

FEDERAL BANK

BUY

16-Jan-18

INDUSTRY	BANKING
BLOOMBERG	FB IN
BSE Code	500469
NSE Code	FEDERALBNK
NIFTY	10741

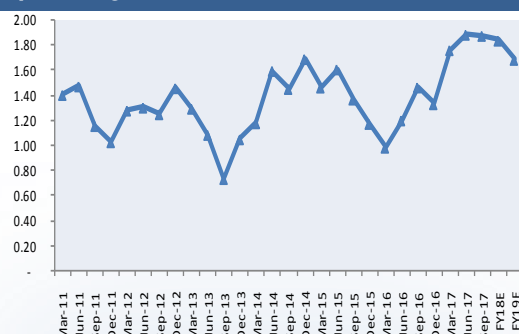
Company Data

CMP	113
Target Price	135
Previous Target Price	144
Upside	19%
Change from Previous	-6%
52wk Range H/L	127/71
Mkt Capital (Rs Cr)	22276
Av. Volume (,000)	1062

Share Holding Pattern %

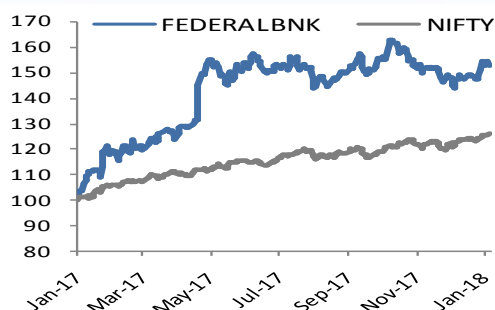
	3QFY18	2QFY18	1QFY18
Promoters	0.0	0.0	0.0
DII	34.8	34.9	34.5
FII	36.4	36.7	38.3
Others	28.8	28.4	27.2

Federalbnk is currently trading at 1.8x P/B FY19E



Stock Performance %

	1Mn	3Mn	1Yr
Absolute	5.1	(9.3)	56.1
Rel.to Nifty	1.7	(14.2)	26.5



DEEPAK KUMAR

Deepak.kumar@narnolia.com

Key Highlights of the Company:

- ✓ Federal Bank is a Kerala-based private sector bank with branch network of 1,252 (48% in Kerala). It has total assets base of Rs 122,000 Cr.
- ✓ With the focus on retail, SME and mid-market corporate segment, loan book has shown an increased average growth of 27% since last six
- ✓ FB has marginal exposure to NCLT accounts and focus on SME, retail and mid corporate portfolio gives improving assets quality outlook going forward.
- ✓ By upfronting of stress recognition and invested in people and technology, productivity is expected to improve going forward.
- ✓ With healthy CRAR ratio of 14.4%, Federal Bank is in a sweet spot to capitalize the growth opportunity.
- ✓ **We maintain BUY with reduced target price to Rs 135 at 2x BVPS FY19 estimates.**

Financials/Valuation

	FY16	FY17	FY18E	FY19E	FY20E
NII	2504	3053	3653	4488	5452
PPP	1424	1925	2328	2826	3513
PAT	476	831	1017	1384	1860
NIM %	3.0	3.1	3.1	3.2	3.3
EPS (Rs)	3	5	5	7	10
EPS growth (%)	-52.9	74.1	8.0	36.1	34.4
ROE (%)	6.0	9.8	9.7	11.0	13.4
ROA (%)	0.5	0.8	0.8	0.9	1.1
BV	47	52	62	67	75
P/B (X)	1.0	1.8	1.8	1.7	1.5
P/E (x)	16.7	19.0	21.8	16.0	11.9

Recent Development : Key Highlights of Result Update

- ✓ PAT registered healthy growth of 26% YoY on the back of healthy net interest income growth and controlled credit cost during the quarter.
- ✓ Other income declined by 17% YoY/20% QoQ mainly on account lower treasury income. Fall in treasury income was due to spike in bond yield during the quarter.
- ✓ Slippage ratio increased to 54 bps against 36 bps QoQ. In absolute terms slippages increased by 58% sequentially. However on the positive side recovery and up-gradation were also higher during the quarter which was Rs 220 Cr against Rs 153 Cr a quarter back.
- ✓ Advances grew by 22% YoY led by strong growth in wholesale and SME segment.
- ✓ Security Receipt at book value is Rs 870 Cr of which only Rs 95 Cr has been provided. Management expects some provisions to occur on SR book as it migrates to further level of assets classification.

Quarterly Performance

Financials	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	YoY %	QoQ%	FY16	FY17	YoY %
Interest Inc.	2,281	2,316	2,324	2,380	2,501	9.6%	5.1%	7,745	8,677	12.0%
Interest Exp.	1,490	1,474	1,523	1,481	1,551	4.1%	4.8%	5,240	5,625	7.3%
NII	791	842	801	899	950	20.0%	5.7%	2,504	3,053	21.9%
Other Income	275	282	329	287	229	-16.8%	-20.4%	786	1,082	37.6%
Total Income	1,066	1,124	1,130	1,186	1,179	10.6%	-0.6%	3,291	4,134	25.6%
Ope Exp.	591	575	572	603	617	4.4%	2.4%	1,867	2,210	18.4%
PPP	475	549	558	583	561	18.2%	-3.7%	1,424	1,925	35.2%
Provisions	159	123	236	177	162	2.3%	-8.1%	704	618	-12.2%
PBT	316	426	321	406	399	26.2%	-1.8%	720	1,307	81.5%
Tax	110	170	111	143	139	25.8%	-2.6%	244	476	95.0%
Net Profit	206	257	210	264	260	26.4%	-1.4%	476	831	74.7%

Decline in other income led by fall in treasury gain.

Improvement in core income continues.

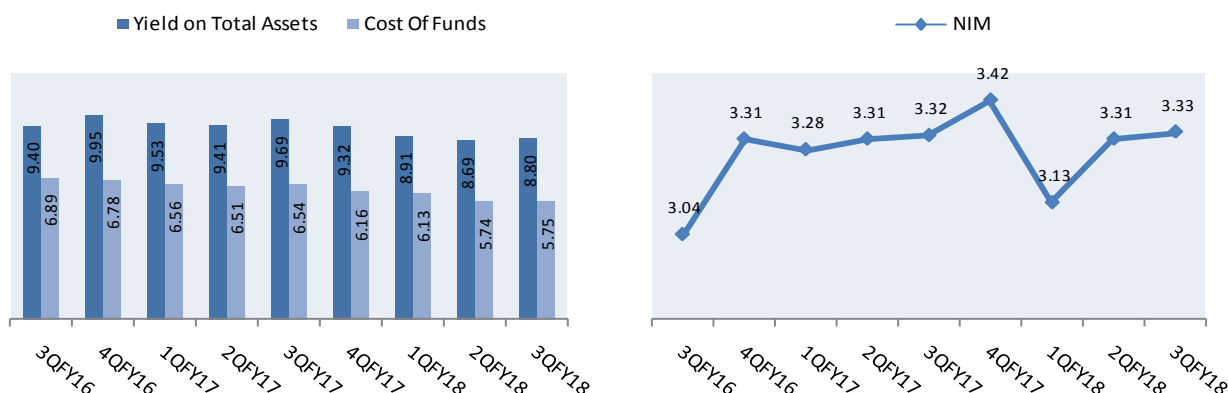
- ✓ FB reported a healthy PAT growth of 26% YoY however it missed our PAT estimate by more than 10% on account of lower treasury income booked during the quarter. NII grew by 20% in line with our estimate. NII growth was supported by strong loan growth and NIM expansion.
- ✓ Other income declined by 17% YoY/20% QoQ mainly on account lower treasury income. Fall in treasury income was due to spike in bond yield during the quarter.
- ✓ Operating expenses growth was moderated with just over 4% YoY growth which led the C/I ratio to decline to 52.4% against 55.5% a year back. However it increased sequentially by 1.5%. Operating profit grew by 18% YoY.
- ✓ Provisions grew by 2% YoY/ -8% QoQ.
- ✓ NIM remained stable YoY at 3.33%. Reported Yield on advances declined by 96 bps YoY to 9.54% whereas cost of deposits declined 53 bps YoY to 5.73%.

C/I Ratio on declining trend.

Profitability Metrix %	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	YoY(+/-)	QoQ(+/-)	FY16	FY17	YoY(+/-)
C/I Ratio	55.5	51.2	50.6	50.8	52.4	-3.08	1.54	56.7	53.4	-3.29
Empl. Cost/ Tot. Exp. %	54.1	45.7	52.2	51.9	48.7	-5.40	-3.19	56.4	52.7	-3.73
Other Exp/Tot. Exp. %	45.9	54.3	47.8	48.1	51.3	5.40	3.19	43.6	47.3	3.73
Provision/PPP %	33.4	22.3	42.4	30.3	28.9	-4.51	-1.38	49.5	32.1	-17.33
Tax Rate %	34.9	39.8	34.6	35.1	34.8	-0.11	-0.29	33.9	36.4	2.51
Int Exp./Int Inc. (%)	65.3	63.6	65.5	62.2	62.0	-3.29	-0.21	67.7	64.8	-2.84
Other Inc./Net Inc. %	25.8	25.1	29.1	24.2	19.4	-6.37	-4.82	23.9	26.2	2.27
PAT/ Net Income %	19.3	22.8	18.6	22.2	22.1	2.77	-0.17	14.5	20.1	5.64
PAT Growth %	26.4	2,437.6	25.6	31.0	26.4	0.05	-5	(52.7)	74.7	127.37
NII Growth % (YoY)	30.8	22.8	15.6	23.8	20.0	-10.72	-3.74	5.2	21.9	16.70
Op. Profit Gr. YoY %	45.9	39.3	31.0	22.8	18.2	-27.69	-4.56	(12.5)	35.2	47.73
RoE	9.6	11.9	8.3	9.0	8.7	-0.88	-0.28	6.0	9.8	3.75
RoA	0.8	1.0	0.8	0.9	0.9	0.09	-0.07	0.5	0.8	0.26

Margin Performance

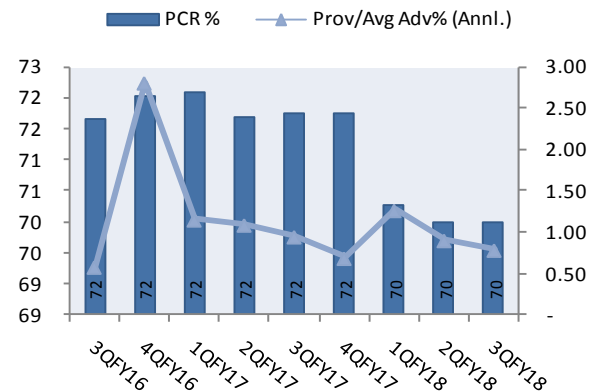
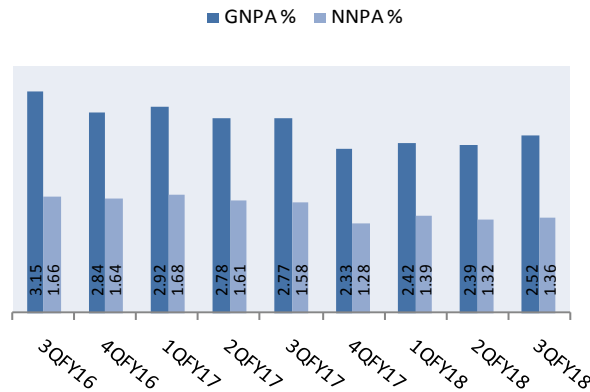
Margin %	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	YoY(+/-)	QoQ(+/-)	FY16	FY17	YoY(+/-)
Yield On Advances	10.5	10.3	10.0	9.5	9.5	-0.96	0.00	10.4	10.0	-0.41
Yield on Earning Assets	9.7	9.3	8.9	8.7	8.8	-0.88	0.11	9.4	8.9	-0.49
Cost of Deposits	6.3	6.1	6.1	5.8	5.7	-0.53	-0.06	6.7	6.1	-0.64
Cost of Fund	6.5	6.2	6.1	5.7	5.7	-0.79	0.01	6.6	6.0	-0.67
NIM	3.3	3.4	3.1	3.3	3.3	0.01	0.02	3.0	3.1	0.09



Slippages increased; higher recovery and up-gradation a positive note.

- ✓ Slippage ratio increased to 54 bps against 36 bps QoQ. In absolute terms slippages increased by 58% sequentially. However on the positive side recovery and up-gradation were also higher during the quarter which was Rs 220 Cr against Rs 153 Cr a quarter back. There was no write offs during the quarter.
- ✓ Backed by higher recovery and up-gradation, GNPA increased marginally by 13 bps QoQ to 2.52% and NNPA increased by 4 bps QoQ to 1.36%.
- ✓ Higher contribution to slippages was mainly led by retail and corporate portfolio. Retail slippages increased by 42% QoQ due to one-offs Rs 70 Cr slip in education loan account. Management highlighted that there is expectation of education loan waiver in Kerala state which has impacted the retail portfolio. However management expects recovery in these accounts once the state Government finalizes the date of subsidy.
- ✓ Corporate slippages were Rs 98 Cr against a low of Rs 20 Cr in 2Q FY18. There were 3 accounts amounting to Rs 30-35 Cr each which slipped during the quarter. Management expects one account to get recover soon during the current quarter.
- ✓ Security Receipt at book value is Rs 870 Cr of which only Rs 95 Cr has been provided. Management expects some provisions to occur on SR book as it migrates to further level of assets classification.
- ✓ RBI has conducted the audit on divergence of assets quality. The report is awaited from RBI. Management doesn't expect any material divergence in report.

Assets Quality	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	YoY(+/-)	QoQ(+/-)	FY16	FY17	YoY(+/-)
GNPA (Rs)	1,952	1,727	1,868	1,949	2,161	10.7%	10.9%	1,668	1,727	3.5%
GNPA %	2.77	2.33	2.42	2.39	2.52	-0.25	0.13	2.84	2.33	-0.51
NNPA (Rs)	1,102	941	1,061	1,066	1,157	5.0%	8.5%	950	941	-0.9%
NNPA %	1.58	1.28	1.39	1.32	1.36	-0.22	0.04	1.64	1.28	-0.36
Slippages (Rs)	273	244	425	274	433	58.7%	58%	1,829	1,063	-41.9%
Std. Restructured Assets %	2.09	1.75	1.74	1.67	1.68	-0.41	0.01	2.74	1.75	-0.99
Net Stress Assets %	3.7	3.0	3.1	3.0	3.0	-0.63	0.05	4.4	3.0	-1.34
PCR %	72	72	70	70	70	-1.75	0.00	72.1	71.8	-0.30
Credit Cost %	0.6	0.4	1.2	0.7	0.6	0.00	-0.14	1.1	0.6	-0.51
Prov/Avg Adv% (Ann.)	0.95	0.69	1.26	0.90	0.78	-0.16	-0.12	1.29	0.94	-0.35



GNPA Composition (Rs)

	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18
Retail	228	252	287	311	312	368	348	415	501	569
Agriculture	126	131	153	165	156	158	170	211	242	266
SME	598	614	633	724	828	901	855	890	948	1,057
Wholesale	546	687	595	547	523	525	354	351	257	269
Total	1,498	1,684	1,668	1,747	1,819	1,952	1,727	1,868	1,949	2,161

Healthy traction in loan growth continues. CASA growth moderates.

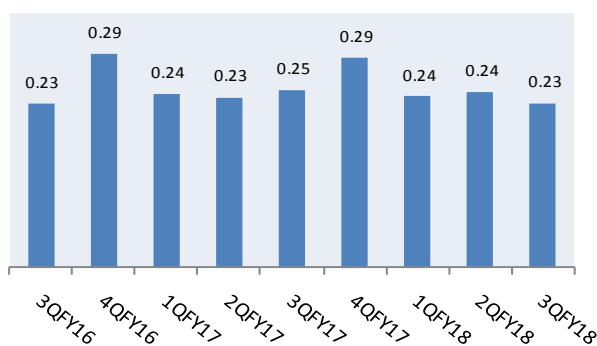
- ✓ Advances grew by 22% YoY led by strong growth in wholesale and SME portfolio. Wholesale segment registered 30% YoY growth while SME grew by 20% YoY. Retail exclusive of agri grew moderately by 14% YoY. Agri portfolio grew by 30% YoY.
- ✓ While the focus of management is on SME and retail portfolio, mid corporate accounts has register a healthy growth led by gaining market share from PSU bank peers.
- ✓ Management sees remarkable opportunity in mid-market corporate segment and targeting to be most admirable digitally enable mid market corporate and SME banking.
- ✓ Under retail category, Housing grew by 26%, LAP grew by 22% and gold loan continued to decline by 10% YoY.
- ✓ Growth in Kerala book has picked up to 19% YoY led by wholesale portfolio.
- ✓ Share of A and above A rated portfolio has increased to 72% against 70% sequentially.
Total deposits grew by 9% YoY. CASA growth moderated to 4% YoY. CASA ratio remains flat at 33% sequentially.
- ✓ However lower deposits growth led CD ratio trending to upward direction to 84.5% against 75.5% a year back which we believe will help in improving yield going forward.
- ✓ Total retail deposits increased by 9% YoY and constitute 96% of the total deposits. NRE deposits grew by 14% YoY and constitute 39% of the total deposits.

Spike in bond yield, impacted treasury gain.

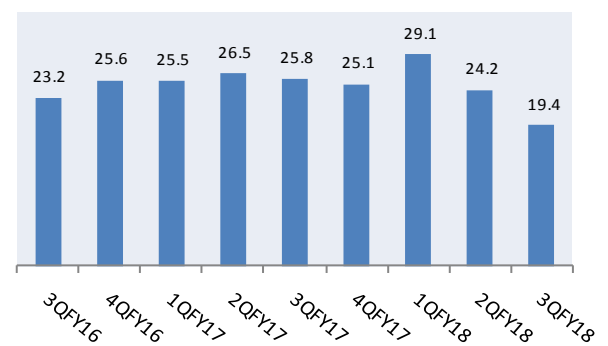
- ✓ Treasury gain was Rs 29 Cr against Rs 86 Cr a year back. Sudden spike in bond yield by 80 bps in 3Q FY18 led to fall in treasury gain. Due to continuous rise in bond yield we expect the treasury gain to remain at lower side going forward.
- ✓ Total Fee income grew by 13% YoY led by 18% YoY growth in forex income. Loan processing fee remained healthy and grew by 17% YoY. Overall other income declined by 17% YoY.

Other Income Break Up	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	YoY %	QoQ%	FY16	FY17	YoY %
Loan Processing Fee	29	41	28	35	34	17.2%	-2.9%	85	119	40.0%
Commission, Exchange,	109	130	118	119	120	10.1%	0.8%	339	430	26.8%
Net Profit on Forex	33	41	34	41	39	18.2%	-4.9%	130	128	-1.5%
Total Fee-Based Income	171	212	180	195	193	12.9%	-1.0%	554	677	22.2%
Profit on sale of securities	86	54	112	75	29	-66.3%	-61.3%	129	309	139.5%
Recovery from assets	18	16	37	17	7	-61.1%	-58.8%	112	71	-36.6%
Other Income	275	282	329	287	229	-16.7%	-20.2%	795	1,057	33.0%

Fee Income/ Advances %



Other Income/ Total Net Income %



Other Highlights

- ✓ Cost-income ratio was 52% compared to 56% a year back. Operating costs grew by 4.4% YoY with employee expenses declining by 6% yoy due to lower pension requirement on account of increasing bond yield. Other expenses grew 17% YoY.
- ✓ CRAR of the bank is at 14.4% with Tier 1 capital at 13.8%. RWA as a percentage to total assets declined to 62.5% against 64% sequentially indicating improved risk profile of the bank.

Concall Highlights:

- ✓ Market Share in Advances increases to 1.01% up by 6bps Y-o-Y and Market Share in deposits increases to 0.91% up by 3bps Y-o-Y.
- ✓ Pool of education loan in KERALA has some stress which has slipped into NPA category in 3Q FY18. The slippage was led by loan subsidy sentiment which state Government announced earlier. The deadline for subsidy is 31st January. Barring slippages from education loan, assets quality in retail portfolio remained healthy. State Government announced subsidy early in July 2017. However as a proactive measures management had provided provisions in previous quarter only. Rs 500 Cr is education exposure in Kerala.
- ✓ Focus on strengthening distribution model rather in increasing branch network.
- ✓ Under corporate slippages there were 3 accounts each amounting in the range of Rs 30-35 Cr. Management expects one account to get upgraded very soon.
- ✓ Security Receipt at book value is Rs 870 Cr of which only Rs 95 Cr has been provided. Management expects some provisions to occur on SR book as it migrates to further level of assets classification
- ✓ RBI has done audit related to divergence. Result has not been released yet. Management doesn't expect dramatic divergence in the report.
- ✓ Management may announce within two months the strategic investment deal in its NBFC subsidiary Fedbank Financial Services. Under IDBI Federal value discovering is going on.

View and Valuation

Refraining itself from lending riskier large corporate loans in last few years, management is focused towards better rated corporate, retail and SME portfolio. Moreover, this approach has also helped to improve its assets quality with limited stress in the balance sheet.

In last one year FB has shown tremendous improvement in its loan book on the back of focus on retail, SME and better rated corporate client. With the recent top level management restructuring, gaining market share of corporate clients and well execution capability of management, we believe FB is in a sweet spot to grow its book over 20% CAGR from FY17-20.

Recent hardening of bond yield by more than 100 bps has limited the scope of cost improvement. Transition to MCLR and focus on better rated corporate portfolio will have negative impact on margin. However gradual improvement in CASA at 33% along with retail deposits below Rs 1 Cr (CASA+ retail deposits at 97%) will provide some cushion to cost. We expect calculated NIM to remain at 3.2% range in FY19. We maintain our NII estimate going forward.

Strategy of management to focus on distribution model rather than expanding branch network has kept the C/I ratio at higher level. However we believe going forward the maturing of recent hiring will improve the profitability significantly and will help in reducing the cost.

On the assets quality front, education loan waiver sentiment has kept the slippages run rate higher during the quarter. RBI audit report on divergence is awaited in 4Q FY18. Management doesn't expect any dramatic change in this front. However it remains a key risk going forward. There might be increase in credit cost in 4Q FY18 on SR book on transition of some accounts from D2 to D3 level. Factoring higher credit cost and lower treasury income we reduce FY18 PAT estimate by 8%. In FY19 we reduce our PAT by 6%.

Fee income has shown good improvement from last few quarters, however it is still much low on average assets. Pick up in fee income will be key trigger for the ROA accretive.

Management expects some strategic investment in its subsidiary Fedbank Financial Services within 2 months. Any stake sale in its subsidiary will provide on off gain which will be upside risk in our estimation.

We expect RoE of 11% and RoA of 0.9% in FY19. Considering decline in PAT estimate and near term uncertainty on assets quality front, we reduce our target price by 6% to Rs 135 on 2x BVPS FY19e and maintain BUY.

DuPont Analysis : Gradual improvement in operating profitability

	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Interest Income	9.4	9.5	9.4	8.7	8.3	7.9	7.9	8.0
Interest expended	6.4	6.5	6.4	5.9	5.4	4.9	4.9	4.9
Net Interest Income	3.0	3.1	3.0	2.8	2.9	2.9	3.1	3.1
Non-Fund Based Income	1.0	1.0	1.1	0.9	1.0	0.9	0.8	0.8
>> Core Fee Income	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7
>> Trading and Other Income	0.4	0.3	0.5	0.3	0.4	0.2	0.1	0.1
Core Operating Income	3.6	3.7	3.6	3.4	3.6	3.6	3.7	3.8
Total Income	4.0	4.0	4.1	3.7	3.9	3.8	3.9	3.9
Total Operating Expenses	1.8	2.0	2.1	2.1	2.1	1.9	1.9	1.9
>> Employee Expenses	1.0	1.1	1.1	1.2	1.1	1.0	1.0	1.0
>> Other Expenses	0.8	0.9	0.9	0.9	1.0	1.0	0.9	0.9
Operating Profit	2.2	2.0	2.1	1.6	1.8	1.9	1.9	2.0
Provisions	0.4	0.4	0.1	0.8	0.6	0.6	0.5	0.4
Others	-	-	-	-	-	-	-	-
PBT	1.8	1.7	1.9	0.8	1.2	1.2	1.4	1.6
Tax	0.5	0.5	0.7	0.3	0.5	0.4	0.5	0.6
PAT/RoAA	1.3	1.1	1.3	0.5	0.8	0.8	0.9	1.1
>> Equity Multiplier (x)	10.9	11.0	10.8	11.2	12.3	11.9	11.7	12.5
ROAE	13.9	12.6	13.7	6.0	9.8	9.7	11.0	13.4

Advances Performance

	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18
Net Advances (Rs in Cr)	52,753	58,090	59,118	64,687	69,629	73,336	76,307	80,645	84,953
Adv. Growth YoY %	9.8	13.3	19.3	27.2	32.0	26.2	29.1	24.7	22.0
>> Growth QoQ %	3.7	10.1	1.8	9.4	7.6	5.3	4.1	5.7	5.3

Sectoral Breakup %

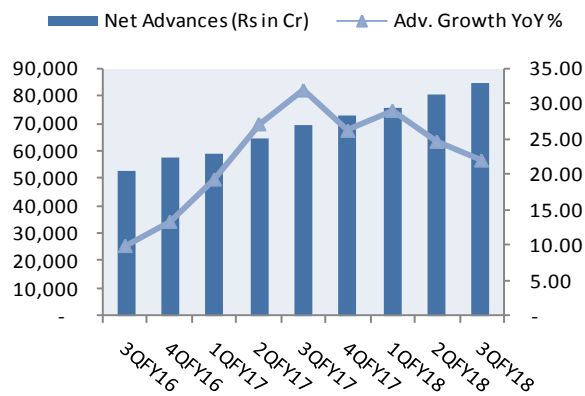
Retail %	31.3	27.4	29.1	30.5	30.3	29.4	28.8	28.5	28.3
SME %	26.2	25.5	24.0	22.9	23.2	22.1	21.8	21.7	21.5
Wholesale %	31.1	34.6	36.2	36.3	36.2	38.4	39.1	39.5	40.0
Agri %	11.3	12.4	10.8	10.4	10.3	10.1	10.3	10.3	10.2

Deposits Performance

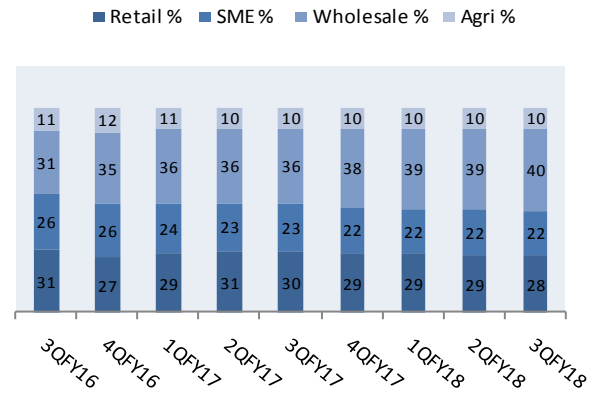
	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18
Deposits (Rs in Cr)	74,792	79,172	81,132	86,299	92,236	97,665	95,839	97,211	1,00,537
Growth YoY %	14.1	11.8	12.5	17.0	23.3	23.4	18.1	12.6	9.0
>> Growth QoQ %	1.4	5.9	2.5	6.4	6.9	5.9	(1.9)	1.4	3.4
CASA (Rs)	24,005	25,705	26,635	26,787	31,973	31,838	32,048	32,016	33,141
CASA Growth YoY %	20.1	19.3	18.1	13.9	33.2	23.9	20.3	19.5	3.7
>> Growth QoQ %	2.1	7.1	3.6	0.6	19.4	(0.4)	0.7	(0.1)	3.5
CASA %	32.1	32.5	32.8	31.0	34.7	32.6	33.4	32.9	33.0
CA %	5.2	5.4	4.6	5.1	5.8	5.6	4.9	4.5	4.8
SA %	26.9	27.1	27.9	26.0	28.9	27.0	28.1	27.9	28.2
Credit Deposit Ratio	70.5	73.4	72.9	75.0	75.5	75.1	79.6	83.0	84.5

Performance Story in Graphs

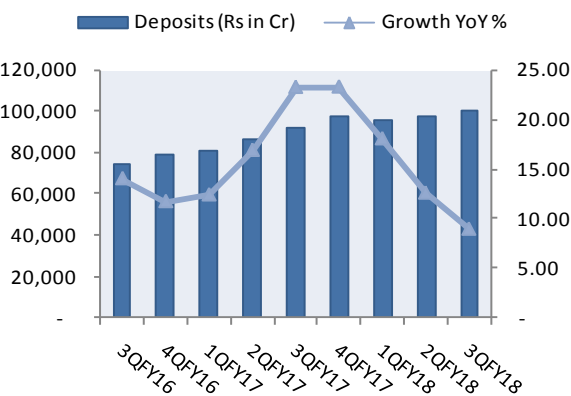
Pick up in Advances Growth



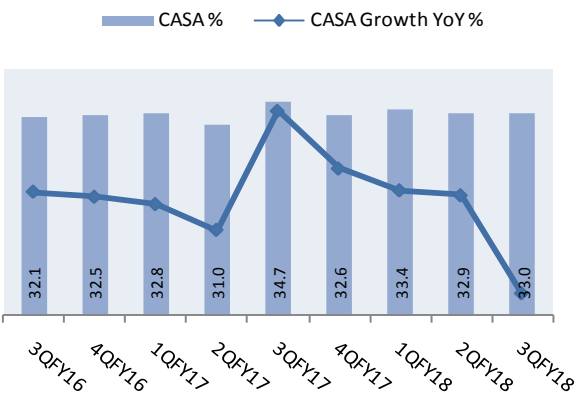
Advances Mix %



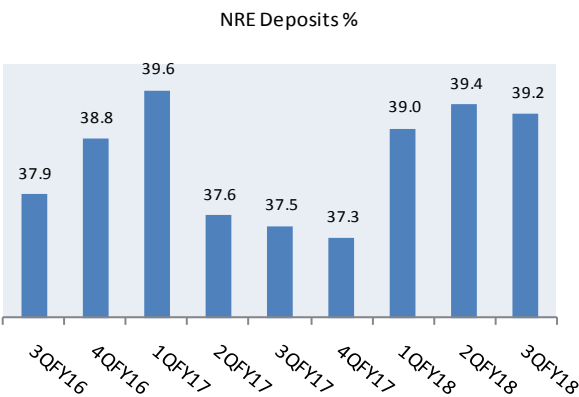
Trend in Deposit Growth



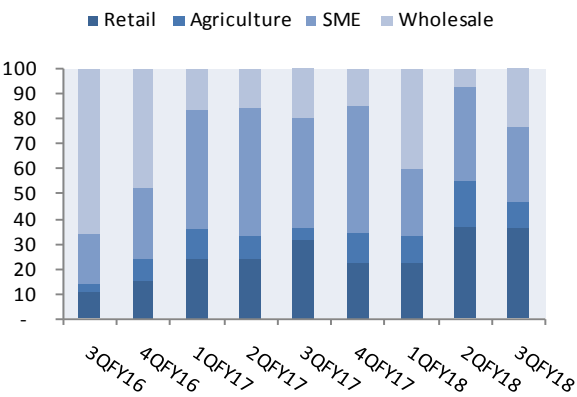
Declining trend in CASA



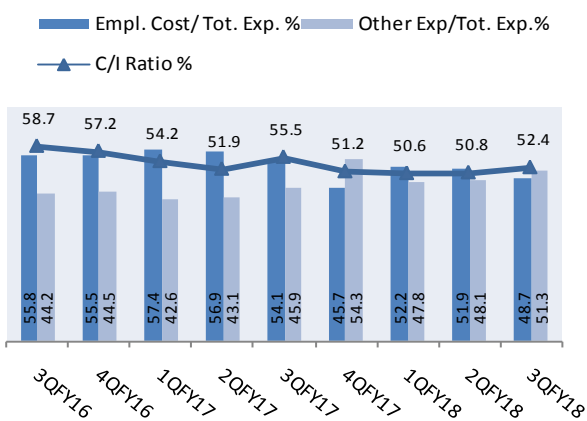
High reliance on NRE deposits



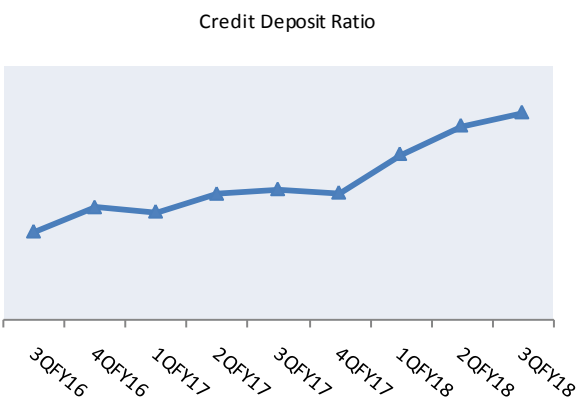
Slippages Contribution %



C/I ratio trending downwards



Continuous improvement in CD ratio



Financials Snap Shot

Balance Sheet

Rs in Crores

Y/E March	FY17	FY18E	FY19E	FY20E
Share Capital	345	391	391	391
>> <i>Equity Capital</i>	345	391	391	391
>> <i>Preference Capital</i>	0	0	0	0
Reserves & Surplus	8598	12047	13150	14658
Networth	8942	12047	13150	14658
Deposits	97665	107795	129355	152099
Change (%)	23.4	10.4	20.0	17.6
>> <i>CASA Deposits</i>	31838	35573	44627	53235
Change (%)	23.9	11.7	25.5	19.3
Borrowings	5897	9572	11383	13616
Other Liabilities & Provisions	2473	4491	4975	7605
Total Liabilities	114977	134297	159254	188370
Cash & Bank	7452	8317	9424	9797
Investments	28196	30183	34926	42436
Change (%)	12.1	7.0	15.7	21.5
Advances	73336	89470	107364	127764
Change (%)	26.2	22.0	20.0	19.0
Fixed Assets	489	538	592	651
Other Assets	5503	5789	6947	7722
Total Assets	114977	134297	159254	188370

Income Statement

Rs in Crores

Y/E March	FY17	FY18E	FY19E	FY20E
Interest income	8677	9808	11655	13963
Interest expended	5625	6155	7167	8511
Net Interest Income	3053	3653	4488	5452
Change (%)	21.9	19.7	22.9	21.5
Other Income	1082	1104	1164	1385
Change (%)	37.6	2.1	5.4	19.0
>> <i>Core Fee Income</i>	677	801	985	1185
>> <i>Treasury Income</i>	309	228	119	140
>> <i>Others</i>	96	76	60	60
Total Net Income	4134	4757	5652	6837
Operating Expenses	2210	2430	2826	3324
Change (%)	18.4	10.0	16.3	17.6
>> <i>Employee Expenses</i>	1164	1240	1470	1717
Pre-provisioning Profit	1925	2328	2826	3513
Change (%)	35.2	20.9	21.4	24.3
Provisions	618	772	729	695
Change (%)	-12.2	24.8	-5.6	-4.7
PBT	1307	1556	2097	2819
Tax	476	539	713	958
Profit After Tax	831	1017	1384	1860
Change (%)	74.7	22.4	36.1	34.4

Key Ratios & Assumptions

Y/E March	FY17	FY18E	FY19E	FY20E
BALANCE SHEET METRICS				
Loan Growth (%)	26.2	22.0	20.0	19.0
Deposit Growth (%)	23.4	10.4	20.0	17.6
C/D Ratio (%)	75.1	83.0	83.0	84.0
CASA (%)	32.6	33.0	34.5	35.0
Investment/Deposit (%)	28.9	28.0	27.0	27.9
CRAR (%)	12.4	14.6	13.4	12.6
>> <i>Tier 1 (%)</i>	11.8	14.0	12.9	12.1
>> <i>Tier 2 (%)</i>	0.6	0.6	0.5	0.4

Assets Quality Metrics

Gross NPA (Rs)	1727	2186	2450	2730
Gross NPA (%)	2.3	2.4	2.3	2.1
Net NPA (Rs)	941	1202	1323	1420
Net NPA (%)	1.3	1.3	1.2	1.1
Slippages (%)	1.9	1.9	1.2	1.1
Provision Coverage (%)	71.8	67.8	69.3	72.3
Prov./Avg. Advances (%)	0.9	0.9	0.7	0.6

Margin Metrics

Yield On Advances (%)	10.0	9.4	9.2	9.2
Yield On Investment (%)	6.8	6.5	6.8	7.0
Yield on Earning Assets (%)	8.9	8.3	8.3	8.4
Cost Of Deposits (%)	6.3	5.5	5.4	5.4
Cost Of Funds (%)	6.0	5.6	5.5	5.5
Spread (%)	2.9	2.7	2.8	2.9
NIM (%)	3.1	3.1	3.2	3.3

Profitability & Efficiency Metrics

Int. Expense/Int. Income (%)	64.8	62.8	61.5	61.0
Fee Income/NII (%)	22.2	21.9	21.9	21.7
Cost to Income (%)	53.4	51.1	50.0	48.6
Cost on Average Assets (%)	2.1	1.9	1.9	1.9
Tax Rate (%)	36.4	34.6	34.0	34.0

Valuation Ratio Metrics

EPS (Rs)	4.8	5.2	7.1	9.5
Change (%)	74.1	8.0	36.1	34.4
ROAE (%)	9.8	9.7	11.0	13.4
ROAA (%)	0.8	0.8	0.9	1.1
Dividend Payout (%)	18.7	19.2	16.9	15.8
Dividend yield (%)	1.0	0.9	1.1	1.3
Book Value (Rs)	52	62	67	75
Change (%)	10.2	18.8	9.2	11.5
ABVPS (Rs)	49	58	63	71
P/B (X)	1.8	1.8	1.7	1.5
P/E (X)	19.0	21.8	16.0	11.9



Narnolia Securities Ltd

201 | 2nd Floor | Marble Arch Building | 236B-AJC Bose
Road | Kolkata-700 020 , Ph : 033-40501500

email: narnolia@narnolia.com,

website : www.narnolia.com

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