

# Federal Bank Ltd

## Further re-rating remains justified for FED

### Result Highlights (See "Our View" below for elaboration and insight)

- **Asset quality:** Gross slippages amounted to Rs 4.96bn (annualized slippage ratio of 1.0%) and recoveries and upgrades were at Rs 2.9bn
- **Margin picture:** NIM at 3.19% was down -3bp QoQ, where sequentially the cost of deposits moved up faster than the yield on advances
- **Asset growth:** Advances grew 3.3%/18.4% QoQ/YoY driven on YoY basis by Retail, Agri, CV/CE, MFI and CoB loan segments
- **Opex control:** Total opex rose 5.9%/27.3% QoQ/YoY, staff expenses rose 10.7%/23.6% QoQ/YoY and other expenses rose 2.3%/30.5% QoQ/YoY
- **Fee income:** Fee income rose 1%/25.6% QoQ/YoY, sequentially driven higher by Cards, Para Banking and General services charges.

### Our view - Low slippage, stable NIM and continued growth point to multiple enhancement

**Gross slippage ratio has now averaged 1.0% over the past 10 quarters:** There was a slightly chunky account worth Rs 0.7bn that slipped, and this has happened after a long gap. The reason for this account slipping was a fire in their factory and it is expected that the account will be upgraded in 4Q. Provisions were Rs 0.9bn, up by 108% QoQ but down -54% YoY, translating to calculated annualised credit cost of 19bps. However, the low credit cost was aided by a Rs 1.12bn provision reversal on standard assets. The restructured book provisions were reviewed and some provisions on the restructured book were reversed as far as RF1 is concerned.

**The intention to preserve NIM at current levels looks largely achievable:** The bank would aim to bring CD ratio down to 80% over calendar year 2024, which would exert some downward pressure on NIM, all other things remaining constant. No rise in deposit rates is expected except perhaps in a few buckets. The overall cost of deposits is expected to remain broadly stable and eventually inch lower. At this point in time, unsecured loans are not being grown as fast as capacity but this would be enhanced at some point.

**FED is already tracking a quarterly RoA of 1.4% and has now flagged an aspirational RoA of 1.5% 12-18 months down the line:** Loan growth outcome has remained broadly stable at 18% YoY, with management continuing to guide for a similar growth pattern. The sequential rise in employee cost was driven by wage hike provisions where the provisioning was done for 17% hike compared with 15% earlier.

**We maintain 'Buy' rating on FED, which has been one of our top picks since June 2021, with an unchanged price target of Rs 195:** We value the standalone bank at 1.3x FY25 P/BV for an FY24E/25E/26E RoE profile of 14.9%/15.0%/15.5%. We assign a value of Rs 16.1 per share to the subsidiaries, on SOTP. (See our [sector report dated June 2021](#)).

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

### Exhibit 1: Result table

Particulars (Rs mn)	Q3 FY24	Q2 FY24	% qoq	Q3 FY23	% yoy
Total Interest Income	57,301	54,553	5.0	44,333	29.3
Interest expended	(36,067)	(33,989)	6.1	(24,767)	45.6
Net Interest Income	21,234	20,564	3.3	19,565	8.5
Other income	8,626	7,304	18.1	5,340	61.5
Total Income	29,859	27,868	7.1	24,905	19.9
Operating expenses	(15,486)	(14,624)	5.9	(12,163)	27.3
PPOP	14,373	13,245	8.5	12,742	12.8
Provisions	(912)	(439)	107.8	(1,987)	(54.1)
PBT	13,461	12,806	5.1	10,755	25.2
Tax	(3,394)	(3,267)	3.9	(2,719)	24.8
PAT	10,067	9,538	5.5	8,036	25.3

Source: Company, YES Sec-Research

Recommendation : **BUY**

Current Price : Rs 150

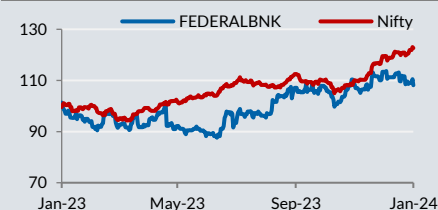
Target Price : Rs 195

Potential Return : +30%

### Stock data (as on January 16, 2024)

Nifty	22,032
52 Week h/l (Rs)	159 / 121
Market cap (Rs/USD mn)	372241 / 4478
Outstanding Shares (mn)	2,434
6m Avg t/o (Rs mn):	1,933
Div yield (%):	0.6
Bloomberg code:	FB IN
NSE code:	FEDERALBNK

### Stock performance



	1M	3M	1Y
Absolute return	-4.7%	0.8%	6.7%

### Shareholding pattern (As of Dec'23 end)

Promoter	0.0%
FII+DII	73.3%
Others	25.7%

### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	195	195

### Financial Summary

(Rs mn)	FY24E	FY25E	FY26E
NII	83,277	98,938	118,012
PPOP	55,328	69,890	84,950
Net Profit	36,695	45,027	54,005
Growth (%)	21.9	22.7	19.9
EPS (Rs)	15.8	19.3	23.2
BVPS (Rs)	120	138	160
P/E (x)	8.5	6.9	5.8
P/BV (x)	1.1	1.0	0.8
ROE (%)	14.9	15.0	15.5
ROA (%)	1.3	1.4	1.4
Tier-1 (%)	13.8	13.2	12.7

### in earnings estimates

Rs. bn	FY24E	FY25E	FY26E
PAT (New)	36.7	45.0	54.0
PAT (Old)	36.7	45.0	54.0
% change	0.0%	0.0%	0.0%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Asset quality

- **Slippages**
  - Gross NPA additions amounted to Rs 4.96bn for 3QFY24, translating to an annualized slippage ratio of 1.0% for the quarter. (Gross NPA additions had amounted to Rs 3.73bn during 2QFY24.)
  - **Corporate slippage**
    - There was a slightly chunky account worth Rs 0.7bn that slipped and this has happened after a long gap.
    - The reason for this account slipping was a fire in their factory and it is expected that the account will be upgraded in 4Q.
- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 2.9bn for 3QFY24, implying net NPA addition of Rs 2.06bn for the quarter.
- **Provisions**
  - **P&L provisions**
    - Provisions were Rs 0.9bn, up by 108% QoQ but down -54% YoY, translating to calculated annualised credit cost of 19bps.
    - **Provision reversal**
      - There has been a Rs 1.12bn provision reversal on standard assets.
      - The restructured book provisions were reviewed and some provisions on the restructured book were reversed as far as RF1 is concerned.
      - There is still a provision coverage of about 20% on the restructured book.
- **Restructured book**
  - Standard Restructured book stood at around Rs22 bn or 1.1% of gross advances.
- **ADAG exposures**
  - The NBFC exposure is Rs 1bn.
  - There is another Rs 1.8bn in a different structure.

### Loan to deposit ratio

- Management feels that the regulator would be comfortable with a CD ratio of 80%.
- The bank would aim to bring CD ratio down to 80% over calendar year 2024.

### Net interest margin

- **NIM for the quarter**
  - NIM was at 3.19%, down -3 bps QoQ and -36 bps YoY.
- **CD ratio**
  - Decline in CD ratio would exert some downward pressure on NIM all other things remaining constant.
- **Deposit cost**
  - No rise in deposit rates is expected except perhaps in a few buckets.
  - The overall cost of deposits is expected to remain broadly stable and eventually inch lower.

(Con call takeaways continue on the next page)

- **Higher-yielding loans**
  - Management stated that they are not growing this book as fast as they can as they do not wish to take that risk at this point in time.
  - However, growth would be increased at a later point in time when feasible.
  - The internal cap on unsecured lending share has not lowered.
  - All personal loans have come from internal pre-approved base.
- **NBFC book yield**
  - Interest rates to NBFCs have been hiked by 30-45 bps for non-PSL and non-housing categories.
- **NIM guidance**
  - The intention is to preserve NIM at current levels.

## RoA guidance

- NIM is not the sole driver for RoA and the bank will also focus on growth, other income and efficiency.
- The bank is already close to an RoA of 1.35% and should achieved 1.4% by the end of FY24.
- An aspirational RoA of 1.5% will be targeted over the next 12-18 months.

## Operating expenses

- **Total opex**
  - Total opex, at Rs. 15.5 bn, is up 5.9% QoQ and 27.3% YoY.
  - Consequently, cost/income ratio came in at 51.9%, down by -61bps QoQ but up by 303bps YoY.
- **Staff opex**
  - The staff opex is up by 10.7% QoQ and 23.6% YoY.
  - The sequential rise in employee cost was driven by wage hike provisions where the provisioning was done for 17% hike compared with 15% earlier.
  - The catch up provisions for wage hike going back to November 2022 have also been made.
- **Other opex**
  - Other opex in up by 2.3% QoQ and 30.5% YoY.
  - **Branch expansion**
    - 65 branches have been opened in 9M
    - Of the 75 branches opened last year, 41 have broken even in less than 1 year.

## Loan growth

- **Outcome**
  - The advances for the bank stood at Rs 1,992 bn, up by 3.3% QoQ and 18.4% YoY.'
- **Guidance**
  - There is no change in growth plan and a loan growth of about 18% is on the cards.
- **Co-lending**
  - The bank has done some co-lending on the microfinance side.
  - Currently, the bank is in experimentation mode.

(Con call takeaways continue on the next page)

- **IBPC**
  - The bank is looking at IBPC from a resource mobilization perspective.

## Capital adequacy

- **Risk weight guidelines**
  - The credit RWA has risen Rs 100bn, of which Rs 72bn is due to the regulatory change.
- **Capital adequacy ratio**
  - The CAR is 16.15% if profit is included.

## Management succession

- A top quality search firm is working on selecting candidates.
- A most preferred list consisting of both internal and external candidates will be submitted to the RBI.

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

Particulars (Rs mn)	Q3FY24#	Q2FY24	% qoq	Q3FY23	% yoy	Q3FY24*	chg qoq*	chg yoy*
Total gross advances	2,024,750	1,959,680	3.3	1,710,430	18.4	100	0bps	0bps
Core retail	650,410	620,090	4.9	540,250	20.4	31	-21bps	-7bps
Agri	266,470	251,150	6.1	209,910	26.9	13	6bps	64bps
Business Banking	166,800	159,970	4.3	141,600	17.8	8	-10bps	-20bps
CV/CE	30,570	27,340	11.8	18,410	66.1	1	8bps	40bps
MFI	27,540	23,250	18.5	10,550	161.0	1	14bps	72bps
CoB	207,740	197,290	5.3	164,890	26.0	10	-3bps	42bps
Corporate	719,780	680,590	5.8	629,290	14.4	35	5bps	-191bps
Total deposits	2,395,912	2,328,684	2.9	2,014,080	19.0	100	0bps	0bps
CA deposits	152,750	157,130	(2.8)	130,310	17.2	6	-37bps	-9bps
SA deposits	581,140	568,760	2.2	559,360	3.9	24	-17bps	-352bps
Term deposits	1,662,022	1,602,794	3.7	1,324,410	25.5	69	54bps	361bps
Investments	573,730	551,691	4.0	462,650	24.0	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	22.4	22.2	12bps	21.6	79bps	NA	NA	NA
Borrowings	173,170	191,808	(9.7)	196,750	(12.0)	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	6.7	7.6	-87bps	8.9	-216bps	NA	NA	NA
Risk-weighted assets	1,810,730	1,693,930	6.9	1,450,230	24.9	NA	NA	NA

Source: Company, YES Sec – Research, \*Share in total and change in share, #The total 3QFY24 advances figure is adjusted for IBPC but the individual segment figures are not, which would impact the QoQ growth figures accordingly.

## Exhibit 3: Key quarterly ratios

(%)	Q3 FY24	Q2 FY24	chg qoq	Q3 FY23	chg yoy
Net interest margin	3.19	3.22	-3bps	3.55	-36bps
Yield on advances	9.37	9.35	2bps	8.78	59bps
Cost of deposits	5.73	5.52	21bps	4.57	116bps
CASA ratio	30.6	31.2	-54bps	34.2	-361bps
Loan to Deposit ratio	83.1	82.8	33bps	83.5	-36bps
Non-interest income/Total income	28.9	26.2	268bps	21.4	745bps
Fee Income to Avg. Total Assets	0.8	0.8	-2bps	0.8	4bps
Cost to Income ratio	51.9	52.5	-61bps	48.8	303bps
Opex to Avg. Total Assets	2.1	2.1	4bps	2.0	13bps
Credit Cost	0.3	0.1	18bps	0.4	-7bps
Annualised Slippage Ratio*	1.0	0.8	22bps	1.0	1bps
Provision Coverage	71.1	71.0	5bps	69.2	189bps
Gross NPA	2.3	2.3	3bps	2.4	-14bps
Net NPA	0.6	0.6	0bps	0.7	-9bps
Capital adequacy ratio	15.0	15.5	-48bps	13.4	167bps
Tier 1 capital ratio	13.5	13.8	-31bps	12.1	135bps

Source: Company, YES Sec – Research, \* Annualised Gross NPA Addition Ratio

## Exhibit 4: Retail Loan Mix - Quarterly

Particulars (Rs mn)	Q3FY24#	Q2FY24	% qoq	Q3FY23	% yoy	Q3FY24*	chg qoq*	chg yoy*
Agri	266,470	251,150	6.1	209,910	26.9	23.3	12bps	54bps
Business Banking	166,800	159,970	4.3	141,600	17.8	14.6	-18bps	-77bps
CV/CE	30,570	27,340	11.8	18,410	66.1	2.7	15bps	68bps
MFI	27,540	23,250	18.5	10,550	161.0	2.4	26bps	127bps
Housing	272,260	264,540	2.9	241,010	13.0	23.8	-61bps	-233bps
LAP	113,520	108,920	4.2	95,730	18.6	9.9	-13bps	-46bps
Gold	45,400	45,370	0.1	47,600	(4.6)	4.0	-22bps	-119bps
Auto	67,750	63,010	7.5	51,290	32.1	5.9	11bps	36bps
Personal	36,470	32,320	12.8	19,570	86.4	3.2	21bps	107bps
Credit Cards	27,780	23,080	20.4	11,000	152.5	2.4	30bps	124bps
Others	87,230	82,850	5.3	74,040	17.8	7.6	-2bps	-40bps
Total retail loans	1,141,790	1,081,800	5.5	920,710	24.0	100.0	0bps	0bps

Source: Company, YES Sec – Research, \*Share in total and change in share, The 3QFY24 individual segment figures are not adjusted for IBPC, which would impact the QoQ growth figures accordingly.

## Exhibit 5: Quarterly Actuals Vs Estimates

Q3FY24 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	21,234	21,217	0.1
Pre-Prov. Operating Profit	14,373	13,763	4.4
Profit After Tax	10,067	9,547	5.5

Source: Company, YES Sec – Research

## Exhibit 6: Operating Expense Break-up

(Rs mn)	Q3FY24	Q2FY24	% qoq	Q3FY23	% yoy
Employee Expense	6,932	6,263	10.7	5,608	23.6
Other Operating Expense	8,554	8,361	2.3	6,555	30.5
<b>Total Operating Expense</b>	<b>15,486</b>	<b>14,624</b>	<b>5.9</b>	<b>12,163</b>	<b>27.3</b>

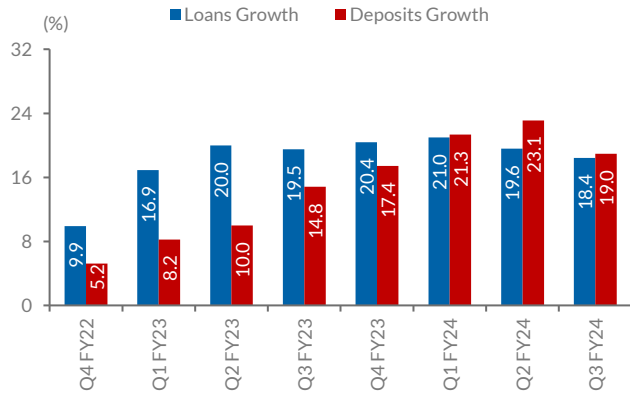
Source: Company, YES Sec – Research

## Exhibit 7: Non-Interest Income Break-up

(Rs mn)	Q3FY24	Q2FY24	% qoq	Q3FY23	% yoy
Total Fee Income (A)	5,830	5,780	0.9	4,640	25.6
Cards	1,810	1,750	3.4	1,280	41.4
Para banking	630	520	21.2	420	50.0
Banking Comm. & Exch.	720	730	(1.4)	550	30.9
Proc. Fee & charges on Loans	1,490	1,750	(14.9)	1,290	15.5
General Service charges	1,180	1,030	14.6	1,100	7.3
Total Other Income (B)	2,796	1,524	83.4	700	299.4
Sale of Investments	1,540	180	755.6	70	2,100.0
Exchange	590	820	(28.0)	740	(20.3)
Others (inc. recovery and revaluation)	666	524	27.0	(110)	(705.1)
<b>Total Non-Interest Income (A+B)</b>	<b>8,626</b>	<b>7,304</b>	<b>18.1</b>	<b>5,340</b>	<b>61.5</b>

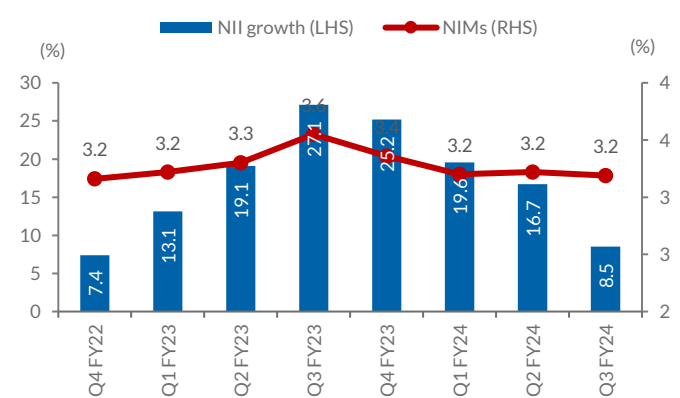
Source: Company, YES Sec – Research

**Exhibit 8: Loans and Deposits growth (YoY %)**



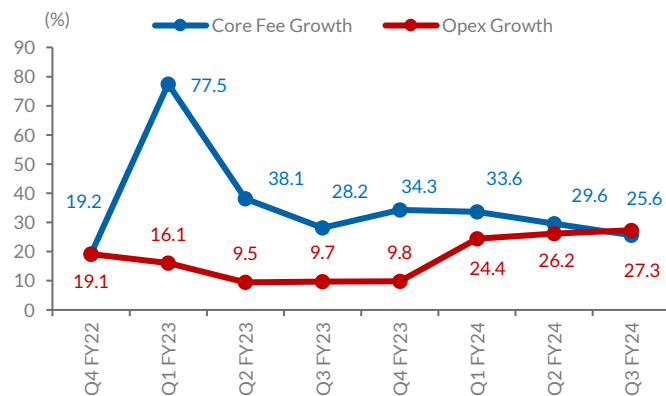
Source: Company, YES Sec – Research

**Exhibit 9: NII growth (YoY %) and NIM**



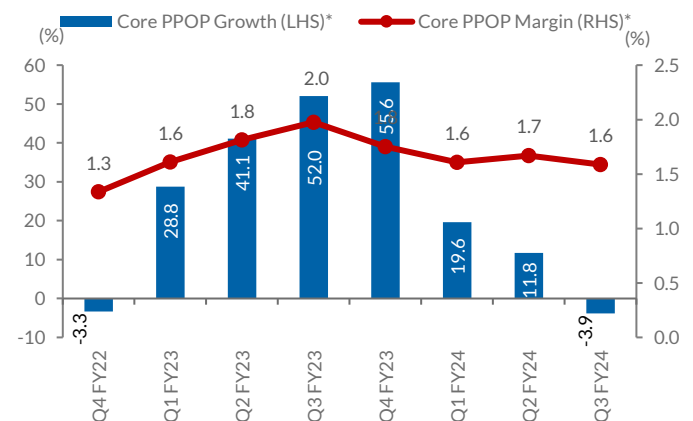
Source: Company, YES Sec – Research

**Exhibit 10: Core Fee and Opex growth (YoY %)**



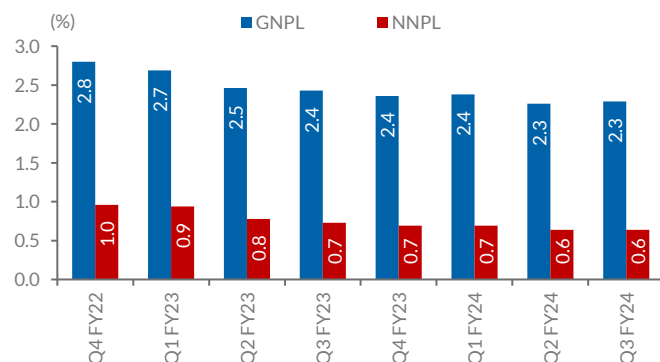
Source: Company, YES Sec – Research

**Exhibit 11: Core PPOP growth (YoY %) and Core PPOP margin (%)**



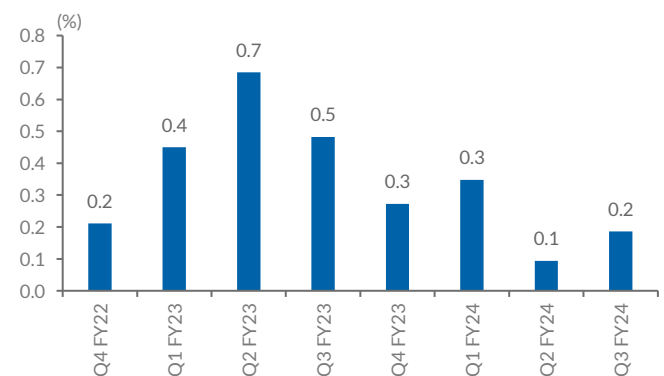
Source: Company, YES Sec – Research, \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 12: Gross NPA and Net NPA (%)**



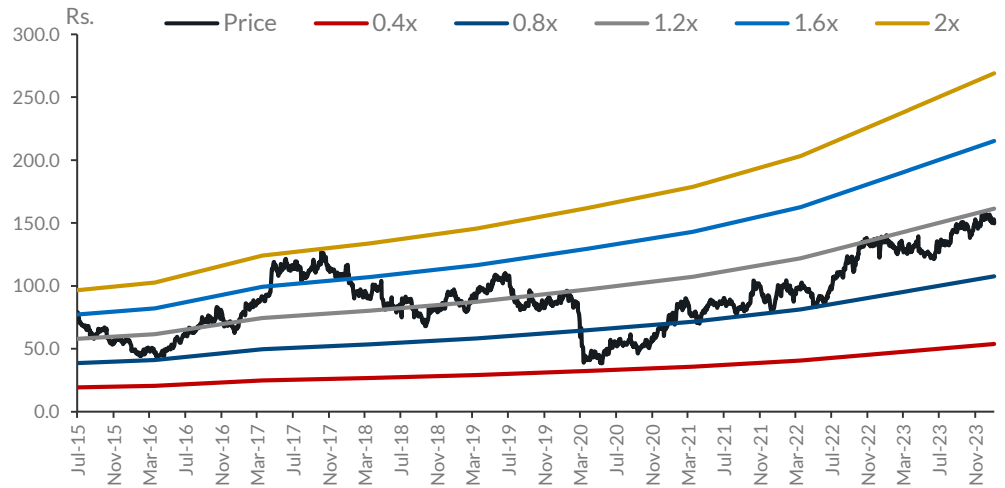
Source: Company, YES Sec – Research

**Exhibit 13: Credit Cost (%)**



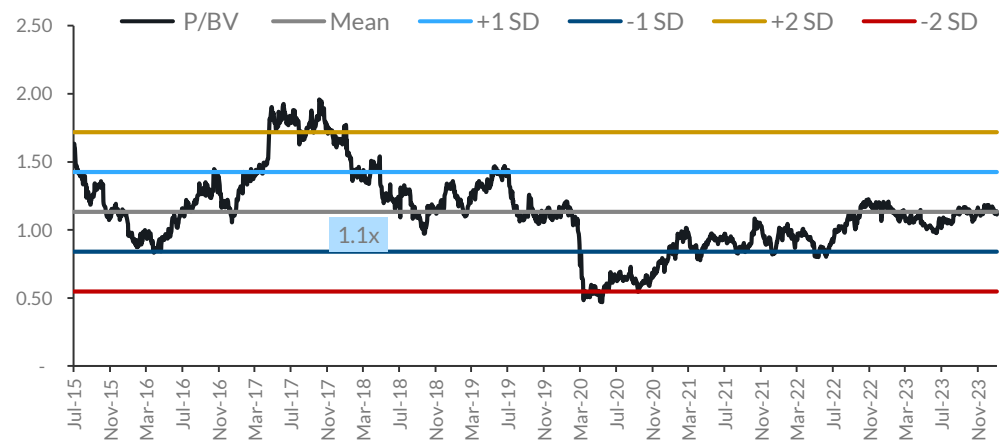
Source: Company, YES Sec – Research

**Exhibit 14: 1-year rolling P/BV band**



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

**Exhibit 15: 1-yr rolling P/BV vis-a-vis the mean and standard deviations**



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value



## ANNUAL FINANCIALS

### Exhibit 16: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Total cash & equivalents	210,103	176,887	206,958	244,210	288,168
Investments	391,795	489,833	582,723	681,816	798,166
Advances	1,449,283	1,744,469	2,041,029	2,408,414	2,841,928
Fixed assets	6,339	9,340	10,274	11,301	12,431
Other assets	151,942	182,889	201,178	221,296	243,426
<b>Total assets</b>	<b>2,209,463</b>	<b>2,603,418</b>	<b>3,042,161</b>	<b>3,567,037</b>	<b>4,184,119</b>
Net worth	187,938	215,062	279,056	321,755	373,433
Deposits	1,817,006	2,133,860	2,489,732	2,930,594	3,450,812
Borrowings	153,931	193,193	217,781	267,641	324,371
Other liabilities	50,588	61,303	55,592	47,046	35,504
<b>Total liabilities incl. Equity</b>	<b>2,209,463</b>	<b>2,603,418</b>	<b>3,042,161</b>	<b>3,567,037</b>	<b>4,184,119</b>

Source: Company, YES Sec – Research

### Exhibit 17: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Interest income	136,608	168,036	198,680	235,580	278,899
Interest expense	(76,988)	(95,715)	(115,403)	(136,642)	(160,887)
<b>Net interest income</b>	<b>59,620</b>	<b>72,322</b>	<b>83,277</b>	<b>98,938</b>	<b>118,012</b>
Non-interest income	20,891	23,300	30,505	38,733	45,632
<b>Total income</b>	<b>80,510</b>	<b>95,622</b>	<b>113,782</b>	<b>137,672</b>	<b>163,644</b>
Operating expenses	(42,932)	(47,678)	(58,454)	(67,782)	(78,695)
<b>PPoP</b>	<b>37,579</b>	<b>47,944</b>	<b>55,328</b>	<b>69,890</b>	<b>84,950</b>
Provisions	(12,218)	(7,499)	(6,291)	(9,717)	(12,779)
<b>Profit before tax</b>	<b>25,361</b>	<b>40,445</b>	<b>49,037</b>	<b>60,173</b>	<b>72,170</b>
Taxes	(6,463)	(10,339)	(12,343)	(15,145)	(18,165)
<b>Net profit</b>	<b>18,898</b>	<b>30,106</b>	<b>36,695</b>	<b>45,027</b>	<b>54,005</b>

Source: Company, YES Sec – Research

## Exhibit 18: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Interest income	6.5	7.0	7.0	7.1	7.2
Interest expense	-3.6	-4.0	-4.1	-4.1	-4.2
<b>Net interest income</b>	<b>2.8</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
Non-interest income	1.0	1.0	1.1	1.2	1.2
<b>Total income</b>	<b>3.8</b>	<b>4.0</b>	<b>4.0</b>	<b>4.2</b>	<b>4.2</b>
Operating expenses	-2.0	-2.0	-2.1	-2.1	-2.0
<b>PPoP</b>	<b>1.8</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>
Provisions	-0.6	-0.3	-0.2	-0.3	-0.3
<b>Profit before tax</b>	<b>1.2</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>
Taxes	-0.3	-0.4	-0.4	-0.5	-0.5
<b>Net profit</b>	<b>0.9</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>

Source: Company, YES Sec – Research

## Exhibit 19: Sum of the Parts (SOTP) - Subsidiaries

Subsidiaries/JVs	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple (Implied / Assigned)	Stake (%)	Stake value (Rs mn)	Per share (Rs)
FedBank Financial	51,377	BV	21,637	1.5	61.7%	31,674	13.6
IDBI Federal Life	22,174	EV	20,158	1.1	26.0%	5,765	2.5
<b>Value of Subsidiaries</b>						<b>37,439</b>	<b>16.1</b>

Source: Company, YES Sec – Research

## Exhibit 20: Change in Annual Estimates

Y/e 31 Mar (Rs. mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Net Interest Income	83,277	98,938	118,012	83,277	98,938	118,012	0.0	0.0	0.0
Pre-Prov. Operating Profit	55,328	69,890	84,950	55,328	69,890	84,950	0.0	0.0	0.0
Profit after tax	36,695	45,027	54,005	36,695	45,027	54,005	0.0	0.0	0.0

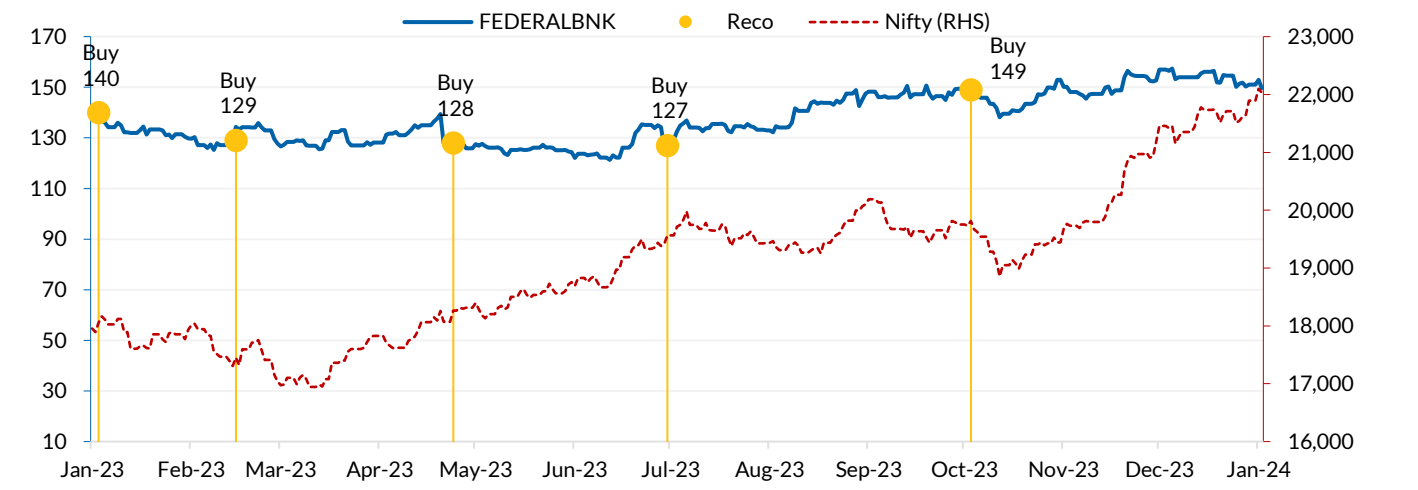
Source: Company, YES Sec – Research

## Exhibit 21: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24E	FY25E	FY26E
<b>Growth matrix (%)</b>					
Net interest income	7.7	21.3	15.1	18.8	19.3
PPoP	-0.8	27.6	15.4	26.3	21.5
Net profit	18.8	59.3	21.9	22.7	19.9
Loans	9.9	20.4	17.0	18.0	18.0
Deposits	5.2	17.4	16.7	17.7	17.8
<b>Profitability Ratios (%)</b>					
Net interest margin	3.2	3.3	3.3	3.3	3.3
Return on Average Equity	10.8	14.9	14.9	15.0	15.5
Return on Average Assets	0.9	1.3	1.3	1.4	1.4
<b>Per share figures (Rs)</b>					
EPS	9.0	14.2	15.8	19.3	23.2
BVPS	89	102	120	138	160
ABVPS	83	96	113	128	148
<b>Valuation multiples</b>					
P/E	14.9	9.4	8.5	6.9	5.8
P/BV	1.5	1.3	1.1	1.0	0.8
P/ABV	1.6	1.4	1.2	1.0	0.9
<b>NIM internals (%)</b>					
Yield on loans	7.8	8.4	8.5	8.5	8.6
Cost of deposits	4.1	4.4	4.6	4.7	4.7
Loan-deposit ratio	79.8	81.8	82.0	82.2	82.4
CASA ratio	37.1	32.9	33.5	34.0	34.5
<b>Opex control (%)</b>					
Cost/Income ratio	53.3	49.9	51.4	49.2	48.1
Cost to average assets	2.0	2.0	2.1	2.1	2.0
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	14.4	13.0	13.8	13.2	12.7
<b>Asset quality (%)</b>					
Slippage ratio	1.4	1.1	1.0	1.0	1.0
Gross NPL ratio	2.8	2.4	2.0	1.9	1.9
Credit cost	0.4	0.4	0.3	0.4	0.4
Net NPL ratio	1.0	0.7	0.8	1.0	1.1

Source: Company, YES Sec – Research; Valuations are the implied valuation of standalone entity net of subsidiaries

## Recommendation Tracker



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**ADD:** Upside between 10% to 20% over 12 months

**NEUTRAL:** Upside between 0% to 10% over 12 months

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