

April 11, 2024

UPDATE REPORT | Sector: Banks

IDFC First Bank

Enough reasons to reiterate cautious stance

We reiterate our relatively cautious stance on IDFC First Bank (IDFCB), while comparing it, in detail, to 10 other key mid and smallcap private sector banks. The key pointers underpinning our view are as follows: (1) Asset quality outcomes for IDFCB across the credit cycle are indicative of IDFCB's higher risk business model (2) While IDFCB has a high-yield loan book mix, it introduces significant risk on the balance sheet as reflected in its RWA density (3) There are a variety of aspects that demonstrate that IDFCB is still some distance away from a desirable liability profile (4) High loan to deposit ratio puts incremental pressure on IDFCB in terms of its deposit growth requirement (5) Cost to assets is a part of the RoA tree for IDFCB that leaves a lot to be desired.

Asset quality outcomes for IDFCB across the credit cycle are indicative of IDFCB's higher risk business model

Credit cost for IDFCB was particularly elevated till FY22. Credit cost in FY22 was 3.5% and the third highest in our comparison universe, behind RBL and SIB. Further, in an analysis carried out for our coverage universe, we note that the street has been pricing in a better expectation for IDFCB in FY24 than what they have been delivering. The FY24E Bloomberg credit cost consensus for IDFCB is 109 bps, which is 22 bps lower than what the bank has delivered over 9MFY24. This is the highest such differential in our coverage universe.

While IDFCB has a high-yield loan book mix, it introduces significant risk on the balance sheet as reflected in its RWA density

The RWA density (RWA to total assets) for IDFCB is 80.7% as of December 2023, which is highest in our comparison universe. Other banks in our comparison universe have far lower RWA density ranging between 43.0-61.1%, except RBL, which is also elevated at 74.4%. The high RWA density underlines the cyclical nature inherent in IDFCB's business model.

There are a variety of aspects that demonstrate that IDFCB is still some distance away from a desirable liability profile

IDFCB has the second highest CASA ratio in our comparison universe but that has been achieved via a premium SA rate offering. The SA rate for IDFCB at the key balance threshold of just above Rs 1mn is the second highest in our comparison universe. This SA rate had dropped to 5% in the aftermath of the pandemic, when liquidity was abundant. However, as liquidity has receded, IDFCB has had to raise this key SA rate all the way back to 7%. Only DCB is worse placed at 8% in our comparison universe. Importantly, the granularity of the IDFCB deposit book is the second lowest in our comparison universe. The share of retail LCR deposits as of December 2023 stood at 63.6%, above only RBL, which is at 54.3%.

High loan to deposit ratio puts incremental pressure on IDFCB in terms of its deposit growth requirement

The loan to deposit ratio of IDFCB stood at 101.6% as of December 2023, the highest in our comparison universe with peer mid and smallcap banks ranging between 69.8-86.2%.

Cost to assets is a part of the RoA tree for IDFCB that leaves a lot to be desired

Cost to assets for IDFCB for FY23 stood at 5.7%, which is the highest in our comparison universe, with peer banks ranging between 1.8-4.3%. Elevated cost to assets for IDFCB is driven by high non-employee cost to assets. Non-employee cost to assets for IDFCB for FY23 stood at 3.9%, which is the highest in our comparison universe, with peer banks ranging between 0.7-3.1%. 80% of IDFCB's non-employee cost is contributed to by "Other expenditure" but it is not disclosed anywhere what comprises this sub-item.

We retain a less-than-bullish ADD rating on IDFCB with a price target of Rs 95

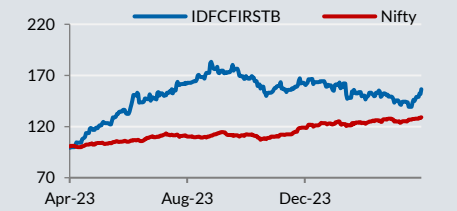
We value the bank at 1.7x FY26 P/BV for an FY24/25/26E RoE profile of 10.2/12.7/13.3%.

Recommendation	: ADD
CMP	: Rs 85
Target Price	: Rs 95
Potential Return	: +12%

Stock data (as on April 10, 2024)

Nifty	22,754
52 Week h/l (Rs)	101 / 53
Market cap (Rs/USD mn)	580794 / 6982
Outstanding Shares (mn)	7,070
6m Avg t/o (Rs mn):	3,295
Div yield (%):	-
Bloomberg code:	IDFCFB IN
NSE code:	IDFCFIRSTB

Stock performance



	1M	3M	1Y
Absolute return	4.8%	1.0%	56.6%

Shareholding pattern (As of Dec'23 end)

Promoter	37.5%
FII+DII	34.7%
Others	27.9%

Financial Summary

(Rs mn)	FY24E	FY25E	FY26E
NII	164,720	201,509	234,878
PPOP	61,956	87,939	105,654
Net Profit	30,113	45,032	52,654
Growth (%)	23.6	49.5	16.9
EPS (Rs)	4.1	6.1	7.2
BVPS (Rs)	46	51	57
P/E (x)	20.6	13.8	11.8
P/BV (x)	1.9	1.7	1.5
ROE (%)	10.2	12.7	13.3
ROA (%)	1.1	1.4	1.4
Tier-1 (%)	14.8	13.4	12.2

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VALUATION TABLE

Exhibit 1: Valuation Table – Coverage Banks (Listed in the order of investment preference)

COMPANY	Rating	CMP	TP	Upside	EPS (Rs)			P/E (x)		
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Axis Bank	BUY	1088	1450	33	79.2	91.5	113.0	12.1	10.5	8.5
Bank of Baroda	BUY	271	360	33	33.2	33.9	41.2	7.6	7.4	6.1
Federal Bank	BUY	159	200	26	16.6	18.7	22.1	8.6	7.6	6.5
ICICI Bank	BUY	1109	1375	24	59.2	67.9	76.6	15.6	13.6	12.0
State Bank of India	BUY	779	960	23	62.6	77.0	90.9	8.7	7.1	6.0
Indian Bank	BUY	529	650	23	60.3	69.4	80.2	8.8	7.6	6.6
City Union Bank	BUY	159	195	22	13.9	14.6	16.5	11.5	10.9	9.7
CSB Bank	BUY	394	475	21	33.1	35.0	42.7	11.9	11.2	9.2
HDFC Bank	BUY	1536	1850	20	80.9	97.4	115.9	16.4	13.6	11.4
Kotak M. Bank	ADD	1826	2100	15	65.3	69.8	82.9	18.7	17.5	14.7
Indusind Bank	ADD	1553	1775	14	116.3	126.4	147.7	13.4	12.3	10.5
RBL Bank	ADD	260	295	13	19.2	26.9	33.1	13.5	9.7	7.8
IDFC First Bank	ADD	85	95	12	4.1	6.1	7.2	20.6	13.8	11.8
DCB Bank	ADD	125	140	12	15.8	19.2	23.4	8.0	6.5	5.4

COMPANY	BVPS (Rs)			P/ BV (x)			ROE (%)			ROA (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Axis Bank	486	608	720	2.0	1.6	1.3	17.7	17.0	17.0	1.7	1.7	1.8
Bank of Baroda	217	247	283	1.2	1.0	0.9	16.3	14.9	15.6	1.1	1.0	1.1
Federal Bank	121	138	160	1.2	1.0	0.9	15.6	14.5	14.8	1.4	1.3	1.3
ICICI Bank	339	398	467	2.7	2.3	2.0	18.9	18.4	17.7	2.4	2.4	2.3
State Bank of India	418	500	580	1.3	1.1	0.9	15.9	17.1	16.8	1.0	1.1	1.2
Indian Bank	423	482	550	1.3	1.1	1.0	15.5	15.4	15.5	1.1	1.1	1.1
City Union Bank	113	127	142	1.4	1.3	1.1	12.9	12.1	12.2	1.5	1.4	1.4
CSB Bank	218	253	295	1.8	1.6	1.3	16.5	14.9	15.6	1.8	1.6	1.6
HDFC Bank	572	650	743	2.3	2.0	1.8	17.1	15.9	16.6	1.9	1.8	1.8
Kotak M. Bank	485	553	635	2.5	2.2	1.9	14.4	13.5	14.0	2.4	2.2	2.2
Indusind Bank	806	919	1,052	1.9	1.7	1.5	15.4	14.7	15.0	1.8	1.7	1.7
RBL Bank	242	266	295	1.1	1.0	0.9	8.2	10.6	11.8	0.9	1.1	1.1
IDFC First Bank	46	51	57	1.9	1.7	1.5	10.2	12.7	13.3	1.1	1.4	1.4
DCB Bank	160	177	199	0.8	0.7	0.6	10.5	11.4	12.5	0.9	1.0	1.0

Source: Companies, YES Sec – Research; Valuations are the implied valuations of standalone entity net of subsidiaries

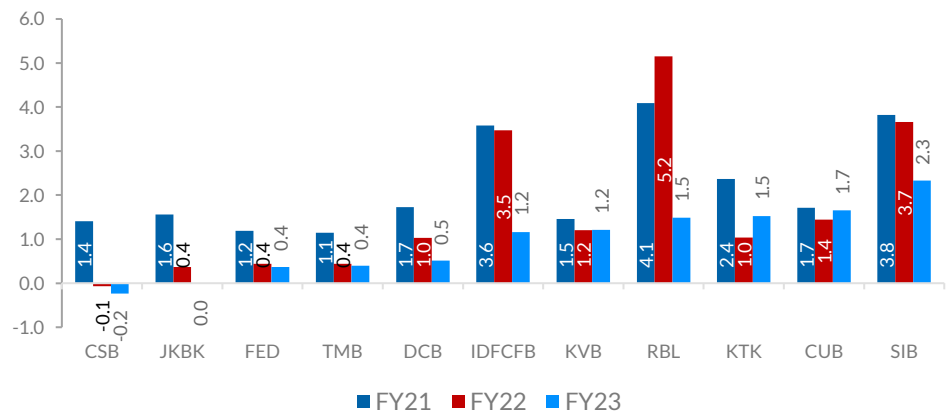
IDFC First Bank – Update Report

Asset quality outcomes across the credit cycle are indicative of IDFCB’s higher risk business model

Credit cost for IDFCB was particularly elevated till FY22 and the third highest in our comparison universe

Annualised credit cost for IDFCB was elevated at 3.5% in FY22, which was the third highest in our comparison universe behind RBL and SIB. Other banks in our comparison universe had credit cost, in FY22, ranging between a net writeback worth 0.1% to a credit cost 1.4%.

Exhibit 2: Credit Cost – FY21, FY22, FY23 - %

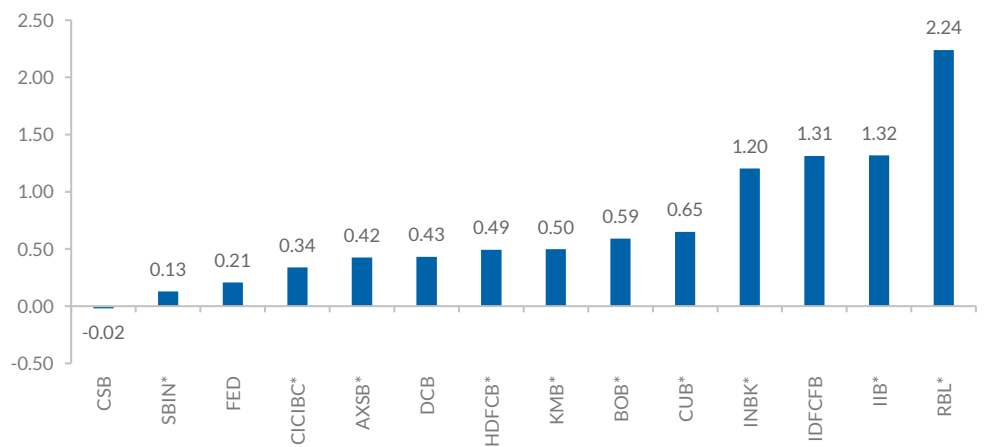


Source: Companies, YES Sec – Research, Sorted on FY22

In an analysis carried out for our coverage universe, we note that IDFCB’s FY24 credit cost performance has cause for concern

Firstly, even in what is a benign leg of the credit cycle, IDFCB’s credit cost is on the higher side at 130 bps+ and the third highest in our coverage universe

Exhibit 3: Annualised Actual Normalised Credit Cost – Absolute level – 9MFY24 - %



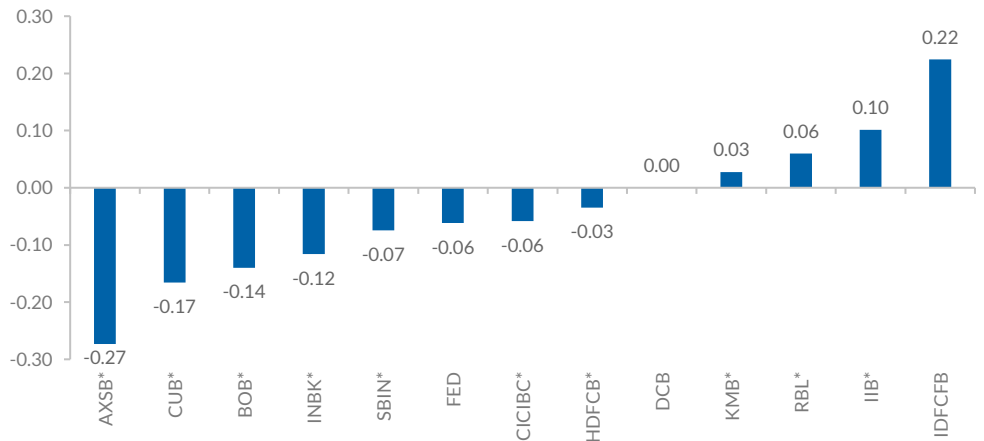
Source: Companies, YES Sec, *Normalised annualised credit cost (normalised for excess provisions or buffer writebacks)

Methodology: We looked at reported credit cost in 9MFY24 and, for 4Q, normalized the same by (1) reducing non-mandatory discretionary provisions and AIF-related provisions and (2) adding back contingent provision buffers that may have been utilised. We believe that normalized credit cost in 9MFY24 gives us a good directional sense of credit cost for full year FY24E because we do not think credit cost should likely decline in 4QFY24 in an environment where interest rates are elevated and will remain so for some time.

IDFC First Bank – Update Report

Importantly, the street has been pricing in a better expectation for IDFCB than what they have been delivering

Exhibit 4: Annualised Credit Cost – Difference between Actual Normalised Credit Cost and Bloomberg Consensus - FY24E - %



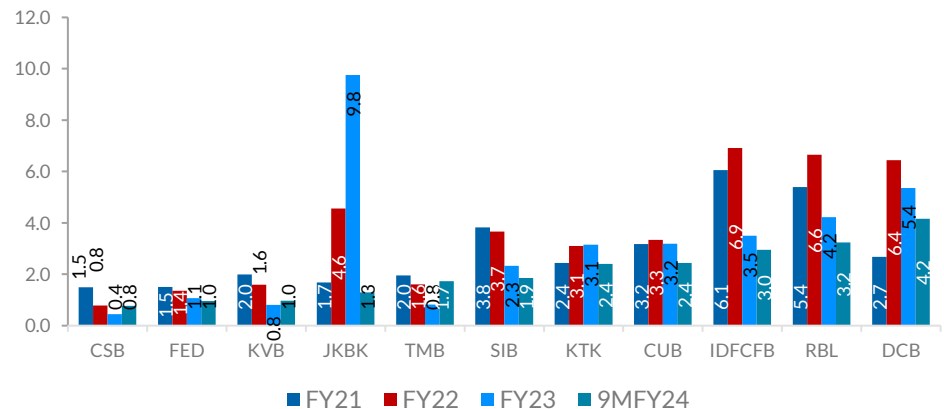
Source: Companies, YES Sec, *Normalised annualised credit cost (normalised for excess provisions or buffer writebacks)

The FY24E Bloomberg credit cost consensus for IDFCB is 109 bps, which is 22 bps lower than what the bank has delivered over 9MFY24. This is the highest such differential in our coverage universe.

Annualised gross slippage ratio for IDFCB has seen a glide path lower in FY23 and 9MFY24 but its FY22 level was the highest in our comparison universe

Annualised gross slippage ratio in FY22 was as much as 6.9%, the highest in our comparison universe and indicative of how bad things can get when the cycle is not favourable.

Exhibit 5: Gross Slippages Ratio – FY21, FY22, FY23, 9MFY24 - %



Source: Companies, YES Sec – Research, Sorted on 9MFY24

While slippage ratio has declined from FY22 levels for IDFCB, it is still elevated in the absolute sense

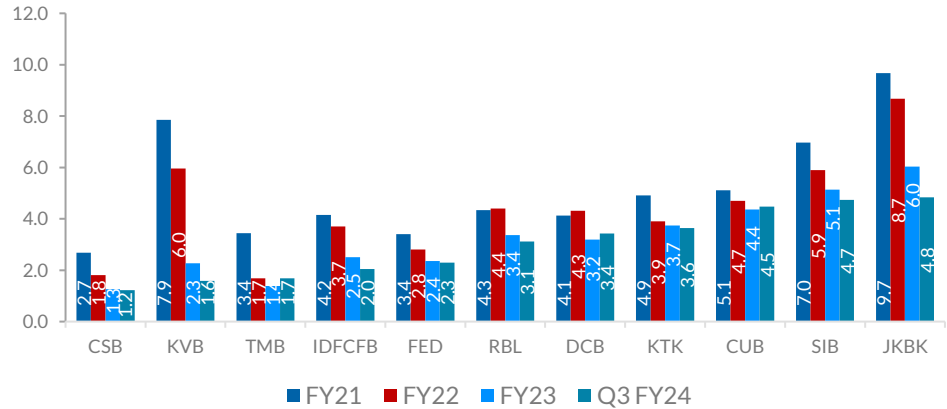
The current level of 3.0% for 9MFY24 is itself not low in the absolute sense. In fact, IDFCB’s gross slippage ratio has averaged 3.1% over the 7 quarters of FY23 and 9MFY24, which is elevated in the context of the benign leg of the credit cycle.

IDFC First Bank – Update Report

Headline GNPA ratio is under relative control for IDFCB but some of this has been achieved via write-offs made earlier

IDFCB's GNPA ratio at 2.0% as of December 2023 is 4th lowest in our comparison universe of mid and smallcap banks, consisting of 11 names, including IDFCB.

Exhibit 6: Gross NPA Ratio - FY21, FY22, FY23, 3QFY24 - %

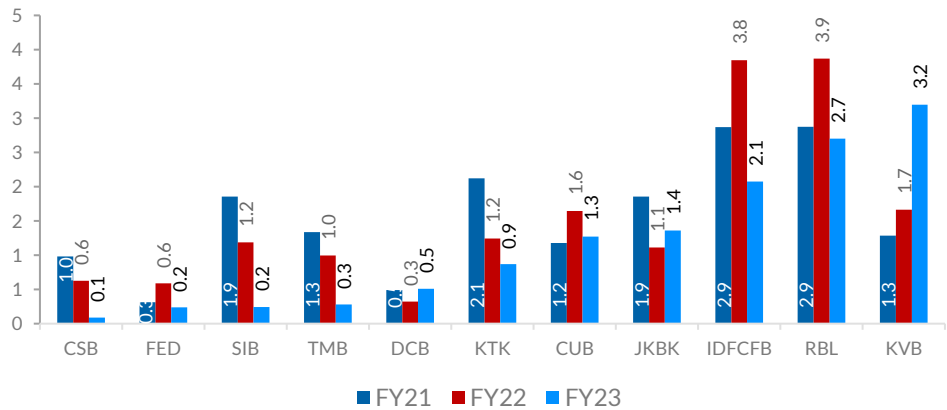


Source: Companies, YES Sec – Research, Sorted on 3QFY24

Write-offs for IDFCB in FY22 were the second highest in our comparison universe

Write-off for IDFCB in FY22 had amounted to 3.8% of average loan book, which was the second highest in our comparison universe behind RBL, which registered a write off worth 3.9%.

Exhibit 7: Write-offs to average advances - FY21, FY22, FY23 - %



Source: Companies, YES Sec – Research, Sorted on FY23, *Annualised

IDFC First Bank – Update Report

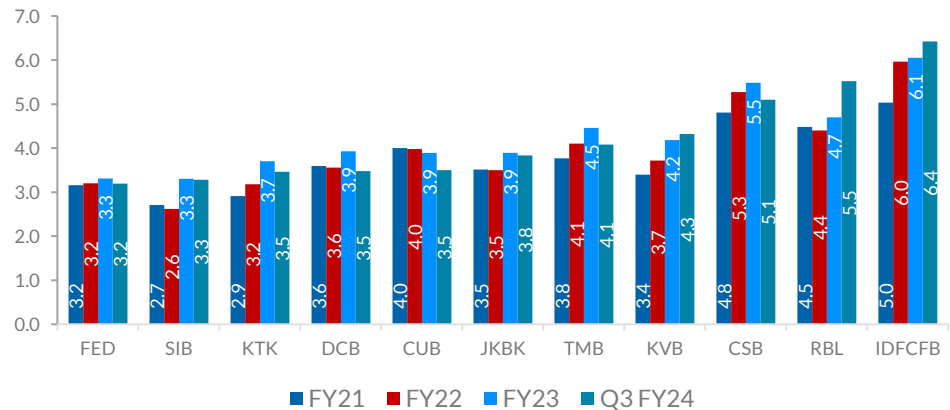
A RE-LOOK AT THE IDFC FIRST BANK BUSINESS MODEL

IDFCB has a high-margin balance sheet but elevated asset risk, while there is still substantial work left to do with the liability franchise

We, first, note that IDFCB enjoys the highest net interest margin in our comparison universe of 11 mid and smallcap private sector banks

IDFCB registered a NIM of 6.4% in 3QFY24, which is the highest margin level in our comparison universe of mid and smallcap private sector banks, with peers ranging between 3.2-5.5%.

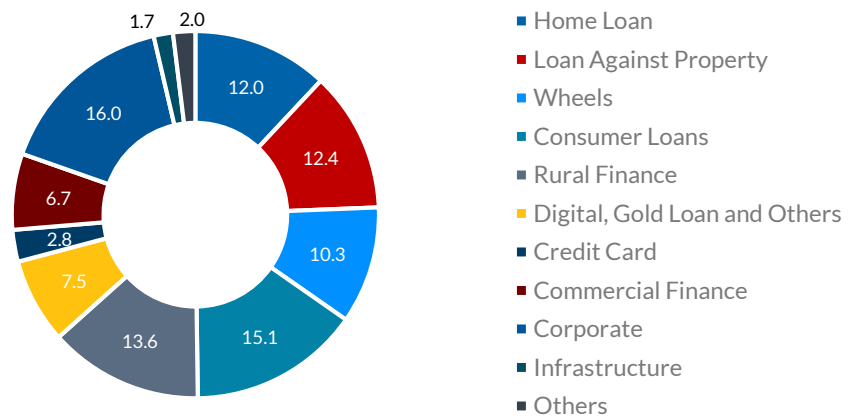
Exhibit 8: NIM – FY21, FY22, FY23, 3QFY24 - %



Source: Companies, YES Sec – Research, Sorted on Q3FY24

The high net interest margin of IDFCB is the result of its loan mix, which is focused on various high-yield segments

Exhibit 9: Loan Book Mix – 3QFY24 - %



Source: Company, YES Sec – Research

Commercial Finance: These are loans to small business owners consisting of business installment loans, micro business loans, small business working capital, commercial vehicle finance and trade advances, generally less than Rs 50mn.

Consumer Loans: Personal loans, education loans, consumer durable loans and cross sell.

Corporate Loans: Apart from the usual Corporate Loans, Security Receipts, Loans converted to Equity, PTC and RIDF are also contained within what is being counted as Corporate Loans.

Infra loans: The bank continues to run down the legacy Infra book, which it inherited from IDFC Limited.

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We note that IDFCB has a significant share of higher-risk segments such as small-ticket MSME, unsecured retail loans and other cyclical retail loans

For IDFCB, the share of higher-risk segments such as small-ticket MSME (LAP and BB), unsecured retail (MFI, CC and PL) and other cyclical retail loans (CV/CE + CD) at ~15%, ~17% and ~6% of overall loan book, is fairly substantial.

Exhibit 10: Loan book composition as per distinctly comparable buckets – 3QFY24 - %

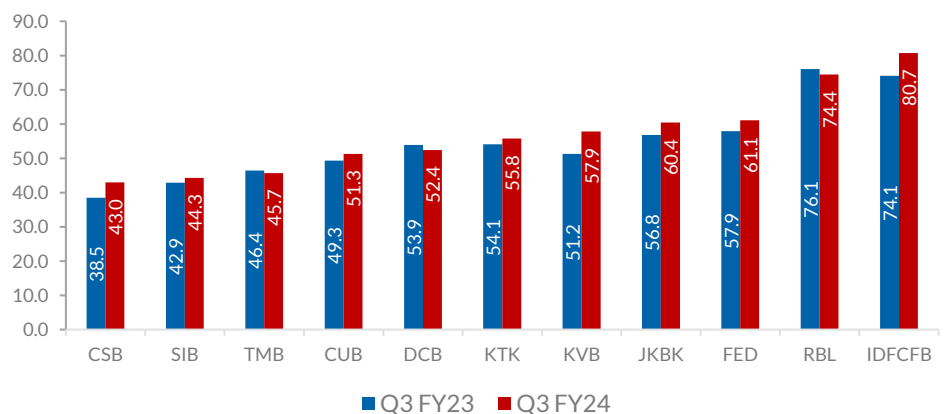
Banks	Corporate	Home loans	Vehicle finance	Small Ticket MSME/LAP	Agriculture	Other unsecured retail	Other retail
DCB	7.8	17.1	0.6	33.9	23.9	0.0	16.7
TMB	9.1	0.0	0.0	34.0	34.8	0.0	22.1
CUB	10.6	4.8	0.0	46.2	15.9	0.0	22.6
KVB	19.8	10.1	1.6	38.9	23.2	1.8	4.7
IDFCB	22.3	11.1	12.3	15.1	5.6	16.6	17.0
CSB	26.5	0.0	0.0	10.5	0.0	0.0	63.0
KTK	28.2	15.8	0.0	22.1	13.2	6.9	13.8
JKBK	36.1	1.4	0.0	14.0	9.1	38.5	0.8
SIB	38.5	6.5	2.0	22.5	19.0	4.5	7.0
RBL	42.0	7.7	0.0	9.3	2.0	28.5	10.5
FED	44.8	13.2	3.3	15.0	14.2	1.8	7.8

Source: Companies, YES Sec – Research, Sorted on share of Corporate loans

The high-yield loan book mix introduces risk on the balance sheet and IDFCB has the highest RWA density in our comparison universe

The RWA density (RWA to total assets) for IDFCB is 80.7% as of December 2023, which is highest in our comparison universe. Other banks in our comparison universe have RWA density ranging between 43.0-61.1%, other than RBL, which is at 74.4%.

Exhibit 11: RWA to Total Assets – 3QFY23, 3QFY24 - %



Source: Companies, YES Sec – Research, Sorted on 3QFY24

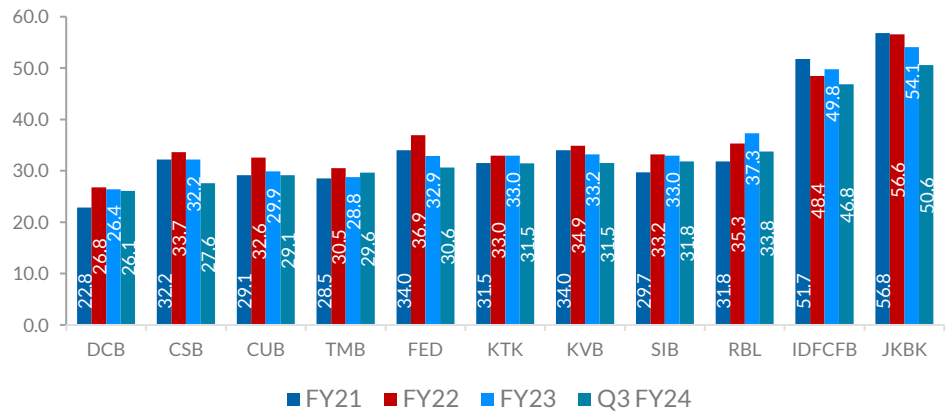
IDFC First Bank – Update Report

There are a variety of aspects that demonstrate that IDFCB is still some distance away from a desirable liability profile

IDFCB has the second highest CASA ratio in our comparison universe but that has been achieved via a premium SA offering

The CASA ratio for IDFCB stands at 46.8% as of December 2023, which is second only to JKBK, which is at 50.6%. All other banks in our comparison universe have a CASA ratio ranging between 26.1-33.8%.

Exhibit 12: CASA Ratio –FY21, FY22, FY23, 3QFY24 - %

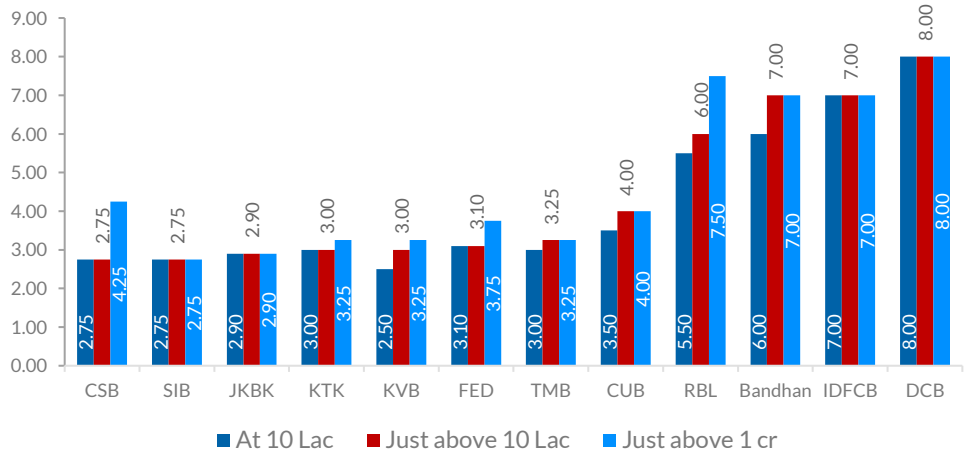


Source: Companies, YES Sec – Research, Sorted on 3QFY24

The SA rate for IDFCB at the key balance threshold of just above Rs 1mn is the second highest in our comparison universe

The SA rate just above Rs 1mn for IDFCB had dropped to 5% in the aftermath of the pandemic, when liquidity was abundant. However, as liquidity has receded, IDFCB has had to raise this key SA rate all the way back to 7%. Only DCB is worse placed at 8% in our comparison universe.

Exhibit 13: SA rates at key balance thresholds – IDFCB and key peers - % - Recent



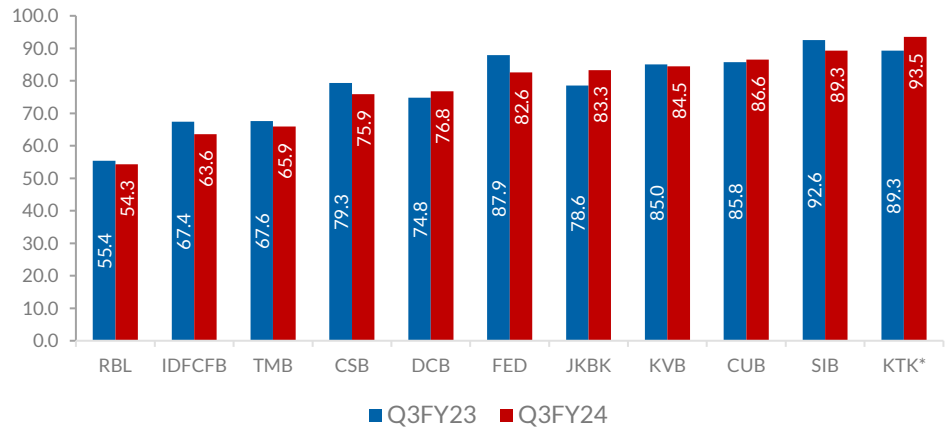
Source: Companies, YES Sec – Research, 1 lac = 0.1mn; Sorted on Just above 10 Lac

IDFC First Bank – Update Report

Importantly, the granularity of the IDFCB deposit book is the second lowest in our comparison universe

The share of retail LCR deposits as of December 2023 stood at 63.6%, which is second lowest in our comparison universe, above only RBL, which is at 54.3%. Other banks in our comparison universe range between 65.9-93.5%.

Exhibit 14: Share of LCR retail deposits in total deposits – 3QFY23, 3QFY24 - %



Source: Companies, YES Sec – Research; Share of retail deposits (%) = Retail deposits and deposits from small business customers / (Retail deposits and deposits from small business customers + Unsecured wholesale funding + Secured wholesale funding)

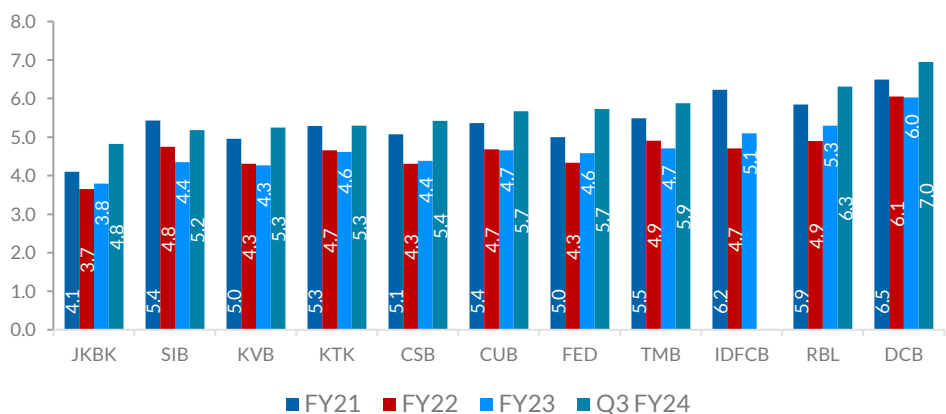
Definition: Share of retail deposits (%) = Retail deposits and deposits from small business customers / (Retail deposits and deposits from small business customers + Unsecured wholesale funding + Secured wholesale funding)

Granularity of deposit book is important since wholesale deposits have been seen to be fickle in times of risk aversion and have been seen to be acute rate shoppers, especially in times of rising interest rates.

Ultimately, the dependence on high SA rates and low granularity in deposits book results in a relatively high cost of deposits for IDFCB

IDFCB has the third highest cost of deposits in our comparison universe after DCB and RBL.

Exhibit 15: Cost of Deposits – FY21, FY22, FY23, 3QFY24 - %



Source: Companies, YES Sec – Research, Sorted on 3QFY24. *IDFCB's Cost of deposits for Q1FY23, Q2FY23 and 3QFY23 is derived by reducing the incremental cost of funds by 50bps

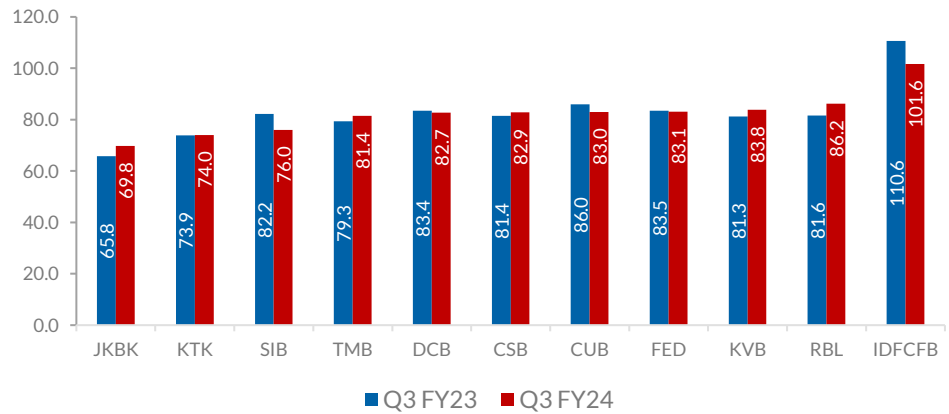
IDFC First Bank – Update Report

High loan to deposit ratio puts incremental pressure on IDFCB in terms of its deposit growth requirement

IDFCB has the highest loan to deposit ratio in our comparison universe of mid and smallcap private sector banks

The loan to deposit ratio of IDFCB stood at 101.6% as of December 2023, the highest in our comparison universe with peer banks ranging between 69.8-86.2%.

Exhibit 16: Credit to Deposit Ratio – 3QFY23, 3QFY24 - %

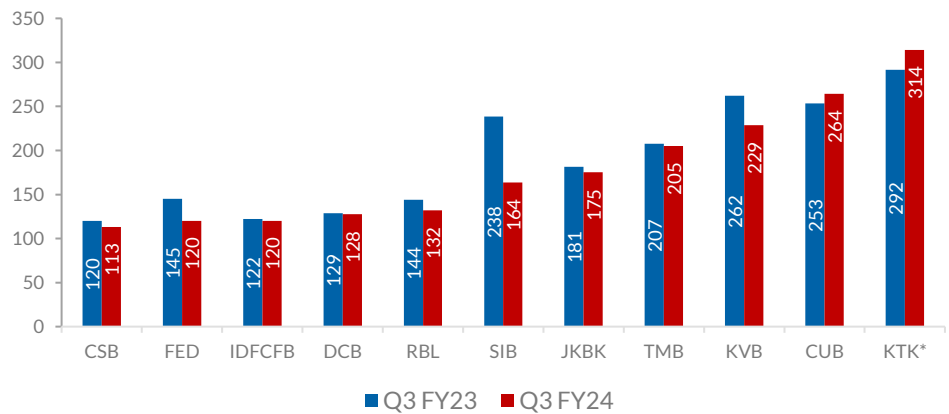


Source: Companies, YES Sec – Research, Sorted on 3QFY24

The liquidity coverage ratio (LCR) for IDFCB is the joint second lowest in our comparison universe

The LCR for IDFCB as of December 2023 stood at 120%, with only CSB lower at 113%. Other banks in our comparison universe range between 128-314%.

Exhibit 17: Liquidity Coverage Ratio (LCR) – 3QFY23, 3QFY24 - %



Source: Companies, YES Sec – Research, Sorted on 3QFY24, *For 2QFY24

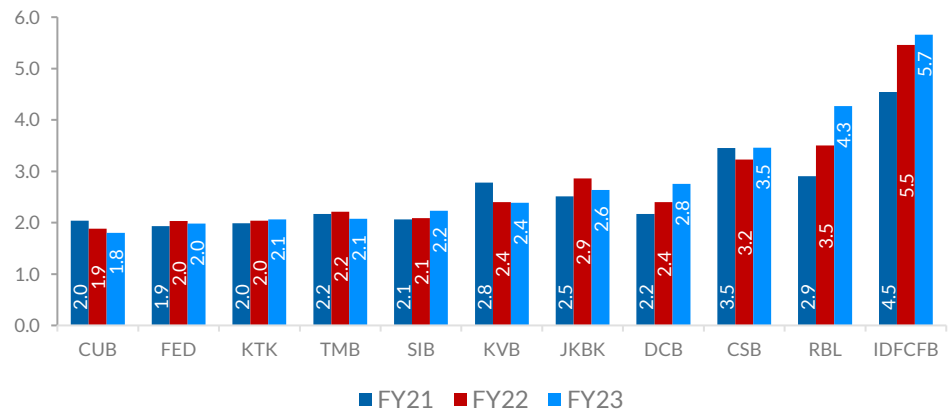
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Cost to assets is a part of the RoA tree for IDFCB that leaves a lot to be desired

The overall cost to assets for IDFCB is by far the highest in our comparison universe

Cost to assets for IDFCB for FY23 stood at 5.7%, which is the highest in our comparison universe, with peer banks ranging between 1.8-4.3%.

Exhibit 18: Cost to Average Assets – FY21, FY22, FY23 - %

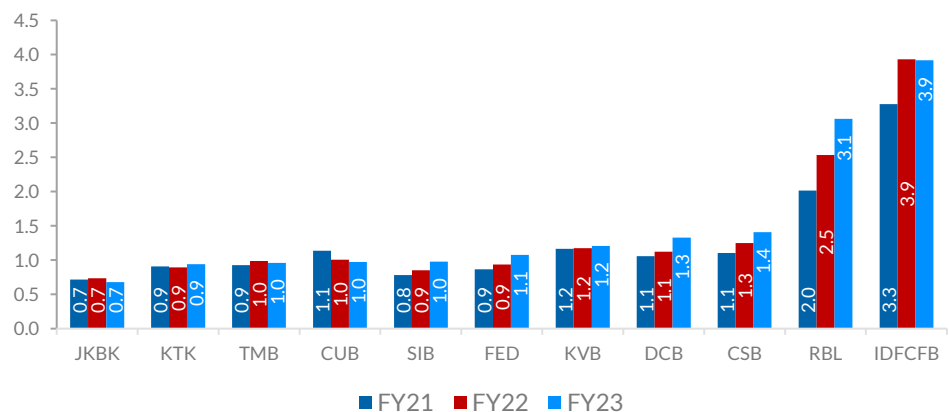


Source: Companies, YES Sec – Research, Sorted on FY23

Elevated cost to assets for IDFCB is driven by high non-employee cost to assets

Non-employee cost to assets for IDFCB for FY23 stood at 3.9%, which is the highest in our comparison universe, with peer banks ranging between 0.7-3.1%.

Exhibit 19: Other Opex to Average Assets – FY21, FY22, FY23 - %

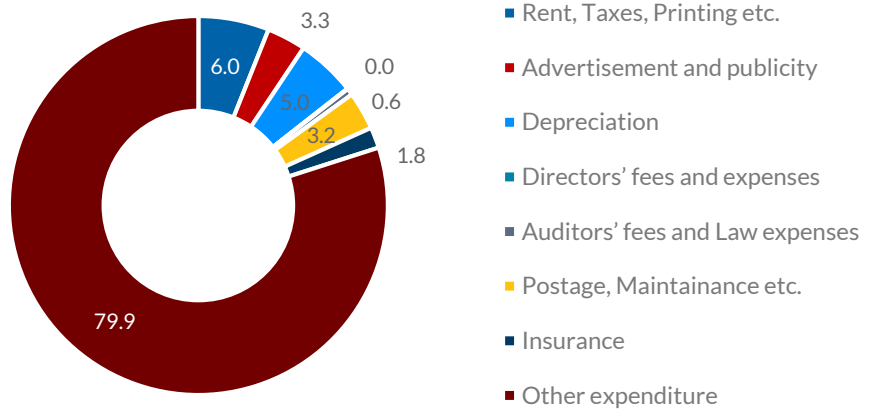


Source: Companies, YES Sec – Research, Sorted on FY23

Non-employee cost is elevated due to reasons that have not been disclosed or discussed in the public domain

80% of the non-employee cost is contributed to by “Other expenditure” but it is not disclosed in any document or conference call as to what actually comprises this line item.

Exhibit 20: Non-employee / Other Operating Expenses Break-up – FY23 - %



Source: Company, YES Sec – Research

IDFC First Bank – Update Report

Exhibit 21: 1-year rolling P/BV band



Source: Company, YES Sec – Research

Exhibit 22: 1-yr rolling P/BV vis-a-vis the mean and standard deviations



Source: Company, YES Sec – Research

ANNUAL FINANCIALS

Exhibit 23: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Total cash & equivalents	157,579	138,980	170,086	210,906	259,415
Investments	461,448	611,236	672,359	739,595	813,554
Advances	1,178,578	1,517,945	1,889,842	2,343,404	2,882,387
Fixed assets	13,612	20,901	22,991	25,291	27,820
Other assets	90,598	110,355	126,908	152,290	182,748
Total assets	1,901,816	2,399,417	2,882,186	3,471,486	4,165,924
Net worth	210,035	257,212	335,004	373,282	418,038
Deposits	1,056,344	1,446,373	1,935,247	2,399,707	2,975,636
Borrowings	529,626	572,121	457,697	480,582	504,611
Other liabilities	105,812	123,711	154,238	217,916	267,639
Total liabilities incl. Equity	1,901,816	2,399,417	2,882,186	3,471,486	4,165,924

Source: Company, YES Sec – Research

Exhibit 24: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	171,727	227,275	303,767	365,843	432,497
Interest expense	(74,665)	(100,922)	(139,047)	(164,334)	(197,619)
Net interest income	97,062	126,353	164,720	201,509	234,878
Non-interest income	32,220	44,670	59,524	77,614	94,768
Total income	129,282	171,023	224,244	279,124	329,646
Operating expenses	(96,444)	(121,704)	(162,287)	(191,184)	(223,992)
PPoP	32,838	49,320	61,956	87,939	105,654
Provisions	(31,086)	(16,648)	(22,593)	(27,574)	(35,071)
Profit before tax	1,752	32,671	39,363	60,365	70,582
Taxes	(297)	(8,300)	(9,250)	(15,333)	(17,928)
Net profit	1,455	24,371	30,113	45,032	52,654

Source: Company, YES Sec – Research

Exhibit 25: Du Pont Analysis (RoA tree)

Y/e 31 Mar (%)	FY22	FY23	FY24E	FY25E	FY26E
Interest income	9.7	10.6	11.5	11.5	11.3
Interest expense	-4.2	-4.7	-5.3	-5.2	-5.2
Net interest income	5.5	5.9	6.2	6.3	6.2
Non-interest income	1.8	2.1	2.3	2.4	2.5
Total income	7.3	8.0	8.5	8.8	8.6
Operating expenses	-5.5	-5.7	-6.1	-6.0	-5.9
PPoP	1.9	2.3	2.3	2.8	2.8
Provisions	-1.8	-0.8	-0.9	-0.9	-0.9
Profit before tax	0.1	1.5	1.5	1.9	1.8
Taxes	0.0	-0.4	-0.4	-0.5	-0.5
Net profit	0.1	1.1	1.1	1.4	1.4

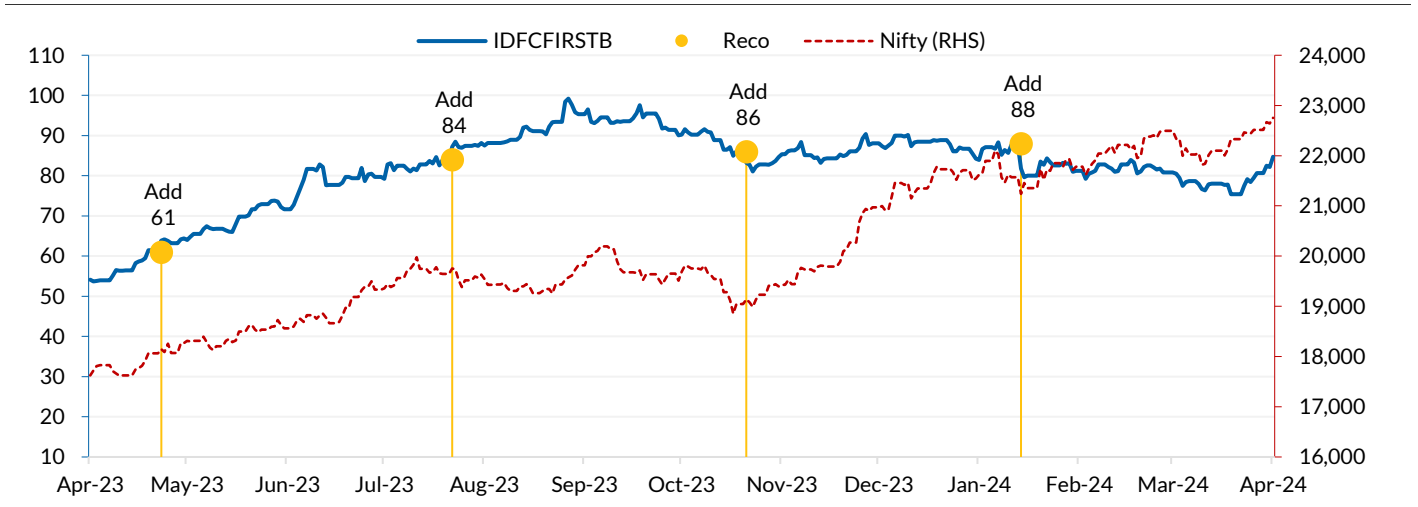
Source: Company, YES Sec – Research

Exhibit 26: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24E	FY25E	FY26E
Growth matrix (%)					
Net interest income	31.5	30.2	30.4	22.3	16.6
PPoP	29.2	50.2	25.6	41.9	20.1
Net profit	-67.8	1575.1	23.6	49.5	16.9
Loans	17.2	28.8	24.5	24.0	23.0
Deposits	19.1	36.9	33.8	24.0	24.0
Profitability Ratios (%)					
Net interest margin	6.0	6.2	6.6	6.7	6.5
Return on Average Equity	0.7	10.4	10.2	12.7	13.3
Return on Average Assets	0.1	1.1	1.1	1.4	1.4
Per share figures (Rs)					
EPS	0.2	3.7	4.1	6.1	7.2
BVPS	34	39	46	51	57
ABVPS	31	37	44	48	54
Valuation multiples					
P/E	362	23.0	20.6	13.8	11.8
P/BV	2.5	2.2	1.9	1.7	1.5
P/ABV	2.7	2.3	1.9	1.8	1.6
NIM internals (%)					
Yield on loans	13.0	14.2	15.3	15.0	14.5
Cost of deposits	4.4	5.0	5.8	5.9	5.9
Loan-deposit ratio	111.6	104.9	97.7	97.7	96.9
CASA ratio	48.4	49.8	46.5	47.0	47.0
Opex control (%)					
Cost/Income ratio	74.6	71.2	72.4	68.5	67.9
Cost to average assets	5.5	5.7	6.1	6.0	5.9
Capital adequacy (%)					
Tier 1 capital ratio	14.9	14.2	14.8	13.4	12.2
Asset quality (%)					
Slippage ratio	6.9	3.4	2.7	2.5	2.5
Gross NPL ratio	3.7	2.5	1.8	1.9	1.9
Credit cost	3.5	1.9	1.2	1.2	1.2
Net NPL ratio	1.5	0.9	0.7	0.8	0.8

Source: Company, YES Sec – Research

Recommendation Tracker



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