

Investor Update

21 November 2019

Financial Performance 9M 2019

Net Operating Income - Group

	2019 (Rs Bn)	2018 (Rs Bn)	Growth %
NII	42.9	38.5	 11%
Net Fee Income	7.4	7.3	 1%
Net Insurance Premium	6.1	5.5	 11%
Other Income	1.1	2.6	 59%
Total Operating Income	57.4	53.9	 7%
Impairment	9.1	5.4	 70%
Net Operating Income	48.3	48.5	 0.4%

Expenses & Profits - Group

	2019 (Rs Bn)	2018 (Rs Bn)	Growth %
Operating Expenses	27.6	23.7	▲ 16%
Profit Before VAT & Taxes	20.8	24.8	▼ 16%
Total Taxes	12.2	11.6	▲ 5%
PAT	8.7	13.3	▼ 35%
Profit Attributable to Shareholders	8.4	12.7	▼ 34%

Net Operating Income - Bank

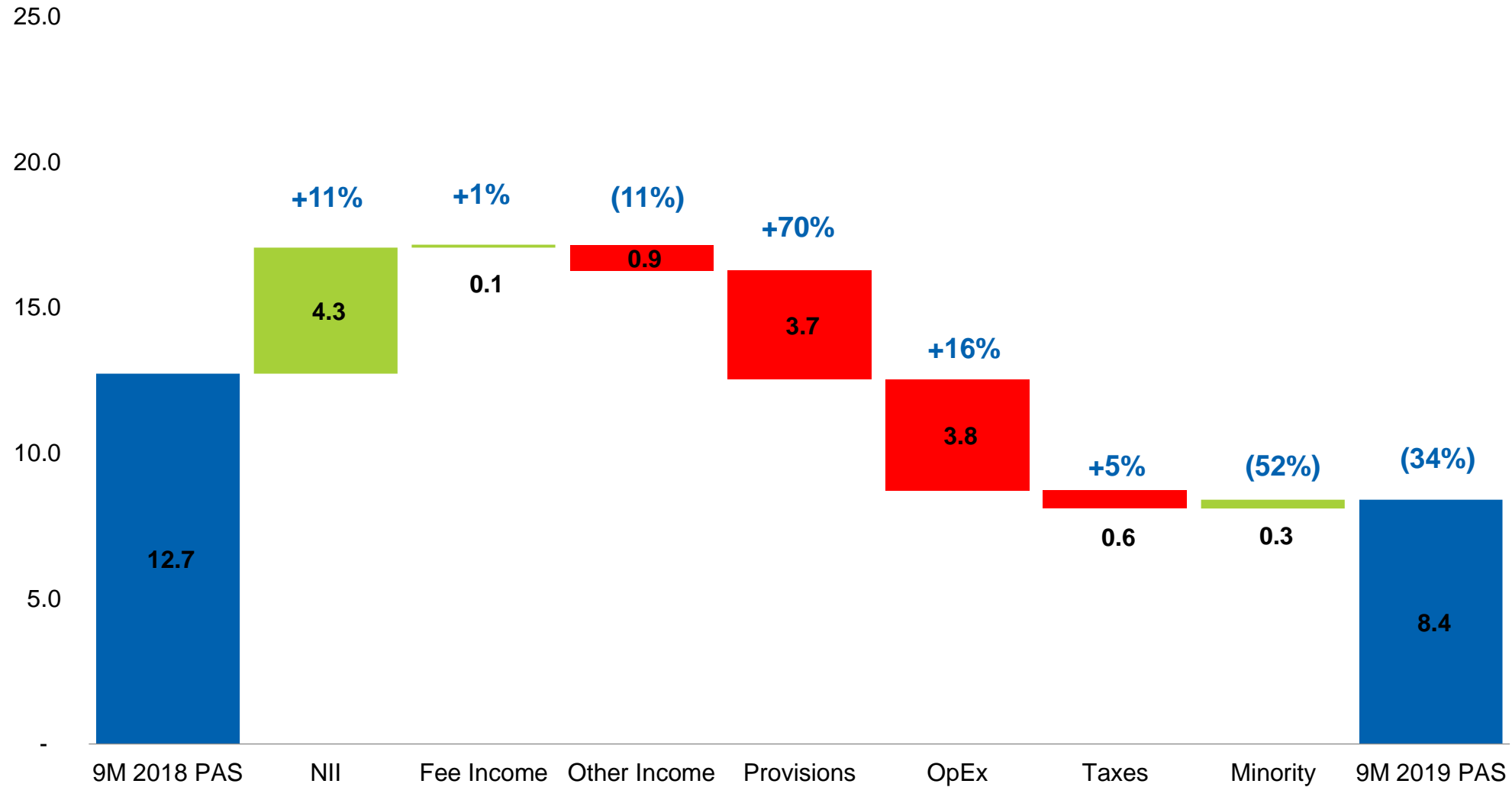
	2019 (Rs Bn)	2018 (Rs Bn)	Growth %
NII	37.8	34.1	 11%
Net Fee Income	6.7	6.8	 2%
Other Income	0.9	2.4	 63%
Total Operating Income	45.4	43.3	 5%
Impairment	8.1	4.8	 69%
Net Operating Income	37.3	38.5	 3%

Expenses & Profits - Bank

	2019 (Rs Bn)	2018 (Rs Bn)	Growth %
Operating Expenses	18.0	16.0	 12%
Profit Before VAT & Taxes	19.3	22.5	 14%
Total Taxes	11.3	10.5	 8%
PAT	8.0	12.0	 33%

Movement in Group Profit Attributable to Shareholders

Rs Bn



Movement in Bank Profit After Tax

Rs Bn

20.0

18.0

16.0

14.0

12.0

10.0

8.0

6.0

4.0

2.0

-

9M 2018 PAT

NII

Fee Income

Other Income

Provisions

OpEx

Taxes

9M 2019 PAT

12.0

+11%

3.8

(2%)

0.1

(63%)

1.5

+69%

3.3

+12%

2.0

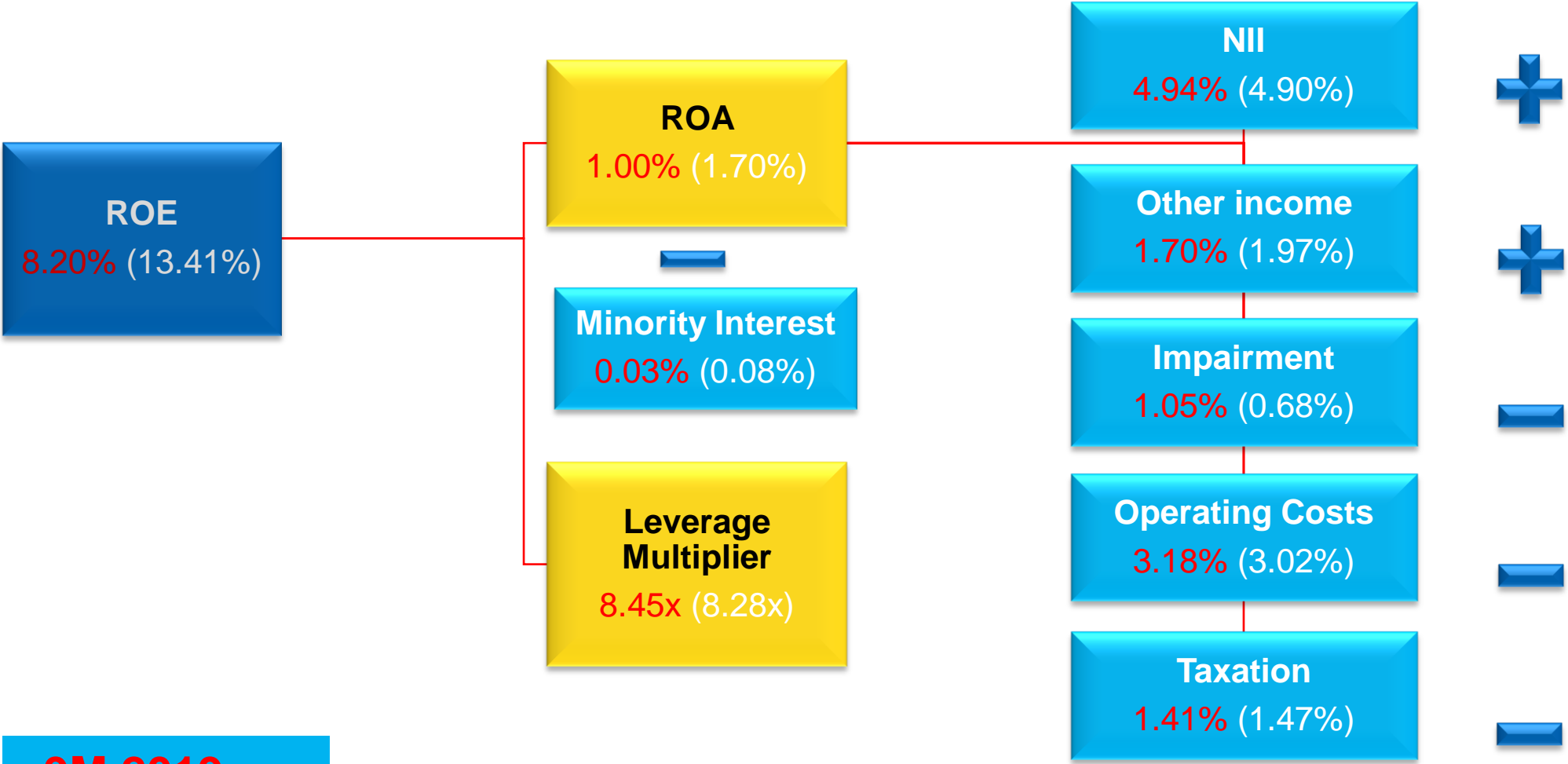
+8%

0.8

(33%)

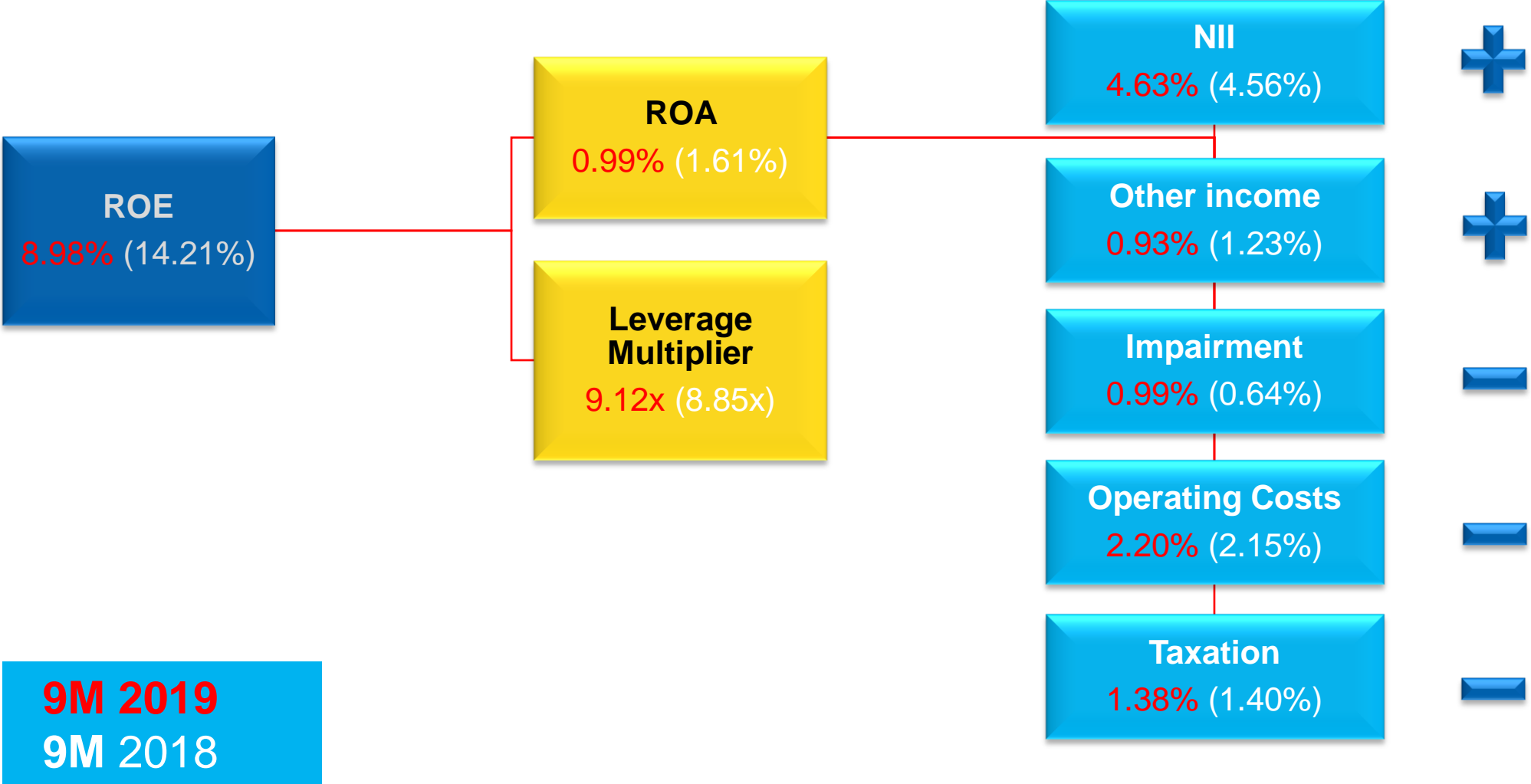
8.0

DuPont Analysis – Group



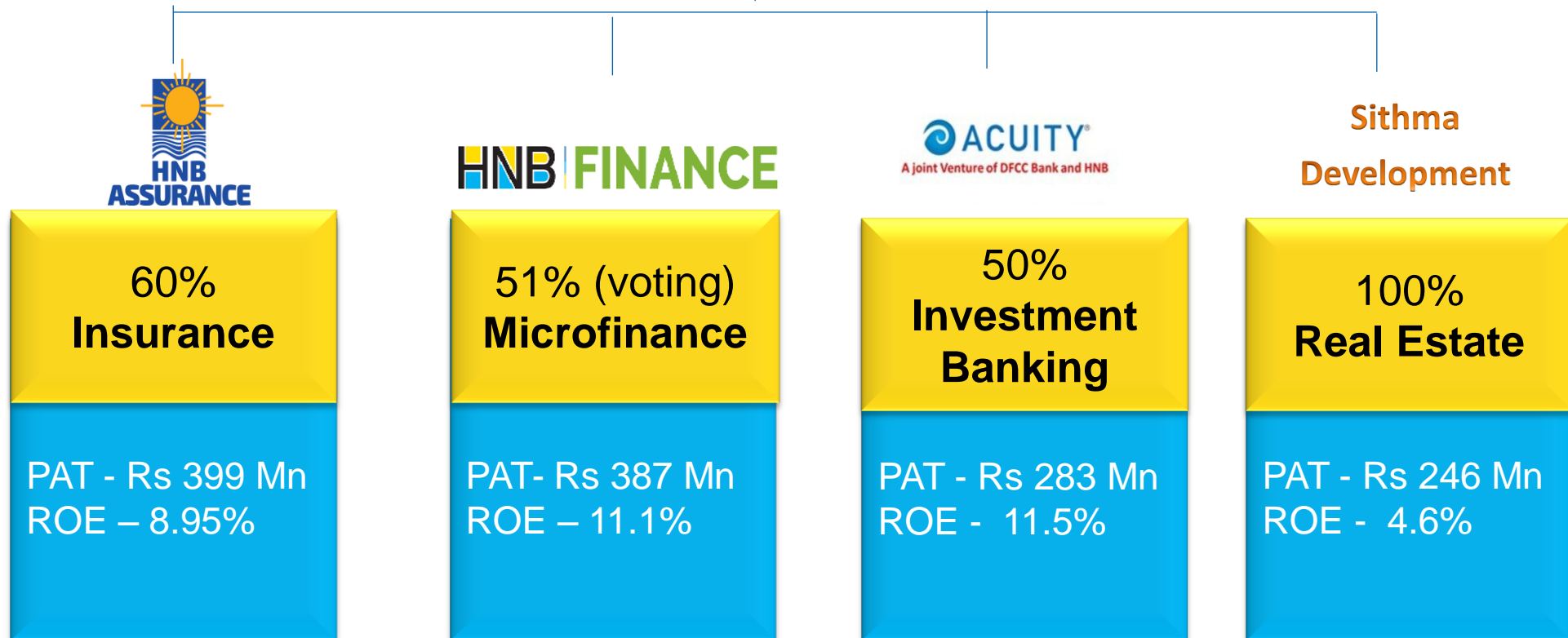
9M 2019
9M 2018

DuPont Analysis – Bank

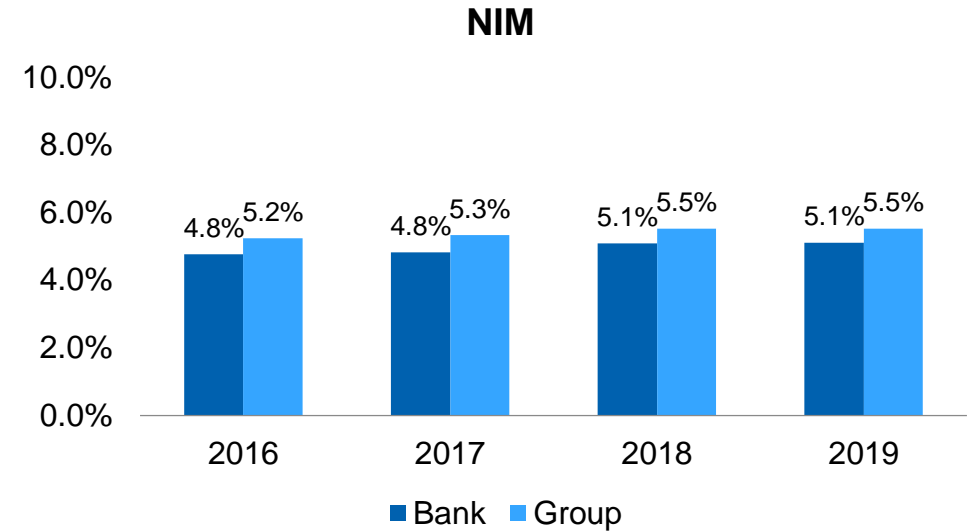
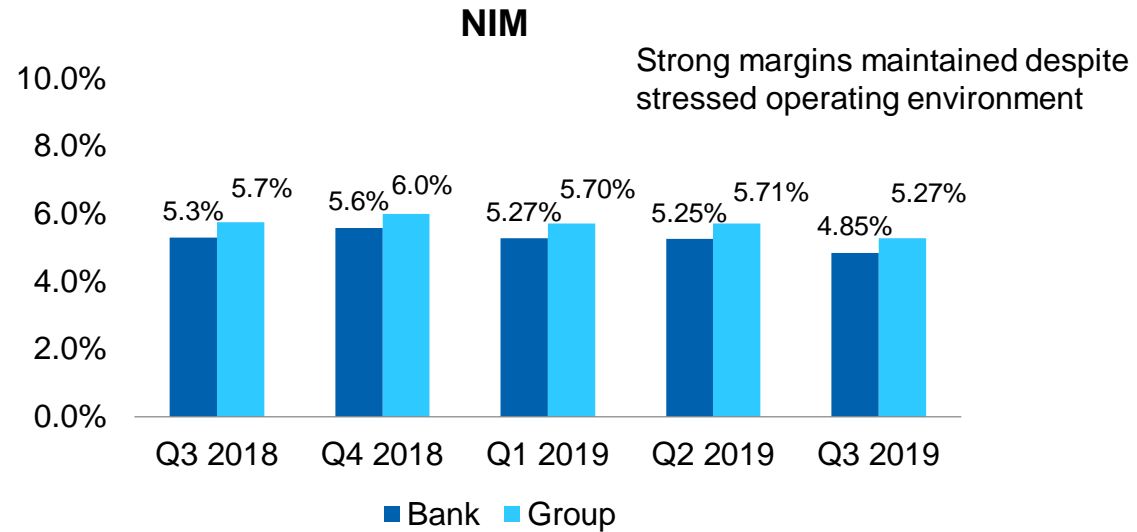


9M 2019
9M 2018

Performance of Group Companies

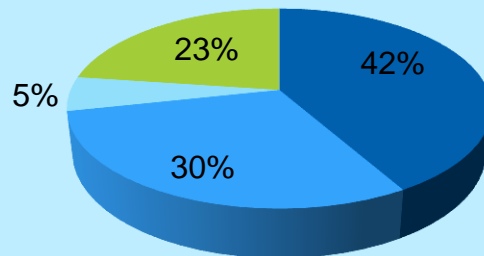


Core Banking Performance



Diversified Loan Book

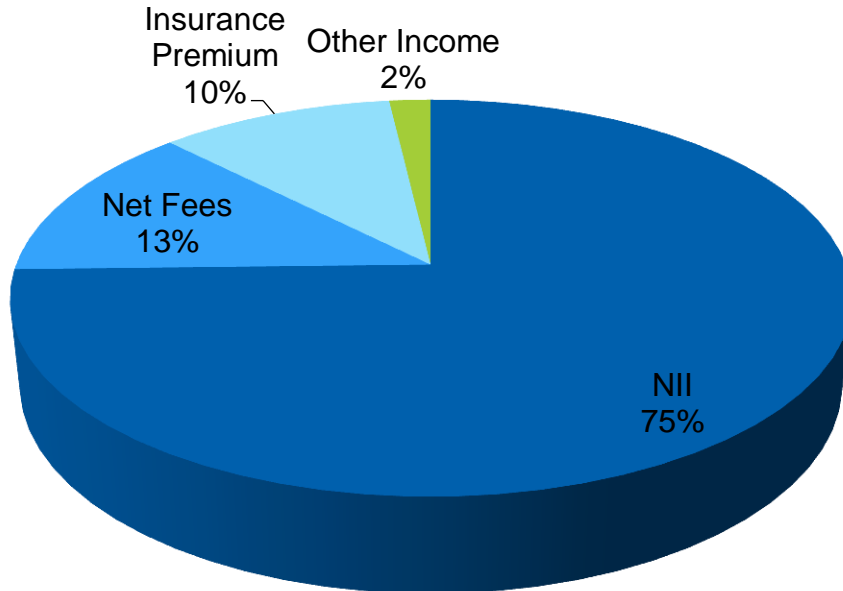
■ Corporate ■ MSME ■ Mid.Mkt ■ Retail



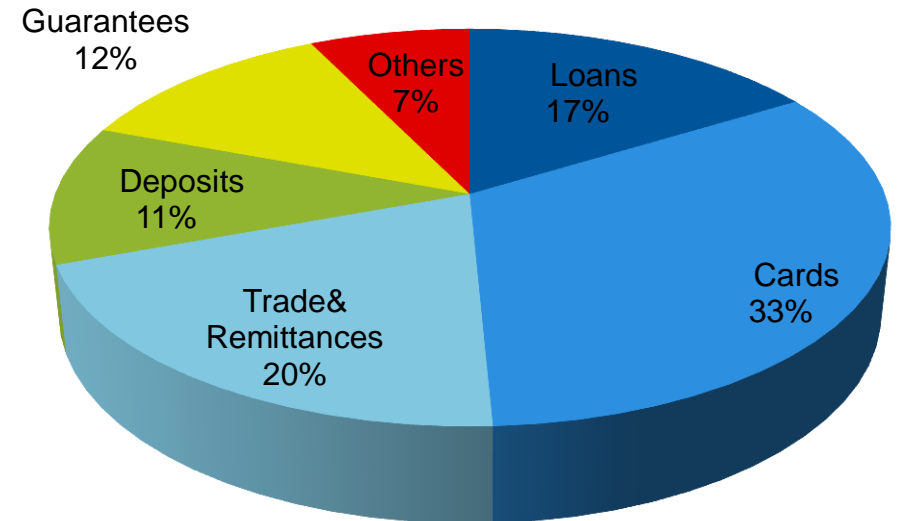
Balanced portfolio with 53% in higher yielding segments

Non Fund Income

Group TOI Composition



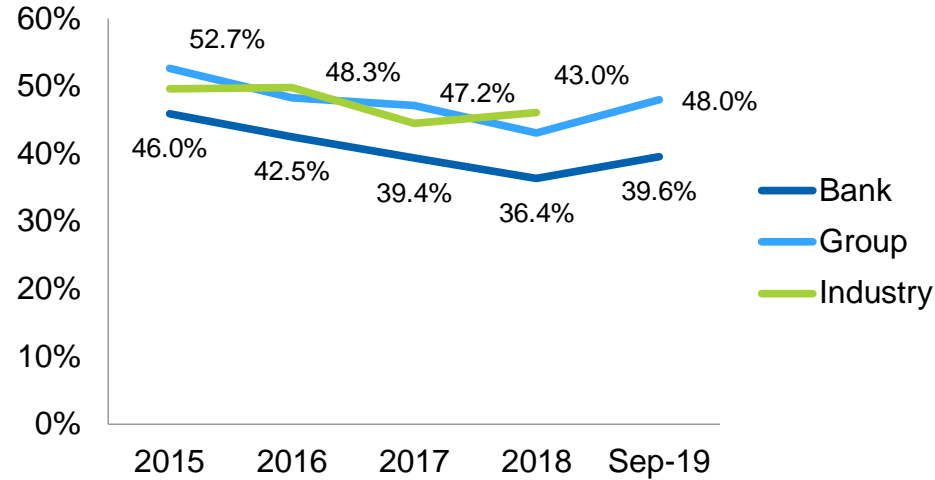
Bank Fee Income



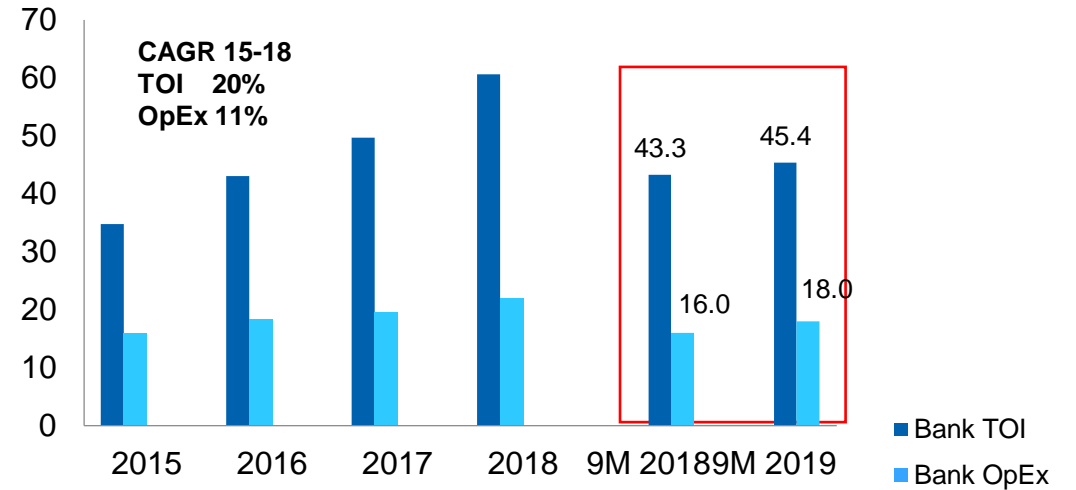
- Bank level Fees dip marginally during the 09 months owing to sluggish conditions, underperforming imports, lower guarantee volumes from slower Development and Infrastructure projects, etc.
- However encouraging growth reported in digital channels and custodial services
- Above average exchange gain of Rs 1.8 Bn booked in 2018, normalization of currency movements has led to only Rs 287 Mn in exchange gains for 09 months ending September 2019.

Operational Excellence

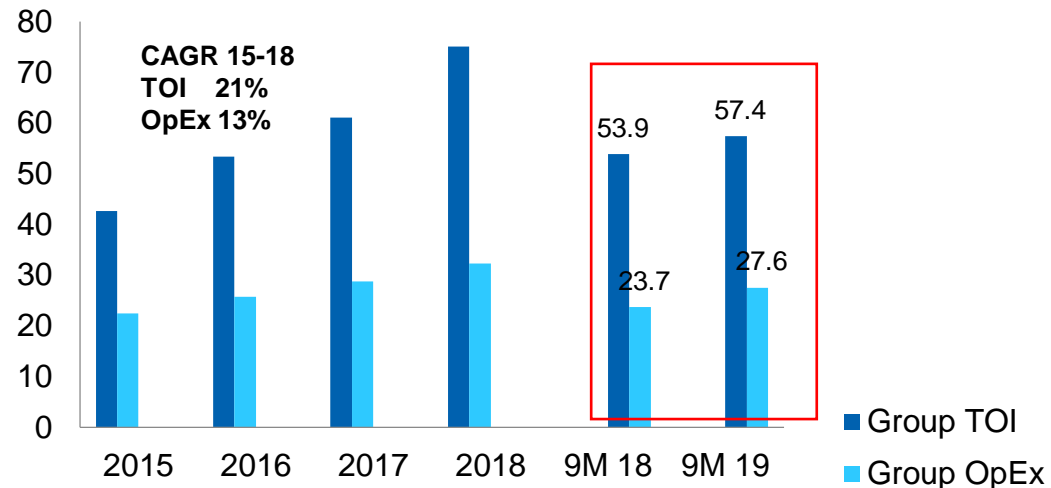
Cost to Income



Bank-TOI vs. OpEx (Rs Bn)

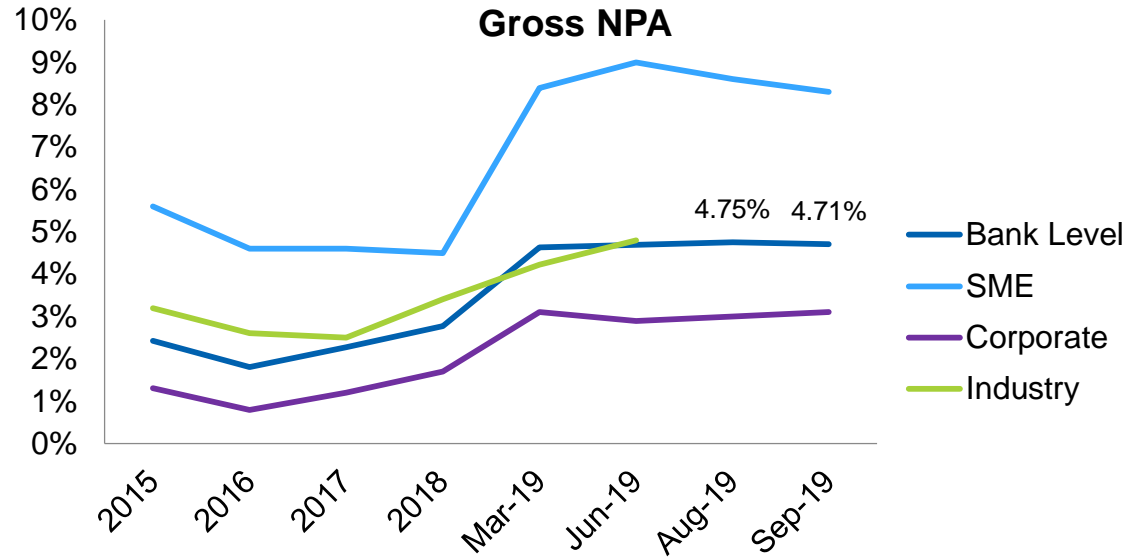


Group-TOI vs. OpEx (Rs Bn)

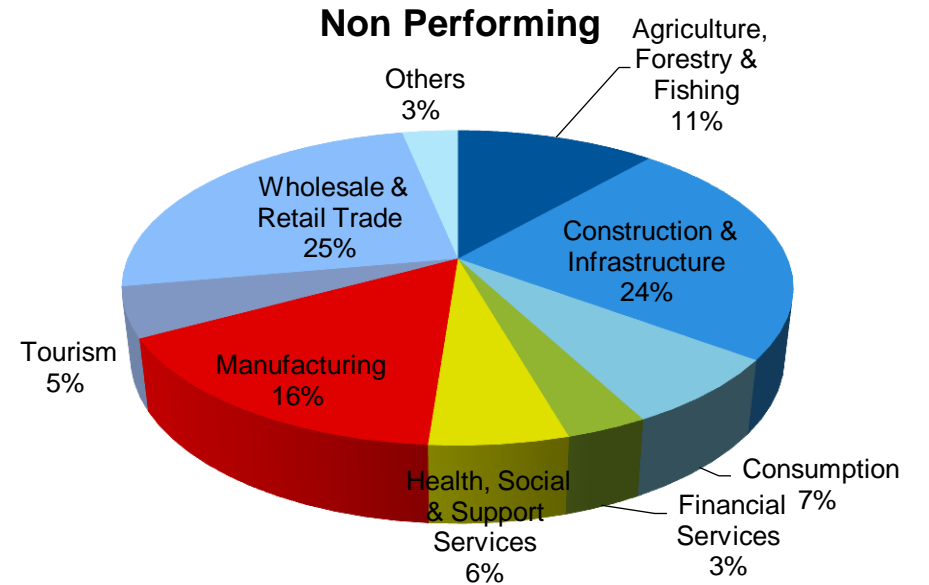
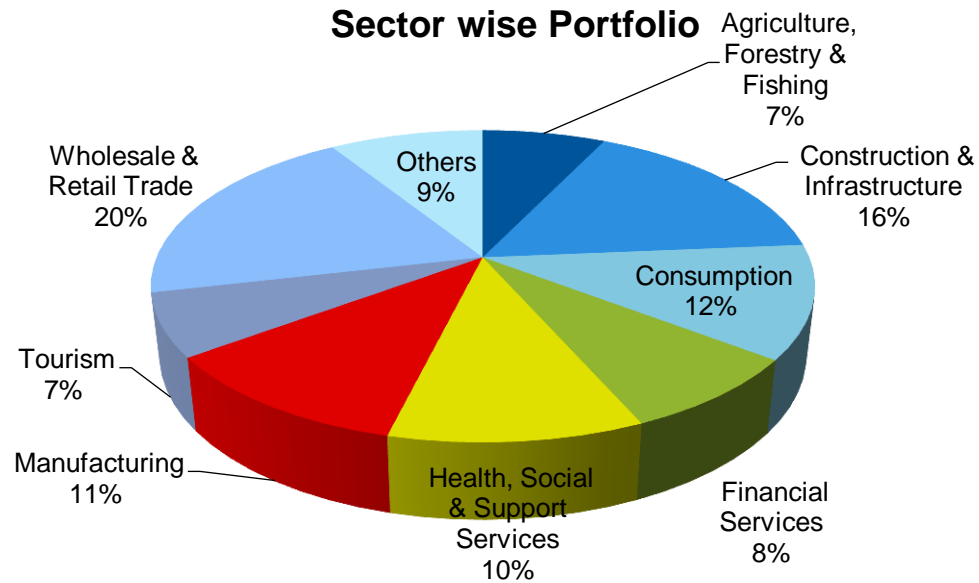


- **Bank and Group Cost to Income Ratios have improved by 6.3% and 4.7% respectively since 2015**
- **Revisions to Collective Agreements and Executive Compensation increases Q2 and Q3 OpEx relative to 2018**

Asset Quality

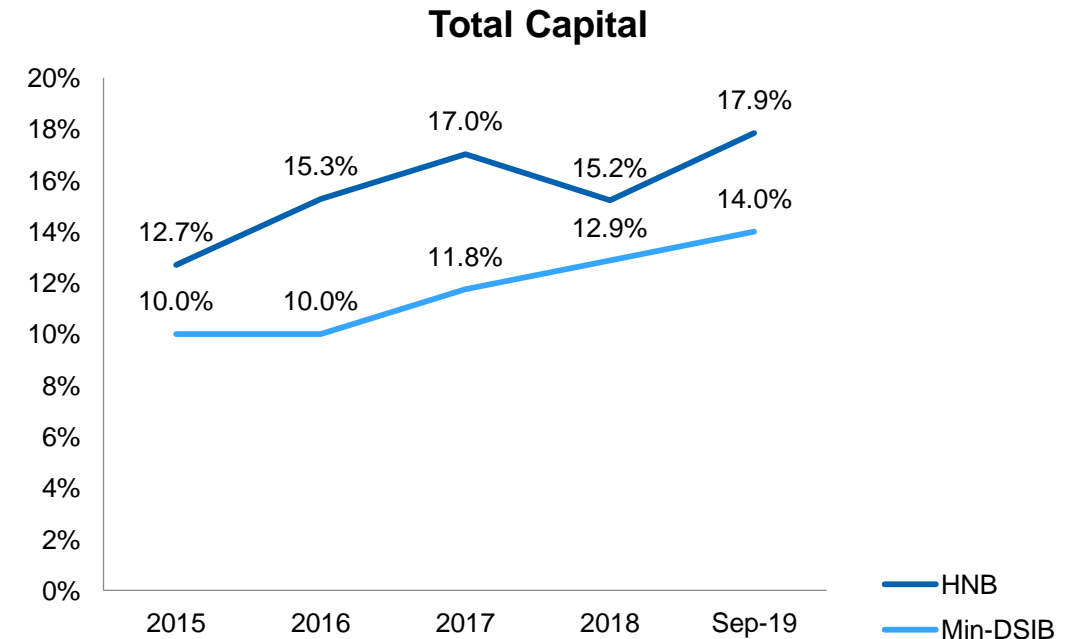
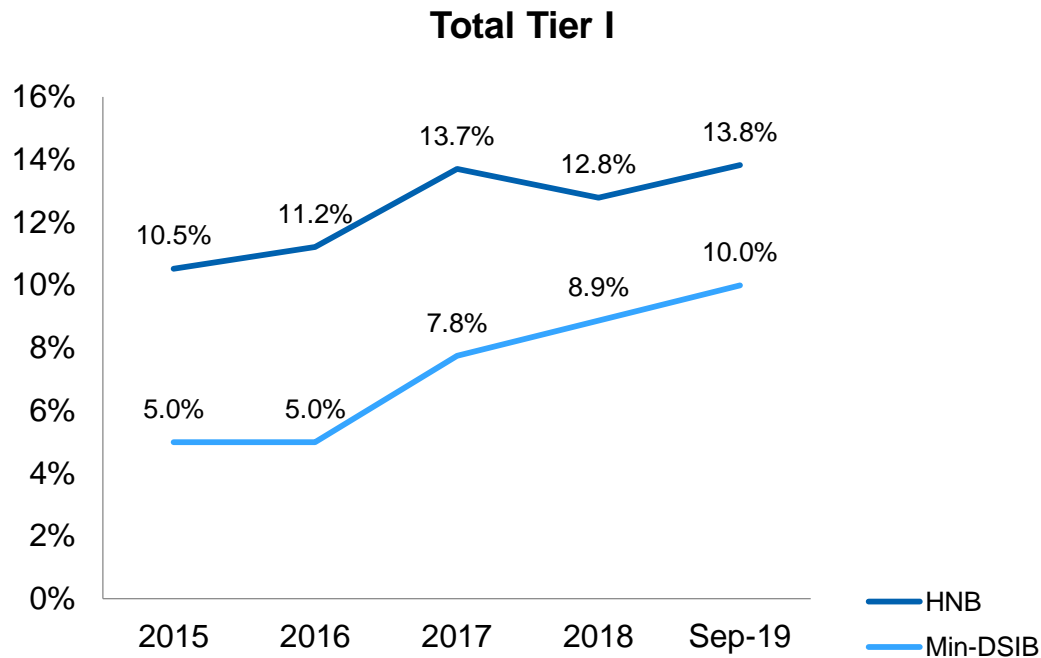


- NPA declines between August to September despite significant increases observed among peers
- Provision coverage of 70%
- Specialized Credit Vertical rolled out under Bank Transformation Project.
- Max Exposure to single sector at 20%
- Construction & Infrastructure NPA's combined under 25% of NPA composition



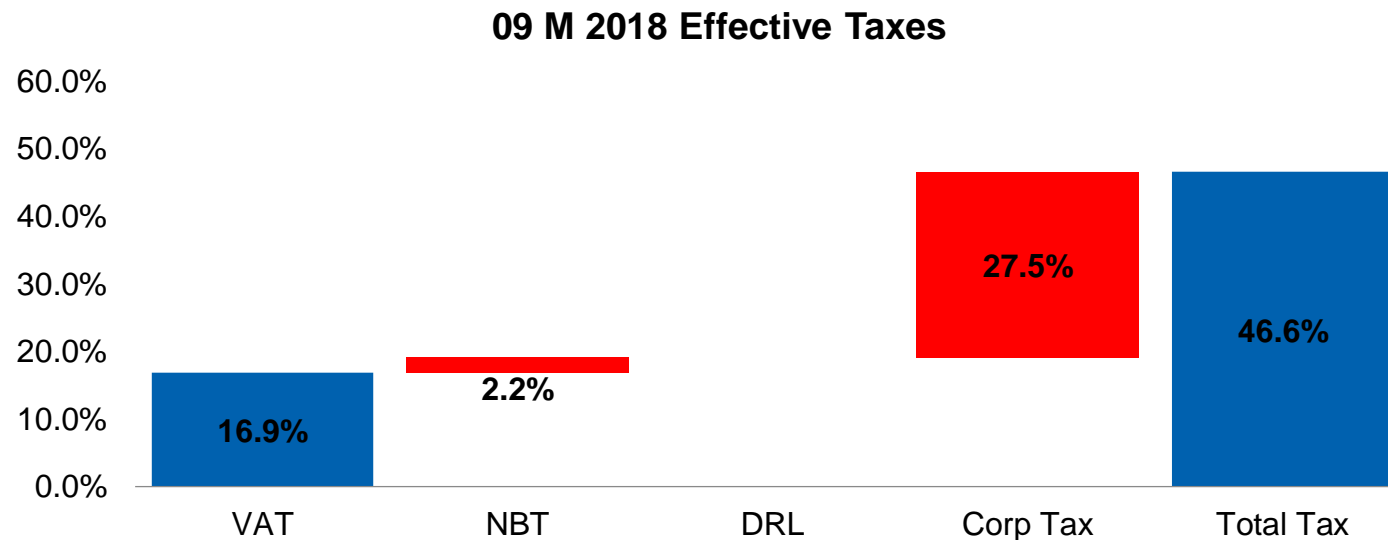
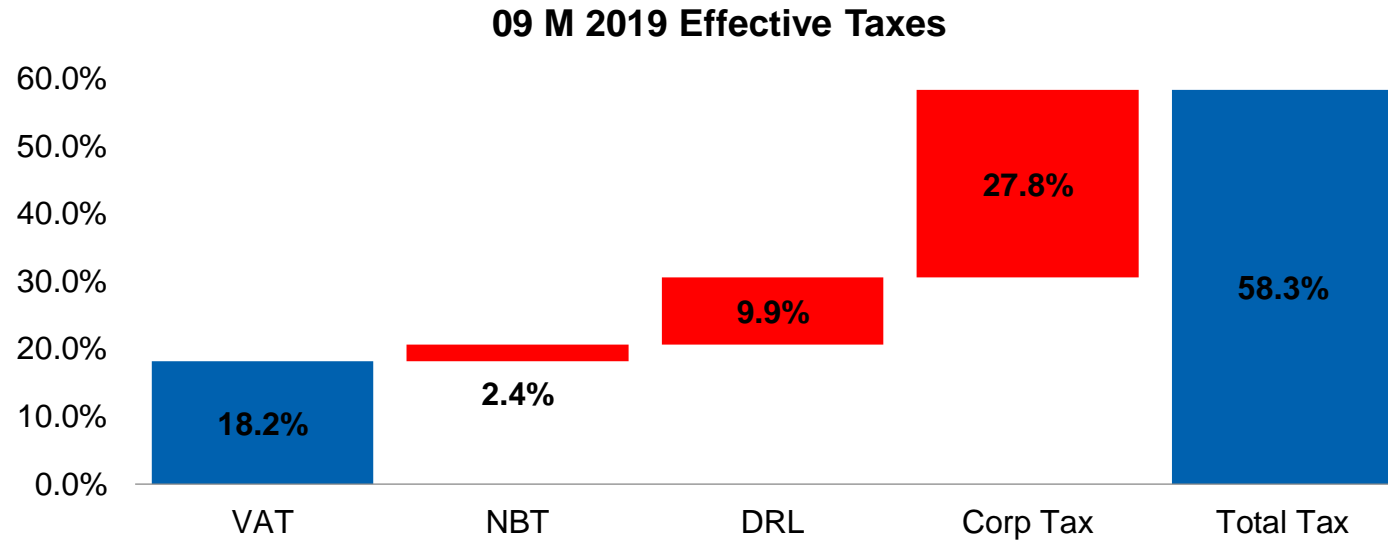
Sound Capitalization

- Capital Adequacy maintained well above requirements despite higher credit costs and taxes affecting internal capital generation.
- Rs 10 Bn Debenture Issue boosts Tier II and thereby Total Capital – Potential to Grow Loan book without stress on capital when credit growth picks up



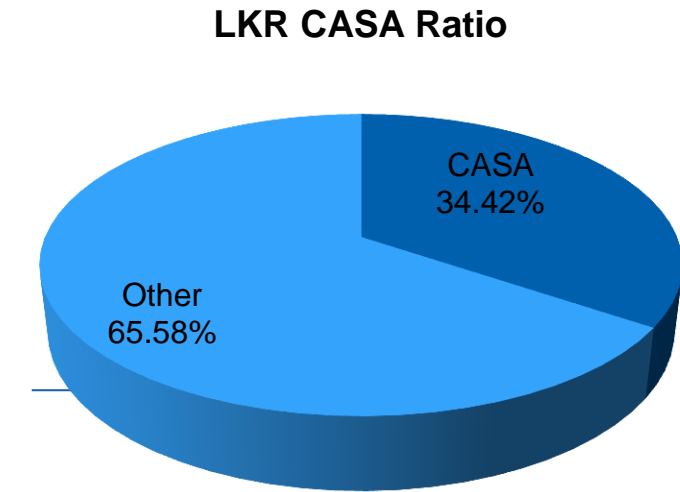
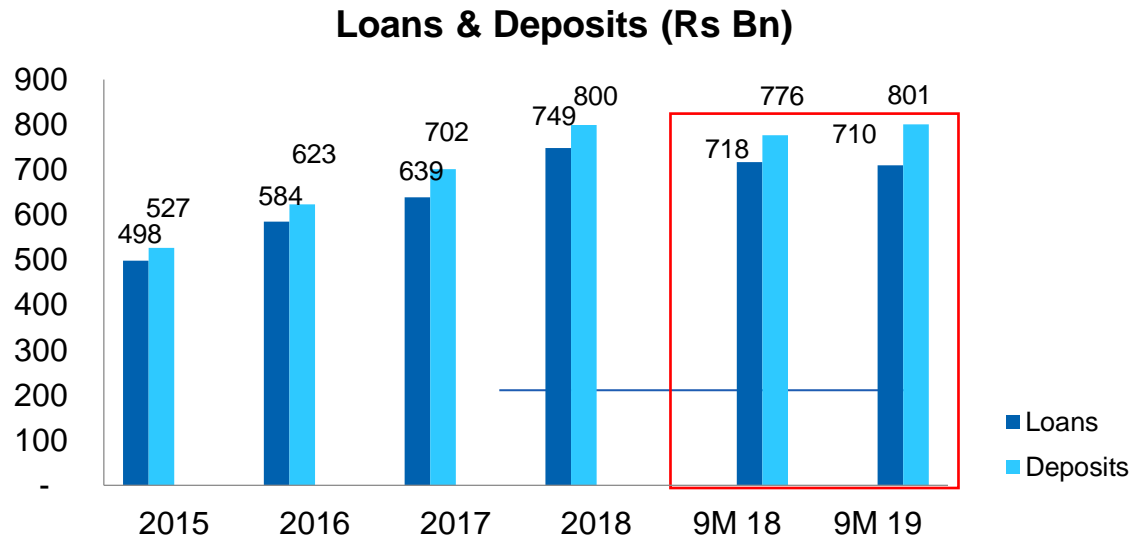
DSIB – Banks with assets above Rs 500 Bn

Breakup of Total Effective Tax Rate



- **Effective Total Tax rate of 47% in 9M 2018 on Bank Operating Profit.**
- **10% DRL in 9M 2019 drives Total Tax rate to 58%**

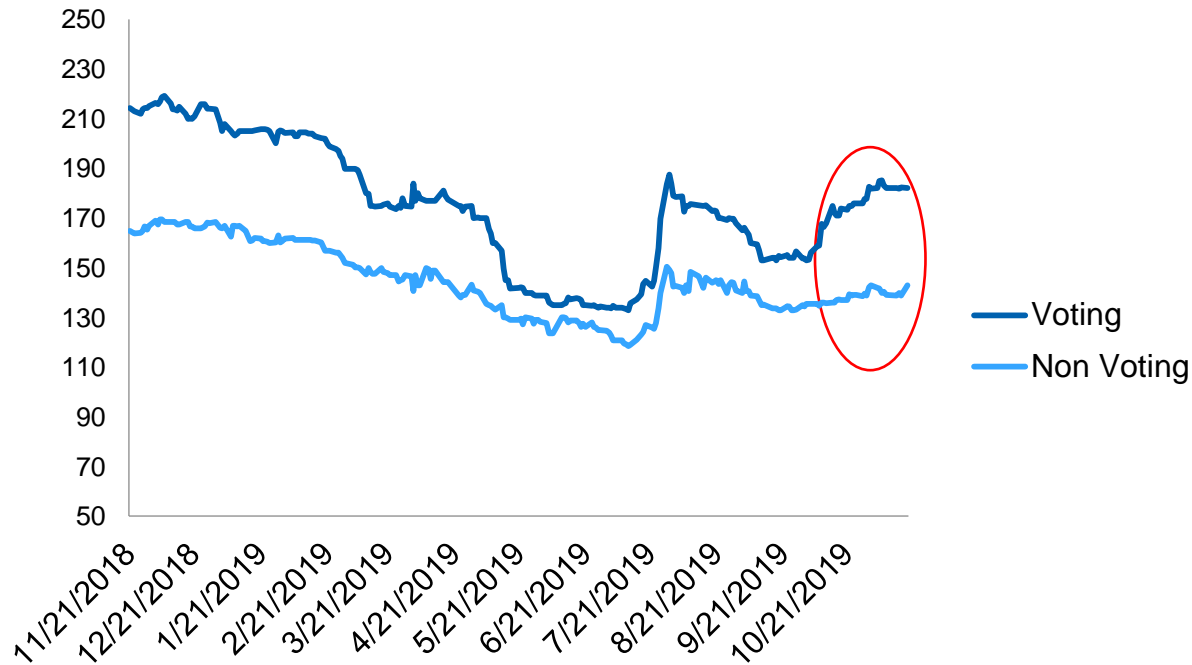
Position Analysis



- Deposits cross Rs 800 Bn mark, continues to be 2nd highest among Private Banks
- Deposits - 3.2% growth YoY and 0.1% growth during 9 months
- Marginal contraction in loan book as Bank focuses on credit quality over growth
- Loans - 1.1% drop YoY and 5.2% drop during 9 months

Shareholder Return

12 M Share Movement (Rs)



Annualized EPS (Rs)	22.40
BVPS (Rs)	281.34
PBV Voting	0.65
PE Voting	8.14
Total Dividends (Rs)	8.50
Dividend Yield (%)	4.7 (N) & 5.9 (X)

- Voting Share has increased by 19% over the past 03 months
- Non Voting has increased by 7% over the same period
- BFI sector PE & PBV at 5.5 and 0.8 respectively

Thank you

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