

Canara Bank

Estimate change



TP change



Rating change



Bloomberg	CBK IN
Equity Shares (m)	9071
M.Cap.(INRb)/(USDb)	1205.4 / 13.6
52-Week Range (INR)	134 / 79
1, 6, 12 Rel. Per (%)	2/30/22
12M Avg Val (INR M)	2786

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	370.7	383.6	443.8
OP	313.9	362.7	373.5
NP	170.3	194.1	207.6
NIM (%)	2.4	2.2	2.4
EPS (INR)	18.8	21.4	22.9
EPS Gr. (%)	17.0	14.0	6.9
BV/Sh. (INR)	106	120	133
ABV/Sh. (INR)	99	113	126
RoA (%)	1.1	1.1	1.1
RoE (%)	19.9	19.5	18.6

Valuations

P/E (x)	7.1	6.2	5.8
P/BV (x)	1.3	1.1	1.0
P/ABV (x)	1.3	1.2	1.1

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	62.9	62.9	62.9
DII	12.2	11.4	11.7
FII	11.9	11.4	11.3
Others	12.9	14.3	14.2

CMP: INR133

TP: INR153 (+15%)

Buy

Steady quarter; other income drives earnings beat

NIMs decline 5bp QoQ

- CBK reported 2QFY26 standalone PAT of INR47.7b (12% beat), up 19% YoY/ flat QoQ, aided by a healthy beat in other income.
- NII declined by 2% YoY to INR91.4b (up 1.5% QoQ, in line). NIMs declined by a modest 5bp QoQ to 2.50%.
- Loan book grew 15% YoY/5% QoQ to INR11.3t, while deposits grew 13.4% YoY/4% QoQ to INR15.3t. CASA deposits grew 11% YoY/8% QoQ. As a result, CASA ratio improved 113bp QoQ to 30.7%.
- Slippages moderated to INR20.31b (INR21.29b in 1QFY26). Accordingly, GNPA/NNPA ratios improved by 34bp/9bp QoQ to 2.35%/0.54%. PCR stood at 77.4%.
- We increase our earnings estimates by ~3%, factoring in better other income. **We estimate CBK to deliver FY27E RoA/RoE of 1.08%/18.6%. Reiterate BUY with a revised TP of INR153 (based on 1.1x FY27E ABV+ INR11 for subs).**

Business growth steady; asset quality improves

- 2Q PAT rose 19% YoY to INR47.7b (12% beat), led by healthy fee income. NII declined by 2% YoY to INR91.4b (up 1.5% QoQ, in line). NIMs declined by a modest 5bp QoQ to 2.50%.
- Other income was up 42% YoY/flat QoQ at INR70.5b (14% beat). Treasury income stood at INR12.2b vs. INR16.2b in 1QFY26. Total revenue thus grew 13% YoY (7% beat).
- Operating expenses grew 14% YoY/1.2% QoQ to INR76.1b (broadly in line). Thus, C/I ratio stood at 47%. PPOP increased 12% YoY to INR 85.9b (11% beat). Provisions stood at INR23.5b (+4.6% YoY, 16% higher than est.).
- Loan book grew by a healthy 15% YoY/5.3% QoQ, led by robust growth in retail segment at 29% YoY/6.7% QoQ. Within retail, housing grew 15% YoY/ 5% QoQ. Deposits grew 13.4% YoY/4% QoQ, led by growth in CASA deposits at 11% YoY/8% QoQ. As a result, CASA ratio improved 113bp QoQ to 30.7%. CD ratio rose to 74%.
- Slippages moderated to INR20.31b (INR21.29b in 1QFY26). Accordingly, GNPA/NNPA ratios improved by 34bp/9bp QoQ to 2.35%/0.54%. PCR stood at 77.4%.
- Reported credit cost stood at 0.68% vs. the bank's guidance of 0.9% for FY26. SMA book moderated to 0.65% in 2QFY26 from 0.8% in 1QFY26.

Highlights from the management commentary

- The stake sale of Canara Robeco and Canara HSBC Life resulted in a gain of INR20b for CBK (INR19.35b after expenses), which will be recorded in P&L in 3Q.
- Margins will remain stable at ~2.5% for one more quarter and will improve afterwards if there are no further cuts.

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

- ~INR3.8b has been provided for in standard provisioning related to one account in SMA-1 (state government drinking water project) and another account, which is out of SMA book.
- 2Q slippages: Agriculture at INR7.5b, Retail at INR3.5b, and MSME at INR9b.

Valuation and view

CBK reported a healthy quarter, with the earnings beat driven by healthy fee income, in-line NII, and contained opex. Margins are expected to remain stable in 3QFY26 and improve thereafter. Loan growth was steady and driven by robust growth in the retail segment. Deposit growth was healthy, aided by growth in CASA deposits. Asset quality improved as slippages declined, leading to a controlled credit cost for the bank. CBK maintains healthy provisions for the SMA book. It will record the stake sale gain of INR19.35b in P&L in 3Q, which will boost other income. We increase our earnings estimates by ~3% for FY27. **We estimate CBK to deliver FY27E RoA/RoE of 1.08%/18.6%. Reiterate BUY with a revised TP of INR153 (based on 1.1x FY27E ABV+ INR11 for subs).**

Quarterly Performance

(INR b)

	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Net Interest Income	91.7	93.2	91.5	94.4	90.1	91.4	96.6	105.6	370.7	383.6	89.7	2
% Change (Y-o-Y)	5.8	4.6	-2.9	-1.4	-1.7	-1.9	5.6	11.8	1.4	3.5	-3.7	
Other Income	53.2	49.8	58.0	63.5	70.6	70.5	80.6	70.2	224.5	291.9	62.0	14
Total Income	144.9	143.0	149.5	157.9	160.7	162.0	177.2	175.7	595.2	675.5	151.7	7
Operating Expenses	68.7	66.4	71.1	75.1	75.2	76.1	78.8	82.8	281.3	312.8	74.2	2
Operating Profit	76.2	76.5	78.4	82.8	85.5	85.9	98.3	93.0	313.9	362.7	77.5	11
% Change (Y-o-Y)	0.2	0.5	15.2	12.1	12.3	12.2	25.5	12.2	6.7	15.5	1.2	
Other Provisions	22.8	22.5	24.0	18.3	23.5	23.5	35.5	21.9	87.6	104.5	20.3	16
Profit before Tax	53.3	54.0	54.4	64.5	62.0	62.3	62.8	71.0	226.3	258.2	57.1	9
Tax	14.3	13.9	13.3	14.5	14.5	14.6	16.0	18.9	56.0	64.0	14.6	0
Net Profit	39.1	40.1	41.0	50.0	47.5	47.7	46.8	52.1	170.3	194.1	42.6	12
% Change (Y-o-Y)	10.5	11.3	12.3	33.1	21.7	18.9	13.9	4.2	17.0	14.0	6.0	
Operating Parameters												
Deposit (INR b)	13,352	13,473	13,695	14,569	14,677	15,279	15,520	15,909	14,569	15,909	15,133	
Loan (INR b)	9,464	9,840	10,237	10,492	10,736	11,301	11,369	11,782	10,492	11,782	10,953	
Deposit Growth (%)	12.0	9.3	8.4	11.0	9.9	13.4	13.3	9.2	11.0	9.2	12.3	
Loan Growth (%)	10.7	10.3	11.2	12.6	13.4	14.8	11.1	12.3	12.6	12.3	11.3	
Asset Quality												
Gross NPA (%)	4.1	3.7	3.3	2.9	2.7	2.5	2.3	2.2	2.9	2.2	2.6	
Net NPA (%)	1.2	1.0	0.9	0.7	0.6	0.6	0.5	0.5	0.7	0.5	0.6	
PCR (%)	71.0	74.1	74.1	76.7	77.1	77.4	77.8	78.4	76.6	78.4	77.0	

E: MOFSL Estimates

INR b	FY25				FY26		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss								
Net Interest Income	91.7	93.2	91.5	94.4	90.1	91.4	-1.9	1.5
Other Income	53.2	49.8	58.0	63.5	70.6	70.5	41.6	-0.1
Total Income	144.9	143.0	149.5	157.9	160.7	162.0	13.3	0.8
Operating Expenses	68.7	66.4	71.1	75.1	75.2	76.1	14.5	1.2
Employee	42.3	43.6	44.8	47.8	48.0	48.2	10.5	0.6
Operating Profits	76.2	76.5	78.4	82.8	85.5	85.9	12.2	0.4
Core Operating Profits	72.7	69.9	68.9	75.7	69.4	73.7	5.4	6.3
Provisions	22.8	22.5	24.0	18.3	23.5	23.5	4.6	0.1
PBT	53.3	54.0	54.4	64.5	62.0	62.3	15.4	0.5
Taxes	14.3	13.9	13.3	14.5	14.5	14.6	5.2	0.7
PAT	39.1	40.1	41.0	50.0	47.5	47.7	18.9	0.5
Balance sheet (INR b)								
Loans	9,464	9,840	10,237	10,492	10,736	11,301	14.8	5.3
Deposits	13,352	13,473	13,695	14,569	14,677	15,279	13.4	4.1
CASA Deposits	3,814	3,873	3,772	4,150	3,957	4,281	10.5	8.2
- Savings	3,322	3,407	3,297	3,371	3,417	3,522	3.4	3.1
- Current	492	466	475	778	540	759	62.8	40.5
Loan mix (%)								
Agriculture & Allied	24.7	24.0	23.2	23.0	22.7	23.1	-88	43
MSME	13.8	13.5	13.5	13.0	13.4	13.4	-12	-2
Retail	18.0	19.2	19.8	20.8	21.5	21.8	260	35
Corporate and others	43.4	43.3	43.5	43.2	42.5	41.7	-159	-76
Asset Quality								
GNPA	403.6	377.3	350.6	315.3	295.2	270.4	-28.3	-8.4
NNPA	117.0	97.8	90.8	73.5	67.7	61.1	-37.5	-9.6
Slippages	33.4	56.8	81.5	108.5	130.1	151.2	166.0	16.2
Asset Quality Ratios	1Q	2Q	3Q	4Q	1Q	2Q	YoY (bp)	QoQ (bp)
GNPA (%)	4.1	3.7	3.3	2.9	2.7	2.4	-138	-34
NNPA (%)	1.2	1.0	0.9	0.7	0.6	0.5	-45	-9
PCR (Calculated, %)	71.0	74.1	74.1	76.7	77.1	77.4	330	31
PCR (inc TWO, %)	89.2	90.9	91.3	92.7	93.2	93.6	270	42
Slippage Ratio (%)	1.5	1.0	1.0	1.1	0.9	0.9	-15	-6
Business Ratios								
CASA	31.0	31.3	30.0	31.2	29.6	30.7	-58	113
Loan/Deposit	70.9	73.0	74.8	72.0	73.1	74.0	93	82
Other income/Total Income	36.7	34.8	38.8	40.2	43.9	43.6	871	-38
Cost to Income	47.4	46.5	47.6	47.5	46.8	47.0	51	20
Cost to asset	1.9	1.8	1.9	1.9	1.8	1.8	5	-2
Tax Rate	26.8	25.7	24.5	22.5	23.4	23.4	-227	4
Capitalisation Ratios (%)								
Tier-1	14.4	14.6	14.6	14.4	14.6	14.3	-36	-30
- CET 1	12.1	12.0	12.0	12.0	12.3	12.2	21	-8
CAR	16.4	16.6	16.4	16.3	16.5	16.2	-37	-32
RWA / Total Assets	44.6	45.2	45.8	44.0	43.7	44.3	-91	58
LCR	146.5	137.4	123.1	125.3	144.2	NA	NA	NA
Profitability Ratios								
Yield on loans	8.7	8.8	8.8	8.8	8.5	8.4	-37	-7
Yield On Funds	7.7	7.7	7.7	7.7	7.4	7.3	-36	-9
Cost of Funds	5.3	5.3	5.3	5.3	5.3	5.2	-5	-6
Cost of Deposits	5.7	5.7	5.7	5.7	5.7	5.7	-5	-9
NIMs	2.9	2.9	2.7	2.7	2.6	2.5	-36	-5
Other Details								
Branches	9,623	9,658	9,816	9,849	9,861	9,948	290	87
ATMs	10,014	9,881	9,715	9,579	7,907	7,405	(2,476)	(502)

Source: MOFSL, Company



Highlights from the management commentary

Opening remarks

- The bank has exceeded its credit growth guidance.
- PCR improved to 93.59%, while CET-1 rose to 12.2%.
- RoA came in above the guided level of 1.12%.
- Business growth was primarily driven by RAM credit, which grew 17% YoY. RAM now constitutes 58% of the asset book.
- Credit cost has come down to 0.68%.
- Growth within the RAM segment was led by housing loans (15.2% YoY), with additional support from the vehicle finance portfolio.
- MSME grew more than 12% for the first time.
- Slippage ratio fell 24bp YoY to 0.19%.
- CASA has grown and the bank is moving toward its stated guidance.

Advances and deposits

- CBK has taken several initiatives for CASA and has seen healthy growth in 2Q, though it remains a challenge and the efforts continue.
- The bank is working hard to meet its CASA guidance of 32% as advances are now growing at ~14%.
- CBK expects MSME to grow by more than 15% by year end and corporate by ~10-11%.
- RAM sector will grow much faster than corporate sector as the bank wants to reach RAM mix of 60% in 1-1.5 years.
- CBK got great business from new products that were launched to boost the CASA ratio.
- ~INR1180b is direct agriculture and remaining is gold loan.
- ~INR500b-550b of undisbursed loans are there in corporate sector alone.
- RAM to corporate mix will be 59:41 in Mar'26 and 60:40 next year.
- CBK has exposure of ~INR120b in two projects and would consider any good opportunity from a consortium.
- The bank has benefitted from new gold loan guidelines related to LTV and agri gold loan. CBK is the best among other banks in gold loan growth.
- Gold loan benefit stands at ~8.7-8.8%. Gold loan does not require capital and is therefore a good portfolio.
- Gold loan book stands at ~INR2.11t, out of which INR630b are retail loans.

Yields and margins

- Margins will remain stable at 2.5% for one more quarter and will improve afterwards if there are no further cuts.
- 46% of loan book is linked to repo rate. 90% of deposits are one-year deposits and therefore there has been stress on NIMs.
- NII and interest amount have increased on a sequential basis, which will continue in 3Q.
- 2Q had ~INR4b of interest on IT refund.
- MCLR-linked book forms 45% of the total loan book.

Other income

- The stake sale of Canara Robeco and Canara HSBC Life resulted in a gain of INR20b for CBK (INR19.35b after expenses), which will be recorded in P&L in 3Q.
- The bank has surplus PSLCs currently and it will benefit from PSLC sale in 3Q or 4Q, depending on scenario at that time.
- No formal discussion has happened with regard to merger and amalgamation.

Asset quality

- The bank expects recovery of INR50b from a written-off account in FY26 and FY27.
- ~INR3.8b has been provided for in standard provisioning related to one account in SMA-1 (State government drinking water project) and another account, which is out of SMA book.
- Less than 3% of total book is SMA 0, 1 and 2 together.
- 2Q slippages: Agriculture – INR7.5b, Retail – INR3.5b, and MSME – INR9b.

ECL draft guidelines related

- Out of INR75b of SMA, the bank has already provided INR50b.
- Credit cost is expected to remain well below 1% even after ECL provisioning.
- CBK is creating an additional buffer continuously, so that there is not much impact of ECL guidelines.

Miscellaneous

- The bank aims to strengthen its position in Canara Bank Securities, which could also contribute to an improvement in CASA mobilization.
- CBK plans to inject capital into Canara Bank Securities to strengthen and revamp this subsidiary to unlock benefits.

FY26 guidance

- CASA ratio at 32%.
- GNPA ratio at 2.5% and NNPA ratio at 0.6%. PCR at 93%.
- Slippage ratio at 0.9%, credit cost at 0.9%.

Story in charts

Exhibit 1: Loan book grew ~14.8% YoY (up 5.3% QoQ)

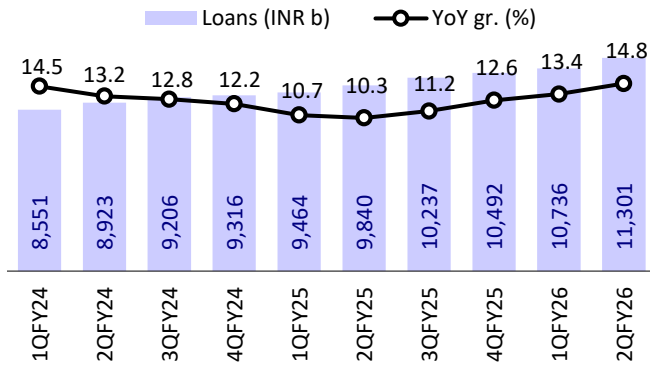


Exhibit 2: Deposits grew 13.4% YoY (up 4.1% QoQ)

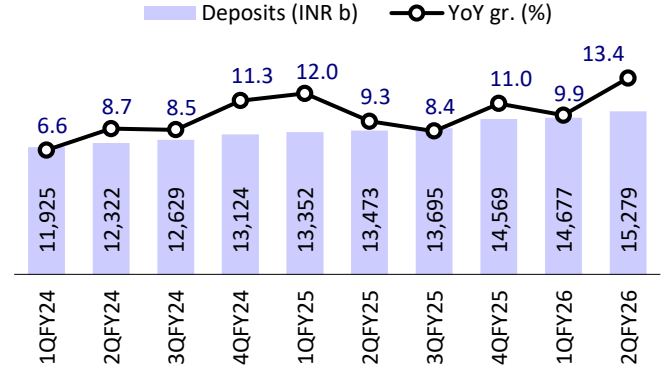


Exhibit 3: NIM declined 5bp QoQ to 2.50%

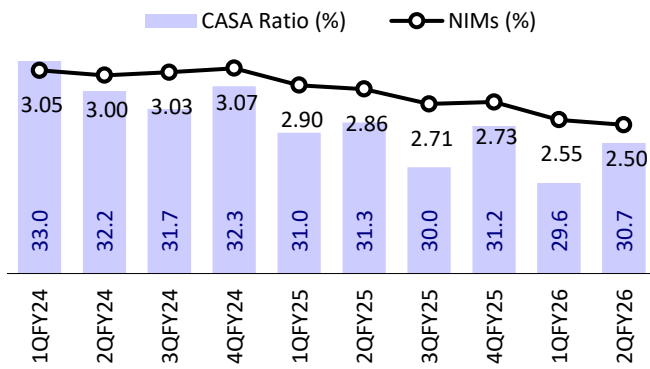


Exhibit 4: Yield on advances declined 7bp QoQ to 8.4%

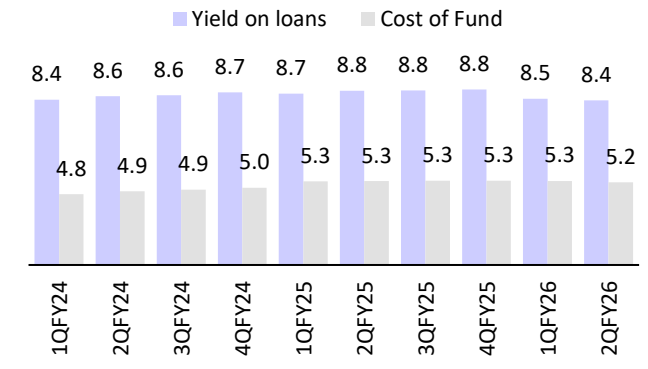


Exhibit 5: C/I ratio increased 20bp QoQ to 47%

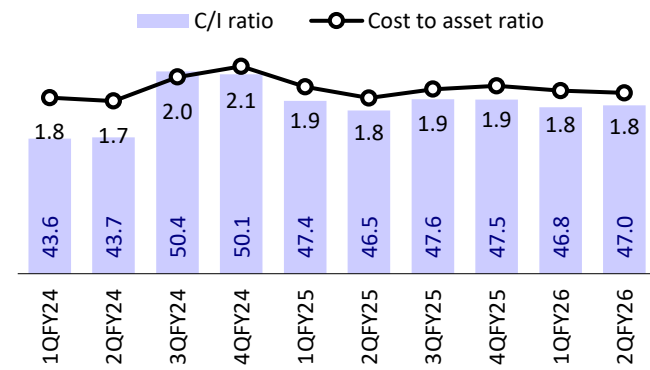


Exhibit 6: C/D ratio increased 82bp QoQ to 74%

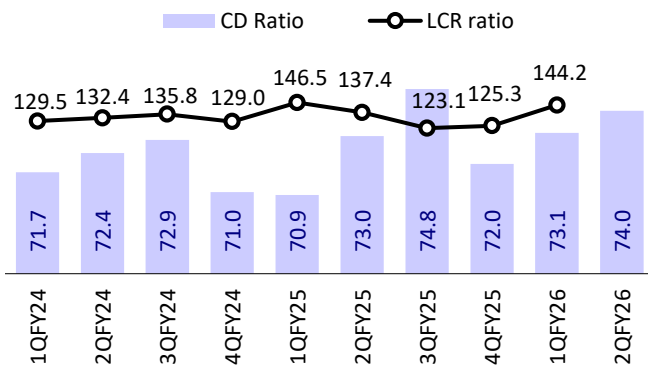


Exhibit 7: Slippages (fresh + existing) declined to INR21b

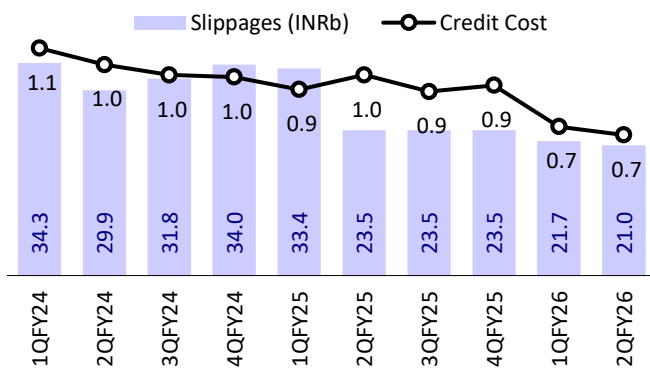
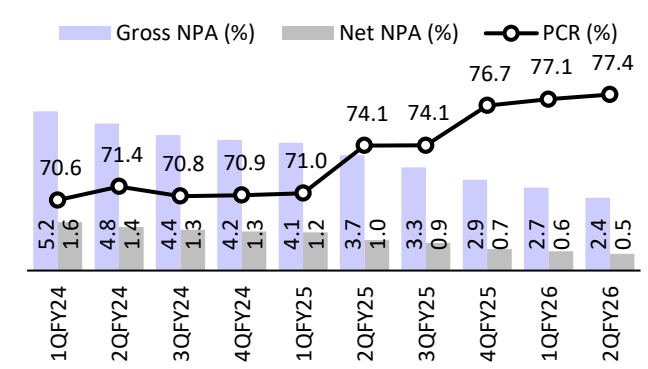


Exhibit 8: GNPA/NNPA ratios improved 34bp/9bp QoQ



Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Retain BUY with a revised TP of INR153

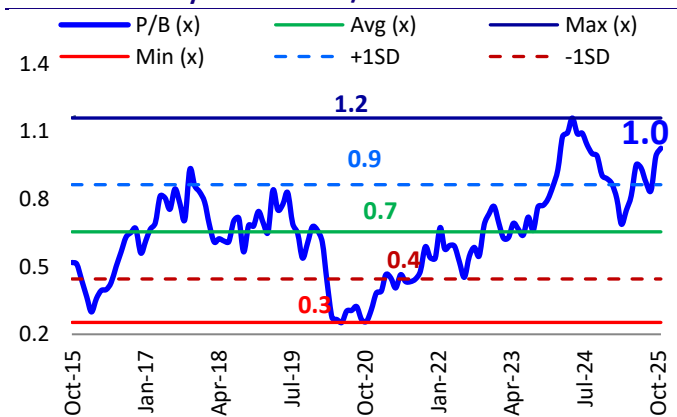
- CBK reported a healthy quarter, with the earnings beat driven by healthy fee income, in-line NII, and contained opex. Margins are expected to remain stable in 3QFY26 and improve thereafter. Loan growth was steady and driven by robust growth in the retail segment, while deposit growth was healthy, aided by growth in CASA deposits.
- Asset quality improved as slippages declined, leading to a controlled credit cost for the bank. CBK maintains healthy provisions for the SMA book. It will record the stake sale gain of INR19.35b in P&L in 3Q, which will boost other income.
- We increase our earnings estimates by ~3% for FY27. **We estimate CBK to deliver FY27E RoA/RoE of 1.08%/18.6%. Reiterate BUY with a revised TP of INR153 (based on 1.1x FY27E ABV+ INR11 for subs).**

Exhibit 9: Change in earnings estimates

INR b	Old Est			Rev Est			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Interest Income	380.1	439.8	502.2	383.6	443.8	506.8	0.9	0.9	0.9
Other Income	264.9	262.3	288.5	291.9	271.5	298.6	10.2	3.5	3.5
Total Income	645.0	702.1	790.7	675.5	715.2	805.4	4.7	1.9	1.9
Operating Expenses	306.8	335.1	368.2	312.8	341.7	375.5	2.0	2.0	2.0
Operating Profits	338.2	367.0	422.6	362.7	373.5	429.9	7.2	1.8	1.7
Provisions	92.4	98.8	119.2	104.5	97.5	120.6	13.1	-1.3	1.2
PBT	245.8	268.2	303.4	258.2	276.0	309.3	5.0	2.9	2.0
Tax	61.0	66.5	75.2	64.0	68.5	76.7	5.0	2.9	2.0
PAT	184.8	201.7	228.1	194.1	207.6	232.6	5.0	2.9	2.0
Loans	11,646	12,927	14,361	11,782	13,078	14,530	1.2	1.2	1.2
Deposits	15,822	17,293	18,971	15,909	17,389	19,075	0.6	0.6	0.6
Margins (%)	2.23	2.37	2.47	2.24	2.37	2.47	0.5	0.1	0.1
Credit Cost (%)	0.84	0.80	0.87	0.94	0.78	0.87	12.4	-2.5	0.0
RoA (%)	1.05	1.05	1.09	1.10	1.08	1.10	4.7	2.4	1.4
RoE (%)	18.7	18.3	18.9	19.5	18.6	19.0	4.5	1.8	0.5
BV	119	131	141	120	133	143	0.9	1.3	1.5
ABV	112	124	134	113	126	136	1.4	1.6	1.6
EPS	20	22	25	21	23	26	5.0	2.9	2.0

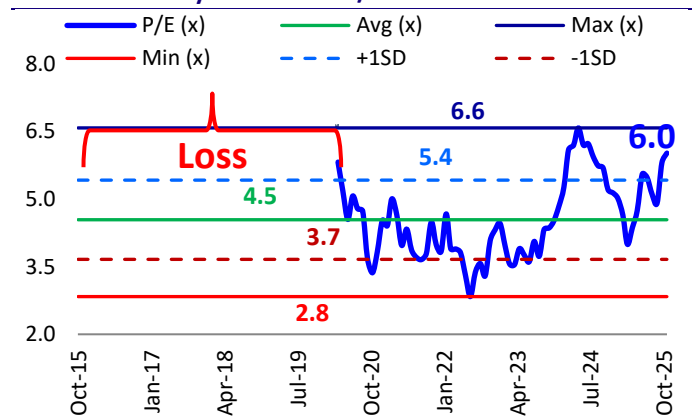
Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 12: DuPont Analysis

Y/E MARCH	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	6.56	7.66	7.55	7.22	7.15	7.21
Interest Expense	4.12	5.08	5.21	5.04	4.85	4.81
Net Interest Income	2.44	2.58	2.34	2.18	2.30	2.40
Non Interest income	1.46	1.34	1.41	1.66	1.41	1.41
Total Income	3.90	3.91	3.75	3.83	3.70	3.81
Operating Expenses	1.75	1.84	1.77	1.77	1.77	1.78
Employee cost	1.07	1.16	1.13	1.11	1.11	1.11
Other operating expenses	0.68	0.68	0.65	0.66	0.66	0.67
Operating Profits	2.15	2.07	1.98	2.06	1.93	2.03
Core operating Profits	2.01	1.96	1.81	1.93	1.80	1.89
Provisions	1.05	0.68	0.55	0.59	0.50	0.57
PBT	1.10	1.39	1.43	1.46	1.43	1.46
Tax	0.28	0.36	0.35	0.36	0.35	0.36
RoA	0.82	1.03	1.07	1.10	1.08	1.10
Leverage (x)	20.80	19.71	18.53	17.72	17.30	17.27
RoE	17.14	20.22	19.88	19.51	18.60	19.00

Source: MOFSL, Company

Financials and Valuations

Income Statement						(INR b)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	844.2	1,086.9	1,197.6	1,272.5	1,380.4	1,524.0
Interest Expense	529.9	721.2	826.8	888.8	936.6	1,017.1
Net Interest Income	314.4	365.7	370.7	383.6	443.8	506.8
- growth (%)	19.1	16.3	1.4	3.5	15.7	14.2
Non Interest Income	187.6	189.7	224.5	291.9	271.5	298.6
Total Income	502.0	555.3	595.2	675.5	715.2	805.4
- growth (%)	17.1	10.6	7.2	13.5	5.9	12.6
Operating Expenses	224.8	261.2	281.3	312.8	341.7	375.5
Pre Provision Profits	277.2	294.1	313.9	362.7	373.5	429.9
- growth (%)	13.4	6.1	6.7	15.5	3.0	15.1
Core PPoP	258.2	277.9	287.2	340.3	347.7	400.3
- growth (%)	18.2	7.6	3.4	18.5	2.2	15.1
Provisions	135.4	97.1	87.6	104.5	97.5	120.6
Exceptional Item	NA	NA	NA	NA	NA	NA
PBT	141.7	197.0	226.3	258.2	276.0	309.3
Tax	35.7	51.5	56.0	64.0	68.5	76.7
Tax Rate (%)	25.2	26.1	24.7	24.8	24.8	24.8
PAT	106.0	145.5	170.3	194.1	207.6	232.6
- growth (%)	86.7	37.3	17.0	14.0	6.9	12.1

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	1,101.8	1,223.3	1,318.2
Net Worth	736.1	869.5	999.0	1,120.0	1,241.4	1,336.3
Deposits	11,792.2	13,123.7	14,568.8	15,909.2	17,388.7	19,075.4
- growth (%)	8.5	11.3	11.0	9.2	9.3	9.7
- CASA Deposits	3,665.8	3,924.1	4,150.5	4,438.7	4,938.4	5,417.4
- growth (%)	-0.6	7.0	5.8	6.9	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
Total Liabilities	13,457.3	14,915.4	16,828.5	18,434.6	20,175.6	22,104.4
Current Assets	1,414.2	1,507.6	2,053.4	1,927.4	1,958.6	2,005.4
Investments	3,190.4	3,574.5	3,803.4	4,183.8	4,547.8	4,945.7
- growth (%)	13.1	12.0	6.4	10.0	8.7	8.7
Loans	8,306.7	9,316.1	10,491.6	11,782.0	13,078.0	14,529.7
- growth (%)	18.1	12.2	12.6	12.3	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	404.1	444.2	466.3
Total Assets	13,457.3	14,915.4	16,828.5	18,434.6	20,175.6	22,104.4

Asset Quality						
GNPA (INR b)	461.6	406.0	315.3	269.0	279.3	291.5
NNPA (INR b)	143.9	118.6	73.8	58.1	64.6	66.9
Slippages (INR b)	119.8	106.3	85.4	111.4	136.7	151.8
GNPA Ratio (%)	5.4	4.2	2.9	2.2	2.1	2.0
NNPA Ratio (%)	1.7	1.3	0.7	0.5	0.5	0.5
Slippage Ratio (%)	1.7	1.3	0.9	1.0	1.5	2.2
Credit Cost (%)	1.3	1.0	1.0	0.9	0.8	0.8
PCR (Excl Tech. write off) (%)	68.8	70.8	76.6	78.4	76.9	77.0

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	6.9	8.0	7.8	7.4	7.4	7.4
Avg. Yield on loans	8.0	8.9	8.9	8.5	8.4	8.4
Avg. Yield on Investments	6.6	6.8	6.8	6.9	6.8	6.7
Avg. Cost-Int. Bear. Liab.	4.3	5.3	5.5	5.4	5.3	5.2
Avg. Cost of Deposits	4.3	5.3	5.5	5.4	5.3	5.2
Interest Spread	2.6	2.6	2.3	2.0	2.1	2.2
Net Interest Margin	2.56	2.68	2.41	2.24	2.37	2.47

Capitalisation Ratios (%)

CAR	16.7	16.3	16.3	17.1	16.8	18.3
- Tier I	13.8	14.0	14.4	13.9	13.5	14.5
- CET-1	11.6	11.7	12.0	11.5	11.3	12.5
- Tier II	2.9	2.3	2.0	3.2	3.3	3.8

Business Ratios (%)

Loans/Deposit Ratio	70.4	71.0	72.0	74.1	75.2	76.2
Investment/Deposit Ratio	27.1	27.2	26.1	26.3	26.2	25.9
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	46.3	47.8	46.6
Cost/Core Income	46.5	48.5	49.5	47.9	49.6	48.4
Int. Expense/Int.Income	62.8	66.4	69.0	69.9	67.9	66.7
Fee Income/Net Income	33.6	31.2	33.2	39.9	34.4	33.4
Non Int. Inc./Net Income	37.4	34.2	37.7	43.2	38.0	37.1
Empl. Cost/Op. Exps.	61.1	62.9	63.5	62.8	62.7	62.3

Efficiency Ratios (%)

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	2.3	2.4	2.6
CASA/Branch (INRm)	377.7	408.6	421.4	453.1	499.1	542.1
Deposit/Branch (INRm)	1,214.9	1,366.5	1,479.2	1,623.9	1,757.4	1,908.7
Business per Employee (INR m)	236.5	271.5	308.4	322.1	347.4	375.7
Profit per Employee (INR m)	1.2	1.8	2.1	2.3	2.4	2.6

Profitability and Valuation

RoE	17.1	20.2	19.9	19.5	18.6	19.0
RoA	0.8	1.0	1.1	1.1	1.1	1.1
RoRWA	1.9	2.2	2.3	2.2	2.1	2.4
Book Value (INR)	77	90	106	120	133	143
- growth (%)	13.1	17.9	17.6	12.6	11.2	7.9
Price-BV (x)	1.7	1.5	1.3	1.1	1.0	0.9
Adjusted BV (INR)	64	80	99	113	126	136
Price-ABV (x)	2.1	1.7	1.3	1.2	1.1	1.0
EPS (INR)	11.7	16.0	18.8	21.4	22.9	25.6
- growth (%)	78.1	37.3	17.0	14.0	6.9	12.1
Price-Earnings (x)	11.4	8.3	7.1	6.2	5.8	5.2
Dividend Per Share (INR)	2.4	3.2	4.0	5.9	9.5	15.2
Dividend Yield (%)	1.8	2.4	3.0	4.5	7.1	11.4

E: MOFSL Estimates

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