

October 19, 2013

Press Release

Federal Bank Profit rises on Improved Margins
Net Profit grows sequentially by 113.71 % to ₹ 225.81 Crore

Federal Bank, which has been on the path of strengthening its core by improving its Risk Management capabilities, delivered numbers that suggest that despite the challenging macro environment, its attempts to improve internal capabilities have started bearing fruit. The Bank showed marked improvement in areas of asset quality, margins, Retail/ NRI deposit franchise, and Retail/ SME advance growth.

Asset Quality – On a sequential basis, the Gross NPA of the Bank came down from ₹ 1483 Crore to ₹ 1466 Crore and Gross NPA as a percentage to Gross Advances came down by 12 bps from 3.51% to 3.39%. Net NPAs went up marginally from ₹ 373.62 Crore to ₹ 411.41 Crore during the period. Net NPAs as a percentage increased by 7 bps and moved from 0.91% to 0.98% on a sequential basis.

Margins - Net Interest Income recorded sequential growth of 7.60% (annualized growth of 30.41%) as it improved from ₹ 509.61 Crore to ₹ 548.35 Crore. 'Core other income' (excluding trading gains and recovery from written off accounts) grew sequentially by 10.20%, from ₹ 116.46 Crore to ₹ 128.34 Crore. Net Interest Margin improved sequentially from 3.13% to 3.30%. The Credit Deposit Ratio also improved sequentially from 72.40% to 74.34%.

Deposits – The Bank continued to build on its strong Retail/ NRI franchise that helped it improve its low cost deposit share in total deposits (CASA %) from 28.96% to 30.72% on a sequential basis. The Bank added ₹ 946.25 Crore of CASA during the quarter, which was led by growth in Savings deposit to the tune of ₹ 713.08 Crore. Low cost deposits consisting of CASA and FCAB deposits increased by ₹ 1148.83 Crore during the quarter, registering a growth of 6.56% sequentially. Such low cost deposits constitute 32.85% of Bank's deposits.

Advances – Sequentially, the Gross Advances of the Bank grew by ₹ 897.57 Crore on the back of 9.27% growth in SME advances, which rose by ₹ 796.03 Crore during the quarter. Retail advances too grew by ₹ 139.92 Crore during the quarter.

Footprint Expansion – The Bank continued to expand its footprint and added 17 branches and 41 ATMs during the quarter to take the tally to 1124 branches and 1272 ATMs as at September 30, 2013.

Recognition - The Bank was honoured with the prestigious Golden Peacock Award for HR Excellence for the year 2013. Also, the Bank won two IDRBT Awards for Excellence in Banking Technology for the year 2012-13 for Best IT Team and Best Mobile Banking in the small bank category.

Performance for the quarter ended 30.09.2013 Vs quarter ended 30.09.2012

- Total income for Q2 grew by 11.58% to ₹ 1,857.84 Cr.
- Net profit increased by 4.98% from ₹ 215.10 Cr to ₹ 225.81Cr
- Net Interest Margin (NIM) at 3.30 %
- Total Deposits increased by 14.69% from ₹ 49518.07 Cr to ₹ 56,793.74 Cr
- Advances increased by 16.31% from ₹ 36,299.18 Cr to ₹ 42,220.06 Cr
- Investments increased by 22.87% from ₹ 18,550.22 Cr to 22,793.58 Cr
- Net NPA stood at 0.98%.
- Return on Average Assets stood at 1.31%
- Earnings Per Share (annualized) stood at ₹ 10.56 (on new FV of ₹ 2)
- Book Value per share increased from ₹ 71.46 to ₹ 76.98 (on new FV of ₹ 2)
- Capital Adequacy Ratio (Basel III) stood at 15.35%
- Return on Equity stood at 14.08 %.
- Cost to Income ratio stood at 48.84%
- CASA ratio improved from 28.71% to 30.72% as on 30/09/2013.
- NRE deposits grew by 55.53% to reach ₹ 16,716.71 Crore.

WORKING RESULTS AT A GLANCE

	Q 2	Q 2	% y-o-y growth	H 1	H 1	% y-o-y growth
	2013 – 14	2012 – 13		2013 – 14	2012 – 13	
Interest Income	1714.44	1525.63	↑ 12.38 %	3367.70	3062.34	↑ 9.97 %
Other Income	143.4	139.41	↑ 2.86 %	359.19	263.74	↑ 36.19 %
Total Income	1857.84	1665.04	↑ 11.58 %	3726.89	3326.08	↑ 12.05 %
Net Interest Income	548.35	505.91	↑ 8.39%	1057.96	997.55	↑ 6.06 %
Operating Profit	353.91	349.64	↑ 1.22	754.45	696.15	↑ 8.37 %
Provisions (incl.Tax)	128.10	134.54	↓ 4.79%	422.98	290.70	↑ 45.50 %
Net Profit	225.81	215.10	↑ 4.98%	331.47	405.45	↓ 18.25 %

The Net NPA, Return on Average Assets and Capital Adequacy Ratio were at 0.98 %, 1.31 % and 15.35 % respectively as on 30.09.2013. The business per employee and profit per employee as on September 30, 2013 stood at ₹ 975 L and ₹ 8.93 L. The Cost to Income ratio stood at 48.84 % as on 30.09.2013.

The Earning Per Share (annualized), Book Value per share and Return on average Equity (RoE) for the quarter ended 30.09.2013 stood at ₹ 10.56, ₹ 76.98 and 14.08% respectively as against ₹ 10.06, ₹ 71.46 and 14.33% respectively as at September 30, 2012.

MAJOR FINANCIAL INDICATORS

(₹ in Crore)

Particulars	3 Months 30.09.2013	3 Months 30.09.2012	% Growth	Financial Year ended 31.03.2013
Income & Expenses				
Interest Income	1714.44	1525.63	12.38 %	6167.57
Other Income	143.4	139.41	2.86 %	664.44
Total Income	1857.84	1665.04	11.58 %	6832.01
Total Expenditure	1503.93	1315.40	14.33%	5372.45
Operating Profit	353.91	349.64	1.22 %	1459.56
Net Profit	225.81	215.10	4.98%	838.17
Earnings Per Share (₹)* (Not Annualized)	2.64	2.52		
Business Figures	As on 30.09.2013		As on 30.09.2012	Growth
Total Deposits	56793.74		49518.07	14.69 %
SB & Demand Deposits	17567.85		14355.12	22.38 %
Term Deposits	39225.89		35162.95	11.55 %
Net Advances	42220.06		36299.18	16.31 %
SME	9385.57		6874.17	36.53 %
Investments	22793.58		18550.22	22.87 %
Gross NPA (%)	3.39%		3.83%	
Net NPA (%)	0.98%		0.68%	
Capital				
Equity Capital	171.06		171.05	
Net Worth	6584.26		6111.79	7.73%
Capital Adequacy Ratio	15.35%		15.79%	
Tier 1	14.64%		15.06%	
Tier 2	0.71%		0.73%	

**ANAND CHUGH
ASSISTANT GENERAL MANAGER**

Ph-9995707335, E-mail: anandchugh@federalbank.co.in

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

For further information, please contact:

Mr. D Sampath, General Manager**Tel : 0484 2626433, e-mail : sampathd@federalbank.co.in**