16 October 2026
2QFY27 Results Update | Sector: Financials

Federal Bank

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	FB IN
Equity Shares (m)	2468
M.Cap.(INRb)/(USDb)	833 / 8.8
52-Week Range (INR)	372 / 212
1, 6, 12 Rel. Per (%)	-1/23/67
12M Avg Val (INR M)	2802

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
NII	106.6	128.9	157.2
OP	72.1	87.4	108.0
NP	40.5	55.1	67.3
NIM (%)	3.2	3.4	3.5
EPS (INR)	16.5	21.2	24.6
EPS Gr. (%)	-0.6	28.5	16.1
BV/Sh. (INR)	157	183	205
ABV/Sh. (INR)	150	177	199
Ratios			
ROA (%)	1.1	1.3	1.4
ROE (%)	11.2	12.4	12.7
Valuations			
P/E(X)	20.4	15.9	13.7
P/BV (X)	2.1	1.8	1.6
P/ABV (X)	2.2	1.9	1.7

Shareholding Pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	0.0	0.0	0.0
DII	48.8	49.9	47.7
FII	28.4	26.8	27.6
Others	22.8	23.3	24.7

CMP: INR337 **TP: INR385 (+14%)** **Buy**

Steady quarter; treasury gains drive earnings beat

NIM stable at 3.32%; core fee income gaining momentum

- Federal Bank (FB) reported 2QFY27 PAT of INR13.9b (up 45% YoY/18% QoQ, 10% beat), led by higher other income and lower-than-expected provisions. This was partly offset by higher opex, including a one-time impact of INR0.33b due to a change in ESOP accounting.
- NII grew 26% YoY/7% QoQ to INR31.5b (in line). NIM contracted 1bp QoQ to 3.32% (vs MOFSLe of 3.18%).
- Advances grew 22% YoY/7.5% QoQ to INR2.98t, led by the SME, gold, and corporate segments. Deposits grew 18.6% YoY/7.1% QoQ to INR3.42t, aided by FNCR(B) mobilization of INR149b. Leverage provided against FCNR(B) deposits was INR94b. The CASA mix declined 19bp QoQ to 32.0%.
- Provisions declined 6% YoY/rose 8% QoQ to INR3.4b. Slippages rose 3% QoQ to INR4.26b. GNPA/NNPA ratios improved 20bp/1bp QoQ to 1.32%/0.17%. PCR declined 59bp QoQ to ~86.8%.
- We tweak our PAT estimates for FY27/FY28, factoring in higher other income, partly offset by higher opex. We estimate FB to deliver FY27E RoA/RoE of 1.30%/12.4%. **Reiterate BUY with a TP of INR385 (based on 1.9x FY28E ABV).**

Strong business growth; asset quality healthy

- FB reported 2Q earnings of INR13.9b (up 45% YoY/down 18% QoQ, 10% beat) amid higher other income and lower provisions, partially offset by higher opex.
- NII grew 26% YoY/7% QoQ to INR31.5b (in line). NIM contracted 1bp QoQ to 3.32% (vs MOFSLe of 3.18%), as a 4bp QoQ reduction in CoF was largely offset by a 3bp QoQ decline in YoA.
- Other income rose 38% YoY/42% QoQ to INR14.9b (27% beat) amid strong treasury income of INR2380m, supported by the encashment of SR investments and robust IPOs.
- Opex grew 21% YoY/15% QoQ (in line), with a one-time adverse impact of INR0.33b from the change in ESOP accounting. C/I ratio stood at 52.1%. The bank expects opex ratios to remain sticky in the near term. PPoP increased 35% YoY/17% QoQ to INR22.3b (8% beat).
- Advances grew by a healthy 22% YoY/7.5% QoQ to INR2.98t, driven by robust growth in SME (19.9% YoY/7.2% QoQ), gold (37% YoY/ 6.7% QoQ), and corporate (14% YoY/4% QoQ). Retail book grew 19.9% YoY (7.2% QoQ), with leverage provided against FCNR(B) deposits of INR94b. PL and CC grew by a healthy 6% and 7% QoQ, respectively.
- Deposits grew 18.6% YoY/7.1% QoQ to INR3.42t, aided by FCNR(B) deposits of INR149b. CASA deposits grew 6.4% QoQ, with the CASA mix declining 19bp QoQ to 32.0%.
- Provisions declined 6% YoY/rose 8% QoQ to INR3.4b. Slippages rose 3% QoQ to INR4.26b (INR4.12b in 1QFY27). GNPA/NNPA ratios improved 20bp/1bp QoQ to 1.32%/ 0.17%.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)
Research Analyst: Akshay Badlani (Akshay.Badlani@motilaloswal.com) **Devansh Jani** (Devansh.Jani@motilaloswal.com)

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Key highlights from the management commentary

- The bank maintained its mid-teen credit growth guidance, with a focus on growing in the medium- to high-yielding segments.
- It also reiterated its guidance for a 5-6bp QoQ expansion in NIM each quarter, while noting that the improvement is unlikely to be linear.
- In addition to an INR0.33b one-time impact from the change in accounting policy, higher operating expenses were driven by the addition of branches and employees during the quarter.
- Management expects RoA to improve by 3-4bp each quarter, although the improvement is not expected to be linear.

Valuation and view: Reiterate BUY with TP of INR385

FB reported an in-line quarter, supported by strong other income and lower provisions, partly offset by higher opex. NIMs were stable at 3.32% (-1bp QoQ), with reduction in CoF being offset by a decline in yield on advances. Loan growth remained healthy, led by the SME, gold loan, and corporate segments. The bank has guided for loan growth in the mid-teens range, led by medium- to high-yielding segments. Deposit growth stood at 19% YoY, driven by healthy FCNR(B) deposit mobilization. CASA deposits grew 6% QoQ, led by strong traction in current accounts. Asset quality improved, with both GNPA and NNPA ratios declining further. We estimate credit cost to remain contained at ~45-50bp over FY27-28. We tweak our PAT estimates for FY27/FY28, factoring in higher other income, partly offset by higher opex. We estimate FB to deliver FY27E RoA/RoE of 1.30%/12.4%**. Reiterate BUY with a TP of INR385 (based on 1.9x FY28E ABV)**

Quarterly performance **(INR b)**

	FY26				FY27E				FY26	FY27E	FY27E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Interest Income	**23.4**	**25.0**	**26.5**	**31.7**	**29.5**	**31.5**	**32.8**	**35.1**	**106.6**	**128.9**	**30.9**	**2.0%**
% Change (YoY)	2.0	5.4	9.1	33.4	26.1	26.4	23.6	10.7	12.6	21.0	23.9	
Other Income	11.1	10.8	11.0	11.4	10.5	14.9	12.6	13.6	44.4	51.5	11.7	27%
Total Income	**34.5**	**35.8**	**37.5**	**43.2**	**39.9**	**46.4**	**45.4**	**48.7**	**151.0**	**180.4**	**42.7**	**9%**
Operating Expenses	18.9	19.3	20.2	20.4	21.0	24.2	23.7	24.2	78.9	93.0	22.1	10%
Operating Profit	**15.6**	**16.4**	**17.3**	**22.8**	**19.0**	**22.3**	**21.6**	**24.5**	**72.1**	**87.4**	**20.6**	**8%**
% Change (YoY)	3.7	5.0	10.2	55.3	21.9	35.3	25.1	7.7	18.1	21.3	25.3	
Provisions	4.0	3.6	3.3	7.4	3.2	3.4	3.7	4.1	18.4	14.4	3.7	-8%
Profit before Tax	**11.6**	**12.8**	**14.0**	**15.4**	**15.8**	**18.8**	**17.9**	**20.5**	**53.7**	**73.0**	**16.9**	**11%**
Tax	2.9	3.3	3.6	2.8	4.0	5.0	4.5	4.4	13.2	18.0	4.3	17%
Net Profit	**8.6**	**9.6**	**10.4**	**12.6**	**11.8**	**13.9**	**13.4**	**16.0**	**40.5**	**55.1**	**12.6**	**10%**
% Change (YoY)	-14.6	-9.6	9.0	22.2	36.6	45.1	28.8	27.2	0.0	35.8	32.3	
Operating Parameters												
Deposit (INR b)	2,874	2,889	2,978	3,139	3,201	3,427	3,553	3,710	3,139	3,710	3,453	
Loan (INR b)	2,412	2,447	2,556	2,646	2,775	2,982	3,044	3,149	2,646	3,149	2,956	
Deposit Growth (%)	8.0	7.4	11.8	10.7	11.4	18.6	19.3	18.2	10.7	18.2	19.5	
Loan Growth (%)	9.2	6.2	10.9	12.7	15.0	21.9	19.1	19.0	12.7	19.0	20.8	
Asset Quality												
Gross NPA (%)	1.9	1.8	1.7	1.6	1.5	1.3	1.3	1.3	1.6	1.3	1.4	
Net NPA (%)	0.5	0.5	0.4	0.2	0.2	0.2	0.2	0.2	0.4	0.2	0.2	
PCR (%)	75.2	74.3	76.0	87.8	88.2	87.7	87.6	87.5	75.0	87.5	87.8	

E: MOFSL Estimates

Quarterly Summary

(INR b)	FY26				FY27		Change (%)	
Profit and Loss	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**YoY**	**QoQ**
Net Interest Income	**23.4**	**25.0**	**26.5**	**31.7**	**29.5**	**31.5**	**26.4**	**7.0**
Other Income	11.1	10.8	11.0	11.4	10.5	14.9	37.7	42.2
Total Income	**34.5**	**35.8**	**37.5**	**43.2**	**39.9**	**46.4**	**29.8**	**16.3**
Operating Expenses	18.9	19.3	20.2	20.4	21.0	24.2	25.1	15.3
Employee	8.0	8.0	8.5	7.8	9.2	10.5	30.6	13.8
Others	11.0	11.3	11.8	12.7	11.8	13.7	21.2	16.5
Operating Profits	**15.6**	**16.4**	**17.3**	**22.8**	**19.0**	**22.3**	**35.3**	**17.3**
Core Operating Profits	**12.9**	**15.3**	**16.0**	**22.8**	**18.8**	**19.9**	**29.8**	**6.0**
Provisions	4.0	3.6	3.3	7.4	3.2	3.4	**-5.8**	**7.7**
NPA provisions	3.8	3.1	2.9	7.5	2.7	2.2	-28.8	-20.4
PBT	**11.6**	**12.8**	**14.0**	**15.4**	**15.8**	**18.8**	**47.0**	**19.2**
Taxes	2.9	3.3	3.6	2.8	4.0	5.0	52.6	23.4
PAT	**8.6**	**9.6**	**10.4**	**12.6**	**11.8**	**13.9**	**45.1**	**17.8**
Balance sheet (INR b)								
Loans	**2,412**	**2,447**	**2,556**	**2,646**	**2,775**	**2,982**	**21.9**	**7.5**
Deposits	**2,874**	**2,889**	**2,978**	**3,139**	**3,201**	**3,427**	**18.6**	**7.1**
CASA Deposits	**872**	**896**	**955**	**1,034**	**1,032**	**1,098**	**22.6**	**6.4**
-Savings	193	192	213	253	223	257	33.6	15.2
-Current	680	704	742	781	809	841	19.5	4.0
Loan mix (%)								
Retail	27.6	27.0	25.9	25.5	24.8	26.5	-48.6	169
SME	17.6	18.0	18.1	18.1	18.2	18.0	0.0	-0.8
Agriculture	3.1	3.1	3.0	2.9	2.9	2.7	-14.2	-6.5
Corporate	35.6	35.6	36.2	35.6	35.8	34.8	-2.3	-2.9
Gold	12.7	12.9	13.4	14.3	14.9	14.7	14.3	-1.3
CV/CE	2.0	2.0	2.0	2.1	2.1	2.0	1.5	-3.4
MFI	1.5	1.4	1.4	1.4	1.4	1.3	-8.6	-3.8
Asset Quality (INR b)								
GNPA	46.7	45.3	44.5	43.4	42.8	39.9	-12.0	-6.8
NNPA	11.6	11.7	10.7	5.3	5.1	4.9	-57.8	-2.7
Slippages	6.6	5.8	4.4	4.8	4.1	4.3	-27.1	3.4
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**YoY (Bp)**	**QoQ (Bp)**
GNPA	1.91	1.83	1.72	1.62	1.52	1.32	-51	-20
NNPA	0.48	0.48	0.42	0.20	0.18	0.17	-31	-1
PCR (Exc TWO)	75	74	76	88	88	88	1,337	-52
Slippage Ratio	1.1	1.0	0.7	0.8	0.6	0.6	-36	-1
Credit Cost	0.7	0.6	0.5	1.2	0.4	0.3	-29	-10
Business Ratios (%)								
CASA	30.4	31.0	32.1	32.9	32.2	32.0	103	-19
Loan/Deposit	83.9	84.7	85.8	84.3	86.7	87.0	234	34
Other income/Total Income	32.3	30.3	29.3	26.5	26.2	32.1	184	585
Cost to Income	54.9	54.0	53.9	47.3	52.5	52.1	-196	-42
Tax Rate	25.5	25.4	25.5	18.0	25.5	26.4	96	90
Capitalisation Ratios (%)								
Tier I	14.7	14.4	13.9	15.9	15.9	15.8	139	-13
- CET 1	14.7	14.4	13.9	15.9	15.9	15.8	139	-13
CAR	16.0	15.7	15.2	17.3	17.0	16.8	113	-13
RWA / Total Assets	61.2	61.9	62.1	59.6	61.4	58.7	-319	-270
LCR	132.5	129.9	123.9	119.9	117.2	119.8	-1,010	261
Profitability Ratios (%)								
Yield on loans	9.2	9.0	8.9	8.8	8.7	8.7	-29	-3
Yield on Funds	8.7	8.7	8.5	8.9	8.5	8.7	0	17
Cost of Funds	5.9	5.6	5.5	5.5	5.3	5.2	-40	-4
Cost of Deposits	5.8	5.6	5.5	5.4	5.2	5.2	-39	-3
Margins	2.94	3.06	3.18	3.74	3.33	3.32	26	-1
Others								
Branches	1,591	1,595	1,601	1,640	1,650	1,662	67	12
ATMs	2,094	2,082	2,094	2,112	2,135	2,145	63	10



Highlights from the management commentary

Opening Remarks

- Viraj Diwanji, formerly National Head of Consumer Banking, has joined the bank's Board.
- Rajesh Varrier, who has joined as Independent Director, brings strong tech and digital expertise that should help strengthen the bank's tech and AI capabilities.
- Avg. CASA crossed INR1t during the quarter. There are no changes in its CASA guidance.
- Focus remains on pursing quality growth while improving risk adjusted returns.
- Fee income to avg. assets has reached an all-time high, with growth being broad-based.
- It expects competition for deposits to intensify as liquidity tightens.
- The bank has moved from an intrinsic valuation method to fair valuation method in ESOP accounting, leading to an additional one-time impact of INR0.33b in opex and INR0.25b on PAT.

Loans and deposits

- Loan book grew 22% YoY/7.5% QoQ to INR2.98t, while deposits grew 18.6% YoY/7.1% QoQ to INR INR3.42t, aided by FNCR(B) mobilization of INR149b.
- The leverage provided against FCNR(B) deposits was INR94b.
- Focus in case of FCNR(B) deposits was on right economics, granularity, and whatever is appropriate for the bank.
- Current deposit growth was strong during the quarter at 15% QoQ.
- Mid-teens credit growth rate guidance is maintained, with a focus on growing in the medium- to high-yielding segments.
- Growth in LAP segment has remained healthy over the last 2-3 quarters. PL book growth also remained strong over the last couple of quarters. The company is witnessing a pick-up in traction in BuB, recording 7.5% QoQ growth.
- Gold loan average tenure is 1 year. The bank may raise rates at the time of repricing.
- Gold loan LTV has moved to 63% but tonnage has also grown. The bank is targeting better yields on the portfolio. It launched an income-generating gold loans product during the quarter, which offers slightly higher yield.
- Commercial banking book grew 7% QoQ/25% YoY, while CV/CE grew 22% YoY.

Yields, costs, and margins

- NIMs came in largely flat at 3.32%. The bank maintains its guidance of 5-6bp QoQ improvement in NIM for every quarter, though this is not expected to be a linear improvement.
- Lending yields have bottomed out, with an adverse impact from FNCR(B) deposits during the quarter.
- The pace of reduction in cost of deposit fell in line with the earlier guidance.
- Leverage part of FNCR(B) has adversely impacted NIM.
- 33% of book is fixed. 45% repo is linked. MCLR: 8%, Others:14%.

Other income and opex

- Fee income rose 22% QoQ, with fee income to assets reaching an all-time high of 1.11%.
- The fee income contribution from FNCR(B)-related leverage is not significant.
- Treasury income benefited from the encashment of SR investments during the quarter, gains from IPOs, and one large investment.
- In addition to an INR0.33b one-time impact from change in accounting policy, higher operating expenses were driven by the addition of new branches and employees during the quarter.
- The company has added a new sales channel and continues to invest in tech.
- It does not anticipate significant benefits from opex going forward.
- The impact on bancassurance income next year remains uncertain, although the bank is exploring options such as changing the mix of its products.

Asset quality

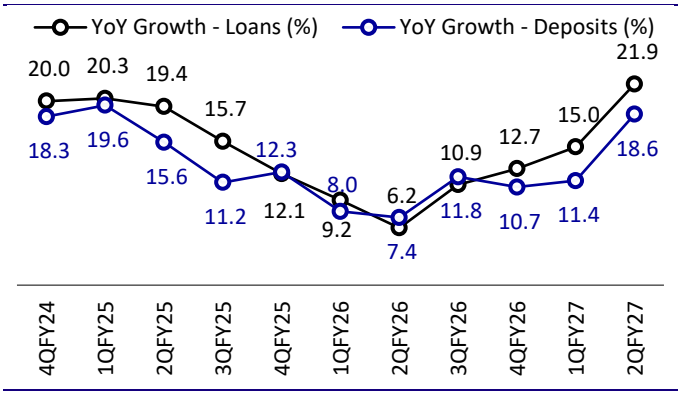
- The bank does not see any adverse impact on asset quality yet from global macros or El Nino. However, we remain watchful, especially in the Agri and MFI books.
- There was no change in the ECL impact of <2% of net worth.
- Slippages rose 3% QoQ to INR4.26b (INR4.12b in 1QFY27).
- GNPA ratio improved 20bp QoQ, while net NPA ratio improved 1bp QoQ to 1.32%/0.17%.

Miscellaneous

- In case of inorganic acquisition, there have been instances where the bank has given up on opportunities when not accretive. It prioritizes building new capabilities and scalability.
- Average LCR for 2QFY27 stood at 119.8%.
- RoA improvement of 3-4bp is expected every quarter, although this is not expected to be linear.

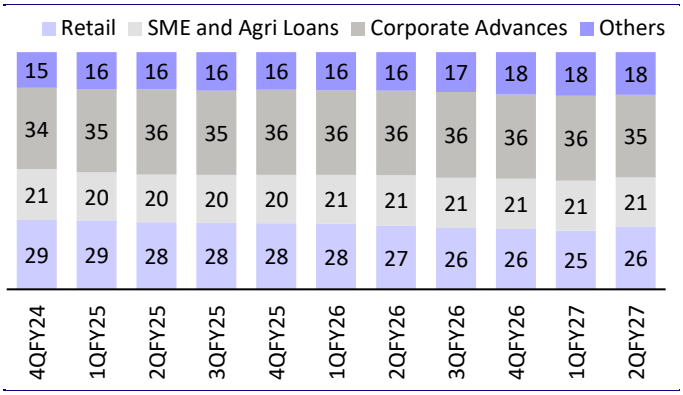
Story in charts

Exhibit 1: Advances/deposits grew 21.9%/18.6% YoY



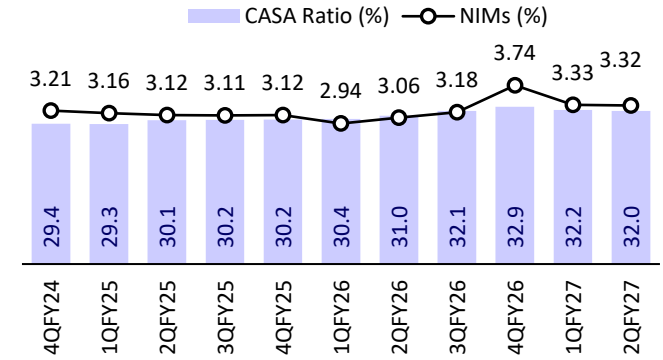
Sources: MOFSL, Company

Exhibit 2: Retail book mix rose to 26%; corp. stood at 35%



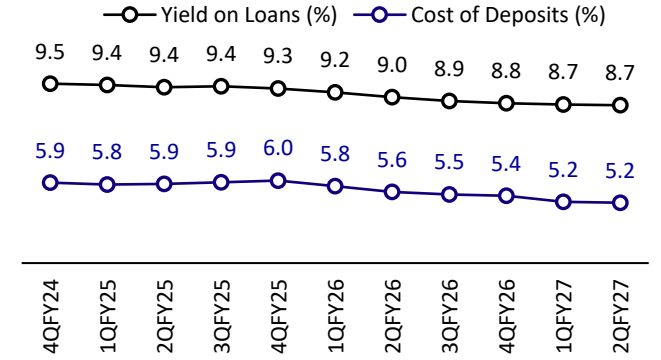
Sources: MOFSL, Company

Exhibit 3: NIM steady at 3.32%; CASA declined to 32.0%



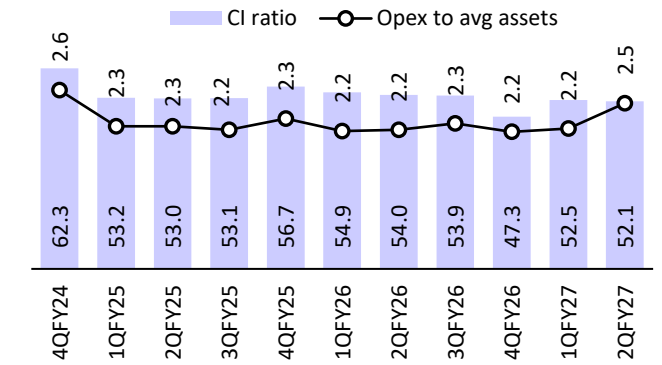
Sources: MOFSL, Company

Exhibit 4: YoA declined 3bp QoQ; CoD dipped 3bp QoQ



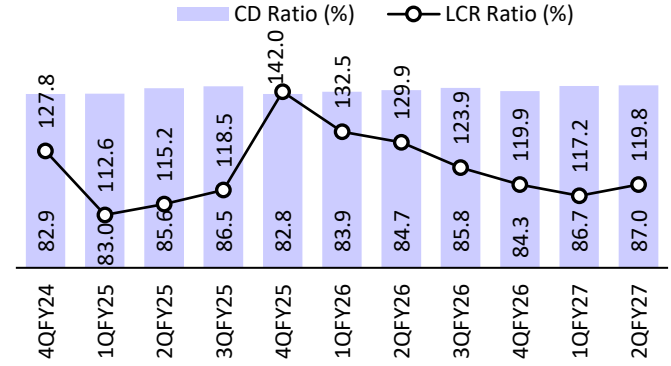
Sources: MOFSL, Company

Exhibit 5: C/I ratio declined to 52.1% in 2QFY27



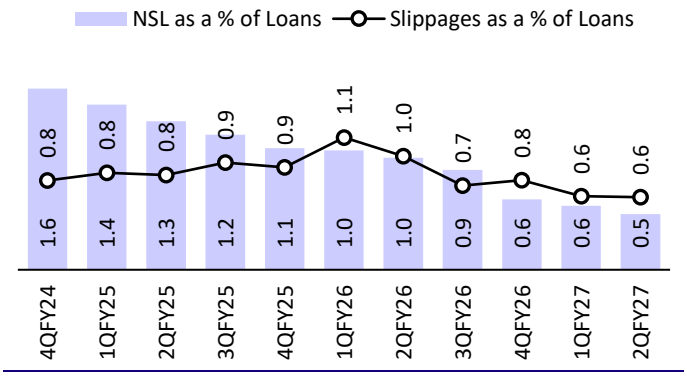
Sources: MOFSL, Company

Exhibit 6: C/D ratio increased to 87.0%



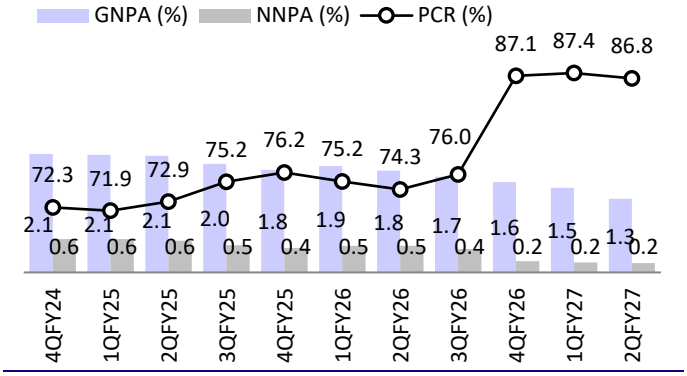
Sources: MOFSL, Company

Exhibit 7: Net stressed loan (NSL) as % of loans stood at 0.5%, while slippages ratio was at 0.6%



Sources: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios declined to 1.32%/0.17%; calculated PCR at ~86.8%



Sources: MOFSL, Company

Valuation and view: Reiterate BUY with a TP of INR385

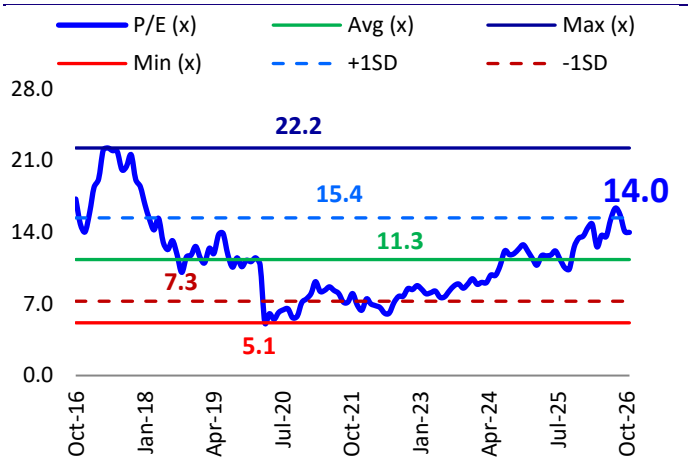
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- Loan growth remained healthy, led by the SME, gold loan, and corporate segments, and the bank has guided for loan growth in mid-teen range, with growth being led by medium- to high-yielding segments.
- Deposit growth stood at 19% YoY, driven by healthy FCNR(B) deposit mobilization. CASA deposits grew 6% QoQ, led by strong traction in current A/C.
- Asset quality improved with both GNPA and NNPA ratios declining further. We estimate credit costs to remain contained at ~45-50bp over FY27-28.
- We tweak our PAT estimates for FY27/FY28, factoring in higher other income, offset by higher opex. We estimate FB to deliver FY27E RoA/RoE of 1.30%/12.4%. Reiterate BUY with a TP of INR385 (based on 1.9x FY28E ABV).

Exhibit 9: Changes to our estimates

(INR b)	Old Estimates		Revised Estimates		Change (%)/bps	
	FY27	FY28	FY27	FY28	FY27	FY28
Net Interest Income	126.3	156.4	128.9	157.2	2.1	0.5
Other Income	48.0	54.7	51.5	58.7	7.4	7.4
Total Income	**174.3**	**211.1**	**180.4**	**216.0**	**3.5**	**2.3**
Operating Expenses	88.6	102.0	93.0	108.0	5.0	5.8
Operating Profits	**85.7**	**109.0**	**87.4**	**108.0**	**2.0**	**-0.9**
Provisions	14.4	19.9	14.4	18.8	-0.5	-5.6
PBT	**71.2**	**89.1**	**73.0**	**89.2**	**2.5**	**0.1**
Tax	17.5	21.9	18.0	21.9	2.5	0.1
PAT	**53.7**	**67.2**	**55.1**	**67.3**	**2.5**	**0.1**
Loans	3,162	3,706	3,149	3,690	-0.4	-0.4
Deposits	3,710	4,271	3,710	4,271	0.0	0.0
Margins (%)	3.28	3.44	3.35	3.47	7	3
Credit Cost (%)	0.44	0.53	0.44	0.50	0	-3
RoA (%)	**1.27**	**1.35**	**1.30**	**1.35**	**3**	**0**
RoE (%)	**12.1**	**12.7**	**12.4**	**12.7**	**29**	**-2**
EPS	20.6	24.5	21.2	24.6	2.5	0.1
BV	182.1	205.0	182.6	205.5	0.3	0.3
ABV	176.4	198.2	177.0	198.6	0.4	0.2

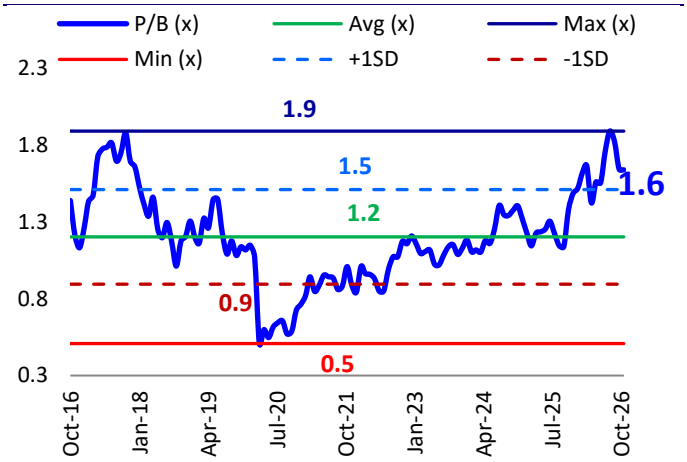
Sources: MOFSL, Company

Exhibit 10: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 12: DuPont analysis: Expect RoA/RoE of 1.3%/12.4% in FY27

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	6.98	7.80	8.02	7.52	7.55	7.72
Interest Expense	3.98	4.89	5.14	4.63	4.51	4.55
Net Interest Income	**3.01**	**2.92**	**2.88**	**2.89**	**3.04**	**3.17**
Core Fee Income	0.96	0.99	1.03	1.18	1.18	1.15
Trading and others	0.01	0.10	0.12	0.03	0.03	0.03
Non Interest income	0.97	1.08	1.16	1.21	1.21	1.18
Total Income	**3.97**	**4.00**	**4.04**	**4.10**	**4.25**	**4.35**
Operating Expenses	**1.98**	**2.18**	**2.18**	**2.14**	**2.19**	**2.17**
-Employee cost	0.90	1.00	0.94	0.88	0.93	0.93
-Others	1.08	1.18	1.24	1.27	1.26	1.24
Operating Profits	**1.99**	**1.82**	**1.86**	**1.96**	**2.06**	**2.18**
Core Operating Profits	**1.98**	**1.72**	**1.73**	**1.93**	**2.03**	**2.15**
Provisions	0.31	0.07	0.22	0.50	0.34	0.38
PBT	**1.68**	**1.75**	**1.63**	**1.46**	**1.72**	**1.80**
Tax	0.43	0.44	0.40	0.36	0.42	0.44
RoA	**1.25**	**1.31**	**1.23**	**1.10**	**1.30**	**1.35**
Leverage (x)	11.94	11.24	10.51	10.21	9.57	9.35
RoE	**14.9**	**14.7**	**13.0**	**11.2**	**12.4**	**12.7**

Sources: MOFSL, Company

Financials and valuations

Income Statement						(INRb)
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Interest Income	168.0	221.9	263.7	277.0	320.4	383.2
Interest Expense	95.7	138.9	169.0	170.4	191.5	226.0
Net Interest Income	**72.3**	**82.9**	**94.7**	**106.6**	**128.9**	**157.2**
-growth (%)	21.3	14.7	14.2	12.6	21.0	22.0
Non Interest Income	23.3	30.8	38.0	44.4	51.5	58.7
Total Income	**95.6**	**113.7**	**132.7**	**151.0**	**180.4**	**216.0**
-growth (%)	18.8	18.9	16.7	13.8	19.5	19.7
Operating Expenses	47.7	62.0	71.7	78.9	93.0	108.0
Pre Provision Profits	**47.9**	**51.7**	**61.0**	**72.1**	**87.4**	**108.0**
-growth (%)	27.6	7.9	17.9	18.1	21.3	23.6
Provisions (excl tax)	7.5	2.0	7.3	18.4	14.4	18.8
PBT	**40.4**	**49.8**	**53.7**	**53.7**	**73.0**	**89.2**
Tax	10.3	12.6	13.2	13.2	18.0	21.9
Tax Rate (%)	25.6	25.3	24.5	24.5	24.6	24.6
PAT	**30.1**	**37.2**	**40.5**	**40.5**	**55.1**	**67.3**
-growth (%)	59.3	23.6	8.9	0.0	35.8	22.2

Balance Sheet						
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Share Capital	**4.2**	**4.9**	**4.9**	**4.9**	**5.5**	**5.5**
Equity Share Capital	4.2	4.9	4.9	4.9	5.5	5.5
Reserves & Surplus	210.8	286.1	329.3	382.1	494.4	557.1
Net Worth	**215.1**	**290.9**	**334.2**	**387.1**	**499.9**	**562.5**
Deposits	**2,133.9**	**2,525.3**	**2,836.5**	**3,139.1**	**3,710.4**	**4,270.7**
-growth (%)	17.4	18.3	12.3	10.7	18.2	15.1
- CASA Dep	**701.2**	**746.5**	**863.8**	**1,044.4**	**1,198.5**	**1,426.4**
-growth (%)	3.9	6.5	15.7	20.9	14.8	19.0
Borrowings	193.2	180.3	237.3	211.6	240.1	283.3
Other Liabilities & Prov.	61.3	86.6	82.1	137.5	162.2	199.5
Total Liabilities	**2,603.4**	**3,083.1**	**3,490.0**	**3,875.2**	**4,612.7**	**5,316.1**
Current Assets	176.9	189.6	308.6	257.3	314.1	327.9
Investments	489.8	608.6	662.5	766.8	927.8	1,066.9
-growth (%)	25.0	24.2	8.9	15.7	21.0	15.0
Loans	**1,744.5**	**2,094.0**	**2,348.4**	**2,645.9**	**3,148.7**	**3,690.2**
-growth (%)	20.4	20.0	12.1	12.7	19.0	17.2
Fixed Assets	9.3	10.2	14.8	14.7	17.7	19.6
Other Assets	182.9	180.7	155.9	190.5	204.5	211.4
Total Assets	**2,603.4**	**3,083.1**	**3,490.0**	**3,875.2**	**4,612.7**	**5,316.1**

Asset Quality						
GNPA	41.8	45.3	43.8	43.4	39.8	46.9
NNPA	13.2	13.8	11.5	10.9	5.0	7.1
Slippages	17.2	17.4	18.5	21.7	24.6	32.1
GNPA Ratio (%)	2.4	2.1	1.8	1.6	1.3	1.3
NNPA Ratio (%)	0.8	0.7	0.5	0.4	0.2	0.2
Slippage Ratio (%)	1.1	0.9	0.8	0.9	0.9	0.9
Credit Cost (%)	0.5	0.1	0.3	0.7	0.4	0.5
PCR (Excl Tech. write off) (%)	68.4	69.6	73.8	75.0	87.5	84.8

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	**8.0**	**8.8**	**8.9**	**8.4**	**8.3**	**8.4**
Avg. Yield on loans	8.4	9.2	9.5	8.7	8.7	8.9
Avg. Yield on Investments	6.5	6.9	7.3	6.8	6.8	6.9
Avg. Cost-Int. Bear. Liab.	**4.5**	**5.5**	**5.8**	**5.3**	**5.2**	**5.3**
Avg. Cost of Deposits	4.4	5.5	5.7	5.3	5.2	5.2
Avg. Cost of Borrowings	5.5	6.4	7.1	4.9	6.7	6.6
Interest Spread	**3.6**	**3.2**	**3.1**	**3.1**	**3.1**	**3.1**
Net Interest Margin	**3.5**	**3.3**	**3.2**	**3.2**	**3.4**	**3.5**
Capitalization Ratios (%)						
CAR	14.8	16.5	16.8	17.6	19.1	18.0
Tier I	13.0	14.8	15.3	16.2	17.8	17.0
-CET-1	13.0	14.8	15.3	16.2	17.8	17.0
Tier II	1.8	1.6	1.5	1.4	1.3	1.1
Business Ratios (%)						
Loans/Deposit Ratio	81.8	82.9	82.8	84.3	84.9	86.4
CASA Ratio	32.9	29.6	30.5	33.3	32.3	33.4
Cost/Assets	1.8	2.0	2.1	2.0	2.0	2.0
Cost/Total Income	49.9	54.5	54.0	52.3	51.6	50.0
Cost/Core Income	50.0	55.9	55.7	52.6	51.9	50.3
Int. Expense/Int.Income	57.0	62.6	64.1	61.5	59.8	59.0
Fee Income/Net Income	24.1	24.7	25.6	28.7	27.9	26.5
Non Int. Inc./Net Income	24.4	27.1	28.6	29.4	28.5	27.2
Empl. Cost/Op. Exps.	45.6	45.6	43.1	40.9	42.6	43.0
Efficiency Ratios (INRm)						
Employee/branch (in nos)	9.8	10.1	10.1	10.8	10.7	10.6
Staff cost/employee	1.6	1.9	1.9	1.8	2.1	2.4
CASA per branch	511.1	496.3	543.6	636.8	689.4	774.1
Deposits per branch	1,555.3	1,679.1	1,785.1	1,914.1	2,134.4	2,317.6
Business per Employee	288.2	303.7	321.8	327.2	369.5	408.4
PAT per Employee	2.2	2.4	2.5	2.3	3.0	3.5
Valuation						
RoE	14.9	14.7	13.0	11.2	12.4	12.7
RoA	1.3	1.3	1.2	1.1	1.30	1.35
RoRWA	1.9	1.9	1.9	1.7	1.9	2.0
Book Value (INR)	102	119	136	157	183	205
-growth (%)	13.7	17.6	13.9	15.4	16.3	12.5
Price-BV (x)	**3.3**	**2.8**	**2.5**	**2.1**	**1.8**	**1.6**
Adjusted BV (INR)	94.1	112.8	129.2	150.0	177.0	198.6
Price-ABV (x)	**3.6**	**3.0**	**2.6**	**2.2**	**1.9**	**1.7**
EPS (INR)	14.3	16.3	16.6	16.5	21.2	24.6
-growth (%)	54.8	14.5	1.3	-0.6	28.5	16.1
Price-Earnings (x)	**23.5**	**20.6**	**20.3**	**20.4**	**15.9**	**13.7**
Dividend Per Share (INR)	1.8	1.0	1.2	1.2	1.5	1.7
Dividend Yield (%)	**0.5**	**0.3**	**0.4**	**0.4**	**0.5**	**0.5**

E: MOFSL Estimates

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
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Grievance Redressal Cell:

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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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