BUY (Maintain)

CMP: **INR 1,390** Target Price: **INR 1,700 (INR 1,550)** ▲ 22%

ICICI Securities

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19 July 2023

India | Equity Research | Q1FY24 results review

IndusInd Bank

Banking

Strong growth and stable NIM; expect the trend to sustain

Despite higher opex YoY, IndusInd Bank (IIB) reported strong Q1FY24 PAT at Rs21.24bn (up ~32% YoY) driven by strong NII (up 18% YoY) and ~21% YoY dip in provisions. As detailed in our recent sector note (Link), IIB is our preferred pick and the thesis remains intact. We believe IIB is uniquely placed as growth (18-19% YoY for FY24-25E) has tailwinds from revival in key domains (vehicle and MFI) which due to strong yields should also enable stable NIM. With sharp reduction in RSA (down to 66 bps) and macro tailwinds, we see healthy moderation in credit costs, driving RoA higher. Overall, we estimate the bank delivering 1.85%-1.9% RoA for FY24-25E with 15-16% RoE. We increase our target price to Rs1,700 (vs Rs1,550), valuing the stock at ~1.9x (vs ~1.7x) FY25E ABV. Maintain **BUY**.

Strong growth and stable NIM; we expect the trend to sustain

Loan growth came in strong at ~4% QoQ / ~22% YoY and was broad-based across large corporate, mid-small corporate and vehicle segments. MFI loan growth, however, remains weak at 9% YoY (down 1% QoQ) though the bank remains confident of scaling this up to 18-20% YoY by FY24. Despite ~31bps rise in the cost of deposits, NIM was flat QoQ at 4.29% led by 22bps rise in yields on advances and better balance sheet management. We estimate 18-19% YoY credit growth for FY24-25E, led by retail (better yielding) which should enable stable NIM YoY during the same period.

Slippages and GNPA continue improving trajectory

Gross slippages continue to improve (4th successive quarter) and came in at Rs13.76bn or 1.8% annualised. Slippages moderated QoQ for corporate (Rs430mn vs Rs2.64bn QoQ) and MFI (Rs3.7 bn vs Rs6.0bn) though increased for vehicle segment (Rs5.8bn vs Rs3.8bn), primarily on seasonality. We estimate slippages to moderate to ~1.8% for both FY24-25E vs 2.4% in FY23. We also see credit costs at ~1.3% for FY24-25E vs 1.6% in FY23.

Other highlights

As per the bank, promoters' request for increasing their stake is pending before the RBI. At CET 1 of 16.4%, the bank is more than adequately capitalised. RWA density has reduced QoQ as select unrated exposure got rated and un-utilised limits ran-off. Key risk is higher-than-expected slippages.

Financial Summary

Y/E March	FY22A	FY23A	FY24E	FY25E
NII (Rs bn)	150.0	175.9	198.3	228.3
Op. profit (Rs bn)	128.4	143.5	163.7	192.5
Net Profit (Rs bn)	46.1	73.9	90.8	106.1
EPS (Rs)	59.6	95.2	117.1	136.7
EPS % change YoY	53.7	59.9	22.9	16.8
ABV (Rs)	597.0	683.5	783.2	898.2
P/BV (x)	2.3	2.0	1.7	1.5
P/ABV (x)	2.3	2.0	1.8	1.5
Return on Assets (%)	1.2	1.7	1.9	1.9
Return on Equity (%)	10.2	14.5	15.6	15.9

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Market Data

Market Cap (INR)	1,079bn
Market Cap (USD)	13,150mn
Bloomberg Code	IIB IN
Reuters Code	INBK.BO
52-week Range (INR)	1,414 /816
Free Float (%)	84.0
ADTV-3M (mn) (USD)	54

Price Performance (%)	3m	6m	12m
Absolute	22.5	14.9	66.4
Relative to Sensex	12.6	10.3	24.1

ESG Disclosure	2021	2022	Change
ESG score	65.0	64.0	(1.0)
Environment	49.1	49.1	0.0
Social	58.6	55.4	(3.1)
Governance	87.4	87.4	0.0

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
PAT	↑ 1	↑ 1

Previous Reports

24-04-2023: Q4FY23 results review

19-01-2023: Q3FY23 results review

Q1FY24 conference call takeaways

Asset quality

- **GNPA ratio sustained improvement at 1.94% (down 4 bps QoQ) while net NPA was flattish at 58bps.**
- SMA 1 and 2 loans (as per CRILC) remain muted at 4bps and 19bps respectively.
- It has utilised Rs2bn of contingent provisions in this quarter. Utilisation of contingent buffers is mostly done away with and the bank will look to add contingent buffers in FY24.
- Asset quality improved for all business expect vehicle finance, due to seasonality.
- ***The bank is comfortable with credit cost guidance of 1.1-1.3% for FY24.*** FY24 segment-wise credit cost estimate are as follows - **Microfinance 2.5%, Consumer bank 1.5%-1.8%, Vehicle finance 1.0% and Corporate 10-20bps (assuming 44-45% of book).**
- While the Ind-AS guidelines are not finalized, the bank had estimated ECL impact 1-1.5% of the total book. It is anyway building contingent.
- Security receipts net of provision at Rs13.33bn or 44bps. The gross SR is Rs24bn so, the bank has ~45% PCR. The bank has provided Rs1.29bn in 1Q towards SRs.
- MFI slippages declined from Rs5.99bn to Rs3.69bn QoQ. Slippages in CV increased from Rs3.81bn to Rs5.8bn on seasonality (1QFY23 slippages were Rs6.86bn).
- MFI 30dpd book is 1.1%.

Loan-book

- MFI loan growth, however, remains weak at 9% YoY (down 1% QoQ) though the bank remains confident of scaling-this up to 18-20% YoY by FY24.
- Focus area for the quarter was loan growth momentum which was up 22% YoY and 4% QoQ.
- It has soft launched digital platform Indie, which is open for public use.
- Home loan pilot has reached Rs6.65bn.
- Top 20 accounts now comprise 12-13% of total corporate book.
- Bank's comfort level for CD ratio is 86-89%.
- G&J loans are down 7% QoQ on lower working capital utilisation amidst poor global demand. However, there is no asset quality implications.
- Overall loan growth is 22% YoY. Corporate growth is ~22% YoY, Vehicle is 21%, MFI is 8% YoY and non-MFI / non-vehicle is higher. The mix of Retail : Corporate is broadly unchanged on both YoY and QoQ at 54:46. The bank sees overall retail growth to be higher than wholesale and mix changing in favor of Retail to 55-56% by FY24. Current quarter retail growth has been bit impacted due to muted MFI growth (MFI book is up 9% YoY and down 1% QoQ).
- Disbursement was strong in CV, UV and Cars and soft in Tractor and 2Wheelers.

Deposits

- Deposits up 15% YoY and 3% QoQ.
- ***Share of retail deposits in LCR at 43.4%, progressing towards its ambition of 45-50% in PC-6.***
- Affluent deposits up 22% YoY.
- *CA moderated as some of previous quarter end flows saw run-down.*
- NR deposits up 39% YoY and 9% QoQ.
- ***Continue to gain market share in NR segment with current market share around 3%.***
- ***Average surplus liquidity was at Rs440bn during the quarter.***

Opex

- 12,600 employees hired in the past 12 months which has resulted in higher opex.
- ***Looking to add 250-300 branches during the year.***

- ***CI for Q1 was 45.9%. Looking to close FY24 around 45% in C/I and then to 41-43% by FY25.***
- ***Expansion in retail and microfinance, employee addition led to elevated opex.***

Margins

- Margins up 1bps QoQ and 8bps YoY to 4.29%, with effective balance sheet management.
- ***Cost of deposits is likely to peak out in Q2FY24. By Q4, bank is expecting a decline of 10-15bps in deposit cost.***
- *During Q1FY24, a lot of low-cost TD were due for renewal and hence this led to rise in deposit cost.*
- *The rise in overall Yield QoQ is higher than segmental rise in Yields due to daily averages.*

Vehicle finance

- Loan growth of 21% YoY and disbursement growth of 18% YoY.
- Maintained or improved market share across categories.
- Historically, Q1 has been seasonally weak quarter and Q4 has been seasonally strong quarter. Usually, H2 is strong vs. H1 and expect this trend to continue in FY24 as well.
- Slippages are expected to come down as the year progresses.
- Restructured book at Rs11.82bn vs. Rs14.75 QoQ. Bulk of reduction in restructured book was through upgrades and recoveries.
- Slippages at Rs5.83bn.

Microfinance

- **MFI loan growth, however, remains weak at 9% YoY (down 1% QoQ) though the bank remains confident of scaling-this up to 18-20% YoY by FY24.**
- Rs84.0bn disbursements, up 12% YoY.
- Historically, Q1 has been seasonally weak quarter and Q4 has been seasonally strong quarter.
- ***MFI slippages at Rs3.69bn vs. Rs.5.99bn QoQ.***
- *MFI 30dpd book is 1.1%.*
- Disbursements are expected to pick-up as the year progresses.
- Looking at 18-20% YoY growth going ahead.
- Usually growth is higher in H2 for microfinance business as compared to H1.

Corporate banking portfolio

- Loan-book up 4% QoQ.
- Overall growth continued to be led by growth in small corporate.
- Within small corporate, focused strategy on corporates with less than Rs5bn turnover is playing out well.
- Yield in corporate book improved 10bps QoQ. Yields going ahead would be muted with benchmark yields stabilising.
- ***Small business share in corporate is targeted to reach 20% of corporate book in the next 2-3 years from 10.5% currently and around 4%, which was 3 years back.***

Diamond portfolio

- Remain comfortable on the diamond portfolio asset quality.
- G&J loans are down 7% QoQ on lower working capital utilization amidst poor global demand. However, there is no asset quality implications.
- Growth will depend on global recovery. Looking at 10-12% growth.
- No SMA1 and SMA2 in this business

Capital

- Despite 4% QoQ loan growth, RWA have declined QoQ. The reasons for lower RWA density are select Unrated facilities got rated and some un-utilized limits ran-off and thus RWA risks weights came off.
- Bank did not clarify much on promoter raising stake. It mentioned that it does not need capital as of now.

Q4FY23 analyst meet takeaways

Planning Cycle -6

- Strategy is to gain **market share with diversification**
- 3G strategy - **Growth, Granularity and Governance**
- Bank will scale up LAP which has struggled over the past 3 years
- ***Bank has recently launched home loans business (affluent side) and this is done to support its liability business. Target is to create Rs150bn home loan book in the next 3 years.***
- *Planning Cycle 6 expected outcomes:*
    - *Loan growth: 18-23%*
    - *Retail loan mix: 55-60%*
    - *Retail deposits as per LCR: 45-50%*
    - *PPoP/Loans: 5.25%-5.75%*
    - *Branch network: 3,250-3,750*
    - *Customer base: >50mn*
    - ***RoA: 1.9-2.2%***

Credit costs guidance for FY24 stands at 110-130 bps (including SR provisions)

- ***Mix change towards consumer and normalisation in cost of deposits should see 10-15bps uptick in margins***

Margins

- ***Margins guidance has been hiked vs FY23 to remain at around current levels. NIMs should be in 4.25-4.35%.***
- ***49% of the book is floating and rest 51% is fixed rate book.***
- Tractor yield is at 15.8%-16%

Cost to Income

- ***Retail growth comes with higher initial cost and hence cost to income ratio should be around 45% for the next few quarters before it starts trending down to 41-42%***
- Fee income always has been granular and is steady at ~1.9% of assets

Deposits

- Deposit growth was 15% YoY and 3% QoQ
- CASA ratio is 40% and bank de-bulked SA by losing 50-60% of deposits on one large SA account. Reduction in SA was due to two reasons: Migration from SA to TD due to higher rates and run-down of SA exposure in one large government association account wherein bank had bulk flows coming from the past 5 years. This account used to have ~Rs70bn-Rs80bn SA exposure.
- ***LCR at 123% vs. 117% QoQ***

Asset quality

- ***Credit cost guidance of 110-130bps, considering the businesses in which the bank operates***
- ***Retail slippages should moderate to Rs9-12bn run-rate or ~ 1.7%***
- ***Utilised Rs13bn of contingency provisions during FY23 against guidance of Rs16bn***
- Microfinance 30-90 dpd has fallen from 2.1% to 1.1%.
- Diamond loanbook is pristine with no asset quality issues
- ***Rs1.75bn corporate account turned into NPA for not meeting required governance in stipulated time (technical reasons), though there is no payment delay. This appears to be in Coal Washeries sector.***

- ***Bulk of restructuring now lies in vehicle and secured retail assets***
- ***Made Rs3bn provisions towards SRs during the quarter. Total of Rs 5 bn in 2HFY23.***
- In management view, bank has already seen worst of restructuring and microfinance slippages

Loanbook

- Loan growth was 21% YoY and 6% QoQ.
- Corporate book was up 6% QoQ with large corporate up 5% QoQ and mid/small corporate up 7% QoQ
- ***Bank continues on its journey of higher retail, granular, shorter duration book***
- Merchant loans would be a very big play in P-6 which comes with 25% yield and 4% upfront fee income (loan book at Rs40.13bn vs. Rs0.1bn in FY20)
- Bank distribution network in rural (due to microfinance) is large than many PSU banks
- Putting corrective measures in place to scale up affordable housing business
- Bank will launch following products in rural: Scooter loan, affordable housing and home improvement and also evaluating large ticket size personal loans for its own client
- *Bank has the best digital capabilities on merchant loans.*
- Stressed Telco exposure – Non-Funded side stands at Rs7.3bn (this is not expected to flow in NPA and hence guarantee won't be called for).
- The bank has done ARC sale (Rs 2-3 bn) in 4QFY23 – this was entirely on Vehicle portfolio.

Vehicle finance

- Remain positive on vehicle finance business for the coming quarters.
- 20% of book is used vehicle and it gives better return to the bank.
- Market share of disbursements vehicle finance portfolio is 11.5-12% vs. 9.3% in Q3
- Market share of outstanding vehicle finance portfolio is 10.7%.

Microfinance

- **Increased pricing in microfinance segment by 150bps in February 2023**
- Microfinance recovery was 8% from ARC sales
- Microfinance book slippages was from Standard portfolio in Eastern India
- Microfinance outstanding restructuring is ~Rs1bn

Digital

- Digital Strategy continues to drive impact across 3 primary Business Objectives:
    - Drive Superior Customer Experience and Engagement
    - Transform existing lines of businesses
    - Create scalable, profitable Do It Yourself / Open Banking led business models
- Active mobile customer base continues to grow 30% YoY

Miscellaneous

- Bank is keen on entering into MF business but it doesn't have the para-baking license.

Exhibit 1: Q1FY24 result snapshot

Financial Highlights					
Rs mn	**1QFY23**	**1QFY24**	**YoY (%)**	**4QFY23**	**QoQ (%)**
Interest Earned	81,818	1,07,297	31.1	1,00,207	7.1
Interest Expended	40,565	58,625	44.5	53,513	9.6
Net Interest Income	**41,253**	**48,671**	**18.0**	**46,695**	**4.2**
Other Income	19,287	22,098	14.6	21,505	2.8
Total Income	1,01,105	1,29,394	28.0	1,21,712	6.3
Total Net Income	**60,540**	**70,769**	**16.9**	**68,200**	**3.8**
Staff Expenses	6,604	8,629	30.7	8,363	3.2
Other operating expenses	19,999	23,839	19.2	22,310	6.9
Operating Profit	**33,937**	**38,301**	**12.9**	**37,528**	**2.1**
Provision & Contingencies	12,510	9,916	(20.7)	10,301	(3.7)
Provision for tax	5,394	7,149	32.5	6,822	4.8
Reported Profit	**16,033**	**21,236**	**32.5**	**20,405**	**4.1**
Other Highlights					
Rs bn	**1QFY23**	**1QFY24**	**YOY (%)**	**4QFY23**	**QoQ (%)**
Advances	2,480	3,013	21.5	2,899	3.9
Gross NPA	59	59	0.1	58	2.0
Gross NPA (%)	2.35	1.94	-41 bps	1.98	-4 bps
Net NPA	17	17	5.2	17	1.9
Net NPA (%)	0.67	0.58	-9 bps	0.59	-1 bps
Provision Coverage (%)	72.0	70.6	-140 bps	70.6	3 bps

Source: Company data, I-Sec research

Exhibit 2: Deposits growth largely led by strong growth in term deposits. CASA share stable QoQ

Particulars (Rs mn)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Deposits	26,72,330	27,52,880	28,44,840	29,36,814	30,27,190	31,59,205	32,52,780	33,64,381	34,70,470
YoY % change	*26.5*	*20.6*	*19.0*	*14.6*	*13.3*	*14.8*	*14.3*	*14.6*	*14.6*
QoQ % change	*4.3*	*3.0*	*3.3*	*3.2*	*3.1*	*4.4*	*3.0*	*3.4*	*3.2*
CASA Deposits	11,23,490	11,58,630	11,98,940	12,53,330	13,05,080	13,35,250	13,63,790	13,47,280	13,84,400
YoY % change	*33.0*	*26.1*	*24.1*	*17.4*	*16.2*	*15.2*	*13.7*	*7.5*	*6.1*
QoQ % change	*5.2*	*3.1*	*3.5*	*4.5*	*4.1*	*2.3*	*2.1*	*-1.2*	*2.8*
CASA Ratio (%)	42.0	*42.1*	*42.1*	*42.7*	*43.1*	*42.3*	*41.9*	*40.0*	*39.9*
Term Deposits	15,48,840	15,94,250	16,45,900	16,83,484	17,22,110	18,23,955	18,88,990	20,17,101	20,86,070
YoY % change	*22.2*	*16.9*	*15.5*	*12.7*	*11.2*	*14.4*	*14.8*	*19.8*	*21.1*
QoQ % change	*3.7*	*2.9*	*3.2*	*2.3*	*2.3*	*5.9*	*3.6*	*6.8*	*3.4*

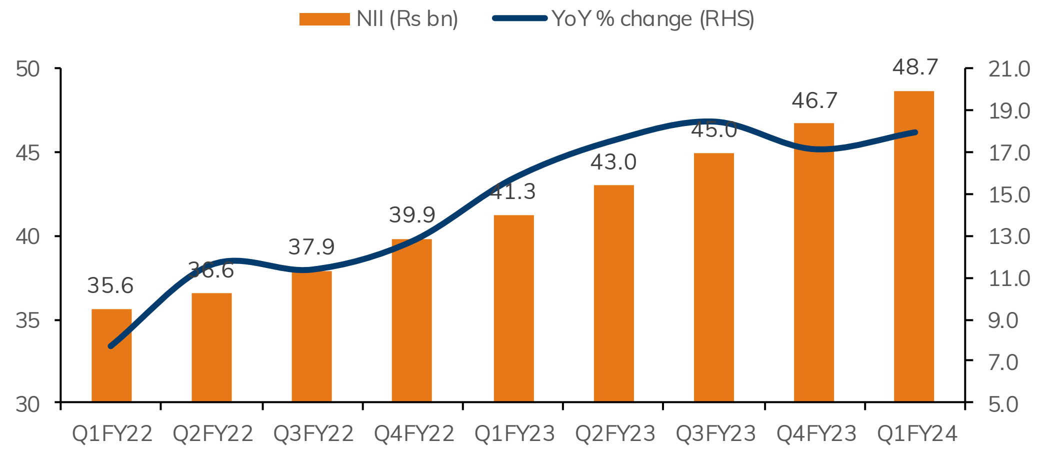
Source: Company data, I-Sec research

Exhibit 3: Despite rise in cost of deposits, margins rise 1bps QoQ to 4.29%

	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (bps)	QoQ (bps)
Yield on advances	11.75	11.66	11.36	11.29	11.39	11.51	11.75	12.02	12.24	85	22
Cost of deposits	4.97	4.85	4.66	4.60	4.79	5.10	5.47	5.81	6.12	133	31
Cost of funds	4.53	4.37	4.26	4.08	4.14	4.41	4.72	4.92	5.31	117	39
NIMs	4.06	4.07	4.10	4.20	4.21	4.24	4.27	4.28	4.29	8	1

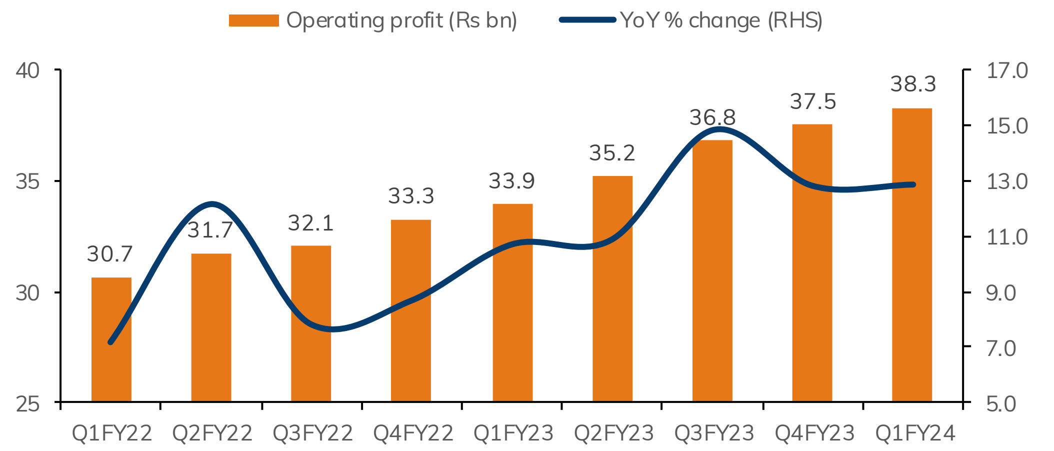
Source: Company data, I-Sec research

Exhibit 4: NII has seen consistent uptick in-line with loan growth



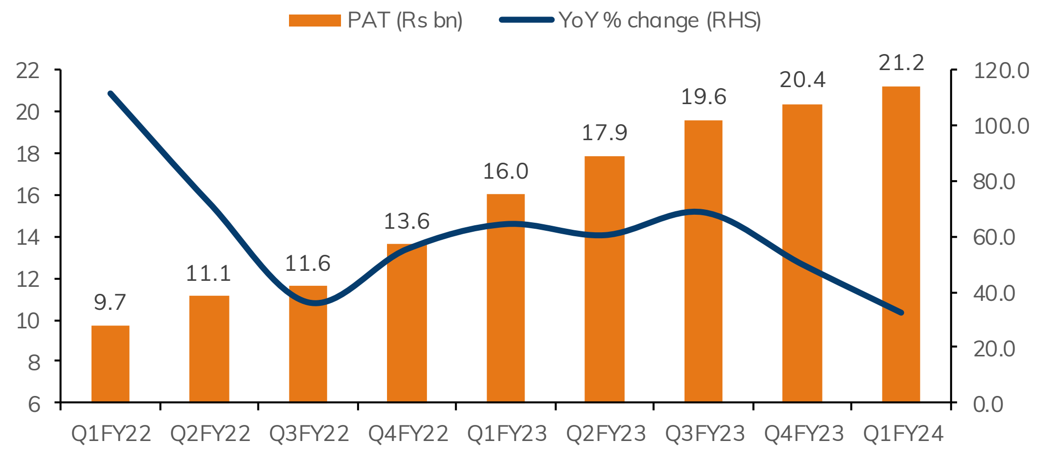
Source: Company data, I-Sec research

Exhibit 5: Operating profit moving up gradually



Source: Company data, I-Sec research

Exhibit 6: PAT of Rs21.2bn was a tad lower than estimate, due to lower other income and higher opex; RoA was stable QoQ at 1.9%



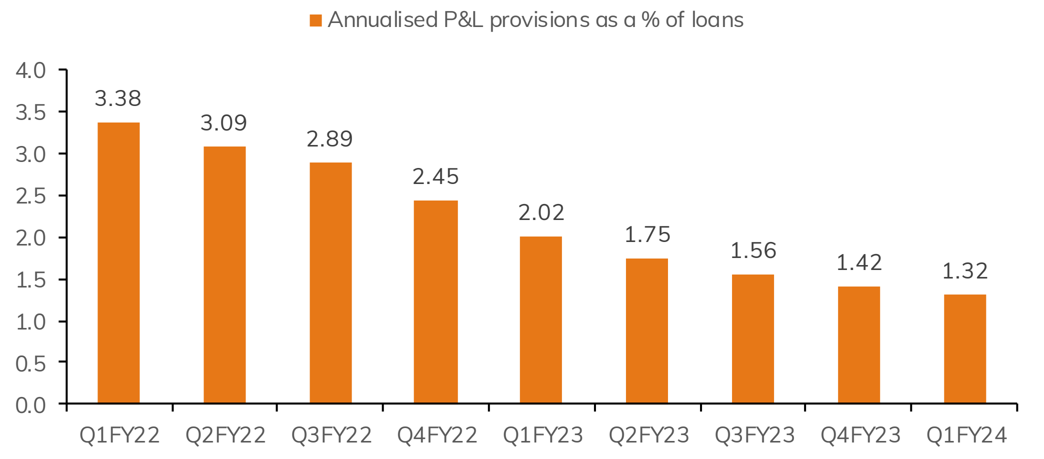
Source: Company data, I-Sec research

Exhibit 7: Asset quality continues to improve

Particulars (%)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (bps)	QoQ (bps)
GNPA	2.88	2.77	2.48	2.27	2.35	2.11	2.06	1.98	1.94	(41)	(4)
NNPA	0.84	0.80	0.71	0.64	0.67	0.61	0.62	0.59	0.58	(9)	(1)
PCR	71.6	71.6	71.7	72.3	72.0	71.5	70.6	70.6	70.6	(140)	3

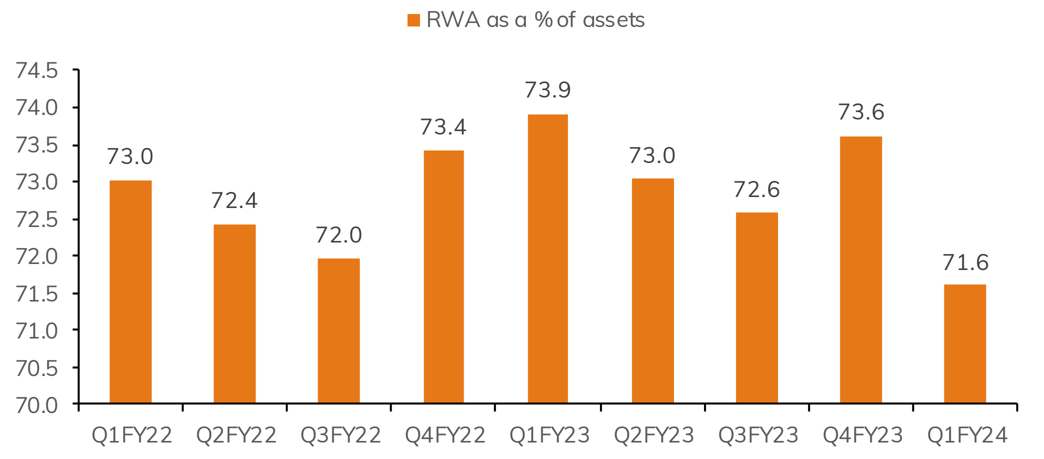
Source: Company data, I-Sec research

Exhibit 8: Credit costs sustain improving trajectory



Source: Company data, I-Sec research

Exhibit 9: RWA density has reduced QoQ as select unrated exposure got rated and un-utilized limits ran-off



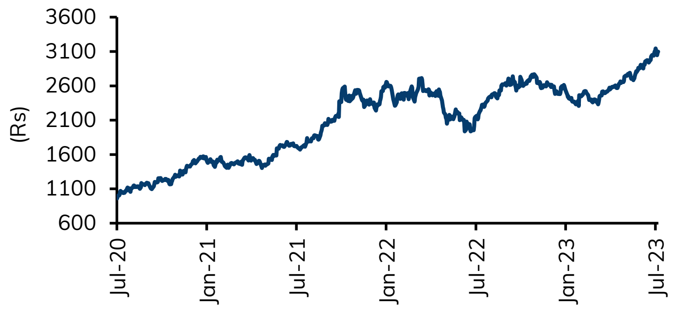
Source: Company data, I-Sec research

Exhibit 10: Shareholding pattern

	Dec'22	Mar'23	Jun'23
Promoters	16.5	16.5	16.5
Institutional investors	69.9	69.2	69.0
MFs and others	14.4	15.6	15.2
FIs/Bank	0.2	0.2	0.1
Insurance Cos.	7.9	8.2	8.3
FIIs	47.4	45.2	45.5
Others	13.6	14.3	14.5

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Interest income	3,08,224	3,63,679	4,44,720	5,36,980
Interest expense	1,58,216	1,87,758	2,46,422	3,08,641
Net interest income	**1,50,008**	**1,75,921**	**1,98,297**	**2,28,339**
Non-interest income	73,970	81,664	98,311	1,15,955
Operating income	**2,23,979**	**2,57,585**	**2,96,608**	**3,44,294**
Operating expense	95,593	1,14,120	1,32,953	1,51,774
Staff expense	24,883	30,305	36,342	40,559
Operating profit	**1,28,386**	**1,43,465**	**1,63,656**	**1,92,520**
Core operating profit	**1,22,454**	**1,43,406**	**1,58,156**	**1,84,520**
Provisions & Contingencies	66,650	44,868	42,250	50,750
Pre-tax profit	**61,736**	**98,597**	**1,21,406**	**1,41,770**
Tax (current + deferred)	15,625	24,699	30,558	35,684
Net Profit	**46,111**	**73,897**	**90,848**	**1,06,087**
Adjusted net profit	**46,111**	**73,897**	**90,848**	**1,06,087**

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Cash and balance with RBI/Banks	6,82,745	5,65,112	5,43,205	5,66,477
Investments	7,09,708	8,31,162	8,57,962	9,98,448
Advances	23,90,515	28,99,237	34,11,522	40,39,873
Fixed assets	18,487	19,926	26,911	32,732
Other assets	2,18,291	2,62,604	3,29,125	4,20,656
Total assets	**40,19,746**	**45,78,041**	**51,68,726**	**60,58,185**
Deposits	29,36,814	33,64,382	39,68,179	47,39,326
Borrowings	4,73,232	4,90,112	4,48,125	4,10,467
Other liabilities and provisions	1,32,728	1,77,330	1,28,983	1,94,779
Share capital	7,747	7,759	7,760	7,760
Reserve & surplus	4,69,226	5,38,458	6,15,679	7,05,852
Total equity & liabilities	**40,19,746**	**45,78,041**	**51,68,726**	**60,58,185**
% Growth	10.7	13.9	12.9	17.2

Source Company data, I-Sec research

Exhibit 14: Growth ratios

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Net Interest Income	10.9	17.3	12.7	15.1
Operating profit	9.5	11.7	14.1	17.6
Core operating profit	19.6	17.1	10.3	16.7
Profit after tax	62.6	60.3	22.9	16.8
EPS	53.7	59.9	22.9	16.8
Advances	12.4	21.3	17.7	18.4
Deposits	14.6	14.6	17.9	19.4
Book value per share	10.9	14.4	14.2	14.5
Adj Book value per share	11.1	14.5	14.6	14.7

Source Company data, I-Sec research

Exhibit 15: Key ratios

(Year ending March)

	FY22A	FY23A	FY24E	FY25E
No. of shares and per share data				
No. of shares (mn)	775	776	776	776
Adjusted EPS	59.6	95.2	117.1	136.7
Book Value per share	612	700	799	916
Adjusted BVPS	597	683	783	898
Valuation ratio				
PER (x)	23.3	14.6	11.9	10.2
Price/ Book (x)	2.3	2.0	1.7	1.5
Price/ Adjusted book (x)	2.3	2.0	1.8	1.5
Dividend Yield (%)	0.6	1.0	1.3	1.5
Profitability ratios (%)				
Yield on advances	11.1	11.3	11.8	12.3
Yields on Assets	8.1	8.5	9.1	9.6
Cost of deposits	4.5	4.6	5.4	5.8
Cost of funds	4.1	4.4	5.1	5.5
NIMs	4.2	4.4	4.4	4.4
Cost/Income	42.7	44.3	44.8	44.1
Dupont Analysis (as % of Avg Assets)				
Interest Income	8.1	8.5	9.1	9.6
Interest expended	4.1	4.4	5.1	5.5
Net Interest Income	**3.9**	**4.1**	**4.1**	**4.1**
Non-interest income	1.9	1.9	2.0	2.1
Trading gains	0.2	0.0	0.1	0.1
Fee income	1.8	1.9	1.9	1.9
Total Income	**5.9**	**6.0**	**6.1**	**6.1**
Total Cost	**2.5**	**2.7**	**2.7**	**2.7**
Staff costs	0.7	0.7	0.7	0.7
Non-staff costs	1.8	1.9	2.0	2.0
Operating Profit	**3.4**	**3.3**	**3.4**	**3.4**
Core Operating Profit	3.2	3.3	3.2	3.3
Non-tax Provisions	1.7	1.0	0.9	0.9
PBT	**1.6**	**2.3**	**2.5**	**2.5**
Tax Provisions	0.4	0.6	0.6	0.6
Return on Assets (%)	**1.2**	**1.7**	**1.9**	**1.9**
Leverage (x)	8.5	8.5	8.4	8.4
Return on Equity (%)	**10.2**	**14.5**	**15.6**	**15.9**
Asset quality ratios (%)				
Gross NPA	2.3	2.0	1.7	1.8
Net NPA	0.6	0.6	0.5	0.4
PCR	72.3	70.6	72.0	75.0
Gross Slippages	4.8	2.9	2.1	2.1
LLP / Avg loans	1.8	1.6	1.1	1.1
Total provisions / Avg loans	3.0	1.7	1.3	1.4
Net NPA / Networth	3.2	3.1	2.7	2.5
Capitalisation ratios (%)				
Core Equity Tier 1	16.0	15.9	15.8	15.1
Tier 1 cap. adequacy	16.8	16.4	16.2	15.4
Total cap. adequacy	18.4	17.9	17.5	16.5

Source Company data, I-Sec research

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