

January 17, 2014

Press Release

Federal Bank Q3 Net Profit at ₹ 230 Crore, on the back of improved asset quality

Federal Bank, winner of the IBA Innovation Award 2013, reported growth in Net Profit on a sequential and Y-o-Y basis, while showing marked improvement in asset quality, notwithstanding the challenging macro environment. Some of the key highlights of Bank's performance are given below:

Asset Quality – On a sequential basis, the **Gross NPA** of the Bank came down from ₹ 1466 Crore to **₹ 1201 Crore** and Gross NPA as a percentage to Gross Advances came down by 56 bps from 3.39% to **2.83%**. **Net NPAs** also fell sequentially from ₹ 411.41 Crore to **₹ 356.26 Crore** during the period. Net NPAs as a percentage decreased by 12 bps from 0.98% to **0.86%** on a sequential basis. Even on a Y-o-Y basis, the Gross and Net NPA came down in absolute and percentage terms. Gross NPAs fell from ₹ 1564 Crore to ₹ 1201 Crore (3.85% to 2.83%), while Net NPAs fell from ₹ 362 Crore to ₹ 356 Crore (0.92% to 0.86%). PCR (Provision Coverage Ratio) including written off assets also improved from 81.23% to **83.29%** sequentially.

Advances – **SME Advances** of the Bank grew by **₹ 798 Crore (8.50%)**, from ₹ 9386 Crore to **₹ 10184 Crore** on a sequential basis. **Retail Advances ex Gold Loans** grew by **₹ 475 Crore (5%)** from ₹ 9491 Crore to **₹ 9966 Crore** sequentially. The Bank reduced its dependence on Large Corporate Advances as the portfolio recorded degrowth of ₹ 1805.75 Crore.

Deposits – The Bank continued to build on its strong Retail/ NRI franchise that helped it improve its low cost deposit share in total deposits (**CASA + FCNR**) from 32.85% to **33.47%** on a sequential basis. The Bank added **₹ 670.89 Crore of low cost deposits during the quarter**, which was led by growth in FCNR deposits to the tune of **₹ 351.63 Crore**. Retail Deposits Ratio improved to 93.03% from 92.31% sequentially.

Margins - Net Interest Income remained stable as it moved from ₹ 548.35 Crore to **₹ 545.57 Crore** sequentially. It grew by 9.70% from ₹ 497.35 Crore to ₹ 545.57 Crore on a Y-o-Y basis. '**Core other income**' (excluding trading gains and recovery from written off accounts) also remained stable at **₹ 127.38** vis-à-vis ₹ 128.34 Crore reported in Q2 FY 13-14. On a Y-o-Y basis, '**Core Other Income**' grew by **21.87%** from ₹ 104.52 Crore to ₹ 127.38 Crore. **Net Interest Margin** came down by 6 bps from 3.30% to 3.24%.

Footprint Expansion – The Bank continued to expand its footprint and added **18 branches and 47 ATMs** during the quarter to take the tally to 1142 branches and 1312 ATMs as at December 31, 2013.

Performance for the quarter ended 31.12.2013 Vs quarter ended 31.12.2012

- Total Income grew by 9.87% to ₹ 1895.92 Cr as against ₹ 1725.62 Cr.
- Net Interest Income grew by 9.70% to ₹ 545.57 Cr as against ₹ 497.35 Cr.
- Net Interest Margin (NIM) at 3.24%
- Net profit increased by 9.18% from ₹ 210.78 Cr to ₹ 230.13 Cr.
- Total Deposits increased by 11.88% from ₹ 51607.31 Cr to ₹ 57737.15 Cr
- Advances increased by 5.43% from ₹ 39494.03 Cr to ₹ 41639.96 Cr.
- Investments increased by 28.79% from ₹ 19,432.95 Cr to 25027.87 Cr
- Gross NPA came down to 2.83% from 3.85%
- Net NPA improved from 0.92% to 0.86%.
- Return on Average Assets stood at 1.31%
- Earnings Per Share (annualized) increased from ₹ 9.86 to ₹ 10.76 (on new FV of ₹ 2)
- Book Value per share increased from ₹ 73.93 to ₹ 78.33 (on new FV of ₹ 2)
- Capital Adequacy Ratio (Basel III) stood at 14.80%
- Return on Equity improved to 13.86 % from 13.56%.
- Cost to Income ratio stood at 49.29%
- CASA ratio improved from 29.20% to 30.36% as on 31/12/2013.
- SME advances grew substantially by 38% to reach ₹ 10,184 Cr from ₹ 7361 Cr.

WORKING RESULTS AT A GLANCE

(₹ in Crore)

	Q 3 2013 – 14	Q 3 2012 – 13	% y-o-y growth	Q3 2013 – 14	Q2 2013 – 14	% q-o-q growth
Interest Income	1739.67	1521.77	↑ 14.32%	1739.67	1714.44	↑ 1.47%
Other Income	156.25	203.85	↓ 23.35%	156.25	143.40	↑ 8.96 %
Total Income	1895.92	1725.62	↑ 9.87%	1895.92	1857.84	↑ 2.05 %
Net Interest Income	545.57	497.35	↑ 9.70%	545.57	548.35	↓ 0.50 %
Operating Profit	355.90	393.94	↓ 9.66%	355.90	353.91	↑ 0.56 %
Provisions (incl.Tax)	125.77	183.16	↓ 31.33%	125.77	128.10	↓ 1.82 %
Net Profit	230.13	210.78	↑ 9.18%	230.13	225.81	↑ 1.91 %

MAJOR FINANCIAL INDICATORS

(₹ in Crore)

Particulars	3 Months 31.12.2013	3 Months 31.12.2012	% Growth
Key Ratios			
Return on Average Assets (%)	1.31	1.37	↓ 4.38%
Return on Average Equity (%)	13.86	13.56	↑ 2.20%
Book Value per Share (₹)	78.33	73.93	↑ 5.95%
Earnings Per Share (₹)	10.76	9.86	↑ 9.13%
Business per Employee (₹)	9.74	9.47	↑ 2.79%
Profit per Employee (₹ in Lakh)	9.06	8.79	↑ 3.07%
Net Interest Margin (%)	3.24	3.47	↓ 6.51%
Gross NPA (%)	2.83	3.85	↓ 26.44%
Net NPA (%)	0.86	0.92	↓ 6.87%
Provision Coverage Ratio* (%)	83.29	83.53	↓ 0.29%
Business Figures	As on 31.12.2013	As on 31.12.2012	Growth
Total Deposits	57,737	51,607	11.88%
SB & Demand Deposits	17,939	15,203	17.99%
Term Deposits	39,798	36,404	9.32%
Net Advances	41,639	39,494	5.43%
Retail Advances	13,603	12,201	11.49%
Investments	25,028	19,433	28.79%
Gross NPA	1,201	1,564	-23.22%
Net NPA	356	362	-1.58%
Capital			
Equity Capital	171.06	171.05	-
Net Worth	6699	6323	5.96%
Capital Adequacy Ratio**	14.80	NA*	
Tier 1	14.21	NA*	
Tier 2	0.59	NA*	

* PCR including technical write-offs

(**In terms of RBI circular DBOD.No.BP.BC.88/21.06.201/2012-13 dated 28.03.2013, Banks have been advised to disclose capital under Basel III Capital Regulations from the quarter ended 30th June 2013. Accordingly, corresponding details for previous period/year are not applicable)

Awards and Accolades

Federal Bank won the following awards during Q3 FY 2013-14:

- The IBA **Innovation** Award - 2013 for its innovative mobile application "[FedBook](#)".
- The Banking Frontier's Finnoviti 2013 Award for its **innovation** Virtual Accounting System (VAS).
- ACI Excellence Award 2013 for Product **Innovation** for its Retail Asset product – Apna Gold 24*7.
- CSR Award for 'Most Socially Committed Organization' in Emerging Kerala Business Conclave & Awards 2013 By DC Media & DC Books.
- Federal Bank was adjudged First in the FACT MKK Nayar Memorial Productivity Awards in the category of Service Organisations.

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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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