

| | |
|-----------------------|--------------------|
| BSE SENSEX | S&P CNX |
| 33,147 | 10,344 |
| Bloomberg | YES IN |
| Equity Shares (m) | 421.1 |
| M.Cap.(INRb)/(USDb) | 567.2 / 8.3 |
| 52-Week Range (INR) | 383 / 218 |
| 1, 6, 12 Rel. Per (%) | -13/-9/10 |
| Avg Val, INRm | 4143 |
| Free float (%) | 79.9 |

Financials & Valuations (INR b)

| Y/E March | 2018E | 2019E | 2020E |
|---------------|-------|-------|-------|
| NII | 78.3 | 100.8 | 125.7 |
| OP | 78.5 | 100.3 | 125.8 |
| NP | 40.7 | 53.2 | 67.4 |
| NIM (%) | 3.6 | 3.8 | 3.9 |
| EPS (INR) | 17.8 | 23.3 | 29.5 |
| EPS Gr. (%) | 22.1 | 30.9 | 26.6 |
| BV/Sh. (INR) | 109.7 | 129.2 | 154.4 |
| ABV/Sh. (INR) | 103.3 | 123.9 | 148.3 |
| RoE (%) | 17.3 | 19.5 | 20.8 |
| RoA (%) | 1.7 | 1.8 | 1.9 |

| Valuations | | | |
|------------|------|------|------|
| P/E(X) | 18.6 | 14.2 | 11.2 |
| P/BV (X) | 3.0 | 2.6 | 2.2 |

CMP: INR332 TP: INR382 (+15%)

Buy

Asset quality plays a spoilsport; loan/revenue growth remains robust

- Yes Bank (YES) reported robust PPOP growth of 38% YoY/12% QoQ to INR19.1b (10% beat), led by strong 34% YoY growth in total revenues and controlled opex. However, asset quality deteriorated sharply, adversely impacted by high divergence of INR63.55b, and thus, resulted in 56% YoY increase in provisions. PAT, however, still grew at a healthy 25% YoY to INR10.02b (largely in-line).
- Business growth stood robust, with advances growing 35% YoY to INR1.48t and deposits increasing 23% YoY to INR1.58t. CASA deposits maintained strong traction and reported 51% YoY growth, resulting in a 40bp QoQ increase in the CASA mix to 37.2%. Margins held stable at 3.7%.
- Cost-income ratio declined 290bp QoQ to 39.2%, and we believe that opex growth for YES will continue to trail revenue growth, as the bank goes slow on branch expansion and focuses on improving productivity.
- Asset quality deteriorated sharply, affected by the divergence of INR63.55b (19 accounts - mostly infra-related), of which YES – (i) downgraded loans worth INR12.19b, (ii) sold three accounts INR4.61b (2 real estate, 1 paper) to ARC and (iii) upgraded 12 accounts worth INR29.83b, and recovered INR16.9b. GNPL/NNPL thus increased 99%/183% QoQ, while the coverage ratio fell ~1,700bp to ~43%. Credit cost increased to 29bp (48bp in 1HFY18); however, the bank has guided to maintain its FY18 credit cost at <70bp.
- **Valuation and view:** We believe that while the repeated occurrence of such a big divergence (4.3% of loans) is a clear setback, strong resolution capability (FY16 divergence was dealt with pretty quickly, ~27% of FY17 divergence already recovered) gives us comfort. The RBI giving its approval on the upgradation of divergent accounts will further cement confidence. Total net stressed assets now stand at ~2.5% of advances and equates to half yearly operating profit. We estimate YES to deliver industry leading growth, with 25% earnings CAGR over FY17-20E. We revise our PT to INR380 (2.7x Sep-19E ABV). Maintain **Buy**.

Quarterly Performance

| | FY17 | | | | FY18E | | | | FY17 | FY18E |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | |
| Interest Income | 37,973 | 40,604 | 42,134 | 43,490 | 46,538 | 48,003 | 47,067 | 50,990 | 164,246 | 192,598 |
| Interest Expense | 25,457 | 26,482 | 27,241 | 27,093 | 28,449 | 29,153 | 27,224 | 29,493 | 106,273 | 114,319 |
| Net Interest Income | 12,516 | 14,122 | 14,893 | 16,397 | 18,089 | 18,851 | 19,843 | 21,496 | 57,973 | 78,280 |
| % Change (Y-o-Y) | 18.1 | 27.4 | 28.7 | 32.1 | 44.5 | 33.5 | 33.2 | 31.1 | 26.9 | 35.0 |
| Other Income | 9,655 | 9,219 | 10,165 | 12,574 | 11,322 | 12,484 | 14,910 | 16,153 | 41,568 | 54,869 |
| Net Income | 22,171 | 23,340 | 25,059 | 28,971 | 29,411 | 31,335 | 34,753 | 37,649 | 99,541 | 133,149 |
| Operating Expenses | 9,103 | 9,481 | 10,520 | 12,061 | 12,369 | 12,269 | 14,428 | 15,630 | 41,165 | 54,695 |
| Operating Profit | 13,068 | 13,860 | 14,538 | 16,910 | 17,042 | 19,067 | 20,325 | 22,019 | 58,375 | 78,453 |
| % Change (Y-o-Y) | 43.9 | 36.0 | 26.5 | 38.0 | 30.4 | 37.6 | 39.8 | 30.2 | 35.7 | 34.4 |
| Other Provisions | 2,066 | 1,617 | 1,154 | 3,097 | 2,858 | 4,471 | 5,015 | 5,433 | 7,934 | 17,776 |
| Profit before Tax | 11,001 | 12,243 | 13,384 | 13,813 | 14,184 | 14,596 | 15,311 | 16,587 | 50,441 | 60,678 |
| Tax Provisions | 3,683 | 4,228 | 4,558 | 4,671 | 4,529 | 4,569 | 5,244 | 5,681 | 17,140 | 20,024 |
| Net Profit | 7,318 | 8,015 | 8,826 | 9,141 | 9,655 | 10,027 | 10,066 | 10,905 | 33,301 | 40,654 |
| % Change (Y-o-Y) | 32.8 | 31.3 | 30.6 | 30.2 | 31.9 | 25.1 | 14.0 | 19.3 | 31.1 | 22.1 |
| Operating Parameters | | | | | | | | | | |
| NIM (Cal, %) | 3.3 | 3.62 | 3.6 | 3.8 | 3.9 | 3.8 | 3.8 | 3.8 | 3.6 | 3.8 |
| Deposit Growth (%) | 28.6 | 28.9 | 30.5 | 27.9 | 22.6 | 23.4 | 28.8 | 28.1 | 27.9 | 28.1 |
| Loan Growth (%) | 33.0 | 37.7 | 38.8 | 34.7 | 32.1 | 34.9 | 38.0 | 32.0 | 34.7 | 32.0 |
| CD Ratio (%) | 86.4 | 86.1 | 88.5 | 92.6 | 93.2 | 94.1 | 94.8 | 95.4 | 92.6 | 0.0 |
| CASA Ratio (%) | 29.6 | 30.3 | 33.3 | 36.3 | | | | | 36.3 | 38.0 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (INR B) | 8.4 | 9.2 | 10.1 | 20.2 | 13.6 | 27.2 | 31.0 | 34.7 | 20.2 | 34.7 |
| Gross NPA (%) | 0.8 | 0.8 | 0.9 | 1.5 | 1.0 | 1.8 | 0.0 | 2.0 | 1.5 | 2.0 |

E: MOSL Estimates

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Exhibit 1: Quarterly Snapshot (INRb)

| | FY16 | | | | FY17 | | | | FY18 | | Variation (%) | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | QoQ | YoY |
| Profit and Loss (INR m) | | | | | | | | | | | | |
| Net Interest Income | 10,598 | 11,085 | 11,569 | 12,414 | 12,516 | 14,122 | 14,893 | 16,397 | 18,089 | 18,851 | 4 | 33 |
| Other Income | 5,452 | 6,181 | 7,461 | 8,028 | 9,655 | 9,219 | 10,165 | 12,574 | 11,322 | 12,484 | 10 | 35 |
| Total Income | 16,050 | 17,266 | 19,030 | 20,443 | 22,171 | 23,340 | 25,059 | 28,971 | 29,411 | 31,335 | 7 | 34 |
| Operating Expenses | 6,967 | 7,074 | 7,534 | 8,188 | 9,103 | 9,481 | 10,520 | 12,061 | 12,369 | 12,269 | -1 | 29 |
| Employee | 2,885 | 3,128 | 3,426 | 3,528 | 4,074 | 4,334 | 4,675 | 4,968 | 5,461 | 5,628 | 3 | 30 |
| Others | 4,082 | 3,947 | 4,108 | 4,659 | 5,030 | 5,147 | 5,846 | 7,093 | 6,908 | 6,641 | -4 | 29 |
| Operating Profits | 9,083 | 10,191 | 11,496 | 12,255 | 13,068 | 13,860 | 14,538 | 16,910 | 17,042 | 19,067 | 12 | 38 |
| Provisions | 980 | 1,039 | 1,479 | 1,865 | 2,066 | 1,617 | 1,154 | 3,097 | 2,858 | 4,471 | 56 | 177 |
| PBT | 8,103 | 9,152 | 10,016 | 10,390 | 11,001 | 12,243 | 13,384 | 13,813 | 14,184 | 14,596 | 3 | 19 |
| Taxes | 2,591 | 3,048 | 3,260 | 3,369 | 3,683 | 4,228 | 4,558 | 4,671 | 4,529 | 4,569 | 1 | 8 |
| PAT | 5,512 | 6,104 | 6,757 | 7,021 | 7,318 | 8,015 | 8,826 | 9,141 | 9,655 | 10,027 | 4 | 25 |
| Asset Quality | | | | | | | | | | | | |
| GNPA | 3,683 | 4,914 | 5,586 | 7,490 | 8,446 | 9,167 | 10,059 | 20,186 | 13,644 | 27,203 | 99 | 197 |
| NNPA | 1,067 | 1,586 | 1,872 | 2,845 | 3,024 | 3,230 | 3,425 | 10,723 | 5,453 | 15,433 | 183 | 378 |
| GNPA (%) | 0.5 | 0.6 | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 | 1.5 | 1.0 | 1.8 | 85 | 99 |
| NNPA (%) | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.8 | 0.4 | 0.4 | -4 | 6 |
| PCR (Calculated, %) | 71 | 68 | 66 | 62 | 64 | 65 | 66 | 47 | 60 | 43 | -1,676 | -2,149 |
| Ratios (%) | | | | | | | | | | | | |
| Non Int. to Total Income | 34.0 | 35.8 | 39.2 | 39.3 | 43.5 | 39.5 | 40.6 | 43.4 | 38.5 | 39.8 | | |
| Cost to Income | 43.4 | 41.0 | 39.6 | 40.1 | 41.1 | 40.6 | 42.0 | 41.6 | 42.1 | 39.2 | | |
| Tax Rate | 32.0 | 33.3 | 32.5 | 32.4 | 33.5 | 34.5 | 34.1 | 33.8 | 31.9 | 31.3 | | |
| CASA (Reported) | 23.4 | 25.5 | 26.6 | 28.1 | 29.6 | 30.3 | 33.3 | 36.3 | 36.8 | 37.2 | | |
| Loan/Deposit | 83.6 | 80.5 | 83.2 | 87.9 | 86.4 | 86.1 | 88.5 | 92.6 | 93.2 | 94.1 | | |
| RoA | 1.6 | 1.7 | 1.8 | 1.8 | 1.7 | 1.8 | 1.8 | 1.8 | 1.8 | 1.7 | | |
| RoE | 18.4 | 19.4 | 20.5 | 21.1 | 20.7 | 21.4 | 22.3 | 21.8 | 17.4 | 17.5 | | |
| Margins (%) - Reported | | | | | | | | | | | | |
| Margins | 3.3 | 3.3 | 3.4 | 3.4 | 3.4 | 3.4 | 3.5 | 3.6 | 3.7 | 3.7 | 0 | 30 |
| Balance Sheet (INR B) | | | | | | | | | | | | |
| Loans | 797 | 800 | 844 | 982 | 1,059 | 1,102 | 1,171 | 1,323 | 1,400 | 1,487 | 6 | 35 |
| Investments | 422 | 439 | 456 | 488 | 461 | 496 | 497 | 500 | 521 | 539 | 3 | 9 |
| Deposits | 953 | 993 | 1,014 | 1,117 | 1,226 | 1,280 | 1,324 | 1,429 | 1,502 | 1,580 | 5 | 23 |
| CASA Deposits | 223 | 253 | 270 | 313 | 363 | 388 | 441 | 519 | 552 | 587 | 6 | 51 |
| Borrowings | 253 | 238 | 267 | 317 | 319 | 346 | 369 | 386 | 383 | 448 | 17 | 30 |
| Total Assets | 1,390 | 1,448 | 1,478 | 1,653 | 1,772 | 1,873 | 1,948 | 2,151 | 2,221 | 2,374 | 7 | 27 |
| Risk Weighted Assets | 1,127 | 1,171 | 1,211 | 1,329 | 1,443 | 1,546 | 1,590 | 1,863 | 1,852 | 2,001 | 8 | 29 |
| Loan Mix (% , Non PSL) | | | | | | | | | | | | |
| C&IB | 68.0 | 68.2 | 67.2 | 65.1 | 67.5 | 67.9 | 68.9 | 67.7 | 68.1 | 67.4 | -70 | -50 |
| Commercial Banking | 32.0 | 31.8 | 32.8 | 34.9 | 32.5 | 32.1 | 31.1 | 32.3 | 31.9 | 32.6 | 70 | 50 |
| Branch Banking | 14.1 | 13.3 | 12.7 | 11.1 | 11.0 | 10.7 | 10.7 | 10.5 | 9.9 | 9.9 | 0 | -80 |
| Other Details | | | | | | | | | | | | |
| Branches | 662 | 700 | 750 | 860 | 900 | 950 | 964 | 1,000 | 1,020 | 1,040 | | |
| Employees | 11,543 | 12,700 | 13,477 | 15,000 | 16,421 | 18,531 | 19,400 | 20,125 | 20,851 | 20,932 | | |

Source: MOSL, Company

Exhibit 2: Quarterly Performance in line with estimates (INR m)

| Y/E MARCH (INR m) | 2QFY18A | 2QFY18E | Var. (%) | Comments |
|----------------------------|---------------|---------------|-----------|--|
| Interest Income | 48,003 | 47,642 | 1 | |
| Interest Expense | 29,153 | 29,018 | 0 | |
| Net Interest Income | 18,851 | 18,624 | 1 | |
| % Change (Y-o-Y) | 33 | 32 | | |
| Other Income | 12,484 | 11,100 | 12 | Other income growth was stronger than expected |
| Net Income | 31,335 | 29,724 | 5 | |
| Operating Expenses | 12,269 | 12,410 | -1 | |
| Operating Profit | 19,067 | 17,314 | 10 | other income beat drove operating profit beat |
| % Change (Y-o-Y) | 38 | 25 | | |
| Other Provisions | 4,471 | 2,300 | 94 | Provisions higher than expected |
| Profit before Tax | 14,596 | 15,014 | -3 | |
| Tax Provisions | 4,569 | 4,805 | -5 | |
| Net Profit | 10,027 | 10,209 | -2 | PPoP beat offset by provisions miss |
| % Change (Y-o-Y) | 25 | 27 | | |

Source: Company, MOSL

Sharp decline in asset quality driven by divergence

Asset quality declines sharply due to divergence in FY17 GNPA's

- The bank reported a divergence of INR63.55b in FY17 GNPA post RBI audit, which **contributed INR12.2b** (from 4 accounts) to slippages (total INR19.9b) in the quarter, net of 1) recoveries of INR16.9b, 2) sale to ARCS (3 accounts) of INR4.61b, 3) upgrades of INR29.84b from 12 accounts. Absolute GNPA/NNPA spiked 99%/183% to INR27.2b/15.4b, and in % terms GNPA/NNPA stood at 1.82%/1.04%
- Standard restructured portfolio declined 16bp sequentially to 8bp of loans (24% in 1QFY18) while SDR portfolio increased to 0.32% from 0.2% as bank restructured one account worth Rs1.92bn under SDR scheme. During the quarter YES refinanced an account worth Rs0.89bn under the 5:25 scheme, taking the 5:25 portfolio to INR2.28b. There was no incremental S4A done during the quarter.
- The bank has a total exposure of Rs14.35bn to nine accounts (of which Rs1.67bn is standard) within the 2 lists of stressed accounts shared by the RBI. YES carries 50% provisions on the first list (exposure of INR3.4b), and 39% coverage on the funded exposure of Rs8.7bn (total exposure of INR1.09b) that figures in the second list from RBI
- Total net stressed loans (NNPA, OSRL, SDR, S4A, SR, 5:25, NCLT cases) stood at 2.5%. Provision coverage ratio declined to 43.3% v/s ~60% in 1Q

CASA ratio at an all-time high; retail deposits comprise 61.7% of total deposits

Strong CASA mobilization; CASA ratio +40bp QoQ to 37.2%

- CASA ratio improved 40bp QoQ sequentially to 37.2%, as CASA growth of 6%/51% QoQ/YoY far outpaced overall deposits growth of 5%/23% QoQ/YoY. CASA growth was led by 51% growth in each of CA and SA deposits.
- We expect continued traction on CASA deposits as the branches opened in the past 2-3 quarters ramp up to scale.
- Management efforts in building granular liability book is showing fruits as the share of retail deposits continues to inch up and stands at 61.7% (56.5% a year ago).

Strong loan growth; NIM stable QoQ at 3.7%

- Loan book grew 35% YoY and 6% QoQ to INR1.49t driven by 37% YoY (+8.5% QoQ) growth in the retail and business banking book. Growth in retail and business banking was led by 15%/79% QoQ/YoY growth in consumer banking (35% of retail and business banking book)
- Corporate banking division too showed robust growth of 34% YoY (+5% QoQ)
- The management continues to be cautious on their power exposure

Other highlights

- Reported NIM was stable QoQ and increased 30bp YoY to 3.7%. (COMMENT ON YIELDS COF ETC)
- Cost income ratio came in at 39.2% (-290bp/-140bp QoQ/YoY) as expenses were controlled at 29% YoY opex growth driven by the bank's digitization efforts
- During the quarter, YES added 20/27 branches/ATM increasing the branch/ATM network to 1,040/1,823.

2QFY18 Conference call highlights

Asset Quality

- The inspection pertains to period ended March 2017. Divergences up to FY17 have now been accounted for so far
- 19 accounts – Consortium accounts are very few. Majority of these accounts are not systemic accounts. No steel, power, telecom accounts in these. Almost all the accounts are infra or infra-related
- ~INR12b of slippages fully and completely reflected in 30th Sep results.
- Upgrade – Regulator's (RBI) approval wasn't taken on it, but these were upgraded after thorough examination of evidences by Statutory Auditors & the Board.
- Sale to ARC – 3 accounts totalling to INR 4.4b were sold to ARC. Two of them were small real estate accounts and 1 was from paper industry. All these accounts were sold at face value and 15% cash. Face value of all these accounts is covered by land & building as security.
- Historical track record of repayment & upgrade from previous divergences suggest that there is a reasonable chance of recovery from these accounts. We believe a meaningful amount from this will be recovered in coming quarters

Companies referred to NCLT

- 1 a/c from the first list of 12 cases referred to NCLT and 7 a/cs from the 2nd list have turned into NPA.
- YES doesn't have any exposure to JSPL.
- 0.82% of GNPA is the result of divergence by RBI as of Mar'17.

P/L related

- The bank maintained its FY18 credit cost guidance of 50-70bp.

Balance sheet related

- Core retail banking business grew 78% on YoY basis and constitutes 11.1% of advances.

- The bank mentioned that entire thermal energy (3.4% exposure to power sector) exposure is operational.
- 1.2 % of iron and steel exposure is rated A & above.
- Telecom exposure stands at 3.9% (of which 3.7% is rated A & above).
- 75% of the corporate portfolio is rated A & above.

Reiterate Buy with a target price of INR382 (2.7x Sept 19 BV)

Valuation and view

- With the continued investment in franchise, people and processes, YES is well positioned to leverage on to the opportunity that Indian economy presents. Bank has strong capitalization (CET1 of ~12%), branch network has increased to 1,040 v/s 214 in FY11 and employee strength is up to 20,000+ v/s 3,929 in FY11.
- Comfortable liquidity, low inflation and bulk deposit rate is a significant positive for YES from NIMs (higher short term liabilities) and bond gains perspective (~9% share of corporate bonds in customer assets). Further bank has room to reduce savings deposits rate leading to stability over margins. Stable/improving NIM and traction in fees will keep core PPP/ earnings CAGR strong at ~29%/25% over FY17/20E despite strong investments in building liability franchise.
- With an incremental market share of 3.5%+, aggressive roll-out of retail/SME products and strong corporate relationships, YES is expected to register loan CAGR (FY17-20) of 28% – at least 2x of system loan growth.
- YES has a well-laid strategy for growing small business loans (most of which qualify as priority sector loans) and cross-selling to acquired customers which would help granular retail fees growth. On balance-sheet front, initial focus of the bank will be on growing the liability side first and as customer relationships age, focus would be on cross-selling its retail assets. The bank has been expanding its branch network at an increasing pace.
- The stock trades at 2.6x FY19 BV and 14.2x FY19 EPS. Reiterate Buy with a target price of INR382 (2.7x Sep 2019 BV) – based on residual income model (Average growth of ~17% over FY17-37E, Terminal growth of 5%, 13.7% cost of equity – risk free rate of 7%, beta of 1.34, and 5% market risk premium

Exhibit 3: P/ABV for YES Bank

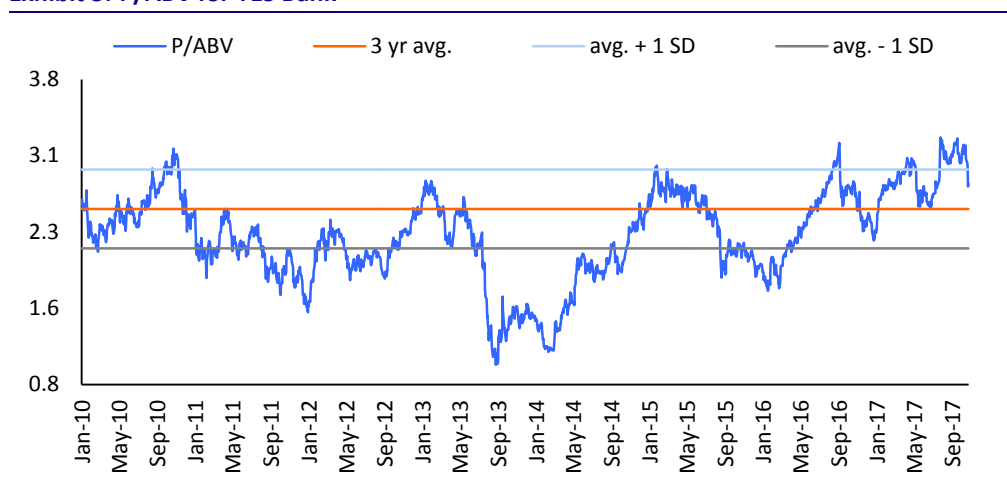


Exhibit 4: We largely maintain estimates

| INR B | Old Est. | | | New Est. | | | % Change | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|
| | FY18 | FY19 | FY20 | FY18 | FY19 | FY20 | FY18 | FY19 | FY20 |
| Net Interest Income | 75.7 | 94.4 | 121.1 | 78.3 | 100.8 | 125.7 | 3.5 | 6.7 | 3.8 |
| Other Income | 47.6 | 59.0 | 73.1 | 54.9 | 71.3 | 91.7 | 15.2 | 21.0 | 25.4 |
| Total Income | 123.3 | 153.4 | 194.2 | 133.1 | 172.1 | 217.4 | 8.0 | 12.2 | 11.9 |
| Operating Expenses | 52.9 | 64.6 | 78.2 | 54.7 | 71.8 | 91.6 | 3.3 | 11.1 | 17.1 |
| Operating Profits | 70.4 | 88.8 | 116.0 | 78.5 | 100.3 | 125.8 | 11.5 | 13.0 | 8.4 |
| Provisions | 8.4 | 11.9 | 19.4 | 17.8 | 19.7 | 23.7 | 110.9 | 65.0 | 22.4 |
| PBT | 61.9 | 76.9 | 96.6 | 60.7 | 80.6 | 102.1 | -2.0 | 4.9 | 5.7 |
| Tax | 19.8 | 24.6 | 30.9 | 20.0 | 27.4 | 34.7 | 1.0 | 11.4 | 12.3 |
| PAT | 42.1 | 52.3 | 65.7 | 40.7 | 53.2 | 67.4 | -3.5 | 1.8 | 2.6 |
| Loans | 1,693 | 2,167 | 2,774 | 1,746 | 2,217 | 2,805 | 3.1 | 2.3 | 1.1 |
| Deposits | 1,743 | 2,249 | 2,901 | 1,830 | 2,301 | 2,892 | 5.0 | 2.3 | -0.3 |
| Margins (%) | 3.54 | 3.59 | 3.65 | 3.64 | 3.84 | 3.90 | | | |
| Credit Cost (%) | 0.60 | 0.65 | 0.75 | 0.60 | 0.65 | 0.75 | | | |
| RoA (%) | 1.78 | 1.80 | 1.81 | 1.70 | 1.82 | 1.87 | | | |
| RoE (%) | 18.25 | 19.48 | 20.85 | 17.26 | 19.51 | 20.82 | | | |

Source: MOSL, Company

Exhibit 5: DuPont: Return ratios to improve driven by strong core operating performance (%)

| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Interest Income | 2.57 | 2.61 | 2.85 | 3.03 | 3.05 | 3.28 | 3.44 | 3.49 |
| Core Fee Income | 1.28 | 1.49 | 1.55 | 1.63 | 1.81 | 1.91 | 2.14 | 2.20 |
| Fee to core Income (%) | 31.7 | 35.0 | 34.4 | 33.7 | 34.6 | 34.3 | 36.3 | 36.5 |
| Core Income | 3.84 | 4.11 | 4.40 | 4.66 | 4.86 | 5.19 | 5.58 | 5.69 |
| Operating Expenses | 1.55 | 1.68 | 1.86 | 1.97 | 2.16 | 2.69 | 2.85 | 2.95 |
| Cost to Core Income (%) | 40.2 | 41.0 | 42.4 | 42.4 | 44.5 | 51.9 | 51.0 | 51.9 |
| Employee cost | 0.76 | 0.75 | 0.80 | 0.86 | 0.95 | 0.99 | 1.07 | 1.10 |
| Others | 0.79 | 0.93 | 1.06 | 1.11 | 1.22 | 1.70 | 1.78 | 1.86 |
| Operating Profits | 2.48 | 2.58 | 2.65 | 2.85 | 3.07 | 2.88 | 3.03 | 3.07 |
| Provisions | 0.25 | 0.35 | 0.28 | 0.36 | 0.42 | 0.74 | 0.67 | 0.66 |
| NPA | 0.17 | 0.13 | 0.11 | 0.33 | 0.35 | 0.38 | 0.43 | 0.51 |
| Others | 0.08 | 0.22 | 0.17 | 0.03 | 0.07 | 0.37 | 0.24 | 0.14 |
| PBT | 2.23 | 2.24 | 2.37 | 2.50 | 2.65 | 2.14 | 2.36 | 2.42 |
| Tax | 0.72 | 0.68 | 0.74 | 0.81 | 0.90 | 0.84 | 0.94 | 0.96 |
| Tax Rate (%) | 32.5 | 30.5 | 31.1 | 32.6 | 34.0 | 39.2 | 39.7 | 39.8 |
| RoA | 1.51 | 1.55 | 1.64 | 1.68 | 1.75 | 1.70 | 1.82 | 1.87 |
| Leverage (x) | 16.5 | 16.1 | 13.0 | 11.8 | 10.8 | 10.3 | 10.7 | 11.1 |
| RoE | 24.8 | 25.0 | 21.3 | 19.9 | 18.9 | 17.5 | 19.5 | 20.8 |

Source: MOSL, Company

Exhibit 6: DuPont: Healthy operating profitability led by strong operating income performance

| | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net interest income | 3.08 | 3.12 | 3.16 | 3.17 | 2.92 | 3.10 | 3.12 | 3.20 | 3.31 | 3.28 |
| Non-interest income | 1.58 | 1.74 | 2.04 | 2.05 | 2.26 | 2.02 | 2.13 | 2.45 | 2.07 | 2.17 |
| Operating Income | 4.67 | 4.87 | 5.20 | 5.22 | 5.18 | 5.12 | 5.25 | 5.65 | 5.38 | 5.46 |
| Cost/income (%) | 43.4 | 41.0 | 39.6 | 40.1 | 41.1 | 40.6 | 42.0 | 41.6 | 42.1 | 39.8 |
| Operating cost | 2.03 | 1.99 | 2.06 | 2.09 | 2.13 | 2.08 | 2.20 | 2.35 | 2.26 | 2.17 |
| - Employee | 0.84 | 0.88 | 0.94 | 0.90 | 0.95 | 0.95 | 0.98 | 0.97 | 1.00 | 0.98 |
| - Others | 1.19 | 1.11 | 1.12 | 1.19 | 1.17 | 1.13 | 1.22 | 1.38 | 1.26 | 1.19 |
| Operating Profit | 2.64 | 2.87 | 3.14 | 3.13 | 3.05 | 3.04 | 3.04 | 3.30 | 3.12 | 3.28 |
| Provisions | 0.28 | 0.29 | 0.40 | 0.48 | 0.48 | 0.35 | 0.24 | 0.60 | 0.52 | 0.78 |
| PBT | 2.36 | 2.58 | 2.74 | 2.66 | 2.57 | 2.69 | 2.80 | 2.70 | 2.60 | 2.50 |
| Tax | 0.75 | 0.86 | 0.89 | 0.86 | 0.86 | 0.93 | 0.95 | 0.91 | 0.83 | 0.80 |
| ROAA (%) | 1.60 | 1.72 | 1.85 | 1.79 | 1.71 | 1.76 | 1.85 | 1.78 | 1.77 | 1.71 |
| Leverage (x) | 11.5 | 11.3 | 11.1 | 11.4 | 12.1 | 12.2 | 12.1 | 10.7 | 9.8 | 10.0 |
| ROAE (%) | 18.4 | 19.4 | 20.5 | 20.5 | 20.7 | 21.4 | 22.3 | 19.1 | 17.4 | 17.1 |

Source: MOSL, Company

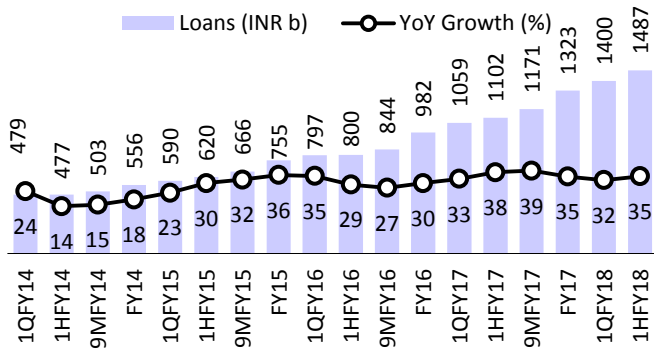
Exhibit 7: Divergence recorded in YES Bank v/s Axis Bank

| INRb | YES Bank | | Axis Bank |
|-----------------------------|----------|-------|-----------|
| | FY16 | FY17 | FY17 |
| Divergence in reported GNPA | 41.67 | 63.55 | 48.67 |
| Recoveries | 25.31 | 16.9 | |
| Upgrades | 1.44 | 29.84 | |
| Sale to ARCs | 8.65 | 4.61 | |
| Remaining NPA | 6.27 | 12.2 | |

Source: MOSL, Company

Story in charts

Exhibit 8: Strong traction in loans (+6% QoQ, +35% YoY)



Source: Company, MOSL

Exhibit 9: Share of retail loans inched up to 32.6%

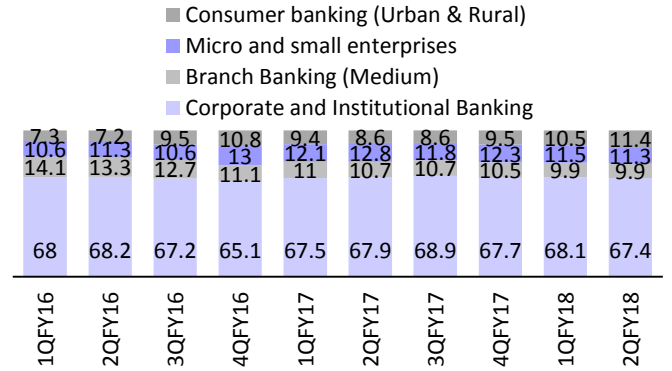
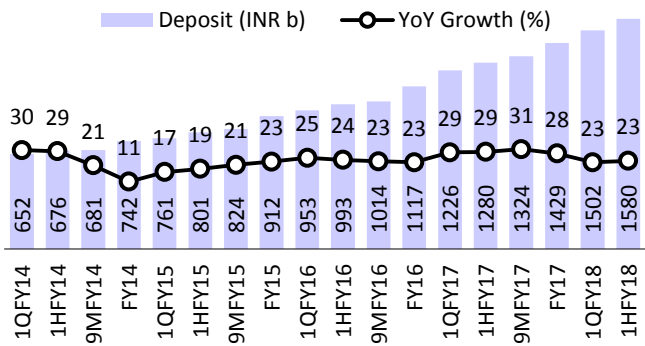
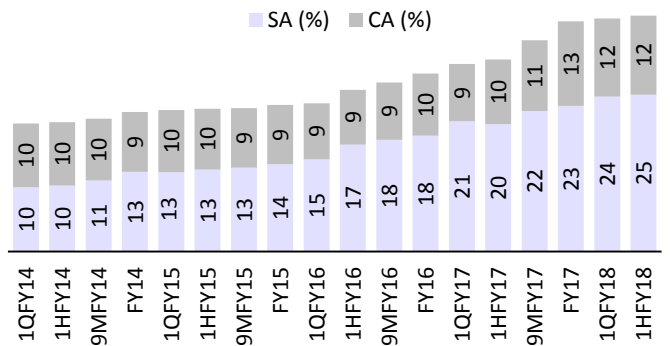


Exhibit 10: Strong deposits growth continues



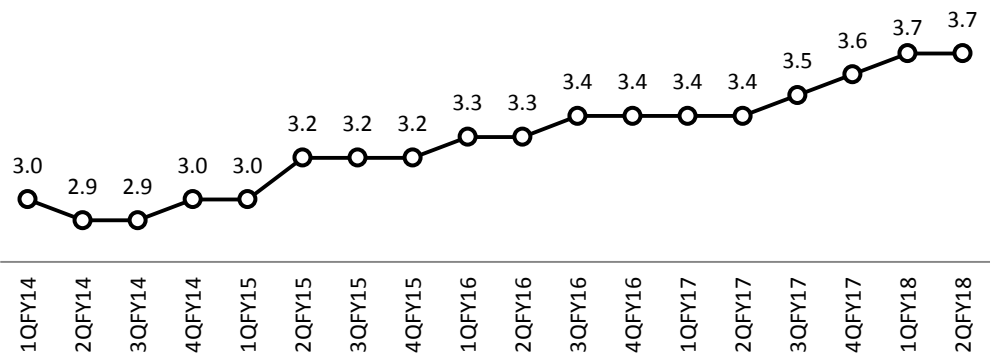
Source: Company, MOSL

Exhibit 11: CASA growth remains strong (+51% YoY)



Source: Company, MOSL

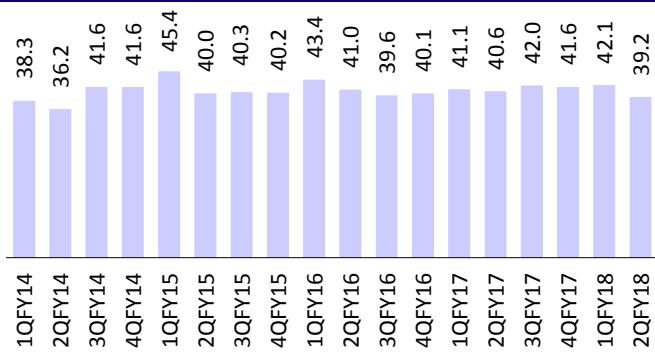
Exhibit 12: Reported NIM stable QoQ (%)



Source: Company, MOSL

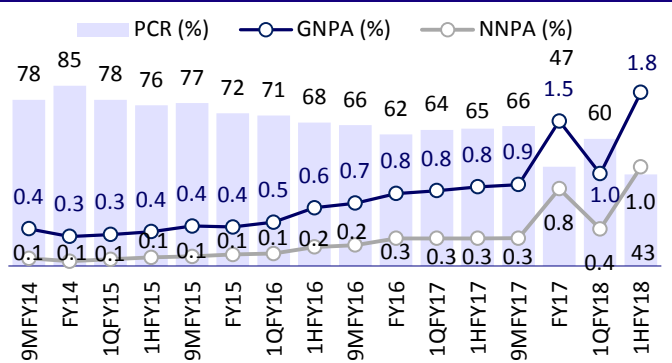
Story in charts

Exhibit 13: Cost to income ratio declined 290bp QoQ



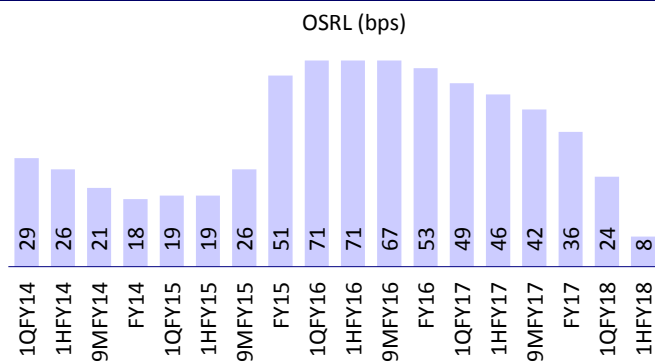
Source: Company, MOSL

Exhibit 14: GNPA spikes sequentially



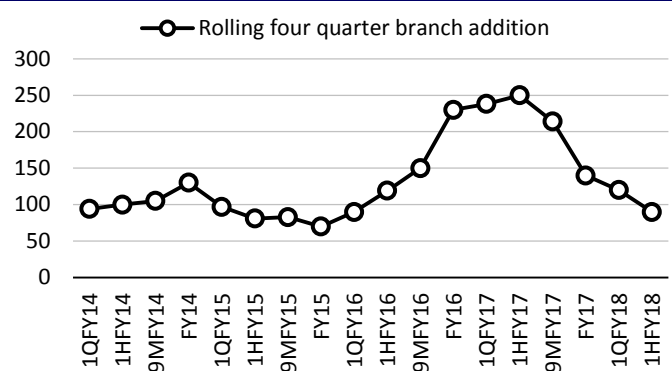
Source: Company, MOSL

Exhibit 15: ORSL ticks lower QoQ (bp)



Source: Company, MOSL

Exhibit 16: Added 20 branches during the quarter (nos.)



Source: Company, MOSL

Exhibit 17: Valuation metrics

| | Rating | CMP (INR) | Mcap (USDb) | EPS (INR) | | P/E (x) | | P/BV (x) | | RoA (%) | | RoE (%) | |
|--------------------------|---------|--------------|----------------|-----------|-------|---------|-------|----------|-------|---------|-------|---------|-------|
| | | | | FY18E | FY19E | FY18E | FY19E | FY18E | FY19E | FY18E | FY19E | FY18E | FY19E |
| ICICIBC* | Buy | 299 | 30.2 | 14.5 | 16.6 | 14.6 | 11.8 | 1.45 | 1.24 | 1.14 | 1.15 | 8.6 | 9.3 |
| HDFCB | Buy | 1,798 | 71.0 | 68.7 | 84.7 | 26.2 | 21.2 | 4.71 | 4.00 | 1.86 | 1.92 | 18.8 | 20.4 |
| AXSB | Neutral | 484 | 17.5 | 18.1 | 29.9 | 26.7 | 16.2 | 1.97 | 1.78 | 0.67 | 0.97 | 7.6 | 11.6 |
| KMB* | Buy | 1,019 | 28.6 | 32.1 | 41.6 | 31.8 | 24.5 | 4.39 | 3.74 | 1.77 | 1.95 | 14.8 | 16.5 |
| YES | Buy | 332 | 11.5 | 18.5 | 22.9 | 18.0 | 14.5 | 3.06 | 2.62 | 1.78 | 1.80 | 18.3 | 19.5 |
| IIB | Buy | 1,617 | 14.7 | 60.9 | 78.6 | 26.5 | 20.6 | 4.18 | 3.57 | 1.82 | 1.89 | 16.9 | 19.0 |
| IDFC Bk | Neutral | 57 | 3.0 | 2.8 | 3.2 | 20.6 | 17.7 | 1.26 | 1.20 | 0.74 | 0.71 | 6.3 | 6.9 |
| FB | Buy | 119 | 3.2 | 5.5 | 6.6 | 21.5 | 17.9 | 1.88 | 1.72 | 0.81 | 0.86 | 9.6 | 10.0 |
| DCBB | Neutral | 178 | 0.8 | 8.5 | 10.5 | 20.9 | 17.0 | 2.12 | 1.90 | 0.98 | 1.00 | 11.5 | 11.8 |
| JKBK | Neutral | 83 | 0.7 | 3.9 | 8.3 | 21.5 | 10.0 | 0.74 | 0.70 | 0.23 | 0.44 | 3.5 | 7.2 |
| SIB | Buy | 31 | 0.6 | 1.9 | 3.8 | 16.8 | 8.3 | 1.16 | 1.04 | 0.42 | 0.75 | 6.7 | 12.6 |
| Equitas | Buy | 146 | 0.8 | 1.7 | 6.1 | 85.9 | 24.1 | 2.16 | 2.00 | 0.58 | 1.65 | 2.5 | 8.6 |
| RBL | Buy | 531 | 3.0 | 16.4 | 23.0 | 32.5 | 23.0 | 3.34 | 2.98 | 1.22 | 1.32 | 12.4 | 13.7 |
| Private Aggregate | | | | | | | | | | | | | |
| SBIN (cons)* | Buy | 321 | 43.2 | 14.6 | 26.8 | 19.8 | 10.6 | 1.27 | 1.15 | 0.36 | 0.60 | 7.0 | 11.4 |
| PNB | Buy | 213 | 6.6 | 5.8 | 11.0 | 36.5 | 19.3 | 1.16 | 1.11 | 0.17 | 0.30 | 3.2 | 5.9 |
| BOI | Neutral | 193 | 3.1 | -11.2 | 6.6 | -17.2 | 29.3 | 0.90 | 0.89 | -0.19 | 0.10 | -5.2 | 3.0 |
| BOB | Buy | 185 | 6.7 | 9.5 | 20.8 | 19.4 | 8.9 | 1.17 | 1.06 | 0.31 | 0.61 | 6.1 | 12.4 |
| CBK | Neutral | 423 | 3.7 | 30.1 | 47.0 | 14.1 | 9.0 | 0.85 | 0.78 | 0.29 | 0.41 | 6.2 | 9.1 |
| UNBK | Neutral | 186 | 1.9 | 9.0 | 19.1 | 20.6 | 9.8 | 0.61 | 0.58 | 0.14 | 0.27 | 3.0 | 6.1 |
| OBC | Neutral | 145 | 0.8 | 17.1 | 21.4 | 8.5 | 6.8 | 0.38 | 0.36 | 0.22 | 0.26 | 4.6 | 5.4 |
| INBK | Buy | 319 | 2.4 | 34.4 | 38.3 | 9.3 | 8.3 | 0.97 | 0.89 | 0.73 | 0.72 | 10.9 | 11.2 |
| Public Aggregate | | | | | | | | | | | | | |
| Banks Aggregate | | | | | | | | | | | | | |
| HDFC* | Buy | 1,689 | 40.8 | 39.9 | 45.4 | 23.8 | 18.5 | 4.16 | 2.93 | 1.79 | 1.81 | 18.6 | 17.8 |
| LICHF | Neutral | 616 | 4.8 | 41.6 | 48.9 | 14.8 | 12.6 | 2.51 | 2.16 | 1.44 | 1.51 | 18.2 | 18.5 |
| IHFL | Buy | 1,250 | 8.3 | 83.6 | 105.1 | 15.0 | 11.9 | 3.90 | 3.43 | 3.16 | 3.09 | 27.6 | 30.7 |
| PNBHF | Buy | 1,418 | 3.6 | 52.5 | 66.5 | 27.0 | 21.3 | 3.82 | 3.35 | 1.66 | 1.51 | 15.0 | 16.7 |
| GRHF | Neutral | 506 | 2.9 | 9.9 | 12.0 | 51.2 | 42.0 | 15.27 | 12.53 | 2.40 | 2.40 | 32.8 | 32.8 |
| REPCO | Buy | 621 | 0.6 | 33.7 | 38.4 | 18.4 | 16.2 | 2.92 | 2.51 | 2.18 | 2.14 | 17.1 | 16.7 |
| DEWH | Buy | 603 | 2.8 | 37.6 | 46.0 | 16.0 | 13.1 | 2.14 | 1.89 | 1.23 | 1.28 | 14.1 | 15.3 |
| Housing Finance | | | | | | | | | | | | | |
| SHTF | Buy | 1,119 | 3.8 | 80.0 | 102.4 | 14.0 | 10.9 | 2.00 | 1.74 | 2.67 | 3.06 | 15.0 | 16.9 |
| MMFS | Buy | 417 | 3.6 | 14.2 | 18.1 | 29.4 | 23.0 | 3.46 | 3.18 | 1.76 | 1.93 | 12.2 | 14.4 |
| BAF | Buy | 1,750 | 15.3 | 45.7 | 63.7 | 38.3 | 27.5 | 6.14 | 5.16 | 3.45 | 3.55 | 20.2 | 20.4 |
| CIFC | Buy | 1,112 | 2.6 | 56.0 | 68.1 | 19.9 | 16.3 | 3.43 | 2.89 | 2.85 | 2.94 | 18.6 | 19.2 |
| SCUF | Buy | 2,056 | 2.1 | 118.3 | 155.3 | 17.4 | 13.2 | 2.39 | 2.08 | 3.34 | 3.84 | 14.6 | 16.8 |
| LTFH | Buy | 196 | 5.5 | 6.8 | 10.1 | 28.7 | 19.4 | 3.89 | 3.32 | 1.61 | 2.09 | 14.7 | 18.5 |
| MUTH | Buy | 487 | 3.0 | 38.7 | 44.4 | 12.6 | 11.0 | 2.53 | 2.15 | 4.82 | 4.94 | 21.8 | 21.2 |
| CAFL | Buy | 713 | 1.1 | 32.8 | 42.4 | 21.7 | 16.8 | 2.70 | 2.36 | 1.74 | 1.80 | 13.2 | 15.0 |
| SKSM | Neutral | 981 | 2.0 | 29.9 | 54.9 | 32.8 | 17.8 | 4.49 | 3.61 | 3.24 | 4.03 | 15.1 | 22.4 |
| Asset Finance | | | | | | | | | | | | | |
| NBFC Aggregate | | | | | | | | | | | | | |
| Financials | | | | | | | | | | | | | |

Source: MOSL, Company

Financials and Valuations

| Income Statement | | | | | | (INR Million) | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Y/E March | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
| Net Interest Income | 22,188 | 27,163 | 34,878 | 45,667 | 57,973 | 78,280 | 100,761 | 125,730 |
| Change (%) | 37.3 | 22.4 | 28.4 | 30.9 | 26.9 | 35.0 | 28.7 | 24.8 |
| Non Interest Income | 12,574 | 17,216 | 20,465 | 27,121 | 41,568 | 54,869 | 71,330 | 91,659 |
| Net Income | 34,762 | 44,378 | 55,343 | 72,789 | 99,541 | 133,149 | 172,091 | 217,389 |
| Change (%) | 40.6 | 27.7 | 24.7 | 31.5 | 36.8 | 33.8 | 29.2 | 26.3 |
| Operating Expenses | 13,345 | 17,499 | 22,847 | 29,764 | 41,165 | 54,695 | 71,762 | 91,622 |
| Pre Provision Profits | 21,417 | 26,880 | 32,496 | 43,025 | 58,375 | 78,453 | 100,329 | 125,766 |
| Change (%) | 39.1 | 25.5 | 20.9 | 32.4 | 35.7 | 34.4 | 27.9 | 25.4 |
| Provisions (excl tax) | 2,160 | 3,617 | 3,395 | 5,363 | 7,934 | 17,776 | 19,706 | 23,687 |
| PBT | 19,257 | 23,263 | 29,101 | 37,662 | 50,441 | 60,678 | 80,623 | 102,079 |
| Tax | 6,251 | 7,085 | 9,047 | 12,268 | 17,140 | 20,024 | 27,412 | 34,707 |
| Tax Rate (%) | 32.5 | 30.5 | 31.1 | 32.6 | 34.0 | 33.0 | 34.0 | 34.0 |
| PAT | 13,007 | 16,178 | 20,054 | 25,394 | 33,301 | 40,654 | 53,211 | 67,372 |
| Change (%) | 33.1 | 24.4 | 24.0 | 26.6 | 31.1 | 22.1 | 30.9 | 26.6 |
| Equity Dividend (Incl tax) | 2,510 | 3,397 | 4,528 | 5,062 | 6,324 | 4,615 | 8,791 | 9,890 |
| Core PPP* | 19,860 | 25,218 | 31,075 | 40,419 | 51,263 | 69,207 | 91,545 | 113,468 |
| Change (%) | 32.2 | 27.0 | 23.2 | 30.1 | 26.8 | 35.0 | 32.3 | 23.9 |

*Core PPP is (NII+Fee income-Opex)

| Balance Sheet | | | | | | | | |
|---------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Y/E March | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
| Share Capital | 3,586 | 3,606 | 4,177 | 4,205 | 4,565 | 4,565 | 4,565 | 4,565 |
| Equity Share Capital | 3,586 | 3,606 | 4,177 | 4,205 | 4,565 | 4,565 | 4,565 | 4,565 |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserves & Surplus | 54,490 | 67,611 | 112,622 | 133,661 | 209,383 | 245,914 | 290,335 | 347,817 |
| Net Worth | 58,077 | 71,217 | 116,800 | 137,866 | 213,947 | 250,479 | 294,900 | 352,382 |
| Of which Equity Network | 58,077 | 71,217 | 116,800 | 137,866 | 213,947 | 250,479 | 294,900 | 352,382 |
| Deposits | 669,556 | 741,920 | 911,758 | 1,117,195 | 1,428,739 | 1,830,214 | 2,300,579 | 2,891,828 |
| Change (%) | 36.2 | 10.8 | 22.9 | 22.5 | 27.9 | 28.1 | 25.7 | 25.7 |
| of which CASA Dep | 126,875 | 163,447 | 210,790 | 313,428 | 518,697 | 695,481 | 920,232 | 1,179,866 |
| Change (%) | 71.6 | 28.8 | 29.0 | 48.7 | 65.5 | 34.1 | 32.3 | 28.2 |
| Borrowings | 209,221 | 213,143 | 262,204 | 316,590 | 386,067 | 406,173 | 462,797 | 528,436 |
| Other Liabilities & Prov. | 54,187 | 63,877 | 70,942 | 80,983 | 121,846 | 140,609 | 171,543 | 209,282 |
| Total Liabilities | 991,041 | 1,090,158 | 1,361,704 | 1,652,634 | 2,150,599 | 2,627,476 | 3,229,819 | 3,981,928 |
| Current Assets | 40,658 | 58,917 | 75,572 | 82,184 | 195,494 | 127,474 | 157,512 | 194,955 |
| Investments | 429,760 | 409,503 | 432,285 | 488,385 | 500,318 | 583,175 | 638,881 | 708,719 |
| Change (%) | 54.8 | -4.7 | 5.6 | 13.0 | 2.4 | 16.6 | 9.6 | 10.9 |
| Loans | 469,996 | 556,330 | 755,498 | 982,099 | 1,322,627 | 1,745,867 | 2,217,252 | 2,804,823 |
| Change (%) | 23.7 | 18.4 | 35.8 | 30.0 | 34.7 | 32.0 | 27.0 | 26.5 |
| Fixed Assets | 2,295 | 2,935 | 3,190 | 4,707 | 6,835 | 9,290 | 12,471 | 16,766 |
| Other Assets | 48,332 | 62,473 | 95,160 | 95,259 | 125,325 | 161,669 | 203,703 | 256,665 |
| Total Assets | 991,041 | 1,090,158 | 1,361,704 | 1,652,634 | 2,150,599 | 2,627,476 | 3,229,819 | 3,981,928 |

Financials and Valuations

Ratios

| Y/E March | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|-----------------------------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|
| Spreads Analysis (%) | | | | | | | | |
| Avg. Yield-Earning Assets | 10.5 | 10.6 | 10.6 | 10.0 | 9.5 | 8.9 | 9.0 | 9.0 |
| Avg. Yield on loans | 12.7 | 12.7 | 12.2 | 11.2 | 10.6 | 10.0 | 9.8 | 9.7 |
| Avg. Yield on Investments | 8.1 | 8.1 | 8.0 | 7.6 | 7.7 | 7.1 | 7.0 | 7.0 |
| Avg. Cost-Int. Bear. Liab. | 8.0 | 7.9 | 7.6 | 6.9 | 6.5 | 8.9 | 9.0 | 9.0 |
| Avg. Cost of Deposits | 7.9 | 8.0 | 7.9 | 7.1 | 6.4 | 6.6 | 6.3 | 6.1 |
| Interest Spread | 2.5 | 2.7 | 3.0 | 3.1 | 3.0 | 3.3 | 3.6 | 3.7 |
| Net Interest Margin | 2.8 | 2.9 | 3.2 | 3.4 | 3.4 | 3.6 | 3.8 | 3.9 |

| Y/E March | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|---------------------------------|------|------|------|------|------|-------|-------|-------|
| Profitability Ratios (%) | | | | | | | | |
| RoE | 24.8 | 25.0 | 21.3 | 19.9 | 18.9 | 17.3 | 19.5 | 20.8 |
| RoA | 1.5 | 1.6 | 1.6 | 1.7 | 1.8 | 1.7 | 1.8 | 1.9 |
| RoRWA | 2.2 | 2.2 | 2.2 | 2.1 | 2.1 | 1.7 | 1.8 | 1.8 |
| Int. Expense/Int.Income | 73.2 | 72.8 | 69.9 | 66.3 | 64.7 | 59.4 | 57.5 | 56.8 |
| Fee Income/Net Income | 31.7 | 38.8 | 37.0 | 37.3 | 41.8 | 41.2 | 41.4 | 42.2 |
| Non Int. Inc./Net Income | 36.2 | 38.8 | 37.0 | 37.3 | 41.8 | 41.2 | 41.4 | 42.2 |

Efficiency Ratios (%)

| | | | | | | | | |
|----------------------|------|------|------|------|------|------|------|------|
| Cost/Income* | 40.2 | 41.0 | 42.4 | 42.4 | 44.5 | 44.1 | 43.9 | 44.7 |
| Empl. Cost/Op. Exps. | 49.1 | 44.8 | 42.9 | 43.6 | 43.8 | 43.4 | 43.5 | 43.1 |

* ex treasury

Asset-Liability Profile (%)

| | | | | | | | | |
|--------------------------|------|------|------|------|------|------|------|------|
| Loans/Deposit Ratio | 70.2 | 75.0 | 82.9 | 87.9 | 92.6 | 95.4 | 96.4 | 97.0 |
| CASA Ratio | 18.9 | 22.0 | 23.1 | 28.1 | 36.3 | 38.0 | 40.0 | 40.8 |
| Investment/Deposit Ratio | 64.2 | 55.2 | 47.4 | 43.7 | 35.0 | 31.9 | 27.8 | 24.5 |
| G-Sec/Investment Ratio | 54.8 | 54.8 | 69.4 | 72.0 | 70.9 | 70.9 | 70.9 | 70.9 |
| CAR | 18.3 | 14.4 | 15.6 | 16.5 | 17.0 | 15.6 | 14.3 | 13.3 |
| Tier 1 | 9.5 | 9.8 | 11.5 | 10.7 | 13.3 | 11.7 | 10.9 | 10.3 |

Valuation

| | | | | | | | | |
|---------------------------|------|------|------|------|-------------|-------------|-------------|-------------|
| Book Value (INR) | 32.4 | 39.5 | 55.9 | 65.6 | 93.7 | 109.7 | 129.2 | 154.4 |
| Change (%) | 22.2 | 21.9 | 41.6 | 17.3 | 43.0 | 17.1 | 17.7 | 19.5 |
| Price-BV (x) | | | | | 3.5 | 3.0 | 2.6 | 2.2 |
| Adjusted BV (INR) | 32.3 | 39.0 | 54.6 | 61.2 | 78.5 | 103.3 | 123.9 | 148.3 |
| Price-ABV (x) | | | | | 4.2 | 3.2 | 2.7 | 2.2 |
| EPS (INR) | 7.3 | 9.0 | 9.6 | 12.1 | 14.6 | 17.8 | 23.3 | 29.5 |
| Change (%) | 31.0 | 23.7 | 7.0 | 25.8 | 20.8 | 22.1 | 30.9 | 26.6 |
| Price-Earnings (x) | | | | | 22.8 | 18.6 | 14.2 | 11.2 |
| Dividend Per Share (INR) | 1.2 | 1.6 | 1.8 | 2.0 | 2.4 | 2.0 | 3.9 | 4.3 |
| Dividend Yield (%) | | | | | 0.7 | 0.6 | 1.1 | 1.3 |

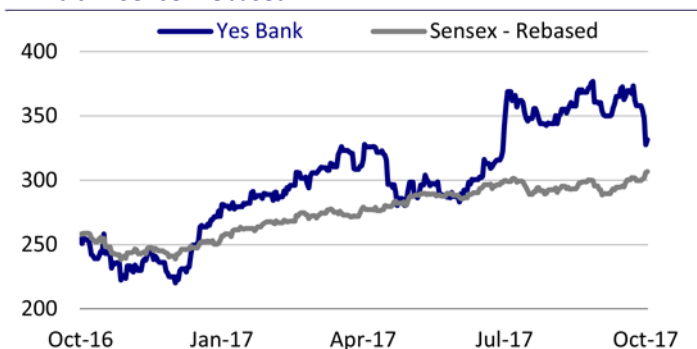
E: MOSL Estimates

Corporate profile

Company description

Yes Bank, a private bank incorporated in 2003, is promoted and led by Mr. Rana Kapoor, who is currently the MD & CEO of the bank. Yes Bank has steadily built a full-service commercial bank with Corporate, Retail and SME Banking platforms, with a comprehensive product suite. It was the first bank to offer differentiated rates on savings account following RBI's deregulation of savings account rates in October 2011. The number of branches and ATMs stood at 964 and 1,757 respectively.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

| | Sep-17 | Jun-17 | Sep-16 |
|----------|--------|--------|--------|
| Promoter | 20.1 | 20.1 | 21.9 |
| DII | 24.6 | 22.9 | 23.1 |
| FII | 45.5 | 45.8 | 42.6 |
| Others | 9.8 | 11.2 | 12.4 |

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

| Holder Name | % Holding |
|---|-----------|
| LIFE INSURANCE CORPORATION OF INDIA ALONG WITH ITS VARIOUS SCHEMES | 8.3 |
| Birla Sun life Trustee Company Private Limited along with its various schemes | 2.1 |
| Franklin Templeton Mutual Fund along with its various schemes | 2.1 |
| FRANKLIN TEMPLETON INVESTMENT FUNDS | 2.0 |
| NOMURA INDIA INVESTMENT FUND MOTHER FUND | 1.5 |

Source: Capitaline

Exhibit 4: Top management

| Name | Designation |
|-----------------------|-------------------------|
| Ashok Chawla | Part Time Chairman |
| Rana Kapoor | Managing Director & CEO |
| Shivanand R Shettigar | Company Secretary |

Source: Capitaline

Exhibit 5: Directors

| Name | Name |
|--------------------|--------------------|
| Brahm Dutt | Mukesh Sabharwal |
| Saurabh Srivastava | Vasant V Gujarathi |
| Ajai Kumar | |

*Independent

Exhibit 6: Auditors

| Name | Type |
|-----------------------|-------------------|
| BSR & Co LLP | Statutory |
| Mehta & Mehta | Secretarial Audit |
| S R Batliboi & Co LLP | Statutory |

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

| EPS (INR) | MOSL forecast | Consensus forecast | Variation (%) |
|-----------|---------------|--------------------|---------------|
| FY18 | 17.8 | 18.3 | -2.7 |
| FY19 | 23.3 | 23.1 | 0.7 |
| FY20 | 29.5 | 28.1 | 5.1 |

Source: Bloomberg

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