

BUY**TP: Rs 312 | ▲ 15%****FEDERAL BANK**

| Banking

| 17 January 2026

Business momentum picking up with improving return profile

- PAT marginally beat estimates, driven by improvement in NIMs and lower CC; asset quality improved**
- Structural shift to medium-yielding segments with pick-up in corporate credit**
- Maintain BUY with revised TP of Rs 312 (Rs 263 earlier), valuing the stock at 1.6x Dec'27E ABV**

Niraj Jalan
 Research Analyst
Vijiya Rao
 Research Analyst
 research@bobcaps.in

PAT marginally beat estimates on improvement in NIMs and lower CC: PAT at Rs 10.4bn (+9% QoQ) was marginally above our estimates by 0.7%, mainly due to improvement in NIMs by 12bps QoQ to 3.18% vs our estimate of +7bps QoQ. Despite a decline in yield on advances (-12bps), NIMs improved on lower CoF (-11 bps QoQ), mainly supported by rise in CASA to 32.1% (+106 bps QoQ), CRR cut tailwind, higher investment yields and calibrated high-yield asset mix shift. Further, earnings were supported by marginal improvement in cost to income to 53.9% (-12bps QoQ), lower CC of 47bps (-3bps QoQ) amid the easing MFI stress. Management guided for: a) NIMs in Q4FY26 to be at current levels b) C/I in the 53-55% range in the next couple of years c) CC of ~55-60bps in FY26.

Shift to medium-yielding segments with pick-up in corporate credit: FB witnessed steady loan growth (+4.5% QoQ), as of Dec'25 vs system loan growth (+5.5% QoQ). FB is recalibrating loan mix and focuses on medium-yielding segments (CV/CE, LAP, Auto, Gold) that saw increase in gross advances share to 44.4% (43% in Q3FY25). Also, corporate book (35.7% of gross loans) improved by 6.3% QoQ, which is expected to sustain. Management expects loan growth to be in high teens in FY27; remains cautious to increase loan growth in MFI (+1% QoQ) and PL (+0.3% QoQ) segments. Also, the strategy is to increase LAP (+4.5% QoQ) vs. Housing segment (-0.3% QoQ) due to favourable risk reward.

Asset quality improved: AQ improved with GNPA ratio declining to 1.72% (-11bps QoQ), mainly driven by lower slippages, which stood at Rs 4.4bn (-24% QoQ). Slippage came largely from MFI segment (1.5% of gross loans), which accounted for 35% of the total slippage in Q3FY26. Management stated that the asset quality in MSME remains robust while MFI is improving, yet to be fully normalised.

Maintain BUY: We model advances growth of 14% CAGR over FY25-28E with RoA/RoE of 1.3%/14.2% in FY28E (1.15%/11.7% in Q3FY26). We maintain BUY and roll over valuation to 1.6x Dec'27E ABV (1.4x earlier) with TP of Rs 312 (Rs 263 earlier). We have increased P/ABV multiple to factor in FB's strategic initiatives unfolding with better loan growth visibility and consistently improving return profile.

Key changes

	Target	Rating
Ticker/Price	FB IN/Rs 270	
Market cap	US\$ 7.3bn	
Free float	100%	
3M ADV	US\$ 29.0mn	
52wk high/low	Rs 278/Rs 173	
Promoter/FPI/DII	0%/25%/51%	

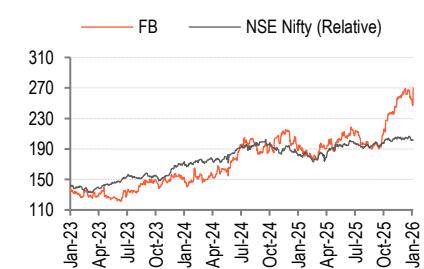
Source: NSE | Price as of 16 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	94,680	1,04,120	1,28,361
NII growth (%)	14.2	10.0	23.3
Adj. net profit (Rs mn)	40,519	40,411	50,872
EPS (Rs)	16.6	16.5	20.7
Consensus EPS (Rs)	16.6	16.0	19.8
P/E (x)	16.3	16.4	13.0
P/BV (x)	2.0	1.8	1.6
ROA (%)	1.2	1.1	1.2
ROE (%)	13.0	11.5	12.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

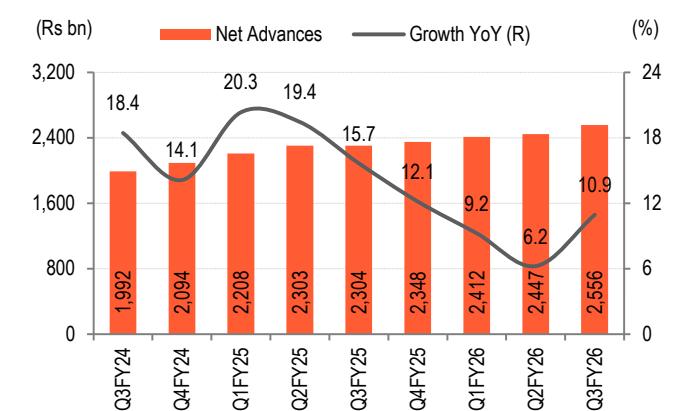
(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Income Statement							
Interest Income	54,637	52,848	53,229	53,834	54,741	0.2	1.7
Income on investments	11,474	11,504	11,346	11,684	12,128	5.7	3.8
Int. on bal. with RBI & inter-bank funds & Others	1,976	2,131	2,291	1,904	1,806	(8.6)	(5.1)
Interest income	68,087	66,484	66,866	67,422	68,675	0.9	1.9
Interest expense	43,773	42,709	43,498	42,469	42,148	(3.7)	(0.8)
Net interest income	24,314	23,774	23,368	24,952	26,527	9.1	6.3
Growth YoY (%)	18.2	12.0	6.5	8.9	9.1		
Non-interest income	9,162	10,060	11,130	10,822	11,003	20.1	1.7
Growth YoY (%)	25.4	16.6	47.6	18.2	20.1		
Total income	33,476	33,834	34,498	35,774	37,530	12.1	4.9
Growth YoY (%)	20.1	13.3	17.0	11.5	12.1		
Staff expenses	7,832	7,838	7,976	8,034	8,487	8.4	5.6
Other operating expenses	9,949	11,342	10,959	11,298	11,750	18.1	4.0
Operating expenses	17,781	19,180	18,935	19,332	20,237	13.8	4.7
Pre-Provisioning Profit (PPoP)	15,696	14,654	15,563	16,442	17,293	10.2	5.2
Growth YoY (%)	18.5	2.0	40.2	9.5	10.2		
Provisions	2,923	1,381	4,002	3,631	3,324	13.7	(8.5)
Growth YoY (%)	565.9	51.4	(523.0)	151.7	13.7		
PBT	12,772	13,273	11,561	12,811	13,970	9.4	9.0
Tax	3,217	2,971	2,944	3,258	3,557	10.6	9.2
PAT	9,555	10,302	8,618	9,553	10,412	9.0	9.0
Growth YoY (%)	0.2	2.3	(4.9)	(5.4)	9.0		
Per Share							
FV (Rs)	2.0	2.0	2.0	2.0	2.0	-	-
EPS (Rs)	3.9	4.2	3.5	3.9	4.2	8.7	8.7
Book Value (Rs)	131	135	138	142	146	11.5	3.0

Source: BOBCAPS Research, Company

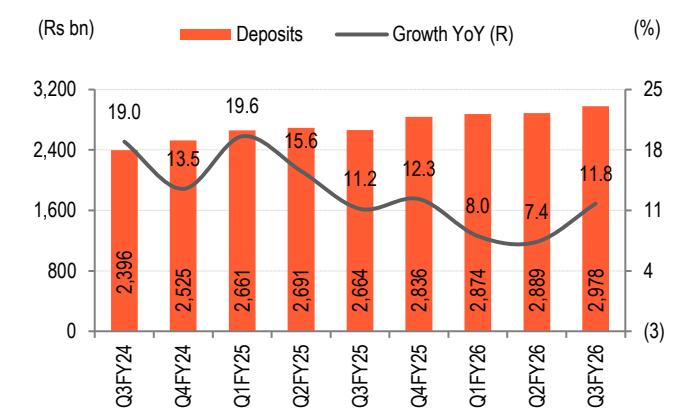
Fig 2 – Quarterly snapshot: Key balance sheet parameters & ratios

(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Deposits	26,63,750	28,36,475	28,74,360	28,89,196	29,77,960	11.80	3.07
Growth YoY (%)	14.4	18.4	13.8	8.6	11.8		
Advances	23,03,700	23,48,364	24,12,040	24,46,571	25,55,690	10.94	4.46
Growth YoY (%)	19.5	17.9	15.2	10.8	10.9		
Investment	6,64,410	6,62,456	6,85,010	7,03,469	7,18,890	8.20	2.19
Equity	3,23,340	3,34,206	3,44,194	3,59,473	3,65,750	13.12	1.75
Assets	33,99,050	34,90,048	35,32,980	35,60,802	36,66,910	7.88	2.98
Growth YoY (%)	18.3	17.8	14.6	8.6	7.9		
Yield (%)							
Yield on Funds	8.50	8.12	8.02	8.01	7.99	(51bps)	(2bps)
Cost of Funds	5.96	5.67	5.66	5.53	5.43	(53bps)	(10bps)
Spread	2.54	2.45	2.35	2.48	2.56	2bps	8bps
Net Interest Margin	3.11	3.12	2.94	3.06	3.18	7bps	12bps
Ratios (%)							
Other Income / Net Income	27.4	29.7	32.3	30.3	29.3	195bps	(93bps)
Cost to Income ratio	53.1	56.7	54.9	54.0	53.9	81bps	(11bps)
CASA ratio	30.2	30.2	30.3	31.0	32.1	191bps	106bps
C/D ratio	86.5	82.8	83.9	84.7	85.8	(66bps)	114bps
Investment to Assets	19.5	19.0	19.4	19.8	19.6	6bps	(15bps)
Assets Quality							
GNPA	45,530	43,755	46,697	45,320	44,469	(2.33)	(1.88)
NNPA	11,312	10,404	11,576	11,652	10,680	(5.58)	(8.34)
Provision	34,218	33,352	35,120	33,669	33,788	(1.26)	0.36
GNPA (%)	1.95	1.84	1.91	1.83	1.72	(23bps)	(11bps)
NNPA (%)	0.49	0.44	0.48	0.48	0.42	(7bps)	(6bps)
PCR (%)	75.2	76.2	75.2	74.3	76.0	83bps	169bps
Others (nos)							
Branches	1,550	1,589	1,591	1,595	1,601	51	6
ATMs	2,054	2,080	2,094	2,082	2,094	40	12

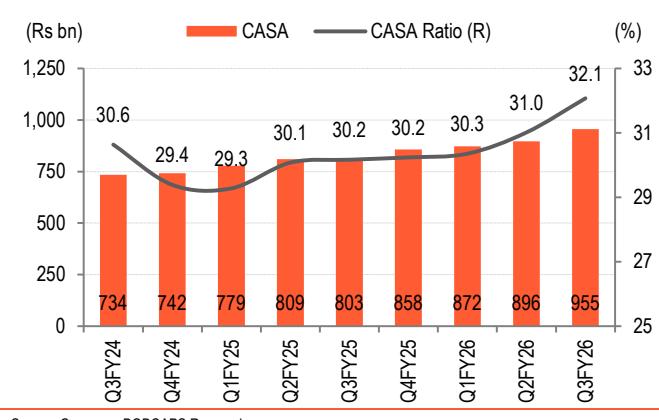
Source: Company, BOBCAPS Research

Fig 3 – Credit growth improved to 10.9% YoY

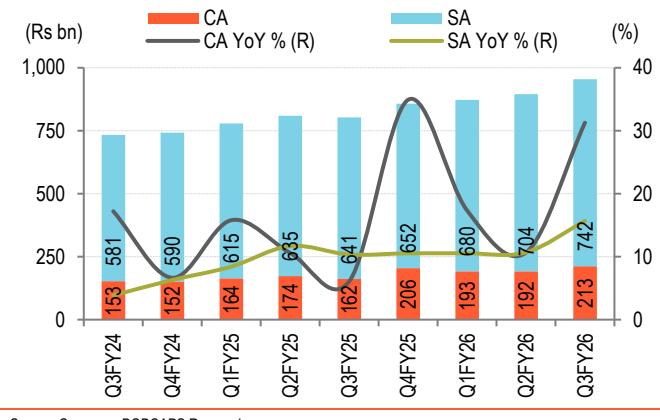
Source: Company, BOBCAPS Research

Fig 4 – Deposits grew 11.8% YoY

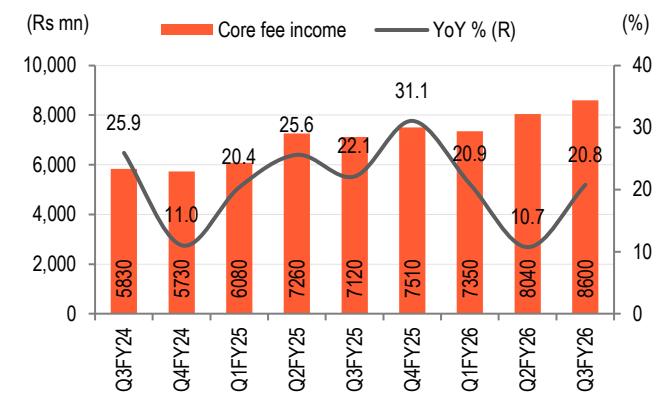
Source: Company, BOBCAPS Research

Fig 5 – CASA ratio improving steadily...

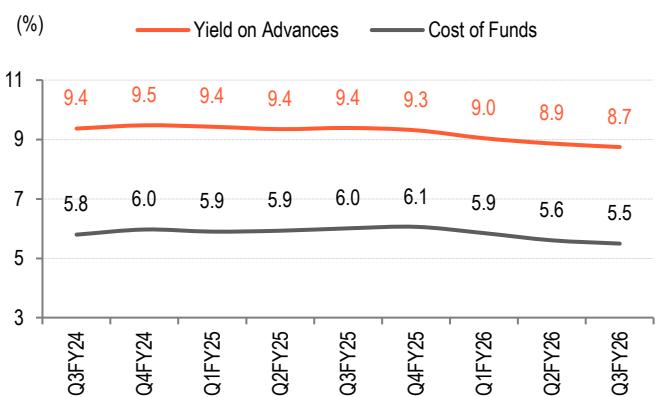
Source: Company, BOBCAPS Research

Fig 6 – ...with CA up (+31% YoY) and SA up (+16% YoY)

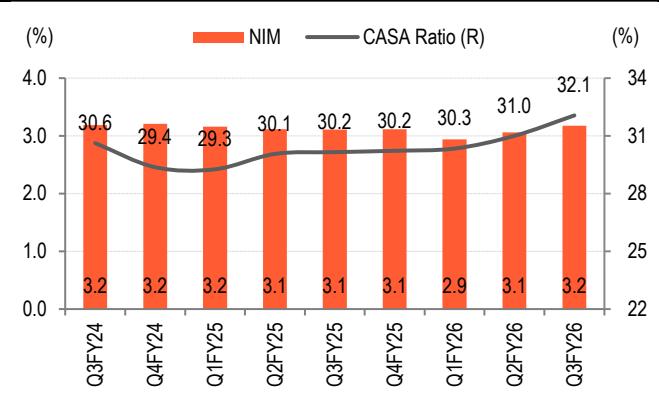
Source: Company, BOBCAPS Research

Fig 7 – Focus on growing core fee income

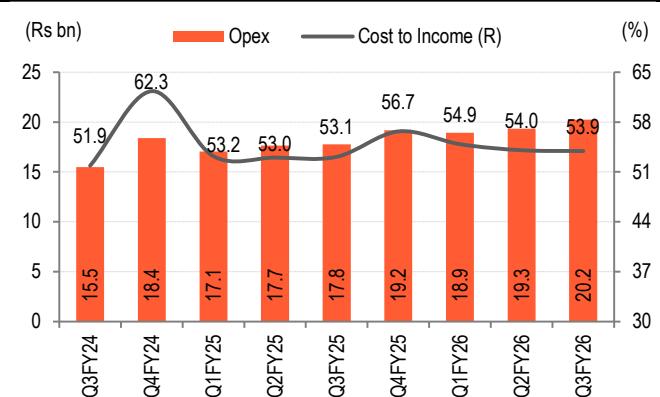
Source: Company, BOBCAPS Research

Fig 8 – Yields moderated while CoF improved

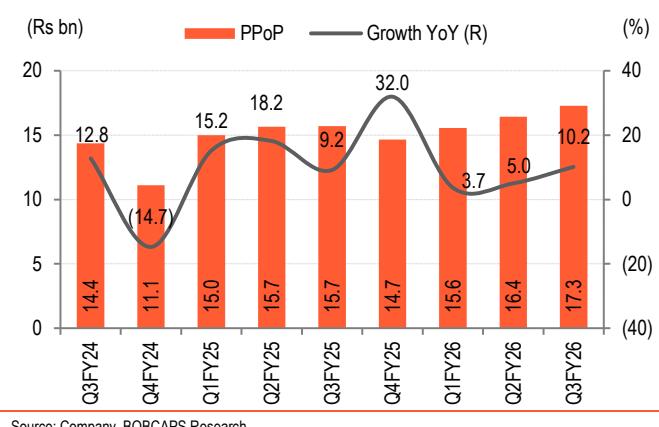
Source: Company, BOBCAPS Research

Fig 9 – NIMs improved 12bps QoQ

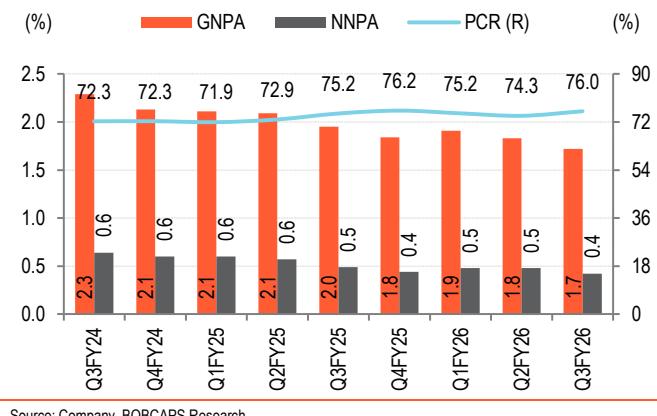
Source: Company, BOBCAPS Research

Fig 10 – C/I ratio improved by ~12bps; guided to be 53-55% for next couple of years

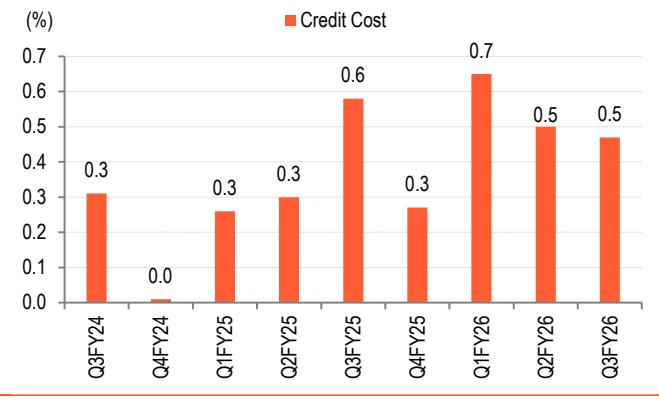
Source: Company, BOBCAPS Research

Fig 11 – PPoP improved steadily

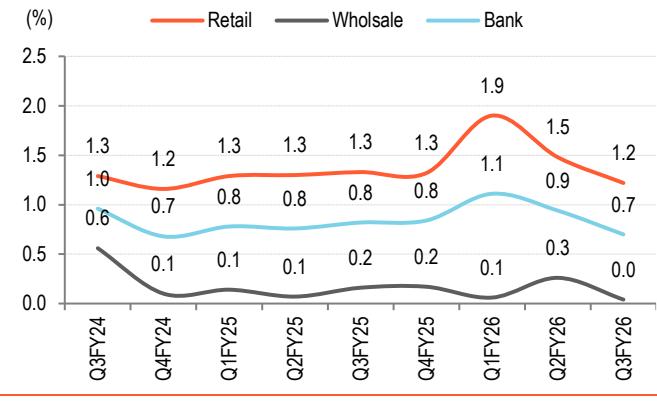
Source: Company, BOBCAPS Research

Fig 12 – Asset quality improved

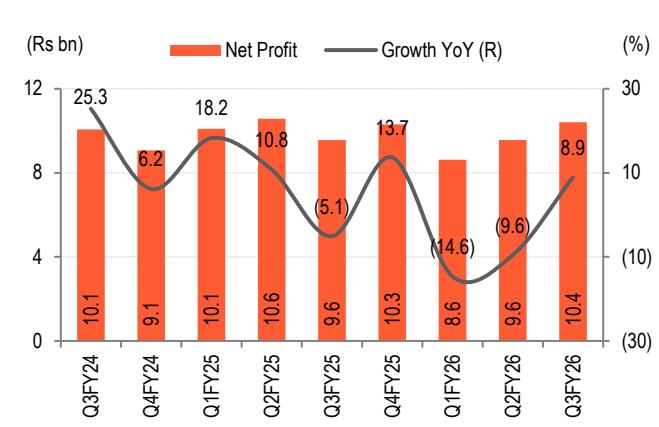
Source: Company, BOBCAPS Research

Fig 13 – Credit cost moderated with easing of MFI stress

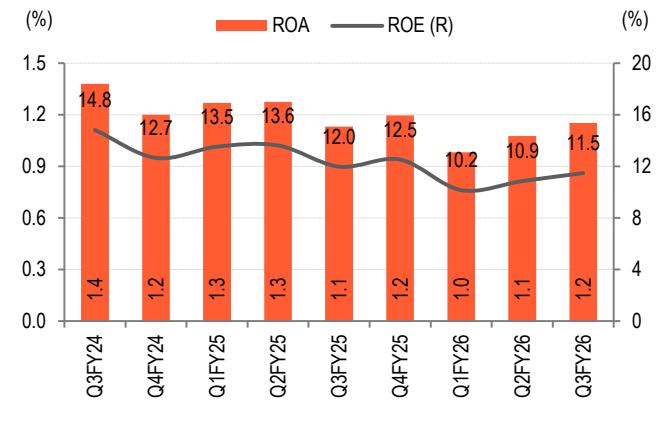
Source: Company, BOBCAPS Research

Fig 14 – Slippages improved sequentially

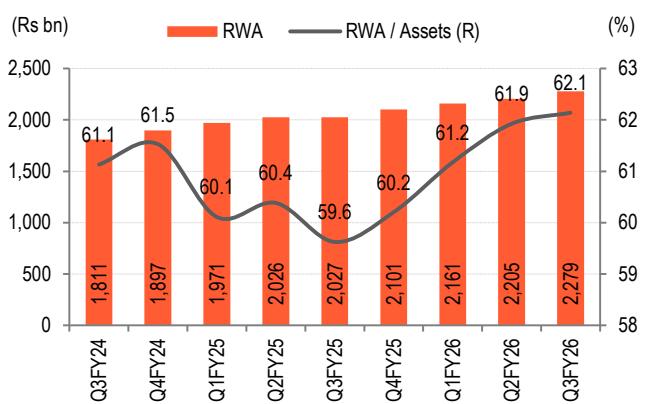
Source: Company, BOBCAPS Research

Fig 15 – Net profit improved on higher NIMs and low CC

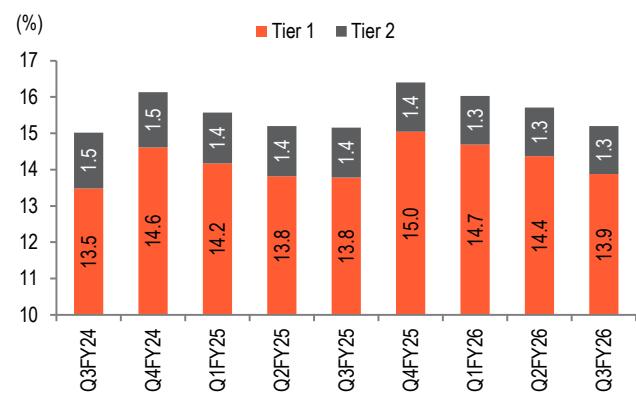
Source: Company, BOBCAPS Research

Fig 16 – Return ratios on improving trajectory

Source: Company, BOBCAPS Research

Fig 17 – RWAs expected stay ~60-62% range

Source: Company, BOBCAPS Research

Fig 18 – Healthy capital position

Source: Company, BOBCAPS Research

Earnings call highlights

Guidance

- Management expects loan growth to be in high teens in FY27.
- Credit cost guided around 55-60bps in FY26, with gradual easing of MFI stress.
- Cost-to-income ratio to remain at ~53-55% levels for next 2-3 years.
- CASA ratio is expected to improve in the coming years, largely aided by focus on CA deposits.

Advances

- FB reported growth of 10.9% YoY (+4.5% QoQ) in net advances.
- Loan book restructuring continues, with the bank reducing its low-yielding home loan exposure (~13.5% of book) and focusing on medium-yield segments like Core agri, commercial banking, CVs, Auto, retail gold loans, LAP segments.
- Medium-yielding segments (CV/CE, LAP, Auto, Gold) saw a rise in its gross advances share to 44.4% (44% in Q3FY25) while low yielding advances decreased to 51.0% as of Dec'25 from 52.2% as of Dec'24.
- Gold loans expanded by 12% YoY, even as the bank proactively downsized its wholesale gold lending portfolio to align with RBI regulatory guidance.
- Corporate segment grew 6.3% QoQ, driven by increased corporate requirements for working capital and bank lending substituting for higher-priced bond markets.
- Within high-yielding segments, credit cards rose by 24% YoY.
- The bank remains cautious and selective in growing MFI book due to elevated credit costs and slippages.

Performance

- NII came in at Rs 26.5bn, up 9% YoY (+6% QoQ). Yield on advances declined by 12bps QoQ. CoF decreased by 11bps QoQ. This led to a rise in NIMs by 12bps QoQ to 3.18%, mainly supported by rise in CASA ratio.
- Other income grew 20% YoY (2% QoQ) and FB reported its highest ever fee income at 0.99% of average assets.
- Opex was up 14% YoY and 5% sequentially. Cost to income ratio came down to 53.9% in Q3FY26.
- PPoP increased 10% YoY and 5% sequentially. Provisions at Rs 3.3bn vs Rs 3.6bn in Q2FY26.
- The bank has prudently set aside Rs 20.8mn in incremental provisions this quarter to buffer against the potential impact of new labor laws, based on an internal assessment.
- Credit cost improved by 3bps to 0.47%. PAT came in at Rs 10.4bn, up 9% YoY and +9% QoQ.

Deposits

- Deposits grew by 12% YoY- current account (+31% YoY) and savings account (+16% YoY).
- CASA ratio improved and stood at 32.1%, 106bps higher than Q2FY26.
- Concentration risk has improved, with the share of the top 20 depositors declining to 5.4%, down from 6.66% in Q3FY24.
- Average CASA ratio improved by 150 bps YoY and 40bps QoQ, reflecting strong growth in current accounts and NRI savings, increase in remittance market share (from 18.42% in FY25 to 19.72% in H1FY26).
- FB registered 10% YoY growth in NRE deposits, showcasing popularity among non-resident customers.
- Management clarified that CASA growth is organic and secular, with no chunky or period-end balances inflating the numbers and considers the CASA growth as a key component of their ongoing journey to improve yields and risk-adjusted returns.

Asset Quality

- GNPA ratio improved by 11bps QoQ to 1.72% and NNPA improved by 6bps QoQ at 0.42% in Q3FY26. PCR increased to 75.14% vs 73.45% in Q2FY26.
- FB has nearly aligned with ECL standards; any minor shortfall will be absorbed over the multi-year transition period.
- Credit cost for the quarter improved by 3bps QoQ and now stands at 47bps vs 50bps last quarter.
- Excluding the MFI segment, the credit cost was even lower at 29 bps, reflecting the strength of the core portfolio.

- Slippage ratio improved to 0.72% vs 0.97% in Q2FY25.
- While slippages in the MFI segment are trending downward, the bank remains cautious and will watch the segment for another quarter before deciding whether to increase growth momentum.

Others

- Federal Bank secured a strategic minority investment from Blackstone through the issuance of convertible warrants of Rs 61.2bn, which upon full conversion will result in a 9.99% equity stake on a fully diluted basis. In Q3FY26, the transaction has received approvals from the Board of Directors, shareholders (EGM), and the Competition Commission of India, underscoring regulatory and governance alignment. Management expects the deal to materialise in Q4FY26, which will strengthen the bank's capital base and enhance financial flexibility to support its credit growth.
- In Q3FY26, bank acquired 32mn shares of Ageas Federal Life Insurance Company Limited from Ageas Insurance International NV at Rs 30.45/share (total Rs 974.4mn), raising its stake to 30% from 26% on fully diluted basis.

Valuation Methodology

FB's strategy to position itself closer to the top private sector banks, driven by changes in the assets and liabilities profile, is expected to result in steady business growth and improved return profile. We model advances growth of 14% CAGR over FY25-28E with RoA/RoE of 1.3%/14% in FY28E (1.15%/11.7% in Q3FY26). We maintain BUY and roll over valuation to 1.6x Dec'27E ABV (1.4x earlier) with TP of Rs 312 (Rs 263 earlier). The bank is currently trading at 1Y forward P/ABV of 1.7x. We have increased the P/ABV target multiple to factor in FB's strategic initiatives unfolding with better loan growth visibility and consistently improving return profile.

Fig 19 – Actuals vs BOBCAPS Estimates

(Rs mn)	Q3FY26A	Q3FY26E	Variance (%)
Loan	25,55,690	25,30,126	1.0
Deposits	29,77,960	29,80,736	(0.1)
Assets	36,66,910	36,88,687	(0.6)
NII	26,527	25,917	2.4
PPoP	17,293	16,880	2.4
Provision	3,324	3,053	8.9
PAT	10,412	10,343	0.7

Source: Company, BOBCAPS Research

Fig 20 – Revised estimates

Key Parameters (Rs mn)	New			Old Estimates			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Loan	26,41,909	30,38,196	35,24,307	26,41,909	30,64,615	35,85,599	-	(0.9)	(1.7)
Deposits	31,54,160	35,95,742	41,53,082	31,54,160	35,95,742	41,53,082	-	-	-
Assets	39,40,051	44,95,538	52,15,456	39,40,051	45,23,015	52,80,392	-	(0.6)	(1.2)
NII	1,04,120	1,28,361	1,51,052	1,04,118	1,23,702	1,46,554	0.0	3.8	3.1
PPoP	67,790	82,292	99,988	67,090	79,925	95,203	1.0	3.0	5.0
Provision	13,474	13,916	14,438	13,723	11,413	11,638	(1.8)	21.9	24.1
PAT	40,411	50,872	63,650	39,705	50,973	62,173	1.8	(0.2)	2.4
ABV (Rs)	147	166	190	146	165	188	0.7	0.6	0.7

Source: Company, BOBCAPS Research

Fig 21 – Key operational assumptions

(%)	FY25	FY26E	FY27E	FY28E
Advances growth	12.1	12.5	15.0	16.0
NII growth	14.2	10.0	23.3	17.7
PPoP growth	17.9	11.1	21.4	21.5
PAT growth	8.9	(0.3)	25.9	25.1
NIM	3.1	3.0	3.2	3.3
GNPA	1.8	1.7	1.6	1.5
CAR	16.4	16.3	16.1	16.0

Source: Company, BOBCAPS Research

Fig 22 – Valuation summary

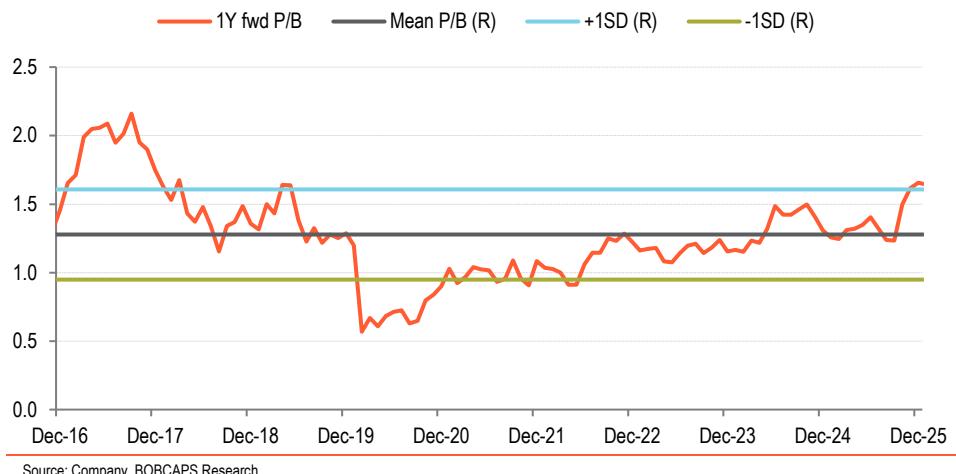
Business	Valuation	Holdings (%)	Value (Rs/sh)
Federal Bank	1.6x Dec'27E ABV	100	300
Fed Financial Services	Market cap	61	12
Total			312

Source: Company, BOBCAPS Research

Fig 23 – Valuation assumptions

Gordon Growth Model	Assumptions
Cost of equity (%)	12.6
Blended ROE (%)	14.9
Initial high growth period (years)	10.0
Payout ratio of high-growth phase (%)	20.0
Long-term growth (%)	6
Long term dividend payout ratio (%)	60
Justified P/BV (x)	1.6

Source: BOBCAPS Research

Fig 24 – PB band chart

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates:

- reversal in credit cycle, which can lead to higher deterioration in asset quality and hence overall profitability, owing to higher provisions
- Inability of management to implement the new strategy

Glossary

Glossary of Abbreviations

AUCA	Advance Under Collection Account	MTM	Mark to Market
CASA	Current Account and Savings Account	NII	Net Interest Income
CAR	Capital Adequacy Ratio	NIM	Net Interest Margin
CET1	Common Equity Tier 1	NNPA	Net Non-Performing Assets
CD	Credit-Deposit Ratio	NRE	Non-Resident (External) Account
C/I	Cost-Income Ratio	NRO	Non-Resident Ordinary Account
CV/CE	Commercial Vehicle/Construction Equipment	PCR	Provision Coverage Ratio
EBLR	External Benchmark-based Lending Rate	PPOP	Pre-Provision Operating Profit
ECL	Expected Credit Loss	PSU	Public Sector Unit
FCNR	Foreign Currency Non-Resident Account	RWA	Risk-weighted Assets
GNPA	Gross Non-Performing Assets	SA	Savings Account
LCR	Liquidity Coverage Ratio	SLR	Statutory Liquidity Ratio
LDR	Loan to Deposit Ratio	SMA	Special Mention Account
MCLR	Marginal Cost of Funds-based Lending Rate	SME	Small and Medium-sized Enterprises
MFI	Microfinance Institution		

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	82,935	94,680	1,04,120	1,28,361	1,51,052
NII growth (%)	14.7	14.2	10.0	23.3	17.7
Non-interest income	30,793	38,012	44,209	50,192	58,266
Total income	1,13,728	1,32,692	1,48,329	1,78,553	2,09,318
Operating expenses	61,983	71,681	80,539	96,261	1,09,330
PPOP	51,745	61,011	67,790	82,292	99,988
PPOP growth (%)	7.9	17.9	11.1	21.4	21.5
Provisions	1,961	7,331	13,474	13,916	14,438
PBT	49,784	53,681	54,316	68,376	85,551
Tax	12,578	13,162	13,905	17,504	21,901
Reported net profit	37,206	40,519	40,411	50,872	63,650
Adjustments	0	0	0	0	0
Adjusted net profit	37,206	40,519	40,411	50,872	63,650

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	4,871	4,912	4,912	4,912	4,912
Reserves & surplus	2,86,074	3,29,295	3,66,756	4,14,117	4,73,630
Net worth	2,90,944	3,34,206	3,71,667	4,19,029	4,78,542
Deposits	25,25,340	28,36,475	31,54,160	35,95,742	41,53,082
Borrowings	1,80,264	2,37,263	2,91,834	3,61,874	4,48,723
Other liab. & provisions	86,570	82,104	1,22,390	1,18,893	1,35,109
Total liab. & equities	30,83,118	34,90,048	39,40,051	44,95,538	52,15,456
Cash & bank balance	1,89,629	3,08,592	3,53,447	4,04,994	4,64,929
Investments	6,08,595	6,62,456	7,39,989	8,14,397	9,41,536
Advances	20,94,033	23,48,364	26,41,909	30,38,196	35,24,307
Fixed & Other assets	1,90,860	1,70,636	2,04,705	2,37,951	2,84,683
Total assets	30,83,118	34,90,048	39,40,051	44,95,538	52,15,456
Deposit growth (%)	18.3	12.3	11.2	14.0	15.5
Advances growth (%)	20.0	12.1	12.5	15.0	16.0

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	16.3	16.6	16.5	20.7	25.9
Dividend per share	1.3	1.2	1.2	1.4	1.7
Book value per share	119.5	136.1	151.3	170.6	194.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	16.5	16.3	16.4	13.0	10.4
P/BV	2.3	2.0	1.8	1.6	1.4
Dividend yield (%)	0.5	0.4	0.4	0.5	0.6

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	2.9	2.9	2.8	3.0	3.1
Non-interest income	1.1	1.2	1.2	1.2	1.2
Operating expenses	2.2	2.2	2.2	2.3	2.3
Pre-provisioning profit	1.8	1.9	1.8	2.0	2.1
Provisions	0.1	0.2	0.4	0.3	0.3
PBT	1.8	1.6	1.5	1.6	1.8
Tax	0.4	0.4	0.4	0.4	0.5
ROA	1.3	1.2	1.1	1.2	1.3
Leverage (x)	11.2	10.5	10.5	10.7	10.8
ROE	14.7	13.0	11.5	12.9	14.2

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Net interest income	14.7	14.2	10.0	23.3	17.7
Pre-provisioning profit	7.9	17.9	11.1	21.4	21.5
EPS	14.5	1.3	(0.7)	25.9	25.1
Profitability & Return ratios (%)					
Net interest margin	3.2	3.1	3.0	3.2	3.3
Fees / Avg. assets	0.2	0.2	0.2	0.2	0.2
Cost-Income	54.5	54.0	54.3	53.9	52.2
ROE	14.7	13.0	11.5	12.9	14.2
ROA	1.3	1.2	1.1	1.2	1.3
Asset quality (%)					
GNPA	2.1	1.8	1.7	1.6	1.5
NNPA	0.6	0.4	0.4	0.4	0.4
Slippage ratio	1.0	0.9	0.9	0.9	0.9
Credit cost	0.1	0.3	0.5	0.5	0.4
Provision coverage	71.8	75.9	75.2	75.4	75.6
Ratios (%)					
Credit-Deposit	82.9	82.8	83.8	84.5	84.9
Investment-Deposit	24.1	23.4	23.5	22.6	22.7
CAR	16.1	16.4	16.3	16.1	16.0
Tier-1	14.6	15.0	14.8	14.6	14.4

Source: Company, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: 1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051

SEBI Research Analyst Registration No: INH000000040 valid till 03 February 2025

Brand Name: **BOBCAPS**

Trade Name: www.barodaetrade.com

CIN: U65999MH1996GOI098009

Logo:  TRUST | INNOVATION | EXCELLENCE

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

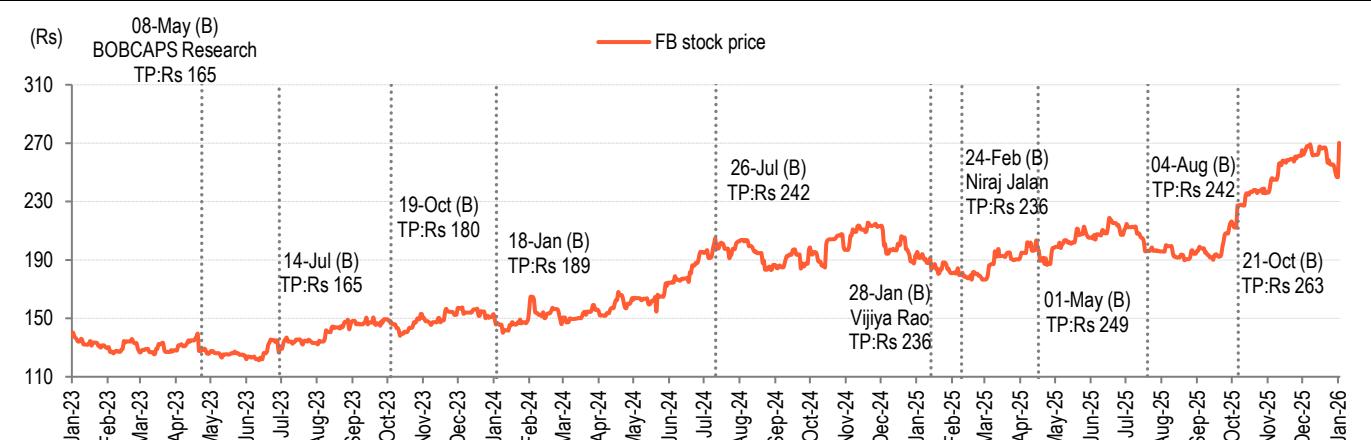
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): FEDERAL BANK (FB IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "MAYBANK"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.