

Federal Bank

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	FB IN
Equity Shares (m)	2120
M.Cap.(INRb)/(USDb)	349.3 / 4.2
52-Week Range (INR)	153 / 121
1, 6, 12 Rel. Per (%)	2/5/-1
12M Avg Val (INR M)	1905

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
NII	72.3	84.2	104.7
OP	47.9	55.1	70.1
NP	30.1	35.9	44.0
NIM (%)	3.5	3.4	3.5
EPS (INR)	14.3	16.1	18.8
EPS Gr. (%)	54.8	12.7	16.6
BV/Sh. (INR)	102	118	134
ABV/Sh. INR)	94	111	127

Ratios

ROE (%)	14.9	14.6	14.9
ROA (%)	1.3	1.3	1.3

Valuations

P/E(X)	10.4	9.2	7.9
P/BV (X)	1.5	1.3	1.1
P/ABV (X)	1.6	1.3	1.2

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	0.0	0.0	0.0
DII	45.7	41.8	43.7
FII	27.8	27.1	27.3
Others	26.6	31.1	29.0

FII Includes depository receipts

CMP: INR148

TP: INR170 (+15%)

Buy

PPoP in line; lower provisions drive earnings beat

Guides FY24E NIM at 3.25%

- FB reported a healthy quarter, with a 14% beat on Profitability, driven by lower provisions and healthy 'other income'. While NII stood in line, NIMs marginally improved 1bp QoQ to 3.16%.
- Advances growth was healthy at 21% YoY/5% QoQ, led by healthy growth in retail and commercial banking. Deposits growth remained healthy at 23% YoY/4.7% QoQ, aided by healthy traction in Term deposits. Thus, CASA ratio moderated to 31.2%.
- Slippages stood at INR3.7b, led by lower slippages in retail and agri, which resulted in a decline in GNPA/NNPA ratio to 2.3%/0.6%. Restructured book declined ~14bp QoQ to 1.3%.
- FB reported healthy RoA/RoE of 1.4%/15.7% in 2QFY24. We fine-tune our estimates and estimate FB to deliver RoA/RoE of 1.3%/14.9% in FY25. **We reiterate our BUY rating on the stock.**

Robust growth across segments; PCR healthy at ~71%

- FB reported better-than-estimated profitability at INR 9.5b (up 36% YoY, 14% beat), driven by contained credit cost and healthy 'other income'. NII stood at INR20.5b (in line), while NIMs marginally improved 1bp QoQ to 3.16%.
- Core fees increased 30% YoY/ 15% QoQ, driven by healthy business activity. Treasury gains were lower vs. 1QFY24, but stood healthy at INR0.7b.
- Opex rose 26% YoY (up 8% QoQ) and was largely business volume related. Thus, C/I ratio rose to 52.5% in 2QFY24 vs. 50.9% in 1QFY24. PPoP growth moderated to 9% YoY (Core PPoP growth at 10% YoY).
- On the overall business front, gross advances growth remained healthy at 20% YoY/5% QoQ to INR 1.96t, led by healthy growth in retail and commercial banking. Retail grew at 6% QoQ, Commercial/Agri growth stood healthy at 7%/8% QoQ, whereas corporate growth stood at 1.4% QoQ. Deposits growth stood healthy at 23% YoY (up 4.7% QoQ), driven by faster growth in TDs, resulting in 68bp QoQ decline in CASA ratio to 31.2%.
- Lower slippages of INR3.7b, coupled with healthy upgrades, led to decline in GNPA/NNPA ratios by 11bp/10bp to 2.3%/0.6%. Specific PCR stood healthy at 72%. Restructured loans declined to INR24.2b (1.3% of total loans).

Highlights from the management commentary

- FB expects the full-year (FY24) NIM to be 3.25%.
- C/I ratio to be ~50% by FY25; however, RoA is expected to remain steady.
- The bank has maintained credit cost guidance of 40bp for FY24.
- Opex grew, driven by expenses related to higher business volumes and marketing spends. The company will maintain its focus on branding initiatives and expanding its branch network.

Valuation and view

FB reported a healthy quarter, characterized by strong business growth and robust asset quality. Steady NII growth coupled with controlled provisions and robust fee income drove healthy earnings beat. Margins remained stable after reporting a decline over the previous two quarters and the management guided for improved trajectory in 2HFY24, led by robust growth in high-yielding business segments. We raise our earnings by 3%/4%, reflecting healthy business growth and robust 'other income'. We estimate FB to deliver RoA/RoE of 1.3%/14.9% in FY25. **We reiterate our BUY rating on the stock with a TP of INR170 (1.3x FY25E ABV).**

Quarterly performance

	FY23				FY24E				FY23	FY24E	FY24E	(INR b) V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Interest Income	16.0	17.6	19.6	19.1	19.2	20.6	21.7	22.7	72.3	84.2	20.3	1.4
% Change (YoY)	13.1	19.1	27.1	25.2	19.6	16.7	11.0	18.9	21.3	16.4	15.1	
Other Income	4.5	6.1	5.3	7.3	7.3	7.3	7.1	7.6	23.3	29.4	6.8	8.0
Total Income	20.6	23.7	24.9	26.4	26.5	27.9	28.8	30.3	95.6	113.5	27.1	3.0
Operating Expenses	10.8	11.6	12.2	13.1	13.5	14.6	15.0	15.3	47.7	58.5	13.9	5.0
Operating Profit	9.7	12.1	12.7	13.3	13.0	13.2	13.8	15.0	47.9	55.1	13.1	0.9
% Change (YoY)	-14.1	32.9	39.4	67.2	33.8	9.3	8.5	12.1	27.6	14.8	8.2	
Provisions	1.7	2.7	2.0	1.2	1.6	0.4	2.2	2.7	11.4	6.9	1.9	-77.1
Profit before Tax	8.1	9.4	10.8	12.2	11.5	12.8	11.6	12.3	36.6	48.2	11.2	14.3
Tax	2.1	2.4	2.7	3.2	2.9	3.3	2.9	3.2	6.5	12.3	2.8	15.7
Net Profit	6.0	7.0	8.0	9.0	8.5	9.5	8.7	9.1	30.1	35.9	8.4	13.8
% Change (YoY)	63.5	52.9	54.0	67.0	42.1	35.5	8.2	1.1	59.3	19.2	19.1	
Operating Parameters												
Deposit (INR b)	1,834	1,891	2,014	2,134	2,225	2,329	2,402	2,497	2,134	2,497	2,329	0.0
Loan (INR b)	1,517	1,612	1,682	1,744	1,835	1,928	1,995	2,083	1,744	2,083	1,930	-0.1
Deposit Growth (%)	8.2	10.0	14.8	17.4	21.3	23.1	19.3	17.0	17.4	17.0	23.1	0.0
Loan Growth (%)	16.9	20.0	19.5	20.4	21.0	19.6	18.6	19.4	20.4	19.4	19.7	-0.1
Asset Quality												
Gross NPA (%)	2.7	2.5	2.4	2.4	2.4	2.3	2.2	2.0	2.4	2.0	2.3	0.0
Net NPA (%)	0.9	0.8	0.7	0.7	0.7	0.6	0.7	0.5	0.8	0.5	0.7	0.0
PCR (%)	65.8	68.7	70.4	71.2	71.3	72.3	70.7	73.0	68.4	73.0	71.2	1.1

E: MOFSL Estimates

Quarterly snapshot

INRm	FY22				FY23				FY24		Change (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Interest Income	33,557	33,793	34,426	34,832	36,289	40,208	44,333	47,207	50,245	54,553	36	9
Advances	26,711	26,749	27,293	27,545	28,868	32,227	35,849	37,974	40,396	43,555	35	8
Investment	5,906	5,812	5,740	5,929	6,295	6,674	7,207	7,780	8,149	8,940	34	10
Others	940	1,232	1,393	1,359	1,126	1,307	1,277	1,453	1,701	2,058	57	21
Interest Expenses	19,373	18,998	19,037	19,580	20,244	22,590	24,767	28,115	31,059	33,989	50	9
Net Interest Income	14,184	14,794	15,389	15,252	16,045	17,618	19,565	19,093	19,186	20,564	16.7	7.2
Other Income	6,483	4,917	4,842	4,650	4,526	6,095	5,340	7,339	7,324	7,304	19.8	-0.3
Trading profits	3,940	1,190	720	120	120	700	-90	1,920	1,970	700	0.0	-64.5
Forex Income	410	500	500	680	630	940	800	260	300	820	-12.8	173.3
Other Non interest inc.	2,133	3,227	3,622	3,850	3,776	4,455	4,630	5,159	5,054	5,784	29.8	14.4
Total Income	20,667	19,711	20,231	19,902	20,571	23,714	24,905	26,432	26,510	27,868	17.5	5.1
Operating Expenses	9,334	10,590	11,088	11,920	10,838	11,591	12,163	13,086	13,487	14,624	26.2	8.4
Employee	5,283	5,719	5,831	6,373	4,993	5,156	5,608	5,972	6,167	6,263	21.5	1.6
Others	4,051	4,871	5,257	5,548	5,844	6,435	6,555	7,114	7,319	8,361	29.9	14.2
Operating Profits	11,333	9,121	9,143	7,982	9,734	12,122	12,742	13,346	13,024	13,245	9.3	1.7
Core Operating Profits	7,393	7,931	8,423	7,862	9,614	11,422	12,832	11,426	11,054	12,545	9.8	13.5
Provisions	6,399	2,926	2,140	752	1,667	2,679	1,987	1,167	1,556	439	-83.6	-71.8
NPA provisions	4,590	-650	750	950	1,500	2,050	1,567	796	1,820	610	-70.2	-66.5
PBT	4,934	6,195	7,003	7,230	8,067	9,444	10,755	12,179	11,468	12,806	35.6	11.7
Taxes	1,261	1,592	1,786	1,824	2,060	2,407	2,719	3,153	2,930	3,267	35.8	11.5
PAT	3,673	4,603	5,217	5,405	6,007	7,037	8,036	9,026	8,537	9,538	35.5	11.7
Balance sheet (INR b)												
Deposits	1,694	1,720	1,754	1,817	1,834	1,891	2,014	2,134	2,225	2,329	23.1	4.7
CASA Deposits	590	622	643	671	675	689	690	697	709	726	5.4	2.4
% of overall Deposits	34.8	36.2	36.7	36.9	36.8	36.4	34.2	32.7	31.9	31.2	-524.0	-68.0
Investments	374	370	375	392	412	436	463	490	519	552	26.6	6.2
Advances	1,298	1,344	1,407	1,449	1,517	1,612	1,682	1,744	1,835	1,928	19.6	5.1
Retail	436	443	457	479	499	525	539	542	585	620	18.0	6.0
Total Assets	2,000	2,069	2,088	2,209	2,254	2,371	2,505	2,603	2,742	2,874	21.2	4.8
Asset Quality (INR m)												
GNPA	46,493	44,458	44,013	41,367	41,553	40,311	41,479	41,838	44,348	44,361	10.0	0.0
NNPA	15,932	15,024	14,712	13,926	14,203	12,624	12,286	12,050	12,746	12,298	-2.6	-3.5
Slippages	6,890	3,390	4,530	3,990	4,630	3,900	4,120	4,540	5,010	3,730	-4.4	-25.5
Ratios												
	FY22				FY23				FY24		Change (bp)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	3Q	1Q	2Q	YoY	QoQ
GNPA	3.5	3.2	3.1	2.8	2.7	2.5	2.4	2.4	2.4	2.3	-20	-11
NNPA	1.2	1.1	1.1	1.0	0.9	0.8	0.7	0.7	0.7	0.6	-14	-10
PCR (Calculated)	66	66	67	66	66	69	70	71	71	72	359	102
Slippage Ratio	2.2	1.1	1.4	1.2	1.3	1.1	1.0	1.0	1.2	0.8	-21	-35
Credit Cost	1.5	-0.2	0.2	0.3	0.4	0.6	0.4	0.2	0.4	0.1	-42	-30
Business Ratios (%)												
Fees to Total Income	10.3	16.4	17.9	19.3	18.4	18.8	18.6	19.5	19.1	20.8	196.8	169.1
Cost to Core Income	57.2	58.8	58.3	62.4	54.7	52.5	50.3	54.0	55.6	55.5	299.1	-13.5
Tax Rate	25.6	25.7	25.5	25.2	25.5	25.5	25.3	25.9	25.6	25.5	3.0	-3.8
Loan/Deposit	76.6	78.1	80.2	79.8	82.7	85.2	83.5	81.8	82.5	82.8	-244.6	33.3
CAR	14.6	15.0	14.4	15.8	14.6	13.8	13.4	14.8	14.3	15.5	166.0	122.0
Tier I	13.9	14.1	13.5	14.4	13.3	12.6	12.1	13.0	12.5	13.8	117.0	125.0
Profitability Ratios (%)												
Yield on loans	8.2	8.1	8.0	7.9	7.9	8.3	8.8	9.1	9.2	9.4	106	14
Yield On Investments	6.5	6.3	6.4	6.2	6.4	6.6	6.9	7.1	7.0	7.2	61	24
Yield on Funds	7.7	7.6	7.6	7.5	7.8	8.2	8.8	9.0	9.2	9.5	128	28
Cost of Funds	4.3	4.2	4.1	4.0	4.1	4.5	4.7	5.2	5.4	5.6	115	21
Cost of Deposits	4.5	4.3	4.3	4.3	4.2	4.4	4.6	5.1	5.3	5.5	116	20
NIM	3.2	3.2	3.3	3.2	3.2	3.3	3.5	3.3	3.2	3.2	-14	1
RoA	0.8	0.9	1.0	1.0	1.1	1.2	1.3	1.5	1.3	1.4	15	6
RoE	9.0	10.7	11.6	11.9	12.7	14.4	15.9	17.5	15.7	15.7	136	-1
Others												
Branches	1,272	1,272	1,274	1,282	1,291	1,305	1,333	1,355	1,366	1,389	8,400	2,300
ATMs	1,953	1,874	1,882	1,885	1,860	1,876	1,896	1,916	1,920	1,937	6,100	1,700



Highlights from the management commentary

Balance sheet related

- The bank has seen a sequential growth and the bank is confident of sustaining its growth momentum.
- NII for the quarter grew 7% sequentially; credit grew about 5%.
- The bank expects the full-year (FY24) NIM to be 3.25%.
- It has guided for ROA of 1.4% by FY25.
- The company aims to achieve a C/I ratio of ~50% by FY25 likely to be sticky due to ROA expansion.
- The bank expects 18-20bp increase in the cost of deposit going forward.
- 3-4bps of ICRR offset by capital increase in current quarter.
- Growth in advances is expected to be ~18-20% in FY24.
- LCR ratio stood at 121% in 2QFY24. Cost-to-asset ratio is expected to sustain.
- Loan mix by benchmark - Fixed rate book is 26%, EBLR is 51%.
- Yield on advances stood at 9.35% in 2QFY24.
- Opex grew due to volume-related expenses and marketing spends of ~50cr. The company's focus will continue to be on branding initiatives and expanding its branch network.
- NRE term deposit up 10.14% and the bank has a significant market share in it.
- NRO and FCNR accounts are not significant players at the moment, but the company is actively working on expanding their presence. However, FCNR has experienced a decline in market share.
- Term deposit grew 33% YoY and NR savings seen declined; remittance steadily increasing.
- NR business shifting towards consumption, indicating a significant structural change in the market dynamics.
- The bank anticipates similar growth in both credit and NII, and growth in variable expenses also to remain similar.
- The bank has achieved a significant market share growth of ~8.45% in NRE deposits.
- The bank is fully funded on pensions and have no lag on the same.
- The bank expects Fee income runrate to sustain in FY24.
- People are transitioning to term deposits from SA deposits due to rate difference.

P&L and asset quality related

- The bank has given credit cost guidance of 40bp for FY24.
- SMA book is at the lowest this quarter and no one-off events have been observed in this quarter.
- The bank is focusing on A-rated category of customers.
- High margin lending products of the bank: Credit cards, Personal loans, MSME, CV/CE and Micro Finance.
- Digital transactions have seen a 51% YoY growth.

Covid-related restructuring stood at INR24.2b (1.9% of loans)

Exhibit 1: Net stressed loans moderated to 1.9% of loans

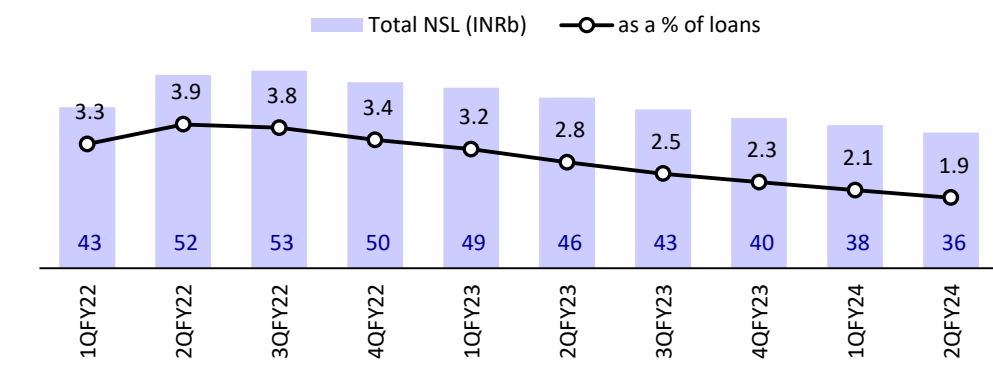


Exhibit 2: Slippages came in at INR3.7b (including an increase in the balance of existing NPAs) due to decrease in Retail/Agri slippages in 2QFY24

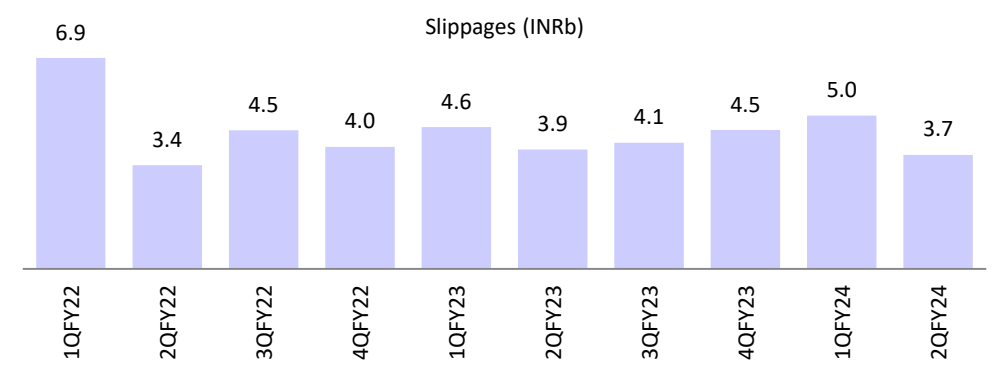


Exhibit 3: Corporate book stood at ~35% of total loans

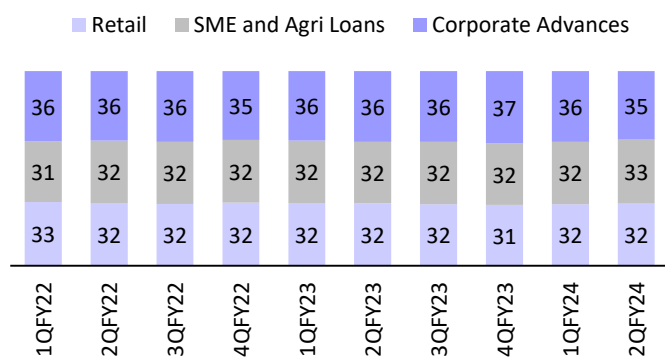
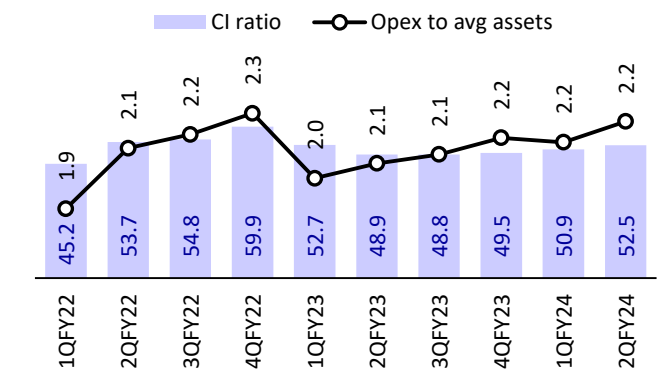


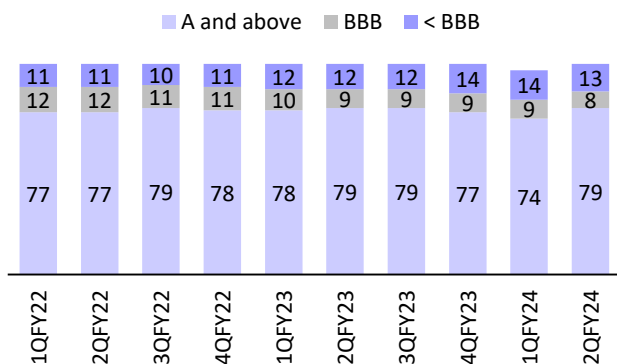
Exhibit 4: C/I ratio stood at ~52.5% in 2QFY24



Sources: MOFSL, Company

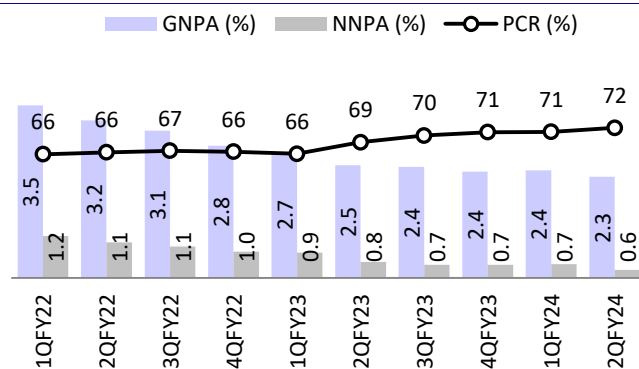
Sources: MOFSL, Company

Exhibit 5: Share of 'A and above' book increased to 79%



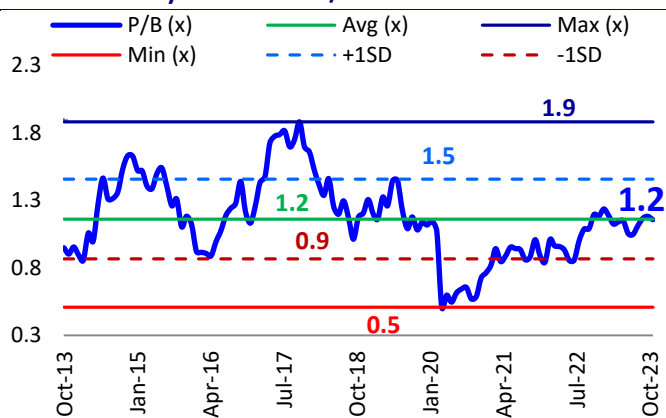
Sources: MOFSL, Company

Exhibit 6: GNPA/NNPA ratio flat QoQ at 2.3%/0.6%; Calculated PCR at ~72%



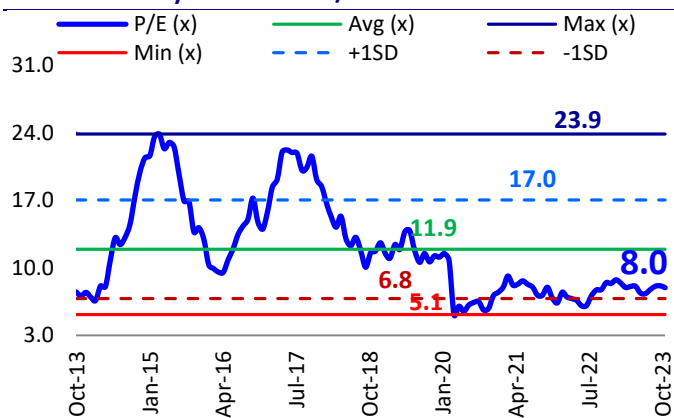
Sources: MOFSL, Company

Exhibit 7: One-year forward P/B ratio



Sources: MOFSL, Company

Exhibit 8: One-year forward P/E ratio



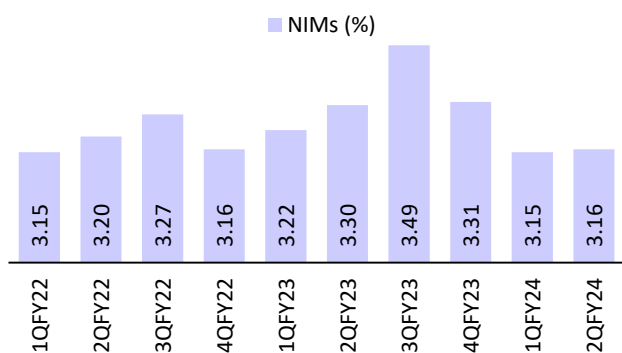
Sources: MOFSL, Company

Exhibit 9: DuPont Analysis: Expect return ratios to improve gradually

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	7.70	7.67	7.77	7.20	6.47	6.98	7.56	7.70
Interest Expense	4.87	4.87	5.04	4.31	3.65	3.98	4.58	4.55
Net Interest Income	2.83	2.81	2.73	2.90	2.82	3.01	2.97	3.15
Core Fee Income	0.73	0.75	0.78	0.70	0.85	0.96	1.02	1.04
Trading and others	0.19	0.15	0.36	0.33	0.14	0.01	0.01	0.01
Non Interest income	0.92	0.91	1.14	1.03	0.99	0.97	1.04	1.05
Total Income	3.74	3.71	3.87	3.92	3.81	3.97	4.01	4.20
Operating Expenses	1.94	1.86	1.99	1.93	2.03	1.98	2.06	2.09
Employee cost	0.98	0.93	1.04	1.07	1.10	0.90	0.94	0.93
Others	0.95	0.93	0.94	0.87	0.93	1.08	1.13	1.16
Operating Profits	1.81	1.86	1.89	1.99	1.78	1.99	1.94	2.11
Core Operating Profits	1.62	1.70	1.53	1.66	1.64	1.98	1.93	2.10
Provisions	0.75	0.58	0.69	0.87	0.58	0.47	0.24	0.33
PBT	1.06	1.28	1.20	1.12	1.20	1.52	1.70	1.78
Tax	0.37	0.45	0.29	0.29	0.31	0.27	0.43	0.45
RoA	0.69	0.84	0.91	0.83	0.89	1.25	1.27	1.32
Leverage (x)	12.0	11.7	12.2	12.5	12.1	11.9	11.5	11.2
RoE	8.3	9.8	11.1	10.4	10.8	14.9	14.6	14.9

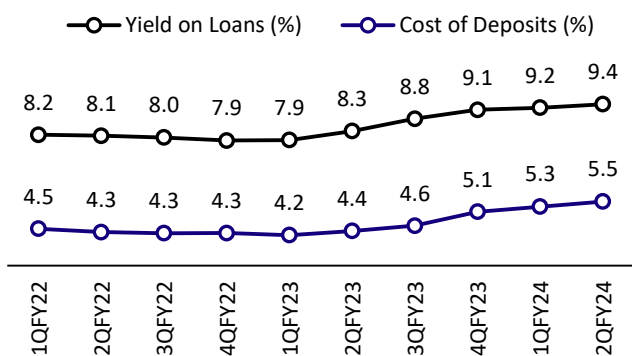
Story in charts

Exhibit 10: NIMs stood at 3.16% in 2QFY24



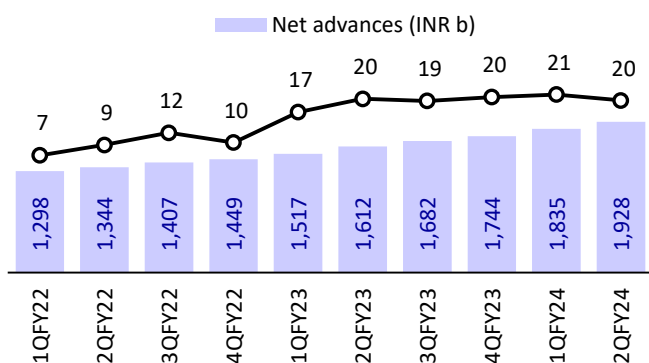
Sources: MOFSL, Company

Exhibit 11: YoA up 14bp QoQ; CoD up 20bp QoQ



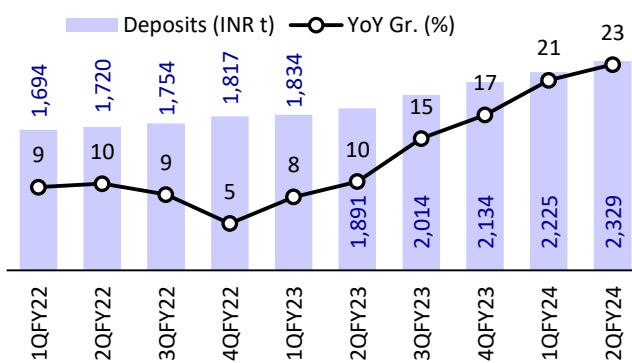
Sources: MOFSL, Company

Exhibit 12: Loan book grew 20% YoY and 5% QoQ



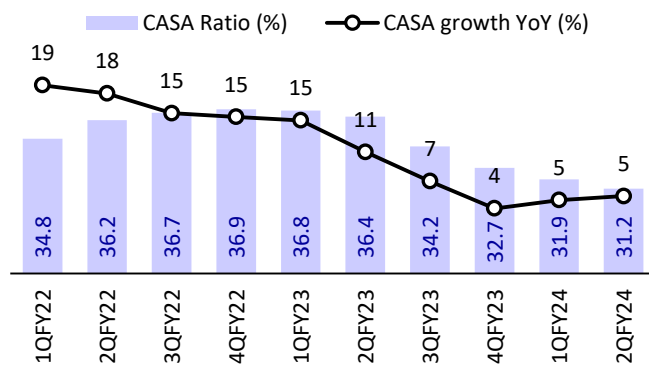
Sources: MOFSL, Company

Exhibit 13: Deposits grew ~23% YoY and ~4.7% QoQ



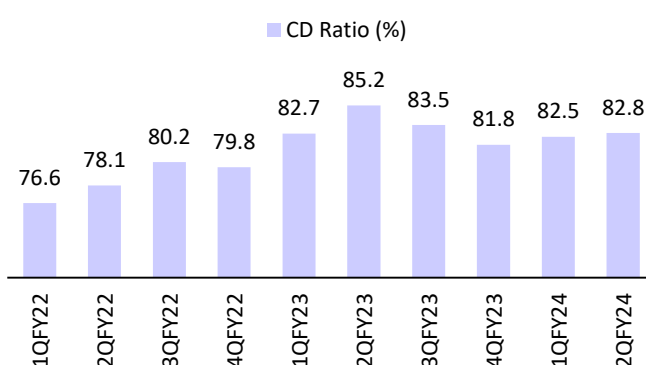
Sources: MOFSL, Company

Exhibit 14: CASA ratio moderated ~68bp QoQ to 31.2%



Sources: MOFSL, Company

Exhibit 15: CD Ratio stood at 82.8% in 2QFY24



Sources: MOFSL, Company

Financials and valuations

Income Statement							(INRm)		
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	97,529	1,14,190	1,32,108	1,37,579	1,36,608	1,68,036	2,14,031	2,56,048	2,96,942
Interest Expense	61,701	72,427	85,618	82,242	76,988	95,715	1,29,869	1,51,398	1,73,153
Net Interest Income	35,828	41,763	46,489	55,337	59,620	72,322	84,162	1,04,651	1,23,789
Growth (%)	17.4	16.6	11.3	19.0	7.7	21.3	16.4	24.3	18.3
Non Interest Income	11,591	13,510	19,314	19,587	20,891	23,300	29,358	34,936	41,574
Total Income	47,419	55,274	65,803	74,924	80,510	95,622	1,13,520	1,39,587	1,65,363
Growth (%)	14.7	16.6	19.0	13.9	7.5	18.8	18.7	23.0	18.5
Operating Expenses	24,509	27,643	33,756	36,917	42,932	47,678	58,467	69,459	82,178
Pre Provision Profits	22,910	27,631	32,047	38,007	37,579	47,944	55,053	70,128	83,185
Growth (%)	19.0	20.6	16.0	18.6	-1.1	27.6	14.8	27.4	18.6
Core PPP	20,521	25,347	25,969	31,781	34,550	47,647	54,696	69,700	82,671
Growth (%)	27.0	23.5	2.5	22.4	8.7	37.9	14.8	27.4	18.6
Provisions (excl tax)	9,472	8,559	11,722	16,634	12,218	11,375	6,873	11,048	13,010
PBT	13,439	19,073	20,325	21,373	25,361	36,569	48,180	59,079	70,175
Tax	4,650	6,634	4,898	5,470	6,463	6,463	12,286	15,065	17,895
Tax Rate (%)	34.6	34.8	24.1	25.6	25.5	17.7	25.5	25.5	25.5
PAT	8,789	12,439	15,428	15,903	18,898	30,106	35,894	44,014	52,280
Growth (%)	5.8	41.5	24.0	3.1	18.8	59.3	19.2	22.6	18.8

Balance Sheet									
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	3,944	3,970	3,985	3,992	4,205	4,232	4,693	4,693	4,693
Reserves & Surplus	1,18,158	1,28,760	1,41,191	1,57,252	1,83,733	2,10,830	2,72,200	3,10,348	3,56,761
Net Worth	1,22,102	1,32,730	1,45,176	1,61,245	1,87,938	2,15,062	2,76,894	3,15,041	3,61,455
Deposits	11,19,925	13,49,543	15,22,901	17,26,445	18,17,006	21,33,860	24,96,617	29,46,008	34,76,289
Growth (%)	14.7	20.5	12.8	13.4	5.2	17.4	17.0	18.0	18.0
- CASA Dep	3,76,867	4,37,314	4,67,743	5,87,126	6,74,710	7,01,204	7,71,455	9,25,046	11,08,936
Growth (%)	17.6	16.0	7.0	25.5	14.9	3.9	10.0	19.9	19.9
Borrowings	1,15,335	77,813	1,03,724	90,685	1,53,931	1,93,193	2,22,172	2,53,276	2,88,735
Other Liabilities & Prov.	25,777	33,313	34,579	35,299	50,588	61,303	66,207	71,503	77,224
Total Liabilities	13,83,140	15,93,400	18,06,380	20,13,674	22,09,463	26,03,418	30,61,889	35,85,828	42,03,702
Current Assets	92,034	1,00,668	1,25,746	1,95,914	2,10,103	1,76,887	1,68,565	1,88,758	2,22,136
Investments	3,07,811	3,18,245	3,58,927	3,71,862	3,91,795	4,89,833	5,78,003	6,82,044	8,04,812
Growth (%)	9.2	3.4	12.8	3.6	5.4	25.0	18.0	18.0	18.0
Loans	9,19,575	11,02,230	12,22,679	13,18,786	14,49,283	17,44,469	20,82,896	24,66,149	29,10,055
Growth (%)	25.4	19.9	10.9	7.9	9.9	20.4	19.4	18.4	18.0
Fixed Assets	4,574	4,720	4,800	4,911	6,339	9,340	9,807	10,297	10,812
Other Assets	59,146	67,537	94,229	1,22,201	1,51,942	1,82,889	2,22,618	2,38,580	2,55,886
Total Assets	13,83,140	15,93,400	18,06,380	20,13,674	22,09,463	26,03,418	30,61,889	35,85,828	42,03,702

Asset Quality									
GNPA (INR m)	27,956	32,607	35,308	46,024	41,367	41,838	41,551	47,042	53,090
NNPA (INR m)	15,520	16,262	16,072	15,693	13,926	13,233	11,208	11,318	10,986
Slippages (INR m)	22,007	16,680	19,188	19,219	18,808	17,191	21,051	25,020	29,569
GNPA Ratio	3.0	2.9	2.8	3.4	2.8	2.4	2.0	1.9	1.8
NNPA Ratio	1.7	1.5	1.3	1.2	1.0	0.8	0.5	0.5	0.4
Slippage Ratio	2.7	1.6	1.7	1.5	1.4	1.1	1.1	1.1	1.1
Credit Cost	1.1	0.8	1.0	1.3	0.9	0.7	0.3	0.5	0.5
PCR (Excl Tech. write off)	44.5	50.1	54.5	65.9	66.3	68.4	73.0	75.9	79.3

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Yield and Cost Ratios (%)									
Avg. Yield-Earning Assets	8.4	8.4	8.5	8.0	7.4	8.0	8.5	8.6	8.4
Avg. Yield on loans	9.1	9.0	9.2	8.5	7.8	8.4	9.0	9.1	8.9
Avg. Yield on Investments	6.6	6.6	6.6	6.6	6.3	6.5	7.1	7.1	7.1
Avg. Cost-Int. Bear. Liab.	5.4	5.4	5.6	4.8	4.1	4.5	5.1	5.1	5.0
Avg. Cost of Deposits	5.5	5.5	5.6	4.8	4.1	4.4	5.1	5.1	5.0
Avg. Cost of Borrowings	5.1	5.2	5.1	4.3	3.0	5.5	5.4	5.2	5.2
Interest Spread	3.0	2.9	2.9	3.2	3.3	3.6	3.4	3.4	3.4
Net Interest Margin	3.1	3.1	3.0	3.2	3.2	3.5	3.4	3.5	3.5

Capitalization Ratios (%)

CAR	14.9	14.4	14.4	14.6	15.8	14.8	15.1	14.3	13.6
Tier I	14.4	13.7	13.3	13.9	14.4	13.0	13.7	13.1	12.7
Tier II	0.5	0.8	1.1	0.8	1.3	1.8	1.4	1.2	0.9
CET-1	14.2	13.4	13.3	13.9	14.4	13.0			

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	82.1	81.7	80.3	76.4	79.8	81.8	83.4	83.7	83.7
CASA Ratio	33.7	32.4	30.7	34.0	37.1	32.9	30.9	31.4	31.9
Cost/Assets	1.8	1.7	1.9	1.8	1.9	1.8	1.9	1.9	2.0
Cost/Total Income	51.7	50.0	51.3	49.3	53.3	49.9	51.5	49.8	49.7
Cost/Core Income	54.4	52.2	56.5	53.7	55.4	50.0	51.7	49.9	49.9
Int. Expense/Int. Income	63.3	63.4	64.8	59.8	56.4	57.0	60.7	59.1	58.3
Fee Income/Net Income	19.4	20.3	20.1	17.8	22.2	24.1	25.5	24.7	24.8
Non Int. Inc./Net Income	24.4	24.4	29.4	26.1	25.9	24.4	25.9	25.0	25.1
Empl. Cost/Op. Exps.	50.7	49.8	52.5	55.1	54.1	45.6	45.3	44.7	43.8
Busi. per Empl. (INR m)	155.0	187.6	229.0	241.8	255.4	288.2	324.1	364.8	410.0
NP per Empl. (INR lac)	8.5	10.5	12.9	1.3	1.5	2.2	2.5	3.0	3.4
Investment/Deposit Ratio	27.5	23.6	23.6	21.5	21.6	23.0	23.2	23.2	23.2
G-Sec/Investment Ratio	79.5	85.9	88.7	88.4	89.1	86.6	86.6	86.6	86.6

Valuation

RoE	8.3	9.8	11.1	10.4	10.8	14.9	14.6	14.9	15.5
RoA	0.7	0.8	0.9	0.8	0.9	1.3	1.3	1.3	1.3
RoRWA	1.0	1.3	1.4	1.4	1.5	1.9	1.9	1.9	1.9
Book Value (INR)	62	67	73	81	89	102	118	134	154
Growth (%)	21.9	8.0	9.0	10.9	10.7	13.7	16.1	13.8	14.7
Price-BV (x)	2.4	2.2	2.0	1.8	1.7	1.5	1.3	1.1	1.0
Adjusted BV (INR)	54	59	65	73	82	94	111	127	146
Price-ABV (x)	2.7	2.5	2.3	2.0	1.8	1.6	1.3	1.2	1.0
EPS (INR)	4.8	6.3	7.8	8.0	9.2	14.3	16.1	18.8	22.3
Growth (%)	-1.3	32.2	23.4	2.8	15.6	54.8	12.7	16.6	18.8
Price-Earnings (x)	31.2	23.6	19.1	18.6	16.1	10.4	9.2	7.9	6.7
Dividend Per Share (INR)	1.1	1.2	1.7	0.7	1.8	7.1	1.9	2.5	2.5
Dividend Yield (%)	0.7	0.8	1.1	0.5	1.2	4.8	1.3	1.7	1.7

E: MOFSL Estimates

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Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.