

**HOLD**

TP: Rs 258 | ▲ 14%

**RBL BANK**

| Banking

| 25 October 2023

### Strong growth but priced in

- Q2 credit growth rises 21% YoY led by the high-yielding retail book and recovery in deposit mobilisation to 13%
- Opex still elevated but asset quality continues to improve, along with prudent provisioning
- TP raised to Rs 258 (vs. Rs 233) as we revise estimates and now value RBK at 1x FY25E ABV (vs. 0.9x); retain HOLD

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**Strong credit growth with recovery in deposits:** RBK's Q2FY24 loan growth held strong at 21% YoY (+4% QoQ) and deposit mobilisation recovered to 13% YoY (+5% QoQ) after sub-10% growth for the last 2-3 quarters. This recovery was spurred by term deposits which rose 14% YoY while CASA grew 11.5% YoY. Growth in advances were steered by commercial banking (+17% YoY), credit cards (+27%), microfinance (+48% YoY), housing (+43%) and newly launched products. Management aims to maintain a quarterly run-rate of 5-8% in retail business to achieve its goal of 60-65% for 2026.

**NIM stable QoQ:** Reported NIM was steady sequentially at 5.5% (post reclassification of charges paid to business correspondents from interest cost to operating cost), as an 18bps/14bps QoQ rise in cost of funds/cost of deposits was offset by a 16bps increase in yield on advances. Management indicated that most of the deposit repricing is complete, and margins should improve hereon as the mix shifts towards high-yielding assets. Factoring in continued market share gains in new launches, we estimate NIM at 5.3-5.4% over FY24/FY25 vs. 4.7% expected earlier.

**Building buffer provisions as a prudent measure:** RBK used a one-off tax reversal of ~Rs 3bn to (a) build a Rs 2.5bn contingent provision buffer covering 1% of its credit card and MFI loan book (together 35% of the portfolio), and (b) set aside Rs 480mn for a change in provisioning norms towards credit cards (100% towards 120 days past due vs. 180 days earlier) as a prudent measure. Credit cost in Q2 stood at 90bps (47bps excluding the contingent buffer) with a 600bps QoQ rise in PCR to 75.6%. GNPA/NNPA improved 10bps/22bps QoQ to 3.1%/0.8% while restructured loans declined to 0.9% from 1.05% in Q1.

**Maintain HOLD:** Accounting for a growing share of high-yielding assets as well as sticky operational costs, we forecast a PPOP CAGR of 30% over FY23-FY25 (vs. 24% earlier). Factoring in the prudent provisioning, we increase our PAT estimates by 6%/11%. We now value the bank at 1x FY25E ABV (vs. 0.9x) using the Gordon Growth Model, leading to a revised TP of Rs 258 (vs. Rs 233). However, we retain HOLD as the stock offers limited upside at the current valuation of 0.9x FY25E ABV.

### Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	RBK IN/Rs 225
Market cap	US\$ 1.6bn
Free float	100%
3M ADV	US\$ 34.5mn
52wk high/low	Rs 257/Rs 120
Promoter/FPI/DII	0%/30%/19%

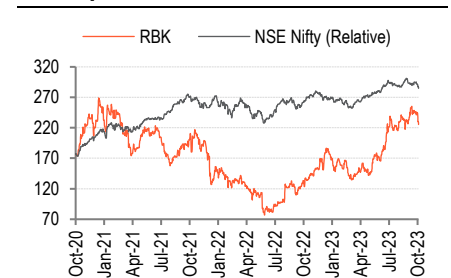
Source: NSE | Price as of 25 Oct 2023

### Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Net interest income	44,515	61,480	72,483
NII growth (%)	10.5	38.1	17.9
Adj. net profit (Rs mn)	8,827	12,804	15,682
EPS (Rs)	14.7	21.4	26.2
Consensus EPS (Rs)	14.7	20.8	26.4
P/E (x)	15.3	10.6	8.6
P/BV (x)	1.0	0.9	0.8
ROA (%)	0.8	1.0	1.1
ROE (%)	6.7	9.1	10.2

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



**Fig 1 – Quarterly snapshot: Income statement (post-reclassification)**

(Rs mn)	Q2FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
<b>Income Statement</b>					
Interest Income	17,867	22,703	24,301	7.0	36.0
Income on investments	4,176	5,182	5,010	(3.3)	20.0
Int. on bal. with RBI & inter-bank funds & Others	813	673	768	14.1	(5.5)
<b>Interest income</b>	<b>22,856</b>	<b>28,559</b>	<b>30,080</b>	<b>5.3</b>	<b>31.6</b>
Interest expense	11,113	14,337	15,330	6.9	38.0
<b>Net interest income</b>	<b>11,743</b>	<b>14,222</b>	<b>14,750</b>	<b>3.7</b>	<b>25.6</b>
Growth YoY (%)	28.3	38.4	25.6	(1,278bps)	(267bps)
<b>Non-interest income</b>	<b>5,833</b>	<b>6,854</b>	<b>7,044</b>	<b>2.8</b>	<b>20.8</b>
Growth YoY (%)	(1.6)	11.7	20.8	906bps	2,237bps
<b>Total income</b>	<b>17,576</b>	<b>21,076</b>	<b>21,794</b>	<b>3.4</b>	<b>24.0</b>
Growth YoY (%)	16.5	28.4	24.0	(441bps)	747bps
Staff expenses	3,410	3,412	3,747	9.8	9.9
Other operating expenses	9,043	11,190	10,737	(4.0)	18.7
<b>Operating expenses</b>	<b>12,453</b>	<b>14,601</b>	<b>14,484</b>	<b>(0.8)</b>	<b>16.3</b>
<b>Pre-Provisioning Profit (PPoP)</b>	5,124	6,475	7,310	12.9	42.7
Growth YoY (%)	(25.9)	22.4	42.7	2,030bps	6,852bps
Provisions	2,415	2,662	6,404	140.6	165.2
Growth YoY (%)	(62.9)	5.2	165.2	15,994bps	22,809bps
<b>PBT</b>	2,709	3,813	906	(76.2)	(66.5)
Tax	693	932	(2,035)	(318.3)	(393.6)
<b>PAT</b>	2,016	2,881	2,941	2.1	45.9
Growth YoY (%)	554.4	43.2	45.9	268bps	(50,847bps)
<b>Per Share</b>					
FV (Rs)	10	10	10	0.0	0.0
EPS (Rs)	3	5	5	1.9	45.8
Book Value (Rs)	207	222	224	1.0	8.1

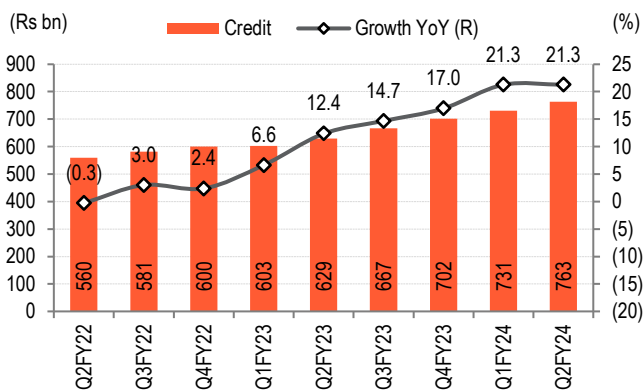
Source: Company, BOBCAPS Research

**Fig 2 – Quarterly snapshot: Balance sheet & other metrics**

(Rs mn)	Q2FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
Deposits	794,045	856,360	897,804	4.8	13.1
Growth YoY (%)	5.0	8.1	13.1	496bps	802bps
Advances	629,417	730,870	763,242	4.4	21.3
Growth YoY (%)	12.4	21.3	21.3	0bps	888bps
Investment	258,132	291,710	296,433	1.6	14.8
Equity	130,700	138,770	141,218	1.8	8.0
Assets	1,074,017	1,183,530	1,241,444	4.9	15.6
Growth YoY (%)	2.8	9.9	15.6	573bps	1,279bps
<b>Yield (%)</b>					
Yield on Funds	9.12	10.50	10.69	18bps	157bps
Cost of Funds	4.90	5.77	5.97	19bps	106bps
Spread	4.22	4.73	4.72	(1bps)	50bps
Net Interest Margin (calc.)	<b>4.69</b>	<b>5.23</b>	<b>5.24</b>	<b>1bps</b>	<b>55bps</b>
<b>Ratios (%)</b>					
Other Income / Net Income	33.2	32.5	32.3	(20bps)	(87bps)
Cost to Income ratio	70.9	69.3	66.5	(282bps)	(439bps)
CASA ratio	36.2	37.3	37.3	0bps	110bps
C/D ratio	79.3	85.3	85.0	(33bps)	574bps
Investment to Assets	24.0	24.6	23.9	(77bps)	(16bps)
<b>Assets Quality</b>					
GNPA	24,566	24,043	24,407	1.51	(0.6)
NNPA	7,902	7,298	5,945	(18.5)	(24.8)
Provision	16,664	16,745	18,462	10.3	10.8
GNPA (%)	3.80	3.22	3.12	(10bps)	(68bps)
NNPA (%)	1.26	1.00	0.78	(22bps)	(48bps)
Provision Coverage Ratio (%)	67.8	69.6	75.6	600bps	781bps
Slippages (%)	1.35	0.79	0.74	(5bps)	(61bps)
<b>Others</b>					
Branches	507	520	528	8.0	21.0
ATMs	413	414	408	(6.0)	(5.0)
Employees	10,568	11,497	11,980	483.0	1,412.0

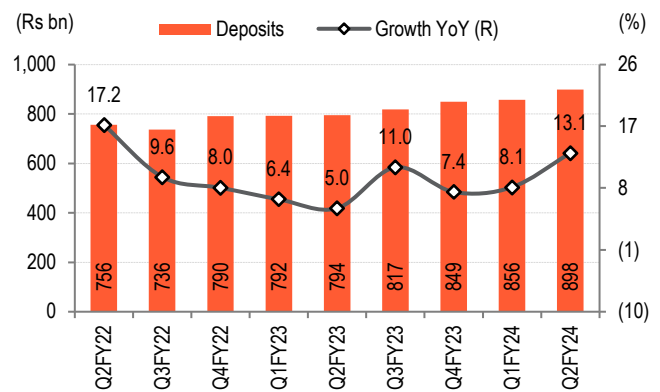
Source: BOBCAPS Research, Company

**Fig 3 – Continued strong credit growth**



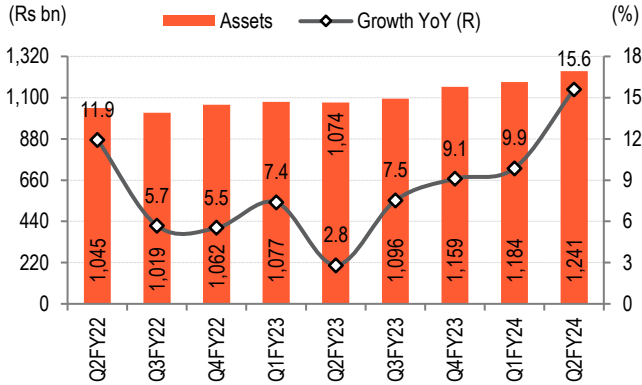
Source: Company, BOBCAPS Research

**Fig 4 – Recovery in deposit mobilisation**



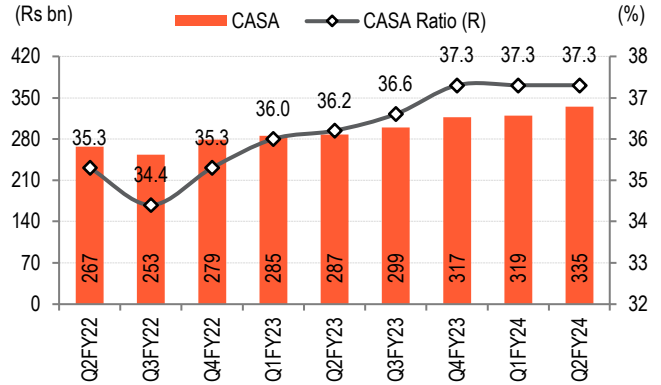
Source: Company, BOBCAPS Research

**Fig 5 – Healthy asset growth**



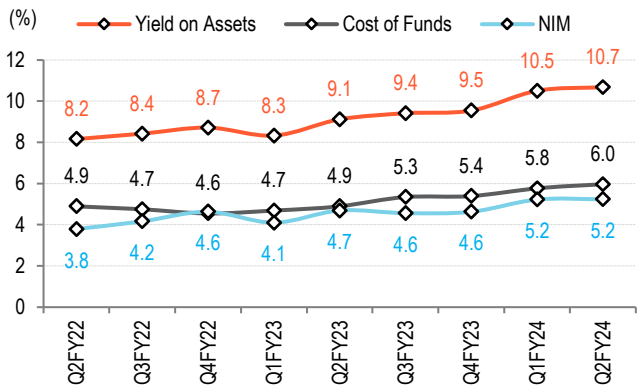
Source: Company, BOBCAPS Research

**Fig 6 – CASA ratio to hold at 37% levels**



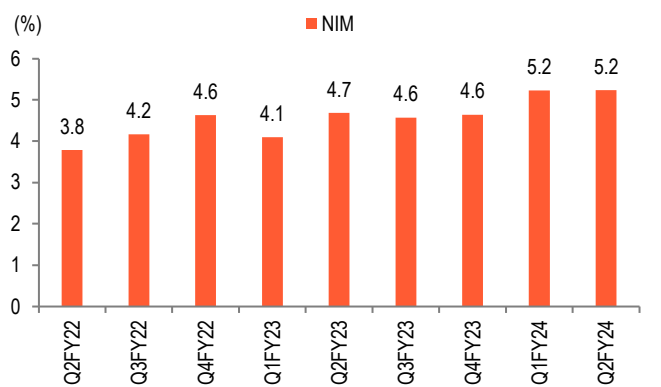
Source: Company, BOBCAPS Research

**Fig 7 – Cost of funds on the rise**



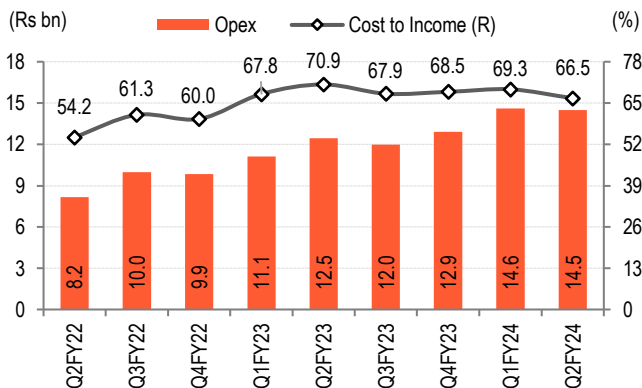
Source: Company, BOBCAPS Research

**Fig 8 – Focus on granular retail business to support NIM**



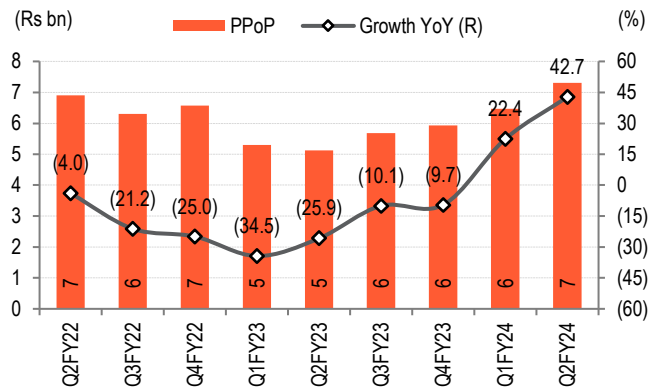
Source: Company, BOBCAPS Research

**Fig 9 – Operational cost looks sticky**



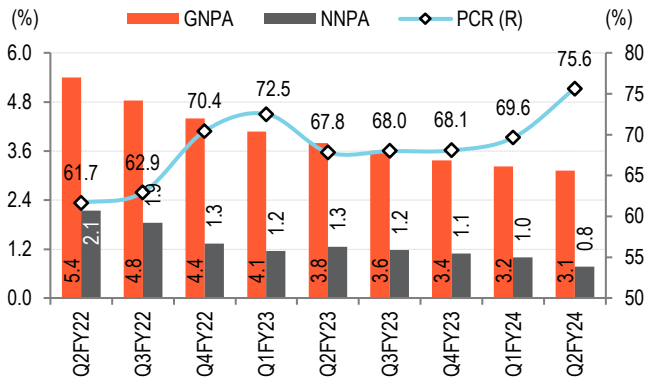
Source: Company, BOBCAPS Research

**Fig 10 – PPOP growth came off a low base**



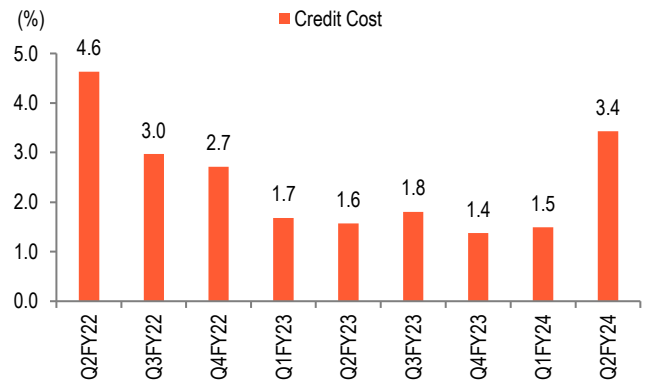
Source: Company, BOBCAPS Research

**Fig 11 – Asset quality improving**



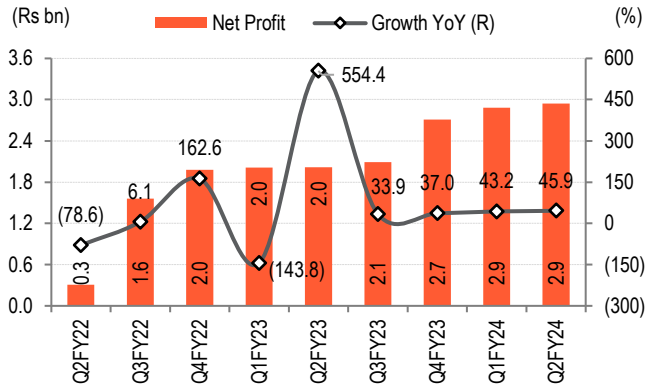
Source: Company, BOBCAPS Research

**Fig 12 – Prudent contingent provision raised credit cost(calc.) to 340bps (annualized)**



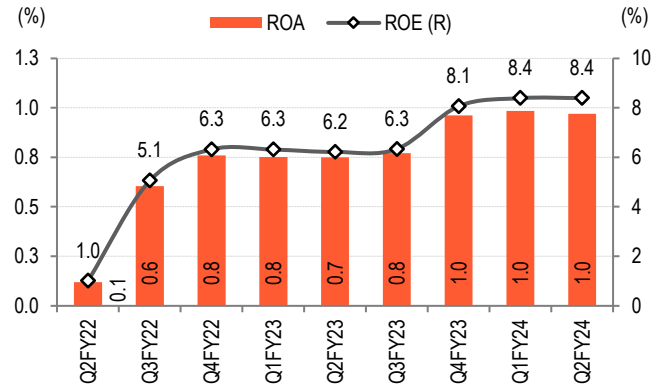
Source: Company, BOBCAPS Research

**Fig 13 – PAT grew by 46% YoY**



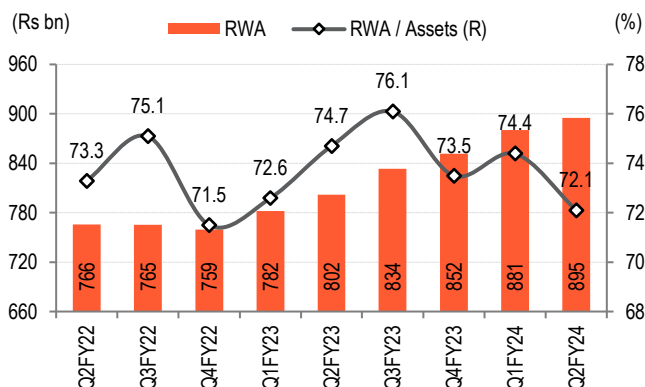
Source: Company, BOBCAPS Research

**Fig 14 – Return ratios improving but weak**



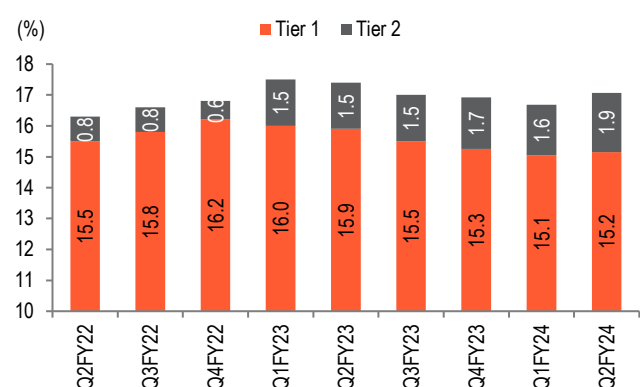
Source: Company, BOBCAPS Research

**Fig 15 – Stable RWA/asset ratio aids CAR**



Source: Company, BOBCAPS Research

**Fig 16 – Well capitalised to fund credit demand**



Source: Company, BOBCAPS Research

## Earnings call highlights

### Opex reclassification

- During Q2FY24, RBK reclassified charges paid to business correspondents (BC) from interest cost to operating cost, resulting in a rise of Rs 1.7bn in both interest income and opex but no impact on PPOP and PAT.
- Reported NIM reported expanded 60bps QoQ in Q2FY24 and the C/I ratio climbed ~300bps largely due to opex reclassification.

### Asset quality

- RBK maintained its credit cost guidance (excluding contingent buffer) of 150-200bps for FY24.
- A one-off tax writeback of ~Rs 3bn enabled the bank to create a contingent provision of ~Rs 2.5bn, which is ~1% of its outstanding credit card and microfinance portfolio combined, as a prudent measure considering significant concentration in these two segments (~35% of the total portfolio).
- Further, Rs 460mn of the tax writeback was used to strengthen the safety net (total one-time provision of Rs 480mn) in the credit card business by providing for 70% of credit card dues over 90dpd and for 100% of dues over 120 days (vs. 180 days earlier).
- Slippages during the quarter stood at Rs 5.4bn vs. Rs 5.5bn in Q1FY23, whereas upgrades and recovery stood at Rs 5bn vs. Rs 5.7bn. With increased provisioning, both GNPA and NNPA ratios have improved.

### Deposits

- Deposits grew 13% YoY (+5% QoQ) in Q2 and RBK clocked strong 23% YoY (+8% QoQ) growth in accounts below Rs 20mn. These stand at 43-44% of total deposits which the bank plans to ramp up closer to 50%.
- LCR stood in the range of 120-125%.

### Advances

- Advances grew 21% YoY and 4% QoQ.
- Wholesale banking was up 7% YoY (flat QoQ), within which commercial banking increased 17% YoY (+11% QoQ). Retail business growth has been strong at 35% YoY (8% QoQ) and the bank expects the pace of growth to continue, with a target share of 60-65% in the mix from 58% in Q2.
- RBK issued 0.59mn credit cards during Q2.

### Margins

- Management indicated that deposit rate repricing is nearly over and this together with a change in loan mix towards newly launched, high-yielding retail products should aid improvement in NIM.

**Fig 17 – Loan book trend**

(Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
C&IB	193,970	209,010	221,500	231,110	231,190	242,140	246,430	247,190	238,880	(3.4)	3.3
CB	58,280	63,400	65,430	66,450	71,370	74,930	77,880	75,020	83,450	11.2	16.9
<b>Wholesale</b>	<b>252,250</b>	<b>272,410</b>	<b>286,930</b>	<b>297,560</b>	<b>302,560</b>	<b>317,070</b>	<b>324,310</b>	<b>322,210</b>	<b>322,330</b>	<b>0.0</b>	<b>6.5</b>
Business Loan	93,330	86,760	80,580	75,470	73,500	68,820	66,560	75,320	76,890	2.1	4.6
Credit Card	124,820	131,890	133,830	140,360	146,440	154,710	165,940	176,650	185,720	5.1	26.8
MFI	49,590	48,270	48,520	37,530	45,840	50,210	59,630	65,170	67,850	4.1	48.0
Housing Loan	15,480	16,510	24,630	25,630	34,500	42,980	45,830	45,410	49,410	8.8	43.2
Retail Agri	11,370	13,600	11,890	12,010	12,130	12,600	13,570	13,510	13,600	0.7	12.1
Rural Vehicle Finance	940	-	3,140	4,230	5,400	7,770	10,290	12,420	14,420	16.1	167.0
Others	12,310	11,970	10,700	9,900	9,050	12,690	15,970	20,170	33,030	63.8	265.0
<b>Retail</b>	<b>307,840</b>	<b>309,000</b>	<b>313,290</b>	<b>305,130</b>	<b>326,860</b>	<b>349,780</b>	<b>377,790</b>	<b>408,650</b>	<b>440,920</b>	<b>7.9</b>	<b>34.9</b>
<b>Total Loan</b>	<b>560,090</b>	<b>581,410</b>	<b>600,220</b>	<b>602,690</b>	<b>629,420</b>	<b>666,850</b>	<b>702,100</b>	<b>730,860</b>	<b>763,250</b>	<b>4.4</b>	<b>21.3</b>

Source: Company, BOBCAPS Research | C&amp;IB: Corporate and Institutional Banking; CB: Commercial Banking

**Fig 18 – Loan book distribution**

Segment (%)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (bps)	YoY (bps)
C&IB	34.6	35.9	36.9	38.3	36.7	36.3	35.1	33.8	31.3	(252bps)	(543bps)
CB	10.4	10.9	10.9	11.0	11.3	11.2	11.1	10.3	10.9	67bps	(41bps)
<b>Wholesale</b>	<b>45.0</b>	<b>46.9</b>	<b>47.8</b>	<b>49.4</b>	<b>48.1</b>	<b>47.5</b>	<b>46.2</b>	<b>44.1</b>	<b>42.2</b>	<b>(186bps)</b>	<b>(584bps)</b>
Business Loan	16.7	14.9	13.4	12.5	11.7	10.3	9.5	10.3	10.1	(23bps)	(160bps)
Credit Card	22.3	22.7	22.3	23.3	23.3	23.2	23.6	24.2	24.3	16bps	107bps
MFI	8.9	8.3	8.1	6.2	7.3	7.5	8.5	8.9	8.9	(3bps)	161bps
Housing Loan	2.8	2.8	4.1	4.3	5.5	6.4	6.5	6.2	6.5	26bps	99bps
Retail Agri	2.0	2.3	2.0	2.0	1.9	1.9	1.9	1.8	1.8	(7bps)	(15bps)
Rural Vehicle Finance	0.2	0.0	0.5	0.7	0.9	1.2	1.5	1.7	1.9	19bps	103bps
Others	2.2	2.1	1.8	1.6	1.4	1.9	2.3	2.8	4.3	157bps	289bps
<b>Retail</b>	<b>55.0</b>	<b>53.1</b>	<b>52.2</b>	<b>50.6</b>	<b>51.9</b>	<b>52.5</b>	<b>53.8</b>	<b>55.9</b>	<b>57.8</b>	<b>186bps</b>	<b>584bps</b>

Source: Company, BOBCAPS Research

## Valuation methodology

RBK retained its focus on high-yielding retail assets, aiding strong credit growth of 21% YoY in Q2FY24. We increase our FY24/FY25 NII estimates by 12%/15% to bake in an improving asset mix and raise PPOP by 12% for both years despite factoring in sticky operational costs. Baking in steady market share gains in newly launched products, we estimate NIM at 5.3%/5.4% over FY24/FY25 vs. 4.8% forecast earlier.

Though prudent provisioning towards the credit card and MFI businesses has pushed up credit cost for the quarter, we expect credit costs to stabilise at 1.7-1.8% over FY24/FY25 (vs. 1.6% each earlier), leading to a 6%/11% rise in our PAT estimates. We now expect ROA/ROE at 1.1%/10.2% in FY25 (vs. 1%/9.3%), which is still at the lower end among peers. RBK remains vigilant about asset quality and we build in improvement in GNPA/NNPA to 2.5%/0.6% with a substantial increase in PCR to 75% by FY25 from 68% in FY23. Note, we have also introduced FY26 estimates for the bank.

We now value the bank at 1x FY25E ABV (vs. 0.9x) using the Gordon Growth Model, leading to a revised TP of Rs 258 (vs. Rs 233). However, we retain HOLD as the stock offers limited upside at current valuations of 0.9x FY25E ABV.

**Fig 19 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Loan	845,321	1,001,705	839,002	994,217	0.8	0.8
Deposits	978,742	1,137,298	973,648	1,119,696	0.5	1.6
Assets	1,334,753	1,540,232	1,325,611	1,542,089	0.7	(0.1)
NII	61,480	72,483	54,957	63,111	11.9	14.8
PPOP	32,105	37,701	28,628	33,769	12.1	11.6
Provision	14,933	16,623	12,483	14,849	19.6	11.9
PAT	12,804	15,682	12,038	14,076	6.4	11.4

Source: BOBCAPS Research

**Fig 20 – Key operational assumptions**

Parameter (%)	FY23A	FY24E	FY25E	FY26E
Advances Growth	17.0	20.4	18.5	17.1
NII Growth	10.5	38.1	17.9	14.8
PPoP Growth	(19.8)	45.8	17.4	17.7
PAT Growth	(1,281.1)	45.0	22.5	22.3
NIM	4.3	5.3	5.4	5.3
GNPA	3.3	2.7	2.5	2.4
CAR	16.9	16.2	15.1	14.5

Source: Company, BOBCAPS Research



**Fig 21 – Key valuation assumptions: Gordon growth model**

Particulars (%)	
Return on Equity (RoE)	12.6
Cost of Equity (Ke)	12.9
Growth (Period 1)	10.1
Growth (Long Term)	5.0
Initial High Growth Period (yrs)	10.0
Dividend Payout (Period 1)	20.0
Dividend Payout (Long Term)	60.0
Factor 1	1.7
Factor 2	6.1
Justified P/BV Multiple	1.0

Source: Company, BOBCAPS Research

### Key risks

- Margin expansion with an increase in high-yielding assets is a key upside risk to our estimates.
- Inability of the bank to manage a higher cost of funds with faster deposit repricing would represent a key downside risk.

### Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Axis Bank	AXSB IN	35.8	955	1,155	BUY
DCB Bank	DCBB IN	0.4	114	144	BUY
Federal Bank	FB IN	3.7	142	180	BUY
HDFC Bank	HDFCB IN	137.3	1,497	1,929	BUY
ICICI Bank	ICICIB IN	77.9	916	1,090	BUY
Indusind Bank	IIB IN	13.3	1,413	1,755	BUY
Kotak Mahindra Bank	KMB IN	41.8	1,728	2,007	BUY
RBL Bank	RBK IN	1.6	225	258	HOLD
State Bank of India	SBIN IN	60.4	556	729	BUY

Source: BOBCAPS Research, NSE | Price as of 25 Oct 2023

## Glossary

Glossary of Abbreviations			
<b>AUCA</b>	Advance Under Collection Account	<b>LCR</b>	Liquidity Coverage Ratio
<b>ARC</b>	Asset Reconstruction Company	<b>MCLR</b>	Marginal Cost of Funds-based Lending Rate
<b>BRDS</b>	Bills Rediscounting Scheme	<b>MFI</b>	Microfinance Institution
<b>CASA</b>	Current Account and Savings Account	<b>MTM</b>	Mark to Market
<b>C&amp;IB</b>	Corporate and Institutional Banking	<b>NII</b>	Net Interest Income
<b>CAR</b>	Capital Adequacy Ratio	<b>NIM</b>	Net Interest Margin
<b>CB</b>	Commercial Banking	<b>NNPA</b>	Net Non-Performing Assets
<b>CET1</b>	Common Equity Tier 1	<b>PCR</b>	Provision Coverage Ratio
<b>CD</b>	Credit-Deposit Ratio	<b>PPOP</b>	Pre-Provision Operating Profit
<b>C/I</b>	Cost-Income Ratio	<b>PSU</b>	Public Sector Unit
<b>EBLR</b>	External Benchmark-based Lending Rate	<b>RWA</b>	Risk-Weighted Assets
<b>ECL</b>	Expected Credit Loss	<b>SLR</b>	Statutory Liquidity Ratio
<b>GNPA</b>	Gross Non-Performing Assets	<b>SMA</b>	Special Mention Account
<b>IBPC</b>	Interbank Participation Certificate	<b>SME</b>	Small and Medium-sized Enterprises
<b>LAP</b>	Loans against Property		

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Net interest income</b>	<b>40,267</b>	<b>44,515</b>	<b>61,480</b>	<b>72,483</b>	<b>83,227</b>
NilI growth (%)	6.3	10.5	38.1	17.9	14.8
Non-interest income	23,405	24,894	29,548	34,931	42,087
Total income	63,673	69,409	91,028	107,414	125,315
Operating expenses	36,220	47,384	58,924	69,713	80,933
PPOP	27,453	22,025	32,105	37,701	44,381
PPOP growth (%)	(5.9)	(19.8)	45.8	17.4	17.7
Provisions	28,604	10,220	14,933	16,623	18,594
PBT	(1,151)	11,805	17,172	21,078	25,788
Tax	(404)	2,978	4,368	5,396	6,602
<b>Reported net profit</b>	<b>(747)</b>	<b>8,827</b>	<b>12,804</b>	<b>15,682</b>	<b>19,186</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>(747)</b>	<b>8,827</b>	<b>12,804</b>	<b>15,682</b>	<b>19,186</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity capital	5,995	5,996	5,996	5,996	5,996
Reserves & surplus	120,187	129,770	140,654	153,983	170,291
Net worth	126,182	135,766	146,649	159,979	176,287
Deposits	790,065	848,865	978,742	1,137,298	1,322,677
Borrowings	110,930	133,313	156,109	179,994	207,533
Other liab. & provisions	34,908	40,818	53,253	62,961	93,524
<b>Total liab. &amp; equities</b>	<b>1,062,086</b>	<b>1,158,762</b>	<b>1,334,753</b>	<b>1,540,232</b>	<b>1,800,021</b>
Cash & bank balance	175,477	85,200	82,242	101,570	118,079
Investments	222,744	288,755	317,554	338,396	392,955
Advances	600,218	702,094	845,321	1,001,705	1,172,996
Fixed & Other assets	63,647	82,714	89,635	98,561	115,990
<b>Total assets</b>	<b>1,062,086</b>	<b>1,158,762</b>	<b>1,334,753</b>	<b>1,540,232</b>	<b>1,800,021</b>
Deposit growth (%)	8.0	7.4	15.3	16.2	16.3
Advances growth (%)	2.4	17.0	20.4	18.5	17.1

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	(1.2)	14.7	21.4	26.2	32.0
Dividend per share	0.0	14.0	3.2	3.9	4.8
Book value per share	210.5	226.4	244.6	266.8	294.0

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	(180.6)	15.3	10.6	8.6	7.0
P/BV	1.1	1.0	0.9	0.8	0.8
Dividend yield (%)	0.0	6.2	1.4	1.7	2.1

### DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Net interest income	3.9	4.0	4.9	5.0	5.0
Non-interest income	2.3	2.2	2.4	2.4	2.5
Operating expenses	3.5	4.3	4.7	4.8	4.8
Pre-provisioning profit	2.7	2.0	2.6	2.6	2.7
Provisions	2.8	0.9	1.2	1.2	1.1
PBT	(0.1)	1.1	1.4	1.5	1.5
Tax	0.0	0.3	0.4	0.4	0.4
ROA	(0.1)	0.8	1.0	1.1	1.1
Leverage (x)	8.2	8.5	8.8	9.4	9.9
ROE	(0.6)	6.7	9.1	10.2	11.4

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
<b>YoY growth (%)</b>					
Net interest income	6.3	10.5	38.1	17.9	14.8
Pre-provisioning profit	(5.9)	(19.8)	45.8	17.4	17.7
EPS	(113.6)	(1279.6)	45.0	22.5	22.3
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	4.1	4.2	5.2	5.3	5.2
Fees / Avg. assets	0.5	0.5	0.5	0.5	0.5
Cost-Income	56.9	68.3	64.7	64.9	64.6
ROE	(0.6)	6.7	9.1	10.2	11.4
ROA	(0.1)	0.8	1.0	1.1	1.1
<b>Asset quality (%)</b>					
GNPA	4.3	3.3	2.7	2.5	2.4
NNPA	1.3	1.1	0.7	0.6	0.6
Slippage ratio	6.7	4.6	3.6	3.7	3.6
Credit cost	4.8	1.6	1.9	1.8	1.7
Provision coverage	69.1	67.0	74.3	74.4	74.4
<b>Ratios (%)</b>					
Credit-Deposit	76.0	82.7	86.4	88.1	88.7
Investment-Deposit	28.2	34.0	32.4	29.8	29.7
CAR	16.8	16.9	16.2	15.4	14.6
Tier-1	16.2	15.3	14.6	13.8	13.0

Source: Company, BOBCAPS Research

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