

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	BOB IN
Equity Shares (m)	5171
M.Cap.(INRb)/(USDb)	1161 / 13.7
52-Week Range (INR)	300 / 191
1, 6, 12 Rel. Per (%)	-12/-15/-23
12M Avg Val (INR M)	3791

#### Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	456.6	484.6	534.6
OP	324.3	348.0	389.0
NP	195.8	204.2	225.6
NIM (%)	2.8	2.7	2.7
EPS (INR)	37.8	39.4	43.6
EPS Gr. (%)	10.1	4.3	10.5
BV/Sh. (INR)	259	272	305
ABV/Sh. (INR)	243	254	285
<b>Ratios</b>			
RoA (%)	1.2	1.1	1.1
RoE (%)	16.4	15.1	15.4

#### Valuations

P/E(X)	6.0	5.7	5.2
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	0.9	0.9	0.8

#### Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	64.0	64.0	64.0
DII	18.2	18.1	16.3
FII	9.0	8.9	12.4
Others	8.8	9.0	7.3

**CMP: INR225**
**TP: INR250 (+11%)**
**Neutral**

#### Business growth steady; near-term margins under watch

##### Slippages increase QoQ

- Bank of Baroda (BOB) reported 4QFY25 PAT at INR50.5b (3% YoY growth, largely in line), though NII missed estimates. NIMs contracted 8bp QoQ to 2.86%.
- NII declined 3.5% QoQ to INR110.2b (5.5% miss), while other income grew 24% YoY to INR52.1b (14% beat), supported by the reversal of SR provisions of INR4.9b.
- Provisions were elevated INR15.5b (3.6% higher than MOFSLe), up 43% QoQ. Business growth was steady at 12% YoY, with advances growth at 13.5% YoY/ 5.1% QoQ, while deposits grew 10.9% YoY/ 5.7% QoQ. CD ratio moderated to 82.2% (down 51bp QoQ).
- Slippages increased 8% QoQ. Higher write-off and better recoveries led to improvement in the GNPA ratio 17bp QoQ to 2.26%, while NNPA improved 1bp QoQ to 0.58%. PCR declined to 75% vs 76% in 3QFY25.
- We tweak our FY26E/FY27E EPS estimates by +0.7%/-1.5% and estimate FY27E RoA/RoE at 1.08%/15.4%. **Reiterate Neutral with a TP of INR250 (0.9x FY'27E ABV).**

#### Advance growth healthy; CD ratio eases slightly to ~82.2%

- PAT grew 3.3% YoY (up 4.3% QoQ) to INR50.5b (inline). NII declined 3.5% QoQ (5.5% miss) as NIMs contracted 8bp QoQ to 2.86%. FY25 PAT stood at INR195.8b (up 10.1% YoY). We expect PAT to grow 4.3% YoY to INR204.2b for FY26.
- Other income grew 24% YoY to INR52.1b (14% beat on MOFSLe), amid better core fee and treasury income and reversal of SR provisions.
- Opex grew 2.8% YoY/ 7.7% QoQ to INR80.9b (in line). PPoP stood at INR81.3b, up 6.1% QoQ/flat YoY (3% miss).
- Provisions came in higher at INR15.5b (up 43% QoQ, 3.6% higher than MOFSLe). PCR declined to 74.9% vs 76% in 3QFY25.
- Advances grew at a healthy 13.5% YoY (up 5.1% QoQ). Among segments, retail book grew faster at 5.5% QoQ, while corporate book grew 6.4% QoQ. In Retail, home loans rose 5.7% QoQ, mortgage loans grew 6.8% QoQ, and gold loans grew faster at 8.3% QoQ.
- Deposits grew 10.9% YoY/5.7% QoQ, led by faster growth in current deposits. Domestic CASA mix, thus, inched up 64bp QoQ to ~40%.
- On the asset quality, slippages increased to 1%. However, recovery and accelerated write-offs led to 17bp QoQ improvement in GNPA ratio to 2.26%. NNPA ratio declined 1bp QoQ to 0.58%. SMA 1/2 declined to 33bp.
- RoA remained flat at 1.16% in 4Q, while RoE came in at 17.49%.

### Highlights from the management commentary

- NIMs are expected to be maintained at 3% in FY26, similar to FY25-exit-quarter levels, with 1Q26 witnessing continued pressure. NIMs are expected to see some improvement from 2HFY26 onwards.
- **Loan book composition** - Repo book stood at 34%, MCLR stood at 45-48%, and Fixed rate loan mix was at low single-digit.
- Segment-wise growth is expected to remain the same. Corporate book is expected to stand at 10% YoY. RAM is expected to grow at 15% YoY.
- There was a recovery from write-off accounts in 4QFY25, with the large corporate account being 100% provided for. Recovery rate in FY26 is expected to be at similar levels as FY25.

### Valuation and view: Reiterate Neutral with a TP of INR250

BOB reported an operationally weak quarter, with NII reporting a miss, while provisions also came in higher. NIMs contracted to 2.86% amid pressure on the cost of funds and yields getting repriced lower. Management expects NIMs for FY26 to remain at the same level as of exit quarter of FY25, with 1H being on the downward bias and recovering in 2HFY26. Business growth was steady, with advance growth at 12% YoY/5.4% QoQ. Slippages were slightly elevated, while PCR declined to 75% vs 76% in 3QFY25. **We tweak our FY26E/FY27E EPS estimates by +0.7%/-1.5% and estimate FY27E RoA/RoE at 1.08%/15.4%. We remain watchful on the elevated CD ratio at 82.2% and higher dependency on the bulk deposits, which are expected to keep NIMs under check. Maintain Neutral rating on the stock with a TP of INR250 (0.9x FY'27E ABV).**

	Quarterly Performance								(INR b)			
	FY24				FY25				FY25	FY26E	FY25E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE	Est	
<b>Net Interest Income</b>	<b>110.0</b>	<b>108.3</b>	<b>111.0</b>	<b>117.9</b>	<b>116.0</b>	<b>116.2</b>	<b>114.2</b>	<b>110.2</b>	<b>456.6</b>	<b>484.6</b>	<b>116.6</b>	<b>-5%</b>
% Change (YoY)	24.4	6.4	2.6	2.3	5.5	7.3	2.8	-6.6	2.1	6.1	-1.1	
Other Income	33.2	41.7	28.1	41.9	24.9	51.8	37.7	52.1	166.5	186.5	45.7	14%
<b>Total Income</b>	<b>143.2</b>	<b>150.0</b>	<b>139.1</b>	<b>159.8</b>	<b>140.9</b>	<b>168.0</b>	<b>151.9</b>	<b>162.3</b>	<b>623.1</b>	<b>671.0</b>	<b>162.2</b>	<b>0%</b>
Operating Expenses	64.9	69.8	69.0	78.8	69.3	73.3	75.2	81.0	298.7	323.0	78.3	3%
<b>Operating Profit</b>	<b>78.2</b>	<b>80.2</b>	<b>70.2</b>	<b>81.1</b>	<b>71.6</b>	<b>94.8</b>	<b>76.6</b>	<b>81.3</b>	<b>324.3</b>	<b>348.0</b>	<b>83.9</b>	<b>-3%</b>
% Change (YoY)	72.8	33.0	-14.8	0.4	-8.5	18.2	9.3	0.3	4.7	7.3	3.5	
Provisions	19.5	21.6	6.7	13.0	10.1	23.4	10.8	15.5	59.8	73.6	15.0	4%
<b>Profit before Tax</b>	<b>58.8</b>	<b>58.6</b>	<b>63.5</b>	<b>68.0</b>	<b>61.5</b>	<b>71.4</b>	<b>65.8</b>	<b>65.8</b>	<b>264.5</b>	<b>274.4</b>	<b>68.9</b>	<b>-5%</b>
Tax	18.1	16.1	17.7	19.2	16.9	19.0	17.4	15.3	68.7	70.3	19.9	-23%
<b>Net Profit</b>	<b>40.7</b>	<b>42.5</b>	<b>45.8</b>	<b>48.9</b>	<b>44.6</b>	<b>52.4</b>	<b>48.4</b>	<b>50.5</b>	<b>195.8</b>	<b>204.2</b>	<b>49.0</b>	<b>3%</b>
% Change (YoY)	87.7	28.4	18.9	2.3	9.5	23.2	5.6	3.3	10.1	4.3	0.2	
<b>Operating Parameters</b>												
Deposit (INR b)	11,999	12,496	12,453	13,270	13,070	13,635	13,925	14,720	14,720	16,457	14,570	1%
Loan (INR b)	9,635	9,980	10,241	10,658	10,479	11,212	11,513	12,096	12,096	13,595	11,947	1%
Deposit Growth (%)	16.2	14.6	8.3	10.2	8.9	9.1	11.8	10.9	10.9	11.8	9.8	
Loan Growth (%)	20.5	19.3	15.0	13.3	8.8	12.3	12.4	13.5	13.5	12.4	12.1	
<b>Asset Quality</b>												
Gross NPA (%)	3.5	3.3	3.1	2.9	2.9	2.5	2.4	2.3	2.3	2.0	2.3	
Net NPA (%)	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.5	
PCR (%)	78.5	77.6	77.7	77.3	76.6	76.3	76.0	74.9	74.9	74.2	76.9	

**Quarterly snapshot**

INR b	FY24				FY25				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
<b>Profit and Loss</b>										
Net Interest Income	110.0	108.3	111.0	117.9	116.0	116.2	114.2	110.2	-6.6	-3.5
Other Income	33.2	41.7	28.1	41.9	24.9	51.8	37.7	52.1	24.3	38.2
Trading profits	9.6	4.8	0.4	5.2	0.9	6.9	7.1	12.5	139.9	76.1
Total Income	143.2	150.0	139.1	159.8	140.9	168.0	151.9	162.3	1.5	6.9
Operating Expenses	64.9	69.8	69.0	78.8	69.3	73.3	75.2	81.0	2.8	7.7
Employee	37.5	37.1	38.1	45.5	40.1	40.4	42.1	43.5	-4.4	3.3
Others	27.4	32.8	30.9	33.3	29.1	32.9	33.1	37.5	12.6	13.1
Operating Profits	78.2	80.2	70.2	81.1	71.6	94.8	76.6	81.3	0.3	6.1
Core Operating Profits	68.7	75.4	69.8	75.9	70.7	87.9	69.6	68.9	-9.2	-1.0
Provisions	19.5	21.6	6.7	13.0	10.1	23.4	10.8	15.5	19.2	43.3
PBT	58.8	58.6	63.5	68.0	61.5	71.4	65.8	65.8	-3.3	0.0
Taxes	18.1	16.1	17.7	19.2	16.9	19.0	17.4	15.3	-20.1	-12.1
PAT	40.7	42.5	45.8	48.9	44.6	52.4	48.4	50.5	3.3	4.3
<b>Balance Sheet (INR b)</b>										
Loans	9,635	9,980	10,241	10,658	10,479	11,212	11,513	12,096	13.5	5.1
Deposits	11,999	12,496	12,453	13,270	13,070	13,635	13,925	14,720	10.9	5.7
CASA Deposits (Domestic)	4,236	4,283	4,343	4,664	4,490	4,584	4,626	4,965	6.4	7.3
- Savings	3,571	3,666	3,698	3,900	3,824	3,875	3,891	4,087	4.8	5.0
- Current	665	618	646	764	667	710	736	878	14.9	19.3
<b>Loan mix (%)</b>										
Retail	18.6	18.9	19.4	19.7	20.8	20.3	20.7	20.9	115	11
MSME	11.0	11.1	11.1	11.0	11.2	11.1	11.2	11.1	13	-15
Agriculture	12.9	12.8	12.8	12.7	13.0	12.6	12.9	12.9	15	-1
Corporate	35.0	34.3	34.6	34.8	33.2	34.0	33.0	33.5	-132	48
Others	4.5	4.4	4.3	4.2	4.2	4.1	4.4	4.7	51	30
<b>Asset Quality (INR b)</b>										
GNPA	348.3	339.7	323.2	318.3	308.7	285.5	284.7	278.3	-12.6	-2.2
NNPA	74.8	76.0	72.1	72.1	72.3	67.6	68.3	69.9	-3.0	2.5
Slippages	27.6	47.5	26.2	32.0	30.2	31.1	29.2	31.6	-1.3	8.4
<b>Asset Quality ratios (%)</b>										
GNPA	3.5	3.3	3.1	2.9	2.9	2.5	2.4	2.3	-66	-17
NNPA	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6	-10	-1
Slippage ratio	1.1	1.9	1.0	1.1	1.1	1.1	0.9	1.0	-13	9
PCR (inc TWO)	93.2	93.2	93.4	93.3	93.3	93.6	93.5	93.3	-1	-22
PCR	78.5	77.6	77.7	77.3	76.6	76.3	76.0	74.9	-247	-116
Credit Cost	0.9	1.0	0.3	0.6	0.4	0.9	0.4	0.5	-5	15
<b>Business Ratios (%)</b>										
CASA Reported	40.3	39.9	40.7	41.3	40.6	39.8	39.3	40.0	-136	64
Loan/Deposit	80.3	79.9	82.2	80.3	80.2	82.2	82.7	82.2	185	-51
Other income to Total Income	23.2	27.8	20.2	26.2	17.7	30.8	24.8	32.1	588	728
Cost to Income	45.4	46.5	49.6	49.3	49.2	43.6	49.5	49.9	61	36
Cost to Asset	1.9	2.0	1.9	2.1	1.8	1.8	1.8	0.0	-207	-185
Tax Rate	30.8	27.4	27.9	28.2	27.5	26.7	26.5	23.3	-489	-321
<b>Capitalisation Ratios (%)</b>										
Tier-1	13.6	13.2	12.7	14.1	14.7	14.2	13.4	14.8	72	135
- CET 1	11.9	11.6	11.1	12.5	13.1	12.7	12.4	13.8	124	140
CAR	15.8	15.3	14.7	16.3	16.8	16.3	16.0	17.2	88	123
RWA / Total Assets	52.0	52.0	52.9	52.2	51.4	51.8	51.5	52.0	-23	43
LCR	153.3	147.3	137.0	120.6	127.3	129.3	125.8	123.0	240	-275
<b>Profitability Ratios (%)</b>										
Yield on loans	8.9	8.9	9.0	9.3	9.0	8.9	8.9	8.8	-49	-11
Cost of Deposits	4.7	4.9	5.0	5.1	5.1	5.1	5.1	5.1	6	4
Margins	3.3	3.1	3.1	3.3	3.2	3.1	2.9	2.9	-41	-8
RoE	20.0	19.7	19.9	20.8	17.5	19.2	17.0	17.5	-334	48
RoA	1.1	1.1	1.2	1.3	1.1	1.3	1.2	1.2	-9	1



## Highlights from the management commentary

### Opening remarks

- FY25 was a robust and stable year, with global business growing to INR17t.
- The bank has posted the highest-ever profit on Consol and standalone basis.
- Domestic advances grew 13.7%, while retail grew by 19.4%. Agri and SME stood at 14.2% and Corporate at 8.2%.
- Within retail, education, home loan, and mortgage grew faster.
- Bank has moderated growth in the PL segment.
- Deposits growth was at 10.3%. CASA growth was at 6.4% YoY. CD ratio stood at 83.59%. Domestic CASA will be maintained at 40%.
- RoA has been more than 1% for the past 11 quarters.
- Yield on advances were down due to easing of interest rates, while the cost of deposits were higher, resulting in NIM contraction.
- The board has recommended a dividend of INR8.35.
- The bank has never compromised on asset quality, with both GNPA and NNPA trending down and PCR healthy at ~93%.
- Slippage ratio has come down to 0.78% vs 0.99% in FY24.
- Credit cost is at 0.47% vs the guidance of 0.75%.
- SMA book stood at 0.33%.
- Tier 1 stood at 13.78% and CRAR stood at 17.19%.
- The bank's core model is built on consistency and stability, which underpins its fundamentally strong position.
- The bank has outperformed advances growth guidance and operates in the upper band.
- It has offered one of the highest dividend yields compared to other PSUs in the market.
- NII growth was muted as the market condition and cost structure were elevated in 4Q.
- SA growth stood at 5%. The O/S of bulk deposits was at 16% in FY23 and 20% in FY25. The bank now aims to reduce dependency on bulk deposits.
- Other income has been strong, supported by recoveries from two accounts and treasury income. Treasury income is expected to be good this year as well.
- Recovery is expected to be at similar levels as FY25.
- A 10% growth in net profit is a healthy indicator of the bank's performance.
- The bank aims to improve growth in Agri and MSME. The bank is confident of achieving 10% growth in corporate, supported by improved system liquidity.
- The bank's CASA ratio was at 39.97%, among the highest in the sector. Strong performance in retail savings and term deposits was supported by multiple brand campaigns.
- Its NIM guidance was reduced by 5bp in 3QFY25. FY25 NIMs stood at 3.02% and domestic NIMs stood at 3.18%. Global NIMs were at 3%.
- Underwriting quality is a key focus area for the bank, with the goal of maintaining asset quality.
- Wholesale deposit rates and retail deposits TDs have reduced by 15-20bp. 1Q will be a quarter to watch out for.
- GNPA and NNPA were the best in 13 years.
- Slippages in FY25 were lower than FY24 and recovery has been higher vs FY24.

- 4Q slippages were flat YoY; however, recovery is also been higher.
- Collection efficiency stands higher excluding Agri.

### Advances and deposits

- The bank is not overly reliant on corporate credit and aims to avoid any negative impact on NIMs. Demand in this segment is sufficient to drive growth.
- 20% of deposits are bulk. Of this, one-third of the book will be repriced in this quarter itself. If RBI remains benign in the rate outlook, the money market is likely to have a downward bias.
- BOB maintained more balanced deposits and advances vs other banks. The bank is currently managing almost INR2t in the international book.
- Segment-wise growth is expected to remain the same. Corporate book is expected to grow at 10% YoY and RAM at 15% YoY. Corporates also have the option to raise funds through the capital market.
- The bank experienced slower growth in the NBFC segment when risk weights were introduced but has resumed expanding this book now that risk weights have been adjusted.
- CASA rate was the same despite fluctuations in the rate cycles.
- Growth in consumer loans has been favorable, with improved capacity in this segment. The bank has 8,200 branches and is focused on driving customer flows.
- International book experienced robust NIM expansion and improved quality. An NIM of 1.75% or higher is considered favorable for the bank.

### Cost, margins, and yields

- There was a 3bp effect due to repo rate, with the remaining decline attributed to cost pressures.
- Pressure on NIMs will continue in 1Q, following which deposit repricing will play out.
- Q1 is going to be a quarter to watch out in terms of NIMs.
- NIMs are expected to be maintained at 3% in FY26, similar to FY25-exit quarter levels, with 1Q26 witnessing continued pressure. NIMs are expected to see some improvement from 2HFY26 onwards.
- The impact of deposits on prior quarters will also have an impact on subsequent quarters, due to which NII growth will see a hit.
- For BoB, the day count remains consistent across all asset classes and there is not much benefit on the day count side.
- EBLR repricing is at T+1 days due to alco, with the benefit realized on T+1.
- Domestic yields have been going downward.
- Peak level of NIMs was at 3.32%. Last year, domestic market faced tightening conditions with rising costs. At the current NIM of 3.02%, the bank holds the second-highest position among public sector banks.
- In the international book, the rate cycle shifted around six months ago, leading to a faster pace of asset repricing.
- The increase in MCLR is at a lag, with asset repricing occurring over 1 to 1.5 years.

- The spread can only happen at the renewal and if there is any change in the account. With the downward rate cycle, the change of spread can be one way to adjust NIMs.
- Loan book composition - Repo book is at 34-35%, MCLR is at 45-48%, Fixed rate is a low single digit.
- The house view anticipates two more rate cuts of 50bp in FY26. The G-Sec outlook is at 6.25% from the current levels of 6.3-6.4%.
- The bank has an AFS reserve of INR20b and will manage the book accordingly, booking trading profits when required.
- The bank is not looking at any cuts in SA rates.

### Other Income

- The bank is permitted to reverse SR provisions of INR4.9b, which has yielded better other income.
- Treasury will be consistent and generate healthy treasury income for the bank.

### Asset Quality

- There were recoveries in write-off accounts in 4QFY25, of which large corporates are 100% provided. Recovery rate in FY26 is expected to be at similar levels as FY25.
- MSME book is growing at 14-15%. The GNPA on MSME is quite low, with some slippages expected. Many MSME schemes have offered guarantees and are not impacting the slippage ratio.
- MSME NPAs spiked due to the legacy account and the bank has the lowest NPA in the MSME, with healthy quality and growth reflected in this book. This segment is supported by the Govt. of India and the book is protected from slippages.
- The SMA portfolio includes a lumpy account from a state-owned entity, but it is backed by a government guarantee.
- The bank has exposure to an airline account, of which one-third is secured by a guarantee and two-thirds is backed by a land parcel. There have been no material developments in this account. It is fully provided for, and the bank does not anticipate any loan losses in this segment.

### Others

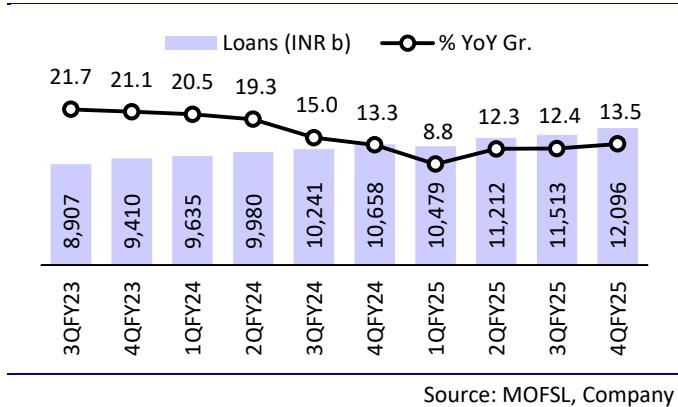
- The digital spend is at 10% of the operating profit (incl Capex and Opex together).

### Guidance

- NIMs are expected to be maintained at 3% in FY26, similar to FY25-exit quarter levels, with 1Q26 witnessing continued pressure. NIMs are expected to see some improvement from 2HFY26 onwards.
- NIM improvement can be seen from 2HFY26 onwards.
- LCR will be operated at 120% or excess of 120%.
- CD ratio will be at 82%.
- Recovery is expected to be at similar levels as FY25.

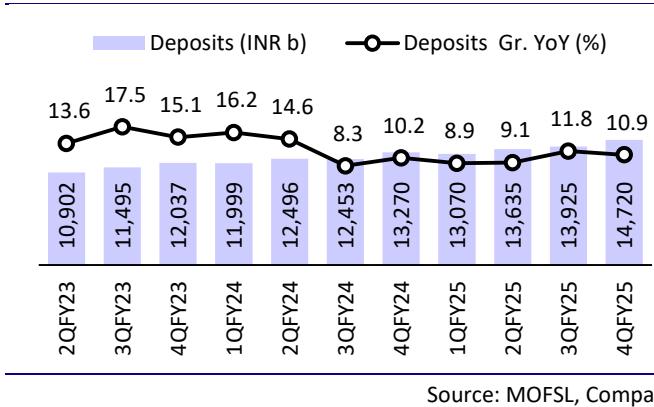
## Story in charts

### Exhibit 1: Loan book grew ~13.5% YoY (up 5% QoQ)



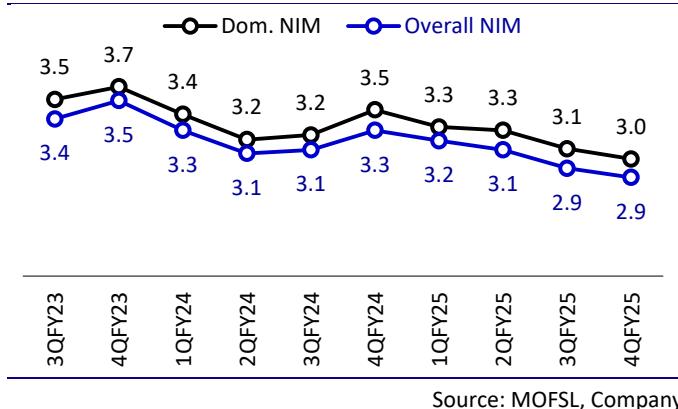
Source: MOFSL, Company

### Exhibit 2: Deposit book grew 11% YoY (up 5.7% QoQ)



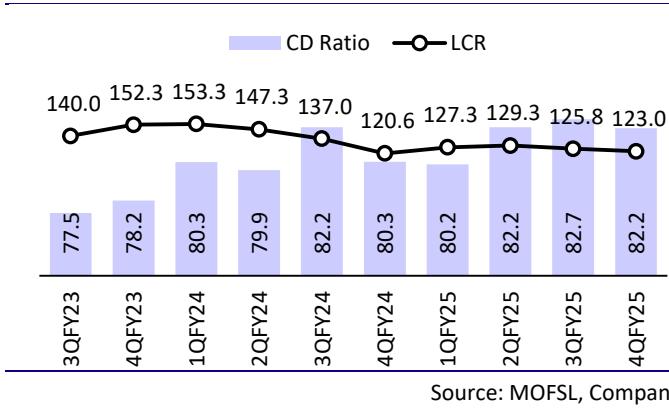
Source: MOFSL, Company

### Exhibit 3: NIMs down 8bp QoQ; domestic NIMs down 9bp



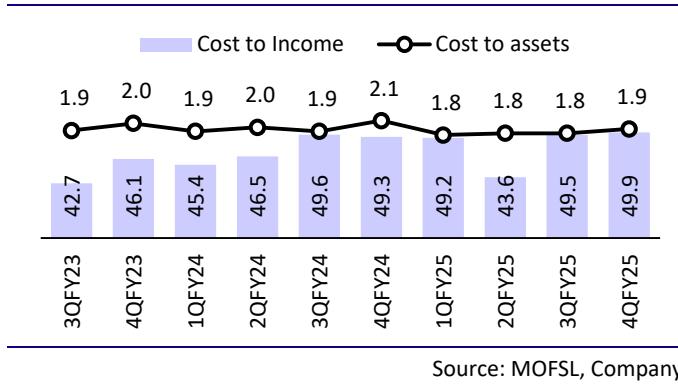
Source: MOFSL, Company

### Exhibit 4: CD ratio decreased 51bp QoQ to 82.2%



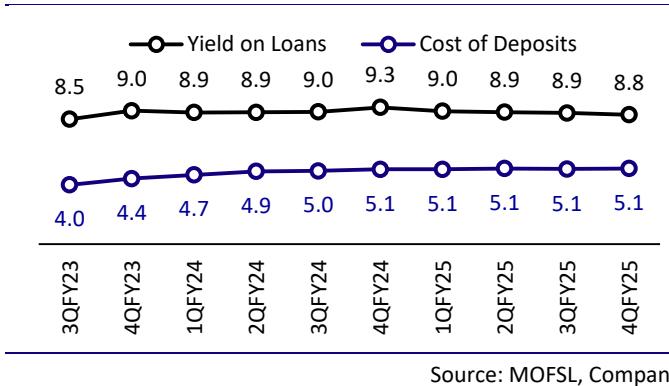
Source: MOFSL, Company

### Exhibit 5: Cost-to-income increased to ~49.9%



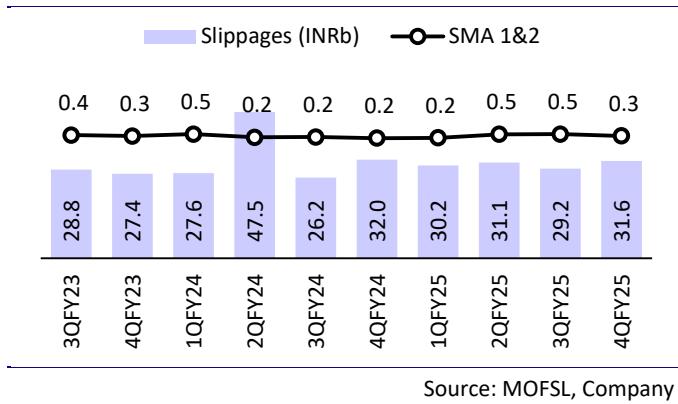
Source: MOFSL, Company

### Exhibit 6: Loan yield declined to 8.8%; CoD stable at 5.1%



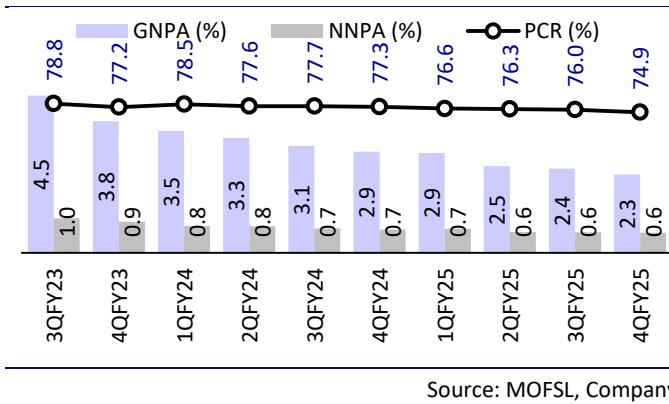
Source: MOFSL, Company

### Exhibit 7: Gross slippages increased to INR31.6b; SMA at 0.3%



Source: MOFSL, Company

### Exhibit 8: GNPA improved 17bp QoQ; NNPA stable at 0.6%; PCR at 75%



Source: MOFSL, Company

## Valuation and view: Reiterate Neutral with a TP of INR250

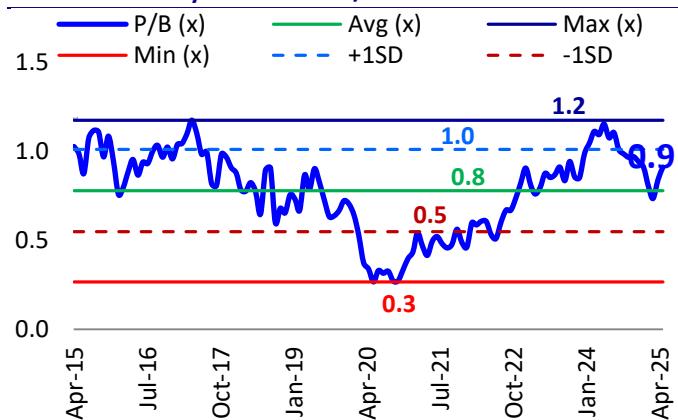
- BOB reported an operationally weak quarter, with NII reporting a miss, while provisions also came in higher. NIMs contracted to 2.86% amid pressure on the cost of funds and yields getting repriced lower.
- Management expects NIMs for FY26 to remain at the same level as of exit quarter level of FY25, with 1H being on the downward bias and recovering in 2HFY26. Business growth was steady, with advance growth at 12% YoY/5.4% QoQ. Slippages were slightly elevated, while PCR declined to 75% vs 76% in 3QFY25.
- We tweak our FY26E/FY27E EPS estimates by +0.7%/-1.5% and estimate FY27E RoA/RoE at 1.08%/15.4%. We remain watchful on the elevated CD ratio at 82.2% and higher dependency on the bulk deposits, which are expected to keep NIMs under check. Maintain Neutral rating on the stock with a TP of INR250 (0.9x FY'27E ABV).**

Exhibit 9: Changes to our estimates

INR B	Old Est			Rev Est			Change (%/bps)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
<b>Net Interest Income</b>	<b>463.0</b>	<b>505.4</b>	<b>571.4</b>	<b>456.6</b>	<b>484.6</b>	<b>534.6</b>	<b>-1.4</b>	<b>-4.1</b>	<b>-6.4</b>
Other Income	160.0	179.2	197.9	166.5	186.5	205.1	4.0	4.0	3.7
<b>Total Income</b>	<b>623.0</b>	<b>684.7</b>	<b>769.3</b>	<b>623.1</b>	<b>671.0</b>	<b>739.7</b>	<b>0.0</b>	<b>-2.0</b>	<b>-3.8</b>
Operating Expenses	296.1	320.5	351.3	298.7	323.0	350.6	0.9	0.8	-0.2
<b>Operating Profits</b>	<b>326.9</b>	<b>364.2</b>	<b>418.0</b>	<b>324.3</b>	<b>348.0</b>	<b>389.0</b>	<b>-0.8</b>	<b>-4.4</b>	<b>-6.9</b>
Provisions	59.3	85.0	102.7	59.8	73.6	86.6	0.9	-13.3	-15.6
<b>PBT</b>	<b>267.7</b>	<b>279.2</b>	<b>315.4</b>	<b>264.5</b>	<b>274.4</b>	<b>302.4</b>	<b>-1.2</b>	<b>-1.7</b>	<b>-4.1</b>
Tax	73.3	76.5	86.4	68.7	70.3	76.8	-6.3	-8.2	-11.1
<b>PAT</b>	<b>194.3</b>	<b>202.7</b>	<b>228.9</b>	<b>195.8</b>	<b>204.2</b>	<b>225.6</b>	<b>0.8</b>	<b>0.7</b>	<b>-1.5</b>
Loans	11,947	13,429	15,108	12,096	13,595	15,295	1.2	1.2	1.2
Deposits	14,570	16,289	18,358	14,720	16,457	18,547	1.0	1.0	1.0
Margins (%)	2.9	2.8	2.9	2.8	2.7	2.7	(7)	(15)	(20)
Credit Cost (%)	0.5	0.6	0.7	0.5	0.5	0.6	-	(10)	(12)
<b>RoA (%)</b>	<b>1.17</b>	<b>1.10</b>	<b>1.11</b>	<b>1.16</b>	<b>1.09</b>	<b>1.08</b>	<b>(0)</b>	<b>(1)</b>	<b>(2)</b>
<b>RoE (%)</b>	<b>16.9</b>	<b>15.6</b>	<b>15.6</b>	<b>16.4</b>	<b>15.1</b>	<b>15.4</b>	<b>(54)</b>	<b>(45)</b>	<b>(24)</b>
<b>BV</b>	<b>241.0</b>	<b>271.0</b>	<b>304.6</b>	<b>259.1</b>	<b>271.5</b>	<b>304.6</b>	<b>7.5</b>	<b>0.2</b>	<b>0.0</b>
ABV	225.1	254.6	286.7	242.7	254.1	285.3	7.8	-0.2	-0.5
EPS	37.5	39.1	44.2	37.8	39.4	43.6	0.8	0.7	-1.5

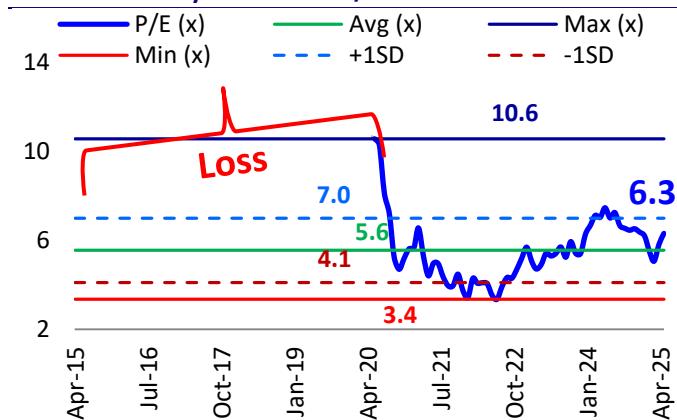
Source: MOSL Estimates

Exhibit 10: One-year forward P/B



Source: MOFSL, Company

Exhibit 11: One-year forward P/E



Source: MOFSL, Company

**Exhibit 12: DuPont Analysis: Estimate RoA to clock 1%+ for FY26 and FY27E**

Y/E MARCH	FY23	FY24	FY25	FY26E	FY27E
Interest Income	6.55	7.40	7.21	7.28	7.16
Interest Expense	3.53	4.46	4.50	4.70	4.59
<b>Net Interest Income</b>	<b>3.02</b>	<b>2.94</b>	<b>2.71</b>	<b>2.59</b>	<b>2.56</b>
<b>Other income</b>	<b>0.73</b>	<b>0.95</b>	<b>0.99</b>	<b>1.00</b>	<b>0.98</b>
<b>Total Income</b>	<b>3.76</b>	<b>3.89</b>	<b>3.70</b>	<b>3.58</b>	<b>3.55</b>
<b>Operating Expenses</b>	<b>1.79</b>	<b>1.86</b>	<b>1.77</b>	<b>1.72</b>	<b>1.68</b>
Employee cost	1.0	1.0	1.0	1.0	0.9
Others	0.82	0.82	0.79	0.76	0.74
<b>Operating Profits</b>	<b>1.96</b>	<b>2.03</b>	<b>1.93</b>	<b>1.86</b>	<b>1.87</b>
<b>Core operating Profits</b>	<b>1.89</b>	<b>1.94</b>	<b>1.85</b>	<b>1.80</b>	<b>1.82</b>
<b>Provisions</b>	<b>0.52</b>	<b>0.40</b>	<b>0.36</b>	<b>0.39</b>	<b>0.42</b>
<b>PBT</b>	<b>1.44</b>	<b>1.64</b>	<b>1.57</b>	<b>1.47</b>	<b>1.45</b>
Tax	0.41	0.47	0.41	0.38	0.37
<b>RoA (%)</b>	<b>1.03</b>	<b>1.17</b>	<b>1.16</b>	<b>1.09</b>	<b>1.08</b>
Leverage (x)	16.0	15.3	14.1	13.9	14.2
<b>RoE (%)</b>	<b>16.5</b>	<b>17.8</b>	<b>16.4</b>	<b>15.1</b>	<b>15.4</b>

## Financials and valuations

Income Statement					
	(INRb)				
Y/E March (INR b)	FY23	FY24	FY25	FY26E	FY27E
Interest Income	895.9	1,126.1	1,214.4	1,363.7	1,492.4
Interest Expense	482.3	678.8	757.8	879.2	957.8
<b>Net Interest Income</b>	<b>413.6</b>	<b>447.2</b>	<b>456.6</b>	<b>484.6</b>	<b>534.6</b>
- Growth (%)	26.8	8.1	2.1	6.1	10.3
Non Interest Income	100.3	145.0	166.5	186.5	205.1
<b>Total Income</b>	<b>513.8</b>	<b>592.2</b>	<b>623.1</b>	<b>671.0</b>	<b>739.7</b>
- Growth (%)	16.5	15.2	5.2	7.7	10.2
Operating Expenses	245.2	282.5	298.7	323.0	350.6
<b>Pre Provision Profits</b>	<b>268.6</b>	<b>309.7</b>	<b>324.3</b>	<b>348.0</b>	<b>389.0</b>
- Growth (%)	20.0	15.3	4.7	7.3	11.8
<b>Core PPoP</b>	<b>258.0</b>	<b>294.7</b>	<b>311.7</b>	<b>337.3</b>	<b>379.9</b>
- Growth (%)	31.2	14.2	5.7	8.2	12.6
Provisions	71.4	60.8	59.8	73.6	86.6
<b>PBT</b>	<b>197.3</b>	<b>248.9</b>	<b>264.5</b>	<b>274.4</b>	<b>302.4</b>
Tax	56.2	71.0	68.7	70.3	76.8
Tax Rate (%)	28.5	28.5	26.0	25.6	25.4
<b>PAT</b>	<b>141.1</b>	<b>177.9</b>	<b>195.8</b>	<b>204.2</b>	<b>225.6</b>
- Growth (%)	94.0	26.1	10.1	4.3	10.5
Balance Sheet					
Y/E March (INR b)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	10.4	10.4	10.4	10.4	10.4
Reserves & Surplus	971.9	1,111.9	1,358.9	1,423.1	1,594.2
<b>Net Worth</b>	<b>982.2</b>	<b>1,122.2</b>	<b>1,369.3</b>	<b>1,433.5</b>	<b>1,604.5</b>
<b>Deposits</b>	<b>12,036.9</b>	<b>13,269.6</b>	<b>14,720.3</b>	<b>16,457.3</b>	<b>18,547.4</b>
- Growth (%)	15.1	10.2	10.9	11.8	12.7
- CASA Dep	<b>4,751.0</b>	<b>5,143.7</b>	<b>5,328.8</b>	<b>5,727.2</b>	<b>6,473.1</b>
- Growth (%)	9.6	8.3	3.6	7.5	13.0
Borrowings	1,019.1	944.0	1,237.2	1,222.6	1,319.9
Other Liabilities & Prov.	547.4	522.1	485.7	524.6	582.3
<b>Total Liabilities</b>	<b>14,585.6</b>	<b>15,858.0</b>	<b>17,812.5</b>	<b>19,638.1</b>	<b>22,054.1</b>
Current Assets	957.0	951.2	1,258.5	1,209.3	1,325.1
<b>Investments</b>	<b>3,624.9</b>	<b>3,698.2</b>	<b>3,854.0</b>	<b>4,204.7</b>	<b>4,713.5</b>
- Growth (%)	14.8	2.0	4.2	9.1	12.1
<b>Loans</b>	<b>9,410.0</b>	<b>10,657.8</b>	<b>12,095.6</b>	<b>13,595.4</b>	<b>15,294.9</b>
- Growth (%)	21.1	13.3	13.5	12.4	12.5
Fixed Assets	87.1	79.1	123.8	91.4	98.8
Other Assets	506.7	471.6	480.7	537.2	621.9
<b>Total Assets</b>	<b>14,585.6</b>	<b>15,858.0</b>	<b>17,812.5</b>	<b>19,638.1</b>	<b>22,054.1</b>
Asset Quality					
GNPA (INR b)	367.6	318.3	278.4	281.6	308.5
NNPA (INR b)	85.5	75.8	69.9	72.5	79.6
Slippages (INR b)	111.5	104.0	122.0	145.2	173.3
GNPA Ratio (%)	3.8	2.9	2.3	2.0	2.0
NNPA Ratio (%)	0.9	0.7	0.6	0.5	0.5
Slippage Ratio (%)	1.2	1.0	1.1	1.1	1.2
Credit Cost (%)	0.5	0.7	0.5	0.5	0.6
PCR (Excl Tech. write off) (%)	76.7	76.2	74.9	74.2	74.2

## Financials and valuations

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Yield and Cost Ratios (%)</b>					
<b>Avg. Yield-Earning Assets</b>	<b>6.9</b>	<b>7.7</b>	<b>7.5</b>	<b>7.5</b>	<b>7.4</b>
Avg. Yield on loans	7.5	8.5	8.2	8.3	8.1
Avg. Yield on Investments	6.6	6.9	7.0	6.8	6.7
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>3.9</b>	<b>5.0</b>	<b>5.0</b>	<b>5.2</b>	<b>5.1</b>
Avg. Cost of Deposits	3.7	4.7	5.2	5.2	5.1
<b>Interest Spread</b>	<b>2.9</b>	<b>2.7</b>	<b>2.4</b>	<b>2.3</b>	<b>2.3</b>
<b>Net Interest Margin</b>	<b>3.2</b>	<b>3.1</b>	<b>2.8</b>	<b>2.7</b>	<b>2.7</b>
<b>Capitalisation Ratios (%)</b>					
CAR	16.2	16.3	16.3	15.8	15.1
Tier I	14.0	14.1	14.1	13.8	13.2
-CET-1	12.2	12.5	12.6	12.3	11.7
Tier II	2.3	2.2	2.2	2.0	1.9
<b>Business Ratios (%)</b>					
Loans/Deposit Ratio	78.2	80.3	82.2	82.6	82.5
CASA Ratio	39.5	38.8	36.2	34.8	34.9
Cost/Assets	1.7	1.8	1.7	1.6	1.6
Cost/Total Income	47.7	47.7	47.9	48.1	47.4
Cost/Core Income	48.7	48.9	48.9	48.9	48.0
Int. Expense/Int.Income	53.8	60.3	62.4	64.5	64.2
Fee Income/Total Income	17.4	22.0	24.7	26.2	26.5
Non Int. Inc./Total Income	19.5	24.5	26.7	27.8	27.7
Empl. Cost/Total Expense	54.5	56.0	55.6	56.1	56.3
<b>Efficiency Ratios (INRm)</b>					
Employee per branch (in nos)	9.5	9.0	9.0	9.0	9.0
Staff cost per employee	1.7	2.1	2.2	2.4	2.6
CASA per branch (INR m)	576.6	624.0	640.1	681.1	762.2
Deposits per branch (INR m)	1,460.8	1,609.8	1,768.1	1,957.2	2,183.9
Busins per Emp. (INR m)	274.5	322.4	357.7	396.9	442.5
Profit per Emp. (INR m)	1.8	2.4	2.6	2.7	3.0
<b>Profitability Ratios and Valuation</b>					
RoE	16.5	17.8	16.4	15.1	15.4
RoA	1.0	1.2	1.2	1.1	1.1
RoRWA	2.0	2.3	2.2	2.1	2.0
Book Value (INR)	183	211	259	272	305
- Growth (%)	15.8	15.2	22.6	4.8	12.2
<b>Price-BV (x)</b>	<b>1.2</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
Adjusted BV (INR)	165	194	243	254	285
<b>Price-ABV (x)</b>	<b>1.4</b>	<b>1.2</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>
EPS (INR)	27.3	34.4	37.8	39.4	43.6
- Growth (%)	94.0	26.1	10.1	4.3	10.5
<b>Price-Earnings (x)</b>	<b>8.3</b>	<b>6.6</b>	<b>6.0</b>	<b>5.7</b>	<b>5.2</b>
Dividend Per Share (INR)	5.5	7.6	8.0	9.2	10.5
<b>Dividend Yield (%)</b>	<b>2.4</b>	<b>3.4</b>	<b>3.5</b>	<b>4.1</b>	<b>4.7</b>

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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