

Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q2 FY 2021

Strong Operating Momentum

Robust Operating Performance

- **Highest ever Operating Profit @ 1007 Cr for the Quarter, grew 40% YoY**
- Net Profit @ 308 Cr, impacted by significant step up in provisions to further strengthen the Balance sheet
- Net Interest Margin @ 3.13%

Credit Growth in Chosen Areas

- Total Advances grew by 6% YoY
- Retail grew by 13% YoY
- **Gold loan grew by 24% QoQ & 54% YoY**
- Business Banking grew by 13% YoY

Continue to Strengthen Balance Sheet

Granular Liability Franchise

- **Total Savings Bank grew 19% YoY**
- CASA grew by 20% YoY and CASA Ratio improved to 33.68%. Network II CASA Ratio crossed 30%
- Retail Deposits continue to be above 90% of Total Deposits

Income and Cost Streams

- **Highest ever Net Interest Income @1380 Cr, grew 23% YoY, against credit growth of 6%.**
- Other Income @ 509 Cr, grew by 21% YoY.
- **Cost to Income improved to 46.72%, down 675 bps YoY.**

Adequately Capitalized and Strong Liquidity Coverage Ratio

Asset Quality

- **GNPA down to 2.84% and NNPA down to 0.99%**
- Strengthened PCR to 64.65% from 58.54% QoQ
- **Additionally maintaining 588 Cr of specific standard asset provision including 402 Cr made during the quarter**

Consistent Gain in Market Share

- Market Share in Advances reaches 1.19% - up by 3 bps YoY
- Market Share in Deposits reaches 1.09% up by 2 bps YoY

New Initiatives/ Digital Update

- Launched our Mini Digital bank, a completely new package of our Mobile Banking - FedMobile
- Transactions using Digital Channels now account for 86% of the total transactions

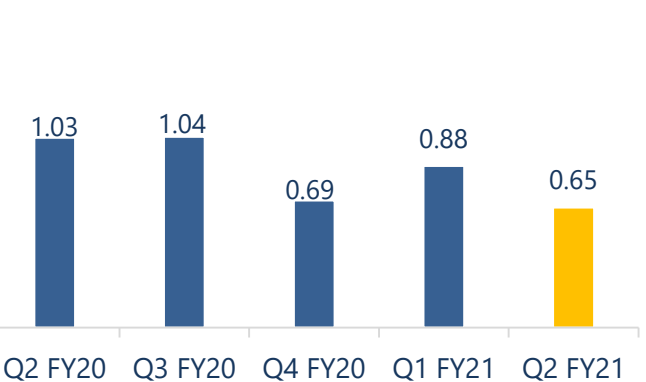
Balance Sheet and Capital

- Balance Sheet grew by 14% YoY (Rs 1.89 L Cr)
- Total business grew 9% YoY (Rs 2.80 L Cr)
- CRAR at 14.64%

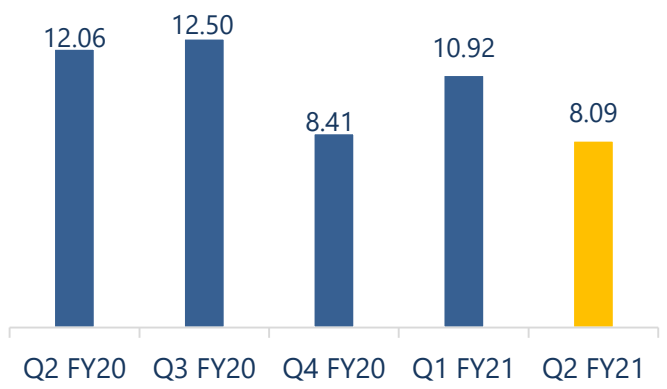
Performance Highlights Y-o-Y

Operating Profit Other Income	40% 21% ↑	Retail Banking Agri Banking	13% 20% ↑
RoA RoE	@ 0.65% @ 8.09%	Business Banking (BuB)	13% ↑
Cost to Income Ratio	@ 46.72%	Commercial Banking (CoB)	6% ↑
GNPA NNPA	@ 2.84% @ 0.99%	Total Advance	6% ↑
NII NIM	23% @ 3.13% ↑	CASA NRE Deposit	20% 17% ↑
Capital Adequacy (CRAR)	@ 14.64%	Total Deposit	12% ↑

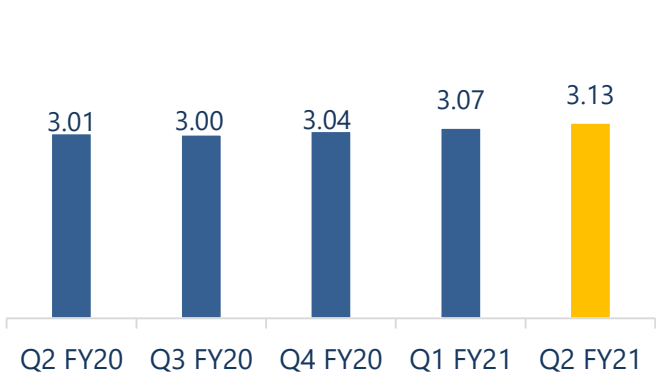
RoA



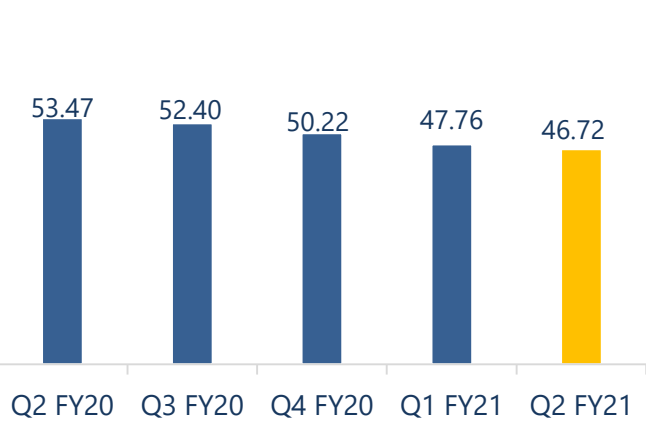
RoE



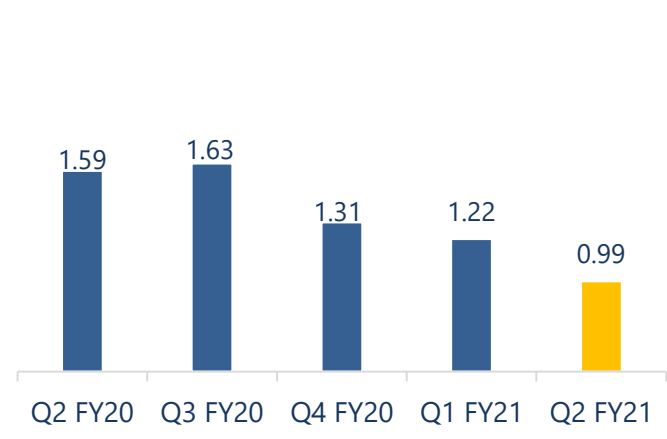
Net Interest Margin (%)



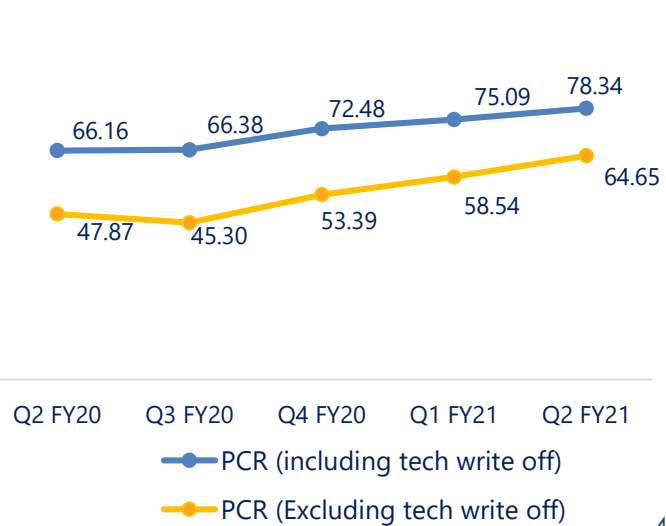
Cost to Income Ratio



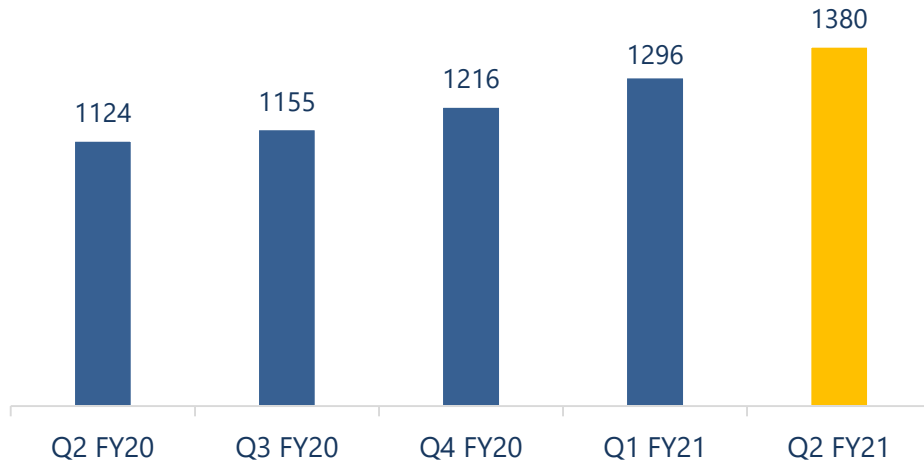
NNPA (%)



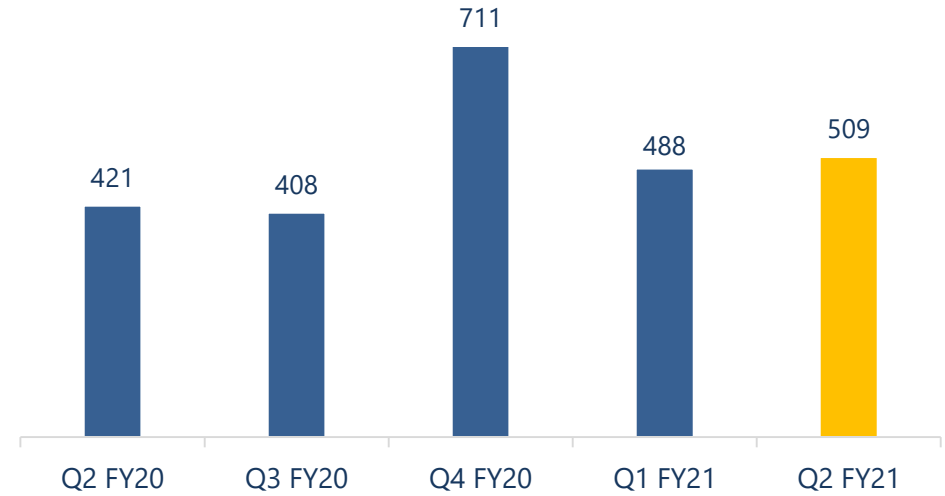
PCR (%)



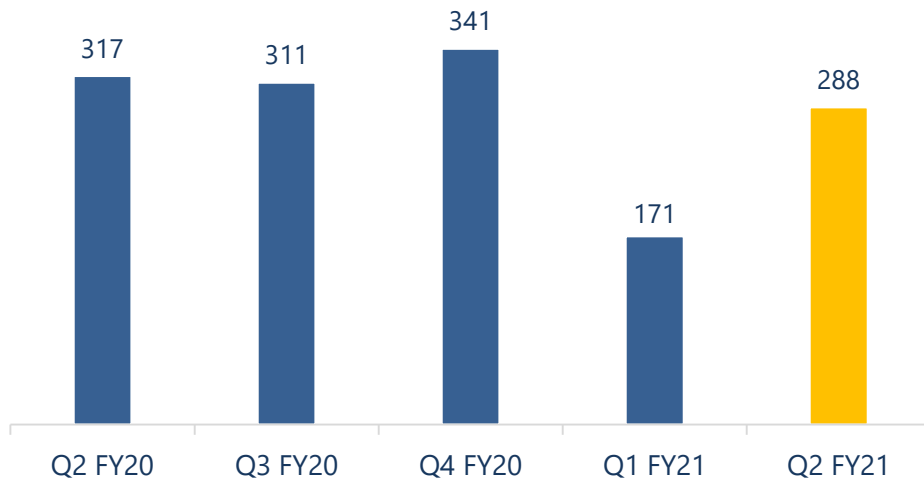
Net Interest Income



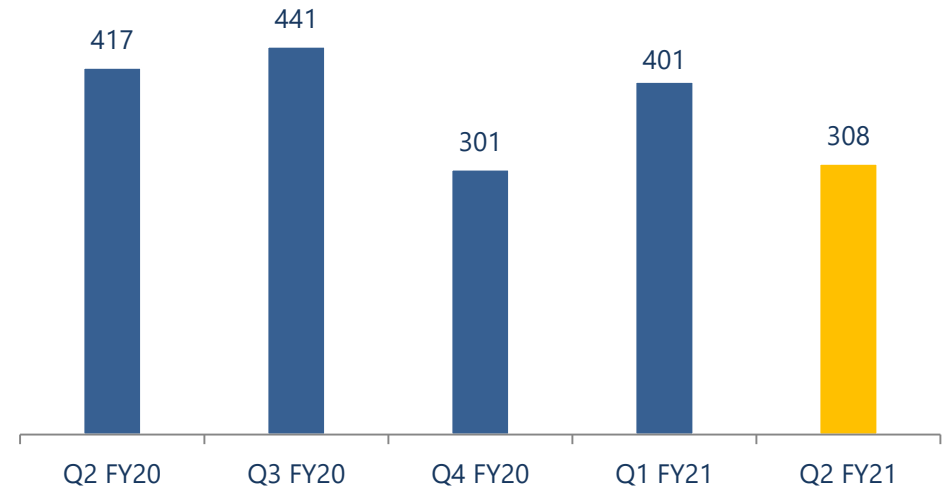
Other Income



Fee Income



Net Profit



Shareholder Value

Book Value
(Per Share in ₹)

Q2 FY21

Q1 FY21

Q4 FY20

Q3 FY20

Q2 FY20

76.38

74.85

72.86

71.33

69.18

EPS
(annualized)

6.12

8.07

6.06

8.78

8.32

Granularity

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

90%

89%

87%

88%

89%

Profitability (Annualized)

ROA

0.65

0.88

0.69

1.04

1.03

RoRWA

1.28

1.64

1.23

1.92

1.86

ROE

8.09

10.92

8.41

12.50

12.06

Efficiency

Cost/Income

46.72

47.76

50.22

52.40

53.47

Net NPA%

0.99

1.22

1.31

1.63

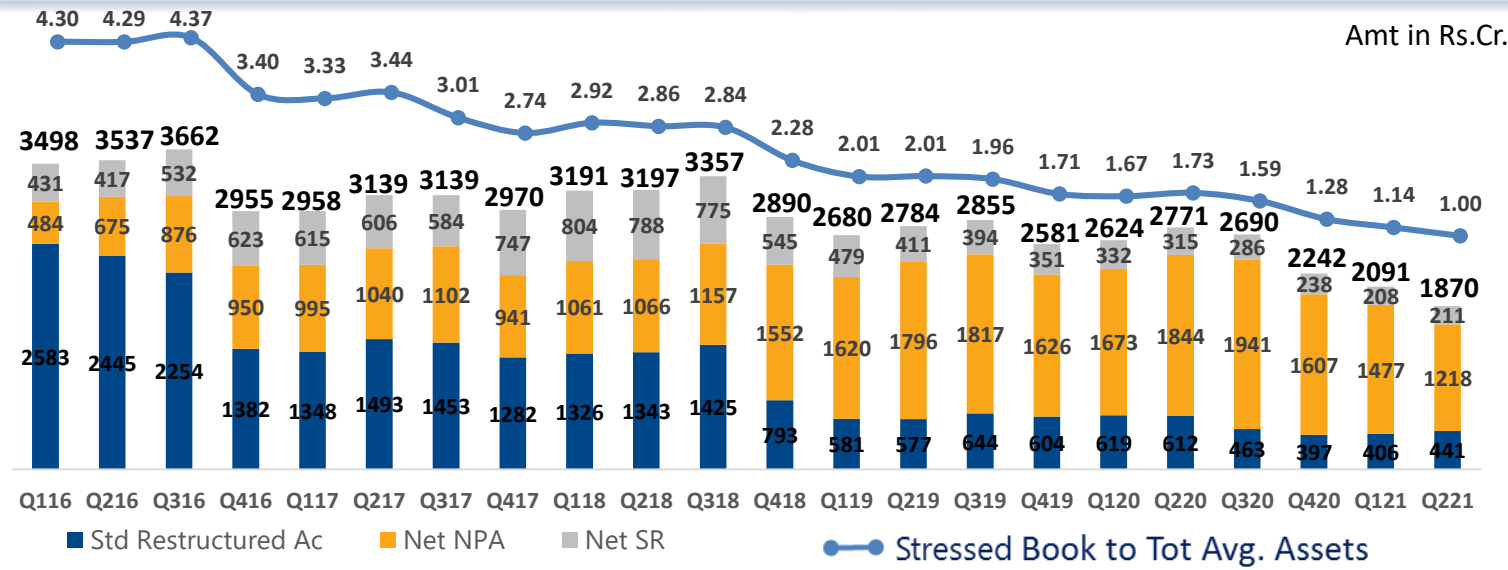
1.59

Asset Quality Trends

Strengthened Provision Coverage ratio to 64.65%, an increase of 611 bps QoQ

Collection efficiency back to pre-covid levels.

Additional Standard Asset Provisions



Movement of NPA

Gross NPA as on 30.06.2020	3656
Add Fresh Slippage	3
Add Increase in Balances in Existing NPAs	7
Deduct Recoveries/ Upgrades	-105
Deduct Written Off	-9
Gross NPA as on 30.09.2020	3552

Provisions in Q2

Loan Loss	169
Investment Loss	-3
Restructured Accounts	0
Standard Accounts	421
Other Purposes	5
Total Provisions	592

186 Cr

COVID-19 related Provision held till Q1 FY21

+

402 Cr

Additional Standard Asset provision created in Q2 FY21

=

588 Cr

Total Standard Assets Provision held till Q2 FY21.

Fresh Slippages Break up

Fresh Slippages

	Q2 FY21	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20
Retail	1	1	97	101	124
Agri	1	1	36	50	72
BuB	1	0	54	66	95
CoB	0	8	68	55	51
Corporate	0	174	29	321	199
Total	3	184	284	593	540

Restructured

TYPE	Q2 FY21		Q1 FY21	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	441	42	406	42
Net NPA	197	80	198	80
TOTAL	638	122	604	122

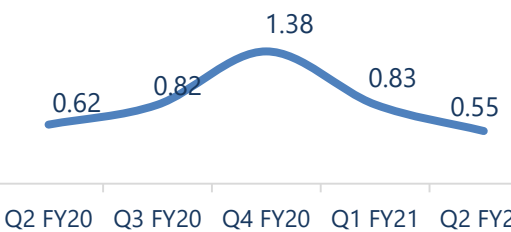
Security Receipts

	Q2 FY21	Q1 FY21
Face Value	598	600
Book Value	512	514

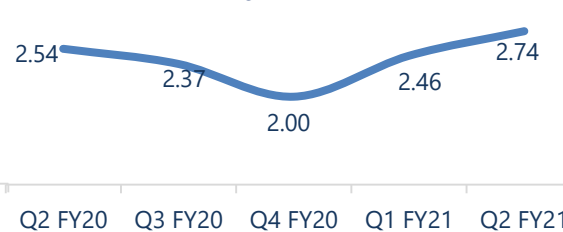
NPA Composition

Business	Q2 FY21 NPA	Q1 FY21 NPA
Retail	664	695
Agri	555	586
SME	1303	1335
Gross NPA		
BuB	635	660
CoB	667	675
Corporate	1030	1039
Total	3552	3656
Net NPA	1218	1477

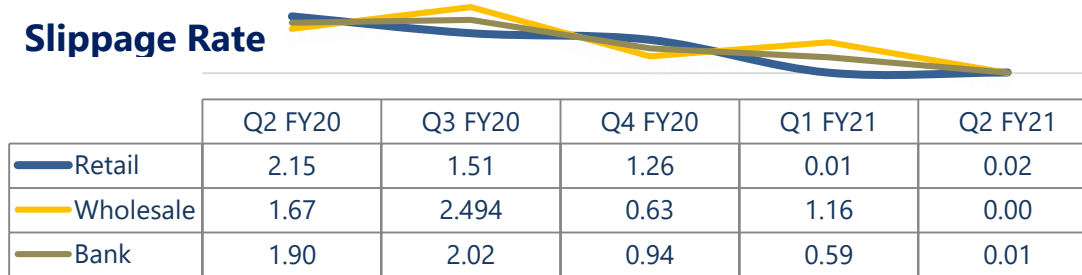
Credit Cost



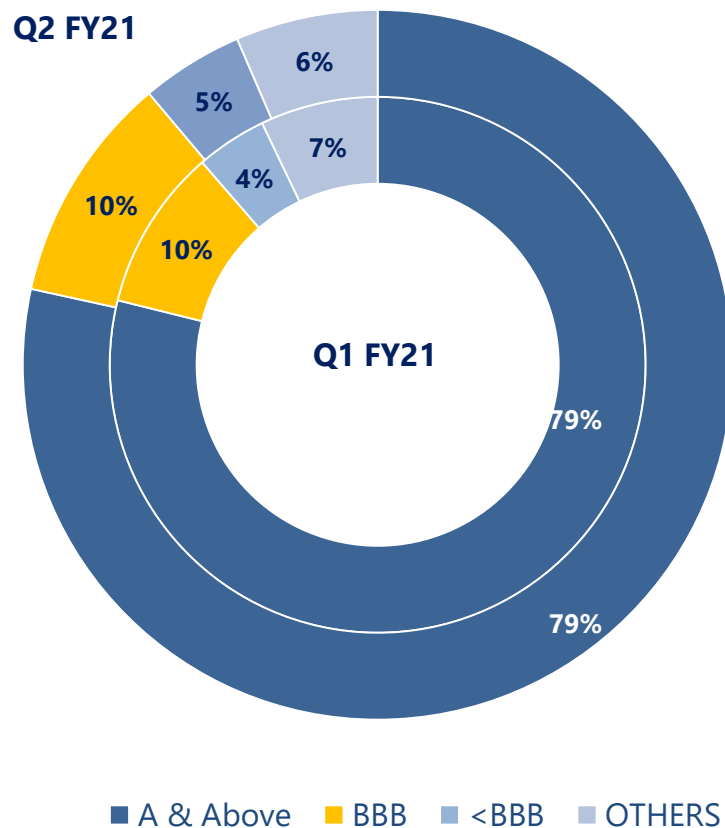
Risk Adjusted NIM



Slippage Rate



External Rating of Corporate Advances



External Rating of Corporate Advances

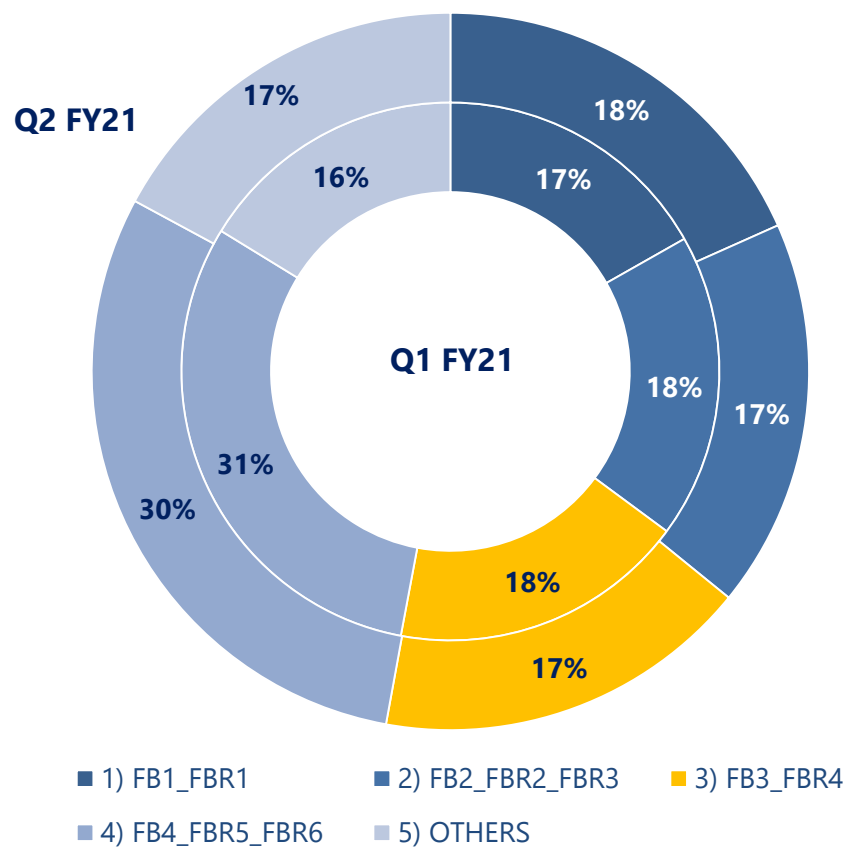
Rating	Q2 FY-21	Q1 FY-21
A & above	79%	79%
BBB	10%	10%
< BBB	5%	4%
Others	6%	7%

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

Rating	Q2 FY-21	Q1 FY-21
FBR1	12%	2%
FBR2/FBR3	1%	1%
FBR4	25%	33%
Below FBR4 & unrated	61%*	64%*

*includes IBPC.

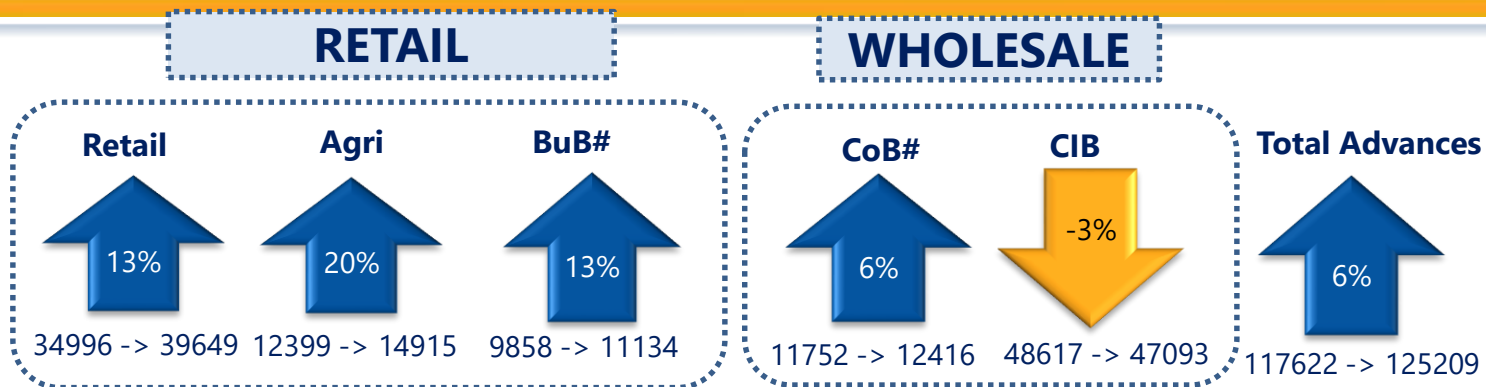
Asset Quality : Rating Distribution (Advances excluding Corporate advance)



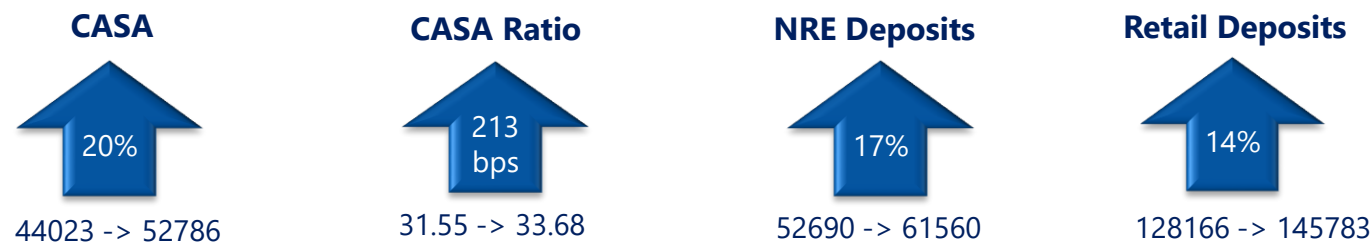
Rating		Q2 FY-21	Q1 FY-21
FBR1	FB1	18%	17%
FBR2/FBR3	FB2	17%	18%
FBR4	FB3	17%	18%
FBR5/FBR6	FB4	30%	31%
Staff		3%	3%
Gold, Advance against Deposit/Securities & others		15%	13%

Comparison : Y-o-Y (3 M)

Advances



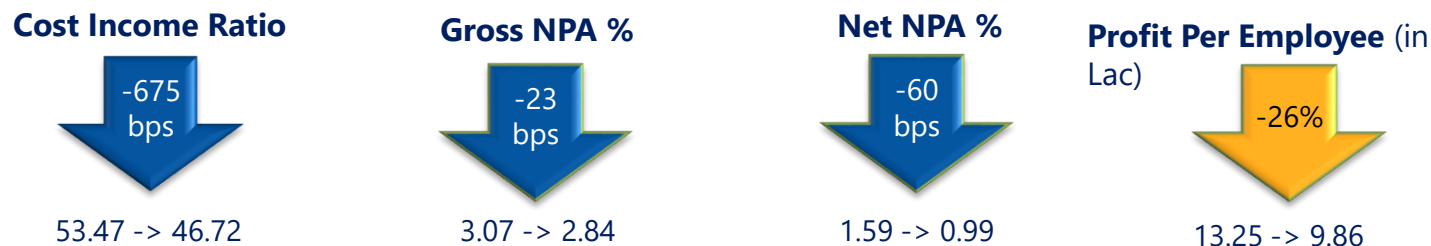
Deposits



Performance



Ratios



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

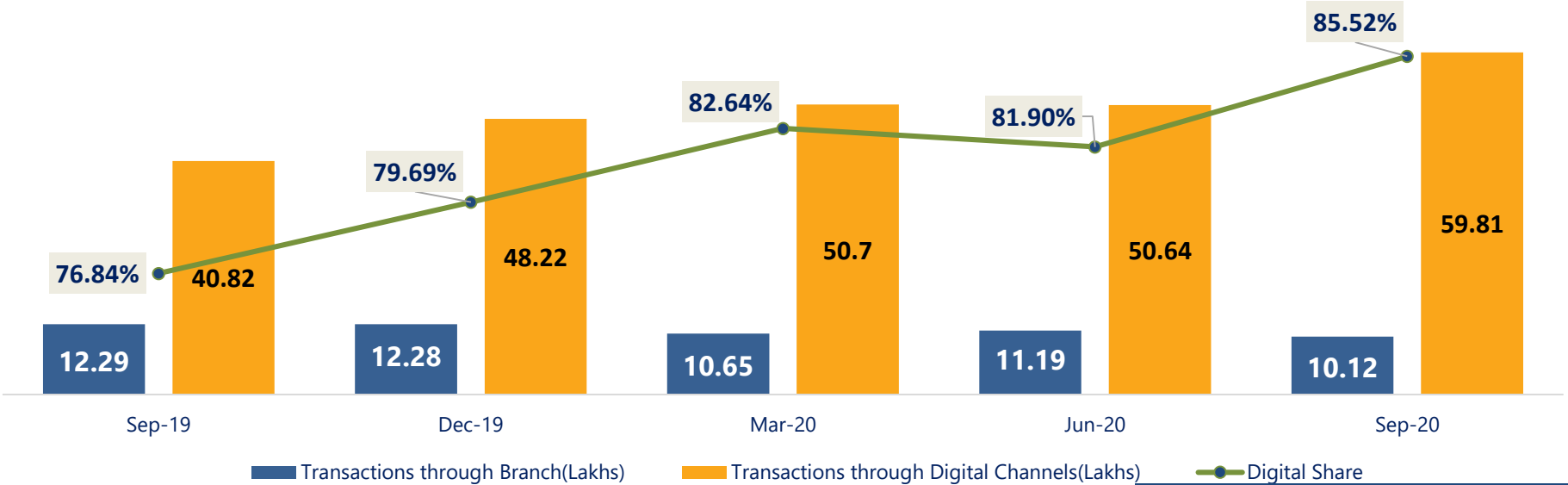
#SME split into BuB & CoB

Comparison : Q-o-Q (3 M)

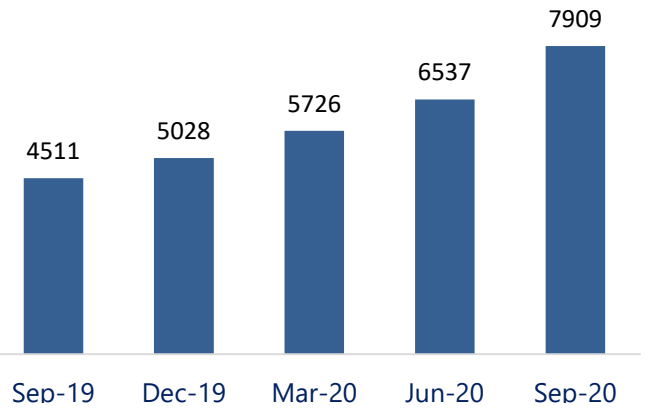


#SME split into BuB & CoB

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

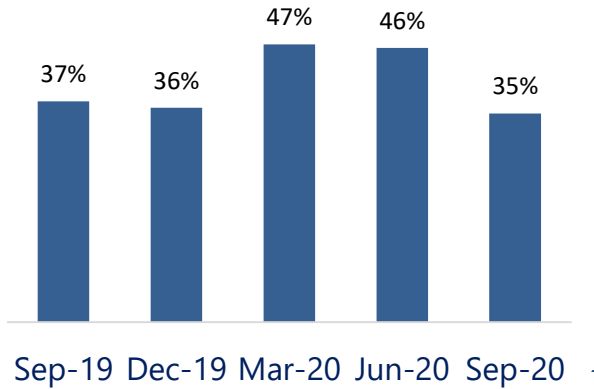


Mobile Banking Volume in crores



- Mobile Banking monthly volumes at around **8000 crores**, registering growth of **75.32%** on a YOY basis.
- There is a YoY growth of **35%** in active digital users.
- Digital Share stands at **85.52%**.
- Count of digital active users continues to increase.

YoY Growth in Digital Users



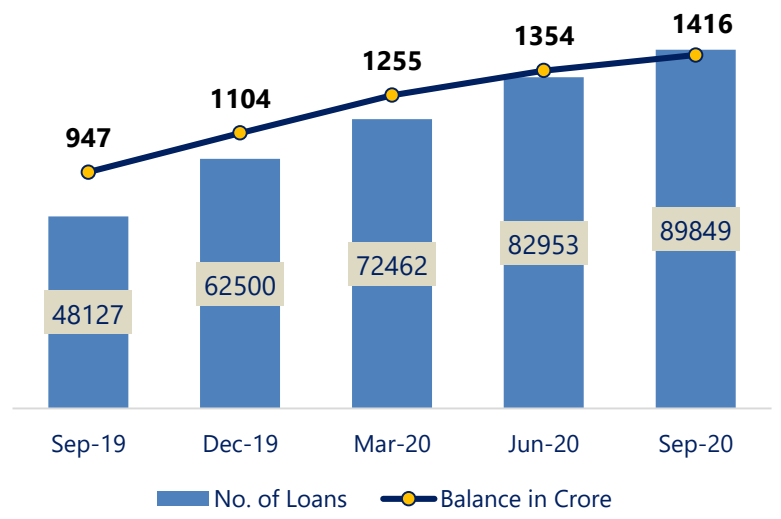
BYOM

- BYOM enables digital instant personal loans through Web, Google Pay & Paisa Bazaar clubbed with HDFC Ergo insurance.
- 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)

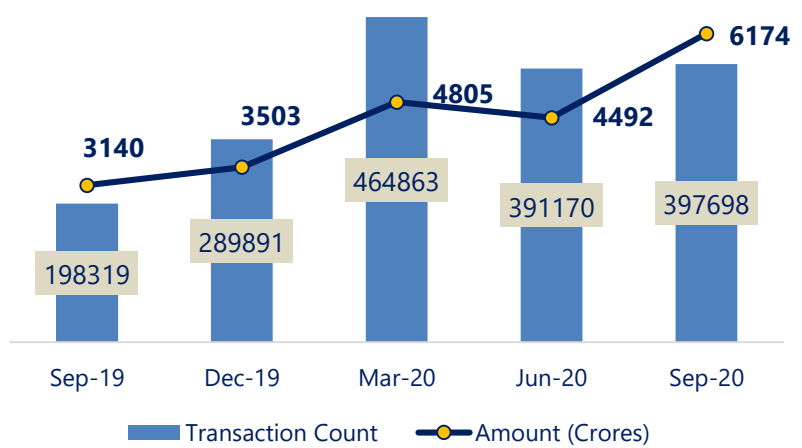
Fede biz

- Fed e-Biz is the omni channel transaction banking platform for corporates.
- **100% YOY** growth in the platform and transaction volume has crossed **6,000 cr**, even amidst the pandemic.

BYOM Digital Personal Loans : Loan book progress

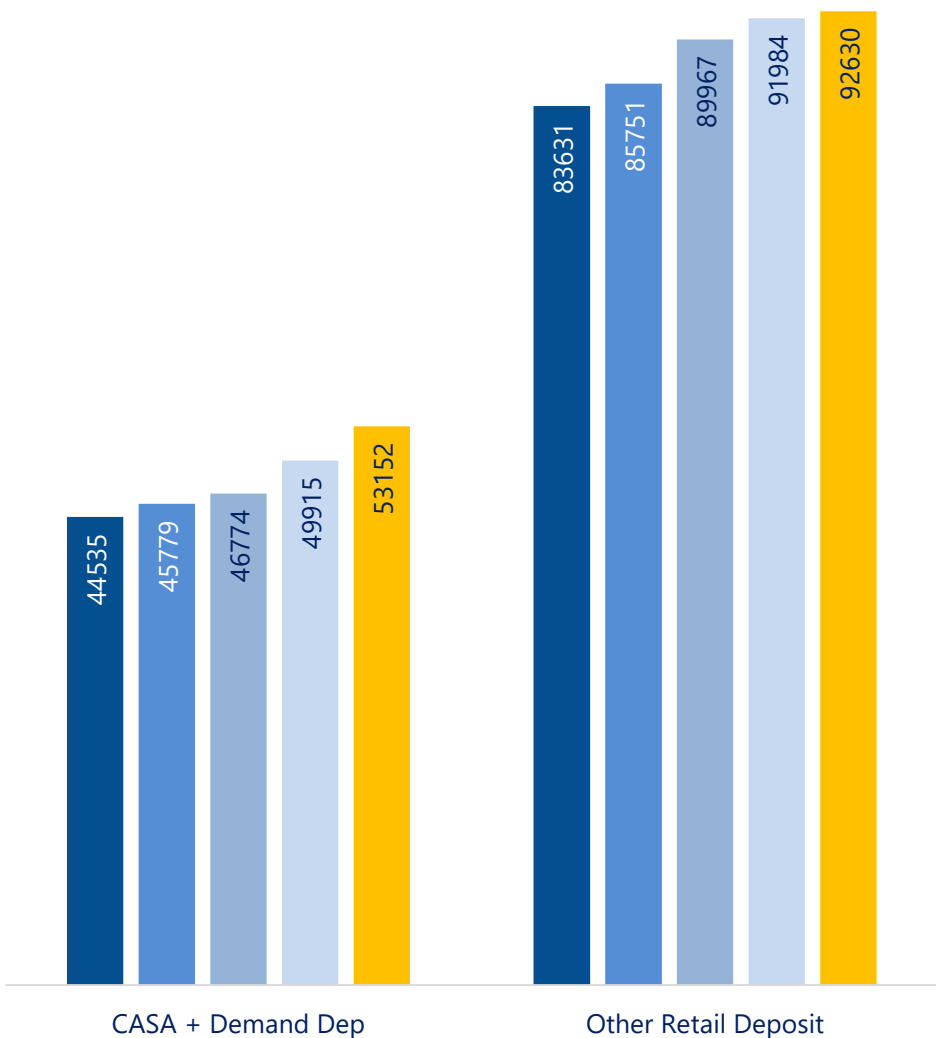


Fed E Biz



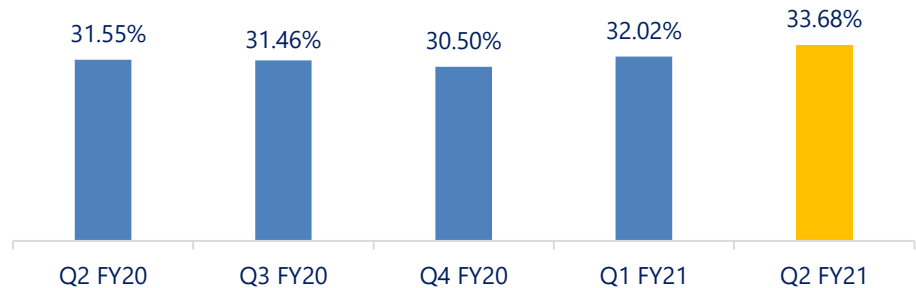
Business Parameters

■ Q2 FY20 ■ Q3 FY20 ■ Q4 FY20 ■ Q1 FY21 ■ Q2 FY21

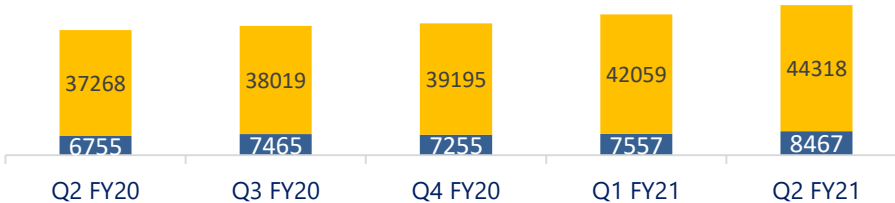


₹ in Cr

CASA Ratio

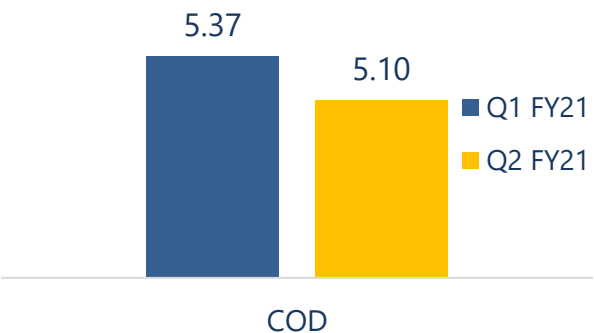


CA & SA



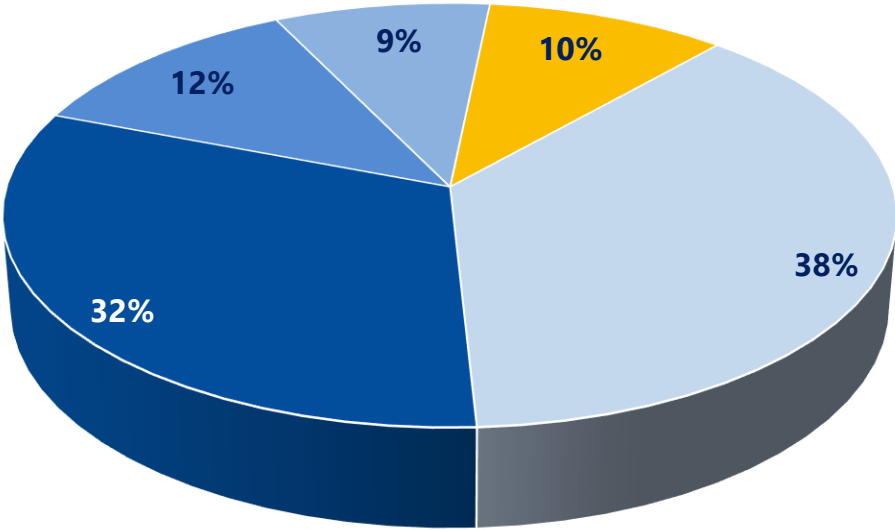
■ CA ■ SA

Cost of Deposits

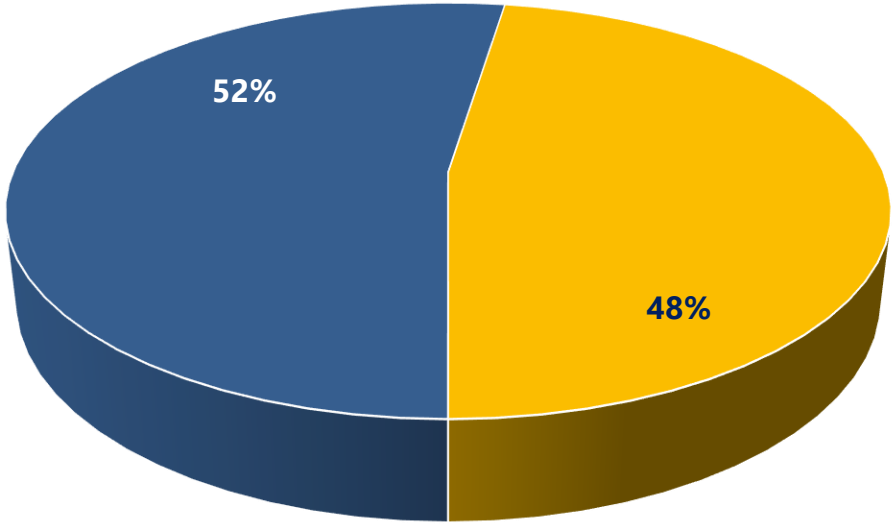


₹ in Cr

TOTAL LOAN BOOK

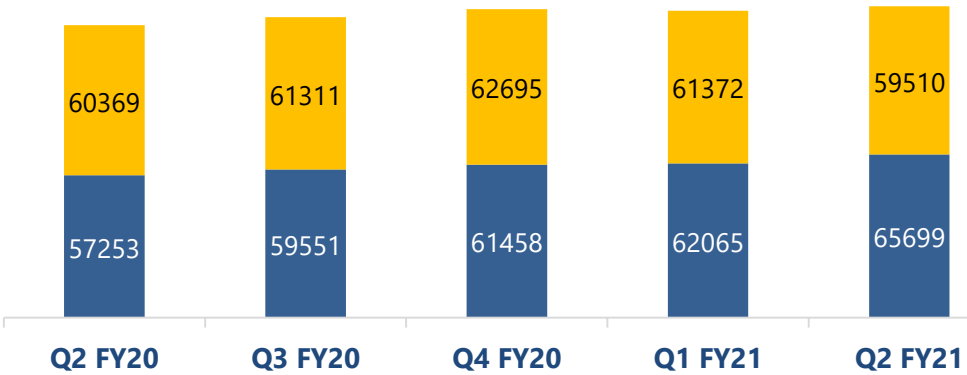
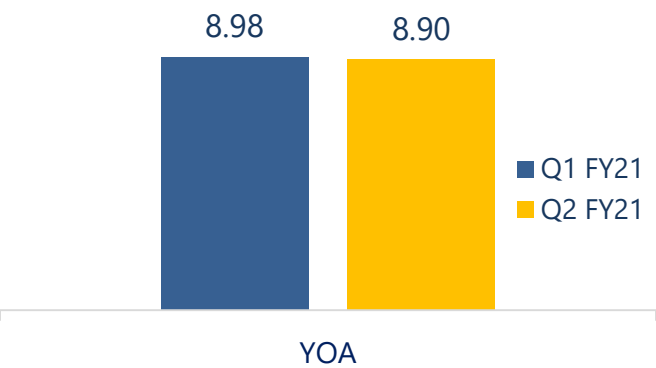


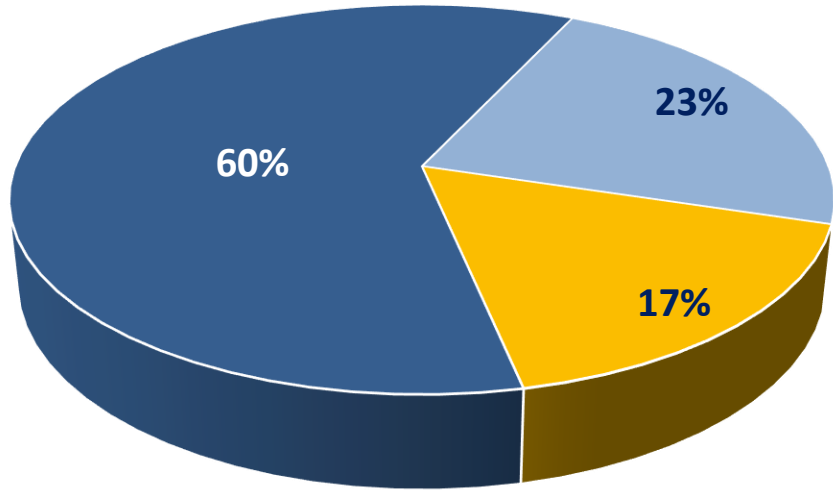
■ Retail ■ Agri ■ BuB ■ CB ■ CIB



■ Retail ■ Wholesale

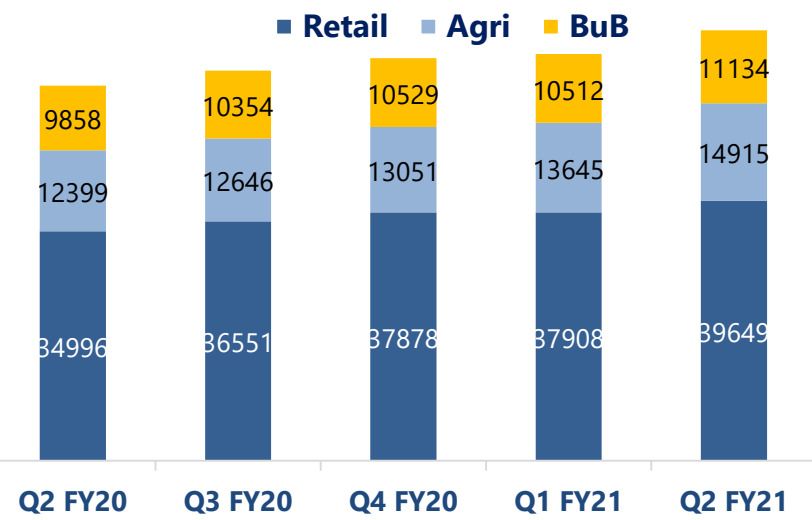
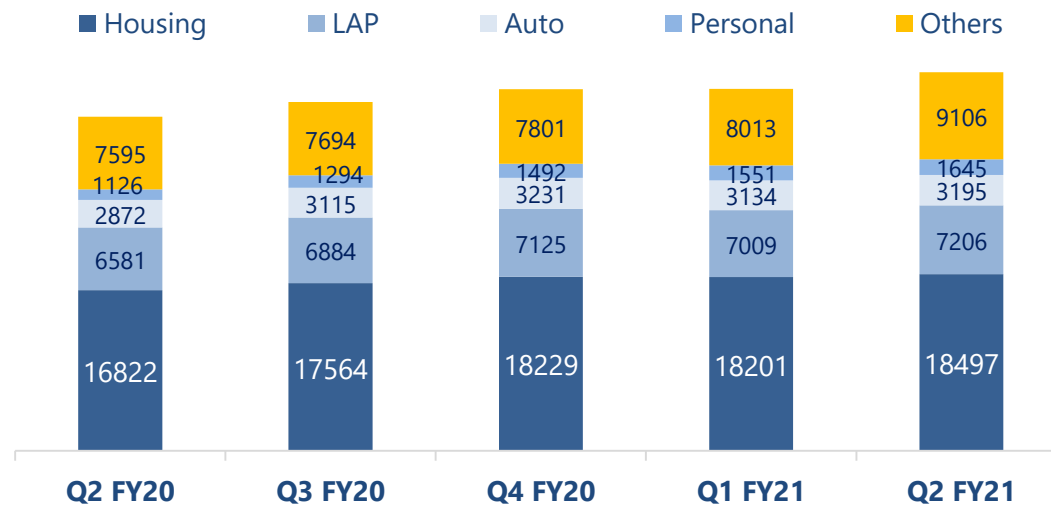
Yield on Advances





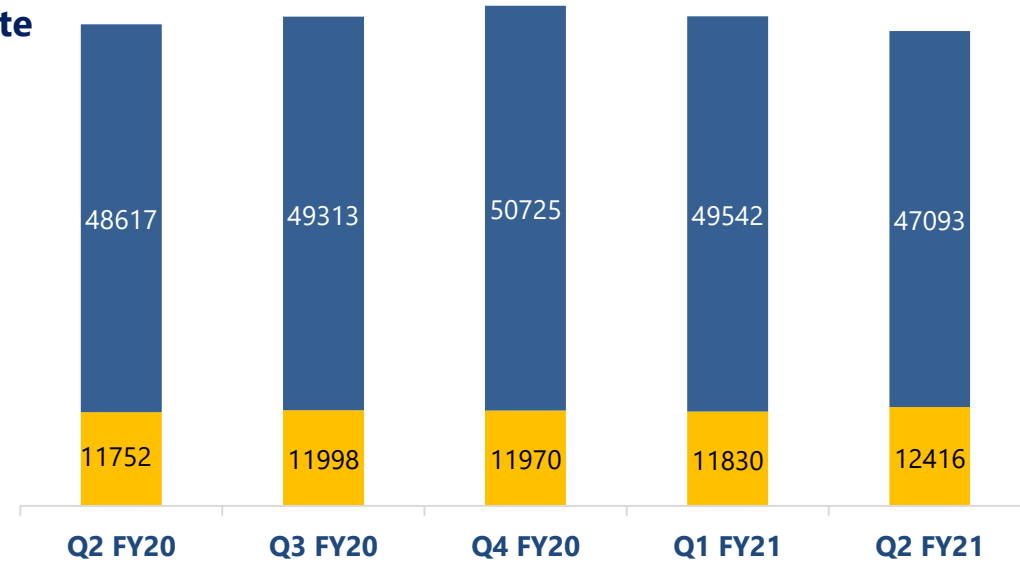
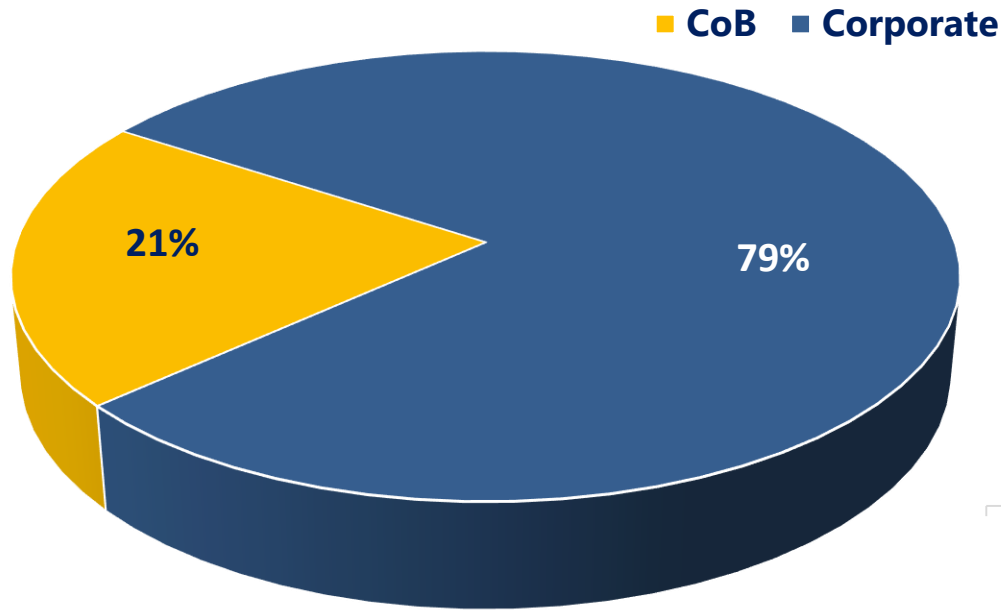
Retail Loan Book (Excl Agri & BuB)

₹ in Cr



RETAIL BANKING

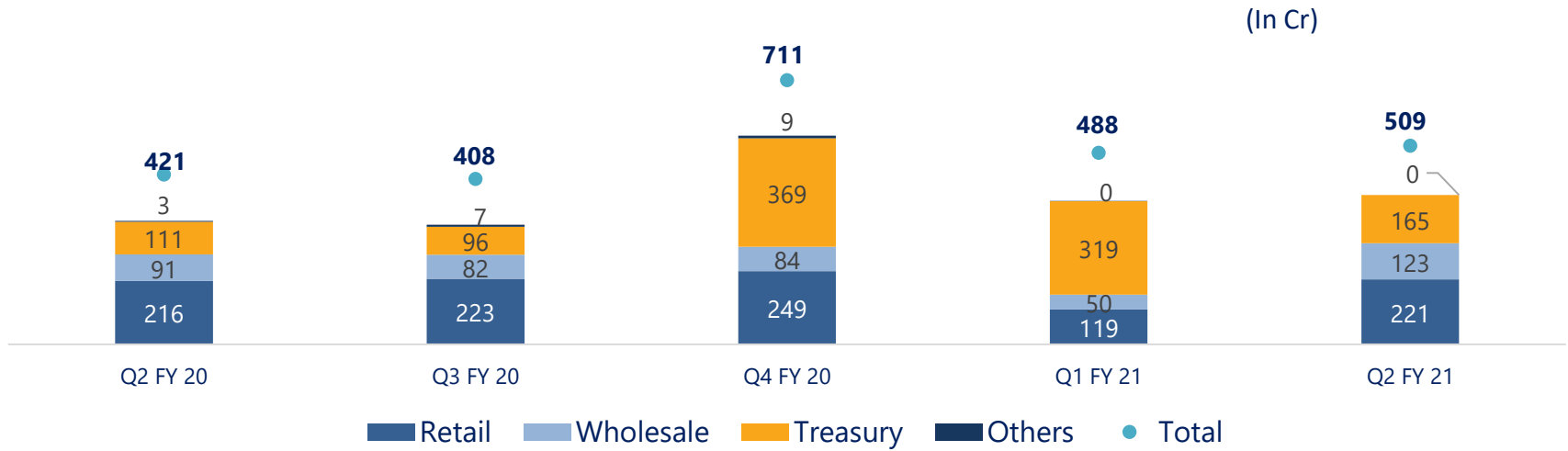
- Launched the E-Mandate portal for registering NACH Mandates digitally resulting in faster registration and reduced cost
- Launched an exclusive segment proposition, Celesta, for affluent customer group, which offers a unique banking experience for elite clients and their families
- Introduced- the first of its kind super simplified procedure to disburse GECL announced by NCGTC
- Gold Loans registered record YoY growth of 54%, which is one of the best in the industry and crossed Rs.12,000 Cr



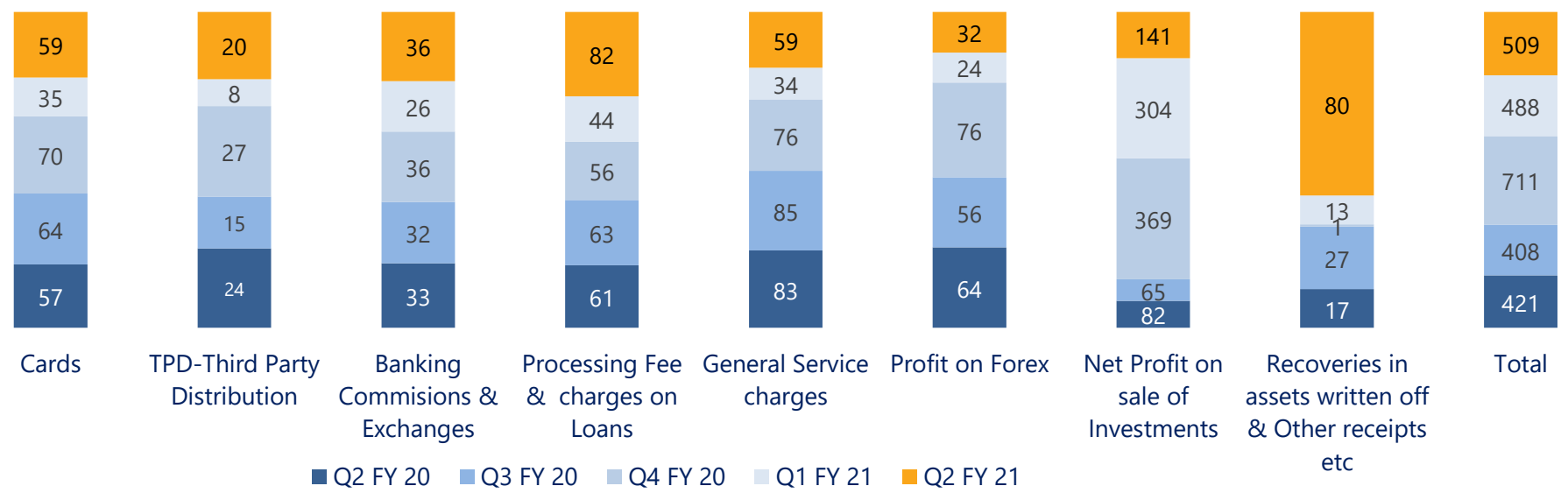
WHOLESALE BANKING

- The quarter saw strong traction in new name acquisition - 25 NTB clients added during the quarter – marquee names across sectors and established groups
- New Digital offering – First Online Commercial Paper issuance for a Corporate in tie up with NSDL
- 33 NTBs added during the quarter in CoB vertical. Simultaneously ensured onboarding on digital platform, opening of promoter savings account and shifting of salary accounts
- Average Ticket Size of Wholesale Loan Book(CIB+CB) : 23 Cr
- Average Ticket Size of CIB & CB Loans is 60 Cr & 7 Cr Respectively

Fee Income Distribution : Vertical Wise

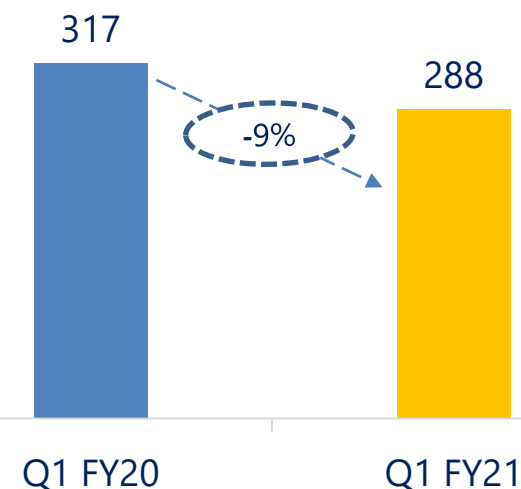


Fee Income Distribution : Item Wise

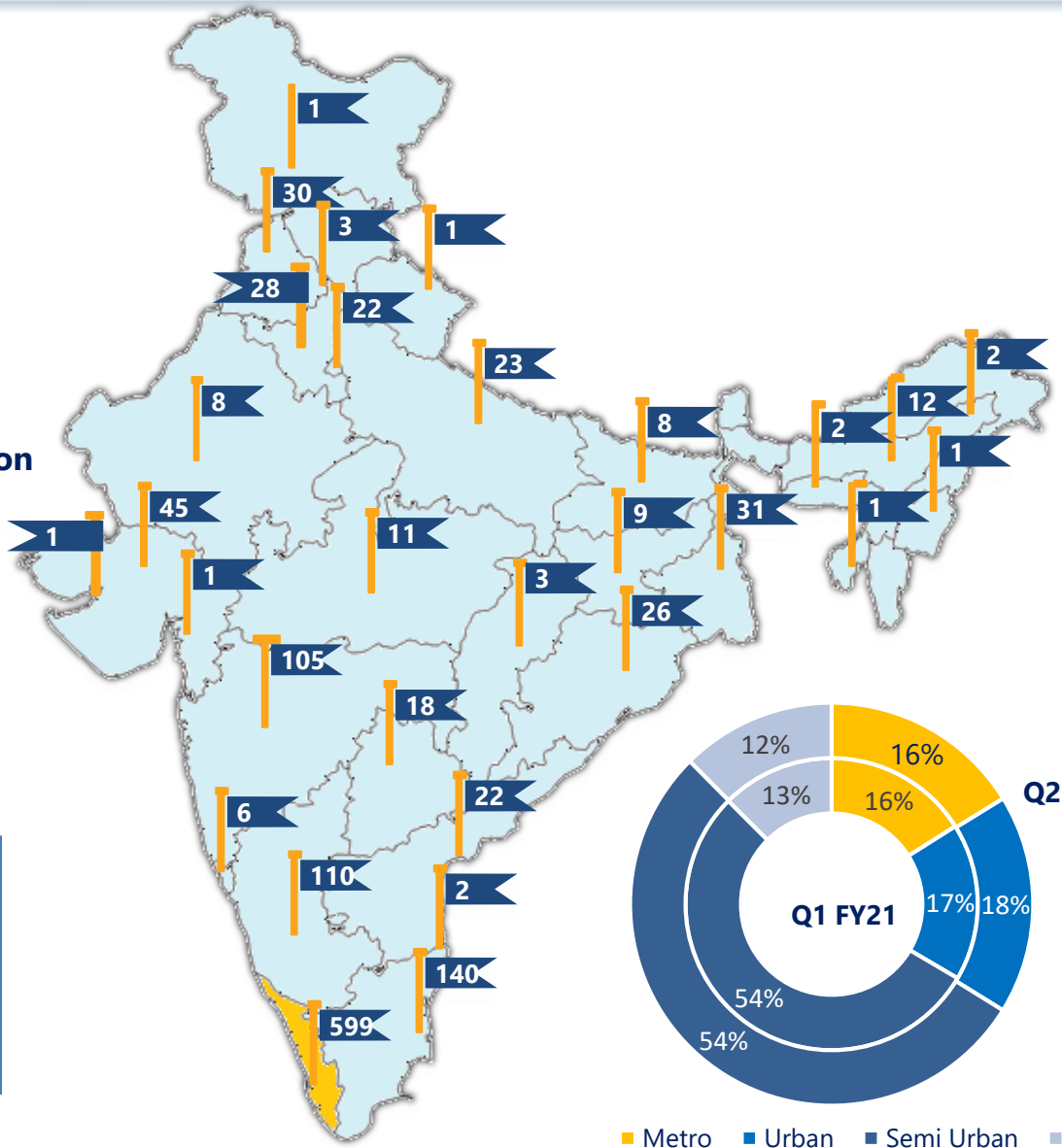
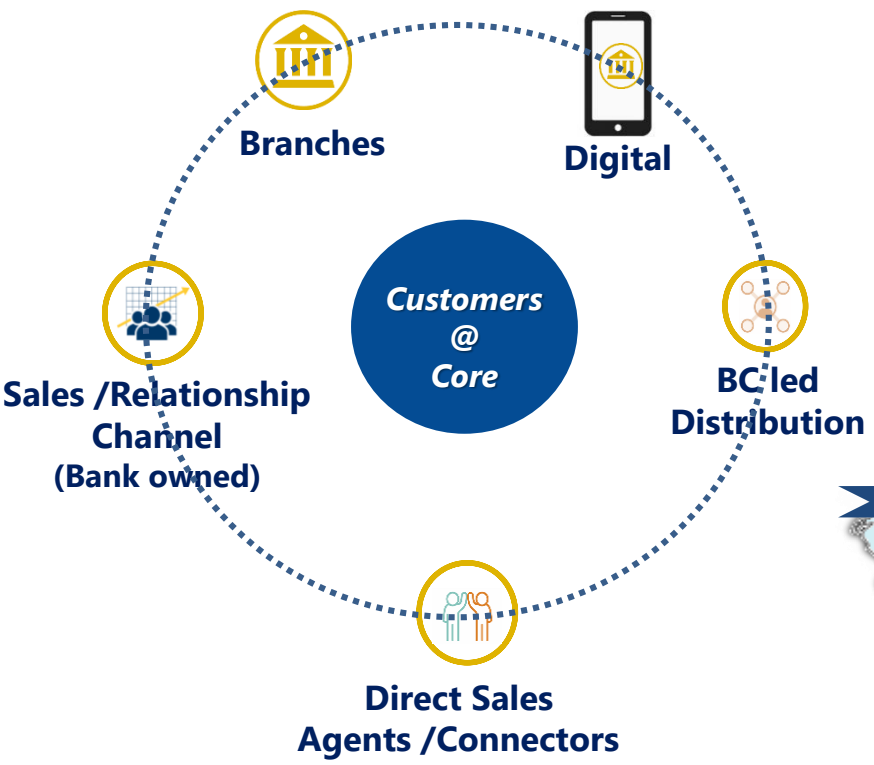


	Q2 FY21	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20	Y-o-Y %
Loan Processing Fee	82	44	56	63	61	34%
Exchange, Commission, Brokerage & Other Fee Income	174	103	209	191	191	-9%
Net Profit on Forex Transactions	32	24	76	56	64	-50%
Fee Income	288	171	341	311	317	-9%
Profit on sale of securities	141	304	369	65	82	71%
Recoveries in written off assets, Other Receipts & misc.	80	13	1	32	22	268%
Total Other income	509	488	711	408	421	21%

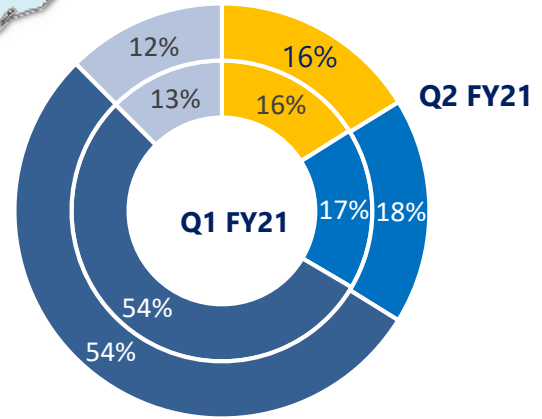
Fee Income (Y-o-Y)



Distribution : Deriving Efficiency from Footprint



	Q2 FY21	Q1 FY21	Q4 FY20
Branches	1271	1263	1263
ATM/ Recyclers	1941	1936	1937

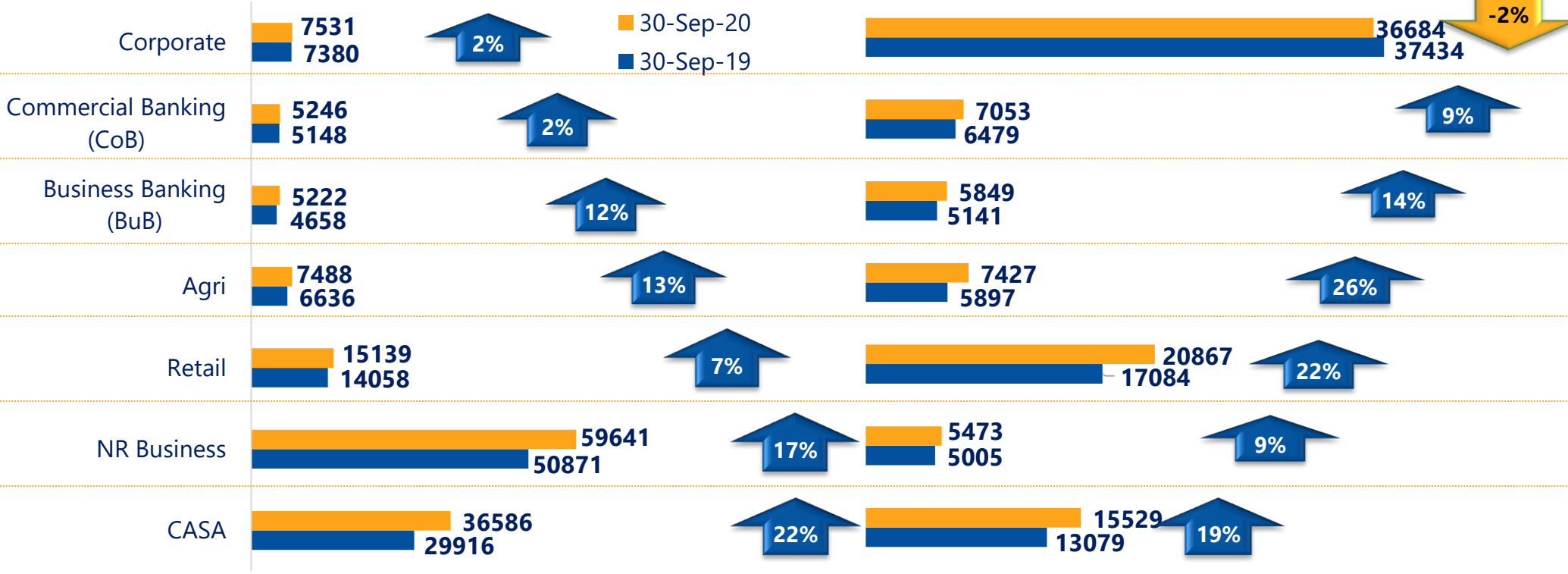


■ Metro ■ Urban ■ Semi Urban ■ Rural

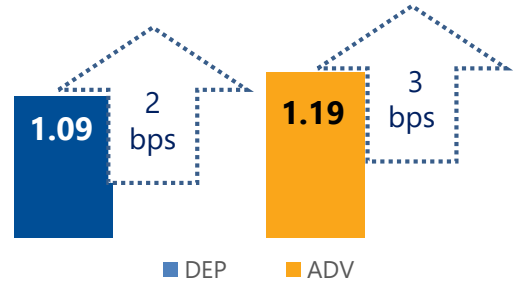
₹ in Cr

Network I

Network II



Bank's Market Share



Gain in Market Share(Y-o-Y)
 Advance: Market Share improved by 3 bps
 Deposit : Market Share improved by 2 bps

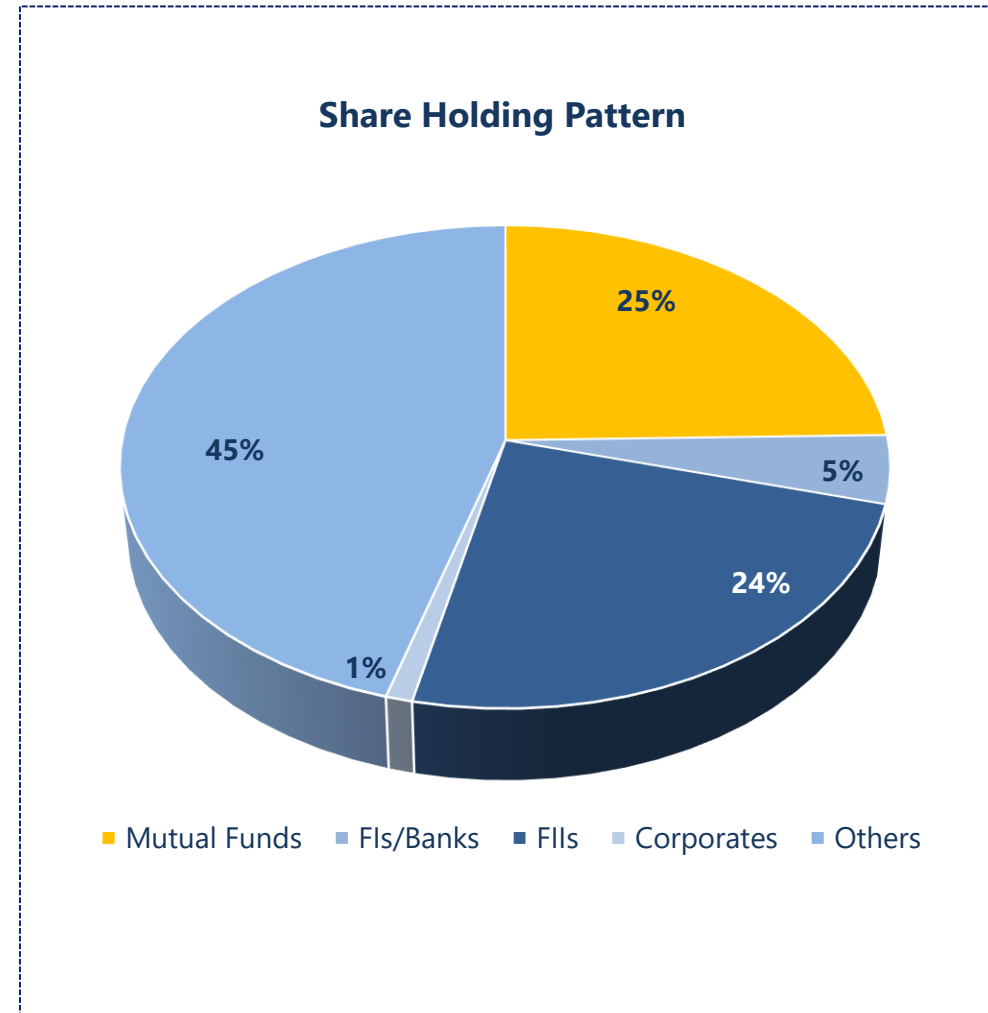
CRAR – How strong is your Bank?

₹ in Cr

	Sep-20	Jun-20
Risk Weighted Assets		
Credit Risk	91404	92139
Market Risk	3980	5890
Operational Risk	10095	10095
Total RWA	105479	108124
Tier-1 Capital Funds		
Tier-1 Capital Funds	14066	14062
Tier-II Capital Funds	1381	1262
Total Capital Funds	15447	15324
CRAR	14.64%	14.17%
Tier-I	13.33%	13.00%
Tier-II	1.31%	1.17%

Annexures

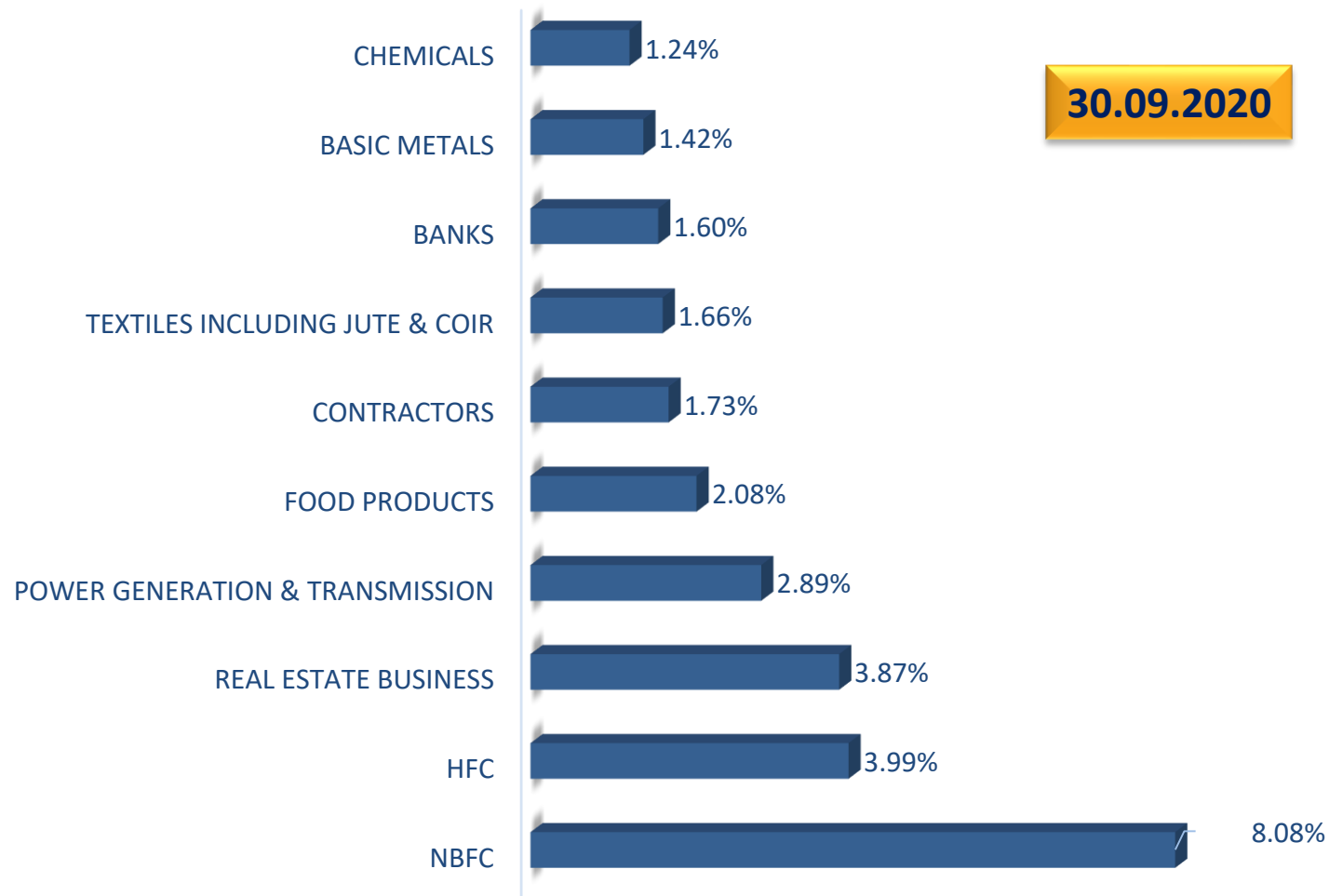
	Q2 FY21	Q2 FY20
LIABILITIES		
Capital	399	398
Reserves & Surplus	14836	13357
Deposits	156747	139547
Borrowings	11043	7764
Other Liabilities & Provisions	6001	5360
TOTAL	189027	166424
ASSETS		
Cash & Balance with RBI	6120	7733
Balances with Banks, Money at Call	13529	3674
Investments	36253	31094
Advances	122912	115893
Fixed Assets	457	472
Other Assets	9756	7557
TOTAL	189027	166424



₹ in Cr

	Q2 FY21	Q1 FY21	Q-o-Q	Q2 FY20	Y-o-Y
Interest Income	3488	3444	1%	3254	7%
Interest Expenses	2108	2148	-2%	2130	-1%
Net Interest Income	1380	1296	6%	1124	23%
Other Income	509	488	4%	421	21%
Operating Expense	883	852	4%	826	7%
Total Income	3997	3933	2%	3675	9%
Total Expense	2991	3000	0%	2956	1%
Operating Profit	1007	932	8%	719	40%
Total Provisions	699	532	31%	302	131%
Net Profit	308	401	-23%	417	-26%
Net Interest Margin (%)	3.13	3.07	6bps	3.01	12 bps
Cost to Income Ratio (%)	46.72	47.76	-104 bps	53.47	-675 bps

Top 10 Sector wise exposure as a % of Total Advance



Major Investments

Entity	% of stake
Federal Operations & Services Limited (FedServ)	100.00%
Fedbank Financial Services Limited	74.00%
IDBI Federal Life Insurance Company of India Limited	26.00%
Equirus Capital Private Ltd	19.90%

Subsidiaries & JVs

IDBI Federal Life Insurance Co. Ltd.

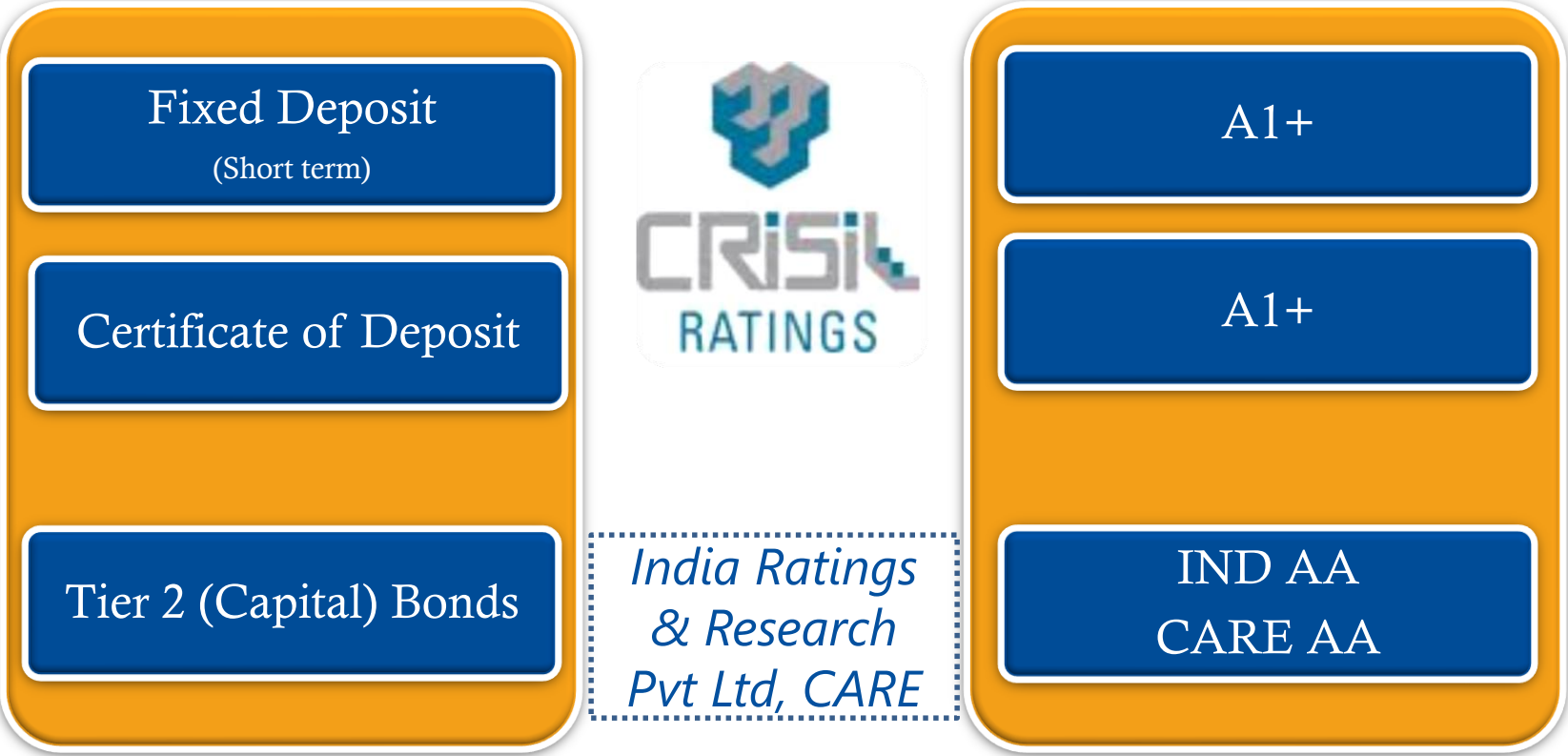
- Bank's Joint Venture Life Insurance Company, in association with IDBI Bank and Ageas
- Federal Bank holds 26% equity in the J.V.
- Started selling life insurance products from March 2008

FedBank Financial Services Ltd.

- Total AUM 4000+ 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 Deposits and Certificate of Deposits enjoy highest rating in that class.

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