

January 18, 2025

RESULT REPORT Q3 FY25 | Sector: Banks

# RBL Bank Ltd

## Upgraded in November 2024, RBL moves to upfront stress addressal

### Our view – NPL formation peaks, normalization to follow in some time

**Asset Quality** – Gross slippages increased further from already elevated levels but management has called a peak and flagged a downward glide path: Gross NPA additions amounted to Rs 13.1bn for 3QFY25, translating to an annualized slippage ratio of 6.0% for the quarter. Gross NPA additions had amounted to Rs 10.3bn during 2QFY25. Credit cards contributed Rs 5.67bn and Microfinance Rs 5.36bn to gross slippage. Management stated that overall slippages will trend lower and normalization is expected in 1Q or 2Q. Credit card slippages would trend lower in 4Q itself. Microfinance slippages will be similar or marginally lower in 4Q. Provisions were Rs 11.9bn, up by 92% QoQ and by 160% YoY, translating to calculated annualised credit cost of 533bps. As against the normalized provision of 25% which translates to Rs 2.59bn, the bank has taken additional provision of Rs 4.14bn towards NPA for JLG loans, totalling to Rs 6.80bn. For credit cards, the net provision taken was Rs 4.73bn.

**Balance sheet growth** – Loan growth slowed to 13% YoY, which management flagged the bank would maintain by the end of the financial year: Advances grew 2.9%/13.0% QoQ/YoY, driven sequentially by secured retail loans and Wholesale loans. Loan growth will be driven by the wholesale and secured retail loan segment. The bank would do large corporate business with only those clients who give them allied business like liabilities, trade finance, salary accounts, forex and others.

**Net Interest Margin** – Margin declined on sequential basis due to interest reversals and unfavourable loan mix evolution: NIM at 4.90% was down -14bps QoQ. Reasons for lower NIM included lower disbursement of high margin JLG business and higher slippages leading to interest reversal of Rs 1.34bn in 3Q.

We maintain a recently-assigned 'BUY' rating on RBL with a revised price target of Rs 190: We value the bank at 0.7x FY26 P/BV for an FY25/26/27E RoE profile of 4.5%/8.5%/9.7%.

**(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 62.5% down by -170/-455bps QoQ/YoY and the Cost to assets was at 4.7% flat QoQ but down -29bps YoY.
- **Fee income:** Core fee income grew 6.0%/19.5% QoQ/YoY, sequentially driven higher by Processing Fees and General Banking Fees.

### Exhibit 1: Result table

(Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy
Total Interest Income	35,363	35,309	0.2	31,914	10.8
Interest expended	(19,513)	(19,160)	1.8	(16,455)	18.6
<b>Net Interest Income</b>	<b>15,851</b>	<b>16,150</b>	<b>(1.9)</b>	<b>15,459</b>	<b>2.5</b>
Fee Income	8,710	8,220	6.0	7,290	19.5
Non-fee Income	2,023	1,054	92.0	486	316.6
<b>Total Non-Interest Income</b>	<b>10,733</b>	<b>9,274</b>	<b>15.7</b>	<b>7,776</b>	<b>38.0</b>
<b>Total Income</b>	<b>26,584</b>	<b>25,423</b>	<b>4.6</b>	<b>23,234</b>	<b>14.4</b>
Employee Expense	(4,530)	(4,654)	(2.7)	(3,989)	13.6
Non-employee Opex	(12,088)	(11,670)	3.6	(11,593)	4.3
<b>Operating expenses</b>	<b>(16,618)</b>	<b>(16,324)</b>	<b>1.8</b>	<b>(15,582)</b>	<b>6.6</b>
<b>PPoP</b>	<b>9,966</b>	<b>9,099</b>	<b>9.5</b>	<b>7,653</b>	<b>30.2</b>
Provisions	(11,889)	(6,183)	92.3	(4,581)	159.5
<b>PBT</b>	<b>(1,923)</b>	<b>2,916</b>	<b>(165.9)</b>	<b>3,071</b>	<b>(162.6)</b>
Tax	2,249	(690)	(425.8)	(740)	(403.8)
<b>PAT</b>	<b>326</b>	<b>2,225</b>	<b>(85.3)</b>	<b>2,331</b>	<b>(86.0)</b>

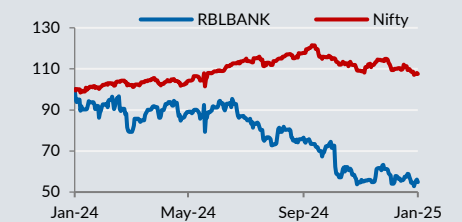
Source: Company, YES Sec-Research

Recommendation	: BUY
Current Price	: Rs 155
Target Price	: Rs 190
Potential Return	: +22%

### Stock data (as on January 17, 2025)

Nifty	23,203
52 Week h/l (Rs)	295 / 148
Market cap (Rs/USD mn)	96328 / 1113
Outstanding Shares (mn)	608
6m Avg t/o (Rs mn):	1,740
Div yield (%):	1.0
Bloomberg code:	RBK IN
NSE code:	RBLBANK

### Stock performance



	1M	3M	1Y
Absolute return	-6.5%	-24.4%	-42.5%

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

Promoter	0.0%
FII+DII	31.5%
Others	68.5%

### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	190	200

### Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
NII	67,096	77,709	92,242
PPOP	36,368	40,863	50,062
Net Profit	6,731	13,936	17,990
Growth (%)	-42.4	107.0	29.1
EPS (Rs)	11.1	21.9	27.0
BVPS (Rs)	254	274	297
P/E (x)	13.9	7.1	5.8
P/BV (x)	0.6	0.6	0.5
ROE (%)	4.5	8.5	9.7
ROA (%)	0.5	0.8	0.9
Tier-1 (%)	13.0	12.8	12.3

### Δ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	11.1	21.9	27.0
EPS (Old)	18.7	29.6	37.2
% change	-40.4%	-25.8%	-27.4%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Asset quality

- **Slippages**
  - Gross NPA additions amounted to Rs 13.09bn for 3QFY25, translating to an annualized slippage ratio of 6.0% for the quarter. (Gross NPA additions had amounted to Rs 10.26bn during 2QFY25.)
  - **Segmental net slippages**
    - Credit cards – Rs 5.33bn Vs Rs 6.06 in 2Q; The gross slippage for the quarter is Rs 5.67bn.
    - Microfinance – Rs 5.21bn Vs Rs 2.31bn in 2Q; The gross slippage for the quarter is Rs 5.36bn.
    - Other – Excluding cards and microfinance, there is hardly any gross slippage.
  - **Credit Card Slippages**
    - Post transition, the credit card portfolio has stabilized and the bank is witnessing improved trends in arresting slippages and improving resolutions rates.
- **Slippage guidance**
  - Overall slippages will trend lower and normalization is expected in 1Q or 2Q.
  - Credit card slippages would trend lower in 4Q itself.
  - Microfinance slippages will be similar or marginally lower in 4Q.
- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 2.57bn for 3QFY25, implying net NPA addition of Rs 10.52bn for the quarter.
  - The company is witnessing improved trend in recoveries both from live and TWO book in the unsecured segment.
- **Microfinance business**
  - **Collection efficiency**
    - Microfinance collection efficiency has improved from 97.5% in November to 98.4% in December.
    - States representing 93% of microfinance portfolio saw an uptick in collection efficiency in 4Q.
    - Collection efficiency pertains to current book for that particular month and the entire collection would be more.
    - Further improvement is expected in January and by March, a collection efficiency of 99.1% is expected to be reached.
  - **New MFIN guidelines**
    - All new guardrails except the one pertaining to number of lenders have already been adopted by the bank.
    - The guideline pertaining to limit on number of lenders has been pushed from January to April for the industry.
    - The implementation of new guidelines will not impact the existing portfolio in any manner.
  - **Lender count**
    - Proportion of borrowers with more than 4 lenders is 10-11%.
    - The proportion of borrowers with 4 lenders is another 7%.
- **Provisions**
  - **P&L provisions**
    - Provisions were Rs 11.9bn, up by 92% QoQ and by 160% YoY, translating to calculated annualised credit cost of 533bps.

(Con call takeaways continue on the next page)

- During the quarter, as against the normalized provision policy of 25% which translates to Rs 2.59bn for 3Q, the bank on a prudent basis has taken additional provision of Rs 4.14bn towards NPA for JLG loans, totally to provisions of Rs 6.80bn for JLG loans in 3Q.
- For credit cards the net provision done was Rs 4.73bn in 3Q
- **Outstanding provisions**
  - The bank continues to hold prudential provision on cards and micro finance amounting to Rs 2.73bn.
  - **PCR**
    - The specific PCR has improved to 82.2% in 3Q as against 73% in 2Q.
    - The Bank holds 85% coverage in the JLG book.
- **Provisioning approach for 4Q**
  - The bank will look to add provisions in 4Q in a manner that minimal net NPA will be carried into FY26.
  - Net NPA as of 4Q would be about 10-15% (presumably of gross NPA book).
  - While the bank will look to add provisions on the microfinance book in 4Q, the quantum may not be as much as in 3Q.
- **NPA ratios**
  - GNPA ratio stands at 2.9%, up 4bps QoQ but down -20bps YoY while NNPA ratio stands at 0.5%, down by -26bps QoQ and -22bp YoY.
- **Restructured book**
  - The net restructured advances amounted to 32 bps of advances compared with 38 bps as of 2Q.
- **Measure taken to Cover Risk**
  - The bank is taking incremental cover of CGFMU for incremental disbursement in JLG.
  - The CGFMU cover was around 42% of disbursements in JLG in 3Q as against 25% cover in 2Q.

## Net interest margin

- **NIM for the quarter**
  - NIM was at 4.9%, down -14bps QoQ and -62bps YoY.
  - **Reason for lower NIM**
    - Lower disbursement of high margin JLG business.
    - Higher than trend slippages leading to interest reversal of Rs 1.34bn in 3Q.
- **Yield of Advances**
  - The yield on advances was at 13.3%, down by -20bps QoQ and -70bps YoY.
- **Cost of deposits**
  - The cost of deposits was at 6.6%, up by 10bps QoQ and 30bps YoY.
- **LCR**
  - The LCR has improved to 143% in December 2024 from 129% in September 2024.
  - There is has an improvement in LCR on the back of incremental deposits being granular and outflow rates trending lower.
- **Margin guidance**
  - Management expects margin to trend lower in 4Q.
  - This would be mainly due to lower proportion of standard advances, which would stabilize in 1Q.

(Con call takeaways continue on the next page)

## Loan growth

- The overall advances for the bank stood at Rs 904bn, up by 2.9% QoQ and 13% YoY
- **Key segmental growth outcomes**
  - Retail advances have grown 19% YoY.
  - Secured retail advances have grown 38% YoY.
  - Credit Card advances have grown 8% YoY but de-grown -1% QoQ
  - JLG loans were down -4% YoY and -6% QoQ.
  - Wholesale loans have grown 5% YoY.
  - Commercial banking loans have grown 21% YoY.
- **Loan growth guidance**
  - Loan growth will be driven by the wholesale and secured retail loan segment.
  - The bank would do large corporate business with only those clients who give them allied business like liabilities, trade finance, salary accounts, forex and others.
  - The bank would be holding the same level of growth seen in 3Q.
- **Credit cards**
  - **Credit card sourcing**
    - The share of directly sourced credit cards is 55%.
  - **Customer base split**
    - 6-7% of customers have 2 RBL Bank cards.
    - 70% have cards from other banks, of which 50% have 3 or more cards and 20% have 2 cards.

## Deposits growth

- The overall deposits were at Rs 1,068bn, down by -1.1% QoQ but up 15.1% YoY.
- **Granular deposits**
  - Savings deposits have grown 12% driven mainly by granular deposits below Rs 30mn.
  - Granular deposits of less than Rs 30mn ticket size have grown 20% YoY and 3% QoQ.
  - The share of granular deposits less than Rs 30mn ticket size was at 50.3%.
- **CASA**
  - The CASA ratio was at 32.8%, down -80bps QoQ.
- **Term deposits**
  - Term deposits book is flat since the bank has not chased bulk deposits.

## Other Income

- The total other income was at Rs 10.7bn up by 15.7% QoQ and 38% YoY.
- During the quarter, the Bank participated in the IPO of another company (DAM Capital) through an offer for sale process and divested its entire holding recognizing a net gain of Rs 1.44 bn.

## Tax Aspect

- In 3Q the bank had an absolute tax write-back of Rs 2.25bn as against a tax provision of Rs 0.69bn in 2Q
- Provision for tax during the quarter was net of written back tax provision, no longer required, of Rs 1.50 bn based on the favourable appellate orders received for past assessment years.

(Con call takeaways continue on the next page)

## Return on assets

- The bank has reported an RoA of 0.09% for 3Q, down -55bps QoQ.
- **Profitability guidance**
  - It is highly unlikely that the bank will make a PAT loss in 4Q.
  - The bank will likely use contingent provisions and will also have PPoP support.
  - Secured retail business will break even in the next few quarters.
  - Wholesale PBT is 3.5% (presumably of assets).

## Capital adequacy

- The CET1 ratio stood at 13.68% (including 9M profits), down -51bps QoQ and -90bps YoY.
- The capital ratio is after the change in risk weights in JLG book from 75% to 125% in 3Q.
- Excluding the change in risk weights, given loan mix changes, the burn on capital would not be more than 10bps.
- **Capital raise aspects**
  - No capital raise is planned in the foreseeable future.
  - The bank is comfortable with a CET1 ratio 13% and easily has 1-1.5 more years to go with this.

## Operating expenses

- **Total opex**
  - Opex, at Rs. 16.6bn, is up 1.8% QoQ and 6.6% YoY.
  - Cost/income ratio came in at 62.5%, down by -170bps QoQ and -455bps YoY.
- **Staff opex**
  - The staff opex is down by -2.7% QoQ but up 13.6% YoY.
- **Other opex**
  - Other opex is up by 3.6% QoQ and 4.3% YoY.
- **Opex guidance**
  - Operating expenses is holding steady for the past 3 quarters and management intends to hold it steady, barring some investment-related expenses.
  - However, management refrained from making any clear numerical guidance on opex.

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

(Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy	Q3 FY25*	chg qoq*	chg yoy*
Advances	904,110	878,830	2.9	799,490	13.1	100.0	0bps	0bps
Wholesale	352,130	331,600	6.2	335,780	4.9	38.9	122bps	-305bps
Corporate & Institutional Banking	244,280	233,950	4.4	246,660	(1.0)	27.0	40bps	-383bps
Commercial Banking	107,850	97,650	10.4	89,120	21.0	11.9	82bps	78bps
Retail	551,980	547,230	0.9	463,710	19.0	61.1	-122bps	305bps
Business Loans	98,590	88,370	11.6	75,700	30.2	10.9	85bps	144bps
Credit Card	172,880	174,330	(0.8)	159,640	8.3	19.1	-72bps	-85bps
Personal Loan	37,220	39,170	(5.0)	35,470	4.9	4.1	-34bps	-32bps
Micro-Banking	65,320	69,710	(6.3)	68,270	(4.3)	7.2	-71bps	-131bps
Housing loans	78,850	74,470	5.9	59,150	33.3	8.7	25bps	132bps
Retail Agri	14,360	14,670	(2.1)	16,310	(12.0)	1.6	-8bps	-45bps
Rural Vehicle Finance	25,990	23,430	10.9	19,970	30.1	2.9	21bps	38bps
Others	58,770	63,080	(6.8)	29,200	101.3	6.5	-68bps	285bps
Deposits	1,067,530	1,079,587	(1.1)	927,460	15.1	100.0	0bps	0bps
CA	146,820	165,630	(11.4)	139,220	5.5	13.8	-159bps	-126bps
SA	203,400	196,610	3.5	174,160	16.8	19.1	84bps	28bps
Term	717,310	717,347	(0.0)	614,080	16.8	67.2	75bps	98bps
Borrowings	127,910	146,785	(12.9)	148,000	(13.6)	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	10.7	12.0	-127bps	13.8	-306bps	NA	NA	NA
Investments	295,420	303,729	(2.7)	278,520	6.1	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	24.6	25.7	-106bps	25.8	-121bps	NA	NA	NA
RWA	1,082,230	1,041,260	3.9	946,400	14.4	NA	NA	NA

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

## Exhibit 3: Key quarterly ratios

(%)	Q3 FY25	Q2 FY25	chg qoq	Q3 FY24	chg yoy
Net interest margin	4.90	5.04	-14bps	5.52	-62bps
Yield on advances	13.3	13.5	-24bps	14.0	-70bps
Cost of deposits	6.6	6.5	7bps	6.3	29bps
CASA	32.8	33.6	-75bps	33.8	-98bps
Loan to Deposit ratio	84.7	81.4	329bps	86.2	-151bps
Non-interest income/Total income	40.4	36.5	390bps	33.5	691bps
Fee Income to Avg. Total Assets	2.4	2.4	10bps	2.3	13bps
Cost to Income	62.5	64.2	-170bps	67.1	-455bps
Opex to Avg. Total Assets	4.7	4.7	0bps	5.0	-29bps
Credit Cost	5.3	2.8	250bps	2.3	299bps
RoE^	0.8	5.0	-420bps	6.5	-564bps
RoA^	0.1	0.6	-55bps	0.8	-66bps
Annualised Slippage Ratio	6.0	4.8	124bps	3.5	248bps
Provision coverage ratio	82.2	73.0	920bps	75.1	710bps
Gross NPA	2.9	2.9	4bps	3.1	-20bps
Net NPA	0.5	0.8	-26bps	0.8	-22bps
Capital adequacy ratio	14.9	15.4	-53bps	15.7	-80bps
Tier I capital ratio	13.7	14.2	-49bps	14.6	-90bps

Source: Company, YES Sec - Research, ^Annualised

## Exhibit 4: Quarterly Actuals Vs Estimates

Q3FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	15,851	16,683	(5.0)
Pre-Prov. Operating Profit	9,966	10,660	(6.5)
Profit After Tax	326	2,738	(88.1)

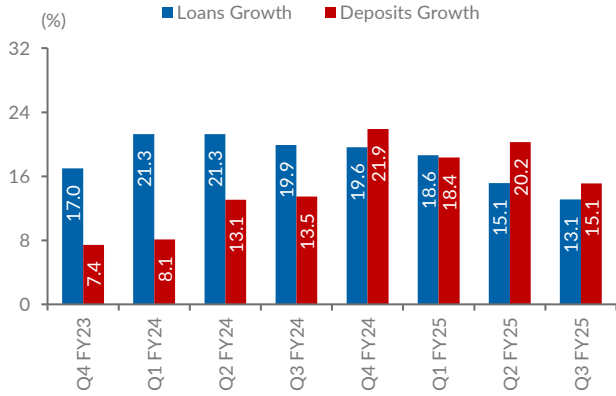
Source: Company, YES Sec - Research

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

(Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy
Total Fee Income (A)	8,710	8,220	6.0	7,290	19.5
FX	958	904	6.0	656	46.0
Processing Fee	2,700	2,466	9.5	2,479	8.9
General Banking Fees	1,916	1,562	22.7	1,750	9.5
Distribution	436	575	(24.3)	510	(14.7)
Payments Related	2,352	2,384	(1.3)	1,677	40.3
Trade & Others	348	329	6.0	219	59.3
Other Income (B)	2,023	1,054	92.0	486	316.6
<b>Total Non-Interest Income (A+B)</b>	<b>10,733</b>	<b>9,274</b>	<b>15.7</b>	<b>7,776</b>	<b>38.0</b>

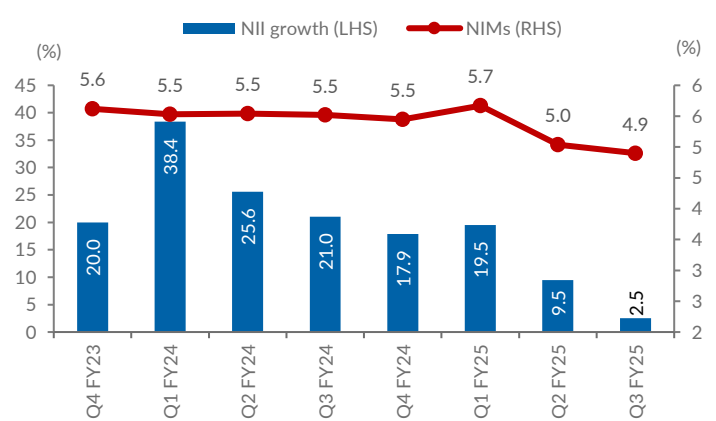
Source: Company, YES Sec – Research

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



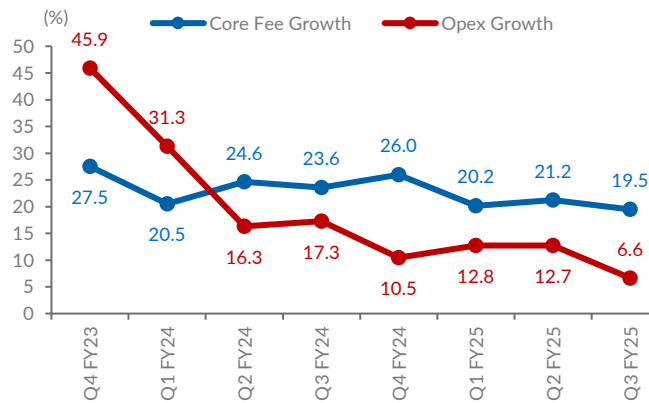
Source: Company, YES Sec - Research

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



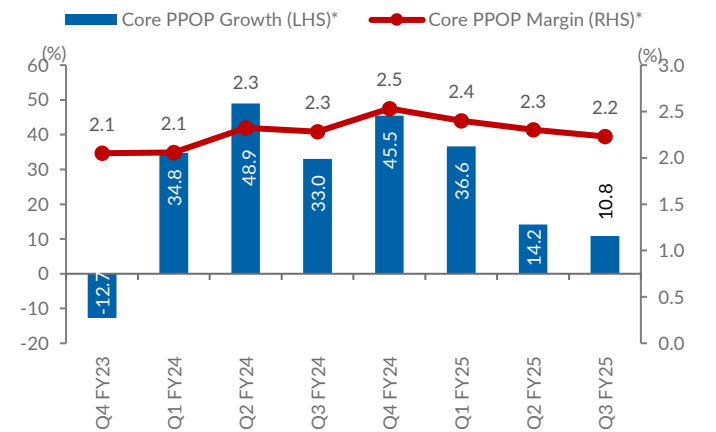
Source: Company, YES Sec - Research

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



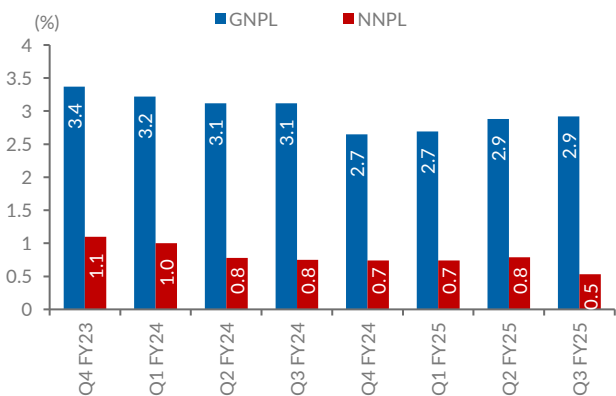
Source: Company, YES Sec - Research

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



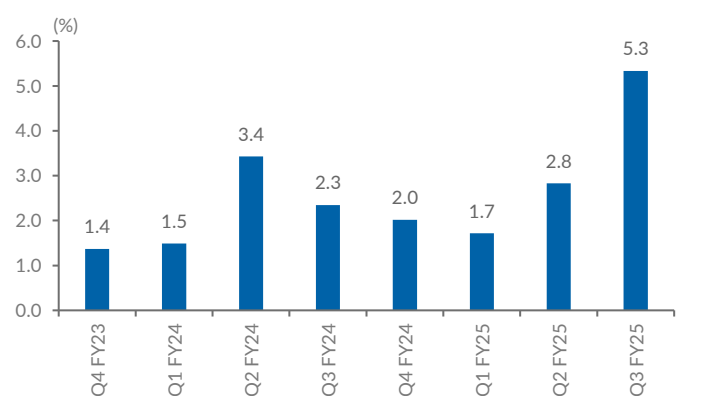
Source: Company, YES Sec - Research. \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

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



Source: Company, YES Sec - Research

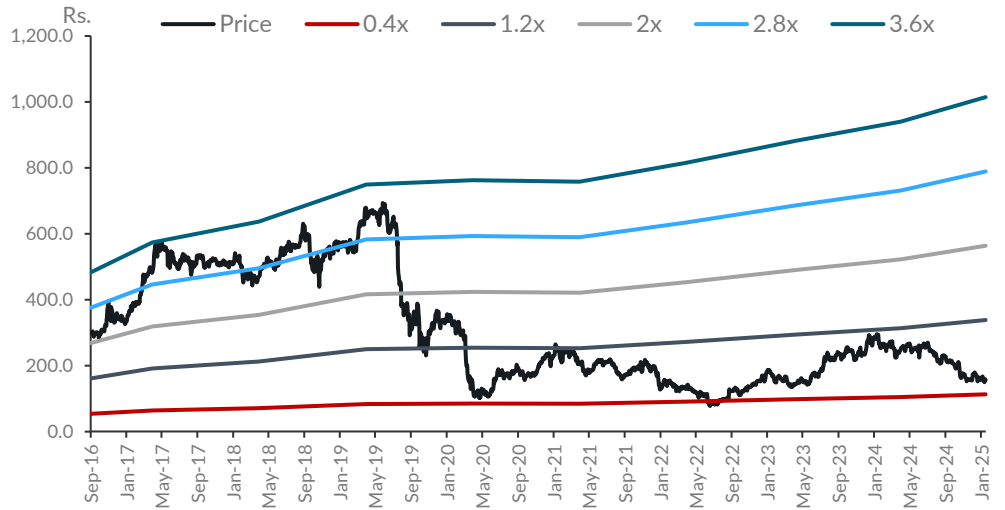
**Exhibit 11: Credit cost (%)**



Source: Company, YES Sec - Research

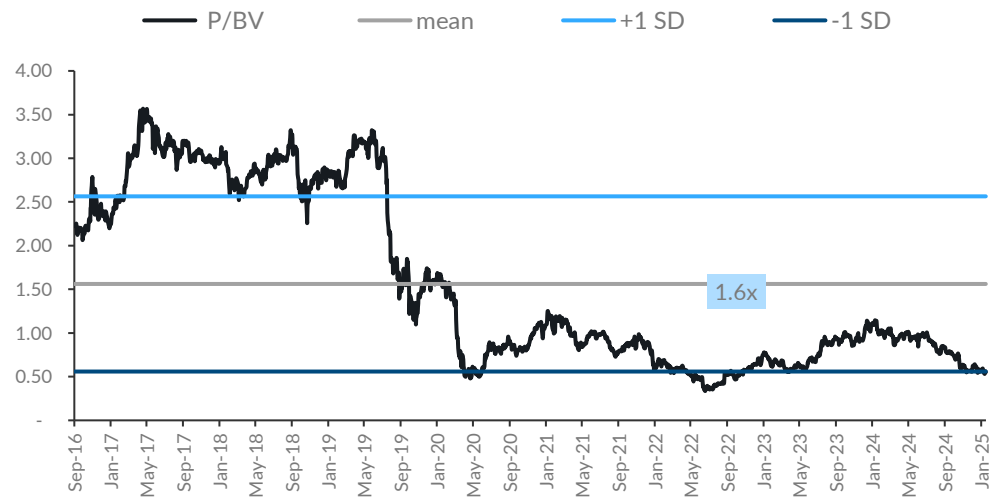


**Exhibit 12: 1-year rolling P/BV band**



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	151,848	174,626	180,301
Investments	288,754	295,759	335,655	383,475	448,961
Advances	702,094	839,869	949,052	1,091,410	1,287,864
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>1,561,990</b>	<b>1,800,032</b>	<b>2,097,752</b>
Net worth	135,766	147,964	153,887	174,017	198,109
Deposits	848,865	1,034,936	1,182,333	1,360,280	1,605,848
Borrowings	133,313	141,841	141,609	158,142	159,082
Other liabilities	40,818	59,581	84,161	107,592	134,714
<b>Total liabilities incl. Equity</b>	<b>1,158,762</b>	<b>1,384,322</b>	<b>1,561,990</b>	<b>1,800,032</b>	<b>2,097,752</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	140,885	161,370	188,433
Interest expense	(46,784)	(63,514)	(73,789)	(83,661)	(96,191)
<b>Net interest income</b>	<b>49,982</b>	<b>60,429</b>	<b>67,096</b>	<b>77,709</b>	<b>92,242</b>
Non-interest income	24,894	30,429	36,068	41,135	47,941
<b>Total income</b>	<b>74,876</b>	<b>90,858</b>	<b>103,164</b>	<b>118,845</b>	<b>140,183</b>
Operating expenses	(52,852)	(60,550)	(66,796)	(77,981)	(90,121)
<b>PPoP</b>	<b>22,024</b>	<b>30,308</b>	<b>36,368</b>	<b>40,863</b>	<b>50,062</b>
Provisions	(10,511)	(17,707)	(29,827)	(22,239)	(26,020)
<b>Profit before tax</b>	<b>11,514</b>	<b>12,600</b>	<b>6,541</b>	<b>18,624</b>	<b>24,042</b>
Taxes	(2,687)	(921)	190	(4,688)	(6,051)
<b>Net profit</b>	<b>8,827</b>	<b>11,679</b>	<b>6,731</b>	<b>13,936</b>	<b>17,990</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	9.6	9.6	9.7
Interest expense	-4.2	-5.0	-5.0	-5.0	-4.9
<b>Net interest income</b>	<b>4.5</b>	<b>4.8</b>	<b>4.6</b>	<b>4.6</b>	<b>4.7</b>
Non-interest income	2.2	2.4	2.4	2.4	2.5
<b>Total income</b>	<b>6.7</b>	<b>7.1</b>	<b>7.0</b>	<b>7.1</b>	<b>7.2</b>
Operating expenses	-4.8	-4.8	-4.5	-4.6	-4.6
<b>PPoP</b>	<b>2.0</b>	<b>2.4</b>	<b>2.5</b>	<b>2.4</b>	<b>2.6</b>
Provisions	-0.9	-1.4	-2.0	-1.3	-1.3
<b>Profit before tax</b>	<b>1.0</b>	<b>1.0</b>	<b>0.4</b>	<b>1.1</b>	<b>1.2</b>
Taxes	-0.2	-0.1	0.0	-0.3	-0.3
<b>Net profit</b>	<b>0.8</b>	<b>0.9</b>	<b>0.5</b>	<b>0.8</b>	<b>0.9</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	67,096	77,709	92,242	70,374	84,823	101,843	(4.7)	(8.4)	(9.4)
Pre-Prov. Operating Profit	36,368	40,863	50,062	36,555	46,746	57,669	(0.5)	(12.6)	(13.2)
Profit after tax	6,731	13,936	17,990	11,288	18,788	24,792	(40.4)	(25.8)	(27.4)

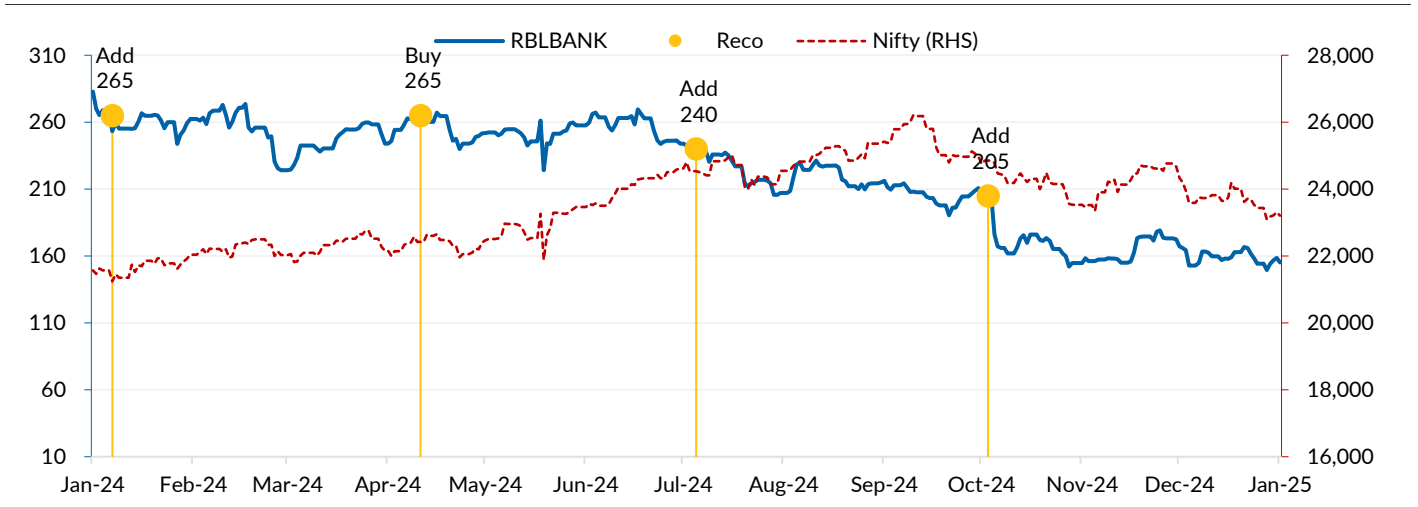
Source: Company, YES Sec - Research; N.B. Numbers in this table are pre-reclassification

## Exhibit 18: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth matrix (%)</b>					
Net interest income	24.1	20.9	11.0	15.8	18.7
PPoP	-19.8	37.6	20.0	12.4	22.5
Net profit	NA	32.3	-42.4	107.0	29.1
Loans	17.0	19.6	13.0	15.0	18.0
Deposits	7.4	21.9	14.2	15.1	18.1
<b>Profitability Ratios (%)</b>					
Net interest margin	5.2	5.5	5.3	5.4	5.5
Return on Average Equity	6.7	8.2	4.5	8.5	9.7
Return on Average Assets	0.8	0.9	0.5	0.8	0.9
<b>Per share figures (Rs)</b>					
EPS	14.7	19.3	11.1	21.9	27.0
BVPS	226	245	254	274	297
ABVPS	214	234	235	259	278
<b>Valuation multiples</b>					
P/E	10.5	8.0	13.9	7.1	5.8
P/BV	0.7	0.6	0.6	0.6	0.5
P/ABV	0.7	0.7	0.7	0.6	0.6
<b>NIM internals (%)</b>					
Yield on loans	11.8	12.9	12.7	12.8	12.9
Cost of deposits	4.9	5.7	5.8	5.8	5.8
Loan-deposit ratio	82.7	81.2	80.3	80.2	80.2
CASA ratio	37.4	35.2	36.5	37.5	37.5
<b>Opex control (%)</b>					
Cost/Income ratio	70.6	66.6	64.7	65.6	64.3
Cost to average assets	4.8	4.8	4.5	4.6	4.6
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	15.3	14.4	13.0	12.8	12.3
<b>Asset quality (%)</b>					
Slippage ratio	4.2	3.2	4.6	3.0	3.0
Gross NPL ratio	3.4	2.7	4.2	2.8	2.7
Credit cost	1.7	1.8	3.2	2.0	2.0
Net NPL ratio	1.1	0.7	1.3	0.9	1.0

Source: Company, YES Sec - Research

## Recommendation Tracker



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