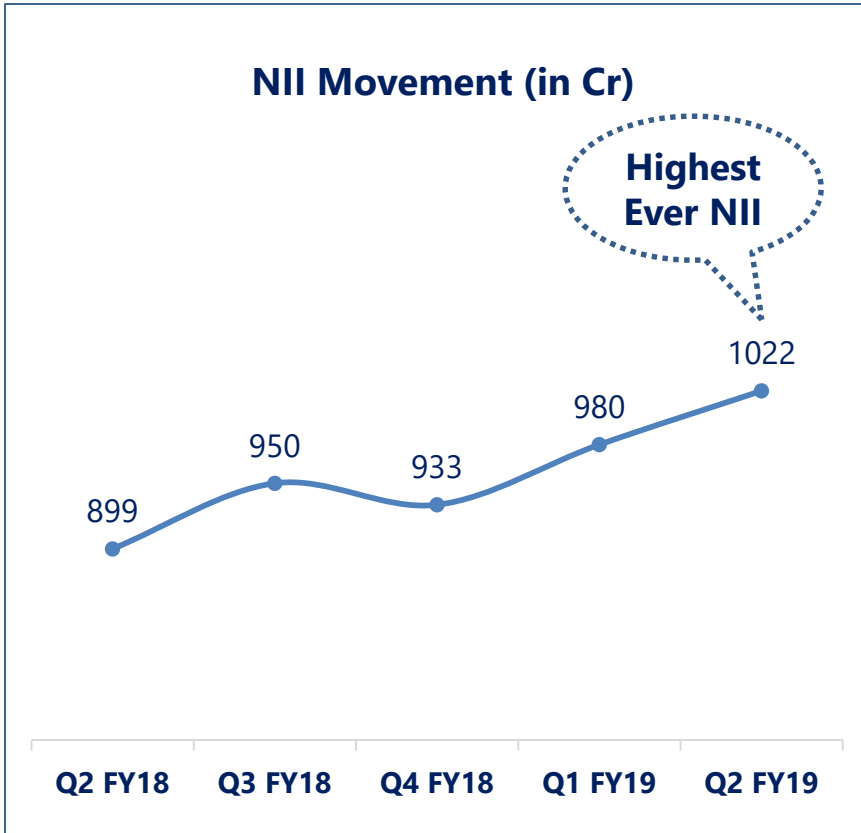
# CRAR – How strong is your Bank?

₹ in Cr

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



# Annexures

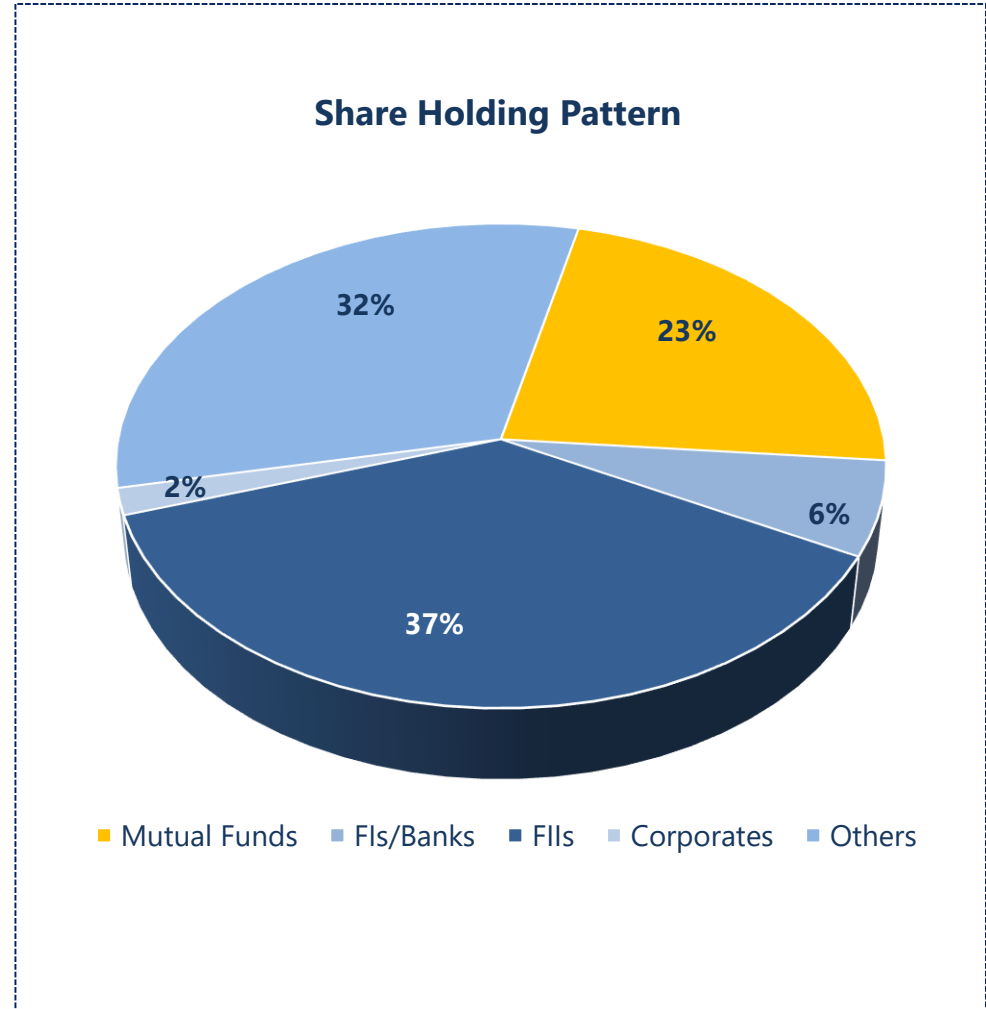




# Balance Sheet & Shareholding Pattern

₹ in Cr

	Q2 FY19	Q2 FY18
<b>LIABILITIES</b>		
Capital	396	391
Reserves & Surplus	12145	11342
Deposits	118182	97211
Borrowings	8873	8733
Other Liabilities & Provisions	4812	4081
<b>TOTAL</b>	<b>144409</b>	<b>121758</b>
<b>ASSETS</b>		
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
<b>TOTAL</b>	<b>144409</b>	<b>121758</b>



WHY  
SETTLE  
FOR  
LESS?

# Financials

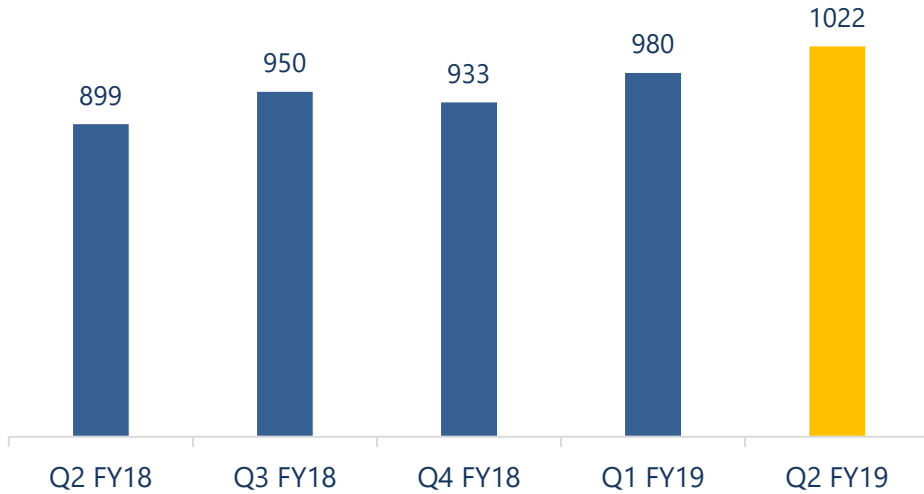
**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER

₹ in Cr

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

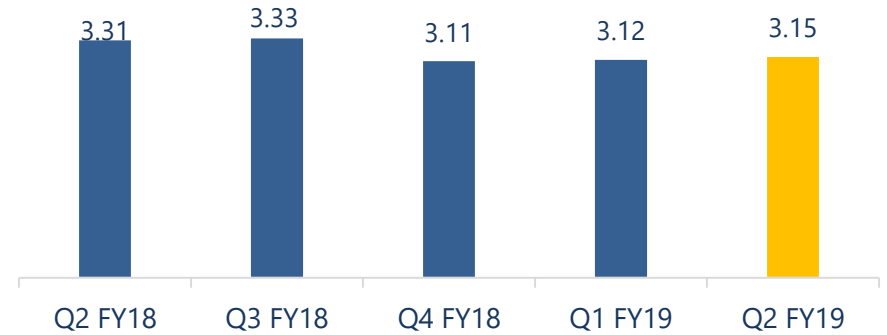


## Net Interest Income

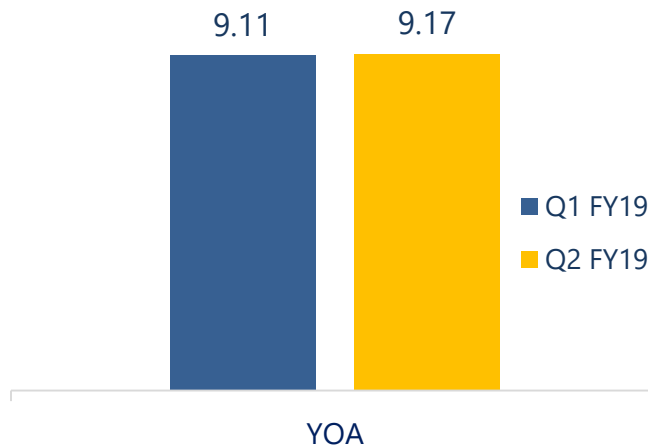


## Net Interest Margin (%)

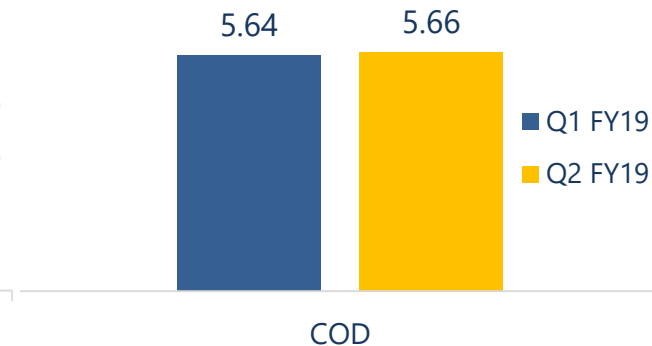
₹ in Cr



## Yield on Advances



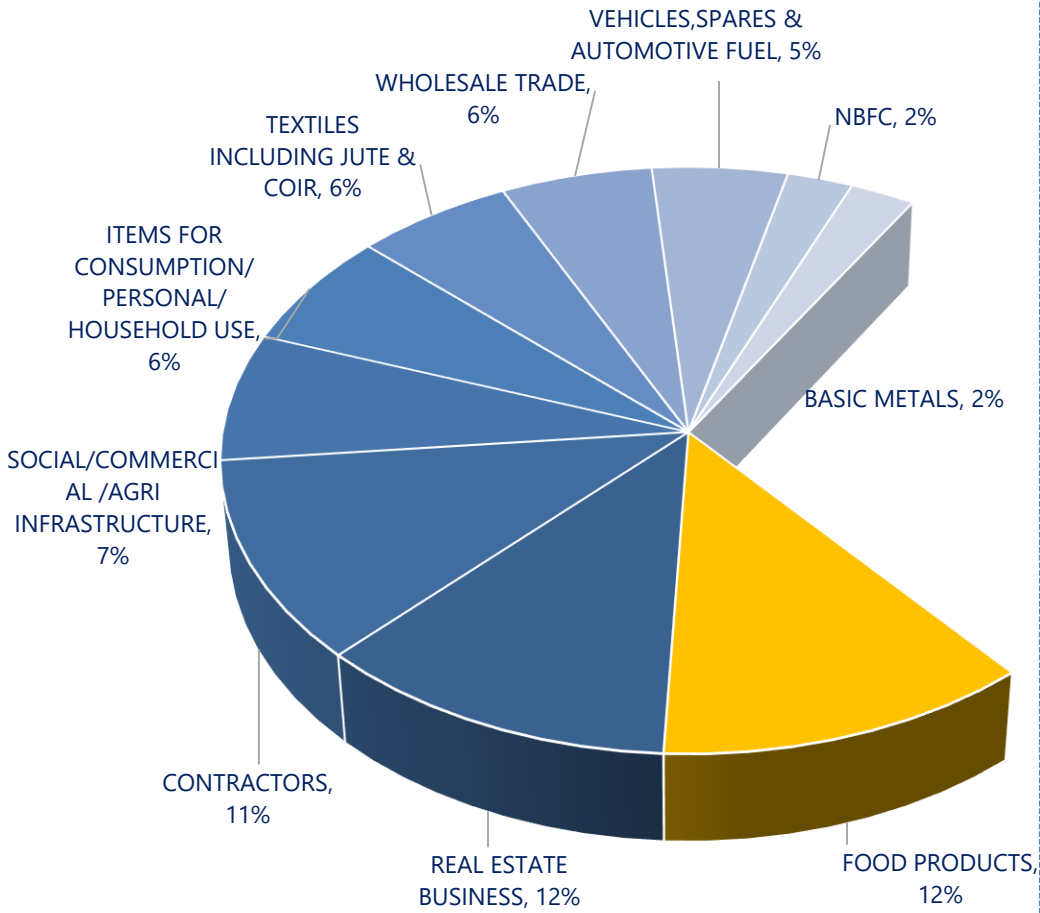
## Cost of Deposits



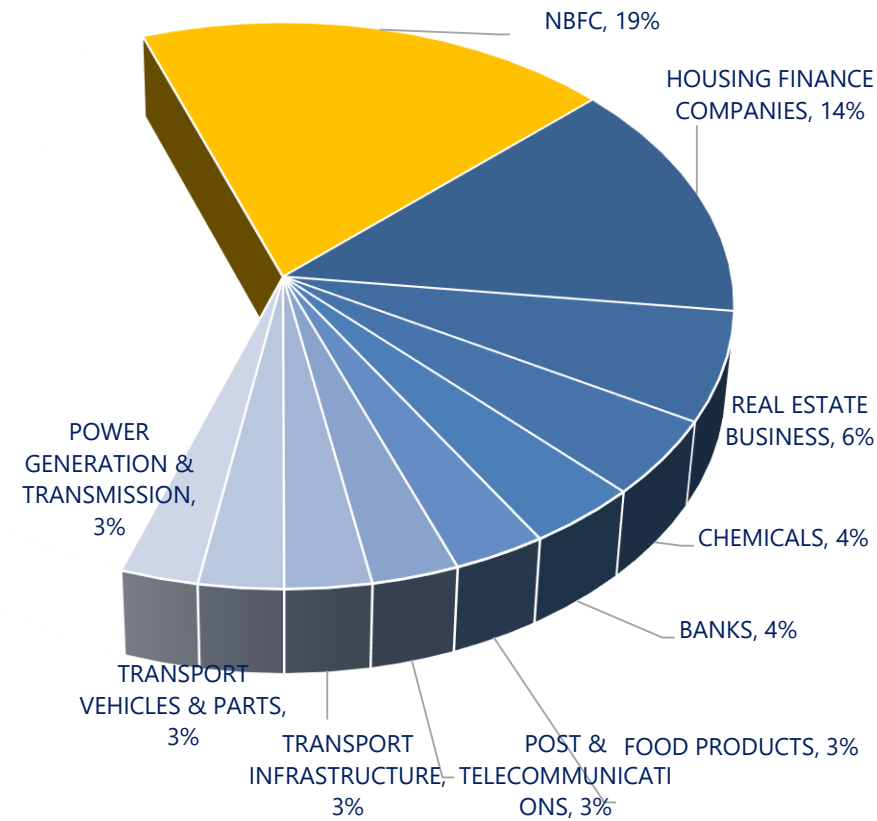




## Commercial Portfolio



## 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.

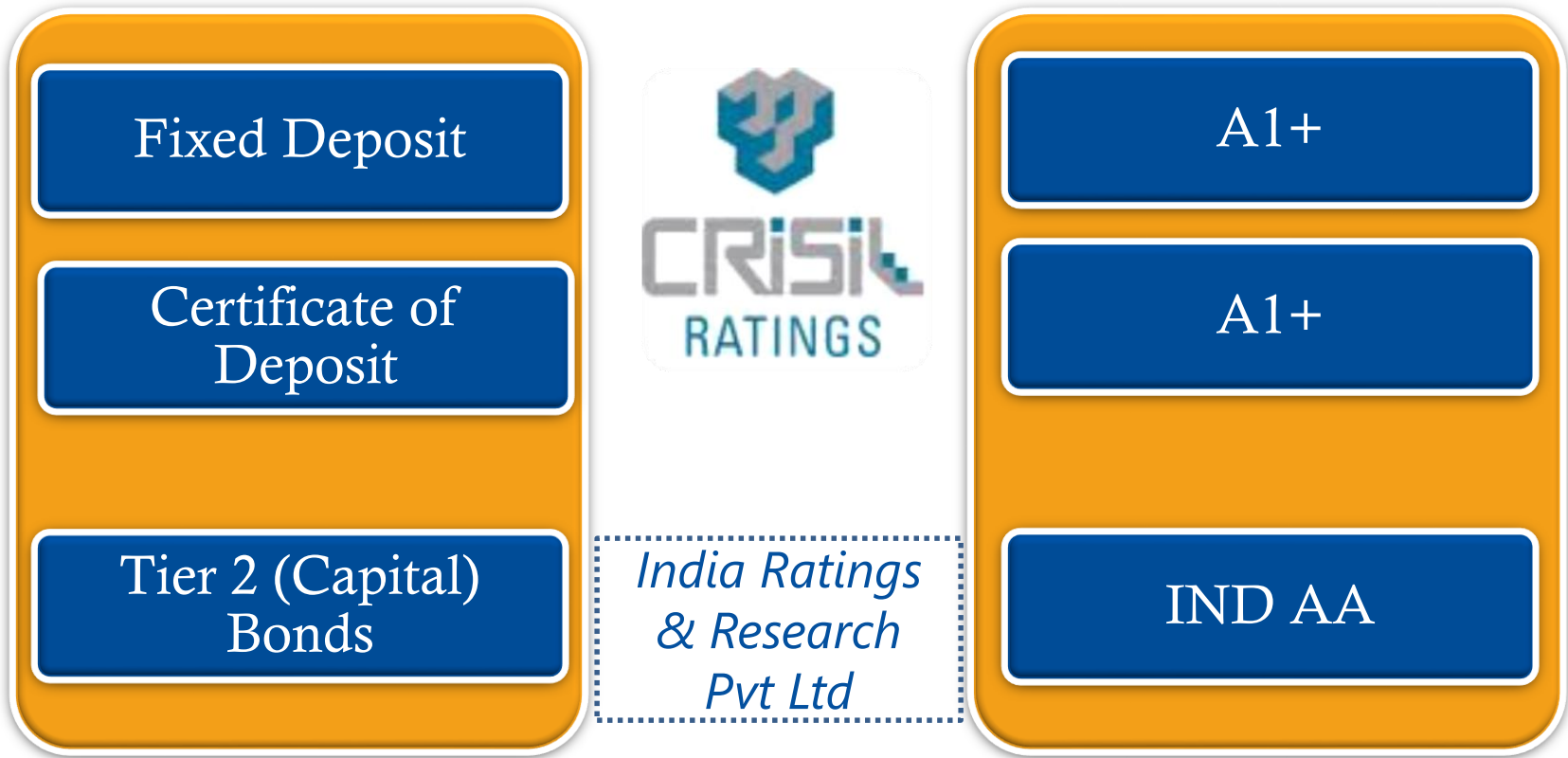
- Fully owned subsidiary of the Bank with NBFC license
- Retail Hubs established at major centres all over India
- Separate mechanism established for speedy and dedicated processing of retail loans sourced through this channel

### 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



# External Ratings



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

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**Thank You**