

India Equity Analytics

Results Preview 4QFY20 - Banks

Narnolia[®]

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AUBANK IN

CMP 496
Target 650
Upside 31%
Rating BUY

	FY17	FY18	FY19	FY20E
Roe%	10.1%	13.7%	14.0%	20.0%
Roa%	10.2%	2.0%	1.5%	2.0%
Div Yield%	0.0	0.1	0.1	0.2
BVPS	70	80	108	137
P/B	0.0	7.7	5.5	3.6

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
AUM	11,055	16,038	24,246	31,277	24,246	29,867	31,277
<i>AUM Growth%</i>	34%	45%	51%	29%	51%	43%	29%
Borrowings	7,071	8,819	10,957	7,835	10,957	8,669	7,835
Deposits	-	6,743	17,079	26,163	17,079	23,865	26,163
<i>Deposits Gr%</i>	-	-	153%	53%	153%	90%	53%
GNPA%	1.9%	2.0%	2.0%	1.9%	2.0%	1.9%	1.9%
NNPA%	1.2%	1.3%	1.3%	1.0%	1.3%	1.0%	1.0%
Net Interest Income	784	940	1,342	1,893	387	507	539
<i>NII Gr%</i>	27%	20%	43%	41%	35%	46%	39%
Opex	353	753	1,083	1,354	302	355	358
<i>Opex Growth%</i>	37%	113%	44%	25%	13%	29%	19%
Pre-provision Profit	570	576	722	1,187	216	313	305
<i>PPP Gr%</i>	57%	1%	25%	64%	40%	75%	42%
<i>Provisions</i>	97	133	142	195	39	40	63
Net Profits	822	292	382	734	118	190	182
<i>Profit Gr%</i>	288%	-64%	31%	92%	42%	100%	54%
NIM% (Cal.)	7.1%	5.5%	5.1%	5.2%	7.4%	7.5%	7.5%
Cost to Income%	38%	57%	60%	53%	58%	53%	54%

Std/Fig in Rs Cr

☐ Interest income is expected to remain muted at 6% QoQ on the back of muted AUM growth. However, NIM is expected to remain steady on the back of the lower incremental cost of funds.

☐ C/I ratio is expected to trend down as more and more branches are breaking even. Management has guided the C/I ratio to remain at 54% in 2HFY20.

☐ We expect AUM growth to be at a rate of 29% YoY mainly driven by the retail portfolio. Deposit growth has remained steady at 4% YoY as management has stated deposit (excluding certificate of deposit) stood at Rs 22553 Cr.

☐ AUSFB is strongly capitalized at 19.3% along with that it has a 6.4% investment in Aavas financiers which can be further utilized. Liquidity coverage stood at Rs 4900 Cr.

☐ Management has stated that asset quality has remained stable QoQ at 1.9% and Net NPA at 0.97% while PCR stood increase to 49%.

Key Trackable this Quarter

- ☐ Delinquency in the NBFC and RAG segment
- ☐ Margin performance.

AUBANK is trading at 3.6x FY20E. BUY

BANDHAN IN

CMP 192
Target 350
Upside 82%
Rating ACCUMULATE

	FY17	FY18	FY19	FY20E
Roe%	3.6%	3.9%	3.9%	2.1%
Roa%	19.5%	19.0%	21.3%	12.3%
Div Yield%	0.0%	0.0%	2.5%	-
BVPS	41	79	94	94
P/B	0.0	6.0	5.6	2.0

	Pre Merger				Pre merger			
	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E	
AUM	23,543	32,339	44,776	71,776	44,776	65,456	71,776	
<i>AUM Growth%</i>		37%	38%	60%	38%	84%	60%	
Borrowings	1,029	285	521	10,090	521	11,960	10,090	
Deposit	23,229	33,869	43,232	57,280	43,232	54,908	57,280	
<i>Deposit Growth%</i>	92%	46%	28%	32%	28%	59%	32%	
GNPA%	0.5%	1.3%	2.0%	1.7%	2.0%	1.9%	2.4%	
NNPA%	0.4%	0.6%	0.6%	0.6%	0.6%	0.8%	0.7%	
Net Interest Income	2,403	3,032	4,496	5,954	1,257	1,540	1,475	
<i>NII Gr%</i>	158%	26%	48%	32%	46%	37%	17%	
Opex	1,022	1,308	1,811	2,386	1,153	1,264	1,215	
<i>Opex Growth%</i>	66%	28%	38%	32%	36%	39%	33%	
Pre-provision Profit	1,793	2,430	3,748	4,993	1,153	1,264	1,215	
<i>PPP Gr%</i>	284%	36%	54%	33%	64%	40%	5%	
Provisions	88	374	735	1,252	153	295	686	
Net Profits	1,112	1,346	1,952	2,800	651	731	396	
<i>Profit Gr%</i>	304%	21%	45%	43%	68%	121%	-39%	
NIM%	15.7%	8.2%	9.0%	8.4%	10.7%	8.9%	7.7%	
Cost to Income%	38%	37%	34%	35%	30%	33%	35%	

Conso/Fig in Rs Cr

☐ NII is expected to grow by 17%/-4% on YoY/ QoQ basis (YoY numbers not comparable on account of merger with gruh finance) on account of the pressure on margins led by deterioration in asset quality. Profitability of the bank is expected to be impacted on account of the higher provisioning requirement led by adverse economic condition.

☐ Asset quality is expected to be impacted on account of the dip of collection efficiency on account of lockdown and other adverse economic condition.

☐ AUM growth is expected to be 10% QoQ (YoY not Comparable due to Gruh finance merger) with disbursement being impacted during the quarter due to the situations prevailing. The deposits are expected to grow by 32% /4% on YoY/QoQ basis.

☐ Cost to income ratio is expected to be around 35% YoY. The employee expense is expected to grow by 32% YoY while the other expense is expected to grow by 35% YoY.

Key Trackable this Quarter

- ☐ Asset quality
- ☐ AUM growth

Bank is currently trading at 2x P/BV FY20E. ACCUMULATE

BOB IN

CMP 50.85
Target 107
Upside 110%
Rating ACCUMULATE

	FY17	FY18	FY19	FY20E
Roe%	3.4%	-5.8%	1.0%	0.2%
Roa%	0.2%	-0.3%	0.1%	0.0%
Div Yield%	0.7%	0.0%	0.0%	-
BVPS	182	164	173	153
P/B	0.95	0.87	0.29	0.33

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Net Advances	383,259	427,432	468,819	661,155	468,819	654,465	661,155
<i>Adv Growth%</i>	0%	12%	10%	41%	10%	46%	41%
Deposits	601,675	591,315	638,690	911,938	638,690	896,162	911,938
<i>Dep Growth%</i>	5%	-2%	8%	43%	8%	47%	43%
CD Ratio%	64%	72%	73%	73%	73%	73%	73%
GNPA%	10.5%	12.3%	9.6%	11.1%	9.6%	10.4%	11.1%
NNPA%	4.7%	5.5%	3.3%	3.7%	3.3%	4.1%	3.7%
Slippages %	4.7%	7.3%	3.9%	7.5%	0.9%	1.9%	1.0%
Net Interest Income	13,513	15,522	18,684	27,787	5,067	7,129	7,132
<i>NII Gr%</i>	6%	15%	20%	49%	27%	50%	41%
Other Income	6,758	6,657	6,091	10,158	1,970	2,741	2,678
<i>Other Inc Gr%</i>	35%	-1%	-9%	67%	16%	69%	36%
Pre-provision Profit	10,975	12,006	13,487	19,328	3,861	4,958	4,758
<i>PPP Gr%</i>	24%	9%	12%	43%	45%	40%	23%
Provisions	8,502	14,796	12,789	19,303	5,399	7,155	4,654
Net Profits	1,383	(2,432)	434	108	(991)	(1,407)	68
<i>Profit Gr%</i>	-126%	-276%	118%	-75%	-68%	NA	NA
NIM% (Cal.)	2.1%	2.3%	2.6%	3.2%	2.8%	2.8%	2.8%
Cost to Income%	46%	46%	46%	49%	45%	50%	52%

Note:YoY numbers for quarters not comparable due to amalgamation

Std/Fig in Rs Cr

❑ BOB is expected to report advances growth of 1% QoQ on the account of slow growth in corporate, SME book along with stress in the economy. Management is looking at 4-5% YoY growth in the near term but macroeconomic factors may have adverse impact on the growth.

❑ Asset quality is expected to remain deteriorated in the term on the account of stress in some of the segments i.e. SME and corporate segments. Although the bank is expecting better recovery in the current quarter on the account of 2-3 accounts as compared to last quarter but the macro economic factors may play out and recovery may be impacted in the near term.

❑ Margins are likely to dragged slightly on the account of high deterioration in asset quality .

❑ C/I ratio is expected to remain elevated in near term. NII is expected to de grow by 1% QoQ . The cost saving via merger will be at Rs 9000 Cr over 5 years.

Key Trackable this Quarter

- ❑ Slippages Trend
- ❑ Advances growth trend

The bank is currently trading at 0.3x P/BV FY20E. ACCUMULATE

BOI IN

CMP 35
Target 65
Upside 88%
Rating NEUTRAL

	FY17	FY18	FY19	FY20E
Roe%	-4.8%	-17.8%	-13.6%	1.6%
Roa%	-0.3%	-1.0%	-0.9%	0.1%
Div Yield%	0.0%	0.0%	0.0%	0.0%
BVPS	308	204	168	144
P/B	0.45	0.51	0.62	0.24

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Net Advances	366,482	341,380	341,006	344,416	341,006	336,661	344416
<i>Adv Growth%</i>	2%	-7%	0%	1%	0%	2%	1%
Deposits	540,032	520,854	520,862	514,054	520,862	522,138	514054
<i>Dep Growth%</i>	5%	-4%	0%	-1%	0%	1%	-1%
CD Ratio%	68%	66%	65%	67%	65%	64%	67%
GNPA%	13.2%	16.6%	15.8%	16.0%	15.8%	16.3%	16.0%
NNPA%	6.9%	8.3%	5.6%	5.8%	5.6%	6.0%	5.8%
Slippages %	6.1%	11.0%	5.7%	5.6%	1.0%	2.1%	1.4%
Net Interest Income	11,826	10,506	13,658	15,536	4,044	4,118	4,073
<i>NII Gr%</i>	1%	-11%	30%	14%	58%	24%	1%
Other Income	6,772	5,734	5,132	6,679	1,603	2,503	1,653
<i>Other Inc Gr%</i>	85%	-15%	-10%	30%	17%	50%	3%
Pre-provision Profit	9,733	7,139	8,092	11,443	2,303	4,135	2,577
<i>PPP Gr%</i>	61%	-27%	13%	41%	96%	82%	12%
Provisions	12,105	15,772	16,806	10,363	1,897	4,015	2,384
Net Profits	(1,558)	(6,044)	(5,547)	742	252	106	127
<i>Profit Gr%</i>	NA	NA	-8%	NA	N/A	N/A	-49%
NIM% (Cal.)	2.1%	1.9%	2.4%	2.7%	2.9%	2.9%	2.9%
Cost to Income%	48%	56%	57%	48%	59%	38%	55%

Std/Fig in Rs Cr

Bank is expected to have NII growth of 1% YoY mainly on account of AUM growth moderating down to 1% YoY.

Asset quality during the quarter is expected to largely stable QOQ However the slippages will be relatively high on account of exposure to stressed sectors.

Cost to income ratio is expected to be around 55% with other expense increasing by about 5% YoY.

Loan book is expected to grow by 1%YoY with the stress existing in the retail and the SME segments . Personal loan contributes about 3% to the retail portfolio.

Profitability is expected to dragged on account of higher provisions owing to impact of covid 19.

Key Trackable this Quarter

- Advance growth
- Stress in retail and SME segment

Bank is currently trading at 0.24x P/BV FY20E. NEUTRAL

AXSB IN

CMP 420
Target 610
Upside 45%
Rating BUY

	FY17	FY18	FY19	FY20E
Roe%	6.8%	0.5%	7.2%	5.7%
Roa%	0.7%	0.0%	0.6%	0.5%
Div Yield%	1.0%	0.0%	0.1%	-
BVPS	233	247	259	310
P/B	2.1	2.1	3.0	1.4

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Net Advances	373,069	439,650	494,798	559,122	494,798	550,138	559,122
<i>Adv Growth%</i>	10%	18%	13%	13%	13%	16%	13%
Deposits	414,379	453,623	548,471	614,419	548,471	591,676	614,419
<i>Dep Growth%</i>	16%	9%	21%	12%	21%	15%	12%
CD Ratio%	90%	97%	90%	91%	90%	93%	91%
GNPA%	5.0%	6.8%	5.3%	4.9%	5.3%	5.0%	4.9%
NNPA%	2.1%	3.4%	2.1%	2.0%	2.1%	2.1%	2.0%
Slippages %	6.5%	9.2%	3.3%	4.3%	0.7%	1.3%	1.0%
Net Interest Income	18,093	18,618	21,708	24,725	5,706	6,453	6,327
<i>NII Gr%</i>	7%	3%	17%	14%	21%	15%	11%
Other Income	11,691	10,967	13,130	15,353	3,526	3,787	3,802
<i>Other Inc Gr%</i>	25%	-6%	20%	17%	26%	-5%	8%
Pre-provisioning Profit	17,585	15,594	19,005	23,168	5,014	5,743	5,581
<i>PPP Gr%</i>	9%	-11%	22%	22%	37%	4%	11%
Provisions	12,117	15,473	12,031	14,575	2,711	3,471	3,771
Net Profits	3,679	276	4,677	4,360	1,505	1,754	1,348
<i>Profit Gr%</i>	-55%	-93%	1596%	-7%	-169%	4%	-10%
NIM% (Cal.)	3.5%	3.2%	3.2%	3.3%	3.4%	3.5%	3.4%
Cost to Income%	41%	47%	45%	42%	46%	44%	45%

Std/Fig in Rs Cr

□ NII growth is expected to slow down to 11% YoY on account of Lower Yield and moderation in advance growth mainly on account of the stress in the economy. Management expects the NIM for the quarter to be affected on account of the Higher LCR.

□ Advance growth is expected to Slow down to 13%/2% on YoY/QoQ basis amongst the economic crisis and stress in the Retail and MSME segment . The Credit card and personal loans contribute 5%,12% to the overall retail advances as of 3QFY20.

□ Bank has during the year raised QIP has enhanced it tier 1 capital to 14.3% and CRAR to 18.70% which would help it in the current conditions.

□ The Asset quality during the quarter is expected to be largely stable However the slippages are expected to remain relatively high with stress in the Retail and SME segments.

□ The profitability of the bank might be affected on account of high provisioning requirement on account of prevailing economic situations leading to stress in the Retail and MSME segments .

Key Trackable this Quarter

- Asset quality in retail and MSME segment
- loan book growth

Bank is currently trading at 1.35x P/BV FY20E. BUY

CBK IN

CMP 92
Target 125
Upside 36%
Rating BUY

	FY17	FY18	FY19	FY20E
Roe%	3.4%	-12.2%	1.0%	4.0%
Roa%	0.2%	-0.7%	0.1%	0.2%
Div Yield%	0.3%	0.0%	0.0%	0.0%
BVPS	564	486	480	470
P/B	0.54	0.54	0.61	0.20

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Net Advances	342,009	381,703	427,727	427,727	427,727	422,608	427727
<i>Adv Growth%</i>	5%	12%	12%	0%	12%	1%	0%
Deposits	495,275	524,772	599,033	585,927	599,033	625,240	585927
<i>Dep Growth%</i>	3%	6%	14%	-2%	14%	9%	-2%
CD Ratio%	69%	73%	71%	73%	71%	68%	73%
GNPA%	9.6%	11.8%	8.8%	8.2%	8.8%	8.4%	8.2%
NNPA%	6.3%	7.5%	5.4%	4.7%	5.4%	5.1%	4.7%
Slippages %	3.8%	7.7%	4.4%	3.4%	0.6%	1.2%	0.7%
Net Interest Income	9,872	12,163	14,478	13,068	3,500	3,435	3,263
<i>NII Gr%</i>	1%	23%	19%	-10%	17%	-10%	-7%
Other Income	7,554	6,943	6,575	7,435	1,862	1,707	1,796
<i>Other Inc Gr%</i>	55%	-8%	-5%	13%	40%	29%	-4%
Pre-provision Profit	8,914	9,548	10,591	9,849	2,974	2,334	2,530
<i>PPP Gr%</i>	25%	7%	11%	-7%	69%	-1%	6285%
Provisions	7,272	16,109	12,918	7,706	5,524	1,803	1,966
Net Profits	1,122	(4,222)	347	1,446	(551)	330	422
<i>Profit Gr%</i>	140%	-476%	-108%	317%	-89%	4%	-177%
NIM% (Cal.)	1.8%	2.2%	2.4%	2.0%	2.3%	2.1%	2.0%
Cost to Income%	48.8%	50.0%	49.7%	52.0%	44.5%	54.6%	48.0%

Std/Fig in Rs Cr

☐ Net interest income is expected to decrease at 6.8% on the back of almost steady AUM growth. Net income is expected to remain muted on the back of lower fee income.

☐ AUM growth is expected to remain stable on YoY basis on the back of slow down in the corporate and MSME segment. We expect loan growth to remain muted on the back of higher focus on the merger .

☐ NIM is expected to remain under pressure on the back of the high cost of the fund and an almost steady CASA ratio of 29%. Management has guided NIM to increase to 2.5% by 2020.

☐ NCLT resolution of Rs 2000 Cr is expected in 4QFY20. We expect credit cost to remain in the range of 1.85%, however management has guided GNPA to move below 8% while NNPA to move below 4% as at 4QFY20.

☐ CANBK has decided to call off stake sell in CANFINHOME.

Key Trackable this Quarter

- ☐ Delinquency in the Corporate Segment.
- ☐ Amalgamation plan with Syndicate bank.

CANBK is trading at 0.20x P/B in FY20E. BUY

CUBK IN

CMP 130
Target 180
Upside 38%
Rating NEUTRAL

	FY17	FY18	FY19	FY20E
Roe%	15.3%	15.2%	14.3%	12.8%
Roa%	1.6%	1.6%	1.6%	1.5%
Div Yield%	0.2%	0.2%	-	0.0%
BVPS	57.32	66.14	76.29	86.74
P/B	2.74	3.08	1.70	1.49

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Net Advances	23,833	27,853	32,673	35,287	30,322	33,828	35287
<i>Adv Growth%</i>	13%	17%	17%	8%	18%	12%	8%
Deposits	30,116	32,853	38,448	41,032	35,504	39,812	41032
<i>Dep Growth%</i>	11%	9%	17%	7%	13%	12%	7%
CD Ratio%	79%	85%	85%	86%	85%	85%	86%
GNPA%	2.8%	3.0%	3.0%	3.6%	2.9%	3.5%	3.6%
NNPA%	1.7%	1.7%	1.8%	2.0%	1.7%	2.0%	2.0%
Slippages %	2.3%	2.5%	2.3%	2.7%	0.6%	0.7%	0.8%
Net Interest Income	1,199	1,430	1,611	1,693	418	427	438
<i>NII Gr</i>	22%	19%	13%	5%	15%	2%	4%
Other Income	484	532	514	649	120	142	148
<i>Other Inc Gr%</i>	18%	10%	-3%	26%	-2%	19%	1%
Pre-provisioning Profit	994	1,208	1,240	1,334	307	308	328
<i>PPP Gr</i>	19%	22%	3%	8%	4%	1%	-3%
Provisions	301	418	315	413	79	81	108
Net Profits	503	592	683	743	178	192	172
<i>Profit Gr%</i>	13%	18%	15%	9%	15%	8%	-2%
NIM% (Cal.)	3.8%	4.0%	4.0%	3.8%	4.3%	3.9%	3.9%
Cost to Income%	40.9%	38.5%	41.7%	43.0%	43.0%	45.9%	44.0%

Std/Fig in Rs Cr

❑ NII is expected to grow by a meagre 4% YoY on account of lower NIM owing to lower yields and Low AUM growth. NIM is expected to remain under pressure with moderation in loan growth

❑ Loan Book is expected to grow by 8%/4.0% on YoY/QoQ basis with the disbursements expected to be muted on account of lockdown. The deposit is expected to grow by 7%/3% on YoY/QoQ basis.

❑ Asset quality is expected to be affected on account of stress in MSME segment and Disruption in collection efficiency on account of lockdown. Management expect slippages to remain high in near term.

❑ Fee income is expected to grow by 4% YoY while the Other income is expected to grow by 1% YoY.

Key Trackable this Quarter

- ❑ Stress in MSME segment
- ❑ loan book growth

Bank is currently trading at 1.7x P/BV FY20E. NEUTRAL

DCBB IN

CMP 86.6
Target 120
Upside 39%
Rating NEUTRAL

	FY17	FY18	FY19	FY20E
Roe%	10.0%	9.8%	11.0%	11.0%
Roa%	0.9%	0.9%	1.0%	1.0%
Div Yield%	0.3%	0.5%	0.5%	-
BVPS	77	91	101	111
P/B	2.2	1.8	2.0	0.8

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Net Advances	15,818	20,337	23,568	25,383	23,568	25,438	25383
<i>Adv Growth%</i>	22%	29%	16%	8%	16%	11%	8%
Deposits	19,289	24,007	28,435	30,373	28,435	29,735	30373
<i>Dep Growth%</i>	29%	24%	18%	7%	18%	8%	7%
CD Ratio%	82%	85%	83%	84%	83%	86%	84%
GNPA%	1.6%	1.8%	1.8%	2.3%	1.8%	2.2%	2.3%
NNPA%	0.8%	0.7%	0.7%	1.0%	0.7%	1.0%	1.0%
Slippages %	2.0%	2.2%	2.1%	2.8%	0.4%	0.8%	0.6%
Net Interest Income	797	995	1,149	1,262	301	323	321
<i>NII Gr%</i>	29%	25%	15%	10%	14%	10%	7%
Other Income	249	311	350	380	99	93	99
<i>Other Inc Gr%</i>	13%	25%	13%	9%	17%	-1%	0%
Pre-provision Profit	418	525	647	736	185	190	195
<i>PPP Gr%</i>	20%	26%	23%	14%	31%	9%	5%
Provisions	111	139	140	214	35	59	72
Net Profits	200	245	325	361	96	97	92
<i>Profit Gr%</i>	3%	23%	33%	11%	50%	12%	-5%
NIM% (Cal.)	3.9%	3.9%	3.7%	3.6%	3.8%	3.7%	3.6%
Cost to Income%	60.0%	59.8%	56.9%	55.2%	53.7%	54.4%	53.5%

Std/Fig in Rs Cr

☐ NII is expected to grow by 1% QoQ due muted growth in advances. Advances are expected to grow by 8%/-0.2% YoY/QoQ amid the macroeconomic concern having an impact on growth in the near term. The bank stopped disbursements in 3rd week of March 2020 itself.

☐ Asset quality is expected to remain deteriorated in the near term on the account of some of the accounts being under stress and stress in the economy. There may be some stress in unsecured loan portfolio going ahead. Unsecured loans (personal loans) are 3% of the total book.

☐ Top 20 depositors have been reduced earlier as it stood at 8.28% last quarter but now due to non-access to individual customer's, they may go up. But once the bank starts getting access to individual customers the situation may improve. The bank postponed its target to bring them down to 5% to 2-2.5 years.

☐ Cost of deposits are going down as the bank targets to be one of the best in industry in terms of top 20 depositors in next 2 years period for which some pricing advantage has to be there. Margins are expected to under some pressure in the near term.

Key Trackable this Quarter

- ☐ Advances Growth Trend
- ☐ Slippages trend

The bank is currently trading at 0.8x P/BV FY20E. NEUTRAL

EQUITAS IN

CMP	40
Target	78
Upside	95%
Rating	NEUTRAL

	FY17	FY18	FY19	FY20E
Roe%	8.9%	1.4%	3.7%	9.4%
Roa%	2.0%	0.3%	0.6%	1.4%
Div Yield%	0.0%	0.0%	0.0%	-
Book Value	66	67	72	79
P/B	2.6	2.1	0.6	0.5

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
AUM	7,176	8,107	11,836	14,677	11,836	14,615	14,677
<i>AUM Growth%</i>	17%	13%	46%	24%	46%	37%	24%
Borrowings	4,658	5,888	4,785	5,201	4,785	6,236	5,201
Deposit	1,885	4,719	8,016	11,290	8,016	9,670	11,290
<i>Deposit Growth%</i>	-	150%	70%	41%	70%	64%	41%
GNPA%	3.5%	2.7%	2.5%	3.4%	2.5%	2.9%	3.4%
NNPA%	1.5%	1.4%	1.6%	1.7%	1.6%	1.7%	1.7%
Net Interest Income	855	925	1,236	1,545	338	411	394
<i>NII Gr%</i>	42%	8%	34%	25%	36%	22%	17%
Opex	615	891	1,027	1,180	272	313	301
<i>Opex Growth%</i>	71%	45%	15%	15%	22%	17%	11%
Pre-provision Profit	354	223	373	517	108	145	129
<i>PPP Gr%</i>	11%	-37%	67%	39%	60%	33%	20%
Provisions	103	172	101	158	46	47	63
Net Profits	159	31	176	240	42	79	50
<i>Profit Gr%</i>	-5%	-80%	462%	36%	20%	48%	18%
NIM%	11.3%	8.8%	9.5%	9.8%	9.9%	10.7%	9.8%
Cost to Income%	63%	80%	73%	70%	72%	68%	70%

Conso/Fig in Rs Cr

- ❑ AUM growth is expected to be muted at 24% YoY given the current microeconomic conditions and lockdown.
- ❑ NII growth is expected to moderate down to 17% YoY on account of lower yield on advance due to change in portfolio mix towards lower yielding assets and slow advance growth.
- ❑ Asset quality is expected to deteriorate further given the current microeconomic conditions stress in the MSME, Auto sectors and collection efficiency being effected on account of the lockdown. The microfinance contributes 24% while vehicle finance contributes 25% to the AUM as of 3QFY20
- ❑ Company has recently postponed the listing of the Equitas small bank on account of the adverse conditions which will remain a key overhang on the stock.
- ❑ Profitability of the bank is expected to be impacted on account of the higher provisions requirement on account of the stress in the CV segments.

Key Trackable this Quarter

- ❑ Update on listing of Equitas small finance bank
- ❑ AUM growth
- ❑ Asset quality

Company is currently trading at 0.51x P/BV FY20E. BUY

FB IN

CMP 41
Target 74
Upside 80%
Rating BUY

	FY17	FY18	FY19	FY20E
Roe%	9.8%	8.3%	9.8%	11.9%
Roa%	0.8%	0.7%	0.8%	1.0%
Div Yield%	1.0%	1.1%	1.5%	-
BVPS	52	62	67	74
P/B	1.8	1.4	1.4	0.6

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Net Advances	73,336	91,957	110,223	121,245	110,223	119,222	121,245
<i>Adv Growth%</i>	26%	25%	20%	10%	20%	13%	10%
Deposits	97,665	111,992	134,954	146,079	134,934	144,592	146,079
<i>Dep Growth%</i>	23%	15%	21%	8%	20%	17%	8%
CD Ratio%	75%	82%	82%	83%	82%	82%	83%
GNPA%	2.3%	3.0%	2.9%	3.2%	2.9%	3.0%	3.2%
NNPA%	1.3%	1.7%	1.5%	1.6%	1.5%	1.6%	1.6%
Slippages %	1.9%	2.8%	1.8%	1.9%	0.3%	0.5%	0.4%
Net Interest Income	3,053	3,583	4,176	4,608	1,097	1,155	1,175
<i>NII Gr%</i>	22%	17%	17%	10%	17%	7%	7%
Other Income	1,082	1,159	1,351	1,645	412	408	424
<i>Other Inc Gr%</i>	38%	7%	17%	22%	31%	18%	3%
Pre-provision Profit	1,925	2,291	2,763	3,029	755	744	784
<i>PPP Gr%</i>	35%	19%	21%	10%	28%	5%	4%
Provisions	618	947	856	830	178	161	225
Net Profits	831	879	1,244	1,659	382	441	418
<i>Profit Gr%</i>	75%	6%	42%	33%	163%	32%	10%
NIM% (Cal.)	3.1%	3.0%	3.0%	2.9%	3.1%	3.0%	3.0%
Cost to Income%	53.4%	51.7%	50.0%	51.6%	50.0%	52.4%	51.0%

Std/Fig in Rs Cr

☐ NII is expected to grow by 7% YoY backed by growth in advances. Advances growth is expected to remain moderate at 10% YoY to be driven by growth in retail advances.

☐ C/I ratio is expected to see 100 bps improvement in 4QFY20 and full year guidance of 51% and below 49% in the long run. The bank has added 10 branches in this FY20 till now. Fed-e-studio; the banks initiative towards digitalisation will further help the bank to bring more revenue and reducing the cost.

☐ Asset quality is expected to remain under pressure in the near term amid corporate book. IL&FS exposure is still standard one with exposure of Rs 192 Cr. Unsecured loans are 1% of the total book. which may also be under pressure and attract high credit cost.

☐ Margins are likely to remain stable in near term on the account of reflection of pricing power and reduction in cost of funds. The bank expects the margins to be at 3.10% for FY20.

☐ ROA is expected to be at 1% in FY20.

Key Trackable this Quarter

- ☐ Slippages Trend
- ☐ Advances growth

The bank is currently trading at 0.6x P/BV FY20E. BUY

ICICIB IN

CMP **340**
Target **567**
Upside **67%**
Rating **BUY**

	FY17	FY18	FY19	FY20E
Roe%	10.3%	6.6%	3.2%	8.8%
Roa%	1.3%	0.8%	0.4%	1.0%
Div Yield%	1.0%	0.5%	0.3%	-
BVPS	156	164	168	182
P/B	1.6	1.7	2.4	1.9

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Net Advances	464,232	512,395	586,647	657,044	564,308	635,654	657,044
<i>Adv Growth%</i>	7%	10%	14%	12%	12%	13%	12%
Deposits	490,039	560,975	652,920	746,641	606,755	716,345	746,641
<i>Dep Growth%</i>	16%	14%	16%	14%	17%	18%	14%
CD Ratio%	95%	91%	90%	88%	93%	89%	88%
GNPA%	7.9%	8.8%	6.7%	5.8%	7.8%	6.0%	5.8%
NNPA%	4.9%	4.8%	2.1%	1.5%	2.6%	1.5%	1.5%
Slippages %	8.2%	6.8%	2.6%	2.4%	0.4%	0.7%	0.7%
Net Interest Income	21,737	23,026	27,015	33,089	6,875	8,545	8,748
<i>NII Gr%</i>	2%	6%	17%	22%	21%	24%	15%
Other Income	19,504	17,420	14,512	16,464	3,883	4,574	4,271
<i>Other Inc Gr%</i>	27%	-11%	-17%	13%	23%	18%	18%
Pre-provisioning Profit	26,487	24,742	23,438	28,106	6,146	7,549	7,394
<i>PPP Gr%</i>	11%	-7%	-5%	20%	22%	23%	19%
Provisions	15,208	17,307	19,661	11,156	4,244	2,083	3,070
Net Profits	9,801	6,777	3,363	9,944	1,605	4,146	3,235
<i>Profit Gr%</i>	1%	-31%	-50%	196%	-3%	158%	234%
NIM% (Cal.)	3.2%	3.0%	3.2%	3.6%	3.4%	3.8%	3.7%
Cost to Income%	35.8%	38.8%	43.6%	43.3%	42.9%	42.5%	45.5%

Std/Fig in Rs Cr

❑ NII is expected to grow by 15% YoY on the back of improving NIM and stable advance growth. The profitability of the bank is expected to be boosted on the back lower credit cost YoY and tax rate cut.

❑ Asset quality is expected to be largely stable however slippages are expected to remain relatively high on the back of the increased stressed in the economy and disruption in collection efficiency.

❑ Loan book growth is expected to slow down to 12%/3% on YoY/QOQ basis while the deposits are expected to grow by 14%/4% on YoY/QoQ basis. The credit card and personal loan segments contribute 4%,11% as of Q3FY20 to the retail advances.

❑ Other income is expected to grow by 18% YoY with fee income growing by 17% YoY. The cost to income ratio is expected to be around 45% with bank looking to add a total of 450 branches in FY20.

❑ Capital adequacy of the bank as of 3QFY20 is comfortable with CRAR at 16.5% and CET1 at 13.6%.

Key Trackable this Quarter

- ❑ Loan book growth
- ❑ Stress in BB&Below rated book

Company is currently trading at 1.88x P/BV FY20E. BUY

IIB IN

CMP 396
Target 685
Upside 73%
Rating NEUTRAL

	FY17	FY18	FY19	FY20E
Roe%	15.0%	16.2%	13.1%	15.2%
Roa%	1.8%	1.8%	1.3%	1.6%
Div Yield%	0.4%	0.4%	0.4%	2.1%
BVPS	345	397	443	501
P/B	4.1	4.5	4.0	0.8

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Net Advances	113,081	144,954	186394	210625	186,394	207,413	210625
<i>Adv Growth%</i>	28%	28%	29%	13%	29%	20%	13%
Deposits	126,572	151,639	194868	202524	194,868	216,713	202524
<i>Dep Growth%</i>	36%	20%	29%	4%	29%	23%	4%
CD Ratio%	89%	96%	96%	104%	96%	96%	104%
GNPA%	0.9%	1.2%	2.1%	2.6%	2.1%	2.2%	2.6%
NNPA%	0.4%	0.5%	1.2%	0.9%	1.2%	1.0%	0.9%
Slippages %	1.6%	2.1%	3.7%	3.0%	2.6%	1.1%	1.0%
Net Interest Income	6,063	7,497	8,846	11,914	2,232	3,074	3,087
<i>NII Gr%</i>	34%	24%	18%	35%	11%	34%	38%
Other Income	4,171	4,750	5647	6822	1,559	1,789	1643
<i>Other Inc Gr%</i>	27%	14%	19%	21%	29%	22%	5%
Pre-provisioning Profit	5,451	6,656	8088	10538	2,068	2,745	2601
<i>PPP Gr%</i>	32%	22%	22%	30%	17%	30%	26%
Provisions	1,091	1,175	3108	4093	1,561	1,043	1881
Net Profits	2,868	3,606	3301	4656	360	1,300	540
<i>Profit Gr%</i>	25%	26%	-8%	41%	-62%	32%	50%
NIM% (Cal.)	4.06%	4.02%	3.78%	4.36%	3.75%	4.45%	4.37%
Cost to Income%	47%	46%	44%	44%	45%	44%	45%

Std/Fig in Rs Cr

☐ NII is expected to be flat QoQ (YoY data is not comparable due to bhara fin merger) on account of meagre advance growth and lower NIM.

☐ Advance are expected to grow at moderate pace of 13%/2% on YoY/QoQ basis with slowdown in the SME and corporate segment and stress in the retail segment.

☐ Deposits are expected to grow by 4%/-6% on YoY/QoQ basis with withdrawals by the state government to the tune of 10-11% but currently outflow has stabilized. The bank is looking to increase granularity it liability franchise.

☐ Asset quality of the bank is expected to be affected with exposure to telecom, Real estate and other stressed sector. Telecom segment is 1.2% while real estate 3.64% of the corporate loan book as of 3QFY20.

☐ Profitability of the bank is expected to be down by 58% QoQ on account of excessive provision to be made against COVID 19 and exposure to stressed segments

Key Trackable this Quarter

- ☐ Exposure to stressed account
- ☐ Loan book growth

Bank is currently trading at 0.79x P/BV FY20E. BUY

CMP 28
Target 51
Upside 81%
Rating NEUTRAL

	FY17	FY18	FY19	FY20E
Roe%	12.6%	6.1%	3.3%	2.5%
Roa%	1.0%	0.5%	0.3%	0.2%
Div Yield%	2.3%	0.6%	0.8%	-
BVPS	75	78	80	82
P/B	1.4	1.2	0.9	0.3

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Net Advances	40,908	44,800	48,581	49,310	48,581	47,119	49310
<i>Adv Growth%</i>	5%	10%	8%	2%	8%	2%	2%
Deposits	53,700	56,890	59,868	63,218	59,868	62,262	63218
<i>Dep Growth%</i>	7%	6%	5%	6%	5%	6%	6%
CD Ratio%	76%	79%	81%	78%	81%	76%	78%
GNPA%	3.6%	6.6%	8.8%	9.0%	8.8%	8.9%	9.0%
NNPA%	2.5%	4.2%	5.0%	4.1%	5.0%	4.1%	4.1%
Slippages %	3.4%	5.2%	5.5%	3.6%	1.1%	0.8%	0.9%
Net Interest Income	2,074	2,298	2,363	2,330	619	577	573
<i>NII Gr%</i>	16%	11%	3%	-1%	-4%	-1%	-7%
Other Income	782	900	963	1,084	272	260	276
<i>Other Inc Gr%</i>	11%	15%	7%	13%	31%	0%	1%
Pre-provision Profit	1,571	1,777	1,711	1,652	465	385	391
<i>PPP Gr%</i>	21%	13%	-4%	-3%	-3%	-9%	-16%
Provisions	688	1,274	1,389	1,433	352	364	374
Net Profits	605	346	211	164	60	15	13
<i>Profit Gr%</i>	7%	-43%	-39%	-22%	19%	-29%	-79%
NIM% (Cal.)	3.7%	3.8%	3.7%	3.5%	3.9%	3.5%	3.4%
Cost to Income%	45.0%	44.4%	48.6%	51.6%	47.9%	54.0%	54.0%

Std/Fig in Rs Cr

❑ NII is expected to degrow by 7% YoY in 4QFY20 amid muted growth in advances. Advances are expected to register muted growth of 1.5% YoY be driven by retail segment. Commercial book is also expected to grow from 4QFY20. Corporate segment is expected to continue having degrowth. The bank continues to focus on other the segments than corporate going ahead.

❑ Asset quality is expected to be remaining under pressure on the account of stress in some of the segments i.e. corporate segment. However unsecured loans stood at 16% of the total book at the end of 3QFY20 which may also trigger higher delinquencies. The management guided NNPA% to be below 4% in 4QFY20. PCR is expected to be at 60-70%.

❑ Cost of funds is expected to decline on the account of re-pricing of liability profile i.e. time deposits but on the account of expected deterioration in asset quality margins may remain under pressure in near term.

Key Trackable this Quarter

- ❑ Sluggish growth in advances may have an adverse impact.
- ❑ Slippages trend
- ❑ Appointment of new MD & CEO

The bank is currently trading at 0.3x P/BV FY20E. NEUTRAL

KMB IN

CMP 1276
Target 1770
Upside 39%
Rating ACCUMULATE

	FY17	FY18	FY19	FY20E
Roe%	13.2%	12.5%	12.2%	14.0%
Roa%	1.7%	1.7%	1.7%	1.9%
Div Yield%	0.1%	0.1%	0.1%	0.1%
BVPS	150	197	222	255
P/B	5.8	5.3	6.0	5.0

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Net Advances	136,082	169,718	205,695	219,476	205,695	216,774	219,476
<i>Adv Growth%</i>	15%	25%	21%	7%	21%	10%	7%
Deposits	157,426	192,643	225,880	262,846	225,880	239,354	262,846
<i>Dep Growth%</i>	14%	22%	17%	16%	17%	12%	16%
CD Ratio%	86%	88%	91%	84%	91%	91%	84%
GNPA%	2.3%	2.4%	2.4%	2.4%	2.1%	2.5%	2.6%
NNPA%	1.3%	1.0%	0.8%	0.9%	0.8%	0.9%	0.9%
Net Interest Income	8,126	9,532	11,259	13,518	3,048	3,430	3,488
<i>Nil Gr%</i>	18%	17%	18%	20%	18%	17%	19%
Other Income	3,477	4,052	4,604	5,122	1,270	1,341	1,243
<i>Other Inc Gr%</i>	33%	17%	14%	11%	10%	39%	29%
Pre-provision Profit	5,985	7,158	8,348	9,964	2,282	2,388	2,607
<i>PPP Gr%</i>	48%	20%	17%	19%	13%	23%	34%
Provisions	837	940	962	1,714	171	444	63
Net Profits	3,412	4,084	4,865	6,269	1,408	1,596	1,624
<i>Profit Gr%</i>	63%	20%	19%	29%	25%	24%	26%
NIM% (Cal.)	4.3%	4.2%	4.1%	4.3%	3.8%	4.0%	4.0%
Cost to Income%	48%	47%	47%	47%	47%	50%	45%

Std/Fig in Rs Cr

☐ Interest income is expected to improve on the back of higher risk adjusted return. NII is expected to grow at 17%YoY while PAT is expected to grow at 22% YoY.

☐ NIM is expected to improve on the back of higher share of deposits. CASA ratio has increased to 56.2% on the back of strong growth in the saving deposit. Management has stated deposit growth at the rate of 17% YoY with saving deposit growth at 14% YoY.

☐ We expect liquidity to improve on the back higher migration of liability from other banks which will offset margin.

☐ Management has stated Net Advances has grown at the rate of 6.7% as at 4QFY20. We expect AUM growth to be majorly driven by the retail segment (home loan, personal loans, and credit cards).

☐ Asset quality is expected to remain under stress but management has stated it will prioritize the quality of the portfolio overgrowth. We expect credit cost to remain at 72 bps for FY20 while SMA 2 stood at Rs 274 Cr as at 3QFY20.

Key Trackable this Quarter

- ☐ Promoter stake in the bank.
- ☐ Stress in the SME segment may effect growth

We value the stock on SOTP basis. (Lending Business at 4x P/BV FY20E and subsidiaries valuation of Rs 555). ACCUMULATE

RBK IN

CMP 121
Target 250
Upside 107%
Rating NEUTRAL

	FY17	FY18	FY19	FY20E
Roe%	12.2%	11.5%	12.2%	5.5%
Roa%	1.0%	1.1%	1.2%	0.6%
Div Yield%	0.4%	0.4%	0.4%	-
BVPS	116	159	177	209
P/B	4.3	3.0	3.8	0.6

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Net Advances	29,449	40,268	54,308	62,454	54,308	59,635	62,454
<i>Adv Growth%</i>	39%	37%	35%	15%	35%	20%	15%
Deposits	34,588	43,902	58,394	57,828	58,394	62,907	57,828
<i>Dep Growth%</i>	42%	27%	33%	-1%	33%	21%	-1%
CD Ratio%	85%	92%	93%	108%	93%	95%	108%
GNPA%	1.2%	1.4%	1.4%	3.7%	1.4%	3.3%	3.7%
NNPA%	0.6%	0.8%	0.7%	2.4%	0.7%	2.1%	2.4%
Slippages %	2.5%	1.9%	1.8%	6.5%	0.5%	2.1%	1.6%
Net Interest Income	1,221	1,766	2,539	3,568	739	923	959
<i>NII Gr%</i>	49%	45%	44%	40%	48%	41%	30%
Other Income	755	1,068	1,442	1,878	409	487	468
<i>Other Inc Gr%</i>	54%	41%	35%	30%	31%	30%	14%
Pre-provision Profit	920	1,331	1,940	2,686	560	732	700
<i>PPP Gr%</i>	70%	45%	46%	38%	46%	47%	25%
Provisions	239	365	641	1,934	200	638	549
Net Profits	446	635	867	504	247	70	112
<i>Profit Gr%</i>	53%	42%	37%	-42%	39%	-69%	-55%
NIM% (Cal.)	3.0%	3.4%	3.8%	4.5%	4.5%	4.6%	4.7%
Cost to Income%	53.4%	53.0%	51.3%	50.7%	51.2%	48.1%	51.0%

Std/Fig in Rs Cr

☐ NII is expected to grow by moderately by 30% YoY mainly on account of slowdown in advance growth and slight moderation in NIM with bank maintaining high liquidity.

☐ Asset quality is expected to remain under pressure with stress prevailing in the economy , slippages are expected to remain high however at moderate levels from the recent highs, management has recognized majority of stress pool in the H1FY20. The collection efficiency of bank is expected to be effected on account of lockdown. The credit card segment contributes about 31% to the overall Non Wholesale advance as of Q3FY20.

☐ Advance growth is expected to slow down to 15%/5% on YoY/QoQ basis with slowdown across the segments on account of adverse economic conditions. During the quarter bank has lost about 8% deposits mainly due to withdrawals by state governments.

☐ Cost to income ratio is expected to remain high with management opening 62 branches during the year taking the total count to 386. The employee expense is expected to grow by 27% YoY while the other expense is expected to grow by 22% YoY.

Key Trackable this Quarter

- ☐ Asset Quality
- ☐ Deposit trend
- ☐ Advance Growth

Bank is currently trading at 0.58x P/BV FY20E. NEUTRAL

SBIN IN

CMP 188
Target 384
Upside 105%
Rating BUY

	FY17	FY18	FY19	FY20E
Roe%	6.3%	-3.2%	0.4%	7.2%
Roa%	0.4%	-0.2%	0.0%	0.4%
Div Yield%	0.9%	0.0%	0.0%	0.0%
BVPS	236	246	248	266
P/B	1.24	1.02	1.29	0.71

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Net Advances	1571078	1934880	2185877	2273312	2185877	2199917	2273312
<i>Adv Growth%</i>	7%	23%	13%	4%	13%	7%	4%
Deposits	2044751	2706343	2911386	3072043	2911386	3112229	3072043
<i>Dep Growth%</i>	18%	32%	8%	6%	8%	10%	6%
CD Ratio%	77%	71%	75%	74%	75%	71%	74%
GNPA%	6.9%	10.9%	7.5%	6.8%	7.5%	6.9%	6.8%
NNPA%	3.7%	5.7%	3.0%	2.5%	3.0%	2.7%	2.5%
Slippages %	3.1%	6.6%	2.2%	2.7%	0.4%	1.0%	0.6%
Net Interest Income	61860	74854	88350	100762	22954	27779	25444
<i>NII Gr</i>	9%	21%	18%	14%	15%	22%	11%
Other Income	35461	44601	36775	40511	12685	9106	11367
<i>Other Inc Gr%</i>	26%	26%	-18%	10%	2%	13%	-10%
Pre-provisioning Profit	50848	59511	55437	67705	16933	18223	18037
<i>PPP Gr</i>	18%	17%	-7%	22%	7%	44%	7%
Provisions	35992	75039	53829	40199	16502	7253	10624
Net Profits	10485	-6547	863	16455	838	5583	5547
<i>Profit Gr%</i>	5%	-162%	-113%	1807%	111%	41%	562%
NIM% (Cal.)	2.6%	2.6%	2.7%	2.9%	2.8%	3.3%	3.0%
Cost to Income%	48%	50%	56%	52%	52%	51%	51%

Std/Fig in Rs Cr

- NII growth is expected to slowdown to 11 %/-8% on YoY / QoQ basis on account of moderation in advance growth.
- Asset quality is be expected to be stable QoQ even though the slippages may be relatively high on account of the stress prevailing in the environment and various sectors like telecom being under pressure
- Advance growth is expected to slowdown to 4%/3% on YoY/QoQ basis on account of stress in the economy.
- Other income is expected to grow by 25% QoQ on accounts of sale of stake in SBI card which is expected to fetch around Rs 2500 to Rs 2600 Cr. The PATis expected to be 562% YoY on account of SBI card stake sale and lower tax rates and low credit cost.
- The Cost to income ratio is expected to be about 51% with employee expense rising by 9% YoY.

Key Trackable this Quarter

- Stress assets development in the book
- Loan book growth

Bank is currently trading at 0.71x P/BV FY20E. BUY

UJJIVANS IN

CMP 30
Target 50
Upside 67%
Rating NEUTRAL

	FY17	FY18	FY19	FY20E
Roe%	14.1%	0.4%	13.0%	16.0%
Roa%	2.9%	0.1%	1.7%	2.3%
Book Value	0	10	11	17
P/B	0.00	0.00	0.00	1.55

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
AUM	6,384	7,560	11,049	14,916	11,049	13,618	14,916
<i>AUM Growth%</i>	18%	18%	46%	35%	46%	46%	35%
Borrowings	6,498	3,853	4,166	3,114	11,545	13,755	15,047
Deposit	206	3,772	7,379	11,933	7,379	10,656	11,933
<i>Deposit Growth %</i>	#VALUE!	1731%	96%	62%	96%	98%	62%
GNPA%	0.3%	3.6%	0.9%	1.0%	0.9%	1.0%	1.0%
NNPA%	0.0%	0.7%	0.3%	0.4%	0.3%	0.4%	0.4%
Net Interest Income	807	861	1,106	1,623	320	427	456
<i>NII Gr%</i>	38%	7%	29%	47%	19%	52%	43%
Opex	458	653	1,003	1,352	301	357	382
<i>Opex Growth%</i>	49%	43%	54%	35%	72%	40%	27%
Pre-provision Profit	397	320	309	603	85	144	156
<i>PPP Gr%</i>	75%	313%	41%	113%	-36%	98%	85%
Provisions	75	313	41	113	12	31	63
Net Profits	208	7	199	369	64	90	92
<i>Profit Gr%</i>	17%	-97%	2803%	85%	-2%	98%	45%
NIM% (Cal.)	12.2%	10.2%	9.9%	10.5%	11.8%	11.7%	11.6%
Cost to Income%	54%	67%	76%	69%	78%	71%	71%

Conso/Std. Fig in Rs Cr

☐ NII is expected to growth at the rate of 43% range as at 4QFY20. The high share of the term deposit & lower share of MFI segment is a drag in the cost of funds.

☐ Almost all the asset centers have now been converted to branches, we expect with the maturing of these branches the C/I ratio is expected to decline going forward. Management has guided for 70% C/I ratio in FY20.

☐ AUM growth is expected to decline from 40% range to 35% YoY, majorly driven by a strong MFI segment. CASA is expected to remain steady at 12% as at 4QFY20.

☐ Asset quality concern on the Rs 574 Cr Assam Portfolio which management has already provided 10% of the portfolio. Management remain confident of asset quality and states it has been able to maintain its collection for the month of March. PAR 0 has increased to 2.1% from 1.6% QoQ. We expect credit cost to remain elevated at 1.10% as at 4QFY20.

☐ CAR stood strong at 28.3% for 4QFY20. ALM position remains positive across product portfolio in all tenures.

Key Trackable this Quarter

- ☐ Strengthening of the liability profile.
- ☐ Margin pressure on the back of declining MFI portfolio.

UJJIVANSFB is trading at 1.6x P/B in FY20E. NEUTRAL

UNBK IN

CMP 29
Target 57
Upside 97%
Rating HOLD

	FY17	FY18	FY19	FY20E
Roe%	2.4%	-21.6%	-11.4%	-0.5%
Roa%	0.1%	-1.1%	-0.6%	0.0%
BVPS	341	215	150	149
P/B	0.46	0.44	0.64	0.19

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Net Advances	286,467	288,761	296,932	308,809	296,932	307,566	308809
<i>Adv Growth%</i>	7%	1%	3%	4%	3%	5%	4%
Deposits	378,391	408,502	415,915	454,132	415,915	445,091	454132
<i>Dep Growth%</i>	10%	8%	2%	9%	2%	11%	9%
CD Ratio%	76%	71%	71%	68%	71%	69%	68%
GNPA%	11.2%	15.7%	15.0%	14.6%	15.0%	14.9%	14.6%
NNPA%	6.6%	8.4%	6.9%	6.9%	6.9%	7.0%	6.9%
Slippages %	5.2%	8.0%	5.1%	5.7%	1.2%	1.8%	1.2%
Net Interest Income	8,903	9,305	10,215	11,595	2,602	3,135	3,036
<i>NII Gr%</i>	7%	5%	10%	14%	19%	26%	17%
Other Income	4,965	4,990	4,474	4,417	1,272	1,110	1,173
<i>Other Inc Gr%</i>	37%	1%	-10%	-1%	-14%	1%	-8%
Pre-provision Profit	7,430	7,640	7,521	8,781	1,730	2,401	2,252
<i>PPP Gr%</i>	30%	3%	-2%	17%	-8%	37%	6285%
Provisions	7,088	14,281	11,448	9,123	5,766	1,819	1,926
Net Profits	555	(5,247)	(2,947)	(144)	(3,369)	575	251
<i>Profit Gr%</i>	59%	-1045%	44%	-95%	-30%	275%	-107%
NIM% (Cal.)	2.2%	2.1%	2.2%	2.4%	2.3%	2.6%	2.5%
Cost to Income%	46.4%	46.6%	48.8%	45.2%	55.3%	43.4%	46.5%

Std/Fig in Rs Cr

☐ NII growth is expected to remain muted sequentially majorly on the back of lowering of the MCLR and decline in the CASA%. PAT is expected to remain affected on the back of higher provisioning and muted growth. NIM is expected to remain steady at 2.5% as at 4QFY20.

☐ Fee income is expected to remain muted on the back of slow growth in corporate segment Net income is expected to grow at 9% YoY. Deposit growth is expected to remain muted in 9% YoY as at 4QFY20.

☐ Advances growth is expected to remain muted on the back of cautious growth in the corporate segment and muted growth in the retail segment. Management has optimistically guided for advances growth of 7-9%. We expect a 4% advance growth in 4QFY20.

☐ Asset quality pressure concerns persist as the resolution from the NCLT (40% provision is provided) has not yet materialized. Management has guided recoveries to be around Rs 3000 Cr from Bhusan Power, Religare Fininvest, Jindal Thermal, Anrak aluminum and Alok industries in 4QFY20.

Key Trackable this Quarter

- ☐ A check on delinquency will be important.
- ☐ Update on the merger plan.

UNIONBANK is trading 0.19x P/B for FY20E. HOLD

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Analyst's ownership of the stocks mentioned in the Report	NIL
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