

Secretarial Department

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

SDF-24/ /2018-19

16.10.2018

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,

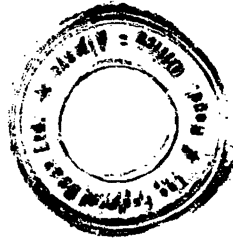
Sub. : Presentation to Investors/Analyst on the Financial Results for the period ended 30 September 2018

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 II results for the period ended 30 September 2018, Press release & Business Updates 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



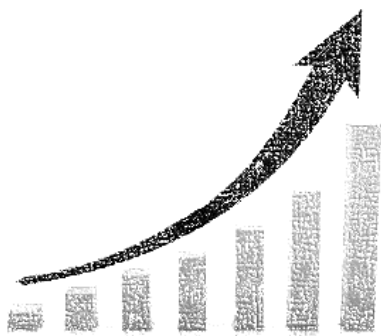
Investor Information

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Q2 FY 2019

Robust Operating Momentum

Healthy Core Engine



Strong Operating Momentum

- Operating Profit grows 20% Y-o-Y
- Robust Growth across all Business Segments
- Highest ever NII @1022Cr

Granular Liability Franchise

- CASA growth rate (23%) outpaces deposit growth rate (22%).
- NR Deposit grows 22%
- Current Account grows materially 30%Y-o-Y

Market Share

- Market Share in Advances reaches 1.12% up by 11bps Y-o-Y
- Market Share in Deposits reaches 1% up by 11bps Y-o-Y

Digital Initiatives

- Among the 1st 4 Banks chosen by Google for its digital credit offering
- FedeBiz – a DIY facility for Trade and Transaction Banking launched for Commercial and Corporate Clients

Robust and Organic Credit Growth

- Advances grow 26% Y-o-Y.
- Personal Loans clock 85% growth YoY
- Housing Loan and Personal Loan clock highest ever quarterly growth.

Asset Quality

- Credit Cost contained at 64 bps.
- Slippages on acct of Kerala Floods along guided lines
- Total stressed Book maintained at 2.01% of total assets.

Materially Improved Income and Cost Streams

- Core Fee Income increases by 33%
- Cost to Income limited to 48.15% down by 365 bps Q-o-Q

Balance Sheet and Capital

- Balance Sheet grows by 19% Y-o-Y (Rs.1.44L Cr)
- Total business grows by 23% Y-o-Y (Rs.2.20L Cr)
- CRAR at 13.29 %



Business initiatives To Sharpen high Quality Growth

Corporate & Institutional Banking

- Continued thrust on New Geographies – new markets penetrated.
- New client acquisition continued with sharp focus on manufacturing entities

Commercial Banking

- Strengthened the RM force for deeper penetration in different markets.
- Technology enablers in place for new client acquisition focussing on Supply Chain financing
- Continuous churning of portfolio to maintain the quality of the Book (nearly Rs.700Cr exited/limit-reduced)

Business Banking and Rural & Micro Banking

- First bank to be enrolled as a Professional Clearing Member in all three major commodity exchanges (MCX, NCDEX, NMCE(ICEX).
- Introduced first of its kind, app based door step Gold loan facility in association with Fintech partner
- Successfully piloted a JLG lending model in association with a BC Fintech partner based on block-chain technology.

Retail Business

- Tailormade Current Account Products for Co-operative sector/RERA escrow accounts/SPV accts etc
- Presence on E-Commerce space at regular intervals with offers on shopping, travel, dining, entertainment etc to enhance brand association.
- Regulator’s Approval received for Truenorth Investment in Fedfina – Investment will support broadening the playing field for Fedfina

Government Business & Treasury

- Empanelled in 13 states, catering to 156 government entities & select PSUs in meeting their Banking needs.
- Risk Management Solutions pushed extensively under extreme market volatility & Derivatives capability added that will bolster customer offering.



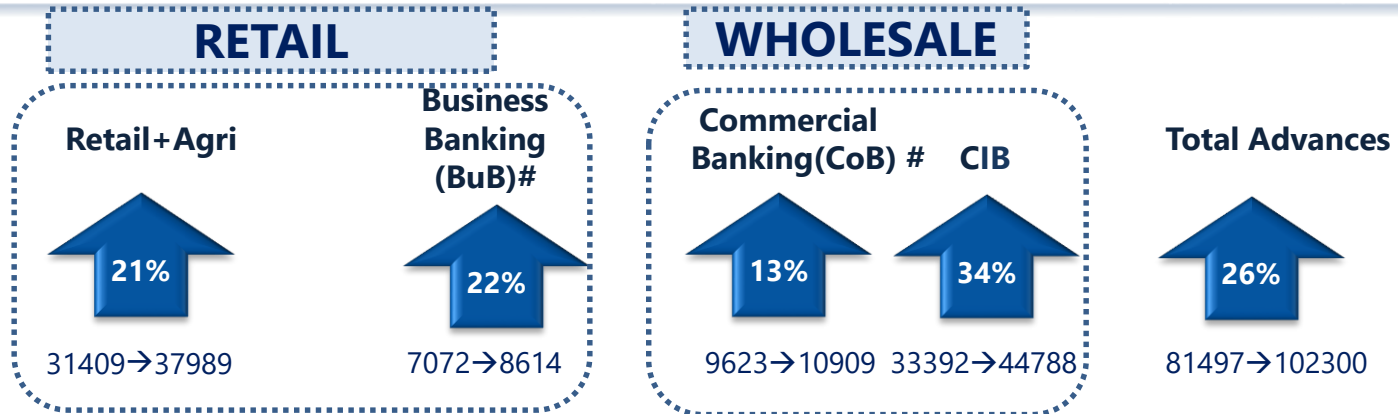
Performance Highlights Y-o-Y

Retail (inc Agri)	21%	↑	NII	14%	↑
SME Advance Business banking	17% 22%	↑	Core Fee Income	33%	↑
Corporate Business	34%	↑	Operating Profit	20%	↑
Total Advance	26%	↑	NIM	@3.15%	
CASA CA	23% 30%	↑	Cost to Income Ratio GNPA	@48.15% @3.11%	
Retail Deposit	19%	↑	Capital Adequacy (CRAR)	13.29%	
			Provision Coverage Ratio	63.37%	

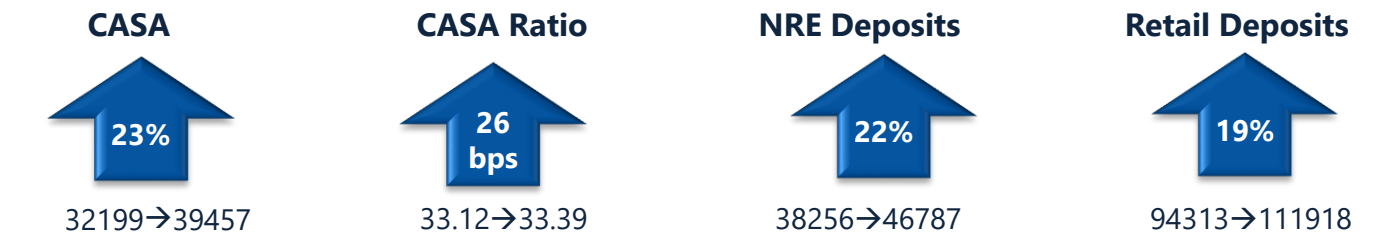


Comparison : Y-o-Y (3 M)

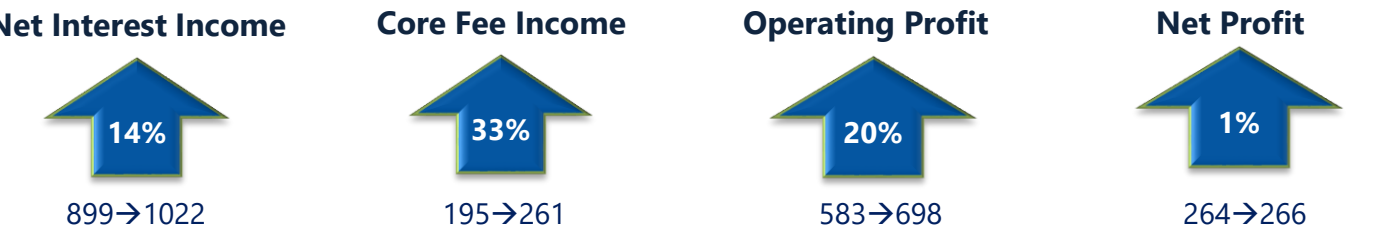
Advances



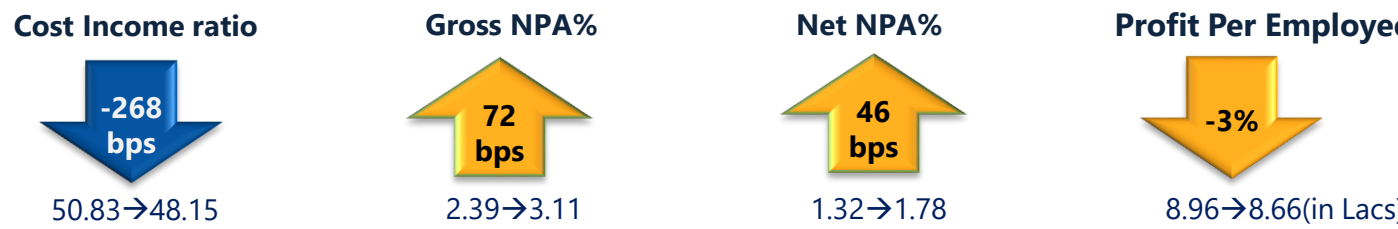
Deposits



Performance



Ratios



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

#SME split into BuB & CoB



Comparison : Q-o-Q (Sequential)

	RETAIL		WHOLESALE		
Advances	Retail +Agri	Business Banking(BuB)	Commercial Banking(CoB)	CIB	Total Advances
	↑ 6%	↑ 5%	↑ 4%	↑ 9%	↑ 7%
	35832→37989	8238→8614	10443→10909	41002→44788	95515→102300
Deposits	CASA	CASA Ratio	NRE Deposits		Retail Deposits
	↑ 6%	↓ - 8 bps	↑ 4%		↑ 5%
	37234→39457	33.47→33.39	44806→46787		107022→111918
Performance	Net Interest Income	Core Fee Income	Operating Profit		Net Profit
	↑ 4%	↑ 26%	↑ 16%		↑ 1%
	980→1022	208→261	603→698		263→266
Ratios	Cost Income ratio	Gross NPA%	Net NPA%		Profit per Employee
	↓ -365 bps	↑ 11 bps	↑ 6 bps		↑ 0.3%
	51.80→48.15	3.00→3.11	1.72→1.78		8.63→8.66 (in lacs)

#SME split into BuB & CoB

Shareholder Value

Book Value
(Per Share in ₹)

Q2 FY19

Q1 FY19

Q4 FY18

Q3 FY18

Q2 FY18

62.81

62.62

61.55

60.80

59.59

EPS
(annualized)

5.33

5.32

2.98

5.32

5.35

Granularity

CASA + Deposits <1 Cr
(% of Total Deposits)

89%

91%

88%

92%

90%

Profitability
(Annualized)
ROA

0.76

0.79

0.46

0.87

0.94

RoRWA

1.24

1.37

0.77

1.40

1.45

ROE

8.50

8.61

4.88

8.74

9.02

Efficiency

Cost/Income

48.15

51.80

52.82

52.37

50.83

Net NPA%

1.78

1.72

1.69

1.36

1.32

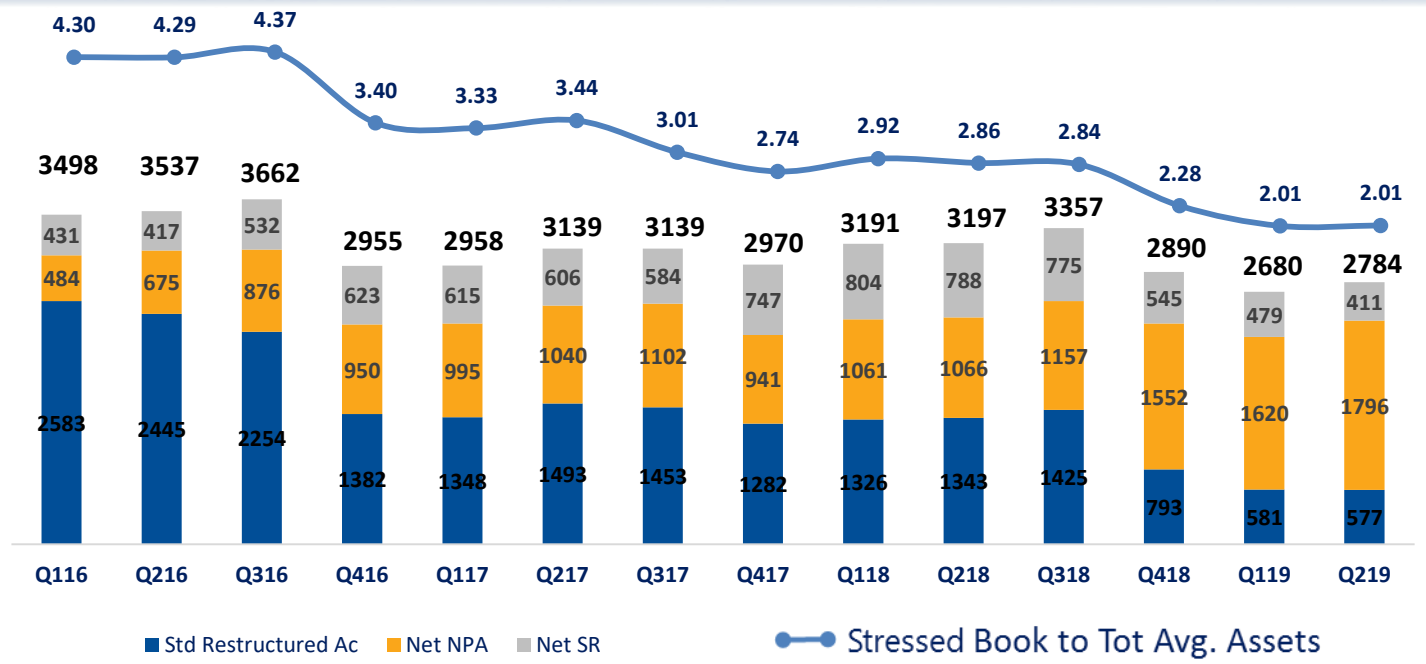


Asset Quality Drill-Down

Total Stressed Book at 2784Cr. Maintained at 2.01% of Total Assets.

Credit Cost of the Bank improved to 64 bps which is well within the guided lines.

Net Security Receipts portfolio down to 411Cr



Movement of NPA

Amt in Rs.Cr.

Gross NPA as on 30.06.2018	2869
Add Fresh Slippage	477
Add Increase in Balances in Existing NPAs	5
Deduct Recoveries/ Upgrades	-155
Deduct Written Off	-11
Deduct Sale to ARCs	0
Gross NPA as on 30.09.2018	3185



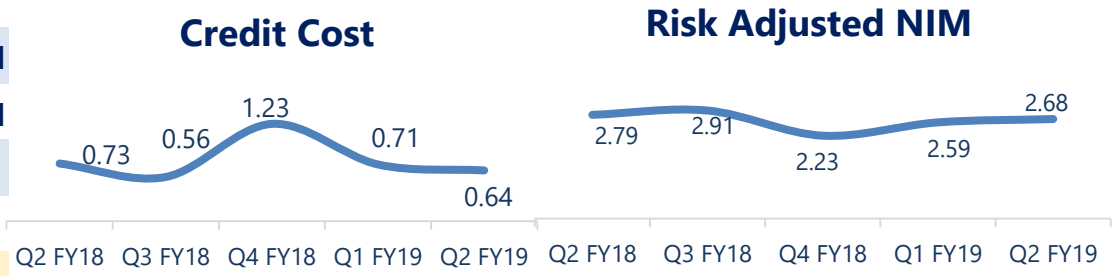
Fresh Slippages Break up

Fresh Slippages					
	Q2 FY19	Q1 FY19	Q4 FY18	Q3 FY18	Q2 FY18
Retail	120	109	70	150	106
Agri	65	54	56	42	51
SME	169	90	142	122	107
BuB	94	39			
CoB	75	51			
Corporate	123	207	604	98	20
Total	477	461	872	411	284

Restructured				
TYPE	Q2 FY19		Q1 FY19	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	577	84	581	81
Gross NPA	705	72	656	75
Net NPA	577	72	563	75
TOTAL	1154	156	1144	156

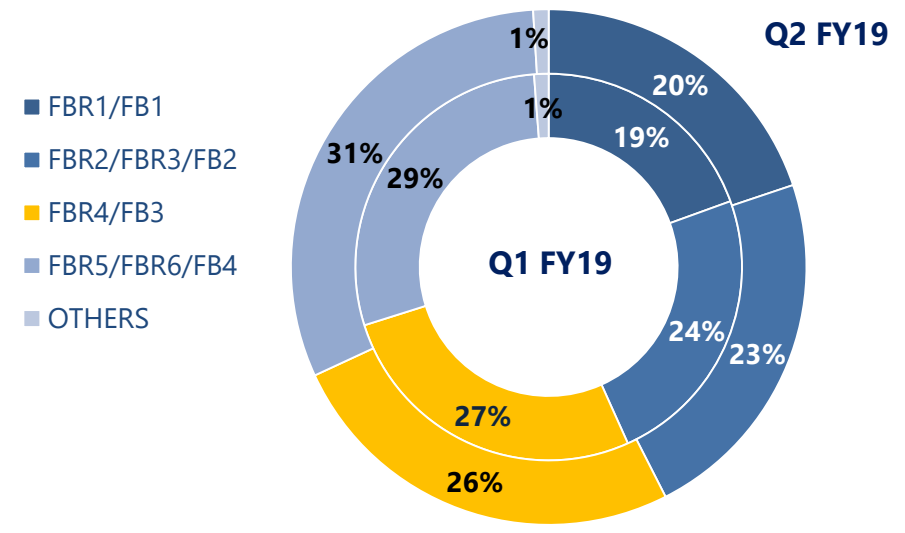
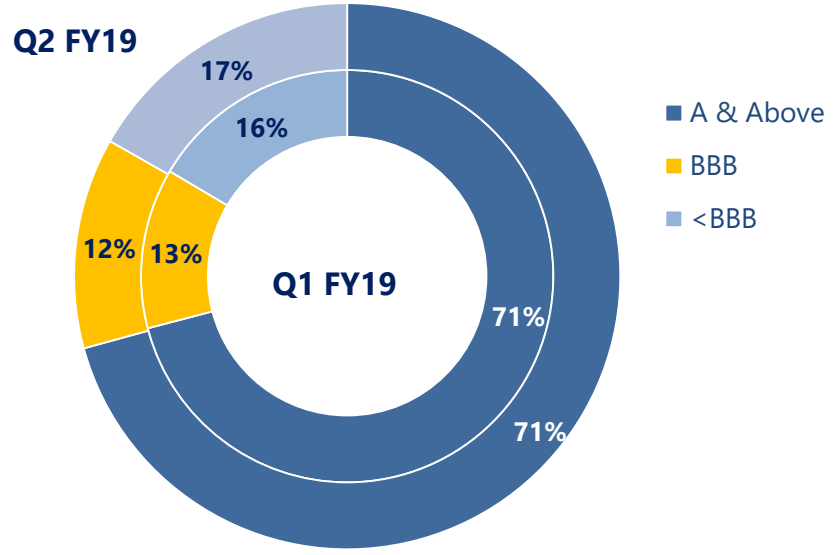
NPA Composition		Q2 FY19	Q1 FY19
Business	NPA	NPA	NPA
Retail	625	595	
Agri	367	325	
SME	1213	1062	
Gross NPA	BuB	531	441
	CoB	682	621
Corporate	979	887	
Total	3185	2869	
Net NPA		1796	1620

Security Receipts		
	Q2 FY19	Q1 FY19
Face Value	723	758
Book Value	630	649





Risk Rating



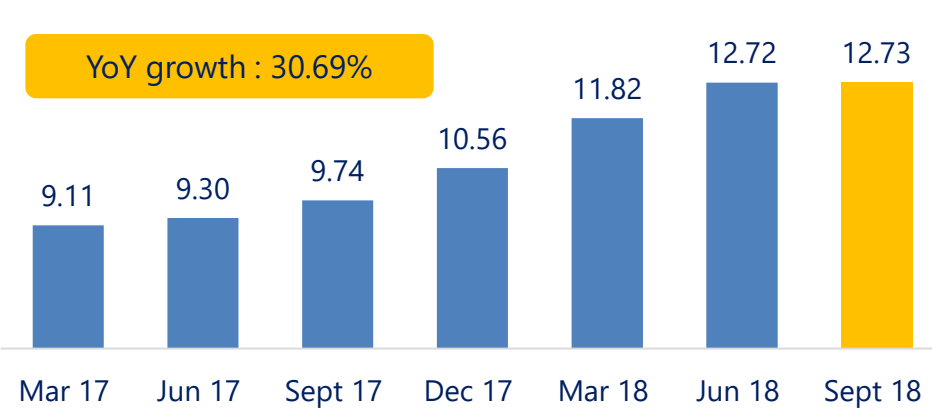
Wholesale Assets

Rating	Q2 FY-19	Q1 FY-19
A & above	71%	71%
BBB	12%	13%
< BBB	17%	16%

Other Assets

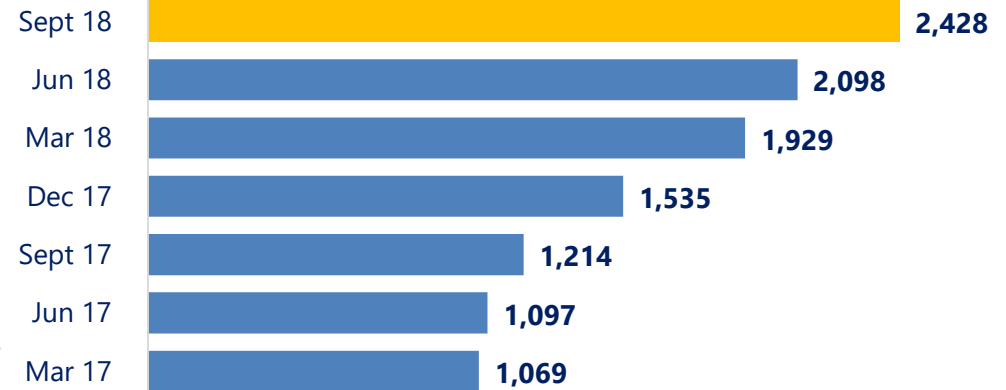
Rating	Q2 FY-19	Q1 FY-19
FBR1 FB1	20%	19%
FBR2/FBR3 FB2	23%	24%
FBR4 FB3	26%	27%
FBR5/FBR6 FB4	31%	29%
Others	1%	1%

Increase in the Number of Active Digital Users (In Lakhs)



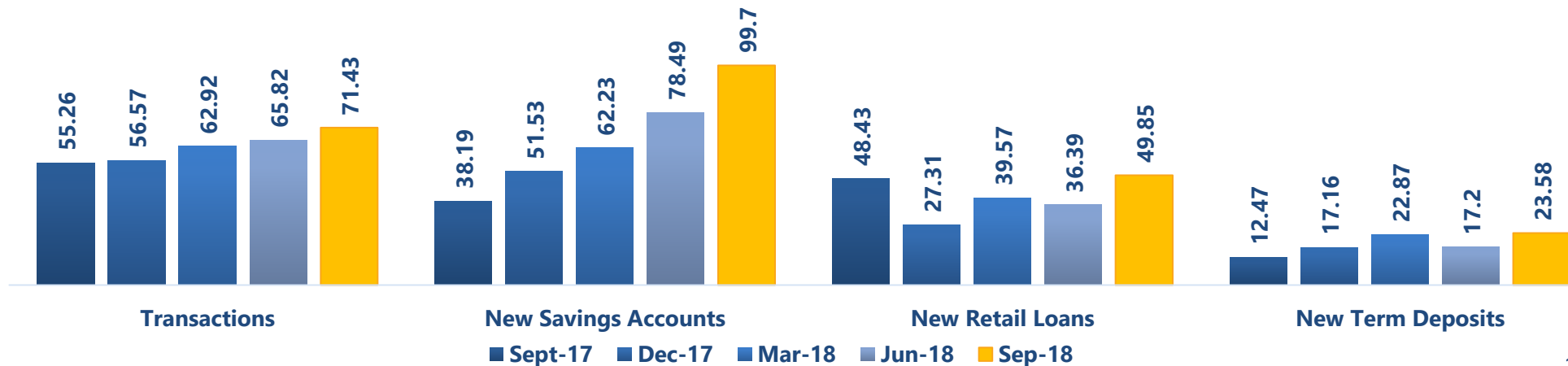
FedMobile Transaction Volume

(Per month in Cr)



Digital share

71.4% Digital Transactions → 99.7% New Savings Accounts → 49.9% of New Retail Personal Loans → 23.6% of New Term Deposits





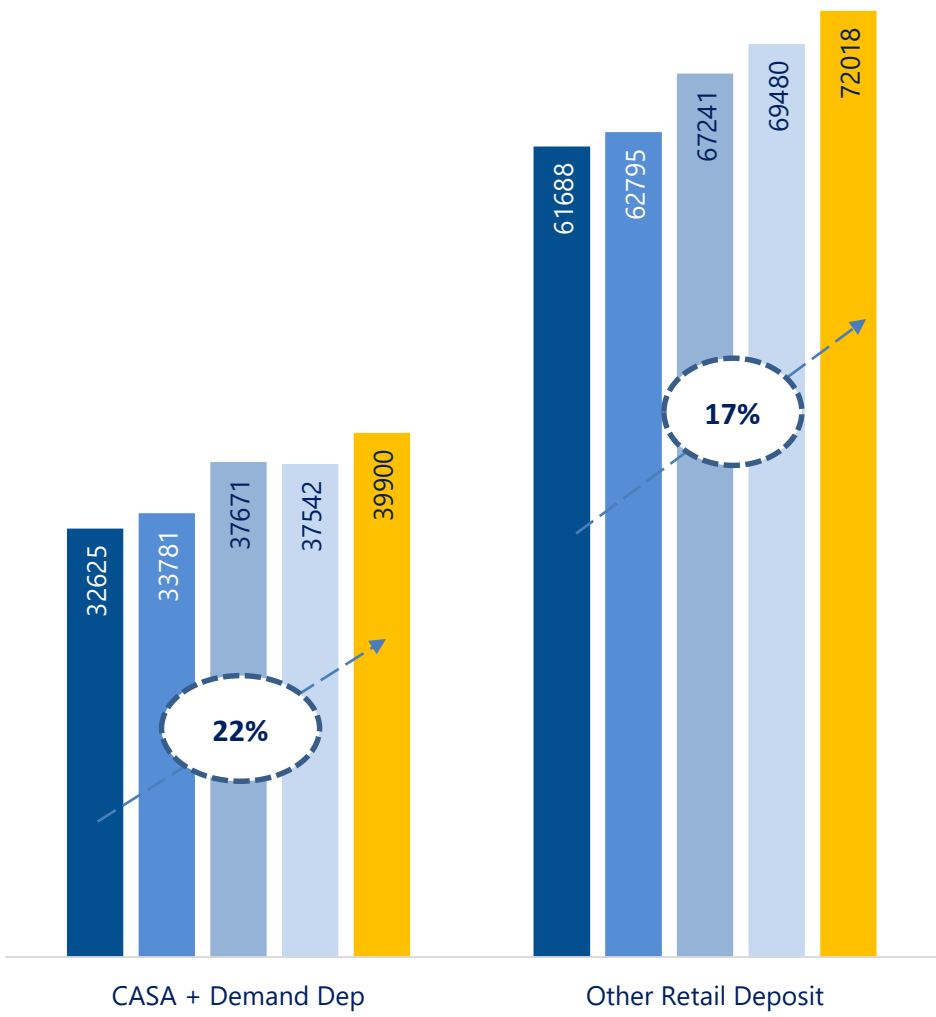
Business Parameters



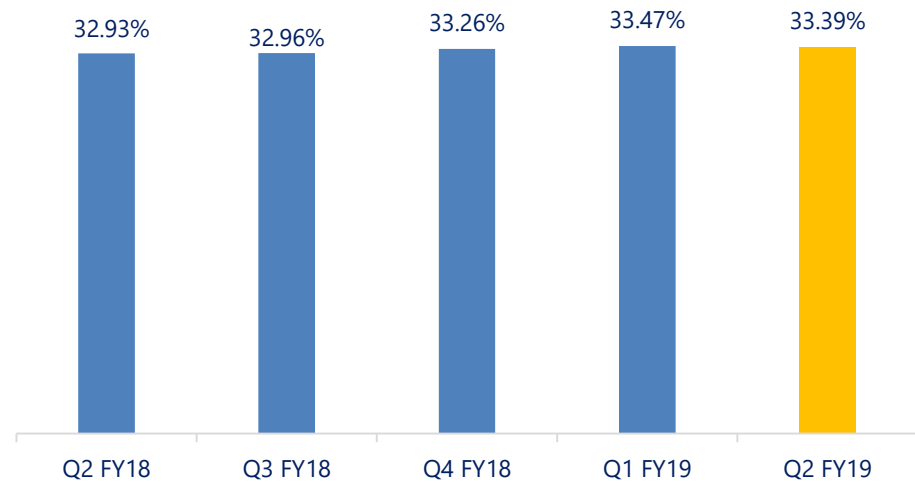
Liability : Trends

₹ in Cr

■ Q2 FY18 ■ Q3 FY18 ■ Q4 FY18 ■ Q1 FY19 ■ Q2 FY19



CASA Ratio





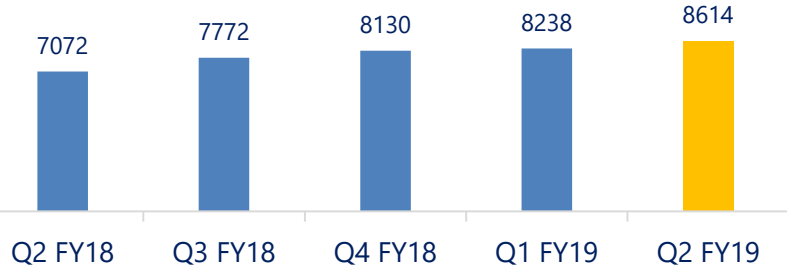
Customer Exposures

₹ in Cr

RETAIL

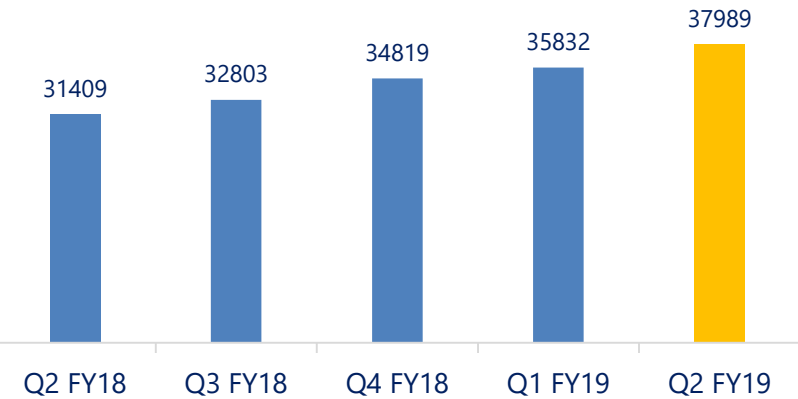
Business banking

Y-o-Y growth : 22%
Q-o-Q growth: 5 %



Retail (Including Agri)

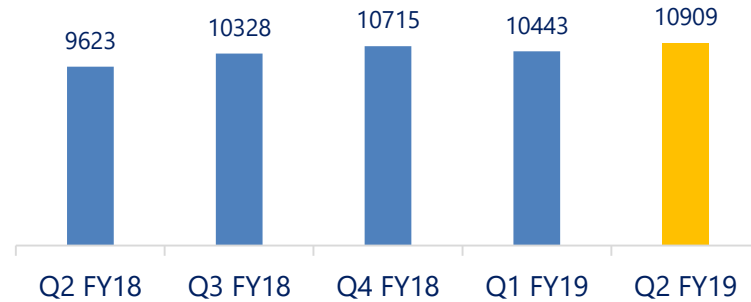
Y-o-Y growth : 21%
Q-o-Q growth: 6 %



WHOLESALE

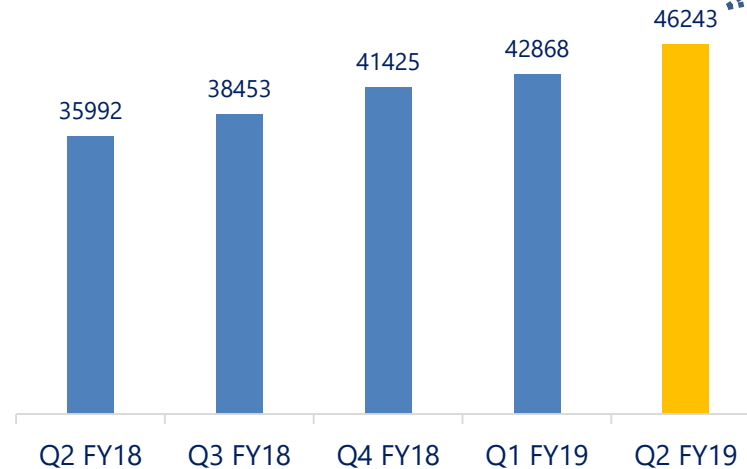
Commercial Banking

Y-o-Y growth : 13 %
Q-o-Q growth: 4 %



Corporate*

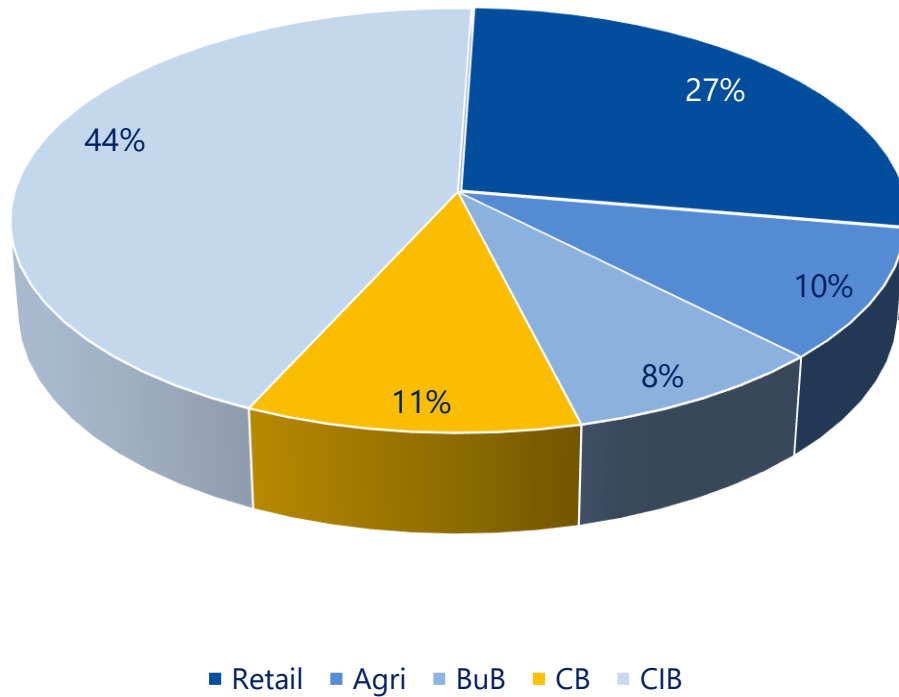
Y-o-Y growth : 28%*
Q-o-Q growth: 8 %*



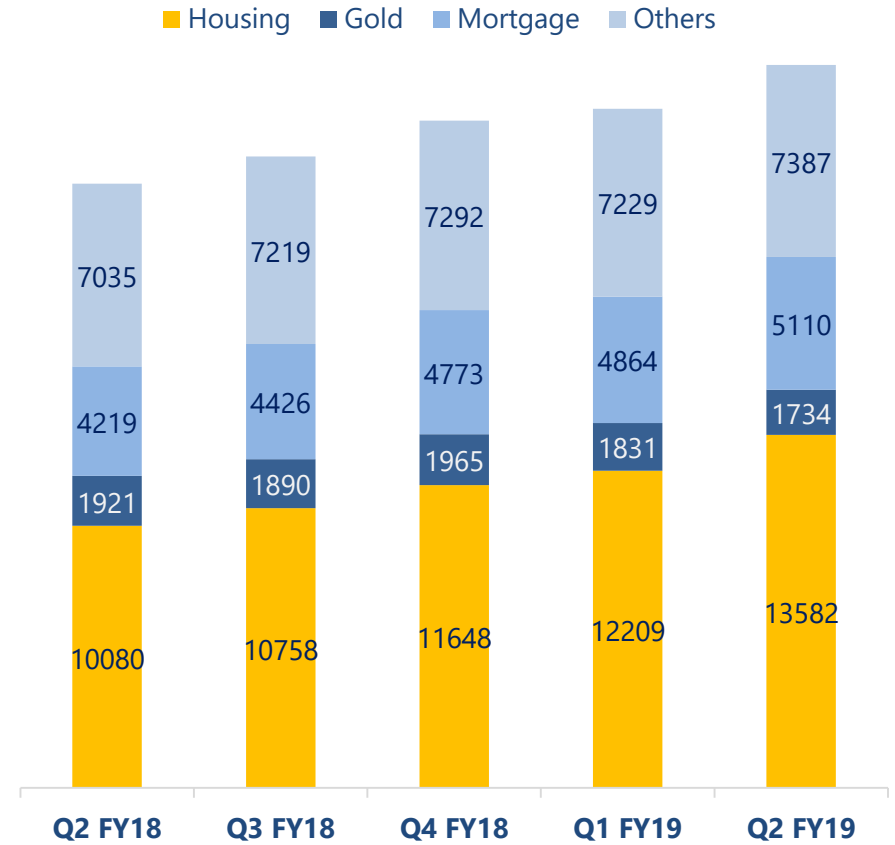
(*Aggregate customer exposure incl credit substitute)₁₄



Total Loan Book



Retail Loan Book (Excl Agri)



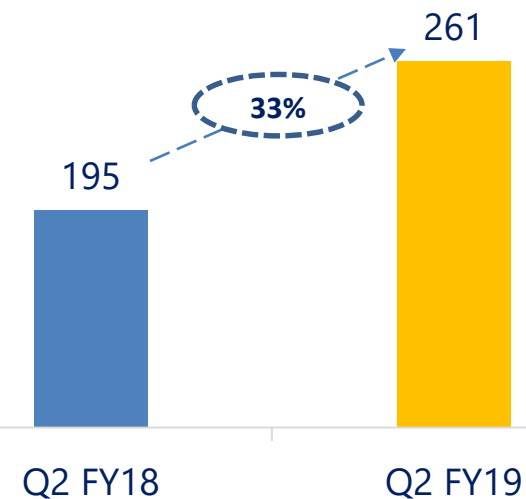


Fee Income/Other income

₹ in Cr

	Q2 FY19	Q1 FY19	Q4 FY18	Q3 FY18	Q2 FY18	Y-o-Y %
Loan Processing Fee	53	31	46	34	35	
Exchange, Commission, Brokerage & Other Fee Income	147	129	136	120	119	
Net Profit on Forex Transactions	61	47	56	39	41	
Fee Income	261	208	238	193	195	
Profit on sale of securities	51	49	22	29	75	
Recovery from assets written off & Other Receipts	11	14	54	7	17	
Total Other income	323	271	314	229	287	

Fee Income (Y-o-Y)

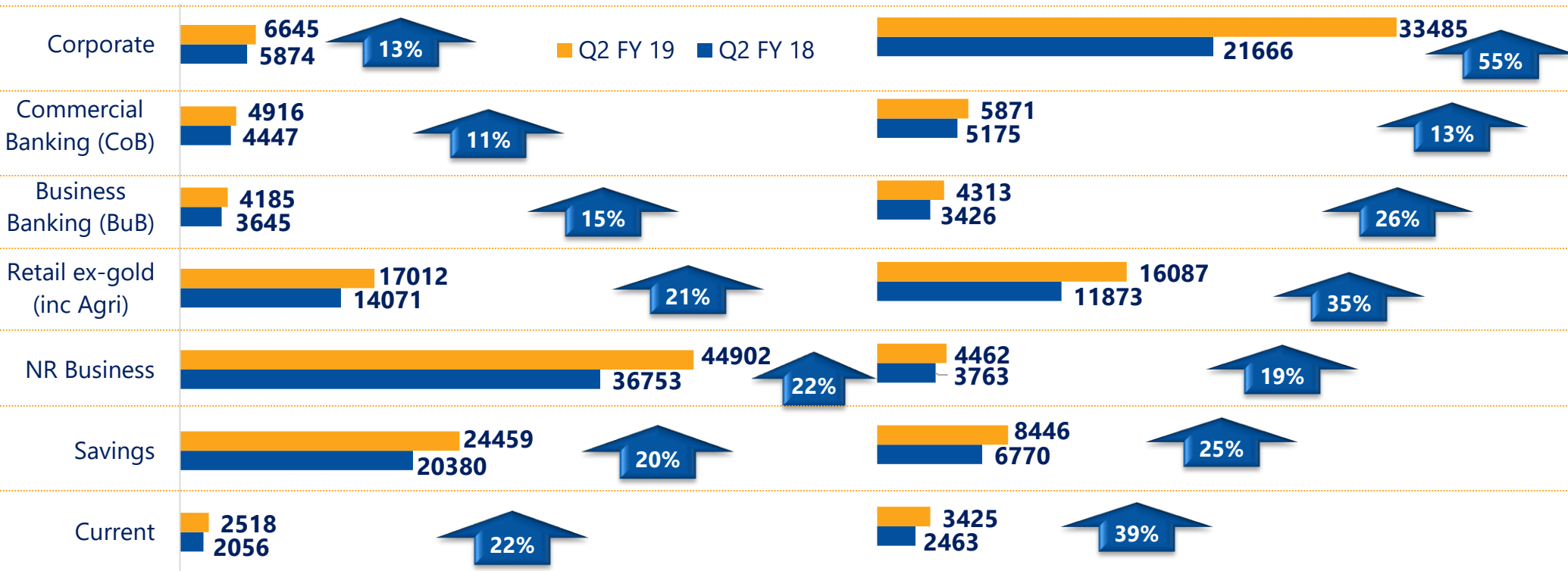




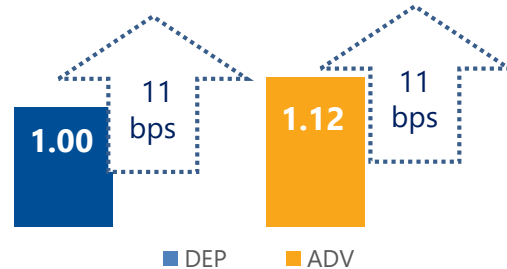
₹ in Cr

Kerala : Continuing Dominance

Outside Kerala: Gaining share



Bank's Market Share



Gain in Market Share(Y-o-Y)

Advance: Market Share improved by 11bps
Deposit : Market Share improved by 11bps



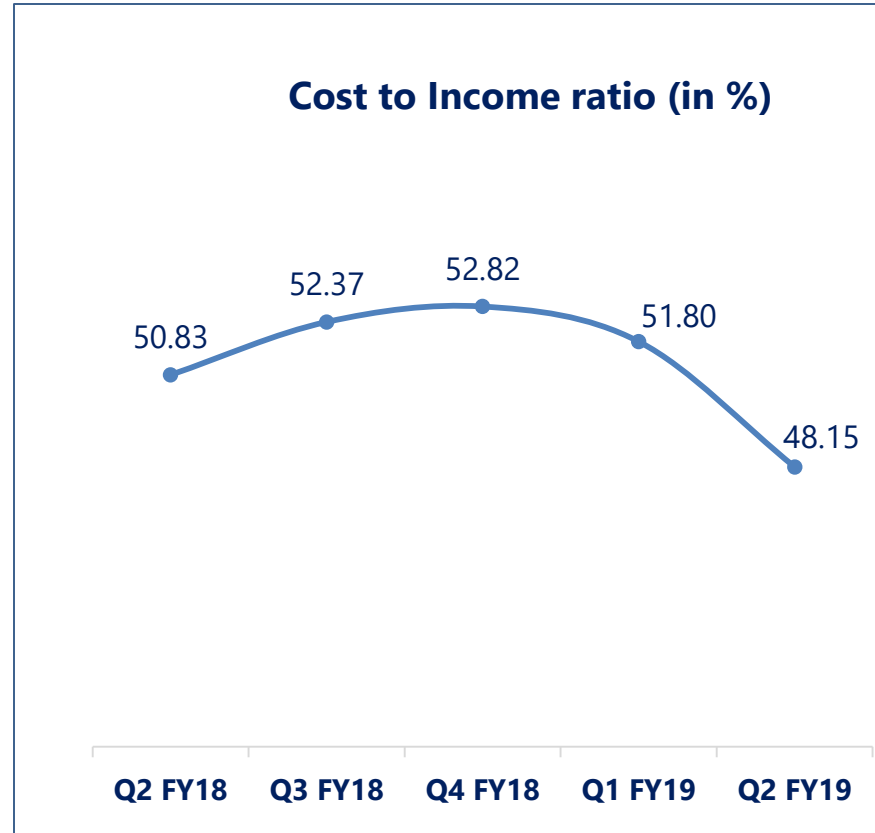
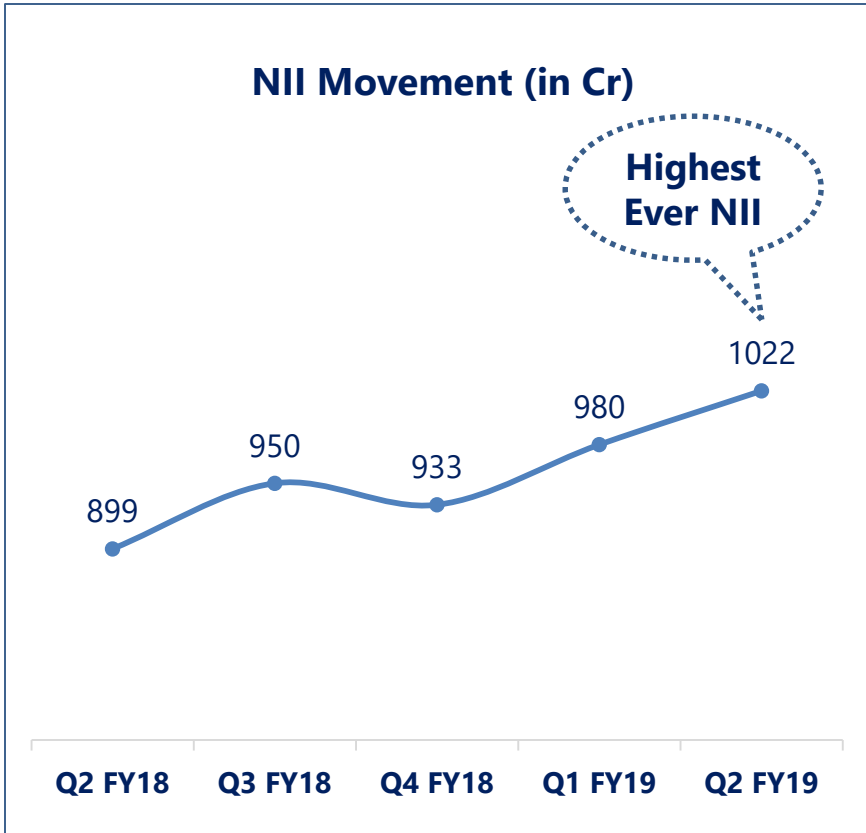
CRAR – How strong is your Bank?

₹ in Cr

	Sep-18	Jun-18
Risk Weighted Assets		
Credit Risk	81987	73755
Market Risk	3058	3151
Operational Risk	7326	7325
Total RWA	92370	84232
Tier-1 Capital Funds	11815	11801
Tier-II Capital Funds	459	414
Total Capital Funds	12274	12216
CRAR	13.29%	14.50%
Tier-I	12.79%	14.01%
Tier-II	0.50%	0.49%



Annexures

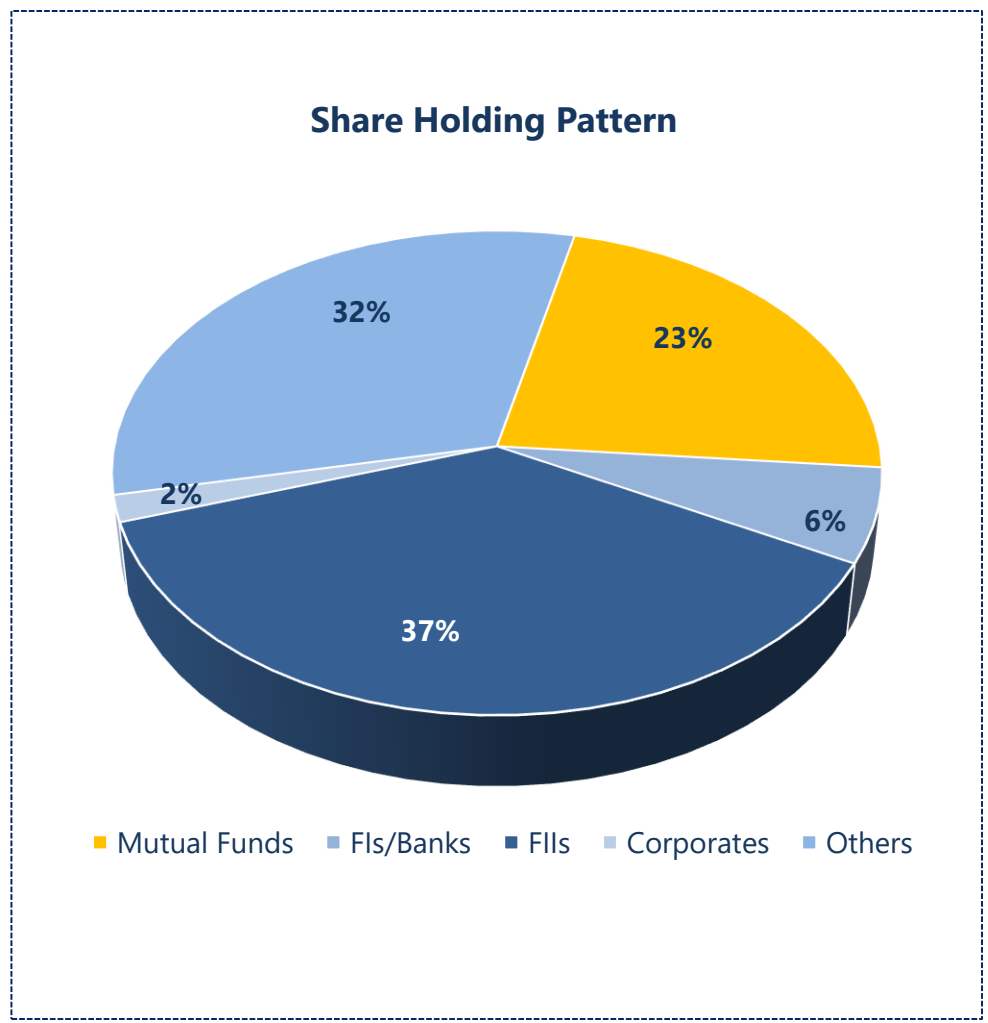




Balance Sheet & Shareholding Pattern

₹ in Cr

	Q2 FY19	Q2 FY18
LIABILITIES		
Capital	396	391
Reserves & Surplus	12145	11342
Deposits	118182	97211
Borrowings	8873	8733
Other Liabilities & Provisions	4812	4081
TOTAL	144409	121758
ASSETS		
Cash & Balance with RBI	5718	4726
Balances with Banks, Money at Call	2429	4049
Investments	28214	26318
Advances	100941	80646
Fixed Assets	457	472
Other Assets	6649	5547
TOTAL	144409	121758



WHY
SETTLE
FOR
LESS?

Financials

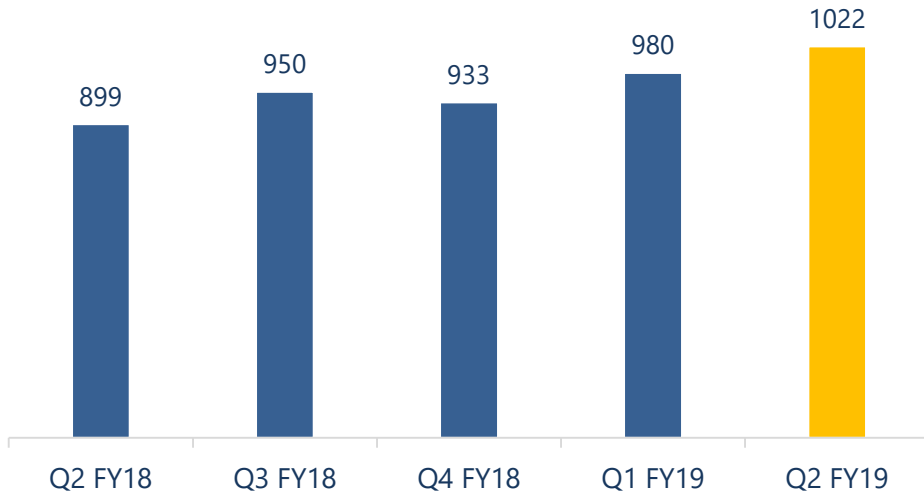
FEDERAL BANK
YOUR PERFECT BANKING PARTNER

₹ in Cr

	Q2 FY19	Q1 FY19	Q-o-Q	Q2 FY18	Y-o-Y
Interest Income	2765	2667	4%	2380	16%
Interest Expenses	1742	1687	3%	1481	18%
Net Interest Income	1022	980	4%	899	14%
Other Income	323	271	19%	287	12%
Total Income	3088	2938	5%	2667	16%
Total Expenditure	648	648	0%	603	7%
Operating Profit	698	603	16%	583	20%
Total Provisions	432	340	27%	320	35%
Net Profit	266	263	1%	264	1%
Net Interest Margin (%)	3.15	3.12	3bps	3.31	-16 bps
Cost to Income Ratio (%)	48.15	51.80	-365 bps	50.83	-268 bps

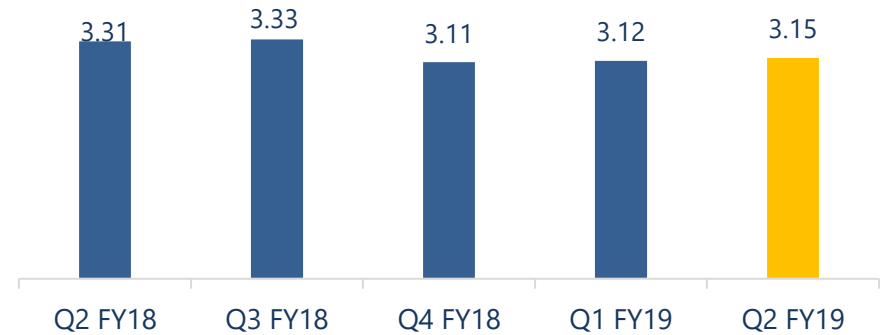


Net Interest Income

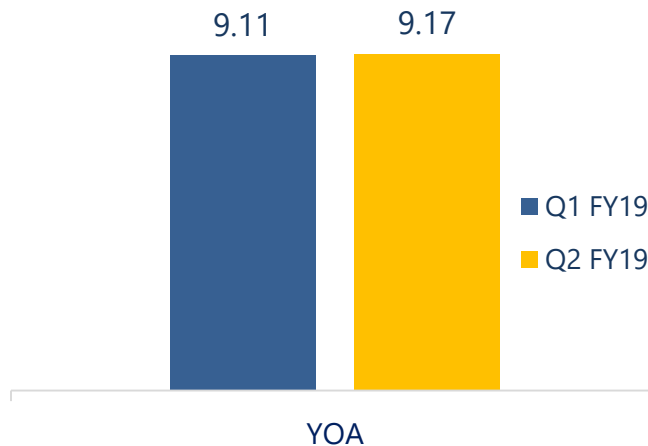


Net Interest Margin (%)

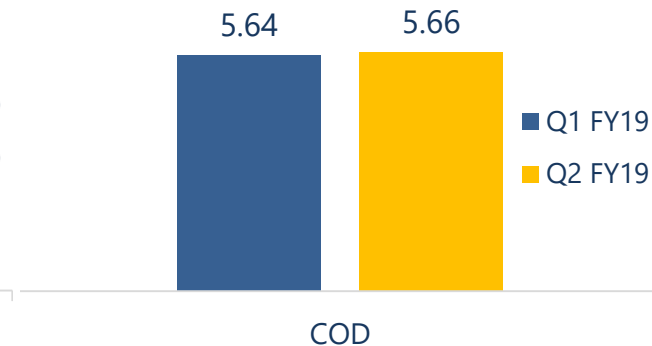
₹ in Cr



Yield on Advances

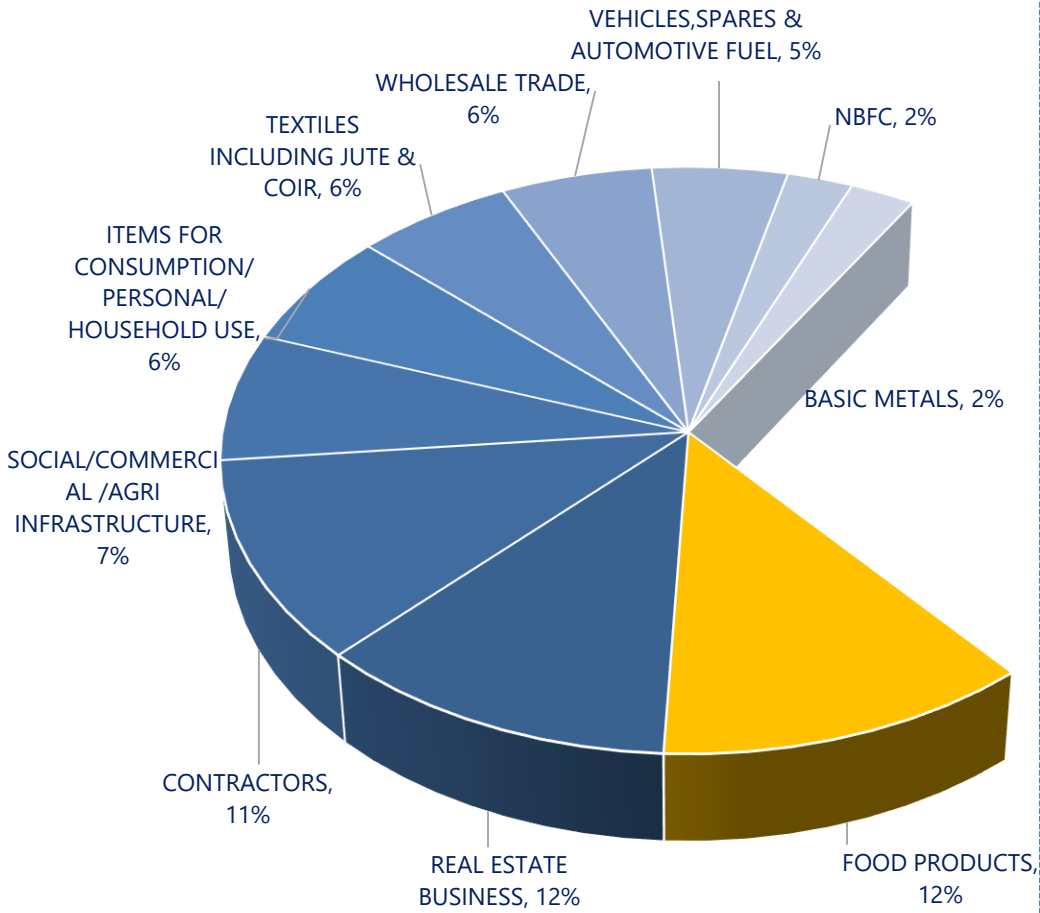


Cost of Deposits

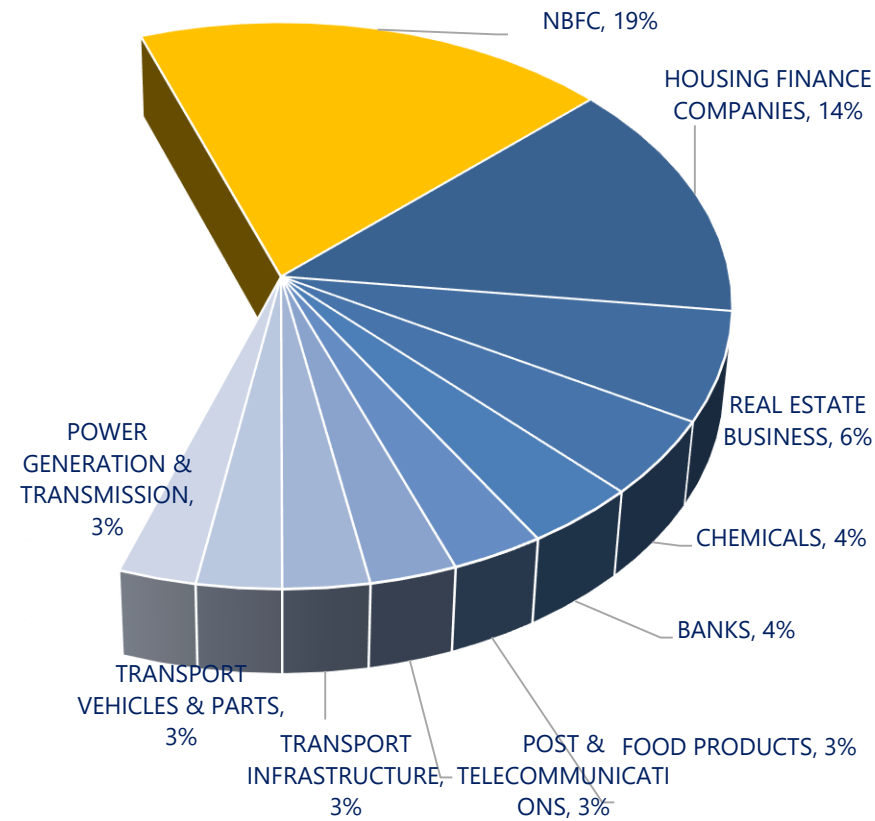




Commercial Portfolio



Corporate Portfolio





Major Investments

Entity	% Equity
Fedbank Financial Services Limited	100.00%
IDBI Federal Life Insurance Company of India Limited	26.00%

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.

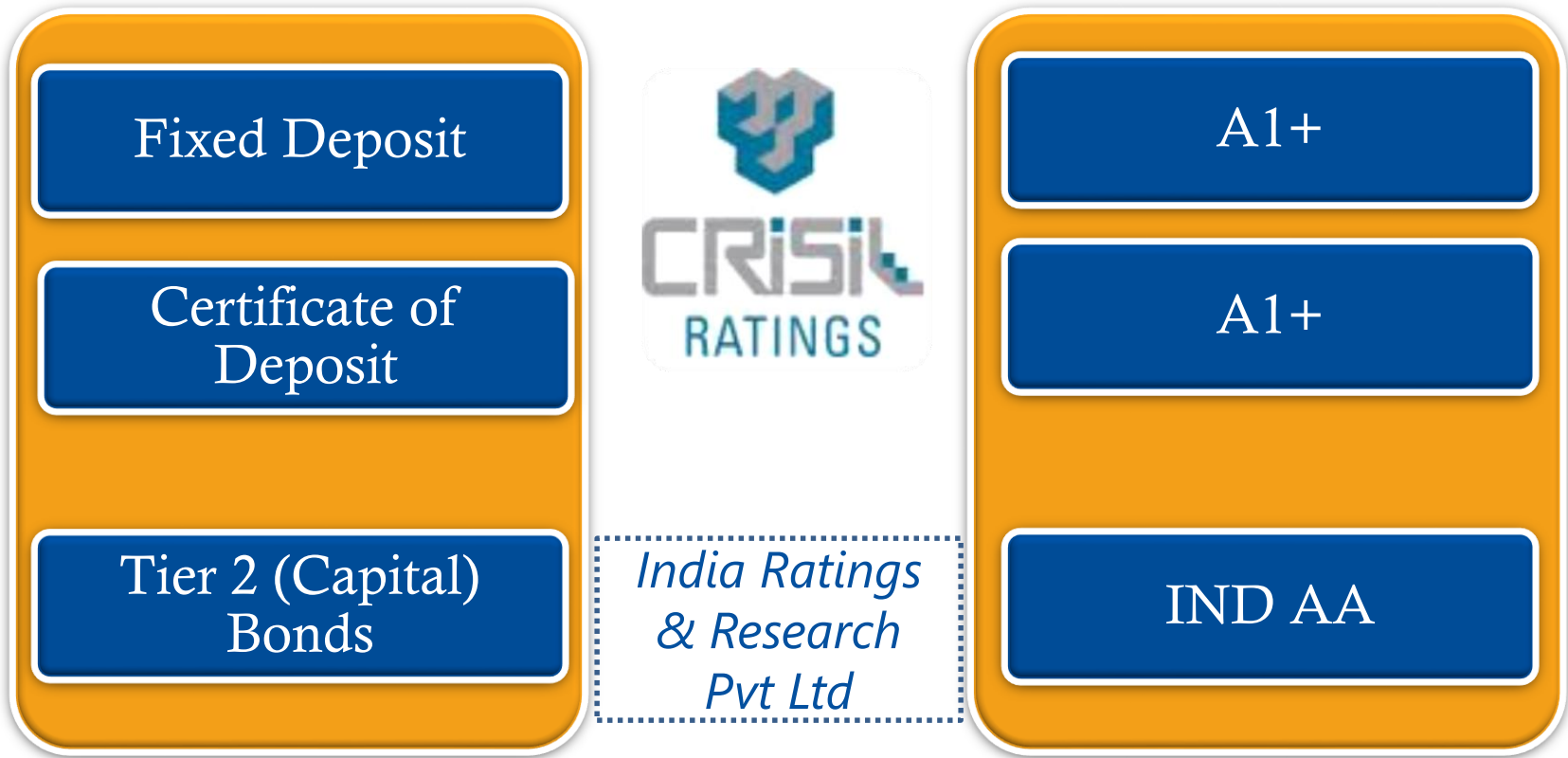
- Fully owned subsidiary of the Bank with NBFC license
- Retail Hubs established at major centres all over India
- Separate mechanism established for speedy and dedicated processing of retail loans sourced through this channel

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 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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Thank You

Marketing Department

October 16, 2018

PRESS RELEASE

Federal Bank Operating Profit Grows 20% to Reach Rs.698 Cr

Federal Bank announced the Unaudited Financial Results for the quarter ended 30th September 2018. The key highlights of the results on a Y-o-Y basis are as follows:

- Total Business records a growth of 23.20%
- Total Advances increase by 25.53%
- Total Deposits grow by 21.57%
- Net profit at Rs.266.04 Cr
- Housing loans record a magnificent growth of 34.74%
- NRE Deposits increase by 22.30%
- Retail Advances grow by 20.96%
- Wholesale Advances grow 29.47%

WORKING RESULTS AT A GLANCE

(Rs.in Crore)

Particulars	Q2	Q2	% y-o-y growth
	2018-19	2017-18	
Operating Profit	697.60	583.20	↑19.62%
Total Income	3087.81	2666.82	↑15.79%
Net Interest Income	1022.47	898.91	↑13.75%
Net Total Income	1345.36	1186.13	↑13.42%

Balance Sheet

The Total Business of the Bank registered a Y-o-Y growth of 23.38% to reach Rs. 220482.68 Cr as on 30th September 2018, backed by a strong growth of 25.53% in gross advances. Total Advances grew from Rs.81496.54 Cr to Rs.102300.37 Cr. The Total Deposits increased from Rs. 97210.75 Cr to Rs. 118182.41 Cr as on 30th September 2018, registering a growth of 21.57%.

NRE Deposits of the Bank grew from Rs. 38255.82 Cr to Rs. 46787.05 Cr registering a growth of 22.30%. CASA Deposits clocked a growth of 22.54 % Y-o-Y to reach Rs. 39456.88 Cr.

On the Asset side, wholesale advances grew by 29.47% from Rs.43016.00 Cr to Rs.55697.00 Cr. Retail Advances clocked a growth of 20.96% to reach Rs.27813.00 Cr. Business Banking Advances grew by 21.80% from Rs.7072.00 Cr to Rs.8614.00Cr as on 30th September 2018. Housing Loan registered an impressive Y-o-Y growth of 34.74% from Rs.10080.22 Cr to Rs.13582.20 Cr.

Operating Profit & Net Profit

The Bank registered an Operating Profit of Rs.697.60 Cr and a Net Profit of Rs. 266.04 Cr. for the quarter ended 30th September 2018. The Operating profit grows by 19.62% as compared to the corresponding quarter last year. The Operating Profit and Net Profit for the half year ended 30th September 2018 stood at Rs. 1300.52 Cr and Rs.528.75 Cr respectively.

Margins

The Bank earned a Net Interest Income of Rs.1022.47 Cr for the quarter ended 30th September 2018. Net Interest Margin stood at 3.15% as on 30th September 2018.

Asset Quality

The Gross NPA of the Bank as at the end of Q2FY19 stood at Rs.3184.53Cr, which as a percentage to Gross Advances stood at 3.11%. The Net NPA and the Net NPA as a percentage to Net Advances as on 30th September 2018 stood at Rs.1796.29Cr and 1.78% respectively. The Provision Coverage Ratio (including technical write-offs) is 63.37%.

NET WORTH & CAPITAL ADEQUACY

The Net worth of the bank increased from Rs.11647.32Cr to Rs.12440.11Cr, as on 30th September 2018. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines stood at 13.29% as at the end of the quarter.

Footprint

The Bank has 1252 branches and 1683 ATMs as on 30th September 2018.

Q2FY18 Vs Q2FY19

- Gross advances increases by 25.53% to reach Rs.102300.37 Cr
- NRE deposits grew by 22.30% from Rs.38255.82 Cr to Rs.46787.05 Cr
- Wholesale Advances increased by 29.47% from Rs.43016.00 Cr to Rs.55697.00 Cr
- CASA grew by 22.54% from Rs.32199.18 Cr to Rs.39456.88 Cr
- Savings deposits grew by 21.16% to reach Rs.32900.58 Cr
- Total Deposits increased by 21.57% from Rs.97210.75 Cr to Rs.118182.41 Cr
- Retail advances grows by 20.96% to reach Rs.27813.00 Cr
- Investments stood at Rs.28213.85 Cr
- Book Value per share increased from Rs.59.59 to Rs.62.81

MAJOR FINANCIAL INDICATORS (Standalone nos.)

Business Figures	As on 30.9.2018	As on 30.9.2017	Growth (%)
Total Deposits	118182.41	97210.75	↑21.57%
SB & Demand Deposits	39899.60	32625.23	↑22.29%
Gross Advances	102300.37	81496.54	↑25.53%
Retail Advances	27813.00	22994.00	↑20.96%
Business Banking Advances	8614.00	7072.00	↑21.80%
Agri Advances	10176.00	8414.73	↑20.93%
Capital			

Equity Capital	396.12	390.91	
Net Worth	12440.11	11647.32	↑6.81%
Capital Adequacy (%)		13.29%	
Tier I (%)		12.79%	
Tier II (%)		0.50%	

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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