

Asset quality strains weigh on performance

RBL Bank faced challenges this quarter as asset quality issues impacted key profitability segments. As a result, we are revising our credit growth estimates to a 16% CAGR for FY24-27, lower than the bank's guidance of over 18%. We are also adjusting our projected RoA to an average of 1.1% for FY26/27, below management's target of +1.3%. In light of delays in achieving the expected return profile and the broader sector's valuation pressures, we are lowering our target P/ABV multiple from 1.25x to 1.0x. Despite RBL's stock declining over 17% FYTD25 (compared to a ~11% rise in NIFTY and a 20% increase in NIFTY Midcap), we believe concerns around growth, asset quality, and profitability are largely priced in. While both internal and external challenges have caused disruptions, the management's long-term strategy for achieving diversified and sustainable growth is gradually materializing. Looking ahead, we expect a steady improvement toward a 1.1% RoA, aided by a possible interest rate-cut cycle and recovery in the MFI and credit card segments. With the stock trading at an attractive 1HFY27E P/ABV multiple of 0.7x, we view it as an attractive BUY opportunity. We have revised our estimates to account for progress so far and the impact of strategic initiatives, resulting in earnings adjustments of -18% and -18% for FY25E and FY26E, respectively.

Operational performance below our and street estimates

NII came in at Rs16.2bn (+9.5% YoY/-1.0% QoQ) below our estimated NII of Rs16.6bn. NII was impacted by interest reversals from slippages (Rs1,200mn) and lower disbursements in high yielding segments. PPOP came at Rs9.3bn, (up 20.6% YoY/up 19.6% QoQ) owing to sharp uptick in non-interest income during the quarter along with 1% sequential decline in opex. However, PAT came in lower sequentially at Rs2.3bn (-30.0% YoY/-34.0% QoQ).

Retailisation of Gross Advances pending uptick in financials

Gross advances depicted muted growth (poor show for unsecured piece), increasing by mere 1.4% QoQ, reaching Rs879bn. However, retailisation of advances – RA (+24%/+2% YoY/QoQ) continues and as per management the return profile is improving. Similarly, in wholesale book too granularity prevailed with CB growing with decline in corporate banking. We expect this transition to aid NIMs expansion in times to come.

Deposits growth impressive; CASA rises (+100bps QoQ)

On the liability front, total deposits grew by +20.3%/+6.5% YoY/QoQ; granular RDs maintained the growth +32%/4% YoY/QoQ respectively. RBL's CASA ratio also witnessed a rise of 100bps to 33.6% from 32.6% as of 1QFY25. This rise was primarily due to steps taken from bank to strengthen liability franchise. Further, the LDR/LCR ratio remains at comfortable levels of 81%/129%.

Valuations provide margin of safety; Key is improvement in asset quality

It is noteworthy that RBL's recent quarterly results have been below management guidance and street expectations impacting valuation multiples. We have revised our estimates to account for progress so far and the impact of strategic initiatives, resulting in earnings adjustments of -18% and -18% for FY25E and FY26E, respectively. Looking ahead, we expect a steady improvement toward a 1.1% RoA, aided by a possible interest rate-cut cycle and recovery in the MFI and credit card segments. With the stock trading at an attractive 1HFY27E P/ABV multiple of 0.7x, we view it as an attractive BUY opportunity. **Key monitorable:** credit growth pick up, asset quality improvement and improvement in return profile as it approaches the completion of its "Mission 2026" strategy.

Financial and valuation summary

YE Mar (Rs mn)	2QFY25A	2QFY24A	YoY (%)	1QFY25A	QoQ (%)	FY25E	FY26E	FY27E
NII	16,150	14,752	9.5	16,307	(1.0)	66,679	80,794	98,319
PPOP	9,228	7,654	20.6	7,717	19.6	35,445	44,370	55,339
Provisions	6,183	6,404	(3.4)	3,663	68.8	21,021	21,806	25,642
Net profit	2,317	3,311	(30.0)	2,811	(17.6)	10,818	16,923	22,273
Loan growth (%)	15.1	21.3		18.7		14.0	17.0	18.0
NIM (%)	5.4	5.6		5.6		5.3	5.4	5.6
Cost/income (%)	63.7	65.0		67.9		65.4	64.4	63.1
GNPA (%)	2.9	3.1		2.7		2.9	2.9	3.0
RoA (%)	0.7	1.1		0.9		0.7	1.0	1.1
RoE (%)	6.3	9.8		7.7		7.1	10.2	12.2
P/ABV (x)						0.8	0.7	0.7

Source: Company, Centrum Broking

Result Update

India | BFSI

20 October, 2024

BUY

Price: Rs205

Target Price: Rs291

Forecast return: 42%

Institutional Research

Market Data

Bloomberg:	RBK IN
52 week H/L:	301/190
Market cap:	Rs125bn
Shares Outstanding:	607.7mn
Free float:	90.4%
Avg. daily vol. 3mth:	87,67,119
Source:	Bloomberg

Changes in the report

Rating:	Unchanged
Target price:	Rs291; Changed by -17.6%
ABVS:	FY25E; 249; Changed by -1.6%
	FY26E; 274; Changed by -2.8%
Source:	Centrum Broking

Shareholding pattern

	Sep-24	Jun-24	Mar-24	Dec-23
Promoter	0.0	0.0	0.0	0.0
FIIs	14.6	28.5	25.1	28.3
DIIIs	27.1	20.7	20.6	19.8
Public/other	58.3	50.8	54.3	51.9

Source: BSE

Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q2FY25	Actual Q2FY25	Variance (%)
NII	16,615	16,150	(2.8)
PPOP	8,705	9,228	6.0
Provision	5,241	6,183	18.0
PAT	2,598	2,317	(10.8)

Source: Bloomberg, Centrum Broking;



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Thesis Snapshot

Estimate revision

YE Mar (Rs bn)	FY25E New	FY25E Old	% chg	FY26E New	FY26E Old	% chg
NII	66.7	69.0	-3.3	80.7	90.4	-10.7
PPoP	35.4	36.2	-2.2	44.3	49.9	-11.2
PAT	10.8	13.2	-18.2	16.9	20.7	-18.4

Source: Centrum Broking

RBL Bank versus Nifty Midcap 100

	1m	6m	1 year
RBK IN	(2.0)	(19.2)	(16.4)
NIFTY Midcap 100	(2.6)	20.4	47.1

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY25E	FY26E
Advances Growth	14.0	17.0
NII Growth	10.3	21.2
Other Inc./Assets	2.4	2.6
Opex/Assets	4.5	4.7
Provision Cost	2.3	2.1

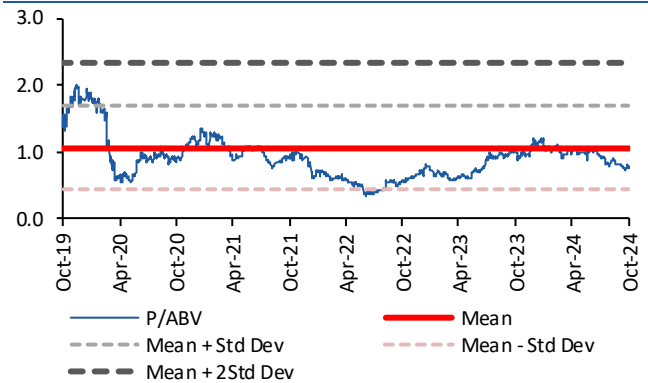
Source: Centrum Broking

Valuations

Looking ahead, we expect a steady improvement toward a 1.1% RoA, aided by a possible interest rate-cut cycle and recovery in the MFI and credit card segments. With the stock trading at an attractive 1HFY27E P/ABV multiple of 0.7x, we view it as an attractive BUY opportunity.

Valuations	Rs/share
1HFY27E ABV (Rs)	291
Ascribed P/BV (x)	1.0
Target Price (Rs)	291
Upside to CMP	42%

P/ABV mean and standard deviation



Source: Bloomberg, Centrum Broking

Peer comparison

Company	EPS (Rs)				BVPS (Rs)				RoAA (%)				RoAE (%)			
	FY23A	FY24A	FY25E	FY26E	FY23A	FY24A	FY25E	FY26E	FY23A	FY24A	FY25E	FY26E	FY23A	FY24A	FY25E	FY26E
City Union Bank	12.6	13.6	14.7	16.4	100.7	113.4	125.0	139.6	1.5	1.5	1.5	1.5	13.4	12.8	12.2	12.2
Federal Bank	14.2	15.3	17.0	21.2	101.6	119.5	135.5	155.9	1.3	1.3	1.2	1.3	14.9	14.7	13.3	15.0
IDFC First Bank	3.7	4.2	3.7	6.3	39.1	45.6	51.2	57.5	1.1	1.1	0.8	1.1	10.1	10.1	7.9	11.6
Bandhan Bank	13.6	13.8	23.2	27.1	121.6	134.1	155.9	179.1	1.5	1.3	1.9	1.9	11.8	10.8	16.1	16.3
Average	11.0	11.7	14.7	17.8	90.8	103.2	116.9	133.0	1.4	1.3	1.4	1.5	12.6	12.1	12.4	13.8
RBL Bank	15.3	20.8	17.8	27.8	225.6	245.2	259.0	284.4	0.8	1.0	0.7	1.0	7.1	8.9	7.1	10.2

Company	Mcap (Rs mn)	P/E (x)				P/BV (x)			
		FY23A	FY24A	FY25E	FY26E	FY23A	FY24A	FY25E	FY26E
City Union Bank	114,397	12.7	11.3	10.4	9.4	1.6	1.4	1.2	1.1
Federal Bank	478,788	9.3	12.8	11.5	8.9	1.3	1.6	1.3	1.1
IDFC First Bank	535,539	19.4	17.3	19.4	11.4	1.8	1.6	1.4	1.3
Bandhan Bank	309,242	16.6	13.9	8.3	7.1	1.9	1.4	1.2	1.1
Average		14.5	13.8	12.4	9.2	1.7	1.5	1.3	1.2
RBL Bank	124,733	13.4	9.8	11.5	7.4	1.1	0.8	0.8	0.7

Source: Company, Centrum Broking; Peers: Bloomberg estimates

Exhibit 1: Key conference call takeaways and metrics

Centrum Quarterly Monitor	Q1FY25	Q2FY25	Our Comments
Margins and Profitability	<ul style="list-style-type: none"> Interest on an IT refund boosted NII by 25 bps (Rs70 crore). Credit card business transition increased credit cost by Rs60 crore and opex during the quarter. 	<ul style="list-style-type: none"> Margins were impacted due to interest income reversal, driven by higher GNPA in the MFI and CC portfolios, with Rs120 crore reversed this quarter. Credit cost for FY25 is expected to remain in the 2.5-3% range, with slippages in CC stabilizing, but MFI likely to face another challenging quarter. 	<ul style="list-style-type: none"> Given slowdown in high yielding segments we expect margin pressure to continue. We expect FY25 to be a challenging year for the bank and profitability to remain impacted due to asset quality issues.
Asset quality	<ul style="list-style-type: none"> Gross Slippages were Rs135 crore from MFI and Rs400 crore from credit cards, with MFI impacted by elections. Collection efficiencies improved due to on-ground efforts, and the bank expects further momentum going forward. 	<ul style="list-style-type: none"> Asset quality was impacted due to unsecured book – gross slippages - Rs630cr+Rs245cr (CC/MFI). CC business has seen improvement in CE MFI performance was impacted by over-leveraging; improvement is expected from 3Q, with normalcy anticipated by 4Q. 	<ul style="list-style-type: none"> We have baked in marginal improvement from here on in terms of credit cost. Major improvement is expected only from next year in terms of asset quality.
Outlook and guidance	<ul style="list-style-type: none"> Advances and deposits are expected to grow ~20% in FY25, with LDR maintained at 83-85%. Credit cost guidance remains at 1.75-2.25%, with the upper limit likely for FY25. CE is expected to stabilize in 2HFY25 as the impact from MFI seasonality and card business transition eases. 	<ul style="list-style-type: none"> Loan and deposit growth guidance is maintained at ~18-20% for the year. Credit cost for FY25 is expected to remain in the 2.5-3% range, with slippages in CC stabilizing, but MFI likely to face another challenging quarter. Exit RoA guidance for FY26 has been reduced to 1.3% from 1.4% earlier. 	<ul style="list-style-type: none"> We are revising our credit growth estimates to a 16% CAGR for FY24-27, lower than the bank's guidance of over 18%. We are also adjusting our projected RoA to an average of 1.1% for FY26/27, below management's target of +1.3%

Source: Centrum Broking

Earnings concall KTAs

Opening remarks

- Advances grew by 15%/1% YoY/QoQ to Rs87,882cr. HL + Business Loans up by 24% YoY. RVF up by 58% YoY. Commercial Banking up by 17% YoY.
- Retail advances grew by 24% YoY to Rs54,723cr.
- Wholesale advances grew by 3% to Rs33,160cr; Commercial Banking (Mid-corporates & SME) grew faster at 17% YoY.
- Overall deposits grew by 20% YoY to Rs1,07,959cr; CASA ratio at 33.6%. CoF has broadly stabilized on sequential basis.
- Granular Deposits (deposits less than Rs3cr) grew by 22% YoY to Rs52,223cr; accounts for 48.4% of total deposits.
- Provisions increase driven by higher slippages in credit cards and microfinance business.
- Credit cards – dependency upon Bajaj continuous to reduce with 64% origination coming from other partners. BFL co-branded credit card PF has seen deterioration and impacted due to transition and showing early signs of improvement.
- MFI and CC business performance impacted the quarterly performance.
- MFI - Over leveraging has impacted the segment. Bottoming out is expected in 3Q with normalcy in 4Q.

Guidance

- Loan growth guidance for the year maintained would be ~18-20%.
- Opex growth continues to lower than advances growth as guided earlier.

- Credit cost for FY25 – 2.5-3% range. Peak on slippages in CC is passed but MFI would have one more quarter pain.
- Exit RoA guidance lowered to 1.3% for FY26 from 1.4% earlier.

Advances and Deposits

- Deposits growth is expected to be around 18-20%.
- SA growth was due to steps taken from bank to strengthen their liability franchise.

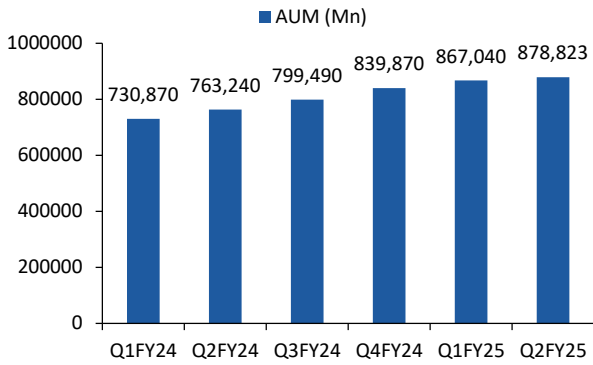
Margins and Asset quality

- Drop in yield on advances primarily led by interest income reversal due to increase in GNPA in MFI and CC.
- Asset quality was impacted due to entirely due to unsecured book – slippages - Rs606cr+Rs231cr (CC/MFI). Gross slippages - Rs630cr and Rs245cr.
- For MFI - Major states - BH/UP and RJ has shown improvement.
- MFI forward flow of 2Q will impact credit cost in 3Q.

Other key points

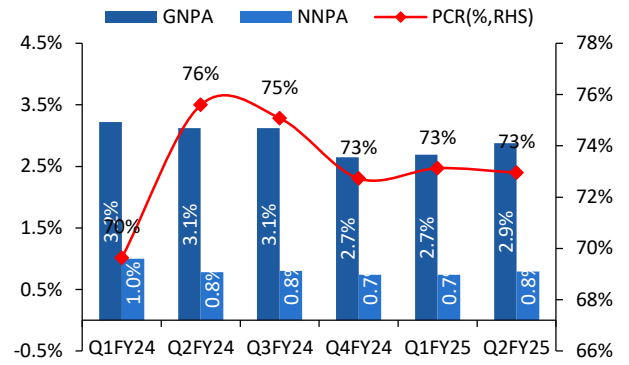
- MFI - 40-45% are unique customers for RBL Bank.
- 8-10% of MFI customers are falling off guardrails.
- Provisioning policy - CC_ provisioning - 70% NPA in the same quarter and balance 30% in 120days. MFI policy - 25% every quarter from becoming NPA and in 4Q it's provided 100%.
- Interest reversal – Rs120cr.
- Credit cost similar or lower for next quarter.

Exhibit 2: Advances growth momentum slows...



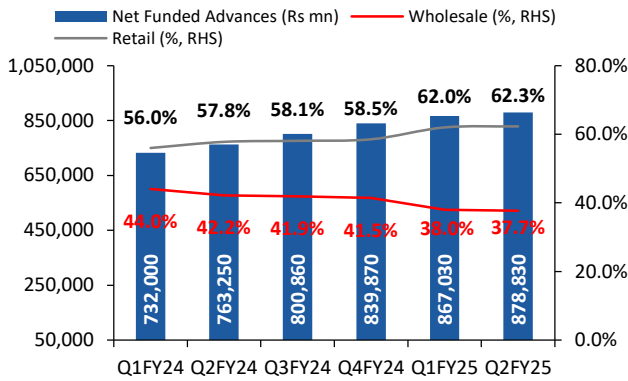
Source: Company, Centrum Broking

Exhibit 4: ...with pain in unsecured segment



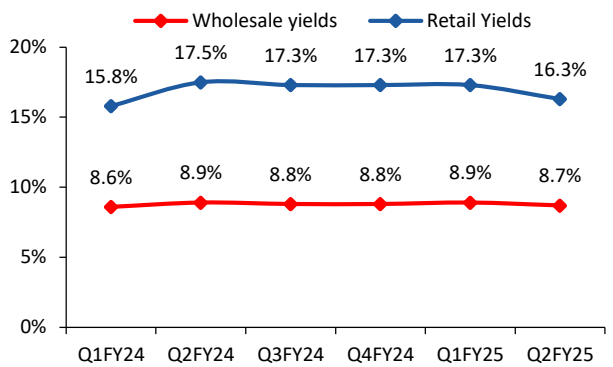
Source: Company, Centrum Broking

Exhibit 3: Advances with higher share of RA...



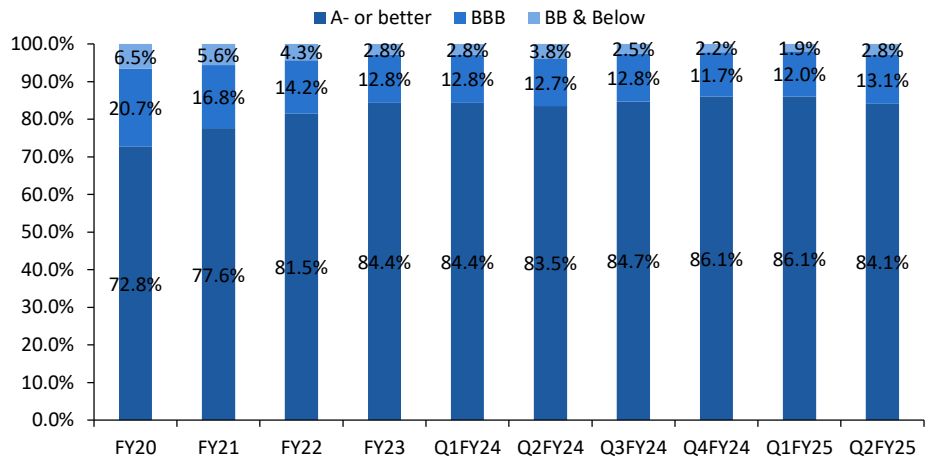
Source: Company, Centrum Broking

Exhibit 5: ...which enjoy higher yields



Source: Company, Centrum Broking

Exhibit 6: Wholesale book rating trend



Source: Company, Centrum Broking

Exhibit 7: Quarterly Financials Snapshot

Income statement	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Interest earned	22,026	22,858	24,970	26,162	28,554	30,078	31,915	33,392	34,269	35,310
Interest expended	10,617	11,113	12,206	12,851	14,335	15,326	16,449	17,392	17,963	19,160
Net Interest Income	11,409	11,745	12,765	13,312	14,219	14,752	15,466	15,999	16,307	16,150
Other income	6,140	5,849	6,243	6,837	6,940	7,128	7,774	8,758	7,751	9,280
Total Income	17,548	17,594	19,008	20,149	21,159	21,880	23,239	24,758	24,058	25,431
Operating Expenses	12,182	12,612	13,178	13,898	14,315	14,226	15,462	15,762	16,341	16,202
Employees	3,900	4,199	4,069	4,367	4,285	4,612	4,888	4,775	4,686	5,669
Others	8,282	8,413	9,109	9,531	10,029	9,615	10,575	10,987	11,655	10,533
Operating profit	5,366	4,983	5,830	6,251	6,844	7,654	7,777	8,995	7,717	9,228
Provisions	2,530	2,415	2,927	2,347	2,662	6,404	4,581	4,138	3,663	6,183
Profit before tax	2,836	2,568	2,903	3,904	4,182	1,250	3,196	4,857	4,054	3,045
Taxes	750	693	655	919	987	-2,061	747	1,215	1,244	728
Net Profit	2,087	1,875	2,248	2,986	3,195	3,311	2,449	3,643	2,811	2,317
Balance sheet										
Shareholders funds	1,28,520	1,29,757	1,32,170	1,35,766	1,38,580	1,41,393	1,44,210	1,48,374	1,52,790	1,54,962
Borrowings	1,18,710	1,07,808	1,06,280	1,33,313	1,47,760	1,53,023	1,48,010	1,41,853	1,35,770	1,46,797
Deposits	7,92,160	7,94,045	8,17,450	8,48,865	8,56,040	8,97,303	9,26,830	10,34,704	10,13,520	10,79,522
Other liabilities	37,930	41,937	39,130	40,818	40,530	49,359	52,110	59,608	55,760	57,756
Total liabilities	10,77,320	10,73,547	10,95,030	11,58,762	11,82,910	12,41,077	12,71,160	13,84,539	13,57,840	14,39,037
Cash&bank	1,29,440	1,09,818	80,720	85,200	76,380	93,268	92,260	1,44,234	91,660	1,54,085
Advances	6,02,700	6,29,211	6,66,560	7,02,094	7,30,660	7,63,242	7,99,490	8,39,869	8,67,040	8,78,823
Investments	2,75,370	2,56,680	2,66,320	2,88,755	2,90,250	2,94,982	2,77,070	2,94,778	2,97,260	3,02,710
Fixed assets	69,810	6,173	81,020	5,740	85,620	6,346	1,09,547	5,986	1,01,880	6,121
Other assets	-	71,258	-	76,974	-	83,240	-	99,673	-	97,298
Total assets	10,77,320	10,73,550	10,95,030	11,58,762	11,82,910	12,41,077	12,78,367	13,84,539	13,57,840	14,39,037
Balance sheet(%)										
Loan growth	6.6	12.4	14.7	17.0	21.3	21.3	19.9	19.6	18.6	15.1
Deposit growth	8.4	5.0	11.0	7.4	8.1	13.0	13.4	21.9	18.4	20.3
Loans/Deposits	76.1	79.2	81.5	82.7	85.4	85.1	86.3	81.2	85.5	81.4
Investment /Deposits	34.8	32.3	32.6	34.0	33.9	32.9	29.9	28.5	29.3	28.0
Capital Adequacy										
Tier-1	16.0	15.9	15.5	15.3	15.1	15.2	14.6	14.4	13.9	14.2
Tier-2	1.5	1.5	1.5	1.7	1.6	1.9	1.8	1.8	1.7	1.7
CRAR	17.5	17.4	17.0	17.0	16.7	17.1	16.4	16.2	15.6	15.9
Profitability (%) – Quarterly										
Yield on assets	9.9	9.9	10.5	10.7	11.1	11.4	11.8	11.9	11.7	11.8
Cost of funds	4.7	4.9	5.3	5.4	5.8	6.0	6.2	6.2	6.2	6.5
NIM	5.1	5.1	5.4	5.5	5.5	5.6	5.7	5.7	5.6	5.4
Other income/Assets	2.3	2.2	2.3	2.4	2.4	2.4	2.5	2.6	2.3	2.7
Cost/Income	69.4	71.7	69.3	69.4	67.7	65.0	66.5	63.7	67.9	63.7
Employees	22.2	23.9	21.4	21.4	20.3	21.1	21.0	19.3	19.5	22.3
Others	47.2	47.8	47.9	48.0	47.4	43.9	45.5	44.4	48.4	41.4
Cost/Assets	4.7	4.8	5.0	5.1	5.1	4.9	5.2	5.0	5.1	4.8
RoA	0.8	0.7	0.8	1.1	1.1	1.1	0.8	1.1	1.0	0.7
RoE	6.5	5.9	7.0	9.1	9.6	9.8	7.1	10.3	9.6	6.3
Asset quality(%)										
GNPA	4.1	3.8	3.6	3.4	3.2	3.1	3.1	2.7	2.7	2.88
NNPA	1.2	1.3	1.2	1.1	1.0	0.8	0.8	0.7	0.7	0.79
PCR	72.5	67.8	68.0	68.1	69.6	75.6	75.1	72.7	73.1	73.0
Credit Cost on gross AUM	1.7	1.6	1.9	1.4	1.6	3.7	2.5	2.1	1.8	3.0
Credit/Deposit	76.1	78.6	81.6	82.7	85.4	85.1	86.3	81.2	85.5	81.4

Source: Company, Centrum Broking,*excluding IT refund RS70cr.

We have baked in marginal respite in calculated CoF for FY27E

NIMs are expected to improve YoY with change in product mix offerings in favor of retail loans but delayed vis-à-vis management guidance

Exhibit 8: ROAE Tree

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Assets	6,18,773	8,03,978	8,89,835	10,06,188	10,61,626	11,58,057	13,84,539	15,74,911	18,33,475	21,63,024
Average total assets	5,52,764	7,11,375	8,46,906	9,48,011	10,33,907	11,09,842	12,71,298	14,79,725	17,04,193	19,98,250
Equity	66,806	75,348	1,05,649	1,26,662	1,25,305	1,35,257	1,48,374	1,57,410	1,72,817	1,93,575
Average Equity	55,084	71,077	90,499	1,16,156	1,25,984	1,30,281	1,41,815	1,52,892	1,65,114	1,83,196
Interest Income on term loans/ Average total assets	6.3%	7.1%	8.5%	7.2%	6.4%	6.9%	7.8%	7.8%	8.1%	8.1%
Income on investments/money with RBI/other banks / Average total assets	1.9%	1.7%	1.8%	1.7%	1.7%	1.7%	1.7%	1.7%	1.8%	1.8%
Non-Interest Income/ Average total assets	1.9%	2.0%	2.3%	2.0%	2.3%	2.3%	2.4%	2.4%	2.6%	2.6%
Total Income/ Average total assets	10.2%	10.8%	12.6%	11.0%	10.3%	10.9%	12.0%	11.9%	12.4%	12.4%
Interest on Deposits, borrowings and debt securities / Average total assets	5.0%	5.3%	5.8%	4.8%	4.0%	4.2%	5.0%	5.2%	5.3%	5.1%
Net Interest Income / Average total assets	3.3%	3.6%	4.6%	4.4%	4.2%	4.5%	4.8%	4.5%	4.7%	4.9%
Net Total Income/ Average total assets	5.2%	5.6%	6.9%	6.3%	6.4%	6.8%	7.2%	6.9%	7.3%	7.5%
Operating Expenses / Average total assets	2.8%	2.9%	3.7%	3.2%	3.9%	4.7%	4.7%	4.5%	4.7%	4.7%
PPOP/Average total assets	2.4%	2.7%	3.2%	3.1%	2.6%	2.0%	2.5%	2.4%	2.6%	2.8%
Provision Cost / Average total assets	0.7%	0.9%	2.3%	2.4%	2.8%	0.9%	1.4%	1.4%	1.3%	1.3%
Profit before tax / Average total assets	1.8%	1.8%	0.9%	0.8%	-0.2%	1.1%	1.1%	1.0%	1.3%	1.5%
Tax expense/ Average total assets	0.6%	0.6%	0.3%	0.2%	0.0%	0.3%	0.1%	0.2%	0.3%	0.4%
One-time adjustment/Average Total Assets	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
RoAA	1.2%	1.2%	0.5%	0.6%	-0.2%	0.8%	1.0%	0.7%	1.0%	1.1%
Leverage (Average total assets/average Equity or average Net-worth)	10.03	10.01	9.36	8.16	8.21	8.52	8.96	9.68	10.32	10.91
RoAE	11.6%	12.1%	4.7%	4.6%	-1.3%	7.1%	8.9%	7.1%	10.2%	12.2%

Source: Company, Centrum Broking

We have factored in credit cost in line with management guidance

As RBL starts posting improvement in return profile we expect re-rating in the stock

P&L					
YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Interest earned	96,766	1,23,938	1,43,424	1,70,499	2,00,045
Interest expended	46,786	63,500	76,744	89,705	1,01,726
Net Interest Income	49,980	60,438	66,679	80,794	98,319
Other income	25,069	30,600	35,726	43,758	51,634
Total Income	75,049	91,037	1,02,405	1,24,552	1,49,954
Operating Expenses	52,618	59,765	66,961	80,182	94,615
Employees	16,535	18,559	22,516	28,214	33,293
Others	36,084	41,206	44,445	51,968	61,322
PPoP	22,431	31,272	35,445	44,370	55,339
Provisions	10,220	17,785	21,021	21,806	25,642
Profit before tax	12,211	13,487	14,424	22,564	29,697
Taxes	3,016	888	3,606	5,641	7,424
Net Profit	9,195	12,599	10,818	16,923	22,273

Ratios					
YE Mar	FY23A	FY24A	FY25E	FY26E	FY27E
Growth (%)					
Loans	17.0	19.7	14.0	17.0	18.0
Deposits	7.4	21.9	15.7	15.6	18.0
RWA growth	12.2	15.8	16.6	17.2	18.8
NII	16.3	20.9	10.3	21.2	21.7
Other income	6.6	22.1	16.8	22.5	18.0
Opex	31.7	13.6	12.0	19.7	18.0
PPoP	(15.5)	39.4	13.3	25.2	24.7
Provisions	(64.3)	74.0	18.2	3.7	17.6
Net profit	nm	37.0	(14.1)	56.4	31.6
Profitability (%)					
Yield on assets	10.3	11.4	11.3	11.4	11.4
Cost of funds	5.0	5.9	6.1	6.1	5.9
NIM	5.3	5.6	5.3	5.4	5.6
Other income / Total inc.	33.4	33.6	34.9	35.1	34.4
Other inc. / avg assets	2.3	2.4	2.4	2.6	2.6
Cost/Income	70.1	65.6	65.4	64.4	63.1
Employee	22.0	20.4	22.0	22.7	22.2
Other	48.1	45.3	43.4	41.7	40.9
Opex/ Avg assets	4.7	4.7	4.5	4.7	4.7
Provisioning cost	1.6	2.3	2.3	2.1	2.1
Tax rate	24.7	6.6	25.0	25.0	25.0
RoE	7.1	8.9	7.1	10.2	12.2
RoA	0.8	1.0	0.7	1.0	1.1
RoRWA	1.1	1.4	1.0	1.4	1.5
Du-pont (%)					
Interest income	8.7	9.7	9.7	10.0	10.0
Interest expenses	4.2	5.0	5.2	5.3	5.1
NII	4.5	4.8	4.5	4.7	4.9
Other income	2.3	2.4	2.4	2.6	2.6
Total income	6.8	7.2	6.9	7.3	7.5
Operating expenses	4.7	4.7	4.5	4.7	4.7
Employee	1.5	1.5	1.5	1.7	1.7
Other	3.3	3.2	3.0	3.0	3.1
PPOP	2.0	2.5	2.4	2.6	2.8
Provisions	0.9	1.4	1.4	1.3	1.3
PBT	1.1	1.1	1.0	1.3	1.5
Tax	0.3	0.1	0.2	0.3	0.4
RoA	0.8	1.0	0.7	1.0	1.1

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Share capital	5,996	6,051	6,077	6,077	6,077
Reserves & surplus	1,29,261	1,42,323	1,51,333	1,66,740	1,87,498
Deposits	8,48,747	10,34,704	11,96,814	13,82,985	16,31,922
Borrowings	1,33,317	1,41,852	1,52,138	1,88,559	2,21,680
Other Liabilities	40,736	59,608	68,549	89,114	1,15,848
Total liabilities	11,58,057	13,84,539	15,74,911	18,33,475	21,63,024
Cash balances with RBI	62,381	1,20,708	83,777	96,809	1,14,235
Balances with banks	22,891	23,526	35,904	41,490	48,958
Investments	2,87,303	2,94,778	3,82,980	4,42,555	5,22,215
Advances	7,01,864	8,39,869	9,57,451	11,20,217	13,21,857
Fixed Assets	5,985	5,579	7,085	7,936	8,888
Other Assets	77,633	1,00,079	1,07,713	1,24,469	1,46,873
Total assets	11,58,057	13,84,539	15,74,911	18,33,475	21,63,024

Ratios					
YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Balance Sheet (%)					
Loans / Deposits	82.7	81.2	80.0	81.0	81.0
Investments / Deposits	33.9	28.5	32.0	32.0	32.0
CASA	37.4	35.2	34.0	35.0	36.0
Assets/equity (x)	8.6	9.3	10.0	10.6	11.2
RWA / Total assets	73.5	71.2	73.0	73.5	74.0
Capital ratios (%)					
CET-1	15.3	14.4	13.1	12.3	11.7
Tier-1	15.3	14.4	13.1	12.3	11.7
Tier-2	1.7	1.8	1.5	1.3	1.1
CRAR	16.9	16.2	14.7	13.7	12.8
Asset quality ratios (%)					
GNPA (Rs mn)	24,199	22,710	27,541	32,035	40,429
NNPA (Rs mn)	7,726	6,353	8,163	8,851	9,603
GNPA	3.4	2.7	2.9	2.9	3.0
NNPA	1.1	0.8	0.9	0.8	0.7
PCR	68.1	72.0	70.4	72.4	76.2
Slippage	4.6	3.5	3.8	3.5	3.5
NNPA / Equity	5.7	4.3	5.2	5.1	5.0
Per share					
EPS	15.3	20.8	17.8	27.8	36.7
BVPS	225.6	245.2	259.0	284.4	318.5
ABVPS	215.9	237.3	249.0	273.5	306.7
Valuation (x)					
P/E	13.4	9.8	11.5	7.4	5.6
P/BV	0.9	0.8	0.8	0.7	0.6
P/ABV	0.9	0.9	0.8	0.7	0.7

Source: Company, Centrum Broking

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RBL Bank



Source: Bloomberg

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