

Estimate change



TP change



Rating change



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Bloomberg	INBKIN
Equity Shares (m)	1,245
M.Cap.(INRb)/(USD\$b)	173.4 / 2.3
52-Week Range (INR)	157 / 53
1, 6, 12 Rel. Per (%)	-1/40/84
12M Avg Val (INR M)	443

#### Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
NII	156.7	176.1	196.0
OP	114.0	138.5	157.5
NP	30.0	42.9	59.8
NIM (%)	2.8	2.8	2.9
EPS (INR)	26.6	36.1	48.0
EPS Gr. (%)	92.3	35.7	32.9
BV/Sh. (INR)	312.1	328.5	373.5
ABV/Sh. (INR)	234.1	252.6	294.7
<b>Ratios</b>			
RoE (%)	9.8	12.1	14.5
RoA (%)	0.5	0.7	0.8
<b>Valuations</b>			
P/E(X)	5.2	3.9	2.9
P/BV(X)	0.4	0.4	0.4
P/ABV(X)	0.6	0.6	0.5

#### Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	79.9	88.1	88.1
DII	10.4	4.4	4.1
FII	3.0	1.0	1.0
Others	6.7	6.6	6.9

FII Includes depository receipts

**CMP: INR139**
**TP: INR175 (+26%)**
**Buy**

## Operating performance showing recovery signs

### Slippages/credit cost likely to stay elevated; restructured book ~2.7%

- INBK reported healthy operating performance supported by modest opex and higher other income, even as business growth remains muted. NIM, however, expanded 51bp QoQ to 2.85% (higher slippages in 4QFY21). Provisions continue to remain elevated, despite the bank reporting healthy RoA/RoE of ~0.8%/15% in 1QFY22.
  - Asset quality was largely stable even as slippages came in elevated (~5% annualized). Collection efficiency declined in 1QFY22, while witnessing improving trends from Jul'21. Restructuring book stands ~2.7% of loans, while the high SMA book (~7.6%) would keep asset quality under check.
  - We expect business growth to pick up gradually, which is likely to support margin. However, slippages are likely to remain elevated, which would keep credit cost elevated. We estimate RoA/RoE of 0.8%/14.5% by FY23E.
- We resume coverage with a Buy rating.**

### Business growth modest; slippages remain elevated; PCR ~66.5%

- INBK reported a PAT of INR11.8b (+220% YoY), supported by tax reversals of INR3.2b, even as provisions stood elevated at INR26b (+22%). NII grew 3% YoY (+20% QoQ) to INR39.9b, while NIM improved 51bp QoQ to 2.85%.
- Core fee income grew 5% YoY (-29% QoQ) impacted by lower business volumes, while total other income grew 41% YoY (+8% QoQ) to ~INR18.8b. This was mainly led by recovery from bad debts and a rise in FX income.
- Opex declined by 2% YoY to ~INR24b. PPOP grew strongly (+26% YoY, +36% QoQ) to INR34.7b. C/I ratio improved 900bp QoQ to 40.9%.
- Loan growth was modest at 7% YoY (flat QoQ) to ~INR3.6t, led by muted growth in the Corporate book (-1% QoQ), while Retail (+17% YoY), MSME (+12% YoY), and Agri (+17% YoY) book continued to show healthy trends. Deposits grew 10% YoY (flat QoQ), led by a 12% rise in term deposits. CASA deposits grew 9%. CASA mix stood at 40.9% (-140bp QoQ).
- Slippages stood elevated at INR44b (~5% annualized), led by the MSME segment, while higher upgrades (INR16.5b) and write-offs (INR28b) resulted in 2% QoQ decline in GNPA. GNPA ratio declined by 16bp QoQ to 9.7%, while NNPA rose to 3.5% (+10bp) as PCR stood at 66.5% (82% including technical write-offs).
- SMA book remains elevated ~7.6%, while total restructuring is expected ~2.7% of total loans. Collection efficiency witnessed a decline over 1QFY22, with Retail/MSME/Agri/Corporate at 85%/78%/88%/97%.

### Highlights from the management commentary

- Collection efficiency dipped over May-Jun'21, but witnessed an uptick from Jul'21 onwards. It expects CE to cross 90% by the end of Jul'21.

- The bank expects minimum growth (~10% YoY) on the advances front. NII is expected to pick up going forward and would support margin. The management is looking to achieve a NIM of 3%.
- The target is to keep the slippage ratio at less than 3% and credit cost below 2%.

### Valuation and view

INBK reported a healthy operating performance, supported by modest opex and higher FX income, while business growth remains muted. The bank expects growth to pick up, led by the RAM segment, while the Corporate book would witness a gradual recovery. This, along with the low cost of funds, would support margin. Asset quality was largely stable, despite higher slippages (led by the MSME segment). However, lower collection efficiency, along with a high SMA book (7.6% of loans), would keep slippages elevated. We estimate credit cost to stay elevated at 2.1%/1.8% for FY22E/FY23E. We project loan growth at 9%/12% for FY22E/FY23E and estimate RoA/RoE of 0.8%/14.5% by FY23E. The bank is trading at reasonable valuations of 0.5x FY23E ABV. **We resume coverage with a Buy rating and a TP of INR175 per share (0.6x FY23E ABV).**

### Quarterly performance

Y/E March	FY21				FY22				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY21	FY22E
<b>Net Interest Income</b>	<b>38,743</b>	<b>41,440</b>	<b>43,133</b>	<b>33,343</b>	<b>39,942</b>	<b>42,253</b>	<b>45,774</b>	<b>48,085</b>	<b>1,56,659</b>	<b>1,76,054</b>
Change (YoY, %)	117.0	122.4	120.6	66.5	3.1	2.0	6.1	44.2	106.0	12.4
Other Income	13,268	16,117	13,968	17,439	18,766	15,648	17,426	19,287	60,793	71,127
<b>Total Income</b>	<b>52,010</b>	<b>57,558</b>	<b>57,101</b>	<b>50,783</b>	<b>58,708</b>	<b>57,901</b>	<b>63,200</b>	<b>67,372</b>	<b>2,17,452</b>	<b>2,47,181</b>
Operating Expenses	24,477	27,608	26,111	25,299	23,990	26,084	28,258	30,351	1,03,496	1,08,683
<b>Operating Profit</b>	<b>27,533</b>	<b>29,949</b>	<b>30,990</b>	<b>25,484</b>	<b>34,718</b>	<b>31,817</b>	<b>34,943</b>	<b>37,021</b>	<b>1,13,956</b>	<b>1,38,498</b>
Change (YoY, %)	100.4	99.4	61.5	49.6	26.1	6.2	12.8	45.3	75.4	21.5
Other Provisions	21,391	22,841	23,144	17,525	26,145	20,298	18,674	16,075	84,901	81,192
<b>Profit before Tax</b>	<b>6,142</b>	<b>7,108</b>	<b>7,846</b>	<b>7,959</b>	<b>8,573</b>	<b>11,519</b>	<b>16,268</b>	<b>20,946</b>	<b>29,056</b>	<b>57,306</b>
Tax	2,450	2,986	2,704	-9,130	-3,244	2,903	6,019	8,763	-991	14,441
<b>Net Profit</b>	<b>3,693</b>	<b>4,123</b>	<b>5,143</b>	<b>17,088</b>	<b>11,817</b>	<b>8,616</b>	<b>10,249</b>	<b>12,183</b>	<b>30,047</b>	<b>42,865</b>
Change (YoY, %)	1.1	15.0	108.1	-884.8	220.0	109.0	99.3	-28.7	298.8	42.7
<b>Operating Parameters</b>										
Deposits (INR b)	4,891	5,020	5,212	5,381	5,401	5,556	5,712	5,919	5,381	5,919
Loans (INR b)	3,395	3,397	3,628	3,640	3,644	3,741	3,838	3,968	3,640	3,968
Deposit Growth (%)	102.6	98.3	102.3	106.8	10.4	10.7	9.6	10.0	106.8	10.0
Loan Growth (%)	91.2	81.8	95.9	83.9	7.3	10.1	5.8	9.0	83.9	9.0
<b>Asset Quality</b>										
Gross NPA (%)	10.9	9.9	9.0	9.9	9.7	9.8	9.7	9.6	9.9	9.6
Net NPA (%)	3.8	3.0	2.4	3.4	3.5	3.4	3.4	3.3	3.4	3.3
PCR (%)	68.1	72.2	75.8	68.1	66.5	67.0	67.0	67.6	68.1	67.6

E: MOFSL estimates

## Quarterly snapshot

	FY20				FY21				FY22	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
<b>Profit and Loss (INR m)</b>											
Interest Income	51,376	53,077	54,670	54,927	1,01,200	1,00,574	1,00,245	89,039	96,236	-5	8
Interest Expenses	33,521	34,446	35,118	34,900	62,457	59,133	57,112	55,696	56,294	-10	1
Net Interest Income	17,854	18,630	19,552	20,028	38,743	41,440	43,133	33,343	39,942	3	20
Other Income	6,945	7,376	10,386	8,416	13,268	16,117	13,968	17,439	18,766	41	8
Trading profit	2,023	2,492	2,400	1,880	6,320	6,310	4,070	4,540	6,150	-3	35
Recoveries	1,586	1,334	4,030	1,790	2,020	2,340	2,780	4,660	6,430	218	38
Core Fees	2,806	3,038	3,460	4,270	4,450	6,650	6,000	6,590	4,660	5	-29
Total Income	24,800	26,007	29,938	28,444	52,010	57,558	57,101	50,783	58,708	13	16
Operating Expenses	11,058	10,989	10,750	11,411	24,477	27,608	26,111	25,299	23,990	-2	-5
Operating Profit	13,742	15,018	19,188	17,033	27,533	29,949	30,990	25,484	34,718	26	36
Core Operating Profit	11,719	12,526	16,788	15,153	21,213	23,639	26,920	20,944	28,568	35	36
Provisions	7,948	9,094	15,293	18,919	21,391	22,841	23,144	17,525	26,145	22	49
NPA provisions	4,822	7,209	17,024	14,304	18,299	18,800	7,381	28,703	17,466	-5	-39
PBT	5,794	5,924	3,895	-1,886	6,142	7,108	7,846	7,959	8,573	40	8
Taxes	2,140	2,338	1,424	291	2,450	2,986	2,704	-9,130	-3,244	-232	-64
PAT	3,654	3,586	2,472	-2,177	3,693	4,123	5,143	17,088	11,817	220	-31
<b>Balance Sheet (INR b)</b>											
Deposits	2,415	2,532	2,576	2,602	4,891	5,020	5,212	5,381	5,401	10	0
Loans	1,776	1,868	1,852	1,979	3,395	3,397	3,628	3,640	3,644	7	0
<b>Asset Quality (INR b)</b>											
GNPA	135	140	139	142	400	362	352	385	378	-6	-2
NNPA	68	66	65	62	128	101	85	123	127	-1	3
Slippages	11	8	22	13	6	3	2	83	44	628	-47

## Quarterly snapshot continued

Ratios	FY20				FY21				FY22	Change (bp)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA	7.3	7.2	7.2	6.9	10.9	9.9	9.0	9.9	9.7	-121	-16
NNPA	3.8	3.5	3.5	3.1	3.8	3.0	2.4	3.4	3.5	-29	10
PCR (Cal.)	49.5	52.7	53.2	56.3	68.1	72.2	75.8	68.1	66.5	-159	-160
PCR (Inc. TWO)	66.3	68.1	70.8	73.1	80.5	84.4	86.5	82.1	82.0	148	-12
Credit Cost	1.1	1.6	3.8	3.0	2.8	2.9	1.1	4.1	2.0	-85	-210
<b>Business Ratios (%)</b>											
Fees-to-Total Income	19.8	18.8	26.7	23.0	13.4	17.0	17.3	25.4	21.5	813	-391
Cost-to-Core Income	48.5	46.7	39.0	43.0	53.6	53.9	49.2	54.7	45.6	-793	-906
Tax Rate	36.9	39.5	36.5	-15.4	39.9	42.0	34.5	-114.7	-37.8	-7,772	7,687
CASA	34.2	34.7	34.5	35.4	41.5	41.4	40.9	42.3	40.9	-63	-140
Loan/Deposit	73.5	73.8	71.9	76.0	69.4	67.7	69.6	67.7	67.5	-194	-19
<b>Profitability Ratios (%)</b>											
Yields on loans	8.4	8.6	8.4	8.4	7.6	7.8	7.6	6.3	7.1	-53	79
Yields on Investments	8.3	8.2	8.1	7.6	6.7	6.6	6.5	6.4	6.2	-45	-21
Cost of Deposits	5.4	5.5	5.4	5.2	4.8	4.6	4.3	4.1	4.1	-78	0
Margin	2.9	2.9	2.9	3.0	2.8	3.1	3.1	2.3	2.9	2	51
RoA	0.5	0.5	0.3	-0.3	0.3	0.3	0.4	1.1	0.8	50	-34



## Highlights from the management commentary

### P&L and Balance Sheet related

- The RAM segment would continue to grow strongly, while Corporate growth is expected to pick up from 2QFY22.
- The bank expects minimum growth (~10% YoY) on the advances front.
- NII is expected to pick up going forward and would support margin. The management is looking to achieve a NIM of 3%.
- Operating profit is likely to sustain in the current range of INR34-35b.

### Asset quality

- Slippages were primarily from the MSME segment. It expects further restructuring of INR4-5b in the MSME book.
- Slippages are likely to remain higher over FY22 (10-12bp higher than its normal average).
- The target is to keep the slippage ratio at less than 3% and credit cost below 2%.
- CE dipped over May-Jun'21, but witnessed an uptick from Jul'21 onwards. It expects CE to cross 90% by the end of Jul'21.
- Upgradation and recoveries are expected to improve in coming quarters.
- Disbursements under ECLGS 1/3 stood at INR53.3b/INR160m.
- INBK expect recoveries of INR50b and upgradation of INR25b for FY22.
- NCLT recoveries are expected to be ~INR12b in FY22.
- The bank has provided for 20% of its exposure to SREI Infrastructure Finance.
- Its exposure to DHFL stands at INR13b.

### Others

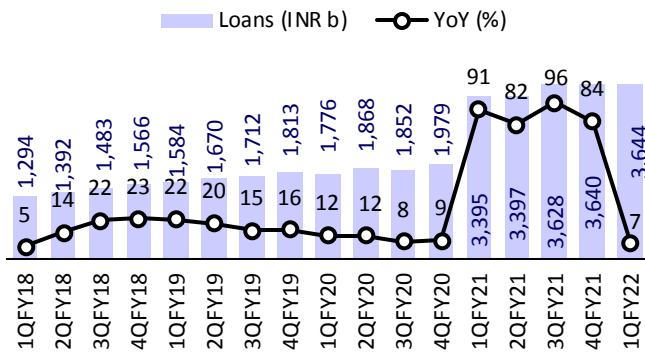
- Synergies of amalgamation have started to kick in and is visible in its 1QFY22 performance.

Exhibit 1: DuPont Analysis: Expect return ratios to remain modest

	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	7.60	7.27	7.20	7.26	8.36	6.68	6.73
Interest Expense	5.16	4.61	4.57	4.68	5.01	4.00	4.02
<b>Net Interest Income</b>	<b>2.44</b>	<b>2.66</b>	<b>2.63</b>	<b>2.58</b>	<b>3.35</b>	<b>2.68</b>	<b>2.70</b>
Fee income	0.63	0.74	0.64	0.83	0.85	0.73	0.77
Trading and others	0.41	0.28	0.07	0.30	0.45	0.36	0.35
<b>Other Income</b>	<b>1.05</b>	<b>1.02</b>	<b>0.71</b>	<b>1.12</b>	<b>1.30</b>	<b>1.08</b>	<b>1.13</b>
<b>Total Income</b>	<b>3.49</b>	<b>3.68</b>	<b>3.34</b>	<b>3.70</b>	<b>4.65</b>	<b>3.77</b>	<b>3.83</b>
<b>Operating Expenses</b>	<b>1.59</b>	<b>1.56</b>	<b>1.51</b>	<b>1.50</b>	<b>2.21</b>	<b>1.66</b>	<b>1.66</b>
Employees	0.94	0.89	0.83	0.84	1.36	1.01	1.01
Others	0.65	0.67	0.67	0.66	0.85	0.65	0.65
<b>Operating Profit</b>	<b>1.90</b>	<b>2.12</b>	<b>1.83</b>	<b>2.20</b>	<b>2.44</b>	<b>2.11</b>	<b>2.17</b>
<b>Provisions</b>	<b>1.06</b>	<b>1.67</b>	<b>1.73</b>	<b>1.74</b>	<b>1.82</b>	<b>1.24</b>	<b>1.07</b>
NPA	0.98	1.47	1.36	1.47	1.56	1.22	1.04
Others	0.08	0.19	0.37	0.27	0.25	0.02	0.03
<b>PBT</b>	<b>0.83</b>	<b>0.46</b>	<b>0.11</b>	<b>0.47</b>	<b>0.62</b>	<b>0.87</b>	<b>1.10</b>
Tax	0.17	-0.08	-0.01	0.21	-0.02	0.22	0.28
<b>RoA</b>	<b>0.67</b>	<b>0.53</b>	<b>0.12</b>	<b>0.26</b>	<b>0.64</b>	<b>0.65</b>	<b>0.82</b>
Leverage (x)	15.1	15.5	16.6	16.7	18.1	18.5	17.6
<b>RoE</b>	<b>10.1</b>	<b>8.3</b>	<b>2.0</b>	<b>4.3</b>	<b>11.6</b>	<b>12.1</b>	<b>14.5</b>

## Story in charts

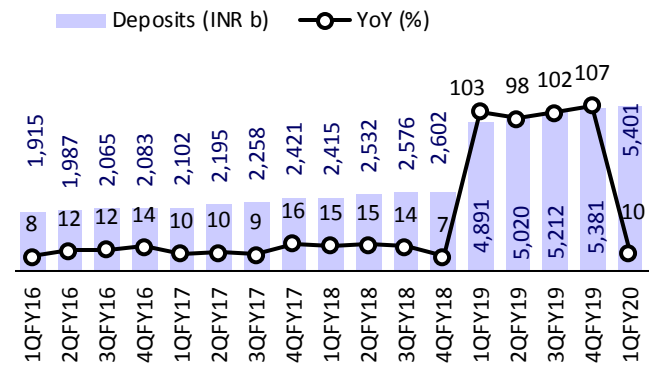
**Exhibit 1: Loan book grew ~7% YoY (flat QoQ)**



Merged numbers from 1QFY21 onwards; Also, growth trends over 1QFY21-4QFY21 not comparable

Source: MOFSL, Company

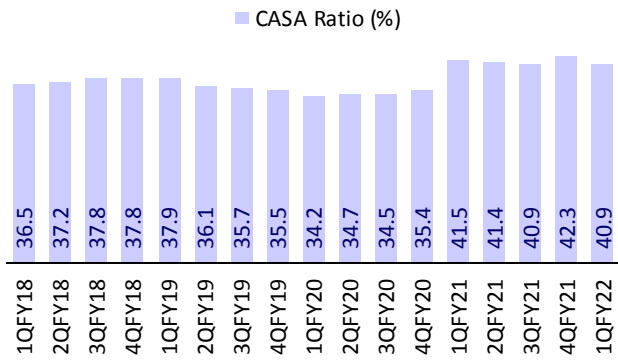
**Exhibit 2: Deposit growth at 10% YoY (flat QoQ)**



Merged numbers from 1QFY21 onwards; Also, growth trends over 1QFY21-4QFY21 not comparable

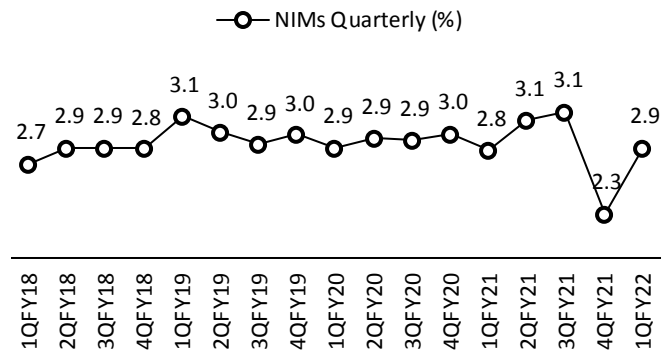
Source: MOFSL, Company

**Exhibit 3: CASA ratio stood at 40.9%**



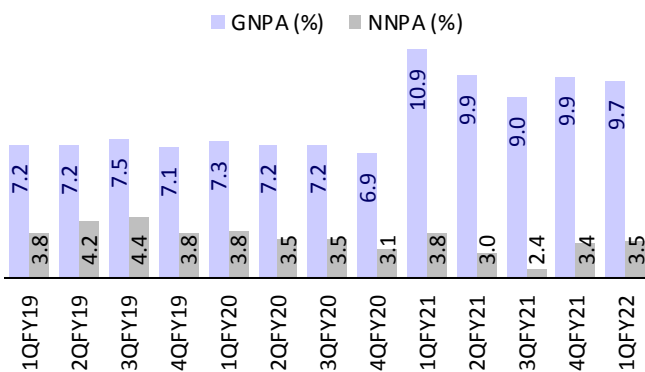
Source: MOFSL, Company

**Exhibit 4: NIM improves by 51bp QoQ to 2.85%**



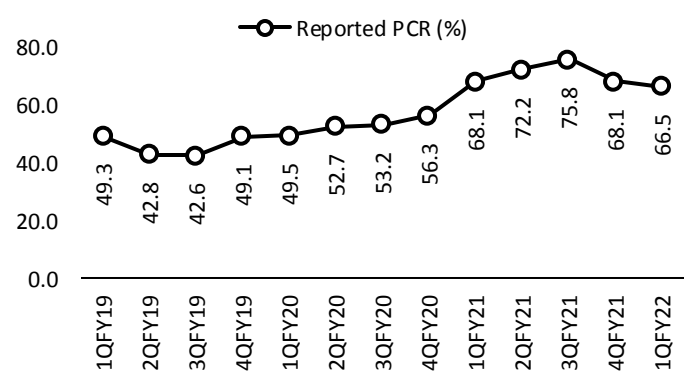
Source: MOFSL, Company

**Exhibit 5: GNPA ratio improves by 16bp QoQ, while NNPA increases by 10bp**



Source: MOFSL, Company

**Exhibit 6: PCR trends over the last few quarters**



Source: MOFSL, Company

## Financials and valuations

Income Statement							(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	1,60,398	1,71,136	1,91,848	2,14,050	3,91,058	4,38,443	4,87,787
Interest Expense	1,08,937	1,08,501	1,21,667	1,37,986	2,34,398	2,62,389	2,91,830
<b>Net Interest Income</b>	<b>51,461</b>	<b>62,636</b>	<b>70,181</b>	<b>76,064</b>	<b>1,56,659</b>	<b>1,76,054</b>	<b>1,95,958</b>
Growth (%)	15.7	21.7	12.0	8.4	106.0	12.4	11.3
Non-Interest Income	22,114	24,058	18,829	33,125	60,793	71,127	81,796
<b>Total Income</b>	<b>73,575</b>	<b>86,694</b>	<b>89,010</b>	<b>1,09,189</b>	<b>2,17,452</b>	<b>2,47,181</b>	<b>2,77,754</b>
Growth (%)	18.1	17.8	2.7	22.7	99.2	13.7	12.4
Operating Expenses	33,567	36,684	40,204	44,208	1,03,496	1,08,683	1,20,259
<b>Pre Provision Profit</b>	<b>40,008</b>	<b>50,010</b>	<b>48,806</b>	<b>64,980</b>	<b>1,13,956</b>	<b>1,38,498</b>	<b>1,57,495</b>
Growth (%)	31.9	25.0	-2.4	33.1	75.4	21.5	13.7
<b>Core PPOP</b>	<b>31,289</b>	<b>43,393</b>	<b>47,051</b>	<b>56,183</b>	<b>92,714</b>	<b>1,15,132</b>	<b>1,31,792</b>
Growth (%)	14.8	38.7	8.4	19.4	65.0	24.2	14.5
Provisions (excl. tax)	22,425	39,246	45,964	51,253	84,901	81,192	77,608
<b>PBT</b>	<b>17,583</b>	<b>10,764</b>	<b>2,842</b>	<b>13,727</b>	<b>29,056</b>	<b>57,306</b>	<b>79,887</b>
Tax	3,526	-1,826	-377	6,194	-991	14,441	20,131
Tax Rate (%)	20.1	-17.0	-13.3	45.1	-3.4	25.2	25.2
<b>PAT</b>	<b>14,057</b>	<b>12,590</b>	<b>3,220</b>	<b>7,534</b>	<b>30,047</b>	<b>42,865</b>	<b>59,755</b>
Growth (%)	97.6	-10.4	-74.4	134.0	298.8	42.7	39.4

### Balance Sheet

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	4,803	4,803	4,803	6,088	11,294	12,454	12,454
Reserves and Surplus	1,66,817	1,79,681	1,89,084	2,14,805	3,72,826	4,28,263	4,84,392
<b>Net Worth</b>	<b>1,71,620</b>	<b>1,84,484</b>	<b>1,93,887</b>	<b>2,20,893</b>	<b>3,84,119</b>	<b>4,40,718</b>	<b>4,96,847</b>
<b>Deposits</b>	<b>18,25,093</b>	<b>20,82,942</b>	<b>24,20,759</b>	<b>26,02,259</b>	<b>53,80,711</b>	<b>59,18,782</b>	<b>66,29,036</b>
Growth (%)	2.4	14.1	16.2	7.5	106.8	10.0	12.0
<b>of which CASA Dep.</b>	<b>6,76,778</b>	<b>7,69,653</b>	<b>8,40,218</b>	<b>9,01,581</b>	<b>22,75,949</b>	<b>24,68,132</b>	<b>27,97,453</b>
Growth (%)	21.4	13.7	9.2	7.3	152.4	8.4	13.3
Borrowings	1,26,369	1,97,602	1,21,375	2,08,303	2,61,746	2,57,969	2,55,311
Other Liabilities and Prov.	59,250	62,130	64,631	63,227	2,33,474	2,45,147	2,57,405
<b>Total Liabilities</b>	<b>21,82,332</b>	<b>25,27,158</b>	<b>28,00,653</b>	<b>30,94,682</b>	<b>62,60,050</b>	<b>68,62,616</b>	<b>76,38,599</b>
Current Assets	1,00,417	1,29,278	2,00,204	1,39,247	5,40,599	5,49,731	5,92,054
<b>Investments</b>	<b>6,75,518</b>	<b>7,13,978</b>	<b>6,49,922</b>	<b>8,12,417</b>	<b>17,65,370</b>	<b>19,77,214</b>	<b>21,94,708</b>
Growth (%)	27.2	5.7	-9.0	25.0	117.3	12.0	11.0
<b>Loans</b>	<b>12,76,993</b>	<b>15,65,689</b>	<b>18,12,619</b>	<b>19,78,870</b>	<b>36,40,102</b>	<b>39,67,712</b>	<b>44,43,837</b>
Growth (%)	-1.0	22.6	15.8	9.2	83.9	9.0	12.0
Fixed Assets	34,426	34,183	39,614	38,957	73,763	81,139	89,253
Other Assets	94,978	84,030	98,294	1,25,190	2,40,216	2,86,820	3,18,747
<b>Total Assets</b>	<b>21,82,332</b>	<b>25,27,158</b>	<b>28,00,653</b>	<b>30,94,682</b>	<b>62,60,050</b>	<b>68,62,616</b>	<b>76,38,599</b>

Asset Quality	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
GNPA (INR m)	98,650	1,19,901	1,33,535	1,41,508	3,84,554	4,06,170	4,26,451
NNPA (INR m)	56,065	59,596	67,931	61,842	1,22,711	1,31,422	1,36,444
GNPA Ratio	7.50	7.40	7.13	6.89	9.87	9.57	9.01
NNPA Ratio	4.39	3.81	3.75	3.13	3.37	3.31	3.07
Slippage Ratio	2.59	3.55	3.82	2.81	2.67	3.50	2.80
Credit Cost	1.62	2.44	2.14	2.29	2.08	2.10	1.80
PCR (Excl. Tech. write-off)	43.2	50.3	49.1	56.3	68.1	67.6	68.0

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Yield and Cost Ratios (%)</b>							
<b>Avg. Yield on Earning Assets</b>	<b>8.0</b>	<b>7.7</b>	<b>7.6</b>	<b>7.7</b>	<b>6.9</b>	<b>7.0</b>	<b>7.1</b>
Avg. Yield on loans	8.9	8.3	8.3	8.4	7.8	8.0	8.0
Avg. Yield on Investments	7.4	7.4	7.5	7.3	6.6	7.0	7.0
<b>Avg. Cost of Int. Bear. Liab.</b>	<b>5.8</b>	<b>5.1</b>	<b>5.0</b>	<b>5.2</b>	<b>4.3</b>	<b>4.4</b>	<b>4.5</b>
Avg. Cost of Deposits	5.9	5.2	5.0	5.2	4.3	4.4	4.5
<b>Interest Spread</b>	<b>2.3</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
<b>Net Interest Margin</b>	<b>2.6</b>	<b>2.8</b>	<b>2.8</b>	<b>2.7</b>	<b>2.8</b>	<b>2.8</b>	<b>2.9</b>

### Capitalization Ratios (%)

CAR	13.6	12.8	13.5	14.6	16.0	16.5	16.5
Tier I	12.2	11.5	11.5	12.5	12.3	13.0	13.4
Tier II	1.4	1.2	1.9	2.0	3.8	3.5	3.1

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	70.0	75.2	74.9	76.0	67.7	67.0	67.0
CASA Ratio	37.1	37.0	34.7	34.6	42.3	41.7	42.2
Cost/Assets	1.5	1.5	1.4	1.4	1.7	1.6	1.6
Cost/Total Income	45.6	42.3	45.2	40.5	47.6	44.0	43.3
Cost/Core income	51.8	45.8	46.1	44.0	52.7	48.6	47.7
Int. Expense/Int. Income	67.9	63.4	63.4	64.5	59.9	59.8	59.8
Fee Income/Total Income	18.2	20.1	19.2	22.3	18.2	19.3	20.2
Non-Int. Inc./Total Income	30.1	27.8	21.2	30.3	28.0	28.8	29.4
Empl. Cost/Total Expense	59.3	57.3	55.3	55.9	61.6	61.0	60.7
Investment/Deposit Ratio	37.0	34.3	26.8	31.2	32.8	33.4	33.1

### Profitability Ratios and Valuation

RoE	10.1	8.3	2.0	4.3	9.8	12.1	14.5
RoA	0.7	0.5	0.1	0.3	0.5	0.7	0.8
RoRWA	1.1	0.8	0.2	0.5	1.0	1.3	1.7
Book Value (INR)	326	354	368	336	312	328	374
Growth (%)	6.4	8.5	4.0	-8.8	-7.1	5.2	13.7
<b>Price-to-BV (x)</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
Adjusted BV (INR)	244	265	267	263	234	253	295
<b>Price-to-ABV (x)</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.5</b>
EPS (INR)	29.3	26.2	6.7	13.8	26.6	36.1	48.0
Growth (%)	97.6	-10.4	-74.4	106.4	92.3	35.7	32.9
<b>Price-to-Earnings (x)</b>	<b>4.8</b>	<b>5.3</b>	<b>20.8</b>	<b>10.1</b>	<b>5.2</b>	<b>3.9</b>	<b>2.9</b>
Dividend Per Share (INR)	7.0	0.0	0.0	0.0	2.0	2.2	2.9
<b>Dividend Yield (%)</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.4</b>	<b>1.6</b>	<b>2.1</b>

## NOTES



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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