

March 31, 2022

INITIATING COVERAGE | Sector: Banks

Indian Bank

Growth and margin traction, with asset quality at an inflection point

We examined, carefully, the PSU banking space, taking a comprehensive look at as many as 8 key banks in this specific space. Upon our analysis, we found the thesis around Indian Bank (INBK) interesting and we initiate coverage with a BUY rating. We like INBK on account of the following reasons: (1) INBK has a superior growth profile compared with key PSU bank peers (2) INBK has several loan segments of healthy yield, whose share in loan book can inch up going forward, providing fillip to NIM (3) Headline asset quality metrics, admittedly, do not make for a good reading but we think asset quality is at an inflection point. We assign a BUY rating on INBK with a price target of Rs 188.

INBK has a superior growth profile compared with key PSU bank peers

INBK has displayed a relatively higher growth trajectory in recent years, growing at a 3-year growth CAGR of 6.8% over FY18-21. This growth CAGR has to be viewed in the context of the pandemic constraining generic loan growth. Importantly, it is the second highest CAGR in our 8-bank comparison universe, behind only SBI. Admittedly, growth has slowed to 3% YoY, as of December 2021 but we expect this to change soon. Growth outlook for INBK is reasonably good owing to (1) Improved corporate loan growth outlook (see [note](#)) and (2) Continued traction for non-wholesale / RAM (Retail Agri MSME) loans, which have grown 11% YoY, as of December 2021. Corporate loan growth outlook is boosted by a sanctioned pipeline worth ~Rs 600bn and management expectation of improvement in working capital utilisation, which is at ~70%. Agri loans are as much as 21% of overall loan book as of FY21, which is the second highest share in our comparison universe. Importantly, of the Rs 852bn Agri loans as of December 2021, Rs 681bn are crop loans, of which Rs 442bn are Jewel loans, which, regardless of near-term hiccups, have a positive long-term outlook, especially in South India, where INBK has 32% of its branches. Capital is not a constraint for the bank, with CET1 ratio sitting at 11.4% as of December 2021, the second highest in our comparison universe.

INBK has several loan segments of healthy yield, whose share in loan book can inch up going forward, providing fillip to NIM

Housing loans, which occupy 13% of INBK's overall loan book as of December 2021, are dominated by mortgages, which have a healthier yield profile compared with home loans. This book has grown 11% YoY and the bank expects further improvement. Agri loans, which occupy 22% of loan book, with the majority being gold-backed, also have reasonable yield. These loans have grown at 14% YoY and have a healthy outlook. Regarding other segments with attractive yield, auto loans and personal loans are currently 1.0% and 1.3% of loan book, respectively, but have started to grow fast sequentially, at 9.2% and 6.3%, respectively. Non-PSL gold loan book is 1.1% of total loan book and while, this book has de-grown 5.3% QoQ, its long-term outlook is attractive. INBK also has a SHG-based microfinance book, which is 2.2% of loan book and has grown 16% YoY. Whole bank NIM at 2.81% for FY21 is fourth best in our 8-bank comparison universe, with potential to improve going forward. Importantly, evolution of loan book mix is already playing out for INBK, with share of non-corporate loans having risen ~800 bps over June 2020-Dec 2021, the joint highest rise in our comparison universe.

Headline asset quality metrics, admittedly, do not make for a good reading but we think asset quality is at an inflection point

GNPA ratio for INBK at 9.1% as of December 2021 is the 4th highest in our 8-bank comparison universe and a reflection of poor asset quality outcomes in the past for INBK. However, GNPA is well-provisioned with a PCR of 85.5% as of December 2021. Restructured book for INBK is elevated at 5.1%, the second highest in our comparison universe. However, INBK has been liberal in accommodating restructuring requests and management does not believe slippages from this book would be particularly material. Importantly, we see a sharp and significant turnaround in asset quality outcomes for INBK in the near term. Slippage ratio has been elevated in 9MFY22 but downward-sloping, with annualised slippage ratio of 4.6%, 4.5% and 3.1% in 1QFY22, 2QFY22 and 3QFY22, respectively. Of the Rs 87.1bn slippages in 9MFY22, Rs 34.2bn emerged from the corporate book. However, management has stated that there is no lumpy corporate stress accretion on the horizon and corporate SMA1+2 stands at just 44 bps now.

We assign a BUY rating on INBK with a price target of Rs 188

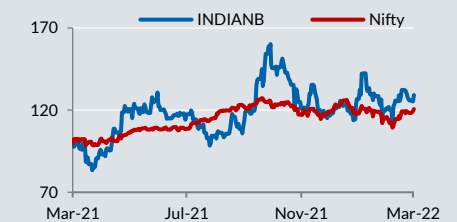
We value the bank at 0.5x FY23 P/BV for FY22/23/24E RoE profile of 8.7/11.7/12.6%.

Recommendation	: BUY
CMP	: Rs 154
Target Price	: Rs 188
Potential Return	: 22%

Stock data (as on Mar 31, 2022)

Nifty	17,465
52 Week h/l (Rs)	195 / 96
Market cap (Rs/USD mn)	191673 / 2529
Outstanding Shares (mn)	1,245
6m Avg t/o (Rs mn):	702
Div yield (%)	1.3
Bloomberg code:	INBK IN
NSE code:	INDIANB

Stock performance



	1M	3M	1Y
Absolute return	7.5%	10.2%	34.5%

Shareholding pattern (As of Dec'21 end)

Promoter	79.9%
FII+DII	12.5%
Others	7.7%

Financial Summary

(Rs mn)	FY22E	FY23E	FY24E
NII	171,823	192,682	217,825
PPOP	126,135	148,322	161,285
Net Profit	35,129	52,083	63,407
Growth (%)	16.9	48.3	21.7
EPS (Rs)	31.1	46.1	56.1
BVPS (Rs)	371	417	473
P/E (x)	4.9	3.3	2.7
P/BV (x)	0.4	0.4	0.3
ROE (%)	8.7	11.7	12.6
ROA (%)	0.5	0.7	0.8
Tier-1 (%)	11.7	10.9	10.0

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N.B. Comparative charts compare the FY20, FY21, 1QFY22, 2QFY22 and 3QFY22 metrics for our comparison universe of 8 PSU banks

Exhibit 1: Valuation Table – Coverage Banks (Listed in the order of investment preference)

COMPANY	Rating	CMP	TP	Upside	EPS (Rs)			P/E (x)		
					FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
State Bank of India	BUY	493	700	42	35.4	45.5	57.2	7.8	6.0	4.8
ICICI Bank	BUY	731	1030	41	31.0	38.5	47.9	17.3	13.9	11.2
Axis Bank	BUY	762	1060	39	44.5	58.5	72.4	14.8	11.2	9.1
Federal Bank	BUY	98	135	38	10.1	14.2	17.6	8.9	6.3	5.1
CSB Bank	BUY	212	290	37	17.3	22.3	27.8	12.2	9.5	7.6
Bank of Baroda	BUY	112	150	34	13.9	18.2	24.2	7.4	5.6	4.2
Indusind Bank	BUY	936	1200	28	57.4	85.7	101.8	16.3	10.9	9.2
RBL Bank	BUY	130	165	27	3.0	21.7	28.9	43.2	6.0	4.5
Indian Bank	BUY	154	188	22	31.1	46.1	56.1	4.9	3.3	2.7
Kotak M. Bank	ADD	1753	2000	14	56.3	67.5	82.1	31.2	26.0	21.3
HDFC Bank	ADD	1470	1650	12	62.1	75.2	88.5	22.4	18.5	15.7
City Union Bank	ADD	130	145	12	9.1	12.1	15.1	14.3	10.7	8.6
DCB Bank	ADD	69	75	8	8.2	13.5	17.0	8.4	5.1	4.1

COMPANY	BVPS (Rs)			P/ BV (x)			ROE (%)			ROA (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
State Bank of India	322	363	416	0.9	0.8	0.7	11.9	13.3	14.7	0.7	0.9	1.1
ICICI Bank	238	274	320	2.3	2.0	1.7	13.8	15.0	16.1	1.6	1.7	1.8
Axis Bank	371	385	452	1.8	1.7	1.5	12.7	15.5	17.3	1.3	1.4	1.5
Federal Bank	89	102	119	1.0	0.9	0.8	12.2	14.9	16.0	1.0	1.2	1.3
CSB Bank	143	165	193	1.5	1.3	1.1	12.9	14.5	15.5	1.2	1.4	1.5
Bank of Baroda	163	181	205	0.6	0.6	0.5	8.9	10.6	12.5	0.6	0.7	0.9
Indusind Bank	579	655	747	1.6	1.4	1.3	10.1	13.9	14.5	1.2	1.7	1.7
RBL Bank	213	232	257	0.6	0.6	0.5	1.4	9.8	11.8	0.2	1.2	1.4
Indian Bank	371	417	473	0.4	0.4	0.3	8.7	11.7	12.6	0.5	0.7	0.8
Kotak M. Bank	479	545	625	3.7	3.2	2.8	12.4	13.2	14.0	2.2	2.3	2.4
HDFC Bank	417	475	543	3.3	2.9	2.6	15.8	16.9	17.4	1.9	2.0	2.0
City Union Bank	88	100	115	1.5	1.3	1.1	10.8	12.8	14.0	1.1	1.3	1.4
DCB Bank	127	139	154	0.5	0.5	0.4	6.6	10.2	11.6	0.6	0.9	1.0

Source: Companies, YES Sec – Research; Valuations are the implied valuations of standalone entity net of subsidiaries, except for KMB, which is valued on consolidated figures

Exhibit 2: Valuation Table – PSU banks (The 3 coverage banks are in order of investment preference)

COMPANY	Rating	CMP	TP	Upside	EPS (Rs)			P/E (x)		
					FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
State Bank of India	BUY	493	700	42	35.4	45.5	57.2	7.8	6.0	4.8
Bank of Baroda	BUY	112	150	34	13.9	18.2	24.2	7.4	5.6	4.2
Indian Bank	BUY	154	188	22	31.1	46.1	56.1	4.9	3.3	2.7
Indian Bank^	BUY	154	188	22	31.1	46.1	56.1	4.9	3.3	2.7
Bank of India	NA	46	NA	NA	10.7	9.7	11.3	4.3	4.7	4.0
Bank of Maha.	NA	17	NA	NA	NA	NA	NA	NA	NA	NA
Canara Bank	NA	228	NA	NA	34.1	45.3	59.1	6.7	5.0	3.9
Punjab Nat. Bank	NA	35	NA	NA	4.2	6.1	7.6	8.3	5.7	4.6
Union Bank	NA	39	NA	NA	7.6	10.0	11.5	5.1	3.8	3.4

COMPANY	BVPS (Rs)			P/ BV (x)			ROE (%)			ROA (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
State Bank of India	322	363	416	0.9	0.8	0.7	11.9	13.3	14.7	0.7	0.9	1.1
Bank of Baroda	163	181	205	0.6	0.6	0.5	8.9	10.6	12.5	0.6	0.7	0.9
Indian Bank	371	417	473	0.4	0.4	0.3	8.7	11.7	12.6	0.5	0.7	0.8
Indian Bank^	295	341	397	0.5	0.5	0.4	11.1	14.5	15.2	0.5	0.7	0.8
Bank of India	124	133	148	0.4	0.3	0.3	7.7	7.3	8.0	0.5	0.6	0.6
Bank of Maha.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Canara Bank	321	360	429	0.7	0.6	0.5	9.8	12.2	13.5	0.5	0.7	0.8
Punjab Nat. Bank	86	89	96	0.4	0.4	0.4	5.0	6.8	7.9	0.4	0.5	0.6
Union Bank	98	104	113	0.4	0.4	0.3	7.7	9.5	10.5	0.5	0.6	0.7

Source: Companies, YES Sec – Research; N.B. SBI and BoB valuation is the implied valuations of standalone entity net of subsidiaries; *Non-coverage banks are in alphabetical order. ^ For the second Indian Bank entry, BVPS and RoE are adjusted as provided below. Source for Non-coverage companies is Bloomberg.

Exhibit 3: Adjusted BVPS and RoE Calculation for INBK – FY21 to FY24E

Rs mn	FY20	FY21	FY22E	FY23E	FY24E
Net Worth (A)	347,510	384,119	419,249	471,332	534,739
Revaluation Reserve (B)	NA	57,550	57,550	57,550	57,550
Net DTA (C)	NA	28,445	28,445	28,445	28,445
Adjusted Net Worth D=A-B-C	NA	298,125	333,254	385,337	448,744
Adjusted BVPS, Rs	NA	264	295	341	397
Adj. Return on Avg. Equity, %	NA	NA	11.1	14.5	15.2

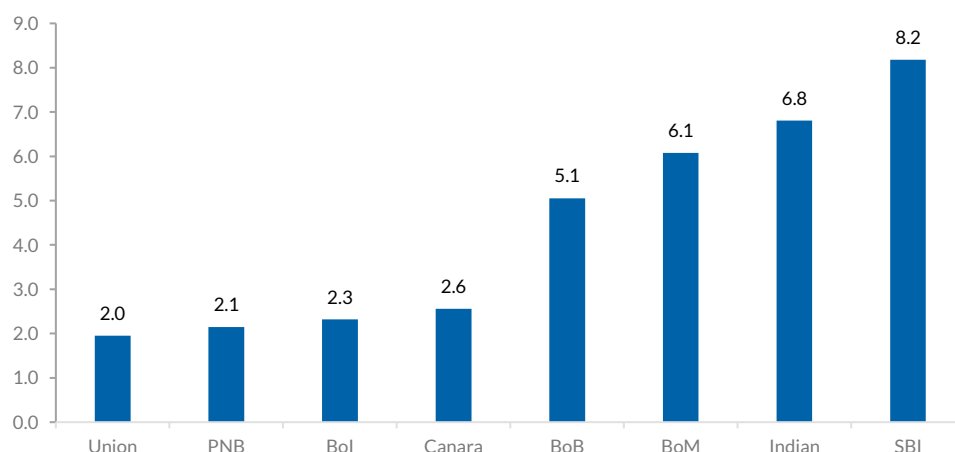
Source: Companies, YES Sec – Research

INBK has a superior growth profile compared with key PSU bank peers

INBK's 3-year growth CAGR is the second highest in our 8-bank comparison universe, behind only SBI

INBK has displayed a relatively higher growth trajectory in recent years, growing at a 3-year growth CAGR of 6.8% over FY18-21. This growth CAGR has to be viewed in the context of the pandemic constraining generic loan growth. Importantly, it is the second highest CAGR in our 8-bank comparison universe, behind only SBI.

Exhibit 4: Loan Growth - FY18-21 CAGR - %



Source: Companies, YES Sec - Research

Growth outlook for INBK is reasonably good due to improved corporate loan growth outlook and continued traction for non-wholesale loans

Admittedly, growth has slowed to 3% YoY, as of December 2021 but we expect this to change soon. Growth outlook for INBK is reasonably good owing to (1) Improved corporate loan growth outlook and (2) Continued traction for non-wholesale / RAM (Retail Agri MSME) loans, which have grown 11% YoY as of December 2021.

Corporate loan growth outlook is positive both on a sector level as well as, specifically, for INBK

We had authored a note ([link](#)) in January 2022, in which we had discussed and predicted the turnaround in corporate lending due to an improvement in the underlying environment for the business.

For INBK, specifically, corporate loan growth outlook is boosted by a sanctioned pipeline worth ~Rs 600bn and management expectation of improvement in working capital utilisation, which is at ~70%.

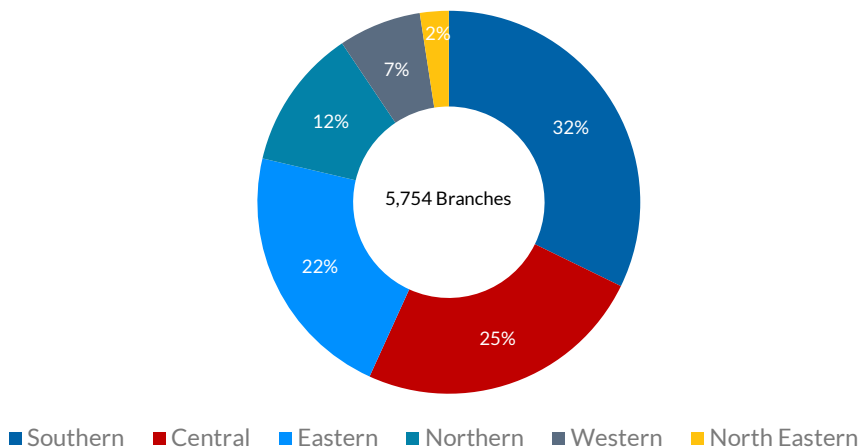
Non-wholesale loan growth is driven by agri loans since these are primarily gold-backed crop loans

Agri loans are as much as 21% of overall loan book as of FY21, which is the second highest share in our comparison universe. Importantly, of the Rs 852bn Agri loans as of December 2021, Rs 681bn are crop loans, of which Rs 442bn are Jewel loans, which, regardless of near-term hiccups, have a positive long-term outlook, especially in South India, where INBK has 32% of its branches.

Agri loans have grown 14% YoY, faster than other key segments, for INBK. Within this, the Jewel-backed crop loans have grown even faster at 24% YoY, reflecting the improved generic opportunity for gold loans.

INBK's south-focused branch network is ideal for continuing to tap into the gold loan opportunity

Exhibit 5: Geographical distribution of Branch Network-Indian Bank - 3QFY22 - %

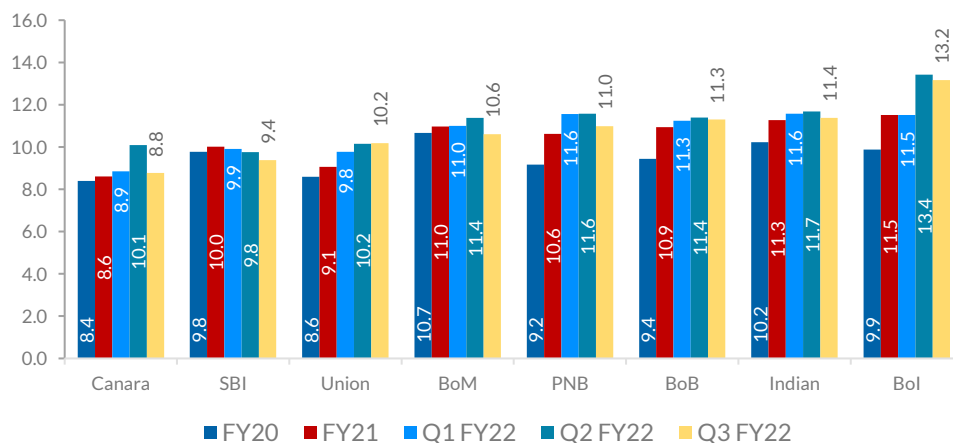


Source: Companies, YES Sec - Research

INBK is well-capitalised to capture growth opportunities as they arise going forward

Capital is not a constraint for the bank, with CET1 ratio sitting at 11.4% as of December 2021, the second highest in our comparison universe.

Exhibit 6: CET 1 Capital Ratio - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



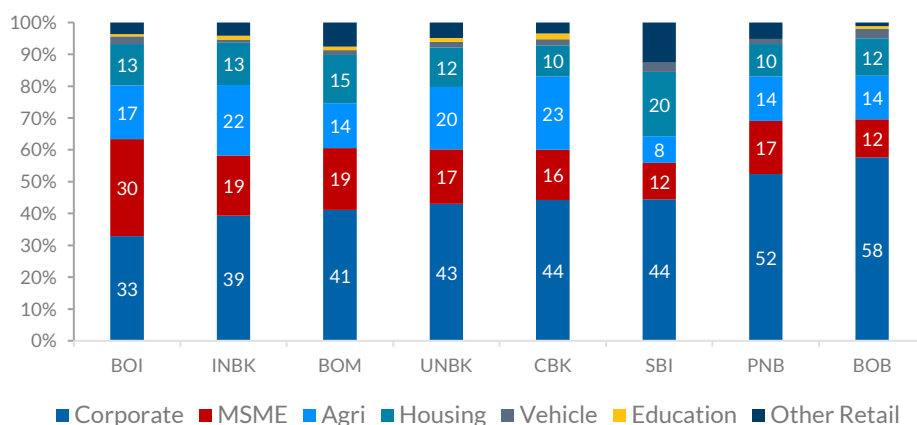
Source: Companies, YES Sec - Research, Sorted on 3QFY22

INBK has several loan segments of healthy yield, whose share in loan book can inch up going forward, providing fillip to NIM

Mortgages, gold-backed crop loans, auto loans, personal loans, non-PSL gold loans and SHG-microfinance are segments with healthier growth and yield

Housing loans, which occupy 13% of INBK's overall loan book as of December 2021, are dominated by mortgages, which have a healthier yield profile compared with home loans. This book has grown 11% YoY and the bank expects further improvement. Agri loans, which occupy 22% of loan book, with the majority being gold-backed, also have reasonable yield. These loans have grown at 14% YoY and have a healthy outlook. Regarding other segments with attractive yield, auto loans and personal loans are currently 1.0% and 1.3% of loan book, respectively, but have started to grow fast sequentially, at 9.2% and 6.3%, respectively. Non-PSL gold loan book is 1.1% of total loan book and while, this book has de-grown 5.3% QoQ, its long-term outlook is attractive. INBK also has a SHG-based microfinance book, which is 2.2% of loan book and has grown 16% YoY.

Exhibit 7: Loan book breakup - December 2021 - %

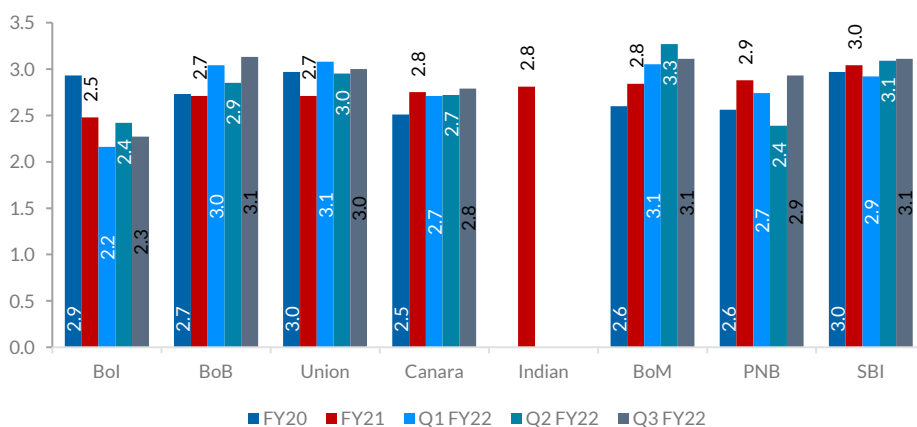


Source: Companies, YES Sec - Research, Sorted on share of Corporate loans

Whole bank NIM at 2.81% for INBK for FY21 is fourth best in our 8-bank comparison universe

Whole bank NIM at 2.81% for FY21 is fourth best in our 8-bank comparison universe, with potential to improve going forward.

Exhibit 8: Whole Bank NIM - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %

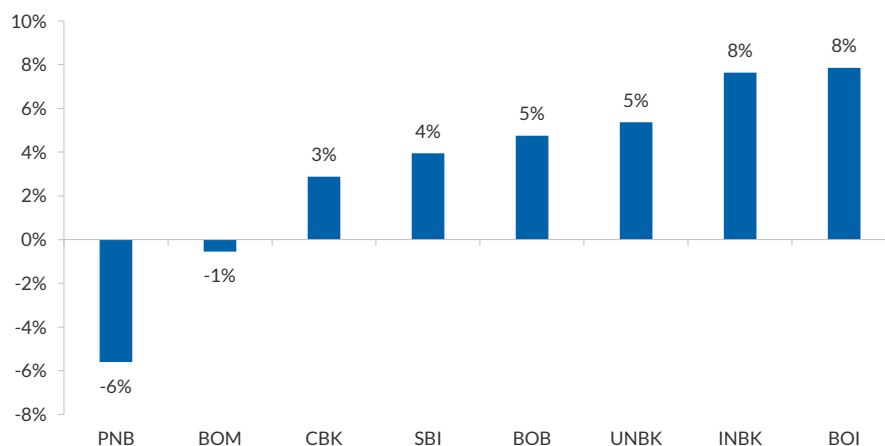


Source: Companies, YES Sec - Research, Sorted on FY21

Share of relatively higher-yielding non-corporate loans has risen more for INBK than for other banks in our comparison universe, bar one

Evolution of loan book mix is already playing out for INBK, with share of non-corporate loans having risen ~800 bps over the 18-month period over Jun 2020-Dec 2021, the second highest rise in our comparison universe.

Exhibit 9: Rise in share of non-corporate loans – Jun 2020 – Dec 2021 - %



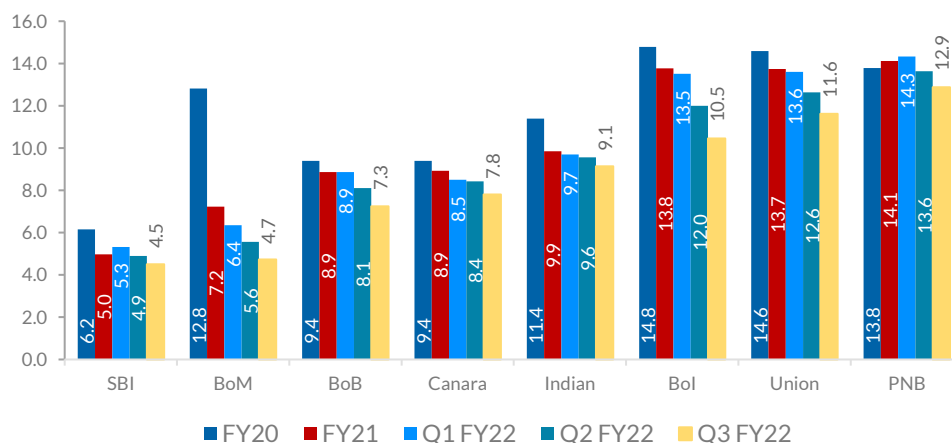
Source: Companies, YES Sec – Research

Indian Bank

Headline asset quality metrics, admittedly, do not make for a good reading but we think asset quality is at an inflection point

High GNPA ratio for INBK is a reflection of poor asset quality outcomes in the past

Exhibit 10: Gross NPA Ratio – FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %

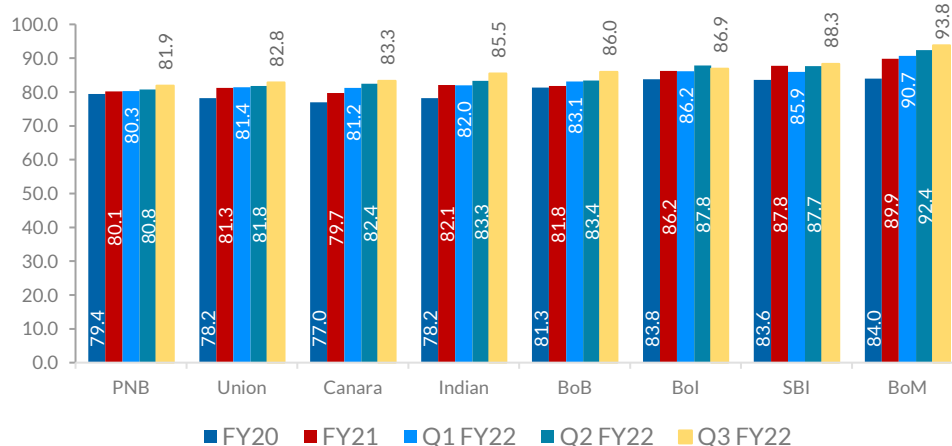


Source: Companies, YES Sec – Research, Sorted on 3QFY22

GNPA ratio for INBK at 9.1% as of December 2021 is the 4th highest in our 8-bank comparison universe and a reflection of poor asset quality outcomes in the past for INBK.

Gross NPA book is well-provisioned for INBK and incremental provisions on this book are not expected to be material

Exhibit 11: Provision Coverage Ratio – FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



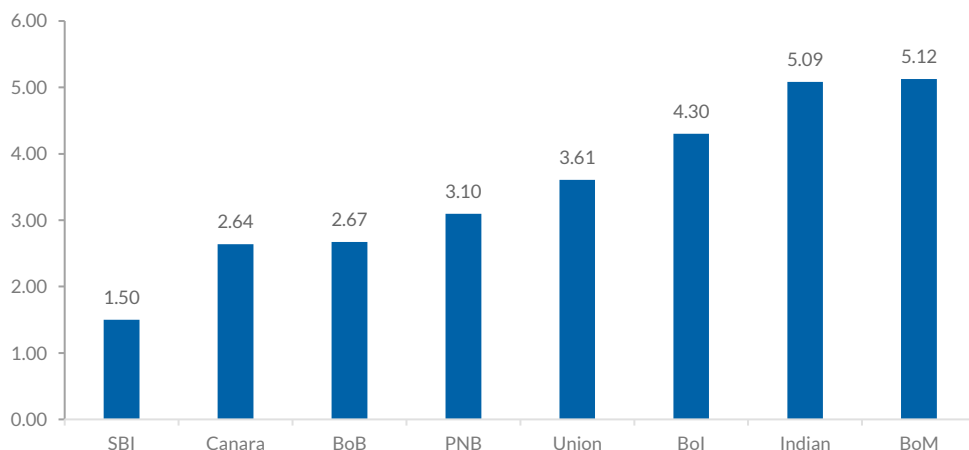
Source: Companies, YES Sec – Research, Sorted on 3QFY22

GNPA is well-provisioned for INBK. The PCR for INBK is the 5th highest in our comparison universe but, in the absolute sense, is quite healthy at 85.5% as of December 2021. Management has stated that it does not expect any material ageing provisions going forward.

Restructured book is elevated but should not prove to be debilitating for INBK

INBK has been liberal in accommodating restructuring requests and long-run slippages from this book may not be particularly material

Exhibit 12: Restructured Advances as % of Gross Advances - 3QFY22 - %

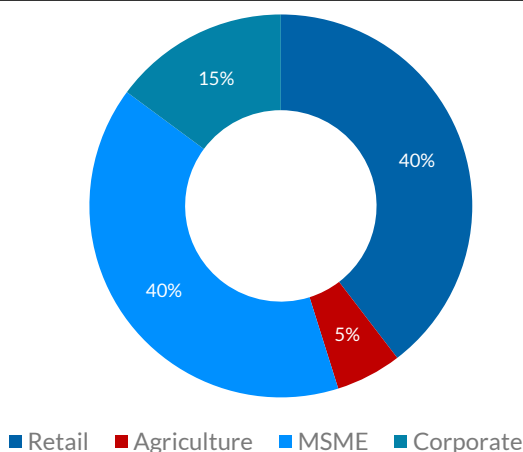


Source: Companies, YES Sec – Research

Restructured book for INBK is elevated at 5.1%, the second highest in our comparison universe. However, it needs to be mentioned that INBK has been liberal in accommodating restructuring requests and management does not believe slippages from this book would be particularly material.

According to management, the retail, agri and corporate portions of the restructuring book are behaving well

Exhibit 13: Segmental Share in Standard Restructured Advances - Q3FY22 - %



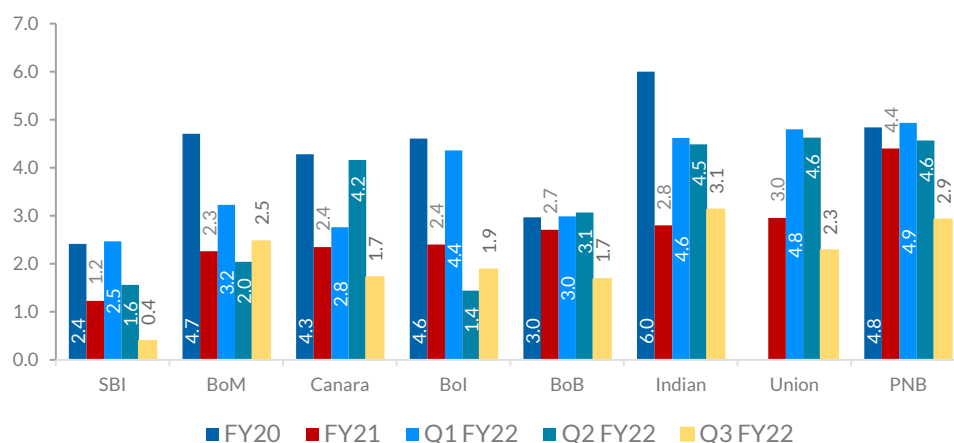
Source: Companies, YES Sec – Research

Most of the slippages from the restructured book are from the MSME portion. About 3% of the MSME restructured book has slipped.

We see a sharp and significant turnaround in asset quality outcomes for INBK in the near term

Overall slippages have been elevated for INBK but have started to decline in 3QFY22

Exhibit 14: Slippages Ratio - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %

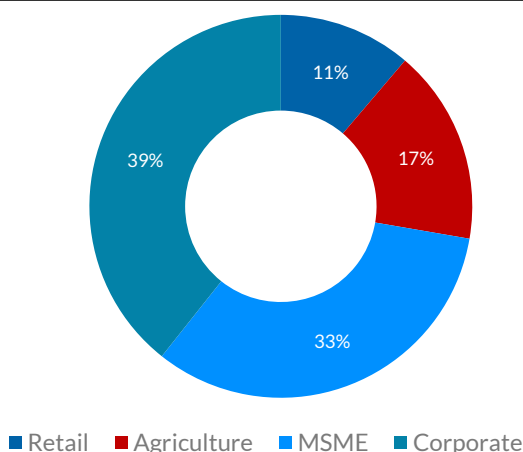


Source: Companies, YES Sec – Research, Sorted on FY21

Slippage ratio has been elevated in 9MFY22, with annualised slippage ratio of 4.6%, 4.5% and 3.1% in 1QFY22, 2QFY22 and 3QFY22, respectively.

INBK's corporate NPL cycle has extended well into FY22 but we think they are at an inflection point in this regard

Exhibit 15: Segmental Share in Fresh Slippages - 9MFY22 - %



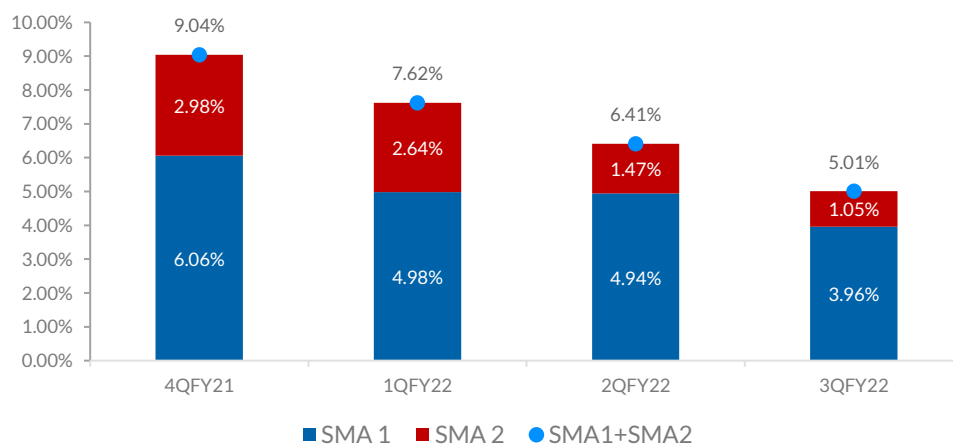
Source: Companies, YES Sec – Research

Of the Rs 87.1bn slippages in 9MFY22, Rs 34.2bn or nearly 40% of the slippages have emerged from the corporate book. This shows that INBK has been late cycle as far as corporate slippages are concerned.

However, management has stated that there is no lumpy corporate stress on the horizon and corporate SMA1+2 stands at just 44 bps now.

Overall SMA position for INBK has improved materially over the 3 quarters of 9MFY22

Exhibit 16: SMA % to total Standard Advances – 4QFY21 to 3QFY22 - %



Source: Companies, YES Sec – Research

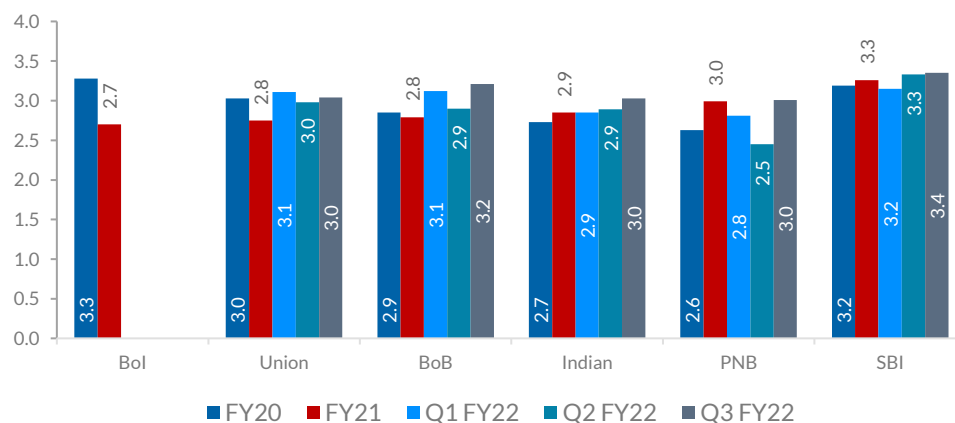
Overall SMA2 has declined about 200 bps from ~3% as of 4QFY21 to about ~1% as of 3QFY22.

ADDITIONAL COMPARATIVE ANALYSIS

The following charts consist of important comparative analyses that we have not used in earlier in the report.

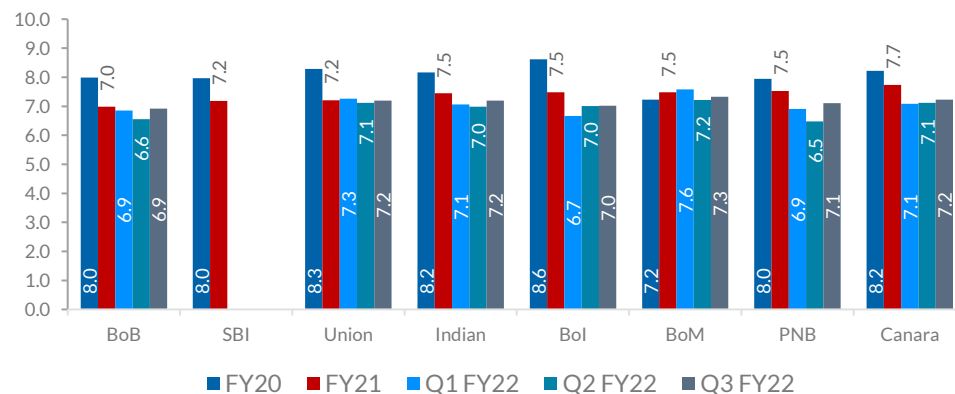
Net Interest Margin aspects

Exhibit 17: Domestic NIM - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



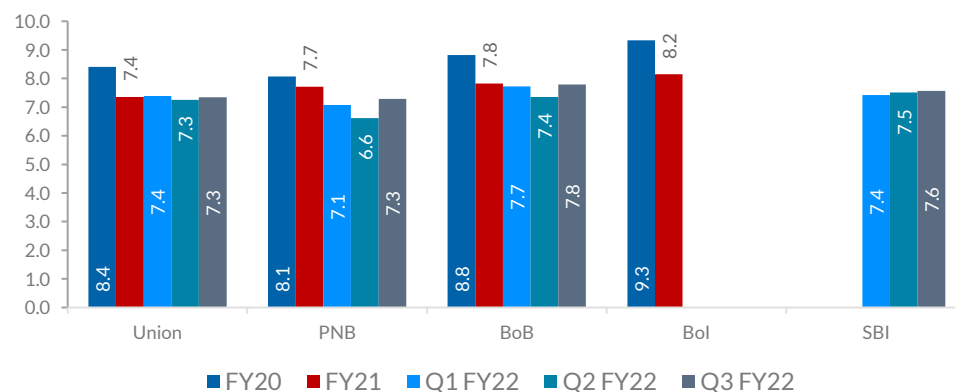
Source: Companies, YES Sec - Research, Sorted on FY21

Exhibit 18: Whole Bank Yield on Adv. - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



Source: Companies, YES Sec - Research, Sorted on FY21

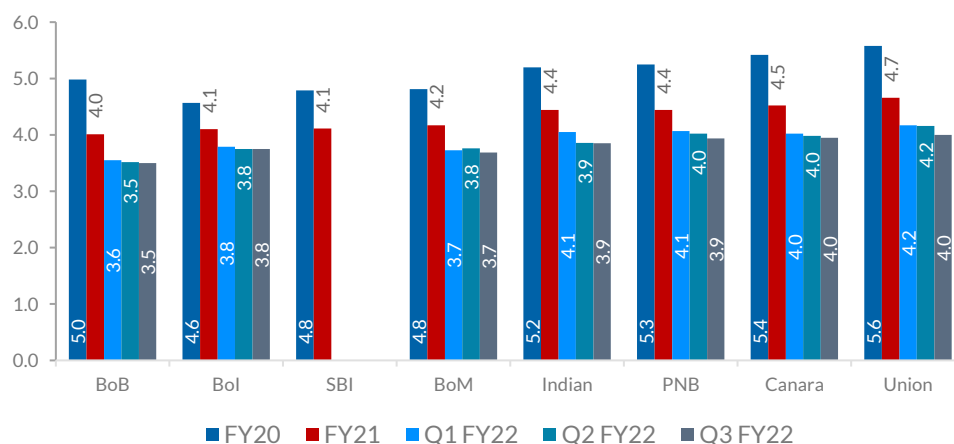
Exhibit 19: Domestic Yield on Adv. - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



Source: Companies, YES Sec - Research, Sorted on FY21

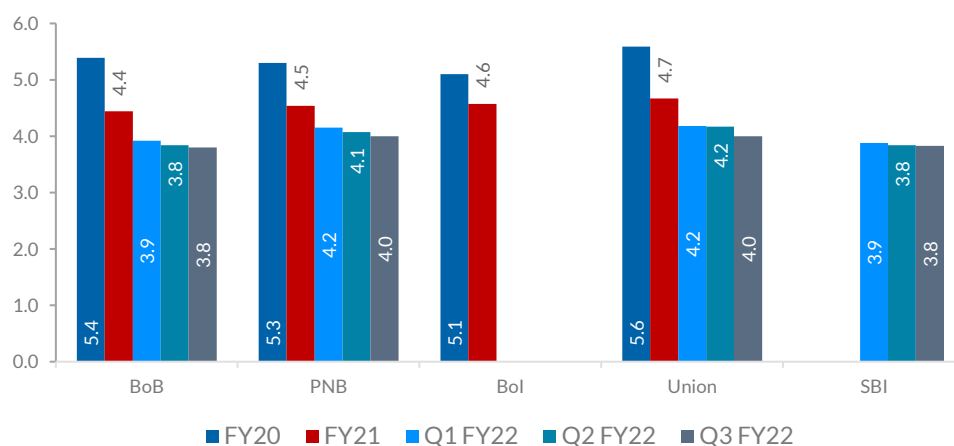
Indian Bank

Exhibit 20: Whole Bank Cost of Deposits- FY20, FY21, 1QFY22, 2QFY22, 3QFY22-%



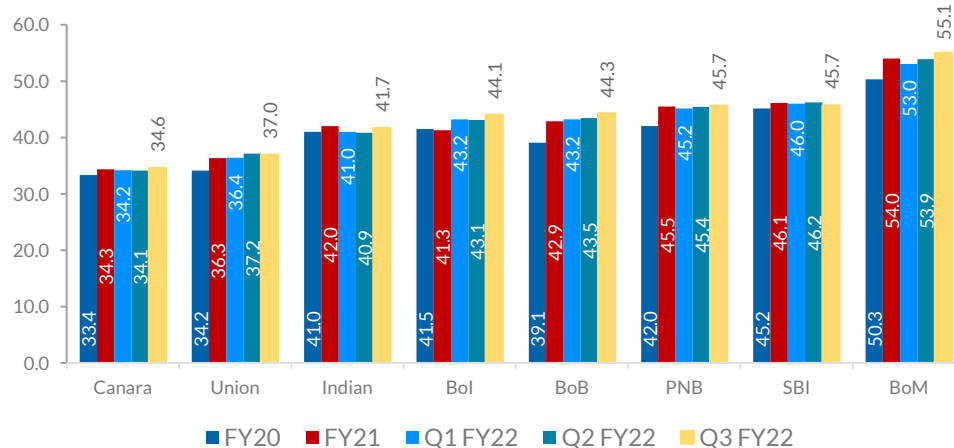
Source: Companies, YES Sec – Research, Sorted on FY21

Exhibit 21: Domestic Cost of Dep. - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



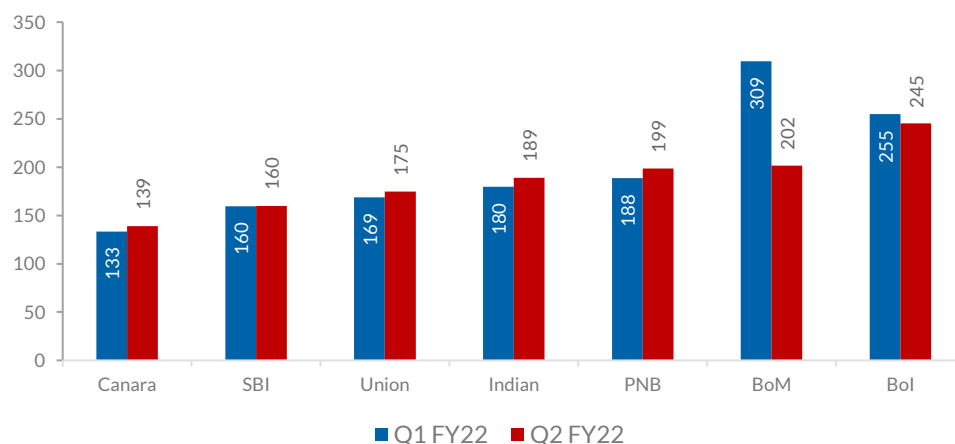
Source: Companies, YES Sec – Research, Sorted on FY21

Exhibit 22: CASA Ratio - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



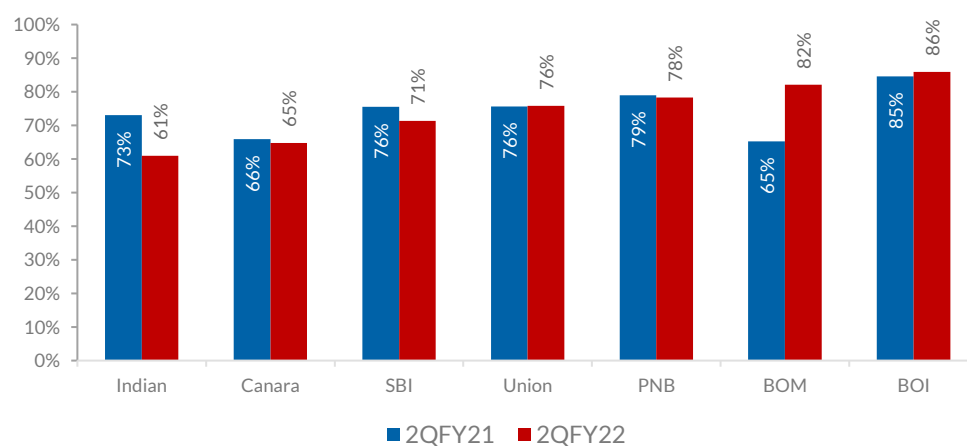
Source: Companies, YES Sec – Research, Sorted on 3QFY22

Exhibit 23: Liquidity Coverage Ratio - 1QFY22, 2QFY22 - %



Source: Companies, YES Sec - Research, Sorted on 2QFY22

Exhibit 24: Share of LCR retail deposits in total deposits - 2QFY21, 2QFY22 - %



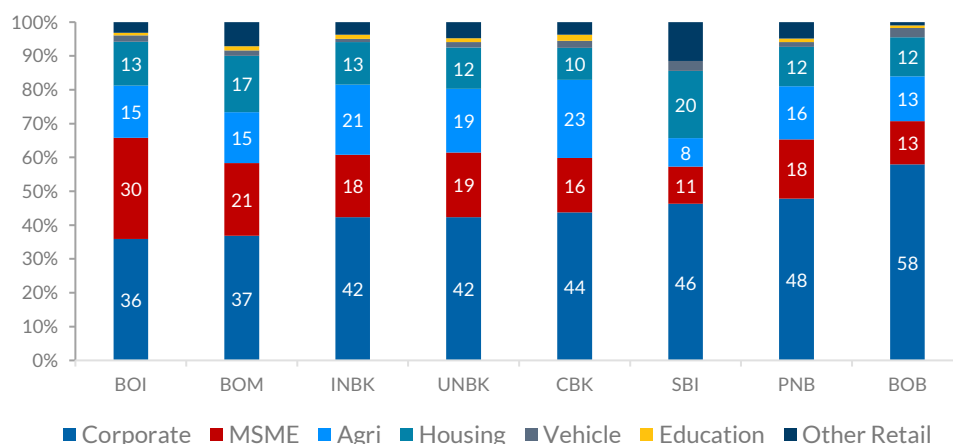
Source: Companies, YES Sec - Research, Sorted on 2QFY22

Exhibit 25: Loan Book Breakup - FY21 - %

Segments	SBI	BOB	INBK	PNB	CBK	UNBK	BOI	BOM
Corporate	46%	58%	42%	48%	44%	42%	36%	37%
MSME	11%	13%	18%	18%	16%	19%	30%	21%
Agri	8%	13%	21%	16%	23%	19%	15%	15%
Housing	20%	12%	13%	12%	10%	12%	13%	17%
Vehicle	3%	3%	1%	1%	2%	2%	2%	2%
Education	0%	1%	1%	1%	2%	1%	1%	1%
Other Retail	11%	1%	4%	5%	4%	5%	3%	7%
Total loan book	100%	100%	100%	100%	100%	100%	100%	100%

Source: Companies, YES Sec - Research

Exhibit 26: Loan Book Breakup - FY21 - %



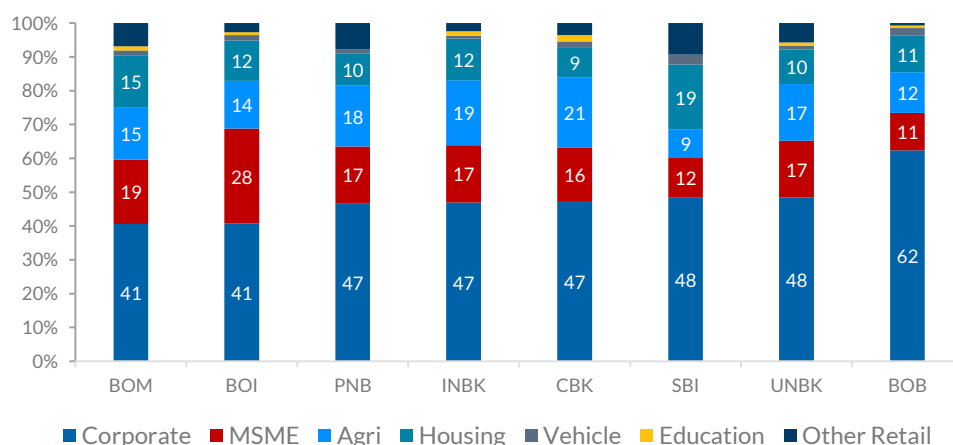
Source: Companies, YES Sec - Research, Sorted on share of Corporate loans

Exhibit 27: Loan Book Breakup - 1QFY21 - %

Segments	SBI	BOB	INBK	PNB	CBK	UNBK	BOI	BOM
Corporate	48%	62%	47%	47%	47%	48%	41%	41%
MSME	12%	11%	17%	17%	16%	17%	28%	19%
Agri	9%	12%	19%	18%	21%	17%	14%	15%
Housing	19%	11%	12%	10%	9%	10%	12%	15%
Vehicle	3%	2%	1%	1%	2%	1%	2%	1%
Education	0%	1%	1%	0%	2%	1%	1%	1%
Other Retail	9%	1%	2%	8%	4%	6%	3%	7%
Total loan book	100%	100%	100%	100%	100%	100%	100%	100%

Source: Companies, YES Sec - Research

Exhibit 28: Loan Book Breakup - 1QFY21 - %



Source: Companies, YES Sec - Research, Sorted on share of Corporate loans

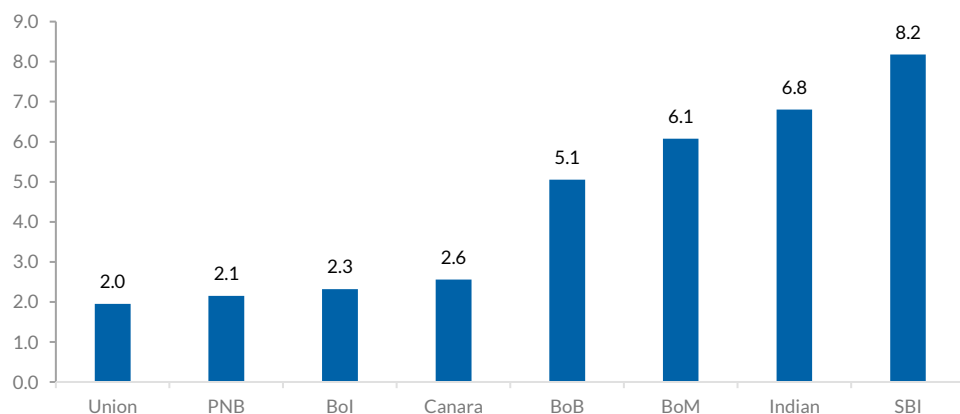
Exhibit 29: Loan Book Breakup - 3QFY22 - %

Segments	SBI	BOB	INBK	PNB	CBK	UNBK	BOI	BOM
Corporate	44%	58%	39%	52%	44%	43%	33%	41%
MSME	12%	12%	19%	17%	16%	17%	30%	19%
Agri	8%	14%	22%	14%	23%	20%	17%	14%
Housing	20%	12%	13%	10%	10%	12%	13%	15%
Vehicle	3%	3%	1%	2%	2%	2%	2%	2%
Education	0%	1%	1%	0%	2%	1%	1%	1%
Other Retail	13%	1%	4%	5%	3%	5%	4%	8%
Total loan book	100%	100%	100%	100%	100%	100%	100%	100%

Source: Companies, YES Sec - Research

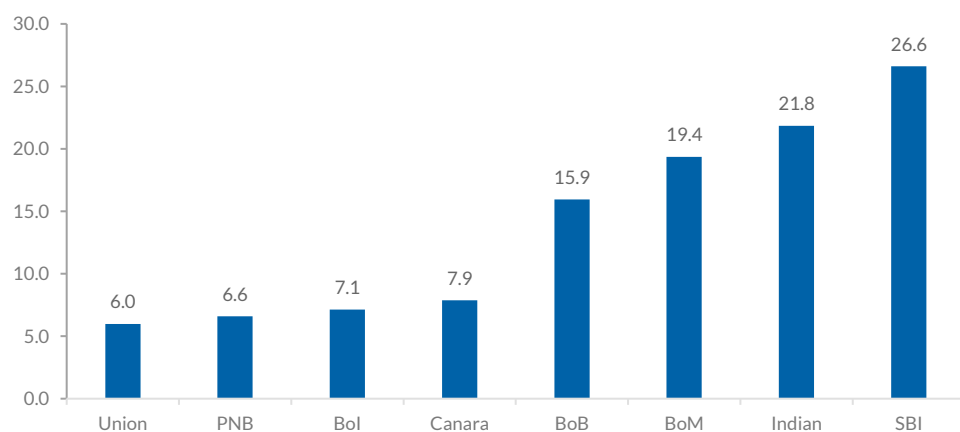
Loan Growth aspects

Exhibit 30: Loan Growth - FY18-21 CAGR - %



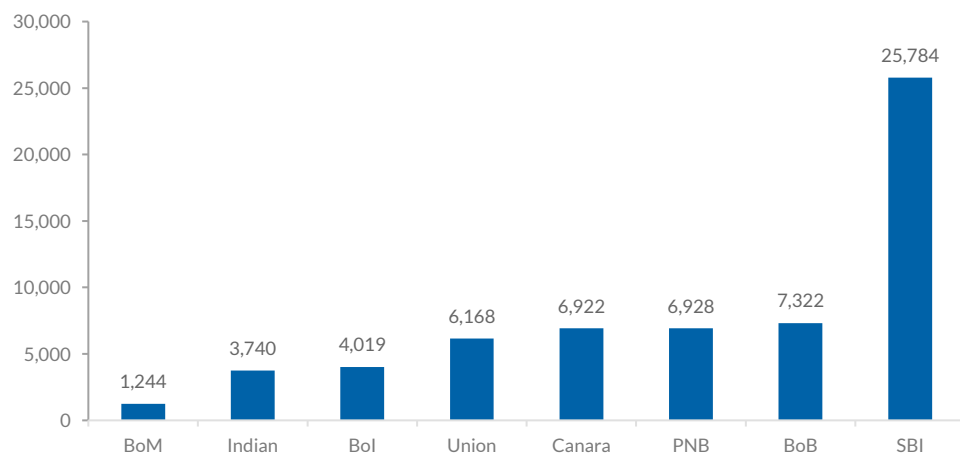
Source: Companies, YES Sec - Research

Exhibit 31: Loan Growth - FY18-21 - Absolute Change - %



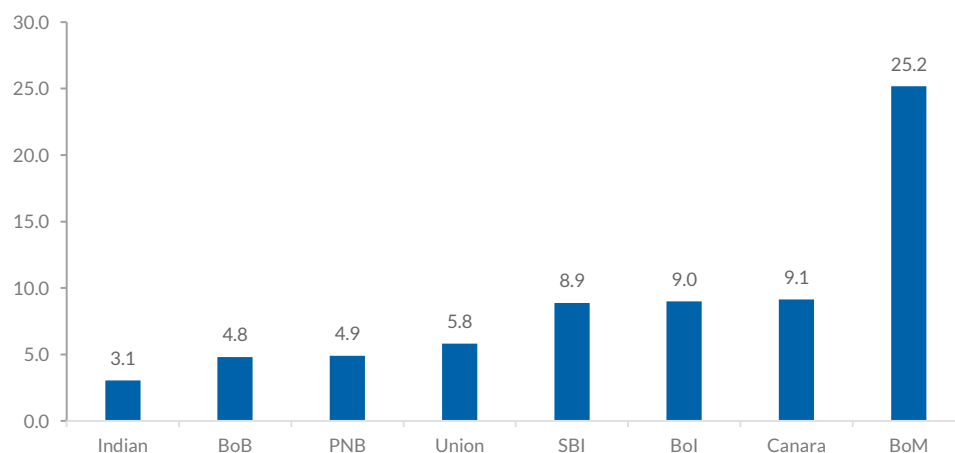
Source: Companies, YES Sec - Research

Exhibit 32: Loan Book Size - 3QFY22 - Rs bn



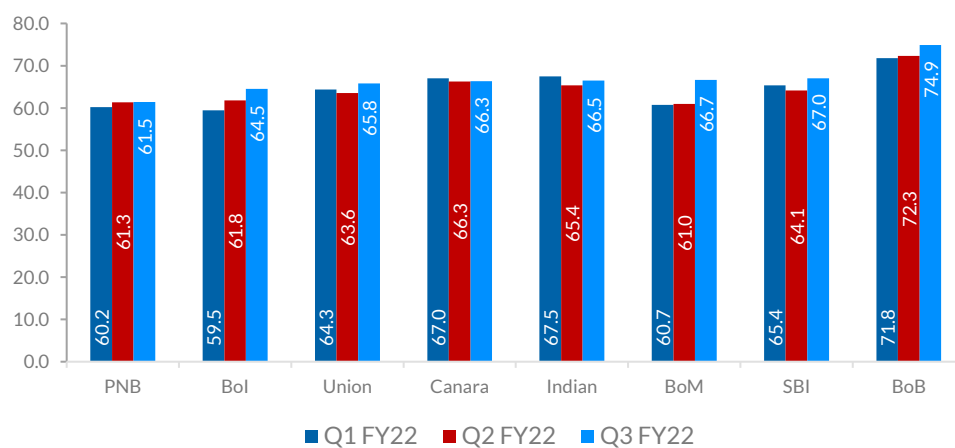
Source: Companies, YES Sec - Research

Exhibit 33: Recent loan Book Growth – 3QFY21 to 3QFY22 - %



Source: Companies, YES Sec – Research

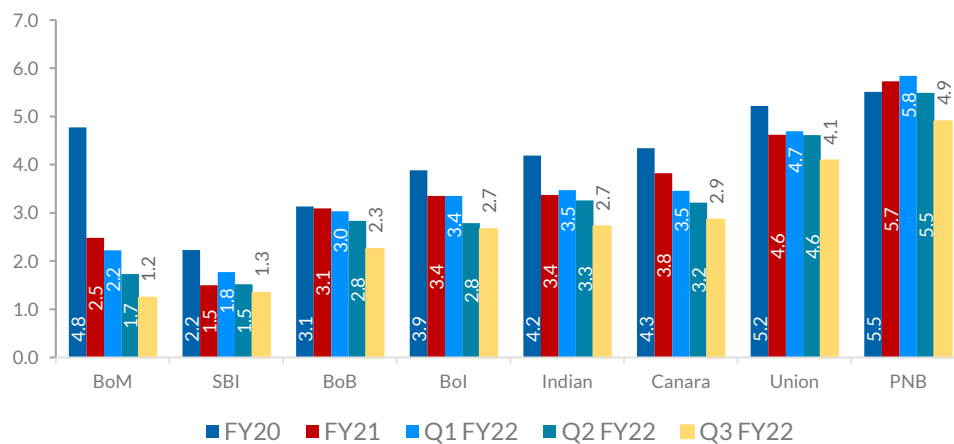
Exhibit 34: Credit to Deposit Ratio – 1QFY22, 2QFY22, 3QFY22 - %



Source: Companies, YES Sec – Research, Sorted on 3QFY22

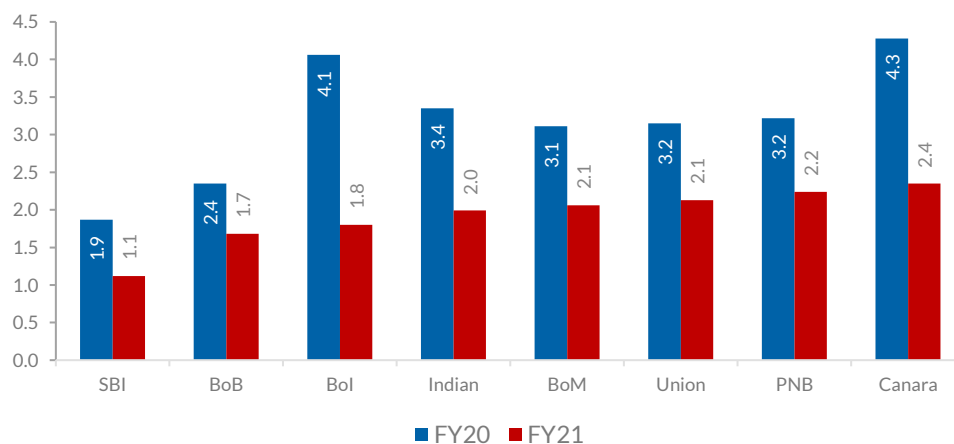
Asset Quality metrics

Exhibit 35: Net NPA Ratio - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



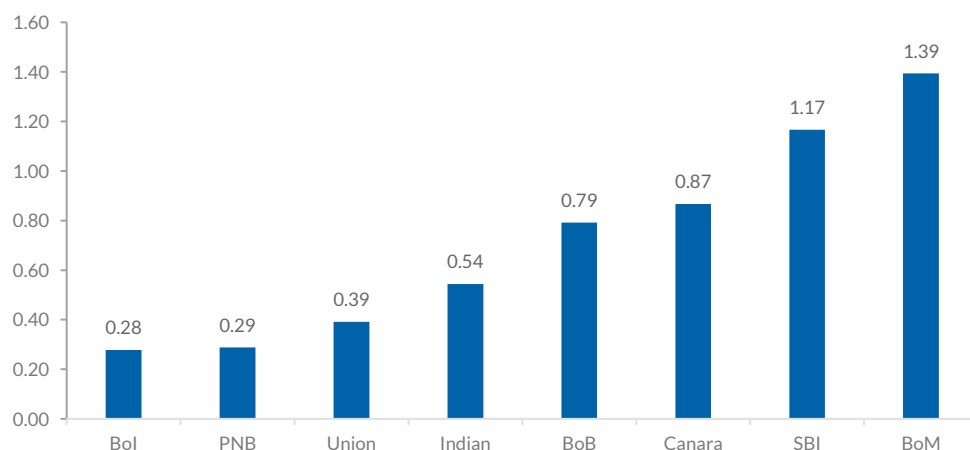
Source: Companies, YES Sec - Research, Sorted on 3QFY22

Exhibit 36: Credit Cost - FY20, FY21 - %



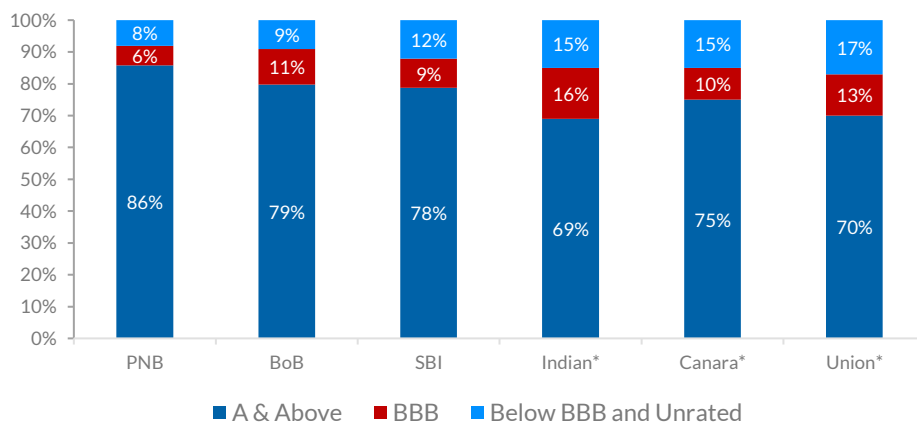
Source: Companies, YES Sec - Research, Sorted on FY21

Exhibit 37: Total excess provisions to advances - 3QFY22 - %



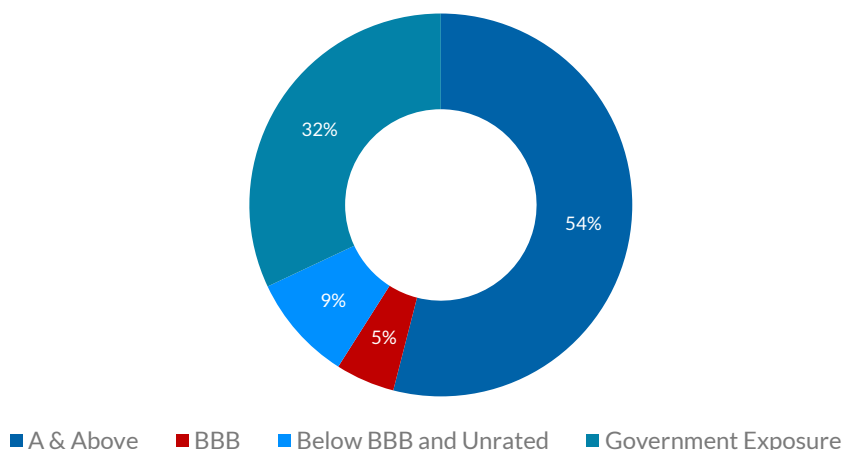
Source: Companies, YES Sec - Research

Exhibit 38: External Credit Rating Profile - 3QFY22 - %



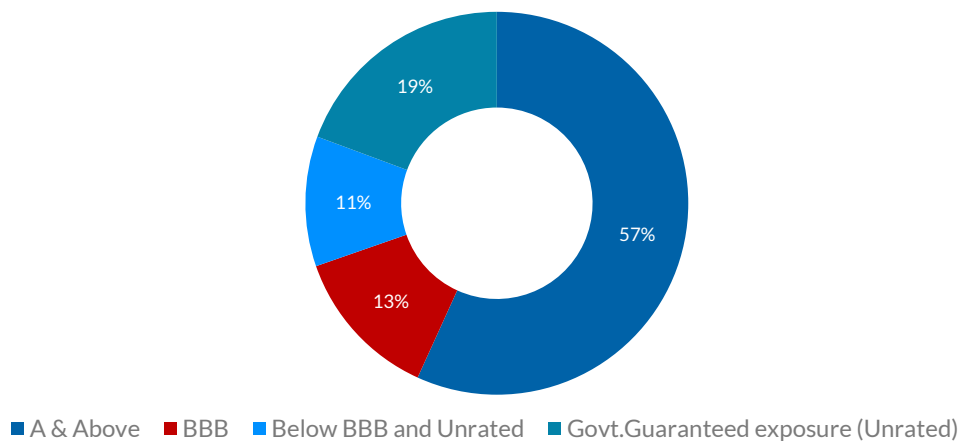
Source: Companies, YES Sec - Research, Sorted on Below BBB and Unrated, *N,B, Unrated not specified separately

Exhibit 39: Bank of India - External Credit Rating Profile - 3QFY22 - %



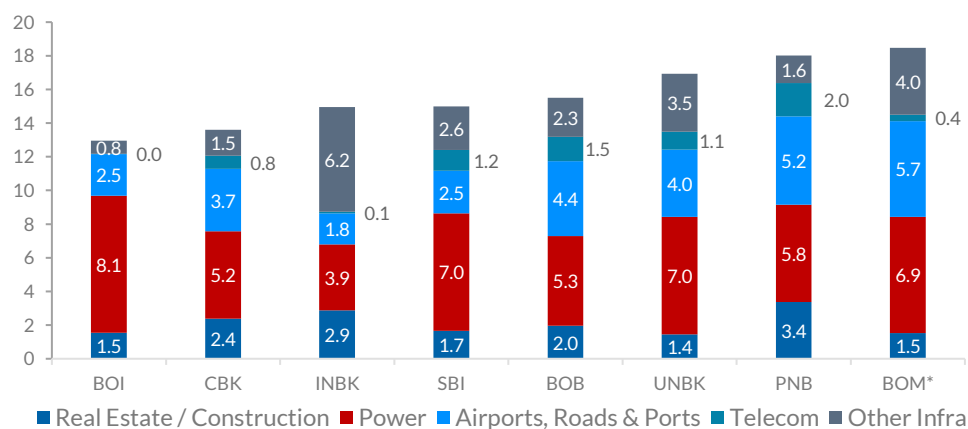
Source: Companies, YES Sec - Research

Exhibit 40: Bank of Maharashtra - External Credit Rating Profile - 3QFY22 - %



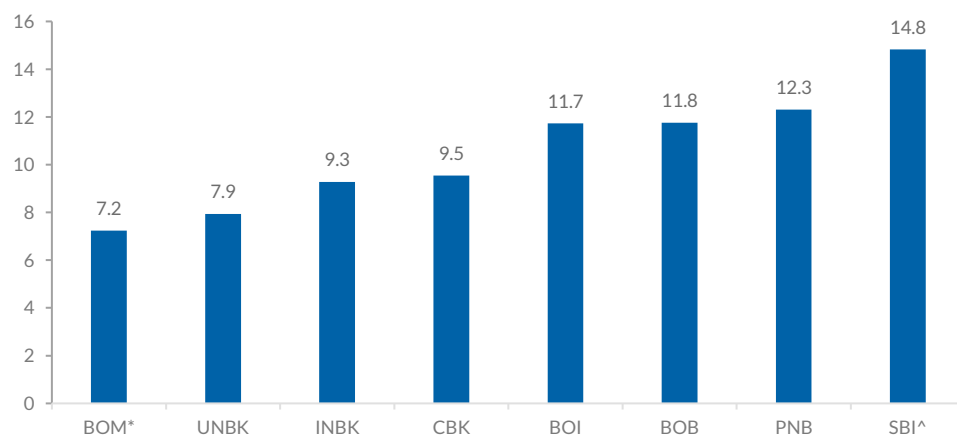
Source: Companies, YES Sec - Research

Exhibit 41: Share of Key Sectors in Funded Exposure – 3QFY22 - %



Source: Companies, YES Sec – Research, * BoM figures are as of Sept 2021

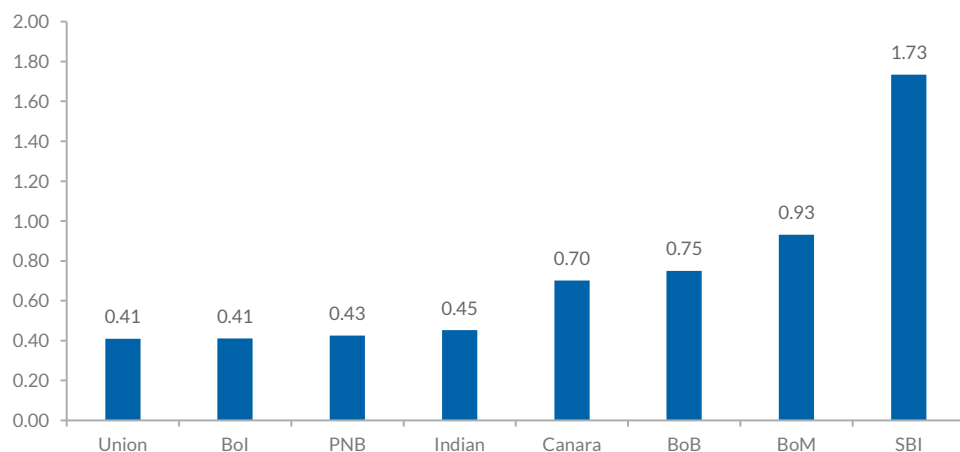
Exhibit 42: Share of NBFCs in Funded Exposure – 3QFY22 - %



Source: Companies, YES Sec – Research, * BoM figures are as of Sept 2021, ^Data for NBFC & Trading

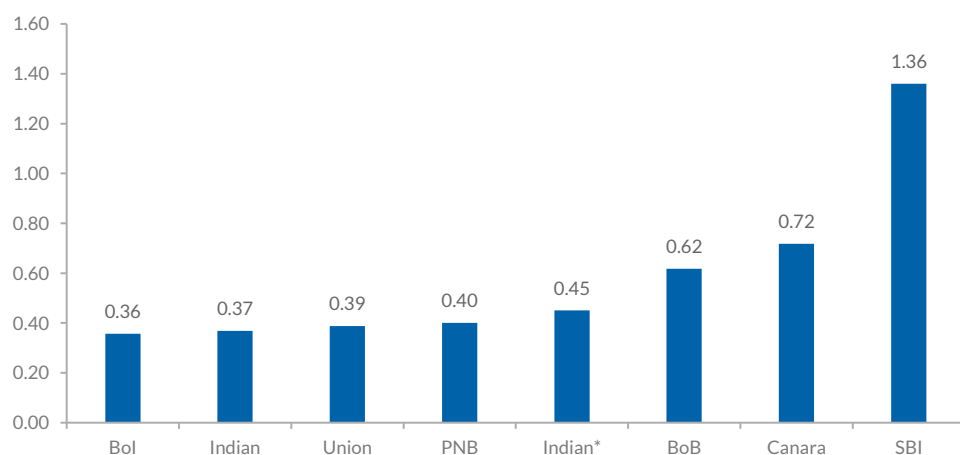
Valuation metrics

Exhibit 43: P/BV Ratio – FY21 - x



Source: Companies, YES Sec – Research

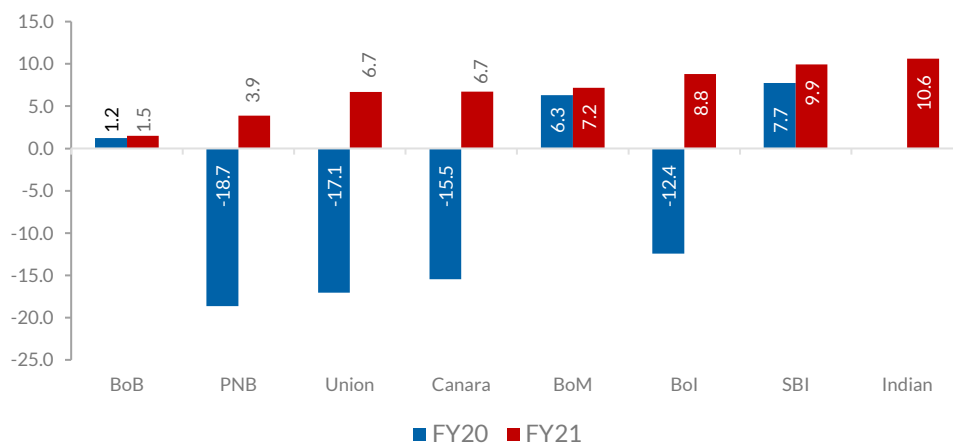
Exhibit 44: P/BV Ratio – FY23E - x



Source: Companies, YES Sec – Research, * Based on Adjusted BVPS, Source for Non-coverage companies is Bloomberg.

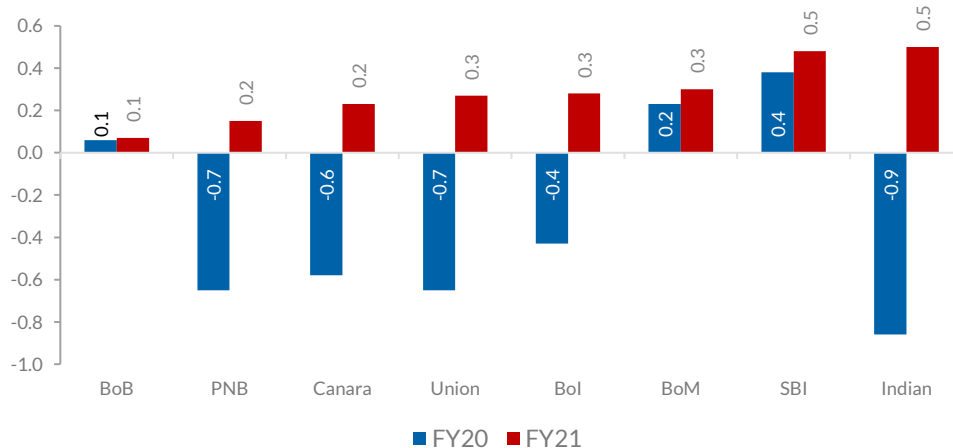
Return Ratios - Actuals

Exhibit 45: Return on Equity - FY20, FY21 - %



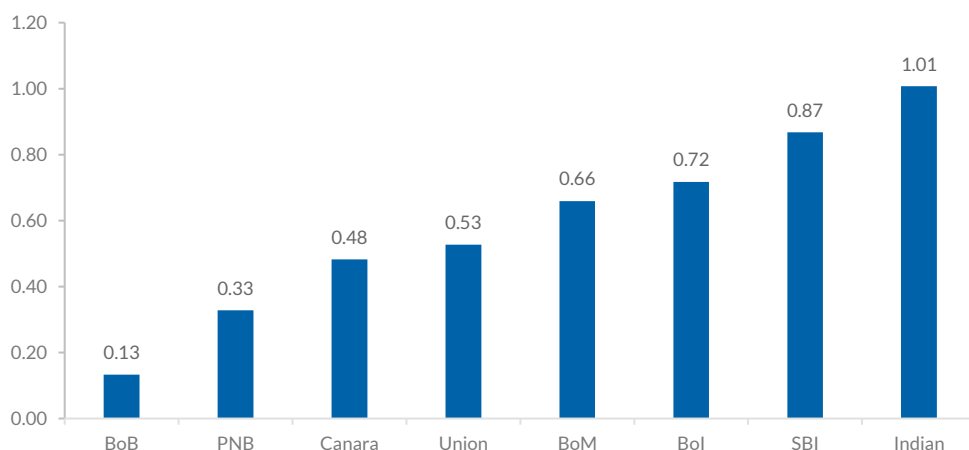
Source: Companies, YES Sec - Research, Sorted on FY21

Exhibit 46: Return on Assets - FY20, FY21 - %



Source: Companies, YES Sec - Research, Sorted on FY21

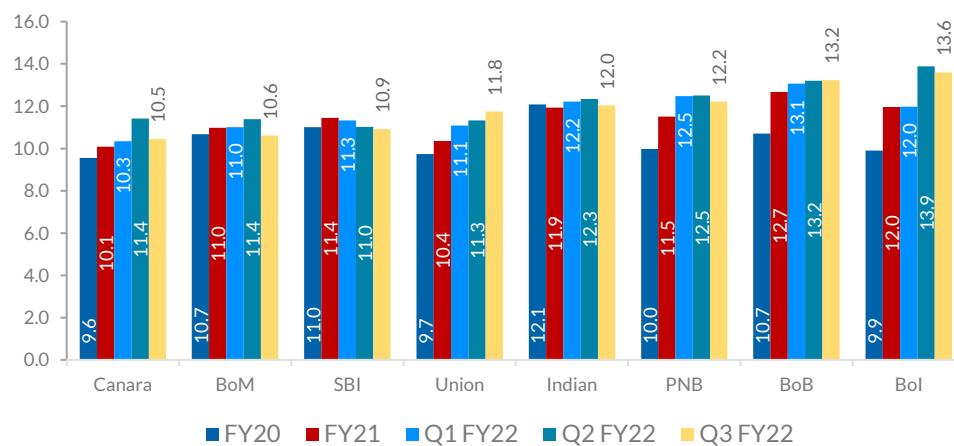
Exhibit 47: Return on Risk Weighted Assets - FY21 - %



Source: Companies, YES Sec - Research

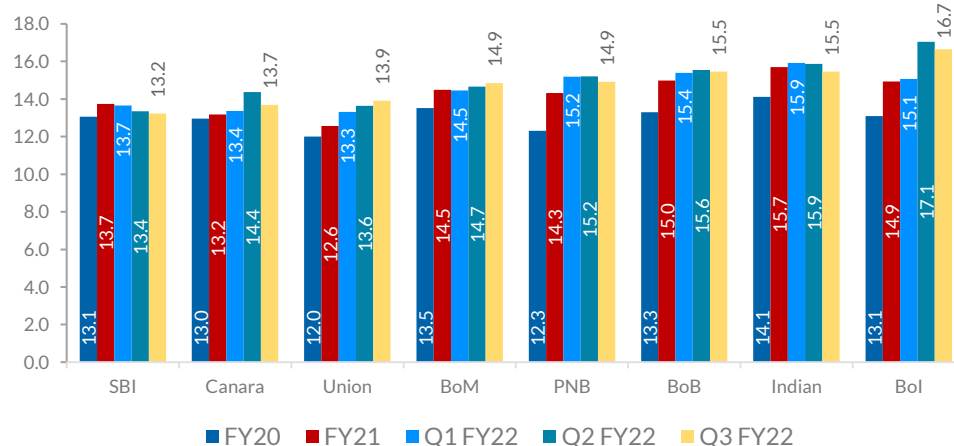
Capital Adequacy Ratios

Exhibit 48: Tier I Capital Ratio - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



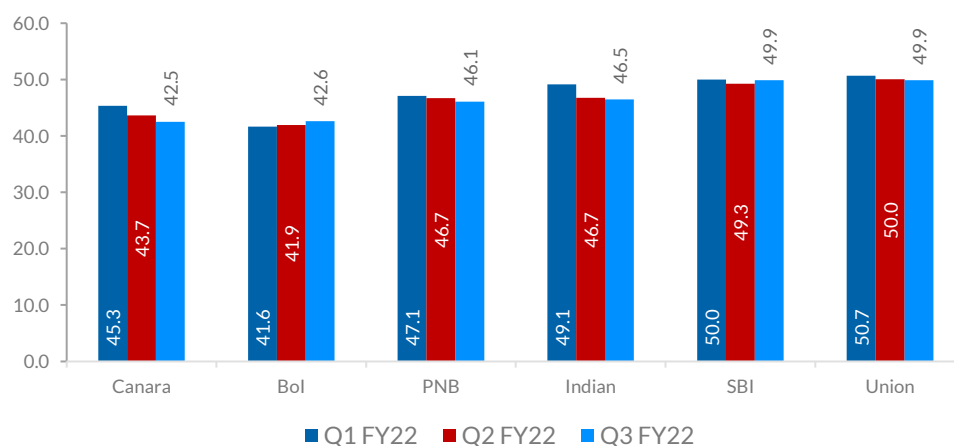
Source: Companies, YES Sec - Research, Sorted on 3QFY22

Exhibit 49: Capital Adequacy Ratio - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



Source: Companies, YES Sec - Research, Sorted on 3QFY22

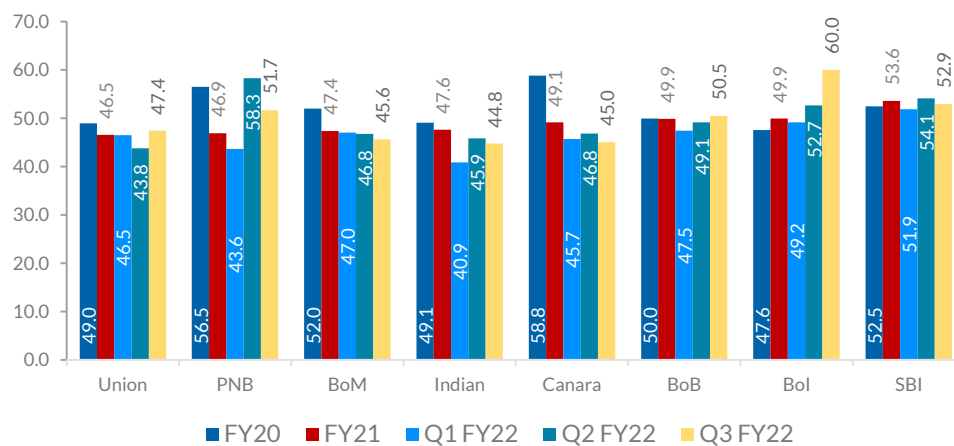
Exhibit 50: RWA to Total Assets - 1QFY22, 2QFY22, 3QFY22 - %



Source: Companies, YES Sec - Research, Sorted on 3QFY22

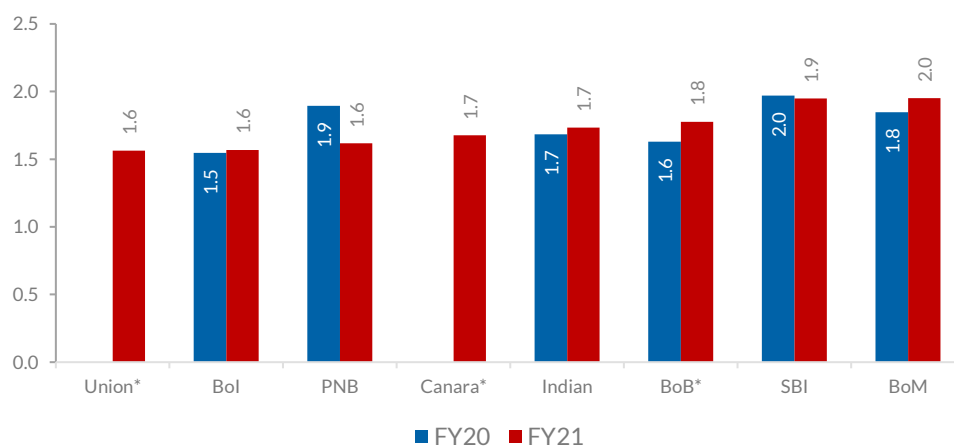
Operating Expense metrics

Exhibit 51: Cost to Income Ratio - FY20, FY21, 1QFY22, 2QFY22, 3QFY22 - %



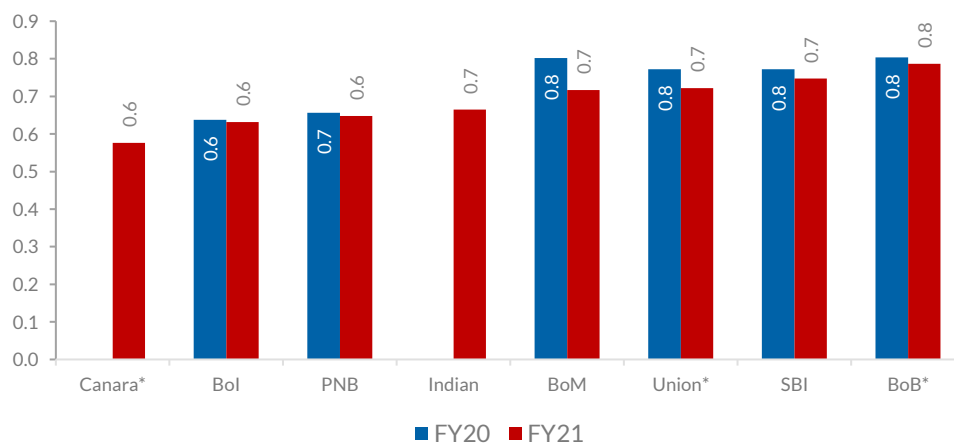
Source: Companies, YES Sec - Research, Sorted on FY21

Exhibit 52: Cost to Average Assets - FY20, FY21 - %



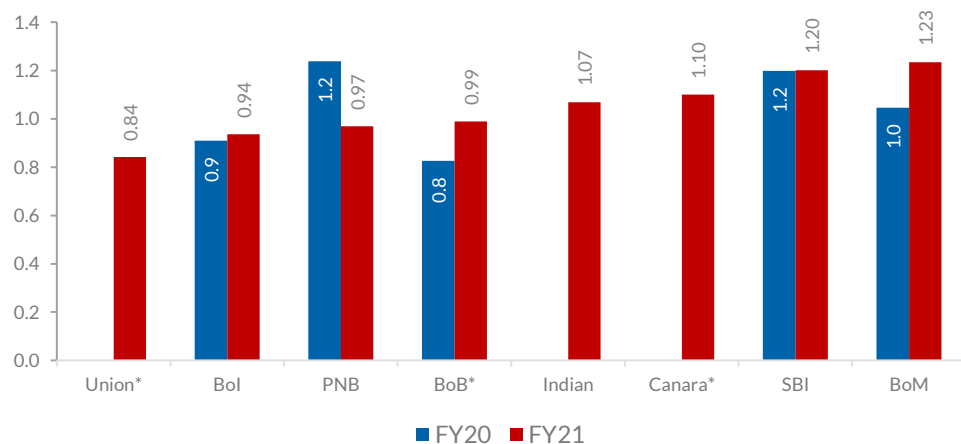
Source: Companies, YES Sec - Research, Sorted on FY21, * On Year end Assets, BoB FY20 on Year end Assets

Exhibit 53: Other Opex to Average Assets - FY20, FY21 - %



Source: Companies, YES Sec - Research, Sorted on FY21, * On Year end Assets, BoB FY20 on Year end Assets

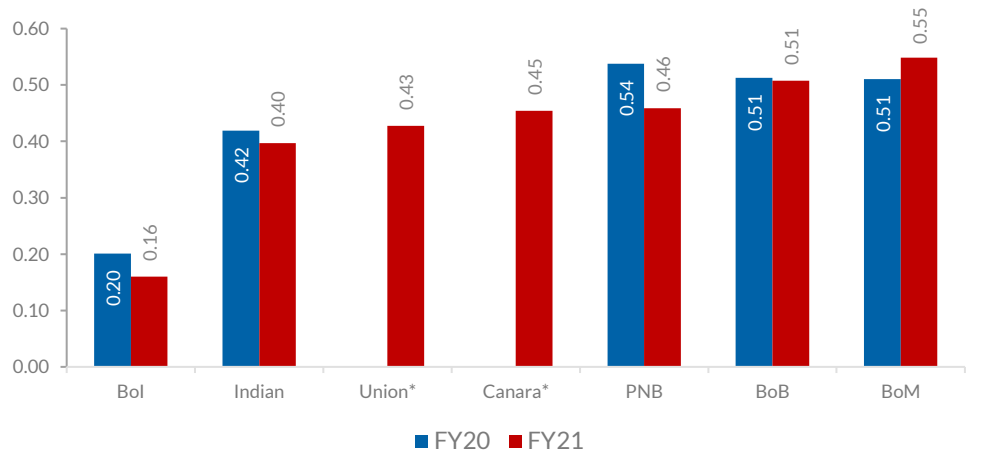
Exhibit 54: Employee Expense to Average Assets – FY20, FY21 - %



Source: Companies, YES Sec – Research, Sorted on FY21, * On Year end Assets, BoB FY20 on Year end Assets

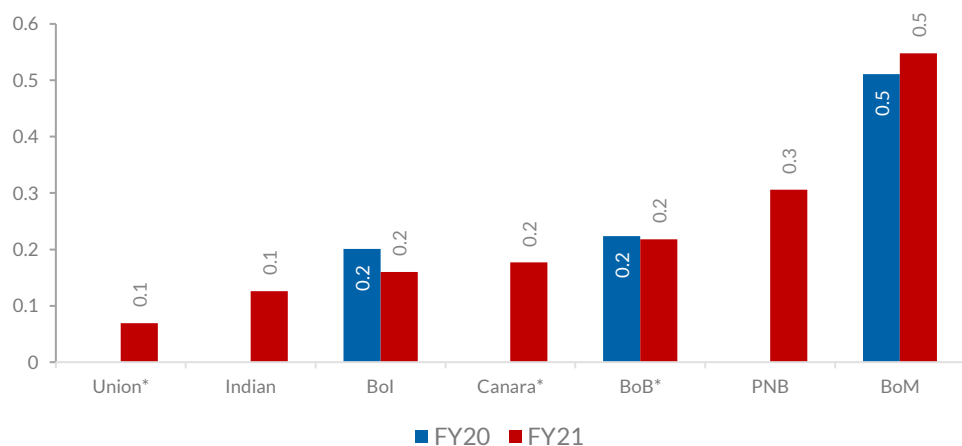
Fee Income aspects

Exhibit 55: Core Fee Income to Average Assets – FY20, FY21 - %



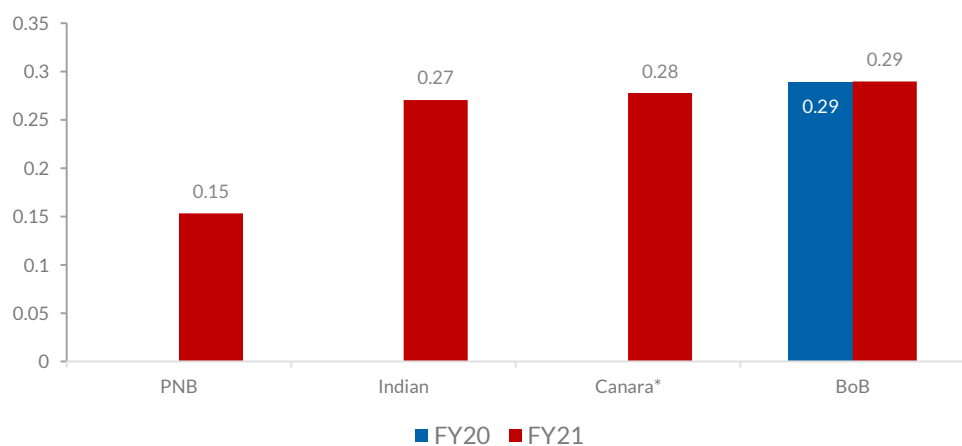
Source: Companies, YES Sec – Research, Sorted on FY21, * On Year end Assets, BoB FY20 on Year end Assets

Exhibit 56: Commission, Exchange and Brokerage to Avg. Assets – FY20, FY21 - %



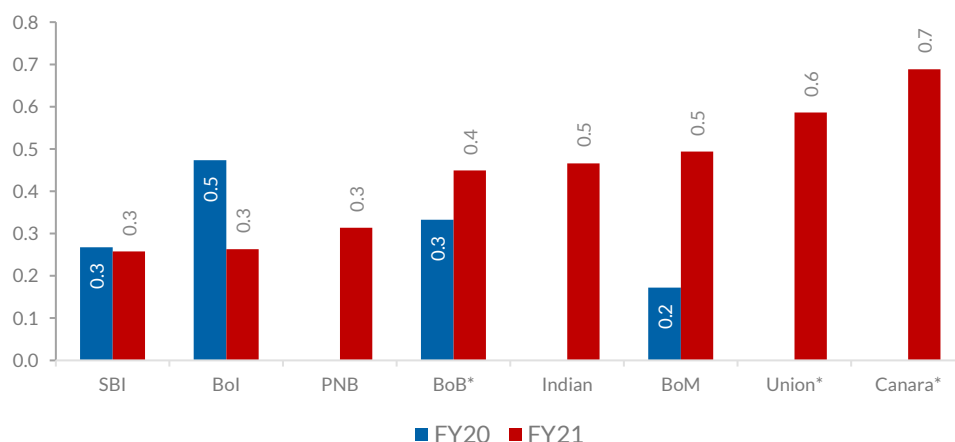
Source: Companies, YES Sec – Research, Sorted on FY21, * On Year end Assets, BoB FY20 on Year end Assets

Exhibit 57: Other Core Fee Income to Avg. Assets – FY20, FY21 - %



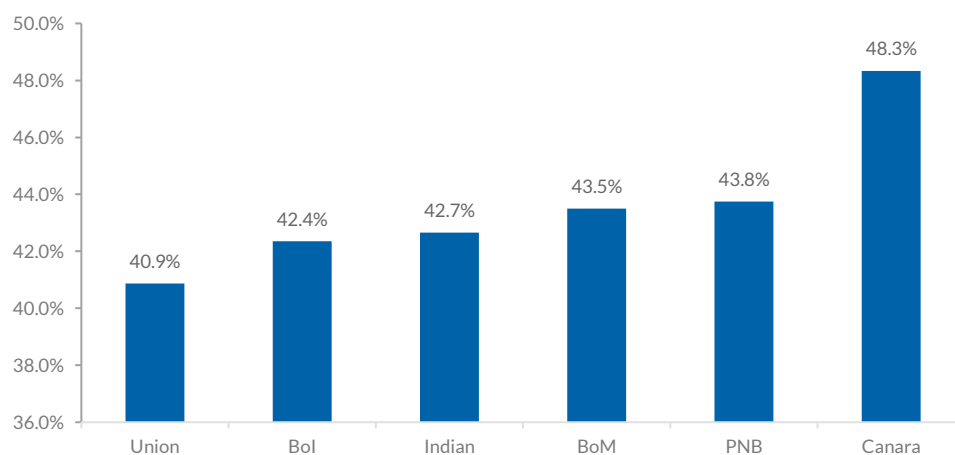
Source: Companies, YES Sec – Research, Sorted on FY21, * On Year end Assets

Exhibit 58: Miscellaneous income to Avg. Assets – FY20, FY21 - %



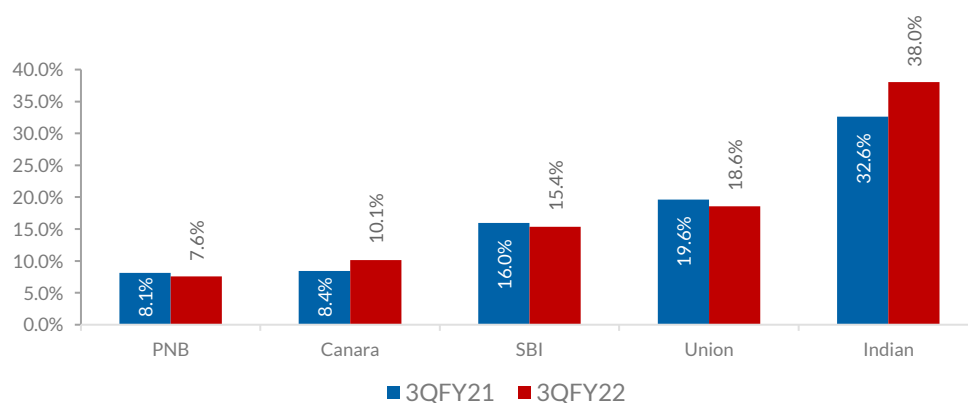
Source: Companies, YES Sec – Research, Sorted on FY21, * On Year end Assets, BoB FY20 on Year end Assets

Exhibit 59: Priority Sector Lending as % of ANBC – 3QFY22 - %



Source: Companies, YES Sec – Research

Exhibit 60: Share of Non-funded credit in total credit - as per Basel 3 disclosure – 3QFY21, 3QFY22 - %



Source: Companies, YES Sec – Research, Sorted on 3QFY22

MANAGEMENT TEAM

MR. SHANTI LAL JAIN, MANAGING DIRECTOR AND CEO

Mr. Shanti Lal Jain assumed charge as Managing Director and Chief Executive Officer of Indian Bank on 1st September 2021. Prior to this, he served as Executive Director of Bank of Baroda since September 2018. As Executive Director in Bank of Baroda (BoB), he played a pivotal role in the amalgamation process of Vijaya Bank and Dena Bank with Bank of Baroda. He was overseeing Large Corporate Credit, Stressed Assets and International Banking in BoB. He was also serving as Nominee Director /Chairman in the subsidiaries of BoB in Uganda, Tanzania, Baroda Global Shared Services (BGSS) etc. A Post Graduate in Commerce, with Professional Qualification of Chartered Accountant, Company Secretary and CAIIB, he joined Allahabad Bank in 1993 in Middle Management cadre and rose up to the level of General Manager of the Bank. As a General Manager, he has served as Chief Financial Officer, Chief Risk Officer and headed IT department of the Bank. He has also headed Agra Zone as Zonal Manager and as Field General Manager (West) Mumbai. Earlier to this, he has served in branches and administrative offices of the Bank. Prior to joining Allahabad Bank, he has worked in various Industries. He has banking experience of about 28 years and industrial experience of about 6 years. Mr. Jain is a member on the Managing Committee of Indian Banks Association and he is also heading the IBA Standing Committee on Corporate Credit. He is a member in the Governing Body of IBPS, IIBM Guwahati and NIBM, Pune. He is also a member of the Insurance Advisory Committee of IRDAI.

MR. ARUN KUMAR BANSAL, GM - ACCOUNTS / CHIEF FINANCE OFFICER

Mr. Arun Kumar Bansal was elevated to GM – Accounts / Chief Financial Officer of Indian Bank on 1st July 2020. Prior to this, he was Department Head, Treasury & International Division at Indian Bank. He has a rich experience of more than 30 years in banking. He holds various degrees and certificates such as M Com, MBA, PG Diploma in Banking & Finance (NIBM), CAIIB, CFP(FPSB), Certification in MF Advisory / Derivatives/Currency Future.

MR. SUDHAKAR R IYER, GM - VIGILANCE / CHIEF VIGILANCE OFFICER

MR. SUJIT KUMAR DEY, GM - RMD / CHIEF RISK OFFICER

MR. DHANARAJ T, GM - HRM / CHIEF DEVELOPMENT OFFICER

MR. DEEPAK SARDA, GM - ITD / CHIEF TECHNICAL OFFICER

MR. SURESH KUMAR S, GM - COMPLIANCE / CHIEF COMPLIANCE OFFICER

MR. GOPI KRISHNAN C R, GM - BO / CHIEF OPERATING OFFICER

MR. ROHIT RISHI, GM - CORPORATE CREDIT

MS. GAYATHRI S, GM - CORPORATE CREDIT

MR. VIKAS KUMAR, GM - RETAIL ASSETS

MR. SUDHANSHU GAUR, GM - MID CORPORATE / MSME

MR. VENKATESA PERUMAL P, GM - KYC / AML

MR. KAMIREDDY CHANDRA REDDY, GM - R & GR

MR. MUKTI NATH PATEL, GM - RECOVERY & LEGAL - II

MR. HARDEEP SINGH AHLUWALIA, GM - RECOVERY & LEGAL - I

MS. DIPTI SHRIVASTAVA, GM- PLANNING & BUSINESS INTELLIGENCE

MR. BIJAY KUMAR SARANGI, GM - CMC - II

Indian Bank

MR. SATISH KUMAR, GM - IBD / TREASURY

MS. ZAPHIA FAREED THOTTATHIKUDIYIL, GM- INSPECTION AND AUDIT

MR. MAHESH KUMAR BAJAJ, GM - TMO / BPR / MKTG / CCD / DIGITIZATION

MS. VALLERY RATH, GM - SECT. TO MD & CEO / SECT. TO BOARD

MS. MAYA NAGARAJAN V, GM - CMC - I

MR. BHAKTULA SURIBABU, GM - RBD

MR. VENKATESAN M, GM - FINANCIAL INCLUSION

MR. DEEPAK GUPTA, GM - ESTATE

BOARD OF DIRECTORS

MR. SHANTI LAL JAIN, MANAGING DIRECTOR AND CEO

Mr. Shanti Lal Jain assumed charge as Managing Director and Chief Executive Officer of Indian Bank on 1st September 2021. Prior to this, he served as Executive Director of Bank of Baroda since September 2018. As Executive Director in Bank of Baroda (BoB), he played a pivotal role in the amalgamation process of Vijaya Bank and Dena Bank with Bank of Baroda. He was overseeing Large Corporate Credit, Stressed Assets and International Banking in BoB. He was also serving as Nominee Director /Chairman in the subsidiaries of BoB in Uganda, Tanzania, Baroda Global Shared Services (BGSS) etc. A Post Graduate in Commerce, with Professional Qualification of Chartered Accountant, Company Secretary and CAIIB, he joined Allahabad Bank in 1993 in Middle Management cadre and rose up to the level of General Manager of the Bank. As a General Manager, he has served as Chief Financial Officer, Chief Risk Officer and headed IT department of the Bank. He has also headed Agra Zone as Zonal Manager and as Field General Manager (West) Mumbai. Earlier to this, he has served in branches and administrative offices of the Bank. Prior to joining Allahabad Bank, he has worked in various Industries. He has banking experience of about 28 years and industrial experience of about 6 years. Mr. Jain is a member on the Managing Committee of Indian Banks Association and he is also heading the IBA Standing Committee on Corporate Credit. He is a member in the Governing Body of IBPS, IIBM Guwahati and NIBM, Pune. He is also a member of the Insurance Advisory Committee of IRDAI.

MR. SHENOY VISHWANATH V, EXECUTIVE DIRECTOR

Mr. Shenoy Vishwanath V, assumed charge as Executive Director of the Bank on December 01, 2018. Is a Commerce Graduate from Mumbai University. Joined as Probationary Officer in Union Bank of India on 17th January, 1985. Is also an Associate Member of Indian Institute of Bankers and successfully underwent one year Management Education Programme conducted internally by the Union Bank of India. Is a career banker since last 35 years. Has worked in Branches in Rural, Semi Urban, Urban and Metro centres as well as Administrative Offices in different geographies as Branch, Saral, Regional and Vertical Head. Worked in different verticals like Credit, Vigilance, Transaction Banking, Credit Policy and MSME, Large Corporate as well as Chairman's Secretariat. Was a Core member in Verticalisation and Centralisation of Credit functions. Is also a Nominee Director on the Board of Central Registry of Securitisation Asset Reconstruction and Security Interest of India.

MR. IMRAN AMIN SIDDIQUI, EXECUTIVE DIRECTOR

Mr. Imran Amin Siddiqui assumed charge as Executive Director of Indian Bank on 10th March, 2021. He is an Engineering Graduate from HBTI, Kanpur and a Certified Associate of Indian Institute of Bankers. He started his banking career as a SSI field Officer on 28th December, 1987. He is having a diversified experience of more than 33 years in the field of banking. Mr. Siddiqui has business development background which comes from his strategic positioning as Zonal Manager and Field General Manager in the field for almost 07 years put together in different zones like Kolkata Urban, Barasat and has headed the entire West Bengal and all of the North East states as Field General Manager. He has also worked in various verticals at the administrative offices. At the Corporate level, he has steered the Credit Department and Credit Monitoring Department with his expertise. He was heading the Resources and Government Relationship department at Corporate Office, Chennai before his elevation.

MR. ASHWANI KUMAR, EXECUTIVE DIRECTOR

Mr. Ashwani Kumar is Chartered Accountant, Post Graduate in Commerce and also a Certified member of Indian Institute of Bankers. He has rich banking experience of more than two decades. Prior to joining as Executive Director of Indian Bank, he was serving as Chief General Manager of Mumbai Zone of Punjab National Bank. Mr. Ashwani Kumar rose through ranks serving various offices of four Public Sector Banks viz. BOB, Corporation Bank, OBC and PNB. His work experience includes working in Wholesale Banking division and as Head of

Indian Bank

several Branches (including Industrial Finance Branches and LCBs). As General Manager, he was heading Mid Corporate and Large Corporate verticals and was also CFO. As a vivid learner, he has attended various training programs in premier institutes in India and abroad including IIM and CAFRAL. He has also completed Leadership Development Programme of IIM Bangalore, curated by the Banks Board Bureau in consultation with IBA and Egon Zehnder International Pvt. Ltd.

MR. SANJEEV KAUSHIK, GOVERNMENT NOMINEE DIRECTOR

Mr. Sanjeev Kaushik, IAS, is an MBA from London Business School and Mechanical Engineer from BITS Pilani and is currently posted as Additional Secretary, Dept. of Financial Services, Ministry of Finance, New Delhi. Prior to this, he was Principal Secretary, Finance of Kerala State, where he was also concurrently serving as full-time Chairman & MD of Kerala Financial Corporation & Dy. CEO of Kerala Infrastructure Investment Fund. In the year 2018, he was appointed Whole Time Member of SEBI on the strength of more than 27 years of experience in the financial sector – both in Indian Public Financial Institutions as well as in Global Capital Markets. He recently led Kerala to become the first State to issue a Masala Bond listed on LSE and SGX. From 2015-18, he was CMD of the India Infrastructure Finance Company, New Delhi and was also CEO of Industrial Finance Co. of India, having joined these institutions after a stint at the Ministry of Finance as Director for Capital Markets in the Department of Economic Affairs from 2011-15. He has had a rich stint of 12 years in global investment banking as Managing Director of Equities at HSBC and as MD of Lehman Brothers in Mumbai. Prior to that, he worked in Capital Markets at Bank of America Securities in London after completing his MBA in 1999. He has been Chairman of the Stockholding Corporation of India, Chairman of the Infrastructure Company of India UK Ltd in London, Governor on the Board of MDI, Gurgaon and Chairman of Infrastructure Asset Mgt Co. Ltd. amongst various Board positions held by him. In the State of Kerala, Mr. Sanjeev Kaushik has earlier served in various capacities such as Secretary for Ports and CEO of the Vizhinjam Intl' Port, where he was responsible for setting up an international seaport. He was District Collector of Palakkad and also Founding Director, who established the national business school, IIM Kozhikode.

DR. ADITYA GAIHA, RBI NOMINEE DIRECTOR

Dr. Aditya Gaiha is an Electrical and Electronics Engineer and a Physics graduate from BITS Pilani. He also has degrees in Law (LLB from Osmania University, Hyderabad) and Finance [M.Sc. (Investment Management) from Cass Business School, London]. He has completed his PhD in Economics from IIT Bombay. He is a Certified Associate of the IIB&F. He has been working in the Reserve Bank of India since 1996 and has more than 25 years of work experience in the areas of Payment Systems and Information Technology, Banking and Non-Banking Supervision, Public Debt, Exchange Controls and Reserve Management. He has also worked with the SAARC Development Fund (Thimphu) as Director (Finance) and the IMF (HQ, Washington DC) as a Senior Financial Sector Expert. Presently he is heading the Department of External Investments and Operations (DEIO) in the Central office of the Reserve Bank of India in Mumbai.

DR. BHARATH KRISHNA SANKAR, SHAREHOLDER DIRECTOR

Dr. Bharath Krishna Sankar aged 52 years from Madurai is a post graduate in Commerce, a national gold medalist (topper in both Inter and Final) in Chartered Accountancy and an Associate of the Institute of Cost and Management Accountants of India. His doctoral thesis is on "Determinants of entrepreneurship and its impact on MSME sector sustainability in Madurai District" He has rich experience in Business Management, Finance and HR & Training

MS. PAPIA SENGUPTA, SHAREHOLDER DIRECTOR

Ms. Papia Sengupta is a Science Graduate, with additional qualification of CFA and CAIIB (Both Parts). She joined SBBJ in 1983 as Probationary Officer and has handled responsibilities in several offices of SBBJ, SBI and SBP. Ms. Papia Sengupta retired as Executive Director, Bank of Baroda on 30.09.2019. Prior to joining Bank of Baroda, she held the position of Chief General Manager (Retail Banking) since April 2016 and Chief General Manager (Stressed

Assets Management Group) since June 2015 at State Bank of Patiala (SBP). Ms. Sengupta also served as General Manager of Delhi network at State Bank of Bikaner and Jaipur (SBBJ).

MR. BALMUKUND SAHAY, PART-TIME NON-OFFICIAL DIRECTOR

Mr. Balmukund Sahay is a post graduate in Commerce from Ranchi University. He was an active member of Jharkhand State Transport Authority from 2001 to 2004 and member of Jharkhand State Level 20 Points Programme Committee from 2016 to 2019. As a member of Jharkhand State Transport Authority, he had a role to promote rural economy and improve transportation sector. He is a social activist and as a member of Jharkhand State Level 20 Points Programme Committee, he was focusing on encouraging Agriculture, Rural Economy, Small Scale Industries & Information Technology and alternative dispute resolution. Poverty alleviation, facilitating government schemes to beneficiaries were also his subject of interest. Mr. Balmukund Sahay is appointed as Part-time Non-Official Director of the bank on 21.12.2021

MR. VISHVESH KUMAR GOEL, PART-TIME NON-OFFICIAL DIRECTOR

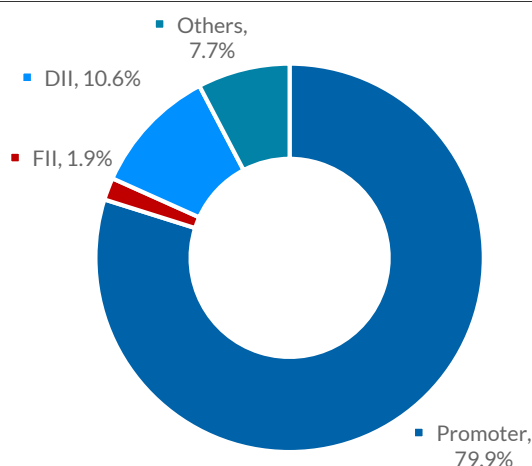
Mr. Vishvesh Kumar Goel is a member of the Institute of Chartered Accountants of India and holds Bachelor degree in Commerce from Meerut University. He has experience of more than 30 years in direct taxation, international transaction advisory, Legal opinions, Expatriate Taxation etc. He also has extensive experience in Assurance Services, serving listed Indian and Multinational clients in various industries. He has worked under various GAAPs (including USGAAP, IFRS, Ind AS, etc.). He is founder trustee of Eminent Educational Institute. He is an active participant in public seminars on direct taxation, training and other motivational programs. Mr. Vishvesh Kumar Goel is appointed as Part-time Non-Official Director of the bank on 21.12.2021

Exhibit 61: Top 15 Shareholders (as on 29th March 2022)

Sr. No.	Shareholder	(%)
1	Republic of India	79.86
2	Life Insurance Corp	3.07
3	HDFC Asset Management Co Ltd	2.22
4	L&T Mutual Fund Trustee Ltd/India	1.33
5	SBI Funds Management Ltd	0.88
6	Invesco Asset Management India Pvt	0.57
7	Kotak Mahindra Asset Management Co	0.51
8	Vanguard Group Inc	0.50
9	Principal Financial Group Inc	0.36
10	Edelweiss Asset Management Ltd	0.28
11	ICICI Prudential Asset Management	0.27
12	Dimensional Fund Advisors LP	0.18
13	Canara Robeco Asset Management Co	0.17
14	Investment Trust of India	0.17
15	Tata Asset Management Pvt Ltd	0.16

Source: Bloomberg, YES Sec – Research

Exhibit 62: Shareholding Pattern (as of December 2021)

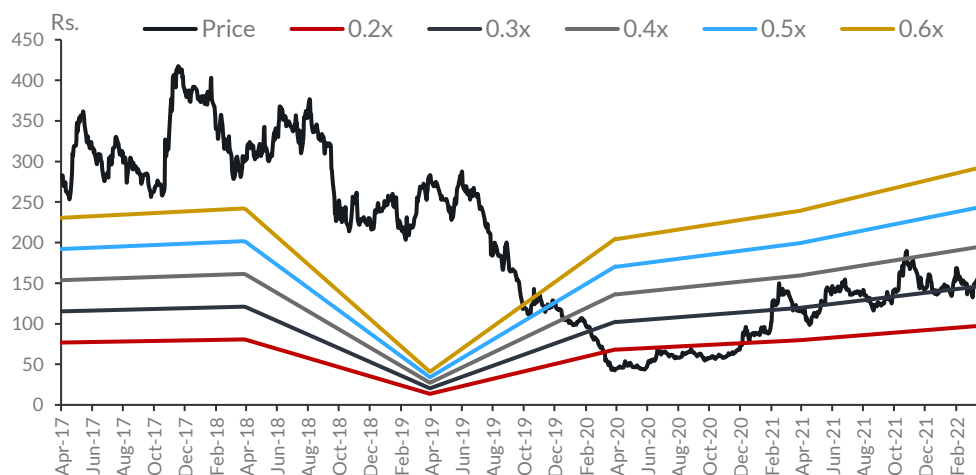


Source: Bloomberg, YES Sec – Research

Risk factors

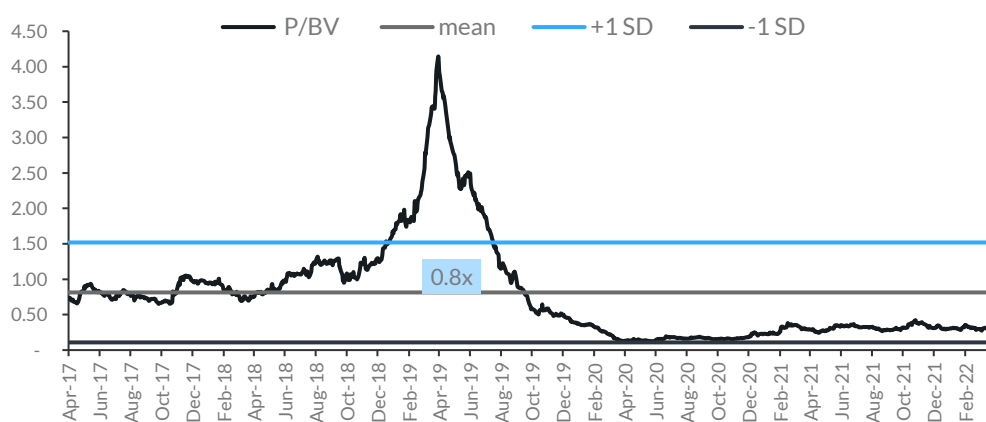
1. Like some other PSU banks, Indian Bank is undergoing a culture change in terms of the adoption of accountability and sales focus. An inadequate culture change, therefore, is a risk factor.
2. The actuation of a retail NPL cycle, whether due to further waves of Covid-19 or other reasons, may impact Indian Bank asset quality more due to relatively lower share of home loans in retail book.

Exhibit 63: 1-year rolling P/BV band



Source: Company, YES Sec – Research

Exhibit 64: 1-yr rolling P/BV vis-a-vis the mean and standard deviations



Source: Company, YES Sec – Research

Exhibit 65: Estimates vs Consensus

INBK	Bloomberg Consensus			Yes Securities Estimates			Difference (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
EPS (Rs)	28.5	40.2	48.5	31.1	46.1	56.1	9.1	14.6	15.8
BVPS (Rs)*	313.1	334.0	397.4	295.1	341.2	397.3	-5.8	2.2	0.0

Source: Company, Bloomberg, YES Sec – Research, * Adjusted BVPS

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Exhibit 66: Balance sheet

Y/e 31 Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Total cash & equivalents	356,740	540,599	471,757	518,933	581,205
Investments	1,619,090	1,765,370	1,906,599	2,097,259	2,348,930
Advances	3,408,520	3,640,102	3,931,311	4,324,442	4,843,375
Fixed assets	74,060	73,763	81,139	89,253	98,179
Other assets	222,130	240,216	259,434	285,377	319,622
Total assets	5,680,540	6,260,050	6,650,240	7,315,264	8,191,311
Net worth	347,510	384,119	419,249	471,332	534,739
Deposits	4,888,350	5,380,711	5,811,168	6,392,285	7,159,359
Borrowings	299,330	261,746	282,686	310,954	348,269
Other liabilities	145,350	233,474	137,138	140,693	148,944
Total liabilities incl. Equity	5,680,540	6,260,050	6,650,240	7,315,264	8,191,311

Source: Company, YES Sec – Research

Exhibit 67: Income statement

Y/e 31 Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Interest Income	383,300	391,058	394,887	442,255	501,519
Interest expense	(252,730)	(234,398)	(223,063)	(249,572)	(283,694)
Net interest income	130,570	156,659	171,823	192,682	217,825
Non-interest income	57,690	60,793	63,163	80,439	83,820
Total income	188,260	217,452	234,986	273,121	301,645
Operating expenses	(92,390)	(103,496)	(108,851)	(124,799)	(140,360)
PPoP	95,870	113,956	126,135	148,322	161,285
Provisions	(132,620)	(84,901)	(95,580)	(83,218)	(76,550)
Profit before tax	(36,750)	29,056	30,555	65,104	84,734
Taxes	(9,680)	991	4,575	(13,021)	(21,328)
Net profit	-46,430	30,047	35,129	52,083	63,407

Source: Company, YES Sec – Research

Exhibit 68: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Interest income	NA	6.6	6.1	6.3	6.5
Interest expense	NA	-3.9	-3.5	-3.6	-3.7
Net interest income	NA	2.6	2.7	2.8	2.8
Non-interest income	NA	1.0	1.0	1.2	1.1
Total income	NA	3.6	3.6	3.9	3.9
Operating expenses	NA	-1.7	-1.7	-1.8	-1.8
PPoP	NA	1.9	2.0	2.1	2.1
Provisions	NA	-1.4	-1.5	-1.2	-1.0
Profit before tax	NA	0.5	0.5	0.9	1.1
Taxes	NA	0.0	0.1	-0.2	-0.3
Net profit	NA	0.5	0.5	0.7	0.8

Source: Company, YES Sec – Research

Exhibit 69: Ratio analysis

Y/e 31 Mar	FY20	FY21	FY22E	FY23E	FY24E
Growth matrix (%)					
Net interest income	NA	20.0	9.7	12.1	13.0
PPoP	NA	18.9	10.7	17.6	8.7
Net profit	NA	-164.7	16.9	48.3	21.7
Loans	NA	6.8	8.0	10.0	12.0
Deposits	NA	10.1	8.0	10.0	12.0
Profitability Ratios (%)					
Net interest margin	NA	2.8	2.9	3.0	3.0
Return on Average Equity	NA	8.2	8.7	11.7	12.6
Return on Average Assets	NA	0.5	0.5	0.7	0.8
Per share figures (Rs)					
EPS	NA	26.6	31.1	46.1	56.1
BVPS	NA	340	371	417	473
ABVPS	NA	231	300	361	421
Valuation multiples					
P/E	NA	5.7	4.9	3.3	2.7
P/BV	NA	0.4	0.4	0.4	0.3
P/ABV	NA	0.7	0.5	0.4	0.4
NIM internals (%)					
Yield on loans	NA	7.8	7.3	7.4	7.5
Cost of deposits	NA	4.3	3.8	3.9	3.9
Loan-deposit ratio	69.7	67.7	67.7	67.7	67.7
CASA ratio	40.8	42.3	42.0	42.4	42.7
Opex control (%)					
Cost/Income ratio	49.1	47.6	46.3	45.7	46.5
Cost to average assets	NA	1.7	1.7	1.8	1.8
Capital adequacy (%)					
Tier 1 capital ratio	10.4	12.3	11.7	10.9	10.0
Asset quality (%)					
Slippage ratio	NA	2.7	3.0	2.5	2.2
Gross NPL ratio	11.4	9.9	8.5	7.7	6.9
Credit cost	NA	2.1	2.3	1.8	1.5
Net NPL ratio	4.2	3.4	2.0	1.5	1.2

Source: Company, YES Sec – Research; Some FY20 numbers are NA since the FY19 numbers required for them are unavailable

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