

INDUSTRY	BANKS
CMP (as on 27 Apr 2018)	Rs 536
Target Price	Rs 582
Nifty	10,692
Sensex	34,970

KEY STOCK DATA	
Bloomberg	RBK IN
No. of Shares (mn)	420
MCap (Rsbn) / (\$ mn)	225 / 3,371
6m avg traded value (Rsmn)	627

STOCK PERFORMANCE (%)			
52 Week high / low	Rs 601/443		
	3M	6M	12M
Absolute (%)	5.1	2.3	(3.1)
Relative (%)	8.1	(3.2)	(19.6)

SHAREHOLDING PATTERN (%)	
Promoters	-
FIs & Local MFs	16.96
FPIs	15.51
Public & Others	67.53

Source : BSE

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The show goes on

RBL Bank (RBK) delivered across parameters, again. **Best-in-class growth (+37% YoY) and robust fees (+33%) drove net earnings (~Rs 1.8bn, +37% YoY). NIM jumped for the 8th successive quarter, just shy of 4% (up 46/9bps YoY/QoQ) with the retail thrust.**

Asset quality healed, barring agri loans. RBK beefed up coverage (~57.6%, up ~400bps QoQ) even as net stress dropped 29bps to 0.86%. Solid CASA accretion (+41% YoY) continued, with differential SA rates. Customer acquisition was robust (4.5mn total).

We believe RBK is perfectly poised to deliver steady and profitable growth, with its demonstrated capability across segments, strategic clarity of management and a good grip on asset quality. As high-yielding retail loans rise and the lucrative BBB vertical expands, an uptick in profitability is inevitable. We have factored in a 6bps jump in RoAA over FY18-20E. Maintain BUY with a TP of Rs 582 (3x Mar-20E ABV of Rs 194).

Financial Summary

(Rs mn)	4QFY18	4QFY17	YoY (%)	3QFY18	QoQ (%)	FY16	FY17	FY18E	FY19E	FY20E
Net Interest Income	5,005	3,522	42.1%	4,673	7.1%	8,192	12,213	17,664	23,746	30,660
PPOP	3,831	2,818	36.0%	3,334	14.9%	5,424	9,204	13,312	17,272	22,331
PAT	1,781	1,301	36.9%	1,653	7.7%	2,925	4,176	7,017	8,873	11,898
EPS (Rs)	4.2	3.5	22.4%	4.0	7.2%	9.0	11.1	16.7	21.1	28.4
ROAE (%)						11.2	11.4	12.7	12.6	15.1
ROAA (%)						0.88	0.95	1.27	1.26	1.33
Adj. BVPS (Rs)						88.2	110.4	151.8	170.1	193.9
P/ABV (x)						6.09	4.86	3.54	3.16	2.77
P/E (x)						59.6	48.3	32.1	25.4	19.0

Source: Company, HDFC sec Inst Research

Highlights of the quarter

- Robust growth (~37/9% YoY/QoQ) was spread across segments. RBK's loan growth has exceeded our FY18 estimates, compelling us to raise loan CAGR to 34% vs. 33% over FY18-20E.
- While retail loans grew faster (~42/13% YoY/QoQ), corporate loans weren't far behind (~33/6% YoY/QoQ). Within retail, Branch & Business Banking (~66/14% YoY/QoQ) and Financial Inclusion (~38/19%) segments drove growth. Agri loans de-grew ~8/2% YoY/QoQ in response to rising stress.
- The NIM uptick persisted (~4%, +46/8bps YoY/QoQ). Retail yields (+20bps QoQ to 13.4%) and mix improvement helped. NIMs will continue to improve with a richer retail mix. Our NIM estimates build in a 18bps rise over FY18-20E.
- Near Term Outlook:** The all round show across parameters will keep the stock in the limelight.

Slippages dipped to ~1.2% annu. vs. 1.7% ann. during 9MFY18

The cards business continues to gain share in fee contribution to form ~33% of core fees (vs 31% QoQ and 15% YoY).

- Asset quality improved as G/NNPAs dipped 16/19bps QoQ to 1.40/0.78% respectively. While stress in the Agri loans shot up significantly (~4.15% vs 2.89% QoQ), asset quality across other segments improved. The dip in GNPA's in the C&IB (0.51% vs 0.91% QoQ) and BBB (1.26% vs 1.41% QoQ) was encouraging.
- Pain in the FI slice too eased as the Micro Banking business showed signs of recovery. The management is confident of no future shocks as ~90% of the existing portfolio is originated post demonetisation and has a current PAR of merely 30bps. The rising proportion of in-house sourcing (through its sub Swadhaar) and lower concentration risk (expanding into new geographies) provides further comfort on asset quality.
- Despite net stressed assets at a mere 86bps (1.65% slippage over FY18), we have conservatively factored in slippages of 1.35% over FY19-20E. Compared to the FY18 measure of 85bps our conservative LLP of 65bps over FY18-20E provides upside risk.
- The emphasis on shorter tenor of loans was visible as ~68% of RBK's advances mature in less than a year. The rating mix also improved as the share of exposures below investment grade reduced to ~5.5% vs 6.3% QoQ and 7.9% YoY.
- Core fees grew ~33/18% YoY/QoQ to ~Rs 2.7bn (2.81% of avg. loans vs 2.61%QoQ) driven by distribution (2x YoY, +77% QoQ) and FX (+17%). The cards business continues to gain share in fee contribution to form ~33% of core fees (vs 31% QoQ and 15% YoY). We believe RBK's focus on offering an exhaustive basket will boost fee incomes. We have factored in core fee growth of 30% over FY18-20E
- Deposit growth of ~27/14% YoY/QoQ was primarily driven by robust CASA growth of ~41/16% YoY/QoQ. Consequently, the CASA ratio improved ~30bps to ~24.3%. Retail TD + CASA deposits were at ~52%. Given the differential rate offering, we believe robust CASA accretion is set to continue.

Five Quarters At A Glance

(Rs mn)	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	YoY Growth	QoQ Growth
Net Interest Income	3,522	3,784	4,202	4,673	5,005	42.1%	7.1%
Non Interest Income	2,366	2,569	2,411	2,582	3,120	31.9%	20.8%
Core Fee Income	2,034	1,824	2,025	2,298	2,714	33.4%	18.1%
Treasury Income	331	745	386	284	406	22.5%	42.8%
Operating Income	5,887	6,353	6,612	7,255	8,124	38.0%	12.0%
Operating Expenses	3,070	3,239	3,581	3,921	4,293	39.9%	9.5%
Pre provision Profits	2,818	3,114	3,032	3,334	3,831	36.0%	14.9%
Other Provisions	821	945	749	823	1,129	37.5%	37.1%
PBT	1,997	2,169	2,283	2,511	2,702	35.4%	7.6%
Provision for Tax	695	759	776	858	921	32.5%	7.4%
PAT	1,301	1,410	1,506	1,653	1,781	36.9%	7.7%
Balance Sheet items/ratios							
Deposits Rs bn	345.9	354.3	365.7	386.2	439.0	26.9%	13.7%
CASA Deposits Rs bn	76.1	78.3	86.7	92.7	107.1	40.8%	15.6%
Advances Rs bn	294.5	311.1	335.8	368.9	402.7	36.7%	9.2%
Wholesale	178.5	185.5	200.0	223.1	237.5	33.1%	6.4%
BBB (Branch & Business Banking)	53.7	61.0	69.1	78.2	88.9	65.6%	13.7%
Agri	21.1	22.7	20.6	19.8	19.4	-8.0%	-1.9%
FI (Financial Inclusion)	41.2	42.0	46.1	47.8	56.8	37.9%	18.9%
Retail	116.0	125.6	135.8	145.8	165.2	42.4%	13.3%
CD Ratio (%)	85.1	87.8	91.8	95.5	91.7	658 bps	-379 bps
CAR (%)	13.7	13.4	16.6	15.9	15.3	158 bps	-63 bps
-Tier I (%)	11.4	11.1	14.5	14.1	13.6	221 bps	-54 bps
PROFITABILITY							
Yield on Advances (%)	10.80	10.60	10.60	10.40	10.50	-30 bps	10 bps
Cost of Funds (%)	6.70	6.50	6.40	6.30	6.20	-50 bps	-10 bps
NIM (%)	3.52	3.54	3.70	3.90	3.98	46 bps	8 bps
Cost-Income (%)	52.1	51.0	54.2	54.0	52.8	70 bps	-120 bps
Tax Rate (%)	34.8	35.0	34.0	34.2	34.1	-73 bps	-7 bps
ASSET QUALITY							
Gross NPA (Rs mn)	3,568	4,578	4,872	5,799	5,667	58.8%	-2.3%
Net NPA (Rs mn)	1,899	2,504	2,608	3,578	3,126	64.6%	-12.7%
Gross NPAs (%)	1.20	1.46	1.44	1.56	1.40	20 bps	-16 bps
Net NPAs (%)	0.64	0.81	0.78	0.97	0.78	14 bps	-19 bps
Coverage Ratio reported (%)	59.6	58.0	58.3	53.5	57.6	-201 bps	403 bps
Restructured book (%)	0.25	0.24	0.41	0.18	0.08	-17 bps	-10 bps
Net stressed assets (%)	0.89	1.05	1.19	1.15	0.86	-3 bps	-29 bps

Source: Bank, HDFC sec Inst Research

In line with estimates driven by robust growth ~37/9% YoY/QoQ and NIM expansion

Core fee mix: Cards at 33%, processing fees at 24% and forex at 14%

Staff cost grew ~16% YoY while other opex jumped ~54% YoY as RBL continues to invest in people and technology

Split equally between CA and SA; CASA ratio now stands at 24.3%

The share of retail loans increased 150bps to for ~41% of loans. Corporate share now stands at ~59%

LAP forms ~50% while credit cards and PL+BL contribute ~25% and ~18% respectively

Corporate yields dropped 11bps sequentially while retail yields jumped 20bps

GNPAs in the C&IB segment dipped 40bps QoQ to 51bps while stress in CB jumped 11bps QoQ to 1.67%; BBB GNPAs dipped 15bps to 1.26%

Advances grew ~37/9% YoY/QoQ driven by retail growth of ~42/13% YoY/QoQ while wholesale grew ~33/6% YoY/QoQ

The share of retail grew 150bps QoQ to ~41% of loans

About 68% of RBK's loans have tenure of < 1 year

Within retail, growth was driven by robust growth (+67% YoY) in branch and business banking

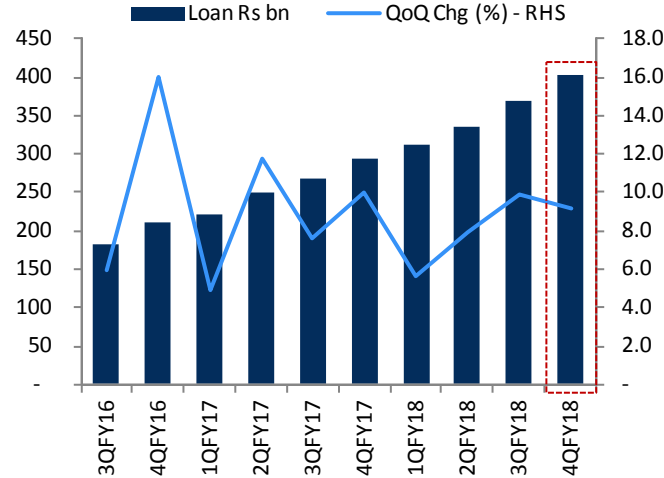
In BBB, LAP contributes ~50% while credit cards contribute ~25%

RBK's core fees income grew ~33/18% YoY/QoQ driven by distribution and card fees

Card fees form ~33% of the total fees vs. 15% YoY and 31% QoQ

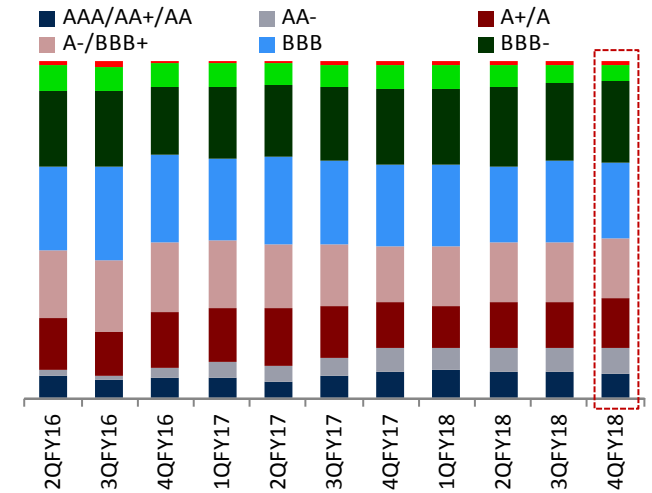
RBK acquired ~200k cards in the quarter taking the total count to ~800K cards

Advances Grew ~37/9% YoY/QoQ



Source: Company

Rating Mix Of Advances Remains Stable QoQ



Source: Company

Breakup Of Loans: Retail Continues To Gain Share

Rs bn	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
C&IB	65.3	69.4	81.9	88.7	105.9	115.4	123.4	130.8	139.0	156.1	162.4
CB	42.0	42.8	46.9	46.5	46.2	50.3	55.1	54.7	61.0	67.1	75.1
Wholesale	107.4	112.2	128.8	135.3	152.2	165.8	178.5	185.5	200.0	223.1	237.5
% of total loans	62.1	61.3	60.7	60.7	61.2	61.9	60.6	59.6	59.6	60.5	59.0
BBB (LAP, Credit Cards, etc.)	26.7	30.6	34.6	37.3	43.4	47.9	53.7	61.0	69.1	78.2	88.9
Agri	15.0	14.6	17.6	18.3	16.8	17.5	21.1	22.7	20.6	19.8	19.4
FI	23.8	25.6	31.3	31.7	36.4	36.6	41.2	42.0	46.1	47.8	56.8
Retail	65.4	70.8	83.5	87.4	96.6	102.0	116.0	125.6	135.8	145.8	165.2
% of total loans	37.9	38.7	39.3	39.3	38.8	38.1	39.4	40.4	40.4	39.5	41.0
TOTAL	172.8	183.0	212.2	222.6	248.7	267.7	294.5	311.1	335.8	368.9	402.7

Source: Company. C&IB – Corporate & Institutional Banking, CB – Commercial Banking, BBB – Branch & Business Banking, FI – Financial Inclusion.

Breakup Of Fee Streams: Cards Share Jumps QoQ

%	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
Forex	19	17	14	19	20	21	15	19	17	15	14
Processing fees	48	47	41	39	39	35	38	31	28	29	24
General Banking	12	14	19	16	14	16	19	15	15	12	14
Distribution #	11	12	13	15	16	18	4	26	29	4	6
Trade and others	11	10	13	11	11	9	9	9	10	9	10
Credit Cards	-	-	-	-	-	-	15	-	-	31	33

Source: Company; # includes credit card fees for all quarters except 4QFY17, 3QFY18 and 4QFY18

Deposit growth of ~27/14% YoY/QoQ was driven by CASA growth of ~41/16% YoY/QoQ

The CASA Ratio improved ~30bps sequentially to ~24.3%

Retail TD + CASA deposits stood at ~52%

Other opex growth was high at ~54/20% YoY/QoQ as the bank opened 19 branches and invested in the cards business

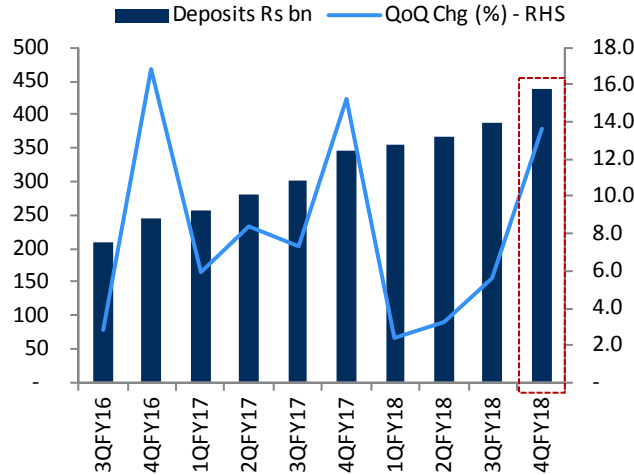
Corporate yields dipped ~11bps QoQ to 8.79%

Retail yields jumped 20bps sequentially to ~13.4%

The management aims to achieve a NIM of 4%+ by the end of FY19

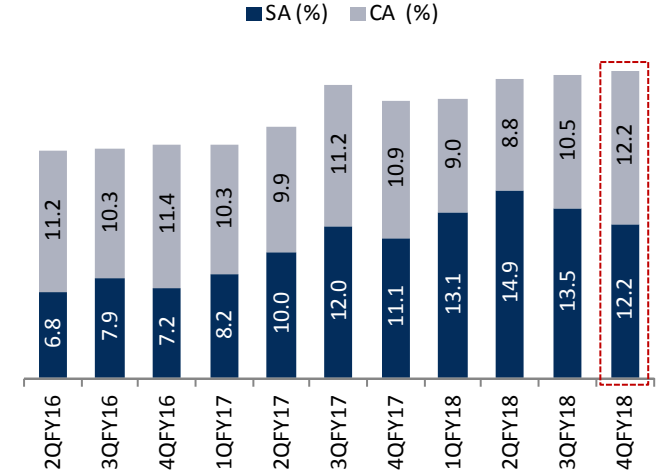
We have conservatively factored in NIMs of 3.6% over FY18-20E

Deposit Growth Robust At ~27/14% YoY/QoQ



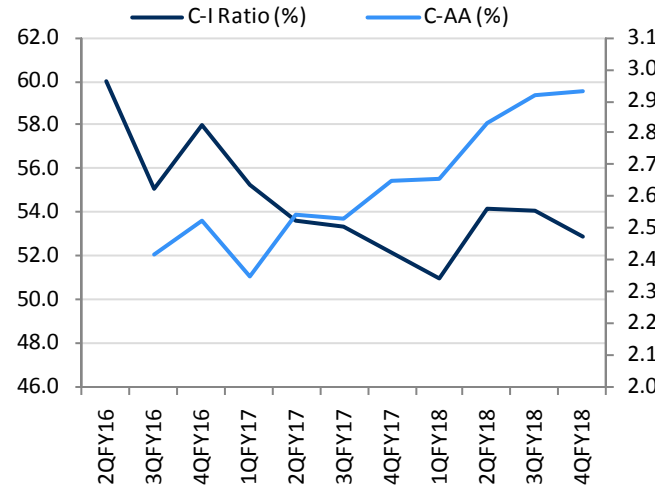
Source: Company

Casa Ratio Improved 30bps QoQ To ~24.3%



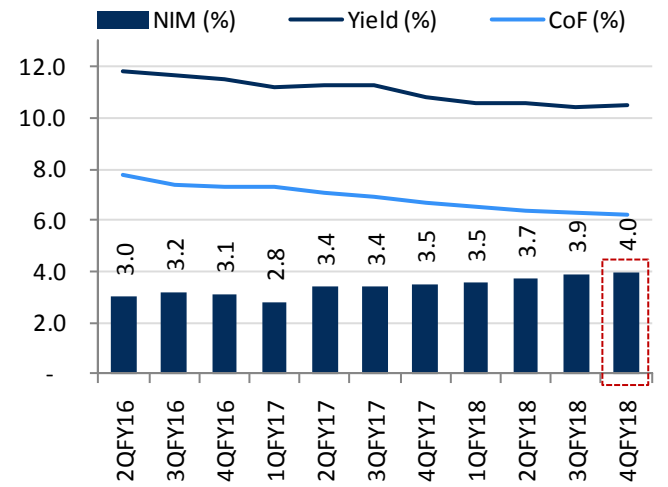
Source: Company

C-I Ratio Improves Even As C-AA Roses



Source : Company

NIMs Continue To Rise, Up 9bps Qo



Source : Company

Asset quality improved sequentially as G/NNPAs dipped 16/19bps sequentially

PCR improved ~400bps sequentially to ~57.6%

The mgt has hinted at further increasing coverage over FY19

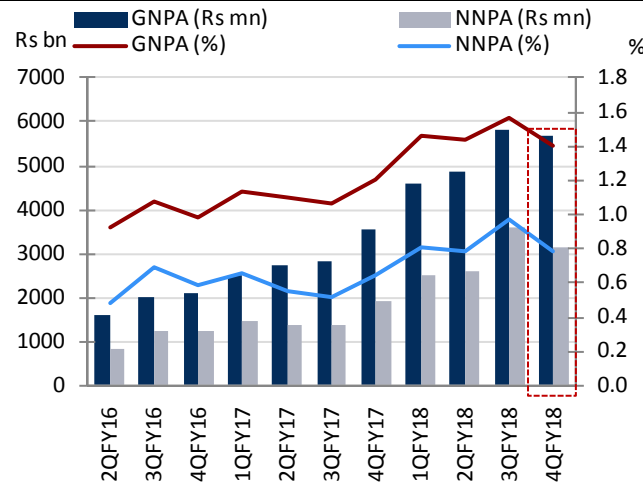
With the dip in restructured book, net stressed assets now stand at a mere 86bps

Sale to ARC for the quarter was at a mere 7bps

Asset quality across most segments improved; C&IB GNPA dipped 40bps QoQ to merely 51bps while BBB GNPA fell 15bps to 1.26%

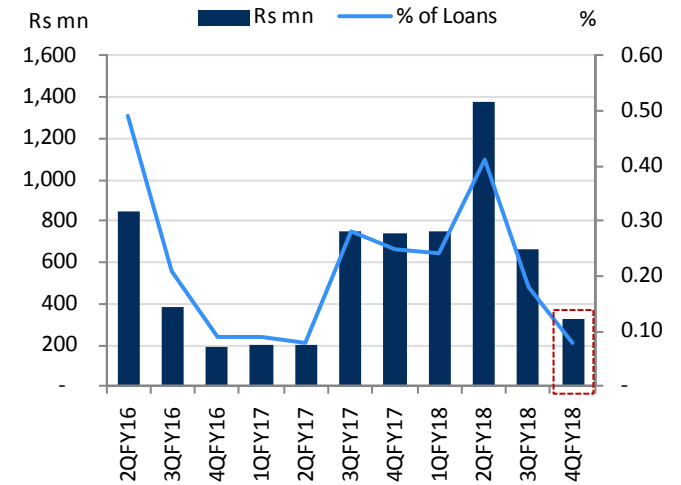
Agri GNPA significantly jumped to ~4.2% vs ~2.9% QoQ and 0.9% YoY

G/NNPA dipped 16/19bps Sequentially



Source : Company

Restructured Book At A Mere 86bps



Source : Company

Asset Quality Movement

Rs bn	1HFY16	9MFY16	FY16	1QFY17	1HFY17	9MFY17	FY17	1QFY18	1HFY18	9MFY18	FY18
Opening	1,110	1,110	1,110	2,080	2,080	2,080	2,080	3,570	3,570	3,570	5,800
Slippages	790	1,660	2,000	680	1,060	1,280	5,330	1,520	2,440	4,540	1,150
% ann.	1.09	1.09	1.09	1.28	1.00	1.00	2.51	2.07	1.66	2.05	1.24
Reductions	-	110	110	130	130	130	130	120	120	140	560
Closing	1,620	2,000	2,080	2,530	2,740	2,850	3,560	4,570	4,870	5,800	5,670

Source : Company

Segmental GNPA: Agri Stress Increases Significantly

Rs bn	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
C&IB	501	171	171	266	378	378	1,038	1,030	1,028	1,422	831
CB	785	1,344	1,384	1,589	1,592	1,604	1,389	1,438	1,236	1,057	1,264
BBB	198	312	378	472	550	617	763	865	1,037	1,108	1,138
LAP	6	6	42	61	85	128	199	153	200	253	259
BIL	26	39	34	56	78	108	159	197	246	257	316
PIL	4	6	8	13	19	27	43	57	77	85	118
Cards	32	29	46	69	81	84	98	144	158	193	199
Others	130	232	248	273	285	270	264	315	356	320	237
Agri	47	58	66	102	107	117	181	234	264	576	815
FI	85	106	82	98	119	131	197	1,012	1,307	1,635	1,628
TOTAL	1,616	1,991	2,081	2,527	2,746	2,847	3,568	4,579	4,872	5,798	5,667

Source: Company

Change In Estimates

Rs mn	FY19E			FY20E		
	Old	New	Change	Old	New	Change
NII	22,523	23,746	5.4%	28,450	30,660	7.8%
PPOP	16,631	17,272	3.9%	20,797	22,331	7.4%
PAT	8,440	8,873	5.1%	10,829	11,898	9.9%
Adj. BVPS (Rs)	171.2	170.1	-0.6%	191.0	194	1.5%

Source: HDFC sec Inst Research

Peer Valuation

NBFC	Mcap (Rs bn)	CMP (Rs)	Rating	TP (Rs)	ABV (Rs)			P/E (x)			P/ABV (x)			ROAE (%)			ROAA (%)		
					FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18P	FY19E	FY20E
KMB #	2,262	1,189	BUY	1,291	181	205	234	46.0	36.2	29.1	5.56	4.79	4.06	13.2	13.4	14.2	1.77	1.84	1.85
ICICIBC #	1,849	288	BUY	363	100	125	145	19.6	12.1	8.6	1.97	1.43	1.12	7.0	9.9	10.0	0.80	1.07	1.22
AXSB	1,405	539	NEU	538	183	225	269	502.1	27.5	14.9	2.95	2.39	2.00	0.5	7.7	12.8	0.04	0.70	1.13
IIB	1,121	1,885	BUY	1,966	379	443	524	31.4	25.3	20.1	4.98	4.25	3.60	16.5	17.6	19.0	1.80	1.79	1.82
RBL	225	536	BUY	582	152	170	194	32.2	25.4	19.0	3.54	3.16	2.77	12.7	12.6	15.1	1.27	1.26	1.33
FB	191	98	BUY	127	57	63	71	19.0	15.2	11.9	1.72	1.56	1.39	9.5	9.9	11.6	0.80	0.85	0.93
CUB	120	182	BUY	212	56	66	77	19.8	17.3	15.0	3.26	2.76	2.36	15.8	15.5	15.5	1.64	1.63	1.58
KVB	78	108	BUY	157	63	71	79	21.0	15.7	8.9	1.72	1.53	1.37	6.6	7.8	13.3	0.57	0.68	1.08
DCBB	61	196	BUY	205	78	88	98	24.6	19.0	15.4	2.51	2.23	2.00	9.8	10.8	12.0	0.90	0.95	0.97
SBIN #	2,172	243	BUY	333	80	137	175	-102.2	10.2	5.2	1.74	1.01	0.79	-0.6	5.4	10.0	-0.04	0.35	0.64
BOB	331	143	BUY	192	65	109	148	49.2	17.4	9.2	2.22	1.32	0.97	2.0	5.0	8.9	0.11	0.29	0.51
AUBANK	209	732	NEU	585	73	88	104	68.7	51.4	40.7	9.95	8.29	7.03	14.3	16.5	17.9	2.04	2.03	1.89
Equitas	53	156	NEU	165	64	66	72	183.8	41.8	21.2	2.44	2.35	2.16	1.3	5.5	10.0	0.28	1.01	1.33
Ujjivan	49	405	BUY	440	144	158	176	NA	29.6	21.3	2.81	2.57	2.31	-0.2	9.0	11.4	-0.15	1.55	1.75

Source: Company, HDFC sec Inst Research; # Adjusted for subsidiary

Income Statement

(Rs mn)	FY16	FY17	FY18P	FY19E	FY20E
Interest Earned	27,443	37,132	45,076	59,318	76,615
Interest Expended	19,251	24,918	27,412	35,573	45,955
Net Interest Income	8,192	12,213	17,664	23,746	30,660
Other Income	4,905	7,555	10,682	12,402	15,366
<i>Fee Income (CEB)</i>	<i>3,440</i>	<i>4,912</i>	<i>6,926</i>	<i>8,917</i>	<i>11,682</i>
<i>Treasury Income</i>	<i>599</i>	<i>1,189</i>	<i>1,820</i>	<i>1,150</i>	<i>1,000</i>
Total Income	13,097	19,768	28,346	36,147	46,026
Total Operating Exp	7,673	10,564	15,034	18,876	23,695
<i>Employee Expense</i>	<i>3,699</i>	<i>4,461</i>	<i>5,507</i>	<i>7,020</i>	<i>8,719</i>
PPOP	5,424	9,204	13,312	17,272	22,331
Provisions & Contingencies	924	2,362	2,980	4,126	4,704
<i>Prov. for NPAs (incl. std prov.)</i>	<i>1,039</i>	<i>1,975</i>	<i>3,467</i>	<i>3,876</i>	<i>4,454</i>
PBT	4,500	6,842	10,332	13,146	17,627
Provision for Tax	1,575	2,382	3,315	4,272	5,729
PAT	2,925	4,460	7,017	8,873	11,898
Exp. Item	-	285	-	-	-
APAT	2,925	4,176	7,017	8,873	11,898

Source: Company, HDFC sec Inst Research

Balance Sheet

(Rs mn)	FY16	FY17	FY18P	FY19E	FY20E
SOURCES OF FUNDS					
Share Capital	3,247	3,752	4,197	4,197	4,197
Reserves	26,645	39,604	62,643	69,787	79,365
Shareholders' Funds	29,892	43,356	66,840	73,983	83,561
<i>Savings</i>	<i>17,582</i>	<i>38,486</i>	<i>53,561</i>	<i>74,983</i>	<i>101,226</i>
<i>Current</i>	<i>27,796</i>	<i>37,541</i>	<i>53,561</i>	<i>72,307</i>	<i>93,999</i>
<i>Term Deposit</i>	<i>198,108</i>	<i>269,854</i>	<i>331,901</i>	<i>424,854</i>	<i>552,332</i>
Total Deposits	243,487	345,881	439,023	572,145	747,557
Borrowings	105,362	79,798	92,614	114,989	142,191
Other Liabilities	12,870	17,711	20,031	23,331	27,997
Total Liabilities	391,611	486,746	618,508	784,448	1,001,306
APPLICATION OF FUNDS					
Cash & Bank Balance	24,499	41,936	42,844	47,129	51,573
Investments	144,359	134,815	154,475	176,092	208,013
<i>G-Secs</i>	<i>102,820</i>	<i>98,012</i>	<i>112,763</i>	<i>137,315</i>	<i>171,938</i>
Advances	212,291	294,490	402,678	540,420	718,885
Fixed Assets	1,773	2,587	3,340	3,741	4,190
Other Assets	8,690	12,916	15,170	17,065	18,645
Total Assets	391,611	486,746	618,508	784,448	1,001,306

Source: Company, HDFC sec Inst Research

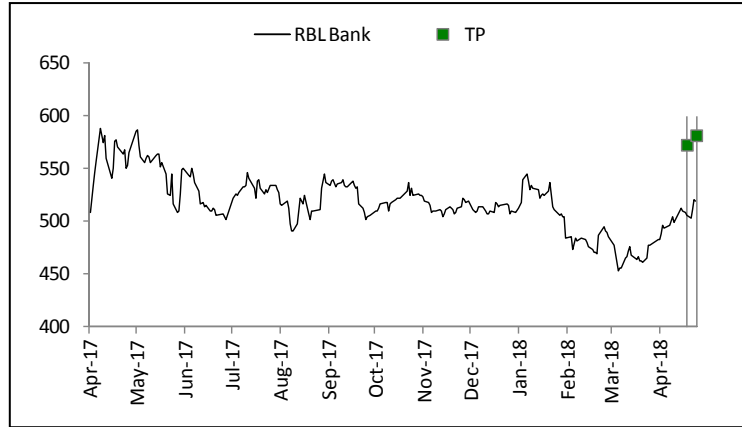
Key Ratios

	FY16	FY17	FY18P	FY19E	FY20E
VALUATION RATIOS					
EPS (Rs)	9.0	11.1	16.7	21.1	28.4
Earnings Growth (%)	41.2	42.8	68.0	26.5	34.1
BVPS (Rs)	92.0	115.5	159.2	176.3	199.1
Adj. BVPS (Rs)	88.2	110.4	151.8	170.1	193.9
DPS (Rs)	1.5	1.8	2.1	3.4	4.6
ROAA (%)	0.88	0.95	1.27	1.26	1.33
ROAE (%)	11.2	12.2	12.7	12.6	15.1
P/E (x)	59.6	48.3	32.1	25.4	19.0
P/ABV (x)	6.09	4.86	3.54	3.16	2.77
P/PPOP (x)	32.2	21.9	16.9	13.1	10.1
Dividend Yield (%)	0.3	0.3	0.4	0.6	0.9
PROFITABILITY					
Yield On Advances (%)	10.95	10.42	9.84	10.02	9.95
Yield On Investment (%)	6.14	7.03	6.95	6.90	6.90
Cost Of Funds (%)	6.83	6.33	5.60	5.71	6.02
Cost Of Deposits (%)	7.27	6.65	6.03	6.13	6.13
Core Spread (%)	4.12	4.09	4.25	4.31	3.93
NIM (%)	2.65	3.02	3.48	3.63	3.65
OPERATING EFFICIENCY					
Cost/Avg. Asset Ratio (%)	2.32	2.41	2.72	2.69	2.65
Core Cost-Income Ratio (%)	61.39	56.86	56.68	53.93	52.63
BALANCE SHEET STRUCTURE					
Loan Growth (%)	46.9	38.7	36.7	34.2	33.0
Deposit Growth (%)	42.4	42.1	26.9	30.3	30.7
C/D Ratio (%)	87.2	85.1	91.7	94.5	96.2
Equity/Assets (%)	7.6	8.9	10.8	9.4	8.3
Equity/Advances (%)	14.1	14.7	16.6	13.7	11.6
CASA (%)	18.6	22.0	24.4	25.7	26.1
Capital Adequacy Ratio (CAR, %)	12.9	13.7	15.8	13.6	11.9
W/w Tier I CAR (%)	11.1	11.4	13.9	12.2	10.8

	FY16	FY17	FY18P	FY19E	FY20E
ASSET QUALITY					
Gross NPLs (Rsm)	2,081	3,568	5,667	6,648	7,206
Net NPLs (Rsm)	1,245	1,900	3,126	2,561	2,157
Gross NPLs (%)	0.98	1.20	1.41	1.23	1.00
Net NPLs (%)	0.59	0.64	0.78	0.47	0.30
Slippages (%)	1.12	2.11	1.63	1.50	1.25
Coverage Ratio (%)	40.2	46.8	44.8	61.5	70.1
Provision/Avg. Loans (%)	0.45	0.60	0.85	0.71	0.59
ROAA TREE					
Net Interest Income	2.47%	2.78%	3.20%	3.39%	3.43%
Non Interest Income	1.48%	1.72%	1.93%	1.77%	1.72%
Treasury Income	0.18%	0.27%	0.33%	0.16%	0.11%
Operating Cost	2.32%	2.41%	2.72%	2.69%	2.65%
Provisions	0.28%	0.54%	0.54%	0.59%	0.53%
Provisions For NPAs	0.24%	0.35%	0.54%	0.47%	0.42%
Tax	0.48%	0.54%	0.60%	0.61%	0.64%
ROAA	0.88%	1.02%	1.27%	1.26%	1.33%
Leverage (x)	12.70	11.99	10.03	9.96	11.33
ROAE	11.21%	12.18%	12.74%	12.60%	15.10%

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
23-Apr-18	506	BUY	573
28-Apr-18	536	BUY	582

Rating Definitions

- BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
- NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
- SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

INSTITUTIONAL RESEARCH

Disclosure:

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