

Industry  
Bloomberg  
BSE CODE

Financial  
ICICIBC IN  
532174

## Stake sale and Cost reduction lead to strong operating performance. Moratorium Levels a little worry.

| RATING           | BUY |
|------------------|-----|
| CMP              | 382 |
| Price Target     | 473 |
| Potential Upside | 24% |
| Rating Change    | ↔   |
| Estimate Change  | ↓   |
| Target Change    | ↔   |

| STOCK INFO          |         |
|---------------------|---------|
| 52wk Range H/L      | 552/269 |
| Mkt Capital (Rs Cr) | 247,292 |
| Free float (%)      | 100%    |
| Avg. Vol 1M (,000)  | 40,741  |
| No. of Shares (Crs) | 648     |
| Promoters Pledged % |         |

Fig in Rs Cr

| FINANCIAL      | FY19  | FY20  | FY21E |
|----------------|-------|-------|-------|
| NII            | 27016 | 33267 | 37107 |
| PPP            | 23439 | 28101 | 34680 |
| PAT            | 3364  | 7931  | 9998  |
| NIM %          | 3.2   | 3.5   | 3.5   |
| EPS (Rs)       | 5     | 12    | 15    |
| EPS growth (%) | -51   | 135   | 26    |
| ROE (%)        | 3     | 7     | 8     |
| ROA (%)        | 0.4   | 0.8   | 0.9   |
| BV             | 168   | 180   | 195   |
| P/B (X)        | 2.4   | 2.1   | 2.0   |
| P/E (x)        | 76    | 31    | 25    |

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### 1QFY21 Result Update

- NII during the quarter increased by 20% YoY to Rs 9280 Cr from Rs 79937 Cr in Q1FY20 on account of moderation in advance growth to 7/-2% YoY. The net interest margin was 3.69% v/s 3.61% in Q1FY20.
- PAT grew by 36 YoY supported healthy NII growth and reduction in cost plus the other income boosted on account of stake sale in subsidiary supported the profitability.
- Advance grew by 7% YoY with domestic corporate advances growing by 7% YoY while the growth in retail ,Loan portfolio was 11% YoY. The deposits grew by 21% YoY with CASA Ratio at 42.5%. while the term deposit growing by 27% YoY.
- Asset quality during the quarter improved with GNPA at Rs 5.46% v/s 5.53% in Q4FY20 and NNPA at 1.23% v/v 1.41% in Q4FY20.

### NII growth Improved sequentially

NII during the quarter increased by 20% YoY to Rs 9280 Cr from Rs 79937 Cr in Q1FY20 on account of moderation in advance growth to 7/-2% YoY. The net interest margin was 3.69% v/s 3.61% in Q1FY20. Bulk of the NIM decline was on account of the surplus liquidity. Operating profit during the quarter grew by 71% YoY owing to healthy other income on account of stake sale and reduction in the operating expense however bank made additional provisions on COVID 19 which limited the PAT growth to be meagre at 36% YoY. On provisioning front bank said they have made sufficient provisions considering the base case scenario but will have to look at the situation as and well economy opens up.

### Asset quality Improves but Moratorium levels high

Asset quality during the quarter improved with GNPA at Rs 5.46% v/s 5.53% in Q4FY20 and NNPA at 1.23% v/v 1.41% in Q4FY20. The slippages during the quarter stood at 1160 Cr while the recovery and upgrades were 757 Cr. Moratorium for the book stands at 17.5% from 30% in Q4FY20. About 90% of the portfolio under moratorium at June end comprises loans that were also under moratorium at may end. 60% of the CV book is from long vintage customers who are well seasoned with the business cycle.

### Advance growth Moderates / Deposit continue to grow Healthy

Advance grew by 7% YoY with domestic corporate advances growing by 7% YoY while the growth in retail ,Loan portfolio was 11% YoY. Bank does not have any loan growth target for the year but will look to do short- term lending and will continue to explore. Where-ever the underlying credit risk and return is favorable they will lend. Disbursement across the retail products have picked up in June from the April and may levels. Incremental sourcing during the quarter were to the existing customers of the bank. Mortgage portfolio is about 50% of the retail portfolio and about 32% of the total loan book. The deposits grew by 21% YoY with CASA Ratio at 42.5%. while the term deposit growing by 27% YoY.

### View and Valuation

ICICIBANK had an operationally healthy quarter on account of stake sale in subsidiaries and cost reduction. NII growth was decent with reduction in cost of fund. Advance growth moderated but deposit accretion continued to be strong. However CASA ratio declined. Asset quality improved owing to moratorium, moratorium levels for the bank are more than its peers which show some worry however Healthy adequacy ratio and provision coverage provide some comfort. Bank has also approval for capital raise as and when needed. Going forward developments in moratorium levels and asset quality levels would be a key Trackable for the bank. We maintain buy with TP of 473 at 2.4XBVFY21E

### Key Risks to our rating and target

- Further moderation of loan growth.
- More than expected increase in moratorium levels.

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## 1QFY21 Results

### PAT above estimates

Fig in Rs Cr

| FINANCIALS    | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | YoY%   | QoQ%   | FY19   | FY20   | YoY%   |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Interest Inc. | 17,980 | 18,565 | 19,064 | 19,189 | 19,924 | 10.8%  | 3.8%   | 63,401 | 74,798 | 18.0%  |
| Interest Exp. | 10,243 | 10,508 | 10,519 | 10,262 | 10,645 | 3.9%   | 3.7%   | 36,386 | 41,531 | 14.1%  |
| NII           | 7,737  | 8,057  | 8,545  | 8,927  | 9,280  | 19.9%  | 4.0%   | 27,015 | 33,267 | 23.1%  |
| Other Income  | 3,425  | 4,194  | 4,574  | 4,255  | 6,143  | 79.3%  | 44.4%  | 14,512 | 16,449 | 13.3%  |
| Total Income  | 11,163 | 12,252 | 13,119 | 13,182 | 15,422 | 38.2%  | 17.0%  | 41,527 | 49,716 | 19.7%  |
| Ope Exp.      | 4,874  | 5,378  | 5,571  | 5,792  | 4,646  | -4.7%  | -19.8% | 18,089 | 21,614 | 19.5%  |
| PPP           | 6,288  | 6,874  | 7,549  | 7,390  | 10,776 | 71.4%  | 45.8%  | 23,438 | 28,101 | 19.9%  |
| Provisions    | 3,496  | 2,507  | 2,083  | 5,967  | 7,594  | 117.2% | 27.3%  | 19,661 | 14,053 | -28.5% |
| PBT           | 2,793  | 4,367  | 5,466  | 1,423  | 3,183  | 14.0%  | 123.7% | 3,777  | 14,048 | 272.0% |
| Tax           | 885    | 3,712  | 1,319  | 201    | 584    | LTP    | 190.1% | 413    | 6,117  | 1380%  |
| Net Profit    | 1,908  | 655    | 4,147  | 1,221  | 2,599  | 36.2%  | 112.8% | 3,363  | 7,931  | 136%   |

## Concall Highlights

- Nearly all the branches and ATM of the bank are operational and bank has seen increase in footfall. Majority of the employees continue to work from the home. Some economic indicators like GST collection, kharif sowing, sales of fertilizers show the better rural growth.
- LCR for the bank at the end of the quarter was 141%. Bulk of the NIM decline was on account of the surplus liquidity.
- With the lockdown relaxation bank saw Month on Month increase in the Loan book. Bank is looking to build healthy operating profit base to absorb any shocks.
- Bank is looking to reduce the concentration risk and improve the credit ratings in the Corporate portfolio.
- Proposed capital raise is aimed to further strengthen capital of the bank. Bank is seeing enough opportunities for private banks going forwards and want to be well capitalized because of it.
- Bank does not have any loan growth target for the year but will look to do short-term lending and will continue to explore. Where-ever the underlying credit risk and return is favorable they will lend.
- Bank has not considered Rs 14368 Cr for computation on Provision coverage ratio out of which Rs 8275 Cr is for COVID19 and general provision on standard assets worth Rs 4185 Cr and Rs 1398 Cr on Non fund based outstanding to NPA and other provisions worth Rs 510 Cr on standard asset.
- Loan origination during the quarter was impacted on account of the lockdown.
- Moratorium for the book stands at 17.5% from 30% in Q4FY20. About 90% of the portfolio under moratorium at June end comprises loans that were also under moratorium at may end. Commercial vehicle loans and Builder loans have higher percentage of moratorium. There is no opt out category since June 2020. Moratorium may go up as customers who had opted in Q4FY20 are still in overdue category.
- 60% of the CV book is from long vintage customers who are well seasoned with the business cycle. NBFC and HFC form the 5% of the total loans. Top 20% of customers of the CV portfolio comprise only of 3% of the portfolio.
- Disbursement across the retail products have picked up in June from the April and may levels. Incremental sourcing during the quarter were to the existing customers of the bank. Mortgage portfolio is about 50% of the retail portfolio and about 32% of the total loan book. 70% of the mortgage portfolio is home loan and LAP is 17%. 70% of the mortgage customers have liability relation with the bank. LTV for home loan and LAP is 65%, 55% respectively. Auto loans disbursements volume in June have reached about 65% of the precovid levels. 80% of the auto loan portfolio comprise of new vehicles and 13% is used vehicle.
- Personal and credit card comprise of 9% of the total loan book out of which 80-85% customers are salaried and 75% of them are employed with well rated corporates MNC and Government entities and 97% of the customers who have availed moratorium continue to Get salaries credited.
- Credit cards spends for the bank is 65% of the Pre-Covid Level. Credit card spends in June were higher by 79% Compared to the average for April and May.
- 85% of the business banking portfolio has collateral cover of more than 100%.
- On provisioning front bank said they have made sufficient provisions considering the base case scenario but will have to look at the situation as and well economy opens up.
- There is no incremental stress in the overseas book during the quarter. Bank expects significant reduction in overseas portfolio during the year as they are non core to banks.

## Profitability Matrix

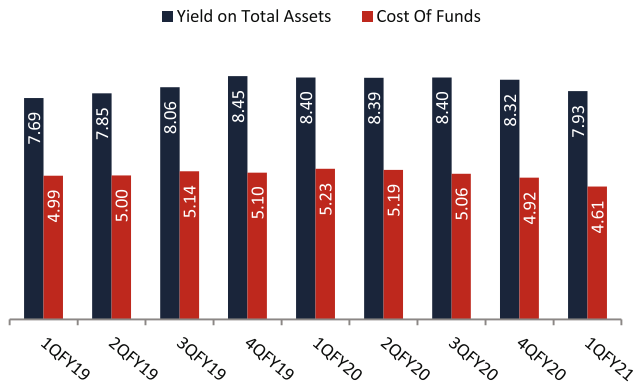
|                         | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | YoY (+/-) | QoQ (+/-) |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| C/I Ratio %             | 42.9   | 44.5   | 43.7   | 43.9   | 42.5   | 43.9   | 30.1   | -13.54    | -13.81    |
| Empl. Cost/ Tot. Exp. % | 37.6   | 37.9   | 40.1   | 39.8   | 34.9   | 38.6   | 46.6   | 6.55      | 8.04      |
| Other Exp/Tot. Exp.%    | 62.4   | 62.1   | 59.9   | 60.2   | 65.1   | 61.4   | 53.4   | -6.55     | -8.04     |
| Provision/PPP %         | 69.1   | 87.5   | 55.6   | 36.5   | 27.6   | 80.7   | 70.5   | 14.88     | -10.28    |
| Tax Rate %              | 15.6   | (23.9) | 31.7   | 85.0   | 24.1   | 14.1   | 18.3   | -13.33    | 4.20      |
| Int Exp./Int Inc. (%)   | 57.8   | 55.9   | 57.0   | 56.6   | 55.2   | 53.5   | 53.4   | -3.54     | -0.05     |
| Other Inc./Net Inc. %   | 36.1   | 32.2   | 30.7   | 34.2   | 34.9   | 32.3   | 39.8   | 9.14      | 7.55      |
| PAT/ Net Income %       | 16.2   | 9.0    | 17.7   | 5.7    | 34.2   | 9.9    | 22.8   | 5.12      | 12.95     |
| PAT Growth %            | (2.7)  | (5.0)  | LTP    | (27.9) | 158.4  | 26.0   | 36.2   | LTP       | 96.89     |
| NII Growth % (YoY)      | 20.5   | 26.5   | 26.8   | 25.6   | 24.3   | 17.1   | 19.9   | -6.87     | 2.78      |
| Op. Profit Growth YoY % | 21.5   | (17.0) | 8.3    | 30.9   | 22.8   | 18.6   | 71.4   | 63.10     | 52.81     |

## Margin Performance

| MARGIN %              | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | YoY (+/-) | QoQ (+/-) |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| Yield on Advances     | 9.0    | 9.3    | 9.4    | 9.5    | 9.5    | 9.4    | 9.3    | -0.06     | -0.11     |
| Yield on Total Assets | 8.1    | 8.5    | 8.4    | 8.4    | 8.4    | 8.3    | 7.9    | -0.47     | -0.39     |
| Cost Of Funds         | 5.1    | 5.1    | 5.2    | 5.2    | 5.1    | 4.9    | 4.6    | -0.62     | -0.31     |
| Cost of Deposits      | 4.9    | 5.0    | 5.1    | 5.1    | 4.9    | 4.8    | 4.5    | -0.55     | -0.25     |
| NIM                   | 3.4    | 3.7    | 3.6    | 3.6    | 3.8    | 3.9    | 3.7    | 0.08      | -0.18     |

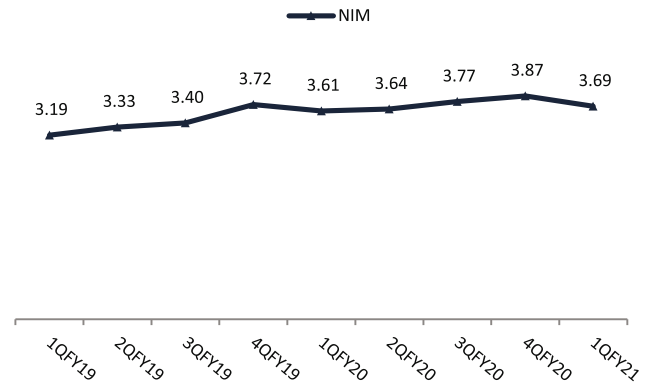
### Exhibit: Yield and Cost

Both Yield and Cost of fund declined



### Exhibit: Net Interest Margin

NIM falls



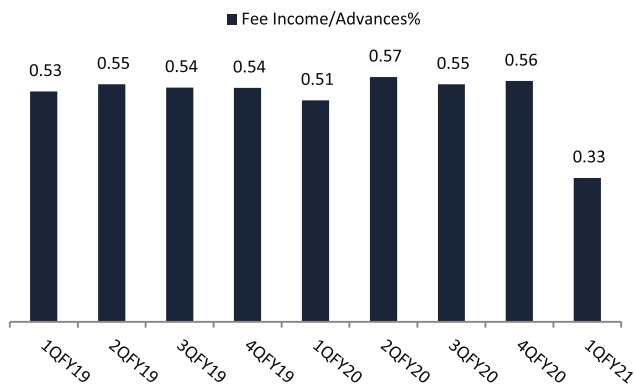
## Other Income Break Up

Fig in Rs Cr

|                                 | 1QFY19       | 2QFY19       | 3QFY19       | 4QFY19       | 1QFY20       | 2QFY20       | 3QFY20       | 4QFY20       | 1QFY21        |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Fee income                      | 2754         | 2995         | 3062         | 3178         | 3039         | 3478         | 3596         | 3598         | 2104          |
| <b>Growth YoY %</b>             | <b>15.9%</b> | <b>16.5%</b> | <b>16.0%</b> | <b>15.4%</b> | <b>10.3%</b> | <b>16.1%</b> | <b>17.4%</b> | <b>13.2%</b> | <b>-30.8%</b> |
| Other income                    | 331          | 196          | 342          | 287          | 207          | 376          | 447          | 415          | 276           |
| Treasury income                 | 766          | -35          | 479          | 156          | 179          | 341          | 531          | 242          | 3763          |
| Total Other Income              | 3851         | 3156         | 3883         | 3621         | 3425         | 4195         | 4574         | 4255         | 6143          |
| <b>Growth YoY %</b>             | <b>250%</b>  | <b>116%</b>  | <b>-54%</b>  | <b>-26%</b>  | <b>21%</b>   | <b>-37%</b>  | <b>92%</b>   | <b>31%</b>   | <b>45%</b>    |
| Other Income as a % of NII      | 63           | 49           | 56           | 48           | 44           | 52           | 54           | 48           | 66            |
| Other Income as a % of advances | 0.7%         | 0.6%         | 0.7%         | 0.6%         | 0.6%         | 0.7%         | 0.6%         | 0.7%         | 1.0%          |

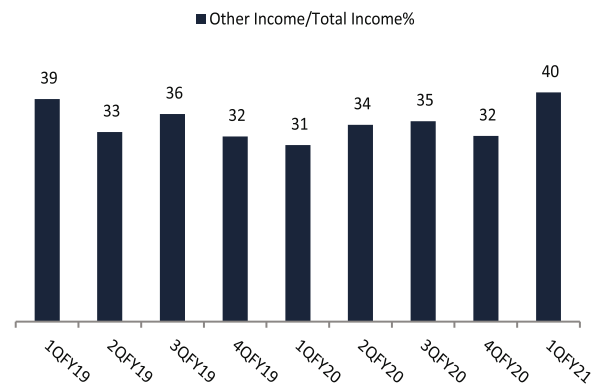
## Exhibit: Fee Income/Advances %

fee income growth decreased.



## Exhibit: Other Income/Total Income %

Other income as % of total income increased

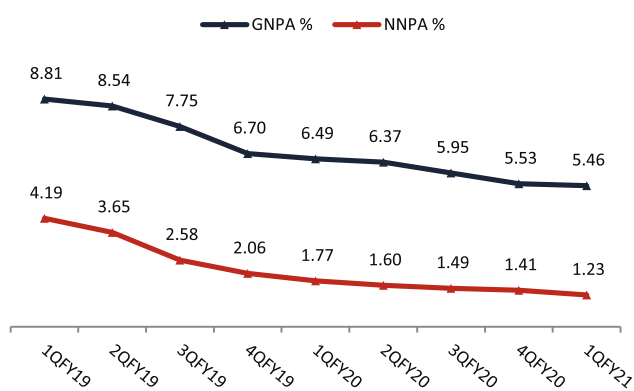


## Asset Quality

|                      | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | YoY (+/-) | QoQ (+/-) |
|----------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| GNPA (Rs in Cr)      | 51,591 | 46,292 | 45,763 | 45,639 | 43,454 | 41,422 | 40,385 | -12%      | -3%       |
| GNPA %               | 7.8    | 6.7    | 6.5    | 6.4    | 6.0    | 5.5    | 5.5    | -1.03     | -0.07     |
| NNPA (Rs in Cr)      | 16,252 | 13,577 | 11,857 | 10,916 | 10,262 | 10,114 | 8,675  | -27%      | -14%      |
| NNPA %               | 2.6    | 2.1    | 1.8    | 1.6    | 1.5    | 1.4    | 1.2    | -0.54     | -0.18     |
| Slippages (Rs in Cr) | 2,091  | 3,547  | 2,779  | 2,482  | 4,363  | 5,306  | 1,160  | -58%      | -78%      |
| PCR %                | 68.5   | 70.7   | 74.1   | 76.1   | 76.4   | 75.6   | 78.5   | 4.43      | 2.94      |

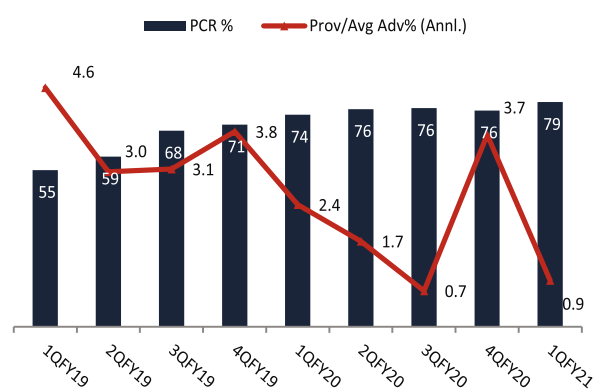
## Exhibit: Asset Quality

Assets quality improved.



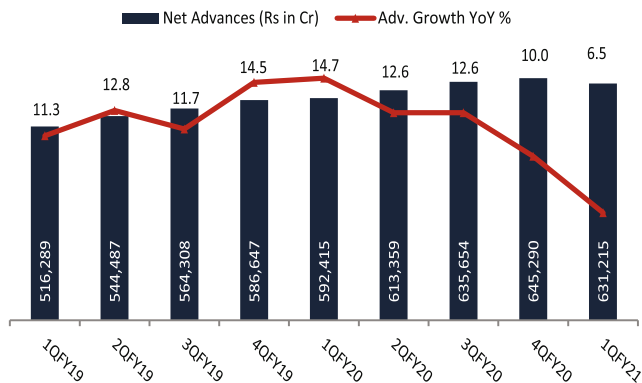
## Exhibit: Provisions

PCR increased.

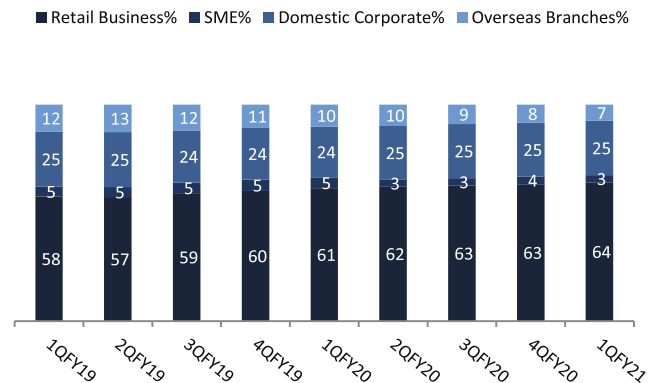


## Exhibit: Advances Performance

Moderate advance growth.

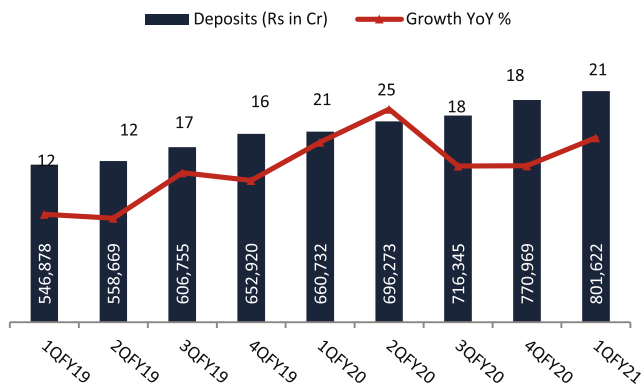


## Exhibit: Advances Breakup %



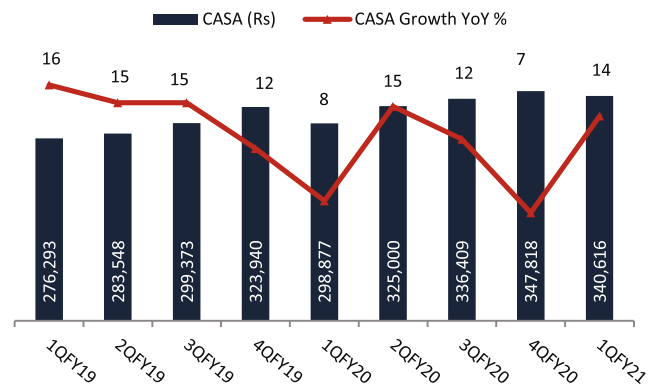
## Exhibit: Deposits Performance

Steady deposit growth.



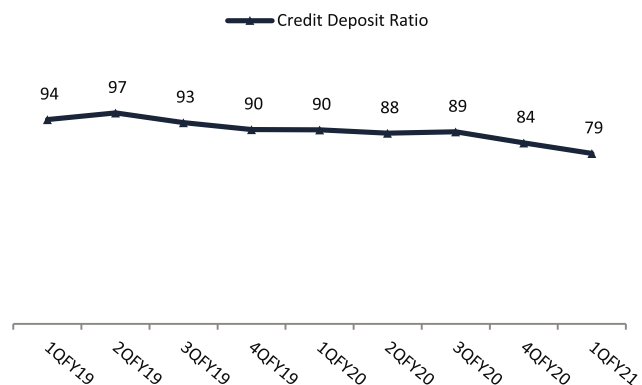
## Exhibit: CASA Performance

CASA growth improved.



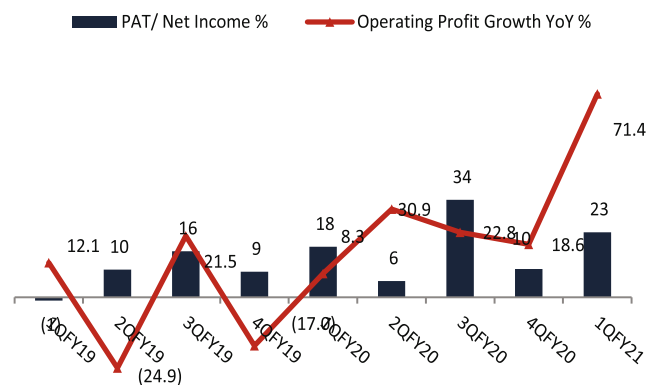
## Exhibit: Credit Deposit Ratio

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          | FY20           | FY21E          |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| <b>Share Capital</b>                 | <b>1155</b>   | <b>1160</b>   | <b>1163</b>   | <b>1165</b>   | <b>1286</b>   | <b>1290</b>   | <b>1295</b>    | <b>1295</b>    |
| Equity Capital                       | 1155          | 1160          | 1163          | 1165          | 1286          | 1290          | 1295           | 1295           |
| Preference Capital                   | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0              |
| Reserves & Surplus                   | 72058         | 79270         | 88572         | 98786         | 103873        | 107078        | 115209         | 125208         |
| <b>Networth</b>                      | <b>73213</b>  | <b>80429</b>  | <b>89736</b>  | <b>99951</b>  | <b>105159</b> | <b>108368</b> | <b>116504</b>  | <b>126503</b>  |
| Deposits                             | 331914        | 361563        | 421426        | 490039        | 560975        | 652920        | 770969         | 845023         |
| Change (%)                           | 13.4          | 8.9           | 16.6          | 16.3          | 14.5          | 16.4          | 18.1           | 9.6            |
| CASA Deposits                        | 142378        | 164380        | 193100        | 246821        | 289925        | 323940        | 347818         | 363360         |
| Change (%)                           | 16.2          | 15.5          | 17.5          | 27.8          | 17.5          | 11.7          | 7.4            | 4.5            |
| Borrowings                           | 154759        | 172417        | 174807        | 147556        | 182859        | 165320        | 162897         | 165777         |
| <b>Other Liabilities &amp; Prov.</b> | <b>34756</b>  | <b>31720</b>  | <b>34726</b>  | <b>34245</b>  | <b>30196</b>  | <b>37851</b>  | <b>47995</b>   | <b>50075</b>   |
| <b>Total Liabilities</b>             | <b>594642</b> | <b>646129</b> | <b>720695</b> | <b>771791</b> | <b>879189</b> | <b>964459</b> | <b>1098365</b> | <b>1187378</b> |
| Cash & Bank                          | 41530         | 42305         | 59869         | 75713         | 84169         | 80296         | 119156         | 131458         |
| Investments                          | 177022        | 158129        | 160412        | 161507        | 202994        | 207733        | 249531         | 265337         |
| Change (%)                           | 3.3           | -10.7         | 1.4           | 0.7           | 25.7          | 2.3           | 20.1           | 6.3            |
| Advances                             | 338703        | 387522        | 435264        | 464232        | 512395        | 586647        | 645290         | 709819         |
| Change (%)                           | 16.7          | 14.4          | 12.3          | 6.7           | 10.4          | 14.5          | 10.0           | 10.0           |
| Fixed Assets                         | 4678          | 4726          | 7577          | 7805          | 7904          | 7931          | 8410           | 8578           |
| Other Assets                         | 32709         | 53448         | 57574         | 62535         | 71727         | 81852         | 75978          | 72185          |
| <b>Total Assets</b>                  | <b>594642</b> | <b>646129</b> | <b>720695</b> | <b>771791</b> | <b>879189</b> | <b>964459</b> | <b>1098365</b> | <b>1187378</b> |

### Income Statement

Fig in Rs Cr

| Y/E March               | FY14  | FY15  | FY16  | FY17  | FY18  | FY19  | FY20  | FY21E |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Interest income         | 44178 | 49091 | 52739 | 54156 | 54966 | 63401 | 74798 | 79647 |
| Interest expended       | 27703 | 30052 | 31515 | 32419 | 31940 | 36386 | 41531 | 42540 |
| Net Interest Income     | 16476 | 19040 | 21224 | 21737 | 23026 | 27016 | 33267 | 37107 |
| Change (%)              | 18.8  | 15.6  | 11.5  | 2.4   | 5.9   | 17.3  | 23.1  | 11.5  |
| Other Income            | 10428 | 12176 | 15323 | 19504 | 17420 | 14512 | 16449 | 18332 |
| Change (%)              | 24.9  | 16.8  | 25.8  | 27.3  | -10.7 | -16.7 | 13.3  | 11.4  |
| Core Fee Income         | 7758  | 8286  | 8819  | 9453  | 10341 | 11989 | 13711 | 12197 |
| Treasury Income         | 1016  | 1694  | 4061  | 8576  | 5802  | 1366  | 1293  | 4959  |
| Others                  | 1654  | 2196  | 2443  | 1475  | 1277  | 1157  | 1445  | 1176  |
| Total Net Income        | 26903 | 31216 | 36547 | 41242 | 40445 | 41528 | 49716 | 55439 |
| Operating Expenses      | 10309 | 11496 | 12684 | 14755 | 15704 | 18089 | 21614 | 20758 |
| Change (%)              | 14.4  | 11.5  | 10.3  | 16.3  | 6.4   | 15.2  | 19.5  | -4.0  |
| Employee Expenses       | 4220  | 4750  | 5002  | 5734  | 5914  | 6808  | 8271  | 8665  |
| Pre-provisioning Profit | 16595 | 19720 | 23864 | 26487 | 24742 | 23439 | 28101 | 34680 |
| Change (%)              | 25.7  | 18.8  | 21.0  | 11.0  | -6.6  | -5.3  | 19.9  | 23.4  |
| Provisions              | 2626  | 3900  | 8068  | 15208 | 17307 | 19661 | 14053 | 21606 |
| Change (%)              | 45.7  | 48.5  | 106.9 | 88.5  | 13.8  | 13.6  | -28.5 | 53.7  |
| PBT                     | 13968 | 15820 | 12196 | 11279 | 7435  | 3778  | 14048 | 13074 |
| Tax                     | 4158  | 4645  | 2469  | 1478  | 657   | 413   | 6117  | 3077  |
| Profit After Tax        | 9810  | 11175 | 9726  | 9801  | 6777  | 3364  | 7931  | 9998  |
| Change (%)              | 17.8  | 13.9  | -13.0 | 0.8   | -30.9 | -50.4 | 135.7 | 26.1  |

## Financial Details

### Key Ratios

| Y/E March                    | FY14  | FY15  | FY16  | FY17 | FY18 | FY19 | FY20 | FY21E |
|------------------------------|-------|-------|-------|------|------|------|------|-------|
| <b>Balance Sheet Metrics</b> |       |       |       |      |      |      |      |       |
| Loan Growth (%)              | 17    | 14    | 12    | 7    | 10   | 14   | 10   | 10    |
| Deposit Growth (%)           | 13    | 9     | 17    | 16   | 14   | 16   | 18   | 10    |
| C/D Ratio (%)                | 102.0 | 107.2 | 103.3 | 94.7 | 91.3 | 89.8 | 83.7 | 84.0  |
| CASA (%)                     | 42.9  | 45.5  | 45.8  | 50.4 | 51.7 | 49.6 | 45.1 | 43.0  |
| Investment/Deposit (%)       | 53.3  | 43.7  | 38.1  | 33.0 | 36.2 | 31.8 | 32.4 | 31.4  |
| CRAR (%)                     | 17.7  | 17.0  | 16.6  | 17.4 | 18.4 | 16.9 | 16.1 | 16.1  |
| Tier 1 (%)                   | 12.8  | 12.8  | 13.1  | 14.4 | 15.9 | 15.1 | 14.7 | 14.3  |
| Tier 2 (%)                   | 4.9   | 4.2   | 3.6   | 3.0  | 2.5  | 1.8  | 1.4  | 1.8   |

### Assets Quality Metrics

|                                |        |        |        |        |        |        |        |        |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Gross NPA (Rs)                 | 10,554 | 15,242 | 26,721 | 42,552 | 54,063 | 46,292 | 41,409 | 45,241 |
| Gross NPA (%)                  | 2.6    | 3.3    | 5.2    | 7.9    | 8.8    | 6.7    | 5.5    | 5.5    |
| Net NPA(Rs)                    | 3,301  | 6,325  | 13,297 | 25,451 | 27,886 | 13,577 | 10,114 | 7,639  |
| Net NPA (%)                    | 0.8    | 1.4    | 2.7    | 4.9    | 4.8    | 2.1    | 1.4    | 1.0    |
| Slippages (%)                  | 2      | 2      | 5      | 8      | 7      | 3      | 3      | 4      |
| Provision Coverage (%)         | 69     | 59     | 50     | 40     | 48     | 71     | 76     | 83     |
| Provision/Average Advances (%) | 0.8    | 1.1    | 2.8    | 3.4    | 3.5    | 3.6    | 2.3    | 3.2    |

### Margin Metrics

|                             |      |     |     |     |     |     |     |     |
|-----------------------------|------|-----|-----|-----|-----|-----|-----|-----|
| Yield On Advances (%)       | 10.0 | 9.8 | 9.5 | 8.8 | 8.4 | 8.7 | 9.3 | 8.7 |
| Yield On Investment (%)     | 6.6  | 6.3 | 6.7 | 7.1 | 6.3 | 6.2 | 6.4 | 6.5 |
| Yield on Earning Assets (%) | 8.5  | 8.6 | 8.3 | 7.9 | 7.3 | 7.5 | 7.8 | 7.6 |
| Cost Of Deposits (%)        | 5.7  | 5.9 | 5.5 | 5.0 | 4.5 | 4.4 | 4.6 | 4.2 |
| Cost Of Funds (%)           | 5.8  | 5.7 | 5.4 | 5.1 | 4.5 | 4.6 | 4.6 | 4.3 |
| Spread (%)                  | 2.7  | 2.8 | 2.9 | 2.8 | 2.7 | 2.9 | 3.2 | 3.3 |
| NIM (%)                     | 3.2  | 3.3 | 3.3 | 3.2 | 3.0 | 3.2 | 3.5 | 3.5 |

### Profitability & Efficiency Metrics

|                             |      |      |      |      |      |      |      |      |
|-----------------------------|------|------|------|------|------|------|------|------|
| Int. Expense/Int.Income (%) | 62.7 | 61.2 | 59.8 | 59.9 | 58.1 | 57.4 | 55.5 | 53.4 |
| Fee Income/NII (%)          | 47.1 | 43.5 | 41.6 | 43.5 | 44.9 | 44.4 | 41.2 | 32.9 |
| Cost to Income (%)          | 38.3 | 36.8 | 34.7 | 35.8 | 38.8 | 43.6 | 43.5 | 37.4 |
| Cost on Average Assets (%)  | 1.8  | 1.9  | 1.9  | 2.0  | 1.9  | 2.0  | 2.1  | 1.8  |
| Tax Rate (%)                | 29.8 | 29.4 | 20.2 | 13.1 | 8.8  | 10.9 | 43.5 | 23.5 |

### Valuation Ratio Metrics

|                     |       |       |        |       |        |       |       |       |
|---------------------|-------|-------|--------|-------|--------|-------|-------|-------|
| EPS (Rs)            | 15.4  | 17.5  | 15.2   | 15.3  | 10.5   | 5.2   | 12.3  | 15.4  |
| Change (%)          | 17.7  | 13.5  | (13.2) | 0.6   | (31.1) | (51)  | 135   | 26    |
| ROAE (%)            | 14.0  | 14.5  | 11.4   | 10.3  | 6.6    | 3.2   | 7.1   | 8.2   |
| ROAA (%)            | 1.7   | 1.8   | 1.4    | 1.3   | 0.8    | 0.4   | 0.8   | 0.9   |
| Dividend Payout (%) | 29.8  | 28.5  | 32.9   | 16.3  | 14.2   | 19.2  | -     | -     |
| Dividend yield (%)  | 2.0   | 1.7   | 2.3    | 1.0   | 0.5    | 0.3   | -     | -     |
| Book Value (Rs)     | 115.3 | 126.1 | 140.3  | 156.0 | 163.6  | 168.1 | 180.0 | 195.3 |
| Change (%)          | 10    | 9     | 11     | 11    | 5      | 3     | 7     | 9     |
| P/B (X)             | 2.0   | 2.3   | 1.5    | 1.6   | 1.7    | 2.4   | 2.1   | 2.0   |
| P/E (X)             | 14.7  | 16.4  | 14.1   | 16.5  | 26.4   | 76.5  | 31.2  | 24.73 |

## Financial Details

### Exhibit: DuPont Analysis

|                                 | FY15        | FY16        | FY17        | FY18       | FY19       | FY20       | FY21E      |
|---------------------------------|-------------|-------------|-------------|------------|------------|------------|------------|
| Interest Income                 | 7.9         | 7.7         | 7.3         | 6.7        | 6.9        | 7.3        | 7.0        |
| Interest expended               | 4.8         | 4.6         | 4.3         | 3.9        | 3.9        | 4.0        | 3.7        |
| <b>Net Interest Income</b>      | <b>3.1</b>  | <b>3.1</b>  | <b>2.9</b>  | <b>2.8</b> | <b>2.9</b> | <b>3.2</b> | <b>3.2</b> |
| Non-Fund Based Income           | 2.0         | 2.2         | 2.6         | 2.1        | 1.6        | 1.6        | 1.6        |
| Core Fee Income                 | 1.3         | 1.3         | 1.3         | 1.3        | 1.3        | 1.3        | 1.1        |
| <b>Trading and Other Income</b> | <b>0.6</b>  | <b>1.0</b>  | <b>1.3</b>  | <b>0.9</b> | <b>0.3</b> | <b>0.3</b> | <b>0.5</b> |
| Core Operating Income           | 4.4         | 4.4         | 4.2         | 4.0        | 4.2        | 4.6        | 4.3        |
| <b>Total Income</b>             | <b>5.0</b>  | <b>5.3</b>  | <b>5.5</b>  | <b>4.9</b> | <b>4.5</b> | <b>4.8</b> | <b>4.9</b> |
| Total Operating Expenses        | 1.9         | 1.9         | 2.0         | 1.9        | 2.0        | 2.1        | 1.8        |
| 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        | 1.1        |
| <b>Operating Profit</b>         | <b>3.2</b>  | <b>3.5</b>  | <b>3.5</b>  | <b>3.0</b> | <b>2.5</b> | <b>2.7</b> | <b>3.0</b> |
| Provisions                      | 0.6         | 1.2         | 2.0         | 2.1        | 2.1        | 1.4        | 1.9        |
| Others                          | -           | 0.5         | -           | -          | -          | -          | -          |
| PBT                             | 2.6         | 1.8         | 1.5         | 0.9        | 0.4        | 1.4        | 1.1        |
| Tax                             | 0.7         | 0.4         | 0.2         | 0.1        | 0.0        | 0.6        | 0.3        |
| <b>PAT/RoAA</b>                 | <b>1.8</b>  | <b>1.4</b>  | <b>1.3</b>  | <b>0.8</b> | <b>0.4</b> | <b>0.8</b> | <b>0.9</b> |
| Equity Multiplier (x)           | 8.1         | 8.0         | 7.9         | 8.0        | 8.6        | 9.2        | 9.4        |
| <b>ROAE</b>                     | <b>14.5</b> | <b>11.4</b> | <b>10.3</b> | <b>6.6</b> | <b>3.2</b> | <b>7.1</b> | <b>8.2</b> |



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