

Federal Bank

Priced to perfection; downgrade to ADD

Federal Bank (FB) received its first tranche of 25% capital from Blackstone (INR15bn), with the balance 75% (INR47bn) to be received in Mar-28. Even as the capital infusion shall further strengthen the balance sheet, the current uncertain macro and supply chain disruptions are likely to pose inflationary pressures in the medium term, impacting overall loan growth and MSME and retail asset quality, as outlined in our recent [sector update](#). While FB's 9MFY26 operating performance has showcased signs of improvement, the loan growth has been sub-par (9MFY26: 11%). Even as we believe that FB is well-placed to capitalize on its balance sheet strengths (quality deposit franchise, superior underwriting standards, capital buffer), we believe that loan growth is likely to be moderate (14% CAGR FY26E-FY28E), alongside higher provisions (average credit cost of 65bps FY26-FY28E) from rising stress in the core MSME portfolio. Factoring in the above, and its all-time high valuation (absolute and relative to larger peers), we downgrade FB to ADD (from a 'BUY') with a revised TP of INR300 (1.5x Mar-28 ABVPS).

- Macro risks to growth and asset quality outlook:** With the Indian economy expected to enter a monetary tightening phase, we expect the loan growth rate to be relatively moderate for FB at 14% CAGR for FY26-FY28E as against the guidance of mid to high teens. The MSME segment is expected to witness elevated stress with shortage of crude oil and natural gas impacting business output significantly, leading to risk of higher delinquencies in the medium term. We expect credit costs to average 65bps for FY26E-FY28E, factoring in stress in the core MSME segment. NRI remittance is also expected to get more volatile owing to the West Asia crises, resulting in lower remittance and lower forex income for the bank.
- Priorities in place; execution remains key:** The key priorities set out by FB over the medium term in order to better monetize its balance sheet strengths are: a) better CASA mobilization (especially CA balances) reflecting in lower cost of funds; b) scaling its medium-yield businesses driving stronger risk-adjusted returns; and c) higher fee income traction by building capabilities in areas of trade/FX income, wealth management, and cash management systems (CMS). While there has been an uptick in core fee income (9MFY26: +17% YoY) and CASA balances (9MFY26: 32.1%; +200bps since Sep-24), loan growth has been below industry levels (9MFY26: 11%).
- Optimism fully reflected in price:** While we are constructive on the franchise on account of a formidable deposit franchise, largely shock-proof balance sheet, and align with its current strategy on translating its balance sheet strengths to higher P&L IRR, current valuations (1.5x Mar-28ABVPS) seem fairly priced for a mid-teen growth and +1.3%/13% RoA/RoAE.

Financial Summary

(INR bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
NII	72.3	82.9	94.7	102.9	128.3	149.2
PPOP	47.9	51.7	61.0	69.2	83.9	98.6
PAT	30.1	37.2	40.5	40.7	48.2	59.1
EPS (INR)	14.2	15.3	16.5	16.5	19.6	21.6
ROAE (%)	14.9	14.7	13.0	11.3	11.8	12.2
ROAA (%)	1.3	1.3	1.2	1.1	1.2	1.3
ABVPS (INR)	95.9	114.3	131.3	153.2	170.3	190.6
P/ABV (x)	3.1	2.6	2.2	1.9	1.7	1.5
P/E (x)	20.6	19.2	17.8	17.7	15.0	13.6

Source: Company, HSIE Research

ADD

CMP (as on 24 Apr 2026)	INR 293
Target Price	INR 300
NIFTY	23,898

KEY CHANGES	OLD	NEW
Rating	BUY	ADD
Price Target	INR305	INR300
	FY27E	FY28E
EPS %	-0.6%	-0.1%

KEY STOCK DATA

Bloomberg code	FB IN
No. of Shares (mn)	2,464
MCap (INR bn) / (\$ mn)	722/7,658
6m avg traded value (INR mn)	2,642
52 Week high / low	INR 302/183

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.8	28.8	45.3
Relative (%)	10.7	38.0	49.0

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	0	0
FIs & Local MFs	51.1	50.4
FPIs	24.9	26.1
Public & Others	24.0	23.6
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Annual Report Dashboard

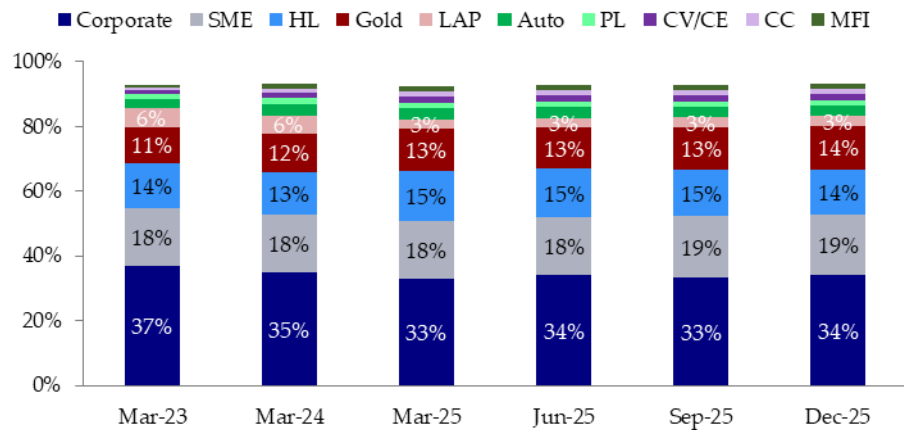
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Concentration metrics											
% Share of Top 20 advances	14.1%	19.8%	12.9%	13.5%	12.1%	12.7%	13.7%	12.2%	10.5%	10.6%	11.0%
% Share of Top 20 exposures	10.1%	16.9%	11.1%	10.5%	10.0%	10.3%	10.4%	9.4%	8.1%	7.4%	7.8%
% Share of Top 20 depositors	4.5%	2.9%	5.0%	4.3%	3.9%	6.0%	4.8%	3.3%	5.2%	7.0%	4.9%
% Share of Top 20 NPA a/cs	NA	NA	NA	NA	NA	NA	23.0%	16.1%	14.6%	14.4%	7.5%
Sector-wise GNPA's (% of sector-wise net advances)											
Priority Sector	2.8%	3.6%	4.5%	5.1%	5.7%	6.5%	4.1%	4.2%	3.8%	3.1%	3.1%
Industrial credit	2.5%	7.2%	7.7%	5.7%	5.6%	7.5%	2.3%	3.5%	4.8%	4.3%	4.0%
Credit for services	4.3%	4.2%	5.4%	6.3%	7.2%	7.4%	1.1%	2.0%	2.2%	2.0%	2.5%
Agricultural credit	2.0%	1.7%	2.9%	3.6%	4.9%	5.9%	5.4%	5.2%	3.8%	2.9%	2.6%
Personal loans	2.9%	4.7%	5.3%	6.7%	6.0%	5.5%	7.0%	6.7%	7.0%	7.5%	7.0%
Non-Priority Sector											
Industrial credit	1.7%	2.5%	1.5%	2.2%	1.8%	1.7%	3.1%	2.2%	1.7%	1.6%	1.3%
Credit for services	3.7%	6.3%	4.3%	6.8%	4.7%	1.7%	4.6%	2.0%	0.9%	0.7%	0.4%
Agricultural credit	1.1%	2.2%	1.1%	0.7%	0.7%	1.4%	3.3%	2.3%	2.1%	1.8%	0.7%
Personal loans	NA	NA	NA	0.0%	0.0%	NA	NA	NA	NA	NA	NA
GNPA Mix %											
Sub standard	46.2%	44.4%	35.8%	44.4%	30.1%	33.5%	38.4%	27.8%	24.3%	25.3%	32.1%
Doubtful 1	26.2%	23.8%	28.5%	23.8%	26.7%	25.5%	18.3%	22.2%	23.1%	17.0%	18.3%
Doubtful 2	17.0%	18.8%	23.5%	18.8%	28.1%	22.8%	24.0%	23.2%	24.6%	23.2%	21.6%
Doubtful 3	2.1%	5.6%	3.6%	5.6%	7.0%	10.2%	10.8%	15.1%	17.4%	23.0%	16.7%
Loss	8.4%	7.4%	8.5%	7.4%	8.1%	8.1%	8.4%	11.8%	10.6%	11.4%	11.3%
Operational Metrics											
Bancassurance - % of Total Fee	4.3%	5.7%	5.3%	4.6%	5.7%	5.7%	6.1%	6.4%	6.4%	7.2%	7.9%
PSLC Bought (% of prior year loans)	NA	NA	0.5%	0.0%	4.1%	0.0%	9.8%	12.3%	3.3%	0.9%	2.2%
PSLC Sold (% of prior year loans)	NA	NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	3.1%	2.7%
Operational Risk											
Frauds reported (#)	NA	NA	NA	44	96	589	344	413	1,298	12,420	3,803
Amt. involved in frauds (INR mn)	NA	NA	NA	53	1,756	1,967	7,240	3,479	1,815	1,278	792
Provision for fraud (INR mn)	NA	NA	NA	36	358	252	1,831	353	504	432	208
Provision for fraud (% of PPOP)	NA	NA	NA	0.2%	1.3%	0.8%	4.8%	0.9%	1.1%	0.8%	0.3%
Real Estate Exposure (% of Real Estate Exposure)											
Secured by residential mortgage	66%	62%	56%	54%	59%	60%	64%	65%	65%	68%	66%
Individual housing loans	31%	25%	16%	12%	14%	11%	11%	9%	7%	5%	5%
Secured by commercial mortgage	13%	14%	22%	24%	20%	18%	16%	15%	18%	21%	26%
Exposure to NHBs and HFCs	21%	25%	22%	22%	21%	21%	20%	20%	17%	11%	8%
LCR Disclosures											
LCR %	NA	NA	NA	NA	156%	185%	242%	180%	122%	128%	145%
RSBD (% of total deposits)	NA	NA	NA	NA	83%	82%	83%	86%	76%	69%	69%

Source: Company, HSIE Research

Macro headwinds to keep growth in check

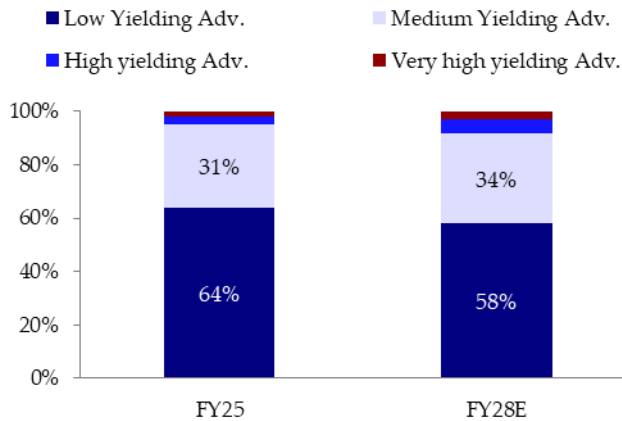
- Pick-up in growth to moderate:** FB, in pursuit of exercising its pricing power, has calibrated its growth rate (9MFY26: 11%), lagging system-wide growth. The bank continues to scale its secured medium-yielding assets in order to drive yield reflation. We expect growth to be driven by LAP, CV/CE/auto (especially used), mid-market corporate business alongside scaling up of new products like micro-LAP, tractor finance, and affordable housing. We believe scaling up of its secured medium-yielding assets augurs well for the franchise, especially with its superior underwriting and higher provisioning buffer. Given macro headwinds expected ahead, we believe the pick-up in loan growth shall be slower-than-expected, and the bank is expected to grow marginally above industry (14% loan CAGR for FY26-FY28E) against +200-300bps spread factored in earlier.

Exhibit 1: Loan mix - Gradually shifting towards medium-yielding segments



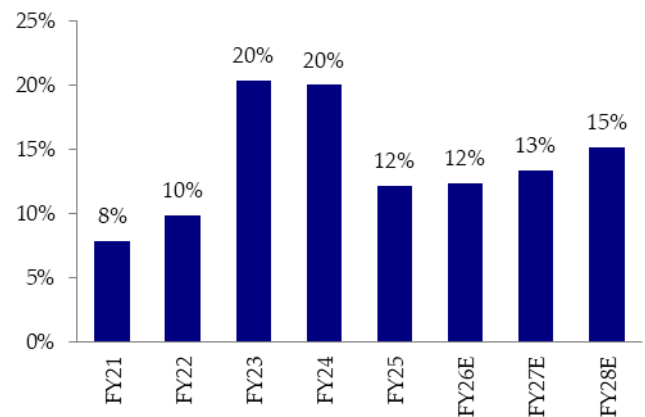
Source: Company, HSIE Research

Exhibit 2: Management guidance on loan mix



Source: Company, Feb-25 analyst day presentation

Exhibit 3: Loan growth - Targeting system-level



Source: Company, HSIE Research

- Visible improvement in pricing power:** Basis recent disclosures by banks on interest rates contracted across asset classes during Q3FY26, we observe that FB continues to demonstrate pricing power in HL and LAP portfolios better than its larger peers. However, it is also evident that across most asset classes, FB's floor pricing is lower than peers, which indicates a loss-leader pricing strategy across categories. While the rationale for loss-leader pricing in B2B businesses (wholesale book) is evident on account of the potential for demand elasticity (higher share of business from high-rated clients), we see limited merit in FB pursuing this strategy disproportionately in B2C lending (retail loans).

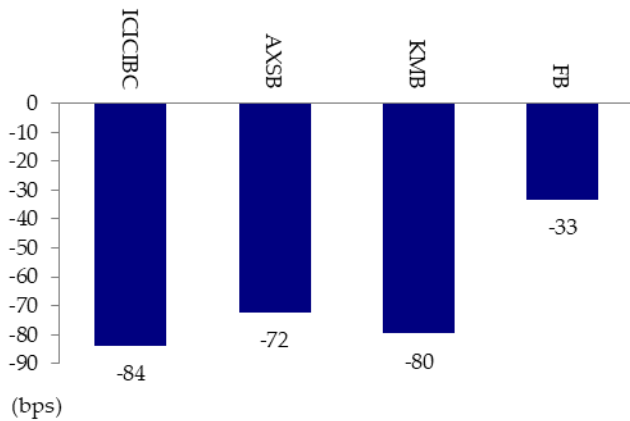
Exhibit 4: Interest rate range of loans contracted during Q3FY26

Banks	Home loan			LAP			PL			Auto loans			Gold loans		
	Min ROI	Max ROI	Mean Rate	Min ROI	Max ROI	Mean Rate	Min ROI	Max ROI	Mean Rate	Min ROI	Max ROI	Mean Rate	Min ROI	Max ROI	Mean Rate
ICICIBC	7.2%	12.5%	7.9%	7.3%	12.2%	8.5%	10.0%	16.3%	11.9%	7.9%	11.9%	8.9%	8.8%	16.7%	11.1%
AXSB	7.1%	9.5%	7.8%	7.2%	14.5%	8.6%	9.5%	21.6%	11.8%	7.5%	12.3%	9.3%	8.9%	19.0%	11.4%
KMB	7.5%	13.1%	8.0%	8.2%	15.0%	9.4%	10.0%	30.0%	16.4%	NA	NA	NA	8.5%	18.0%	10.9%
FB	7.3%	12.5%	8.4%	8.3%	14.6%	9.2%	7.8%	22.5%	14.9%	7.1%	21.0%	9.0%	8.5%	22.9%	10.8%

Note: ROI - Rate of interest, Mean rate - Sum of rate of interest of all loan a/cs divided by number of all loan a/cs
 Source: Company, HSIE Research

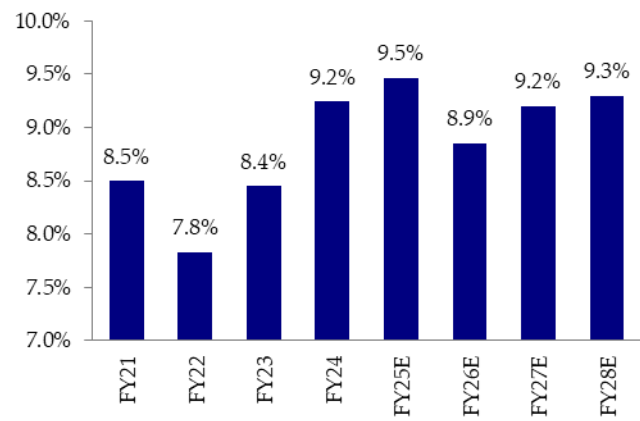
- Yields to reflate with change in mix:** As FB continues to improve its pricing power across products even while shifting its mix towards higher-yielding assets, yields are expected to inch up going forward. During 9MFY26, FB has been able to defend its yields much better in a rate cut environment compared to large private banks. Going forward, we build in 40bps yield improvement between FY26-FY28E, aided by a 50bps rate hike and change in mix towards higher yielding assets.

Exhibit 5: Loan yields (cal.) - Relatively lower drop in yields compared to larger peers (9MFY26)



Source: Company, Feb-25 analyst day presentation

Exhibit 6: Loan yields – Expect to trend upwards with shift towards higher yielding assets

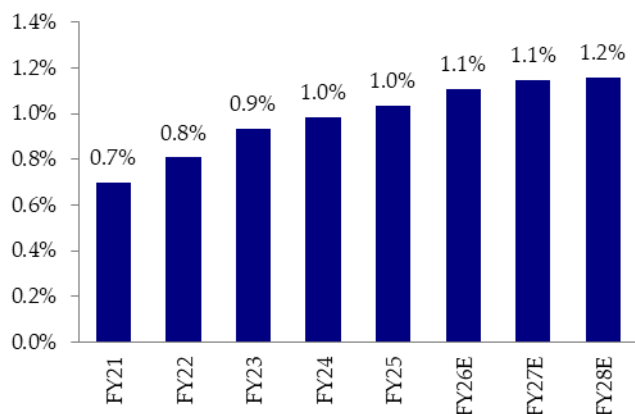


Source: Company, HSIE Research

Federal Bank: Company Update

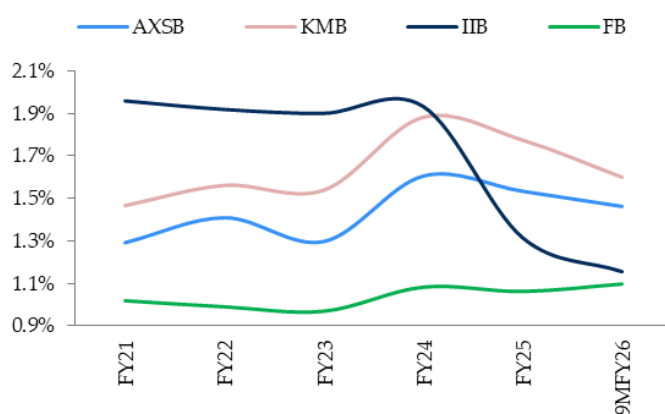
- Core fee income improvement to face near-term challenges:** FB has lagged its larger peers when it comes to traction in core fee income. The bank guides to scale its fee income pool by strengthening its wealth management offerings, tapping into forex and trading income of its NR customer base, building its cash management services and shifting focus towards larger cross-sell of wealth/insurance products. During 9MFY26, FB has showcased initial signs of reflation in core fee income (19% YoY) even while the balance sheet growth has been subdued. However, with the conflict in West Asia expected to adversely impact the Gulf corridor remittances, we believe fee income reflation is likely to be gradual.

Exhibit 7: Fee income - To gradually inch up



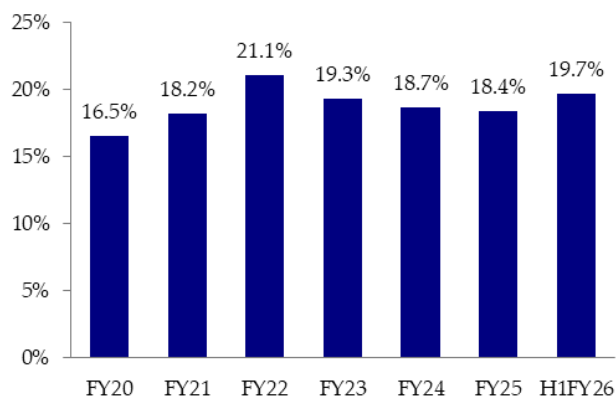
Source: Company, HSIE Research

Exhibit 8: Core fee income (% of avg advances)



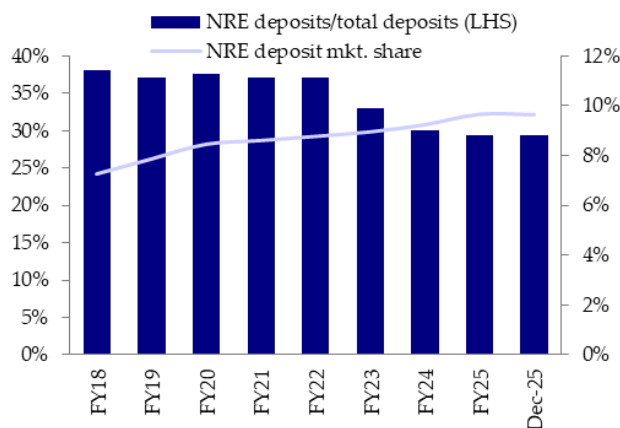
Source: Company, HSIE Research

Exhibit 9: Remittance market share - Expected to drop from adverse impact on GCC from West Asia conflict



Source: Company, HSIE Research

Exhibit 10: NRE deposits expected to drop with drop in overall remittances (and a depreciating INR)

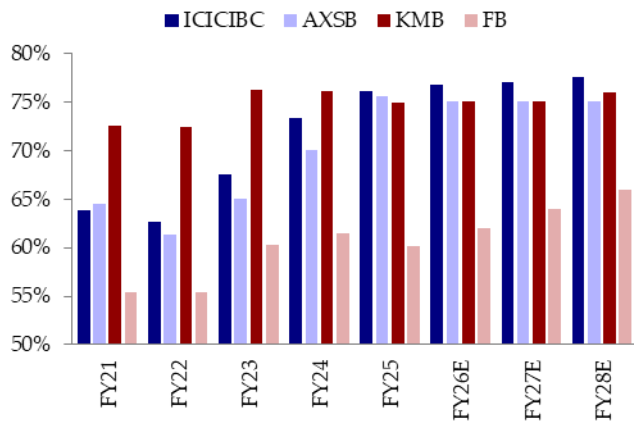


Source: Company, RBI, HSIE Research

Capital buffer to further strengthen balance sheet

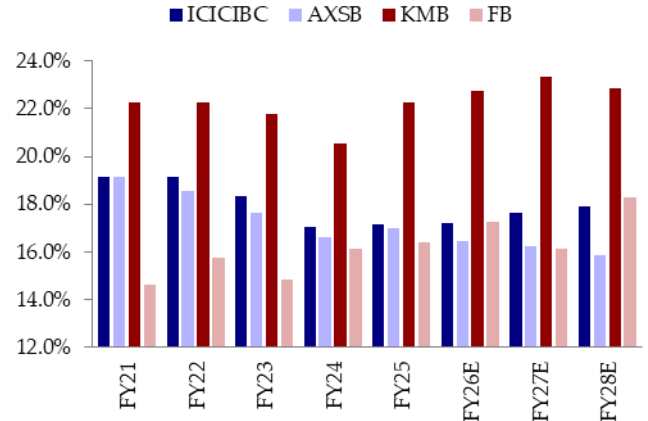
- Large institutional investor to enhance stakeholder confidence:** Blackstone shall invest ~INR62bn via warrants to be converted into equity within 18 months of allotment (priced at INR227). On full conversion of share warrants, Blackstone shall own 10% stake in the bank. One-fourth of the capital infusion (~INR15bn) is already done in Q4FY26 at the time of subscription of warrants - we expect the balance 75% is likely to be made over a period of 18 months on conversion of equity. However, in case the bank's CRAR drops to 13.5% within these 18 months, Blackstone shall have to compulsorily exercise these warrants, ensuring sufficient capital. On conversion of equity shares, Blackstone shall be entitled to the right-to-nominate one non-executive non-independent director (subject to aggregate shareholding not dropping <10%). We believe such capital infusion from a large institutional investor augurs well for capital positioning and overall stakeholder confidence in the bank. The RWA intensity, while expected to go up in the medium term (65% by FY28), shall be below its larger peers (75%+) while the capital buffer is expected to remain comfortable (CRAR +18% in FY28E) even as the RWA goes up.

Exhibit 11: RWA/Total assets - Expected to inch up but still be below larger peers



Source: Company, HSIE Research

Exhibit 12: CRAR - To be comfortable even with RWA going up



Source: Company, HSIE Research

- Infusion of foreign capital augurs well for mid-sized players:** Multiple deals of foreign capital infusion, both via an investor and bank, in the recent past, augur well for some of the better placed and better valued mid-sized banks, especially with foreign banks keen to re-enter the Indian market.

Exhibit 13: Major foreign capital infusion in banks / NBFCs in recent months

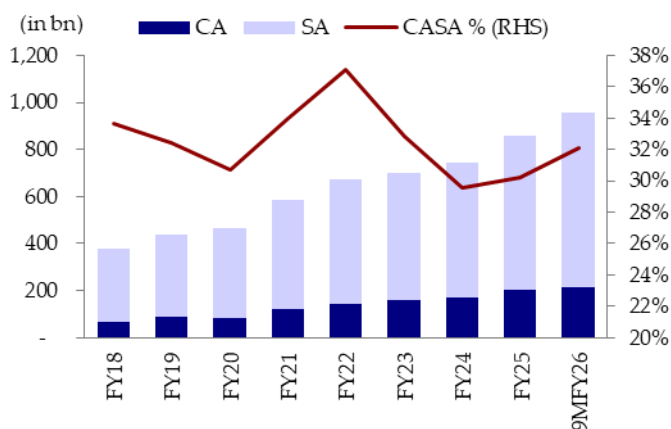
Investee	Investor	Capital infused (INR bn)	Stake (%)	Remarks
Federal Bank	Blackstone	64	10%	Issuance of share warrants to be converted in a period of 18 months
RBL Bank	Emirates NBD	269	60%	Landmark deal to triple RBL's net worth and first time when a foreign bank shall buy a majority stake
Yes Bank	SMBC	150	24%	Japan's second largest bank picking up major stakes as several other large lenders get exit
IDFC First	Warburg and ADIA	750	15%	Investment through CCPS
Shriram Finance	MUFG	396	20%	Mega equity infusion could lead to rating upgrade and higher growth

Source: Company, HSIE Research

Upgrading the deposit franchise further

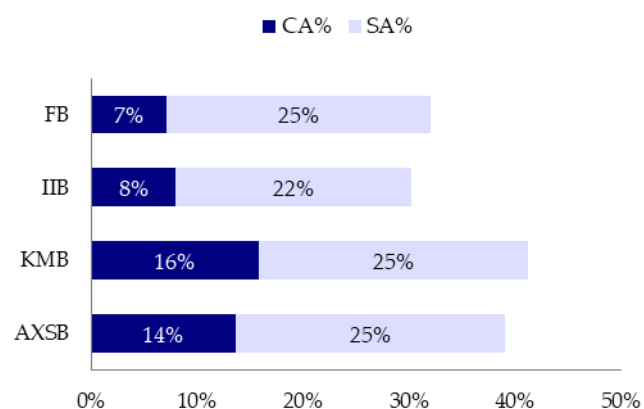
- Addressing the low-cost deposit mix handicap:** Although FB continues to boast best-in-class deposit granularity (proportion of retail deposits to total deposits), the bank has not been able to translate this into a superior cost of funds. This has been largely on account of a low CASA ratio (especially low CA mix). The bank intends to fix this issue by improving its wholesale banking capabilities, making inroads into capital market-based relationships, diversifying its NR deposits beyond the Gulf-Kerala corridor and improving its branch productivity (via centralization and automation). FB has guided to improve its CASA ratio to 36% by FY28 (9MFY26: ~32%), largely driven by the CA mix. While the initial signs of improvement in low-cost deposits is visible in the past 6 quarters (CASA +280bps), this has happened on a relatively muted deposit growth (9MFY26: 5%). We build in a CASA uptick of ~200bps (FY28: 33.9%) over FY26-FY28E, as we await further evidence of consistent improvement in this metric.

Exhibit 14: CASA (% of deposits)



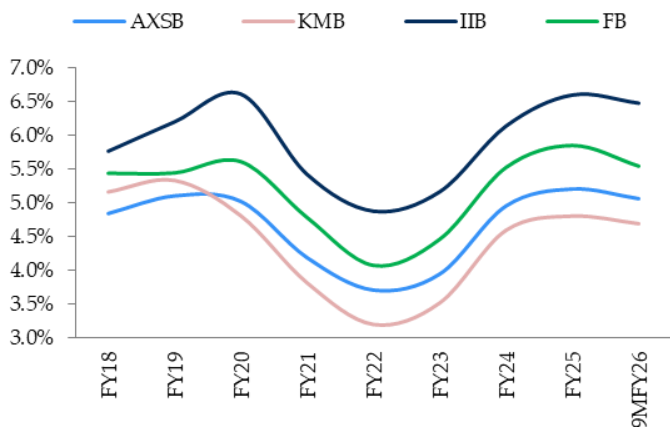
Source: Company, HSIE Research

Exhibit 15: CA and SA balances (as % of deposits)



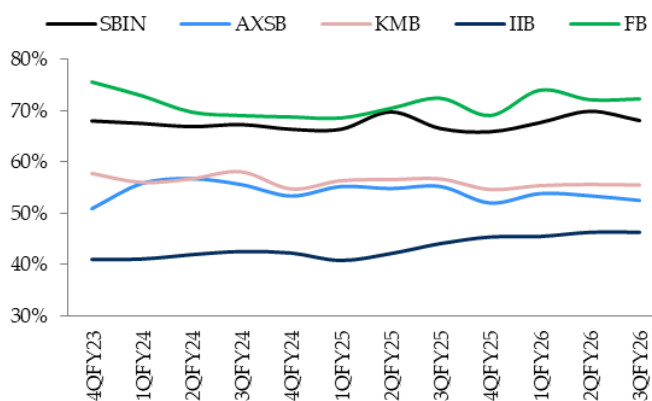
Source: Company, HSIE Research

Exhibit 16: Cost of funds (derived) - FB suffers from a handicap on funding costs



Source: Company, HSIE Research

Exhibit 17: RSDB (% of total deposits) - best-in-class granularity

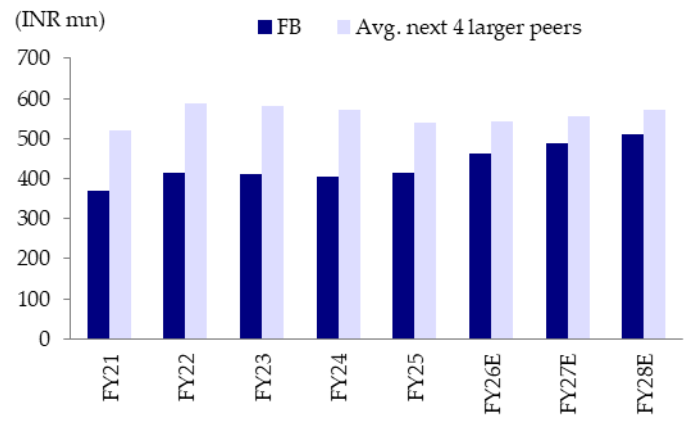


Source: Company, HSIE Research

Federal Bank: Company Update

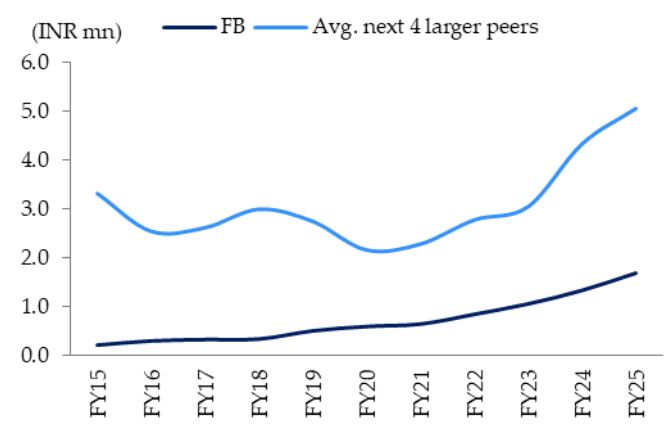
- Centralization of branch operations:** While the bank has witnessed gradual improvement in branch productivity over the past few years, the wedge between FB and its larger peers has not narrowed. The management intends to centralize its operational activities at the branch level in order to drive incremental focus on generating business, especially liabilities. Investments to improve digitization at the branch level and realigning its incentive structure are also key measures taken to address branch productivity. We expect FB to start narrowing the productivity gap with its larger peers in the medium-term. Cross-sell is another area where the bank is lagging its peers, which is likely to be addressed through a combination of building capabilities of higher in-house sourcing of credit cards, better quality of fintech partnerships in personal loans, and greater focus on wealth and insurance distribution. We believe FB's quality fintech partnerships hold a key to improving cross-sell across customer cohorts to enhance potential profitability and attract more high-potential alliance partners.

Exhibit 18: SA/branch (INR mn)



Source: Company, HSIE Research

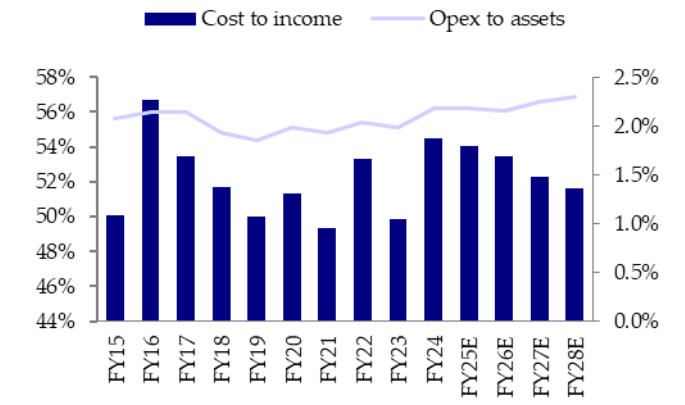
Exhibit 19: Banca income per branch (INR mn)



Source: Company, HSIE Research

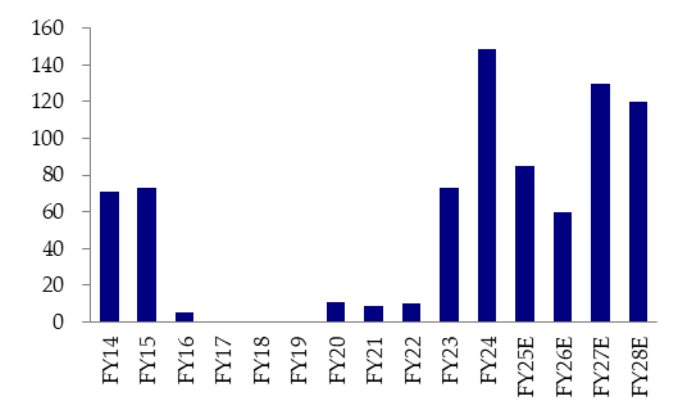
- Investment phase to delay operating leverage benefits:** We believe that FB is entering an investment phase, in the areas of distribution, people, technology, and compliance, which is likely to keep opex intensity elevated through FY27E. During FY25, the management guided for expanding its distribution by 400-450 branches by FY28E, largely concentrated in western and southern geographies. We believe these investments are critical to the franchise - as a result, operating leverage benefits are likely to be protracted. Our forecasts build in a cumulative addition of 250 branches between FY26-FY28E.

Exhibit 20: Opex intensity



Source: Company, HSIE Research

Exhibit 21: Branch additions



Source: Company, HSIE Research

Priced to perfection

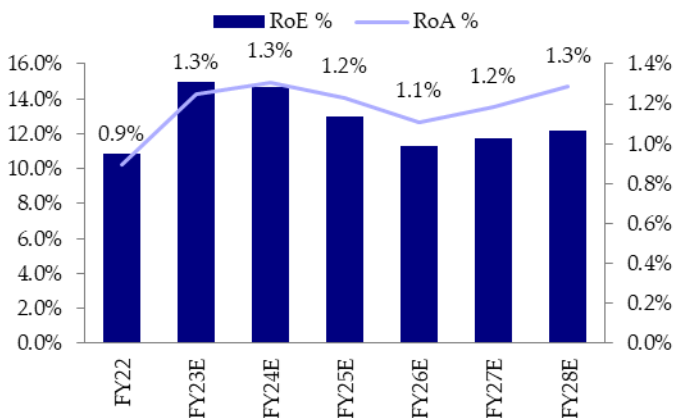
- Current valuations reflect potential earnings reflation:** While the recent capital infusion by Blackstone further fortifies FB's balance sheet strengths, its medium-term journey towards a sustainable RoA of 1.3-1.4% alongside mid-teens growth is already factored in the current valuations (1.5x Mar-28 ABVPS). Even as we believe that FB is well-placed to capitalize on its balance sheet strengths (quality deposit franchise, superior underwriting standards, capital buffer), we believe that loan growth is likely to be moderate (14% CAGR FY26E-FY28E), coupled with higher provisions (credit costs to average 65bps during FY26-FY28E) from rising stress in the core MSME portfolio. Factoring in the above, alongside its all-time high valuation (absolute and relative to larger peers), we downgrade FB to ADD (from BUY) with a revised TP of INR300 (1.5x Mar-28 ABVPS).

Exhibit 22: FB - 1-yr forward valuation



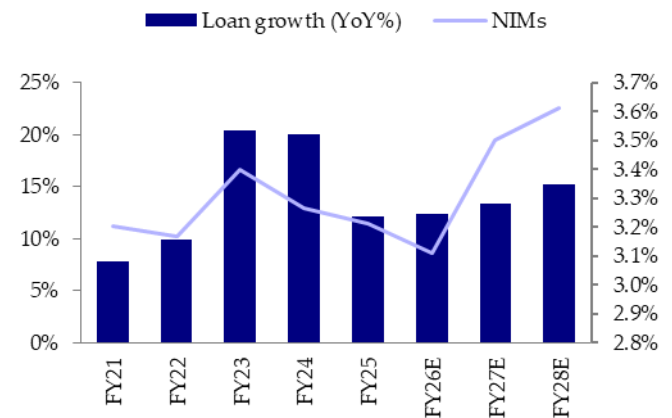
Source: Bloomberg

Exhibit 23: RoA/RoE trajectory



Source: Company, HSIE Research

Exhibit 24: Margins & Growth trajectory



Source: Company, HSIE Research

Exhibit 25: Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	Δ	New	Old	Δ
Net advances	2,994	2,994	0.0%	3,449	3,449	0.0%
NIM (%)	3.5	3.5	0 bps	3.6	3.6	0 bps
NII	128.3	128.6	-0.3%	149.2	149.9	-0.5%
PPOP	83.9	84.2	-0.4%	98.6	97.2	1.4%
PAT	48.2	48.5	-0.6%	59.1	59.2	-0.1%
EPS	19.6	19.7	-0.6%	21.6	21.7	-0.1%
Adj. BVPS (INR)	170.3	170.4	-0.1%	190.6	190.7	-0.1%

Source: Company, HSIE Research

Federal Bank: Company Update

Financials

Income Statement

(INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	168,036	221,883	263,653	275,790	320,255	364,944
Interest Expenses	95,715	138,948	168,973	172,938	191,972	215,741
Net Interest Income	72,322	82,935	94,680	102,852	128,283	149,203
Non-Interest income	23,300	30,793	38,012	45,817	47,490	54,783
Total income	95,622	113,728	132,692	148,670	175,772	203,986
Operating Expenses	47,678	61,983	71,681	79,433	91,913	105,374
Operating Profit	47,944	51,745	61,011	69,237	83,860	98,612
Provisions	7,499	1,961	7,331	14,589	19,169	19,288
PBT	40,445	49,784	53,681	54,647	64,691	79,324
Tax	10,339	12,578	13,162	13,935	16,496	20,228
PAT	30,106	37,206	40,519	40,712	48,195	59,097

Source: Company, HSIE Research

Balance Sheet

(INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share capital	4,232	4,871	4,912	4,920	4,920	5,466
Reserves	210,830	286,073	329,295	382,410	427,652	529,534
Net worth	215,062	290,944	334,207	387,330	432,572	535,000
Deposits	2,133,860	2,525,340	2,836,475	3,125,393	3,468,734	3,900,382
Borrowings	193,193	180,264	237,263	212,980	255,160	299,704
Other liabilities & provisions	61,303	86,570	82,104	136,283	138,402	157,966
Total Liabilities & Equity	2,603,418	3,083,118	3,490,048	3,861,985	4,294,868	4,893,052
Cash balance	176,887	189,629	308,593	269,759	313,401	337,339
Investments	489,834	608,595	662,456	773,327	788,109	867,189
Advances	1,744,469	2,094,033	2,349,056	2,639,975	2,993,959	3,449,325
Fixed assets	9,340	10,201	14,783	15,226	16,749	18,424
Other assets	182,889	180,660	155,852	163,698	182,650	220,775
Total Assets	2,603,418	3,083,118	3,490,048	3,861,985	4,294,868	4,893,052

Source: Company, HSIE Research

Key Ratios

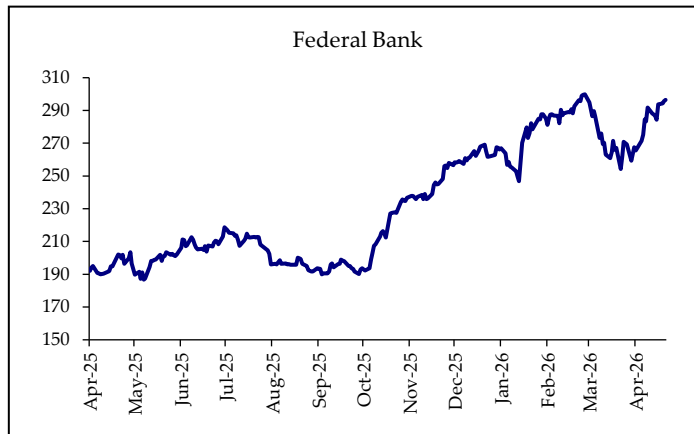
	FY23	FY24	FY25	FY26E	FY27E	FY28E
VALUATION RATIOS						
EPS (INR)	14.2	15.3	16.5	16.5	19.6	21.6
Earnings Growth (%)	59%	24%	9%	0%	18%	23%
BVPS	102	119	136	157	176	196
Adj. BVPS	95.9	114.3	131.3	153.2	170.3	190.6
ROAA (%)	1.3%	1.3%	1.2%	1.1%	1.2%	1.3%
ROAE (%)	14.9%	14.7%	13.0%	11.3%	11.8%	12.2%
P/E (x)	20.6	19.2	17.8	17.7	15.0	13.6
P/ABV (x)	3.1	2.6	2.2	1.9	1.7	1.5
P/PPOP (x)	15.0	13.9	11.8	10.4	8.6	7.3
PROFITABILITY (%)						
Yield on loans	8.4%	9.2%	9.5%	8.9%	9.2%	9.3%
Cost of Funds	4.5%	5.5%	5.8%	5.4%	5.4%	5.4%
Cost of Deposits	4.4%	5.5%	5.7%	5.3%	5.2%	4.9%
Spread	4.1%	3.8%	3.7%	3.6%	4.0%	4.4%
NIM	3.4%	3.3%	3.2%	3.1%	3.5%	3.6%

Federal Bank: Company Update

	FY23	FY24	FY25	FY26E	FY27E	FY28E
OPERATING EFFICIENCY						
Cost to average assets	2.0%	2.2%	2.2%	2.2%	2.3%	2.3%
Cost-income	49.9%	54.5%	54.0%	53.4%	52.3%	51.7%
BALANCE SHEET STRUCTURE RATIOS						
Loan Growth (%)	20.4%	20.0%	12.2%	12.4%	13.4%	15.2%
Deposits Growth (%)	17.4%	18.3%	12.3%	10.2%	11.0%	12.4%
C/D ratio	81.8%	82.9%	82.8%	84.5%	86.3%	88.4%
Equity/Assets (%)	8.3%	9.4%	9.6%	10.0%	10.1%	10.9%
Equity/Loans (%)	12.3%	13.9%	14.2%	14.7%	14.4%	15.5%
CASA %	32.9%	29.6%	30.5%	31.8%	33.1%	33.9%
CRAR (%)	14.8%	16.1%	16.4%	17.3%	16.1%	18.3%
Tier I (%)	13.0%	14.6%	15.0%	16.1%	15.1%	17.4%
ASSET QUALITY						
Gross NPA	41,837	45,288	43,755	43,755	54,701	61,643
Net NPA	12,050	12,553	11,638	10,391	13,624	14,093
PCR	71.2%	72.3%	73.4%	76.3%	75.1%	77.1%
GNPA %	2.4%	2.2%	1.9%	1.7%	1.8%	1.8%
NNPA %	0.7%	0.6%	0.5%	0.4%	0.5%	0.4%
Slippages	1.1%	0.9%	0.8%	0.9%	1.2%	1.1%
Credit costs	0.4%	0.2%	0.4%	0.5%	0.7%	0.6%
ROAA Tree						
Net Interest Income	3.0%	2.9%	2.9%	2.8%	3.1%	3.2%
Non-Interest Income	1.0%	1.1%	1.2%	1.2%	1.2%	1.2%
Operating Cost	2.0%	2.2%	2.2%	2.2%	2.3%	2.3%
Provisions	0.3%	0.1%	0.2%	0.4%	0.5%	0.4%
Tax	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
ROAA	1.3%	1.3%	1.2%	1.1%	1.2%	1.3%
Leverage (x)	11.9	11.2	10.5	10.2	9.9	9.5
ROAE	14.9%	14.7%	13.0%	11.3%	11.8%	12.2%

Source: Company, HSIE Research

Price history



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

Federal Bank: Company Update

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