

Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q2 FY 2017

- ❑ Operating Profit continues dynamic growth. Reflects core strength.

- ❑ Total Income (NII + Other Income) exhibits robust growth

NIM on consistent growth trend
Up by 3 bps at 3.31%

- ❑ Consistent credit growth over past 6 quarters. Book grows by 27% blended Y-o-Y

- ❑ Robust Credit Growth across all segments

Liability Franchise:

- ❑ Total Deposits grow by 17% YoY

- ❑ CASA grows at 14% YoY (withstands Middle East Headwinds)

Total Business Crosses Rs.1.5L Cr

Balance Sheet Size Crosses Rs.1L Cr

- ❑ More than 50% of branch transactions migrated to Digital/Self-Service channels

- ❑ One of the first Banks to launch UPI App – Lotza – Downloads near 2L

- ❑ Slippages trends downwards for the third successive quarter

- ❑ Credit Cost improves 21bps at 0.65% Q-o-Q

- ❑ Cost to Income ratio (@51.92%) continues positive trajectory for the 4th quarter in a row

- ❑ On course to achieve year-end exit ratio of 50%

- ❑ Home market dominance sustained. 14% Market Share.

- ❑ Gaining Share outside Kerala. Gains 3 basis points.

Most Admired Digitally Enabled Bank For Small, Medium, Midmarket and Local Geography Enterprises

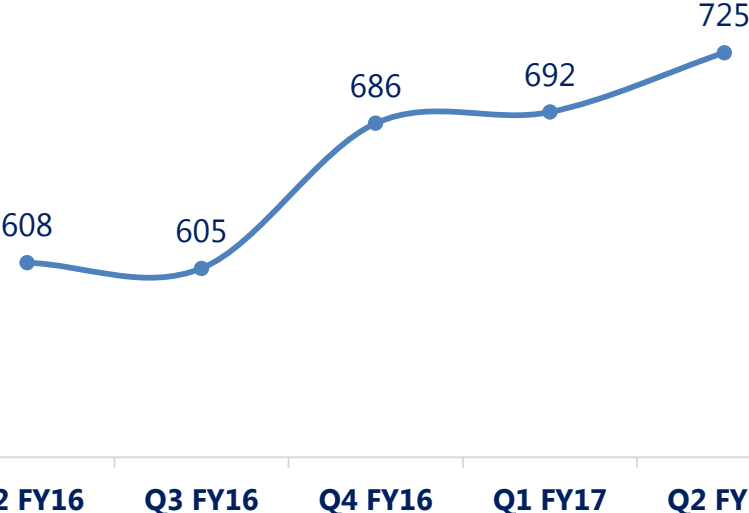
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- ▶ Startup - Advisory & Funding
 - ▶ Technology backed facilities
 - ▶ Offerings with local Flavor & Color
 - ▶ Meeting the special needs of SMEs
 - ▶ Bespoke relationship with each SME client
 - ▶ Supply – chain integration and support
 - ▶ Innovation as a differentiator
- ▶ Predictable TAT for each service delivered
 - ▶ Scaling up Relationship Model
 - ▶ Micro finance offerings
 - ▶ Global in thought and regional In execution
 - ▶ Integrate with the social milieu of each geography
 - ▶ Special deals for Entrepreneurs
 - ▶ Experience based client-rating as against one size fits all

Performance Highlights (Y-o-Y)

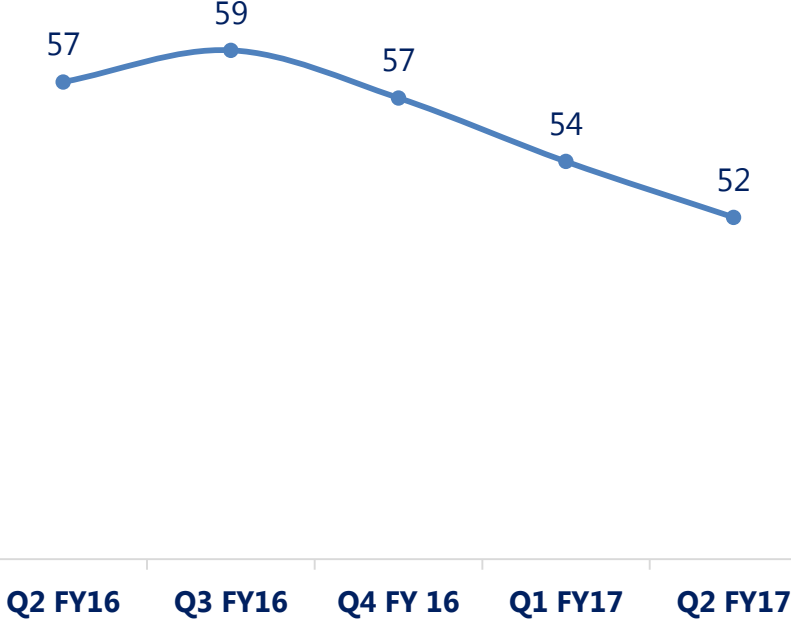
Savings Account	16% ↑	Net Interest Income	19% ↑
Current Account	5% ↑	NIM	3.31% ↑
Retail Deposit	13% ↑	Operating Profit	41% ↑
Retail Advance (Excl Gold)	30% ↑	Fresh Slippage	34% ↓
SME Advance	17% ↑	Capital Adequacy (CRAR)	12.85%
Wholesale Business	47% ↑	Provision Coverage Ratio	71.7%



Consistent growth in NII (in Cr)



Cost to Income ratio



Comparison : Q-o-Q (Sequential)

(Rs. in Cr)

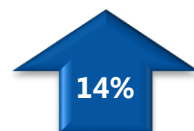
	CASA	CASA Ratio	NRE Deposits	Total Deposits
Deposits	 26635→26787	 32.83→31.04	 32121→32459	 81132→86299
Advances	Retail* + Agri 21578→24494	SME 15325→16235	Wholesale 20693→22451	Total Advance 59852→65439
Productivity	Net Income (NII+OI) 930→988	Other Income 238→262	Operating Profit 426→475	Net Profit 167→201
Ratios	Cost Income ratio 54.19→51.92	Gross NPA% 2.92→2.78	Net NPA% 1.68→1.61	Profit Per Employee (in Lac) 5.87→6.96

Comparison : Y-o-Y

(Rs. in Cr)

Deposits

CASA



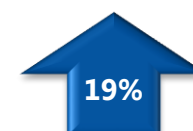
23513→26787

CASA Ratio



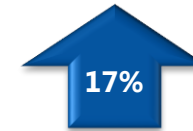
31.87→31.04

NRE Deposits



27217→32459

Total Deposits



73783→86299

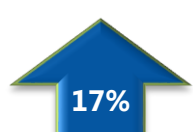
Advances

Retail*+Agri



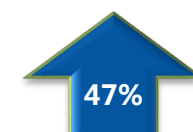
19747→24494

SME



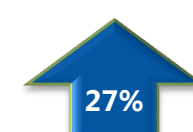
13876→16235

Wholesale



15272→22451

Total Advance



51676→65439

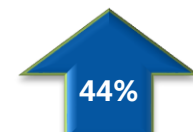
Productivity

Net Income (NII+OI)



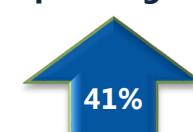
791→988

Other Income



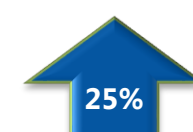
182→262

Operating Profit



337→475

Net Profit



161→201

Ratios

Cost Income ratio



57.43 → 51.92

Gross NPA%



2.90→2.78

Net NPA%



1.33→1.61

Profit per Employee (in Lac)



5.63→6.96

(* Retail Exc Gold)

		Q2 FY17	Q1 FY17	Q4 FY16	Q3 FY16	Q2 FY16
Shareholder Value	Book Value (Per Share in ₹)	48.63	47.07	46.24	47.86	46.92
	EPS	4.68	3.89	0.24	3.79	3.76
Granularity	Customer Base (In Lakhs)	78.16	76.42	75.13	73.52	71.93
	CASA + Deposits <1 Cr (% of Total Deposits)	89%	93%	92%	93%	92%
Profitability	ROA	0.88	0.76	0.05	0.77	0.78
	ROE	9.78	8.37	0.51	8.0	8.09
Efficiency	Cost/Income	51.92	54.19	56.78	58.72	57.43
	Net NPA%	1.61	1.68	1.64	1.66	1.33

- ▶ Relationship management structure matures
- ▶ Client Interaction processes standardized and streamlined
- ▶ Capability to increase PPC (Products Per Customer)



Wholesale

- Competitive positioning of Offerings
- Better wallet share from each relationship
- New client acquisition
- Better access to clients and thereby quicker delivery of solutions

- ▶ Cluster level relationship model strengthened
- ▶ Complementary approach between relationship managers and distribution channel to expand relationship value
- ▶ Integrated offerings along the supply chain to create better value for SME clients



SME

- RM at the fore and Branch at the core
- Deepening supply-chain relationship
- Better understanding and pragmatic support to SME clientele
- Better access to clients and thereby quicker delivery of solutions

- ▶ Retail cross-sell evolves as a capability across all business units
- ▶ Deployment of tools to track sales channel efficiency
- ▶ Focus on Organic and partner led growth
- ▶ Centralised team to manage Corporate Salary Accts and Premium customer base



Retail

- Building capability and proportionate volumes in unsecured loans
- Better penetration of third party products
- Delivering more under the Self-Service, algorithm-driven channel to customers

Fresh Accretion			
	Q2 FY 17	Q1 FY 17	Q2 FY16
Retail	63	67	56
Agri	26	34	18
SME	135	134	178
Wholesale	42	45	151
Total	266	280	403

Restructured				
TYPE	Q2 FY17		Q1 FY17	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	1493	72	1348	95
NPA	519	228	491	228
TOTAL	2012	300	1839	323

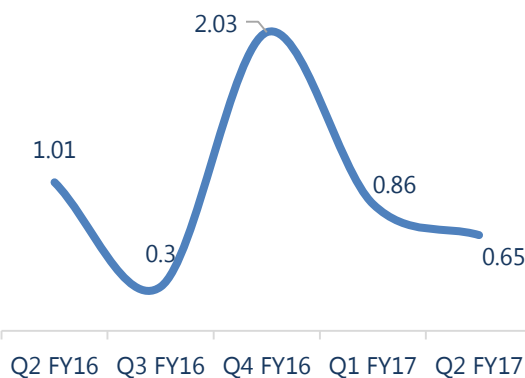
(Rs. in Cr)

- No Sale to ARCs
- No 5:25 Structuring
- No Conversion to Off-balance sheet

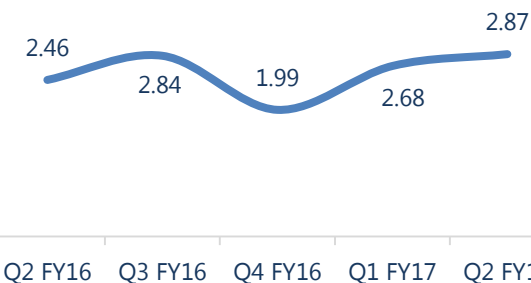
Security Receipts	
Q2 FY17	Q1 FY17
626.02	634.95

NPA Composition		Q2 FY17	Q1 FY17
Business	NPA	NPA	NPA
Gross NPA	Retail	312	311
	Agri	156	165
	SME	828	724
	Wholesale	523	547
	Total	1820	1747
Net NPA		1040	995

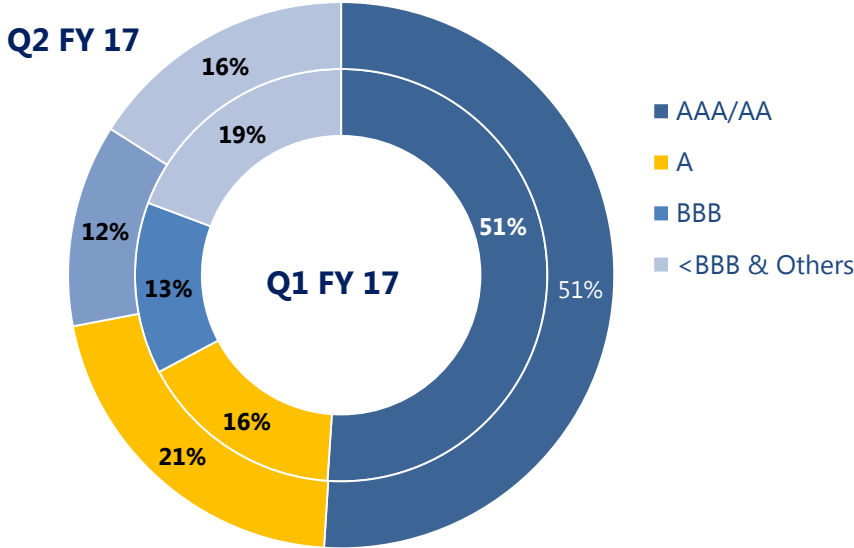
Credit Cost



Risk Adj NIM

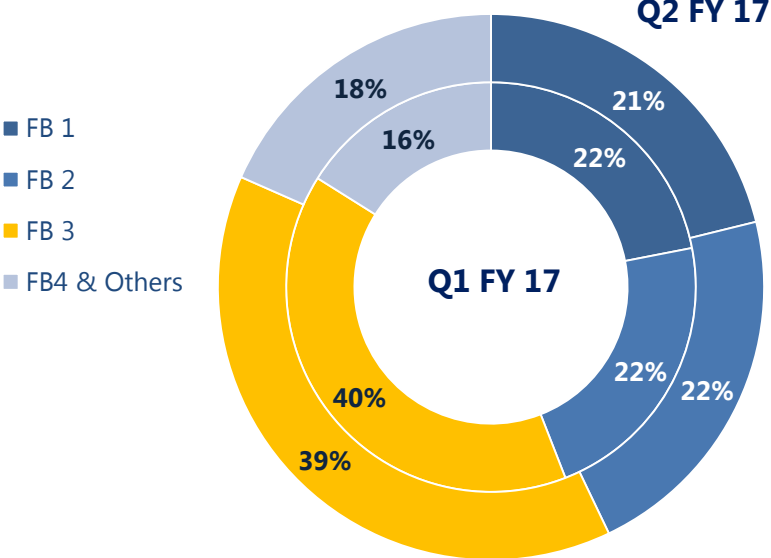


Risk Rating



Wholesale Assets

Rating	Q2 FY-17	Q1 FY-17
AAA / AA	51%	51%
A	21%	16%
BBB	12%	14%
< BBB & Others	16%	19%



Other Assets

Rating	Q2 FY-17	Q1 FY-17
FB 1	21%	22%
FB 2	22%	22%
FB 3	39%	40%
FB4 & Others	18%	16%

Digital Enrichments

✓ Launched **LOTZA**- Federal Banks UPI App. Crossed 2 Lakh Downloads.

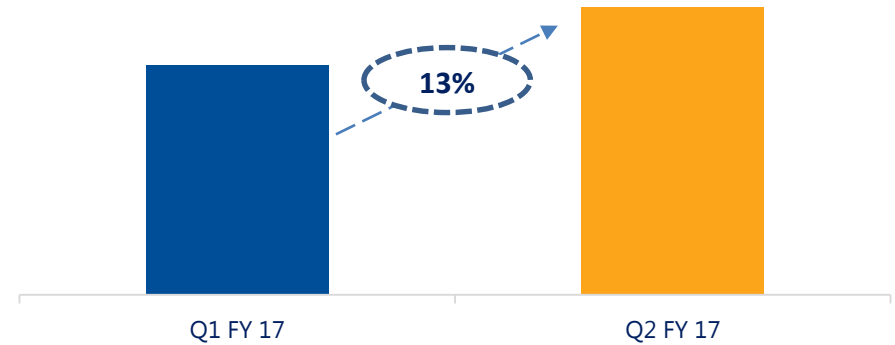
✓ Self-service Personal Loan **BYOM** introduced, 2500 loans disbursed within 25 days of introduction .

✓ Introduced new App – Federal Store bringing all apps under one kitty

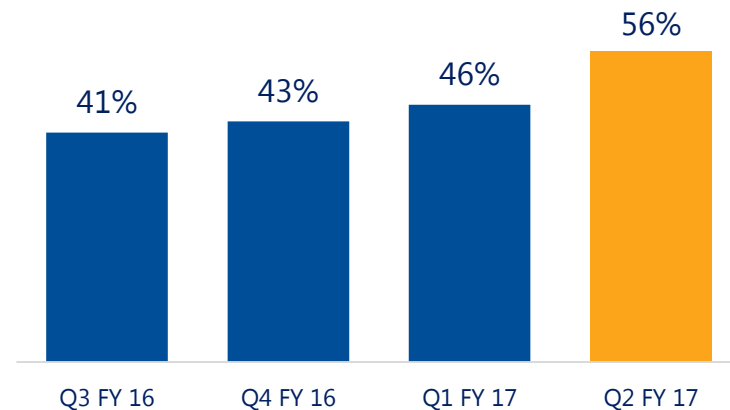
✓ Migrated to **Finacle-10** smoothly

✓ FedNet Upgraded – More customer features included

Increase in the % of Active Digital Users



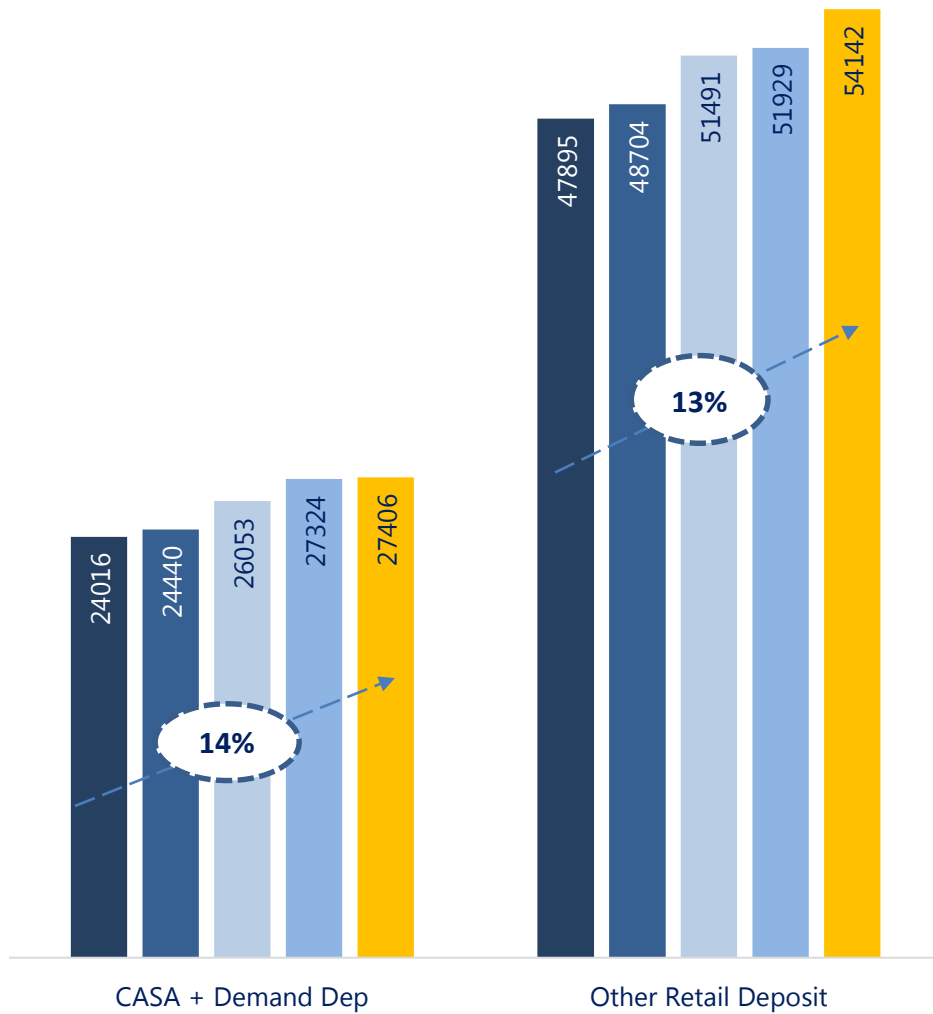
Share Of Digital Transaction



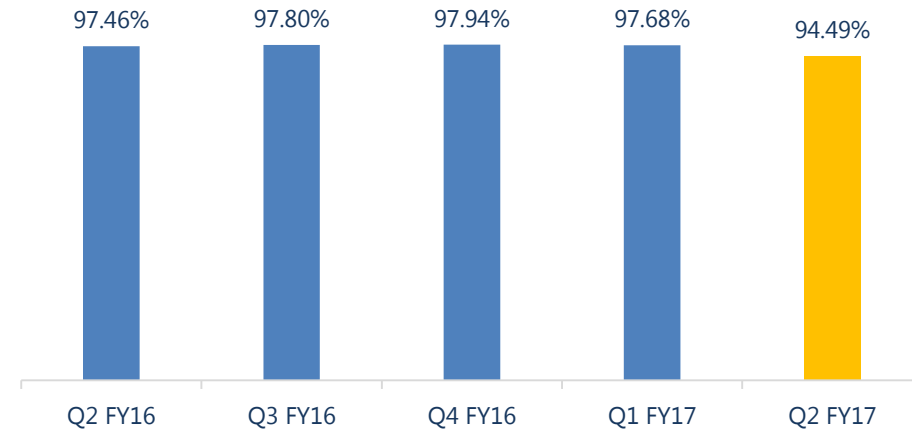
Business Parameters

₹ in Cr

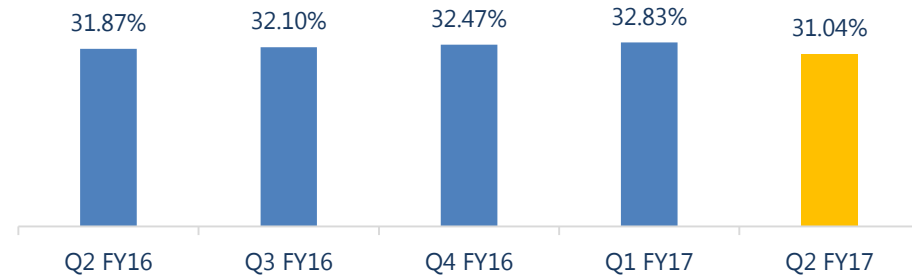
■ Q2 FY16 ■ Q3 FY16 ■ Q4 FY16 ■ Q1 FY17 ■ Q2 FY17

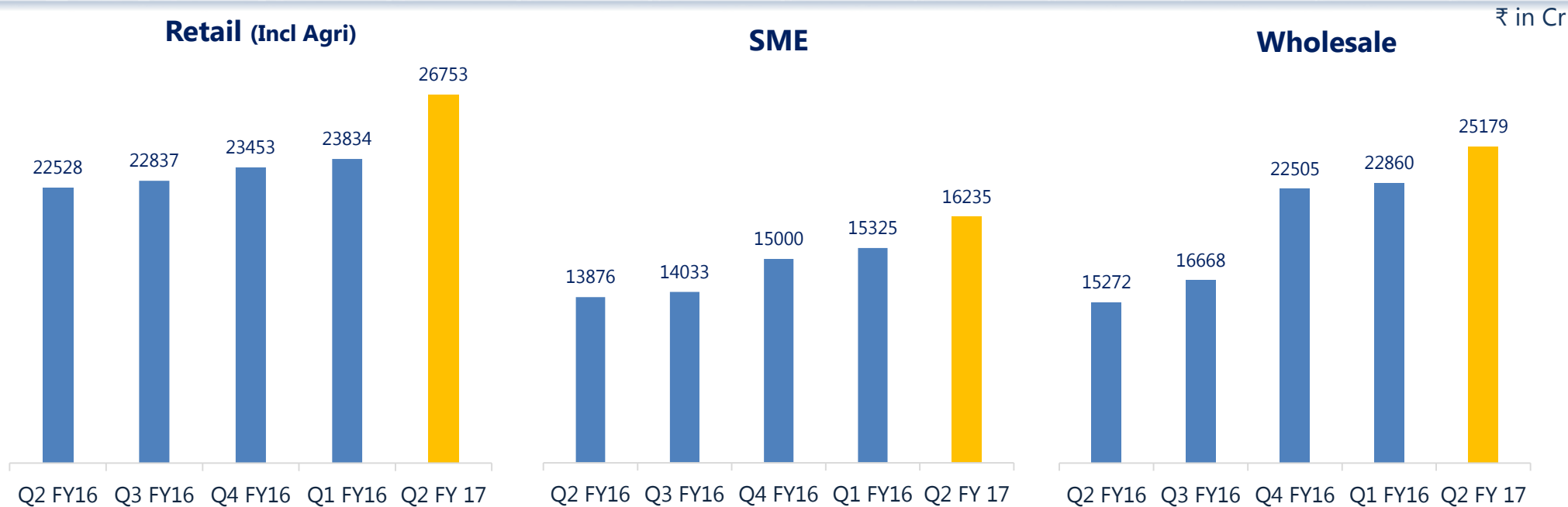


Retail Deposit ratio



CASA Ratio



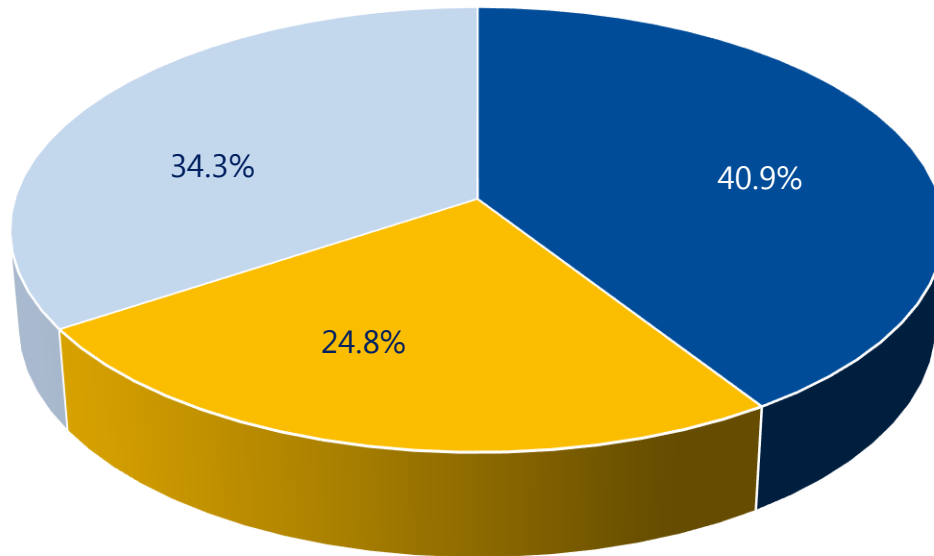


Highlights

- The credit book is diversified with Wholesale Credit Exposures standing at Rs.25179Cr (including credit substitutes of Rs 2728 Cr), SME at Rs 16235Cr and Retail & Agri at Rs 26753Cr
- Retail ex-gold up by 30% Y-o-Y, Retail Advances up by 22% Y-o-Y, Retail Advance including Agri up by 19% Y-o-Y.
- Wholesale Book up by 47% Y-o-Y (without credit substitutes).

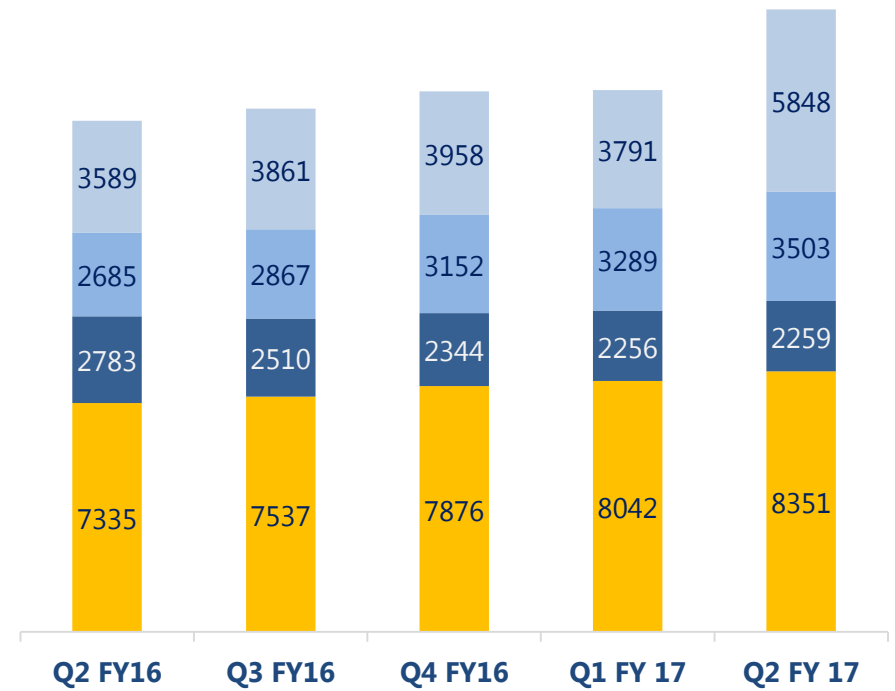
Total Loan Book

■ Retail (inc Agri) ■ SME Adv ■ Wholesale Adv

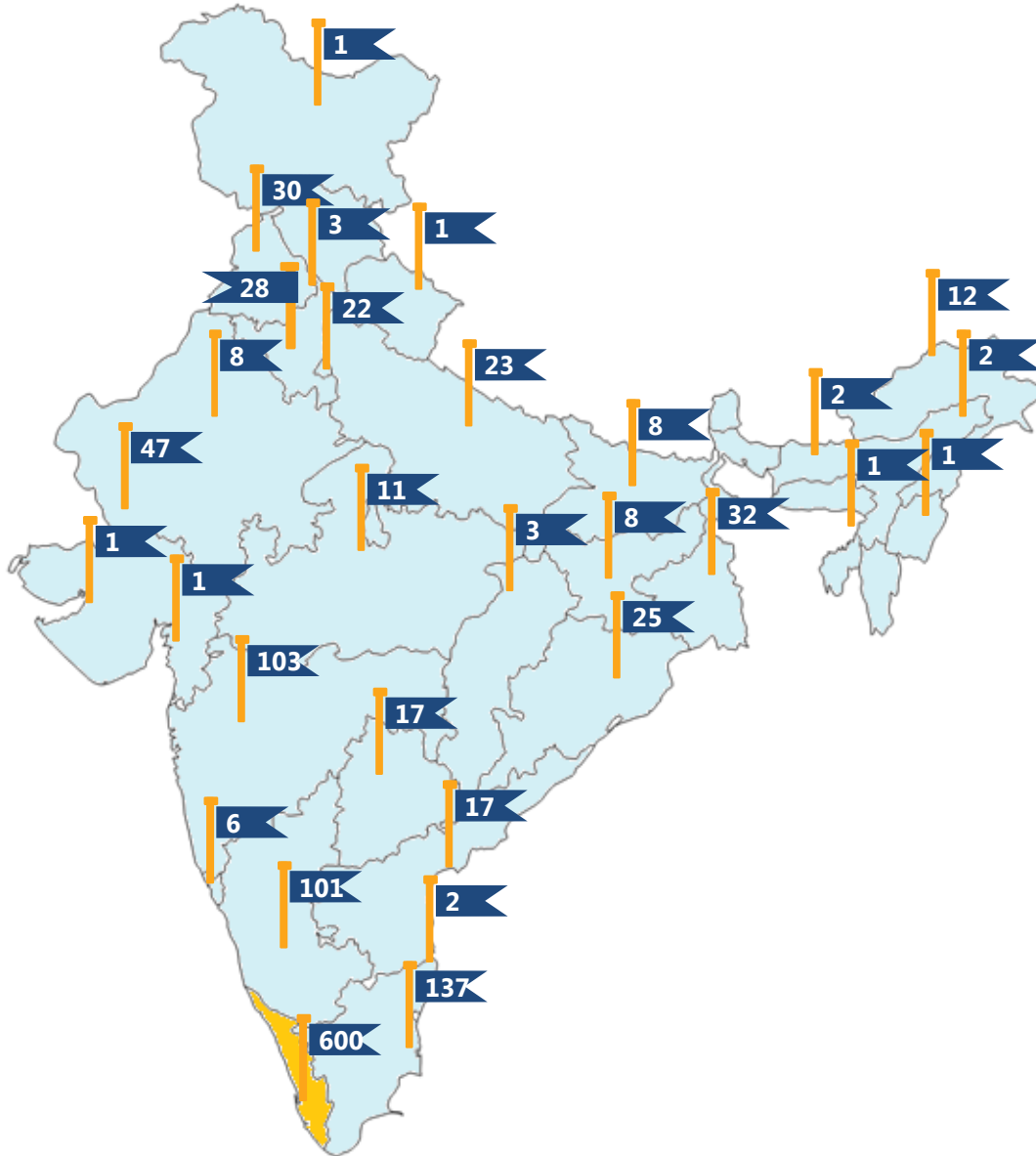


Retail Loan Book (Excl Agri)

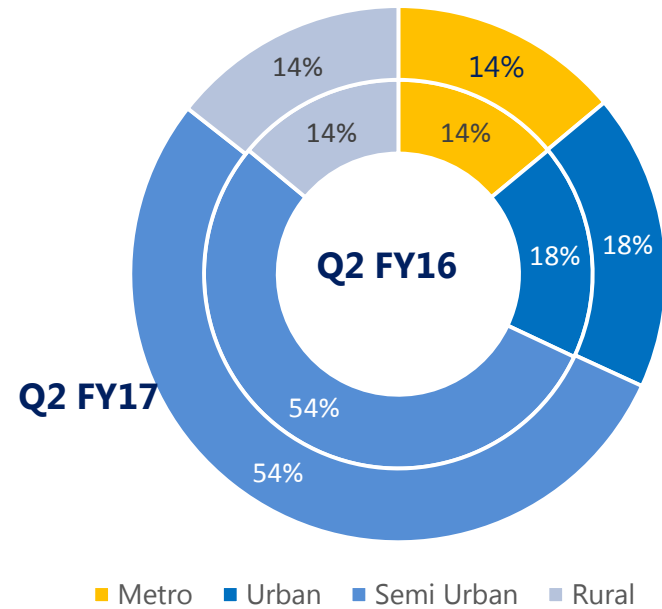
■ Housing ■ Gold ■ Mortgage ■ Others



Distribution : Deriving Efficiency from Foot Print



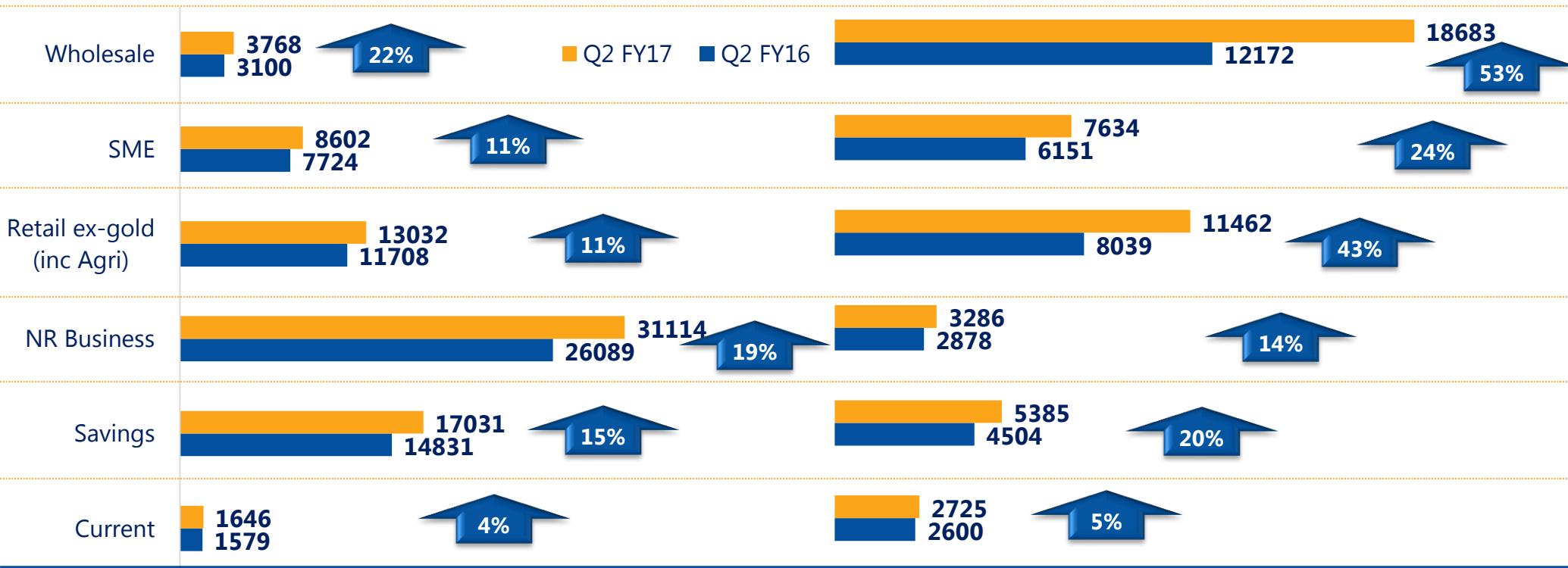
	Q2 FY17	Q2 FY16
Branches	1252	1251
ATMs	1607	1523



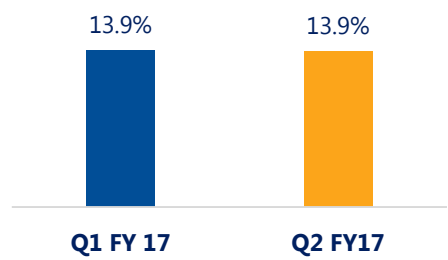
₹ in Cr

Kerala : Continuing Dominance

Outside Kerala: Gaining share

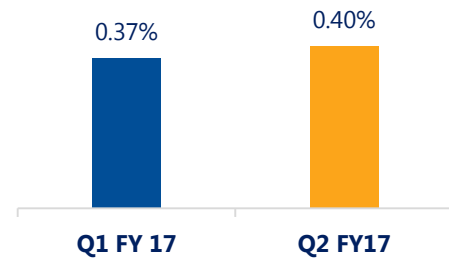


Kerala



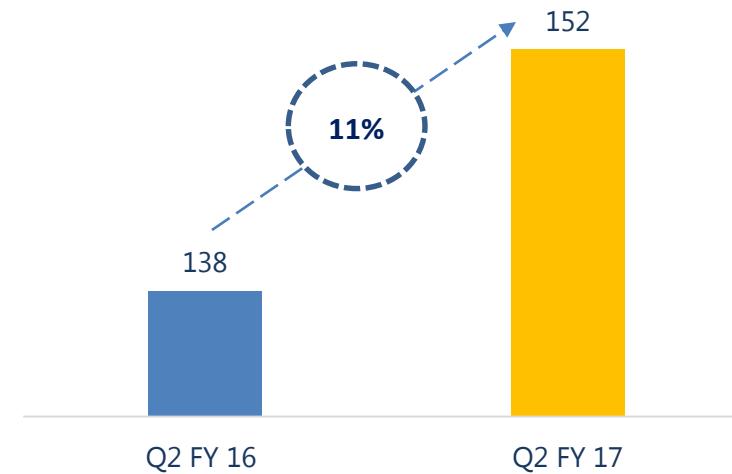
Gain in Market Share outside Kerala

Outside Kerala



	Q2 FY 17	Q2 FY 16	Y-o-Y %
Loan Processing Fee	27	22	21%
Exchange, Commission, Brokerage & Other Fee Income	98	82	20%
Net Profit on Forex Transactions	27	34	-19%
Fee Income	152	138	11%
Profit on sale of securities	86	26	236%
Recovery from assets written off & Other Receipts	24	19	26%
Total	262	182	44%

Fee Income (Y-o-Y)



CRAR – How strong is your Bank?

₹ in Cr

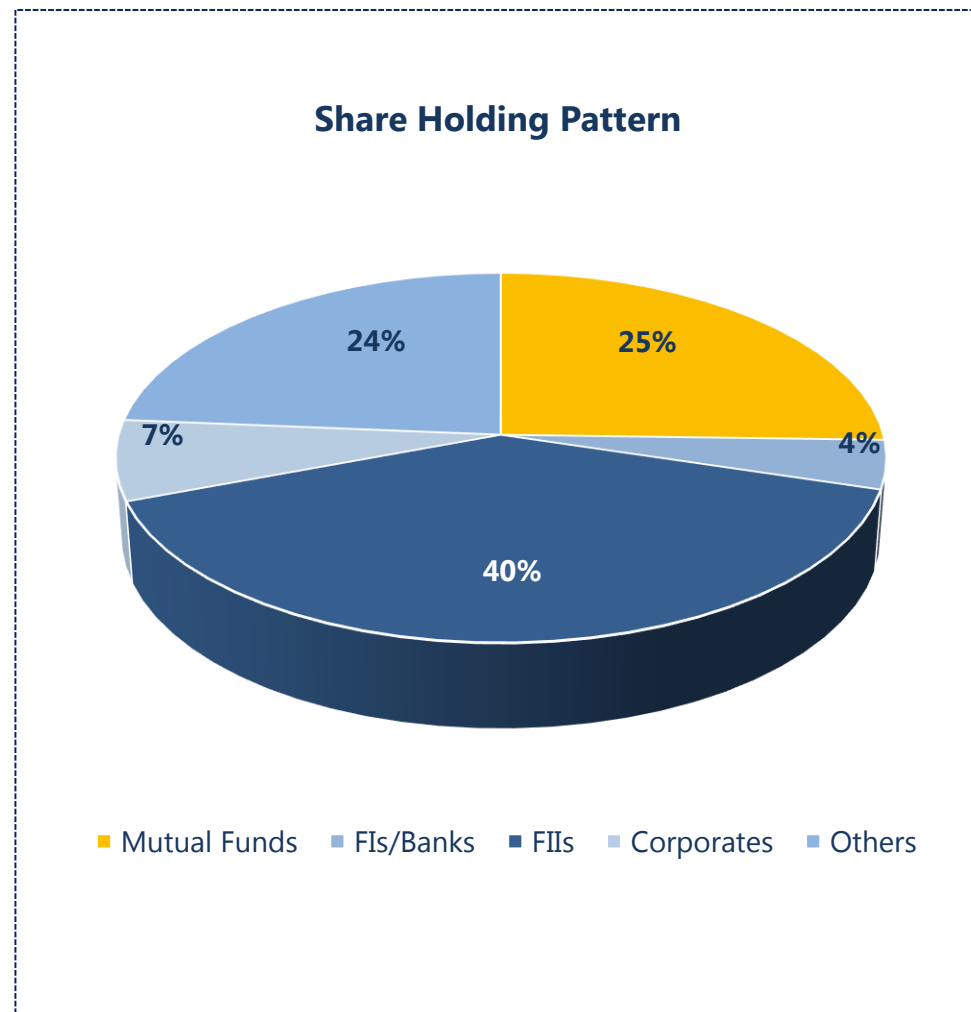
	Sep-16	Jun-16
Risk Weighted Assets		
Credit Risk	55141	50962
Market Risk	3172	3329
Operational Risk	5704	5704
Total RWA	64017	59995
Tier-1 Capital Funds	7822	7796
Tier-II Capital Funds	406	359
Total Capital Funds	8229	8155
CRAR	12.85%	13.59%
Tier-I	12.22%	12.99%
Tier-II	0.63%	0.60%

Annexures

Balance Sheet & Shareholding Pattern

₹ in Cr

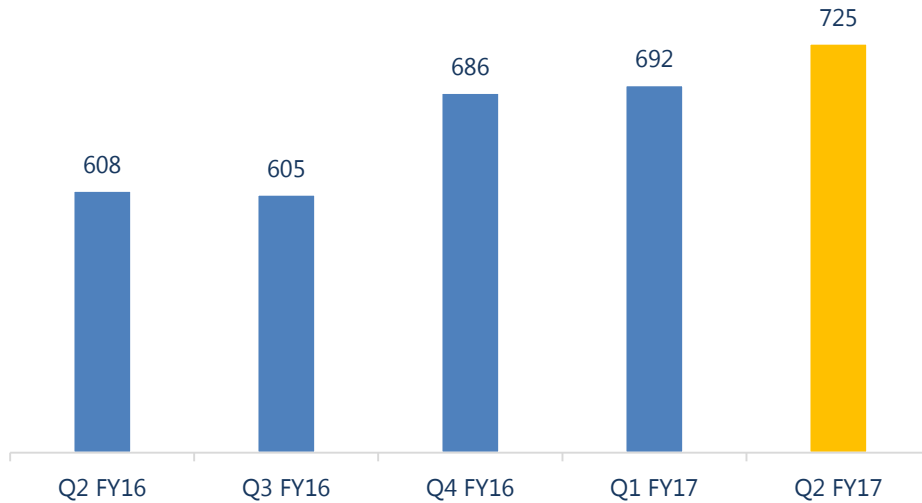
	Q2 FY17	Q2 FY16
LIABILITIES		
Capital	344	343
Reserves & Surplus	8122	7714
Deposits	86299	73783
Borrowings	2655	1621
Other Liabilities & Provisions	3055	2803
TOTAL	100476	86265
ASSETS		
Cash & Balance with RBI	3986	3691
Balances with Banks, Money at Call	2001	2740
Investments	24152	23199
Advances	64687	50867
Fixed Assets	510	503
Other Assets	5140	5265
TOTAL	100476	86265



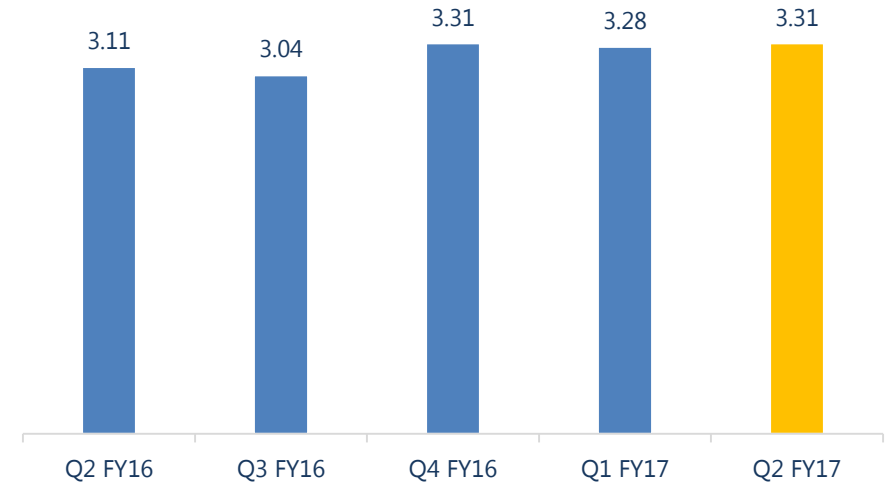
₹ in Cr

	Q2 FY17	Q1 FY17	Q-o-Q	Q2 FY16	Y-o-Y
Interest Income	2065	2013	3%	1902	9%
Interest Expenses	1340	1321	1%	1294	4%
Net Interest Income	725	692	5%	608	19%
Other Income	262	238	10%	182	44%
Total Income	2328	2251	3%	2085	12%
Total Expenditure	1853	1825	2%	1748	6%
Operating Profit	475	426	12%	337	41%
Total Provisions	274	259	6%	175	56%
Net Profit	201	167	20%	161	25%
Net Interest Margin (%)	3.31	3.28	3 bps	3.11	20 bps
Cost to Income Ratio (%)	51.92	54.19	-227 bps	57.43	-551 bps

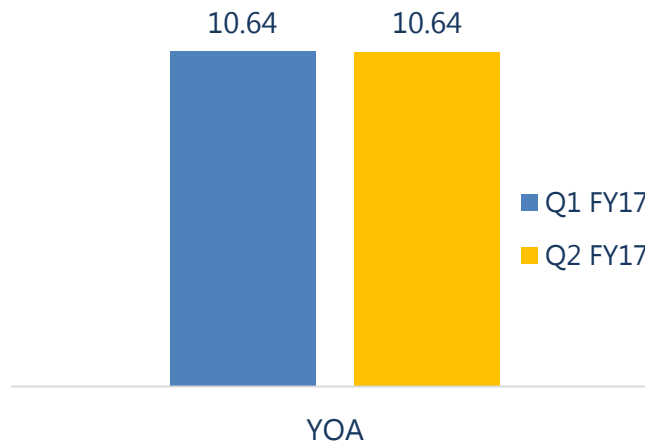
Net Interest Income



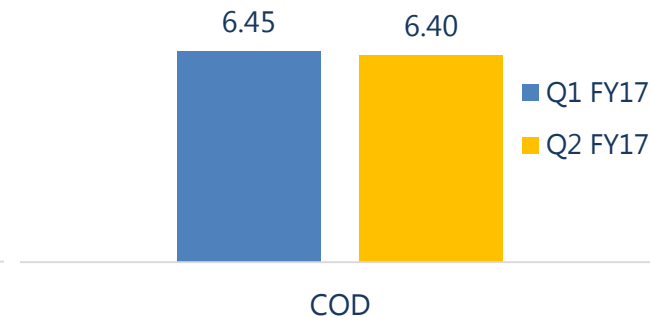
Net Interest Margin (%)



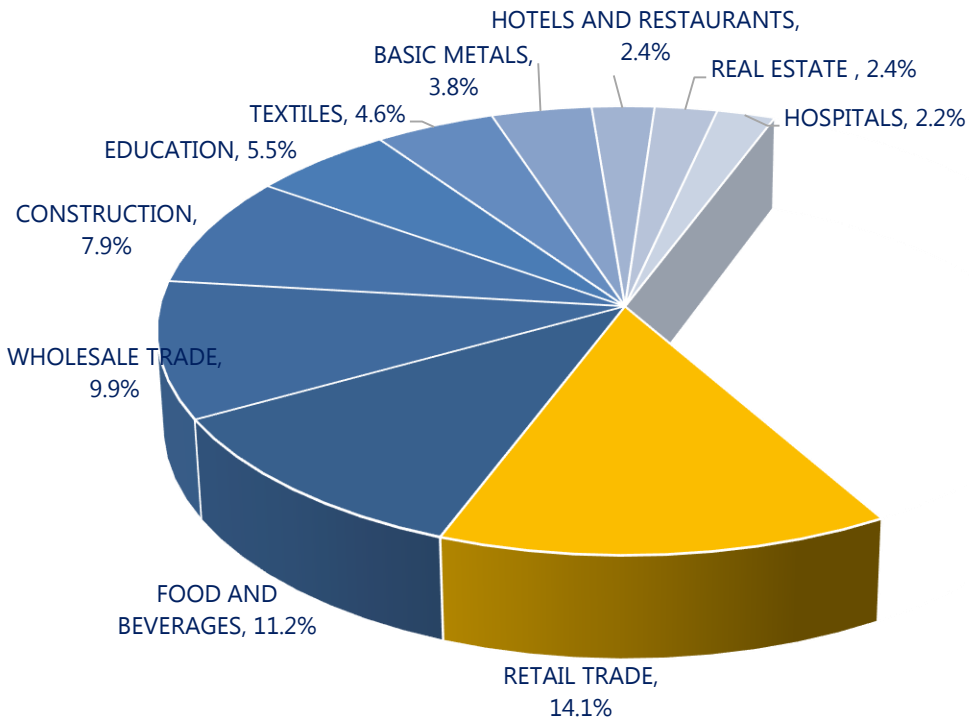
Yield on Advances



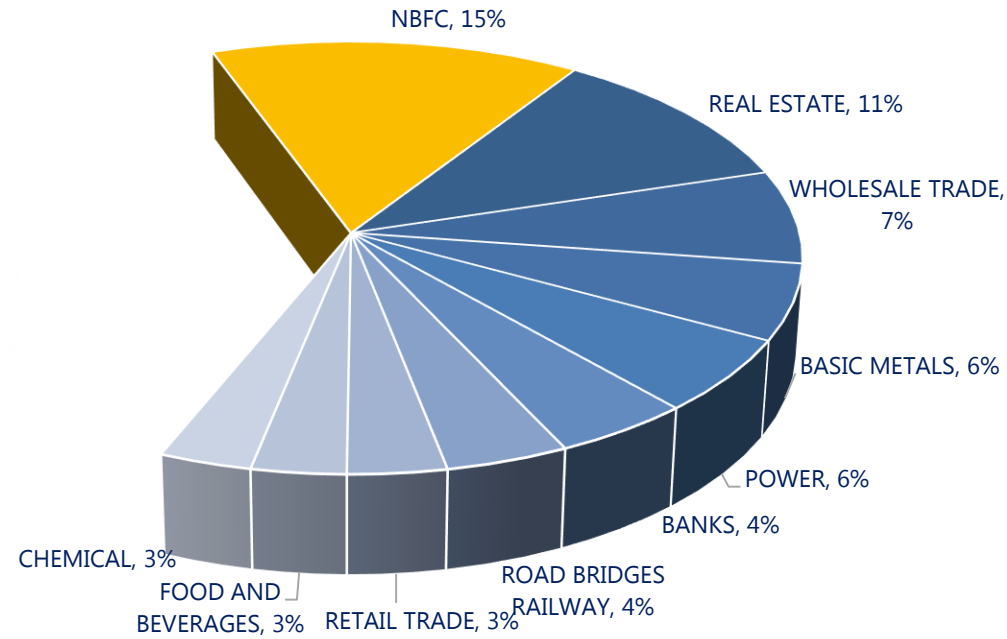
Cost of Deposits



SME Portfolio



Wholesale Portfolio



Major Investments

Entity	% Equity
Fedbank Financial Services Limited	100.00%
IDBI Federal Life Insurance Company of India Limited	26.00%
Kannur International Airport	2.89%
Cochin International Airport	1.96%

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.

- Fully owned subsidiary of the Bank with NBFC license
- 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

UAE Representative Office

- Representative Office at Abu Dhabi, established in 2008
- Gateway of the Bank to the whole of Middle East
- Increased the reach of the Bank among Non-Resident Indians in the Gulf countries

Fixed Deposit

Certificate of Deposit

Tier 2 (Capital) Bonds

Tier 2 (Capital) Bonds



India Ratings
& Research
A Fitch Group Company



A1+

AA- (Ind)

AA

- Fixed Deposits and Certificate of Deposits enjoy highest rating in that class.
- The rating of Bonds indicate high safety and very low credit risk.

Financial Express India's Best Banks award



First Startup event launched by Federal Bank in Bangalore



One of the First Bank to launch UPI App - Lotza

single & Loving it!

A single app for all your accounts with multiple Banks.
A single nickname (Virtual ID) to replace account numbers/RTGS code and mobile numbers.

Single Nick name
Forget account numbers and other complex codes like VSC and RTGS. Just use a simple, easy to remember nickname (eg. asigledora) to do your money transfers.

Single Application
Even if you have say 3 different accounts in 3 different banks, through LOTZA, you can bundle all these accounts and do transactions seamlessly.

Single Solution
LOTZA is the single payment window through which you can view your balance, send and collect funds, register for mobile banking and effect QR code based payments.

Presenting UPI App



LOTZA

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