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PRESS RELEASE

Federal Bank Delivers Highest Ever Operating Profit and Decadal Best Asset Quality, Strategically Repositions to Propel Future Growth

- **Record Quarter: Operating Profit Reaches All-Time High of ₹1,569.46 Crore**
- **Net Interest Income Surges 14.5% YoY to ₹2,431.34 Crore, Marking a New Peak**
- **Decadal Best Asset Quality: GNPA at 1.95%, NNPA at 0.49%**
- **Fee Income Growth Accelerates to 21% YoY, Boosting Core Profitability**
- **Robust Business Growth: Net Advances Expand by 15.66% YoY, Deposits Up 11.18% YoY**
- **CASA Momentum Sustains: 11% Growth in Average Balances YoY**
- **NRE Deposits Strengthen with 10% YoY Growth, Reinforcing Retail Franchise**
- **Prudent Risk Management Yields PCR of 74.21%, Ensuring Stability**
- **The Bank has undertaken higher accelerated provisioning for certain schematic advances to further strengthen its balance sheet.**
- **All-Round Performance: Record Operating Profits, Decadal Low NPAs**

Federal Bank announced the Financial Results for the quarter ended 31st December 2024. The key highlights of the results are as follows:

The Bank has delivered its highest-ever operating profit, achieving a remarkable ₹1,569.46 crore. The Bank's sustained focus on growth and operational excellence has also led to an impressive financial trajectory, highlighted by the following key metrics:

- **Operating Profit:** Highest ever at ₹1,569.46 crore.
- **Net Interest Income:** At an all-time high of ₹2,431.34 crore, reflecting a 14.50% YoY growth.
- **Fee Income:** Witnessed a strong 21% YoY growth.

The Bank has achieved its best asset quality performance in over a decade, reflecting its robust risk management framework and commitment to financial prudence. Key highlights are:

- **Gross Non-Performing Assets:** Reduced to 1.95%.
- **Net Non-Performing Assets:** Declined to 0.49%.
- **Provision Coverage Ratio:** Strengthened to 74.21%.

The Bank continues to demonstrate strong business momentum, with substantial year-on-year growth across deposits, advances, and key product categories. Highlights of the Bank's performance include:

- **Total Deposits:** Increased by 11% YoY, reflecting strong customer trust and engagement.
- **Total Net Advances:** Achieved a growth of 16% YoY, driven by focused lending strategies.

- **Average CASA:** Grew by 11% YoY, underlining the strength of the Bank's core business engine
- **NRE Deposits:** Registered a solid 10% YoY growth, showcasing the Bank's popularity among non-resident customers.
- **Credit Cards:** Expanded by 24% YoY, reflecting enhanced customer adoption.
- **Commercial Vehicle/Construction Equipment (CV/CE) and Micro Advances:** Delivered robust growth of 39% and 50% YoY, respectively.

Management Commentary

Mr. KVS Manian, MD & CEO stated "This quarter has been pivotal for us as we strategically reoriented both the asset and liability sides of our balance sheet, addressing fundamental aspects to position the Bank strongly for the future. We have chosen to focus on granular retail deposit growth instead of high value, expensive deposits. We have also consciously avoided low yielding or high-risk assets for the sake of growth. Notwithstanding this disciplined approach, we have achieved a year-on-year growth of 15% in advances and 11% in deposits, positioning us competitively within the sector. We achieved this with minimal disruption. Our asset quality has reached its strongest levels in a decade. In alignment with our commitment to building a robust foundation, we have undertaken accelerated provisioning for certain riskier asset classes this quarter. We remain steadfast in our focus on building a high-quality franchise that delivers value to all stakeholders whether through superior customer service and relationships, an enhanced employee proposition, or consistent and sustainable earnings quality. As we look ahead, we are optimistic about future opportunities and confident in our ability to create enduring value for all our stakeholders."

WORKING RESULTS AT A GLANCE

(Rs.in Cr)

Particulars	As on 31.12.2024	As on 31.12.2023	% Y-o-Y YTD growth (9 months)
Total Income	22512	18535	↑ 21.46 %
Operating Profit	4636	4064	↑ 14.06 %
Net Profit	3022	2814	↑ 7.37 %
Net Interest Income	7091	6098	↑ 16.27 %
Business Figures	As on 31.12.2024	As on 31.12.2023	Growth (%)
Total Business	496745	438776	↑ 13.21 %
Total Deposits	266375	239591	↑ 11.18 %
Net Advances	230370	199185	↑ 15.66 %
CB Advances	25880	20744	↑ 24.76 %
Retail Advances	73499	65041	↑ 13.00 %
Corporate Advances	77465	71978	↑ 7.62 %
Business Banking Advances	18923	16715	↑ 13.21 %
Agri Advances	34074	26638	↑ 27.91 %
Net Worth	32077	28085	↑ 14.22 %
Capital Adequacy (%)	15.16	15.02	

Strong Growth and Resilient Balance Sheet Performance

The Bank continues to demonstrate strong growth and resilience, with the total business of the Bank reaching ₹4,96,744.97 crore as of 31st December 2024, reflecting a robust year-on-year growth of 13.21%.

- **Deposits:** Total deposits increased from ₹2,39,591.16 crore as of 31st December 2023 to ₹2,66,375.43 crore as of 31st December 2024.
- **Advances:** On the asset side, net advances grew from ₹1,99,185.23 crore as of 31st December 2023 to ₹2,30,369.54 crore as of 31st December 2024. Key segments contributing to this growth include:
 - **Retail Advances:** Up by 13.00%, reaching ₹73,498.54 crore.
 - **Business Banking Advances:** Increased by 13.21% to ₹18,923.18 crore.
 - **Commercial Banking:** Registered a substantial growth of 24.76%, reaching ₹25,880.00 crore.
 - **Corporate Advances:** Achieved a 7.62% growth, totalling ₹77,464.94 crore.
 - **Commercial Vehicle/Construction Equipment Advances:** Recorded outstanding growth of 38.53%, reaching ₹4,235.00 crore.

Highest Ever Operating Profit

Federal Bank delivered its highest-ever operating profit of ₹1,569.46 crore for the quarter ended 31st December 2024. This achievement underscores the Bank's strong financial performance and operational efficiency. The Bank also reported a robust net profit of ₹955.44 crore for the same period.

Highest Ever Net Interest Income:

- NII grew by an impressive 14.50%, reaching an all-time high of ₹2,431.34 crore as of 31st December 2024, compared to ₹2,123.36 crore in the previous year.
- Total income increased by 17.17%, reaching ₹7,724.90 crore.
- Earnings per Share on an annualized basis stood at ₹15.45.

Robust Asset Quality:

- **Gross NPA:** ₹4,553.31 crore, constituting 1.95% of gross advances.
- **Net NPA:** ₹1,131.17 crore, representing 0.49% of net advances.
- **Provision Coverage Ratio** (excluding technical write-offs) stood at 74.21%.
- Recovery and upgradation during the quarter totalled ₹335 crore.
- The Bank has recognized accelerated provisioning of ₹292 crore during the quarter.

Net Worth and Capital Adequacy:

- The Bank's net worth increased to ₹32,077.05 crore as of 31st December 2024, compared to ₹28,084.72 crore in the previous year.
- Capital Adequacy Ratio, as per Basel III guidelines, was a strong 15.16%.

Expanding Footprint:

- The Bank now operates 1,550 banking outlets, including 46 new outlets in FY25, alongside 2,054 ATMs and cash recyclers (including Mobile ATM) as of 31st December 2024.

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A presentation for investors is being placed separately on our Bank's website:

<https://www.federalbank.co.in/financial-result>

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