

Secretarial Department



SDF-24/ /2018-19

09th May 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> |
|--|--|

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

Dear Sir,

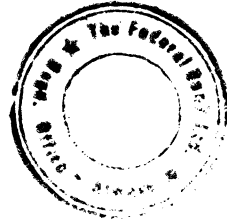
Sub. : Presentation to Investors/Analyst on the Financial Results for the period ended 31st March 2018

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 IV 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

Q4 FY 2018



Key Messages

- ❑ Credit Growth Momentum Continues. Blended Y-o-Y Growth rate of 26%
- ❑ All Business segments- Corporate, SME & Retail- grew by 5% plus sequentially.

- ❑ Market Share in Advances increases to 1.06%. Up by 13bps Y-o-Y
- ❑ Market Share in deposits increases to 0.95%. Up by 4bps Y-o-Y

- ❑ Highest quarterly operating profit @ 589Cr.
- ❑ NII grows 11% Y-o-Y to reach 933Cr.

Granular Liability Franchise:

- ❑ Retail deposits at 94% of total deposits
- ❑ CASA Ratio at 33.26%
- ❑ NR continues to exhibit strong growth



- ❑ Percentage of Accounts opened through digital channels at 62% in Q4 FY18.
- ❑ Launched Cross-border remittance using Blockchain
- ❑ Mobile banking clocks 80% growth in Transaction Volume Y-

- ❑ Accelerated NPA recognition from restructured standard book driven by the revised framework for resolution of stressed assets
- ❑ 44% reduction in Restructured std book.
- ❑ Stressed book to total Avg assets ratio fell by 20 % to touch 2.28%.
- ❑ Recovery/ upgrades @ Rs 239cr is the highest in any quarter.

- ❑ Acquired stake in Equirus Capital - a boutique investment firm.(Pending regulatory approval)
- ❑ Specialist recruits for Treasury Sales & Government Business
- ❑ Exclusive tie-up with Government of Kerala for E- Treasury service through payment gateway

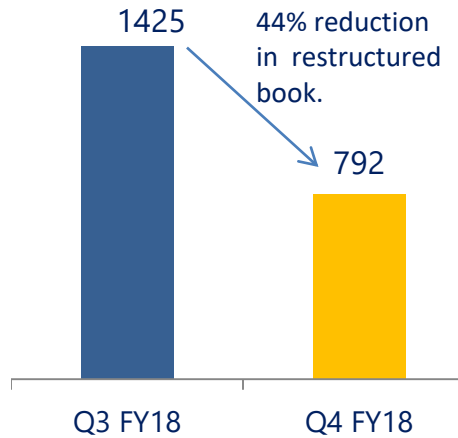
- ❑ Balance Sheet grows by 18% Y-o-Y (Rs1.38L Cr)
- ❑ Total business grows by 19% Y-o-Y (Rs.2.05L Cr)
- ❑ CRAR at 14.70 %



Q4 FY18: Take Aways

- Robust growth in both Assets (26%) & Liabilities (15%)
- Growth broad based across products, segments & geographies. (Retail + SME form around 60% of the loan book).
- Fee income grows @ 11% Y-o-Y. New streams of other income in place.
- Five pillar Business architecture delivers 5% plus sequential growth in all asset segment.
- Granular Liability profile proves to be a consistent strength of the bank.
- Dominance in NR space continues.
- Intensified & institutionalized cross sell capability nudges up PPC.
- Strong CRAR (14.70%) to aid future growth & plans of the bank.
- Fast paced transition to fully digital bank.
- Accelerated NPA recognition impacts key metrics.

Accelerated recognition Impact



| | Q4 FY 18 | Contraction on account of accelerated recognition |
|-----|----------|---|
| NII | 933 | 31 Cr |
| NIM | 3.11 | 10 bps |
| PAT | 145 | 119 Cr |

- Slippages primarily due to 7 large exposures in the restructured standard book.
- Significant part of impact in the restructured standard book driven by new norms on stressed assets.
- Consequently restructured std book comes down to 792 Cr. This further brings stressed book to 2.28% of total avg assets.
- Majority of slippages mainly from Infra/Power/Roadways which are primarily of 6+ years vintage. No large slippage from recent underwriting.



Performance Highlights Y-o-Y

| | | |
|--------------------|------|---|
| Retail (inc Agri) | 20 % | ↑ |
| SME Advance | 19 % | ↑ |
| Corporate Business | 36 % | ↑ |
| Total Advance | 26 % | ↑ |
| Retail Deposit | 14 % | ↑ |
| CASA | 17 % | ↑ |

| Period | 12 Month | 3Month |
|--------------------------|----------|--------|
| NII | 17 % | ↑ 11 % |
| Core Fee Income | 15 % | ↑ 12 % |
| Operating Profit | 19 % | ↑ 7 % |
| NIM | @ 3.21 | @ 3.11 |
| Capital Adequacy (CRAR) | 14.70 | |
| Provision Coverage Ratio | @ 65 % | |



Comparison : Y-o-Y (3 M)

Advances

Retail+Agri



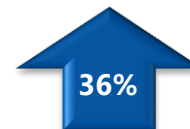
29307→35065

SME*



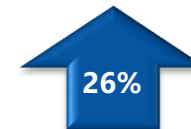
16361→19438

Corporate*



28423→38670

Total Advances



74091→93173

Deposits

CASA



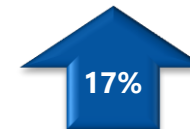
31838→37252

CASA Ratio



32.60→33.26

NRE Deposits



36407→42586

Retail Deposits



91885→104928

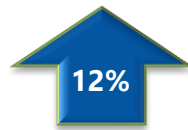
Performance

Net Interest Income



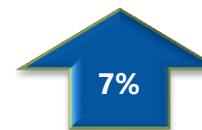
842→933

Core Fee Income



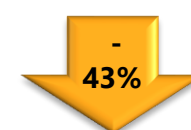
212→238

Operating Profit



549→589

Net Profit



257→145

Ratios

Cost Income ratio



51.16→52.82

Gross NPA%



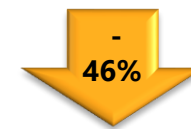
2.33→3.00

Net NPA%



1.28→1.69

Profit Per Employee



8.87→4.82(n Lacs)

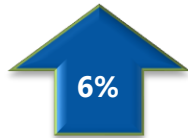
* Credit segments are realigned at the beginning of every FY.



Comparison : Q-o-Q (Sequential)

Advances

Retail+Agri



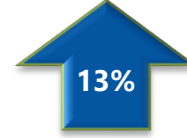
33064→35065

SME



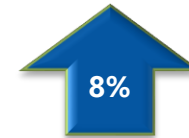
18493→19438

Corporate



34364→38670

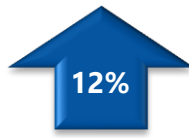
Total Advances



85922→93173

Deposits

CASA



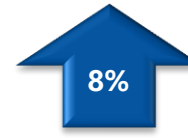
33141→37252

CASA Ratio



32.96→33.26

NRE Deposits



39431→42586

Retail Deposits



96576→104928

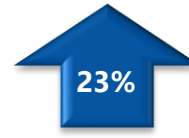
Performance

Net Interest Income



950→933

Core Fee Income



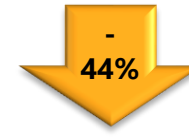
193→238

Operating Profit



561→589

Net Profit



260→145

Ratios

Cost Income ratio



52.37→52.82

Gross NPA%



2.52→3.00

Net NPA%



1.36→1.69

Profit per Employee



8.75→4.82 (lacs)

WHY SETTLE FOR LESS?

Key Indicators

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Shareholder Value

| | Q4 FY18 | Q3 FY18 | Q2 FY18 | Q1 FY18 | Q4 FY17 |
|---------------------------------------|---------|---------|---------|---------|---------|
| Book Value (Per Share in ₹) | 61.55 | 60.80 | 59.59 | 59.42 | 51.43 |
| EPS | 2.98 | 5.32 | 5.35 | 4.34 | 6.04 |

Granularity

| | | | | | |
|--|-----|-----|-----|-----|-----|
| CASA + Deposits <1 Cr (% of Total Deposits) | 88% | 92% | 90% | 92% | 89% |
|--|-----|-----|-----|-----|-----|

Profitability

| | | | | | |
|--------------|------|------|------|------|-------|
| ROA | 0.46 | 0.87 | 0.94 | 0.77 | 0.96 |
| RoRWA | 0.77 | 1.40 | 1.45 | 1.23 | 1.56 |
| ROE | 4.88 | 8.74 | 9.02 | 8.26 | 11.92 |

Efficiency

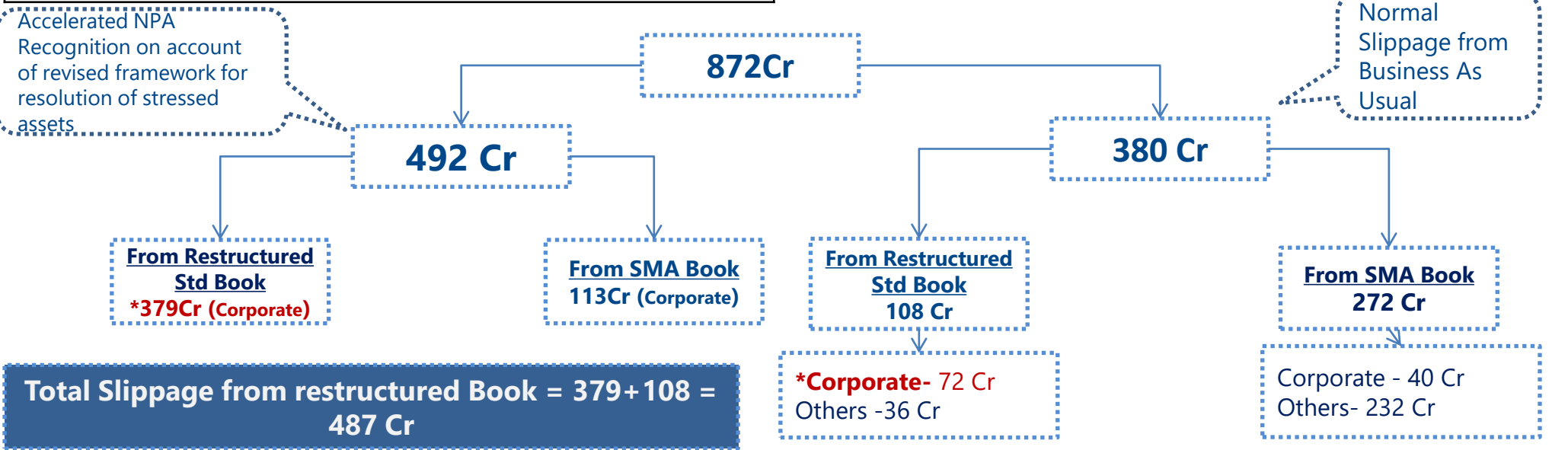
| | | | | | |
|--------------------|-------|-------|-------|-------|-------|
| Cost/Income | 52.82 | 52.37 | 50.83 | 50.62 | 51.16 |
| Net NPA% | 1.69 | 1.36 | 1.32 | 1.39 | 1.28 |



Fresh Slippages Break up

| Fresh Slippages | | | | | |
|---|-------------|------------|------------|------------|------------|
| | Q4 FY18 | Q3 FY18 | Q2 FY18 | Q1 FY18 | Q4 FY17 |
| Retail | 70 | 150 | 106 | 97 | 55 |
| Agri | 56 | 42 | 51 | 45 | 30 |
| SME | 142 | 122 | 107 | 114 | 122 |
| Corporate | 604* | 98 | 20 | 169 | 37 |
| * Of 604 Cr, 451Cr pertains to recognition from restructured books primarily of 6+ years vintage. | | | | | |
| Total | 872 | 411 | 284 | 425 | 244 |

| Restructured | | | | |
|------------------|-------------|----------------|-------------|----------------|
| TYPE | Q4 FY18 | | Q3 FY18 | |
| | Balance | Of which Bonds | Balance | Of which Bonds |
| STANDARD | 792 | 131 | 1425 | 157 |
| Gross NPA | 643 | 53 | 186 | 72 |
| Net NPA | 594 | 53 | 158 | 72 |
| TOTAL | 1386 | 184 | 1583 | 229 |



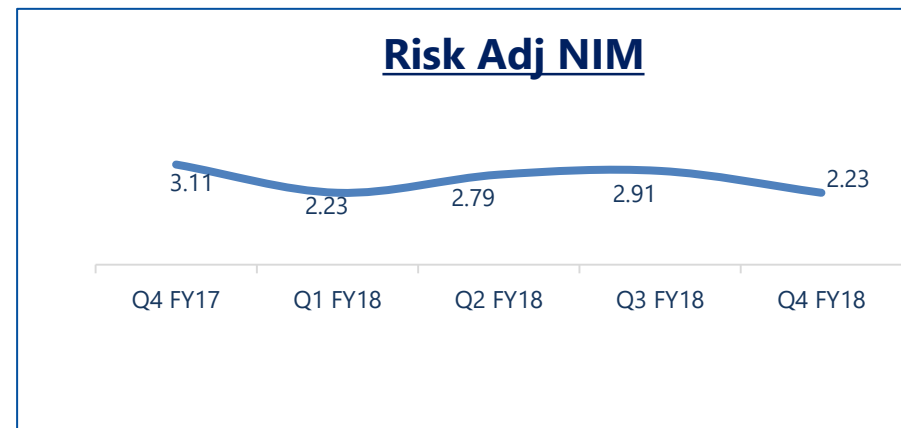
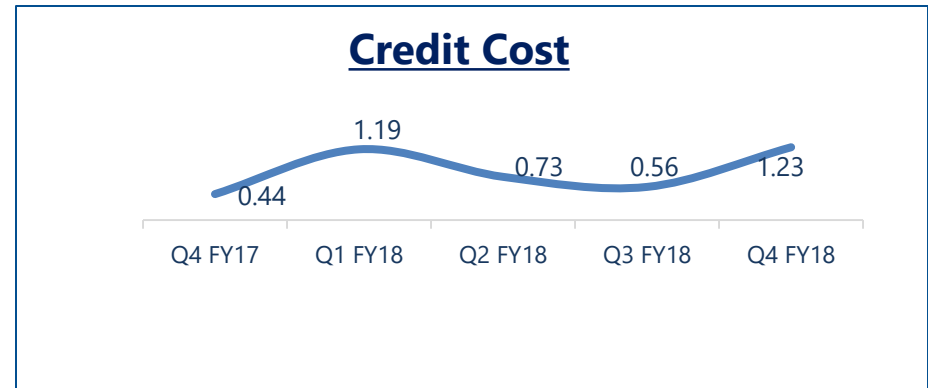


Asset Quality

(Rs. in Cr)

| NPA Composition | | Q4 FY18 | Q3 FY18 |
|-----------------|--------------|-------------|-------------|
| Gross NPA | Business | NPA | NPA |
| | Retail | 527 | 569 |
| | Agri | 291 | 266 |
| | SME | 1134 | 1057 |
| | Corporate | 843 | 269 |
| | Total | 2796 | 2161 |
| Net NPA | | 1552 | 1157 |

| Security Receipts | | |
|-------------------|---------|---------|
| | Q4 FY18 | Q3 FY18 |
| Face Value | 835 | 1090 |
| Book Value | 726 | 870 |





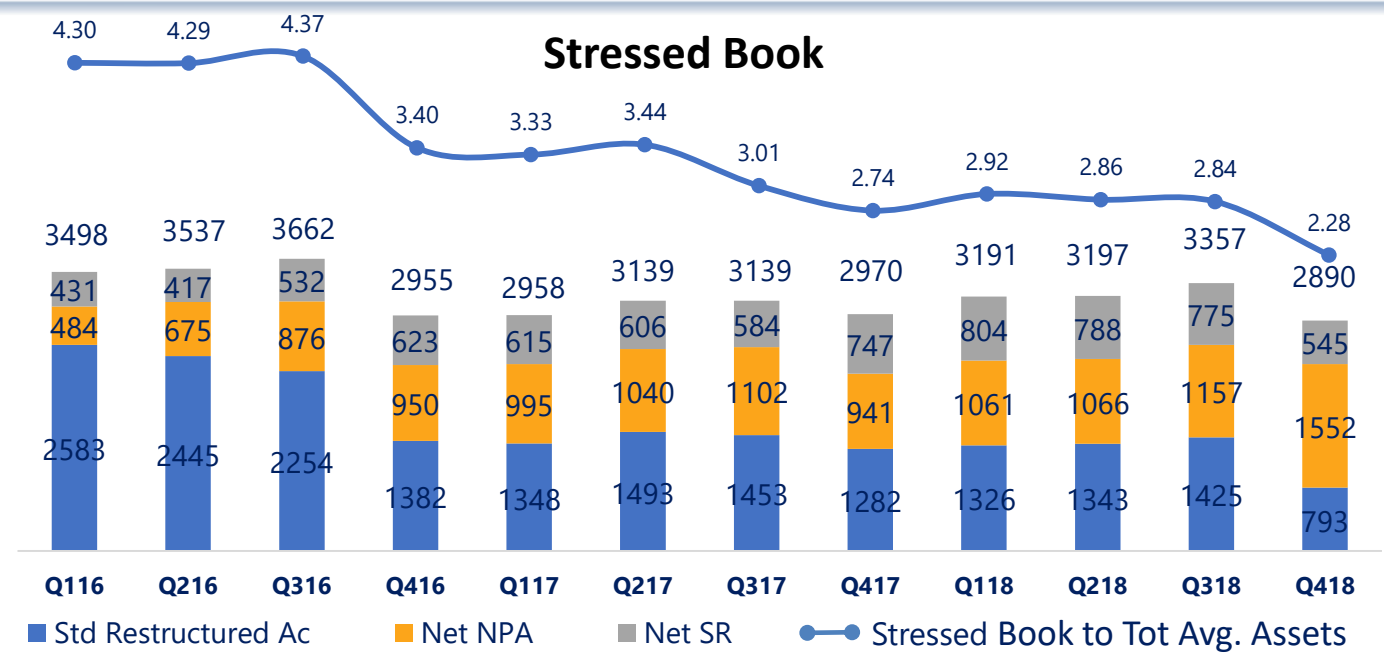
Asset Quality Drill-Down

Accelerated NPA recognition from restructured standard book driven by the revised framework for resolution of stressed asset

At 2.28% of Tot. Avg. Assets, the Stressed Book is the lowest in Q4 in last twelve quarters despite consistent growth in Advances/ Assets

Net Security Receipts portfolio down by 30%

Recovery/ upgrades @ Rs 239cr is the highest in any quarter.



Movement of NPA

Amt in Rs.Cr.

| | |
|---|----------------|
| Gross NPA as on 31.12.2017 | 2161.19 |
| Add Fresh Slippage | + 871.89 |
| Add Increase in Balances in Existing NPAs | + 19.82 |
| Deduct Recoveries/ Upgrades | - 238.84 |
| Deduct Written Off | - 14.15 |
| Deduct Sale to ARCs | - 4.29 |
| Gross NPA as on 31.03.2018 | 2795.62 |

WHY SETTLE FOR LESS?

ROA Drivers

MARGIN



Five Pillar Business Architecture to bring in better focus and competitiveness viz. | Corporate & Institutional banking | Commercial Banking | Business Banking | Rural & Micro | Retail



Prudent churning of Business Mix so as to ensure that better priced products occupy better share. Special watch set up to observe, intervene and correct the business-mix mid-course.



Smarter pricing of Loan products (commensurate with risk and resources) so as to ensure that interest income growth pips loan book growth



RM model is gaining traction in all segments of their presence. Increased focus on Mid-Market and deeper geographies.



Special Focus on Retail Unsecured

RECOVERY AND COLLECTIONS



Strengthened Recovery capability through Regional satellite recovery teams under the direct control of corporate office

FEE



Reinforce Fee Income Streams - Foray into Investment Banking - stake in Equirus Capital – to aid Fee Income growth through Portfolio Management, Wealth Management etc.



Central Transaction Banking capability to strengthen efficiencies in the areas of Trade, Transaction and Treasury, thereby improving Fee and containing costs.



Specialist recruits in the area of Treasury sales and Government Business – To enhance Fee Income and CASA



Strategic Investor in Fedfina to bring expertise thereby strengthening other income source.

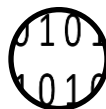
EFFICIENCY



Maintaining the CD ratio in the vicinity of 82 - 84%, while growing Deposits robustly



Continue exercising tight control on controllable costs so as to rein in Cost to Income to 50%



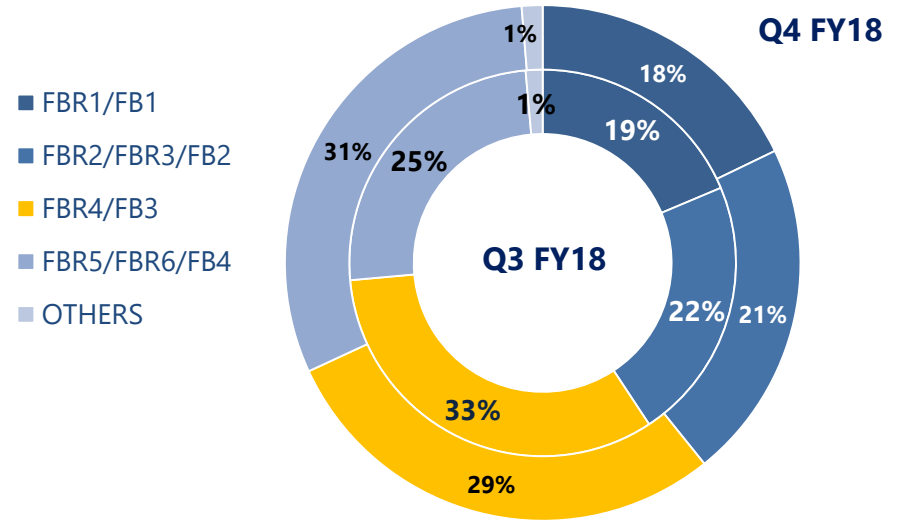
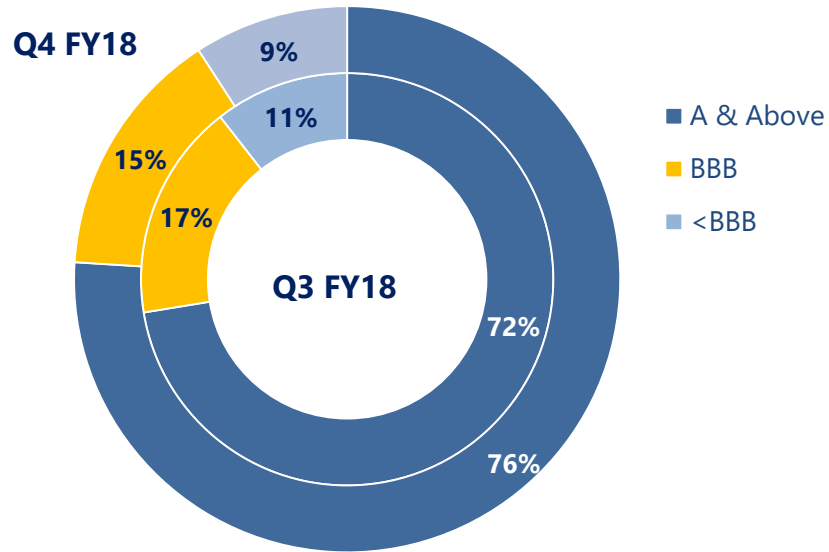
Systematic conversion of customers to digital mode of transactions through continuous evangelisation. Presently at 63%.



Subsidiary for Operations Back Office to curb costs



Risk Rating



Wholesale Assets

| Rating | Q4 FY-18 | Q3 FY-18 |
|-----------|----------|----------|
| A & above | 76% | 72% |
| BBB | 15% | 17% |
| < BBB | 9% | 11% |

Other Assets

| Rating | Q4 FY-18 | Q3 FY-18 |
|---------------|----------|----------|
| FBR1 FB1 | 18% | 19% |
| FBR2/FBR3 FB2 | 21% | 22% |
| FBR4 FB3 | 29% | 33% |
| FBR5/FBR6 FB4 | 31% | 25% |
| Others | 1% | 1% |



Digital share

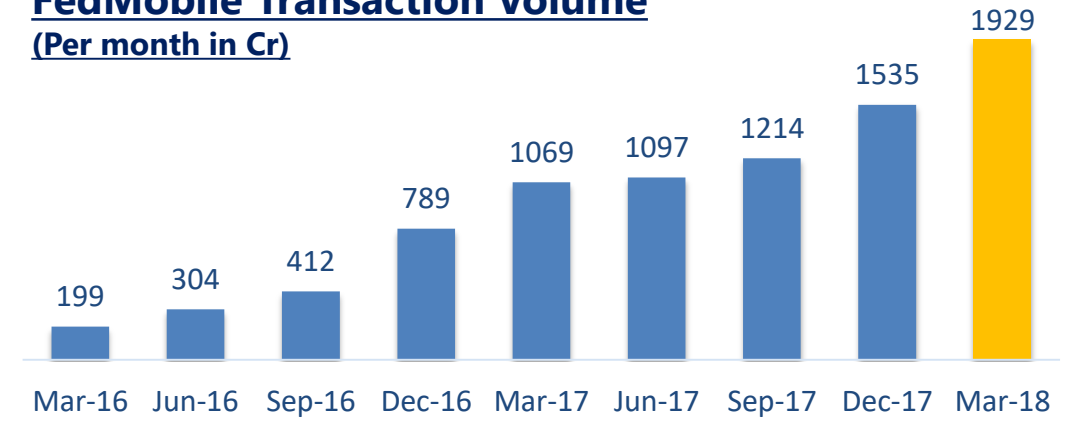
63% Digital Transactions

62% New Savings Accounts

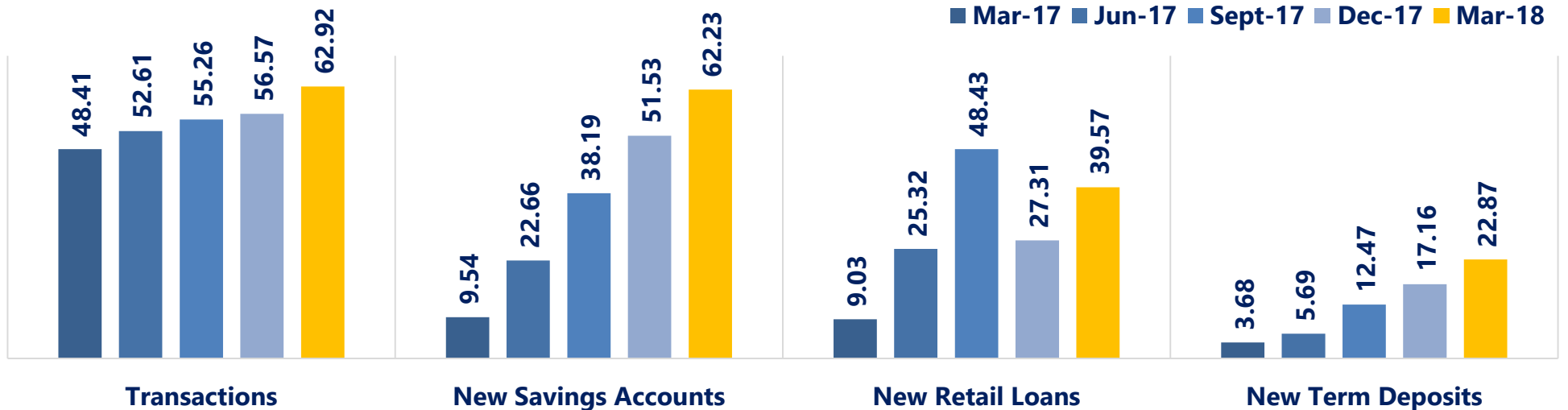
40% of Retail Personal Loans

23% of New Term Deposits

FedMobile Transaction Volume (Per month in Cr)



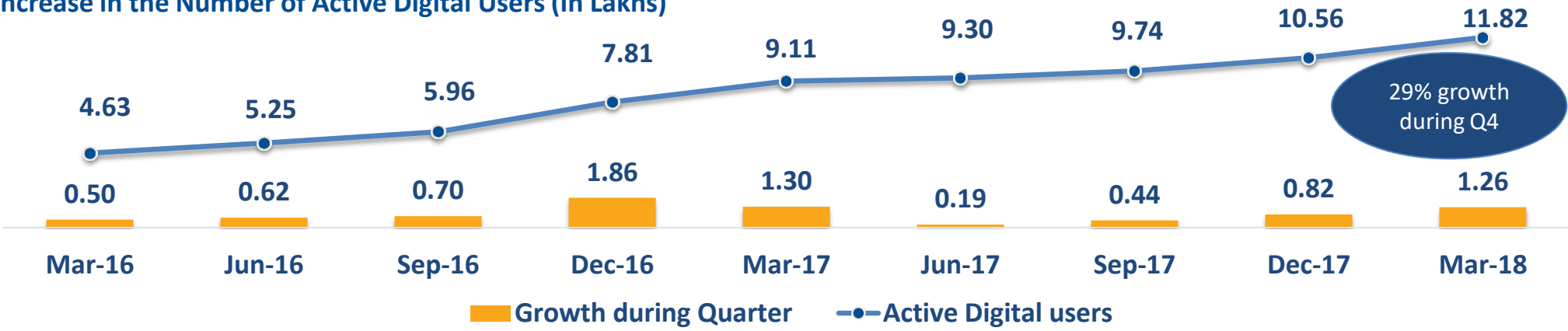
5 Lakh active customers in Mobile Platform
80 % growth in transaction volume





Digital Journey

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



FASTag - Bank has commenced issuing FASTag for Electronic Toll Collection.

•Empowering merchants for cashless sales using **BHARAT QR**

INSTANT ACCOUNT – Online portal for branches enabled for all branches.

Savings account opening facility, at customer location instantly – **TAB BANKING**

•Tie up with Airtel Seynse to finance purchase of Samsung handsets- **AIRTEL SEYNSE**

•**BSNL** – Enabled BSNL for UPI based online bill collections.

Portal for merchants gain popularity for bulk upload of payments - **PAYLITE**



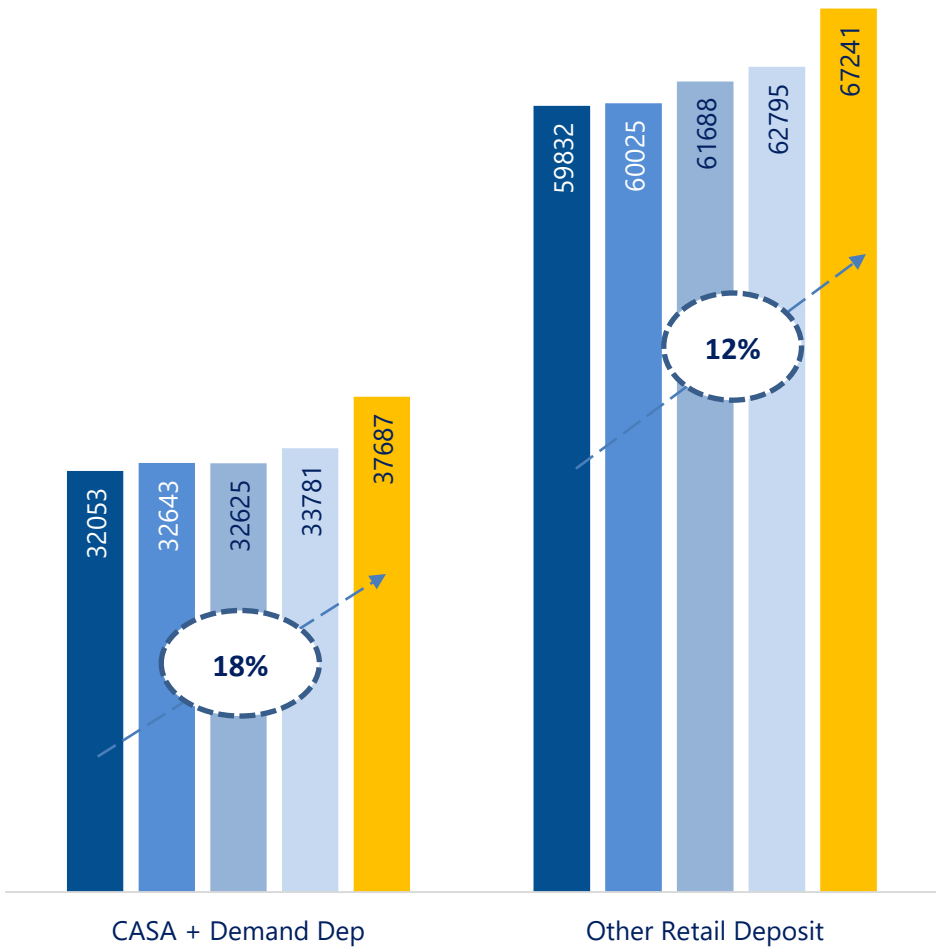
Business Parameters



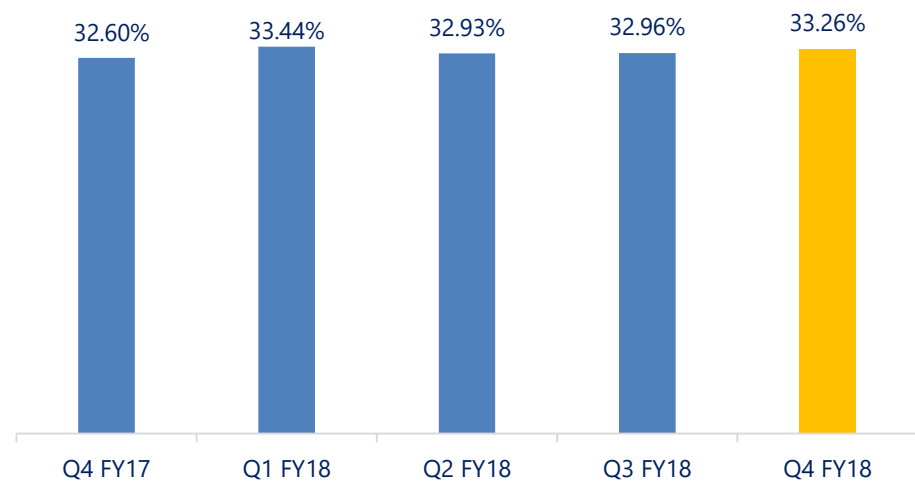
Liability : Trends

₹ in Cr

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



CASA Ratio

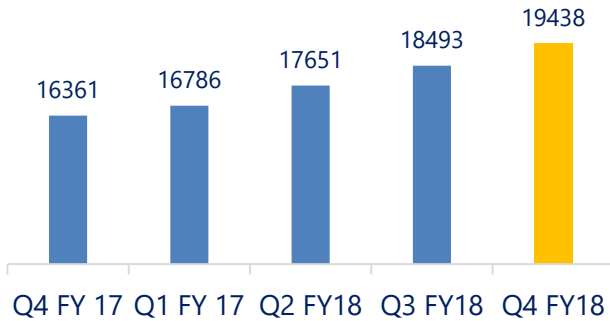




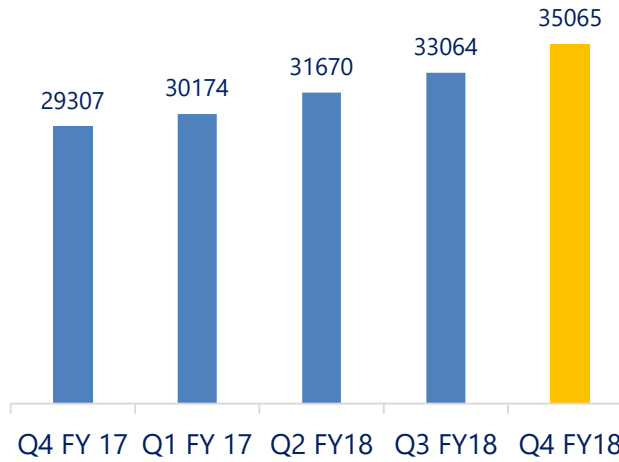
Customer Exposures

₹ in Cr

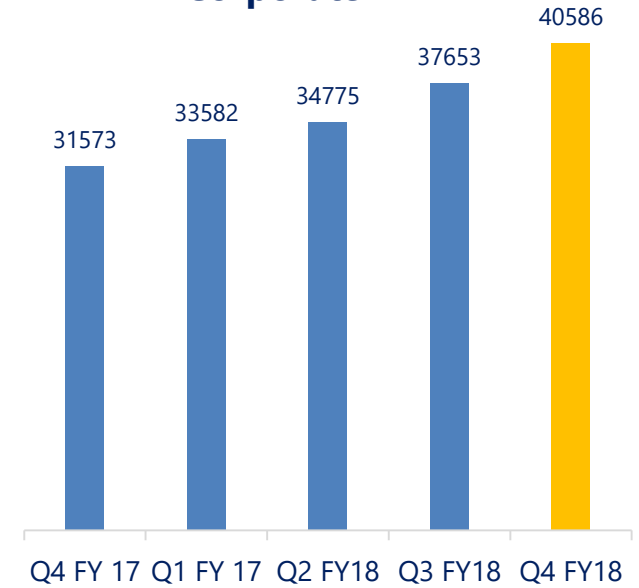
SME



Retail (Including Agri)



Corporate*



Highlights

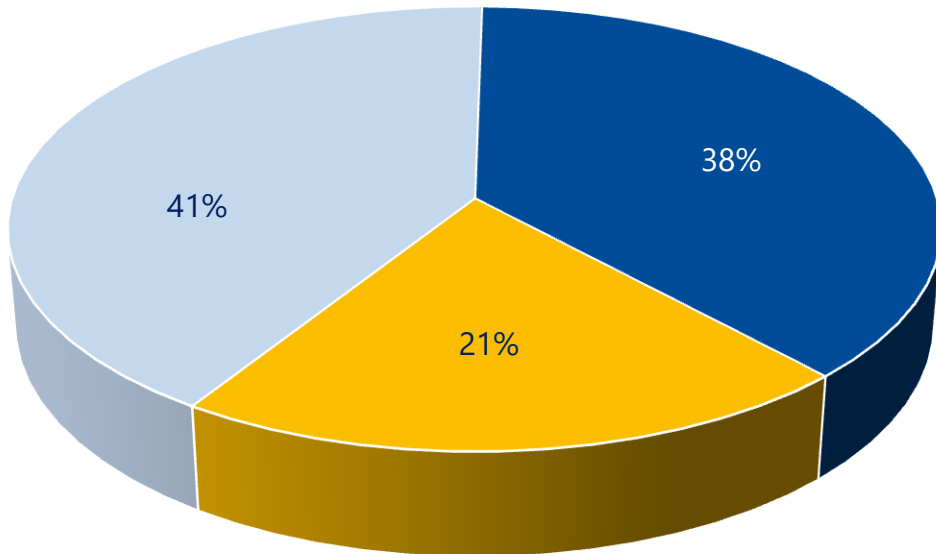
- SME Portfolio shows 19% growth Y-o-Y.
- Retail (including Agri) portfolio grows by 20% Y-o-Y .
- Corporate* portfolio grows by 29% Y-o-Y.

(*Aggregate customer exposure)



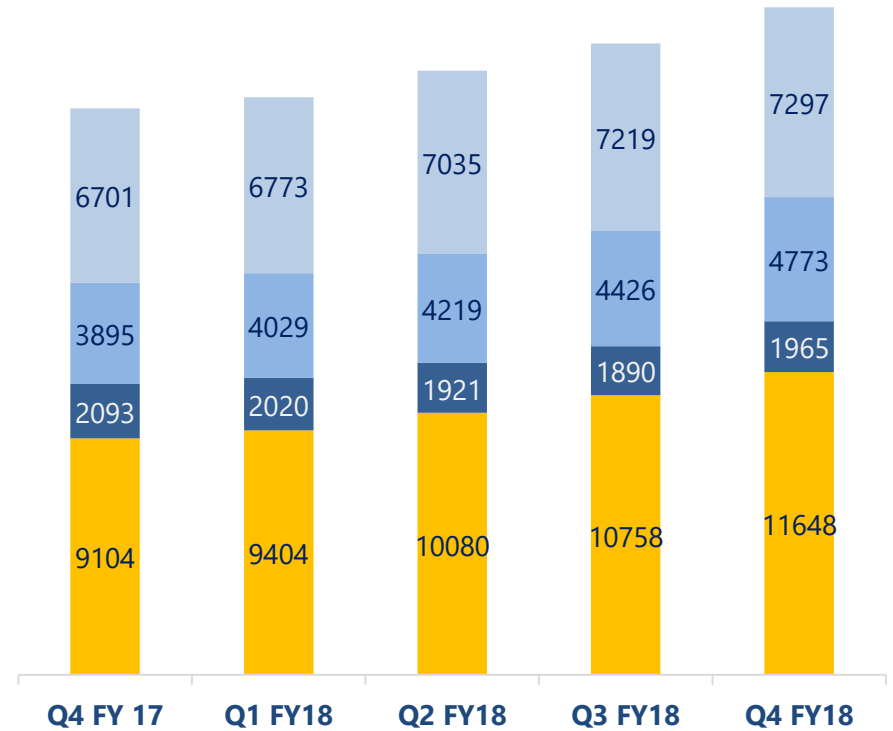
Total Loan Book

■ Retail (inc Agri) ■ SME ■ Corporate



Retail Loan Book (Excl Agri)

■ Housing ■ Gold ■ Mortgage ■ Others



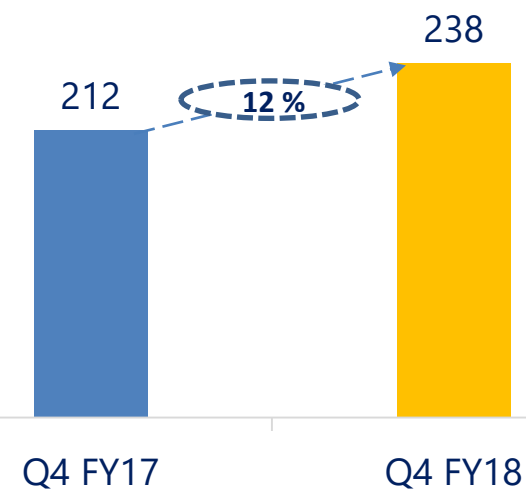


Fee Income/Other income

₹ in Cr

| | Q4 FY18 | Q3 FY18 | Q2 FY18 | Q1 FY18 | Q4 FY17 | Y-o-Y % |
|--|------------|------------|------------|------------|------------|------------|
| Loan Processing Fee | 46 | 34 | 35 | 28 | 41 | 11% |
| Exchange, Commission, Brokerage & Other Fee Income | 136 | 120 | 119 | 118 | 130 | 5% |
| Net Profit on Forex Transactions | 56 | 39 | 41 | 34 | 41 | 38% |
| Fee Income | 238 | 193 | 195 | 180 | 212 | 12% |
| Profit on sale of securities | 22 | 29 | 75 | 112 | 54 | -59% |
| Recovery from assets written off & Other Receipts | 54 | 7 | 17 | 37 | 16 | 243% |
| Total Other income | 314 | 229 | 287 | 329 | 282 | 11% |

Fee Income (Y-o-Y)

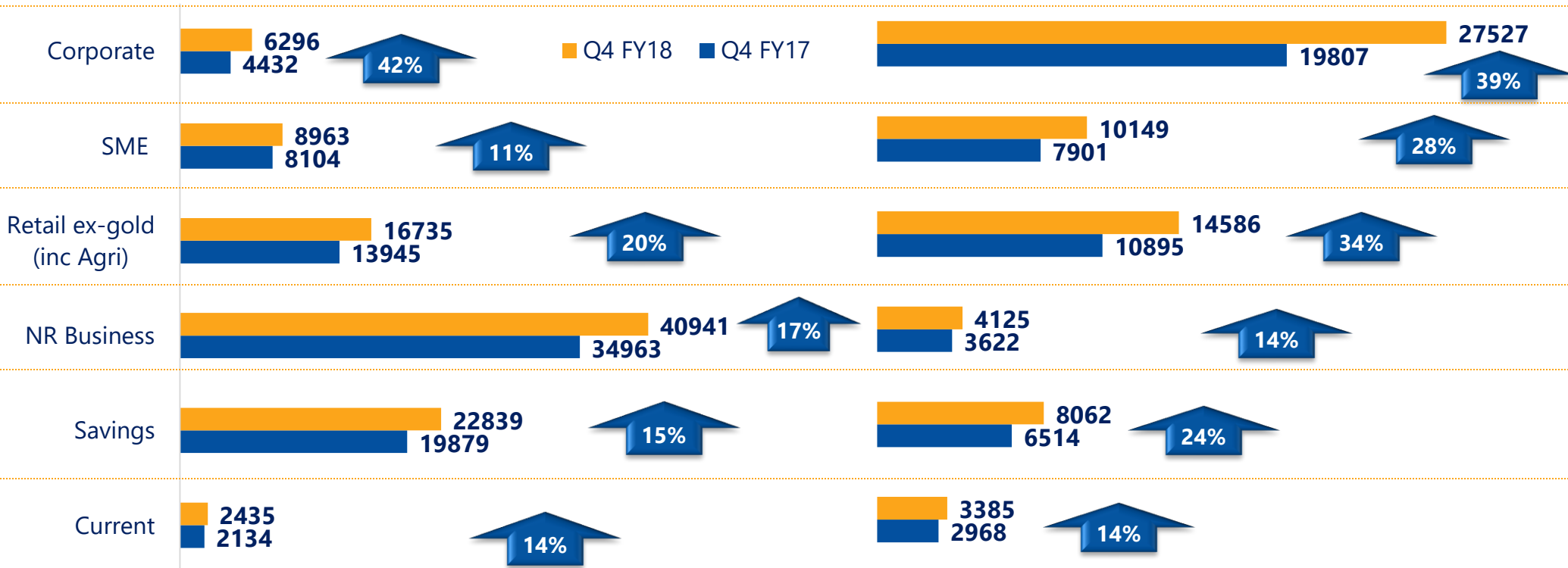




₹ in Cr

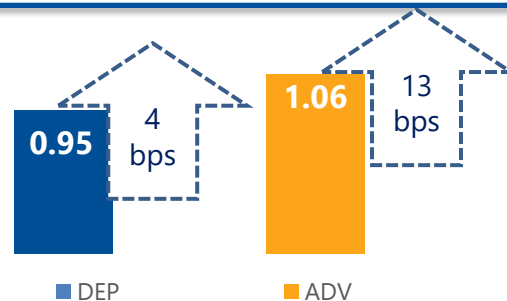
Kerala : Continuing Dominance

Outside Kerala: Gaining share



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

Bank's Market Share



Gain in Market Share(Y-o-Y)

Advance: Market Share improved by 13bps
Deposit : Market Share improved by 4 bps



CRAR – How strong is your Bank?

₹ in Cr

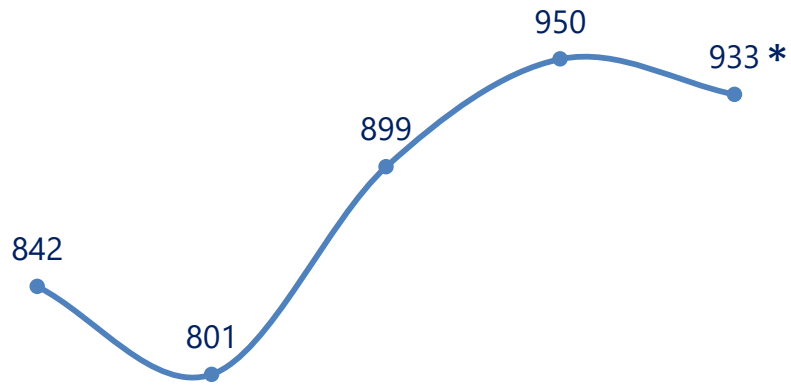
| | Mar-18 | Dec-17 |
|-----------------------------|---------------|---------------|
| Risk Weighted Assets | | |
| Credit Risk | 73163 | 69565 |
| Market Risk | 3504 | 4168 |
| Operational Risk | 6392 | 6392 |
| Total RWA | 83060 | 80125 |
| Tier-1 Capital Funds | 11776 | 11089 |
| Tier-II Capital Funds | 437 | 459 |
| Total Capital Funds | 12213 | 11548 |
| CRAR | 14.70% | 14.41% |
| Tier-I | 14.18% | 13.84% |
| Tier-II | 0.52% | 0.57% |



Annexures



NII Movement (in Cr)



*NII adjusted for Accelerated Recognition

Cost to Income ratio (in %)

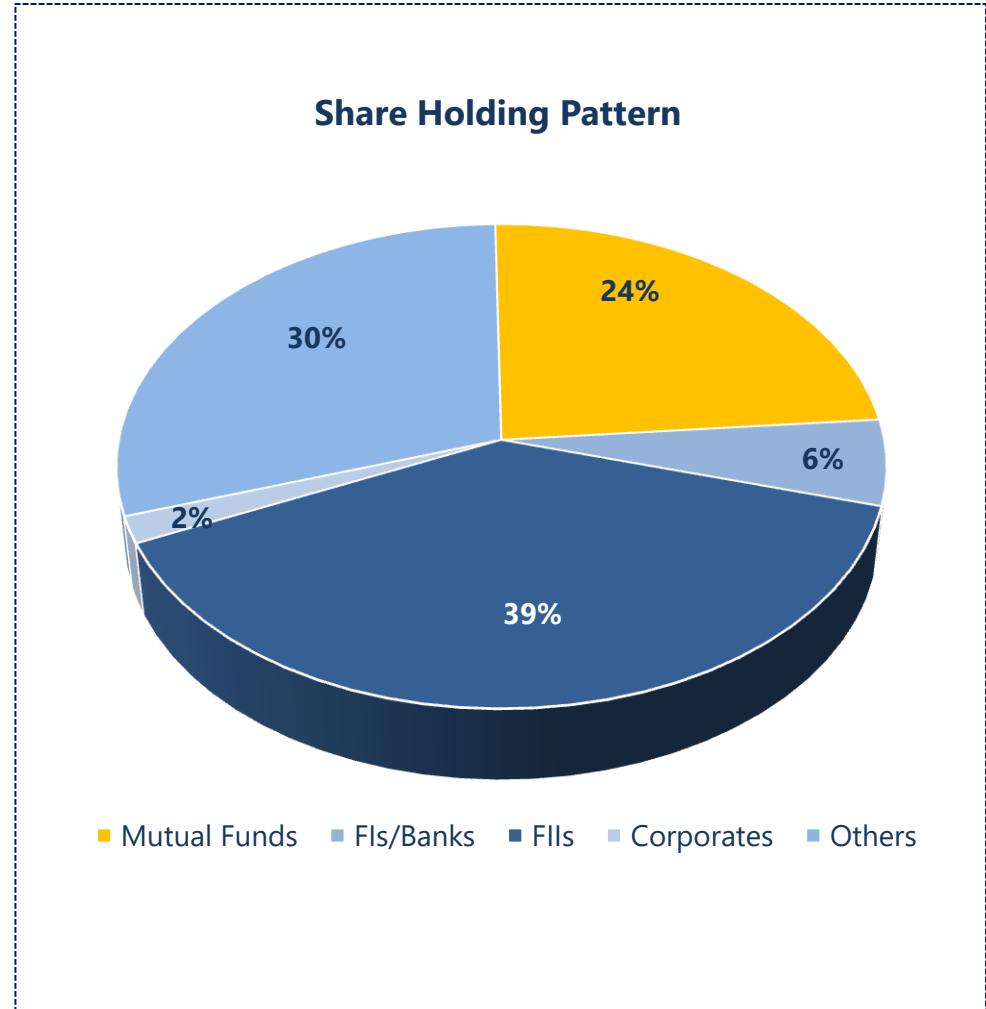




Balance Sheet & Shareholding Pattern

₹ in Cr

| | Q4 FY18 | Q4 FY17 |
|------------------------------------|---------------|---------------|
| LIABILITIES | | |
| Capital | 394 | 345 |
| Reserves & Surplus | 11816 | 8598 |
| Deposits | 111992 | 97665 |
| Borrowings | 11534 | 5897 |
| Other Liabilities & Provisions | 2578 | 2473 |
| TOTAL | 138314 | 114977 |
| ASSETS | | |
| Cash & Balance with RBI | 5133 | 4577 |
| Balances with Banks, Money at Call | 4071 | 2876 |
| Investments | 30781 | 28196 |
| Advances | 91957 | 73336 |
| Fixed Assets | 457 | 489 |
| Other Assets | 5915 | 5503 |
| TOTAL | 138314 | 114977 |



WHY
SETTLE
FOR
LESS?

Financials

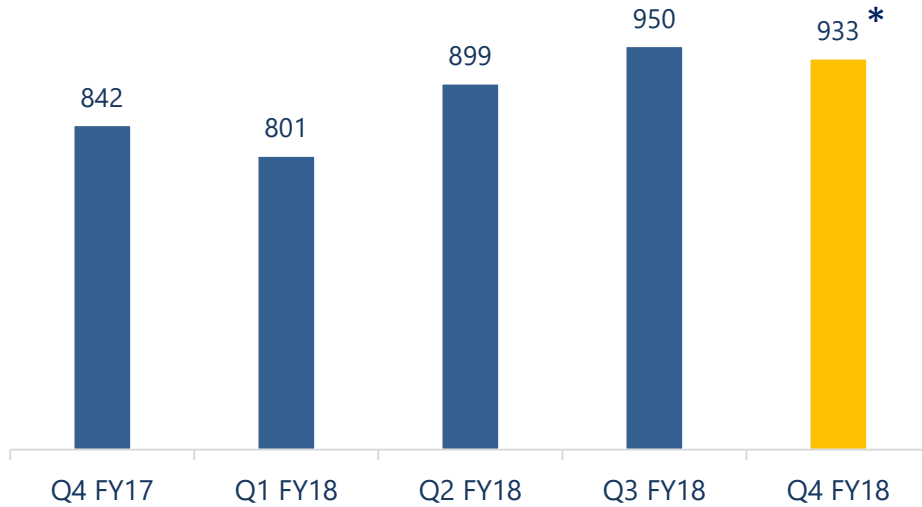
FEDERAL BANK
YOUR PERFECT BANKING PARTNER

₹ in Cr

| | Q4 FY18 | Q3 FY18 | Q-o-Q | Q4 FY17 | Y-o-Y |
|---------------------------------|--------------|--------------|---------------|--------------|----------------|
| Interest Income | 2548 | 2501 | 2% | 2316 | 10% |
| Interest Expenses | 1615 | 1551 | 4% | 1474 | 10% |
| Net Interest Income | 933 | 950 | -2% | 842 | 11% |
| Other Income | 314 | 229 | 37% | 282 | 11% |
| Total Income | 2862 | 2730 | 5% | 2598 | 10% |
| Total Expenditure | 2274 | 2168 | 5% | 2049 | 11% |
| Operating Profit | 589 | 561 | 5% | 549 | 7% |
| Total Provisions | 444 | 301 | 47% | 293 | 52% |
| Net Profit | 145 | 260 | -44% | 257 | -43% |
| Net Interest Margin (%) | 3.11 | 3.33 | -22bps | 3.42 | -31 bps |
| Cost to Income Ratio (%) | 52.82 | 52.37 | 45 bps | 51.16 | 166 bps |



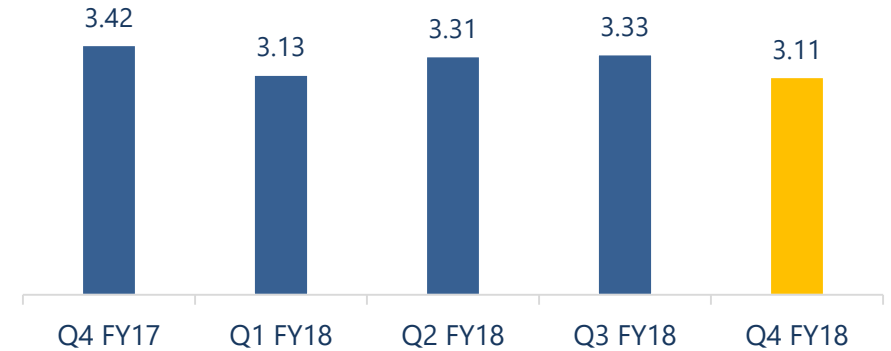
Net Interest Income



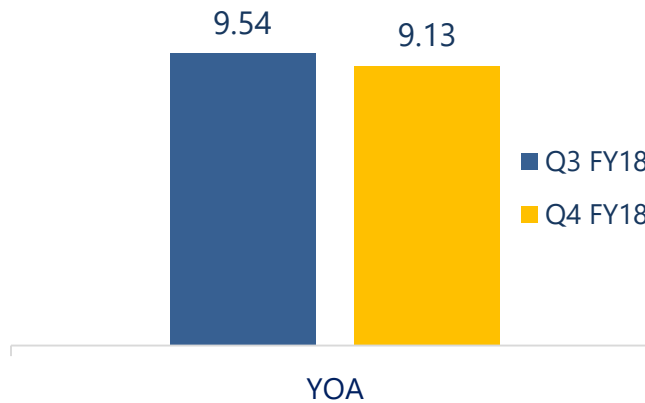
*NII adjusted for Accelerated Recognition

Net Interest Margin (%)

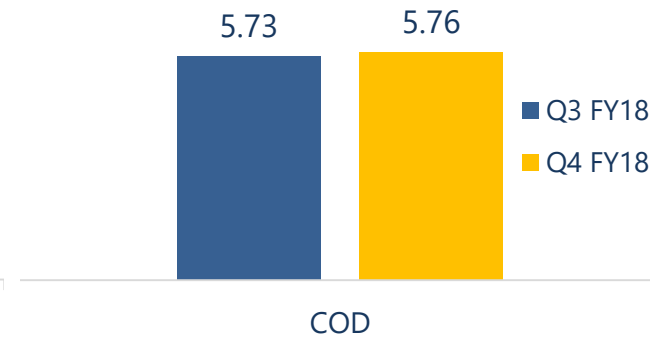
₹ in Cr



Yield on Advances

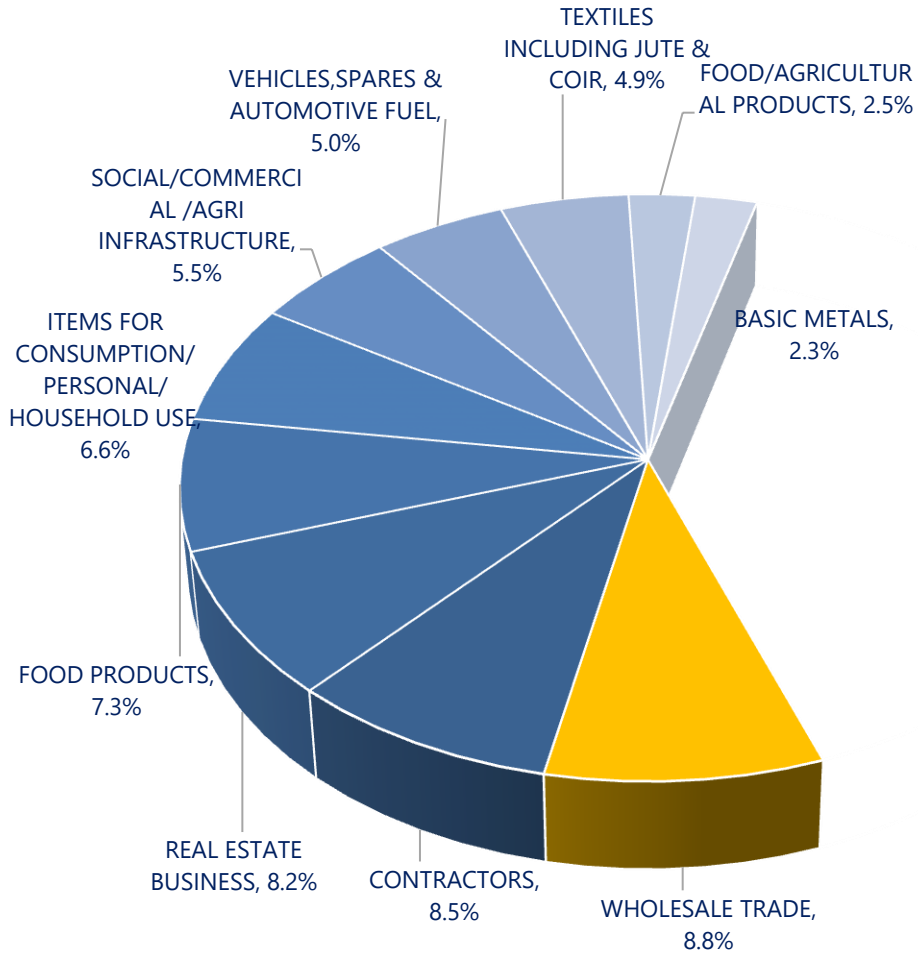


Cost of Deposits

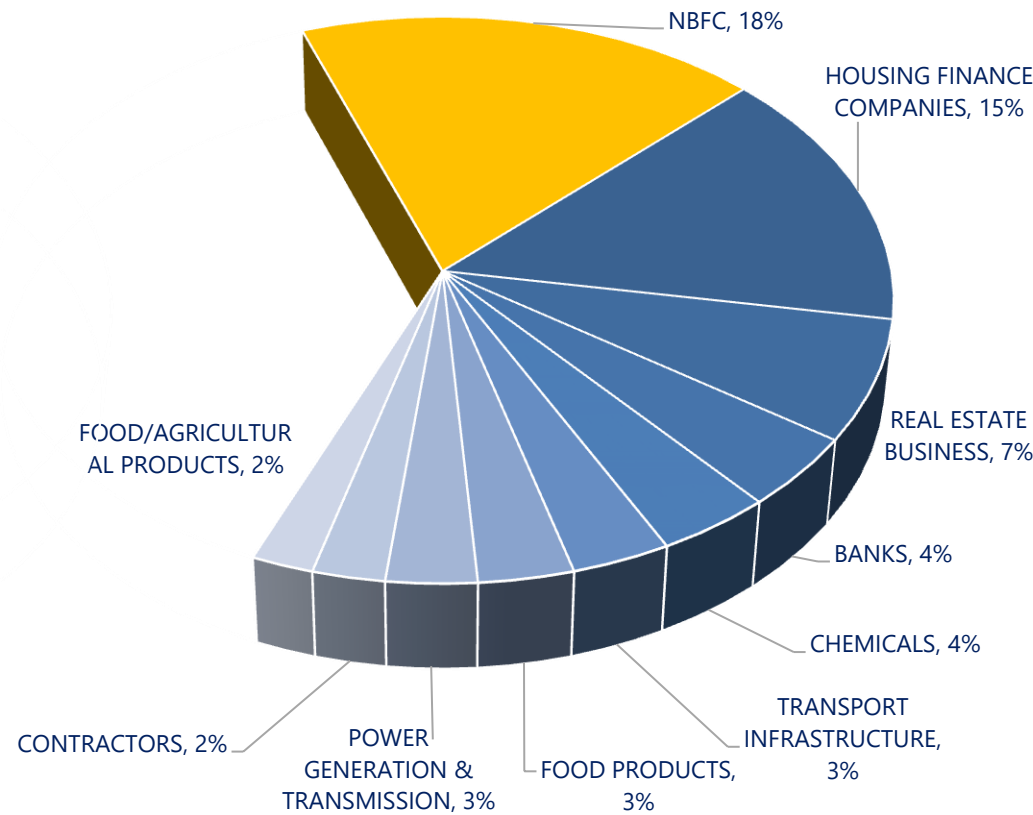




SME Portfolio



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.

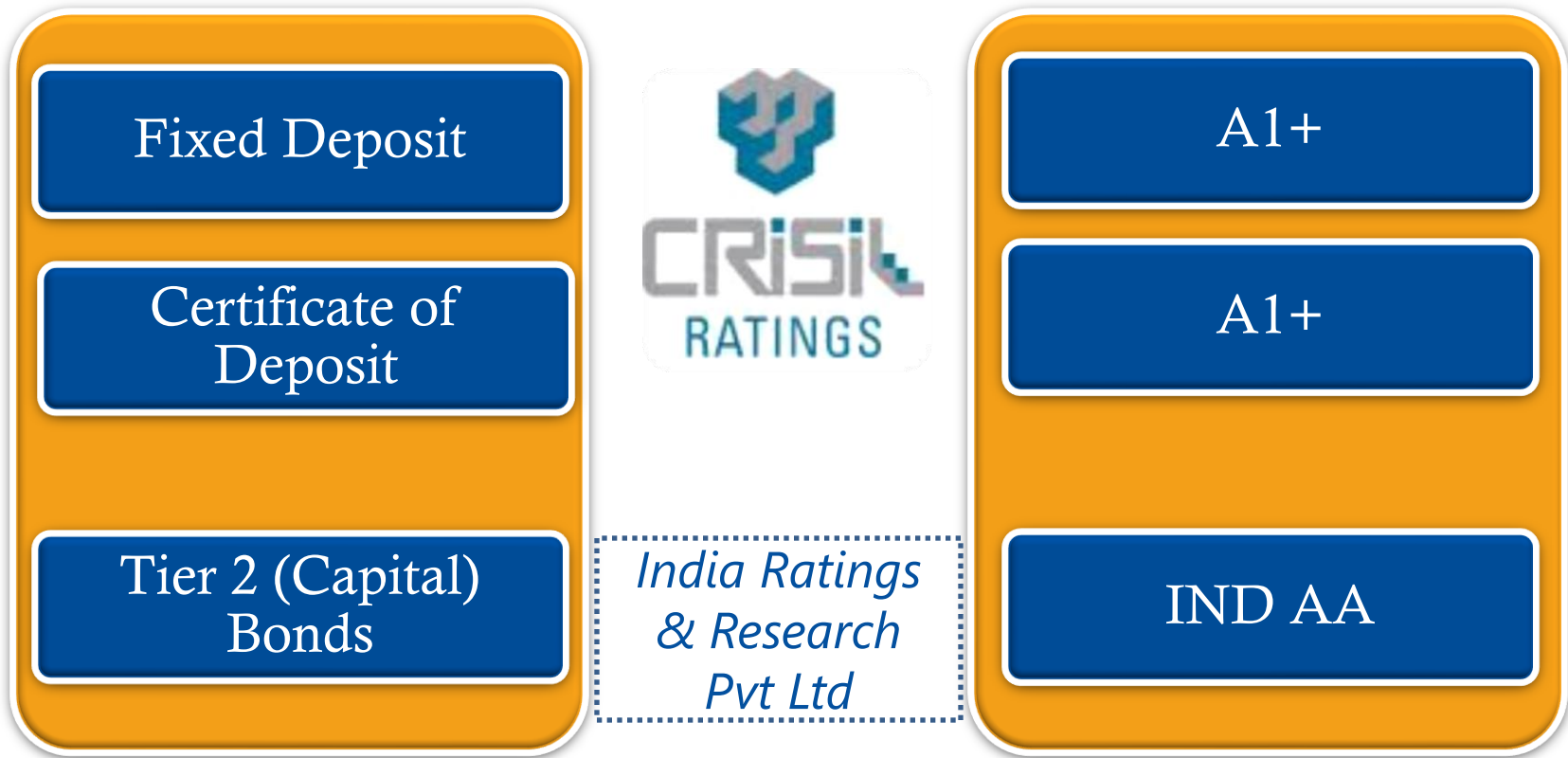
- Bank's Joint Venture Life Insurance Company, in association with IDBI Bank and Ageas
- Federal Bank holds 26% equity in the J.V.
- Started selling life insurance products from March 2008

FedBank Financial Services Ltd.

- Fully owned subsidiary of the Bank with NBFC license
- 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



- 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

PRESS RELEASE**Federal Bank Delivers Highest Ever Operating Profit of Rs.589 Cr in Q4**

Federal Bank announced its audited financial results for the quarter and year ended 31st March 2018 today at Mumbai.

Summary of Q4 Results

The Bank delivered robust growth in all business segments with 5% plus sequential growth in all three credit segments – Corporate, SME and Retail. On the liability front, the Bank clocked a thumping growth of 12%, 8% and 9% in CASA, NRE, and Retail Deposits Q-o-Q.

With respect to the core business metrics of Q4, the Bank met growth expectations. However, the Bank, imbuing the spirit of the revised benchmark for resolution of stressed assets, accelerated the recognition of NPAs, so as to materially improve the stressed asset portfolio. As a result, the stressed book of the Bank (NNPA + Standard Restructured + Security Receipts) is the lowest in 12 quarters. The ratio of Stressed Assets to Total Average Assets is also the least in 12 quarters, even on a robustly growing asset portfolio. The Restructured Standard Book size which includes all erstwhile, SDR, 5/25, S4A etc. is only ₹ 792 Crores now. The Bank crossed ₹ 2,00,000 crore in total business and delivered its highest operating profit of ₹589 Cr in Q4.

Key Highlights

- Delivered highest ever operating profit of ₹ 589 crores in Q4
- All credit business segments grew by a robust 5% plus Q-o-Q
- Materially reduced stressed book size by accelerating NPA recognition in compliance with the revised framework for resolution of stressed assets
- Total business of the Bank crossed the milestone figure of Rupees two lakh crore and reached ₹ 2,03,949.96 Cr
- Total advances registered a growth of 26% to reach ₹ 93,172.60 Cr
- CASA grew by 17% Y-o-Y in Q4 to reach ₹ 37,252 crores. CASA ratio stands at 33.26%

Commenting on the results and financial performance, Mr. Shyam Srinivasan, Managing Director & CEO, Federal Bank said, "Our core franchise across all segments – corporate, SME and retail, as well as our granular liability profile with very strong loyalties form our customer base, is growing robustly in a broad-based manner across products, verticals and geographies. Our results today substantiate this tellingly. The revised framework for resolution of stressed assets, being a new regulation, has impacted our bottom line figure. This is as a result of our accelerated recognition of sensitive assets abiding by the spirit of the revised regulation on stressed asset resolution, which, I am sure, will go far to strengthen and professionalize the banking industry’s capabilities to manage stressed assets. Having turned the corner with respect to recognition of NPAs from the restructured standard book this Q4, the Bank is confident of meeting the expectations of its stakeholders and will start FY 19 with significantly lower stress."

Working Results at a Glance

(₹ in Crore)

| Particulars | FY18 | FY17 | % y-o-y growth |
|---------------------|-----------|----------|----------------|
| Net Interest Income | 3,582.81 | 3,052.65 | ↑17.37% |
| Other Income | 1,159.12 | 1,081.81 | ↑7.15% |
| Total Income | 10,911.98 | 9,759.20 | ↑11.81% |
| Operating Profit | 2,291.03 | 1,924.93 | ↑19.02% |
| Net Profit | 878.85 | 830.79 | ↑5.78% |

OPERATING REVIEW

₹ 2 Trillion Total Business!

Backed by high growth rate of 36.05% in corporate advances, the Bank has crossed the magical figure of Rupees two lakhs crores total business. The Bank registered a growth of 19.27% in total business and reached ₹ 2,03,949.96 Cr as on 31st March 2018.

Credit Growth

Net Advances grew by 25.39% to reach ₹ 91,957.47 Cr as on 31st March 2018. Retail advances recorded a growth of 17.85% to reach ₹ 25,683 Cr and corporate advances went up by 36.05% to reach ₹ 38,669.99 Cr.

Deposit Growth

Deposit portfolio increased by 14.67% from ₹ 97,664.57 Cr as on 31st March 2017 to ₹ 1,11,992.49 Cr as on 31st March 2018. The NRE deposits of the Bank posted a growth of 16.97% during the year to reach ₹ 42,586.31 Cr. The low-cost CASA segment reached ₹ 37,251.83 Cr, up by 17.01%.

Operating Profit & Net Profit

The Bank clocked its highest ever operating profit of 589 Cr this Q4 and posted a figure of ₹ 2,291.03 Cr. For the full FY. It delivered a Net Profit of ₹ 878.85 Cr. for the financial year ended 31st March 2018.

Margins

Net Interest Income grew by 17.37% from ₹ 3,052.65 Cr in FY17 to ₹ 3,582.81 Cr in FY18. Net Interest Margin stood at 3.21% for FY18.

Asset Quality

The Gross NPA of the Bank as on 31st March 2018 stood at ₹ 2,795.62 Cr. Gross NPA as a percentage to Gross Advances is 3.00%. The Net NPA stood at ₹ 1,551.96 Cr and this as a percentage to Net Advances is 1.69%. The Provision Coverage Ratio (including technical write-offs) stood at 64.50%.

Net Worth & Capital Adequacy

The Net Worth of the Bank grew by 37.06% to ₹ 12,138.49 Cr as against ₹ 8,856.47 Cr in the previous year. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines, stood at 14.70% as on 31st March 2018.

Digital Banking – Digital @ the Fore, Human @ the Core

- The percentage of digital adoption is consistently improving. 63% of the total transactions of the Bank happen over Digital Channels.
- The Bank recently launched FASTag facility for queue-less electronic toll payment.
- The Bank introduced two more channels for account opening – IAO (Instant Account Opening) and Tab Banking. 62% of the savings accounts are now opened digitally.
- 39% of retail personal loans are availed online and 22% of term deposits are opened digitally.
- The Bank's mobile banking platform, FedMobile, is gaining traction consistently. Over 5 lakh active customers are on the platform and digital transaction volume has grown 80% Y-o-Y.
- The Bank recently implemented Blockchain Technology for cross-border remittances.

Dividend

The Board of directors at its meeting held today has recommended a dividend of ₹ 1 per equity share having face value of ₹ 2 for the year ended 31st March 2018. The dividend will be paid after the approval of shareholders at the Annual General Meeting.

Acquired Stake in Equirus Capital

The Bank acquired a strategic minority stake of 26% in Equirus Capital Pvt. Ltd. (ECPL). The necessity to increase the product offerings to a spectrum of wholesale clients by offering comprehensive financial solutions for Debt & Equity Capital Markets, Structured Finance, Capital Market products and Advisory has prompted the Bank to pick up the stake. The partnership will enable the Bank to offer a host of products including wealth management services to HNIs and the NRI diaspora. This strategic tie-up would help shore up non-interest earnings for the Bank while creating additional revenue streams with identified clients. Regulatory approval is awaited for the stake acquisition.

Footprint

The Bank has 1252 branches, 1696 ATMs and 231 Cash Machines as on 31st March 2018. The Bank also has its Representative Offices at Abu Dhabi and Dubai and an IFSC Banking Unit (IBU) in Gujarat International Finance Tec-City (GIFT City).

Q4FY18 Vs Q4FY17

- Total Deposits increased by 14.67% from ₹ 97,664.57 Cr to ₹ 1,11,992.49 Cr.
- Savings deposits grew by 17.13% to reach ₹ 30,919.83Cr
- CASA grew by 17.01% to reach ₹ 37,251.83 Cr
- CASA ratio improved from 32.60% to 33.26%.
- NRE deposits increased by 16.97% to reach ₹ 42,586.31 Cr
- Net Advances grew by 25.39% from ₹ 73,336.28 Cr to ₹ 91,957.47 Cr.
- Retail Advances registered a growth of 17.85% to reach ₹ 25,683.00 Cr.
- Corporate Advances grew by 36.05% from ₹ 28,423.33 Cr to ₹ 38,669.99 Cr.

Major Financial Indicators (Standalone Nos.)

| Business Figures | (₹ in Cr) | | |
|----------------------|-----------------|-----------------|------------|
| | As on 31.3.2018 | As on 31.3.2017 | Growth (%) |
| Total Deposits | 1,11,992.49 | 97,664.57 | ↑14.67 |
| SB & Demand Deposits | 37,686.72 | 32,052.85 | ↑17.58 |

| | | | |
|----------------------|-----------|-----------|---------|
| Net Advances | 91,957.47 | 73,336.28 | ↑25.39 |
| Retail Advances | 25,683.00 | 21,793.62 | ↑17.85 |
| SME Advances | 19,437.82 | 16,361.04 | ↑18.81 |
| Agri Advances | 9,381.79 | 7,512.74 | ↑ 24.88 |
| Gross NPA (%) | 3.00 | 2.33 | |
| Net NPA (%) | 1.69 | 1.28 | |
| Capital | | | |
| Equity Capital | 394.43 | 344.81 | |
| Net Worth | 12,138.49 | 8,856.47 | ↑37.06 |
| Capital Adequacy (%) | 14.70 | 12.39 | |
| Tier I (%) | 14.18 | 11.81 | |
| Tier II (%) | 0.52 | 0.58 | |

RAJANARAYANAN N

Vice President

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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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