

City Union Bank

Refer to important disclosures at the end of this report

Higher NPAs led by Covid drags bank into loss; downgrade to Hold

CMP: Rs 137
as of (June 18, 2020)

TP: Rs 132 (▼)
12 months

Rating: HOLD (▼)

Upside: (3.4) %



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- CUB reported disappointing results, with a historic loss of Rs0.95bn mainly on higher NPA recognition, which resulted in higher specific provisions (Rs3.1bn) and contingent Covid-19 provisions (Rs1.2bn). RoA for FY20 stood low at 1% vs. typical the run rate of 1.5-1.6%.
- Headline GNPA ratio jumped 59bps QoQ to 4.1% due to accelerated impairment from the SMA 2 pool (Rs3.9bn) due to the lockdown. The SMA 2 pool decreased to Rs1.2bn (0.4% of loans) vs. Rs20.3bn (~6%) due to NPA recognition and upgrades/recoveries. The moratorium rate in value is higher at ~52% due to higher share of SME loans.
- CUB expects slippages at 3.25-3.5%, which may come down if restructuring is allowed. However, we prefer to remain conservative and build higher slippages at 4%/LLP at 2.5% (after factoring in contingent Covid-19 provisions), leading to nearly flat RoA at 1% in FY21E, gradually improving to 1.5% by FY23E as asset quality pain recedes.
- We cut our rating on CUB to Hold from Buy and turn EW in EAP, with a revised TP of Rs132 (based on 1.7x FY22 ABV vs. earlier Rs205 based on 2.3x) factoring in moderation in its otherwise superior RoAs and near-term asset quality overhang.

Growth set to remain subdued: Loan book growth slipped further to 4% yoy, due to its continued conscious stance in SME loans and moderation in retail loans. CUB sees a growth opportunity in the SME book of Rs12bn (out of eligibility of Rs18bn under the SME guarantee scheme), however, would prefer to remain cautious in corporate growth. Deposit growth also slowed down in Q4 to 6% yoy/2% qoq, but CASA ratio improved 163 bps qoq to 25% amid the flight of deposits from small/mid-size banks. However, NIMs were down 5 bps qoq to 3.9% due to interest reversal on NPAs and sticky cost of funding. The bank has cut deposit rates, but we believe that elevated NPA formation may still weigh on margins in the near term.

Accelerated NPA recognition from SMA pool: Fresh slippages have been higher for the bank for some time, but far higher at Rs4.9bn (5.7% of loans) mainly from SMA pool (Rs3.9bn) due to the lockdown. However, upgrades from the SMA 2 pool too were on higher side, with Rs10bn leading to net SMA 2 pool as of now at Rs1.2bn (0.4% of loans) vs. Rs20.3bn (6% of loans) in Q3FY20. Standstill benefit was given on SMA 2 loans to the tune of Rs1.2 bn (as on 29 Feb), while the bank made Covid-19-related overall provision of Rs1.2bn (30bps of loan book). Nearly 52% of its book is under moratorium, given the higher share of SME loans and CUB hopes that the RBI will allow restructuring of loans once the second moratorium is over to provide relief to the sector.

Outlook and valuation: We cut our earnings estimates for FY21-22 by 39/27%, factoring in lower credit growth, NIMs and higher LLP, given elevated asset quality pressure in its SME book. Factoring in a sharp earnings/multiple cut, we lower our rating on the bank to Hold and EW in EAP, with a revised TP of Rs132. However, we remain long-term positive on the stock, given its strong capital position, stable management and robust core earnings, which should help the bank reclaim its pre-Covid-19 superior RoAs (1.5% in FY23) as asset quality pressures recede by then. Key risks to our call include higher-than-expected NPAs from the SME/corporate pool.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-Banks \(page 8\)](#)

Financial Snapshot (Standalone)

| (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|------------|--------|--------|--------|--------|--------|
| Net income | 21,259 | 23,551 | 25,041 | 26,748 | 29,428 |
| Net profit | 6,829 | 4,763 | 4,825 | 6,916 | 9,016 |
| EPS (Rs) | 9.3 | 6.5 | 6.5 | 9.4 | 12.2 |
| ABV (Rs) | 60.1 | 63.9 | 68.0 | 77.3 | 88.7 |
| RoA (%) | 1.6 | 1.0 | 1.0 | 1.3 | 1.5 |
| RoE (%) | 15.2 | 9.4 | 8.7 | 11.3 | 13.1 |
| PE (x) | 14.7 | 21.1 | 20.9 | 14.6 | 11.2 |
| P/ABV | 2.3 | 2.1 | 2.0 | 1.8 | 1.5 |

Source: Company, Emkay Research



Change in Estimates

| | |
|-------------------------|-----------|
| EPS Chg FY21E/FY22E (%) | (39)/(27) |
| Target Price change (%) | (35.6) |
| Target Period (Months) | 12 |
| Previous Reco | BUY |

Emkay vs Consensus

| | EPS Estimates | |
|-------------------------|---------------|-------|
| | FY21E | FY22E |
| Emkay | 6.5 | 9.4 |
| Consensus | 10.8 | 12.7 |
| Mean Consensus TP (12M) | Rs 173 | |

Stock Details

| | |
|------------------------------|------------|
| Bloomberg Code | CUBK IN |
| Face Value (Rs) | 1 |
| Shares outstanding (mn) | 737 |
| 52 Week H/L | 249 / 110 |
| M Cap (Rs bn/USD bn) | 101 / 1.32 |
| Daily Avg Volume (nos.) | 1,735,017 |
| Daily Avg Turnover (US\$ mn) | 3.1 |

Shareholding Pattern Mar '20

| | |
|-------------------|-------|
| Promoters | -% |
| FIIs | 20.8% |
| DIIIs | 32.1% |
| Public and Others | 47.1% |

Price Performance

| (%) | 1M | 3M | 6M | 12M |
|----------------------|-----|------|------|------|
| Absolute | 10 | (17) | (41) | (36) |
| Rel. to Nifty | (4) | (31) | (29) | (26) |

Relative price chart



Source: Bloomberg

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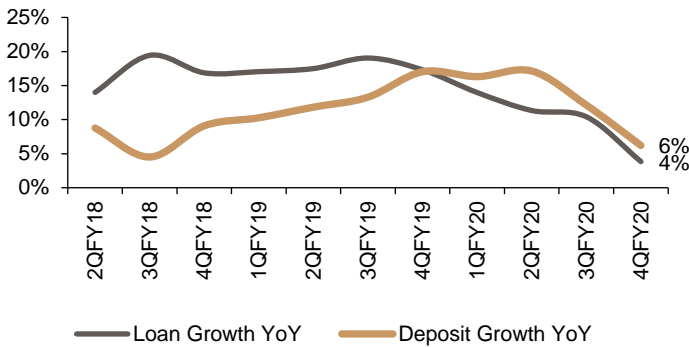
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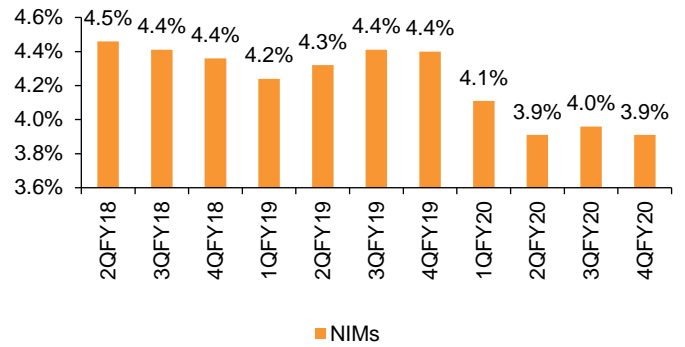
Story in Charts

Exhibit 1: Loan growth slipped further due to impact of Covid-19 induced lockdown



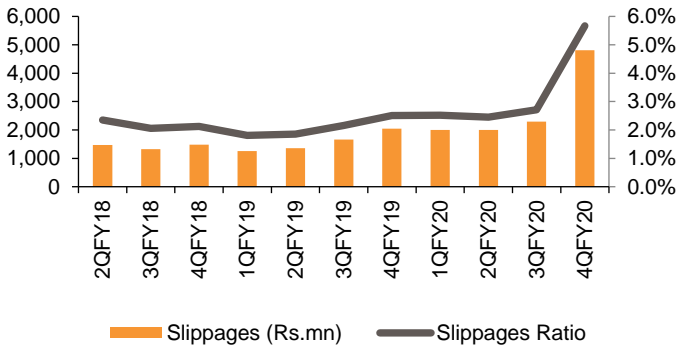
Source: Company, Emkay Research

Exhibit 2: NIM compressed due to interest reversal on NPAs



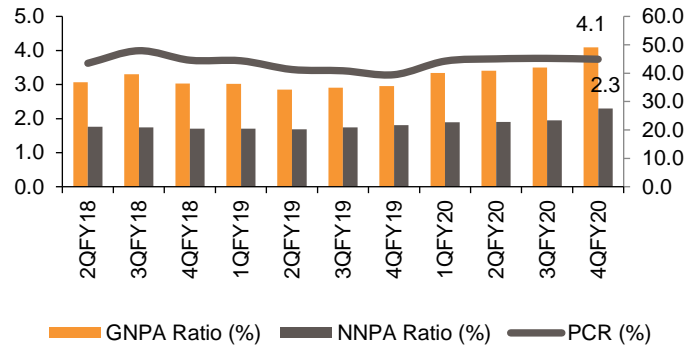
Source: Company, Emkay Research

Exhibit 3: Slippages of Rs4.8bn included Rs3.9bn from SMA 2 pool due to halt in recoveries



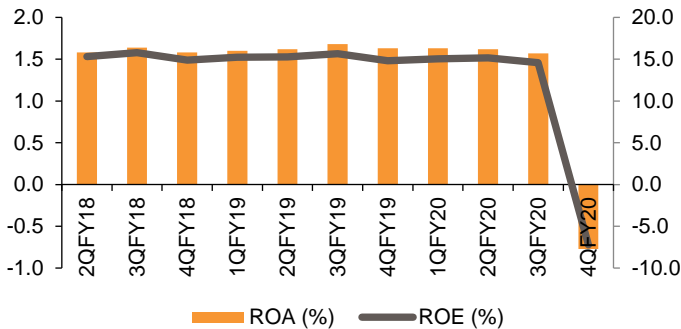
Source: Company, Emkay Research

Exhibit 4: Higher slippages led to increase in GNPA ratio by 59 bps qoq to 4.1%



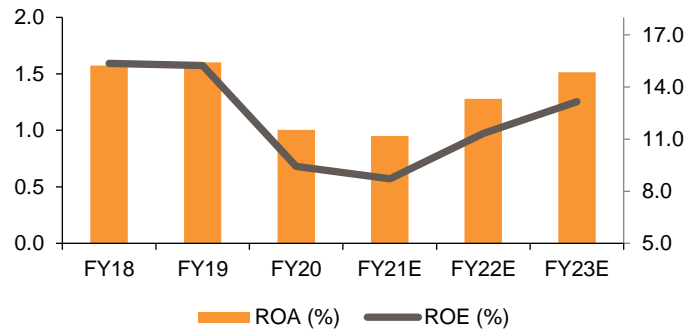
Source: Company, Emkay Research

Exhibit 5: Higher NPA/Covid-19 contingent provisions led to historical loss for CUBK



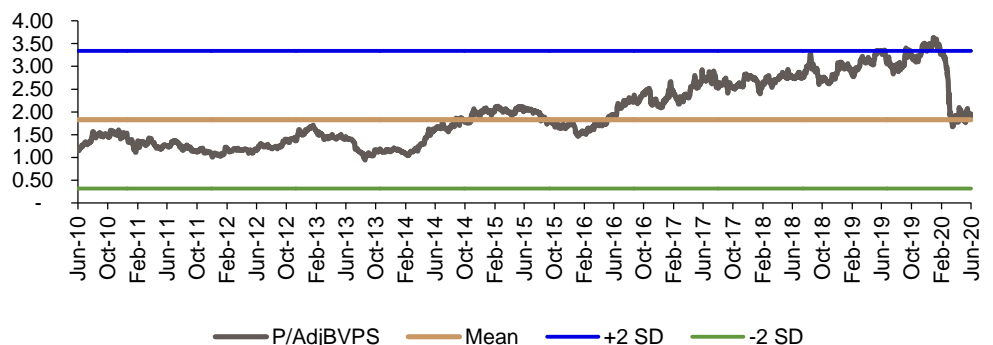
Source: Company, Emkay Research

Exhibit 6: We expect RoAs to remain moderate at 1% in FY21E, before gradually improving to pre-Covid-19 levels of 1.5% in FY23E



Source: Company, Emkay Research

Exhibit 7: The stock currently trades at 1.7x – 1 year forward ABV



Source: Company, Emkay Research

Exhibit 8: Actual vs. Estimates

| Rs mn | Actuals | Estimates | | % Variation | | Comments |
|------------|---------|-----------|-----------|-------------|-----------|------------------------------|
| | | Emkay | Consensus | Emkay | Consensus | |
| Net income | 5,988 | 5,954 | 5,313 | 1% | 13% | In line with estimate |
| PPOP | 3,351 | 3,374 | 3,305 | -1% | 1% | In line with estimate |
| PAT | -953 | 1,829 | 1,753 | -152% | -154% | Higher LLP led to a PAT miss |

Source: Company, Emkay Research

Exhibit 9: Quarterly Summary

| Rs (mn) | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | YoY (%) | QoQ (%) | FY20 | FY21E | YoY (%) |
|---------------------------|--------|--------|--------|--------|--------|---------|---------|--------|--------|---------|
| Interest Earned | 9,846 | 10,292 | 10,368 | 10,608 | 10,417 | 6 | -2 | 41,686 | 43,673 | 5 |
| Interest Exp | 5,640 | 6,124 | 6,253 | 6,336 | 6,222 | 10 | -2 | 24,934 | 25,686 | 3 |
| Net Interest Income | 4,206 | 4,169 | 4,115 | 4,272 | 4,195 | 0 | -2 | 16,752 | 17,987 | 7 |
| Global NIMs (reported) | 4.40 | 4.11 | 3.91 | 3.96 | 3.91 | -49bps | -5bps | 3.73 | 3.76 | 3bps |
| Non-interest Income | 1,469 | 1,633 | 1,950 | 1,424 | 1,793 | 22 | 26 | 6,799 | 7,054 | 4 |
| Operating Expenses | 2,297 | 2,288 | 2,600 | 2,612 | 2,637 | 15 | 1 | 10,137 | 10,795 | 6 |
| Pre Provisioning Profit | 3,378 | 3,514 | 3,465 | 3,084 | 3,351 | -1 | 9 | 13,414 | 14,246 | 6 |
| Provision & Contingencies | 907 | 1,158 | 1,080 | 810 | 4,504 | 397 | 456 | 7,551 | 8,215 | 9 |
| PBT | 2,471 | 2,356 | 2,385 | 2,274 | -1,153 | -147 | -151 | 5,863 | 6,031 | 3 |
| Income Tax Expense (Gain) | 720 | 500 | 450 | 350 | -200 | -128 | -157 | 1,100 | 1,206 | 10 |
| Net Profit/(Loss) | 1,751 | 1,856 | 1,935 | 1,924 | -953 | -154 | -150 | 4,763 | 4,825 | 1 |
| Gross NPA (%) | 2.95 | 3.34 | 3.41 | 3.50 | 4.09 | 114bps | 59bps | 4.09 | 5.29 | 121bps |
| Net NPA (%) | 1.81 | 1.89 | 1.90 | 1.95 | 2.29 | 48bps | 34bps | 2.29 | 2.88 | 58bps |
| Deposits (Rs in bn) | 384 | 391 | 405 | 398 | 408 | 6 | 3 | 408 | 432 | 6 |
| Net Advances (Rs in bn) | 327 | 317 | 328 | 338 | 339 | 4 | 0 | 339 | 354 | 4 |

Source: Company, Emkay Research

Exhibit 10: Revision in Estimates

| Y/E Mar (Rs mn) | FY21E | | | FY22E | | | FY23E Introduced |
|--------------------|---------|---------|----------|---------|---------|----------|---------------------|
| | Earlier | Revised | % change | Earlier | Revised | % change | |
| Net income | 25,515 | 25,041 | -1.86% | 28,545 | 26,748 | -6.30% | 29,428 |
| PPOP | 14,373 | 14,246 | -0.9% | 16,107 | 14,950 | -7.2% | 16,463 |
| PAT | 7,931 | 4,825 | -39.2% | 9,426 | 6,916 | -26.6% | 9,016 |
| EPS (Rs) | 10.8 | 6.5 | -39.3% | 12.8 | 9.4 | -26.8% | 12.2 |
| BV (Rs) | 84.7 | 78.4 | -7.5% | 96.7 | 87.3 | -9.7% | 98.9 |

Source: Company, Emkay Research

We have cut our earnings estimates for FY21-22E by 39/27%, factoring in lower credit growth, NIMs and higher LLP.

Exhibit 11: Key Assumptions

| | FY20 | FY21E | FY22E | FY23E |
|------------------|------|-------|-------|-------|
| Loan Growth % | 3.8 | 4.3 | 10.0 | 13.3 |
| Deposit Growth % | 6.2 | 5.7 | 8.8 | 11.2 |
| NIM % | 3.7 | 3.8 | 3.9 | 3.9 |
| GNPA % | 4.1 | 5.3 | 4.9 | 4.5 |
| Credit Cost % | 2.5 | 2.5 | 1.7 | 1.2 |

Source: Company, Emkay Research

Exhibit 12: Key Ratios and Trends

| | 2QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Loans Rs mn | 250,450 | 278,528 | 278,524 | 294,251 | 306,370 | 326,733 | 317,439 | 327,603 | 338,276 | 339,274 |
| Loans YoY | 14.0 | 16.9 | 17.0 | 17.5 | 19.0 | 17.3 | 14.0 | 11.3 | 10.4 | 3.8 |
| Loans QoQ | 5.2 | 8.2 | (0.0) | 5.6 | 4.1 | 6.6 | (2.8) | 3.2 | 3.3 | 0.3 |
| Composition % | | | | | | | | | | |
| - Corporate | 32.0 | 31.8 | 31.1 | 30.6 | 30.4 | 32.1 | 32.3 | 33.3 | 32.7 | 33.4 |
| - SME/BB | 34.2 | 34.4 | 34.4 | 34.2 | 33.7 | 31.5 | 33.7 | 33.8 | 33.0 | 31.7 |
| - Retail | 20.0 | 20.5 | 20.8 | 21.4 | 21.2 | 22.7 | 20.6 | 20.2 | 20.8 | 20.7 |
| - Agri | 13.8 | 13.3 | 13.7 | 13.8 | 14.7 | 13.7 | 13.5 | 12.7 | 13.5 | 14.2 |
| Liability Profile | | | | | | | | | | |
| Deposit | 308,816 | 328,526 | 335,974 | 345,340 | 355,040 | 384,479 | 390,768 | 404,512 | 398,120 | 408,325 |
| growth YoY | 8.8 | 9.1 | 10.3 | 11.8 | 13.3 | 17.0 | 16.3 | 17.1 | 12.1 | 6.2 |
| growth QoQ | 1.4 | 4.8 | 2.3 | 2.8 | 2.8 | 8.3 | 1.6 | 3.5 | (1.6) | 2.6 |
| CASA % | 23.0 | 24.2 | 23.9 | 23.6 | 23.9 | 25.2 | 23.4 | 24.7 | 23.3 | 25.0 |
| CA % | 8.1 | 8.5 | 8.2 | 7.9 | 7.2 | 8.4 | 7.3 | 7.8 | 7.1 | 7.2 |
| SA % | 14.9 | 15.7 | 15.7 | 15.8 | 16.6 | 16.9 | 16.1 | 16.9 | 16.3 | 17.8 |
| Branches | 555 | 600 | 601 | 607 | 616 | 650 | 650 | 650 | 660 | 700 |
| NIM % | 4.46 | 4.36 | 4.24 | 4.32 | 4.41 | 4.40 | 4.11 | 3.91 | 3.96 | 3.91 |
| Asset Quality | | | | | | | | | | |
| GNPA % | 3.1 | 3.0 | 3.0 | 2.9 | 2.9 | 3.0 | 3.3 | 3.4 | 3.5 | 4.1 |
| NNPA % | 1.8 | 1.7 | 1.7 | 1.7 | 1.7 | 1.8 | 1.9 | 1.9 | 2.0 | 2.3 |
| PCR % | 43.5 | 44.6 | 44.4 | 41.3 | 40.8 | 39.5 | 44.3 | 45.0 | 45.2 | 44.9 |
| Slippages (Rs mn) | 1,468 | 1,482 | 1,259 | 1,362 | 1,657 | 2,044 | 1,999 | 2,003 | 2,295 | 4,807 |
| Slippages % | 2.7 | 2.5 | 2.1 | 2.2 | 2.6 | 2.9 | 2.9 | 2.7 | 3.0 | 5.9 |
| Capital Adequacy | | | | | | | | | | |
| CAR % | 15.3 | 16.2 | 16.1 | 15.1 | 14.8 | 15.6 | 15.7 | 15.5 | 15.4 | 16.8 |
| Networth | 38,465 | 41,632 | 43,295 | 44,710 | 46,290 | 48,408 | 50,264 | 51,812 | 53,737 | 52,960 |
| ROE Decomposition | | | | | | | | | | |
| NII | 4.0 | 3.8 | 3.8 | 3.9 | 4.2 | 4.0 | 3.6 | 3.5 | 3.7 | 3.6 |
| Other Income | 1.0 | 0.9 | 1.1 | 1.0 | 1.0 | 1.2 | 1.0 | 1.0 | 0.9 | 0.9 |
| Opex | 2.1 | 2.0 | 2.0 | 2.2 | 2.3 | 2.2 | 2.0 | 2.2 | 2.3 | 2.3 |
| PPOP | 3.6 | 3.0 | 3.0 | 2.9 | 3.1 | 3.2 | 3.1 | 2.9 | 2.7 | 2.9 |
| Provisioning Cost | 1.4 | 0.9 | 0.8 | 0.7 | 0.8 | 0.9 | 1.0 | 0.9 | 0.7 | 3.9 |
| PBT | 2.1 | 2.1 | 2.2 | 2.2 | 2.3 | 2.4 | 2.1 | 2.0 | 2.0 | (1.0) |
| ROA | 1.6 | 1.6 | 1.6 | 1.7 | 1.8 | 1.7 | 1.6 | 1.6 | 1.7 | (0.8) |
| Leverage (x) | 9.5 | 9.5 | 9.4 | 9.2 | 8.8 | 8.8 | 9.3 | 9.2 | 8.6 | 8.7 |
| ROE | 15.3 | 14.9 | 15.2 | 15.3 | 15.7 | 14.8 | 15.1 | 15.2 | 14.6 | (7.1) |

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

| Y/E Mar (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Net interest income | 16,115 | 16,752 | 17,987 | 19,643 | 22,128 |
| Other income | 5,144 | 6,799 | 7,054 | 7,104 | 7,300 |
| Fee income | 545 | 600 | 630 | 706 | 790 |
| Net income | 21,259 | 23,551 | 25,041 | 26,748 | 29,428 |
| Operating expenses | 8,859 | 10,137 | 10,795 | 11,797 | 12,966 |
| Pre provision profit | 12,400 | 13,414 | 14,246 | 14,950 | 16,463 |
| PPP excl treasury | 12,074 | 10,971 | 11,803 | 12,752 | 14,484 |
| Provisions | 3,151 | 7,551 | 8,215 | 6,305 | 5,192 |
| Profit before tax | 9,249 | 5,863 | 6,031 | 8,645 | 11,270 |
| Tax | 2,420 | 1,100 | 1,206 | 1,729 | 2,254 |
| Tax rate | 26 | 19 | 20 | 20 | 20 |
| Profit after tax | 6,829 | 4,763 | 4,825 | 6,916 | 9,016 |

Balance Sheet

| Y/E Year End (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Equity | 735 | 737 | 737 | 737 | 737 |
| Reserves | 47,306 | 52,223 | 57,048 | 63,595 | 72,169 |
| Net worth | 48,040 | 52,960 | 57,785 | 64,333 | 72,906 |
| Deposits | 384,479 | 408,325 | 431,793 | 469,647 | 522,072 |
| Borrowings | 4,809 | 20,224 | 18,202 | 16,381 | 13,105 |
| Total liabilities | 452,589 | 497,335 | 517,997 | 564,161 | 625,576 |
| Cash and bank | 19,931 | 20,304 | 21,319 | 22,385 | 23,504 |
| Investments | 77,122 | 91,168 | 97,470 | 105,316 | 115,944 |
| Loans | 326,733 | 339,274 | 353,873 | 389,338 | 441,008 |
| Others | 16,600 | 17,225 | 18,946 | 20,389 | 22,610 |
| Total assets | 452,589 | 497,335 | 517,997 | 564,161 | 625,576 |

Key Ratios (%)

| Y/E Year End | FY19 | FY20 | FY21E | FY22E | FY23E |
|-----------------------|------|------|-------|-------|-------|
| NIM | 4.0 | 3.7 | 3.8 | 3.9 | 3.9 |
| Non-ll/avg assets | 1.2 | 1.4 | 1.4 | 1.3 | 1.2 |
| Fee income/avg assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Opex/avg assets | 2.1 | 2.1 | 2.1 | 2.2 | 2.2 |
| Provisions/avg assets | 0.7 | 1.6 | 1.6 | 1.2 | 0.9 |
| PBT/avg assets | 2.2 | 1.2 | 1.2 | 1.6 | 1.9 |
| Tax/avg assets | 0.6 | 0.2 | 0.2 | 0.3 | 0.4 |
| RoA | 1.6 | 1.0 | 1.0 | 1.3 | 1.5 |
| RoAE | 15.2 | 9.4 | 8.7 | 11.3 | 13.1 |
| GNPA (%) | 3.0 | 4.1 | 5.3 | 4.9 | 4.5 |
| NNPA (%) | 1.8 | 2.3 | 2.9 | 2.5 | 2.3 |

| Per Share Data (Rs) | FY19 | FY20 | FY21E | FY22E | FY23E |
|---------------------|------|------|-------|-------|-------|
| EPS | 9.3 | 6.5 | 6.5 | 9.4 | 12.2 |
| BVPS | 65.4 | 71.8 | 78.4 | 87.3 | 98.9 |
| ABVPS | 60.1 | 63.9 | 68.0 | 77.3 | 88.7 |
| DPS | 0.5 | 0.5 | 0.0 | 0.5 | 0.6 |

| Valuations (x) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------|------|------|-------|-------|-------|
| PER | 14.7 | 21.1 | 20.9 | 14.6 | 11.2 |
| P/BV | 2.3 | 2.1 | 2.0 | 1.8 | 1.5 |
| P/ABV | 2.3 | 2.1 | 2.0 | 1.8 | 1.5 |
| P/PPOP | 8.1 | 7.5 | 7.1 | 6.8 | 6.1 |
| Dividend Yield (%) | 0.4 | 0.4 | 0.0 | 0.4 | 0.4 |

Source: Company, Emkay Research

| Growth (%) | FY19 | FY20 | FY21E | FY22E | FY23E |
|-------------------|-------------|-------------|--------------|--------------|--------------|
| NII | 12.7 | 4.0 | 7.4 | 9.2 | 12.7 |
| PPOP | 2.7 | 8.2 | 6.2 | 4.9 | 10.1 |
| PAT | 15.3 | (30.2) | 1.3 | 43.3 | 30.4 |
| Loans | 17.3 | 3.8 | 4.3 | 10.0 | 13.3 |

| Quarterly (Rs mn) | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20E |
|--------------------------|---------------|---------------|---------------|---------------|----------------|
| NII | 4,206 | 4,169 | 4,115 | 4,272 | 4,195 |
| NIM(%) | 4.4 | 4.1 | 3.9 | 4.0 | 3.9 |
| PPOP | 3,378 | 3,514 | 3,465 | 3,084 | 3,351 |
| PAT | 1,751 | 1,856 | 1,935 | 1,924 | (953) |
| EPS (Rs) | 2.38 | 2.53 | 2.63 | 2.61 | (1.29) |

Source: Company, Emkay Research

| Shareholding Pattern (%) | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Promoters | - | - | - | - | - |
| FII | 24.4 | 24.2 | 22.9 | 22.6 | 20.8 |
| DII | 26.7 | 28.3 | 30.0 | 30.6 | 32.1 |
| Public and Others | 48.9 | 47.5 | 47.2 | 46.8 | 47.1 |

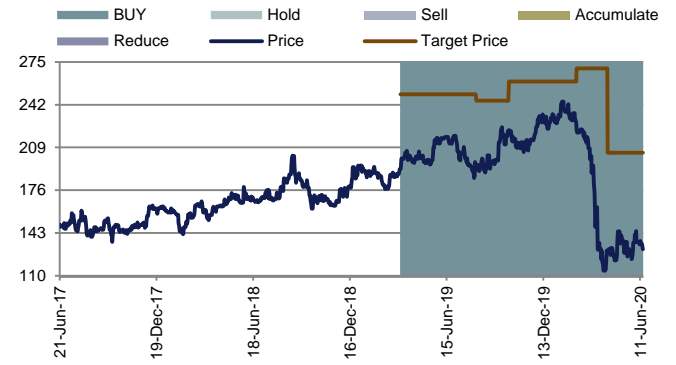
Source: Capitaline

RECOMMENDATION HISTORY TABLE

| Date | Closing Price | TP | Period (months) | Rating | Analyst |
|-----------|---------------|-----|-----------------|--------|------------|
| 11-Apr-20 | 130 | 205 | 12m | Buy | Anand Dama |
| 14-Mar-20 | 195 | 270 | 12m | Buy | Anand Dama |
| 13-Feb-20 | 223 | 270 | 12m | Buy | Anand Dama |
| 7-Nov-19 | 212 | 260 | 12m | Buy | Anand Dama |
| 9-Oct-19 | 222 | 260 | 12m | Buy | Anand Dama |
| 9-Aug-19 | 196 | 245 | 12m | Buy | Anand Dama |
| 17-May-19 | 199 | 250 | 12m | Buy | Anand Dama |
| 20-Mar-19 | 193 | 250 | 12m | Buy | Anand Dama |

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – BFSI-Banks



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Sector

Banks

Analyst bio

Anand Dama is a CA, CPM (ICFAI) with total 12 years of research experience, in addition to 3 years in the finance/rating industry. His team currently covers 21 banks and 15 stocks in the NBFC/Insurance space.

EAP sector portfolio

| Company Name | BSE200 Weight | EAP Weight | OW/UW (%) | OW/UW (bps) | EAP Weight (Normalised) |
|----------------------------|---------------|--------------|--------------|-------------|-------------------------|
| BFSI-Banks | 19.08 | 18.95 | -0.7% | -13 | 100.00 |
| Axis Bank | 1.71 | 1.83 | 7% | 12 | 9.60 |
| AU Small Finance Bank | 0.04 | 0.03 | -36% | -2 | 0.15 |
| Bandhan Bank | 0.12 | 0.12 | 0% | 0 | 0.65 |
| Bank of Baroda | 0.09 | 0.00 | -100% | -9 | 0.00 |
| Canara Bank | 0.03 | 0.00 | -100% | -3 | 0.00 |
| City Union Bank | 0.19 | 0.19 | 0% | 0 | 1.02 |
| DCB Bank | 0.00 | 0.00 | NA | 0 | 0.00 |
| Equitas Holdings | 0.00 | 0.00 | NA | 0 | 0.00 |
| Federal Bank | 0.18 | 0.18 | 0% | 0 | 0.92 |
| HDFC Bank | 7.89 | 8.11 | 3% | 22 | 42.50 |
| ICICI Bank | 4.17 | 4.29 | 3% | 12 | 22.50 |
| Indian Bank | 0.01 | 0.00 | -100% | -1 | 0.00 |
| Indusind Bank | 0.46 | 0.52 | 12% | 5 | 2.72 |
| Karur Vysya Bank | 0.00 | 0.00 | NA | 0 | 0.00 |
| Kotak Mahindra Bank | 2.83 | 2.43 | -14% | -40 | 12.72 |
| Punjab National Bank | 0.06 | 0.00 | -100% | -6 | 0.00 |
| RBL Bank | 0.09 | 0.07 | -22% | -2 | 0.38 |
| State Bank of India | 1.18 | 1.18 | 0% | 0 | 6.16 |
| Ujjivan Small Finance Bank | 0.00 | 0.00 | NA | 0 | 0.00 |
| Union Bank of India | 0.02 | 0.00 | -100% | -2 | 0.00 |
| Yes Bank | 0.00 | 0.00 | NA | 0 | 0.00 |
| Cash | 0.00 | 0.13 | NA | 13 | 0.68 |

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

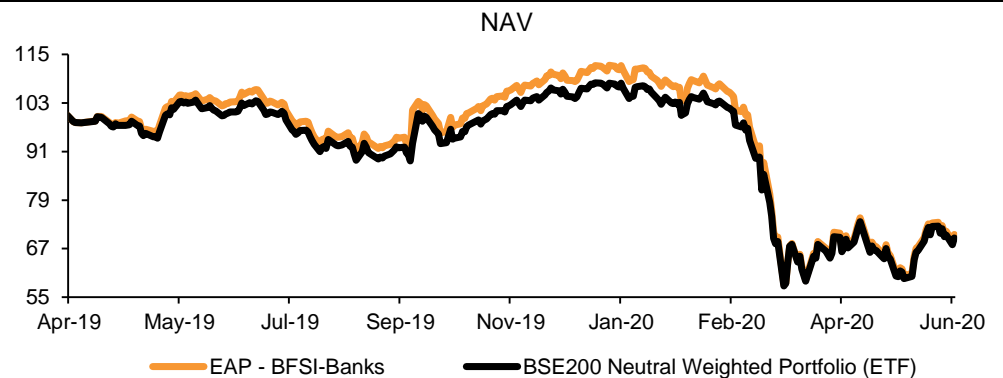
Sector portfolio NAV

| | Base | | | | | Latest |
|---|----------|-----------|-----------|-----------|-----------|-----------|
| | 1-Apr-19 | 16-Sep-19 | 18-Dec-19 | 18-Mar-20 | 18-May-20 | 17-Jun-20 |
| EAP - BFSI-Banks | 100.0 | 94.5 | 111.8 | 71.2 | 61.0 | 70.1 |
| BSE200 Neutral Weighted Portfolio (ETF) | 100.0 | 92.1 | 107.6 | 69.5 | 60.2 | 69.2 |

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

| Ratings | Expected Return within the next 12-18 months. |
|---------|---|
| BUY | Over 15% |
| HOLD | Between -5% to 15% |
| SELL | Below -5% |

Completed Date: 19 Jun 2020 04:07:08 (SGT)

Dissemination Date: 19 Jun 2020 04:08:08 (SGT)

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