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Financial
YES IN
532648

Stress Assets Continue to Rise

1QFY20 Result Update

- BB & Below increased to 9.4% against 7.4% in 4Q FY19. Two financial services group added almost Rs 11000 Cr to the stress pool. Slippages for the quarter stood at Rs 6232 Cr v/s Rs 3481 Cr in Q4FY19, recoveries and upgrades were Rs 1678 Cr v/s Rs 757 in Q4FY19.
- Advance growth slowed down to 10%/-2% on YoY/QoQ basis while the deposits grew 6%/-0.8% on YoY/QoQ basis. The CASA ratio stood at 30.2% v/s 33.1% in Q4FY19. The CASA ratio stood at 30.2%.
- NII grew by 3% YoY to Rs 2281 Cr, Other income stood at Rs 1273 Cr down 25% YoY but growing 139% QoQ on account of treasury gain of Rs 450 Cr, PAT was down 91% YoY with provisions increasing 185% YoY to Rs 1784 Cr.

Stress Pool Increases

The asset quality during the quarter continued to deteriorate. The GNPA stood at 5.01% while the NNPA was 2.91%. Slippages for the quarter stood at Rs 6232 Cr v/s Rs 3481 Cr in Q4FY19, recoveries and upgrades were Rs 1678 Cr. The slippage ratio stood at 2.63% while the reduction ratio was 0.86%. The Net corporate slippages were entirely from the accounts classified as BB & Below at end of Q4FY19 and one NPA account with exposure of Rs 4.1 Bn sold to an ARC in Q1FY20. BB & Below book increased from 7.1% in Q4FY19 to 9.4% in Q1FY20. Two financial services group were added in the list due to rating downgrades. Bank has taken Rs 1100 Cr of MTM loss on these investments. The management added that the BB & Below book is not very big granular book or concentrated sectoral specific book it has handful of accounts and the resolutions will provide the positive impact. Further adding that they do not see further addition to BB & Below book in the near future. Management has maintained its credit cost guidance of 125 bps for FY20.

Moderate advance/Deposit growth

The Advance grew by 10%/-2% on YoY/QoQ with Corporate advance growing by 4%/-5% on YoY/QoQ basis, while the retail advance grew 44% YoY, with management looking to have loan book composition of 50:50 in the retail & SME and corporate going forward. The deposit growth was also moderated at 6%/-0.8% on YoY/QoQ basis, The CASA de-grew by 9% on both QoQ/YoY basis. The CASA ratio stood at 30.2% v/s 33.1% in Q4FY19. On CASA, Management said first quarter is seasonally usually weak.

Modest NII growth/ NIM under pressure

NII during the quarter grew by meagre 4% YoY but went down 9% QoQ, NIM continued to be under pressure falling from 3.1% in Q4FY19 to 2.8% in Q1FY20. There were interest reversals of Rs 223 crore on account of fresh slippages during the quarter. The cost of fund stood at 6.8% increasing 10 bps QoQ on account of lower CASA which stood at 30.2% v/s 33.1% in Q4FY19. Other income declined by 25% YoY while fee income declined by almost 50% YoY. The cost to income ratio stood at 44.9% v/s 56.4% in Q4FY19

View and Valuation

Increase in BB & Below book at 9.4% (Rs 29400 Cr) signals continued profitability pressure for YES Bank going ahead. Transitions in top level management team is largely over. CET 1 capital is low at 8% and management plans to raise the capital in next quarter. We believe the profitability will continue to remain under pressure in near to midterm but any substantial resolution in NPA accounts will provide upside. Stock is currently trading at discount value factoring the higher stress level of the bank. While capital raising plan is on board, we wait for the execution before changes in our view. We maintain NEUTRAL on the stock with the target price of Rs 107 at 0.9x BV FY20e

Key Risks to our rating and target

- Further increase in the stress pool
- Capital raising plan

RATING

NEUTRAL

| | |
|------------------|-----|
| CMP | 98 |
| Price Target | 107 |
| Potential Upside | 9% |

| | |
|-----------------|---|
| Rating Change | ↔ |
| Estimate Change | ↓ |
| Target Change | ↓ |

STOCK INFO

| | |
|---------------------|---------|
| 52wk Range H/L | 404/86 |
| Mkt Capital (Rs Cr) | 22,829 |
| Free float (%) | 80 |
| Avg. Vol 1M (,000) | 107,005 |
| No. of Shares (Cr) | 463 |
| Promoters Pledged % | - |

FINANCIAL

FY19

FY20E

FY21E

| | | | |
|----------------|------|-------|-------|
| NII | 9809 | 10581 | 12403 |
| PPP | 8135 | 7273 | 8593 |
| PAT | 1720 | 1573 | 4030 |
| NIM % | 3.0 | 2.9 | 3.1 |
| EPS (Rs) | 7 | 7 | 17 |
| EPS growth (%) | -59 | -9 | 156 |
| ROE (%) | 7 | 6 | 14 |
| ROA (%) | 0.5 | 0.4 | 0.9 |
| BV | 116 | 121 | 135 |
| P/B (X) | 2.4 | 0.8 | 0.7 |
| P/E (x) | 37 | 14 | 6 |

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Below Expectations

1QFY20 Results

| FINANCIALS | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | YoY % | QoQ% | FY18 | FY19 | YoY % |
|---------------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|
| Interest Inc. | 6,578 | 7,231 | 7,959 | 7,857 | 7,816 | 18.8% | -0.5% | 20,267 | 29,625 | 46.2% |
| Interest Exp. | 4,359 | 4,814 | 5,293 | 5,351 | 5,535 | 27.0% | 3.5% | 12,530 | 19,816 | 58.1% |
| NII | 2,219 | 2,418 | 2,666 | 2,506 | 2,281 | 2.8% | -9.0% | 7,737 | 9,809 | 26.8% |
| Other Income | 1,694 | 1,473 | 891 | 532 | 1,273 | -24.9% | 139.4% | 5,224 | 4,590 | -12.1% |
| Total Income | 3,913 | 3,891 | 3,557 | 3,038 | 3,554 | -9.2% | 17.0% | 12,961 | 14,399 | 11.1% |
| Ope Exp. | 1,459 | 1,525 | 1,567 | 1,714 | 1,594 | 9.3% | -7.0% | 5,213 | 6,264 | 20.2% |
| PPP | 2,455 | 2,366 | 1,990 | 1,323 | 1,959 | -20.2% | 48.0% | 7,748 | 8,135 | 5.0% |
| Provisions | 626 | 940 | 550 | 3,662 | 1,784 | 185.2% | -51.3% | 1,554 | 5,778 | 271.8% |
| PBT | 1,829 | 1,426 | 1,440 | (2,338) | 175 | -90% | -107% | 6,194 | 2,357 | -61.9% |
| Tax | 569 | 462 | 438 | (832) | 61 | -89% | -107% | 1,970 | 637 | -67.7% |
| Net Profit | 1,260 | 965 | 1,002 | (1,507) | 114 | -91% | LTP | 4,225 | 1,720 | -59% |

Concall Highlights

- Management stated that the transitions of top management has been complete and looking to raise capital soon. Management highlighted that the capital which they are seeking to raise will entirely be used for growth. Capital raising will be done in 2Q FY20 and bank is seeing lots of interest from private as well as public institutions. Management believes to grow strongly from coming quarter.
- There were slippages of Rs 6232 Cr during the quarter. Net slippages were entirely from the accounts classified as BB & Below at end of Q4FY19.
- BB & below book exposure increased to 9.4% (Rs 29470 Cr) from earlier disclosed of 7.4% in 4Q FY19. There were net slippages of Rs 4500 Cr from this pool. Increase was led by rating downgrades of investment in companies of 2 financial services group. Management has taken MTM provisions of Rs 1109 Cr on the rating downgrade. However, management maintained the credit cost guidance of 125 bps in FY20. Credit cost in 1Q FY20 was 32 bps. Management also believe no further additions to the BB & Below book in near future.
- Management stated that BB & Below book is not very big granular book or concentrated sectoral exposure. There are handful of accounts and the resolutions will provide much upside to the profitability.
- Corporate SMA2 is only Rs 404 Cr in 1Q FY20.
- Real estate exposure is around Rs 24000 Cr and out of this 25% is included in BB & Below book. Rest 75% has seen minimal slippages.
- CET ratio declined from 8.4% to 8% sequentially. New RBI regulation of rating impacted 20 bps and 16 bps was dragged by investment downgraded accounts.
- Average Yield on advance on corporate book would be around 9.75%-10% and on retail book between 10.50-10.75% and SME is the range of 10-10.5%.
- On Margin front management stated that core margins are between 3.2-3.3%, however the interest reversal on account of NPA recognition which are impacted the NIM. Management added that resolutions which management is looking at are expected to have positive impact on margins.
- Management stated that post the capital raise we will see higher intensity in the corporate fee.

Profitability Matrix

| | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | YoY (+/-) | QoQ (+/-) |
|-------------------------|--------|--------|--------|--------|--------|---------|--------|-----------|-----------|
| C/I Ratio % | 39.5 | 40.3 | 37.3 | 39.2 | 44.0 | 56.4 | 44.9 | 7.60 | -11.56 |
| Empl. Cost/ Tot. Exp. % | 40.7 | 38.0 | 40.5 | 39.0 | 39.9 | 38.5 | 41.5 | 0.99 | 3.00 |
| Other Exp/Tot. Exp.% | 59.3 | 62.0 | 59.5 | 61.0 | 60.1 | 61.5 | 58.5 | -0.99 | -3.00 |
| Provision/PPP % | 21.0 | 18.7 | 25.5 | 39.7 | 27.6 | 276.7 | 91.1 | 65.58 | -185.62 |
| Tax Rate % | 31.9 | 32.1 | 31.1 | 32.4 | 30.4 | 34.0 | 35.0 | 3.90 | 0.99 |
| Int Exp./Int Inc. (%) | 62.7 | 62.5 | 66.3 | 66.6 | 66.5 | 68.1 | 70.8 | 4.55 | 2.71 |
| Other Inc./Net Inc. % | 43.0 | 39.7 | 43.3 | 37.9 | 25.0 | 17.5 | 35.8 | -7.48 | 18.31 |
| PAT/ Net Income % | 32.5 | 33.0 | 32.2 | 24.8 | 28.2 | (49.6) | 3.2 | -29.01 | 52.80 |
| PAT Growth % | 25.1 | 29.0 | 30.5 | (3.8) | (7.0) | (227.7) | (91.0) | -121.51 | 136.77 |
| NII Growth % (YoY) | 30.4 | 31.4 | 22.7 | 28.2 | 41.2 | 16.3 | 2.8 | -19.90 | -13.54 |
| Op. Profit Growth YoY % | 37.6 | 26.3 | 44.0 | 24.1 | (0.6) | (38.0) | (20.2) | -64.23 | 17.84 |
| RoE % | 18.0 | 18.8 | 19.4 | 14.4 | 14.4 | (21.8) | 1.7 | -17.70 | 23.50 |
| RoA % | 1.7 | 1.6 | 1.6 | 1.1 | 1.1 | (1.6) | 0.1 | -1.50 | 1.70 |

Margin Performance

| MARGIN % | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | YoY (+/-) | QoQ (+/-) |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| Yield on advances | 9.8 | 9.9 | 10.0 | 10.1 | 10.2 | 10.2 | 10.0 | 0.00 | -0.20 |
| Avg Yield on Earning Assets | 9.3 | 9.5 | 9.7 | 9.5 | 10.6 | 9.1 | 9.0 | -0.70 | -0.12 |
| Cost Of Funds | 6.0 | 6.0 | 6.3 | 6.4 | 6.5 | 6.7 | 6.8 | 0.50 | 0.10 |
| NIM | 3.5 | 3.4 | 3.3 | 3.3 | 3.3 | 3.1 | 2.8 | -0.50 | -0.30 |

Exhibit: Yield and Cost

Increase in cost of fund and fall in average yield

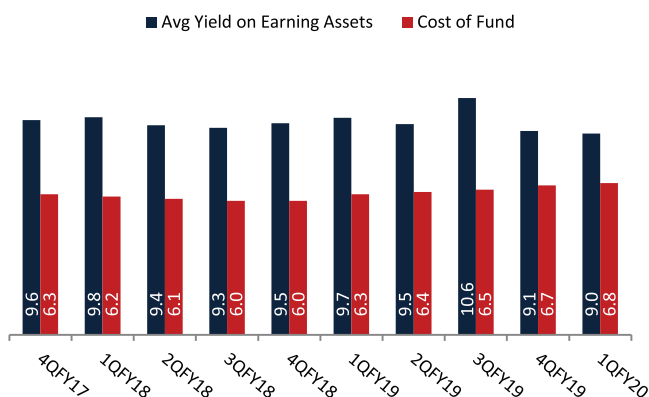
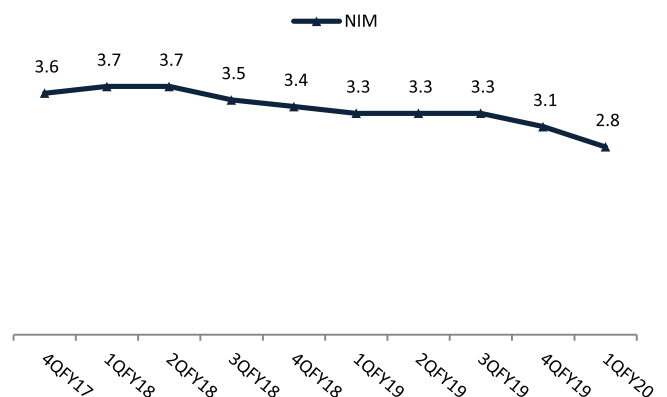


Exhibit: Net Interest Margin

NIM fell down sharply



Other Income Break Up

| | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Trade & Remittance | 80 | 98 | 102 | 129 | 115 | 140 | 136 | 122 | 87 |
| Facility / Processing Fee | 49 | 64 | 77 | 66 | 69 | 71 | 81 | 67 | 68 |
| Third Party Sales | 28 | 30 | 27 | 54 | 23 | 24 | 24 | 50 | 20 |
| Interchange Income | 68 | 49 | 47 | 55 | 69 | 74 | 51 | 103 | 114 |
| General Banking Fees | 36 | 32 | 37 | 43 | 56 | 51 | 61 | 65 | 58 |
| Retail Banking Fees | 259 | 272 | 290 | 347 | 333 | 361 | 353 | 406 | 347 |
| Corporate Banking Fees | 411 | 477 | 723 | 644 | 683 | 668 | 472 | -112 | 61 |
| Cor. Trade & Cash Mgt | 135 | 144 | 154 | 240 | 216 | 212 | 224 | 210 | 200 |
| Total Fee-Based In. | 805 | 893 | 1167 | 1231 | 1232 | 1241 | 1049 | 504 | 608 |
| Growth YoY% | 6% | 52% | 78% | 21% | 53% | 39% | -10% | -59% | -51% |
| Forex, Debt Capital Mkt | 322 | 352 | 243 | 178 | 460 | 222 | -160 | 11 | 656 |
| Others | 5 | 4 | 12 | 12 | 2 | 10 | 2 | 16 | 9 |
| Total Other Income | 1132 | 1248 | 1422 | 1421 | 1694 | 1473 | 891 | 532 | 1273 |
| Growth YoY% | 18% | 41% | 42% | 13% | 50% | 18% | -37% | -63% | -25% |

Exhibit: Fee Income/Advances %

Fee income as a % of total advances increased

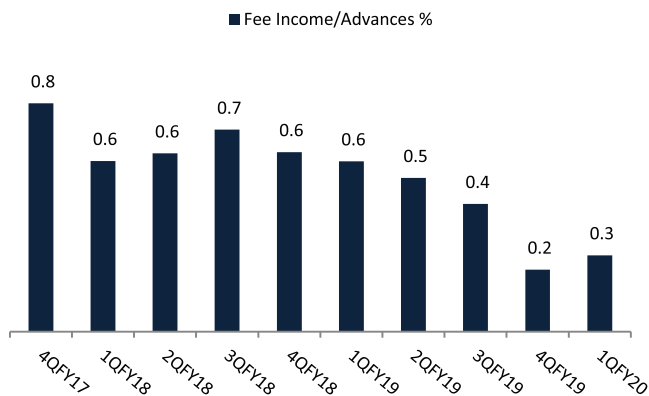
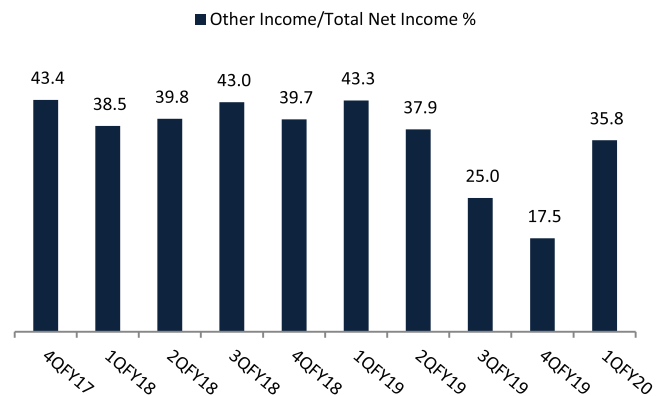


Exhibit: Other Income/ Total Income %

Growth in other income continue to increased



Asset Quality

| MARGIN % | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | YoY (+/-) | QoQ (+/-) |
|----------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| GNPA (Rs in Cr) | 2,974 | 2,627 | 2,825 | 3,866 | 5,159 | 7,883 | 12,092 | 328% | 53% |
| GNPA % | 1.7 | 1.3 | 1.3 | 1.6 | 2.1 | 3.2 | 5.0 | 3.70 | 1.79 |
| NNPA (Rs in Cr) | 1,595 | 1,313 | 1,260 | 2,020 | 2,876 | 4,485 | 6,883 | 446% | 53% |
| NNPA % | 0.9 | 0.6 | 0.6 | 0.8 | 1.2 | 1.9 | 2.9 | 2.32 | 1.05 |
| Slippages (Rs in Cr) | 495 | 380 | 560 | 1,632 | 2,297 | 3,481 | 6,232 | 1013% | 79% |
| Specific PCR % | 46.4 | 50.0 | 55.4 | 47.8 | 44.2 | 43.1 | 43.1 | -12.32 | -0.03 |

Exhibit: Asset Quality

Assets quality impacted.

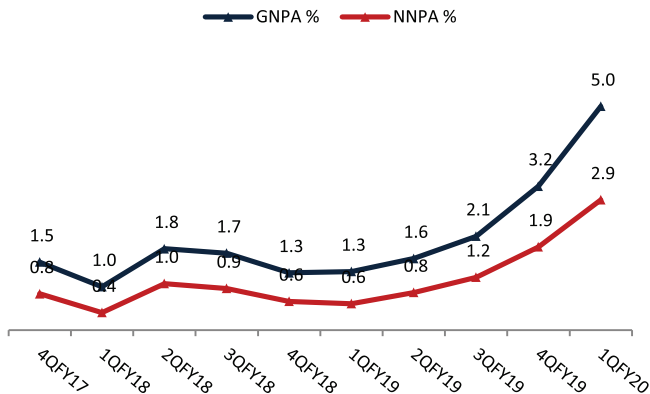


Exhibit: Provisions

PCR maintained

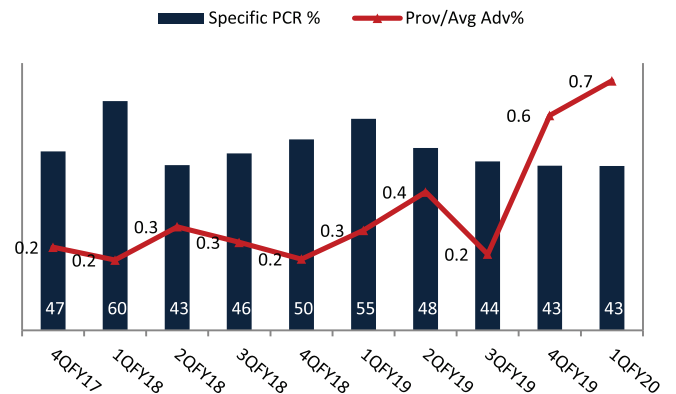


Exhibit: Advances Performance

Advances growth declined.

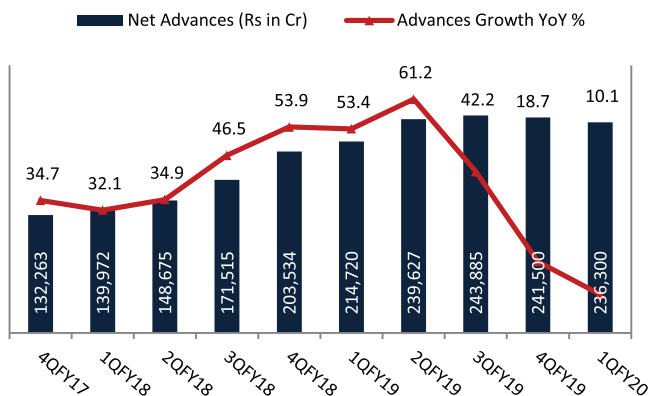


Exhibit: Advances Breakup%

Corporate banking share fell

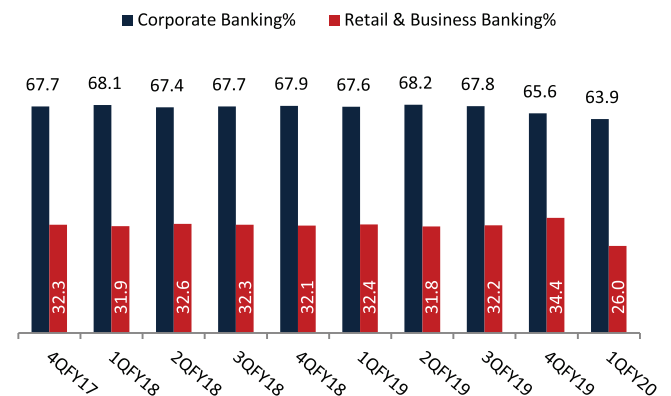


Exhibit: Deposits Performance

Deposits growth declined.

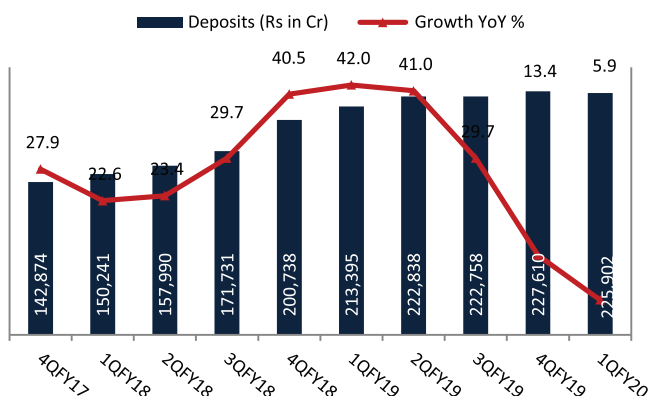


Exhibit: CASA Performance

Growth in CASA heavily affected

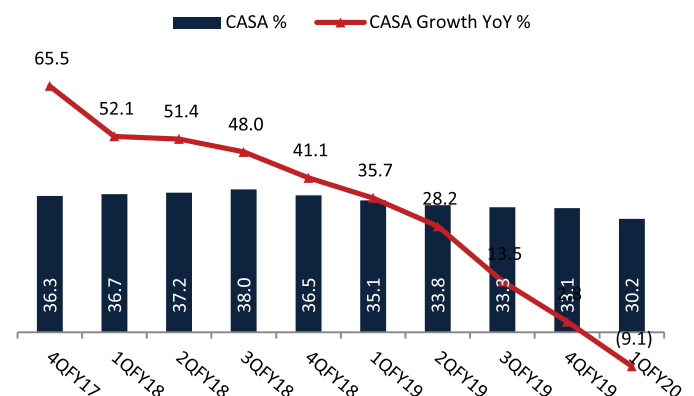


Exhibit: Credit Deposit Ratio

CD ratio moved down.

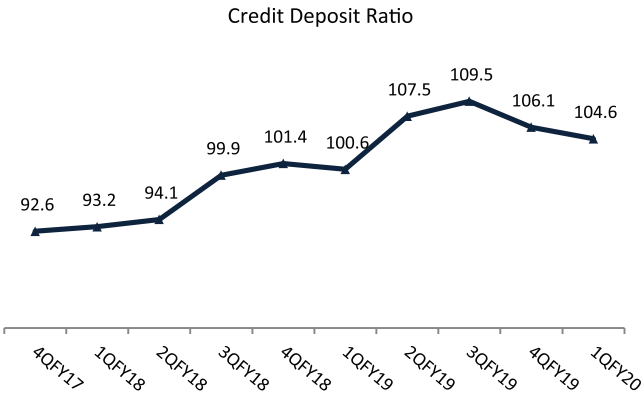
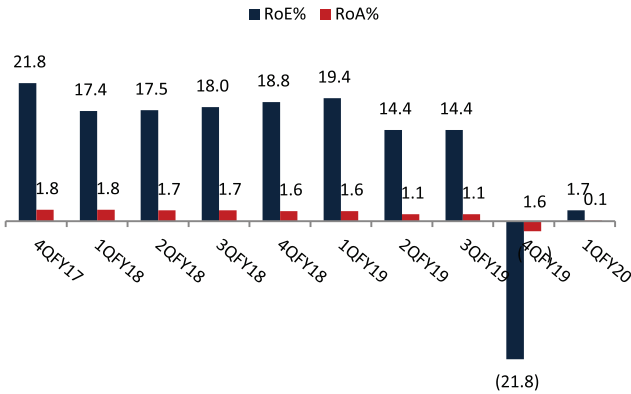


Exhibit: Return Ratios

Return ratio profile improved marginally



Financial Details

Balance Sheet

| Y/E March | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Share Capital | 361 | 418 | 421 | 456 | 461 | 463 | 463 | 463 |
| Equity Capital | 361 | 418 | 421 | 456 | 461 | 463 | 463 | 463 |
| Preference Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserves & Surplus | 6761 | 11262 | 13366 | 21598 | 25298 | 26441 | 27459 | 30794 |
| Networth | 7122 | 11680 | 13787 | 22054 | 25758 | 26904 | 27922 | 31257 |
| Deposits | 74192 | 91176 | 111720 | 142874 | 200738 | 227610 | 248400 | 294061 |
| Change (%) | 10.8 | 22.9 | 22.5 | 27.9 | 40.5 | 13.4 | 9.1 | 18.4 |
| CASA Deposits | 16345 | 21079 | 31340 | 51870 | 73176 | 75253 | 86940 | 105862 |
| Change (%) | 28.8 | 29.0 | 48.7 | 65.5 | 41.1 | 2.8 | 15.5 | 21.8 |
| Borrowings | 21314 | 26220 | 31659 | 38607 | 74894 | 108424 | 104328 | 111155 |
| Other Liabilities & Prov. | 6388 | 7094 | 8098 | 11525 | 11056 | 17888 | 17197 | 17691 |
| Total Liabilities | 109016 | 136170 | 165263 | 215060 | 312446 | 380826 | 397846 | 454165 |
| Cash & Bank | 5892 | 7557 | 8218 | 19549 | 24734 | 26890 | 30868 | 38359 |
| Investments | 40950 | 46605 | 48838 | 50032 | 68399 | 89522 | 86940 | 97040 |
| Change (%) | -4.7 | 13.8 | 4.8 | 2.4 | 36.7 | 30.9 | -2.9 | 11.6 |
| Advances | 55633 | 75550 | 98210 | 132263 | 203534 | 241500 | 260820 | 299943 |
| Change (%) | 18.4 | 35.8 | 30.0 | 34.7 | 53.9 | 18.7 | 8.0 | 15.0 |
| Fixed Assets | 293 | 319 | 471 | 684 | 832 | 817 | 961 | 1009 |
| Other Assets | 6247 | 6139 | 9526 | 12532 | 14946 | 22098 | 18257 | 17813 |
| Total Assets | 109016 | 136170 | 165263 | 215060 | 312446 | 380826 | 397846 | 454165 |

Income Statement

| Y/E March | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|-------------------------|------|-------|-------|-------|-------|-------|-------|-------|
| Interest income | 9981 | 11572 | 13533 | 16425 | 20267 | 29625 | 32231 | 35636 |
| Interest expended | 7265 | 8084 | 8967 | 10627 | 12530 | 19816 | 21649 | 23233 |
| Net Interest Income | 2716 | 3488 | 4567 | 5797 | 7737 | 9809 | 10581 | 12403 |
| Change (%) | 22.4 | 28.4 | 30.9 | 26.9 | 33.5 | 26.8 | 7.9 | 17.2 |
| Other Income | 1722 | 2046 | 2712 | 4157 | 5224 | 4590 | 4318 | 4560 |
| Change (%) | 36.9 | 18.9 | 32.5 | 53.3 | 25.7 | -12.1 | -5.9 | 5.6 |
| Core Fee Income | 0 | 1374 | 2244 | 3019 | 4095 | 4026 | 3047 | 4104 |
| Treasury Income | 166 | 142 | 261 | 711 | 513 | 551 | 475 | 502 |
| Others | 1555 | 530 | 208 | 426 | 615 | 14 | 796 | -46 |
| Total Net Income | 4438 | 5534 | 7279 | 9954 | 12961 | 14399 | 14899 | 16964 |
| Operating Expenses | 1750 | 2285 | 2976 | 4117 | 5213 | 6264 | 7626 | 8371 |
| Change (%) | 31.1 | 30.6 | 30.3 | 38.3 | 26.6 | 20.2 | 21.7 | 9.8 |
| Employee Expenses | 784 | 980 | 1297 | 1805 | 2189 | 2470 | 3063 | 3329 |
| Pre-provisioning Profit | 2688 | 3250 | 4303 | 5838 | 7748 | 8135 | 7273 | 8593 |
| Change (%) | 25.5 | 20.9 | 32.4 | 35.7 | 32.7 | 5.0 | -10.6 | 18.1 |
| Provisions | 362 | 339 | 536 | 793 | 1554 | 5778 | 4886 | 2241 |
| Change (%) | 67.5 | -6.1 | 58.0 | 47.9 | 95.8 | 271.8 | -15.4 | -54.1 |
| PBT | 2326 | 2910 | 3766 | 5044 | 6194 | 2357 | 2387 | 6351 |
| Tax | 709 | 905 | 1227 | 1714 | 1970 | 637 | 813 | 2322 |
| Profit After Tax | 1618 | 2005 | 2539 | 3330 | 4225 | 1720 | 1573 | 4030 |
| Change (%) | 24.4 | 24.0 | 26.6 | 31.1 | 26.9 | -59.3 | -8.5 | 156.1 |

Financial Details

Key Ratios

| Y/E March | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|------------------------------|------|------|------|------|-------|-------|-------|-------|
| Balance Sheet Metrics | | | | | | | | |
| Loan Growth (%) | 18 | 36 | 30 | 35 | 54 | 19 | 8 | 15 |
| Deposit Growth (%) | 11 | 23 | 23 | 28 | 41 | 13 | 9 | 18 |
| C/D Ratio (%) | 75.0 | 82.9 | 87.9 | 92.6 | 101.4 | 106.1 | 105.0 | 102.0 |
| CASA (%) | 22.0 | 23.1 | 28.1 | 36.3 | 36.5 | 33.1 | 35.0 | 36.0 |
| Investment/Deposit (%) | 55.2 | 51.1 | 43.7 | 35.0 | 34.1 | 39.3 | 35.0 | 33.0 |
| CRAR (%) | 14.4 | 15.6 | 16.5 | 17.0 | 18.4 | 16.5 | 14.5 | 13.9 |
| Tier 1 (%) | 9.8 | 11.5 | 10.7 | 13.3 | 9.7 | 8.4 | 8.4 | 8.3 |
| Tier 2 (%) | 4.6 | 4.1 | 5.8 | 3.7 | 5.2 | 5.2 | 3.1 | 2.8 |

| | | | | | | | | |
|--------------------------------|-----|-----|-----|-------|-------|-------|--------|--------|
| Assets Quality Metrics | | | | | | | | |
| Gross NPA (Rs) | 175 | 313 | 749 | 2,019 | 2,627 | 7,883 | 16,915 | 13,399 |
| Gross NPA (%) | 0.3 | 0.4 | 0.8 | 1.5 | 1.3 | 3.2 | 6.3 | 4.5 |
| Net NPA(Rs) | 26 | 88 | 284 | 1,072 | 1,313 | 4,485 | 8,457 | 5,360 |
| Net NPA (%) | 0.1 | 0.1 | 0.3 | 0.8 | 0.6 | 1.9 | 3.2 | 1.8 |
| Slippages (%) | - | 1 | 1 | 2 | 4 | 3 | 6 | 1 |
| Provision Coverage (%) | 85 | 72 | 62 | 47 | 50 | 43 | 50 | 60 |
| Provision/Average Advances (%) | 0.7 | 0.5 | 0.6 | 0.7 | 0.9 | 2.6 | 1.9 | 0.8 |

| | | | | | | | | |
|-----------------------------|------|------|------|------|-----|------|------|------|
| Margin Metrics | | | | | | | | |
| Yield On Advances (%) | 12.7 | 12.2 | 11.2 | 10.6 | 9.2 | 10.3 | 10.1 | 10.2 |
| Yield On Investment (%) | 8.1 | 8.0 | 7.4 | 7.7 | 6.9 | 7.7 | 6.9 | 7.0 |
| Yield on Earning Assets (%) | 10.4 | 10.2 | 9.6 | 9.2 | 8.2 | 9.1 | 8.8 | 8.9 |
| Cost Of Deposits (%) | 8.0 | 7.9 | 7.1 | 6.4 | 5.5 | 6.4 | 6.1 | 6.1 |
| Cost Of Funds (%) | 7.8 | 7.5 | 6.8 | 6.5 | 5.4 | 6.4 | 6.2 | 6.1 |
| Spread (%) | 2.6 | 2.7 | 2.8 | 2.7 | 2.8 | 2.7 | 2.6 | 2.9 |
| NIM (%) | 2.8 | 3.1 | 3.2 | 3.2 | 3.1 | 3.0 | 2.9 | 3.1 |

| | | | | | | | | |
|---|------|------|------|------|------|------|------|------|
| Profitability & Efficiency Metrics | | | | | | | | |
| Int. Expense/Int.Income (%) | 72.8 | 69.9 | 66.3 | 64.7 | 61.8 | 66.9 | 67.2 | 65.2 |
| Fee Income/NII (%) | - | 39.4 | 49.1 | 52.1 | 52.9 | 41.0 | 28.8 | 33.1 |
| Cost to Income (%) | 39.4 | 41.3 | 40.9 | 41.4 | 40.2 | 43.5 | 51.2 | 49.3 |
| Cost on Average Assets (%) | 1.8 | 2.0 | 2.1 | 2.3 | 2.1 | 1.9 | 2.1 | 2.1 |
| Tax Rate (%) | 30.5 | 31.1 | 32.6 | 34.0 | 31.8 | 27.0 | 34.1 | 36.6 |

| | | | | | | | | |
|--------------------------------|------|------|------|------|-------|-------|-------|-------|
| Valuation Ratio Metrics | | | | | | | | |
| EPS (Rs) | 9.0 | 9.6 | 12.1 | 14.6 | 18.3 | 7.4 | 6.8 | 17.4 |
| Change (%) | 23.7 | 7.0 | 25.8 | 20.8 | 25.7 | (59) | (8.5) | 156.1 |
| ROAE (%) | 25.0 | 21.3 | 19.9 | 18.6 | 17.7 | 6.5 | 5.7 | 13.6 |
| ROAA (%) | 1.6 | 1.6 | 1.7 | 1.8 | 1.6 | 0.5 | 0.4 | 0.9 |
| Dividend Payout (%) | 17.8 | 18.7 | 16.6 | 16.4 | 14.7 | 26.9 | 36.8 | 17.2 |
| Dividend yield (%) | 2.0 | 1.1 | 1.2 | 0.8 | 0.9 | 0.7 | 2.6 | 3.1 |
| Book Value (Rs) | 39.5 | 55.9 | 65.6 | 96.6 | 111.8 | 116.2 | 120.6 | 135.0 |
| Change (%) | 22 | 42 | 17 | 47 | 16 | 4 | 4 | 12 |
| P/B (X) | 2.1 | 2.9 | 2.6 | 3.2 | 2.7 | 2.4 | 0.8 | 0.7 |
| P/E (X) | 9.0 | 17.0 | 14.3 | 21.2 | 16.6 | 37.0 | 14.4 | 5.6 |

Financial Details

Exhibit: DuPont Analysis

| | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|
| Interest Income | 9.4 | 9.0 | 8.6 | 7.7 | 8.5 | 8.3 | 8.4 |
| Interest expended | 6.6 | 5.9 | 5.6 | 4.8 | 5.7 | 5.6 | 5.5 |
| Net Interest Income | 2.8 | 3.0 | 3.0 | 2.9 | 2.8 | 2.7 | 2.9 |
| Non-Fund Based Income | 1.7 | 1.8 | 2.2 | 2.0 | 1.3 | 1.1 | 1.1 |
| Core Fee Income | 1.1 | 1.5 | 1.6 | 1.6 | 1.2 | 0.8 | 1.0 |
| Trading and Other Income | 0.5 | 0.3 | 0.6 | 0.4 | 0.2 | 0.3 | 0.1 |
| Core Operating Income | 4.0 | 4.5 | 4.6 | 4.5 | 4.0 | 3.5 | 3.9 |
| Total Income | 4.5 | 4.8 | 5.2 | 4.9 | 4.2 | 3.8 | 4.0 |
| Total Operating Expenses | 1.9 | 2.0 | 2.2 | 2.0 | 1.8 | 2.0 | 2.0 |
| Employee Expenses | 0.8 | 0.9 | 0.9 | 0.8 | 0.7 | 0.8 | 0.8 |
| Other Expenses | 1.1 | 1.1 | 1.2 | 1.1 | 1.1 | 1.2 | 1.2 |
| Operating Profit | 2.7 | 2.9 | 3.1 | 2.9 | 2.3 | 1.9 | 2.0 |
| Provisions | 0.3 | 0.4 | 0.4 | 0.6 | 1.7 | 1.3 | 0.5 |
| Others | - | - | - | - | - | - | - |
| PBT | 2.4 | 2.5 | 2.7 | 2.3 | 0.7 | 0.6 | 1.5 |
| Tax | 0.7 | 0.8 | 0.9 | 0.7 | 0.2 | 0.2 | 0.5 |
| PAT/RoAA | 1.6 | 1.7 | 1.8 | 1.6 | 0.5 | 0.4 | 0.9 |
| Equity Multiplier (x) | 13.0 | 11.8 | 10.6 | 11.0 | 13.2 | 14.2 | 14.4 |
| ROAE | 21.3 | 19.9 | 18.6 | 17.7 | 6.5 | 5.7 | 13.6 |

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