

ICICI Bank

Refer to important disclosures at the end of this report

Evolving into a full-stack Digi-Bank - long-term winning strategy for incumbents

CMP: Rs 504

as of (December 4, 2020)

TP: Rs 600 (▲)

12 months

Rating: BUY (■)

Upside: 19.2 %

- Our Digi-Banking Conference on November 26 emphasized that the Digital thrust is turbo-charged due to Covid-19, while digitization and 'fintegration' are the way forward for incumbents. Over the years, ICICI has been evolving into a full-stack digital bank with end-to-end digital solutions across businesses and is well-poised to ride the digital boom.
- ICICI Bank has made adequate investments in digital platforms, leading to virtually no outages - unlike its large peers that have recently faced regulatory ire - and better customer wallet share/profitability. The bank believes that its focus on balanced 'Phygital strategy' and customer life-cycle banking should lead to better revenues, cost savings - boosting core-profitability in the long run.
- Although the discussions were centered around digital initiatives, management reassured its long-standing risk-calibrated growth strategy, focus on customer-level profitability and better asset-quality experience in the current cycle with adequate provisioning buffers in place.
- We believe that ICICI's likely strong delivery on growth, asset quality and return ratios despite the Covid-induced disruption, coupled with its evolution as a strong retail-cum-digital bank, will call for a re-rating. Retain Buy/OW in EAP with a revised TP of Rs600.

Digital platform acts as a force multiplier in retail banking: ICICI has already built a strong and resilient retail banking portfolio (share at 66%) and has reported historically best mortgage disbursements in recent months. After Covid-19, there is a J-Curve digital adoption by customers and ICICI Bank - with its full digital stack - has been able to service and onboard new customers, riding the digital transformation. Based on analysis, digital customers maintain higher a/c balance (1.8x) and also offer higher transactional flows (individual/enterprise), leading to a healthy CASA. The bank plans to use digital tools such as Customer 360 degree view/iGenome for customer profiling, cross-selling products/services across the customer life cycle, and also to target micro-customer segments, driving growth, reducing cost of customer acquisition (60% lower than physical) and improving customer-level RoE, in turn feeding into the bank's profitability. The bank also extensively uses digital tools/partnerships to improve risk management and collections, which will be one of the driving factors for better asset-quality experience after Covid-19.

Corporate and Business banking largely digitized, with focus on Return of Capital and Return on Capital: Corporates, SMEs and BB customers are far more digitized than before and banks are no more capital providers, but are becoming business partners. ICICI Bank has developed an entire digital stack for Corporate/Business banking customers and is extensively using digital tools to onboard new/service existing customers and improve portfolio quality, thereby not only ensuring 'Return of Capital' but also earnings quality, i.e., Return on Capital.

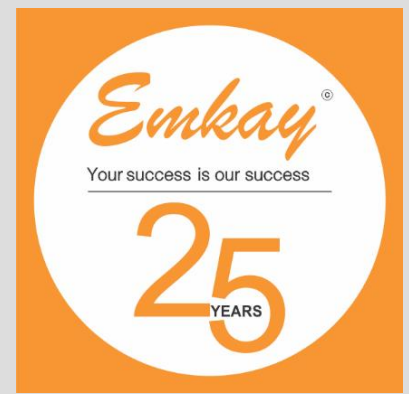
Maintain Buy: We believe that ICICI's emergence as a strong retail-cum-digital bank, expected better asset-quality experience with strong provisioning/capital buffer, and thus better growth trajectory and return ratios over FY22/23E will drive a re-rating. We raise our TP to Rs600, valuing the standalone bank at 2x Dec FY22E ABV and subs at Rs114. Retain Buy/OW in EAP. Key risks: higher-than-expected NPA formation in retail, slow growth and top management attrition.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-Banks \(Page 18\)](#)

Financial Snapshot (Standalone)

| (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|------------|---------|---------|---------|---------|---------|
| Net income | 415,270 | 497,157 | 570,503 | 614,204 | 708,761 |
| Net profit | 33,633 | 79,308 | 122,497 | 171,778 | 228,068 |
| EPS (Rs) | 5.2 | 12.3 | 18.3 | 24.9 | 33.1 |
| ABV (Rs) | 148.3 | 164.8 | 199.0 | 214.8 | 246.9 |
| RoA (%) | 0.4 | 0.8 | 1.1 | 1.4 | 1.6 |
| RoE (%) | 3.3 | 7.3 | 9.7 | 11.6 | 13.6 |
| PE (x) | 74.7 | 31.8 | 21.3 | 15.7 | 11.8 |
| P/ABV | 2.8 | 2.6 | 2.1 | 1.9 | 1.6 |

Source: Company, Emkay Research



Change in Estimates

| | |
|-------------------------|------|
| EPS Chg FY21E/FY22E (%) | -/- |
| Target Price change (%) | 15.4 |
| Target Period (Months) | 12 |
| Previous Reco | BUY |

Emkay vs Consensus

| | EPS Estimates | |
|-------------------------|---------------|-------|
| | FY21E | FY22E |
| Emkay | 18.3 | 24.9 |
| Consensus | 19.9 | 26.1 |
| Mean Consensus TP (12M) | Rs 524 | |

Stock Details

| | |
|------------------------------|---------------|
| Bloomberg Code | ICICIBC IN |
| Face Value (Rs) | 2 |
| Shares outstanding (mn) | 6,900 |
| 52 Week H/L | 552 / 268 |
| M Cap (Rs bn/USD bn) | 3,474 / 47.08 |
| Daily Avg Volume (nos.) | 31,517,810 |
| Daily Avg Turnover (US\$ mn) | 178.1 |

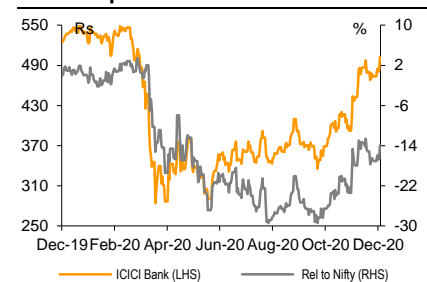
Shareholding Pattern Sep '20

| | |
|-------------------|-------|
| Promoters | -% |
| FII | 37.3% |
| DII | 35.7% |
| Public and Others | 26.9% |

Price Performance

| (%) | 1M | 3M | 6M | 12M |
|---------------|----|----|----|------|
| Absolute | 15 | 35 | 45 | (5) |
| Rel. to Nifty | 3 | 16 | 9 | (14) |

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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Story in Charts

Exhibit 1: ICICI stack as the core strategic pillar



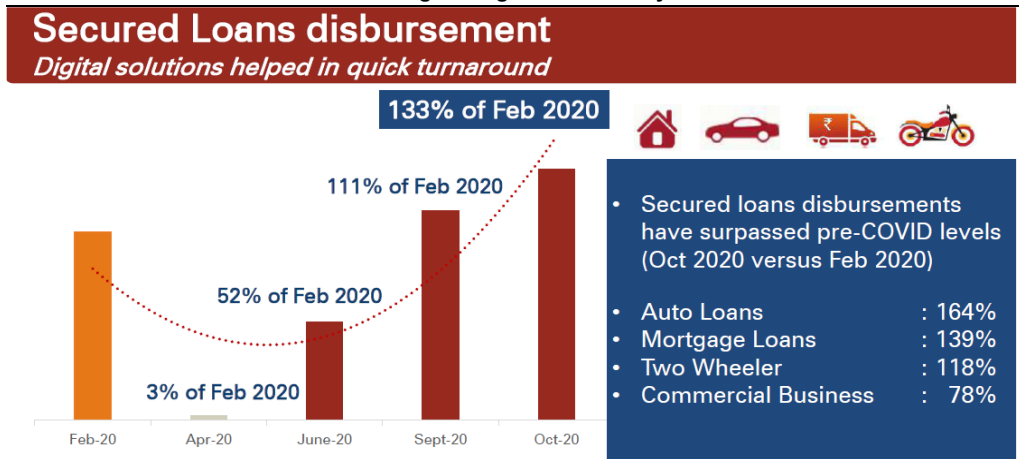
Source: Company, Emkay Research

Exhibit 2: Drivers of profitability – Revenue, cost savings and lower provisioning



Source: Emkay Research, Company

Exhibit 3: Secured loan disbursement registering faster recovery...



Source: Company, Emkay Research

Exhibit 4: Share of Digital origination of Personal Loans (PL)

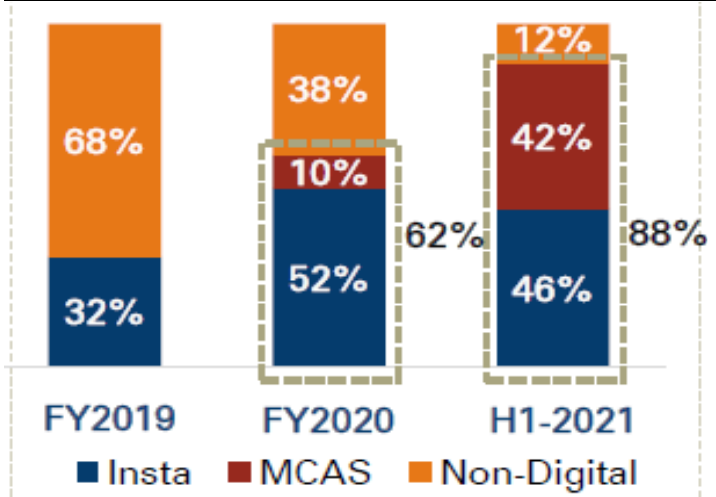


Exhibit 5: Share of Digital origination of Credit Cards (CC)

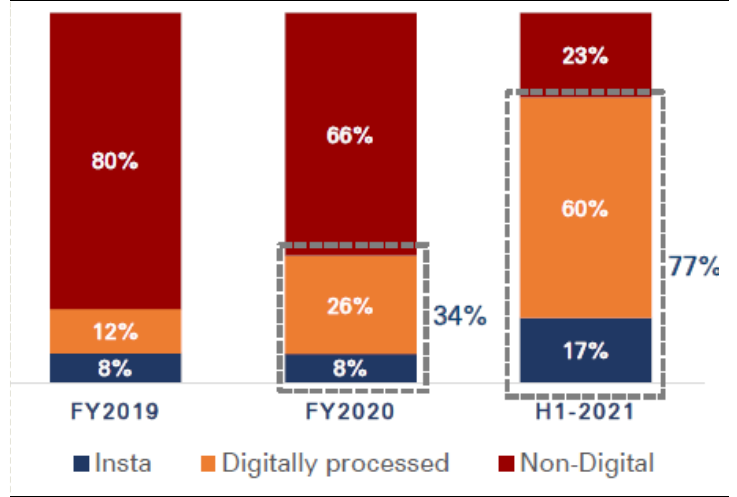


Exhibit 6: RoA/RoE set to improve as impact of Covid-19 recedes

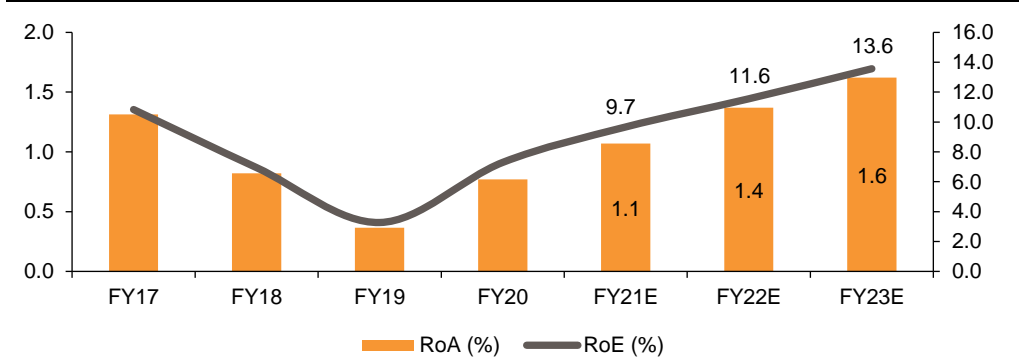


Exhibit 7: Despite recent rally, valuations remain attractive

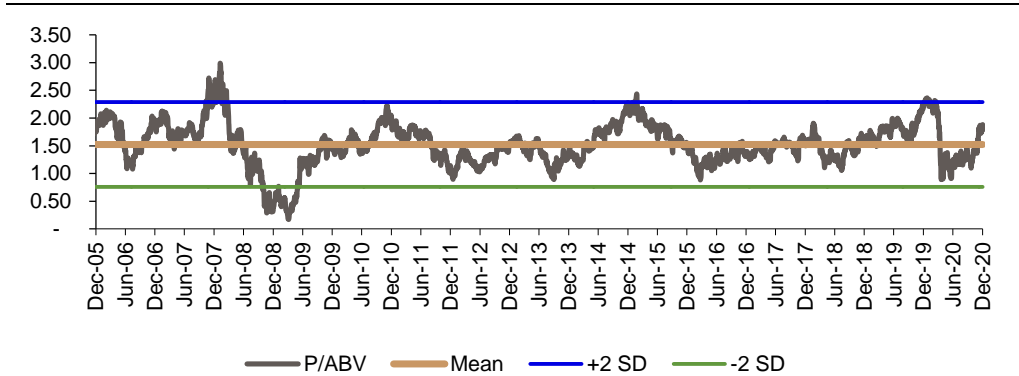


Exhibit 8: Sum-of-the-parts valuation (in Rs per share)

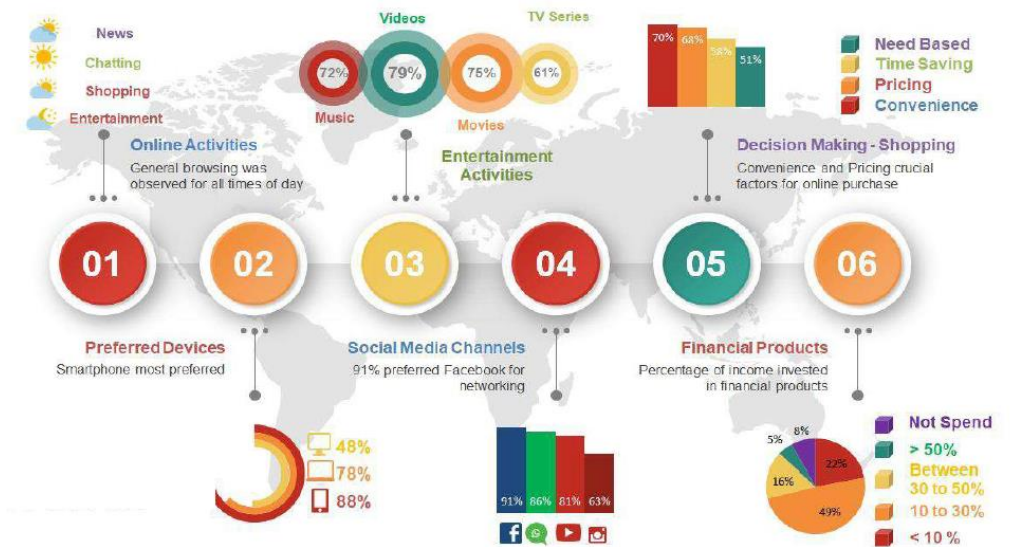
| ICICI SOTP valuation | Stake (%) | Value per share (Rs) | Basis |
|---|-----------|----------------------|--|
| ICICI Standalone (A) | | 486 | 2x Dec FY22E ABV (adj for investments) |
| Banking Non-Banking Subsidiary | | | |
| ICICI Prudential Life Insurance | 51% | 52 | 2.1x Dec FY22E EV |
| ICICI Lombard General Insurance | 52% | 44 | 25x Dec FY22E EPS |
| ICICI Asset Management Company | 51% | 14 | 5% of Dec FY22E AUM |
| ICICI Securities | 79% | 17 | 20x Dec FY22E PE |
| Other Subsidiaries | 100% | 15 | |
| Value of Non-Banking Business | | 142 | |
| Value Post Holding Co. discount (20%) (B) | | 114 | |
| Value of the bank (A+B) | | 600 | |
| Current market price | | 504 | |
| Upside (%) | | 19% | |
| Contribution of subs to total (%) | | 19% | |

Source: Emkay Research

Digitization, ‘fintegration’ is the long-term winning mantra for incumbents; ICICI well-poised to ride the digital boom

Our recent Digi-Banking conference on November 26 emphasized that the Digital thrust is turbo-charged due to Covid-19 with customer preferences swiftly moving toward digital channels and thus embracing digitization; ‘fintegration’ is the way forward for incumbent banks to survive and thrive in the long run. Most incumbent big banks have the digital tools and advantages to push the boundaries of their existing business models, but what hampers their progress is uncertainty about how best to build on core strengths to create sustainable outcomes. The key strategies that incumbent banks need to adopt include: strengthen core business & grow into new ecosystems, create a one-stop financial supermarket for customers, offer products/services across the customer life-cycle journey, monetize data & cross-sell, constantly innovate and become a digital disruptor than being disrupted. As an incumbent bank, ICICI has imbibed these winning strategies to the core and is evolving into full-stack digital bank with end-to-end digital solutions across businesses, driven by creative and clear thinking from top management and is well-poised to ride the digital boom after Covid-19. The bank believes that its well-balanced ‘Phygital strategy’ and customer life-cycle banking will lead to better cross-selling revenues, cost savings and thereby boosting core profitability.

Exhibit 9: Changing customer preferences toward digitization



Source: Emkay Research, ICICI Bank, Market Research in the Mobile world

Exhibit 10: ICICI Stack as the core strategic pillar



Source: Company, Emkay Research

Exhibit 11: 360 degree one-view of customer leads to better cross-sell and customer experience



Source: Company, Emkay Research

Exhibit 12: Strong analytics to help focus on customer-level profitability and thus drive the bank's profitability



Source: Company, Emkay Research

Exhibit 13: Drivers of profitability – Revenue, Cost savings and lower provisioning

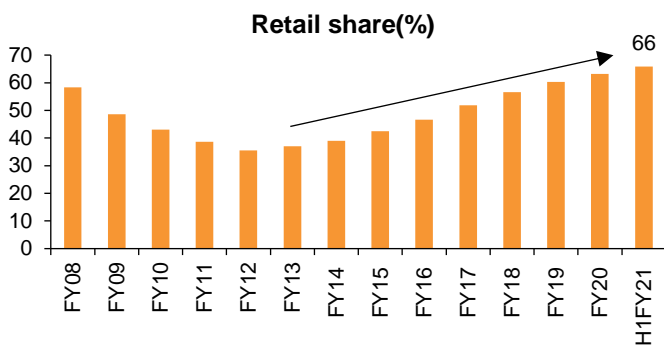


Source: Company, Emkay Research

Digital platform acts as a force multiplier in retail banking

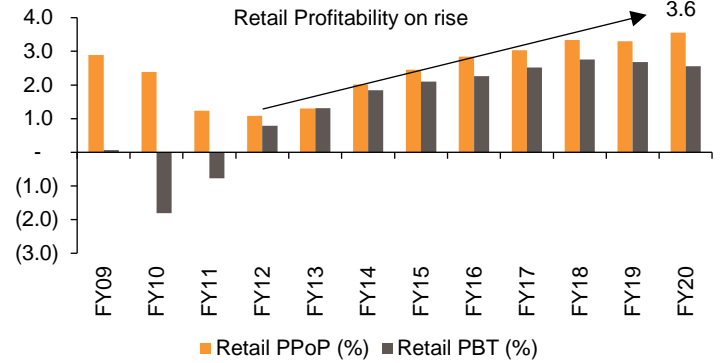
ICICI has already built a strong and resilient retail banking portfolio (share at 66%) and has reported historically best mortgage disbursements in recent months. Unsecured business origination is still slow due to underlying demand dynamics; however, the bank is well-placed to capture the growth as and when it revives - armed with its digital onboarding platform. The bank believes that after Covid-19, there is a J-Curve digital adoption by customers and ICICI Bank - with its digital stack - has been able to service and onboard new customers, riding the digital transformation. The bank plans to use digital tools such as Customer 360 degree view/iGenome for customer profiling, cross-selling products/services across the customer life cycle and also target micro-customer segments, driving growth, reducing cost of acquisition (60% lower than physical) and improving customer-level RoE, in turn feeding into the bank's profitability.

Exhibit 14: Share of Retail book on the rise



Source: Company, Emkay Research

Exhibit 15: Improving retail banking profitability



Source: Company, Emkay Research

Exhibit 16: Focus on life cycle retail banking through ICICI digital stack

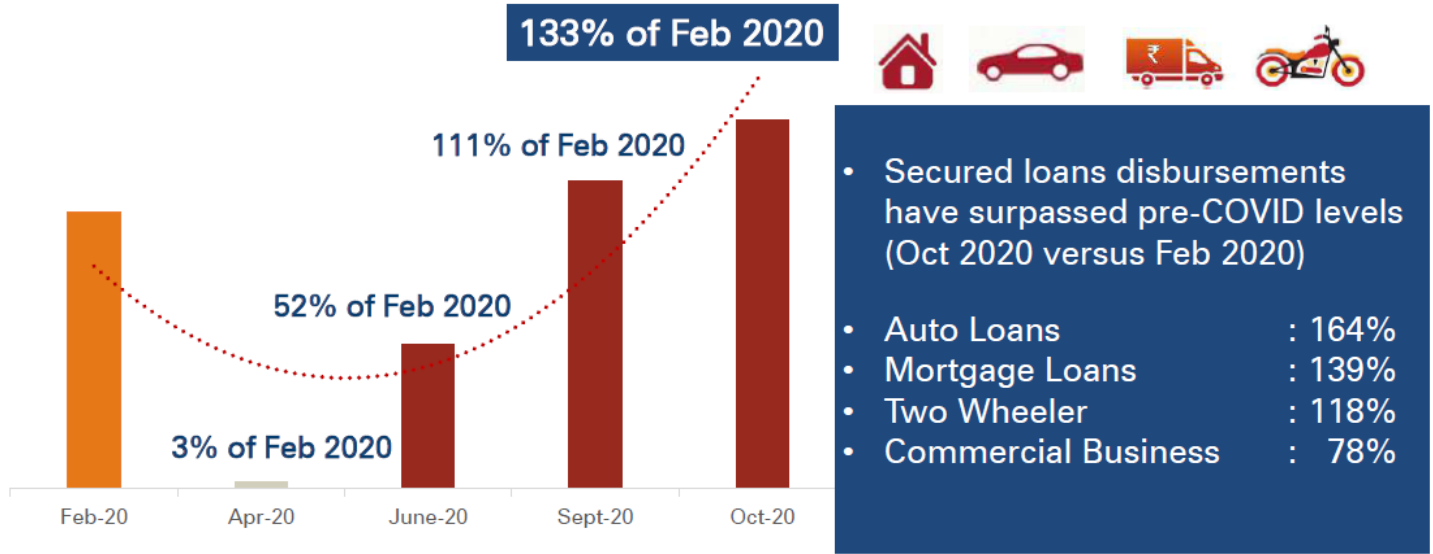


Source: Company, Emkay Research

Exhibit 17: Secured loan disbursement registering faster recovery...

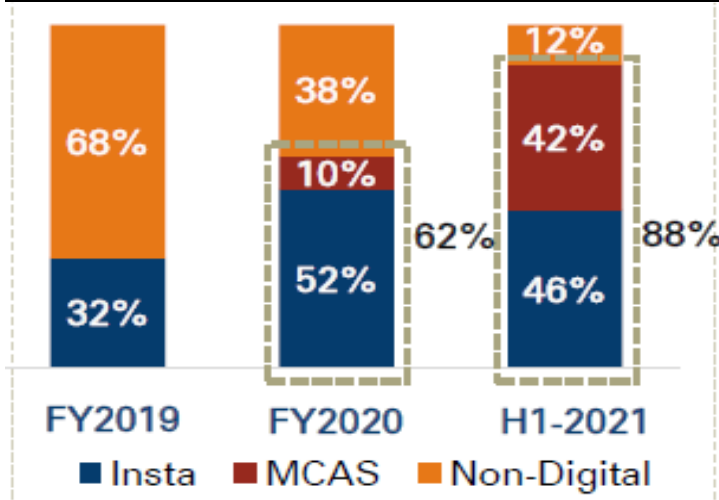
Secured Loans disbursement

Digital solutions helped in quick turnaround



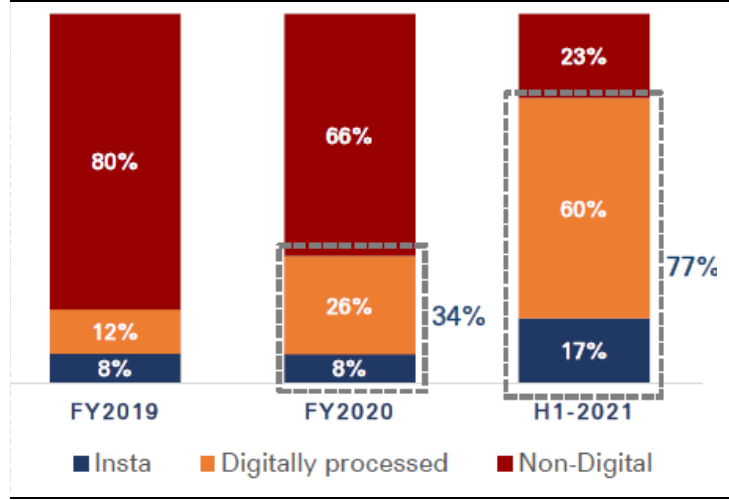
Source: Company, Emkay Research

Exhibit 18: Share of Digital origination of Personal Loans (PL)



Source: Company, Emkay Research; Note: MCAS – Mobile Customer Acquisition System

Exhibit 19: Share of Digital origination in Credit Cards (CC)



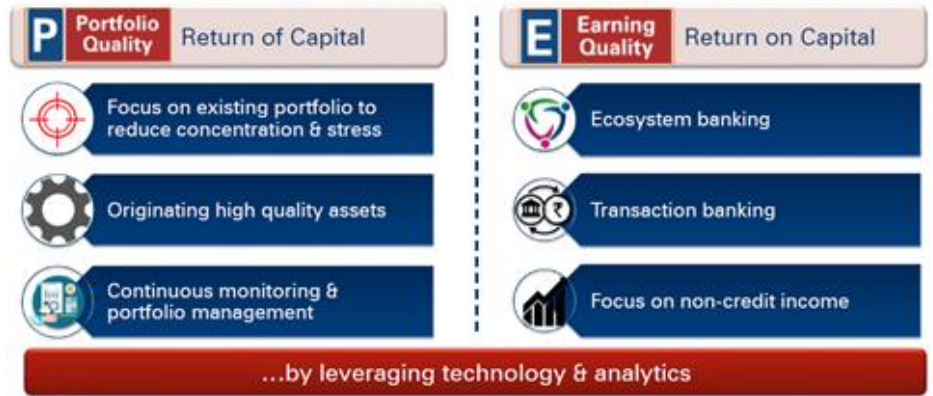
Source: Company, Emkay Research

Corporate, Business banking operations largely digitized with clear focus on ‘return of capital’ and ‘return on capital’

Corporates, SME and Business banking customers are now far more digitized than before due to changing business landscape and thus embracing digital is must for banks. The banks are no more capital providers but are becoming business partners, providing end-to-end digital solutions - be it lending, payments, tax support (GST), inventory/channel funding, etc. Plain vanilla lenders without digital capabilities are losing ground with corporate customers. ICICI Bank has developed an entire digital stack for Corporate/Business banking customers and is extensively using digital tools to onboard new customers, service existing customers and improve portfolio quality, thereby not only ensuring ‘Return of Capital’ but also earnings quality (Return on Capital) via tapping non-credit income and ecosystem/transactional banking flows. Now every corporate proposal is strictly evaluated on the basis of potential life-cycle RoE for the bank and thus New Business Profitability (NBP) is a shade below overall bank RoEs.

Exhibit 20: Focus on Return of Capital and Return on Capital in Corporate banking

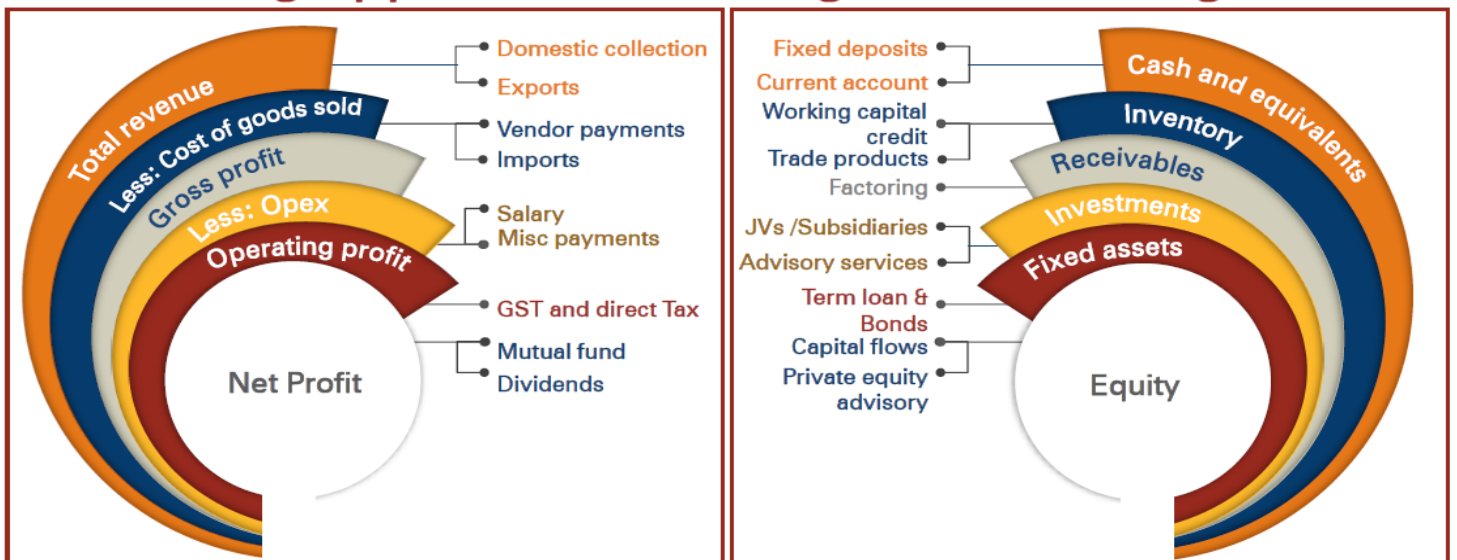
Maximising risk calibrated core operating profit...



Source: Company, Emkay Research

Exhibit 21: Co-working with customers across their life cycle

Maximising opportunities through 360° banking



Dealers

Vendors

Corporate

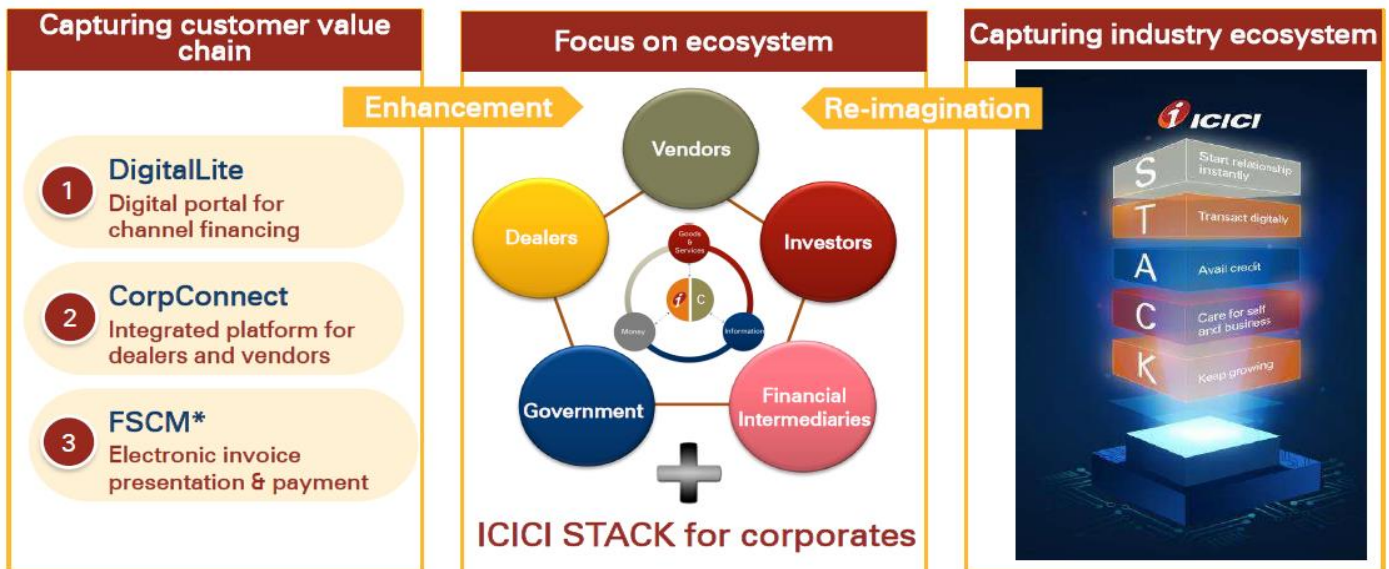
Employee

Sponsor

Source: Company, Emkay Research

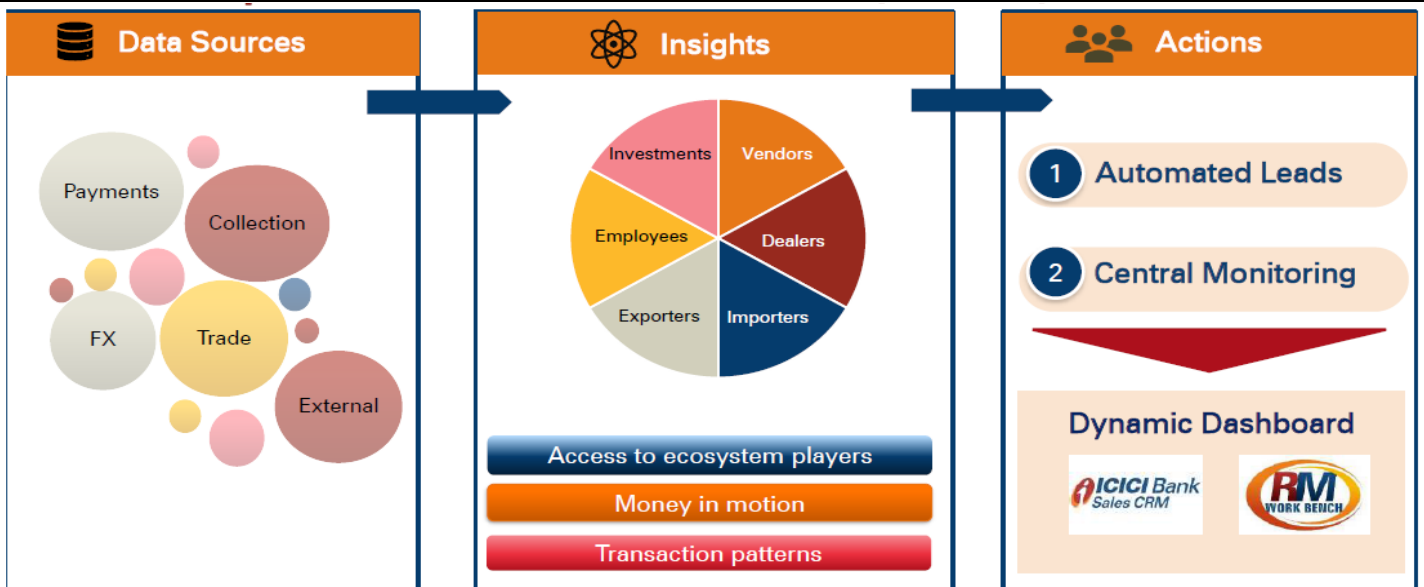
Exhibit 22: Capturing corporate ecosystem via Digital channels and enhancing customer experience

Ecosystems



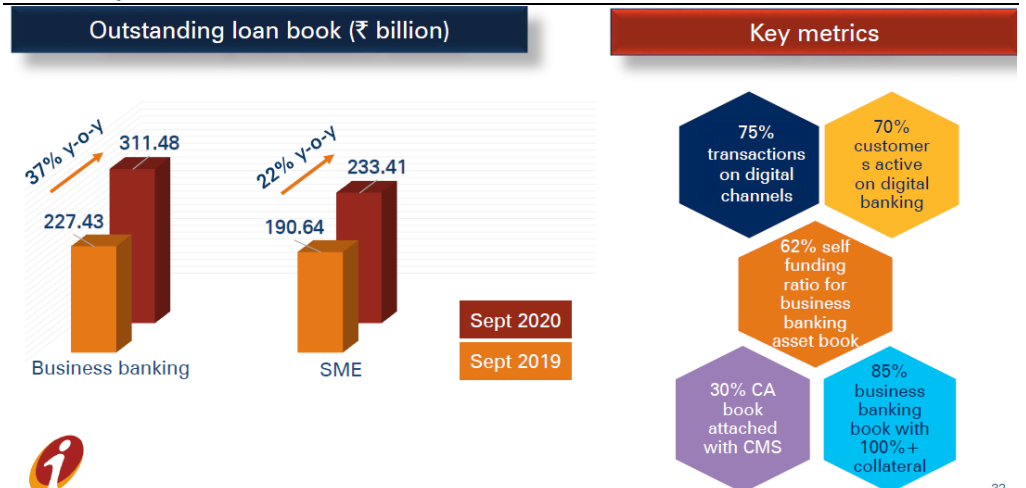
Source: Company, Emkay Research

Exhibit 23: One Bank, One Flow – leading to tangible increase in liability & operating income in identified corporate customer cohorts



Source: Company, Emkay Research

Exhibit 24: Business Banking/SME emerging as new engines of growth; digitization can act as a force multiplier



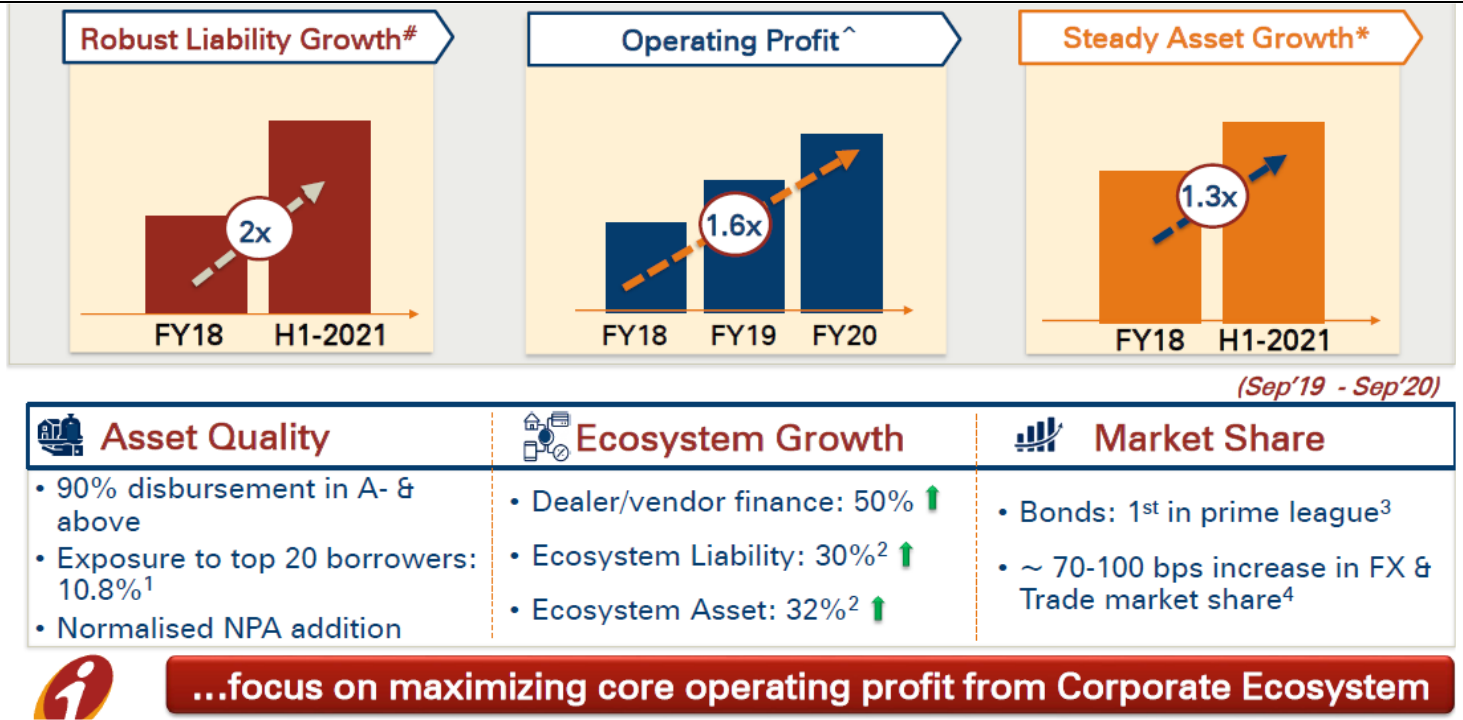
Source: Company, Emkay Research

Exhibit 25: Business Banking segment – An overview



Source: Company, Emkay Research

Exhibit 26: Focus on maximizing core operating profit from corporate banking business

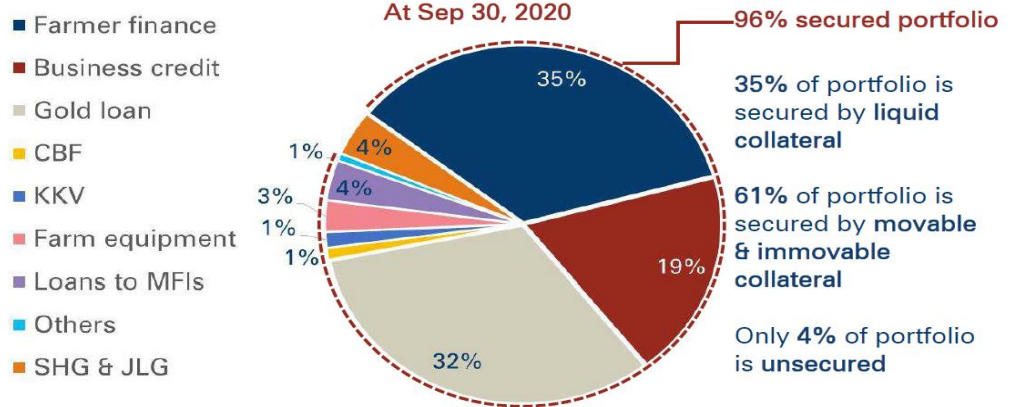


Source: Company, Emkay Research

Rural business – Digitization helps service and capture agri- and allied ecosystem

ICICI is mining the entire rural ecosystem, encompassing farmers, dealers, corporates, micro-customers, etc., on the back of its 'phygital' infrastructure, leading to better growth and returns.

Exhibit 27: Diversified and granular rural loan book



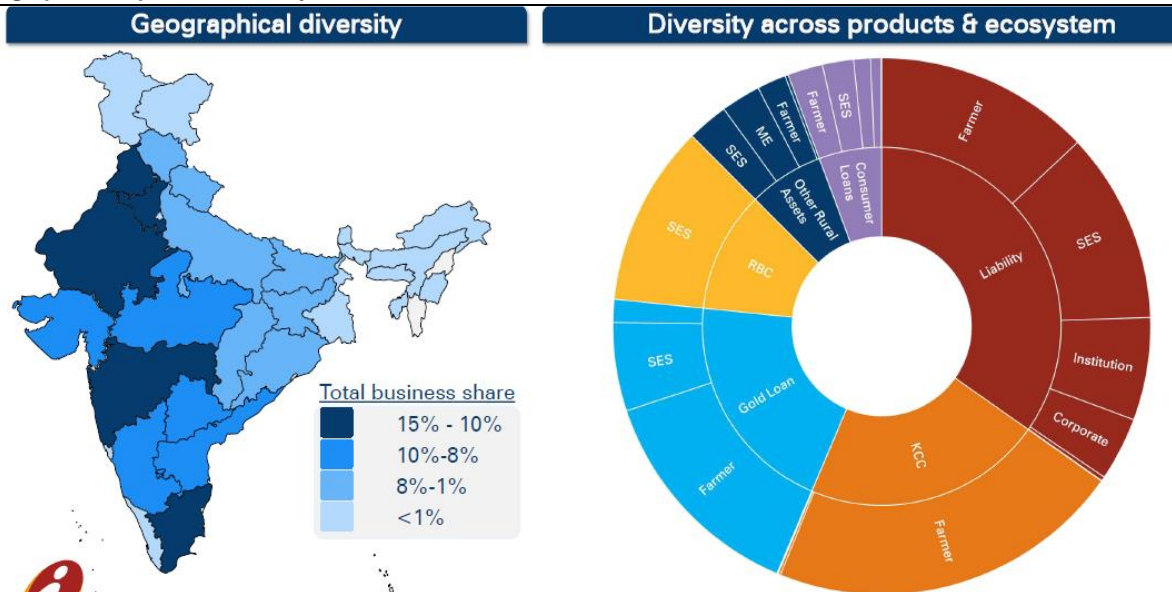
Source: Company, Emkay Research

Exhibit 28: Rural is not just agriculture...



Source: Company, Emkay Research

Exhibit 29: Geographic and product diversity



Source: Company, Emkay Research

Digitization also enhances risk and collection efforts, leading to lower credit cost

Digital collections have been in vogue since past some years, but social distancing norms due to Covid-19 has increased the importance of Digi-Collections not only at the pre-delinquency stage but also at the post-delinquency stage. Also, ICICI Bank extensively uses digital tools/partnerships to improve risk management and collection efforts, which it believes will be one of the driving factors for better asset-quality experience in the current cycle.

Exhibit 30: Digital tools improve risk management and collection efforts

Enhanced capabilities built over a period of time for better efficiency & productivity

Robust Pre-Delinquency Management (PDM)

Best-in-the industry

Machine learning based identification of high risk portfolio

100+ variables including On-boarding, Liability, Past payment behaviour risk

Predicting 80% of bounce

Digital payment collection

80% digital collection

3 clicks payment solution
100% paperless receipt

1.2 mn payment collected every month

UPI/QR Code embedded in SMS & e-mailer

UPI # 1+ mn for the year

Technology enablement

Predicting crop stage

40% ↑ in PDM resolution
Right Place - Right Time

Uberisation of debt servicing

Mobility app of 10,000+ distribution

API based open banking

Real time data fetched for digital partners

~ 30 Digital partnerships built for adopting best practices among industry

Source: Company, Emkay Research

Exhibit 31: 5 X 5 credit risk management grid

| | Category | Channel | Treatment |
|---|--|--|---|
| ● | Substantial Risk & Very High Value at Risk | Employee | Counselling, Awareness, Handholding product |
| ● | Substantial Risk & High Value at Risk | Tele calling | EMI Reminder & hardship product |
| ● | Sustainable Risk & Medium Value at Risk | Voice Bot Calling | EMI Reminder & hardship product |
| ● | Manageable Risk & Medium/Low Value at Risk | Digital Campaign (Layered SMS / IVR / Email) | Recurring Reminders to pay dues on time |
| ○ | Low Risk | Only SMS | Minimal Reminders |

Source: Company, Emkay Research

Exhibit 32: Corporate monitoring via digital analytics

Credit monitoring...



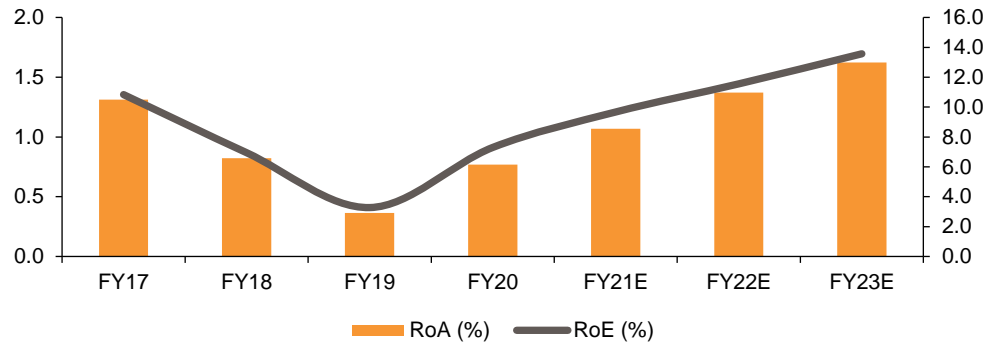
...to identify early warning signals

Source: Company, Emkay Research

Strong retail-cum-digital orientation to aid deliver sustainably higher return ratios

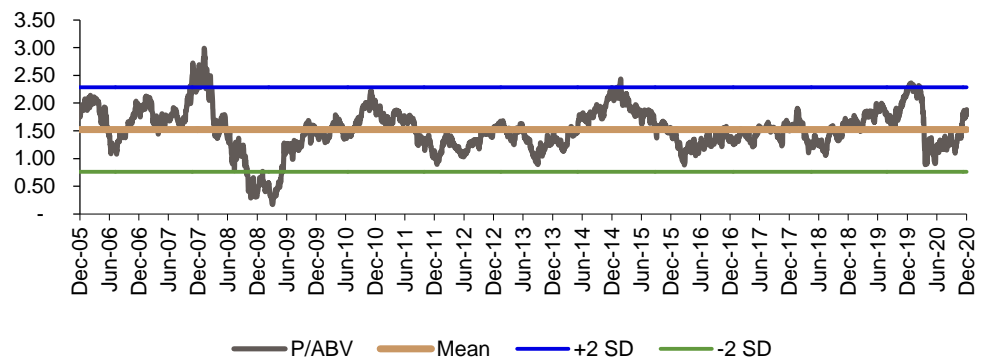
We believe that ICICI's emergence as a strong 'retail-cum-digital bank', expected better asset-quality experience, with strong provisioning/capital buffer, and thus better growth trajectory and return ratios over FY22/23E should drive a re-rating. We raise our TP to Rs600, valuing the standalone bank at 2x Dec FY22E ABV and subs at Rs114. Retain Buy/OW in EAP.

Exhibit 33: Return ratios set to improve, driven by better NIMs/lower opex and lower LLP as asset-quality pain moderates



Source: Company, Emkay Research

Exhibit 34: Despite the recent rally in the stock, valuations remain attractive



Source: Emkay Research, Bloomberg

Key Financials (Standalone)**Income Statement**

| Y/E Mar (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 270,148 | 332,671 | 378,425 | 428,345 | 497,918 |
| Other income | 145,122 | 164,486 | 192,077 | 185,860 | 210,843 |
| Fee income | 102,319 | 116,451 | 112,957 | 132,160 | 155,949 |
| Net income | 415,270 | 497,157 | 570,503 | 614,204 | 708,761 |
| Operating expenses | 180,891 | 216,144 | 217,351 | 236,414 | 266,273 |
| Pre provision profit | 234,379 | 281,013 | 353,152 | 377,790 | 442,488 |
| PPP excl treasury | 220,985 | 264,621 | 304,040 | 358,146 | 424,808 |
| Provisions | 196,611 | 140,533 | 189,386 | 148,140 | 137,584 |
| Profit before tax | 37,768 | 140,480 | 163,765 | 229,650 | 304,904 |
| Tax | 4,135 | 61,172 | 41,269 | 57,872 | 76,836 |
| Tax rate | 11 | 44 | 25 | 25 | 25 |
| Profit after tax | 33,633 | 79,308 | 122,497 | 171,778 | 228,068 |

Balance Sheet

| Y/E Year End (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Equity | 12,895 | 12,948 | 13,795 | 13,795 | 13,795 |
| Reserves | 1,060,839 | 1,148,596 | 1,420,255 | 1,587,895 | 1,809,066 |
| Net worth | 1,073,733 | 1,161,544 | 1,434,050 | 1,601,690 | 1,822,861 |
| Deposits | 6,529,197 | 7,709,690 | 8,739,393 | 9,644,503 | 11,066,959 |
| Borrowings | 1,386,353 | 1,312,120 | 1,050,396 | 945,707 | 898,596 |
| Total liabilities | 9,644,591 | 10,983,651 | 11,936,041 | 13,140,782 | 14,985,161 |
| Cash and bank | 378,580 | 352,840 | 395,180 | 442,602 | 495,714 |
| Investments | 2,077,327 | 2,495,315 | 2,822,473 | 3,049,718 | 3,402,571 |
| Loans | 5,866,466 | 6,452,900 | 6,967,530 | 7,910,240 | 9,405,405 |
| Others | 818,522 | 759,777 | 785,765 | 818,521 | 829,992 |
| Total assets | 9,644,592 | 10,983,651 | 11,936,041 | 13,140,782 | 14,985,161 |

Key Ratios (%)

| Y/E Year End | FY19 | FY20 | FY21E | FY22E | FY23E |
|-----------------------|------|------|-------|-------|-------|
| NIM | 3.3 | 3.6 | 3.6 | 3.7 | 3.8 |
| Non-ll/avg assets | 1.6 | 1.6 | 1.7 | 1.5 | 1.5 |
| Fee income/avg assets | 1.1 | 1.1 | 1.0 | 1.1 | 1.1 |
| Opex/avg assets | 2.0 | 2.1 | 1.9 | 1.9 | 1.9 |
| Provisions/avg assets | 2.1 | 1.4 | 1.7 | 1.2 | 1.0 |
| PBT/avg assets | 0.4 | 1.4 | 1.4 | 1.8 | 2.2 |
| Tax/avg assets | 0.0 | 0.6 | 0.4 | 0.5 | 0.5 |
| RoA | 0.4 | 0.8 | 1.1 | 1.4 | 1.6 |
| RoAE | 3.3 | 7.3 | 9.7 | 11.6 | 13.6 |
| GNPA (%) | 7.4 | 6.0 | 6.8 | 6.5 | 5.5 |
| NNPA (%) | 2.3 | 1.5 | 1.6 | 1.7 | 1.4 |

| Per Share Data (Rs) | FY19 | FY20 | FY21E | FY22E | FY23E |
|---------------------|-------|-------|-------|-------|-------|
| EPS | 5.2 | 12.3 | 18.3 | 24.9 | 33.1 |
| BVPS | 162.0 | 175.0 | 209.8 | 227.7 | 259.8 |
| ABVPS | 148.3 | 164.8 | 199.0 | 214.8 | 246.9 |
| DPS | 1.0 | 0.0 | 0.0 | 0.6 | 1.0 |

| Valuations (x) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------|------|------|-------|-------|-------|
| PER | 74.7 | 31.8 | 21.3 | 15.7 | 11.8 |
| P/BV | 3.4 | 3.1 | 2.5 | 2.3 | 2.0 |
| P/ABV | 2.8 | 2.6 | 2.1 | 1.9 | 1.6 |
| P/PPOP | 13.8 | 11.6 | 9.8 | 9.2 | 7.8 |
| Dividend Yield (%) | 0.2 | 0.0 | 0.0 | 0.1 | 0.2 |

Source: Company, Emkay Research

| Growth (%) | FY19 | FY20 | FY21E | FY22E | FY23E |
|-------------------|-------------|-------------|--------------|--------------|--------------|
| NII | 17.3 | 23.1 | 13.8 | 13.2 | 16.2 |
| PPOP | (5.3) | 19.9 | 25.7 | 7.0 | 17.1 |
| PAT | (50.4) | 135.8 | 54.5 | 40.2 | 32.8 |
| Loans | 14.5 | 10.0 | 8.0 | 13.5 | 18.9 |

| Quarterly (Rs mn) | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| NII | 80,574 | 85,453 | 89,269 | 92,797 | 93,660 |
| NIM(%) | 3.6 | 3.8 | 3.9 | 3.7 | 3.6 |
| PPOP | 68,741 | 75,486 | 73,901 | 107,764 | 82,611 |
| PAT | 6,550 | 41,465 | 12,213 | 25,991 | 42,513 |
| EPS (Rs) | 1.01 | 6.41 | 1.89 | 4.01 | 6.16 |

Source: Company, Emkay Research

| Shareholding Pattern (%) | Dec-19 | Mar-20 | Jun-20 | Aug-20 | Sep-20 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Promoters | - | - | - | - | - |
| FII | 36.2 | 35.3 | 35.1 | 37.2 | 37.3 |
| DII | 34.1 | 36.1 | 37.4 | 36.7 | 35.7 |
| Public and Others | 29.8 | 28.6 | 27.5 | 26.1 | 26.9 |

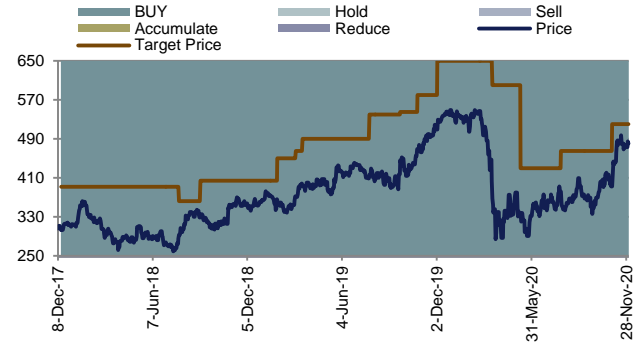
Source: Capitaline

RECOMMENDATION HISTORY TABLE

| Date | Closing Price | TP | Period (months) | Rating | Analyst |
|-----------|---------------|-----|-----------------|--------|---------------|
| 1-Nov-20 | 393 | 520 | 12m | Buy | Anand Dama |
| 26-Jul-20 | 382 | 465 | 12m | Buy | Anand Dama |
| 10-May-20 | 338 | 430 | 12m | Buy | Anand Dama |
| 11-Apr-20 | 343 | 600 | 12m | Buy | Anand Dama |
| 17-Mar-20 | 367 | 600 | 12m | Buy | Anand Dama |
| 27-Jan-20 | 537 | 650 | 12m | Buy | Anand Dama |
| 3-Dec-19 | 509 | 650 | 12m | Buy | Anand Dama |
| 26-Oct-19 | 469 | 580 | 12m | Buy | Anand Dama |
| 9-Oct-19 | 437 | 545 | 12m | Buy | Anand Dama |
| 23-Sep-19 | 446 | 545 | 12m | Buy | Anand Dama |
| 26-Jul-19 | 416 | 540 | 12m | Buy | Anand Dama |
| 6-Apr-19 | 391 | 490 | 12m | Buy | Anand Dama |
| 20-Mar-19 | 393 | 490 | 12m | Buy | Anand Dama |
| 7-Mar-19 | 371 | 465 | 12m | Buy | Anand Dama |
| 31-Jan-19 | 364 | 450 | 12m | Buy | Anand Dama |
| 26-Oct-18 | 316 | 404 | 12m | Buy | Jignesh Shial |
| 6-Sep-18 | 329 | 404 | 12m | Buy | Jignesh Shial |
| 27-Jul-18 | 293 | 362 | 12m | Buy | Jignesh Shial |
| 21-May-18 | 289 | 392 | 12m | Buy | Ravikant Bhat |
| 8-May-18 | 309 | 392 | 12m | Buy | Ravikant Bhat |
| 14-Dec-17 | 304 | 392 | 12m | Buy | Ravikant Bhat |

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – BFSI-Banks



Analyst: Anand Dama

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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 | 21.10 | 21.10 | 0.0% | 0 | 100.00 |
| Axis Bank | 2.17 | 2.32 | 7% | 14 | 10.98 |
| AU Small Finance Bank | 0.25 | 0.22 | -13% | -3 | 1.04 |
| Bandhan Bank | 0.37 | 0.54 | 44% | 16 | 2.54 |
| Bank of Baroda | 0.10 | 0.10 | 1% | 0 | 0.49 |
| Canara Bank | 0.05 | 0.00 | -100% | -5 | 0.00 |
| City Union Bank | 0.18 | 0.18 | -1% | 0 | 0.84 |
| DCB Bank | 0.00 | 0.00 | NA | 0 | 0.00 |
| Equitas Small Finance Bank* | 0.00 | 0.00 | NA | 0 | 0.00 |
| Federal Bank | 0.18 | 0.18 | 0% | 0 | 0.85 |
| HDFC Bank | 7.67 | 7.84 | 2% | 17 | 37.15 |
| ICICI Bank | 4.55 | 4.73 | 4% | 18 | 22.43 |
| Indian Bank | 0.00 | 0.00 | NA | 0 | 0.00 |
| Indusind Bank | 0.74 | 0.80 | 8% | 6 | 3.78 |
| Karur Vysya Bank | 0.00 | 0.00 | NA | 0 | 0.00 |
| Kotak Mahindra Bank | 3.26 | 2.62 | -20% | -64 | 12.40 |
| Punjab National Bank | 0.06 | 0.00 | -100% | -6 | 0.00 |
| RBL Bank | 0.14 | 0.14 | 0% | 0 | 0.65 |
| State Bank of India | 1.35 | 1.45 | 7% | 10 | 6.86 |
| Ujjivan Small Finance Bank | 0.00 | 0.00 | NA | 0 | 0.00 |
| Union Bank of India | 0.03 | 0.00 | -100% | -3 | 0.00 |
| Yes Bank | 0.00 | 0.00 | NA | 0 | 0.00 |
| Cash | 0.00 | 0.00 | NA | 0 | 0.00 |

Source: Emkay Research

* Not under coverage: Equal Weight

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

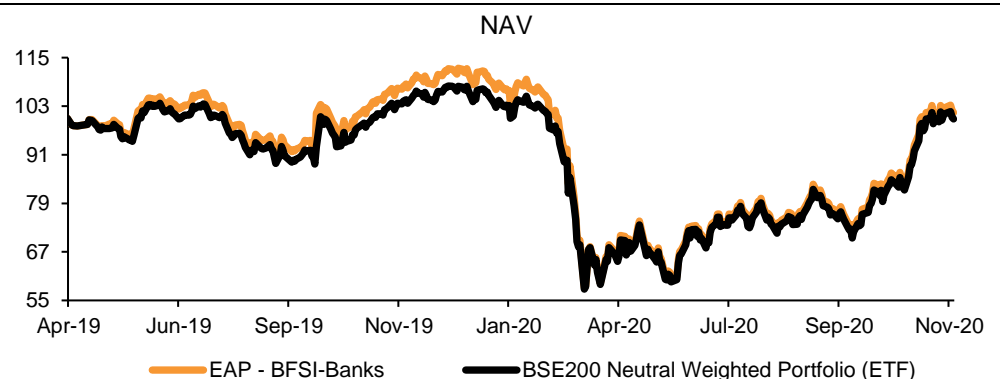
Sector portfolio NAV

| | Base | | | | | Latest |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| | 01-Apr-19 | 05-Mar-20 | 03-Jun-20 | 03-Sep-20 | 03-Nov-20 | 03-Dec-20 |
| EAP - BFSI-Banks | 100.0 | 100.1 | 73.1 | 81.2 | 89.7 | 101.4 |
| BSE200 Neutral Weighted Portfolio (ETF) | 100.0 | 96.8 | 72.2 | 79.9 | 88.3 | 99.8 |

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

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

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

“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: 07 Dec 2020 01:35:10 (SGT)

Dissemination Date: 07 Dec 2020 01:36:10 (SGT)

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