

PRESS RELEASE**Federal Bank Pulls Back Bad Loans Significantly Bucking Industry Trends**

Federal Bank announced the audited financial results for the quarter and year ended 31st March 2016 today at Kochi. The key highlights of the results are:

- Advances and Deposits outgrow Industry averages by more than 200 bps
- Significant Improvement in Gross NPA% on a sequential basis
- Operating Profit grows at 21% sequentially
- Credit off-take grows 17.45% and 18.47% in SME and Wholesale banking respectively
- NRE Deposits increases by 26.83%

Balance Sheet

The Total Business of the Bank registered a growth of 12.41% to reach Rs. 137261.85 Cr as on 31st March 2016. While the Deposit portfolio increased by 11.78% from Rs. 70824.99 Cr as on 31st March 2015 to Rs. 79171.71 Cr as on 31st March 2016, Total Advances grew 13.27% to Rs. 58090.14 Cr as on 31st March 2016. The growth registered in total deposits and total advances exceed industry averages by more than 200 basis points. The NRE deposits of the Bank posted a growth of 26.83% during the year to reach Rs. 30732.47 Cr. The low-cost CASA segment reached Rs. 25704.84 Cr, up by 19.28%. CASA as a percentage to Total Deposits stood at 32.47% as against 30.43% at the end of FY15. On the asset side, SME advances grew by 17.45% to Rs.15172.07 Cr and wholesale advances went up by 18.47% to Rs. 19651.67 Cr. Housing loans increased from Rs. 6852.00 Cr to Rs. 7876.10 Cr, up by 14.95%.

Operating Profit & Net Profit

The Bank posted an Operating Profit of Rs. 1423.78 Cr. and a Net Profit of Rs. 475.65 Cr. for the year ended 31st March 2016. The Operating Profit for the quarter ended 31st March 2016 stood at Rs. 394.52 Cr recording a growth of 21% sequentially. The Q4 Net profit stood at Rs. 10.26 Cr.

Margins

Net Interest Income grew 5.20% from Rs. 2380.41 Cr in FY15 to Rs. 2504.25 Cr in FY16. Net Interest Margin stood at 3.14%.

Asset Quality

The Gross NPA of the Bank as on 31st March 2016 stood at Rs. 1667.77 Cr. Gross NPA as a percentage to Gross Advances was 2.84% which is significantly lower than 3.15% as at the end of Q3FY16. The Net NPA stood at Rs. 950.01 Cr and this as a percentage to Net Advances was 1.64%. The Provision Coverage Ratio (including technical write-offs) stood at 72.05%.

NET WORTH & CAPITAL ADEQUACY

The Net Worth of the Bank grew 4.56% to Rs. 8091.22 Cr as against Rs. 7738.13 Cr in the previous year. The Capital Adequacy Ratio (CRAR) of the Bank, computed as per Basel III guidelines, stood at 13.93 % as on 31st March 2016.

DIVIDEND

The Board of Directors recommended 35% dividend for the year ended March 31, 2016 (Rs. 0.70 per equity share of Rs. 2 face value). This would be subject to approval by the share holders at the forthcoming annual general meeting.

Footprint

The Bank has 1252 branches and 1516 ATMs as on 31st March 2016. The Bank also has its Representative Office at Abudhabi, UAE and an IFSC Banking Unit (IBU) in Gujarat International Finance Tec-City (GIFT City).

New initiatives during the quarter ended 31st March 2016

The Bank opened '**Launchpad**', a dedicated outlet for start-ups. Started initially in Bangalore and Kochi, '**Launchpad**' is a one stop facility providing a range of advisory services in addition to customized banking offerings to budding entrepreneurs who wish to set up start-up ventures in diverse sectors like Digital Financial Services, Biotechnology, Hi-Tech Farming, Healthcare, Logistics, E-Commerce/E-Markets etc.

Awards

Federal Bank won the **Banking Frontier's Finnoviti 2016 Award** for its path-breaking innovation, FedBook Selfie, India's first mobile App for Bank account opening. FedBook Selfie has been one major innovation in the recent history of Indian Banking where the customer on-boarding process is completely digital and instantaneous.

Q4FY15 Vs Q4FY16

- Total Deposits increased by 11.78% from Rs. 70,824.99 Cr to Rs. 79,171.71 Cr.
- Savings deposits grew by 20.85% to reach Rs. 21,422.21 Cr
- CASA grew by 19.28% to reach Rs. 25,704.84Cr
- CASA ratio improved from 30.43% to 32.47%.
- NRE deposits increased by 26.83% to reach Rs. 30,732.47 Cr
- Net Advances grew by 13.27% from Rs. 51,284.99 Cr to Rs. 58,090.14 Cr.
- SME Advances registered a growth of 17.45% to reach Rs. 15,172.07 Cr.
- Housing Loan grew by 14.95% from Rs. 6,852.00 Cr to Rs. 7,876.10 Cr.

WORKING RESULTS AT A GLANCE (Standalone nos.)

(Rs. in Crore)

Particulars	Q4	Q4	% y-o-y growth	12 M	12 M	% y-o-y growth
	2015-16	2014-15		2015-16	2014-15	
Interest Income	2026.52	1908.28	↑ 6.20 %	7744.69	7419.46	↑ 4.38 %
Other Income	226.86	306	↓ 25.86 %	786.38	878.31	↓ 10.47 %
Total Income	2253.38	2214.28	↑ 1.77 %	8531.07	8297.77	↑ 2.81 %
Net Interest Income	685.95	623.23	↑ 10.06 %	2504.25	2380.41	↑ 5.20 %
Operating Profit	394.52	469.15	↓ 15.91 %	1423.78	1627.79	↓ 12.53 %
Provisions (incl.Tax)	384.26	188.62	↑ 103.72 %	948.13	622.04	↑ 52.42 %
Net Profit	10.26	280.53	↓ 96.34 %	475.65	1005.75	↓ 52.71 %

MAJOR FINANCIAL INDICATORS (Standalone nos.)

(Rs. in Cr)

Business Figures	As on 31.3.2016	As on 31.3.2015	Growth (%)
Total Deposits	79171.71	70824.99	↑ 11.78 %
SB & Demand Deposits	26052.59	21783.50	↑ 19.60 %
Net Advances	58090.14	51284.99	↑ 13.27 %
Retail Advances	17330.70	16134.58	↑ 7.41 %
SME Advances	15172.07	12917.84	↑ 17.45 %
Agri Advances	6636.20	6311.86	↑ 5.14 %
Gross NPA (%)	2.84	2.04	
Net NPA (%)	1.64	0.73	
Capital			
Equity Capital	343.79	171.33	
Net Worth	8091.22	7738.13	↑ 4.56 %
Capital Adequacy (%)	13.93	15.46	
Tier I (%)	13.36	14.81	
Tier II (%)	0.57	0.65	

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