

Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q3 FY 2023

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All round strong operating performance helps deliver *Highest Ever* Quarterly Profits

Highest Ever

- NII
- Core Fee Income
- PPOp
- NP

Credit cost improves further on the back of continued strong asset quality

- ✓ RoA @ 1.33% (Highest in 31 qtrs)
- ✓ RoE @ 15.91%
- ✓ NIM @ 3.49% (Highest in 35 qtrs)

Broad based asset growth coupled with core revenue profile drives-up RoA on fast track

Profitability

- Highest ever Operating Profit at 1274.21Cr, grew 39% YoY
- Highest ever Net Profit at 803.61Cr, up 54% YoY
- NIM further improved to 3.49%, higher by 22bps YoY and 19bps QoQ (35 Qtr High)

Granular Liability Franchise

- Deposits Crosses Milestone of ₹ 2 Lakh Crore
- Total Deposits grew by 15% YoY and 6% QoQ
- Resident SB grew by 10% YoY
- Core deposits* at 98.61% of Total Deposits
- NRE Term Deposits up by 9% YoY
- CASA up by 7% YoY and CASA Ratio at 34.24%

Asset Quality

- GNPA at 2.43 (Lowest in 21 qtrs)
- NNPA at 0.73 (Lowest in 8 qtrs)
- Prudent PCR hike by 178bps sequentially to 69.19%
- Strong Recoveries & Upgradations of 287.4cr

New Initiatives

- Reimagined Agri Credit through Instant KCC.
- MFI footprint now in over 12 states/UTs with 11 active BC partnerships.
- Went live with Epifi to offer PLs.
- Added 28 new branches including a DBU.
- First bank to launch cross border BBPS.

Strong Momentum in Credit Growth

- SME book grew by 20% YoY
- Retail book up by 18% YoY
- Business banking book up by 18% YoY
- Corporate book up by 19% YoY
- Commercial credit book grew by 18% YoY
- CV/CE business grew by 65% YoY

Income and Cost Streams

- Core Fee Income at 543 Cr, up 32% YoY
- Highest ever NII @ 1956.53 Cr, grew 27% YoY and 11% QoQ
- Cost to Income further improved to 48.84%, down 597bps YoY

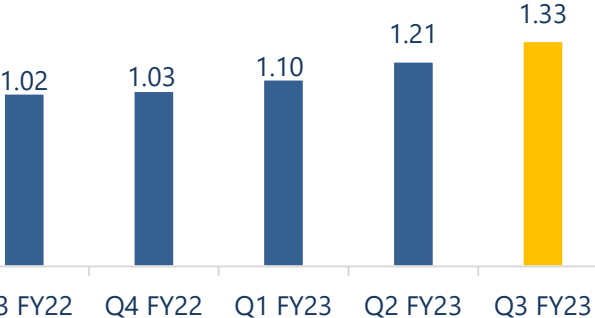
Steady Growth in Market Share

- Market Share in Advances at 1.26% (all time high)
- Market Share in Deposits at 1.12%
- Market Share for Individual Inward Remittance at 20.36% (HY)

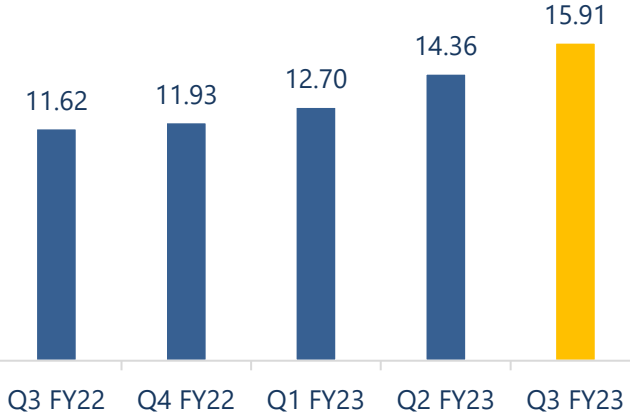
Balance Sheet and Capital

- Balance Sheet grew by 20% YoY to cross the milestone figure of Rs 2.5 L Cr
- Total business crossed 3.69 L Cr, grew by 17% YoY & 5% QoQ
- CRAR at 13.35%

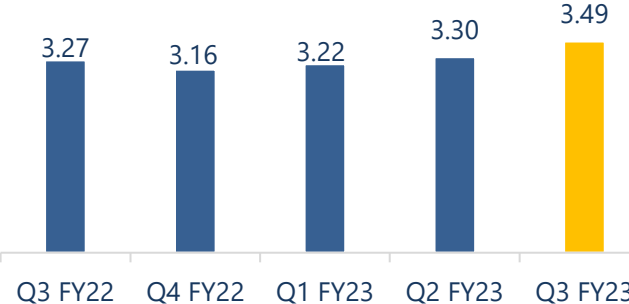
RoA



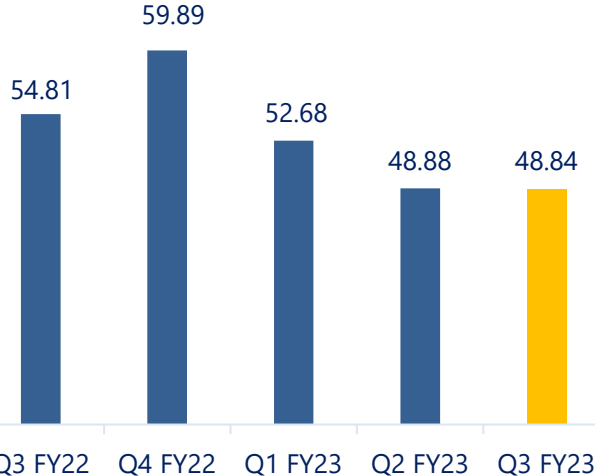
RoE



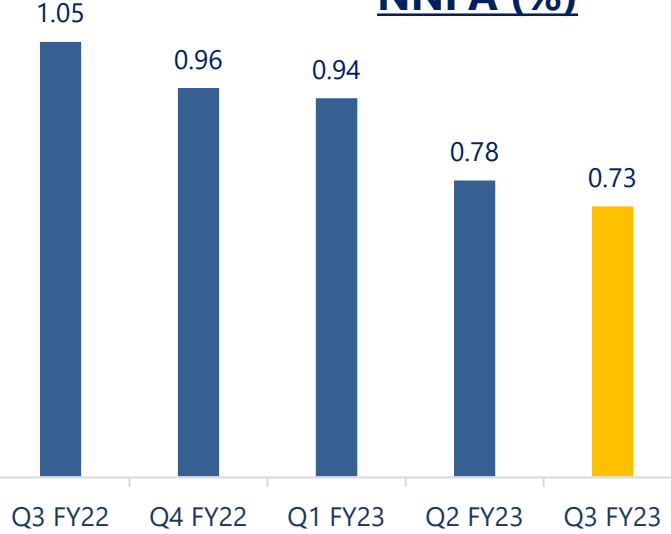
Net Interest Margin (%)



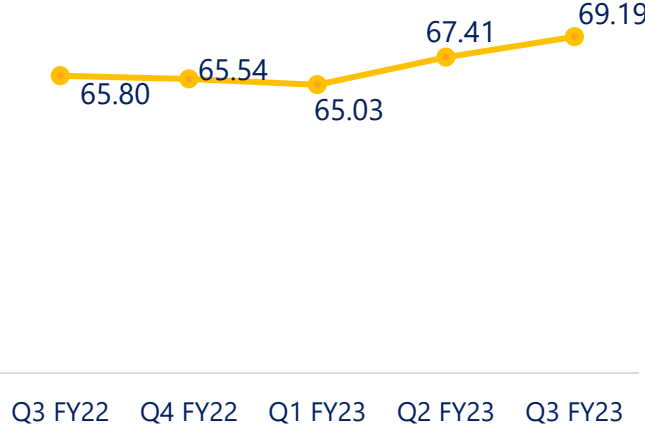
Cost to Income Ratio



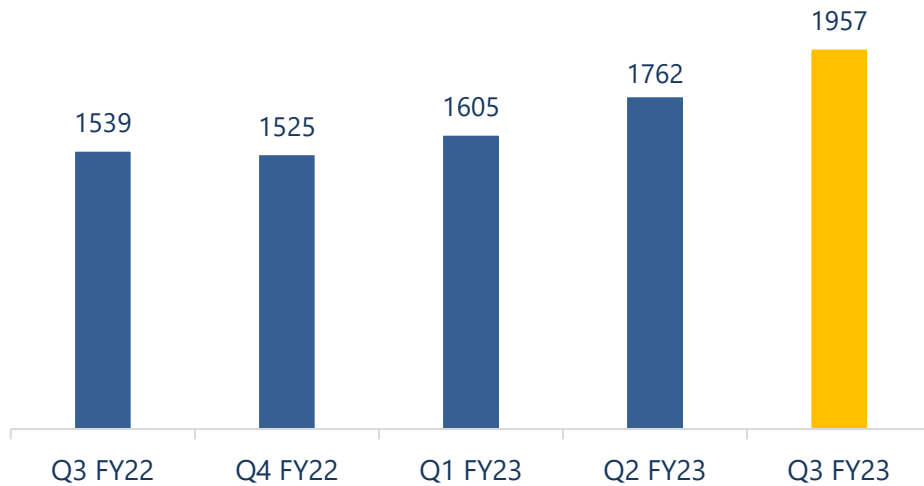
NNPA (%)



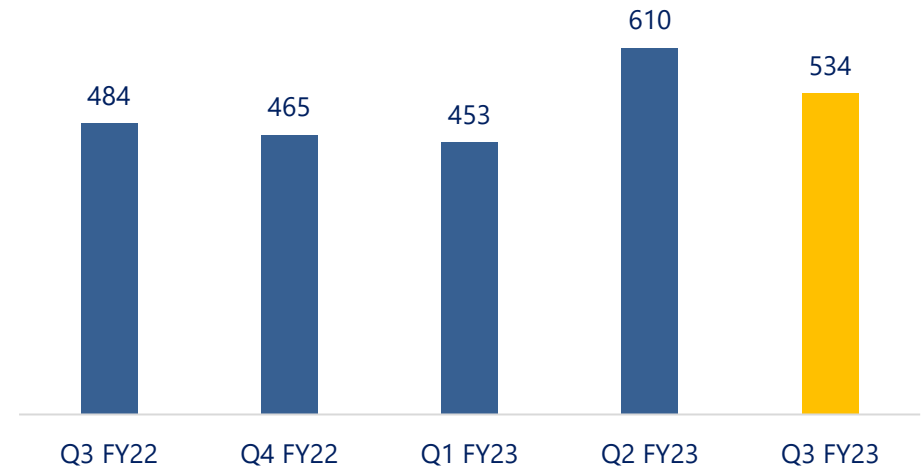
PCR (%)



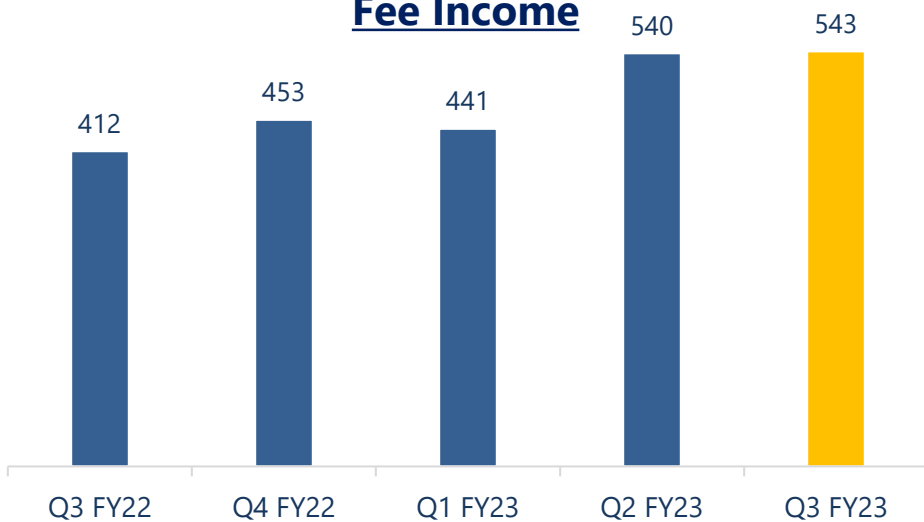
Net Interest Income



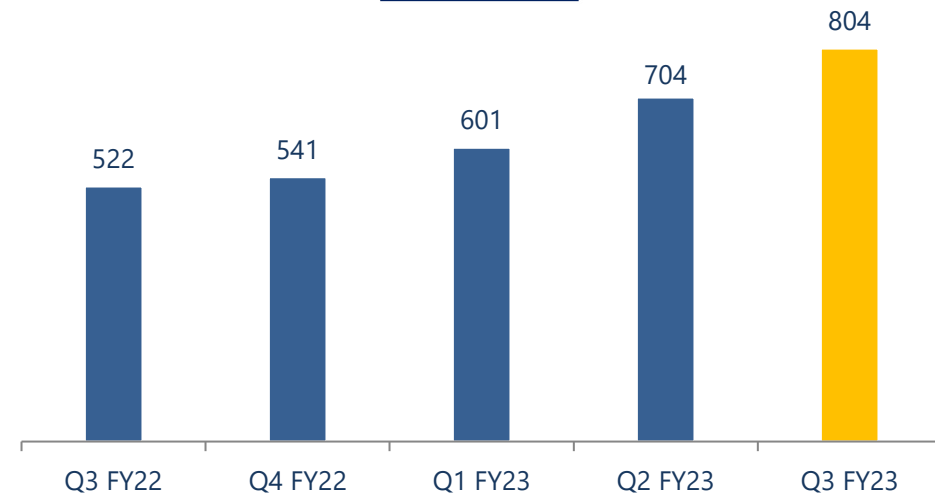
Other Income



Fee Income



Net Profit



		Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23
Shareholder Value	Book Value (Per Share in ₹)	86.05	88.75	91.59	93.00	96.74
	EPS (annualized)	9.85	10.43	11.46	13.26	15.09
Granularity	CASA + Deposits <2 Cr (% of Total Deposits)	92%	92%	92%	91%	88%
	ROA	1.02	1.03	1.10	1.21	1.33
Profitability (Annualized)	RoRWA	1.93	1.98	2.02	2.21	2.42
	ROE	11.62	11.93	12.70	14.36	15.91
	Cost/Income	54.81	59.89	52.68	48.88	48.84
Efficiency	Net NPA%	1.05	0.96	0.94	0.78	0.73

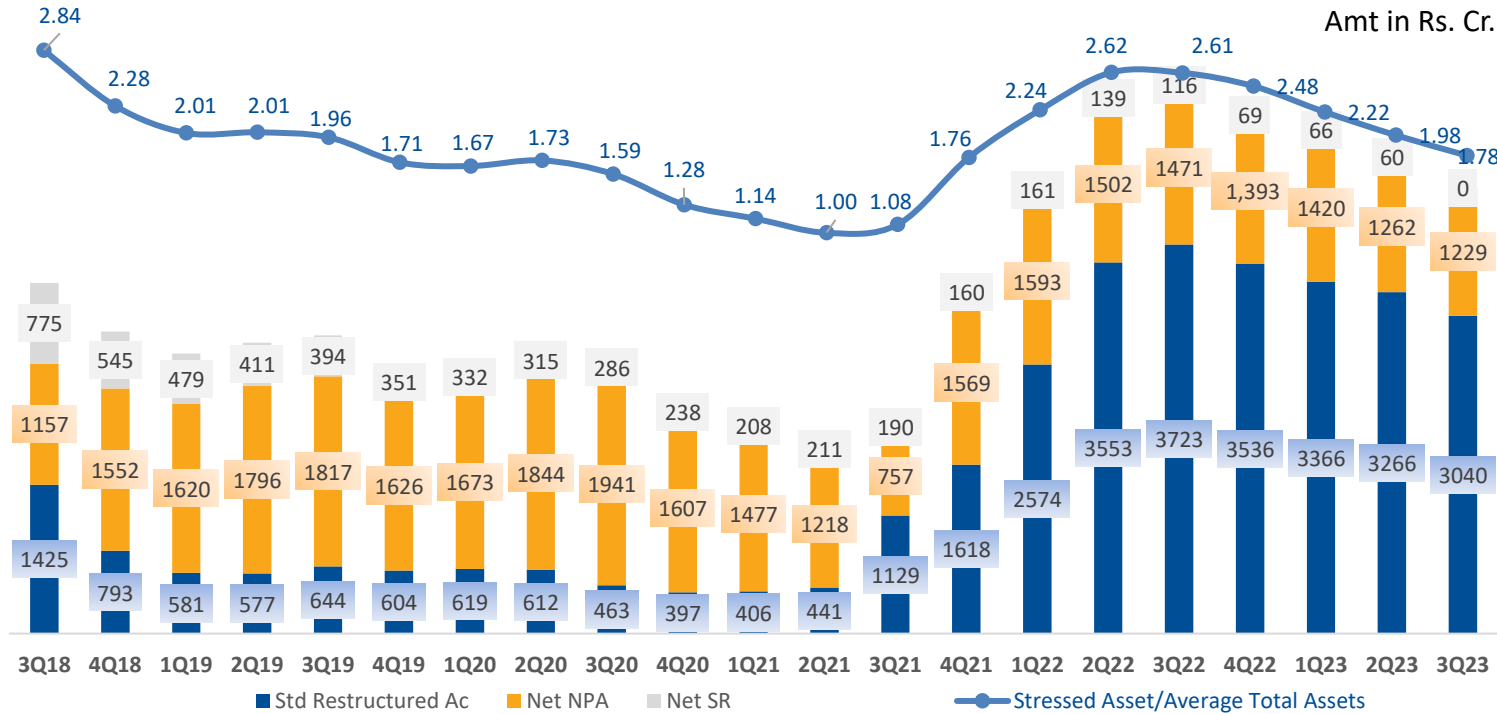
Asset Quality Trends

Stressed Asset downtrend continues. At 1.78% of average total assets

Provision Coverage Ratio up by 178bps to 69.19%

Recovery & Upgradation of 287.4 Cr in Q3

Credit Cost at 38bps for Q3



Movement of NPA

Gross NPA as on 30.09.2022	4031
Add Fresh Slippage	398
Add Increase in Balances in Existing NPAs	14
Deduct Recoveries/ Upgrades/ Reduction in existing NPA/ Sale to ARC	287
Deduct Written Off	8
Gross NPA as on 31.12.2022	4148

Provisions in Q3

Loan Loss	156.70
Investment Loss	-2.52
Standard Accounts	36
Other Purposes	8.51
Total Provisions	198.69

Fresh Slippages Break up

Fresh Slippages

	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23
Retail	95	86	204	123	181
Agri	102	147	89	98	66
BuB	81	68	107	77	55
CV/CE	3	2	2	7	9
CoB	111	55	42	70	81
Corporate	50	0	0	0	6
Total	442	358	444	375	398

Restructured

TYPE	Q2 FY23		Q3 FY23	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	3266	60	3040	60
Net NPA	626	81	695	81
TOTAL	3892	141	3735	141

Security Receipts

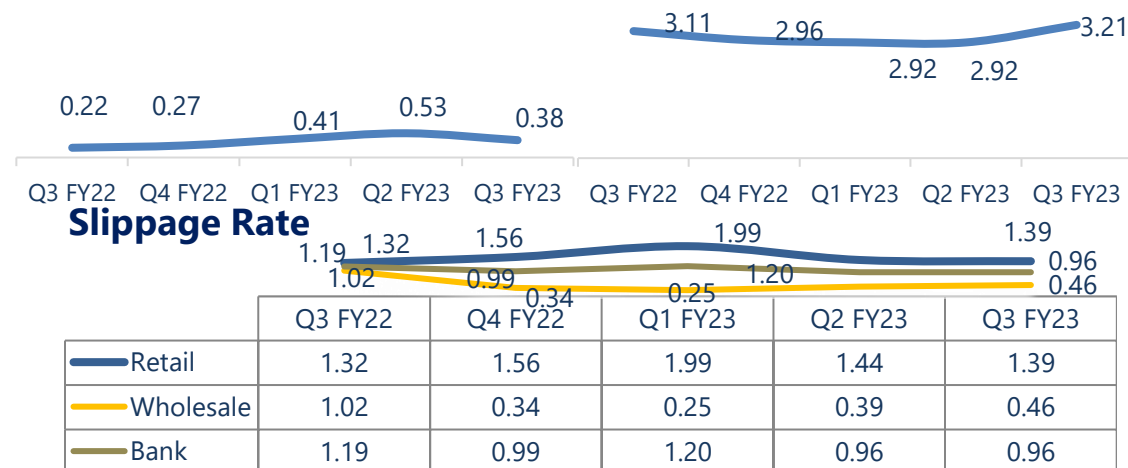
	Q2 FY23	Q3 FY23
Face Value	523	488
Book Value	442	411

NPA Composition

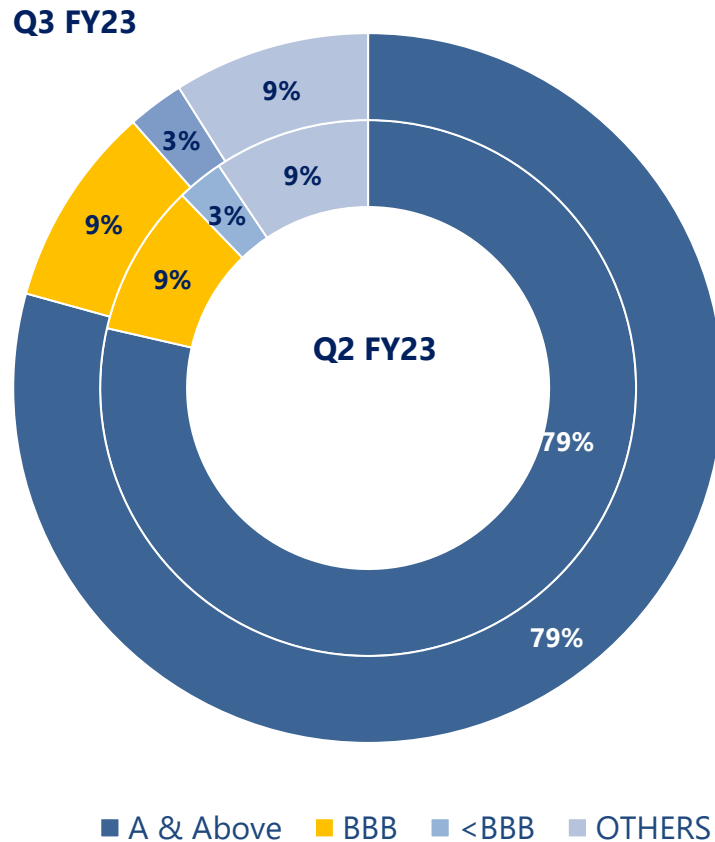
	Q2 FY23	Q3 FY23
Business	NPA	NPA
Retail	1133	1201
Agri	934	934
BuB	938	934
CV/CE	17	27
CoB	620	658
Corporate	388	394
Total	4031	4148
Net NPA	1262	1229

Credit Cost

Risk Adjusted NIM



External Rating of Corporate Advances



External Rating of Corporate Advances

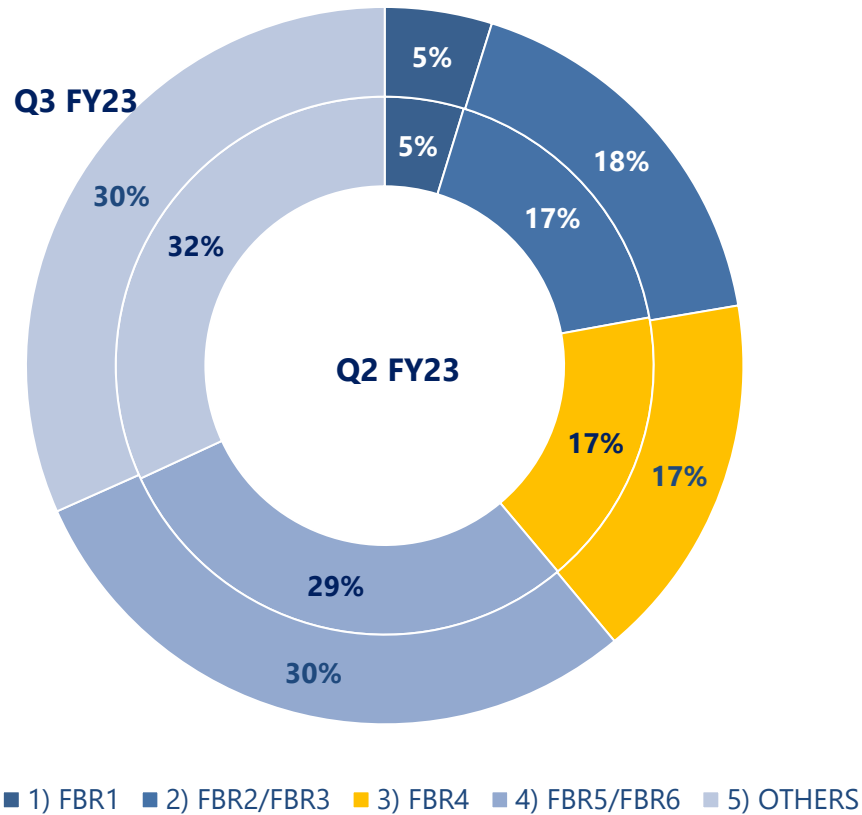
Rating	Q2 FY23	Q3 FY23
A & above	79%	79%
BBB	9%	9%
< BBB	3%	3%
Others	9%	9%

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

Rating	Q2 FY23	Q3 FY23
FBR1	2%	5%
FBR2/FBR3	7%	5%
FBR4	8%	8%
*Below FBR4 & unrated	83%	82%

*includes IBPC and exempted category.

Asset Quality : Rating Distribution (Advances excluding Corporate advance)



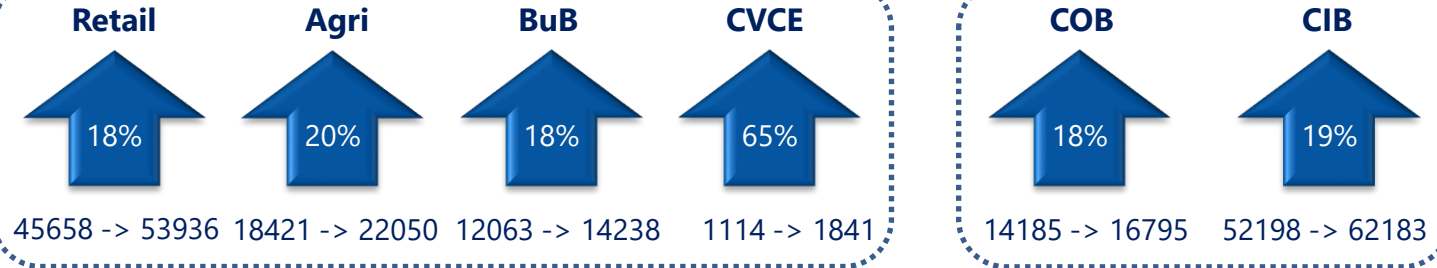
Rating	Q2 FY23	Q3 FY23
FBR1	5%	5%
FBR2/FBR3	17%	18%
FBR4	17%	17%
FBR5/FBR6	29%	30%
Staff	3%	3%
Gold, Advance against Deposit/Securities & others	29%	27%

Comparison : Y-o-Y (3 M)

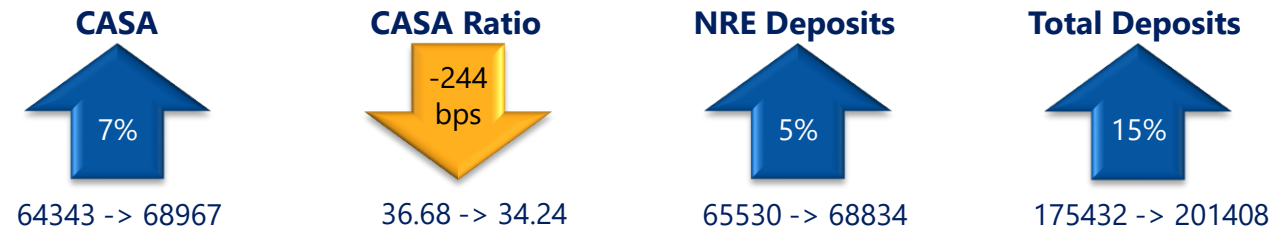
RETAIL

WHOLESALE

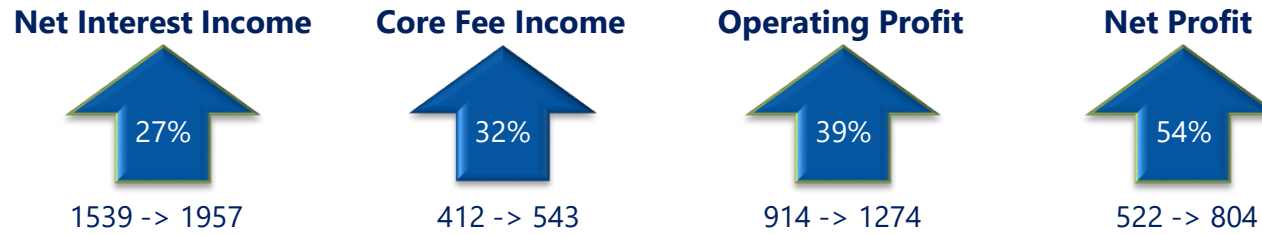
Advances



Deposits



Performance



Ratios



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

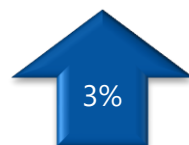
Comparison : Q-o-Q (3 M)

RETAIL

WHOLESALE

Advances

Retail



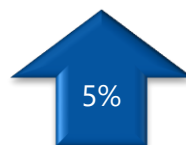
52439 -> 53936

Agri



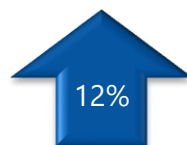
21091 -> 22050

BuB



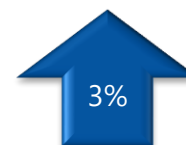
13617 -> 14238

CVCE



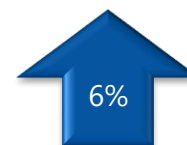
1642 -> 1841

COB



16240 -> 16795

CIB



58929 -> 62183

Deposits

CASA



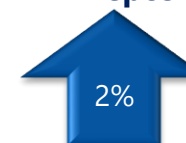
68873 -> 68967

CASA Ratio



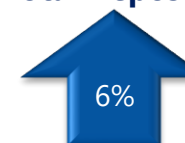
36.41 -> 34.24

NRE Deposits



67754 -> 68834

Total Deposits



189146 -> 201408

Performance

Net Interest Income



1762 -> 1957

Core Fee Income



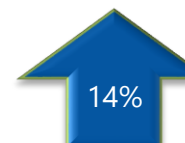
540 -> 543

Operating Profit



1212 -> 1274

Net Profit



704 -> 804

Ratios

Cost Income Ratio



48.88 -> 48.84

Gross NPA %



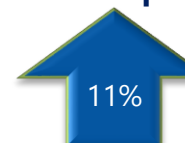
2.46 -> 2.43

Net NPA %



0.78 -> 0.73

Profit Per Employee (in Lac)



21.54 -> 23.96

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

Digital Migration

89%

SHARE OF DIGITAL TRANSACTION

₹13.6K

CR WORTH MONTHLY MOBILE BANKING TRANSACTIONS

₹29.5K

CR WORTH MONTHLY CORPORATE DIGITAL PRODUCTS VOLUME

Digital Transformation

118%

YOY GROWTH IN UPI TRANSACTIONS

260

RPA PROCESSES RUNNING

80%

ACCOUNTS OPENED DIGITALLY

Future Readiness

400+

API'S AVAILABLE IN OPEN BANKING

75+

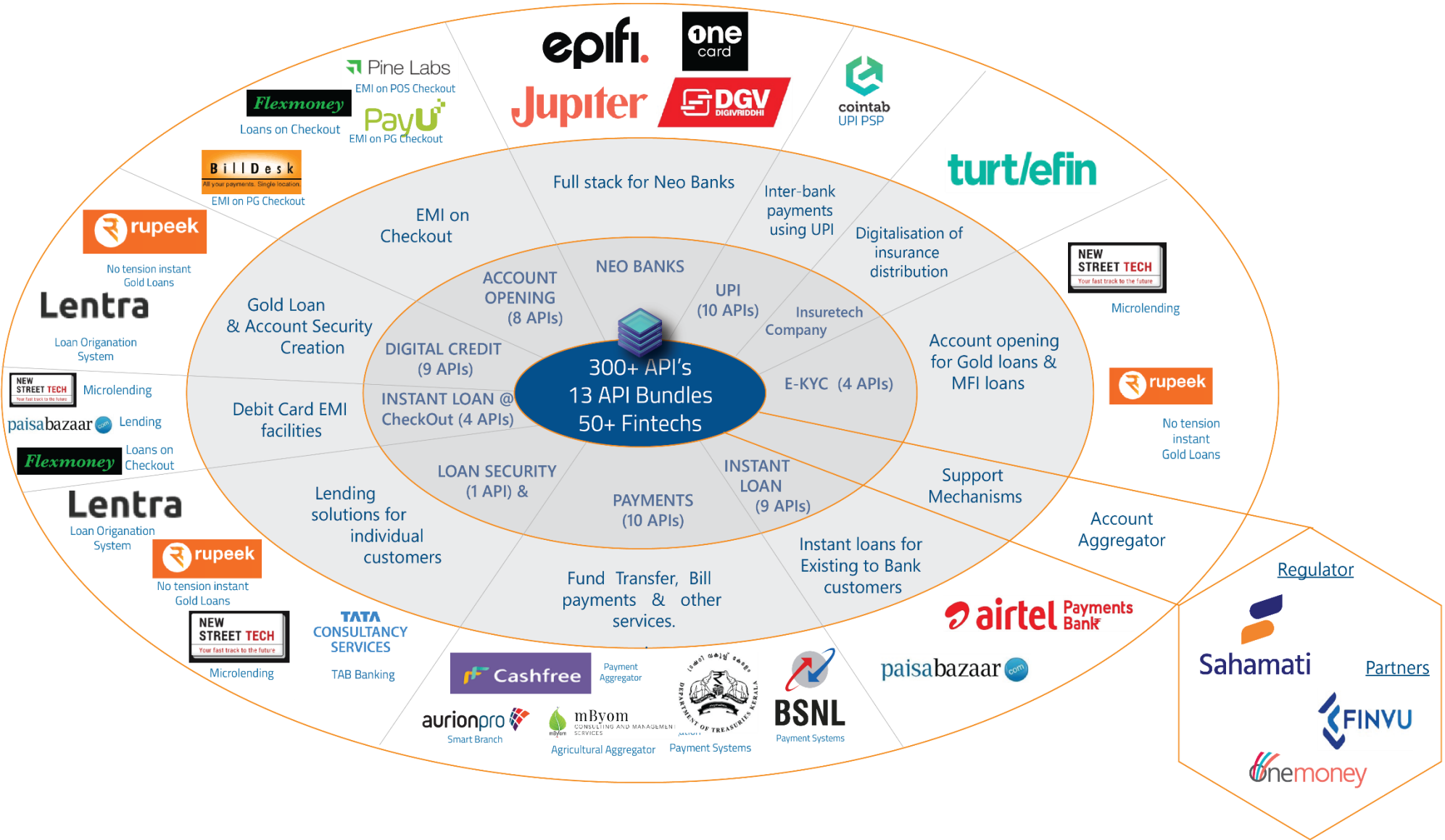
NUMBER OF PARTNERSHIPS

5

NUMBER OF CHANNELS WHERE AI IS INTEGRATED

FUTURE OF DIGITAL IS
HUMAN





Launch of Digital Banking Unit

In Salt Lake, Kolkata - inaugurated by our Hon'ble Prime Minister via Video Conference on **16th October 2022**.



Cross Border BBPS

Launched in Global Fintech Fest – First Bank to launch this service.

This will facilitate NRIs to undertake utility, education and other bill payments on behalf of their families in India.

GST- Payment Facility

This will enable customers to make GST payments via E-payment (Retail Fednet), Over the Counter (Cash, Cheque and DD) and NEFT/RTGS (online/offline).

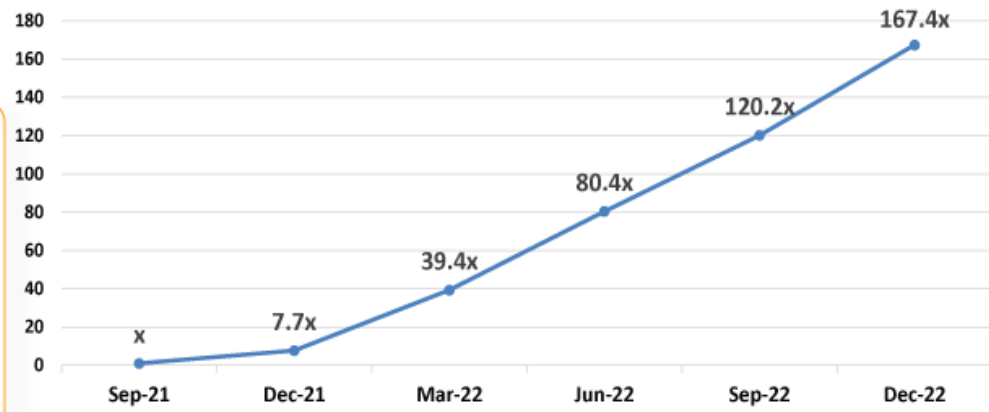




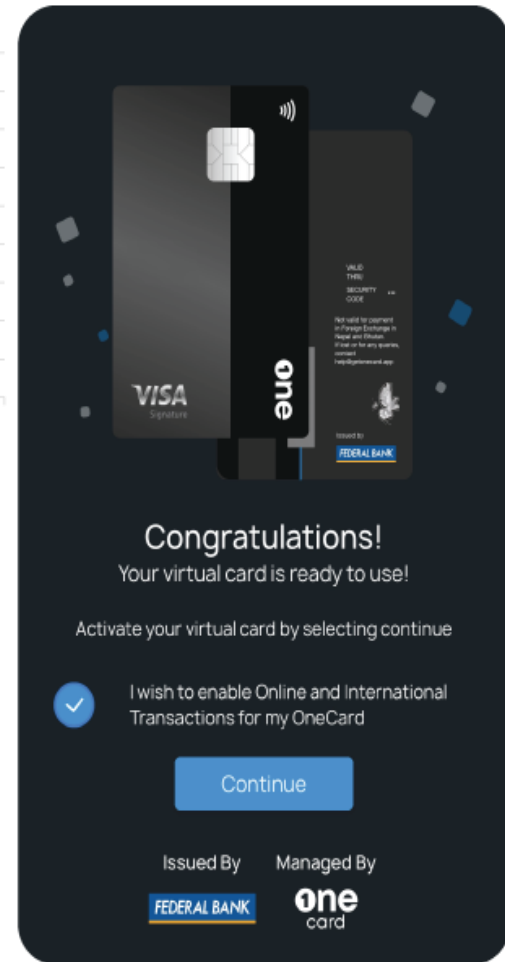
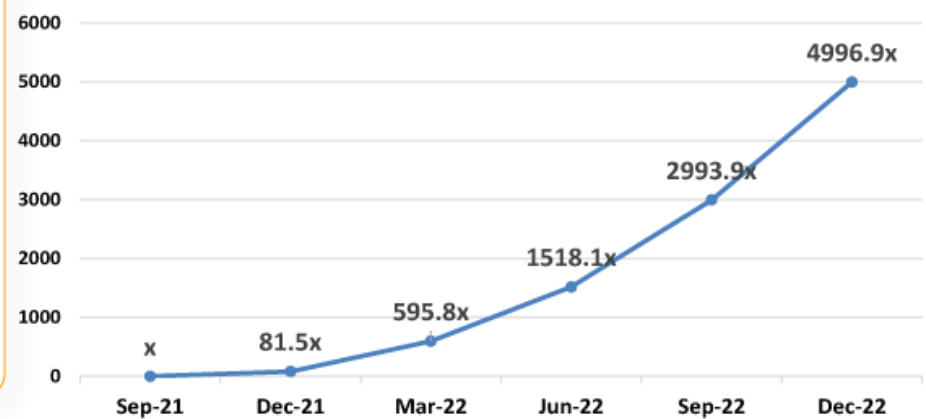
Co-Branded Credit Card!!

- 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



Savings Accounts

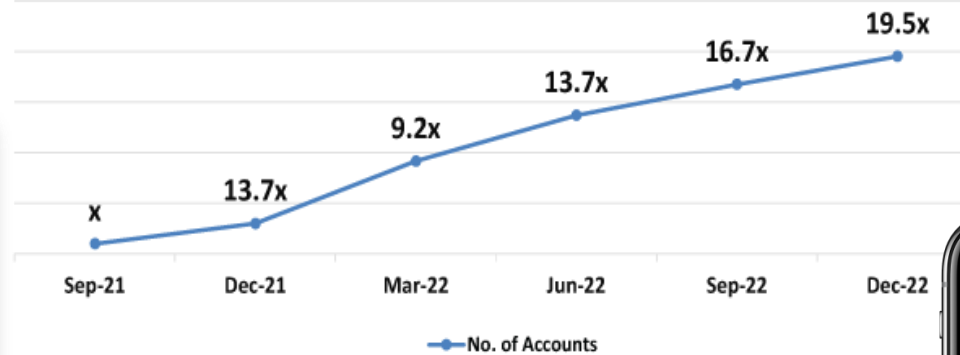
epifi. Jupiter



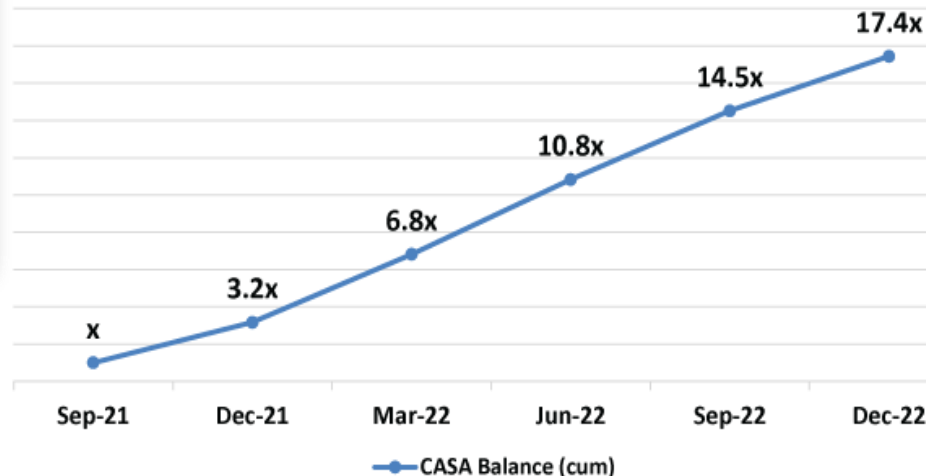
- Bank is live with 2 leading Fintech Partners - Fi & Jupiter.
- The proposition is positioned for the salaried millennial who are digitally native across their savings, investing and borrowing needs.
- More than 2.5L+ account are being opened every month by Fi & Jupiter.

Launched X-sell of PL on Fi-Platform.

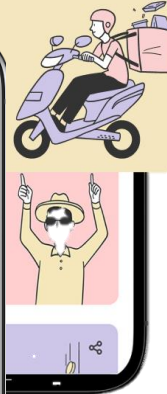
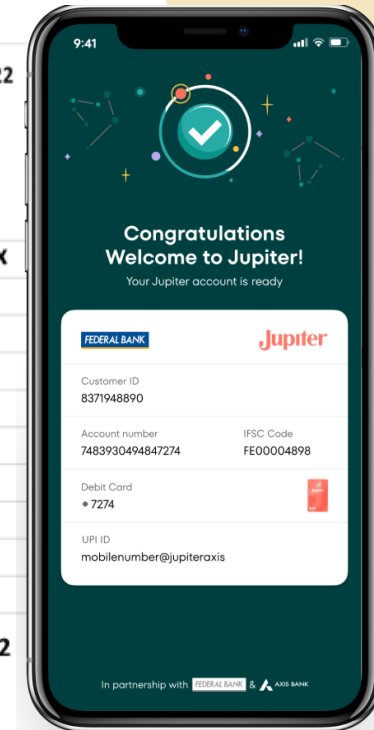
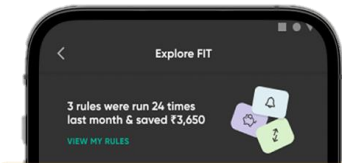
Number of Accounts



Growth in CASA Balance (Amount In Cr.)



FINTECH PARTNERS



Strengthening the rural GDP

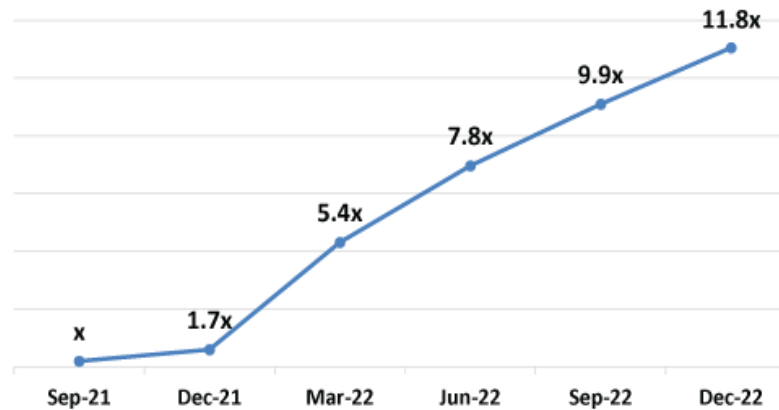
(Savings, Payments and Loans)



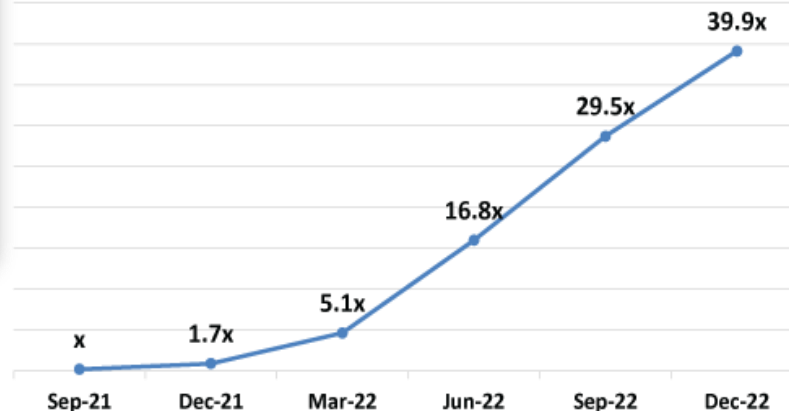
DigiVridhi Technologies (DGV)

- 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

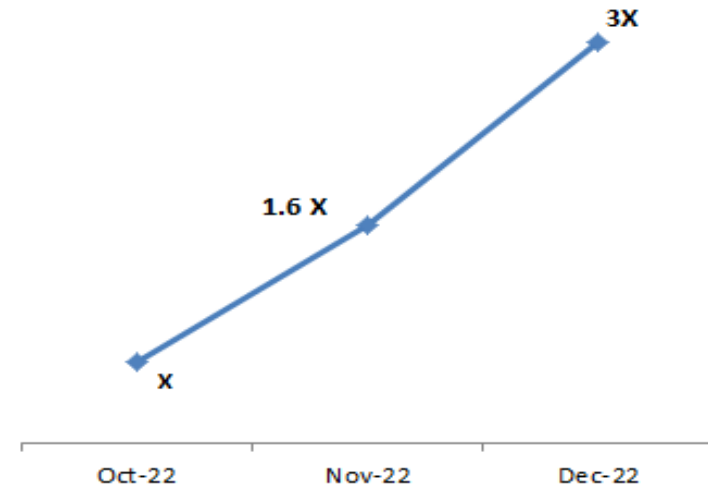


Digital Personal Loans

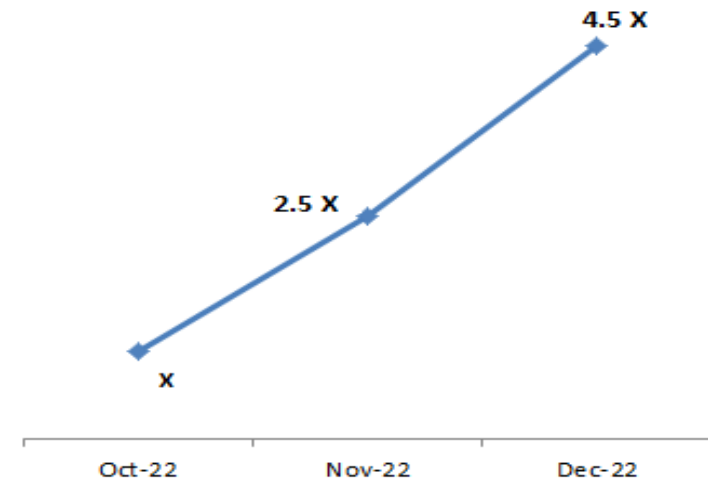


- ❖ Bank is live with Paisa Bazaar for NTB personal Loans.
- ❖ **Launched Cross Sell of Personal Loans on the Fi platform.**
- ❖ The proposition is positioned for providing personal loans to the salaried customers who are digitally native across their savings, borrowing needs.
- ❖ More than 3000 loans disbursed within a short period of launch.

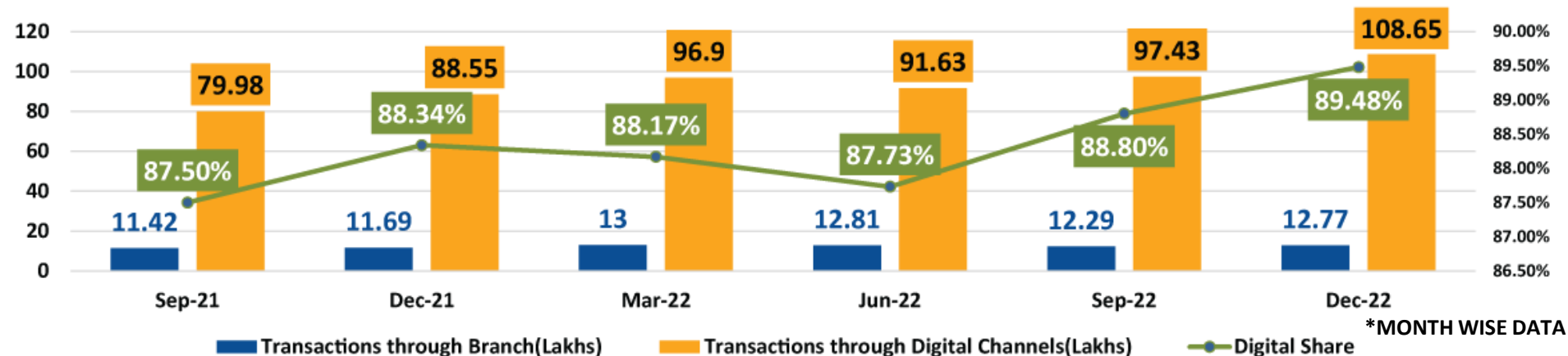
Number of Accounts opened



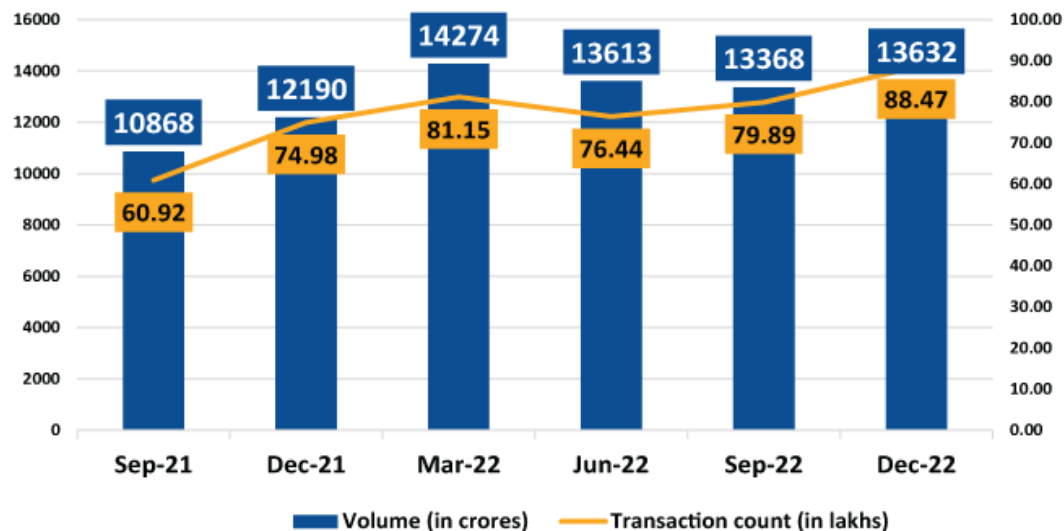
Growth in PL Balance(Amount in Cr)



Branch vs Digital Transactions (In Lakhs)

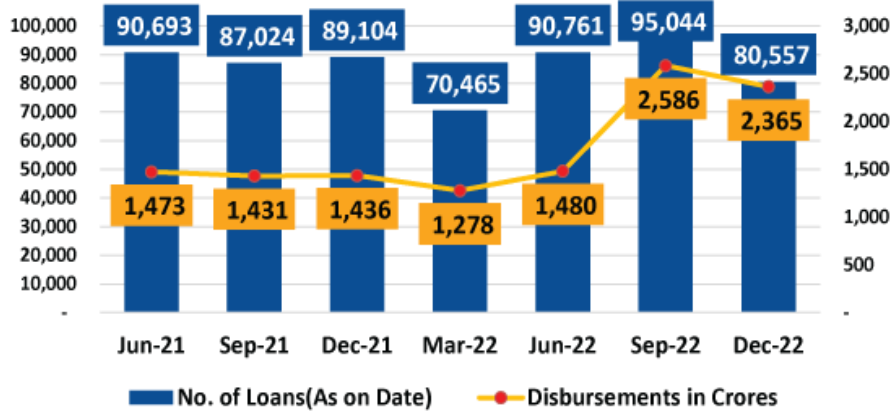


Mobile Banking Volume & Txn Count

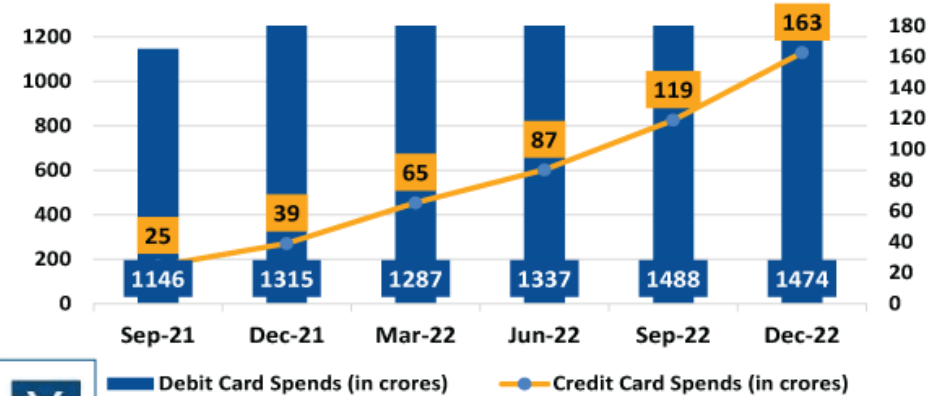


- Digital transactions have seen a **23%** YOY growth.
- Mobile Banking txn count stands at **88.47 lakhs**, YOY growth of 18%.
- Digital Share stands at **89.48%** for the month of Dec-22.

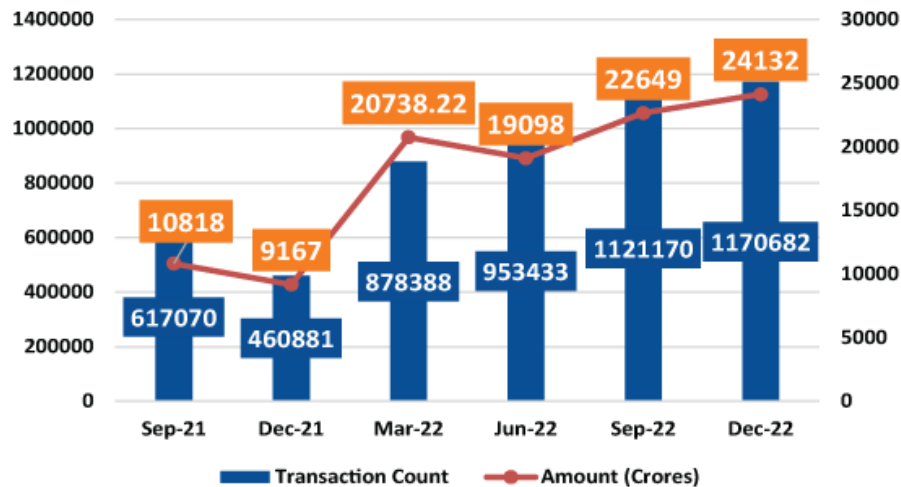
BYOM Digital Personal Loans : Loan book progress



Card Spends (In Crores)



Fed-e-Biz



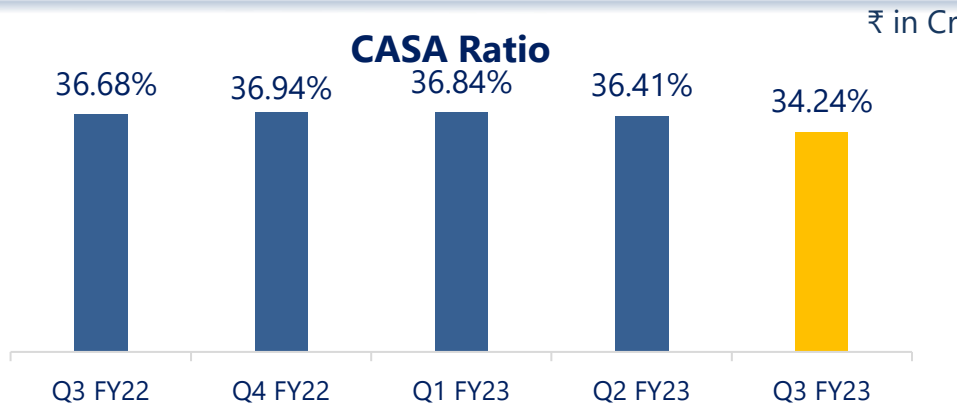
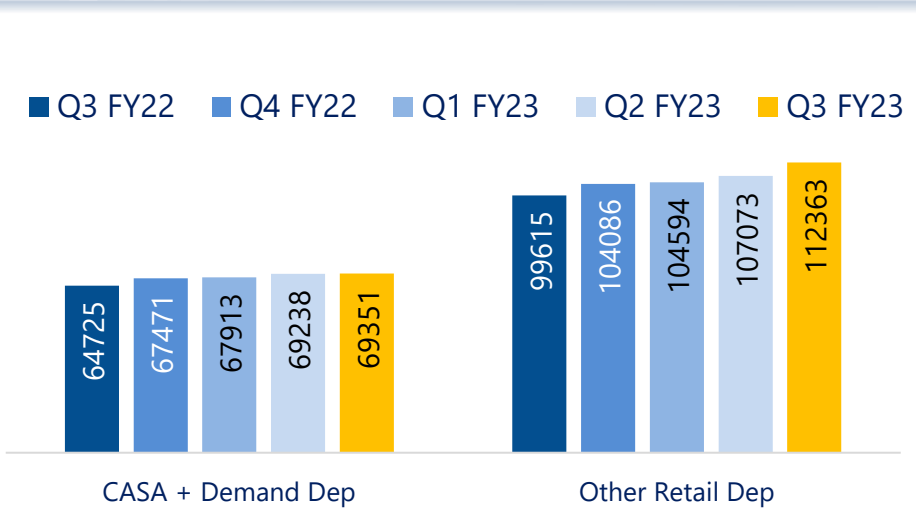
- BYOM enables digital instant personal loans through Federal Bank's Web Portal, FedMobile, Google Pay, Paisa Bazaar & Airtel Payments Bank.
- EMI on check out through PineLabs, Innoviti at multiple merchant locations through POS machines.
- EMI through online channels ex. Bill Desk (Amazon), Flex Money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



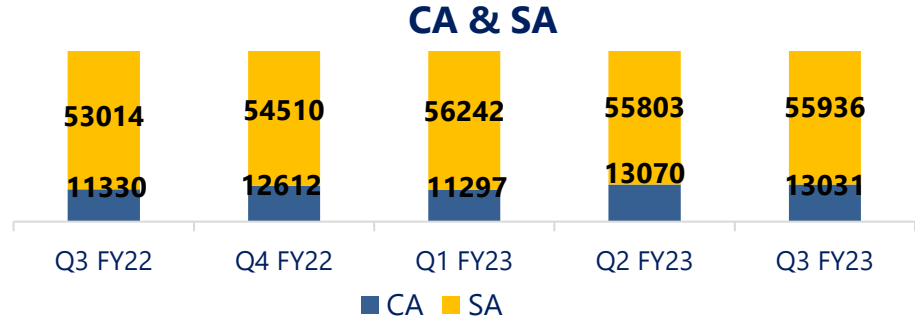
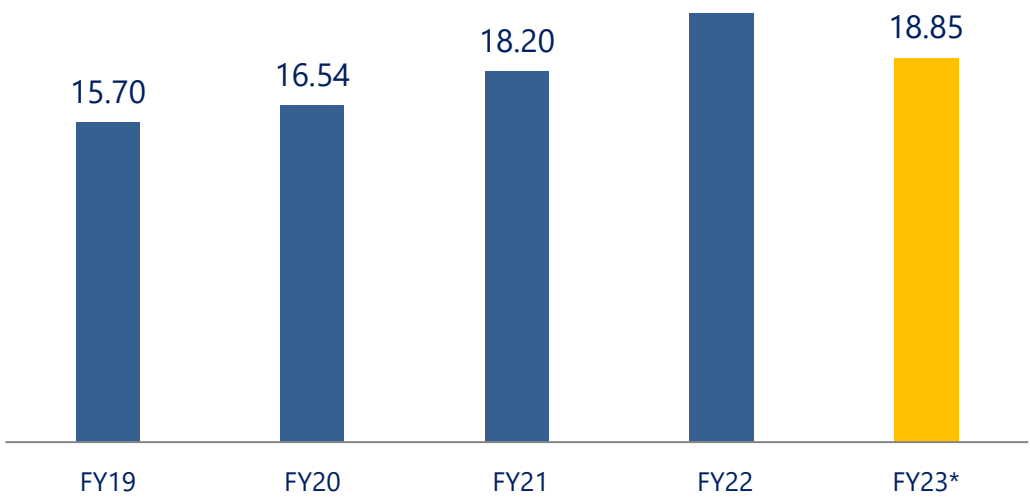
- Fed e-Biz is the omni channel transaction banking platform for corporates.
- 154% YOY growth in terms of Transaction value.

Business Parameters

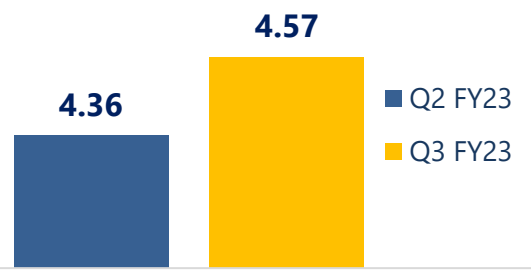
Liability : Trends



Remittance Market Share (in %)



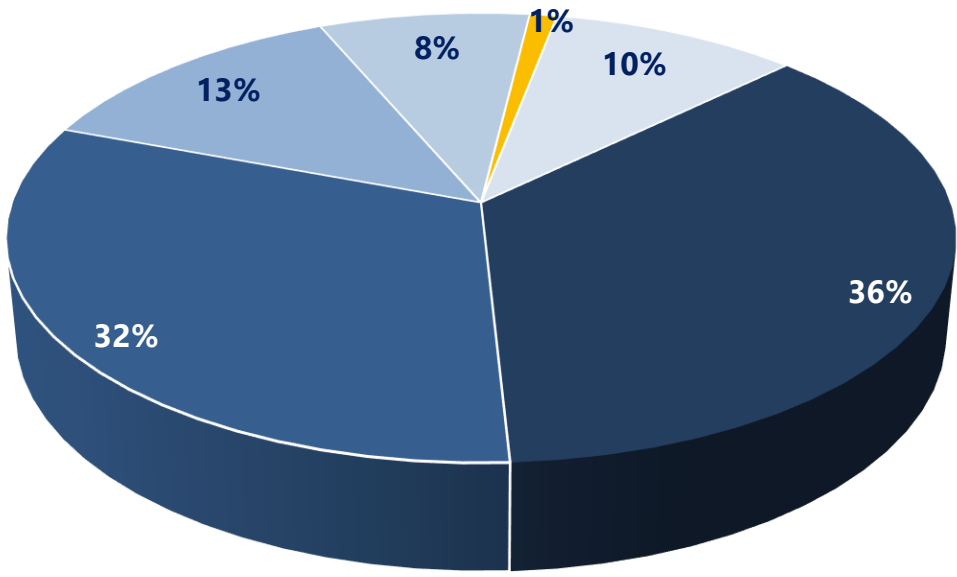
Cost of Deposits



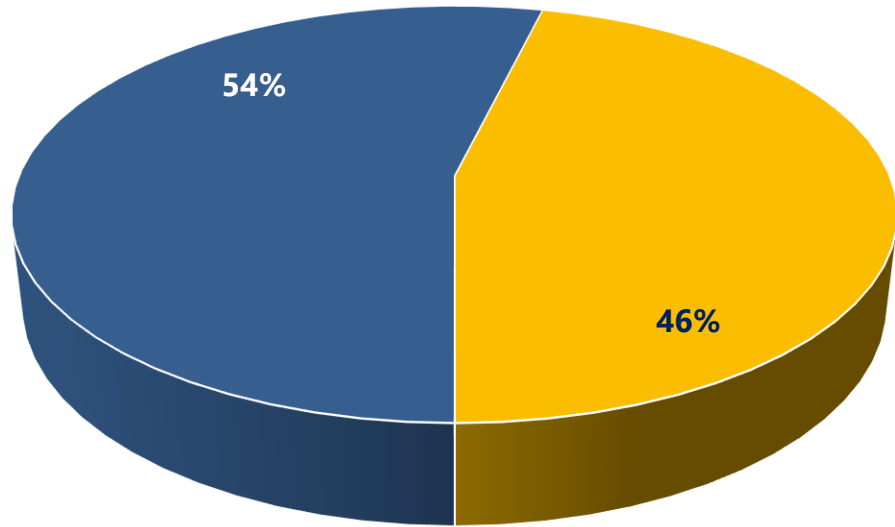
*Q2 FY23

₹ in Cr

TOTAL LOAN BOOK

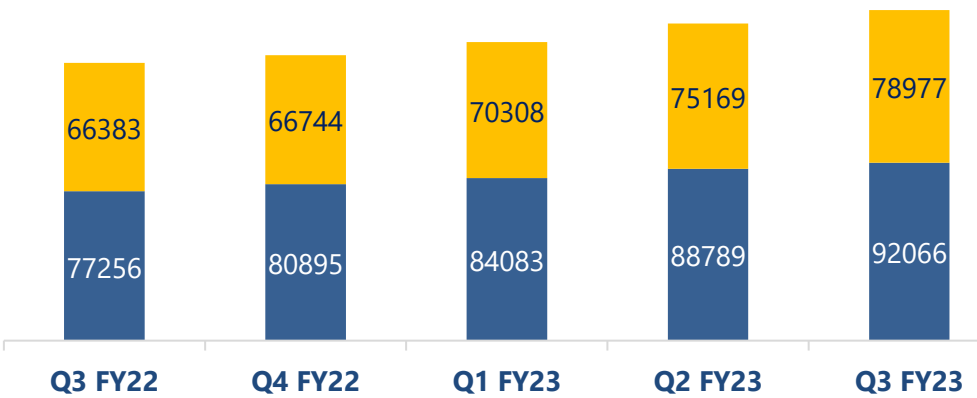
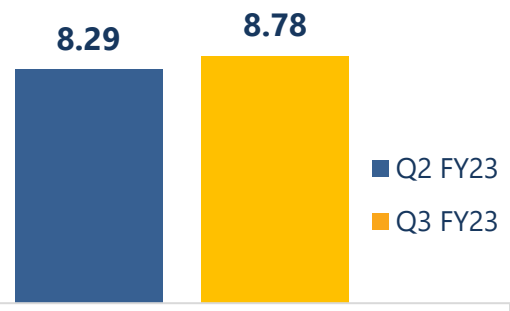


■ Retail ■ Agri ■ BuB ■ CV/CE ■ CoB ■ CIB

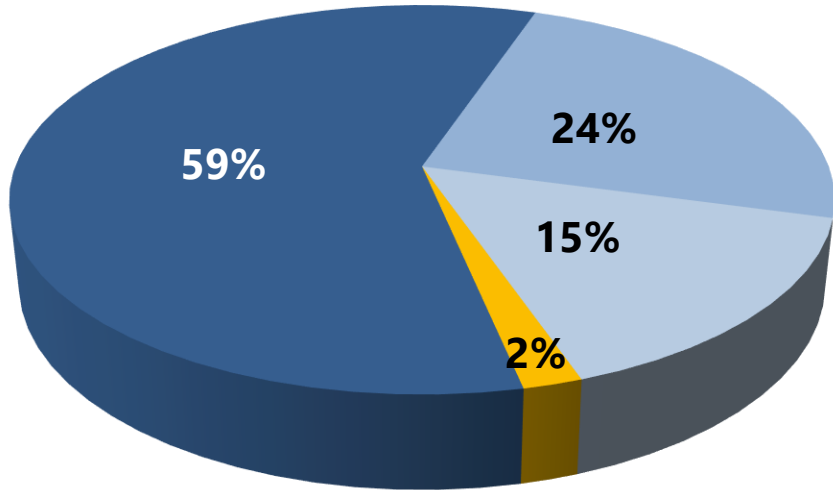


■ Retail ■ Wholesale

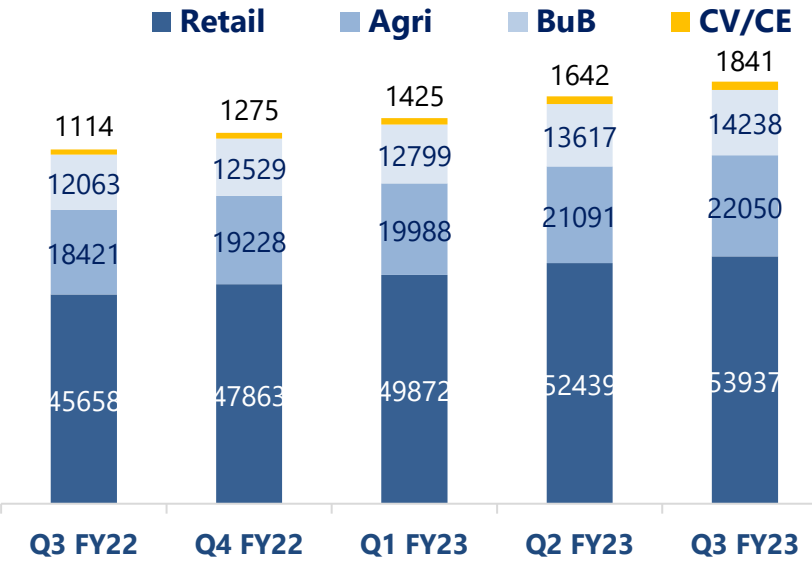
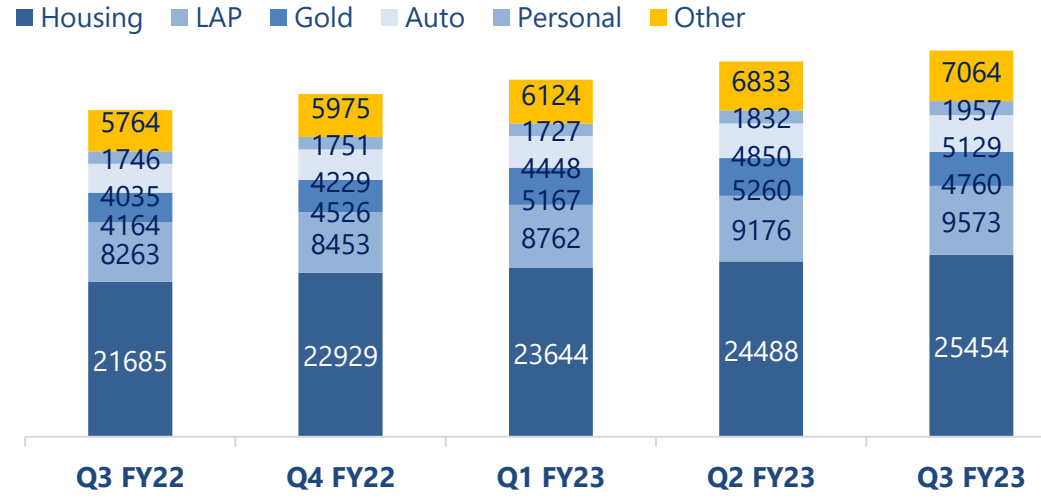
Yield on Advances



₹ in Cr



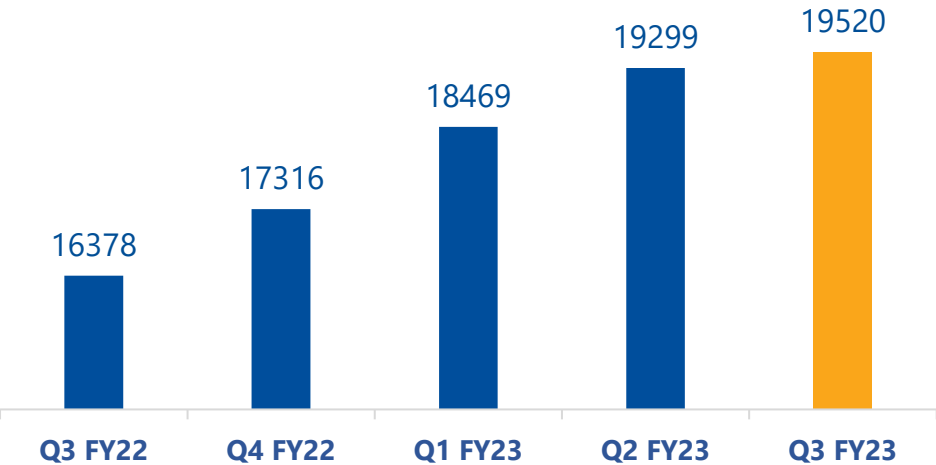
Retail Loan Book (Excl Agri, BuB & CV/CE)



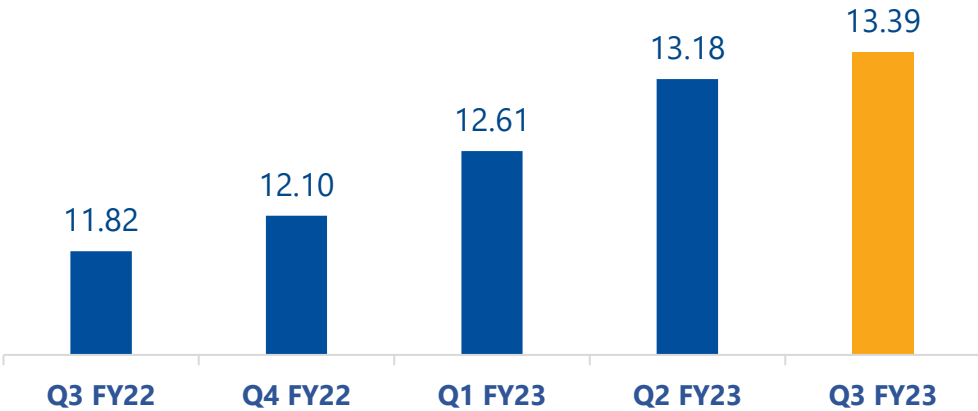
RETAIL BANKING

- CV/CE book grew at 65% YoY with 80% of the book qualifying under PSL.
- Retail Asset grew at 18% YoY (Home loan - 17%, LAP - 16%, Auto Loan - 27%)
- Gold loans up by 19% on a YoY basis.
- MFI business crossed 1000 Crs with monthly run rate in excess of 125 Crs.
- 12% YoY growth in debit card spends. Reached 1475 Cr in December 2022

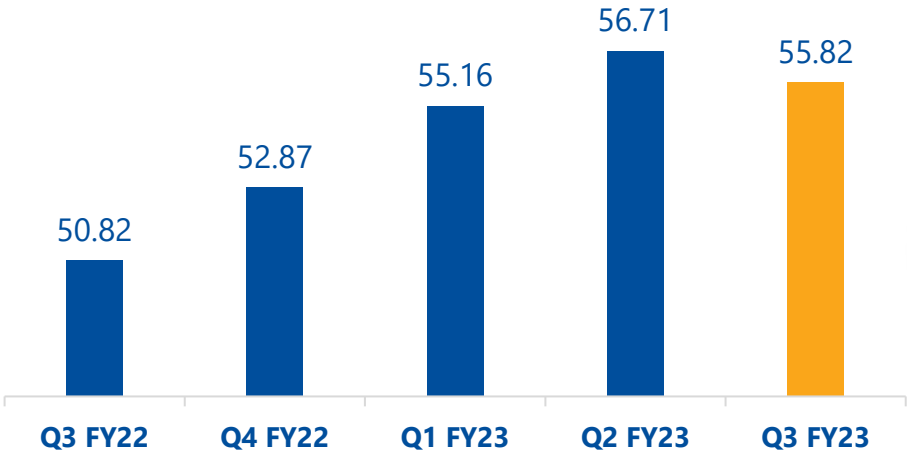
Gold Loan Portfolio

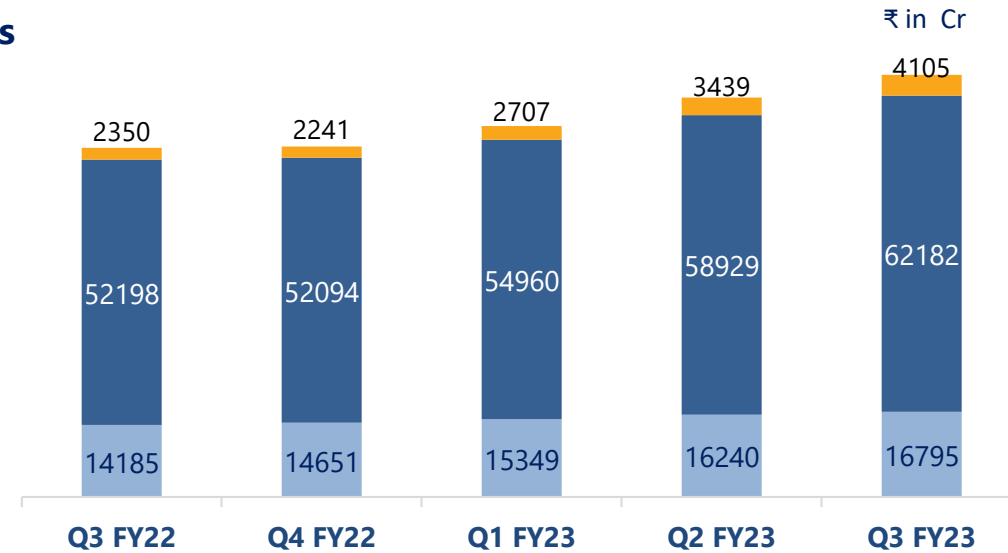
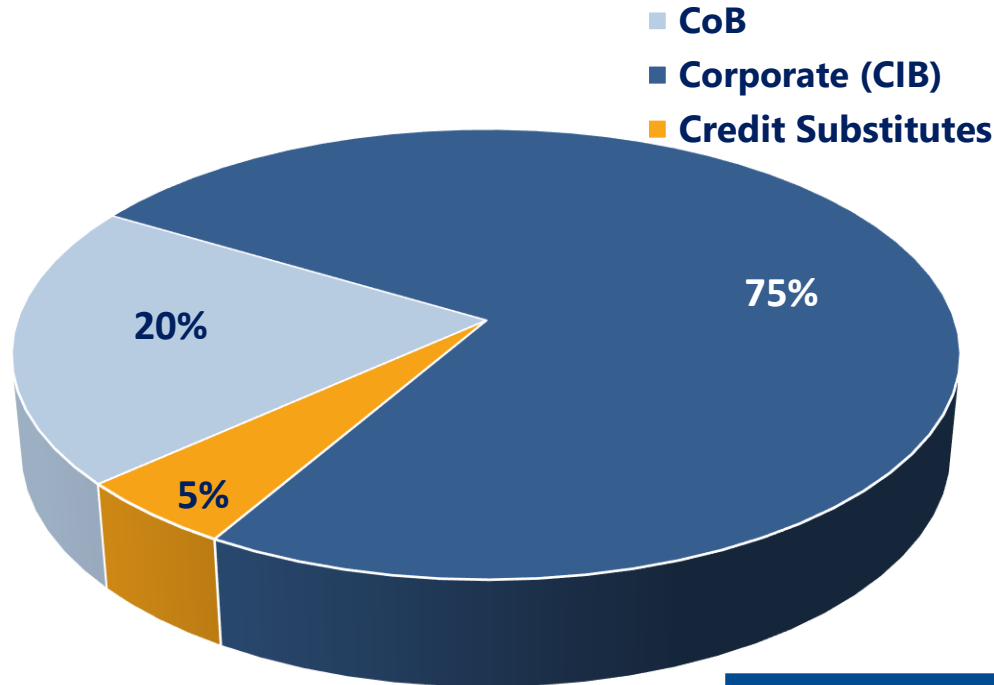


Number of outstanding accounts (Lakh)



Tonnage



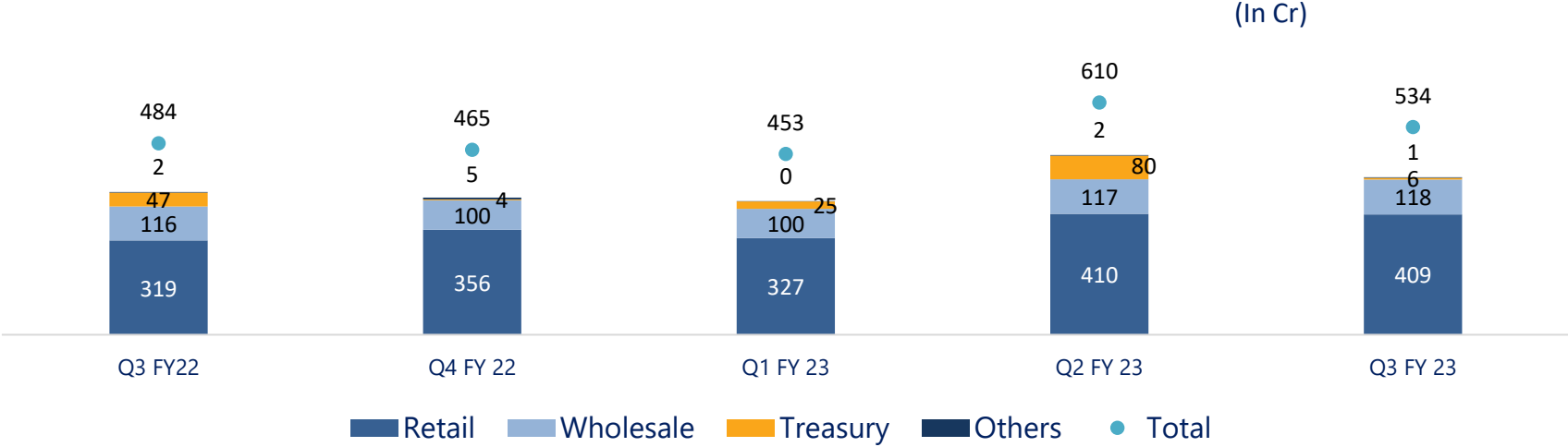


WHOLESALE BANKING

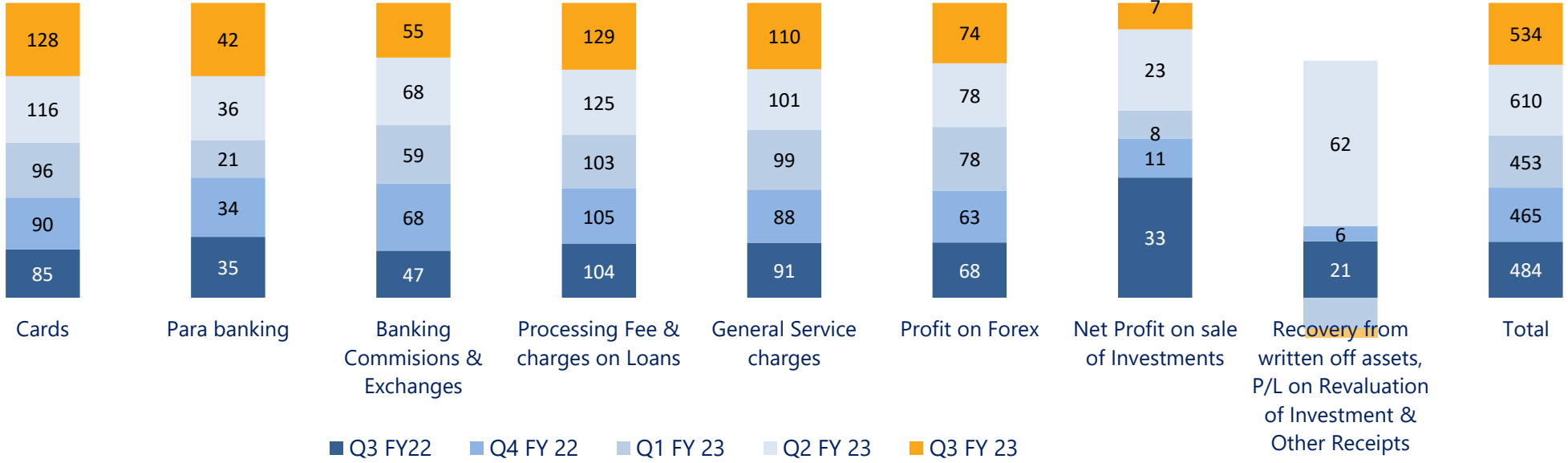
- **Corporate Banking book grew by 21% YoY.**
- **Commercial Banking book grew by 18% YoY.**
- **53 NTB clients added in Corporate Banking.**
- **95 NTB clients added in Commercial Banking.**
- **Fee income grew by 27% YoY.**
- **Implemented end to end digital solution for Escrow Accounts.**
- **SCF business gaining traction with YTD growth of 121%**
- **Self funding ratio at ~ 28%.**

Other Income : Distribution

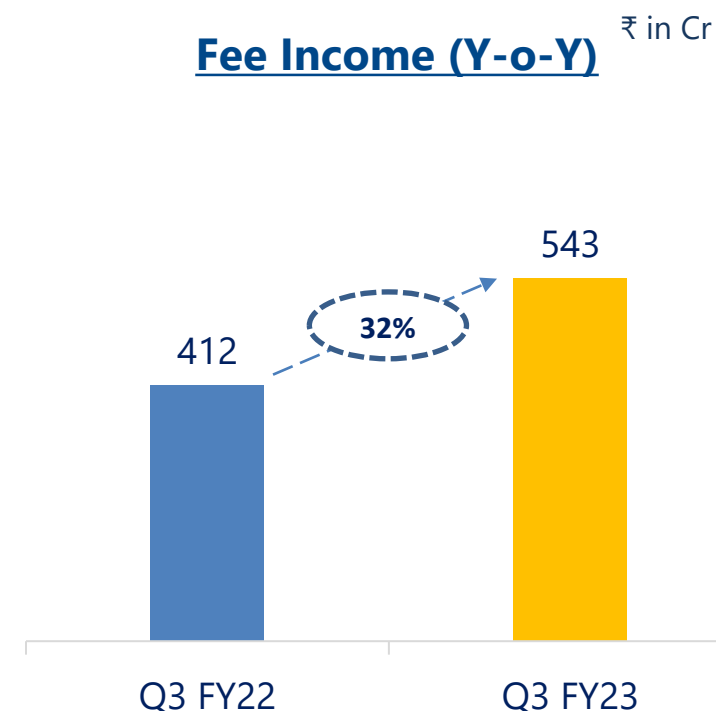
Other Income Distribution : Vertical Wise



Other Income Distribution : Item Wise



	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23
Loan Processing Fee	104	105	103	125	129
Exchange, Commission, Brokerage & Other Fee Income	258	280	275	321	334
Net Profit on Forex Transactions	50	68	63	94	80
Fee Income	412	453	441	540	543
Profit on sale of securities/ Other Receipts & misc.	72	12	12	70	-9*
Total Other income	484	465	453	610	534

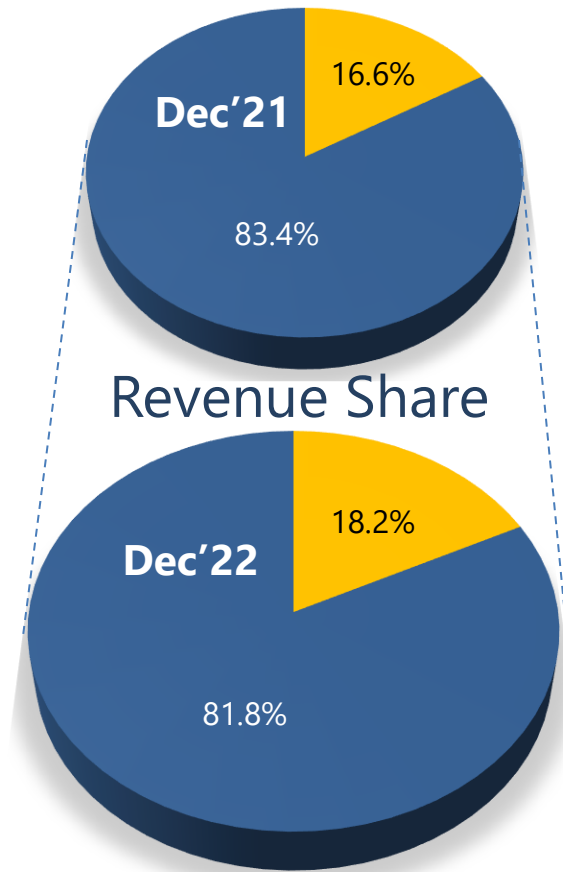
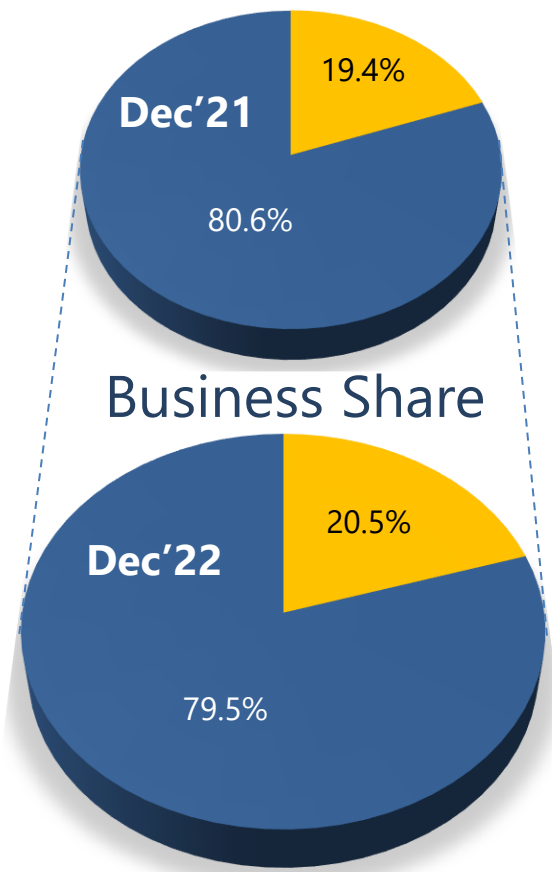


* **Additional investment provision of ₹ 47.61 crores** for SRs, pursuant to amended RBI guidelines, has been created. Consequently, Net Book Value of SR portfolio as on December 31, 2022, is **Nil** for us.

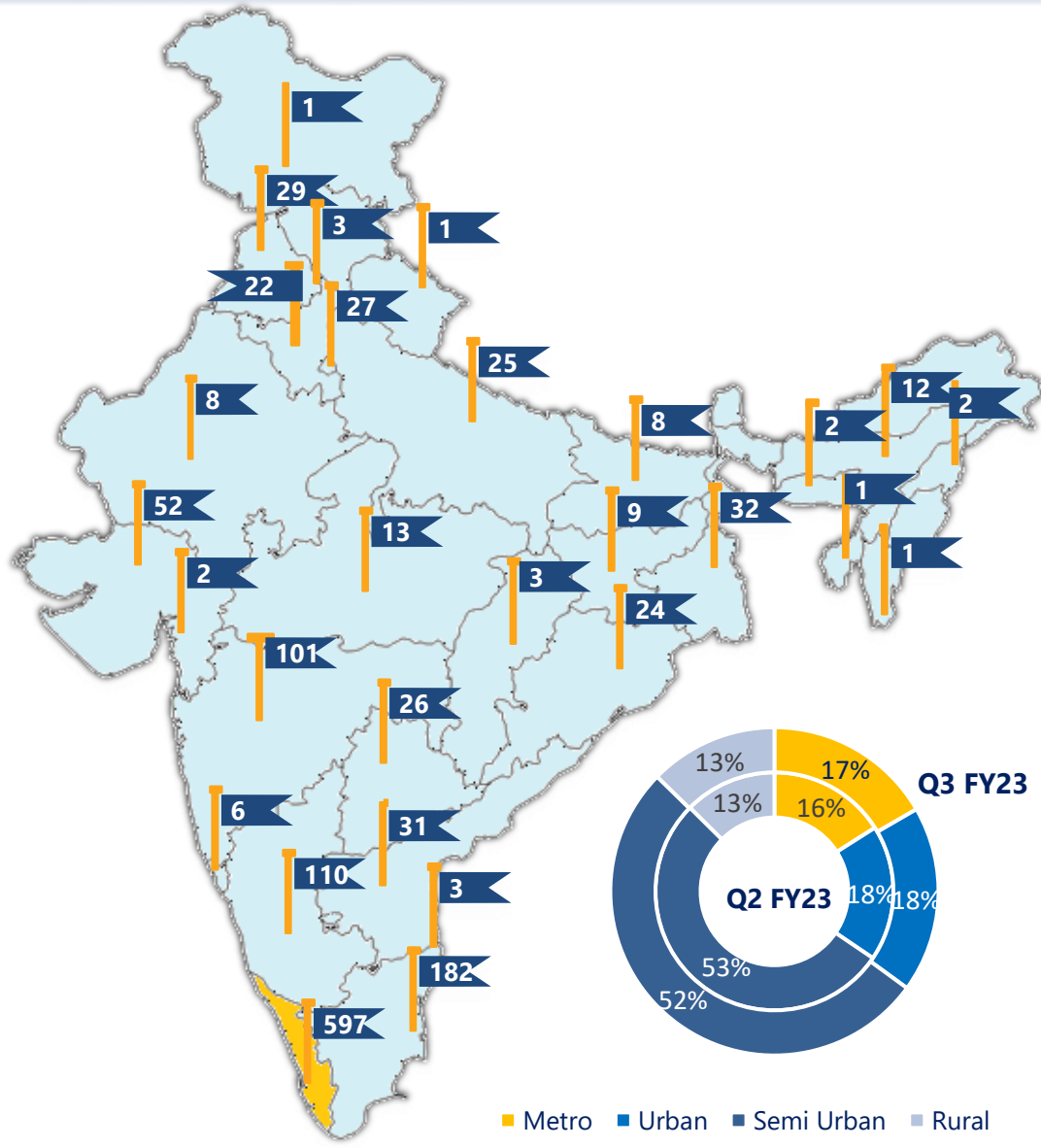
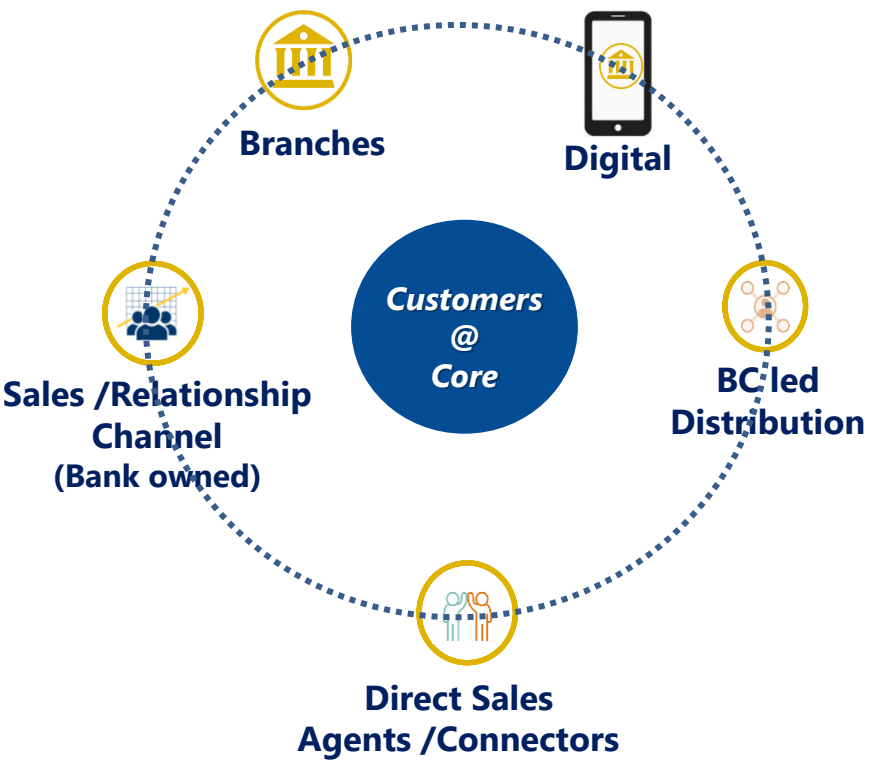
Select Segments

- MSME
- CV/CE
- Credit Cards
- Micro Finance

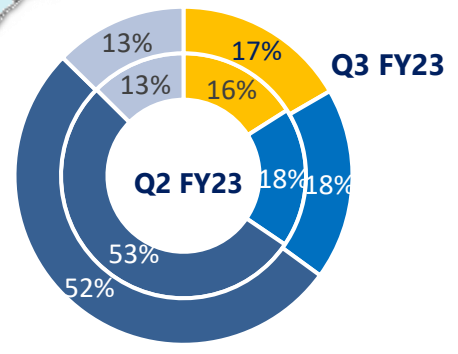
Bank's select high yielding portfolio share in total advance grew to 20.5% in Dec'22 from 19.4% in Dec'21. Revenue share from these select segments increased to 18.2% from 16.6% as of Dec'21. MSME (BuB + CoB) registered a growth of 18% (YoY), CV/ CE @ 65% (YoY), Credit cards @ 928% (YoY) and Micro Finance @176% (YoY).



Distribution : Deriving Efficiency from Footprint



	Q1 FY23	Q2 FY23	Q3 FY23
Branches	1291	1305	1333
ATM/ Recyclers	1860	1876	1896



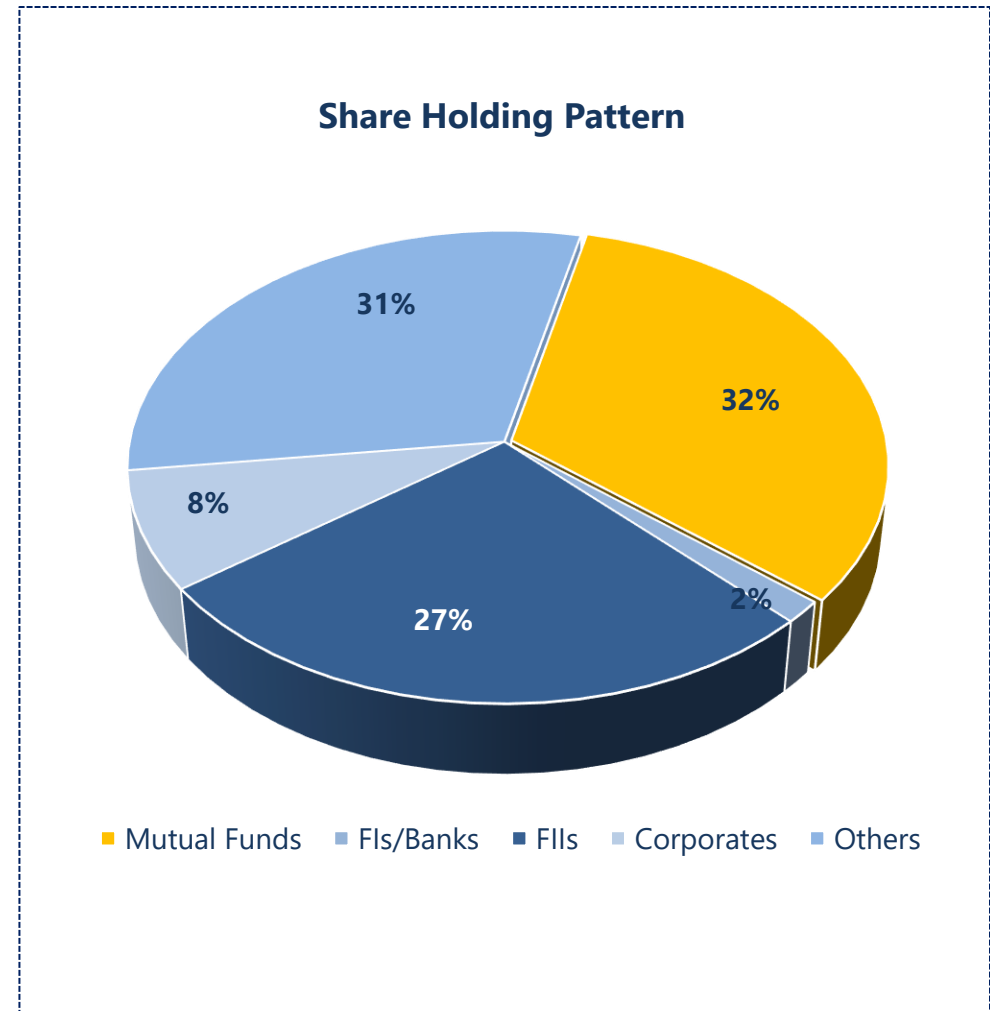
CRAR – How strong is your Bank?

₹ in Cr

	Q2 FY23	Q3 FY23
Risk Weighted Assets		
Credit Risk	121844	126668
Market Risk	4587	5219
Operational Risk	13136	13136
Total RWA	139567	145023
Tier-1 Capital Funds	17616	17590
Tier-II Capital Funds	1704	1775
Total Capital Funds	19320	19365
CRAR	13.84%	13.35%
Tier-I	12.62%	12.13%
Tier-II	1.22%	1.22%

Annexures

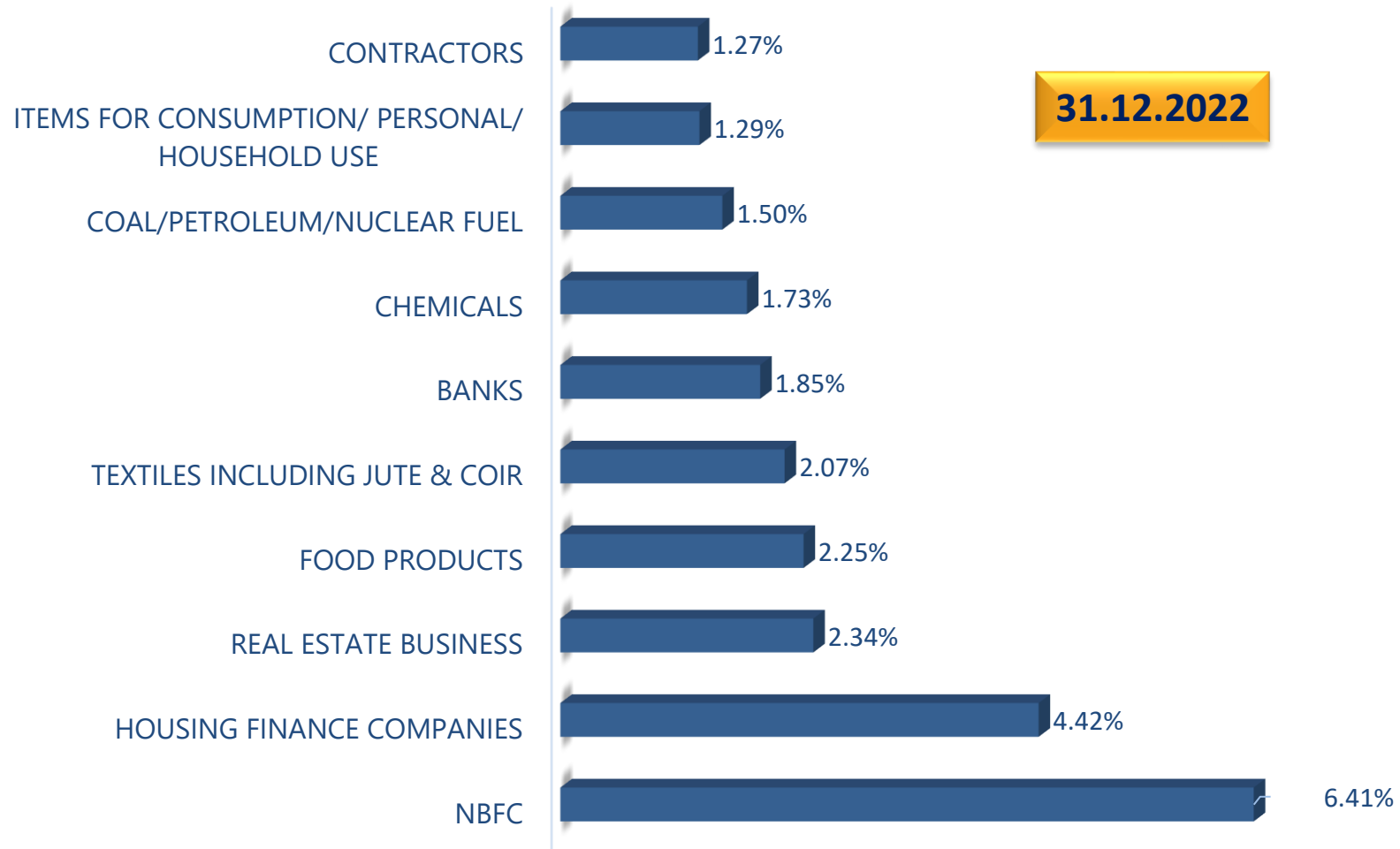
	Q2 FY23	Q3 FY23
LIABILITIES		
Capital	422	423
Reserves & Surplus	19327	20165
Deposits	189146	201408
Borrowings	20413	19676
Other Liabilities & Provisions	7804	8801
TOTAL	237112	250472
ASSETS		
Cash & Balance with RBI	12654	13967
Balances with Banks, Money at Call	2339	3912
Investments	43571	46265
Advances	161240	168173
Fixed Assets	717	840
Other Assets	16590	17315
TOTAL	237112	250472



₹ in Cr

	Q3 FY22	Q2 FY23	Q3 FY23	Q-o-Q	Y-o-Y
Interest Income	3443	4021	4433	10.3%	28.8%
Interest Expenses	1904	2259	2477	9.6%	30.1%
Net Interest Income	1539	1762	1957	11.1%	27.1%
Other Income	484	610	534	-12.4%	10.3%
Operating Expense	1109	1159	1216	4.9%	9.7%
Total Income	3927	4630	4967	7.3%	26.5%
Total Expense	3012	3418	3693	8.0%	22.6%
Operating Profit	914	1212	1274	5.1%	39.4%
Total Provisions	393	509	471	-7.5%	19.9%
Net Profit	522	704	804	14.2%	54.0%
Net Interest Margin (%)	3.27	3.30	3.49	19	22
Cost to Income Ratio (%)	54.81	48.88	48.84	-4	-597

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	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