

24 July 2023

India | Equity Research | Q1FY24 results review

Kotak Mahindra Bank

Banking

Healthy quarter; management succession is key monitorable

Kotak Mahindra Bank (KMB) reported healthy Q1FY24 PAT at INR 34.5bn (~5% beat, led by higher other income) with RoA at 2.8%. Deposit growth jumped sharply to 6% QoQ though entirely from term deposits (up 15% QoQ) while CASA declined. There was a substantial rise in slippages / credit costs, which was partly due to higher share of unsecured loans (now at 10.7% vs 7.9% YoY). For FY24E-FY25E, we maintain our loan growth estimates at ~18% CAGR and credit cost estimate at 50-60bps. However, we raise our FY24E/FY25E PAT by 2-3% on higher other income. We estimate ~2.2% / 1.9% RoAs for FY24E / FY25E respectively. Maintain **HOLD** with target price increased to INR 2,000 (vs INR 1,900) valuing the stock at ~2.9x FY25E core banking book (vs ~2.7x) and ~INR 500 per share (broadly unchanged) for subsidiaries. Upside risk is higher than expected growth and downside risk is sharp deterioration in asset quality.

Revival in deposit growth led by term deposits; NIM cools off

Loan growth was reasonable at 2.7% QoQ and 17.3% YoY. Share of unsecured loans including MFI, increased further to 10.7% (vs 10% QoQ and 7.9% YoY) while growth in agri (down 2.5% QoQ) and SME (down 1.0% QoQ) loans was somewhat soft. Savings balances declined YoY for the fourth consecutive quarter. CASA ratio dipped to 49% vs 52.8% QoQ and 58.1% YoY. However, the bank saw strong jump in term deposits (including TD sweep) at 15% QoQ and 48.5% YoY. After rising for six consecutive quarters, NIM cooled off by 18bps QoQ to 5.57%. With pressure on the cost of deposits and limited expansion of core yield (bank has ~57% share of EBLR loans, as of Q4FY23), we see rising pressure on core NIM ahead.

Slippages rise sharply; but overall asset quality broadly stable

Gross slippages increased sharply from ~1.0% run-rate in the last two quarters to ~1.5% (INR 12.05bn) in Q1FY24. Net slippages too rose sharply from <INR 1bn in FY23 to INR 5.1bn. After seven consecutive quarters of QoQ decline, GNPA's in Q1FY24 increased 2% QoQ; ratio was flattish at 1.77%. Bank consumed INR 500mn of contingent provisions during the quarter. O/s provisions stand at INR 3.37bn (10bps of loans). Bank mentioned that the credit cost environment has become more or less normalised. We also note that the share of unsecured retail loans has risen substantially. Overall, we estimate credit cost at 50-60bps for FY24E/FY25E.

Financial summary

Y/E March	FY22A	FY23A	FY24E	FY25E
NII (INR bn)	168.2	215.5	242.0	262.8
Op. profit (INR bn)	120.5	148.5	173.3	177.1
Net Profit (INR bn)	85.7	109.4	114.4	115.1
EPS (INR)	43.0	55.1	57.6	57.9
EPS % change YoY	22.3	28.1	4.5	0.5
ABV (INR)	356.2	413.4	467.7	523.1
P/BV (x)	5.4	4.7	4.2	3.7
P/ABV (x)	4.6	3.8	3.2	2.8
Return on Assets (%)	2.1	2.4	2.2	1.9
Return on Equity (%)	12.7	14.1	12.9	11.5

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Market Data

Market Cap (INR)	3,915bn
Market Cap (USD)	47,741mn
Bloomberg Code	KMB IN
Reuters Code	KTKM.BO
52-week Range (INR)	2,064 / 1,644
Free Float (%)	74.0
ADTV-3M (mn) (USD)	148

Price Performance (%)	3m	6m	12m
Absolute	3.8	11.9	7.9
Relative to Sensex	11.8	10.3	20.4

ESG Disclosure	2021	2022	Change
ESG score	33.8	36.4	2.5
Environment	3.5	3.5	0.0
Social	14.3	21.8	7.5
Governance	83.6	83.6	0.0

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
PAT	3	2

Previous Reports

01-05-2023: [Q4FY23 results review](#)

21-01-2023: [Q3FY23 results review](#)

Subsidiaries' performance healthy with consolidated RoA / RoE at 2.63% / 14.62%

Consolidated PAT for Q1FY24 stood at INR 41.5bn, up 51% YoY. Consolidated loans including credit subsidiaries grew 19% YoY to INR 4.06trn. Total assets managed / advised by the group jumped 23% YoY. Subsidiaries constituted 23% of the consolidated PAT before affiliate and inter-company adjustments vs. 30% YoY and stable QoQ. Kotak Mahindra Securities and Kotak Mahindra Capital reported healthy QoQ rise in PAT while most other subsidiaries reported flattish or marginal decline in PAT QoQ. General insurance business reported yet another quarter of loss. Overall RoA came in at 2.63% vs 2.04% YoY. Similarly, RoE was 14.62% for Q1FY24 vs 11.22% for Q1FY23.

Valuation and Risks

We maintain our loan growth estimates at ~18% CAGR for FY24-25. Our credit cost estimates for FY24-25 are broadly unchanged at 50-60bps. However, we raise our FY24E/FY25E PAT by 2-3% on higher other income. We estimate ~2.2% / 1.9% RoAs for FY24E / FY25E respectively. Maintain **HOLD** with target price increased to INR 2,000 (vs INR 1,900) valuing the stock at ~2.9x FY25E (~2.7x earlier) core banking book and ~INR 500 per share (broadly unchanged) for subsidiaries. Upside risk is higher than expected growth and downside risk is sharp deterioration in asset quality.

Q1FY24 earnings call takeaways

Mr. Uday Kotak's remarks and commentary

- **There is positive alignment of stars for India - Strong geopolitics, Strong macro**
- India is in a benign and positive macro situation on many fronts
- Great time for building and nurturing business in India from a medium term perspective
- **Continue to be very optimistic about India's future**
- **See multi decade opportunity for growth in India**
- **Kotak would Dare to be different, Dare to be bold**

Deposits

- **Deposits have really picked up driven by a product which is bold and disruptive i.e. ActivMoney**
- See ActivMoney as a sustained program for building customer franchise as well
- Believe that there is a huge opportunity between CASA and traditional TD

SME and wholesale

- Seeing good growth in NBFC segment
- **Demand for new working capital loans has shown healthy growth, but improvement in utilisation of existing limits has been slow**
- SME growth was lower than expected due to lower utilisation of limits
- Volume growth has been reasonable, but see spreads compression due to competition in wholesale
- Continue to focus on fee income in SME and corporate portfolio

CV/CE/Tractor

- CE continues to be stable in CV portfolio. CE volume (at industry level) up 17% YoY. Bank's disbursements were in-line with market growth
- Disbursements were up in tractor (old as well as used)

Microfinance

- **Microfinance disbursements up 69% YoY**
- 719 BC branches
- 1.6mn women borrowers
- Asset quality continues to be strong

Consumer banking

- **Gone live with co-brand credit card with Mynta**
- Also went live with UPI on credit card

Asset quality

- Gross slippages increased QoQ. Credit costs came at 54bps for the Q1. The bank mentioned that the Credit cost environment has become more or less normalised.
- **Don't see any issue or stress in unsecured segment**

Profit and Loss

- Favourable interest rate environment has also aided MTM gains on investment portfolio
- Cost to assets could continue to be elevated for sometime
- **Other income includes INR3 bn of dividend income.**
- Sharp rise in staff costs at 40% YoY and 13% QoQ. The bank mentioned that the retiral costs for Q1FY23 and 4QFY23 were lower due to increase in interest rates and change in pension annuity rates respectively. However, Q1FY24 saw higher retiral costs. Staff costs, ex of retirals, were ~20% YoY.
- Other opex was higher at 6% QoQ on higher promotional spends.

Miscellaneous

- Attrition - At senior management level, it is less than 10%. At middle management, it is less than 20% and only at junior management, it was elevated.
- **On track for our leadership transition and will share details at an appropriate time**
- Always open for inorganic opportunities

Subsidiaries

Kotak Prime

- Car industry - Wholesale industry is up 9% YoY while retail industry is down 10% YoY
- SUV/Luxury segment is seeing reasonably good demand wherein waiting periods are rising for these segments

Kotak Life

- Premium growth has been relatively slow as compared to peers
- It plans to catch up in Q2

Kotak Securities

- Cash market volumes this quarter have been pretty subdued while some improvement seen in June and July
- Derivative market volumes have almost more than doubled YoY and up 15-20% QoQ

Kotak AMC

- Total AUM at INR 3.12trn
- Total Equity AUM at INR 1.67trn
- Retail AUM stands at 55% of total AUM
- PAT was flat YoY at INR 1.06bn as economies of scale was shared with unitholders
- Kotak MidCap fund has crossed USD 2.5bn, making one of the largest India dedicated fund.

Q4FY23 earnings call takeaways

Mr. Uday Kotak's remarks and commentary

- **Indian banking sector is going through a phase which he calls as goldilocks and outlook remains positive**
- Domestic situation is much better, macro fundamental looks good, CAD is looking much more under control
- Economy continues to show great resilience and think that India is in a good shape
- Risks to Indian growth coming from factors external to India
- Would keep a watch on inflation and interest rates
- Will have to see how El Nino effect plays out and hence will get a clear picture on inflation post Aug'23
- **If monsoon goes well, then H2FY24 could see some moderation in repo. But if monsoon doesn't go well, then would be surprised to see any moderation in repo.**
- **Bank will look to maintain a balance between fixed and floating book.**
- **The bank is open to inorganic acquisition across the spectrum with the focus on sustainable advantage. The bank reiterated that it has strong execution skills.**
- **Credit cost for FY23 is at historic lows**
- **Sustainable growth target remains intact at 1.5x-2x of India's nominal GDP**
- **Believe in growth while keeping stability and risk management as core to the future**
- **Bank has commitment to sustainability and resilience of financial institution over long period of time**
- **FY23 would be among the historic year for the banking industry as well as KMB in terms of margins**

Opex

- **Non-employee opex has a large number of promotional spends in Q3 which was relatively quite low in Q4 and thereby non-employee opex was lower QoQ**

- **Will open 150 branches in FY24 and strategy to do measured expansion continues**

Margins

- **Average NIMs was 5.3% and 4Q was 5.75%. At this stage, the bank would believe that the average NIMs for FY24 should not be <5%**

Asset quality

- Slippages of INR 8.23bn of which INR 2.13bn got upgraded in the same quarter itself
- **ECLGS portfolio continues to be very stable**
- Strong recoveries from old portfolio (especially SME) further supplements credit cost

Loanbook

- **Continue to use credit substitute to optimise PSL cost and avoid irrational pricing of loans**
- NBFC sector seems to be in good shape and bank remains focused on this opportunity
- Building good traction on structured finance side
- Post receiving licence, it has also started offering statutory payments and that has seen good acceptance among customers
- The bank would remain committed at strong growth within its risks parameters

Specific segment-wise loanbook

- **CV** continues to be stable and back to pre-pandemic levels
- **CV** disbursements up 68% YoY, which was higher than industry
- **CE** disbursements have been in-line with industry
- **Tractor finance** industry up 12% YoY, CE improved significantly and back to pre-covid levels
- **Microfinance** continues strong momentum in Q4. Expanded presence from 5 states in Mar'22 to 10 states in Mar'23. CE continues to be strong and is back to pre-covid levels.
- **Consumer banking** - strategy to build mkt share in unsecured products continue. Numbers reflect continued focus on growing unsecured business
- **Credit cards** - Mkt share has been steadily growing in spends and cards in force
- Bank continues to focus on **business banking** franchise

Deposits

- **SA growth remains low since customers move funds from SA to Debt MR of insurance products**
- Launched couple of initiatives to boost SA - floating rate SA product and new DIY journey
- The BSE disclosures on digital include 811 financials but it is NOT only 811 (could have some other departments as well)

Profit & Loss

- RoA of 3% for Q4 and 2.5% for FY23

Subsidiaries

- **BSS microfinance** ended the year with a PAT of INR 2.97bn for FY23
- **Kotak Securities** - Cash market share at 10.5% for FY23 vs. 10.6% for FY22. Lower PAT YoY is due to steep fall in average daily cash market volumes.
- **Kotak Prime** - a good year in terms of growth for Prime.

Succession

- On succession issues, the bank would be applying to the RBI well in time.

Exhibit 1: Q1FY24 result snapshot

	Q1FY23	Q1FY24	YoY (%)	Q4FY23	QoQ (%)
Financial highlights (INR mn)					
Interest Earned	73,385	1,05,000	43.1	98,209	6.9
Interest Expended	26,415	42,663	61.5	37,184	14.7
Net Interest Income	46,970	62,337	32.7	61,026	2.1
Other Income	12,438	26,833	115.7	21,863	22.7
Total Income	85,823	1,31,833	53.6	1,20,072	9.8
Total Net Income	59,408	89,170	50.1	82,888	7.6
Staff Expenses	11,728	16,470	40.4	14,545	13.2
Other operating expenses	19,847	23,204	16.9	21,870	6.1
Operating Profit	27,833	49,496	77.8	46,474	6.5
Provision & Contingencies	236	3,643	1,444.3	1,476	146.9
Provision for tax	6,885	11,330	64.6	10,042	12.8
Reported Profit	20,712	34,523	66.7	34,956	-1.2
Other Highlights (INR bn)					
Advances	2,801.7	3,286	17.3	3,199	2.7
Deposits	3,164.8	3,863	22.0	3,631	6.4
Gross NPA	63.8	59.1	-7.4	57.7	2.4
Gross NPA (%)	2.2	1.77	-47 bps	1.78	-1 bps
Net NPA	17.5	13.0	-25.6	11.9	9.1
Net NPA (%)	0.6	0.40	-22 bps	0.37	3 bps
Provision Coverage (%)	72.6	78.0	540 bps	79.3	-134 bps

Source: Company data, I-Sec research

Exhibit 2: Loan mix

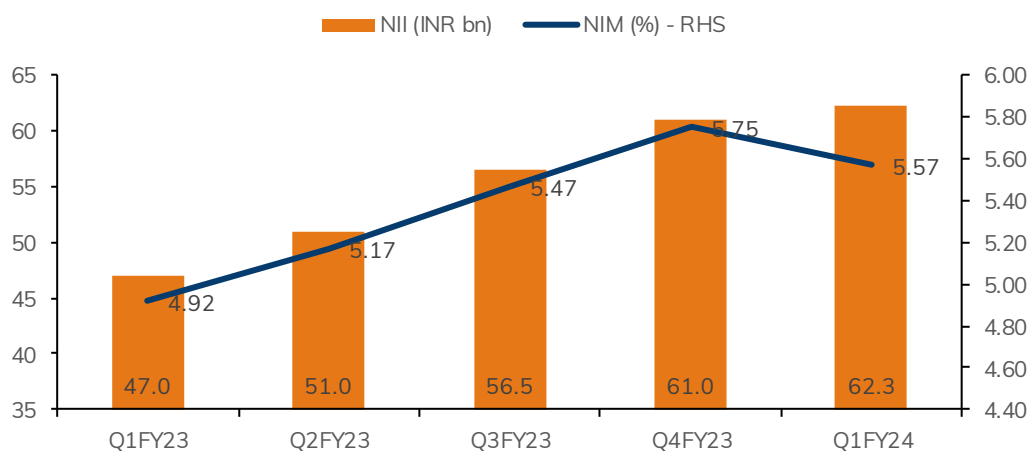
(INR mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Mix	YoY % change	QoQ % change
Corporate Banking	9,02,700	8,78,340	9,55,610	9,45,580	9,99,410	28%	11%	6%
Corporate Banking	7,10,610	6,55,240	7,24,070	7,24,050	7,75,690	21%	9%	7%
SME	1,92,090	2,23,100	2,31,540	2,21,530	2,23,720	6%	16%	1%
CV/CE	2,32,460	2,46,040	2,58,140	2,77,860	2,85,260	8%	23%	3%
Agriculture Division	3,56,190	3,70,170	3,91,140	4,14,560	4,04,290	11%	14%	-2%
Agriculture Division	2,46,040	2,50,020	2,61,280	2,75,470	2,65,130	7%	8%	-4%
Tractor Financing	1,10,150	1,20,150	1,29,860	1,39,090	1,39,160	4%	26%	0%
Home Loans and LAP	8,09,750	8,58,430	8,91,120	9,27,310	9,51,470	26%	18%	3%
Small Business, PL CC	4,79,580	5,37,250	5,79,790	6,24,310	6,58,610	18%	37%	5%
Consumer Bank WC (Secured)	2,57,760	2,81,810	2,89,400	3,03,430	3,08,460	9%	20%	2%
PL, BL and Consumer Durables	1,17,120	1,31,970	1,45,420	1,57,730	1,66,920	5%	43%	6%
Credit Cards	68,200	79,030	91,590	1,00,900	1,13,600	3%	67%	13%
Retail Micro Finance	36,500	44,440	53,380	62,250	69,630	2%	91%	12%
Others	45,970	50,000	55,740	65,810	71,270	2%	55%	8%
Total	28,26,650	29,40,230	31,31,540	32,55,430	33,70,310	1	19%	4%
Credit Substitutes	2,34,580	2,73,010	2,85,790	2,71,090	2,51,730	7%	7%	-7%
Total Customer Assets	30,61,230	32,13,240	34,17,330	35,26,520	36,22,040	100%	18%	3%
Net advances	28,01,710	29,40,232	31,07,340	31,98,612	32,85,820		17%	3%

Source: Company data, I-Sec research

Exhibit 3: CASA share has seen a steep fall in the past few quarters

Deposit mix	Q1FY23		Q2FY23		Q3FY23		Q4FY23		Q1FY24			
	INR mn	% of total	INR mn	% of total	INR mn	% of total	INR mn	% of total	INR mn	% of total	YoY % chg	QoQ % chg
Total Deposits	31,64,830	100.0%	32,52,032	100.0%	34,46,660	100.0%	36,30,961	100.0%	38,62,540	100.0%	22.0%	6.4%
CA	5,70,620	18.0%	6,01,620	18.5%	6,36,010	18.5%	7,00,300	19.3%	6,47,220	16.8%	13.4%	-7.6%
SA	12,68,290	40.1%	12,24,480	37.7%	11,99,780	34.8%	12,17,850	33.5%	12,45,670	32.3%	-1.8%	2.3%
Fixed rate SA	11,75,520	37.1%	11,43,510	35.2%	11,40,720	33.1%	11,14,000	30.7%	11,14,940	28.9%	-5.2%	0.1%
Floating rate SA	92,770	2.9%	80,970	2.5%	59,060	1.7%	1,03,850	2.9%	1,30,730	3.4%	40.9%	25.9%
CASA	18,38,910	58.1%	18,26,100	56.2%	18,35,790	53.3%	19,18,150	52.8%	18,92,890	49.0%	2.9%	-1.3%
Term Deposits	13,25,920	41.9%	14,25,932	43.8%	16,10,870	46.7%	17,12,811	47.2%	19,69,650	51.0%	48.5%	15.0%
of which TD sweep	2,34,580	7.4%	2,31,130	7.1%	2,38,910	6.9%	2,33,390	6.4%	2,89,900	7.5%	23.6%	24.2%

Source: Company data, I-Sec research

Exhibit 4: NIMs retrace from all-time high levels


Source: Company data, I-Sec research

Exhibit 5: Slippages inch up a tad, moving towards normalisation

(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
GNPA	2.24	2.08	1.90	1.78	1.77
NNPA	0.62	0.55	0.43	0.37	0.40
PCR	72.6	73.7	77.6	79.3	78.0
Ann. slippages (as a % of loans)	2.05	1.34	0.96	1.03	1.47

Source: Company data, I-Sec research

Exhibit 6: Subsidiaries accounted for 23% of consolidated PAT in Q1FY24

(INR mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Mix	YoY % change	QoQ % change
Kotak Mahindra Bank	20,710	25,810	27,920	34,960	34,520	83%	67%	-1%
Kotak Mahindra Prime	1,570	2,220	2,250	2,240	2,180	5%	39%	-3%
Kotak Mahindra Investments	630	780	860	1,000	1,020	2%	62%	2%
Kotak Mahindra Securities	2,190	2,240	2,410	1,820	2,190	5%	0%	20%
Kotak Mahindra Capital	510	220	280	480	550	1%	8%	15%
Kotak Mahindra Life Insurance	2,480	2,700	3,300	2,050	1,930	5%	-22%	-6%
Kotak Mahindra General Insurance	(180)	(170)	(270)	(550)	(50)	0%	-72%	-91%
Kotak Mahindra AMC & TC	1,060	1,060	1,500	1,920	1,060	3%	0%	-45%
Kotak Mahindra International Subs	140	50	220	360	320	1%	129%	-11%
Others	620	810	1,190	1,040	1,130	3%	82%	9%
Total	29,730	35,720	39,660	45,320	44,850	108%	51%	-1%
Affiliates & others	(2,180)	370	290	340	(3,350)	-8%	54%	-1085%
Consolidated PAT	27,550	36,090	39,950	45,660	41,500	100%	51%	-9%
Subs PAT	9,020	9,910	11,740	10,360	10,330	25%	15%	0%
Subs PAT as a % of Cons. PAT	30%	28%	30%	23%	23%			

Source: Company data, I-Sec research

Exhibit 7: SOTP valuation

Parameters	Value of Business (Rs Bn)	Stake (%)	Value per share	Comments
Kotak Prime (Cars)	250	100	126	2.5x FY25E Adj NW
Kotak Life Insurance	525	100	264	3.2x FY25E EV
Kotak AMC	222	100	112	6% FY25E AUM
Kotak Securities	105	100	53	15x FY25E PAT
Kotak Investments	52	100	26	1.5x FY25E Adj NW
Kotak Mahindra Capital	18	100	9	15x FY25E PAT
Kotak Offshore AMC	34	100	17	9% FY25E AUM
Kotak Investment Advisors - Alternate Assets	62	100	31	10% FY25E AUM
Value of Subsidiaries			638	
Holding Co. discount			96	
Holding Co. discount (in %)			15	
Subs Value post Holdo Disc.			543	
KMB Bank - Core book			1,457	2.9x FY25 ABV
Target Price			2,000	

Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Dec'22	Mar'23	Jun'23
Promoters	26.0	26.0	25.9
Institutional investors	61.0	60.8	61.1
MFs and other	9.8	11.0	9.5
Banks/ FIs	1.5	1.6	1.5
Insurance Cos.	8.6	8.6	8.4
FIIIs	41.1	39.6	41.7
Others	13.0	13.2	13.0

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Interest income	2,70,388	3,42,509	4,25,546	4,98,915
Interest expense	1,02,209	1,26,989	1,83,553	2,36,112
Net interest income	1,68,179	2,15,519	2,41,992	2,62,803
Non-interest income	63,544	70,831	99,830	1,12,131
Operating income	2,31,723	2,86,350	3,41,823	3,74,934
Operating expense	1,11,214	1,37,870	1,68,563	1,97,792
Staff expense	46,134	55,198	69,893	82,132
Operating profit	1,20,509	1,48,480	1,73,260	1,77,142
Core operating profit	1,29,857	1,58,200	1,66,260	1,73,142
Provisions & Contingencies	6,896	4,570	20,266	23,294
Pre-tax profit	1,13,613	1,43,910	1,52,994	1,53,848
Tax (current + deferred)	27,886	34,517	38,555	38,770
Net Profit	85,727	1,09,393	1,14,440	1,15,078
Adjusted net profit	85,727	1,09,393	1,14,440	1,15,078

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Cash and balance with RBI/Banks	4,29,239	3,25,423	4,38,519	5,17,877
Investments	10,05,802	12,14,037	13,21,849	14,65,763
Advances	27,12,536	31,98,612	37,62,207	44,33,110
Fixed assets	16,437	19,203	21,124	23,236
Other assets	1,30,269	1,41,349	1,69,957	2,06,251
Total assets	42,94,284	48,98,625	57,13,654	66,46,237
Deposits	31,16,841	36,30,961	43,75,825	52,10,179
Borrowings	2,64,671	2,39,163	2,40,163	2,41,163
Other liabilities and provisions	1,92,894	1,98,299	1,56,455	1,42,056
Share capital	9,923	9,933	9,936	9,936
Reserve & surplus	7,09,955	8,20,270	9,31,276	10,42,902
Total equity & liabilities	42,94,284	48,98,625	57,13,654	66,46,237
% Growth	12.0	14.1	16.6	16.3

Source Company data, I-Sec research

Exhibit 12: Growth ratio

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Net Interest Income	9.6	28.1	12.3	8.6
Operating profit	2.5	23.2	16.7	2.2
Core operating profit	8.7	21.8	5.1	4.1
Profit after tax	23.1	27.6	4.6	0.6
EPS	22.3	28.1	4.5	0.5
Advances	20.8	17.6	17.5	17.7
Deposits	11.3	16.5	20.5	19.1
Book value per share	13.7	15.2	13.3	11.9
Adj Book value per share	15.3	16.1	13.1	11.8

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March)

	FY22A	FY23A	FY24E	FY25E
No. of shares and per share data				
No. of shares (mn)	1,985	1,987	1,987	1,987
Adjusted EPS	43.0	55.1	57.6	57.9
Book Value per share	363	418	474	530
Adjusted BVPS	356	413	468	523
Valuation ratio				
PER (x)	45.8	35.8	34.2	34.0
Price/ Book (x)	5.4	4.7	4.2	3.7
Price/ Adjusted book (x)	4.6	3.8	3.2	2.8
Dividend Yield (%)	0.1	0.1	0.1	0.1
Profitability ratios (%)				
Yield on advances	7.8	9.1	9.6	9.7
Yields on Assets	6.7	7.5	8.0	8.1
Cost of deposits	3.1	3.5	4.3	4.7
Cost of funds	2.5	2.8	3.5	3.8
NIMs	4.3	4.9	4.7	4.4
Cost/Income	48.0	48.1	49.3	52.8
DuPont Analysis (as % of Avg Assets)				
Interest Income	6.7	7.5	8.0	8.1
Interest expended	2.5	2.8	3.5	3.8
Net Interest Income	4.1	4.7	4.6	4.3
Non-interest income	1.6	1.5	1.9	1.8
Trading gains	(0.2)	(0.2)	0.1	0.1
Fee income	1.7	1.7	1.7	1.7
Total Income	5.7	6.2	6.4	6.1
Total Cost	2.7	3.0	3.2	3.2
Staff costs	1.1	1.2	1.3	1.3
Non-staff costs	1.6	1.8	1.9	1.9
Operating Profit	3.0	3.2	3.3	2.9
Core Operating Profit	3.2	3.4	3.1	2.8
Non-tax Provisions	0.2	0.1	0.4	0.4
PBT	2.8	3.1	2.9	2.5
Tax Provisions	0.7	0.8	0.7	0.6
Return on Assets (%)	2.1	2.4	2.2	1.9
Leverage (x)	6.0	5.9	6.0	6.2
Return on Equity (%)	12.7	14.1	12.9	11.5
Asset quality ratios (%)				
Gross NPA	2.3	1.8	1.7	1.6
Net NPA	0.6	0.4	0.4	0.4
PCR	73.2	79.3	76.0	75.0
Gross Slippages	1.9	1.5	1.7	0.0
LLP / Avg loans	0.4	0.5	0.6	0.6
Total provisions / Avg loans	0.3	0.2	0.6	0.6
Net NPA / Networth	2.4	1.4	1.7	1.7
Capitalisation ratios (%)				
Core Equity Tier 1	21.5	20.6	20.0	19.2
Tier 1 cap. adequacy	21.7	20.8	20.1	19.2
Total cap. adequacy	22.7	21.8	21.1	20.1

Source Company data, I-Sec research

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