

19 September 2023

India | Equity Research | Company Update

## Capri Global Capital

NBFCs

### Expect AUM of INR 300bn in next 5 years driven by gold loan, co-lending and car loan distribution

Capri Global Capital (Capri), in its analyst day on Sep 15, '23, reiterated its vision to grow its portfolio to INR 30bn in the next five years, while continuing to pursue 'granularisation' strategy. New products, i.e. gold loans, car loan distribution and co-lending are likely to be its primary growth drivers, coupled with >30% growth in existing product segments. The management also highlighted its plans to heavily invest in technology/data science (~INR 500mn budgeted for FY24) in order to enhance risk management and improve operational efficiencies. It also targets a mid-teen RoE by FY24 driven by high yielding gold loan portfolio (~18%-21%), higher growth in fee-based co-lending and car loan book and operational efficiencies. However, the stock rerated sharply over the past six months capturing most positives, thus, leaving limited scope for rerating, in our view. We maintain **REDUCE** rating on the stock with TP unchanged at INR 695, at a multiple of 3.5x to Sep'24E BVPS.

#### Expects AUM growth of ~37-40% in FY24

Capri's AUM grew robust at 61% YoY in Q1FY24 supported by steady growth in all focused segments (MSME, construction finance, home loan and gold loan). While MSME and home loan grew YoY at 33% and 53%, respectively, the newly launched gold loan (launched in Q2FY23) grew 42% QoQ in Q1FY24. Construction finance book, which got impacted during the pandemic, also saw a revival with YoY growth of 38% YoY in Q1FY24. Going ahead, gold loan (680 gold-only branches), car loan distribution (8 partners with presence across 714 locations) and housing finance may remain the key growth drivers. Furthermore, technology and data science are going to be the key enablers; it is planning to invest INR 500mn in FY24 to bring in efficiencies. Overall, the company expects to grow ~37-40% in FY24 with an AUM target of INR 150bn.

#### Upfront investment towards branch expansion impacted earnings; increased focus on productivity improvement to drive profitability

RoA during FY23 moderated sharply to 2.2% from 3.2% in FY22 largely due to its strategic investment towards accelerated gold loan branch rollout. However, RoA, adjusted for upfront investment towards gold loan branches, stood ~3% in Q1FY24. It launched gold loans in Q2FY23 by opening >100 branches at one-go and then expanded to 680 branches by Mar'23. While near-term profitability was impacted due to branch expansion, entry into high yielding gold loan portfolio (18%-21%) enabled overall spread expansion to 7% by Q1FY24 from 6.3% in Q1FY23. Additionally, the expansion of fee-driven businesses of co-lending and car loan origination further added to the topline, as co-origination income constituted 6% of net income in FY23. Increasing productivity from gold branches and operational efficiencies through tech initiatives may bring down cost-to-income ratio going forward. **Key risks:** a) AUM growth exceeding our expectation, and b) higher fee income from car loan distribution and co-lending.

### Financial Summary

| Y/E March (INR mn)        | FY22A | FY23A | FY24E | FY25E  |
|---------------------------|-------|-------|-------|--------|
| Net Interest Income (NII) | 4,792 | 6,362 | 8,347 | 10,492 |
| PAT (Rs mn)               | 2,050 | 2,047 | 3,487 | 4,570  |
| EPS (Rs)                  | 11.7  | 10.7  | 16.9  | 22.2   |
| % Chg YoY                 | 15.7  | (8.3) | 57.8  | 31.1   |
| P/E (x)                   | 66.5  | 72.5  | 45.9  | 35.0   |
| P/BV (x)                  | 7.2   | 4.5   | 4.1   | 3.7    |
| Gross Stage - 3 (%)       | 2.2   | 1.7   | 1.7   | 1.9    |
| RoAA (%)                  | 3.2   | 2.2   | 2.6   | 2.6    |
| RoAE (%)                  | 11.3  | 7.5   | 9.3   | 11.1   |

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#### Market Data

|                     |          |
|---------------------|----------|
| Market Cap (INR)    | 159bn    |
| Market Cap (USD)    | 1,918mn  |
| Bloomberg Code      | CGCL IN  |
| Reuters Code        | CAPG.BO  |
| 52-week Range (INR) | 876 /566 |
| Free Float (%)      | 30.0     |
| ADTV-3M (mn) (USD)  | 2.6      |

| Price Performance (%) | 3m  | 6m   | 12m  |
|-----------------------|-----|------|------|
| Absolute              | 4.9 | 21.0 | 13.1 |
| Relative to Sensex    | 7.3 | 17.7 | 13.4 |

| ESG Disclosure | 2021 | 2022 | Change |
|----------------|------|------|--------|
| ESG score      | -    | -    | -      |
| Environment    | -    | -    | -      |
| Social         | -    | -    | -      |
| Governance     | -    | -    | -      |

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

#### Previous Reports

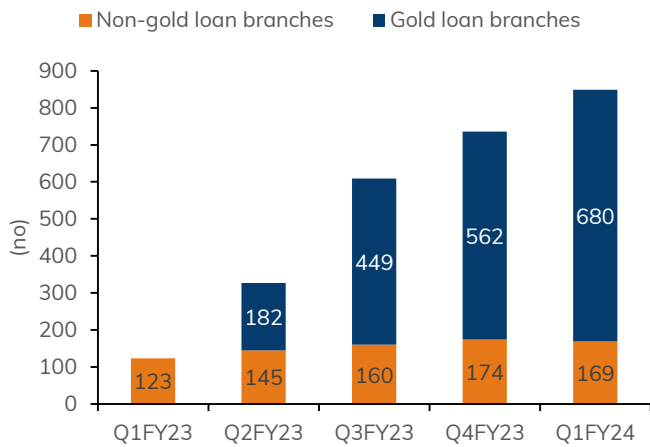
21-06-2023: [Re-initiating coverage](#)

## Gold loans, co-lending and car distribution to drive AUM and profitability

### High yielding gold loan portfolio may cross INR 30bn by FY24E

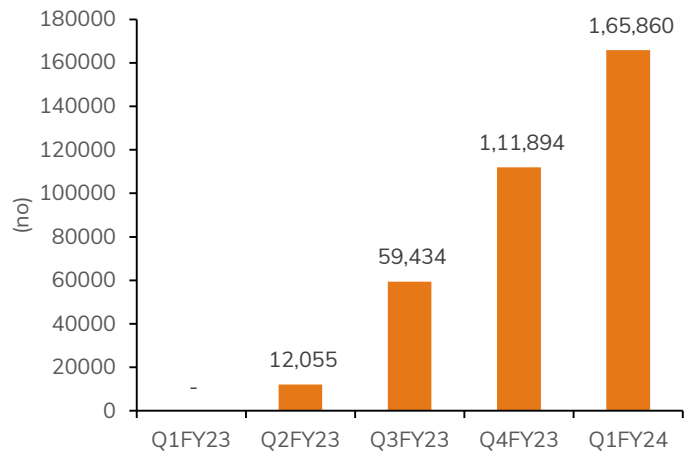
Capri strategically entered gold loan business in Aug'23 by opening >100 branches on Day 1, and then scaling to 680 branches by Q1FY24. The company expects to add another 70 branches by the end of Q2FY24. The scale up in business has been exceptionally well as live customers reached 1,65,000+ mark within four quarters, with 51% of overall disbursements coming from this segment.

**Exhibit 1: Gold loan branches increased to 680 within 4 quarters...**



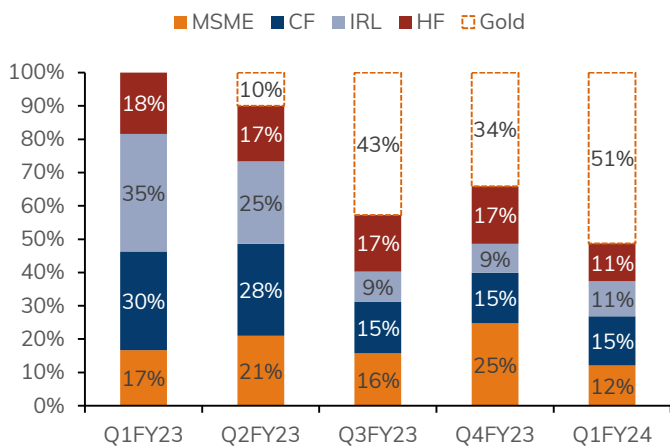
Source: Company data, I-Sec research

**Exhibit 2: ...with 1,65,000+ live customers**



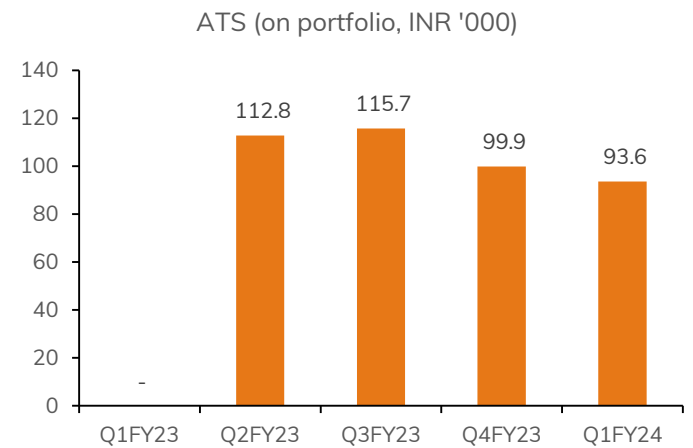
Source: Company data, I-Sec research

**Exhibit 3: 51% of overall disbursements were from gold loans**



Source: Company data, I-Sec research

**Exhibit 4: Scaling up fast while maintaining granularity**



Source: Company data, I-Sec research

### Fee-based businesses driven by co-lending and car loan origination scaling new heights

In addition to gold loans, co-lending and car-loan origination will remain another two important components of Capri’s growth story.

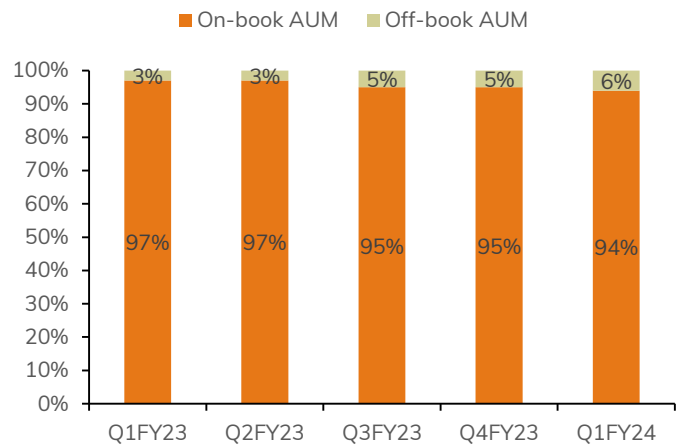
RoE accretive co-lending business has been gradually achieving scale as reflected in tie-up with four partners for MSME and affordable housing segment. The share of off-book AUM stands at 6% in Q1FY24 vs 3% in Q1FY23. Additionally, the company has also been exploring tie-ups for its gold loan business.

**Exhibit 5: Co-lending partners for MSME and housing business**



Source: Company data, I-Sec research

**Exhibit 6: Share of off-book AUM increased to 6%**



Source: Company data, I-Sec research

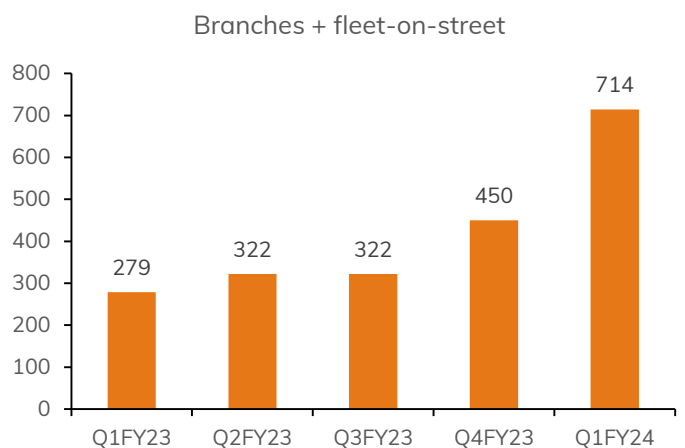
Car loan business on the other hand saw a sizeable distribution built up with eight partner banks and a pan-India coverage in 714 locations (branches + fleet on street). Consequently, car loan originations rose at 106% YoY to INR 19.4bn in Q1FY24.

**Exhibit 7: Partnerships with 8 large banks...**



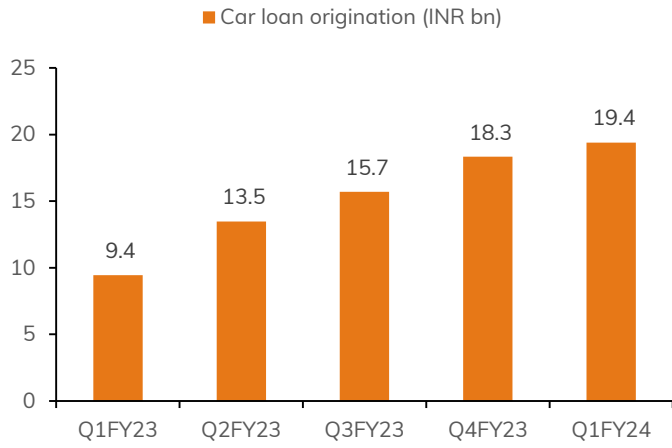
Source: Company data, I-Sec research

**Exhibit 8: ...and extensive built-up in distribution network**



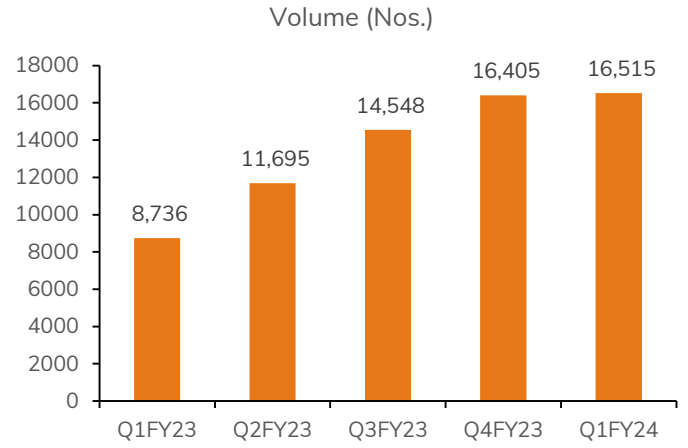
Source: Company data, I-Sec research

**Exhibit 9: Resulting in consistent rise in loan originations in terms of value...**



Source: Company data, I-Sec research

**Exhibit 10: ...as well as volume**

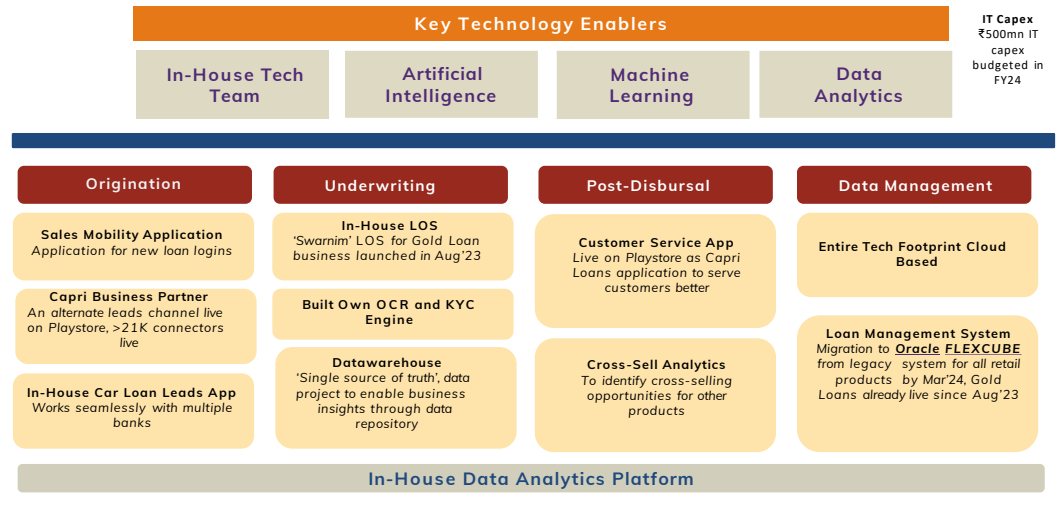


Source: Company data, I-Sec research

## Tech and data science to act as growth enablers

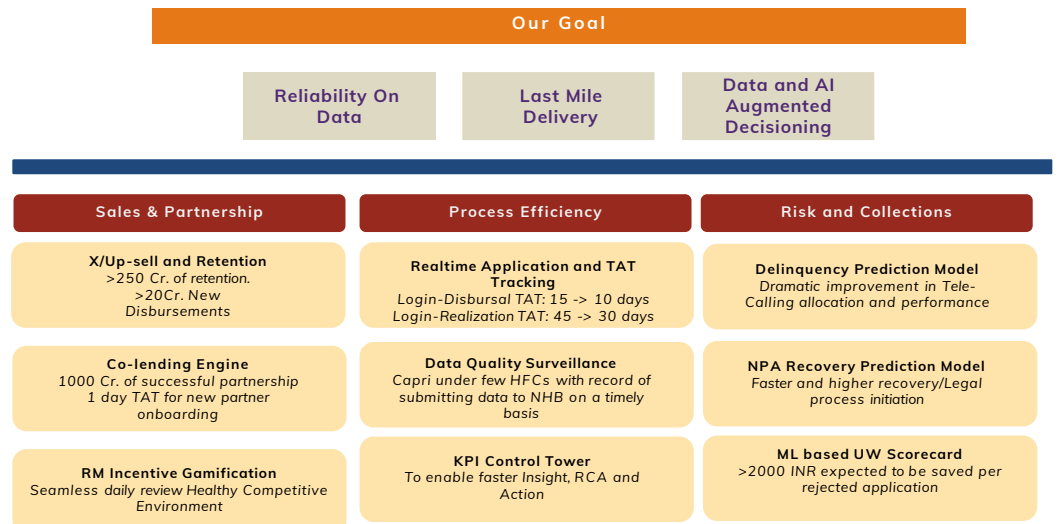
Capri’s management highlighted its plans to actively use technology and data analytics mechanisms as it enters the digital lending phase. Right from the origination to post disbursement processes, the company has built in tech infra which has helped it achieve higher efficiencies. Its sales mobility application along with alternate leads channel (21000+ connectors) helps it source customers in MSME and housing segments. The company has also launched ‘Swarnim’ in Aug’23, which is a new LOS for its gold loan business. With its in-house OCR and KYC engine, coupled with business insights generated through the Datawarehouse, the company has been able to reduce its login-disbursement TAT by 5 days and login-realisation TAT by 15 days. Furthermore, higher process efficiencies through data analytics have helped it increase its retention POS by INR 2.5bn. The management also highlighted its plan to make the entire tech footprint cloud based as it migrated to a new LMS, i.e. Oracle Flexcube. While the gold loans already went live on LMS in Aug’23, the company targets to fully migrate to the system by Mar’24.

### Exhibit 11: Tech budget of INR 500mn for FY24 sets path for company’s journey towards digitisation



Source: Company data, I-Sec research

### Exhibit 12: Data and analytics to play a key role in achieving process efficiencies and stringent risk management; login-disbursement TAT reduced by 5 days



Source: Company data, I-Sec research

## Robust risk management practices and collection mechanisms

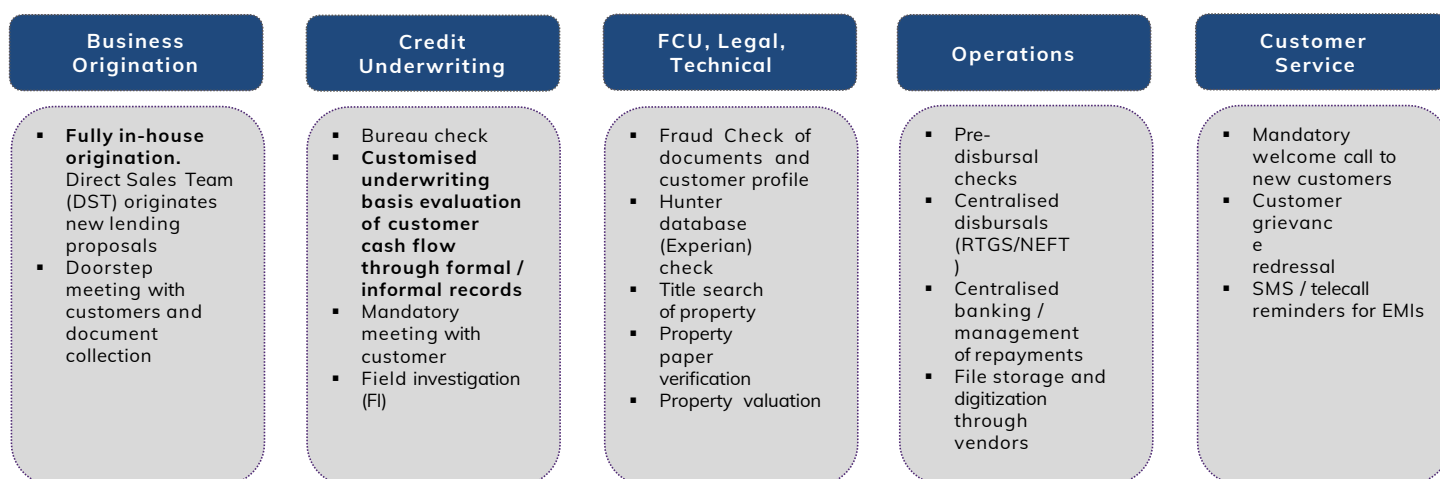
### Strong checks under both retail and construction segments

Capri has put in place a stringent decentralised risk management process with each product having a different credit vertical and no overlaps between them. Key noteworthy points on its underwriting policies are as follows –

- Retail segment
  - Multiple touchpoints with customer: Dual pair of eyes for each case, with both the origination and the credit team personally meeting the customer.
  - Completely in-house legal and technical team with independent authority to take the decision on each case.
  - Maker-checker aspect involved in all the processes.
  - 100% secured lending; 85% collateral comprises self-occupied residential property.
  - LTV consistently maintained below 60%.
- Construction finance
  - Selective in terms of project; strong promoter with history of project completion, cashflow visibility.
  - Strong monitoring team of 15 members.
  - Granular portfolio with average ticket size of INR 96mn.
  - 2x asset cover and 2.5x cashflow cover.

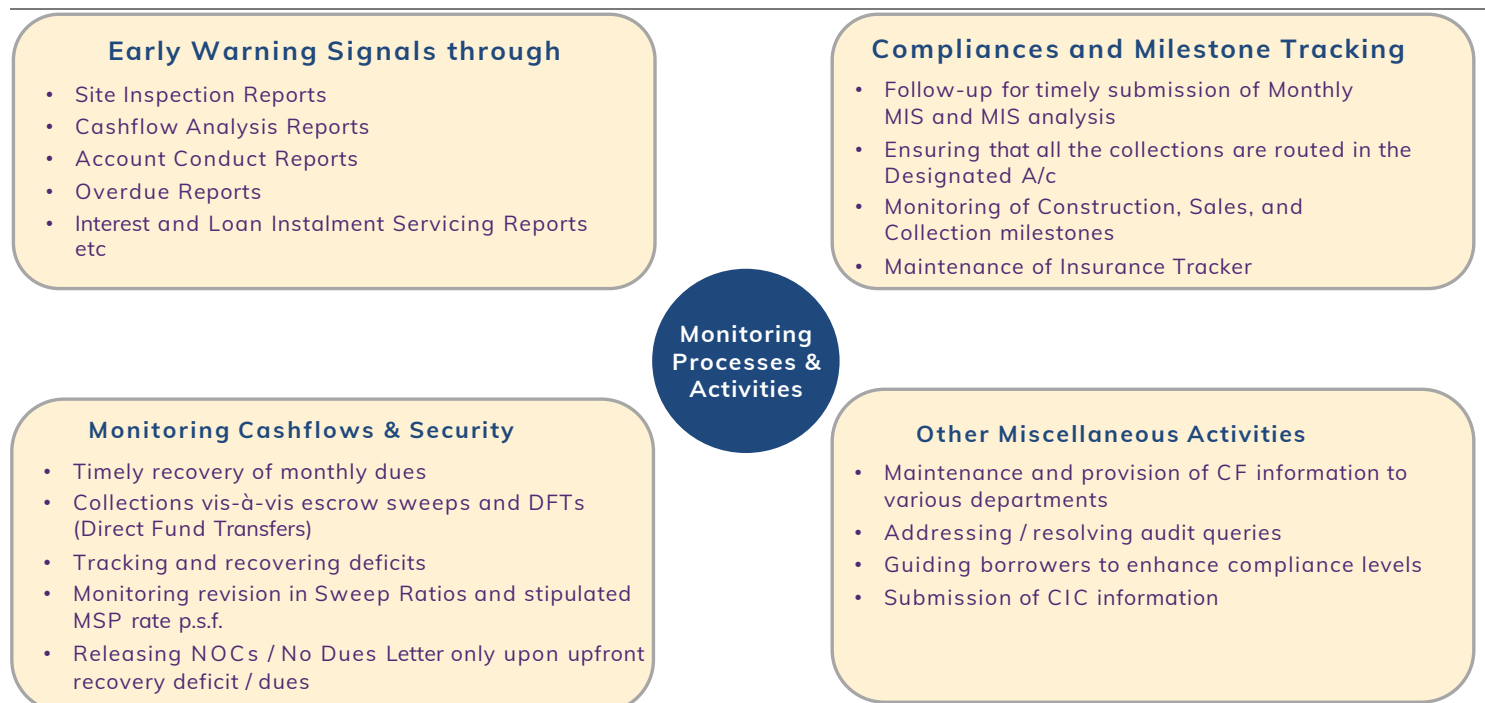
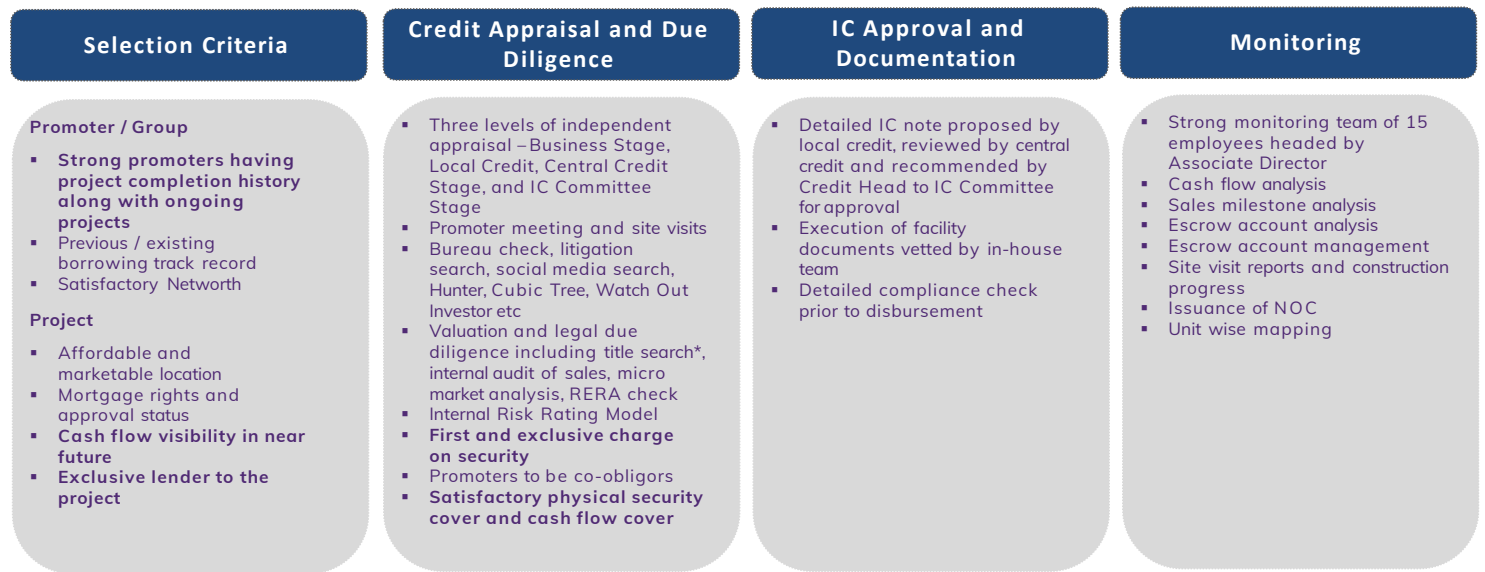
### Exhibit 13: Conservative underwriting with disbursal ratio of 34% in retail segment

#### Sustaining Growth: Ensuring Underwriting Quality In Retail



Source: Company data, I-Sec research

### Exhibit 14: Multiple checks across stages in construction finance



Source: Company data, I-Sec research



### Collection strategies based on data analytics

Along with stringent pre-disbursal processes, it has also set up a robust collection mechanism. The company extensively uses data analytics to improve collections and restrict forward flows at lower level. Some of the key initiatives such as complete automation of legal process and pre-post-due analytics in the form of bounce prediction, automated callings, real-time collections tracking (analytics dashboard), NPA recovery prediction and data-driven field allocation have helped the company maintain collection levels at close to 100% QoQ in the recent past.

#### Exhibit 15: Robust collection mechanisms...

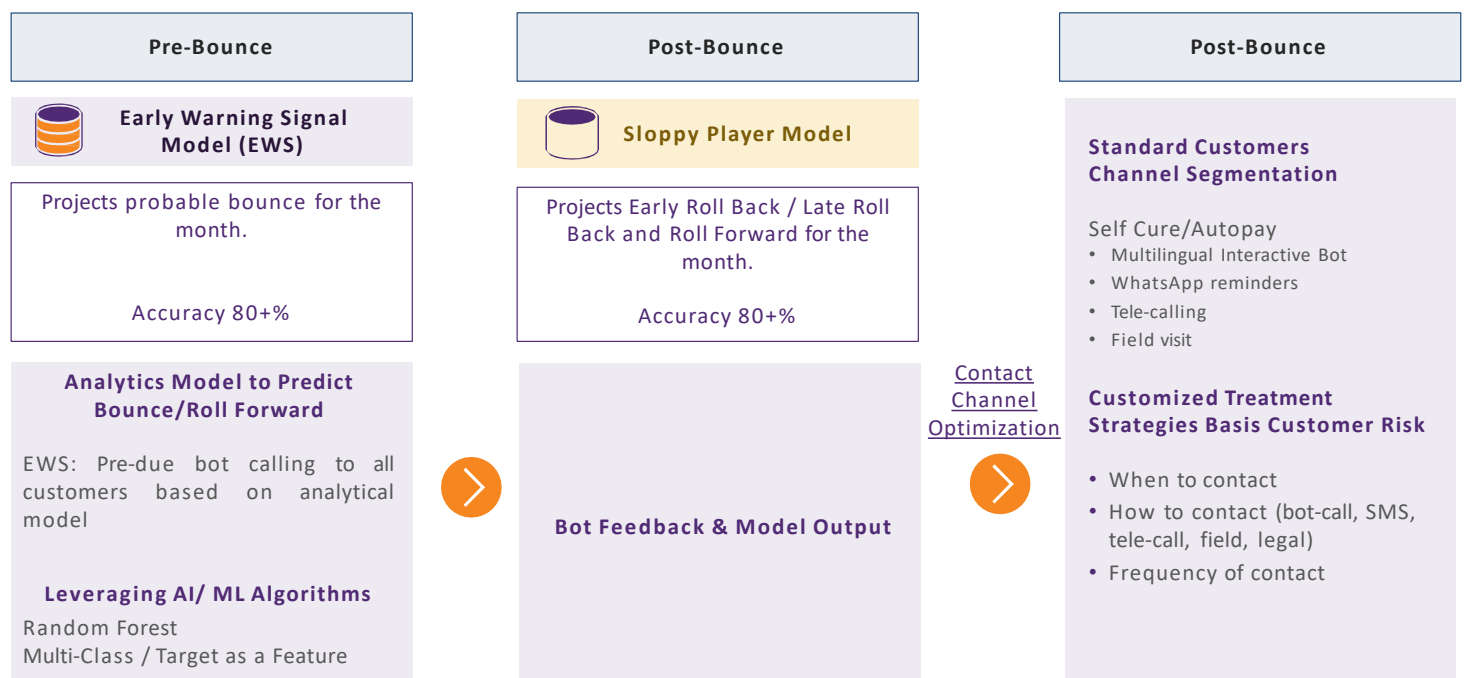
### Collections: Strengthened Engine With 3 Strategic Pillars



Source: Company data, I-Sec research

#### Exhibit 16: ...driven by pre-due and post-due analytics based strategies

### Pre-Due & Post-Due Analytics Based Strategies

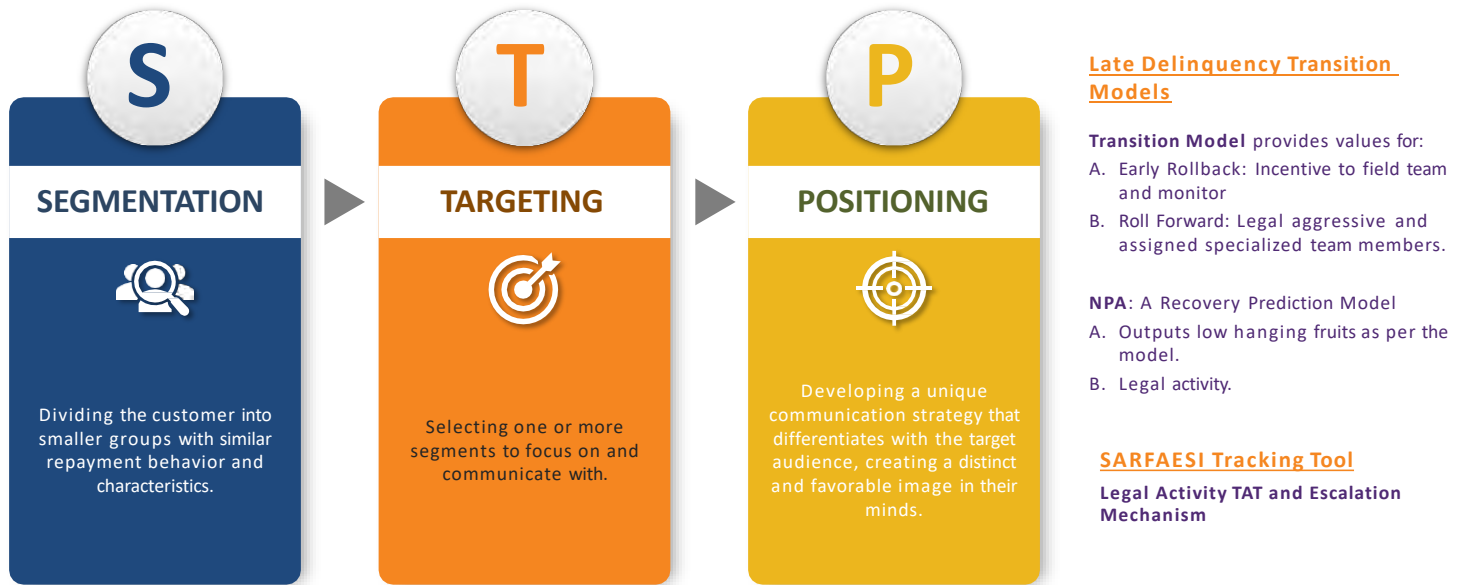


Source: Company data, I-Sec research



**Exhibit 17: Prediction-based early warning signals NPA recovery and escalation mechanism; SARFAESI implementation TAT of 7 days**

**Right Customer | Right Channel | Right Time (1+ Accounts)**

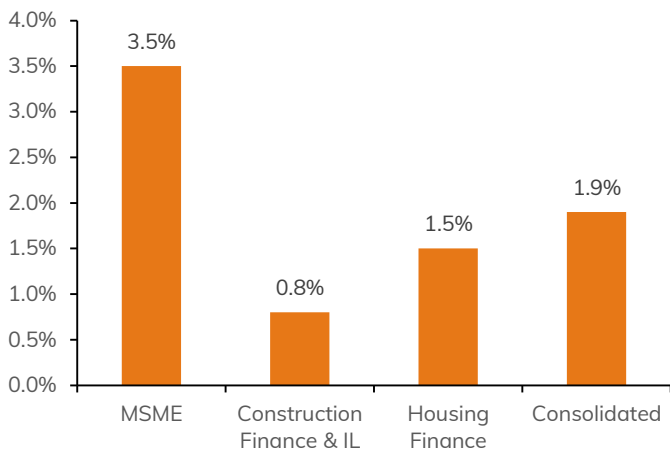


Source: Company data, I-Sec research

**Controlled GNPA across segments**

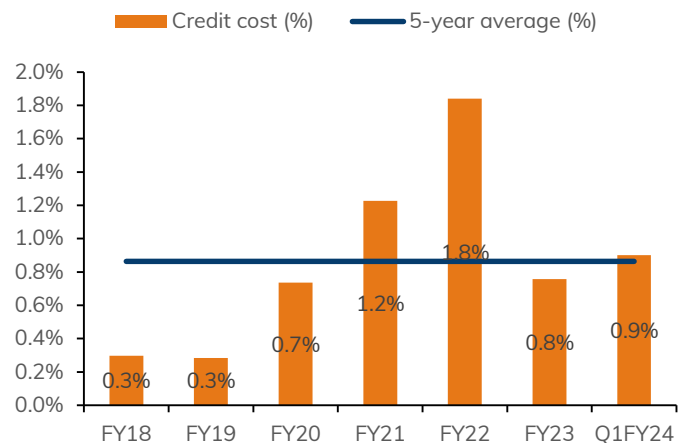
GNPA remained at 1.9% in Jun'23, largely due to the subsiding stress in MSME segment as reflected in MSME GNPA moderating to 3.5% by Jun'23 from the peak of 4.6% in Jun'22. Housing and construction continued to show resilience with GNPA settling lower at 1.5% and 0.8%, respectively, in Jun'23. Consequently, credit cost also remained low at 0.9%, with average credit cost for the last 10 years being at 1.4%. Stringent underwriting, preference for in-house operations and data-analytics driven collection mechanisms are key enablers for its industry leading asset quality performance.

**Exhibit 18: Segment-wise asset quality**



Source: Company data, I-Sec research

**Exhibit 19: Credit cost for last 5 years remained low at 88 bps**

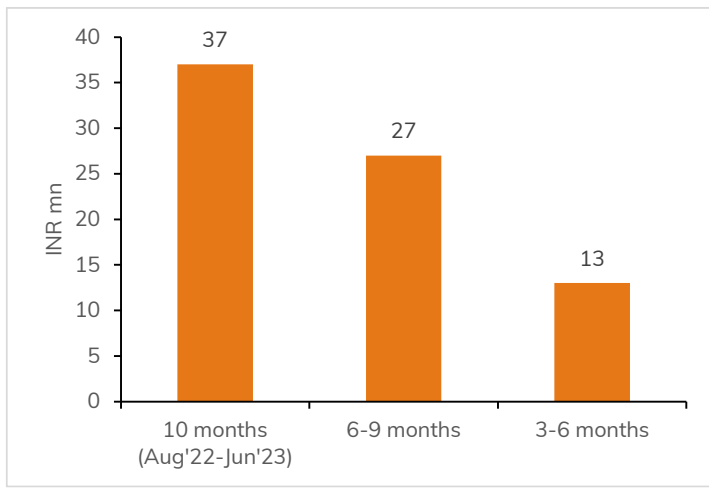


Source: Company data, I-Sec research

## Operating efficiency, key lever for profitability improvement going forward

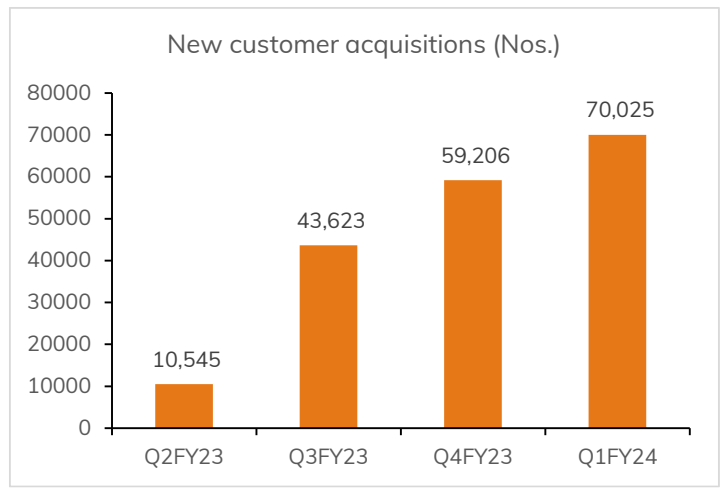
The cost-to-income ratio increased to 64% in FY23 from average 45% between FY18-22 as it strategically entered high-yielding gold loan business in Aug'22. It continued to be elevated at 66% in Q1FY24. However, adjusted for upfront investment towards gold loan business, cost to income ratio stands at 50%. The management expects cost to income to improve with better productivity in the newly-opened gold branches as reflected in AUM per branch for branches with vintage of 10 months standing at INR 37mn vs INR 13mn for branches with 3-6 months of vintage.

**Exhibit 20: AUM/branch increasing with vintage**



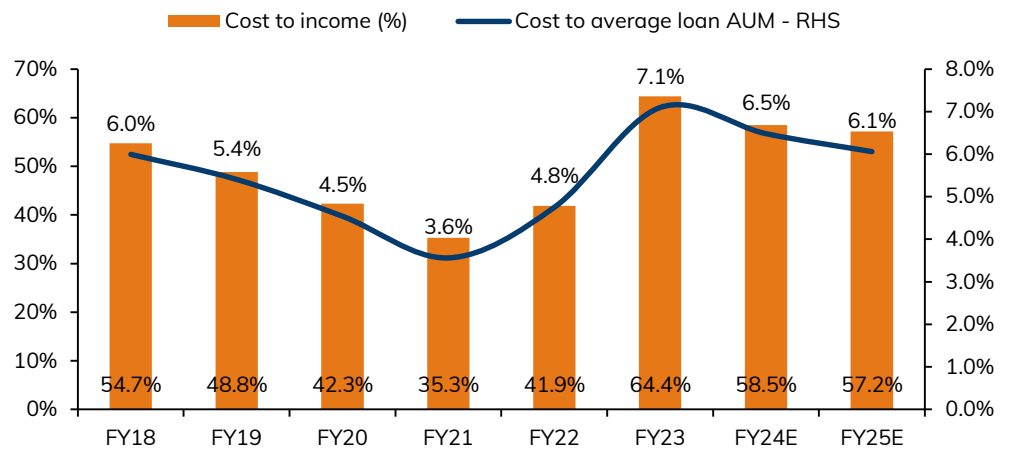
Source: Company data, I-Sec research

**Exhibit 21: Increased new customer acquisitions to support scalability**



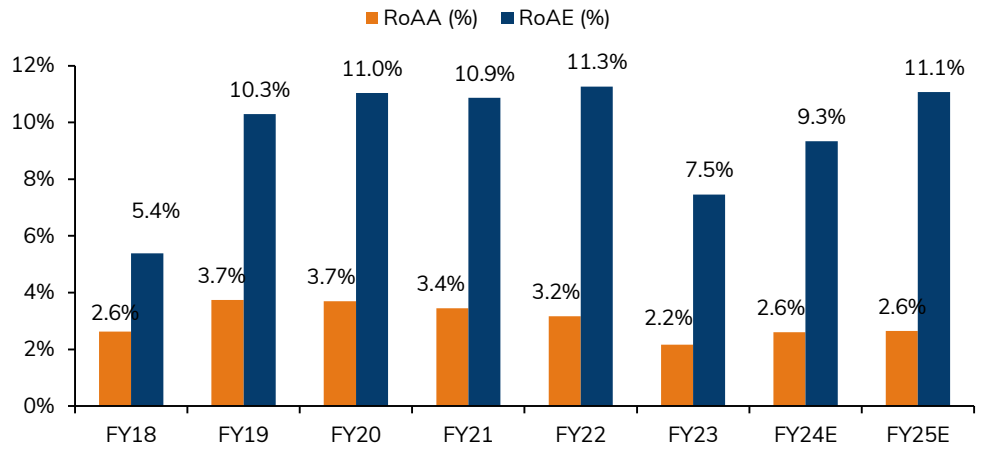
Source: Company data, I-Sec research

**Exhibit 22: We expect cost to income to dip going forward...**



Source: Company data, I-Sec research

**Exhibit 23: ...with RoA/RoE levels improving with productivity**



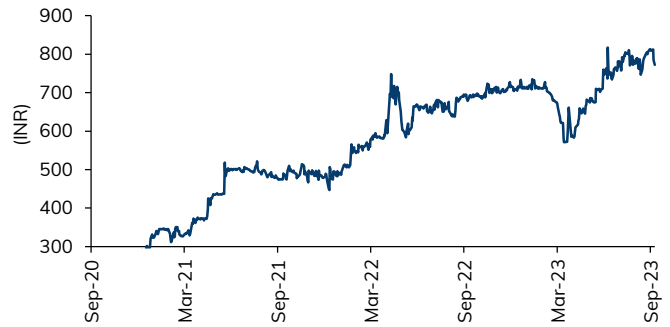
Source: Company data, I-Sec research

**Exhibit 24: Shareholding pattern**

| %                       | Dec'22 | Mar'23 | Jun'23 |
|-------------------------|--------|--------|--------|
| Promoters               | 74.6   | 69.9   | 69.9   |
| Institutional investors | 8.4    | 13.9   | 14.5   |
| MFs and other           | 0.0    | 1.6    | 1.6    |
| FIs/Banks               | 0.0    | 0.1    | 0.2    |
| FIIIs                   | 8.4    | 12.2   | 12.7   |
| Others                  | 17.0   | 16.2   | 15.6   |

Source: Bloomberg, I-Sec research

**Exhibit 25: Price chart**



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 26: Profit & Loss

(INR mn, year ending March)

|  | FY22A          | FY23A          | FY24E          | FY25E          |
|--|----------------|----------------|----------------|----------------|
| Interest Income                                | 8,100          | 11,673         | 16,361         | 21,724         |
| Interest Expenses                              | (3,308)        | (5,311)        | (8,014)        | (11,232)       |
| <b>Net Interest Income (NII)</b>               | <b>4,792</b>   | <b>6,362</b>   | <b>8,347</b>   | <b>10,492</b>  |
| Other Income                                   | 1,718          | 2,977          | 4,943          | 6,456          |
| <b>Total Income (net of interest expenses)</b> | <b>6,509</b>   | <b>9,339</b>   | <b>13,290</b>  | <b>16,948</b>  |
| Employee benefit expenses                      | (1,746)        | (4,061)        | (5,279)        | (6,599)        |
| Depreciation and amortization                  | (99)           | (439)          | (527)          | (632)          |
| Other operating expenses                       | (882)          | (1,514)        | (1,968)        | (2,461)        |
| <b>Total Operating Expense</b>                 | <b>(2,726)</b> | <b>(6,014)</b> | <b>(7,774)</b> | <b>(9,692)</b> |
| <b>Pre Provisioning Profits (PPoP)</b>         | <b>3,783</b>   | <b>3,325</b>   | <b>5,515</b>   | <b>7,256</b>   |
| Provisions and write offs                      | (1,057)        | (642)          | (957)          | (1,282)        |
| <b>Profit before tax (PBT)</b>                 | <b>2,726</b>   | <b>2,683</b>   | <b>4,558</b>   | <b>5,974</b>   |
| Total tax expenses                             | (676)          | (636)          | (1,071)        | (1,404)        |
| <b>Profit after tax (PAT)</b>                  | <b>2,050</b>   | <b>2,047</b>   | <b>3,487</b>   | <b>4,570</b>   |

Source Company data, I-Sec research

### Exhibit 27: Balance sheet

(INR mn, year ending March)

|   | FY22A         | FY23A           | FY24E           | FY25E           |
|---|---------------|-----------------|-----------------|-----------------|
| Share capital                                     | 351           | 412             | 412             | 412             |
| Reserves & surplus                                | 18,873        | 35,242          | 38,640          | 43,121          |
| <b>Shareholders' funds</b>                        | <b>19,225</b> | <b>35,655</b>   | <b>39,053</b>   | <b>43,533</b>   |
| Borrowings  | 48,084        | 75,113          | 1,02,539        | 1,41,038        |
| Provisions  | 91            | 133             | 159             | 191             |
| Current Liabilities and short-term provisions     | 4,128         | 7,046           | 8,455           | 10,146          |
| Other Liabilities                                 | 91            | 133             | 159             | 191             |
| <b>Total Liabilities and Stakeholder's Equity</b> | <b>71,528</b> | <b>1,17,946</b> | <b>1,50,206</b> | <b>1,94,909</b> |
| Fixed assets                                      | 318           | 2,840           | 3,266           | 3,756           |
| <b>Loans</b>                                      | <b>62,708</b> | <b>94,754</b>   | <b>1,23,046</b> | <b>1,64,850</b> |
| Investments                                       | 3,775         | 2,150           | 3,441           | 5,505           |
| Deferred tax assets (net)                         | 367           | 476             | -               | -               |
| Other Assets                                      | 829           | 2,623           | 3,407           | 4,564           |
| <b>Total Assets</b>                               | <b>71,528</b> | <b>1,17,946</b> | <b>1,50,206</b> | <b>1,94,909</b> |

Source Company data, I-Sec research

**Exhibit 28: Key ratios**

(Year ending March)

|   | FY22A  | FY23A    | FY24E    | FY25E    |
|---|--------|----------|----------|----------|
| <b>AUM and Disbursements (INR mn)</b>         |        |          |          |          |
| AUM   | 66,325 | 1,03,205 | 1,36,718 | 1,83,166 |
| On-book Loans                                 | 62,708 | 94,754   | 1,23,046 | 1,64,850 |
| Off-book Loans                                | 3,617  | 8,451    | 13,672   | 18,317   |
| Disbursements                                 | 42,839 | 72,009   | 65,097   | 78,093   |
| <b>Growth (%):</b>                            |        |          |          |          |
| Total AUM (%)                                 | 36.9   | 55.6     | 32.5     | 34.0     |
| Disbursements (%)                             | 114.3  | 68.1     | (9.6)    | 20.0     |
| Loan book (on balance sheet) (%)              | 33.8   | 51.1     | 29.9     | 34.0     |
| Total Assets (%)                              | 23.0   | 64.9     | 27.4     | 29.8     |
| Net Interest Income (NII) (%)                 | 26.3   | 32.8     | 31.2     | 25.7     |
| Non-interest income (%)                       | 148.4  | 73.3     | 66.0     | 30.6     |
| Total Income (net of interest expenses) (%)   | 45.2   | 43.5     | 42.3     | 27.5     |
| Operating Expenses (%)                        | 72.3   | 120.6    | 29.3     | 24.7     |
| Employee Cost (%)                             | 75.7   | 132.6    | 30.0     | 25.0     |
| Non-Employee Cost (%)                         | 82.3   | 71.7     | 30.0     | 25.0     |
| Pre provisioning operating profits (PPoP) (%) | 30.4   | (12.1)   | 65.9     | 31.6     |
| Provisions (%)                                | 94.0   | (39.3)   | 49.1     | 34.0     |
| PBT (%)                                       | 15.7   | (1.6)    | 69.9     | 31.1     |
| PAT (%)                                       | 15.9   | (0.2)    | 70.4     | 31.1     |
| EPS (%)                                       | 15.7   | (8.3)    | 57.8     | 31.1     |
| <b>Yields, interest costs and spreads (%)</b> |        |          |          |          |
| NIM on loan assets (%)                        | 7.6    | 6.7      | 6.8      | 6.4      |
| NIM on IEA (%)                                | 7.9    | 6.8      | 6.1      | 5.9      |
| NIM on AUM (%)                                | 8.3    | 7.5      | 7.0      | 6.6      |
| Yield on loan assets (%)                      | 12.9   | 12.3     | 13.3     | 13.2     |
| Yield on IEA (%)                              | 13.4   | 12.4     | 12.0     | 12.3     |
| Yield on AUM (%)                              | 14.1   | 13.8     | 13.6     | 13.6     |
| Cost of borrowings (%)                        | 7.7    | 8.6      | 9.0      | 9.2      |
| Interest Spreads (%)                          | 7.1    | 6.2      | 6.0      | 5.9      |
| <b>Operating efficiencies</b>                 |        |          |          |          |
| Non interest income as % of total income      | 48.8   | 43.4     | 39.2     | 37.2     |
| Cost to income ratio                          | 27.8   | 41.1     | 36.5     | 34.4     |
| Op.costs/avg assets (%)                       | 4.2    | 6.3      | 5.8      | 5.6      |
| Op.costs/avg AUM (%)                          | 4.8    | 7.1      | 6.5      | 6.1      |
| No of employees (estimate) (x)                | 3,202  | 6,625    | -        | -        |
| No of branches (x)                            | 117    | 736      | -        | -        |
| Salaries as % of non-interest costs (%)       | 64.0   | 67.5     | 67.9     | 68.1     |
| NII /employee (INR mn)                        | 1.5    | 1.0      | -        | -        |
| AUM/employee(INR mn)                          | 20.7   | 15.6     | -        | -        |
| AUM/ branch (INR mn)                          | 566.9  | 140.2    | -        | -        |
| <b>Capital Structure</b>                      |        |          |          |          |
| Average gearing ratio (x)                     | 2.5    | 2.1      | 2.6      | 3.2      |
| Leverage (x)                                  | 3.7    | 3.3      | 3.8      | 4.5      |
| CAR (%)                                       | 29.0   | 34.1     | 30.8     | 26.5     |
| Tier 1 CAR (%)                                | 28.1   | 33.5     | 30.1     | 25.9     |
| Tier 2 CAR (%)                                | 0.9    | 0.7      | 0.7      | 0.6      |
| RWA (estimate) - INR mn                       | 68,396 | 1,06,587 | 1,29,861 | 1,68,032 |
| RWA as a % of loan assets                     | 109.1  | 112.5    | 105.5    | 101.9    |

Source Company data, I-Sec research

|  | FY22A | FY23A | FY24E | FY25E |
|--|-------|-------|-------|-------|
| <b>Asset quality and provisioning</b>          |       |       |       |       |
| GNPA (%)                                       | 2.4   | 1.7   | 1.8   | 2.0   |
| NNPA (%)                                       | 1.7   | 1.2   | 1.1   | 1.1   |
| GNPA (INR mn)                                  | 1,392 | 1,578 | 2,099 | 3,199 |
| NNPA (INR mn)                                  | 776   | 805   | 1,320 | 1,759 |
| Coverage ratio (%)                             | 29.2  | 29.4  | 37.1  | 45.0  |
| Credit Costs as a % of avg AUM (bps)           | 184   | 76    | 80    | 80    |
| Credit Costs as a % of avg on book loans (bps) | 193   | 82    | 88    | 89    |
| <b>Return ratios</b>                           |       |       |       |       |
| RoAA (%)                                       | 3.2   | 2.2   | 2.6   | 2.6   |
| RoAE (%)                                       | 11.3  | 7.5   | 9.3   | 11.1  |
| ROAAUM (%)                                     | 3.6   | 2.4   | 2.9   | 2.9   |
| Dividend Payout ratio (%)                      | 4.3   | 5.0   | 2.1   | 1.6   |
| <b>Valuation Ratios</b>                        |       |       |       |       |
| No of shares                                   | 176   | 206   | 206   | 206   |
| No of shares (fully diluted)                   | 177   | 208   | 208   | 208   |
| ESOP Outstanding                               | 2     | 2     | 2     | 2     |
| EPS (INR)                                      | 11.7  | 10.7  | 16.9  | 22.2  |
| EPS fully diluted (INR)                        | 11.6  | 9.8   | 16.8  | 22.0  |
| Price to Earnings (x)                          | 66.5  | 72.5  | 45.9  | 35.0  |
| Book Value (fully diluted)                     | 108   | 172   | 188   | 209   |
| Adjusted book value                            | 105   | 169   | 183   | 203   |
| Price to Book                                  | 7.2   | 4.5   | 4.1   | 3.7   |
| Price to Adjusted Book                         | 7.4   | 4.6   | 4.2   | 3.8   |

Source Company data, I-Sec research

**Exhibit 29: Key metrics**

(Year ending March)

|                                  | FY22A       | FY23A        | FY24E        | FY25E        |
|----------------------------------|-------------|--------------|--------------|--------------|
| <b>DuPont Analysis</b>           |             |              |              |              |
| Average Assets (INR mn)          | 64,829      | 94,737       | 1,34,076     | 1,72,557     |
| Average Loans (INR mn)           | 54,785      | 78,731       | 1,08,900     | 1,43,948     |
| Average Equity (INR mn)          | 18,199      | 27,440       | 37,354       | 41,293       |
| Interest earned (%)              | 12.5        | 12.3         | 12.2         | 12.6         |
| Interest expended (%)            | 5.1         | 5.6          | 6.0          | 6.5          |
| <b>Gross Interest Spread (%)</b> | <b>7.4</b>  | <b>6.7</b>   | <b>6.2</b>   | <b>6.1</b>   |
| Credit cost (%)                  | 1.6         | 0.7          | 0.7          | 0.7          |
| <b>Net Interest Spread (%)</b>   | <b>5.8</b>  | <b>6.0</b>   | <b>5.5</b>   | <b>5.3</b>   |
| Operating cost (%)               | 4.2         | 6.3          | 5.8          | 5.6          |
| <b>Lending spread (%)</b>        | <b>1.6</b>  | <b>(0.3)</b> | <b>(0.3)</b> | <b>(0.3)</b> |
| Non interest income (%)          | 2.6         | 3.1          | 3.7          | 3.7          |
| <b>Operating Spread (%)</b>      | <b>4.2</b>  | <b>2.8</b>   | <b>3.4</b>   | <b>3.5</b>   |
| Tax rate (%)                     | 24.8        | 23.7         | 23.5         | 23.5         |
| <b>ROAA (%)</b>                  | <b>3.2</b>  | <b>2.2</b>   | <b>2.6</b>   | <b>2.6</b>   |
| Effective leverage (AA/ AE)      | 3.6         | 3.5          | 3.6          | 4.2          |
| <b>RoAE (%)</b>                  | <b>11.3</b> | <b>7.5</b>   | <b>9.3</b>   | <b>11.1</b>  |

Source Company data, I-Sec research

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