

# Federal Bank

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
25,437	7,806
Bloomberg	FB IN
Equity Shares (m)	1,717.9
M.Cap.(INRb)/(USDb)	80.0 / 1.2
52-Week Range (INR)	80/41
1, 6, 12 Rel. Per (%)	-1/-11/-23
Avg Val, INRm	312.1
Free float (%)	100.0

**CMP: INR47**
**TP: INR48**
**Neutral**

## Weak core operating performance; asset quality bites again

- Federal Bank (FB) reported a net profit of INR103m (-96% YoY; 95% miss), led by significantly higher credit costs (~2% of loans, annualized vs. 0.75% in 9MFY16), partly offset by a recovery in its core operating performance (+11% YoY vs. -12% YoY in 3QFY16). NIM adjusted for IT refund (INR400m) improved by ~8bp QoQ to 3.12%.
- Gross slippages continued to remain elevated at INR5.4b (4.2% annualized) vs. INR5.7b (4.8%) in 3QFY16. A third of slippages during the quarter were led by SEBs (INR1.8b) – RBI mandated classification. 25% of the debt of SEBs, which have accepted UDAY scheme, will be restructured second time hence, RBI asked banks to classify that 25% proportion to NPAs.
- Net stress loans were down 155bp QoQ to 4.4%, led by sale of assets to ARC (INR1.3b), high relapse from restructured book (INR1.4b) and conversion of SEB debt under 'UDAY' scheme. Management has highlighted iron and steel exposure amounting to ~INR1b coming out of moratorium in 2QFY17 as potential area of stress.
- Other highlights:** (1) Loan growth improved by 10% QoQ (+13% YoY), led by 18% QoQ growth (+18% YoY) in corporate book, which was driven by better rated corporate loans (largely AA and above), (2) C/I ratio fell to ~57% due to a strong revenue growth (+16% QoQ), (3) FB added just five branches in FY16.

**Valuation and view:** The recovery in the bank's core operating performance in 4QFY16 was a key positive surprise. However, we are lowering our earnings estimates by ~15% for FY17/18 to factor in the elevated level of slippages and consequently, higher provisions. We now expect ~24% PAT growth (albeit on a lower base) and ~8.5% average RoE during FY16-18. We remain **Neutral** with a TP of INR48 (0.9x FY17E BV) based on the residual income model.

## Quarterly Performance

	FY15				FY16				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY15	FY16
Interest Income	17,715	18,696	18,701	19,083	19,132	19,023	19,028	20,265	74,195	77,447
Interest Expense	12,073	12,638	12,829	12,851	13,084	12,939	12,976	13,406	50,391	52,405
<b>Net Interest Income</b>	<b>5,642</b>	<b>6,058</b>	<b>5,872</b>	<b>6,232</b>	<b>6,048</b>	<b>6,083</b>	<b>6,052</b>	<b>6,859</b>	<b>23,804</b>	<b>25,042</b>
% Change (YoY)	10.7	10.5	7.6	-0.3	7.2	0.4	3.1	10.1	6.8	5.2
Other Income	1,565	1,959	2,199	3,060	1,939	1,823	1,833	2,269	8,783	7,864
<b>Net Income</b>	<b>7,208</b>	<b>8,017</b>	<b>8,071</b>	<b>9,292</b>	<b>7,987</b>	<b>7,906</b>	<b>7,885</b>	<b>9,128</b>	<b>32,587</b>	<b>32,906</b>
Operating Expenses	3,692	3,919	4,097	4,601	4,315	4,540	4,630	5,183	16,309	18,668
<b>Operating Profit</b>	<b>3,515</b>	<b>4,098</b>	<b>3,974</b>	<b>4,692</b>	<b>3,672</b>	<b>3,366</b>	<b>3,255</b>	<b>3,945</b>	<b>16,278</b>	<b>14,238</b>
% Change (YoY)	-10.0	20.9	20.1	11.7	4.5	-17.9	-18.1	-15.9	10.0	-12.5
Other Provisions	221	457	-8	398	1,531	873	751	3,886	1,067	7,041
<b>Profit before Tax</b>	<b>3,295</b>	<b>3,641</b>	<b>3,982</b>	<b>4,294</b>	<b>2,141</b>	<b>2,493</b>	<b>2,504</b>	<b>59</b>	<b>15,210</b>	<b>7,197</b>
Tax Provisions	1,092	1,238	1,335	1,488	727	880	877	-44	5,153	2,440
<b>Net Profit</b>	<b>2,202</b>	<b>2,403</b>	<b>2,647</b>	<b>2,805</b>	<b>1,414</b>	<b>1,613</b>	<b>1,627</b>	<b>103</b>	<b>10,057</b>	<b>4,757</b>
% Change (YoY)	108.4	6.4	15.0	1.2	-35.8	-32.9	-38.5	-96.3	19.9	-52.7
<b>Operating Parameters</b>										
NIM (Reported,%)	3.3	3.4	3.2	3.3	3.1	3.1	3.0	3.3	3.3	3.1
NIM (Cal, %)	3.2	3.5	3.4	3.5	3.2	3.1	3.1	3.4	3.4	3.2
Deposit Growth (%)	8.5	13.7	13.5	18.6	16.7	14.3	14.1	11.8	18.6	11.8
Loan Growth (%)	9.1	14.8	15.3	18.1	10.1	5.0	9.8	13.3	18.1	13.3
CD Ratio (%)	72.8	75.1	73.3	72.4	68.7	68.9	70.5	73.4	72.4	73.4
CASA Ratio (%)	30.8	30.6	30.5	30.4	31.3	31.9	32.1	32.5	30.4	32.5
<b>Asset Quality</b>										
Gross NPA (INR b)	10.2	10.3	10.7	10.6	13.0	15.0	16.8	16.7	10.6	16.7
Gross NPA (%)	2.2	2.1	2.2	2.0	2.6	2.9	3.2	2.8	2.0	2.8

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**Exhibit 1: Quarterly Performance**

Y/E MARCH	4QFY16A	4QFY16E	Var (%)	Comments
<b>Net Interest Income</b>	<b>6,859</b>	<b>5,964</b>	<b>15</b>	<b>NIMs and loan growth lower than expectation</b>
<i>% Change (YoY)</i>	<i>10.1</i>	<i>-4.3</i>		
Other Income	2,269	2,887	-21	Lower trading gains and recoveries
<b>Net Income</b>	<b>9,128</b>	<b>8,852</b>	<b>3</b>	
Operating Expenses	5,183	4,901	6	Includes one-off employee related provisions
<b>Operating Profit</b>	<b>3,945</b>	<b>3,951</b>	<b>0</b>	<b>Strong recovery in core PPOP performance</b>
<i>% Change (YoY)</i>	<i>-15.9</i>	<i>-15.8</i>		
Other Provisions	3,886	949	309	Higher than expected credit costs
<b>Profit before Tax</b>	<b>59</b>	<b>3,002</b>	<b>-98</b>	
Tax Provisions	-44	1,068	-104	
<b>Net Profit</b>	<b>103</b>	<b>1,934</b>	<b>-95</b>	<b>Improvement in core operating performance offset by elevated levels of credit costs</b>
<i>% Change (YoY)</i>	<i>-96.3</i>	<i>-31.1</i>		

Source: MOSL, Company

Retail deposit proportion remains healthy at ~98%

**Adjusted NIM improve 8bp QoQ led by improved CD ratio**

- Reported NIMs came in at 3.31% (+27bp QoQ). However, during the quarter bank received interest on income tax refund amounting to INR400m (~19bp impact). Adjusted NIM were improved 8bp QoQ to 3.12% (-19bp YoY). Overall NII growth improved to 10% YoY – double digit growth after six quarters.
- Retail deposit proportion improved 10bp QoQ to 97.9% and grew 15% YoY.
- CASA deposits grew 19% YoY (+7% QoQ). CASA ratio improved 210bp YoY to 32.5% (v/s 32.1% in 3QFY16).
- Traction in NRE deposits remains healthy and grew 27% YoY (+8% QoQ). NRE deposits now account for 39% of overall deposits v/s 34% in 4QFY15.
- Overall CD ratio improved to 73% v/s 70.5% in 3QFY16 (72.4% in 4QFY15) supporting overall NIMs.

Corporate slippages remain elevated at ~6% of loans (annualized)

**Negative surprise on asset quality continues**

- Gross slippages for the quarter decreased to INR5.4b (annualized slippage ratio of 4.2%) v/s INR5.7b in 3QFY16 – yet remains elevated.
- Unlike previous quarters, no large corporate accounts (INR1b+) slipped during the quarter. Key concern remains on slippages on SME/Agri segment which continue to remain elevated at ~4% of loans (annualized). Management expects 3%+ slippage ratio in this segment to sustain for next few quarters.
- Retail slippages increased to 2.1% of loans (annualized) v/s 1.6% led by one large LAP account amounting to INR100m.
- Recoveries and up-gradation for the quarter stood at ~INR1.7b (v/s INR1.1b in 2QFY16); while write-offs were INR3.1b – highest ever.
- During the quarter, bank sold assets amounting to INR1.31b (one standard asset of INR400m and balance two NPA accounts) to ARCs; outstanding security receipts now stand at INR6.4b.
- Overall corporate slippages adjusted for sale to ARC was INR2.9b (7.1%, annualized) v/s INR3.8b (~10%) in 3QFY16.
- Unamortized losses against sale to ARC in FY17 would be INR500m (~9bp credit costs).

**Exhibit 2: Slippages remained elevated; Retail and SME slippages trending higher**

Gross Slippages Ratio	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
Retail	1.9	1.6	1.4	0.9	1.6	1.6	0.9	1.0	1.3	1.5	1.6	2.1
SME and Agri	2.6	2.9	2.6	2.9	2.7	3.5	2.1	2.8	3.1	4.0	3.0	4.1
Corporate	4.2	0.6	0.6	1.5	1.0	0.0	3.6	0.9	3.9	4.3	9.8	6.1
<b>Overall</b>	<b>3.2</b>	<b>1.7</b>	<b>1.5</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>	<b>2.2</b>	<b>2.0</b>	<b>2.8</b>	<b>3.3</b>	<b>4.8</b>	<b>4.2</b>

Source: MOSL, Company

GNPA ratio decreased to 2.84% vs. 3.15% in 3QFY16 led by higher write-offs and sale to ARC

**Other highlights**

- Capitalization remains strong with overall CAR at 13.9% of which Tier I at 13.4%.
- Strong recovery in fee income growth +22% YoY v/s -2% YoY in 3QFY16 led by acceleration in loan growth
- PCR including technical write-offs remained largely stable QoQ at ~72%.

**4QFY16 conference call highlights****Guidance**

- Overall loan growth 18-22%, (b) Expect 10% growth in gold loan, (c) NIM 3.1-3.15%, (d) C/I less than 50% in next 5-6 quarters, (e) Other operating expense expected to grow in high single digit early double digits, (f) Fee income growth 18-20%

**Asset Quality**

- Provision made against food credit exposure to Punjab government was INR270m (similar quantum expected in 1QFY17)
- AQR related provision (shift in bucket) were INR1.92b; there was no fresh slippage related to AQR
- 'UDAY' related provisions INR270m – provisions against Discom exposure which does not get converted (25%, which would be Discom bonds/loans)
- Bank has classified INR290m loans to U.P. and INR1.52b loans to Rajasthan as non-performing during 4QFY16
- Overall exposure to Rajasthan SEB is INR7b+ and INR600-700m to U.P.
- Standard restructured provisions against SEBs converted into state loans/bonds has not been written back
- Standard restructured loans (ex. SEB) ~INR15b
- No 5:25 refinancing and SDR done till date
- Relapse from restructured loans was INR1.42b in 4QFY16
- Upgradation/recoveries INR1.7b, write-offs INR3.14b and sale to ARC was INR1.31b
- Sale to ARC was INR1.31b (one standard asset amounting to INR400m and balance two NPA accounts); outstanding security receipts were INR6.4b
- Unamortized losses against sale to ARC in FY17 would be INR500m
- Restructured loans coming out of moratorium in 2QFY17 is INR1b – one Iron and Steel account
- SME slippages elevated led by NR and rubber account; next few quarter run-rate should be INR1.3b+
- Slippages in retail segment has been rising led by Kerala based customers; there was one account INR100m in 4QFY16 – LAP related; steady state quarterly run-rate for Kerala book ~INR150m

- Normalized quarterly credit costs expected around INR700m
- Most of the infra, iron and steel loans were originated in 2009-10

**Balance Sheet Related**

- Overall Kerala Retail portfolio is INR80b of which home loan is INR50b
- Strong credit growth in Network II markets led by SME and retail
- Credit book mix: 60% outside Kerala and 40% Kerala; directionally looking at 70:30% over next few years
- Corporate credit growth would be driven by well rated corporate exposures (large / mid)
- Less than 20% of loan book at fixed rate
- Daily average CA growth at 15% YoY
- NR remittances market share ~18-20% of which 30-35% goes into savings
- FCNR deposits ~INR3b

**P&L Related**

- In 4QFY16, one-off from income tax reversal was INR400m
- Management doesn't expect any material impact from MCLR
- Operating expenses include INR500m provisions made against shortfall in gratuity pool

Remain Neutral with target price of INR48 (0.9x FY18 BV)

**Valuation and view**

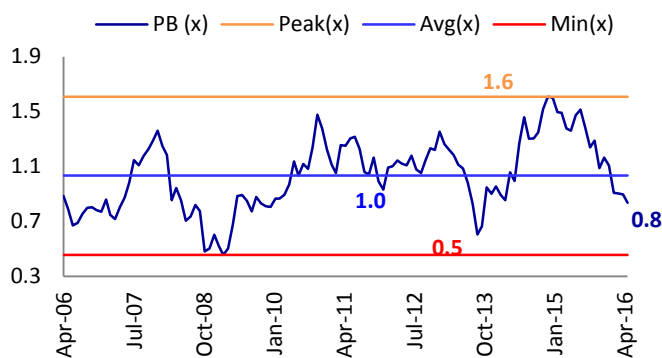
- Structural improvement in liability profile and low CD ratio of ~73% should provide cushion to NIMs.
- We cut earnings estimate by ~15% for FY17/18E to factor in higher provisions. Overall we expect 24% PAT growth and ~9% avg. RoE in FY16-19E.
- We lower the target multiple to 0.9x FY18 BV v/s 1x earlier based on our residual income growth model (assuming 13% cost of equity based on 7.5% risk free rate, beta of 1.1 and 5% market risk premium). At our target price of INR48, upside remains limited (~3%). Remain Neutral.

**Exhibit 3: We cut earnings estimate by ~15% for FY17-18E**

(INR b)	Old Estimates			Revised Estimates			Change (%)		
	FY16	FY17	FY18	FY16	FY17	FY18	FY16	FY17	FY18
Net Interest Income	24.1	28.0	32.4	25.0	28.0	31.7	3.7	-0.2	-2.1
Other Income	8.5	9.0	10.4	7.9	9.2	10.9	-7.4	2.3	4.8
<b>Total Income</b>	<b>32.6</b>	<b>37.0</b>	<b>42.8</b>	<b>32.9</b>	<b>37.2</b>	<b>42.6</b>	<b>0.8</b>	<b>0.4</b>	<b>-0.4</b>
Operating Expenses	18.4	21.2	24.1	18.7	21.2	24.4	1.5	0.0	1.1
<b>Operating Profits</b>	<b>14.3</b>	<b>15.8</b>	<b>18.6</b>	<b>14.2</b>	<b>16.0</b>	<b>18.2</b>	<b>-0.1</b>	<b>1.0</b>	<b>-2.4</b>
Provisions	4.1	4.8	5.3	7.0	6.3	6.6	71.6	30.4	25.8
<b>PBT</b>	<b>10.1</b>	<b>11.0</b>	<b>13.4</b>	<b>7.2</b>	<b>9.7</b>	<b>11.6</b>	<b>-29.1</b>	<b>-12.0</b>	<b>-13.6</b>
Tax	3.6	3.5	4.3	2.4	3.2	3.9	-31.3	-7.9	-9.5
<b>PAT</b>	<b>6.6</b>	<b>7.5</b>	<b>9.1</b>	<b>4.8</b>	<b>6.4</b>	<b>7.7</b>	<b>-27.9</b>	<b>-14.0</b>	<b>-15.5</b>
Loans	559	643	746	581	709	879	3.9	10.2	17.8
Deposits	779	896	1,039	792	934	1,140	1.6	4.3	9.7
Margins (%)	3.09	3.18	3.18	3.23	3.12	2.95			
Credit Cost (%)	0.75	0.75	0.70	1.07	0.90	0.75			
<b>RoA (%)</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>			
<b>RoE (%)</b>	<b>8.3</b>	<b>8.9</b>	<b>10.1</b>	<b>6.0</b>	<b>7.7</b>	<b>8.7</b>			
<b>BV</b>	<b>48</b>	<b>50</b>	<b>54</b>	<b>47</b>	<b>50</b>	<b>53</b>			
<b>ABV</b>	<b>44</b>	<b>47</b>	<b>52</b>	<b>44</b>	<b>46</b>	<b>50</b>			
<b>EPS</b>	<b>3.8</b>	<b>4.3</b>	<b>5.3</b>	<b>2.8</b>	<b>3.7</b>	<b>4.5</b>			

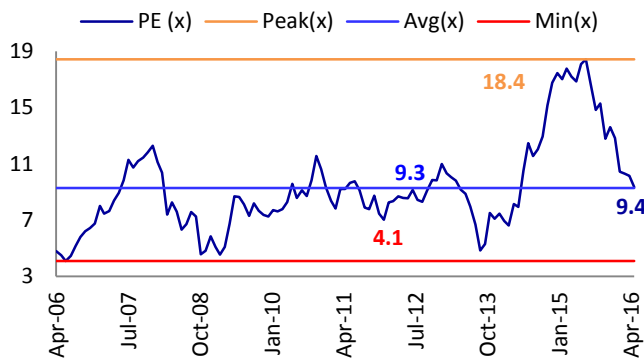
Source: MOSL, Company

**Exhibit 4: One year forward P/BV**



Source: Company, MOSL

**Exhibit 5: One year forward PE**



Source: Company, MOSL

**Exhibit 6: DuPont Analysis: We expect gradual improvement in RoE in FY17/18 led by lower credit costs**

Y/E March	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
<b>Net Interest Income</b>	<b>3.69</b>	<b>3.42</b>	<b>3.67</b>	<b>3.49</b>	<b>3.00</b>	<b>3.06</b>	<b>3.02</b>	<b>2.87</b>	<b>2.81</b>	<b>2.67</b>	<b>2.54</b>
Core Fee Income	0.84	0.72	0.68	0.65	0.62	0.68	0.66	0.63	0.64	0.63	0.62
<b>Core Income</b>	<b>4.53</b>	<b>4.14</b>	<b>4.36</b>	<b>4.14</b>	<b>3.62</b>	<b>3.74</b>	<b>3.68</b>	<b>3.50</b>	<b>3.44</b>	<b>3.30</b>	<b>3.17</b>
<b>Operating Expenses</b>	<b>1.60</b>	<b>1.64</b>	<b>1.76</b>	<b>1.75</b>	<b>1.79</b>	<b>1.98</b>	<b>2.07</b>	<b>2.14</b>	<b>2.13</b>	<b>2.05</b>	<b>1.98</b>
Cost to Core Income	35.4	39.7	40.4	42.2	49.5	52.9	56.3	61.2	61.8	62.2	62.6
Employee cost	0.89	0.89	1.01	0.97	0.95	1.06	1.13	1.21	1.21	1.17	1.12
Others	0.71	0.75	0.75	0.78	0.84	0.92	0.94	0.93	0.91	0.88	0.86
<b>Core operating Profits</b>	<b>2.93</b>	<b>2.49</b>	<b>2.60</b>	<b>2.39</b>	<b>1.83</b>	<b>1.76</b>	<b>1.61</b>	<b>1.36</b>	<b>1.31</b>	<b>1.25</b>	<b>1.18</b>
<b>Non Interest income</b>	<b>1.45</b>	<b>1.29</b>	<b>1.09</b>	<b>0.95</b>	<b>1.01</b>	<b>0.95</b>	<b>1.12</b>	<b>0.90</b>	<b>0.92</b>	<b>0.92</b>	<b>0.90</b>
Trading and others	0.60	0.57	0.40	0.30	0.39	0.27	0.46	0.28	0.29	0.28	0.28
<b>Operating Profits</b>	<b>3.53</b>	<b>3.07</b>	<b>3.00</b>	<b>2.69</b>	<b>2.22</b>	<b>2.03</b>	<b>2.07</b>	<b>1.63</b>	<b>1.60</b>	<b>1.53</b>	<b>1.46</b>
Provisions	1.31	0.98	1.10	0.60	0.40	0.37	0.14	0.81	0.63	0.56	0.51
<b>PBT</b>	<b>2.22</b>	<b>2.08</b>	<b>1.90</b>	<b>2.09</b>	<b>1.81</b>	<b>1.66</b>	<b>1.93</b>	<b>0.83</b>	<b>0.97</b>	<b>0.97</b>	<b>0.95</b>
Tax	0.82	0.96	0.66	0.70	0.54	0.51	0.65	0.28	0.32	0.33	0.32
Tax Rate	36.9	46.0	34.9	33.6	29.8	30.8	33.9	33.9	33.5	33.5	33.5
<b>RoA</b>	<b>1.4</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>1.3</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
Leverage (x)	8.6	9.2	9.7	10.4	10.9	10.9	10.7	11.0	12.0	13.4	15.0
<b>RoE</b>	<b>12.1</b>	<b>10.3</b>	<b>12.0</b>	<b>14.4</b>	<b>13.9</b>	<b>12.6</b>	<b>13.7</b>	<b>6.0</b>	<b>7.7</b>	<b>8.7</b>	<b>9.5</b>

Source: MOSL, Company

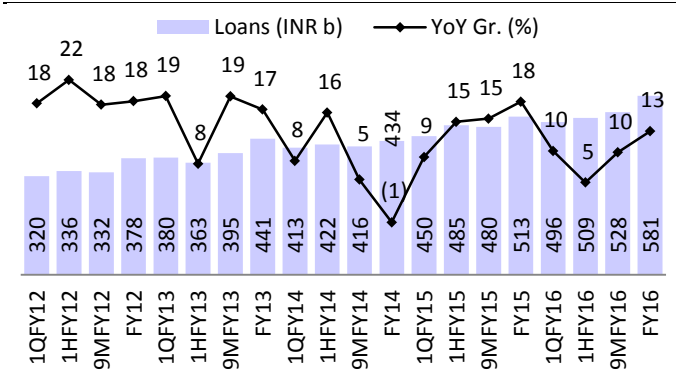
**Exhibit 7: DuPont Analysis: Improved operating performance offset by elevated credit costs**

	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
<b>Net interest income</b>	<b>2.85</b>	<b>3.06</b>	<b>3.00</b>	<b>3.36</b>	<b>3.00</b>	<b>3.14</b>	<b>2.97</b>	<b>3.07</b>	<b>2.89</b>	<b>2.85</b>	<b>2.77</b>	<b>3.05</b>
Fee income	0.50	0.55	0.48	0.52	0.45	0.57	0.47	0.53	0.41	0.48	0.46	0.56
<b>Core Income</b>	<b>3.35</b>	<b>3.61</b>	<b>3.48</b>	<b>3.88</b>	<b>3.45</b>	<b>3.71</b>	<b>3.44</b>	<b>3.60</b>	<b>3.31</b>	<b>3.34</b>	<b>3.23</b>	<b>3.61</b>
<b>Operating cost</b>	<b>1.87</b>	<b>1.97</b>	<b>2.04</b>	<b>2.06</b>	<b>1.96</b>	<b>2.03</b>	<b>2.07</b>	<b>2.27</b>	<b>2.07</b>	<b>2.13</b>	<b>2.12</b>	<b>2.30</b>
- Employee Expenses	1.03	1.04	1.11	1.08	1.09	1.06	1.19	1.22	1.21	1.17	1.18	1.30
- Other Expenses	0.85	0.94	0.93	0.98	0.88	0.98	0.88	1.04	0.86	0.96	0.94	1.00
<b>Core operating profit</b>	<b>1.48</b>	<b>1.64</b>	<b>1.44</b>	<b>1.82</b>	<b>1.49</b>	<b>1.68</b>	<b>1.36</b>	<b>1.33</b>	<b>1.24</b>	<b>1.21</b>	<b>1.11</b>	<b>1.30</b>
Fx and other non-core Income	0.70	0.25	0.38	0.43	0.38	0.44	0.65	0.98	0.52	0.37	0.38	0.45
<b>Operating Profit</b>	<b>2.18</b>	<b>1.89</b>	<b>1.82</b>	<b>2.26</b>	<b>1.87</b>	<b>2.12</b>	<b>2.01</b>	<b>2.31</b>	<b>1.76</b>	<b>1.58</b>	<b>1.49</b>	<b>1.75</b>
<b>Provisions</b>	<b>1.31</b>	<b>-0.02</b>	<b>-0.10</b>	<b>0.30</b>	<b>0.12</b>	<b>0.24</b>	<b>0.00</b>	<b>0.20</b>	<b>0.73</b>	<b>0.41</b>	<b>0.34</b>	<b>1.73</b>
Tax	0.28	0.65	0.65	0.47	0.58	0.64	0.68	0.73	0.35	0.41	0.40	-0.02
<b>ROAA</b>	<b>0.59</b>	<b>1.26</b>	<b>1.26</b>	<b>1.49</b>	<b>1.17</b>	<b>1.25</b>	<b>1.34</b>	<b>1.38</b>	<b>0.68</b>	<b>0.76</b>	<b>0.74</b>	<b>0.05</b>
Leverage (x)	11.1	10.9	10.7	10.8	10.7	10.6	10.5	10.5	10.7	10.7	10.7	11.0
<b>ROAE</b>	<b>6.6</b>	<b>13.7</b>	<b>13.6</b>	<b>16.0</b>	<b>12.5</b>	<b>13.2</b>	<b>14.0</b>	<b>14.6</b>	<b>7.2</b>	<b>8.1</b>	<b>8.0</b>	<b>0.5</b>

Source: MOSL, Company

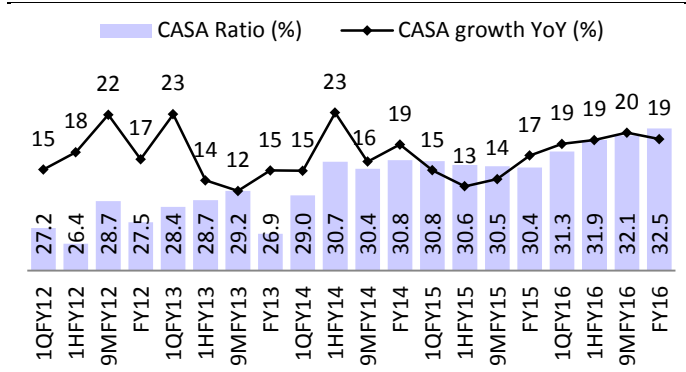
## Story in charts

**Exhibit 8: Loan growth improved to 13% YoY (+10% QoQ), led by spike in corporate loans (+18% YoY, +18% QoQ)**



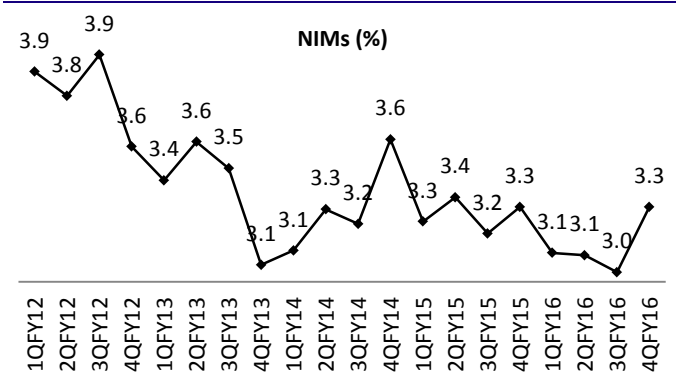
Source: MOSL, Company

**Exhibit 9: CASA ratio improved by 210bp YoY to 32.5%**



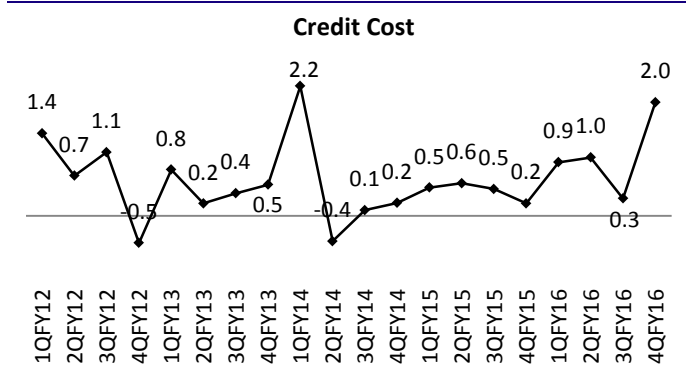
Source: MOSL, Company

**Exhibit 10: Reported NIM adjusted for one-off income tax refund (INR400m) improved ~8bp QoQ to 3.1%**



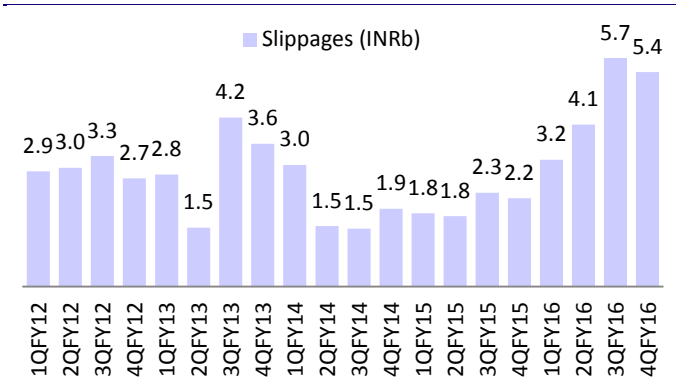
Source: MOSL, Company

**Exhibit 11: Credit costs (ex. one-offs) remains elevated (%)**



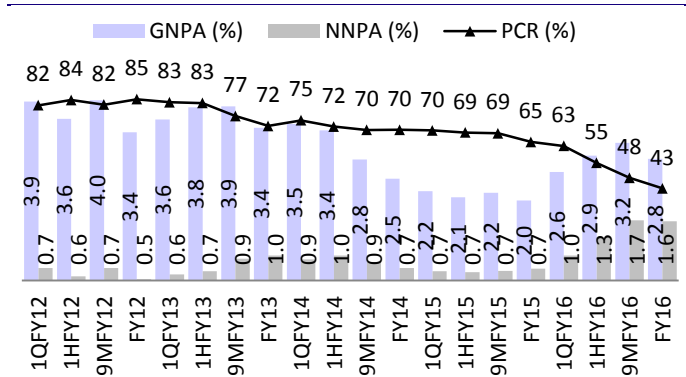
Source: MOSL, Company

**Exhibit 12: Stress additions continue to remain elevated (Slippages, INR b)**



Source: MOSL, Company

**Exhibit 13: GNPA ratio declines QoQ led by sale to ARCs (INR1.31b); Calculated PCR declines sharply (~500bp QoQ) to 43% – down 22ppts in last four quarters**



Source: MOSL, Company

## Exhibit 14: Quarterly Snapshot (INR b)

INR m	FY15				FY16				Variation (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY	FY15	FY16	YoY Gr (%)
<b>Profit and Loss</b>													
<b>Net Interest Income</b>	5,642	6,058	5,872	6,232	6,048	6,083	6,052	6,859	13	10	23,804	25,042	5
<b>Other Income</b>	1,565	1,959	2,199	3,060	1,939	1,823	1,833	2,269	24	-26	8,783	7,864	-10
Trading profits	400	420	770	950	380	260	230	410	78	-57	2,540	1,280	-50
Forex Income	260	350	300	260	410	340	190	360	89	38	1,170	1,300	11
Recoveries	57	81	210	780	290	190	410	240	-41	-69	1,128	1,130	0
Other Non interest inc.	848	1,108	919	1,070	859	1,033	1,003	1,259	25	18	3,945	4,154	5
<b>Total Income</b>	<b>7,208</b>	<b>8,017</b>	<b>8,071</b>	<b>9,292</b>	<b>7,987</b>	<b>7,906</b>	<b>7,885</b>	<b>9,128</b>	<b>16</b>	<b>-2</b>	<b>32,587</b>	<b>32,906</b>	<b>1</b>
<b>Operating Expenses</b>	<b>3,692</b>	<b>3,919</b>	<b>4,097</b>	<b>4,601</b>	<b>4,315</b>	<b>4,540</b>	<b>4,630</b>	<b>5,183</b>	<b>12</b>	<b>13</b>	<b>16,309</b>	<b>18,668</b>	<b>14</b>
Employee	2,044	2,038	2,351	2,487	2,523	2,489	2,586	2,930	13	18	8,920	10,529	18
Others	1,648	1,881	1,747	2,114	1,792	2,051	2,044	2,252	10	7	7,390	8,140	10
<b>Operating Profits</b>	<b>3,515</b>	<b>4,098</b>	<b>3,974</b>	<b>4,692</b>	<b>3,672</b>	<b>3,366</b>	<b>3,255</b>	<b>3,945</b>	<b>21</b>	<b>-16</b>	<b>16,278</b>	<b>14,238</b>	<b>-13</b>
<b>Provisions</b>	<b>221</b>	<b>457</b>	<b>-8</b>	<b>398</b>	<b>1,531</b>	<b>873</b>	<b>751</b>	<b>3,886</b>	<b>417</b>	<b>877</b>	<b>1,068</b>	<b>7,041</b>	<b>560</b>
NPA provisions	542	660	560	270	1,170	1,270	390	2,720	597	907	2,032	5,550	173
Provisions on Invest.	-320	75	-590	-27	490	-260	160	410	156	NM	-862	800	NM
Others	-1	-278	22	154	-129	-137	201	756	276	390	-103	691	NM
<b>PBT</b>	<b>3,295</b>	<b>3,641</b>	<b>3,982</b>	<b>4,294</b>	<b>2,141</b>	<b>2,493</b>	<b>2,504</b>	<b>59</b>	<b>-98</b>	<b>-99</b>	<b>15,210</b>	<b>7,197</b>	<b>-53</b>
Taxes	1,092	1,238	1,335	1,488	727	880	877	(44)	NM	NM	5,153	2,440	-53
<b>PAT</b>	<b>2,202</b>	<b>2,403</b>	<b>2,647</b>	<b>2,805</b>	<b>1,414</b>	<b>1,613</b>	<b>1,627</b>	<b>103</b>	<b>-94</b>	<b>-96</b>	<b>10,058</b>	<b>4,757</b>	<b>-53</b>
<b>Asset Quality</b>													
<b>GNPA</b>	<b>10,164</b>	<b>10,311</b>	<b>10,666</b>	<b>10,577</b>	<b>13,046</b>	<b>14,987</b>	<b>16,841</b>	<b>16,678</b>	<b>-1</b>	<b>58</b>			
<b>NNPA</b>	<b>3,039</b>	<b>3,185</b>	<b>3,329</b>	<b>3,733</b>	<b>4,845</b>	<b>6,748</b>	<b>8,761</b>	<b>9,500</b>	<b>8</b>	<b>155</b>			
GNPA (%)	2.2	2.1	2.2	2.0	2.6	2.9	3.2	2.8	-31	80			
NNPA (%)	0.7	0.7	0.7	0.7	1.0	1.3	1.7	1.6	-2	91			
PCR (Calculated, %)	70	69	69	65	63	55	48	43	-494	-2,167			
Slippages	1,830	1,760	2,340	2,210	3,168	4,050	5,710	5,360	(6)	143			
Slippage Ratio (%)	1.8	1.7	2.2	2.0	2.8	3.3	4.8	4.2	-58	215			
<b>Ratios (%)</b>													
Fees to Total Income	11.8	13.8	11.4	11.5	10.8	13.1	12.7	13.8			12.1	12.6	
Cost to Core Income	56.9	54.7	60.3	63.0	62.5	63.8	65.6	63.8			58.8	63.9	
Tax Rate	33.2	34.0	33.5	34.7	34.0	35.3	35.0	-74.5			33.9	33.9	
Loan/Deposit	72.8	75.1	73.3	72.4	68.7	68.9	70.5	73.4					
CAR	15.2	14.5	14.5	15.5	15.1	14.7	14.3	13.9					
Tier I	14.6	13.9	14.0	14.8	14.4	14.1	13.7	13.4					
NIM	3.3	3.4	3.2	3.3	3.1	3.1	3.0	3.3	27	0	3.3	3.1	-13
<b>Balance sheet (INR b)</b>													
<b>Deposits</b>	<b>618</b>	<b>646</b>	<b>656</b>	<b>708</b>	<b>721</b>	<b>738</b>	<b>748</b>	<b>792</b>	<b>6</b>	<b>12</b>			
<b>CASA Deposits</b>	<b>190</b>	<b>197</b>	<b>200</b>	<b>216</b>	<b>226</b>	<b>235</b>	<b>240</b>	<b>257</b>	<b>7</b>	<b>19</b>			
% of overall Deposits	30.8	30.6	30.5	30.4	31.3	31.9	32.1	32.5	37	204			
Savings Deposits	158	164	168	177	189	193	201	214	6	21			
Current Deposits	32	33	32	38	37	42	39	43	10	12			
Investments	236	194	207	206	270	232	246	222	-10	8			
<b>Advances</b>	<b>450</b>	<b>485</b>	<b>480</b>	<b>513</b>	<b>496</b>	<b>509</b>	<b>528</b>	<b>581</b>	<b>10</b>	<b>13</b>			
Retail	145	154	157	161	160	164	168	173	3	7			
SME Loans	165	176	178	192	192	200	201	218	9	13			
<b>Total Assets</b>	<b>760</b>	<b>784</b>	<b>796</b>	<b>829</b>	<b>843</b>	<b>863</b>	<b>885</b>	<b>914</b>	<b>3</b>	<b>10</b>			

Source: MOSL, Company



## Exhibit 15: Valuation matrix

	Rating	CMP (INR)	Mcap (USDb)	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)	
				FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18
ICICIBC*	Buy	227	20.0	18.1	20.8	8.7	7.0	145	159	1.09	0.92	1.19	1.22	11.1	11.8
HDFCB	Buy	1,118	42.8	58.5	70.3	19.1	15.9	332	386	3.36	2.89	1.88	1.85	18.9	19.6
AXSB	Buy	472	17.0	35.0	41.0	13.5	11.5	251	285	1.88	1.65	1.45	1.43	14.7	15.2
KMB*	Neutral	718	19.9	24.7	31.3	29.1	23.0	206	237	3.48	3.03	1.38	1.54	13.9	14.8
YES	Buy	945	6.0	74.6	91.8	12.7	10.3	387	460	2.44	2.05	1.71	1.72	20.9	21.7
IIB	Buy	1,044	9.4	50.5	63.8	20.7	16.4	334	389	3.12	2.68	1.92	1.96	16.2	17.6
DCBB	Buy	91	0.4	7.1	8.4	12.8	10.9	69	77	1.33	1.18	0.94	0.90	10.9	11.5
FB	Neutral	47	1.2	4.5	5.5	10.3	8.4	51	56	0.91	0.84	0.79	0.83	9.1	10.3
JKBK	Neutral	67	0.5	18.0	21.6	3.7	3.1	152	168	0.44	0.40	1.02	1.07	12.4	13.5
SIB	Buy	18	0.4	3.1	3.7	5.9	4.9	31	34	0.59	0.54	0.58	0.61	10.3	11.4
<b>Private Aggregate</b>			<b>117.6</b>			<b>17.2</b>	<b>14.5</b>			<b>2.38</b>	<b>2.10</b>				
SBIN (cons)*	Buy	186	21.9	24.1	28.7	7.3	6.0	243	266	0.72	0.65	0.61	0.64	10.2	11.3
PNB	Neutral	84	2.5	16.8	21.6	5.0	3.9	220	239	0.38	0.35	0.48	0.55	7.9	9.4
BOI	Neutral	90	1.1	4.0	18.7	22.4	4.8	318	334	0.28	0.27	0.05	0.19	1.3	5.7
BOB	Buy	155	5.4	16.4	20.7	9.5	7.5	171	187	0.91	0.83	0.49	0.55	9.9	11.5
CBK	Neutral	201	1.7	47.3	55.2	4.3	3.6	584	626	0.34	0.32	0.41	0.43	8.4	9.1
UNBK	Buy	126	1.3	28.2	38.4	4.5	3.3	323	354	0.39	0.36	0.45	0.54	9.1	11.3
OBC	Neutral	89	0.4	25.0	32.2	3.6	2.8	458	483	0.20	0.19	0.29	0.33	5.6	6.8
INBK	Buy	97	0.7	21.1	27.4	4.6	3.5	290	311	0.33	0.31	0.45	0.51	7.5	9.1
CRPBK	Neutral	38	0.1	18.7	21.6	2.0	1.8	152	169	0.25	0.23	0.57	0.59	12.9	13.4
ANDB	Buy	55	0.5	22.8	27.9	2.4	2.0	196	216	0.28	0.25	0.62	0.65	12.2	13.6
IDBI	Neutral	69	2.0	5.7	8.7	12.0	7.9	125	132	0.55	0.52	0.29	0.39	4.7	6.8
DBNK	Neutral	30	0.3	10.0	15.6	3.0	1.9	128	141	0.23	0.21	0.38	0.53	8.0	11.6
<b>Public Aggregate</b>			<b>37.9</b>			<b>7.6</b>	<b>5.9</b>			<b>0.59</b>	<b>0.55</b>				
HDFC*	Buy	1,093	26.1	35	40	31.1	27.5	188	212	5.83	5.15	2.28	2.28	24.2	19.8
LICHF	Buy	460	3.5	40	49	11.5	9.5	213	252	2.16	1.82	1.51	1.51	20.4	20.9
DEWH	Buy	204	0.9	32	40	6.3	5.1	203	234	1.01	0.87	1.25	1.27	16.9	18.3
IHFL	Buy	692	4.5	68	82	10.2	8.4	302	336	2.29	2.06	3.84	3.69	23.4	25.7
GRHF	Buy	253	1.4	8	11	30.4	23.8	28	35	8.92	7.17	2.33	2.34	32.4	33.5
REPCO	Buy	619	0.6	33	42	18.9	14.8	181	218	3.43	2.84	2.16	2.10	19.7	21.0
RECL	Neutral	178	2.7	44	50	4.0	3.5	332	370	0.54	0.48	1.90	1.88	14.0	14.4
POWF	Neutral	178	3.6	42	43	4.3	4.1	310	341	0.57	0.52	2.07	1.85	14.1	13.2
SHTF	Buy	1,083	3.7	75	94	14.4	11.5	507	581	2.14	1.86	2.17	2.27	15.7	17.1
MMFS	Buy	312	2.7	16	19	20.1	16.6	119	133	2.62	2.35	2.14	2.26	13.7	15.0
BAF	Buy	7,049	5.7	303	366	23.3	19.2	1,622	1,928	4.35	3.66	3.04	2.79	20.3	20.6
MUTH	Buy	200	1.2	25	32	8.1	6.3	156	177	1.28	1.13	2.96	3.22	16.8	19.2
SKSM	Buy	616	1.2	34	46	18.0	13.5	142	177	4.35	3.49	5.25	5.46	27.5	28.8
<b>NBFC Aggregate</b>			<b>57.7</b>			<b>14.5</b>	<b>12.6</b>			<b>2.28</b>	<b>2.03</b>				

\*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

## Financials and Valuations

Income Statement							(INR Million)	
Y/E Mar	2011	2012	2013	2014	2015	2016	2017E	2018E
Interest Income	40,520	55,584	61,676	69,461	74,195	77,447	85,952	99,586
Interest Expense	23,054	36,050	41,929	47,175	50,391	52,405	57,962	67,864
<b>Net Interest Income</b>	<b>17,466</b>	<b>19,534</b>	<b>19,747</b>	<b>22,286</b>	<b>23,804</b>	<b>25,042</b>	<b>27,990</b>	<b>31,722</b>
Change (%)	23.8	11.8	1.1	12.9	6.8	5.2	11.8	13.3
Non Interest Income	5,168	5,323	6,644	6,938	8,783	7,864	9,203	10,883
<b>Net Income</b>	<b>22,634</b>	<b>24,857</b>	<b>26,391</b>	<b>29,225</b>	<b>32,587</b>	<b>32,906</b>	<b>37,193</b>	<b>42,605</b>
Change (%)	16.6	9.8	6.2	10.7	11.5	1.0	13.0	14.6
Operating Expenses	8,361	9,793	11,795	14,421	16,309	18,668	21,224	24,408
<b>Pre Provision Profits</b>	<b>14,273</b>	<b>15,065</b>	<b>14,596</b>	<b>14,804</b>	<b>16,278</b>	<b>14,238</b>	<b>15,969</b>	<b>18,197</b>
Change (%)	12.8	5.6	-3.1	1.4	10.0	-12.5	12.2	14.0
Provisions (excl tax)	5,254	3,370	2,658	2,684	1,067	7,041	6,314	6,633
<b>PBT</b>	<b>9,018</b>	<b>11,695</b>	<b>11,938</b>	<b>12,120</b>	<b>15,210</b>	<b>7,197</b>	<b>9,654</b>	<b>11,563</b>
Tax	3,147	3,927	3,556	3,731	5,153	2,440	3,234	3,874
Tax Rate (%)	34.9	33.6	29.8	30.8	33.9	33.9	33.5	33.5
<b>Profits for Equity SH</b>	<b>5,871</b>	<b>7,768</b>	<b>8,382</b>	<b>8,389</b>	<b>10,057</b>	<b>4,757</b>	<b>6,420</b>	<b>7,690</b>
Change (%)	26.4	32.3	7.9	0.1	19.9	-52.7	35.0	19.8
Equity Dividend (Incl tax)	527	1,789	1,801	1,989	2,268	1,402	1,496	1,792
<b>Core PPP*</b>	<b>13,815</b>	<b>14,244</b>	<b>12,538</b>	<b>13,242</b>	<b>13,721</b>	<b>12,958</b>	<b>14,433</b>	<b>16,354</b>
Change (%)	19.4	3.1	-12.0	5.6	3.6	-5.6	11.4	13.3

Balance Sheet							(INR Million)	
Y/E Mar	2011	2012	2013	2014	2015	2016	2017E	2018E
Equity Share Capital	3,421	3,421	3,421	3,421	3,427	3,438	3,438	3,438
Reserves & Surplus	47,666	53,642	60,225	66,085	73,955	77,474	82,399	88,297
<b>Net Worth</b>	<b>51,087</b>	<b>57,063</b>	<b>63,647</b>	<b>69,506</b>	<b>77,381</b>	<b>80,912</b>	<b>85,836</b>	<b>91,734</b>
<b>Deposits</b>	<b>430,148</b>	<b>489,371</b>	<b>576,149</b>	<b>597,313</b>	<b>708,250</b>	<b>791,717</b>	<b>934,226</b>	<b>1,139,756</b>
Change (%)	19.3	13.8	17.7	3.7	18.6	11.8	18.0	22.0
of which CASA Dep	115,541	134,759	156,521	186,638	217,835	257,050	306,319	365,119
Change (%)	22.4	16.6	16.1	19.2	16.7	18.0	19.2	19.2
Borrowings	18,884	42,410	51,870	56,880	23,082	21,766	34,367	35,792
Other Liabilities & Prov.	14,446	17,423	18,831	22,243	19,791	19,905	25,437	30,469
<b>Total Liabilities</b>	<b>514,564</b>	<b>606,268</b>	<b>710,496</b>	<b>745,941</b>	<b>828,505</b>	<b>914,300</b>	<b>1,079,867</b>	<b>1,297,751</b>
Current Assets	37,483	35,326	37,200	45,294	47,800	54,198	63,317	76,872
<b>Investments</b>	<b>145,377</b>	<b>174,025</b>	<b>211,546</b>	<b>241,179</b>	<b>205,688</b>	<b>222,175</b>	<b>244,392</b>	<b>268,832</b>
Change (%)	11.4	19.7	21.6	14.0	-14.7	8.0	10.0	10.0
<b>Loans</b>	<b>319,532</b>	<b>377,560</b>	<b>440,967</b>	<b>434,361</b>	<b>512,850</b>	<b>580,901</b>	<b>708,700</b>	<b>878,788</b>
Change (%)	18.6	18.2	16.8	-1.5	18.1	13.3	22.0	24.0
Fixed Assets	2,898	3,261	3,975	4,250	4,666	5,200	6,450	7,700
Other Assets	9,273	16,096	16,808	20,859	57,501	51,826	57,009	65,560
<b>Total Assets</b>	<b>514,564</b>	<b>606,268</b>	<b>710,496</b>	<b>745,941</b>	<b>828,505</b>	<b>914,300</b>	<b>1,079,867</b>	<b>1,297,751</b>

## Financials and Valuations

Asset Quality							(INR Million)	
Y/E Mar	2011	2012	2013	2014	2015	2016	2017E	2018E
GNPA (Rs M)	11,484	13,009	15,540	10,874	10,574	16,674	18,441	18,394
NNPA (Rs M)	1,907	1,990	4,319	3,216	3,733	8,804	9,767	8,767
GNPA Ratio	3.5	3.4	3.4	2.5	2.0	2.9	2.6	2.1
NNPA Ratio	0.6	0.5	1.0	0.7	0.7	1.5	1.4	1.0
PCR (Excl Tech. write off)	83	85	72	70	65	47	47	52
PCR (Incl Tech. Write off)	90	89	81	84	84	72	0	0

Ratios								
Y/E Mar	2011	2012	2013	2014	2015	2016	2017E	2018E
<b>Spreads Analysis (%)</b>								
<b>Avg. Yield-Earning Assets</b>	<b>9.2</b>	<b>10.7</b>	<b>10.1</b>	<b>10.3</b>	<b>10.4</b>	<b>10.0</b>	<b>9.6</b>	<b>9.3</b>
Avg. Yield on loans	10.8	12.0	11.3	11.4	11.5	10.4	10.0	9.6
Avg. Yield on Investments	6.3	8.2	7.6	7.8	7.4	8.2	7.8	7.6
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>5.6</b>	<b>7.4</b>	<b>7.2</b>	<b>7.4</b>	<b>7.3</b>	<b>6.8</b>	<b>6.5</b>	<b>6.3</b>
Avg. Cost of Deposits	5.5	7.2	7.2	7.2	7.1	6.5	6.2	6.1
<b>Interest Spread</b>	<b>3.7</b>	<b>3.4</b>	<b>2.8</b>	<b>2.9</b>	<b>3.2</b>	<b>3.2</b>	<b>3.1</b>	<b>2.9</b>
<b>Net Interest Margin</b>	<b>4.0</b>	<b>3.8</b>	<b>3.2</b>	<b>3.3</b>	<b>3.3</b>	<b>3.2</b>	<b>3.1</b>	<b>2.9</b>
<b>Profitability Ratios (%)</b>								
RoE	12.0	14.4	13.9	12.6	13.7	6.0	7.7	8.7
RoA	1.2	1.4	1.3	1.2	1.3	0.5	0.6	0.6
Int. Expense/Int.Income	56.9	64.9	68.0	67.9	67.9	67.7	67.4	68.1
Fee Income/Net Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non Int. Inc./Net Income	22.8	21.4	25.2	23.7	27.0	23.9	24.7	25.5
<b>Efficiency Ratios (%)</b>								
Cost/Income*	36.9	39.4	44.7	49.3	50.0	56.7	57.1	57.3
Empl. Cost/Op. Exps.	57.5	55.5	53.1	53.5	54.7	56.4	57.0	57.0
Busi. per Empl. (Rs m)	83.4	92.4	100.1	99.8	102.6	115.0	130.2	154.1
NP per Empl. (Rs lac)	7.1	8.9	8.9	8.2	9.2	4.2	5.5	6.5
<b>Asset-Liability Profile (%)</b>								
Loans/Deposit Ratio	74.3	77.2	76.5	72.7	72.4	73.4	75.9	77.1
CASA Ratio	26.9	27.5	27.2	31.2	30.8	32.5	32.8	32.0
Investment/Deposit Ratio	33.8	35.6	36.7	40.4	29.0	28.1	26.2	23.6
G-Sec/Investment Ratio	68.5	66.3	68.9	65.6	82.0	85.5	87.9	93.3
CAR	16.8	16.6	14.7	15.1	15.5	13.9	12.7	11.3
Tier 1	15.6	15.9	14.1	14.6	14.8	13.4	12.2	10.9

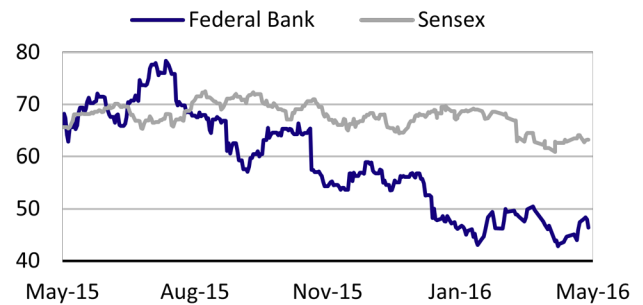
Valuations								
Y/E Mar	2011	2012	2013	2014	2015	2016	2017E	2018E
Book Value (INR)	30	33	37	41	45	47	50	53
Change (%)	8.9	11.7	11.5	9.2	11.2	4.2	6.1	6.9
<b>Price-BV (x)</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>
Adjusted BV (INR)	29	33	36	39	44	44	46	50
<b>Price-ABV (x)</b>	<b>1.7</b>	<b>1.5</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.0</b>
EPS (Rs)	3	5	5	5	6	3	4	4
Change (%)	26.4	32.3	7.9	0.1	19.7	-52.9	35.0	19.8
<b>Price-Earnings (x)</b>	<b>14.1</b>	<b>10.6</b>	<b>9.8</b>	<b>9.8</b>	<b>8.2</b>	<b>17.4</b>	<b>12.9</b>	<b>10.8</b>
Dividend Per Share (INR)	1	1	1	1	1	1	1	1
<b>Dividend Yield (%)</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>2.1</b>	<b>2.3</b>	<b>1.5</b>	<b>1.5</b>	<b>1.9</b>

## Corporate profile

### Company description

Federal Bank is an old age Private Sector Bank with a history that dates back to the pre-independence era. The bank has a dominant presence in Southern India especially in Kerala. Mr. Shyam Srinivasan, with experience of over 20 years with MNC banks, took charge as the MD&CEO of the bank in 2010. Under his leadership the bank is increasing the presence and visibility at the national level. Federal Bank has 1,252 branches and 1,516 ATMs across the country.

### Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

### Exhibit 2: Shareholding pattern (%)

	Dec-15	Sep-15	Dec-14
Promoter	0.0	0.0	0.0
DII	30.2	37.5	28.3
FII	10.1	32.4	40.9
Others	59.7	30.1	30.9

Note: FII Includes depository receipts Source: Capitaline

### Exhibit 3: Top holders

Holder Name	% Holding
Warhol Limited	4.9
Reliance Emergent India Fund	4.8
Amansa Holdings Private Limited	4.3
Yusuffali Musaliam Veettil Abdul Kader	3.7
Franklin Templeton Investment Funds	3.7

Source: Capitaline

### Exhibit 4: Top management

Name	Designation
Shyam Srinivasan	Managing Director & CEO
Ashutosh Khajuria	Executive Director
Ganesh Sankaran	Executive Director
Girish Kumar Ganapathy	Company Secretary

Source: Capitaline

### Exhibit 5: Directors

Name	Name
Dilip Gena Sadarangani	Grace Elizabeth Koshie
Harish H Engineer	K M Chandrasekhar
Nilesh S Vakamsey	Sudhir M Joshi
Balagopal Chandrasekhar	Shubhalakshmi Panse

\*Independent

### Exhibit 6: Auditors

Name	Type
Deloitte Haskins & Sells	Statutory
M P Chitale & Co	Statutory

Source: Capitaline

### Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY17	4.0	5.0	-19.6
FY18	4.0	6.3	-36.5

Source: Bloomberg

**NOTES**

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