

BFSI | Q4FY23 Result Update

Improving prospects; Upgrade to BUY

- BoB reported a good quarter with **robust loan growth of 5.6% QoQ/21% YoY, sequential NIM expansion of 15 bps to 3.5%, strong recovery from WO accounts and low credit costs aiding RoA of 1.3% for the quarter**. Credit costs stood at 60 bps in Q4 despite Rs5bn made towards an airline exposure.
- Asset quality continued to improve with over 70 bps sequential decline in to 3.8%, low slippages at 1.2%, moderation in restructured book to 1.8% of advances, and PCR at 77%. **Management believes that ECL provisions requirements should be absorbed within overall credit costs of guidance 1%.**
- Sharp decline in NNPA levels to sub 1%, moderation in SMA levels, and limited corporate stress to aid credit costs of ~1-1.1% over FY24-25E.** With 50% of loans linked to MCLR, near term NIM outlook remains strong.
- We factor in earnings upgrade of 13-15% led by higher NIM and lower provisions. With sharp improvement in AQ trends, strong recoveries and healthy NIM outlook, **we upgrade the stock to BUY from Accumulate with a TP of Rs230 (Rs200 earlier), valuing the bank at 1.1x FY25E P/ABV (1x earlier) against RoA/RoE of 1%/15% for FY24E.**

NIM outlook superior to peers

Apart from re-pricing of MCLR loans (50% of advances), the bank's NIM also benefit from rising share of retail (unsecured PL loans, gold, auto), efficient liquidity utilization with CD ratio at 78%, and sharp decline in interest reversals owing to lower slippages. PL loans to ETB customers doubled during the year, but is miniscule at 2% of advances. Sequential growth during Q4 was driven by retail (7% QoQ), aiding NIM. The bank should also bear the benefits of MCLR re-pricing in H1FY24, aiding strong near term NIM outlook. We build in higher NIM of 3.25% in FY24/25E, against 3.3% in FY23.

Asset quality continues to strengthen

GNPA improved by over 70 bps QoQ to 3.8% and NNPA is now at 0.9% of advances. Slippages at 1.2% and strong recoveries aided lower NPA provisions, despite high write-off and additional provisions against Goair exposure of Rs13bn. Restructured book moderated to 1.8% of loans. MSME segment continues to contribute to over half of slippages for the bank. With PCR at 77%, receding corporate stress, limited MSME share at 12%, we now factor in lower credit costs of 1-1.1% over FY24-25E.

Q4FY23 Result (Rs Mn)

| Particulars | Q4FY23 | Q4FY22 | YoY (%) | Q3FY23 | QoQ (%) |
|-------------------------|---------|---------|---------|---------|---------|
| Net interest income | 115,248 | 86,117 | 33.8 | 108,183 | 6.5 |
| Other income | 34,661 | 25,223 | 37.4 | 35,520 | (2.4) |
| Total Net Income | 149,909 | 111,340 | 34.6 | 143,703 | 4.3 |
| Operating expenses | 69,180 | 54,988 | 25.8 | 61,381 | 12.7 |
| Pre-provision profits | 80,729 | 56,351 | 43.3 | 82,322 | (1.9) |
| Provisions | 14,207 | 37,364 | (62.0) | 24,039 | (40.9) |
| Tax expense | 18,768 | 1,200 | 1464.2 | 19,755 | (5.0) |
| Reported Net Profit | 47,753 | 17,788 | 168.5 | 38,527 | 23.9 |
| | | | (bps) | | (bps) |
| Advances Growth YoY (%) | 21.1 | 10.0 | 1105 | 21.7 | (57) |
| NIM (%) | 3.5 | 3.1 | 45 | 3.4 | 16 |
| RoA (%) | 1.4 | 0.6 | 81 | 1.2 | 24 |
| RoE (%) | 20.7 | 8.7 | 1206 | 16.9 | 383 |
| Gross NPA (%) | 3.8 | 6.6 | (282) | 4.5 | (74) |

| | |
|-----------------|--------------|
| CMP | Rs 187 |
| Target / Upside | Rs 230 / 23% |
| NIFTY | 18,287 |

Scrip Details

| | | | |
|-------------------|--------------------|----|-----|
| Equity / FV | Rs 10,355mn / Rs 2 | | |
| Market Cap | Rs 966bn | | |
| | USD 11.8bn | | |
| 52-week High/Low | Rs 197/ 90 | | |
| Avg. Volume (no) | 25,663,500 | | |
| Bloom Code | BOB IN | | |
| Price Performance | 1M | 3M | 12M |
| Absolute (%) | 9 | 10 | 87 |
| Rel to NIFTY (%) | 6 | 8 | 69 |

Shareholding Pattern

| | Sep'22 | Dec'22 | Mar'23 |
|-----------------|--------|--------|--------|
| Promoters | 64.0 | 64.0 | 64.0 |
| MF/Banks/FIs | 18.9 | 18.0 | 17.0 |
| FIs | 8.9 | 10.0 | 10.9 |
| Public / Others | 8.2 | 8.1 | 8.1 |

Valuation (x)

| | FY23A | FY24E | FY25E |
|-------|-------|-------|-------|
| P/E | 6.8 | 6.3 | 6.3 |
| P/ABV | 1.1 | 1.0 | 0.9 |
| ROAA | 1.0 | 1.0 | 0.9 |
| ROAE | 15.3 | 14.7 | 13.2 |

Estimates (Rs bn)

| | FY23A | FY24E | FY25E |
|-------------|-------|-------|-------|
| NII | 413.6 | 468.8 | 538.5 |
| PPOP | 268.6 | 301.7 | 333.1 |
| PAT | 141.1 | 153.5 | 154.4 |
| Adj BV (Rs) | 162.2 | 187.1 | 209.7 |

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Risks to our view: Continued stress from the MSME sector, weaker than anticipated growth trends and NIM.

Exhibit 1: Actual v/s estimates

| Particulars (Rs mn) | Actual | Estimated | % Variance |
|---------------------|---------|-----------|------------|
| NII | 115,249 | 116,180 | (0.8) |
| Operating Profit | 80,729 | 79,505 | 1.5 |
| PAT | 47,753 | 43,402 | 10.0 |

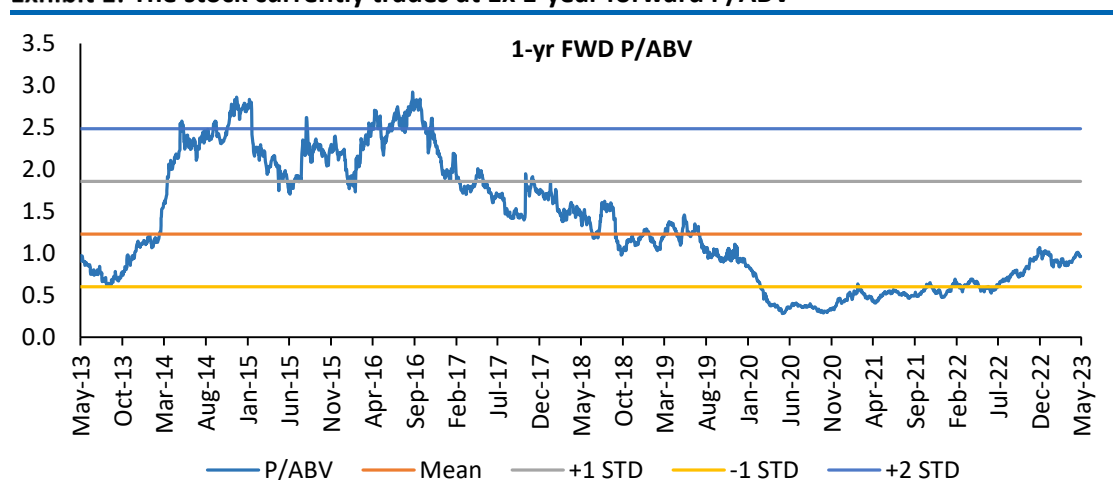
Source: Company, DART

Exhibit 2: Changes in estimates

| Particulars (Rsmn) | Previous | | Revised | | Change % | |
|--------------------|----------|----------|---------|---------|----------|-------|
| | FY24E | FY25E | FY24E | FY25E | FY24E | FY25E |
| Net Op Rev | 5,60,576 | 6,35,612 | 582,081 | 653,815 | 3.8 | 2.9 |
| PPOP | 2,85,494 | 3,15,629 | 301,674 | 333,070 | 5.7 | 5.5 |
| PAT | 1,35,133 | 1,34,365 | 153,526 | 154,380 | 13.6 | 14.9 |

Source: Company, DART

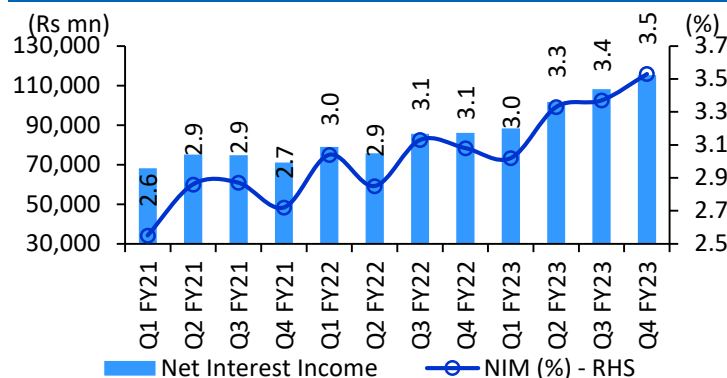
Exhibit 1: The stock currently trades at 1x 1-year forward P/ABV



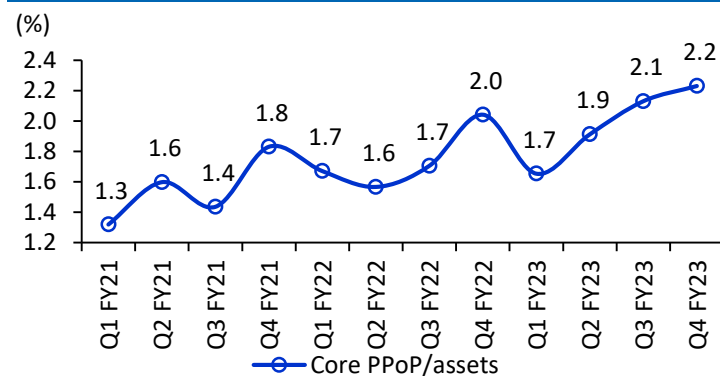
Source: DART, Company

Earnings Call KTAs

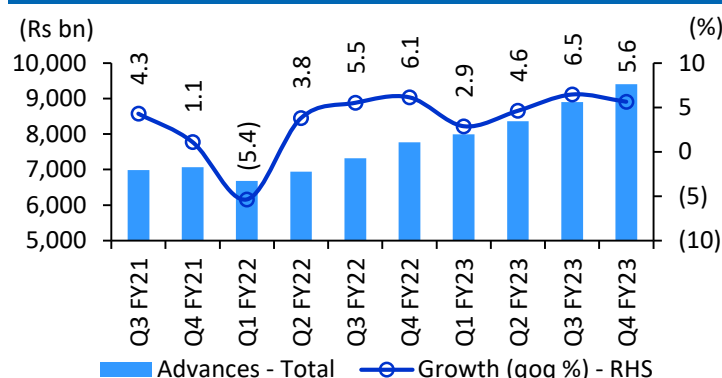
- **Guidance:** Loan growth expected to moderate hereon. Loan growth expected at 12-13% for system, the bank should be higher than system. NIM should be maintained at FY23 levels of 3.3% for full year FY24. RoA expected to be 1% and RoE of 16-18%. Retail and corporate book to grow at 1.5x and 1.7x of the overall industry growth respectively. Unsecured share at 2% of book, much lower than other large banks, which provides a lever to earnings.
- **Business Update:** Focus remains on asset quality, followed by NIM, and then growth. Corporate to contribute more to growth going ahead. Domestic C-D ratio at 75%, so enough liquidity to grow. Digital journeys has helped growth. Most of the deposits growth has come from 399 days tenor where bank has offered highest rate. CET1 is up YoY despite strong dividend payment.
- **Overseas portfolio-** The international book experienced significant growth in FY23 as domestic corporate lending faced pricing pressures. Overseas book has NIM of 2%, but operating cost of 20% with negligible credit costs, so you end up with RoA of 1.6%. Expect in-line growth with rest of book in FY24 as far as overseas book is concerned, but it is not RoA dilutive.
- **Personal loan segment:** Still in its infancy, driven by data analytics. Fairly satisfied with the performance. 1.5% NPA in HL segment and 0.9% NPA for PL, though unseasoned. Loans are limited to existing customers who have an account with BoB.
- **Operating cost-** have been able to contain cost despite wage increase. Employee cost higher due to wage revision provisions and PLI incentives factored in Q4.
- **Organization Changes that are helping returns-** tech developments, have been able to attract quality talent (CRO is a market professional with enormous experience). Investment in data analytics along with physical footprint, and investment in shared services company have also helped.
- **Asset quality-** The trend of recovery being more than the slippages to continue. Made 500 cr provision for airline account against exposure of Rs13 bn. The bank holds tangible collateral and corporate guarantee of Rs.10bn. No provision made towards SMA accounts. RSA book at 18500 last qtr, now at 16k cr.
- **ECL provision-** Shall wait for final guidelines, but should not exceed 1-1.5% of loans. Should be able to absorb this within the normal cycle credit costs of guidance 1%. Elements that impact ECL provisions- NNPA, SMA - have all been moderating.
- **Subsidiaries:** Screening process started by the bank, looking at both strategic and financial investors. Going through the financial and legal diligence process. Bank is pursuing IPO in life insurance business and has received DRHP approval from SEBI. Given the conditions in the market, the bank is yet to determine the entry time in the market. **CC subsidiary:** registered highest growth at 76% in industry last year. Seeing a fair amount of interest from market, diligence is going on.

Exhibit 2: Core NIM improved QoQ by 15 bps


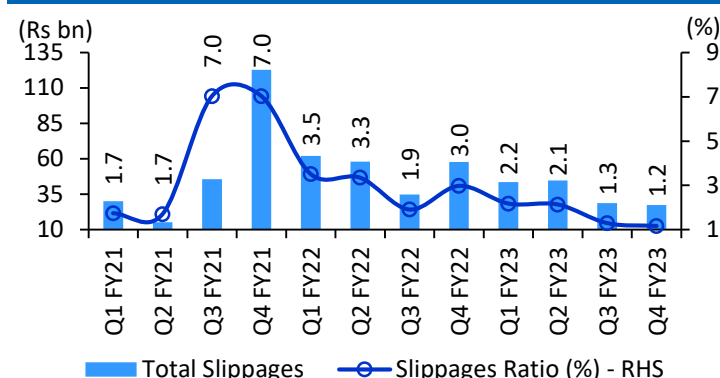
Source: Company, DART

Exhibit 3: PPOP metrics continue to strengthen


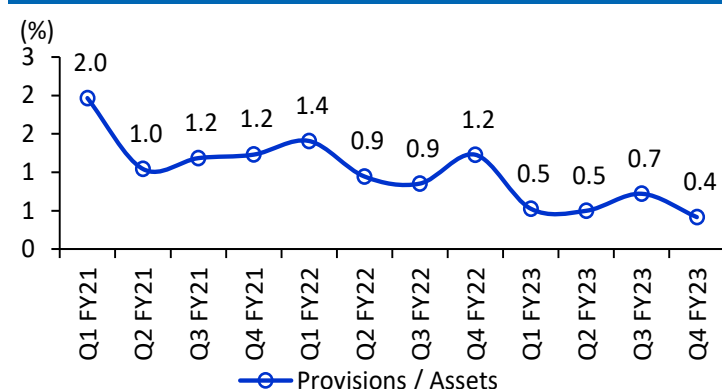
Source: Company, DART

Exhibit 4: Sequential growth led by retail and MSME


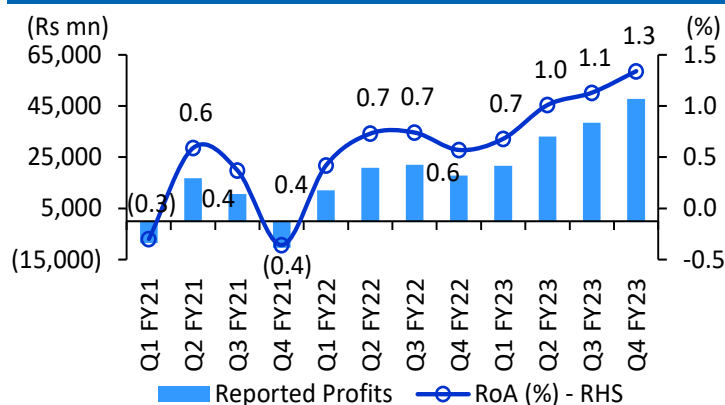
Source: Company, DART

Exhibit 5: Slippages have trended to encouraging levels


Source: Company, DART

Exhibit 6: Credit costs continue to improve


Source: Company, DART

Exhibit 7: Recoveries from WO & low credit costs aid RoAs


Source: Company, DART

Quarterly Financials

| Profit and Loss (Rs mn) | Q4FY23 | Q4FY22 | % YoY / bps | Q3FY23 | % QoQ / bps | FY23 | FY22 | % YoY / bps |
|---|----------------|----------------|----------------|----------------|---------------|----------------|----------------|---------------|
| Interest Income | 258,567 | 181,736 | 42.3 | 235,401 | 9.8 | 895,885 | 698,808 | 28.2 |
| Yield on Advances (%) | 8.47 | 6.81 | 166 | 7.78 | 69 | 7.51 | 6.79 | 72 |
| Interest Expenses | 143,318 | 95,619 | 49.9 | 127,218 | 12.7 | 482,325 | 372,594 | 29.5 |
| Global - Cost of Dep. (%) | 4.4 | 3.5 | 90 | 4.0 | 42 | 3.9 | 3.5 | 35 |
| Net Interest Income | 115,249 | 86,117 | 33.8 | 108,183 | 6.5 | 413,560 | 326,213 | 26.8 |
| NII to Net Operative Income | 76.9 | 77.3 | (47) | 75.3 | 160 | 80.5 | 74.0 | 653 |
| NIM (%) | 3.5 | 3.1 | 45 | 3.4 | 16 | 3.3 | 3.0 | 28 |
| Dom. NIM (%) | 3.7 | 3.1 | 51 | 3.5 | 11 | 3.4 | 3.1 | 33 |
| Adjusted NII | 112,530 | 82,922 | 35.7 | 104,971 | 7.2 | 394,344 | 306,515 | 28.7 |
| Core Fee Income | 17,140 | 18,480 | (7.3) | 15,390 | 11.4 | 60,460 | 72,540 | (16.7) |
| Profit on Sale / Rev of Investments | 1,220 | (6,830) | N/A | 9,630 | (87.3) | 730 | 27,290 | (97.3) |
| Recovery from PWO | 14,470 | 9,160 | 58.0 | 8,110 | 78.4 | 32,760 | 23,460 | 39.6 |
| Non Core Other Income | 17,520 | 6,743 | 159.8 | 20,130 | (13.0) | 39,798 | 50,750 | (21.6) |
| Other Income - Total | 34,661 | 25,223 | 37.4 | 35,520 | (2.4) | 100,258 | 114,840 | (12.7) |
| Other Inc to Net Oper. Income (%) | 23.1 | 22.7 | 47 | 24.7 | (160) | 19.5 | 26.0 | (653) |
| Net Operating Revenue | 149,909 | 111,340 | 34.6 | 143,703 | 4.3 | 513,819 | 441,053 | 16.5 |
| Net Operating Revenue - Adj. | 147,191 | 108,145 | 36.1 | 140,491 | 4.8 | 494,602 | 421,355 | 17.4 |
| Employee Expenses | 37,790 | 27,024 | 39.8 | 33,470 | 12.9 | 133,527 | 119,788 | 11.5 |
| Empl. Cost/Oper. Exps. (%) | 25.2 | 24.3 | 94 | 23.3 | 192 | 26.0 | 27.2 | (117) |
| Other Opex | 31,390 | 27,965 | 12.3 | 27,911 | 12.5 | 111,657 | 97,376 | 14.7 |
| Other Opex/ Assets (%) | 0.2 | 0.2 | (0) | 0.2 | 2 | 0.8 | 0.8 | 2 |
| Total Opex | 69,180 | 54,988 | 25.8 | 61,381 | 12.7 | 245,183 | 217,164 | 12.9 |
| Cost to Income Ratio (%) | 46.1 | 49.4 | (324) | 42.7 | 343 | 47.7 | 49.2 | (152) |
| Pre Provision Profits | 80,729 | 56,351 | 43.3 | 82,322 | (1.9) | 268,635 | 223,889 | 20.0 |
| Provision towards NPAs | 3,200 | 52,000 | (93.8) | 8,170 | (60.8) | 43,510 | 147,823 | (70.6) |
| Provision for investments | 2,190 | 1,170 | 87.2 | 14,090 | (84.5) | 17,045 | 5,590 | 204.9 |
| Standard Advances | 4,190 | (17,440) | N/A | 1,240 | 237.9 | 5,270 | (26,723) | N/A |
| Other Provisions | 4,630 | 1,630 | 184.0 | 540 | 757.4 | 5,548 | 4,744 | 16.9 |
| Provisions & Contingencies - Total | 14,207 | 37,364 | (62.0) | 24,039 | (40.9) | 71,369 | 130,024 | (45.1) |
| Credit Cost (%) | 0.60 | 2.69 | (209) | 1.1 | (48) | 0.53 | 1.95 | (142) |
| NPA Provisions as % PPP | 17.6 | 66.3 | (4,871) | 29.2 | (1,160) | 26.6 | 58.1 | (3,151) |
| Profit Before Tax | 66,522 | 18,988 | 250.3 | 58,283 | 14.1 | 197,268 | 93,867 | 110.2 |
| Tax | 18,768 | 1,200 | 1,464.2 | 19,755 | (5.0) | 56,170 | 21,142 | 165.7 |
| Effective Tax Rate (%) | 28.2 | 6.3 | 2,189 | 33.9 | (568.2) | 28.5 | 22.5 | 595 |
| Reported Profits | 47,753 | 17,788 | 168.5 | 38,527 | 23.9 | 141,098 | 72,725 | 94.0 |
| RoA (%) | 1.3 | 0.6 | 77 | 1.1 | 21.0 | 1.0 | 0.6 | 43 |

| Balance Sheet Analysis | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | QoQ % / bps | YoY % / bps |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Net Worth | 827,719 | 867,630 | 883,862 | 918,493 | 962,819 | 982,229 | 2.0 | 13.2 |
| CET1 (%) | 11.3 | 11.6 | 11.2 | 11.0 | 10.8 | 12.2 | 141 | 65 |
| Tier 1 (%) | 13.2 | 13.3 | 13.0 | 12.8 | 12.6 | 14.0 | 137 | 65 |
| Total CAR (%) | 15.5 | 15.8 | 15.5 | 15.3 | 14.9 | 16.2 | 131 | 40 |
| RWA - Total | 6,026,309 | 6,231,818 | 6,380,078 | 6,571,803 | 6,823,778 | 6,975,000 | 2.2 | 11.9 |
| Advances - Total | 7,321,638 | 7,771,552 | 7,996,157 | 8,365,914 | 8,906,823 | 9,409,983 | 5.6 | 21.1 |
| Investments | 3,068,974 | 3,157,954 | 3,298,496 | 3,490,861 | 3,490,101 | 3,624,854 | 3.9 | 14.8 |
| Total Assets | 11,970,537 | 12,779,998 | 12,854,859 | 13,363,803 | 13,927,672 | 14,585,615 | 4.7 | 14.1 |
| RoA (%) | 0.7 | 0.6 | 0.7 | 1.0 | 1.13 | 1.34 | 21 | 77 |
| Deposits | 9,780,343 | 10,459,386 | 10,327,141 | 10,901,716 | 11,495,070 | 12,036,878 | 4.7 | 15.1 |
| Saving Deposit | 3,229,090 | 3,413,430 | 3,381,820 | 3,452,780 | 3,526,200 | 3,674,000 | 4.2 | 7.6 |
| Current Deposit | 652,600 | 687,800 | 634,400 | 648,730 | 651,920 | 751,110 | 15.2 | 9.2 |
| CASA Deposits | 3,881,690 | 4,101,230 | 4,016,220 | 4,101,510 | 4,178,120 | 4,425,110 | 5.9 | 7.9 |
| Avg. CASA Ratio (%) | 44.3 | 44.2 | 44.2 | 42.8 | 41.6 | 42.3 | 62 | (199) |
| Term Deposits | 5,898,653 | 6,358,156 | 6,310,921 | 6,800,206 | 7,316,950 | 7,611,768 | 4.0 | 19.7 |

| Movement of NPA (Rs mn) | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | QoQ % / bps | YoY % / bps |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|
| Gross Advances | 7,723,692 | 8,178,425 | 8,401,091 | 8,733,416 | 9,240,066 | 9,700,179 | 5.0 | 18.6 |
| Gross NPA | 559,968 | 540,594 | 525,908 | 463,744 | 418,575 | 367,637 | (12.2) | (32.0) |
| Gross NPA Ratio (%) | 7.3 | 6.6 | 6.3 | 5.3 | 4.53 | 3.79 | (74) | (282) |
| PCR - Calculated (%) | 70.6 | 75.3 | 75.9 | 79.1 | 78.8 | 77.2 | (165) | 192 |
| Net Advances | 7,317,747 | 7,770,145 | 8,008,063 | 8,338,121 | 8,943,253 | 9,420,584 | 5.3 | 21.2 |
| Net NPA | 164,649 | 133,647 | 126,527 | 96,722 | 88,538 | 83,843 | (5.3) | (37.3) |
| Net NPA Ratio (%) | 2.3 | 1.7 | 1.6 | 1.2 | 0.99 | 0.89 | (10) | (83) |

| Loan Book Analysis (Rs mn) | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | QoQ % / bps | YoY % / bps |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|-------------|
| Retail | 1,289,600 | 1,403,990 | 1,475,350 | 1,585,060 | 1,668,610 | 1,780,370 | 6.7 | 26.8 |
| Home | 903,440 | 962,510 | 992,170 | 1,038,610 | 1,081,850 | 1,148,150 | 6.1 | 19.3 |
| Auto | 233,840 | 251,300 | 263,400 | 283,010 | 298,210 | 312,610 | 4.8 | 24.4 |
| Education | 63,980 | 67,310 | 69,560 | 76,520 | 79,420 | 81,960 | 3.2 | 21.8 |
| Personal Loans | 63,900 | 97,480 | 120,500 | 153,170 | 172,300 | 196,450 | 14.0 | 101.5 |
| Gold Loans | 12,770 | 13,710 | 16,270 | 18,440 | 20,690 | 24,200 | 17.0 | 76.5 |
| Other Retail loans. | 11,670 | 11,680 | 13,450 | 15,310 | 16,140 | 17,000 | 5.3 | 45.5 |
| Agriculture | 1,056,940 | 1,097,960 | 1,108,540 | 1,149,640 | 1,191,970 | 1,242,470 | 4.2 | 13.2 |
| Agri Gold loans | 260,650 | 274,610 | 291,450 | 316,580 | 330,650 | 358,310 | 8.4 | 30.5 |
| SME | 926,880 | 968,630 | 969,540 | 1,012,780 | 1,030,030 | 1,081,960 | 5.0 | 11.7 |
| Large & Medium Corporate | 2,906,010 | 3,006,930 | 3,026,770 | 3,016,630 | 3,292,120 | 3,404,080 | 3.4 | 13.2 |
| Domestic Misc. | 363,720 | 364,020 | 374,730 | 403,260 | 419,760 | 446,720 | 6.4 | 22.7 |
| Total Domestic Advances | 6,543,150 | 6,841,530 | 6,954,930 | 7,167,370 | 7,602,490 | 7,955,600 | 4.6 | 16.3 |
| Overseas | 1,176,790 | 1,339,680 | 1,442,930 | 1,567,590 | 1,636,290 | 1,739,880 | 6.3 | 29.9 |
| Advances - Total | 7,321,638 | 7,771,552 | 7,996,157 | 8,365,914 | 8,906,823 | 9,409,983 | 5.6 | 21.1 |

Source: Company, DART

Financial Performance

Profit and Loss Account (Rs Mn)

| Particulars | FY22A | FY23A | FY24E | FY25E |
|--------------------------------|----------------|----------------|----------------|----------------|
| Interest Income | 698,808 | 895,885 | 1,074,187 | 1,238,925 |
| Interest expenses | 372,594 | 482,325 | 605,402 | 700,385 |
| Net interest income | 326,213 | 413,560 | 468,785 | 538,540 |
| Other incomes | 114,840 | 100,258 | 113,296 | 115,275 |
| Total expenses | 217,164 | 245,183 | 280,407 | 320,745 |
| - Employee cost | 119,788 | 133,527 | 150,885 | 170,500 |
| - Other | 97,376 | 111,657 | 129,522 | 150,245 |
| Pre provisioning profit | 223,888 | 268,635 | 301,674 | 333,070 |
| Provisions | 130,024 | 71,373 | 96,972 | 127,230 |
| Profit before taxes | 93,864 | 197,262 | 204,702 | 205,840 |
| Tax provision | 21,142 | 56,170 | 51,175 | 51,460 |
| Profit after tax | 72,723 | 141,092 | 153,526 | 154,380 |
| Adjusted profit | 72,723 | 141,092 | 153,526 | 154,380 |

Balance Sheet (Rs Mn)

| Particulars | FY22A | FY23A | FY24E | FY25E |
|--|-------------------|-------------------|-------------------|-------------------|
| Sources of Funds | | | | |
| Equity Capital | 10,355 | 10,355 | 10,355 | 10,355 |
| Reserves & Surplus | 848,742 | 971,874 | 1,097,995 | 1,220,065 |
| Minority Interest | - | - | 0 | 0 |
| Net worth | 859,097 | 982,229 | 1,108,350 | 1,230,420 |
| Borrowings | 1,038,993 | 1,019,105 | 1,195,053 | 1,361,068 |
| - Deposits | 10,459,386 | 12,036,878 | 13,743,105 | 15,652,277 |
| - Other interest bearing liabilities | 0 | 0 | 0 | 0 |
| Current liabilities & provisions | 422,523 | 547,404 | 694,767 | 870,291 |
| Total Liabilities | 12,779,998 | 14,585,615 | 16,741,275 | 19,114,055 |
| Application of Funds | | | | |
| Cash and balances with RBI | 1,226,550 | 957,032 | 1,052,170 | 1,203,015 |
| Investments | 3,157,954 | 3,624,854 | 4,115,424 | 4,633,005 |
| Advances | 7,771,552 | 9,409,983 | 10,915,580 | 12,552,917 |
| Fixed assets | 99,219 | 87,066 | 100,751 | 112,034 |
| Other current assets, loans and advances | 524,724 | 506,681 | 557,349 | 613,084 |
| Total Assets | 12,779,998 | 14,585,615 | 16,741,275 | 19,114,055 |

E – Estimates

Important Ratios

| Particulars | FY22A | FY23A | FY24E | FY25E |
|---|---------|---------|---------|---------|
| (A) Margins (%) | | | | |
| Yield on advances | 6.6 | 7.5 | 7.8 | 7.8 |
| Yields on interest earning assets | 6.1 | 6.9 | 7.1 | 7.2 |
| Yield on investments | 6.1 | 6.5 | 6.6 | 6.6 |
| Costs of funds | 3.4 | 3.9 | 4.3 | 4.4 |
| Cost of deposits | 3.9 | 3.3 | 3.8 | 4.3 |
| NIMs | 2.8 | 3.2 | 3.1 | 3.1 |
| (B) Asset quality and capital ratios (%) | | | | |
| GNPA | 6.6 | 3.8 | 2.8 | 2.4 |
| NNPA | 1.7 | 0.9 | 0.7 | 0.6 |
| PCR | 75.3 | 77.2 | 77.0 | 77.0 |
| Slippages | 2.0 | 1.9 | 1.8 | 1.8 |
| NNPA to NW | 17.0 | 9.1 | 7.1 | 6.4 |
| CASA | 46.8 | 41.5 | 41.5 | 41.5 |
| CAR | 15.8 | 16.2 | 14.3 | 13.4 |
| Tier 1 | 13.3 | 13.9 | 12.3 | 11.6 |
| Credit - Deposit | 74.3 | 78.2 | 79.4 | 80.2 |
| (C) Dupont as a percentage of average assets | | | | |
| Interest income | 5.7 | 6.5 | 6.9 | 6.9 |
| Interest expenses | 3.1 | 3.5 | 3.9 | 3.9 |
| Net interest income | 2.7 | 3.0 | 3.0 | 3.0 |
| Non interest Income | 0.9 | 0.7 | 0.7 | 0.6 |
| Total expenses | 1.8 | 1.8 | 1.8 | 1.8 |
| - cost to income | 49.2 | 47.7 | 48.2 | 49.1 |
| Provisions | 1.1 | 0.5 | 0.6 | 0.7 |
| Tax | 0.2 | 0.4 | 0.3 | 0.3 |
| RoA | 0.6 | 1.0 | 1.0 | 0.9 |
| Leverage | 16.2 | 15.8 | 16.1 | 16.5 |
| RoE | 8.9 | 15.3 | 14.7 | 13.2 |
| RoRwa | 0.1 | 1.2 | 2.0 | 1.7 |
| (D) Measures of Investments | | | | |
| EPS - adjusted | 14.7 | 27.3 | 29.7 | 29.8 |
| BV | 152.2 | 178.4 | 201.4 | 224.0 |
| ABV | 126.4 | 162.2 | 187.1 | 209.7 |
| DPS | 2.9 | 5.5 | 6.0 | 6.0 |
| Dividend payout ratio | 0.0 | 0.0 | 0.0 | 0.0 |
| (E) Growth Ratios (%) | | | | |
| Net interest income | 13.2 | 26.8 | 13.4 | 14.9 |
| PPoP | 5.6 | 20.0 | 12.3 | 10.4 |
| Adj PAT | 777.3 | 94.0 | 8.8 | 0.6 |
| Advances | 10.0 | 21.1 | 16.0 | 15.0 |
| Total borrowings | 55.4 | (1.9) | 17.3 | 13.9 |
| Total assets | 10.6 | 14.1 | 14.8 | 14.2 |
| (F) Valuation Ratios | | | | |
| Market Cap (Rs. mn) | 965,632 | 965,632 | 965,632 | 965,632 |
| CMP (Rs.) | 187 | 187 | 187 | 187 |
| P/E (x) | 12.7 | 6.8 | 6.3 | 6.3 |
| P/BV (x) | 1.2 | 1.0 | 0.9 | 0.8 |
| P/ABV (x) | 1.5 | 1.1 | 1.0 | 0.9 |
| Div Yield (%) | 1.5 | 2.9 | 3.2 | 3.2 |

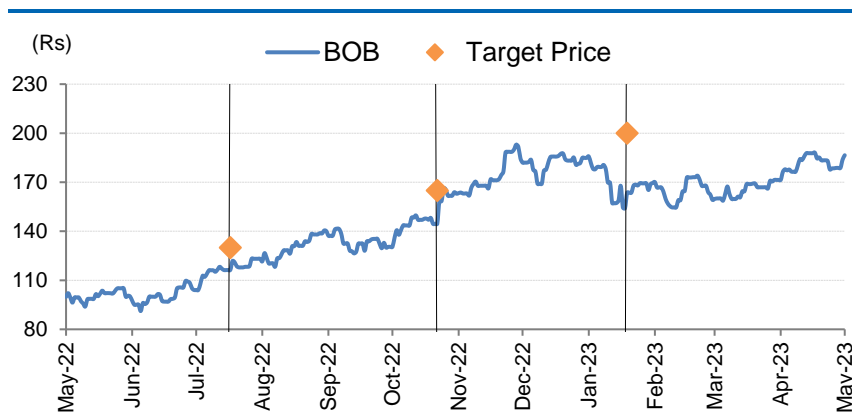
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

| | |
|------------|-----------|
| Buy | > 20% |
| Accumulate | 10 to 20% |
| Reduce | 0 to 10% |
| Sell | < 0% |

Rating and Target Price History



| Month | Rating | TP (Rs.) | Price (Rs.) |
|--------|------------|----------|-------------|
| Aug-22 | Accumulate | 130 | 116 |
| Nov-22 | Accumulate | 165 | 145 |
| Feb-23 | Accumulate | 200 | 164 |

*Price as on recommendation date

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