

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	IDFCFB IN
Equity Shares (m)	6221
M.Cap.(INRb)/(USDb)	370.1 / 4.6
52-Week Range (INR)	64 / 29
1, 6, 12 Rel. Per (%)	-2/61/23
12M Avg Val (INR M)	1770

Financials & Valuations (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	125.4	158.4	195.8
OP	47.8	67.5	90.4
NP	23.4	32.1	43.2
NIM (%)	6.4	6.5	6.5
EPS (INR)	3.8	5.2	7.0
EPS Gr (%)	NM	37.3	34.8
ABV/Sh (INR)	38	43	50
Cons. BV/Sh (INR)	35	40	46

Ratios

RoE (%)	10.5	12.9	15.1
RoA (%)	1.1	1.2	1.3

Valuations

P/E (x)	15.8	11.5	8.5
P/BV (x)	1.6	1.4	1.2
P/ABV (x)	1.7	1.5	1.3

*Adjusted for Investment in subsidiaries

Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	36.5	36.5	36.5
DII	21.7	14.4	14.4
FII	11.7	11.0	14.8
Others	30.2	38.1	34.3

FII Includes depository receipts

CMP: INR59

TP: INR70 (+18%)

Buy

Earnings momentum on track; RoA improves further

Healthy momentum in deposits continues

- IDFC First Bank (IDFCFB) reported a stable performance in 3QFY23. PAT rose 115% YoY to INR6.0b, driven by higher NII, healthy retail deposit growth and higher fee income.
- Business growth remained robust as the loan book grew 26% YoY, led by 37% YoY growth in retail loans. The wholesale book was flat. The growth in deposits was encouraging at 8% QoQ. CASA deposits too saw a healthy growth of 5% QoQ. Thus, the CASA ratio was strong at 50%.
- IDFCFB is entering a phase of strong loan growth as the drag from the wholesale book moderates. This will be aided by a strong pickup in profitability due to the replacement of high-cost borrowings, better cost trends and controlled credit costs. We estimate IDFCFB to deliver FY25 RoA/RoE of 1.3%/15.1%. **Maintain BUY.**

Margins expand 38bp QoQ to 6.36%

- IDFCFB reported a PAT of INR6.0b (+115% YoY; in line) in 3QFY23, aided by healthy NII growth, strong fee income and controlled provisions. For 9MFY23, PAT stood at INR16.3b vs. a loss of INR2.0b in 9MFY22.
- NII grew 27% YoY, driven by strong loan growth (+26% YoY) and 38bp QoQ expansion in NIM to 6.36%. The bank is confident of maintaining margins around this level as it seeks to utilize the benefits of lower CoF by migrating to safer customer segments.
- Other income grew 50% YoY with strong growth in core fee income. Opex grew 23% YoY and the bank expects operating leverage to play out over the medium term. PPop rose 64% YoY to INR12.6b.
- On the business front, funded assets grew 25% YoY/5% QoQ, led by 37%/36% YoY growth in Retail/Commercial finance. The wholesale book stood flat. Within retail, growth was led by housing, vehicle finance and cards (low base). The share of retail & commercial finance rose to 77%.
- Deposits grew 43% YoY (+8% QoQ), within which CASA deposits saw a healthy growth of 5% QoQ. The CASA ratio was strong at 50%. The bank is confident of maintaining healthy traction in deposits despite strong competitive intensity.
- The asset quality continued to improve as the GNPA/NNPA ratios contracted 22bp/6bp QoQ to 2.96%/1.03%. The PCR ratio was stable at ~66%. While the corporate (non-infra) book is well provided for with PCR of 99%, the trend in retail has reverted to the long-term mean of GNPA of 1.9%. Further, the SMA book in retail is under control at 1.0% in 3QFY23. The restructuring book declined to 0.9% of funded assets from 1% in 2QFY23.

Highlights from the management commentary

- Funded assets are growing at a healthy pace of ~25% and the growth is likely to remain healthy going ahead.
- Overall, the target is to achieve RoE of 13-15% by FY25.
- The bank is planning to add ~150 branches every year.
- The bank maintains its credit cost guidance of 1.5% for FY23, with 9MFY23 credit cost faring better than the guidance.

Valuation and view

IDFCFB is entering a phase of strong loan growth as the drag from the wholesale book moderates, and we estimate a 27% CAGR in loans during FY22-25E. The bank has scaled up retail deposits (77% of loans), with a strong CASA ratio of 50%. It has invested well in digital capabilities, branch and product expansion and has presence across retail products. Cost ratios are elevated but will moderate as scale benefits come into effect, while retirement of high-cost borrowings will aid NII growth. We estimate a 40% CAGR in PPop during FY22-25E, while controlled credit costs will drive a 210% CAGR in PAT over the similar period. We thus estimate RoA/RoE to reach 1.3%/15.1% by FY25E. Maintain BUY and a TP of INR70 (1.5x Sep'24E ABV).

Quarterly performance (INR b)

	FY22				FY23E				FY22	FY23E	FY23E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est.
Net Interest Income	21.8	22.7	25.8	26.7	27.5	30.0	32.9	35.0	97.1	125.4	31.4	5%
% Change (Y-o-Y)	25.3	27.4	36.3	36.2	25.9	32.1	27.3	31.2	31.5	29.2	21.8	
Other Income	8.4	7.8	7.7	8.3	8.6	10.6	11.5	11.6	32.2	42.3	10.8	7%
Total Income	30.3	30.5	33.5	35.0	36.1	40.6	44.4	46.7	129.3	167.7	42.2	5%
Operating Expenses	20.3	23.6	25.8	26.7	26.6	28.9	31.8	32.6	96.4	119.9	30.2	5%
Operating Profit	9.9	6.9	7.7	8.3	9.4	11.7	12.6	14.1	32.8	47.8	11.9	6%
% Change (Y-o-Y)	11.6	-13.4	2.3	32.7	-5.1	68.7	63.8	70.6	31.4	45.7	55.2	
Provisions	18.7	4.7	3.9	3.7	3.1	4.2	4.5	4.7	31.1	16.5	4.1	9%
Profit before Tax	-8.8	2.2	3.8	4.6	6.4	7.4	8.1	9.4	1.8	31.3	7.8	3%
Tax	-2.5	0.7	1.0	1.1	1.6	1.9	2.1	2.4	0.3	8.0	2.0	4%
Net Profit	-6.3	1.5	2.8	3.4	4.7	5.6	6.0	7.0	1.5	23.4	5.9	3%
% Change (Y-o-Y)	NM	50.5	117.1	168.2	NM	266.1	115.1	104.6	NM	NM	108.5	
Operating Parameters												
Deposit Growth (%)	30.8	19.0	10.0	19.1	24.1	36.8	43.4	33.4	19.1	33.4	40.6	279
Loan Growth (%)	10.9	13.6	9.6	17.2	22.0	37.1	26.4	30.0	17.2	30.0	20.7	569
Deposit (INR b)	913	902	928	1,056	1,133	1,234	1,330	1,409	1,056	1,409	1,304	2%
Loan (INR b)	1,086	1,023	1,164	1,179	1,326	1,402	1,471	1,532	1,179	1,532	1,405	5%
Asset Quality												
Gross NPA (%)	4.6	4.3	4.0	3.7	3.4	3.2	3.0	3.0	3.8	3.0	3.1	(13)
Net NPA (%)	2.3	2.1	1.7	1.5	1.3	1.1	1.0	1.0	1.5	1.0	1.0	1
PCR (%)	50.9	52.1	57.1	59.5	62.0	66.3	66.0	68.0	59.5	68.0	67.7	(173)

Source: MOFSL, Company

Quarterly snapshot (INR b)

	FY21				FY22				FY23			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Profit and Loss (INR m)													
Net Interest Income	17,438	17,839	18,923	19,603	21,848	22,722	25,800	26,692	27,511	30,022	32,853	27	9
Other Income	4,849	6,260	8,510	8,183	8,425	7,797	7,686	8,312	8,557	10,613	11,525	50	9
Total Income	22,286	24,099	27,433	27,786	30,273	30,519	33,486	35,005	36,068	40,635	44,378	33	9
Operating Expenses	13,370	16,101	19,906	21,556	20,323	23,593	25,789	26,740	26,630	28,948	31,770	23	10
Employee	4,432	4,887	5,255	5,196	5,544	6,358	7,217	7,846	8,302	9,186	9,528	32	4
Others	8,938	11,214	14,651	16,360	14,779	17,235	18,571	18,893	18,328	19,762	22,242	20	13
Operating Profits	8,916	7,998	7,527	6,230	9,949	6,926	7,697	8,265	9,438	11,687	12,608	64	8
Core Operating Profits	5,546	4,648	4,837	4,050	6,019	5,706	7,447	8,355	9,878	10,527	12,248	64	16
Provisions	7,641	6,740	5,740	5,799	18,723	4,749	3,919	3,695	3,080	4,242	4,502	15	6
PBT	1,275	1,258	1,787	431	-8,774	2,176	3,779	4,571	6,358	7,445	8,105	114	9
Taxes	340	250	492	-847	-2,473	659	968	1,143	1,615	1,890	2,059	113	9
PAT	935	1,008	1,295	1,278	-6,300	1,517	2,811	3,427	4,743	5,556	6,046	115	9
Balance Sheet (INR b)													
Loans	979	900	1,063	1,006	1,086	1,023	1,164	1,179	1,326	1,402	1,471	26	5
Investments	359	453	330	454	414	418	316	461	471	466	510	62	10
Deposits	698	758	843	887	913	902	928	1,056	1,133	1,234	1,330	43	8
CASA Deposits	235	302	406	459	464	463	479	512	567	633	665	39	5
Borrowings	524	477	408	458	484	526	508	530	557	566	544	7	-4
Total Assets	1,506	1,527	1,557	1,631	1,690	1,725	1,742	1,902	2,006	2,128	2,214	27	4
Asset Quality													
GNPA	17,417	14,861	12,892	43,030	46,671	44,855	44,569	44,691	43,548	43,962	43,026	-3	-2
NNPA	4,366	3,910	3,206	18,833	22,932	21,503	19,140	18,081	16,538	14,800	14,642	-24	-1
Funded Credit Mix (%)													
Retail	53.9	56.0	53.4	55.8	56.8	58.7	61.6	63.8	65.8	66.4	67.3	9	1
Commercial Finance	0.0	0.0	8.2	8.6	8.3	8.5	8.7	7.9	7.8	9.1	9.4	9	4
Wholesale	36.5	34.6	38.4	35.6	34.9	32.8	29.8	28.3	26.4	24.6	23.3	-22	-5
PSL Buyouts	7.4	7.2	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Stressed Assets	2.3	2.2	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ratios (%)													
Asset quality ratios													
GNPA	2.0	1.6	1.3	4.2	4.6	4.3	4.0	3.7	3.4	3.2	3.0	-100	-22
NNPA	0.5	0.4	0.3	1.9	2.3	2.1	1.7	1.5	1.3	1.1	1.0	-71	-6
PCR (Calculated)	74.9	73.7	75.1	56.2	50.9	52.1	57.1	59.5	62.0	66.3	66.0	891	-36
Credit Cost	3.0	3.1	2.2	2.5	7.3	2.0	1.4	1.4	1.0	1.4	1.4	-4	-3
Business ratios													
CASA (Reported)	33.7	40.4	48.3	51.8	50.9	51.3	51.6	48.4	50.0	51.3	50.0	-159	-128
Loan/Deposit	140.3	118.7	126.1	113.4	119.0	113.3	125.5	111.6	116.9	113.6	110.6	-1,493	-303
Non Int. to Total Income	21.8	26.0	31.0	29.5	27.8	25.5	23.0	23.7	23.7	26.1	26.0	302	-15
Cost to Income	60.0	66.8	72.6	77.6	67.1	77.3	77.0	76.4	73.8	71.2	71.6	-542	35
Tax Rate	26.7	19.9	27.5	-196.4	28.2	30.3	25.6	25.0	25.4	25.4	25.4	-22	3
CAR	15.0	14.7	14.3	13.8	15.6	15.6	15.4	16.7	15.8	15.4	16.1	68	71
Tier I	14.6	14.3	13.8	13.3	14.9	14.9	14.8	14.9	14.0	13.7	13.5	-134	-18
Profitability ratios													
YoA	12.1	14.1	12.3	13.8	12.9	14.2	12.9	14.0	13.8	15.2	15.2	225	-1
YoI	7.3	5.8	8.7	6.0	7.3	5.5	8.5	5.4	5.9	7.3	8.0	-54	72
YoF	11.0	11.2	11.6	11.5	11.5	11.7	12.3	11.8	11.9	13.2	13.7	133	44
CoF	6.7	6.5	6.8	6.3	5.8	5.5	5.5	5.1	5.6	6.1	6.3	84	24
RoA	0.2	0.3	0.3	0.3	-1.5	0.4	0.6	0.8	1.0	1.1	1.1	47	4
Margins	4.9	4.9	5.0	5.1	5.5	5.8	6.2	6.3	5.9	6.0	6.4	18	38
Other Details													
Branches	503	523	576	596	601	599	599	641	651	670	707	108	37

Source: MOFSL, Company



Highlights from the management commentary

Balance sheet and P&L

- Traction in deposits remains healthy, which is giving comfort to the bank to grow the loan book.
- Funded assets are growing at a healthy pace of ~25% and the growth is likely to remain healthy going ahead.
- The focus also remains on improving the traction in fee income, along with loan growth, which will further boost the bank's income profile.
- Retail fees account for 90% of the total fees.
- CASA/terms deposits witnessed a sequential increase.
- About 77% of customer deposits are less than INR20m.
- The bank opened 37 branches in 3QFY23.
- The LCR ratio stood at 122% in 3QFY23.
- The bank has seen strong traction in the wheels book. It has a market share of 55% in EV finance over 9MFY23.
- The bank has a credit card base of 1.3m. Spends grew 19% QoQ and 86% YoY.
- The bank expects to bring down the C/I ratio to 65% by FY25.
- Overall, the target is to achieve RoE of 13-15% by FY25.
- The bank is planning to add ~150 branches every year.
- Margins are likely to remain around the current levels. Any moderation should be in a narrow range.
- There is no plan to increase the deposit rate at the moment.
- Exposure toward stressed telecom stands at INR3.5b, which is coming down gradually QoQ.
- The floating-rate book stands at 40% of total loans, of which 60% linked to repo and the balance to MCLR.
- The bank might consider raising capital in the next 3-4 quarters.

Asset quality

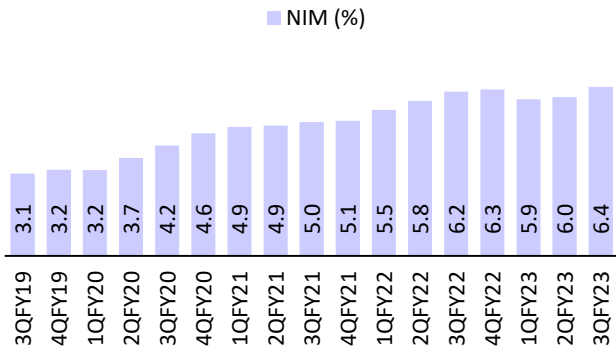
- Legacy issues with respect to asset quality have been dealt with.
- There are absolutely no problems in Retail NPAs with controlled GNPA.
- The restructured book moderated to 0.9% of funded assets (INR12b) vs 1% in 2QFY23.
- SMA 1 and 2 in the retail book stood at 1%, while the same for the corporate book stood at sub 0.2%.
- Slippages in 3Q (Gross of INR11.5b and New of INR5.7b) were marginally lower than in 2QFY23.
- The bank maintains its credit cost guidance of 1.5% for FY23 with 9MFY23 credit cost faring better than the said level.

Valuation and view

- **Robust liability franchise:** IDFCFB continues to witness strong growth in Retail deposits and has succeeded in building a robust liability franchise over the past three years, led by attractive customer service levels, higher interest rates, a strong brand and transparent products and services. Even in 3QFY23, the bank delivered a healthy deposit growth, with CASA deposits witnessing a sequential rise of 5%. The bank is confident of maintaining this traction in deposits despite strong competitive intensity.
- **Asset quality improved,** with a 22bp/6bp QoQ moderation in the GNPA/NNPA ratios to 2.96%/1.03%. The PCR ratio was stable at 66%. While the corporate (non-infra) book is well provided for with PCR of 99%, the trend in retail has reverted to the long-term mean of GNPA of 1.9%. Further, the SMA book in retail declined to 1.0% in 3QFY23 and the bank expects the credit cost to remain within the guidance of 1.5% for FY23. We estimate a credit cost of 1.5% over FY23-25.
- **Maintain BUY with a TP of INR70:** IDFCFB is entering a phase of strong loan growth as the drag from wholesale book moderates and we estimate loans to report a 27% CAGR during FY22-25. The bank has scaled up retail deposits (77% of loans), with a strong CASA ratio of 50%. It has invested well in digital capabilities, branch and product expansion and has presence across retail products. Cost ratios are elevated but will moderate as scale benefits come into effect, while retirement of high-cost borrowings will aid NII growth. We estimate a 40% CAGR in PPop during FY22-25, while controlled credit costs will drive a 210% CAGR in PAT over the similar period. We thus estimate RoA/RoE to reach 1.3%/15.1% by FY25. Maintain BUY with a TP of INR70 (1.5x Sep'24E ABV).

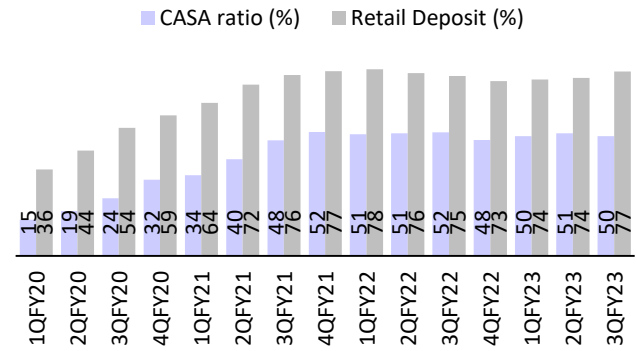
Story in charts

Exhibit 1: NIM expands 38bp QoQ to 6.36%



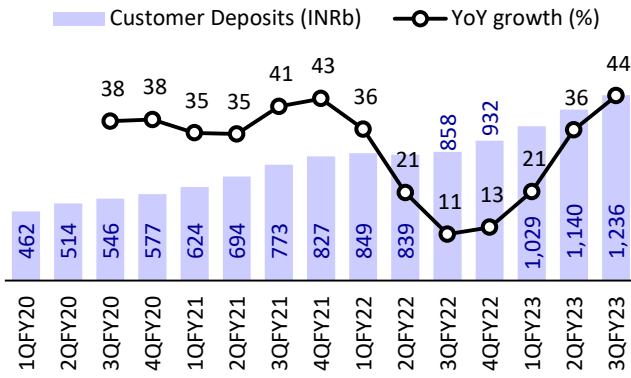
Source: MOFSL, Company

Exhibit 2: CASA ratio moderates 130bp QoQ to 50%



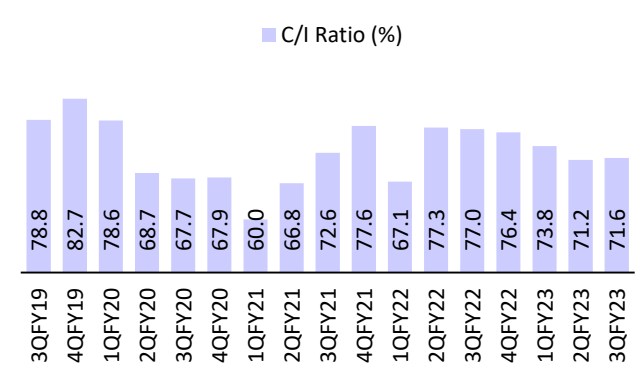
Source: MOFSL, Company

Exhibit 3: Customer deposits grow 44% YoY to INR1.2t



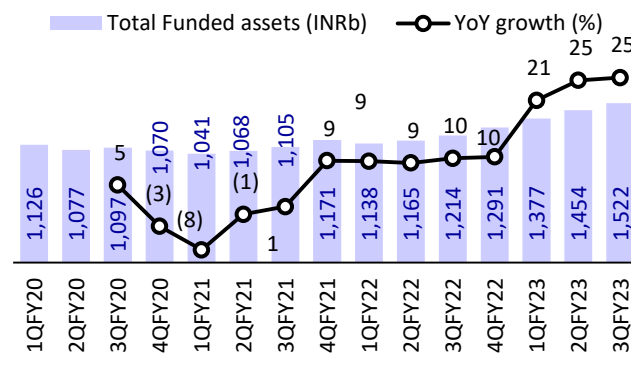
Source: MOFSL, Company

Exhibit 4: Cost to income ratio stands elevated at 71.6%



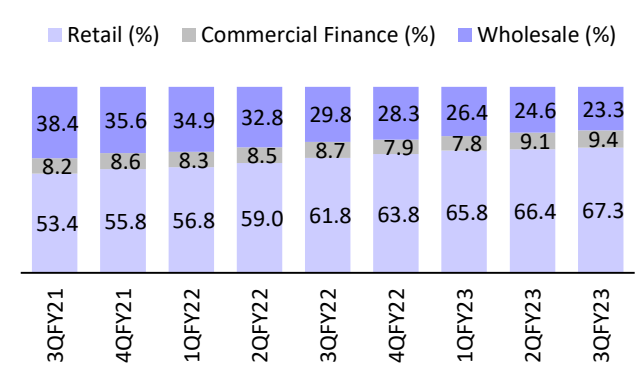
Source: MOFSL, Company

Exhibit 5: Total funded assets up 25% YoY in 3QFY23



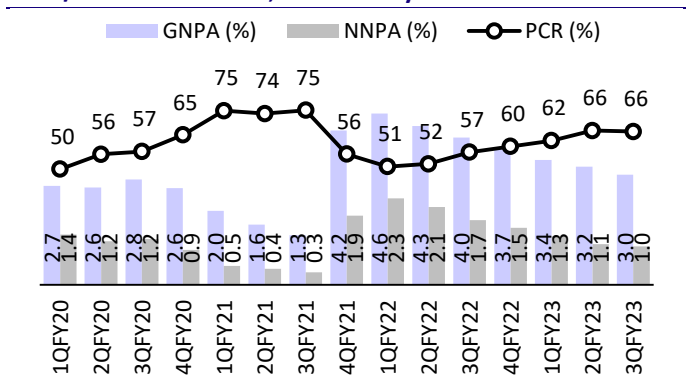
Source: MOFSL, Company

Exhibit 6: Retail & Commercial Finance forms 77% of loans



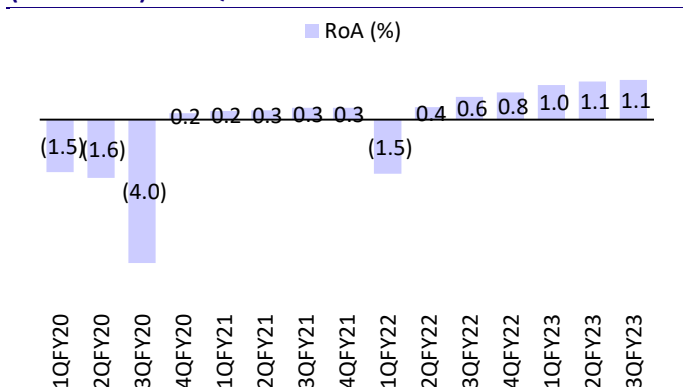
Source: MOFSL, Company

Exhibit 7: GNPA/NNPA ratios moderate 22bp/6bp QoQ to 3.0%/1.0% as of Dec'22; PCR healthy at ~66%



Source: MOFSL, Company

Exhibit 8: RoA trajectory improves further with 1.1% (annualized) for 3QFY23



Source: MOFSL, Company

Exhibit 9: DuPont Analysis – Return ratios to pick up further, led by a pickup in NII, lower cost and controlled provisions

Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Interest Income	7.5	8.1	10.3	10.2	9.7	10.6	11.2	11.3
Interest Expense	6.0	6.0	6.5	5.5	4.2	4.7	5.1	5.2
Net Interest Income	1.5	2.2	3.8	4.7	5.5	5.9	6.0	6.1
Fee income	0.6	0.6	0.8	1.0	1.5	1.7	1.9	2.0
Trading and others	0.3	0.0	0.2	0.4	0.3	0.2	0.2	0.1
Non-Interest income	0.9	0.6	1.1	1.4	1.8	2.0	2.1	2.2
Total Income	2.4	2.8	4.9	6.1	7.3	7.9	8.1	8.2
Operating Expenses	1.4	4.0	3.7	4.5	5.5	5.6	5.5	5.4
Employee cost	0.6	0.8	1.0	1.3	1.5	1.7	1.7	1.7
Others	0.8	3.2	2.7	3.3	3.9	4.0	3.8	3.7
Operating Profit	1.1	-1.2	1.2	1.6	1.9	2.3	2.6	2.8
Core Operating Profit	0.7	-1.3	1.0	1.2	1.5	2.0	2.4	2.7
Provisions	0.2	1.0	2.7	1.3	1.8	0.8	0.9	1.0
NPA	-0.5	-0.1	0.3	0.6	0.1	0.9	1.0	1.0
Others	0.7	1.1	2.4	0.7	1.6	-0.1	-0.1	0.0
PBT	0.9	-2.2	-1.5	0.3	0.1	1.5	1.6	1.8
Tax	0.1	-0.9	0.3	0.0	0.0	0.4	0.4	0.5
RoA	0.7	-1.3	-1.8	0.3	0.1	1.1	1.2	1.3
Leverage (x)	8.0	8.8	9.4	9.4	9.1	9.6	10.5	11.2
RoE	5.7	-11.6	-17.1	2.7	0.7	10.5	12.9	15.1

Financials and valuations

Income Statement						(INR m)		
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Interest Income	89,300	119,482	163,076	159,679	171,727	224,970	292,521	362,453
Interest Expense	71,319	87,491	102,320	85,876	74,665	99,564	134,139	166,686
Net Interest Income	17,981	31,991	60,756	73,803	97,062	125,406	158,382	195,767
Growth (%)	-10.9	77.9	89.9	21.5	31.5	29.2	26.3	23.6
Non-Interest Income	11,179	8,521	17,222	22,113	32,220	42,337	54,192	69,366
Total Income	29,160	40,512	77,977	95,916	129,282	167,743	212,574	265,133
Growth (%)	-3.8	38.9	92.5	23.0	34.8	29.7	26.7	24.7
Operating Expenses	16,526	58,867	58,610	70,933	96,444	119,911	145,057	174,756
Pre Provision Profits	12,634	-18,356	19,367	24,983	32,837	47,832	67,517	90,376
Growth (%)	-27.9	-245.3	-205.5	29.0	31.4	45.7	41.2	33.9
Core PPP	8,685	-18,681	15,463	19,014	27,374	42,642	62,586	85,692
Growth (%)	-26.9	-315.1	-182.8	23.0	44.0	55.8	46.8	36.9
Provisions (excl. tax)	2,361	14,596	43,153	20,225	31,086	16,524	24,530	32,444
PBT	10,273	-32,952	-23,785	4,758	1,752	31,309	42,987	57,932
Tax	1,680	-13,510	4,857	235	297	7,952	10,919	14,715
Tax Rate (%)	16.4	41.0	-20.4	4.9	16.9	25.4	25.4	25.4
PAT	8,593	-19,442	-28,642	4,523	1,455	23,356	32,069	43,217
Growth (%)	-15.7	NM	NM	NM	-67.8	NM	37.3	34.8
Balance Sheet								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	34,041	47,817	48,099	56,758	62,177	62,177	62,177	62,177
Reserves & Surplus	118,525	133,776	105,327	121,320	147,697	171,053	203,121	246,339
Net Worth	152,565	181,593	153,426	178,079	209,874	233,230	265,298	308,516
Deposits	481,982	704,790	651,080	886,884	1,056,344	1,409,162	1,831,911	2,344,846
Growth (%)	19.9	46.2	-7.6	36.2	19.1	33.4	30.0	28.0
of which CASA Deposits	57,096	91,139	209,397	458,961	511,704	693,308	888,477	1,120,837
Growth (%)	172.6	59.6	129.8	119.2	11.5	35.5	28.2	26.2
Borrowings	572,871	699,834	573,972	457,861	529,626	595,702	676,112	767,779
Other Liabilities & Prov.	57,784	85,632	113,526	108,615	105,812	111,102	116,657	122,490
Total Liabilities	1,265,202	1,671,849	1,492,004	1,631,439	1,901,655	2,349,196	2,889,979	3,543,631
Current Assets	48,918	95,668	41,908	58,279	157,579	170,413	190,610	208,546
Investments	612,015	584,754	454,046	454,117	461,448	549,124	658,948	790,738
Growth (%)	21.3	-4.5	-22.4	0.0	1.6	19.0	20.0	20.0
Loans	521,649	863,023	855,954	1,005,501	1,178,578	1,532,151	1,930,511	2,413,138
Growth (%)	5.6	65.4	-0.8	17.5	17.2	30.0	26.0	25.0
Fixed Assets	7,841	9,502	10,377	12,664	13,612	14,613	15,630	16,857
Other Assets	74,778	118,902	129,719	100,877	90,598	82,895	94,280	114,352
Total Assets	1,265,202	1,671,849	1,492,004	1,631,439	1,901,816	2,349,196	2,889,979	3,543,631
Asset Quality								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
GNPA (INR m)	17,791	21,360	22,796	43,026	44,686	45,934	53,813	67,134
NNPA (INR m)	8,912	11,066	8,086	18,826	18,076	14,680	15,535	18,870
GNPA Ratio	3.41	2.48	2.66	4.28	3.79	3.00	2.79	2.78
NNPA Ratio	1.71	1.28	0.94	1.87	1.53	0.96	0.80	0.78
Slippage Ratio	2.5	3.4	3.1	6.0	6.9	2.4	2.1	2.1
Credit Cost	-0.5	2.1	5.0	2.2	2.8	1.4	1.5	1.5
PCR (Excl. Tech. write off)	49.9	48.2	64.5	56.2	59.5	68.0	71.1	71.9

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	8.0	8.8	11.3	11.1	10.4	11.1	11.6	11.7
Avg. Yield on loans	9.3	11.3	14.0	13.6	13.0	13.8	14.2	14.1
Avg. Yield on Investments	7.3	6.6	7.6	6.8	5.8	6.6	7.0	7.1
Avg. Cost-Int. Bear. Liab.	7.3	7.1	7.8	6.7	5.1	5.5	5.9	5.9
Avg. Cost of Deposits	6.0	6.6	7.0	6.2	4.4	5.2	5.7	5.6
Interest Spread	3.3	4.7	7.1	7.4	8.6	8.7	8.5	8.5
Net Interest Margin	1.7	2.4	4.3	5.3	6.1	6.4	6.5	6.5
Capitalisation Ratios (%)								
CAR	18.0	15.5	13.4	13.8	16.7	14.3	13.0	12.1
Tier I	17.7	15.3	13.3	13.3	14.9	12.9	11.8	11.1
Tier II	0.3	0.2	0.1	0.5	1.9	1.4	1.1	0.9
Business and Efficiency Ratios (%)								
Loans/Deposit Ratio	108.2	122.5	131.5	113.4	111.6	108.7	105.4	102.9
CASA Ratio	11.8	12.9	32.2	51.7	48.4	49.2	48.5	47.8
Cost/Assets	1.3	3.5	3.9	4.3	5.1	5.1	5.0	4.9
Cost/Total Income	56.7	145.3	75.2	74.0	74.6	71.5	68.2	65.9
Cost/Core Income	65.6	146.5	79.1	78.9	77.9	73.8	69.9	67.1
Int. Expense/Int. Income	79.9	73.2	62.7	53.8	43.5	44.3	45.9	46.0
Fee Income/Total Income	24.8	20.2	17.1	16.8	20.7	22.1	23.2	24.4
Non Int. Inc./Total Income	38.3	21.0	22.1	23.1	24.9	25.2	25.5	26.2
Emp. Cost/Total Expense	40.9	19.0	26.1	27.9	28.0	29.7	30.7	31.3
Investment/Deposit Ratio	127.0	83.0	69.7	51.2	43.7	39.0	36.0	33.7
Profitability Ratios and Valuation								
RoE	5.7	-11.6	-17.1	2.7	0.7	10.5	12.9	15.1
RoA	0.7	-1.3	-1.8	0.3	0.1	1.1	1.2	1.3
RoRWA	1.0	-2.0	-2.6	0.4	0.1	1.5	1.6	1.8
Book Value (INR)	45	38	32	31	34	38	43	50
Growth (%)	3.8	-15.3	-16.0	-1.6	7.6	11.1	13.7	16.3
Price-BV (x)	1.3	1.6	1.9	1.9	1.8	1.6	1.4	1.2
Adjusted BV (INR)	41	35	30	28	31	35	40	46
Price-ABV (x)	1.4	1.7	2.0	2.1	1.9	1.7	1.5	1.3
EPS (INR)	2.5	-4.8	-6.0	0.9	0.2	3.8	5.2	7.0
Growth (%)	-15.9	NM	NM	NM	-71.6	NM	37.3	34.8
Price-Earnings (x)	23.5	NM	NM	NM	NM	15.8	11.5	8.5

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
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