Initiating Coverage

Canara Bank

October 18, 2021

Canara Bank

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
PSU Banks	Rs.193.6	Buy at LTP of Rs.193.6 & add more on dips of Rs.169	Rs.216.5	Rs.228.5	2 quarters

HDFC Scrip Code	CANBANEQNR
BSE Code	532483
NSE Code	CANBK
Bloomberg	CBK IN
CMP Oct 15, 2021	193.6
Equity Capital (Rs Cr)	1814
Face Value (Rs)	10
Equity Share O/S (Cr)	181.4
Market Cap (Rs Cr)	35,112
ABook Value (Rs)	159
Avg. 52 Wk Volumes	22338612
52 Week High	195
52 Week Low	84.4

Share holding Pattern % (Sep, 2021)	
Promoters	62.9
Institutions	20.3
Non Institutions	16.8
Total	100.0

* Refer at the end for explanation on Risk Ratings

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Our Take:

Post the amalgamation with Syndicate Bank, Canara Bank has become third largest public sector bank in terms of total business. With over a century of banking operations in the India, it has become an established player in the south region. Apart from banking, it also has presence across various financial services via Subsidiaries and JVs. The bank has well-balanced asset mix and it has started focusing on retail, agriculture and MSME ("RAM") sectors which will lead to better risk diversification, increased revenue and improved margins. Canara bank has raised money via QIP in two tranches in the past one year; still it lags behind the peers. The CASA ratio, which remained below the industry average level, has started to improve with the amalgamation and management's increased focus.

The earning profile of the bank was modest in past few years due to high credit cost, which has started to improve from FY21. It has built up strong provision buffer (PCR at 81.2% as of Q1FY22), which otherwise was cause of worry earlier. We believe that worst in terms of asset quality deterioration is over and now the positive steps by the Government over past several years like consolidation of various PSU banks, capital infusion, formation of 'bad bank' etc. have improved the environment for growth. Recent announcement of the Union Cabinet's approval of Central Government guarantee of up to Rs. 30,600 Cr to National Asset Reconstruction Company Limited for five years will be positive for large PSU banks. Canara Bank will be the lead sponsor and biggest shareholder of National Asset Reconstruction Company Ltd (NARCL), contributing up to 12% equity to comply with new rules after the Reserve Bank of India (RBI) amended its capital structure. Faster resolution by the IBC could also help in recoveries and bring down slippages in future. Privatization buzz has kept the PSU bank sector in limelight. Acquisition of some PSB by any prestigious corporates/Institutions – local or foreign - at a good valuation may rerate the sector. We remain cautious on the asset quality front due to high corporate book. It has high BB & below rated book and has high exposure to sectors like Infrastructure, NBFC etc.

Valuation & Recommendation:

The earnings profile of Canara Bank was severely impacted over the last few years primarily because of high credit costs; the same has seen an improvement in since FY21. The bank reported profit after tax (PAT) of Rs 2558Cr during FY21, as compared to substantial losses incurred over the last couple of years (loss of Rs 2236Cr reported for FY20). Going forward, we expect Canara Bank to grow its loan book at 8.5% CAGR while NII and Net profit are expected to grow at 10.9% and 72.1% (due to lower base) CAGR respectively over FY21-23E. ROAA is estimated to improve to 0.6% in FY23E from current 0.3% in FY21 and RoE could rise to 10.8% in FY23 from 5.2% in FY21. For the overall industry, with the arrival of the festive season, the credit growth is likely to improve in coming months, driven by retail and agriculture while industry and services continue to be slow. We expect healthy recoveries and upgrades in next two years. Asset quality trend of corporate and MSME would be the crucial monitorables. Most of the concerns arising out of pending writeoffs out of restructured/SMA accounts are already in the price. We have assumed higher recoveries and lower slippages going forward. The bank expects both credit cost and slippages to be in the range of ~2.1-2.3% for FY22. NIMs may also start stabilizing around 2.5% level. Inexpensive valuation gives us comfort for the long term. We have positive stance for the public sector banks as a whole. We are not separately ascribing any value to the subsidiaries/associates of Canara Bank while valuing the stock.

We feel investors can buy Canara bank at LTP of Rs.193.6 (0.8xFY23E ABV) and add more at Rs.169 (0.7xFY23E ABV) for the base case fair value of Rs.216.5 (0.9xFY23E ABV) and for the bull case fair value of Rs.228.5 (0.95xFY23E ABV) over the next two quarters.

Financial Summary

Particulars (Rs Cr)	Q1 FY22	Q1 FY21	YoY (%)	Q4 FY21	QoQ (%)	FY20	FY21	FY22E	FY23E
NII	6146.6	6095.6	0.8	5589.2	10.0	13123.9	24062.2	26673.0	29605.0
PPP	5750.7	4285.5	34.2	5702.6	0.8	9359.8	20009.3	22170.6	24197.8
PAT	1177.5	406.2	189.8	1010.9	16.5	-2235.7	2557.6	5012.7	7578.5
EPS (Rs)						-21.7	15.5	27.6	41.8
ABV						142.8	158.9	199.6	240.6
P/E (x)						-8.9	12.5	7.0	4.6
P/ABV (x)						1.4	1.2	1.0	0.8
RoAA (%)						-0.3	0.3	0.4	0.6
RoAE (%)						-5.9	5.2	8.0	10.8

(Source: Company, HDFC sec)

Recent Developments

Q1FY22 Result Update

Largely on the all fronts, the bank reported good set of numbers for the Q1FY22. Net Interest Income (NII) for the quarter stood at Rs. 6146.6 Cr, up 10% QoQ and 1% YoY. NIM improved 20bps QoQ to 2.7% (impact of interest income reversal in Q4FY21). The cost of funds has dropped 46bps QoQ to 3.7%. Operating Profit stood at Rs.5751 Cr, growing by 34.18% YoY and Non-Interest Income grew by 67.4%. The cost to income ratio has further improved by 533 bps QoQ to 45.67%. Net profit for the quarter stood at Rs.1177.5 Cr against Rs.406 Cr last year same quarter. Sequentially it is up by 16.5%. There was also a one-off gain from the UB group stake sale.

Loan book stood at Rs.6,84,585 Cr, growing by 5.23% YoY / 1.4% QoQ, while deposit stood at Rs.9,70,481 Cr, up 11.6%. Retail lending book rose by 10% with Housing loan growing at 13.15% and agriculture advances grew by 17% YoY. CASA grew by 13% YoY and domestic

CASA ratio stood at 32.5%. We expect that the Bank shall emerge stronger by the end of FY22 since Q1FY22 earnings have shown early signs of recovery. The bank has cut branches by ~5% in one quarter, indicating post-merger rationalization.

Asset Quality

Both headline asset quality numbers improved during the quarter on the back of contained slippages and higher upgrades. The Gross Non-Performing Assets (GNPA) ratio stood at 8.5% vs 8.93% QoQ and 8.84% YoY, while the Net Non-Performing Assets (NNPA) stood at 3.46% vs 3.82% QoQ and 3.95% YoY. Provision Coverage Ratio (PCR) improved to 81.18% as at June 2021 from 78.95% as at June 2020. Cash recovery plus up gradation was about Rs.4750 Cr and the slippages were at Rs.4391 Cr (2.8% annualized). Restructured loan stood at Rs. 18234 Cr (2.8% of loans). The bank expects both credit cost and slippages to be in the range of ~2.1-2.3% for FY22. It had provided moratorium to some of its borrowers. Though collections declined during the initial months of the first wave, they had improved subsequently. However, the second wave of the pandemic led to intermittent lockdowns and localised restrictions, thus impacting collections once again. Although the impact has been moderate during this phase, any adverse change in the payment discipline of the borrowers may lead to higher delinquencies.

We remain cautious on the asset quality front due to high corporate book. After COVID induced lock downs, the quality of credit - retail and MSME segments across the industry level has deteriorated. In Q1FY22, 56% of the gross slippages came from the MSME and 18-20% came from the retail. We remain watchful in these segments for the coming quarters. Canara bank's loan book as on June-21 has a very high exposure to corporate and MSME segment which comprised of ~44.63% and 15.62% of its total domestic advances. In the corporate space it has high exposure to core economy sectors like NBFC (13%), Infra (13%), Textiles (2.6%), Metal (2.5%) and commercial real estate (2%). Out of the total, almost 19% of the borrowers are from the category of BB & below rating. Rating wise, 94.45% of standard NBFC exposure is rated A & above.

Sector Wise NPA Classification

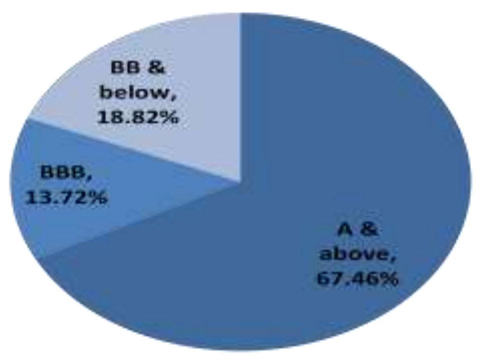
	GNPA (Rs. Cr)	Advance Outstanding (Rs. Cr)	GNPA (%)
Domestic Gross NPA	**52703**	**661236**	**7.97**
Global Gross NPA	**58215**	**684585**	**8.5**
Retail	1765	115291	1.53
Agriculture	9239	156801	5.89
MSME	15590	106958	14.58
Corporate & Others	31621	305535	10.35

	GNPA (Rs. Cr)	Advance Outstanding (Rs. Cr)	GNPA (%)
Total Retail NPA	**1765**	**115291**	**1.53**
Housing Loans	745	65136	1.14
Vehicle Loans	288	13433	2.14
Education Loan	216	12278	1.76
Other Personal Loans	516	24444	2.11

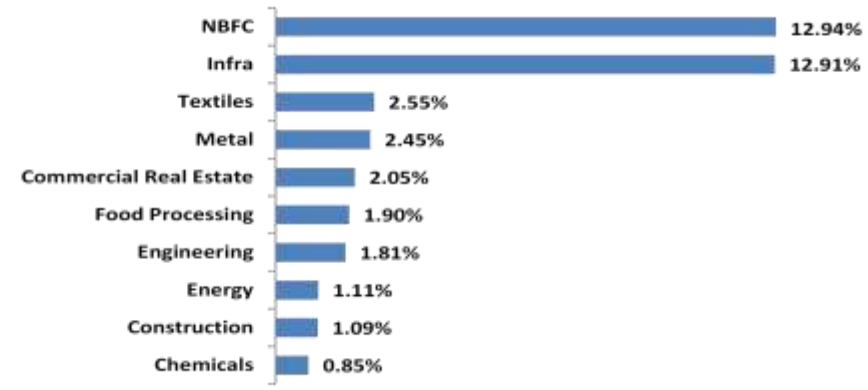
Special Mention Accounts (SMA)

	Mar-21		Jun-21	
	No of Accounts	% to Gross Advances	No of Accounts	% to Gross Advances
SMA 2	126	0.7	234	1.06
SMA 1	261	1.47	164	0.59
TOTAL SMA 1 & 2	**387**	**2.17**	**398**	**1.65**
SMA 0	383	1.05	378	1.38
TOTAL	**770**	**3.22**	**776**	**3.04**

Rating Mix of Domestic Credit



Industry Credit Outstanding (%)



Canara bank has identified NPAs to the tune of Rs5150 cr (0.8% of loans) to be transferred to NARCL. This will further bring down NPAs in Q2/Q3.

Established player in the south region

Canara bank has over a century of banking operations in the Indian banking system. As a result of the brand recognition and widespread presence across India, the bank has an established market presence in several business segments, such as wholesale, retail and treasury. Post the amalgamation, Canara Bank has become third largest public sector bank. It has customer base of around 10.5 Cr. As of June 30, 2021, the bank has a wide distribution network in India that included 9,877 branches across 28 states and 8 union territories as well as 9,053 business correspondents. In particular, the bank has a strong presence in south India with 4,574 branches (46.31 %) in the southern region of India namely, Karnataka, Andhra Pradesh, Telangana, Tamil Nadu, Kerala, Lakshadweep and Puducherry, as of June 30, 2021. Further, as of June 30, 2021, 40.32 % and 55.93 % of the domestic advances and deposits were contributed by these southern states of India, respectively. The bank intends to increase customer penetration through expansion of branch and ATM network in other states. The international operations include four branches in London, Hong Kong, New York and Dubai, as of June 30, 2021. Apart from banking, it also has presence across various financial services via Subsidiaries and JVs, such as housing finance, asset management, life insurance, factoring, brokerage, software, merchant banking, venture capital and rural regional banking, which provide significant cross-selling opportunities.

Increase in fee-based income

In addition to loans and other interest generating products, the bank's integrated branch and electronic banking network and its increasingly diversified product and service portfolio has enabled it to generate fee and commission based income. The bank further intends to focus on increasing the fee based income by focusing on bancassurance, cross-selling of mutual fund products, executor, trustee and taxation related services, syndication of loans, leasing of lockers, GoI business, letters of credit and bank guarantees (non-fund based business), fee and processing charges from loan and advances, foreign exchange business, credit and debit card business, agricultural consultancy and merchant banking.

Capital adequacy level

The bank's capital adequacy level has remained inferior as compared to other big PSBs post the amalgamation with Syndicate Bank. In the past also the Government has consistently infused capital to support the capitalisation level. Canara Bank and Syndicate Bank combined received Rs.7,704 Cr and Rs.3,963 Cr, respectively, in FY18 and FY19 under Indradhanush package. Then again in FY20, Rs. 6,571 Cr was received. The bank had raised funds via QIP's first tranche in Dec-20 (Rs.2000 Cr at Rs.109 per share). The second tranche was launched recently in Aug-21, in which the bank has raised Rs.2500 Cr at the price of Rs. 149.3 per share. Life Insurance Corporation of India (LIC), BNP Paribas Arbitrage, Societe Generale and Indian Bank were among the qualified institutional buyers (QIBs) to be allotted more than 5% equity shares in the issue. Now, the Government of India's share has come down at 62.93% as compared to 69.33% in Jun-21.

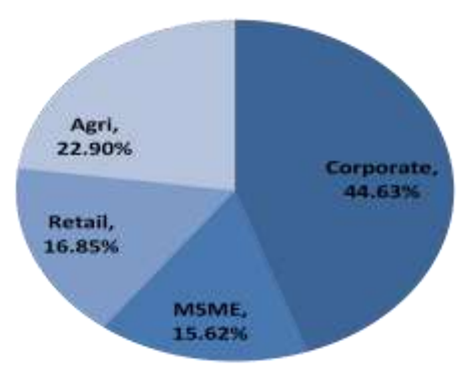
Post QIP, Capital Adequacy Ratio stands at 13.8% with Tier-1 at 10.8% as compared to 13.36% and 10.3% respectively in Q1FY22. This is still at subpar level compared to the large PSB peers. The QIP was part of a fundraising plan of Rs.9,000 Cr during FY22. Apart from the QIP, the bank is also planning to raise Rs.4,000 Cr through Additional Tier-I bonds, and another Rs.2,500 Cr via Additional Tier-II bonds. These planned fund raise will improve the capitalisation level. Further the bank also has stake in various subsidiaries; via stake sale it can raise funds.

Retail Segment- A key focus area

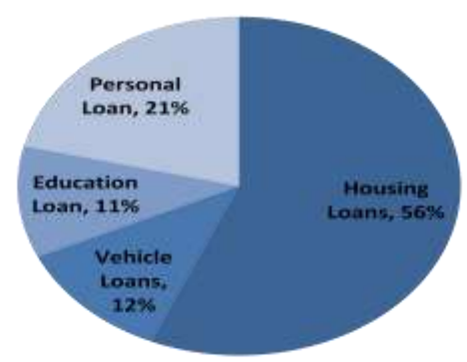
The Bank has a well-balanced asset mix, encompassing sectors such as Agriculture and Micro, Small and Medium Enterprises (MSMEs) as well as other retail assets (key focus area), including Housing, Education, and Vehicle loans. The management has driven the operations towards a balanced asset portfolio with a focus on retail operations, and selective attention to corporate operations. This is determined by the ability to match the risk appetite of such corporate credit. This has enabled it to reduce the exposure to some of the distressed sectors in India, and has allowed it to deploy resources to the higher yielding sectors of retail and MSME credit instead. We believe the strategically diversified asset portfolio across the retail, agriculture and MSME (“RAM”) sectors will lead to better risk diversification, increased revenue and improved margins.

Management has informed that the focus area will be mortgage-based retail products to reduce the risk associated with loans having little or no collateral. Such loans mainly comprise home loans and loans against property to salaried employees and small business owners with income adequate to repay their loans. They intend to market the retail credit products to employees of several GoI and state government departments, multinationals and corporations, real estate developers and automobile manufacturers and dealers. Further, they have set up a ‘Gold Loan’ wing, which is exclusively focused on providing gold loans to the customers.

Gross Domestic Credit Mix (%)

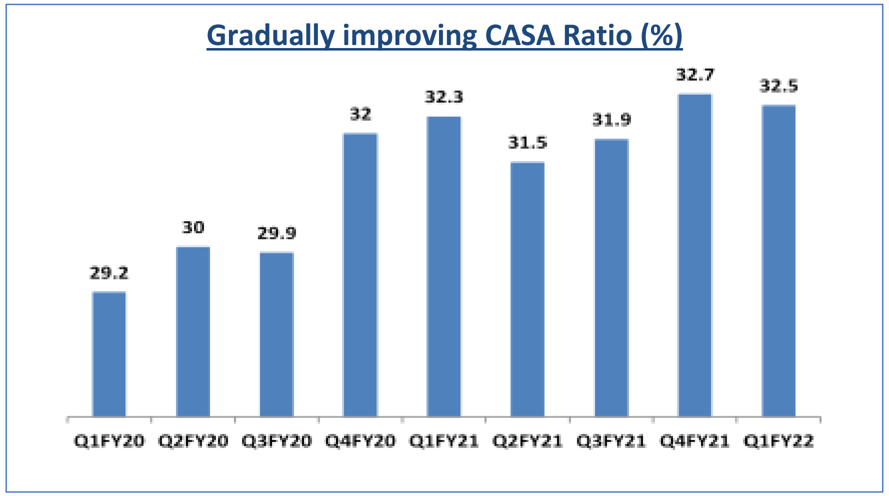


Retail Lending Book Mix(%)



Improving CASA

The CASA ratio of the bank has remained subpar compared to other big PSBs and also below the industry average level. However, with the amalgamation and management's increased focus, it has started to improve. CASA ratio was 29.18%, 31.38%, 32.73% and 32.51% in FY19, FY20 and FY21 and Q1FY22, respectively. Management has informed that they will continue to focus on premier CASA products, such as 'Canara Galaxy', 'Canara Privilege', 'SB Powerplus' and NRI accounts to improve the average balances under CASA. They have also launched CASA CONNECT campaign for enriching CASA. Reduction of dependence in bulk deposit and increase in CASA deposits will bring the competitive advantage to the bank by bringing in low cost of funds. Also the ratio of retail term deposits to total deposits is at 41.6% as of Q1FY22, which ensures lower concentration risk, increases the spread of the liability portfolio and enhances profitability when compared with higher-cost time deposits. Management has guided that they are expecting CASA ratio to reach up to 36.5% by the end of FY22. Under the "Pradhan Mantri Jan Dhan Yojana" ("PMJDY"), as of June 30, 2021, the bank has opened 1.4 Cr accounts, and the balance contained in such accounts amounted to Rs.6103 Cr.



Privatization buzz, bad bank creation and NPA recovery to keep PSB sector in lime light

In FY21, bank credit growth was lowest since last four years as lenders and borrowers remained risk averse due to the pandemic-led uncertainty. However, the PSU Banks have reported net profits in FY21 after five consecutive years of losses, supported by treasury gains and lower provisions. We expect high single digit or low double digit credit growth in FY22.

After a prolonged period of stress, Indian banking sector had finally entered into resolution and recovery phase. With this, corporate facing banks like Canara bank with big corporate book size have a lot to gain. The pandemic effect has impacted the resolution process in FY21 due to increased operational challenges. Total resolution amount was ~Rs.260 bn, almost a quarter of the realisations in FY20. However, now as the situation has improved, the financial creditors could realise Rs.550-600 bn in FY22 through successful resolution plans from the IBC, as per ICRA's estimates. Canara bank expects Rs.15000 Cr (of which Rs.4,750 cr was done in Q1) of recovery in FY22, which is same as slippages expectation (Rs.14000-15000 Cr) for the year. The bank has created a specialised vertical and staff to take care of the monitoring and recovery, and they are also aggressively considering One-time Settlement (OTS). In Q1FY22 they have done about 89,000 OTS and the amount settled is about 1,250 cr.

As proposed by Finance Minister in the Union Budget, the bad bank will help in aggregating the loan book of stressed assets from all banks, and facilitate an easy process of auctioning through the Swiss challenge method. Public sectors banks will be its promoters, who will collectively hold 51%. Recently, the Union Cabinet has approved Central Government guarantee of up to Rs.30,600 Cr to National Asset Reconstruction Company Limited for five years.

The recent Supreme Court ruling allowing banks to invoke personal guarantees provided by promoters and KMPs (key managerial personnel) in the event of default by the borrowing company could pressurize a lot of promoters to come up with settlement terms, leading to faster and bigger recoveries. This judgment gives NCLTs the jurisdiction to deal with personal guarantors of corporate debtors alongside the Corporate Insolvency Resolution Process (CIRP) proceedings of corporate debtors/principal borrowers, thereby having a more comprehensive system in place for recovery of debts.

Government is also planning to privatize a few PSU banks in the near term as part of the government's broader divestment goals. This has created a lot of buzz in the sector. Acquisition of these banks by the big players at a good valuation may re-rate the sector.

Canara Bank Roadmap for FY22

Parameters	Guidance
Deposits Growth (Global)	8.2%
Advances Growth (Global)	7.5%
Business Growth (Global)	7.9%
NIM (Global) (Annualized)	2.8%
CASA (Domestic CASA to Domestic Deposit)	36.5%
Gross NPA (Global)	7.9%
Net NPA (Global)	2.8%

PCR (Global)	84.0%
Slippage Ratio (Global) (Annualized)	2.6%
Credit Cost (Global)(Annualized)	2.25%
Return on Equity(RoE)	8.6%
Earning per share (EPS) (Annualized)	19
Return on Average Assets (RoA)	0.31%
Capital Raising Plan (Rs Cr)	
QIP Equity	2500
Additional Tier-I Bonds	4000
Tier-II Bonds	2500
Total	**9000**

Risks & Concerns

- Any unfavorable change in rules and regulatory policies can have a negative impact on earnings outlook of the Bank.
- The second wave and subsequent lock down has impacted overall India including rural areas also this time. This is major cause of worry as new uncertainties have emerged. Further lockdowns on the back of 3rd wave can derail the process of recovery. Slower than expected pickup in the economy may impact the loan book growth for the bank and lead to higher slippages/NPAs.
- A sharp rise in interest rate could also result in MTM losses on its investment portfolio.
- A higher-than-expected deterioration in the asset quality could result in the erosion of the Tier I capital. Fresh formation of bad loans could keep provision high and return ratio compressed for a long time.
- Any further delay in the resolution of large assets due to current uncertainties and extension granted under IBC can postpone recoveries.
- The continuous fund raise and capital infusion by government will be EPS dilutive and it might impact the stock price in a negative way. It has done two QIPs in last one year; still the capitalization level stands at subpar level compared to the large PSB peers. The government stake is at 63% as of Sep-21.
- Successful integration of the merger of Syndicate bank with Canara bank is important. Any delay or slippage in this could impact the consolidated operations.
- The bank has lower than industry average CASA ratio, which limits its ability to raise funds at a lower cost. However, post amalgamation the situation seems to be improving.
- As mentioned above, Canara Bank is an established payer in the southern region, a major part of the bank's branches are concentrated in southern India, making it vulnerable to risks associated with having geographically concentrated operations. The

competitive intensity for deposits has traditionally been high in Karnataka; erstwhile both Canara Bank and Syndicate Bank and now merged entity have high presence in Karnataka.

- The MSME and retail segments were hit hard by pandemic; this was also evident from June results. In the Q1FY22, GNPAs on retail and MSME loan books of public sector banks rose to 7.28% compared to 6% a year ago. Due to increased focus in RAM segments Canara bank also had to restructure a large part of assets from these segments.

Company Background:

Canara Bank is among the leading scheduled public sector commercial banks in India. It was found in 1906 as a private entity and became a nationalized bank in 1969. Recently, the Government of India approved the scheme of amalgamation of Syndicate Bank into Canara Bank with effect from April 1, 2020. As a result, as of June, 2021, it is the third largest public sector bank in India in terms of total business.

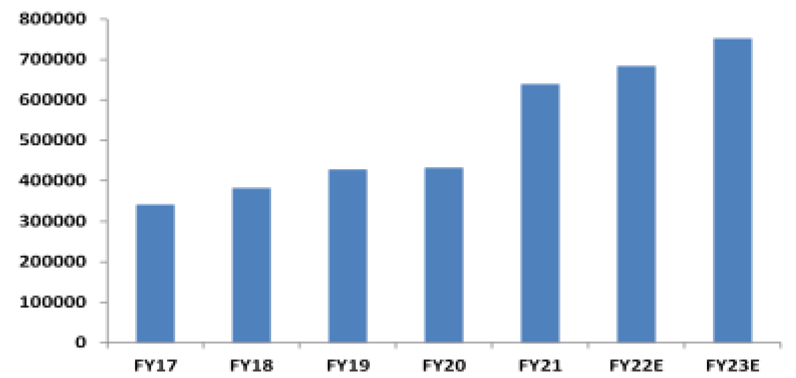
The bank offers a wide range of banking and financial products and services to both large and mid-sized corporates and micro, small and medium enterprises ("MSME") as well as retail and agriculture customers. The operations are internally aligned into distinct business lines for (i) wholesale banking operations, (ii) retail banking operations, (iii) treasury operations, and (iv) other banking operations (through our subsidiaries, associates and joint ventures).

Subsidiaries	Holding(%)	Associates & Joint Ventures	Holding(%)
Canara Robeco Asset Management Company Ltd.	51	Can Fin Homes Ltd.	30
Canara Bank Securities Ltd.	100	Andhra Pragathi Grameena Bank	35
Canara Bank (Tanzania) Ltd.	100	Karnataka Gramin Bank	35
Canbank Computer Services Ltd.	69.14	Kerala Gramin Bank	35
Canbank Venture Capital Fund Ltd.	100	Karnataka Vikas Grameena Bank	35
Synd Bank Services Ltd	100	Commercial Indo Bank LLC, Moscow (JV with SBI)	40
Canbank Financial Services Ltd.	100		
Canbank Factors Ltd.	70		
Canara HSBC OBC Life Insurance Company Ltd.	51		

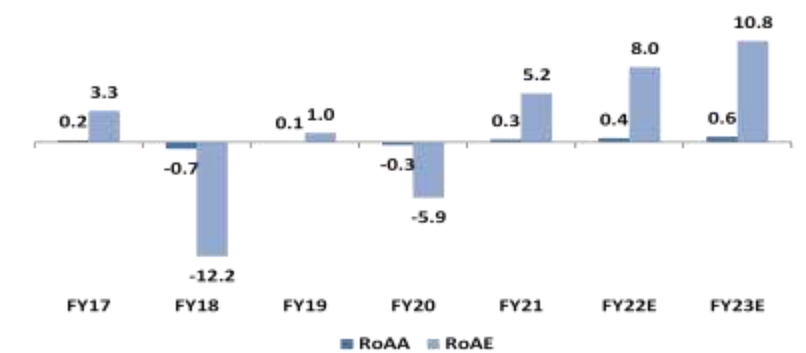
Peer comparisons

	CMP	P/ABV			P/E			FY21						
		FY21	FY22E	FY23E	FY21	FY22E	FY23E	ROAE (%)	ROAA (%)	NIM %	GNPA %	NNPA %	CASA %	Loan Book (Rs. Bn)
PNB	42.6	0.85	0.68	0.58	22.4	9.9	5.3	2.6	0.2	3.2	14.1	5.7	45.9	6,742
BOB	88.7	0.83	0.77	0.67	55.4	13.6	9.3	1.1	0.1	2.7	8.9	3.1	40.2	7,063
INDIAN	164.5	0.71	0.64	0.54	6.2	4.6	3.5	9.9	0.6	2.9	9.9	3.4	42.3	3,640
Canara	193.6	1.22	0.97	0.80	12.5	7.0	4.6	5.2	0.3	2.9	8.9	3.8	32.7	6,390

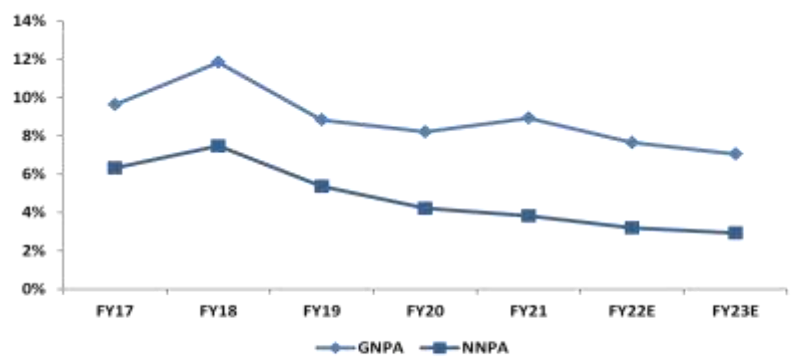
Loan Book (Rs Cr)



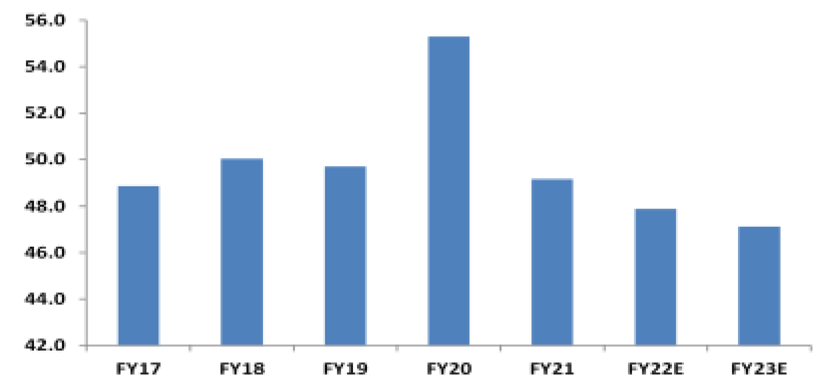
Return Ratios(%)



NPA trend %



Cost to Income Ratio (%)



Financials

Income Statement

(Rs Cr)	FY19	FY20	FY21	FY22E	FY23E
Interest Income	46810	48935	69240	74079	80413
Interest Expenses	32332	35811	45178	47406	50808
Net Interest Income	**14478**	**13124**	**24062**	**26673**	**29605**
Non-interest income	6575	7813	15285	15874	16154
Operating Income	**21053**	**20937**	**39347**	**42547**	**45759**
Operating Expenses	10462	11577	19338	20376	21562
PPP	10591	9360	20009	22171	24198
Prov & Cont	12918	11115	16302	15487	14093
Profit Before Tax	-2327	-1756	3707	6684	10105
Tax	-2674	480	1150	1671	2526
PAT	**347**	**-2236**	**2558**	**5013**	**7579**

Balance Sheet

(Rs Cr)	FY19	FY20	FY21	FY22E	FY23E
Share Capital	753	1030	1647	1814	1814
Reserves & Surplus	35424	38263	57238	64584	72162
Shareholder funds	**36177**	**39293**	**58885**	**66398**	**73977**
Deposits	599033	625351	1010875	1097857	1160818
Borrowings	40992	42762	49984	44446	48890
Other Liab & Prov.	18564	16469	33932	37325	41058
SOURCES OF FUNDS	**694767**	**723875**	**1153675**	**1246026**	**1324743**
Cash & Bank Balance	66153	68271	178408	210196	204581
Investment	152985	176245	261690	285243	302642
Advances	427727	432175	639049	683782	752161
Fixed Assets	8410	8276	11207	12103	12708
Other Assets	39491	38907	63321	54703	52651
TOTAL ASSETS	**694767**	**723875**	**1153675**	**1246026**	**1324743**

(Source: Company, HDFC sec)

Canara Bank

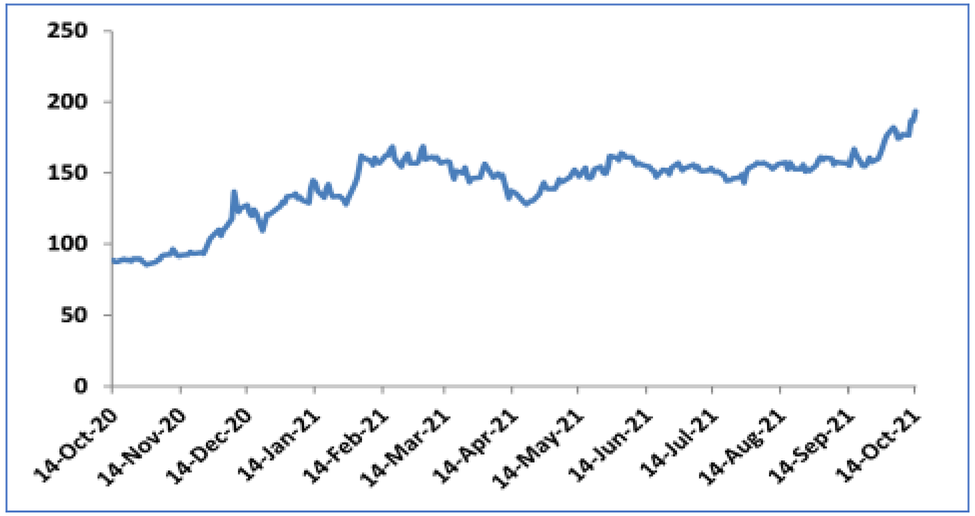
Key Ratios

	FY19	FY20	FY21	FY22E	FY23E
Return Ratios					
Calc. Yield on adv	11.6%	11.4%	10.8%	11.2%	11.2%
Calc. Cost of funds	5.4%	5.5%	4.3%	4.2%	4.2%
NIM	2.5%	2.1%	2.9%	2.5%	2.5%
RoAE	1.0%	-5.9%	5.2%	8.0%	10.8%
RoAA	0.1%	-0.3%	0.3%	0.4%	0.6%
Asset Quality Ratios					
GNPA	8.8%	8.2%	8.9%	7.6%	7.1%
NNPA	5.4%	4.2%	3.8%	3.2%	2.9%
PCR	41.5%	50.7%	59.5%	58.1%	58.4%
Growth Ratios					
Advances	12.1%	1.0%	47.9%	7.0%	10.0%
Deposits	14.2%	4.4%	61.6%	8.6%	5.7%
NII	19.0%	-9.4%	83.3%	10.9%	11.0%
PAT	-108.2%	-744.3%	-214.4%	96.0%	51.2%

Key Ratios

	FY19	FY20	FY21	FY22E	FY23E
Valuation Ratios					
EPS	4.6	-21.7	15.5	27.6	41.8
P/E	7.2	-8.9	12.5	7.0	4.6
Adj. BVPS	89.9	142.8	158.9	199.6	240.6
P/ABV	2.2	1.4	1.2	1.0	0.8
Dividend per share	0.0	0.0	0.0	0.0	0.0
Other Ratios					
Cost-Income	49.7	55.3	49.1	47.9	47.1
CASA	29.2	31.4	32.7	36.5	37.6
CAR	11.9	13.7	13.2	13.2	13.4
Tier 1	9.0	10.1	10.1	10.4	10.8

One Year Price Chart



Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

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