Financial Performance Assessment of Small Banks using EAGLES Model

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ABSTRACT

The Small Finance Banks and Payments Bank are a new introduction to the Indian Banking system, a large number of them completing more than 5 years in its operation. Both banks though are in the Small Bank (Niche Bank) category, the analysis of its financial performance using quantitative models are new horizons to be explored. This analysis used the EAGLES (Earning, Assets Quality, Growth, Liquidity, Equity, and Strategy) method and measured the performance of banks over the previous 6 to 7 years from the FY 2018-2019 and FY 2017-2018. For Small Finance Banks analysis 7 years data and Payments Banks analysis 6 years data are used. The assessment helps the top management of the banks and interested stake holders to spot their banks in terms of small bank's progress/decline and comparison to other banks in this niche basket. This model unlike the usual EAGLES analysis does not limit it to single ratios to each criterion but includes 19 ratios altogether that will improve the spread of learning to a larger perspective. The analysis suggests both the small banks to drastically improve its loans, advances, and investments area, which may require regulatory policy changes, as the Strategic Response Quotient (SRQ) of all small banks were found negative, which was also comprehensible from the lower earnings, asset quality and growth. The Liquidity was found to be positive for the operations. The ROE was also found to be negative for both bank groups, which indicates the need for better wealth management strategies. CRAR ratios were maintained sufficiently above the minimum requirements. The analysis concludes with generating ranks for each small banks from the average ranks obtained from the ranks of each criterion.

Keywords: Small Banks, Small Finance Banks, Payments Banks, EAGLES, Financial Performance.

Introduction

The Indian banking sector has undergone a remarkable transformation in recent decades, driven by liberalization, economic reforms, and the adoption of new technologies. While the focus has often been on the performance of large banks, the resilience and contribution of small banks in India deserve closer examination.

Small banks in India play a crucial role in the country's financial ecosystem, catering to the needs of underserved communities and fostering financial inclusion. These institutions have demonstrated their ability to withstand adverse economic conditions, as evidenced by their performance during the recent financial crisis (Brahmaiah & Ranajee, 2018). The new small banks alias niche banks have been introduced in India with the objective of furthering financial inclusion and providing banking services to the unbanked population in a cost-effective manner. The Small Finance Bank and the Payments bank operate in India from 2015 after the RBI licensed for the same. Now we have 12 small finance bank and 6 payments bank in India. Each of these banks categorically has different regulatory norms different from other banks, that has its own merits and demerits in its business models.

The financial performance analysis of these small banks has not received wide research attention. Most of the analysis have shown its tendency to focus on large banks and banks that have profound previous years of data to help analysis. Hence the new small banks require sufficient financial performance analysis to showcase their resilience, challenges, and future opportunities. In this analysis nine small finance banks and four payments banks are studied in two parts in relation to previous seven years and six years respectively. The study will help the small banks to make early policy decisions in their growth cycle; the regulator to revise its policies for this sector; and the industry to understand this emerging segment.

Literature Review

The new small banks alias niche banks in India have its presence in Indian Economy from 2015. These banks have started to receive researchers' attention as most of research in Indian banking system are concentrated to large banks performance. Since India being a growing economy and 5th largest economy presently has a GDP of 4,112 USD billion (Makalesi & Chandra MANDAL, 2024), The findex data (*The Global Findex Database 2021*, n.d.) shows India 58% of population are linked to financial institutions. Only 38% accounts were opened for receiving wages and another 38% was for receiving government benefits. The debit card usage was reported to be 12% and people with credit card to be 5%. This evidently shows the wide scope of small banks to penetrate to unbanked or underbanked area by providing affordable banking products which will boost the economic activities and also improve the life of low middle income people forming the largest cluster.

The SFBs during the initial years of operations largely focused on rapid assets developments (Chaturvedi, 2022) creating sufficient base for the smooth functioning. The payments banks assets were large in comparison to SFB, but has shown its intention to increase over the time. The performances of selected four SFBs were done in (Deep Navanitkumar & Dave, 2024) using CAMEL model and ANOVA and was found that are no significant differences in the financial performances. Which a different result was found by (Ray & Shantnu, 2021), in which all the CAMEL were found to be significant except Earnings of SFBs. A similar analysis of 4 listed SFBs was done by (Choudhary & Kanchan, 2023) using CAMEL model but the final ranks remained uncomprehend. The Asset Liability management of the SFBs studied by (Sugirtham & Gowri, 2021) find that a greater number of SFBs are exposed to Liquidity risks. A comparative study of the SFBs in India compared with the equals in UK (Arun et al., 2024) found microfinance institutions in UK are more contributing to the financial inclusion, and a dedicated small finance bank was lacking. They also state 67% of the loan book is dense towards microfinance. The general outlook of these banks is found to be optimistic fostering efforts in financial inclusion, digital transformation, collaboration with fintech, regulatory support, and enhanced risk management.(Bamba & Aggarwal, 2024) studies how sustainable the are the financial inclusion in India through SFBs. They sought the goals of the sustainable financial inclusion plan by the growth of indicators - account penetration, digital financial inclusion, and geographic reach. Digital financial inclusion as they finds can positively impact sustainable financial inclusion by augmenting accessibility, efficiency and also reducing environmental footprints. (Tikku et al., 2024) evaluates the SFBs and Private banks in India using Ordinary Least Squares (OLS) method to reach a conclusion that board of directors' independence has a significant relation to the bank's profitability, and suggests the presence of more independent directors with varied experience to improve the profitability. (Shah, 2024) through chi-square analysis found there is a significance difference between availing e - banking services offered to the customers by the small finance banks in Gujarat through a pilot-study and it was also concluded that the customers of the SFB are well aware of their e-banking services and are more aligned to using such facilities. The SFBs were able to pass through the Covid 19 pandemic and can well equipped for reaching and sustaining the finances of the low-income people during economic downfalls were suggested by (Kuriakose & Johnson, n.d.).

Payments bank service improvements were studied by (Kaur et al., 2022) and it was found that the customer satisfaction and intentions were having the highest impact. They also found the reputation of the service provider, service quality and trust (Kumar, 2024) to be relevant antecedents to the findings. Similar results were also found by (Kaur et al., 2021) the perceived ease of use of PB products had the highest impact on the behavioural intentions, followed by initial trust and social influence. (Gupta et al., 2023) study used the Fuzzy Analytic Hierarchy Process and the study postulated that ease of use and facilitating conditions are the most prioritized factors. At the same time, personalization is ranked as the least preferred factor among all the factors. In a study among the low-income people by (Sharma et al., 2024) factors of payment bank like banking model, technological awareness, customer security, cost of payment and growth of infrastructure were found to have a solid critical relationship with the cashless economy. The payments banks inability in competing with other banks was pointed out in (Kumar, 2024). The income from payments banks were not found to help its survival and are easily loss making due to its inability to provide credit products (Ashta & Pillarisetti, 2020). (Phung et al., 2024) finds the banks investments in mobile payment services improves the profitability of the banks and also helps surge in efficiency. This has also reflected in the performance of the PBs as the study by (Mittal et al., 2017) shows Mobile recharge, Grocery Bill Payments, Restaurants, Cab booking, Utility bill payments, Mobile transfer of funds (Mamatha, 2024), savings banks purpose and interest rate as the services used by PB customer in descending order. The argument that the current regulatory framework does not adequately respond to the real challenge of enabling success for payments banks was pointed out in (Ghosh & Ranade, 2020).

Rating system of banks performance goes back to 1979 when the Federal Deposit Insurance Corporation introduced CAMEL which analyses Banks Capital Adequacy, Asset Quality, Management, Earnings and Liquidity (Dang & Vong, 2020). But later in the year 1997 Sensitivity to Market Risk Was also added thus becoming the CAMELS rating model. It was then widely used world wise as a standard tool for measuring and analysing the performance of the banks with or without variations. The score derived from the analysis is used the express the bank's stability, which would help the public to understand in common man's language. This indicators rating was done in a scale of 1-5 in CAMELS which was changed from the EAGLES model(Vong & Song, 2015). In the EAGLES model of assessment each of the indicators or criteria are denoted using the actual values, which will give a clearer picture about the pattern of financial ratios. The Strategic Response Quotient (SRQ) which is marked as S considers interest income (ITI), interest cost (ITC), non-interest income (NII) and non-interest cost (OHC) which is the sum of Cost of Goods Sold (COGS) and Operating Expense. that are crucial for a managements policies and pricing strategies. They suggested SRQ equation as

$$\frac{ITI - ITC}{NII - OHC} \tag{1}$$

Since the introduction of EAGLES and its perversion of EAGLE, many performances analysis of the banks are then done for generating an inclusive financial view. (AlAli, 2019) through EAGLES analysis found that in Kuwait the conventional banks outperformed the Islamic banks except in growth, and had a growing trend in all the indicators except for the Liquidity. An EAGLE-ANOVA model was used by (Sathavara & Christian, 2021) to evaluate Indian Private sector banks finance data and has ranked the private banks based on each indicator. The study also found the variance among the financial variables of the private bank to be statistically significant. Four factors-Loan Deposit Ratio (LDR), Net Interest Margin (NIM), Net Interest Income Margin/Net Operating Cost (NIM/NOC), and Loan Growth (LG) were found to be significant by (Ristanti & Ismiyanti, 2021) to ROA when the top ten banks of Indonesia were analysed. The other five factors- Non-Performing Loans (NPL), NPL Growth, Deposit Growth (DG), Staff Cost Growth (SCG), and Capital Adequacy Ratio (CAR) were found not statistically significant in the context of the study. (Dang & Vong, 2020) in the study takes 3 sub-criteria under Strategy- SRQ, NIM and Cost of Funds (COF) but stresses it importance on SRQ. The study through OLS does not reject the alternate hypothesis all EAGLES strategic factors are significant in determining bank performance. (Mistri & Kshatriya, 2021) evaluated the financial performance of select public sector banks and foreign sector banks using EAGLES-ANOVA model and found there is no significant difference between Public and Foreign Banks in terms of Assets Quality and Growth. There is significant difference between Public and Foreign Banks in terms of Earning Ability, Liquidity, Equity, and Strategy. It found that Financial Performance of Foreign Banks are better compare to Public Sector Banks in India. in another comparative evaluating of three public sector banks and three private sector banks in India by (Suresh & Krishnan P, 2020) the analysis using the EAGLES and t test showed that, in majority of the instances private sector banks were performing better than the public sector banks which show that private sector banks are more efficient in utilization of resources compared to public sector banks. A similar study by (Kumari & Prasad, 2017) found there exists a significant difference between the financial performance of select public sector banks and private sector banks. In a study about the pre-merger and post-merger financial performance analysis of the Union Bank of India was done by (Dadresha, 2023) using EAGLE model and it was found that the earning capacity of the bank has increased due to its high dividend payment ratio and return on assets, were as the asset quality declined. In another similar study both EAGLE and CAMEL model was applied to evaluate the financial performance of Canara bank pre-merger and post- merger (Prasanna & Shailaja, 2023). Findings reveal that the merger significantly influenced Canara Bank's financial performance, particularly in areas of asset quality, capital adequacy, and management quality. While the merger initially posed challenges in terms of integration, the bank's subsequent performance improvements suggest successful strategic planning and execution.

The literature review sheds light on the research gap in the detailed analysis to find the financial status and progress of the small banks – SFBs and PBs using the EAGLES model over the past active years.

Study Objectives

The objectives of the study in this paper are to study the financial performances of two new Small Banks functioning in India- Small Finance Banks and Payments Banks. EAGLES model is used in this study extensively analyse the actual performance over its active previous years. The objective also extends to find the ranking of Small Finance Banks and Payments Banks then suggest improvements for the small banks to improve their performances.

Methodology

The methodology incorporates collecting secondary data related to financial performance from ProwessIQ and from the published annual reports of respective small finance banks, payments banks. MS Excel and Stata is used to analyse the ratios required for the EAGLES. The EAGLES analysis of Small Finance Bank and Payments Bank are done in two parts due to dissimilarity in Financial Year Data availability.

9 Small Finance Banks are analysed for 7 years from 2018 to 2024

4 Payments Banks are analysed for 6 years from 2019 to 2024

Recently incorporated small banks and those that are yet to publish their FY 2023-2024 annual report are excluded from this study.

Following are the ratios included in EAGLES analysis

Table 1 Ratio included in EAGLES

Criteria	*Sub-Criteria*	*Expression*	*Indication of improvement*
(E)Earnings Ratio	*1. Net Interest Margin (NIM)*	*(Interest Income-Interest Expense)/Total Assets*	*Increase*
	2. Non-Interest Income to Total Income (NIITI)	*Non-Interest Income / Total Income*	*Increase*
	3. Interest Income to Total Income (IITI)	*Interest Income / Total Income*	*Increase*

(A)Asset Quality Ratios	*4. Return on Assets (ROA)*	*Earnings Before Interest and Tax/Total Assets*	*Increase*
	5. Total Revenue to Total Assets (TRTA)	*Total Income/Total Assets*	*Increase*
	6. Total Advances to Total Assets (TAdTA)	*Total Advances/Total Assets*	*Increase*
	7. Total Deposits to Total Assets (TDTA)	*Total Deposits /Total Assets*	*Increase*
	8. Gross Non-Performing Assets (NPAG)	*(Gross NPA/Gross Advances)*	*Decrease*
(G)Growth Ratios	*9. Return on Capital Employed (ROCE)*	*EBIT/Total Capital*	*Increase*
	10. Productivity Ratio (COCE)	*Cash from Operations/Total Capital*	*Increase*
	11. Net Profit Margin (NPM)	*EAT/Total Income*	*Increase*
	12. CASA ratio (CASA)	*(Current Account Deposit + Savings Account Deposit)/Total Deposit*	*Increase*
	13. Total Advances to Total Deposits (TAdTD)	*Total Advances/Total Deposits*	*Increase*
(L)Liquidity Ratios	*14. Working Capital Turnover Ratio (TRNWC)*	*Total Income/ (Current Asset – Current Liability)*	*Increase*
	15. Current Ratio (CACL)	*Current Assets/Current Liabilities*	*Increase*
	16. Total Provision to Total Asset (TPTA)	*Total Provisions /Total Assets*	*Increase*
(E)Equity Ratio	*17. Return on Equity (ROE)*	*EAT/Equity*	*Increase*
	18. Capital to Risk-Weighted Assets Ratio (CRAR)	*(Tier 1 Capital + Tier 2 Capital) / Risk-Weighted Assets*	*Increase*
(S)Strategies	*19. Strategic Response Quotient (SRQ)*	*(Interest Income - Interest Expense)/(Non-Interest Income-Operating Cost)*	*Increase*

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The mean of all the ratios over its years respective to each bank are found which is taken as the value for each sub-criterion. The next step involves finding the mean of the sub-criteria in each criterion to find the value of the respective criterion. The ranks associated to the value are further averaged to find the ranks of SFBs and PBs. The analysis has also done a mean average of all the sub-criteria under every criterion to derive it's the group wise performance score.

Analysis and Discussion

The analysis is divided into two parts- Part A-Small Finance Banks, Part B-Payments banks that explains the EAGLES. The supporting Tables and Figures of Part A is presented in Annexure I and that of Part B in Annexure II.

Small Finance Banks

Earnings

Earnings here shows how strong the SFBs income are. By looking at the IITI and NIITI it is evident that the largest portion of Revenue comes from the Interest Income and the least from the Non-interest Income. The NIM stands with very less variation with an average of 0.066. The bank wise average earnings shows that SFBs are having a very close scores in the range of 0.345 to 0.361, with an average of 0.355, And with the average earnings Ujjivan SFB scored the best and Capital SFB scored the least.

Asset Quality

The Asset Quality of the SFBs are of highest priority as the very survival and growth is depended on how well the banks maintain their Assets. The ROA and TRTA shows the banks on average score 0.60 and 0.138 which is improvable by increasing the revenues. But a alarming information is from the TAdTA, that shows all the SFB are not improving their loans and advances or the possibility of off-balance sheet movements, as it average stood at a feeble 0.002. This may have caused a controlled NPAG of 0.033 on average. The TDTA was having a higher proportion to total assets with the average of 0.624. And the ranks of the average of Asset Quality Sub Criteria shows Capital SFB scoring best (0.193) and North-East SFB the least (0.125). and the combined value of all mean stood at 0.158.

Growth

The five growth ratios show how confidently the banks are growing. The growth ratios has its relevance as it's an important criteria were the investors of the SFB are deeply interested. ROCE and COCE showed its closeness to each other as their averages stood at 3.731 and 2.457 respectively, it also proves a higher proportion of operating cash movements that can be counted better, keeping the fact that Capital SFB and North East SFB is not generating positive cash flows. But the alarming sub criteria is the NPM whose values (0.006) do not give a growth improvement sign. The only SFB with an NPM greater than 0.10 was AU SFB (0.144) and North East SFB scored a highest negative NPM of (-0.159). The CASA proportion to the total deposit stands at 0.236, showing the larger portion of the deposit of SFB comes from the Term deposits. The average TAdTD shows an upper growth of 1.518 due to a possible outlier of 13.641. All the other SFBs show they are not utilising the deposits for higher and innovative loan and advances products. Ranking the average growth Jana SFB secured the higest rank for a value of 4.921 and North East growth was the least 0.049. The comined average growth of the SFB stood at an average of 1.59.

Liquidity

The Liquidity position of the SFBs has a safer position of combined average of 2.22. It was contributed by TRNWC having a safer average of 1.657. Among this sub-criteria (category) Capital SFB and Suroday SFB has weaker indications of 0.608 and 0.801respectively whereas the remaining SFB has values higher than 1.00. CACL which is a basic current ratio showing the liquidity power of the banks proves true in SFB. The Average CACL stood at 4.98, with Capital SFB having the highest current ratio of 17.081 is used in Capital SFB which can be reduced to a balanced score and the least value was for Jana SFB (1.759). The SFB keeps a total provision 0.024 to total assets. Highest Provision of 0.058 was maintained by Jana SFB and the lowest provision was maintained by Capital SFB (0.005). Ranking of the Liquidity gives Capital the top rank and the Jana SFB the lowest rank.

Equity

The Equity criteria (0.082) include two sub-criteria ROE and CRAR. The ROE shows a disturbing value of -0.066 for the interested parties. The Jana (-0.585) and North East (-0.685) SFBs has the largest negative ROE. Highest ROE is maintained by AU SFB (0.142). Whereas CRAR (.230) shows extra buffers kept when the legal requirement for SFB stands at 15%. This shows SFB's better preparedness to absorb shocks in economic, industry or bank specific. The Ranking of Equity criteria's means show Suryoday SFB having the highest rank and Jana SFB the lowest ranked.

Strategy

The Strategic response is measured in this study using the Strategic Response Quotient (SRQ). The SFBs not efficiently ultilizing their loan and advances has dangerously reflected through a negative SRQ ratio of -0.586. All the SFB has a negative SRQ which gives a clear indication that they have to expand their loan and advances products in a controlled cost-effective manner.

Final Ranks

The Ranks secured by SFBs in each of EAGLES were averaged to generate the final ranks of SFB. The results show Capital SFB securing the top rank, followed by ESAF SFB and Ujjivan SFB sharing the second position. Equitas and AU were ranked third and fourth. The Suryoday SFB was ranked fifth. North East SFB was having the lowest rank eight preceded by Utkarsh SFB in the seventh position and Jana SFB in the sixth position.

Payments Banks

Earnings

Payments Banks has a combined average of 0.344, where its sub-criteria contributed NIM (0.031), showing scope for further growth. It can be seen from the data that the major source of income for the PBs except Jio PB comes from Non-interest Income (NIITI 0.714) and Interest forms only 0.286 (IITI). Among the four PBs, Jio PB secured the first rank (0.349) and Fino PB (0.339) secured the lowest rank. The score speaks the PBs have a very close earnings pattern.

Asset Quality

The asset quality of PBs (0.135) was found lesser than the SFBs. The Fino was the only PB having a positive ROA (0.159) all other PBs in the study are alarmingly negative. The TRTA was positioned better with an average of 0.491. NSDL PB (0.850) is having the highest TRTA compared to Jio PB (0.083) the lowest in the sub-criteria. The PBs regulatory restriction to provide retail loans and advances has impacted the TAdTA (0.009). Jio and Fino has better values of 0.014 and 0.012 indicating their better regulated investments. With the prevailing RBI restrictions on deposits, TDTA (0.216) is not showing a very strong position with Airtel PB (0.404) scoring the highest and NSDL PB (0.052) the lowest. It can be understood that PB that are enabling their sister concerns payments are having higher deposit. The NPAG for all the banks was found zero as they don't provide retail loans and advances. The combined average of Fino PB (0.219) was found to be the highest securing top rank and Jio PB (0.016) the lowest rank.

Growth

The Growth of the PBs (0.288) are not sufficient with a significant requirement to reframe the growth and product objectives. The Fino PB is having a positive ROCE (4.921) whereas all other PB secures negative ROCE bring down the average to 1.172. The COCE (0.011) also donot show a good movement of operating cash, where only Fino PB (0.163) and NSDL PB (0.006) were able to secure positive scores and the remaining PB could secure only negative score. The above scores have significantly impacted the business profits of PBs, where the NPM seriously stood at -0.835. All the PBs in the study are having a negative NPM, which is a matter of concern and immediate attention. Since the RBI does not allow the PB to business on the Term Deposits, all the CASA stood at value 1. The TAdTD (0.095) was in a positive position with investments in secured instruments, NSDL PB having the highest value of 0.1758 and Airtel PB having the least 0.026. Ranking of combined averages of sub-criteria ranks FINO PB (1.236) as having the top rank and Jio PB the lowest with a score of -0.282.

Liquidity

The Liquidity position of the PB showed a safer information with a higher combined mean of 2.287. TRNWC mean stood at 3.661, in which the NSDL PB is having the highest value of 15.031 and Jio PB the least value of -7.122. CACL (3.196) was having a higher ratio. NSDL PB (7.882) secured the highest score and the Airtel PB (1.063) the least. The TPTA (0.004) shows provisions are very thin as the PB may be assuming the chances of no NPAs. The Combined averages show NSDL PB as having the highest liquidity rank (7.641) as when compared to Jio PB having the lowest liquidity position (-1.516).

Equity

The PBs gives a worrisome figure in ROE as all figures are negative and the average stood at -0.284 in which Airtel PB was having a very high -0.765. The risks related to the returns and the economic, industrial and bank specific should have possibility forced the PBs the maintain an unusual intensified of CRAR. Jio PB is maintaining a very elevated ratio of 27.17 and Fino PB (0.78) the least maintained. Due to the impact of CRARs the Jio PB (13.431) has secured the top rank and lowest rank was -0.093 by Airtel PB.

Strategy

The SRQ was found to be declined in PB with a combined average of -0.266. the value comparison with that of the SFB show a better off position which could be the due to the secured investments by the PB. Even then, all PBs are getting a negative score, which shows it immediate need for regulatory policy changes to incorporate loans and advances to its line.

Final Ranks

The Rank analysis averaging the all the rank in EAGLES of PB generates the final ranks as follows. Fino PB and NSDL PB sharing the top position and Airtel PB and Jio PB sharing the second position.

Limitation of the Study

The study scope was limited to nine SFBs and four PBs due to the data availability aspects. The study was done in 2 parts as the annual FYs taken for SFBs were 7 years from 2018 to 2024 and as for PB the annual FYs were taken from 2019 to 2024. Fincare SFB, India Post PB and Paytm PB were not included as their annual 2024 FY data was unavailable during the study. Return on Debt (ROD) and Cash from Operations to Debt (COD) was not among the EAGLES ratio to avoid infinitely possibilities that could arise in PBs data due to no borrowings or unavailability of data.

Conclusion

The study focused on empirically analysing the financial performances of Small Finance Banks (SFB) and Payments Banks (PB) under Small Banks alias Niche banks in India. The study analyses nine SFBs and 4 PBs separately using the EAGLES model used in bank performance analysis. 19 ratios reflecting the financial performance are included as sub-criteria of EAGLES. The study found that the SFBs are critically affected with less loans and advances are they have a huge potential for expansion and development of financial products. The PBs on the same aspect faces similar condition due to the regulatory limitations on retail loans and advances. It was heavily reflected by the negative Strategic Response Quotient (SRQ) of all SFBs and PBs. The study suggests to loosen the regulatory frameworks for introducing more innovative products from the small banks line. The small banks are having a sufficient Asset and working capital position to improve the revenue means, which could improve the present negative ROE for improving the investor support. The CRAR ratio of the SFB was found to be sufficient and above the regulator's minimum requirement of 15% but PB was found to be maintaining a enormous CRAR of 34.21 times higher than SFB.

Scope for Further Research

The study sheds wider scope for analysing the Operational aspects, Human resource aspect, Selling and Distribution aspects of small banks which when collectively brought together can help the banks to initiate changes in management policies and new strategies for products improvements and introductions that will help the revenue generation and hone the competitive edges. The new financial products development specific for the small banks is a crucial scope by keeping the EAGLES analysis as a base. The ranking of each criterion in this study is done by the averaging the sub-criteria rank. The ranks can also be found by applying Multi-criteria Decision Analysis models to find the ranking based on the weights.

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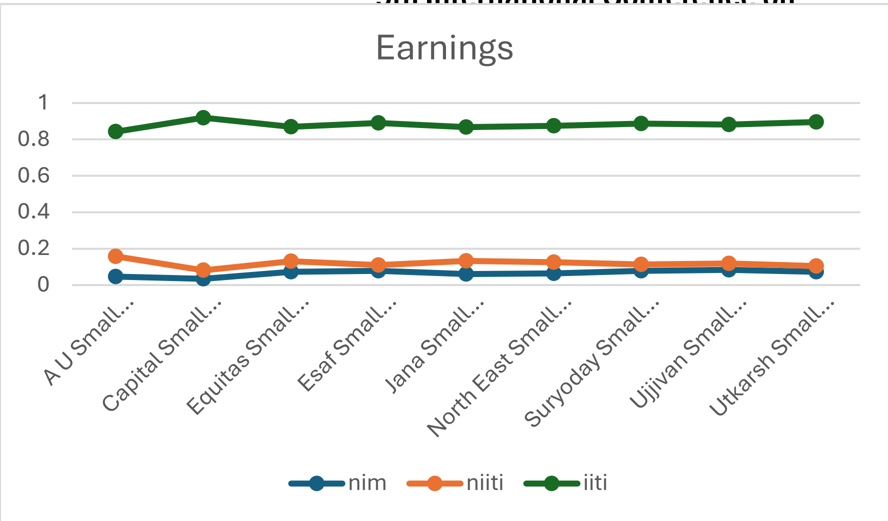
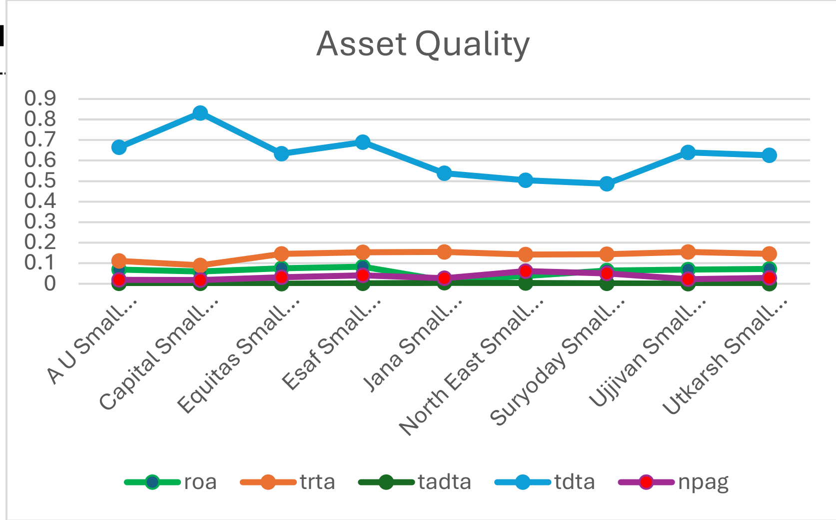
Annexure I

Small Finance Bank's EAGLES Analysis

	Earnings					*Asset Quality*						
SFB	*nim*	*niiti*	*iiti*	*Avg E*	*Rank E*	*roa*	*trta*	*tadta*	*tdta*	*npag*	*Avg A*	*Rank A*
A U Small Finance Bank Ltd.	*0.0464*	*0.1576*	*0.8424*	*0.349*	*8*	*0.0687*	*0.1112*	*0.0013*	*0.6651*	*0.019486*	*0.165*	*4*
Capital Small Finance Bank Ltd.	*0.0342*	*0.0809*	*0.9191*	*0.345*	*9*	*0.0589*	*0.0898*	*0.0017*	*0.8318*	*0.017929*	*0.193*	*1*
Equitas Small Finance Bank Ltd.	*0.072*	*0.131*	*0.869*	*0.357*	*5*	*0.0757*	*0.1453*	*0.0003*	*0.6342*	*0.030857*	*0.165*	*5*
Esaf Small Finance Bank Ltd.	*0.078*	*0.1095*	*0.8905*	*0.359*	*2*	*0.0829*	*0.1527*	*0.0014*	*0.6897*	*0.041014*	*0.177*	*2*
Jana Small Finance Bank Ltd.	*0.0604*	*0.1322*	*0.8678*	*0.353*	*7*	*0.0153*	*0.155*	*0.0043*	*0.539*	*0.027143*	*0.137*	*7*
North East Small Finance Bank Ltd.	*0.0648*	*0.1261*	*0.8739*	*0.355*	*6*	*0.0378*	*0.1417*	*0.0028*	*0.5045*	*0.0616*	*0.125*	*9*
Suryoday Small Finance Bank Ltd.	*0.0776*	*0.113*	*0.887*	*0.359*	*3*	*0.0642*	*0.1442*	*0.0015*	*0.487*	*0.0506*	*0.129*	*8*
Ujjivan Small Finance Bank Ltd.	*0.0836*	*0.1183*	*0.8817*	*0.361*	*1*	*0.0691*	*0.1549*	*0.0009*	*0.6403*	*0.022514*	*0.169*	*3*
Utkarsh Small Finance Bank Ltd.	*0.0735*	*0.1048*	*0.8952*	*0.358*	*4*	*0.0718*	*0.1456*	*0.0008*	*0.6262*	*0.027914*	*0.163*	*6*
	0.066	*0.119*	*0.881*			*0.060*	*0.138*	*0.002*	*0.624*	*0.033*		
		0.355						*0.171*				


Earnings
1
0.8
0.6
0.4
0.2
0
A U Small...
Capital Small...
Equitas Small...
Esaf Small...
Jana Small...
North East Small...
Suryoday Small...
Ujjivan Small...
Utkarsh Small...
nim
niiti
iiti


Asset Quality
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0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
A U Small...
Capital Small...
Equitas Small...
Esaf Small...
Jana Small...
North East Small...
Suryoday Small...
Ujjivan Small...
Utkarsh Small...
roa
trta
tadta
tdta
npag

	Growth							Liquidity				
SFB	roce	coce	npm	casa	tadtd	Avg G	Rank G	trnwc	cacl	tpta	Avg L	Rank L
A U Small Finance Bank Ltd.	9.3766	8.9759	0.1435	0.2743	0.0023	3.755	2	2.2449	2.5286	0.0104	1.595	4
Capital Small Finance Bank Ltd.	10.6836	-0.526	0.0853	0.3959	0.002	2.128	3	0.6079	17.0814	0.0051	5.898	1
Equitas Small Finance Bank Ltd.	1.7737	1.0319	0.0865	0.3363	0.0005	0.646	6	2.531	3.5514	0.0169	2.033	3
Esaf Small Finance Bank Ltd.	2.6377	0.8553	0.0736	0.1765	0.002	0.749	5	2.2215	1.7629	0.0217	1.335	8
Jana Small Finance Bank Ltd.	1.6954	9.509	-0.376	0.1353	13.641	4.921	1	1.6097	1.7586	0.0582	1.142	9
North East Small Finance Bank Ltd.	0.2382	-0.155	-0.158	0.314	0.0071	0.049	9	1.1055	9.3229	0.0315	3.487	2
Suryoday Small Finance Bank Ltd.	4.4086	0.3563	0.0581	0.1503	0.0032	0.995	4	0.8008	3.57	0.0303	1.467	7
Ujjivan Small Finance Bank Ltd.	1.6647	1.1532	0.0748	0.184	0.0013	0.616	7	1.6507	2.9286	0.0216	1.534	5
Utkarsh Small Finance Bank Ltd.	1.0965	0.9167	0.0692	0.1575	0.0013	0.448	8	2.1399	2.3114	0.0241	1.492	6
	3.731	2.457	0.006	0.236	1.518			1.657	4.980	0.024		
			1.590						2.220			

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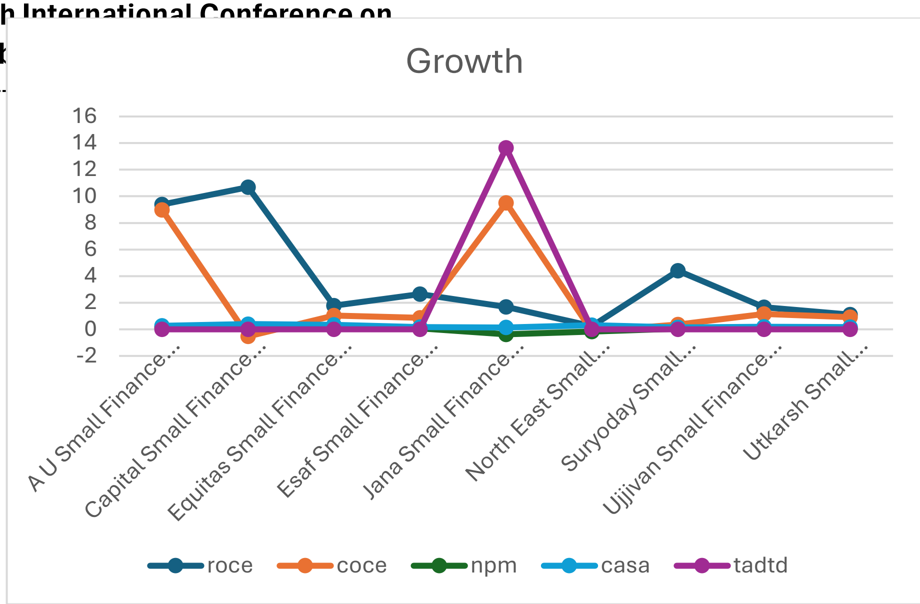
Growth
16
14
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-2
A U Small Finance...
Capital Small Finance...
Equitas Small Finance...
Esaf Small Finance...
Jana Small Finance...
North East Small...
Suryoday Small...
Ujjivan Small Finance...
Utkarsh Small...
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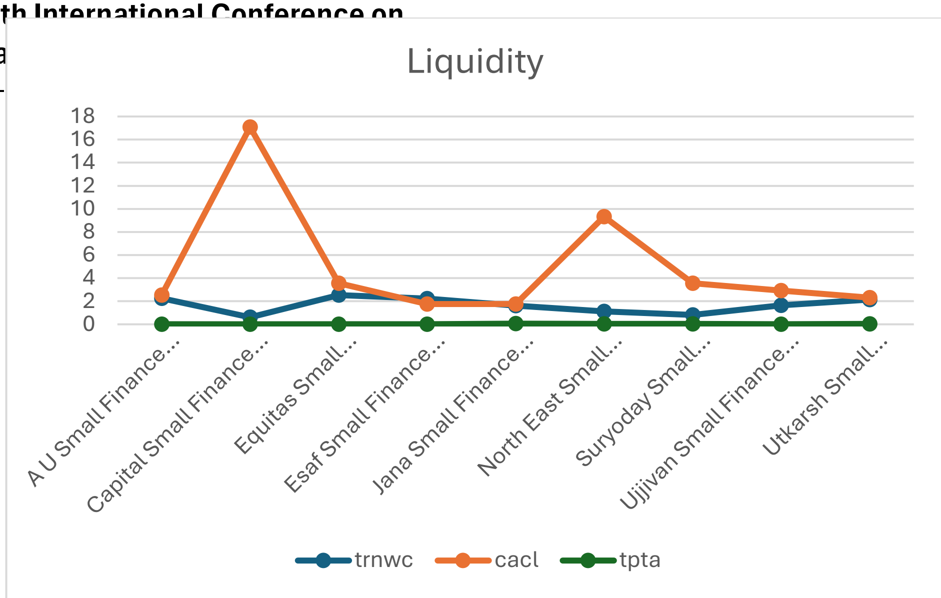
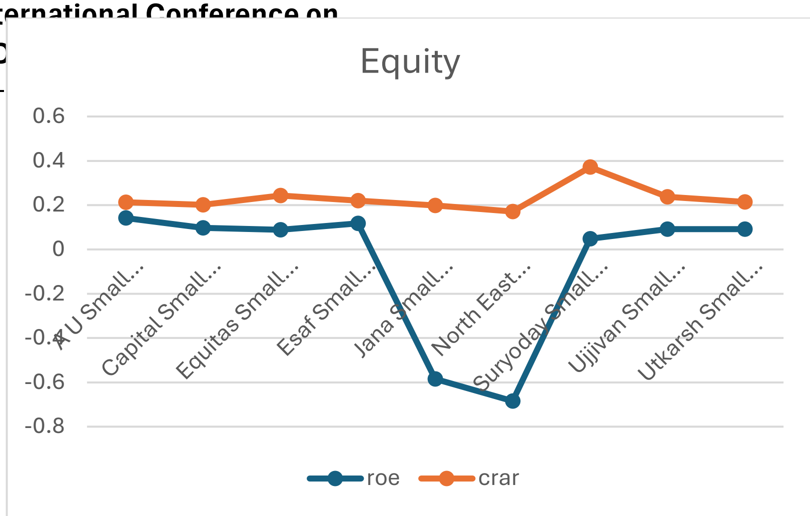
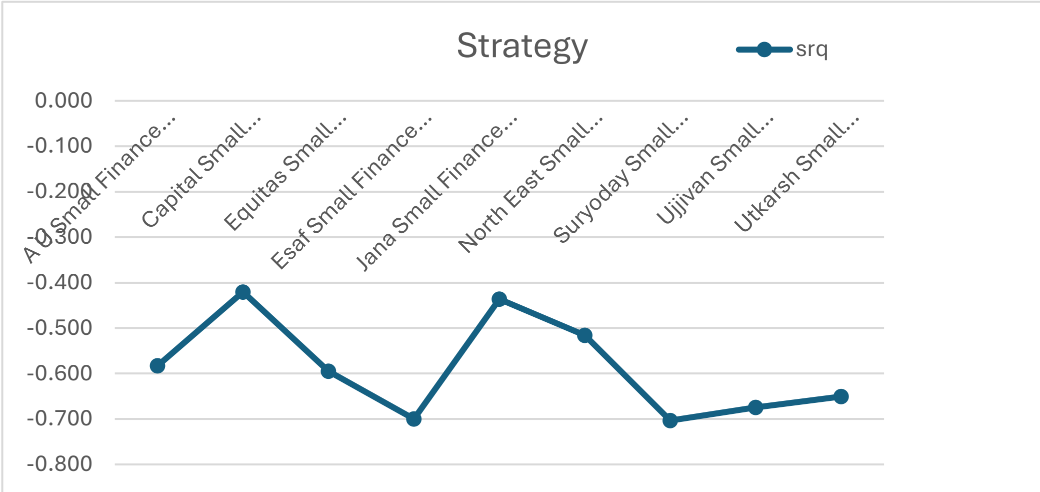


	Equity				Strategy		Rank Analysis	
SFB	***roe***	***crar***	***Avg Eq***	***Rank Eq***	***srq***	***Rank S***	***Rank Avg***	***Final Rank***
A U Small Finance Bank Ltd.	***0.1417***	***0.2124***	***0.177***	***2***	***-0.583***	***4***	***4.83***	***5***
Capital Small Finance Bank Ltd.	***0.0971***	***0.2013***	***0.149***	***7***	***-0.420***	***1***	***3.67***	***1***
Equitas Small Finance Bank Ltd.	***0.0889***	***0.2436***	***0.166***	***4***	***-0.595***	***5***	***4.67***	***4***
Esaf Small Finance Bank Ltd.	***0.117***	***0.2207***	***0.169***	***3***	***-0.700***	***8***	***4.50***	***2***
Jana Small Finance Bank Ltd.	***-0.5848***	***0.1991***	***-0.193***	***8***	***-0.437***	***2***	***5.50***	***7***

North East Small Finance Bank Ltd.	*-0.6845*	*0.1712*	*-0.257*	*9*	*-0.516*	*3*	*6.33*	*9*
Suryoday Small Finance Bank Ltd.	*0.0479*	*0.3712*	*0.210*	*1*	*-0.703*	*9*	*5.17*	*6*
Ujjivan Small Finance Bank Ltd.	*0.0921*	*0.2382*	*0.165*	*5*	*-0.674*	*7*	*4.50*	*2*
Utkarsh Small Finance Bank Ltd.	*0.0917*	*0.2149*	*0.153*	*6*	*-0.650*	*6*	*5.83*	*8*
	-0.066	*0.230*			*-0.586*			
	0.082				*-0.586*			





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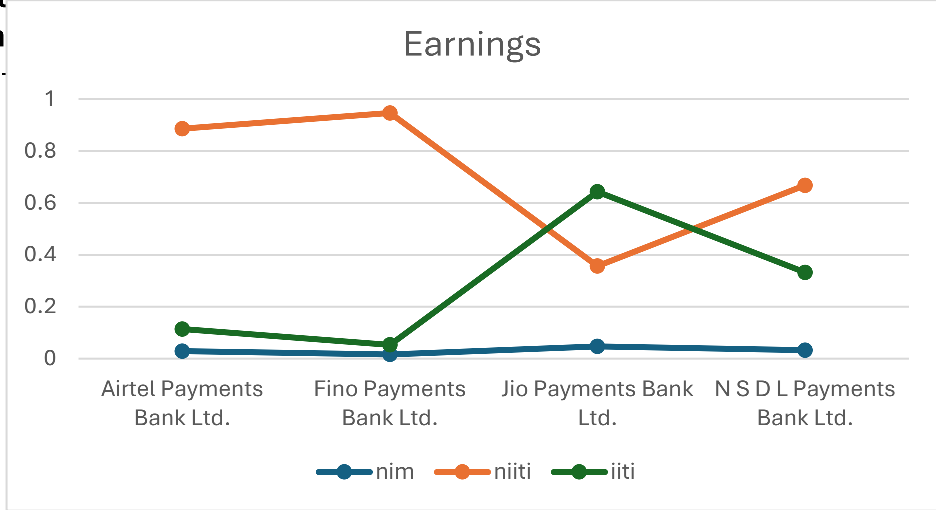
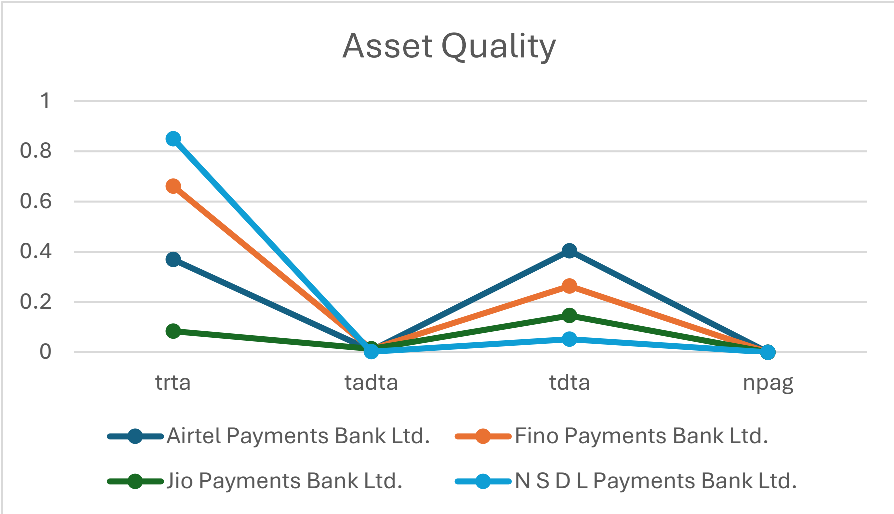
Annexure II

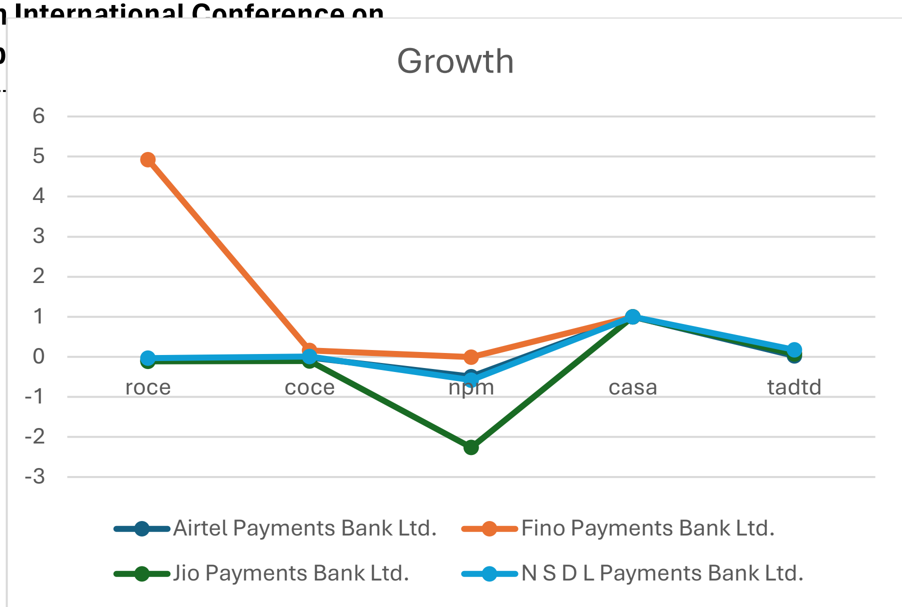
Payments Bank's EAGLES Analysis

	Earnings					Asset Quality						
PB	***nim***	***niiti***	***iiti***	***Avg E***	***Rank E***	***roa***	***trta***	***tadta***	***tdta***	***npag***	***Avg A***	***Rank A***
Airtel Payments Bank Ltd.	***0.0293***	***0.8861***	***0.1139***	***0.343***	***3***	***-0.1186***	***0.3691***	***0.0077***	***0.4038***	***0***	***0.132***	***3***
Fino Payments Bank Ltd.	***0.016***	***0.9471***	***0.0529***	***0.339***	***4***	***0.1594***	***0.661***	***0.0121***	***0.2637***	***0***	***0.219***	***1***
Jio Payments Bank Ltd.	***0.047***	***0.3566***	***0.6434***	***0.349***	***1***	***-0.1621***	***0.0832***	***0.0138***	***0.1456***	***0***	***0.016***	***4***
N S D L Payments Bank Ltd.	***0.0331***	***0.668***	***0.332***	***0.344***	***2***	***-0.0362***	***0.8497***	***0.0019***	***0.0523***	***0***	***0.174***	***2***
	0.031	***0.714***	***0.286***			***-0.039***	***0.491***	***0.009***	***0.216***	***0***		
		0.344						***0.135***				


Earnings
1
0.8
0.6
0.4
0.2
0
Airtel Payments Bank Ltd.
Fino Payments Bank Ltd.
Jio Payments Bank Ltd.
N S D L Payments Bank Ltd.
nim
niiti
iiti


Asset Quality
1
0.8
0.6
0.4
0.2
0
trta
tadta
tdta
npag
Airtel Payments Bank Ltd.
Fino Payments Bank Ltd.
Jio Payments Bank Ltd.
N S D L Payments Bank Ltd.

	Growth							Liquidity				
PB	***roce***	***coce***	***npm***	***casa***	***tadtd***	***Avg G***	***Rank G***	***trnwc***	***cacl***	***tpta***	***Avg L***	***Rank L***
Airtel Payments Bank Ltd.	***-0.0865***	***-0.0184***	***-0.492***	***1***	***0.026***	***0.086***	***3***	***5.652***	***1.063***	***0.003***	***2.239***	***2***
Fino Payments Bank Ltd.	***4.9205***	***0.1627***	***-0.0058***	***1***	***0.1044***	***1.236***	***1***	***1.082***	***1.263***	***0.001***	***0.782***	***3***
Jio Payments Bank Ltd.	***-0.113***	***-0.1078***	***-2.2632***	***1***	***0.0725***	***-0.282***	***4***	***-7.122***	***2.575***	***0.000***	***-1.516***	***4***
N S D L Payments Bank Ltd.	***-0.0328***	***0.0064***	***-0.58***	***1***	***0.1757***	***0.114***	***2***	***15.031***	***7.882***	***0.010***	***7.641***	***1***
	1.172	***0.011***	***-0.835***	***1***	***0.095***			***3.661***	***3.196***	***0.004***		
	0.288							***2.287***				



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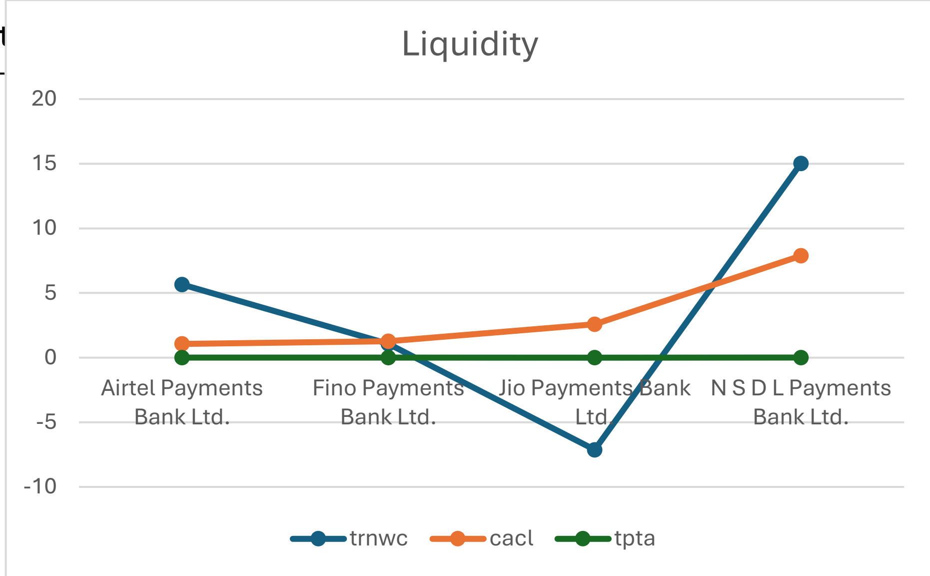

	Equity				Strategy		Rank Analysis	
PB	***roe***	***crar***	***Avg Eq***	***Rank Eq***	***srq***	***Rank S***	***Rank Avg***	***Final Rank***
Airtel Payments Bank Ltd.	***-0.7647***	***0.5793***	***-0.093***	***4***	***-0.232***	***2***	***2.83***	***2***
Fino Payments Bank Ltd.	***-0.0257***	***0.7812***	***0.378***	***3***	***-0.187***	***1***	***2.17***	***1***
Jio Payments Bank Ltd.	***-0.3056***	***27.1667***	***13.431***	***1***	***-0.268***	***3***	***2.83***	***2***
N S D L Payments Bank Ltd.	***-0.0412***	***2.94678***	***1.453***	***2***	***-0.378***	***4***	***2.17***	***1***
	-0.284	***7.868***			***-0.266***			
	3.792				***-0.266***			

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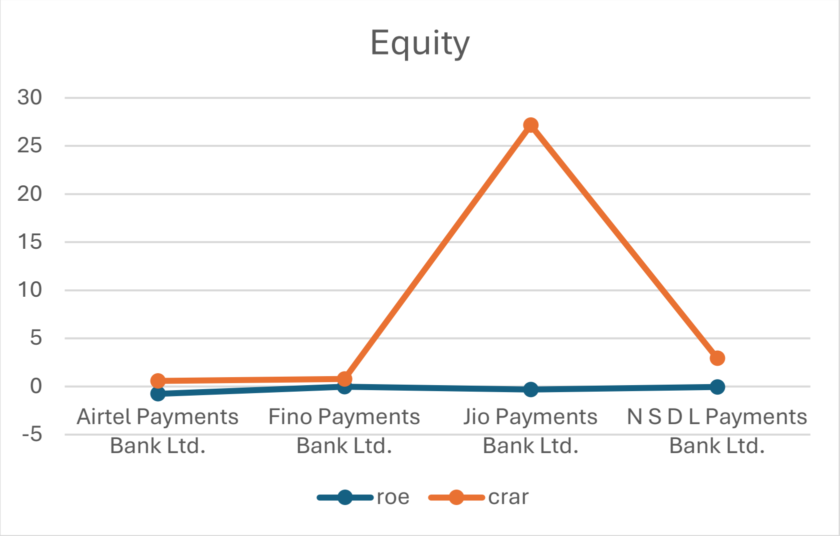
Equity
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25
20
15
10
5
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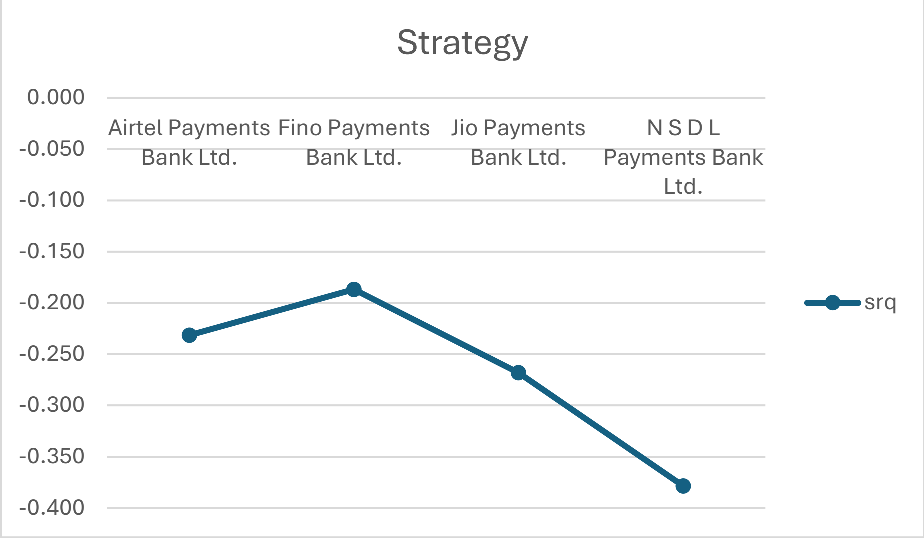
-5
Airtel Payments Bank Ltd.
Fino Payments Bank Ltd.
Jio Payments Bank Ltd.
N S D L Payments Bank Ltd.
roe
crar


Strategy
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-0.150
-0.200
-0.250
-0.300
-0.350
-0.400
Airtel Payments Bank Ltd.
Fino Payments Bank Ltd.
Jio Payments Bank Ltd.
N S D L Payments Bank Ltd.
srq