

# Punjab National Bank

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USD\$)	1242.4 / 14.2
52-Week Range (INR)	128 / 85
1, 6, 12 Rel. Per (%)	0/8/-11
12M Avg Val (INR M)	3133

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	427.8	439.1	511.7
OP	268.3	281.5	332.2
NP	166.3	155.3	212.9
NIM (%)	2.7	2.4	2.6
EPS (INR)	14.8	13.5	18.5
EPS Gr. (%)	97.4	-8.6	37.0
BV/Sh. (INR)	107	118	133
ABV/Sh. (INR)	101	112	126

## Ratios

RoA (%)	1.0	0.8	1.0
RoE (%)	15.3	12.4	15.2

## Valuations

P/E(X)	7.4	8.1	5.9
P/BV (X)	1.0	0.9	0.8
P/ABV (X)	1.1	1.0	0.9

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	70.1	70.1	73.2
DII	15.1	14.7	10.8
FII	5.5	5.7	5.5
Others	9.3	9.5	10.6

FII Includes depository receipts

**CMP: INR108** **TP: INR130 (+19%)** **Buy**

## NII in-line; transition to new tax regime drags earnings

### Margin contracted 11bp QoQ

- Punjab National Bank (PNB) reported 1QFY26 PAT of INR16.7b (48% YoY decline, 60% miss) amid higher taxes. The bank opted for the new tax regime, incurring a one-time charge of INR33.24b.
- NII remained broadly flat YoY/declined 1.7% QoQ to INR105.8b (in-line), while NIMs contracted 11bp QoQ to 2.7% (2.84% domestic NIMs).
- Other income grew 46% YoY (11.7% QoQ) to INR52.7b (21% beat) amid better fee income and robust treasury gains.
- Loan book grew 11% YoY (1.3% QoQ), while deposits grew 12.9% YoY (1.5% QoQ). As a result, the CD ratio stood broadly stable at 68.7%.
- Slippages stood at INR18.9b vs INR17.6b in 1QFY25. GNPA/NNPA ratios improved 17bp/2bp to 3.78%/0.38%. PCR ratio stood at 90.3%.
- We cut our earnings estimates by 12% for FY26 and estimate RoA/RoE at 1.0%/15.2% in FY27. Reiterate BUY with a TP of INR130 (1.0x FY27E ABV).

## Business growth modest; asset quality improves further

- PNB reported a PAT of INR16.7b (48% YoY decline, 60% miss) amid higher taxes. Adj. PAT stood at INR49.9b (54% YoY growth).
- NII remained broadly flat YoY/declined 1.7% QoQ to INR105.8b (in-line), while NIMs contracted 11bp QoQ to 2.7%. Other income grew 46% YoY (11.7% QoQ) to INR52.7b (21% beat). Treasury income stood at INR16b vs INR9.2b in 4QFY25.
- Opex increased 17% YoY/remained flat QoQ at INR87.6b (6% higher than MOFSLe), driven by the bank's purchase of PSLCs for the priority sector. C/I ratio moderated 90bp QoQ to 55.3%.
- PPop, thus, grew 7.6% YoY to INR70.8b (6% beat). Provisions declined 75% YoY/10% QoQ to INR3.2b (65% lower than MOFSLe).
- Loan book grew 11% YoY (1.3% QoQ) to INR10.9t, led by better growth in MSME advances (4% QoQ), while Retail and Corporate grew 1.1% QoQ each.
- Deposits grew 12.9% YoY/1.5% QoQ to INR15.9t. CASA ratio stood at 37% (down 96bp QoQ). CD ratio remained broadly stable at 68.7%.
- On the asset quality front, slippages stood at INR18.9b vs INR17.6b in 1QFY25. GNPA/NNPA ratios improved 17bp/2bp to 3.78%/0.38%. PCR ratio stood at 90.3%. SMA-2 (above INR50m) stood at 0.15% of loans vs 0.02% in 4QFY25.

## Highlights from the management commentary

- With the adoption of the new tax regime, the bank expects to save INR7b every quarter, resulting in a total net profit accretion of INR21b for FY26.

- Bulk deposits stood at INR2.8t. The bank has reduced rates on bulk deposits by 100bp, bringing them down to ~6.7%. These deposits will be repriced in 2Q, with the full impact expected to be visible from 3Q onwards.
- In 2QFY26, the bank expects NIMs to remain at 1Q levels, supported by the shedding of low-yielding advances and the benefit from lower deposit costs beginning to reflect.
- 56% of the loan book is EBLR-linked, 30% is MCLR-linked, and the remaining comprises fixed-rate and other instruments.

### Valuation and view: Reiterate BUY with a TP of INR130

PNB has transitioned to the new tax regime, resulting in a one-time impact on earnings. However, this shift will be beneficial from 2Q onwards, with the effective tax rate moderating to 25%. NIMs contracted 11bp QoQ, though the bank expects improvement from 3Q onwards. Business growth remained modest, with management guiding for 11-12% growth for FY26. Asset quality improved sequentially, with slippages moderating; however, the SMA book (with loans over INR50m) increased to 0.15% of domestic loans. We cut our earnings estimates by 12% for FY26 and estimate RoA/RoE at 1.0%/15.2% in FY27. **Reiterate BUY with a TP of INR130 (1.0x FY27E ABV).**

### Quarterly performance

Quarterly performance											(INR b)	
Y/E March	FY25				FY26E				FY25	FY26E	FY26	V/s our
	1Q	2Q	3Q	4Q	1QA	2QE	3QE	4QE				
Net Interest Income	104.8	105.2	110.3	107.6	105.8	104.1	109.8	119.5	427.8	439.1	105.9	0%
% Change (YoY)	10.2	6.0	7.2	3.8	1.0	-1.0	-0.5	11.1	6.7	2.6	1.0	
Other Income	36.1	45.7	34.1	47.2	52.7	45.8	40.1	52.3	163.1	190.8	43.6	21%
Total Income	140.9	150.9	144.4	154.7	158.5	149.9	149.8	171.7	590.9	629.9	149.5	6%
Operating Expenses	75.0	82.4	78.2	87.0	87.6	84.0	86.0	90.7	322.6	348.4	82.5	6%
Operating Profit	65.8	68.5	66.2	67.8	70.8	65.9	63.8	81.0	268.3	281.5	66.9	6%
% Change (YoY)	10.3	10.2	4.6	5.6	7.6	-3.8	-3.6	19.6	7.6	4.9	1.7	
Provisions	13.1	2.9	-2.9	3.6	3.2	6.7	7.1	9.9	16.7	26.9	9.4	-65%
Profit before Tax	52.7	65.7	69.1	64.2	67.6	59.2	56.7	71.1	251.6	254.7	57.6	17%
Tax	20.2	22.6	24.0	18.5	50.8	14.8	14.2	19.5	85.3	99.3	16.1	215%
Net Profit	32.5	43.0	45.1	45.7	16.8	44.4	42.5	51.6	166.3	155.3	41.4	-60%
% Change (YoY)	159.0	145.1	102.8	51.7	-48.5	3.2	-5.6	13.1	101.7	-6.6	27.5	
Operating Parameters												
Deposits	14,082	14,583	15,297	15,666	15,894	16,374	16,905	17,437	15,666	17,437	15,985	
Loans	9,840	10,196	10,700	10,775	10,920	11,318	11,725	12,132	10,775	12,132	11,019	
Deposit Growth (%)	8.5	11.3	15.6	14.4	12.9	12.3	10.5	11.3	14.4	11.3	13.5	
Loan Growth (%)	13.9	14.6	16.8	15.3	11.0	11.0	9.6	12.6	15.3	12.6	12.0	
Asset Quality												
Gross NPA (%)	5.0	4.5	4.1	4.0	3.8	3.5	3.3	3.1	4.0	3.1	3.7	
Net NPA (%)	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.3	0.4	
PCR (%)	88.4	90.2	90.2	90.3	90.3	90.4	90.5	90.3	90.3	90.3	90.2	

E: MOFSL Estimates

## Quarterly snapshot

	FY25				FY26	Change (%)	
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
<b>Profit and Loss, INRb</b>							
Net Interest Income	104.8	105.2	110.3	107.6	105.8	1	-2
Other Income	36.1	45.7	34.1	47.2	52.7	46	12
Trading profits	5.8	14.9	9.3	9.2	16.1	176	76
Total Income	140.9	150.9	144.4	154.7	158.5	12	2
Operating Expenses	75.0	82.4	78.2	87.0	87.6	17	1
Employee	45.5	57.5	52.6	57.9	51.6	13	-11
Others	29.5	24.9	25.6	29.0	36.0	22	24
Operating Profits	65.8	68.5	66.2	67.8	70.8	8	5
Core Operating Profits	60.0	53.6	56.9	58.6	54.7	-9	-7
Provisions	13.1	2.9	-2.9	3.6	3.2	-75	-10
Others	1.3	1.2	-4.1	-0.5	3.3	157	-797
PBT	52.7	65.7	69.1	64.2	67.6	28	5
Taxes	20.2	22.6	24.0	18.5	50.8	152	175
PAT	32.5	43.0	45.1	45.7	16.8	-48	-63
<b>Balance Sheet, INRb</b>							
Loans	9,840	10,196	10,700	10,775	10,920	11	1
Deposits	14,082	14,583	15,297	15,666	15,894	13	1
CASA Deposits	5,491	5,567	5,622	5,735	5,686	4	-1
-Savings	4,844	4,886	4,921	4,984	4,980	3	0
-Current	647	681	700	751	707	9	-6
<b>Loan Mix (%)</b>							
Retail	23.8	24.7	24.8	24.3	24.3	47	-3
Agri	17.1	16.1	16.5	16.9	16.6	-54	-37
Corporate	44.5	44.2	43.7	43.5	43.4	-112	-4
MSME	14.5	14.9	15.0	15.3	15.7	119	44
<b>Asset Quality, INRb</b>							
GNPA	513	476	454	441	427	-17	-3
NNPA	59	47	44	43	41	-30	-4
Slippages	18	22	18	30	19	7	-37
<b>Asset Quality Ratios (%)</b>							
	1Q	2Q	3Q	4Q	1Q	YoY(bp)	QoQ(bp)
GNPA	5.0	4.5	4.1	4.0	3.8	-120	-17
NNPA	0.6	0.5	0.4	0.4	0.4	-22	-2
PCR (Cal.)	88.4	90.2	90.2	90.3	90.3	188	5
PCR (Incl. TWO)	95.9	96.7	96.8	96.8	96.9	98	6
Credit Cost	0.6	0.1	-0.1	0.1	0.1	-44	-2
<b>Business Ratios (%)</b>							
CASA	40.1	39.3	38.1	38.0	37.0	-309	-96
Loan/Deposit	69.9	69.9	69.9	68.8	68.7	-117	-7
Fees to Total Income	21.5	20.4	17.2	24.6	23.1	162	-146
Cost to Total Income	53.3	54.6			55.3	203	5,531
Cost to Total Assets	0.5	0.5			0.5	0	47
Tax Rate	38.3	34.5	34.7	28.8	75.2	3,693	4,640
<b>Capitalisation Ratios (%)</b>							
Tier-1	13.0	13.6	12.5	14.1	14.6	158	57
- CET 1	11.0	11.6	10.7	12.3	13.0	200	62
CAR	15.8	16.4	15.4	17.0	17.5	171	49
LCR	134.8	129.2	134.8	134.8	NA	NA	NA
RWA to Total Assets	0.5	0.5	0.5	0.5	0.5	0	1
<b>Profitability Ratios (%)</b>							
Yield on loans	8.3	8.3	8.4	8.4	8.1	-19	-22
Yield on Funds	7.2	7.1	7.1	7.2	7.0	-15	-15
Cost of Deposits	5.1	5.2	5.2	5.4	5.3	23	-3
Cost of Funds	4.5	4.6	4.6	4.8	4.7	16	-6
Margins	3.07	2.92	2.93	2.81	2.70	-37	-11
<b>Other Details</b>							
Branches	10,150	10,159	10,168	10,189	10,209	59	20
ATM	12,080	12,040	12,034	11,822	11,240	-840	-582



## Highlights from the management commentary

### Opening remarks

- Global business grew 11.6% YoY. Deposits grew 12.86%, well above the guidance. Advances grew 9.84%, below the guidance.
- The bank has a sanction of INR1.30t, which is yet to be disbursed.
- The RAM mix stood at 56.6% in 1QFY26 vs 55.5% in 1QFY25.
- NIM is expected to expand from 3QFY26 due to the repricing of deposits and the impact of the CRR cut by RBI.
- The adoption of the new tax regime, along with a one-time impact from IT provisions, led to an earnings decline; however, the bank expects earnings to remain healthy going forward.
- The bank has reduced the stress level in its portfolio. PCR stood at 96.7%, well above the guidance.
- The NII decline in 1Q reflected the policy rate cuts.
- The bank has performed well in asset quality. GNPA reduced to 3.78% and NNPA reduced to 0.38%.
- The slippage ratio guidance was below 1%, and it stood at 0.71% in 1QFY26.
- CRAR was 17.5% vs 17% in 4QFY25. CET-1 stood at 12.95%.
- Total recovery stood at INR33.6b, with guidance for FY26 at INR160b.
- The bank has sanctioned a total of INR11.34t in the past year, of which INR9.84t has already been disbursed and INR7.1t is O/S as of Jun'25.
- All digital lending platforms have been integrated with AI and ML.
- The bank has introduced Gen AI Chatbot (PIHU), which is available on its websites, IBS and PNB One.
- The company is focused on strengthening its presence in various geographies.
- It aims to increase the CASA mix and RAM advances, which will help improve margins.

### Business

- MSME growth stood at 18.6% YoY, while core retail stood at 17.7% YoY. The bank experienced muted corporate growth, but it has already sanctioned INR1.3t, which is expected to be disbursed soon.
- The bank is focusing on the turnaround time for sanctioning loans. It expects the head-office sanctioning to occur within 15 days on the corporate front.
- The bank has not seen any change in the quality of the MSME portfolio and fresh underwriting that occurred over the past four years; however, incremental slippages of 2.5-3% are expected in this segment.
- Net worth has increased due to revaluation. O/S AFS reserve stood at INR8b.
- The bank has implemented several initiatives in RAM. It is conducting numerous outreach activities, which are generating good leads.
- The RAM mix is expected at ~58-59%.
- Despite stress on income, the bank has removed the minimum balance charges. For the entire CASA product, the bank has come out with a special scheme, providing add-on services like OTT subscription, free health checkup, etc.
- Housing loan growth stood at over 17% YoY within the retail segment. The bank follows the strategy of growing retail in-house rather than DSAs.

- ~INR85b is education loans, INR164b is mortgages, INR225b is personal loans, and INR12b is credit cards.
- The bank expects some improvement in the CD ratio and anticipates it to account for ~73% by the end of FY26.
- Bulk deposits stood at INR2.8t. The bank has reduced its rate by 100bp in bulk deposits, bringing it down to ~6.7-6.75%. It will get repriced in 2Q as well. Real impact will be visible from 3Q.

### **Cost, margins, and other highlights**

- The bank purchased PSLCs for the priority sector, which stood at INR8.5b. Hence, opex for 1QFY26 was high.
- Deposit rates are reduced, and the repricing of deposits will help margins from 3Q.
- NIM guidance is expected to be maintained at ~2.8-2.9% for FY26.
- The bank will be maintaining NIM at 1Q levels in 2QFY26 as it has shed some low-yielding advances. A reduction in the cost of deposits will also be seen in 2Q.
- MCLR has already been reduced by 15bp till now.
- The bank does not expect major changes in opex going forward.
- Opex is expected at ~80b-82b quarterly going forward.
- The bank has INR5b of interest recovery in 1QFY26.
- Every quarter, the bank has interest recovery of INR5-7b.
- It has passed full 100bp of rate cut to borrowers.
- 56% of the book is EBLR-linked, 30% is MCLR-linked, and the remaining are fixed rate, etc.
- Overseas margin for the bank stood at 0.45-0.5%.
- The bank has taken a massive step for PSLC targets and is taking an aggressive stance in onboarding Self Help Group. ~40b has been added in SHG. Within 3 years, the bank will come out of borrowing in PSLC.
- It has built a strong treasury book. With lower interest rate, treasury will contribute to healthy income and this trend will continue.

### **Tax related**

- The migration to new tax regime is expected to support ~16bp in RoA going forward.
- From the new tax regime, tax rate will be 25% 2Q onwards, and the bank expects operating profit to grow at the same level.
- Due to the new tax regime, the bank will be able to save INR7b every quarter. Hence, the total net profit accretion will stand at INR21b for FY26.

### **Asset quality**

- Recoveries in 1QFY26 amounted to INR33.6b; two recoveries stood at INR12b.
- The total recovery target for FY26 is INR160b, with a minimum INR15b expected per quarter.
- Breakup of SMA: INR280b in retail, INR116b in agri, 240b in MSME, and the balance at INR52b.

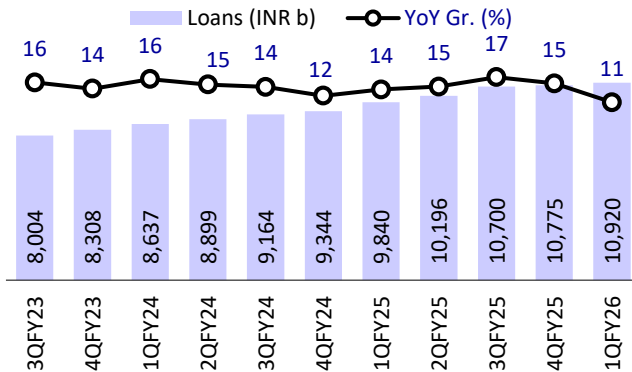
- Slippages that occurred in MSME are mostly till the 10lakh category, most of which are mudra loans, which are government guaranteed (75% will be received by the bank).
- The bank has now transitioned to providing mudra loans (i.e. 10 lakh loans) digitally rather than manually.
- Credit cost is 0.14% and the bank expects this to remain below 0.5% for FY26.
- Combined SMA-0, SMA-1 and SMA-2 (loans < INR500m) stood at 6.14%, with SMA-0 at INR430b, SMA-1 at INR132b, and SMA-2 at INR127b.

#### **Guidance for FY26**

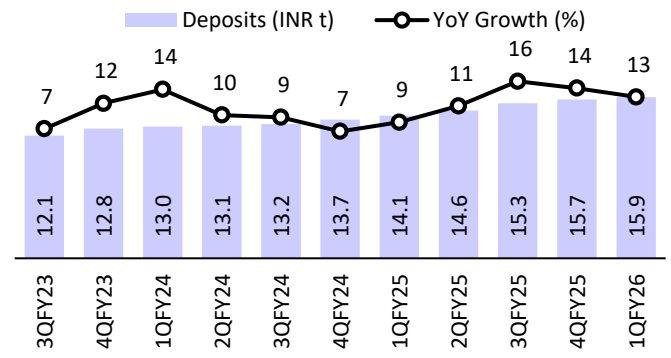
- The company has maintained its guidance at <1% of the slippage ratio.
- Operating profit growth trend will continue going forward.
- Credit growth guidance is maintained at 11-12%.
- NIMs are expected at the 2.8-2.9% range.
- Gross NPA ratio is expected to be below 3%.
- Net NPA ratio is expected to be 0.35%.
- Total recovery is expected at INR160b.

## Story in charts

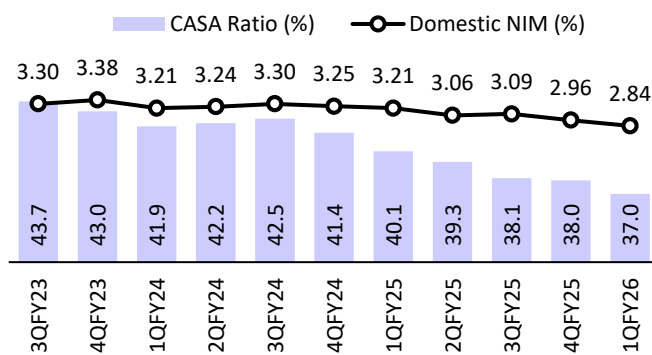
**Exhibit 1: Loan book grew 11% YoY (1.3% QoQ) to INR10.9t**



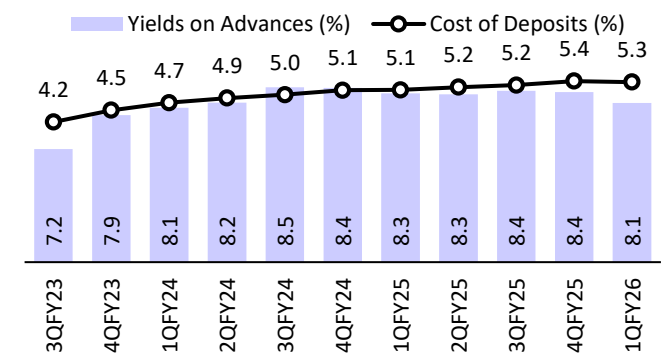
**Exhibit 2: Deposits grew 12.9% YoY (up 1.5% QoQ)**



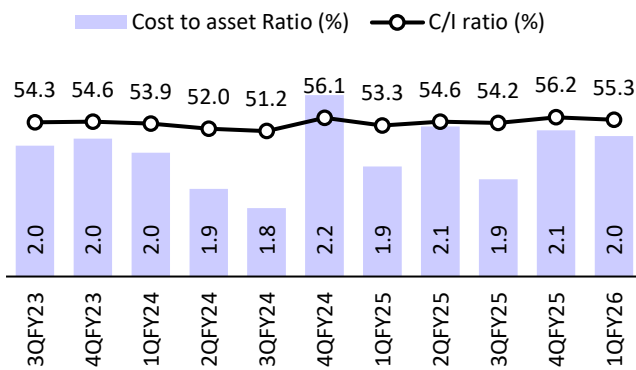
**Exhibit 3: Domestic NIM moderated 12bp QoQ to 2.84%**



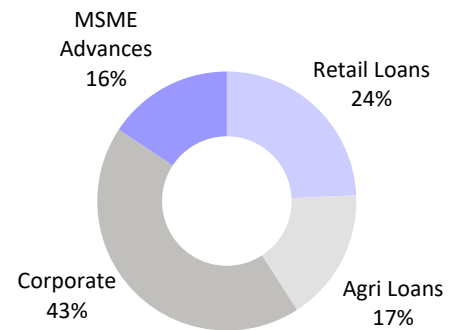
**Exhibit 4: Yields declined 22bp QoQ; CoD declined 3bp QoQ**



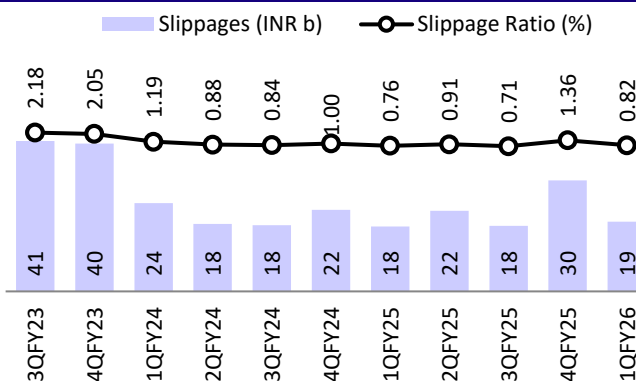
**Exhibit 5: C/I ratio moderated to 55.3% in 1QFY26**



**Exhibit 6: O/s loan mix: RAM constituted 57% of total loans**

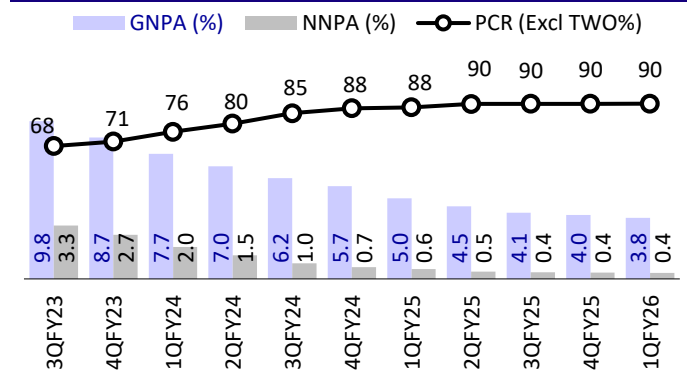


**Exhibit 7: Slippages ratio moderated to 0.82% vs 1.36% in 4QFY25**



Source: MOFSL, Company

**Exhibit 8: GNPA/NNPA ratios improved 17bp/2bp QoQ**



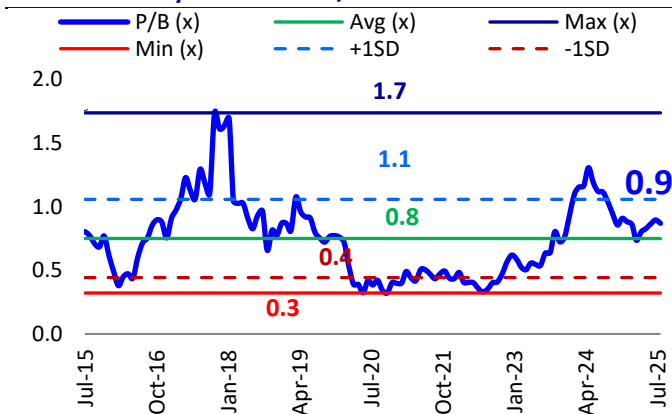
Source: MOFSL, Company



## Valuation and view: Reiterate Buy with TP of INR130

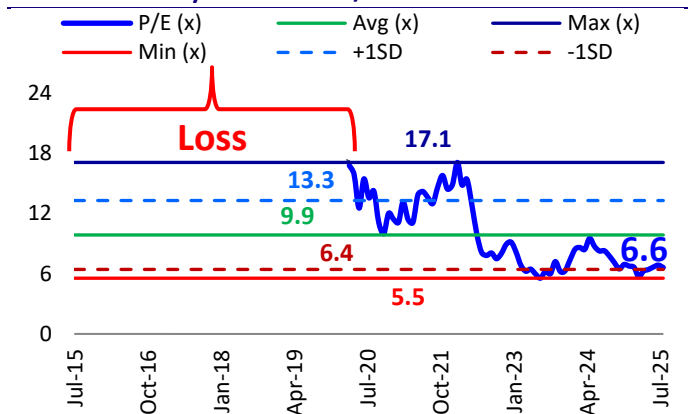
- PNB has transitioned to the new tax regime, which had a one-time impact on earnings. However, this will be beneficial from 2Q onwards as the tax rate moderates to 25%. NIMs contracted 11bp QoQ, and the bank expects improvement from 3Q onwards. Business growth was modest, with management guiding for growth to remain in 11-12% range for FY26.
- Asset quality improved with slippages moderating sequentially, though the SMA book (with loans over INR50m) increased to 0.15% of domestic loans. We cut our earnings estimates by 12% for FY26 and estimate RoA/RoE at 1.0%/15.2% in FY27. **Reiterate BUY with a TP of INR130 (1.0x FY27E ABV).**

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	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	6.13	7.07	7.20	6.92	6.84	6.80
Interest Expense	3.65	4.42	4.67	4.62	4.43	4.31
<b>Net Interest Income</b>	<b>2.48</b>	<b>2.65</b>	<b>2.53</b>	<b>2.30</b>	<b>2.41</b>	<b>2.49</b>
Other Income	0.87	0.89	0.97	1.00	0.94	0.92
<b>Total Income</b>	<b>3.36</b>	<b>3.54</b>	<b>3.50</b>	<b>3.29</b>	<b>3.35</b>	<b>3.42</b>
<b>Operating Expenses</b>	<b>1.74</b>	<b>1.89</b>	<b>1.91</b>	<b>1.82</b>	<b>1.78</b>	<b>1.74</b>
Employees	1.07	1.22	1.26	1.21	1.19	1.16
Others	0.67	0.66	0.65	0.62	0.60	0.58
<b>Operating Profits</b>	<b>1.62</b>	<b>1.65</b>	<b>1.59</b>	<b>1.47</b>	<b>1.57</b>	<b>1.67</b>
<b>Core operating Profits</b>	<b>1.70</b>	<b>1.60</b>	<b>1.36</b>	<b>1.42</b>	<b>1.51</b>	<b>1.61</b>
<b>Provisions</b>	<b>1.31</b>	<b>0.78</b>	<b>0.10</b>	<b>0.14</b>	<b>0.22</b>	<b>0.24</b>
<b>PBT</b>	<b>0.31</b>	<b>0.87</b>	<b>1.49</b>	<b>1.33</b>	<b>1.35</b>	<b>1.44</b>
Tax	0.13	0.33	0.50	0.52	0.34	0.37
<b>RoA</b>	<b>0.18</b>	<b>0.55</b>	<b>0.98</b>	<b>0.81</b>	<b>1.00</b>	<b>1.07</b>
Leverage (x)	15.44	15.95	15.56	15.24	15.12	14.91
<b>RoE</b>	<b>2.79</b>	<b>8.70</b>	<b>15.31</b>	<b>12.39</b>	<b>15.19</b>	<b>15.99</b>

Source: MOFSL, Company



## Financials and valuations

Income Statement						(INR b)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	851.4	1,069.0	1,217.6	1,322.6	1,449.8	1,605.9
Interest Expense	506.5	668.2	789.8	883.5	938.1	1,017.3
<b>Net Interest Income</b>	<b>344.9</b>	<b>400.8</b>	<b>427.8</b>	<b>439.1</b>	<b>511.7</b>	<b>588.6</b>
- Growth (%)	20.2	16.2	6.7	2.6	16.5	15.0
Non Interest Income	121.4	133.8	163.1	190.8	198.5	218.3
<b>Total Income</b>	<b>466.3</b>	<b>534.7</b>	<b>590.9</b>	<b>629.9</b>	<b>710.1</b>	<b>806.9</b>
- Growth (%)	13.7	14.7	10.5	6.6	12.7	13.6
Operating Expenses	241.1	285.4	322.6	348.4	377.9	411.6
<b>Pre Provision Profits</b>	<b>225.3</b>	<b>249.3</b>	<b>268.3</b>	<b>281.5</b>	<b>332.2</b>	<b>395.3</b>
- Growth (%)	8.5	10.7	7.6	4.9	18.0	19.0
<b>Core PPOp</b>	<b>236.7</b>	<b>242.4</b>	<b>229.1</b>	<b>271.7</b>	<b>320.4</b>	<b>381.2</b>
- Growth (%)	32.8	2.4	-5.5	18.6	17.9	18.9
Provisions (excl tax)	182.4	117.4	16.7	26.9	46.9	55.8
<b>PBT</b>	<b>42.9</b>	<b>131.9</b>	<b>251.6</b>	<b>254.7</b>	<b>285.4</b>	<b>339.5</b>
Tax	17.8	49.5	85.3	99.3	72.5	86.2
Tax Rate (%)	41.5	37.5	33.9	39.0	25.4	25.4
<b>PAT</b>	<b>25.1</b>	<b>82.4</b>	<b>166.3</b>	<b>155.3</b>	<b>212.9</b>	<b>253.2</b>
- Growth (%)	-27.5	228.8	101.7	-6.6	37.0	19.0

Balance Sheet						
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Share Capital</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>
Equity Share Capital	22.0	22.0	23.0	23.0	23.0	23.0
Reserves & Surplus	976.5	1,042.7	1,250.6	1,377.6	1,546.0	1,741.4
<b>Net Worth</b>	<b>998.6</b>	<b>1,064.8</b>	<b>1,273.6</b>	<b>1,400.6</b>	<b>1,569.0</b>	<b>1,764.4</b>
<b>Deposits</b>	<b>12,811.6</b>	<b>13,697.1</b>	<b>15,666.2</b>	<b>17,436.5</b>	<b>19,441.7</b>	<b>21,716.4</b>
- Growth (%)	11.8	6.9	14.4	11.3	11.5	11.7
<b>of which CASA Dep</b>	<b>5,380.2</b>	<b>5,525.0</b>	<b>5,735.4</b>	<b>6,346.9</b>	<b>7,387.9</b>	<b>8,643.1</b>
- Growth (%)	0.8	2.7	3.8	10.7	16.4	17.0
Borrowings	512.9	504.3	837.8	751.2	778.8	809.0
Other Liabilities & Prov.	295.2	352.2	404.1	464.7	534.4	614.6
<b>Total Liabilities</b>	<b>14,618.3</b>	<b>15,618.4</b>	<b>18,181.7</b>	<b>20,053.0</b>	<b>22,323.9</b>	<b>24,904.4</b>
Current Assets	1,551.1	1,291.0	1,487.2	1,455.0	1,617.6	1,802.0
<b>Investments</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>	<b>6,322.7</b>
- Growth (%)	6.4	6.1	18.3	9.0	8.0	8.0
<b>Loans</b>	<b>8,308.3</b>	<b>9,344.3</b>	<b>10,774.7</b>	<b>12,132.4</b>	<b>13,685.3</b>	<b>15,464.4</b>
- Growth (%)	14.1	12.5	15.3	12.6	12.8	13.0
Fixed Assets	120.5	123.2	130.5	138.4	146.7	155.5
Other Assets	678.4	656.6	816.1	906.5	1,020.0	1,159.8
<b>Total Assets</b>	<b>14,618.3</b>	<b>15,618.4</b>	<b>18,181.7</b>	<b>20,053.0</b>	<b>22,323.9</b>	<b>24,904.4</b>

Asset Quality	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA	773.3	563.4	440.8	389.6	382.3	394.3
NNPA	225.9	68.0	42.9	37.7	42.2	45.3
Slippages	160.3	58.3	67.6	103.1	129.1	145.7
GNPA Ratio	8.7	5.7	4.0	3.1	2.7	2.5
NNPA Ratio	2.7	0.7	0.4	0.3	0.3	0.3
Slippage Ratio	2.1	0.7	0.7	0.9	1.0	1.0
Credit Cost	2.34	1.33	0.17	0.20	0.33	0.35
PCR (Excl Tech. write off)	70.8	87.9	90.3	90.3	89.0	88.5

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Yield and Cost Ratios (%)</b>						
<b>Avg. Yield- on Earning Assets</b>	<b>6.5</b>	<b>7.5</b>	<b>7.6</b>	<b>7.3</b>	<b>7.2</b>	<b>7.2</b>
Avg. Yield on loans	7.4	8.6	8.6	8.3	8.1	8.1
Avg. Yield on Investments	6.7	6.9	6.8	6.8	6.7	6.6
<b>Avg. Cost of Int. Bear. Liab.</b>	<b>4.0</b>	<b>4.9</b>	<b>5.1</b>	<b>5.1</b>	<b>4.9</b>	<b>4.8</b>
Avg. Cost of Deposits	3.9	4.7	5.0	4.9	4.7	4.6
<b>Interest Spread</b>	<b>2.5</b>	<b>2.6</b>	<b>2.4</b>	<b>2.2</b>	<b>2.3</b>	<b>2.4</b>
<b>Net Interest Margin</b>	<b>2.6</b>	<b>2.8</b>	<b>2.7</b>	<b>2.4</b>	<b>2.6</b>	<b>2.6</b>

### Capitalisation Ratios (%)

CAR	15.5	16.0	17.1	16.0	14.8	13.7
Tier I	12.7	13.2	14.1	13.0	12.1	11.4
CET-1	11.2	11.1	12.4	10.8	10.1	9.5
Tier II	2.8	2.8	3.0	3.0	2.6	2.4

### Business Ratios (%)

Loans/Deposit Ratio	64.8	68.2	68.8	69.6	70.4	71.2
CASA Ratio	42.0	40.3	36.6	36.4	38.0	39.8
Cost/Assets	1.6	1.8	1.8	1.7	1.7	1.7
Cost/Total Income	51.7	53.4	54.6	55.3	53.2	51.0
Cost/Core income	2.0	-4.5	-0.8	-3.8	-3.4	-3.1
Int. Expense/Int.Income	59.5	62.5	64.9	66.8	64.7	63.3
Fee Income/Total Income	28.5	23.7	21.0	28.7	26.3	25.3
Non Int. Inc./Total Income	26.0	25.0	27.6	30.3	27.9	27.1
Empl. Cost/Total Expense	61.4	64.8	66.2	66.2	66.5	66.6

### Efficiency Ratios (INRm)

Employee per branch (in nos)	10.3	10.1	10.1	10.1	10.1	10.1
Staff cost per employee	1.4	1.8	2.1	2.2	2.3	2.5
CASA per branch	534.0	545.1	562.9	602.4	687.5	788.5
Deposits per branch	1,271.5	1,351.3	1,537.6	1,655.0	1,809.2	1,981.2
Business per Employee	202.8	225.1	257.3	277.8	305.1	335.7
Profit per Employee	0.2	0.8	1.6	1.5	2.0	2.3

### Valuation ratios

RoE	2.8	8.7	15.3	12.4	15.2	16.0
RoA	0.2	0.5	1.0	0.8	1.0	1.1
RoRWA	0.4	1.2	2.1	1.7	2.1	2.3
Book Value (INR)	86	93	107	118	133	150
- Growth (%)	3.9	7.0	15.4	10.3	12.4	12.8
<b>Price-BV (x)</b>	<b>1.3</b>	<b>1.2</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
Adjusted BV (INR)	68	84	101	112	126	142
<b>Price-ABV (x)</b>	<b>1.6</b>	<b>1.3</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>
EPS (INR)	2.3	7.5	14.8	13.5	18.5	22.0
<b>Price-Earnings (x)</b>	<b>47.9</b>	<b>14.6</b>	<b>7.4</b>	<b>8.1</b>	<b>5.9</b>	<b>4.9</b>
Dividend Per Share (INR)	0.7	1.5	2.9	3.0	3.9	5.1
<b>Dividend Yield (%)</b>	<b>0.6</b>	<b>1.4</b>	<b>2.7</b>	<b>2.7</b>	<b>3.6</b>	<b>4.6</b>

E: MOFSL Estimates

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