

Secretarial Department

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

SDF-24/ /2017-18

26th July 2017

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

Dear Sir,

Sub. : Presentation to Investors/Analyst on the Financial Results for the period ended 30th June 2017

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 Quarter I results and Business Updates is attached herewith and the same has been published on the Bank's website also.

Also attaching herewith the press release for you records.

Thanking you,
Yours faithfully,


Girish Kumar G
Company Secretary

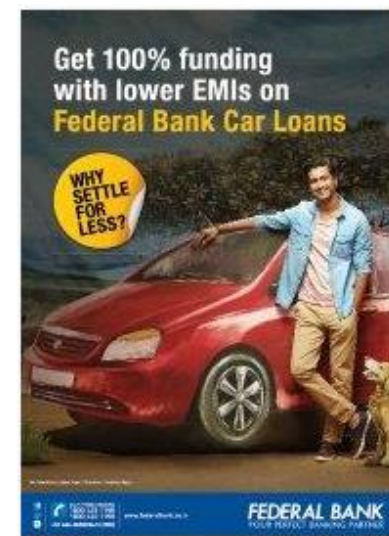
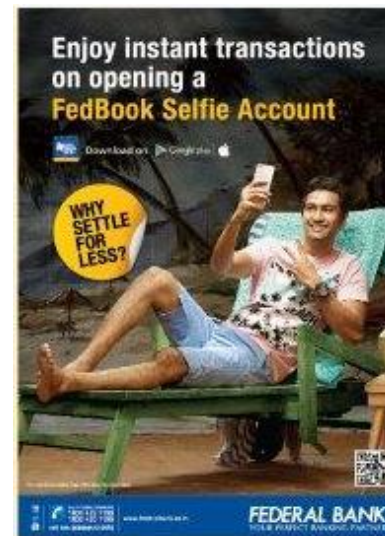
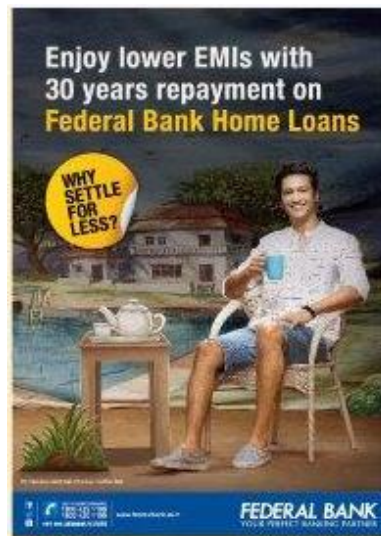
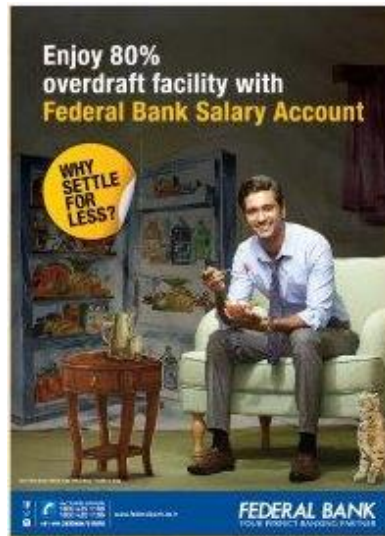
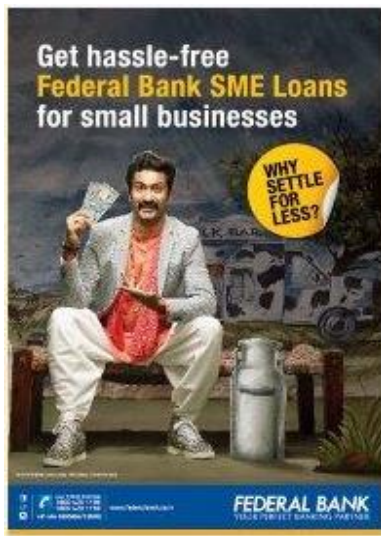


Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

WHY SETTLE FOR LESS?

Q1 FY 2018



Click on the thumbnails above to watch our new Ad Films!



Key Messages

- ❑ Credit continues growth trend. Book grows by 29% Y-o-Y.
- ❑ Fresh disbursements in Mortgages & Auto (Core Retail) crossed Rs.1000 Cr in a quarter for the first time.
- ❑ Credit Growth evenly spread across all segments.

- ❑ Strong consistent Market Share gain in both assets & liabilities front.
- ❑ Capabilities across businesses being strengthened continuously
- ❑ Market share steadily growing in chosen geographies pan India

- ❑ Highest quarterly operating profit @ 558 Cr
- ❑ Cost to Income improved 357bps on a Y-o-Y basis to reach 50.62%
- ❑ Other income growth 31%Y-o-Y

Granular Liability Franchise:

- ❑ Total deposits grow 18% Y-o-Y
- ❑ CASA Ratio increases to 33.44%



- ❑ Balance Sheet grows by 24% Y-o-Y (Rs.1.16 L Cr)
- ❑ Total business grows by 23% Y-o-Y (Rs.1.72 L Cr)
- ❑ CRAR at 15.28%

- ❑ Increase in Credit Cost due to blip in slippages on account of restructured (already guided) accounts moving into NPA

- ❑ Unique compensation structure introduced for middle and senior management team
- ❑ Compensation Linked to performance outcomes

- ❑ Continued traction in Digital and Self-service transaction channels.
- ❑ Digital transaction volume grows 77% Y-o-Y.
- ❑ Completed Successful Integration with Bharat Bill Pay



Performance Highlights (Y-o-Y)

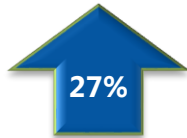
Savings Account	19%	Cost to Income Ratio	357 bps
Current Account	30%	Operating Profit	31%
Retail Deposit	17%	GNPA %	50 bps
Retail Advance	28%	Net Profit	26%
Agri Advance	23%	Capital Adequacy (CRAR)	15.28%
Wholesale Business	39%	Provision Coverage Ratio	70.26%



Comparison : Y-o-Y

Advances

Retail+Agri



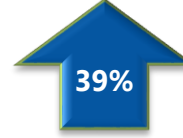
23825→30174

SME*



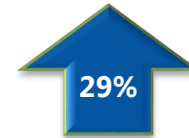
14352→16786

Wholesale*



21674→30127

Total Advances



59852→77087

Deposits

CASA



26635→32048

CASA Ratio



32.83→33.44

NRE Deposits



32121→37370

Retail Deposits



79252→92668

Performance

Net Income (NII+OI)



930→1130

Other Income



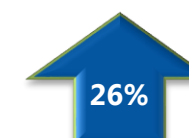
251→329

Operating Profit



426→558

Net Profit



167→210

Ratios

Cost Income ratio



54.19→50.62

Gross NPA%



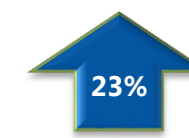
2.92→2.42

Net NPA%



1.68→1.39

Profit per Employee



5.87→7.23 (lacs)

* SME & Wholesale realigned as per FY beginning reclassification



Comparison : Q-o-Q (Sequential)

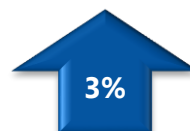
Advances

Retail+Agri



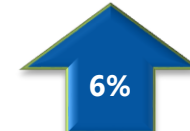
29306→30174

SME



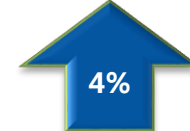
16361→16786

Wholesale



28423→30127

Total Advances



74091→77087

Deposits

CASA



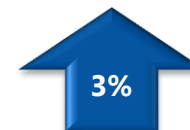
31838→32048

CASA Ratio



32.60→33.44

NRE Deposits



36407→37370

Retail Deposits



91885→92668

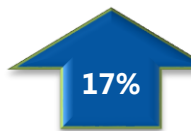
Performance

Net Income (NII+OI)



1125→1130

Other Income



282→329

Operating Profit



549→558

Net Profit



257→210

Ratios

Cost Income ratio



51.16→50.62

Gross NPA%



2.33→2.42

Net NPA%



1.28→1.39

Profit Per Employee



8.87→7.23 (n Lacs)

		Q1 FY18	Q4 FY17	Q3 FY17	Q2 FY17	Q1 FY17
Shareholder Value	Book Value (Per Share in ₹)	59.42 (52.6)*	51.43	49.94	48.63	47.07
	EPS	4.34 (4.89)*	6.04	4.74	4.68	3.89
Granularity	CASA + Deposits <1 Cr (% of Total Deposits)	92%	89%	92%	89%	93%
Profitability	ROA	0.77	0.96	0.78	0.88	0.76
	ROE	8.26 (9.45)*	11.92	9.62	9.78	8.37
Efficiency	Cost/Income	50.62	51.16	54.97	51.92	54.19
	Net NPA%	1.39	1.28	1.58	1.61	1.68

*The figure shown in bracket indicates the value without QIP



Asset Quality Trend

Fresh Accretion					
	Q1 FY18	Q4 FY17	Q3 FY17	Q2 FY17	Q1 FY17
Retail	97*	55	86	63	67
Agri	45*	30	14	26	34
SME	114	122	119	135	134
Wholesale	169**	37	55	42	45
Total	425	244	273	266	280

* Demonetization dispensation & farm loan waiver impact.

** Includes already guided restructured account.

Restructured				
TYPE	Q1 FY18 #		Q4 FY17	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	1326	135	1282	140
NPA	350	243	372	228
TOTAL	1676	378	1655	368

(Rs. in Cr)

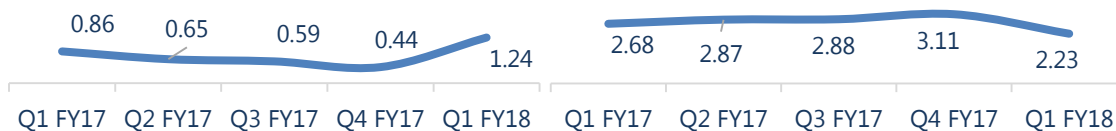
includes S4A,SDR,5/25

NPA Composition		Q1 FY18	Q4 FY17
Gross NPA	Business	NPA	NPA
	Retail	415	348
	Agri	211	170
	SME	890	855
	Wholesale	351	354
	Total	1868	1727
Net NPA		1061	941

Security Receipts	
Q1 FY18	Q4 FY17
1091.85	962.38

Credit Cost

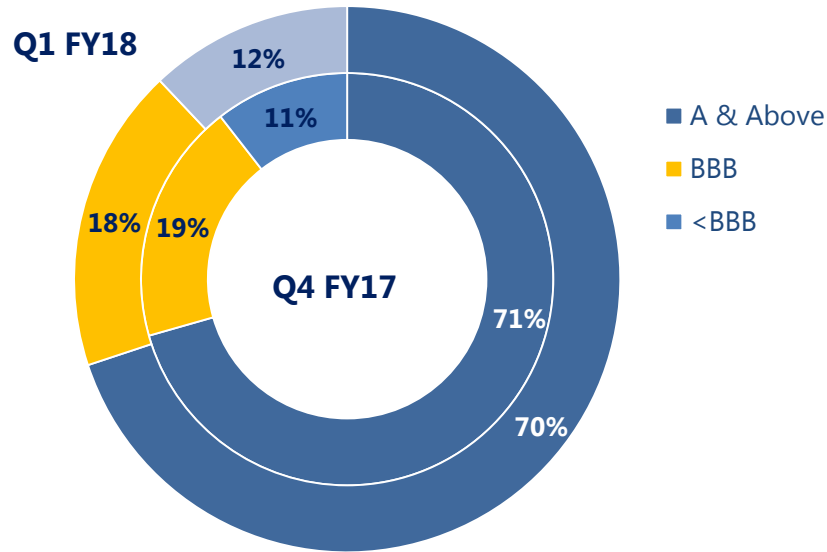
Risk Adj NIM



Insignificant impact on account of NCLT/IBC related accounts.

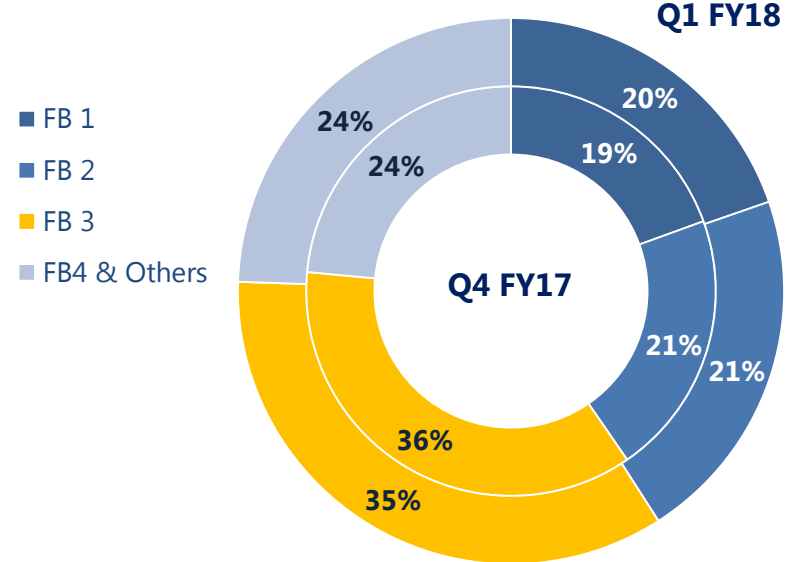


Risk Rating



Wholesale Assets

Rating	Q1 FY-18	Q4 FY-17
A & above	70%	71%
BBB	18%	19%
< BBB	12%	10%

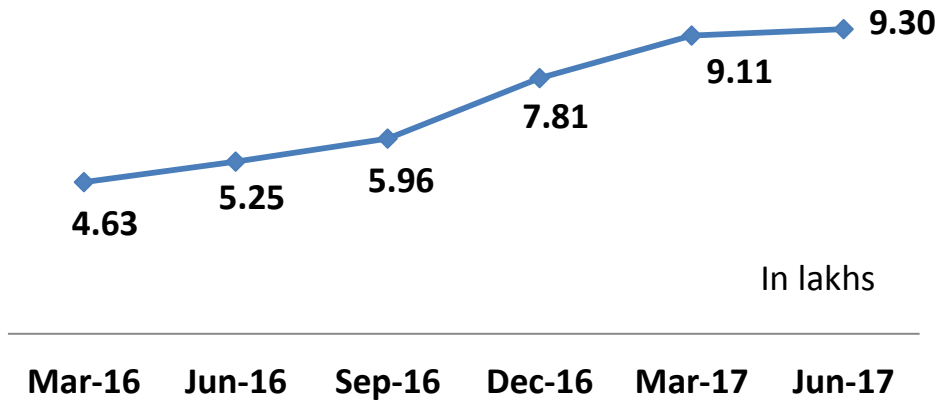


Other Assets

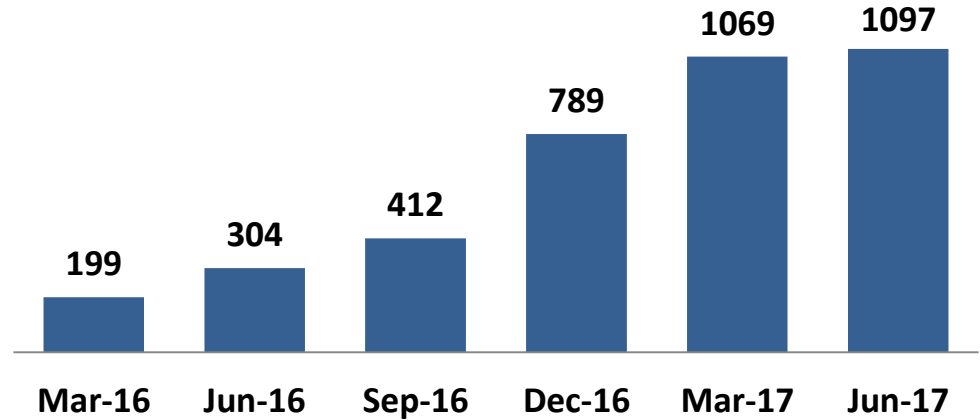
Rating	Q1 FY-18	Q4 FY-17
FB 1	20%	19%
FB 2	21%	21%
FB 3	35%	36%
FB4 & Others	24%	24%



Increase in the % of Number of Active Digital Users



FedMobile Transaction Volume (per month in Cr)



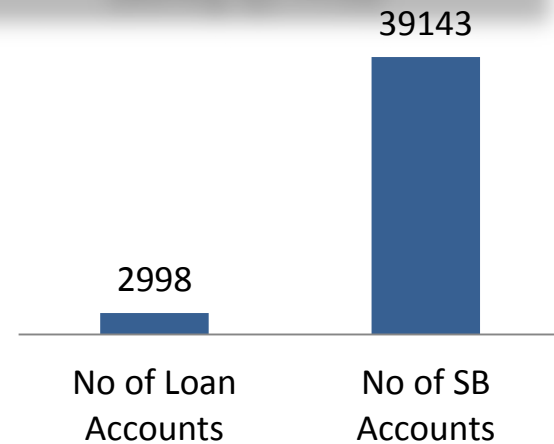
New Apps



FedCorp - Corporate FedMobile

Mobile App for FedNet- Internet Banking

Digital onboarding (during Q1 FY18)



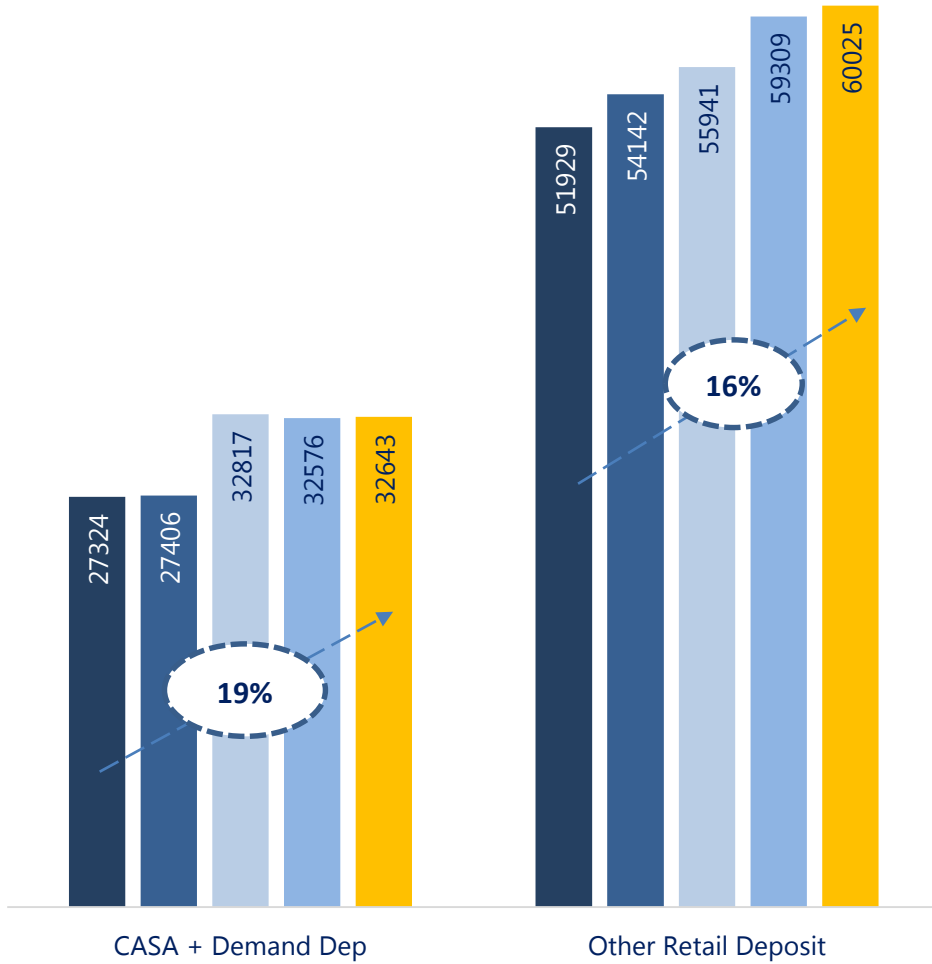


Business Parameters



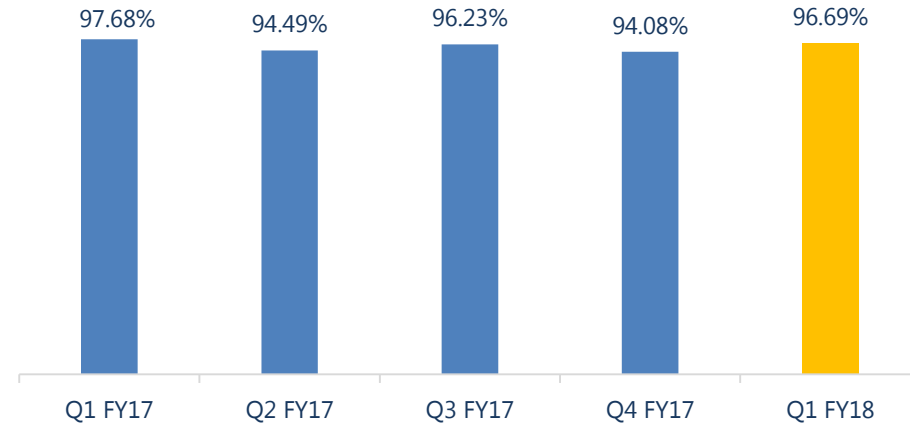
Liability : Trends

■ Q1 FY17 ■ Q2 FY17 ■ Q3 FY17 ■ Q4 FY17 ■ Q1 FY18

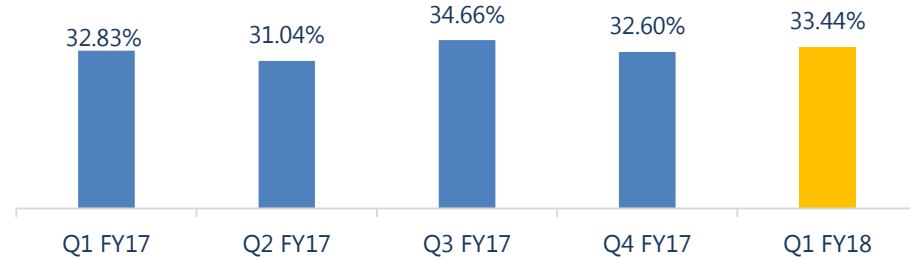


Retail Deposit ratio

₹ in Cr



CASA Ratio

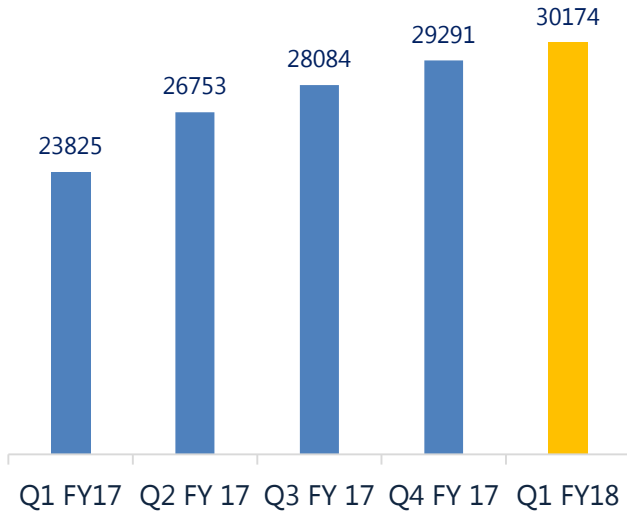




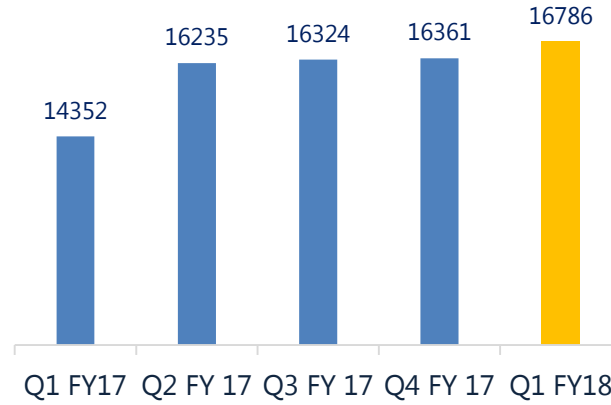
Customer Exposures

₹ in Cr

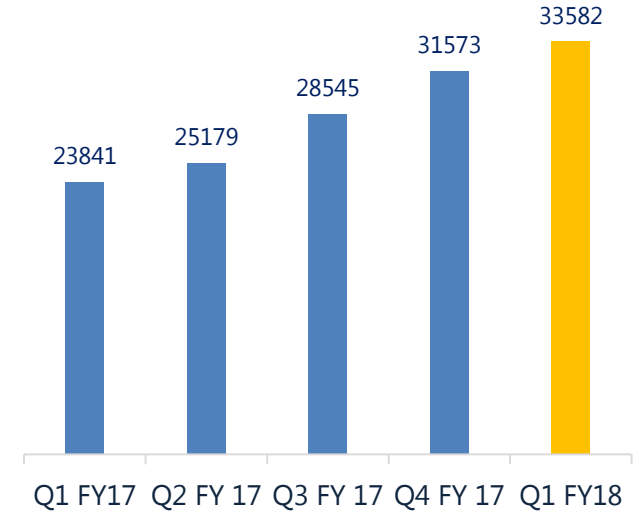
Retail (Including Agri)



SME



Wholesale*



Highlights

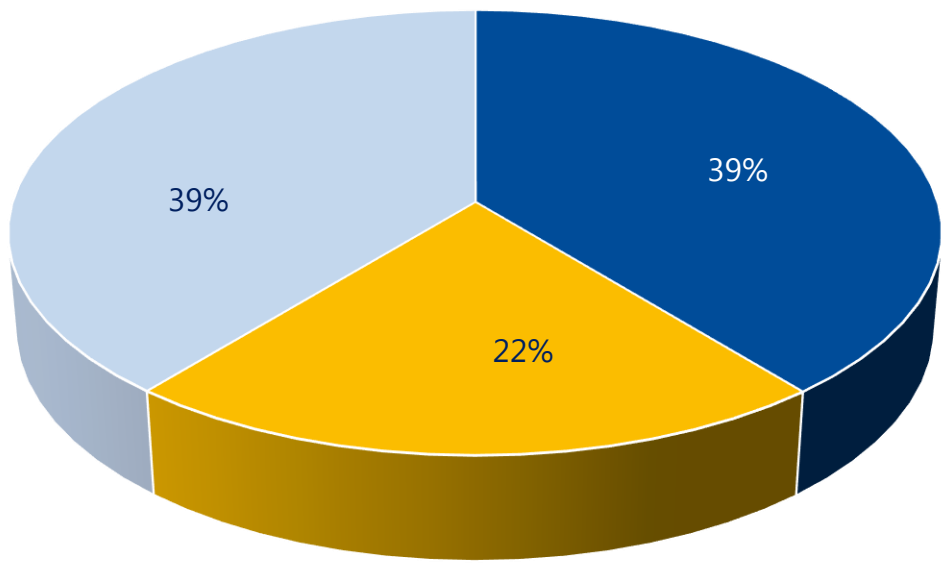
- Wholesale* portfolio grows by 41% Y-o-Y.
- SME Portfolio shows 17% growth Y-o-Y.
- Retail (including Agri) portfolio grows by 27% Y-o-Y .

(*Aggregate customer exposure)



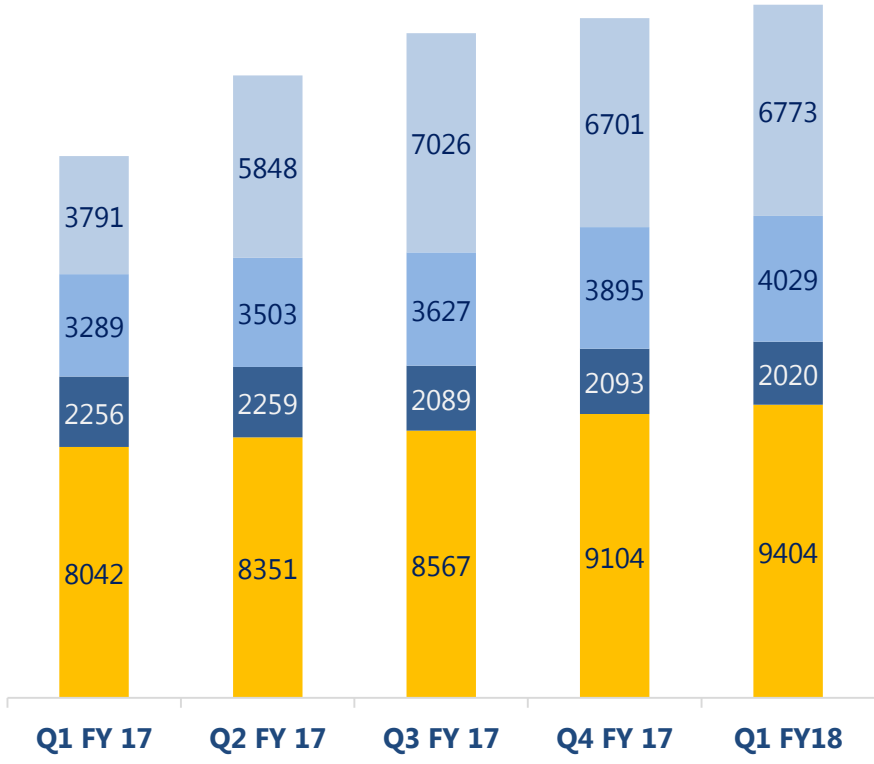
Total Loan Book

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



Retail Loan Book (Excl Agri)

■ Housing ■ Gold ■ Mortgage ■ Others



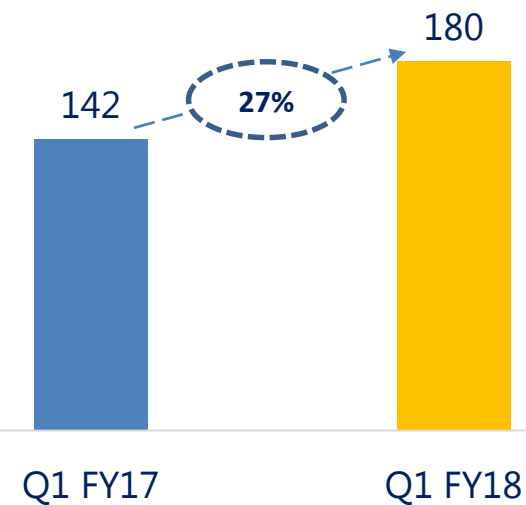


Fee Income/Other income

₹ in Cr

	Q1 FY18	Q4 FY17	Q3 FY16	Q2 FY17	Q1 FY17	Y-o-Y %
Loan Processing Fee	28	41	29	27	22	27%
Exchange, Commission, Brokerage & Other Fee Income	118	130	109	99	93	11%
Net Profit on Forex Transactions	34	41	33	27	27	25%
Fee Income	180	212	171	152	142	27%
Profit on sale of securities	112	54	86	86	83	35%
Recovery from assets written off & Other Receipts	37	16	18	23	13	183%
Total Other income	329	282	275	262	238	38%

Fee Income (Y-o-Y)

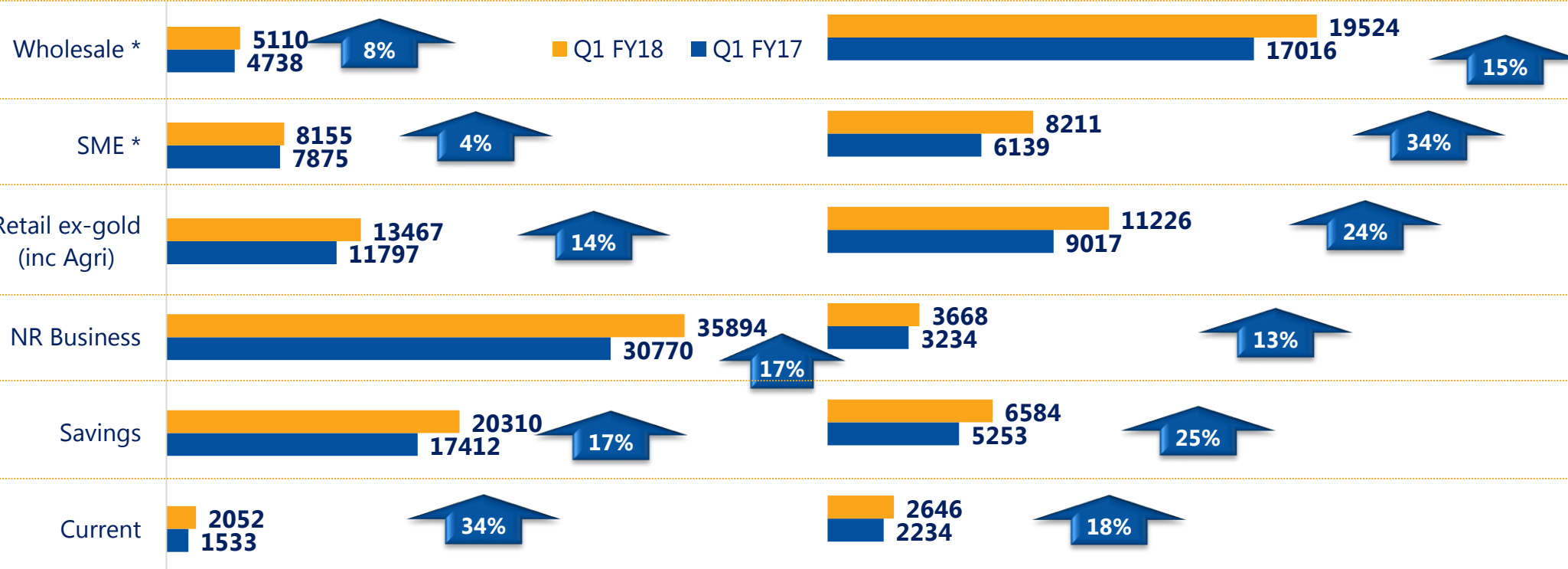




₹ in Cr

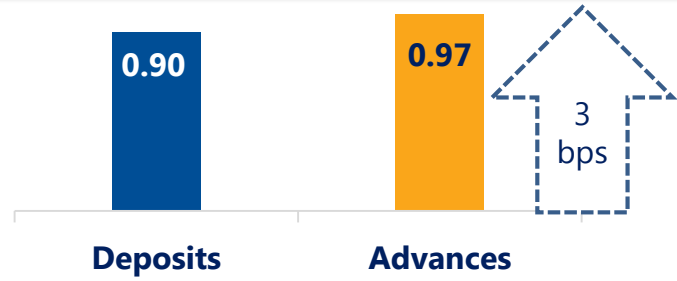
Kerala : Continuing Dominance

Outside Kerala: Gaining share



*SME & Wholesale realigned as per FY beginning reclassification

Bank's Market Share



Gain in Market Share:
growth (Q-o-Q)
Deposit: Maintained Market share
Advance : Market Share improved by 3 bps



CRAR – How strong is your Bank?

₹ in Cr

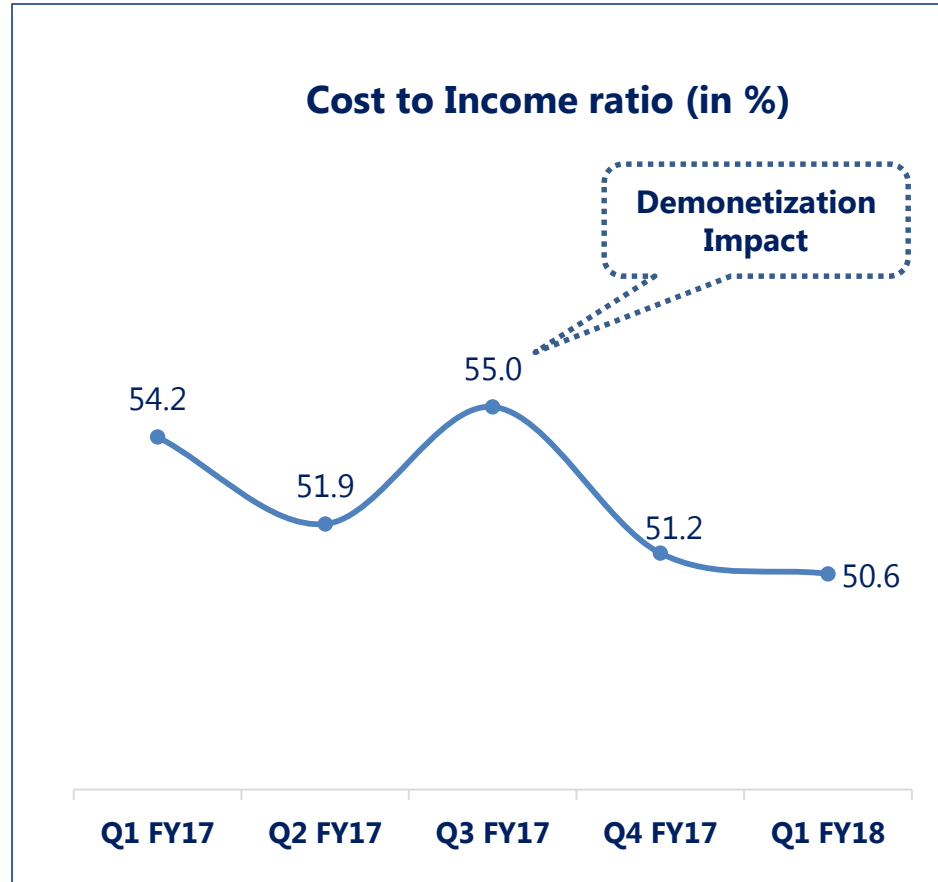
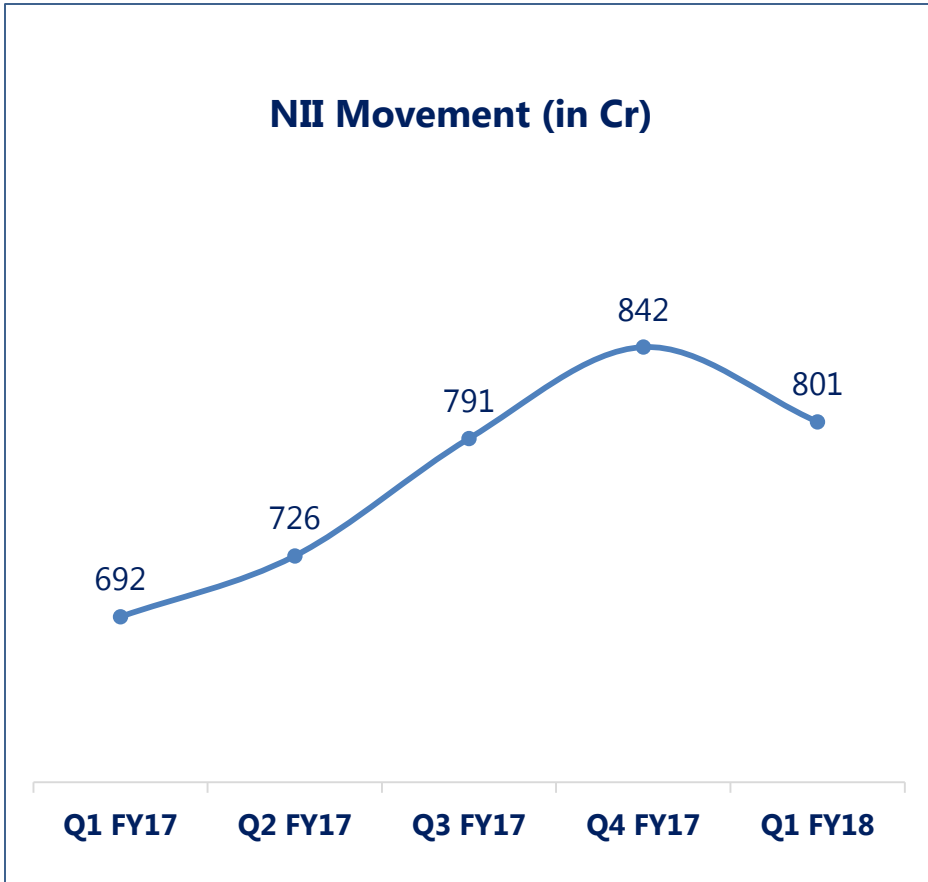
	Jun-17	Mar-17
Risk Weighted Assets		
Credit Risk	64589	62538
Market Risk	3681	4053
Operational Risk	6392	5704
Total RWA	74662	72295
Tier-1 Capital Funds	10989	8539
Tier-II Capital Funds	419	416
Total Capital Funds	11408	8955
CRAR	15.28%	12.39%
Tier-I	14.72%	11.81%
Tier-II	0.56%	0.58%



Annexures



Core Performance Indicators

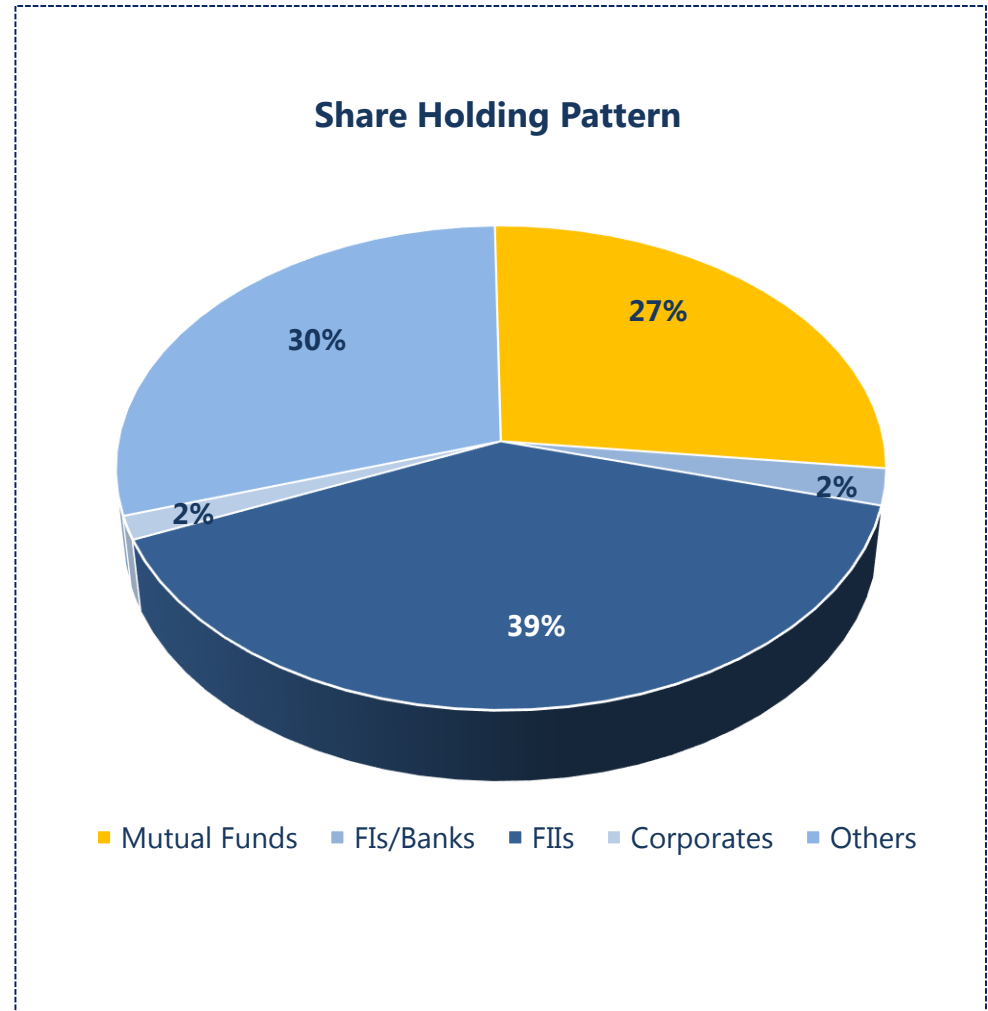




Balance Sheet & Shareholding Pattern

₹ in Cr

	Q1 FY18	Q1 FY17
LIABILITIES		
Capital	388	344
Reserves & Surplus	11239	7916
Deposits	95839	81132
Borrowings	5833	1729
Other Liabilities & Provisions	3067	2669
TOTAL	116367	93791
ASSETS		
Cash & Balance with RBI	4674	3768
Balances with Banks, Money at Call	2778	2660
Investments	26691	22851
Advances	76307	59118
Fixed Assets	484	514
Other Assets	5433	4880
TOTAL	116367	93791



WHY SETTLE FOR LESS?

Financials

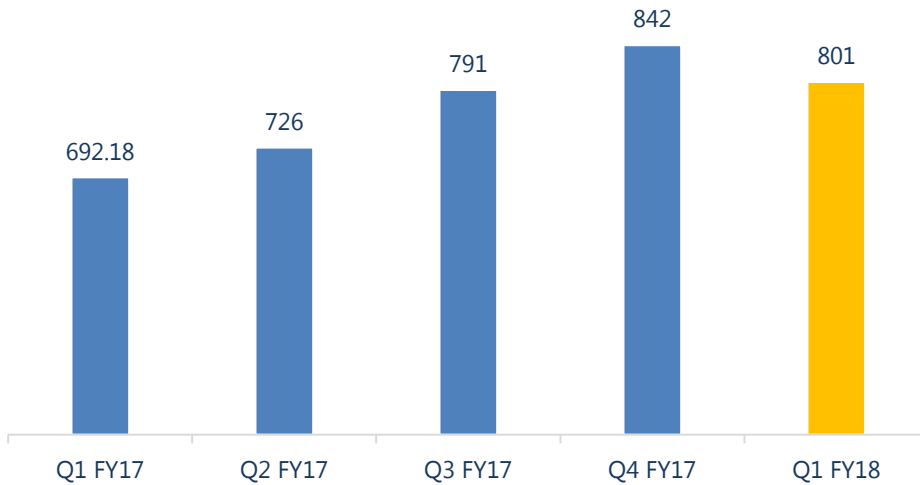
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₹ in Cr

	Q1 FY18	Q4 FY17	Q-o-Q	Q1 FY17	Y-o-Y
Interest Income	2324	2316	0%	2013	15%
Interest Expenses	1523	1474	3%	1321	15%
Net Interest Income	801	842	-5%	692	16%
Other Income	329	282	17%	251	31%
Total Income	2653	2598	2%	2264	17%
Total Expenditure	2095	2049	2%	1838	14%
Operating Profit	558	549	2%	426	31%
Total Provisions	348	293	19%	259	34%
Net Profit	210	257	-18%	167	26%
Net Interest Margin (%)	3.13%	3.42%	-29 bps	3.28%	-15 bps
Cost to Income Ratio (%)	50.62%	51.16%	-54 bps	54.19%	-357 bps

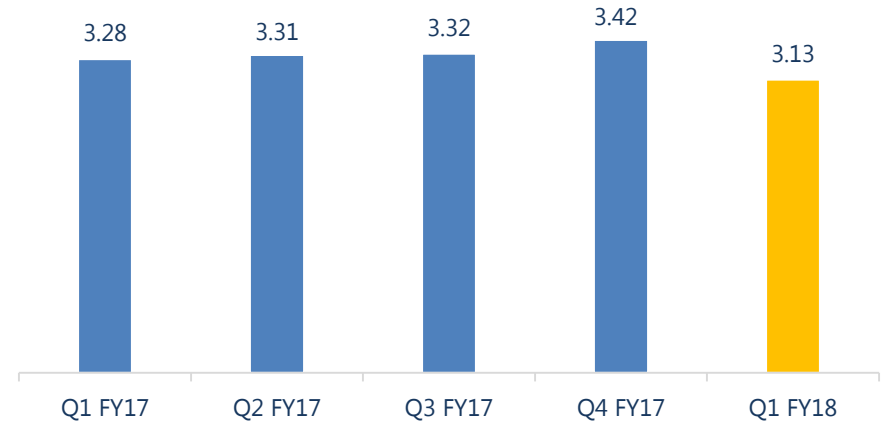


Net Interest Income

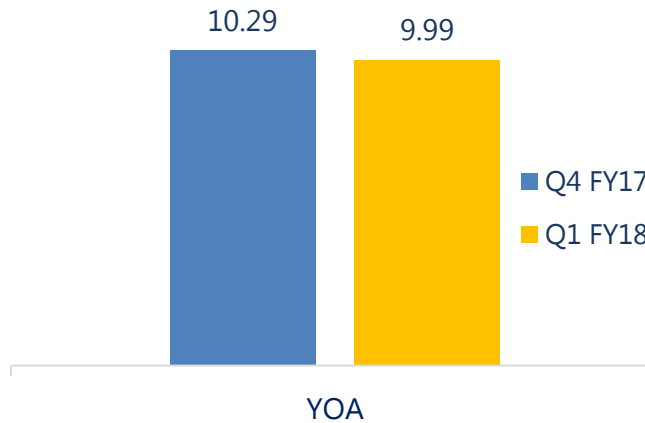


Net Interest Margin (%)

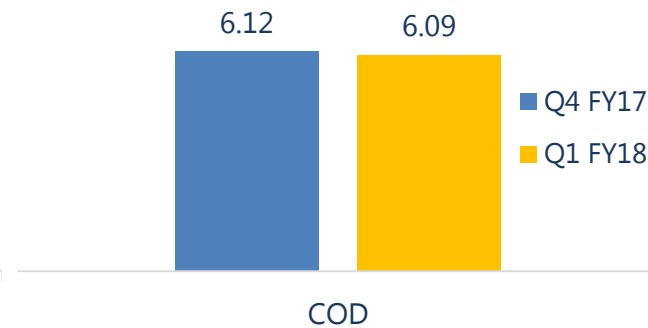
₹ in Cr



Yield on Advances

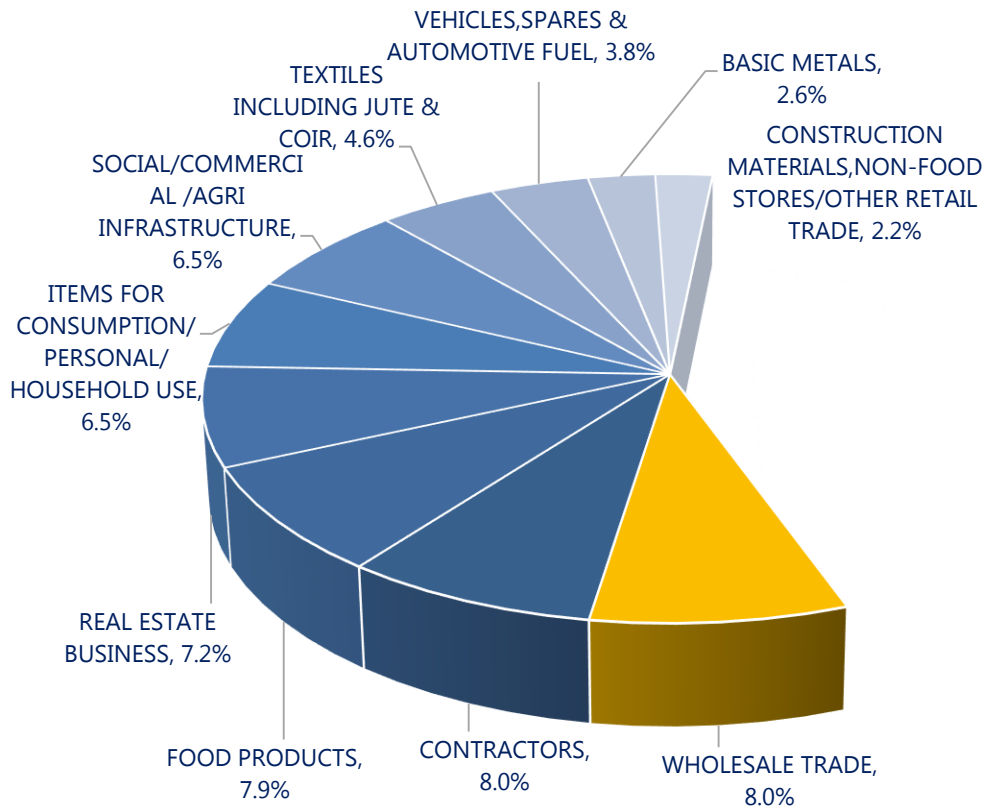


Cost of Deposits

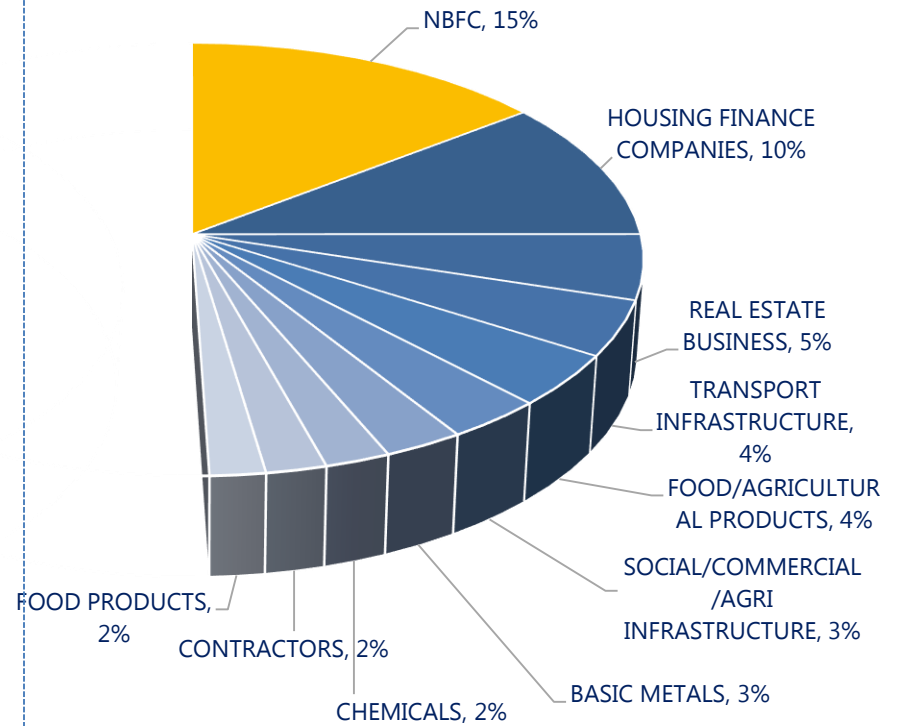




SME Portfolio



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%
Experian Credit Information Company of India Pvt Ltd	2.14%
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 & Dubai in 2016.
- 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 Deposit

Certificate of Deposit



A1+

A1+

- 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.

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PRESS RELEASE**Federal Bank's Net Profit surges by 26% to reach Rs.210.15 Cr**

Federal Bank announced the Unaudited Financial Results for the quarter ended 30th June 2017. The key highlights of the results on a Y-o-Y basis are as follows:

- Operating profit sees a growth of 31%
- Total Business increases by 22.74%
- Total Deposits increase by 18.13%
- NRE Deposits increases by 16.34%
- Total advances increases by 29.08%
- SME Advances clocks a growth of 9.54%
- Net Profit soars to Rs. 210.15 Cr registering a growth of 26%

Balance Sheet

The Total Business of the Bank registered a Y-o-Y growth of 22.74% to reach Rs.1,72,145.95 Cr as on 30th June 2017. While Total Deposits increased by 18.13% to reach Rs. 95,838.84 Cr, Total Advances grew by 29.08% to Rs. 76,307.11 Cr as on 30th June 2017.

CASA Deposits of the Bank grew 20.33% Y-o-Y to reach Rs. 32,048.03 Cr. CASA as a percentage to Total Deposits increased to 33.44% as against 32.83% during the corresponding period last year. NRE Deposits grew by 16.34% from Rs. 32,120.83 Cr to Rs. 37,370.46 Cr.

On the Asset side, while SME Advances registered a growth of 9.54% to touch Rs. 16,786.45 Cr, the Large Corporate Advances of the Bank records a growth of 45.59% to reach Rs. 30,126.86 Cr.

Operating Profit & Net Profit

The Operating Profit of the Bank as on 30th June 2017 stood at Rs. 557.86 Cr up from Rs. 425.86 Cr as at the end of Q1FY17. While the Total Income grew 17.20% Y-o-Y to reach Rs. 2653.20 Cr, other income recorded a Y-o-Y growth of 31.34% from Rs.250.57 Cr for the quarter ended 30th June 2016 to Rs. 329.10 Cr for the quarter ended 30th June 2017. The Net Profit of the Bank as at the end of the current quarter stood at Rs. 210.15 Cr registering a Y-o-Y growth of 25.61%.

Margins

Net Interest Income grew 15.68% on a Y-o-Y basis from Rs. 692.17 Cr during the corresponding quarter last year to Rs. 800.68 Cr this quarter. Net Interest Margin as on 30th June 2017 stood at 3.13%.

Asset Quality

The Gross NPA of the Bank as at the end of the quarter stood at Rs. 1867.94 Cr, which as a percentage to Gross Advances comes to 2.42%. The Net NPA as on 30th June 2017 stood at Rs. 1061.26 Cr, and the Net NPA as a percentage to Net Advances is at 1.39%. The Provision Coverage Ratio is 70.26%.

NET WORTH & CAPITAL ADEQUACY

Bank's Net worth on a Y-o-Y basis increased from Rs. 8093.29 Cr to Rs. 11541.90 Cr as on 30th June 2017. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines stood at 15.28% as at the end of the quarter.

Footprint

The Bank has 1252 branches and 1678 ATMs as on 30th June 2017.

Q1FY17 Vs Q1FY18

- Total Income for Q1 grew by 17.20% on a y-o-y basis to Rs. 2653.20 Cr.
- Net Interest Income increased by 15.68% to Rs. 800.68 Cr
- Total Deposits increased by 18.13% from Rs. 81,132.11 Cr to Rs. 95,838.84 Cr.
- Savings deposits grew by 18.65% to reach Rs. 26,896.39 Cr
- CASA grew by 20.33% to reach Rs. 32,048.03 Cr
- CASA ratio improved to reach 33.44%.
- NRE deposits grew by 16.34% to reach Rs. 37,370.46 Cr
- Advances increased by 29.08% from Rs. 59,117.68 Cr to Rs. 76,307.11 Cr.
- SME Advances registered a growth of 9.54% to reach Rs. 16,786.45 Cr.
- Investments stood at Rs. 26,691.34 Cr
- Book Value per share increased to 59.42 from 47.07

WORKING RESULTS AT A GLANCE

(Rs.in Crore)

Particulars	Q1	Q1	% y-o-y growth
	2017-18	2016-17	
Interest Income	2324.10	2013.27	↑ 15.44
Other Income	329.10	250.57	↑ 31.34
Total Income	2653.20	2263.84	↑ 17.20
Net Interest Income	800.68	692.17	↑ 15.68
Operating Profit	557.86	425.86	↑ 31.00

MAJOR FINANCIAL INDICATORS (Standalone nos)

(Rs. in Cr)

Business Figures	As on 30.6.2017	As on 30.6.2016	Growth (%)
Total Deposits	95838.84	81132.11	↑ 18.13%
SB & Demand Deposits	32,643.24	27323.94	↑ 19.47%
Net Advances	76307.11	59117.68	↑ 29.08%
Retail Advances	22226.73	17388.87	↑ 27.82%
SME Advances	16786.45	15325.04	↑ 9.54%

Agri Advances	7946.77	6445.05	↑ 23.30%
Investments	26691.34	22850.96	↑ 16.81%
Capital			
Equity Capital	388.46	343.87	
Net Worth	11541.90	8093.29	↑ 42.61%
Capital Adequacy (%)	15.28	13.59	
Tier I (%)	14.72	12.99	
Tier II (%)	0.56	0.60	

Rajanarayanan N

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

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