

BSE SENSEX 40,675 S&P CNX 11,994

CMP: INR509

TP: INR625 (+23%)

Buy



Stock Info

Bloomberg	ICICIB IN
Equity Shares (m)	6,461
M.Cap.(INRb)/(USD\$b)	3291 / 45.9
52-Week Range (INR)	520 / 336
1, 6, 12 Rel. Per (%)	9/21/31
12M Avg Val (INR M)	7908
Free float (%)	100.0

Financials Snapshot (INR b)

Y/E March	FY19	FY20E	FY21E
NII	270.1	325.1	383.5
OP	234.4	274.8	322.9
NP	33.6	109.7	188.9
NIM (%)	3.4	3.6	3.6
EPS (INR)	5.2	17.0	29.3
EPS Gr (%)	-52.8	225.6	72.3
ABV/Sh .INR	135.5	152.1	174.5
Cons. BV/Sh. INR	177.2	201.7	234.0
RoE (%)	3.2	10.1	15.7
RoA (%)	0.4	1.1	1.6

Valuations

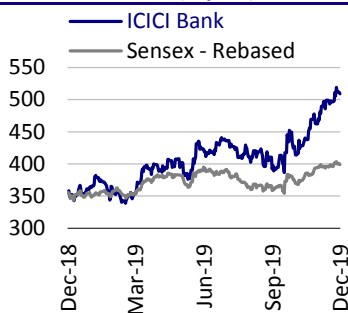
P/BV (x) (Cons)	2.9	2.5	2.2
P/ABV (x)	2.7	2.4	2.1
P/E (x)	69.5	21.4	12.4
Div. Yield (%)	0.3	1.1	1.3

Shareholding pattern (%)

As On	Sep-19	Jun-19	Sep-18
Promoter	0.0	0.0	0.0
DII	37.4	34.8	33.3
FII	54.0	56.8	58.9
Others	8.6	8.4	7.9

FII Includes depository receipts

Stock Performance (1-year)



Growth momentum robust; technology remains a key business enabler

One Bank One RoE; core operating profits – the key focus

We attended ICICI Bank’s (ICICIB) analyst day, wherein the bank highlighted the progress that its different businesses are making and how well it is positioned to capitalize on the exciting opportunities in financial services. The topics of discussion ranged around (a) management’s efforts to build a strong bank with best-in-class digital capabilities, (b) the usage of technology to accelerate growth across business verticals and maintain healthy operating metrics, (c) collaboration with start-ups to offer improved customer proposition, penetrate newer markets and reduce operating costs, and (d) maximizing the risk calibrated core operating profit as it follows ‘One Bank One RoE’ approach.

ICICIB has historically been a technology savvy bank with several innovations to its credit. However, asset quality challenges over the past few years have taken the center stage and many digital capabilities were not getting duly appreciated. Over the past few years, the bank has been reporting strong growth in retail advances, supported by an impressive share of digital originations across key product lines. With asset quality issues getting sorted, ICICIB appears firmly positioned to deliver healthy sustainable growth, led by continued investments in technology and further expansion in digital offerings. We thus estimate RoA/RoE of 1.6%/15.7% in FY21. Reiterate Buy with a revised SOTP-based target price of INR625 (2.5x Sep’21E ABV).

Retail Banking – continued strong traction in building retail franchise

ICICIB has been building strong digital capabilities with a focus on improving on all five key operating parameters: margins, fee income, acquisition cost, opex and credit cost. The bank aims to increase customer stickiness and further gain liability market share by offering a wide range of digital asset solutions to its customers. The bank sources 56% of its personal loans through digital channels, with ~75% of the unsecured products being sourced through its existing customers. ICICIB has started offering online credit cards to pre-approved customers, while the effective use of technology has facilitated a significant improvement in opex and delinquency trends across key product segments. ICICIB suggested for robust traction in its unsecured loans business – it has reported a 41% CAGR since FY15 and will continue growing strongly as the market share in these segments is not very high.

Business Banking – growth engine set to revive

The business banking segment remains significantly under-penetrated and the bank has identified focus sectors like tourism, retail, e-commerce, IT and financial services for pursuing growth opportunities. ICICIB has built customized digital solutions to accelerate growth in business banking and expects this segment to grow at 35-40% over the next few years. The bank follows four levers of business strategy: (i) segmentation of markets into micro market and customer profile based on risks, (ii) customized product offering, (iii) partnership with fin techs and (iv) strong distribution.

Start-up engagements – collaborating with fintechs to achieve business goals

ICICIBC is engaging with various start-ups to provide improved customer proposition, penetrate into newer markets and reduce operating costs across product segments. For example, it has entered into a partnership with Factor HR to offer payroll solutions to its SME customers. Also, the bank provides digital GST OD based through its partnership with Karza Technologies. It is making equity investments into high growth and disruptive fintech start-ups which helps build cutting-edge customized banking solutions for customers and improves competitive positioning.

Wholesale and transaction banking – credit framework strengthened; approach shifts to ‘One Bank One RoE’

Management has adopted a two-pronged strategy focusing on the quality of the portfolio and earnings. Key variable in wholesale banking is ‘lumpy provisions’ and the bank targets this to be limited to 20%-25% of core operating profits. ICICIBC believes significant opportunities are available as corporates want to deal with stable and technologically equipped banks, while the rapid emergence of several new-age service companies has driven huge demand for working capital loans. Strong built-up in liability franchise has helped reduce funding cost, providing a competitive advantage to the bank. Wholesale banking segment now aims to tap opportunities across the entire business chain across corporates, customers, suppliers and employees, rather than having separate business segments working in silos, as the bank has shifted its strategy to ‘One Bank One RoE’.

Valuation view

ICICIBC appears firmly positioned to deliver healthy sustainable growth, supported by continued investments in technology and expansion in its digital offerings. The bank has navigated well through a challenging macro environment with limited exposure to newly surfaced stressed names. It has in fact built one of the highest provisioning coverage in the banking sector. ICICIBC remains one of our top ideas in the BFSI space – we estimate RoA/RoE to improve to 1.6%/15.7% in FY21. Reiterate Buy with a revised SOTP-based TP of INR625 (2.5x Sep’21E ABV), primarily as we roll forward our valuations.

Key takeaways from session with top management

Session #1: Retail Banking – Mr. Anup Bagchi (Executive Director), Mr. Pranav Mishra (Head-Liabilities), Mr. Ravi Narayan (Head- Secured Assets), Mr. Sudipta Roy (Head-Unsecured Assets)

Intends to capture three types of customer profiles: Do it yourself (DIYer), validator, and the delegator.

Instant digital loans help in lower delinquencies and reduce cost of acquisition.

Data analytics helps in risk management and generating cross-sell leads.

- ICICIBC aims on building digital infrastructure with a focus on five key elements of retail: NIM, fees, cost of acquisition, opex to assets, and credit cost.
- The bank's endeavor is to improve the credit underwriting standards by bettering the culture and sharpening the decision-making process.
- The focus is on building a micro-market-based strategy to capture growth opportunities by analyzing both internal and external data points like credit bureau, volume locations, consensus, trends and delinquency.
- There is a high focus on digitally affluent customers by creating digital infrastructure with all the necessary products like SIPs, protection needs and retirement planning.
- The bank is building strong relations with corporates by providing complete solutions like salary accounts and business needs products.
- For international customers, it is looking to capture the money in motion like NRI remittances both inward and outward in a digital manner.
- **Secured loans business:** It is using the digital platform to decongest the loan process by improving productivity and efficiency. The focus is on using analytics-based prospecting to enable customers to understand products and create automated rule-based underwriting.
- **Unsecured business:** Growth is primarily led by its own customers. Around 75% of the cards business is toward its own customers. Unsecured business CAGR has been 41% since FY15.
- In personal loans, the bank is looking for major partnerships like Google Pay and Bank Bazaar.
- ICICIBC has cards partnership with Amazon Pay, Make My Trip and Manchester which gives access to a large pool of affluent customers. The bank has market leadership in co-brand partnerships.
- The bank has more than 50% market share in Fast Tag business which provides access to a huge pool of affluent customer database. It has conceptualized and operationalized the FAST Tag adopted by NPCI in 2016. Around 80k+ fleet operators have signed in with FAST Tag.
- **Risk Management and Retail Collection:** The bank uses the information available to segment customers under different buckets based on assets and liability customers. It categorizes risk in the form of high, medium and low with a different treatment plan.
- ICICIBC is building a satellite database for rural customers which help in reaching the customer at the right time with the right plan. Around 75% of the portfolio is covered in 106 districts.
- **Data Analytics:** It is working toward building world-class data analytics infrastructure capabilities across business and functional areas.
- **Digital Platforms and Solutions:** The focus is on frictionless journey and improving lifestyle banking. 65% of the accounts are digitally active, while 70% of incremental activations are through mobile. 87% of the saving account transactions are done digitally.

Tier-3 and 4 cities are moving faster compared to other cities.

Focus remains on partnership model; it has therefore collaborated with different partners both on the asset and the liability side.

Business banking is expected to grow at 35%-40% over the next few years.

- It is the first bank to sanction home loans digitally, instant SIP with profile-based recommendations, instant cards issuance, etc.
- iMobile helps in providing personalized recommendations for all banking needs of customers. Further, it also helps in providing lifestyle products: ~0.6m lifestyle banking products sold per month.
- The bank is a significant acquirer on the UPI platform. Customers can decide what products the customer needs. The bank has given 10k loans through the API portal and all these customers are new to credit.
- Structure of the market today is to focus on metro cities only. However, tier-3 and tier-4 are growing very fast. Thus, bank growth in these cities is high compared to metro-urban cities.
- ICICIBC is improving its market share in high-yielding segments and continues to see strong opportunities as the market share currently is not very high.
- The bank believes that the market is underpenetrated and thus branch banking is still very important. The format of branches has changed and is generally a four-employee branch only. The size of the new branch has also reduced significantly.
- Around 70% of personal loans are bank customers only.
- Cross selling helps in reducing the cost of acquisition and the credit underwriting cost for the bank. Also, it helps in building/increase customer stickiness.
- Large pool of customers is available from government employees.
- Digital customers are better in every way like lower delinquency, high cross selling and customers stickiness.

Session #2: Business Banking – Mr. Ajay Gupta (Head- Transaction Banking & SMEG), Mr. Pankaj Gadgil (Head- Self Employed Segment)

- Most of the branches are catering to this segment. The bank has 115+ services for business banking customers catered through the Insta Biz mobile application.
- Industries like tourism, retail, e-commerce, IT, financial services and healthcare are growing faster than other industries which provide growth opportunities for the bank.
- Business banking is expected to grow at 35%-40% over the next few years. The bank believes the cloud market will grow 3x to INR0.5t by FY22.
- **Four levers of business strategy execution:** (1) Segmentation of market into micro market and customer profile for risk classification, (2) Product – offering customized solution, (3) Partnership – collaboration with fintechs for on-boarding, payments, lending, cross border etc., and, (4) Distribution – skill & capacity building, CA affinity based infrastructure and distribution.
- Around 50% of the small businesses have gone digital post GST. Around 36% of the customers prefer fulfillment of their needs through the digital mode.
- **Easy Pay solution:** A typical retailer needs a multi-model collection platform with customers having high average CASA. The bank has ~36k customers on this solution.
- **Connected Banking:** This ensures faster payments and collections, tracks business instantly and provides auto bank reconciliations. The bank witnessed ~29% YoY growth in CA balances of these customers.

50% of the solutions in business banking were built over the last 18 months.

- **Supply chain solutions:** It provides seamless banking (digital and paperless), better risk control and helps in managing the working capital cycle.
- Transformation of SME underwriting process to digital: The bank is running a pilot project across 4-5 locations and expects it to achieve scale and efficiency.
- The bank offers instant OD loan in three clicks. Around 68% of the transactions are through digital channels, ~65% of the customers are active on digital banking and ~93% of the cross-border transactions are done online.
- Affluent customers in the business banking are based in urban and semi-urban regions. Of these, ~15-17% are salaried, while ~35% are self-employed.
- Self-employed customers are willing to pay higher fees due to faster transaction.
- Shifting of loans and current accounts is faster from public sector banks to private banks, while saving accounts shifting is slow.
- On the business banking side, 50% of the solutions that the bank provides were built in the last 18 months.
- Cost of sourcing and onboarding is not very high, while the number of transactions remains high. Around 90-95% of the customer sourcing is in-house only.

Session #3: Start-up engagements – Mr Hitesh Sachdev (Head- Start-up Engagement & Investments)

- India is the third largest ecosystem in the world.
- The bank has developed voice bots in partnerships with fintechs. In India, ~20% of the searches in goggle are through voice module.
- Neo banking for the SME segment provides enhanced and customized solutions to its customers. The bank entered into a partnership with Factor HR for payroll solutions of its SME customers. It has also engaged in partnership with lending fintechs like LENDINGKART, PAY U and CASHBEAN.
- The bank entered into GST data analytics partnership with Karza Technologies providing digital GST OD.
- It recently initiated an e-Alternate Dispute Resolution platform which is running on a pilot mode. Basis its outcome, the platform will be launched for third party users. The bank has uploaded ~20k cases on this platform.
- The bank has made various investments in fintechs providing banking solutions such Fingpay - digital biometric payment solution, Truebalance - mobile app for digital utility payments, Remit Guru – white labeled remittances solution platform, Arteria - supply chain solution.
- The bank undertakes technical audit of fintechs before making investments or partnership engagements which are synergetic to the banks business.

Session #4: Wholesale and transaction banking – Ms. Vishakha Mulye (Executive Director), Mr. Sumit Sanghai (Head-Large Clients Group), Mr. Anuj Bhargava (Head- Global Clients Group)

The bank aims to limit provisioning expenses at ~20-25% of pre-provision operating profits.

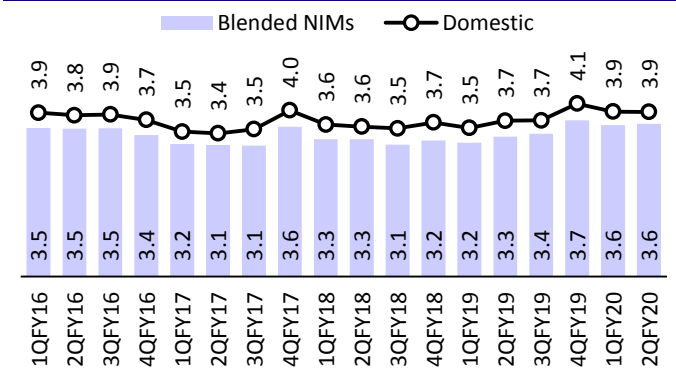
- Key driver in wholesale banking is provisioning. The bank targets ~20-25% of pre-provisioning profits will be required toward provision cost.
- The bank has adopted a **two prolonged strategy – quality of portfolio and quality of earnings**.
- The focus on existing portfolio is to reduce concentration and stress. The bank has set up a separate portfolio management team to monitor risk & reward in the existing portfolios.
- The bank targets ~75% of incremental disbursements to be in A- & above category.
- **Large clients groups:** Opportunities are available at a large scale as corporates want to do business with large banks only.
- Higher CASA has helped the bank in taking pricing decisions as cost of funds gives competitive advantage to the bank.
- New-age service companies are growing at a rapid pace in the economy which will need banks to manage their working capital requirements.
- The bank has set up a dedicated team for each global client, large clients and mid corporates segments. The focus remains on earnings high return on capital.
- The bank has a credit monitoring team that tracks the utilization of working capital limits which in turn helps in getting early warning signals.
- **RM Workbench:** RM assistant is an in-house tool available to RM. It provides complete client overview and account plan for every client. This helps the RM to decide the product solution to pitch to its client.
- **Global clients group:** It helps in providing a complete suite of corporate ecosystem. The bank has overseas branches across 70 locations.
- **Transaction banking:** ICICIBC has reinvested and reimagined its transaction banking. It is a B2B model from physical to digital.
- Partnership with fintechs helps in targeting new customers and products.
- **Blockchain technology:** It helps in trade finance, enhancing information on a real-time basis on closed groups. It has on-boarded 360 customers on this platform.
- iXpress Connect: A self-build & run platform with fast integration of inbound/outbound of customer APIs to drive business. The bank has partnered with IBM to develop one of a kind platform.
- The bank has market share of 9% in tax collections, 8% in payments, 8% in bank guarantees, 7% in letter of credit, 10% in imports and 5% in exports.
- The bank believes customized solutions, lower turnaround time and strong relationship are the key differentiators v/s 4-5 other banks.
- It assigns internal credit to each exposure and has further reduced the absolute limit which is much lower than the regulatory requirement.
- Performing book is still a drag on RoEs of the banks. However, incremental book is fine and meets the desired RoE.

Session #5: Technology and Operations – Mr. Sandeep Batra (President), Ms. Anubhuti Sanghai (Head-Operations & Customer Service) and Mr. Balaji V.V (Head- Business Technology Group)

- The bank is reimagining customer's life-cycle by onboarding a frictionless process.
- It is focusing on reducing the need for validations by operations team by linking tab-based sales to external sources such that minimum data entry is required by the agents and branch level verification is eliminated.
- Software robotics is being used very frequently to increase the number of transactions and complete repetitive works with more accuracy. The purpose is to reduce the time and efforts.
- Around 85% of the customer queries are being handled online. Around 50% of the cheques are processed using data science.
- Instant personal loan is 140 indexed over non-instant while instant OD is 109 indexed over non-instant.

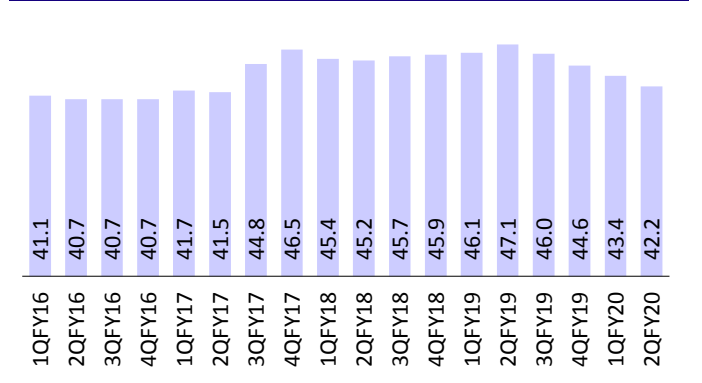
Story in charts

Exhibit 1: Domestic NIM stood flat at 3.92%



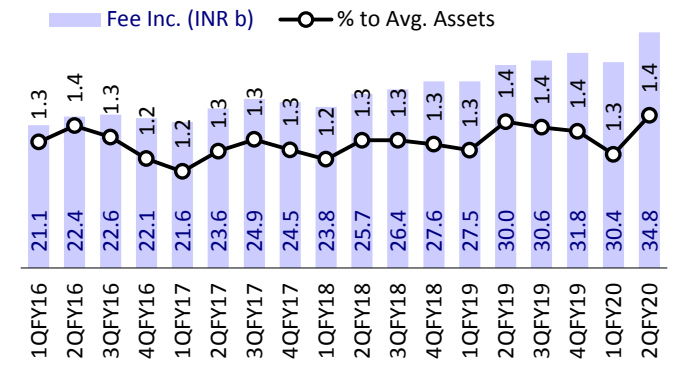
Source: MOFSL, Company

Exhibit 2: Average daily CASA ratio at 42.2%



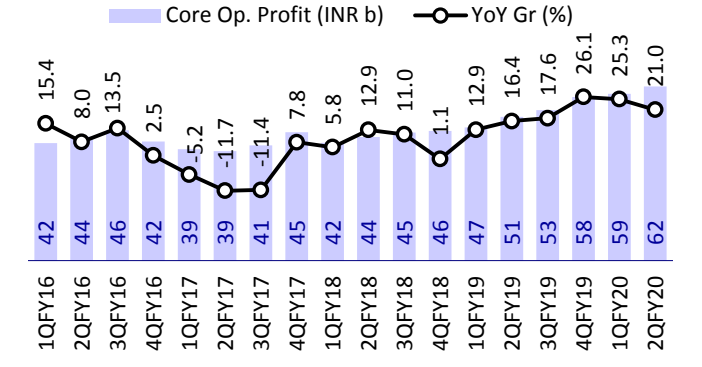
Source: MOFSL, Company

Exhibit 3: Fee income growth at 16% YoY continued to show healthy traction



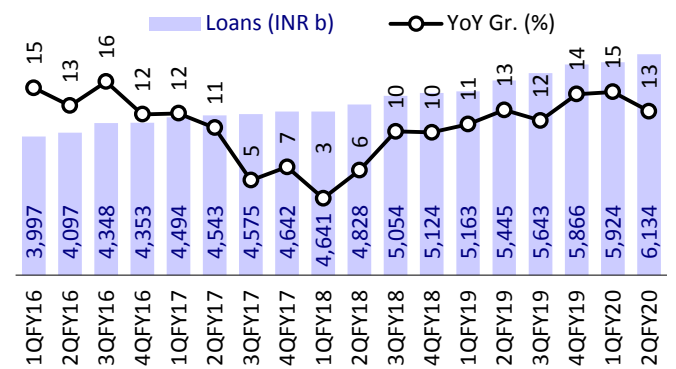
Source: MOFSL, Company

Exhibit 4: Core operating performance showed healthy growth (+21% YoY)



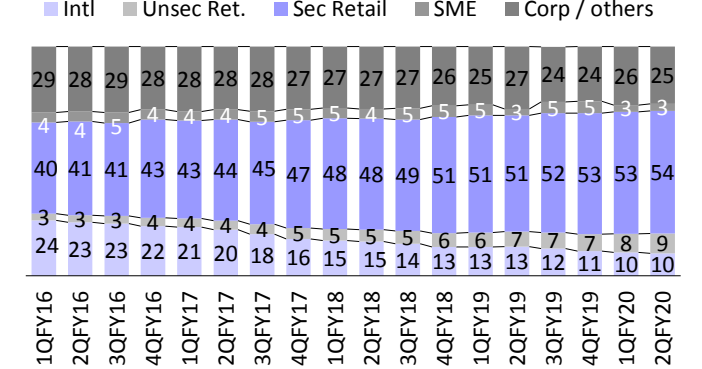
Source: MOFSL, Company

Exhibit 5: Overall loan growth at 12.6% YoY



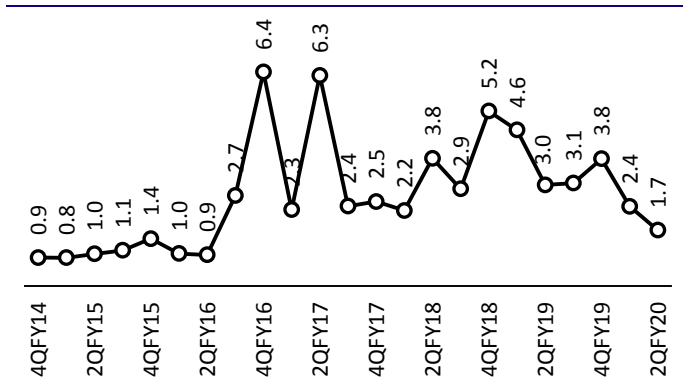
Source: MOFSL, Company

Exhibit 6: Retail loans continue driving loan growth



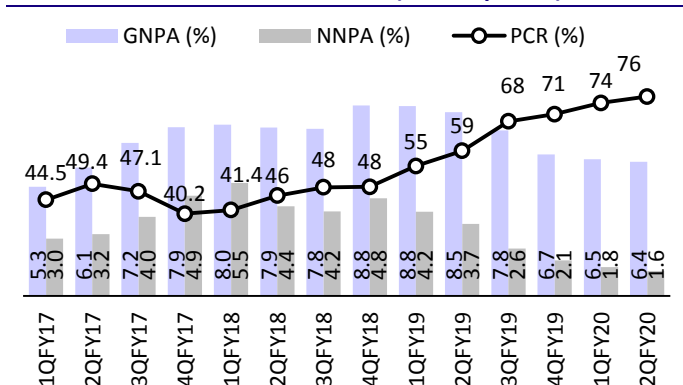
Source: MOFSL, Company

Exhibit 7: Credit cost came in at 1.7%



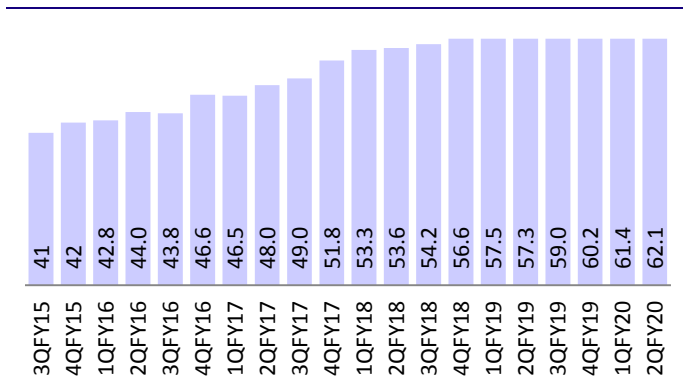
Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratio declined 12/17bp QoQ, calculated PCR increased to 76.1% (~+200bp QoQ)



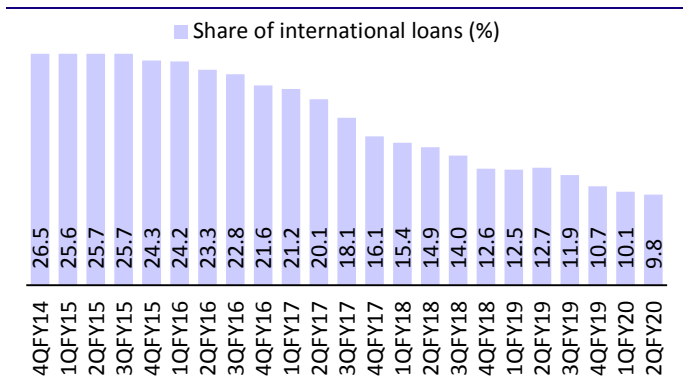
Source: MOFSL, Company

Exhibit 9: Share of retail loans in overall loans increased to ~62% of overall loans



Source: MOFSL, Company

Exhibit 10: Share of international loans in overall loans at 9.8% of overall loans



Source: MOFSL, Company

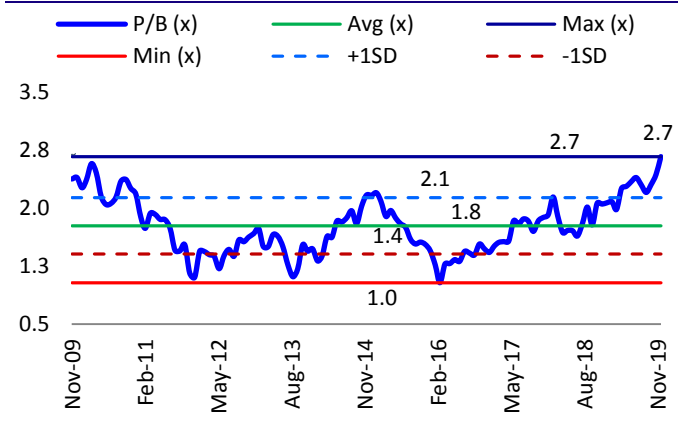
Buy with a revised SOTP-based TP of INR625 (2.5x Sep21E ABV).

Valuation and view

- In the near term, business growth will be driven by retail and the share of high-profit-making products (mainly by cross sell) like credit cards, personal loans and business banking is likely to go up.
- BB & below pool is showing consistent decline – now at 2.6% of total loans. Meanwhile, the bank has sharply increased PCR to ~76% (highest compared to peers).
- Retail business metrics remain healthy with (a) average CASA ratio of 42.2%, (b) contribution to fees at 74%, (c) a higher share of secured loans and continued healthy growth. Structural improvement in liability and ALM profile over the last few years has helped ICICIBC to gradually improve NIM, despite intensifying competition within the retail business.
- Strong capitalization (Tier-1 of ~14.6%), a significant improvement in granularity of book and a sustained improvement in the liability profile are the key positives.
- **Valuation and view:** ICICIBC appears firmly positioned to deliver healthy sustainable growth, supported by continued investments in technology and expansion in its digital offerings. The bank has navigated well through a challenging macro environment with limited exposure to newly surfaced stressed names. It has in fact built one of the highest provisioning coverage in the banking sector. ICICIBC remains one of our top ideas in the BFSI space – we

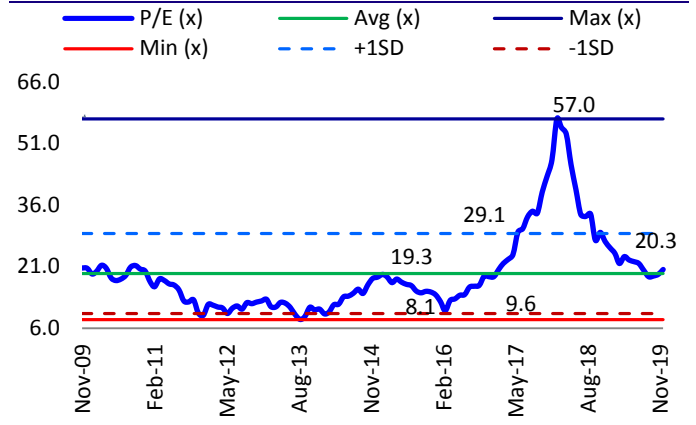
estimate RoA/RoE to improve to 1.6%/15.7% in FY21. Reiterate Buy with a revised SOTP-based TP of INR625 (2.5x Sep21E ABV), primarily as we roll forward our valuations.

Exhibit 11: One-year forward P/BV



Source: MOFSL, Company

Exhibit 12: One-year forward P/E



Source: MOFSL, Company

Exhibit 13: ICICI Bank: Sept' 21E based SOTP

	Stake (%)	Total Value INR b	Value Per Share INR	% of Total Value	Rationale
ICICI Bank	100	3,092	479	76.6	❖ 2.5x Sep'21E ABV
ICICI Pru Life Insurance	53	394	61	9.8	❖ 2.3x Sep21 Embedded Value
ICICI Lombard Gen. Ins	56	391	61	9.7	❖ 40x Sep21E PAT
ICICI Pru AMC	51	167	26	4.2	❖ 24x Sep21E PAT
ICICI Securities	79	86	13	2.1	❖ 15x Sep21E PAT
ICICI Bank UK	100	38	6	0.9	❖ 1.2x Sep21E Net-worth
ICICI Bank Canada	100	37	6	0.9	❖ 1x Sep21E Net-worth
Others (Ventures, Home Finance, PD)	100	64	10	1.6	❖ 10% Sep21E AUM for ventures, 1.5x/1x Sep21E Net-worth for Home finance/PD
Total Value of Ventures		1,177	183	29.2	
Less: 20% holding Discount		235	37	5.8	
Value of Key Ventures (Post Holding Co. Disc)		942	146	23.4	
Target Price Post 20% Holding Co. Disc.		4,033	625		

Source: MOFSL, Company

Exhibit 14: DuPont Analysis: Return ratio to pick up over FY20/21

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	7.91	7.72	7.26	6.66	6.88	7.14	7.20
Interest Expense	4.84	4.61	4.34	3.87	3.95	4.00	3.99
Net Interest Income	3.07	3.11	2.91	2.79	2.93	3.14	3.21
Core Fee Income	1.56	1.56	1.54	1.32	1.26	1.27	1.24
Trading and others	0.41	0.69	1.07	0.79	0.31	0.31	0.33
Non-Interest income	1.96	2.24	2.61	2.11	1.57	1.58	1.56
Total Income	5.03	5.35	5.53	4.90	4.50	4.73	4.77
Operating Expenses	1.85	1.86	1.98	1.90	1.96	2.07	2.07
Employee cost	0.77	0.73	0.77	0.72	0.74	0.79	0.79
Others	1.09	1.12	1.21	1.19	1.22	1.28	1.28
Operating Profits	3.18	3.49	3.55	3.00	2.54	2.66	2.70
Core operating Profits	2.77	2.80	2.48	2.21	2.23	2.34	2.37
Provisions	0.63	1.71	2.04	2.10	2.13	0.89	0.62
NPA	0.51	1.06	1.97	1.73	1.82	0.85	0.58
Others	0.12	0.65	0.07	0.37	0.31	0.04	0.04
PBT	2.55	1.78	1.51	0.90	0.41	1.76	2.08
Tax	0.75	0.36	0.20	0.08	0.04	0.70	0.50
RoA	1.80	1.42	1.31	0.82	0.36	1.06	1.58
Leverage	8.1	8.2	8.1	8.3	8.9	9.5	10.0
RoE	14.5	11.6	10.7	6.8	3.2	10.1	15.7
Core RoE	17.2	13.4	12.1	7.6	3.6	11.0	17.0

Source: MOFSL, Company

Financials and Valuations

Income Statement							(INR b)	
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	
Interest Income	490.9	527.4	541.6	549.7	634.0	739.1	861.0	
Interest Expended	300.5	315.2	324.2	319.4	363.9	414.1	477.5	
Net Interest Income	190.4	212.2	217.4	230.3	270.1	325.1	383.5	
Growth (%)	15.6	11.5	2.4	5.9	17.3	20.3	18.0	
Other Income	121.8	153.2	195.0	174.2	145.1	164.0	186.9	
Total Income	312.2	365.5	412.4	404.5	415.3	489.1	570.4	
Growth (%)	16.0	17.1	12.8	-1.9	2.7	17.8	16.6	
Operating Exp.	115.0	126.8	147.6	157.0	180.9	214.2	247.5	
Operating Profits	197.2	238.6	264.9	247.4	234.4	274.8	322.9	
Growth (%)	18.8	21.0	11.0	-6.6	-5.3	17.3	17.5	
Core PPP	181.7	200.7	178.6	189.5	221.0	258.8	305.2	
Growth (%)	14.8	10.4	-11.0	6.1	16.6	17.1	17.9	
Provisions & Cont.	39.0	116.7	152.1	173.1	196.6	92.5	74.3	
PBT	158.2	122.0	112.8	74.3	37.8	182.3	248.6	
Tax	46.5	24.7	14.8	6.6	4.1	72.6	59.7	
Tax Rate (%)	29.4	20.2	13.1	8.8	10.9	39.8	24.0	
PAT	111.8	97.3	98.0	67.8	33.6	109.7	188.9	
Growth (%)	13.9	-13.0	0.8	-30.9	-50.4	226.1	72.3	

Balance Sheet

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	12.8	12.8	12.8	12.9	12.9	12.9	12.9
Reserves & Surplus	791.5	884.6	979.0	1,038.7	1,070.8	1,145.1	1,291.6
Net Worth	807.8	900.9	995.3	1,051.6	1,083.7	1,158.0	1,304.5
Deposits	3,615.6	4,214.3	4,900.4	5,609.8	6,529.2	8,030.9	9,637.1
Growth (%)	8.9	16.6	16.3	14.5	16.4	23.0	20.0
Of which CASA Deposits	1,643.8	1,931.0	2,468.2	2,899.3	3,239.4	3,694.2	4,510.2
Growth (%)	15.5	17.5	27.8	17.5	11.7	14.0	22.1
Borrowings	1,720.7	1,744.6	1,472.1	1,828.6	1,653.2	1,445.8	1,469.3
Other Liabilities & Prov.	317.2	347.3	350.1	302.0	378.5	416.4	458.0
Total Liabilities	6,461.3	7,207.0	7,717.9	8,791.9	9,644.6	11,051.0	12,868.9
Current Assets	423.0	598.7	757.1	841.7	803.0	904.2	1,008.9
Investments	1,581.3	1,604.1	1,615.1	2,029.9	2,077.3	2,451.2	2,917.0
Growth (%)	-10.7	1.4	0.7	25.7	2.3	18.0	19.0
Loans	3,875.2	4,352.6	4,642.3	5,124.0	5,866.5	6,746.4	7,893.3
Growth (%)	14.4	12.3	6.7	10.4	14.5	15.0	17.0
Net Fixed Assets	47.3	75.8	78.1	79.0	79.3	84.9	93.4
Other Assets	534.5	575.7	625.3	717.3	818.5	864.3	956.3
Total Assets	6,461.3	7,207.0	7,717.9	8,791.9	9,644.6	11,051.0	12,868.9

Asset Quality

GNPA	150.9	262.2	425.5	540.6	462.9	425.4	425.3
NNPA	62.6	129.6	256.1	278.9	135.8	96.1	105.7
GNPA Ratio (%)	3.8	5.8	8.8	10.0	7.5	6.0	5.2
NNPA Ratio (%)	1.6	3.0	5.4	5.4	2.3	1.4	1.3
Slippage Ratio (%)	2.4	4.3	8.0	6.1	2.0	1.9	1.8
Credit Cost (%)	0.9	1.8	3.3	2.9	3.1	1.4	1.0
PCR (Excl. Technical write off) (%)	58.6	50.6	39.8	48.4	70.7	77.4	75.1

E: MOSL Estimates

Financials and Valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Yield and Cost Ratios (%)							
Avg. Yield - Earning Assets	8.9	8.9	8.3	7.7	7.9	8.2	8.2
Avg. Yield on loans	9.8	9.5	8.8	8.4	8.7	8.9	8.9
Avg. Yield on Investments	6.3	6.7	7.1	6.3	6.2	6.6	6.6
Avg. Cost-Int. Bear. Liab.	5.9	5.6	5.3	4.6	4.7	4.7	4.6
Avg. Cost of Deposits	5.9	5.5	5.0	4.5	4.4	4.6	4.5
Interest Spread	3.5	3.6	3.4	3.0	3.3	3.5	3.5
Net Interest Margin	3.5	3.6	3.3	3.2	3.4	3.6	3.6

Capitalisation Ratios (%)

CAR	17.0	16.6	17.4	17.9	16.9	16.4	15.4
<i>Tier I</i>	<i>12.8</i>	<i>13.1</i>	<i>14.4</i>	<i>15.6</i>	<i>15.1</i>	<i>14.7</i>	<i>14.0</i>
<i>Tier II</i>	<i>4.2</i>	<i>3.6</i>	<i>3.0</i>	<i>2.3</i>	<i>1.8</i>	<i>1.7</i>	<i>1.4</i>

Business and Efficiency Ratios (%)

Loan/Deposit Ratio	107.2	103.3	94.7	91.3	89.8	84.0	81.9
CASA Ratio %	45.5	45.8	50.4	51.7	49.6	46.0	46.8
Cost/Assets	1.8	1.8	1.9	1.8	1.9	1.9	1.9
Cost/Total Income	36.8	34.7	35.8	38.8	43.6	43.8	43.4
Cost/Core Income	38.7	38.7	45.2	45.3	45.0	45.3	44.8
Int. Expended/Int. Earned	61.2	59.8	59.9	58.1	57.4	56.0	55.5
Other Inc./Net Income	39.0	41.9	47.3	43.1	34.9	33.5	32.8
Emp. Cost/Op. Exp.	41.3	39.4	38.9	37.7	37.6	38.1	38.0

Valuation

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
RoE (%)	14.5	11.6	10.7	6.8	3.2	10.1	15.7
Core RoE (%)	17.2	13.4	12.1	7.6	3.6	11.0	17.0
RoA (%)	1.8	1.4	1.3	0.8	0.4	1.1	1.6
RoRWA (%)	2.1	1.7	1.6	1.1	0.5	1.5	2.1
Standalone ABV	111.3	117.1	120.2	115.3	135.5	152.1	174.5
ABV Growth (%)	10.0	5.2	2.7	-4.0	17.5	12.2	14.7
Adjusted Price-ABV (x)	3.3	3.1	3.0	3.1	2.7	2.4	2.1
Consol Book Value (INR)	146.1	161.8	179.6	172.1	177.2	201.7	234.0
BV Growth (%)	10.4	10.8	11.0	-4.2	3.0	13.8	16.0
Price-Consol BV (x)	3.5	3.1	2.8	3.0	2.9	2.5	2.2
EPS (INR)	19.3	16.7	16.8	11.1	5.2	17.0	29.3
EPS Growth (%)	13.6	-13.3	0.5	-34.3	-52.8	225.6	72.3
Adj. Price-Earnings (x)	18.8	21.7	21.6	32.8	69.5	21.4	12.4
Dividend Per Share (INR)	4.5	4.5	4.0	2.3	1.5	5.5	6.6
Dividend Yield (%)	0.9	0.9	0.8	0.4	0.3	1.1	1.3

E: MOSL Estimates

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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