



Secretarial Department

December 11, 2023

Ref. FEDFINA/ CS/ 05/ 2023-24

To, National Stock Exchange of India Ltd., Listing Department Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	To, BSE Limited, The Corporate Relationship Dept. Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001
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Re: Scrip Code: 544027, Symbol: FEDFINA

Sub: Investor meet Presentation

Dear Sir/Madam,

Further to our letter dated December 6, 2023 intimating scheduled Earnings call with Analysts/Investors, please find attached the investor presentation which is referred during the earnings call with Analysts/Investors in connection with the Financial results for the quarter and half year ended September 30, 2023.

The above is submitted for your kind information and appropriate dissemination.

Thanking you,

Yours Faithfully
For Fedbank Financial Services Limited

RAJARAMAN
SUNDARESA
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RAJARAMAN
SUNDARESAN
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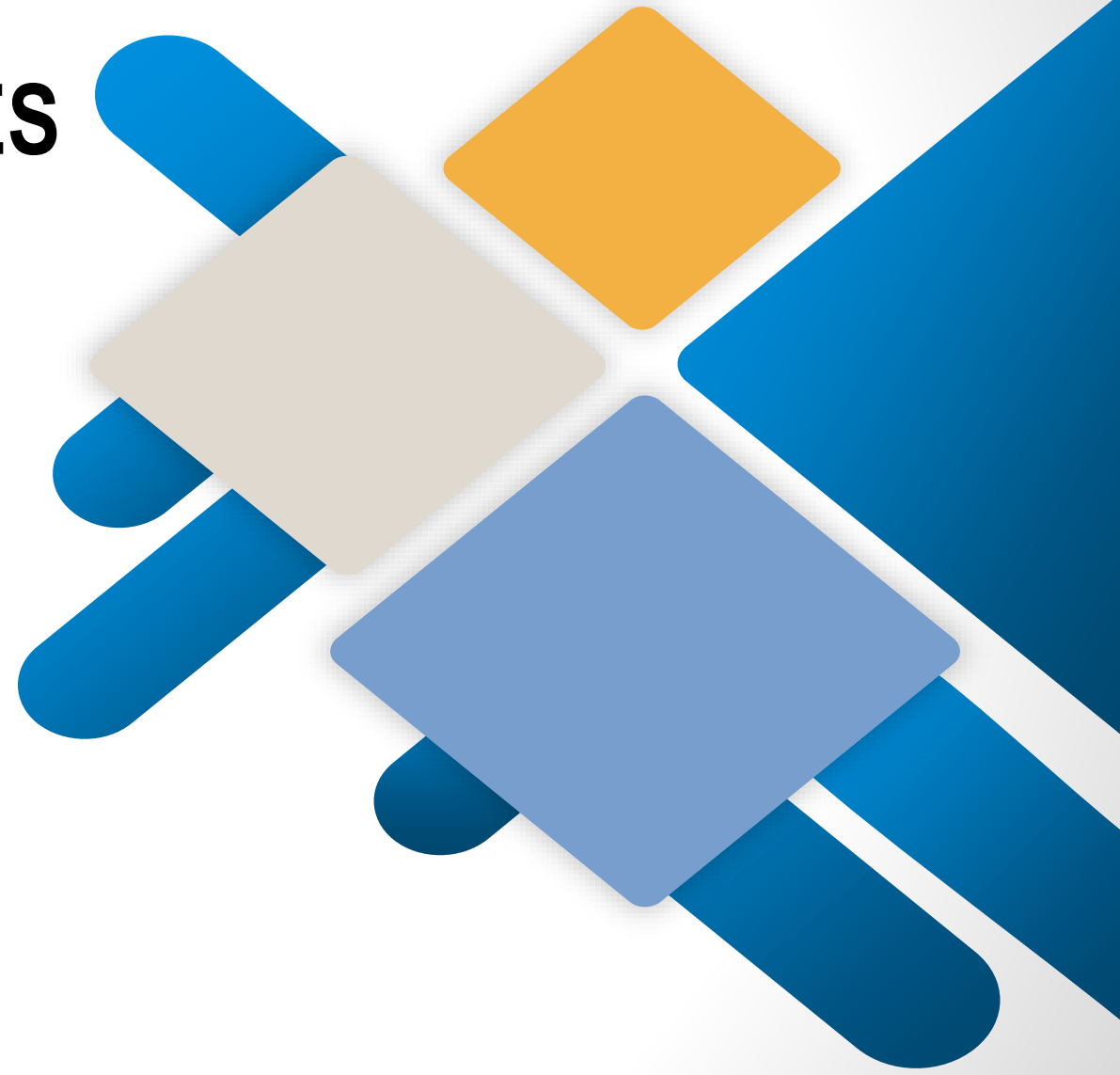
S. Rajaraman
Company Secretary & Compliance Officer
Membership No.:F3514

FEDBANK FINANCIAL SERVICES

INVESTOR PRESENTATION

*EMPOWERING EMERGING INDIA WITH
EASY ACCESS TO LOANS*

H1 / Q2 FY24



Safe Harbour

This presentation and the accompanying slides ("Presentation"), which have been prepared by Fedbank Financial Services Limited or Fedfina (the "Company"), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

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Forward looking statements concerning the Company's future business prospects and business profitability are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of the forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.

IPO and Listing Ceremony



Listing Date: **30th November, 2023**

Stock Exchanges: **NSE & BSE**


Total IPO Size: **₹10.9 bn**

Primary Size: **₹6.0 bn**

Secondary Size: **₹4.9 bn**

Secondary Pre-IPO Size: **₹3.3 bn**

Only listed NBFC of a listed private bank

- 
- Who we are
 - Our Franchise
 - Financial Performance
 - Risk Management
 - Treasury & Funding

Q2FY24 Result Summary



₹ 100 bn
AUM

38%

6%



₹ 29 bn
Disbursement

28%

-1%



₹ 578 mn
Profit After Tax

25%

7%



₹15 bn
Shareholder's Fund

19%

6%



84%
Secured AUM

-90 bps

-23 bps



607
Branches

64

23



17
States and UTs

1

1



AA¹
Long term rating



19.7%
CRAR

9 bps

-2 bps



3,970
Employees

621

238



2.3%
GNPA

7 bps

8 bps



1.8%
NNPA

5 bps

7 bps



2.4%
RoA

-16 bps

4 bps



15.9%
RoE

106 bps

31 bps



0.7%
Credit Cost

-34 bps

15 bps

Executive Summary

- **AUM crossed ₹100 bn** mark in Q2'FY24, up 38% compared to ₹73 bn as on Q2FY23.
- **Disbursals** were up 28% YoY at **₹29,329 mn** in Q2FY24, compared to ₹22,940 for Q2FY23.
- **We reported highest ever quarterly PAT of ₹578 mn in Q2 FY24** up 25% when compared to ₹462 mn for Q2 FY23.
- **RoAs for the quarter stood at 2.4%**, while **RoEs were at 15.9% in Q2 FY24**.
- **Net interest Margins (NIM) stood at 9.5%** on the back of 30% YoY growth in net interest income.
- **Capital adequacy ratio stood at 19.7% in Q2 FY24**.
- **Gross stage III stood at 2.3%** and **Net Stage III was 1.8%** as of Q2 FY24.
- In line with our long term strategy, we forayed into the state of Uttarakhand, taking our **presence to 17 States & UTs**.
- We opened **23 branches during Q2**, taking our total set of **branches to 607**.
- We added **238 employees** in Q2 taking total **staff count to 3,970**.

- 
- Who we are
 - Our Franchise
 - Financial Performance
 - Risk Management
 - Treasury & Funding

Our Board of Directors

Independent Directors



**Balakrishnan
Krishnamurthy**
*Chairman &
Independent Director*



Gauri Shah
Independent Director

Executive Director



Anil Kothuri
MD & CEO

Non-Executive and/or Nominee Directors



Shyam Srinivasan
Non-Executive Director



Ashutosh Khajuria
*Non-Executive
Nominee Director*



Maninder Juneja
*Non-Executive
Nominee Director*

Experienced Management Team



Anil Kothuri
MD & CEO



C.V. Ganesh
*Chief Financial
Officer*



Siddharth K
*Chief Operating
Officer*



Shardul Kadam
*Chief Risk
Officer*



Anila Rajneesh
*Chief Human
Resource Officer*



Vikas Srivastava
*CBO – Mortgage
(Small Ticket)*



K Sureshkumar
*CBO – Mortgage
(Medium Ticket)*



Jagadeesh Rao
CBO - Gold Loan

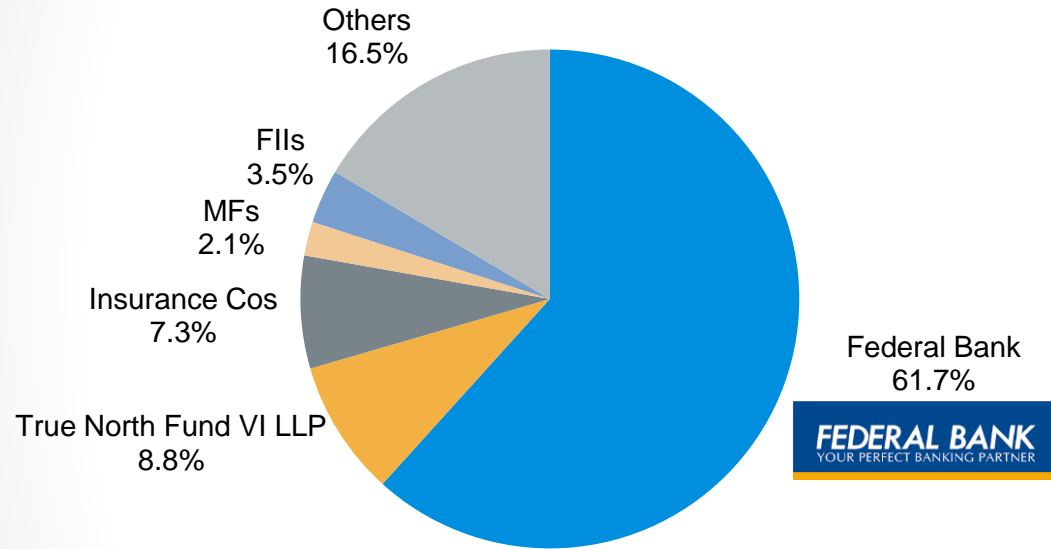


Ramchandar R
*CBO –
Business Loan*

Deep domain experience across cycles

Shareholding Pattern

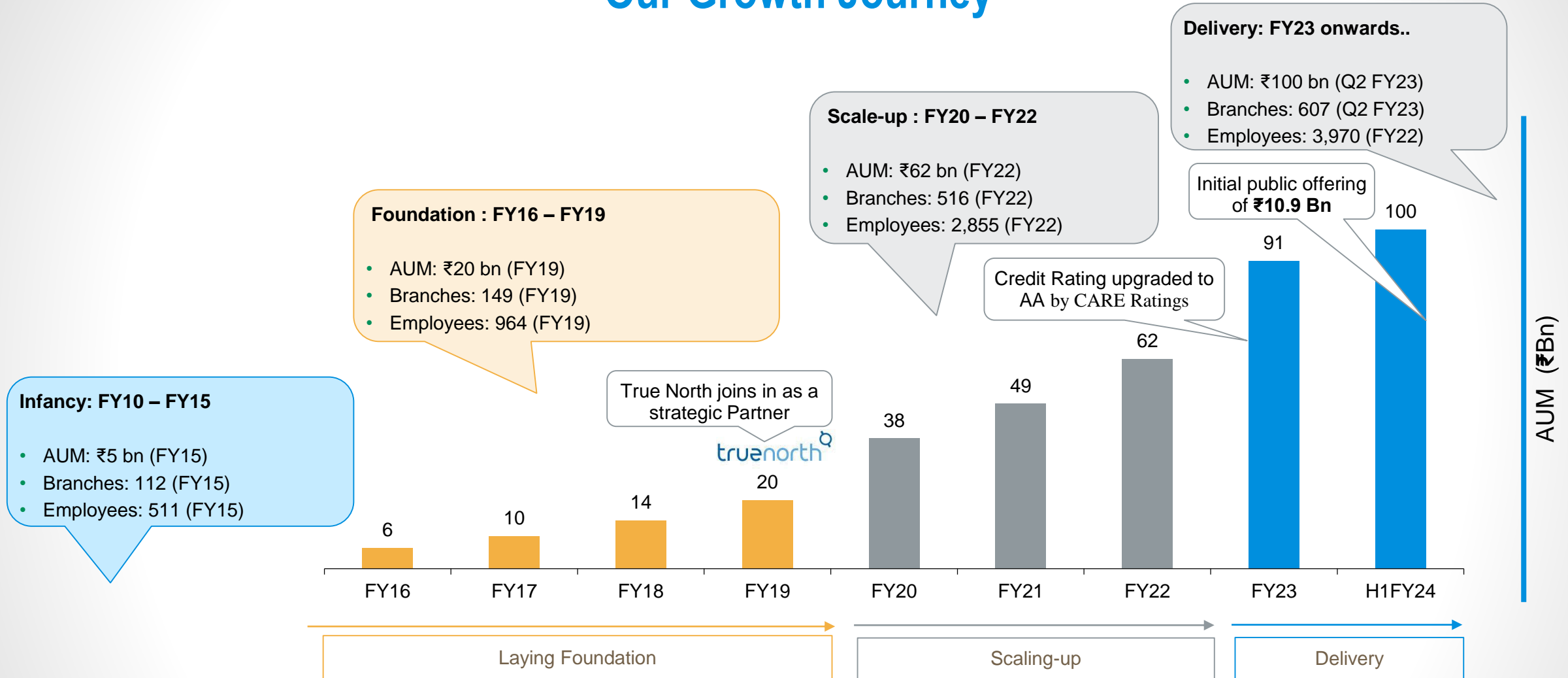
Shareholding Pattern as on 1st December 2023



Top Institutional Shareholders : 1st December 2023

Investor Details	% Holding
Federal Bank Ltd	61.7
True North Fund VI LLP	8.8
SBI Life Insurance	2.5
Nuvama Private Investment Trust	1.9
Star Union Daichi Life Insurance	1.5
Yasya Investment Pvt. Ltd.	1.1

Our Growth Journey



Strong Growth trajectory over the years of operations

Transformational Journey - Over the years

	FY19		FY23
Operational Parameters			
No. of Branches	149	3.9 x	575
No. of Employees	964	3.7 x	3,570
Disbursement (₹ mn)	19,686	5.5 x	1,07,487
Disbursement per Branch p.a. (₹ mn)	132	1.4 x	187
Disbursement per Employee p.a. (₹ mn)	20	1.5 x	30
Financial Parameters (₹ mn)			
Asset Under Management	20,193	4.5 x	90,696
Total Assets	21,506	4.2 x	90,710
Net Worth	4,586	3.0 x	13,557
Total Revenue	2,555	4.7 x	12,147
Profit After Tax	361	5.0 x	1,801

Our Historical Performance

Particulars (in ₹Mn)	FY19	FY20	FY21	FY22	FY23	CAGR
Operational Information						
Number of Branches	149	303	359	516	575	
Loan Disbursals	19,686	43,795	58,937	74,698	1,07,487	
AUM	20,193	38,382	48,624	61,872	90,696	46%
Number of Employees	964	1,890	2,125	2,855	3,570	
Financial Information						
Total Revenue	2,555	4,660	6,976	8,836	12,147	
Interest Expenses	1,139	2,011	3,132	3,477	4,722	
Net Interest Income	1,169	2,205	3,449	4,742	6,380	53%
Operating Expenses	876	1,875	2,362	3,129	4,352	
Credit Cost	32	214	712	839	489	
Exceptional Item	-	-	-	-	154	
Profit before tax	508	560	769	1,392	2,430	
Profit after tax	361	391	617	1,035	1,801	49%
Net Worth	4,586	6,912	8,347	11,535	13,557	
Book Value Per Share (₹)	19.9	25.3	28.8	35.9	42.1	
Ratios						
Cost to Income	61.9%	70.8%	61.5%	58.4%	58.6%	
Return on Total Assets	2.0%	1.3%	1.3%	1.7%	2.3%	
Return on Equity	10.1%	6.8%	8.1%	10.4%	14.4%	
Gross Stage 3 assets / Gross NPA	2.3%	1.4%	1.0%	2.2%	2.0%	
Net Stage 3 assets / Net NPA	1.9%	1.1%	0.7%	1.8%	1.6%	
CRAR	21.6%	17.9%	23.5%	23.0%	17.9%	

Our Vision & Values

Vision

Empower Emerging India with Easy Access to Loans

Values

Execution Excellence

- ✓ Clear Objectives
- ✓ Resource Optimization
- ✓ Adaptability
- ✓ Continuous Improvement

E

People Focus

- ✓ Empowerment
- ✓ Development Opportunities
- ✓ Recognition and Rewards
- ✓ Work-Life Integration

P

Integrity

- ✓ Transparency
- ✓ Accountability
- ✓ Building Trust
- ✓ Ethical Decisioning

I

Customer Centric

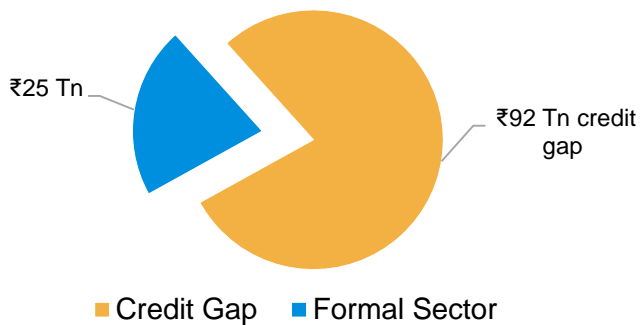
- ✓ Customer Goals
- ✓ Clear Communication
- ✓ Customer Support
- ✓ Seamless Experience

C

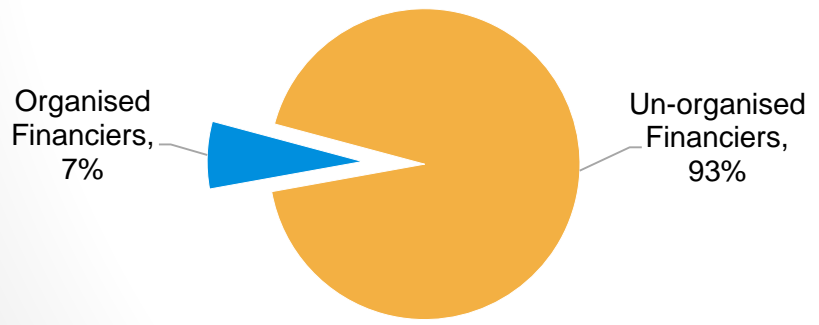
Opportunity and our Strengths

Opportunity*

MSME Credit Addressable Market

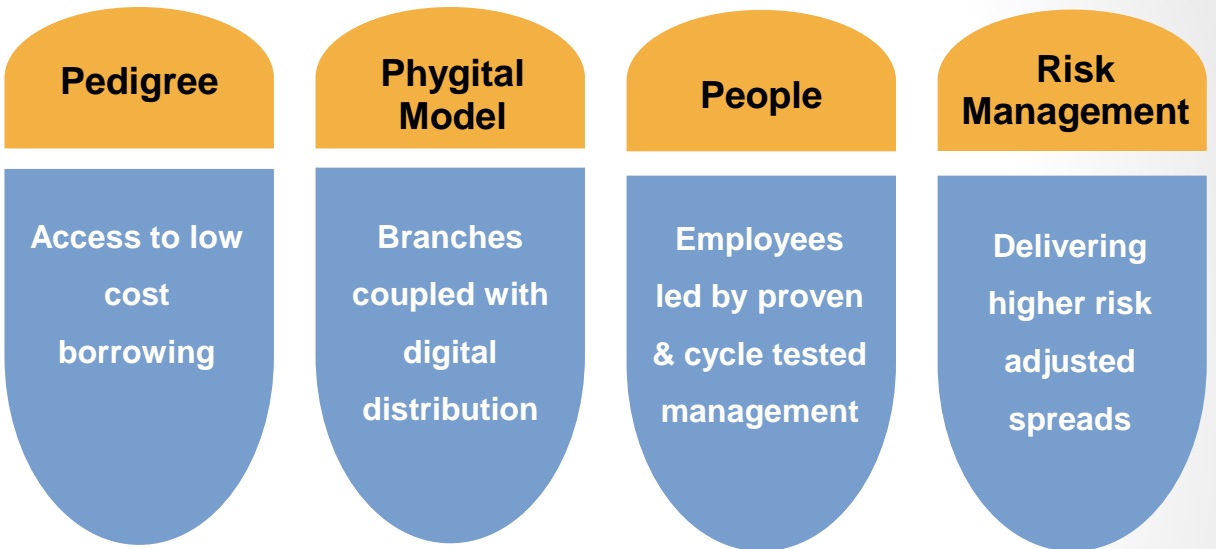


Gold Stock with Organized Financiers



* from company RHP

Core Strengths








Product Offerings

- Working Capital Loan Against Mortgaged Property
- Loan Against Pledged Gold
- Working Capital Business Loans






Our Product Suite

Secured Against Collateral





	Mortgage Loans	Gold Loan	Business Loan
 AUM (₹Mn) (% of total)	50,062 (49.9%)	32,694 (32.6%)	16,047 (16.0%)
 Avg. Ticket Size (₹ Mn)	1.9	0.1	2.4
 Disbursement (INR Mn) & (Origination Yield)	5,856 (14.6%)	20,073 (16.0%)	3,400 (17.5%)
 Average LTV	51.8%	70.0%	NA
 Underwriting	Assessed Income / Income Based	In-house Valuation	Income Based

Our Mortgage Business

Mortgage Loans

		Small Ticket LAP and HL	Medium Ticket LAP
	AUM (₹Mn) (% of total)	24,838 (24.8%)	25,224 (25.1%)
	Avg. Ticket Size (₹ Mn)	1.3	4.7
	Disbursement (INR Mn) & (Origination Yield)	3,199 (16.5%)	2,657 (12.5%)
	Average LTV	52.5%	50.9%
	Underwriting	Assessed Income	Income Based

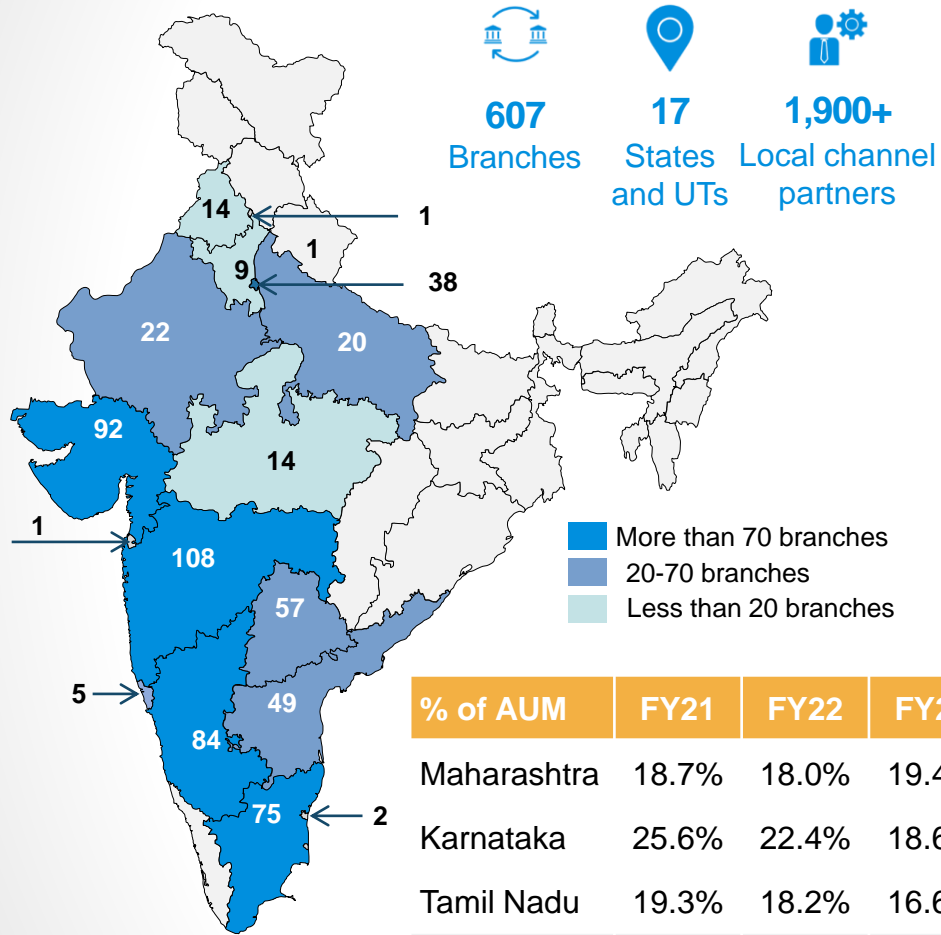
Our Underwriting Approach

Category	Small Ticket LAP	Medium Ticket LAP	Business Loan	Gold Loan
				
Customer Business	Food and Tea Stall	Retail Trading of Snacks and Savories	Trading and Installation of Industrial Electrical Products	Tailoring
Requirement	Expand his product offering and to renovate the store	Refurbish a few existing outlets and open 2 additional outlets	Purchase of raw materials	Purchase additional sewing machine & renovate the shop
Fedfina's Credit Assessment / Solutions	<ul style="list-style-type: none"> Business understanding Stock count Turnover assessment 	<ul style="list-style-type: none"> Stock count / turnover assessment Field visit and verification of records 	<ul style="list-style-type: none"> Initial assessment of cashflows Review of its GST returns Business analysis post-Covid 	<ul style="list-style-type: none"> Collateral Verification Quick processing and sanctioning of loan
Sanctioned Amount	₹1.6 mn	₹7.5 mn	₹3.0 mn	₹0.1 mn
LTV	55%	32%	NA	74%

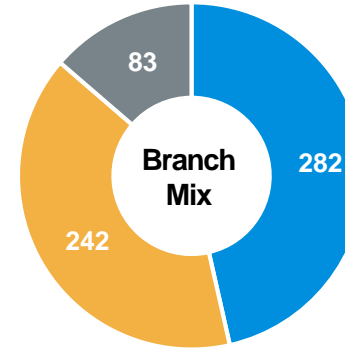
- 
- Who we are
 - **Our Franchise**
 - Financial Performance
 - Risk Management
 - Treasury & Funding

Growing Branch Footprint

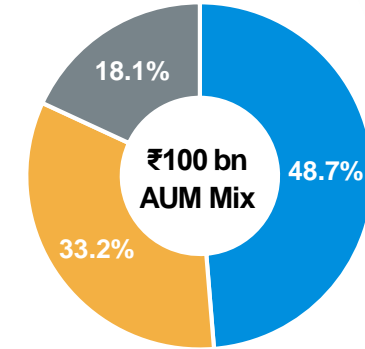
Comprehensive Branch Network...



% of AUM	FY21	FY22	FY23	Q2'24
Maharashtra	18.7%	18.0%	19.4%	20.0%
Karnataka	25.6%	22.4%	18.6%	17.7%
Tamil Nadu	19.3%	18.2%	16.6%	16.0%
Top 3 states	63.6%	58.6%	54.6%	53.7%

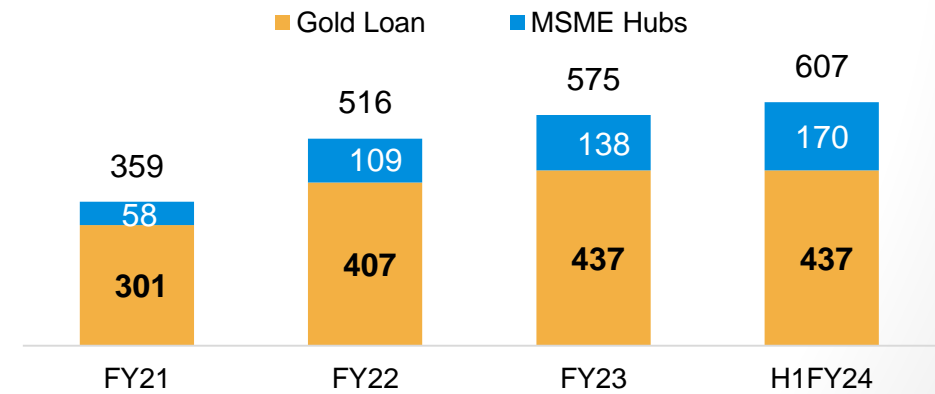


■ South ■ West ■ North



■ South ■ West ■ North

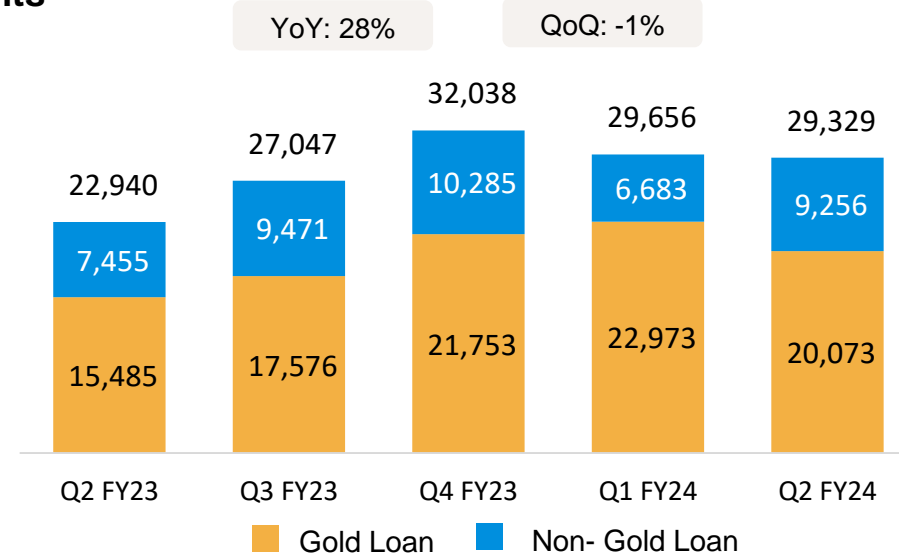
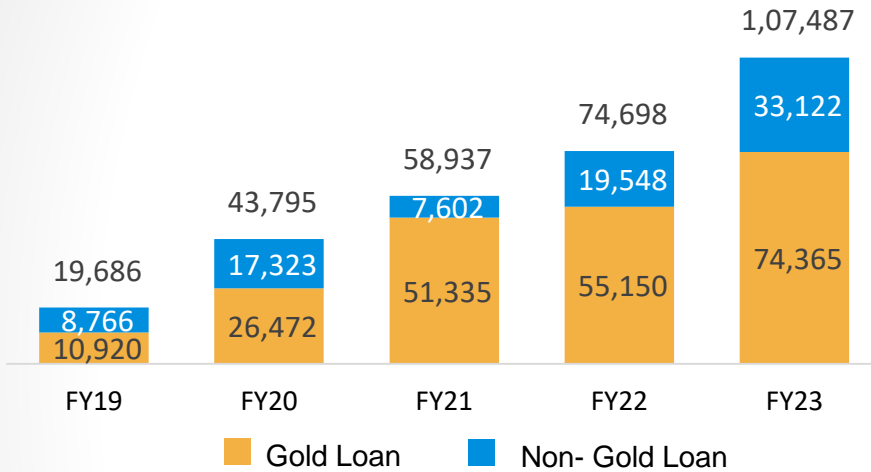
Branch Expansion



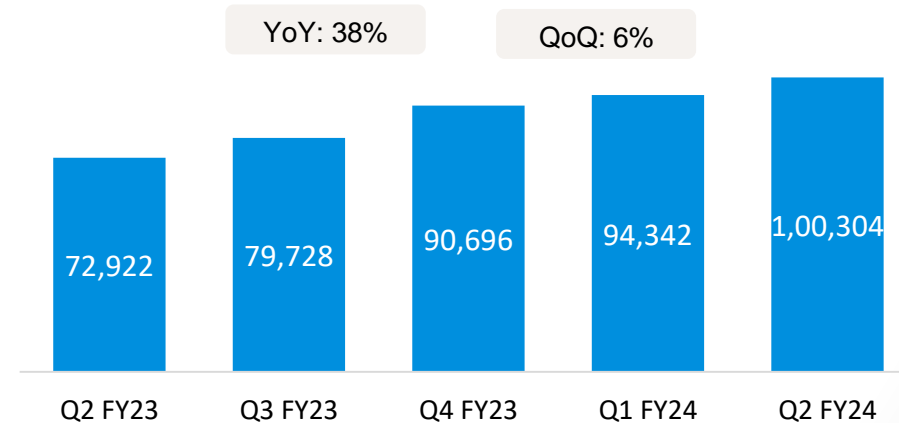
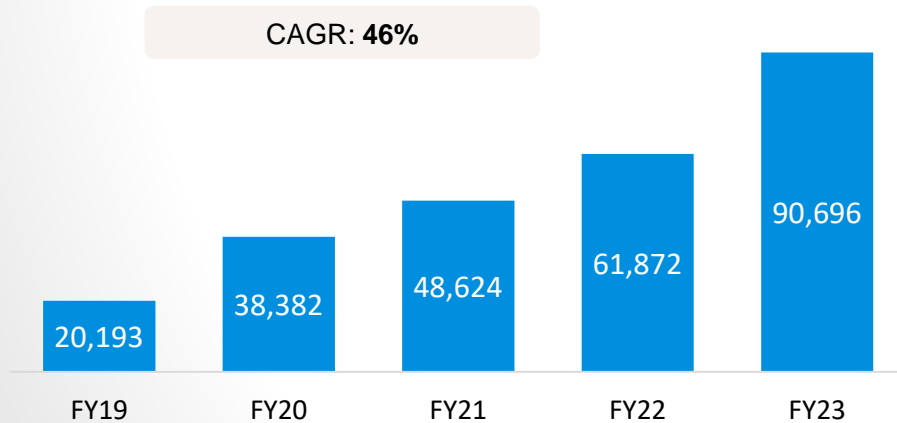
Growing Disbursements & AUM

₹ Mn

Disbursements



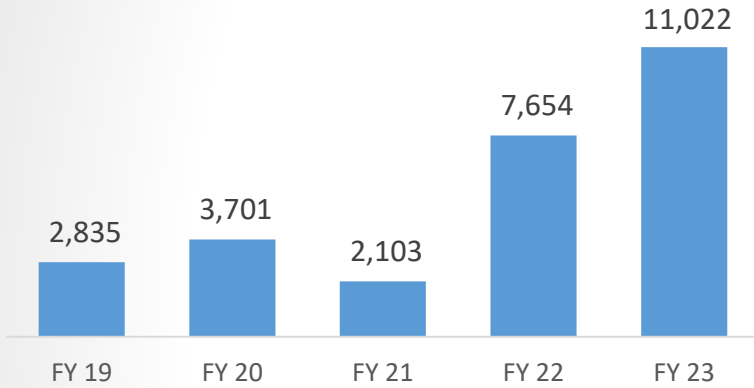
AUM



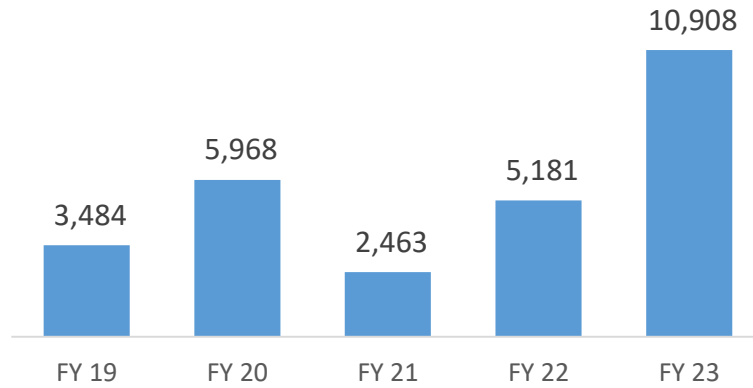
Growing Installment Loans Disbursements

₹ Mn

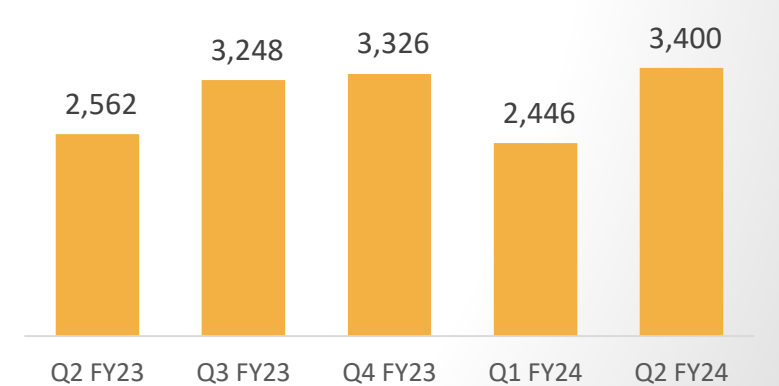
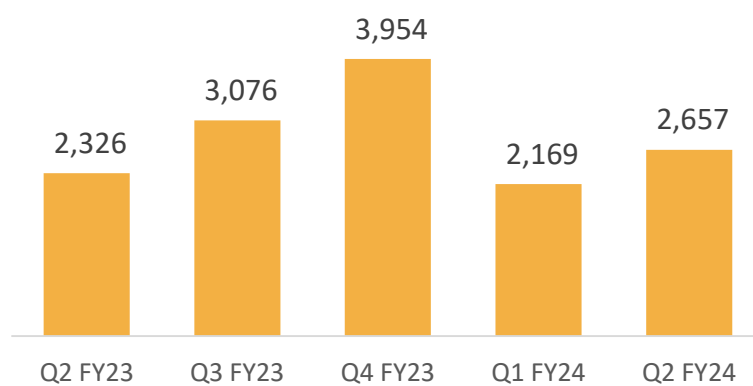
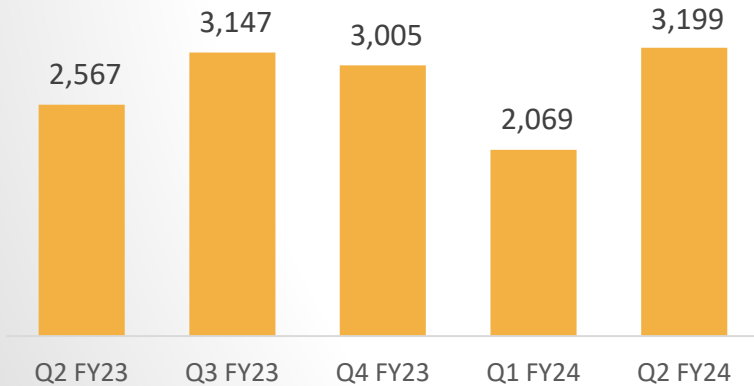
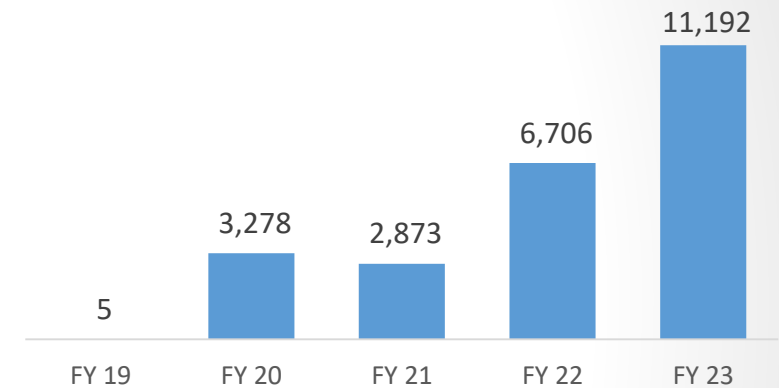
Small Ticket LAP & HL



Medium Ticket LAP

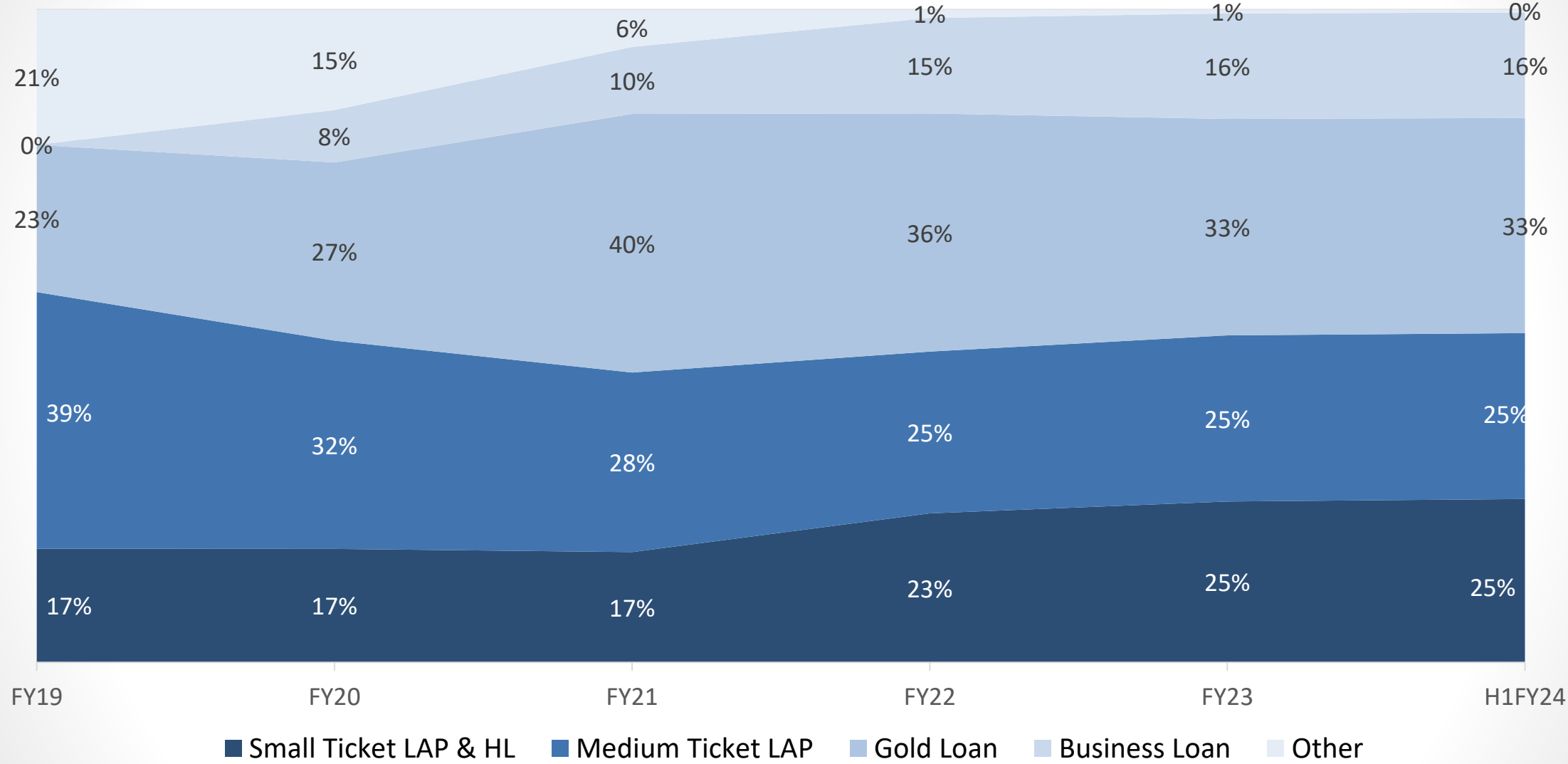


Business Loans



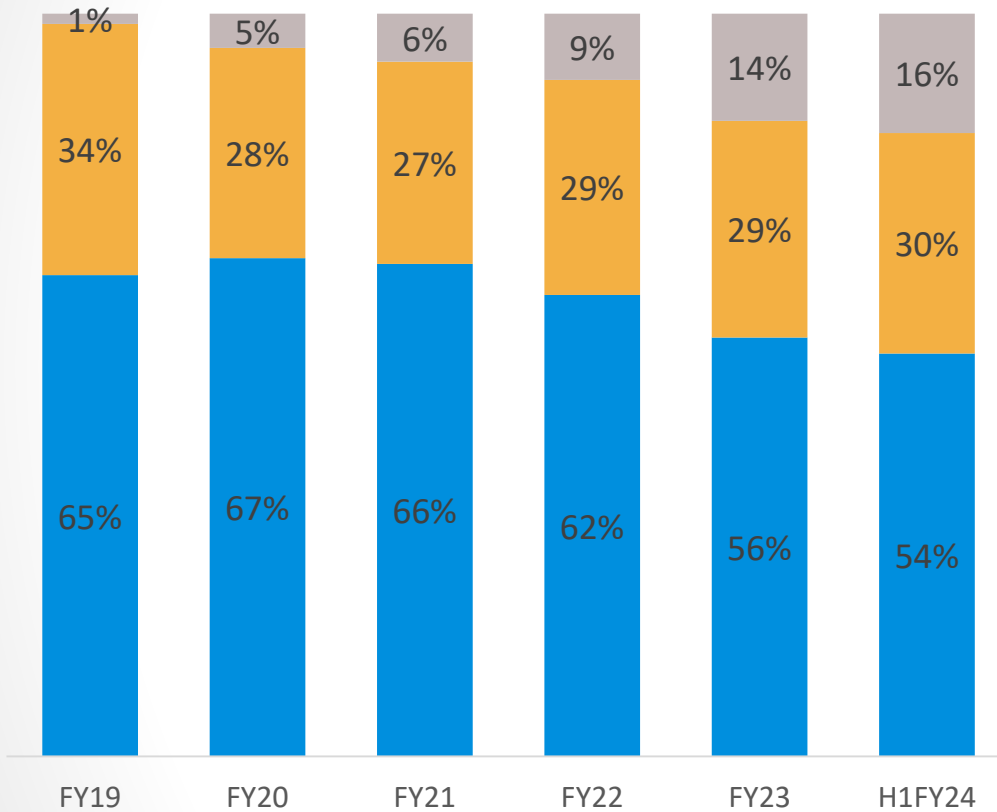
Installment Loans includes Medium Ticket LAP, Small Ticket LAP, Housing Loans and Business Loans

AUM Mix by Products

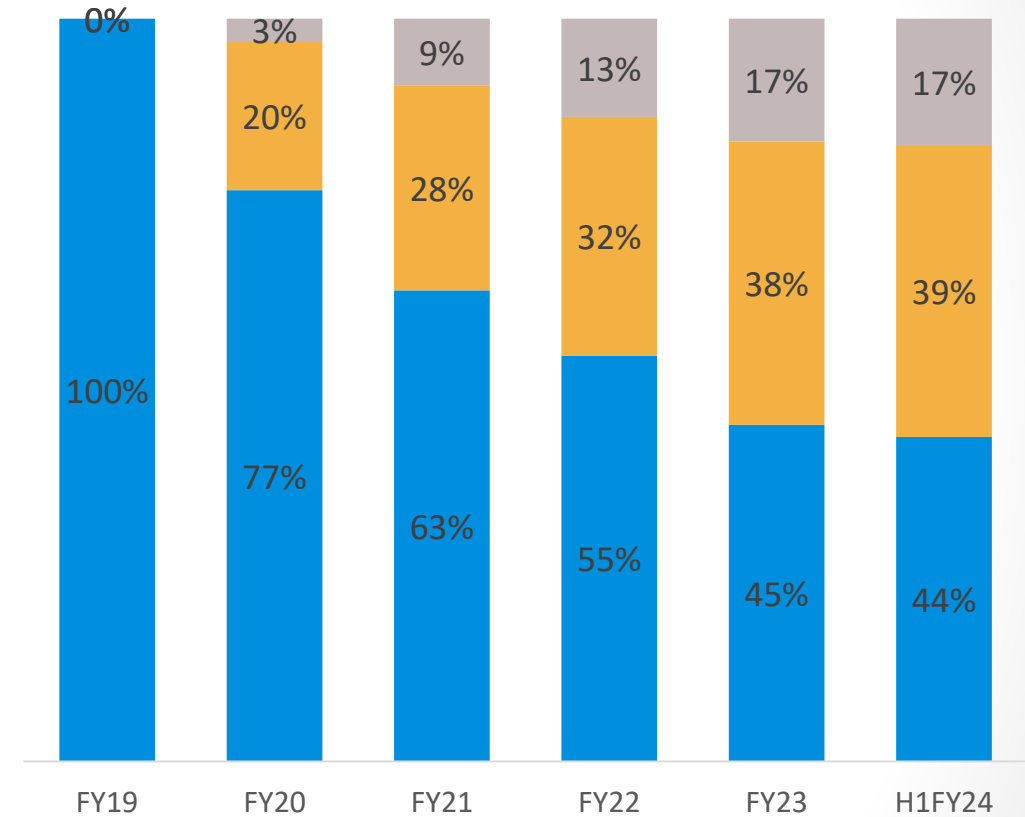


AUM Mix by Region

Mortgage Loan



Gold Loan



■ South ■ West ■ North

Mortgage Loans includes medium Ticket LAP, Small Ticket LAP and Housing Loans

Off-Book Strategy

₹ Mn

Product	AUM			AUF			Off Book %		
	Q2'24	Q1'24	Q2'23	Q2'24	Q1'24	Q2'23	Q2'24	Q1'24	Q2'23
Mortgage	50,062	47,024	35,211	40,245	40,359	30,403	19.6%	14.2%	13.7%
Gold Loan	32,694	31,242	25,628	32,694	31,242	25,628	0.0%	0.0%	0.0%
Business Loan	16,047	14,872	11,010	11,750	11,147	10,363	26.8%	25.0%	5.9%
Others	459	495	584	459	495	584	0.0%	0.0%	0.0%
Total[^]	1,00,304	94,342	72,922	86,189	83,952	67,461	14.1%	11.0%	7.5%

[^]Total includes INDAS accounting adjustments

- 
- Who we are
 - Our Franchise
 - **Financial Performance**
 - Risk Management
 - Treasury & Funding

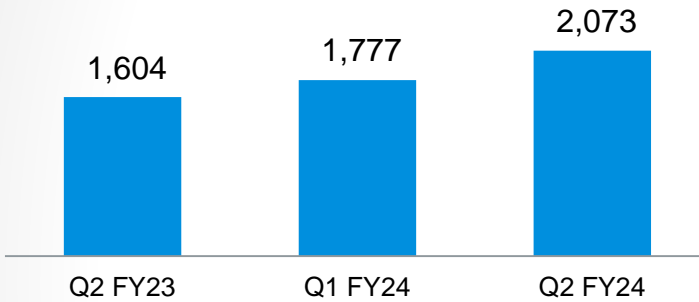
Financial Highlights

₹ Mn

Net Interest Income

YoY: 29%

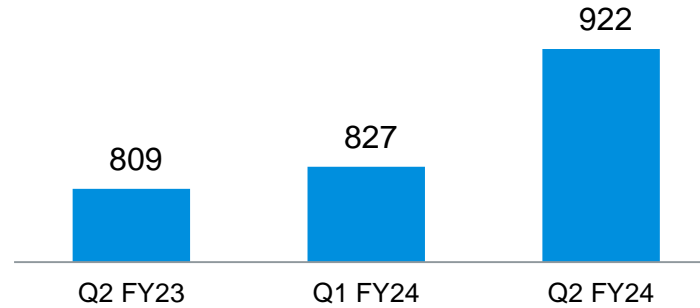
QoQ: 17%



Operating Profit

YoY: 14%

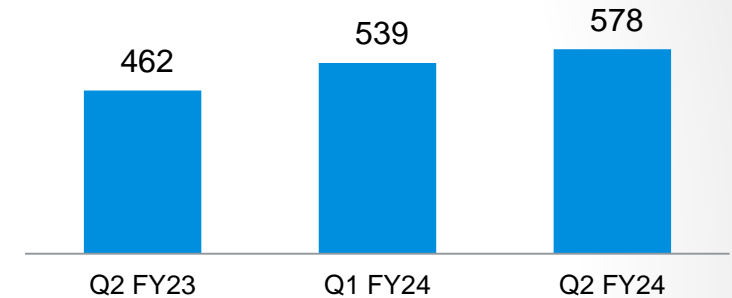
QoQ: 11%



PAT

YoY: 25%

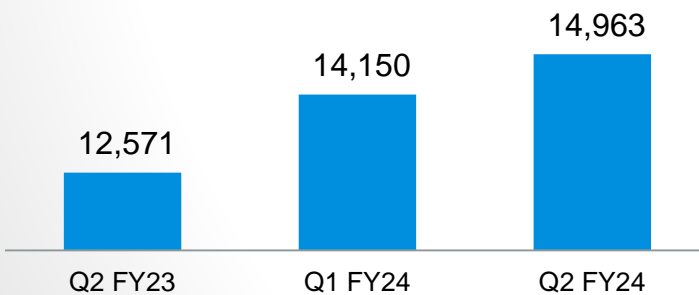
QoQ: 7%



Shareholder's Fund

YoY: 19%

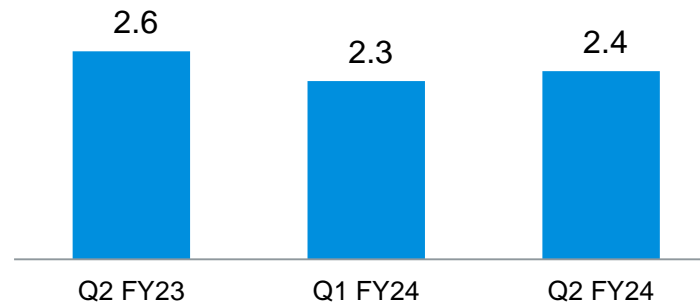
QoQ: 6%



ROA %

YoY: -19bps

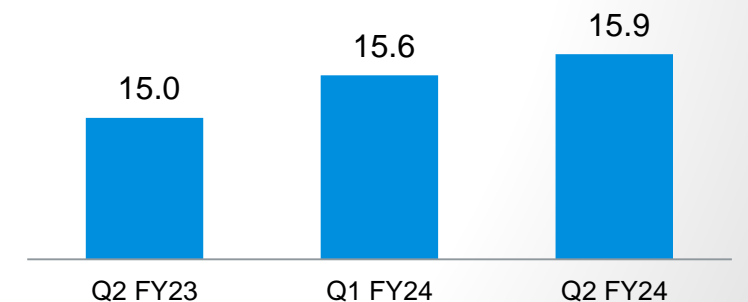
QoQ: 4 bps



ROE %

YoY: 86 bps

QoQ: 31 bps



ROA and ROE numbers are annualized

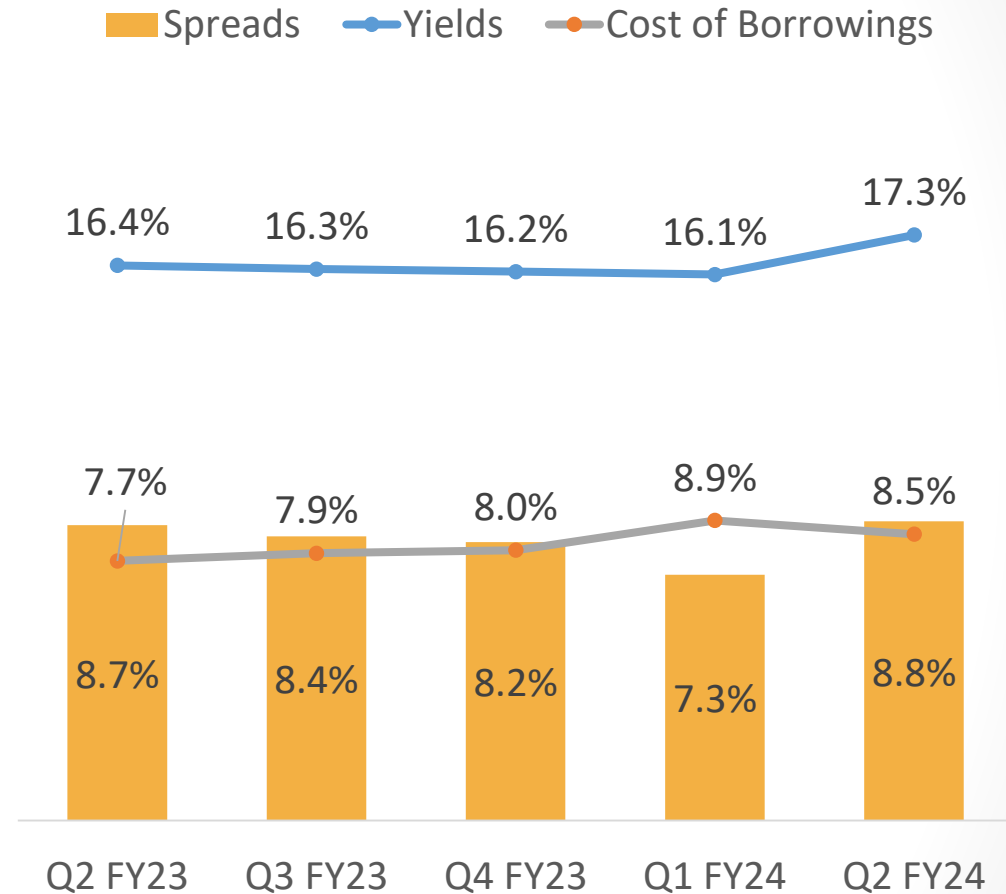
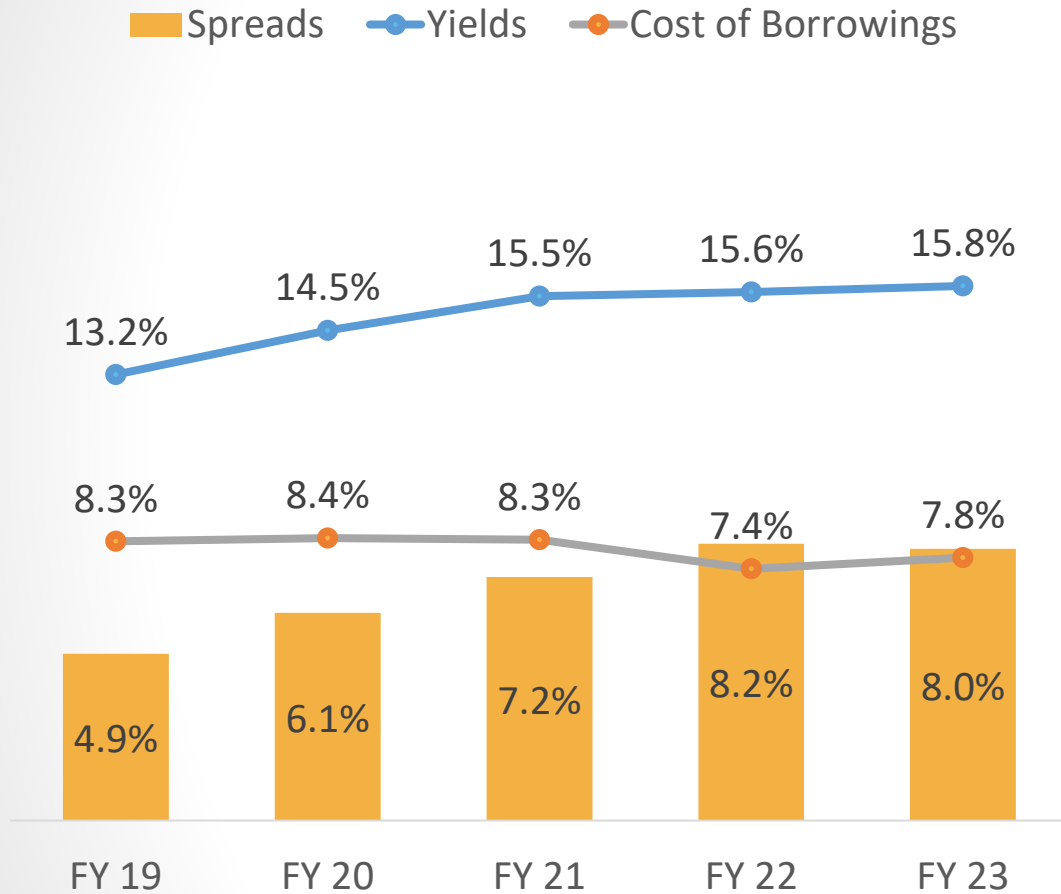
Financials

₹ Mn

Particulars	Q2 FY24	Q1 FY24	Q2 FY23
Operational Information			
Number of Branches	607	584	543
Loan Disbursals	29,329	29,656	22,940
AUM	1,00,304	94,342	72,922
Number of Employees	3,970	3,732	3,349
Financial Information			
Income from Operations	3,980	3,679	2,931
Interest Expenses	1,669	1,636	1,081
Net Interest Income	2,073	1,777	1,604
Operating Expenses	1,389	1,216	1,040
Credit Cost	148	107	171
Profit before tax	774	721	639
Profit after tax	578	539	462
Shareholder's Fund	14,963	14,150	12,571
Book Value Per Share (₹)	46.2	44.0	39.1
Ratios			
Cost to Income	60.1%	59.5%	56.2%
Return on Total Assets	2.4%	2.3%	2.6%
Return on Equity	15.9%	15.6%	15.0%
Gross Stage 3 assets / Gross NPA	2.3%	2.3%	2.3%
Net Stage 3 assets / Net NPA	1.8%	1.8%	1.8%
CRAR	19.7%	19.7%	19.6%

ROA and ROE numbers are annualized

Improving Spreads



All quarterly numbers are annualized

Balance Sheet

₹ Mn

Balance Sheet	Q2FY24	Q1FY24	Q2FY23	QoQ	YoY	FY 23	FY 22
Assets							
Cash & Cash Equivalents & Other bank Balance	9,226	2,478	1,432			946	1,426
Loans	85,204	82,966	66,377	3%	28%	79,997	56,448
Investments	3,567	5,543	3,649			6,806	5,143
Other Financial Assets & Receivables	848	975	383			841	275
Non-Financial Assets	2,207	2,163	2,328			2,120	2,265
Total Assets	1,01,052	94,125	74,169	7%	36%	90,710	65,557
Liabilities & Equity							
Share Capital	3,239	3,219	3,219			3,219	3,215
Reserves & Surplus	11,724	10,930	9,352			10,338	8,320
Shareholder's Fund	14,963	14,150	12,571	6%	19%	13,557	11,535
Borrowings	81,525	76,195	57,823			71,358	50,168
Other Liabilities and Provisions	4,563	3,781	3,775			5,795	3,854
Total Liabilities & Equity	1,01,052	94,125	74,169			90,710	65,557

P&L Statement

₹ Mn

Profit & Loss Statement	Q2FY24	Q1FY24	Q2FY23	QoQ	YoY	FY 23	FY 22
Interest Income on Loans	3,511	3,319	2,465			10,560	7,955
Net Gain on Direct Assignment	182	6	105			348	70
Income other than interest income	287	354	361			1,239	811
Total Income	3,980	3,679	2,931			12,147	8,836
Interest Expenses	1,669	1,636	1,081			4,722	3,477
Net Interest Income	2,073	1,777	1,604	17%	29%	6,380	4,742
Net Total Income	2,310	2,043	1,849			7,425	5,360
Operating Expenses	1,389	1,216	1,040			4,352	3,129
Operating Profit	922	827	809	11%	14%	3,073	2,231
Credit Cost	148	107	171			489	839
Profit Before Tax	774	721	639			2,430	1,392
Tax Expense	196	182	177			629	358
Profit After Tax	578	539	462	7%	25%	1,801	1,035

RoA Tree

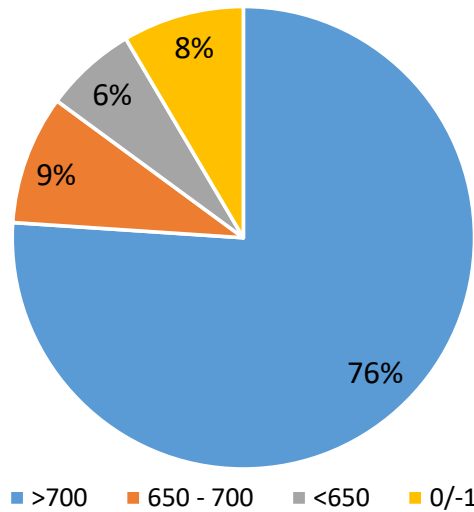
RoA Tree	Q2FY24	Q1FY24	Q2FY23	FY 23	FY 22
Interest Income on term loans / Average total assets	14.4%	14.4%	13.7%	13.7%	13.2%
Net Gain on DA / Average total Assets	0.7%	0.0%	0.6%	0.5%	0.1%
Income other than interest income on term loans/ Average total assets	1.2%	1.5%	2.0%	1.6%	1.3%
Total Income / Average total assets	16.3%	15.9%	16.3%	15.7%	14.7%
Interest on borrowings and debt securities / Average total assets	6.8%	7.1%	6.0%	6.1%	5.8%
Net Interest Income / Average total assets	8.5%	7.7%	8.9%	8.3%	7.9%
Net Total Income / Average total assets	9.5%	8.8%	10.3%	9.6%	8.9%
Operating Expenses / Average total assets	5.7%	5.3%	5.8%	5.6%	5.2%
PPOP/ Average total assets	3.8%	3.6%	4.5%	4.0%	3.7%
Credit Cost / Average total assets	0.6%	0.5%	0.9%	0.6%	1.4%
Profit before tax / Average total assets	3.2%	3.1%	3.5%	3.1%	2.3%
Tax expense / Average total assets	0.8%	0.8%	1.0%	0.8%	0.6%
Profit after tax on Average total assets	2.4%	2.3%	2.6%	2.3%	1.7%
Average total assets / Average Shareholders' Fund	6.7	6.7	5.9	6.2	6.0
Profit after tax on Average Shareholders' Fund (ROE)	15.9%	15.6%	15.0%	14.4%	10.4%
Average interest earning assets as % of Average total assets	97.0%	96.7%	96.3%	96.7%	96.1%
Average interest bearing liabilities as % of Average total assets	80.7%	81.0%	78.0%	78.7%	76.5%

Quarterly numbers are annualized

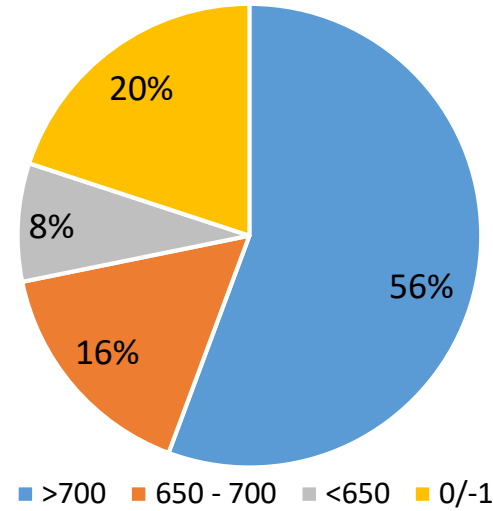
- 
- Who we are
 - Our Franchise
 - Financial Performance
 - **Risk Management**
 - Treasury & Funding

Quality of the Book

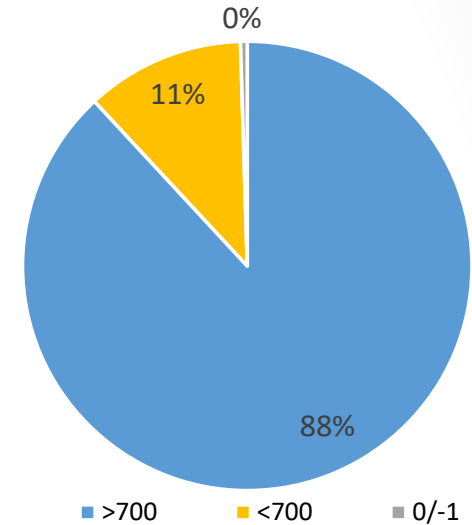
Over 80% AUM from customers with CIBIL >650^{1,2}



Medium Ticket LAP



Small Ticket LAP & HL



Business Loan

Granular loan book with high quality collateral

84%
AUM secured collateral
Either customer property or Gold

78.4%
Mortgage AUM secured by self
occupied residential/ commercial
property

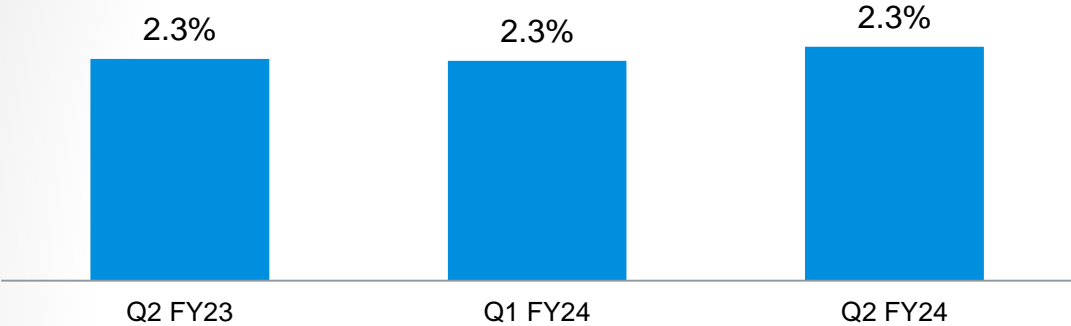
₹ 2.1 mn
Average ticket size for Retail
Installment loan

¹ Pertains to retail installment loans;

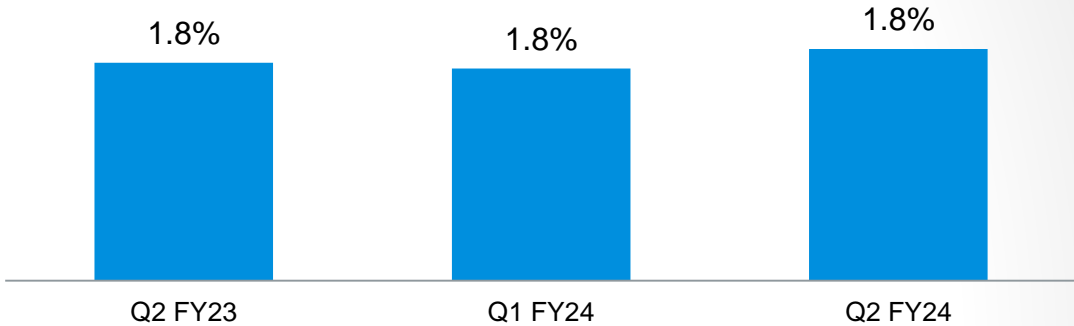
² >650 & >700 range is combination of score >650 /700 and CMR <=6

Portfolio Quality Indicators (1/2)

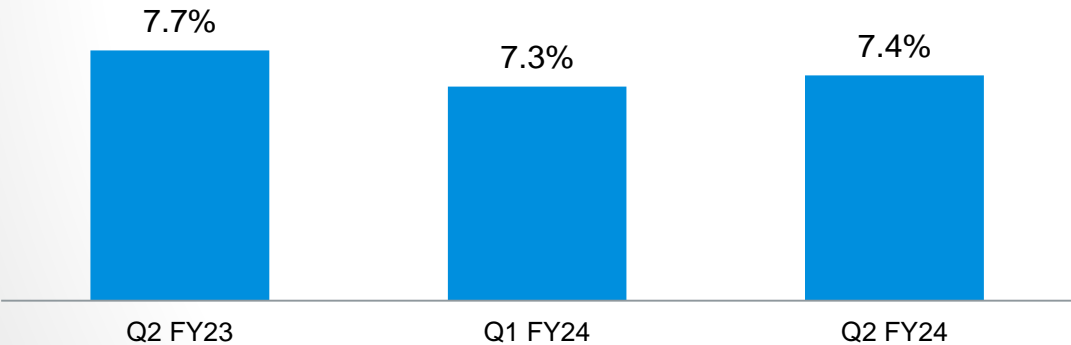
Gross NPA %



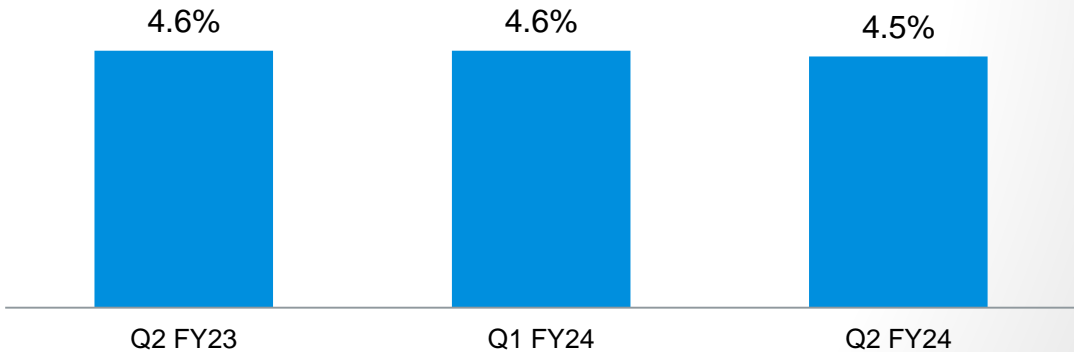
Net NPA %



1+ DPD* %



30+ DPD* %



* 1+ DPD and 30+ DPD are for non Gold Loan portfolio

Portfolio Quality Indicators (2/2)

₹ Mn

Particulars	Q2FY24				Gross Stage 3 %			Net Stage 3 %		
	AUF	Gross Stage 3	Net Stage 3	PCR (%)	Q2FY24	Q1FY24	Q2FY23	Q2FY24	Q1FY24	Q2FY23
Mortgage	40,245	1,227	988	19.4%	3.0%	2.8%	3.0%	2.5%	2.3%	2.4%
Gold Loan	32,694	297	267	10.0%	0.9%	0.9%	1.0%	0.8%	0.8%	1.0%
Business Loan	11,750	55	21	62.5%	0.5%	0.4%	0.3%	0.2%	0.1%	0.1%
Others	459	442	289	34.6%	29.5%	37.5%	31.5%	63.1%	59.3%	33.3%
Total^	86,189	2,021	1,565	22.5%	2.3%	2.3%	2.3%	1.8%	1.8%	1.8%

^Total includes accounting adjustments

Expected Credit Loss

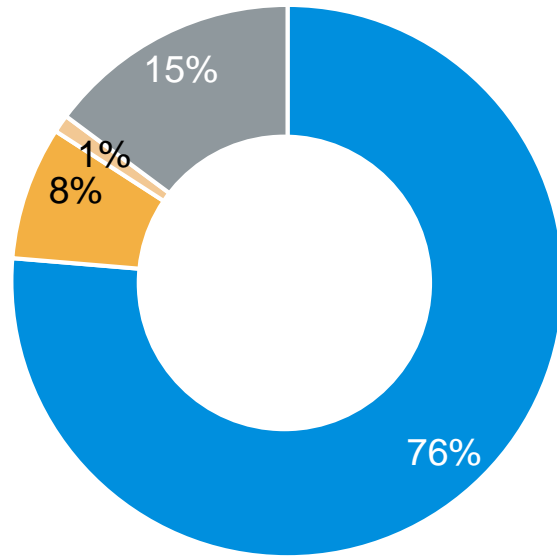
₹ Mn

Particulars	Q2FY24	Q1FY24	Q2FY23	FY22	FY23
Gross Stage 1					
Assets	80,574	78,571	61,791	51,311	75,690
% of total loan assets	93.5%	93.5%	91.6%	89.1%	93.3%
ECL provision	355	329	334	253	317
ECL provision % of assets	0.4%	0.4%	0.5%	0.5%	0.4%
Gross Stage 2					
Assets	3,596	3,594	4,149	5,012	3,767
% of total loan assets	4.2%	4.3%	6.1%	8.7%	4.6%
ECL provision	319	345	421	625	422
ECL provision % of assets	8.9%	9.6%	10.1%	12.5%	11.2%
Gross Stage 3					
Assets	2,021	1,898	1,532	1,286	1,645
% of total loan assets	2.3%	2.3%	2.3%	2.2%	2.0%
ECL provision	455	424	336	284	365
ECL provision % of assets	22.5%	22.3%	21.9%	22.1%	22.2%
Total assets	86,191	84,063	67,472	57,609	81,102
Total ECL provision	1,129	1,097	1,091	1,161	1,105
Total ECL provision % of total assets	1.3%	1.3%	1.6%	2.0%	1.4%

- 
- Who we are
 - Our Franchise
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 - Risk Management
 - Treasury & Funding

Sources of Funding

Diversified Funding Profile



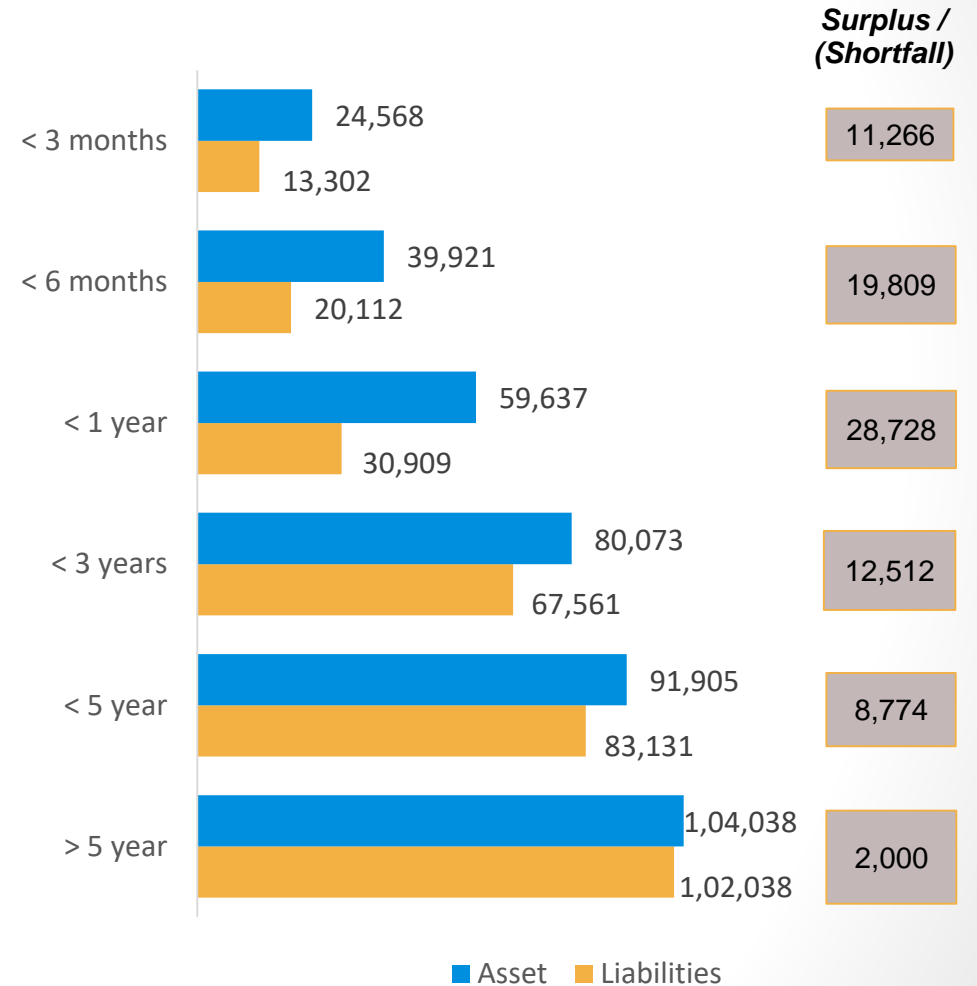
- Terms Loans
- Commercial Papers
- NCDs
- Direct Assignment

Credit Rating

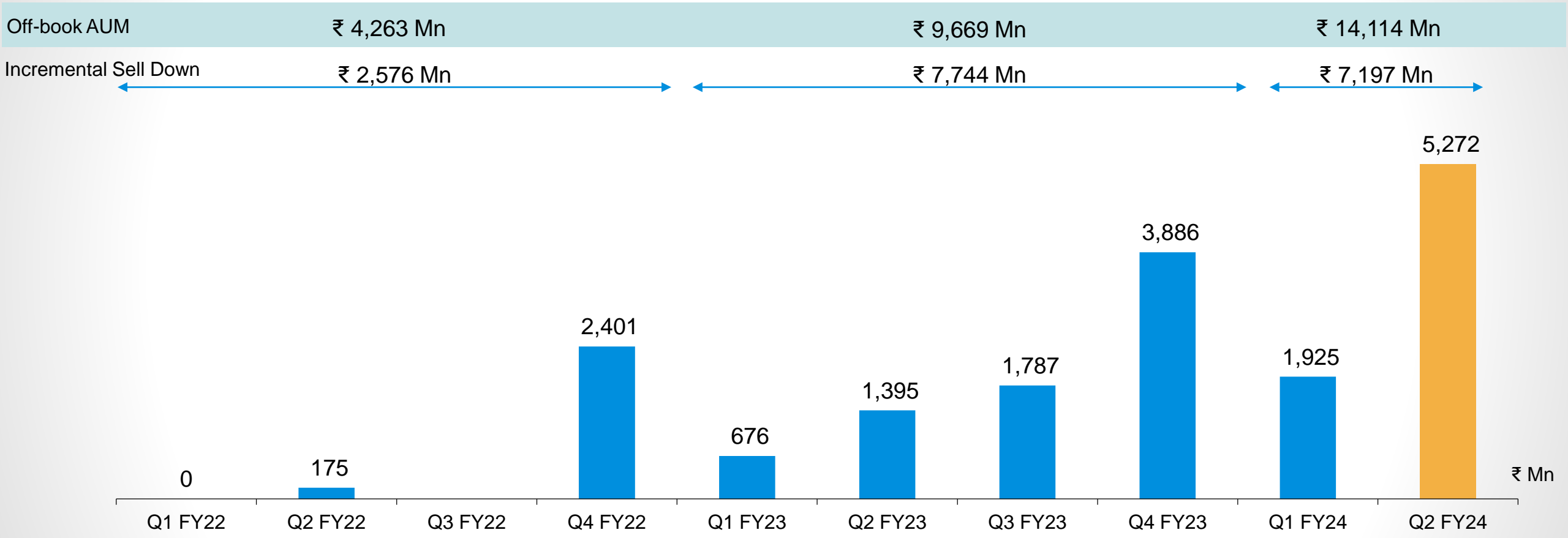
CARE **AA/ stable** India Ratings & Research **AA- / positive** Short Term Rating* **A1+**

* Our CPs are rates A1+ by CRISIL and ICRA Ltd.

ALM Position as on 30th September 2023 (Cumulative) ₹ Mn



Net Securitization Volume



A stylized graphic of a hand with five fingers, rendered in shades of blue and grey. The hand is positioned on the left side of the slide, with the fingers pointing towards the center. The palm side of the hand is facing right.

THANK YOU

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www.fedfina.com

