

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

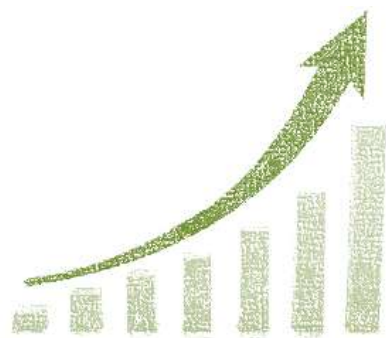
- Consistent growth in Core Fee Income and Other Income at 25% & 45% respectively, YoY.
- Cost to Income contained @ 49.36 %, a reduction of 244 bps Y-o-Y

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

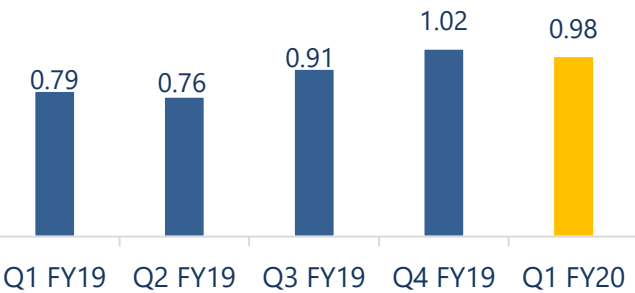
Balance Sheet and Capital

- 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%

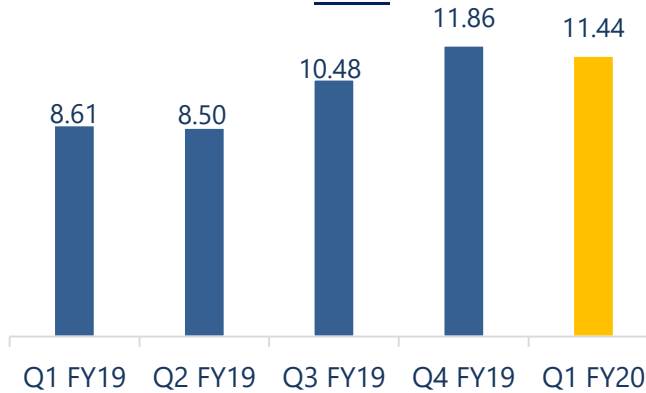


Key Ratios

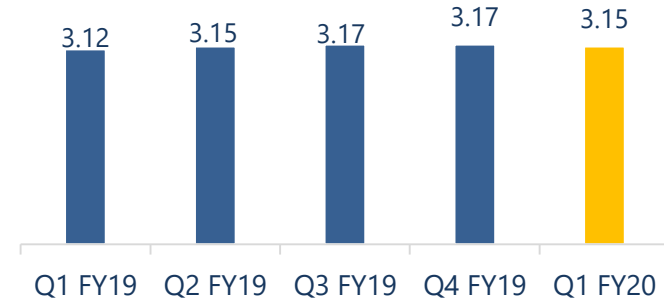
RoA



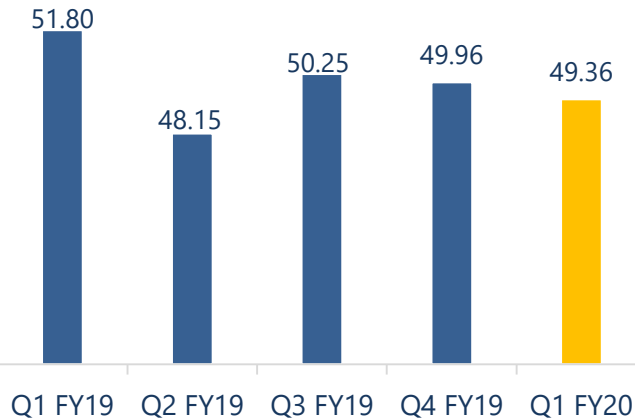
RoE



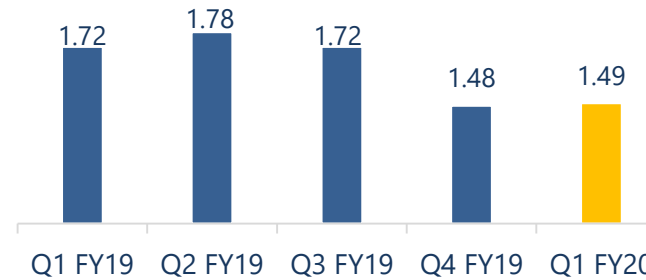
Net Interest Margin (%)



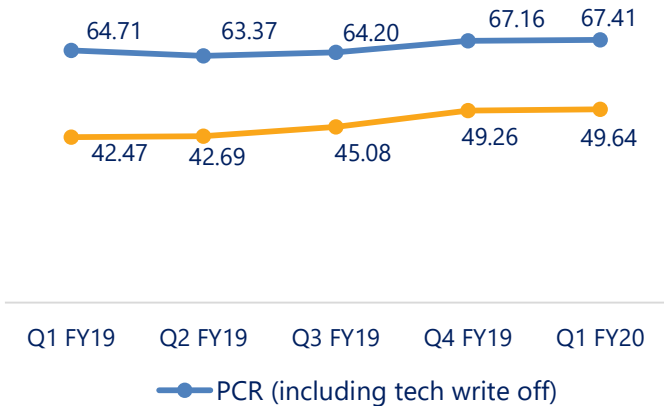
Cost to Income Ratio



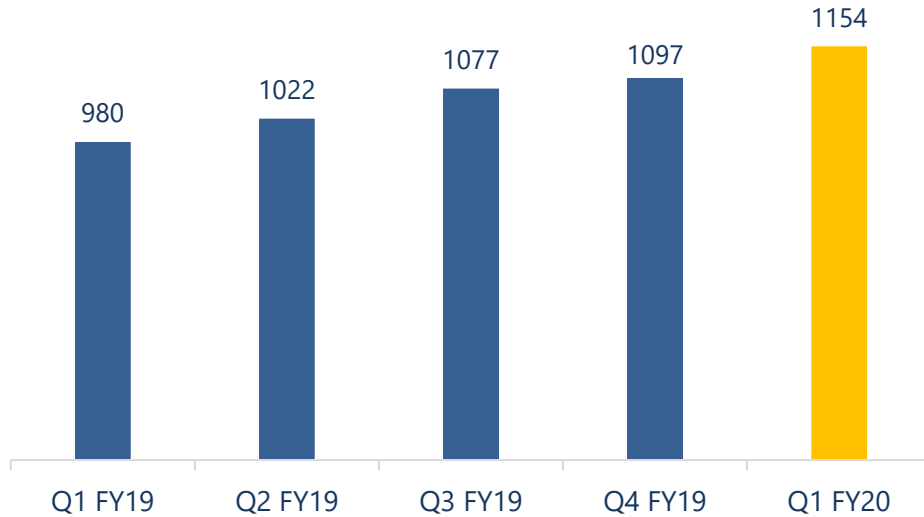
NNPA (%)



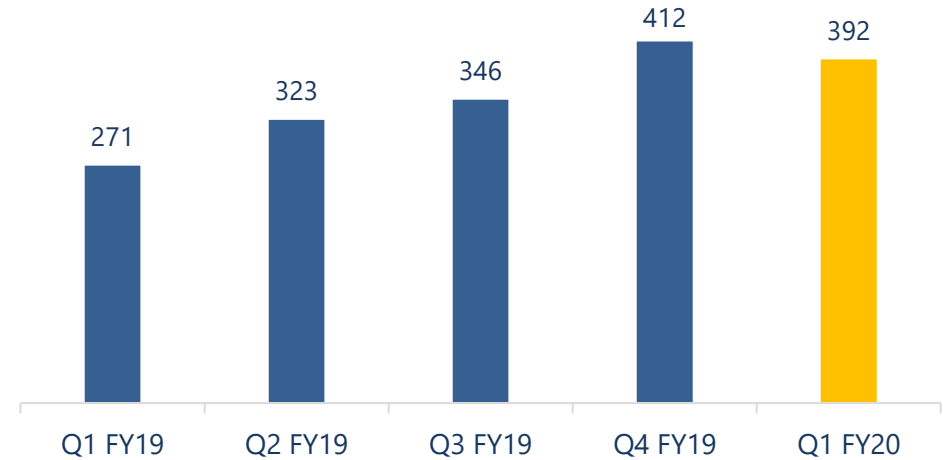
PCR (%)



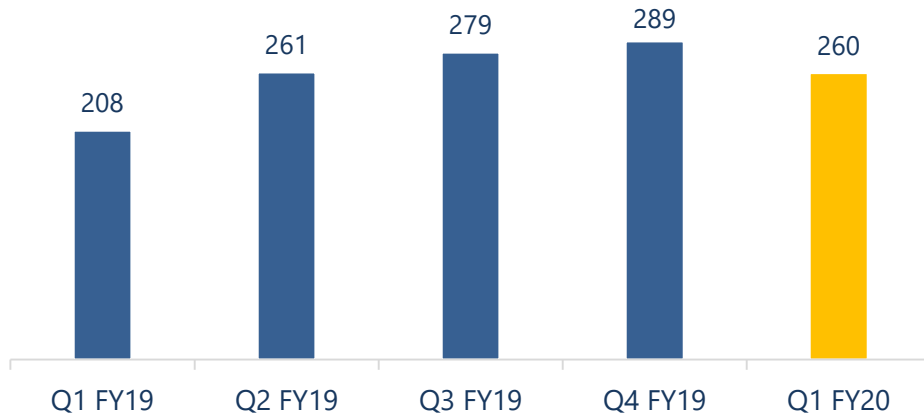
Net Interest Income



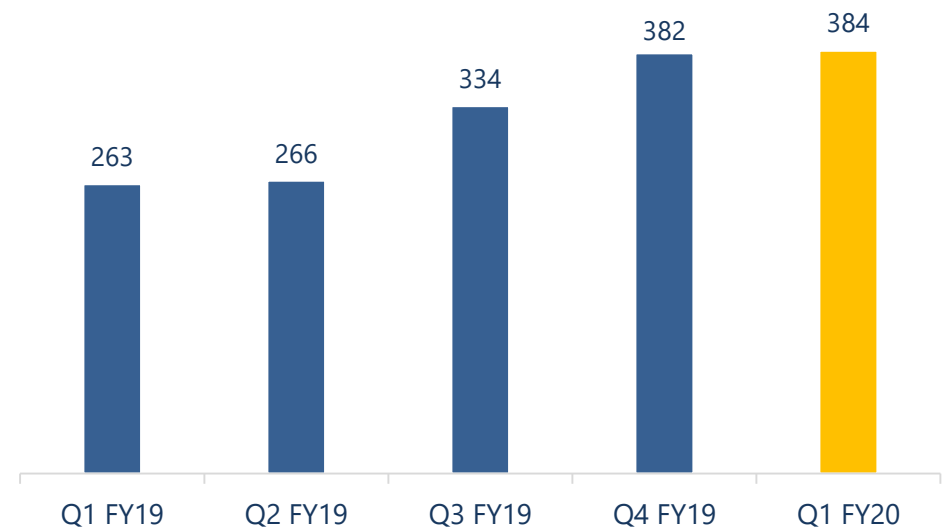
Other Income



Fee Income



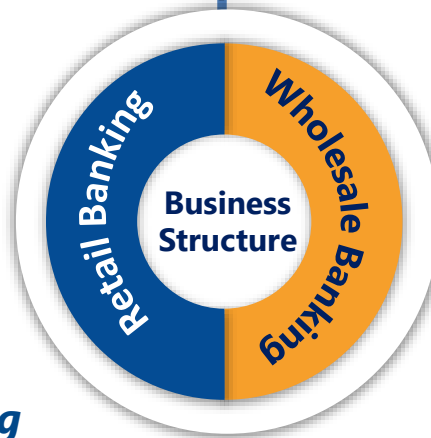
Net Profit



➤ **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 | 30 % | ↑ | Retail (inc Agri) | 24 % | ↑ |
| Net Profit | 46 % | | Agri | 21 % | |
| RoA | @ 0.98 % | | Business banking | 13 % | ↑ |
| RoE | @ 11.44 % | | Corporate Business | 18 % | |
| Cost to Income Ratio | @ 49.36 % | | Total Advance | 19 % | ↑ |
| GNPA | @ 2.99 % | | CASA | 12 % | |
| Core Fee Income | 25 % | ↑ | CA | 23 % | ↑ |
| Other Income | 45 % | | Total Deposit | 19 % | |
| NII | 18 % | ↑ | Capital Adequacy (CRAR) | 14.10% | |
| NIM | @ 3.15 | | Provision Coverage Ratio | 67.41 % | |

Comparison : Y-o-Y (3 M)

RETAIL

WHOLESALE

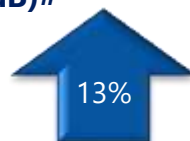
Advances

Retail + Agri



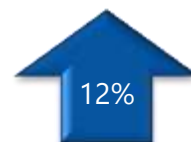
35821 -> 44585

Business Banking (BuB)#



8250 -> 9296

Commercial Banking (CoB)#



10421 -> 11625

CIB



41023 -> 48211

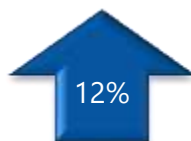
Total Advances



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)

RETAIL

WHOLESALE

Advances

Retail + Agri



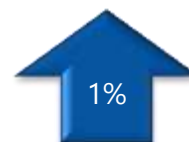
43171 -> 44585

Business Banking (BuB)#



9564 -> 9296

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

Shareholder Value

Book Value
(Per Share in ₹)

Q1 FY20

Q4 FY19

Q3 FY19

Q2 FY19

Q1 FY19

68.79

66.87

64.60

62.81

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

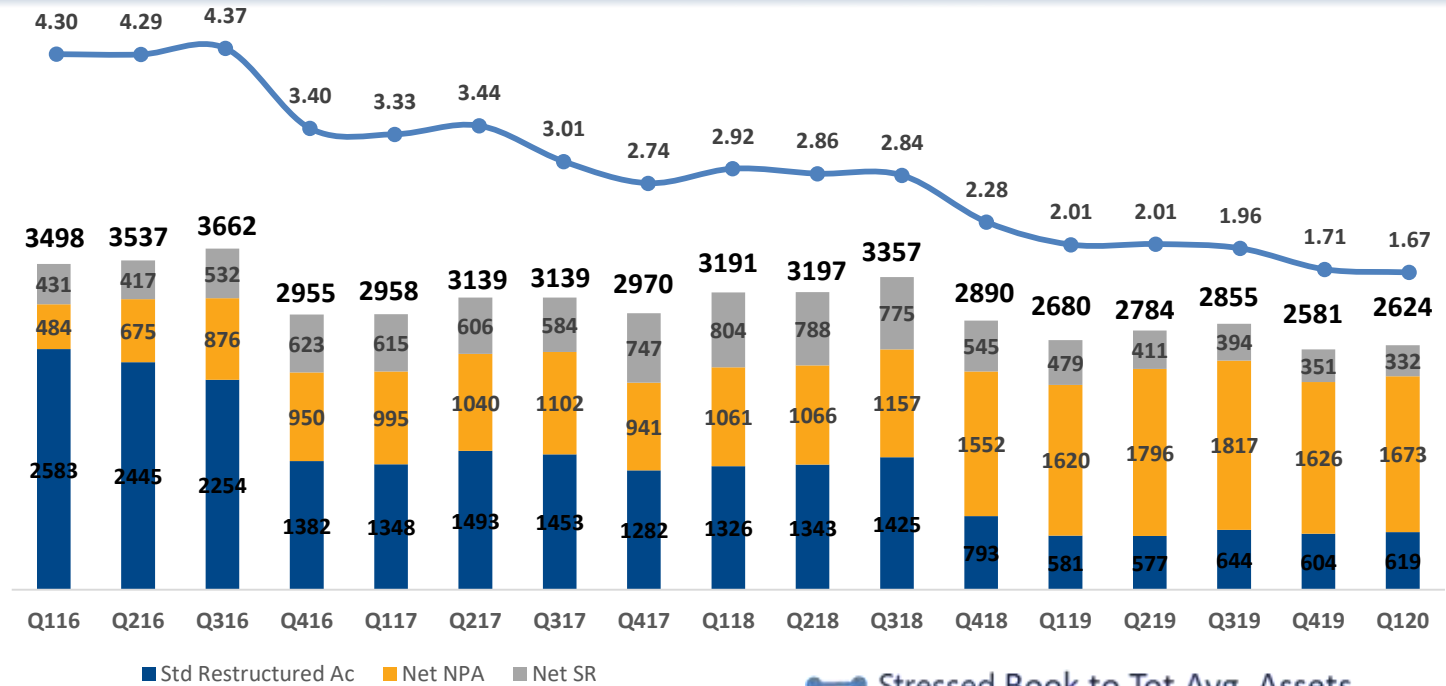
1.72

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 |

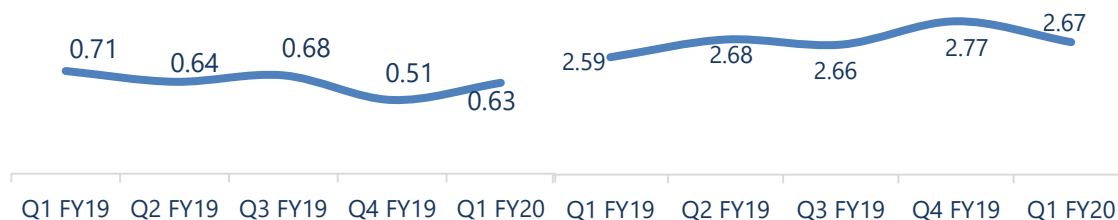
Security Receipts

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

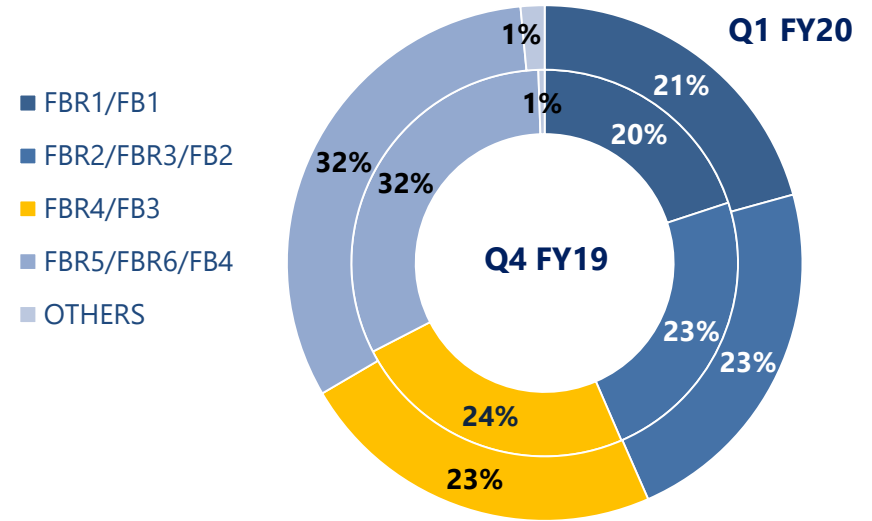
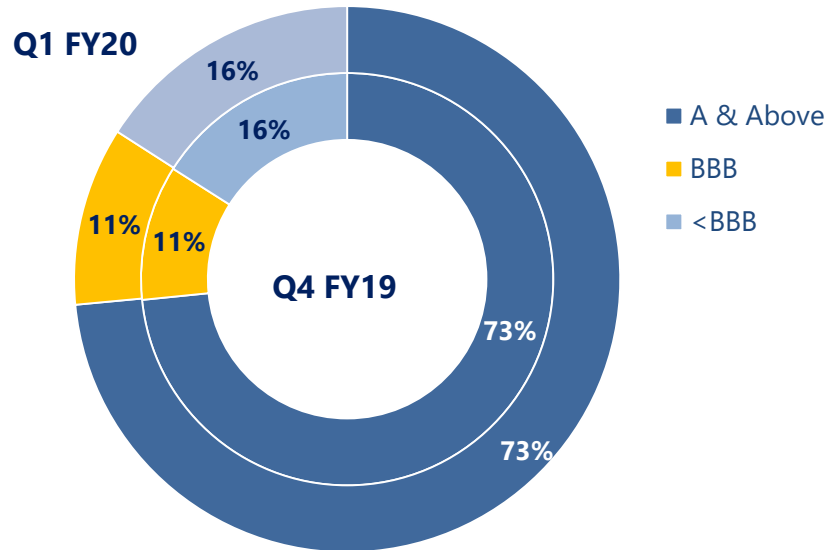
Credit Cost



Risk Adjusted NIM



Risk Rating



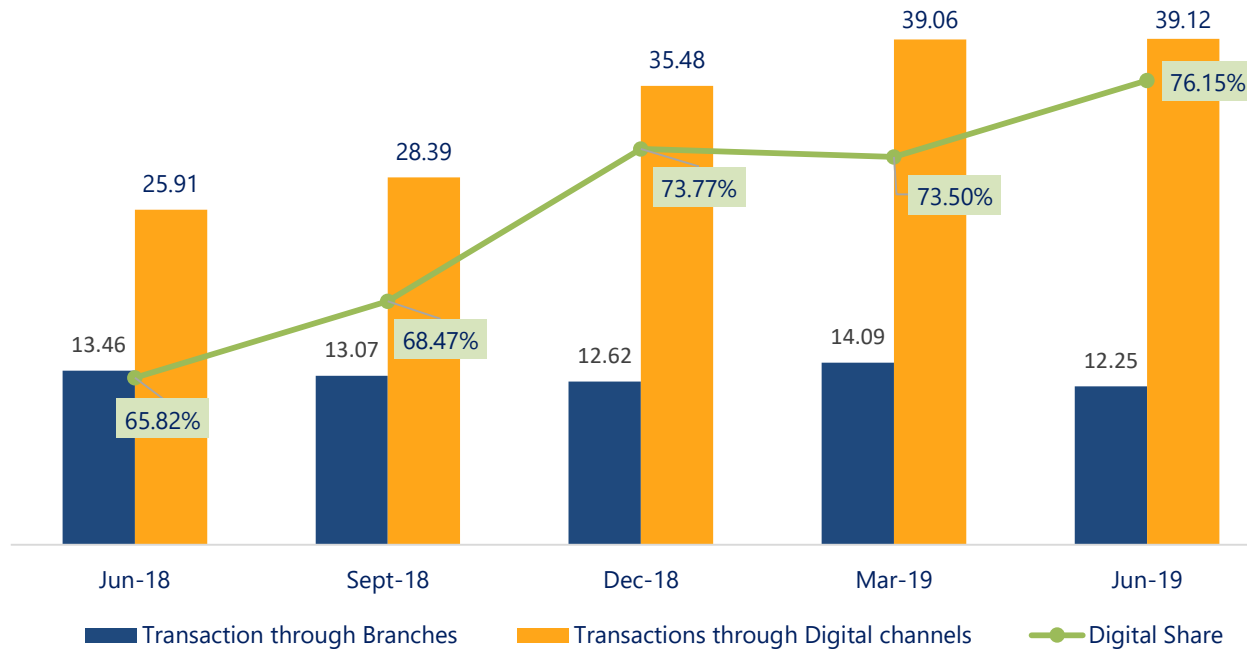
Wholesale Assets

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

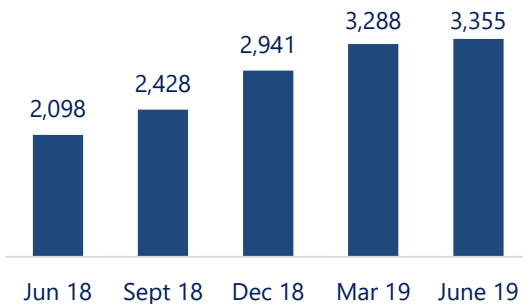
Other Assets

| 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)

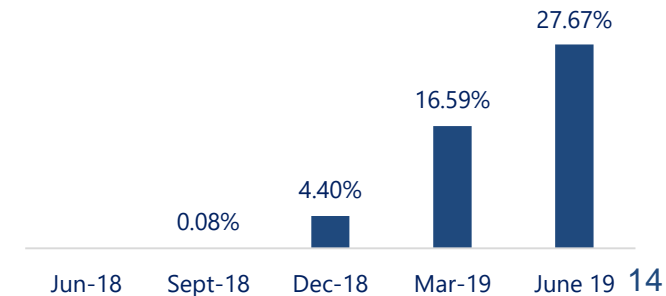


FedMobile Volume in crores



- 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



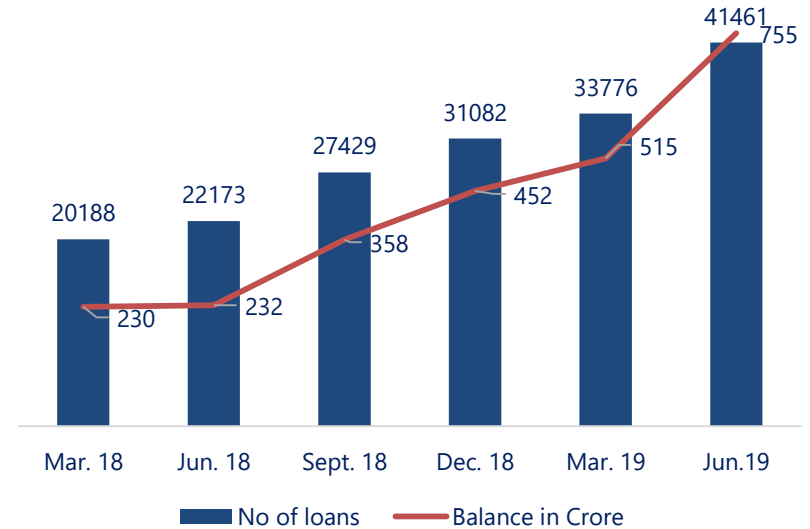


- BYOM enables Instant online loan pre approved loan disbursal
- Option to convert debit card purchases to flexible EMIs

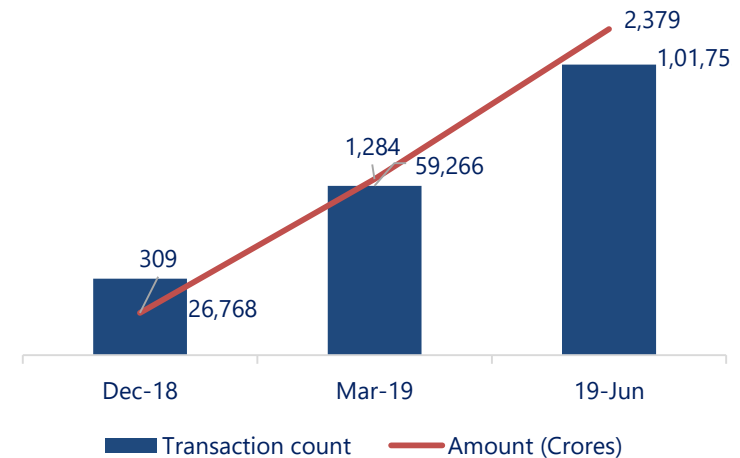


- 1500 plus customers joined the new platform for transaction banking and cumulative volume of transactions has crossed 2300 crores during the month of June 2019

BYOM Digital Personal Loans : Loan book progress

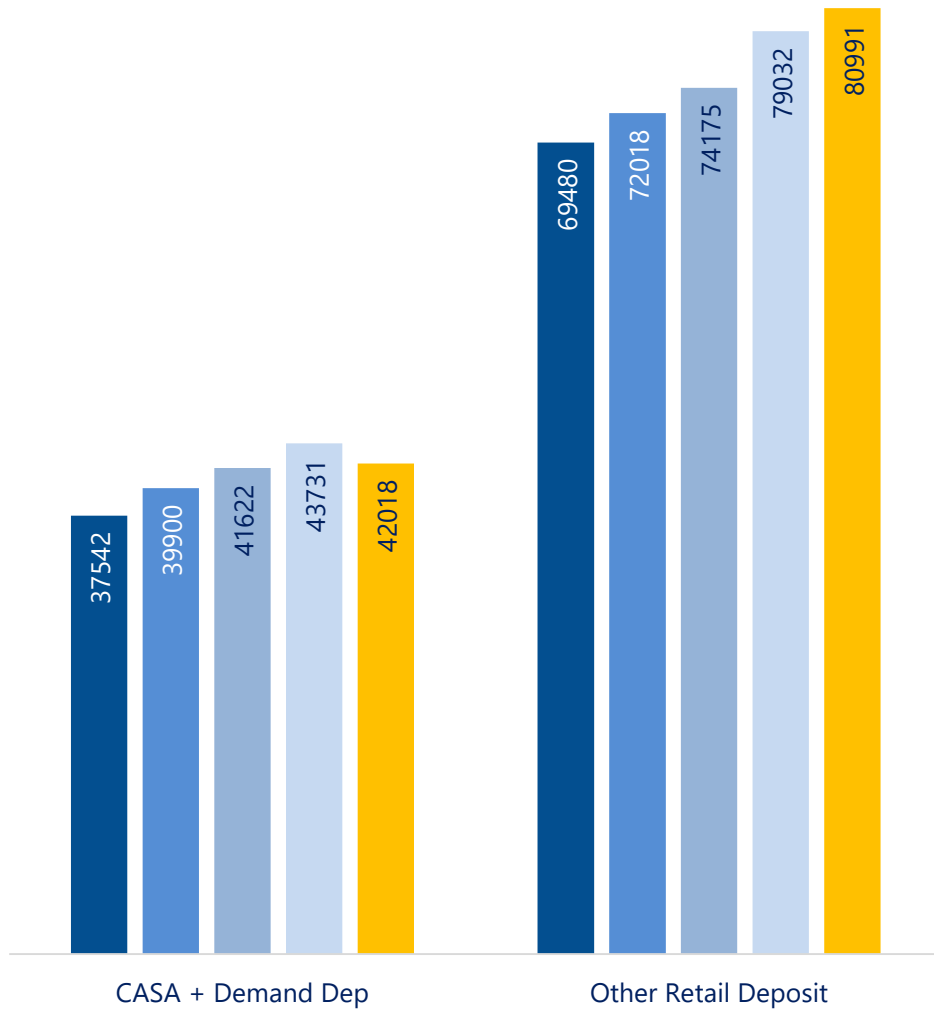


Fed E Biz

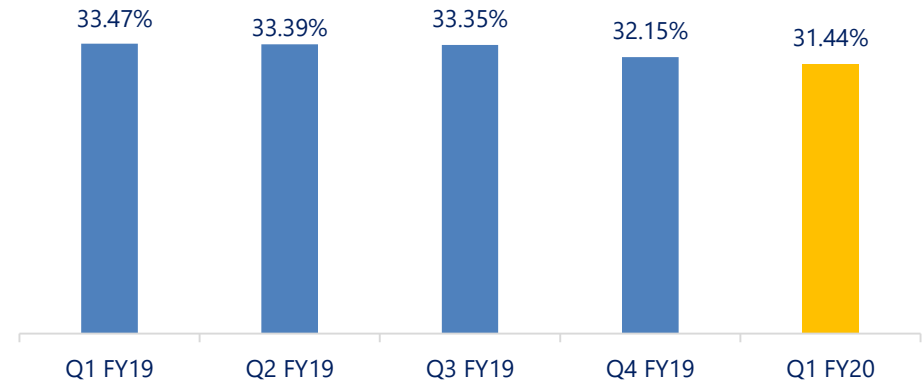


Business Parameters

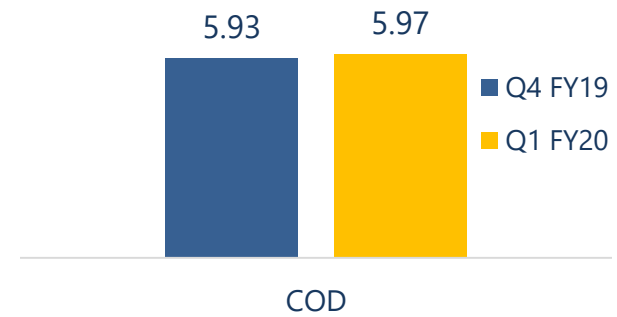
■ Q1 FY19 ■ Q2 FY19 ■ Q3 FY19 ■ Q4 FY19 ■ Q1 FY20



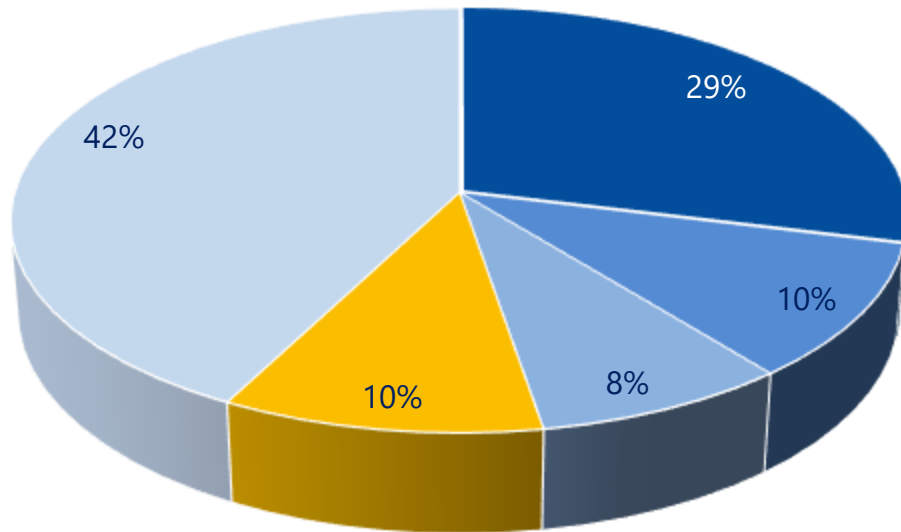
CASA Ratio



Cost of Deposits



Total Loan Book



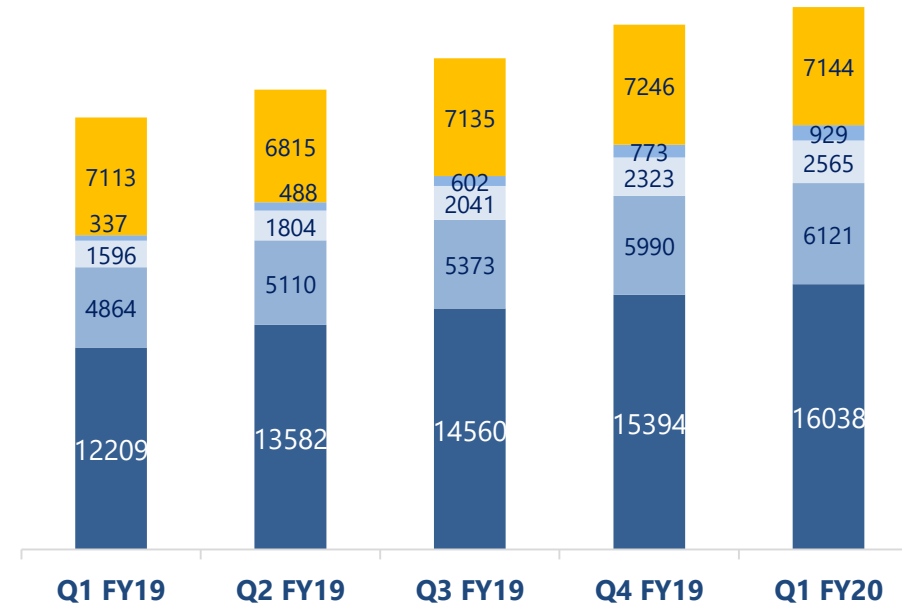
■ Retail ■ Agri ■ BuB ■ CB ■ CIB

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

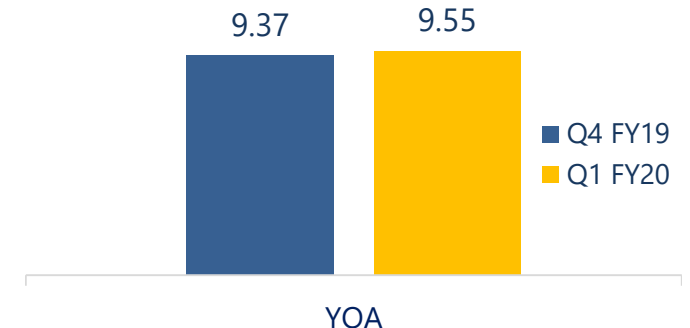
Retail Loan Book (Excl Agri & BuB)

₹ in Cr

■ Housing ■ Mortgage ■ Auto ■ Personal ■ Others

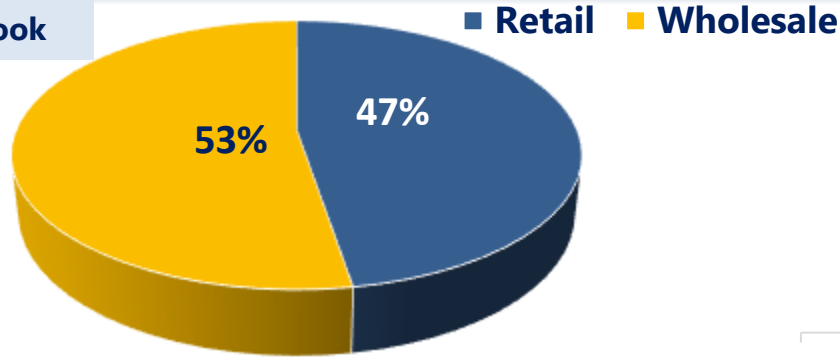


Yield on Advances

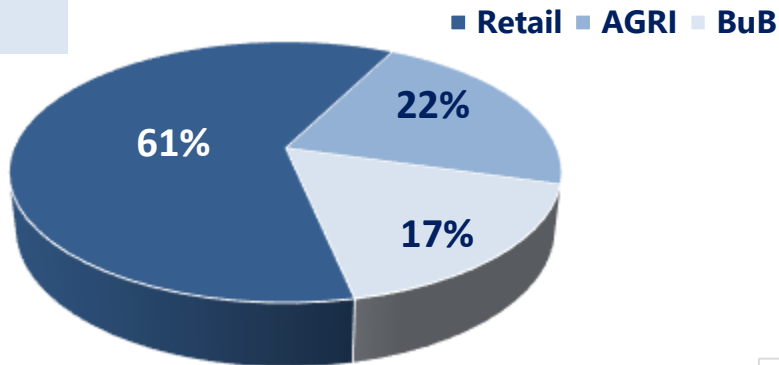


Credit Portfolio Distribution

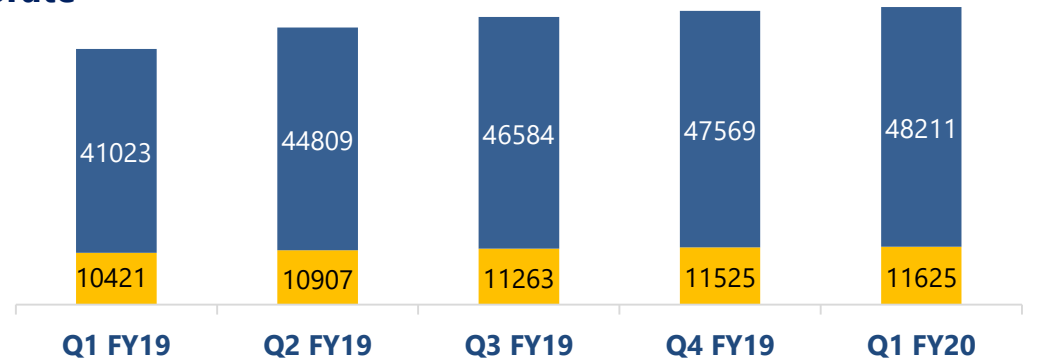
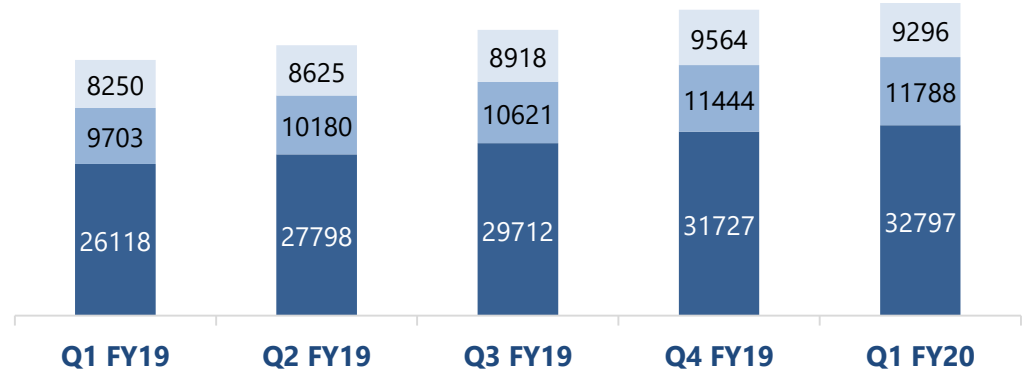
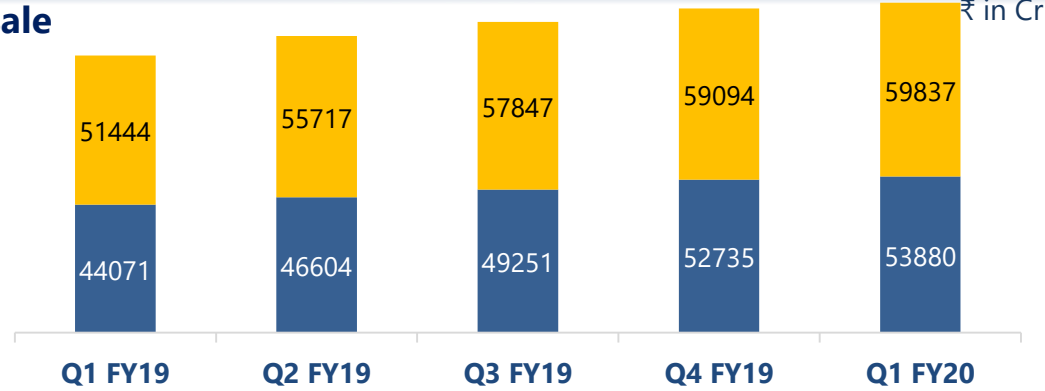
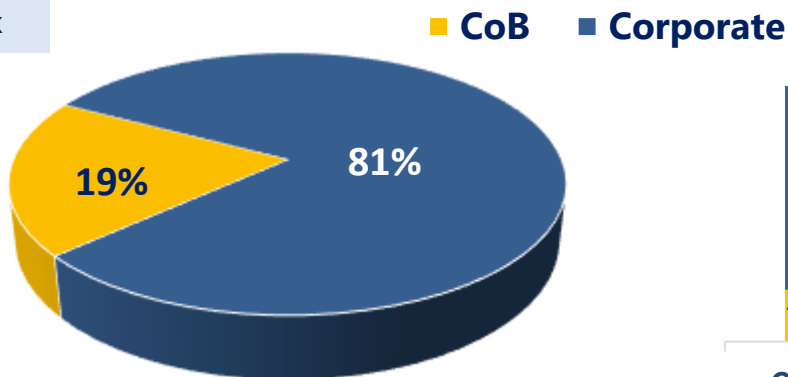
Total Loan Book



Retail Book

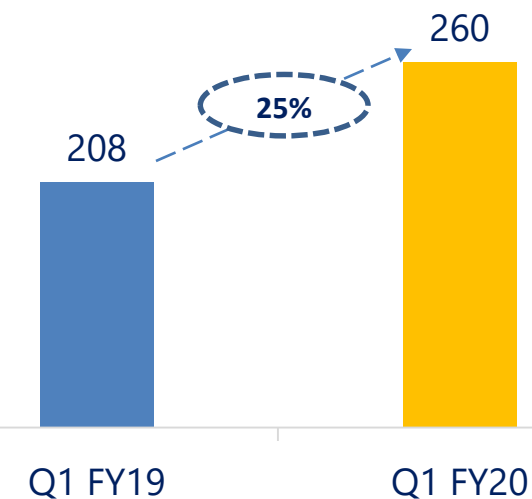


Wholesale Book

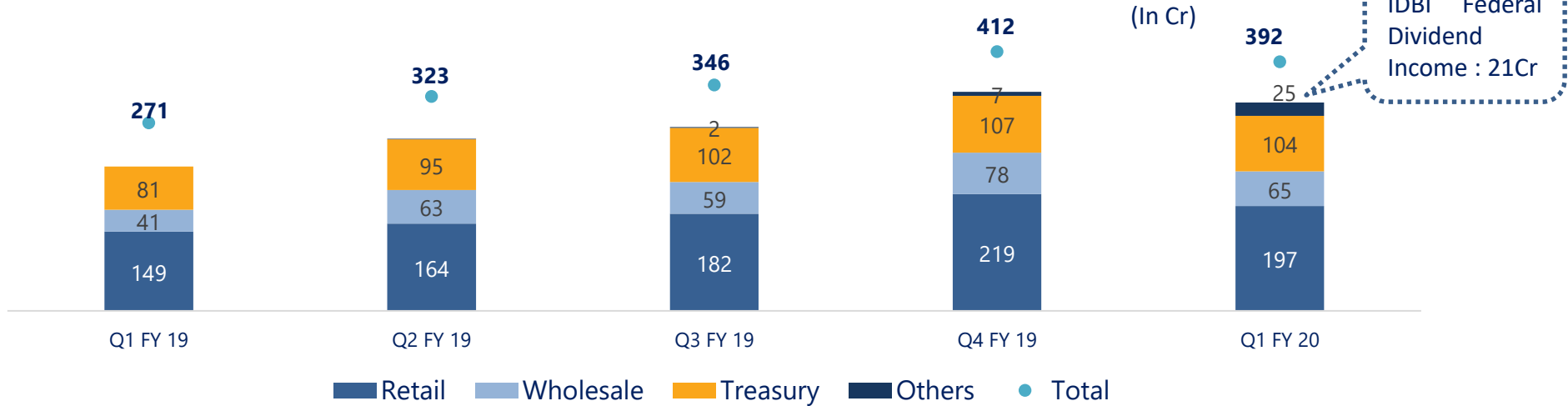


| | Q1 FY20 | Q4 FY19 | Q3 FY19 | Q2 FY19 | Q1 FY19 | Y-o-Y % |
|--|------------|------------|------------|------------|------------|------------|
| Loan Processing Fee | 49 | 50 | 50 | 53 | 31 | 56% |
| Exchange, Commission, Brokerage & Other Fee Income | 169 | 185 | 156 | 147 | 129 | 31% |
| Net Profit 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% |

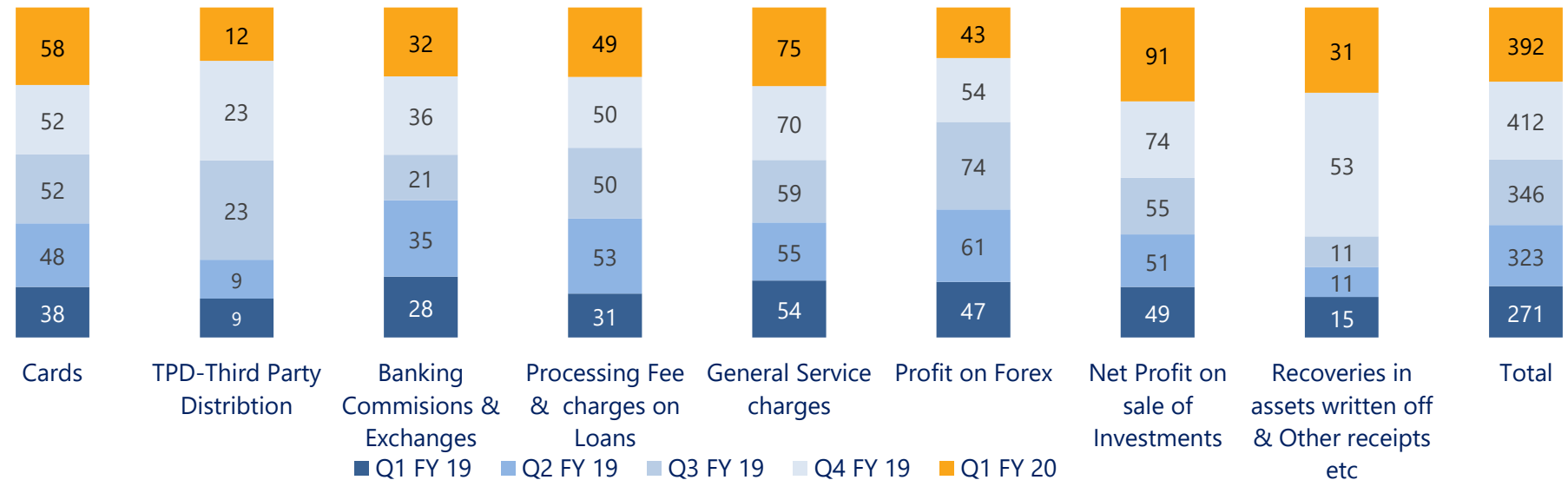
Fee Income (Y-o-Y)



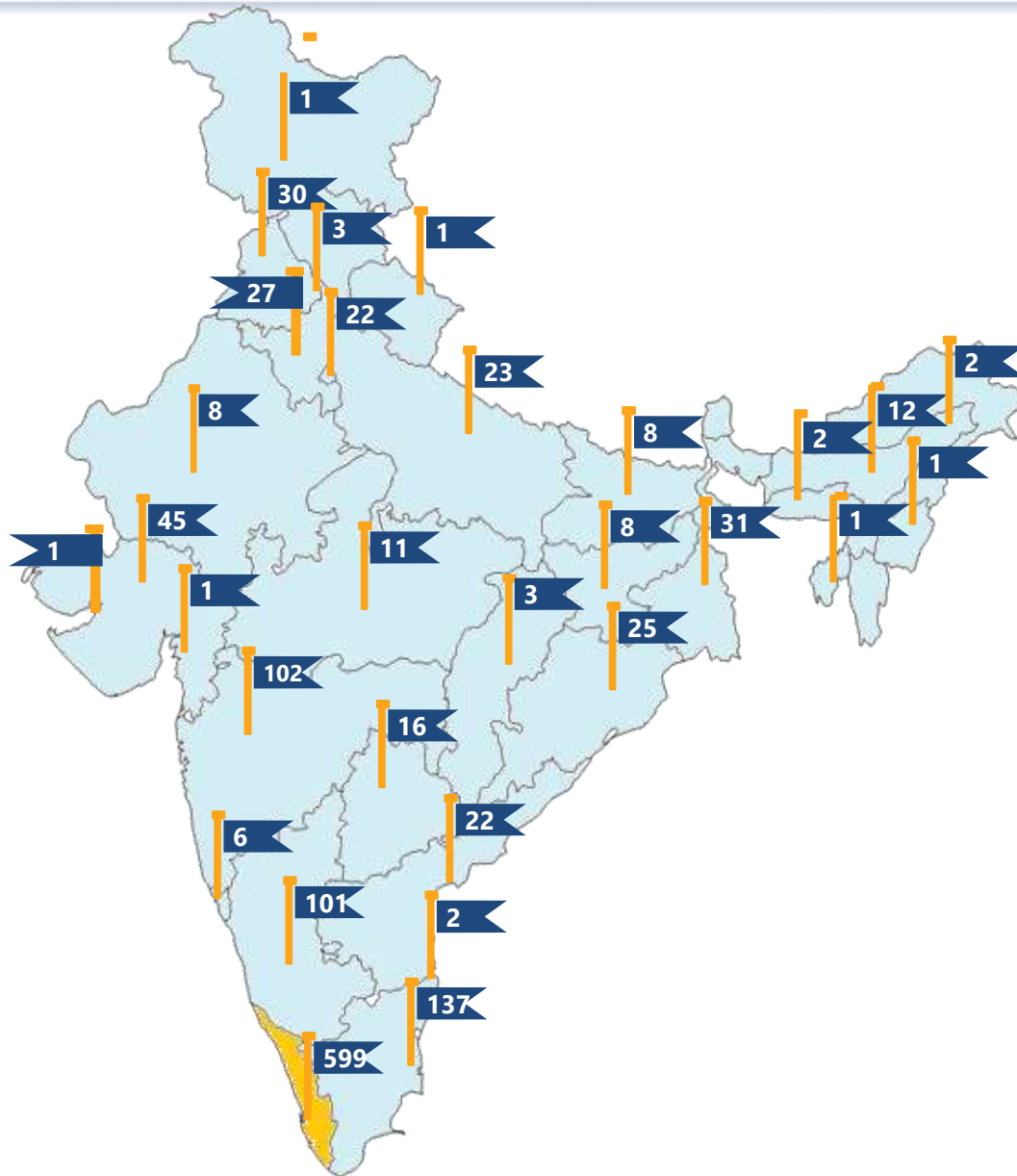
Fee Income Distribution : Vertical Wise



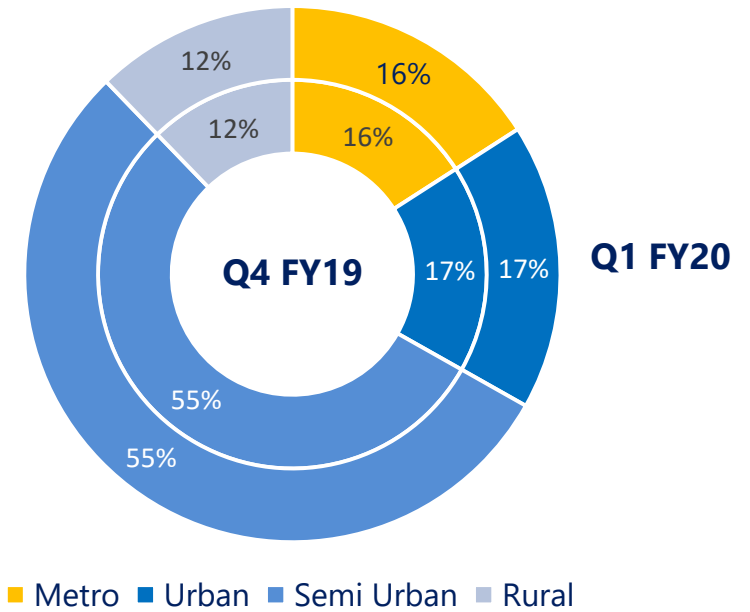
Fee Income Distribution : Item Wise



Distribution : Deriving Efficiency from Footprint



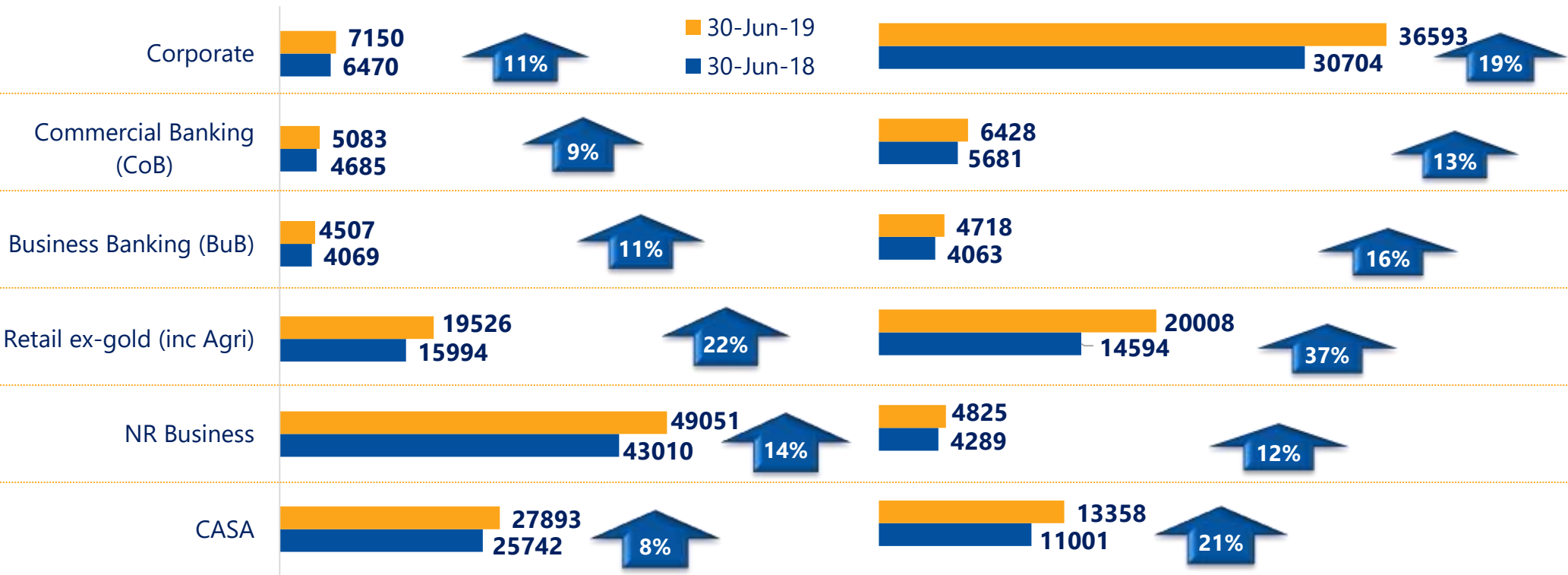
| | Q1 FY20 | Q4 FY19 | Q3 FY19 |
|---------------|---------|---------|---------|
| Branches | 1251 | 1251 | 1251 |
| ATM/Recyclers | 1934 | 1937 | 1926 |



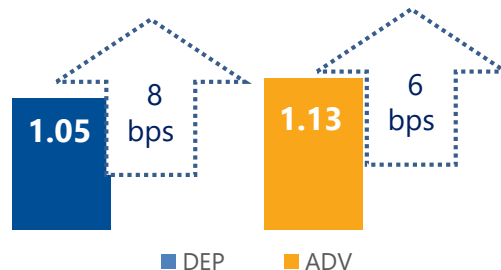
Kerala : Prominence to Dominance

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?

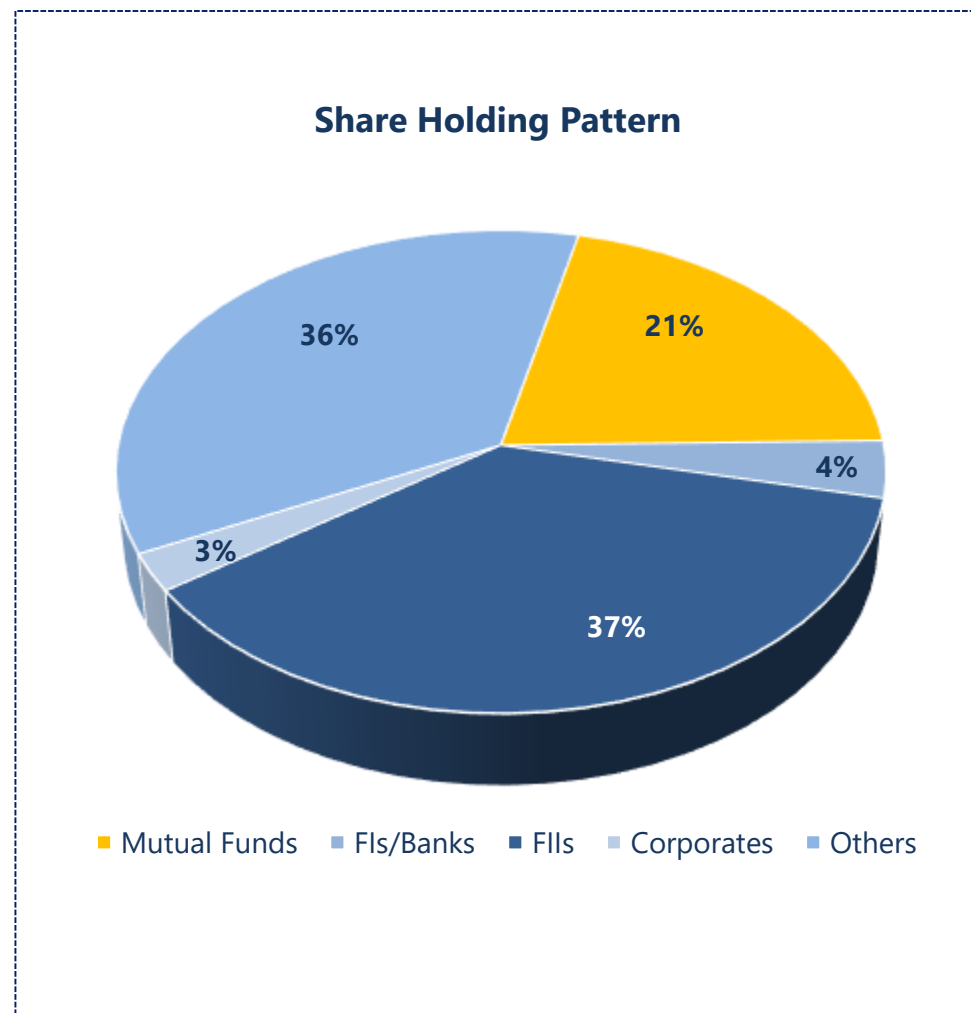
₹ in Cr

| | 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

₹ 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 |

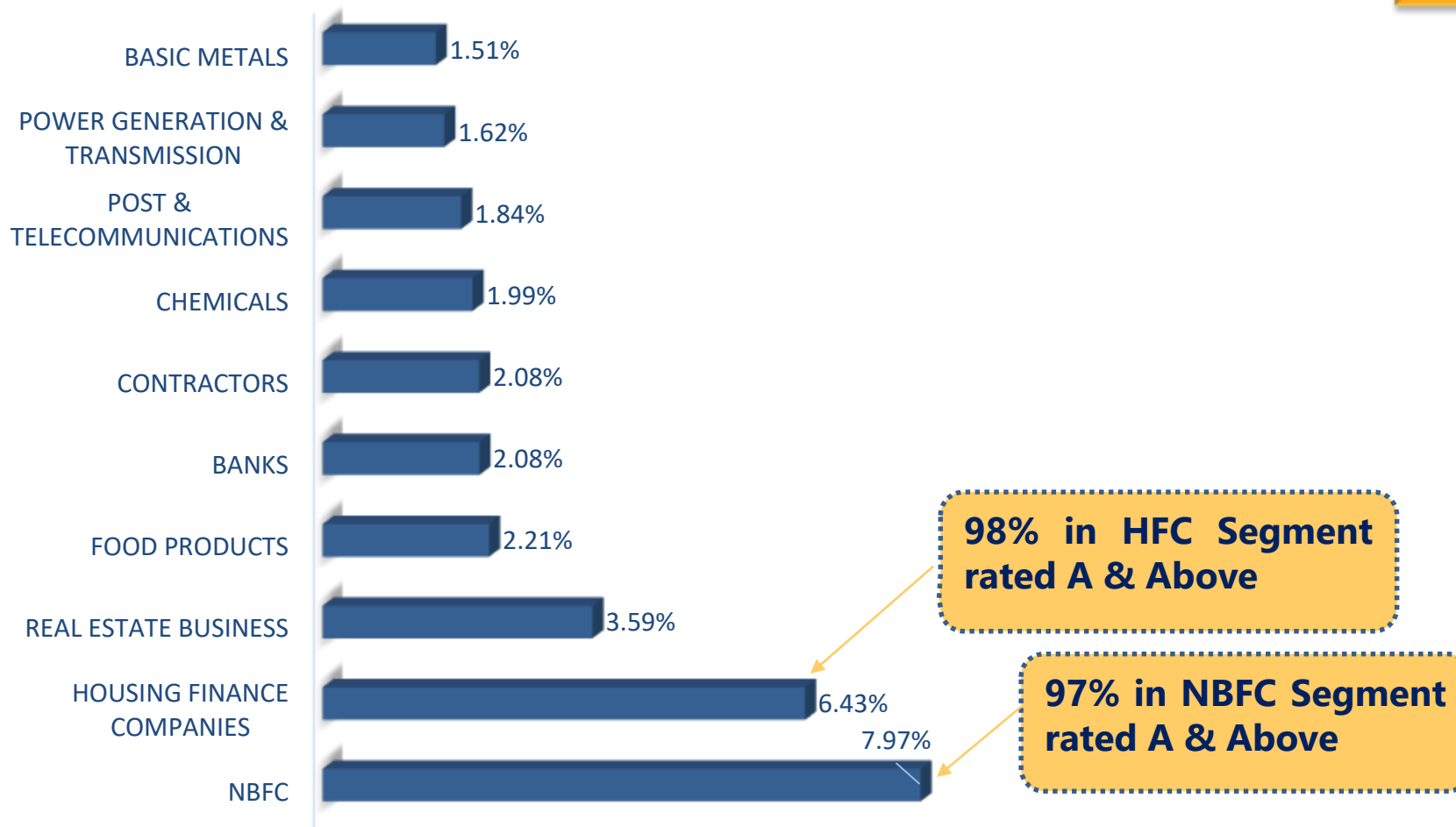


₹ in Cr

| | 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.

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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Prominence
to Dominance

Presence
to Prominence

Thank You

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