

SC/58/2020-21

15.07.2020

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

Re.: Scrip Symbol: FEDERALBNK/Scrip Code: 500469

Dear Sir,

Sub: Presentation to Investor/ Analyst on the Un-Audited Standalone and Consolidated Financial Results of the Bank for the quarter ended 30 June 2020

As required under regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015, we are attaching herewith, an Investor / Analyst Presentation on the Un-Audited Standalone and Consolidated Financial Results of the Bank for the quarter ended 30 June 2020, business updates for the period ended 30 June 2020 and press release. The same has been published on the Bank's website also.

Kindly take the same on your record.

Thanking you.

Yours faithfully,

For The Federal Bank Limited

Samir P Rajdev
Company Secretary

Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q1 FY 2021

Steady Operating Momentum

Robust Operating Performance

- **Operating Profit @ 932 Cr for the Quarter, grows 19% YoY**
- Net Profit @ 401 Cr, grows 33% QoQ & 4% YoY
- Net Interest Margin @ 3.07%, highest in the last 4 quarters

Credit Growth in Chosen Areas

- Total Advances grew by 9% YoY
- Retail grew by 16% YoY
- **Gold loan grew by 10% QoQ & 36% YoY**
- Business Banking grew by 14% YoY

Continue to Strengthen Balance Sheet

Granular Liability Franchise

- **Total Savings Bank grew 7% QoQ & 21% YoY**
- CASA grew by 19 YoY and CASA Ratio improved to 32.02%, an increase of 152 bps QoQ
- Retail Deposits continue to be above 90%, @ 92% of Total Deposits

Income and Cost Streams

- **Highest ever Net Interest Income @1296 Cr**
- Strategic design of advance book led to NII growth of 12% YoY vs Advance growth of 9%
- Other Income @ 488 Cr, grew by 25% YoY
- **Cost to Income improved to 47.76%, down 246 bps QoQ, lowest in last 25 quarters**

Adequately Capitalized and Strong Liquidity Coverage Ratio

Asset Quality

- **NNPA @ 1.22%, lowest in last 20 quarters**
- **Further strengthened PCR to 58.54% from 53.39% QoQ, highest in last 20 quarters.**
- Covid provision stands at 186 Cr

Consistent Gain in Market Share

- Market Share in Advances reaches 1.18% - up by 5 bps YoY
- Market Share in Deposits reaches 1.10% up by 5 bps YoY

New Initiatives/ Digital Update

- Launched a facility for Pre-Booking Appointments in Branches named FedSwagat
- Transactions using Digital Channels now account for 82% of the total transactions

Balance Sheet and Capital

- Balance Sheet grew by 16% YoY (Rs 1.86 L Cr)
- Total business grew 13% YoY (Rs 2.76 L Cr)
- CRAR at 14.17%

Income

- Net Interest Income at an all time high, supported by strategic design of asset mix and low cost of funds
- Other Income supported by treasury gains on sale of securities @ 304 Cr
- Fee Income down due to low activity levels during the quarter. However, PF on loans resilient with minor degrowth of 10% YoY, with increased contribution from Gold Loans

Expense

- Employee expenses include additional pension cost of 35 Cr
- Tight control on expenses brought down Other Opex by 21% QoQ
- Benefits of digitalisation started yielding results.
- Cost/ Income ratio down sharply QoQ to 47.76%

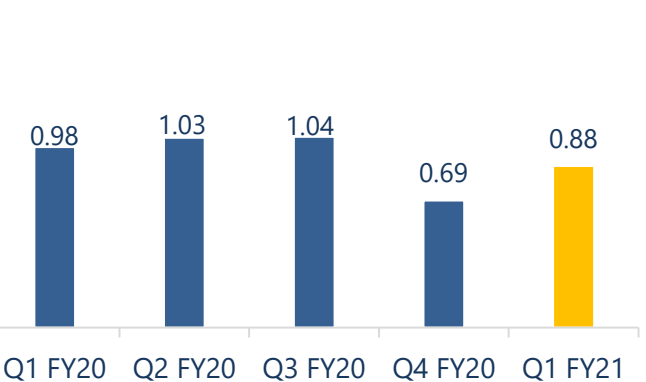
Provision

- Beefed up Provision Coverage Ratio to 58.54%
- Carrying Covid specific provision of 186 Cr
- Recognised a large corporate account as NPA and provided for it fully
- Also, created standard asset provision of 37 Cr for the expected hair cut in a large corporate account

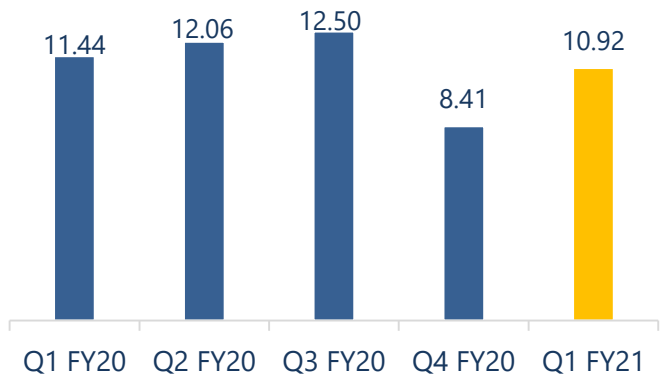
Performance Highlights Y-o-Y

Operating Profit Other Income	19% 25% ↑	Retail Banking Agri Banking	16% 14% ↑
RoA RoE	@ 0.88% @ 10.92%	Business Banking (BuB)	14% ↑
Cost to Income Ratio	@ 47.76%	Commercial Banking (CoB) Corporate Banking (CIB)	3% 3% ↑
GNPA NNPA	@ 2.96% @ 1.22%	Total Advance	9% ↑
NII NIM	12% @ 3.07% ↑	CASA NRE Deposit	19% 19% ↑
Capital Adequacy (CRAR)	@ 14.17%	Total Deposit	17% ↑

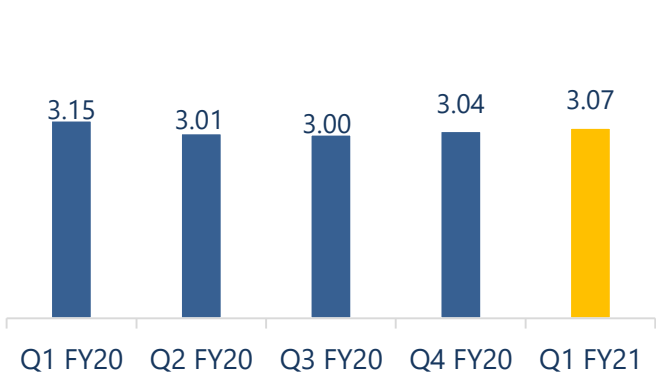
RoA



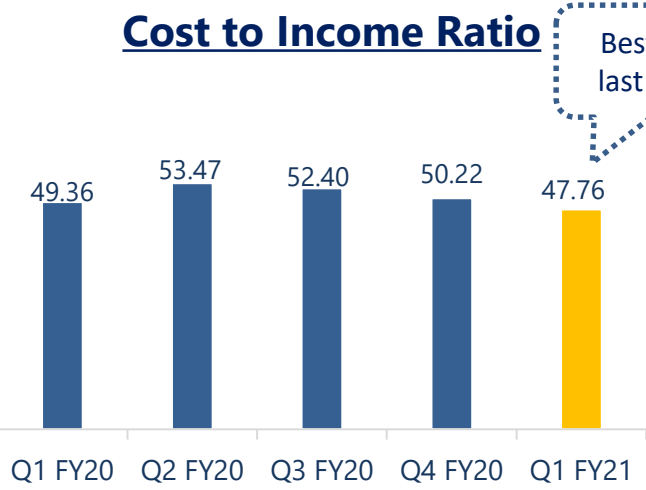
RoE



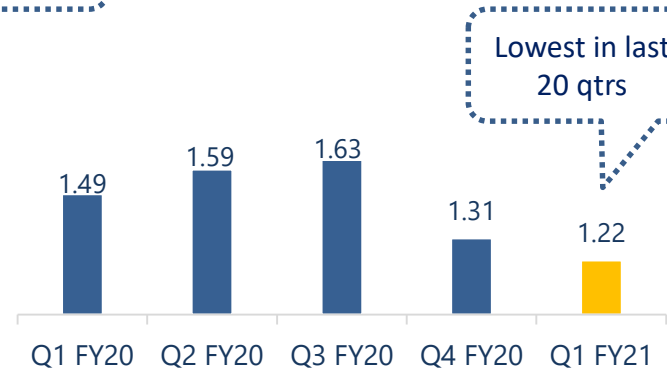
Net Interest Margin (%)



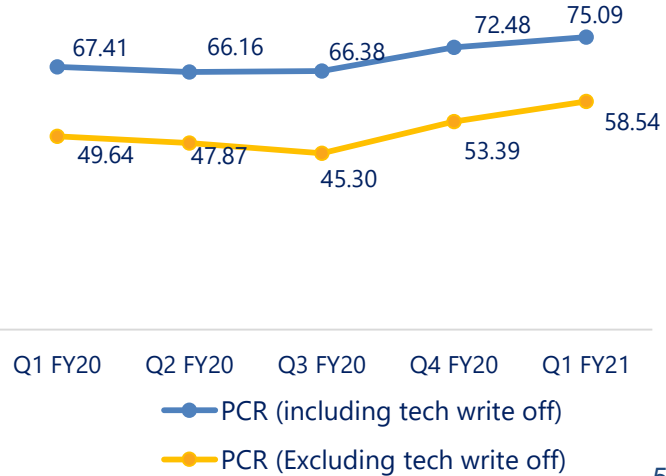
Cost to Income Ratio



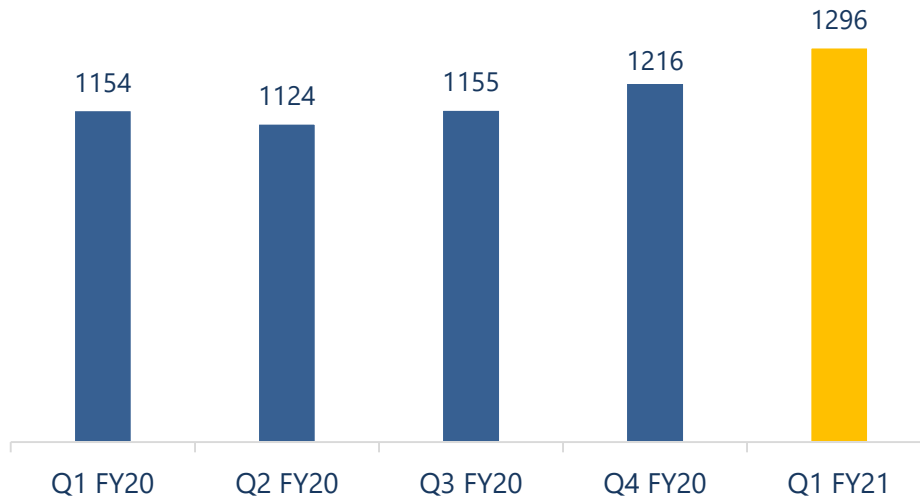
NNPA (%)



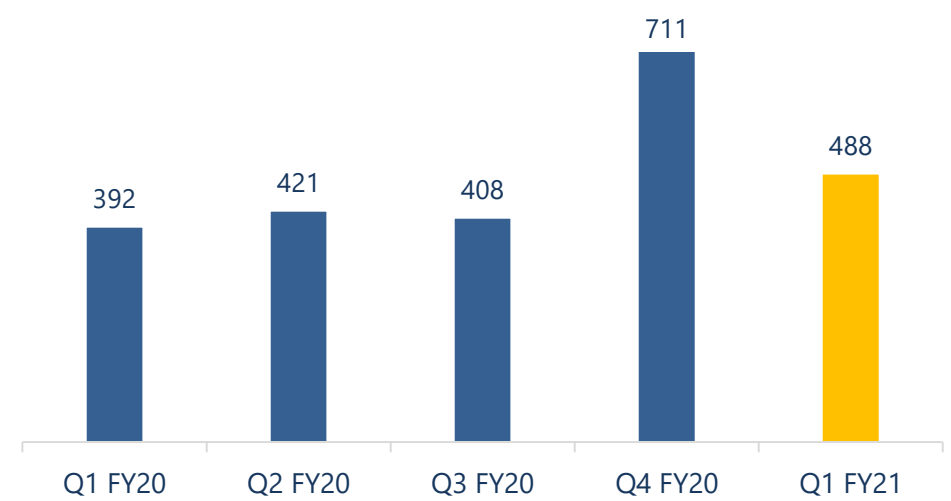
PCR (%)



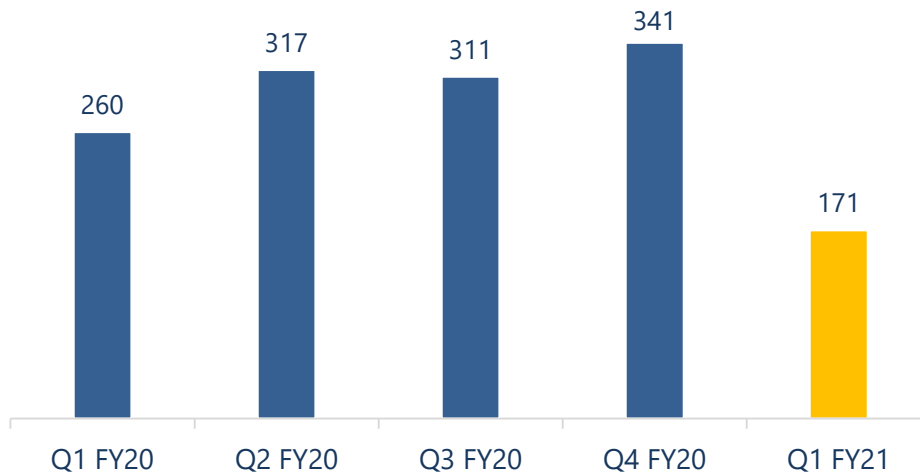
Net Interest Income



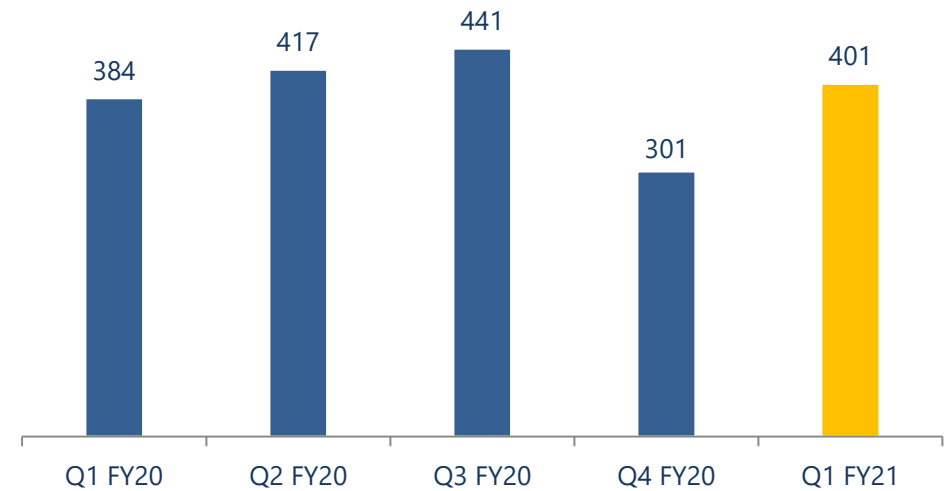
Other Income



Fee Income



Net Profit



Shareholder Value

	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20	Q1 FY20
Book Value (Per Share in ₹)	74.85	72.86	71.33	69.18	68.79
EPS (annualized)	8.07	6.06	8.78	8.32	7.76

Granularity

CASA + Deposits <2 Cr (% of Total Deposits)	89%	87%	88%	89%	89%
--	-----	-----	-----	-----	-----

Profitability (Annualized)

ROA	0.88	0.69	1.04	1.03	0.98
RoRWA	1.64	1.23	1.92	1.86	1.76
ROE	10.92	8.41	12.50	12.06	11.44

Efficiency

Cost/Income	47.76	50.22	52.40	53.47	49.36
Net NPA%	1.22	1.31	1.63	1.59	1.49

Segment	Book Size in Cr	Moratorium Book (Gross)*		Moratorium Book (Net)*	
		Amt in Cr	%	Amt in Cr	%
Agri	13645	5275	39%	3169	23%
Retail	37908	15105	40%	12336	33%
Business Banking	10512	7915	75%	4448	42%
Commercial Banking	11830	6124	52%	4134	35%
CIB	49542	8840	18%	6135	12%
Total	123437	43258	35%	30222	24%

Net Moratorium = Gross Moratorium – loans which cleared all interest/ EMI demands till June 2020 – Gold Loans/ loans against liquid securities

* Moratorium Book as on 12th July, 2020

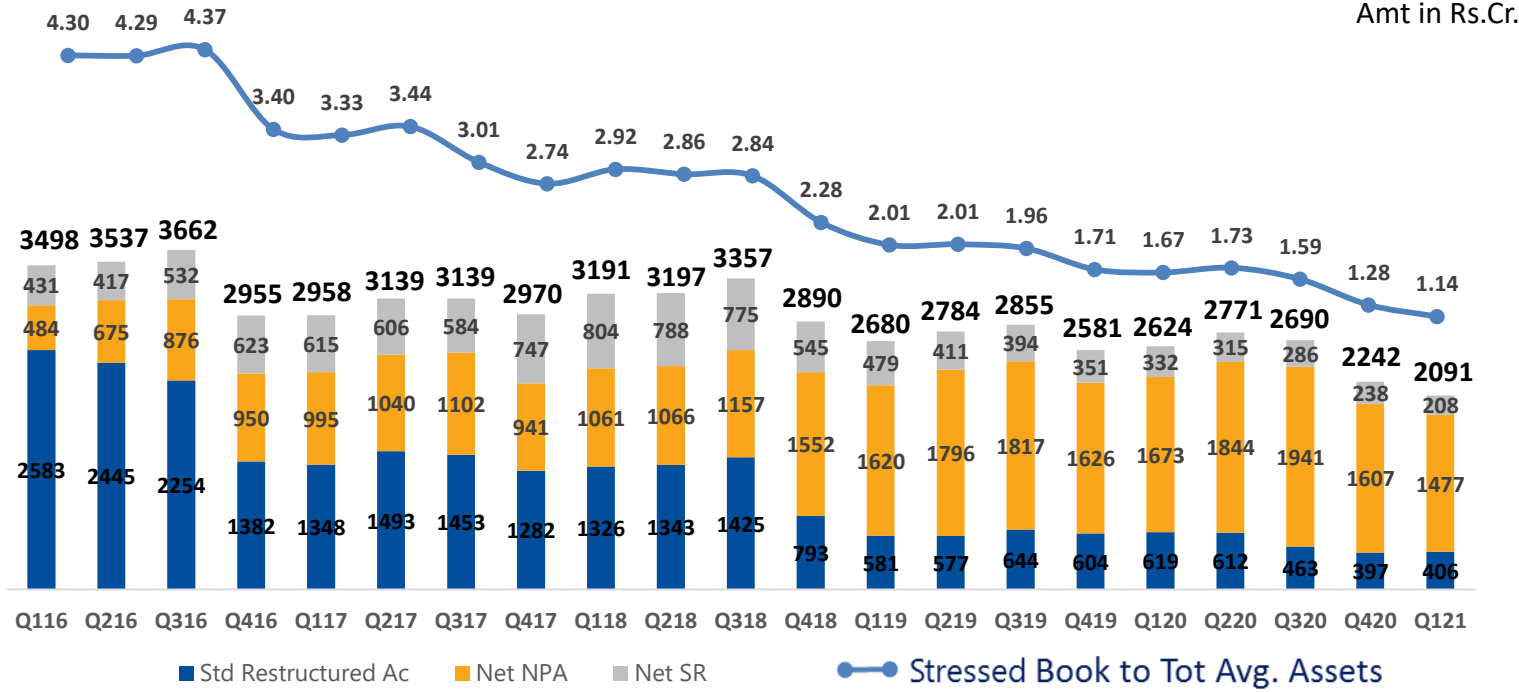
Asset Quality Trends

Strengthened Provision Coverage ratio to 58.54%, an increase of 515 bps QoQ

Carrying Covid specific provision of 186 Cr

One large corporate account recognized as NPA and fully provided for, during the quarter

Total stressed book to total average assets reduced to 1.14%



Movement of NPA

Gross NPA as on 31.03.2020	3531
Add Fresh Slippage	184
Add Increase in Balances in Existing NPAs	9
Deduct Recoveries/ Upgrades	-66
Deduct Written Off	-2
Gross NPA as on 30.06.2020	3656

Provisions in Q1 FY21

Loan Loss	256
Investment Loss	-5
Restructured Accounts	0
Standard Accounts	144
Other Purposes	0
Total Provisions	395

Fresh Slippages Break up

Fresh Slippages

	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20	Q1 FY20
Retail	1	97	101	124	141
Agri	1	36	50	72	67
BuB	0	54	66	95	99
CoB	8	68	55	51	20
Corporate	174	29	321	199	88
Total	184	284	593	540	415

Restructured

TYPE	Q1 FY21		Q4 FY20	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	406	42	397	42
Net NPA	198	80	202	80
TOTAL	604	122	599	122

Security Receipts

	Q1 FY21	Q4 FY20
Face Value	600	633
Book Value	514	546

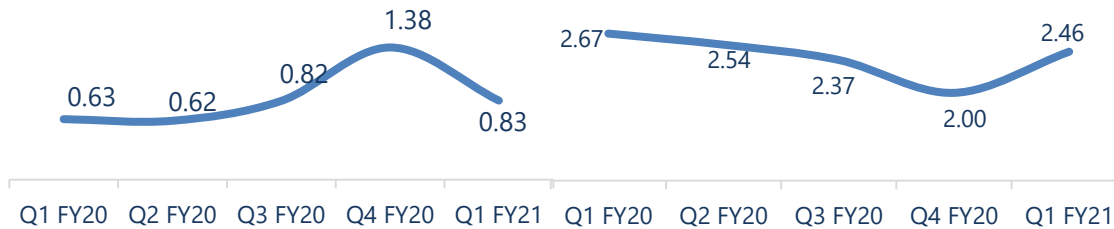
NPA Composition

Q1 FY21 Q4 FY20

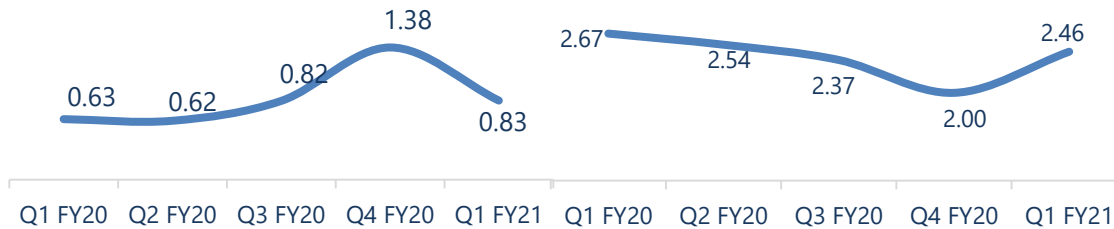
Business	NPA	NPA
Retail	695	717
Agri	586	596*
BuB	660	674*
CoB	675	678
Corporate	1039	866
Total	3656	3531
Net NPA	1477	1607

*Change due to reclassification

Credit Cost



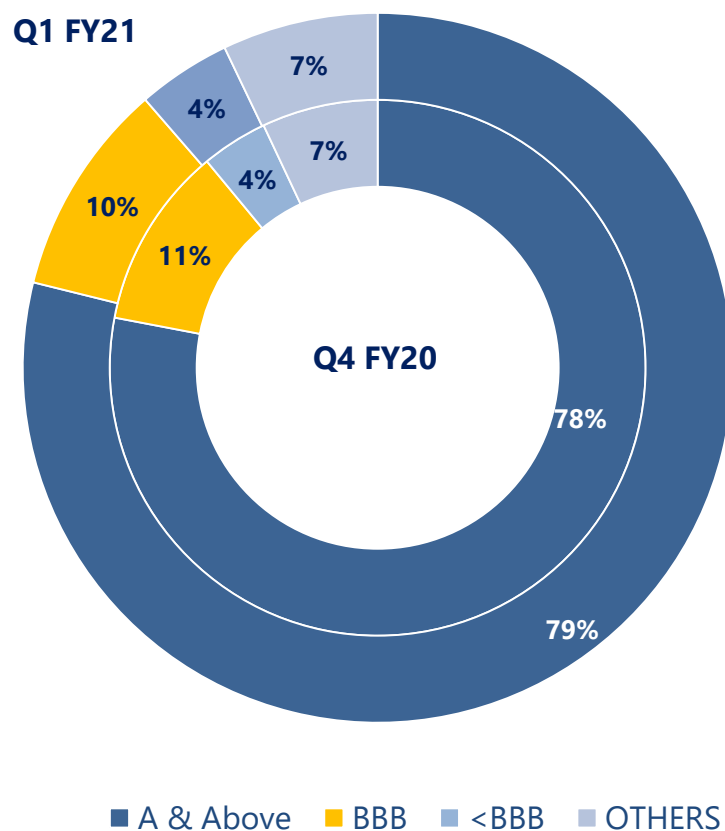
Risk Adjusted NIM



Slippage Rate

	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
— Retail	2.33	2.15	1.51	1.26	0.01
— Wholesale	0.73	1.67	2.49	0.63	1.16
— Bank	1.48	1.90	2.02	0.94	0.59

External Rating of Corporate Advances



External Rating of Corporate Advances

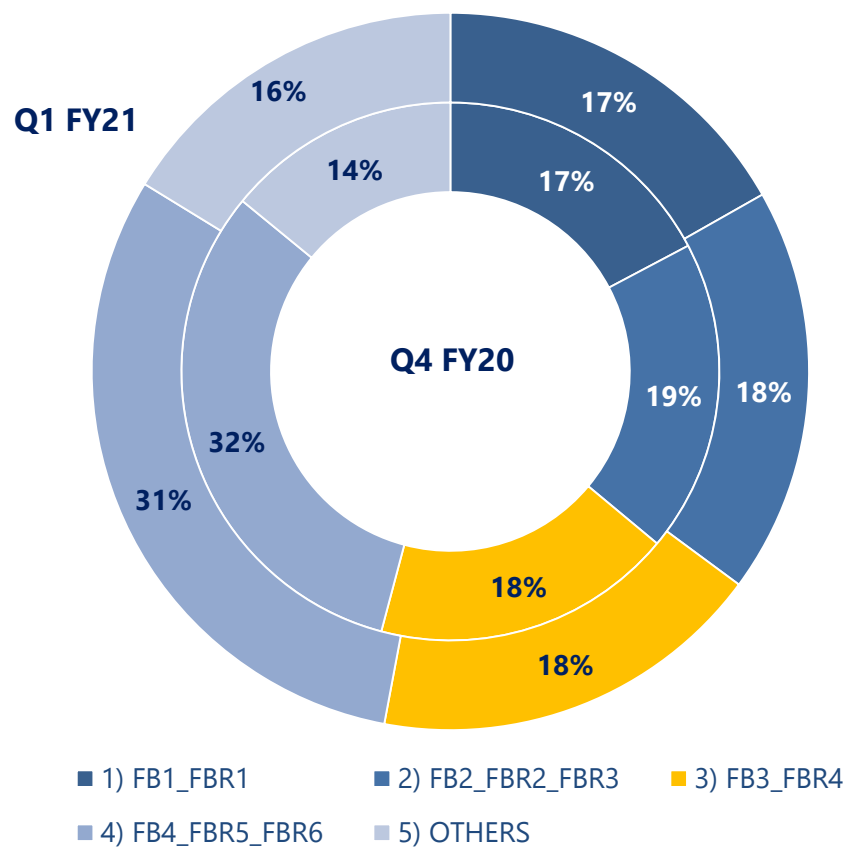
Rating	Q1 FY-21	Q4 FY-20
A & above	79%	78%
BBB	10%	11%
< BBB	4%	4%
Others	7%	7%

Internal Rating of 'others' (Externally unrated Corporate advance from above table)

Rating	Q1 FY-21	Q4 FY-20
FBR1	2%	11%
FBR2/FBR3	1%	1%
FBR4	33%	21%
Below FBR4 & unrated	64%*	68%*

*includes IBPC.

Asset Quality : Rating Distribution (Advances excluding Corporate advance)



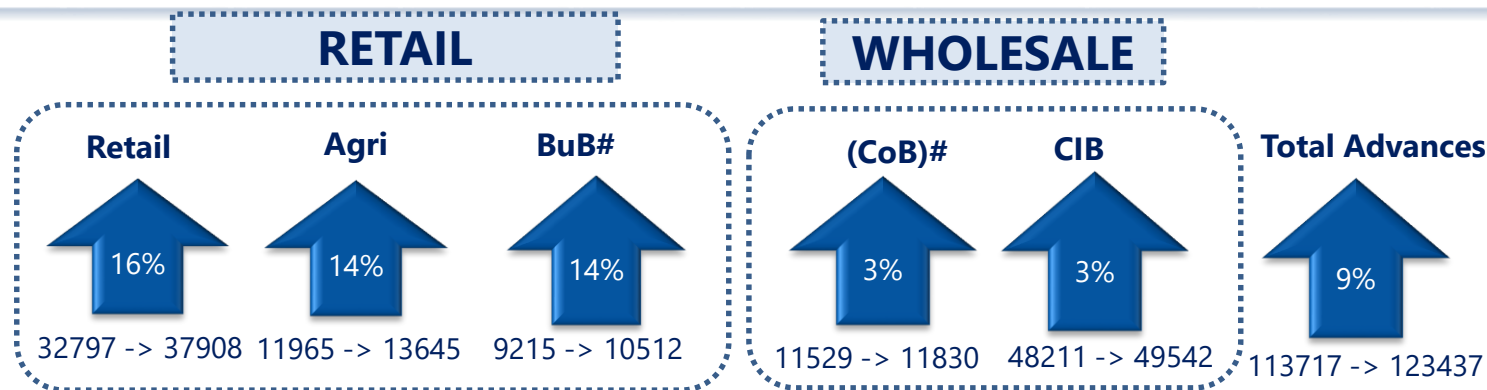
Rating		Q1 FY-21	Q4 FY-20
FBR1	FB1	17%	17%
FBR2/FBR3	FB2	18%	19%
FBR4	FB3	18%	18%
FBR5/FBR6	FB4	31%	32%
Staff		3%	3%
Gold, Advance against Deposit/Securities & others		13%	11%

Comparison : Y-o-Y (3 M)

RETAIL

WHOLESALE

Advances



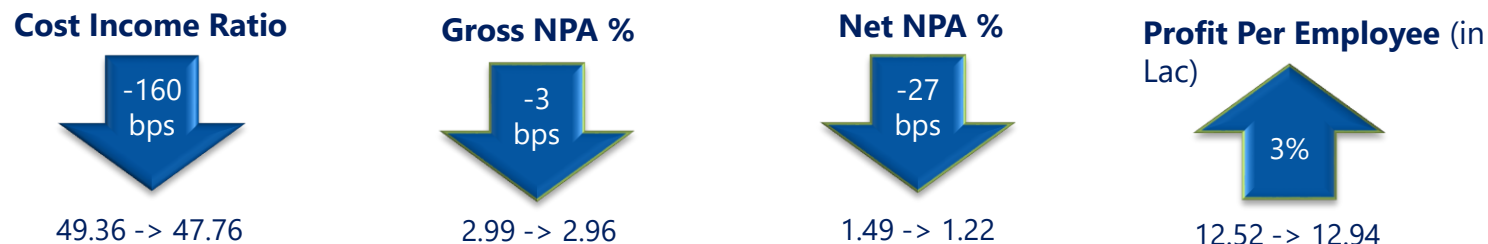
Deposits



Performance



Ratios



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

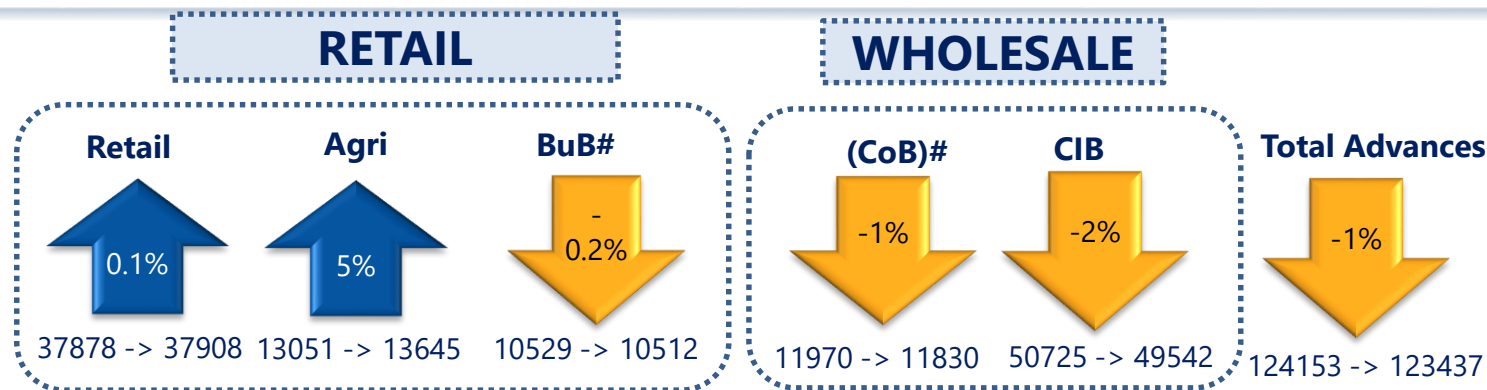
#SME split into BuB & CoB

Comparison : Q-o-Q (3 M)

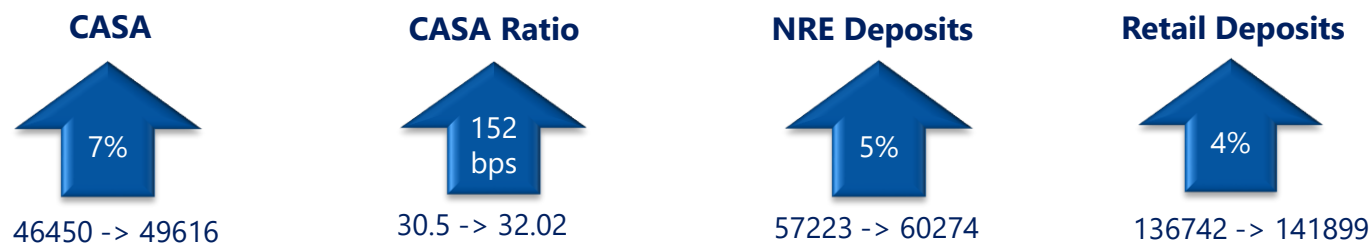
RETAIL

WHOLESALE

Advances



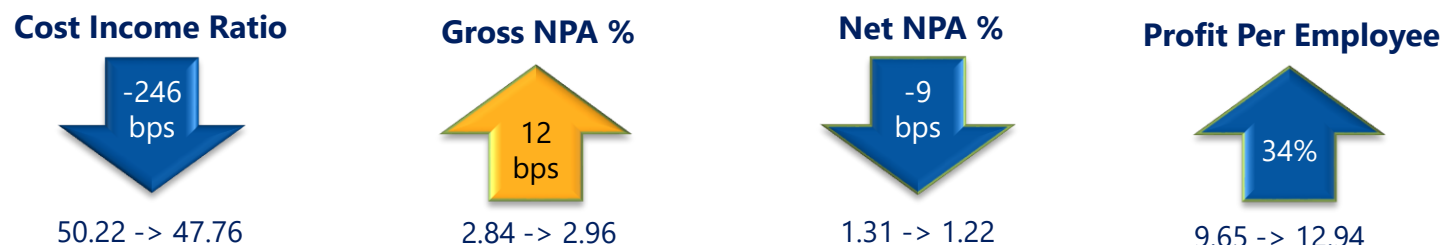
Deposits



Performance



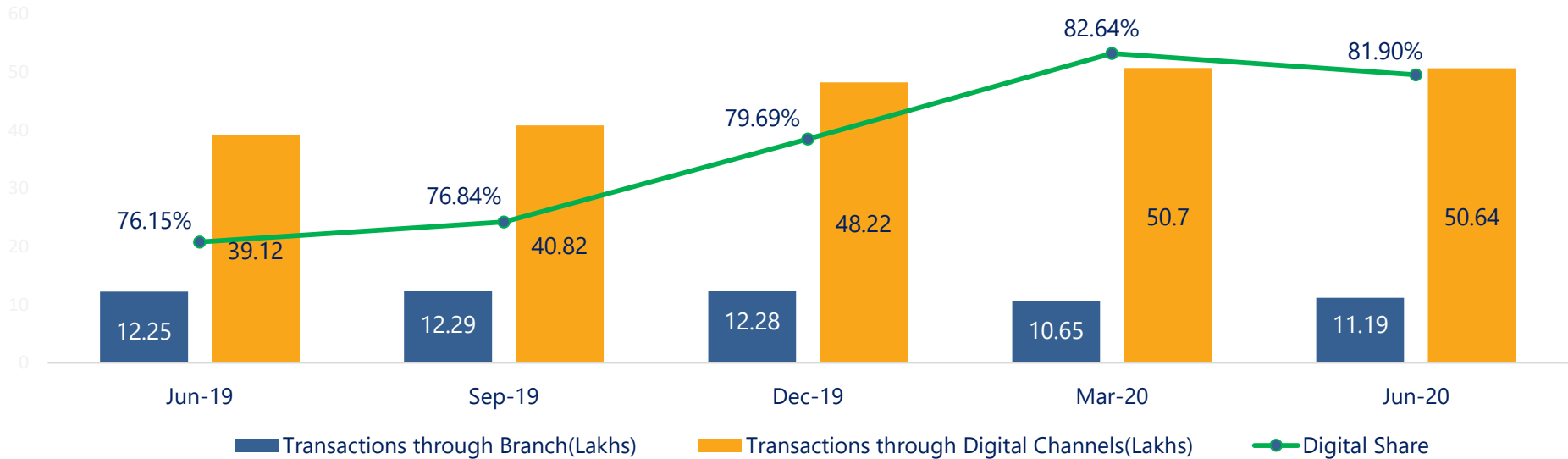
Ratios



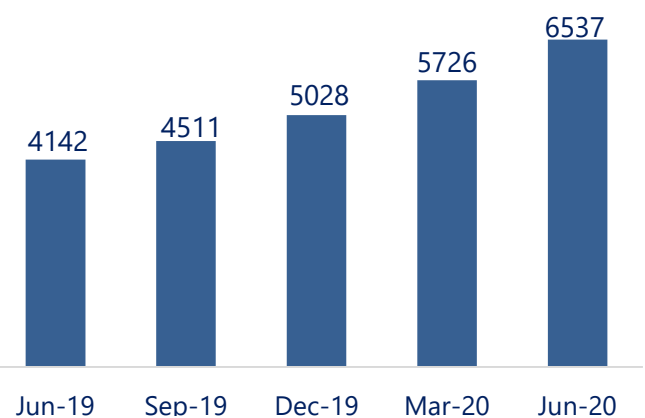
* Credit segments are realigned at the beginning of every FY.

#SME split into BuB & CoB

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

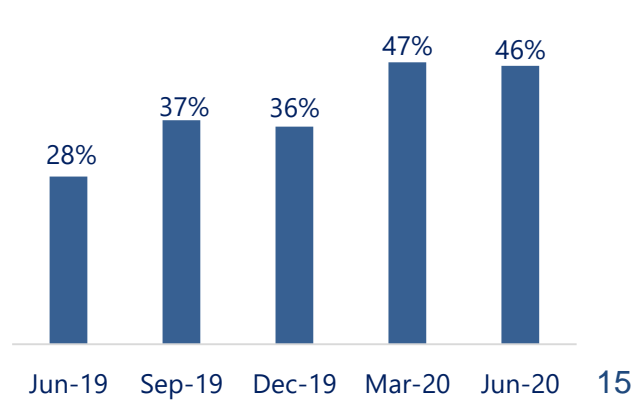


Mobile Banking Volume in crores



- Mobile Banking monthly volume crossed **6500 Cr**, a first time ever even amidst the COVID crisis.
- There is a YoY growth of **46%** in active digital users.
- Digital Share stands at **81.90%**.
- Count of digital active users continues to increase.

YoY Growth in Digital Users



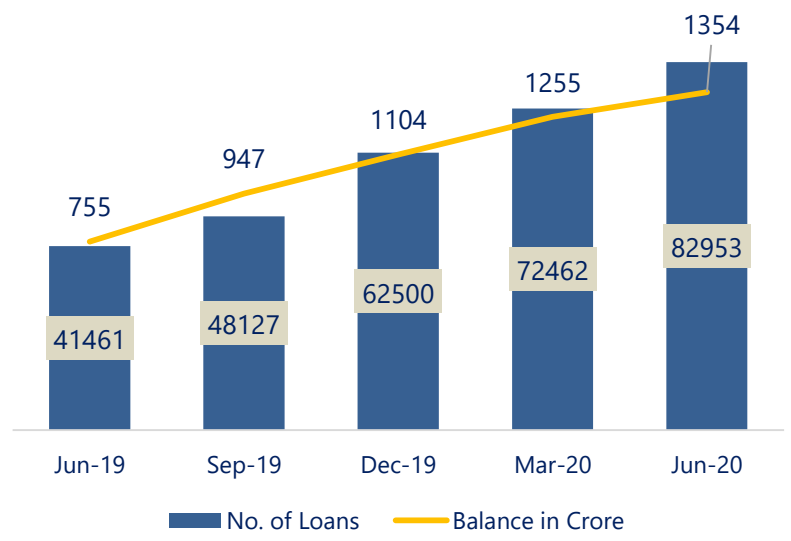


- BYOM enables digital instant personal loans through Web, Google Pay & Paisa Bazaar clubbed with HDFC Ergo insurance.
- EMI on check out through PineLabs at multiple merchant locations.

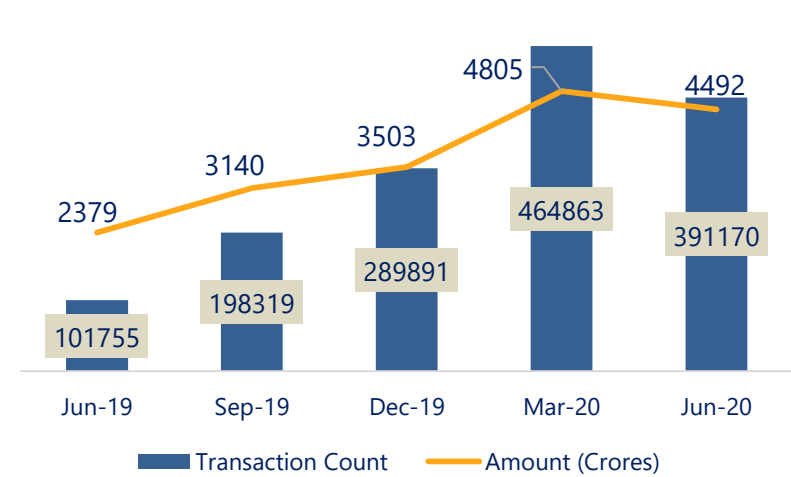


- Fed e-Biz is the omni channel transaction banking platform for corporates.
- 88.81% YOY growth in the platform and transaction volume has reached 4492 cr, even amidst the pandemic.

BYOM Digital Personal Loans : Loan book progress



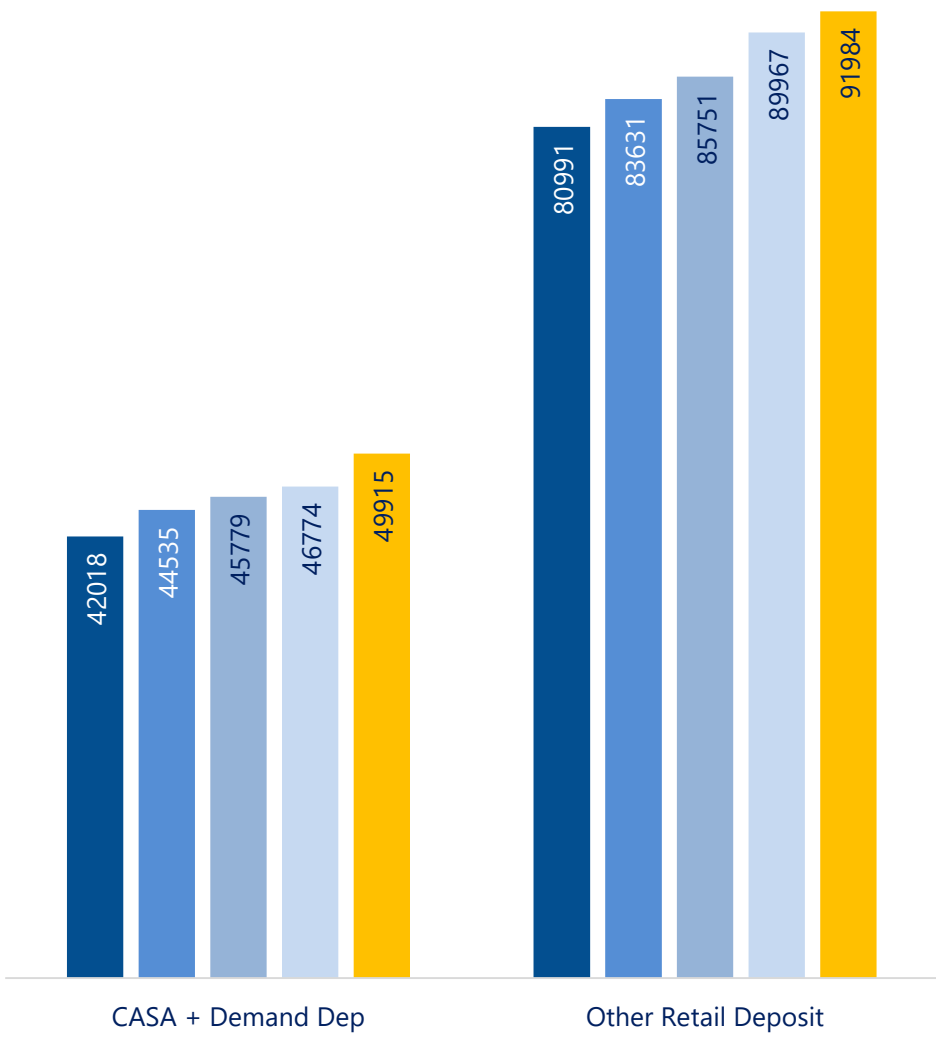
Fed E Biz



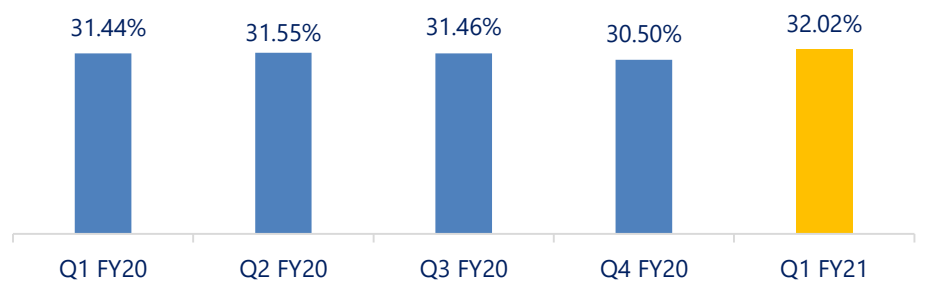
Business Parameters

₹ in Cr

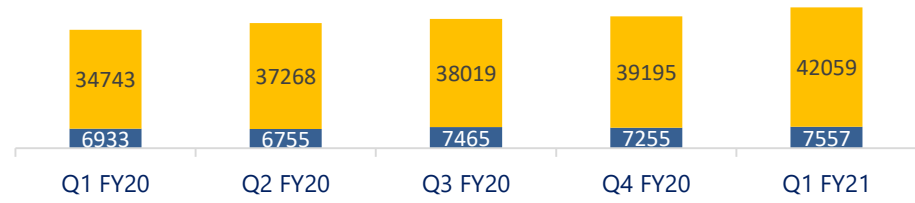
■ Q1 FY20 ■ Q2 FY20 ■ Q3 FY20 ■ Q4 FY20 ■ Q1 FY21



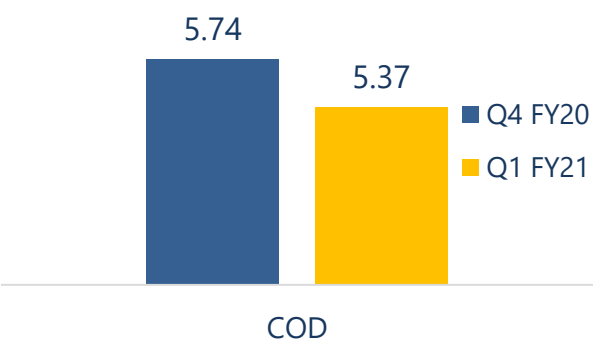
CASA Ratio



CA & SA

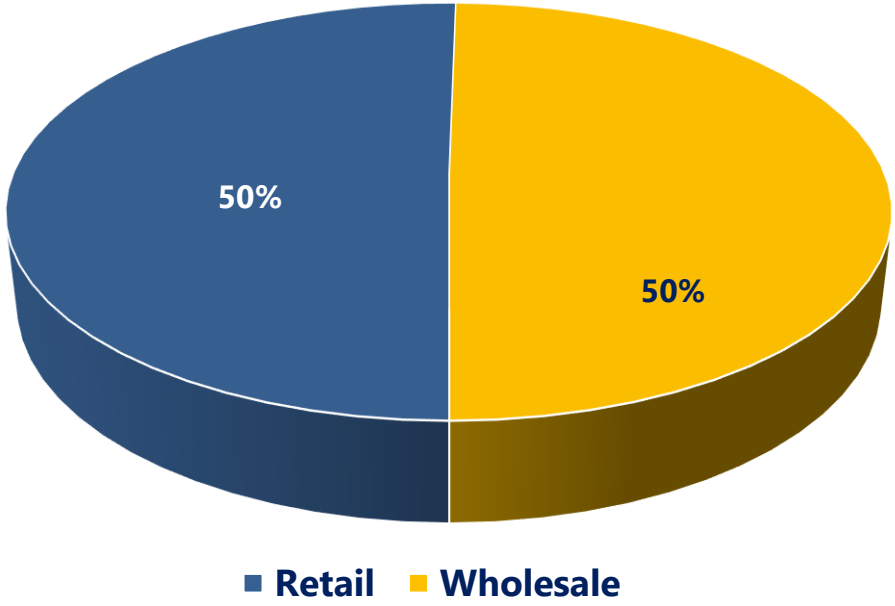
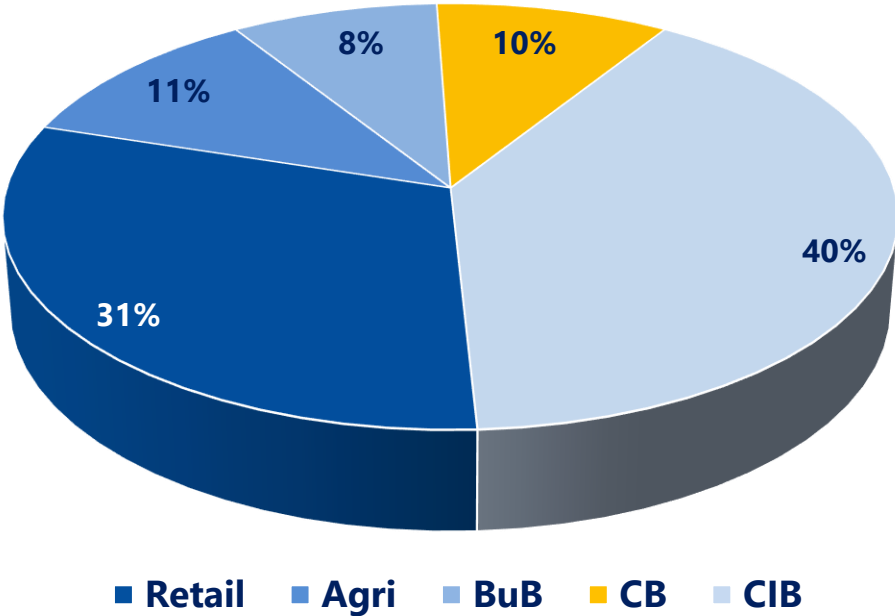


Cost of Deposits

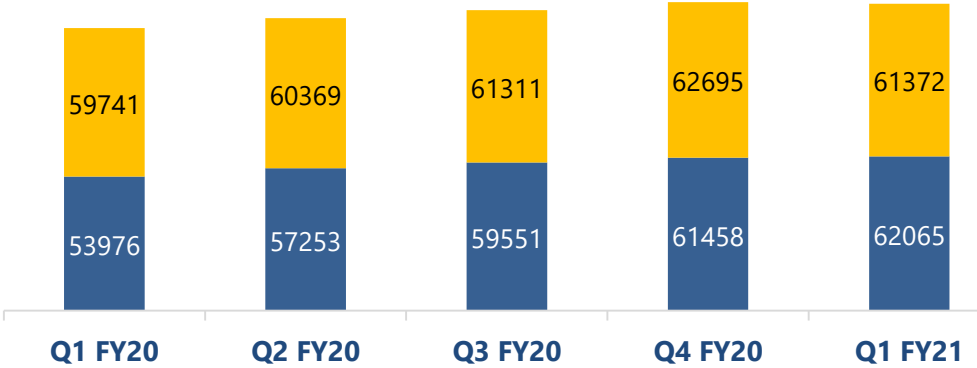
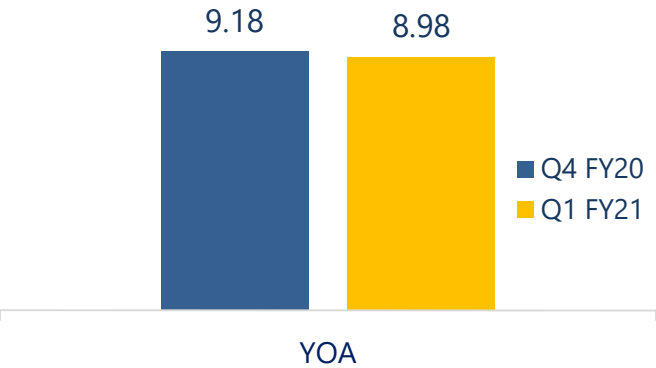


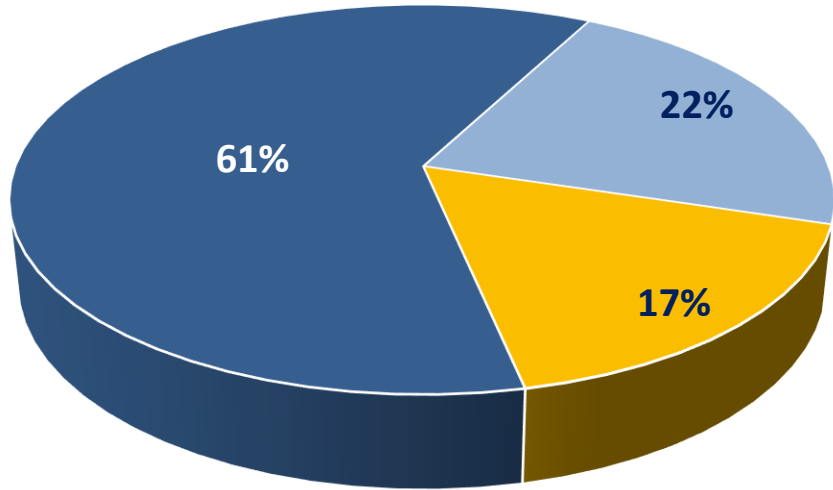
₹ in Cr

TOTAL LOAN BOOK



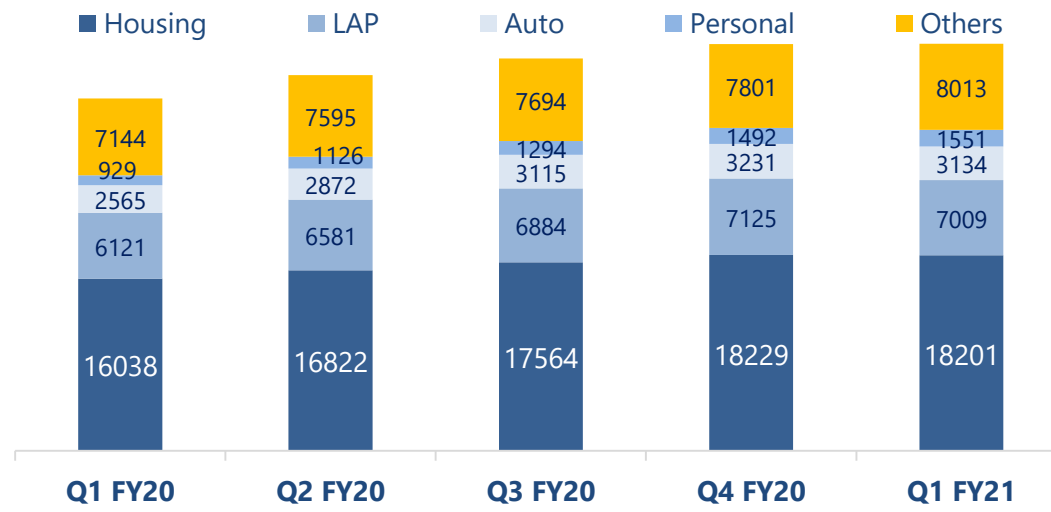
Yield on Advances



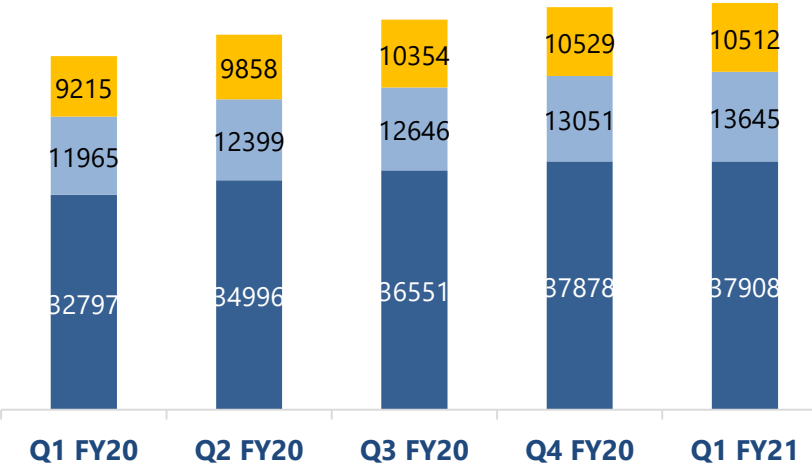


₹ in Cr

Retail Loan Book (Excl Agri & BuB)

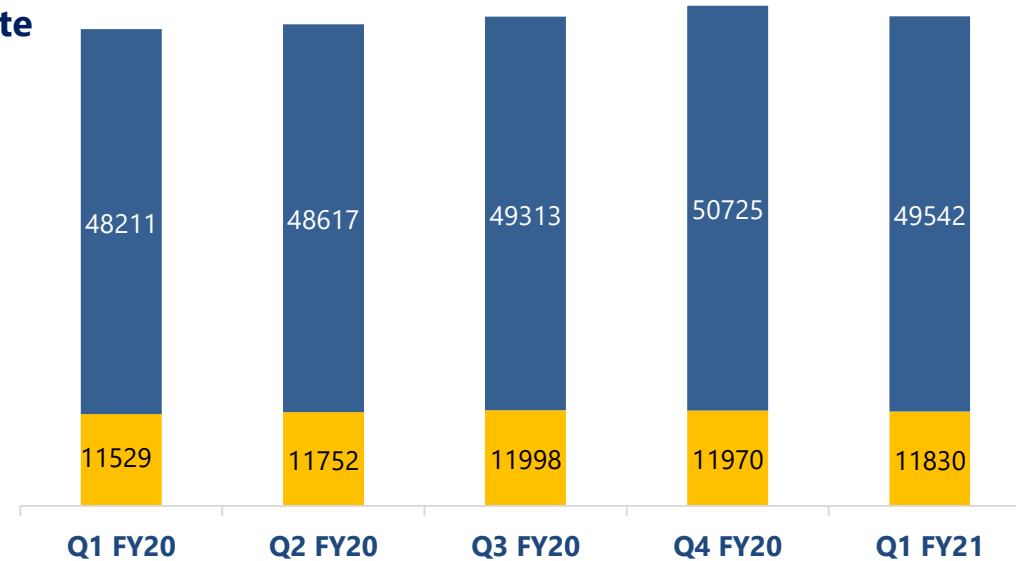
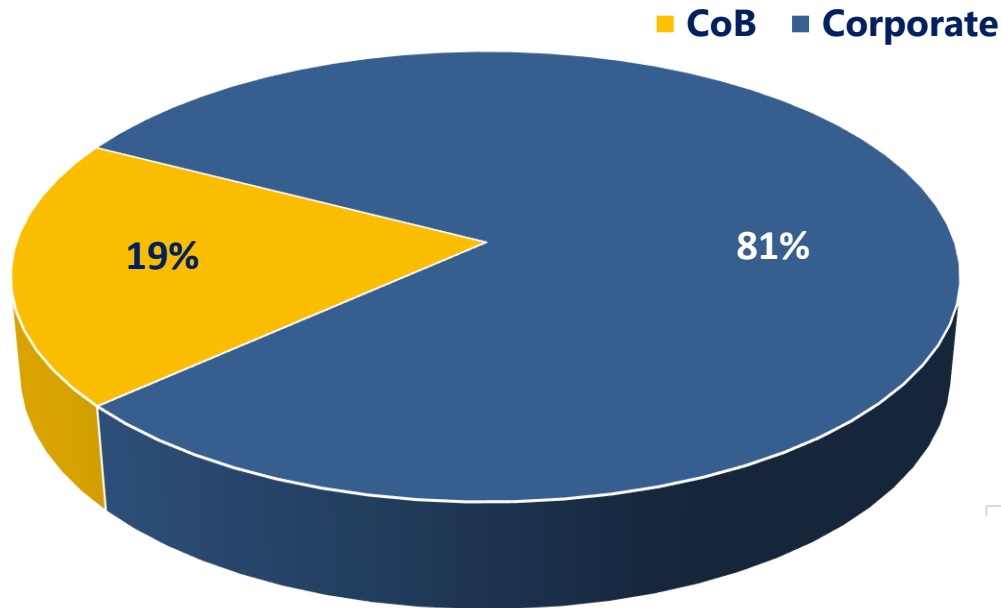


Retail Agri BuB



RETAIL BANKING

- Rolled out the Digital Platform named GoNoGo across the entire sales channel to ensure better TAT, bring down the cost of acquisition and a better digital experience
- Bank has partnered with Amazon to offer Debit Card EMI facility to customers
- Digital delivery of GECL loans enabled to ensure faster and hassle free experience for the customers, rolling out as pre-approved loans helping in disbursing 1000 Cr across geography.
- Gold Loans crossed Rs.10,000 Cr milestone registered YoY growth of 36 % and QoQ growth of 10%, which is one of the best in the industry.

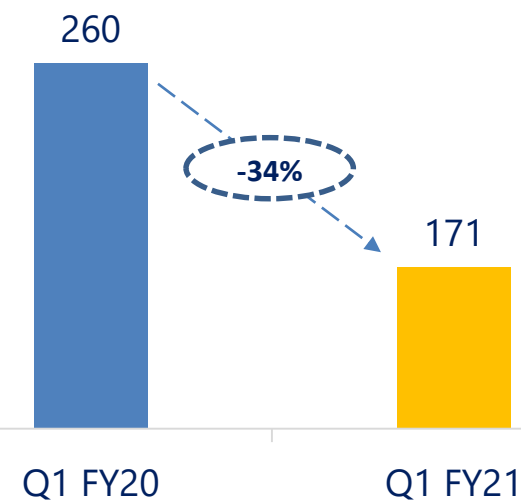


WHOLESALE BANKING

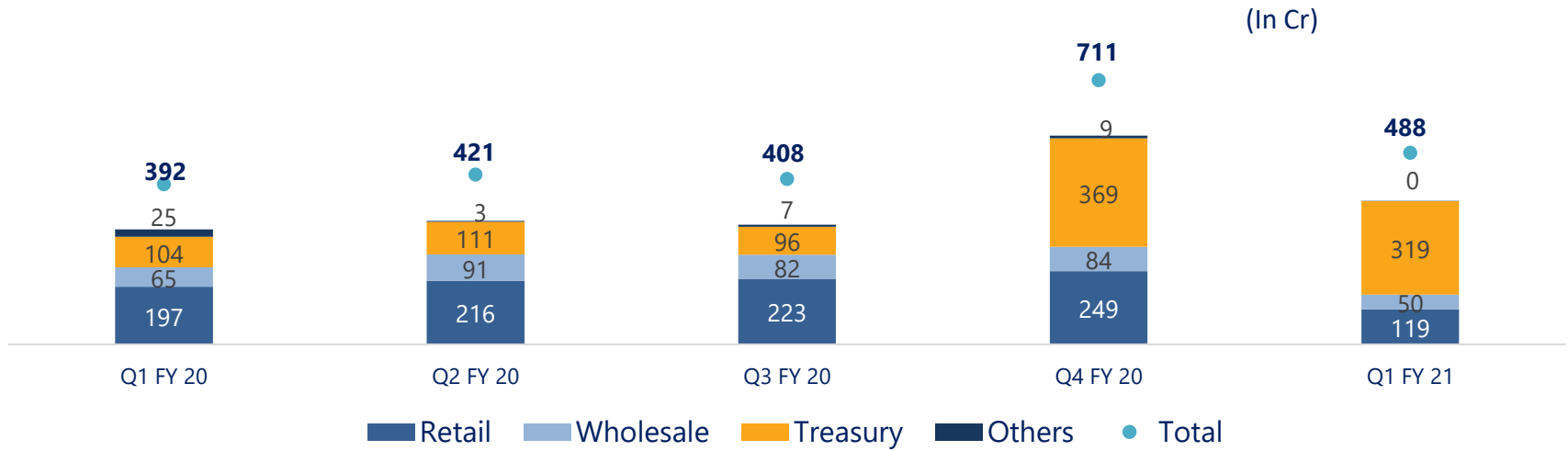
- 25 New corporate clients onboarded during the quarter consisting of marquee names in Media, Pharma and other sectors
- Bagged mandate for Bankers to the Issue for a large corporate (part of one of the largest conglomerates in the country) for their Rights issue
- Added 11 NTBs in CB vertical. Simultaneously ensured onboarding on digital platform, opening of promoter savings account and shifting of salary accounts.
- Average Ticket Size of Wholesale Loan Book(CIB+CB) : 25 Cr
- Average Ticket Size of CIB & CB Loans is 66 Cr & 7 Cr Respectively

	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20	Q1 FY20	Y-o-Y %
Loan Processing Fee	44	56	63	61	49	-10%
Exchange, Commission, Brokerage & Other Fee Income	103	209	191	191	169	-39%
Net Profit on Forex Transactions	24	76	56	64	43	-44%
Fee Income	171	341	311	317	260	-34%
Profit on sale of securities	304	369	65	82	91	233%
Recovery from assets written off, Other Receipts & misc.	13	1	32	22	40	-66%
Total Other income	488	711	408	421	392	25%

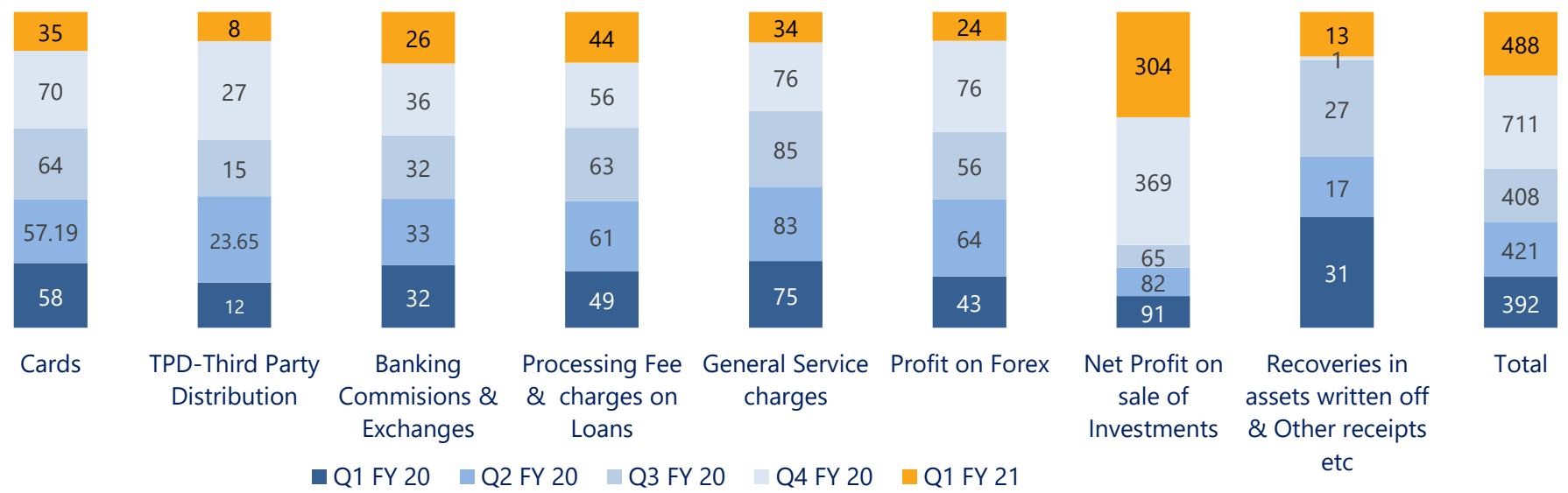
Fee Income (Y-o-Y)



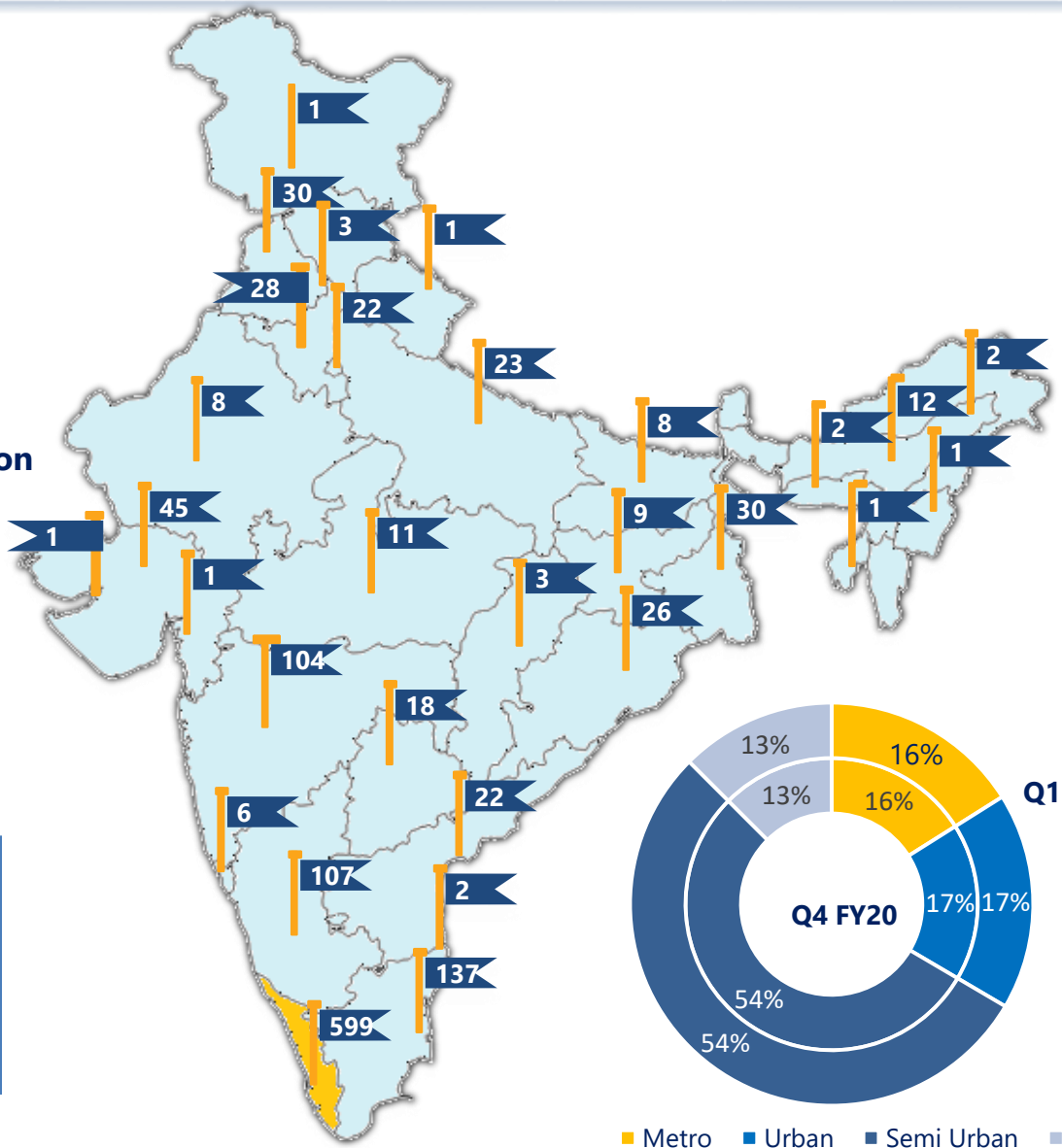
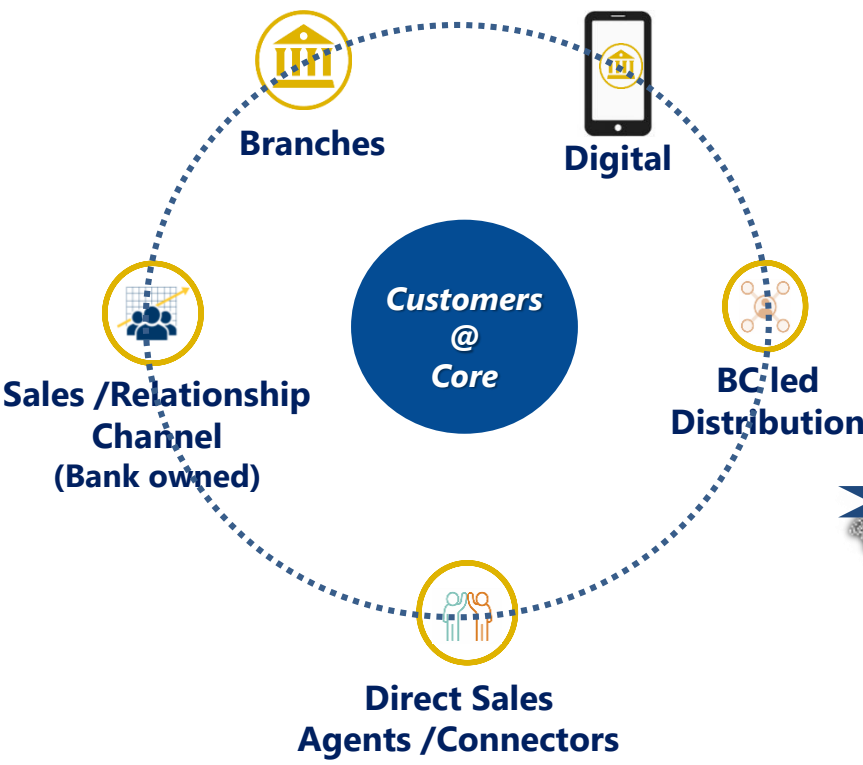
Fee Income Distribution : Vertical Wise



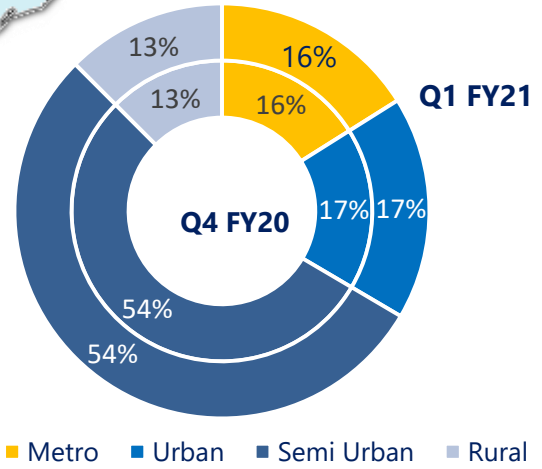
Fee Income Distribution : Item Wise



Distribution : Deriving Efficiency from Footprint



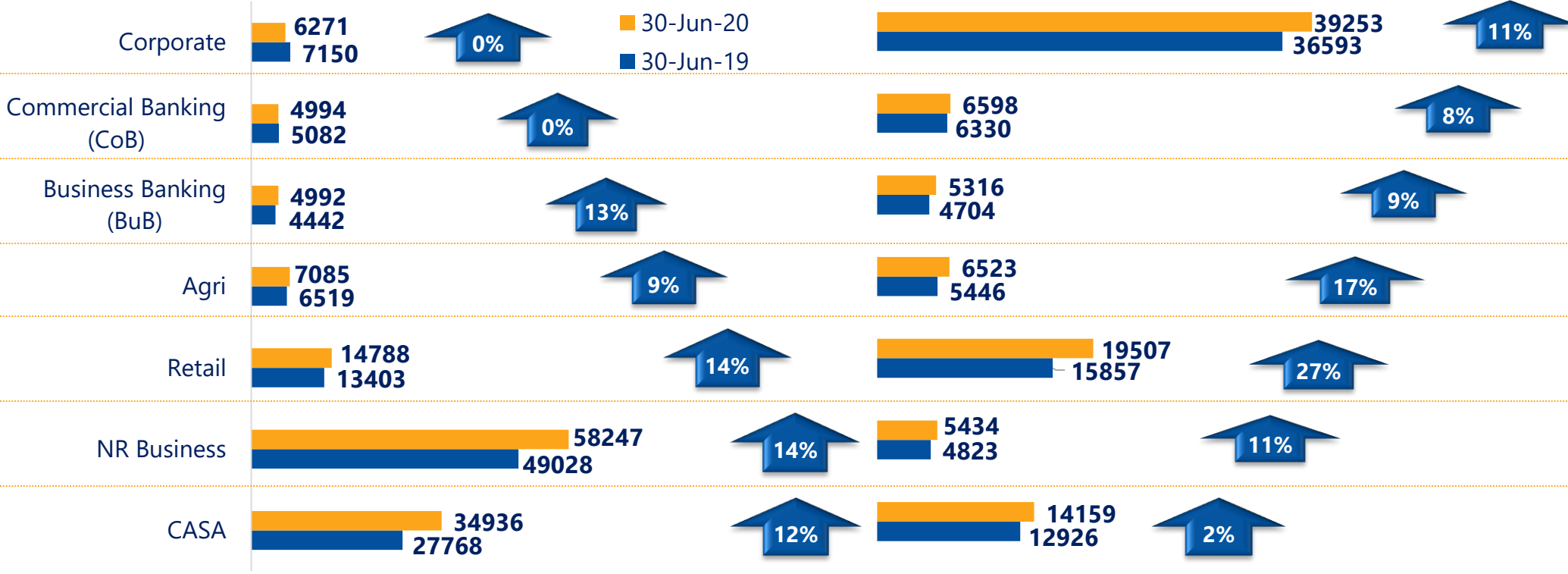
	Q1 FY21	Q4 FY20	Q3 FY20
Branches	1263	1263	1255
ATM/ Recyclers	1936	1937	1965



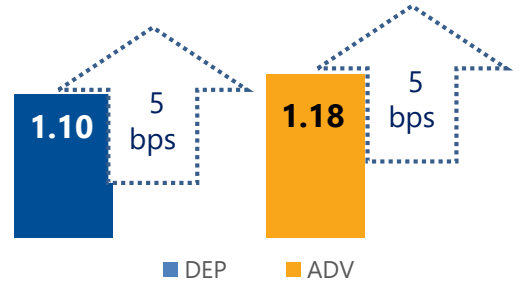
₹ in Cr

Network I

Network II



Bank's Market Share



Gain in Market Share(Y-o-Y)
 Advance: Market Share improved by 5 bps
 Deposit : Market Share improved by 5 bps

CRAR – How strong is your Bank?

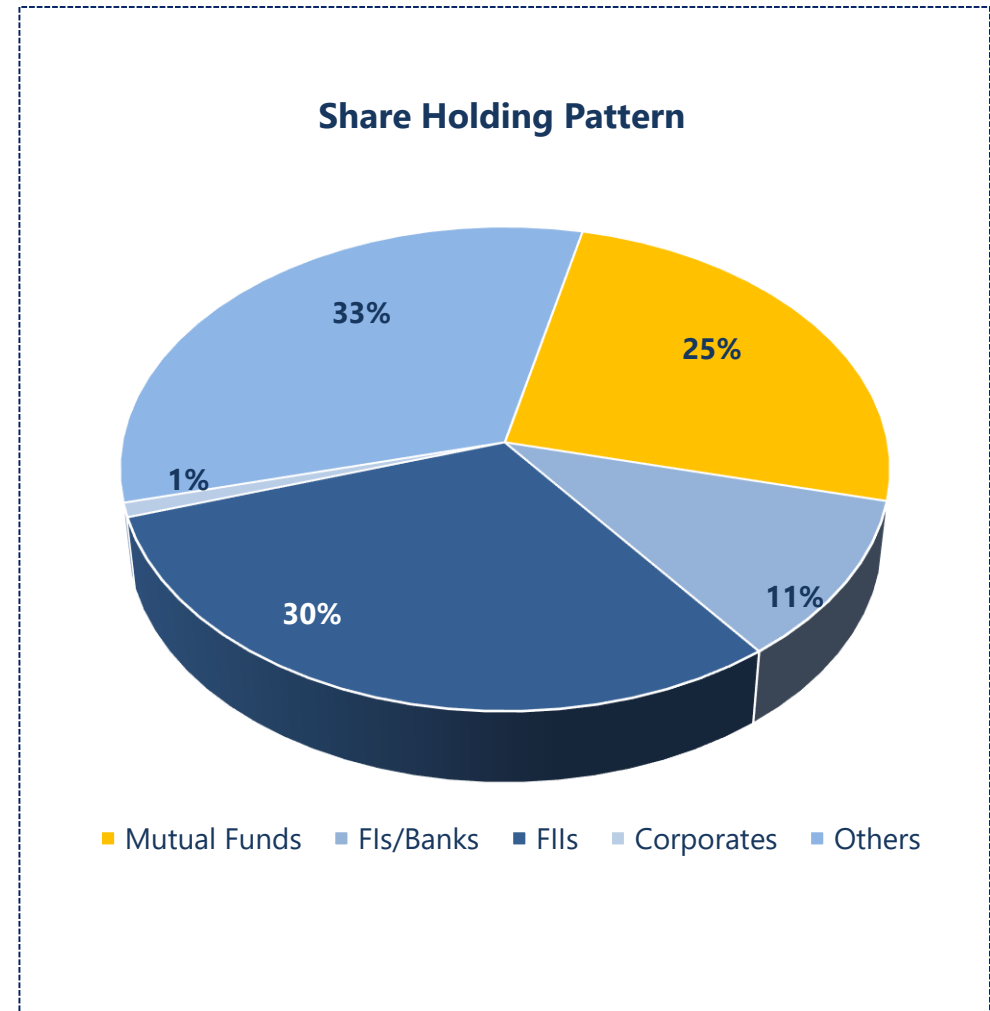
₹ in Cr

	Jun-20	Mar-20
Risk Weighted Assets		
Credit Risk	92139	90889
Market Risk	5890	6182
Operational Risk	10095	8715
Total RWA	108124	105786
Tier-1 Capital Funds	14062	14057
Tier-II Capital Funds	1262	1118
Total Capital Funds	15324	15175
CRAR	14.17%	14.35%
Tier-I	13.00%	13.29%
Tier-II	1.17%	1.06%

Annexures

₹ in Cr

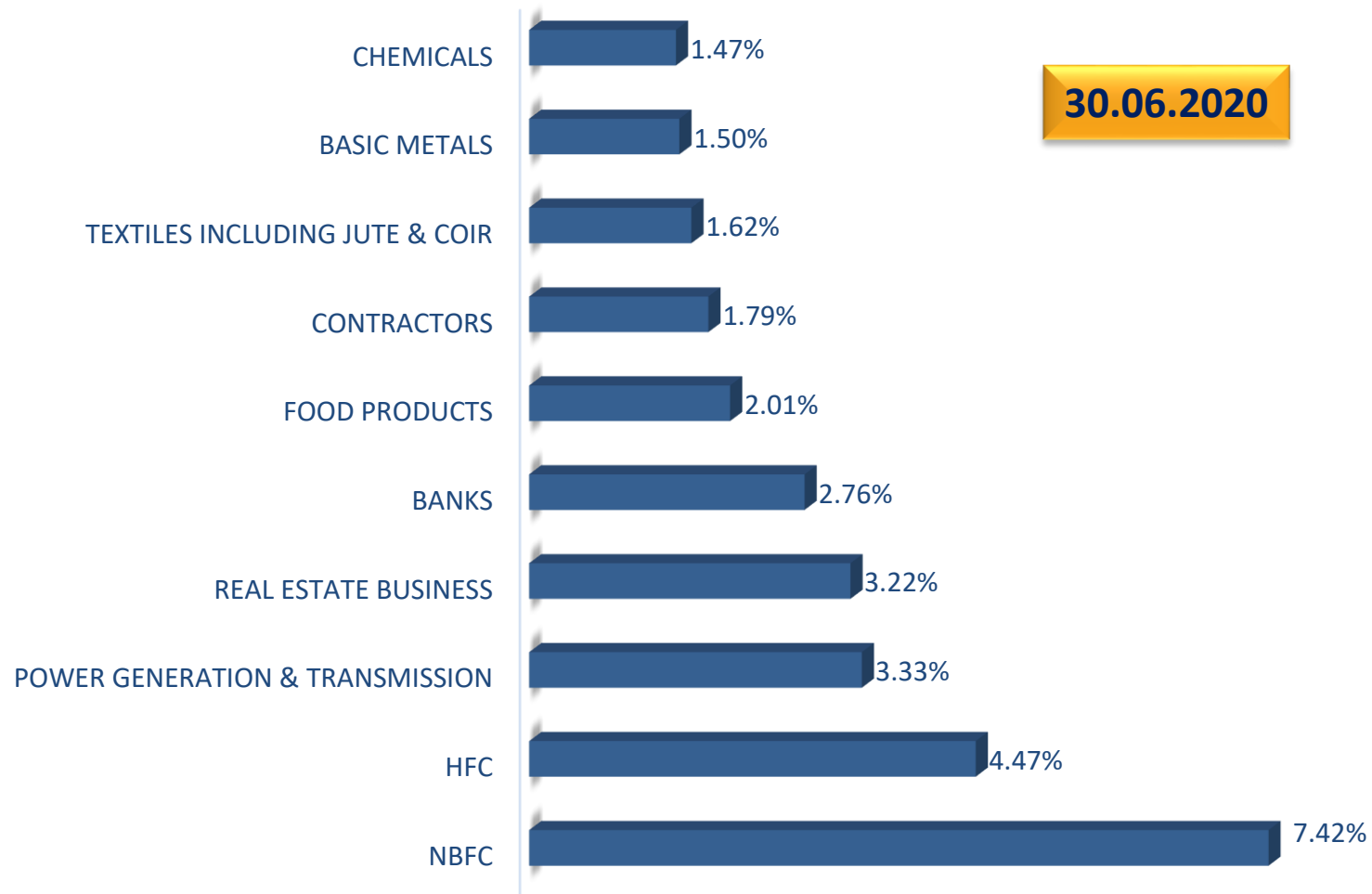
	Q1 FY21	Q1 FY20
LIABILITIES		
Capital	399	397
Reserves & Surplus	14524	13264
Deposits	154938	132537
Borrowings	11237	9951
Other Liabilities & Provisions	4723	4188
TOTAL	185820	160338
ASSETS		
Cash & Balance with RBI	5887	6449
Balances with Banks, Money at Call	14054	2791
Investments	34749	31810
Advances	121297	112032
Fixed Assets	460	469
Other Assets	9374	6787
TOTAL	185820	160338



₹ in Cr

	Q1 FY21	Q4 FY20	Q-o-Q	Q1 FY20	Y-o-Y
Interest Income	3444	3397	1%	3229	7%
Interest Expenses	2148	2181	-2%	2075	3%
Net Interest Income	1296	1216	7%	1154	12%
Other Income	488	711	-31%	392	25%
Operating Expense	852	968	-12%	763	12%
Total Income	3933	4108	-4%	3621	9%
Total Expense	3000	3149	-5%	2838	6%
Operating Profit	932	959	-3%	783	19%
Total Provisions	532	658	-19%	399	33%
Net Profit	401	301	33%	384	4%
Net Interest Margin (%)	3.07	3.04	3bps	3.15	-8 bps
Cost to Income Ratio (%)	47.76	50.22	-246 bps	49.36	-160 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 3750+ 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 Deposits and Certificate of Deposits enjoy highest rating in that class.

This presentation is not a complete description of the Bank. This presentation may contain statements that constitute forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially include, among others, future changes or developments in the Bank's business, its competitive environment and political, economic, legal and social conditions. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Bank disclaims any obligation to update these forward-looking statements to reflect future events or developments.

All information contained in this presentation has been prepared solely by the Bank. No information contained herein has been independently verified by anyone else. No representation or warranty (express or implied) of any nature is made nor is any responsibility or liability of any kind accepted with respect to the truthfulness, completeness or accuracy of any information, projection, representation or warranty (expressed or implied) or omissions in this presentation. Neither the Bank nor anyone else accepts any liability whatsoever for any loss, howsoever, arising from any use or reliance on this presentation or its contents or otherwise arising in connection therewith. This presentation may not be used, reproduced, copied, distributed, shared, or disseminated in any other manner.

Thank You

PRESS RELEASE**Federal Bank delivers 19% growth in operating profit**

Federal Bank announced the Unaudited Financial Results for the quarter ended 30th June 2020. The key highlights of the results on a Y-o-Y basis are as follows:

- Operating profit grows 19.11% to reach Rs. 932.38 Cr
- Highest ever net interest income of Rs.1296.44 Cr
- Cost to income ratio at 47.76%, best in last 25 quarters
- Gold Loans register growth of 36.19% to reach Rs. 10243 Cr
- Total Savings Bank deposits register growth of 21% to reach Rs. 42059 Cr

Commenting on the results and financial performance, Mr. Shyam Srinivasan, Managing Director & CEO, Federal Bank said “We believe we have delivered a very healthy outcome in arguably the toughest operating conditions in well over 100 years. The Bank has been exemplar, braved all challenges and held fort all along and that is encouraging. The net NPA is down to 1.22% which is the lowest for the Bank in last 20 quarters. Cost to income has improved substantially and that augurs well for the Bank. Overall an encouraging quarter, given the challenging environment and truly motivates us to ensure sensible growth with abundant caution.”

Balance Sheet

The Total Business of the Bank reached Rs.276234.7 Cr registering Y-o-Y growth of 12.95% as on 30th June 2020. Total Deposits reached Rs. 154937.74 Cr registering Y-OY growth of 16.90%. Net advances grew by 8.27% Y-O-Y to reach Rs. 1,21,296.96 Cr as on 30th June 2020.

The total savings Bank deposit registered a growth of 21.05% to reach Rs. 42059 Cr as on 30th June 2020. CASA Deposits of the Bank stood at Rs. 49616 Cr registering Y-O-Y growth of 19%. CASA as a percentage to Total Deposits stood at 32.02% as on 30th June 2020. NRE Deposits of the Bank reached Rs. 60273.83 Cr registering a Y-O-Y growth of 18.62% as on 30th June 2020. NRE SB also grew handsomely to reach Rs. 17411.67 Cr registering a Y-O-Y growth of 27.94%.

On the Asset side, Gold Loan registered a staggering growth of 36.19% Y-O-Y to reach Rs. 10243.00 Cr as on 30th June 2020. Retail advances grew by 15.58% to reach Rs.37908.25 Cr as on 30th June 2020. Business banking advances registered a Y-O-Y growth of 14.08% to reach Rs. 10512.29 Cr. Agri advances grew by 14.04% to reach Rs.13644.70 Cr.

Operating Profit & Net Profit

The Operating Profit of the Bank as on 30th June 2020 stood at Rs. 932.38 Cr up from Rs. 782.76 Cr. Total Income reached Rs.3932.52 Cr as on 30th June 2020. Net Profit of the Bank for the quarter ended June 2020 stood at Rs. 400.77 Cr .

Income

Net Interest Income grew 12.33% on a Y-o-Y basis from Rs.1154.18 Cr to Rs.1296.44 Cr as on 30th June 2020. Other income grew by 24.74% to reach Rs.488.37 Cr, compared to Rs.391.52 Cr as on 30th June 2019. Net total income of the Bank grew 15.47% to reach Rs.1784.81 Cr.

Key Ratios

- ROA & ROE of the Bank for the quarter stood at 0.88% and 10.92% respectively
- Net Interest Margin as on 30th June 2020 stood at 3.07%
- Cost to income ratio of the Bank has been contained at 47.76% clocking a reduction of 160 bps Y-O-Y
- EPS of the Bank on an annualized basis stands at Rs 8.07

Asset Quality

Gross NPA of the Bank as at the end of the quarter stood at Rs.3655.59 Cr, which as a percentage to Gross Advances comes to 2.96%. Net NPA as on 30th June 2020 stood at Rs.1477.46 Cr, and Net NPA as a percentage to Net Advances is at 1.22%. The Provision Coverage Ratio (including technical write-offs) was strengthened substantially and stood at 75.09%.

NET WORTH & CAPITAL ADEQUACY

The Bank's Net worth on a Y-o-Y basis increased from Rs. 13661.64 Cr as on 30th June 2019 to Rs.14922.82 Cr as on 30th June 2020. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines stood at 14.17% as at the end of the quarter. Book Value per share increased to Rs. 74.85 from Rs. 68.79.

Key launches during the quarter

The Bank launched 'FedSwagat', an appointment booking application for those who wish to visit Federal Bank branches for availing any services.

Footprint

The Bank has 1263 branches and 1936 ATM/recyclers as on 30th June 2020.

WORKING RESULTS AT A GLANCE

(Rs.in Cr)

Particulars	Q1	Q1	% y-o-y growth
	2020-21	2019-20	
Net Interest Income	1296.44	1154.18	↑12.33%
Other Income	488.37	391.52	↑24.74%
Net Total Income	1784.81	1545.70	↑15.47%
Operating Profit	932.38	782.76	↑19.11%

MAJOR FINANCIAL INDICATORS (Standalone Nos)

(Rs. in Cr)

Business Figures	As on 30.6.2020	As on 30.6.2019	Growth (%)
Total Deposits	154937.74	132537.46	↑16.90%
CASA Deposits	49616.00	41676.00	↑19.05%
Net Advances	121296.96	112032.33	↑8.27%
Retail Advances	37908.25	32797.10	↑15.58%
Bus. Banking Advances	10512.29	9214.50	↑14.08%
Agri Advances	13644.70	11964.85	↑14.04%
Investments	34748.57	31809.74	↑9.24%
Capital			
Equity Capital	398.75	397.20	
Net Worth	14922.82	13661.64	↑9.23%
Capital Adequacy (%)	14.17	14.10	
Tier I (%)	13.00	13.04	
Tier II (%)	1.17	1.06	

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

For further information, please contact:

Mr. Ashutosh Khajuria, Executive Director & CFOTel: 912261748609, e-mail: akhajuria@federalbank.co.in