

July 19, 2013

PRESS RELEASE

**Federal Bank Operating Profit grows by 15.59% to ₹ 400.54 Crore  
Gross and Net NPAs improve on a sequential basis**

Federal Bank announced Unaudited Financial Results for the quarter ended 30<sup>th</sup> June 2013. The Bank registered Operating profit of ₹ 400.54 Crore during Q1 of FY 2013-14 as against Operating profit of ₹ 346.51 Crore during Q1 of FY 2012-13. Bank's Total Income grew from ₹ 1661.04 Crore recorded in Q1 of FY 12-13 to reach ₹ 1869.05 Crore in Q1 FY 2013-14. The Bank registered growth in Top line and Operating Profit in the backdrop of an extremely challenging macro environment.

The Bank's Retail, SME and NRI franchise were the key drivers of growth during the first quarter of FY 2013-14. **Retail advances** grew by **20.95%** during Q1 FY 13-14 to reach ₹ 13203 Crore, on a Y-o-Y basis. **Advances to SMEs** grew by **19.81%** to reach ₹ 13080 Crore (Y-o-Y). **Retail deposits** grew by **16.02%** to reach ₹ 50,327 Crore (Y-o-Y). **NRE deposits** grew by **50.79%** to reach ₹ 15,108 Crore (Y-o-Y).

The Bank was able to **improve its Gross and Net NPA position sequentially**. The **Gross NPA** came down from **₹ 1554.01 Crore** as at March 31, 2013 to **₹ 1483.25 Crore** as at June 30, 2013. The **Net NPAs** came down from **₹ 431.94 Crore** as at March 31, 2013 to **₹ 373.62 Crore**. Net NPAs as a percentage to Net Advances also came down from 0.98% to 0.91% on a sequential basis. Provision Coverage Ratio (including technically written off assets) also improved from 80.96% to 83% sequentially.

**Performance for the quarter ended 30.06.2013 vs quarter ended 30.06.2012**

- Total income for the Q1 grew by 12.52 % on a y-o-y basis to ₹ 1,869.05 Cr.
- Net profit stood at ₹ 105.66 Cr.
- Net Interest Margin (NIM) at 3.13 %
- Total Deposits increased by 12.73 % from ₹ 50,558.13 Cr to ₹ 56,995.66 Cr
- Advances increased by 8.46% from ₹ 38,042.90 Cr to ₹ 41,263.04 Cr
- Investments increased by 24.47 % from ₹ 19,313.48 Cr to ₹ 24,040.19 Cr
- Net NPA at 0.91 %
- Return on Average Assets at 0.61%
- Earnings Per Share at ₹ 24.71 (annualized)
- Book Value per share increased to ₹ 365.31
- Capital Adequacy Ratio at 14.27 % (Basel III)
- Tier I Capital at 13.60% (Basel III)
- Return on Equity at 6.77%

- Cost to Income stood at 44.78%
- Savings deposits grew by 15.32% to reach ₹ 13811.10 Crore
- CASA ratio improved by 61 bps from 28.35% to reach 28.96%..
- NRE Savings deposits grew by 15.73% to reach level of ₹ 5841.64 Crore
- NRE deposits grew by 50.79% to reach ₹ 15108.54 Crore
- Gold loans grew by 39.02% to reach ₹ 5917.13 Crore.

## **WORKING RESULTS AT A GLANCE**

(₹ in Crore)

Particulars	Q1	Q1	% y-o-y growth	Q1	Q4	% y-o-y growth
	2013-14	2012-13		2013 -14	2012 - 13	
Interest Income	1653.26	1536.71	↑ 7.58 %	1653.26	1583.46	↑ 4.41 %
Other Income	215.79	124.33	↑ 73.56 %	215.79	196.85	↑ 9.62 %
Total Income	1869.05	1661.04	↑ 12.52 %	1869.05	1780.31	↑ 4.98 %
Net Interest Income	509.61	491.64	↑ 3.66 %	509.61	479.76	↑ 6.22 %
Operating Profit	400.54	346.51	↑ 15.59 %	400.54	369.47	↑ 8.41 %
Provisions (incl. Tax)	294.88	156.16	↑ 88.83 %	294.88	147.53	↑ 99.88 %
Net Profit	105.66	190.35	↓ 44.49 %	105.66	221.94	↓ 52.39 %

Total income for the first quarter went up by 12.52 % on a y-o-y basis to ₹ 1869.05 Cr from ₹ 1661.04 Cr reported for corresponding period of the previous fiscal. The interest earned for the three months period ending June 30, 2013 increased by 7.58 % on a y-o-y basis to ₹ 1653.26 Cr from ₹ 1536.71 Cr as on 30.06.2012. Other Income earned for the same period as on 30.6.2013 showed an increase of 73.56% to reach ₹ 215.79 Cr from ₹.124.33 Cr of Q1 FY 13. The Net Interest Income recorded an increase of 3.66 % to reach ₹ 509.61 Cr as on 30.06.2013.

The Operating Profit of the Bank for the first quarter increased by 15.59% to reach ₹ 400.54 Cr and Net profit for the quarter stood at ₹ 105.66 Cr.

Net Interest Margin for the quarter was 3.13 %. Net NPA, Return on Average Assets and Capital Adequacy Ratio were at 0.91 %, 0.61 % and 14.27 % (Basel III) respectively as on 30.06.2013, compared to 0.62 %, 1.26 % and 15.45 % (Basel II) as on 30.06.2012.

The business per employee and profit per employee as on June 30, 2013 stood at ₹ 974 L and ₹ 4.21 L respectively compared to ₹ 991 L and ₹ 8.53 L as on June 30, 2012. The Cost to Income ratio declined sequentially to 44.78% as on 30.06.2013 from 45.39% as on 31.03.2013.

The Earning Per Share (annualized), Book Value per share and Return on average Equity (RoE) for the quarter ended 30.06.2013 is ₹ 24.71, ₹ 365.31 and 6.77 % respectively as against ₹ 44.51, ₹ 344.73 and 13.12 % respectively as at June 30, 2012.

## GROWTH IN BUSINESS

Total business of the Bank reached ₹ 98,258.70 Crore, showing an increase of 10.90 % on a y-o-y basis. Total deposits increased by 12.73 % from ₹ 50,558.13 Crore as on 30.06.2012 to ₹ 56,995.66 Crore as on 30.06.2013. NRI deposits clocked an increase of 31.73% from June 2012, to reach ₹ 17,019.15 Cr. NRE Deposits registered 50.79% growth on Y-o-Y and 14.83% on Q-o-Q reaching ₹ 15,108 Crore. Retail deposits grew by 16.02% to touch ₹ 50,327.38 Cr. CASA deposits grew by 15.13% to reach ₹ 16,503.55 Cr. Savings Deposits registered a growth of 15.32%. **CASA ratio improved from 28.35% in Q1 FY12 to reach 28.96% in Q1 FY13.**

Net Advances went up by 8.46 % to ₹ 41,263.04 Crore as on 30<sup>th</sup> June 2013 from ₹ 38,042.90 Crore as on 30<sup>th</sup> June 2012. This growth was contributed by SME and retail segments. The retail and SME advances of the Bank form 61.85 % of the gross advances. The advance to priority sector was at ₹ 11912.13 Cr as on 30<sup>th</sup> June 2013. Gold Business registered a growth of 39.02%. Lending to Agriculture sector was at ₹ 4490.99 Crore as on 30.06.2013, growing at 6.95%.

## NET WORTH & CAPITAL ADEQUACY

The Net Worth of the Bank increased to ₹ 6248.92 Cr as on 30.06.2013. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines, stands at a comfortable level of 14.27 % as on 30.06.2013. The Tier-I (core CRAR) capital is at 13.60 %.

## ASSET QUALITY

The Bank's Gross NPA and Net NPA stand at 3.51% and 0.91% respectively as against 3.44% and 0.98% as at the end of March 2013. The total provisions held against non-performing advances, including written off assets, expressed as a percentage of gross NPAs amounted to 83.00% at the end of the first quarter of FY 2013-14.

## MAJOR FINANCIAL INDICATORS

Particulars	(₹ in Crore)			
	3 Months 30.6.2013	3 Months 30.6.2012	% Growth	Financial Year ended 31.03.2013
<b>Income &amp; Expenses</b>				
Interest Income	1653.26	1536.71	7.58	6167.57
Other Income	215.79	124.33	73.56	664.44
Total Income	1869.05	1661.04	12.52	6832.01
Total Expenditure	1468.51	1314.53	11.71	5372.45
Operating Profit	400.54	346.51	15.59	1459.56
Net Profit	105.66	190.35	-44.49	838.17
Earnings Per Share (annualised) (₹)	24.71	44.51		49.00

<b>Business Figures</b>	<b>As on 30.6.2013</b>	<b>As on 30.6.2012</b>	<b>Growth</b>
Total Deposits	56995.66	50558.13	12.73
SB & Demand Deposits	16679.41	14490.56	15.11
Term Deposits	40316.26	36067.57	11.78
Net Advances	41263.04	38042.90	8.46
Retail Advances	13202.78	10916.25	20.95
Investments	24040.19	19313.48	24.47
Gross NPA (%)	3.51	3.60	
Net NPA (%)	0.91	0.62	
<b>Capital</b>			
Equity Capital	171.06	171.05	
Net Worth	6248.92	5896.68	5.97
Capital Adequacy Ratio (Basel II)	15.00	15.45	
Tier 1	14.37	14.74	
Tier 2	0.63	0.71	

## **CUSTOMER TOUCHPOINTS**

The Bank added 4 branches and 52 ATMs during the quarter to take the branch and ATM network to 1107 and 1224 respectively. The Bank also became the first Sponsor Bank to a company belonging to a large corporate house for setting up White label ATMs in the country.

## **AWARDS**

During the quarter, the Bank was recognised as 'The Best Bank among Private Sector Banks' by Institute of Public Enterprises (IPE). The award was presented by Hon. Ambassador of Burundi and Padma Vibhushan Shri. P. Rama Rao, President of IPE.

## **ANAND CHUGH**

**Assistant General Manager**

Ph-9995707335, E-mail: [anandchugh@federalbank.co.in](mailto:anandchugh@federalbank.co.in)

*A presentation for investors is being placed separately on our Bank's website: [www.federalbank.co.in](http://www.federalbank.co.in)*

For further information, please contact:

**Mr. D Sampath, General Manager**

**Tel: 0484 2626433, e-mail: [sampathd@federalbank.co.in](mailto:sampathd@federalbank.co.in)**