

October 16, 2014

Press Release

Federal Bank H1 profits grow by 39% to ₹ 460.53 Crore

Federal Bank has turned in impressive results for the period ended 30th September 2014. Continuing its consistent performance over the last few quarters, the Bank registered growth in business volume and operating metrics apart from further strengthening its asset quality.

Asset Quality – The asset quality of the Bank continued to improve with the Gross NPA coming down by 129 basis points from 3.39% as on 30.09.2013 to 2.10% as on 30.09.2014. The Net NPA fell by 32 basis points on a y-o-y basis from 0.98 % to 0.66 % as on 30.09.2014. Provision Coverage Ratio increased to 85.13% from 81.23% during the corresponding period in the previous fiscal.

Margins - Net Interest Income recorded a y-o-y growth of 10.48% as it improved from ₹ 548.35 Crore in Q2 FY14 to ₹ 605.80 Crore in Q2 FY15. Other income grew by 36.58% y-o-y from ₹ 143.40 Crore in Q2 FY14 to ₹ 195.86 Crore in Q2 FY15. Net Interest Margin improved marginally from 3.30% as on 30.09.2013 to 3.35% as on 30.09.2014. Cost to Income reduced from 51.01% as on 30.09.2013 to 48.89% as on 30.09.2014. The Bank's Operating Profit and Net Profit registered impressive growth during the quarter. While Operating profit increased by 20.91% from ₹ 338.91Crore to ₹409.76 Crore, the Net Profit went up by 6.42% to ₹ 240.30 Crore from ₹ 225.81 Crore earned during the corresponding quarter last year.

Deposits – Backed by a strong 26.46% growth in NRE deposits, and an 18% growth in Resident SB portfolio, the Total Deposits of the Bank grew by 13.68% from ₹ 56793.74 Crore as on 30.09.2013 to ₹ 64563.86 Crore as on 30.09.2014. CASA registered a growth of 13.08% from ₹ 17449.80 Crore as on 30.09.2013 to ₹ 19732.51 Crore as on 30.09.2014. The low cost deposit share as a percentage of total deposits (CASA%) stood at 30.56% as on 30.09.2014. Retail deposits as a percentage of total deposits increased from 92.30% as on 30.09.2013 to 94.90% as at the end of this quarter.

Advances – The Net Advances of the Bank grew by 14.79% from ₹ 42220.06 Crore as on 30.09.2013 to ₹ 48466.14 Crore as on 30.09.2014, with SME advances registering a 25.95% y-o-y growth to reach ₹ 11821.19 Crore as on 30.09.2014.

Footprint Expansion – The Bank continued to expand its footprint and added 11 branches and 43 ATMs during the quarter to take the tally to 1214 branches and 1435 ATMs as at September 30, 2014.

Recognition - Federal Bank won the prestigious IDRBT Banking Technology Excellence Award 2013-14 in 4 categories in Mid sized banks segment - Best Bank for Use of Technology for Financial Inclusion, Best Bank for Social Media and Mobile Banking, Best Bank for Business Intelligence Initiatives, and Best Bank for Best IT Team, becoming the Bank to have won the

maximum number of awards this year. The other accolades won by the Bank include the Greentech HR Award 2014 for its 'Innovative practices in Recruitment', and the "MasterCard innovation Award 2014" for the second year in a row, having won it for the first time in 2013.

Performance for the quarter ended 30.09.2014 Vs quarter ended 30.09.2013

- Total income for Q2 grew by 11.17% to ₹ 2,065.44 Cr.
- Net profit increased by 6.42% from ₹ 225.81 Cr to ₹ 240.30Cr
- Net Interest Margin (NIM) increased to 3.35% from 3.30%
- Total Deposits increased by 13.68% from ₹ 56,793.74 Cr to ₹ 64,563.86 Cr
- Advances increased by 14.79% from ₹ 42,220.06 Cr to ₹ 48,466.14 Cr
- Investments stood at ₹ 22,711.57 Cr
- Net NPA reduced to 0.66% from 0.98%.
- Return on Average Assets stood at 1.26%
- Earnings Per Share (annualized) increased to ₹ 11.23 from ₹ 10.56
- Book Value per share increased from ₹ 76.98 to ₹ 86.62
- Capital Adequacy Ratio (Basel III) stood at 14.45%
- Return on Equity stood at 13.18 %.
- Cost to Income ratio reduced to 48.89% from 51.01%
- CASA ratio stood at 30.56% as on 30/09/2014.
- NRE deposits grew by 26.46% to reach ₹ 21,140.14 Crore.

WORKING RESULTS AT A GLANCE

	(₹ in Crore)					
	Q 2 2014 – 15	Q 2 2013 – 14	% y-o-y growth	H 1 2014 – 15	H 1 2013 – 14	% y-o-y growth
Interest Income	1869.58	1714.44	↑ 9.05%	3641.08	3367.70	↑ 8.12 %
Other Income	195.86	143.4	↑ 36.58%	352.40	359.19	↓ 1.89 %
Total Income	2065.44	1857.84	↑ 11.17%	3993.48	3726.89	↑ 7.15 %
Net Interest Income	605.80	548.35	↑ 10.48%	1170.02	1057.96	↑ 10.59 %
Operating Profit	409.76	338.91	↑ 20.91%	761.29	729.45	↑ 4.36 %
Provisions (incl.Tax)	169.46	113.10	↑ 49.83%	300.76	397.98	↓ 24.43%
Net Profit	240.30	225.81	↑ 6.42%	460.53	331.47	↑ 38.94%

The Net NPA, Return on Average Assets and Capital Adequacy Ratio were at 0.66%, 1.26% and 14.45% respectively as on 30.09.2014. The business per employee and profit per employee as on September 30, 2014 increased to ₹ 1037 L and ₹ 9.02 L from ₹ 975 L and ₹ 8.93 L as on September 30, 2013. The Cost to Income ratio reduced to 48.89% as on September 30, 2014 from 51.01% as on 30.09.2013.

The Earning Per Share (annualized), Book Value per share and Return on average Equity (RoE) for the quarter ended 30.09.2014 stood at ₹ 11.23, ₹ 86.62 and 13.18% respectively as against ₹ 10.56, ₹ 76.98 and 14.08% respectively as at September 30, 2013.

MAJOR FINANCIAL INDICATORS

(₹ in Crore)

Particulars	3 Months 30.09.2014	3 Months 30.09.2013	% Growth	Financial Year ended 31.03.2014
Income & Expenses				
Interest Income	1869.58	1714.44	9.05 %	6946.07
Other Income	195.86	143.4	36.58%	693.85
Total Income	2065.44	1857.84	11.17 %	7639.92
Total Expenditure	1655.68	1518.93	9.00%	6159.53
Operating Profit	409.76	338.91	20.91%	1480.39
Net Profit	240.30	225.81	6.42%	838.89
Earnings Per Share (₹) (Annualized)	11.23	10.56		9.81
Business Figures	As on 30.09.2014		As on 30.09.2013	Growth
Total Deposits	64563.86		56793.74	13.68%
SB & Demand Deposits	20011.92		17567.85	13.91%
Term Deposits	44551.94		39225.89	13.58%
Net Advances	48466.14		42220.06	14.79%
SME	11821.19		9385.57	25.95%
Gross NPA (%)	2.10%		3.39%	
Net NPA (%)	0.66%		0.98%	
Capital				
Equity Capital	171.11		171.06	
Net Worth	7410.51		6584.26	12.55%
Capital Adequacy Ratio	14.45%		15.35%	
Tier 1	13.85%		14.64%	
Tier 2	0.60%		0.71%	

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A presentation for investors is being placed separately on our Bank's website : www.federalbank.co.in

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