

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR112

TP: INR133 (+19%)

Buy

Earnings in line; margin contracts 17bp QoQ

Asset quality ratios improve slightly

- Canara Bank (CBK) reported 1QFY25 standalone PAT of INR39.1b (up 10.5% YoY, in line), driven by lower provisions.
- NII grew 5.8% YoY to INR91.7b (5% miss). Margin contracted 17bp QoQ to 2.9% hit by a change in the accounting policy, though management maintained its NIM guidance of 2.95% by exit-FY25.
- On the business front, loan book rose 10.7% YoY/1.6% QoQ to INR9.5t, while deposits grew 12% YoY/1.7% QoQ to INR13.3t. CASA ratio moderated 131bp QoQ to ~31%.
- GNPA/NNPA ratios improved 9bp/3bp QoQ to 4.14%/1.24%. Fresh slippages moderated slightly to INR30.2b from INR30.8b in 4QFY24.
- We broadly retain our projections and estimate CBK to deliver an FY26E RoA/RoE of 1.1%/19.3%. **Reiterate BUY with a TP of INR133 (premised on 1.1x FY26E ABV).**

Retail advances growth healthy; guides for exit FY25 NIMs of 2.95%

- CBK reported 1QFY25 standalone PAT of INR39.1b (up 10.5% YoY, in line), driven by lower provisions.
- NII grew 5.8% YoY to INR91.7b (5% miss) as the accounting treatment of penal interest has changed from recognizing it as interest income to other income. Margins moderated 17bp QoQ to 2.9%.
- Other income grew 10.4% YoY to INR53.2b (4% beat). Treasury income stood at INR5.03b vs. INR8.65b in 4QFY24. Total revenues thus grew 7.4% YoY (in line). Provisions came in lower than estimates at INR22.8b (down 16% YoY, 13% lower than MOFSLe).
- Operating expenses grew 16.8% YoY to INR68.7b (down 7.3% QoQ, inline). C/I ratio thus moderated 266bp QoQ to 47.4%. PPop remained flat YoY to INR 76.2b (4% miss).
- Loan book grew 10.7% YoY (up 1.6% QoQ), led by retail segment, which grew 12.4% QoQ as the bank introduced a retail gold loan product with higher rate of interest. However, it stopped offering gold loans in metropolitan regions for agricultural purpose, leading to the Agri book declining 4.9% QoQ.
- Deposits grew 12% YoY (up 1.7% QoQ) led by term deposits. CASA ratio thus moderated 131bp QoQ to ~31%.
- GNPA/NNPA ratio improved by 9bp/3bp QoQ to 4.14%/1.24% respectively. Fresh slippages moderated slightly to INR30.2b vs. INR30.8b in 4QFY24. PCR stood at 71%. Credit cost stood at 0.90% as against guidance of 1.1% for FY25.
- The total SMA Book increased to 1.13% in 1QFY25 from 0.69% in 4QFY24, mainly due to one central PSU entity in Andhra Pradesh.

Bloomberg	CBK IN
Equity Shares (m)	9071
M.Cap.(INRb)/(USDb)	1014.9 / 12.1
52-Week Range (INR)	129 / 64
1, 6, 12 Rel. Per (%)	-8/6/44
12M Avg Val (INR M)	4275

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	365.7	381.1	431.2
OP	294.1	316.5	361.4
NP	145.5	165.0	189.0
NIM (%)	2.7	2.5	2.6
EPS (INR)	16.0	18.2	20.8
EPS Gr. (%)	37.3	13.4	14.6
BV/Sh. (INR)	90	105	120
ABV/Sh. (INR)	80	95	110
RoE (%)	20.2	19.5	19.3
RoA (%)	1.0	1.1	1.1

Valuations

P/E (x)	7.0	6.2	5.4
P/BV (x)	1.2	1.1	0.9
P/ABV (x)	1.4	1.2	1.0

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	62.9	62.9	62.9
DII	11.2	14.4	16.0
FII	11.9	10.6	8.9
Others	14.0	12.1	12.2

Highlights from the management commentary

- The bank guided NIM to be at ~2.95% by exit-FY25.
- The accounting policy change hurt yields and NII. Earlier, the penal interest was shown in interest income, and now it is shown in other income, and the difference due to this has been ~INR1.5-1.6b.
- Canara Robeco disinvestment is expected to occur in 4Q, which will support CET-1 further.
- INR14b was added due to the new investment guidelines; of this, INR11b was added to reserve, and INR3b has gone to HTM.
- **Slippages break up:** INR9b in Agri, INR12.2b in MSME, INR5b in Retail, and INR6b in Corporate, including the existing NPA.

Valuation and view

CBK reported a mixed quarter with in-line earnings led by lower provisions, thereby offsetting the muted NII. NIM contracted 17bp QoQ due to a change in the accounting policy; however, management expects NIM at 2.95% for exit-FY25. Loan growth was led by the retail segment, while deposit growth was modest, with the CASA ratio seeing sequential moderation. There has been an improvement in overall asset quality ratios, with slippages seeing a slight improvement. We broadly maintain our earnings and estimate CBK to deliver an FY26E RoA/RoE of 1.1%/19.3%. **Reiterate BUY with a TP of INR133 (premised on 1.1x FY26E ABV).**

Quarterly performance

	FY24				FY25E				FY24	FY25E	FY25E 1QE	V/S our Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	86.7	89.0	94.2	95.8	91.7	93.9	96.6	98.9	365.7	381.1	96.6	(5)
% Change (Y-o-Y)	27.7	19.8	9.5	11.2	5.8	5.5	2.6	3.3	16.3	4.2	11.5	
Other Income	48.2	46.3	43.0	52.2	53.2	53.0	54.1	56.0	189.7	216.2	51.2	4
Total Income	134.8	135.4	137.1	148.0	144.9	146.9	150.6	154.9	555.3	597.3	147.8	(2)
Operating Expenses	58.8	59.2	69.1	74.1	68.7	69.1	69.9	73.1	261.2	280.9	68.5	0
Operating Profit	76.0	76.2	68.1	73.9	76.2	77.8	80.7	81.8	294.1	316.5	79.3	(4)
% Change (Y-o-Y)	15.1	10.3	-2.1	1.9	0.2	2.2	18.6	10.7	6.1	7.6	4.3	
Other Provisions	27.2	26.1	19.0	24.8	22.8	23.5	24.2	24.8	97.1	95.3	26.2	(13)
Profit before Tax	48.9	50.1	49.1	49.1	53.3	54.3	56.5	57.0	197.0	221.2	53.1	0
Tax	13.5	14.0	12.5	11.5	14.3	13.8	14.4	13.6	51.5	56.2	13.5	5
Net Profit	35.3	36.1	36.6	37.6	39.1	40.4	42.1	43.4	145.5	165.0	39.6	(1)
% Change (Y-o-Y)	74.8	42.8	26.9	18.3	10.5	12.1	15.1	15.5	37.3	13.4	12.0	
Operating Parameters												
Deposit (INR b)	11,925	12,322	12,629	13,124	13,352	13,710	14,084	14,370	13,124	14,370	13,348	
Loan ((INR b)	8,551	8,923	9,206	9,316	9,464	9,794	10,134	10,378	9,316	10,378	9,506	
Deposit Growth (%)	6.6	8.7	8.5	11.3	12.0	11.3	11.5	9.5	11.3	9.5	11.9	
Loan Growth (%)	14.5	13.2	12.8	12.2	10.7	9.8	10.1	11.4	12.2	11.4	11.2	
Asset Quality												
Gross NPA (%)	5.2	4.8	4.4	4.2	4.1	4.0	3.8	3.6	4.2	3.6	4.1	
Net NPA (%)	1.6	1.4	1.3	1.3	1.2	1.1	1.1	1.0	1.3	1.0	1.2	
PCR (%)	70.6	71.4	70.8	70.9	71.0	71.8	72.3	72.7	70.8	72.7	71.4	

E: MOFSL Estimates

Quarterly Snapshot

INR b	FY24				FY25	Change (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net Interest Income	86.7	89.0	94.2	95.8	91.7	6	-4
Other Income	48.2	46.3	43.0	52.2	53.2	10	2
Total Income	134.8	135.4	137.1	148.0	144.9	7	-2
Operating Expenses	58.8	59.2	69.1	74.1	68.7	17	-7
Employee	36.5	37.9	45.3	44.6	42.3	16	-5
Operating Profits	76.0	76.2	68.1	73.9	76.2	0	3
Core Operating Profits	73.1	72.6	65.0	67.2	72.7	-1	8
Provisions	27.2	26.1	19.0	24.8	22.8	-16	-8
PBT	48.9	50.1	49.1	49.1	53.3	9	9
Taxes	13.5	14.0	12.5	11.5	14.3	6	24
PAT	35.3	36.1	36.6	37.6	39.1	10	4
Balance sheet (INR b)							
Loans	8,551	8,923	9,206	9,316	9,464	11	2
Deposits	11,925	12,322	12,629	13,124	13,352	12	2
CASA Deposits	3,645	3,676	3,693	3,923	3,814	5	-3
- Savings	3,206	3,230	3,240	3,284	3,322	4	1
- Current	438	446	452	639	492	12	-23
Loan mix (%)							
Agriculture & Allied	25.1	25.6	25.5	26.4	37.4	1226	1100
MSME	14.2	14.3	14.1	13.7	20.9	670	722
Retail	16.0	16.0	16.2	16.3	27.3	1123	1098
Corporate and others	44.6	44.1	44.2	43.6	65.7	2103	2204
Asset Quality							
GNPA	457.3	439.6	417.2	406.0	403.6	-12	-1
NNPA	134.6	125.5	121.8	118.2	117.0	-13	-1
Slippages	34.3	64.2	95.9	129.9	163.3	376	26
Asset Quality Ratios							
	1Q	2Q	3Q	4Q	1Q	YoY (bp)	QoQ (bp)
GNPA (%)	5.2	4.8	4.4	4.2	4.1	-101	-9
NNPA (%)	1.6	1.4	1.3	1.3	1.2	-33	-3
PCR (Calculated, %)	70.6	71.4	70.8	70.9	71.0	44	12
PCR (inc TWO, %)	88.0	88.7	89.0	89.1	89.2	118	12
Slippage Ratio (%)	1.7	1.5	1.6	1.6	1.6	-9	-8
Business Ratios							
CASA	33.0	32.2	31.7	32.3	31.0	-202	-131
Loan/Deposit	71.7	72.4	72.9	71.0	70.9	-83	-11
Other income/Total Income	35.7	34.2	31.3	35.3	36.7	98	146
Cost to Income	43.6	43.7	50.4	50.1	47.4	381	-266
Cost to asset	1.8	1.7	2.0	2.1	1.9	11	-21
Tax Rate	27.6	28.0	25.5	23.4	26.8	-86	337
Capitalisation Ratios (%)							
Tier-1	13.6	13.6	13.4	14.0	14.4	79	42
- CET 1	11.5	11.6	11.3	11.6	12.1	55	47
CAR	16.2	16.2	15.8	16.3	16.4	14	10
RWA / Total Assets	43.0	43.1	44.8	44.9	44.6	153	-30
LCR	129.5	132.4	135.8	129.0	NA	NA	NA
Profitability Ratios							
Yield on loans	8.4	8.6	8.6	8.7	8.7	23	-5
Yield On Funds	7.3	7.3	7.5	7.5	7.7	44	18
Cost of Funds	4.8	4.9	4.9	5.0	5.3	49	25
Cost of Deposits	5.2	5.4	5.4	5.5	5.7	48	20
Margins	3.1	3.0	3.0	3.1	2.9	-15	-17
Other Details							
Branches	9653	9518	9585	9604	9623	-30	19
ATMs	12114	12118	10463	10209	10014	-2,100	-195



Highlights from the management commentary

Opening remarks

- The global business touched INR23.1t growth; global advances grew 9.86% YoY; while global deposits growth stood at 11.97% YoY.
- Due to shedding of low-yielding assets and corporates, advances grew 11% YoY.
- CET-1 had 12.05% with a 55bp YoY improvement first time.
- Credit cost was at 0.9% with a decline of 20bp YoY .
- RAM sector touched 57% of the total book as RAM alone grew 12.26% YoY.
- The Bank currently has a global CD ratio at 73.04%.
- The RoA/RoE improved to 1.05%/20.88% in 1QFY25 as against the guidance of 1%/18% for FY25.
- GNPA/NNPA both improved 9bp/3bp QoQ to 4.14%/ 1.24%. PCR stood at 89.2%.

Advances and deposits related

- Retail advances grew 12.39% QoQ and agri declined 4.86% as the bank stopped offering gold loans in metropolitan regions for agricultural purposes. It has introduced a retail product in gold loan with a little higher rate of interest and lower LTV and this product received very well response in the metropolitan regions.
- The entire RAM business growth is solely derived from bank's brick-and-mortar branch outlets without portfolio buyouts or significant co-lending participation.
- Agri gold loan book yield was ~8.75%.
- The incremental deposit growth, excluding CASA, saw retail term deposit growth at ~7% and bulk deposit growth at ~7.5%-7.8%. The average cost of incremental deposits has risen above 7.5%, and is expected to persist for the next few quarters amid ongoing liquidity concerns and competition from mutual funds.
- Despite higher costs, deposits have grown over 11%, supported by the central government's sovereign guarantee. Meanwhile, the yield on advances has seen minimal change, primarily due to reclassification of penal interest income, resulting in a slight 6bps reduction to 8.66%. Further improvement in advance yields hinges on potential repo rate, as current corporate sector yields have peaked at an all-time high of 8.21%.
- ~INR190b is there under retail gold loan. ~INR960b in housing loan and INR170b in vehicle loan, INR160b under educational loan.
- 51% of the loan book is linked to MCLR, 38% RRLR, and the remaining is staff loan and loan against deposits.
- The savings bank initiative has started generating results and SB individuals have gone up at a healthy pace.
- The bank received funds of INR150b in the current account in the March quarter, which has been converted into bulk deposits now.
- CBK has already raised INR100b against infra bonds as approved by the Board.
- ~INR480-520b comes from institutional deposits, out of which ~INR220b will be of government.
- In case of NPL, we are making 100% provision specially in case of doubtful and loss asset, but if there are good security then they can make less provisions if new accounting system comes.
- Investment in MF of INR75b has led to increase in non-SLR as bank has surplus fund so they had put that in MF and CD.

Yield, costs, and margins related

- NIM in 1Q was low as it was calculated on the basis of the hour's business with initial quarter reflecting higher figures that tapered gradually. Management expects NIMs to be ~2.95% by exit-FY25.
- One accounting policy has changed and therefore Yields and NII were affected; earlier, the penal interest was shown in interest income and now it is shown in other income, and difference due to this has been ~INR1.5-1.6b.
- Last quarter, interest income from overnight deployment of surplus funds was INR20b, which has decreased to INR18b this quarter, resulting in a shortfall of INR2b that has affected NII.
- C/I has reduced to 47% as staff cost was very high in March quarter and all arrears has been paid at that time and now this has improved.
- The staff cost, as per the bipartite settlement, has been fully provisioned by the bank based on a 17% rate, and all associated expenses have already been accounted for.

Asset quality related

- Slippages break up: INR9b in Agri, INR12.2b in MSME, INR5b in retail and INR6b from Corporate including existing NPA.
- O/S restructured book is INR160b, out of which INR110b are standard asset and ~INR49b are ~5000days under NPA.
- SMA-0 increased due to one account which is central public sector undertaking based in Andhra Pradesh.
- Bank is trying of further reduction of ~INR1-2b reduction in slippages QoQ and is confident of reaching that.

Impact due to the RBI's investment guidelines

- Impact on yield on investment due to guideline is increase of 3bps to 6.94% from 6.91%.
- INR14b that got added due to guidelines, out of this INR11b is added on reserve and INR3b has gone to HTM.
- CET-1 is healthy and so bank has no need to raise capital, bank has taken approval of board to raise capital through AT-1 bonds of INR40b and tier-2 bonds of INR45b.
- Canara Robecco disinvestment is expected to come in 4Q which will support CET-1 further.
- Due to new investment guideline, there is no chance of shifting periodically from healthy maturity to available for sale and therefore investment has shown an improvement but at the same time treasury yields have to come down.

Guidance

- CBK gives guidance on a conservative basis and the bank wants to outperform on the guidance.
- CBK aims to maintain the guidance of 10% growth on advances and deposits.
- The bank guided NIM to be at 2.95% by exit-FY25.
- Management guides GNPA/NNPA of 3.5%/1.1% in FY25 and global PCR of 90%.

Story in charts

Exhibit 1: Loan book grew ~10.7% YoY (up 1.6% QoQ)

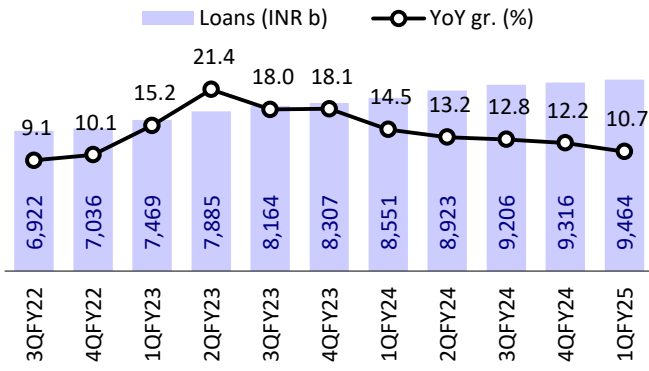


Exhibit 2: Deposits grew 11% YoY (up 1.7% QoQ)

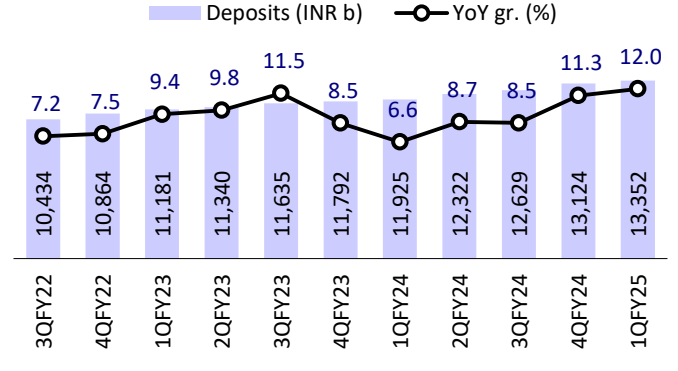


Exhibit 3: NIM contracted 17bp QoQ to 3.07%

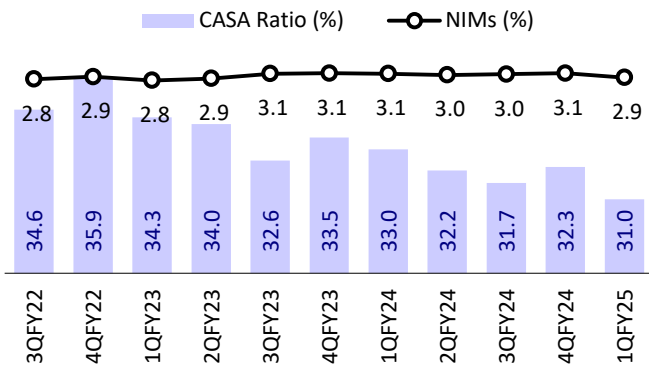


Exhibit 4: Cost of fund increased 25bp QoQ to 5.3%

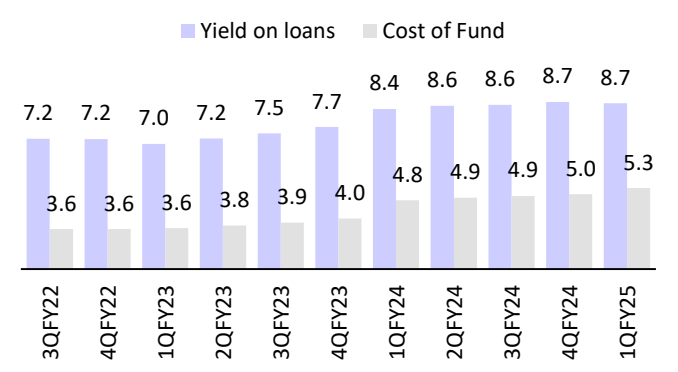


Exhibit 5: C/I ratio moderated 266bp QoQ to 47.4%

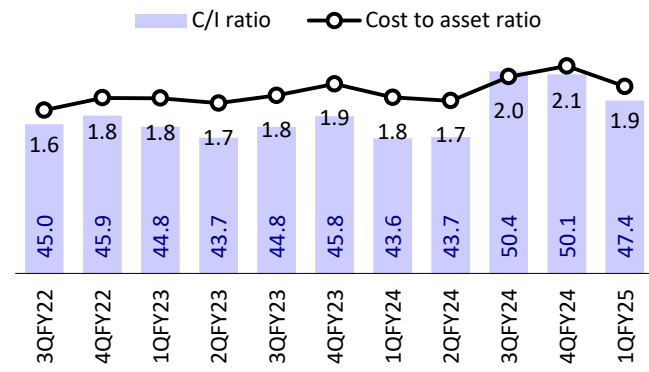


Exhibit 6: C/D ratio stood broadly flat at 70.9%

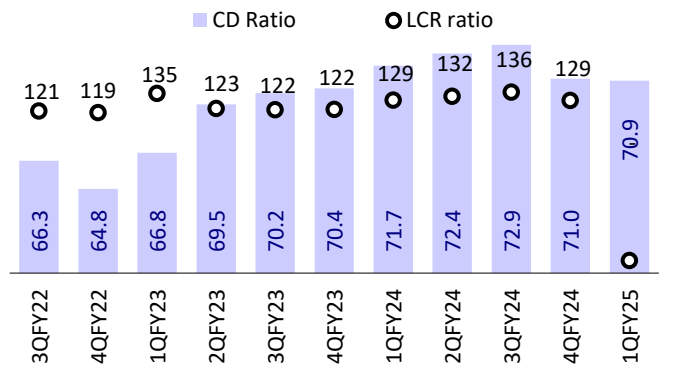


Exhibit 7: Slippages (Fresh + existing) fell to INR33.4b

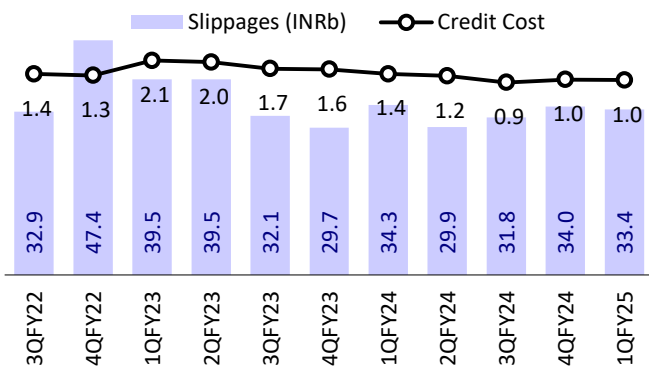
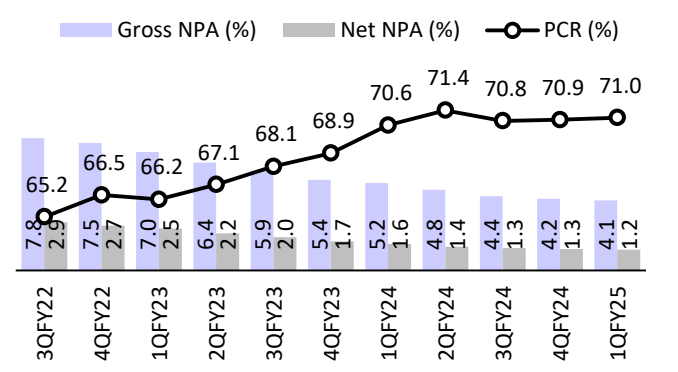


Exhibit 8: GNPA/NNPA ratio improved 9bp/3bp QoQ



Source: MOFSL, Company

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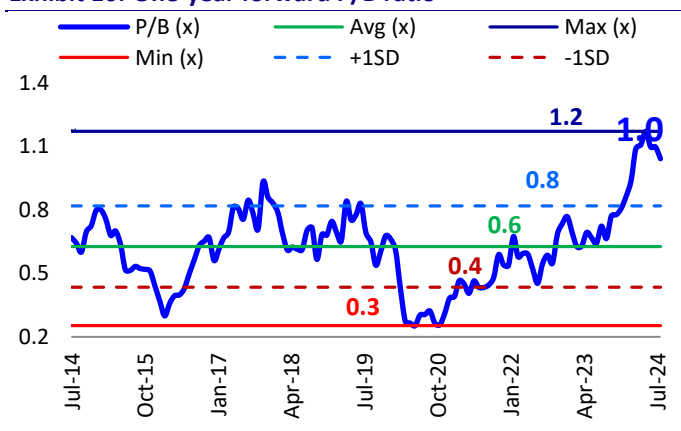
Valuation and view: Retain BUY with a TP of INR133

- CBK reported a mixed quarter with in-line earnings led by lower provisions, thereby offsetting the muted NII. NIM contracted 17bp QoQ due to a change in the accounting policy; however, management expects NIM at 2.95% for exit-FY25.
- Loan growth was led by the retail segment, while deposit growth was modest, with the CASA ratio seeing sequential moderation. There has been an improvement in overall asset quality ratios, with slippages seeing a slight improvement.
- We broadly maintain our earnings and estimate CBK to deliver an FY26E RoA/RoE of 1.1%/19.3%. **Reiterate BUY with a TP of INR133 (premised on 1.1x FY26E ABV).**

Exhibit 9: Changes to our estimates

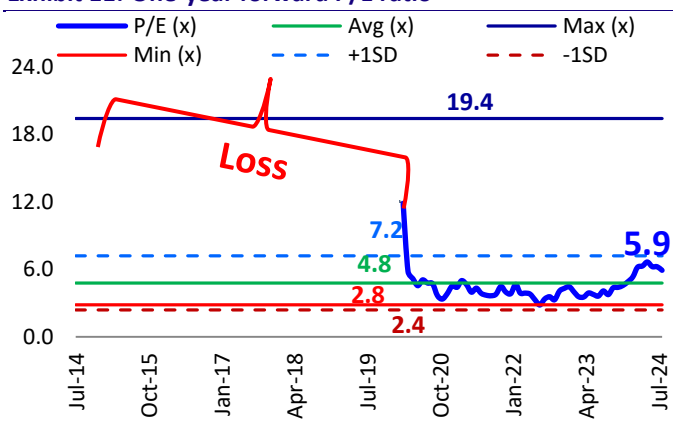
INR b	Old Est		Rev Est		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Net Interest Income	395.1	444.3	381.1	431.2	-3.5	-2.9
Other Income	211.5	236.9	216.2	240.4	2.2	1.5
Total Income	606.6	681.2	597.3	671.7	-1.5	-1.4
Operating Expenses	279.5	308.8	280.9	310.3	0.5	0.5
Operating Profits	327.1	372.4	316.5	361.4	-3.3	-3.0
Provisions	102.7	114.6	95.3	108.0	-7.1	-5.7
PBT	224.4	257.8	221.2	253.3	-1.5	-1.7
Tax	57.0	65.5	56.2	64.3	-1.5	-1.7
PAT	167.4	192.3	165.0	189.0	-1.5	-1.7
Loans	10,434	11,665	10,378	11,541	-0.5	-1.1
Deposits	14,370	15,807	14,370	15,807	0.0	0.0
Margins (%)	2.61	2.66	2.53	2.60	-3.4	-2.4
Credit Cost (%)	1.04	1.04	0.97	0.99	-6.9	-5.0
RoA (%)	1.07	1.11	1.05	1.10	-1.5	-1.7
RoE (%)	19.8	19.6	19.5	19.3	-1.3	-1.3
BV	105	120	105	120	-0.3	-0.5
ABV	96	111	95	110	-0.5	-1.1
EPS	18	21	18	21	-1.5	-1.7

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 gradually

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	6.90	6.29	5.83	6.56	7.66	7.52	7.42
Interest Expense	5.05	4.10	3.61	4.12	5.08	5.09	4.92
Net Interest Income	1.85	2.19	2.22	2.44	2.58	2.43	2.50
Non-Interest income	1.10	1.35	1.39	1.46	1.34	1.38	1.39
Total Income	2.95	3.54	3.60	3.90	3.91	3.81	3.89
Operating Expenses	1.63	1.76	1.55	1.75	1.84	1.79	1.80
Employee cost	1.01	1.15	0.95	1.07	1.16	1.10	1.10
Other operating expenses	0.63	0.60	0.60	0.68	0.68	0.69	0.70
Operating Profits	1.32	1.79	2.05	2.15	2.07	2.02	2.09
Core operating Profits	1.21	1.52	1.83	2.01	1.96	1.90	1.96
Provisions	1.57	1.45	1.19	1.05	0.68	0.61	0.63
PBT	(0.25)	0.34	0.87	1.10	1.39	1.41	1.47
Tax	0.07	0.10	0.28	0.28	0.36	0.36	0.37
RoA	(0.32)	0.23	0.48	0.82	1.03	1.05	1.10
Leverage (x)	22.63	26.37	22.01	20.80	19.71	18.55	17.65
RoE	(7.13)	6.12	10.50	17.14	20.22	19.54	19.33

Financials and Valuations

Income Statement							(INR b)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	489.3	692.8	694.1	844.2	1,086.9	1,178.2	1,280.4
Interest Expense	358.1	451.8	430.3	529.9	721.2	797.1	849.2
Net Interest Income	131.2	241.0	263.8	314.4	365.7	381.1	431.2
- growth (%)	-9.4	83.7	9.5	19.1	16.3	4.2	13.2
Non-Interest Income	78.1	149.2	165.0	187.6	189.7	216.2	240.4
Total Income	209.4	390.3	428.8	502.0	555.3	597.3	671.7
- growth (%)	-0.6	86.4	9.9	17.1	10.6	7.6	12.4
Operating Expenses	115.8	193.4	184.4	224.8	261.2	280.9	310.3
Pre Provision Profits	93.6	196.9	244.4	277.2	294.1	316.5	361.4
- growth (%)	-11.6	110.4	24.2	13.4	6.1	7.6	14.2
Core PPOp	86.0	166.9	218.5	258.2	277.9	297.0	339.0
- growth (%)	31.0	94.1	30.9	18.2	7.6	6.9	14.1
Provisions	111.2	159.8	141.3	135.4	97.1	95.3	108.0
Exceptional Item (Exp)	NA	NA	13.5	NA	NA	NA	NA
PBT	-17.6	37.1	89.6	141.7	197.0	221.2	253.3
Tax	4.8	11.5	32.8	35.7	51.5	56.2	64.3
Tax Rate (%)	-27.4	31.0	36.6	25.2	26.1	25.4	25.4
PAT	-22.4	25.6	56.8	106.0	145.5	165.0	189.0
- growth (%)	-744.3	-214.4	122.0	86.7	37.3	13.4	14.6

Balance Sheet							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	10.3	16.5	18.1	18.1	18.1	18.1	18.1
Reserves & Surplus	382.6	572.4	643.0	717.9	851.4	982.8	1,118.0
Net Worth	392.9	588.8	661.1	736.1	869.5	1,000.9	1,136.2
Deposits	6,253.5	10,108.7	10,864.1	11,792.2	13,123.7	14,370.4	15,807.5
- growth (%)	4.4	61.6	7.5	8.5	11.3	9.5	10.0
- CASA Deposits	1,962.1	3,309.0	3,688.3	3,665.8	3,924.1	4,584.2	5,105.8
- growth (%)	12.2	68.6	11.5	-0.6	7.0	16.8	11.4
Borrowings	427.6	499.8	462.8	580.9	575.9	642.3	717.3
Other Liabilities & Prov.	164.7	339.3	293.0	348.2	346.3	391.3	438.2
Total Liabilities	7,238.7	11,536.8	12,281.0	13,457.3	14,915.4	16,405.0	18,099.2
Current Assets	682.7	1,784.1	1,820.5	1,414.2	1,507.6	1,553.5	1,652.5
Investments	1,762.4	2,616.9	2,820.1	3,190.4	3,574.5	3,874.8	4,204.2
- growth (%)	15.2	48.5	7.8	13.1	12.0	8.4	8.5
Loans	4,321.8	6,390.5	7,036.0	8,306.7	9,316.1	10,378.2	11,540.5
- growth (%)	1.0	47.9	10.1	18.1	12.2	11.4	11.2
Fixed Assets	82.8	112.1	113.6	102.3	122.3	128.4	137.4
Other Assets	389.1	633.2	490.8	443.7	394.9	470.1	564.7
Total Assets	7,238.7	11,536.8	12,281.0	13,457.3	14,915.4	16,405.0	18,099.2

Asset Quality							
GNPA (INR b)	370.4	602.9	556.5	461.6	406.0	386.4	394.0
NNPA (INR b)	184.7	248.4	190.6	143.9	118.6	105.7	106.6
Slippages (INR b)	150.4	419.7	138.9	119.8	106.3	142.8	162.2
GNPA Ratio (%)	8.2	8.9	7.5	5.4	4.2	3.6	3.3
NNPA Ratio (%)	4.3	3.9	2.7	1.7	1.3	1.0	0.9
Slippage Ratio (%)	3.5	6.8	2.2	1.7	1.7	1.5	1.5
Credit Cost (%)	2.5	2.6	1.5	1.3	1.0	0.9	1.0
PCR (Excl Tech. write off) (%)	50.1	58.8	65.7	68.8	70.8	72.7	72.9

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	7.4	6.7	6.2	6.9	8.0	7.8	7.7
Avg. Yield on loans	8.4	8.0	7.4	8.0	8.9	9.0	8.8
Avg. Yield on Investments	7.0	6.7	6.3	6.6	6.8	6.9	6.9
Avg. Cost-Int. Bear. Liab.	5.5	4.4	3.8	4.3	5.3	5.5	5.4
Avg. Cost of Deposits	5.5	4.4	3.8	4.3	5.3	5.5	5.4
Interest Spread	1.9	2.3	2.4	2.6	2.6	2.3	2.3
Net Interest Margin	1.99	1.92	2.35	2.56	2.68	2.53	2.60

Capitalisation Ratios (%)

CAR	13.7	13.3	15.0	16.7	16.3	10.6	12.4
- Tier I	10.2	10.2	12.0	13.8	14.0	13.2	12.9
- CET-1	9.4	8.6	10.3	11.6	11.7	10.5	9.8
- Tier II	3.5	3.1	3.0	2.9	2.3	-2.6	-0.5

Business Ratios (%)

Loans/Deposit Ratio	69.1	63.2	64.8	70.4	71.0	72.2	73.0
Investment/Deposit Ratio	28.2	25.9	26.0	27.1	27.2	27.0	26.6
CASA Ratio	31.4	32.7	33.9	31.1	29.9	31.9	32.3
Cost/Assets	1.6	1.7	1.5	1.7	1.8	1.7	1.7
Cost/Total Income	55.3	49.6	43.0	44.8	47.0	47.0	46.2
Cost/Core Income	57.4	53.7	45.8	46.5	48.5	48.6	47.8
Int. Expense/Int.Income	73.2	65.2	62.0	62.8	66.4	67.7	66.3
Fee Income/Net Income	33.7	30.6	32.4	33.6	31.2	32.9	32.5
Non Int. Inc./Net Income	37.3	38.2	38.5	37.4	34.2	36.2	35.8
Empl. Cost/Op. Exps.	61.6	65.6	61.6	61.1	62.9	61.4	61.2

Efficiency Ratios (%)

Employee per branch (in nos)	9.3	8.5	8.9	8.8	8.6	8.7	8.8
Staff cost per employee (INR m)	1.2	1.4	1.3	1.6	2.0	2.0	2.2
CASA/Branch (INRm)	309.8	317.7	378.9	377.7	408.6	472.6	521.2
Deposit/Branch (INRm)	987.3	970.5	1,116.1	1,214.9	1,366.5	1,481.5	1,613.5
Business per Employee (INR m)	180.4	187.0	205.9	236.5	271.5	293.6	318.1
Profit per Employee (INR m)	-0.4	0.3	0.7	1.2	1.8	2.0	2.2

Profitability and Valuation

RoE	-7.1	6.1	10.5	17.1	20.2	19.5	19.3
RoA	-0.3	0.2	0.5	0.8	1.0	1.1	1.1
RoRWA	-0.6	0.5	1.1	1.9	2.2	2.2	2.2
Book Value (INR)	70	66	68	77	90	105	120
- growth (%)	-19.8	-5.1	2.6	13.1	17.9	16.0	14.2
Price-BV (x)	1.6	1.7	1.7	1.5	1.2	1.1	0.9
Adjusted BV (INR)	43	44	52	64	80	95	110
Price-ABV (x)	2.6	2.6	2.2	1.7	1.4	1.2	1.0
EPS (INR)	-5.0	3.1	6.6	11.7	16.0	18.2	20.8
- growth (%)	-637.0	-161.9	111.3	78.1	37.3	13.4	14.6
Price-Earnings (x)	-22.3	36.1	17.1	9.6	7.0	6.2	5.4
Dividend Per Share (INR)	0.0	0.0	1.3	2.4	3.2	3.7	5.9
Dividend Yield (%)	0.0	0.0	1.2	2.1	2.9	3.3	5.3

E: MOFSL Estimates

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