

Secretarial Department



SDF-24/ /2018-19

17.07.2018

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

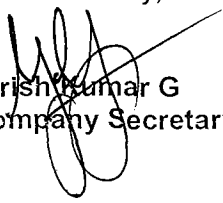
Dear Sir,

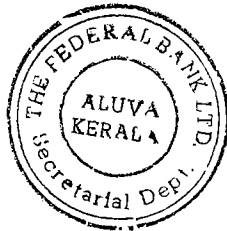
Sub. : Presentation to Investors/Analyst on the Financial Results for the period ended 30 June 2018

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 I results, Press release & 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

Q1 FY 2019

- ❑ Credit Growth Momentum Continues. Blended Y-o-Y Growth rate of 24%
- ❑ Highest ever NII @ 980Cr. Grows 22% Y-o-Y. Matches Credit Growth

- ❑ Market Share in Advances increases to 1.07%. Up by 8bps Y-o-Y
- ❑ Market Share in deposits increases to 0.97%. Up by 8bps Y-o-Y

- ❑ Highest quarterly operating profit @ 603Cr. (despite absorbing 54Cr provisioning on acct of unamortized Gratuity expenditure in Q1FY19)
- ❑ Net Profit registers 25% growth YoY to reach 263Cr.
- ❑ Cost To Income Ratio falls by 101 bps Sequentially, to 51.80

Granular Liability Franchise:

- ❑ Retail deposits at 96% of total deposits
- ❑ CASA rises to 33.47%
- ❑ NR continues to exhibit strong growth
- ❑ Cost of Deposits lower by 12bps Q-o-Q



Robust Operating Momentum

- ❑ Percentage of Accounts opened through digital channels at 78% in Q1 FY19.
- ❑ Opened up API banking portal to customers
- ❑ Transactions using Digital now accounts for 65% of the total transactions.

- ❑ Total stressed Book decreases from 2890Cr to 2680 to touch 2.01% of total assets
- ❑ Recovery/ upgrades @ Rs 246Cr is the highest in any quarter.
- ❑ Credit Cost along predicted lines at 71 bps.

- ❑ Truenorth signs up as strategic partner in FedFina.
- ❑ Market hires for retail unsecured business & commercial vehicle business (in addition to Govt Business & Treasury marketing).

- ❑ Balance Sheet grows by 17% Y-o-Y (Rs1.36L Cr)
- ❑ Total business grows by 20% Y-o-Y (Rs.2.06L Cr)
- ❑ CRAR at 14.50 %



Performance Highlights Y-o-Y

Retail (inc Agri)	20%	↑	NII	22%	↑
SME Advance	17%	↑	Core Fee Income	15%	↑
Corporate Business	32%	↑	Net Profit	25%	↑
Total Advance	24%	↑	NIM	@3.12%	
Retail Deposit	15%	↑	GNPA	3.00%	
CASA	16%	↑	Capital Adequacy (CRAR)	14.50%	
			Provision Coverage Ratio	64.71%	



Comparison : Y-o-Y (3 M)



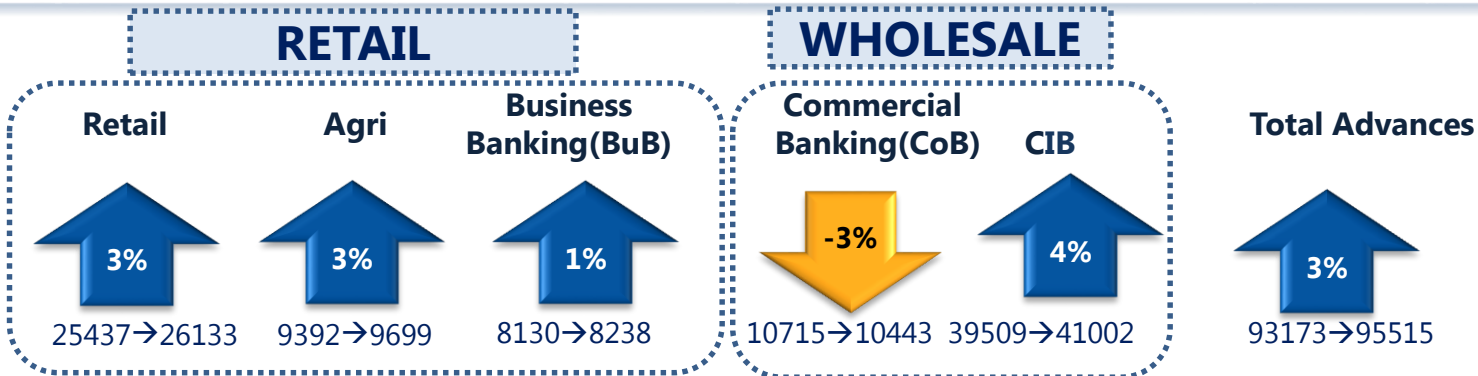
* Credit segments are realigned at the beginning of every FY.

#SME split into BuB & CoB

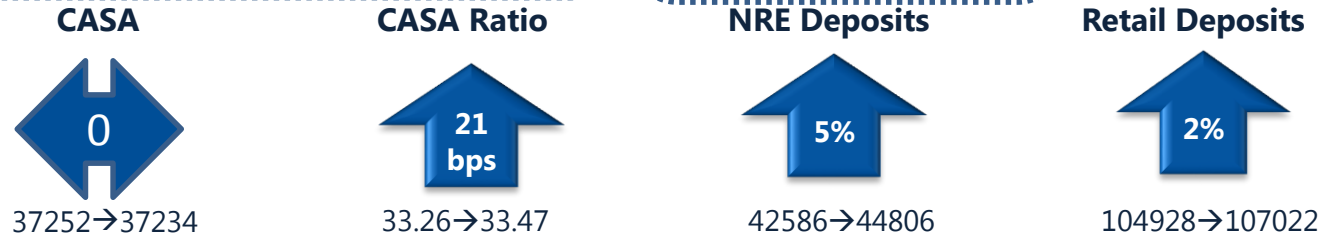


Comparison : Q-o-Q (Sequential)

Advances



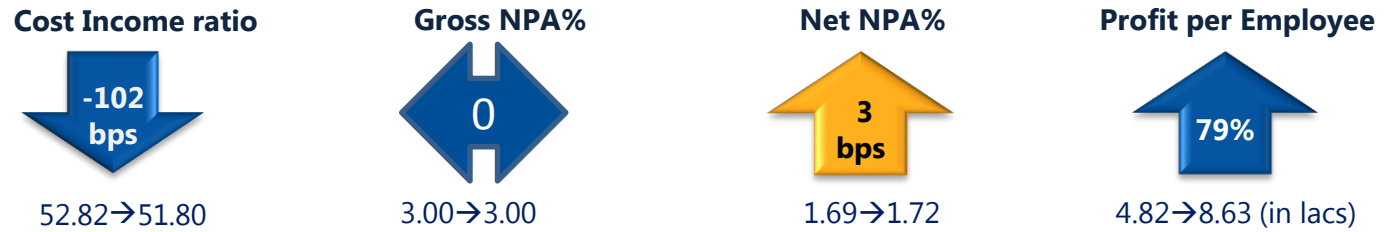
Deposits



Performance



Ratios



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

#SME split into BuB & CoB

WHY SETTLE FOR LESS?

Key Indicators

FEDERAL BANK
YOUR PERFECT BANKING PARTNER

Shareholder Value

Book Value
(Per Share in ₹)

Q1 FY19

Q4 FY18

Q3 FY18

Q2 FY18

Q1 FY18

62.62

61.55

60.80

59.59

59.42

EPS
(annualized)

5.32

2.98

5.32

5.35

4.34

Granularity

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

91%

88%

92%

90%

92%

Profitability (Annualized)

ROA

0.79

0.46

0.87

0.94

0.77

RoRWA

1.37

0.77

1.40

1.45

1.23

ROE

8.61

4.88

8.74

9.02

8.26

Efficiency

Cost/Income

51.80

52.82

52.37

50.83

50.62

Net NPA%

1.72

1.69

1.36

1.32

1.39



Fresh Slippages Break up

Fresh Slippages

	Q1 FY19	Q4 FY18	Q3 FY18	Q2 FY18	Q1 FY18
Retail	109	70	150	106	97
Agri	54	56	42	51	45
SME	90	142	122	107	114
Corporate	207*	604	98	20	169
Total	461	872	411	284	425

*of which 163 Cr from restructured standard book.

Restructured

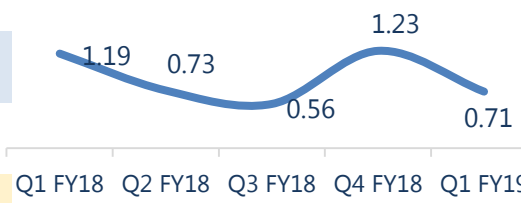
TYPE	Q1 FY19		Q4 FY18	
	Balance	Of which Bonds	Balance	Of which Bonds
STANDARD	581	81	792	131
Gross NPA	656	75	643	53
Net NPA	563	75	594	53
TOTAL	1144	156	1386	184

NPA Composition		Q1 FY19	Q4 FY18
Gross NPA	Business	NPA	NPA
	Retail	595	527
	Agri	325	291
	SME	1062	1134
	Corporate	887	843
	Total	2869	2796
Net NPA		1620	1552

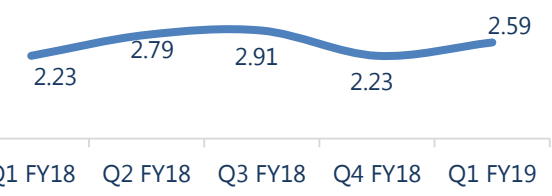
Security Receipts

	Q1 FY19	Q4 FY18
Face Value	758	835
Book Value	649	726

Credit Cost



Risk Adjusted NIM





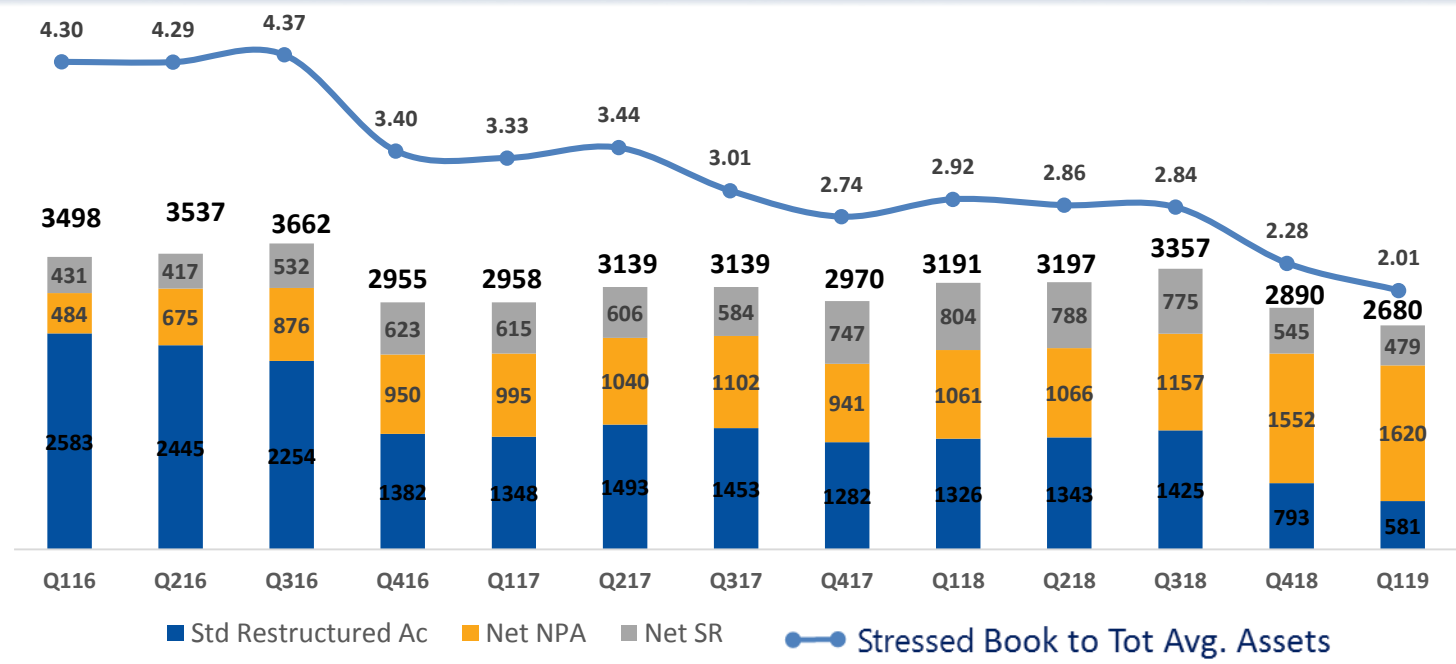
Asset Quality Drill-Down

Total Stressed Book further reduced from 2890Cr to 2680cr to touch 2.01% of Total Assets.

Credit Cost of the Bank improved to 71 bps which is along budgeted lines

Net Security Receipts portfolio down to 479Cr

Recovery/ upgrades @ Rs 246cr is the highest in any quarter.



Movement of NPA

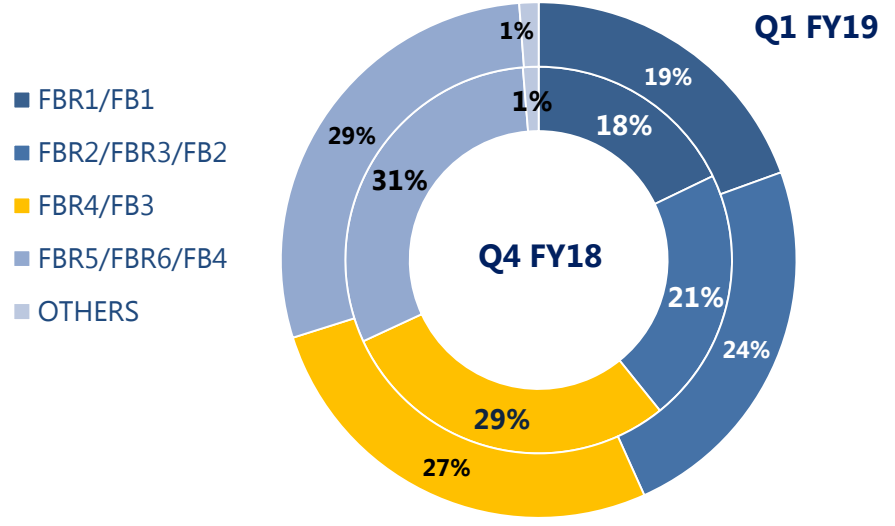
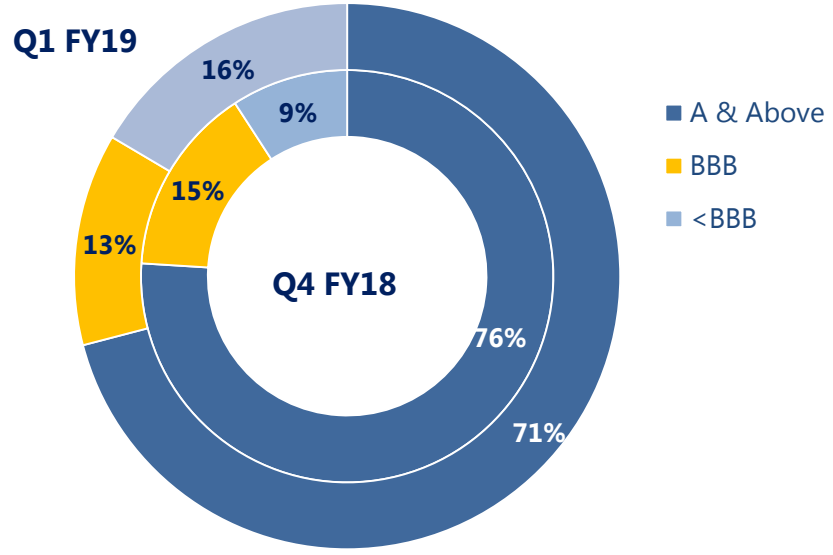
Amt in Rs.Cr.

Gross NPA as on 31.03.2018	2796
Add Fresh Slippage	461
Add Increase in Balances in Existing NPAs	21
Deduct Recoveries/ Upgrades	-246
Deduct Written Off	-163
Deduct Sale to ARCs	0
Gross NPA as on 30.06.2018	2869



Asset Quality : Rating Distribution

Risk Rating



Wholesale Assets

Rating	Q1 FY-19 *	Q4 FY-18
A & above	71%	76%
BBB	13%	15%
< BBB	16%	9%

Other Assets

Rating	Q1 FY-19	Q4 FY-18
FBR1 FB1	19%	18%
FBR2/FBR3 FB2	24%	21%
FBR4 FB3	27%	29%
FBR5/FBR6 FB4	29%	31%
Others	1%	1%

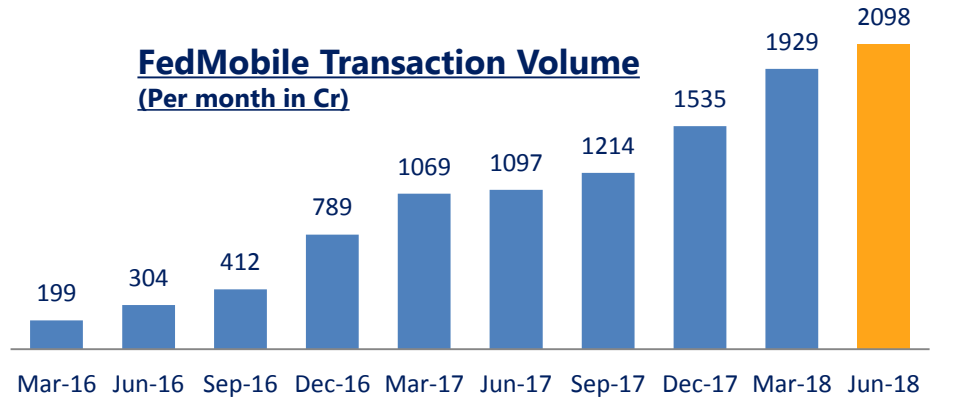
*Includes all rated Corporate & Commercial Banking Assets



Digital share

- 65% Digital Transactions
- 78% New Savings Accounts
- 36% of Retail Personal Loans
- 17% of New Term Deposits

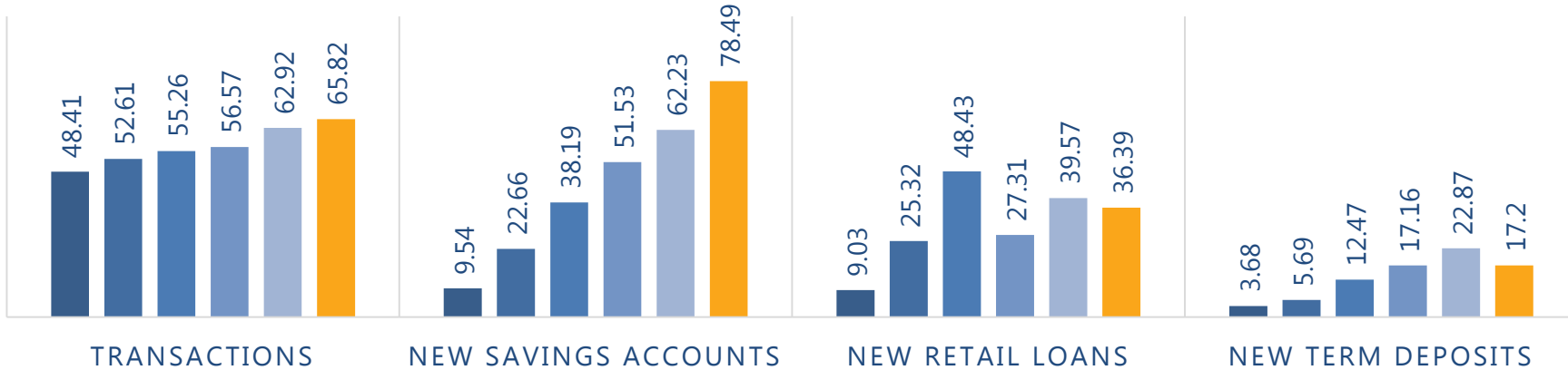
FedMobile Transaction Volume (Per month in Cr)



5.97 Lakh active customers in Mobile Platform

Digital Share

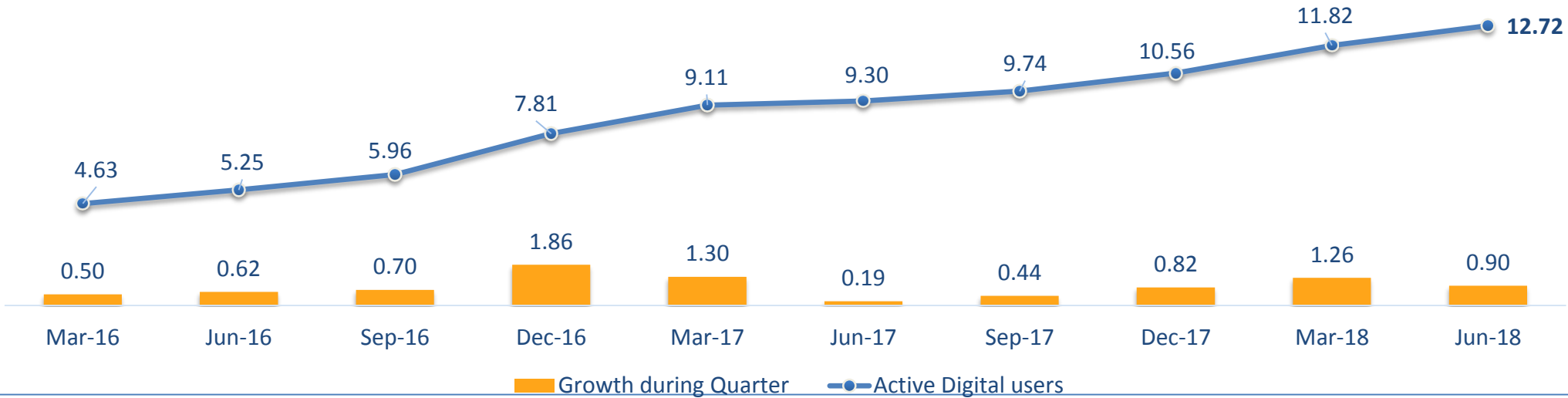
■ Mar-17 ■ Jun-17 ■ Sept-17 ■ Dec-17 ■ Mar-18 ■ Jun-18



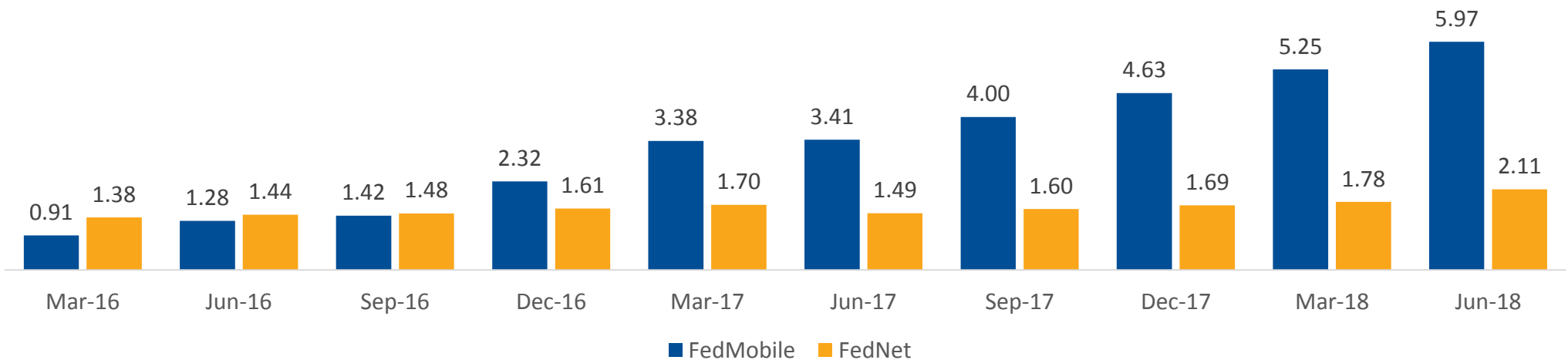


Digital Journey

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



Active Digital Users for Mobile Banking (FedMobile) and Internet Banking (FedNet) (In Lakhs)





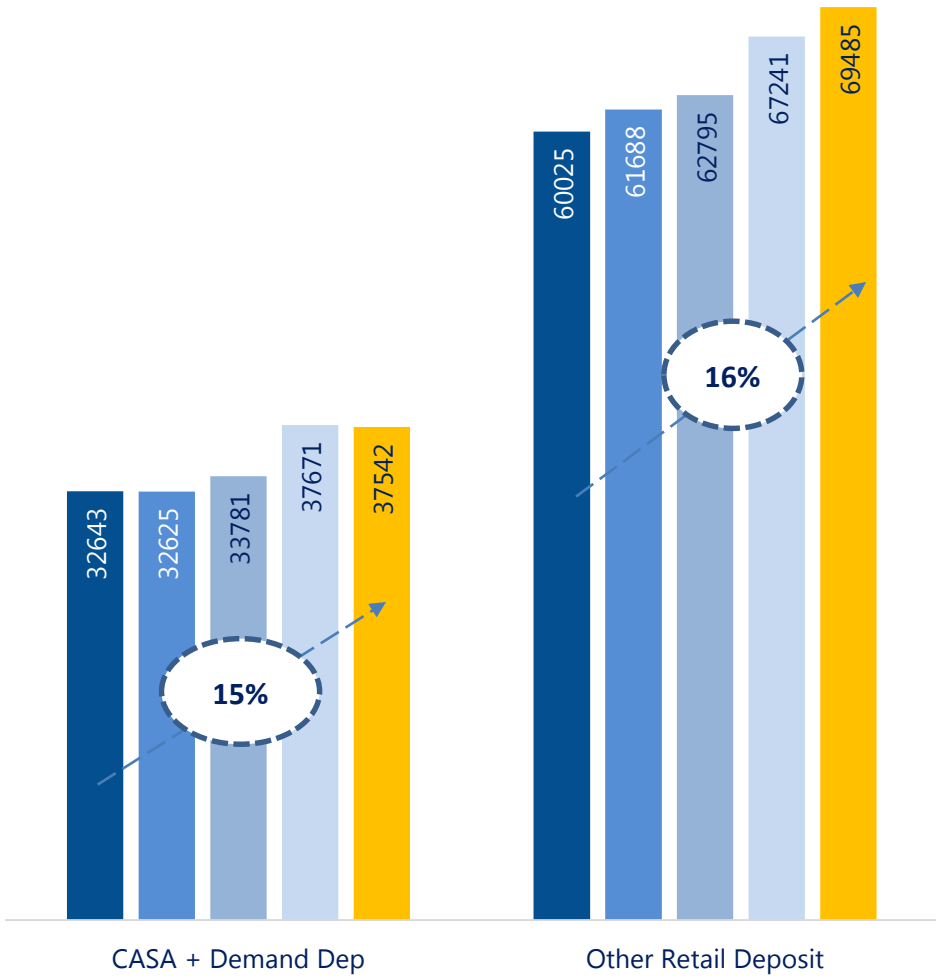
Business Parameters



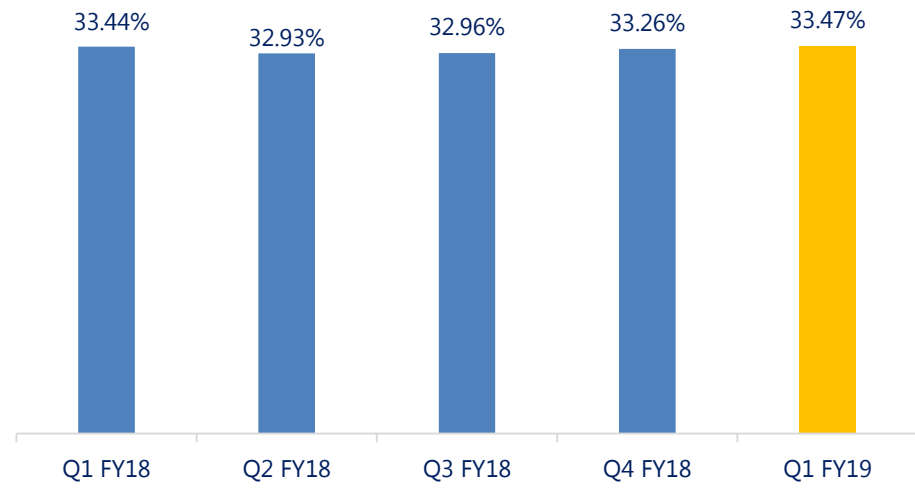
Liability : Trends

₹ in Cr

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



CASA Ratio

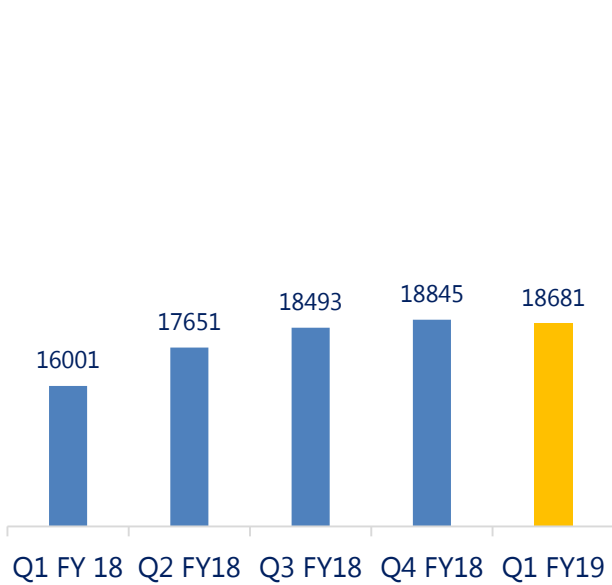




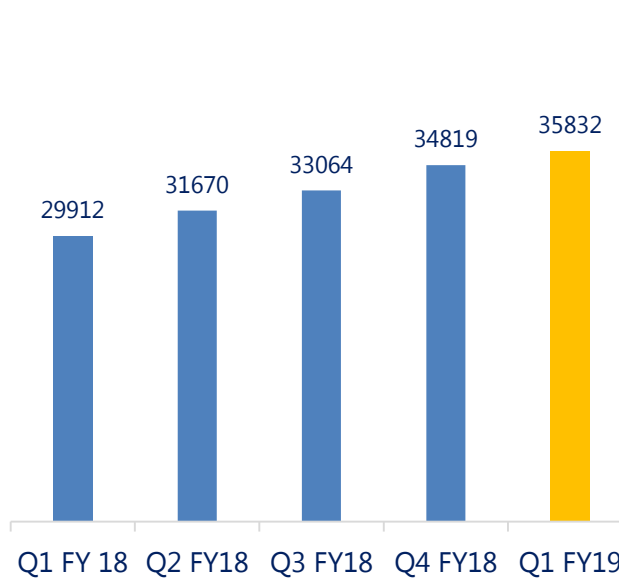
Customer Exposures

₹ in Cr

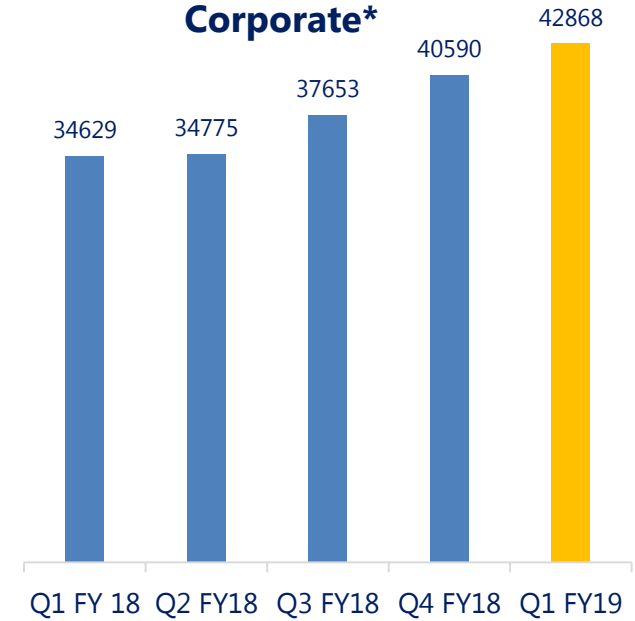
SME



Retail (Including Agri)



Corporate*

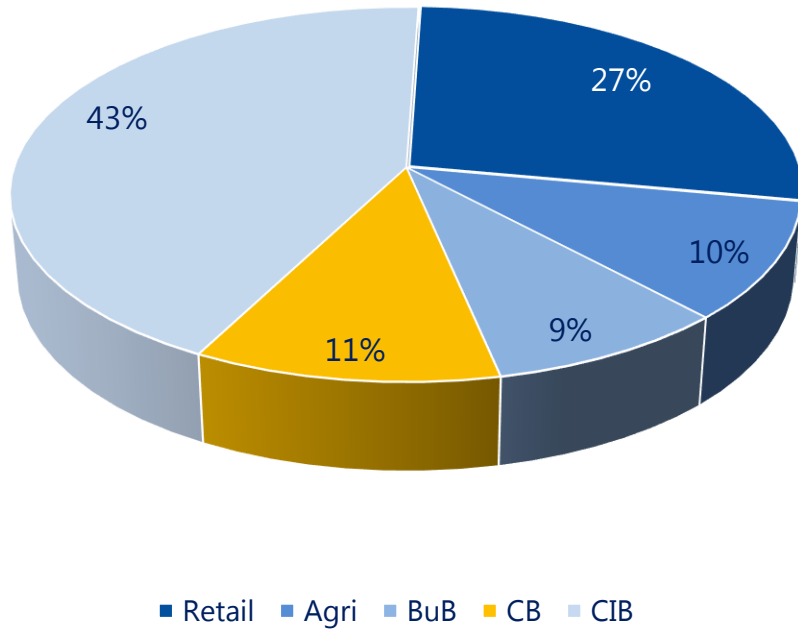


Highlights

- SME Portfolio shows 17% growth Y-o-Y.
- Retail (including Agri) portfolio grows by 20% Y-o-Y .
- Corporate* portfolio grows by 24% Y-o-Y.

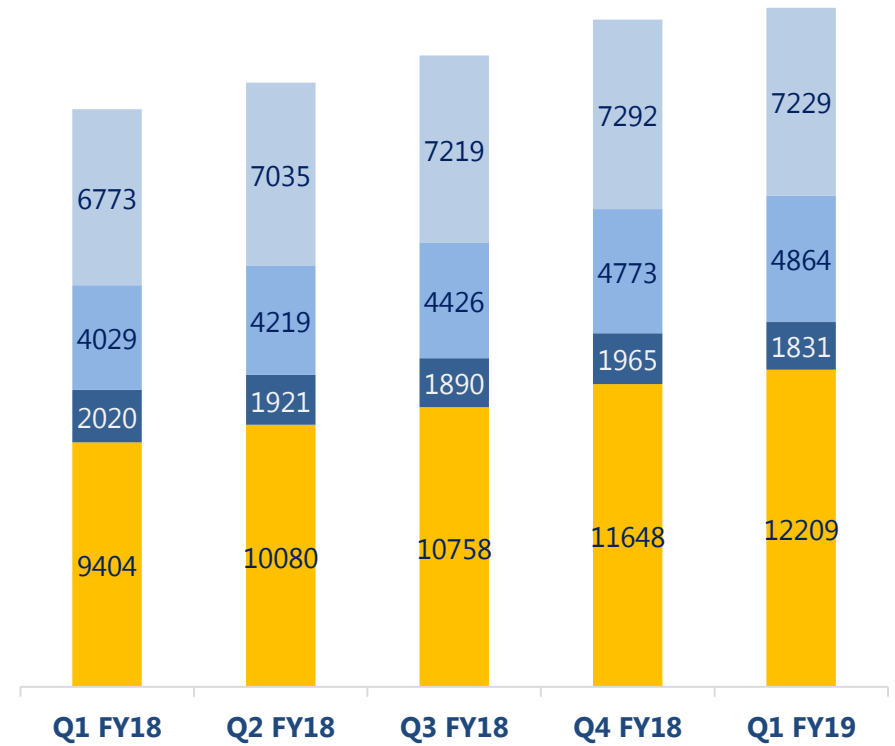


Total Loan Book



Retail Loan Book (Excl Agri)

■ Housing ■ Gold ■ Mortgage ■ Others



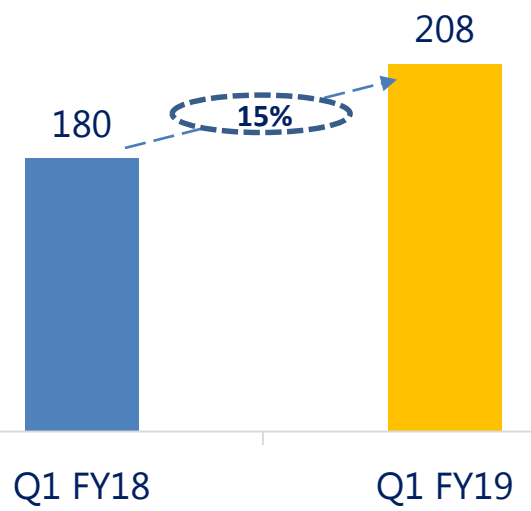


Fee Income/Other income

₹ in Cr

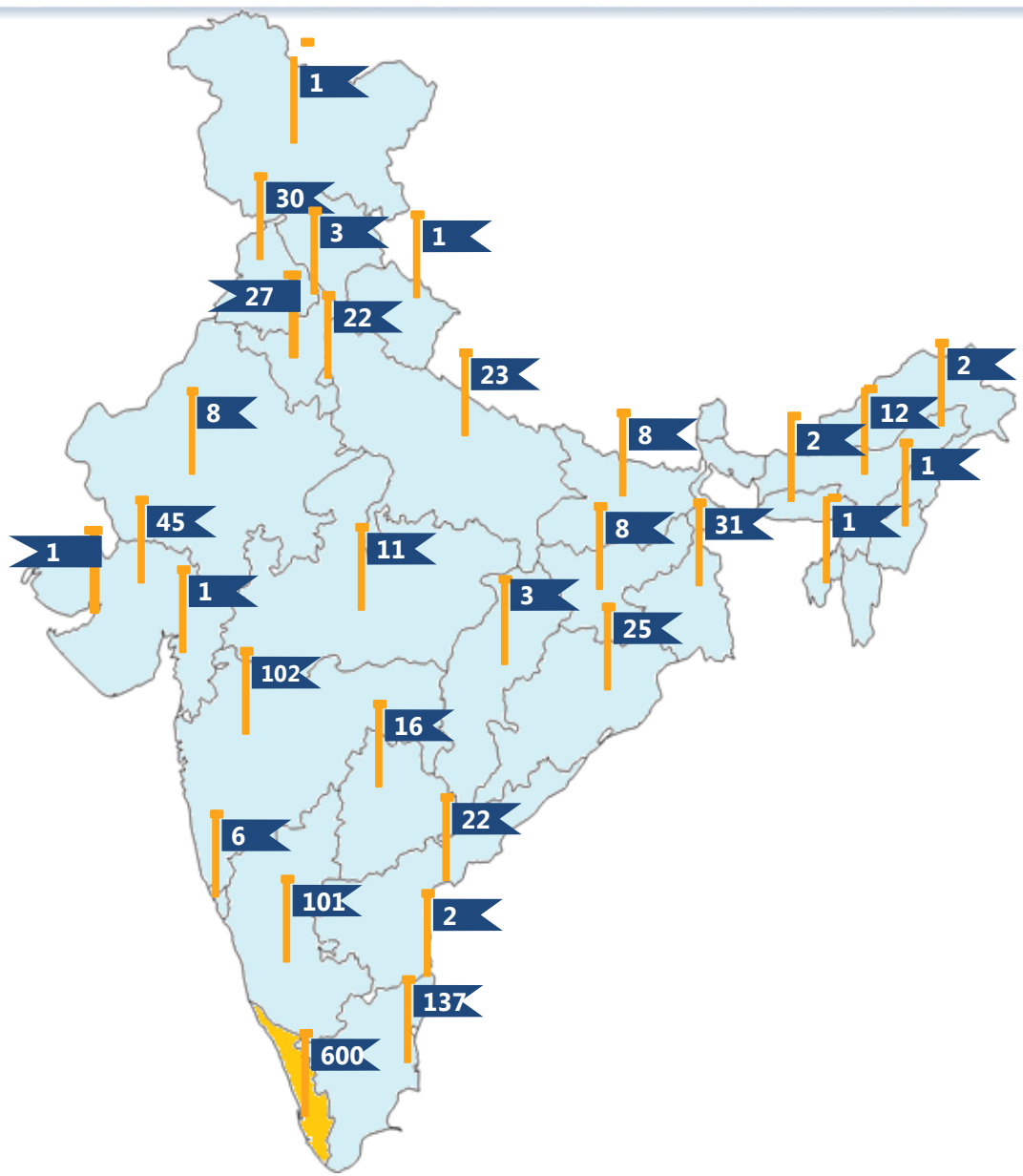
	Q1 FY19	Q4 FY18	Q3 FY18	Q2 FY18	Q1 FY18	Y-o-Y %
Loan Processing Fee	31	46	34	35	28	12%
Exchange, Commission, Brokerage & Other Fee Income	129	136	120	119	118	9%
Net Profit on Forex Transactions	47	56	39	41	34	40%
Fee Income	208	238	193	195	180	15%
Profit on sale of securities	49	22	29	75	112	-56%
Recovery from assets written off & Other Receipts	14	54	7	17	37	-61%
Total Other income	271	314	229	287	329	-18%

Fee Income (Y-o-Y)

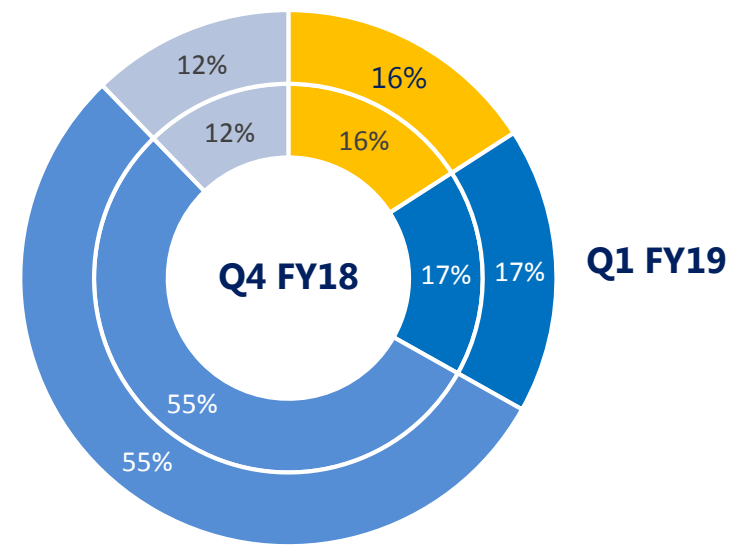


WHY SETTLE FOR LESS?

Distribution : Deriving Efficiency from Foot Print



	Q1 FY19	Q4 FY18	Q3 FY18
Branches	1252	1252	1252
ATMs	1684	1696	1679



■ Metro ■ Urban ■ Semi Urban ■ Rural

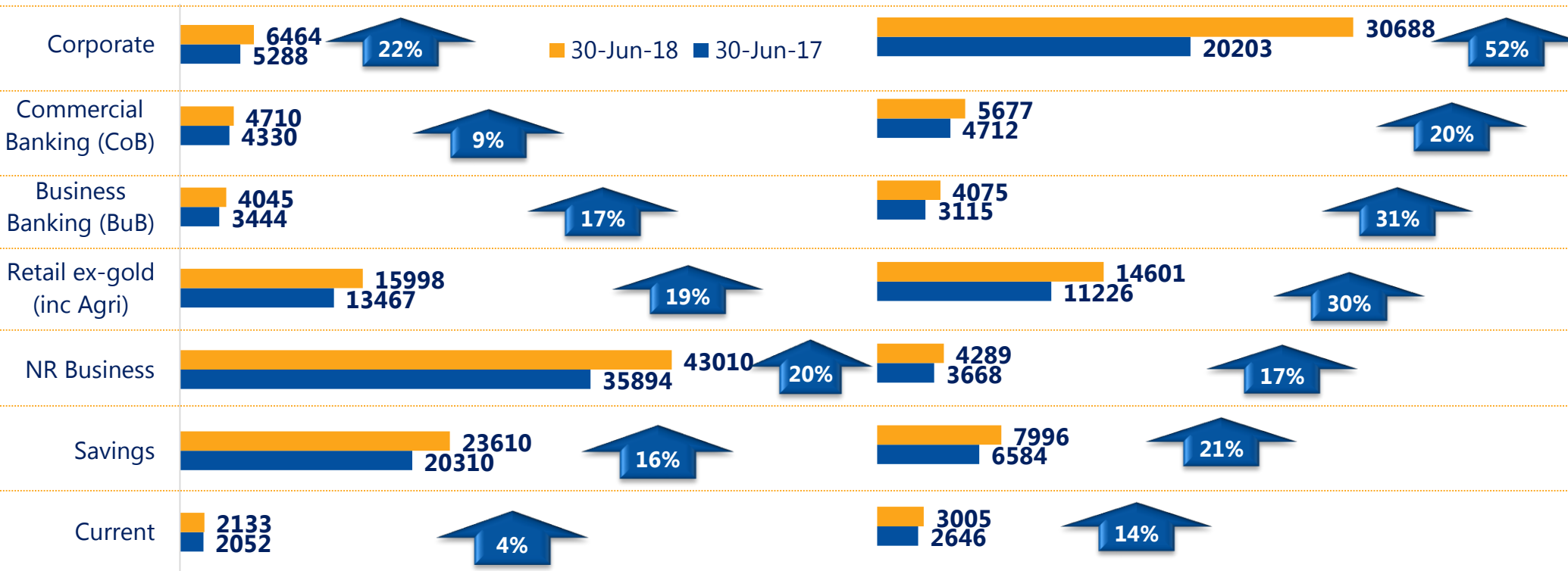


Distribution

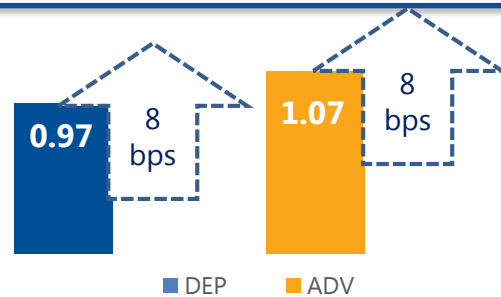
₹ in Cr

Kerala : Continuing Dominance

Outside Kerala: Gaining share



Bank's Market Share



Gain in Market Share(Y-o-Y)

Advance: Market Share improved by 8 bps
Deposit : Market Share improved by 8 bps



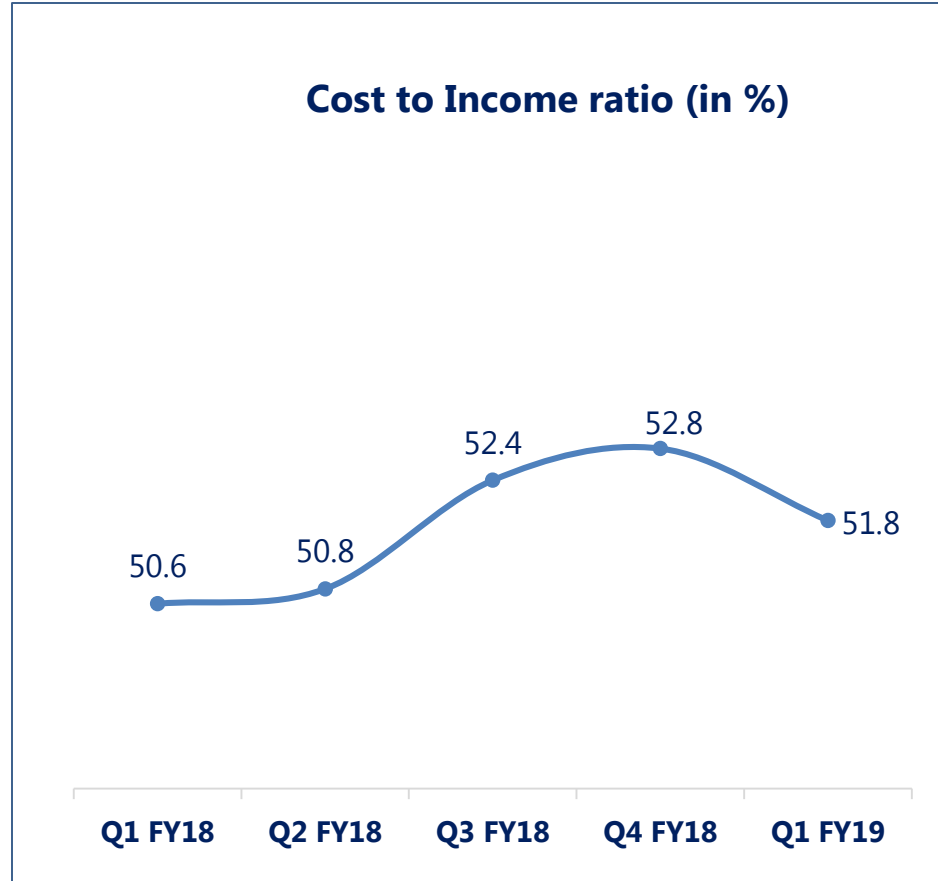
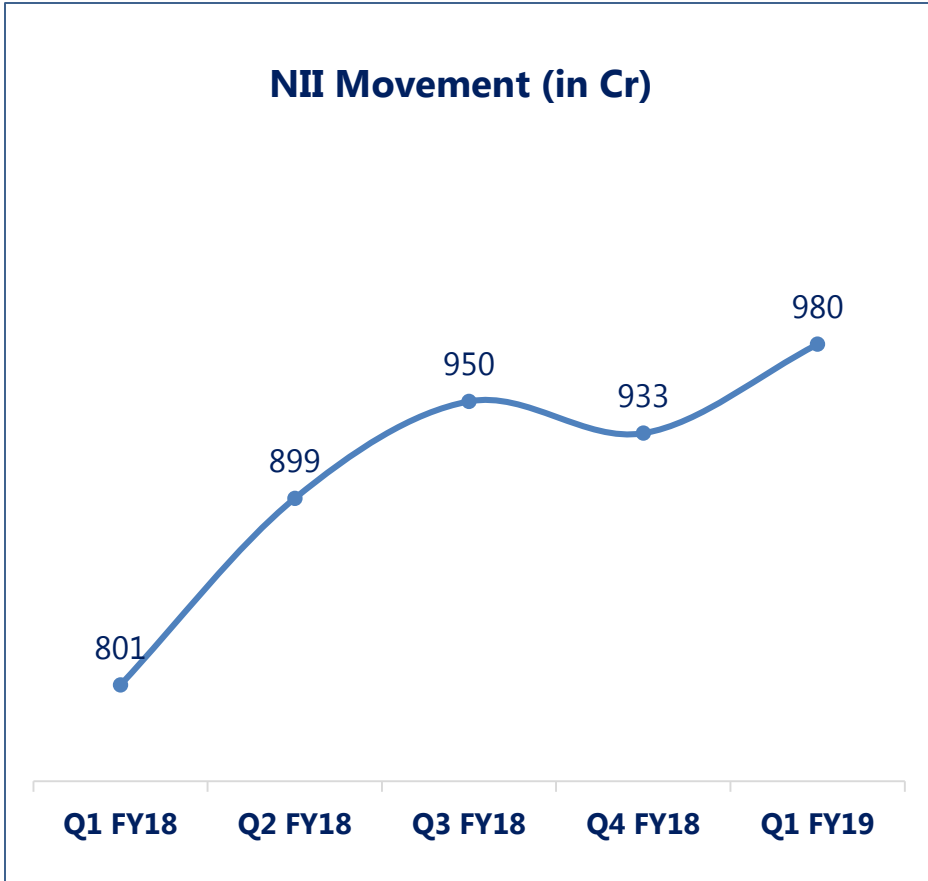
CRAR – How strong is your Bank?

₹ in Cr

	Jun-18	Mar-18
Risk Weighted Assets		
Credit Risk	73755	73163
Market Risk	3151	3504
Operational Risk	7325	6392
Total RWA	84232	83060
Tier-1 Capital Funds	11801	11776
Tier-II Capital Funds	414	437
Total Capital Funds	12216	12213
CRAR	14.50%	14.70%
Tier-I	14.01%	14.18%
Tier-II	0.49%	0.52%



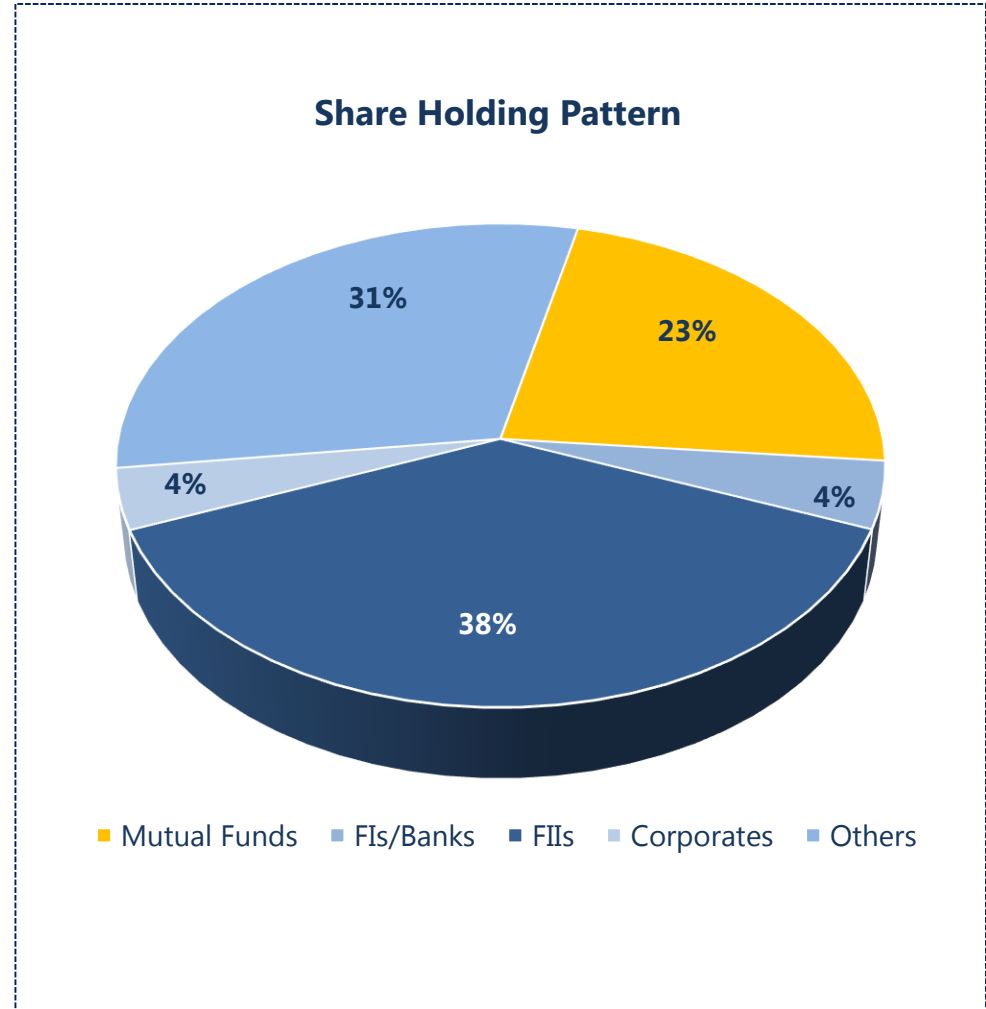
Annexures





₹ in Cr

	Q1 FY19	Q1 FY18
LIABILITIES		
Capital	396	388
Reserves & Surplus	12103	11239
Deposits	111242	95839
Borrowings	9470	5833
Other Liabilities & Provisions	3470	3067
TOTAL	136681	116367
ASSETS		
Cash & Balance with RBI	4835	4674
Balances with Banks, Money at Call	2713	2778
Investments	28312	26691
Advances	94297	76307
Fixed Assets	467	484
Other Assets	6058	5433
TOTAL	136681	116367



WHY
SETTLE
FOR
LESS?

Financials

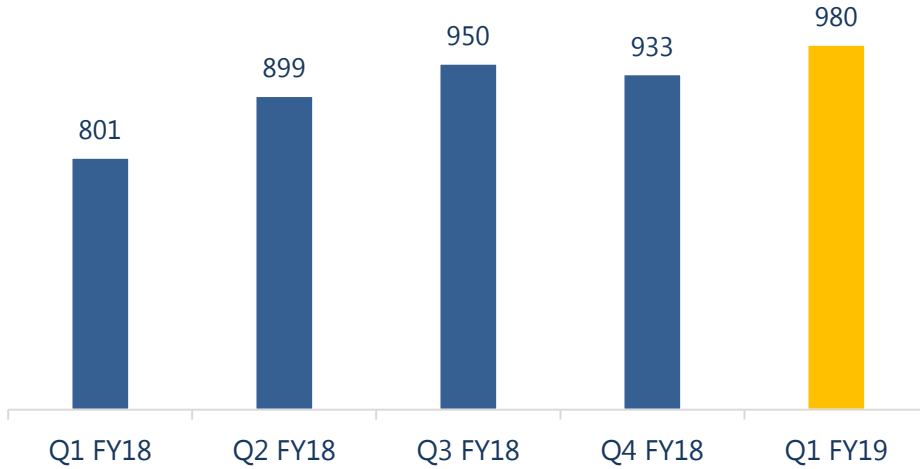
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₹ in Cr

	Q1 FY19	Q4 FY18	Q-o-Q	Q1 FY18	Y-o-Y
Interest Income	2667	2548	5%	2324	15%
Interest Expenses	1687	1615	4%	1523	11%
Net Interest Income	980	933	5%	801	22%
Other Income	271	314	-14%	329	-18%
Total Income	2938	2862	3%	2653	11%
Total Expenditure	648	659	-2%	572	13%
Operating Profit	603	589	2%	558	8%
Total Provisions	340	444	-23%	348	-2%
Net Profit	263	145	1	210	25%
Net Interest Margin (%)	3.12%	3.11%	1 bps	3.13%	-1 bps
Cost to Income Ratio (%)	51.80%	52.82%	-102 bps	50.62%	118 bps

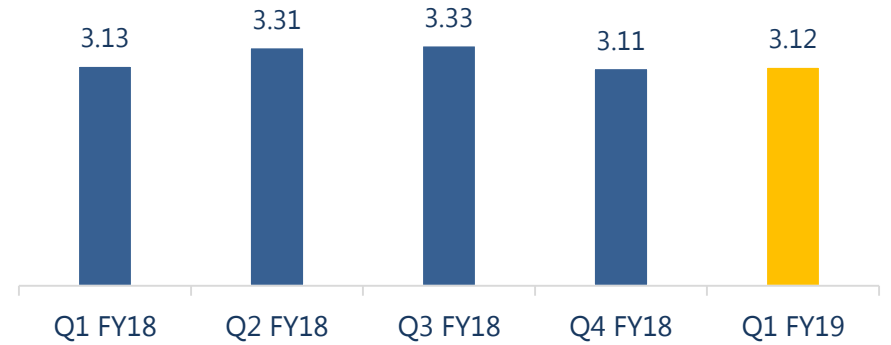


Net Interest Income

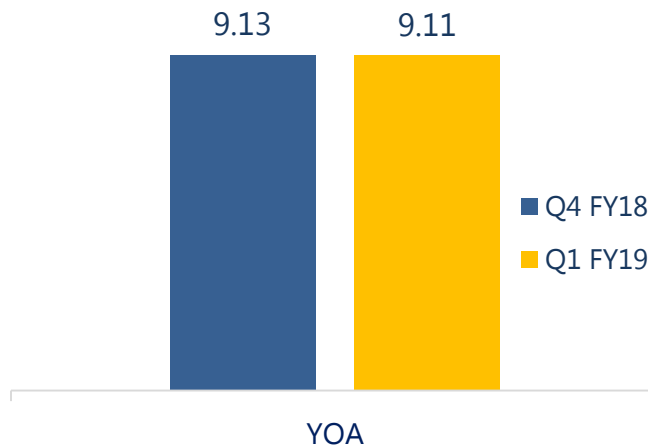


Net Interest Margin (%)

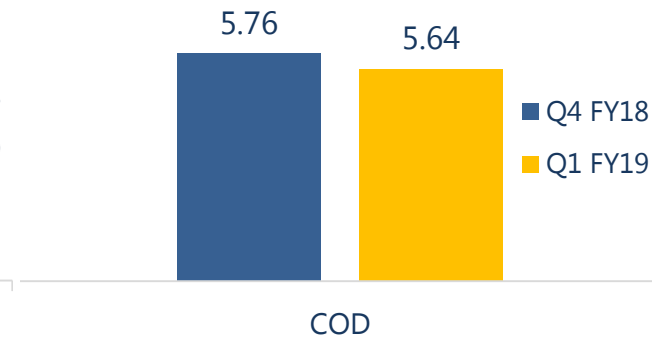
₹ in Cr



Yield on Advances

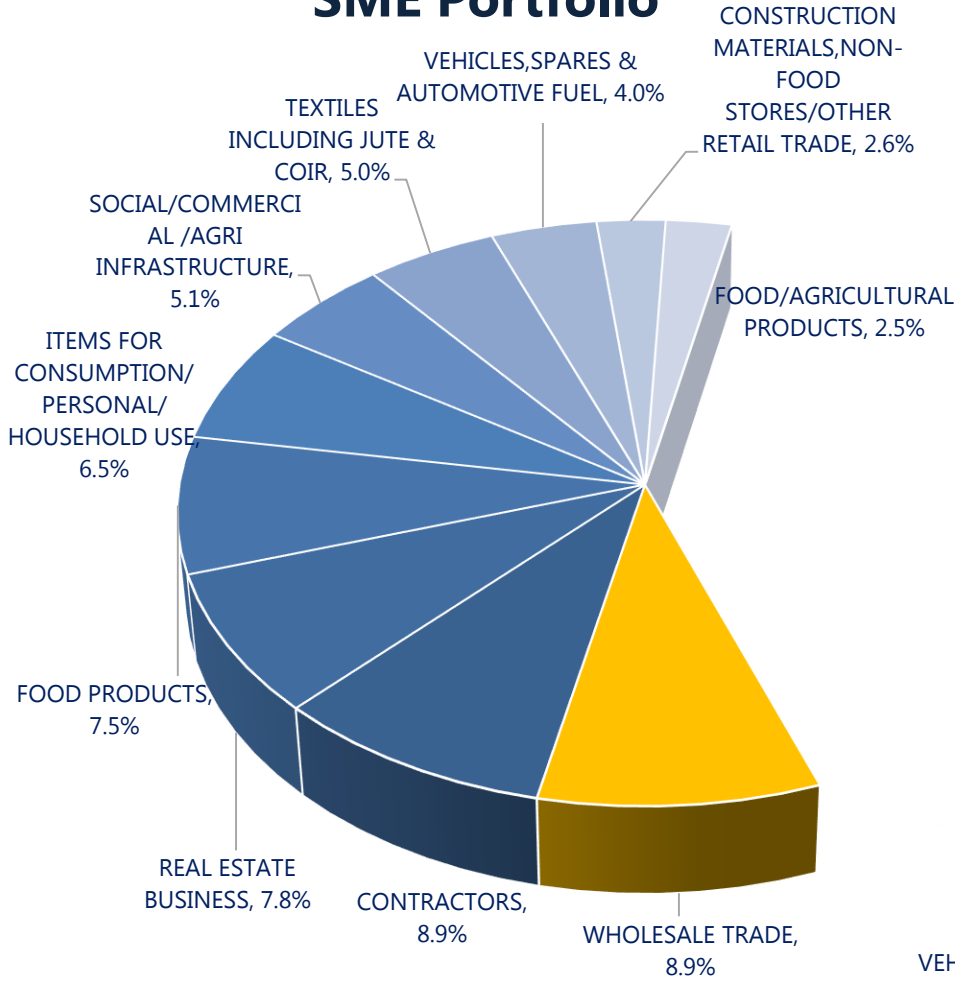


Cost of Deposits

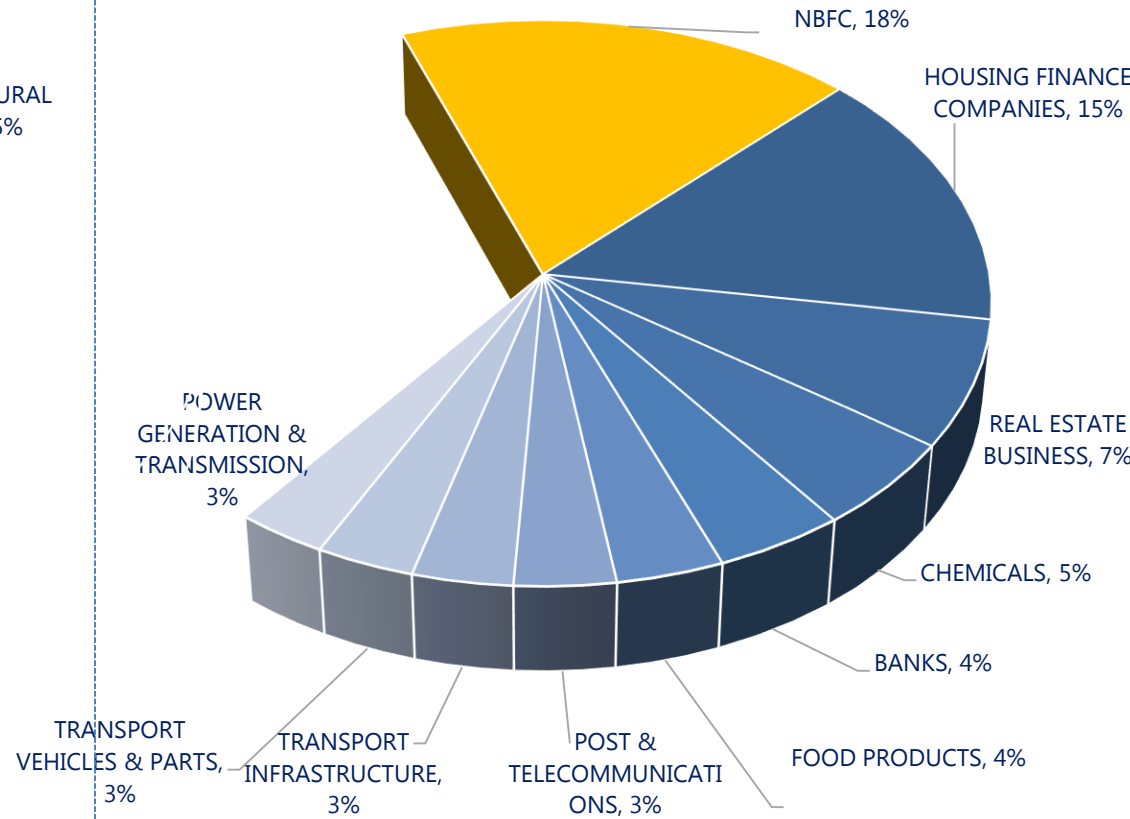




SME Portfolio



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.

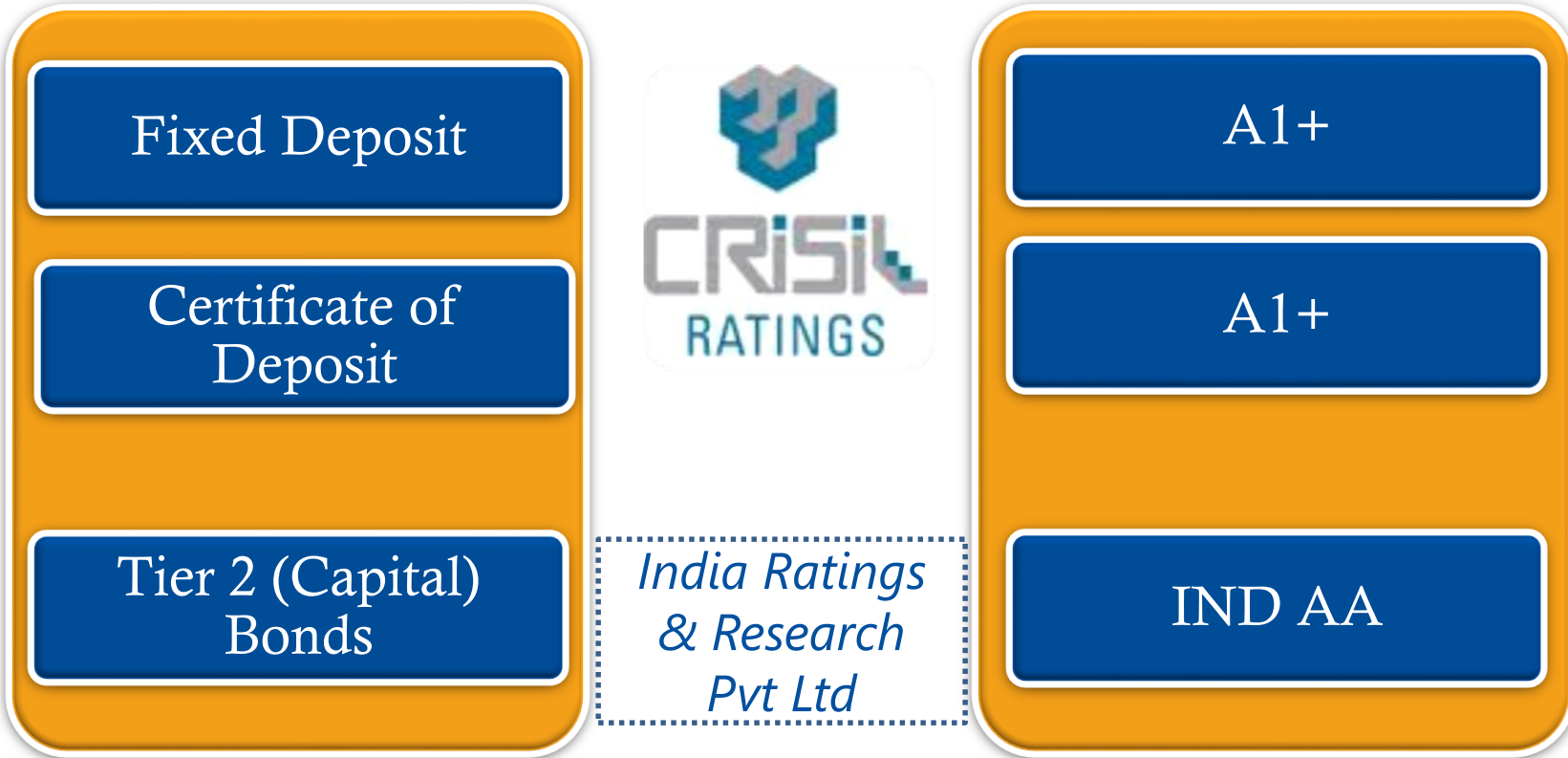
- Fully owned subsidiary of the Bank with NBFC license
- Marketing Retail Asset Products of the Bank
- Retail Hubs established at major centres all over India
- Separate mechanism established for speedy and dedicated processing of retail loans sourced through this channel

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



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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WHY SETTLE FOR LESS?



Thank You

PRESS RELEASE**Federal Bank Net Profit Grows 25% YoY**

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

- Net Profit records a growth of 25.01% to reach Rs. 262.71 Cr
- Net interest income grew by 22.40%
- Total Business increases by 19.40%
- Total Deposits increases by 16.07%
- NRE Deposits increases by 19.90%
- Advances increases by 23.58%

Balance Sheet

The Total Business of the Bank registered a Y-o-Y growth of 19.40% to reach Rs.2,05,538.63 Cr as on 30th June 2018. While Total Deposits increased by 16.07% to reach Rs. 1,11,241.85 Cr, Advances grew by 23.58% to Rs. 94,296.78 Cr as on 30th June 2018.

CASA Deposits of the Bank grew 16.18% Y-o-Y to reach Rs. 37,233.83 Cr. CASA as a percentage to Total Deposits stands at 33.47 as on 30th June 2018. NRE Deposits grew by 19.90% from Rs. 37,370.46 Cr to Rs. 44,805.64 Cr.

On the Asset side, the retail advances grew by 18.97% to reach Rs.26,133.00 Cr as on 30th June 2018 while SME Advances registered a growth of 16.74% to touch Rs. 18,681.34 Cr, the Large Corporate Advances of the Bank records a growth of 31.53% to reach Rs. 41,001.79 Cr. Agri advances registered a growth of 22.05% to reach Rs.9,699.00 Cr.

Operating Profit & Net Profit

The Operating Profit of the Bank as on 30th June 2018 stood at Rs. 602.92 Cr up from Rs. 557.86 Cr as at the end of Q1FY18, despite having absorbed Rs.54 Cr of provisioning on account of unamortized gratuity expenditure in Q1FY19. The Total Income grew 10.74% Y-o-Y to reach Rs.2938.24 Cr. The Net Profit of the Bank as at the end of the current quarter stood at Rs. 262.71 Cr registering a Y-o-Y growth of 25.01%.

Margins

Net Interest Income grew 22.40% on a Y-o-Y basis from Rs. 800.68 Cr during the corresponding quarter last year to Rs. 980.06 Cr this quarter. Net Interest Margin as on 30th June 2018 stood at 3.12%.

Asset Quality

The Gross NPA of the Bank as at the end of the quarter stood at Rs.2868.82 Cr, which as a percentage to Gross Advances comes to 3.00%. The Net NPA as on 30th June 2018 stood at Rs.1620.22 Cr, and the Net NPA as a percentage to Net Advances is at 1.72%. The Provision Coverage Ratio is 64.71%.

NET WORTH & CAPITAL ADEQUACY

Bank's Net worth on a Y-o-Y basis increased from Rs. 11541.90 Cr to Rs. 12382.79 Cr as on 30th June 2018. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines stood at 14.50% as at the end of the quarter.

Footprint

The Bank has 1252 branches and 1684 ATMs as on 30th June 2018.

Q1FY17 Vs Q1FY18

- Total Income for Q1 grew by 10.74% on a y-o-y basis to Rs.2938.24 Cr
- Net Interest Income increased by 22.40% to Rs.980.06 Cr
- Total Deposits increased by 16.07% from Rs.95,838.84 Cr to Rs.1,11,241.85 Cr
- Savings deposits grew by 17.52% to reach Rs.31607.72 Cr
- CASA grew by 16.18% to reach Rs.37,233.83 Cr
- NRE deposits grew by 19.90% to reach Rs. 44,805.64 Cr
- Advances increased by 23.58% from Rs. 76,307.11 Cr to Rs. 94,296.78 Cr
- SME Advances registered a growth of 16.74% to reach Rs. 18,681.34 Cr
- Investments stood at Rs. 28,311.54 Cr
- Book Value per share increased to Rs. 62.62 from Rs. 59.42

WORKING RESULTS AT A GLANCE

(Rs.in Crore)

Particulars	Q1	Q1	% y-o-y growth
	2018-19	2017-18	
Net Profit	262.71	210.15	↑ 25.01%
Interest Income	2667.38	2324.10	↑ 14.77%
Total Income	2938.24	2653.20	↑ 10.74%
Net Interest Income	980.06	800.68	↑ 22.40%
Operating Profit	602.92	557.86	↑ 8.08%

MAJOR FINANCIAL INDICATORS (Standalone Nos)

(Rs. in Cr)

Business Figures	As on 30.6.2018	As on 30.6.2017	Growth (%)
Total Deposits	111241.85	95838.84	↑16.07%
SB & Demand Deposits	37541.53	32,643.24	↑15.01%
Advances	94296.78	76307.11	↑23.58%

Retail Advances	26133.00	21965.00	↑18.97%
SME Advances	18681.34	16001.00	↑16.74%
Agri Advances	9699.00	7946.77	↑22.05%
Investments	28311.54	26691.34	↑6.07%
Capital			
Equity Capital	395.52	388.46	
Net Worth	12382.79	11541.90	↑7.29%
Capital Adequacy (%)	14.50	15.28	
Tier I (%)	14.01	14.72	
Tier II (%)	0.49	0.56	

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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