BUY (Upgrade from ADD)

CMP: **INR 265** Target Price: **INR 325 (INR 290)** ▲ 23%

ICICI Securities

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28 April 2024

India | Equity Research | Q4FY24 results review

RBL Bank

Banking

Well positioned for sustaining strong loan growth and RoA expansion

Driven by 27% YoY growth in revenue, RBL Bank (RBL) has reported in line Q4FY24 PAT of INR 3.5bn (up 30% YoY) while asset quality improved. Overall, Q4 saw strong deposits growth (up 12% QoQ), steady advances growth (up 5% QoQ), rise in spreads, contained opex and sharp improvement in headline GNPA. Improvement in LDR (to 81%), LCR (to 140%) and steady asset quality also bode well for strong loan growth in current environment. For FY24-26E, we estimate 19% loan CAGR and ~25% PPoP CAGR, driven by operating leverage and NIM uptick. Risk rewards appear attractive with the stock trading at ~0.9x FY26E ABV and ~8.0x FY26E EPS. We expect RoA expansion from 0.9% in FY24 to ~1.1/1.2% by FY25E/26E to drive re-rating. We upgrade the stock to **BUY** (from Add) with a revised TP of INR 325, valuing it at ~1.1x FY26E ABV.

Quarter with improvement in deposits, spreads, RoA and AQ

Driven by 27% YoY growth in revenue, RBL reported in line Q4FY24 PAT of INR 3.5bn (up 30% YoY) while asset quality improved. Advances growth (up 5% QoQ) continues to be steady driven by retail, while deposits growth was robust at 12% QoQ (up 22% YoY). The bank has seen massive improvement in LDR (to 81% vs 86% QoQ) and LCR (to 140% vs 132% QoQ) which should add comfort on growth / NIM ahead. Positively, the bank saw rise in spreads though NIM declined 7bps QoQ to 5.45% due to uptick in LDR and LCR. Slippages remain stable QoQ while GNPA ratio saw 47bps improvement QoQ. Credit card slippages remained stable though MFI slippages saw further uptick but are likely to stabilise ahead as x-bucket collection has been strong. CET 1 remains healthy at 14.38% with improvement in RWA density YoY.

Upgrade to BUY on favourable risk reward

Steady execution in newly-launched products, benign credit environment and steady granular deposits growth improve the visibility on loan growth, underpinning our revised estimate of ~19% CAGR for FY24-26E. With bulk of re-pricing already over, the bank should see NIM expansion YoY due to loan mix change. At this stage, we are more confident of operating leverage benefits accruing and thus estimate PPoP at ~25% CAGR for FY24-26E. Coupled with broadly stable asset quality, we see the bank delivering ~30% PAT CAGR over FY24-26E, amongst highest across coverage companies.

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E
NII (INR bn)	50.0	60.4	72.4	84.2
Op. profit (INR bn)	22.0	30.3	39.3	47.5
Net Profit (INR bn)	8.8	11.7	16.1	20.5
EPS (INR)	14.7	19.4	26.6	33.8
EPS % change YoY	NM	31.7	37.2	27.1
ABV (INR)	216.8	236.9	260.7	289.7
P/BV (x)	1.2	1.1	1.0	0.9
P/ABV (x)	1.2	1.1	1.0	0.9
Return on Assets (%)	0.8	0.9	1.1	1.2
Return on Equity (%)	6.7	8.2	10.4	11.9

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Market Data

Market Cap (INR)	161bn
Market Cap (USD)	1,930mn
Bloomberg Code	RBK IN
Reuters Code	RATB BO
52-week Range (INR)	301 /139
Free Float (%)	99.0
ADTV-3M (mn) (USD)	27.9

Price Performance (%)	3m	6m	12m
Absolute	4.0	22.7	73.1
Relative to Sensex	(0.3)	5.9	50.8

Earnings Revisions (%)	FY25E	FY26E
PAT	-	6

Previous Reports

20-01-2024: Q3FY24 results review
22-10-2023: Q2FY24 results review

We also take cognisance of better risk management practices in the form of conservative provisioning policy, improvement in RWA density and concerted efforts to improve in-house origination. Risk rewards appear attractive with the stock trading at ~0.9x FY26E ABV and ~8.0x FY26E EPS. We expect RoA expansion from ~0.9% in FY24 to ~1.1/1.2% by FY25/26E to drive re-rating. Upgrade to **BUY** (from Add) with a revised target price of INR 325, valuing the stock at ~1.1x FY26E ABV. Key risks: Sharp rise in opex and disruption, if any, in co-branded partnership.

Steady loan growth; robust deposits growth driven by granular deposits, aided by seasonal uptick in CA

Loan growth remained strong at 5% QoQ and 20% YoY. Retail advances grew 30% YoY, within which, secured retail grew 43% YoY. Wholesale advances grew 7% YoY led by 17% YoY growth in commercial. Overall deposits growth was strong at 12% QoQ and 22% YoY, led by very strong 30% QoQ (25% YoY) growth in current account. CA balances account for ~40% of incremental deposits rise. The bank did not specify much reason for CA growth apart from the usual seasonal float movement. Its focus remains on granular deposits below INR 20mn ticket size, which were up 24% YoY. Overall LDR improved sharply by ~500bps QoQ to 81.2%. The bank believes it can operate in 83-87% LDR range.

Spread uptick QoQ but NIM down 7bps due to sharp improvement in LDR and LCR

The reported yields on retail and wholesale advances were broadly stable, but mix change led to 12bps QoQ improvement in yields to 14.12%. Cost of deposits and cost of funds were contained at 8bps QoQ and 6bps QoQ, respectively. Thus, spreads increased by a couple of bps QoQ. However, as mentioned above, LDR saw a sharp improvement by ~500bps QoQ to 81%. LCR also improved sharply to 140% vs 132% QoQ. Despite a sharp improvement in LDR and LCR, overall NIM decline was contained at 7bps QoQ to 5.45% and was better than our estimates. NII growth was healthy at 3.5% QoQ. We estimate NIM to rise YoY in FY25/26E due to favourable loan mix and easing funding costs.

Gross slippages stable; GNPA ratio improves sharply to 2.65%

Gross slippages remained stable QoQ at INR 6.8bn, ratio improved to 3.2% vs 3.3% QoQ. Net slippages also improved to 2.1% vs 2.3% QoQ. Credit card slippages were stable QoQ at INR 3.78bn (7.2% annualised). However, MFI slippages continued to rise, up from INR 0.4-1.0bn in the last 3 quarters to INR 1.6bn, mainly from early buckets (in select states) while x-bucket collection efficiency has been strong and is steady now. Other retail slippages improved to ~INR 0.7bn vs INR 1.3-1.7bn in the last three quarters. The segment also saw negative net slippages.

Led by bunched-up higher write-offs, gross NPA declined 11% QoQ, ratio declined 47bps QoQ to 2.65%. Due to bulkier w-offs, PCR dropped 235bps to 72.7%. Net NPA ratio still improved 6bps QoQ to 74bps. The bank has not reversed any AIF provisions (INR 1.15bn) done in Q3, basis strict interpretation. The bank has made INR 200mn provisions on contingent basis; o/s contingent provisions stand at INR 2.8bn (~0.3% of overall loans and 1% of volatile credit card, PL and MFI). Restructured book declined to 0.51% vs 0.63% QoQ. For Q4, the bank saw INR 800mn recovery on written-off pool. Overall provisions came in at INR 4.1bn or 2.0% of loans.

We are building in gross slippages to remain stable at ~2.8-2.9% for FY25/26E and net slippages at ~1.9% levels. We also build credit costs at ~1.8-1.9% for FY25E26E with broadly stable gross / net NPAs.

Exhibit 1: Q4FY24 result review

	Q4FY23	Q4FY24	YoY (%)	Q3FY24	QoQ (%)
Financial Highlights (INR mn)					
Interest Earned	24,962	33,391	33.8	31,914	4.6
Interest Expended	12,850	17,392	35.3	16,455	5.7
Net Interest Income	**12,112**	**15,999**	**32.1**	**15,459**	**3.5**
Other Income	6,741	8,755	29.9	7,776	12.6
Total Income	31,703	42,146	32.9	39,690	6.2
Total Net Income	**18,853**	**24,753**	**31.3**	**23,234**	**6.5**
Staff Expenses	3,574	3,775	5.6	3,989	-5.4
Other operating expenses	9,341	12,108	29.6	11,593	4.4
Operating Profit	**5,938**	**8,870**	**49.4**	**7,653**	**15.9**
Provision & Contingencies	2,347	4,138	76.3	4,581	-9.7
Provision for tax	880	1,206	37.0	740	62.9
Reported Profit	**2,711**	**3,526**	**30.1**	**2,331**	**51.3**
Other Highlights (INR bn)					
Gross NPA	702	840	19.6	799	5.1
Gross NPA (%)	849	1,035	21.9	927	11.6
Net NPA	24.2	22.7	-6.2	25.5	-11.0
Net NPA (%)	3.37	2.65	-72 bps	3.12	-47 bps
Provision Coverage (%)	7.7	6.2	-19.8	6.4	-2.6

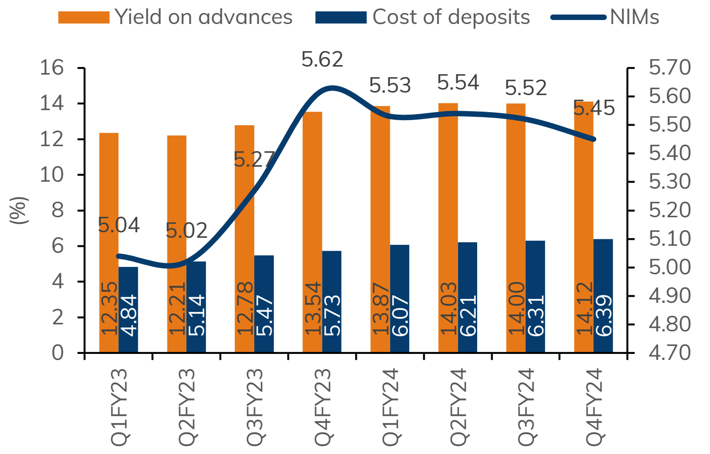
Source: Company data, I-Sec research

Exhibit 2: Loan mix

(INR mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY %	QoQ %
C&IB	2,31,190	2,42,140	2,46,430	2,47,190	2,38,880	2,46,660	2,57,250	4.4	4.3
Commercial Banking	71,370	74,930	77,880	75,020	83,450	89,120	91,150	17.0	2.3
Wholesale	**3,02,560**	**3,17,070**	**3,24,310**	**3,22,210**	**3,22,330**	**3,35,770**	**3,48,400**	**7.4**	**3.8**
Business Loans	73,500	73,420	72,250	75,320	83,150	75,700	81,610	13.0	7.8
Credit Cards	1,46,440	1,56,330	1,67,300	1,76,650	1,86,680	1,95,110	2,09,260	25.1	7.3
Microfinance	45,840	50,210	59,620	65,170	67,850	68,270	75,110	26.0	10.0
Housing Loans	34,500	41,420	45,010	45,410	49,410	59,150	62,600	39.1	5.8
Retail Agri	12,130	12,600	13,570	13,510	13,600	16,310	17,210	26.8	5.5
Rural Vehicle Finance	5,400	7,770	10,290	12,420	14,420	19,970	22,210	115.8	11.2
Others	9,050	8,030	9,740	20,170	25,810	29,200	23,470	141.0	(19.6)
Retail	**3,26,860**	**3,49,770**	**3,77,780**	**4,08,660**	**4,40,920**	**4,63,710**	**4,91,470**	**30.1**	**6.0**
Total Advances	**6,29,420**	**6,66,840**	**7,02,090**	**7,30,870**	**7,63,240**	**7,99,490**	**8,39,870**	**19.6**	**5.1**
(% of total)	**Q2FY23**	**Q3FY23**	**Q4FY23**	**Q1FY24**	**Q2FY24**	**Q3FY24**	**Q4FY24**	**YoY (bps)**	**QoQ (bps)**
C&IB	37	36	35	34	31	31	31	-447 bps	-22 bps
Commercial Banking	11	11	11	10	11	11	11	-24 bps	-29 bps
Wholesale	**48**	**48**	**46**	**44**	**42**	**42**	**41**	**-471 bps**	**-52 bps**
Business Loans	12	11	10	10	11	9	10	-57 bps	25 bps
Credit Cards	23	23	24	24	24	24	25	109 bps	51 bps
Microfinance	7	8	8	9	9	9	9	45 bps	40 bps
Housing Loans	5	6	6	6	6	7	7	104 bps	6 bps
Retail Agri	2	2	2	2	2	2	2	12 bps	1 bps
Rural Vehicle Finance	1	1	1	2	2	2	3	118 bps	15 bps
Others	1	1	1	3	3	4	3	141 bps	-86 bps
Retail	**52**	**52**	**54**	**56**	**58**	**58**	**59**	**471 bps**	**52 bps**
Total Advances	**100**	**100**	**100**	**100**	**100**	**100**	**100**		

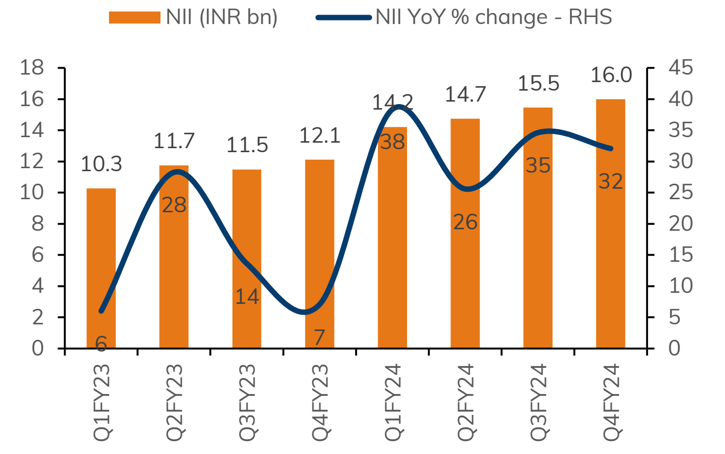
Source: Company data, I-Sec research

Exhibit 3: Spreads rise QoQ but NIM dip QoQ due to sharp improvement in LDR and LCR



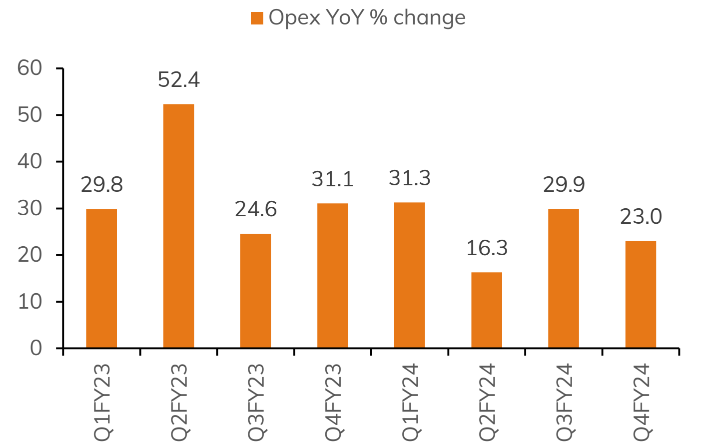
Source: Company data, I-Sec research

Exhibit 4: NII growth holding well



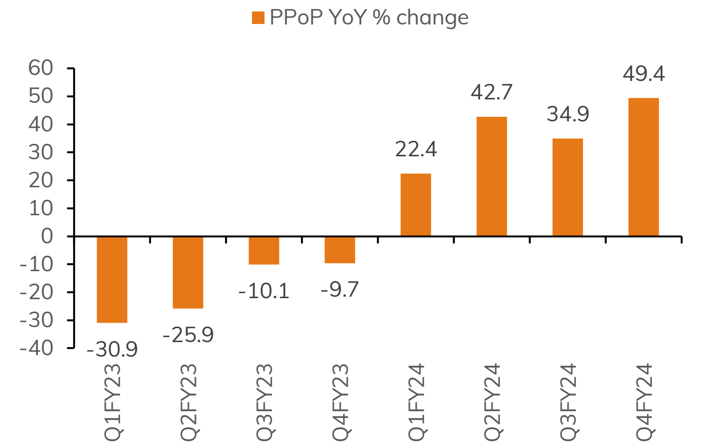
Source: Company data, I-Sec research

Exhibit 5: Opex growth under control, so far



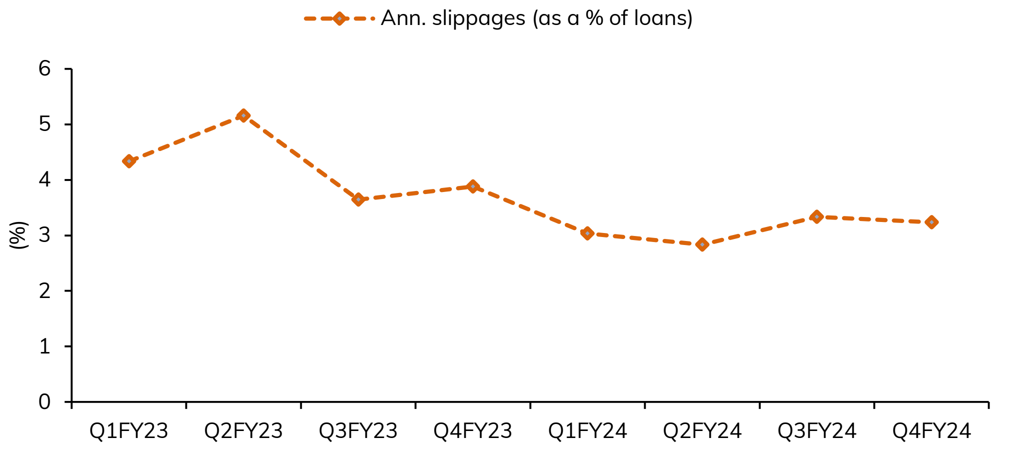
Source: Company data, I-Sec research

Exhibit 6: Operating leverage kicking in



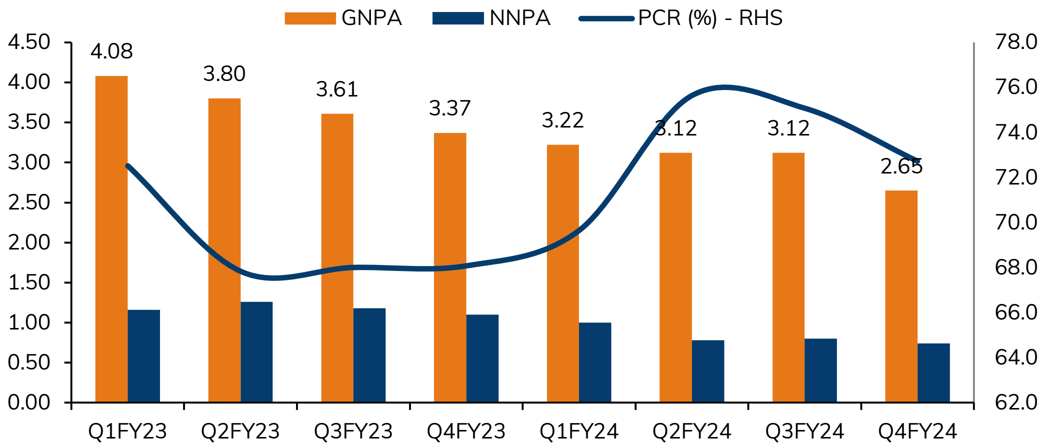
Source: Company data, I-Sec research

Exhibit 7: Slippages have been contained



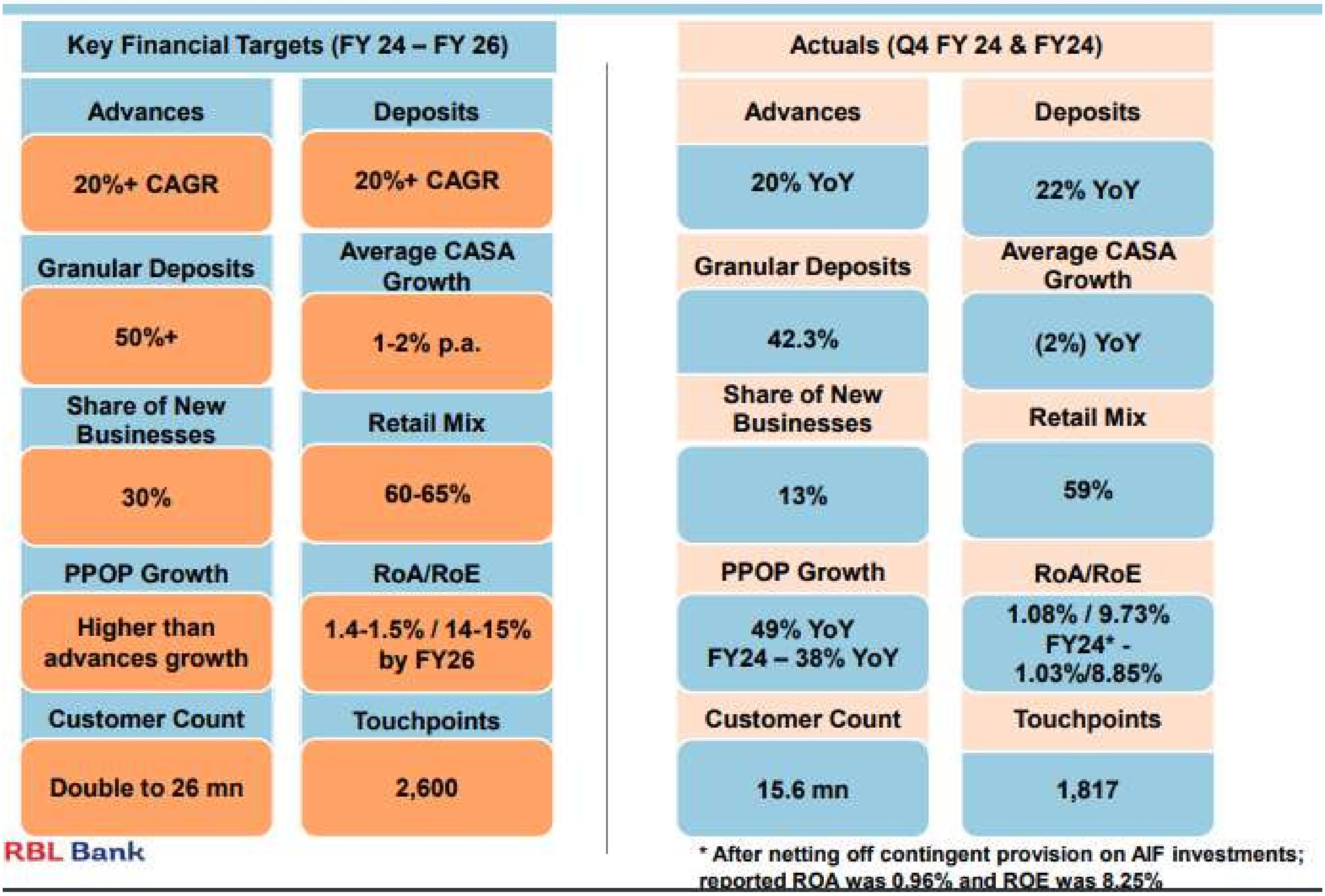
Source: Company data, I-Sec research

Exhibit 8: GNPA fell QoQ aided by write-offs



Source: Company data, I-Sec research

Exhibit 9: Progressing well on FY26 vision



Source: Company data, I-Sec research

Q4FY24 earnings call takeaways

Capital and return ratios

- **Maintains target to achieve 1.4% RoA by FY26.**
- CET 1 stands at 14.38%.

Margins

- **Bank would see rise in yields and margins due to change in loan mix.**
- De-emphasised business is prime housing while focus in on SME, commercial banking, medium-yielding products on secured retail.
- **Fully compliant on overall and sub-segment wise PSL. No need for RIDF investment on incremental basis, which should also boost yields**
- **Segment wise yield:**
  - **Credit card yields – 20-21% (lower due to transactor share)**
  - 24.5-25% microfinance
  - 9% wholesale
  - 9% home loans and LAP
  - 8.5-8.7% prime housing yield
  - 10.5-11.0% affordable yield
- **Mix by loan type**
  - 35% is fixed which is primarily credit cards and microfinance
  - 6-7% is on MCLR
  - Rest would be repo or EBLR

Advances

- Small-ticket housing and business loans disbursements per month at INR 1bn.
- Gold, used cards and 2W growth is slower than expected due to the initial teething issues that have been resolved are. Bank should see strong growth in these segments in FY25.
- Tractors business made a loss in FY23. It made a small profit in FY24 but it should see good chunk of profit in FY25.

Credit cards

- **Bank originated 2.3mn cards in FY24.**
- RBL BFL co-brand is an important partnership for the bank and has been fruitful for both of them. However, the bank intends to reduce dependency due to de-risking strategy.
- **Share of non-BAF was 1/3rd in total origination for FY24. However, it had improved to 48% in Mar'24 due to better branch sourcing, direct sales etc.**
- Focus is on increasing the number of active cards and increase overall spends. Also, focus would be on cross-sell and up-sell of customers.
- Credit cost for RBL on its credit card portfolio has been lesser than peers.

Deposits

- **Bank would intend to operate in 83-87% range for LDR (vs 81% now).**
- Continues to see healthy growth in granular deposits.
- Bank has not increased deposits rate at a very aggressive pace, thereby, narrowing the gap by a certain extent with large banks.
- Branch banking led deposits were up 34% YoY and 11% QoQ. This accounted for 60% of total.
- Bank also has access to low cost refinance borrowings as an alternative source of funding.

- Bank had a large inflow of deposits from corporates in Mar'24, which was much above expectations.

<u>Microfinance</u>

- Business has been stable in FY24.
- Bank had seen disruption in some geographies but has recovered well
- CE has seen improvement
- **In Mar'24 and Apr'24, bank has seen good improvement in collections**
- Average CE has been in the range of 99.4-99.5%
- **Saw slight increase in microfinance slippages, but that should moderate going ahead**
- Saw some delay in collections in 4-5 states due to state-specific issues

<u>Opex</u>

- **Opex cost would be less than advances growth which should help PPoP growth**
- Staff cost was lower QoQ due to reversal of actuarial assumptions. The bank had provided INR 100mn in Q3 and has now reversed INR 100mn in the quarter – so INR 200mn delta for staff cost.
- Bank has added the following partnerships, actual launch of which should happen in Q1FY25:
    - TVS Credit
    - IOC for RuPay credit card
    - Fintech
- Adjusted opex growth for FY24 stood at ~10% and this should grow at 10-15% going ahead.
- **C/I should reduce by 2-3% in FY25 and a large part of the benefit should be seen in FY26.**
- Overall, employee attrition has dropped by 6% in the past 2 years.
- **Bank's endeavour would be to ensure fee income growth is higher than loan growth.**
- Fee income from cross-sell in insurance products had seen a bump-up in Q4, which is usually a Q4 phenomenon

<u>RBL Finserv</u>

- Microfinance continues to be the main business, but it RBL has also introduced small-ticket housing and business loans. This will be offered to customers in the same geographies as microfinance.

<u>Asset quality</u>

- Bank continues to hold AIF-related provisions of INR 1.14bn. It has **not reversed AIF-related guidelines due to conservative interpretation of the RBI guidelines.**
- Bank will continue to add contingent buffers at every opportunity
- **Credit costs guidance is ~2% slippages for FY25.**
- Slippages break up
    - INR 3.78bn credit cards
    - INR 1.62bn microfinance
    - INR 0.7bn wholesale
    - INR 0.69bn other retail
- Net slippages break up
    - INR 0.12bn wholesale
    - INR 3.35bn credit card
    - INR 1.41bn microfinance
    - (INR 0.46bn) other retail
- INR 0.84bn recoveries from TWO

Near to medium term objectives

- Credit growth at 20% with retail driving growth.
- Granular deposits to outpace overall deposits growth
- Opex to grow at 10-15% YoY
- Improve profitability
- Maintain asset quality
- Improve digital platform
- Enhance cross-sell

Q3FY24 earnings call takeaways

Strategy

- Reported RoA and RoE has been reset due to adherence to regulatory guidelines.
- *Broad direction of deposits, loan growth, profitability, asset quality – are quite stable and as per bank's plan.*
- **There are additional levels for RoA for FY25 – these are cost/operational efficiency and provisioning.**
- ***Bank aims for steady growth and improving profitability.***
- ***Expects to see advances growth of 20% with retail driving credit expansion.***
- ***Bank will keep customer services at the heart of everything it does.***

Loan book

- Loan book was up 20% YoY/5% QoQ led by higher uptick in retail.
- Within wholesale, commercial banking was key growth driver.
- RBL saw expansion in geographies in west and north India for commercial banking.
- Significant progress has been made on self-origination of housing loan and business loans.
- The bank has also started sourcing 2W, affordable and MSME loans.
- Scaling of retail advances would be achieved as planned.
- **On BL, the bank saw reduction QoQ, since it ran-down few loans purposely to improve its own sourcing.**
- MFI disbursement was flattish QoQ due to cautious approach amid election environment. It would ramp these up in the coming quarter.
- **Rural vehicle finance** market-share at 4-5% in the areas where the bank operates.
- Run-rate of growth in secured portfolio would be higher than growth in unsecured portfolio, as per the bank's strategy.

Credit cards

- Issued 575k cards during Q3FY24. The share of Bajaj has come down from 85% earlier to 65% in Q3.
- For the past few quarters, bank is working on de-risking sourcing of cards and expects to add many new partnerships in the next few months. It is in advanced stage in closure of some of the names.
- Also, bank is looking to sharpen its internal capabilities for sourcing of credit cards.
- It has already put 2k DSA on the ground.
- With the above measures, share of largest co-brand in overall sourcing mix should fall to 50% over the next few quarters.
- Bank does ~20k cards per month through direct sales and branches.
- Spends on non-Bajaj portfolio is ~2x as compared to Bajaj. Bajaj customers are bit credit tested so credit costs would be ~50bps better than own cards.
- RoA is slightly higher at Bajaj cards though both are broadly range bound.

Deposits and LDR

- Deposits below INR 20mn grew 23% YoY. The book now stands at 44.5% of overall deposits. The aim is to reach 50%.
- RBL is confident of accelerating deposits growth led by higher touch-points, better digital journeys, higher cross sell to existing asset customers. It has enabled ~800 BC branches of its partners for liability sourcing.
- The bank does not find reason to tweak deposit rates.
- The bank is comfortable with CD ratio in the range of 83-85% (current at 86%).
- The bank has options for re-finance as well considering its asset mix. Including re-finance, the ratio is 73% and thus it has headroom.

Asset quality

- ***Gross slippages break-up***
  - Credit cards at INR 3.7bn, microfinance at INR 1bn, retail assets at INR 1.5bn, but net slippages here were much lower due to recoveries and upgrades.
- ***RSA – 0.63%, from 0.89% QoQ***
- Credit card provisions – 47bps vs. 54bps QoQ, including the change in provisioning policy.
- Incrementally more positive on credit costs.
- Efforts being made such as focus programmes to make recoveries from microfinance and credit cards, which should benefit on the credit cost.
- 250 employees are put on the ground only to address recoveries from written-off accounts.
- MFI recovery was bit impacted in certain states due to election. CE in zero bucket has reached 99.4% for the month of Dec'23

AIF provisions

- *Investments are primarily in venture debt funds and these are investments made over years for building in-roads towards these digital business.*
- Bank has made provision towards this AIF investments of INR 1.15bn (realisable value at INR 1.5bn). **This provision should not be considered as impairment. The bank is confident of recovering the entire exposure in due course.**

Margins

- Overall yields (and retail yields) declined QoQ **due to flattish disbursements (cautious due to some state election) in MFI while the build-up of loans in other retail segment was back-ended.**
- **Cost of deposits inched-up QoQ and thus, NIM declined 2bps QoQ. Considering rate movement, the bank would conservatively expect NIM to remain in same range in Q4 as well.**
- Housing book has been growing, but it has not fully tapped refinance which could provide some tailwinds on margins.
- Bank would be focusing more on small ticket LAP and affordable housing which should aid yields.
- **Retail yields should be blended around 17.5%**

Digitisation

- Various assets and liabilities' digital journeys have been made live during the quarter.
- Enabling in-house capacity to handle more than 10mn transactions per day, which should aid fee income.
- First-in-industry to provide WhatsApp based OTP to NR customers.
- **Continue to invest in digital while exploring partnerships as well to leverage digital infrastructure like ONDC, account aggregator etc.**

Miscellaneous

- **Remains well-capitalised** for growth in short and medium term.

Exhibit 10: Shareholding pattern

%	Sep'23	Dec'23	Mar'24
Promoters	0.0	0.0	0.0
Institutional investors	49.6	48.0	45.7
MFs and other	13.2	14.5	16.0
Banks/ FIs	0.9	0.9	0.9
Insurance Cos.	3.9	2.9	2.2
FIIs	31.6	29.7	26.6
Others	50.4	52.0	54.3

Source: Bloomberg

Exhibit 11: Price chart

Source: Bloomberg

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Interest income	96,766	123,943	148,988	172,737
Interest expense	46,784	63,514	76,582	88,523
Net interest income	**49,982**	**60,429**	**72,406**	**84,214**
Non-interest income	24,894	30,429	36,839	44,035
Operating income	**74,876**	**90,858**	**109,245**	**128,249**
Operating expense	52,852	60,550	69,976	80,799
Staff expense	13,403	14,922	17,608	20,680
Operating profit	**22,025**	**30,308**	**39,270**	**47,450**
Core operating profit	**20,731**	**28,808**	**37,470**	**45,250**
Provisions & Contingencies	10,219	17,785	17,753	20,095
Pre-tax profit	**11,805**	**12,523**	**21,516**	**27,355**
Tax (current + deferred)	2,978	844	5,422	6,894
Net Profit	**8,827**	**11,679**	**16,094**	**20,462**
Adjusted net profit	**8,827**	**11,679**	**16,094**	**20,462**

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Cash and balance with RBI/Banks	85,200	144,166	123,759	127,683
Investments	288,754	295,759	331,341	360,142
Advances	702,094	839,869	1,007,589	1,187,875
Fixed assets	5,740	5,324	8,514	13,001
Other assets	76,974	99,205	134,118	181,954
Total assets	**1,158,762**	**1,384,322**	**1,605,320**	**1,870,655**
Deposits	848,865	1,034,936	1,219,401	1,426,633
Borrowings	133,313	141,841	155,695	169,411
Other liabilities and provisions	40,818	59,581	67,454	93,118
Share capital	5,996	6,051	6,051	6,051
Reserve & surplus	129,770	141,913	156,720	175,442
Total equity & liabilities	**1,158,762**	**1,384,322**	**1,605,320**	**1,870,655**
% Growth	9.1	19.5	16.0	16.5

Source Company data, I-Sec research

Exhibit 14: Growth ratios

(%, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Interest Income	24.1	20.9	19.8	16.3
Operating profit	(19.8)	37.6	29.6	20.8
Core operating profit	(16.9)	39.0	30.1	20.8
Profit after tax	NM	32.3	37.8	27.1
EPS	NM	31.7	37.2	27.1
Advances	17.0	19.6	20.0	17.9
Deposits	7.4	21.9	17.8	17.0
Book value per share	7.6	8.0	10.0	11.5
Adj Book value per share	8.2	9.3	10.1	11.1

Source Company data, I-Sec research

Exhibit 15: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
No. of shares and per share data				
No. of shares (mn)	600	605	605	605
Adjusted EPS	14.7	19.4	26.6	33.8
Book Value per share	226	245	269	300
Adjusted BVPS	217	237	261	290
Valuation ratio				
PER (x)	18.0	13.7	10.0	7.8
Price/ Book (x)	1.2	1.1	1.0	0.9
Price/ Adjusted book (x)	1.2	1.1	1.0	0.9
Dividend Yield (%)	0.6	0.6	0.8	1.1
Profitability ratios (%)				
Yield on advances	11.8	12.9	13.3	13.1
Yields on Assets	8.7	9.7	10.0	9.9
Cost of deposits	4.9	5.9	6.0	5.9
Cost of funds	4.2	5.0	5.1	5.1
NIMs	4.9	5.2	5.3	5.4
Cost/Income	70.6	66.6	64.1	63.0
Dupont Analysis (as % of Avg Assets)				
Interest Income	8.7	9.7	10.0	9.9
Interest expended	4.2	5.0	5.1	5.1
Net Interest Income	**4.5**	**4.8**	**4.8**	**4.8**
Non-interest income	2.2	2.4	2.5	2.5
Trading gains	0.1	0.1	0.1	0.1
Fee income	2.1	2.3	2.3	2.4
Total Income	**6.7**	**7.1**	**7.3**	**7.4**
Total Cost	**4.8**	**4.8**	**4.7**	**4.6**
Staff costs	1.2	1.2	1.2	1.2
Non-staff costs	3.6	3.6	3.5	3.5
Operating Profit	**2.0**	**2.4**	**2.6**	**2.7**
Core Operating Profit	1.9	2.3	2.5	2.6
Non-tax Provisions	0.9	1.4	1.2	1.2
PBT	**1.1**	**1.0**	**1.4**	**1.6**
Tax Provisions	0.3	0.1	0.4	0.4
Return on Assets (%)	**0.8**	**0.9**	**1.1**	**1.2**
Leverage (x)	8.5	9.0	9.6	10.1
Return on Equity (%)	**6.7**	**8.2**	**10.4**	**11.9**
Asset quality ratios (%)				
Gross NPA	3.4	2.7	2.6	2.7
Net NPA	1.1	0.7	0.7	0.7
PCR	68.1	72.7	75.0	75.0
Gross Slippages	4.6	3.5	3.4	3.4
Total provisions / Avg loans	1.6	2.3	1.9	1.8
Net NPA / Networth	5.7	4.2	4.1	4.5
Capitalisation ratios (%)				
Core Equity Tier 1	15.3	14.4	13.4	12.5
Tier 1 cap. adequacy	15.3	14.4	13.4	12.5
Total cap. adequacy	16.9	16.2	14.9	13.8

Source Company data, I-Sec research

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