

# Punjab National Bank

Estimate change	↔↔
TP change	↔↔
Rating change	↔↔

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USDb)	1083.2 / 12.8
52-Week Range (INR)	139 / 85
1, 6, 12 Rel. Per (%)	-11/-13/-32
12M Avg Val (INR M)	3835

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	427.8	476.8	540.7
OP	268.3	308.7	359.6
NP	166.3	194.5	223.5
NIM (%)	2.7	2.6	2.7
EPS (INR)	14.8	16.9	19.4
EPS Gr. (%)	97.4	14.5	14.9
BV/Sh. (INR)	107	121	137
ABV/Sh. (INR)	99	114	129
<b>Ratios</b>			
RoA (%)	1.0	1.0	1.0
RoE (%)	15.3	15.3	15.5
<b>Valuations</b>			
P/E(X)	6.4	5.6	4.8
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	0.9	0.8	0.7

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	70.1	70.1	73.2
DII	14.7	14.3	12.4
FII	5.7	5.7	4.8
Others	9.5	9.9	9.7

FII Includes depository receipts

**CMP: INR94**

**TP: INR125 (+33%)**

**Buy**

## NII below est. as NIMs decline; slippages rise QoQ

### Business growth guidance steady

- Punjab National Bank (PNB) reported a 4QFY25 PAT of INR45.7b (up 52% YoY, in line), aided by better other income and a lower tax rate, partly offset by NII miss (as NIMs declined) and higher provisions.
- NII declined 2.5% QoQ (6% miss), while NIMs contracted 12bp QoQ to 2.81% (2.96% domestic NIMs).
- Loan growth was modest QoQ at 0.7% QoQ but healthy YoY at 15.3% to INR10.8t, led by growth in MSME and agri advances, while corporate stood flat QoQ. Deposits grew 14.4% YoY/2.4% QoQ. As a result, CD ratio declined 117bp QoQ to 68.8%.
- Slippages jumped 69% QoQ to INR30b from INR17.7b in 3Q, due to slippages from MSME and agri segments. GNPA/NNPA ratios moderated by 14bp/1bp QoQ to 3.95%/0.4%. PCR ratio was stable at 90.3%.
- We largely maintain our EPS estimates and expect RoA/RoE at 1.05%/15.5% in FY27E. **We reiterate BUY rating on the stock with a TP of INR125 (based on 1.0xFY27E).**

## Margin bias downward for 1HFY26; C/D ratio reasonable at ~69%

- PNB reported a PAT of INR45.6b (up 52% YoY, in line), aided by better other income and a lower tax rate, partly offset by NII miss (as NIMs declined) and higher-than-expected provisions. FY25 PAT stood at INR166.3b (up 101.7% YoY). FY26E PAT is expected at INR194.5b (up 17% YoY).
- NII declined 2.5% QoQ (up 3.8% YoY) to INR107.5b (6% miss), as NIMs declined 12bp QoQ to 2.81%. Other income increased 11% YoY/38% QoQ to INR47.2b (20% beat), led by better fee income and write-back of SR provisions (INR13.25b).
- Opex increased 6% YoY/11.2% QoQ to INR86.9b (7% higher than MOFSLe). As a result, C/I ratio inched up to 56.2% (vs. 54.2% in 3Q). PPoP thus grew 5.6% YoY/2.3% QoQ to INR67.8b (7% miss on MOFSLe).
- Loan book grew by a modest 0.7% QoQ (15.3% YoY) to INR10.8t, led by better growth in MSME and agri advances, while corporate stood flat QoQ. PNB expects 11-12% YoY growth in FY26, with a focus on growing RAM segment.
- Deposits grew 14.4% YoY/2.4% QoQ to INR15.7t, led by healthy seasonal flows in CA deposits (up 7% QoQ). As a result, CASA ratio stood at 38% (down 17bp QoQ).
- On the asset quality front, slippages were high at INR30b vs. INR17.7b in 3QFY25 amid higher slippages in agri and MSME. GNPA/NNPA ratios moderated by 14bp/1bp to 3.95%/0.4%. The PCR ratio was stable at 90.3%.
- SMA-2 (above INR50m) declined to 0.02% of loans in 4QFY25 from 0.14% in 3QFY25.

### Highlights from the management commentary

- Credit growth is projected at 11-12%, while deposit growth is expected around 10%, both likely to exceed projections.
- Bulk deposits totaled INR2.8t, primarily with tenures of 3 to 9 months. Cost of deposits is stable and new additions will be at lower rates.
- The total write-off book stands at INR920b, with expected recoveries of INR60–70b.
- For 1H, NIMs should be at 2.8-2.9% and 2H NIMs shall be at 2.9-3.0%. In a downward interest rate scenario, yields will come down and any further rate cuts will further put pressure on yields.

### Valuation and view: Reiterate BUY with a TP of INR125

PNB reported a moderate quarter, characterized by NII miss due to NIM decline and higher provisions, while other income was healthy. NII declined as NIMs contracted due to cost pressures. Business growth was moderate in 4Q; however, the bank outperformed its business growth guidance for FY25. 4Q saw a spike in slippages amid an increase in agri and MSME slippages, while asset quality ratios improved, led by better recoveries and write-off. SMA book (with loans over INR50m) improved to 0.02% of domestic loans. We largely maintain our EPS estimates and expect RoA/RoE at 1.05%/15.5% in FY27E. **We reiterate BUY rating on the stock with a TP of INR125 (based on 1.0xFY27E).**

#### Quarterly performance

Y/E March	FY24								FY25		(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY25	FY26E	FY25	V/s our
Net Interest Income	95.0	99.2	102.9	103.6	104.8	105.2	110.3	107.6	427.8	476.8	115.0	-6%
% Change (YoY)	26.0	20.0	12.1	9.1	10.2	6.0	7.2	3.8	6.7	11.4	11.0	
Other Income	34.3	30.3	26.7	42.5	36.1	45.7	34.1	47.2	163.1	181.0	39.3	20%
Total Income	129.4	129.5	129.7	146.1	140.9	150.9	144.4	154.7	590.9	657.8	154.3	0%
Operating Expenses	69.7	67.3	66.4	82.0	75.0	82.4	78.2	87.0	322.6	349.1	81.6	7%
Operating Profit	59.7	62.2	63.3	64.2	65.8	68.5	66.2	67.8	268.3	308.7	72.8	-7%
% Change (YoY)	10.9	11.7	10.8	9.4	10.3	10.2	4.6	5.6	7.6	15.1	13.4	
Provisions	39.7	34.4	27.4	15.9	13.1	2.9	-2.9	3.6	16.7	38.6	2.7	34%
Profit before Tax	20.0	27.7	35.9	48.3	52.7	65.7	69.1	64.2	251.6	270.2	70.1	-8%
Tax	7.5	10.2	13.7	18.2	20.2	22.6	24.0	18.5	85.3	75.6	24.6	-25%
Net Profit	12.6	17.6	22.2	30.1	32.5	43.0	45.1	45.7	166.3	194.5	45.5	0%
% Change (YoY)	307.0	327.0	253.5	159.8	159.0	145.1	102.8	51.7	101.7	17.0	51.0	
Operating Parameters												
Deposits	12,979	13,099	13,235	13,697	14,082	14,583	15,297	15,666	15,666	17,499	15,642	
Loans	8,637	8,899	9,164	9,344	9,840	10,196	10,700	10,775	10,775	12,186	10,914	
Deposit Growth (%)	14.2	9.8	9.3	6.9	8.5	11.3	15.6	14.4	14.4	11.7	14.2	
Loan Growth (%)	16.3	15.1	14.5	12.5	13.9	14.6	16.8	15.3	15.3	13.1	16.8	
Asset Quality												
Gross NPA (%)	7.7	7.0	6.2	5.7	5.0	4.5	4.1	4.0	3.9	3.0	3.9	
Net NPA (%)	2.0	1.5	1.0	0.7	0.6	0.5	0.4	0.4	0.4	0.3	0.4	
PCR (%)	75.8	80.0	85.4	87.9	88.4	90.2	90.2	90.3	90.3	91.1	90.1	

E: MOFSL Estimates

**Quarterly snapshot**

	FY24				FY25				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
<b>Profit and Loss, INRb</b>										
Net Interest Income	95.0	99.2	102.9	103.6	104.8	105.2	110.3	107.6	4	-2
Other Income	34.3	30.3	26.7	42.5	36.1	45.7	34.1	47.2	11	38
Trading profits	4.2	2.1	-7.9	8.6	5.8	14.9	9.3	9.2	7	-2
<b>Total Income</b>	<b>129.4</b>	<b>129.5</b>	<b>129.7</b>	<b>146.1</b>	<b>140.9</b>	<b>150.9</b>	<b>144.4</b>	<b>154.7</b>	<b>6</b>	<b>7</b>
Operating Expenses	69.7	67.3	66.4	82.0	75.0	82.4	78.2	87.0	6	11
Employee	44.9	42.0	41.7	56.3	45.5	57.5	52.6	57.9	3	10
Others	24.8	25.3	24.7	25.7	29.5	24.9	25.6	29.0	13	13
<b>Operating Profits</b>	<b>59.7</b>	<b>62.2</b>	<b>63.3</b>	<b>64.2</b>	<b>65.8</b>	<b>68.5</b>	<b>66.2</b>	<b>67.8</b>	<b>6</b>	<b>2</b>
<b>Core Operating Profits</b>	<b>55.5</b>	<b>60.1</b>	<b>71.2</b>	<b>55.6</b>	<b>60.0</b>	<b>53.6</b>	<b>56.9</b>	<b>58.6</b>	<b>5</b>	<b>3</b>
Provisions	39.7	34.4	27.4	15.9	13.1	2.9	-2.9	3.6	-77	-226
Others	-0.9	5.4	6.8	-3.3	1.3	1.2	-4.1	-0.5	-86	-89
<b>PBT</b>	<b>20.0</b>	<b>27.7</b>	<b>35.9</b>	<b>48.3</b>	<b>52.7</b>	<b>65.7</b>	<b>69.1</b>	<b>64.2</b>	<b>33</b>	<b>-7</b>
Taxes	7.5	10.2	13.7	18.2	20.2	22.6	24.0	18.5	2	-23
<b>PAT</b>	<b>12.6</b>	<b>17.6</b>	<b>22.2</b>	<b>30.1</b>	<b>32.5</b>	<b>43.0</b>	<b>45.1</b>	<b>45.7</b>	<b>52</b>	<b>1</b>
<b>Balance Sheet, INRb</b>										
Loans	8,637	8,899	9,164	9,344	9,840	10,196	10,700	10,775	15	1
Deposits	12,979	13,099	13,235	13,697	14,082	14,583	15,297	15,666	14	2
CASA Deposits	5,308	5,383	5,475	5,525	5,491	5,567	5,622	5,735	4	2
-Savings	4,640	4,712	4,789	4,803	4,844	4,886	4,921	4,984	4	1
-Current	668	670	686	722	647	681	700	751	4	7
<b>Loan Mix (%)</b>										
Retail	23.2	24.1	23.0	23.6	23.8	24.7	24.8	24.3	71	-44
Agri	16.5	16.2	16.6	16.8	17.1	16.1	16.5	16.9	16	49
Corporate	45.3	44.4	44.9	44.8	44.5	44.2	43.7	43.5	-135	-27
MSME	15.0	15.3	15.5	14.8	14.5	14.9	15.0	15.3	48	23
<b>Asset Quality, INRb</b>										
GNPA	709	656	604	563	513	476	454	441	-22	-3
NNPA	171	131	88	68	59	47	44	43	-37	-3
Slippages	24	18	18	22	18	22	18	30	36	69
<b>Asset Quality Ratios (%)</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>YoY(bp)</b>	<b>QoQ(bp)</b>
GNPA	7.7	7.0	6.2	5.7	5.0	4.5	4.1	4.0	-178	-14
NNPA	2.0	1.5	1.0	0.7	0.6	0.5	0.4	0.4	-33	-1
PCR (Cal.)	75.8	80.0	85.4	87.9	88.4	90.2	90.2	90.3	233	4
PCR (Incl. TWO)	89.8	91.9	94.3	95.4	95.9	96.7	96.8	96.8	143	5
Credit Cost	2.0	1.7	1.3	0.9	0.6	0.1	-0.1	0.1	-74	26
<b>Business Ratios (%)</b>										
CASA	41.9	42.2	42.5	41.4	40.1	39.3	38.1	38.0	-349	-17
Loan/Deposit	66.5	67.9	69.2	68.2	69.9	69.9	69.9	68.8	56	-117
Fees to Total Income	23.3	21.8	26.7	23.2	21.5	20.4	17.2	24.6	136	740
Cost to Total Income	53.9	52.0	51.2	56.1	53.3	54.6			-5,609	0
Cost to Total Assets	0.5	0.4	0.4	0.5	0.5	0.5			-52	0
Tax Rate	37.3	36.7	38.1	37.6	38.3	34.5	34.7	28.8	-883	-590
<b>Capitalisation Ratios (%)</b>										
Tier-1	12.3	12.0	11.7	13.2	13.0	13.6	12.5	14.1	88	152
- CET 1	10.9	10.2	9.9	11.0	11.0	11.6	10.7	12.3	129	168
CAR	15.5	15.1	14.6	16.0	15.8	16.4	15.4	17.0	104	160
LCR	159.5	149.3	136.9	141.6	134.8	129.2	134.8	0.0	-14,161	-13,476
RWA to Total Assets	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-2	-2
<b>Profitability Ratios (%)</b>										
Yield on loans	8.1	8.2	8.5	8.4	8.3	8.3	8.4	8.4	-8	-2
Yield on Funds	6.7	6.9	7.1	7.2	7.2	7.1	7.1	7.2	1	3
Cost of Deposits	4.7	4.9	5.0	5.1	5.1	5.2	5.2	5.4	27	12
Cost of Funds	4.2	4.3	4.4	4.5	4.5	4.6	4.6	4.8	24	13
Margins	3.08	3.11	3.15	3.10	3.07	2.92	2.93	2.81	-29	-12
<b>Other Details</b>										
Branches	10,080	10,092	10,108	10,136	10,150	10,159	10,168	10,189	53	21
ATM	12,820	12,645	12,455	12,131	12,080	12,040	12,034	11,822	-309	-212

Source: MOFSL, Company



## Highlights from the management commentary

### Opening remarks

- Global business grew 14%. Deposits grew 14.4%. Advances grew 13.6%. PNB is well above the guidance range.
- CD ratio is at a comfortable range.
- NII declined in 4Q, reflecting the policy rate cuts.
- PNB has done well in asset quality. GNPA fell to 3.95% and NNPA reduced to 0.4% (below the guidance).
- Slippage ratio guidance is below 1%. In the current year, it was at 0.7%.
- CRAR was 17.01% vs. 15.97% in 4QFY24.
- PNB has completed QIP, which was subscribed by 2.3x.
- CET-1 was 12.33%.
- All digital lending platforms have been integrated with AI and ML.
- Focus is on strengthening the presence in various geographies.

### Business

- Credit growth is projected at 11-12%, while deposit growth is expected around 10%, both likely to exceed projections.
- Loans that are sanctioned already stand at INR1.5t, with a strong push toward the RAM segment to meet the 12% credit growth target.
- Bulk deposits stood at INR2.8t, primarily with tenures of 3 to 9 months. Cost of deposits is stable and new additions will be at lower rates.
- A reduction of INR100-120b in deposits has slightly moderated QoQ growth.

### Asset quality

- Slippages have slightly risen and are comparable to 1QFY24, with FY25 slippages at 0.73% vs 1% guidance.
- Most slippages occurred in the agri and MSME sectors, under INR1m.
- The bank is confident that future slippages will not exceed 4Q levels. These were mainly KCC and restructured loans.
- Recoveries in 4Q amounted to INR4.58b; TWO recoveries added NII of INR6-7b, a consistent quarterly figure.
- Total recovery target for FY26 is INR160b, with a minimum INR15b expected per quarter.
- The total write-off book stands at INR920b, with expected recoveries of INR60-70b.
- Bhushan Power's case is under review by 32 lenders, with the asset operational and no issues foreseen.
- No major one-time recoveries seen.
- TWO recovery reached INR18b, and total recovery was INR47b, of which INR6-7b was accounted for in NII.
- Combined SMA-1 and SMA-2 (loans < INR500m) stood at 6.79%, with SMA-1 at INR228.28b and SMA-2 at INR372.69b.

### Cost, margins and other highlights

- PNB had a special deposit scheme, which came at a higher cost and has been withdrawn. The special deposit scheme had 400 days of maturity and will take at least one year to take effect.
- The deposit cost has already peaked and is expected to decline.
- There are certain schemes, where the bank has given strategic discounts and will revisit to find out what can be done.
- The bank has given housing loans at 8%, which were given with provisions and, along with HL, the personal account also comes in the kitty.
- MCLR – one 10bp cut has already happened as of 1st May.
- For 1H, NIMs should be at 2.8-2.9% and 2H NIMs shall be at 2.9-3.0%. With a downward interest rate scenario, yields will come down and any further rate cuts will further put pressure on yields.

### Other income

- INR13.76b of SR provision reversal has been done and has been neutralized with MTM recognized in 4Q. The bank has some of the MTM losses, and as a result, the overall impact has been negated.
- PNB has built a good treasury book. The bank has INR27.98b and till now has done INR3.79b addition to the AFS reserve.
- Investment and treasury book performed well.

### Others

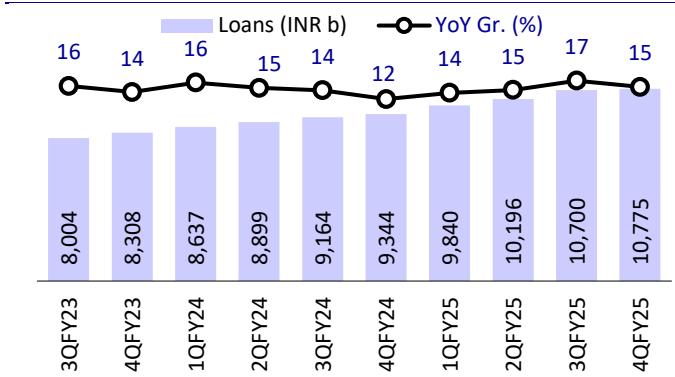
- This FY, the bank will be adopting the new tax regime and mostly by 2Q.
- For provisions, the employee expenses are taken at 6.57% for both gratuity and pension.

### Guidance for FY26

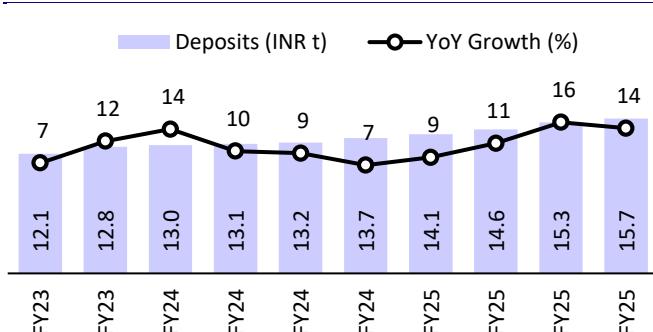
- Guidance has been maintained to be at <1% of the slippage ratio.
- For FY26 – RoA will be at >1%.
- Credit growth guidance at 11-12%.
- Deposits growth guidance at 9-10%.
- CASA share shall be >38%.
- Operating profit growth shall be 8-9%.
- NII growth shall be at 7%.
- NIMs shall be at 2.8-2.9%.
- Gross NPA ratio shall be below 3%.
- Net NPA ratio shall be at 0.35%.
- PCR is expected to be more than 96%.
- Credit cost is expected to be below 0.5%.
- Total recovery expected is at INR160b.
- RoA shall be above 1%.
- Slippages ratio should be below 1%.

## Story in charts

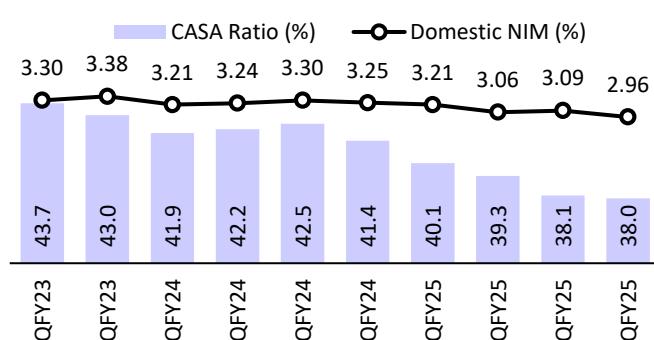
**Exhibit 1: Loan book grew 15.3% YoY (0.7% QoQ) in 4QFY25**



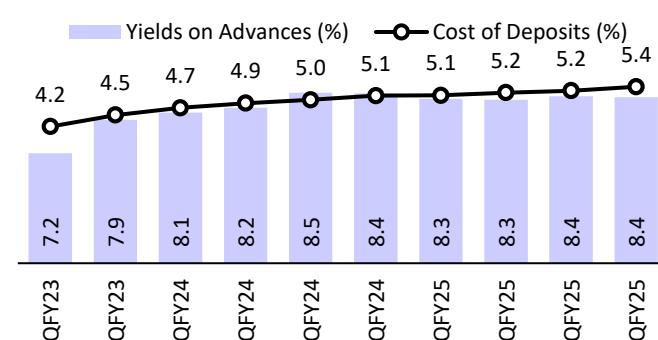
**Exhibit 2: Deposits grew 14.4% YoY (up 2.4% QoQ)**



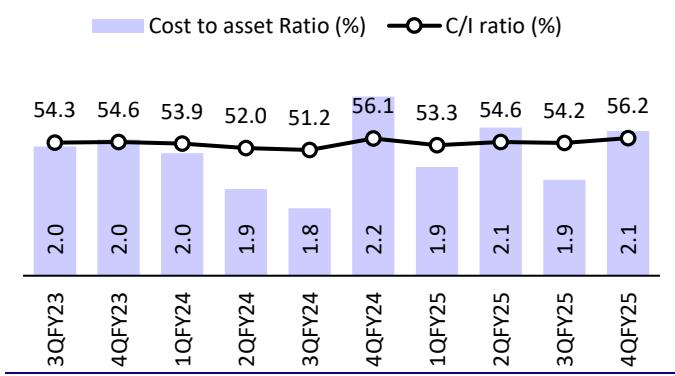
**Exhibit 3: CASA ratio moderated 17bp QoQ to 38%**



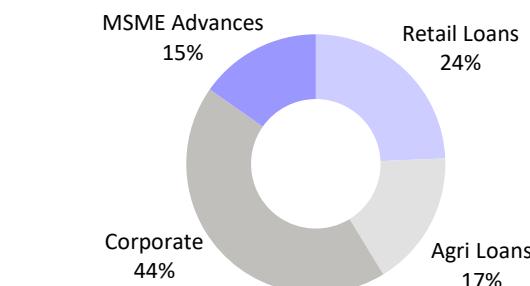
**Exhibit 4: Yields declined 2bp QoQ; CoD up 12bp QoQ**



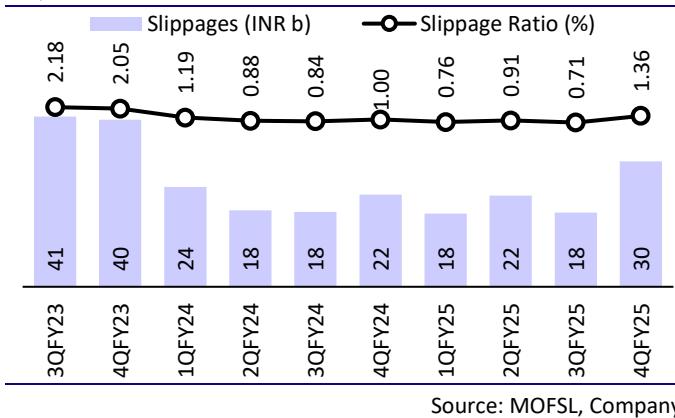
**Exhibit 5: C/I ratio increased to 56.2% in 4QFY25**



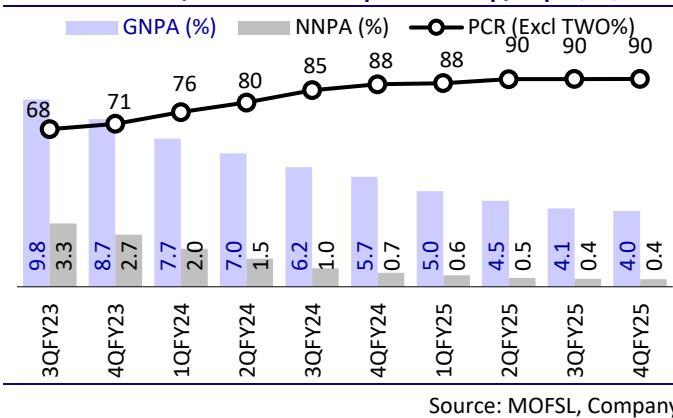
**Exhibit 6: O/s loan mix: RAM constituted 56% of total loans**



**Exhibit 7: Slippages ratio increased to 1.36% vs 0.71% in 3QFY25**



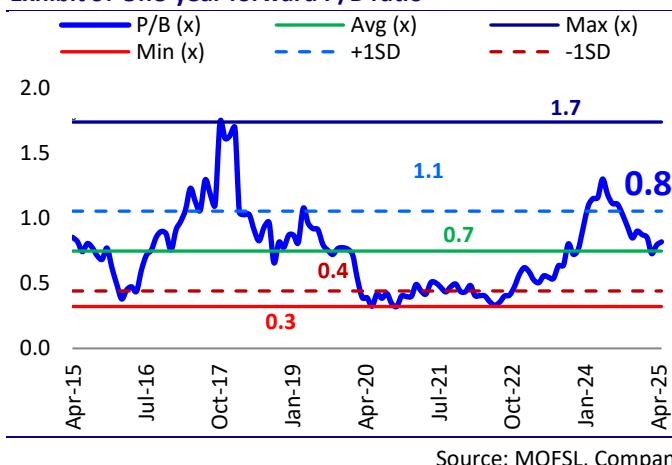
**Exhibit 8: GNPA/NNPA ratios improved 14bp/1bp QoQ**



## Valuation and view: Reiterate Buy with PT of INR125

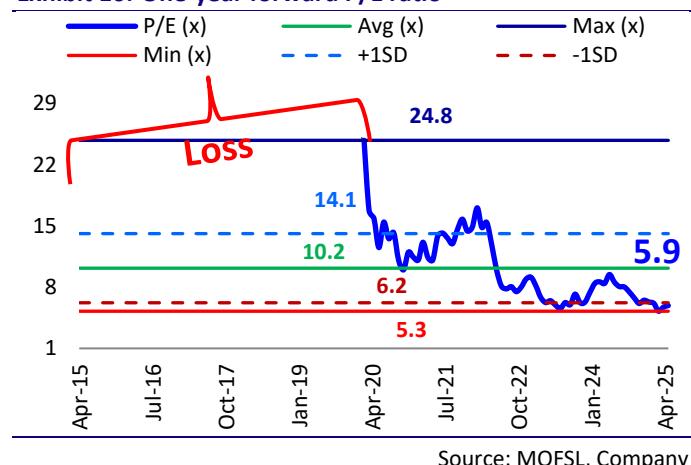
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- Business growth was moderate in 4Q; however, the bank outperformed its business growth guidance for FY25. 4Q saw a spike in slippages amid an increase in agri and MSME slippages, while asset quality ratios improved, led by better recoveries and write-offs.
- SMA book (with loans over INR50m) improved to 0.02% of domestic loans.
- We largely maintain our EPS estimates and expect RoA/RoE at 1.05%/15.5% in FY27E. **We reiterate BUY rating on the stock with a TP of INR125 (based on 1.0xFY27E).**

**Exhibit 9: One-year forward P/B ratio**



Source: MOFSL, Company

**Exhibit 10: One-year forward P/E ratio**



Source: MOFSL, Company

**Exhibit 11: DuPont Analysis – Return ratios to improve gradually**

Annual DuPont	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	5.81	6.13	7.07	7.20	7.13	7.08
Interest Expense	3.59	3.65	4.42	4.67	4.64	4.54
<b>Net Interest Income</b>	<b>2.23</b>	<b>2.48</b>	<b>2.65</b>	<b>2.53</b>	<b>2.49</b>	<b>2.53</b>
Other Income	0.96	0.87	0.89	0.97	0.94	0.93
<b>Total Income</b>	<b>3.19</b>	<b>3.36</b>	<b>3.54</b>	<b>3.50</b>	<b>3.43</b>	<b>3.47</b>
<b>Operating Expenses</b>	<b>1.57</b>	<b>1.74</b>	<b>1.89</b>	<b>1.91</b>	<b>1.82</b>	<b>1.78</b>
Employees	0.92	1.07	1.22	1.26	1.21	1.19
Others	0.65	0.67	0.66	0.65	0.61	0.60
<b>Operating Profits</b>	<b>1.61</b>	<b>1.62</b>	<b>1.65</b>	<b>1.59</b>	<b>1.61</b>	<b>1.69</b>
<b>Core operating Profits</b>	<b>1.38</b>	<b>1.70</b>	<b>1.60</b>	<b>1.54</b>	<b>1.56</b>	<b>1.63</b>
Provisions	1.28	1.31	0.78	0.10	0.20	0.28
<b>PBT</b>	<b>0.34</b>	<b>0.31</b>	<b>0.87</b>	<b>1.49</b>	<b>1.41</b>	<b>1.40</b>
Tax	0.07	0.13	0.33	0.50	0.39	0.36
<b>RoA</b>	<b>0.27</b>	<b>0.18</b>	<b>0.55</b>	<b>0.98</b>	<b>1.01</b>	<b>1.05</b>
Leverage (x)	14.96	15.44	15.95	15.56	15.05	14.75
<b>RoE</b>	<b>4.02</b>	<b>2.79</b>	<b>8.70</b>	<b>15.31</b>	<b>15.27</b>	<b>15.45</b>

Source: MOFSL, Company

## Financials and valuations

Income Statement						(INR b)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	748.8	851.4	1,069.0	1,217.6	1,366.1	1,509.5
Interest Expense	461.9	506.5	668.2	789.8	889.3	968.8
<b>Net Interest Income</b>	<b>286.9</b>	<b>344.9</b>	<b>400.8</b>	<b>427.8</b>	<b>476.8</b>	<b>540.7</b>
- Growth (%)	-6.1	20.2	16.2	6.7	11.4	13.4
Non-Interest Income	123.2	121.4	133.8	163.1	181.0	199.1
<b>Total Income</b>	<b>410.1</b>	<b>466.3</b>	<b>534.7</b>	<b>590.9</b>	<b>657.8</b>	<b>739.8</b>
- Growth (%)	-3.4	13.7	14.7	10.5	11.3	12.5
Operating Expenses	202.5	241.1	285.4	322.6	349.1	380.2
<b>Pre Provision Profits</b>	<b>207.6</b>	<b>225.3</b>	<b>249.3</b>	<b>268.3</b>	<b>308.7</b>	<b>359.6</b>
- Growth (%)	-6.3	8.5	10.7	7.6	15.1	16.5
<b>Core PPoP</b>	<b>178.3</b>	<b>236.7</b>	<b>242.4</b>	<b>260.0</b>	<b>298.8</b>	<b>347.7</b>
- Growth (%)	-4.3	32.8	2.4	7.3	14.9	16.4
Provisions (excl tax)	164.5	182.4	117.4	16.7	38.6	60.0
<b>PBT</b>	<b>43.2</b>	<b>42.9</b>	<b>131.9</b>	<b>251.6</b>	<b>270.2</b>	<b>299.6</b>
Tax	8.6	17.8	49.5	85.3	75.6	76.1
Tax Rate (%)	19.9	41.5	37.5	33.9	28.0	25.4
<b>PAT</b>	<b>34.6</b>	<b>25.1</b>	<b>82.4</b>	<b>166.3</b>	<b>194.5</b>	<b>223.5</b>
- Growth (%)	71.0	-27.5	228.8	101.7	17.0	14.9
Balance Sheet						
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Share Capital</b>	22	22	22	23	23	23
Equity Share Capital	22.0	22.0	22.0	23.0	23.0	23.0
Reserves & Surplus	932.8	976.5	1,042.7	1,250.6	1,416.8	1,595.7
<b>Net Worth</b>	<b>954.9</b>	<b>998.6</b>	<b>1,064.8</b>	<b>1,273.6</b>	<b>1,439.8</b>	<b>1,618.6</b>
<b>Deposits</b>	<b>11,462.2</b>	<b>12,811.6</b>	<b>13,697.1</b>	<b>15,666.2</b>	<b>17,499.2</b>	<b>19,581.6</b>
- Growth (%)	3.6	11.8	6.9	14.4	11.7	11.9
<b>of which CASA Dep</b>	<b>5,336.5</b>	<b>5,380.2</b>	<b>5,525.0</b>	<b>6,235.2</b>	<b>6,964.7</b>	<b>7,871.8</b>
- Growth (%)	8.3	0.8	2.7	12.9	11.7	13.0
Borrowings	456.8	512.9	504.3	837.8	751.0	779.0
Other Liabilities & Prov.	274.2	295.2	352.2	404.1	464.7	534.4
<b>Total Liabilities</b>	<b>13,148.1</b>	<b>14,618.3</b>	<b>15,618.4</b>	<b>18,181.7</b>	<b>20,154.7</b>	<b>22,513.6</b>
Current Assets	1,326.5	1,551.1	1,291.0	1,487.2	1,460.0	1,628.8
<b>Investments</b>	<b>3,721.7</b>	<b>3,960.0</b>	<b>4,203.2</b>	<b>4,973.1</b>	<b>5,420.7</b>	<b>5,854.3</b>
- Growth (%)	-5.3	6.4	6.1	18.3	9.0	8.0
<b>Loans</b>	<b>7,281.9</b>	<b>8,308.3</b>	<b>9,344.3</b>	<b>10,774.7</b>	<b>12,186.2</b>	<b>13,746.1</b>
- Growth (%)	8.0	14.1	12.5	15.3	13.1	12.8
Fixed Assets	106.7	120.5	123.2	130.5	138.4	146.7
Other Assets	711.3	678.4	656.6	816.1	949.4	1,137.7
<b>Total Assets</b>	<b>13,148.1</b>	<b>14,618.3</b>	<b>15,618.4</b>	<b>18,181.7</b>	<b>20,154.7</b>	<b>22,513.6</b>
Asset Quality						
	FY22	FY23	FY24	FY25	FY26E	FY27E
GNPA	924.5	773.3	563.4	440.8	376.6	374.5
NNPA	349.1	225.9	68.0	42.9	33.6	36.2
Slippages	247.4	160.3	58.3	77.5	103.3	129.7
GNPA Ratio	11.8	8.7	5.7	3.9	3.0	2.7
NNPA Ratio	4.8	2.7	0.7	0.4	0.3	0.3
Slippage Ratio	3.5	2.1	0.7	0.8	0.9	1.0
Credit Cost	2.35	2.34	1.33	0.09	0.30	0.43
PCR (Excl Tech. write off)	62.2	70.8	87.9	90.3	91.1	90.3

## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Yield and Cost Ratios (%)</b>						
<b>Avg. Yield- on Earning Assets</b>	<b>6.2</b>	<b>6.5</b>	<b>7.5</b>	<b>7.6</b>	<b>7.5</b>	<b>7.5</b>
Avg. Yield on loans	6.9	7.4	8.6	8.6	8.5	8.5
Avg. Yield on Investments	6.3	6.7	6.9	6.8	6.9	6.8
<b>Avg. Cost of Int. Bear. Liab.</b>	<b>3.9</b>	<b>4.0</b>	<b>4.9</b>	<b>5.1</b>	<b>5.1</b>	<b>5.0</b>
Avg. Cost of Deposits	3.8	3.9	4.7	5.1	5.0	4.9
<b>Interest Spread</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>
<b>Net Interest Margin</b>	<b>2.4</b>	<b>2.6</b>	<b>2.8</b>	<b>2.7</b>	<b>2.6</b>	<b>2.7</b>
<b>Capitalisation Ratios (%)</b>						
CAR	14.5	15.5	16.0	17.6	16.2	15.0
Tier I	11.7	12.7	13.2	14.2	13.3	12.5
CET-1	10.6	11.2	11.0	11.9	11.1	10.4
Tier II	2.8	2.8	2.8	3.4	3.0	2.6
<b>Business Ratios (%)</b>						
Loans/Deposit Ratio	63.5	64.8	68.2	68.8	69.6	70.2
CASA Ratio	46.6	42.0	40.3	39.8	39.8	40.2
Cost/Assets	1.5	1.6	1.8	1.8	1.7	1.7
Cost/Total Income	49.4	51.7	53.4	54.6	53.1	51.4
Cost/Core income	53.2	2.0	-4.5	-4.2	-3.8	-3.4
Int. Expense/Int.Income	61.7	59.5	62.5	64.9	65.1	64.2
Fee Income/Total Income	22.9	28.5	23.7	26.2	26.0	25.3
Non Int. Inc./Total Income	30.0	26.0	25.0	27.6	27.5	26.9
Empl. Cost/Total Expense	58.5	61.4	64.8	66.2	66.5	66.6
<b>Efficiency Ratios (INRm)</b>						
Employee per branch (in nos)	10.2	10.3	10.1	10.1	10.1	10.1
Staff cost per employee	1.1	1.4	1.8	2.0	2.2	2.3
CASA per branch	528.5	534.0	545.1	603.1	660.4	731.8
Deposits per branch	1,135.1	1,271.5	1,351.3	1,515.3	1,659.4	1,820.5
Business per Employee	181.7	202.8	225.1	253.3	278.8	306.8
Profit per Employee	0.3	0.2	0.8	1.6	1.8	2.1
<b>Valuation ratios</b>						
	FY22	FY23	FY24	FY25	FY26E	FY27E
RoE	4.0	2.8	8.7	15.3	15.3	15.5
RoA	0.3	0.2	0.5	1.0	1.0	1.0
RoRWA	0.6	0.4	1.2	2.1	2.2	2.2
Book Value (INR)	83	86	93	107	121	137
- Growth (%)	0.2	3.9	7.0	15.4	13.5	12.8
<b>Price-BV (x)</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
Adjusted BV (INR)	58	68	84	99	114	129
<b>Price-ABV (x)</b>	<b>1.6</b>	<b>1.4</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
EPS (INR)	3.2	2.3	7.5	14.8	16.9	19.4
<b>Price-Earnings (x)</b>	<b>29.2</b>	<b>41.3</b>	<b>12.6</b>	<b>6.4</b>	<b>5.6</b>	<b>4.8</b>
Dividend Per Share (INR)	0.6	0.7	1.5	2.3	3.0	3.9
<b>Dividend Yield (%)</b>	<b>0.7</b>	<b>0.7</b>	<b>1.6</b>	<b>2.4</b>	<b>3.2</b>	<b>4.1</b>

E: MOFSL Estimates

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