

BSE SENSEX
 38,337

S&P CNX
 11,583

CMP: INR595
TP: INR700 (+18%)
Buy

Stock Info

	RBK IN
Bloomberg	
Equity Shares (m)	421
M.Cap.(INRb)/(USDb)	251.4 / 3.6
52-Week Range (INR)	604 / 443
1, 6, 12 Rel. Per (%)	0/10/-5
12M Avg Val (INR M)	803
Free float (%)	100.0

Financials Snapshot (INR b)

Y/E March	FY18	FY19E	FY20E
NII	17.7	24.2	33.6
OP	13.3	18.5	25.9
NP	6.4	8.7	12.9
NIM (%)	3.3	3.5	3.7
EPS (INR)	15.1	20.6	28.0
EPS Gr. (%)	27.3	36.3	35.6
BV/Sh. (INR)	159.3	176.3	237.3
ABV/Sh. (INR)	152.8	170.5	230.8
RoE (%)	11.6	12.3	14.1
RoA (%)	1.1	1.2	1.4

Valuations

P/E(X)	39.3	28.8	21.3
P/BV (X)	3.7	3.4	2.5
P/ABV (X)	3.9	3.5	2.6

DB&FI/Cards mix to inch up ~25% (%)

Y/E March	FY19E	FY20E	FY21E
DB&FI (%)	14.2	14.5	14.7
Credit cards (%)	8.2	9.6	10.7
Total (%)	22.4	24.1	25.4

Shareholding pattern (%)

As On	Jun-18	Mar-18	Jun-17
DII	21.0	17.0	9.7
FII	14.4	15.5	10.1
Others	64.6	67.5	80.2

FII Includes depository receipts

Credit cards & MFI - The twin earning boosters

RBL Bank has delivered 45% CAGR in net profit over FY15-18 led by robust balance sheet growth and stable asset quality, despite events like demonetization and rollout of GST. RoA has thus improved from 0.9% to 1.1% over a similar period, while RoE has improved to 11.6% for FY18. We estimate earnings to grow at 44% CAGR over FY18-21E and thus project RoA to improve to ~1.5% by FY21E. RBL has demonstrated a strong progress in building its credit card portfolio and in this note, we have analyzed the impact of the credit card/MFI business on RBL's profitability over the next 2-3 years, particularly as the growth momentum remains strong and the share of these segments increase to ~25% of the total book by FY21E. Our base case analysis suggests that credit card/MFI business will likely account for 33% of total PAT by FY21E (vs 21% currently as per our calculation) even as we have built in RoA of 3.4%/3.6% for credit card/MFI business, which we believe is on the conservative side. We build in capital raise of INR25b during FY20E and thus revise our PT to INR700 (2.8x Sep20E ABV). Maintain Buy.

Credit card segment highly underpenetrated; enormous scope of growth

The credit card market in India is highly underpenetrated (2.3% of population as at FY17) in comparison to other countries like USA (300%), Korea (180%) and Brazil (70%). Moreover, credit card spends of USA, Korea and Brazil is significantly higher than India at 60x, 10x, and 4x, respectively. The increasing focus on digitalization, shift towards a cashless economy and increasing awareness is expected to drive and strengthen growth in the credit card segment over the medium term.

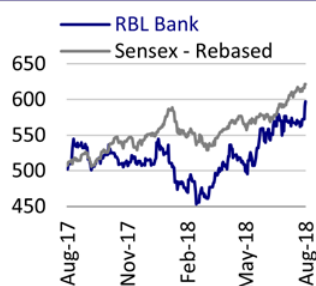
Cards/MFI mix to increase to ~25% by FY21E

RBL has reported a 38% YoY growth in DB&FI book while its retail portfolio has grown at a robust 42% YoY during FY18. We expect this pace to continue with MFI book growing at ~40% CAGR while credit card segment grows at ~60% CAGR over FY18-21E. We thus estimate the mix of Credit card/MFI book to increase to ~25% of the total book by FY21E (vs 19% as at FY18). This will further enable RBL to achieve target retail: wholesale mix of 50:50 vs 41:59 currently.

Card business rapidly gaining market share; collaboration with BAF will continue to add volumes

RBL has an outstanding credit card base of ~0.98m as at June 2018 (~0.8m as at March 2018) with nearly 60% of cards originating from its partnership with Bajaj. RBL's share in the outstanding number of cards increased from a mere 0.9% in March 2017 to 2.1% in March 2018, and it currently ranks amongst the top 10 credit card players. With access to BAF's customer base (26.22m), strong focus and superior product proposition, we expect RBL to continue its dominance in gaining market share. RBL is looking to double its card base during FY19E and aims to achieve a target customer base of ~4m by FY21E. We estimate RBL's share in credit card segment to thus increase to 5.5% by FY21E (~2.1% currently).

Stock Performance (1-year)



Fee income to maintain robust growth trajectory; peer analysis suggests significant scope of expansion

RBL's card fee as a % of total fees stands at 6% (4QFY18), which is significantly lower in comparison to peers where the major share comes from the cards business — 20% for AXSB and 25% for IIB (includes entire distribution income). With constant increase in the card base and accompanied increase in transaction volumes we expect RBL to significantly ramp up its fee income. We estimate RBL's other income mix in the RoA tree to improve by 32bp over FY18-21E.

Cards/MFI business to account 33% of total PAT by FY21E in base case

As per our scenario analysis - the credit card/MFI business will likely account for 33% of total PAT by FY21E (vs 21% estimated in FY18) in our base case. We have built in FY21E RoA of 3.4%/3.6% for credit card/MFI business, which we believe is on the conservative side (please refer to section – SBI cards case study: A meticulously crafted turnaround). As per our bull case scenario we estimate Credit card/MFI segment to contribute ~39% of the total FY21E PAT (~25% in bear case). With this increased contribution of high yielding book, we expect RBL's RoA to increase to over 1.5% by FY21E (1.7% in bull case).

Valuation & view

We believe that changing loan mix towards high yielding loans will drive NIMs and other income, though increased provisioning towards residual stressed MFI loans will limit pick-up in earnings growth over FY19E. With a diverse product portfolio, no legacy issues, capable management, we expect RBL to report loan growth of ~36% over FY18-21E while earnings growth is likely to accelerate from FY20E (49%/~46% PAT growth estimate for FY20/21). We expect RoA to steadily improve to 1.5% by FY21E (1.7% in our bull case scenario). We build in capital raise of INR25b during FY20E and thus revise our PT to INR700 (2.8x Sep20E ABV). Maintain **Buy**.

Exhibit 1: MFI and credit card businesses will contribute 33% of FY21E PAT as per our base case scenario

	Bear Case			Base Case			Bull Case		
	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
INRm									
PAT of Credit Cards	490	1,053	1,980	630	1,638	3,060	735	1,931	3,960
PAT of MFI	955	1,465	2,213	1,172	1,893	3,187	1,433	2,259	3,984
Total PAT	8,300	11,889	16,853	8,657	12,902	18,906	9,022	13,560	20,603
% growth				36%	49%	47%			
% change over base case	-4%	-8%	-11%				+4%	+5%	+9%
Credit card + MFI contribution to PAT (%)	17.4%	21.2%	24.9%	20.8%	27.4%	33.0%	24.0%	30.9%	38.6%
Incremental PAT addition	1,949	3,590	4,963	2,306	4,245	6,005	2,671	4,538	7,043
On account of cards and MFI	113	1,073	1,675	470	1,729	2,716	835	2,022	3,754
% of incremental PAT	6%	30%	34%	20%	41%	45%	31%	45%	53%
RoA of Credit Cards	1.4%	1.8%	2.2%	1.8%	2.8%	3.4%	2.1%	3.3%	4.4%
RoA of MFI	2.2%	2.4%	2.5%	2.7%	3.1%	3.6%	3.3%	3.7%	4.5%
RoA for overall bank	1.2%	1.3%	1.4%	1.2%	1.4%	1.5%	1.3%	1.5%	1.7%

Source: MOSL, Company

Credit card segment highly underpenetrated; expect high growth to continue

The credit card market in India is highly underpenetrated (2.3% of population as at FY17) as compared to some other countries like the USA (300%), Korea (180%), and Brazil (70%). The average credit card spends in the USA, Korea and Brazil is also significantly higher than India at 60x, 10x, and 4x, respectively.

Though the credit card spends in India as a proportion to GDP has improved from 1.5% in FY15 to 2.7% in FY18, there still remains a significant scope of expansion. Considering the ongoing push towards digitalization and shift towards cashless economy, the acceptance of credit cards has increased multifold amongst potential customers. We thus expect the credit card market to ramp up at a rapid pace and this is expected to support healthy fees/NII growth for underlying banks.

Exhibit 2: Penetration of credit cards as a % of GDP is increasing sharply

As a % of GDP	FY15	FY16	FY17	FY18
Mkt. cap (BSE)	81.4%	68.8%	79.7%	84.8%
Deposits	71.5%	70.6%	70.8%	68.4%
Loans	54.8%	54.7%	51.7%	51.6%
Debit card spends	18.8%	19.6%	17.6%	20.0%
MF AUM	8.7%	9.0%	11.5%	12.7%
Credit card spends	1.5%	1.7%	2.2%	2.7%
Insurance	3.3%	3.4%	3.6%	3.8%

Source: MOSL, RBI

Exhibit 3: Penetration in India is lagging in comparison to other countries

FY17	India	Brazil	Korea	USA
No of cards (in m)	30	149	96	1,022
Penetration (%)	2.3%	70.0%	180.0%	300.0%

Source: MOSL, RBI

Exhibit 4: Card spends in other countries significantly higher than in India

FY17	India	Brazil	Korea	USA
Card spends (USD B)	30	4x	10x	60x

Source: MOSL, RBI

RBL has been gaining market share at an accelerated pace

RBL has shown a robust growth in capturing incremental market share in the card business, which has resulted in its market share doubling up over the past one year. Its share in outstanding number of cards has increased from a mere 0.9% in March 2017 to 2.1% in March 2018, while the share in number of transactions has increased to 1.3% in FY18 vs 0.7% in FY17. The higher spend per card has further resulted in RBL gaining market share in total amount transacted (1.9% in Mar18 vs 1.1% in Mar2017). This resonates with management's focus of creating a utility for its users. While the collaboration with BAF will continue to add volumes in the near term, we expect medium term growth trajectory to be further driven by RBL bank as it builds upon its retail franchise and expands its network.

Market share increased rapidly; expect it to reach ~5.5% by FY21

Exhibit 5: RBL has gained market share at an accelerated pace (2.1% in Mar'18 vs 0.9% in Mar'17)

Share of o/s credit cards (%)	Mar-17	Dec-17	Mar-18
Hdfc Bank	28.6%	28.7%	28.5%
State Bank Of India	15.3%	16.2%	16.7%
ICICI Bank	14.3%	13.3%	13.3%
Axis Bank	11.2%	11.7%	12.0%
Citi Bank	8.5%	7.4%	7.1%
Kotak Mahindra Bank	3.5%	3.8%	3.9%
Standard Chartered Bank	3.7%	3.4%	3.3%
American Express	3.4%	3.2%	3.2%
RBL Bank	0.9%	1.8%	2.1%
IndusInd Bank	2.0%	2.1%	2.1%

~4x growth in additions to number of cards; accelerated by collaboration with BAF

RBL has been very aggressive in growing its credit card customers. While the other major players have been incrementally adding credit cards in the range of ~1.1x-2x over FY17-18, RBL has incrementally added cards by 3.9x over a similar period. This was aided by its collaboration with BAF coupled with a strong product proposition offered by the bank.

RBL has been adding cards at double the industry pace

Exhibit 6: RBL has reported strong growth in new card additions

YoY addition in cards (Nos.)	FY17	FY18	YoY Growth
RBL Bank	1,31,416	5,18,726	3.9x
Standard Chartered Bank	81,903	1,61,169	2.0x
State Bank Of India	9,49,006	16,89,312	1.8x
Hdfc Bank	12,63,028	21,41,655	1.7x
Indusind Bank	1,42,321	1,98,638	1.4x
Kotak Mahindra Bank	3,17,195	4,18,078	1.3x
Axis Bank	9,33,167	11,39,659	1.2x
ICICI Bank	6,00,940	7,43,543	1.2x
American Express	1,68,001	1,78,257	1.1x
Citi Bank	1,28,434	1,46,069	1.1x
Total Industry	53,37,016	76,42,720	1.4x

Source: MOSL, Company

MoM addition in cards showing an increasing trend – Over FY18, RBL's market share in net card additions stood at ~7% vs its FY18 outstanding market share of ~2%

Exhibit 7: RBL has been adding cards at a much rapid pace than its peers

MoM addition in cards (Nos.)	Sep-17	Dec-17	Mar-18
RBL Bank	33,640	60,102	65,004
American Express	19,233	4,669	18,515
Axis Bank	90,717	1,73,933	1,69,570
Citi Bank	15,123	8,749	8,978
Hdfc Bank	1,96,772	2,11,893	1,38,803
Icici Bank	67,615	78,098	1,06,196
Indusind Bank	16,138	17,819	19,372
Kotak Mahindra Bank	45,818	37,602	42,073
Standard Chartered Bank	15,608	8,837	11,536
State Bank Of India	1,65,609	1,08,691	1,92,530
Total Industry	6,96,965	7,20,597	5,49,582

Source: MOSL, Company

The bank offers seven types of credit cards depending on customer needs and preferences with various reward points, discounts and schemes, which have contributed to this rapid growth.

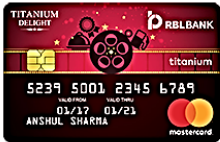


Attractive offers in key spending categories such as movies, flight booking, restaurants, fashion, etc. to drive growth in transactions

Exhibit 8: Strong product proposition helping to attract new customers...



Source: MOSL, Company

Exhibit 9: ...driven by different types of credit card offering

Titanium Delight Credit Card	Platinum Maxima Credit Card	Platinum Delight Credit Card
 <p>Features</p> <ul style="list-style-type: none"> Exclusive Wednesday offers - free movie tickets, value back on groceries & pizzas 4,000 bonus reward points on crossing spends of Rs. 1.2 lacs 1 Reward point on every Rs.100 spent except fuel Waiver of fuel surcharge up to Rs. 100 every month <p>APPLY</p>	 <p>Features</p> <ul style="list-style-type: none"> Free movie ticket every month 10 Reward points on every Rs. 100 spent on dining, entertainment, utility bills, fuel and every international spends 2 Reward points for every Rs.100 spent 20,000 bonus reward points every year on crossing 3.5 lacs spends <p>APPLY</p>	 <p>Features</p> <ul style="list-style-type: none"> 2 Reward Points on every Rs. 100 spent on weekdays 2X Reward Points on every Rs. 100 spent on weekends 1,000 bonus Reward Points every month on 5 transactions of Rs.1000 or more Waiver of fuel surcharge up to Rs.150 every month <p>APPLY</p>

Source: MOSL, Company

RBL aims to maintain the growth momentum as it continues to benefit from the cross-selling to BAF’s strong customer base (26.22m customers). RBL is thus looking to double its card base during FY19E and aims to achieve a target customer base of ~4m by FY21E as it aspires to become one of the top credit card players in the country.

Exhibit 10: O/s cards increasing at a rapid pace

RBL aims to increase its card base to ~4m by FY21E

No. of Credit Cards	FY15	FY16	FY18
RBL Bank	88,405	1,49,820	7,99,962
Hdfc Bank	59,73,188	72,81,693	1,06,86,376
State Bank Of India	31,58,032	36,20,042	62,58,360
Icici Bank	33,29,101	36,53,052	49,97,535
Axis Bank	17,36,892	24,13,568	44,86,394
Citi Bank	24,09,945	23,97,114	26,71,617
Kotak Mahindra Bank	5,30,011	7,27,207	14,62,480
Standard Chartered Bank	10,88,031	10,10,712	12,53,784
American Express	7,25,226	8,37,960	11,84,218
Indusind Bank	3,40,312	4,40,527	7,81,486
Total	2,11,10,653	2,45,05,219	3,74,84,955

Source: MOSL, Company

RBL & BFL relationship: Leveraging combined relationships

With nearly 60% of cards originating from its partnership with Bajaj and further access to BAF’s customer base (26.22m), we expect the RBL-BFL relationship to continue its dominance and maintain a strong growth momentum.

Exhibit 11: A strategic partnership with identified roles and responsibilities...

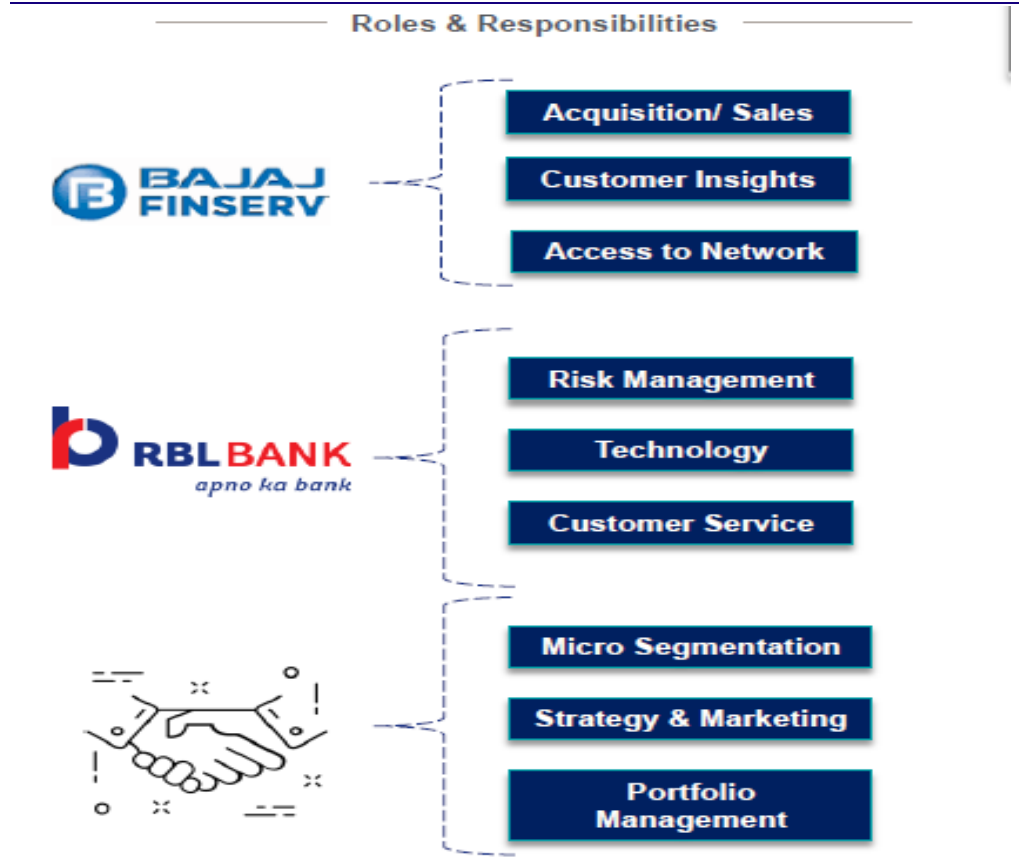
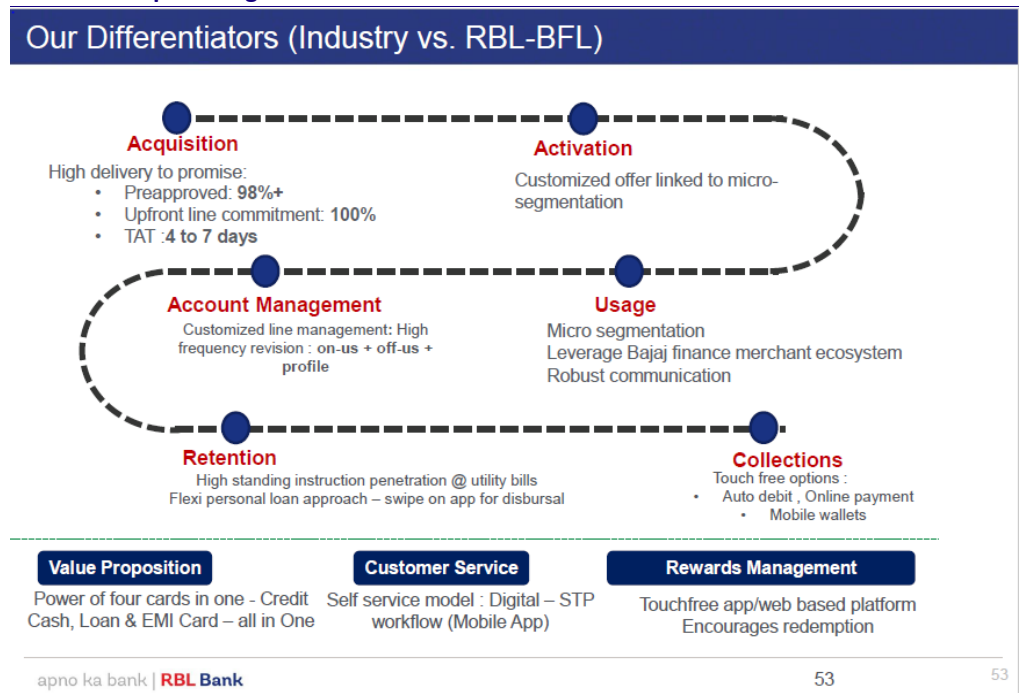


Exhibit 12: ...providing differentiated value



Market share in volumes
doubled in one year

Exhibit 13: RBL doubled its market share in terms of no of transactions over past one year

Market share - No. of transactions (%)	FY16	FY17	FY18	Mar-18
Hdfc Bank	31.8	30.4	28.6	28.3
Citi Bank	16.5	15.9	15.5	14.4
State Bank Of India	13.8	14.1	15.0	15.9
Icici Bank	13.8	13.8	13.4	12.8
Axis Bank	7.4	8.0	9.1	9.3
American Express	4.5	5.2	4.5	4.7
Standard Chartered Bank	4.5	4.1	3.6	3.4
Kotak Mahindra Bank	1.9	2.2	2.5	2.8
Indusind Bank	1.4	1.5	1.9	2.0
RBL Bank	0.3	0.7	1.3	1.7

Source: MOSL, Company

Exhibit 14: Robust growth in number of cards

YoY growth in no of cards (%)	FY17	FY18
RBL Bank	87.7	184.4
Kotak Mahindra Bank	43.6	40.0
State Bank Of India	26.2	37.0
Axis Bank	38.7	34.1
Indusind Bank	32.3	34.1
Hdfc Bank	17.3	25.1
American Express	20.0	17.7
Icici Bank	16.5	17.5
Standard Chartered Bank	8.1	14.8
Citi Bank	5.4	5.8
Industry	21.8	25.6

Source: MOSL, RBI

Exhibit 15: Market share in net additions FY18 came in at ~7%

FY18	Incremental	
	No. of cards	Mkt. Share (%)
Hdfc Bank	21,41,655	28.0%
State Bank Of India	16,89,312	22.1%
Axis Bank	11,39,659	14.9%
Icici Bank	7,43,543	9.7%
RBL Bank	5,18,726	6.8%
Kotak Mahindra Bank	4,18,078	5.5%
Indusind Bank	1,98,638	2.6%
American Express	1,78,257	2.3%
Standard Chartered Bank	1,61,169	2.1%
Citi Bank	1,46,069	1.9%
Total Industry	76,42,720	

Source: MOSL, RBI

Transactions per card is showing an improving trend

RBL is demonstrating a healthy improvement in its credit card usage. While we note that the foreign banks are much ahead of the curve in terms of transactions per card (7 times CITI Bank and ~5 times AMEX), RBL has increased its transactions per card 2.5x times since FY15 (from 1.2 to 2.9 in FY18) much ahead of its peers. Average spend per card has also grown 2.5x times for RBL, while other banks have grown in the range of 1.4x-2.0x (barring IIB). RBL Bank is now the third largest domestic bank in terms of average spends per card.

Spends per card has
increased 2.5x for RBL Bank

Exhibit 16: Average monthly spend per card increased 2.5x times for RBL (vs industry 1.4x) since FY15

INR	FY15	FY16	FY18
American Express	28,636	30,951	34,842
Indusind Bank	7,831	12,642	18,649
Citi Bank	10,592	12,220	15,527
State Bank Of India	5,851	7,027	11,805
Hdfc Bank	8,541	9,348	11,276
RBL Bank	4,334	7,822	10,870
Axis Bank	7,277	7,995	9,434
Icici Bank	5,452	6,377	9,367
Standard Chartered Bank	6,579	7,345	8,150
Kotak Mahindra Bank	5,718	5,996	7,093
Total Industry	7,901	8,857	11,317

Source: MOSL, Company

Amongst domestic banks, RBL is fifth largest in terms of transactions per card

Exhibit 17: RBL's transaction per card has grown 2.5x from 1.2 transactions per card in FY15 to 2.9 transactions in FY18

Nos.	FY15	FY16	FY17	FY18
Foreign Banks				
Citi Bank	3.9	4.5	5.9	7.0
American Express	3.3	3.8	5.1	4.8
Standard Chartered Bank	1.9	2.8	3.5	3.6
Domestic Banks				
Hdfc Bank	2.9	3.2	3.4	3.5
Icici Bank	2.3	2.6	3.1	3.4
State Bank Of India	2.2	2.7	3.1	3.2
IndusInd Bank	2.0	2.3	2.8	3.2
RBL Bank	1.2	1.8	2.9	2.9
Axis Bank	2.2	2.4	2.5	2.7
Kotak Mahindra Bank	1.7	1.9	2.3	2.4
Total Industry	2.6	2.9	3.3	3.5

Source: MOSL, Company

RBL is third largest in terms of ticket size per transaction, second amongst domestic banks

Exhibit 18: RBL's ticket size per transaction has improved steadily to amongst top three in industry

INR	FY15	FY16	FY18
American Express	8,620	8,221	7,226
IndusInd Bank	3,898	5,507	5,845
RBL Bank	3,661	4,292	3,695
State Bank Of India	2,702	2,651	3,633
Axis Bank	3,347	3,359	3,449
Hdfc Bank	2,896	2,941	3,262
Kotak Mahindra Bank	3,281	3,104	3,013
Icici Bank	2,375	2,441	2,722
Standard Chartered Bank	3,406	2,620	2,271
Total Industry	3,089	3,063	3,266

Source: MOSL, Company

Credit card portfolio to constitute nearly 11% of loans by FY21E

RBL has considerably gained market share from 1.2% in FY17 to 2.9% in FY18 (more than double in one year), which took almost 5-6 years for IIB. Given rapid growth in aggressive credit card customers and higher transactions/spending per card that RBL has displayed, we expect RBL's credit card portfolio to increase to ~11% of total loans (~5% currently) even as the overall loan portfolio grows at ~36% CAGR over FY18-21E. Drawing parallels from other banks we note that Axis Bank's credit card portfolio as percentage of total loans has increased from 3.7% in FY12 to 12% in FY18 and we expect RBL to report much faster progression here.

Exhibit 19: Card book market share increasing at a rapid pace

Market share (%)	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
RBL Bank	NA	NA	NA	NA	NA	NA	1.2	2.9
Axis Bank	3.1	3.7	4.3	7.1	7.3	11.0	9.7	12.0
Hdfc Bank	26.9	34.1	40.6	49.3	53.0	54.5	49.9	52.6
Icici Bank	15.3	12.3	10.8	13.3	13.0	14.5	14.3	13.7
IndusInd Bank	NA	1.2	1.4	1.8	2.3	3.2	3.3	3.9

Source: Company, MOSL

Card fees constitute ~6% of total fees; expect it to increase exponentially

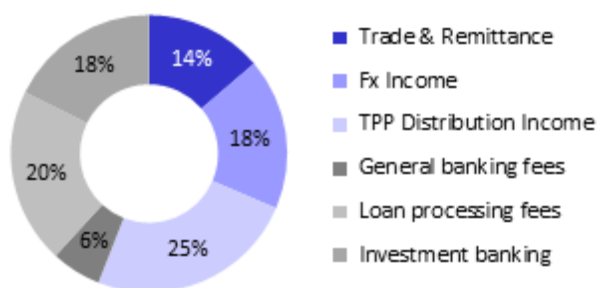
The proportion of card fees as a % of total fee income for RBL stood at 6% during 4QFY18. This thus offers significant scope for expansion as peer banks like AXSB and IIB derive 20%/25% of their fee income from the card business (includes entire distribution income for IIB). We thus expect RBL to report strong traction in its credit card fees, thereby increasing its fee income as a % to average assets. We estimate RBL’s other income composition in the RoA tree to improve by 32bp over FY18-21E.

Exhibit 20: Proportion of card fees as a % of total fees

Card fees as a % of total fees	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
RBL Bank	0%	0%	3%	4%	3%	3%	4%	6%
Axis Bank	18%	18%	20%	18%	21%	21%	22%	20%
IndusInd Bank	17%	19%	20%	24%	22%	23%	24%	25%

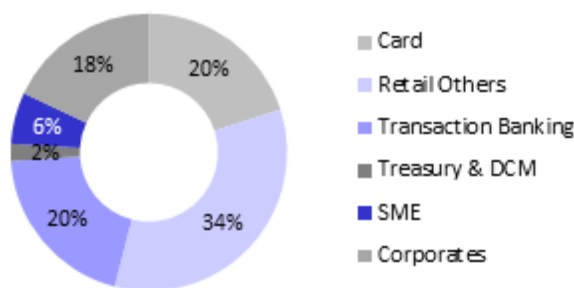
Source: MOSL, Company

Exhibit 21: IIB: Distribution income account 25% of total fees



Source: MOSL, Company

Exhibit 22: AXSB: Cards account for 20% of the total fees



Source: MOSL, Company

MFI business accounts for 14.7% of total loans; expect mix to remain stable

- MFI mix largely stable:** RBL provides loans to MSME and micro-banking business with an objective of providing mass banking services and to cater to the needs of lower-income individuals (income less than INR30,000pm) in rural, semi-urban, and outskirts of Tier1/Tier2 towns. With various products in offering such as Individual & business loans, 2-wheeler, consumer durable & home improvement, Insurance plans, and remittance & payment products, we expect RBL’s MFI business to account for 14.7% of the total loans and to maintain its mix.
- Independent risk management framework in place:** The BC model is based on a robust risk management framework, whereby all MFI loans are approved by RBL bank staff with regular audits and monitoring being done by an independent risk team. BC’s are involved in origination, service and collections whereas risk is managed by the bank.
- GNPL ratio moderating; credit cost at controlled level:** Post elevation in FY18, GNPL ratio (DB&FI) moderated in 1Q19 while credit cost is likely to moderate from 4QFY19 as RBL completely provides from the demon impacted portfolio.
- We believe that though credit risk may exist for the MFI business it could be managed by building a provisioning cushion, diversifying the portfolio and increasing the stickiness with the customer, which helps in improving the profitability of the bank.

Exhibit 23: MFI distribution reach

	1HFY17	FY17	1QFY18	1HFY18	9MFY18	FY18
BC branches	447	568	616	677	757	807
Micro banking	413	497	510	553	590	646
MSME branches	34	71	106	124	167	161
Banking Outlets	NA	NA	NA	171	188	197
Customer Service Points	40,899	57,614	67,969	80,071	100,017	194,296

Source: Company, MOSL

Exhibit 24: DB&FI portfolio showing healthy growth

INRm	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
- DB & FI	36,400	36,590	41,220	41,960	46,140	47,810	56,840	58,510
- Micro Banking	18,160	15,480	21,610	22,340	25,330	28,860	35,600	36,980
- IFI	16,060	18,490	16,310	15,770	16,160	13,580	15,430	15,030
- MSME	2,180	2,620	3,300	3,850	4,650	5,360	5,810	6,490

Source: MOSL, Company

Exhibit 25: GNPA ratio demonstrating significant moderation

%	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
GNPA Ratio (DB&FI)	0.31	0.33	0.36	0.48	2.39	2.81	3.38	3.38	2.01

Source: MOSL, Company

Exhibit 26: Credit cost for DB&FI has moderated from the peak – we expect further reduction from 4QFY19

%	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Credit Cost (DB&FI)	0.12	0.44	0.20	0.44	2.4	0.72	1.60	0.32	0.32

Source: MOSL, Company



Case Study: SBI Cards

A meticulously crafted turnaround

SBI card, launched in 1998 was a joint venture between State Bank of India and GE Capital. It took four years for the company to reach a customer base of 1m, which doubled to 2m in further four years. The company was loss-making for nearly a decade since the launch of its card operations and turned profitable in FY11 with a PAT of INR71m. However, since attaining breakeven the company has delivered a strong performance in both—customer acquisition and earnings performance.

Post achieving breakeven, SBI cards PAT grew at a CAGR of 75%

- **Rapid growth in market share, with high profitability:** As at FY18, SBI Cards have a market share of 16.4% on card base (6.25m) and 16.8% in card spends (INR798b). It has witnessed a 43% CAGR on card spends from 64.5b in FY11 to INR798b in FY18. However, it is interesting to note that PAT over the same period has grown from INR71m to INR3.6b (75% CAGR). Return ratios are also healthy, with RoE at 22.5% and RoA at 3.8% (9MFY18). As on 9MFY18, it had a loan book of INR103b, total assets of INR108b, and net worth of INR14.5b.
- **Write-offs are in control:** Write-offs for SBI Cards are controlled at ~2.4% compared to the industry average of 2.2-2.3%. After peaking at double digits during the global financial crisis, there has been a sharp improvement in write-offs with it sustaining between 2.3-2.6% over the last four years.
- **Cross-sell rate has improved:** SBI Cards acquired ~50% customers from open market applications and ~50% through the SBIN database (an improvement over earlier 35%). Corporate card base is very small, with average spend of INR116k.
- **Portfolio characteristics:** Cards income split: 51% interest income, 23% interchange fees, and 26% other fees with a revolve rate of 56-57%.

While SBI cards has reported a strong turnaround in growth/profitability, we note that it took the company almost eight years to reach a customer base of 2m, a milestone which RBL is expected to achieve by FY19E (nearly three years of operations). We believe that a greater opportunity lies ahead for RBL as it expands its card portfolio at a far greater pace considering the ongoing push towards digitalization, debates around a cashless economy and increased awareness/acceptance of credit cards amongst customers.

Exhibit 27: PAT grew at a CAGR of 75% over past 7 years while spends grew at 43% CAGR

INRm	FY11	FY15	FY18	CAGR
Spends on cards	64,520	2,33,610	7,98,080	43%
PAT	71	2,670	3,631	75%

Source: MOSL, Company



Exhibit 28: SBI Card’s journey since inception

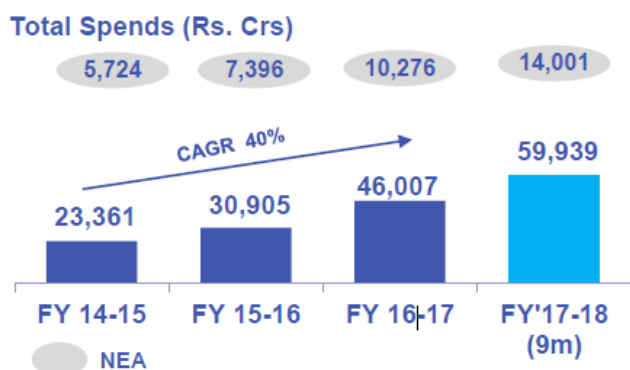
Year	Particulars
1998-00	SBI Card enters the credit card space SBI card reaches 1lac mark
2002-03	SBI card enters the "1 million" cards club SBI card enters into its first partnership with a public sector bank SBI card launches "Affinity cards" in 8 cities
2006	SBI launches Co-branded cards with Indian Railways, Spice jet and Tata SBI card becomes the second largest credit card issuer
2010-11	SBI card launches the "SBI Platinum Card". SBI card launches chip based EMV cards
2012 -13	SBI card launches SBI signature Card for HNI's. SBI card launches Air India co-branded cards
2014-15	SBI card enters the "3m cards club" SBI card launches Simply SAVE SBI Card

Exhibit 29: Snapshot of SBI cards

INRm	FY15	FY16	FY17	FY18
Spends on cards	2,33,610	3,09,050	4,60,070	7,98,080
Mkt. Share Spends	11.3%	11.9%	13.1%	16.8%
Mkt. Share cards base	15.0%	14.8%	15.3%	16.4%
Revenue	19,050	24,920	33,630	48,520
PAT	2,670	2,840	3,904	3,631
PBT	2,710	4,380	5,980	7,760
RoA	4.4%	3.7%	3.7%	3.8%
RoE	30.8%	26.7%	29.5%	22.5%
Net Worth	8,660	10,610	13,217	16,141
Total Assets	60,480	78,8h00	1,06,521	1,46,940

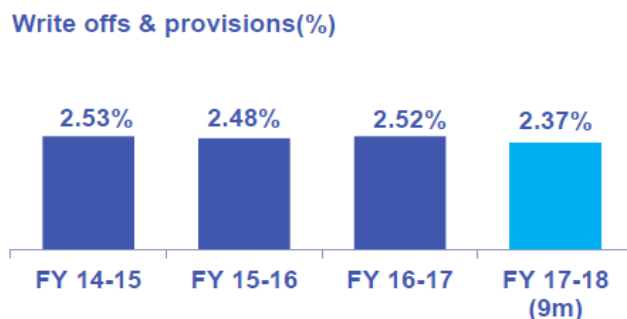
Source: MOSL, Company

Exhibit 30: Spends have grown ~40% CAGR over FY15-17



Source: Company, MOSL

Exhibit 31: Write-offs have remained in control



Source: Company, MOSL

Scenario analysis: Cards/MFI business to account for 33% of total PAT by FY21E in base case

As per our scenario analysis –

Expected base case RoA's of 3.4%/3.6% for credit cards / MFI business respectively.

- The credit card/MFI business will likely account for 33% of total PAT by FY21E (vs 21% estimated in FY18) in our base case. We have built in RoA of 3.4%/3.6% for credit card/MFI business, which we believe is on the conservative side.
- As per our bull case scenario, we estimate Credit card/MFI segment to contribute ~39% of the total PAT (~25% in bear case). With this increased contribution to the high yielding book, we expect RBL's RoA to increase to over 1.5% by FY21E (1.7% in our bull case).

Exhibit 32: MFI/credit card will contribute 33% of FY21E PAT as per our base case scenario

INRm	FY19E	FY20E	FY21E
PAT of Credit Cards	630	1,638	3,060
PAT of MFI	1,172	1,893	3,187
Total PAT	8,657	12,902	18,906
% growth	36%	49%	47%
Credit card + MFI contribution to PAT (%)	20.8%	27.4%	33.0%
Incremental PAT addition	2,306	4,245	6,005
On account of cards and MFI	470	1,729	2,716
% of incremental PAT	20%	41%	45%
RoA of Credit Cards	1.8%	2.8%	3.4%
RoA of MFI	2.7%	3.1%	3.6%
RoA for overall bank	1.2%	1.4%	1.5%

We expect RBL's RoA to increase to over 1.5% by FY21E (1.7% in our bull case).

Source: MOSL, Company

Exhibit 33: Bull case: MFI/CC to contribute ~39% of FY21E PAT

INRm	FY19E	FY20E	FY21E
PAT of Credit Cards	735	1,931	3,960
PAT of MFI	1,433	2,259	3,984
Total PAT	9,022	13,560	20,603
% change over base case	+4%	+5%	+9%
Credit card + MFI contribution to PAT (%)	24.0%	30.9%	38.6%
Incremental PAT addition	2,671	4,538	7,043
On account of cards and MFI	835	2,022	3,754
% of incremental PAT	31%	45%	53%
RoA of Credit Cards	2.1%	3.3%	4.4%
RoA of MFI	3.3%	3.7%	4.5%
RoA for overall bank	1.3%	1.5%	1.7%

Source: MOSL, Company

Exhibit 34: Bear case: MFI/CC to contribute ~25% FY21E PAT

INRm	FY19E	FY20E	FY21E
PAT of Credit Cards	490	1,053	1,980
PAT of MFI	955	1,465	2,213
Total PAT	8,300	11,889	16,853
% change over base case	-4%	-8%	-11%
Credit card + MFI contribution to PAT (%)	17.4%	21.2%	24.9%
Incremental PAT addition	1,949	3,590	4,963
On account of cards and MFI	113	1,073	1,675
% of incremental PAT	6%	30%	34%
RoA of Credit Cards	1.4%	1.8%	2.2%
RoA of MFI	2.2%	2.4%	2.5%
RoA for overall bank	1.2%	1.3%	1.4%

Source: MOSL, Company

Retail: wholesale mix to move towards the target of 50:50 as aspired by the management

Exhibit 35: Business mix shifting towards retail loan book

INRm	FY18	FY19E	FY20E	FY21E
C&IB	40.3%	38.0%	35.4%	32.9%
CB	18.7%	18.0%	17.2%	16.3%
Wholesale	59.0%	56.0%	52.6%	49.2%
Retail	26.9%	29.8%	32.9%	36.1%
Micro-banking	8.8%	9.0%	9.6%	10.3%
IFI	3.8%	3.1%	2.4%	1.8%
MSME	1.4%	2.1%	2.5%	2.6%
Non Wholesale	41.0%	44.0%	47.4%	50.8%

Source: MOSL, Company

Valuation and view

- Post management change in FY10, RBL has turned around the corner in key operating parameters. Bank reported loan CAGR of 56% over FY10-18, earnings CAGR of 55%, RoA improved to 1.1% v/s 0.2% in FY11 and the bank stays well-capitalized with Tier-I ratio of 13.6%. RBL has adopted a unique business model whereby: a) the bank has adopted a linkage based approach to agricultural lending; b) has used large corporate accounts as an entry strategy to gain access to their supply chain ecosystem; and c) has strategically acquired business banking clients in the emerging sectors (primary bankers to gain lion's share of their wallet).
- RBL's business transformation has coincided with significant investments in human capital (senior management), service offering (product suite), customer acquisition (including inorganic portfolios), technology and brand building (branch expansion and re-branding). With significant capacity already in place, RBL is now primed to sweat its investments and benefit from improving operating efficiencies. We expect gradual improvement in CI ratio to result from digital initiatives.
- We expect strong benefits to accrue to RBL from its partnership with Bajaj Finance in co-branded credit cards. The bank has already issued around ~9,75,000 cards since the launch. RBL aims to be amongst the top five credit card payers in the next three years and strives to achieve 4m+ cards by FY21E. We expect RBL to leverage on BAFs vast customer base (~26m; 60% don't have credit cards), strong distribution scale, excellent risk and analytics infrastructure. This would enable fast paced credit card customer acquisition at lower operating costs and lower credit costs (as these are tested customers of BAF).
- We believe the changing loan mix towards high yielding loans will drive NIMs and other income, though pricing pressure in LAP and increased provisioning towards MFI will keep some pressure on profitability in the short term. However, with a diverse product portfolio, no legacy issues, and capable management, we expect RBL to steadily scale up its RoA to >1.5% by FY21E. We build in capital raise of INR25b during FY20E and thus revise our PT to INR700 (2.8x Sep20E ABV). Maintain Buy.

Exhibit 36: DuPont : Return ratios to expand over FY19-FY21E

Y/E MARCH	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Interest Income	8.72	8.67	8.62	8.28	8.45	8.16	8.63	8.85	9.01
Interest Expense	6.16	6.48	6.17	5.81	5.67	4.96	5.21	5.25	5.16
Net Interest Income	2.55	2.19	2.46	2.47	2.78	3.20	3.42	3.60	3.85
Non-Interest income	1.25	1.67	1.78	1.48	1.72	1.93	2.05	2.15	2.26
Total Income	3.81	3.87	4.24	3.95	4.50	5.13	5.47	5.75	6.11
Operating Expenses	2.22	2.72	2.65	2.32	2.41	2.72	2.86	2.97	3.08
Employee cost	1.23	1.19	1.33	1.12	1.02	1.00	0.97	0.94	0.91
Others	0.99	1.53	1.32	1.20	1.39	1.72	1.89	2.03	2.16
Operating Profit	1.58	1.15	1.59	1.64	2.10	2.41	2.61	2.78	3.19
Core Operating Profit	1.31	0.88	1.33	1.46	1.82	2.11	2.42	2.61	3.03
Provisions	0.22	0.30	0.27	0.35	0.54	0.66	0.75	0.67	0.72
NPA	0.12	0.19	0.16	0.24	0.35	0.47	0.67	0.58	0.63
Others	0.10	0.10	0.11	0.10	0.20	0.19	0.08	0.08	0.09
PBT	1.36	0.85	1.32	1.29	1.55	1.75	1.86	2.11	2.31
Tax	0.44	0.26	0.41	0.41	0.54	0.60	0.64	0.73	0.79
RoA	0.92	0.59	0.91	0.88	1.02	1.15	1.22	1.38	1.52
<i>Leverage (x)</i>	<i>7.3</i>	<i>8.6</i>	<i>10.7</i>	<i>12.7</i>	<i>12.1</i>	<i>10.1</i>	<i>10.0</i>	<i>10.2</i>	<i>10.6</i>
RoE	6.8	5.1	9.8	11.2	12.3	11.6	12.3	14.1	16.2

Source: MOSL, Company

Exhibit 37: DuPont : We revise our PAT estimates by 1.1%/6.6% for FY19/20 respectively as we build in capital raise of INR25b in our estimates during FY20E

INRb	Old Estimates		Revised Estimates		Change (%) /bps	
	FY19	FY20	FY19	FY20	FY19	FY20
Net Interest Income	24.3	32.8	24.2	33.6	-0.5	2.5
Other Income	14.5	19.3	14.5	20.0	0.0	3.8
Total Income	38.8	52.2	38.7	53.7	-0.3	2.9
Operating Expenses	20.4	27.4	20.2	27.8	-0.9	1.3
Operating Profits	18.4	24.7	18.5	25.9	0.4	4.8
Provisions	5.4	6.3	5.3	6.2	-1.4	-1.5
PBT	13.0	18.4	13.2	19.7	1.1	7.0
Tax	4.5	6.3	4.5	6.8	1.1	7.6
PAT	8.6	12.1	8.7	12.9	1.1	6.6
Loans	552	750	544	739	-1.5	-1.5
Deposits	580	765	580	782	0.0	2.3
Margins (%)	3.54	3.67	3.53	3.72	-1.7	4.5
Credit Cost (%)	1.00	0.85	1.00	0.85	0	0
RoA (%)	1.21	1.32	1.22	1.38	1.3	5.8
RoE (%)	12.17	15.34	12.30	14.07	12.4	-127.1
EPS	20.4	28.8	20.6	28.0	1.1	-3.0
BV	176.1	199.9	176.3	237.3	0.1	18.7
ABV	170.6	193.6	170.5	230.8	-0.1	19.2

Source: MOSL, Company

Exhibit 38: Valuation summary

Val summary	Rating	CMP (INR)	TP (INR)	Upside (%)	EPS (INR)		BV (INR)		RoE (%)		P/E (x)		P/BV (x)		P/ABV (x)	
					FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Pvt Banks																
ICICIBC*	Buy	337	355	5	10	21	162	176	6.2	12.4	22.0	10.5	1.3	1.2	1.8	1.5
AXSB	Buy	632	670	6	20	36	268	299	7.8	12.7	31.5	17.6	2.4	2.1	2.8	2.4
KMB*	Neutral	1,248	1,400	12	37	46	302	347	11.8	13.2	33.6	27.3	4.1	3.6	4.3	3.7
YES	Buy	388	444	14	24	31	132	158	19.5	21.2	16.3	12.7	2.9	2.5	3.0	2.5
IIB	Buy	1,958	2,250	15	82	108	452	581	19.4	21.0	23.9	18.1	4.3	3.4	4.4	3.4
FB	Buy	82	110	35	6	8	67	74	9.1	11.2	14.0	10.3	1.2	1.1	1.4	1.2
DCBB	Neutral	174	170	-2	9	11	95	106	10.8	11.5	18.4	15.5	1.8	1.6	1.9	1.7
SIB	Buy	18	26	48	2	4	29	32	5.7	12.5	10.5	4.5	0.6	0.5	0.8	0.6
EQUITAS	Buy	144	175	21	5	10	70	79	7.1	13.0	29.5	14.8	2.0	1.8	2.1	1.9
AUBANK	Buy	699	760	9	14	20	108	142	14.9	15.8	49.8	35.4	6.5	4.9	6.5	4.9
RBK	Buy	595	700	18	21	28	176	237	12.3	14.1	28.8	21.3	3.4	2.5	3.5	2.6
PSU Banks																
SBIN*	Buy	302	360	19	8	31	248	274	2.4	11.6	25.4	6.6	0.8	0.7	1.1	0.9
PNB	Neutral	85	85	1	-9	8	123	131	-6.4	6.0	-9.5	10.6	0.7	0.6	3.9	2.3
BOI	Neutral	94	90	-4	5	8	188	194	2.5	4.0	18.4	11.3	0.5	0.5	1.3	1.0
BOB	Buy	150	175	17	12	20	168	186	6.9	10.7	12.9	7.7	0.9	0.8	1.4	1.1
CBK	Neutral	281	278	-1	19	44	459	497	3.9	8.5	14.6	6.4	0.6	0.6	1.4	0.9
UNBK	Neutral	89	97	9	-4	4	226	227	-2.1	1.6	-20.6	25.0	0.4	0.4	1.0	0.9
INBK	Buy	335	430	28	32	53	379	424	9.4	14.2	10.4	6.3	0.9	0.8	1.1	1.0
Life Insurance																
HDFCLIFE**Buy		468	525	12	7	8	90	107	26.0	26.2	69.0	56.3	5.2	4.4	NA	NA
IPRULIFE** Buy		379	450	19	12	13	152.8	177.2	16.8	16.0	32.8	30.3	2.5	2.1	NA	NA

() Multiples adj. for value of key ventures/Investments; For ICICIBC, SBIN and KMB ABV is adjusted for investment in subsidiaries

**BV represents EV, RoE represents ROEV and P/BV represents P/EV Source: MOSL, Bloomberg, Company

Financials and Valuations

Income Statement							(INR m)		
Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Interest Income	8,793	13,516	19,531	27,443	37,132	45,076	61,024	82,631	1,12,120
Interest Expense	6,218	10,100	13,967	19,251	24,918	27,413	36,858	48,995	64,170
Net Interest Income	2,575	3,416	5,564	8,192	12,213	17,663	24,166	33,636	47,950
Growth (%)	37.9	32.6	62.9	47.2	49.1	44.6	36.8	39.2	42.6
Non-Interest Income	1,264	2,610	4,034	4,905	7,555	10,682	14,527	20,048	28,067
Total Income	3,840	6,026	9,598	13,097	19,768	28,345	38,693	53,684	76,017
Growth (%)	51.2	56.9	59.3	36.5	50.9	43.4	36.5	38.7	41.6
Operating Expenses	2,244	4,239	5,997	7,673	10,564	15,034	20,222	27,751	38,261
Pre Provision Profits	1,596	1,787	3,601	5,424	9,204	13,311	18,471	25,932	37,756
Growth (%)	40.1	12.0	101.5	50.6	69.7	44.6	38.8	40.4	45.6
Core PPP	1,318	1,334	2,880	4,818	7,965	11,645	17,139	24,334	35,837
Growth (%)	26.6	1.2	116.0	67.3	65.3	46.2	47.2	42.0	47.3
Provisions (excl. tax)	226	462	602	1,144	2,389	3,645	5,295	6,235	8,979
PBT	1,370	1,325	2,999	4,280	6,815	9,665	13,176	19,697	28,777
Tax	442	398	928	1,355	2,354	3,315	4,519	6,796	9,871
Tax Rate (%)	32.2	30.1	30.9	31.7	34.5	34.3	34.3	34.5	34.3
PAT	929	927	2,072	2,925	4,460	6,351	8,657	12,902	18,906
Growth (%)	42.6	-0.2	123.6	41.2	52.5	42.4	36.3	49.0	46.5

Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Equity Share Capital	2,529	2,720	2,935	3,247	3,752	4,197	4,197	4,613	4,613
Reserves & Surplus	13,538	17,427	19,370	26,645	38,791	62,643	69,781	1,04,850	1,19,775
Net Worth	16,067	20,148	22,304	29,892	42,543	66,840	73,977	1,09,464	1,24,389
Deposits	83,405	1,15,986	1,70,993	2,43,487	3,45,881	4,39,023	5,79,510	7,82,338	10,56,157
Growth (%)	76.0	39.1	47.4	42.4	42.1	26.9	32.0	35.0	35.0
of which CASA Dep.	16,444	23,697	31,574	45,378	76,027	1,06,783	1,51,116	2,18,272	3,11,150
Growth (%)	61.3	44.1	33.2	43.7	67.5	40.5	41.5	44.4	42.6
Borrowings	27,373	38,955	69,627	1,05,362	79,798	92,614	1,16,649	1,45,237	1,94,139
Other Liabilities & Prov.	2,787	6,892	8,123	12,870	18,526	20,031	26,065	33,932	42,622
Total Liabilities	1,29,634	1,81,981	2,71,047	3,91,611	4,86,748	6,18,508	7,96,201	10,70,971	14,17,306
Cash & Balances with RBI	2,908	9,807	14,557	13,397	29,479	25,893	29,018	38,031	51,262
Balances with Banks & Call money	3,977	2,115	7,147	11,102	12,457	16,951	13,923	18,551	21,255
Investments	55,160	64,770	97,923	1,44,360	1,34,817	1,54,475	1,88,459	2,44,997	3,06,247
Growth (%)	143.6	17.4	51.2	47.4	-6.6	14.6	22.0	30.0	25.0
Loans	63,762	98,350	1,44,498	2,12,291	2,94,490	4,02,678	5,43,616	7,39,318	10,12,865
Growth (%)	54.3	54.2	46.9	46.9	38.7	36.7	35.0	36.0	37.0
Fixed Assets	943	1,343	1,644	1,773	2,587	3,340	4,848	7,765	12,289
Other Assets	2,883	5,595	5,278	8,688	12,917	15,170	16,336	22,309	13,389
Total Assets	1,29,634	1,81,981	2,71,047	3,91,611	4,86,748	6,18,508	7,96,201	10,70,971	14,17,306

Asset Quality

GNPA (INR m)	259	778	1,112	2,081	3,569	5,667	7,054	9,233	12,659
NNPA (INR m)	69	305	386	1,244	1,900	3,126	3,454	4,245	4,977
GNPA Ratio	0.41	0.79	0.77	0.98	1.21	1.41	1.30	1.25	1.25
NNPA Ratio	0.11	0.31	0.27	0.59	0.65	0.78	0.64	0.57	0.49
Slippage Ratio	0.99	1.00	0.48	1.38	2.51	1.93	1.40	1.40	1.40
Credit Cost	0.23	0.37	0.29	0.45	0.60	0.74	1.00	0.85	0.90
PCR (Excl. Tech. write off)	73.4	60.8	65.3	40.2	46.8	44.8	51.0	54.0	60.7

Source: Company, MOSL

Financials and Valuations

Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Yield and Cost Ratios (%)									
Avg. Yield-Earning Assets	9.0	9.0	9.0	8.5	8.7	8.4	8.9	9.1	9.3
Avg. Yield on loans	11.7	11.4	11.6	10.9	10.4	9.8	10.0	10.2	10.3
Avg. Yield on Investments	6.5	6.9	6.4	6.2	7.1	7.0	7.3	7.3	7.3
Avg. Cost-Int. Bear. Liab.	7.3	7.6	7.1	6.5	6.4	5.7	6.0	6.0	5.9
Avg. Cost of Deposits	7.4	7.7	7.6	7.3	6.7	6.0	6.5	6.5	6.4
Interest Spread	1.7	1.4	1.9	2.0	2.3	2.7	2.9	3.1	3.4
Net Interest Margin	2.7	2.4	2.7	2.7	3.0	3.3	3.5	3.7	4.0

Capitalization Ratios (%)

CAR	17.1	14.6	13.1	12.9	13.7	15.3	12.9	14.2	12.1
Tier I	16.8	14.3	12.7	11.1	11.4	13.6	11.6	13.0	11.2
Tier II	0.3	0.3	0.4	1.8	2.3	1.7	1.4	1.2	1.0

Business & Efficiency Ratios (%)

Loans/Deposit Ratio	76.4	84.8	84.5	87.2	85.1	91.7	93.8	94.5	95.9
CASA Ratio	19.7	20.4	18.5	18.6	22.0	24.3	26.1	27.9	29.5
Cost/Assets	1.7	2.3	2.2	2.0	2.2	2.4	2.5	2.6	2.7
Cost/Total Income	58.4	70.3	62.5	58.6	53.4	53.0	52.3	51.7	50.3
Cost/Core Income	62.9	75.6	66.5	61.4	56.9	56.4	54.1	53.3	50.3
Int. Expense/Int. Income	70.7	74.7	71.5	70.1	67.1	60.8	60.4	59.3	57.2
Fee Income/Net Income	23.0	30.3	26.8	26.7	26.2	26.5	28.5	29.7	21.3
Non Int. Inc./Net Income	32.9	43.3	42.0	37.5	38.2	37.7	37.5	37.3	36.9
Emp. Cost/Total Expense	55.3	43.6	50.2	48.2	42.2	36.6	34.0	31.7	29.7
Investment/Deposit Ratio	66.1	55.8	57.3	59.3	39.0	35.2	32.5	31.3	29.0

Profitability & Valuation Ratios

RoE	6.8	5.1	9.8	11.2	12.3	11.6	12.3	14.1	16.2
RoA	0.9	0.6	0.9	0.9	1.0	1.1	1.2	1.4	1.5
RoRWA	0.0	0.7	1.3	1.3	1.4	1.5	1.6	1.8	1.9
Book Value (INR)	63.5	74.0	76.0	92.0	113.4	159.3	176.3	237.3	269.6
Growth (%)	19.5	16.6	2.6	21.1	23.2	40.5	10.7	34.6	13.6
Price-BV (x)					5.2	3.7	3.4	2.5	2.2
Adjusted BV (INR)	63.3	73.3	75.1	89.4	109.8	152.8	170.5	230.8	262.1
Price-ABV (x)					5.4	3.9	3.5	2.6	2.3
EPS (INR)	3.7	3.4	7.1	9.0	11.9	15.1	20.6	28.0	41.0
Growth (%)	21.2	-7.2	107.3	27.6	32.0	27.3	36.3	35.6	46.5
Price-Earnings (x)					50.0	39.3	28.8	21.3	14.5
Dividend Per Share (INR)	0.6	0.9	1.2	1.5	1.8	2.3	3.1	4.5	7.4
Dividend Yield (%)					0.3	0.4	0.5	0.8	1.2

E: MOSL Estimates

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