

October 19, 2024

RESULT REPORT Q2 FY25 | Sector: Banks

# RBL Bank Ltd

Downgraded a year ago, sub-optimal stress outcomes continue to fructify

## Our view – Credit card and microfinance exposures pose dual problem

**Asset Quality** – Gross slippages spiked further from already elevated levels due to credit cards and microfinance stress: Gross NPA additions amounted to Rs 10.26bn for 2QFY25, translating to an annualized slippage ratio of 4.8% for the quarter. Gross NPA additions had amounted to Rs 7.20bn during 1QFY25. Credit card slippages were Rs 6.3bn whereas Microfinance slippages Rs 2.4bn. We had downgraded RBL in October 2023 (see [report](#)) and have maintained our stance throughout this period. The key reason for higher slippages on the credit card portfolio was the transition of collection effort, which got completed by 31st July. Hence, credit card slippages have peaked and will decline from 3Q itself and there would be a reversion to earlier levels by 4Q. However, credit cost on microfinance portfolio is likely to move up in 3Q. Overall credit cost may not sharply decline in 3Q but would move lower in 4Q.

**Balance sheet growth** – Management reiterated prior loan growth guidance even though loan growth has slowed at 15% YoY: Advances grew 1.4%/15.1% QoQ/YoY, driven sequentially by select segments of retail loans and Commercial Banking (Mid-corporates & SME). Retail secured book can grow in the high 20s and microfinance disbursement is already improving. Overall loan growth for FY25 can reach 18-20% guided for earlier.

**Net Interest Margin** – Margin declined materially on sequential basis due to interest reversals and lower interest on income tax refund: NIM at 5.04% was down -63bps QoQ. Higher than trend slippages in credit cards and MFI led to interest reversals worth Rs 1.2bn for the quarter. Lower interest on income tax refund also impacted margin, adjusted for which the margin decline would have been lower at 35-40 bps QoQ. Margin in 3Q is expected to be flattish on sequential basis before improvement is seen.

We maintain a less-than-bullish 'ADD' rating on RBL with a revised price target of Rs 230: We value the bank at 0.8x FY26 P/BV for an FY25/26/27E RoE profile of 7.4%/11.0/12.6%.

(See [Comprehensive con call takeaways on page 2 for significant incremental colour.](#))

## Other Highlights (See "Our View" above for elaboration and insight)

- **Opex control:** Total cost to income ratio was at 64.2% down by -150/-225bps QoQ/YoY and the Cost to assets was at 4.7% down by -13/-11bps QoQ/YoY.
- **Fee income:** Core fee income grew 6.9%/21.2% QoQ/YoY, sequentially driven higher by Distribution Fee, Payment Related Income and Trade & Others.

## Exhibit 1: Result table

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy
Total Interest Income	35,309	34,962	1.0	30,080	17.4
Interest expended	(19,160)	(17,963)	6.7	(15,330)	25.0
<b>Net Interest Income</b>	<b>16,150</b>	<b>17,000</b>	<b>(5.0)</b>	<b>14,750</b>	<b>9.5</b>
Fee Income	8,220	7,690	6.9	6,780	21.2
Non-fee Income	1,054	365	189.0	264	298.5
<b>Total Non-Interest Income</b>	<b>9,274</b>	<b>8,055</b>	<b>15.1</b>	<b>7,044</b>	<b>31.6</b>
<b>Total Income</b>	<b>25,423</b>	<b>25,054</b>	<b>1.5</b>	<b>21,794</b>	<b>16.7</b>
Employee Expense	(4,654)	(3,680)	26.5	(3,747)	24.2
Non-employee Opex	(11,670)	(12,783)	(8.7)	(10,737)	8.7
<b>Operating expenses</b>	<b>(16,324)</b>	<b>(16,464)</b>	<b>(0.8)</b>	<b>(14,484)</b>	<b>12.7</b>
PPoP	9,099	8,591	5.9	7,310	24.5
Provisions	(6,183)	(3,663)	68.8	(6,404)	(3.4)
PBT	2,916	4,928	(40.8)	906	221.7
Tax	(690)	(1,213)	(43.1)	2,035	(133.9)
<b>PAT</b>	<b>2,225</b>	<b>3,715</b>	<b>(40.1)</b>	<b>2,941</b>	<b>(24.3)</b>

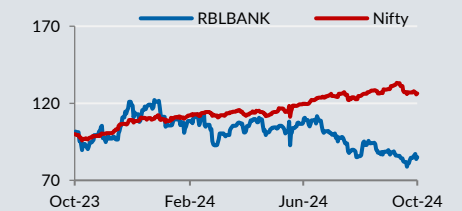
Source: Company, YES Sec-Research

Recommendation	: ADD
Current Price	: Rs 205
Target Price	: Rs 230
Potential Return	: +12%

## Stock data (as on October 18, 2024)

Nifty	24,854
52 Week h/l (Rs)	301 / 190
Market cap (Rs/USD mn)	124733 / 1484
Outstanding Shares (mn)	608
6m Avg t/o (Rs mn):	1,825
Div yield (%):	0.7
Bloomberg code:	RBK IN
NSE code:	RBLBANK

## Stock performance



	1M	3M	1Y
Absolute return	-2.0%	-14.6%	-16.4%

## Shareholding pattern (As of Sep'24 end)

Promoter	0.0%
FII+DII	41.7%
Others	58.3%

## Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	230	235

## Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
NII	70,374	84,823	101,843
PPOP	36,555	46,746	57,669
Net Profit	11,288	18,788	24,792
Growth (%)	-3.4	66.4	32.0
EPS (Rs)	18.7	29.6	37.2
BVPS (Rs)	261	287	318
P/E (x)	11.0	6.9	5.5
P/BV (x)	0.8	0.7	0.6
ROE (%)	7.4	11.0	12.6
ROA (%)	0.8	1.1	1.2
Tier-1 (%)	12.7	12.3	12.0

## Δ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	18.7	29.6	37.2
EPS (Old)	24.7	30.2	36.4
% change	-24.4%	-2.1%	2.0%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Asset quality

- **Slippages**
  - Gross NPA additions amounted to Rs 10.26bn for 2QFY25, translating to an annualized slippage ratio of 4.8% for the quarter. (Gross NPA additions had amounted to Rs 7.20bn during 1QFY25.)
  - **Segmental split for gross slippages**
    - Credit cards – Rs 6.3bn
    - Microfinance – Rs 2.4bn
  - **More colour on Credit card asset quality**
    - The key reason for higher slippages on the credit card portfolio was the transition of collection effort, which got completed by 31<sup>st</sup> July.
    - Hence, credit card slippages have peaked and will decline from 3Q itself and there would be a reversion to earlier levels by 4Q.
  - **More colour on Microfinance asset quality**
    - 9-10% of microfinance customers have 4 lenders, including RBL Bank, which is similar other microfinance players.
    - Microfinance provisioning is to make 25% on NPA formation and then 25% incrementally for the next 3 quarters.
- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 2.09bn for 2QFY25, implying net NPA addition of Rs 8.17bn for the quarter.
  - **Segmental net slippages**
    - Credit cards – Rs 6.06bn
    - Microfinance – Rs 2.31bn
    - Wholesale segment had negative net slippage.
- **Provisions**
  - **P&L provisions**
    - Provisions were Rs 6.18bn, up by 68.8% QoQ but down by -3.4% YoY, translating to calculated annualised credit cost of 283bps.
    - There was a reversal of provision amounting to Rs 0.4bn due to the sale of security receipts.
    - **Credit cost guidance**
      - The overall credit cost for FY25 would be in the 2.6-3% range and this does not assume any rundown in contingent provisions.
      - The bank is past the peak on credit card credit cost since slippages have peaked in the segment and the bank makes 70% provision on credit card NPA formation.
      - However, credit cost on microfinance portfolio is likely to move up in 3Q.
      - Overall credit cost may not sharply decline in 3Q but would move lower in 4Q.
  - **Outstanding provisions**
    - The bank continues to hold 1% prudential provision on cards and micro finance amounting to Rs 2.83bn.
- **NPA ratios**
  - GNPA ratio stands at 2.88%, up 19bps QoQ but down -24bps YoY while NNPA ratio stands at 0.79%, up by 5bps QoQ and 1bp YoY.
- **Restructured book**
  - The net restructured advances amounted to 38 bps of advances compared with 44 bps as of 1Q.

(Con call takeaways continue on the next page)

## ▪ **Collection Efficiency**

- Collection efficiency in cards and micro finance is higher than peers.
- **Micro finance collection efficiency**
  - The micro finance collection efficiency was at 97.1%.
  - The micro finance collection was impacted by floods in Bihar which accounts for 30% of micro finance portfolio.

## **Loan growth**

- Overall advances growth amounted to 1.4% QoQ and 15.1% YoY.
- **Key segmental growth outcomes**
  - Retail advances have grown 24% YoY.
  - In newer secured retail loans, the Business loans and Housing cumulatively has grown 24% YoY.
  - Wholesale loans have grown 3% YoY.
  - Commercial banking loans have grown 17% YoY.
- **Slowdown in credit card addition**
  - The credit card acquisition run rate has declined by about 40% YoY.
  - There is a conscious decision to mine the existing portfolio of customers to extract operating leverage and also, to de-risk from exposure to Bajaj Finance sourcing.
  - While new co-brand partners have been added, they will take some time to develop.
  - The bank will add credit cards at the pace of 1.2-1.5mn per annum as opposed to 2mn earlier.
- **Guidance**
  - Retail secured book can grow in the high 20s.
  - Overall loan growth for FY25 can reach the 18-20% figure guided for earlier.
  - Microfinance disbursement is already improving.

## **Deposits growth**

- Overall deposits have grown by 6.5% QoQ and 20.2% YoY.
- **Granular deposits**
  - Granular deposits of less than Rs 30mn ticket size have grown 22% YoY.
  - The share of granular deposits less than Rs 30mn ticket size was at 48.4%.
- **CASA**
  - The CASA ratio was at 33.6%, up 99bps QoQ.
  - The average current account balance was up 22% YoY.

## **Net interest margin**

- **NIM for the quarter**
  - NIM was at 5.04%, down -63bps QoQ and -50bps YoY.
  - **Reason for lower NIM**
    - Higher than trend slippages in credit cards and MFI leading to interest reversals.
    - The interest reversal for the quarter amounted to Rs 1.2bn.
    - Lower tax refund, excluding which the NIM would be down by 35-40bps QoQ.
- **Yield of Advances**
  - The yield on advances was at 13.54%, down by -66bps QoQ and -49bps YoY.

(Con call takeaways continue on the next page)

- **Cost of deposits**
  - The cost of deposits was at 6.53%, up by 3bps QoQ and 32bps YoY.
- **LCR**
  - The LCR stood at 129%.
- **Guidance**
  - Margin in 3Q is expected to be flattish on sequential basis before improvement is seen.

## Return on assets

- RBL has reported an RoA of 0.64% for 2Q, down -50bps QoQ.
- **Guidance**
  - The bank would reach an RoA of 1.3-1.4% by exit quarter of FY26, which is lower than the 1.4-1.5% number talked about earlier.
  - For FY25, the bank would be much lower than the 1.1% number that it had talked about earlier.

## Capital adequacy

- **Capital level**
  - The CET1 ratio stood at 14.2% (including H1 profits), up 35bps QoQ but down -95bps YoY.
- **Guidance**
  - On a steady state the Bank will burn 15-20bps of capital every quarter.
- **Microfinance risk weight**
  - As of now, there is no communication to the bank on microfinance risk weights.
  - The bank has heard of communication having gone to other banks and it would not be surprised if it comes to the bank, in which case capital ratio would be impacted by 40 bps.
- **Capital raise**
  - The company will start to look at capital raise after 12-15 months.
  - The lower threshold for CET1 ratio is 12.5-13%.

## Operating expenses

- **Total opex**
  - Opex, at Rs. 16.32bn, is down -0.8% QoQ but up by 12.7% YoY.
  - Consequently, cost/income ratio came in at 64.2%, down by -150bps QoQ and -225bps YoY.
  - **Overall guidance**
    - The bank will be able to hold cost to income ratio at the current level.
    - Total opex would grow at 13-15% but will be compensated by rise in income.
- **Staff opex**
  - The staff opex is up by 26.5% QoQ and 24.2% YoY
  - **Reasons for rise in employee expenses**
    - There was a reversal of bonus provisions worth Rs 0.25-0.3bn in 1QFY25, while there was no such reversal in 2QFY25.
    - Secondly, the salary hikes have been effective as of 1<sup>st</sup> July and hence, the impact of the same has been felt in 2Q.

(Con call takeaways continue on the next page)

- There were also some actuarial provisions on pension and gratuity liabilities in 2Q.
  - Furthermore, third-party collection cost which was outsourcing cost is now being counted as employee cost after taking over those employees.
  - The bank has added 800-900 employees across various levels in the cards collection division.
- **Guidance**
  - The rise in employee cost will be lower going forward and will largely reflect rise in employee count due to branch expansion and retail business.
- **Other opex**
  - Other opex is down by -8.7% QoQ but up by 8.7% YoY.

## Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy	Q2 FY25*	chg qoq*	chg yoy*
Advances	878,830	867,030	1.4	763,250	15.1	100.0	0bps	0bps
Wholesale	331,600	329,680	0.6	322,330	2.9	37.7	-29bps	-450bps
Corporate & Institutional Banking	233,950	235,780	(0.8)	238,880	(2.1)	26.6	-57bps	-468bps
Commercial Banking	97,650	93,900	4.0	83,450	17.0	11.1	28bps	18bps
Retail	547,230	537,350	1.8	440,920	24.1	62.3	29bps	450bps
Business Loans	88,370	81,820	8.0	83,750	5.5	10.1	62bps	-92bps
Credit Card	175,380	173,940	0.8	149,690	17.2	20.0	-11bps	34bps
Personal Loan	38,810	39,880	(2.7)	36,990	4.9	4.4	-18bps	-43bps
Micro-Banking	69,710	72,530	(3.9)	67,850	2.7	7.9	-43bps	-96bps
Housing loans	74,470	66,960	11.2	47,790	55.8	8.5	75bps	221bps
Retail Agri	14,170	14,580	(2.8)	13,600	4.2	1.6	-7bps	-17bps
Rural Vehicle Finance	22,790	21,590	5.6	14,420	58.0	2.6	10bps	70bps
Others	63,530	66,050	(3.8)	26,830	136.8	7.2	-39bps	371bps
Deposits	1,079,587	1,013,520	6.5	897,804	20.2	100.0	0bps	0bps
CA	165,630	148,170	11.8	148,138	11.8	15.3	72bps	-116bps
SA	196,610	181,860	8.1	172,378	14.1	18.2	27bps	-99bps
Term	717,347	683,490	5.0	577,288	24.3	66.4	-99bps	215bps
Borrowings	146,785	135,770	8.1	153,015	(4.1)	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	12.0	11.8	16bps	14.6	-259bps	NA	NA	NA
Investments	303,729	297,260	2.2	296,433	2.5	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	25.7	25.5	15bps	28.0	-229bps	NA	NA	NA
RWA	1,041,260	1,050,070	(0.8)	894,820	16.4	NA	NA	NA

Source: Company, YES Sec - Research, \*Share in total and change in share

## Exhibit 3: Key quarterly ratios

(%)	Q2 FY25	Q1 FY25	chg qoq	Q2 FY24	chg yoy
Net interest margin	5.04	5.67	-63bps	5.54	-50bps
Yield on advances	13.54	14.20	-66bps	14.03	-49bps
Cost of deposits	6.53	6.50	3bps	6.21	32bps
CASA	33.6	32.6	99bps	35.7	-219bps
Loan to Deposit ratio	81.4	85.5	-414bps	85.0	-361bps
Non-interest income/Total income	36.5	32.1	433bps	32.3	415bps
Fee Income to Avg. Total Assets	2.4	2.2	11bps	2.2	11bps
Cost to Income	64.2	65.7	-150bps	66.5	-225bps
Opex to Avg. Total Assets	4.7	4.8	-13bps	4.8	-11bps
Credit Cost	2.8	1.7	112bps	3.4	-60bps
RoE^	5.0	9.9	-484bps	8.4	-334bps
RoA^	0.6	1.1	-50bps	1.0	-36bps
Annualised Slippage Ratio	4.8	3.4	132bps	3.0	176bps
Provision coverage ratio	89.4	90.0	-60bps	88.4	100bps
Gross NPA	2.9	2.7	19bps	3.1	-24bps
Net NPA	0.8	0.7	5bps	0.8	1bps
Capital adequacy ratio	15.4	15.6	-17bps	16.5	-109bps
Tier I capital ratio	14.2	13.9	34bps	15.2	-96bps

Source: Company, YES Sec - Research, ^Annualised

## Exhibit 4: Quarterly Actuals Vs Estimates

Q2FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	16,150	17,349	(6.9)
Pre-Prov. Operating Profit	9,099	8,604	5.8
Profit After Tax	2,225	3,294	(32.4)

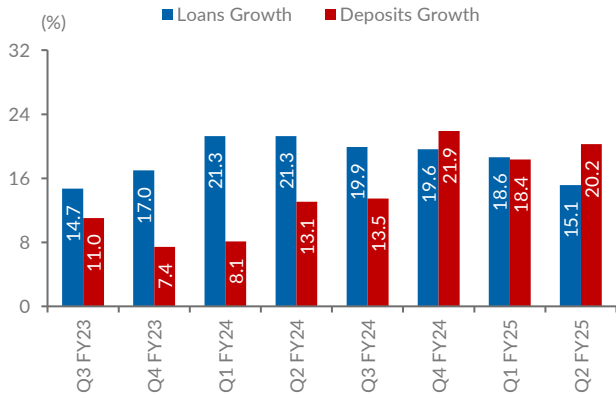
Source: Company, YES Sec - Research

## Exhibit 5: Non-Interest Income Break-up

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy
Total Fee Income (A)	8,220	7,690	6.9	6,780	21.2
FX	904	846	6.9	678	33.4
Processing Fee	2,466	2,307	6.9	2,102	17.3
General Banking Fees	1,562	2,230	(30.0)	1,831	(14.7)
Distribution	575	461	24.7	407	41.4
Payments Related	2,384	1,692	40.9	1,492	59.8
Trade & Others	329	154	113.8	271	21.2
Other Income (B)	1,054	365	189.0	264	298.5
<b>Total Non-Interest Income (A+B)</b>	<b>9,274</b>	<b>8,055</b>	<b>15.1</b>	<b>7,044</b>	<b>31.6</b>

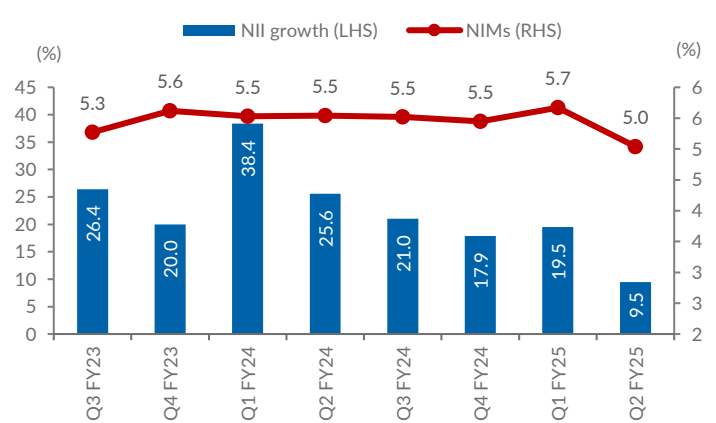
Source: Company, YES Sec – Research

**Exhibit 6: Loans and Deposits growth (YoY %)**



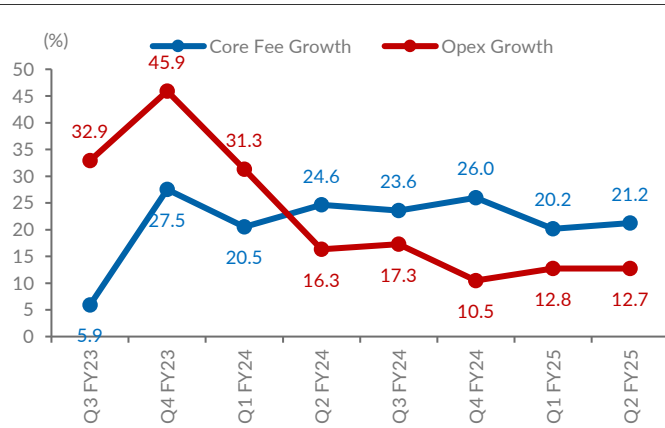
Source: Company, YES Sec - Research

**Exhibit 7: NII growth (YoY %) and NIM**



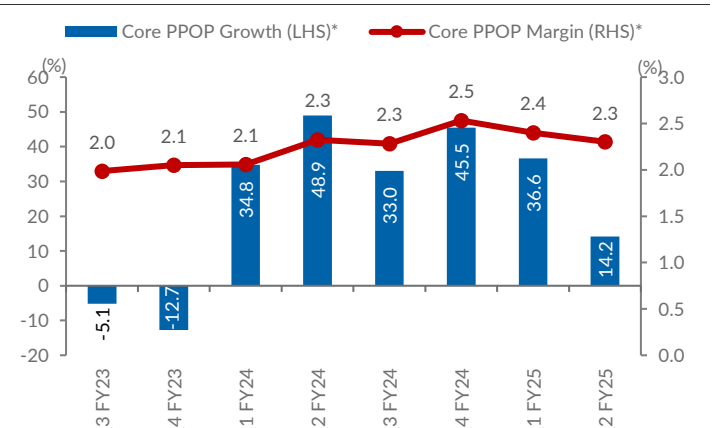
Source: Company, YES Sec - Research

**Exhibit 8: Core Fee and Opex growth (YoY %)**



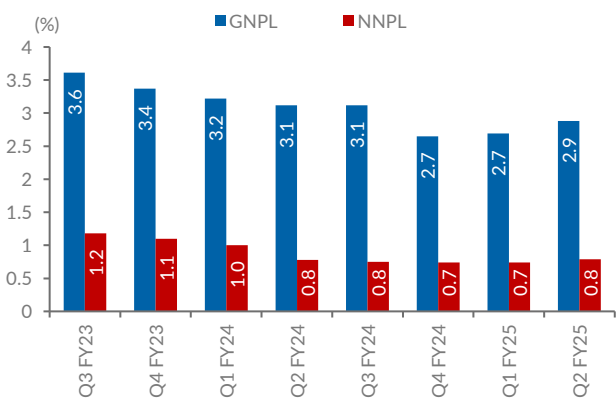
Source: Company, YES Sec - Research

**Exhibit 9: Core PPOP growth (YoY %) and Core PPOP margin (%)**



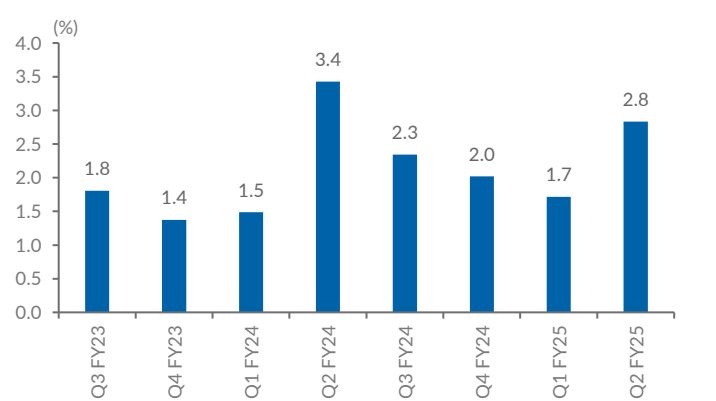
Source: Company, YES Sec - Research, \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 10: Gross NPA and Net NPA (%)**



Source: Company, YES Sec - Research

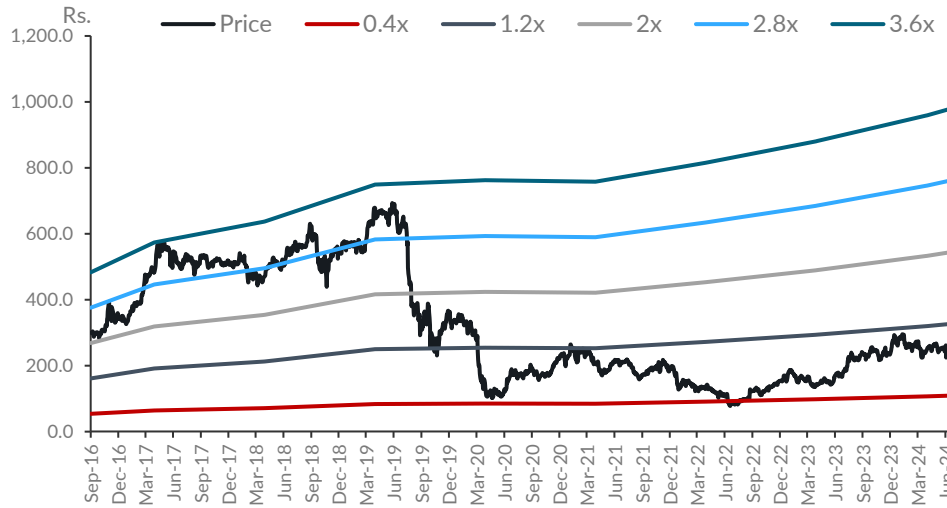
**Exhibit 11: Credit cost (%)**



Source: Company, YES Sec - Research

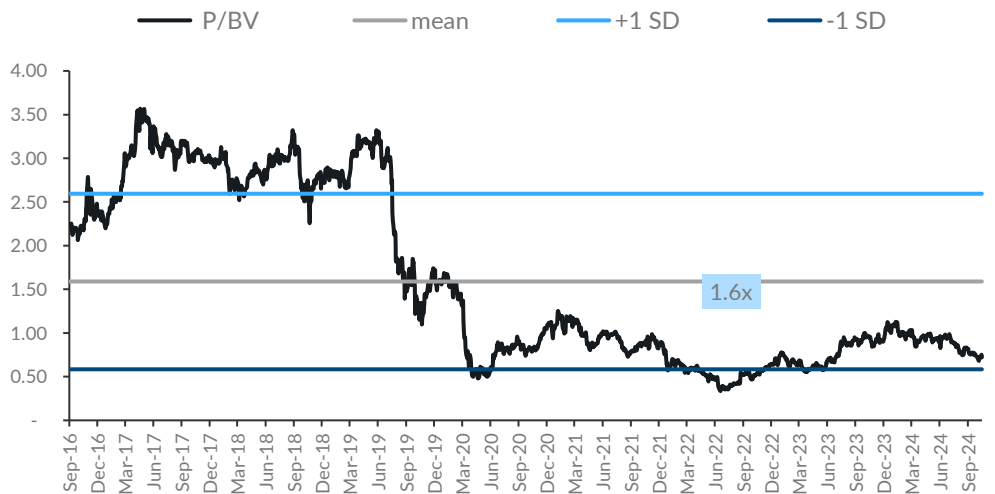


**Exhibit 12: 1-year rolling P/BV band**



Source: Company, YES Sec - Research

**Exhibit 13: 1-yr rolling P/BV vis-a-vis the mean and standard deviations**



Source: Company, YES Sec - Research

## ANNUAL FINANCIALS

### Exhibit 14: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Total cash & equivalents	85,200	144,166	158,567	189,488	198,133
Investments	288,754	295,759	346,464	410,825	487,519
Advances	702,094	839,869	991,046	1,184,299	1,415,238
Fixed assets	5,740	5,324	6,389	7,666	9,200
Other assets	76,974	99,205	119,046	142,855	171,426
<b>Total assets</b>	<b>1,158,762</b>	<b>1,384,322</b>	<b>1,621,512</b>	<b>1,935,134</b>	<b>2,281,516</b>
Net worth	135,766	147,964	157,897	182,297	212,373
Deposits	848,865	1,034,936	1,223,907	1,465,474	1,754,147
Borrowings	133,313	141,841	156,951	181,246	183,307
Other liabilities	40,818	59,581	82,757	106,117	131,689
<b>Total liabilities incl. Equity</b>	<b>1,158,762</b>	<b>1,384,322</b>	<b>1,621,512</b>	<b>1,935,134</b>	<b>2,281,516</b>

Source: Company, YES Sec – Research; N.B. Numbers in this table are pre-reclassification

### Exhibit 15: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	96,766	123,943	145,876	173,993	206,912
Interest expense	(46,784)	(63,514)	(75,502)	(89,171)	(105,069)
<b>Net interest income</b>	<b>49,982</b>	<b>60,429</b>	<b>70,374</b>	<b>84,823</b>	<b>101,843</b>
Non-interest income	24,894	30,429	36,899	43,817	52,335
<b>Total income</b>	<b>74,876</b>	<b>90,858</b>	<b>107,273</b>	<b>128,640</b>	<b>154,178</b>
Operating expenses	(52,852)	(60,550)	(70,718)	(81,893)	(96,509)
<b>PPoP</b>	<b>22,024</b>	<b>30,308</b>	<b>36,555</b>	<b>46,746</b>	<b>57,669</b>
Provisions	(10,511)	(17,707)	(21,470)	(21,639)	(24,538)
<b>Profit before tax</b>	<b>11,514</b>	<b>12,600</b>	<b>15,085</b>	<b>25,108</b>	<b>33,131</b>
Taxes	(2,687)	(921)	(3,797)	(6,320)	(8,339)
<b>Net profit</b>	<b>8,827</b>	<b>11,679</b>	<b>11,288</b>	<b>18,788</b>	<b>24,792</b>

Source: Company, YES Sec – Research; N.B. Numbers in this table are pre-reclassification

## Exhibit 16: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	8.7	9.7	9.7	9.8	9.8
Interest expense	-4.2	-5.0	-5.0	-5.0	-5.0
<b>Net interest income</b>	<b>4.5</b>	<b>4.8</b>	<b>4.7</b>	<b>4.8</b>	<b>4.8</b>
Non-interest income	2.2	2.4	2.5	2.5	2.5
<b>Total income</b>	<b>6.7</b>	<b>7.1</b>	<b>7.1</b>	<b>7.2</b>	<b>7.3</b>
Operating expenses	-4.8	-4.8	-4.7	-4.6	-4.6
<b>PPoP</b>	<b>2.0</b>	<b>2.4</b>	<b>2.4</b>	<b>2.6</b>	<b>2.7</b>
Provisions	-0.9	-1.4	-1.4	-1.2	-1.2
<b>Profit before tax</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.4</b>	<b>1.6</b>
Taxes	-0.2	-0.1	-0.3	-0.4	-0.4
<b>Net profit</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>1.1</b>	<b>1.2</b>

Source: Company, YES Sec – Research; N.B. Numbers in this table are pre-reclassification

## Exhibit 17: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Interest Income	70,374	84,823	101,843	71,848	85,863	103,113	(2.1)	(1.2)	(1.2)
Pre-Prov. Operating Profit	36,555	46,746	57,669	37,910	47,539	58,643	(3.6)	(1.7)	(1.7)
Profit after tax	11,288	18,788	24,792	14,928	19,181	24,303	(24.4)	(2.1)	2.0

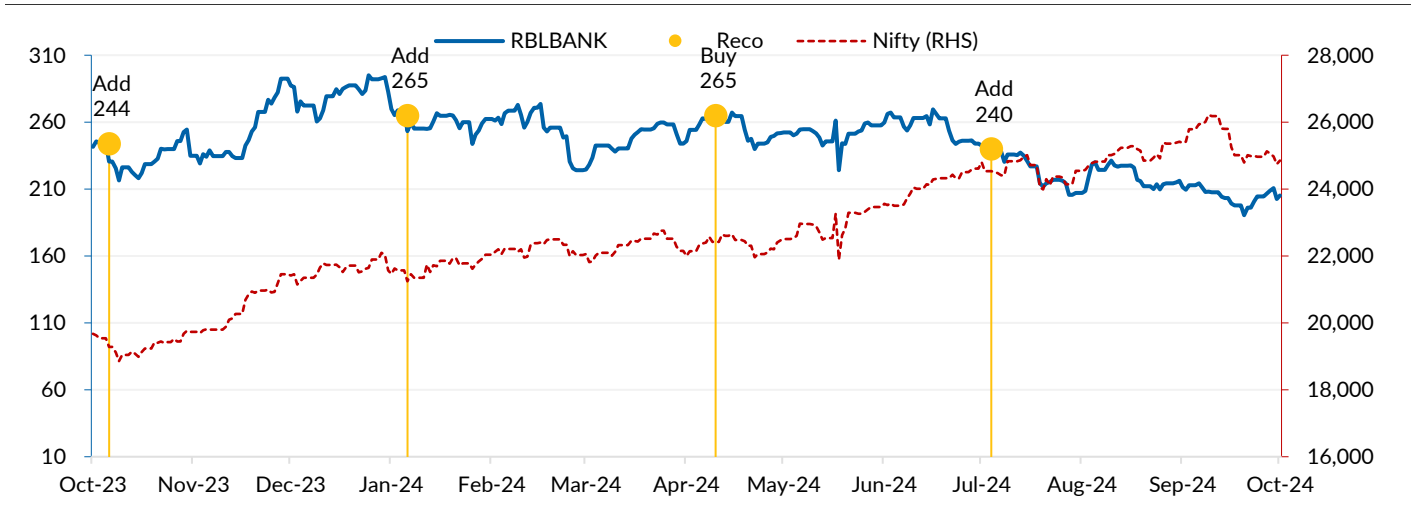
Source: Company, YES Sec – Research; N.B. Numbers in this table are pre-reclassification

## Exhibit 18: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth matrix (%)</b>					
Net interest income	6.3	24.1	20.9	18.9	19.5
PPoP	-5.9	-19.8	37.6	25.1	25.4
Net profit	-114.7	NA	32.3	27.8	28.5
Loans	2.4	17.0	19.6	19.5	19.5
Deposits	8.0	7.4	21.9	19.8	19.7
<b>Profitability Ratios (%)</b>					
Net interest margin	4.4	5.2	5.5	5.5	5.5
Return on Average Equity	-0.6	6.7	8.2	9.7	11.1
Return on Average Assets	-0.1	0.8	0.9	1.0	1.1
<b>Per share figures (Rs)</b>					
EPS	-1.2	14.7	19.3	24.7	30.2
BVPS	210	226	245	266	293
ABVPS	197	214	234	249	268
<b>Valuation multiples</b>					
P/E	-193	16.3	12.4	9.7	8.0
P/BV	1.1	1.1	1.0	0.9	0.8
P/ABV	1.2	1.1	1.0	1.0	0.9
<b>NIM internals (%)</b>					
Yield on loans	10.6	11.8	12.9	13.0	13.0
Cost of deposits	4.7	4.9	5.7	5.8	5.8
Loan-deposit ratio	76.0	82.7	81.2	81.0	80.8
CASA ratio	35.3	37.4	35.2	36.5	37.5
<b>Opex control (%)</b>					
Cost/Income ratio	56.9	70.6	66.6	65.2	63.5
Cost to average assets	3.5	4.8	4.8	4.7	4.6
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	16.2	15.3	14.4	12.8	12.4
<b>Asset quality (%)</b>					
Slippage ratio	6.6	4.2	3.2	3.0	3.0
Gross NPL ratio	4.4	3.4	2.7	2.7	2.7
Credit cost	4.2	1.7	1.8	1.8	1.8
Net NPL ratio	1.3	1.1	0.7	1.0	1.3

Source: Company, YES Sec – Research

## Recommendation Tracker



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