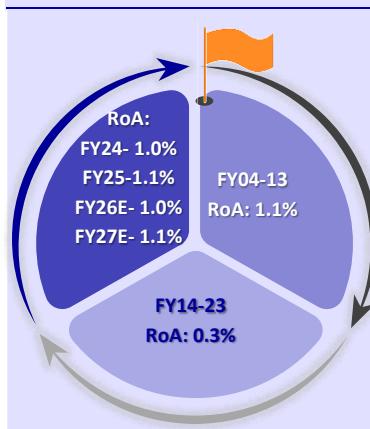


## RoA journey (%)



## PSU Banks: Resetting to a new normal in profitability

## PSBs to sustain 1% RoA; valuations remain inexpensive

- During Jan'23-Feb'24, we published three sector notes on PSU banks (PSBs), arguing that the recovery in RoA to 1% is not a one-off event but more like a homecoming for PSBs. Now, in recent years, PSBs have sustained healthy RoA, and we believe that with margins recovering in 2HFY26 and asset quality remaining stable, they are well poised to deliver steady returns in the coming years.
- In this note, we further explore if PSBs have transformed fundamentally and deserve to be viewed differently given their sustained profitability and growth trajectory.
- PSB sector profitability has reached a record high at INR1.5t and RoA has surpassed 1%. We estimate a 14% CAGR in aggregate earnings of our PSB coverage over FY26-28E.
- While NIM pressure may weigh on the near-term outlook, rising fee income, a gradual moderation in cost ratios, and healthy coverage levels (PCR ~79%) will help to keep RoA stable at 1.0-1.1%.
- Stronger deposit franchises, conservative CD ratios, and steady traction in Retail, Agri and MSME (RAM) segments have enabled PSBs to regain credit momentum, with PSBs outpacing private banks in FY25 loan growth for the first time in the past 15 years (12% vs. 10%).
- PSBs' market cap has jumped nearly 5x since FY20, yet they continue to trade at reasonable valuations even as sector RoE remains stable at 18-19% and RoA at ~1%.
- With their strong balance sheets, healthy asset quality, and improving efficiency, we see scope for a gradual but meaningful re-rating for PSBs. Our preferred ideas are SBIN and PNB. Among mid-size names, we prefer INBK given its superior return ratios.

## PSBs well poised to sustain RoA at ~1%

Once considered aspirational, PSBs have achieved a structural turnaround, with sector RoA reaching ~1.1% in FY25, supported by improved underwriting, cost control, and robust recoveries. Aggregate PSB profits have surged to INR1.5t in FY25, with their share in banking profits rebounding to 48%. While private banks continue to lead in RoA (1.7-1.8%), top PSBs now deliver comparable or superior RoE (~18), aided by higher leverage. Despite near-term headwinds from margin pressure, modest growth, and ECL implementation down the road, we expect PSBs to sustain RoA at ~1% and deliver ~14% earnings CAGR over FY26-28E.

## Healthy liquidity, funding profile to support stable credit growth

PSBs have historically maintained a robust deposit franchise and a comfortable liquidity position, as reflected in their healthy LCR and controlled CD ratio. Despite a gradual erosion in market share, PSBs still command over 62% of system deposits, anchored by their extensive branch presence and strong depositor trust. This has enabled most PSBs to maintain controlled CD ratios, while healthy LCR (130-145% range) further reinforces balance sheet position. This allows PSBs to fund loan growth without aggressively chasing high-cost deposits, giving them a funding advantage across liquidity and rate cycles and ensuring stable 11-12% YoY credit growth.

**Research Analyst: Dvit Sankharva** (Dvit.sankharva@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

such as available on www.esmt.edu/our-research/Institutional-Faculty-Blanchard-Thomas-Bailey-Facto

Motilal Oswal research is available on [www.motilaloswal.com](http://www.motilaloswal.com)/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

## PSBs: Well poised for rerating 2.0; 1% RoA – from aspirational to sustainable; valuations remain attractive

Report update | 30 December 2023

**Financials**

**Public Sector Banks: Well poised for Rerating 2.0**

PSBs have reversed a decade-long trend of market share erosion, regaining ~40bp in FY25 to ~58%. This was supported by healthy credit growth, backed by robust asset quality, strong capital buffers, and ample liquidity that allowed them to sustain steady credit flow, while private peers faced CD ratio constraints. In FY25, PSBs outpaced private banks in loan growth for the first time in 15 years (12% vs. 10%), driven by momentum in retail and MSME segments and relative insulation from stress in unsecured loans. With low-cost deposits, digital investments, and a recovery in consumption demand, we believe PSBs are well placed to deliver 10-12% loan CAGR in FY26E, and unlike the sharp 200bp annual decline over FY11-21, their market share is now expected to decline only marginally over FY26-28E.

**PSBs' credit market share to decline at milder pace vs. 200bp annual fall**

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**Navigating NIM pressures with strategic rebalancing; pace of fall to ease**

We expect PSBs to face further margin pressure in 2QFY26 due to the repricing of repo-linked loans. However, proactive liability management through the repricing of bulk deposits and certificate of deposits (CDs) at lower rates and replacing high-cost CDs with granular retail deposits will mitigate margin impact. We believe NIMs are likely to broadly stabilize by 3QFY26 and recover thereafter, supporting healthy NII growth over FY27-28E. Alongside, PSBs are cautiously rebalancing their asset mix toward higher-yielding RAM loans. With a low Credit deposit ratio, rising fee income, and prudent use of loan syndication and sell-downs, PSBs are well-positioned to absorb short-term NIM compression while sustaining healthy credit growth and profitability.

**Bond gains provide crucial earnings support; mix in other income rises to 22-40%**

Amid the sharp decline in NII, treasury gains have become a key offsetting lever for PSBs, driven by the rally in G-sec bonds following a sharp drop in yields. In 1QFY26, treasury gains accounted for 22-40% of total other income for PSBs, the highest in the past four years, with SBIN, Bank of Baroda (BOB), and CBK reporting the largest contributions of 31-40%. However, treasury gains are expected to moderate in the coming quarters as bond yields remain range-bound, while healthy systemic liquidity and the upcoming CRR cut reduce the need for repeated OMOs.

**Cost ratios to improve gradually, thereby supporting RoA**

PSBs have traditionally operated with high cost-to-income ratios of 48-55% due to elevated employee expenses (55-66% of total costs), making them less efficient than private peers (~35-45%). However, operating leverage is now improving as revenue growth strengthens, fee income scales up, and headcount remains largely stable. Digital adoption, branch rationalization, workforce optimization, and the government's PLI scheme are supporting efficiency gains, helping revenue outpace the cost increase. As a result, C/I ratios are expected to gradually decline, narrowing the efficiency gap and supporting stable RoA.

**Robust asset quality with best-in-class PCR ratios**

PSBs have undergone a remarkable balance sheet transformation, moving from double-digit NPAs to best-in-class asset quality. PCR has risen sharply from 45% in FY18 to ~79% in FY25, while GNPA ratio has declined from 14.6% to 2.8%, bringing

## FINANCIALS: Public Sector Banks: The Homecoming of RoA!

Report update | 30 December 2023

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net NPA ratio down to 0.5%, comparable with private banks. Slippages have dropped from ~7.9% in FY18 to ~0.7% in FY25 and are expected to stay below 1% through FY27-28E, highlighting the resilience of PSBs' asset quality vs. private peers (~1.8-1.9% slippages). Credit costs have improved significantly but are expected to rise gradually due to slower recoveries and ECL transition, though the healthy PCR provides a cushion. Contained SMA books, disciplined underwriting and strong governance provide visibility on stable asset quality, while stronger capital positions and cleaner balance sheets make PSBs far more resilient, mitigating the depth of cyclical in earnings and asset quality compared with past downturns.

### Capital adequacy has improved sharply; internal accruals to fund growth

Over the past five years, PSBs have strengthened their CET-1 ratios from 9.4%-11.8% in FY20 to 11.0%-15.3% by 1QFY26, supported by strong internal accruals and capital raises from the market. This capital cushion, combined with robust profitability, improved asset quality, and disciplined underwriting, has enabled steady credit growth while containing risks. Several PSBs like SBIN, Punjab National Bank (PNB), CBK, and Union Bank (UNBK) have successfully tapped equity markets, driving CRAR to a healthy range of 15-18% across our coverage banks. Most PSBs now have a public float of over 25%, though select banks will still need to reduce government holdings to meet minimum promoter shareholding norms.

### Valuation and view: RoA outlook steady; should PSBs be looked at from a different lens?

PSBs have seen a strong re-rating over the past five years, shedding their legacy image of lenders with poorer underwriting capabilities to competitive players delivering consistent value to stakeholders. Their aggregate market capitalization has surged by nearly 5x since FY20. Despite healthy RoE of ~18% and sustainable RoA of 1%+, most coverage PSBs trade at reasonable valuations of 0.8-1x forward P/B and 5-7x FY27E EPS. While near-term earnings may face margin pressures, structural improvements in asset quality, capital strength, digital adoption, and operating efficiency offer visibility on sustaining this RoA. PSBs are well positioned to benefit from any capex recovery, though near-term growth will continue to be funded by RAM assets. Stronger capital positions, cleaner balance sheets, and prudent provisioning make PSBs more resilient and limit cyclical in earnings and asset quality relative to past cycles. **Top picks: SBIN and PNB. INBK stands out among mid-sized banks. We remain Neutral on BOB and UNBK.**

#### Exhibit 1: PSBs: Valuation summary

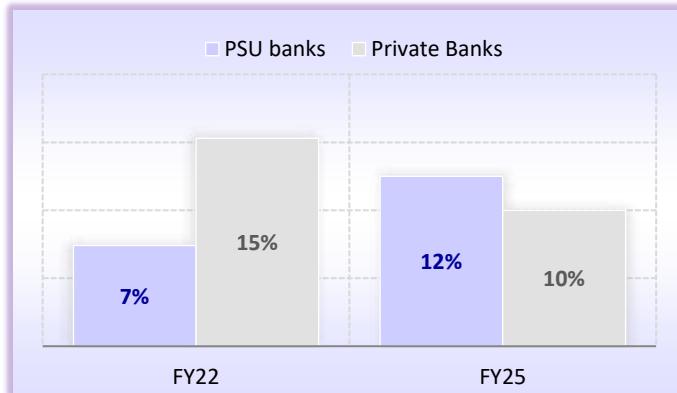
Val summary	Rating	CMP (INR)	Mkt. Cap (INRb)	TP (INR)	Upside (%)	EPS (INR) FY26E	EPS (INR) FY27E	RoA (%) FY26E	RoE (%) FY26E	P/E (x) FY26E	P/BV (x) FY26E	P/ABV (x) FY26E
<b>PSU Banks</b>												
SBIN*	Buy	866	7,893	1,000	15	79.1	87.0	1.0	1.0	15.8	15.3	7.9
PNB	Buy	111	1,299	130	17	13.5	18.0	0.8	1.0	12.4	14.8	8.2
BOB	Neutral	255	1,300	275	8	36.2	41.7	1.0	1.0	14.2	14.9	7.0
CBK	Buy	123	1,078	140	14	20.7	22.1	1.1	1.0	18.9	18.2	5.9
UNBK	Neutral	139	1,059	155	12	21.7	24.7	1.1	1.1	14.6	14.8	6.4
INBK	Buy	708	949	800	13	87.9	94.9	1.3	1.3	17.7	16.9	8.1

\*adj for subsidiaries

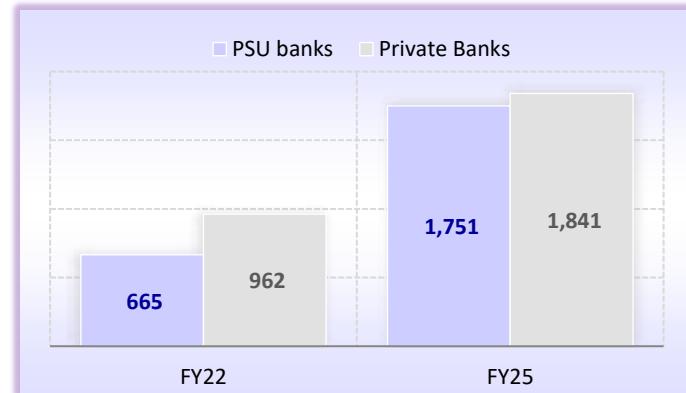
Source: Company, MOFSL

## STORY IN CHARTS- PSBs vs. Private Banks

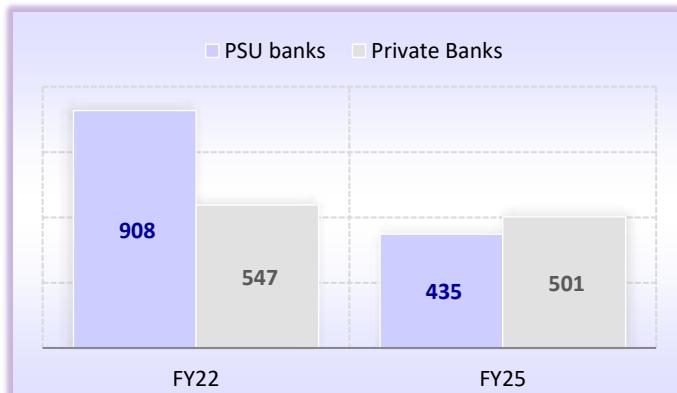
In advances, PSBs outpaced private banks with 12% YoY growth vs. 10% for private bank in FY25



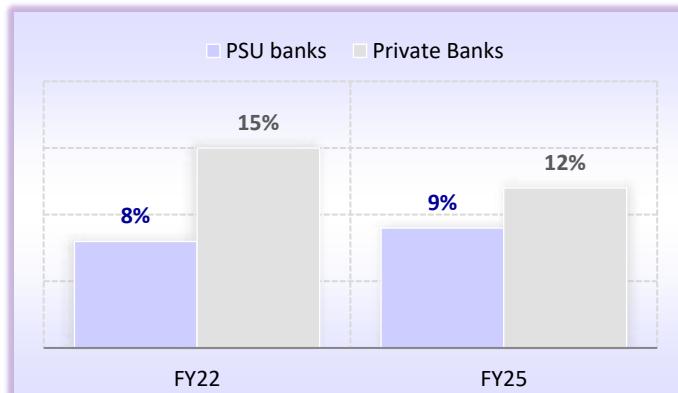
Profit of PSBs grew 2.6x from INR1.7t in FY22 to INR1.7t in FY25, broadly matching private banks' INR1.84t



Provisions of PSBs stood at INR435b in FY25 vs. INR501b for private banks

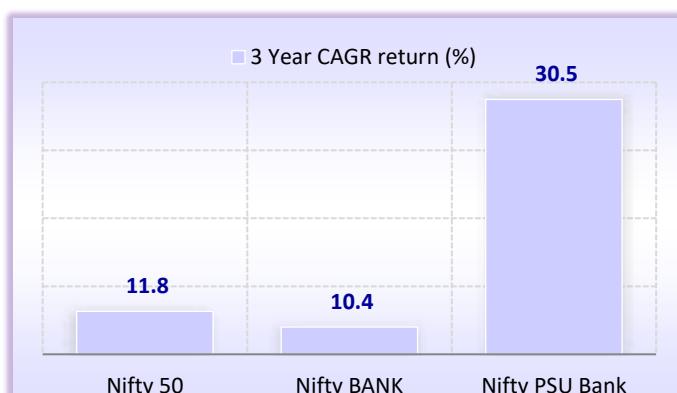


Deposits of PSBs grew 9% in FY25 vs. 12% growth for private banks



\*compared for banks under MOFSL coverage

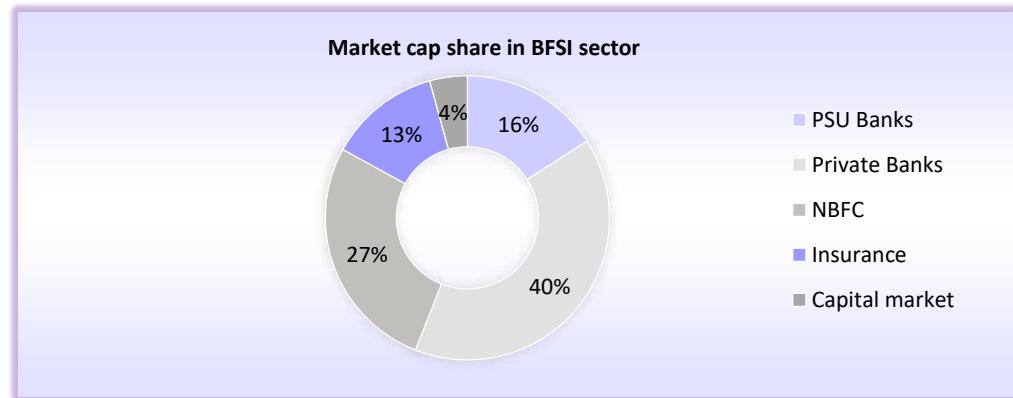
PSBs outperformed Nifty-50/Nifty Bank in past three years, though in past three months, Nifty PSU has posted 0.6% returns



Aggregate PSB market cap has grown at a faster rate vs. private banks since FY20



BFSI sector market cap stands at ~INR98t with PSBs accounting for 16% of total



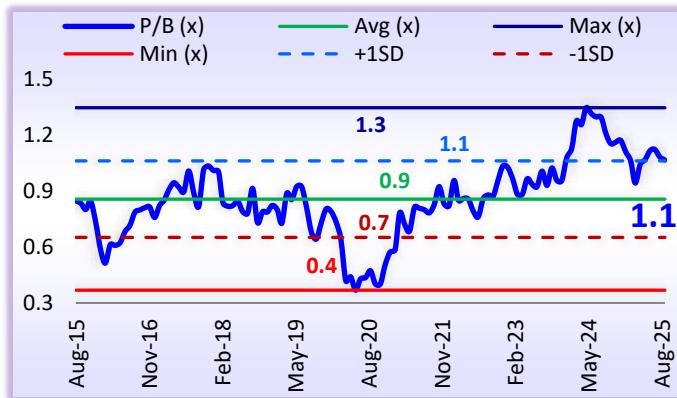
Source: MOFSL, Company

PSBs' market cap contribution in banking sector has risen to 30% from 19% in FY20 despite HDFCB-HDFC merger

Market Cap (INRb)	FY05	FY10	FY15	FY20	FY21	FY22	FY23	FY24	FY25	Sep'25
PSBs	815	2,636	3,512	2,890	5,516	7,286	8,962	16,124	14,360	16,458
Pvt Banks	678	3,054	7,990	12,064	21,375	22,333	24,958	31,020	35,661	37,683
<b>Total</b>	<b>1,493</b>	<b>5,690</b>	<b>11,502</b>	<b>14,954</b>	<b>26,891</b>	<b>29,619</b>	<b>33,920</b>	<b>47,144</b>	<b>50,021</b>	<b>54,142</b>
Share in M. Cap	FY05	FY10	FY15	FY20	FY21	FY22	FY23	FY24	FY25	Aug'25
PSBs	55%	46%	31%	19%	21%	25%	26%	34%	29%	30%
Pvt Banks	45%	54%	69%	81%	79%	75%	74%	66%	71%	70%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

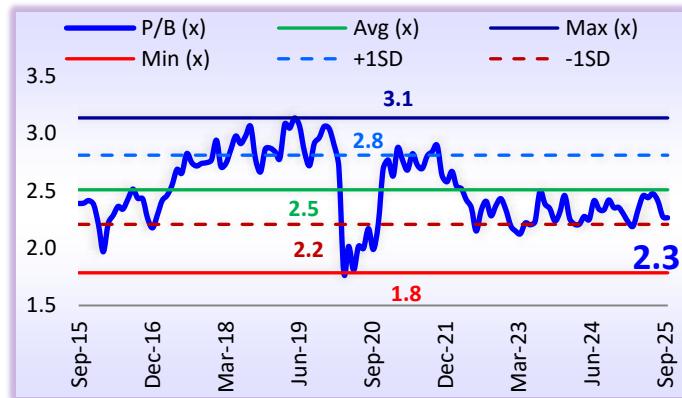
Source: MOFSL, Company

PSBs 1-yr forward P/BV trades at a premium to their long period average



Source: MOFSL, BBG

Private Banks 1-yr forward P/BV trade closer to average levels



Source: MOFSL, BBG

## PSBs well poised to sustain steady operating performance

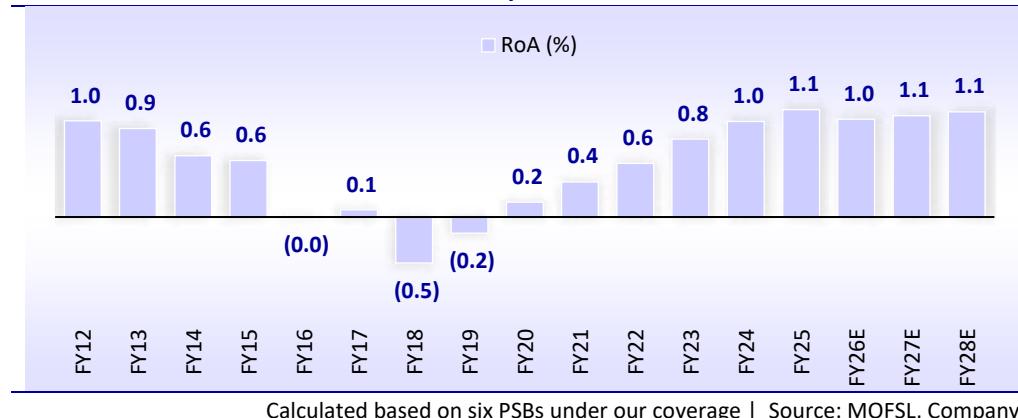
Estimate RoA to stabilize at ~1.1% over FY26-28E

Until a few years ago, a 1% RoA for PSBs was considered an aspirational milestone. However, with their consistent growth backed by improved underwriting and cost control, PSBs have delivered a remarkable turnaround over the last few years, with sector RoA reaching ~1.1% in FY25. In FY25, our PSB universe posted a record net profit of INR1.5t vs. an aggregate loss of INR295b in FY18. Their share in total banking profits has rebounded to 48% from negligible levels during the peak of the NPA crisis.

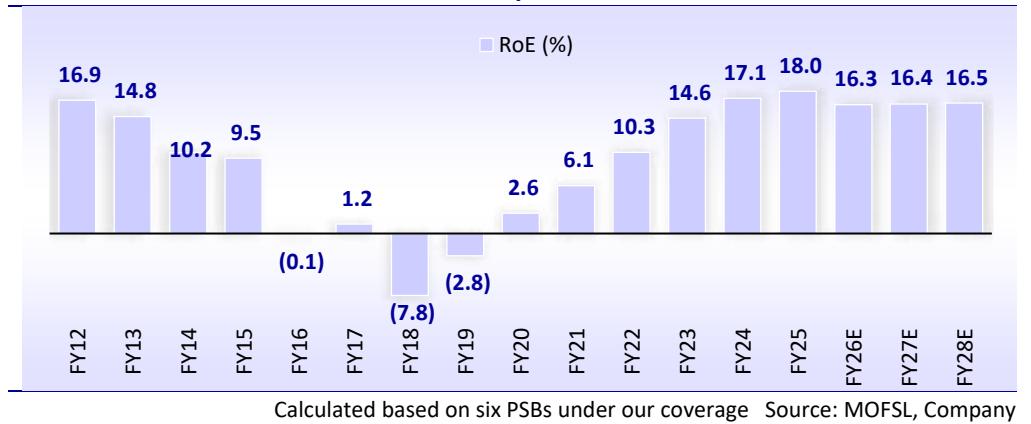
- While private banks still lead in RoA (1.7-1.8% vs. ~1.0-1.1% for PSBs) due to better fee income, margins, and efficiency, top PSBs have matched them or are better in RoE (~18-19%), aided by improved recoveries and higher leverage.
- In the near term, earnings moderation may continue due to margin pressure, modest business growth, and normalization of credit costs, along with potential implementation of ECL guidelines. We, nevertheless, estimate PSBs to deliver ~1-1.1% RoA in the coming years.
- Healthier balance sheets, stronger capital positions, and a stable profitability outlook continue to form the key investment arguments for the sector. We estimate an earnings CAGR of 14% for the top six PSBs under our coverage over FY26-28E.

### Exhibit 2: Estimate RoA to remain at ~1.1% by FY28E

PSBs have delivered a remarkable turnaround, with RoA reaching ~1.1% in FY25, driven by robust credit growth, stable margins, controlled credit costs, and improved operating efficiencies



**Exhibit 3: Estimate RoE to remain at ~16.5% by FY28**



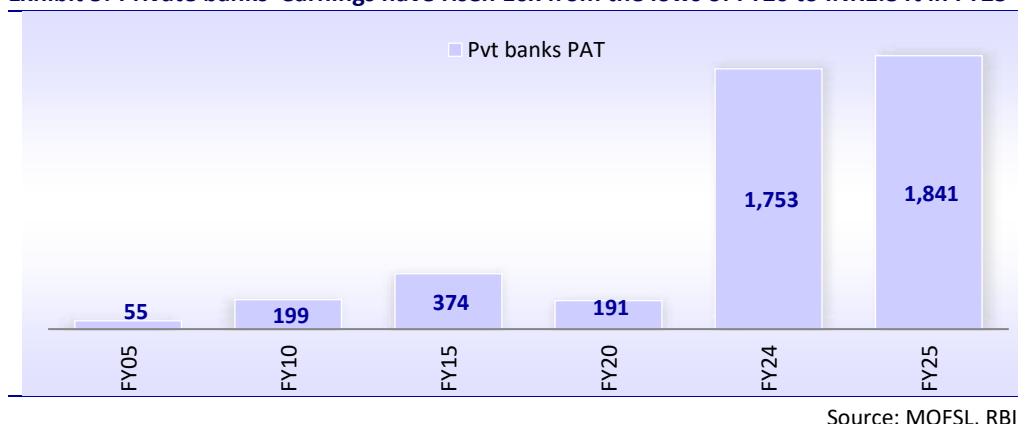
PSBs' earnings are expected to gain pace from FY27E as deposit re-pricing happens and the worst of margin compression gets over

We estimate 14% CAGR in PSB earnings over FY26-28E

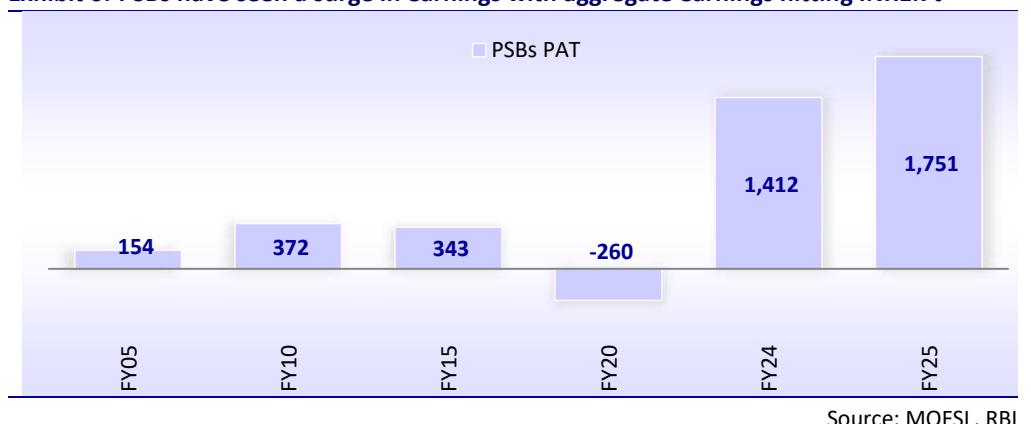
**Exhibit 4: PSBs to report ~14% earnings CAGR over FY26-28E as margin pressure eases**



**Exhibit 5: Private banks' earnings have risen 10x from the lows of FY20 to INR1.84t in FY25**



**Exhibit 6: PSBs have seen a surge in earnings with aggregate earnings hitting INR1.7t**



PSBs' PAT contribution in total banking sector PAT has increased to FY15 levels at ~49%.

## Healthy liquidity, funding profile to help sustain credit growth

### PSBs' credit market share to decline at a milder pace

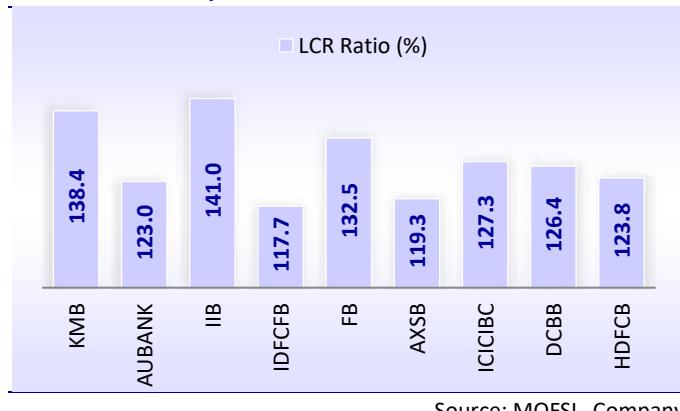
- PSBs have historically maintained a robust deposit franchise and comfortable liquidity positions as reflected in their healthy LCR and controlled CD ratio. Despite a gradual erosion in market share, PSBs still command over 62% of system deposits, anchored by their extensive physical presence and strong depositor trust.
- This has enabled most PSBs to maintain CD ratios in the 70-78% range, well below the private banks' levels. Their LCRs, often in the 130-145% range, further reinforce a comfortable balance sheet position.
- These buffers allow PSBs to fund loan growth without aggressively chasing high-cost deposits, giving them a funding advantage across liquidity and rate cycles and supporting stable loan growth going forward.
- After years of losing ground, PSBs have stabilized their credit market share at ~58% (gaining ~40bp credit market share in FY25, for the first time in past one decade), supported by stronger asset quality, robust capital buffers, and ample liquidity. This enables them to maintain steady credit flow compared to private peers, some of whom were constrained by high CD ratios.
- Thus, in FY25, PSBs outpaced private banks in loan growth for the first time in 15 years, delivering 12% YoY growth vs. 10% for private banks.
- PSBs are gaining traction in retail and MSME segments and are relatively insulated from rising delinquencies in unsecured loans and MFIs. This, coupled with a pickup in consumption activity aided by reduced GST & direct tax rates, low-cost deposits, and ongoing digital and operational investments, positions them well to sustain healthy credit growth in the coming years.
- We believe that while systemic loan growth may remain modest in FY26, PSBs overall are well poised to deliver a CAGR of 10-12% in loans over the year.
- We, thus, estimate PSBs' credit market share to decline at a slower pace over FY26-28E unlike an average annual decline of 200bp witnessed over FY11-21.

**Exhibit 7: LCR ratio of PSBs remains comfortable**



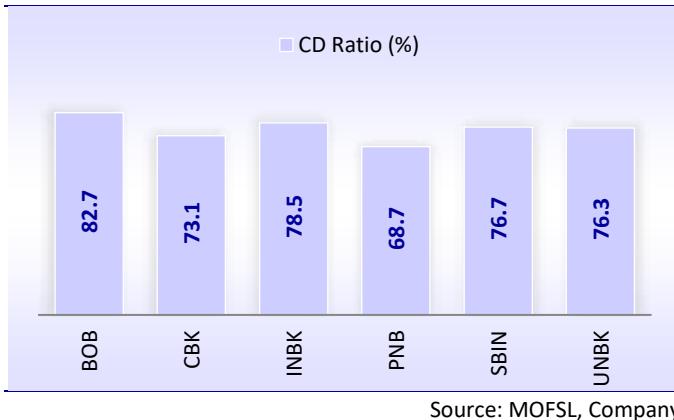
Source: MOFSL, Company

**Exhibit 8: LCR for private banks is between 118% and 141%**



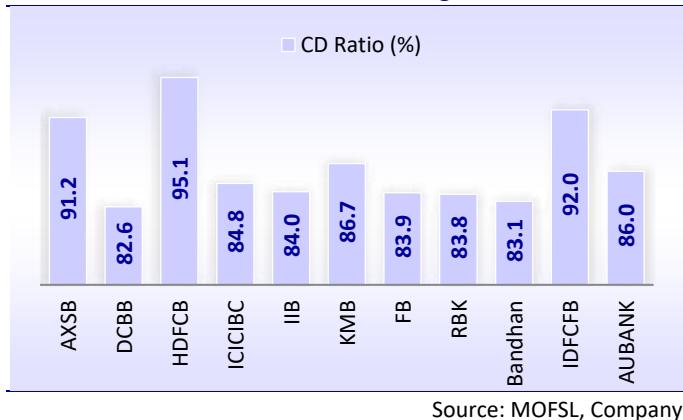
Source: MOFSL, Company

## Exhibit 9: PSBs – CD ratio remains under control



Source: MOFSL, Company

## Exhibit 10: Private banks have much higher CD ratio



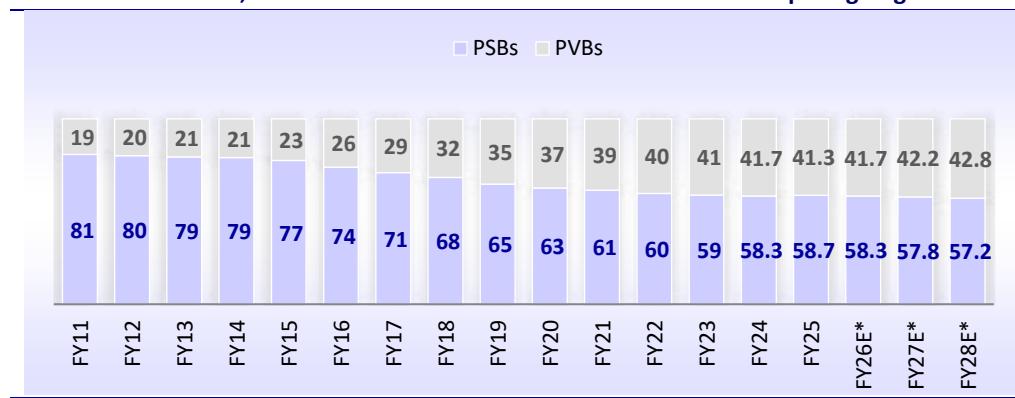
Source: MOFSL, Company

PSBs gained marginal credit market share in FY25, though their aggregate credit share declined by 20% over FY11-21.

Comparatively, the deposit market share of PSBs declined by 14% over FY11-21.

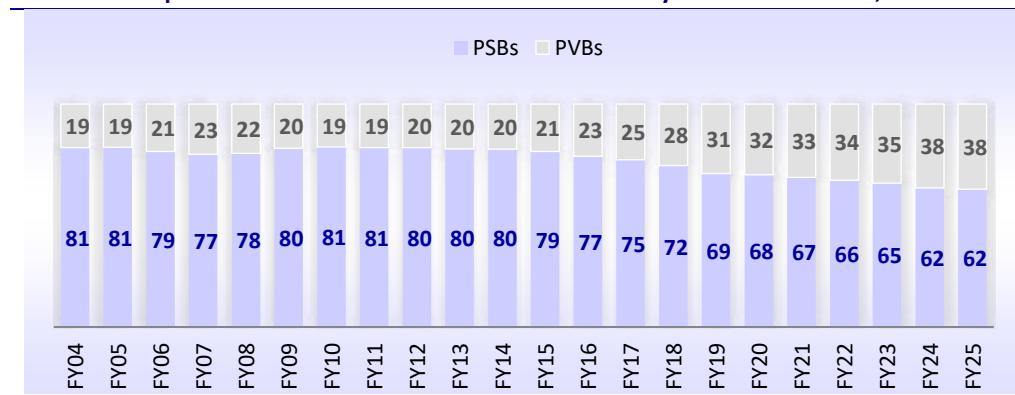
PSBs lost 5% deposit share over FY21-FY25 as they focused on liquidity deployment, though the pace of moderation has now reduced significantly.

## Exhibit 11: PSBs' credit market share has fallen by 130bp over FY22-25 vs. ~200bp annual decline over FY11-21; Estimate market share to decline at a moderate pace going further



\*based on MOFSL coverage, adjusted for HDFC merger | Source: MOFSL, Company

## Exhibit 12: Deposit market share of PSBs has come down by 14% over FY11-21; now at 62%

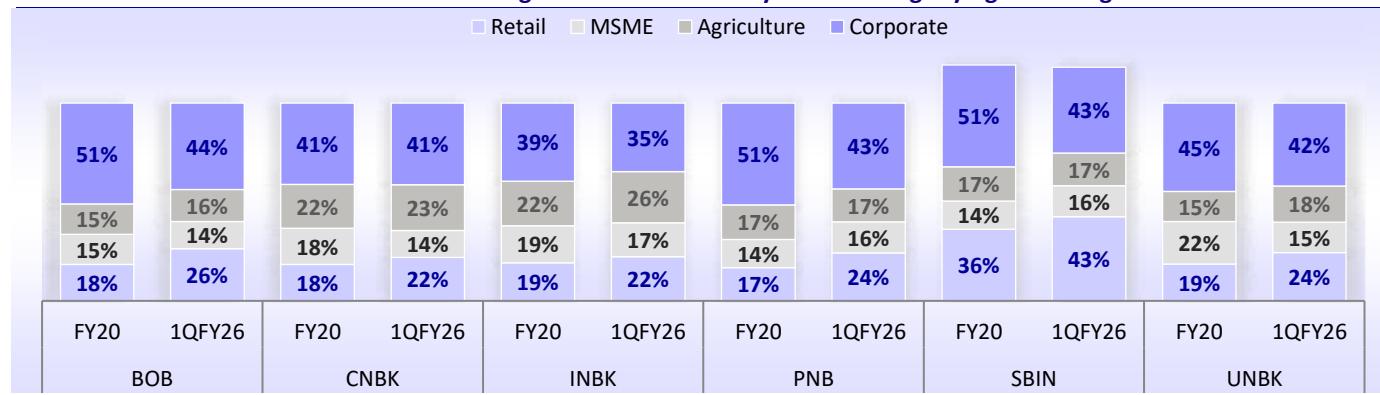


Source: MOFSL, Company

**Exhibit 13: PSBs' advances growth in FY25 was higher than private banks' for the first time in past 15 years**

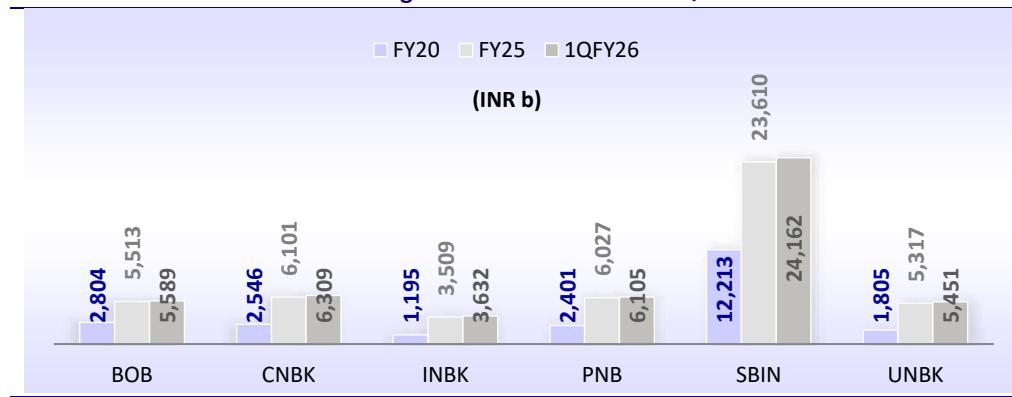
Bank Credit	SCBs (INRt)	Growth YoY (%)	PSBs (INRt)	Growth YoY (%)	PVBs (INRt)	Growth YoY (%)
FY11	40.8	21.8	30.5	21.5	7.3	23.9
FY12	48.0	17.9	35.6	16.7	8.9	22.1
FY13	55.3	15.0	40.7	14.3	10.5	18.9
FY14	62.8	13.7	46.0	12.9	12.2	15.9
FY15	68.8	9.5	49.3	7.2	14.3	17.4
FY16	75.2	9.4	51.3	4.0	18.1	26.5
FY17	79.2	5.3	52.0	1.5	21.3	17.3
FY18	87.7	10.7	55.4	6.5	25.7	20.7
FY19	99.0	12.9	59.2	6.8	32.2	25.5
FY20	105.2	6.3	60.7	2.5	36.1	12.2
FY21	110.8	5.3	62.6	3.2	39.2	8.5
FY22	122.6	10.7	67.2	7.4	45.2	15.3
FY23	142.0	15.8	77.1	14.6	53.7	18.7
FY24	163.0	14.8	87.6	13.6	62.5	16.5
FY25	181.7	11.5	98.2	12.2	69.1	10.5

Nos adjusted for HDFC merger, Source: Company, MOFSL

**Exhibit 14: Trend in loan mix of PSBs: RAM segment mix has steadily increased signifying de-risking of loan book**


\*based on MOFSL coverage universe

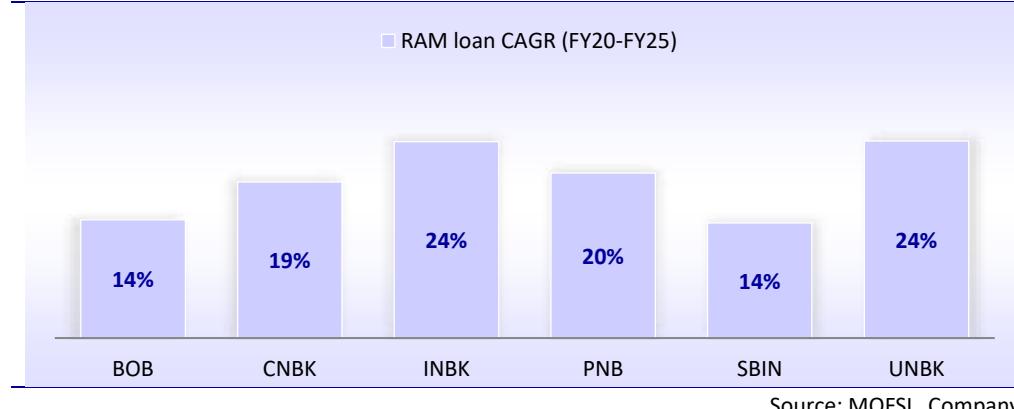
MOFSL, Company

**Exhibit 15: RAM advances for PSBs grew 2-3x from FY20 to 1QFY26**


Source: MOFSL, Company

## Exhibit 16: Strongest RAM loan growth for INBK and UNBK (24% CAGR over FY20-25)

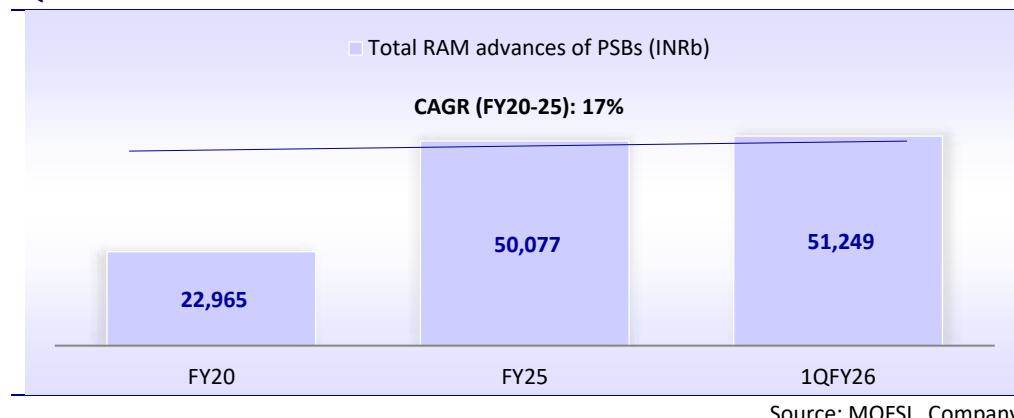
PSBs have witnessed strong growth in RAM loans, with INBK and UNBK leading with ~24% CAGR over FY20-25, while SBIN and BOB lagged with ~14% CAGR.



Source: MOFSL, Company

Overall, PSBs' RAM book nearly doubled and posted 17% CAGR over FY20-25, further rising to INR51.2t in 1QFY26. Among banks, SBIN remains the largest player with INR24.2t RAM book, followed by CBK and PNB, reflecting scale-driven dominance in the segment

## Exhibit 17: PSBs' RAM advances more than doubled from INR23t in FY20 to INR51t in 1QFY26

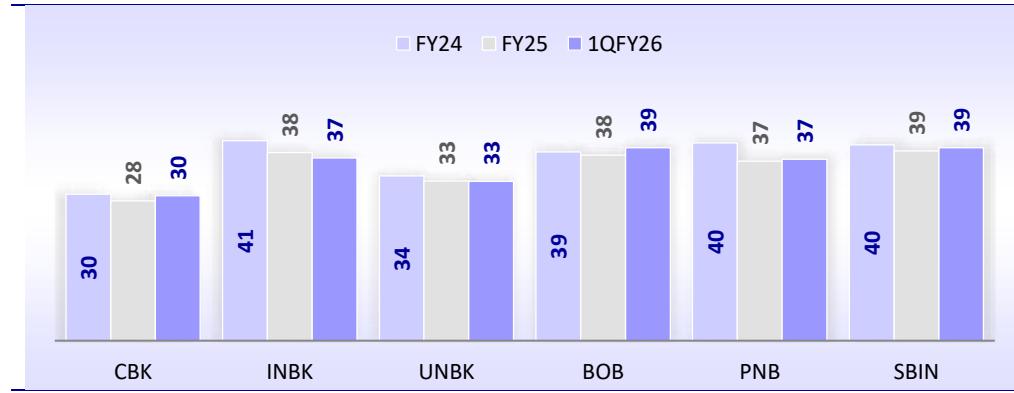


Source: MOFSL, Company

## Exhibit 18: CASA mix for most banks has moderated, though remains healthy

PSBs have seen a steady decline in CASA ratios as depositors shifted toward term deposits amid high TD rates

While the rates have started to ease, maintaining CASA will not be easy as the bulk of flows are still happening on TD side



Source: MOFSL, Company

## Navigating NIM pressure with strategic rebalancing

**Bond gains provide earnings support; mix in other income rises to 22-40%**

- We expect pressure on margins for PSBs in 1HFY26 due to the repricing of repo-linked loans. However, PSBs are proactively managing liability costs by repricing bulk deposits and CDs at lower rates. Several PSBs are also unwinding the mix of high-cost CDs and replacing them with granular retail deposits, which is helping them limit margin pressure. We thus estimate NIMs for PSBs to broadly stabilize in 3Q and start recovering thereafter, translating into healthy earnings growth over FY27-28E.
- At the same time, PSBs are cautiously rebalancing their asset mix toward higher-yielding Retail and MSME loans. With a low CD ratio, rising fee income, and a prudent use of loan syndication and sell-downs, PSBs remain well-placed to absorb short-term NIM compression while sustaining healthy credit growth and protecting profitability. Accordingly, they are likely to sustain RoA at ~1%.
- Amid the revenue crunch (NII declining sharply), treasury gains have emerged as a key offsetting lever for PSBs, driven by the rally in G-sec bonds following a sharp reduction in G-sec yields.
- During 1QFY26, the mix of treasury gains in total other income has increased to 22-40% for PSBs, the highest in the past four years, with SBIN, BOB, and CBK reporting the highest treasury gains, contributing 31-40% to total other income.
- However, we expect treasury gains to moderate in the coming quarters as bond yields move in a narrow range, while healthy systemic liquidity and upcoming CRR cut implementation will obviate the need for repeated OMOs.

**Exhibit 19: NIMs have declined in recent quarters as PSBs passed on repo rate cuts to borrowers on T+1 basis**

NIM (%)	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E
BOB	3.10	3.27	3.18	3.10	2.94	2.98	2.91	2.82
CBK	3.03	3.07	2.90	2.86	2.71	2.73	2.55	2.45
INBK	3.49	3.52	3.53	3.49	3.57	3.48	3.35	3.22
PNB	3.15	3.10	3.07	2.92	2.93	2.81	2.70	2.61
SBIN	3.22	3.30	3.22	3.14	3.01	3.00	2.90	2.82
UNBK	3.08	3.09	3.05	2.90	2.91	2.87	2.76	2.63

Source: MOFSL, Company

NIMs have declined in line with falling repo rates, with both PSBs and private banks experiencing a drop of over 50bp from the peak.

**Exhibit 20: NIMs have declined sharply for both PSBs and private banks**

NIM (%)	4Q23	1Q26	YoY Change (bp)	QoQ Change (bp)	NIMs decline from peak (4Q23 vs 1Q26)
AXSB	4.22	3.8	-25	-17	-42
FB	3.36	2.94	-22	-18	-42
HDFCB	4.1	3.35	-12	-19	-75
ICICIBC	4.9	4.34	-2	-7	-56
IDFCFB	6.41	5.71	-51	-24	-70
IIB	4.28	3.46	-79	121	-82
KMB	5.75	4.65	-37	-32	-110
BOB	3.53	2.91	-27	-7	-62
CBK	3.07	2.55	-35	-18	-52
INBK	3.59	3.35	-18	-13	-24
PNB	3.24	2.7	-37	-11	-54
SBIN	3.6	2.9	-32	-10	-70
UNBK	2.98	2.76	-29	-11	-22

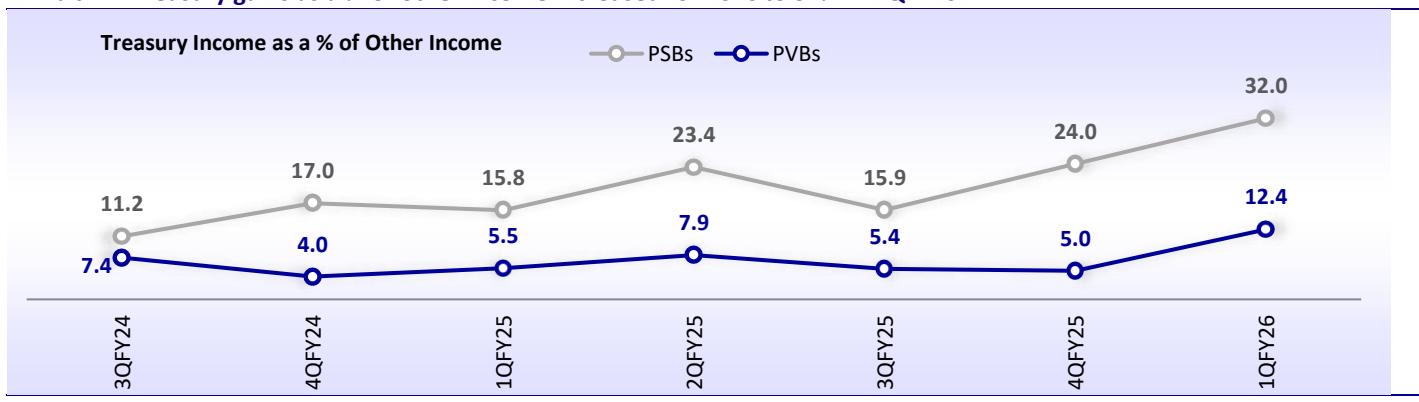
Source: MOFSL, company

**Exhibit 21: MCLR loan mix stands at 30-52% across PSBs, much higher than private peers**

Loans Mix (%) - 1QFY26	MCLR	EBLR	Repo Linked	Others (Fixed, base rate, foreign currency-floating)
AUBANK	30	6		64
AXSB	9	4	59	28
Equitas		10		90
FB	9	48		43
HDFCB*	25		45	30
ICICIBC	15	1		31
KMB		60		40
RBL	5	47		48
BOB	46	34		20
CBK	45	55		
INBK	52	40		8
PNB	30	15		8
SBIN	31	30		39

\*As of 3QFY25

Source: MOFSL, Company

**Exhibit 22: Treasury gains as a % of other income increased for PSBs to 32% in 1QFY26**


Source: MOFSL, Company

Treasury gains have well compensated the impact of lower NII caused by margin compression

Most PSBs have cut their savings rates in the range of 20-60bp

**Exhibit 23: Treasury gains have significantly compensated for NII pressure in 1QFY26**

QoQ decline/ increase (INR b)	1QFY26		
	Decline in NII	Increase in Treasury	Net impact on P&L
BOB	-0.6	6.3	5.7
CBK	-4.3	9.1	4.7
INBK	-0.3	1.9	1.6
PNB	-1.8	6.9	5.1
SBIN	-17.0	-5.5	-22.6
UNBK	-4.0	-2.3	-6.3
<b>PSBs Total</b>	<b>-28.1</b>	<b>16.4</b>	<b>-11.7</b>

Source: MOFSL, Company

**Exhibit 24: Several PSBs have cut SA rates to limit margin compression**

Name of Banks	Slabs	Apr-25	Sep-25	Difference
SBIN	❖ < 10 crore	2.70%	2.50%	-0.20%
	❖ 10 crore or more	3.00%	2.50%	-0.50%
PNB	❖ < 10 Lakhs	2.70%	2.50%	-0.20%
	❖ 10 lakhs to < 100 crore	2.75%	2.50%	-0.25%
BOB	❖ 100 crore & above	3.00%	2.70%	-0.30%
	❖ < 50 lakhs	2.75%	2.50%	-0.25%
INBK	❖ 50 lakhs to < 100 crore	3.00%	2.75%	-0.25%
	❖ 100 crore to < 1000 crore	4.10%	3.50%	-0.60%
UNBK	❖ 1000 crore and above	4.50%	4.75%	0.25%
	❖ < 10 lakhs	2.75%	2.75%	0.00%
CBK	❖ 10 lakhs to < 200 crore	2.80%	2.80%	0.00%
	❖ 200 crore & above	2.90%	2.90%	0.00%
CBK	❖ < 50 lakhs	2.75%	2.50%	-0.25%
	❖ 50 lakhs to < 100 crore	2.90%	3.00%	0.10%
CBK	❖ 100 crore to < 1000 crore	3.40%	4.25%	0.85%
	❖ 1000 crore and above	4.20%	4.75%	0.55%
CBK	❖ < 50 lakhs	2.70%	2.55%	-0.15%
	❖ 50 lakhs to < 100 crore	3.05%	2.55%	-0.50%
CBK	❖ 100 crore to < 1000 crore	3.40%	3.40%	0.00%
	❖ 1000 crore and above	4.00%	4.00%	0.00%

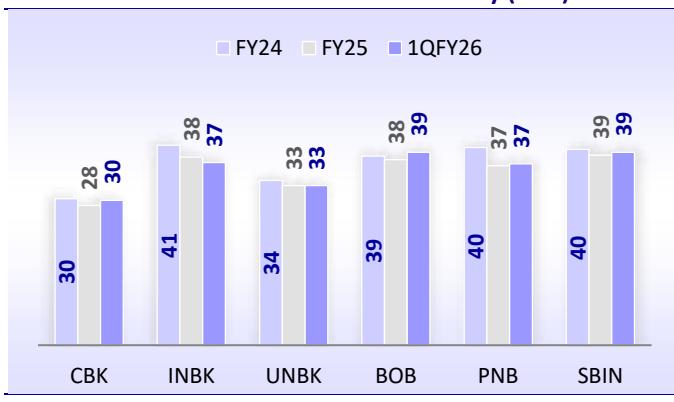
Source: MOFSL, Company

TD rates have declined by 10bp to 120bp for most banks across maturities, which will translate into lower funding costs in the coming quarters

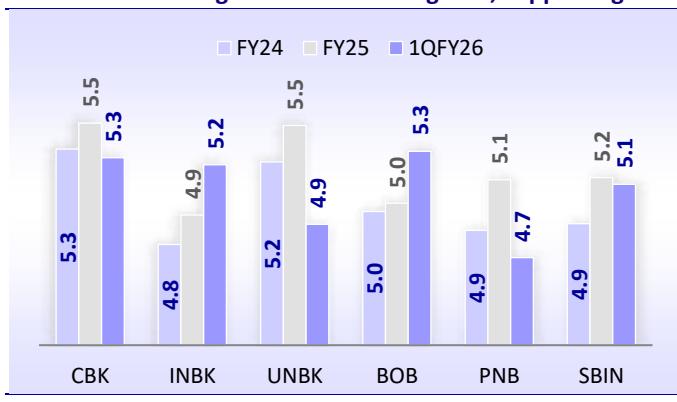
**Exhibit 25: PSBs — Changes in TD rates since Apr'25**

Name of Bank	Slabs	Apr-25	Sep-25	Difference
SBIN	❖ 0 to < 90 days	5.50%	5.05%	-0.45%
	❖ 90 days to < 1 year	6.50%	6.05%	-0.45%
	❖ 1 year to < 5 years	7.00%	6.45%	-0.55%
	❖ more than 5 year	6.50%	6.05%	-0.45%
PNB	❖ 0 to < 90 days	4.50%	4.50%	0.00%
	❖ 90 days to < 1 year	6.80%	5.60%	-1.20%
	❖ 1 year to < 5 years	7.25%	6.40%	-0.85%
	❖ more than 5 year	6.50%	6.00%	-0.50%
BOB	❖ 0 to < 90 days	5.50%	5.00%	-0.50%
	❖ 90 days to < 1 year	6.50%	6.00%	-0.50%
	❖ 1 year to < 5 years	7.30%	6.50%	-0.80%
	❖ more than 5 year	6.50%	6.00%	-0.50%
UNBK	❖ 0 to < 90 days	4.50%	4.40%	-0.10%
	❖ 90 days to < 1 year	6.35%	6.15%	-0.20%
	❖ 1 year to < 5 years	7.30%	6.60%	-0.70%
	❖ more than 5 year	6.50%	6.40%	-0.10%
INBK	❖ 0 to < 90 days	3.25%	3.25%	0.00%
	❖ 90 days to < 1 year	4.75%	4.75%	0.00%
	❖ 1 year to < 5 years	7.15%	6.50%	-0.65%
	❖ more than 5 year	6.25%	6.00%	-0.25%
CBK	❖ 0 to < 90 days	4.25%	4.25%	0.00%
	❖ 90 days to < 1 year	6.00%	5.75%	-0.25%
	❖ 1 year to < 5 years	8.30%	6.25%	-2.05%
	❖ more than 5 year	6.25%	6.25%	0.00%

Source: MOFSL, Company

**Exhibit 26: PSBs' CASA ratio remains healthy (in %)**


Source: MOFSL, Company

**Exhibit 27: Enabling controlled funding cost, supporting NIM**


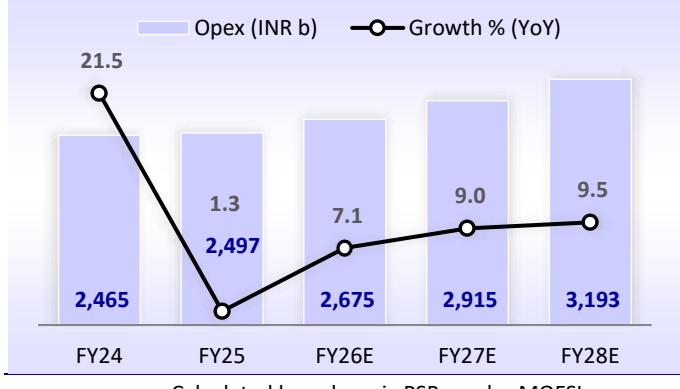
Source: MOFSL, Company

## Can cost ratios improve gradually?

### Operating leverage and controlled expansion rate to improve cost ratios

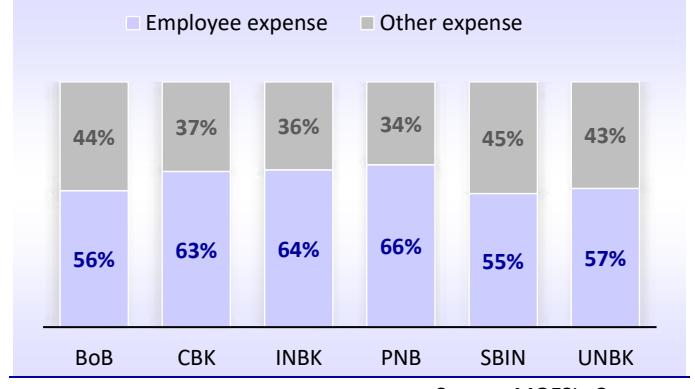
- PSBs have historically operated with high cost-to-income (C/I) ratios in the range of 47-50%+, largely due to high employee expenses, which form 55-66% of total costs. This has kept them structurally less efficient than private peers, whose C/I ratio is ~35-45%.
- However, operating leverage is now beginning to kick in as revenue growth strengthens and fee-based income scales up. With headcount largely stable, digital adoption accelerating, and branch networks being rationalized post-merger, incremental income is expected to outpace cost growth.
- At the same time, PSBs continue to manage employee-related costs effectively despite rising retirement expenses, which have been pressured by aggressive wage negotiations under the IBA framework. Workforce rationalization through branch consolidation, higher retirements, and the use of technology has kept overall headcount stagnant or even reduced in some banks.
- Additionally, the government's performance-linked incentive (PLI) scheme, introduced in 2021, has further encouraged efficiency and productivity improvements, with new hiring being directed toward digital, retail, and SME-focused roles.
- As a result, C/I ratios are likely to gradually decline, even if they remain higher than private peers. Narrowing this efficiency gap through productivity gains and tech-driven improvements will be key to sustaining RoA and reinforcing the operational turnaround.

**Exhibit 28: Opex growth is expected to remain under control**



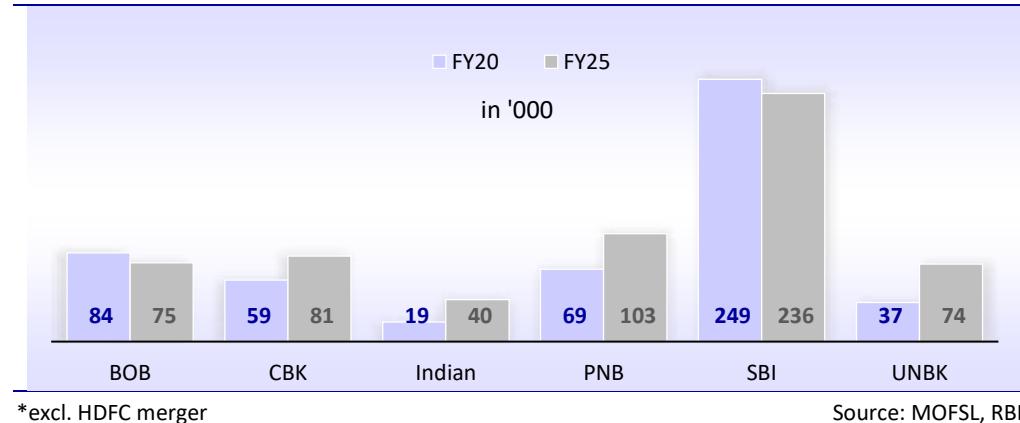
Calculated based on six PSBs under MOFSL coverage  
| Source: MOFSL, Company

**Exhibit 29: Employee costs form 55-66% of total expenses**

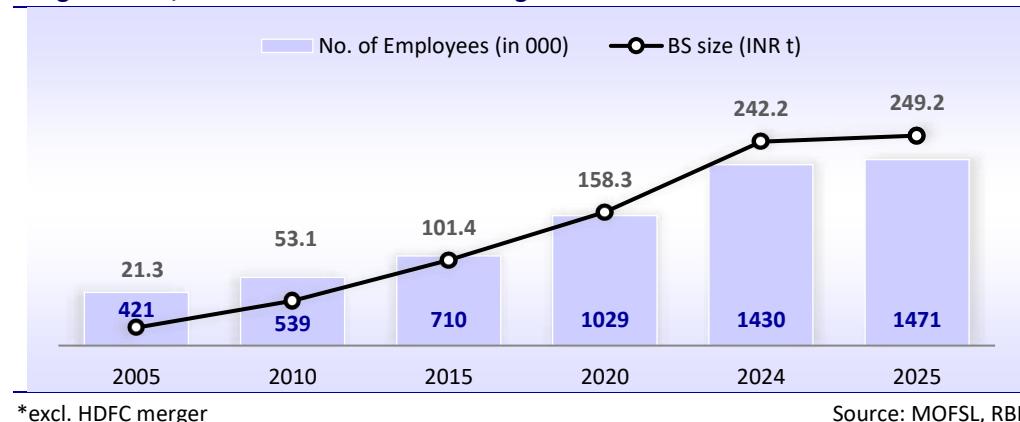


Source: MOFSL, Company

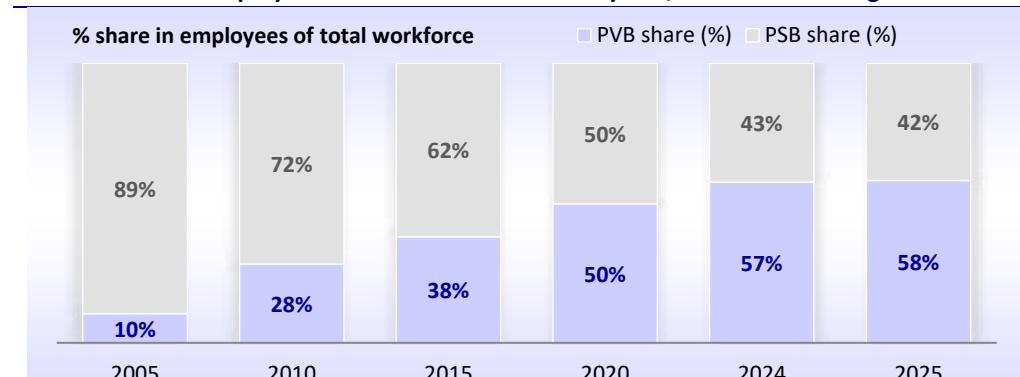
**Exhibit 30: Employee count for PSBs remained under control; SBIN and BOB have reduced its headcount from FY20 to FY25**



**Exhibit 31: Over the past two decades, the number of employees for the banking sector has grown ~3x, while their balance sheet has grown >10x**

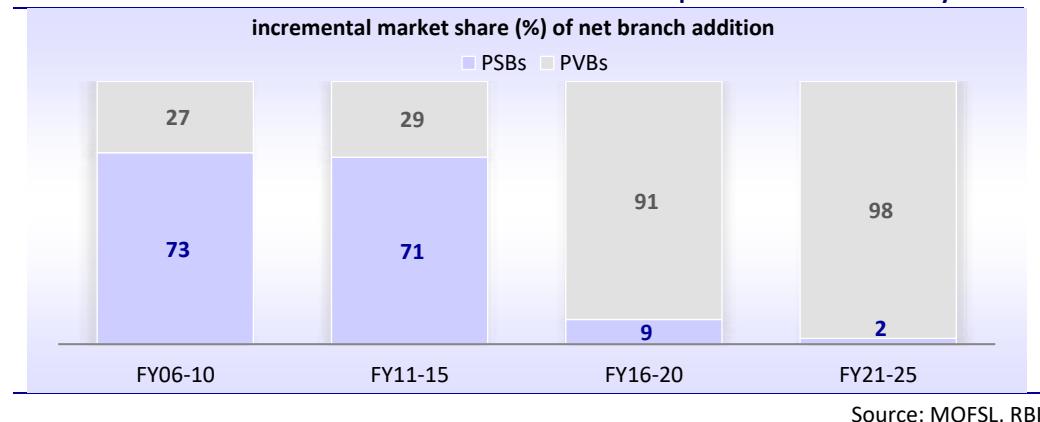


**Exhibit 32: PSBs' employee mix has declined over the years, while PVBs have gained share**



Workforce rationalization through branch consolidation, higher retirements, and the use of technology has kept overall headcount stagnant or even reduced in some PSBs

**Exhibit 33: Net branch addition share has also tilted toward private banks in recent years**

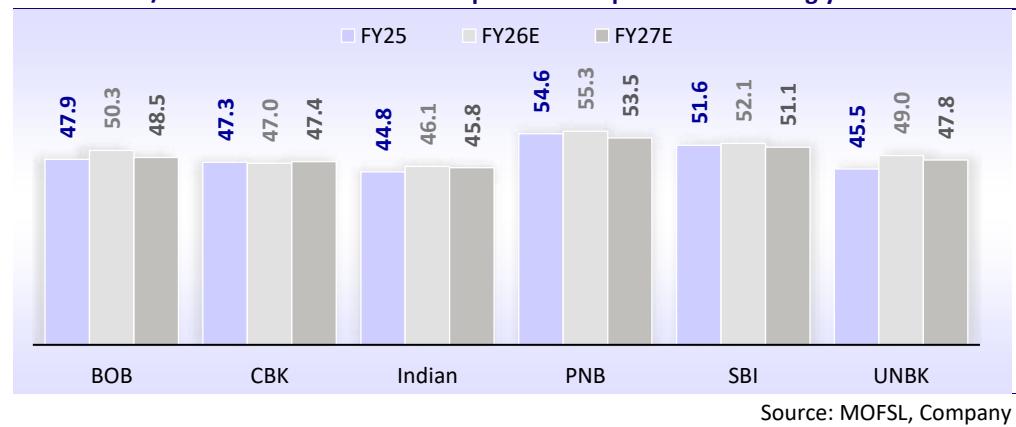


PSBs' net branch additions have reduced significantly, with FY21-25 marking a steep drop in incremental share to just 2%.

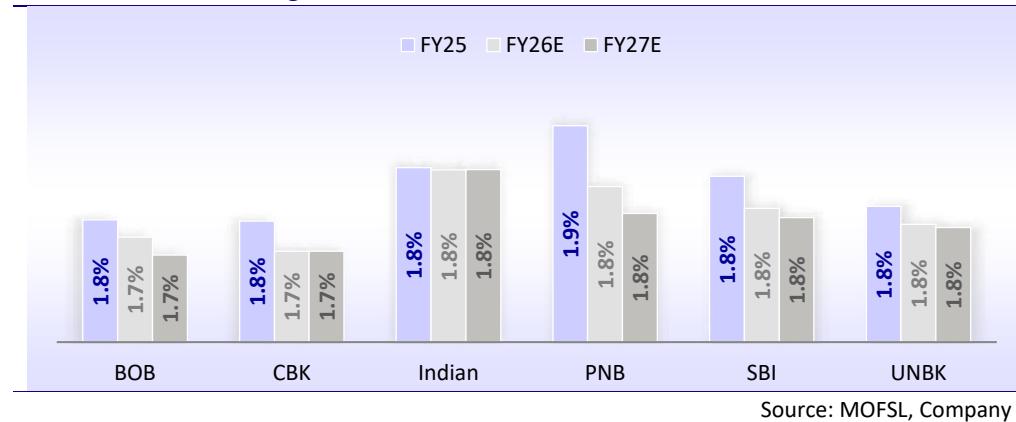
PSBs' C/I ratios are typically higher due to high employee expenses.

They are expected to gradually improve as operating leverage kicks in

**Exhibit 34: C/I ratios for most PSBs are expected to improve over coming years**



**Exhibit 35: Cost-to-average asset ratio remains low across PSBs**

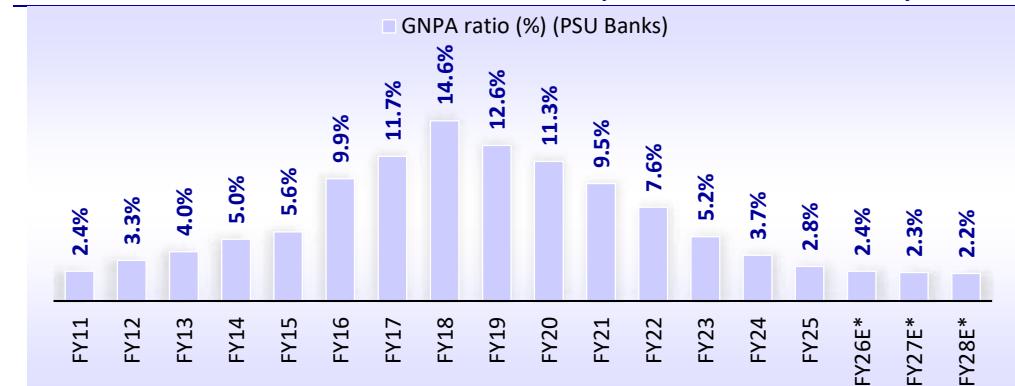


## Robust asset quality; PCR stands ahead of private peers

Aggregate slippages for PSBs are lower than those of private banks

- PSBs have seen a remarkable balance sheet transformation, led by the clean-up exercise initiated by the RBI in 2015 via the Asset Quality Review (AQR), recovering from a mountain of bad loans to achieving the best-in-class asset quality. One of the most compelling indicators of this turnaround is the steady improvement in PCR, which has risen sharply from 45% in FY18 to ~79% in FY25, surpassing most private banks.
- A high PCR, coupled with a sharp decline in GNPA from a peak of 14.6% in FY18 to 2.8% in FY25, reflects a disciplined approach to risk management and improved underwriting standards. As a result, net NPA have also declined sharply to 0.5% in FY25, putting PSBs at par with private banks, an extraordinary convergence considering the double-digit net NPAs that most PSBs struggled with just a few years ago.
- Slippage ratio for PSBs, which had peaked at ~7.9% in FY18, has improved significantly to ~0.7% by FY25 and is expected to remain below 1% over FY27-28E. In contrast, private banks' slippages have moderated more gradually and are high at ~1.8-1.9%, highlighting PSBs' stronger asset quality turnaround and resilience in maintaining robust asset quality.
- The credit cost range for PSBs has thus improved to 40-50 bps during FY25 vs. an average credit cost of 3% witnessed during FY17-19. However, this is expected to rise at a calibrated pace as the pace of legacy recovery slows. ECL transition will further drive some uptick in provisioning, though the impact will be largely manageable given healthy PCR across banks.
- The benign SMA book and contained slippages signal limited incremental stress, thus providing visibility on stable asset quality. With improved underwriting, higher accountability, and strong and transparent governance, we believe that PSBs are well positioned to navigate through a downturn now, should one come in the future.
- Stronger capital positions, cleaner balance sheets and prudent provisioning make PSBs far more resilient, and we thus believe that cyclical in earnings and asset quality will not be as severe now compared to previous downtrends.

**Exhibit 36: GNPA ratio contracted to 2.8% in FY25; expected to decline to 2.3% by FY27**

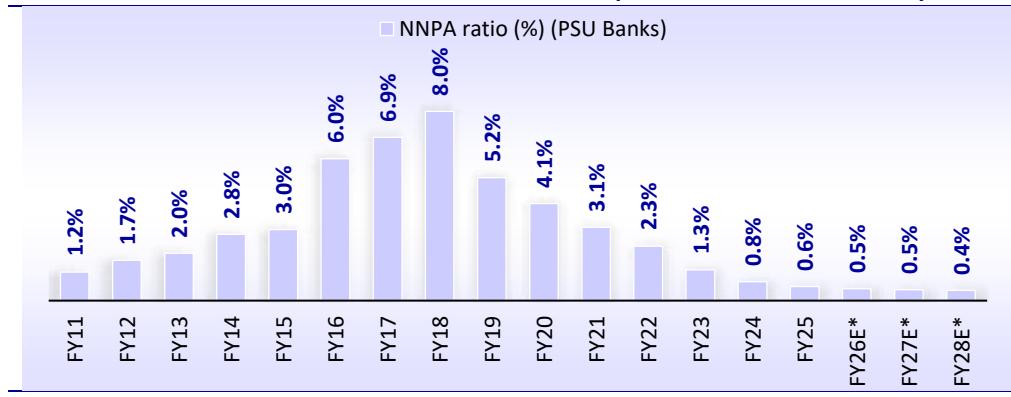


\*on basis of six PSBs banks under our coverage. Source: MOFSL, Company

Asset quality trends have been improving for PSBs.

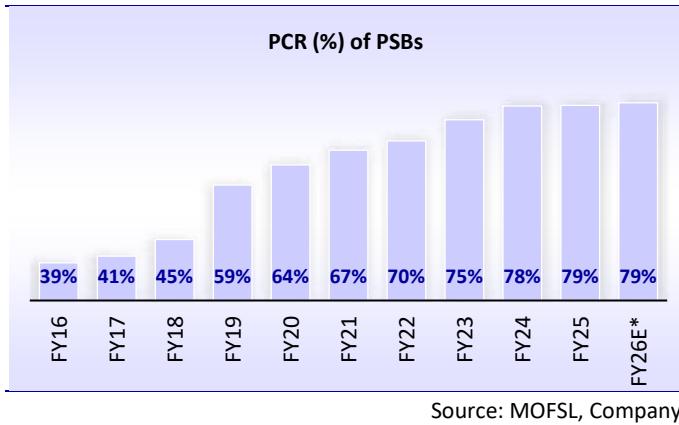
GNPA has reduced from a peak of 14.6% in FY18 to 2.8% in FY25, reflecting a disciplined approach to provisioning and risk management.

Exhibit 37: NNPA ratio has declined to 0.6% in FY25; expected to decline to 0.5% by FY27E



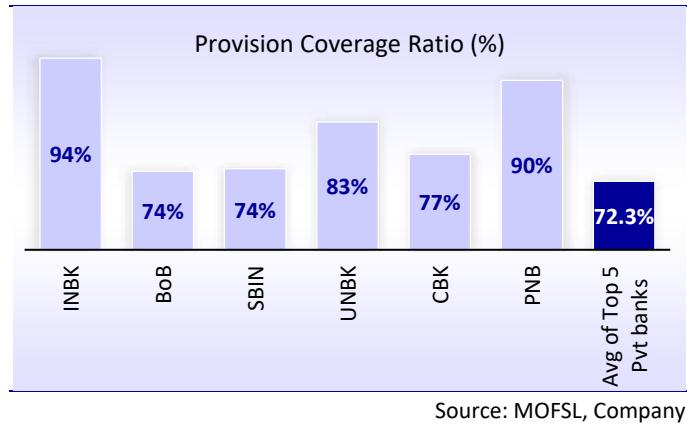
\*on basis of six PSBs under our coverage | Source: MOFSL, Company

Exhibit 38: Provision coverage ratio for PSBs has improved sharply over the years to ~79% in FY25



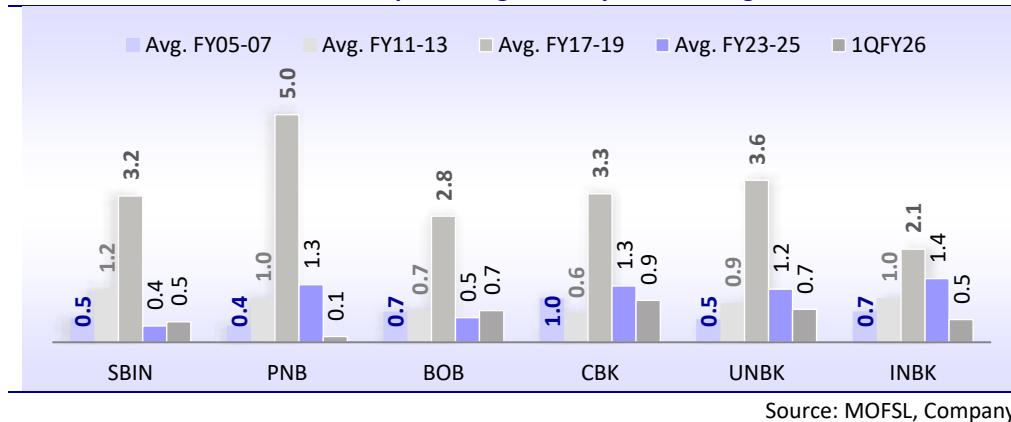
Source: MOFSL, Company

Exhibit 39: Top 6 PSBs' PCR vs. average of top 5 private banks – Most PSBs enjoy a higher PCR



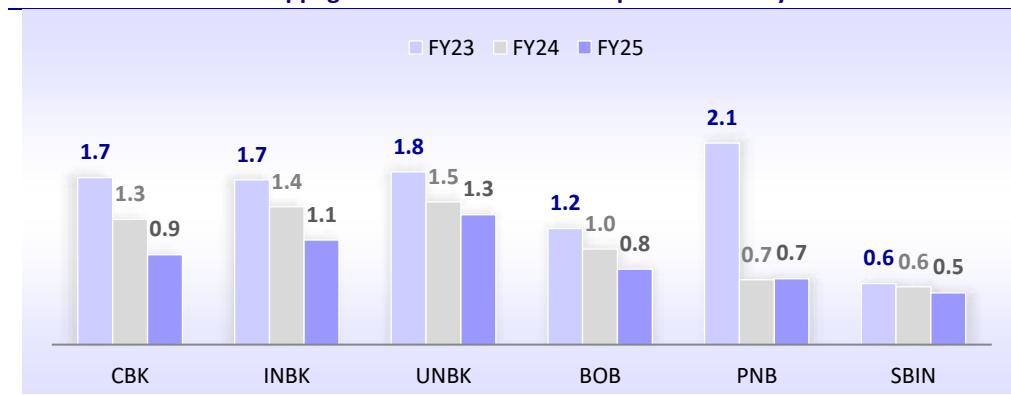
Source: MOFSL, Company

Exhibit 40: PSBs: Credit cost has improved significantly from the highs of FY17-19



Source: MOFSL, Company

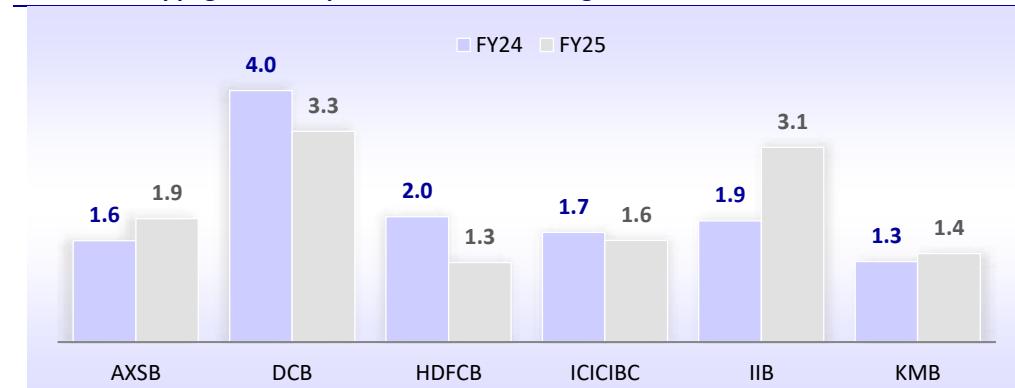
Exhibit 41: Annualized slippage rate across PSBs has improved steadily



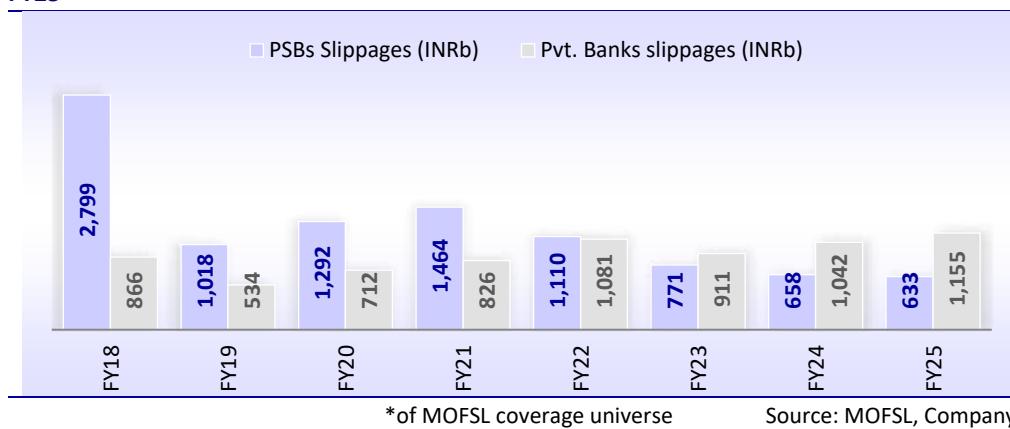
The average credit cost for PSBs was ~3% during FY17-19, which has now improved significantly to 40-50bp

Slippage ratio has improved for all PSBs and is better than private banks

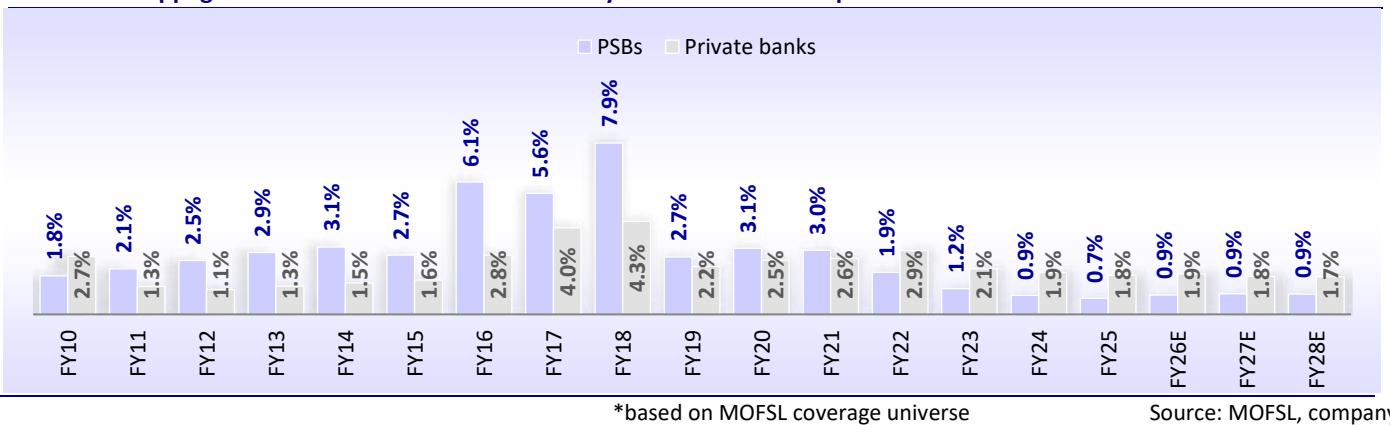
**Exhibit 42: Slippage rate for private banks is now higher than that of PSBs**



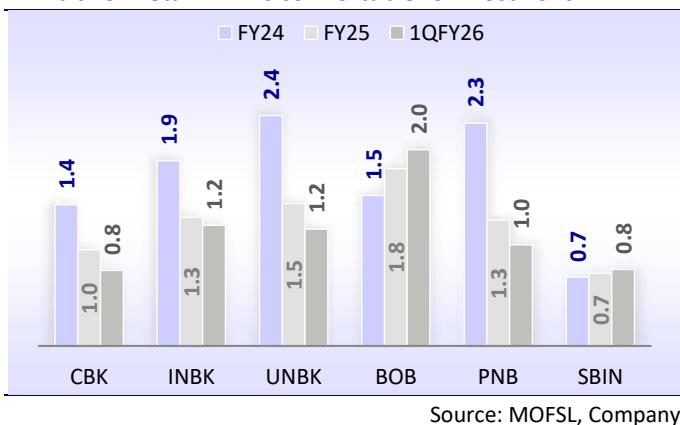
**Exhibit 43: PSBs' slippages have significantly improved from INR2.8t in FY18 to INR633b in FY25**



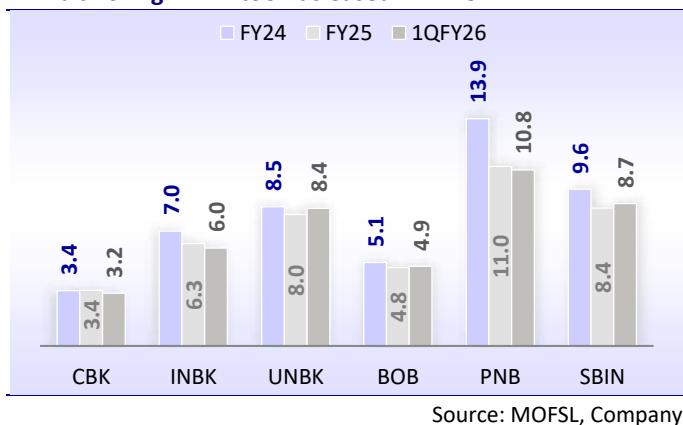
**Exhibit 44: Slippage ratio for PSBs remains consistently better than that of private banks**



**Exhibit 45: Retail NPA is comfortable for most PSBs**



**Exhibit 46: Agri NPA too has eased in FY25**



## Recoveries from TWO pool to remain healthy until FY27E

### Benign SMA book augurs well for asset quality

- The asset quality of PSBs has improved steadily, supported by healthy underwriting and continued recovery from the TWO pool. Recoveries from several large legacy NPAs such as Bhushan Steel, Essar, and IL&FS-linked exposures have already been realized, reducing the stock of high-value stressed assets, though the AUCA/TWO pool still stands elevated at 2.6-5% of assets, providing a strong recovery buffer going forward.
- Recoveries from the written-off pool, which provide significant support to profitability, are expected to moderate but remain healthy until FY27E (until FY28E for PNB).
- Healthy upgrades, contained SMA book, and improved underwriting should drive further improvement in asset quality ratios and keep credit costs benign for PSBs.

SMA book remains benign for most PSBs at ~15-50bp, signaling limited incremental stress and providing visibility on stable asset quality going forward

### Exhibit 47: SMA mix across banks as of 1QFY26

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA		40bp
CBK	13bp	4bp	63bp
INBK	NA	20bp	78bp
PNB	NA	NA	15bp
SBIN	NA	7bp	5bp
UNBK	17bp	8bp	29bp

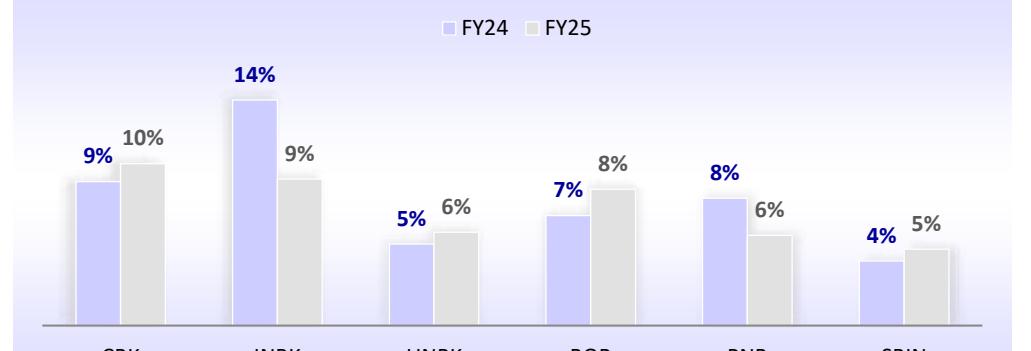
Source: MOFSL, Company

### Exhibit 48: Trend in restructured portfolio across PSBs

INR b	Restructured books									
	Absolute	Jun'23	Sep'23	Dec'23	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25	Jun'25
SBIN*	129.2	0.69	0.62	0.54	0.47	0.38	0.38	0.34	0.31	NA
INBK	45.6	2.19	2.12	1.93	1.67	1.51	1.34	1.23	0.85	0.78
UNBK	86.1	2.00	1.71	1.57	1.48	1.30	1.21	1.08	0.91	0.88

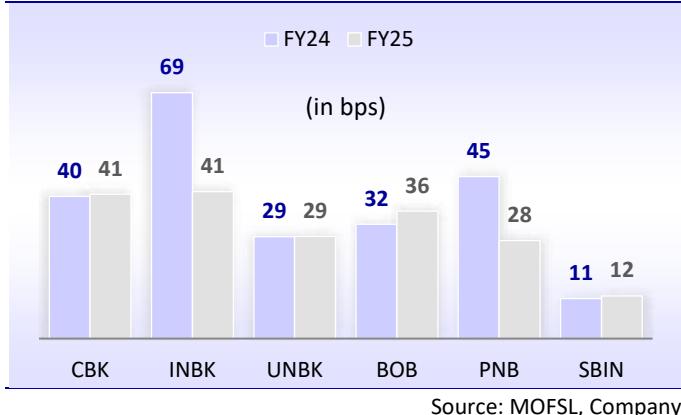
\*as on 4QFY25 Source: MOFSL, Company

### Exhibit 49: Recovery from written-off pool as a % of TWO pool across PSBs



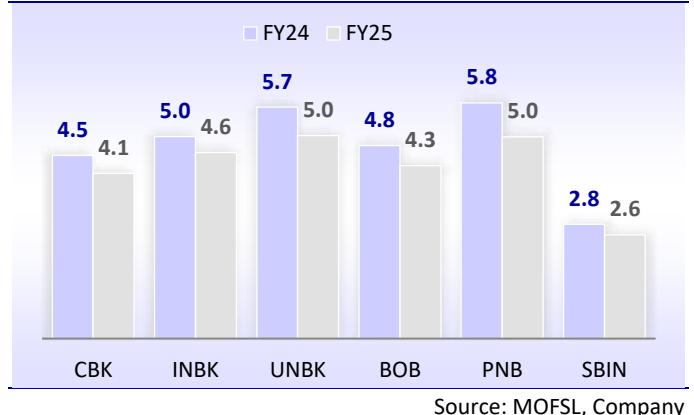
Source: MOFSL, Company

**Exhibit 50: Recovery from TWO pool as a % of total asset**



Source: MOFSL, Company

**Exhibit 51: TWO pool as a % of total assets remained elevated for most PSBs**



Source: MOFSL, Company

## Capitalization levels healthy; becoming self-sustaining growth engines

PSBs set to lower Government holding with public float likely to cross 25% by 2026

- Over the past five years, PSBs have significantly strengthened their CET-1 ratios, rising from 9.4%-11.8% in FY20 to 11%-15.3% by 1QFY26, driven by strong internal accruals and capital raises from the market.
- This capital cushion, complemented by robust profitability, improved asset quality, and disciplined underwriting, has enabled steady credit growth for PSBs while containing risks.
- While earlier capital infusions under the 4R (Recognition, Resolution, Recapitalization, and Reforms) helped repair their balance sheets, the focus has now shifted to becoming self-sustained institutions with all-round progress.
- Leading PSBs like SBIN, PNB, CBK and UNBK have successfully tapped equity markets via QIPs to raise capital and bolster CET-1 ratio to ensure long-term sustainable growth. This has enabled steady improvement in CAR across PSBs, which is now healthy at 15-18% for our six coverage PSBs.
- All our coverage PSBs now have a public float of >25%, while select PSBs still need to dilute government holding by Aug'26 to comply with minimum promoter shareholding norms.

**Exhibit 52: Capital positions of PSBs have improved significantly; many PSBs have successfully raised capital from markets**

PSBs	CET-1 (%)				Tier-1 (%)				CRAR (%)			
	FY20	FY23	FY25	1QFY26	FY20	FY23	FY25	1QFY26	FY20	FY23	FY25	1QFY26
SBIN	9.8	10.3	10.8	11.1	11.2	12.1	12.1	12.5	13.3	14.7	14.3	14.6
BOB	9.4	12.2	13.8	14.1	11.3	14.0	14.8	15.2	13.9	16.2	17.2	17.6
CBK	9.4	11.6	12.0	12.3	10.2	13.8	14.4	14.6	13.7	16.7	16.3	16.5
INBK	11.8	12.9	15.4	15.3	12.5	13.5	15.9	15.7	14.6	16.5	17.9	17.8
PNB	11.0	11.2	12.4	13.0	11.9	12.7	14.1	14.6	14.1	15.5	17.1	17.5
UNBK	9.4	12.4	15.0	15.3	10.7	13.9	16.2	16.6	12.7	16.0	18.0	18.3

Source: MOFSL, Company

PSBs are now able to independently raise equity capital from the market and are not reliant on government

**Exhibit 53: Trend in government shareholding across banks**

MOFSL coverage universe	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Jun'25
BOB	64.0	64.0	64.0	64.0	64.0	64.0
Canara	69.3	62.9	62.9	62.9	62.9	62.9
Indian	88.1	79.9	79.9	73.8	73.8	73.8
PNB	76.9	73.2	73.2	73.2	70.1	70.1
SBIN	56.9	56.9	56.9	56.9	56.9	56.9
Union	89.1	83.5	83.5	74.8	74.8	74.8
Non-rated banks	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Jun'25
BOI	89.1	81.4	81.4	73.4	73.4	73.4
BOM	93.3	91.0	91.0	86.5	79.6	79.6
CBOI	89.8	93.1	93.1	93.1	9.3	89.3
IOB	95.8	96.4	96.4	96.4	94.6	94.6
P&SB	97.1	98.3	98.3	98.3	93.9	93.9
UCO	94.4	95.4	95.4	95.4	91.0	91.0

Sources: MOFSL, Company

## Valuation & view: Resetting to new profitability normal

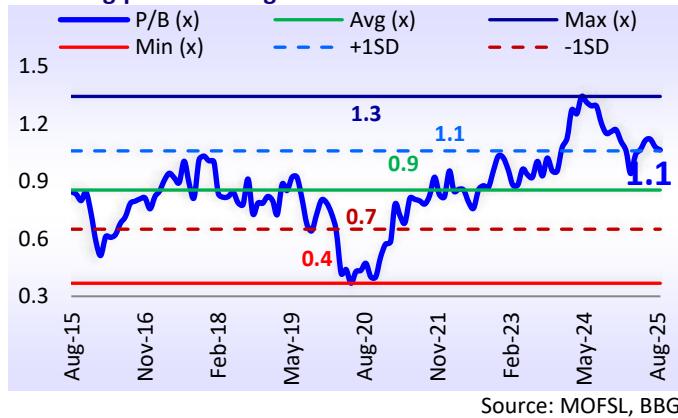
### PSU Bank Index has delivered 22%/6% returns in past 6mths/12mths

PSBs have undergone a powerful re-rating over the past five years, shedding their legacy image of lenders saddled with bad loans and operational inefficiency to emerge as competitive financial players that are creating consistent value for their stakeholders, aided by improved financial performance and profitability profiles. The aggregate market capitalization of PSBs has surged nearly 5x since FY20. We note that the PSU Bank Index has outperformed the Nifty Bank and Nifty-50 over the past 12 months (1%/8%) and six months (9%/11%).

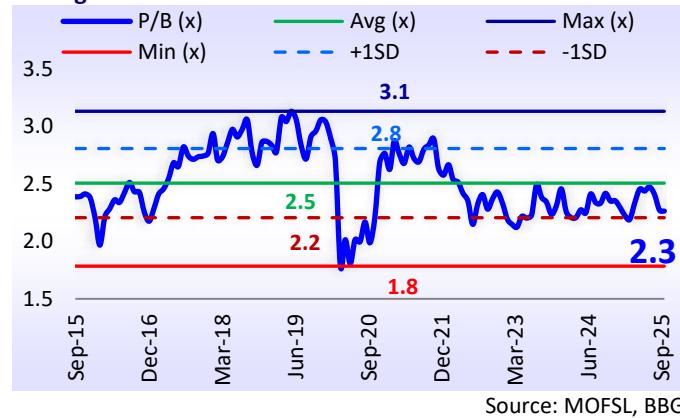
- Despite healthy performance, PSBs continue to trade at reasonable valuations, as most of our coverage PSBs trade at 0.8-1x forward P/B and 5-7x on FY27E EPS. This is despite PSBs delivering steady profitability with RoE of 18-19% and sustainable RoA of 1%+.
- Near-term earnings growth may remain soft due to margin pressure and modest business growth; however, the structural improvements in asset quality, capital strength, digital adoption, and operating efficiency have fundamentally reshaped the sector.
- Legacy concerns around governance, transparency and state ownership are increasingly losing relevance as PSBs demonstrate improved execution, stronger balance sheets, and more sustainable earnings performance, reflecting in rising investor confidence.
- Several PSBs have raised capital from the market and are thus well poised to benefit from any revival in corporate demand, further aided by lower GST and direct tax rates. RAM segments remain the key growth driver, and we expect PSBs to maintain steady growth, backed by healthy margins as the asset mix continues to improve, while funding costs recede.
- We believe PSBs are well placed for steady performance as valuations appear reasonable despite healthy earnings and growth outlook and improving operational efficiency at these banks.
- Stronger capital positions, cleaner balance sheets and prudent provisioning level make PSBs far more resilient. We believe that cyclical in earnings and asset quality will not be as severe now compared to previous downtrends, and this needs to be reflected in valuation multiples.

**Our preferred ideas are SBIN and PNB Among mid-size names, we prefer INBK given its superior return ratios. We have downgraded BOB and UNBK to Neutral in prior quarters.**

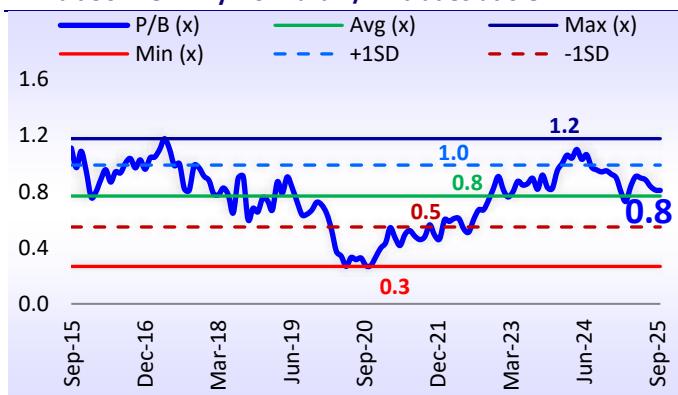
**Exhibit 54: PSBs' 1-yr forward P/BV trades at a premium to their long-period average**



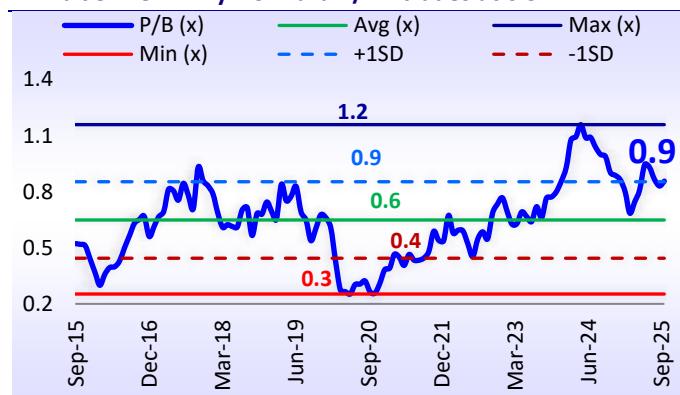
**Exhibit 55: Private banks' 1-yr forward P/BV trades closer to average levels**



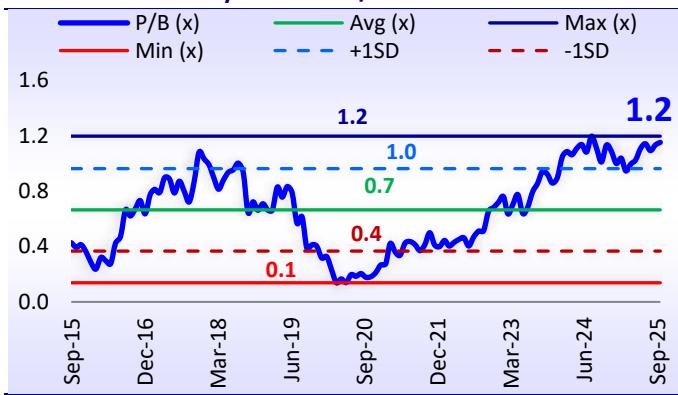
**Exhibit 56: BOB: 1-yr forward P/BV trades at 0.8x**



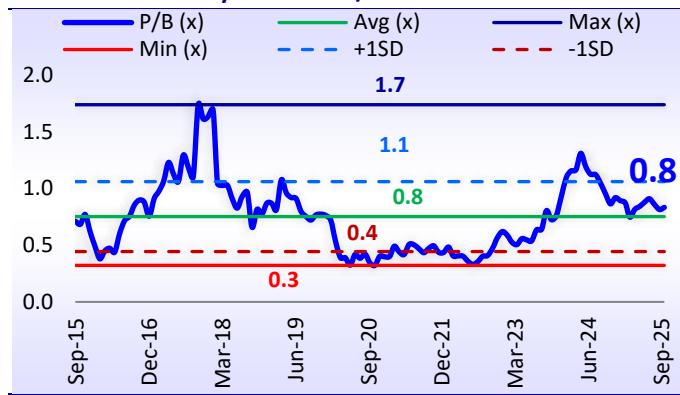
**Exhibit 57: CBK: 1-yr forward P/BV trades at 0.9x**



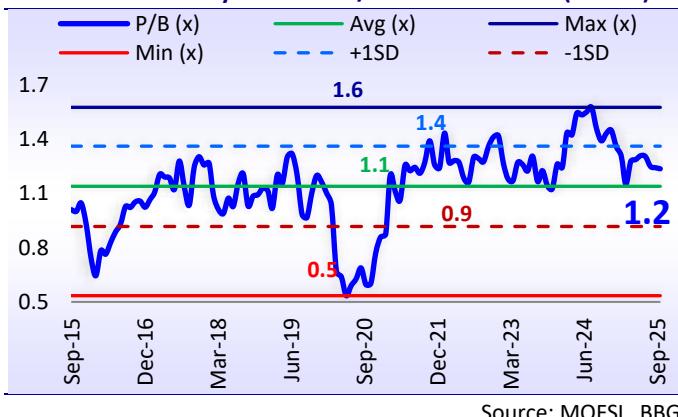
**Exhibit 58: INBK: 1-yr forward P/BV trades at 1.2x**



**Exhibit 59: PNB: 1-yr forward P/BV trades at 0.8x**



**Exhibit 60: SBIN: 1-yr forward P/BV trades at 1.2x (consol)**



**Exhibit 61: UNBK: 1-yr forward P/BV trades at 0.7x**



**Exhibit 62: Price performance across BFSI stocks**

Company Name	Price Perf (%)				CAGR (%)		
	3M	6M	YTD	1 Year	3 Year	5 Year	10 Year
<b>Nifty 50</b>	<b>0.6</b>	<b>11.5</b>	<b>6.5</b>	<b>-1.3</b>	<b>11.8</b>	<b>16.9</b>	<b>12.4</b>
<b>Nifty BANK</b>	<b>-2.6</b>	<b>13.6</b>	<b>5.9</b>	<b>5.5</b>	<b>10.4</b>	<b>19.4</b>	<b>12.6</b>
<b>Nifty PSU Bank</b>	<b>0.6</b>	<b>22.5</b>	<b>12.7</b>	<b>6.4</b>	<b>30.5</b>	<b>37.4</b>	<b>9.0</b>
<b>Nifty Private Bank</b>	<b>-4.1</b>	<b>11.0</b>	<b>3.5</b>	<b>2.6</b>	<b>8.6</b>	<b>16.6</b>	<b>11.4</b>
<b>Nifty Financials</b>	<b>-1.6</b>	<b>12.1</b>	<b>4.3</b>	<b>9.2</b>	<b>12.4</b>	<b>19.0</b>	<b>14.4</b>
<b>Private Banks</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
RBL Bank Ltd	21.4	73.6	56.0	26.7	28.4	8.2	
City Union Bank Ltd	3.4	35.8	28.4	21.8	3.2	8.6	10.1
South Indian Bank Ltd	-3.0	21.0	25.5	16.3	53.8	34.5	5.5
HDFC Bank Ltd	-0.9	12.6	5.4	15.6	8.8	12.3	14.3
Karur Vysya Bank Ltd	4.3	30.2	20.0	14.4	49.5	46.9	12.8
CSB Bank Ltd	-6.0	31.2	21.0	12.5	17.5	10.1	
ICICI Bank Ltd	-1.6	12.7	4.0	12.0	15.6	30.5	19.1
Kotak Mahindra Bank Ltd	-7.0	-0.2	-8.9	8.2	0.9	8.3	12.1
Federal Bank Ltd	-4.9	10.2	1.9	7.0	17.9	30.5	12.5
IDBI Bank Ltd	-4.9	27.7	19.4	5.4	28.4	19.5	5.2
DCB Bank Ltd	-13.5	20.9	12.7	5.2	6.5	8.1	-0.2
IDFC First Bank Ltd	2.1	32.4	31.6	-0.6	12.4	18.4	
Tamilnad Mercantile Bank Ltd	-5.3	5.2	5.1	-8.9			
Axis Bank Ltd	-9.7	8.3	-0.7	-9.0	11.0	19.6	8.6
Yes Bank Ltd	2.5	29.6	24.0	-10.7	6.0	7.5	-17.4
Bandhan Bank Ltd	-6.5	17.3	13.5	-15.7	-16.8	-11.8	
Dhanlaxmi Bank Ltd	-16.5	7.8	-14.9	-18.6	35.7	18.7	1.7
Karnataka Bank Ltd	-13.4	4.5	2.0	-19.6	33.1	32.5	7.5
IndusInd Bank Ltd	-9.6	9.6	15.5	-48.0	-12.9	4.2	-1.5
<b>PSBs</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Indian Bank	10.9	40.4	28.1	33.3	49.7	62.2	18.7
Union Bank of India	-11.6	17.1	5.4	12.5	43.4	35.9	-2.2
Bank of India	-3.2	26.5	11.0	7.2	31.3	20.1	-1.1
Canara Bank	-3.7	35.1	25.2	7.1	31.1	40.7	8.2
State Bank of India	1.9	13.6	6.5	4.3	14.0	32.3	13.6
Bank of Baroda	-1.0	17.7	4.3	0.5	19.7	39.0	2.8
Punjab National Bank	-0.5	23.7	11.8	-1.1	38.9	26.1	-2.2
Jammu and Kashmir Bank Ltd	-5.4	10.0	10.0	-4.2	46.0	41.8	1.0
Bank of Maharashtra	0.0	16.3	16.7	-7.9	41.9	33.9	4.6
Indian Overseas Bank	2.5	-6.1	1.4	-31.4	27.5	31.1	1.6
Central Bank of India	-5.5	-13.1	-15.1	-38.0	20.8	17.1	-7.1
UCO Bank	-8.0	-18.2	-18.2	-39.8	32.9	17.5	-3.4
Punjab & Sind Bank	-8.0	-25.1	-32.5	-46.5	21.5	19.2	-1.9
<b>Small Finance Banks</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Ujjivan Small Finance Bank Ltd	-3.2	32.8	36.1	11.1	22.7	6.4	
AU Small Finance Bank Ltd	-8.9	39.9	32.8	-1.5	2.4	16.1	
Capital SFB	-3.9	14.6	13.4	-3.7			
Jana SFB	-7.7	11.0	14.9	-17.7			
Suryoday Small Finance Bank Ltd	-14.5	26.2	25.8	-32.8	3.4		
Equitas Small Finance Bank Ltd	-21.9	-7.1	-1.2	-33.8	4.3		
ESAF	-10.2	7.7	19.1	-40.9			
Utkarsh SFB	-11.7	-2.5	-2.1	-55.0			
<b>Payments &amp; Fintech</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Paytm***	37.4	75.2	57.0	84.7	18.6		
SBICARD	-14.8	2.2	-3.1	6.4	-3.5	0.1	
PB Fintech	-3.3	28.7	13.8	-0.2	53.0		
Fino Payments Bank Ltd	5.2	21.1	22.8	-30.3	2.7		
<b>Life Insurance</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
MAXF**	5.3	50.2	38.9	38.7	26.5	21.7	14.7
HDFCLIFE**	2.6	22.4	12.8	8.3	10.2	5.1	
SBILIFE**	2.7	28.8	17.2	-3.3	11.6	16.0	
LICI**	-7.3	17.5	9.4	-15.2	10.3		
IPRULIFE**	-5.2	9.9	6.1	-20.8	0.5	6.4	
<b>General Insurance</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
ICICI Lombard	-2.0	11.9	3.9	-12.2	14.5	7.5	

Star Health	-3.4	24.7	23.3	-28.3	-16.6		
<b>Capital Market</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Anand Rathi	45.4	79.7	55.3	52.3	108.2		
HDFC AMC	15.5	54.3	44.8	32.5	41.8	19.7	
Nippon India AMC	11.5	56.7	42.0	22.2	40.3	24.6	
Prudent corporate advisory	0.1	43.5	20.2	19.0	60.0		
Aditya Birla AMC	8.1	39.9	33.3	12.5	19.7		
CDSL	-6.5	41.0	26.0	11.5	30.1	47.1	
Kfin	-7.6	20.0	7.2	10.4			
UTI AMC	7.3	42.7	27.5	5.8	18.1		
IIFL Wealth	-2.3	24.9	12.1	-4.6	34.9	34.0	
Angel One	-26.0	13.8	-3.5	-7.4	11.9		
Nuvama Wealth	-13.4	21.1	3.2	-8.7			
<b>Exchanges</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
BSE	-20.2	64.2	20.3	129.8	112.8	106.3	
MCX	2.1	60.6	44.3	45.4	82.1	37.6	23.2
<b>Housing Finance</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
India Shelter	-1.0	6.0	15.8				
HomeFirst	5.6	30.4	28.5	15.4	14.0		
Aptus Housing Finance	4.9	12.0	14.0	3.8	-0.7		
Aavas	-12.0	-11.5	-22.9	-10.7	-11.4	4.0	
CanFin	-7.3	22.6	10.3	-18.7	4.0	13.5	16.3
LIC HF	-6.2	8.3	0.6	-19.4	9.0	13.9	2.8
PNB HF	-25.5	1.3	-8.0	-26.8	38.1	25.4	
Repco	-10.1	20.4	12.4	-30.6	13.9	15.9	-5.5
<b>Vehicle Finance</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Cholamandalam	-5.7	2.8	-1.8	-5.3	23.2	46.1	28.2
Indostar	-21.2	4.9	-13.8	-8.4	12.8	0.2	
Shriram Finance	-7.2	-2.6	-5.5	-8.8	32.7	37.0	13.7
MMFS	-1.4	2.8	-1.8	-16.2	7.2	16.3	6.7
<b>Gold Finance</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Muthoot	13.3	31.1	21.5	45.7	40.4	20.7	33.4
Manappuram	6.0	39.1	23.4	39.6	39.6	12.8	29.7
<b>Diversified</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
LTFH	24.7	66.9	52.8	34.3	42.7	31.9	14.7
ABCL	19.5	78.4	56.9	31.7	34.7	33.1	
BAF	3.7	14.5	8.6	30.8	10.1	22.3	34.4
Fedbank Financial Services	31.9	76.0	84.0	28.8			
MAS Financial	7.1	28.1	28.0	12.6	5.9	3.1	
Poonawalla	3.9	55.3	25.4	10.7	13.2	64.9	17.5
Bajaj Finserv	0.4	11.9	1.4	9.8	5.9	27.1	27.5
PIEL	-8.1	17.6	7.2	-1.0	1.3	7.8	9.0
IIFL Finance	-7.6	40.5	34.3	-9.6	10.4	37.7	18.0
Jio Finance	4.9	37.7	36.5	-11.2			
PFC	-3.9	0.8	-3.6	-21.1	62.9	40.2	16.4
REC	-7.7	-7.0	-12.8	-34.7	52.3	36.0	15.0
<b>NBFC - MFIs</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
CreditAccess	8.1	39.1	35.2	2.7	7.2	12.7	
Muthoot MicroFin	21.9		36.2	-26.7			
Fusion Micro	-8.7	26.3	31.5	-40.0			
Spandana Sphoorty	-0.9	10.2	17.7	-54.1	-22.9	-13.7	
<b>Ratings agencies</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Care Ratings	-12.4	40.9	46.5	60.3	46.1	32.7	3.4
CRISIL	-9.3	14.3	19.9	7.2	16.2	22.9	10.6
ICRA	-4.9	17.9	15.0	-3.9	19.2	18.1	4.5
<b>MSME</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
SBFC Finance	-4.9	26.8	20.3	26.1			
Five Star Business Finance	-32.3	-18.2	-26.6	-28.4			
<b>Others</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Medi Assist	3.4	17.9	12.9	-23.0			

Source: Company; MOFSL

**Exhibit 63: BFSI valuation matrix**

Val summary	Rating	CMP	Mkt. Cap	TP	Upside	EPS (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)		P/ABV (x)	
		(INR)	(INRb)	(INR)	(%)	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>Private Banks</b>																	
ICICIBC*	Buy	1,395	9,982	1,670	20	73.9	84.2	2.3	2.3	17.0	16.7	15.2	13.4	3.0	2.6	2.5	2.2
HDFCB*	Buy	959	14,750	1,150	20	47.0	56.3	1.8	1.9	13.7	14.8	17.4	14.5	2.7	2.4	2.4	2.1
AXSB*	Neutral	1,171	3,548	1,250	7	80.5	101.3	1.5	1.6	13.1	14.6	12.8	10.2	1.8	1.6	1.7	1.4
BANDHAN	Neutral	162	263	185	14	16.4	22.8	1.3	1.6	10.6	13.9	9.9	7.1	1.0	0.9	1.1	1.0
KMB*	Buy	2,053	4,019	2,400	17	74.3	89.5	1.9	2.0	11.7	12.8	17.4	14.4	3.3	2.9	2.1	1.9
IIB	Neutral	755	572	830	10	40.6	57.1	0.6	0.7	4.8	6.4	18.6	13.2	0.9	0.8	0.9	0.9
FB	Buy	196	478	235	20	15.9	20.3	1.0	1.2	11.1	12.7	12.3	9.7	1.3	1.2	1.4	1.2
DCBB	Buy	128	41	160	25	22.7	31.7	0.8	1.0	12.5	15.5	5.6	4.0	0.7	0.6	0.7	0.6
IDFCFB	Neutral	71	520	80	13	3.3	5.5	0.7	1.0	6.2	9.6	21.1	12.7	1.3	1.2	1.3	1.2
EQUITASB	Buy	57	65	70	23	0.4	6.2	0.1	1.1	0.8	11.5	131.9	9.2	1.1	1.0	1.2	1.0
AUBANK	Buy	732	526	875	20	35.6	48.1	1.5	1.7	14.5	16.8	20.6	15.2	2.8	2.4	2.9	2.4
RBK	Buy	269	164	290	8	17.1	31.3	0.7	1.1	6.5	11.4	15.8	8.6	1.0	0.9	1.0	1.0
<b>PSBs</b>																	
SBIN*	Buy	866	7,893	1,000	15	79.1	87.0	1.0	1.0	15.8	15.3	7.9	7.2	1.6	1.4	1.2	1.1
PNB	Buy	111	1,299	130	17	13.5	18.0	0.8	1.0	12.4	14.8	8.2	6.2	0.9	0.8	1.0	0.9
BOB	Neutral	255	1,300	275	8	36.2	41.7	1.0	1.0	14.2	14.9	7.0	6.1	0.9	0.8	1.0	0.9
CBK	Buy	123	1,078	140	14	20.7	22.1	1.1	1.0	18.9	18.2	5.9	5.5	1.0	0.9	1.1	1.0
UNBK	Neutral	139	1,059	155	12	21.7	24.7	1.1	1.1	14.6	14.8	6.4	5.6	0.9	0.8	0.9	0.8
INBK	Buy	708	949	800	13	87.9	94.9	1.3	1.3	17.7	16.9	8.1	7.5	1.3	1.1	1.3	1.2
<b>Payments &amp; Fintech</b>																	
SBI Cards	Neutral	870	828	950	9	28	38	3.5	4.5	16.6	20.7	31.3	22.9	5.2	4.3	5.3	4.4
						EPS (INR)		PAT (INRb)		RoA (%)		RoE (%)		P/E (x)		P/Sales (x)	
One 97 Comm.	Neutral	1,184	753	1,025	-13	6	15	3.9	9.9	1.7	3.9	2.6	6.4	193.7	80.1	9.2	7.8
<b>NBFC (Pending)</b>																	
<b>Housing Finance</b>																	
LIC Housing Fin	Neutral	582	321	650	12	96.7	103.7	0.2	0.2	1.6	1.6	13.9	13.4	6.0	5.6	0.8	0.7
PNB Housing	Buy	890	231	980	10	88.6	102.1	-0.2	0.2	2.5	2.5	12.8	13.2	10.0	8.7	1.2	1.1
Bajaj Housing	Neutral	113	938	120	7	3.0	3.8	0.2	0.2	2.2	2.3	11.9	13.2	37.1	29.6	4.2	3.7
AAVAS Financiers	Neutral	1,659	131	1,900	15	82.5	100.5	0.2	0.2	3.2	3.4	13.9	14.7	20.1	16.5	2.6	2.3
Home First Fin.	Buy	1,265	130	1,600	27	51.2	64.6	0.3	0.3	3.9	4.0	15.6	14.6	24.7	19.6	3.1	2.7
Can Fin Homes	Neutral	780	104	900	15	71.1	77.5	0.1	0.1	2.2	2.1	17.4	16.5	11.0	10.1	1.8	1.6
Repco Home Fin	Neutral	370	23	430	16	69.4	73.1	0.0	0.2	2.8	2.7	12.3	11.6	5.3	5.1	0.6	0.6
<b>Vehicle Finance</b>																	
Chola. Inv & Fin.	Buy	1,625	1,367	1,670	3	62.1	78.7	1.5	1.4	2.4	2.6	19.6	19.8	26.2	20.6	4.5	3.7
M & M Financial	Buy	283	393	310	10	19.1	24.8	1.6	1.4	1.9	2.2	11.9	13.3	14.8	11.4	1.6	1.4
Shriram Finance	Buy	630	1,184	780	24	49.9	59.9	1.9	2.0	3.0	3.2	15.6	16.4	12.6	10.5	1.8	1.6
IndoStar Capital	Buy	267	36	330	23	51.2	19.8	5.1	1.1	6.5	2.2	17.2	5.3	5.2	13.5	0.7	0.7
<b>Gold Finance</b>																	
Muthoot Finance	Neutral	3,051	1,225	2,790	-9	195.3	213.7	0.3	0.3	5.6	5.2	24.7	22.3	15.6	14.3	3.5	2.9
Manappuram Finance	Neutral	294	249	280	-5	10.7	19.5	2.8	1.3	2.0	3.5	7.1	11.5	27.3	15.0	1.7	1.6
<b>Microfinance</b>																	
CreditAccess	Buy	1,355	216	1,500	11	56.7	106.1	5.7	2.9	3.1	4.9	12.2	19.5	23.9	12.8	2.8	2.3
Fusion Finance	Neutral	192	31	170	-12	-3.0	17.8	5.4	3.0	-0.5	3.7	-2.1	12.3	-64.7	10.8	1.6	1.2
Spandana Sphoorty	Buy	259	18	280	8	-104.9	13.7	10.2	2.5	-10.9	1.6	-36.3	5.6	-2.5	18.8	1.1	1.0

NBFC-lending	Rating	CMP	Mkt. Cap	TP	Upside	EPS (INR)		Credit cost (%)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
		(INR)	(INRb)	(INR)	(%)	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>Diversified</b>																	
Bajaj Finance	Neutral	1,026	6,367	1,000	-2	33.0	42.4	1.7	1.7	4.0	4.1	19.5	21.0	31.0	24.2	5.6	4.7
Poonawalla Fincorp	Buy	483	375	520	8	9.6	22.4	2.0	1.7	1.8	2.8	8.3	16.1	50.5	21.6	3.7	3.2
Aditya Birla Cap	Buy	292	762	340	16	15.0	19.1			0.0	0.0	12.2	13.9	19.4	15.3	2.3	2.0
L&T Finance	Buy	246	615	260	5	12.5	16.5	2.2	2.1	2.4	2.7	11.6	13.9	19.8	14.9	2.2	2.0
Piramal Enterp.	Neutral	1,125	253	1,315	17	63.7	105.4	1.7	1.4	1.4	1.9	5.2	8.1	17.7	10.7	0.9	0.8
MAS Financial	Buy	315	57	400	27	20.1	25.9	1.2	1.3	2.8	2.9	13.5	15.2	15.7	12.2	2.0	1.7
IIFL Finance	Buy	451	191	550	22	38.8	55.0	2.2	1.7	2.5	3.0	12.5	15.6	11.6	8.2	1.4	1.2
HDB Financial	Neutral	774	642	860	11	31.8	42.5	2.2	2.0	2.2	2.5	14.3	15.5	24.3	18.2	3.1	2.6
<b>Power Financiers</b>																	
PFC	Buy	412	1,361	490	19	59.4	61.1	-0.1	0.2	3.3	3.0	20.0	18.1	6.9	6.7	1.3	1.1
REC	Buy	387	1,018	460	19	68.4	72.9	-0.1	0.2	2.8	2.6	21.4	19.6	5.7	5.3	1.1	1.0
<b>MSME</b>																	
Five-Star Business	Buy	525	153	800	52	38.6	46.5	1.2	0.7	7.1	7.0	16.6	17.0	13.6	11.3	2.1	1.8
<b>Non-lending</b>																	
Upside (%)						EPS (INR)	VNB Margins (%)		RoEV (%)		P/E (x)		P/EVOP		P/EV (x)		
FY26E						FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>Life Insurance</b>																	
HDFC Life Insur.	Buy	774	1,694	910	18	8.4	9.8	25.6	25.5	16.7	16.3	92.4	78.9	18.3	15.6	3.0	2.6
ICICI Pru Life	Buy	601	882	780	30	9.9	11.1	24.5	25.0	12.9	13.2	60.9	54.0	31.9	27.0	1.6	1.4
SBI Life Insurance	Buy	1,820	1,861	2,140	18	24.1	29.9	27.8	28.5	15.1	16.3	75.4	60.9	15.7	13.5	2.6	2.2
Max Financial	Neutral	1,583	537	1,750	11	9.4	17.6	24.0	25.0	29.2	19.4	168.0	90.1	22.6	18.1	2.7	2.3
Life Insurance Corp.	Buy	898	5,721	1,080	20	76.1	82.5	17.6	18.0	6.8	11.7	11.8	10.9	6.8	7.3	0.7	0.7
<b>General Insurance</b>						Upside	EPS (INR)	Claims Ratio (%)		Combined Ratio (%)		RoE (%)		P/E (x)		P/BV (x)	
Star Health	Buy	450	264	520	16	13.4	17.9	69.5	69.0	100	99	10.6	12.6	33.7	25.2	3.4	3.0
Niva Bupa Health	Buy	82	151	101	23	0.6	1.8	64.8	63.3	102	99	3.2	8.1	135.0	45.7	3.9	3.6
ICICI Lombard	Buy	1,894	935	2,400	27	62.7	71.9	69.9	69.6	102	101	20.0	19.7	30.2	26.3	5.6	4.8
<b>Broking and Exchanges</b>						EPS (INR)	EBITDA margins (%)		PAT (INRb)		RoE (%)		P/E (x)		P/BV (x)		
Angel One	Buy	2,228	201	3,100	39	99.6	146.7	34.8	41.1	9	13	15.2	20.0	22.4	15.2	3.0	2.6
BSE	Neutral	2,122	862	2,600	23	49.9	57.8	64.6	64.9	20	23	33.9	30.2	42.5	36.7	14.4	11.1
MCX	Neutral	8,037	409	8,300	3	167.2	197.7	65.1	66.1	9	10	43.2	46.7	48.1	40.7	19.9	18.1
<b>Wealth Management</b>																	
Anand Rathi Wealth	Neutral	2,966	247	2,100	-29	46.1	59.2	44.8	46.7	4	5	46.5	41.8	64.3	50.1	25.3	18.0
Nuvama Wealth	Buy	6,217	220	8,750	41	308.4	366.5	60.9	61.5	11	13	29.3	30.4	20.2	17.0	5.5	4.8
360 ONE WAM	Buy	1,027	415	1,450	41	32.3	37.1	49.4	50.3	13	16	17.1	17.1	31.8	27.6	5.1	4.2
Prudent Corp.	Neutral	2,805	116	2,600	-7	54.3	68.1	22.9	23.1	2	3	29.3	28.5	51.7	41.2	66.9	52.2
<b>Intermediaries</b>																	
Cams Services	Buy	3,986	195	4,900	23	98.6	116.4	45.1	46.1	5	6	39.8	40.0	40.4	34.2	14.9	12.7
KFin Technologies	Neutral	1,080	184	1,200	11	21.4	26.8	42.6	44.1	4	5	27.0	29.7	50.4	40.3	12.9	11.2
CDSL	Neutral	1,547	323	1,400	-9	23.8	28.9	53.9	54.6	5	6	26.4	28.3	65.1	53.6	16.2	14.3
<b>AMCs</b>						Upside	EPS (INR)	MF Yields (Bps)		PAT (INRb)		RoE (%)		P/E (x)		P/AUM	
Aditya Birla AMC	Buy	810	233	1,050	30	36.2	39.8	41.5	40.5	10.4	11.5	26.3	26.1	22.4	20.3	197.9	171.7
HDFC AMC	Buy	5,883	1,254	6,400	9	133.9	152.4	46.1	45.1	28.6	32.5	33.7	35.2	43.9	38.6	681.8	585.6
Nippon Life AMC	Buy	836	530	930	11	24.0	27.2	38.9	37.6	15.1	17.1	35.6	39.6	34.8	30.7	130.8	109.1
UTI AMC	Buy	1,391	178	1,650	19	69.7	80.8	33.4	32.6	8.9	10.3	16.8	18.4	19.9	17.2	369.6	313.8

\*Adjusted for subsidiaries

## Financials and valuations- BOB

Income Statement						(INRb)
Y/E March (INR b)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	895.9	1,126.1	1,214.4	1,306.6	1,479.5	1,676.1
Interest Expense	482.3	678.8	757.8	838.3	925.7	1,031.1
<b>Net Interest Income</b>	<b>413.6</b>	<b>447.2</b>	<b>456.6</b>	<b>468.3</b>	<b>553.8</b>	<b>645.0</b>
- Growth (%)	26.8	8.1	2.1	2.6	18.3	16.5
Non Interest Income	100.3	145.0	166.5	181.5	183.3	203.4
<b>Total Income</b>	<b>513.8</b>	<b>592.2</b>	<b>623.1</b>	<b>649.7</b>	<b>737.1</b>	<b>848.5</b>
- Growth (%)	16.5	15.2	5.2	4.3	13.4	15.1
Operating Expenses	245.2	282.5	298.7	326.6	357.3	391.7
<b>Pre Provision Profits</b>	<b>268.6</b>	<b>309.7</b>	<b>324.3</b>	<b>323.1</b>	<b>379.8</b>	<b>456.8</b>
- Growth (%)	20.0	15.3	4.7	-0.4	17.5	20.3
<b>Core PPoP</b>	<b>258.0</b>	<b>294.7</b>	<b>301.7</b>	<b>312.5</b>	<b>370.6</b>	<b>448.9</b>
- Growth (%)	31.2	14.2	2.4	3.6	18.6	21.1
Provisions	71.4	60.8	59.8	71.5	90.6	106.4
<b>PBT</b>	<b>197.3</b>	<b>248.9</b>	<b>264.5</b>	<b>251.6</b>	<b>289.1</b>	<b>350.4</b>
Tax	56.2	71.0	68.7	64.4	73.4	89.0
Tax Rate (%)	28.5	28.5	26.0	25.6	25.4	25.4
<b>PAT</b>	<b>141.1</b>	<b>177.9</b>	<b>195.8</b>	<b>187.2</b>	<b>215.7</b>	<b>261.4</b>
- Growth (%)	94.0	26.1	10.1	-4.4	15.2	21.2

### Balance Sheet

Y/E March (INR b)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	10.4	10.4	10.4	10.4	10.4	10.4
Reserves & Surplus	971.9	1,111.9	1,358.9	1,450.7	1,611.6	1,810.1
<b>Net Worth</b>	<b>982.2</b>	<b>1,122.2</b>	<b>1,369.3</b>	<b>1,461.1</b>	<b>1,622.0</b>	<b>1,820.4</b>
<b>Deposits</b>	<b>12,036.9</b>	<b>13,351.4</b>	<b>14,720.3</b>	<b>16,310.1</b>	<b>18,397.8</b>	<b>20,863.2</b>
- Growth (%)	15.1	10.9	10.3	10.8	12.8	13.4
- CASA Dep	<b>4,751.0</b>	<b>5,143.7</b>	<b>5,566.7</b>	<b>5,675.9</b>	<b>6,420.8</b>	<b>7,281.2</b>
- Growth (%)	9.6	8.3	8.2	2.0	13.1	13.4
Borrowings	1,019.1	944.0	1,237.2	1,222.6	1,319.6	1,429.1
Other Liabilities & Prov.	547.4	440.3	485.7	524.6	582.3	646.3
<b>Total Liabilities</b>	<b>14,585.6</b>	<b>15,858.0</b>	<b>17,812.5</b>	<b>19,518.4</b>	<b>21,921.7</b>	<b>24,759.0</b>
Current Assets	957.0	951.2	1,258.5	1,164.2	1,271.8	1,442.3
<b>Investments</b>	<b>3,624.9</b>	<b>3,698.2</b>	<b>3,854.0</b>	<b>4,320.3</b>	<b>4,817.2</b>	<b>5,380.8</b>
- Growth (%)	14.8	2.0	4.2	12.1	11.5	11.7
<b>Loans</b>	<b>9,410.0</b>	<b>10,657.8</b>	<b>12,095.6</b>	<b>13,450.3</b>	<b>15,252.6</b>	<b>17,357.5</b>
- Growth (%)	21.1	13.3	13.5	11.2	13.4	13.8
Fixed Assets	87.1	79.1	123.8	91.6	98.9	106.8
Other Assets	506.7	471.6	480.7	492.0	481.2	471.6
<b>Total Assets</b>	<b>14,585.6</b>	<b>15,858.0</b>	<b>17,812.5</b>	<b>19,518.4</b>	<b>21,921.7</b>	<b>24,759.0</b>

### Asset Quality

GNPA (INR b)	367.6	318.3	278.3	280.7	307.0	336.5
NNPA (INR b)	85.5	75.8	74.9	68.5	64.0	61.1
Slippages (INR b)	111.5	104.0	93.1	144.3	172.2	189.1
GNPA Ratio (%)	3.8	2.9	2.3	2.1	2.0	1.9
NNPA Ratio (%)	0.9	0.7	0.6	0.5	0.4	0.4
Slippage Ratio (%)	1.2	1.0	0.8	1.1	1.2	1.2
Credit Cost (%)	0.5	0.7	0.5	0.5	0.6	0.6
PCR (Excl Tech. write off) (%)	76.7	76.2	73.1	75.6	79.1	81.9

E: MOFSL Estimates

## Financials and valuations- BOB

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<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>7.2</b>	<b>7.3</b>	<b>7.4</b>
Avg. Yield on loans	7.5	8.5	8.2	7.8	8.0	8.0
Avg. Yield on Investments	6.6	6.9	7.0	6.9	6.8	6.8
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>3.9</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>4.9</b>
Avg. Cost of Deposits	3.7	4.7	4.8	5.0	4.9	4.8
<b>Interest Spread</b>	<b>2.9</b>	<b>2.7</b>	<b>2.5</b>	<b>2.2</b>	<b>2.4</b>	<b>2.5</b>
<b>Net Interest Margin</b>	<b>3.2</b>	<b>3.1</b>	<b>2.8</b>	<b>2.6</b>	<b>2.8</b>	<b>2.8</b>
<b>Capitalisation Ratios (%)</b>						
CAR	16.2	16.3	17.2	15.7	14.7	13.9
Tier I	14.0	14.1	14.8	13.5	12.7	12.1
-CET-1	12.2	12.5	13.8	12.6	11.9	11.3
Tier II	2.3	2.2	2.4	2.2	2.0	1.8
<b>Business Ratios (%)</b>						
Loans/Deposit Ratio	78.2	79.8	82.2	82.5	82.9	83.2
CASA Ratio	39.5	38.5	37.8	34.8	34.9	34.9
Cost/Assets	1.7	1.8	1.7	1.7	1.6	1.6
Cost/Total Income	47.7	47.7	47.9	50.3	48.5	46.2
Cost/Core Income	48.7	48.9	49.8	51.1	49.1	46.6
Int. Expense/Int.Income	53.8	60.3	62.4	64.2	62.6	61.5
Fee Income/Total Income	17.4	22.0	23.1	26.3	23.6	23.0
Non Int. Inc./Total Income	19.5	24.5	26.7	27.9	24.9	24.0
Empl. Cost/Total Expense	54.5	56.0	55.6	55.7	56.0	55.7
<b>Efficiency Ratios (INRm)</b>						
Employee per branch (in nos)	9.5	9.2	8.9	8.9	8.9	8.9
Staff cost per employee	1.7	2.1	2.2	2.4	2.6	2.8
CASA per branch (INR m)	576.6	624.0	660.8	667.1	747.2	838.9
Deposits per branch (INR m)	1,460.8	1,619.7	1,747.4	1,917.0	2,140.9	2,403.8
Busins per Emp. (INR m)	274.5	317.9	357.5	392.8	439.8	494.6
Profit per Emp. (INR m)	1.8	2.4	2.6	2.5	2.8	3.4

### Profitability Ratios and Valuation

RoE	16.5	17.8	16.7	14.2	14.9	16.1
RoA	1.0	1.2	1.2	1.0	1.0	1.1
RoRWA	2.0	2.3	2.3	1.9	1.9	2.1
Book Value (INR)	183	211	254	272	303	342
- Growth (%)	15.8	15.2	20.3	7.0	11.4	12.6
<b>Price-BV (x)</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
Adjusted BV (INR)	165	194	235	252	283	320
<b>Price-ABV (x)</b>	<b>1.5</b>	<b>1.3</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>
EPS (INR)	27.3	34.4	37.8	36.2	41.7	50.5
- Growth (%)	94.0	26.1	10.1	-4.4	15.2	21.2
<b>Price-Earnings (x)</b>	<b>9.4</b>	<b>7.4</b>	<b>6.7</b>	<b>7.1</b>	<b>6.1</b>	<b>5.1</b>
Dividend Per Share (INR)	5.5	7.6	8.3	9.2	10.5	12.1
<b>Dividend Yield (%)</b>	<b>2.2</b>	<b>3.0</b>	<b>3.3</b>	<b>3.6</b>	<b>4.1</b>	<b>4.8</b>

E: MOFSL Estimates

## Financials and valuations- Canara Bank

Income Statement						(INR b)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	844.2	1,086.9	1,197.6	1,280.2	1,390.1	1,532.8
Interest Expense	529.9	721.2	826.8	897.4	952.0	1,040.5
<b>Net Interest Income</b>	<b>314.4</b>	<b>365.7</b>	<b>370.7</b>	<b>382.8</b>	<b>438.0</b>	<b>492.3</b>
- growth (%)	19.1	16.3	1.4	3.3	14.4	12.4
Non Interest Income	187.6	189.7	224.5	264.9	262.3	288.5
<b>Total Income</b>	<b>502.0</b>	<b>555.3</b>	<b>595.2</b>	<b>647.7</b>	<b>700.3</b>	<b>780.8</b>
- growth (%)	17.1	10.6	7.2	8.8	8.1	11.5
Operating Expenses	224.8	261.2	281.3	304.2	332.2	365.0
<b>Pre Provision Profits</b>	<b>277.2</b>	<b>294.1</b>	<b>313.9</b>	<b>343.6</b>	<b>368.1</b>	<b>415.8</b>
- growth (%)	13.4	6.1	6.7	9.4	7.1	13.0
<b>Core PPoP</b>	<b>258.2</b>	<b>277.9</b>	<b>287.2</b>	<b>321.2</b>	<b>342.4</b>	<b>386.2</b>
- growth (%)	18.2	7.6	3.4	11.8	6.6	12.8
Provisions	135.4	97.1	87.6	92.4	98.8	111.0
Exceptional Item	NA	NA	NA	NA	NA	NA
<b>PBT</b>	<b>141.7</b>	<b>197.0</b>	<b>226.3</b>	<b>251.1</b>	<b>269.3</b>	<b>304.8</b>
Tax	35.7	51.5	56.0	63.8	68.4	77.4
Tax Rate (%)	25.2	26.1	24.7	25.4	25.4	25.4
<b>PAT</b>	<b>106.0</b>	<b>145.5</b>	<b>170.3</b>	<b>187.3</b>	<b>200.9</b>	<b>227.4</b>
- growth (%)	86.7	37.3	17.0	10.0	7.2	13.2

### Balance Sheet

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	18.1	18.1	18.1	18.1	18.1	18.1
Reserves & Surplus	717.9	851.4	980.9	1,095.0	1,209.8	1,299.5
<b>Net Worth</b>	<b>736.1</b>	<b>869.5</b>	<b>999.0</b>	<b>1,113.2</b>	<b>1,227.9</b>	<b>1,317.6</b>
<b>Deposits</b>	<b>11,792.2</b>	<b>13,123.7</b>	<b>14,568.8</b>	<b>15,821.8</b>	<b>17,293.2</b>	<b>18,970.6</b>
- growth (%)	8.5	11.3	11.0	8.6	9.3	9.7
<b>- CASA Deposits</b>	<b>3,665.8</b>	<b>3,924.1</b>	<b>4,150.5</b>	<b>4,414.3</b>	<b>4,911.3</b>	<b>5,387.7</b>
- growth (%)	-0.6	7.0	5.8	6.4	11.3	9.7
Borrowings	580.9	575.9	896.7	997.8	1,088.9	1,181.3
Other Liabilities & Prov.	348.2	346.3	364.0	407.7	456.6	511.4
<b>Total Liabilities</b>	<b>13,457.3</b>	<b>14,915.4</b>	<b>16,828.5</b>	<b>18,340.4</b>	<b>20,066.6</b>	<b>21,980.9</b>
Current Assets	1,414.2	1,507.6	2,053.4	1,917.4	1,948.5	1,995.0
<b>Investments</b>	<b>3,190.4</b>	<b>3,574.5</b>	<b>3,803.4</b>	<b>4,183.8</b>	<b>4,547.8</b>	<b>4,945.7</b>
- growth (%)	13.1	12.0	6.4	10.0	8.7	8.7
<b>Loans</b>	<b>8,306.7</b>	<b>9,316.1</b>	<b>10,491.6</b>	<b>11,645.6</b>	<b>12,926.6</b>	<b>14,361.5</b>
- growth (%)	18.1	12.2	12.6	11.0	11.0	11.1
Fixed Assets	102.3	122.3	102.2	137.4	147.0	157.3
Other Assets	443.7	394.9	378.0	456.2	496.7	521.4
<b>Total Assets</b>	<b>13,457.3</b>	<b>14,915.4</b>	<b>16,828.5</b>	<b>18,340.4</b>	<b>20,066.6</b>	<b>21,980.9</b>

### Asset Quality

GNPA (INR b)	461.6	406.0	315.3	322.0	346.8	378.6
NNPA (INR b)	143.9	118.6	73.8	73.3	80.0	88.1
Slippages (INR b)	119.8	106.3	85.4	132.8	153.6	170.6
GNPA Ratio (%)	5.4	4.2	2.9	2.7	2.6	2.6
NNPA Ratio (%)	1.7	1.3	0.7	0.6	0.6	0.6
Slippage Ratio (%)	1.7	1.3	0.9	1.2	1.5	2.2
Credit Cost (%)	1.3	1.0	1.0	0.8	0.8	0.8
PCR (Excl Tech. write off) (%)	68.8	70.8	76.6	77.3	76.9	76.7

E: MOFSL Estimates

## Financials and valuations- Canara Bank

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Yield and Cost Ratios (%)</b>						
<b>Avg. Yield-Earning Assets</b>	<b>6.9</b>	<b>8.0</b>	<b>7.8</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>
Avg. Yield on loans	8.0	8.9	8.9	8.6	8.5	8.5
Avg. Yield on Investments	6.6	6.8	6.8	7.0	6.9	6.8
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>4.3</b>	<b>5.3</b>	<b>5.5</b>	<b>5.5</b>	<b>5.4</b>	<b>5.4</b>
Avg. Cost of Deposits	4.3	5.3	5.5	5.5	5.4	5.4
<b>Interest Spread</b>	<b>2.6</b>	<b>2.6</b>	<b>2.3</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>
<b>Net Interest Margin</b>	<b>2.56</b>	<b>2.68</b>	<b>2.41</b>	<b>2.25</b>	<b>2.36</b>	<b>2.42</b>
<b>Capitalisation Ratios (%)</b>						
CAR	16.7	16.3	16.3	17.0	16.7	18.1
- Tier I	13.8	14.0	14.4	13.8	13.4	14.3
- CET-1	11.6	11.7	12.0	11.4	11.2	12.3
- Tier II	2.9	2.3	2.0	3.2	3.3	3.8
<b>Business Ratios (%)</b>						
Loans/Deposit Ratio	70.4	71.0	72.0	73.6	74.7	75.7
Investment/Deposit Ratio	27.1	27.2	26.1	26.4	26.3	26.1
CASA Ratio	31.1	29.9	28.5	27.9	28.4	28.4
Cost/Assets	1.7	1.8	1.7	1.7	1.7	1.7
Cost/Total Income	44.8	47.0	47.3	47.0	47.4	46.7
Cost/Core Income	46.5	48.5	49.5	48.6	49.2	48.6
Int. Expense/Int.Income	62.8	66.4	69.0	70.1	68.5	67.9
Fee Income/Net Income	33.6	31.2	33.2	37.4	33.8	33.2
Non Int. Inc./Net Income	37.4	34.2	37.7	40.9	37.5	37.0
Empl. Cost/Op. Exps.	61.1	62.9	63.5	63.4	63.3	62.9
<b>Efficiency Ratios (%)</b>						
Employee per branch (in nos)	8.8	8.6	8.3	8.8	8.9	9.0
Staff cost per employee (INR m)	1.6	2.0	2.2	2.2	2.4	2.6
CASA/Branch (INRm)	377.7	408.6	421.4	450.6	496.3	539.1
Deposit/Branch (INRm)	1,214.9	1,366.5	1,479.2	1,615.0	1,747.7	1,898.3
Business per Employee (INR m)	236.5	271.5	308.4	319.5	344.6	372.6
Profit per Employee (INR m)	1.2	1.8	2.1	2.2	2.3	2.5
<b>Profitability and Valuation</b>						
RoE	17.1	20.2	19.9	18.9	18.2	18.8
RoA	0.8	1.0	1.1	1.1	1.0	1.1
RoRWA	1.9	2.2	2.3	2.1	2.1	2.3
Book Value (INR)	77	90	106	119	131	141
- growth (%)	13.1	17.9	17.6	11.8	10.6	7.5
<b>Price-BV (x)</b>	<b>1.6</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>
Adjusted BV (INR)	64	80	99	111	123	132
<b>Price-ABV (x)</b>	<b>1.9</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>
EPS (INR)	11.7	16.0	18.8	20.7	22.1	25.1
- growth (%)	78.1	37.3	17.0	10.0	7.2	13.2
<b>Price-Earnings (x)</b>	<b>10.5</b>	<b>7.7</b>	<b>6.6</b>	<b>6.0</b>	<b>5.6</b>	<b>4.9</b>
Dividend Per Share (INR)	2.4	3.2	4.0	5.9	9.5	15.2
<b>Dividend Yield (%)</b>	<b>2.0</b>	<b>2.6</b>	<b>3.3</b>	<b>4.8</b>	<b>7.7</b>	<b>12.3</b>

E: MOFSL Estimates

## Financials and valuations- Indian Bank

Income Statement						(INRb)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	449.4	556.1	620.0	649.1	699.3	763.9
Interest Expense	247.2	323.4	368.3	389.2	412.0	444.2
<b>Net Interest Income</b>	<b>202.3</b>	<b>232.7</b>	<b>251.8</b>	<b>259.9</b>	<b>287.3</b>	<b>319.7</b>
- growth (%)	20.9	15.1	8.2	3.2	10.5	11.3
Non Interest Income	71.4	78.7	92.2	104.2	111.5	122.7
<b>Total Income</b>	<b>273.7</b>	<b>311.4</b>	<b>344.0</b>	<b>364.2</b>	<b>398.9</b>	<b>442.4</b>
- growth (%)	15.8	13.8	10.5	5.9	9.5	10.9
Operating Expenses	121.0	143.0	154.0	167.9	182.8	200.5
<b>PPoP</b>	<b>152.7</b>	<b>168.4</b>	<b>190.0</b>	<b>196.2</b>	<b>216.0</b>	<b>241.8</b>
- growth (%)	20.1	10.3	12.8	3.3	10.1	12.0
<b>Core PPoP</b>	<b>149.8</b>	<b>155.3</b>	<b>179.5</b>	<b>177.4</b>	<b>193.4</b>	<b>214.7</b>
- growth (%)	31.0	3.7	15.6	-1.2	9.0	11.0
Provisions	93.6	58.9	42.1	37.9	45.1	53.5
<b>PBT</b>	<b>59.1</b>	<b>109.5</b>	<b>147.9</b>	<b>158.4</b>	<b>170.9</b>	<b>188.3</b>
Tax	6.3	28.9	38.7	39.9	43.1	47.5
Tax Rate (%)	10.7	26.4	26.2	25.2	25.2	25.2
<b>PAT</b>	<b>52.8</b>	<b>80.6</b>	<b>109.2</b>	<b>118.5</b>	<b>127.8</b>	<b>140.8</b>
- growth (%)	33.9	52.7	35.4	8.5	7.9	10.2
Balance Sheet						
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Share Capital</b>	12	13	13	13	13	13
Equity Share Capital	12.5	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	467.3	570.4	679.6	753.3	852.7	960.0
<b>Net Worth</b>	<b>479.7</b>	<b>583.9</b>	<b>693.1</b>	<b>766.8</b>	<b>866.2</b>	<b>973.5</b>
<b>Deposits</b>	<b>6,211.7</b>	<b>6,880.0</b>	<b>7,371.5</b>	<b>7,998.1</b>	<b>8,694.0</b>	<b>9,511.2</b>
- growth (%)	4.6	10.8	7.1	8.5	8.7	9.4
<b>- CASA Dep</b>	<b>2,608.1</b>	<b>2,804.9</b>	<b>2,828.5</b>	<b>3,079.3</b>	<b>3,468.9</b>	<b>3,871.1</b>
- growth (%)	5.2	7.5	0.8	8.9	12.7	11.6
Borrowings	220.7	231.3	415.1	403.0	454.2	562.8
Other Liabilities & Prov.	192.9	231.0	254.4	292.6	333.5	380.2
<b>Total Liabilities</b>	<b>7,105.0</b>	<b>7,926.2</b>	<b>8,734.1</b>	<b>9,460.5</b>	<b>10,347.8</b>	<b>11,427.7</b>
Current Assets	501.3	421.1	548.7	554.5	553.5	599.4
<b>Investments</b>	<b>1,859.9</b>	<b>2,125.5</b>	<b>2,253.0</b>	<b>2,399.5</b>	<b>2,610.6</b>	<b>2,879.5</b>
- growth (%)	6.5	14.3	6.0	6.5	8.8	10.3
<b>Loans</b>	<b>4,493.0</b>	<b>5,148.9</b>	<b>5,710.7</b>	<b>6,264.7</b>	<b>6,916.2</b>	<b>7,649.3</b>
- growth (%)	15.4	14.6	10.9	9.7	10.4	10.6
Fixed Assets	74.6	75.2	88.3	92.7	98.2	104.1
Other Assets	176.2	155.5	133.4	149.2	169.3	195.3
<b>Total Assets</b>	<b>7,105.0</b>	<b>7,926.2</b>	<b>8,734.1</b>	<b>9,460.5</b>	<b>10,347.8</b>	<b>11,427.7</b>
Asset Quality						
GNPA (INR b)	281.8	211.1	211.1	182.8	192.4	205.2
NNPA (INR b)	40.4	22.2	22.2	10.7	11.9	13.4
GNPA Ratio (%)	6.0	4.0	4.0	2.8	2.7	2.6
NNPA Ratio (%)	0.9	0.4	0.4	0.2	0.2	0.2
Slippage Ratio(%)	1.7	1.4	1.1	1.1	1.2	1.2
Credit Cost (%)	2.2	1.2	0.8	0.6	0.7	0.7
PCR (Excl Tech. write off)	85.7	89.5	89.5	94.2	93.8	93.4

E: MOFSL Estimates

## Financials and valuations- Indian Bank

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Yield and Cost Ratios (%)</b>						
<b>Avg. Yield- on Earning Assets</b>	<b>6.8</b>	<b>7.6</b>	<b>7.7</b>	<b>7.3</b>	<b>7.2</b>	<b>7.2</b>
Avg. Yield on loans	7.6	8.4	8.3	8.0	7.9	7.9
Avg. Yield on Investments	6.5	6.8	7.0	6.9	6.8	6.7
<b>Avg. Cost of Int. Bear. Liab.</b>	<b>3.9</b>	<b>4.8</b>	<b>4.9</b>	<b>4.8</b>	<b>4.7</b>	<b>4.6</b>
Avg. Cost of Deposits	3.8	4.7	4.9	4.9	4.8	4.7
<b>Interest Spread</b>	<b>2.8</b>	<b>2.9</b>	<b>2.7</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>
<b>Net Interest Margin</b>	<b>3.0</b>	<b>3.2</b>	<b>3.1</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>
<b>Capitalisation Ratios (%)</b>						
CAR	16.5	16.4	17.9	16.4	16.3	16.0
Tier I	13.5	14.0	15.9	14.6	14.7	14.6
- CET-1	12.9	13.5	15.4	14.1	14.3	14.2
Tier II	3.0	2.4	2.1	1.7	1.5	1.4
<b>Business Ratios (%)</b>						
Loans/Deposit Ratio	72.3	74.8	77.5	78.3	79.6	80.4
CASA Ratio	42.0	40.8	38.4	38.5	39.9	40.7
Cost/Assets	1.7	1.8	1.8	1.8	1.8	1.8
Cost/Total Income	44.2	45.9	44.8	46.1	45.8	45.3
Cost/Core income	44.7	47.9	46.2	48.6	48.6	48.3
Int. Expense/Int.Income	55.0	58.2	59.4	60.0	58.9	58.2
Fee Income/Total Income	25.0	21.1	23.8	23.5	22.3	21.6
Non Int. Inc./Total Income	26.1	25.3	26.8	28.6	28.0	27.7
Empl. Cost/Total Expense	62.2	64.8	64.2	64.2	63.9	63.8
<b>Efficiency Ratios (INRm)</b>						
Employee per branch (in nos)	7.0	6.9	6.8	6.9	6.9	6.9
Staff cost per employee (INR m)	1.8	2.3	2.5	2.6	2.7	2.9
CASA per branch (INRm)	450.7	479.4	479.0	505.8	558.6	611.2
Deposits per branch (INRm)	1,073.4	1,175.9	1,248.4	1,313.7	1,400.0	1,501.6
Business per Employee (INR m)	262.5	298.8	326.5	340.6	365.5	393.9
Profit per Employee (INR m)	1.3	2.0	2.7	2.8	3.0	3.2

### Profitability Ratios and Valuation

RoE	13.3	17.1	18.9	17.7	16.9	16.4
RoA	0.8	1.1	1.3	1.3	1.3	1.3
RoRWA	1.6	2.0	2.7	2.4	2.3	2.2
Book Value (INR)	358	409	490	545	619	698
- growth (%)	10.7	14.2	19.8	11.2	13.5	12.9
<b>Price-BV (x)</b>	<b>2.0</b>	<b>1.7</b>	<b>1.4</b>	<b>1.3</b>	<b>1.1</b>	<b>1.0</b>
Adjusted BV (INR)	334	396	477	537	610	689
<b>Price-ABV (x)</b>	<b>2.1</b>	<b>1.8</b>	<b>1.5</b>	<b>1.3</b>	<b>1.2</b>	<b>1.0</b>
EPS (INR)	42.4	62.2	81.1	87.9	94.9	104.6
- growth (%)	27.7	46.7	30.3	8.5	7.9	10.2
<b>Price-Earnings (x)</b>	<b>16.7</b>	<b>11.4</b>	<b>8.7</b>	<b>8.1</b>	<b>7.5</b>	<b>6.8</b>
Dividend Per Share (INR)	0.0	12.0	16.3	18.0	21.2	25.1
<b>Dividend Yield (%)</b>	<b>0.0</b>	<b>1.7</b>	<b>2.3</b>	<b>2.5</b>	<b>3.0</b>	<b>3.5</b>

E: MOFSL Estimates

## Financials and valuations- PNB

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	194.6	214.1
<b>Total Income</b>	<b>466.3</b>	<b>534.7</b>	<b>590.9</b>	<b>629.9</b>	<b>706.3</b>	<b>802.7</b>
- Growth (%)	13.7	14.7	10.5	6.6	12.1	13.6
Operating Expenses	241.1	285.4	322.6	348.4	377.9	413.9
<b>Pre Provision Profits</b>	<b>225.3</b>	<b>249.3</b>	<b>268.3</b>	<b>281.5</b>	<b>328.4</b>	<b>388.8</b>
- Growth (%)	8.5	10.7	7.6	4.9	16.6	18.4
<b>Core PPoP</b>	<b>236.7</b>	<b>242.4</b>	<b>229.1</b>	<b>271.7</b>	<b>316.6</b>	<b>374.6</b>
- Growth (%)	32.8	2.4	-5.5	18.6	16.5	18.3
Provisions (excl tax)	182.4	117.4	16.7	26.9	50.7	71.3
<b>PBT</b>	<b>42.9</b>	<b>131.9</b>	<b>251.6</b>	<b>254.7</b>	<b>277.7</b>	<b>317.5</b>
Tax	17.8	49.5	85.3	99.3	70.5	80.6
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>207.2</b>	<b>236.9</b>
- Growth (%)	-27.5	228.8	101.7	-6.6	33.4	14.3

### Balance Sheet

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Share Capital</b>	22	22	23	23	23	23
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	1,540.3	1,719.3
<b>Net Worth</b>	<b>998.6</b>	<b>1,064.8</b>	<b>1,273.6</b>	<b>1,400.6</b>	<b>1,563.3</b>	<b>1,742.3</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>22,318.2</b>	<b>24,882.3</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	1,014.3	1,137.7
<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>22,318.2</b>	<b>24,882.3</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	38.6	27.5
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	0.2
Slippage Ratio	2.1	0.7	0.7	0.9	1.0	1.0
Credit Cost	2.34	1.33	0.17	0.20	0.35	0.44
PCR (Excl Tech. write off)	70.8	87.9	90.3	90.3	89.9	93.0

E: MOFSL Estimates

## Financials and valuations- PNB

### 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>
<b>Capitalisation Ratios (%)</b>						
CAR	15.5	16.0	17.1	16.0	14.7	13.6
Tier I	12.7	13.2	14.1	13.0	12.1	11.2
CET-1	11.2	11.1	12.4	10.8	10.1	9.3
Tier II	2.8	2.8	3.0	3.0	2.6	2.4
<b>Business Ratios (%)</b>						
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	53.5	51.6
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	25.9	24.9
Non Int. Inc./Total Income	26.0	25.0	27.6	30.3	27.6	26.7
Empl. Cost/Total Expense	61.4	64.8	66.2	66.2	66.5	66.2
<b>Efficiency Ratios (INRm)</b>						
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	1.9	2.1

### Valuation ratios

RoE	2.8	8.7	15.3	12.4	14.8	15.1
RoA	0.2	0.5	1.0	0.8	1.0	1.0
RoRWA	0.4	1.2	2.1	1.7	2.1	2.1
Book Value (INR)	86	93	107	118	132	148
- Growth (%)	3.9	7.0	15.4	10.3	12.0	11.8
<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>0.8</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	18.0	20.6
<b>Price-Earnings (x)</b>	<b>48.7</b>	<b>14.8</b>	<b>7.5</b>	<b>8.2</b>	<b>6.2</b>	<b>5.4</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>2.6</b>	<b>2.7</b>	<b>3.5</b>	<b>4.6</b>

E: MOFSL Estimates

## Financials and valuations- SBIN

Income Statement						(INRb)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	3,321.0	4,151.3	4,624.9	4,875.3	5,300.0	5,956.3
Interest Expense	1,872.6	2,552.5	2,955.2	3,139.1	3,308.6	3,692.6
<b>Net Interest Income</b>	<b>1,448.4</b>	<b>1,598.8</b>	<b>1,669.7</b>	<b>1,736.2</b>	<b>1,991.4</b>	<b>2,263.7</b>
- Growth (%)	20.0	10.4	4.4	4.0	14.7	13.7
<b>Non Interest Income</b>	<b>366.2</b>	<b>516.8</b>	<b>616.8</b>	<b>663.1</b>	<b>676.4</b>	<b>737.2</b>
<b>Total Income</b>	<b>1,814.6</b>	<b>2,115.6</b>	<b>2,286.5</b>	<b>2,399.3</b>	<b>2,667.7</b>	<b>3,000.9</b>
- Growth (%)	12.5	16.6	8.1	4.9	11.2	12.5
Operating Expenses	977.4	1,248.6	1,180.7	1,251.2	1,363.4	1,492.3
<b>Pre Provision Profits</b>	<b>837.1</b>	<b>867.0</b>	<b>1,105.8</b>	<b>1,148.1</b>	<b>1,304.4</b>	<b>1,508.6</b>
- Growth (%)	23.3	3.6	27.5	3.8	13.6	15.7
<b>Core Provision Profits</b>	<b>850.7</b>	<b>748.6</b>	<b>1,001.9</b>	<b>1,023.4</b>	<b>1,154.7</b>	<b>1,329.0</b>
- Growth (%)	31.6	-12.0	33.8	2.1	12.8	15.1
Provisions (excl tax)	165.1	49.1	153.1	186.9	229.6	275.1
Exceptional Items (Exp)	NA	0.0	NA	NA	NA	NA
<b>PBT</b>	<b>672.1</b>	<b>817.8</b>	<b>952.7</b>	<b>961.2</b>	<b>1,074.7</b>	<b>1,233.5</b>
Tax	169.7	207.1	243.7	243.2	271.9	312.1
Tax Rate (%)	25.3	25.3	25.6	25.3	25.3	25.3
<b>PAT</b>	<b>502.3</b>	<b>610.8</b>	<b>709.0</b>	<b>718.0</b>	<b>802.8</b>	<b>921.5</b>
- Growth (%)	58.6	21.6	16.1	1.3	11.8	14.8
<b>Cons. PAT post MI</b>	<b>556.5</b>	<b>670.9</b>	<b>775.6</b>	<b>811.2</b>	<b>933.4</b>	<b>1,104.2</b>
- Growth (%)	57.3	20.6	15.6	4.6	15.1	18.3
Balance Sheet						
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	9	9	9	9	9	9
Reserves & Surplus	3,267	3,764	4,403	5,210	5,847	6,602
<b>Net Worth</b>	<b>3,276</b>	<b>3,772</b>	<b>4,412</b>	<b>5,219</b>	<b>5,856</b>	<b>6,611</b>
<b>Deposits</b>	<b>44,238</b>	<b>49,161</b>	<b>53,822</b>	<b>59,096</b>	<b>65,124</b>	<b>71,962</b>
- Growth (%)	9.2	11.1	9.5	9.8	10.2	10.5
<b>of which CASA Dep</b>	<b>18,874</b>	<b>19,614</b>	<b>20,839</b>	<b>23,107</b>	<b>26,115</b>	<b>29,289</b>
- Growth (%)	4.7	3.9	6.2	10.9	13.0	12.2
Borrowings	4,931	5,976	5,636	5,589	6,154	6,789
Other Liab. & Prov.	2,725	2,888	2,891	3,065	3,279	3,509
<b>Total Liabilities</b>	<b>55,170</b>	<b>61,797</b>	<b>66,761</b>	<b>72,969</b>	<b>80,413</b>	<b>88,871</b>
Current Assets	3,079	3,108	3,402	3,529	3,734	4,030
<b>Investments</b>	<b>15,704</b>	<b>16,713</b>	<b>16,906</b>	<b>17,751</b>	<b>18,958</b>	<b>20,247</b>
- Growth (%)	6.0	6.4	1.2	5.0	6.8	6.8
<b>Loans</b>	<b>31,993</b>	<b>37,040</b>	<b>41,633</b>	<b>46,546</b>	<b>52,271</b>	<b>58,805</b>
- Growth (%)	17.0	15.8	12.4	11.8	12.3	12.5
Fixed Assets	424	426	441	460	480	501
Other Assets	3,971	4,510	4,378	4,684	4,970	5,288
<b>Total Assets</b>	<b>55,170</b>	<b>61,797</b>	<b>66,761</b>	<b>72,969</b>	<b>80,413</b>	<b>88,871</b>
Asset Quality						
GNPA (INR b)	909	843	769	787	867	968
NNPA (INR b)	215	211	197	196	222	242
Slippages (INR m)	184	203	208	265	316	361
GNPA Ratio (%)	2.78	2.2	1.8	1.7	1.6	1.6
NNPA Ratio (%)	0.67	0.6	0.5	0.4	0.4	0.4
Slippage Ratio (%)	0.6	0.6	0.5	0.6	0.6	0.7
Credit Cost (%)	0.6	0.1	0.4	0.4	0.4	0.5
PCR (Excl Tech. W/O)	76.2	74.8	74.2	75.1	74.4	75.0

E: MOFSL Estimates

## Financials and valuations- SBIN

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Yield and Cost Ratios (%)</b>						
<b>Avg. Yield-Earning Assets</b>	<b>7.2</b>	<b>8.1</b>	<b>8.1</b>	<b>7.8</b>	<b>7.7</b>	<b>7.8</b>
Avg. Yield on loans	7.5	8.4	8.4	8.1	7.9	8.0
Avg. Yield on Investments	6.4	6.8	7.0	6.9	6.8	6.9
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>4.0</b>	<b>4.9</b>	<b>5.2</b>	<b>5.1</b>	<b>4.9</b>	<b>4.9</b>
Avg. Cost of Deposits	3.8	4.7	5.0	4.8	4.6	4.7
<b>Interest Spread</b>	<b>3.2</b>	<b>3.2</b>	<b>2.9</b>	<b>2.7</b>	<b>2.8</b>	<b>2.9</b>
<b>Net Interest Margin</b>	<b>3.2</b>	<b>3.1</b>	<b>2.9</b>	<b>2.8</b>	<b>2.9</b>	<b>3.0</b>
<b>Capitalization Ratios (%)</b>						
CAR	14.7	14.3	14.3	14.9	14.8	14.7
Tier I	12.1	11.9	12.1	12.7	12.8	12.9
-CET-1	10.3	10.4	10.8	12.0	12.1	12.1
Tier II	2.6	2.4	2.2	2.2	2.0	1.8
<b>Business Ratios (%)</b>						
Loans/Deposit Ratio	72.3	75.3	77.4	78.8	80.3	81.7
CASA Ratio	42.7	39.9	38.7	39.1	40.1	40.7
Cost/Assets	1.8	2.0	1.8	1.7	1.7	1.7
Cost/Total Income	53.9	59.0	51.6	52.1	51.1	49.7
Cost/Core Income	53.5	62.5	54.1	55.0	54.1	52.9
Int. Expense./Int. Income	56.4	61.5	63.9	64.4	62.4	62.0
Fee Income/Total Income	20.9	18.8	22.4	22.4	19.7	18.6
Non Int. Inc./Total Income	20.2	24.4	27.0	27.6	25.4	24.6
Empl. Cost/Total Expense	58.6	62.7	54.5	54.5	54.5	54.6
<b>Efficiency Ratios (INRm)</b>						
Employee per branch (in nos)	10.4	10.2	10.2	10.0	9.7	9.5
Staff cost per employee	2.4	3.4	2.7	2.8	3.0	3.2
CASA per branch	842.4	870.1	908.5	959.4	1,032.7	1,103.0
Deposits per branch	1,974.5	2,180.9	2,346.5	2,453.8	2,575.3	2,710.2
Business per Employee	323.2	371.1	404.1	437.9	476.8	520.5
Net profit per Employee	21.3	26.3	30.0	29.8	32.6	36.7
<b>Profitability Ratios and Valuation</b>						
RoE	18.1	18.8	18.6	15.8	15.3	15.5
RoA	1.0	1.0	1.1	1.0	1.0	1.1
RoRWA	1.7	1.8	1.8	1.6	1.6	1.6
Consolidated RoE	16.2	16.7	16.6	15.3	15.6	15.8
Consolidated RoA	1.0	1.1	1.1	1.0	1.1	1.1
Book Value (INR)	350	406	477	549	618	700
- Growth (%)	16.9	15.9	17.7	15.0	12.6	13.2
<b>Price-BV (x)</b>	<b>1.8</b>	<b>1.5</b>	<b>1.3</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>
Consol BV (INR)	385	448	529	604	705	824
- Growth (%)	17.4	16.3	18.1	14.3	16.6	17.0
<b>Price-Consol BV (x)</b>	<b>2.2</b>	<b>1.9</b>	<b>1.6</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>
Adjusted BV (INR)	311	365.4	437.2	511.4	579.6	661.0
<b>Price-ABV (x)</b>	<b>2.0</b>	<b>1.7</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>
EPS (INR)	56.3	68.4	79.4	79.1	87.0	99.8
- Growth (%)	58.6	21.6	16.1	-0.4	10.0	14.8
<b>Price-Earnings (x)</b>	<b>11.2</b>	<b>9.2</b>	<b>7.9</b>	<b>7.9</b>	<b>7.2</b>	<b>6.3</b>
Consol EPS (INR)	62.4	75.2	86.9	89.4	101.1	119.6
- Growth (%)	57.3	20.6	15.6	2.8	13.1	18.3
<b>Price-Consol EPS (x)</b>	<b>13.9</b>	<b>11.5</b>	<b>10.0</b>	<b>9.7</b>	<b>8.6</b>	<b>7.2</b>
Dividend Per Share (INR)	11.3	13.7	15.9	17.7	18.0	18.0
<b>Dividend Yield (%)</b>	<b>1.3</b>	<b>1.6</b>	<b>1.8</b>	<b>2.0</b>	<b>2.1</b>	<b>2.1</b>

E: MOFSL Estimates

## Financials and valuations- Union bank

Income Statement						(INRb)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	807.4	997.8	1,077.3	1,090.3	1,181.4	1,289.5
Interest Expense	479.8	632.1	705.1	713.0	752.6	804.1
<b>Net Interest Income</b>	<b>327.7</b>	<b>365.7</b>	<b>372.1</b>	<b>377.4</b>	<b>428.7</b>	<b>485.4</b>
- growth (%)	17.9	11.6	1.8	1.4	13.6	13.2
Non Interest Income	146.3	160.8	198.1	188.2	201.4	221.5
<b>Total Income</b>	<b>474.0</b>	<b>526.5</b>	<b>570.3</b>	<b>565.6</b>	<b>630.1</b>	<b>706.9</b>
- growth (%)	17.6	11.1	8.3	-0.8	11.4	12.2
Operating Expenses	219.3	244.4	259.4	276.9	301.4	329.9
<b>Pre Provision Profits</b>	<b>254.7</b>	<b>282.1</b>	<b>310.9</b>	<b>288.7</b>	<b>328.7</b>	<b>377.1</b>
- growth (%)	16.4	10.8	10.2	-7.1	13.8	14.7
<b>Core PPP</b>	<b>243.8</b>	<b>262.8</b>	<b>278.1</b>	<b>261.4</b>	<b>296.5</b>	<b>338.1</b>
- growth (%)	31.3	7.8	5.8	-6.0	13.4	14.1
Provisions (excl tax)	133.3	67.8	76.1	67.7	76.2	92.8
<b>PBT</b>	<b>121.4</b>	<b>214.3</b>	<b>234.8</b>	<b>221.0</b>	<b>252.5</b>	<b>284.3</b>
Tax	37.0	77.8	54.9	55.7	63.6	71.6
Tax Rate (%)	30.5	36.3	23.4	25.2	25.2	25.2
<b>PAT</b>	<b>84.3</b>	<b>136.5</b>	<b>179.9</b>	<b>165.3</b>	<b>188.8</b>	<b>212.6</b>
- growth (%)	61.2	61.8	31.8	-8.1	14.2	12.6
Balance Sheet						
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	68.3	76.3	76.3	76.3	76.3	76.3
Reserves & Surplus	715.0	893.4	1,053.4	1,173.6	1,328.1	1,506.4
<b>Net Worth</b>	<b>783.3</b>	<b>969.7</b>	<b>1,129.8</b>	<b>1,250.0</b>	<b>1,404.5</b>	<b>1,582.7</b>
<b>Deposits</b>	<b>11,177.2</b>	<b>12,215.3</b>	<b>13,097.5</b>	<b>14,158.4</b>	<b>15,475.1</b>	<b>16,945.3</b>
- growth (%)	8.3	9.3	7.2	8.1	9.3	9.5
<b>- CASA Dep</b>	<b>3,940.6</b>	<b>4,101.3</b>	<b>4,263.3</b>	<b>4,856.3</b>	<b>5,308.0</b>	<b>5,812.2</b>
- growth (%)	4.5	4.1	3.9	13.9	9.3	9.5
Borrowings	431.4	269.5	273.4	351.1	362.3	374.4
Other Liabilities & Prov.	415.6	465.1	497.9	557.6	624.6	699.5
<b>Total Liabilities</b>	<b>12,807.5</b>	<b>13,919.6</b>	<b>14,998.6</b>	<b>16,317.1</b>	<b>17,866.5</b>	<b>19,601.9</b>
Current Assets	1,121.5	1,193.0	1,313.3	1,349.4	1,425.4	1,524.1
<b>Investments</b>	<b>3,393.0</b>	<b>3,379.0</b>	<b>3,543.8</b>	<b>3,862.8</b>	<b>4,214.3</b>	<b>4,593.6</b>
- growth (%)	-2.6	-0.4	4.9	9.0	9.1	9.0
<b>Loans</b>	<b>7,618.5</b>	<b>8,707.8</b>	<b>9,535.1</b>	<b>10,488.6</b>	<b>11,579.5</b>	<b>12,818.5</b>
- growth (%)	15.3	14.3	9.5	10.0	10.4	10.7
Fixed Assets	88.3	92.2	97.8	101.7	106.8	112.1
Other Assets	586.3	547.5	508.5	514.6	540.6	553.7
<b>Total Assets</b>	<b>12,807.5</b>	<b>13,919.6</b>	<b>14,998.6</b>	<b>16,317.1</b>	<b>17,866.5</b>	<b>19,601.9</b>
Asset Quality						
GNPA	609.9	431.0	353.5	341.7	346.8	361.5
NNPA	133.6	93.1	61.3	59.6	65.8	68.1
Slippages	125.2	118.8	120.7	140.2	158.9	170.8
GNPA Ratio (%)	7.53	4.76	3.60	3.17	2.92	2.76
NNPA Ratio (%)	1.75	1.07	0.64	0.57	0.57	0.53
Slippage Ratio (%)	1.76	1.45	1.32	1.40	1.44	1.40
Credit Cost (%)	1.87	0.83	0.83	0.65	0.66	0.73
PCR (Excl Tech. write off) (%)	78.1	78.4	82.6	82.6	81.0	81.2

E: MOFSL Estimates

## Financials and valuations- Union bank

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Yield and Cost Ratios (%)</b>						
<b>Avg. Yield-Earning Assets</b>	<b>6.9</b>	<b>7.9</b>	<b>7.8</b>	<b>7.2</b>	<b>7.2</b>	<b>7.1</b>
Avg. Yield on loans	8.0	8.8	8.7	8.1	8.0	8.0
Avg. Yield on Investments	6.3	6.7	6.8	6.7	6.6	6.6
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>4.3</b>	<b>5.2</b>	<b>5.5</b>	<b>5.1</b>	<b>5.0</b>	<b>4.9</b>
Avg. Cost of Deposits	4.1	5.0	5.2	5.1	4.9	4.8
<b>Interest Spread</b>	<b>2.6</b>	<b>2.6</b>	<b>2.3</b>	<b>2.1</b>	<b>2.2</b>	<b>2.3</b>
<b>Net Interest Margin</b>	<b>2.8</b>	<b>2.9</b>	<b>2.7</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>
<b>Capitalisation Ratios (%)</b>						
CAR	16.0	17.0	18.0	17.4	17.2	17.1
Tier I	13.9	15.0	16.3	15.6	15.7	15.7
CET-1	12.4	13.7	15.0	14.2	14.2	14.3
Tier II	2.1	2.0	1.8	1.8	1.6	1.4
<b>Business and Efficiency Ratios (%)</b>						
Loans/Deposit Ratio	68.2	71.3	72.8	74.1	74.8	75.6
CASA Ratio	35.3	33.6	32.6	34.3	34.3	34.3
Cost/Assets	1.7	1.8	1.7	1.7	1.7	1.7
Cost/Total Income	46.3	46.4	45.5	49.0	47.8	46.7
Cost/ Core Income	-2.1	-1.3	-0.8	-1.0	-1.0	-0.9
Int. Expense/Int.Income	59.4	63.3	65.5	65.4	63.7	62.4
Fee Income/Total Income	28.6	26.9	29.0	28.4	26.9	25.8
Non Int. Inc.Total Income	30.9	30.5	34.7	33.3	32.0	31.3
Empl. Cost/Total Expense	56.5	58.8	56.6	57.2	57.3	57.2
<b>Efficiency Ratios (%)</b>						
Employee per branch (in nos)	8.8	9.0	8.6	9.0	9.0	9.0
Staff cost per employee (INR m)	1.6	1.9	2.0	2.0	2.2	2.4
CASA per branch (INR m)	459.4	484.6	494.5	562.5	608.7	659.9
Deposits per branch (INR m)	1,303.2	1,443.2	1,519.3	1,639.9	1,774.6	1,924.0
Business per Employee (INR m)	248.6	275.8	306.3	318.5	346.1	377.0
Profit per Employee (INR m)	1.1	1.8	2.4	2.1	2.4	2.7
<b>Profitability Ratios and Valuation (%)</b>						
RoE	12.2	16.7	18.1	14.6	14.8	14.8
RoA	0.7	1.0	1.2	1.1	1.1	1.1
RoRWA	1.4	2.0	2.5	2.0	2.1	2.1
Book Value (INR)	110	123	144	160	180	203
- growth (%)	10.3	12.1	17.2	10.9	12.7	13.0
Price-BV (x)	1.3	1.1	1.0	0.9	0.8	0.7
Adjusted BV (INR)	94	112	136	152	171	194
Price-ABV (x)	1.5	1.2	1.0	0.9	0.8	0.7
EPS (INR)	12.3	18.9	23.6	21.7	24.7	27.9
- growth (%)	56.1	52.9	24.9	-8.1	14.2	12.6
Price-Earnings (x)	11.3	7.4	5.9	6.4	5.6	5.0
Dividend Per Share (INR)	3.0	3.6	4.8	4.5	4.5	4.5
Dividend Yield (%)	2.2	2.6	3.4	3.2	3.2	3.2

E: MOFSL Estimates

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	<a href="mailto:query@motilaloswal.com">query@motilaloswal.com</a>
Ms. Kumud Upadhyay	022 40548082	<a href="mailto:servicehead@motilaloswal.com">servicehead@motilaloswal.com</a>
Mr. Ajay Menon	022 40548083	<a href="mailto:am@motilaloswal.com">am@motilaloswal.com</a>
Mr. Neeraj Agarwal	022 40548085	<a href="mailto:na@motilaloswal.com">na@motilaloswal.com</a>
Mr. Siddhartha Khemka	022 50362452	<a href="mailto:po.research@motilaloswal.com">po.research@motilaloswal.com</a>

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