

Industry
Bloomberg
BSE CODE

Financial
ICICIBC IN
532174

Improvement In Core profitability Continued Its Path

| RATING | HOLD |
|------------------|------|
| CMP | 534 |
| Price Target | 567 |
| Potential Upside | 6% |
| Rating Change | ↔ |
| Estimate Change | ↔ |
| Target Change | ↔ |

| STOCK INFO | |
|---------------------|---------|
| 52wk Range H/L | 552/336 |
| Mkt Capital (Rs Cr) | 345,455 |
| Free float (%) | 100% |
| Avg. Vol 1M (,000) | 13,500 |
| No. of Shares (Crs) | 645 |
| Promoters Pledged % | |

Fig in Rs Cr

| FINANCIAL | FY19 | FY20E | FY21E |
|----------------|-------|-------|-------|
| NII | 27015 | 33087 | 37805 |
| PPP | 23438 | 27929 | 32314 |
| PAT | 3363 | 10166 | 18097 |
| NIM % | 3.2 | 3.5 | 3.6 |
| EPS (Rs) | 5 | 16 | 28 |
| EPS growth (%) | -51 | 202 | 78 |
| ROE (%) | 3 | 9 | 14 |
| ROA (%) | 0.4 | 1.0 | 1.6 |
| BV | 168 | 182 | 208 |
| P/B (X) | 2.4 | 2.9 | 2.6 |
| P/E (x) | 76 | 34 | 19 |

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3QFY20 Result Update

- NII during the quarter increased by 24% YoY to Rs 8,545 Cr from Rs 6,875 Cr in Q3FY19 on account of advance growing by 13% YoY and Strong NIM improvement at 3.77% v/s Rs 3.64% in Q2FY20.
- PAT grew by 158% YoY on account of the lower provisioning which stood at Rs 2083 Cr v/s Rs 4244 Cr in Q3FY19 and healthy Other income Rs 4574 Cr v/s Rs 3822 Cr in Q3FY19.
- Advance grew by 13% YoY with domestic advances growing by 16% YoY. Bank is looking to grow strong retail franchise which was evident from 19% YoY growth in retail advances.
- Asset quality during the quarter improved with GNPA at Rs 5.95% v/s 6.37% in Q3FY20 and NNPA at 1.49% v/v 1.60% in Q3FY20

Strong NIM

NII During the quarter increased by 24% YoY to Rs 8,545 Cr from Rs 6,875 Cr in Q3FY19 on account of advance growing by 13% YoY and Strong NIM improvement at 3.77% v/s Rs 3.64% in Q2FY20. The yield on advance was stable sequentially at 9.52 and Increased by 52 bps YoY. The cost of fund during the quarter stood at 5.06% v/s the 5.19% sequentially. The impact of interest on income tax refund and interest collections from NPAs was about 10 BPS this quarter compared to 6 basis points in 2Q FY20. The cost to income ratio during the quarter was 42.5%. The operating expense during the quarter grew by 21% with employee expense growing by 12% YoY and other expense growing by 26% YoY. The increase in non-employee expenses reflects the growth and franchise building in the retail business.

Asset quality Improves but slippages remain elevated

Asset quality improved with GNPA at Rs 5.95% v/s 6.37% in Q3FY20 and NNPA at 1.49% v/v 1.60% in Q3FY20. The Slippages during the quarter were Rs 4363 Cr v/s 2091 in Q3FY19. Recoveries, upgrades were Rs 4,088 Cr. V/S Rs 1916 Cr in Q3FY19. Corporate and SME slippages were Rs 2473 Cr. BB & Below book stood at Rs 17403 Cr Rs 16074 Cr in Q2FY20. Increase in BB & Below book was on account of the telecom sector exposure downgrade due to Supreme Court ruling on AGR while the other downgrades were spread across sectors. Management would continue to target normalized credit cost of about 25% of core operating profit. Credit cost for FY20 should be around the same range as 9MFY20.

Healthy Domestic Loan book growth

Advance during the quarter grew by 13%/4% on YoY/QoQ basis with domestic advances growing by 16% YoY while the overseas advances de-grew, management said that the de-growth in overseas loan book was primarily on account of the maturity of loans against FCNR deposits. The retail loan growth was 19% led by personal loan segment which grew by 51.3% YoY and Credit card segment which grew by 43% YoY. Deposits growth during the quarter slowed down to 18%/3% on YoY/QoQ basis with CASA growth of 12% YoY and term deposit growth of 23% YoY. The CASA ratio during the quarter stood at 47% v/s 49.3% in Q3FY19.

View and Valuation

ICICIBANK improving core operating performance continued its constructive momentum with improving margin profile, granular loan book and strengthening balance sheet. Overall growth although remains moderated but domestic loan and retail loan continued its growth momentum. There was mixed performance on asset quality front led by higher slippages as well as higher recovery from NCLT case. Watchlist increased by 8% sequentially driven by telecom sector. ICICIBANK is well placed to leverage on retail growth with limited risk in the near term. We remain positive on its improving fundamental and expect the valuation to get rerated. We maintain our previous target price of Rs 567 at 2.7x BVFY21e. HOLD.

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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3QFY20 Results PAT below estimates

Fig in Rs Cr

| FINANCIALS | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | YoY % | QoQ% | FY18 | FY19 | YoY % |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Interest Inc. | 16,280 | 17,293 | 17,980 | 18,565 | 19,064 | 17.1% | 2.7% | 54,966 | 63,401 | 15.3% |
| Interest Exp. | 9,405 | 9,673 | 10,243 | 10,508 | 10,519 | 11.8% | 0.1% | 31,940 | 36,386 | 13.9% |
| NII | 6,875 | 7,620 | 7,737 | 8,057 | 8,545 | 24.3% | 6.1% | 23,026 | 27,015 | 17.3% |
| Other Income | 3,883 | 3,621 | 3,425 | 4,194 | 4,574 | 17.8% | 9.1% | 17,420 | 14,512 | -16.7% |
| Total Income | 10,758 | 11,241 | 11,163 | 12,252 | 13,119 | 21.9% | 7.1% | 40,445 | 41,527 | 2.7% |
| Ope Exp. | 4,612 | 5,008 | 4,874 | 5,378 | 5,571 | 20.8% | 3.6% | 15,704 | 18,089 | 15.2% |
| PPP | 6,146 | 6,233 | 6,288 | 6,874 | 7,549 | 22.8% | 9.8% | 24,742 | 23,438 | -5.3% |
| Provisions | 4,244 | 5,451 | 3,496 | 2,507 | 2,083 | -50.9% | -16.9% | 17,307 | 19,661 | 13.6% |
| PBT | 1,902 | 782 | 2,793 | 4,367 | 5,466 | LTP | 25.1% | 7,435 | 3,777 | -49.2% |
| Tax | 297 | (187) | 885 | 3,712 | 1,319 | 343.6% | -64.5% | 657 | 413 | -37.1% |
| Net Profit | 1,605 | 969 | 1,908 | 655 | 4,147 | 158.4% | 533.1% | 6,777 | 3,363 | -50% |

Concall Highlights

- Slippages spiked in the corporate portfolio due to one brokerage client and other in south based industrial company. Brokerage Company has been fully provisioned. South India-based industrial company is servicing its due regularly, but has now been assessed to be a restructuring, leading to classification as NPA. Watchlist slippages was Rs 707 Cr.
- The delinquency parameters across vintages in the personal loan and credit card portfolios have been stable and well within the internally defined thresholds. Increase in retail NPA was on account of Kisan credit card and CV portfolio.
- There was NPA deletion of Rs 845 Cr due to compulsory convertible preference shares as a part of the debt restructuring scheme. This account was fully provided.
- Watchlist increased sequentially by 8%. There was Rs 2666 Cr downgraded from investment book category. Exposure to one account in Telecom sector downgraded to watchlist.
- Recoveries & upgrades were Rs 4088 Cr, include a large steel account which was resolved under the IBC.
- No disclosure on divergence in asset classification and provisioning for NPAs is required to be made in terms of the RBI guidelines.
- Provisions during the quarter reflects the impact of full provision on the broking company exposure and provision on the industrial company, as well as recovery from the steel exposure under IBC.
- Management increases credit cost guidance of FY20 from earlier range of 1.2%-1.3% and expects it to be in the similar range of 9MFY20 because of recoveries from other than (Steel A/C) has not materialised as per expectation. Further Broking Company and south based company has also impacted but would continue to target a normalised credit cost of about 25.0% of the core operating profit. Management is not hopeful of any major recovery in 4Q.
- The impact of interest on income tax refund and interest collections from NPAs was about 10 BPS this quarter compared to 6 basis points in 2Q Fy20.
- The increase in non-employee expenses reflects the growth and franchise building in the retail business. There was a write-back in provisions for retrials due to increase in yields on government securities.
- The decline in overseas book reflects the maturity of loans against FCNR deposits.
- Management clarified that the news of equity dilution is rumours and they don't need capital.

Profitability Matrix

| | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | YoY (+/-) | QoQ (+/-) |
|-------------------------|---------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| C/I Ratio % | 41.6 | 45.2 | 42.9 | 44.5 | 43.7 | 43.9 | 42.5 | -0.41 | -1.43 |
| Empl. Cost/ Tot. Exp. % | 36.5 | 38.4 | 37.6 | 37.9 | 40.1 | 39.8 | 34.9 | -2.74 | -4.96 |
| Other Exp/Tot. Exp.% | 63.5 | 61.6 | 62.4 | 62.1 | 59.9 | 60.2 | 65.1 | 2.74 | 4.96 |
| Provision/PPP % | 102.8 | 76.1 | 69.1 | 87.5 | 55.6 | 36.5 | 27.6 | -41.45 | -8.87 |
| Tax Rate % | 26.6 | 27.6 | 15.6 | (23.9) | 31.7 | 85.0 | 24.1 | 8.50 | -60.87 |
| Int Exp./Int Inc. (%) | 58.6 | 57.5 | 57.8 | 55.9 | 57.0 | 56.6 | 55.2 | -2.59 | -1.42 |
| Other Inc./Net Inc. % | 38.7 | 33.0 | 36.1 | 32.2 | 30.7 | 34.2 | 34.9 | -1.23 | 0.63 |
| PAT/ Net Income % | (1.2) | 9.7 | 16.2 | 9.0 | 17.7 | 5.7 | 34.2 | 18.00 | 28.47 |
| PAT Growth % | (105.8) | (55.8) | (2.7) | (5.0) | LTP | (27.9) | 158.4 | LTP | 96.89 |
| NII Growth % (YoY) | 9.2 | 12.4 | 20.5 | 26.5 | 26.8 | 25.6 | 24.3 | 3.79 | -1.26 |
| Op. Profit Growth YoY % | 12.1 | (24.9) | 21.5 | (17.0) | 8.3 | 30.9 | 22.8 | 1.29 | -8.13 |

Margin Performance

| MARGIN % | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | YoY (+/-) | QoQ (+/-) |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| Yield on Advances | 8.7 | 8.8 | 9.0 | 9.3 | 9.4 | 9.5 | 9.5 | 0.52 | 0.00 |
| Yield on Total Assets | 7.7 | 7.9 | 8.1 | 8.5 | 8.4 | 8.4 | 8.4 | 0.34 | 0.01 |
| Cost Of Funds | 5.0 | 5.0 | 5.1 | 5.1 | 5.2 | 5.2 | 5.1 | -0.08 | -0.13 |
| Cost of Deposits | 4.8 | 7.8 | 4.9 | 5.0 | 5.1 | 5.1 | 4.9 | 0.04 | -0.14 |
| NIM | 3.2 | 3.3 | 3.4 | 3.7 | 3.6 | 3.6 | 3.8 | 0.37 | 0.13 |

Exhibit: Yield and Cost

Cost of fund on declining path

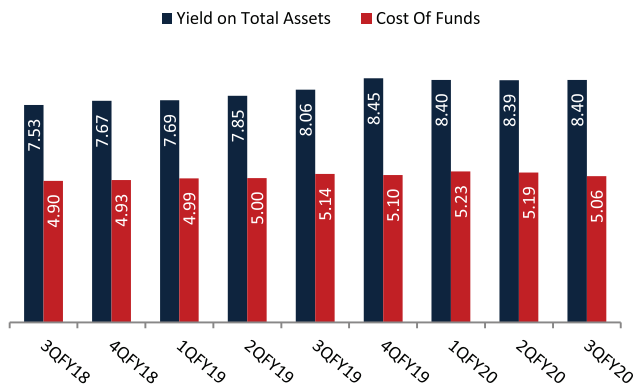
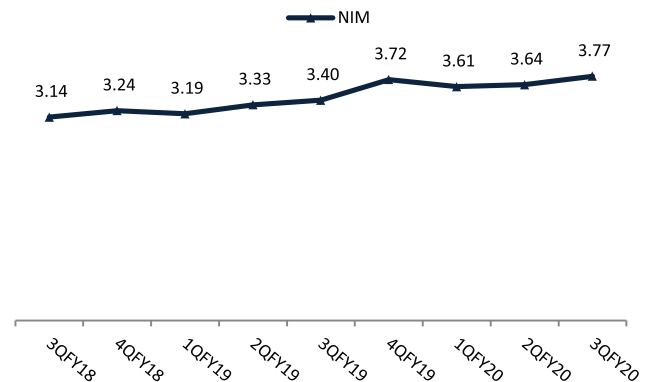


Exhibit: Net Interest Margin

NIM Improves



Other Income Break Up- High Treasury Income

Fig in Rs Cr

| | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 |
|---------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Fee income | 2639 | 2755 | 2754 | 2995 | 3062 | 3178 | 3039 | 3478 | 3596 |
| Growth YoY % | 5.8% | 12.6% | 15.9% | 16.5% | 16.0% | 15.4% | 10.3% | 16.1% | 17.4% |
| Other income | 462 | 238 | 331 | 196 | 342 | 287 | 207 | 376 | 447 |
| Treasury income | 66 | 2685 | 766 | -35 | 479 | 156 | 179 | 341 | 531 |
| Total Other Income | 3167 | 5678 | 3851 | 3156 | 3883 | 3621 | 3425 | 4195 | 4574 |
| Growth YoY % | -20% | 88% | 14% | -39% | 23% | -36% | -11% | 33% | 18% |
| Other Income as a % of NII | 56 | 94 | 63 | 49 | 56 | 48 | 44 | 52 | 54 |
| Other Income as a % of advances | 62.7% | 110.8% | 74.6% | 58.0% | 68.8% | 61.7% | 57.8% | 68.4% | 64.0% |

Exhibit: Fee Income/Advances %

Healthy fee income growth sustained.

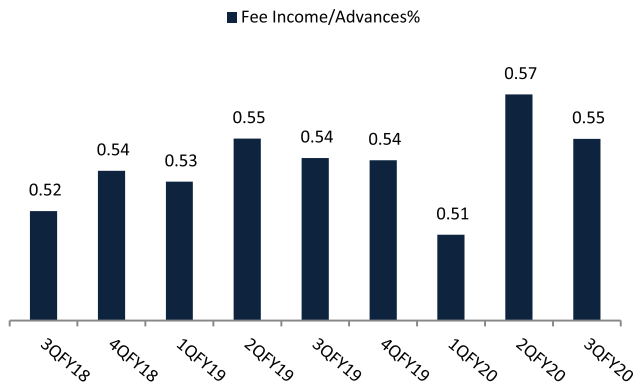
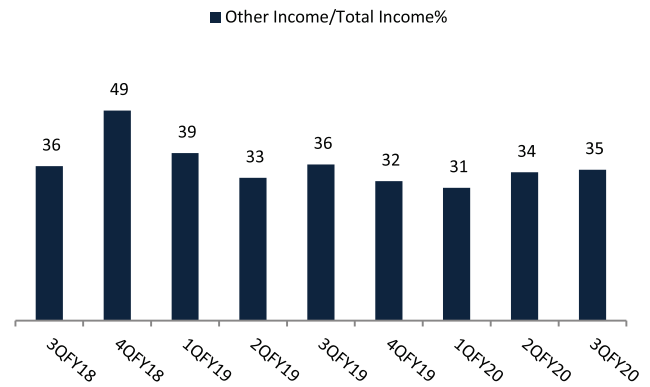


Exhibit: Other Income/ Total Income %

Other income as % of total income increased



Asset Mix

| | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | YoY (+/-) | GoQ (+/-) |
|----------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| GNPA (Rs in Cr) | 53,465 | 54,489 | 51,591 | 46,292 | 45,763 | 45,639 | 43,454 | -16% | -5% |
| GNPA % | 8.8 | 8.5 | 7.8 | 6.7 | 6.5 | 6.4 | 6.0 | -1.8 | -0.42 |
| NNPA (Rs in Cr) | 24,170 | 22,086 | 16,252 | 13,577 | 11,857 | 10,916 | 10,262 | -37% | -6% |
| NNPA % | 4.2 | 3.7 | 2.6 | 2.1 | 1.8 | 1.6 | 1.5 | -1.09 | -0.11 |
| Slippages (Rs in Cr) | 4,036 | 3,117 | 2,091 | 3,547 | 2,779 | 2,482 | 4,363 | 109% | 76% |
| PCR % | 66.1 | 69.4 | 76.3 | 81.2 | 83.4 | 85.0 | 85.7 | 9.40 | 0.70 |

Exhibit: Asset Quality

Assets quality improved.

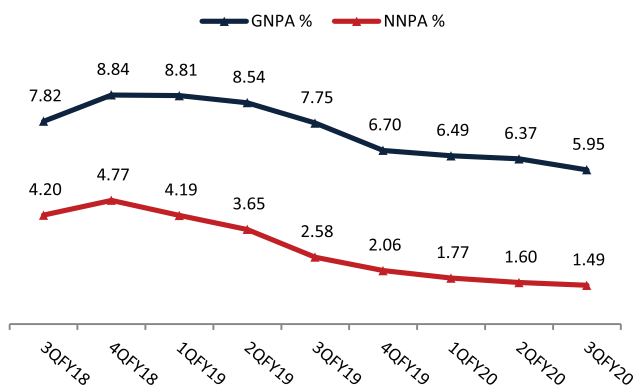


Exhibit: Provisions

PCR increased.

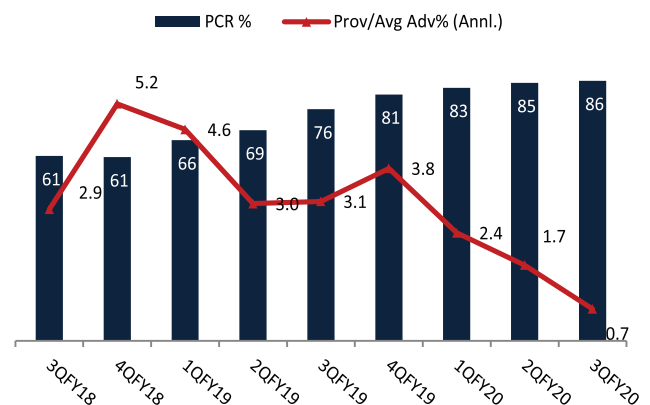


Exhibit: Advances Performance

healthy advance growth

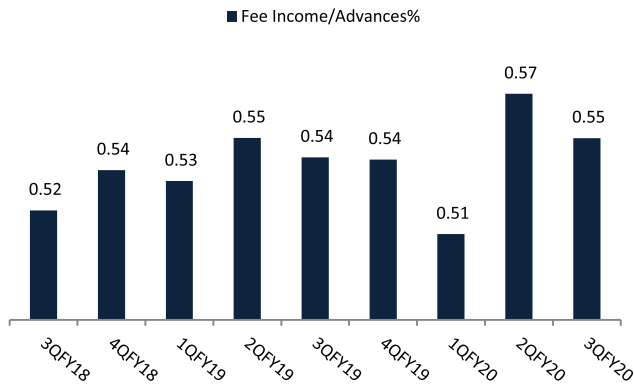


Exhibit: Advances Breakup%

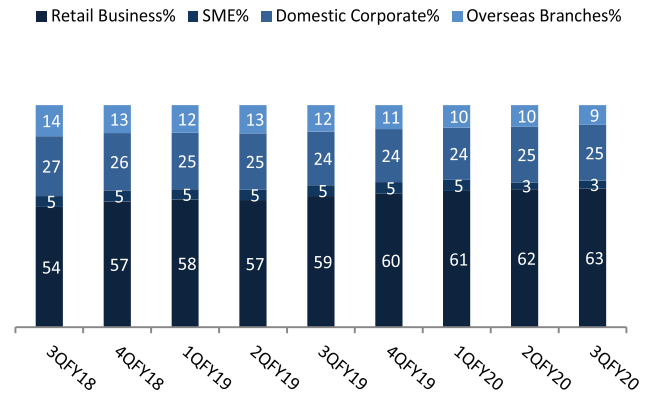


Exhibit: Deposits Performance

Healthy deposit growth.

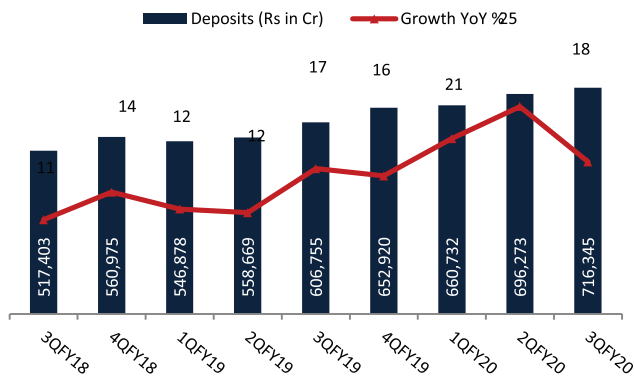


Exhibit: CASA Performance

CASA growth declined.

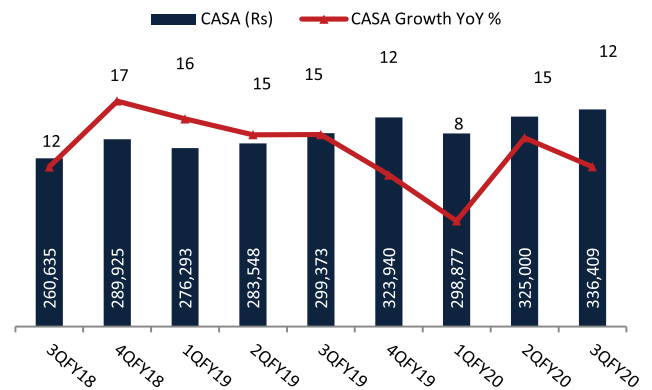


Exhibit: Credit Deposit Ratio

CD ratio moved down.

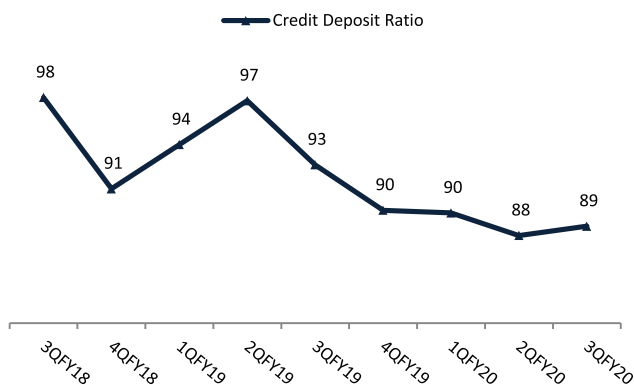
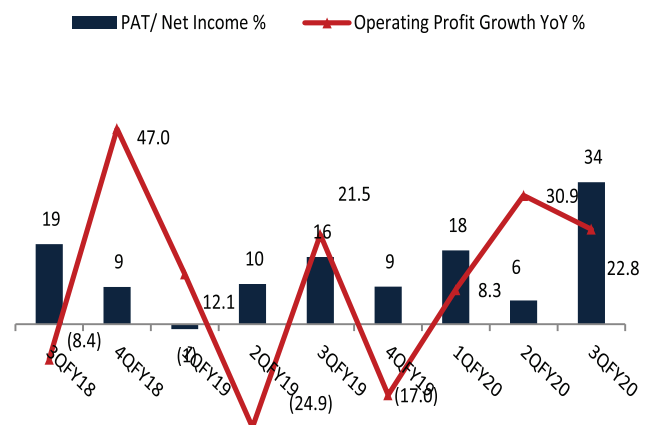


Exhibit: Operating Profit

Healthy Operating Profit Growth



Financial Details

Balance Sheet

Fig in Rs Cr

| Y/E March | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Share Capital | 1155 | 1160 | 1163 | 1165 | 1286 | 1290 | 1291 | 1291 |
| Equity Capital | 1155 | 1160 | 1163 | 1165 | 1286 | 1290 | 1291 | 1291 |
| Preference Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserves & Surplus | 72058 | 79270 | 88572 | 98786 | 103873 | 107078 | 116466 | 132628 |
| Networth | 73213 | 80429 | 89736 | 99951 | 105159 | 108368 | 117757 | 133918 |
| Deposits | 331914 | 361563 | 421426 | 490039 | 560975 | 652920 | 753308 | 851785 |
| Change (%) | 13.4 | 8.9 | 16.6 | 16.3 | 14.5 | 16.4 | 15.4 | 13.1 |
| CASA Deposits | 142378 | 164380 | 193100 | 246821 | 289925 | 323940 | 354055 | 400339 |
| Change (%) | 16.2 | 15.5 | 17.5 | 27.8 | 17.5 | 11.7 | 9.3 | 13.1 |
| Borrowings | 154759 | 172417 | 174807 | 147556 | 182859 | 165320 | 161901 | 190514 |
| Other Liabilities & Prov. | 34756 | 31720 | 34726 | 34245 | 30196 | 37851 | 40356 | 48673 |
| Total Liabilities | 594642 | 646129 | 720695 | 771791 | 879189 | 964459 | 1073321 | 1224891 |
| Cash & Bank | 41530 | 42305 | 59869 | 75713 | 84169 | 80296 | 81514 | 89923 |
| Investments | 177022 | 158129 | 160412 | 161507 | 202994 | 207733 | 236539 | 267460 |
| Change (%) | 3.3 | -10.7 | 1.4 | 0.7 | 25.7 | 2.3 | 13.9 | 13.1 |
| Advances | 338703 | 387522 | 435264 | 464232 | 512395 | 586647 | 662911 | 762347 |
| Change (%) | 16.7 | 14.4 | 12.3 | 6.7 | 10.4 | 14.5 | 13.0 | 15.0 |
| Fixed Assets | 4678 | 4726 | 7577 | 7805 | 7904 | 7931 | 8090 | 8252 |
| Other Assets | 32709 | 53448 | 57574 | 62535 | 71727 | 81852 | 84268 | 96909 |
| Total Assets | 594642 | 646129 | 720695 | 771791 | 879189 | 964459 | 1073321 | 1224891 |

Income Statement

Fig in Rs Cr

| Y/E March | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Interest income | 44178 | 49091 | 52739 | 54156 | 54966 | 63401 | 75162 | 84083 |
| Interest expended | 27703 | 30052 | 31515 | 32419 | 31940 | 36386 | 42075 | 46279 |
| Net Interest Income | 16476 | 19040 | 21224 | 21737 | 23026 | 27015 | 33087 | 37805 |
| Change (%) | 18.8 | 15.6 | 11.5 | 2.4 | 5.9 | 17.3 | 22.5 | 14.3 |
| Other Income | 10428 | 12176 | 15323 | 19504 | 17420 | 14512 | 16304 | 17684 |
| Change (%) | 24.9 | 16.8 | 25.8 | 27.3 | -10.7 | -16.7 | 12.3 | 8.5 |
| Core Fee Income | 7758 | 8286 | 8819 | 9453 | 10341 | 11989 | 13759 | 15807 |
| Treasury Income | 1016 | 1694 | 4061 | 8576 | 5802 | 1366 | 1235 | 757 |
| Others | 1654 | 2196 | 2443 | 1475 | 1277 | 1157 | 1310 | 1120 |
| Total Net Income | 26903 | 31216 | 36547 | 41242 | 40445 | 41527 | 49391 | 55489 |
| Operating Expenses | 10309 | 11496 | 12684 | 14755 | 15704 | 18089 | 21461 | 23175 |
| Change (%) | 14.4 | 11.5 | 10.3 | 16.3 | 6.4 | 15.2 | 18.6 | 8.0 |
| Employee Expenses | 4220 | 4750 | 5002 | 5734 | 5914 | 6808 | 8267 | 9038 |
| Pre-provisioning Profit | 16595 | 19720 | 23864 | 26487 | 24742 | 23438 | 27929 | 32314 |
| Change (%) | 25.7 | 18.8 | 21.0 | 11.0 | -6.6 | -5.3 | 19.2 | 15.7 |
| Provisions | 2626 | 3900 | 8068 | 15208 | 17307 | 19661 | 10683 | 8120 |
| Change (%) | 45.7 | 48.5 | 106.9 | 88.5 | 13.8 | 13.6 | -45.7 | -24.0 |
| PBT | 13968 | 15820 | 12196 | 11279 | 7435 | 3777 | 17246 | 24194 |
| Tax | 4158 | 4645 | 2469 | 1478 | 657 | 413 | 7080 | 6097 |
| Profit After Tax | 9810 | 11175 | 9726 | 9801 | 6777 | 3363 | 10166 | 18097 |
| Change (%) | 17.8 | 13.9 | -13.0 | 0.8 | -30.9 | -50.4 | 202.3 | 78.0 |

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 | 13 | 15 |
| Deposit Growth (%) | 13 | 9 | 17 | 16 | 14 | 16 | 15 | 13 |
| C/D Ratio (%) | 102.0 | 107.2 | 103.3 | 94.7 | 91.3 | 89.8 | 88.0 | 89.5 |
| CASA (%) | 42.9 | 45.5 | 45.8 | 50.4 | 51.7 | 49.6 | 47.0 | 47.0 |
| Investment/Deposit (%) | 53.3 | 43.7 | 38.1 | 33.0 | 36.2 | 31.8 | 31.4 | 31.4 |
| CRAR (%) | 17.7 | 17.0 | 16.6 | 17.4 | 18.4 | 16.9 | 16.0 | 15.8 |
| Tier 1 (%) | 12.8 | 12.8 | 13.1 | 14.4 | 15.9 | 15.1 | 14.1 | 14.1 |
| Tier 2 (%) | 4.9 | 4.2 | 3.6 | 3.0 | 2.5 | 1.8 | 1.9 | 1.7 |

Assets Quality Metrics

| | | | | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Gross NPA (Rs) | 10,554 | 15,242 | 26,721 | 42,552 | 54,063 | 46,292 | 43,852 | 40,232 |
| Gross NPA (%) | 2.6 | 3.3 | 5.2 | 7.9 | 8.8 | 6.7 | 5.6 | 4.5 |
| Net NPA (Rs) | 3,301 | 6,325 | 13,297 | 25,451 | 27,886 | 13,577 | 10,531 | 10,899 |
| Net NPA (%) | 0.8 | 1.4 | 2.7 | 4.9 | 4.8 | 2.1 | 1.4 | 1.3 |
| Slippages (%) | 2 | 2 | 5 | 8 | 7 | 3 | 2 | 2 |
| Provision Coverage (%) | 69 | 59 | 50 | 40 | 48 | 71 | 76 | 73 |
| Provision/Average Advances (%) | 0.8 | 1.1 | 2.8 | 3.4 | 3.5 | 3.6 | 1.7 | 1.1 |

Margin Metrics

| | | | | | | | | |
|-----------------------------|------|-----|-----|-----|-----|-----|-----|-----|
| Yield On Advances (%) | 10.0 | 9.8 | 9.5 | 8.8 | 8.4 | 8.7 | 9.3 | 9.2 |
| Yield On Investment (%) | 6.6 | 6.3 | 6.7 | 7.1 | 6.3 | 6.2 | 6.7 | 6.4 |
| Yield on Earning Assets (%) | 8.5 | 8.6 | 8.3 | 7.9 | 7.3 | 7.5 | 8.0 | 7.9 |
| Cost Of Deposits (%) | 5.7 | 5.9 | 5.5 | 5.0 | 4.5 | 4.4 | 4.7 | 4.5 |
| 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 | 3.3 | 3.3 |
| NIM (%) | 3.2 | 3.3 | 3.3 | 3.2 | 3.0 | 3.2 | 3.5 | 3.6 |

Profitability & Efficiency Metrics

| | | | | | | | | |
|-----------------------------|------|------|------|------|------|------|------|------|
| Int. Expense/Int.Income (%) | 62.7 | 61.2 | 59.8 | 59.9 | 58.1 | 57.4 | 56.0 | 55.0 |
| Fee Income/NII (%) | 47.1 | 43.5 | 41.6 | 43.5 | 44.9 | 44.4 | 41.6 | 41.8 |
| Cost to Income (%) | 38.3 | 36.8 | 34.7 | 35.8 | 38.8 | 43.6 | 43.5 | 41.8 |
| Cost on Average Assets (%) | 1.8 | 1.9 | 1.9 | 2.0 | 1.9 | 2.0 | 2.1 | 2.0 |
| Tax Rate (%) | 29.8 | 29.4 | 20.2 | 13.1 | 8.8 | 10.9 | 41.1 | 25.2 |

Valuation Ratio Metrics

| | | | | | | | | |
|---------------------|-------|-------|--------|-------|--------|-------|-------|-------|
| EPS (Rs) | 15.4 | 17.5 | 15.2 | 15.3 | 10.5 | 5.2 | 15.8 | 28.0 |
| Change (%) | 17.7 | 13.5 | (13.2) | 0.6 | (31.1) | (51) | 202 | 78 |
| ROAE (%) | 14.0 | 14.5 | 11.4 | 10.3 | 6.6 | 3.2 | 9.0 | 14.4 |
| ROAA (%) | 1.7 | 1.8 | 1.4 | 1.3 | 0.8 | 0.4 | 1.0 | 1.6 |
| Dividend Payout (%) | 29.8 | 28.5 | 32.9 | 16.3 | 14.2 | 19.2 | 15.9 | 17.8 |
| Dividend yield (%) | 2.0 | 1.7 | 2.3 | 1.0 | 0.5 | 0.3 | 0.5 | 0.9 |
| Book Value (Rs) | 115.3 | 126.1 | 140.3 | 156.0 | 163.6 | 168.1 | 182.5 | 207.5 |
| Change (%) | 10 | 9 | 11 | 11 | 5 | 3 | 9 | 14 |
| P/B (X) | 2.0 | 2.3 | 1.5 | 1.6 | 1.7 | 2.4 | 2.9 | 2.6 |
| P/E (X) | 14.7 | 16.4 | 14.1 | 16.5 | 26.4 | 76.5 | 33.9 | 19.0 |

Financial Details

Exhibit: DuPont Analysis

| | FY15 | FY16 | FY17 | FY18 | FY19 | FY20E | FY21E |
|----------------------------|-------------|-------------|-------------|------------|------------|------------|-------------|
| Interest Income | 7.9 | 7.7 | 7.3 | 6.7 | 6.9 | 7.4 | 7.3 |
| Interest expended | 4.8 | 4.6 | 4.3 | 3.9 | 3.9 | 4.1 | 4.0 |
| Net Interest Income | 3.1 | 3.1 | 2.9 | 2.8 | 2.9 | 3.2 | 3.3 |
| Non-Fund Based Income | 2.0 | 2.2 | 2.6 | 2.1 | 1.6 | 1.6 | 1.5 |
| Core Fee Income | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 |
| Trading and Other Income | 0.6 | 1.0 | 1.3 | 0.9 | 0.3 | 0.2 | 0.2 |
| Core Operating Income | 4.4 | 4.4 | 4.2 | 4.0 | 4.2 | 4.6 | 4.7 |
| Total Income | 5.0 | 5.3 | 5.5 | 4.9 | 4.5 | 4.8 | 4.8 |
| Total Operating Expenses | 1.9 | 1.9 | 2.0 | 1.9 | 2.0 | 2.1 | 2.0 |
| Employee Expenses | 0.8 | 0.7 | 0.8 | 0.7 | 0.7 | 0.8 | 0.8 |
| Other Expenses | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 | 1.3 | 1.2 |
| Operating Profit | 3.2 | 3.5 | 3.5 | 3.0 | 2.5 | 2.7 | 2.8 |
| Provisions | 0.6 | 1.2 | 2.0 | 2.1 | 2.1 | 1.0 | 0.7 |
| Others | - | 0.5 | - | - | - | - | - |
| PBT | 2.6 | 1.8 | 1.5 | 0.9 | 0.4 | 1.7 | 2.1 |
| Tax | 0.7 | 0.4 | 0.2 | 0.1 | 0.0 | 0.7 | 0.5 |
| PAT/RoAA | 1.8 | 1.4 | 1.3 | 0.8 | 0.4 | 1.0 | 1.6 |
| Equity Multiplier (x) | 8.1 | 8.0 | 7.9 | 8.0 | 8.6 | 9.0 | 9.1 |
| ROAE | 14.5 | 11.4 | 10.3 | 6.6 | 3.2 | 9.0 | 14.4 |

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| | |
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