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Federal Bank says well capitalised, asset quality healthy

BY PTI | MAR 13, 2020, 03.32 PM IST

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NEW DELHI: [Federal Bank](#) on Friday said its asset quality is healthy and the capital adequacy is much above the regulatory requirement, amid broader concerns triggered by the [Yes Bank crisis](#).

"To reiterate the bank's strengths: Federal Bank is now having a [CRAR](#) (capital adequacy ratio) of 14.14 per cent (FY2019) which is higher than the regulatory minimum of 9 per cent.

"As on December 31, 2019, the total CRAR of the bank was 13.64 per cent, with tier 1 capital being at 12.62 per cent and this indicates a strong position on capital," it said in a statement.

Also, gross NPA ([non-performing asset](#)) ratio in Federal Bank is 2.92 per cent against the industrial average of 9.1 per cent.

Stress book to average assets of Federal Bank has come down from 1.96 per cent in third quarter of 2018-19 to 1.59 per cent in the same quarter this fiscal.

"These figures show that the asset quality of the bank is safe and healthy. Federal Bank's deposits have been growing at a healthy rate of 14 per cent year-on-year (December 2019 vs December 2018)," it added.

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The lender also said nearly 90 per cent of the bank's deposits are granular.

"This means, the percentage of deposits which are of value Rs 2 crore or below in our base, is close to 90 per cent. This reduces the risk of dependency on high-value deposits for the bank," it said.

The lender also said its shareholder base is very widely held with no promoter groups holding shares.

"The history of Federal Bank dates back to the pre-independence era. Federal Bank is an extremely well-capitalized private bank with a strong financial base and a legacy close to 9 decades and having a customer base of 10 million," it said.

Federal Bank has more than 1,000 branches and ATMs across different states in India. The bank is showing consistent growth in profit on year-on-year basis and its dividend paying capacity track record is also good, the statement said.

Several private sector lenders have issued statements about their financial condition in the wake of [Yes Bank](#) crisis which has triggered panic among customers as to whether their deposits are safe in private banks.

Federal Bank stock was trading at Rs 67, up 6.18 per cent, on the BSE.

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