BUY (Maintained)

CMP: **INR 29** Target Price: **INR 34 (INR 36)** ▲ 17%

ICICI Securities

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05 May 2024

India | Equity Research | Q4FY24 results review

South Indian Bank

Banking

Steady quarter with ~1.0% RoA aided by better NIM and contained opex

South Indian Bank (SIB) has reported Q4FY24 PAT of INR 2.9bn (RoA of 0.98%), aided by higher NIM and contained opex, while asset quality sustained improvement. Despite rise in cost of deposits, NIM jumped ~19bps QoQ to 3.38%, driven by rise in yields. Post the recent rights issue, CET 1 stands strong at 16.66% with tier 1 at 17.65%. The bank aims for significant loan mix change in favour of granular retail and SME loans over the next 18-24 months. It has introduced affordable housing, CV/CE and LAP in Q4, though current loan growth still remains driven by short-term, high-quality corporate segment. Our estimates are broadly unchanged and we see the bank delivering 85/95bps RoA in FY25/26E, respectively. Valuations at 0.9/0.8x FY25/26E ABV are in-expensive. Maintain **BUY** with a revised target price of INR 34.

Healthy RoA of 0.98%, aided by higher NIM and contained opex

SIB reported PAT of INR 2.9bn (0.98% RoA), above our estimate of INR 2.6bn aided by higher NIM and contained opex. NII was up 7% QoQ as NIM improved 19bps QoQ to 3.38%, driven by 25bps QoQ rise in yield on funds. Staff cost was lower 10% QoQ. The bank has launched affordable housing, CV/CE and revamped LAP though growth in Q4 remained driven by corporate. Asset quality sustained improvement with QoQ decline in GNPA, NNPA and RSA. SIB has completed rights issue of INR 11.5bn in Q4, and thus, CET-1 stands healthy at 16.66% with tier 1 at 17.65%.

Valuations inexpensive; maintain BUY with revised TP of INR34

Our estimates are broadly unchanged. We see FY25E loan growth at ~12% YoY, rising to 14-15% in FY26E. NIM is likely to dip ~10bps YoY in FY25E but should rebound in FY26E due to favourable loan mix. We are building slight rise in opex to asset ratio due to shift towards granular loans. We are reasonably confident of SIB sustaining the current benign credit costs. Overall, we see the bank delivering 85/95 bps RoA for FY25/26E with RoE of 12-13%. Valuations at 1.0/0.9/0.8x FY24/25E/26E ABV are in-expensive. Our target multiple of ~0.9x FY26E ABV is broadly unchanged. However, target price is revised to INR 34 (earlier INR 36) due to reduction in book value post right issue. Maintain **BUY**. Key risks: Higher-than-expected compression in NIM and any deterioration in asset quality.

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E
NII (INR bn)	30.1	33.3	35.9	41.8
Op. profit (INR bn)	15.1	18.7	19.5	23.5
Net Profit (INR bn)	7.8	10.7	10.5	13.3
EPS (INR)	3.7	5.1	4.0	5.1
EPS % change YoY	NM	37.7	(21.1)	26.5
ABV (INR)	26.1	29.5	33.2	37.9
P/BV (x)	1.0	0.9	0.8	0.7
P/ABV (x)	1.1	1.0	0.9	0.8
Return on Assets (%)	0.7	1.0	0.9	1.0
Return on Equity (%)	13.1	14.5	11.8	13.3

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Market Data

Market Cap (INR)	75bn
Market Cap (USD)	903mn
Bloomberg Code	SIB IN
Reuters Code	SIBK.BO
52-week Range (INR)	37 /15
Free Float (%)	99.0
ADTV-3M (mn) (USD)	18.2

Price Performance (%)	3m	6m	12m
Absolute	(19.0)	25.2	91.2
Relative to Sensex	(21.5)	10.4	70.4

Earnings Revisions (%)	FY25E	FY26E
PAT	-	2

Previous Reports

19-01-2024: Q3FY24 results review
22-10-2023: Q2FY24 results review

Loan growth driven by corporate; launched new retail products

Average advances growth was healthy at 5% QoQ while period end advances grew 3.6% QoQ. Disbursements were up 31% QoQ / 64% YoY, suggesting bulk of loans was for short term. The bank has launched high-yielding products namely affordable housing, CV/CE and revamped LAP and intends to build reasonable portfolio in these segments by FY25-end. Over the next 12-18 months, the bank strategically aims to scale up granular retail and SME portfolio though has meanwhile not shied away from any attractive corporate lending opportunity. Q4FY24 growth was largely driven by corporate (up ~7% QoQ), followed by agri at ~3% while retail growth was muted at ~1%.

The bank has delivered FY24 loan growth of 11.8% YoY. We are building-in loan growth of ~12% YoY for FY25E and 14-15% YoY for FY26E driven by acceleration in retail and SME book.

Deposits growth was broadly in line with loan growth at 2.8% QoQ and 11.2% YoY. CASA deposits were up 4% QoQ and 8% YoY and now comprise 32.1% of deposits vs 31.8% QoQ and 33.0% YoY. Improved focus on branch sales (along with favourable seasonality) has helped fourfold growth in CA origination. LDR for the bank stood at 76.6% vs 76.0% QoQ and 76.2% YoY.

Despite rise in CoD, NIM jumped 19bps QoQ driven by better yields

Cost of deposits was up 15bps QoQ to 5.33% while rise in cost of funds was contained at 8bps QoQ to 4.79%. The borrowings have declined 7% QoQ and 44% YoY. Yield on advances was up 6bps QoQ to 9.34% though yield on funds jumped 25bps QoQ to 7.78%. The bank mentioned that it has extracted better yields from NBFC customers post the recent RWA hike. Overall, NIM surprised positively and jumped 19bps QoQ to 3.38%. We expect FY25E NIM to dip 10bps YoY on funding cost pressure and competition but expect similar rebound by FY26E driven by favourable loan mix.

Asset quality sustains improvement; net NPA ratio declines to 1.46%

Slippages came in a tad higher QoQ at INR 2.84bn or 1.5% annualised vs INR 2.67bn or 1.4% QoQ. Of the total slippages, business loans accounted for INR 1.63bn, followed by retail at INR 0.88bn and lastly agri at INR 0.32bn, while corporate slippages were nil. GNPA (in absolute terms) declined 2% QoQ, but GNPA ratio declined 24bps QoQ to 4.50%. PCR improved ~150bps QoQ to 68.7%. NNPA ratio declined 15bps QoQ to 1.46%.

Restructured standard advances continued to decline and now stood at INR7.7bn or 1.0% of net advances vs 1.2% QoQ and 2.2% YoY. SMA-2 as a % of advances also declined to 0.65% vs 0.80% QoQ. Collection efficiency (CE) also improved to 100.1% vs 99.8% QoQ as well as YoY. Overall, asset quality metrics sustained healthy improvement. We highlight that asset quality of the newly built-book (since Oct'20) remains impeccable with 30/8bps of GNPA/NNPA. We are building-in ~50-60bps of credit cost for FY25/26E with steady improvement in gross and net NPA.

Capital and others

In Q4FY24, SIB raised INR 11.5bn through rights issue. Post which, CET 1 stands strong at 16.66% with tier 1 at 17.65% and CAR at 19.91%. Despite risk weights hike by RBI for select segments, risk density at SIB remains broadly stable YoY at ~43%. It has stopped credit card issuance as of now post the RBI ban. Headcount in Q4 declined by 91 on top of 14 in Q3. Cost to income increased to 64.5% vs 62% QoQ. PPoP declined 10% QoQ but excluding treasury and forex, core PPoP increased 4% QoQ.

Five focus areas to accelerate the transformational journey

Under the new MD&CEO (PR Seshadri), the bank had unveiled its strategic vision focusing on five key areas namely enhancing portfolio resilience, improving branch productivity, cost optimisation, growth in non-branch distribution and enhancing control / compliance architecture. In Q4, SIB launched new high yielding granular products such as affordable housing, CV/CE and revamped LAP. Its 'tooth to tail' ratio improved from 75:25 to 79:21 in Apr'24. It has also launched 'sales value addition' as key metrices to track sales activity at branch level and has seen initial success. The bank believes 2/3rd expenses are non-controllable while the rest can be controlled and is making efforts to improve its cost efficiency. It has created new 'digital banking unit' to fast track non-traditional business.

Exhibit 1: Q4FY24 result review

	Q4FY23	Q4FY24	YoY (%)	Q3FY24	QoQ (%)
Financial Highlights (INR mn)					
Interest Earned	19,730	22,747	15.3	21,841	4.1
Interest Expended	11,158	14,000	25.5	13,651	2.6
Net Interest Income	**8,572**	**8,747**	**2.0**	**8,190**	**6.8**
Other Income	3,454	3,460	0.2	4,524	(23.5)
Total Income	23,183	26,207	13.0	26,365	(0.6)
Total Net Income	**12,026**	**12,207**	**1.5**	**12,714**	**(4.0)**
Staff Expenses	3,292	4,127	25.3	4,596	(10.2)
Other operating expenses	3,118	3,745	20.1	3,284	14.0
Operating Profit	**5,616**	**4,335**	**(22.8)**	**4,835**	**(10.3)**
Provision & Contingencies	390	406	4.2	486	(16.3)
Provision for tax	1,887	1,054	(44.2)	1,295	(18.7)
Net Profit	**3,339**	**2,876**	**(13.9)**	**3,054**	**(5.8)**
Other Highlights (INR bn)					
Advances	698	781	11.8	753	3.6
Deposits	917	1,019	11.2	992	2.8
Gross NPA	37.1	36.2	(2.4)	36.8	(1.7)
Gross NPA (%)	5.14	4.50	-64 bps	4.74	-24 bps
Net NPA	12.9	11.3	(12.3)	12.1	(6.4)
Net NPA (%)	1.86	1.46	-40 bps	1.61	-15 bps
Provision Coverage (%)	65.1	68.7	355 bps	67.1	158 bps

Source: Company data, I-Sec research

Exhibit 2: NIM improves QoQ aided by yield on funds

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY chg	QoQ chg
Yield on advances	8.84	9.31	9.17	9.31	9.28	9.34	44 bps	-3 bps
Yield on funds	7.09	7.44	7.34	7.49	7.53	7.78	44 bps	4 bps
Cost of deposits	4.27	4.55	4.85	5.00	5.18	5.33	91 bps	18 bps
Cost of funds	4.01	4.21	4.41	4.57	4.71	4.79	70 bps	14 bps
NIMs - Quarterly	3.52	3.67	3.34	3.31	3.19	3.38	-33 bps	-12 bps

Source: Company data, I-Sec research

Exhibit 3: Asset quality improvement continues

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY chg	QoQ chg
Gross NPA	5.48	5.14	5.13	4.96	4.74	4.50	-74 bps	-22 bps
Net NPA	2.26	1.86	1.85	1.70	1.61	1.46	-65 bps	-9 bps
Coverage ratio	60.2	65.1	65.1	66.8	67.1	68.7	688 bps	30 bps

Source: Company data, I-Sec research

Exhibit 4: Movement of NPA

(INR mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY chg	QoQ chg
GNPA (Opening Balance)	38,561	38,436	37,083	38,039	37,139	36,824		
Fresh Additions	3,310	3,580	4,870	3,150	2,670	2,840	-19.3%	-15.2%
Write-off	250	430	1,740	712	560	0	124.0%	-21.4%
Total Reductions	3,436	4,933	3,914	4,050	2,985	3,461	-13.1%	-26.3%
GNPA (Closing Balance)	38,436	37,083	38,039	37,139	36,824	36,203	-4.2%	-0.8%

Source: Company data, I-Sec research

Exhibit 5: RSA book further down QoQ

	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY chg	QoQ chg
Restructured portfolio (INR mn)	17,810	15,160	12,970	11,590	8,940	7,720	-49.8%	-22.9%
As a % of loan-book	2.62	2.17	1.81	1.60	1.19	0.99	-144 bps	-41 bps
Security receipts (INR mn)	2,146	1,660	1,558	1,116	936	900	-56.4%	-16.2%
As a % of loan-book	0.32	0.24	0.22	0.15	0.12	0.12	-19 bps	-3 bps

Source: Company data, I-Sec research

Exhibit 6: Gradually expanding outside Kerala

Loanbook by geography (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY chg	QoQ chg
Kerala	39.3	39.7	37.0	37.3	36.0	35.0	-330 bps	-134 bps
South India (Ex kerala)	34.4	34.9	35.0	34.3	34.0	34.0	-36 bps	-28 bps
Rest of India	26.3	25.4	28.0	28.4	30.0	31.0	367 bps	162 bps
Total	**100**	**100**	**100**	**100**	**100**	**100**		

Source: Company data, I-Sec research

Exhibit 7: Loan mix

(INR mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY chg	QoQ chg
Corporate	2,21,740	2,35,230	2,75,220	2,74,910	2,98,920	3,20,840	34.8%	8.7%
Retail	1,57,250	1,61,530	1,67,460	1,71,530	1,75,150	1,76,390	11.4%	2.1%
MSME	1,85,570	1,83,500	1,56,940	1,56,120	1,54,240	1,53,370	-16.9%	-1.2%
Agriculture	1,36,610	1,40,660	1,41,400	1,46,910	1,48,550	1,53,660	8.7%	1.1%
Gross Advances	**7,01,170**	**7,20,920**	**7,41,020**	**7,49,470**	**7,76,860**	**8,04,260**	**10.8%**	**3.7%**
(% of total)								
Corporate	31.6	32.6	37.1	36.7	38.5	39.9	685 bps	180 bps
Retail	22.4	22.4	22.6	22.9	22.5	21.9	12 bps	-34 bps
MSME	26.5	25.5	21.2	20.8	19.9	19.1	-661 bps	-98 bps
Agriculture	19.5	19.5	19.1	19.6	19.1	19.1	-36 bps	-48 bps
Gross Advances	**100**	**100**	**100**	**100**	**100**	**100**		

Source: Company data, I-Sec research

Please note that there has been some re-classification between Corporate and MSME beginning FY24 and thus figures may not be comparable

Exhibit 8: Retail loan mix

(INR mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY chg	QoQ chg
Housing	49,820	49,240	48,980	49,820	50,794	51,153	2.0%	2.0%
Gold	28,640	30,650	31,960	31,730	33,279	29,986	16.2%	4.9%
Mortgage Loans	24,450	23,110	21,870	20,510	19,267	19,403	-21.2%	-6.1%
Business Loans	12,300	13,530	15,760	15,480	15,764	15,875	28.2%	1.8%
Vehicle Loans	29,850	32,730	35,830	40,120	42,036	45,861	40.8%	4.8%
Others	12,190	12,270	13,060	13,870	14,012	14,111	14.9%	1.0%
Total retail loans	**1,57,250**	**1,61,530**	**1,67,460**	**1,71,530**	**1,75,150**	**1,76,390**	**11.4%**	**2.1%**
(% of total)								
Housing	31.7	30.5	29.2	29.0	29.0	29.0	-268 bps	-4 bps
Gold	18.2	19.0	19.1	18.5	19.0	17.0	79 bps	50 bps
Mortgage Loans	15.5	14.3	13.1	12.0	11.0	11.0	-455 bps	-96 bps
Business Loans	7.8	8.4	9.4	9.0	9.0	9.0	118 bps	-2 bps
Vehicle Loans	19.0	20.3	21.4	23.4	24.0	26.0	502 bps	61 bps
Others	7.8	7.6	7.8	8.1	8.0	8.0	25 bps	-9 bps
Total	**100**	**100**	**100**	**100**	**100**	**100**		

Source: Company data, I-Sec research

Q4FY24 conference call takeaways

Guidance

- **Growth guidance of 12-13% on loans as well as deposits for FY25.**
- **In the medium term (~18 months), bank is looking to expand margin to 3.5% and majority of this would be done by growing its high yielding retail and SME portfolios.**
- **RoA likely to be around 100bps in near future.**
- **While near-term treasury may not be strong, it could still help. Recovery should continue to be strong in near term.**
- **Key focus is to control cost and improve productivity / revenue and thus improve cost ratios.**

Asset quality

- **Recoveries and upgrades at INR 4.24bn.**
- At current juncture, SIB is not looking at very aggressive write-offs and provisions.
- SIB believes current benign recovery environment could continue for the next 6-9 months.

Advances and deposits

- Retail led loan growth transformation would be gradual. The bank could continue growth in corporate until retail and SME machinery fully gears up.
- SIB managed to extract some better yields on NBFC lending post higher risk weights.
- **Credit card portfolio stands at INR 16.2bn. As of now, bank has stopped issuing new credit cards.**
- It has started affordable housing, CV/CE and revamped LAP. Aspiration (no guidance) is to grow to INR 10bn portfolio in each category by FY25 end. LAP could be even more.
- Gold loan LTV stands at 70.73%, excluding buyout and 75% including buyout.

CV/CE business

- Started CV/CE business around a year back.
- In that context, as a backward/forward integration, bank decided to tie up with dealers and then move to retail through dealer financing route.
- **Targets INR 10bn business by end of FY25.**

Margins and non-interest income

- Recovery from written-off accounts at INR 300mn vs INR 70mn.
- INR 100mn increase in NII was due to increase in investment income while rest was loan driven and thus sustainable.

Opex

- **Bank has adopted a model wherein out of total branch cost, ~50% would be contributed by the sale of new products and the rest would be the cost of maintaining the existing portfolio and customer base. This method has been adopted from Q4 and would take time to implement across all branches and get the desired results.**
- Branch would endeavour to recover 50% of branch cost through sales value addition.

- Cost-income is a critical area. The bank believes 2/3rd expenses are non-controllable while 1/3rd are such where it can exercise control. The bank believes it has 1,000bps scope of improvement over medium term.

Capital

- Rights issues was done vs QIP since at the time of making the decision, bank was trading below book. Hence, to give the benefit to existing shareholders, SIB went ahead with rights issue.

Q3FY24 conference call takeaways

Opening remarks

- The bank has presented the key focus areas for coming quarters. The five key areas are enhancing portfolio resilience, improving branch productivity, cost optimisation, growing non-branch distribution & leveraging partnership and enhancing control and compliance architecture.
- While the bank would not comment on NIM trajectory going ahead, it is not doing anything that could create disruption in its current RoA trajectory.
- SIB intends to shift its loan mix towards MSME and retail away from corporate loans. This should help a) improve NIM and b) improve loan tenure profile. However, the shift is likely to be gradual as scaling-up MSME could take time. Until then, the bank would continue with high grade corporate loans similar to Q3FY24.
- Reported CET-1 is excluding 9MFY24 PAT. No further update was shared on capital raising.

Deposits, margins and LDR

- LDR stands at ~78%. The bank believes it has some more scope here.
- Cost of deposits is currently 5.18% and compares favourably with its Kerala-based peers.
- Margin for the quarter stood at 3.19%, down 12bps QoQ. This is due to faster repricing of liabilities vs assets.
- 62% of bank's deposits comes from Kerala.

Advances

- MSME book for the bank has declined marginally QoQ. A partial decline in MSME book could be attributed to the decline in utilisation of limits.
- SIB is of the view that for any volume business, first there is a need to fix processes and then scale.
- SIB has to get its sales engine firing and processes/technology aligned correctly for faster growth in MSME.
- 96% of SIB's corporate exposure is to A and above.
- The bank largely deals with high-rated NBFCs. Over 95% of exposure to NBFCs would be A rated and above. Of the total corporate book, 1/3rd would be towards NBFCs. However, this includes certain NBFCs that are quasi-government entities.

- Over the next 3-4 years, SIB expects corporate share to come down to early 30s in the overall loan mix.

Profit and Loss

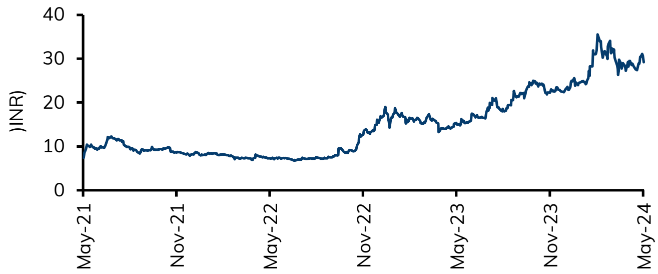
- Cost to income is elevated for the bank vs peers. Currently, SIB is at 62%.
- Cost optimisation is one of the 5 key focus areas for the bank.
- Current C/I is due to a few one-offs related to the IBA wage-related provisions of INR 240mn. Earlier, SIB had provided for 15% which has now been revised to 17%.
- At this juncture, it is not entirely clear as to how the pension-related provisions would have to be accounted for due to lack of information. However, SIB believes some incremental provisions could be required towards pension but the quantum won't be material.
- On branch productivity, SIB has formulated sales measurement metrics and then rewarded its employees accordingly.
- SIB has implemented 2 LOS - one for retail business, and another for MSME business. These are generic systems enabling the bank to book any kind of customer type.
- For every 100 employees, 75 are customer facing roles while 25 are support functions. The bank wants to take this to 85 (from 75) so that there are more employees who are aiding business growth directly.

Exhibit 9: Shareholding pattern

%	Sep'23	Dec'23	Mar'24
Promoters	0.0	0.0	0.0
Institutional investors	21.6	22.2	19.8
MFs and other	3.4	4.5	1.7
Banks/ FIs	0.0	0.0	0.0
Insurance Cos.	2.8	2.6	2.7
FIIs	15.4	15.1	15.4
Others	78.4	77.8	80.2

Source: Bloomberg, I-Sec research

Exhibit 10: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Interest income	72,332	86,128	97,024	110,474
Interest expense	42,211	52,808	61,085	68,648
Net interest income	**30,121**	**33,321**	**35,939**	**41,826**
Non-interest income	8,126	15,155	16,712	19,274
Operating income	**38,247**	**48,476**	**52,651**	**61,100**
Operating expense	23,174	29,799	33,169	37,611
Staff expense	13,004	16,929	18,665	21,047
Operating profit	**15,073**	**18,677**	**19,483**	**23,489**
Core operating profit	**18,703**	**15,877**	**16,983**	**20,989**
Provisions & Contingencies	3,991	3,389	4,438	4,458
Pre-tax profit	**11,082**	**15,288**	**15,045**	**19,031**
Tax (current + deferred)	3,331	4,587	4,513	5,709
Net Profit	**7,751**	**10,701**	**10,531**	**13,322**
Adjusted net profit	**7,751**	**10,701**	**10,531**	**13,322**

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Cash and balance with RBI/Banks	70,805	100,222	91,649	103,965
Investments	246,418	239,770	262,549	289,458
Advances	698,044	780,607	876,427	1,003,424
Fixed assets	8,779	9,665	11,003	12,324
Other assets	52,935	43,865	53,403	65,232
Total assets	**1,076,982**	**1,174,128**	**1,295,031**	**1,474,402**
Deposits	916,514	1,019,203	1,138,238	1,298,265
Borrowings	69,939	39,121	36,749	34,614
Other liabilities and provisions	23,784	27,569	22,331	31,819
Share capital	2,093	2,616	2,616	2,616
Reserve & surplus	64,653	85,620	95,098	107,087
Total equity & liabilities	**1,076,982**	**1,174,128**	**1,295,031**	**1,474,402**
% Growth	7.6	9.0	10.3	13.9

Source Company data, I-Sec research

Exhibit 13: Growth ratios

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Interest Income	34.5	10.6	7.9	16.4
Operating profit	20.8	23.9	4.3	20.6
Core operating profit	38.4	(15.1)	7.0	23.6
Profit after tax	NM	38.1	(1.6)	26.5
EPS	NM	37.7	(21.1)	26.5
Advances	16.4	11.8	12.3	14.5
Deposits	2.8	11.2	12.3	13.4
Book value per share	14.1	7.2	11.2	12.7
Adj Book value per share	25.2	13.0	12.6	14.0

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
No. of shares and per share data				
No. of shares (mn)	2,093	2,616	2,616	2,616
Adjusted EPS	3.7	5.1	4.0	5.1
Book Value per share	30	32	36	41
Adjusted BVPS	26	30	33	38
Valuation ratio				
PER (x)	7.8	5.6	7.2	5.7
Price/ Book (x)	1.0	0.9	0.8	0.7
Price/ Adjusted book (x)	1.1	1.0	0.9	0.8
Dividend Yield (%)	1.0	1.3	1.4	1.8
Profitability ratios (%)				
Yield on advances	8.8	9.3	9.5	9.6
Yields on Assets	7.0	7.7	7.9	8.0
Cost of deposits	4.3	5.0	5.2	5.2
Cost of funds	4.1	4.7	4.9	5.0
NIMs	3.2	3.2	3.1	3.2
Cost/Income	60.6	61.5	63.0	61.6
Dupont Analysis (as % of Avg Assets)				
Interest Income	7.0	7.7	7.9	8.0
Interest expended	4.1	4.7	4.9	5.0
Net Interest Income	**2.9**	**3.0**	**2.9**	**3.0**
Non-interest income	0.8	1.3	1.4	1.4
Trading gains	(0.3)	0.2	0.2	0.2
Fee income	1.1	1.1	1.2	1.2
Total Income	**3.7**	**4.3**	**4.3**	**4.4**
Total Cost	**2.2**	**2.6**	**2.7**	**2.7**
Staff costs	1.3	1.5	1.5	1.5
Non-staff costs	1.0	1.1	1.2	1.2
Operating Profit	**1.5**	**1.7**	**1.6**	**1.7**
Core Operating Profit	1.8	1.4	1.4	1.5
Non-tax Provisions	0.4	0.3	0.4	0.3
PBT	**1.1**	**1.4**	**1.2**	**1.4**
Tax Provisions	0.3	0.4	0.4	0.4
Return on Assets (%)	**0.7**	**1.0**	**0.9**	**1.0**
Leverage (x)	17.5	15.2	13.8	13.8
Return on Equity (%)	**13.1**	**14.5**	**11.8**	**13.3**
Asset quality ratios (%)				
Gross NPA	5.1	4.5	4.1	3.5
Net NPA	1.9	1.5	1.3	1.1
PCR	65.1	68.7	70.0	70.0
Gross Slippages	2.5	1.9	1.8	1.6
LLP / Avg loans	1.1	0.5	0.8	0.7
Total provisions / Avg loans	0.6	0.5	0.5	0.5
Net NPA / Networth	19.4	12.9	11.3	9.8
Capitalisation ratios (%)				
Core Equity Tier 1	13.7	16.7	16.3	15.8
Tier 1 cap. adequacy	14.7	17.7	17.2	16.6
Total cap. adequacy	17.3	19.9	19.2	18.3

Source Company data, I-Sec research

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