

## Federal Bank

### Performance Highlights

Particulars (₹ cr)	3QFY12	2QFY12	% chg (qoq)	3QFY11	% chg (yoy)
<b>NII</b>	<b>528</b>	<b>474</b>	<b>11.3</b>	<b>447</b>	<b>18.1</b>
Pre-prov. profit	419	361	15.9	357	17.4
<b>PAT</b>	<b>202</b>	<b>191</b>	<b>5.6</b>	<b>143</b>	<b>41.1</b>

Source: Company, Angel Research

For 3QFY2012, Federal Bank reported 41.1% yoy (5.6% qoq) growth in its net profit to ₹202cr, in-line with our estimates. While the bank witnessed a sequential healthy growth in its operating income (12.6% qoq), higher provisioning expenses (up by 59.6% qoq) lowered profitability growth to 5.6% qoq. **We remain Neutral on the stock.**

**Asset quality surprises negatively:** For 3QFY2012, the bank's loan portfolio contracted by 1.2% qoq (up 17.6% yoy), while deposits shrunk by 1.1% qoq (up 26.6% yoy). The bank witnessed qoq contraction in all loan segments except retail (up 2.0% qoq). Gold loans continued to witness robust traction, growing by over ₹400cr during 3QFY2012, taking the overall proportion of gold loans (~₹3,000cr as of 3QFY2012) to 9.0% of the overall loan book. The bank's SA deposits grew by strong 9.0% qoq (up 25.5% yoy) and CA deposits grew by healthy 5.1% qoq (up 11.1% yoy), leading to a 247bp qoq improvement in CASA ratio to 28.2%. Including the NRE-TD (₹1,125cr) and FCNR deposits (₹1,552cr), low-cost deposits as of 3QFY2012 stood at 33.9% (31.3% in 2QFY2012). The bank's reported NIM improved by 17bp qoq to 3.9% as the move towards higher yielding retail assets (particularly gold) during 3QFY2012 led to yield on advances rising by 17bp qoq to 12.9%. The bank's slippages for 3QFY2012 surprised negatively, coming in at ₹330cr compared to ₹265cr witnessed in 2QFY2012. While higher retail slippages were the primary contributor to NPAs during 2QFY2012, slippages from large corporate (₹193cr) accounted for 58% of the total slippages in 3QFY2012. High NPAs from the corporate side can be attributed to 5-6 chunky accounts (pertaining to sectors such as agri, textile, shipping and oil), which slipped during 3QFY2012.

**Outlook and valuation:** Valuations at 1.1x FY2013 ABV are higher than the 0.5-0.7x range at which mid-size PSU banks with similar KPIs are trading. While in the medium term, we expect a gradual increase in the bank's leverage to lead to higher RoEs, but higher valuations coupled with the diminished advantage of low-cost NRE deposits are likely to limit upside from current levels. **Hence, we recommend a Neutral rating on the stock.**

#### Key financials

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
<b>NII</b>	<b>1,411</b>	<b>1,747</b>	<b>1,995</b>	<b>2,121</b>
% chg	7.3	23.8	14.2	6.3
<b>Net profit</b>	<b>465</b>	<b>587</b>	<b>766</b>	<b>792</b>
% chg	(7.2)	26.4	30.5	3.4
NIM (%)	3.5	3.8	3.6	3.2
<b>EPS (₹)</b>	<b>27.2</b>	<b>34.3</b>	<b>44.8</b>	<b>46.3</b>
P/E (x)	14.4	11.4	8.7	8.4
P/ABV (x)	1.4	1.3	1.2	1.1
RoA (%)	1.1	1.2	1.4	1.2
RoE (%)	10.3	12.0	14.2	13.2

Source: Company, Angel Research

## NEUTRAL

CMP	₹391
Target Price	-
Investment Period	-

#### Stock Info

Sector	Banking
Market Cap (₹ cr)	6,696
Beta	1.0
52 Week High / Low	477/322
Avg. Daily Volume	50,813
Face Value (₹)	10
BSE Sensex	16,863
Nifty	5,087
Reuters Code	FED.BO
Bloomberg Code	FB@IN

#### Shareholding Pattern (%)

Promoters	-
MF / Banks / Indian Fls	19.6
FII / NRIs / OCBs	48.4
Indian Public / Others	31.9

Abs. (%)	3m	1yr	3yr
Sensex	(5.3)	(8.0)	78.9
Federal Bank	(4.8)	7.4	179.5

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**Exhibit 1: 3QFY2012 performance**

Particulars (₹ cr)	3QFY12	2QFY12	% chg (qoq)	3QFY11	% chg (yoy)
<b>Interest earned</b>	<b>1,467</b>	<b>1,368</b>	<b>7.2</b>	<b>1,022</b>	<b>43.5</b>
- on Advances / Bills	1,084	1,050	3.3	795	36.4
- on investments	367	310	18.4	221	66.0
- on balance with RBI & others	10	6	78.9	4	132.4
- on others	5	2	169.2	1	271.6
<b>Interest Expended</b>	<b>939</b>	<b>893</b>	<b>5.1</b>	<b>575</b>	<b>63.4</b>
<b>Net Interest Income</b>	<b>528</b>	<b>474</b>	<b>11.3</b>	<b>447</b>	<b>18.1</b>
<b>Other income</b>	<b>138</b>	<b>117</b>	<b>17.9</b>	<b>122</b>	<b>13.3</b>
Other income excl. treasury	122	103	18.9	113	7.8
- Fee Income	67	70	(5.0)	69	(2.9)
- Treasury Income	16	14	11.2	8	90.4
- Recoveries from written off a/c	28	14	102.9	39	(29.6)
- Forex Income	28	19	47.0	5	430.9
<b>Operating income</b>	<b>666</b>	<b>591</b>	<b>12.6</b>	<b>569</b>	<b>17.1</b>
<b>Operating expenses</b>	<b>247</b>	<b>230</b>	<b>7.4</b>	<b>212</b>	<b>16.5</b>
- Employee expenses	138	128	8.0	120	15.5
- Other Opex	109	102	6.8	92	17.8
<b>Pre-provision Profit</b>	<b>419</b>	<b>361</b>	<b>15.9</b>	<b>357</b>	<b>17.4</b>
<b>Provisions &amp; Contingencies</b>	<b>115</b>	<b>72</b>	<b>59.6</b>	<b>142</b>	<b>(19.1)</b>
- Provisions for NPAs	92	57	61.5	128	(27.9)
- Provisions for Investments	23	7	240.3	2	1,147.8
- Other Provisions	-	8	(99.8)	13	(99.8)
<b>PBT</b>	<b>303</b>	<b>289</b>	<b>5.0</b>	<b>214</b>	<b>41.6</b>
<b>Provision for Tax</b>	<b>102</b>	<b>98</b>	<b>3.8</b>	<b>71</b>	<b>42.6</b>
<b>PAT</b>	<b>202</b>	<b>191</b>	<b>5.6</b>	<b>143</b>	<b>41.1</b>
Effective Tax Rate (%)	33.5	33.9	(39)bp	33.2	25bp

Source: Company, Angel Research

**Exhibit 2: 3QFY2012 Actual vs. Angel estimates**

Particulars (₹ cr)	Actual	Estimates	Var. (%)
Net interest income	528	510	3.6
Non-interest income	138	126	9.5
<b>Operating income</b>	<b>666</b>	<b>636</b>	<b>4.8</b>
Operating expenses	247	245	1.1
<b>Pre-prov. profit</b>	<b>419</b>	<b>391</b>	<b>7.1</b>
Provisions & cont.	115	90	27.7
PBT	303	301	0.9
Prov. for taxes	102	98	4.1
<b>PAT</b>	<b>202</b>	<b>203</b>	<b>(0.6)</b>

Source: Company, Angel Research

**Exhibit 3: 3QFY2012 performance**

Particulars	3QFY12	2QFY12	% chg (qoq)	3QFY11	% chg (yoy)
<b>Balance sheet</b>					
Advances (₹ cr)	33,206	33,607	(1.2)	28,240	17.6
Deposits (₹ cr)	46,742	47,263	(1.1)	36,914	26.6
Credit-to-Deposit Ratio (%)	71.0	71.1	(6)bp	76.5	(546)bp
Current deposits (₹ cr)	2,084	1,983	5.1	1,877	11.1
Saving deposits (₹ cr)	11,102	10,183	9.0	8,843	25.5
CASA deposits (₹ cr)	13,186	12,166	8.4	10,720	23.0
CASA ratio (%)	28.2	25.7	247bp	29.0	(83)bp
CAR (%)	15.9	15.1	86bp	16.4	(51)bp
Tier 1 CAR (%)	15.0	14.0	94bp	15.2	(23)bp
<b>Profitability Ratios (%)</b>					
Cost of deposits	7.6	7.4	13bp	6.0	154bp
Yield on advances	12.9	12.7	17bp	11.1	185bp
Yield on investments	7.8	7.2	55bp	7.0	76bp
Cost of funds	7.6	7.6	(2)bp	6.1	149bp
Reported NIM	3.9	3.8	17bp	4.3	(37)bp
Cost-to-income ratio	37.1	38.9	(178)bp	37.3	(18)bp
<b>Asset quality</b>					
Gross NPAs (₹ cr)	1,363	1,250	9.1	1,153	18.3
Gross NPAs (%)	4.0	3.6	36bp	4.0	2bp
Net NPAs (₹ cr)	244	196	24.5	227	7.3
Net NPAs (%)	0.7	0.6	16bp	0.8	(7)bp
Provision Coverage Ratio (%)	82.1	84.3	(222)bp	80.3	183bp
Slippage ratio (%)	4.1	3.3	81bp	4.8	(63)bp
NPA to avg. assets (%)	0.6	0.4	22bp	1.1	(49)bp

Source: Company, Angel Research

**Loan portfolio contracts sequentially**

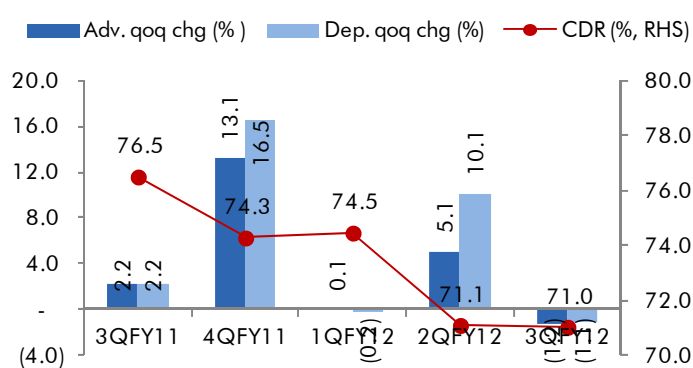
For 3QFY2012, the bank's loan portfolio contracted by 1.2% qoq (up 17.6% yoy) to ₹33,206cr, while deposits shrunk by 1.1% qoq (up 26.6% yoy) to 46,742cr. The bank witnessed qoq contraction in all loan segments (agri – 4.5%, SME – 1.1% and corporate – 2.9%) except retail, which managed to grow by 2.0% qoq. Gold loans continued to witness robust traction, growing by over ₹400cr during 3QFY2012, taking the overall proportion of gold loans (₹3,000cr as of 3QFY2012) to 9.0% of the loan book. Management indicated that the bank would continue to focus on growing its gold loan portfolio in the coming fiscal year as well.

The bank's saving account deposits grew by strong 9.0% qoq (up 25.5% yoy) and current account deposits grew by healthy 5.1% qoq (up 11.1% yoy), leading to a 247bp improvement in CASA ratio to 28.2%. Including the NRE-TD (₹1,125cr) and FCNR deposits (₹1,552cr), low-cost deposits as of 3QFY2012 stood at 33.9% (31.3% in 2QFY2012).

Post the RBI's deregulation of NRE term and saving deposits rates in December 2011, Federal Bank has increased the rate on NRE term deposits to 9.5% (from

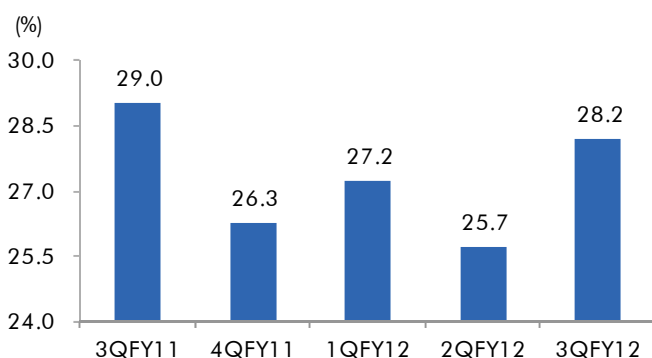
~3.8% before deregulation), while keeping the saving account rate constant at 4% effective January 17, 2012. Consequently, we expect cost of funds for the bank to come under pressure from 4QFY2012, as these NRE term deposits re-price upwards and a part of NRE saving account deposits shift into higher-yielding NRE term deposits. Considering the erosion of low-cost advantage of these NRE deposits, we have factored in a margin compression of ~40bp in FY2013 over FY2012.

**Exhibit 4: Loan portfolio contracts sequentially**



Source: Company, Angel Research

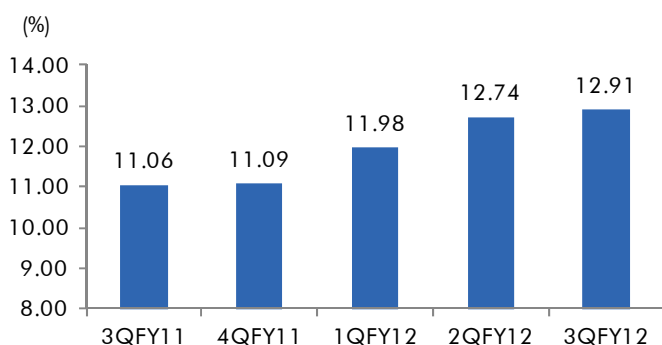
**Exhibit 5: CASA ratio improves during 3QFY2012**



Source: Company, Angel Research

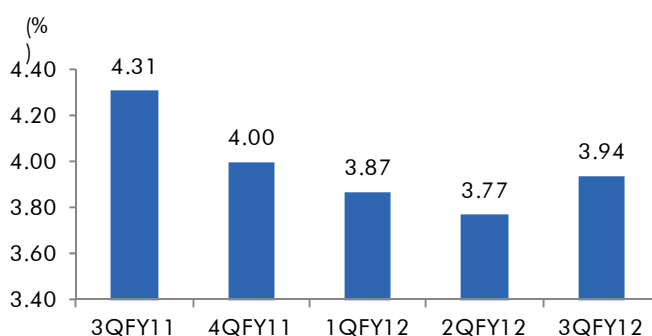
The bank' reported NIM improved by 17bp qoq to 3.9%, as the move towards higher-yielding retail assets (particularly gold) during 3QFY2012 led to yield on advances rising by 17bp qoq to 12.9%. Also, the bank shed ~₹2,000cr of high-cost deposits, which led to a lower rise of 13bp in cost of deposits to 7.6%.

**Exhibit 6: Yield on advances rises on high retail lending**



Source: Company, Angel Research

**Exhibit 7: NIM rises by 17bp during 3QFY2012**



Source: Company, Angel Research

### Higher forex and treasury income drives other income

During 3QFY2012, growth in core fee income remained muted; however, treasury and forex income witnessed healthy traction, leading to 13.3% yoy growth in non-interest income. While treasury income (₹16cr) nearly doubled on a yoy basis, forex income increased more than four times to ₹28cr. Higher forex income for the bank was on account of increased merchant forex volumes and trading gains during 3QFY2012.

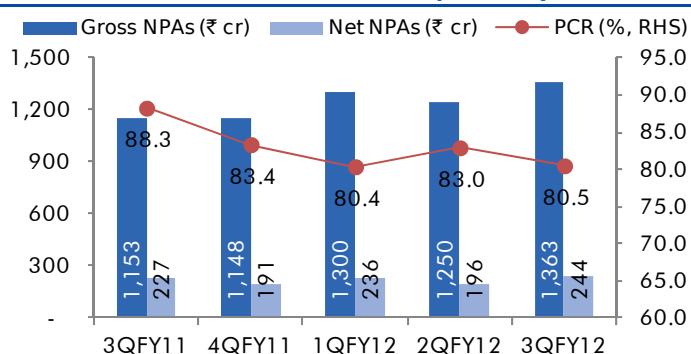
### Slippages surprise negatively

The bank's slippages for 3QFY2012 surprised negatively coming in at ₹330cr (annualized slippage ratio of 4.1%) compared to ₹265cr witnessed in the last quarter. While higher retail slippages due to one-off employee-related issues were the primary contributor to slippages during 2QFY2012, slippages from large corporate (₹193cr) accounted for 58% of the total slippages in 3QFY2012. High NPAs from the corporate side can be attributed to 5-6 chunky accounts (pertaining to sectors such as agri, textile, shipping and oil), which slipped during the quarter.

Absolute gross NPAs increased by 9.1% qoq to ₹1,363cr, while net NPAs increased by 24.5% qoq to ₹244cr. Gross and net NPA ratios deteriorated to 4.0% and 0.7% as against 3.6% and 0.6%, respectively, in 2QFY2012.

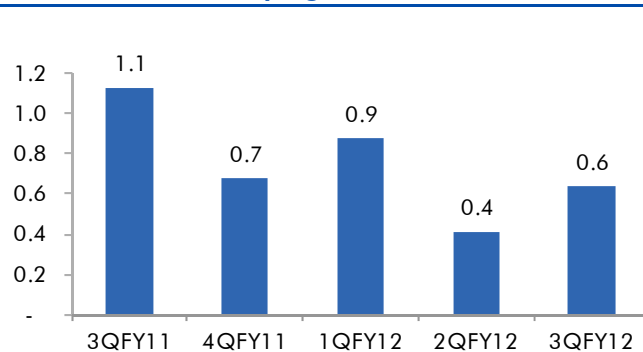
The bank's total restructuring book as of 3QFY2012 stands at ₹1,438cr (4.3% of the overall loan book). Management is expecting restructuring of some aviation and SEB accounts (Rajasthan SEB) worth ~₹480cr during 4QFY2012 (an expected 33.3% qoq increase).

**Exhibit 8: NPA amounts reduce sequentially**



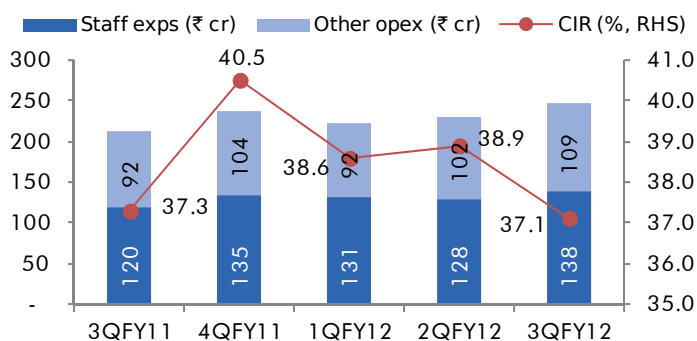
Source: Company, Angel Research

**Exhibit 9: Credit costs up again in 3QFY2012**



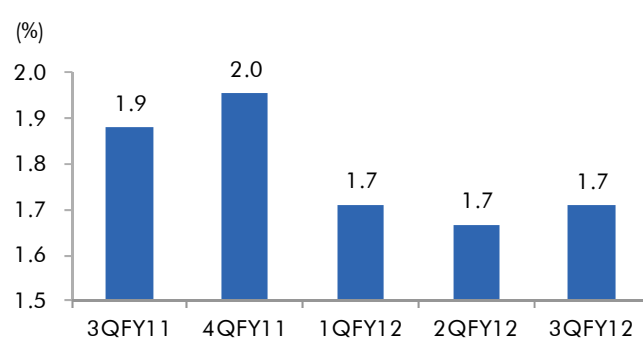
Source: Company, Angel Research

**Exhibit 10: Cost-to-income ratio under control**



Source: Company, Angel Research

**Exhibit 11: Opex-to-avg. assets stable for 3QFY2012**



Source: Company, Angel Research

## Investment arguments

### RBI's move to deregulate NRE FD rates negative for the bank

One of the key differentiators for the bank was the lower cost of NRE deposits comprising ~12% of its total deposits (type of NRI deposits where interest income is tax-free and where RBI-regulated rates were as low as 3-4% until recently). However, following the RBI's recent deregulation, banks have increased NRE FD rates by almost 500bp, leaving negligible cost advantage from these deposits over domestic FD rates. Consequently, over a one-year period, as these deposits re-price upwards to the new interest rates, the bank's NIMs could be impacted by up to 45bp, posing a negative for the bank's earnings outlook.

### Asset quality to improve

During FY2011, the bank had witnessed elevated NPAs from its retail and SME loan book. However, management is taking various steps to stabilize its asset-quality woes (which is reflected in the asset quality improvement in 2QFY2012 results) and expects higher recoveries and lower slippages going forward, subject to the external environment.

### Outlook and valuation

Old private bank stocks such as Federal Bank have outperformed since the RBI's intention of awarding more bank licenses, potentially due to increased M&A expectations (leading to inadequate margin of safety at current valuations in our view). Valuations at 1.1x FY2013 ABV are higher than the 0.5-0.7x range at which mid-size PSU banks with similar KPIs are trading. While in the medium term, we expect a gradual increase in the bank's leverage to lead to higher RoEs, higher valuations coupled with the diminished advantage of low-cost NRE deposits are likely to limit upside from current levels. **Hence, we recommend a Neutral rating on the stock.**

**Exhibit 12: Key assumptions**

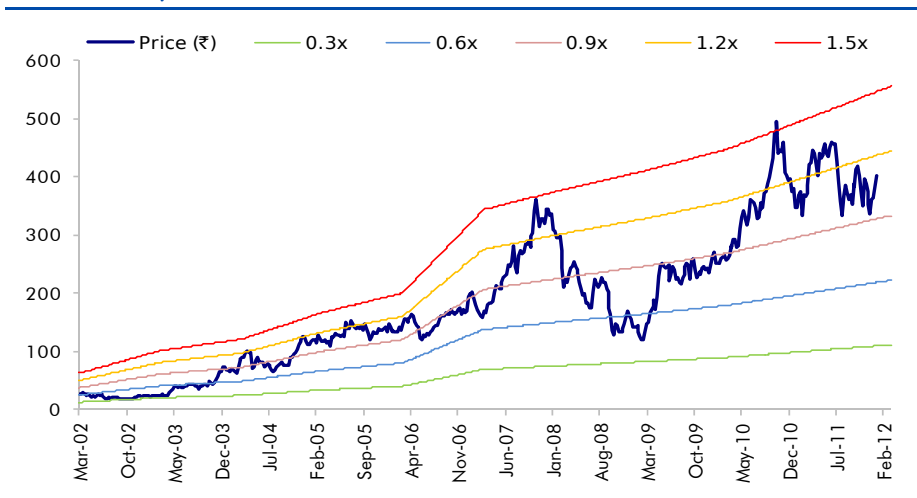
Particulars (%)	Earlier estimates		Revised estimates	
	FY2012	FY2013	FY2012	FY2013
Credit growth	16.0	18.0	16.0	18.0
Deposit growth	17.0	19.0	17.0	19.0
CASA ratio	26.4	25.6	26.4	25.6
NIMs	3.5	3.1	3.6	3.2
Other income growth	(2.5)	12.1	(0.1)	9.4
Growth in staff expenses	13.0	15.0	14.0	15.0
Growth in other expenses	17.0	15.0	17.0	15.0
Slippages	2.4	2.1	2.5	2.1
Coverage ratio	82.6	80.1	82.6	80.1

Source: Angel Research

**Exhibit 13: Change in estimates**

Particulars (₹ cr)	FY2012			FY2013		
	Earlier estimates	Revised estimates	Var. (%)	Earlier estimates	Revised estimates	Var. (%)
NII	1,938	1,995	2.9	2,045	2,121	3.7
Non-interest income	504	516	2.4	565	565	-
<b>Operating income</b>	<b>2,442</b>	<b>2,512</b>	<b>2.8</b>	<b>2,610</b>	<b>2,686</b>	<b>2.9</b>
Operating expenses	959	964	0.5	1,103	1,108	0.5
<b>Pre-prov. profit</b>	<b>1,483</b>	<b>1,548</b>	<b>4.3</b>	<b>1,507</b>	<b>1,578</b>	<b>4.7</b>
Provisions & cont.	392	413	5.4	397	405	1.8
PBT	1,091	1,134	4.0	1,110	1,173	5.7
Prov. for taxes	354	368	4.0	360	381	5.7
<b>PAT</b>	<b>737</b>	<b>766</b>	<b>4.0</b>	<b>750</b>	<b>792</b>	<b>5.7</b>

Source: Angel Research

**Exhibit 14: P/ABV band**


Source: Company, Angel Research

**Exhibit 15: Recommendation summary**

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2013E P/ABV (x)	FY2013E Tgt. P/ABV (x)	FY2013E P/E (x)	FY11E-13E EPS CAGR (%)	FY2013E RoA (%)	FY2013E RoE (%)
AxisBk	Buy	1,024	1,361	33.0	1.65	2.2	8.9	18.2	1.5	20.2
<b>FedBk</b>	<b>Neutral</b>	<b>391</b>	-	-	<b>1.1</b>	-	<b>8.4</b>	<b>16.2</b>	<b>1.2</b>	<b>13.2</b>
HDFCBk	Accumulate	479	516	7.8	3.25	3.5	16.7	30.4	1.8	21.0
ICICIBk*	Buy	852	1,061	24.6	1.6	2.0	13.4	19.2	1.3	14.4
SIB	Neutral	22	-	-	1.1	-	6.7	13.5	0.9	17.5
YesBk	Buy	314	367	16.8	2.0	2.3	10.4	20.1	1.4	20.6
AllBk	Neutral	156	-	-	0.7	-	4.3	9.6	0.9	17.6
AndhBk	Neutral	100	-	-	0.7	-	4.9	(4.8)	0.8	14.6
BOB	Buy	740	907	22.4	1.0	1.3	5.7	9.8	1.1	19.3
BOI	Neutral	336	-	-	1.1	-	7.4	0.1	0.6	13.3
BOM	Accumulate	47	53	13.4	0.7	0.8	4.8	26.3	0.7	16.9
CanBk	Accumulate	455	510	12.0	0.9	1.1	5.8	(7.0)	0.8	15.8
CentBk	Neutral	84	-	-	0.7	-	5.3	(24.3)	0.4	11.4
CorpBk	Accumulate	402	450	11.9	0.7	0.8	4.4	(1.8)	0.8	15.5
DenaBk	Neutral	66	-	-	0.5	-	3.4	2.4	0.8	14.9
IDBI#	Accumulate	97	107	10.2	0.6	0.7	4.8	9.9	0.7	13.4
IndBk	Neutral	213	-	-	0.9	-	5.1	3.8	1.2	18.4
IOB	Accumulate	86	94	8.8	0.6	0.6	4.3	7.1	0.5	13.0
J&KBk	Neutral	811	-	-	0.8	-	4.8	14.9	1.4	18.6
OBC	Neutral	250	-	-	0.6	-	5.7	(7.4)	0.7	11.1
PNB	Accumulate	956	1,059	10.8	1.1	1.2	5.9	7.3	1.0	19.7
SBI*	Buy	1,991	2,359	18.5	1.6	1.9	9.6	26.0	0.8	17.9
SynBk	Accumulate	92	106	15.0	0.6	0.7	3.9	13.7	0.7	16.5
UcoBk	Neutral	66	-	-	0.8	-	4.3	10.9	0.6	15.4
UnionBk	Neutral	215	-	-	0.9	-	5.5	(0.3)	0.7	15.4
UtdBk	Accumulate	65	70	6.9	0.6	0.7	4.5	4.3	0.6	12.1
VijBk	Neutral	55	-	-	0.8	-	5.8	4.1	0.5	11.6

Source: Company, Angel Research; Note: \*Target multiples=SOTP target price/ABV (including subsidiaries); # Without adjusting for SASF

**Income statement**

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11	FY12E	FY13E
<b>Nil</b>	<b>717</b>	<b>868</b>	<b>1,315</b>	<b>1,411</b>	<b>1,747</b>	<b>1,995</b>	<b>2,121</b>
- YoY growth (%)	19.5	21.1	51.5	7.3	23.8	14.2	6.3
<b>Other income</b>	<b>303</b>	<b>395</b>	<b>516</b>	<b>531</b>	<b>517</b>	<b>516</b>	<b>565</b>
- YoY growth (%)	29.8	30.5	30.6	2.9	(2.7)	(0.1)	9.4
<b>Operating income</b>	<b>1,019</b>	<b>1,263</b>	<b>1,831</b>	<b>1,942</b>	<b>2,263</b>	<b>2,512</b>	<b>2,686</b>
- YoY growth (%)	22.4	23.9	45.0	6.0	16.6	11.0	7.0
<b>Operating expenses</b>	<b>406</b>	<b>469</b>	<b>571</b>	<b>677</b>	<b>836</b>	<b>964</b>	<b>1,108</b>
- YoY growth (%)	6.7	15.5	21.9	18.5	23.5	15.3	15.0
<b>Pre-prov. profit</b>	<b>613</b>	<b>794</b>	<b>1,260</b>	<b>1,265</b>	<b>1,427</b>	<b>1,548</b>	<b>1,578</b>
- YoY growth (%)	35.6	29.6	58.6	0.4	12.8	8.4	1.9
<b>Prov. &amp; cont.</b>	<b>219</b>	<b>294</b>	<b>467</b>	<b>405</b>	<b>525</b>	<b>413</b>	<b>405</b>
- YoY growth (%)	27.8	34.2	58.8	(13.2)	29.6	(21.3)	(2.2)
<b>PBT</b>	<b>394</b>	<b>500</b>	<b>793</b>	<b>860</b>	<b>902</b>	<b>1,134</b>	<b>1,173</b>
- YoY growth (%)	40.3	26.9	58.6	8.4	4.9	25.8	3.4
<b>Prov. for taxation</b>	<b>101</b>	<b>132</b>	<b>293</b>	<b>395</b>	<b>315</b>	<b>368</b>	<b>381</b>
- as a % of PBT	25.7	26.4	36.9	46.0	34.9	32.4	32.4
<b>PAT</b>	<b>293</b>	<b>368</b>	<b>500</b>	<b>465</b>	<b>587</b>	<b>766</b>	<b>792</b>
- YoY growth (%)	30.0	25.7	36.0	(7.2)	26.4	30.5	3.4

**Balance sheet**

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11	FY12E	FY13E
Share Capital	86	171	171	171	171	171	171
Reserves & Surplus	1,417	3,755	4,155	4,519	4,938	5,545	6,168
Deposits	21,584	25,913	32,198	36,058	43,015	50,327	59,889
- Growth (%)	20.7	20.1	24.3	12.0	19.3	17.0	19.0
Borrowings	770	792	749	1,227	1,582	3,121	3,682
Tier 2 Capital	470	470	470	320	306	677	677
Other Liab. & Prov.	763	1,405	1,108	1,380	1,445	1,651	1,966
<b>Total Liabilities</b>	<b>25,090</b>	<b>32,506</b>	<b>38,851</b>	<b>43,676</b>	<b>51,456</b>	<b>61,491</b>	<b>72,554</b>
Cash Balances	1,232	2,356	2,214	2,319	2,935	3,271	3,893
Bank Balances	1,082	390	1,223	405	813	1,230	1,451
Investments	7,033	10,027	12,119	13,055	14,538	18,480	21,780
Advances	14,899	18,905	22,392	26,950	31,953	37,066	43,738
- Growth (%)	26.9	26.9	18.4	20.4	18.6	16.0	18.0
Fixed Assets	186	233	281	290	290	336	384
Other Assets	659	597	622	658	927	1,108	1,308
<b>Total Assets</b>	<b>25,090</b>	<b>32,506</b>	<b>38,851</b>	<b>43,676</b>	<b>51,456</b>	<b>61,491</b>	<b>72,554</b>
- Growth (%)	21.5	29.6	19.5	12.4	17.8	19.5	18.0

**Ratio analysis**

Y/E March	FY07	FY08	FY09	FY10	FY11	FY12E	FY13E
<b>Profitability ratios (%)</b>							
NIMs	3.2	3.1	3.8	3.5	3.8	3.6	3.2
Cost to Income Ratio	39.8	37.1	31.2	34.9	36.9	38.4	41.3
RoA	1.3	1.3	1.4	1.1	1.2	1.4	1.2
RoE	21.4	13.8	12.2	10.3	12.0	14.2	13.2
<b>B/S ratios (%)</b>							
CASA Ratio	25.2	25.1	24.5	26.2	26.9	26.4	25.6
Credit/Deposit Ratio	69.0	73.0	69.5	74.7	74.3	73.6	73.0
CAR	13.4	22.5	20.2	18.4	16.8	16.6	15.5
- Tier I	8.9	19.1	18.4	16.9	15.6	14.6	13.8
<b>Asset Quality (%)</b>							
Gross NPAs	2.9	2.4	2.6	3.0	3.5	3.1	2.7
Net NPAs	0.4	0.2	0.3	0.5	0.6	0.5	0.5
Slippages	1.5	1.7	3.0	3.3	3.2	2.5	2.1
Loan Loss Prov./Avg. Assets	0.4	0.7	1.0	1.0	1.0	0.6	0.5
Provision Coverage	85.6	90.8	88.4	84.3	83.4	82.6	80.1
<b>Per Share Data (₹)</b>							
EPS	34.2	21.5	29.3	27.2	34.3	44.8	46.3
ABVPS	133.4	229.2	252.6	273.9	298.3	333.8	370.3
DPS	4.0	4.0	5.0	5.0	8.5	8.0	8.5
<b>Valuation Ratios</b>							
PER (x)	11.4	18.2	13.4	14.4	11.4	8.7	8.4
P/ABVPS (x)	2.2	1.7	1.5	1.4	1.3	1.2	1.1
Dividend Yield	1.0	1.0	1.3	1.3	2.2	2.0	2.2
<b>DuPont Analysis (%)</b>							
NII	3.1	3.0	3.7	3.4	3.7	3.5	3.2
(-) Prov. Exp.	1.0	1.0	1.3	1.0	1.1	0.7	0.6
Adj. NII	2.2	2.0	2.4	2.4	2.6	2.8	2.6
Treasury	0.2	0.3	0.2	0.3	0.1	0.1	0.0
Int. Sens. Inc.	2.4	2.3	2.6	2.7	2.7	2.9	2.6
Other Inc.	1.1	1.1	1.2	1.0	1.0	0.8	0.8
Op. Inc.	3.5	3.4	3.8	3.7	3.7	3.7	3.4
Opex	1.8	1.6	1.6	1.6	1.8	1.7	1.7
PBT	1.7	1.7	2.2	2.1	1.9	2.0	1.8
Taxes	0.4	0.5	0.8	1.0	0.7	0.7	0.6
<b>RoA</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>	<b>1.2</b>
Leverage (x)	16.7	10.7	8.7	9.2	9.7	10.4	11.1
<b>RoE</b>	<b>21.4</b>	<b>13.8</b>	<b>12.2</b>	<b>10.3</b>	<b>12.0</b>	<b>14.2</b>	<b>13.2</b>

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<b>Ratings (Returns):</b>	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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