

April 29, 2014

PRESS RELEASE

Federal Bank Q4 Net Profit grows by 24.94% on YoY basis to ₹ 277 Crore

Federal Bank announced its audited financial results for the year ended 31.03.2014. The standalone profit of the Bank grew to reach ₹ 838.89 Crore. The Bank confidently navigated macro-economic headwinds and recorded growth with improved asset quality, on YoY and QoQ basis. Key highlights of Bank's performance during Q4 FY 2013-14 are given below:

Impressive Growth in Operating Metrics (Sequential basis)–

Interest income grew by 5.7% from ₹ 1740 Crore to ₹ 1839 Crore.

Other Income grew by 14% from ₹ 156 Crore to ₹ 178 Crore.

Operating Profit grew by 26.9% from ₹ 330.90 Crore to ₹ 420.04 Crore*

Net Profit grew by 20.5% from ₹ 230.13 Crore to ₹ 277.29 Crore*

* Highest ever recorded in a quarter

Asset Quality – On a sequential basis, the **Gross NPA** of the Bank came down from ₹ 1201 Crore to ₹ 1087 Crore and Gross NPA as a percentage to Gross Advances came down by 37 bps from 2.83% to 2.46%. **Net NPAs** also fell sequentially from ₹ 356 Crore to ₹ 322 Crore during the period. Net NPAs as a percentage decreased by 12 bps from 0.86% to 0.74% 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 ₹ 1554 Crore to ₹ 1087 Crore (3.44% to 2.46%, fall of 98 bps), while Net NPAs fell from ₹ 432 Crore to ₹ 322 Crore (0.98% to 0.74%, fall of 24 bps). PCR (Provision Coverage Ratio) including written off assets increased sequentially from 83.29% to 84.12%.

Margins - Net Interest Income grew by 14.57% as it moved from ₹ 545.57 Crore to ₹ 625.08 Crore sequentially. It grew by 30.3% from ₹ 479.76 Crore to ₹ 625.08 Crore on a Y-o-Y basis. **Net Interest Margin** went up by 35 bps from 3.24% to 3.59%, sequentially.

Cost Management - Cost to Income ratio declined from 52.85% to 47.72% on a sequential basis.

Low cost 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 33.47% to 33.82% on a sequential basis. The Bank added ₹ 873.98 Crore of low cost deposits during the quarter, which was led by growth in Savings Bank deposits to the tune of ₹ 644.36 Crore. Retail Deposits Ratio improved to 95.88% from 93.03% sequentially.

Advances – SME & Agri Advances of the Bank grew by ₹ 1388 Crore (9.39%), from ₹ 14772 Crore to ₹ 16160 Crore on a sequential basis. Advances to **Priority Sector** grew by ₹ 3193 Crore (24.66%) from ₹ 12948 Crore to ₹ 16141 Crore on a sequential basis.

Major highlights: FY 2013-14 (Standalone nos.)

- Total income for the year grew by 11.83% to ₹ 7639.92 Crore.
- Other Income grew by 4.43 % to ₹ 693.85 Crore
- Net profit at ₹ 838.89 Crore.
- Net Interest Income increased by 12.86 % from ₹ 1974.66 Cr to ₹ 2228.61 Cr.
- Net Interest Margin (NIM) stood at 3.32 %
- Total Deposits increased by 3.67 % from ₹ 57614.86 Cr to ₹ 59731.28 Cr
- **CASA increased by 18.57% from ₹ 15519 Cr to ₹ 18401 Cr**
- Advances of the Bank stood at ₹ 43436.10 Cr
- Investments stood at ₹ 24117.85 Cr
- Gross NPA reduced by 30.03% to ₹ 1087.41 Cr from ₹ 1554.01 Cr.
- Net NPA reduced by 25.55% to ₹ 321.56 from ₹ 431.94 Cr.
- Return on Average Assets stood at 1.20%
- Earnings Per Share stood at ₹ 9.81
- Book Value per share increased from ₹ 72.95 to ₹ 80.36
- Capital Adequacy Ratio as per Basel III stood at 15.14%
- Return on Equity stood at 12.80%
- Cost to Income ratio stood at 49.34%

WORKING RESULTS AT A GLANCE (Standalone nos.)

| Particulars | Q4 | Q4 | % y-o-y growth | 12 M | 12 M | % y-o-y growth |
|-----------------------|---------|---------|----------------|----------|----------|----------------|
| | 2013-14 | 2012-13 | | 2013 –14 | 2012 –13 | |
| Interest Income | 1838.70 | 1583.46 | ↑ 16.12 % | 6946.07 | 6167.57 | ↑ 12.62% |
| Other Income | 178.41 | 196.85 | ↓ 9.37 % | 693.85 | 664.44 | ↑ 4.43 % |
| Total Income | 2017.11 | 1780.31 | ↑ 13.30 % | 7639.92 | 6832.01 | ↑ 11.83% |
| Net Interest Income | 625.08 | 479.76 | ↑ 30.29 % | 2228.61 | 1974.66 | ↑ 12.86% |
| Operating Profit | 420.04 | 364.47 | ↑ 15.25 % | 1480.39 | 1454.56 | ↑ 1.78% |
| Provisions (incl.Tax) | 142.75 | 142.53 | ↑ 0.15 % | 641.50 | 616.39 | ↑ 4.07% |
| Net Profit | 277.29 | 221.94 | ↑ 24.94% | 838.89 | 838.17 | ↑ 0.09% |

The total income for the year went up by 11.83 % to ₹ 7639.92 Cr from ₹ 6832.01 Cr reported in the previous fiscal. The interest earned for the year ended March 31, 2014 increased by 12.62 % to ₹ 6946.07 Cr from ₹ 6167.57 Cr as on 31.3.2013.

Net Interest Margin, Return on Average Assets and Capital Adequacy Ratio stood at 3.32%, 1.20% and 15.14% respectively as on 31.3.2014. Business per employee & Profit per employee stood at ₹ 9.97 Cr & ₹ 8.17L as on March 31, 2014. The Cost to Income ratio stood at 49.34% as on 31.3.2014

The Earning per Share (annualized) and Book Value per share for the year ended 31.3.2014 increased to ₹ 9.81 and ₹ 80.36 as against ₹ 9.80 and ₹ 72.95 as on March 31, 2013. Return on average Equity (RoE) for the year ended 31.3.2014 stood at 12.80 %.

NET WORTH & CAPITAL ADEQUACY

The Net Worth of the Bank increased to ₹ 6873.30 Cr as on 31.3.2014. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines, stands at a very comfortable level of 15.14 % as on 31.3.2014.

MAJOR FINANCIAL INDICATORS (Standalone nos.)

(₹ in Crore)

| Particulars | 3 Months 31.3.2014 | 3 Months 31.3.2013 | % Growth | Financial Year ended 31.03.2014 |
|------------------------------|------------------------|-----------------------|------------------------|------------------------------------|
| Income & Expenses | | | | |
| Interest Income | 1838.70 | 1583.46 | ↑ 16.12 % | 6946.07 |
| Other Income | 178.41 | 196.85 | ↓ 9.37 % | 693.85 |
| Total Income | 2017.11 | 1780.31 | ↑ 13.30 % | 7639.92 |
| Total Expenditure | 1597.07 | 1415.84 | ↑ 12.80 % | 6159.53 |
| Operating Profit | 420.04 | 364.47 | ↑ 15.25 % | 1480.39 |
| Net Profit | 277.29 | 221.94 | ↑ 24.94% | 838.89 |
| Earnings Per Share (₹) | 12.97 | 10.38 | | 9.81 |
| Business Figures | | | | |
| | As on 31.3.2014 | | As on 31.3.2013 | Growth |
| Total Deposits | 59731.28 | | 57614.86 | ↑ 3.67 |
| SB & Demand Deposits | 18663.84 | | 15652.13 | ↑ 19.24 |
| Net Advances | 43436.10 | | 44096.71 | ↓ 1.50 |
| Retail Advances | 14123.63 | | 13327.81 | ↑ 5.97 |
| SME Advances | 11021.43 | | 8118.70 | ↑ 35.75 |
| Agri Advances | 5138.87 | | 4702.68 | ↑ 9.28 |
| Investments | 24117.85 | | 21154.59 | ↑ 14.01 |
| Gross NPA (%) | 2.46 | | 3.44 | |
| Net NPA (%) | 0.74 | | 0.98 | |
| Capital | | | | |
| Equity Capital | 171.06 | | 171.06 | |
| Net Worth | 6873.30 | | 6239.27 | ↑ 10.16 |
| Capital Adequacy (%) | 15.14 | | | |
| Tier I (%) | 14.59 | | | |
| Tier II (%) | 0.55 | | | |

DIVIDEND

The Board of Directors recommended 100% dividend (₹ 2 per equity share of ₹ 2 face value) for the year ended March 31, 2014. This would be subject to approval by the share holders at the next annual general meeting.

Footprint Expansion – The Bank continued to expand its footprint and added 32 **branches** and **47 ATMs** during the quarter to take the tally to 1174 branches and 1359 ATMs as at March 31, 2014.

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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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