

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 from 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	

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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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