

SBI Cards

Estimate change

TP change

Rating change



Bloomberg	SBICARD IN
Equity Shares (m)	946
M.Cap.(INRb)/(USD\$)	748.3 / 9
52-Week Range (INR)	933 / 691
1, 6, 12 Rel. Per (%)	3/-6/-15
12M Avg Val (INR M)	991

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	44.0	53.0	69.3
OP	51.9	62.1	80.9
NP	22.6	24.3	33.2
NIM (%)	12.2	11.5	12.0
EPS (INR)	23.9	25.7	35.1
EPS Gr. (%)	39.3	7.5	36.5
BV/Sh. (INR)	104	127	159
ABV/Sh. (INR)	101	124	156

Ratios

RoE (%)	25.7	22.3	24.5
RoA (%)	5.6	4.8	5.2

Valuations

P/E(X)	33.1	30.8	22.5
P/BV (X)	7.6	6.2	5.0
P/ABV (X)	7.8	6.4	5.1

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	68.9	69.0	69.4
DII	17.3	17.2	17.0
FII	9.1	9.5	8.8
Others	4.7	4.4	4.7

FII Includes depository receipts

CMP: INR790

TP: INR900 (+15%)

Buy

NII, PPop in line; elevated provisioning drags earnings

Spending jumps 27% YoY

- SBI Cards (SBICARD) posted PAT of INR6.03b, up 15% but a 7% miss vs. our expectations. NII grew in line at 16% YoY; however, elevated provisions dragged earnings down.
- Margin contracted 12bp QoQ to 11.3% amid decreasing yield as the mix of EMI and revolver stood broadly stable. Growth in spending was healthy, with retail spending up 21% YoY while corporate spending rose 55% YoY.
- GNPA ratios inched up marginally by 2bp to 2.43%, while NNPA ratio was stable at 0.89%. RoA/RoE stood at 4.9%/22.3% during the quarter.
- We cut our FY24E/25E earnings by 8%/10% to factor in lower margins and elevated credit costs. We also introduce FY26E and estimate SBICARD to deliver 35% earnings CAGR over FY24–26, following a flattish earnings growth in FY24. **Reiterate BUY with a revised TP of INR900 (premised on 22x Sep'25E EPS).**

Margin moderates 12bp QoQ; credit costs remain elevated

- SBICARD posted PAT of INR6.03b, up 15% but a 7% miss vs. our expectations. Gross credit costs/ECL stood at 6.7%/ 3.4% in 2QFY24.
- NII rose 14% YoY to INR12.9b (in line). Margin contracted 12bp QoQ to 11.3% amid decreasing yield as the mix of EMI and revolver stood broadly stable. Management expects the CoF to increase further in 3Q & 4Q, which could exert further pressure on margin.
- Fee income grew by a healthy 23% YoY and formed 55% of total income. Opex grew 13% YoY to INR20.7b (broadly in line). Thus, PPop rose 24% YoY (in line), while the cost-income ratio increased to 57.1% in 2QFY24.
- Cards-in-force rose 21% YoY/3.5% QoQ to 17.9m in 2QFY24. New card sourcing was robust at ~1.1m (-12% YoY/4.1% QoQ), with the open market channel contributing 49% to total sourcing (58% on an outstanding basis).
- Overall spending jumped 27% YoY/7% QoQ, with retail/corporate spending rising 21%/55% YoY. The share of online retail spending stood at 57% in 2QFY24. Receivables grew at a healthy pace of 4.2% QoQ (+20% YoY).
- GNPA ratios inched up marginally by 2bp to 2.43%, while NNPA was stable at 0.89%. PCR was broadly stable at 64.1% during the quarter.

Highlights from the management commentary

- Management indicated that the company is experiencing slight stress and that some of the customers are finding it difficult to repay. The mix of 2019 cohort declined to 14% in Q2 from 19% of NEA in Q1.
- Stress levels are likely to remain elevated in 3QFY24 as well. This is not due to any specific cohort, and reflects ongoing systemic trends.
- The CoF was stable at 7.1%, benefitting from the increased long-term borrowings in the previous two quarters. However, management expects the CoF to inch up in the next 1-2 quarters as the rate environment has hardened further.

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Valuation and view

SBICARD reported a muted quarter characterized by elevated provisions and further compression in margins. The mix of revolvers and EMI loans remains stable, while management indicated that the recent hardening of interest rates will exert pressure on funding costs in the coming quarters. This could drive further margin compression over 2HFY24 as the outlook on any increase in the mix of EMI and Revolver loans remains uncertain. Management indicated a slight rise in stress levels, which will likely keep credit costs elevated over the near term. However, on the positive side, spending growth remains healthy while the company maintains a healthy traction in new card additions. Reversal in rate cycle, and lagged improvement in revolver mix remain the key triggers. These would support 35% earnings CAGR over FY24-26E while earnings growth for the current fiscal to remain modest. We cut our FY24E/25E earnings by 8%/10% and estimate a RoA/RoE of 5.2%/25.0% for FY25. **Reiterate BUY with a revised TP of INR900 (premised on 22x Sep'25E EPS).**

Quarterly performance**(INR b)**

	FY23				FY24				FY24E	FY24E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		2QE	Est
Net Interest Income	10.8	11.2	11.4	11.7	12.3	13.0	13.5	14.2	53.0	13.0	-0.1
% Change (Y-o-Y)	16.7	21.5	14.9	16.7	14.3	16.1	18.2	22.1	20.5	16.2	
Other Income	18.8	19.7	20.5	22.4	22.4	23.2	24.7	26.0	96.4	23.8	-2.5
Total Income	29.5	30.9	31.9	34.1	34.8	36.2	38.3	40.3	149.4	36.8	-1.6
Operating Expenses	16.6	18.3	19.7	19.8	19.6	20.7	22.6	24.6	87.4	21.3	-3.0
Operating Profit	12.9	12.5	12.2	14.3	15.2	15.5	15.7	15.7	62.1	15.5	0.2
% Change (Y-o-Y)	22.5	18.3	6.4	22.0	17.3	23.9	29.0	9.8	19.6	23.7	
Provisions	4.5	5.5	5.3	6.3	7.2	7.4	7.5	7.3	29.4	6.8	9.5
Profit before Tax	8.4	7.1	6.8	8.0	8.0	8.1	8.2	8.4	32.6	8.7	-7.0
Tax	2.1	1.8	1.7	2.0	2.0	2.1	2.1	2.1	8.3	2.2	-7.0
Net Profit	6.3	5.3	5.1	6.0	5.9	6.0	6.1	6.2	24.3	6.5	-7.0
% Change (Y-o-Y)	105.8	52.4	32.1	2.7	-5.4	14.7	20.0	4.7	7.7	23.4	
Operating Parameters											
Loan (INRb)	320.8	365.0	373.5	393.6	418.1	435.6	468.5	494.8	494.8	437.7	
Loan Growth (%)	39.2	43.7	33.6	30.4	30.3	19.3	25.4	25.7	25.7	211.6	
Asset Quality											
Gross NPA (%)	2.2	2.1	2.2	2.4	2.4	2.4	2.4	2.4	2.4	2.5	
Net NPA (%)	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.9	
PCR (%)	65.1	64.0	64.2	63.6	63.8	64.1	65.1	66.3	66.3	65.2	

Quarterly snapshot

	FY22				FY23				FY24E		Change (%)	
Profit and Loss (INR m)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Interest Income	11,535	11,732	12,733	12,661	13,873	14,845	16,089	16,724	18,042	19,018	28	5
Interest Expenses	2,290	2,541	2,768	2,674	3,084	3,677	4,643	5,073	5,711	6,049	64	6
Net Interest Income	9,244	9,190	9,965	9,987	10,789	11,168	11,446	11,651	12,332	12,969	16	5
Other Income	12,975	15,223	18,663	17,500	18,755	19,689	20,473	22,442	22,419	23,196	18	3
Fee Income	10,987	12,440	14,570	14,268	15,380	16,108	16,697	17,857	18,981	19,739	23	4
Others	1,988	2,783	4,093	3,232	3,376	3,581	3,776	4,585	3,438	3,457	-3	1
Total Income	22,219	24,413	28,629	27,487	29,545	30,856	31,919	34,093	34,750	36,165	17	4
Operating Expenses	11,680	13,833	17,189	15,767	16,633	18,340	19,745	19,799	19,599	20,656	13	5
Employee	1,164	1,147	1,209	1,207	1,386	1,290	1,421	1,521	1,453	1,478	15	2
Others	10,516	12,686	15,979	14,561	15,247	17,050	18,324	18,278	18,147	19,177	12	6
Operating Profits	10,540	10,580	11,440	11,720	12,912	12,517	12,174	14,294	15,151	15,510	24	2
Provisions	6,437	5,939	6,255	3,928	4,503	5,460	5,330	6,298	7,186	7,416	36	3
PBT	4,103	4,641	5,185	7,792	8,409	7,057	6,843	7,997	7,966	8,094	15	2
Taxes	1,057	1,192	1,327	1,984	2,140	1,800	1,749	2,032	2,033	2,064	15	2
PAT	3,046	3,449	3,858	5,809	6,269	5,256	5,095	5,965	5,933	6,030	15	2
Balance Sheet (INR b)												
Loans	2,30,410	2,53,936	2,79,690	3,01,873	3,20,790	3,64,998	3,73,540	3,93,610	4,18,130	4,35,565	19	4
Asset Quality (INR b)												
GNPA	9,555	8,985	6,991	6,944	7,440	8,074	8,575	9,570	10,428	10,954	36	5
NNPA	2,083	2,363	2,384	2,410	2,597	2,907	3,070	3,485	3,775	3,932	35	4
Ratios												
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
GNPA	3.9	3.4	2.4	2.2	2.2	2.1	2.2	2.4	2.4	2.4	29	2
NNPA	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	11	0
PCR (Calc.)	78.2	73.7	65.9	65.3	65.1	64.0	64.2	63.6	63.8	64.1	10	30
Credit Cost	10.4	9.3	9.0	5.2	5.6	6.2	5.6	6.3	6.9	6.8	61	-6
ECL	5.7	5.0	4.0	3.5	3.4	3.3	3.3	3.3	3.4	3.4	10	0
Business Ratios (%)												
Fees to Total Income	49.4	51.0	50.9	51.9	52.1	52.2	52.3	52.4	54.6	54.6	238	-4
Cost to Income	52.6	56.7	60.0	57.4	56.3	59.4	61.9	58.1	56.4	57.1	-232	72
Tax Rate	25.8	25.7	25.6	25.5	25.4	25.5	25.6	25.4	25.5	25.5	-1	-1
Profitability Ratios (%)												
Yield on loans	18.5	18.0	17.9	16.8	17.1	16.4	16.4	16.7	16.9	16.8	40	-10
Cost of borrowings	5.2	5.5	5.4	4.9	5.1	5.4	6.3	6.7	7.1	7.1	170	0
Spreads	13.3	12.5	12.5	11.9	12.0	11.0	10.1	10.0	9.8	9.7	-130	-10
Margins	14.8	14.1	14.0	13.2	13.2	12.3	11.6	11.5	11.5	11.3	-100	-20
RoA	4.5	4.9	5.0	7.0	7.0	5.4	4.8	5.0	5.1	4.9	-50	-20
RoE	18.7	20.1	21.2	30.4	30.8	24.1	22.0	24.6	23.3	22.3	-180	-100
Other Details												
No of Cards (No in Mn)	12.0	12.5	13.2	13.8	14.3	14.8	15.9	16.8	17.3	17.9	21	3
Spends (INRb)	332.6	435.6	554.0	541.3	596.7	623.1	688.4	716.9	739.1	791.6	27	7

Highlights from the management commentary

Related to business performance

- The Indian economy is resilient, with GDP growth at 7.8%. The RBI estimates GDP growth at 6.5%, as per the latest RBI survey; the consumer confidence survey is at a four-year high. The Indian government expects the digital economy to contribute 20% of GDP by FY26.
- Outstanding cards-in-force stood at 179m (up 21% YoY/ 3% QoQ). Spending grew 27% YoY/ 7% QoQ to INR791.6b, and Receivables increased 19% YoY / 4% QoQ to INR450.8b. SBICARD added 1.14m of new accounts in 2QFY24. It added 0.53m cards during the quarter.
- SBICARD's CIF market share was at 19.2%.
- Average spending per card increased to INR0.18m (retail at INR0.14m). Receivables per card stood at INR25,220 in 2QFY24.



- Among spending, Retail spending grew 5% QoQ to INR614.5b while Corporate spending rose 14% QoQ to INR177.2b.
- POS spending across all the key categories increased notably, indicating that consumers are favoring offline spending. Online spending formed 57% of overall spending.
- About 9% of the Rupay cardholders have opted for UPI spends. Average UPI spending per account per month stood at INR11,000. Rupay cards in portfolio stood at 10%; SBICARD is one of the larger players in Rupay cards.
- CAR increased 39bp QoQ to 23.3%; SBICARD's LCR stood at 85%.
- SBICARD has extended the end-to-end digital onboarding to the Yono app of SBI. This would enable the SBI customers to apply for SBI cards digitally.
- Management continues to see healthy revenue and profit growth. Total revenue from operations grew 4% QoQ during the quarter.
- The CoF was stable at 7.1%, benefitting from the increased long-term borrowings in the previous two quarters. However, management expects the CoF to inch up in the next 1-2 quarters as the rate environment has hardened further.
- Yields decreased 14bp QoQ to 16.8%. As a result, NIM contracted 12bp QoQ to 11.3% in 2QFY24.
- On the yields side, there is no change in rate of interest in products in 2Q. However, the mix change can impact the overall yields.
- Gross credit costs stood at 6.7% in 2Q. Credit costs were lower due to the action taken on portfolio and collections. Credit costs have reduced for SBICARD vs. the industry, showing less stress.
- Management expects spending to be healthy in 3Q amid the festive season.
- Revolve rates have been stable at 24% in the past 3-4 quarters, while credit costs are moving up and down and not in similar trend with revolver rate.
- When cashback cost goes up, the opex is also expected to rise. This time all the costs are likely to be incurred in 3Q as most of the spending and cashback will be there due to the festive season.
- Net interest-earning assets now form 62% of receivables.
- Term loan book – The product encash is given to the customer after studying the customer for nine months. The EMI product is also given according to the pre-defined limit.
- On the pricing front of the EMI product, SBICARD is keeping the industry in mind and it has to keep cost of funds in mind too.
- Most of the subvention book is repriced; flexi pay is of 11-12 months tenor and some part is yet to be repriced. On flexi pay, SBICARD used to charge higher rates; encash rates are broadly similar; and subvention has gone up by 100-200bp. Flexi rates had come down earlier and now the rates are 200bp higher than the lower levels seen in Jul-Aug'22.
- Self-employed sourcing has increased and the delinquencies too are coming down at the same time. The trend has continued from 1Q in both sourcing and delinquencies.

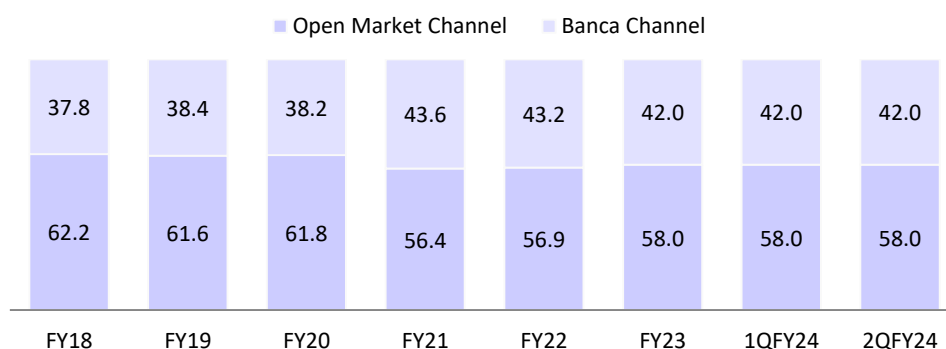
Related to asset quality

- GNPA ratios inched up marginally by 2bp to 2.43%, while NNPA was stable at 0.89%. PCR was broadly stable at 64.1% during the quarter.

- Credit bureau suggests some increase in delinquencies in credit cards and PL.
- The bank has controlled 2019 cohort and the portfolio-level actions have done well. It had expected better downward trajectory in 2Q. Management indicated that the company is experiencing slight stress and that some of the customers are finding it difficult to repay. The mix of 2019 cohort declined to 14% from 19% of NEA.
- The stress is building in retail consumer loan portfolio. SBICARD expects the stress levels to be elevated in 3Q. This is not due to any specific cohort, and reflects ongoing systemic trends. New onboarding has been good, but it expects certain customers to remain under stress.
- There is a generic stress in the overall portfolio, which is acting as a headwind in the overall environment.
- It has witnessed some stress in Tier 3 and 4 cities, after which it had taken a call on exiting some of the tier 2 and 3 cities.
- The company has not noticed any cohort stress and changed the collection strategy based on early warning signals.
- SBICARD aspires to have a credit cost of ~6% and currently its credit cost stands at 6.7%. There is no run away scenario leading to huge credit cost escalation.

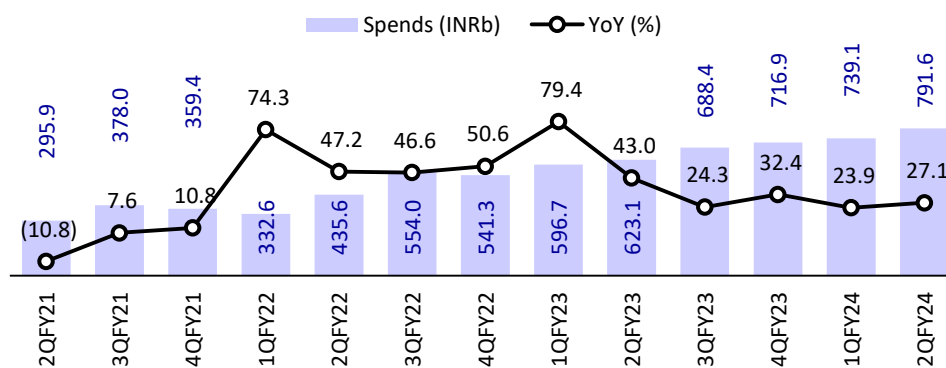
Key exhibits

Exhibit 1: ~58% of outstanding cards have been acquired via the open market channel (%)

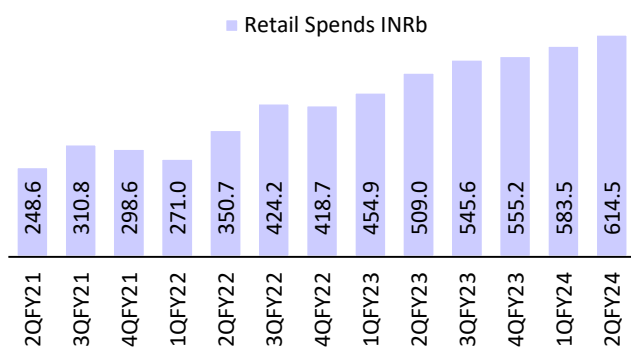


Source: MOFSL, Company

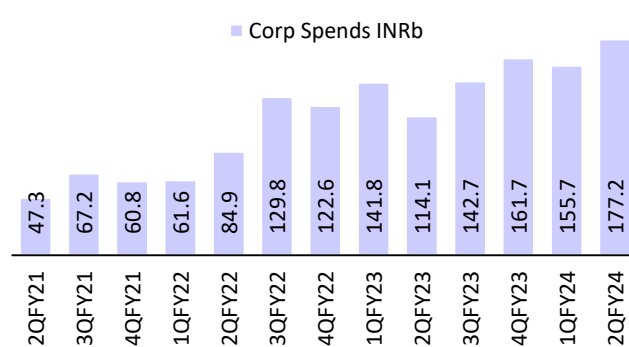
Exhibit 2: Spends remained healthy and grew 27% YoY (+7% QoQ)



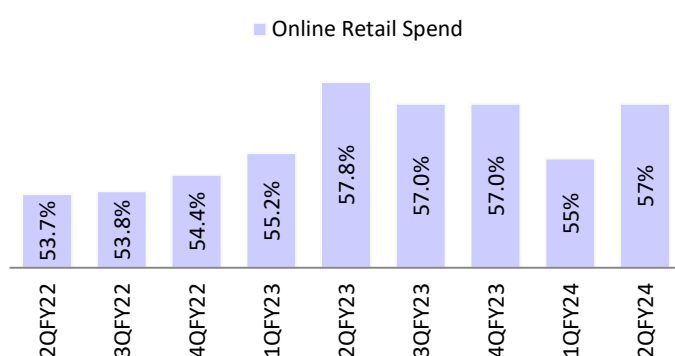
Source: MOFSL, Company

Exhibit 3: Retail spending robust at ~INR615b

Source: MOFSL, Company

Exhibit 4: Corporate spending steady at ~INR177b

Source: MOFSL, Company

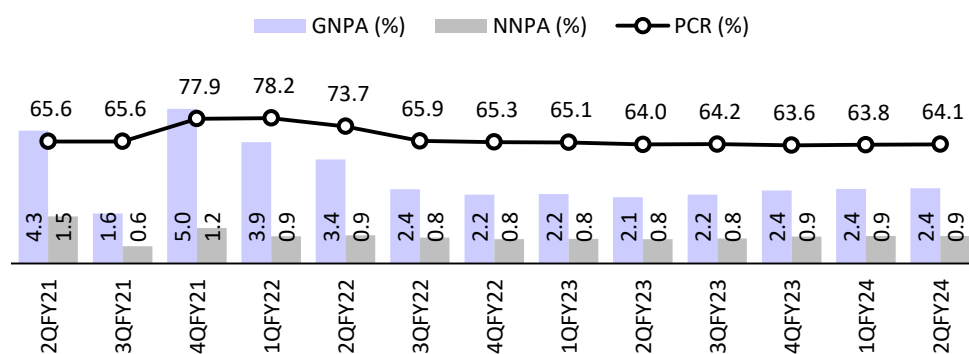
Exhibit 5: Online spending comprised ~57% of retail spending

Source: MOFSL, Company

Exhibit 6: Category-wise spending growth

Spending category	Growth in total	Growth in online	Growth in POS
Category 1	29%	30%	24%
Departmental Stores, Health, Utilities			
Education and Direct Marketing			
Category 2	(3%)	44%	24%
Consumer durables, Furnishing & Hardware			
Apparels & Jewelry			
Category 3	26%	34%	17%
Travel agents, Hotels, Airline, Railways			
Restaurant and Entertainment			

*% growth in 1HFY24 over 1HFY23 Source: MOFSL, Company, RBI

Exhibit 7: GNPA ratios increased 2bp QoQ to 2.43%, NNPA stable at 0.89%

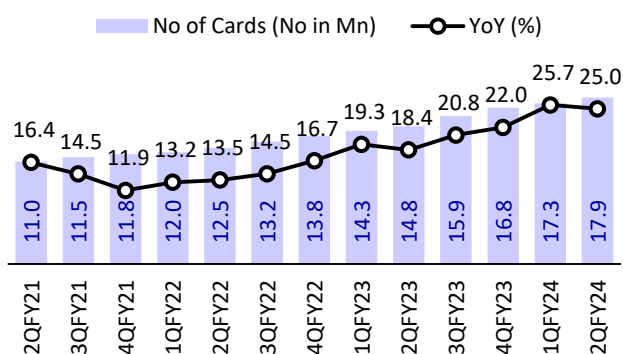
Source: MOFSL, Company

Valuation and view

- SBICARD has strengthened its position as the second-largest card player in the country, with a market share of 19.2% in outstanding cards and 17.9% in overall spending. It has an outstanding card base of 17.9m. The company is also the market leader in terms of open market sourcing and is the largest co-branded card issuer in India.
- SBICARD has access to parent State Bank of India's vast network of branches and customer base, along with strong open market sourcing capabilities. With robust distribution and co-branded channels, it is well placed to capitalize on growth opportunities, as the market remains significantly underpenetrated. Open market sourcing has picked up, and the banca channel is also growing strongly, which provides better risk underwriting and lowers opex.
- Asset quality ratios deteriorated slightly, while provisions remained elevated. Management indicated a stress pool building up with retail consumer loan already showing stress. This remains a key monitorable. We estimate GNPA/NNPA ratios of 2.3%/0.7% by FY25 vs. 2.0%/0.7% earlier, while we estimate PCR to sustain at ~69%.
- The revolver mix was stable in 2QFY24 but is not expected to improve within the next 6-12 months due to a change in customer behavior. The revolver mix is steady with increasing CoF and yields too are under pressure. We estimate margin to be at 11.5% in FY24 vs. 12.2% in FY23 and also expect margin to recover to 12.1% by FY25.
- **BUY with a TP of INR900:** SBICARD reported a muted quarter characterized by elevated provisions and further compression in margins. The mix of revolvers and EMI loans remains stable, while management indicated that the recent hardening of interest rates will exert pressure on funding costs in the coming quarters. This could drive further margin compression over 2HFY24 as the outlook on any increase in the mix of EMI and Revolver loans remains uncertain. Management indicated a slight rise in stress levels, which will likely keep credit costs elevated over the near term. However, on the positive side, spending growth remains healthy while the company maintains a healthy traction in new card additions. Reversal in rate cycle, and lagged improvement in revolver mix remain the key triggers. These would support 35% earnings CAGR over FY24-26E while earnings growth for the current fiscal to remain modest. We cut our FY24E/25E earnings by 8%/10% and estimate a RoA/RoE of 5.2%/25.0% for FY25. **Reiterate BUY with a revised TP of INR900 (premised on 22x Sep'25E EPS).**

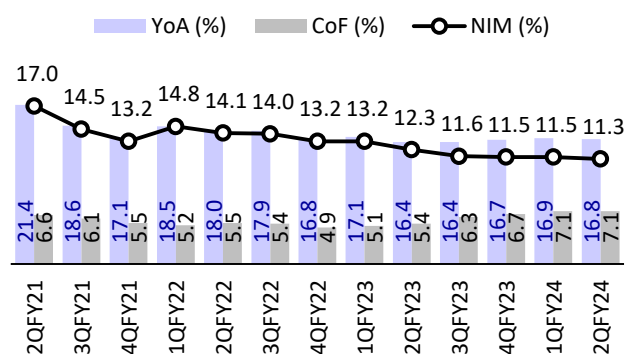
Story in charts

Exhibit 8: No. of cards up ~25% YoY to 17.9m



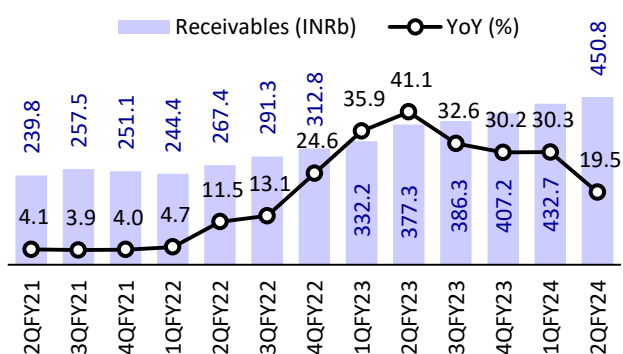
Source: MOFSL, Company

Exhibit 9: Margin contracted 12bp QoQ to 11.3%



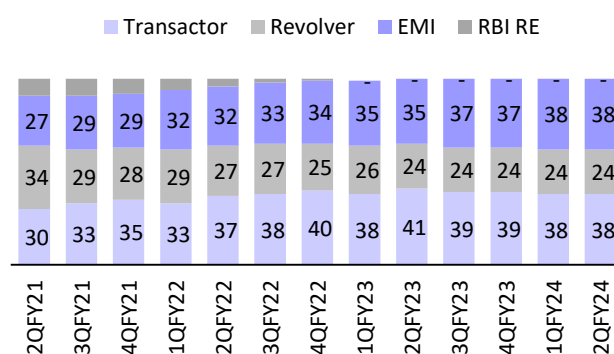
Source: MOFSL, Company

Exhibit 10: Receivables up 20% YoY to ~INR451b



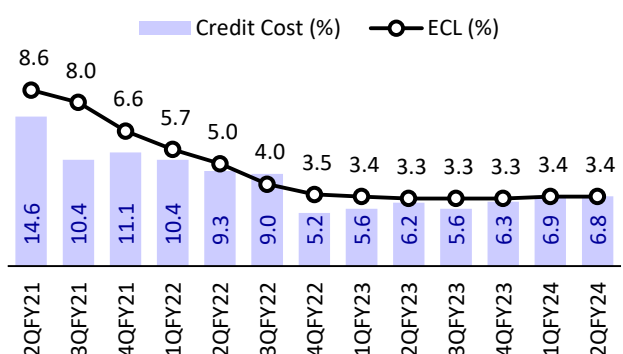
Source: MOFSL, Company

Exhibit 11: Revolver mix stable at 24% as of 2QFY24



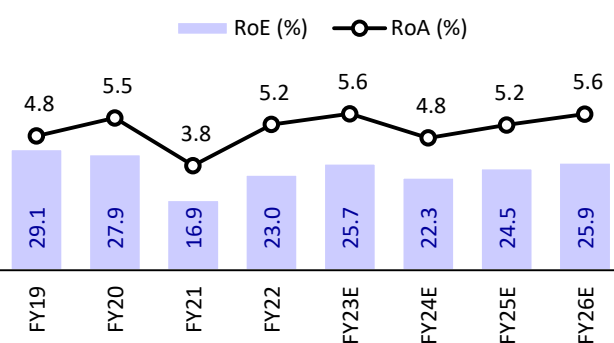
Source: MOFSL, Company

Exhibit 12: Credit cost increased to 6.8%; ECL at 3.4%



Source: MOFSL, Company

Exhibit 13: RoA/RoE to improve to 5.2%/24.5% in FY25E after a dip in FY24E



Source: MOFSL, Company

Exhibit 14: DuPont Analysis – return ratios to improve in FY25/26E after a dip in FY24E

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	21.3	18.8	15.6	15.1	15.6	16.0	16.3
Interest Expense	5.7	4.0	3.3	4.1	5.2	5.1	4.9
Net Interest Income	15.6	14.8	12.3	11.0	10.4	10.9	11.3
Fee Income	17.5	14.9	17.0	16.5	15.7	15.9	16.1
Trading and others	4.1	3.4	4.1	4.1	3.2	2.9	2.9
Non Interest income	21.6	18.3	21.0	20.5	18.9	18.8	19.0
Total Income	37.2	33.1	33.3	31.5	29.3	29.8	30.4
Operating Expenses	21.0	18.0	19.0	18.6	17.1	17.0	17.2
Employee cost	2.1	1.9	1.5	1.4	1.3	1.3	1.2
Others	19.0	16.1	17.4	17.2	15.8	15.8	16.0
Operating Profits	16.1	15.1	14.4	12.9	12.2	12.7	13.1
Provisions	8.5	10.1	7.3	5.4	5.8	5.7	5.6
NPA	5.4	8.3	9.1	4.7	5.3	5.3	5.2
Others	3.1	1.8	(1.8)	0.7	0.4	0.5	0.5
PBT	7.6	5.1	7.0	7.6	6.4	7.0	7.5
Tax	2.1	1.3	1.8	1.9	1.6	1.8	1.9
RoA	5.5	3.8	5.2	5.6	4.8	5.2	5.6
Leverage (x)	5.1	4.5	4.4	4.6	4.7	4.7	4.6
RoE	27.9	16.9	23.0	25.7	22.3	24.5	25.9

Financials and valuations

Income Statement							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	48,413	49,277	48,212	60,502	79,731	1,01,531	1,28,652
Interest Expense	13,009	10,434	10,273	16,476	26,682	32,273	38,892
Net Interest Income	35,404	38,843	37,939	44,025	53,048	69,258	89,760
Growth (%)	38.0	9.7	-2.3	16.0	20.5	30.6	29.6
Non Interest Income	49,110	47,859	64,803	82,353	96,395	1,19,744	1,50,604
Total Income	84,514	86,702	1,02,742	1,26,379	1,49,443	1,89,002	2,40,364
Growth (%)	34.6	2.6	18.5	23.0	18.3	26.5	27.2
Operating Expenses	47,815	47,079	58,462	74,484	87,383	1,08,080	1,36,334
Pre Provision Profits	36,699	39,623	44,280	51,895	62,060	80,922	1,04,030
Growth (%)	47.8	8.0	11.8	17.2	19.6	30.4	28.6
Provisions (excl tax)	19,402	26,386	22,558	21,591	29,411	36,343	44,378
PBT	17,296	13,237	21,722	30,304	32,649	44,579	59,653
Tax	4,848	3,392	5,560	7,721	8,326	11,368	15,211
Tax Rate (%)	28.0	25.6	25.6	25.5	25.5	25.5	25.5
PAT	12,448	9,845	16,161	22,583	24,324	33,211	44,441
Growth (%)	43.9	-20.9	64.2	39.7	7.7	36.5	33.8
OCI	(31)	128	102	(28)	-	-	-
Total Comprehensive Income	12,417	9,974	16,263	22,555	24,324	33,211	44,441
Growth (%)	44.1	-19.7	63.1	38.7	7.8	36.5	33.8

Balance Sheet							
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	9,390	9,405	9,432	9,461	9,461	9,461	9,461
Reserves & Surplus	44,023	53,615	68,095	88,840	1,10,797	1,41,169	1,82,772
Net Worth	53,412	63,020	77,527	98,301	1,20,257	1,50,630	1,92,233
Borrowings	1,75,728	1,78,948	2,29,825	3,11,096	3,88,870	4,83,366	5,96,956
Other Liabilities & Prov.	23,927	28,161	39,133	46,059	56,652	70,816	88,519
Total Liabilities	2,53,067	2,70,129	3,46,484	4,55,456	5,65,780	7,04,811	8,77,709
Current Assets	6,774	7,201	11,064	13,545	15,983	19,179	23,015
Investments	15	9,576	12,972	21,397	25,676	31,839	39,798
Growth (%)	0.0	65,347.3	35.5	64.9	20.0	24.0	25.0
Loans	2,28,116	2,34,591	3,01,873	3,93,610	4,94,768	6,20,438	7,76,789
Growth (%)	27.4	2.8	28.7	30.4	25.7	25.4	25.2
Fixed Assets	3,346	3,182	4,537	5,737	6,023	6,385	6,768
Other Assets	14,817	15,579	16,039	21,168	23,330	26,970	31,339
Total Assets	2,53,067	2,70,129	3,46,484	4,55,456	5,65,780	7,04,811	8,77,709

Asset Quality							
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
GNPA (INR m)	4,844	12,543	6,934	9,575	12,003	14,254	16,243
NNPA (INR m)	1,589	2,776	2,409	3,487	4,040	4,049	4,353
GNPA Ratio	2.0	5.0	2.2	2.4	2.4	2.3	2.1
NNPA Ratio	0.7	1.1	0.8	0.9	0.8	0.7	0.6
Slippage Ratio	5.9	12.8	8.0	6.0	6.3	5.8	5.6
Credit Cost	9.1	10.7	8.0	6.0	6.4	6.3	6.1
PCR (Excl Tech. write off)	67.2	77.9	65.3	63.6	66.3	71.6	73.2

E: MOFSL Estimates

Business Metrics							
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total No of Cards (Nos in Mn)	10.5	11.8	13.8	16.8	20.5	25.2	31.0
Total spends (INR b)	1,309.2	1,224.2	1,863.5	2,625.0	3,360.0	4,267.2	5,419.3
Spends per card (INR k)	124.1	103.5	135.4	156.2	163.9	169.3	174.8
Loans per card (INR)	21,628	19,844	21,927	23,429	24,140	24,611	25,051
Loans as % of spends	17.4	19.2	16.2	15.0	14.7	14.5	14.3
Fee income earned per card	3,772	3,305	3,796	3,931	3,914	4,018	4,105

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Yield & Cost Ratios (%)							
Avg. Yield on loans	22.7	20.0	17.1	16.8	17.4	17.6	17.8
Avg. Cost of Borrowings	8.4	5.9	5.0	6.1	7.6	7.4	7.2
Interest Spread	14.3	14.1	12.1	10.7	9.7	10.2	10.6
Net Interest Margin	16.6	15.8	13.5	12.2	11.5	12.0	12.4

Capitalisation Ratios (%)

Tier I	17.7	20.9	21.0	20.4	19.7	19.4	19.4
Tier II	4.7	3.9	2.8	2.7	2.1	1.6	1.2
CAR	22.4	24.8	23.8	23.1	21.7	21.0	20.7

Asset-Liability Profile (%)

Cost/Assets	21.0	18.0	19.0	18.6	17.1	17.0	17.2
Cost/Total Income	56.6	54.3	56.9	58.9	58.5	57.2	56.7
Int. Expense/Int.Income	26.9	21.2	21.3	27.2	33.5	31.8	30.2
Fee Income/Total Income	47.1	45.1	50.9	52.3	53.7	53.6	53.0
Non Int. Inc./Total Income	58.1	55.2	63.1	65.2	64.5	63.4	62.7
Empl. Cost/Total Expense	9.8	10.4	8.1	7.5	7.5	7.4	7.2

Valuation

RoE	27.9	16.9	23.0	25.7	22.3	24.5	25.9
RoA	5.5	3.8	5.2	5.6	4.8	5.2	5.6
RoRWA	5.9	4.1	5.8	6.2	5.1	5.3	5.5
Book Value (INR)	57	67	82	104	127	159	203
Growth (%)	32.7	17.8	22.7	26.4	22.3	25.3	27.6
Price-BV (x)	13.9	11.8	9.6	7.6	6.2	5.0	3.9
Adjusted BV (INR)	56	65	80	101	124	156	200
Price-ABV (x)	14.2	12.2	9.8	7.8	6.4	5.1	4.0
EPS (INR)	14.0	10.5	17.2	23.9	25.7	35.1	47.0
Growth (%)	31.4	-25.3	63.8	39.3	7.5	36.5	33.8
Price-Earnings (x)	56.4	75.5	46.1	33.1	30.8	22.5	16.8

E: MOFSL Estimates

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NOTES

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