

Secretarial Department

**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER

SDF-24/ /2016-17

02<sup>nd</sup> May 2016

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Floor 25, Dalal Street,  
Mumbai- 400 001

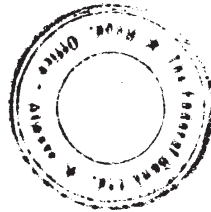
Dear Sir,

**Sub. : Presentation to Investors/Analyst on the Financial Results for the period ended 31<sup>st</sup> March 2016.**

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 Annual Financial Results and Business Updates is attached herewith and the same has been published on the Bank's website also.

Thanking you,  
Yours faithfully,

  
**Girish Kumar G**  
Company Secretary



# Investor Information

**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER

**Q4 FY 2016**

# Key Messages

**Operating Performance in Q4 better than all other quarters in FY16**

**Growth drivers in place.  
Credit book (Ex-gold) reflects run rate above 30%(Ann.) over last two quarters**

**FY16 Financial Results impacted materially by Specific Event driven provisioning.**

**Liability Profile continues to make strong progress**

- Regular Stable CASA Growth
- Increasing granularity in retail deposits
- Leadership position in remittance

- **No Slippages in Corporate Credit originated over the last 12 Quarters**
- **Legacy issues in the Corporate Credit portfolio have become residual**
- **No or low exposure to 'House of Debt'**

**Doubling Digital transaction every quarter led by ahead of class offerings.**

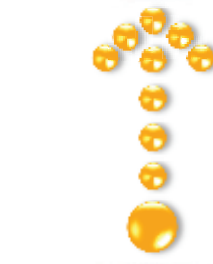
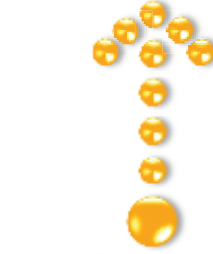
**Market share dominance in Network I and increased presence in Network II**

**Likely impact of Middle East slowdown being monitored closely and active de-risking on the credit front.**

**Reinforcing Senior team with select Specialist Recruits**

# Performance Highlights

<b>Savings Account</b>	21% (Y-o-Y) ↑	<b>Net Interest Income</b>	13% (Q-o-Q) ↑
<b>Current Account</b>	12% (Y-o-Y) ↑	<b>NIM</b>	3.31% ↑
<b>Retail Deposit Ratio</b>	206 Bps (Y-o-Y) ↑	<b>Operating Profit</b>	21% (Q-o-Q) ↑
<b>Retail Adv (Excl Gold)</b>	18% (Y-o-Y) ↑	<b>Gross NPA%</b>	2.84% ↓
<b>SME Adv</b>	17% (Y-o-Y) ↑	<b>Net NPA%</b>	1.64% ↓
<b>Wholesale Adv</b>	21% (Y-o-Y) ↑	<b>Capital Adequacy (CRAR)</b>	13.93%
<b>Avg Monthly Customer Acquisition</b>	60 K Customers	<b>Provision Coverage Ratio</b>	72.05%

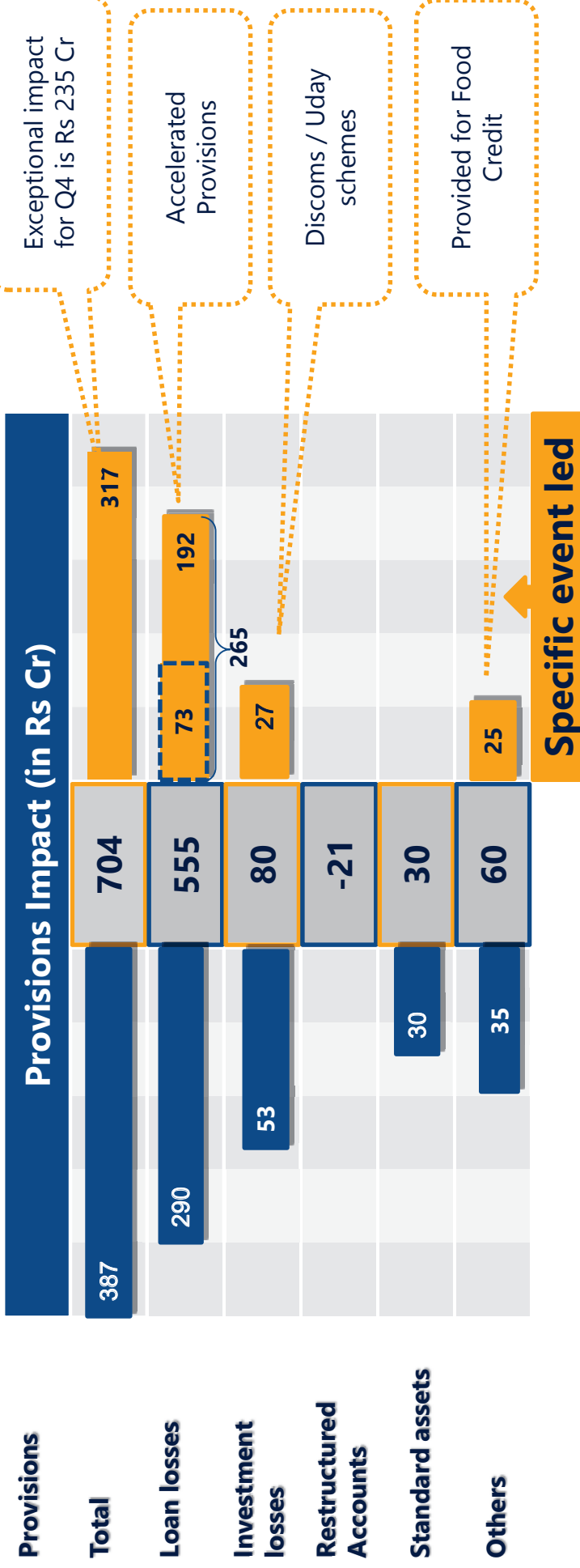


# Comparison : Q-o-Q (Sequential)

	Deposits	Advances	Performance	Ratios
<b>Total Savings</b>	↑ 6% 20128 → 21422	↑ 5% Retail* 14265 → 14987	↑ 8% 2086 → 2253	↓ 194 bps 58.72 → 56.78
<b>Current Deposits</b>	↑ 10% 3877 → 4283	↑ 9% Agri 6062 → 6636	↑ 16% Net Income (NII + OI) 789 → 913	↓ 31 bps Gross NPA% 3.15 → 2.84
<b>NRE Deposits</b>	↑ 8% 28381 → 30732	↑ 6% SME 14033 → 15172	↑ 24% Other Income 183 → 227	↓ 2 bps Net NPA% 1.66 → 1.64
<b>Term Deposits</b>	↑ 5% 50352 → 53119	↑ 18% Corporate 16668 → 19652	↑ 21% Operating Profit 325 → 395	↓ 72 bps ROA 0.77 → 0.05
<b>Total Deposits</b>	↑ 6% 74792 → 79172	↑ 10% Gross Advances 53538 → 58791	↓ -96% Net Profit 163 → 10	↓ 750 bps ROE 8.00 → 0.50

# Comparison : Y-o-Y (FY)

<b>Deposits</b>	<b>Total Savings</b>	↑ 21%	17727 → 21422	<b>Current Deposits</b>	↑ 12%	3823 → 4283	<b>NRE Deposits</b>	↑ 27%	24231 → 30732	<b>Term Deposits</b>	↑ 8%	49042 → 53119	<b>Total Deposits</b>	↑ 12%	70825 → 79172
	<b>Advances</b>	<b>Retail*</b>	↑ 18%	12732 → 14997	<b>Agri</b>	↑ 5%	6312 → 6636	<b>SME</b>	↑ 17%	12918 → 15172	<b>Corporate</b>	↑ 18%	16588 → 19652	<b>Gross Advances</b>	↑ 13%
<b>Performance</b>	<b>Total Income</b>	↑ 3%	8298 → 8531	<b>Net Income (NII+OI)</b>	↑ 1%	3259 → 3291	<b>Other Income</b>	↑ 10%	878 → 786	<b>Operating Profit</b>	↑ 13%	1628 → 1424	<b>Net Profit</b>	↑ 53%	1006 → 477
	<b>Ratios</b>	<b>Cost Income ratio</b>	↑ 668 bps	50.05 → 56.73	<b>Gross NPA%</b>	↑ 80 bps	2.04 → 2.84	<b>Net NPA%</b>	↑ 91 bps	0.73 → 1.64	<b>ROA</b>	↑ 75 bps	1.32 → 0.57	<b>ROE</b>	↑ 776 bps



## Restructured Advances Composition

	Q4 FY16	Q3 FY16
<b>Restructured Advance</b>		
Standard	1592	2254
NPA	163	466
% of Restructured Advance	2.99	5.08
% of Standard Restructured advances	2.71	4.21

₹ in Cr

- Credit cost @ 2.03%
- Credit cost excluding specific events (192 Cr) is @ 0.60%

Provision Coverage Ratio (Including Technically Written Off) at 72.05% (71.65% in Q3 FY 16)

Fresh Accretion		
	Q4 FY 16	Q3 FY 16
Retail	85	61
Agri	43	20
SME	154	115
Corporate	254	375
Total	536	571

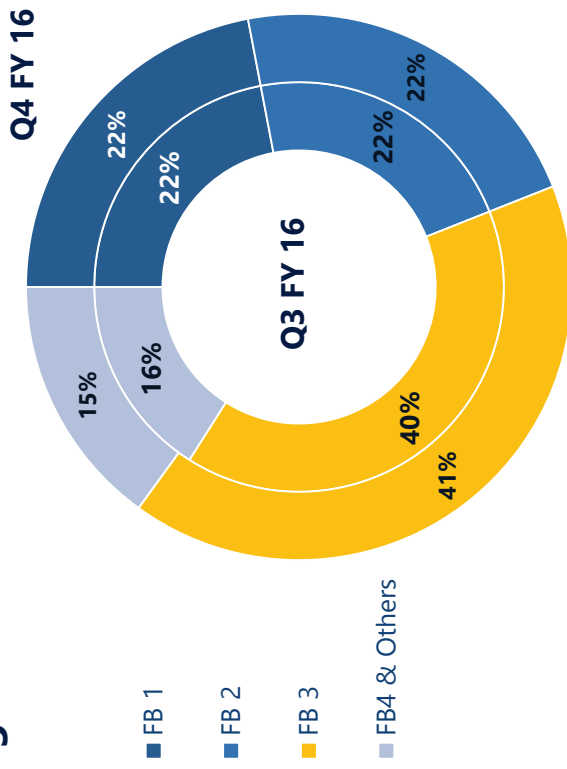
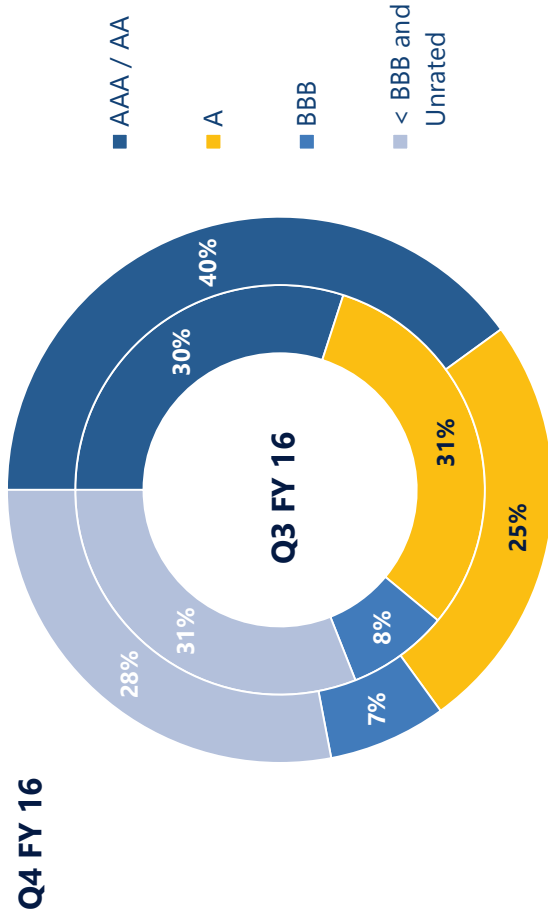
(Rs. in Cr)

- No Conversion to Off-balance sheet
- No 5:25 Structuring
- No SDR

NPA Composition	Q4 FY16		Q3 FY16	
	Gross NPA	Gross NPA %	Gross NPA	Gross NPA %
Retail	287.44	1.66%	252.47	1.51%
Agri	152.75	2.30%	130.89	2.16%
SME	633.04	4.17%	614.07	4.34%
Corporate	594.53	3.03%	686.68	4.16%
Total	1667.77	2.75%	1684.11	3.06%



## Risk Rating



## Corporate Assets

Rating	Q4 FY-16	Q3 FY-16
AAA / AA	40%	30%
A	25%	31%
BBB	7%	8%
< BBB & Others	28%	31%
		69%

## Other Assets

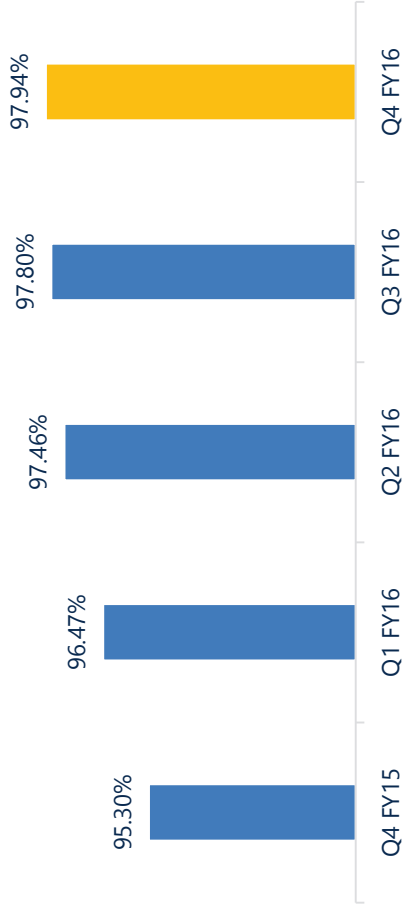
Rating	Q4 FY-16	Q3 FY-16
FB 1	22%	22%
FB 2	22%	22%
FB 3	41%	40%
FB4 & Others	15%	16%
		84%

# Beyond Provisions : Growth is Focus

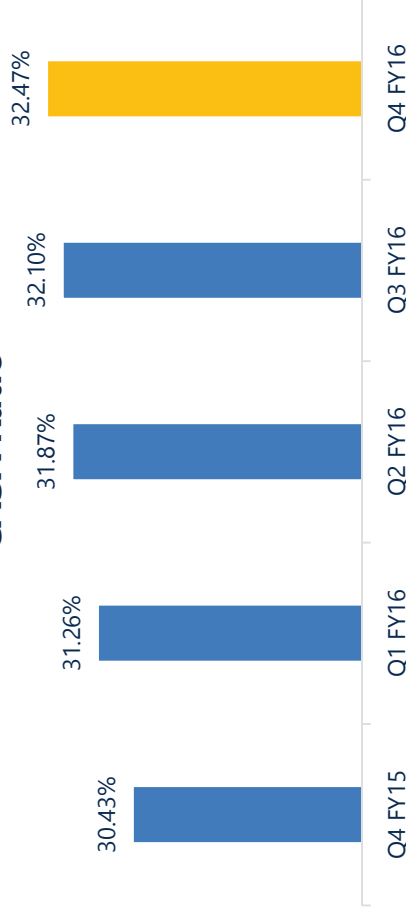
# Liability : Growth Drivers

₹ in Cr

## Retail Deposits Ratio



## CASA Ratio



Retail Deposits ratio maintained above 97%

## Highlights:

Retail liability profile continues to fuel consistent growth in deposits

- The low cost CASA augmentation stood robust with a growth of 19% Y-o-Y taking the CASA ratio to 32.47% improving by 204 bps
- 21% Y-o-Y SA traction and 12% Y-o-Y CA growth
- Retail deposits composition stands higher at 97.94% improving by 264 bps Y-o-Y
- NR franchise -sturdy 27 % Y-o-Y growth in NRE Deposits

## Drivers:

- **Maturity of New Branches**
- **Effective Digital Strategy in place**
- **Active Cash Management Services**
- **Payroll Penetration Structure set up**

# Liability : Trends

₹ in Cr

■ Q4 FY15 ■ Q1 FY16 ■ Q2 FY16 ■ Q3 FY16 ■ Q4 FY16

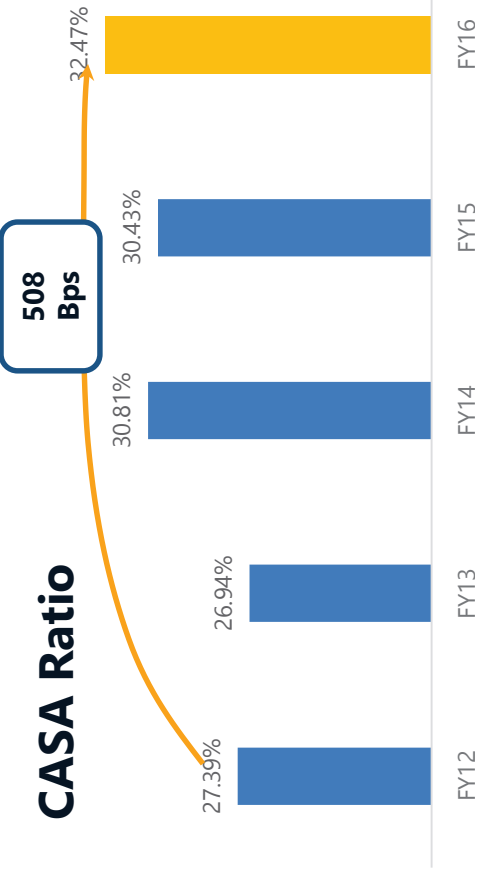
## NRI Remittance trend

■ Total Remittances  
■ Federal bank%

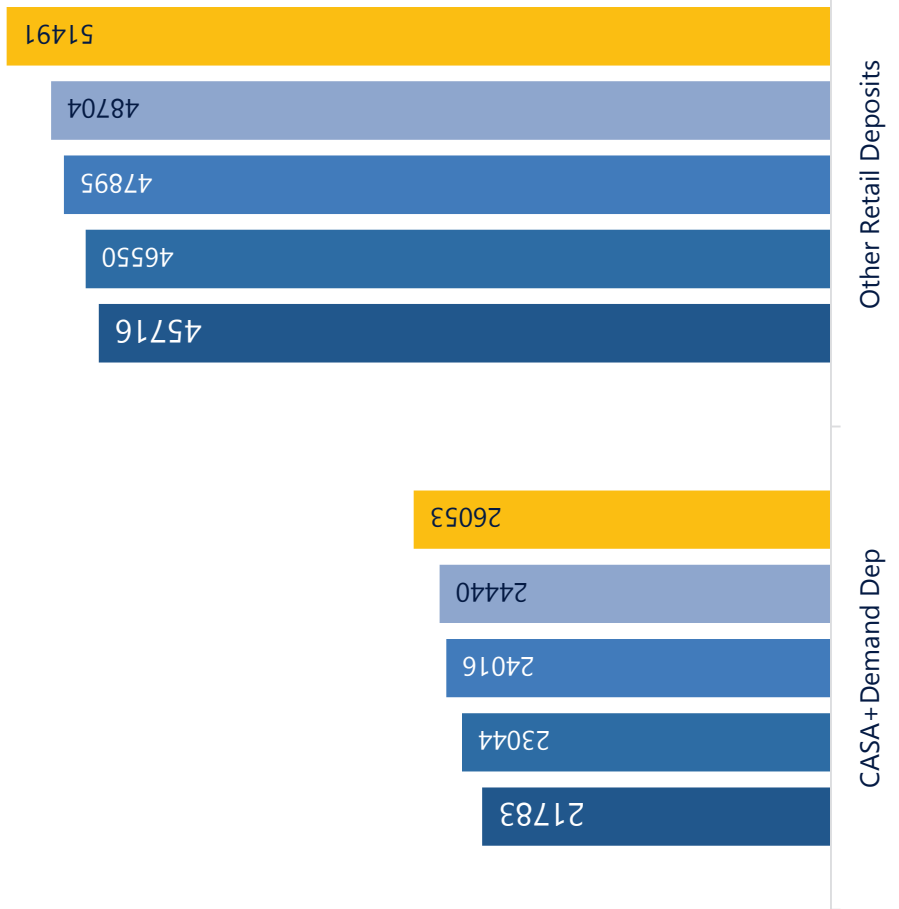
Over the period from FY12-16, Share of Total NRI Remittances made through Federal bank increased by 506 Bps, from 7.49% to 12.55% .



## CASA Ratio



508 Bps



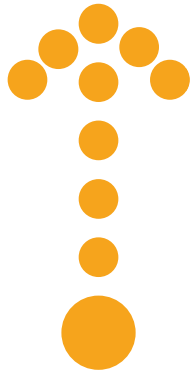
# Digital 360°

# FEDERAL BANK

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*Digital at the fore*

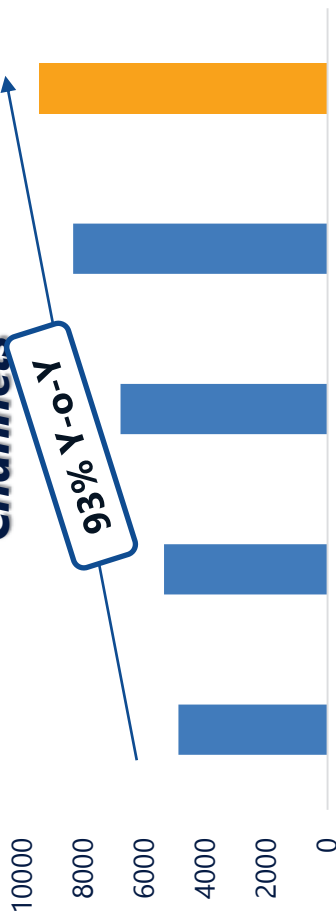
Digital



*Human at the core*

*Migrating to the Digital*

Channels



31-Mar-15 30-Jun-15 30-Sep-15 31-Dec-15 31-Mar-16

## Leading the digital journey

with

## Product Innovations

# 1<sup>st</sup>



**Funds Transfer through Missed Call Banking**

Onboard UPI Platform

Online Credit Offerings: Car loan, Personal Loan

Innovative Offerings



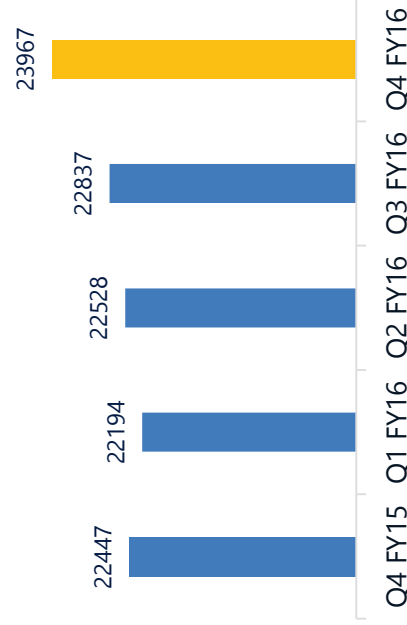
“Now if we were to talk about the future of banking, I just walked through the future of banking .... when I saw some of the activities that Federal Bank is engaged in”

**Dr. Raghuram Rajan**  
**On 13<sup>th</sup> Feb 2016 at the K P Hormis**  
**Commemorative Lecture, Kochi**

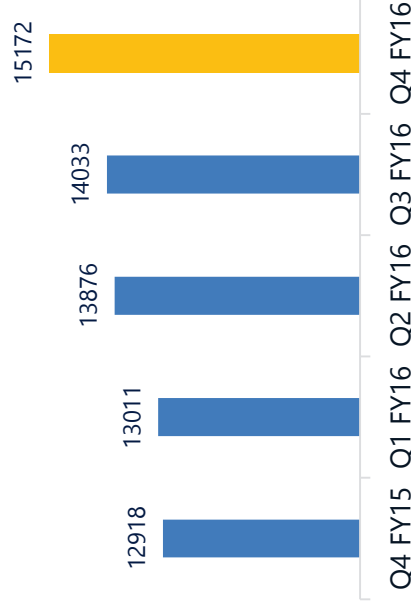
# Credit : Growth Drivers

₹ in Cr

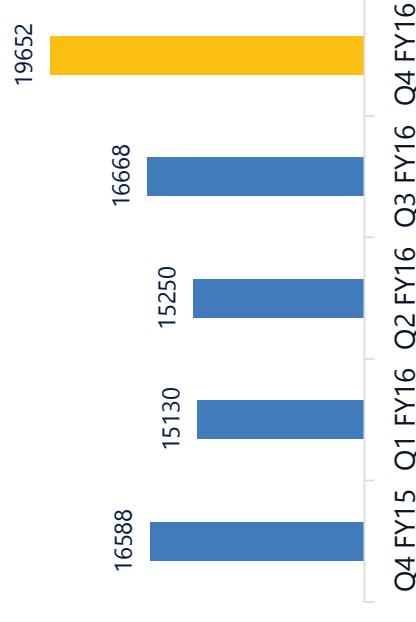
## Retail (Incl Agri)



## SME Adv



## Wholesale Adv



## Highlights

- The credit book is diversified with Wholesale exposure of 19652cr, SME - 15172 cr and Retail & Agri -23967 cr
- Retail (excl. Gold) up by 18 % Y-o-Y, and Retail Advances up by 7% Y-o-Y
- Corporate Book up by 21% Y-o-Y .

## Drivers

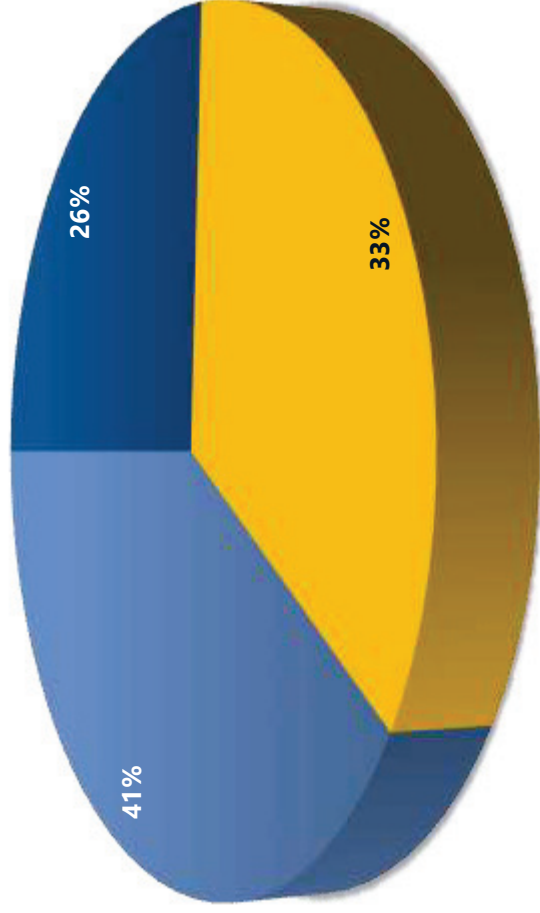
- **Wholesale & SME Portfolio:**
  - Relationship Management structure in place
  - Out Pacing the Market in Wholesale loan Portfolio Growth
- **Retail Credit portfolio:**
  - Focus on Secured Retail Credit
  - Specialized Hubs set up for Retail Credit
  - Group Personal Loans to Salaried Class – Risk Balancing
  - Exclusive Sales Team Set up
  - Delivery through Alternate Channels
  - Analytics based Offerings.
    - Pre-approved loans
    - Repayment Track Based loans

# Credit Portfolio Uniformly Distributed

₹ in Cr

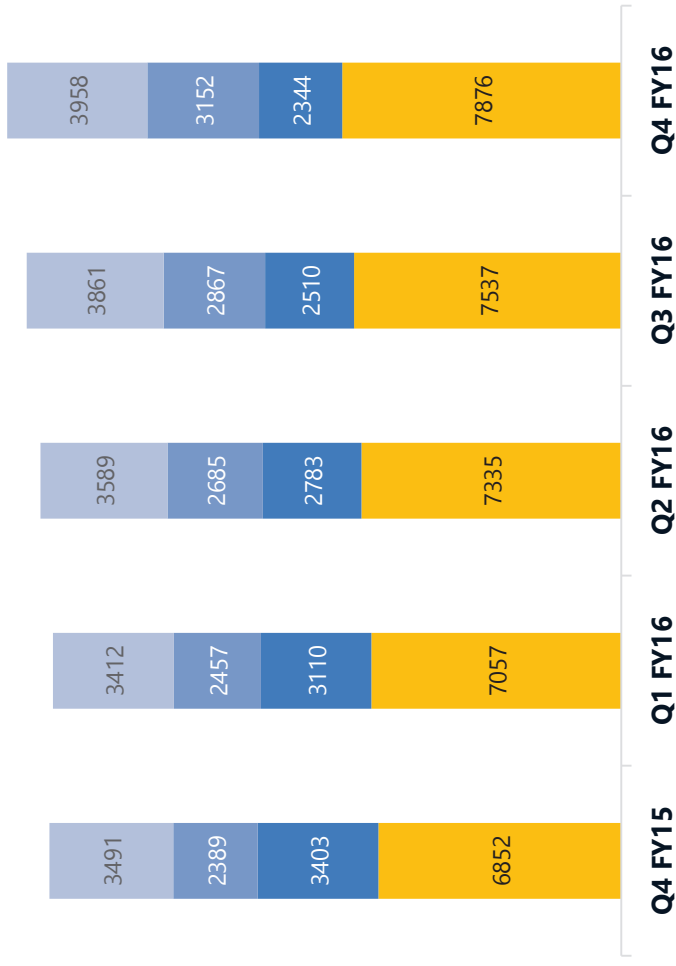
## Total Loan Book

- SME Adv
- Wholesale Adv
- Retail (Incl Agri)



## Retail Loan Book (Excl Agri)

- Housing
- Gold
- Mortgage
- Others



**94.88% of Retail Loan book is secured**

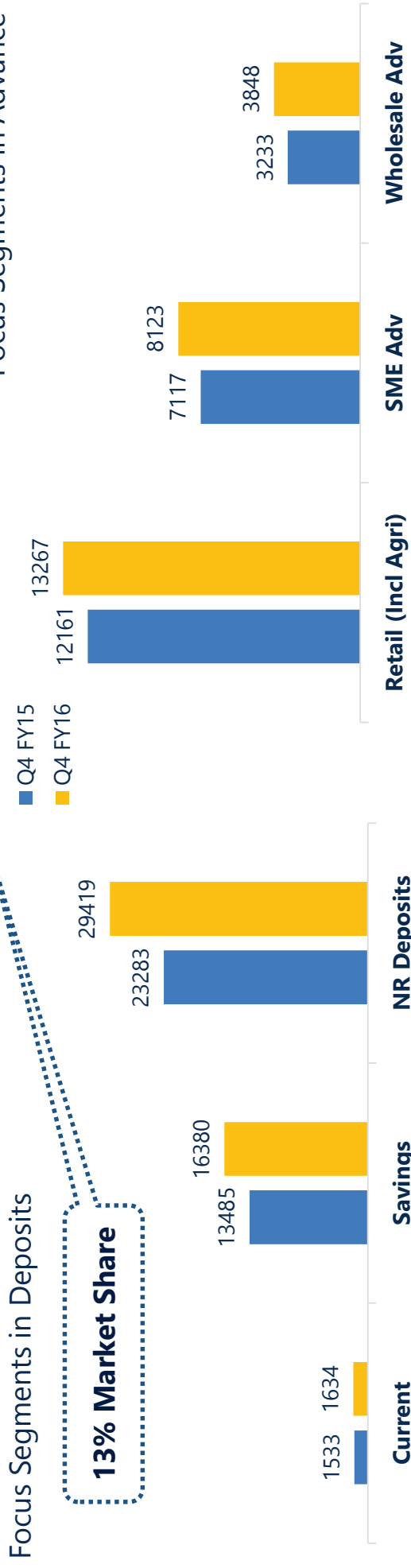




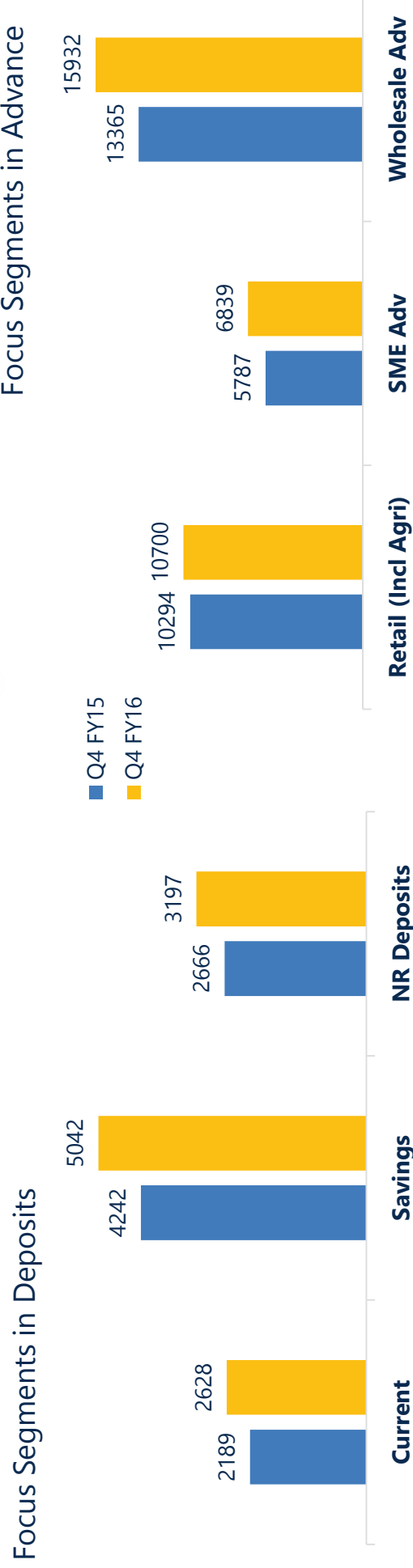
# Distribution : Network I & Network II

₹ in Cr

## Network I : Continuing Dominance



## Network II : Gaining share

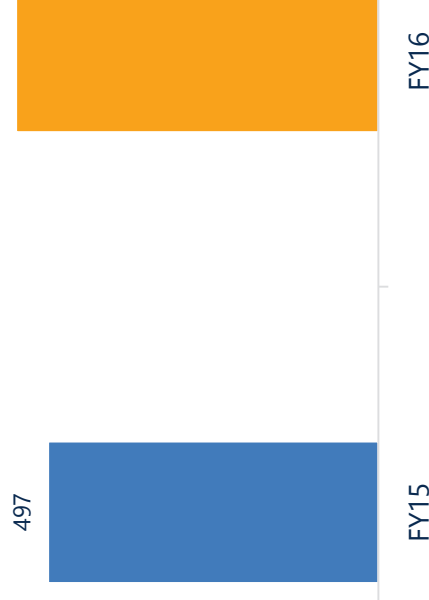


# Fee Income

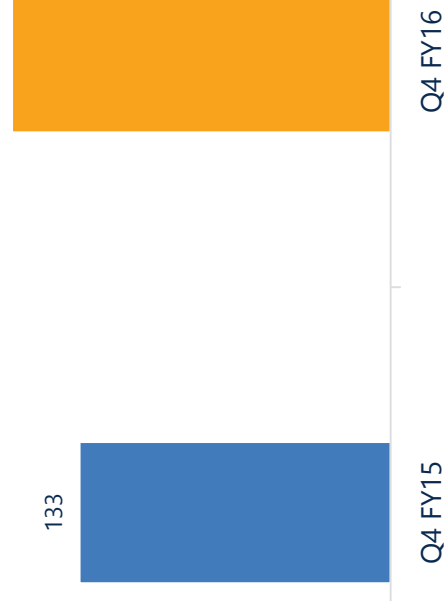
	FY 16	FY 15	Y-o-Y %
Loan Processing Fee	86	80	8%
Exchange, Commission, Brokerage & Other Fee Income	330	302	9%
Net Profit on Forex Transactions	130	116	12%
<b>Fee Income</b>	<b>546</b>	<b>497</b>	<b>10%</b>
Profit on sale of securities	128	256	-50%
Recovery from assets written off & Other Receipts	113	125	-10%

₹ in Cr

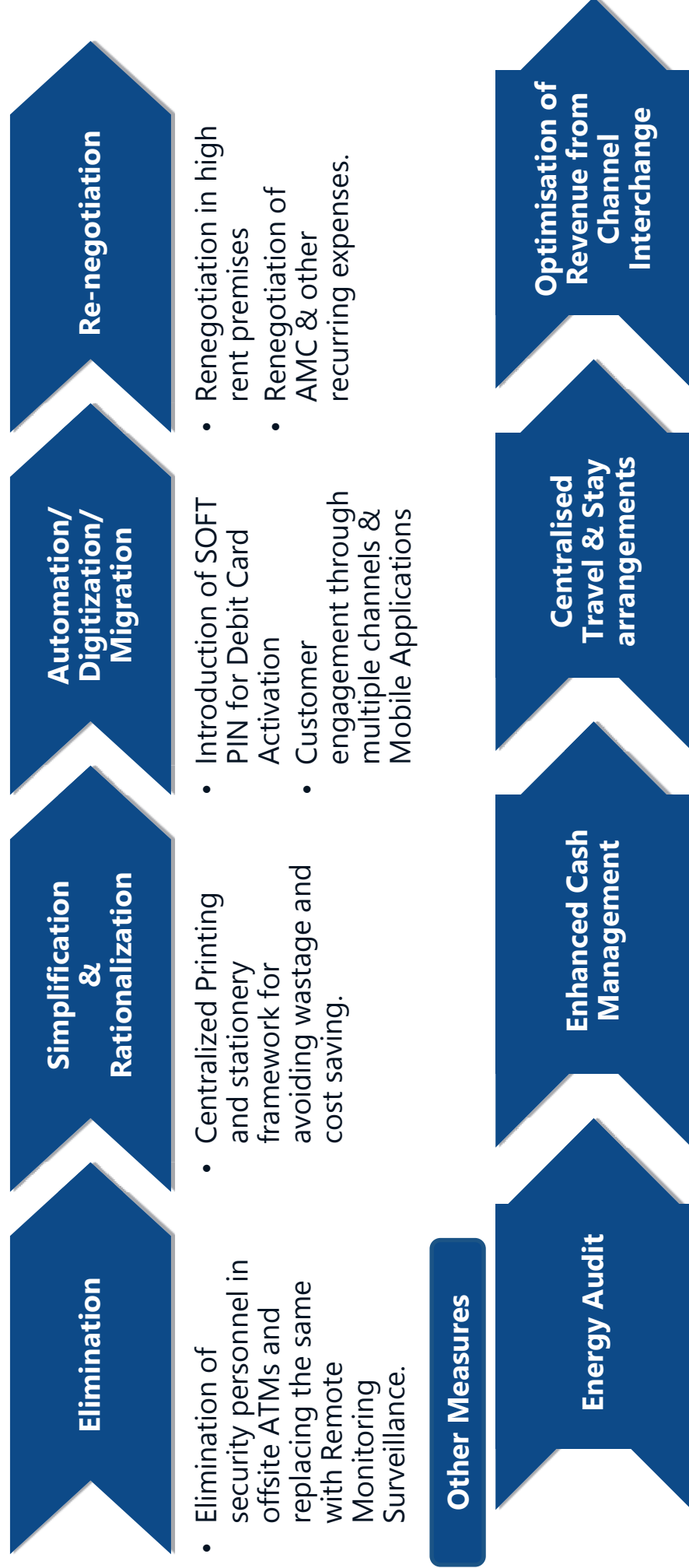
## Fee Income (Y-o-Y)



## Fee Income (Q-o-Q)



# Strategic Cost Management Measures



## Cost Income Ratio

Q3 FY 16 → 58.72



Q4 FY 16 → 56.78

# CRAR – How strong is your Bank?

₹ in Cr

	Mar-16	Mar-15
<b>Risk Weighted Assets</b>		
Credit Risk	49325	43572
Market Risk	3703	2996
Operational Risk	5302	4321
<b>Total RWA</b>	<b>58330</b>	<b>50889</b>
Tier-1 Capital Funds	7792	7534
Tier-II Capital Funds	334	331
<b>Total Capital Funds</b>	<b>8125</b>	<b>7865</b>
<b>CRAR</b>	<b>13.93%</b>	<b>15.46%</b>
Tier-I	13.36%	14.81%
Tier-II	0.57%	0.65%

# Annexures

# Balance Sheet & Shareholding Pattern

₹ in Cr

## Shareholder Value

FY 16      FY 15

FY16      FY15

**Book Value**  
(Per Share in ₹)

47.32

45.17

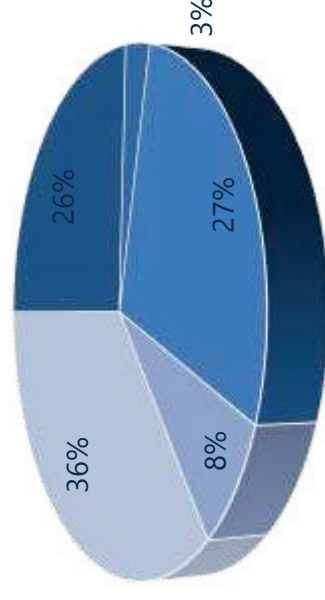
**EPS**

2.77

5.87

	FY 16	FY 15
<b>LIABILITIES</b>		
Capital	344	171
Reserves & Surplus	7748	7567
Deposits	79172	70825
Borrowings	2177	2308
Other Liabilities & Provisions	1981	1979
<b>TOTAL</b>	<b>91421</b>	<b>82850</b>
<b>ASSETS</b>		
Cash & Balance with RBI	3775	3380
Balances with Banks, Money at Call	1645	1400
Investments	22217	24409
Advances	58090	51285
Fixed Assets	520	466.6
Other Assets	5174	1910
<b>TOTAL</b>	<b>91421</b>	<b>82850</b>

## Share Holding Pattern



■ Mutual Funds ■ Fls/Banks ■ Fls ■ Corporates ■ Others

# Financials

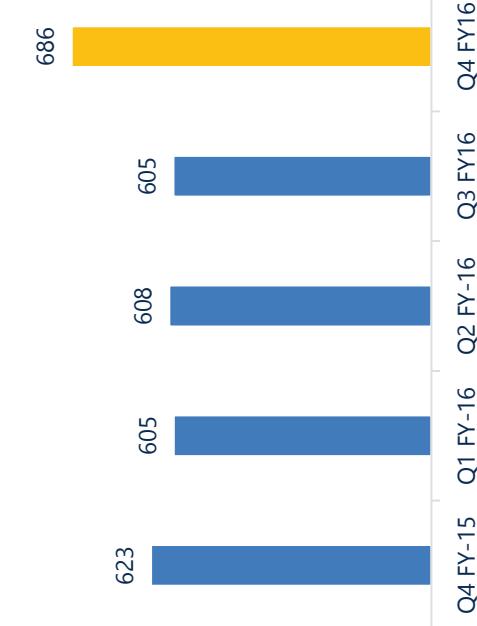
₹ in Cr

	Q4 FY16	Q3 FY16	Q-o-Q	Q4 FY15	Y-o-Y	FY16	FY15	Y-o-Y
<b>Interest Income</b>	2027	1903	5%	1908	5%	7745	7419	4%
<b>Interest Expenses</b>	1341	1298	2%	1285	3%	5240	5039	4%
<b>Net Interest Income</b>	686	605	13%	623	10%	2504	2380	5%
<b>Other Income</b>	227	183	24%	306	-26%	786	878	-10%
<b>Total Income</b>	2253	2086	7%	2214	1%	8531	8298	3%
<b>Total Expenditure</b>	1859	1761	4%	1745	5%	7107	6670	6%
<b>Operating Profit</b>	395	325	21%	469	-16%	1424	1628	-13%
<b>Total Provisions</b>	384	163	135%	189	103%	948	622	52%
<b>Net Profit</b>	10	163	-93%	281	-96%	476	1006	-53%
<b>Net Interest Margin (%)</b>	3.31	3.04	27 Bps	3.31	0 Bps	3.14	3.27	-12 Bps
<b>Cost to Income Ratio (%)</b>	56.78	58.72	-194 Bps	49.51	726 Bps	56.73	50.05	668 Bps

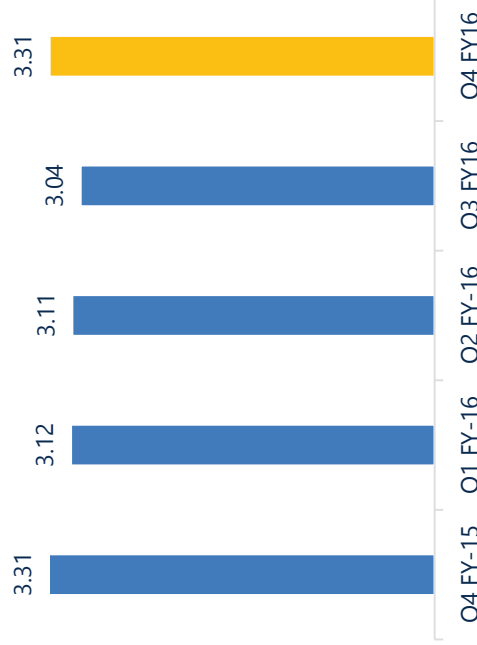


₹ in Cr

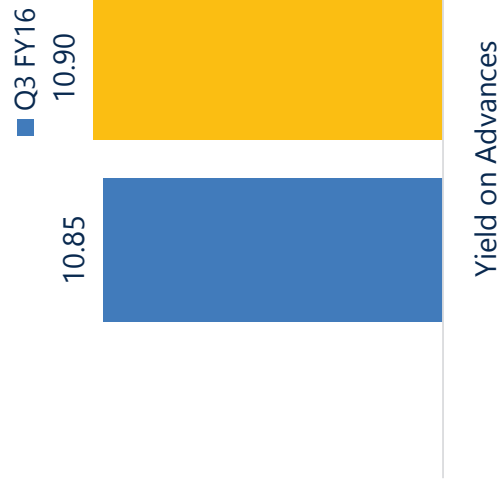
## Net Interest Income



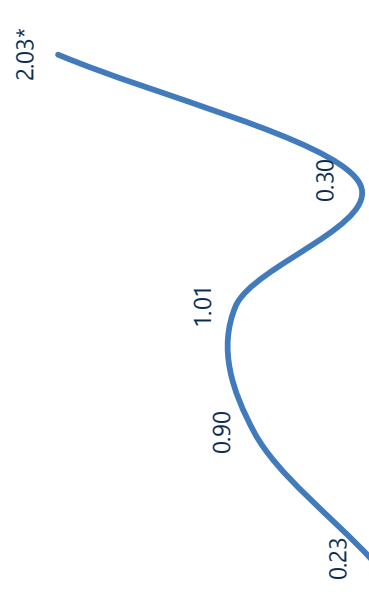
## Net Interest Margin (%)



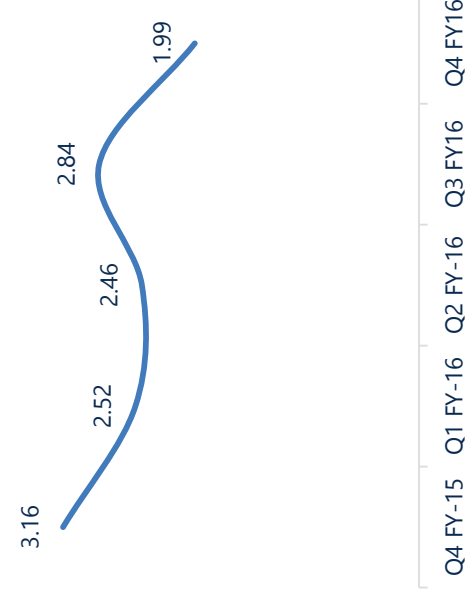
## Yield on Advances



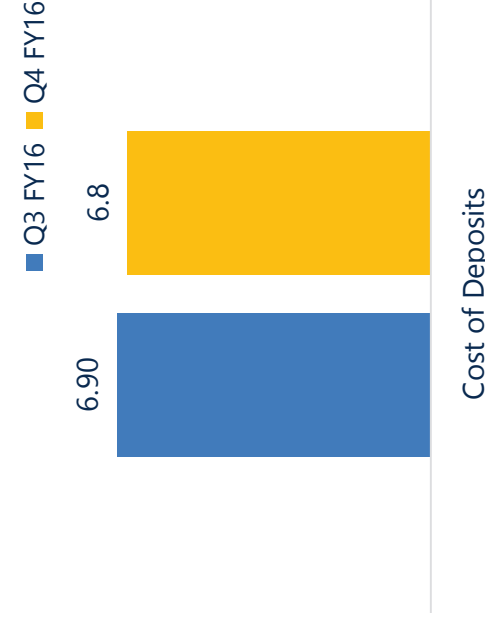
## Credit Cost



## Risk Adj NIM



## Cost of Deposits

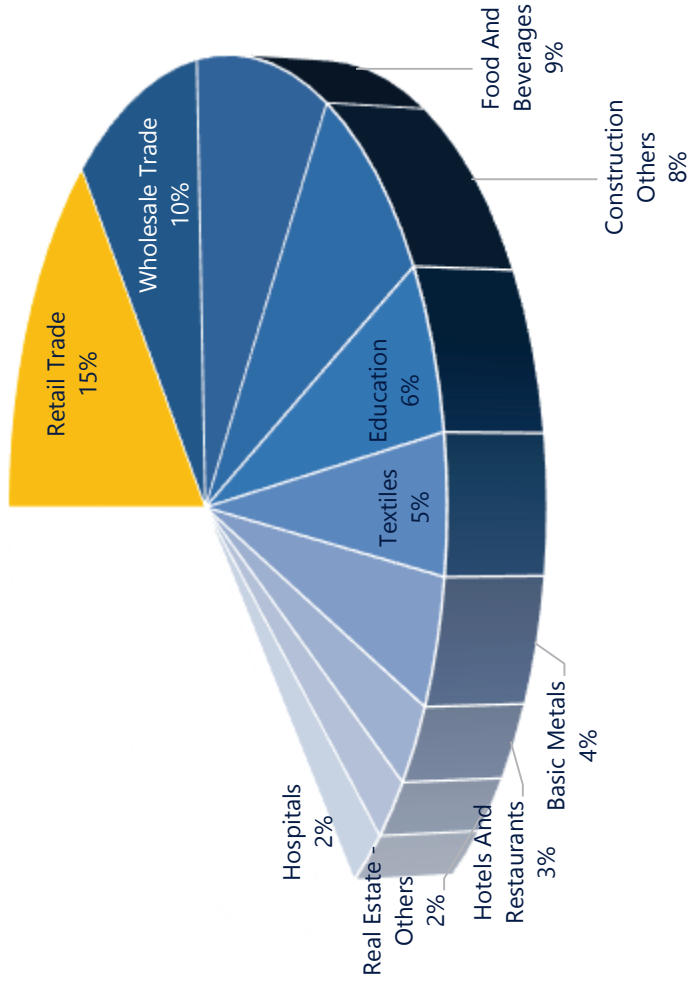


Q4 FY-15 Q1 FY-16 Q2 FY-16 Q3 FY16 Q4 FY16

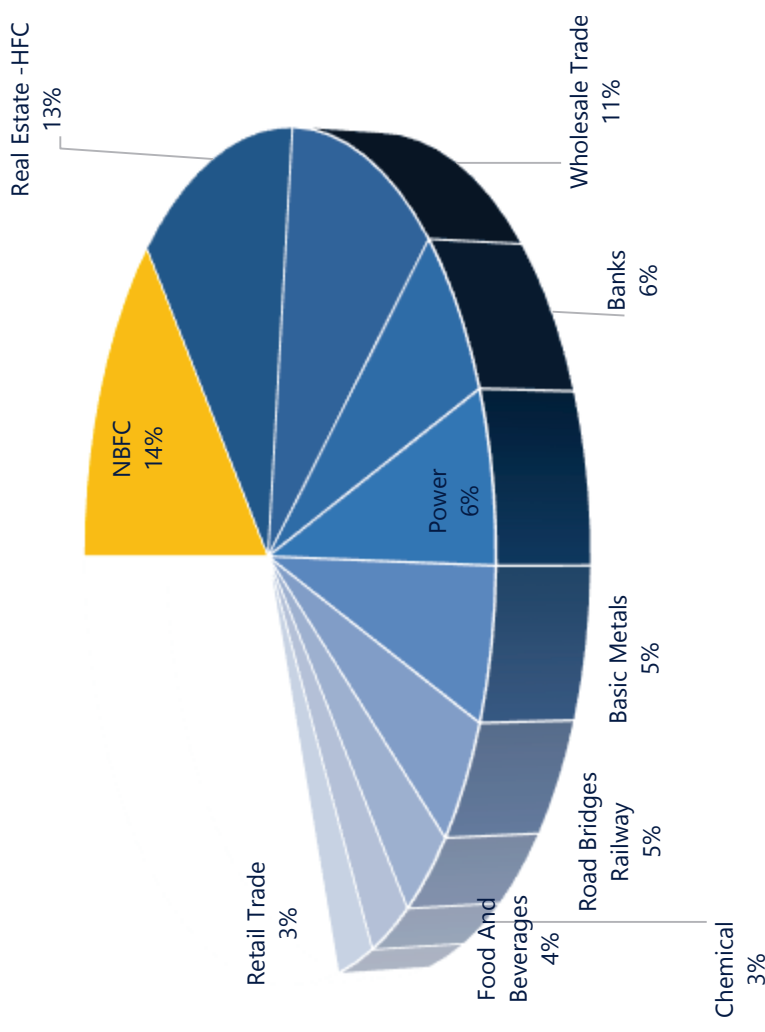
\* Including specific events led provisioning

₹ in Cr

## 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	5.80%

## 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

# External Ratings

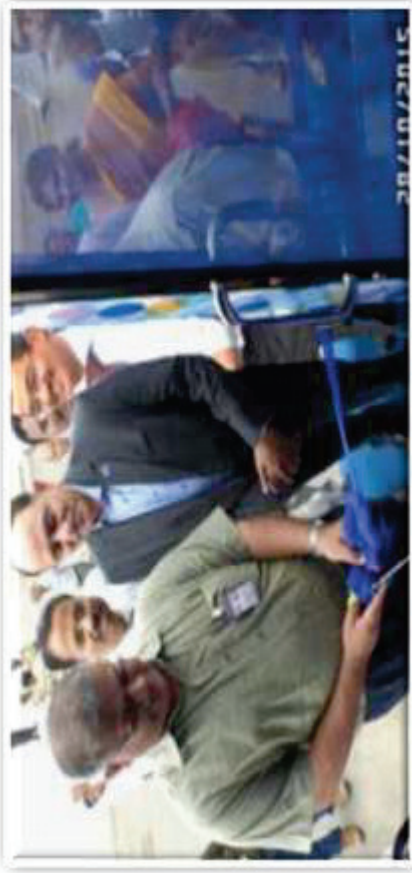


- Fixed Deposits and Certificate of Deposits enjoy highest rating in that class.
- The rating of Bonds indicate high safety and very low credit risk.

**Federal Bank gets MasterCard Innovation Awards  
2016 under Two categories**



**Inauguration of Portable Currency Exchange  
Counter at Cochin Port Trust**



**ET Best Corporate Brand 2016 Award**



**IDRBT Banking Technology Excellence Award  
2014-15**



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# Thank You