

Federal Bank

Estimate change	↔
TP change	↔
Rating change	↔

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Bloomberg	FB IN
Equity Shares (m)	1,996
M.Cap.(INRb)/(USD\$)	170.4 / 2.3
52-Week Range (INR)	92 / 45
1, 6, 12 Rel. Per (%)	-1/8/11
12M Avg Val (INR M)	2221

Financials & Valuations (INR b)

Y/E Mar	FY21	FY22E	FY23E
NII	55.3	62.4	73.5
OP	37.9	43.4	51.3
NP	15.9	19.1	26.2
NIM (%)	3.2	3.3	3.4
EPS (INR)	8.0	9.3	12.5
EPS Gr. (%)	2.8	16.9	33.7
BV/Sh. (INR)	80.8	84.7	95.4
ABV/Sh. (INR)	72.6	75.8	85.5

Ratios

ROE (%)	10.4	11.3	13.8
ROA (%)	0.8	0.9	1.1

Valuations

P/E(X)	10.7	9.2	6.9
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.2	1.1	1.0

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	0.0	0.0	0.0
DII	43.3	42.7	36.6
FII	25.1	25.6	32.1
Others	31.6	31.7	31.4

FII Includes depository receipts

CMP: INR85 TP: INR110 (+29%) Buy

Asset quality broadly stable; earnings outlook getting strengthened

Restructured book increases to ~1.9% of loans led by Retail

- **FB reported a PAT of ~INR3.7b in 1QFY22**, led by strong other income (recovery from a written-off account and treasury gains of INR2.6b). It prudently deployed these gains towards provisions, which stood elevated at INR6.4b (63% YoY increase), to further strengthen its Balance Sheet.
- **The bank posted a moderation in business growth**, with loans across most segments declining sequentially. Deposit growth was muted, while the CASA ratio touched ~35% (record high levels). The share of Retail deposits rose to 93% of total deposits.
- **On the asset quality front**, higher disruption due to the second COVID wave caused elevated slippages of INR6.4b (annualized ~2% of loans), though higher write-offs led to stable asset quality ratios. Provision coverage remains stable ~66% (highest among midsize Banks). The restructured book increased to ~1.9% of loans (v/s ~1% of loans in FY21). It expects to restructure loans worth INR4b (~0.3% of loans) over 2QFY22. Collection efficiency remained stable at 95%.
- We maintain our earnings for FY22E/FY23E and estimate RoA/RoE at 1.1%/13.8% for FY23E. FB remains our top pick among midcap Banks. **We maintain our BUY rating with a TP of INR110 per share (1.2x FY23E ABV + INR9/share from subsidiaries/JVs).**

Treasury gains/recovery from written-off accounts prudently deployed for provisioning; PCR stable ~66%

- FB reported a net profit of ~INR3.7b (largely in line) as it prudently deployed higher treasury gains (~INR2.6b) and recovery from written-off assets (~INR1.4b) towards provisioning, which stood elevated at INR6.4b (up 63% YoY).
- NII grew by ~9% YoY (~INR14.2b, flat QoQ) affected by muted loan growth and elevated slippages, which led to interest reversal of INR650m. Margin fell by 8bp QoQ. Core fee income declined by 34% QoQ, due to a drop in disbursements, while strong treasury gains (~INR2.6b) and recovery from written-off accounts drove ~33% YoY growth in other income. Total revenue increased by 16% YoY.
- Opex grew ~9.5% YoY. C/I ratio fell to ~45% (v/s ~53% in 4QFY21). PPOP grew ~22% YoY.
- On the business front, loan growth fell ~2% QoQ (up 7% YoY) to ~INR1.3t, with Retail/SME declining by 3% each and Corporate falling by 2%.
- Deposit base grew ~9% YoY, led by CASA growth of ~19% YoY. The CASA ratio stood at 34.8% (fresh high), with Retail deposits at 93%.
- On the asset quality front, higher disruption due to the second COVID wave caused elevated slippages of INR6.4b (annualized ~2% of loans), with higher slippages from the Agri/SME portfolio. Higher write-offs at INR4.4b kept asset quality ratios stable. The GNPA/NNPA ratio increased by 9bp/4bp

QoQ to ~3.5%/~1.2%, while PCR stood largely stable ~66%. Restructured book increased to ~INR24.1b (~1.9% of loans) v/s INR14.1b (~1% of loans) in FY21. Collection efficiency was stable at 95%, despite a challenging environment, boding well for asset quality trends.

Highlights from the management commentary

- Around 60% of Retail slippages came from the Home loan portfolio, with the rest mainly from the LAP segment.
- FB expects slippages in FY22 to remain at a similar trajectory as the last two years.
- Its restructured book is fully secured. The bank expects LGDs to remain low. Most of its Retail restructured book constitutes Home loans, LAP, etc. Collections efficiency in this portfolio stands at 95%, which is in line with its other portfolio.

Valuation and view

FB reported a slight moderation in business growth owing to a challenging environment and lockdowns across several states. However, the bank's liability franchise remains strong, with Retail deposit mix ~93% and CASA ratio at a record high of ~35%. On the asset quality front, slippages stood elevated from the Retail/Agri/SME segments as the second COVID wave has severely affected the Self-employed segment and impacted the rural economy as well. The bank prudently utilized higher treasury gains/one-off recovery from written-off accounts towards provisions to further strengthen its Balance Sheet and stabilize PCR. We maintain our earnings and estimate RoA/RoE at 1.1%/13.8% for FY23E. **We reiterate our BUY rating with a TP of INR110 per share (1.2x FY23E ABV+ INR9 per share from subsidiaries/JVs).**

Quarterly performance

(INR m)

	FY21				FY22				FY21	FY22E	FY22E 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Interest Income	12,964	13,799	14,370	14,204	14,184	15,280	15,966	16,937	55,337	62,367	14,714	-3.6
% Change (YoY)	12.3	22.8	24.4	16.8	9.4	10.7	11.1	19.2	19.0	12.7	13.5	
Other Income	4,884	5,093	4,818	4,654	6,502	4,771	4,965	5,351	19,449	21,589	4,516	44.0
Total Income	17,848	18,892	19,189	18,858	20,686	20,051	20,931	22,288	74,786	83,956	19,230	7.6
Operating Expenses	8,524	8,827	9,560	10,007	9,334	9,803	10,253	11,171	36,917	40,560	9,528	-2.0
Operating Profit	9,324	10,065	9,629	8,851	11,352	10,248	10,678	11,117	37,869	43,395	9,702	17.0
% Change (YoY)	19.1	40.0	29.5	-7.7	21.8	1.8	10.9	25.6	18.2	14.6	4.1	
Provisions	3,946	5,921	4,206	2,423	6,418	4,665	3,948	2,913	16,496	17,944	4,693	36.8
Profit before Tax	5,378	4,145	5,423	6,428	4,934	5,583	6,731	8,204	21,373	25,451	5,009	-1.5
Tax	1,370	1,069	1,382	1,650	1,261	1,396	1,683	2,024	5,470	6,363	1,252	0.7
Net Profit	4,008	3,076	4,041	4,778	3,673	4,187	5,048	6,181	15,903	19,088	3,757	-2.2
% Change (YoY)	4.3	-26.2	-8.3	58.6	-8.4	36.1	24.9	29.4	3.1	20.0	-6.3	
Operating Parameters												
Deposit (INR b)	1,549	1,567	1,617	1,726	1,694	1,776	1,851	1,934	1,726	1,934	1,694	0.0
Loan (INR b)	1,213	1,229	1,255	1,319	1,298	1,354	1,406	1,464	1,319	1,464	1,296	0.1
Deposit Growth (%)	16.9	12.3	11.8	13.4	9.3	13.3	14.5	12.0	13.4	12.0	9.3	0.0
Loan Growth (%)	8.3	6.1	5.3	7.9	7.0	10.1	12.0	11.0	7.9	11.0	6.8	0.1
Asset Quality*												
Gross NPA (%)	3.0	2.8	3.4	3.4	3.5	3.6	3.5	3.7	3.4	3.7	4.0	-0.5
Net NPA (%)	1.2	1.0	1.1	1.2	1.2	1.4	1.3	1.3	1.2	1.3	1.5	-0.3
PCR (%)	59.6	65.7	66.3	65.9	65.7	62.9	64.0	66.6	65.9	66.6	62.5	3.2

*As set quality on a pro forma basis for 3QFY21

E: MOFSL estimates

Quarterly snapshot

INR m	FY20				FY21				FY22	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Profit & Loss											
Net Interest Income	11,542	11,238	11,549	12,160	12,964	13,799	14,370	14,204	14,184	9	0
Other Income	3,915	4,209	4,079	7,111	4,884	5,093	4,818	4,654	6,502	33	40
Trading profit	910	820	650	3,690	3,040	1,410	1,060	590	2,580	-15	337
Forex Income	430	640	560	760	240	320	450	400	410	71	2
Other Non-interest inc.	2,175	2,529	2,549	2,651	1,484	2,563	3,118	3,224	2,142	44	-34
Total Income	15,457	15,447	15,628	19,271	17,848	18,892	19,189	18,858	20,686	16	10
Operating Expenses	7,629	8,259	8,190	9,678	8,524	8,827	9,560	10,007	9,334	9	-7
Employee	3,978	4,407	4,148	5,191	4,959	4,875	5,256	5,252	5,283	7	1
Others	3,651	3,852	4,042	4,487	3,566	3,952	4,303	4,754	4,051	14	-15
Operating Profit	7,828	7,188	7,438	9,593	9,324	10,065	9,629	8,851	11,352	22	28
Core Operating Profit	6,918	6,368	6,788	5,903	6,284	8,655	8,569	8,261	8,772	40	6
Provisions	1,920	2,518	1,609	5,675	3,946	5,921	4,206	2,423	6,418	63	165
NPA provisions	1,770	1,750	2,420	4,170	2,560	1,690	3,890	7,010	4,590	79	-35
PBT	5,907	4,670	5,830	3,918	5,378	4,145	5,423	6,428	4,934	-8	-23
Taxes	2,065	503	1,423	906	1,370	1,069	1,382	1,650	1,261	-8	-24
PAT	3,842	4,167	4,406	3,012	4,008	3,076	4,041	4,778	3,673	-8	-23
Balance Sheet (INR b)											
Deposits	1,325	1,395	1,446	1,523	1,549	1,567	1,617	1,726	1,694	9	-2
CASA Deposits	417	440	455	465	496	528	557	584	590	19	1
% of overall Deposits	31.4	31.6	31.5	30.5	32.0	33.7	34.5	33.8	34.8	279	100
Retail Deposits	1,230	1,282	1,315	1,367	1,419	1,458	1,493	1,560	1,571	11	1
% of overall Deposits	92.8	91.8	91.0	89.8	91.6	93.0	92.3	90.3	92.7	113	237
Investments	318	311	310	359	347	363	344	372	374	8	1
Advances	1,120	1,159	1,192	1,223	1,213	1,229	1,255	1,319	1,298	7	-2
Retail	328	350	366	379	379	396	422	449	436	15	-3
Total Assets	1,603	1,664	1,728	1,806	1,858	1,890	1,968	2,014	2,000	8	-1
Asset Quality (INR m)											
GNPA	33,947	36,121	36,187	35,308	36,556	35,522	34,702	46,024	46,493	27	1
NNPA	16,728	18,436	19,410	16,072	14,775	12,181	7,572	15,693	15,932	8	2
Slippages*	4,340	5,710	6,030	3,120	1,930	100	1,0890	5,980	6,890	257	-59

*On a pro forma basis for 3QFY21

Quarterly snapshot continued

Ratios	FY20				FY21				FY22	Change (bp)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA*	3.0	3.1	3.0	2.8	3.0	2.8	3.4	3.4	3.5	54	9
NNPA*	1.5	1.6	1.6	1.3	1.2	1.0	1.1	1.2	1.2	1	4
PCR (Calculated)*	51	49	46	54	60	66	66	66	66	615	-17
Slippage Ratio*	1.8	2.3	2.3	1.1	0.6	0.0	3.5	1.8	2.1	149	-299
Credit Cost	0.6	0.6	0.8	1.4	0.8	0.6	1.3	2.2	1.4	56	-78
Business Ratios (%)											
Fees-to-Total Income	14.1	16.4	16.3	13.8	8.3	13.6	16.3	17.1	10.4	204.0	-674.3
Cost-to-Core Income	55.6	60.0	58.1	65.3	59.0	53.9	54.7	57.4	57.2	-182.6	-24.5
Tax Rate	35.0	10.8	24.4	23.1	25.5	25.8	25.5	25.7	25.6	7.8	-11.1
Loan/Deposit	84.5	83.0	82.5	80.3	78.3	78.4	77.6	76.4	76.6	-168.2	21.8
CAR	14.1	14.0	13.6	14.4	14.2	14.6	14.3	14.6	14.6	47.0	2.0
Tier I	13.0	12.9	12.6	13.3	13.0	13.3	13.0	13.9	13.9	87.0	2.0
Profitability Ratios (%)											
Yield on loans	9.6	9.3	9.3	9.2	9.0	8.9	8.7	8.4	8.2	-83	-25
Yield On Investments	7.0	6.7	6.9	6.8	6.9	6.7	6.5	6.4	6.3	-53	-11
Yield on Funds	8.8	8.8	8.7	8.5	8.2	8.1	7.9	7.5	7.5	-77	-2
Cost of Funds	5.8	5.8	5.7	5.4	5.2	5.0	4.6	4.3	4.3	-83	5
Cost of Deposits	6.0	5.9	5.8	5.7	5.4	5.1	4.9	4.7	4.5	-92	-25
NIM	3.2	3.0	3.0	3.0	3.1	3.1	3.2	3.2	3.2	8	-8
RoA	1.0	1.0	1.0	0.7	0.9	0.7	0.8	1.0	0.8	-12	-26
RoE	11.4	12.1	12.5	8.4	10.9	8.1	10.4	12.2	9.0	-189	-317
Others											
Branches	1,251	1,251	1,255	1,263	1,263	1,271	1,272	1,272	1,272	900	0
ATMs	1,934	1,942	1,965	1,937	1,936	1,941	1,948	1,957	1,953	1,700	-400

*On a pro forma basis for 3QFY21



Highlights from the management commentary

Asset quality related

- **FB's** Gold loan portfolio witnessed slippages and restructuring at INR2.75b in 1QFY22.
- Around 60% of Retail slippages came from the Home loan portfolio, with the rest from the LAP segment.
- It has made 15% provisions on restructured advances.
- Total loans restructured in 1QFY22 stood at INR8.5b. It expects to restructure loans worth INR4b in 2QFY22.
- Only one Corporate account has been restructured till date.
- Restructured loans in the Commercial Banking portfolio stood ~INR640m in 1QFY22.
- It expects slippages in FY22 to remain at a similar trajectory as the last two years.
- It saw a strong recovery from written off accounts in 1QFY22 (Kingfisher account).
- Its restructured book is fully secured. The bank expects LGDs to remain low. Most of its Retail restructured book constitutes Home loans, LAP, etc. Collections efficiency in this portfolio stands at 95%, which is in line with its other portfolio.
- SMA (0/1/2) portfolio is broadly similar to 4QFY21 levels (~5%). This has improved in Jul'21.

Balance Sheet related

- It launched Credit Cards for its Existing to Bank (ETB) customers.
- In the near term, the focus is on the Retail segment, Gold loans, and the Business Banking portfolio.
- Total disbursements under ECLGS stood ~INR30b (similar to 4QFY21).
- LTV in the Gold loan portfolio is coming down. It expects 30% loan growth in the Gold loan portfolio.

P&L related

- Total interest reversal stood at INR650m in 1QFY21.
- It expects operating efficiency to continue to improve, and targets a C/I ratio of ~48% in FY22.
- It does not expect any material drop in its cost of funds in the current scenario.
- It expects NIM to remain close to 3.2%.

Key exhibits

COVID-related restructuring book increased to INR24.1b (1.86% of loans)

Exhibit 1: Net stress loans rose to 3.3% of total loans, led by restructuring book of ~1.9%

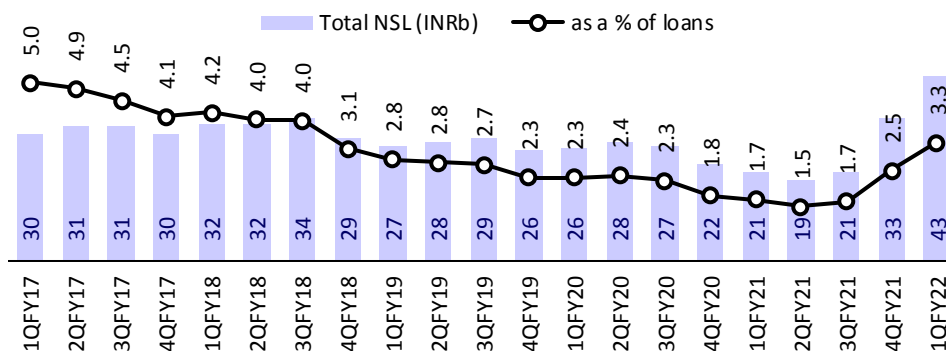
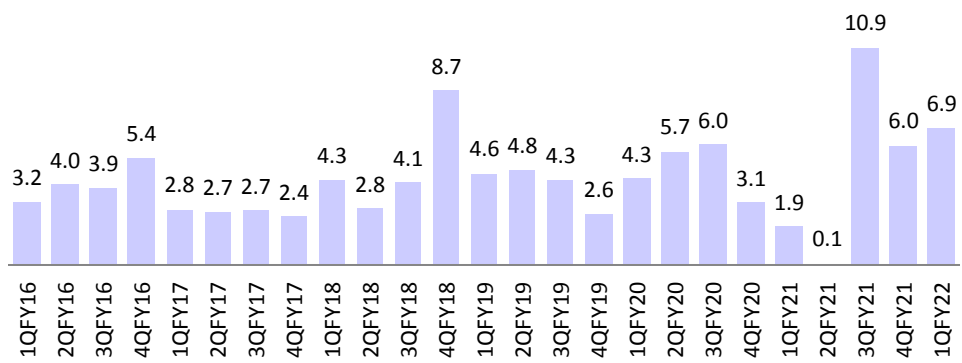
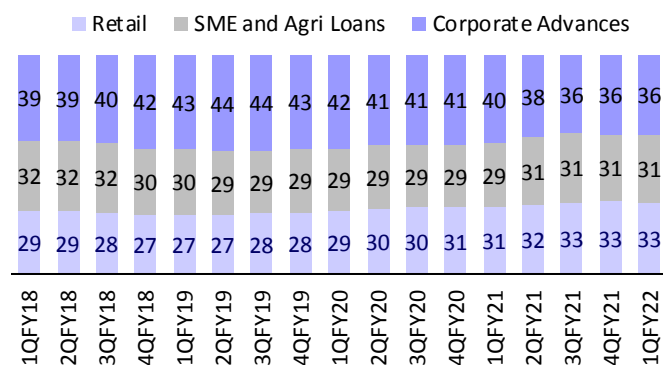


Exhibit 2: Slippages stood elevated at INR6.9b in 1QFY22, led by higher slippages from SME/Agri segments



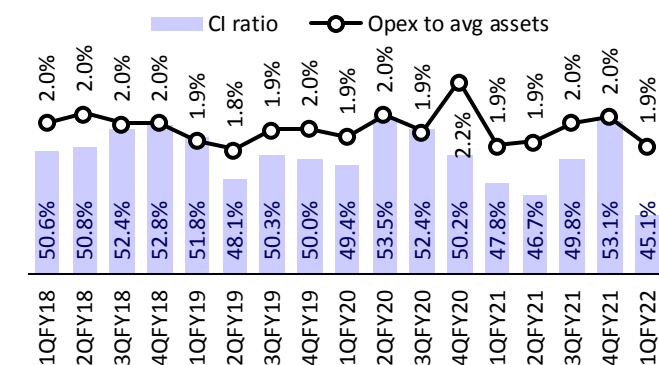
*On a pro forma basis for 3QFY21

Exhibit 3: Corporate book stands ~36% of total loans



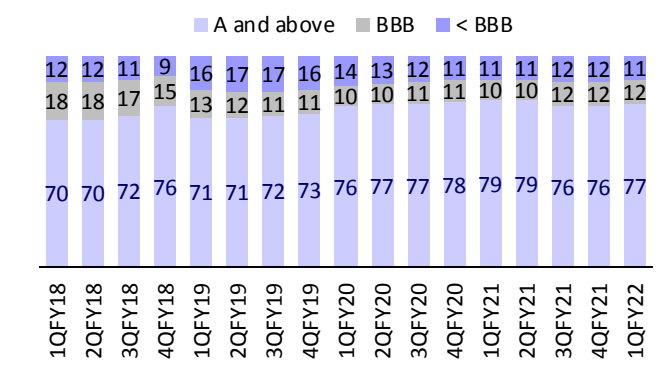
Source: MOFSL, Company

Exhibit 4: C/I ratio declines by ~794bp QoQ to 45.1%



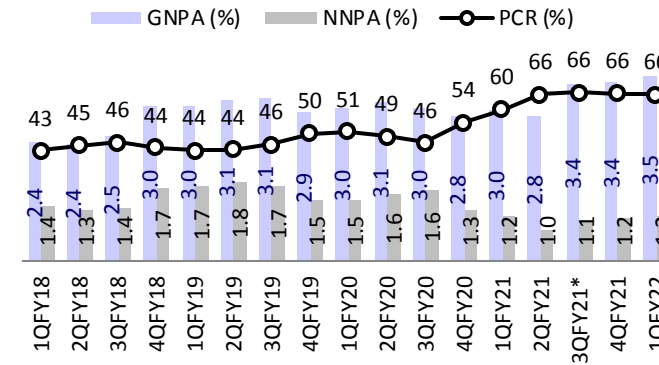
Source: MOFSL, Company

Exhibit 5: Share of A & above increases to 77%



Source: MOFSL, Company

Exhibit 6: Asset quality largely steady; PCR stable ~66%



*On a pro forma basis for 3QFY21

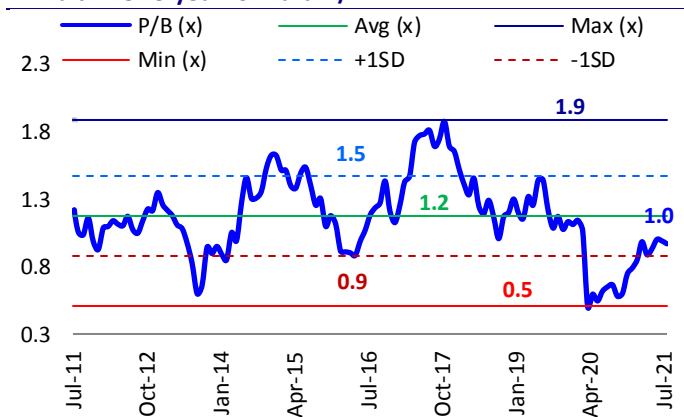
Source: MOFSL, Company

Valuation and view

- Restructuring book increases to ~1.9% of loans; asset quality stable:** FB has reported an increase in its net stressed loans (NNPA + standard restructured + net SRs) to ~3.3% of loans, led by COVID-related structuring of ~INR24.1b. Asset quality ratios stood stable, despite elevated slippages, supported by higher write-offs. Collection efficiency stood ~95% in 1QFY22, with no big ticket (over INR1b) accounts in its watch list. We remain watchful of asset quality, particularly from the SME/Agri segment, which, coupled with a higher restructuring book, would keep slippages elevated. We expect slippages ~1.4% over FY22-23E and credit cost ~1.1% for FY22E/FY23E, with PCR ~68%.
- Strong liability franchise:** CASA + retail TD constitutes over 90% of total deposits. The bank saw a reduction in its cost of deposits and has a lower cost of funds advantage compared to other midsize Banks, which, along with its focus on cross-selling liability products to Corporate clients to garner salary accounts, will support margin. This, coupled with a pick-up in loan growth, would support margin. We estimate margin to improve gradually from current levels.
- FB lending to better rated corporates; business growth to gradually pick up:** The management has taken a cautious approach to build its loan mix toward higher-rated Corporates and secured Retail loans. The proportion of Retail loans has improved to ~33% in 1QFY22 from 28.4% in FY19. Though the bank witnessed a moderation over 1QFY22, due to a challenging business environment, we expect a gradual pickup in loan growth, resulting in a further improvement in overall operating performance.

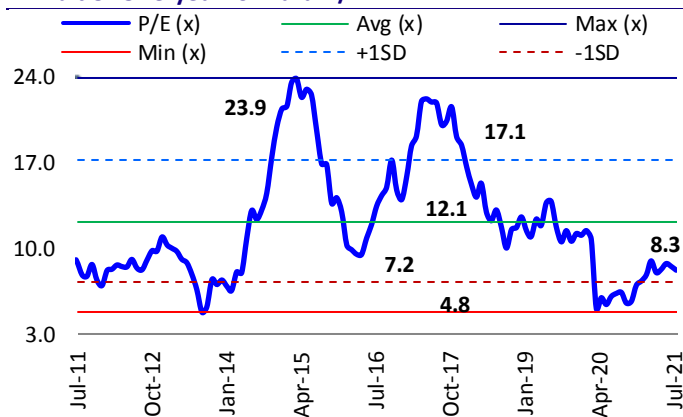
- Buy with a TP of INR110/share:** FB reported a slight moderation in business growth owing to a challenging environment and lockdowns across several states. However, the bank’s liability franchise remains strong, with Retail deposit mix ~93% and CASA ratio at a record high of ~35%. On the asset quality front, slippages stood elevated from the Retail/Agri/SME segments as the second COVID wave has severely affected the Self-employed segment and impacted the rural economy as well. The bank prudently utilized higher treasury gains/one-off recovery from written-off accounts towards provisions to further strengthen its Balance Sheet and stabilize PCR. We maintain our earnings and estimate RoA/RoE at 1.1%/13.8% for FY23E. **We reiterate our BUY rating with a TP of INR110 per share (1.2x FY23E ABV+ INR9 per share from subsidiaries/JVs).**

Exhibit 7: One-year forward P/B



Source: MOFSL, Company

Exhibit 8: One-year forward P/E



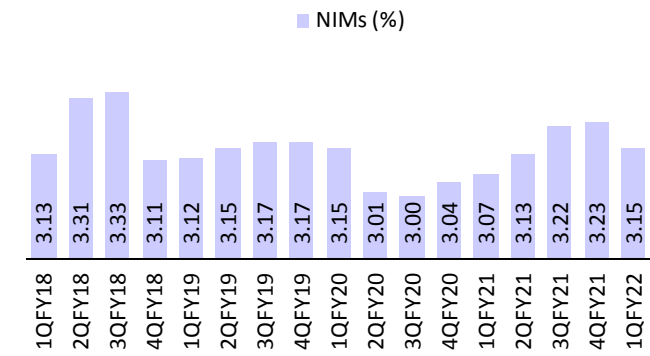
Source: MOFSL, Company

Exhibit 9: DuPont Analysis: Expect return ratios to improve gradually from FY22E onwards

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	8.89	8.41	7.70	7.67	7.77	7.20	7.06	7.19
Interest Expense	6.01	5.45	4.87	4.87	5.04	4.31	4.12	4.11
Net Interest Income	2.88	2.96	2.83	2.81	2.73	2.90	2.93	3.08
Core Fee Income	0.68	0.70	0.73	0.75	0.78	0.70	0.73	0.75
Trading and others	0.25	0.35	0.19	0.15	0.36	0.32	0.29	0.26
Non-Interest income	0.93	1.05	0.92	0.91	1.14	1.02	1.02	1.00
Total Income	3.81	4.01	3.74	3.71	3.87	3.92	3.95	4.08
Operating Expenses	2.17	2.14	1.94	1.86	1.99	1.93	1.91	1.93
Employee cost	1.21	1.13	0.98	0.93	1.04	1.07	1.04	1.05
Others	0.96	1.01	0.95	0.93	0.94	0.87	0.87	0.88
Operating Profit	1.63	1.87	1.81	1.86	1.89	1.98	2.04	2.15
Core Operating Profit	1.39	1.51	1.62	1.70	1.53	1.66	1.76	1.89
Provisions	0.81	0.60	0.75	0.58	0.69	0.86	0.84	0.69
PBT	0.83	1.27	1.06	1.28	1.20	1.12	1.20	1.46
Tax	0.28	0.46	0.37	0.45	0.29	0.29	0.30	0.37
RoA	0.55	0.81	0.69	0.84	0.91	0.83	0.90	1.10
Leverage (x)	11.0	12.1	12.0	11.7	12.2	12.5	12.5	12.6
RoE	6.0	9.8	8.3	9.8	11.1	10.4	11.3	13.8

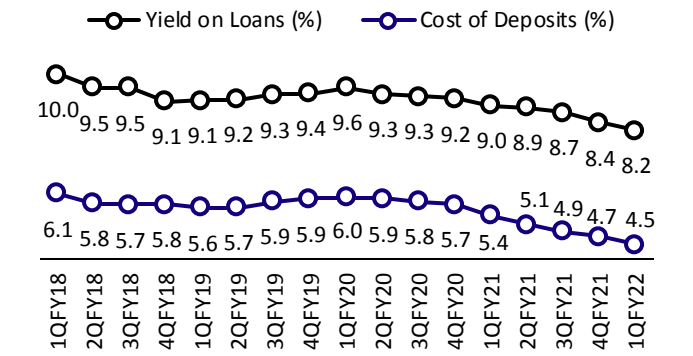
Story in charts

Exhibit 10: NIM declines by 8bp QoQ to 3.15%



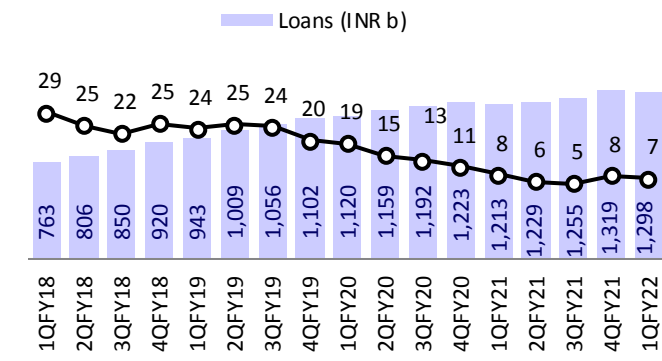
Source: MOFSL, Company

Exhibit 11: CoD declines by 25bp QoQ to 4.45%



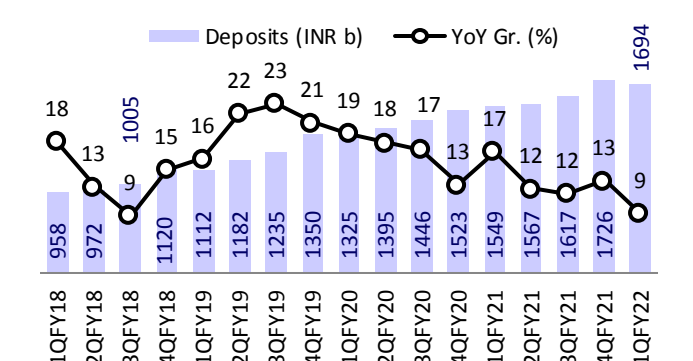
Source: MOFSL, Company

Exhibit 12: Loan growth modest ~7% YoY



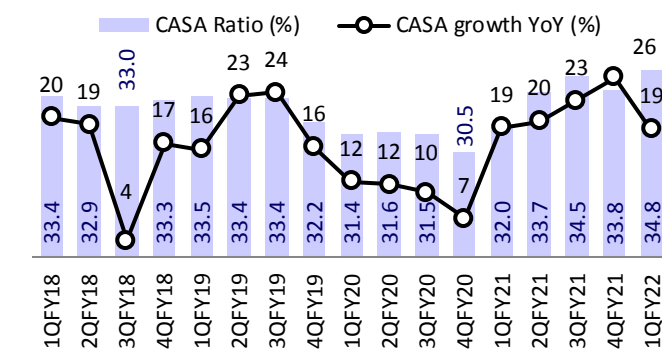
Source: MOFSL, Company

Exhibit 13: Deposit growth moderates to ~9% YoY



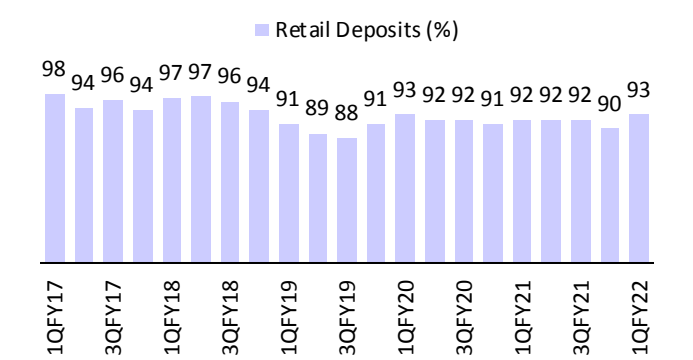
Source: MOFSL, Company

Exhibit 14: CASA deposits grew by ~19% YoY



Source: MOFSL, Company

Exhibit 15: Proportion of Retail deposits strong at 90%



Source: MOFSL, Company

Financials and valuations

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	77,482	86,774	97,529	1,14,190	1,32,108	1,37,579	1,50,043	1,71,600
Interest Expense	52,404	56,247	61,701	72,427	85,618	82,242	87,675	98,077
Net Interest Income	25,077	30,526	35,828	41,763	46,489	55,337	62,367	73,523
Growth (%)	5.3	21.7	17.4	16.6	11.3	19.0	12.7	17.9
Non-Interest Income	8,082	10,818	11,591	13,510	19,314	19,449	21,589	23,963
Total Income	33,159	41,345	47,419	55,274	65,803	74,786	83,956	97,486
Growth (%)	1.8	24.7	14.7	16.6	19.0	13.7	12.3	16.1
Operating Expenses	18,921	22,095	24,509	27,643	33,756	36,917	40,560	46,180
Pre-Provision Profit	14,238	19,249	22,910	27,631	32,047	37,869	43,395	51,306
Growth (%)	-12.5	35.2	19.0	20.6	16.0	18.2	14.6	18.2
Core PPP	12,963	16,163	20,521	25,347	25,969	31,781	37,307	45,217
Growth (%)	-5.5	24.7	27.0	23.5	2.5	22.4	17.4	21.2
Provisions (excl. tax)	7,041	6,184	9,472	8,559	11,722	16,496	17,944	16,405
PBT	7,197	13,065	13,439	19,073	20,325	21,373	25,451	34,900
Tax	2,440	4,757	4,650	6,634	4,898	5,470	6,363	8,725
Tax Rate (%)	33.9	36.4	34.6	34.8	24.1	25.6	25.0	25.0
PAT	4,757	8,308	8,789	12,439	15,428	15,903	19,088	26,175
Growth (%)	-52.7	74.7	5.8	41.5	24.0	3.1	20.0	37.1

Balance Sheet

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	3,438	3,448	3,944	3,970	3,985	3,992	4,202	4,202
Reserves and Surplus	77,474	84,108	1,18,158	1,28,760	1,41,191	1,57,244	1,73,863	1,96,239
Net Worth	80,912	87,556	1,22,102	1,32,730	1,45,176	1,61,236	1,78,065	2,00,441
Deposits	7,91,717	9,76,646	11,19,925	13,49,543	15,22,901	17,26,445	19,33,618	22,04,325
Growth (%)	11.8	23.4	14.7	20.5	12.8	13.4	12.0	14.0
of which CASA Dep.	2,60,526	3,20,528	3,76,867	4,37,314	4,67,743	5,87,126	6,94,169	8,00,170
Growth (%)	19.6	23.0	17.6	16.0	7.0	25.5	18.2	15.3
Borrowings	21,766	58,973	1,15,335	77,813	1,03,724	90,685	88,871	93,315
Other Liabilities and Prov.	19,905	26,594	25,777	33,313	34,579	35,308	37,073	38,927
Total Liabilities	9,14,300	11,49,769	13,83,140	15,93,400	18,06,380	20,13,674	22,37,628	25,37,007
Current Assets	54,198	74,522	92,034	1,00,668	1,25,746	1,95,914	2,06,294	2,14,829
Investments	2,22,175	2,81,961	3,07,811	3,18,245	3,58,927	3,71,862	4,20,204	4,83,235
Growth (%)	8.0	26.9	9.2	3.4	12.8	3.6	13.0	15.0
Loans	5,80,901	7,33,363	9,19,575	11,02,230	12,22,679	13,18,786	14,63,852	16,68,792
Growth (%)	13.3	26.2	25.4	19.9	10.9	7.9	11.0	14.0
Fixed Assets	5,200	4,895	4,574	4,720	4,800	4,911	5,157	5,415
Other Assets	51,826	55,029	59,146	67,537	94,229	1,22,201	1,42,120	1,64,737
Total Assets	9,14,300	11,49,769	13,83,140	15,93,400	18,06,380	20,13,674	22,37,628	25,37,007

Asset Quality

GNPA (INR m)	16,677	17,270	27,956	32,607	35,308	46,024	55,388	61,349
NNPA (INR m)	9,500	9,412	15,520	16,262	16,072	15,693	18,509	19,870
GNPA Ratio	2.8	2.3	3.0	2.9	2.8	3.4	3.7	3.6
NNPA Ratio	1.6	1.3	1.7	1.5	1.3	1.2	1.3	1.2
Slippage Ratio	3.7	1.9	2.7	1.6	1.7	1.5	1.5	1.3
Credit Cost	1.3	0.9	1.1	0.8	1.0	1.3	1.3	1.0
PCR (excl. Tech. write-off)	43.0	45.5	44.5	50.1	54.5	65.9	66.6	67.6

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Yield and Cost Ratios (%)								
Avg. Yield on Earning Assets	10.0	9.3	8.4	8.4	8.5	8.0	7.9	8.0
Avg. Yield on loans	10.4	10.0	9.1	9.0	9.2	8.5	8.5	8.7
Avg. Yield on Investments	8.2	7.1	6.6	6.6	6.6	6.6	6.5	6.5
Avg. Cost of Int. Bear. Liab.	6.8	6.1	5.4	5.4	5.6	4.8	4.6	4.5
Avg. Cost of Deposits	6.7	6.1	5.5	5.5	5.6	4.8	4.6	4.5
Avg. Cost of Borrowings	8.0	5.5	5.1	5.2	5.1	4.3	4.6	4.5
Interest Spread	3.2	3.2	3.0	2.9	2.9	3.2	3.3	3.5
Net Interest Margin	3.2	3.3	3.1	3.1	3.0	3.2	3.3	3.4

Capitalization Ratios (%)

CAR	13.9	12.4	14.9	14.4	14.4	14.6	15.2	14.9
Tier I	13.4	11.8	14.4	13.7	13.3	13.9	14.5	14.3
Tier II	0.6	0.6	0.5	0.8	1.1	0.8	0.7	0.6

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	73.4	75.1	82.1	81.7	80.3	76.4	75.7	75.7
CASA Ratio	32.9	32.8	33.7	32.4	30.7	34.0	35.9	36.3
Cost/Assets	2.1	1.9	1.8	1.7	1.9	1.8	1.8	1.8
Cost/Total Income	57.1	53.4	51.7	50.0	51.3	49.4	48.3	47.4
Cost/Core Income	59.3	57.8	54.4	52.2	56.5	53.7	52.1	50.5
Int. Expense/Int. Income	67.6	64.8	63.3	63.4	64.8	59.8	58.4	57.2
Fee Income/Net Income	17.8	17.4	19.4	20.3	20.1	17.9	18.5	18.3
Non Int. Inc./Net Income	24.4	26.2	24.4	24.4	29.4	26.0	25.7	24.6
Empl. Cost/Op. Exps.	55.6	52.7	50.7	49.8	52.5	55.1	54.7	54.3
Investment/Deposit Ratio	28.1	28.9	27.5	23.6	23.6	21.5	21.7	21.9

Valuation

RoE	6.0	9.9	8.3	9.8	11.1	10.4	11.3	13.8
RoA	0.5	0.8	0.7	0.8	0.9	0.8	0.9	1.1
RoRWA	0.8	1.1	1.0	1.3	1.4	1.4	1.5	1.9
Book Value (INR)	47.1	50.8	61.9	66.9	72.8	80.8	84.7	95.4
Growth (%)	4.2	7.9	21.9	8.0	9.0	10.9	4.9	12.6
Price-to-BV (x)		1.7	1.4	1.3	1.2	1.1	1.0	0.9
Adjusted BV (INR)	43.5	47.2	54.4	59.1	64.9	72.6	75.8	85.5
Price-to-ABV (x)		1.8	1.6	1.4	1.3	1.2	1.1	1.0
EPS (INR)	2.8	4.8	4.8	6.3	7.8	8.0	9.3	12.5
Growth (%)	-52.9	74.1	-1.3	32.2	23.4	2.8	16.9	33.7
Price-to-Earnings (x)		17.7	18.0	13.6	11.0	10.7	9.2	6.9
Dividend Per Share (INR)	0.7	1.1	1.1	1.2	1.7	0.0	1.2	1.8
Dividend Yield (%)		1.3	1.3	1.4	2.0	0.0	1.4	2.1

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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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