

Estimate change



TP change



Rating change



Bloomberg	CBK IN
Equity Shares (m)	1,814
M.Cap.(INRb)/(USD\$b)	397.7 / 5.2
52-Week Range (INR)	273 / 142
1, 6, 12 Rel. Per (%)	-4/5/41
12M Avg Val (INR M)	3095

Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	263.8	300.4	339.9
OP	230.9	249.4	280.3
NP	56.8	82.9	100.6
NIM (%)	2.4	2.5	2.6
EPS (INR)	32.8	45.7	55.5
EPS Gr. (%)	111.3%	39.2%	21.4%
BV/Sh. (INR)	339.3	381.4	431.4
ABV/Sh. (INR)	261.6	311.3	369.7

Ratios

RoE (%)	9.1	11.9	12.9
RoA (%)	0.5	0.6	0.7

Valuations

P/E (x)	6.7	4.8	4.0
P/BV (x)	0.6	0.6	0.5
P/ABV (x)	0.8	0.7	0.6

Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	62.9	62.9	69.3
DII	13.6	13.8	12.6
FII	8.5	7.6	4.6
Others	15.0	15.6	13.5

FII Includes depository receipts

CMP: INR219

TP: INR280 (+28%)

Buy

NII growth tepid; treasury gains support earnings

Asset quality continues to improve

- Canara Bank (CBK) reported mixed operating performance with NII growing 25% YoY (5% miss); however, healthy treasury gains enabled in-line growth in total revenue. Margin improved 10bp QoQ to 2.9% while PPOp grew 19% YoY (Core PPOp rose 13% YoY).
- On the business front, CBK reported a marginal 2% QoQ growth in advances after a strong 7% sequential growth in 3QFY22, led by revival in corporate loan book. In 4QFY22, corporate book dipped marginally while growth came on the back of improved traction in RAM segments – Retail, Agri and MSME.
- Fresh slippages stood elevated at INR47.4b, while healthy recoveries and upgrades of INR29.8b along with higher write-offs worth INR29.9b led to improvements in asset quality ratios. GNPA/NNPA improved 29bp/21bp QoQ to 7.51%/2.65%, respectively. Vehicle loans and agri book saw higher GNPA while other segments witnessed moderation in GNPA.
- Further, SMA overdue declined to 1.53% from 1.76% in 3QFY22, while restructured portfolio improved marginally to 2.77% of loans. We expect CBK to deliver FY24E RoA/RoE of 0.7%/~13% and value the stock at **INR280 (premised on 0.8x FY24E ABV). Reiterate BUY.**

Mixed operating performance; NIMs improve to 2.9%

- CBK reported a PAT of INR16.7b (+65% YoY) led by strong treasury gains. NII grew 25% YoY (5% miss) to INR69.4b supported by 10bp QoQ expansion in margin to 2.93%.
- Other income declined 5% YoY due to lower recovery from NPA in 4QFY22 even as treasury gains stood healthy. Total revenue thus grew 11% YoY.
- Operating expenses rose 3% YoY, led by rise in other expenses while employee costs dipped marginally. PPOp thus grew 19% YoY to INR62.0b (slight miss).
- On the business front, loan growth momentum waned after a strong sequential growth in 3QFY22. This was primarily due to a marginal decline in corporate book on a QoQ basis. In 4QFY22, loans grew 2% QoQ led by contribution from all sub-segments within RAM. Share of RAM in overall mix improved 106bp QoQ to 56.8%
- Deposits saw a stronger traction compared to loans with a growth of 7% YoY/4% QoQ. CASA mix improved 128bp QoQ to 35.9%.
- On the asset quality front, slippages were elevated at INR47.4b (v/s INR32.9b in 3QFY22) while higher recoveries, upgrades and write-offs aided 29bp/21bp decline in the GNPA/NNPA ratios to 7.51%/2.65%, respectively. PCR improved 129bp QoQ to 66.5% as provisioning remained elevated with a 2% YoY growth to INR37.1b.
- Total SMA overdue (0/1/2) dipped to 1.53% from 1.76% in 3QFY22. Further, CBK's restructured book declined marginally to 2.77% v/s 2.78% in 3QFY22.

Highlights from the management commentary

- **Slippages breakup:** INR6b/8b/6b pertains to Agri/MSME/Retail, respectively. The balance of INR16b comes from other segments with no lumpy slippages.
- The bank is targeting 8% loan growth in FY23.
- CBK expects a slippage ratio below 1.75% and credit cost below 1.40% for FY23.

Valuation and view: Return ratios to improve further; maintain BUY

CBK reported a stable operating performance supported by healthy margins, modest loan growth and strong asset quality. While corporate book saw a small decline, the bank has continued to grow RAM segment at a steady pace with contribution from all segments. Despite elevated slippages, asset quality ratios improved further underpinned by higher recoveries and upgrades. Declines in SMA overdue and restructured portfolio provide incremental comfort on asset quality trends. We estimate an RoA/RoE of 0.7%/~13% by FY24. **We maintain our BUY rating with a TP of INR280 (premised on 0.8x FY24E ABV), implying 28% upside potential.**

Quarterly performance

	FY21				FY22				FY21	FY22	FY22E	(INR b) V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est.
Net Interest Inc.	61.0	63.0	60.9	56.1	61.6	62.7	69.4	70.1	240.6	263.8	73.9	(5)
% Change (Y-o-Y)	88.1	101.4	77.2	69.1	1.0	-0.5	14.1	24.9	83.3	9.6	32.2	
Other Income	26.5	31.0	41.5	47.0	41.6	42.7	36.1	44.6	152.9	165.0	40.1	11
Total Income	87.5	94.1	102.4	103.1	103.2	105.4	105.6	114.7	393.5	428.8	114.1	1
Operating Expenses	44.6	48.1	49.7	50.9	48.3	49.4	47.5	52.7	193.4	197.9	50.3	5
Operating Profit	42.9	46.0	52.7	52.2	54.8	56.0	58.0	62.0	200.1	230.9	63.7	(3)
% Change (Y-o-Y)	75.6	80.7	125.6	155.8	27.9	21.9	10.2	18.8	113.8	15.4	11.8	
Other Provisions	38.3	39.7	42.1	36.5	34.6	33.6	22.4	37.1	163.0	127.7	34.1	9
Exceptional Item	NA	NA	NA	NA	NA	NA	13.5	NA	NA	13.5	NA	
Profit before Tax	4.6	6.2	10.6	15.7	20.2	22.4	22.0	24.9	37.1	89.6	29.6	(16)
Tax	0.5	1.8	3.6	5.6	8.4	9.1	7.0	8.3	11.5	32.8	9.4	(12)
Net Profit	4.1	4.4	7.0	10.1	11.8	13.3	15.0	16.7	25.6	56.8	20.2	(18)
% Change (Y-o-Y)	23.5	21.8	111.2	-131.0	189.8	199.9	115.8	64.8	-214.4	122.0	100.2	
Operating Parameters												
Deposit (INR b)	9,096	9,488	9,730	10,109	10,218	10,325	10,434	10,864	10,109	10,864	10,685	2
Loan ((INR b)	6,172	6,163	6,342	6,390	6,485	6,496	6,922	7,036	6,390	7,036	7,093	(1)
Deposit Growth (%)	48.9	55.7	55.6	61.6	12.3	8.8	7.2	7.5	61.6	7.5	5.7	2
Loan Growth (%)	42.6	43.6	50.1	47.9	5.1	5.4	9.1	10.1	47.9	10.1	11.0	(1)
Asset Quality												
Gross NPA (%)	8.8	8.2	7.5	8.9	8.5	8.4	7.8	7.5	8.9	7.5	7.5	(0)
Net NPA (%)	4.0	3.4	2.6	3.8	3.5	3.2	2.9	2.7	3.9	2.7	2.7	(0)
PCR (%)	57.7	60.6	66.3	59.5	61.5	63.9	65.2	66.5	58.8	66.5	65.9	1

E:MOFSL Estimates

Quarterly snapshot

INR b	FY20				FY21				FY22				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss														
Net Interest Income	32.4	31.3	34.4	33.2	61.0	63.0	60.9	56.1	61.6	62.7	69.4	70.1	25	1
Other Income	18.6	20.7	17.1	21.7	26.5	31.0	41.5	47.0	41.6	42.7	36.1	44.6	-5	24
Total Income	51.0	52.0	51.4	54.9	87.5	94.1	102.4	103.1	103.2	105.4	105.6	114.7	11	9
Operating Expenses	26.6	26.5	28.1	34.5	44.6	48.1	49.7	50.9	48.3	49.4	47.5	52.7	3	11
Employee	15.6	15.2	16.0	21.8	30.4	32.1	31.8	32.7	33.7	31.4	29.7	32.3	-1	9
Others	11.0	11.3	12.1	12.8	14.2	16.0	17.9	18.3	14.7	18.0	17.8	20.4	12	14
Operating Profits	24.4	25.4	23.3	20.4	42.9	46.0	52.7	52.2	54.8	56.0	58.0	62.0	19	7
Core PPOP	22.8	22.9	21.7	13.4	32.8	37.0	37.6	50.4	48.6	44.7	54.8	56.8	13	4
Provisions	19.0	20.4	18.0	53.8	38.3	39.7	42.1	36.5	34.6	33.6	22.4	37.1	2	65
PBT	5.4	5.1	5.3	-33.3	4.6	6.2	10.6	15.7	20.2	22.4	22.0	24.9	59	13
Taxes	2.1	1.4	2.0	-0.8	0.5	1.8	3.6	5.6	8.4	9.1	7.0	8.3	48	18
PAT	3.3	3.6	3.3	-32.6	4.1	4.4	7.0	10.1	11.8	13.3	15.0	16.7	65	11
Balance sheet (INR b)														
Loans	4,328	4,293	4,226	4,322	6,172	6,163	6,342	6,390	6,485	6,496	6,922	7,036	10	2
Retail Loans	519	552	627	798	1,052	1,079	1,119	1,153	1,153	1,191	1,231	1,263	10	3
Deposits	6,107	6,094	6,252	6,254	9,096	9,488	9,730	10,109	10,218	10,325	10,434	10,864	7	4
CASA Deposits	1,703	1,857	1,829	1,962	2,941	2,985	3,102	3,307	3,320	3,345	3,420	3,687	12	8
Asset Quality														
GNPA	394.0	387.1	366.4	370.4	575.3	534.4	497.9	602.9	582.2	578.5	568.9	556.5	-8	-2
NNPA	231.5	220.9	213.4	182.5	243.6	210.6	167.7	244.4	224.3	208.6	198.2	186.7	-24	-6
Slippages	36.8	62.8	110.9	150.4	16.8	20.9	26.0	178.9	43.9	112.9	145.8	193.2	8	32
Ratios (%)														
Asset Quality Ratios														
GNPA (%)	8.8	8.7	8.4	8.2	8.8	8.2	7.5	8.9	8.5	8.4	7.8	7.5	-142	-29
NNPA (%)	5.4	5.2	5.1	4.2	4.0	3.4	2.6	3.8	3.5	3.2	2.9	2.7	-117	-21
PCR (Calculated, %)	41.2	42.9	41.8	50.7	57.7	60.6	66.3	59.5	61.5	63.9	65.2	66.5	700	129
PCR (Reported, %)	68.6	70.1	71.0	75.9	79.0	81.5	84.9	79.7	81.2	82.4	83.3	84.2	449	91
Slippage Ratio (%)	3.8	2.5	4.6	3.7	1.5	0.4	0.5	14.1	2.8	4.5	2.1	3.0	-1118	89
Credit Cost (%)	2.1	2.1	1.1	5.0	2.9	2.6	2.7	2.3	2.1	2.1	1.6	1.2	-107	-39
Business Ratios														
Fees to Total Income	33.4	34.8	30.1	26.8	18.8	23.4	25.8	43.9	34.3	29.7	31.2	34.3	-953	316
Cost to Core Income	53.8	53.7	56.4	72.1	57.6	56.5	57.0	50.3	49.8	52.5	46.4	48.1	-214	167
Tax Rate	39.2	28.0	38.0	2.3	11.5	28.7	34.1	35.5	41.8	40.6	31.8	33.2	-238	136
CASA	29.5	30.5	30.9	32.6	33.8	32.8	33.4	34.3	34.2	34.1	34.6	35.9	155	128
Loan/Deposit	70.9	70.4	67.6	69.1	67.9	65.0	65.2	63.2	63.5	62.9	66.3	64.8	155	-158
Profitability Ratios														
ROA	0.2	0.2	0.2	-1.9	0.2	0.2	0.2	0.4	0.4	0.5	0.5	0.6	21	5
ROE	4.9	5.4	4.3	-47.1	4.5	4.8	7.3	10.8	11.5	12.4	13.5	15.3	449	173
Yield on loans	8.2	8.3	8.2	8.0	8.2	8.1	8.0	7.1	7.1	7.1	7.2	7.2	17	-1
Yield On Investments	7.5	7.5	7.4	7.2	7.1	7.0	6.9	6.4	6.5	6.4	6.3	6.3	-12	0
Yield On Funds	7.2	7.0	7.1	6.8	6.9	6.7	6.5	5.8	5.9	5.8	5.8	5.8	1	5
Cost of Funds	5.3	5.3	5.1	5.0	4.6	4.4	4.2	3.8	3.7	3.7	3.6	3.6	-22	0
Cost of Deposits	5.8	5.7	5.6	5.4	5.0	4.8	4.6	4.2	4.0	4.0	4.0	4.0	-24	0
Margins	2.3	2.2	2.4	2.3	2.8	2.8	2.7	2.5	2.7	2.8	2.8	2.9	43	10



Highlights from the management commentary

Operating environment and business

- The Bank is confident of growing the corporate book as it is seeing growth across various sectors. Initial signs of capex demand from corporates also witnessed.
- CBK has done well in retail and will look to build the momentum further in FY23.
- In the best interest of corporate governance, CBK conducted an investigation in CanFin Homes on a complaint. After investigation, about 37 accounts were found to be fraud with a total amount of INR40m.
- The bank aspires to have the highest standards of corporate governance and transparency
- Interest income was weak sequentially as higher loans were given to 'AAA' rated borrowers at lower yields.
- CBK has increased RLLR (34% of book) rate by 40bp and MCLR (50% of book) by 10bp with effect from tomorrow (7th May'22). This will help the bank to maintain its spread.
- Treasury portfolio should not see a decline of more than INR20-25b
- Duration of the AFS portfolio is 2.3 years.
- Bank aims to grow deposits aggressively, especially retail term deposits. It will also seek bulk deposits where rates are favorable.

Asset quality

- Slippages of INR36b in 4QFY22 come from
 - Agri of INR6b
 - MSME of INR8b
 - Retail INR6b and
 - Balance of INR16b from others
- Therefore, slippages are from small accounts where the bank has seen some weakness.
- The management believes recoveries and upgrades will be more than fresh slippages, going forward.
- The bank collected INR2.27b from Future Retail. Outstanding amount against this account is INR12b with 60% provisioning. Therefore, management does not expect any significant provision in 1QFY23.
- Bank took a INR10b hit against security receipts held as they were more than eight years old

Guidance

- The Bank aims to cross INR20t worth of global gross business in FY23.
- The Bank should achieve advances growth of 8% in FY23. Within advances,
 - It aspires to meet 10% credit growth in retail and RAM portfolios
 - It aspires for more than 8% growth in corporate book
- CBK is looking to grow deposits by 8.5% in FY23E with a CASA mix of 38%.
- While NIM for FY22 is 2.82%, projection of the bank for FY23 is 2.90%. This is a minimum target.
- The bank is also looking to further improve GNPA and NNPA to 6.0% and 2.0%, respectively, by FY23 end.
- Management guided for a credit cost of 1.4% and slippage ratio of 1.75% for FY23. This is the tolerable limit for the bank and it should most likely do better than this.
- The bank aspires to reach 15% RoE in FY23.
- CBK will look to revise guidance upwards after declaring 1QFY23 results

Exhibit 1: DuPont Analysis – Return ratios expected to remain modest

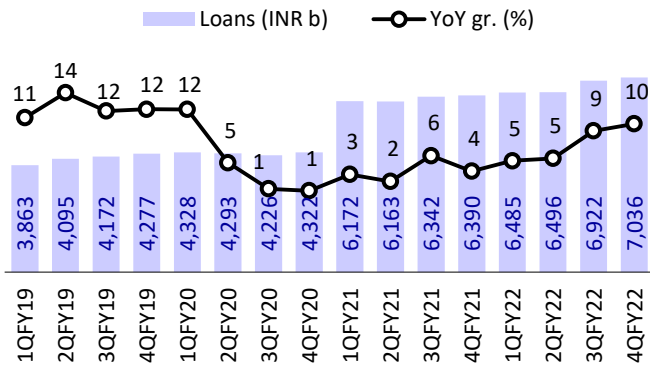
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	6.9	7.1	6.9	6.3	5.8	6.4	6.5
Interest Expense	4.8	4.9	5.0	4.1	3.6	4.0	4.1
Net Interest Income	2.0	2.2	1.9	2.2	2.2	2.3	2.4
Fee income	0.8	0.4	1.0	1.1	1.4	1.3	1.3
Trading and others	0.3	0.6	0.1	0.3	0.0	0.0	0.0
Non-Interest income	1.2	1.0	1.1	1.4	1.4	1.3	1.3
Total Income	3.2	3.2	3.0	3.6	3.6	3.7	3.8
Operating Expenses	1.6	1.6	1.6	1.8	1.7	1.7	1.7
Employee cost	0.9	0.9	1.0	1.2	1.1	1.1	1.1
Other operating expenses	0.7	0.7	0.6	0.6	0.6	0.7	0.7
Operating Profits	1.6	1.6	1.3	1.8	1.9	1.9	2.0
Core operating Profits	1.3	1.0	1.2	1.5	1.9	1.9	2.0
Provisions	2.7	2.0	1.6	1.5	1.1	1.0	0.9
NPA provisions	2.5	1.9	1.5	1.3	0.8	0.9	0.8
Other Provisions	0.2	0.0	0.1	0.2	0.2	0.1	0.1
PBT	-1.1	-0.4	-0.2	0.3	0.8	1.0	1.1
Tax	-0.4	-0.4	0.1	0.1	0.3	0.3	0.4
RoA	-0.7	0.1	-0.3	0.2	0.5	0.6	0.7
Leverage (x)	18.8	18.3	18.8	20.0	19.0	18.3	17.8
RoE	-13.2	1.0	-5.9	4.6	9.1	11.9	12.9

Valuation and view: Return ratios to improve further; maintain BUY

CBK reported a stable operating performance supported by healthy margins, modest loan growth and strong asset quality. While corporate book saw a small decline, the bank has continued to grow RAM segment at a steady pace with contribution from all segments. Despite elevated slippages, asset quality ratios improved further underpinned by higher recoveries and upgrades. Declines in SMA overdue and restructured portfolio provide incremental comfort on asset quality trends. **We estimate an RoA/RoE of 0.7%/~13% by FY24. We maintain our BUY rating with a TP of INR280 (premised on 0.8x FY24E ABV), implying 28% upside potential.**

Story in charts

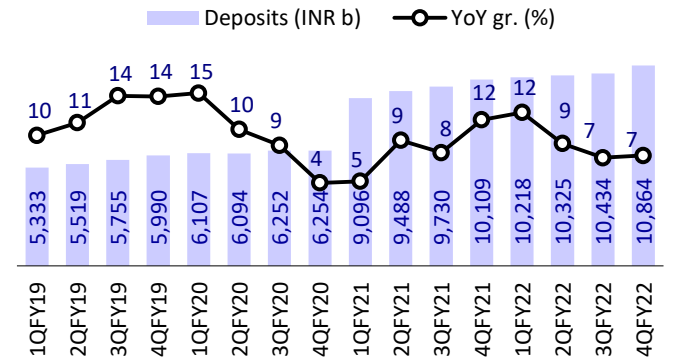
Exhibit 2: Loan book up ~10% YoY (+1.7% QoQ)



Merged numbers from 1QFY21

Source: MOFSL, Company

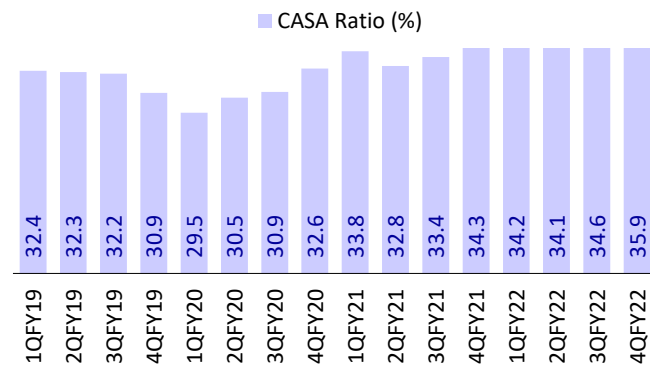
Exhibit 3: Deposits up 7% YoY (+4% QoQ)



Merged numbers from 1QFY21

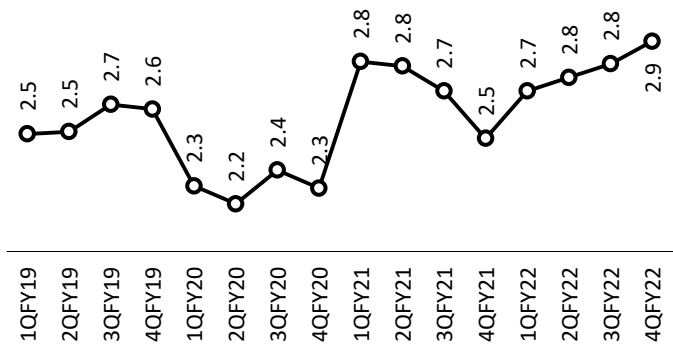
Source: MOFSL, Company

Exhibit 4: CASA ratio expands to 35.9%



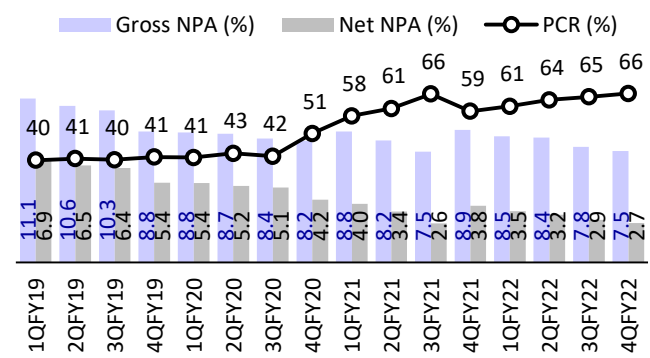
Source: MOFSL, Company

Exhibit 5: NIM expands 10bp QoQ to 2.93%



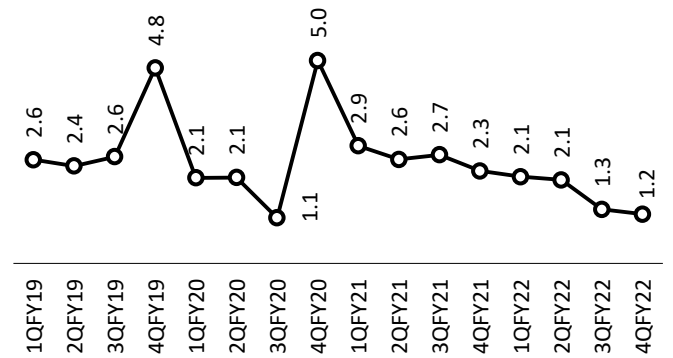
Source: MOFSL, Company

Exhibit 6: GNPA/NNPA ratio moderates 29bp/21bp QoQ to 7.5%/2.7%; PCR improves to 66% (84% including TWO)



Source: MOFSL, Company

Exhibit 7: Credit cost stands at 1.2%



Source: MOFSL, Company

Financials and valuations

Income Statement							(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	412.5	468.1	489.3	692.4	694.1	817.6	910.1
Interest Expense	290.9	323.3	358.1	451.8	430.3	517.2	570.2
Net Interest Income	121.6	144.8	131.2	240.6	263.8	300.4	339.9
Growth (%)	23.2	19.0	-9.4	83.3	9.6	13.9	13.1
Non-Interest Income	69.4	65.7	78.1	152.9	165.0	169.9	181.8
Total Income	191.1	210.5	209.4	393.5	428.8	470.3	521.7
Growth (%)	9.6	10.2	-0.6	87.9	9.0	9.7	10.9
Operating Expenses	95.6	104.6	115.8	193.4	197.9	221.0	241.4
Pre Provision Profits	95.5	105.9	93.6	200.1	230.9	249.4	280.3
Growth (%)	7.1	10.9	-11.6	113.8	15.4	8.0	12.4
Core PPP	76.3	65.7	86.0	166.9	230.9	249.4	280.3
Growth (%)	70.5	-13.9	31.0	94.1	38.3	8.0	12.4
Provisions (excl. tax)	161.1	129.2	111.2	163.0	127.7	123.8	127.8
Exceptional Item (Exp.)	NA	NA	NA	NA	13.5	NA	NA
PBT	-65.6	-23.3	-17.6	37.1	89.6	125.6	152.5
Tax	-23.4	-26.7	4.8	11.5	32.8	42.7	51.8
Tax Rate (%)	35.6	114.9	-27.4	31.0	36.6	34.0	34.0
PAT	-42.2	3.5	-22.4	25.6	56.8	82.9	100.6
Growth (%)	-476.3	-108.2	-744.3	-214.4	122.0	46.0	21.4

Balance Sheet							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	7.3	7.5	10.3	16.5	18.1	18.1	18.1
Reserves & Surplus	348.7	354.2	382.6	572.4	643.0	719.3	810.1
Net Worth	356.0	361.8	392.9	588.8	661.1	737.4	828.2
Deposits	5,247.7	5,990.3	6,253.5	10,108.7	10,864.1	11,733.2	12,789.2
Growth (%)	6.0	14.2	4.4	61.6	7.5	8.0	9.0
of which CASA Deposits	1,670.3	1,748.1	1,962.1	3,309.0	3,693.8	4,177.0	4,604.1
Growth (%)	11.5	4.7	12.2	68.6	11.6	13.1	10.2
Borrowings	388.1	409.9	427.6	499.8	462.8	540.1	562.9
Other Liabilities & Prov.	177.0	185.6	164.7	339.3	281.7	298.6	316.6
Total Liabilities	6,168.9	6,947.7	7,238.7	11,536.8	12,269.8	13,309.4	14,496.9
Current Assets	499.1	661.5	682.7	1,784.1	1,820.5	1,755.1	1,735.8
Investments	1,440.5	1,529.9	1,762.4	2,616.9	2,820.1	3,102.1	3,412.4
Growth (%)	-4.1	6.2	15.2	48.5	7.8	10.0	10.0
Loans	3,817.0	4,277.3	4,321.8	6,390.5	7,036.0	7,669.3	8,512.9
Growth (%)	11.6	12.1	1.0	47.9	10.1	9.0	11.0
Fixed Assets	83.2	84.1	82.8	112.1	113.6	123.6	129.7
Other Assets	329.0	394.9	389.1	633.2	479.5	659.3	706.2
Total Assets	6,168.9	6,947.7	7,238.7	11,536.8	12,269.8	13,309.4	14,496.9

Asset Quality							
GNPA (INR M)	474.7	392.2	370.4	602.9	556.5	505.0	484.0
NNPA (INR M)	287.0	231.8	184.7	248.4	186.7	165.4	142.1
GNPA Ratio	11.9	8.8	8.2	8.9	7.5	6.3	5.5
NNPA Ratio	7.5	5.4	4.3	3.9	2.7	2.2	1.7
Slippage Ratio	7.2	4.1	3.5	6.8	2.6	2.1	1.8
Credit Cost	4.1	3.1	2.5	2.6	1.5	1.5	1.4
PCR (Excl. Tech. write off)	39.5	40.9	50.1	58.8	66.5	67.3	70.6

Financials and Valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	7.3	7.7	7.4	6.7	6.2	6.8	7.0
Avg. Yield on loans	8.0	8.5	8.4	8.0	7.4	8.2	8.3
Avg. Yield on Investments	7.2	7.5	7.0	6.7	6.3	6.4	6.6
Avg. Cost-Int. Bear. Liab.	5.3	5.4	5.5	4.4	0.0	4.4	4.4
Avg. Cost of Deposits	5.3	5.4	5.5	4.4	0.0	4.4	4.4
Interest Spread	2.0	2.3	1.9	2.3	6.2	2.4	2.5
Net Interest Margin	2.2	2.4	2.0	2.3	2.4	2.5	2.6

Capitalisation Ratios (%)

CAR	13.3	12.0	13.7	13.3	14.9	11.5	11.3
Tier I	10.4	9.2	10.2	10.2	11.9	11.3	11.0
Tier II	2.9	2.8	3.5	3.1	3.0	0.2	0.3

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	72.7	71.4	69.1	63.2	64.8	65.4	66.6
CASA Ratio	31.8	29.2	31.4	32.7	34.0	35.6	36.0
Cost/Assets	1.5	1.5	1.6	1.7	1.6	1.7	1.7
Cost/Total Income	50.0	49.7	55.3	49.1	46.2	47.0	46.3
Cost/Core Income	55.6	61.4	57.4	53.7	46.2	47.0	46.3
Int. Expense/Int. Income	70.5	69.1	73.2	65.2	62.0	63.3	62.7
Fee Income/Net Income	26.3	12.1	33.7	30.4	38.5	36.1	34.9
Non Int. Inc./Net Income	36.3	31.2	37.3	38.8	38.5	36.1	34.9
Emp. Cost/Op. Exp.	57.0	57.7	61.6	65.6	64.2	62.1	61.9
Investment/Deposit Ratio	27.5	25.5	28.2	25.9	26.0	26.4	26.7

Profitability and Valuation

RoE	-12.2	1.0	-5.9	4.6	9.1	11.9	12.9
RoA	-0.7	0.1	-0.3	0.2	0.5	0.6	0.7
RoRWA	-1.2	0.1	-0.6	0.5	1.1	1.4	1.5
Book Value (INR)	436.6	433.2	347.6	329.9	339.3	381.4	431.4
Growth (%)	-15.1	-0.8	-19.8	-5.1	2.8	12.4	13.1
Price-BV (x)	0.5	0.5	0.6	0.7	0.6	0.6	0.5
Adjusted BV (INR)	150.2	205.7	213.1	218.5	261.6	311.3	369.7
Price-ABV (x)	1.5	1.1	1.0	1.0	0.8	0.7	0.6
EPS (INR)	-63.5	4.7	-25.1	15.5	32.8	45.7	55.5
Growth (%)	NM	NM	NM	NM	111.3	39.2	21.4
Price-Earnings (x)	-3.5	46.9	-8.7	14.1	6.7	4.8	4.0

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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