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|-----------|-----------|
| Industry | Financial |
| Bloomberg | ICICIB IN |
| BSE CODE | 532174 |

In a League of Healthy Operating Performance

| | |
|-------------------------|------------|
| RATING | BUY |
| CMP | 416 |
| Price Target | 515 |
| Potential Upside | 24% |

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

Stock Info

| | |
|---------------------|---------------|
| 52wk Range H/L | 443.85/273.20 |
| Mkt Capital (Rs Cr) | 268,125 |
| Free float (%) | 100% |
| Avg. Vol 1M (,000) | 13,042 |
| No. of Shares (Cr) | 645 |
| Promoters Pledged % | |

| FINANCIAL | FY19 | FY20E | FY21E |
|------------|-------|-------|-------|
| NII | 27015 | 32974 | 39357 |
| PPP | 23438 | 28436 | 33640 |
| PAT | 3363 | 13575 | 17176 |
| NIM % | 3.2 | 3.4 | 3.5 |
| EPS (Rs) | 5 | 21 | 27 |
| EPS growth | -51 | 303 | 27 |
| ROE (%) | 3 | 12 | 13 |
| ROA (%) | 0.4 | 1.3 | 1.4 |
| BV | 168 | 188 | 212 |
| P/B (X) | 2.4 | 2.3 | 2.1 |
| P/E (x) | 76 | 21 | 16 |

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1QFY20 Result Update

- ❑ NII grew by 27% YoY to Rs 7737 Cr with NIM at 3.61% v/s 3.19% in Q1FY19 and 3.72% in Q4FY19. The PAT stood at Rs 1908 Cr vs loss of Rs 120 Cr YoY with provisions at Rs 3496 Cr v/s Rs 5971 Cr in Q1FY19. However PAT missed our expectations due to elevated provisions.
- ❑ GNPA during the quarter stood at 6.49% v/s 6.70% in Q4FY19 while the NNPA was 1.77% v/s 2.06% in Q4FY19. The slippages declined by 22% QoQ at Rs 2779 Cr. BB & Below book exposure improved to 2.6% vs 3% sequentially.
- ❑ The Advance grew by 15% YoY mainly on account of Retail and SME segment which grew by 22 and 23% respectively. The deposits during the quarter grew by 21% YoY with healthy term deposit growth of 34% YoY while the CASA ratio stood at 45.2% v/s 50.5% in Q1FY19.

NII growth Continues to be strong

NII grew by 27% YoY with NIM at 3.61% v/s 3.19% in Q1FY19 and 3.72% in Q4FY19. The Domestic NIM during the quarter was 3.93% vs 3.54% in the Q1FY19 while the overseas NIM was 0.33% v/s 0.30% in Q1FY19. The yield on Advance was 9.36%. The Cost of deposit during the quarter stood at 5.08% v/s the 4.81% in Q1FY19. The cost of funds were 5.23% v/s the 4.99% in 1QFY19.

Fee income during the quarter grew by 10.35% at Rs 3039 Cr, treasury income during the quarter was Rs 179 Cr and other income was Rs 207 Cr. The cost to income ratio was 43.7% with employee cost growing by 29% YoY and other expenses grew by 11% YoY.

Healthy Loan Book growth

The Advance during the quarter grew at healthy rate of 15% YoY mainly on account of Retail and SME segment which grew by 22 and 23% respectively. Domestic loan grew by 18% YoY. The growth for the corporate segment was a meagre. The growth in the retail segment was led by personal loan segment which grew by 54%/11% on YoY/QoQ basis, business banking segment which grew by 46%/3% on YoY/QoQ basis, credit card segment which grew by 33%/11% on YoY/QoQ basis.

The Deposits grew strong by 21% YoY with term deposit growing 34% YoY while the CASA ratio stood at 45.2% v/s 50.5% in Q1FY19. On CASA deposit growth management said that they had anticipated and planned that in daily average CASA deposits would be lower than overall deposit growth which it has factored in its cost of funding and lending rate.

Continuous Improvement in Asset quality:

The Asset quality during the quarter improved GNPA during the quarter stood at 6.49% v/s 6.70% in Q4FY19 while the NNPA was 1.77% v/s 2.06% in Q4FY19. The Slippages during the quarter were Rs 2779 Cr while the reductions were Rs 3131 Cr. The upgrades and recoveries were Rs 931 Cr while the write off were Rs 2200 Cr. The retail slippages were Rs 1511 Cr out of which Rs 452 Cr came from kisan credit card portfolio. The Management added that additions from the agri portfolio might be higher in the December quarter. PCR improved to 74% vs 71% QoQ.

View and Valuation

Assets quality continues to improve with the normalization of corporate slippages. BB & Below book also continues to decline (reduction of 12% QoQ) and forms 2.6% of the net advances. However there has been concerns on rising slippages on agriculture portfolio for the industry as a whole. Specific PCR improved to 74% as credit cost remained elevated due ageing related provisions and lack on any significant resolution on NPA front. However management holds its guidance of credit cost for the full year. Operating performance is on improving path with the pickup in advances growth and normalization of margin. We largely maintain our estimates and recommend BUY with the target price of Rs 515 at 2.4x BV FY21e.

Key Risks to our rating and target

- ❑ Slower resolution of NPA will lead to higher credit cost.
- ❑ Stress macro conditions will further deteriorate the assets quality.

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1QFY20 Results PPP In Line With Expectations

| Financials | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | YoY % | QoQ% | FY18 | FY19 | YoY % |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Interest Inc. | 14,722 | 15,106 | 16,280 | 17,293 | 17,980 | 22.1% | 4.0% | 54,966 | 63,401 | 15.3% |
| Interest Exp. | 8,620 | 8,688 | 9,405 | 9,673 | 10,243 | 18.8% | 5.9% | 31,940 | 36,386 | 13.9% |
| Nil | 6,102 | 6,418 | 6,875 | 7,620 | 7,737 | 26.8% | 1.5% | 23,026 | 27,015 | 17.3% |
| Other Income | 3,852 | 3,156 | 3,883 | 3,621 | 3,425 | -11.1% | -5.4% | 17,420 | 14,512 | -16.7% |
| Total Income | 9,954 | 9,574 | 10,758 | 11,241 | 11,163 | 12.1% | -0.7% | 40,445 | 41,527 | 2.7% |
| Opex Exp. | 4,145 | 4,324 | 4,612 | 5,008 | 4,874 | 17.6% | -2.7% | 15,704 | 18,089 | 15.2% |
| PPP | 5,808 | 5,250 | 6,146 | 6,233 | 6,288 | 8.3% | 0.9% | 24,742 | 23,438 | -5.3% |
| Provisions | 5,971 | 3,994 | 4,244 | 5,451 | 3,496 | -41.5% | -35.9% | 17,307 | 19,661 | 13.6% |
| PBT | (163) | 1,255 | 1,902 | 782 | 2,793 | NA | NA | 7,435 | 3,777 | -49.2% |
| Tax | (43) | 347 | 297 | (187) | 885 | -2140% | 572.9% | 657 | 413 | -37.1% |
| Net Profit | (120) | 909 | 1,605 | 969 | 1,908 | LTP | 96.9% | 6,777 | 3,363 | -50% |

Concall Highlights

- Retail fee income grew by 6.6% YoY and constituted about 72% of overall fees in Q1 impacted by decrease in fee income from distribution of third-party products. Excluding this, fee income grew by 14.3% YoY.
- During the quarter, the peak interest rate on term deposits was reduced by 20 basis points to 7.3%.
- There were slippages of Rs 452 Cr (Rs 350 Cr in 1Q FY19) from Kisan credit card, management said that there has been stress mainly from farm waiver scheme. In June and December, the stress will be high and additions will be high in December quarter. Even the stress will continue in next financial year also.
- Slippages will run at a normal rate of 2%. The provisions were higher during the quarters mainly because of ageing related and there was no major recovery. However, management is hopeful of recovery in some part of the year and hence maintain the earlier guidance of 1.2% credit cost in FY20, however there could be variation on quarter basis.
- Management is comfortable with 70% PCR level and targeting the provisions of 20% of operational profit which translate into 1% credit cost on advances. This will be the function of business mix.
- On the stress group in the system, management comment that they have some exposure to the stress companies and some cases they don't have. But had no meaningful or significant exposure to any single borrower over the last few quarters.
- On the Builder portfolio, focus is towards top tier builders spread across the segment. Management is cautious on this portfolio since last 3 years and lending done in this portfolio in last 12-18 months have fairly share of LRD
- On unsecured lending management said the penetration of unsecured loan on customer is very low. However, as a proactive measures management is cutting down the stressed geography, segment or even color of salary. At this point of time management is not seeing any stress on the portfolio and keep checking with credit bureau and numbers are good.
- On the today's news article of raising equity capital of Rs 15000 Cr in FY20, management said that they have not made any announcement regarding this.
- Focus will be growing domestic book and hence international book proportion will come down over the time.
- Management is not targeting any loan book growth number. The focus is towards growing the core operating profit in a risk calibrated manner.
- About 88.5% of the disbursements in the domestic and international corporate portfolio were to corporates rated A- and above and bank is further refining the approach towards longer term exposures.
- SME portfolio is relatively small and have scope to increase penetration in this segment, covering both credit as well as deposits and transaction banking with focus on granular and collateralized lending. Bank has recently reorganised the SME business.

Profitability Matrix

| | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | YoY (+/-) | QoQ (+/-) |
|-------------------------|--------|--------|---------|--------|--------|--------|--------|-----------|-----------|
| C/I Ratio % | 43.0 | 35.8 | 41.6 | 45.2 | 42.9 | 44.5 | 43.7 | 2.02 | -0.88 |
| Empl. Cost/ Tot. Exp. % | 35.7 | 36.5 | 36.5 | 38.4 | 37.6 | 37.9 | 40.1 | 3.55 | 2.15 |
| Other Exp/Tot. Exp.% | 64.3 | 63.5 | 63.5 | 61.6 | 62.4 | 62.1 | 59.9 | -3.55 | -2.15 |
| Provision/PPP % | 70.6 | 88.2 | 102.8 | 76.1 | 69.1 | 87.5 | 55.6 | -47.22 | -31.87 |
| Tax Rate % | (10.9) | (14.8) | 26.6 | 27.6 | 15.6 | (23.9) | 31.7 | 5.06 | 55.60 |
| Int Exp./Int Inc. (%) | 58.3 | 57.8 | 58.6 | 57.5 | 57.8 | 55.9 | 57.0 | -1.59 | 1.03 |
| Other Inc./Net Inc. % | 35.7 | 48.5 | 38.7 | 33.0 | 36.1 | 32.2 | 30.7 | -8.01 | -1.53 |
| PAT/ Net Income % | 19.2 | 9.0 | (1.2) | 9.7 | 16.2 | 9.0 | 17.7 | 18.93 | 8.73 |
| PAT Growth % | (32.4) | (49.6) | (105.8) | (55.8) | (2.7) | (5.0) | LTP | LTP | 96.89 |
| NII Growth % (YoY) | 6.4 | 1.0 | 9.2 | 12.4 | 20.5 | 26.5 | 26.8 | 17.64 | 0.26 |
| Op. Profit Growth YoY % | (8.4) | 47.0 | 12.1 | (24.9) | 21.5 | (17.0) | 8.3 | -3.79 | 25.31 |

Margin Performance

| Margin % | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | YoY (+/-) | QoQ (+/-) |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| Yield on Advances | 8.47 | 8.7 | 8.7 | 8.8 | 9.0 | 9.3 | 9.4 | 0.65 | 0.07 |
| Yield on Total Assets | 7.53 | 7.7 | 7.7 | 7.9 | 8.1 | 8.5 | 8.4 | 0.71 | -0.05 |
| Cost Of Funds | 4.9 | 4.9 | 5.0 | 5.0 | 5.1 | 5.1 | 5.2 | 0.24 | 0.13 |
| Cost of Deposits | 4.74 | 4.8 | 4.8 | 7.8 | 4.9 | 5.0 | 5.1 | 0.27 | 0.08 |
| NIM | 3.14 | 3.2 | 3.2 | 3.3 | 3.4 | 3.7 | 3.6 | 0.42 | -0.11 |

Exhibit: Yield and Cost

Cost of fund Increased

■ Yield on Total Assets ■ Cost Of Funds

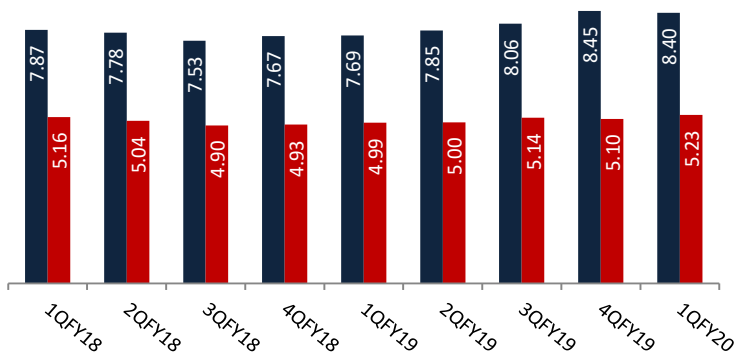
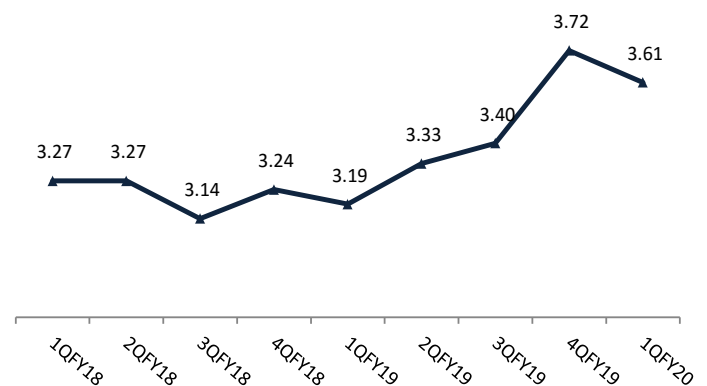


Exhibit: Net Interest Margin

NIM fell sequentially.

▲ NIM



Other Income Break Up-

| | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fee income | 2377 | 2570 | 2639 | 2755 | 2754 | 2995 | 3062 | 3178 | 3039 |
| Growth YoY % | 10.3% | 9.1% | 5.8% | 12.6% | 15.9% | 16.5% | 16.0% | 15.4% | 10.3% |
| Other income | 153 | 423 | 462 | 238 | 331 | 196 | 342 | 287 | 207 |
| Treasury income | 858 | 2193 | 66 | 2685 | 766 | -35 | 479 | 156 | 179 |
| Total Other Income | 3388 | 5186 | 3167 | 5678 | 3851 | 3156 | 3883 | 3621 | 3425 |
| Growth YoY % | -1% | -43% | -20% | 88% | 14% | -39% | 23% | -36% | -11% |
| Other Income as a % of NII | 61 | 91 | 56 | 94 | 63 | 49 | 56 | 48 | 44 |
| Other Income as a % of | 0.7% | 1.1% | 0.6% | 1.1% | 0.7% | 0.6% | 0.7% | 0.6% | 0.6% |

Exhibit: Fee Income/Advances %

Healthy fee income growth was sustained..

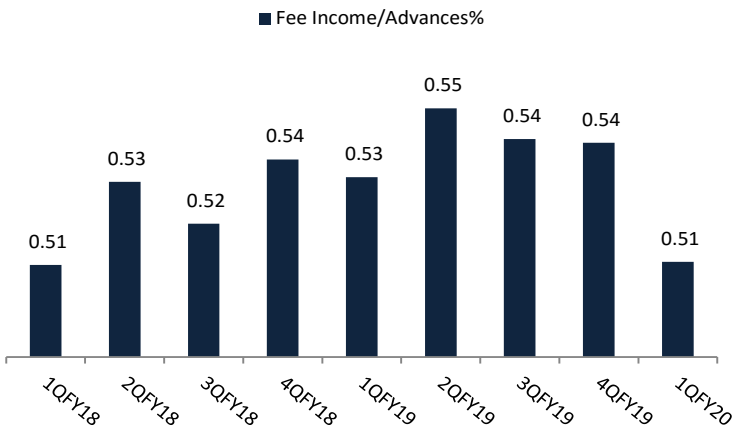
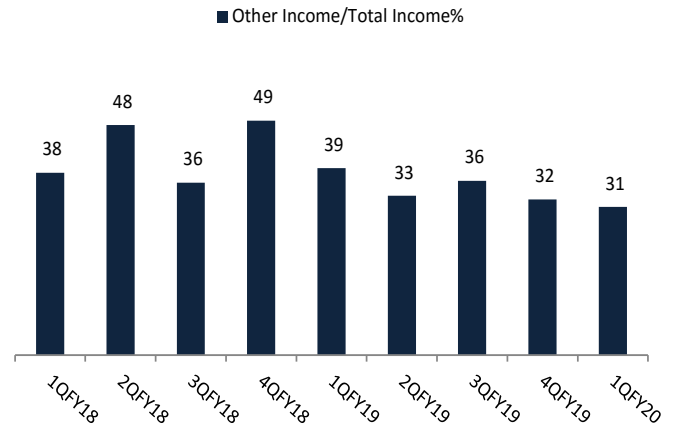


Exhibit: Other Income/ Total Income %

Other income as % of total income declined



Asset Quality

| | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | YoY (+/-) | QoQ (+/-) |
|----------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| GNPA (Rs in Cr) | 46,039 | 54,063 | 53,465 | 54,489 | 51,591 | 46,292 | 45,763 | -14% | -1% |
| GNPA % | 7.8 | 8.8 | 8.8 | 8.5 | 7.8 | 6.7 | 6.5 | -2.32 | -0.21 |
| NNPA (Rs in Cr) | 23,810 | 27,886 | 24,170 | 22,086 | 16,252 | 13,577 | 11,857 | -51% | -13% |
| NNPA % | 4.2 | 4.8 | 4.2 | 3.7 | 2.6 | 2.1 | 1.8 | -2.42 | -0.29 |
| Slippages (Rs in Cr) | 4,380 | 15,737 | 4,036 | 3,117 | 2,091 | 3,547 | 2,779 | -31% | -22% |
| PCR % | 60.9 | 60.5 | 66.1 | 69.4 | 76.3 | 81.2 | 83.4 | 17.30 | 2.20 |

Exhibit: Asset Quality

Assets quality improved.

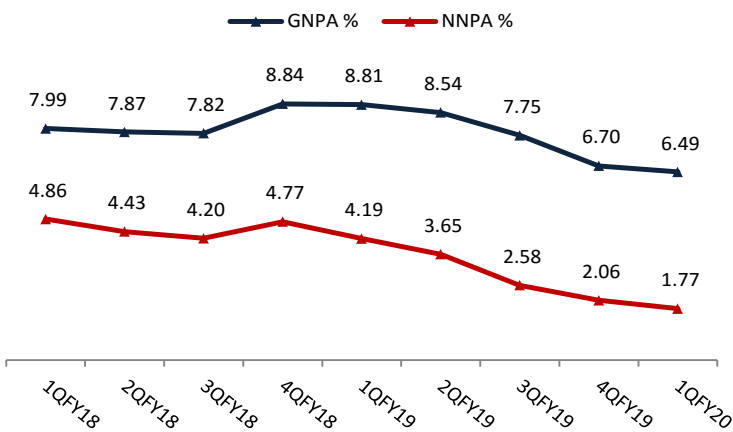


Exhibit: Provisions

PCR increased.

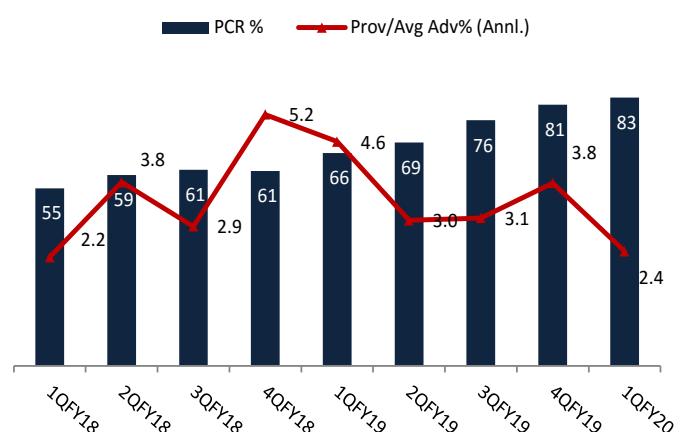


Exhibit: Advances Performance

healthy advance growth

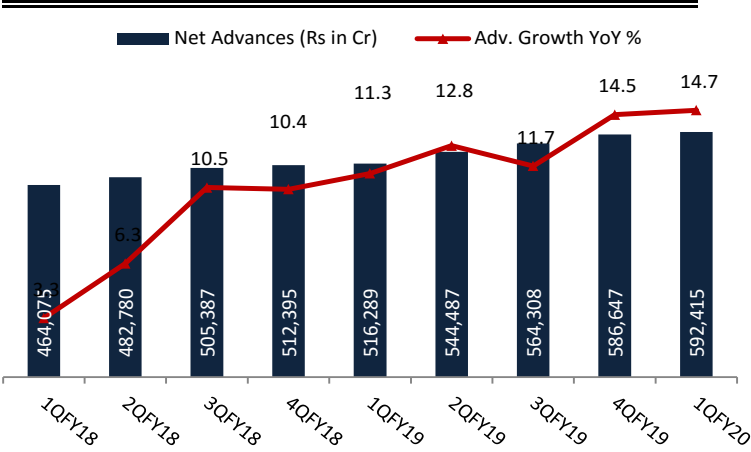


Exhibit: Advances Breakup%

Retail Business% SME% Domestic Corporate% Overseas Branches%

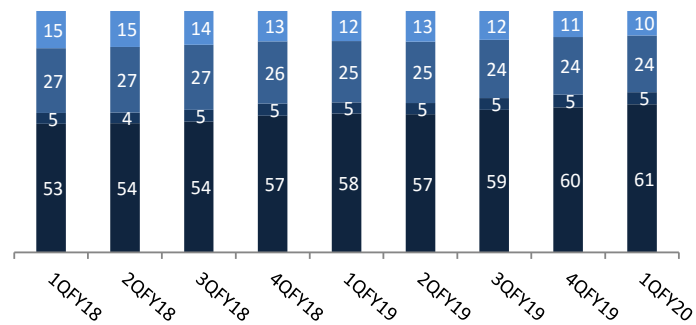


Exhibit: Deposits Performance

Healthy deposit growth.

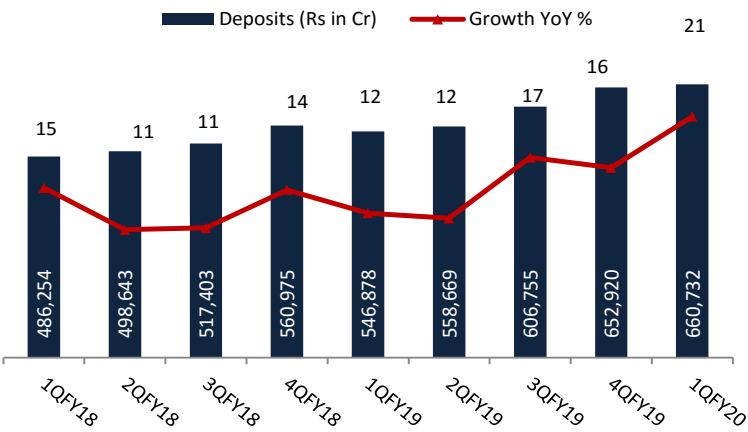


Exhibit: CASA Performance

CASA growth declined.

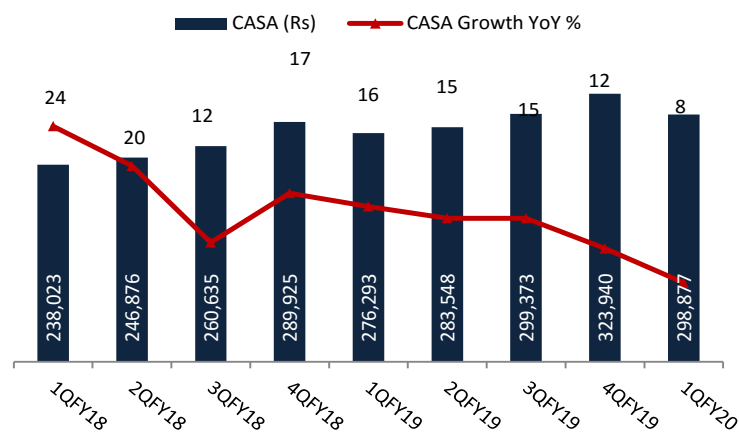


Exhibit: Credit Deposit Ratio

CD ratio moved down.

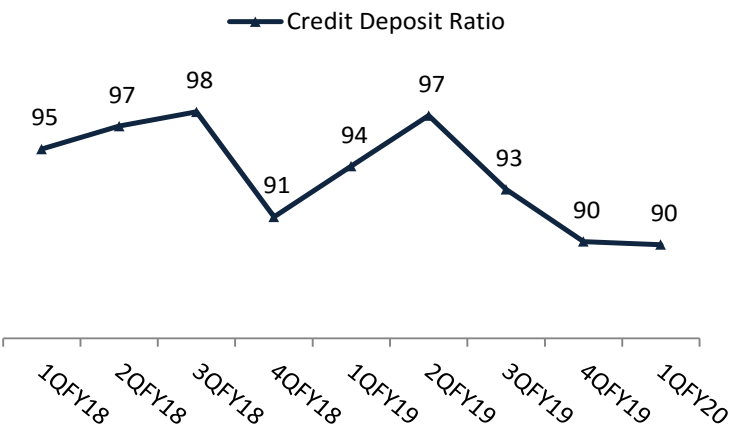
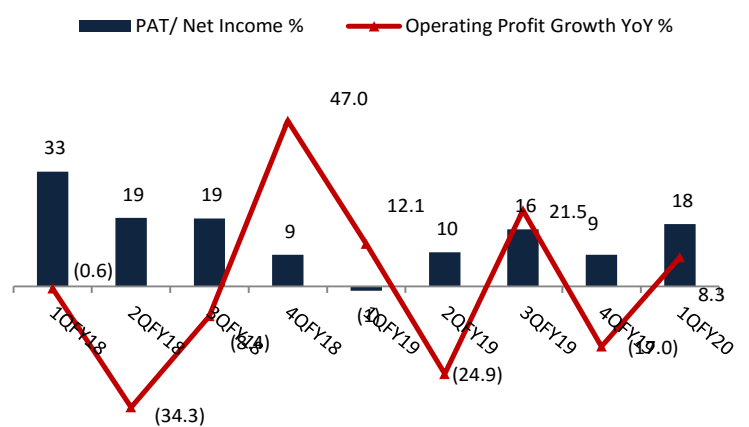


Exhibit: Return Ratios

Return ratio profile declined.



Financial Details
Balance Sheet

| Y/E March | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Share Capital | 1155 | 1160 | 1163 | 1165 | 1286 | 1290 | 1291 | 1291 |
| >> <i>Equity Capital</i> | 1155 | 1160 | 1163 | 1165 | 1286 | 1290 | 1291 | 1291 |
| >> <i>Preference Capital</i> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Reserves & Surplus</i> | 72058 | 79270 | 88572 | 98786 | 103873 | 107078 | 119876 | 135503 |
| Networth | 73213 | 80429 | 89736 | 99951 | 105159 | 108368 | 121166 | 136793 |
| Deposits | 331914 | 361563 | 421426 | 490039 | 560975 | 652920 | 740367 | 868986 |
| Change (%) | 13.4 | 8.9 | 16.6 | 16.3 | 14.5 | 16.4 | 13.4 | 17.4 |
| >> <i>CASA Deposits</i> | 142378 | 164380 | 193100 | 246821 | 289925 | 323940 | 340569 | 399733 |
| Change (%) | 16.2 | 15.5 | 17.5 | 27.8 | 17.5 | 11.7 | 5.1 | 17.4 |
| <i>Borrowings</i> | 154759 | 172417 | 174807 | 147556 | 182859 | 165320 | 204415 | 240883 |
| Other Liabilities & Prov. | 34756 | 31720 | 34726 | 34245 | 30196 | 37851 | 42713 | 49656 |
| Total Liabilities | 594642 | 646129 | 720695 | 771791 | 879189 | 964459 | 1108662 | 1296318 |
| <i>Cash & Bank</i> | 41530 | 42305 | 59869 | 75713 | 84169 | 80296 | 86212 | 98438 |
| <i>Investments</i> | 177022 | 158129 | 160412 | 161507 | 202994 | 207733 | 236917 | 278075 |
| Change (%) | 3.3 | -10.7 | 1.4 | 0.7 | 25.7 | 2.3 | 14.0 | 17.4 |
| <i>Advances</i> | 338703 | 387522 | 435264 | 464232 | 512395 | 586647 | 692243 | 816847 |
| Change (%) | 16.7 | 14.4 | 12.3 | 6.7 | 10.4 | 14.5 | 18.0 | 18.0 |
| <i>Fixed Assets</i> | 4678 | 4726 | 7577 | 7805 | 7904 | 7931 | 8090 | 8252 |
| <i>Other Assets</i> | 32709 | 53448 | 57574 | 62535 | 71727 | 81852 | 85199 | 94707 |
| Total Assets | 594642 | 646129 | 720695 | 771791 | 879189 | 964459 | 1108662 | 1296318 |

Income Statement

| Y/E March | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>Interest income</i> | 44178 | 49091 | 52739 | 54156 | 54966 | 63401 | 75397 | 87290 |
| <i>Interest expended</i> | 27703 | 30052 | 31515 | 32419 | 31940 | 36386 | 42423 | 47933 |
| Net Interest Income | 16476 | 19040 | 21224 | 21737 | 23026 | 27015 | 32974 | 39357 |
| Change (%) | 18.8 | 15.6 | 11.5 | 2.4 | 5.9 | 17.3 | 22.1 | 19.4 |
| <i>Other Income</i> | 10428 | 12176 | 15323 | 19504 | 17420 | 14512 | 16169 | 18282 |
| Change (%) | 24.9 | 16.8 | 25.8 | 27.3 | -10.7 | -16.7 | 11.4 | 13.1 |
| >> <i>Core Fee Income</i> | 7758 | 8286 | 8819 | 9453 | 10341 | 11989 | 13657 | 16453 |
| >> <i>Treasury Income</i> | 1016 | 1694 | 4061 | 8576 | 5802 | 1366 | 1405 | 828 |
| >> <i>Others</i> | 1654 | 2196 | 2443 | 1475 | 1277 | 1157 | 1107 | 1000 |
| Total Net Income | 26903 | 31216 | 36547 | 41242 | 40445 | 41527 | 49144 | 57638 |
| <i>Operating Expenses</i> | 10309 | 11496 | 12684 | 14755 | 15704 | 18089 | 20708 | 23998 |
| Change (%) | 14.4 | 11.5 | 10.3 | 16.3 | 6.4 | 15.2 | 14.5 | 15.9 |
| >> <i>Employee Expenses</i> | 4220 | 4750 | 5002 | 5734 | 5914 | 6808 | 8049 | 9209 |
| <i>Pre-provisioning Profit</i> | 16595 | 19720 | 23864 | 26487 | 24742 | 23438 | 28436 | 33640 |
| Change (%) | 25.7 | 18.8 | 21.0 | 11.0 | -6.6 | -5.3 | 21.3 | 18.3 |
| <i>Provisions</i> | 2626 | 3900 | 8068 | 15208 | 17307 | 19661 | 8485 | 8382 |
| Change (%) | 45.7 | 48.5 | 106.9 | 88.5 | 13.8 | 13.6 | -56.8 | -1.2 |
| PBT | 13968 | 15820 | 12196 | 11279 | 7435 | 3777 | 19950 | 25258 |
| <i>Tax</i> | 4158 | 4645 | 2469 | 1478 | 657 | 413 | 6375 | 8083 |
| Profit After Tax | 9810 | 11175 | 9726 | 9801 | 6777 | 3363 | 13575 | 17176 |
| Change (%) | 17.8 | 13.9 | -13.0 | 0.8 | -30.9 | -50.4 | 303.6 | 26.5 |

Financial Details
Key Ratios

| Y/E March | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|------------------------------|-------|-------|-------|------|------|------|-------|-------|
| Balance Sheet Metrics | | | | | | | | |
| Loan Growth (%) | 17 | 14 | 12 | 7 | 10 | 14 | 18 | 18 |
| Deposit Growth (%) | 13 | 9 | 17 | 16 | 14 | 16 | 13 | 17 |
| C/D Ratio (%) | 102.0 | 107.2 | 103.3 | 94.7 | 91.3 | 89.8 | 93.5 | 94.0 |
| CASA (%) | 42.9 | 45.5 | 45.8 | 50.4 | 51.7 | 49.6 | 46.0 | 46.0 |
| Investment/Deposit (%) | 53.3 | 43.7 | 38.1 | 33.0 | 36.2 | 31.8 | 32.0 | 32.0 |
| CRAR (%) | 17.7 | 17.0 | 16.6 | 17.4 | 18.4 | 16.5 | 16.3 | 15.5 |
| >> Tier 1 (%) | 12.8 | 12.8 | 13.1 | 14.4 | 15.9 | 14.4 | 14.1 | 13.6 |
| >> Tier 2 (%) | 4.9 | 4.2 | 3.6 | 3.0 | 2.5 | 2.1 | 2.2 | 1.9 |

Assets Quality Metrics

| | | | | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Gross NPA (Rs) | 10,554 | 15,242 | 26,721 | 42,552 | 54,063 | 46,292 | 42,644 | 37,638 |
| Gross NPA (%) | 2.6 | 3.3 | 5.2 | 7.9 | 8.8 | 6.7 | 5.3 | 4.0 |
| Net NPA(Rs) | 3,301 | 6,325 | 13,297 | 25,451 | 27,886 | 13,577 | 12,793 | 11,292 |
| Net NPA (%) | 0.8 | 1.4 | 2.7 | 4.9 | 4.8 | 2.1 | 1.7 | 1.2 |
| Slippages (%) | 2 | 2 | 4 | 8 | 6 | 2 | 2 | 1 |
| Provision Coverage (%) | - | - | 61 | 54 | 61 | 81 | 71 | 73 |
| Provision/Average Advances (%) | 0.8 | 1.1 | 2.0 | 3.4 | 3.5 | 3.6 | 1.3 | 1.1 |

Margin Metrics

| | | | | | | | | |
|-----------------------------|------|-----|-----|-----|-----|-----|-----|-----|
| Yield On Advances (%) | 10.0 | 9.8 | 9.5 | 8.8 | 8.4 | 8.7 | 9.0 | 8.9 |
| Yield On Investment (%) | 6.6 | 6.3 | 6.7 | 7.1 | 6.3 | 6.2 | 6.9 | 6.5 |
| Yield on Earning Assets (%) | 8.5 | 8.6 | 8.3 | 7.9 | 7.3 | 7.5 | 7.9 | 7.8 |
| Cost Of Deposits (%) | 5.7 | 5.9 | 5.5 | 5.0 | 4.5 | 4.4 | 4.8 | 4.7 |
| Cost Of Funds (%) | 5.8 | 5.7 | 5.4 | 5.1 | 4.5 | 4.6 | 4.7 | 4.6 |
| Spread (%) | 2.7 | 2.8 | 2.9 | 2.8 | 2.7 | 2.9 | 3.2 | 3.2 |
| NIM (%) | 3.2 | 3.3 | 3.3 | 3.2 | 3.0 | 3.2 | 3.4 | 3.5 |

Profitability & Efficiency Metrics

| | | | | | | | | |
|-----------------------------|------|------|------|------|------|------|------|------|
| Int. Expense/Int.Income (%) | 62.7 | 61.2 | 59.8 | 59.9 | 58.1 | 57.4 | 56.3 | 54.9 |
| Fee Income/NII (%) | 47.1 | 43.5 | 41.6 | 43.5 | 44.9 | 44.4 | 41.4 | 41.8 |
| Cost to Income (%) | 38.3 | 36.8 | 34.7 | 35.8 | 38.8 | 43.6 | 42.1 | 41.6 |
| Cost on Average Assets (%) | 1.8 | 1.9 | 1.9 | 2.0 | 1.9 | 2.0 | 2.0 | 2.0 |
| Tax Rate (%) | 29.8 | 29.4 | 20.2 | 13.1 | 8.8 | 10.9 | 32.0 | 32.0 |

Valuation Ratio Metrics

| | | | | | | | | |
|---------------------|-------|-------|--------|-------|--------|-------|-------|-------|
| EPS (Rs) | 15.4 | 17.5 | 15.2 | 15.3 | 10.5 | 5.2 | 21.0 | 26.6 |
| Change (%) | 17.7 | 13.5 | (13.2) | 0.6 | (31.1) | (51) | 303.2 | 26.5 |
| ROAE (%) | 14.0 | 14.5 | 11.4 | 10.3 | 6.6 | 3.2 | 11.8 | 13.3 |
| ROAA (%) | 1.7 | 1.8 | 1.4 | 1.3 | 0.8 | 0.4 | 1.3 | 1.4 |
| Dividend Payout (%) | 29.8 | 28.5 | 32.9 | 16.3 | 14.2 | 19.2 | 9.5 | 13.1 |
| Dividend yield (%) | 2.0 | 1.7 | 2.3 | 1.0 | 0.5 | 0.3 | 0.5 | 0.8 |
| Book Value (Rs) | 115.3 | 126.1 | 140.3 | 156.0 | 163.6 | 168.1 | 187.8 | 212.0 |
| Change (%) | 10 | 9 | 11 | 11 | 5 | 3 | 12 | 13 |
| P/B (X) | 2.0 | 2.3 | 1.5 | 1.6 | 1.7 | 2.4 | 2.3 | 2.1 |
| P/E (X) | 14.7 | 16.4 | 14.1 | 16.5 | 26.4 | 76.5 | 20.8 | 16.5 |

Financial Details
Exhibit: DuPont Analysis

| | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|------------------------------------|-------------|-------------|-------------|------------|------------|-------------|-------------|
| <i>Interest Income</i> | 7.9 | 7.7 | 7.3 | 6.7 | 6.9 | 7.3 | 7.3 |
| <i>Interest expended</i> | 4.8 | 4.6 | 4.3 | 3.9 | 3.9 | 4.1 | 4.0 |
| <i>Net Interest Income</i> | 3.1 | 3.1 | 2.9 | 2.8 | 2.9 | 3.2 | 3.3 |
| <i>Non-Fund Based Income</i> | 2.0 | 2.2 | 2.6 | 2.1 | 1.6 | 1.6 | 1.5 |
| >> <i>Core Fee Income</i> | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 |
| >> <i>Trading and Other Income</i> | 0.6 | 1.0 | 1.3 | 0.9 | 0.3 | 0.2 | 0.2 |
| <i>Core Operating Income</i> | 4.4 | 4.4 | 4.2 | 4.0 | 4.2 | 4.5 | 4.6 |
| <i>Total Income</i> | 5.0 | 5.3 | 5.5 | 4.9 | 4.5 | 4.7 | 4.8 |
| <i>Total Operating Expenses</i> | 1.9 | 1.9 | 2.0 | 1.9 | 2.0 | 2.0 | 2.0 |
| >> <i>Employee Expenses</i> | 0.8 | 0.7 | 0.8 | 0.7 | 0.7 | 0.8 | 0.8 |
| >> <i>Other Expenses</i> | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| <i>Operating Profit</i> | 3.2 | 3.5 | 3.5 | 3.0 | 2.5 | 2.7 | 2.8 |
| <i>Provisions</i> | 0.6 | 1.2 | 2.0 | 2.1 | 2.1 | 0.8 | 0.7 |
| <i>Others</i> | - | 0.5 | - | - | - | - | - |
| <i>PBT</i> | 2.6 | 1.8 | 1.5 | 0.9 | 0.4 | 1.9 | 2.1 |
| <i>Tax</i> | 0.7 | 0.4 | 0.2 | 0.1 | 0.0 | 0.6 | 0.7 |
| <i>PAT/RoAA</i> | 1.8 | 1.4 | 1.3 | 0.8 | 0.4 | 1.3 | 1.4 |
| <i>Equity Multiplier (x)</i> | 8.1 | 8.0 | 7.9 | 8.0 | 8.6 | 9.0 | 9.3 |
| <i>ROAE</i> | 14.5 | 11.4 | 10.3 | 6.6 | 3.2 | 11.8 | 13.3 |

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|---|-----|
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