

# Investor Information

**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER

**Q2 FY 2023**

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# Broad based Loan Growth, Accelerated Fee Income and Strong Asset Quality results in 'Highest Ever Net Profit'

**Strong business momentum aids material gains in Key Ratios**

## **Profitability**

- Highest ever Operating Profit at 1212 Cr, grew 33% YoY
- Highest ever Net Profit @ 704 Cr, up 53% YoY
- NIM improved to 3.30%, higher by 10bps YoY and 8bps QoQ

## **Strong Momentum in Credit Growth**

- All credit lines up by 5%+ sequentially
- Net Advances grew by 20% YoY
- CV/CE business grew by 64% YoY
- Corporate credit book grew by 21% YoY
- Commercial credit book grew by 19% YoY
- Total Gold book up by 21% YoY

**RoA @ 1.21%**  
**RoE @ 14.36%**  
**(Highest in 30 qtrs)**

## **Granular Liability Franchise**

- Total Deposits grew by 10% YoY
- Total SB grew by 9% YoY
- Core deposits\* at 98.80 % of Total Deposits
- CASA Ratio being maintained at 36.41%

## **Income and Cost Streams**

- Core Fee Income at 540 Cr, up 45% YoY
- Highest ever NII @ 1762 Cr, grew 19% YoY
- Cost to Income improved to 48.88%, down 485bps YoY

**Declining gross slippages and NPAs, moderating credit costs**

## **Asset Quality**

- GNPA at 2.46 (Lowest in 24 qtrs)
- NNPA at 0.78 (Lowest in 34 qtrs)
- PCR up by 238bps to 67.41%
- Strong Recoveries & Upgradations of 329.34cr

## **Steady Growth in Market Share**

- Market Share in Advances at 1.24%
- Market Share in Deposits at 1.08%
- Market Share at an all time high of 22.01% for Individual Inward Remittance

**Core Fee Income at 540 Cr, up 45% YoY**  
**PAT at 704 Cr, up 53% YoY**

## **New Initiatives**

- Launched Credit Cards to New-to-Bank Clients
- Custom Duty Payment is now available through Fednet. First Bank to launch PG for Direct Tax Payment in TIN v2.0
- Partnered with Paisa Bazaar for PL Partnerships
- Added 25 new branches and launched our state-of-the art 'Bank on the Go' service at 2 locations.

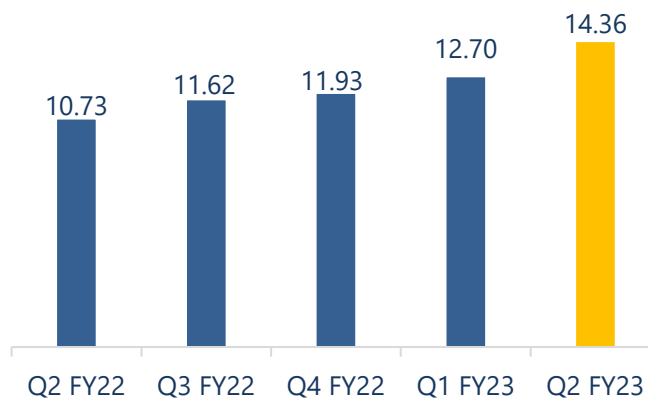
## **Balance Sheet and Capital**

- Balance Sheet grew by 14.62% YoY (Rs 2.37 L Cr)
- Total business crossed milestone figure of 3.5 L Cr, grew by 14.36% YoY
- CRAR at 13.84%

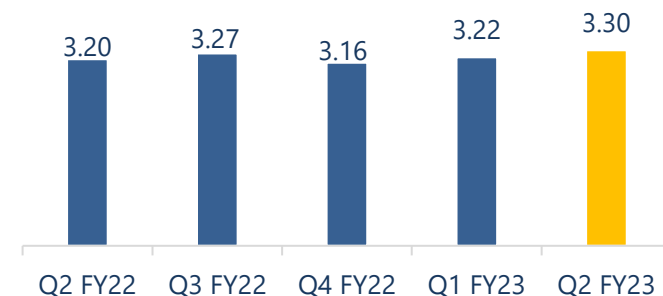
## RoA



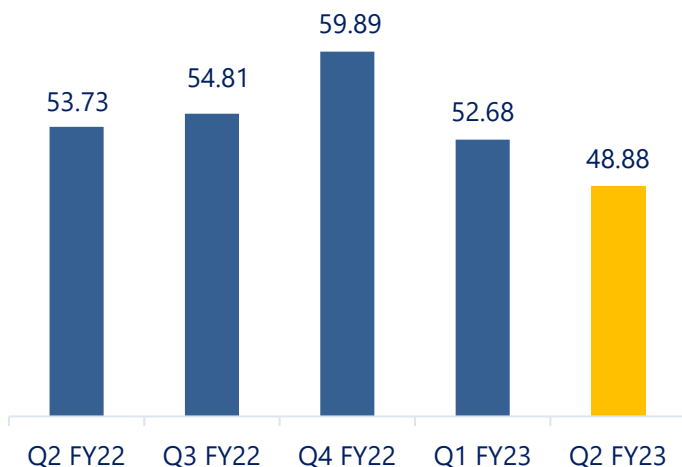
## RoE



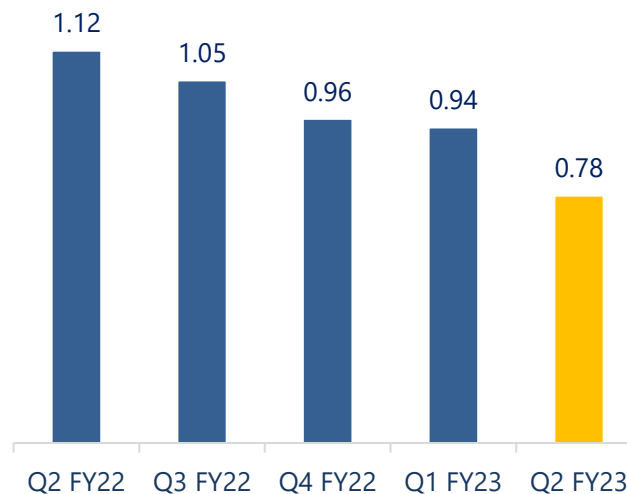
## Net Interest Margin (%)



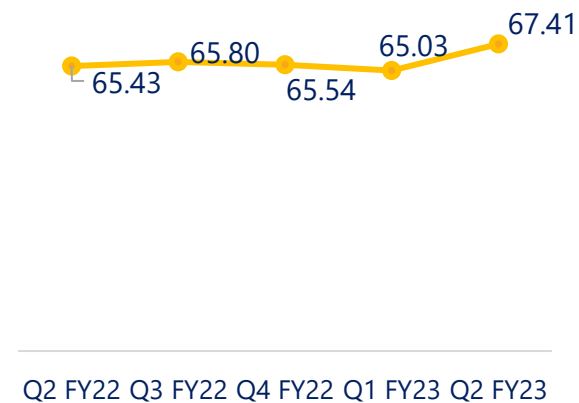
## Cost to Income Ratio



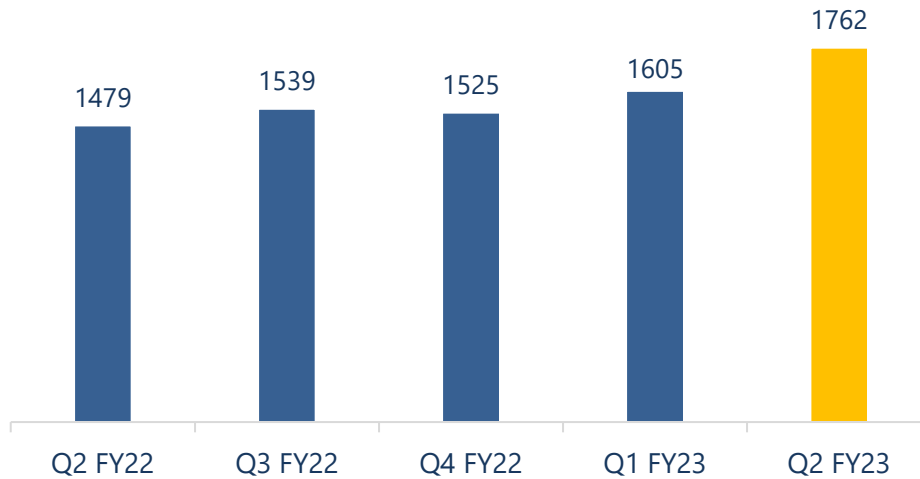
## NNPA (%)



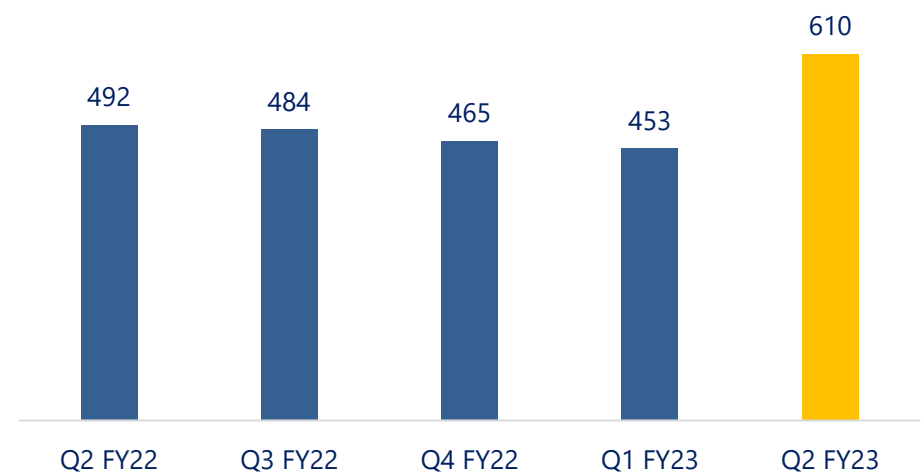
## PCR (%)



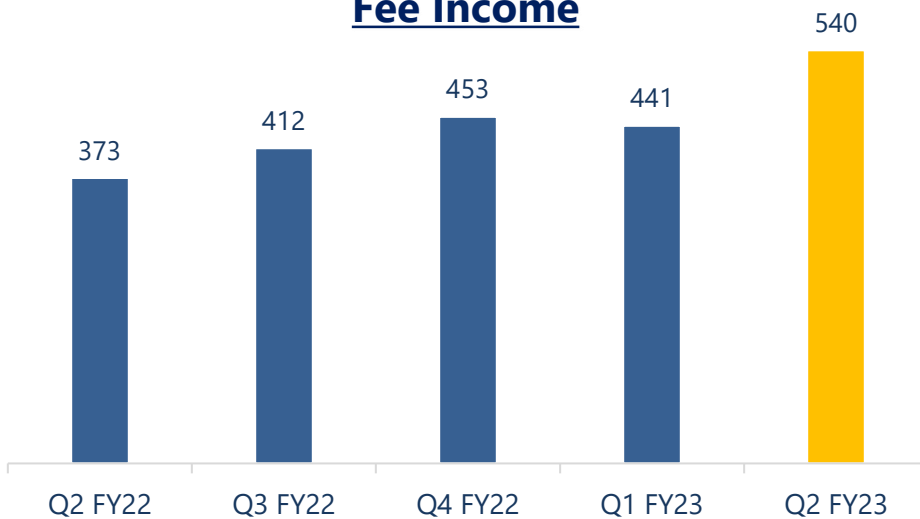
## Net Interest Income



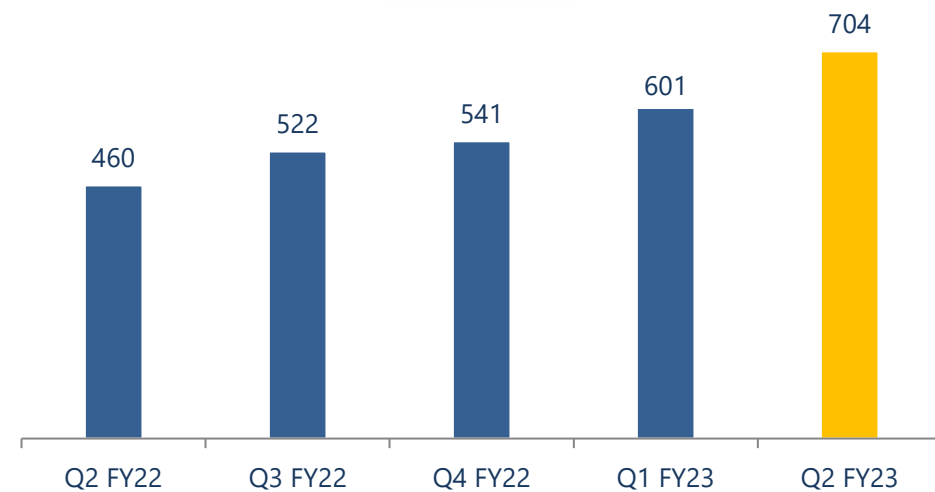
## Other Income



## Fee Income



## Net Profit



## Shareholder Value

**Book Value**  
(Per Share in ₹)

Q2 FY22

Q3 FY22

Q4 FY22

Q1 FY23

Q2 FY23

83.52

86.05

88.75

91.59

93.00

**EPS**  
(annualized)

8.79

9.85

10.43

11.46

13.26

## Granularity

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

92%

92%

92%

92%

91%

## Profitability (Annualized)

**ROA**

0.92

1.02

1.03

1.10

1.21

**RoRWA**

1.79

1.93

1.98

2.02

2.21

**ROE**

10.73

11.62

11.93

12.70

14.36

## Efficiency

**Cost/Income**

53.73

54.81

59.89

52.68

48.88

**Net NPA%**

1.12

1.05

0.96

0.94

0.78

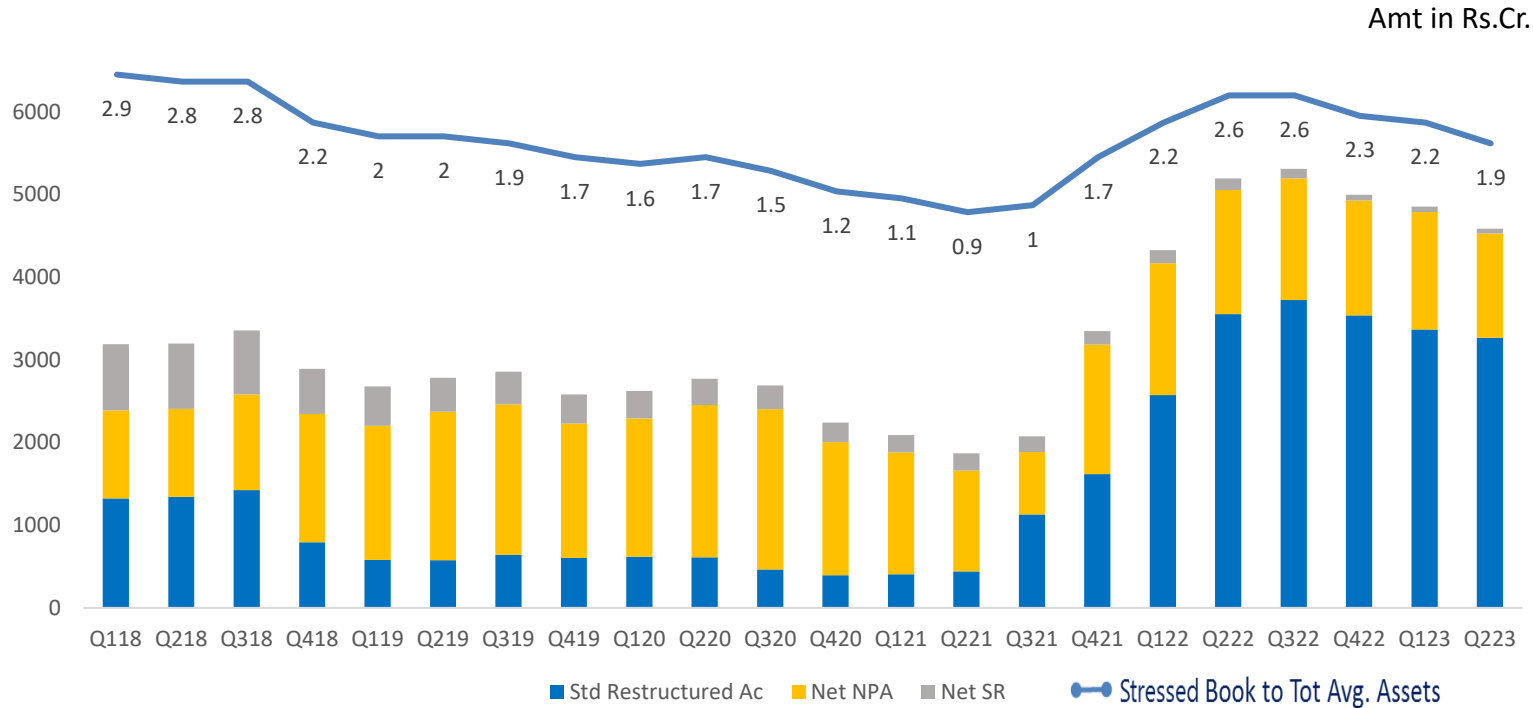
# Asset Quality Trends

Total stressed book steadily trending down and is at 1.98% of average total assets

Provision Coverage Ratio up by 238bps to 67.41%

Strong Recovery & Upgradation of 329 Cr in Q2.

Credit Cost maintained at 53bps for Q2



## Movement of NPA

Gross NPA as on 30.06.2022	<b>4155</b>
Add Fresh Slippage	375
Add Increase in Balances in Existing NPAs	15
Deduct Recoveries/ Upgrades/ Reduction in existing NPA/ Sale to ARC	329
Deduct Written Off	185
Gross NPA as on 30.09.2022	<b>4031</b>

## Provisions in Q2

Loan Loss	<b>205</b>
Investment Loss	-0.21
Standard Accounts	39
Other Purposes	24
Total Provisions	<b>268</b>

# Fresh Slippages Break up

## Fresh Slippages

	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23
<b>Retail</b>	85	95	86	<b>204</b>	<b>123</b>
<b>Agri</b>	98	102	147	<b>89</b>	<b>98</b>
<b>BuB</b>	48	81	68	<b>107</b>	<b>77</b>
<b>CV/CE</b>	1	3	2	<b>2</b>	<b>7</b>
<b>CoB</b>	88	111	55	<b>42</b>	<b>70</b>
<b>Corporate</b>	0	50	0	<b>0</b>	<b>0</b>
<b>Total</b>	320	442	358	<b>444</b>	<b>375</b>

## Restructured

TYPE	Q1 FY23		Q2 FY23	
	Balance	Of which Bonds	Balance	Of which Bonds
<b>STANDARD</b>	<b>3366</b>	<b>17</b>	<b>3266</b>	<b>60</b>
<b>Net NPA</b>	<b>534</b>	<b>100</b>	<b>626</b>	<b>81</b>
<b>TOTAL</b>	<b>3900</b>	<b>117</b>	<b>3892</b>	<b>141</b>

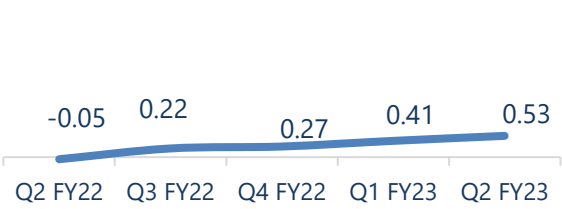
## Security Receipts

	Q1 FY23	Q2 FY23
Face Value	530	523
Book Value	447	442

## NPA Composition

	Q1 FY23	Q2 FY23
<b>Business</b>	<b>NPA</b>	<b>NPA</b>
<b>Retail</b>	<b>1131</b>	<b>1133</b>
<b>Agri</b>	<b>916</b>	<b>934</b>
<b>BuB</b>	<b>958</b>	<b>938</b>
<b>CV/CE</b>	<b>10</b>	<b>17</b>
<b>CoB</b>	<b>696</b>	<b>620</b>
<b>Corporate</b>	<b>445</b>	<b>388</b>
<b>Total</b>	<b>4155</b>	<b>4031</b>
<b>Net NPA</b>	<b>1420</b>	<b>1262</b>

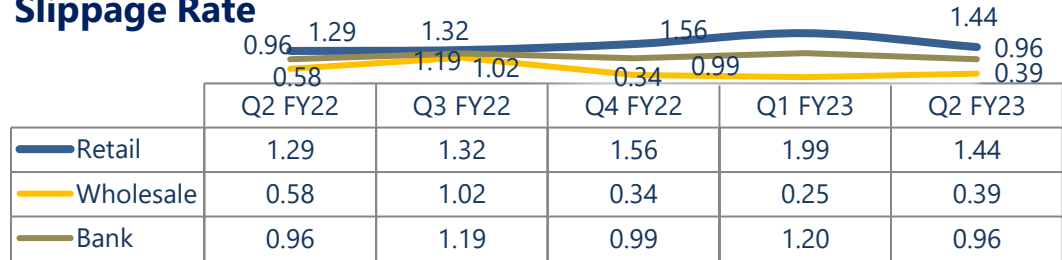
## Credit Cost



## Risk Adjusted NIM

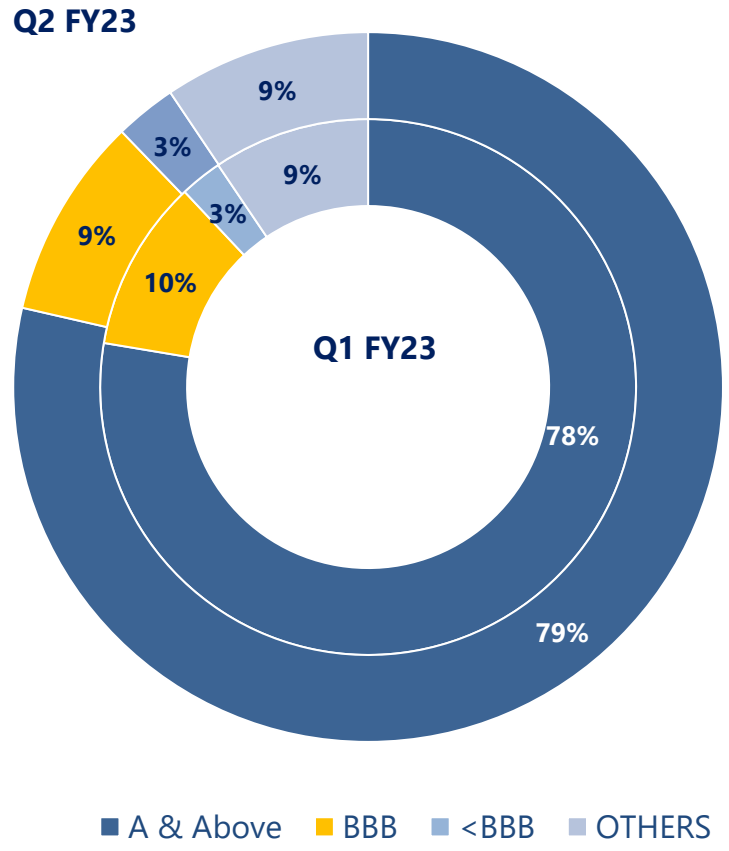


## Slippage Rate





## External Rating of Corporate Advances



## External Rating of Corporate Advances

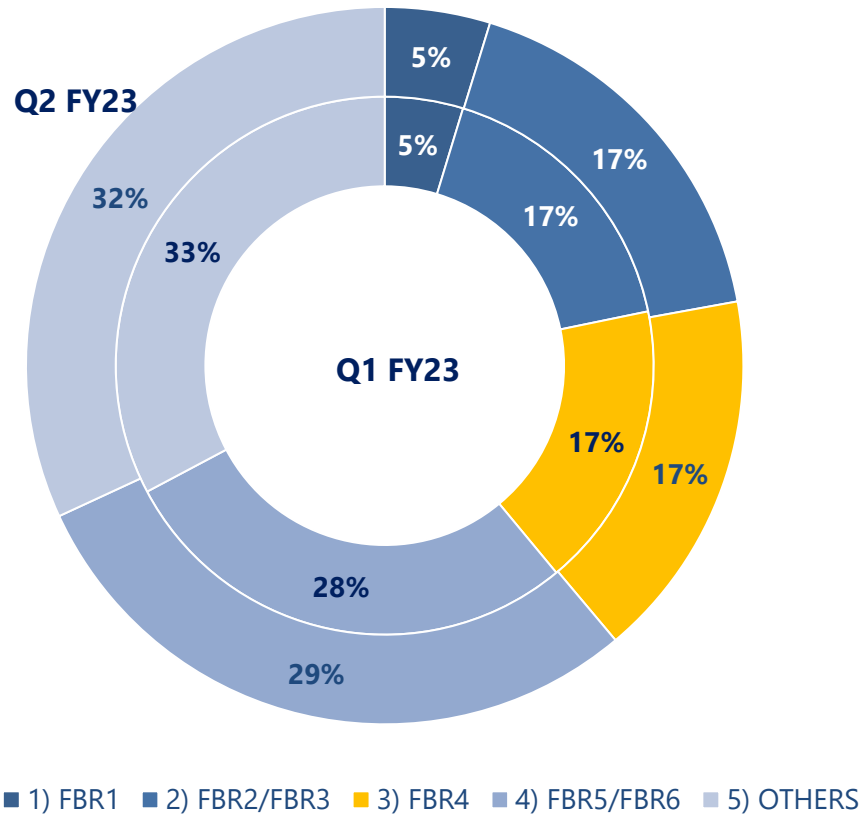
Rating	Q1 FY23	Q2 FY23
A & above	78%	79%
BBB	10%	9%
< BBB	3%	3%
Others	9%	9%

### Internal Rating of 'others' (Externally unrated Corporate advance from above table)

Rating	Q1 FY23	Q2 FY23
FBR1	5%	2%
FBR2/FBR3	6%	7%
FBR4	10%	8%
*Below FBR4 & unrated	79%	83%

\*includes IBPC and exempted category.

# Asset Quality : Rating Distribution (Advances excluding Corporate advance)



Rating	Q1 FY23	Q2 FY23
FBR1	5%	5%
FBR2/FBR3	17%	17%
FBR4	17%	17%
FBR5/FBR6	28%	29%
Staff	3%	3%
Gold, Advance against Deposit/Securities & others	30%	29%

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



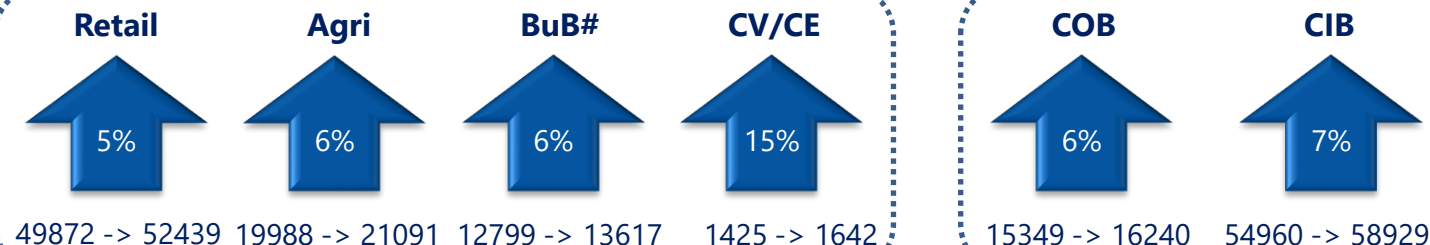
\* Credit segments are realigned at the beginning of every FY.

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

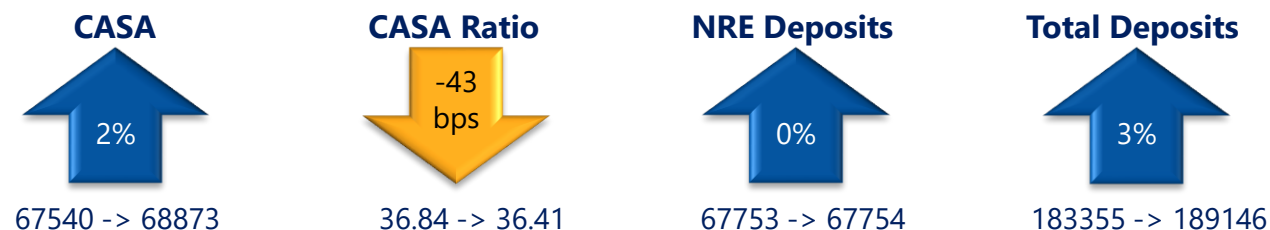
## RETAIL

## WHOLESALE

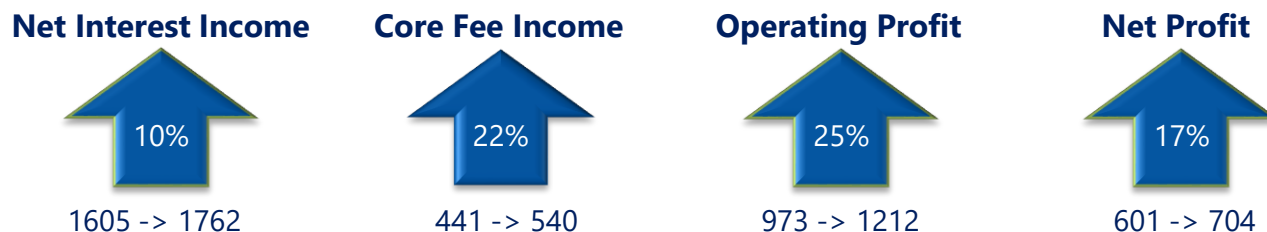
### Advances



### Deposits



### Performance



### Ratios



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

## Digital Migration

**89%**

SHARE OF DIGITAL TRANSACTION

**₹13.3K**

CR WORTH MONTHLY MOBILE BANKING TRANSACTIONS

**₹28.7K**

CR WORTH MONTHLY CORPORATE DIGITAL PRODUCTS VOLUME

## Digital Transformation

**154%**

YOY GROWTH IN UPI TRANSACTIONS

**250**

RPA PROCESSES RUNNING

**80%**

ACCOUNTS OPENED DIGITALLY

## Future Readiness

**400+**

API'S AVAILABLE IN OPEN BANKING

**75+**

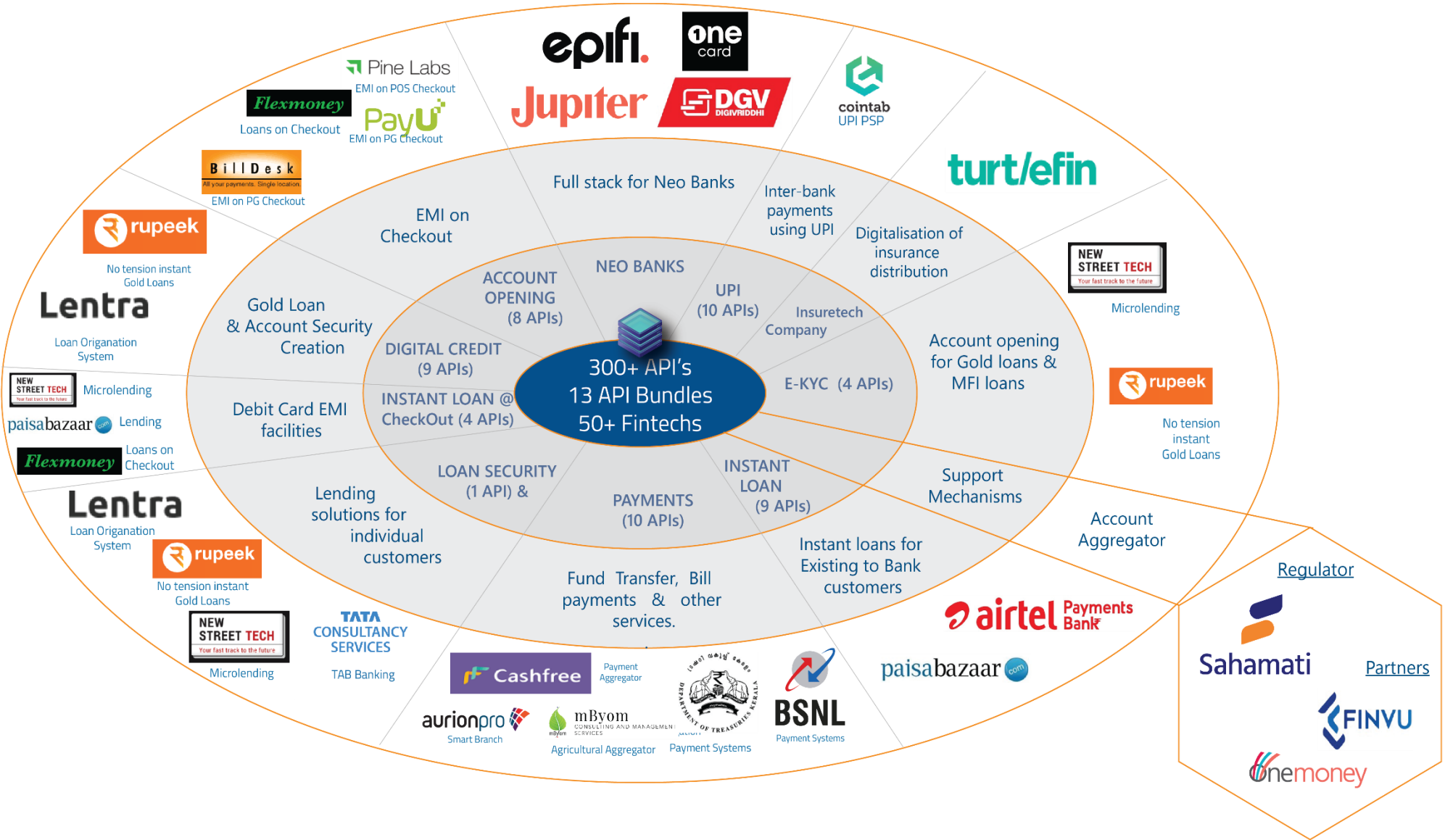
NUMBER OF PARTNERSHIPS

**5**

NUMBER OF CHANNELS WHERE AI IS INTEGRATED

FUTURE OF DIGITAL IS  
**HUMAN**





**paisabazaar** 

- We launched our first PL Partnership with PaisaBazaar (PB) on 28<sup>th</sup> September 2022 . Partnership with PB, one of India's largest digital marketplace for consumer credits, is expected to enhance the unsecured portfolio.
- This digital lending partnership is one more step towards offering enhanced customer experience through an innovative financial solution that is both convenient and easy.
- Entire customer journey including underwriting and on-boarding is end-to-end digital and completed through PaisaBazaar application. The process is simple, convenient and frictionless.

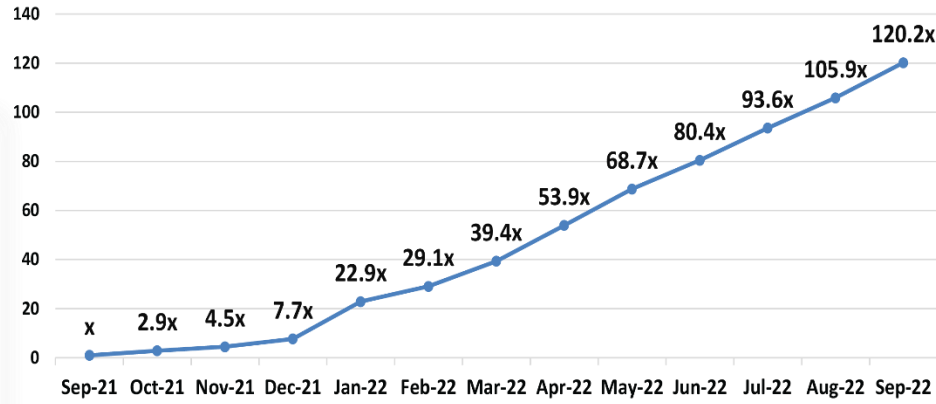


CARDS

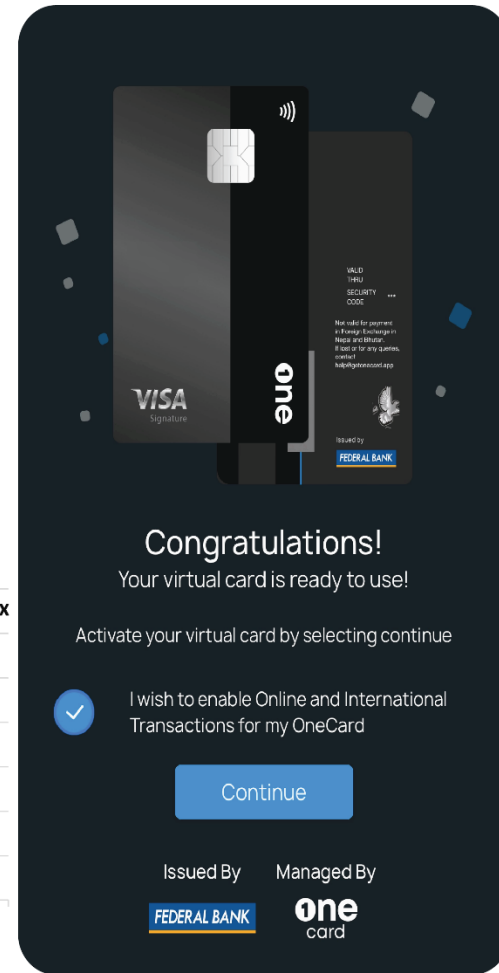
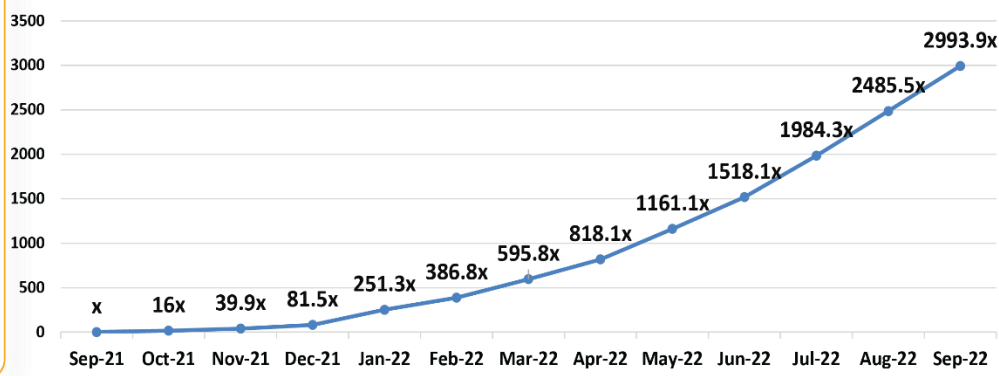


- Co-Branded Credit Card!!**
- Bank has tied up with FPL Technologies (First Principles Labs), popularly known as 'One Card' for issuing co-branded credit cards.
  - Customer onboarding process will happen via One Card App available on Play & App Store, also the entire customer life-cycle journey will be taken care by FPL.
  - The tie-up with FPL primarily concentrates on acquiring NTB customers with focus on the digitally savvy segment.

Cards Issued



Spends





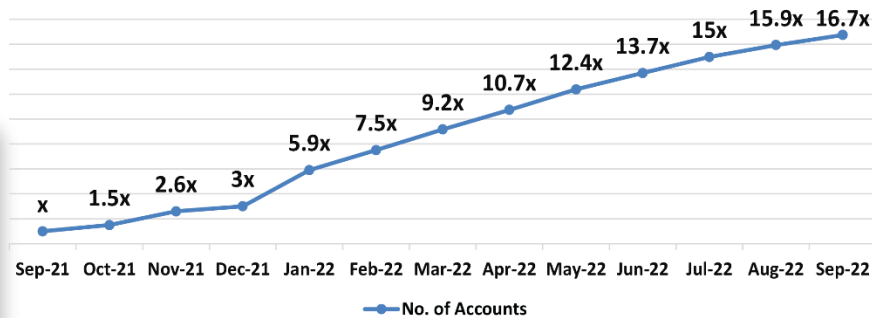
## FINTECH PARTNERS

**epifi. Jupiter**

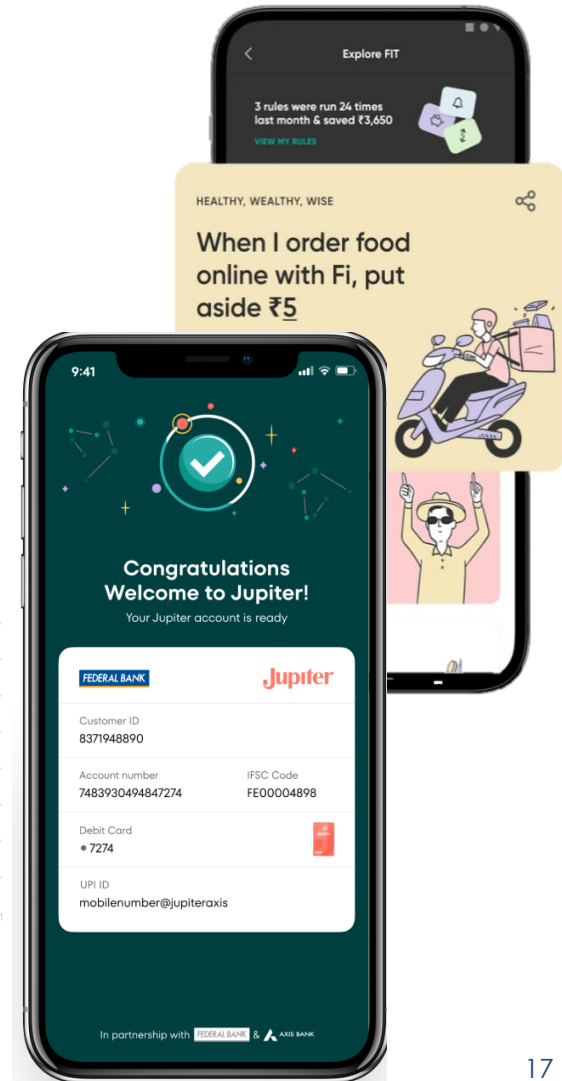
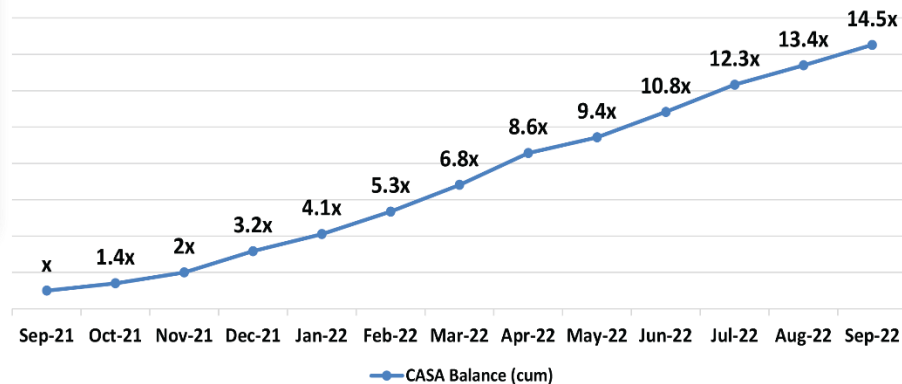


- Bank is live with 2 leading Fintech Partners - Fi & Jupiter.
- The proposition is positioned for the salaried millennial who are digitally native across their savings, investing and borrowing needs.
- More than 4.5L+ account are being opened every month by Fi & Jupiter.

Number of Accounts



Growth in CASA Balance (Amount In Cr.)

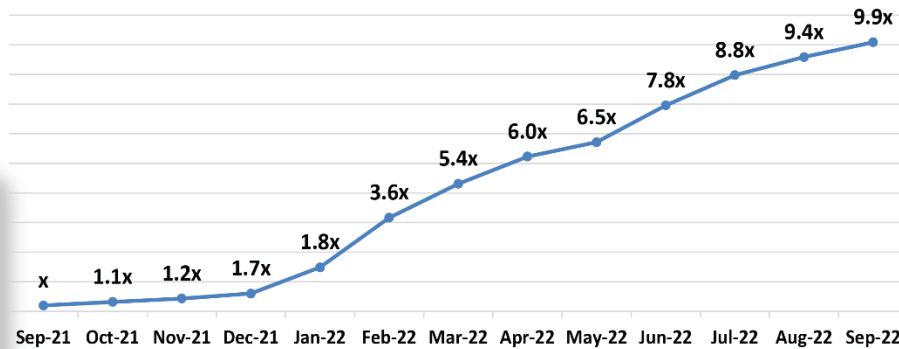




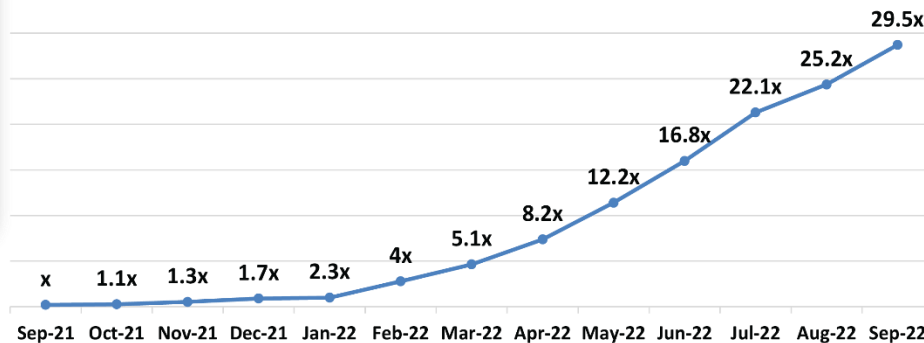
## DigiVridhi Technologies (DGV)

- DGV is a Neo for Bharat fintech empowering the underserved & under-banked with banking facilities.
- Federal Bank, DGV & Amul have joined hands to digitize the farmer milk payment life cycle spread across 18000 Milk Societies and 36 lac farmers.
- Now farmers can receive credits in their accounts & withdraw using Micro ATM services.

Current Account opened of Mandilis



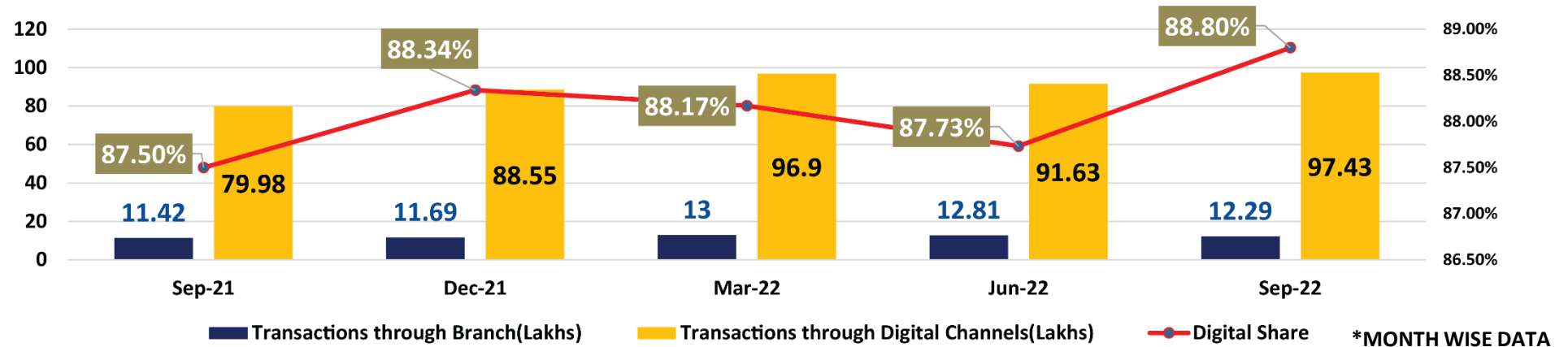
Savings Account opened of Farmers



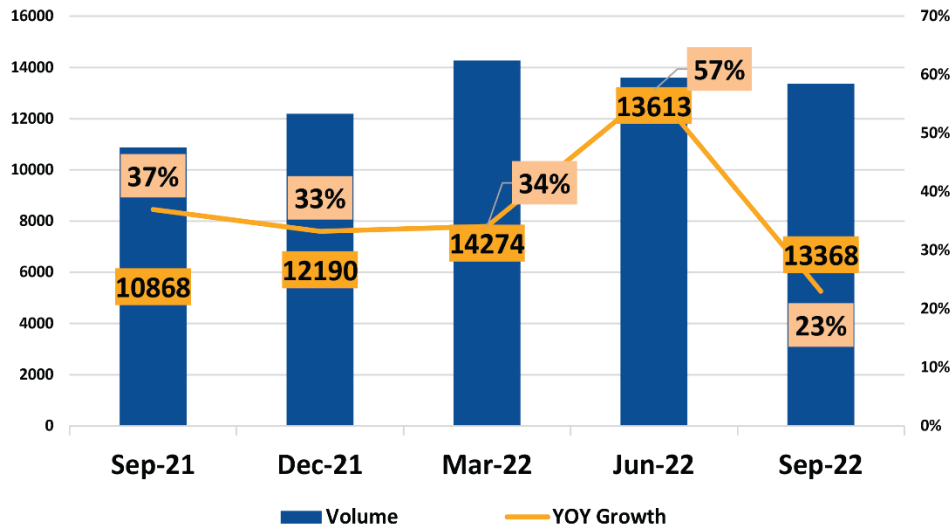
## CATERING THE UNDER-SERVED/BANKED



## Branch vs Digital Transactions (In Lakhs)

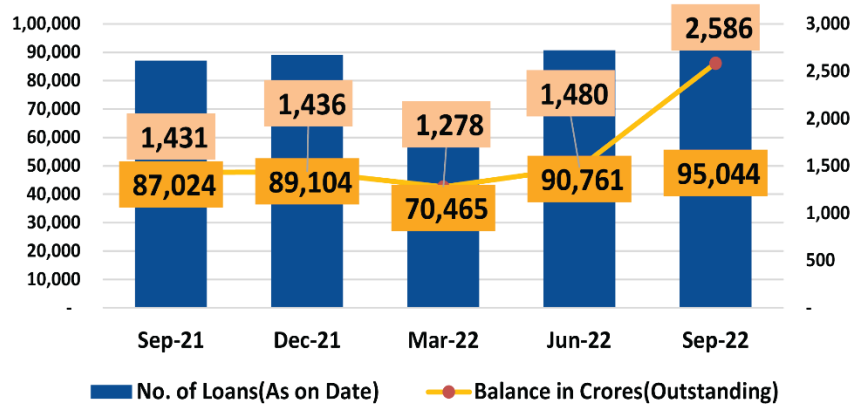


## Mobile Banking Volume (In Crores)

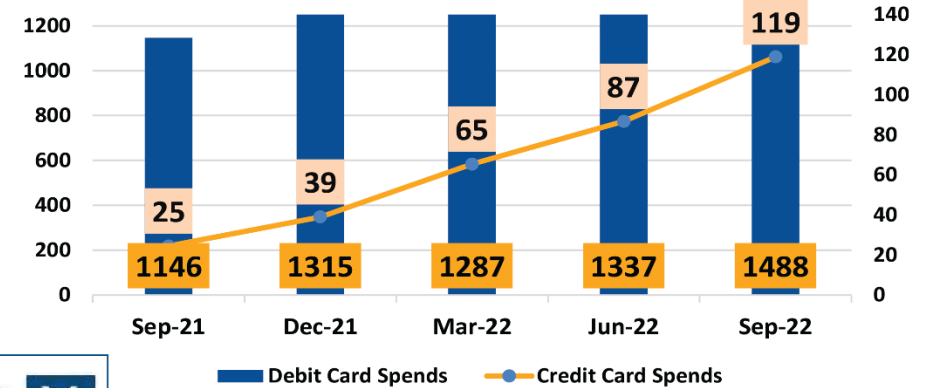


- Digital transactions have seen a **22%** YOY growth.
- Mobile Banking volume stands at **13,368 Crore**, a **23%** YOY growth.
- Digital Share stands at **88.80%** for the month of Sept-22.

## BYOM Digital Personal Loans : Loan book progress



## Card Spends (In Crores)

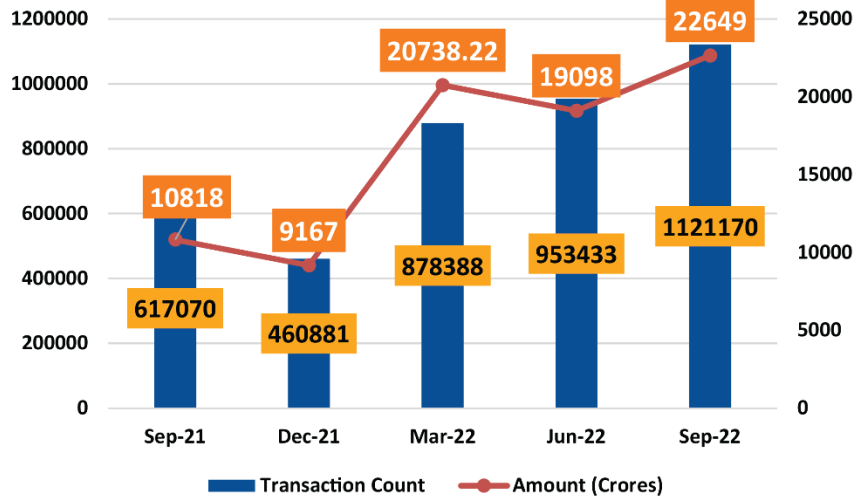


- BYOM enables digital instant personal loans through Federal Bank's Web Portal, FedMobile, Google Pay, Paisa Bazaar & Airtel Payments Bank.
- EMI on check out through PineLabs, Innoviti at multiple merchant locations through POS machines.
- EMI through online channels ex. Bill Desk (Amazon), Flex Money (Flipkart & Myntra) & PayU (MMT).



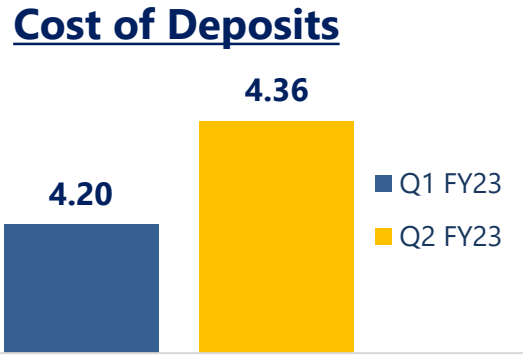
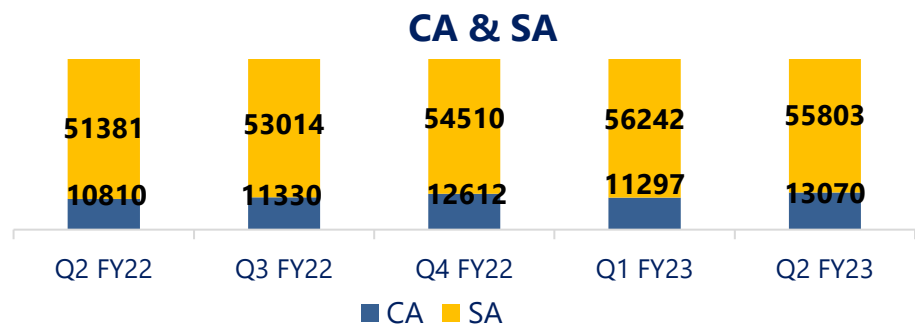
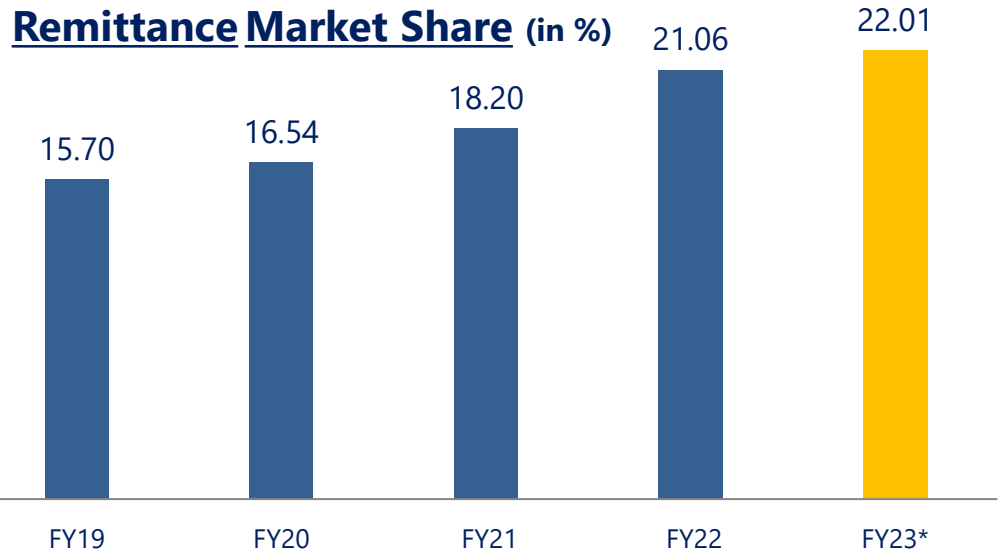
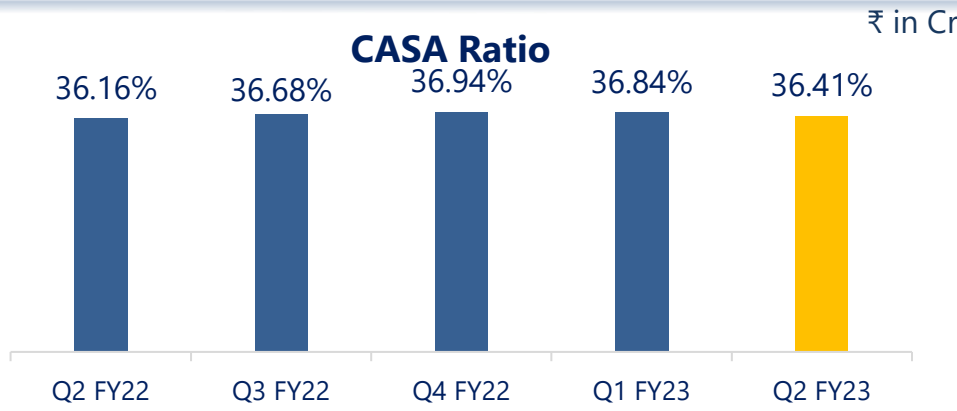
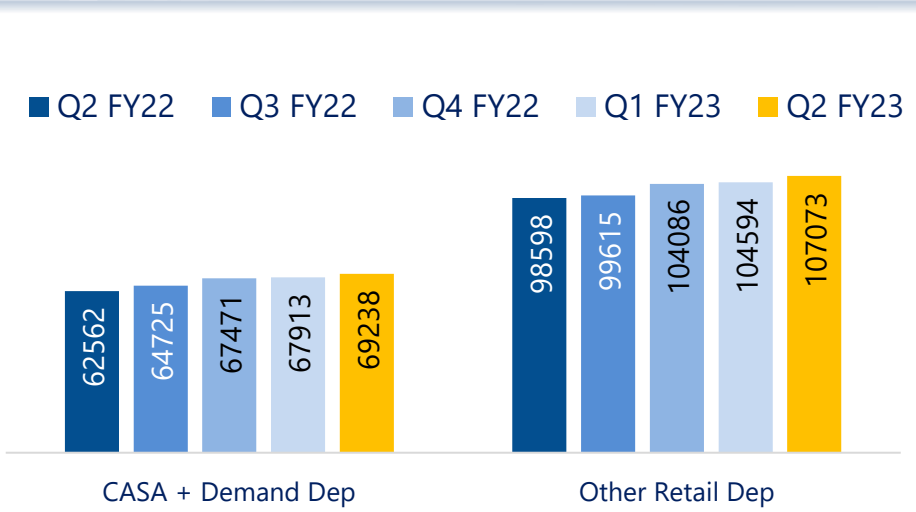
- Fed e-Biz is the omni channel transaction banking platform for corporates.
- 109% YOY growth in terms of Transaction value.

## Fed-e-Biz



# Business Parameters

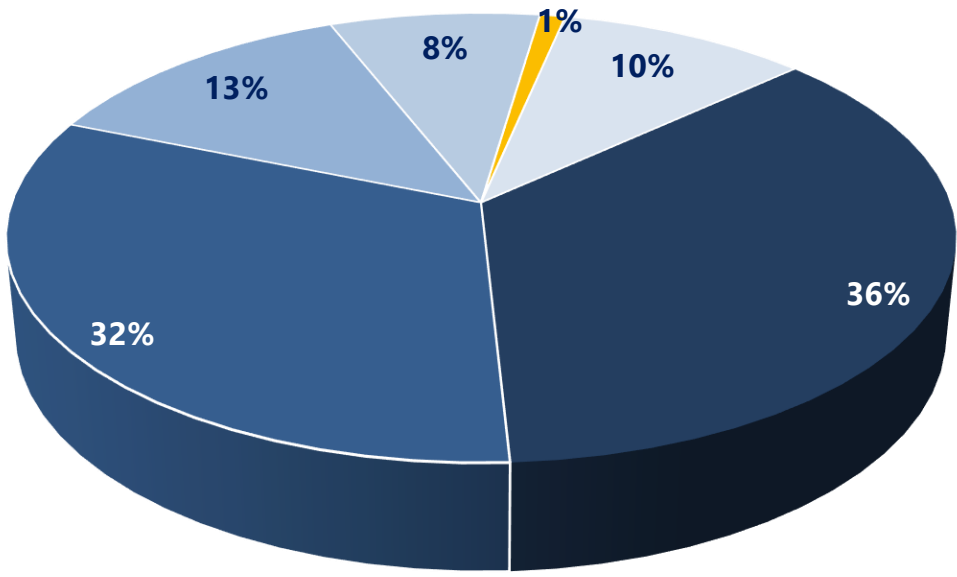
# Liability : Trends



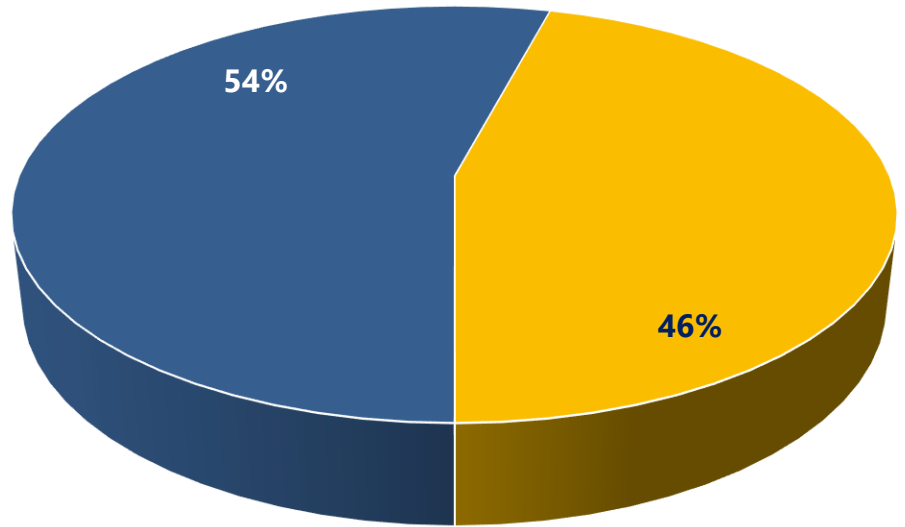
\*data upto Q1 FY23

₹ in Cr

**TOTAL LOAN BOOK**

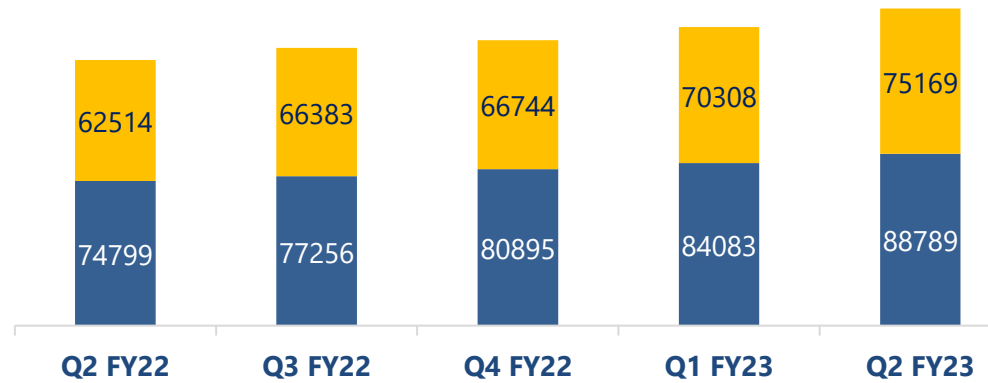
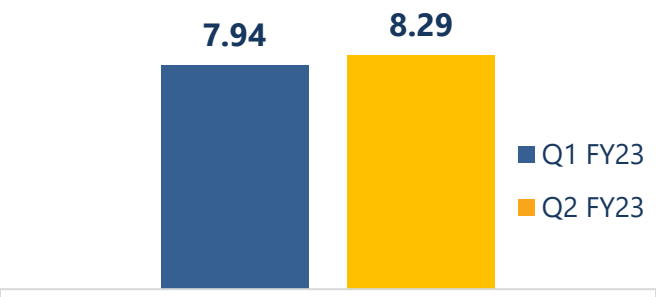


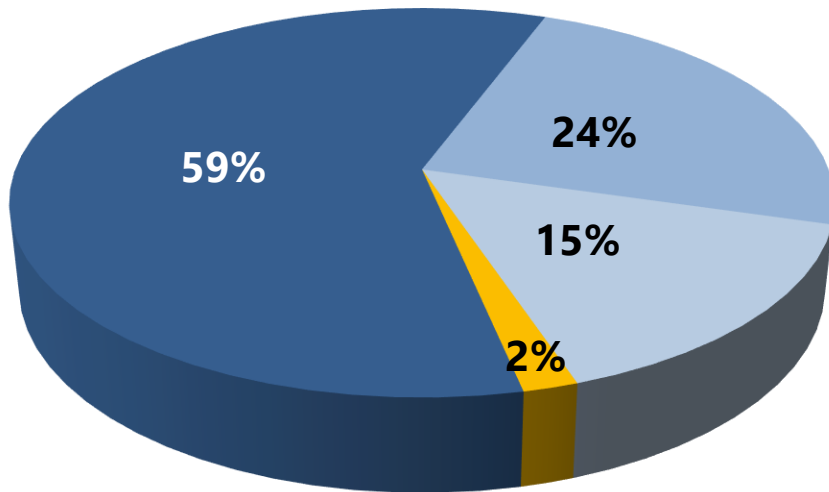
■ Retail ■ Agri ■ BuB ■ CV/CE ■ CoB ■ CIB



■ Retail ■ Wholesale

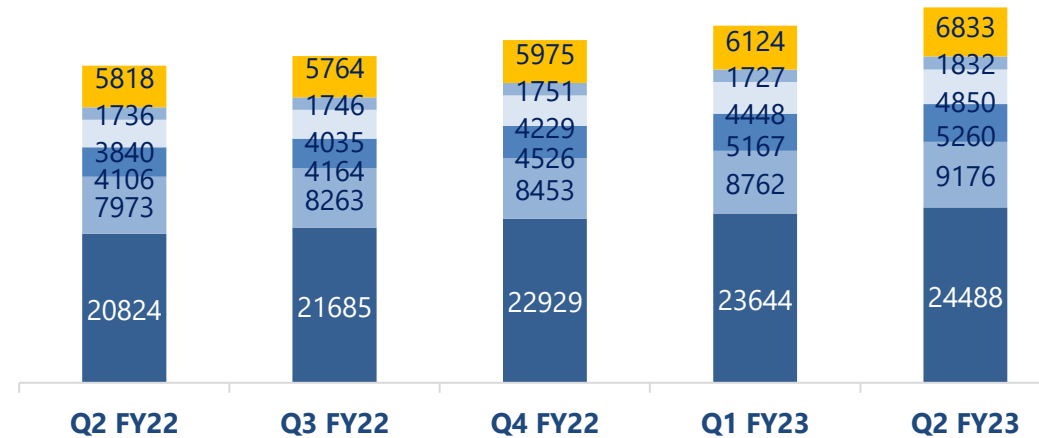
**Yield on Advances**



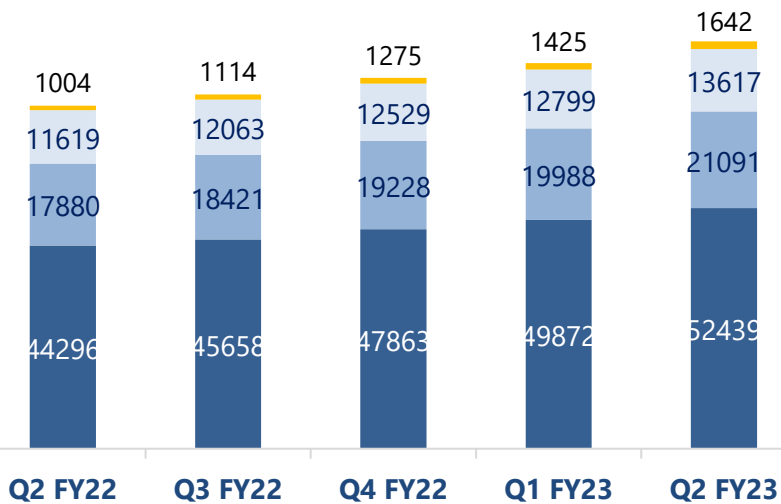


## Retail Loan Book (Excl Agri, BuB & CV/CE)

■ Housing ■ LAP ■ Gold ■ Auto ■ Personal ■ Other



■ Retail ■ Agri ■ BuB ■ CV/CE

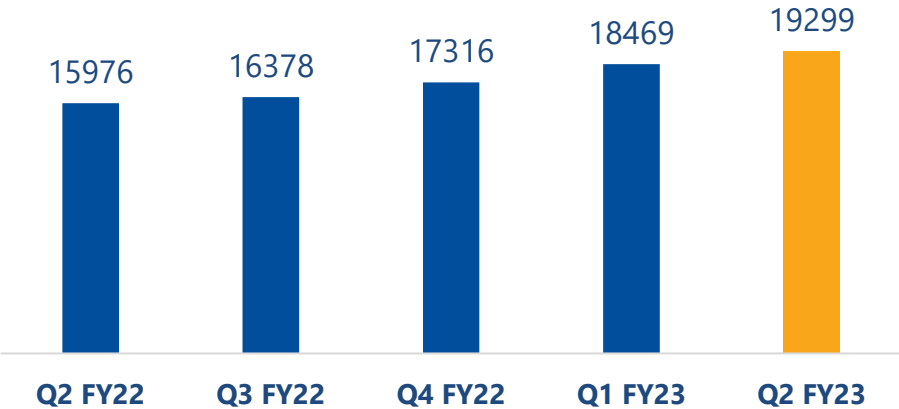


## RETAIL BANKING

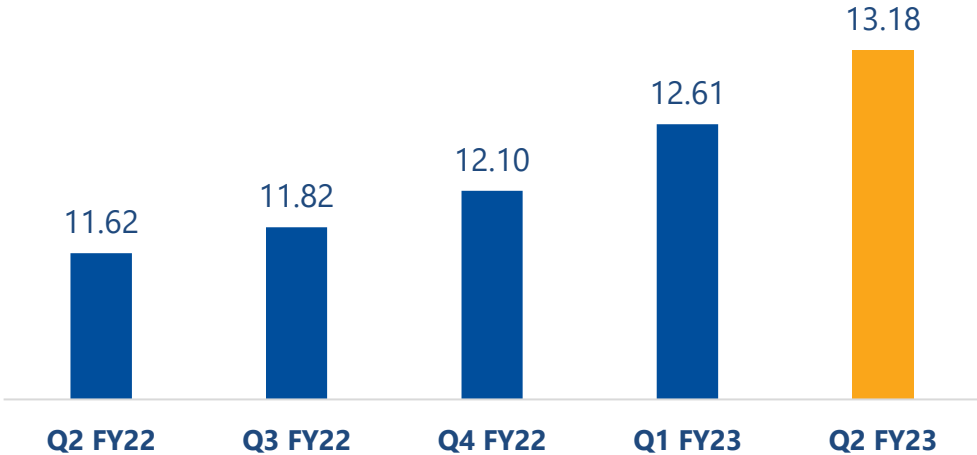
- **CV/CE Asset book grew by 63% YOY with 82% of the book qualifying under PSL. Activated CVCE business pan India.**
- **Retail Asset has grown at 18% YoY (Home loan - 18%, LAP - 15%, Auto Loan - 26%)**
- **Gold Loans registered 20.80% YoY growth touching 19300 Cr and registered 4.50% QoQ growth.**
- **MARG Business crossed Rs. 26,000 Cr milestone.**
- **Increased footprint in high margin MFI segment through BC delivery channels with monthly run rate crossing 100 Crs per month.**
- **Debit Card Spend at a YoY growth of 30%.**



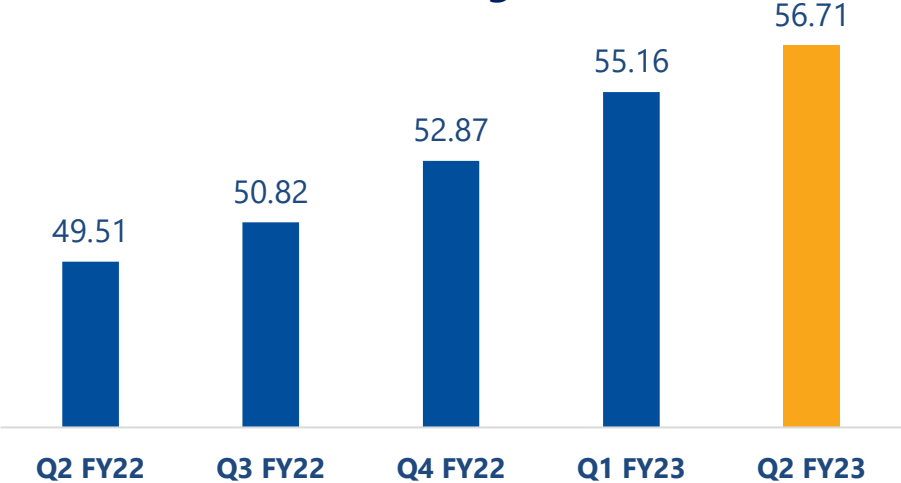
## Gold Loan Portfolio



## No of outstanding Accounts (in Lakhs)

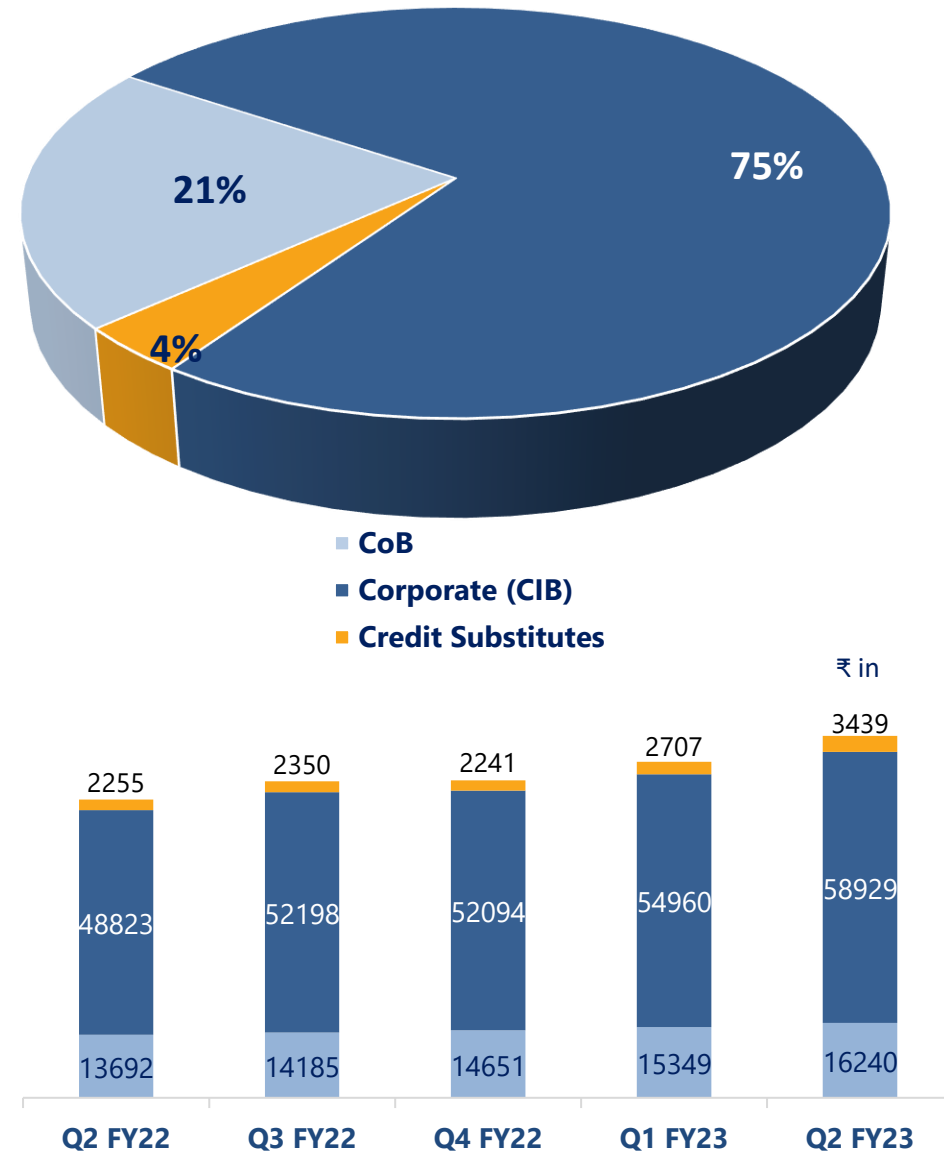


## Tonnage



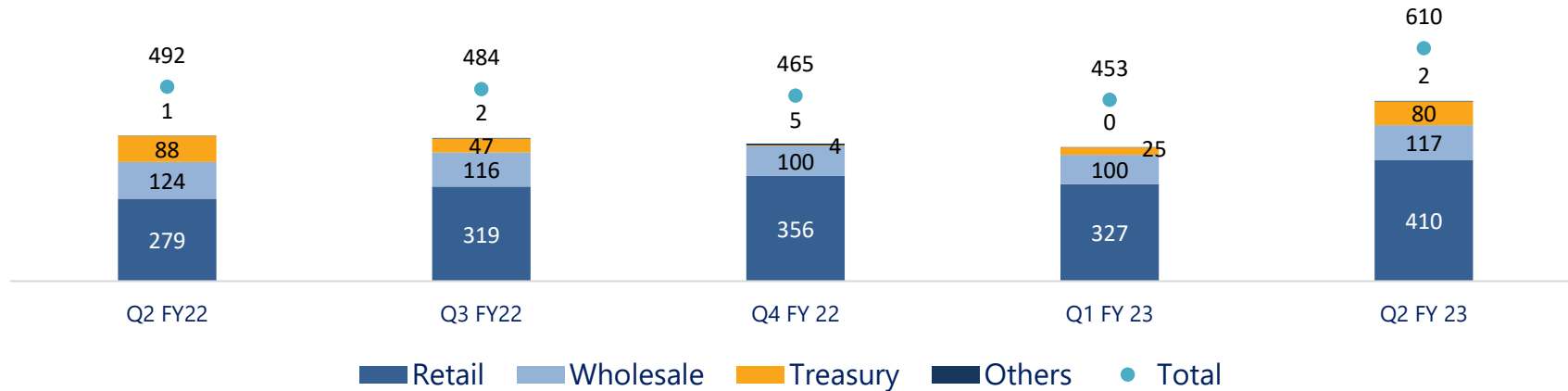
## WHOLESALE BANKING

- Corporate Banking book hit the milestone of 60000+ Crs and grew by 22% YoY with Transaction Banking and Trade mandates leading the way. 60 CIB clients added during the quarter and 104 clients added during the H1 as granular NTB focus continues to yield result. Fee income grew by 41% YoY.
- Commercial Banking saw robust traction with 109 new clients being onboarded in Q2. Asset Book and Fee Income both saw growth at 18% YoY.
- SCF business focus resulted in 61% growth in Dealer/Vendor finance during H1.



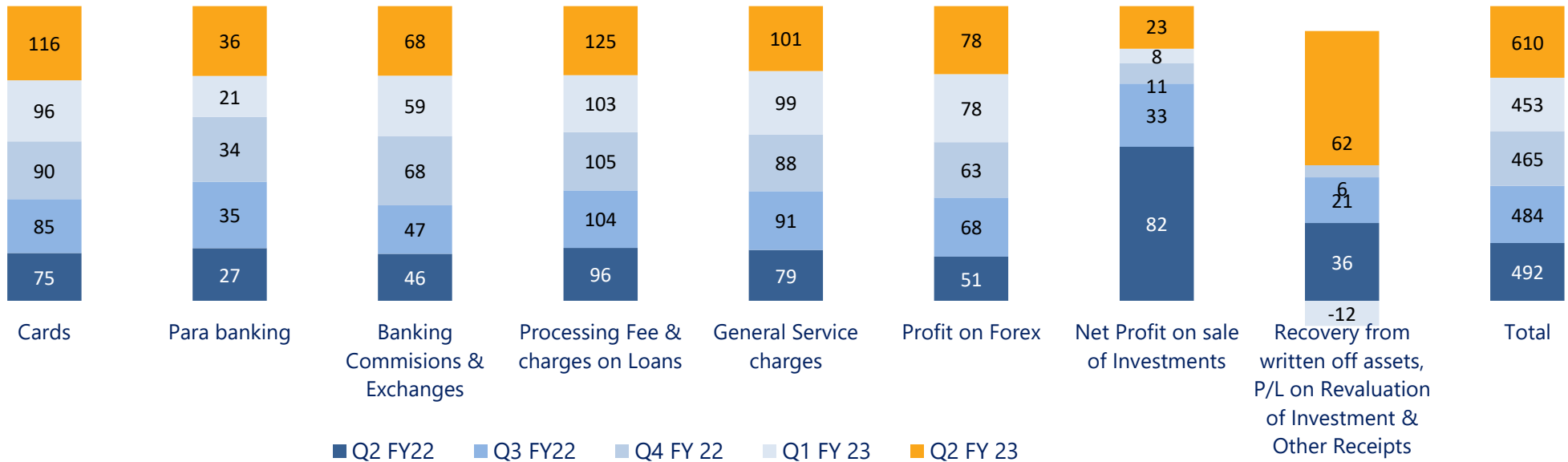
## Other Income Distribution : Vertical Wise

(In Cr)



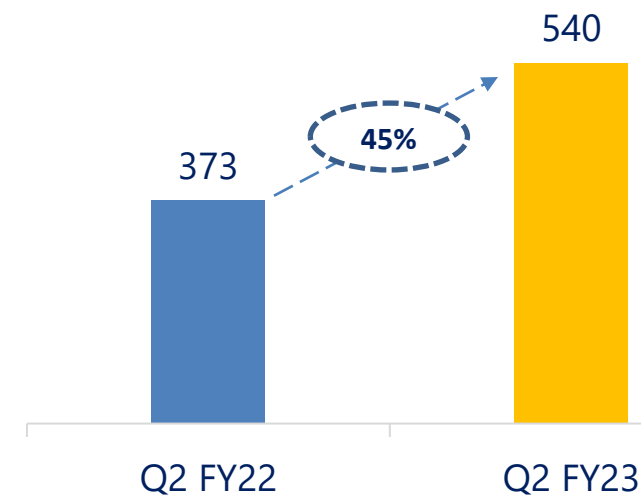
## Other Income Distribution : Item Wise

(In Cr)



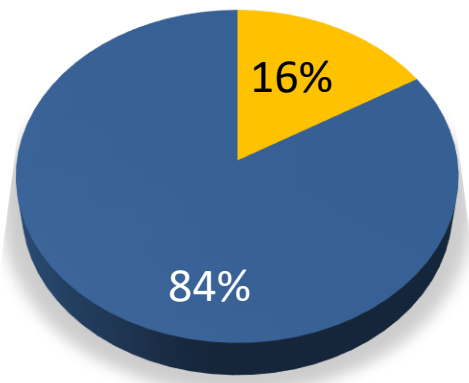
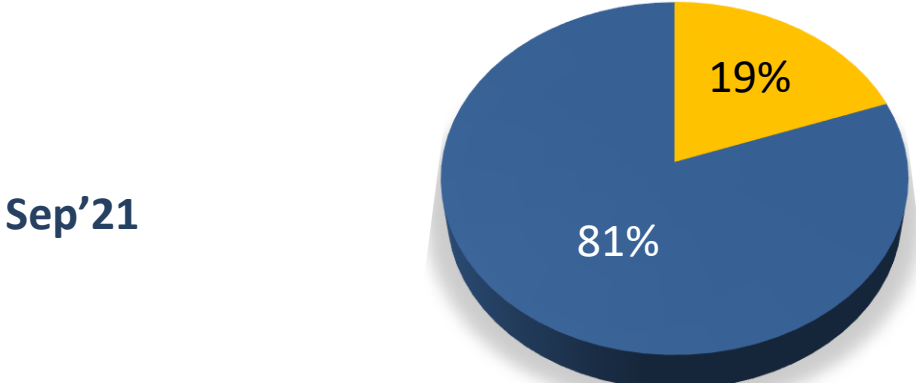
	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23
Loan Processing Fee	96	104	105	103	125
Exchange, Commission, Brokerage & Other Fee Income	227	258	280	275	321
Net Profit on Forex Transactions	50	50	68	63	94
<b>Fee Income</b>	<b>373</b>	<b>412</b>	<b>453</b>	<b>441</b>	<b>540</b>
Profit on sale of securities/ Other Receipts & misc.	119	72	12	12	70
<b>Total Other income</b>	<b>492</b>	<b>484</b>	<b>465</b>	<b>453</b>	<b>610</b>

## Fee Income (Y-o-Y)



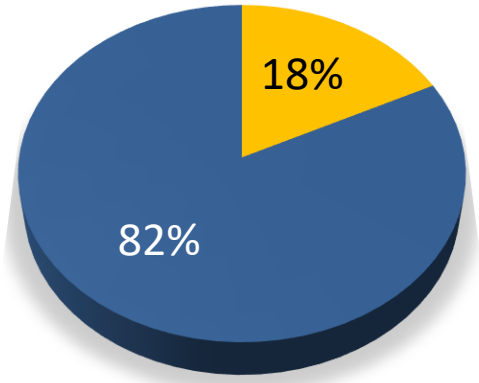
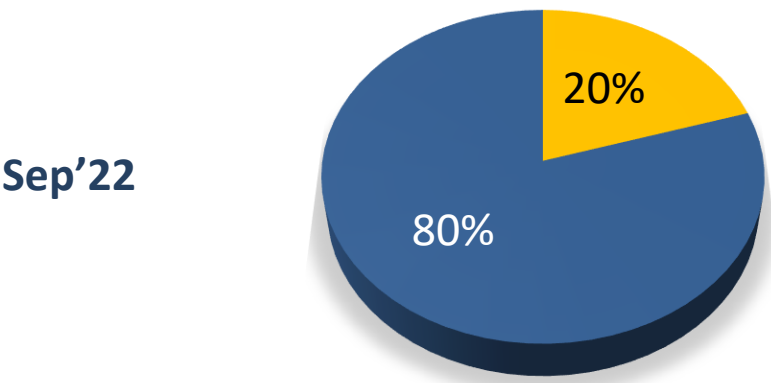
Select Segments      ■ MSME      ■ CV/CE      ■ Credit Cards      ■ Micro Finance

Bank's select high yielding portfolio share in total advance grew to 20% in Sep'22. Revenue share from these select segments increased to 18%. MSME credit lines (BuB + CoB) registered a growth of 18% (YoY), CV/ CE @ 64% (YoY), Credit cards @ 2601% (YoY) and Micro Finance @128% (YoY).

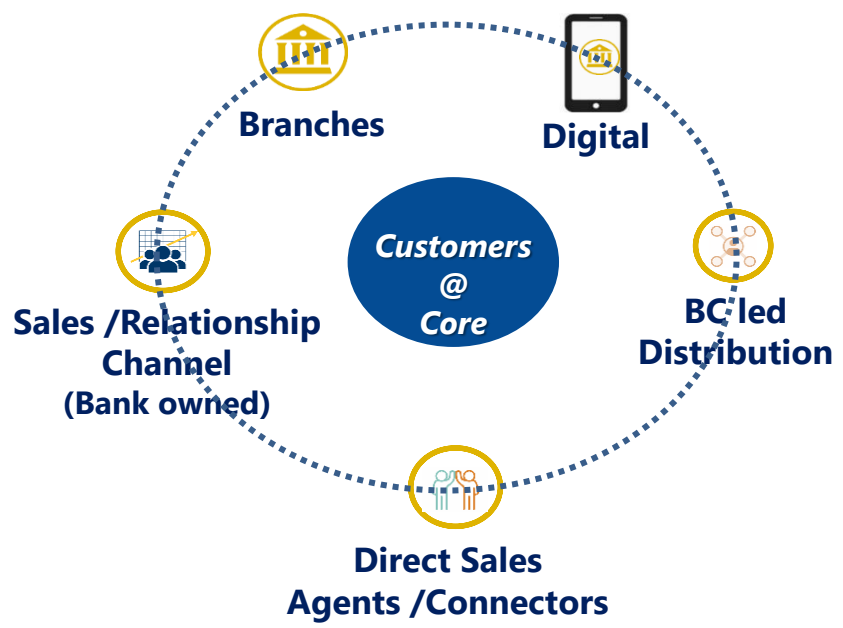


**Business Share**

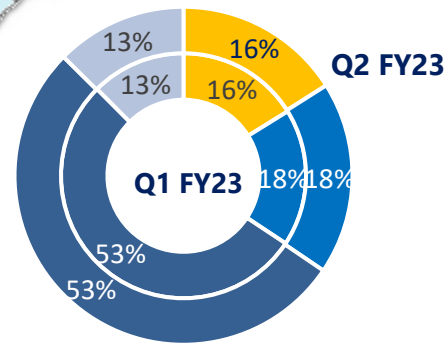
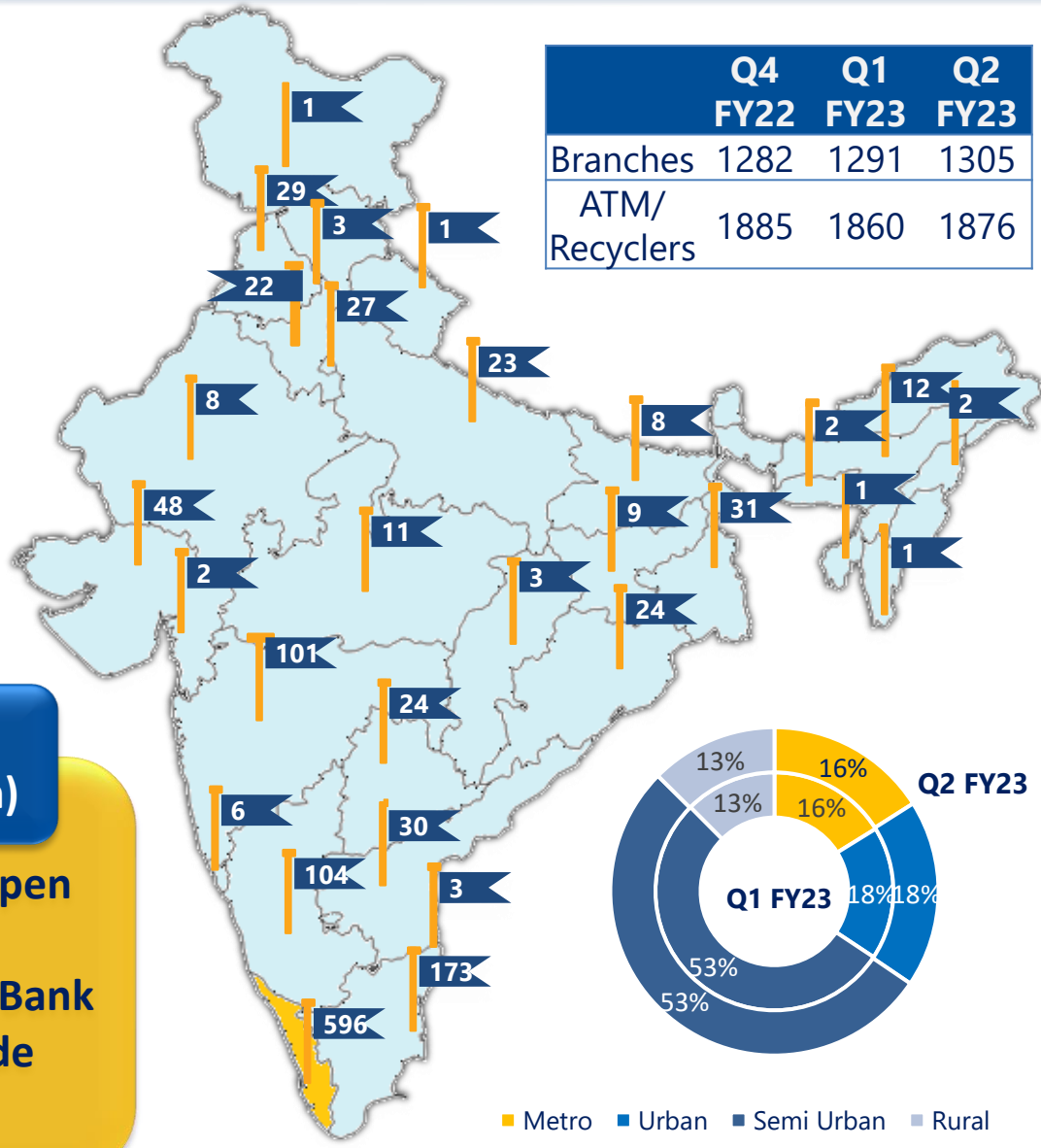
**Revenue Share**



# Distribution : Deriving Efficiency from Footprint



	Q4 FY22	Q1 FY23	Q2 FY23
Branches	1282	1291	1305
ATM/ Recyclers	1885	1860	1876



## Footprint Expansion Plans (Lite Branch Heavy Distribution Approach)

- Opened 25 Branches in H1, with plans to open a total of 75 branches in FY23.
- Over the next 3 years, the outreach of the Bank would be increased by 250 branches outside Kerala.

# CRAR – How strong is your Bank?

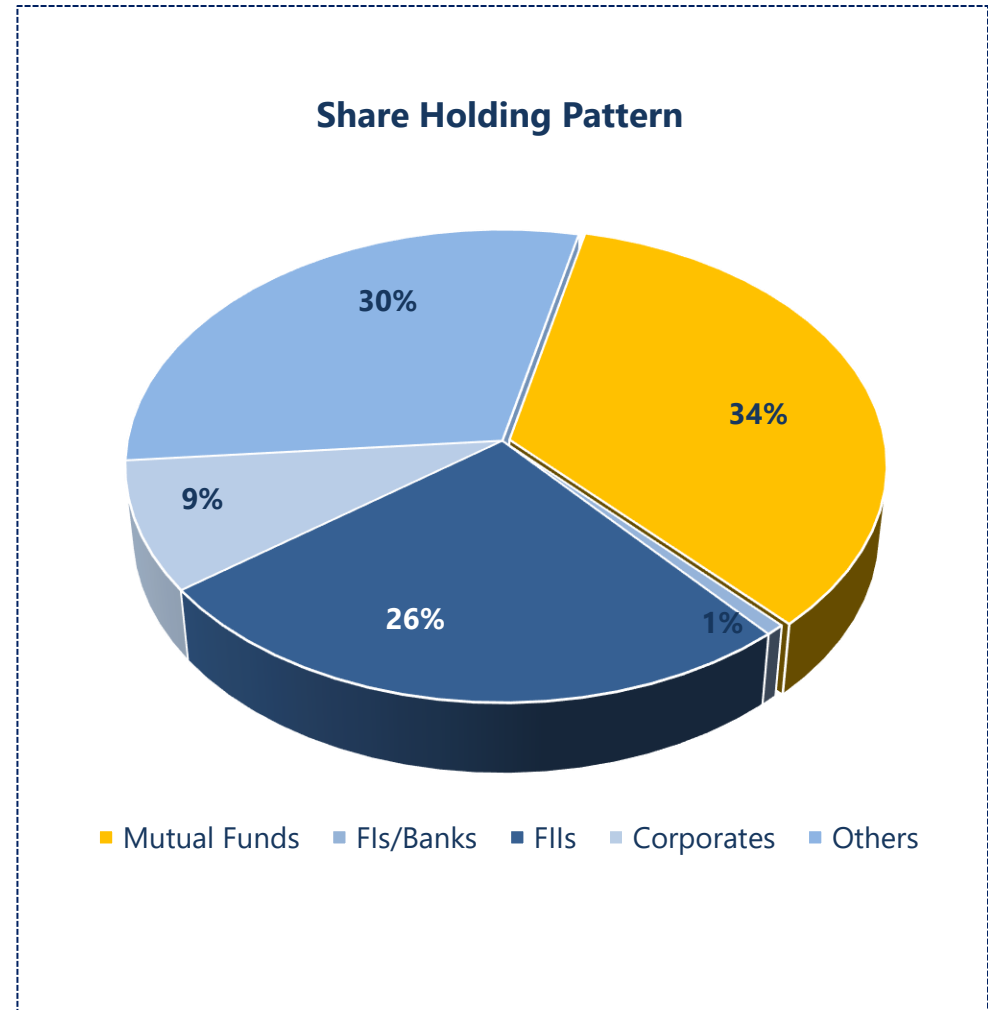
₹ in Cr

	Q1 FY23	Q2 FY23
<b>Risk Weighted Assets</b>		
Credit Risk	115456	121844
Market Risk	3747	4587
Operational Risk	13136	13136
<b>Total RWA</b>	<b>132339</b>	<b>139567</b>
Tier-1 Capital Funds	17620	17616
Tier-II Capital Funds	1666	1704
<b>Total Capital Funds</b>	<b>19285</b>	<b>19320</b>
<b>CRAR</b>	<b>14.57%</b>	<b>13.84%</b>
Tier-I	13.31%	12.62%
Tier-II	1.26%	1.22%

# Annexures



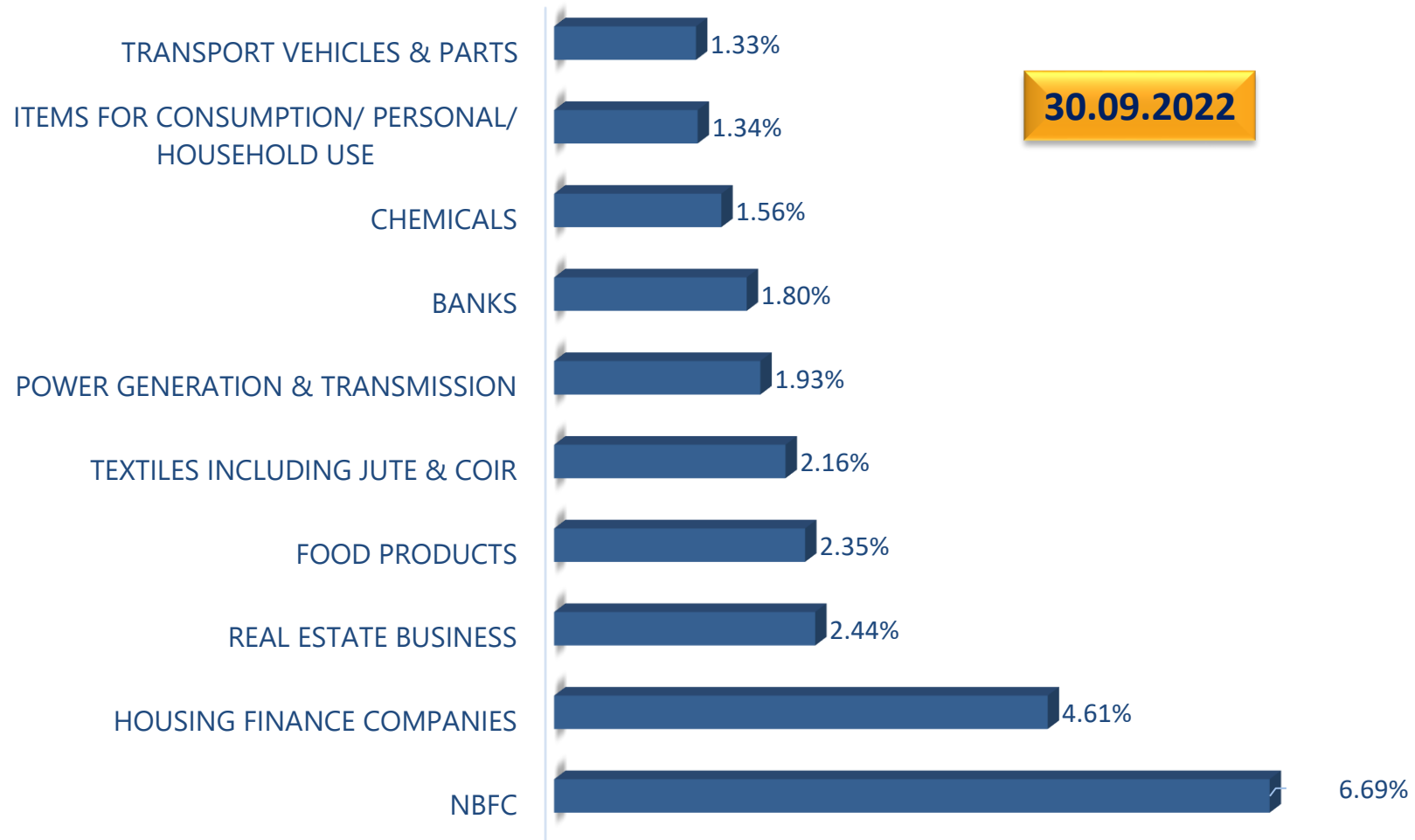
	Q1 FY23	Q2 FY23
<b>LIABILITIES</b>		
Capital	421	422
Reserves & Surplus	18972	19327
Deposits	183355	189146
Borrowings	15834	20413
Other Liabilities & Provisions	6771	7804
<b>TOTAL</b>	<b>225353</b>	<b>237112</b>
<b>ASSETS</b>		
Cash & Balance with RBI	13157	12654
Balances with Banks, Money at Call	2805	2339
Investments	41186	43571
Advances	151689	161240
Fixed Assets	668	717
Other Assets	15847	16590
<b>TOTAL</b>	<b>225353</b>	<b>237112</b>



₹ in Cr

	Q2 FY22	Q1 FY23	Q2 FY23	Q-o-Q	Y-o-Y
<b>Interest Income</b>	3379	3629	4021	10.8%	19.0%
<b>Interest Expenses</b>	1900	2024	2259	11.6%	18.9%
<b>Net Interest Income</b>	1479	1605	1762	9.8%	19.1%
<b>Other Income</b>	492	453	610	34.7%	24.0%
<b>Operating Expense</b>	1059	1084	1159	6.9%	9.4%
<b>Total Income</b>	3871	4081	4630	13.5%	19.6%
<b>Total Expense</b>	2959	3108	3418	10.0%	15.5%
<b>Operating Profit</b>	<b>912</b>	<b>973</b>	<b>1212</b>	<b>24.5%</b>	<b>32.9%</b>
<b>Total Provisions</b>	452	373	509	36.5%	12.6%
<b>Net Profit</b>	<b>460</b>	<b>601</b>	<b>704</b>	<b>17.1%</b>	<b>53.0%</b>
<b>Net Interest Margin (%)</b>	<b>3.20</b>	<b>3.22</b>	<b>3.30</b>	<b>8 bps</b>	<b>10 bps</b>
<b>Cost to Income Ratio (%)</b>	<b>53.73</b>	<b>52.68</b>	<b>48.88</b>	<b>-380 bps</b>	<b>-485 bps</b>

## Top 10 Sector wise exposure as a % of Total Advance



# Driving Positive Purposes

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THREE DEVELOP

## Major Investments

Entity	% of stake
Federal Operations & Services Limited (FedServ)	100.00%
Fedbank Financial Services Limited	73.22%
Ageas Federal Life Insurance Company Limited	26.00%
Equirus Capital Private Ltd	19.79%

## Subsidiaries & JVs

### Ageas Federal Life Insurance Co. Ltd.

- Bank's Joint Venture Life Insurance Company, in association with Ageas
- Federal Bank holds 26% equity in the J.V.
- Started selling life insurance products from March 2008

### FedBank Financial Services Ltd.

- 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
- Located at Visakhapatnam & Kochi
- Designed to deliver excellence in service, mitigation of risk and cost efficiencies



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

**Thank You**