

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	CBK IN
Equity Shares (m)	1,814
M.Cap.(INRb)/(USD\$b)	469.7 / 5.7
52-Week Range (INR)	273 / 172
1, 6, 12 Rel. Per (%)	5/7/36
12M Avg Val (INR M)	2780

Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	263.8	304.7	356.1
OP	244.4	282.2	320.4
NP	56.8	102.0	132.6
NIM (%)	2.4	2.5	2.7
EPS (INR)	32.8	56.2	73.1
EPS Gr. (%)	111.3	71.4	30.0
BV/Sh. (INR)	338.6	391.9	460.5
ABV/Sh. (INR)	259.3	324.7	394.0

Ratios

RoE (%)	9.1	14.4	16.2
RoA (%)	0.5	0.8	1.0

Valuations

P/E (x)	7.9	4.6	3.5
P/BV (x)	0.8	0.7	0.6
P/ABV (x)	1.0	0.8	0.7

Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	62.9	62.9	62.9
DII	15.4	13.8	14.7
FII	8.4	8.0	5.6
Others	13.3	15.3	16.8

FII Includes depository receipts

CMP: INR259 **TP: INR340 (+31%)** **Buy**

Operating performance healthy; loan growth gaining traction

Asset quality continues to improve

- Canara Bank (CBK) reported a healthy performance with 19% YoY NII growth (3% beat) driven by 8bp margin expansion in 2QFY23. This coupled with healthy treasury gains and traction in fee income drove overall earnings. The bank has further adopted the new tax regime and provided deferred tax worth INR24.5b. Tax rate for 2QFY23 thus came in at 22.7%.
- On the business front, CBK witnessed strong demand momentum as it clocked 6% QoQ/21% YoY growth in advances in 2QFY23. Growth was led by Corporate and Agri segment which grew 6% QoQ. Deposits, on the other hand, grew 1% QoQ led by term deposits as CASA deposits stood flattish.
- Fresh slippages were stable at INR39.5b, while healthy recoveries and upgrades of INR34b along with higher write-offs worth INR28b led to improvements in asset quality ratios during the quarter.
- We increase our PAT estimates by 17%/19% for FY23/24 to account for higher NII, other income, loan growth and lower tax rate. We expect CBK to deliver FY24E RoA/RoE of 1.0%/16.2%, respectively. **Maintain BUY with a revised TP of INR340 (premised on 0.8x FY24E ABV).**

Margin expands 8bp QoQ to 2.86%; PCR improves to 67%

- CBK posted a PAT of INR25.3b (+90% YoY; significant beat) led by strong other income and beat in NII, which grew 19% YoY (3% beat) due to healthy loan growth and 8bp QoQ expansion in margin to 2.86%. For 1HFY22, NII/PPoP/PAT grew 14%/22%/81% YoY to INR142.2b/INR135.1b/ INR45.5b, respectively.
- Other income rose 13% YoY due to healthy performance in treasury, continued traction in fee income and higher recoveries from written-off accounts. Total revenue thus increased 16% YoY (5% beat).
- Operating expenses jumped 8% YoY, led by rise in other expenses as employee cost was stable. PPoP thus grew 23% YoY to INR69.1b (7% beat).
- On the business front, total loan grew 6% QoQ with strong momentum in Corporate and Agri segment that improved 6% QoQ while Retail/SME grew 4%/3% sequentially.
- Deposits saw weaker trend with 10% YoY/1% QoQ growth. CASA deposits stood flat QoQ while CASA ratio was at 34% (-30bp QoQ).
- Fresh slippages were stable at INR39.5b while higher recoveries, upgrades and write-offs aided 61bp/29bp decline in the GNPA/NNPA ratios to 6.37%/2.19%, respectively. PCR improved to 67% in 2QFY23.
- Further, SMA overdue book declined to 0.96% from 1.29% in 1QFY23, while restructured portfolio declined 30bp to ~2.1% of loans.

Highlights from the management commentary

- The bank believes that growth will continue to see healthy traction and is likely to be in double-digit in FY23 – higher than the earlier guidance of 8%.
- CBK is looking to pass on the benefit of higher spreads to the depositors and has thus launched a new deposit product “666” offering rates at 7% p.a.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Valuation and view

CBK reported a healthy operating performance supported by continued traction in loan growth and improvement in asset quality while expansion in margins drove NII. The bank expects margins to remain healthy given the rising rate environment. Loan growth was led by the corporate segment and the outlook is encouraging as CBK is looking for a decent double-digit growth in FY23E. Slippages were flat sequentially, thus asset quality ratios improved further underpinned by higher recoveries and upgrades. Decline in SMA overdue and restructured portfolio provides incremental comfort on asset quality trends. We increase our PAT estimates by 17%/19% for FY23/24, respectively, to account for higher NII, other income, loan growth and lower tax rate. **We estimate an RoA/RoE of 1.0%/16.2% by FY24E. Maintain BUY with a revised TP of INR340 (premised on 0.8x FY24E ABV).**

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E	FY23E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Interest Income	61.6	62.7	69.4	70.1	67.8	74.3	78.6	83.9	263.8	304.7	72.2	3
% Change (Y-o-Y)	1.0	-0.5	14.1	24.9	10.2	18.5	13.2	19.8	9.5	15.5	15.0	
Other Income	41.6	42.7	36.1	44.6	51.8	48.3	45.4	47.6	165.0	193.0	44.2	9
Total Income	103.2	105.4	105.6	114.7	119.6	122.6	124.0	131.6	428.8	497.7	116.3	5
Operating Expenses	48.3	49.4	47.5	52.7	53.5	53.5	53.9	54.6	184.4	215.6	51.8	3
Operating Profit	54.8	56.0	58.0	62.0	66.1	69.1	70.1	76.9	244.4	282.2	64.5	7
% Change (Y-o-Y)	27.9	21.9	10.2	18.8	20.5	23.2	20.8	24.1	24.2	15.4	15.2	
Other Provisions	34.6	33.6	22.4	37.1	36.9	36.4	34.2	34.9	141.3	142.4	35.1	4
Exceptional Item	NA	NA	0.0	NA	NA	NA	NA	NA	13.5	NA	NA	
Profit before Tax	20.2	22.4	35.6	24.9	29.2	32.7	35.9	42.0	89.6	139.8	29.4	11
Tax	8.4	9.1	7.0	8.3	8.9	7.4	9.3	12.0	32.8	37.7	9.7	(23)
Net Profit	11.8	13.3	28.6	16.7	20.2	25.3	26.6	30.0	56.8	102.0	19.7	28
% Change (Y-o-Y)	189.8	199.9	310.5	64.8	71.7	89.5	-6.9	79.9	122.0	79.7	47.9	
Operating Parameters												
Deposit (INR b)	10,218	10,325	10,434	10,864	11,181	11,340	11,511	11,788	10,864	11,788	11,407	(1)
Loan (INR b)	6,485	6,496	6,922	7,036	7,469	7,885	7,880	8,091	7,036	8,091	7,666	3
Deposit Growth (%)	12.3	8.8	7.2	7.5	9.4	9.8	10.3	8.5	7.5	8.5	10.5	(66)
Loan Growth (%)	5.1	5.4	9.1	10.1	15.2	21.4	13.9	15.0	10.1	15.0	18.0	336
Asset Quality												
Gross NPA (%)	8.5	8.4	7.8	7.5	7.0	6.4	6.2	5.9	7.5	5.9	6.5	(17)
Net NPA (%)	3.5	3.2	2.9	2.7	2.5	2.2	2.1	1.9	2.7	1.9	2.3	(10)
PCR (%)	61.5	63.9	65.2	66.5	66.2	67.1	67.2	68.5	65.9	68.5	66.5	56

E:MOFSL Estimates

Quarterly snapshot

INR b	FY21				FY22				FY23		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss												
Net Interest Income	61.0	63.0	60.9	56.1	61.6	62.7	69.4	70.1	67.8	74.3	18	10
Other Income	26.5	31.0	41.5	47.0	41.6	42.7	36.1	44.6	51.8	48.3	13	-7
Total Income	87.5	94.1	102.4	103.1	103.2	105.4	105.6	114.7	119.6	122.6	16	3
Operating Expenses	44.6	48.1	49.7	50.9	48.3	49.4	47.5	52.7	53.5	53.5	8	0
Employee	30.4	32.1	31.8	32.7	33.7	31.4	29.7	32.3	34.2	31.2	-1	-9
Others	14.2	16.0	17.9	18.3	14.7	18.0	17.8	20.4	19.4	22.3	24	15
Operating Profits	42.9	46.0	52.7	52.2	54.8	56.0	58.0	62.0	66.1	69.1	23	5
Core Operating Profits	32.8	37.0	37.6	50.4	48.6	44.7	54.8	56.8	57.2	64.4	44	13
Provisions	38.3	39.7	42.1	36.5	34.6	33.6	22.4	37.1	36.9	36.4	8	-1
PBT	4.6	6.2	10.6	15.7	20.2	22.4	35.6	24.9	29.2	32.7	46	12
Taxes	0.5	1.8	3.6	5.6	8.4	9.1	7.0	8.3	8.9	7.4	-18	-17
PAT	4.1	4.4	7.0	10.1	11.8	13.3	28.6	16.7	20.2	25.3	90	25
Balance sheet (INR b)												
Loans	6,172	6,163	6,342	6,390	6,485	6,496	6,922	7,036	7,469	7,885	21	6
Retail Loans	1,052	1,079	1,119	1,153	1,153	1,191	1,231	1,263	1,286	1,341	13	4
Deposits	9,096	9,488	9,730	10,109	10,218	10,325	10,434	10,864	11,181	11,340	10	1
Asset Quality												
GNPA	575.3	534.4	497.9	602.9	582.2	578.5	568.9	556.5	547.3	524.9	-9	-4
NNPA	243.6	210.6	167.7	244.4	224.3	208.6	198.2	186.7	185.0	172.9	-17	-7
Slippages	16.8	20.9	26.0	178.9	43.9	112.9	145.8	193.2	39.5	79.0	-30	100
Ratios (%)												
Asset Quality Ratios												
GNPA (%)	8.8	8.2	7.5	8.9	8.5	8.4	7.8	7.5	7.0	6.4	-205	-61
NNPA (%)	4.0	3.4	2.6	3.8	3.5	3.2	2.9	2.7	2.5	2.2	-102	-29
PCR (Calculated, %)	57.7	60.6	66.3	59.5	61.5	63.9	65.2	66.5	66.2	67.1	313	87
PCR (Reported, %)	79.0	81.5	84.9	79.7	81.2	82.4	83.3	84.2	84.5	85.4	292	85
Slippage Ratio (%)	1.5	0.4	0.5	14.1	2.8	4.5	2.1	3.0	2.4	2.4	-204	0
Credit Cost (%)	2.9	2.6	2.7	2.3	2.2	2.1	1.4	1.3	2.1	2.0	-10	-9
Business Ratios												
Fees to Total Income	18.8	23.4	25.8	43.9	34.3	29.7	31.2	34.3	35.8	35.6	581	-29
Cost to Core Income	57.6	56.5	57.0	50.3	49.8	52.5	46.4	48.1	48.4	45.4	-708	-296
Tax Rate	11.5	28.7	34.1	35.5	41.8	40.6	19.7	33.2	30.7	22.7	-1786	-792
CASA	33.8	32.8	33.4	34.3	34.2	34.1	34.6	35.9	34.3	34.0	-9	-27
Loan/Deposit	67.9	65.0	65.2	63.2	63.5	62.9	66.3	64.8	66.8	69.5	662	273
Profitability Ratios												
ROA	0.2	0.2	0.2	0.4	0.4	0.5	0.5	0.6	0.7	0.8	33	14
ROE	4.5	4.8	7.3	10.8	11.5	12.4	13.5	15.3	16.3	18.9	650	253
Yield on loans	8.2	8.1	8.0	7.1	7.1	7.1	7.2	7.2	7.0	7.2	12	21
Yield On Investments	7.1	7.0	6.9	6.4	6.5	6.4	6.3	6.3	6.4	6.5	13	9
Yield On Funds	6.9	6.7	6.5	5.8	5.9	5.8	5.8	5.8	5.8	6.0	16	15
Cost of Funds	4.6	4.4	4.2	3.8	3.7	3.7	3.6	3.6	3.6	3.8	8	11
Cost of Deposits	5.0	4.8	4.6	4.2	4.0	4.0	4.0	4.0	4.0	4.1	11	10
Margins	2.8	2.8	2.7	2.5	2.7	2.8	2.8	2.8	2.8	2.9	9	8



Highlights from the management commentary

Balance sheet and P&L related

- The bank believes that growth will continue to see healthy traction and is likely to be in double-digit in FY23 – higher than the earlier guidance of 8%
- The bank is aspiring to keep its RAM mix at ~55% (+-2%)
- Management believes that the current capital along with traction in deposits and profit will take care of the growth opportunities going ahead
- CBK is looking to pass on the benefit of higher spreads to the depositors and has thus launched a new deposit product “666” offering rates at 7% p.a.
- In the past 12 days of launch, the bank has opened ~0.8m fixed deposits that will help in garnering total deposits
- Management is confident of achieving the NIM guidance of 2.9% for FY23 and thus margins are likely to improve in the coming quarter. Any excess spread available over this level will be passed on to the depositors
- Corporate segment is witnessing healthy demand in Petroleum, Iron and Steel, Food processing, etc.
- LCR ratio for the bank was at 122% in 2QFY23
- The bank is aspiring for an RoA of 0.7% for FY23E
- DTA reversal due to new tax regime has been offset by the additional tax provisions made in FY22/1QFY23. Thus, there has been no impact in the P&L in 2QFY23
- Treasury income has moderated sequentially but the impact was controlled. Overall, management does not expect any material depreciation and could be at a maximum of INR2-3b
- Loan mix: 100% of the book is floating in nature and CBK has no fixed rate book

Asset quality related

- Cash recoveries came in at INR18.76b while the bank collected cash recoveries of INR12.05 from written-off accounts
- The bank is targeting to bring down the GNPA/NNPA to less than 6%/2% in FY23
- Restructuring 1.0 stands at INR44.2b and Restructuring 2.0 stands at INR120.89b. Thus, total restructuring book stands at INR165.1b
- Further, OTR under MSME stands at another INR23b
- Cumulative slippages from restructuring 1.0 stands at ~3% (ex of retail account) and from restructuring 2.0 stands at ~13%
- **Slippages breakup:** Agri (INR12b), MSME (INR13b), Retail (INR6b) and others (INR4b)
- Sanctions under ECLGS stand at INR190b and disbursements were at INR180b with slippages of INR6.7b (~3-4%)
- SR book stood at ~INR25b on which the bank is almost fully provided

Exhibit 1: DuPont Analysis: Return ratios set to get stronger

Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	6.9	7.1	6.9	6.3	5.8	6.3	6.7
Interest Expense	4.8	4.9	5.0	4.1	3.6	3.9	4.1
Net Interest Income	2.0	2.2	1.9	2.2	2.2	2.4	2.6
Fee income	0.8	0.4	1.0	1.1	1.2	1.4	1.4
Trading and others	0.3	0.6	0.1	0.3	0.2	0.2	0.2
Non-Interest income	1.2	1.0	1.1	1.4	1.4	1.5	1.5
Total Income	3.2	3.2	3.0	3.5	3.6	3.9	4.1
Operating Expenses	1.6	1.6	1.6	1.8	1.5	1.7	1.8
Employee cost	0.9	0.9	1.0	1.2	1.0	1.0	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	2.1	2.2	2.3
Core operating Profits	1.3	1.0	1.2	1.5	1.8	2.1	2.1
Provisions	2.7	2.0	1.6	1.5	1.2	1.1	1.0
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	0.4	0.3	0.2
PBT	-1.1	-0.4	-0.2	0.3	0.9	1.1	1.3
Tax	-0.4	-0.4	0.1	0.1	0.3	0.3	0.3
RoA	-0.7	0.1	-0.3	0.2	0.6	0.8	1.0
Leverage (x)	18.8	18.3	18.8	20.0	19.0	18.0	17.0
RoE	-13.2	1.0	-5.9	4.6	11.3	14.4	16.2

Valuation and view

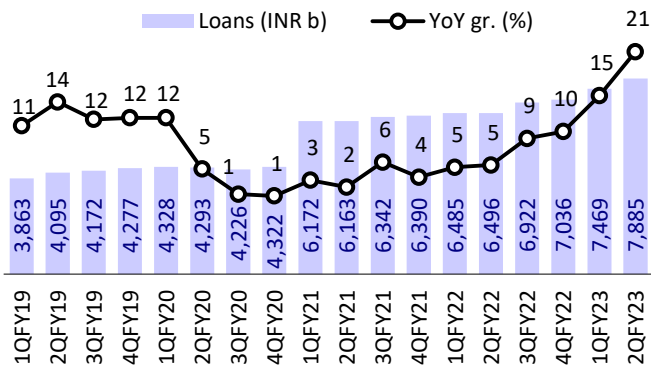
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Exhibit 2: We revise our PAT by 17%/19% for FY23/24 to account for higher NII, other income, loan growth and lower tax rate

INR b	Old Est.		Revised Est.		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Net Interest Income	298.2	348.5	304.7	356.1	2.2	2.2
Other Income	184.8	199.5	193.0	212.3	4.5	6.4
Total Income	483.0	548.0	497.7	568.5	3.1	3.7
Operating Expenses	211.4	239.7	215.6	248.1	2.0	3.5
Operating Profits	271.6	308.3	282.2	320.4	3.9	3.9
Provisions	141.6	141.8	142.4	142.4	0.6	0.4
PBT	130.0	166.5	139.8	178.0	7.5	6.9
Tax	42.9	54.9	37.7	45.4	-12.0	-17.4
PAT	87.1	111.5	102.0	132.6	17.2	18.9
Loans	8,021	9,104	8,091	9,143	0.9	0.4
Deposits	11,951	13,146	11,788	12,848	-1.4	-2.3
Margins (%)	2.43	2.57	2.50	2.66	2.6	3.8
Credit Cost (%)	1.44	1.34	1.44	1.34	0.0	0.0
RoA (%)	0.68	0.79	0.80	0.95	17.8	20.6
RoE (%)	12.4	14.0	14.4	16.2	15.9	15.2
BV	384	441	392	460	2.1	4.5
ABV	314	378	325	394	3.3	4.2
EPS	48	61	56	73	17.2	18.9

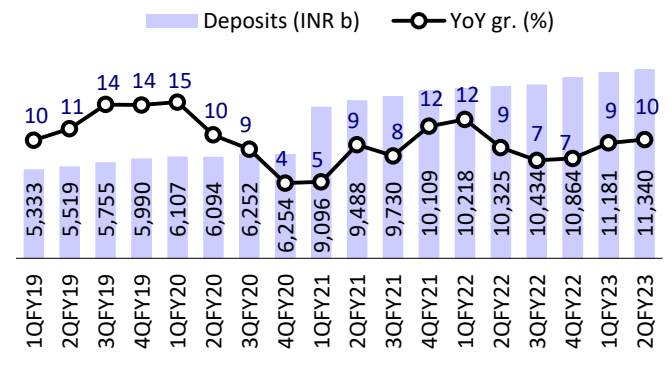
Story in charts

Exhibit 3: Loan book up ~21% YoY (+5.6% QoQ)



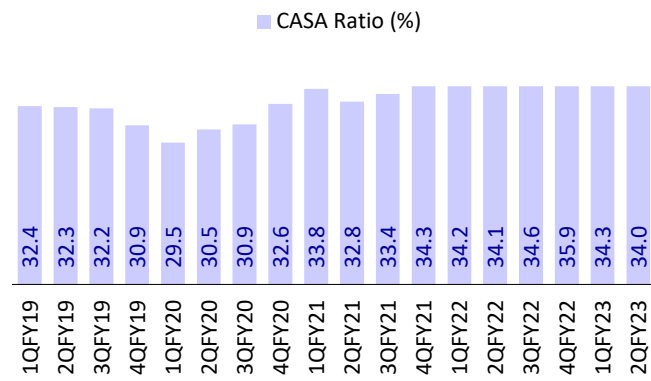
Merged numbers from 1QFY21Source: MOFSL, Company

Exhibit 4: Deposits up 10% YoY (+1% QoQ)



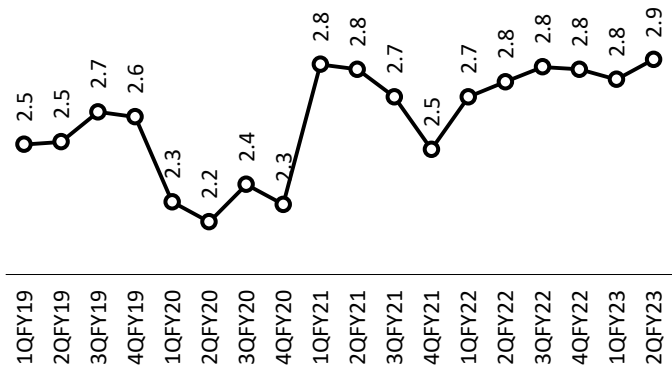
Merged numbers from 1QFY21Source: MOFSL, Company

Exhibit 5: CASA ratio broadly stable at 34%



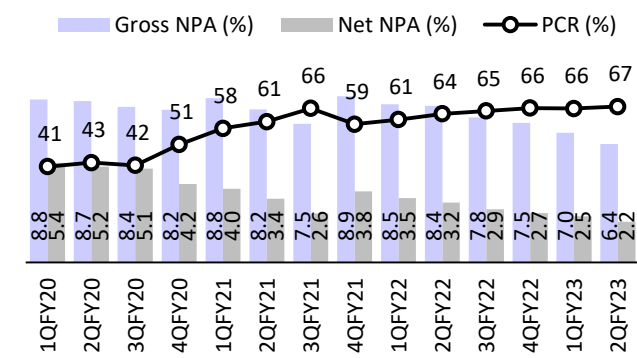
Source: MOFSL, Company

Exhibit 6: NIM expands 8bp QoQ to 2.86%



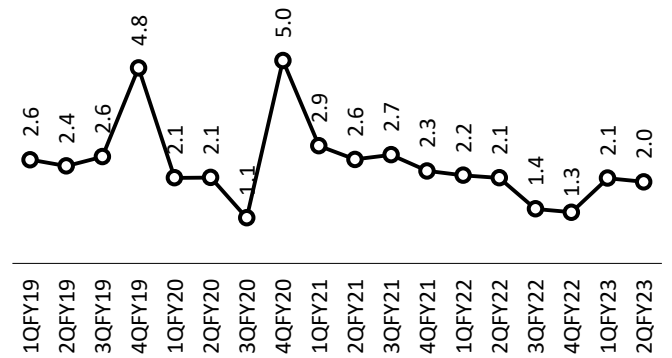
Source: MOFSL, Company

Exhibit 7: GNPA/NNPA ratio moderates 61bp/29bp QoQ to 6.4%/2.2%; PCR improves to 67% (85.4% including TWO)



Source: MOFSL, Company

Exhibit 8: Credit cost stands at 2.0%



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	692.8	694.1	802.8	932.7
Interest Expense	290.9	323.3	358.1	451.8	430.3	498.1	576.6
Net Interest Income	121.6	144.8	131.2	241.0	263.8	304.7	356.1
Growth (%)	23.2	19.0	-9.4	83.7	9.5	15.5	16.9
Non-Interest Income	69.4	65.7	78.1	149.2	165.0	193.0	212.3
Total Income	191.1	210.5	209.4	390.3	428.8	497.7	568.5
Growth (%)	9.6	10.2	-0.6	86.4	9.9	16.1	14.2
Operating Expenses	95.6	104.6	115.8	193.4	184.4	215.6	248.1
Pre Provision Profits	95.5	105.9	93.6	196.9	244.4	282.2	320.4
Growth (%)	7.1	10.9	-11.6	110.4	24.2	15.4	13.5
Core PPP	76.3	65.7	86.0	166.9	218.5	262.7	298.0
Growth (%)	70.5	-13.9	31.0	94.1	30.9	20.2	13.4
Provisions (exc. tax)	161.1	129.2	111.2	159.8	141.3	142.4	142.4
Exceptional Item (Exp.)	NA	NA	NA	NA	13.5	NA	NA
PBT	-65.6	-23.3	-17.6	37.1	89.6	139.8	178.0
Tax	-23.4	-26.7	4.8	11.5	32.8	37.7	45.4
Tax Rate (%)	35.6	114.9	-27.4	31.0	36.6	27.0	25.5
PAT	-42.2	3.5	-22.4	25.6	56.8	102.0	132.6
Growth (%)	NM	NM	NM	NM	122.0	79.7	30.0
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	739.6	864.0
Net Worth	356.0	361.8	392.9	588.8	661.1	757.7	882.1
Deposits	5,247.7	5,990.3	6,253.5	10,108.7	10,864.1	11,787.5	12,848.4
Growth (%)	6.0	14.2	4.4	61.6	7.5	8.5	9.0
of which CASA Deposits	1,670.3	1,748.1	1,962.1	3,309.0	3,688.3	4,196.4	4,625.4
Growth (%)	11.5	4.7	12.2	68.6	11.5	13.8	10.2
Borrowings	388.1	409.9	427.6	499.8	462.8	485.3	509.7
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	13,329.2	14,556.8
Current Assets	499.1	661.5	682.7	1,784.1	1,820.5	1,521.8	1,375.9
Investments	1,440.5	1,529.9	1,762.4	2,616.9	2,820.1	3,158.5	3,474.4
Growth (%)	-4.1	6.2	15.2	48.5	7.8	12.0	10.0
Loans	3,817.0	4,277.3	4,321.8	6,390.5	7,036.0	8,091.4	9,143.3
Growth (%)	11.6	12.1	1.0	47.9	10.1	15.0	13.0
Fixed Assets	83.2	84.1	82.8	112.1	113.6	119.2	125.2
Other Assets	329.0	394.9	389.1	633.2	479.5	438.2	438.0
Total Assets	6,168.9	6,947.7	7,238.7	11,536.8	12,269.8	13,329.2	14,556.8
Asset Quality							
GNPA (INR M)	474.7	392.2	370.4	602.9	556.5	496.3	487.6
NNPA (INR M)	287.0	231.8	184.7	248.4	189.6	156.1	152.4
GNPA Ratio	11.9	8.8	8.2	8.9	7.5	5.9	5.1
NNPA Ratio	7.5	5.4	4.3	3.9	2.7	1.9	1.7
Slippage Ratio	7.2	4.1	3.5	6.8	2.2	2.0	1.8
Credit Cost	4.1	3.1	2.5	2.6	1.5	1.4	1.3
PCR (Exc. Tech. write off)	39.5	40.9	50.1	58.8	65.9	68.5	68.7

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	6.6	7.0
Avg. Yield on loans	8.0	8.5	8.4	8.0	7.4	7.7	8.0
Avg. Yield on Investments	7.2	7.5	7.0	6.7	6.3	6.6	6.9
Avg. Cost-Int. Bear. Liab.	5.3	5.4	5.5	4.4	3.8	4.2	4.4
Avg. Cost of Deposits	5.3	5.4	5.5	4.4	3.8	4.2	4.4
Interest Spread	2.0	2.3	1.9	2.3	2.4	2.4	2.5
Net Interest Margin	2.2	2.4	2.0	2.3	2.4	2.5	2.7

Capitalisation Ratios (%)

CAR	13.3	12.0	13.7	13.3	15.0	11.8	12.1
Tier I	10.4	9.2	10.2	10.2	12.0	11.7	11.9
Tier II	2.9	2.8	3.5	3.1	3.0	0.2	0.2

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	72.7	71.4	69.1	63.2	64.8	68.6	71.2
CASA Ratio	31.8	29.2	31.4	32.7	33.9	35.6	36.0
Cost/Assets	1.5	1.5	1.6	1.7	1.5	1.6	1.7
Cost/Total Income	50.0	49.7	55.3	49.6	43.0	43.3	43.6
Cost/Core Income	55.6	61.4	57.4	53.7	45.8	45.1	45.4
Int. Expense/Int. Income	70.5	69.1	73.2	65.2	62.0	62.0	61.8
Fee Income/Net Income	26.3	12.1	33.7	30.6	32.4	34.9	33.4
Non Int. Inc./Net Income	36.3	31.2	37.3	38.2	38.5	38.8	37.3
Emp. Cost/Op. Exp.	57.0	57.7	61.6	65.6	61.6	60.0	59.5
Investment/Deposit Ratio	27.5	25.5	28.2	25.9	26.0	26.8	27.0

Profitability and Valuation

RoE	-12.2	1.0	-5.9	4.6	9.1	14.4	16.2
RoA	-0.7	0.1	-0.3	0.2	0.5	0.8	1.0
RoRWA	-1.2	0.1	-0.6	0.5	1.1	1.7	2.0
Book Value (INR)	436.6	433.2	347.6	329.9	338.6	391.9	460.5
Growth (%)	-15.1	-0.8	-19.8	-5.1	2.6	15.7	17.5
Price-BV (x)	0.6 (x)	0.6	0.7	0.8	0.8	0.7	0.6
Adjusted BV (INR)	150.2	205.7	213.1	218.5	259.3	324.7	394.0
Price-ABV (x)	1.7	1.3	1.2	1.2	1.0	0.8	0.7
EPS (INR)	-63.5	4.7	-25.1	15.5	32.8	56.2	73.1
Growth (%)	NM	NM	NM	NM	111.3	71.4	30.0
Price-Earnings (x)	-4.1	55.5	-10.3	16.7	7.9	4.6	3.5

Explanation of Investment Rating	
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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