

Pick of the week

Federal Bank

Recommendation:	BUY
Target Price:	₹225
Current Price:	₹188
Time Period:	12 Months
Date:	10th 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).