

Secretarial Department

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

SDF-24/ /2019-20

16th October 2019

Listing Department The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.	Department of Corporate Services – Listing BSE Limited Phiroze Jeejeebhoy Towers, Floor 25, Dalal Street, <u>MUMBAI – 400 001</u>
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Re.: Scrip Symbol: FEDERALBNK/Scrip Code: 500469

Dear Sir,

Sub. : Presentation to Investors/Analyst on the Un-Audited Standalone and Consolidated Financial results of the Bank for the quarter and half year ended 30th September 2019

As required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that, an Investor/Analyst presentation on the Bank's Un-Audited Standalone and Consolidated Financial results of the Bank for the quarter and half year ended 30th September 2019 and Business Updates for the period ended 30th September 2019, Press release are attached herewith and the same has been published on the Bank's website also.

Kindly take the same on your records.

Thanking you,
Yours faithfully,

Girish Kumar G
Company Secretary



The Federal Bank Ltd. Registered Office: Federal Towers, P O Box No.103, Aluva, Kerala, India 683 101
E-mail: secretarial@federalbank.co.in | www.federalbank.co.in | Phone : 0484-2622263 fax:04842623119CIN:

L65191KL1931PLC000368

Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q2 FY 2020

Consistent & Stable Performance

Strong Bottomline Performance

- Highest ever Net Profit @ 417cr, grows 57% Y-o-Y
- Q2 FY20 ROA at 1.03% and ROE @ 12.06%
- Operating Profit @ 719 Cr

Calibrated Credit Growth of 15%

- Core Retail grew by 29%
- Auto grew 59%, PL-131% & HL-24%
- Gold Loan including Agri GL grew by 23%
- Net Interest Income @1124 Cr
- NIM @ 3.01%

Granular Liability Franchise

- Total Deposits grew by 18% Y-o-Y.
- CASA Ratio stands at 31.55%
- Retail Deposits constitute 92% of total deposits

Asset Quality

- GNPA and NNPA @ 3.07% and 1.59% respectively.
- Credit Cost at 0.62% & PCR to 66.16%
- **Standard assets provision to address potential stress at 72 Cr.**

Consistent Gain in Market Share

- Market Share in Advances reaches 1.16% - up by 4 bps Y-o-Y
- Market Share in Deposits reaches 1.07% up by 7 bps Y-o-Y

Income and Cost Streams

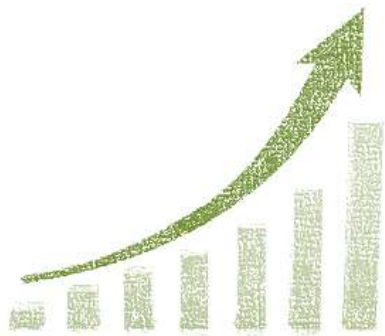
- Consistent growth in Core Fee Income and Other Income at 21% & 30% respectively, Y-o-Y.
- Cost to Income @ 53.47%

Digital Update

- First Bank in the country to launch online Demat account opening through Net banking.
- Introduced EMI facility for debit card purchases through POS terminals in association with Pine-labs

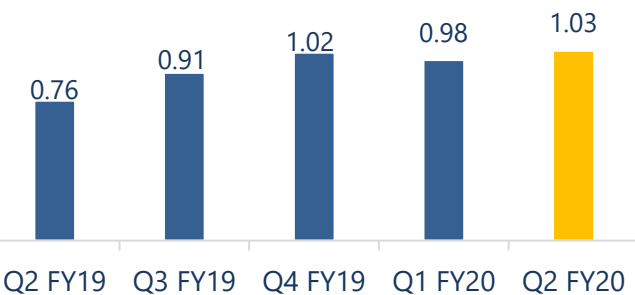
Balance Sheet and Capital

- Balance Sheet grows by 14% Y-o-Y (Rs1.66L Cr)
- Total business crosses milestone figure of 2.5L Cr to reach Rs.2.55L Cr, grows 17% Y-o-Y.
- CRAR at 13.98%

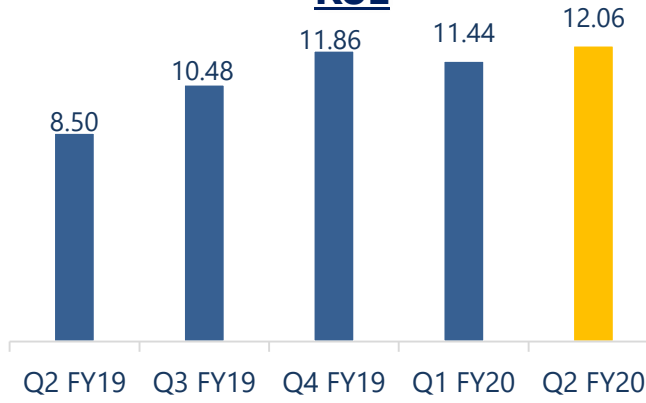


Key Ratios

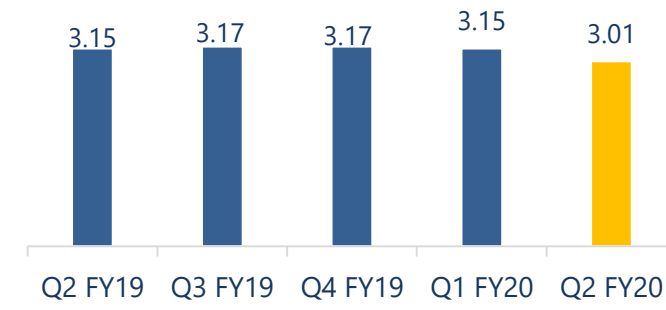
RoA



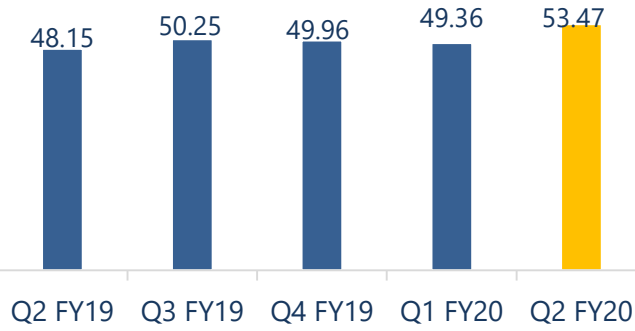
RoE



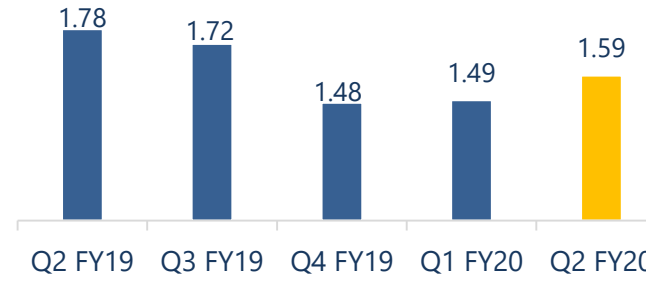
Net Interest Margin (%)



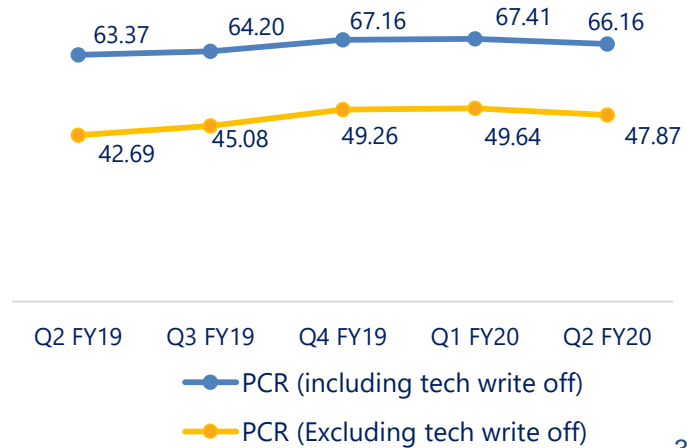
Cost to Income Ratio



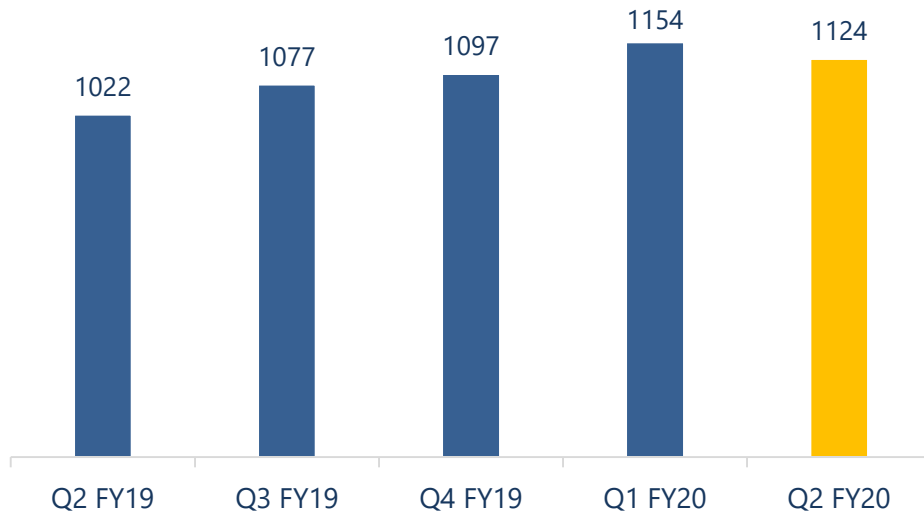
NNPA (%)



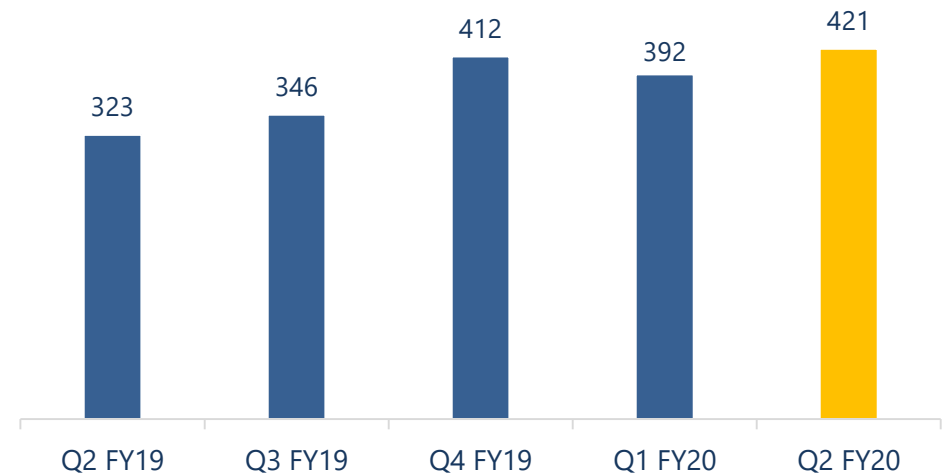
PCR (%)



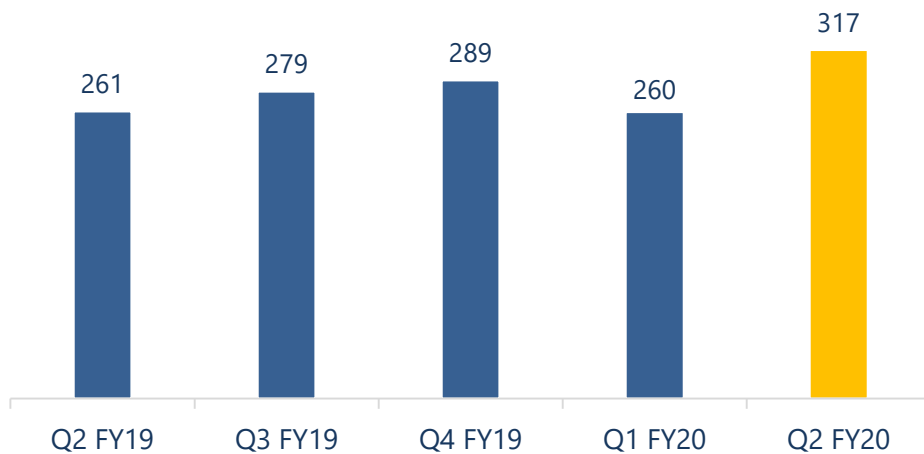
Net Interest Income



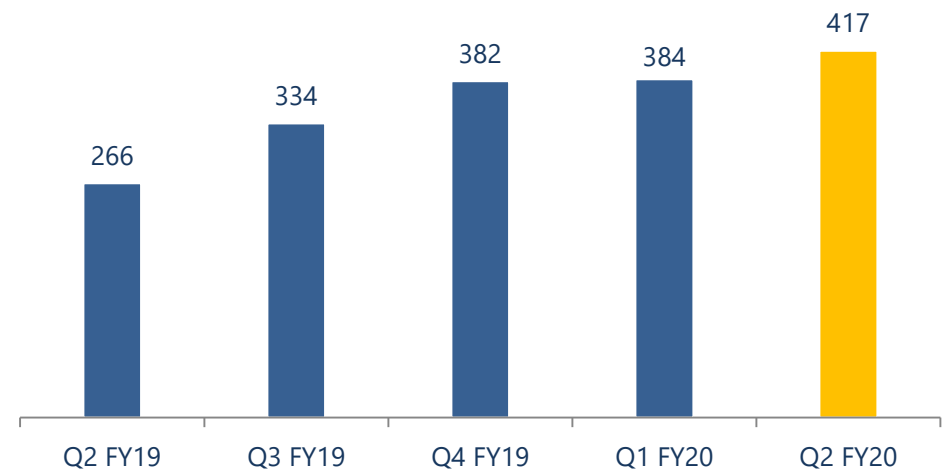
Other Income



Fee Income



Net Profit



Business initiatives To Sharpen high Quality Growth

Wholesale Banking

- Healthy growth in corporate CASA to cross 1000 crs – YTD growth of 64% over PY and 12.7% Q-o-Q growth.
- Corporate Advances for the first time crossed the 50,000 Cr mark inspite of the sluggish external credit environment.
- Formed dedicated vertical to handle & scale up Supply Chain Business.
- Signed dealer finance MOU with Automobile major - Maruti Suzuki (MSIL). MSIL has recognised Federal Bank as preferred partner.

- CV/ CE business disbursed a shade less than 100 Cr of fresh Disbursement in Q2.
- On Debit cards, consistently crossed 800 Cr monthly spends, putting the Bank in the top 15 banks in India on this parameter. Launched Contactless Cards during the quarter.
- Door step Gold loans in partnership with Fintech ramped up further adding more centres and reached a run rate of Rs.100 Cr per month.
- Enhanced digitalization/ automation in Business Banking/ Micro Credit underwriting process.
- On NR front, started cost effective and fast remittances arrangements from Japan, Hong Kong & Saudi Arabia. Remittances through Federal Bank increased to 15.7%.

Retail Banking

Government Business and Treasury

- Government Liability business recorded a growth of 57% Y-o-Y
- Total FX volumes this quarter were higher by 29% Q-o-Q

Performance Highlights Y-o-Y

Net Profit	57 %	↑	Retail (inc Agri)	24%	↑
Operating Profit	3 %	↑	Agri	21%	↑
RoA	@ 1.03%	↑	Business banking	15%	↑
RoE	@ 12.06%	↑	Commercial Banking	9%	↑
Cost to Income Ratio	@ 53.47%		Corporate Business	8%	↑
GNPA	@ 3.07%		Total Advance	15%	↑
Core Fee Income	21%	↑	CASA	12%	↑
Other Income	30%	↑	Total Deposit	18%	↑
NII	10%		Capital Adequacy (CRAR)	13.98%	
NIM	@3.01				
Provision Coverage Ratio	66.16%				

RETAIL

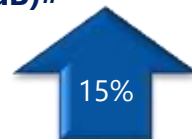
WHOLESALE

Advances

Retail + Agri



37978 -> 47218

Business Banking
(BuB)#

8625 -> 9939

Commercial
Banking (CoB)#

10887 -> 11848

CIB



44809 -> 48617

Total Advances



102300 -> 117622

Deposits

CASA



39457 -> 44023

CASA Ratio



33.39 -> 31.55

NRE Deposits



46787 -> 52690

Retail Deposits



111918 -> 128166

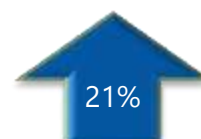
Performance

Net Interest Income



1022 -> 1124

Core Fee Income



261 -> 317

Operating Profit



698 -> 719

Net Profit



266 -> 417

Ratios

Cost Income Ratio



48.15 -> 53.47

Gross NPA %



3.11 -> 3.07

Net NPA %



1.78 -> 1.59

Profit Per Employee (in
Lac)

9 -> 13.25

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

#SME split into BuB & CoB

Comparison : Q-o-Q (3 M)

RETAIL

WHOLESALE

Advances

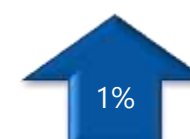
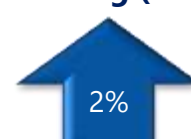
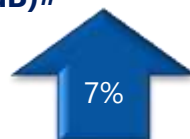
Retail + Agri

Business Banking (BuB)#

Commercial Banking (CoB)#

CIB

Total Advances



44585 -> 47218

9296 -> 9939

11625 -> 11848

48211 -> 48617

113717 -> 117622

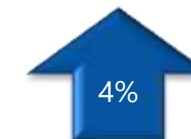
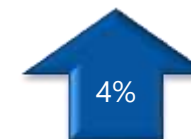
Deposits

CASA

CASA Ratio

NRE Deposits

Retail Deposits



41676 -> 44023

31.44 -> 31.55

50812 -> 52690

123009 -> 128166

Performance

Net Interest Income

Core Fee Income

Operating Profit

Net Profit



1154 -> 1124

260 -> 317

783 -> 719

384 -> 417

Ratios

Cost Income Ratio

Gross NPA %

Net NPA %

Profit Per Employee (in Lac)



49.36 -> 53.47

2.99 -> 3.07

1.49 -> 1.59

12.52 -> 13.25

Shareholder Value

Book Value
(Per Share in ₹)

Q2 FY20

Q1 FY20

Q4 FY19

Q3 FY19

Q2 FY19

69.18

68.79

66.87

64.60

62.81

EPS
(annualized)

8.32

7.76

7.68

6.68

5.33

Granularity

**CASA + Deposits <2
Cr**
(% of Total Deposits)

89%

89%

88%

91%

92%

Profitability
(Annualized)**ROA**

1.03

0.98

1.02

0.91

0.76

RoRWA

1.86

1.76

1.79

1.51

1.24

ROE

12.06

11.44

11.86

10.48

8.50

Efficiency

Cost/Income

53.47

49.36

49.96

50.25

48.15

Net NPA%

1.59

1.49

1.48

1.72

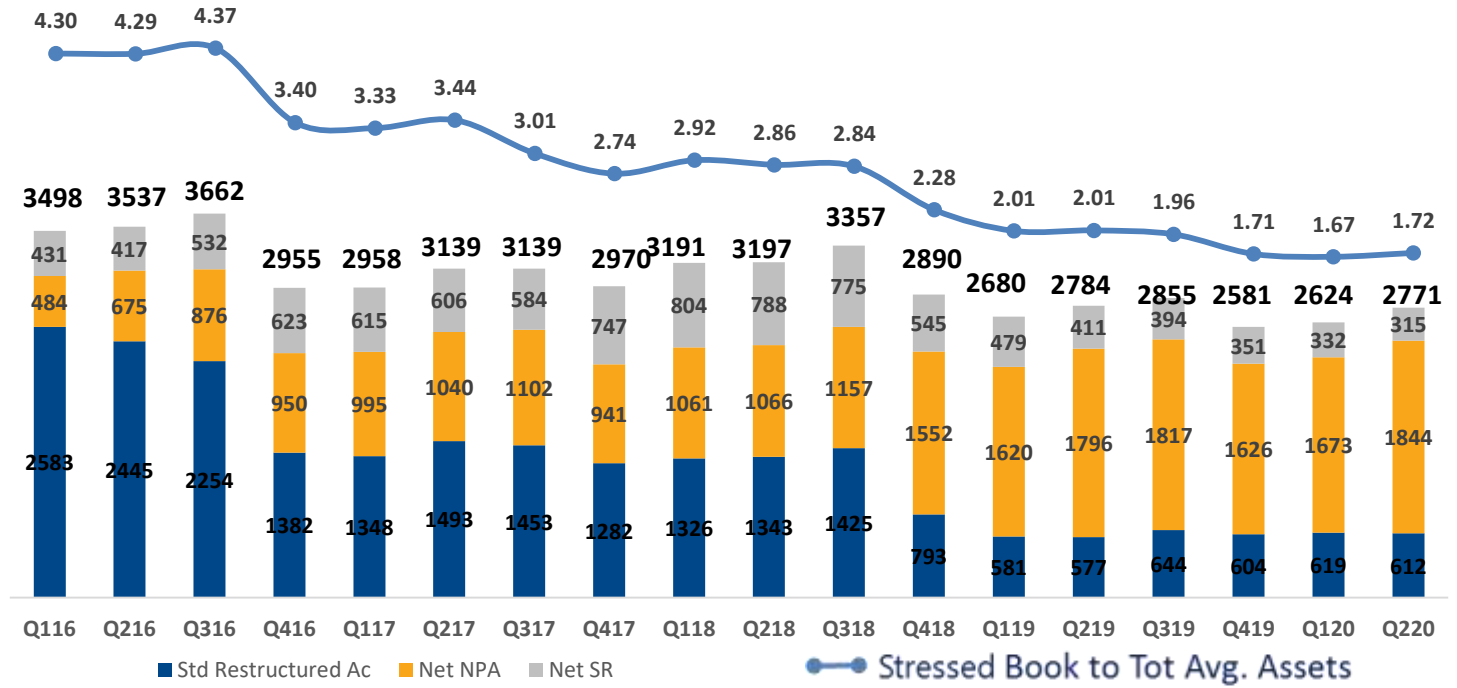
1.78

Total Stressed Book @ 2770Cr. 1.72% of Average Total Assets, marginally higher on account of slippage of a large Corporate account..

- Standard assets provision to address potential stress at 72cr.

Net Security Receipts portfolio down to 315Cr.

Recovery/ Upgrades of 223cr in Q220



Movement of NPA

Amt in Rs.Cr.

Gross NPA as on 30.06.2019	3395
Add Fresh Slippage	540
Add Increase in Balances in Existing NPAs	31
Deduct Recoveries/ Upgrades	-223
Deduct Written Off	-131
Gross NPA as on 30.09.2019	3612

Fresh Slippages Break up

Fresh Slippages

	Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19
Retail	124	141	67	108	120
Agri	72	67	92	71	65
SME	146	119	97	192	169
BuB	95	99	67	107	94
CoB	51	20	29	85	75
Corporate	199	88	0	56	123
Total	540	415	256	426	477

Restructured

TYPE	Q2 FY20		Q1 FY20	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	612	66	619	66
Gross NPA	530	58	596	58
Net NPA	394	58	445	58
TOTAL	1006	124	1064	124

NPA Composition

Q2 FY20

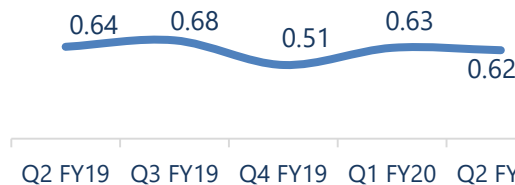
Q1 FY20

Business	NPA	NPA	
Retail	731	701	
Agri	554	517	
SME	1433	1390	
Gross NPA	BuB	713	660
	CoB	721	730
Corporate	893	787	
Total	3612	3395	
Net NPA	1844	1673	

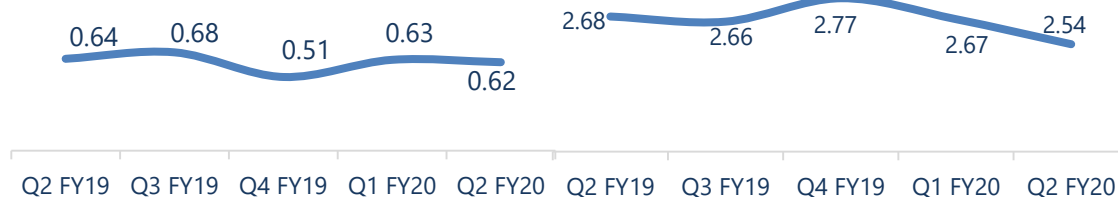
Security Receipts

	Q2 FY20	Q1 FY20
Face Value	697	699
Book Value	609	611

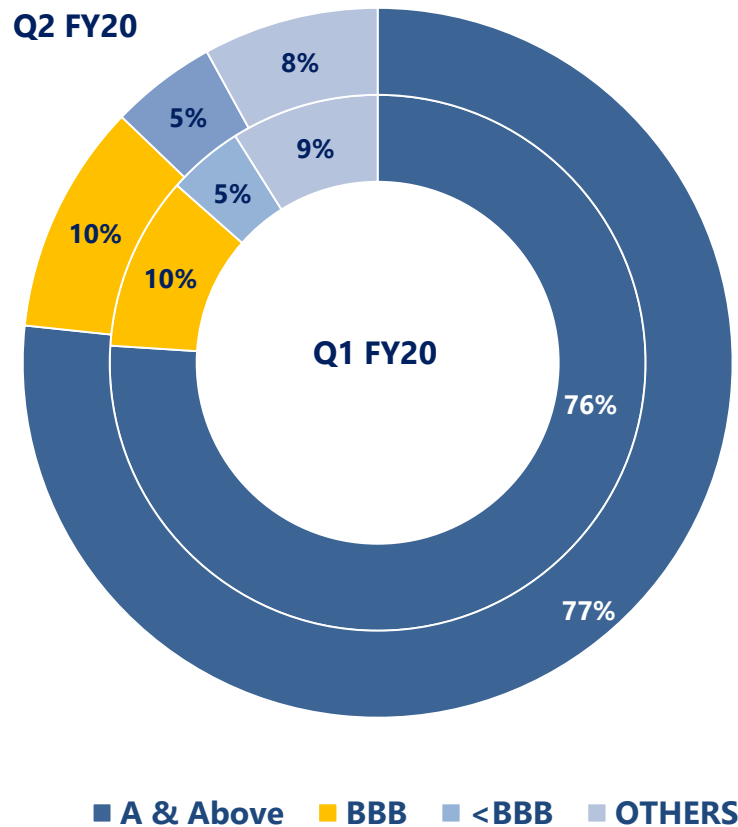
Credit Cost



Risk Adjusted NIM



External Rating of Corporate Assets



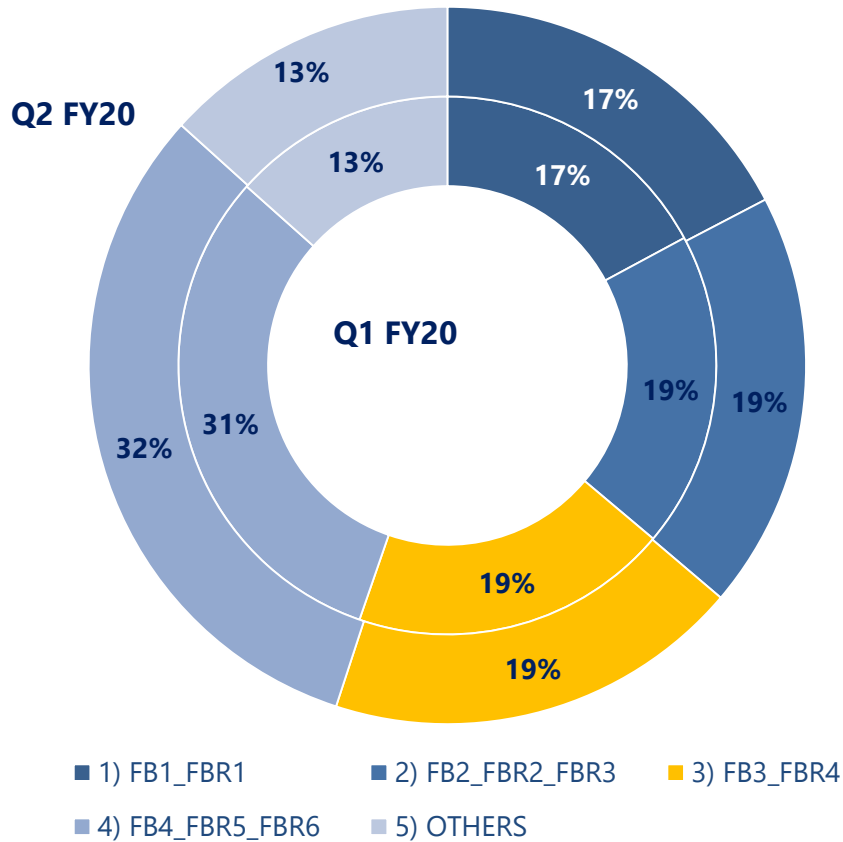
External Rating of Corporate Assets

Rating	Q2 FY-20	Q1 FY-20
A & above	77%	76%
BBB	10%	10%
< BBB	5%	5%
Others	8%	9%

Internal Rating of 'Others'

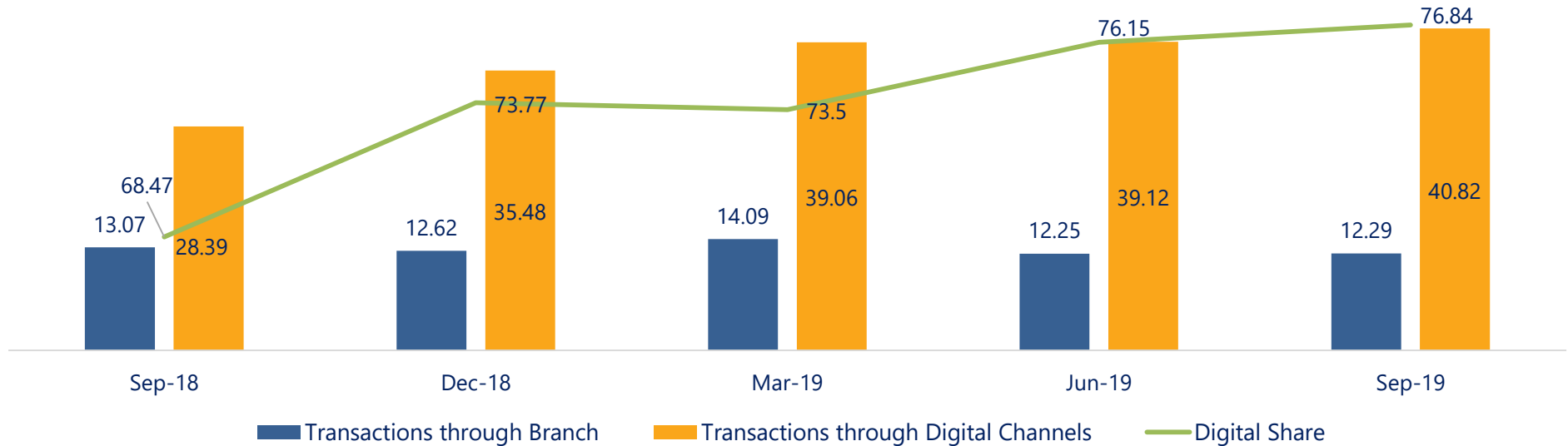
Rating	Q2 FY-20	Q1 FY-20
FBR1	27%	24%
FBR2/FBR3	2%	10%
FBR4	30%	27%
FBR5/FBR6	40%	39%
Others	1%	0%

Asset Quality : Rating Distribution (Other Assets)

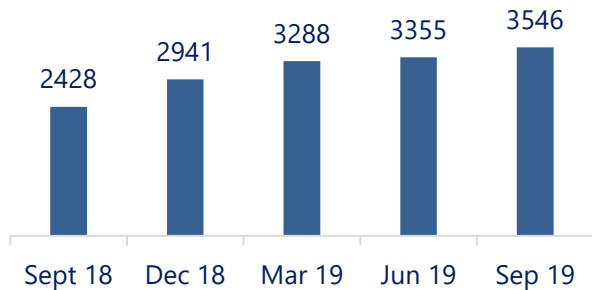


Rating		Q2 FY-20	Q1 FY-20
FBR1	FB1	17%	17%
FBR2/FBR3	FB2	19%	19%
FBR4	FB3	19%	19%
FBR5/FBR6	FB4	32%	31%
Gold, Advance against Deposit/Securities, etc.		5%	5%
Staff		3%	3%
Others		5%	6%

Digital vs Branch : Transaction count with bifurcation on various Digital channels(In lakhs)

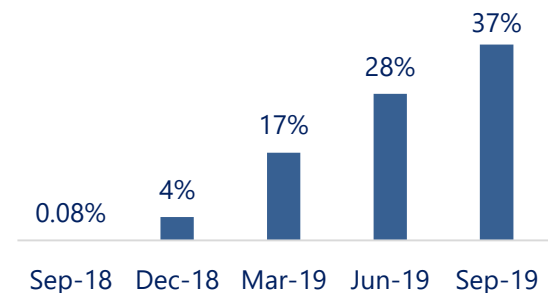


FedMobile Volume in crores



- FedMobile monthly volume crossed 3500 crores & Digital share grew to 76.84%
- There is a YoY growth of 37% on digital users

YoY Growth in Digital Users



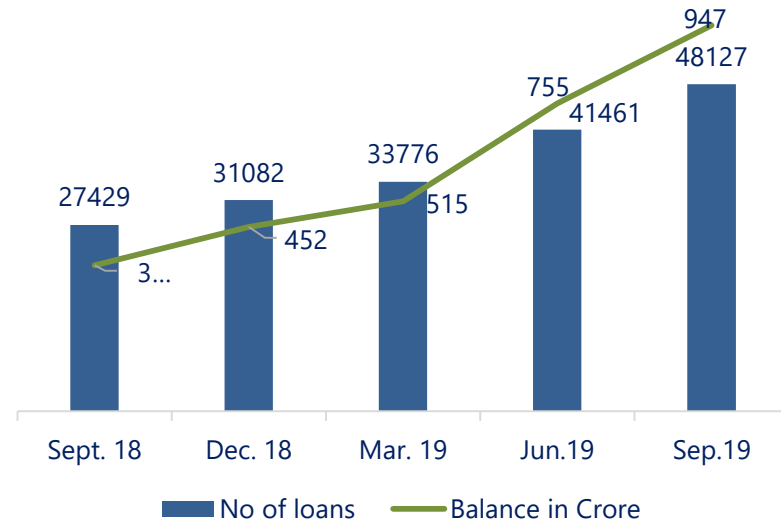


- BYOM enables Instant online loan pre approved loan disbursal
- Option to convert debit card purchases to flexible EMIs

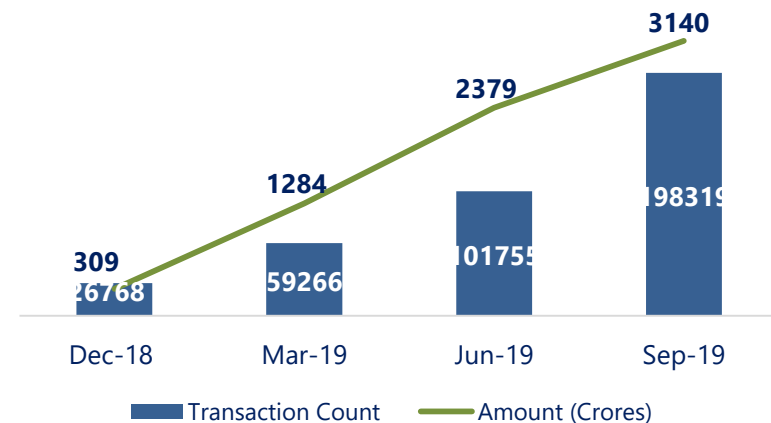


- 1200 plus customers joined the new platform for transaction banking and cumulative volume of transactions has crossed 3000 crores during the month of September 2019

BYOM Digital Personal Loans : Loan book progress

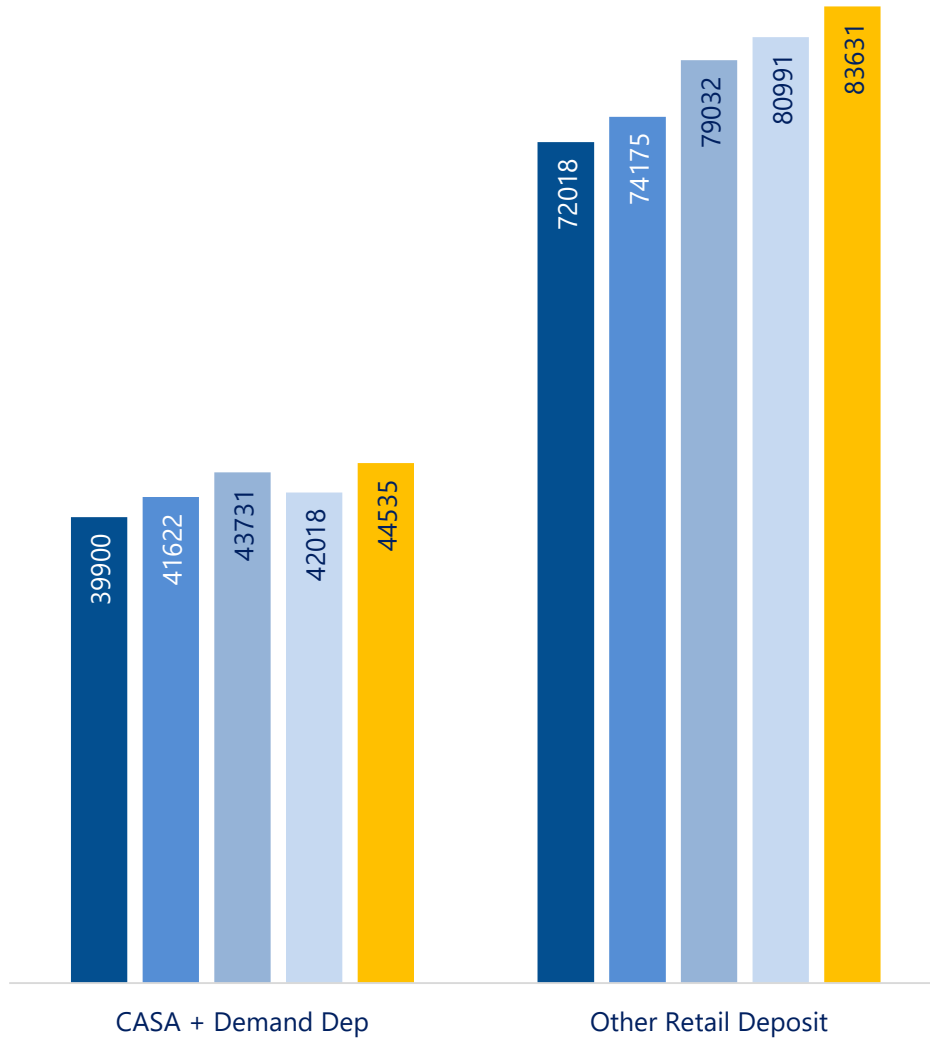


Fed E Biz

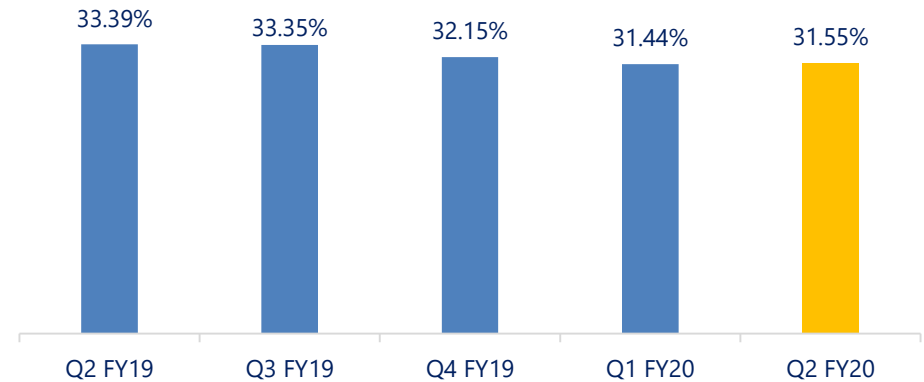


Business Parameters

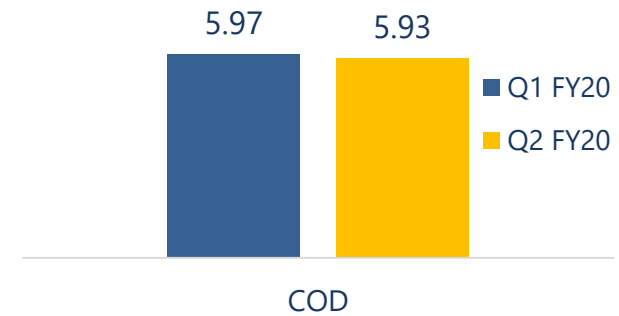
■ Q2 FY19 ■ Q3 FY19 ■ Q4 FY19 ■ Q1 FY20 ■ Q2 FY20



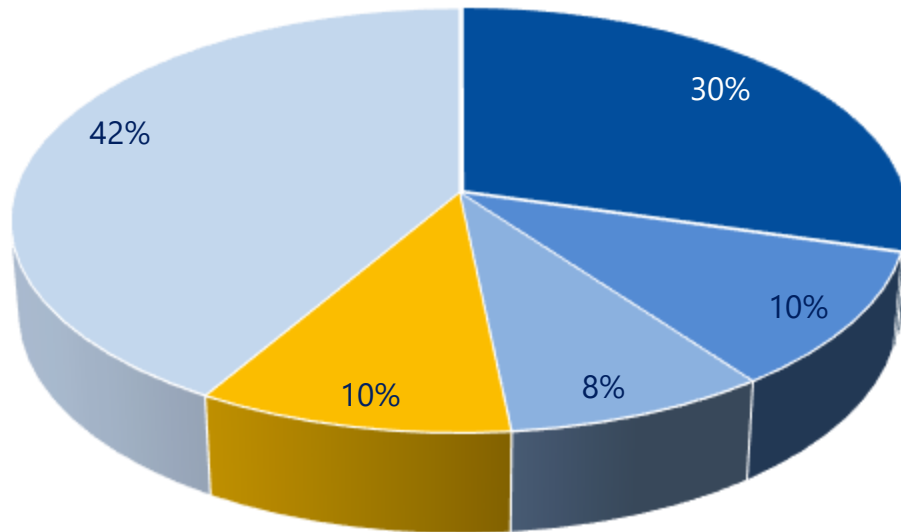
CASA Ratio



Cost of Deposits



Total Loan Book



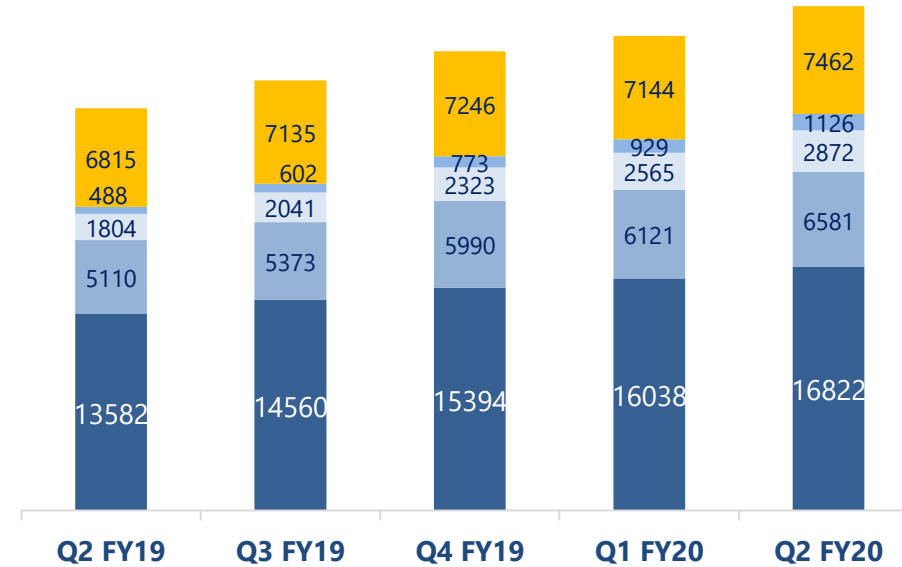
■ Retail ■ Agri ■ BuB ■ CB ■ CIB

Average Ticket Size of Wholesale Loan (CIB+CB) : 24 Cr
 Average Ticket Size of CIB Loans: 65 Cr
 Average Ticket Size of CB Loans: 7 Cr

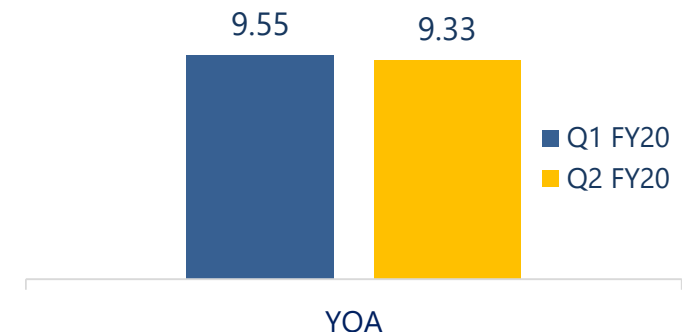
Retail Loan Book (Excl Agri & BuB)

₹ in Cr

■ Housing ■ Mortgage ■ Auto ■ Personal ■ Others



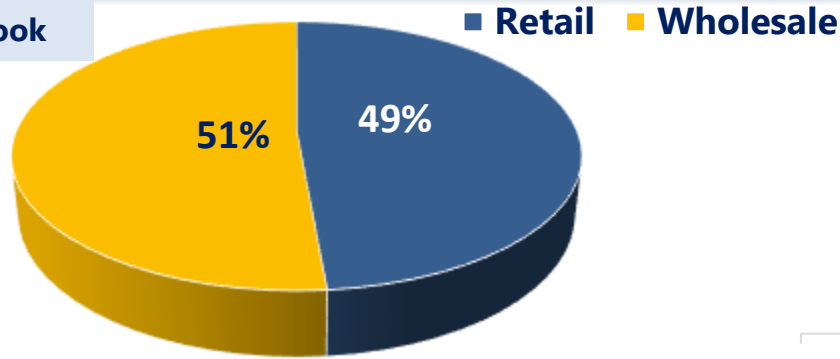
Yield on Advances



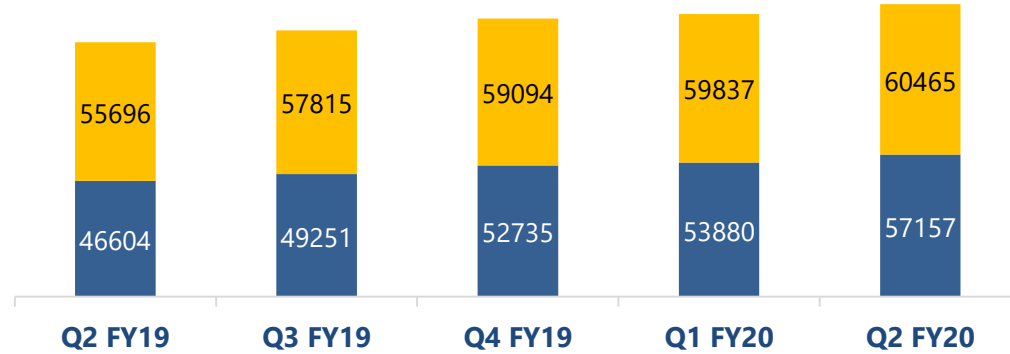
YOY

Credit Portfolio Distribution

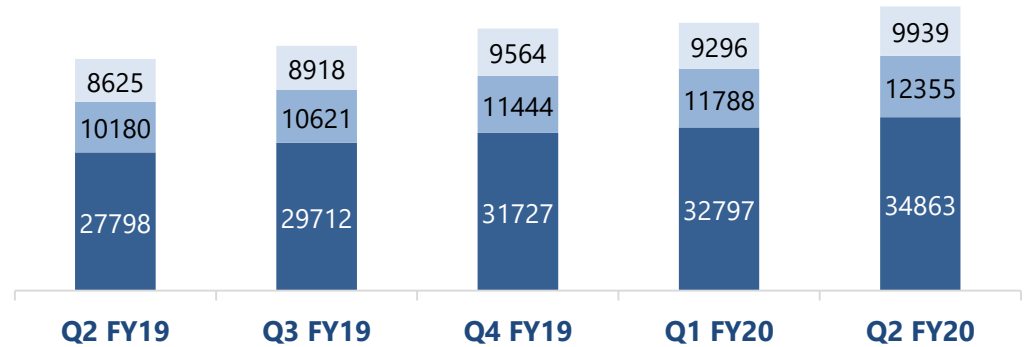
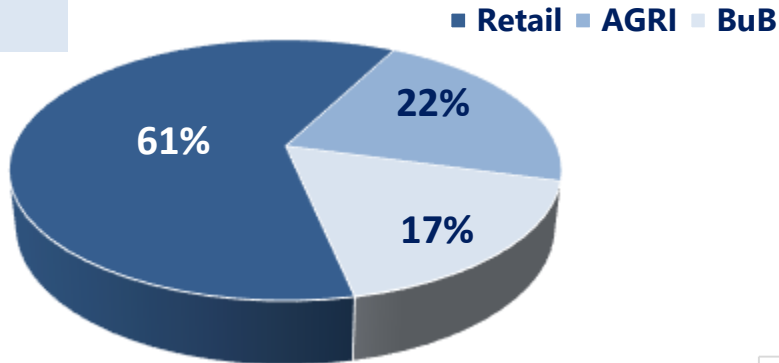
Total Loan Book



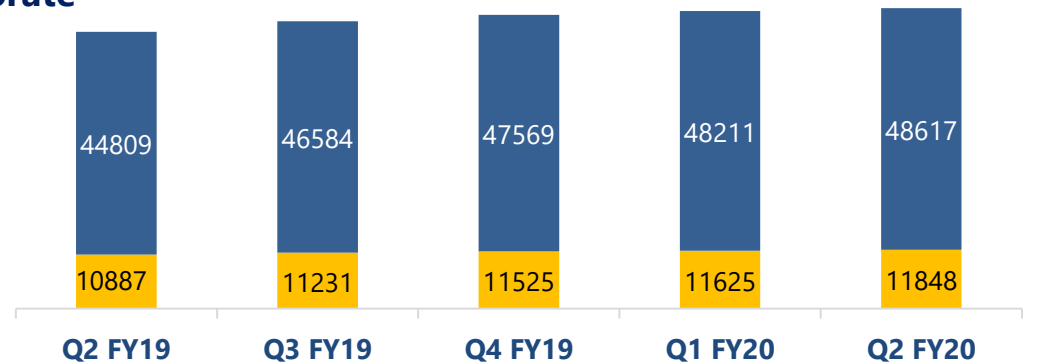
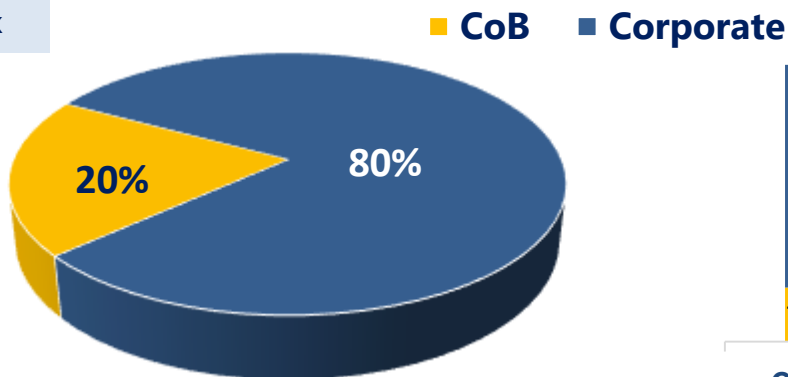
₹ in Cr



Retail Book

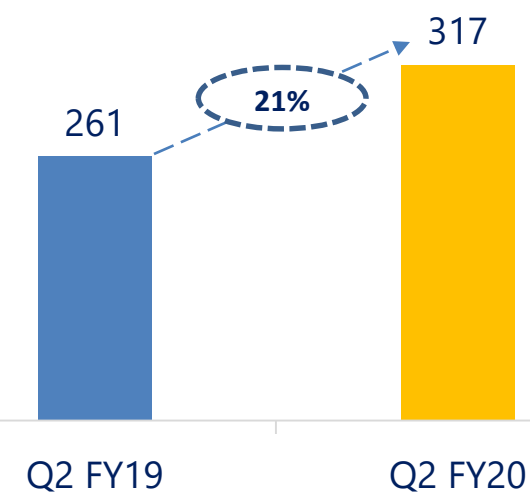


Wholesale Book

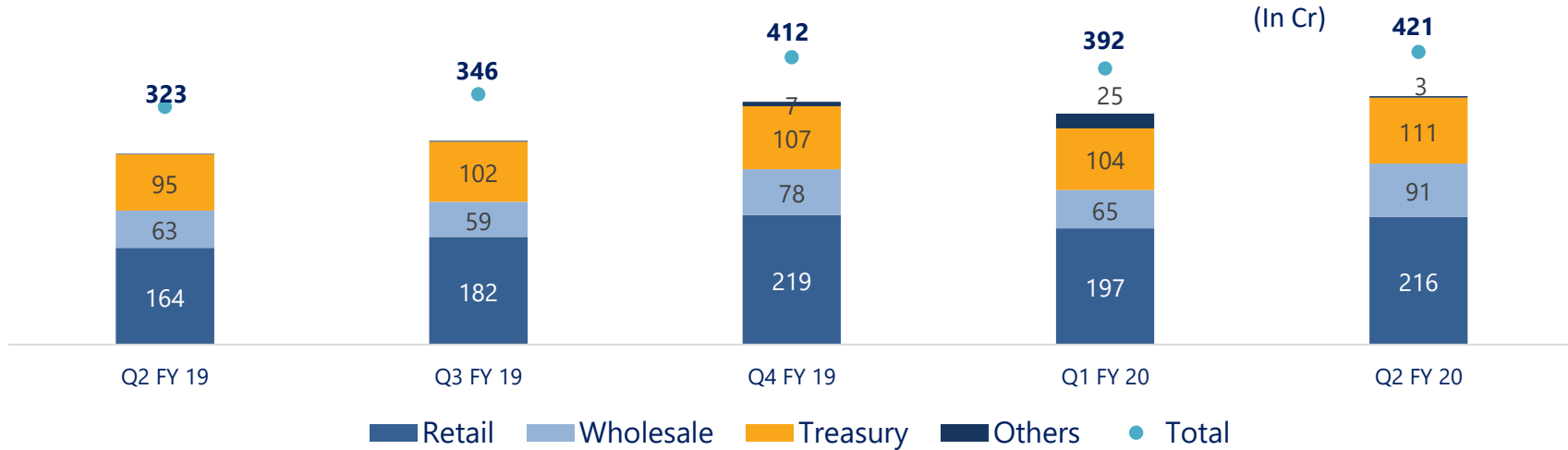


	Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19	Y-o-Y %
Loan Processing Fee	61	49	50	50	53	16%
Exchange, Commission, Brokerage & Other Fee Income	191	169	185	156	147	30%
Net Profit on Forex Transactions	64	43	54	74	61	5%
Fee Income	317	260	289	279	261	21%
Profit on sale of securities	82	91	74	55	51	61%
Recovery from assets written off , Other Receipts & misc.	22	40	49	11	11	99%
Total Other income	421	392	412	346	323	30%

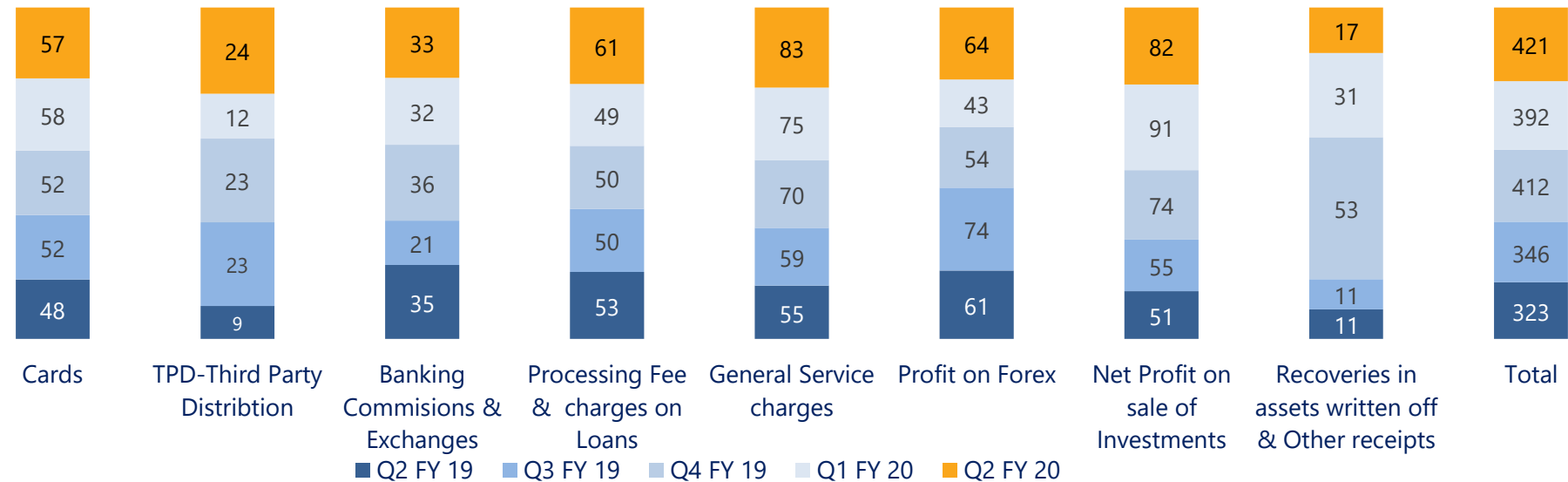
Fee Income (Y-o-Y)



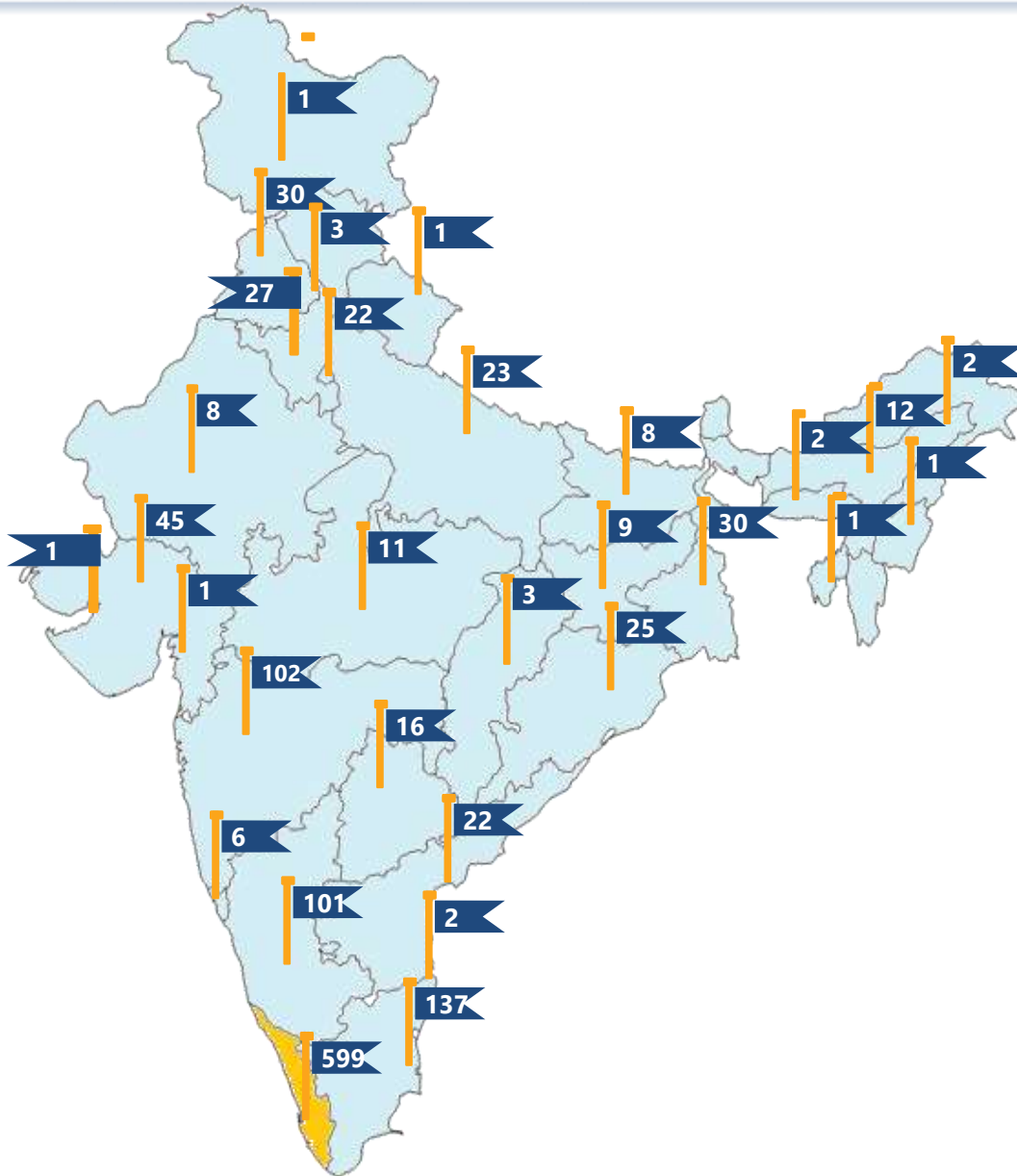
Fee Income Distribution : Vertical Wise



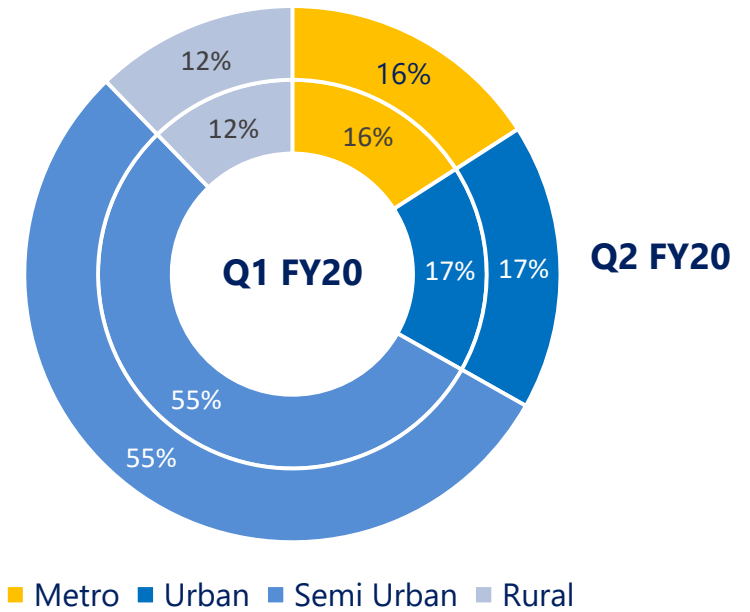
Fee Income Distribution : Item Wise



Distribution : Deriving Efficiency from Footprint



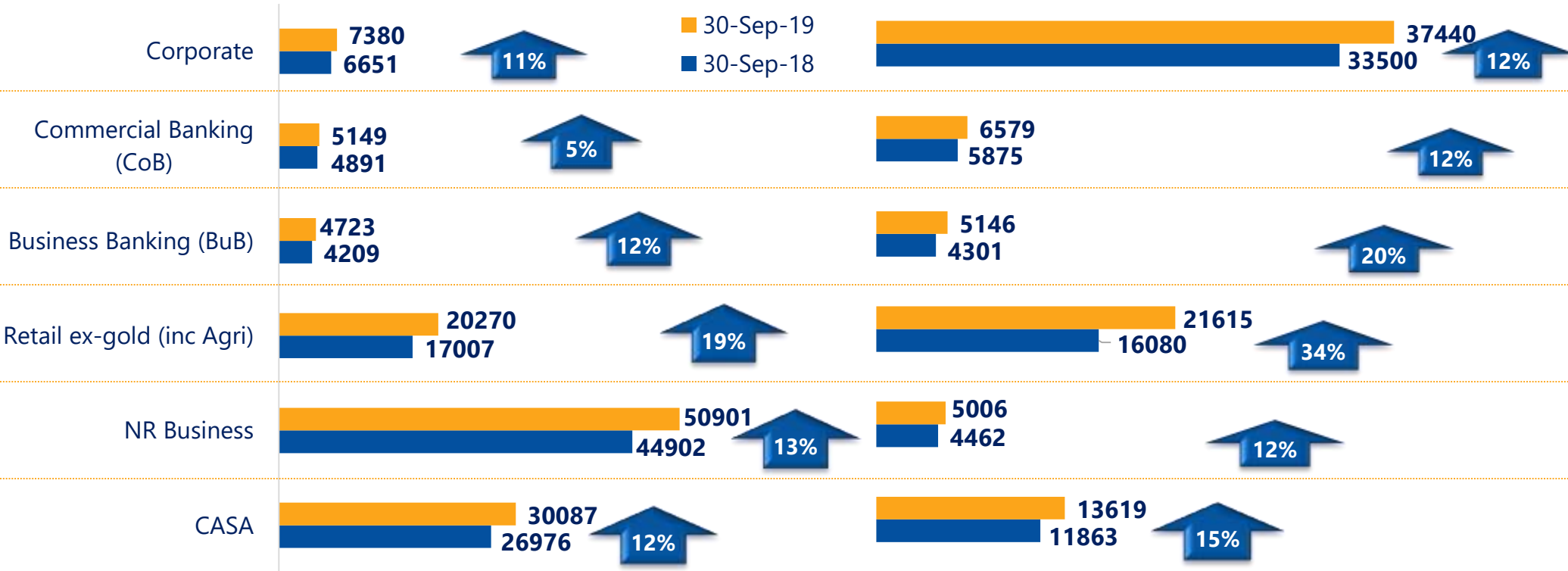
	Q2 FY20	Q1 FY20	Q4 FY19
Branches	1251	1251	1251
ATM/Recyclers	1942	1934	1937



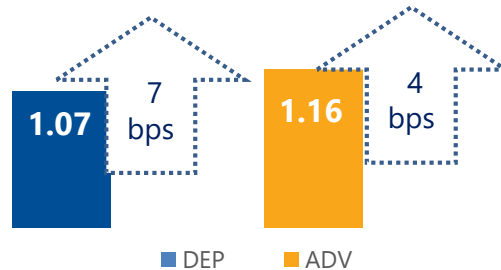
Kerala : Prominence to Dominance

Outside Kerala: Presence to Prominence

₹ in Cr



Bank's Market Share



Gain in Market Share(Y-o-Y)

Advance: Market Share improved by 4 bps
Deposit : Market Share improved by 7 bps

CRAR – How strong is your Bank?

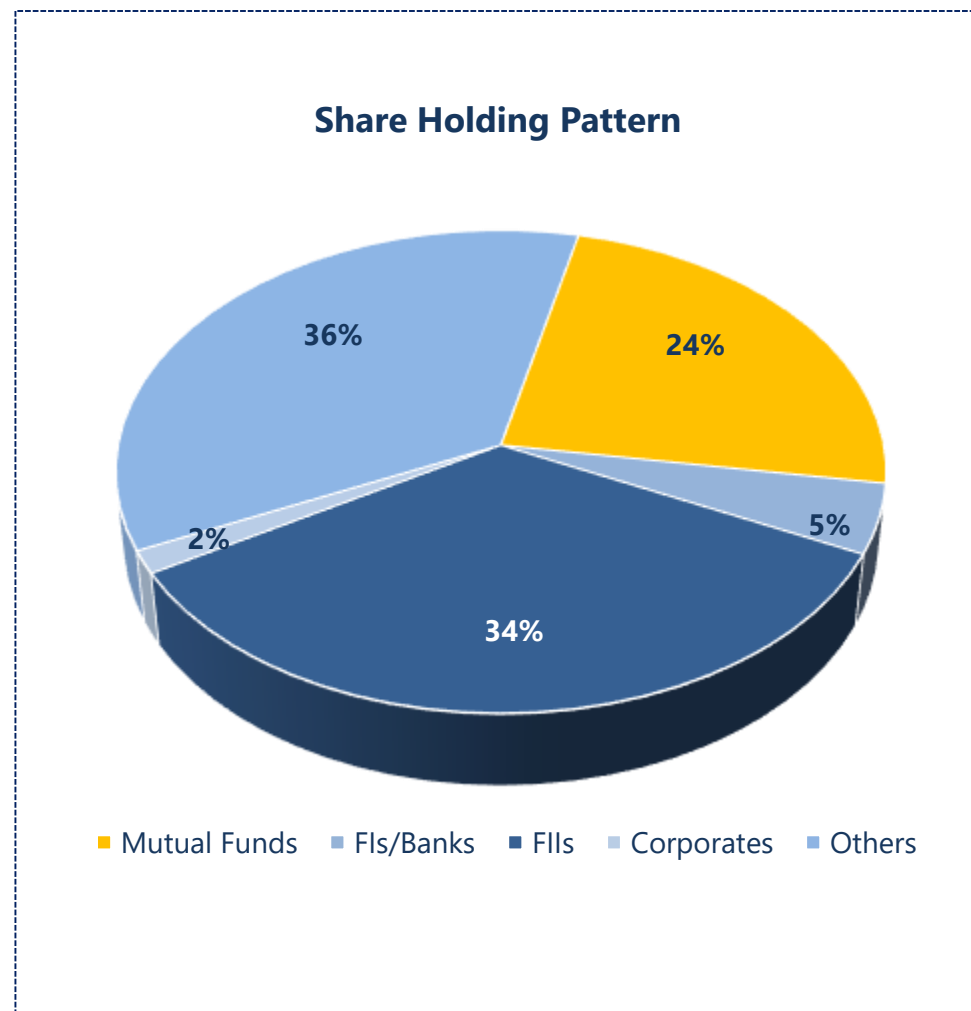
₹ in Cr

	Sep-19	Jun-19
Risk Weighted Assets		
Credit Risk	85828	84084
Market Risk	3024	3458
Operational Risk	8715	8715
Total RWA	97566	96257
Tier-1 Capital Funds	12561	12550
Tier-II Capital Funds	1081	1019
Total Capital Funds	13642	13569
CRAR	13.98%	14.10%
Tier-I	12.87%	13.04%
Tier-II	1.11%	1.06%

Annexures

₹ in Cr

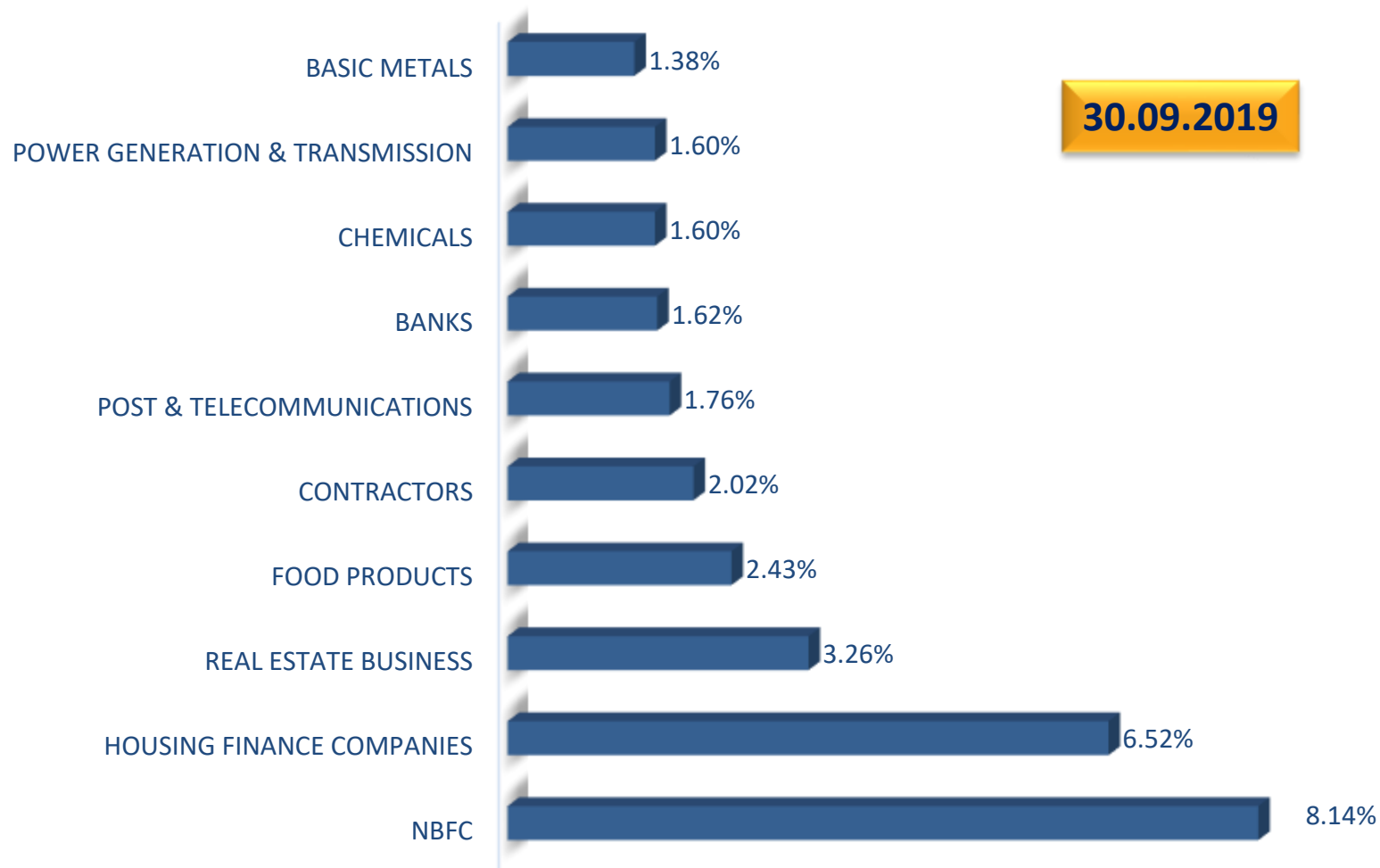
	Q2 FY20	Q2 FY19
LIABILITIES		
Capital	398	396
Reserves & Surplus	13357	12323
Deposits	139547	118182
Borrowings	7764	9710
Other Liabilities & Provisions	5360	5042
TOTAL	166424	145654
ASSETS		
Cash & Balance with RBI	7733	5721
Balances with Banks, Money at Call	3674	2594
Investments	31094	28029
Advances	115893	102205
Fixed Assets	472	461
Other Assets	7557	6644
TOTAL	166424	145654



₹ in Cr

	Q2 FY20	Q1 FY20	Q-o-Q	Q2 FY19	Y-o-Y
Interest Income	3254	3229	1%	2765	18%
Interest Expenses	2130	2075	3%	1742	22%
Net Interest Income	1124	1154	-3%	1022	10%
Other Income	421	392	8%	323	30%
Operating Expense	826	763	8%	648	27%
Total Income	3675	3621	1%	3088	19%
Total Expense	2956	2838	4%	2390	24%
Operating Profit	719	783	-8%	698	3%
Total Provisions	302	399	-24%	432	-30%
Net Profit	417	384	8%	266	57%
Net Interest Margin (%)	3.01	3.15	-14bps	3.15	-14 bps
Cost to Income Ratio (%)	53.47	49.36	411 bps	48.15	532 bps

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	74.00%
IDBI Federal Life Insurance Company of India Limited	26.00%
Equirus Capital Private Ltd	19.90%

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.

- Total AUM of 2600 Cr.
- 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.

Fixed Deposit

Certificate of Deposit

Tier 2 (Capital) Bonds



*India Ratings
& Research
Pvt Ltd, CARE*

A1+

A1+

IND AA
CARE AA

- Fixed Deposits and Certificate of Deposits enjoy highest rating in that class.

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Prominence
to Dominance

Presence
to Prominence

Thank You

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

October 16, 2019

PRESS RELEASE

Federal Bank Net Profit Grows 57% to Reach Rs.416.70 Cr

Federal Bank announced the Unaudited Financial Results for the quarter ended 30th September 2019. The key highlights of the results on a Y-o-Y basis are as follows:

- Total Business records a growth of 17%
- Total Advances increase by 15%
- Total Deposits grow by 18%
- Net profit at Rs.417 Cr registers a growth of 57%
- Retail Advances grow by 25%

Commenting on the results and financial performance, Mr. Shyam Srinivasan, Managing Director & CEO, Federal Bank said, “the Bank has delivered yet another quarter of strong bottom line performance with highest ever quarterly net profit. While the external environment remains challenging, we have negotiated well through the tough environment and maintained credit quality and focussed on building a granular and balanced business mix.”

WORKING RESULTS AT A GLANCE

(Rs. in Crore)

Particulars	Q2	Q2	% y-o-y growth
	2019-20	2018-19	
Total Income	3675.15	3087.81	↑19.02%
Net Profit	416.70	266.04	↑56.63%
Net Total Income	1544.69	1345.36	↑14.82%

Balance Sheet

Total Business of the Bank crosses Rs. 250000 Cr to reach Rs.255439.74 Cr registering a growth of 16.57% as on 30th September 2019. Total Advances grow from Rs.100940.88 Cr to Rs. 115893.21 Cr. Total Deposits increase from Rs. 118182.42 Cr to Rs. 139546.52 Cr as on 30th September 2019, registering a growth of 18.08%.

NRE Deposits of the Bank grow from Rs. 46787.05 Cr to Rs. 52690.21 Cr registering a growth of 12.62%. CASA Deposits clock a growth of 11.57 % Y-o-Y to reach Rs. 44023.39 Cr.

On the Asset side, Retail Advances clock a growth of 25.41% to reach Rs. 34862.97 Cr. Business Banking advances grow by 15.23% to reach Rs. 9939.31 Cr. Agriculture advances register a growth of 21.36 % to reach Rs. 12355 Cr from Rs. 10180.09 Cr. Housing Loans register an impressive Y-o-Y growth of 23.85% to Rs. 16821.97 Cr.

Operating Profit & Net Profit

The Bank registers an Operating Profit of Rs. 718.80 Cr and a Net Profit of Rs. 416.70 Cr. for the quarter ended 30th September 2019. The net profit records a staggering growth of 56.63%. The Operating Profit and Net Profit for the half year ended 30th September 2019 stood at Rs. 1501.56 Cr and Rs. 800.91 Cr respectively.

Margins

The Bank earned a Net Interest Income of Rs. 1123.77 Cr for the quarter ended 30th September 2019. Net Interest Margin stands at 3.01% as on 30th September 2019.

Asset Quality

The Gross NPA of the Bank as at the end of Q2 FY20 stood at Rs. 3612.11 Cr, which as a percentage to Gross Advances stands at 3.07%. The Net NPA and Net NPA as a percentage to Net Advances as on 30th September 2019 stand at Rs. 1843.64 Cr and 1.59% respectively. The Provision Coverage Ratio (including technical write-offs) is 66.16%.

NET WORTH & CAPITAL ADEQUACY

The Net worth of the bank increases from Rs. 12440.11 Cr to Rs. 13754.31 Cr, as on 30th September 2019. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines stands at 13.98% as at the end of the quarter.

Footprint

The Bank has 1251 branches and 1942 ATMs/ Recyclers as on 30th September 2019.

Q2FY19 Vs Q2FY20

- Gross advances increase by 14.98% to reach Rs. 117622.36 Cr
- NRE deposits cross Rs. 50000 Cr to reach Rs. 52690.21 Cr registering a growth of 12.62%
- Business Banking Advances grow by 15.23% from Rs.8625.49 Cr to Rs. 9939.31 Cr
- CASA grows by 11.57% from Rs. 39546.88 Cr to Rs. 44023.39 Cr
- Savings deposits grow by 13.27% to reach Rs. 37268.02 Cr
- Total Deposits increase by 18.08% from Rs. 118182.41 Cr to Rs. 139546.53 Cr
- Retail advances grow by 25.41% to reach Rs. 34862.97 Cr
- Investments stand at Rs. 31094.36 Cr
- Book Value per share increases from Rs. 62.81 to Rs. 69.18

MAJOR FINANCIAL INDICATORS (Standalone nos.)

(Rs. in Crore)

Business Figures	As on 30.9.2019	As on 30.9.2018	Growth (%)
Total Deposits	139546.53	118182.41	↑18.08%
SB & Demand Deposits	44534.81	39899.60	↑11.62%
Gross Advances	117622.36	102300.37	↑14.98%
Retail Advances	34862.97	27798.22	↑25.41%
Business Banking Advances	9939.31	8625.49	↑15.23%
Agri Advances	12355.00	10180.09	↑21.36%
Capital			
Equity Capital	397.62	396.12	
Net Worth	13754.31	12440.11	↑10.56%
Capital Adequacy (%)	13.98	13.29	
Tier I (%)	12.87	12.79	
Tier II (%)	1.11	0.50	

MAJOR FINANCIAL INDICATORS (Consolidated Nos)

(Rs. in Cr)

	As on 30.9.2019	As on 30.9.2018
Total Income	3748.44	3135.97
Total Expense	3017.27	2424.36
Operating Profit	731.17	711.61
Consolidated Net Profit	425.34	280.61
CRAR	14.32	13.43
ROA*	1.04%	0.80%

Annualized*Anand Chugh****Vice President**Ph - 9995707335, E-mail: anandchugh@federalbank.co.inA presentation for investors is being placed separately on our Bank's website: www.federalbank.co.in

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