17 October 2026
2QFY27 Results Update | Sector: Financials

Punjab National Bank

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USDb)	1334.3 / 14.1
52-Week Range (INR)	135 / 99
1, 6, 12 Rel. Per (%)	0/7/10
12M Avg Val (INR M)	2233

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	419.6	472.1	564.3
OP	292.9	318.3	392.7
NP	169.0	219.0	251.4
NIM (%)	2.3	2.4	2.6
EPS (INR)	14.7	19.1	21.9
EPS Gr. (%)	-0.5	29.6	14.8
BV/Sh. (INR)	119	135	153
ABV/Sh. (INR)	113	129	146
Ratios			
RoA (%)	0.9	1.0	1.1
RoE (%)	13.5	15.5	15.7
Valuations			
P/E(X)	7.9	6.1	5.3
P/BV (X)	1.0	0.9	0.8
P/ABV (X)	1.0	0.9	0.8

Shareholding pattern (%)

As of	Sep-26	Jun-26	Sep-25
Promoter	70.1	70.1	70.1
DII	16.1	16.1	15.5
FII	6.7	5.9	5.7
Others	7.1	7.9	8.7

FII includes depository receipts

CMP: INR116 **TP: INR140 (+21%)** **Buy**

Margin expands 8bp QoQ; lower LLP drives earnings beat

Asset quality improves – ECL transition requirement lowered

- Punjab National Bank (PNB) reported 2QFY27 PAT of INR55.3b (up 13% YoY/5% QoQ, a 7% beat on MOFSLe), driven by lower provisions and other income.
- NII grew 11% YoY (up 7% QoQ) to INR116b (4% beat), led by a global NIM expansion of 8bp QoQ to 2.58%.
- Loan book grew 16% YoY (6% QoQ), while deposits grew 10% YoY (3% QoQ). CD ratio increased to 74% from 72% in 1QFY27.
- Slippages increased to INR23.4b from INR20.8b in 1QFY27 due to a slippage in the corporate segment (road account). GNPA/NNPA ratios declined 23bp/3bp QoQ to 2.55%/0.25%. PCR ratio remained stable at 90.3%.
- **We tweak our earnings estimates by +1%/+1.4% for FY27/FY28, and estimate FY27E RoA/RoE of 1.05%/15.5%. Reiterate BUY with a revised TP of INR140 (premised on 1x FY28E ABV).**

NIM to expand ~7-9bp sequentially; RoA guided at >1%

- PNB reported a PAT of INR55.3b (up 13% YoY/5% QoQ, 7% beat) amid lower provisions.
- NII grew 10.8% YoY/7.4% QoQ as global NIM expanded 8bp QoQ to 2.58%. The NIM expansion was led by a decline in cost of deposits (down 3bp QoQ to 4.96%), driven by the retirement of high cost liabilities using FCNR (b) mobilization, while yield on advances improved 7bp QoQ to 7.6%, with a focus on moving to higher yielding assets.
- Other income declined 17% YoY to INR36b amid lower treasury and fee income.
- Opex rose 1.1% YoY/0.8% QoQ to INR76.7b (in line with MOFSLe) amid lower employee costs of INR44b. C/I ratio, thus, declined 75bp YoY/rose 15bp QoQ to 50.5%.
- PPoP largely stood flat QoQ (up 4.2% YoY, largely in line). Provisions declined 82% QoQ, led by a write-back of INR7.9b on one standard account, while additional standard provisions of INR1.25b were made to support the ECL transition.
- The bank revised its one-time ECL transition impact to ~INR80b, while targeting a sustained RoA of 1% and a steady-state credit cost of ~0.25% to 0.3%.
- The loan book grew 16% YoY (6% QoQ) to INR13.1t amid broad-based growth in corporate (3.8% QoQ), agri (5.9% QoQ), and MSME loans (5.7% QoQ). Retail (incl. IBPC) grew 16.3% YoY/5.6% QoQ.
- Deposits grew 10% YoY/3% QoQ to INR17.7t. CASA ratio declined to 36.6% (down 14bp QoQ). The CD ratio, thus, increased to 73.7%.
- On the asset quality front, slippages increased 15.1% QoQ to INR23.95b due to a slippage in a corporate segment – road account. GNPA/ NNPA ratios, thus, declined 23bp/3bp QoQ to 2.55%/0.25%, while PCR ratio was stable at 90.3%.

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Highlights from the management commentary

- Management revised its estimated one-time ECL transition requirement to ~INR80b from INR90–100b previously, with the residual requirement indicated at INR43–50b.
- The incremental steady-state credit-cost impact from ECL was indicated at ~15bp, with overall credit costs expected at 25–30bp.
- Around 56% of the loan book is repo-linked and reprices the following day. The bank expects 25bp repo rate hike to support NIM by 7–9bp and yield on advances by ~10bp in the coming quarter.
- SMA-0 stood at INR169.6b/1.26%, SMA-1 at INR74.6b/0.56%, and SMA-2 at INR89.8b/0.67%.
- Average gold loan yield stood at 8.6%, with management expecting an increase to 8.75–8.90%. Agri gold loan book stood at 94% of the total gold loan portfolio.

Valuation and view: Reiterate BUY with a revised TP of INR140

PNB reported a strong quarter, with earnings beat led by controlled provisions and opex, while margins expanded 8bp QoQ. Provisions came in lower, reflecting strong asset quality, even as they created additional standard asset provisions to facilitate a smoother transition to ECL. The bank lowered its one-time ECL impact guidance to ~INR80b. Asset quality trends remained healthy, with marginal uptick in slippages driven by a single infrastructure corporate account and no significant stress elsewhere in the portfolio. Management guided for RoA of >1% and credit cost of 0.25–0.30% **We estimate FY27E RoA/RoE of 1.05%/15.5% and reiterate our BUY rating with a revised TP of INR140 (premised on 1x FY28E ABV).**

Quarterly performance **(INR b)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	V/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE	Est
Net Interest Income	**105.8**	**104.7**	**105.3**	**103.8**	**108.0**	**116.0**	**120.9**	**127.3**	**419.6**	**472.1**	**111.7**	**4%**
% Change (YoY)	1.0	-0.5	-4.5	-3.5	2.1	10.8	14.8	22.6	-1.9	12.5	6.7	
Other Income	52.7	43.4	50.2	41.6	43.3	36.0	39.0	41.4	187.9	159.7	42.0	-14%
Total Income	**158.5**	**148.1**	**155.5**	**145.4**	**151.3**	**152.0**	**159.8**	**168.7**	**607.5**	**631.9**	**153.6**	**-1%**
Operating Expenses	87.6	75.8	80.7	70.4	76.1	76.7	79.0	81.7	314.6	313.6	77.0	0%
Operating Profit	**70.8**	**72.3**	**74.8**	**75.0**	**75.2**	**75.3**	**80.8**	**87.0**	**292.9**	**318.3**	**76.6**	**-2%**
% Change (YoY)	7.6	5.5	13.0	10.7	6.2	4.2	8.0	16.0	9.2	8.7	6.0	
Provisions	3.2	6.4	11.5	4.2	5.4	1.0	8.7	12.0	25.4	27.1	7.8	-88%
Profit before Tax	**67.6**	**65.8**	**63.3**	**70.8**	**69.8**	**74.3**	**72.2**	**75.0**	**267.5**	**291.3**	**68.8**	**8%**
Tax	50.8	16.8	12.3	18.5	17.2	19.0	18.0	17.9	98.5	72.2	17.1	11%
Net Profit	**16.8**	**49.0**	**51.0**	**52.3**	**52.5**	**55.3**	**54.1**	**57.0**	**169.0**	**219.0**	**51.7**	**7%**
% Change (YoY)	-48.5	13.9	13.1	14.4	213.6	12.8	6.1	9.2	1.6	29.6	5.5	
Operating Parameters												
Deposits	15,894	16,171	16,603	17,111	17,248	17,772	18,286	18,891	17,111	18,891	17,766	
Loans	10,920	11,338	11,962	12,253	12,414	13,105	13,345	13,907	12,253	13,907	13,047	
Deposit Growth (%)	12.9	10.9	8.5	9.2	8.5	9.9	10.1	10.4	9.2	10.4	9.9	
Loan Growth (%)	11.0	11.2	11.8	13.7	13.7	15.6	11.6	13.5	13.7	13.5	15.1	
Asset Quality												
Gross NPA (%)	3.8	3.5	3.2	3.0	2.8	2.6	2.4	2.4	3.0	2.4	2.6	
Net NPA (%)	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.3	
PCR (%)	90.3	90.0	90.2	90.3	90.3	90.3	90.2	90.3	90.3	90.3	90.4	

E: MOFSL Estimates

Quarterly snapshot

	FY26				FY27		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss, INRb								
Net Interest Income	**105.8**	**104.7**	**105.3**	**103.8**	**108.0**	**116.0**	**10.8**	**7.4**
Other Income	**52.7**	**43.4**	**50.2**	**41.6**	**43.3**	**36.0**	**-17.1**	**-16.9**
Trading profits	16.1	16.1	11.6	1.6	7.7	4.3	-73.6	-44.8
Total Income	**158.5**	**148.1**	**155.5**	**145.4**	**151.3**	**152.0**	**2.6**	**0.5**
Operating Expenses	**87.6**	**75.8**	**80.7**	**70.4**	**76.1**	**76.7**	**1.1**	**0.8**
Employee	51.6	47.5	50.9	37.5	45.4	44.1	-7.2	-2.8
Others	36.0	28.4	29.9	32.9	30.8	32.6	15.0	6.1
Operating Profits	**70.8**	**72.3**	**74.8**	**75.0**	**75.2**	**75.3**	**4.2**	**0.2**
Core Operating Profits	**54.7**	**56.1**	**63.2**	**73.4**	**67.5**	**71.1**	**26.6**	**5.3**
Provisions	**3.2**	**6.4**	**11.5**	**4.2**	**5.4**	**1.0**	**-84.9**	**-82.0**
NPA provisions	4.0	-6.4	13.4	9.1	7.9	8.2	NA	3.2
PBT	**67.6**	**65.8**	**63.3**	**70.8**	**69.8**	**74.3**	**12.9**	**6.5**
Taxes	50.8	16.8	12.3	18.5	17.2	19.0	13.2	10.3
PAT	**16.8**	**49.0**	**51.0**	**52.3**	**52.5**	**55.3**	**12.8**	**5.3**
Balance Sheet, INRb								
Loans	10,920	11,338	11,962	12,253	12,414	13,105	15.6	5.6
Deposits	15,894	16,171	16,603	17,111	17,248	17,772	9.9	3.0
CASA Deposits	5,686	5,832	5,922	6,096	6,131	6,259	7.3	2.1
-Savings	4,980	5,090	5,158	5,303	5,338	5,429	6.7	1.7
-Current	707	742	764	793	793	831	11.9	4.7
Loan Mix (%)								
Retail	24.3	24.4	24.2	23.5	23.7	23.6	-73.0	-12.7
Agri	16.6	16.5	16.4	16.8	16.6	16.7	28.3	16.3
Corporate	43.4	43.2	43.3	43.4	42.8	42.6	-59.3	-24.4
MSME	15.7	16.0	16.1	16.3	16.9	17.1	104.1	20.8
Asset Quality, INRb								
GNPA	427	403	393	371	354	342	-15.3	-3.4
NNPA	41	40	38	36	34	33	-17.7	-3.5
Slippages	19	20	19	28	21	24	22.5	15.1
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**YoY(bp)**	**QoQ(bp)**
GNPA	3.8	3.5	3.2	3.0	2.8	2.6	-90	-23
NNPA	0.4	0.4	0.3	0.3	0.3	0.3	-11	-3
PCR (Cal.)	90.3	90.0	90.2	90.3	90.3	90.3	29	1
PCR (Incl. TWO)	96.9	96.9	97.0	97.1	97.2	97.3	41	9
Credit Cost	0.2	-0.2	0.5	0.3	0.2	0.0	27	-15
Business Ratios (%)								
CASA	37.0	37.3	37.1	37.0	36.7	36.6	-69	-10
Loan/Deposit	68.7	70.1	72.0	71.6	72.0	73.7	362	176
Fees to Total Income	23.1	18.4	24.8	27.5	23.5	20.9	246	-265
Cost to Total Income	55.3	51.2	51.9	48.4	50.3	50.5	-75	15
Cost to Total Assets	0.5	0.4	0.4	0.4	0.4	0.4	-4	-1
Tax Rate	75.2	25.5	19.4	26.2	24.7	25.6	7	87
Capitalisation Ratios (%)								
Tier-1	14.6	14.4	14.1	15.2	16.0	15.9	148	-14
- CET 1	13.0	12.8	12.5	13.6	14.5	14.4	169	-8
CAR	17.5	17.2	16.8	17.7	18.1	18.0	76	-18
LCR	147.7	141.7	130.2	125.8	141.4	133.0	-867	-835
RWA to Total Assets	46.5	45.7	45.5	45.4	46.1	45.6	-6	-52
Profitability Ratios (%)								
Yield on loans	8.1	7.9	7.7	7.5	7.5	7.6	-30	7
Yield on Funds	7.0	6.8	6.7	6.6	6.5	6.5	-28	5
Cost of Deposits	5.3	5.2	5.1	5.1	5.0	5.0	-22	-3
Cost of Funds	4.7	4.6	4.5	4.4	4.4	4.4	-23	-1
Margins	2.70	2.60	2.52	2.47	2.50	2.58	-2	8
Other Details								
Branches	10,209	10,288	10,261	10,324	10,359	10,481	193	122
ATM	11,240	11,187	11,109	11,065	10,605	10,915	-272	310



Highlights from the management commentary

Opening remarks

- Management highlighted resilient domestic demand, infrastructure investment and expanding services activity as key drivers of economic growth, with the banking sector well positioned to support the momentum.
- The bank remains on track to deliver its FY27 and FY28 guidance, with continued focus on profitability, calibrated RAM growth and operating efficiency.
- Domestic NIM expanded 10bp QoQ to 2.74%, while global NIM expanded 8bp QoQ to 2.58%.
- Cost-to-income ratio continued to trend down, while asset quality strengthened further with a reduction in GNPA.
- The bank opened 162 branches against its FY27 target of 250, including 119 branches in the Southern and Western regions.
- CRAR stood at 17.95%, providing adequate capital to support growth.

Business related

- Core RAM growth remained healthy, with retail advances excluding IBPC growing 16.3% YoY, MSME 19.8%, and agriculture 18.1%.
- The bank continues to prioritize calibrated growth in RAM segments to improve portfolio yields and margins.
- Yield on advances improved 10bp QoQ, supported by the rundown of low-yielding advances.
- The CD ratio stood at ~75%, providing headroom to increase to 77–78% and support credit growth.
- 94% of the gold loan portfolio is Agri gold. Average gold loan yield stood at 8.6%, with management expecting an increase to 8.75–8.90% following repo-linked repricing.

Margins and deposits

- FCNR(B) mobilization stood at USD2.7b, with the entire amount utilized to retire high-cost bulk deposits and CDs.
- Around 70% of the leverage was used to mobilize FCNR(B) deposits.
- Bulk deposits and CDs declined to ~17% of total deposits from ~19% in the previous quarter, supporting lower funding costs.
- Around 56% of the loan book is repo-linked and reprices from the following day. Management expects the 25bp repo rate hike to support NIM by ~7–9bp and yield on advances by ~10bp in the coming quarter.
- Cost of deposits continued to decline, while management indicated that deposit growth would remain moderate at ~8–9%.
- The bank does not envisage raising deposit rates immediately, given its comfortable liquidity and scope to increase the CD ratio.
- Savings deposits stood at INR5.42t, comprising individual savings of INR4.82t and institutional savings of ~INR600b.
- Individual savings deposits grew ~8%, while institutional savings declined as institutions increasingly adopted just-in-time fund utilization.
- The company remains focused on retail deposit mobilization. LCR stood at ~133%.

Asset quality

- There was no material asset-quality impact from geopolitical developments, while stress was not yet visible in drought-affected districts. Field-level monitoring has been intensified.

- It recorded corporate slippages of ~INR3b related to a domestic road infrastructure account, which were unrelated to geopolitical developments.
- SMA-0 stood at INR169.6b/1.26%, SMA-1 at INR74.6b/0.56% and SMA-2 at INR89.8b/0.67%.
- The aggregate SMA pool stood at INR334.1b, equivalent to 2.49% of advances. Management has reiterated its target to keep the slippage ratio below 0.9%.

Fee income, treasury and operating expenses

- Credit cards, supply-chain finance and cash management supported fee income momentum. The bank also commenced wealth management and trade finance initiatives during the year.
- The credit card base stood at ~1.1m, with management expecting the business to contribute ~INR2b in fee income from the next financial year.
- Treasury performance did not benefit from any large one-off gain.
- The AFS reserve moved from a positive INR4.45b in 1QFY27 to a negative INR12.86b in 2QFY27.
- Retirement-related provisions declined to INR3.45b from INR4.90b in 1QFY27.

Recovery and provisions

- The bank created additional floating provisions of INR1.25b during the quarter, taking the outstanding buffer to INR25.6b.
- Quarterly recoveries stood at ~INR30b, and management is targeting total FY27 recoveries of INR120–130b, with the contribution expected to moderate.

ECL transition

- Management revised its estimated one-time ECL transition requirement to ~INR80b from INR90–100b previously.
- Existing provision buffers are expected to absorb part of the requirement, with the residual requirement indicated at ~INR43–50b.
- The incremental steady-state credit-cost impact from ECL was indicated at ~15bp, with overall credit costs expected at ~25–30bp.

Technology and digital

- Over 95% of customer transactions were conducted digitally, with continued traction in the PNB ONE application.
- Management highlighted plans for an MoU with a foreign bank and expansion of GIFT City activities, including aviation-related business.

Guidance

- Management reiterated that the bank remains on track to deliver its FY27 and FY28 targets.
- RoA is expected at ~1.04–1.05%, with RoE at 15–17%.
- Slippage ratio is targeted below 0.9%.
- Deposit growth is expected at ~8–9%, with scope to increase the CD ratio to 77–78%.
- The recent repo rate hike is expected to support NIM by ~7–9bp in the coming quarter.
- FY27 recoveries are targeted at INR120–130b.
- The bank plans to open 250 branches during FY27.

Story in charts

Exhibit 1: Loan book grew 16% YoY (6% QoQ) to INR13.1t

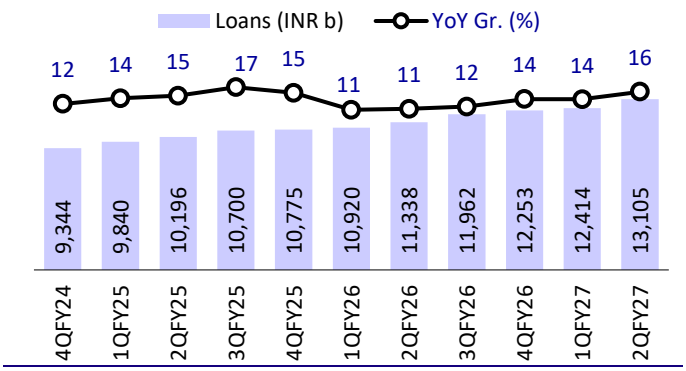


Exhibit 2: Deposits grew 9.9% YoY (up 3% QoQ)

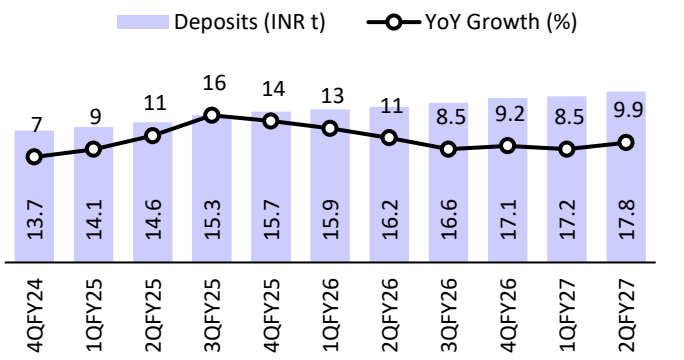


Exhibit 3: Domestic NIM increased 10bp QoQ to 2.74%

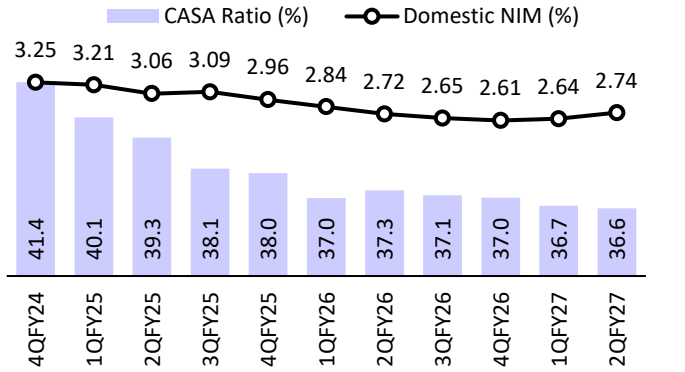


Exhibit 4: Yields improved 7bp QoQ; CoD declined 3bp QoQ

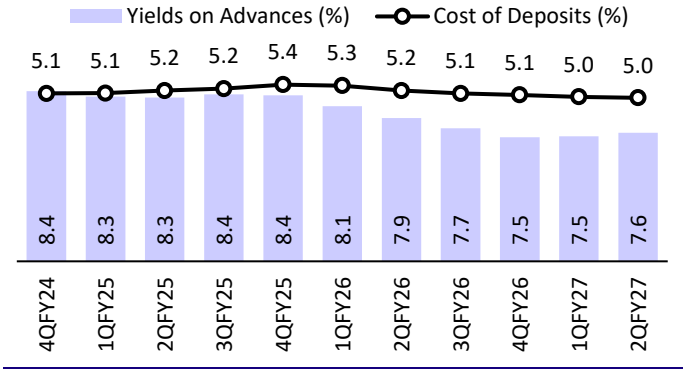


Exhibit 5: C/I ratio increased to 50.5% in 2QFY27

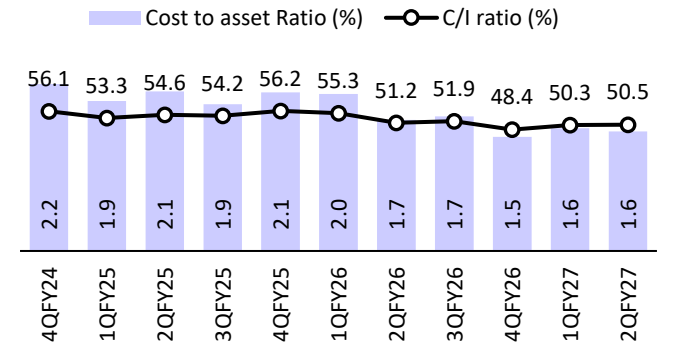


Exhibit 6: O/s loan mix: RAM constituted ~58% of total loans

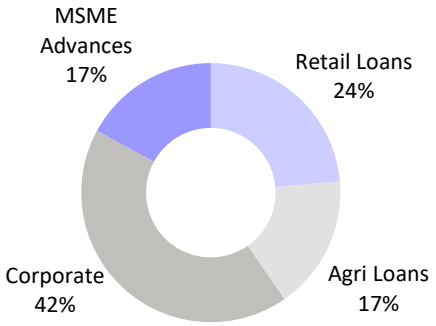
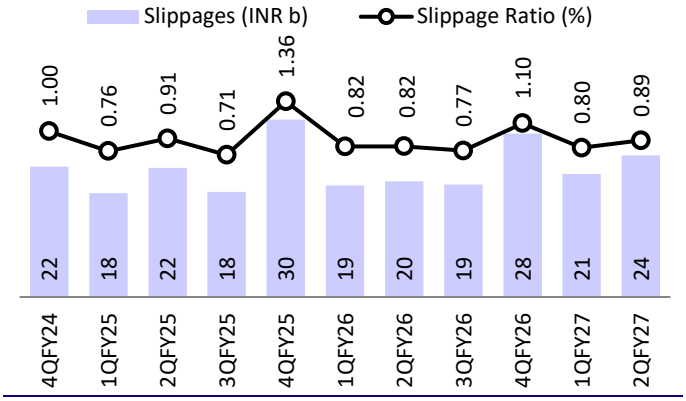
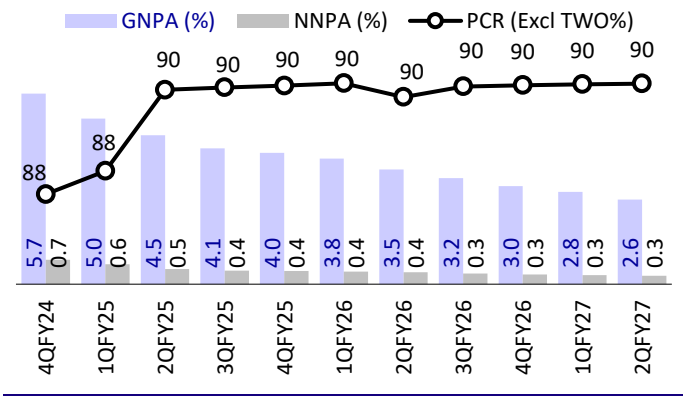


Exhibit 7: Slippage ratio increased to 0.89%.



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios improved 23bp/3bp QoQ



Source: MOFSL, Company

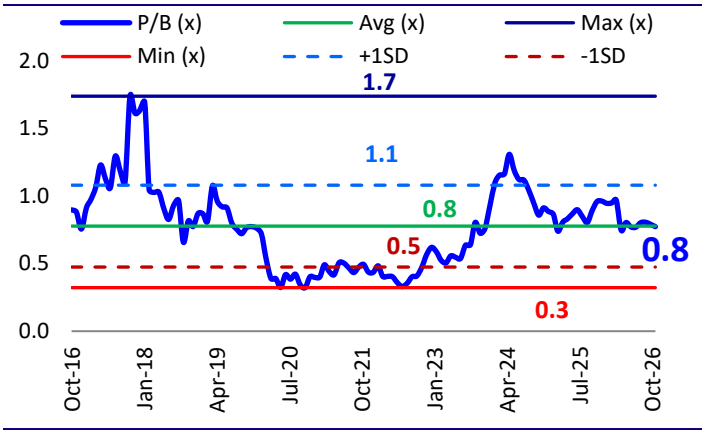
Valuation and view: Reiterate BUY with a revised TP of INR140

- PNB reported a strong quarter, with earnings beat led by controlled provisions and opex, while margins expanded 8bp QoQ.
- Provisions came in lower, reflecting strong asset quality, even as they created additional standard asset provisions to facilitate a smoother transition to ECL.
- The bank revised its one-time ECL impact guidance to ~INR80b.
- Asset quality trends remained healthy, with a marginal uptick in slippages driven by a single infrastructure corporate account and no significant stress elsewhere in the portfolio.
- The bank guided for RoA of >1% and credit cost of 0.25–0.30%
- **We estimate FY27 RoA/RoE at 1.05%/15.5%. We reiterate our BUY rating with a revised TP of INR140 (premised on 1x FY28E ABV).**

Exhibit 9: Changes to our estimates

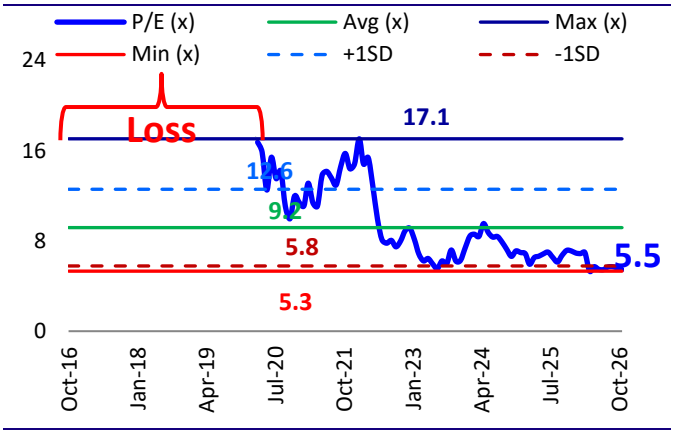
(INR bn)	Old Est.		Revised Est.		Chg. (%)/bps	
	FY27	FY28	FY27	FY28	FY27	FY28
Net Interest Inc	**457.7**	**542.1**	**472.1**	**564.3**	**3.1**	**4.1**
Other Income	178.5	197.3	159.7	176.5	-10.5	-10.5
Total Income	**636.3**	**739.4**	**631.9**	**740.8**	**-0.7**	**0.2**
Operating Exp	314.3	345.2	313.6	348.1	-0.2	0.8
Operating Profit	**322.0**	**394.1**	**318.3**	**392.7**	**-1.1**	**-0.4**
Provisions	33.6	63.5	27.1	57.6	-19.5	-9.3
PBT	**288.4**	**330.7**	**291.3**	**335.2**	**1.0**	**1.4**
Tax	71.5	82.7	72.2	83.8	1.0	1.4
PAT	**216.9**	**248.0**	**219.0**	**251.4**	**1.0**	**1.4**
Loans	13,907	15,645	13,907	15,645	0.0	0.0
Deposits	18,891	20,780	18,891	20,780	0.0	0.0
Margins (%)	2.3	2.5	2.4	2.6	7	10
Credit Cost (%)	0.3	0.4	0.2	0.4	-5	-4
RoA (%)	**1.04**	**1.07**	**1.05**	**1.09**	1	1
RoE (%)	**15.4**	**15.5**	**15.5**	**15.7**	14	17
EPS	18.9	21.6	19.1	21.9	1.0	1.4
BV	**134.6**	**152.2**	**134.8**	**152.7**	**0.1**	**0.3**
ABV	128.4	145.4	128.5	146.0	0.1	0.5

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 – RoA to improve to 1.05% by FY27E

Annual DuPont	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	6.1	7.1	7.2	6.7	6.8	7.0
Interest Expense	3.6	4.4	4.7	4.5	4.6	4.5
Net Interest Income	**2.5**	**2.7**	**2.5**	**2.2**	**2.3**	**2.4**
Other Income	0.9	0.9	1.0	1.0	0.8	0.8
Total Income	**3.4**	**3.5**	**3.5**	**3.2**	**3.0**	**3.2**
Operating Expenses	**1.7**	**1.9**	**1.9**	**1.7**	**1.5**	**1.5**
Employees	1.1	1.2	1.3	1.0	0.9	0.9
Others	0.7	0.7	0.6	0.7	0.6	0.6
Operating Profits	**1.6**	**1.6**	**1.6**	**1.5**	**1.5**	**1.7**
Core operating Profits	**1.7**	**1.6**	**1.4**	**1.3**	**1.3**	**1.4**
Provisions	**1.3**	**0.8**	**0.1**	**0.1**	**0.1**	**0.2**
PBT	**0.3**	**0.9**	**1.5**	**1.4**	**1.4**	**1.5**
Tax	0.1	0.3	0.5	0.5	0.3	0.4
RoA	**0.18**	**0.55**	**0.98**	**0.89**	**1.05**	**1.09**
Leverage (x)	15.4	16.0	15.6	15.1	14.8	14.4
RoE	**2.8**	**8.7**	**15.3**	**13.5**	**15.5**	**15.7**

Source: MOFSL, Company

Financials and valuations

Income Statement						(INR b)
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Interest Income	851.4	1,069.0	1,217.6	1,282.2	1,426.3	1,608.8
Interest Expense	506.5	668.2	789.8	862.6	954.2	1,044.5
Net Interest Income	**344.9**	**400.8**	**427.8**	**419.6**	**472.1**	**564.3**
- Growth (%)	20.2	16.2	6.7	-1.9	12.5	19.5
Non Interest Income	121.4	133.8	163.1	187.9	159.7	176.5
Total Income	**466.3**	**534.7**	**590.9**	**607.5**	**631.9**	**740.8**
- Growth (%)	13.7	14.7	10.5	2.8	4.0	17.2
Operating Expenses	241.1	285.4	322.6	314.6	313.6	348.1
Pre Provision Profits	**225.3**	**249.3**	**268.3**	**292.9**	**318.3**	**392.7**
- Growth (%)	8.5	10.7	7.6	9.2	8.7	23.4
Core PPoP	**236.7**	**242.4**	**229.1**	**247.5**	**263.8**	**327.3**
- Growth (%)	32.8	2.4	-5.5	8.0	6.6	24.1
Provisions (excl tax)	182.4	117.4	16.7	25.4	27.1	57.6
PBT	**42.9**	**131.9**	**251.6**	**267.5**	**291.3**	**335.2**
Tax	17.8	49.5	85.3	98.5	72.2	83.8
Tax Rate (%)	41.5	37.5	33.9	36.8	24.8	25.0
PAT	**25.1**	**82.4**	**166.3**	**169.0**	**219.0**	**251.4**
- Growth (%)	-27.5	228.8	101.7	1.6	29.6	14.8

Balance Sheet						
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Share Capital	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	1,403.5	1,582.9	1,788.7
Net Worth	**998.6**	**1,064.8**	**1,273.6**	**1,426.5**	**1,605.9**	**1,811.7**
Deposits	**12,811.6**	**13,697.1**	**15,666.2**	**17,111.3**	**18,890.8**	**20,779.9**
- Growth (%)	11.8	6.9	14.4	9.2	10.4	10.0
of which CASA Dep	**5,380.2**	**5,525.0**	**5,735.4**	**6,096.2**	**7,178.5**	**8,270.4**
- Growth (%)	0.8	2.7	3.8	6.3	17.8	15.2
Borrowings	512.9	504.3	837.8	823.1	914.9	977.6
Other Liabilities & Prov.	295.2	352.2	404.1	498.0	572.7	658.6
Total Liabilities	**14,618.3**	**15,618.4**	**18,181.7**	**19,858.9**	**21,984.3**	**24,227.8**
Current Assets	1,551.1	1,291.0	1,487.2	1,619.5	1,612.2	1,588.3
Investments	3,960.0	4,203.2	4,973.1	4,941.1	5,336.4	5,768.7
- Growth (%)	6.4	6.1	18.3	-0.6	8.0	8.1
Loans	**8,308.3**	**9,344.3**	**10,774.7**	**12,252.9**	**13,907.1**	**15,645.5**
- Growth (%)	14.1	12.5	15.3	13.7	13.5	12.5
Fixed Assets	120.5	123.2	130.5	155.8	168.2	180.0
Other Assets	678.4	656.6	816.1	889.6	960.4	1,045.3
Total Assets	**14,618.3**	**15,618.4**	**18,181.7**	**19,858.9**	**21,984.3**	**24,227.8**

Asset Quality	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
GNPA	773.3	563.4	440.8	371.2	340.5	358.9
NNPA	225.9	68.0	42.9	36.1	32.9	33.5
Slippages	160.3	58.3	67.6	64.4	117.7	147.8
GNPA Ratio	8.7	5.7	4.0	3.0	2.4	2.2
NNPA Ratio	2.7	0.7	0.4	0.3	0.2	0.2
Slippage Ratio	2.1	0.7	0.7	0.6	0.9	1.0
Credit Cost	2.19	1.33	0.17	0.22	0.20	0.36
PCR (Excl Tech. write off)	70.8	87.9	90.3	90.3	90.3	90.7

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield- on Earning Assets	**6.5**	**7.5**	**7.6**	**7.1**	**7.2**	**7.3**
Avg. Yield on loans	7.4	8.6	8.6	7.7	8.0	8.1
Avg. Yield on Investments	6.7	6.9	6.8	6.9	6.7	6.8
Avg. Cost of Int. Bear. Liab.	**4.0**	**4.9**	**5.1**	**5.0**	**5.1**	**5.0**
Avg. Cost of Deposits	3.9	4.7	5.0	5.0	4.9	4.9
Interest Spread	**2.5**	**2.6**	**2.4**	**2.1**	**2.1**	**2.3**
Net Interest Margin	**2.6**	**2.8**	**2.7**	**2.3**	**2.4**	**2.6**
Capitalisation Ratios (%)						
CAR	15.5	16.0	17.1	17.8	18.0	18.0
Tier I	12.7	13.2	14.1	15.2	15.4	15.7
CET-1	11.2	11.1	12.4	13.7	13.8	14.1
Tier II	2.8	2.8	3.0	2.6	2.6	2.3
Business Ratios (%)						
Loans/Deposit Ratio	64.8	68.2	68.8	71.6	73.6	75.3
CASA Ratio	42.0	40.3	36.6	35.6	38.0	39.8
Cost/Assets	1.6	1.8	1.8	1.6	1.4	1.4
Cost/Total Income	51.7	53.4	54.6	51.8	49.6	47.0
Cost/Core income	2.0	-4.5	-0.8	-0.7	-0.6	-0.5
Int. Expense/Int.Income	59.5	62.5	64.9	67.3	66.9	64.9
Fee Income/Total Income	28.5	23.7	21.0	23.5	16.7	15.0
Non Int. Inc./Total Income	26.0	25.0	27.6	30.9	25.3	23.8
Empl. Cost/Total Expense	61.4	64.8	66.2	59.6	58.0	59.0
Efficiency Ratios (INRm)						
Employee per branch (in nos)	10.3	10.1	10.1	10.0	10.0	10.0
Staff cost per employee	1.4	1.8	2.1	1.8	1.7	1.9
CASA per branch	534.0	545.1	562.9	590.5	681.7	770.0
Deposits per branch	1,271.5	1,351.3	1,537.6	1,657.4	1,793.9	1,934.6
Business per Employee	202.8	225.1	257.3	284.6	311.6	339.3
Profit per Employee	0.2	0.8	1.6	1.6	2.1	2.3

Valuation ratios

RoE	2.8	8.7	15.3	13.5	15.5	15.7
RoA	0.2	0.5	1.0	0.9	1.0	1.1
RoRWA	0.4	1.2	2.1	1.9	2.3	2.3
Book Value (INR)	86	93	107	119	135	153
- Growth (%)	3.9	7.0	15.4	11.5	13.1	13.3
Price-BV (x)	**1.3**	**1.3**	**1.1**	**1.0**	**0.9**	**0.8**
Adjusted BV (INR)	68	84	101	113	129	146
Price-ABV (x)	**1.7**	**1.4**	**1.2**	**1.0**	**0.9**	**0.8**
EPS (INR)	2.3	7.5	14.8	14.7	19.1	21.9
Price-Earnings (x)	**51.1**	**15.5**	**7.9**	**7.9**	**6.1**	**5.3**
Dividend Per Share (INR)	0.7	1.5	2.9	3.0	3.4	4.0
Dividend Yield (%)	**0.6**	**1.3**	**2.5**	**2.6**	**3.0**	**3.4**

E: MOFSL Estimates

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