

# Bandhan Bank

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	BANDHAN IN
Equity Shares (m)	1611
M.Cap.(INRb)/(USDb)	383.3 / 4.6
52-Week Range (INR)	336 / 182
1, 6, 12 Rel. Per (%)	8/11/-39
12M Avg Val (INR M)	2105

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	92.6	113.6	130.7
OP	70.9	85.4	96.8
NP	21.9	42.4	51.1
NIM (%)	6.9	7.3	6.9
EPS (INR)	13.6	26.4	31.7
EPS Gr. (%)	NM	93.4	20.4
BV/Sh. (INR)	122	137	162
ABV/Sh. (INR)	116	133	157

## Ratios

RoE (%)	11.9	20.4	21.2
RoA (%)	1.5	2.5	2.5

## Valuations

P/E(X)	17.5	9.0	7.5
P/BV (X)	2.0	1.7	1.5
P/ABV (X)	2.0	1.8	1.5

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	40.0	40.0	40.0
DII	17.4	16.6	4.6
FII	27.9	28.3	34.3
Others	14.8	15.1	21.1

FII Includes depository receipts

**CMP: INR238 TP: INR265 (+11%) Neutral**

## Earnings gain traction; asset quality improves sharply

### SMA pool moderates to 5.6%

- Bandhan Bank (BANDHAN) reported a healthy 4QFY23, characterized by improving NII, declining provisions, and a superior asset quality. Margin improved 80bp QoQ to 7.3%, led by 14% QoQ growth in advances and lower slippages.
- Advances grew 11% YoY (14% QoQ) to INR1.05t, led by a healthy 16% QoQ growth in the non-MFI portfolio. The MFI book also showed a steady momentum with a QoQ growth of 7%, primarily focusing on diversifying the geographical mix. CASA ratio improved 291bp QoQ to ~39%.
- GNPA/NNPA ratios improved 228bp/69bp QoQ to 4.9%/1.2%, enabled by ARC sale, with PCR improving slightly to ~77%. Excluding NPA, CE improved 50bp QoQ to 98.5%, while SMAs in the MFI book dipped to 5.6% from 8.1% in 3QFY23.
- **We estimate RoA/RoE to recover to 2.5%/~21% in FY25. We reiterate our Neutral stance on the stock with a TP of INR265.**

### Margin improves 80bp QoQ to 7.3%; CASA ratio improves to ~39%

- BANDHAN reported a PAT of INR8.1b in 4QFY23 (broadly in line), supported by high NII and lower provisions, which declined 52% QoQ to INR7.3b.
- NII increased 19% QoQ (8% beat), due to improving margins (aided by lower interest reversals, controlled funding cost) and steady loan growth of 14% QoQ in 4QFY23.
- 'Other income' declined 35% YoY (10% miss). Total income was thus flat QoQ. PPop declined 29% YoY to INR18b (in line), while C/I spiked to 42% (v/s 38% in 3QFY23) as the bank added 161 branches during the quarter.
- Advances grew 11% YoY (up 14% QoQ), led by a healthy growth in the non-MFI portfolio. The MFI also showed some momentum with a QoQ growth of 7%, primarily focusing on diversifying the geographical mix to other states such as UP, Bihar, and Telangana. The 16% QoQ growth in the non-MFI book was led by the NBFC book (up 34% QoQ) and strong performance in other Retail products. The share of the MFI (group) moderated to 35% of advances in 4QFY23 v/s 37% in 3QFY23.
- Deposits grew 12% YoY to INR1.1t, led by 14% QoQ growth in CASA deposits, thereby improving the CASA ratio by 291bp QoQ to ~39%. The Retail deposit mix improved to 71% v/s 69% in 3QFY23.
- On the asset quality front, GNPA/NNPA ratios improved 228bp/69bp QoQ to 4.9%/1.2%, enabled by ARC sale, with PCR improving slightly to ~77% in 4QFY23. Excluding NPA, CE improved 50bp QoQ to 98.5% in 4QFY23.

**Key takeaways from the management commentary**

- The bank expects a loan growth of 20% with focus on improving business and geographical diversification.
- The bank guided for an ROA of 2.6% to 2.8%, while the ROA for 4QFY23 stands at 2.2%.
- Since the bank is looking at growing granular deposits, it is aiming for 40% CASA ratio by FY24.
- Credit cost is expected to be ~2% in FY24, which was much higher at 4.3% in FY23.

**Valuation and view**

BANDHAN reported a healthy 4QFY23, characterized by improving NII, declining provisions, and a superior asset quality. Margin improved by a 80bp QoQ to 7.3%, led by a 14% QoQ growth in advances. The SMA overdue in the EEB portfolio has declined to 5.6% from 8.1% in 3QFY23. We continue to remain watchful of asset quality and the high SMA book, which can keep credit costs elevated. **We thus estimate an RoA/RoE of 2.5%/~21% in FY25 and reiterate our Neutral stance with a TP of INR265 (premised on 1.8x Sep'24E ABV).**

**Quarterly performance**

(INR m)

Y/E March	FY22				FY23E				FY22	FY23	FY23E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est
<b>Net Interest Income</b>	<b>21.1</b>	<b>19.4</b>	<b>21.2</b>	<b>25.4</b>	<b>25.1</b>	<b>21.9</b>	<b>20.8</b>	<b>24.7</b>	<b>87.1</b>	<b>92.6</b>	<b>23.0</b>	<b>8%</b>
% Change (YoY)	16.7	0.6	2.6	44.6	18.9	13.3	-2.1	-2.7	15.2	6.3	-9.5	
Other Income	6.2	5.2	7.1	9.6	3.3	4.8	10.3	6.3	28.2	24.7	7.0	-10%
<b>Total Income</b>	<b>27.3</b>	<b>24.6</b>	<b>28.4</b>	<b>35.0</b>	<b>28.4</b>	<b>26.7</b>	<b>31.1</b>	<b>31.0</b>	<b>115.4</b>	<b>117.3</b>	<b>30.0</b>	<b>3%</b>
Operating Expenses	7.7	8.8	8.9	9.8	10.2	11.2	11.9	13.1	35.2	46.4	12.5	5%
<b>Operating Profit</b>	<b>19.6</b>	<b>15.8</b>	<b>19.5</b>	<b>25.2</b>	<b>18.2</b>	<b>15.5</b>	<b>19.2</b>	<b>18.0</b>	<b>80.1</b>	<b>70.9</b>	<b>17.5</b>	<b>3%</b>
% Change (YoY)	23.5	-1.7	1.4	53.5	-7.0	-2.0	-1.4	-28.8	18.4	-11.5	-30.6	
Provisions	14.6	56.1	8.1	0.0	6.4	12.8	15.4	7.3	78.8	19.2	6.4	15%
<b>Profit Before Tax</b>	<b>5.0</b>	<b>-40.3</b>	<b>11.4</b>	<b>25.2</b>	<b>11.8</b>	<b>2.7</b>	<b>3.8</b>	<b>10.6</b>	<b>1.3</b>	<b>51.7</b>	<b>11.1</b>	<b>-5%</b>
Tax	1.2	-10.2	2.9	6.1	2.9	0.6	0.9	2.5	0.0	7.0	2.8	-11%
<b>Net Profit</b>	<b>3.7</b>	<b>-30.1</b>	<b>8.6</b>	<b>19.0</b>	<b>8.9</b>	<b>2.1</b>	<b>2.9</b>	<b>8.1</b>	<b>1.3</b>	<b>44.7</b>	<b>8.3</b>	<b>-2%</b>
% Change (YoY)	-32.1	NM	35.8	NM	137.6	NM	-66.2	-57.5	-94.3	NM	-56.4	
<b>Operating Parameters</b>												
Deposits (INR b)	773	819	845	963	931	994	1,023	1,081	963	1,081	1,102	-2%
Loans (INR b)	748	745	803	940	909	902	921	1,048	940	1,048	1,013	3%
Deposit Growth (%)	27.6	23.8	18.7	23.5	20.3	21.3	21.0	12.2	23.5	12.2	14.4	221
Loan Growth (%)	7.2	1.6	4.6	15.1	21.6	21.1	14.7	11.5	15.1	11.5	7.8	-366
<b>Asset Quality</b>												
Gross NPA (%)	8.2	10.8	10.8	6.5	7.3	7.2	7.2	4.9	6.5	4.9	5.6	71
Net NPA (%)	3.3	3.0	3.0	1.7	1.9	1.9	1.9	1.2	1.7	1.2	1.5	28
PCR (%)	61.8	74.1	74.4	75.5	74.9	75.5	75.4	76.8	75.5	76.8	75.1	-177
RoA (%)	1.3	-10.6	2.8	6.0	2.5	0.6	0.8	2.2	0.1	3.0		
RoE (%)	8.5	0.0	22.2	46.5	19.7	4.5	6.2	17.0	0.7	24.2		
CASA (%)	42.9	44.6	45.6	41.6	43.2	40.8	36.4	39.3	41.6	35.9		
Margins (%)	8.5	7.6	7.8	8.7	8.0	7.0	6.5	7.3	7.4	6.9		

E: MOFSL estimates

## Quarterly snapshot

	FY21				FY22				FY23				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
<b>Profit and Loss, INRm</b>														
<b>Interest Income</b>	30,181	31,976	33,078	30,007	34,100	31,809	34,087	38,716	40,554	37,735	38,076	42,683	10	12
Loans	26,220	27,925	29,068	25,705	29,904	27,777	29,753	34,404	35,518	32,646	32,603	36,984	7	13
Investment	2,292	2,723	3,158	3,568	3,414	3,394	3,944	4,031	4,422	4,555	4,864	5,021	25	3
Others	1,669	1,328	852	733	781	638	389	281	613	533	610	677	141	11
<b>Interest Expenses</b>	12,066	12,745	12,361	12,437	12,959	12,455	12,840	13,317	15,409	15,805	17,272	17,965	35	4
<b>Net Interest Income</b>	18,115	19,231	20,717	17,570	21,141	19,354	21,247	25,398	25,144	21,930	20,804	24,718	-3	19
<b>Other Income</b>	3,868	3,668	5,623	7,004	6,169	5,245	7,123	9,644	3,297	4,764	10,333	6,291	-35	-39
<b>Total Income</b>	21,983	22,899	26,341	24,575	27,310	24,599	28,370	35,042	28,441	26,694	31,137	31,009	-12	0
<b>Operating Expenses</b>	6,141	6,773	7,109	8,146	7,739	8,751	8,868	9,829	10,235	11,165	11,916	13,053	33	10
Employee	3,894	4,148	4,348	4,257	5,054	5,525	5,190	5,491	6,346	6,663	6,867	7,274	32	6
Others	2,247	2,625	2,761	3,889	2,684	3,227	3,678	4,338	3,888	4,502	5,049	5,778	33	14
<b>Operating Profits</b>	15,842	16,126	19,232	16,429	19,571	15,848	19,501	25,214	18,206	15,529	19,222	17,957	-29	-7
<b>Core Operating Profits</b>	15,842	16,126	19,232	16,429	19,571	15,848	19,501	25,214	18,206	15,529	19,222	17,957	-29	-7
<b>Provisions</b>	8,491	3,796	10,778	15,077	14,609	56,135	8,057	47	6,424	12,797	15,415	7,348	NM	-52
<b>PBT</b>	7,351	12,330	8,454	1,352	4,962	-40,287	11,444	25,167	11,782	2,732	3,807	10,609	-58	179
Taxes	1,853	3,130	2,128	321	1,231	-10,201	2,855	6,143	2,917	640	901	2,526	-59	180
<b>PAT</b>	5,498	9,200	6,326	1,030	3,731	-30,086	8,590	19,023	8,865	2,093	2,906	8,083	-58	178
<b>Balance Sheet, INRb</b>														
Deposits	606	661	712	780	773	819	845	963	931	994	1,023	1,081	12	6
Loans	697	733	768	816	748	745	803	940	909	902	921	1,048	11	14
<b>Asset Quality, INRm</b>														
<b>GNPA</b>	10,067	8,740	8,592	57,578	64,404	87,636	94,416	63,800	69,675	68,539	69,648	52,986	-17	-24
<b>NNPA</b>	3,358	2,625	2,013	28,610	24,579	22,658	24,131	15,642	17,491	16,782	17,113	12,283	-21	-28
<b>Ratios (%)</b>														
													Change (bps)	
<b>- Asset Quality Ratios</b>	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA (%)	1.4	1.2	1.1	6.8	8.2	10.8	10.8	6.5	7.3	7.2	7.2	4.9	-159	-228
NNPA (%)	0.5	0.4	0.3	3.5	3.3	3.0	3.0	1.7	1.9	1.9	1.9	1.2	-49	-69
PCR (Calc, %)	66.6	70.0	76.6	50.3	61.8	74.1	74.4	75.5	74.9	75.5	75.4	76.8	134	139
<b>- Business Ratios</b>														
Cost to Core Income	27.9	29.6	27.0	33.1	28.3	35.6	31.3	28.0	36.0	41.8	38.3	42.1	1,405	382
Tax Rate	25.2	25.4	25.2	23.8	24.8	25.3	24.9	24.4	24.8	23.4	23.7	23.8	-60	14
CASA (%)	37.1	38.2	42.9	43.4	42.9	44.6	45.6	41.6	43.2	40.8	36.4	39.3	-232	291
Loan/Deposit	115.1	110.9	107.8	104.7	96.7	91.0	95.0	97.6	97.7	90.8	90.0	96.9	-62	690
<b>- Profitability Ratios</b>														
ROA	2.3	3.6	2.4	0.4	1.3	-10.6	2.8	6.0	2.5	0.6	0.8	2.2	-380	140
ROE	14.1	22.5	14.6	2.4	8.5	0.0	22.2	46.5	19.7	4.5	6.2	17.0	-2,950	1,080
Yield	13.6	13.3	13.3	11.6	13.7	12.4	12.6	13.3	12.9	12.0	12.0	12.7	-60	70
Cost of Funds	6.4	6.2	6.0	5.7	5.7	5.3	5.2	5.1	5.3	5.5	5.8	5.8	70	0
Margins	8.2	8.0	8.3	6.8	8.5	7.6	7.8	8.7	8.0	7.0	6.5	7.3	-140	80
<b>Other Details</b>														
Branches	1,018	1,045	1,107	1,147	1,152	1,168	1,176	1,189	1,190	1,190	1,250	1,411	222	161
ATM	485	487	487	487	487	487	489	471	429	432	412	438	-33	26



## Highlights from the management commentary

## Balance sheet related

- The bank has reached 30m customers by adding 1.4mn customers in 4QFY23.
- **Loan Book growth:** Retail book has grown 133% YoY in 4QFY23, while the Commercial Banking and Housing book has grown 72%/13% YoY, respectively, in 4QFY23.
- The bank is focusing on Retail Deposits, which constitutes 71% of Total deposits as on 4QFY23. The bank will focus more on granular deposit growth in FY24.
- Collection Efficiency (Excluding NPA) for the bank stands at 98.5% as on 4QFY23. On-time repayment rate stands at 97% as on 4QFY23 for the loans lent in FY22 and FY23.

- CV, LAP, and the government business will be the key focus areas for FY24. The government business will be an important segment since the bank has invested in sector-specific people and technology.
- The bank will focus on improving its geographical mix by issuing more loans primarily in UP, Bihar, and Telangana, and shifting its focus from Assam.
- The bank plans to add 250-275 more branches by 2QFY24.
- The MFI portfolio stands at INR570b as on 4QFY23, out of which, 60% has been re-priced.
- 70% of the bank's portfolio is fixed rate book.
- CD Ratio is expected to be 95-97% going forward.

#### P&L related

- NIM increased 80bp QoQ to reach 7.3% v/s 6.5% in 4QFY23.
- The bank will raise its interest rates by 100bp in FY24. The bank is currently offering MFI loans at 22.95%.
- COF remained flat QoQ at 5.8% as on 4QFY23. The stability in COF was maintained due to the change in the deposits mix, with higher growth in CASA deposits. The bank expects the cost of funds to increase in FY24.
- **Non-Interest income:** INR1.3b from the sale of 3rd party products and collection fees from ARCs amounted to INR0.6b for 4QFY23.
- C/I has reached its peak at 42% as on 4QFY23. The bank will take ~1 year to reduce this C/I ratio to below 40%, since it is looking at further investments in the upcoming quarters.

#### Asset quality related

- GNPA/NNPA declined 228bp/69bp to 4.9%/1.2% as on 4QFY23.
- The total SMA Book has declined to 5.6% in 4QFY23 from 8.1% in 3QFY23. The SMA book is expected to reach 3% in the medium term.
- Slippages in the EEB book amounted to INR7.3b and recoveries/upgrades amounted to INR2b in 4QFY23. 99% of the EBE book slippages are from the existing book.
- 100bp of the total EEB book has been provided for against a requirement of 25bp by the regulator. Contingency provisions & total provision stand at INR5b and INR51b as on 4QFY23.
- ARC sale was done in the last two quarters of FY23. INR4.1b was received from ARC and investors, out of which, INR3.4b has already been recovered from the sold accounts.
- Total stressed book stands at INR55b as on 4QFY23, out of which, INR38b amounts to the provision covered and INR17b is CGMFU.

#### Others

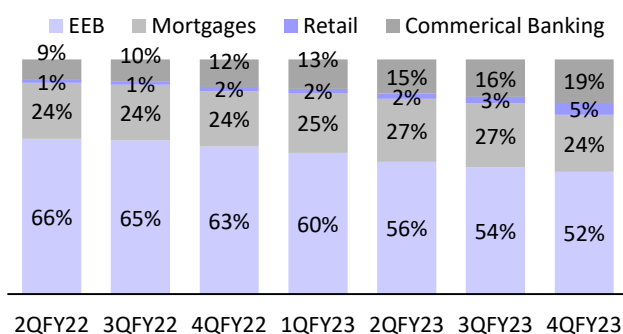
- 94% of the transactions are conducted digitally. About 31% of deposits are coming through digital sources.
- In 4QFY23, the bank migrated the housing finance book to a new system and will be looking to transform the remaining books by 2QFY24.

**Guidance for FY24**

- The bank expects a loan growth of 20% with focus on improving business and geographical diversification.
- The housing book is expected to grow by 22%-25%, while the MFI book is expected to grow by 17%-18%. Of the additional MFI book, about 10%-12% growth is attributed to new customers.
- Deposits to grow at 22%.
- The bank guided for an ROA of 2.6% to 2.8% for FY24, while the ROA for 4QFY23 stood at 2.2%.
- Credit cost is expected to be ~2% in FY24, which was much higher at 4.3% in FY23.
- The bank has guided for an NIM of 7%-7.5% for FY24, depending on the loan book mix.
- Since the bank is looking at growing granular deposits, it is aiming for 40% CASA ratio by FY24.

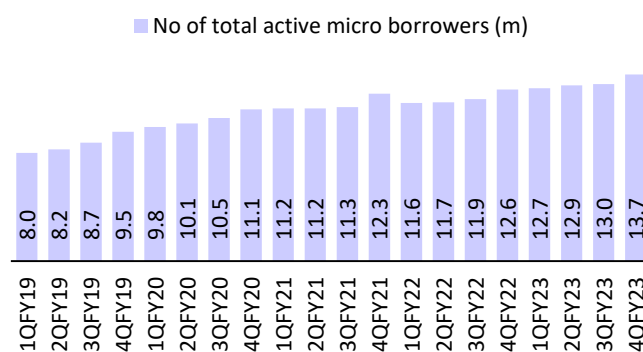
## Key exhibits

**Exhibit 1: Portfolio mix (%)**



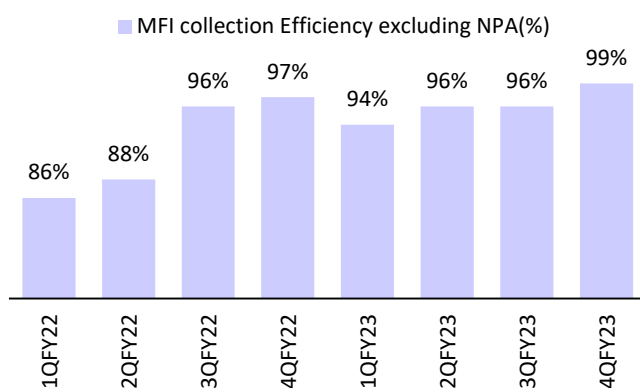
Source: MOFSL, Company

**Exhibit 2: Active MFI borrower base**



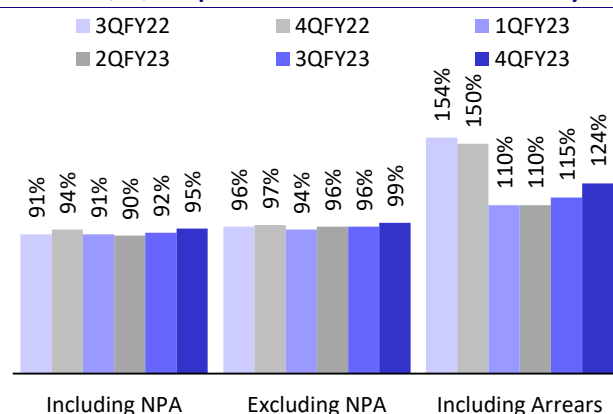
Source: MOFSL, Company

**Exhibit 3: MFI collection efficiency (%), excluding NPA, improved to 99% in 4QFY23**



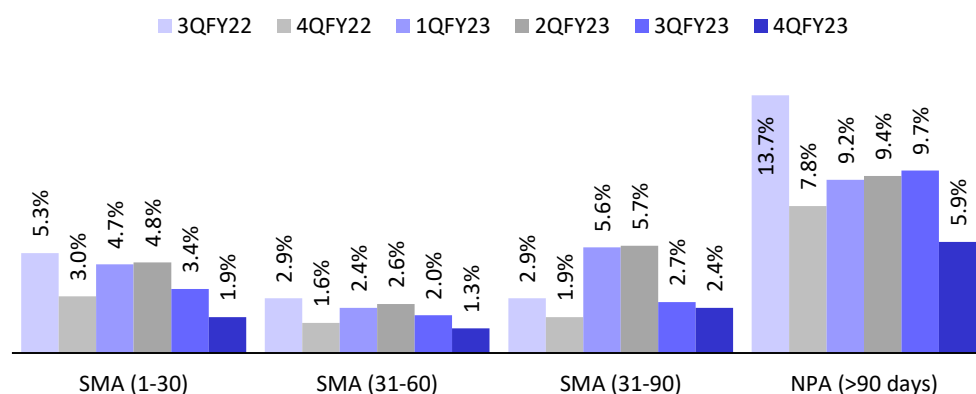
Source: MOFSL, Company

**Exhibit 4: QoQ comparison in MFI collection efficiency**



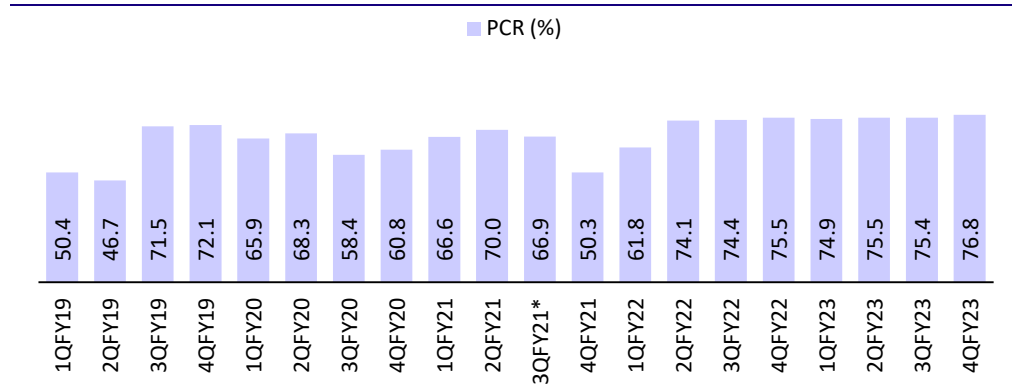
Source: MOFSL, Company

**Exhibit 5: Asset quality trends across buckets in the MFI portfolio**



Source: MOFSL, Company

Exhibit 6: Provision coverage ratio stable at ~77% in 4QFY23



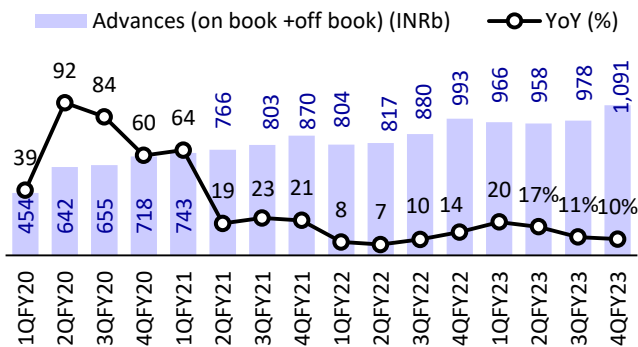
Source: MOFSL, Company

Exhibit 7: DuPont Analysis: Return ratios to pick up strongly from FY24

	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Interest Income	8.1	8.9	8.5	7.3	6.9	6.3	6.7	6.4
Other Income	1.9	2.1	2.1	2.0	2.2	1.7	1.7	1.7
Total Income	10.0	11.0	10.6	9.3	9.1	8.0	8.4	8.1
Operating Expenses	3.5	3.6	3.3	2.7	2.8	3.1	3.4	3.4
Employees	1.8	2.0	1.8	1.6	1.7	1.8	1.9	1.9
Others	1.7	1.6	1.4	1.1	1.1	1.3	1.4	1.4
Operating Profits	6.5	7.4	7.4	6.5	6.3	4.8	5.0	4.7
Core operating Profits	6.4	7.4	7.2	6.3	6.1	4.7	4.9	4.7
Provisions	1.0	1.5	1.9	3.7	6.2	2.8	1.7	1.4
NPA	0.6	1.3	0.8	4.2	4.1	2.7	1.6	1.3
Others	0.4	0.1	1.1	-0.5	2.1	0.1	0.1	0.1
PBT	5.5	6.0	5.5	2.9	0.1	2.0	3.3	3.3
Tax	1.9	2.1	1.4	0.7	0.0	0.5	0.8	0.8
RoA	3.61	3.87	4.08	2.13	0.10	1.49	2.5	2.5
Leverage (x)	5.4	4.9	5.6	6.3	7.3	8.0	8.2	8.5
RoE	19.5	19.0	22.9	13.5	0.7	11.9	20.4	21.2

## Story in charts

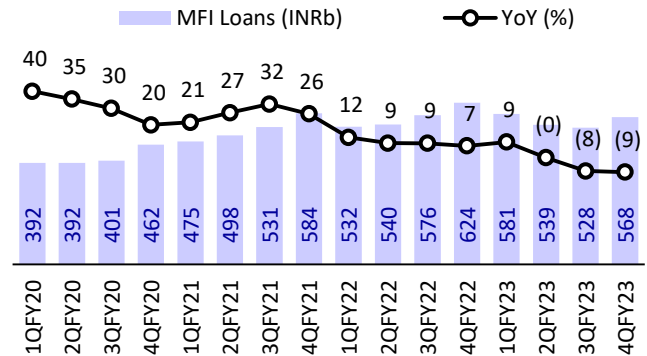
**Exhibit 8: AUM grew 10% YoY (up 12% QoQ) in 4QFY23**



2QFY20-1QFY21 growth not comparable due to its merger with GRUH Finance

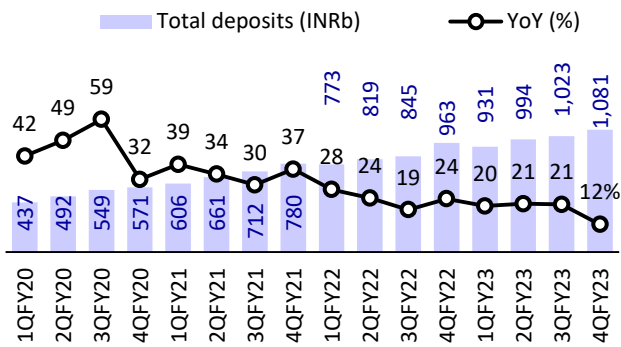
Source: MOFSL, Company

**Exhibit 9: MFI loans declined 9% YoY (up 8% QoQ) in 4QFY23**



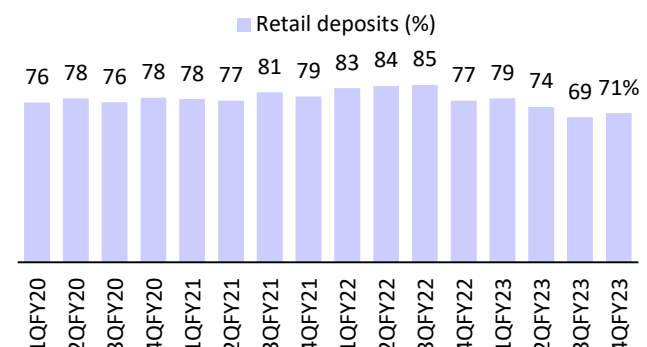
Source: MOFSL, Company

**Exhibit 10: Total deposits rose ~12% YoY to INR1,081b in 4QFY23**



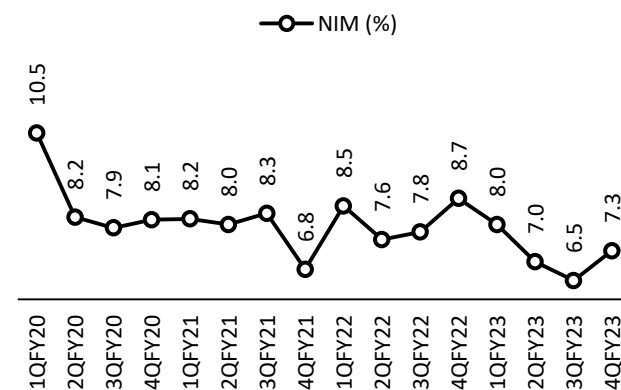
Source: MOFSL, Company

**Exhibit 11: Share of Retail deposits (%) increased to 71% in 4QFY23**



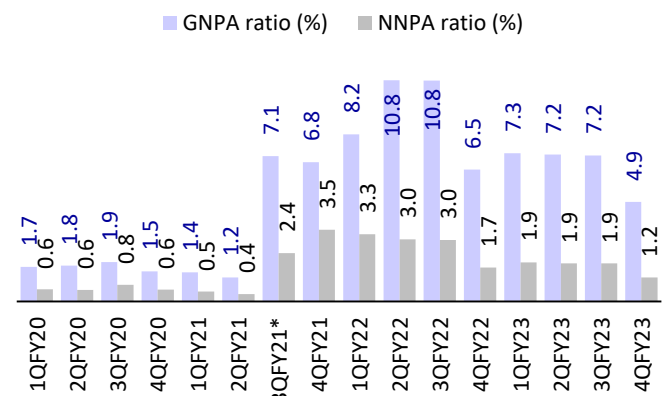
Source: MOFSL, Company

**Exhibit 12: Margin improved 80bp QoQ to 7.3% in 4QFY23**



Source: MOFSL, Company

**Exhibit 13: GNPA/NNPA improved 228bp/69bp to 4.9%/1.2% in 4QFY23**



3QFY21 based on pro-forma numbers

Source: MOFSL, Company



## Financials and valuations

Income Statement						(INR b)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	66.4	108.9	125.2	138.7	159.0	207.5	243.0
Interest Expense	21.5	45.6	49.6	51.6	66.5	94.0	112.3
<b>Net Interest Income</b>	<b>45.0</b>	<b>63.2</b>	<b>75.6</b>	<b>87.1</b>	<b>92.6</b>	<b>113.6</b>	<b>130.7</b>
Growth (%)	48.3	40.7	19.6	15.2	6.3	22.7	15.0
Non-Interest Income	10.6	15.5	20.2	28.2	24.7	29.1	35.0
<b>Total Income</b>	<b>55.6</b>	<b>78.7</b>	<b>95.9</b>	<b>115.4</b>	<b>117.3</b>	<b>142.7</b>	<b>165.6</b>
Growth (%)	48.7	41.6	21.8	20.4	1.7	21.7	16.1
Operating Expenses	18.1	24.3	28.2	35.2	46.4	57.3	68.8
<b>Pre Provision Profits</b>	<b>37.5</b>	<b>54.5</b>	<b>67.7</b>	<b>80.1</b>	<b>70.9</b>	<b>85.4</b>	<b>96.8</b>
Growth (%)	54.2	45.3	24.3	18.4	-11.5	20.4	13.4
<b>Core PPOp</b>	<b>37.1</b>	<b>53.3</b>	<b>65.5</b>	<b>77.4</b>	<b>69.8</b>	<b>84.0</b>	<b>95.2</b>
Growth (%)	55.7	43.7	22.8	18.2	-9.8	20.4	13.3
Provisions (excl tax)	7.4	13.9	38.2	78.8	42.0	28.6	28.5
<b>PBT</b>	<b>30.1</b>	<b>40.5</b>	<b>29.5</b>	<b>1.3</b>	<b>28.9</b>	<b>56.7</b>	<b>68.4</b>
Tax	10.6	10.3	7.4	0.0	7.0	14.3	17.2
Tax Rate (%)	35.2	25.4	25.2	2.2	24.1	25.2	25.2
<b>PAT</b>	<b>19.5</b>	<b>30.2</b>	<b>22.1</b>	<b>1.3</b>	<b>21.9</b>	<b>42.4</b>	<b>51.1</b>
Growth (%)	45.0	54.9	-27.1	-94.3	1,644.6	93.4	20.4

Balance Sheet							
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	11.9	16.1	16.1	16.1	16.1	16.1	16.1
Reserves & Surplus	100.1	135.9	158.0	157.7	179.7	205.0	244.8
<b>Net Worth</b>	<b>112.0</b>	<b>152.0</b>	<b>174.1</b>	<b>173.8</b>	<b>195.8</b>	<b>221.1</b>	<b>260.9</b>
<b>Deposits</b>	<b>432.3</b>	<b>570.8</b>	<b>779.7</b>	<b>963.3</b>	<b>1,080.7</b>	<b>1,307.6</b>	<b>1,595.3</b>
Growth (%)	27.6	32.0	36.6	23.5	12.2	21.0	22.0
<b>of which CASA Dep</b>	<b>176.2</b>	<b>210.3</b>	<b>338.3</b>	<b>400.8</b>	<b>388.0</b>	<b>478.6</b>	<b>595.1</b>
Growth (%)	51.6	19.4	60.9	18.5	-3.2	23.4	24.3
Borrowings	5.2	163.8	169.6	199.2	247.1	284.2	332.5
Other Liabilities & Prov.	14.9	30.6	26.8	52.3	34.1	40.2	48.2
<b>Total Liabilities</b>	<b>564.4</b>	<b>917.2</b>	<b>1,150.2</b>	<b>1,388.7</b>	<b>1,557.7</b>	<b>1,853.1</b>	<b>2,236.9</b>
Current Assets	58.0	83.5	62.3	93.2	82.5	76.7	83.4
<b>Investments</b>	<b>100.4</b>	<b>153.5</b>	<b>251.6</b>	<b>290.8</b>	<b>323.7</b>	<b>391.6</b>	<b>473.9</b>
Growth (%)	19.9	52.9	63.9	15.6	11.3	21.0	21.0
<b>Loans</b>	<b>396.4</b>	<b>666.3</b>	<b>816.1</b>	<b>939.7</b>	<b>1,047.6</b>	<b>1,258.3</b>	<b>1,522.9</b>
Growth (%)	33.4	68.1	22.5	15.1	11.5	20.1	21.0
Fixed Assets	3.3	3.7	4.9	5.9	8.5	9.6	10.7
Other Assets	6.3	10.1	15.3	59.0	95.4	116.9	146.0
<b>Total Assets</b>	<b>564.4</b>	<b>917.2</b>	<b>1,150.2</b>	<b>1,388.7</b>	<b>1,557.7</b>	<b>1,853.1</b>	<b>2,236.9</b>

Asset Quality	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
GNPA	8.2	9.9	57.6	63.8	53.0	44.1	46.1
NNPA	2.3	3.9	28.6	15.6	12.3	10.4	10.6
GNPA Ratio	2.0	1.5	6.8	6.5	4.9	3.4	3.0
NNPA Ratio	0.6	0.6	3.5	1.7	1.2	0.8	0.7
Credit Cost	1.9	2.6	5.2	9.0	4.0	2.3	2.0
PCR (Excl Tech. write off)	72.1	60.8	50.3	75.5	76.8	76.5	77.1

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY21	FY23	FY24E	FY25E
<b>Spread Analysis (%)</b>							
<b>Avg. Yield- on Earning Assets</b>	<b>14.2</b>	<b>15.4</b>	<b>12.7</b>	<b>11.7</b>	<b>11.8</b>	<b>13.3</b>	<b>12.9</b>
Avg. Yield on loans	16.5	17.9	14.7	13.9	14.2	15.7	15.1
Avg. Yield on Investments	6.7	6.6	5.9	5.5	6.4	6.9	7.1
<b>Avg. Cost of Int. Bear. Liab.</b>	<b>6.0</b>	<b>8.3</b>	<b>6.2</b>	<b>5.1</b>	<b>5.6</b>	<b>6.8</b>	<b>6.7</b>
Avg. Cost of Deposits	5.4	6.6	5.9	5.0	5.4	5.7	5.6
<b>Interest Spread</b>	<b>8.2</b>	<b>7.2</b>	<b>6.5</b>	<b>6.6</b>	<b>6.2</b>	<b>6.5</b>	<b>6.1</b>
<b>Net Interest Margin</b>	<b>9.6</b>	<b>9.0</b>	<b>7.7</b>	<b>7.4</b>	<b>6.9</b>	<b>7.3</b>	<b>6.9</b>

### Capitalisation Ratios (%)

CAR	29.2	27.4	23.5	20.1	19.8	18.2	17.4
Tier I	27.9	25.2	22.5	18.9	18.7	17.3	16.7
Tier II	1.3	2.2	1.0	1.2	1.1	0.9	0.7

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	91.7	116.7	104.7	97.6	96.9	96.2	95.5
CASA Ratio	40.8	36.8	43.4	41.6	35.9	36.6	37.3
Cost/Assets	3.2	2.6	2.4	2.5	3.0	3.1	3.1
Cost/Total Income	32.6	30.8	29.4	30.5	39.5	40.2	41.5
Cost/Core income	32.8	31.3	30.1	31.3	39.9	40.6	41.9
Int. Expense/Int. Income	32.3	41.9	39.6	37.2	41.8	45.3	46.2
Fee Income/Total Income	18.4	18.2	18.8	22.1	20.1	19.5	20.1
Non Int. Inc./Total Income	19.1	19.7	21.1	24.5	21.0	20.4	21.1
Empl. Cost/Total Expense	55.7	56.3	59.1	60.6	58.6	57.8	57.8
Investment/Deposit Ratio	23.2	26.9	32.3	30.2	29.9	29.9	29.7

### Profitability Ratios and Valuation

RoE	19.0	22.9	13.5	0.7	11.9	20.4	21.2
RoA	3.9	4.1	2.1	0.1	1.5	2.5	2.5
RoRWA	5.6	6.2	3.3	0.2	2.2	3.7	3.6
Book Value (INR)	94	94	108	108	122	137	162
Growth (%)	19.4	0.5	14.5	-0.2	12.7	12.9	18.0
<b>Price-BV (x)</b>	<b>2.5</b>	<b>2.5</b>	<b>2.2</b>	<b>2.2</b>	<b>2.0</b>	<b>1.7</b>	<b>1.5</b>
Adjusted BV (INR)	93	93	96	101	116	133	157
<b>Price-ABV (x)</b>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>	<b>2.4</b>	<b>2.0</b>	<b>1.8</b>	<b>1.5</b>
EPS (INR)	16.4	21.6	13.7	0.8	13.6	26.4	31.7
Growth (%)	39.1	31.9	-36.5	-94.3	1,644.5	93.4	20.4
<b>Price-Earnings (x)</b>	<b>14.5</b>	<b>11.0</b>	<b>17.4</b>	<b>304.7</b>	<b>17.5</b>	<b>9.0</b>	<b>7.5</b>
Dividend Per Share (INR)	1.2	3.8	1.0	0.0	4.7	5.9	7.1
<b>Dividend Yield (%)</b>	<b>0.5</b>	<b>1.6</b>	<b>0.4</b>	<b>0.0</b>	<b>2.0</b>	<b>2.5</b>	<b>3.0</b>

E: MOFSL Estimates

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