

# Pick of *the week*

## Federal Bank

Recommendation: **BUY**

Target Price: **₹225**

Current Price: **₹188**

Time Period: **12 Months**

Date: **10<sup>th</sup> February 2025**



- 🔑 The Federal bank's headline performance in this quarter does not show any signs of worry.
- 🔑 Loan growth remains steady at ~15% yoy; high-yielding CV/CE book grew ~39% yoy, and MFI loans grew ~50% yoy.
- 🔑 Deposit growth stood at ~11% yoy. The CASA ratio has remained stable at ~30%.
- 🔑 The headline asset quality position was relatively comfortable, with no signs of worsening trends.
- 🔑 Gross Non-performing loans and Net Non-performing loans ratios declined ~10 bps qoq at ~2.0% and ~0.5%, respectively.
- 🔑 It has created additional provisions of Rs290 cr (10 bps of loans) in this quarter toward specific asset products.
- 🔑 We maintain BUY, with the FV at Rs225 (unchanged).

Note: The above is a brief note on the company, based on the inputs of KIE research report dated 28th Jan, 2025, which is available on our website at: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>.

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