

BUY

TP: Rs 276 | ▲ 17%

RBL BANK

| Banking

| 23 July 2024

Healthy loan growth, stable asset quality; maintain BUY

- Healthy loan growth led NII to grow 6%/20% QoQ/YoY. Lower provision aided PAT growth of 5%/29% QoQ/YoY
- Reported NIM improved 22bps QoQ to 5.67%, while incremental stress seen in card and MFI businesses increased credit cost sequentially
- New line of business to support growth, while operational leverage to remain key watchable. Maintain BUY, but cut TP to Rs 276 from Rs 309

Continued focus on profitable business dynamics: RBK posted healthy credit growth of 19% YoY (+3% QoQ) in Q1 despite the slowdown in its MFI (a conscious decision) and credit card (CC) businesses due to transitional impact. RBK's non-BFL credit card now contributes 52% of business and it believes diversification and in-house sourcing will mitigate concentration risk and improve margin. We believe this may keep operating cost elevated temporarily. Reported NIM improved 22bps QoQ to 5.7% despite a 14bps rise in cost of deposits and slower growth in MFI and CC book. Factoring in market share gains in new launches and healthy growth in secured retail book, we estimate NIM will stabilise at 5.2% over FY26.

Posted healthy business growth: Loan growth in Q1 was supported by commercial banking (+25% YoY), housing loan (52% YoY) credit cards (+22%) and newly launched products such as rural vehicle finance. Microfinance and personal loans growth remained muted at 11%/12% YoY. The bank aims to sustain annual credit growth of 18-20% YoY and expects its secured loan book to drive growth. RBK maintained its Retail:Wholesale mix at 62:38 as Retail's targeted range is 60-65%. Deposits grew 18% YoY (-2% QoQ) due to subdued CASA mobilisation.

Building buffer provisions: Although the bank saw increased stress in the MFI and card businesses, GNPA/NNPA were stable QoQ at 2.7%/0.7%. Despite lower provision, credit cost increased 6bps to 59bps and we expect credit cost to remain elevated over FY25/FY26 dragging PAT by 17%/15% over the same period. Restructured loans declined further to 0.4% of advances vs. 0.7% in Q4FY24. RBK continued to hold 1% contingent provision (Rs 2.8bn) on its CC and MFI books, which provided some cushion against any asset quality shock.

Maintain BUY: Accounting for healthy business growth with Credit/Deposit CAGR of 18%/17% over FY24-FY26 and a growing share of secured retail assets, we forecast a PPOP/PAT CAGR of 18% for the same period. Considering the bank's healthy asset quality and prudent but increasing credit cost, we now value the stock at 1x FY26E (Jun'26) ABV (vs. 1.1x) using the Gordon Growth Model and lower TP to Rs 276 (from Rs 309) and maintain our BUY rating.

Ajit Agrawal

research@bobcaps.in

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	RBK IN/Rs 236
Market cap	US\$ 1.7bn
Free float	100%
3M ADV	US\$ 20.0mn
52wk high/low	Rs 301/Rs 209
Promoter/FPI/DII	0%/28%/20%

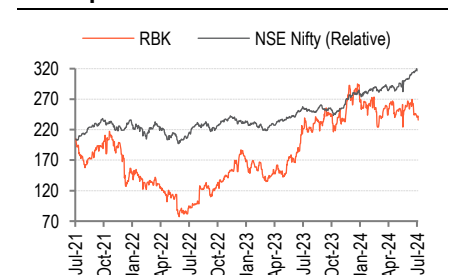
Source: NSE | Price as of 23 Jul 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
NII (Rs mn)	60,429	69,278	81,688
NII growth (%)	35.8	14.6	17.9
Adj. net profit (Rs mn)	11,679	12,291	16,200
EPS (Rs)	19.4	20.3	26.7
Consensus EPS (Rs)	20.0	26.0	33.5
P/E (x)	12.2	11.6	8.8
P/BV (x)	1.0	0.9	0.8
ROA (%)	0.9	0.8	1.0
ROE (%)	8.2	8.0	9.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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

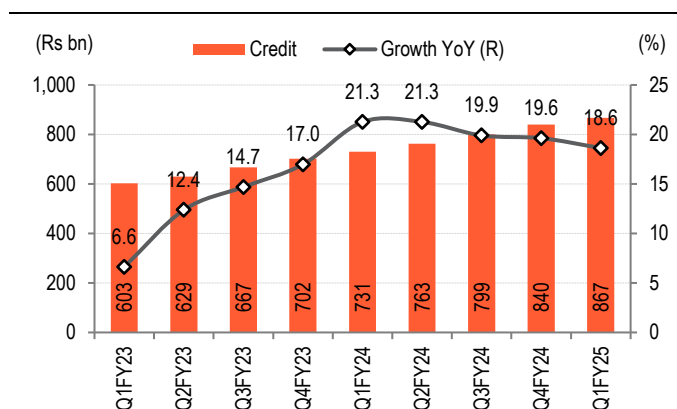
(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Income Statement							
Interest Income	22,703	24,301	25,988	26,793	27,502	21.1	2.6
Income on investments	5,182	5,010	5,015	5,134	5,230	0.9	1.9
Int. on bal. with RBI & inter-bank funds & Others	673	768	911	1,464	2,231	231.3	52.3
Interest income	28,559	30,080	31,914	33,391	34,962	22.4	4.7
Interest expense	14,337	15,330	16,455	17,392	17,963	25.3	3.3
Net interest income	14,222	14,750	15,459	15,999	17,000	19.5	6.3
Growth YoY (%)	38.4	25.6	34.6	32.1	19.5	(1,885bps)	(1,256bps)
Non-interest income	6,854	7,044	7,776	8,755	8,055	17.5	(8.0)
Growth YoY (%)	11.7	20.8	25.7	29.9	17.5	581bps	(1,236bps)
Net income	21,076	21,794	23,234	24,753	25,054	18.9	1.2
Growth YoY (%)	28.4	24.0	31.5	31.3	18.9	(954bps)	(1,242bps)
Staff expenses	3,412	3,747	3,989	3,775	3,680	7.9	(2.5)
Other operating expenses	11,190	10,737	11,593	12,108	12,783	14.2	5.6
Operating expenses	14,601	14,484	15,582	15,883	16,464	12.8	3.7
Pre-Provisioning Profit (PPoP)	6,475	7,310	7,653	8,870	8,591	32.68	(3.2)
Growth YoY (%)	22.4	42.7	34.9	49.4	32.7	1,031bps	(1,671bps)
Provisions	2,662	6,404	4,581	4,138	3,663	37.6	(11.5)
Growth YoY (%)	5.2	165.2	56.5	76.3	37.6	3,239bps	(3,870bps)
PBT	3,813	906	3,071	4,732	4,928	29.2	4.1
Tax	932	(2,035)	740	1,206	1,213	30.1	0.6
PAT	2,881	2,941	2,331	3,526	3,715	29.0	5.4
Growth YoY (%)	43.2	45.9	11.5	30.1	29.0	(1,427bps)	(115bps)
Per Share Data (Rs)							
FV	10	10	10	10	10	0.0	0.0
EPS	5	5	4	6	6	27.4	5.0
Book Value	222	224	228	235	242	9.0	2.9

Source: Company, BOBCAPS Research

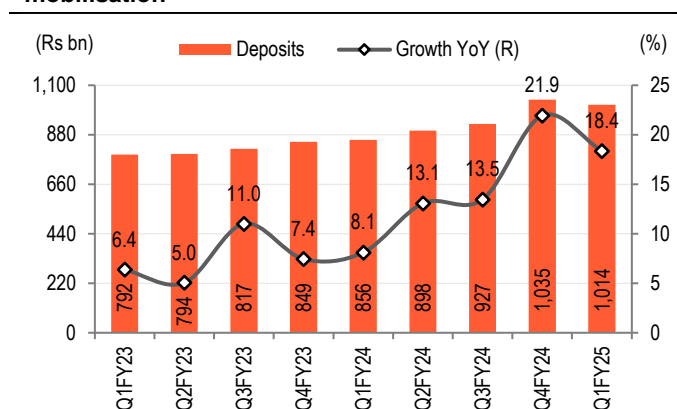
Fig 2 – Quarterly snapshot: Balance sheet & other metrics

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Deposits	856,360	897,804	927,460	1,034,936	1,013,520	18.4	(2.1)
Growth YoY (%)	8.1	13.1	13.5	21.9	18.4	1,025bps	(357bps)
Advances	730,870	763,242	799,490	839,869	867,040	18.6	3.2
Growth YoY (%)	21.3	21.3	19.9	19.6	18.6	(263bps)	(99bps)
Investment	291,710	296,433	278,520	295,759	297,260	1.9	0.5
Equity	138,770	141,218	143,916	147,964	152,790	10.1	3.3
Assets	1,183,530	1,241,444	1,271,466	1,381,069	1,357,830	14.7	(1.7)
Growth YoY (%)	9.9	15.6	16.1	19.2	14.7	487bps	(446bps)
Yield (%)							
Yield on Funds	10.50	10.69	10.99	10.90	11.03	53bps	13bps
Cost of Funds	5.77	5.97	6.19	6.18	6.18	40bps	0bps
Spread	4.73	4.72	4.80	4.73	4.85	12bps	13bps
Net Interest Margin (calc.)	5.23	5.24	5.32	5.22	5.36	13bps	14bps
Ratios (%)							
Other Income / Net Income	32.5	32.3	33.5	35.4	32.1	(37bps)	(322bps)
Cost to Income ratio	69.3	66.5	67.1	64.2	65.7	(357bps)	155bps
CASA ratio	37.3	35.7	33.8	35.2	32.6	(472bps)	(266bps)
C/D ratio	85.3	85.0	86.2	81.2	85.5	20bps	440bps
Investment to Assets	24.6	23.9	21.9	21.4	21.9	(276bps)	48bps
Assets Quality							
GNPA	24,043	24,407	25,511	22,710	23,778	(1.1)	4.71
NNPA	7,298	5,945	6,356	6,193	6,389	(12.4)	3.2
Provision	16,745	18,462	19,154	16,517	17,389	3.8	5.3
GNPA (%)	3.22	3.12	3.12	2.65	2.69	(53bps)	4bps
NNPA (%)	1.00	0.78	0.80	0.74	0.74	(26bps)	0bps
Provision Coverage Ratio (%)	69.6	75.6	75.1	72.7	73.1	348bps	40bps
Others (nos)							
Branches	520	528	538	545	545	25	-
ATMs	414	408	388	395	398	(16)	3
Employees	11,497	11,980	12,316	12,473	13,353	1,856	880

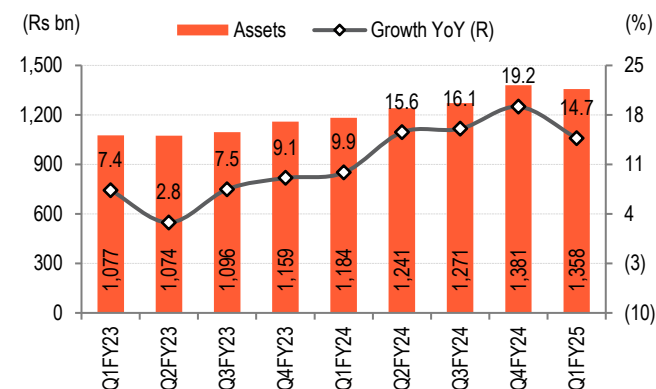
Source: BOBCAPS Research, Company

Fig 3 – Continued healthy credit growth

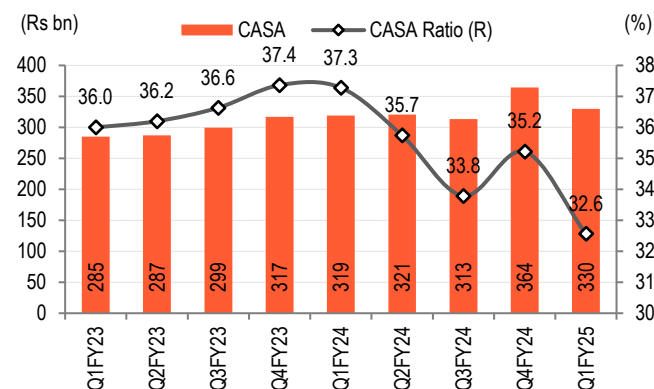
Source: Company, BOBCAPS Research

Fig 4 – Deposit growth decelerates on low CASA mobilisation

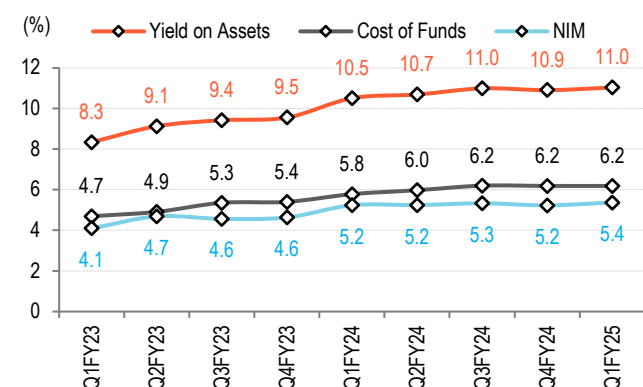
Source: Company, BOBCAPS Research

Fig 5 – Modest growth in asset

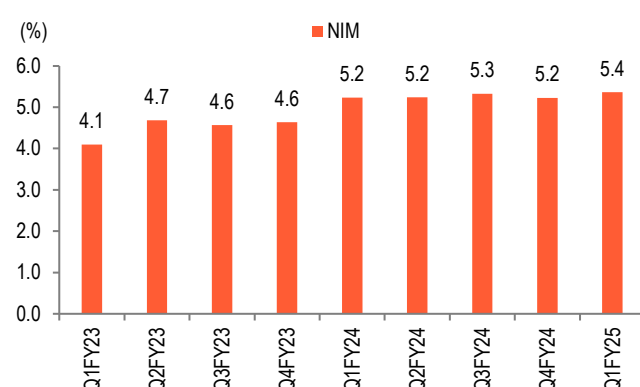
Source: Company, BOBCAPS Research

Fig 6 – CASA ratio dips on low CA deposit mobilisation

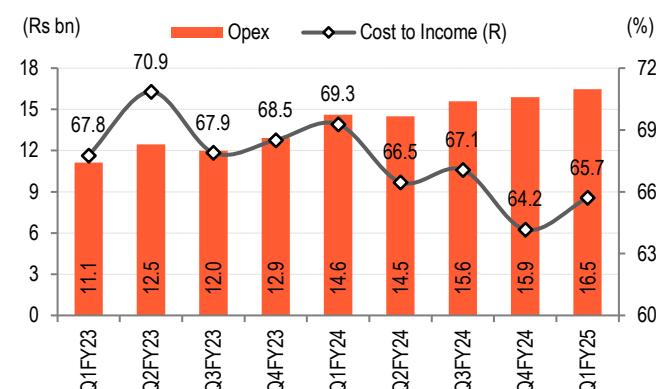
Source: Company, BOBCAPS Research

Fig 7 – Cost of funds on the rise...

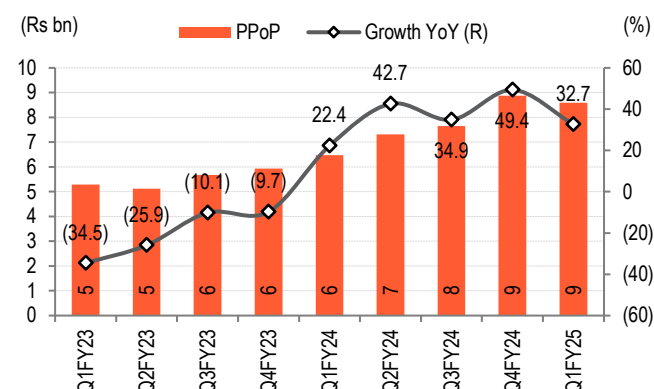
Source: Company, BOBCAPS Research

Fig 8 – ... but NIM (calc.) improved QoQ

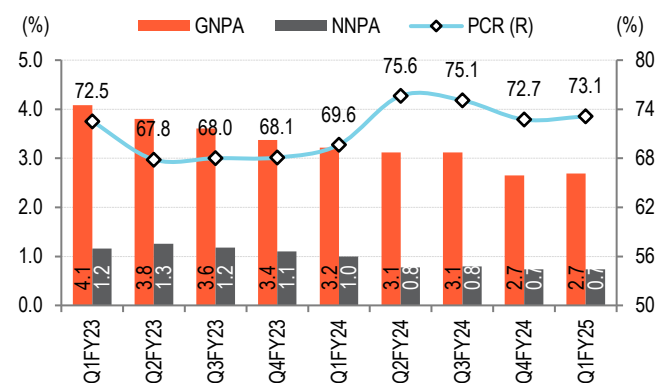
Source: Company, BOBCAPS Research

Fig 9 – Operational cost likely to remain elevated

Source: Company, BOBCAPS Research

Fig 10 – PPOP growth modest QoQ on higher cost of funds

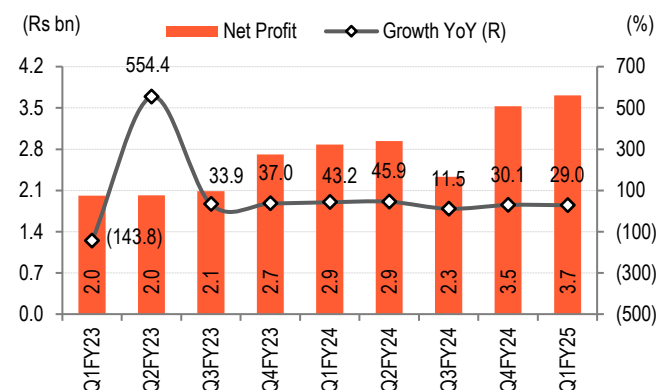
Source: Company, BOBCAPS Research

Fig 11 – Asset quality stable

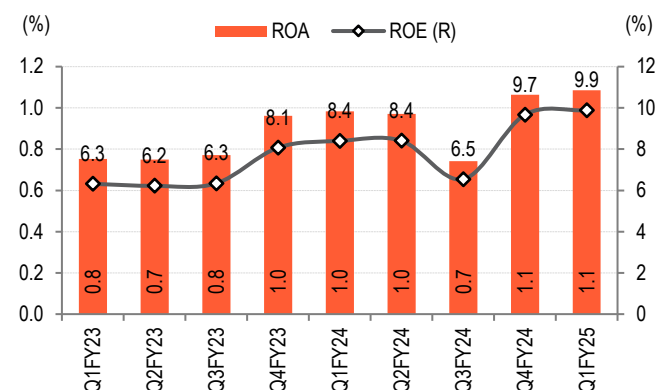
Source: Company, BOBCAPS Research

Fig 12 – Credit cost declined on AIF provision reversal

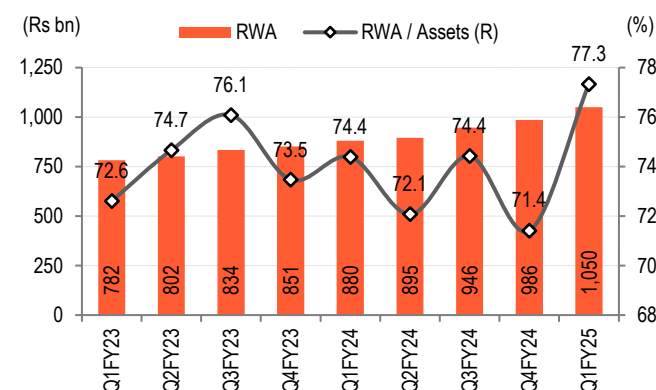
Source: Company, BOBCAPS Research | AIF: Alternative Investment Fund

Fig 13 – Lower provision supported PAT

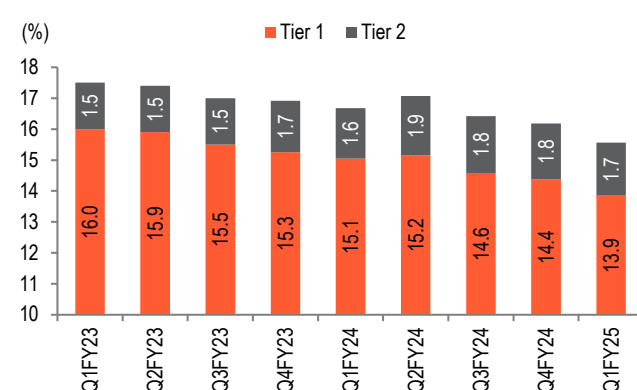
Source: Company, BOBCAPS Research

Fig 14 – Returns ratio remained stable

Source: Company, BOBCAPS Research

Fig 15 – RWA/asset ratio higher on increased operational risk

Source: Company, BOBCAPS Research | RWA: Risk-weighted assets

Fig 16 – Well capitalised to fund credit demand

Source: Company, BOBCAPS Research

Earnings call highlights

Guidance

- RBK maintained its guidance of 18-20% business growth, Retail mix of 60-65% by FY26, 5.5% NIM and 1.4-1.5% ROA for FY24-FY26, excluding one-off provisions.
- Management believes the bank is adequately capitalised to fund growth for the next six to eight quarters.

Asset quality

- Provisions declined to Rs 3.7bn from Rs 4.1bn in Q4FY24 mainly due to reversal in provision towards AIF charged (Rs 0.9bn) in Q3FY24.
- Despite lower provisions, credit cost remained elevated at 59bps vs. 53 bps in Q4FY24.
- Slippages during the quarter totalled Rs 7.2bn vs. Rs 6.8bn in Q4FY24, whereas upgrades and recovery stood at Rs 1.9bn vs. Rs 2.4bn. Write-offs during the quarter stood at Rs 4.2bn vs. Rs 7.2bn in Q4. This led to a 4bps rise in GNPA to 2.69%, while NPPA remained flat at 0.74%. PCR stood at 73.1% vs. 72.7% in Q4FY24.
- Most of the slippages came from microfinance (in select states as the recovery rate was lower due to elections) and credit cards (slippages due to transition in card business).
- Slippages in wholesale was negative of Rs 290mn aided by recoveries, while credit card slippages were at Rs 4bn, microfinance at Rs 1.4bn and the rest of the slippages were from Retail.
- Management expects some slippages as the transition of the credit card business will spill into Q2FY25, but expects it to stabilise and improve from Q3.
- Bank continues to hold contingent provisions on credit cards and MFI at 1% of the book, amounting to Rs 2.8bn.
- RBK's net restructured book stood at 0.44% against 0.51% in Q4FY24.

Deposits

- Deposits grew 18% YoY (-2% QoQ) in Q1 due to decline in CA deposits leading to a CASA ratio decline of 266bps QoQ to 32.6%, while RBK clocked strong 25% YoY growth in accounts below Rs 30mn. These stand at 49.3% of total deposits (46.8% a year ago), which the bank plans to ramp up closer to 50%.
- Average LCR stood at 137% vs. 140% in Q4FY24 and 129% in Q1FY24.

Advances

- Advances grew 19% YoY and 3% QoQ.
- Wholesale banking was up 2% YoY (-5% QoQ), within which commercial banking increased 25% YoY (+3% QoQ). Retail business increased at a strong 31% YoY (+9% QoQ) and the bank expects the pace of growth to continue, with a target retail share of 60-65% in the loan mix by FY26 from 62% in Q1FY25.

- Robust growth in retail lending was mainly driven by the housing loan, rural vehicle finance and personal loan and others, including the gold loan segment.
- The non-Bajaj Finance credit card share contributed 52% of the total which will continue to increase going ahead.
- RBK signed five new co-branded credit card partnerships during the quarter and plans to scale up these partnerships over time to diversify its sourcing base.

Margins

- Reported NIM increased to 5.67% from 5.45% in Q4FY24, wherein cost of deposits and cost of funds increased by 14bps and 12bps sequentially.

Fig 17 – Loan book trend

(Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Corporate Banking	231,110	231,190	242,140	246,430	247,190	238,880	246,660	257,250	235,780	(4.6)	(8.3)
CB	66,450	71,370	74,930	77,880	75,020	83,450	89,120	91,150	93,900	25.2	3.0
Wholesale	297,560	302,560	317,070	324,310	322,210	322,330	335,780	348,400	329,680	2.3	(5.4)
Housing Loan	25,630	34,500	41,420	45,830	45,410	49,410	61,460	62,600	66,960	47.5	7.0
Business Loan	75,470	73,500	73,420	72,520	80,580	83,150	74,330	81,610	81,820	1.5	0.3
Rural Vehicle Finance Loan	4,230	5,400	7,770	10,290	12,420	14,420	19,970	22,210	21,590	73.8	(2.8)
Personal Loan	-	-	32,250	34,190	35,710	36,990	35,470	38,880	39,880	11.7	2.6
Credit Card	140,360	146,440	124,080	133,110	142,080	149,690	159,640	170,380	173,940	22.4	2.1
MFIs	37,530	45,840	50,210	59,630	65,170	67,850	68,270	75,110	72,530	11.3	(3.4)
Others	9,900	9,050	8,030	8,640	13,770	25,810	28,260	23,470	66,050	379.7	181.4
Retail Agri	12,010	12,130	12,600	13,570	13,510	13,600	16,310	17,210	14,580	7.9	(15.3)
Retail	305,130	326,860	349,780	377,780	408,650	440,920	463,710	491,470	537,350	31.5	9.3
Total Loan	602,690	629,420	666,850	702,090	730,860	763,250	799,490	839,870	867,030	18.6	3.2

Source: Company, BOBCAPS Research | CB: Commercial Banking

Fig 18 – Loan book distribution

Segment (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Corporate Banking	38.3	36.7	36.3	35.1	33.8	31.3	30.9	30.6	27.2	(663bps)	(344bps)
CB	11.0	11.3	11.2	11.1	10.3	10.9	11.1	10.9	10.8	57bps	(2bps)
Wholesale	49.4	48.1	47.5	46.2	44.1	42.2	42.0	41.5	38.0	(606bps)	(346bps)
Housing Loan	4.3	5.5	6.2	6.5	6.2	6.5	7.7	7.5	7.7	151bps	27bps
Business Loan	12.5	11.7	11.0	10.3	11.0	10.9	9.3	9.7	9.4	(159bps)	(28bps)
Rural Vehicle Finance Loan	0.7	0.9	1.2	1.5	1.7	1.9	2.5	2.6	2.5	79bps	(15bps)
Personal Loan	0.0	0.0	4.8	4.9	4.9	4.8	4.4	4.6	4.6	(29bps)	(3bps)
Credit Card	23.3	23.3	18.6	19.0	19.4	19.6	20.0	20.3	20.1	62bps	(22bps)
MFIs	6.2	7.3	7.5	8.5	8.9	8.9	8.5	8.9	8.4	(55bps)	(58bps)
Others	1.6	1.4	1.2	1.2	1.9	3.4	3.5	2.8	7.6	573bps	482bps
Retail Agri	2.0	1.9	1.9	1.9	1.8	1.8	2.0	2.0	1.7	(17bps)	(37bps)
Retail	50.6	51.9	52.5	53.8	55.9	57.8	58.0	58.5	62.0	606bps	346bps
Total Loan	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-	-

Source: Company, BOBCAPS Research

Valuation methodology

RBK has retained its focus on high-yielding secured retail assets, aiding strong credit growth of 19% YoY in Q1FY25. Considering the ongoing business dynamic and bank's core focus on deposit mobilisation, we increase our deposit growth estimates for FY25/FY26 by 9% each (17% CAGR over FY24-FY26E) while keeping loan growth broadly unchanged (18% CAGR over same period). However, increase in operating cost due to change in business structure is likely to keep C/I ratio elevated though the bank is guiding for 200-300bps of annual reduction in C/I ratio. We believe this high opex will likely drag PPOP by 6% each over the same period. Baking in steady market share gains from newly launched products, we estimate NIM at 5.2% over FY24-FY26 vs. 4.3% in FY23.

Further, we expect RBK's focus on retail assets to raise credit costs. We increase our provision by 6%/5% for FY25E/FY26E as we now expect credit costs to stabilise at 1.9% over FY25/FY26 vs. our earlier estimates of 1.8% over the same period in FY24/FY25. This will lead to a PAT decline of 17%/15% over the same period. We estimate PAT to register an 18% CAGR and asset quality to improve further in the same period.

We expect GNPA/NNPA/PCR to improve to 2.5%/0.6%/75% in FY26 from the 3.3%/1.1%/68% reported in FY23. We do not expect any major asset quality shock in the near term except for some seasonal impact, and RBK's strategy to hold 1% contingent provision (Rs 2.8bn) on its CC and MFI book provides additional cushion towards any adverse situation.

Accounting for healthy business growth with Credit/Deposit CAGR of 18%/17% over FY24-FY26 and a growing share of secured retail assets, we forecast a PPOP/PAT CAGR of 18% for the same period. Considering the bank's healthy asset quality and prudent but increasing credit cost, we now value the stock at 1x FY26E (Jun'26) ABV (vs. 1.1x) using GGM and revise TP to Rs 276 (from Rs 309) and maintain BUY.

Fig 19 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Loan	996,085	1,175,380	1,003,425	1,184,042	(0.7)	(0.7)
Deposits	1,210,875	1,407,037	1,112,862	1,285,356	8.8	9.5
Assets	1,563,949	1,791,666	1,538,099	1,803,386	1.7	(0.6)
NII	69,278	81,688	70,014	82,683	(1.1)	(1.2)
PPOP	34,120	42,402	36,477	45,244	(6.5)	(6.3)
Provision	17,600	20,629	16,620	19,687	5.9	4.8
PAT	12,291	16,200	14,774	19,015	(16.8)	(14.8)

Source: BOBCAPS Research

Fig 20 – Key operational assumptions

Parameter (%)	FY24	FY25E	FY26E	FY27E
Advances Growth	19.6	18.6	18.0	18.0
NII Growth	35.8	14.6	17.9	18.9
PPoP Growth	37.6	12.6	24.3	26.7
PAT Growth	32.3	5.2	31.8	40.9
NIM	5.1	5.1	5.2	5.3
GNPA	2.6	2.7	2.5	2.4
CAR	16.2	14.3	13.9	13.2

Source: Company, BOBCAPS Research

Fig 21 – Key valuation assumptions

Gordon growth model	(%)
Return on Equity (RoE)	12.6
Cost of Equity (Ke)	13.0
Growth (Period 1)	10.1
Growth (Long Term)	5.0
Initial High Growth Period (years)	10.0
Dividend Payout (Period 1)	20.0
Dividend Payout (Long Term)	60.0
Factor 1	1.7
Factor 2	6.0
Justified P/BV Multiple	1.0

Source: BOBCAPS Research

Key risks

- The bank's inability to manage a higher cost of funds amid deposit repricing would represent a key downside risk to our estimates.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Axis Bank	AXSB IN	46.6	1,263	1,252	HOLD
Bandhan Bank	BANDHAN IN	3.8	196	222	BUY
Canara Bank	CBK IN	12.2	113	140	BUY
DCB Bank	DCBB IN	0.5	131	172	BUY
HDFC Bank	HDFCB IN	145.8	1,618	1,872	BUY
ICICI Bank	ICICIB IN	102.9	1,227	1,272	HOLD
IDFC First Bank	IDFCBK IN	6.2	77	96	BUY
Indusind Bank	IIB IN	13.1	1,413	1,881	BUY
Kotak Mahindra Bank	KMB IN	42.0	1,769	2,040	BUY
RBL Bank	RBK IN	1.7	236	276	BUY
State Bank of India	SBIN IN	92.1	864	969	BUY

Source: BOBCAPS Research, NSE | Price as of 23 Jul 2024

Glossary

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

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
Net interest income	40,267	44,515	60,429	69,278	81,688
NII growth (%)	6.3	10.5	35.8	14.6	17.9
Non-interest income	23,405	24,894	30,429	35,168	40,771
Total income	63,673	69,409	90,858	104,446	122,459
Operating expenses	36,220	47,384	60,550	70,326	80,057
PPOP	27,453	22,024	30,308	34,120	42,402
PPOP growth (%)	(5.9)	(19.8)	37.6	12.6	24.3
Provisions	28,604	10,220	17,785	17,600	20,629
PBT	(1,151)	11,805	12,523	16,521	21,774
Tax	(404)	2,978	844	4,229	5,574
Reported net profit	(747)	8,827	11,679	12,291	16,200
Adjustments	0	0	0	0	0
Adjusted net profit	(747)	8,827	11,679	12,291	16,200

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
Equity capital	5,995	5,996	6,051	6,060	6,060
Reserves & surplus	120,187	129,770	141,913	154,236	168,815
Net worth	126,182	135,766	147,964	160,296	174,875
Deposits	790,065	848,865	1,034,936	1,210,875	1,407,037
Borrowings	110,930	133,313	141,841	137,586	149,968
Other liab. & provisions	34,908	40,818	59,581	55,193	59,786
Total liab. & equities	1,062,086	1,158,762	1,384,322	1,563,949	1,791,666
Cash & bank balance	175,477	85,200	144,166	117,096	121,733
Investments	222,744	288,754	295,759	336,318	379,163
Advances	600,218	702,094	839,869	996,085	1,175,380
Fixed & Other assets	63,647	82,714	104,529	114,450	115,390
Total assets	1,062,086	1,158,762	1,384,322	1,563,949	1,791,666
Deposit growth (%)	8.0	7.4	21.9	17.0	16.2
Advances growth (%)	2.4	17.0	19.6	18.6	18.0

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24A	FY25E	FY26E
EPS	(1.2)	14.7	19.4	20.3	26.7
Dividend per share	0.0	14.0	1.5	2.0	2.7
Book value per share	210.5	226.4	244.5	264.5	288.6

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24A	FY25E	FY26E
P/E	(188.9)	16.0	12.2	11.6	8.8
P/BV	1.1	1.0	1.0	0.9	0.8
Dividend yield (%)	0.0	5.9	0.6	0.9	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24A	FY25E	FY26E
Net interest income	3.9	4.0	4.8	4.7	4.9
Non-interest income	2.3	2.2	2.4	2.4	2.4
Operating expenses	3.5	4.3	4.8	4.8	4.8
Pre-provisioning profit	2.7	2.0	2.4	2.3	2.5
Provisions	2.8	0.9	1.4	1.2	1.2
PBT	(0.1)	1.1	1.0	1.1	1.3
Tax	0.0	0.3	0.1	0.3	0.3
ROA	(0.1)	0.8	0.9	0.8	1.0
Leverage (x)	8.2	8.5	9.0	9.6	10.0
ROE	(0.6)	6.7	8.2	8.0	9.7

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24A	FY25E	FY26E
YoY growth (%)					
Net interest income	6.3	10.5	35.8	14.6	17.9
Pre-provisioning profit	(5.9)	(19.8)	37.6	12.6	24.3
EPS	(113.6)	(1279.6)	31.7	4.7	31.7
Profitability & Return ratios (%)					
Net interest margin	4.1	4.2		5.0	5.1
Fees / Avg. assets	0.5	0.5	0.5	0.5	0.5
Cost-Income	56.9	68.3	66.6	67.3	65.4
ROE	(0.6)	6.7	8.2	8.0	9.7
ROA	(0.1)	0.8	0.9	0.8	1.0
Asset quality (%)					
GNPA	4.3	3.3	2.6	2.7	2.5
NNPA	1.3	1.1	0.7	0.7	0.6
Slippage ratio	6.7	4.6	3.5	3.6	3.0
Credit cost	4.8	1.6	2.3	1.9	1.9
Provision coverage	69.1	67.0	72.0	74.3	74.4
Ratios (%)					
Credit-Deposit	76.0	82.7	81.2	82.3	83.5
Investment-Deposit	28.2	34.0	28.6	27.8	26.9
CAR	16.8	16.9	16.2	14.3	13.9
Tier-1	16.2	15.3	14.4	12.9	12.6

Source: Company, BOBCAPS Research

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Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

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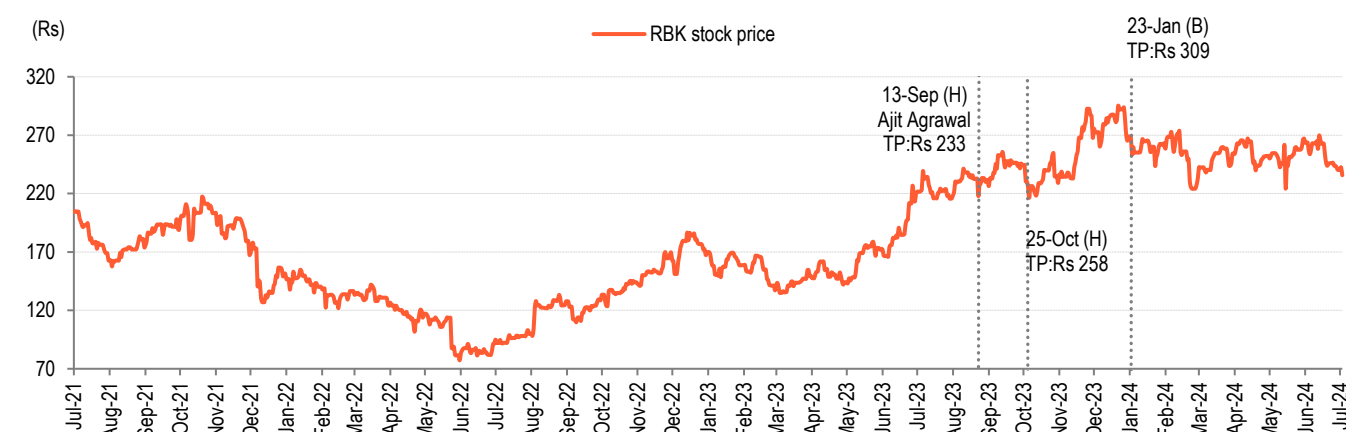
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Note: Recommendation structure changed with effect from 21 June 2021

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