

# Axis Bank

BSE SENSEX

58,684

S&amp;P CNX

17,498



## Stock Info

Bloomberg	AXSB IN
Equity Shares (m)	3,068
M.Cap.(INRb)/(USDb)	2302.9 / 30.3
52-Week Range (INR)	867 / 626
1, 6, 12 Rel. Per (%)	-3/-1/-9
12M Avg Val (INR M)	8399
Free float (%)	90.5

## Financials Snapshot (INR b)

Y/E March	FY22E	FY23E	FY24E
NII	335.1	397.8	477.2
OP	253.9	314.8	392.1
NP	127.4	174.1	225.5
NIM (%)	3.5	3.6	3.7
EPS (INR)	41.6	56.8	73.6
EPS Gr. (%)	85.7	36.7	29.5
BV/Sh. (INR)	369.8	422.0	489.8
ABV/Sh. (INR)	348.5	398.9	465.3

## Ratios

RoE (%)	11.9	14.4	16.1
RoA (%)	1.2	1.5	1.6

## Valuations

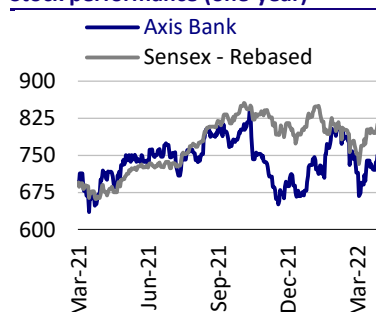
P/E(X)	15.0	11.0	8.5
P/BV (X)	1.7	1.5	1.3
P/ABV (X)	1.8	1.6	1.3

## Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	9.5	11.4	13.6
DII	29.6	24.7	23.0
FII	48.6	52.6	52.2
Others	12.4	11.4	11.2

FII Includes depository receipts

## Stock performance (one-year)


**CMP: INR750**
**TP: INR930 (+24%)**
**Buy**

## Announces the acquisition of Citibank's Consumer business

### Credit Card positioning to strengthen; Wealth AUM to get a major thrust

- AXSB announced the acquisition of Citibank India's Consumer Banking business for a cash consideration of ~INR123b. The deal includes the Credit Card, Wealth, and Retail Banking operations of both Citibank India and Citicorp Finance.
- It will acquire loans/deposits worth INR274b/INR509b, including the Credit Card book of INR89b. This will increase its Credit Card book by 57% to INR244b and propel it to among the top three players. Wealth Management AUM will rise ~42% to INR3.8t, making it the third largest player on combined AUM.
- AXSB will acquire ~3m unique customers, complemented by Citibank's Affluent Customer segment. Post-acquisition, it will have ~28.5m savings accounts, more than 0.23m Burgundy customers, and 10.6m cards.
- While synergies in terms of cost savings and RoA accretion will take more than two years to accrue, the deal, at 18.7x P/E on CY20 normalized earnings, makes limited economic sense from medium term perspective given the declining revenue profile /cards base of Citi's business, higher capital charge and high integration cost to be absorbed over the next 2 years. However, over the long term, the success of deal would depend on how well AXSB is able to cross sell its entire bouquet of banking products to Citi customers and also gain from Citi's well recognized digital and operation processes. CET I ratio is likely to moderate by ~230bp to ~13%, the lowest in the past three years, and may necessitate another capital raise over FY23.
- However, the small acquisition size (~4% of loans) will have a limited impact on overall profitability. We maintain our Buy rating, but reduce our TP to INR930/share (2x FY24E P/ABV).

### AXSB to acquire Citibank's Consumer business for INR123b

AXSB announced the acquisition of Citibank's Consumer business in India, including its Credit Cards, deposits, Wealth Management, loans, customer guarantees business, Insurance distribution, and Small Banking business. It also proposed to acquire the Commercial Vehicle and Construction Equipment asset backed financing facilities, Assigned Asset backed financing portfolio, Personal loan portfolio, and servicing of Assigned Mortgages loan portfolio of Citicorp Finance (India). The total consideration of ~INR123b, along with the estimated equity requirement of INR34.5b, implies a P/E multiple of 18.7x on CY20 normalized earnings. AXSB is likely to incur an integration cost of INR15b (over two years) and expects the deal to be completed by 4QFY23.

### Citibank has a strong presence in cards; AXSB's positioning to strengthen

Citibank is the seventh largest player in the Credit Cards business, with a card base of ~2.6m as of Feb'22. Over the past five years, outstanding cards grew at muted 0.4% CAGR (v/s 20% for the industry), while spends clocked 11% CAGR over FY15-20 (v/s 31% for the industry), before declining by 30% in FY21. Though spends have picked up in FY22 till date (up 21% YoY), it remains lower than the industry (55%). Post-acquisition, AXSB's Credit Card book will rise by ~57% to INR244b and propel it to among the top three players. Outstanding cards are likely to rise by ~31% to 10.6m. Its market share in outstanding cards/spends will grow 3.6%/4.6% to 15.6%/13.1%. Average spends per card will rise ~17%, indicating a higher value proposition and may strengthen its presence in the overall market.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Loans/deposits to rise by 4.1%/6.5%; Wealth AUM to get a significant boost**

The acquisition will increase AXSB's loans/deposit book by 4.1%/6.5% to INR6.9t/INR8.2t. CASA deposits will rise by ~12% and CASA ratio will grow 222bp to ~47%. Retail loans are likely to increase by 7.5%. As a result, the mix of Retail loans will rise by 177bp to 57% v/s 55.3% at present. Wealth AUM is likely to increase by ~42% to INR3.8t, making it the third largest player by combined AUM in the Wealth Management space. AXSB will acquire ~3m unique customers, complemented by Citibank's Affluent Customer segment, creating product and branch footprint synergies. Post-acquisition, AXSB will have ~28.5m savings accounts, more than 0.23m Burgundy customers, and 10.6m cards.

**Synergies to take time to accrue; CET-I to be impacted by ~230bp**

Over the recent months, growth in Retail loans has picked up for AXSB, particularly in Unsecured products. AXSB has added ~1.3m cards over the past six months, with the highest card additions in Feb'22. While the deal can be margin accretive for AXSB as the mix of Retail/Unsecured loans is likely to increase, overall synergies in terms of cost savings will take around two years to accrue as the management expects the deal to be RoA accretive in CY24. CET I ratio is likely to moderate by ~230bp to ~13%, the lowest in the past three years, and may necessitate another round of capital raise over FY23.

**Valuation and view**

The acquisition of Citibank's Consumer business will add ~2.6m Credit Cards to AXSB's outstanding cards. It will increase its market share by 3.6% to 15.6%. While synergies in terms of cost savings and RoA accretion will take more than two years to accrue, the deal, at 18.7x P/E on CY20 normalized earnings, makes limited economic sense from medium term perspective given the declining revenue profile /cards base of Citi's business, higher capital charge and high integration cost to be absorbed over the next 2 years. However, over the long term, the success of deal would depend on how well AXSB is able to cross sell its entire bouquet of banking products to Citi customers and also gain from Citi's well recognized digital and operation processes. CET I ratio is likely to moderate by ~230bp to ~13%, the lowest in the past three years, and may necessitate another round of capital raise over FY23. However, the small acquisition size (~4% of loans) will limit the impact on overall profitability (integration cost of INR15b to be incurred over two years). We maintain our Buy rating, but reduce our TP to INR930 per share (2x FY24E P/ABV for the standalone bank).

Deal corresponds to an implied P/E of 18.7x on CY20 normalized financials

Expect an integration cost of INR15b, to be incurred over two years

**Exhibit 1: AXSB acquires Citibank's Consumer business for INR123b**

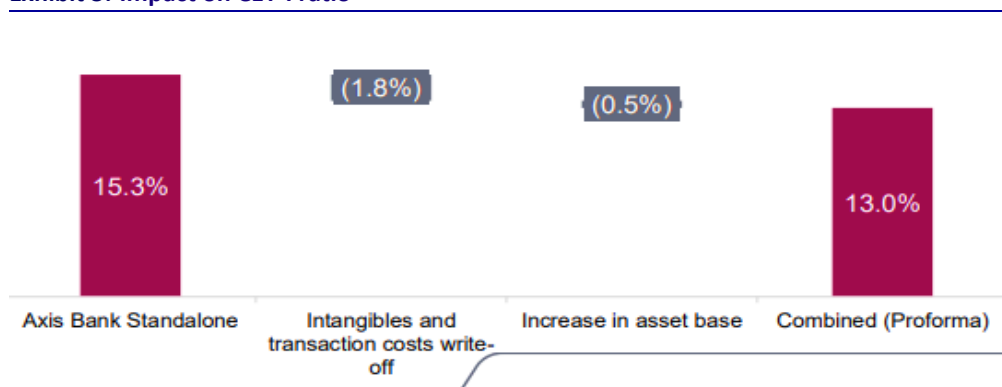
Deal contours	INR b
Purchase consideration	123.3
Estimated equity requirement (13% of RWA)	34.5
<b>Total consideration</b>	<b>157.8</b>
PAT	8.4
Implied P/E	18.7

Source: MOFSL, Company

**Exhibit 2: Standalone pro forma financials for Citibank's Consumer business**

INR b	CY20
Net interest income	20.9
Other income	19.6
<b>Total income</b>	<b>40.5</b>
Operating expenses	23.0
<b>Pre provision profit</b>	<b>17.5</b>
<b>PAT</b>	<b>8.4</b>
NII (%)	3.9
Cost-to-Assets ratio (%)	4.3
RoA (%)	1.6
RoE (%)	21.7

\*Post normalization of net credit losses such that CY20A NCL/ANR and change in LLR/ANR equals to average of CY18A and CY19A levels (COVID-related adjustment) Source: MOFSL, Company

**Exhibit 3: Impact on CET-I ratio**

Source: MOFSL, Company

Retail loans will increase by ~8% for AXSB

AXSB's Credit Card book will rise by ~57%, making it one of the top three players

Number of cards will rise by 31% for AXSB. Spends/card will increase by ~17%

Wealth AUM to rise ~42%, making it the third largest by combined AUM in the Wealth Management space

**Exhibit 4: Loan/deposits to increase ~7%/4%; CASA/Retail loan mix to improve**

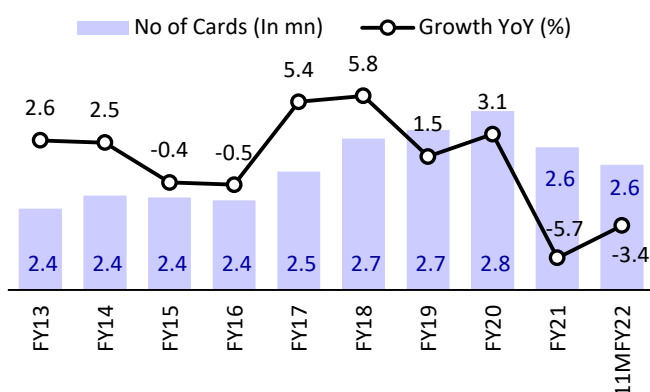
As of Dec'21 (INR b)	AXSB pre-merger	Citibank	AXSB post-merger	Increase
CASA deposits	3,449	407	3,855	11.8%
Term deposits	4,268	95	4,363	2.2%
<b>Total deposits</b>	<b>7,717</b>	<b>502</b>	<b>8,219</b>	<b>6.5%</b>
<b>CASA ratio</b>	<b>44.7%</b>	<b>81.0%</b>	<b>46.9%</b>	<b>222bp</b>

Loan book				
Retail loans	3,675	274	3,949	7.5%
- Credit Cards	155	89	244	57.5%
- Mortgages	1,744	100	1,844	5.7%
- Other Retail	1,776	85	1,861	4.8%
Corporate loans	2,974	NA	2,974	0.0%
<b>Total loans</b>	<b>6,649</b>	<b>274</b>	<b>6,923</b>	<b>4.1%</b>
<b>Retail loan mix</b>	<b>55.3%</b>	<b>NA</b>	<b>57.0%</b>	<b>177bp</b>
Wealth AUM	2,667	1,107	3,776	41.6%
No. of cards	8.1	2.5	10.6	30.9%
Spends per card (INR K)	102	169	119	16.7%
Employees	86,000	3,600	89,600	4.2%
Branches	4,700	21	4,721	0.4%
ATMs	11,060	499	11,559	4.5%

\*As of FY21 for Citibank

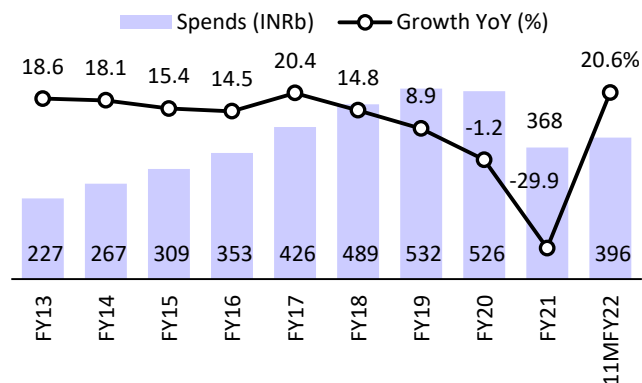
Source: MOFSL, Company

**Exhibit 5: Outstanding cards for Citibank grew at 2% CAGR over FY16-21, stands ~2.6m as of Feb'22**



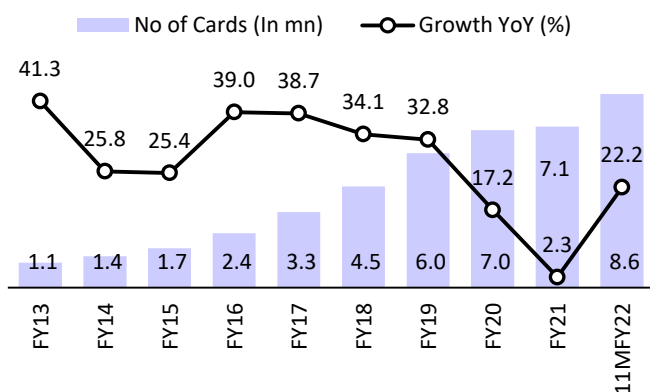
Source: MOFSL, RBI

**Exhibit 6: Spends for Citibank clock 11% CAGR over FY15-20, rise in 11MFY22 after being hit by the pandemic in FY21**



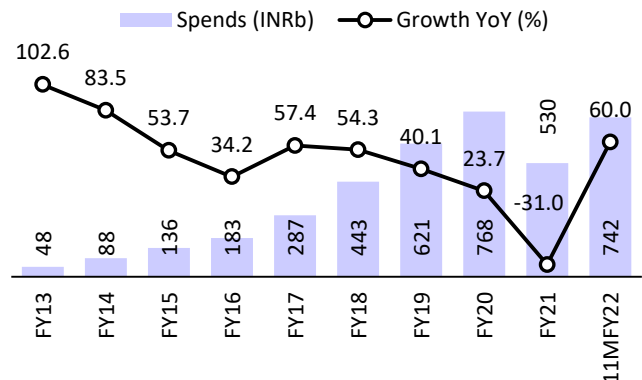
Source: MOFSL, RBI

**Exhibit 7: Outstanding cards for AXSB grew at 24% CAGR over FY16-21, stands ~8.6m as of Feb'22**



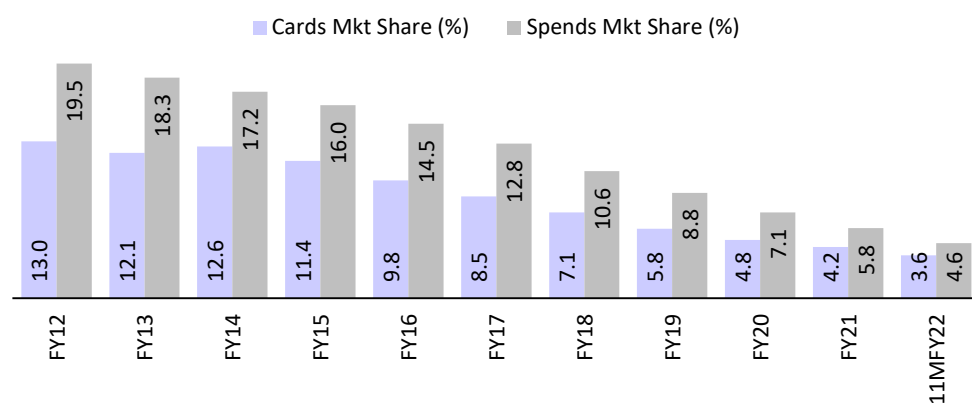
Source: MOFSL, RBI

**Exhibit 8: Spends for AXSB clock 41% CAGR over FY15-20, rise in 11MFY22 after being hit by the pandemic in FY21**

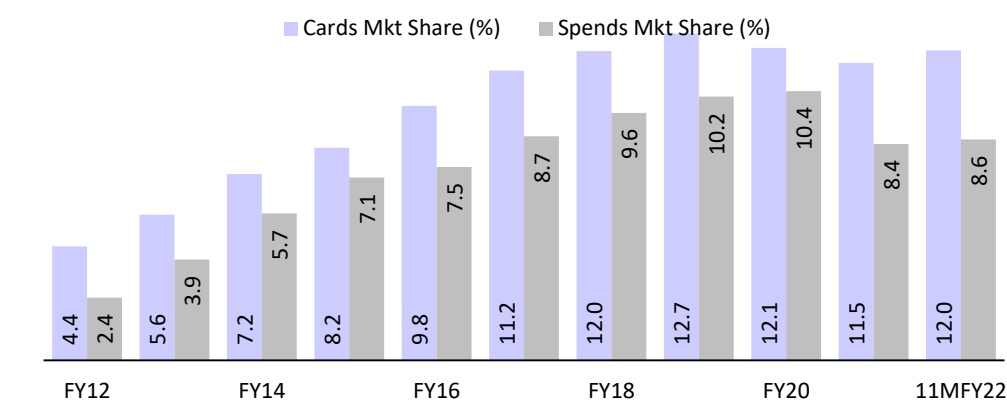


Source: MOFSL, RBI

**Exhibit 9: Citibank's market share in outstanding cards/total spends at 3.6%/4.6% in 11MFY22**



Source: MOFSL, RBI

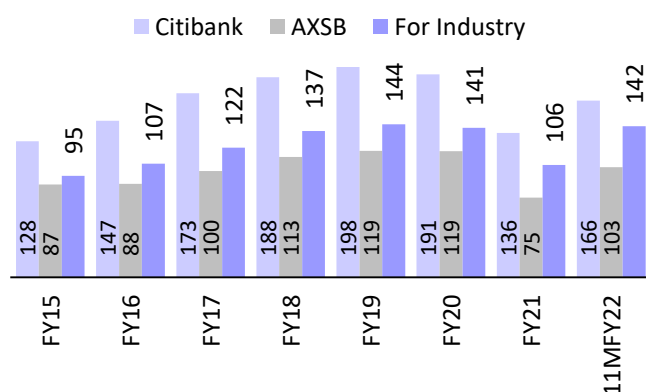
**Exhibit 10: AXSB's market share in outstanding cards/total spends at 12%/8.6% in 11MFY22**

Source: MOFSL, RBI

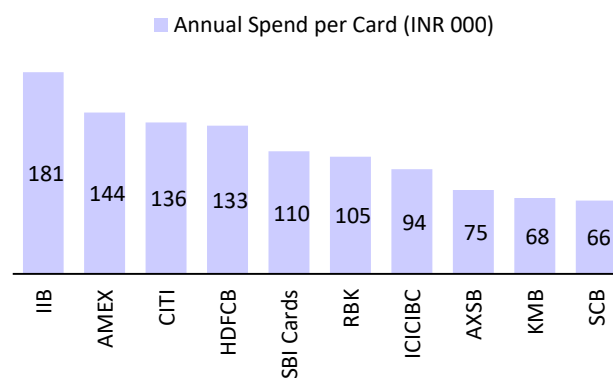
**Exhibit 11: AXSB's market share in outstanding cards/spends to increase by 3.6%/4.6%**

Market share (%)	Outstanding cards		Total spends	
	Current	Post-merger with AXSB	Current	Post-merger with AXSB
HDFCB	22.7	22.7	26.3	26.3
SBICARD	18.9	18.9	19.2	19.2
ICICIBC	17.8	17.8	20.1	20.1
<b>AXSB</b>	<b>12.0</b>	<b>15.6</b>	<b>8.6</b>	<b>13.1</b>
RBK	5.1	5.1	4.5	4.5
KMB	4.2	4.2	2.6	2.6
IIB	2.6	2.6	4.6	4.6
AMEX	1.9	1.9	3.0	3.0
SCB	1.9	1.9	1.3	1.3

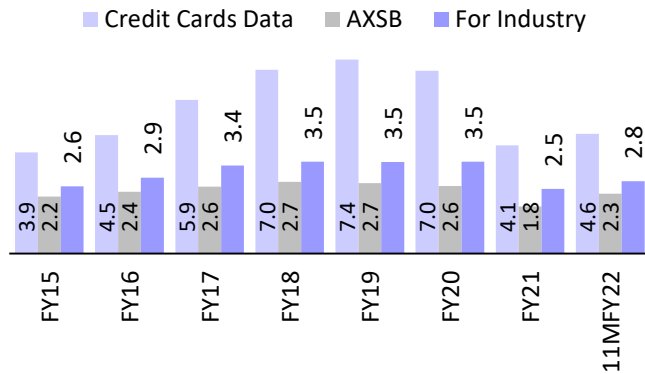
Source: MOFSL, RBI

**Exhibit 12: Spends per card for Citibank is 1.2-1.4x higher than the industry, the same is lower for AXSB (INR k)**

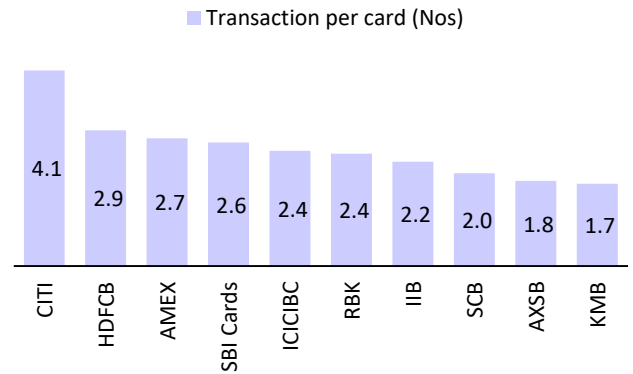
Source: MOFSL, RBI

**Exhibit 13: Spends per card across major players as of FY21; the same for Citibank remains the third highest**

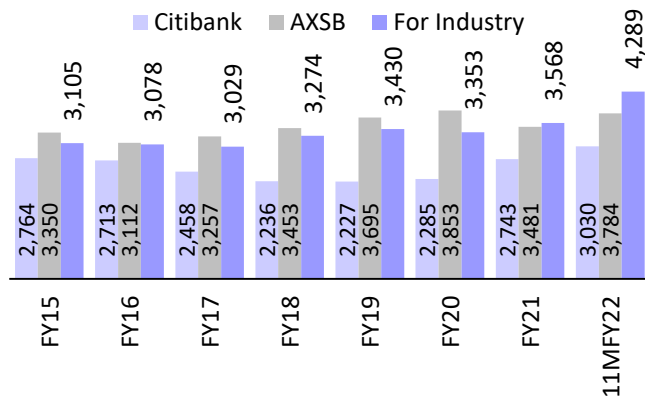
Source: MOFSL, RBI

**Exhibit 14: Number of transactions/card for Citibank at 1.7-2x the industry average, the same is much lower for AXSB**

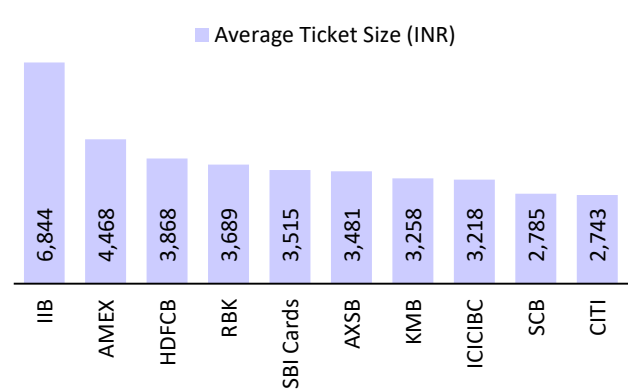
Source: MOFSL, RBI

**Exhibit 15: Number of transactions per card across major players in FY21; Citibank has the highest transactions/card**

Source: MOFSL, RBI

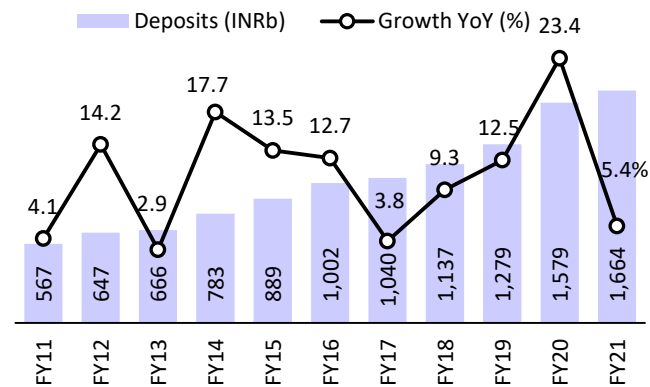
**Exhibit 16: Ticket size for Citibank stands at INR2.7-3k v/s an industry average of INR3.6-4.3k; the same is higher for AXSB**

Source: MOFSL, RBI

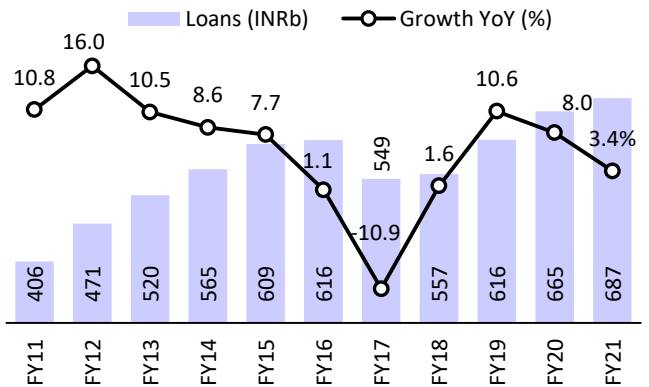
**Exhibit 17: Ticket size across major players as of FY21; the same for Citibank is among the lowest**

Source: MOFSL, RBI

## Financial snapshot for Citibank

**Exhibit 18: Deposits by Citibank clock 11% CAGR over the past five years to INR1.66t in FY21**

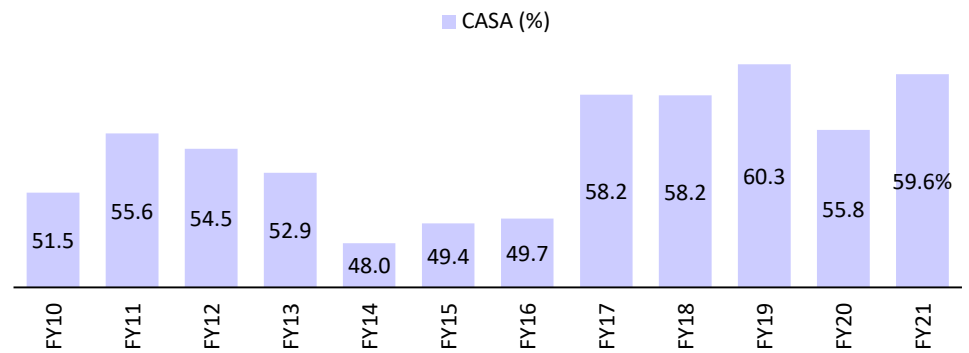
Source: MOFSL, Company

**Exhibit 19: Loans by Citibank clock 2% CAGR over the past five years to INR687b in FY21**

Source: MOFSL, Company

CASA deposits clocked 15% CAGR over the past five years

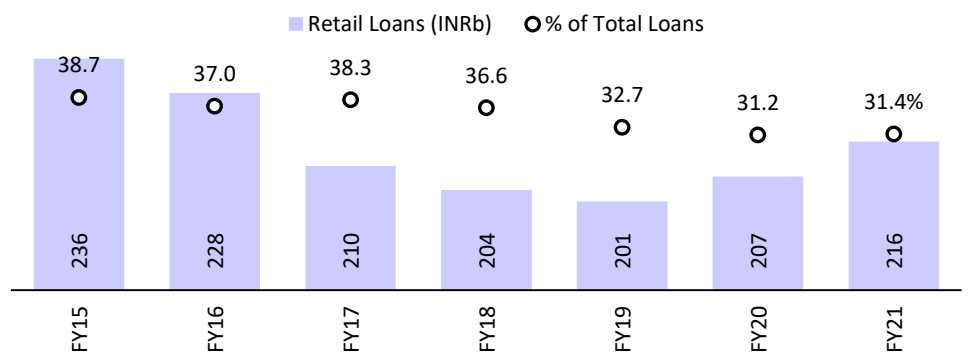
**Exhibit 20: Citibank's CASA ratio stood ~60% in FY21**



Source: MOFSL, Company

Citibank's Retail book stood at INR200-220b in the past five years

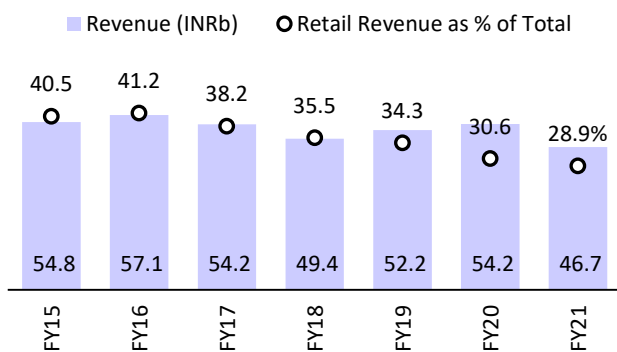
**Exhibit 21: Retail loans comprise 31% of Citibank's total loans v/s ~39% in FY15**



\*Retail loans include Credit Cards, Personal loans, ready credit, advances against financial assets, and loans extended against mortgage of property

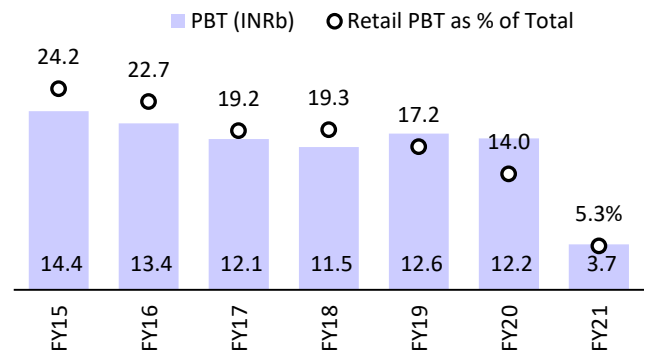
Source: MOFSL, Company

**Exhibit 22: Declining revenue from Retail banking, the same stood at 28.9% in FY21**



Source: MOFSL, Company

**Exhibit 23: Constantly declining PBT from Retail banking, the same stood at 5% in FY21**



\*PBT has been taken as the segment's result before taxes and unallocated expenses

Source: MOFSL, Company

**Exhibit 24: DuPont Analysis: Return ratios to pick up gradually**

<b>Y/E MARCH</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Interest Income	7.81	7.08	7.37	7.30	6.69	6.84	7.00	7.19
Interest Expense	4.63	4.20	4.46	4.36	3.62	3.65	3.68	3.73
<b>Net Interest Income</b>	<b>3.17</b>	<b>2.88</b>	<b>2.91</b>	<b>2.94</b>	<b>3.07</b>	<b>3.19</b>	<b>3.33</b>	<b>3.46</b>
Fee income	1.38	1.49	1.66	1.56	1.32	1.28	1.38	1.40
Trading and others	0.67	0.21	0.10	0.25	0.24	0.16	0.12	0.12
<b>Non-Interest income</b>	<b>2.05</b>	<b>1.70</b>	<b>1.76</b>	<b>1.81</b>	<b>1.56</b>	<b>1.44</b>	<b>1.49</b>	<b>1.52</b>
<b>Total Income</b>	<b>5.22</b>	<b>4.58</b>	<b>4.67</b>	<b>4.75</b>	<b>4.63</b>	<b>4.63</b>	<b>4.82</b>	<b>4.98</b>
<b>Operating Expenses</b>	<b>2.14</b>	<b>2.16</b>	<b>2.12</b>	<b>2.02</b>	<b>1.93</b>	<b>2.21</b>	<b>2.19</b>	<b>2.13</b>
Employee cost	0.68	0.67	0.64	0.62	0.65	0.74	0.73	0.72
Others	1.46	1.50	1.49	1.40	1.28	1.47	1.45	1.41
<b>Operating Profit</b>	<b>3.08</b>	<b>2.41</b>	<b>2.55</b>	<b>2.73</b>	<b>2.70</b>	<b>2.42</b>	<b>2.63</b>	<b>2.85</b>
<b>Core Operating Profit</b>	<b>2.41</b>	<b>2.21</b>	<b>2.45</b>	<b>2.48</b>	<b>2.46</b>	<b>2.25</b>	<b>2.52</b>	<b>2.73</b>
<b>Provisions</b>	<b>2.12</b>	<b>2.39</b>	<b>1.61</b>	<b>2.16</b>	<b>1.78</b>	<b>0.80</b>	<b>0.69</b>	<b>0.66</b>
NPA	1.96	2.57	1.37	1.49	1.28	0.72	0.64	0.61
Others	0.16	-0.17	0.24	0.67	0.49	0.07	0.05	0.04
<b>PBT</b>	<b>0.96</b>	<b>0.02</b>	<b>0.93</b>	<b>0.57</b>	<b>0.93</b>	<b>1.62</b>	<b>1.95</b>	<b>2.19</b>
Tax	0.31	-0.02	0.31	0.38	0.23	0.41	0.49	0.55
<b>RoA</b>	<b>0.64</b>	<b>0.04</b>	<b>0.63</b>	<b>0.19</b>	<b>0.69</b>	<b>1.21</b>	<b>1.46</b>	<b>1.64</b>
Leverage (x)	10.8	10.8	11.5	11.3	10.2	9.8	9.9	9.9
<b>RoE</b>	<b>6.9</b>	<b>0.5</b>	<b>7.2</b>	<b>2.1</b>	<b>7.1</b>	<b>11.9</b>	<b>14.4</b>	<b>16.1</b>



## Financials and valuations

Income Statement						(INR b)		
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Interest Income	445.4	457.8	549.9	626.4	636.5	718.9	837.5	990.8
Interest Expense	264.5	271.6	332.8	374.3	344.1	383.8	439.7	513.6
<b>Net Interest Income</b>	<b>180.9</b>	<b>186.2</b>	<b>217.1</b>	<b>252.1</b>	<b>292.4</b>	<b>335.1</b>	<b>397.8</b>	<b>477.2</b>
Growth (%)	7.5	2.9	16.6	16.1	16.0	14.6	18.7	20.0
Non-Interest Income	116.9	109.7	131.3	155.4	148.4	151.3	178.6	209.0
<b>Total Income</b>	<b>297.8</b>	<b>295.8</b>	<b>348.4</b>	<b>407.4</b>	<b>440.8</b>	<b>486.5</b>	<b>576.4</b>	<b>686.1</b>
Growth (%)	13.7	(0.7)	17.8	16.9	8.2	10.4	18.5	19.0
Operating Expenses	122.0	139.9	158.3	173.0	183.8	232.5	261.6	294.1
<b>Pre Provision Profit</b>	<b>175.8</b>	<b>155.9</b>	<b>190.1</b>	<b>234.4</b>	<b>257.0</b>	<b>253.9</b>	<b>314.8</b>	<b>392.1</b>
Growth (%)	9.2	(11.3)	21.9	23.3	9.7	(1.2)	24.0	24.5
<b>Core PPP</b>	<b>142.3</b>	<b>142.7</b>	<b>182.5</b>	<b>212.7</b>	<b>234.0</b>	<b>236.7</b>	<b>301.0</b>	<b>375.5</b>
Growth (%)	(4.7)	0.3	27.9	16.5	10.0	1.1	27.2	24.8
Provisions (excl. tax)	121.2	154.7	120.3	185.3	169.0	83.6	82.0	90.6
<b>PBT</b>	<b>54.7</b>	<b>1.2</b>	<b>69.7</b>	<b>49.0</b>	<b>88.1</b>	<b>170.3</b>	<b>232.8</b>	<b>301.5</b>
Tax	17.9	(1.5)	23.0	32.8	22.2	42.9	58.7	76.0
Tax Rate (%)	32.7	(126.8)	32.9	66.8	25.2	25.2	25.2	25.2
<b>PAT</b>	<b>36.8</b>	<b>2.8</b>	<b>46.8</b>	<b>16.3</b>	<b>65.9</b>	<b>127.4</b>	<b>174.1</b>	<b>225.5</b>
Growth (%)	(55.3)	(92.5)	NM	(65.2)	304.9	93.3	36.7	29.5

Balance Sheet								
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	4.8	5.1	5.1	5.6	6.1	6.1	6.1	6.1
Reserves and Surplus	538.8	629.3	661.6	843.8	1,009.9	1,126.7	1,286.7	1,494.6
<b>Net Worth</b>	<b>543.6</b>	<b>634.5</b>	<b>666.8</b>	<b>849.5</b>	<b>1,016.0</b>	<b>1,132.8</b>	<b>1,292.9</b>	<b>1,500.7</b>
<b>Deposits</b>	<b>4,143.8</b>	<b>4,536.2</b>	<b>5,484.7</b>	<b>6,401.0</b>	<b>6,979.9</b>	<b>7,957.0</b>	<b>9,150.6</b>	<b>10,660.4</b>
Growth (%)	15.8	9.5	20.9	16.7	9.0	14.0	15.0	16.5
<b>of which CASA Deposits</b>	<b>2,130.5</b>	<b>2,438.5</b>	<b>2,433.9</b>	<b>2,637.1</b>	<b>3,177.5</b>	<b>3,540.9</b>	<b>4,026.3</b>	<b>4,743.9</b>
Growth (%)	25.7	14.5	-0.2	8.3	20.5	11.4	13.7	17.8
Borrowings	1,050.3	1,480.2	1,527.8	1,479.5	1,428.7	1,570.8	1,769.6	1,998.3
Other Liabilities and Prov.	277.0	262.5	330.7	421.6	443.4	487.7	560.9	616.9
<b>Total Liabilities</b>	<b>6,014.7</b>	<b>6,913.3</b>	<b>8,010.0</b>	<b>9,151.6</b>	<b>9,868.0</b>	<b>11,148.3</b>	<b>12,773.9</b>	<b>14,776.4</b>
Current Assets	502.6	434.5	672.0	972.7	617.3	590.7	655.2	721.5
<b>Investments</b>	<b>1,287.9</b>	<b>1,538.8</b>	<b>1,749.7</b>	<b>1,567.3</b>	<b>2,261.2</b>	<b>2,577.8</b>	<b>2,964.4</b>	<b>3,438.7</b>
Growth (%)	-2.1	19.5	13.7	-10.4	44.3	14.0	15.0	16.0
<b>Loans</b>	<b>3,730.7</b>	<b>4,396.5</b>	<b>4,948.0</b>	<b>5,714.2</b>	<b>6,144.0</b>	<b>7,065.6</b>	<b>8,196.1</b>	<b>9,589.4</b>
Growth (%)	10.1	17.8	12.5	15.5	7.5	15.0	16.0	17.0
Fixed Assets	37.5	39.7	40.4	43.1	42.5	44.6	46.8	49.1
Other Assets	456.0	503.8	599.9	854.3	803.0	869.7	911.4	977.6
<b>Total Assets</b>	<b>6,014.7</b>	<b>6,913.3</b>	<b>8,010.0</b>	<b>9,151.6</b>	<b>9,868.0</b>	<b>11,148.3</b>	<b>12,773.9</b>	<b>14,776.4</b>

Asset quality	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
GNPA	212.8	342.5	297.9	302.3	253.1	217.8	222.3	237.9
NNPA	86.3	165.9	112.8	93.6	69.9	59.7	66.7	71.6
GNPA Ratio	5.5	7.5	5.8	5.1	4.0	3.0	2.7	2.4
NNPA Ratio	2.3	3.8	2.3	1.6	1.1	0.8	0.8	0.7
Slippage Ratio	6.4	8.2	3.0	3.7	2.9	2.8	2.2	2.0
Credit Cost	3.1	4.1	2.2	2.4	2.1	1.2	1.0	1.0
PCR (Excl. Tech. write off)	59.5	51.6	62.1	69.0	72.4	72.6	70.0	69.9

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Yield and Cost Ratios (%)</b>								
<b>Avg. Yield on Earning Assets</b>	<b>8.9</b>	<b>7.7</b>	<b>8.0</b>	<b>8.0</b>	<b>7.4</b>	<b>7.5</b>	<b>7.6</b>	<b>7.8</b>
Avg. Yield on loans	9.3	8.4	8.8	9.1	8.1	8.4	8.5	8.7
Avg. Yield on Investments	7.4	7.2	7.0	6.9	6.7	6.3	6.3	6.3
<b>Avg. Cost of Int. Bear. Liabilities</b>	<b>5.4</b>	<b>4.8</b>	<b>5.1</b>	<b>5.0</b>	<b>4.2</b>	<b>4.3</b>	<b>4.3</b>	<b>4.4</b>
Avg. Cost of Deposits	5.1	4.4	4.7	4.9	4.0	4.0	4.0	4.1
Avg. Cost of Borrowings	6.7	6.3	6.4	5.4	5.2	5.8	5.6	5.7
<b>Interest Spread</b>	<b>3.5</b>	<b>2.9</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>	<b>3.2</b>	<b>3.3</b>	<b>3.4</b>
<b>Net Interest Margin</b>	<b>3.6</b>	<b>3.1</b>	<b>3.2</b>	<b>3.2</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>

### Capitalization Ratios (%)

CAR	15.0	16.6	15.9	17.6	19.2	18.5	17.8	17.2
Tier I	11.9	13.0	12.7	14.6	16.6	16.2	15.8	15.6
Tier II	3.1	3.5	3.2	3.0	2.6	2.3	2.0	1.7

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	90.0	96.9	90.2	89.3	88.0	88.8	89.6	90.0
CASA Ratio	51.4	53.8	44.4	41.2	45.5	44.5	44.0	44.5
Cost/Avg. Assets	2.1	2.2	2.1	2.0	1.9	2.2	2.2	2.1
Cost/Total Income	41.0	47.3	45.4	42.5	41.7	47.8	45.4	42.9
Cost/Core Income	45.8	49.5	46.5	44.9	44.0	49.6	46.5	43.9
Int. Expense/Int. Income	59.4	59.3	60.5	59.8	54.1	53.4	52.5	51.8
Fee Income/Total Income	25.0	27.8	31.2	28.9	24.9	21.8	23.0	22.6
Non-Int. Inc./Total Income	39.3	37.1	37.7	38.1	33.7	31.1	31.0	30.5
Investment/Deposit Ratio	31.1	33.9	31.9	24.5	32.4	32.4	32.4	32.3

### Profitability Ratios and Valuation

RoE	6.8	0.5	7.2	2.1	7.1	11.9	14.4	16.1
RoA	0.7	0.0	0.6	0.2	0.7	1.2	1.5	1.6
RoRWA	0.8	0.1	0.8	0.3	1.0	1.7	2.0	2.2
Book Value (INR)	232.8	247.2	259.3	301.1	331.6	369.8	422.0	489.8
Growth (%)	4.4	6.2	4.9	16.1	10.2	11.5	14.1	16.1
<b>Price-to-BV (x)</b>	<b>2.7</b>	<b>2.5</b>	<b>2.4</b>	<b>2.1</b>	<b>1.9</b>	<b>1.7</b>	<b>1.5</b>	<b>1.3</b>
Adjusted BV (INR)	200.6	193.8	219.7	269.7	308.1	348.5	398.9	465.3
<b>Price-to-ABV (x)</b>	<b>3.1</b>	<b>3.2</b>	<b>2.8</b>	<b>2.3</b>	<b>2.0</b>	<b>1.8</b>	<b>1.6</b>	<b>1.3</b>
EPS (INR)	15.4	1.1	18.2	6.0	22.4	41.6	56.8	73.6
Growth (%)	-55.5	-92.8	NM	-66.9	271.0	85.7	36.7	29.5
<b>Price-to-Earnings (x)</b>	<b>40.6</b>	<b>NM</b>	<b>34.3</b>	<b>103.5</b>	<b>27.9</b>	<b>15.0</b>	<b>11.0</b>	<b>8.5</b>

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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