

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	RBK IN
Equity Shares (m)	600
M.Cap.(INRb)/(USD\$)	101.9 / 1.3
52-Week Range (INR)	189 / 74
1, 6, 12 Rel. Per (%)	2/77/11
12M Avg Val (INR M)	2472

#### Financials & Valuations (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	44.5	50.0	55.6
OP	22.4	27.7	34.3
NP	8.5	11.5	15.0
NIM (%)	4.3	4.4	4.4
EPS (INR)	14.2	19.2	25.0
EPS Gr. (%)	NM	34.8	30.4
BV/Sh. (INR)	222	237	256
ABV/Sh. (INR)	213	229	249

#### Ratios

RoE (%)	6.6	8.4	10.2
RoA (%)	0.8	1.0	1.1

#### Valuations

P/E(X)	11.9	8.9	6.8
P/BV (X)	0.8	0.7	0.7
P/ABV (X)	0.8	0.7	0.7

#### Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	0.0	0.0	0.0
DII	22.3	14.2	22.4
FII	26.9	27.2	28.9
Others	50.8	58.6	48.6

FII Includes depository receipts

**CMP: INR170**

**TP: INR200 (+18%)**

**Buy**

### Earnings trajectory to improve gradually

#### Business growth showing traction; asset quality recovery on track

- RBL Bank (RBK) reported an in-line performance in 3QFY23 with net profit rising 34% YoY to INR2.1b. Business growth picked up while margin expanded 19bp QoQ to 4.74%. Loan growth was led by both corporate and retail segments; the new segments of home loans and rural vehicle reported healthy traction. Deposit growth was modest though CASA posted a sequential increase.
- Fresh slippages dropped notably by 25% QoQ to INR6.1b resulting in asset quality improvement. GNPA/NNPA ratios thus improved 19bp/8bp QoQ to 3.6%/ 1.2%, respectively, with PCR remaining stable at ~68%.
- We maintain our earnings assumptions and estimate RBK to deliver FY25 RoA/RoE of 1.1%/10.2%, respectively. **We reiterate our BUY rating with a TP of INR200 (premised on 0.8x Sep'24E ABV).**

#### Margin improves 19bp QoQ to 4.74%; likely to remain rangebound

- RBK reported a PAT of INR2.1b (+34% YoY; in line), aided by healthy NII and other income. NII grew 14% YoY (in line) driven by margin expansion of 19bp QoQ to 4.74%. Management expects margin to remain within a narrow range as the benefit arising from deployment of excess liquidity will likely be offset by rising cost of deposits.
- Other income grew 6% YoY led by 8% sequential increase in fee income and healthy treasury gains of INR309m in 3QFY23. Opex jumped 25% YoY fueled by investments in building the franchise; however, C/I ratio moderated slightly to 67.9%. PPop declined 10% YoY to INR5.7b (in line). For 9MFY23, NII/PPop grew 12%/-23% to INR32.4b/INR16.1b, respectively, while RBK reported a PAT of INR6.1b v/s loss of INR2.7b in 9MFY22.
- Loan growth improved 15% YoY (+6% QoQ) to INR667b. This was driven by 7% QoQ growth in retail loans and 5% QoQ growth in wholesale advances. Retail-to-Wholesale mix stood at 52:48. Within Retail, housing loans grew 20% QoQ while the MFI portfolio increased 10% QoQ. Credit cards rose steadily at 6% QoQ. The share of credit cards thus stood at 23.6% of loans.
- Deposits grew 11% YoY fueled by CASA deposits, which grew 18% YoY (+4% QoQ). CASA ratio thus expanded 40bp QoQ to 36.6% during the quarter.
- Fresh slippages dropped notably by 25% QoQ to INR6.1b resulting in asset quality improvement. GNPA/NNPA ratio thus improved 19bp/8bp QoQ to 3.6%/ 1.2%, respectively. PCR remained stable at ~68%. Restructuring book too moderated to 1.44% of loans v/s 1.87% of loans in 2QFY23.

#### Highlights from the management commentary

- About 90% of MFI has been sourced post-Apr'21, which has a GNPA of less than 0.8%.
- The bank expects to exit FY23 with an RoA of 1%.
- RBK is planning to add ~15-20 branches on a quarterly basis in FY24E.
- The target is to increase the mix of retail loans to 60-65% with 20-25% being credit cards and 9-10% being MFI.

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**Valuation and view**

RBK reported in-line earnings supported by healthy NII as margin expanded 19bp sequentially. Business growth accelerated and management expects the traction to remain healthy going ahead driven by retail loans. Deposit growth was modest with CASA ratio witnessing an increase. The bank reported a steady improvement in asset quality with decline in slippages and restructured book, which bodes well for incremental outlook on asset quality. Opex remains elevated as RBK continues to invest in new areas of business and branch expansion. We expect RBK to deliver an FY25E RoA/RoE of 1.1%/10.2%, respectively. **We maintain our BUY rating with a TP of INR200 (premised on 0.8x Sep'24E ABV).**

**Quarterly performance**

	(INR m)											
	FY22				FY23E				FY22	FY23E	FY23E V/s our	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est.
<b>Net Interest Income</b>	<b>9,695</b>	<b>9,155</b>	<b>10,104</b>	<b>11,313</b>	<b>10,277</b>	<b>10,644</b>	<b>11,482</b>	<b>12,087</b>	<b>40,267</b>	<b>44,489</b>	<b>11,188</b>	<b>3%</b>
% Change (Y-o-Y)	-6.9	-1.8	11.3	24.9	6.0	16.3	13.6	6.8	6.3	10.5	10.7	
Other Income	6,534	5,929	5,830	5,114	6,136	5,833	6,184	6,305	23,405	24,459	6,139	1%
<b>Total Income</b>	<b>16,229</b>	<b>15,083</b>	<b>15,934</b>	<b>16,427</b>	<b>16,413</b>	<b>16,477</b>	<b>17,666</b>	<b>18,392</b>	<b>63,673</b>	<b>68,948</b>	<b>17,327</b>	<b>2%</b>
Operating Expenses	8,567	8,174	9,626	9,853	11,122	11,354	11,994	12,115	36,220	46,585	11,499	4%
<b>Operating Profit</b>	<b>7,661</b>	<b>6,910</b>	<b>6,308</b>	<b>6,574</b>	<b>5,291</b>	<b>5,124</b>	<b>5,672</b>	<b>6,277</b>	<b>27,453</b>	<b>22,363</b>	<b>5,828</b>	<b>-3%</b>
% Change (Y-o-Y)	11.1	1.4	-21.2	-10.8	-30.9	-25.9	-10.1	-4.5	-5.9	-18.5	-7.6	
Provisions	13,844	6,515	4,239	4,007	2,530	2,415	2,927	3,097	28,604	10,970	2,937	0%
<b>Profit before Tax</b>	<b>-6,182</b>	<b>395</b>	<b>2,069</b>	<b>2,568</b>	<b>2,761</b>	<b>2,709</b>	<b>2,745</b>	<b>3,179</b>	<b>-1,151</b>	<b>11,394</b>	<b>2,891</b>	<b>-5%</b>
Tax	-1,588	87	508	589	750	693	655	770	-404	2,868	729	-10%
<b>Net Profit</b>	<b>-4,595</b>	<b>308</b>	<b>1,561</b>	<b>1,978</b>	<b>2,012</b>	<b>2,016</b>	<b>2,090</b>	<b>2,409</b>	<b>-747</b>	<b>8,526</b>	<b>2,163</b>	<b>-3%</b>
% Change (Y-o-Y)	NM	-78.6	6.1	162.6	NM	NM	33.9	21.8	NM	NM	38.5	
<b>Operating Parameters</b>												
Deposit (INR b)	744.7	755.9	736.4	790.1	792.2	794.0	817.5	841.4	790.1	841.4	817.5	0%
Loan (INR b)	565.3	560.1	581.4	600.2	602.7	629.4	666.8	687.2	600.2	687.2	665.4	0%
Deposit Growth (%)	20.6	17.2	9.6	8.0	6.4	5.0	11.0	6.5	8.0	6.5	11.0	0
Loan Growth (%)	-0.3	-0.3	3.0	2.4	6.6	12.4	14.7	14.5	2.4	14.5	14.4	25
<b>Asset Quality</b>												
Gross NPA (%)	5.0	5.4	4.8	4.4	4.1	3.8	3.6	3.3	4.4	3.3	3.5	7
Net NPA (%)	2.0	2.1	1.9	1.3	1.2	1.3	1.2	1.1	1.3	1.1	1.2	0
PCR (%)	60.9	61.7	62.9	70.4	72.5	67.8	68.0	68.4	70.4	68.4	67.5	50

## Quarterly snapshot

INR m	FY21				FY22				FY23			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
<b>Profit and Loss</b>													
<b>Interest Income</b>	<b>22,594</b>	<b>20,967</b>	<b>20,076</b>	<b>19,654</b>	<b>20,258</b>	<b>19,748</b>	<b>20,442</b>	<b>21,310</b>	<b>20,893</b>	<b>21,757</b>	<b>23,686</b>	<b>16</b>	<b>9</b>
Loans	17,991	16,471	15,644	15,131	15,706	15,154	15,769	16,540	16,012	16,768	18,829	19	12
Investment	3,329	3,347	3,526	3,430	3,475	3,360	3,295	3,345	3,588	4,176	4,044	23	-3
<b>Interest Expenses</b>	<b>12,181</b>	<b>11,646</b>	<b>10,994</b>	<b>10,594</b>	<b>10,563</b>	<b>10,593</b>	<b>10,338</b>	<b>9,996</b>	<b>10,616</b>	<b>11,113</b>	<b>12,205</b>	<b>18</b>	<b>10</b>
<b>Net Interest Income</b>	<b>10,413</b>	<b>9,321</b>	<b>9,082</b>	<b>9,060</b>	<b>9,695</b>	<b>9,155</b>	<b>10,104</b>	<b>11,313</b>	<b>10,277</b>	<b>10,644</b>	<b>11,482</b>	<b>14</b>	<b>8</b>
<b>Other Income</b>	<b>3,333</b>	<b>4,182</b>	<b>5,759</b>	<b>5,488</b>	<b>6,534</b>	<b>5,929</b>	<b>5,830</b>	<b>5,114</b>	<b>6,136</b>	<b>5,833</b>	<b>6,184</b>	<b>6</b>	<b>6</b>
Trading profits	967	711	979	110	1,568	889	233	-51	798	408	309	33	-24
Fee Income	2,367	3,471	4,780	5,378	4,966	5,039	5,597	5,165	5,338	5,425	5,875	5	8
<b>Total Income</b>	<b>13,746</b>	<b>13,503</b>	<b>14,841</b>	<b>14,549</b>	<b>16,229</b>	<b>15,083</b>	<b>15,934</b>	<b>16,427</b>	<b>16,413</b>	<b>16,477</b>	<b>17,666</b>	<b>11</b>	<b>7</b>
<b>Operating Expenses</b>	<b>6,849</b>	<b>6,685</b>	<b>6,832</b>	<b>7,179</b>	<b>8,567</b>	<b>8,174</b>	<b>9,626</b>	<b>9,853</b>	<b>11,122</b>	<b>11,354</b>	<b>11,994</b>	<b>25</b>	<b>6</b>
Employee	2,124	2,153	2,107	2,070	2,315	2,376	2,534	2,790	3,090	3,410	3,329	31	-2
Others	4,725	4,532	4,725	5,110	6,252	5,797	7,092	7,063	8,032	7,944	8,664	22	9
<b>Operating Profits</b>	<b>6,897</b>	<b>6,818</b>	<b>8,008</b>	<b>7,369</b>	<b>7,661</b>	<b>6,910</b>	<b>6,308</b>	<b>6,574</b>	<b>5,291</b>	<b>5,124</b>	<b>5,672</b>	<b>-10</b>	<b>11</b>
<b>Core PPOP</b>	<b>5,931</b>	<b>6,107</b>	<b>7,029</b>	<b>7,259</b>	<b>6,093</b>	<b>6,021</b>	<b>6,075</b>	<b>6,625</b>	<b>4,494</b>	<b>4,715</b>	<b>5,363</b>	<b>-12</b>	<b>14</b>
Provisions	5,002	4,876	6,058	6,266	13,844	6,515	4,239	4,007	2,530	2,415	2,927	-31	21
<b>PBT</b>	<b>1,896</b>	<b>1,942</b>	<b>1,951</b>	<b>1,103</b>	<b>-6,182</b>	<b>395</b>	<b>2,069</b>	<b>2,568</b>	<b>2,761</b>	<b>2,709</b>	<b>2,745</b>	<b>33</b>	<b>1</b>
Taxes	483	500	480	349	-1,588	87	508	589	750	693	655	29	-5
<b>PAT</b>	<b>1,412</b>	<b>1,442</b>	<b>1,471</b>	<b>753</b>	<b>-4,595</b>	<b>308</b>	<b>1,561</b>	<b>1,978</b>	<b>2,012</b>	<b>2,016</b>	<b>2,090</b>	<b>34</b>	<b>4</b>
<b>Balance Sheet</b>													
Deposits (INR b)	617	645	672	731	745	756	736	790	792	794	817	11	3
Loans (INR b)	567	562	564	586	565	560	581	600	603	629	667	15	6
<b>Asset Quality</b>													
<b>GNPA</b>	<b>19,921</b>	<b>19,117</b>	<b>10,502</b>	<b>26,015</b>	<b>29,113</b>	<b>31,309</b>	<b>29,019</b>	<b>27,284</b>	<b>25,369</b>	<b>24,566</b>	<b>24,687</b>	<b>-15</b>	<b>0</b>
<b>NNPA</b>	<b>9,327</b>	<b>7,758</b>	<b>4,025</b>	<b>12,414</b>	<b>11,372</b>	<b>12,004</b>	<b>10,755</b>	<b>8,066</b>	<b>6,971</b>	<b>7,902</b>	<b>7,899</b>	<b>-27</b>	<b>0</b>
Slippages	50	1,450	0	29,980	13,420	12,170	7,660	6,190	6,530	8,120	6,080	-21	-25
<b>Ratios (%)</b>													
<b>Asset Quality Ratios</b>													
GNPA	3.5	3.3	1.8	4.3	5.0	5.4	4.8	4.4	4.1	3.8	3.6	-123	-19
NNPA	1.7	1.4	0.7	2.1	2.0	2.1	1.9	1.3	1.2	1.3	1.2	-67	-8
PCR (Cal.)	53	59	62	52	61	62	63	70	73	68	68	507	17
<b>PCR (Reported)</b>	<b>70</b>	<b>75</b>	<b>86</b>	<b>72</b>	<b>76</b>	<b>77</b>	<b>79</b>	<b>83</b>	<b>85</b>	<b>84</b>	<b>85</b>	<b>610</b>	<b>40</b>
<b>Business Ratios</b>													
Fees to Total Income	17.2	25.7	32.2	37.0	30.6	33.4	35.1	31.4	32.5	32.9	33.3	-187	33
Cost to Core Income	53.6	52.3	49.3	49.7	58.4	57.6	61.3	59.8	71.2	70.7	69.1	779	-155
Tax Rate	25.5	25.8	24.6	31.7	25.7	22.0	24.5	22.9	27.1	25.6	23.9	-69	-172
CASA mix	30.1	31.1	31.0	31.8	33.6	35.3	34.4	35.3	36.0	36.2	36.6	220	40
Loan/Deposit	91.8	87.1	84.0	80.2	75.9	74.1	79.0	76.0	76.1	79.3	81.6	262	231
RWA / Assets (%)	74.3	74.8	74.5	73.5	73.4	73.3	131.6	71.5	72.6	74.7	76.1	-5,551	142
<b>Profitability Ratios</b>													
Yield on loans	13.0	12.3	11.5	11.2	11.6	11.3	11.3	12.2	11.2	11.5	12.0	70	50
Yield On Investments	7.3	6.5	6.4	6.6	6.2	6.2	5.5	5.9	5.4	7.0	6.5	100	-52
Yield on Funds	11.5	10.3	9.7	9.4	9.9	9.8	9.6	9.7	9.5	10.0	10.5	83	49
Cost of funds	6.3	6.0	5.8	5.5	5.3	5.1	4.8	4.8	4.9	5.2	5.6	73	36
<b>Margins</b>	<b>5.3</b>	<b>4.6</b>	<b>4.4</b>	<b>4.3</b>	<b>4.7</b>	<b>4.5</b>	<b>4.8</b>	<b>5.2</b>	<b>4.7</b>	<b>4.9</b>	<b>5.1</b>	<b>31</b>	<b>19</b>
RoA	0.6	0.6	0.6	0.3	-1.9	0.1	0.6	0.8	0.8	0.8	0.8	17	1
RoE	5.2	5.2	4.8	2.4	-14.5	1.0	5.0	6.4	6.3	6.1	6.3	128	13
<b>Distribution reach</b>													
Branches	392	398	403	429	435	445	500	502	502	507	516	16	9
ATMS's	389	402	412	412	380	386	407	414	417	413	413	6	0



## Highlights from the management commentary

### Asset quality related

- About 90% of MFI has been sourced post-Apr'21, which has a GNPA of less than 0.8%
- MFI posted net slippages of INR1.03b
- Credit cards reported gross slippages of INR2.41b and net slippages of INR1.99b
- Credit cards posted a credit cost of 4.00-4.25% which was better than Pre-Covid
- Retail segment, other than MFI and Credit cards, clocked gross slippages of INR2.13b and net slippages of INR.89b
- Normalized slippage ratio is expected to be ~3% over the medium term
- LAP comprised ~85% of business loans with balance being unsecured

### P&L and Balance Sheet related

- New segments are witnessing strong traction, which will enable a broad-based growth once they reach scale
- Retail deposits are witnessing a healthy improvement. Bank remains committed on gradually increasing the mix of retail deposits
- Growth in operating expenses is stabilizing thereby resulting in an improvement in C/I ratio
- RBK disbursed ~INR8b in MFI segment that should see higher trend in 4QFY23
- Segmental disbursement: Home loans (IR2b), Rural vehicles (INR1b) and Business loans (INR2b). The bank expects these trends to improve going ahead
- The bank launched 2W, Used cards and Gold loans in 3QFY23 that will start witnessing healthy traction in the coming quarters
- During 3QFY23, RBK has launched two new variants of credit cards
- The bank expects PPop to grow steadily as balance sheet scales up
- Cards having tie up with Bajaj finance formed 75% in terms of o/s cards, 70% in terms of spends and 55% in terms of o/s book
- Average spends per card for Bajaj Finance were at INR7-8k v/s INR12-13k for cards sourced directly by RBK
- Loan mix: Fixed (~35-40%), MCLR (16-17%) and balance would EBLR
- EBLR book has a reset period of three months
- Home loans: Yields stand in the range of 8.5-9.0% with an average ticket size of ~INR3.5m
- The bank expects to exit FY23 with an RoA of 1%
- RBK is planning to add ~15-20 branches on a quarterly basis in FY24
- The target is to improve the mix of retail loans to 60-65% with 20-25% being credit cards and 9-10% being MFI

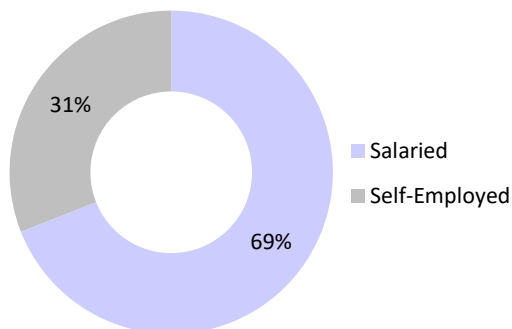
## Key exhibits

### Exhibit 1: Credit Cards constitute ~24% of its total loan portfolio

INR m	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY	QoQ
Total spends	121,150	122,760	131,610	141,290	158,210	30.6%	12.0%
Credit Card book	134,150	135,750	142,810	149,080	157,340	17.3%	5.5%
As a percentage of total book	23.1%	22.6%	23.7%	23.7%	23.6%		

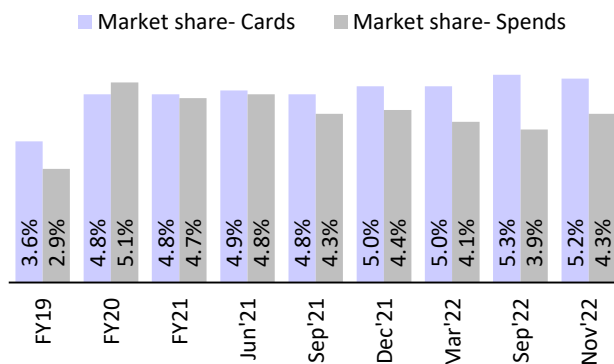
Source: MOFSL, Company

**Exhibit 2: Salaried segment constitutes 69% of total Credit Card base**



Source: MOFSL, Company

**Exhibit 3: RBK's market share in spends has risen while it declined marginally in o/s cards over the past few months**



Source: MOFSL, Company

Exposure to the top three states is ~54%, while that to the top five states is ~66%

**Exhibit 4: State-wise exposure to the MFI book (%)**

State	3QFY23 (%)
Bihar	25
Uttar Pradesh	15
Rajasthan	14
Odisha	6
Haryana	6
Jharkhand	5

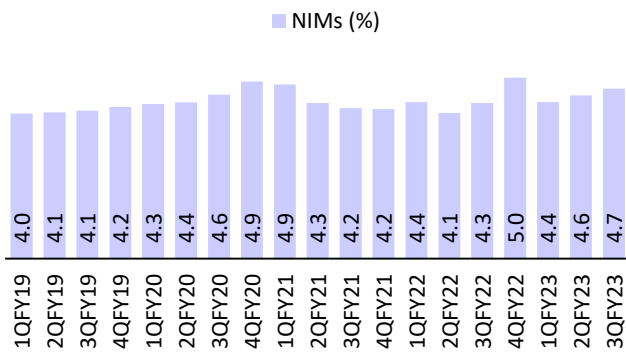
Source: MOFSL, Company

### Valuation and view

- Asset quality improves:** The bank witnessed an improvement in its asset quality ratio with GNPA/NNPA ratio moderating 19bp/8bp QoQ to 3.6%/1.2% led by a decline in slippages. PCR remained stable at ~68%. Restructured book too declined to 1.44% from 1.87% in 2QFY23, which bodes well for incremental asset quality to remain under control. We expect slippages to moderate to 3.2% by FY25 and estimate a credit cost of 1.6% over FY23-25.
- Business growth to pick-up gradually:** Growth momentum is likely to accelerate fueled by Retail advances, as management guided for the traction to improve steadily. The business mix will thus move in favor of Retail, which currently stands at ~52%; the target is to increase the same to 60-65%. Wholesale book is likely to grow in a calibrated manner. We expect PPOP growth to remain modest clocking 8% CAGR over FY22-25.
- Buy with a TP of INR200:** RBK reported in-line earnings supported by healthy NII as margin expanded 19bp sequentially. Business growth accelerated and management expects the traction to remain healthy going ahead driven by retail loans. Deposit growth was modest with CASA ratio witnessing an increase. The bank reported a steady improvement in asset quality with decline in slippages and restructured book, which bodes well for incremental outlook on asset quality. Opex remains elevated as RBK continues to invest in new areas of business and branch expansion. We expect RBK to deliver an FY25E RoA/RoE of 1.1%/10.2%, respectively. **We maintain our BUY rating with a TP of INR200 (premised on 0.8x Sep'24E ABV).**

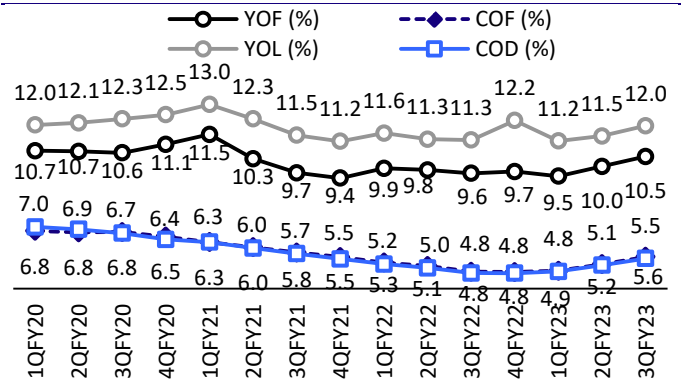
## Story in charts

**Exhibit 5: NIM expands 19bp QoQ to 4.74%**



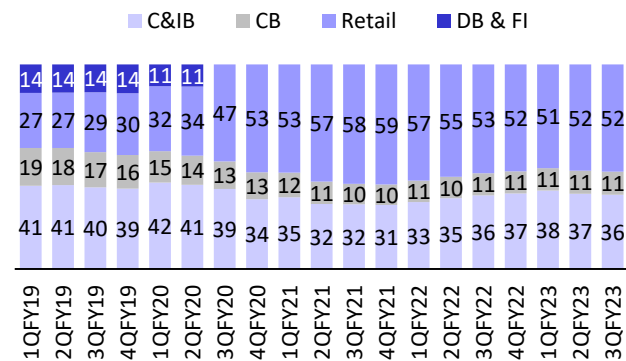
Source: MOFSL, Company

**Exhibit 6: Cost of deposits increases 33bp QoQ to ~5.5%**



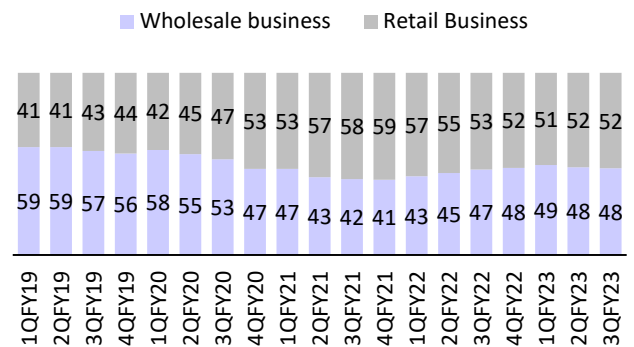
Source: MOFSL, Company

**Exhibit 7: Loan mix composition**



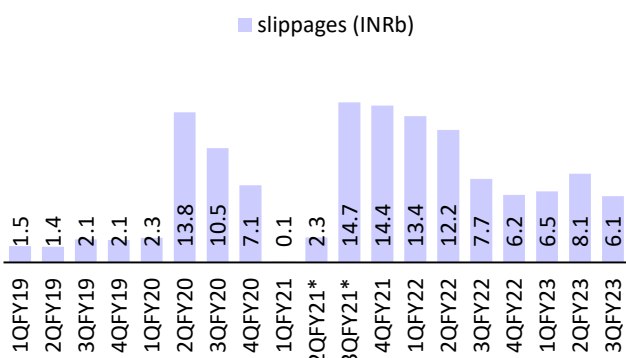
Source: MOFSL, Company

**Exhibit 8: Share of non-Wholesale business stands at 52%**



Source: MOFSL, Company

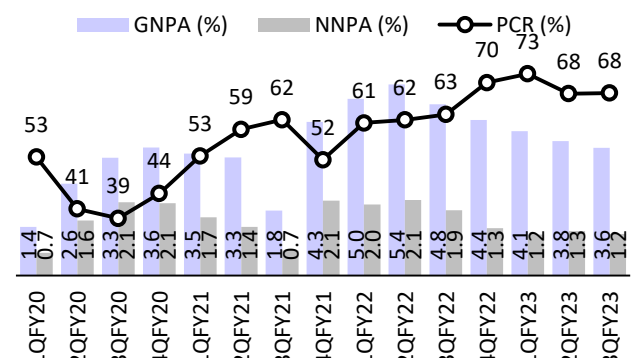
**Exhibit 9: Slippages moderate 25% QoQ to INR6.1b**



\*Pro-forma slippages

Source: MOFSL, Company

**Exhibit 10: GNPA/NNPA ratios improve 19bp/8bp QoQ to 3.6%/1.2%; PCR stable at 68%**



Source: MOFSL, Company

**Exhibit 11: DuPont analysis – Return ratios to improve gradually over the medium term**

<b>Y/E MARCH</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Interest Income	8.16	8.86	10.06	8.78	7.90	8.41	8.97	9.10
Interest Expense	4.96	5.29	5.77	4.79	4.01	4.35	4.79	4.98
<b>Net Interest Income</b>	<b>3.20</b>	<b>3.57</b>	<b>4.29</b>	<b>3.99</b>	<b>3.89</b>	<b>4.06</b>	<b>4.18</b>	<b>4.12</b>
Fee income	1.63	1.92	2.07	1.70	2.02	2.12	2.43	2.70
Trading and others	0.30	0.11	0.19	0.29	0.24	0.11	0.12	0.13
<b>Non-Interest income</b>	<b>1.93</b>	<b>2.03</b>	<b>2.26</b>	<b>1.99</b>	<b>2.26</b>	<b>2.23</b>	<b>2.56</b>	<b>2.83</b>
<b>Total Income</b>	<b>5.13</b>	<b>5.60</b>	<b>6.54</b>	<b>5.98</b>	<b>6.16</b>	<b>6.29</b>	<b>6.74</b>	<b>6.95</b>
<b>Operating Expenses</b>	<b>2.72</b>	<b>2.87</b>	<b>3.34</b>	<b>2.91</b>	<b>3.50</b>	<b>4.25</b>	<b>4.42</b>	<b>4.41</b>
Employee cost	1.00	0.89	0.91	0.89	0.97	1.14	1.20	1.22
Others	1.72	1.98	2.43	2.01	2.53	3.11	3.22	3.19
<b>Operating Profit</b>	<b>2.41</b>	<b>2.73</b>	<b>3.21</b>	<b>3.08</b>	<b>2.65</b>	<b>2.04</b>	<b>2.31</b>	<b>2.54</b>
<b>Core Operating Profit</b>	<b>2.11</b>	<b>2.62</b>	<b>3.02</b>	<b>2.79</b>	<b>2.41</b>	<b>1.93</b>	<b>2.19</b>	<b>2.41</b>
<b>Provisions</b>	<b>0.66</b>	<b>0.90</b>	<b>2.32</b>	<b>2.35</b>	<b>2.77</b>	<b>1.00</b>	<b>1.03</b>	<b>1.06</b>
NPA	0.47	0.66	2.20	2.31	2.42	0.97	0.99	1.02
Others	0.19	0.24	0.12	0.04	0.35	0.03	0.04	0.04
<b>PBT</b>	<b>1.75</b>	<b>1.83</b>	<b>0.89</b>	<b>0.73</b>	<b>-0.11</b>	<b>1.04</b>	<b>1.28</b>	<b>1.48</b>
Tax	0.60	0.61	0.29	0.19	-0.04	0.26	0.32	0.37
<b>RoA</b>	<b>1.15</b>	<b>1.22</b>	<b>0.60</b>	<b>0.54</b>	<b>-0.07</b>	<b>0.78</b>	<b>0.96</b>	<b>1.11</b>
<i>Leverage (x)</i>	<i>10.1</i>	<i>10.0</i>	<i>9.3</i>	<i>8.2</i>	<i>8.2</i>	<i>8.5</i>	<i>8.7</i>	<i>9.1</i>
<b>RoE</b>	<b>11.6</b>	<b>12.2</b>	<b>5.6</b>	<b>4.4</b>	<b>-0.6</b>	<b>6.6</b>	<b>8.4</b>	<b>10.2</b>



## Financials and valuations

Income Statement						(INR m)		
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Interest Income	45,076	63,007	85,144	83,290	81,758	92,201	107,244	122,848
Interest Expense	27,413	37,612	48,847	45,415	41,491	47,711	57,250	67,215
<b>Net Interest Income</b>	<b>17,663</b>	<b>25,395</b>	<b>36,296</b>	<b>37,876</b>	<b>40,267</b>	<b>44,489</b>	<b>49,994</b>	<b>55,633</b>
Growth (%)	44.6	43.8	42.9	4.4	6.3	10.5	12.4	11.3
Non-Interest Income	10,682	14,424	19,102	18,840	23,405	24,459	30,573	38,216
<b>Total Income</b>	<b>28,345</b>	<b>39,818</b>	<b>55,399</b>	<b>56,716</b>	<b>63,673</b>	<b>68,948</b>	<b>80,567</b>	<b>93,850</b>
Growth (%)	43.4	40.5	39.1	2.4	12.3	8.3	16.9	16.5
Operating Expenses	15,034	20,420	28,256	27,546	36,220	46,585	52,891	59,526
<b>Pre Provision Profits</b>	<b>13,311</b>	<b>19,398</b>	<b>27,143</b>	<b>29,170</b>	<b>27,453</b>	<b>22,363</b>	<b>27,676</b>	<b>34,324</b>
Growth (%)	44.6	45.7	39.9	7.5	-5.9	-18.5	23.8	24.0
<b>Core PPP</b>	<b>11,645</b>	<b>18,615</b>	<b>25,548</b>	<b>26,449</b>	<b>24,961</b>	<b>21,117</b>	<b>26,181</b>	<b>32,530</b>
Growth (%)	46.2	59.8	37.2	3.5	-5.6	-15.4	24.0	24.2
Provisions (excl. tax)	3,645	6,407	19,615	22,279	28,604	10,970	12,316	14,286
<b>PBT</b>	<b>9,665</b>	<b>12,992</b>	<b>7,528</b>	<b>6,891</b>	<b>-1,151</b>	<b>11,394</b>	<b>15,361</b>	<b>20,038</b>
Tax	3,315	4,322	2,471	1,813	-404	2,868	3,866	5,044
Tax Rate (%)	34.3	33.3	32.8	26.3	35.1	25.2	25.2	25.2
<b>PAT</b>	<b>6,351</b>	<b>8,670</b>	<b>5,057</b>	<b>5,078</b>	<b>-747</b>	<b>8,526</b>	<b>11,494</b>	<b>14,994</b>
Growth (%)	42.4	36.5	-41.7	0.4	NM	NM	34.8	30.4
<b>Balance Sheet</b>								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	4,197	4,267	5,087	5,980	5,995	5,995	5,995	5,995
Reserves & Surplus	62,643	71,206	100,742	120,646	120,187	127,117	135,922	147,407
<b>Net Worth</b>	<b>66,840</b>	<b>75,473</b>	<b>105,829</b>	<b>126,626</b>	<b>126,182</b>	<b>133,112</b>	<b>141,917</b>	<b>153,403</b>
<b>Deposits</b>	<b>439,023</b>	<b>583,944</b>	<b>578,122</b>	<b>731,213</b>	<b>790,065</b>	<b>841,420</b>	<b>942,390</b>	<b>1,083,748</b>
Growth (%)	26.9	33.0	-1.0	26.5	8.0	6.5	12.0	15.0
<b>of which CASA Deposits</b>	<b>106,783</b>	<b>145,875</b>	<b>171,156</b>	<b>232,642</b>	<b>278,790</b>	<b>304,594</b>	<b>343,972</b>	<b>391,233</b>
Growth (%)	40.5	36.6	17.3	35.9	19.8	9.3	12.9	13.7
Borrowings	92,614	118,321	170,067	112,259	110,930	118,612	134,169	156,168
Other Liabilities & Prov.	20,031	25,850	35,759	36,409	34,908	38,398	42,238	46,462
<b>Total Liabilities</b>	<b>618,508</b>	<b>803,588</b>	<b>889,778</b>	<b>1,006,506</b>	<b>1,062,086</b>	<b>1,131,542</b>	<b>1,260,714</b>	<b>1,439,781</b>
Cash & Balances with the RBI	25,893	48,395	64,151	67,047	131,111	91,203	75,359	80,595
Balances with Banks & money at Call & Short Notice	16,951	17,626	24,421	67,195	44,366	41,281	41,986	44,637
<b>Investments</b>	<b>154,475</b>	<b>168,404</b>	<b>181,497</b>	<b>232,300</b>	<b>222,739</b>	<b>245,013</b>	<b>278,090</b>	<b>315,632</b>
Growth (%)	14.6	9.0	7.8	28.0	-4.1	10.0	13.5	13.5
<b>Loans</b>	<b>402,678</b>	<b>543,082</b>	<b>580,190</b>	<b>586,225</b>	<b>600,218</b>	<b>687,250</b>	<b>797,210</b>	<b>924,763</b>
Growth (%)	36.7	34.9	6.8	1.0	2.4	14.5	16.0	16.0
Fixed Assets	3,340	4,025	4,698	4,665	5,481	5,845	7,179	8,650
Other Assets	15,170	22,056	34,820	49,070	58,166	60,949	60,890	65,505
<b>Total Assets</b>	<b>618,508</b>	<b>803,588</b>	<b>889,778</b>	<b>1,006,502</b>	<b>1,062,082</b>	<b>1,131,542</b>	<b>1,260,714</b>	<b>1,439,781</b>
<b>Asset Quality</b>								
GNPA (INR m)	5,667	7,546	21,365	26,015	27,284	23,136	22,645	23,246
NNPA (INR m)	3,126	3,728	11,894	12,414	8,066	7,305	6,812	6,114
GNPA Ratio	1.40	1.38	3.62	4.34	4.40	3.29	2.79	2.47
NNPA Ratio	0.78	0.69	2.05	2.12	1.34	1.06	0.85	0.66
Slippage Ratio	1.93	1.76	6.19	5.43	6.73	4.40	3.80	3.20
Credit Cost	1.05	1.35	3.49	3.82	4.82	1.65	1.60	1.60
PCR (Excl. Tech. write off)	44.8	50.6	44.3	52.3	70.4	68.4	69.9	73.7



## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Yield and Cost Ratios (%)</b>								
<b>Avg. Yield-Earning Assets</b>	<b>8.4</b>	<b>9.2</b>	<b>10.5</b>	<b>9.3</b>	<b>8.4</b>	<b>9.0</b>	<b>9.5</b>	<b>9.6</b>
Avg. Yield on loans	9.8	10.7	12.3	11.2	10.6	11.1	11.3	11.2
Avg. Yield on Investments	7.0	6.9	7.9	6.7	6.0	6.6	6.9	7.1
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>5.7</b>	<b>6.1</b>	<b>6.7</b>	<b>5.7</b>	<b>4.8</b>	<b>5.1</b>	<b>5.6</b>	<b>5.8</b>
Avg. Cost of Deposits	6.0	6.3	6.9	5.5	4.7	5.0	5.5	5.7
<b>Interest Spread</b>	<b>2.7</b>	<b>3.1</b>	<b>3.8</b>	<b>3.6</b>	<b>3.6</b>	<b>3.8</b>	<b>3.9</b>	<b>3.8</b>
<b>Net Interest Margin</b>	<b>3.3</b>	<b>3.7</b>	<b>4.5</b>	<b>4.2</b>	<b>4.1</b>	<b>4.3</b>	<b>4.4</b>	<b>4.4</b>

### Capitalization Ratios (%)

CAR	15.3	13.5	16.5	17.5	16.8	16.9	16.2	15.3
Tier I	13.6	12.1	15.3	16.6	16.2	16.2	15.5	14.6
Tier II	1.7	1.4	1.1	0.9	0.6	0.7	0.7	0.7

### Business & Efficiency Ratios (%)

Loans/Deposit Ratio	91.7	93.0	100.4	80.2	76.0	81.7	84.6	85.3
CASA Ratio	24.3	25.0	29.6	31.8	35.3	36.2	36.5	36.1
Cost/Assets	2.4	2.5	3.2	2.7	3.4	4.1	4.2	4.1
Cost/Total Income	53.0	51.3	51.0	48.6	56.9	67.6	65.6	63.4
Cost/Core Income	56.4	52.3	52.5	51.0	59.2	68.8	66.9	64.7
Int. Expense/Int. Income	60.8	59.7	57.4	54.5	50.7	51.7	53.4	54.7
Fee Income/Net Income	26.5	30.2	28.7	25.6	29.5	29.4	32.0	34.8
Non Int. Inc./Net Income	37.7	36.2	34.5	33.2	36.8	35.5	37.9	40.7
Emp. Cost/Total Expense	36.6	31.2	27.2	30.7	27.7	26.9	27.2	27.6
Investment/Deposit Ratio	35.2	28.8	31.4	31.8	28.2	29.1	29.5	29.1

### Profitability & Valuation Ratios

RoE	11.6	12.2	5.6	4.4	-0.6	6.6	8.4	10.2
RoA	1.1	1.2	0.6	0.5	-0.1	0.8	1.0	1.1
RoRWA	1.5	1.6	0.8	0.7	-0.1	1.1	1.3	1.5
Book Value (INR)	159	177	208	212	210	222	237	256
Growth (%)	40.5	11.1	17.6	1.8	-0.6	5.5	6.6	8.1
<b>Price-BV (x)</b>	<b>1.1</b>	<b>1.0</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
Adjusted BV (INR)	153	169	190	195	199	213	229	249
<b>Price-ABV (x)</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
EPS (INR)	15.1	20.3	9.9	8.5	-1.2	14.2	19.2	25.0
Growth (%)	27.3	34.3	-51.1	-14.6	NM	NM	34.8	30.4
<b>Price-Earnings (x)</b>	<b>11.2</b>	<b>8.4</b>	<b>17.1</b>	<b>20.0</b>	<b>NM</b>	<b>11.9</b>	<b>8.9</b>	<b>6.8</b>

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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