

Punjab National Bank

Estimate change 

TP change 

Rating change 

Bloomberg	PNB IN
Equity Shares (m)	11011
M.Cap.(INRb)/(USD\$b)	1320.8 / 15.8
52-Week Range (INR)	143 / 59
1, 6, 12 Rel. Per (%)	-8/-2/64
12M Avg Val (INR M)	6147

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	400.8	432.8	467.1
OP	249.3	283.1	310.2
NP	82.4	140.9	169.1
NIM (%)	2.8	2.8	2.8
EPS (INR)	7.5	12.8	15.4
EPS Gr. (%)	228.8	71.0	20.0
BV/Sh. (INR)	93	103	115
ABV/Sh. (INR)	84	95	106

Ratios

RoE (%)	8.7	13.6	14.5
RoA (%)	0.5	0.9	1.0

Valuations

P/E(X)	16.3	9.5	7.9
P/BV (X)	1.3	1.2	1.1
P/ABV (X)	1.5	1.3	1.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	73.2	73.2	73.2
DII	10.8	12.4	13.5
FII	5.5	4.8	1.8
Others	10.6	9.7	11.6

FII Includes depository receipts

CMP: INR122

TP: INR135 (+11%)

Neutral

Strong quarter; asset quality surprises positively

FY25 credit cost and GNPA guidance cut sharply

- Punjab National Bank (PNB) reported a 1QFY25 PAT of INR32.5b (8% beat), led by sharply lower provisions (67% YoY decline).
- NII grew 10.2% YoY to INR104.8b (in line), while NIM contracted slightly by 3bp QoQ to 3.07% (3.21% domestic).
- Opex declined 8.4% QoQ; however; was still higher than our estimate due to the PSLC charges. PPop thus stood at INR65.8b (5% miss).
- Loan book grew 14% YoY (5.3% QoQ) to INR9.8t, led by a healthy traction in retail loans (5.4% QoQ growth). The C/D ratio inched up to 70%, which still remains lower than most peers. CASA mix moderated 136bp QoQ to 40.1%.
- Slippages increased marginally to INR17.6b (0.9% annualized), while healthy recovery and upgrades along with accelerated w-off enabled a sharp decline in GNPA/NNPA ratios by 75bp/13bp to 4.98%/0.6%. PCR improved 50bp QoQ to 88.4% in 1QFY25.
- We raise our EPS estimates by 5.6%/0.8% for FY25/FY26, factoring in lower provisions, healthy NII, and steady margins. We estimate an RoA/RoE of 1.0%/14.5% in FY26. **Reiterate Neutral with a revised TP of INR135 (vs. INR130), premised on 1.1x FY26E BV.**

C/D ratio comfortable at ~70%, PCR improves further to 88%

- PNB reported a PAT of INR32.5b (+159% YoY, 8% beat) amid a sharp decline in provisions (67% YoY decline, 43% lower than MOFSLe).
- NII grew 10% YoY (1% QoQ), while NIM contracted marginally by 3bp QoQ to 3.07%. Other income declined 15% QoQ to INR36.1b (in line), supported by both healthy fee income and treasury gains of INR5.8b in 1QFY25.
- Opex increased 8% YoY (declined 8.4% QoQ as the bank provided for AS-15 wage provision in 4QFY24), though it stood 7% higher than MOFSLe as PNB purchased PSLC worth INR5.58b in 1QFY25. As a result, the C/I ratio stood elevated at 53% (vs. 56% in 4Q). PPop thus grew 10% YoY to INR65.8b (5% miss vs. MOFSLe).
- Loan book grew at a healthy 13.9% YoY (5.3% QoQ) to INR9.8t, amid continued traction in Retail, Agri, MSME, as well as the corporate segments. Retail growth was strong at 5.4% QoQ. PNB guided a healthy traction in credit growth at 11-12%, led by RAM segment.
- Deposits grew 8.5% YoY (2.8% QoQ) to INR14.1t, led by healthy traction in TDs/international deposits at 24% YoY/5.5% QoQ. CASA ratio thus moderated to 40.1% from 41.4% in 4QFY24.
- On the asset quality front, slippages moderated 20% QoQ to INR17.5b (0.9% annualized). GNPA/NNPA stood at 4.98%/0.6%. PCR rose to 88.4%.
- SMA-2 (above INR50m) inched up 12% QoQ to INR16.04b and stood at 16bp of domestic loans.

Highlights from the management commentary

- NIM (domestic) stood at 3.21%, NIM (global) was 3.07% in 1QFY25. NIM guidance is 2.9-3.0%. The bank will aim for NII improvement in every quarter.
- Management expects GNPA/NNPA ratio to be below 4.0%/0.5% by FY25.
- About INR5.58b was spent for the purchase of PSLC, and therefore, opex rose. However, this is a non-recurring expense.
- About INR30b+ recovery from NCLT is expected for FY25, which is normally corporate in nature.

Valuation and view: Reiterate Neutral with a revised TP of INR135

PNB reported a healthy quarter characterized by a sharp decline in provisions. NII broadly stood in line, while NIM contracted marginally in 1QFY25. PPop witnessed a slight miss amid higher opex in 1Q on account of PSLC costs. Advances growth was robust, and management aims to improve its share in the RAM portfolio, which will support margins. Asset quality continues to witness a sharp improvement as recoveries and w-off continued to stay at higher levels. PCR thus improved further to 88%, while asset quality ratios also improved. SMA overdue (with loans over INR50m) remained under control at 0.16% of domestic loans, while the bank continues to guide robust recoveries at 2x of slippages. Thus, it guided GNPA ratio to decline to ~4% (earlier guidance of 5%), while credit cost is guided at 0.5% (earlier guidance at 1%). We raise our EPS estimates by 5.6%/0.8% for FY25/FY26, factoring in lower provisions, healthy NII, and steady margins. We estimate an RoA/RoE of 1.0%/14.5% in FY26. **Reiterate Neutral with a revised TP of INR135 (vs. INR130), based on 1.1x FY26E BV.**

Quarterly performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY24	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	95.0	99.2	102.9	103.6	104.8	107.3	109.1	111.6	400.8	432.8	103.5	1%
% Change (YoY)	26.0	20.0	12.1	9.1	10.2	8.2	6.0	7.7	16.2	8.0	8.9	
Other Income	34.3	30.3	26.7	42.5	36.1	36.0	37.8	40.1	133.8	149.9	36.0	0%
Total Income	129.4	129.5	129.7	146.1	140.9	143.3	146.8	151.7	534.7	582.7	139.5	1%
Operating Expenses	69.7	67.3	66.4	82.0	75.0	72.2	74.6	77.7	285.4	299.6	70.4	7%
Operating Profit	59.7	62.2	63.3	64.2	65.8	71.1	72.2	73.9	249.3	283.1	69.1	-5%
% Change (YoY)	10.9	11.7	10.8	9.4	10.3	14.4	14.1	15.3	10.7	13.6	15.9	
Provisions	39.7	34.4	27.4	15.9	13.1	14.5	15.0	16.7	117.4	59.4	22.9	-43%
Profit before Tax	20.0	27.7	35.9	48.3	52.7	56.6	57.3	57.2	131.9	223.7	46.3	14%
Tax	7.5	10.2	13.7	18.2	20.2	20.9	21.2	20.5	49.5	82.8	16.2	25%
Net Profit	12.6	17.6	22.2	30.1	32.5	35.6	36.1	36.7	82.4	140.9	30.1	8%
% Change (YoY)	307.0	327.0	253.5	159.8	159.0	102.9	62.3	22.0	228.8	71.0	139.7	
Operating Parameters												
Deposits	12,979	13,099	13,235	13,697	14,082	14,221	14,594	14,861	13,697	14,861	14,083	
Loans	8,637	8,899	9,164	9,344	9,840	9,836	10,186	10,438	9,344	10,438	9,862	
Deposit Growth (%)	14.2	9.8	9.3	6.9	8.5	8.6	10.3	8.5	6.9	8.5	8.5	
Loan Growth (%)	16.3	15.1	14.5	12.5	13.9	10.5	11.1	11.7	12.5	11.7	14.2	
Asset Quality												
Gross NPA (%)	7.7	7.0	6.2	5.7	5.0	4.7	4.2	4.0	5.7	4.0	5.2	
Net NPA (%)	2.0	1.5	1.0	0.7	0.6	0.6	0.5	0.5	0.7	0.5	0.6	
PCR (%)	75.8	80.0	85.4	87.9	88.4	88.5	88.3	88.7	87.9	88.7	88.1	

Quarterly snapshot

	FY24				FY25	Change (%)	
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Profit and Loss, INRb							
Net Interest Income	95.0	99.2	102.9	103.6	104.8	10	1
Other Income	34.3	30.3	26.7	42.5	36.1	5	-15
Trading profits	4.2	2.1	-7.9	8.6	5.8	40	-32
Total Income	129.4	129.5	129.7	146.1	140.9	9	-4
Operating Expenses	69.7	67.3	66.4	82.0	75.0	8	-8
Employee	44.9	42.0	41.7	56.3	45.5	1	-19
Others	24.8	25.3	24.7	25.7	29.5	19	15
Operating Profits	59.7	62.2	63.3	64.2	65.8	10	3
Core Operating Profits	55.5	60.1	71.2	55.6	60.0	8	8
Provisions	39.7	34.4	27.4	15.9	13.1	-67	-17
Others	-0.9	5.4	6.8	-3.3	1.3	-248	-139
PBT	20.0	27.7	35.9	48.3	52.7	163	9
Taxes	7.5	10.2	13.7	18.2	20.2	170	11
PAT	12.6	17.6	22.2	30.1	32.5	159	8
Balance Sheet, INRb							
Loans	8,637	8,899	9,164	9,344	9,840	14	5
Deposits	12,979	13,099	13,235	13,697	14,082	9	3
CASA Deposits	5,308	5,383	5,475	5,525	5,491	3	-1
-Savings	4,640	4,712	4,789	4,803	4,844	4	1
-Current	668	670	686	722	647	-3	-10
Loan Mix (%)							
Retail	23.2	24.1	23.0	23.6	23.8	59	21
Agri	16.5	16.2	16.6	16.8	17.1	62	33
Corporate	45.3	44.4	44.9	44.8	44.5	-72	-28
MSME	15.0	15.3	15.5	14.8	14.5	-49	-27
Asset Quality, INRb							
GNPA	709	656	604	563	513	-28	-9
NNPA	171	131	88	68	59	-65	-13
Slippages	24	18	18	22	18	-27	-20
Asset Quality Ratios (%)							
	1Q	2Q	3Q	4Q	1Q	YoY(bp)	QoQ(bp)
GNPA	7.7	7.0	6.2	5.7	5.0	-275	-75
NNPA	2.0	1.5	1.0	0.7	0.6	-138	-13
PCR (Cal.)	75.8	80.0	85.4	87.9	88.4	1,259	50
PCR (Incl. TWO)	89.8	91.9	94.3	95.4	95.9	607	51
Credit Cost	2.0	1.7	1.3	0.9	0.6	-141	-32
Business Ratios (%)							
CASA	41.9	42.2	42.5	41.4	40.1	-182	-136
Loan/Deposit	66.5	67.9	69.2	68.2	69.9	333	165
Fees to Total Income	23.3	21.8	26.7	23.2	21.5	-185	-172
Cost to Core Income	55.7	52.8	48.2	59.6	55.6	-8	-401
Tax Rate	37.3	36.7	38.1	37.6	38.3	97	64
Capitalisation Ratios (%)							
Tier-1	12.3	12.0	11.7	13.2	13.0	75	-13
- CET 1	10.9	10.2	9.9	11.0	11.0	10	-9
CAR	15.5	15.1	14.6	16.0	15.8	25	-18
LCR	159.5	149.3	136.9	141.6	NA		
Profitability Ratios (%)							
Yield on loans	8.1	8.2	8.5	8.4	8.3	28	-11
Yield on Funds	6.7	6.9	7.1	7.2	7.2	44	1
Cost of Deposits	4.7	4.9	5.0	5.1	5.1	38	1
Cost of Funds	4.2	4.3	4.4	4.5	4.5	35	2
Margins	3.08	3.11	3.15	3.10	3.07	-1	-3
Other Details							
Branches	10,080	10,092	10,108	10,136	10,150	70	14
ATM	12,820	12,645	12,455	12,131	12,080	-740	-51



Highlights from the management commentary

Opening remarks

- This quarter was one of the best quarters of the bank. And PNB delivered better than what was previously guided.
- Deposit grew 8.5% YoY/2.8% QoQ, while advances grew 12.2% YoY/4.6% QoQ in 1QFY25.
- The Board has approval to raise funds: AT-1 – INR75b (which is reduced to INR55b), and Tier I – INR100b.
- CAR – 15.79%, CET 1 – 10.95%. PNB is not in an immediate need of capital.
- CASA guidance is 42% for FY25, current CASA stands at 40.08%.
- RAM is 55.5% of the total overall advances, bank aims to bring RAM to 60% in next 2-3 years.
- Net profit for 1Q was INR32b with growth of 159% YoY.
- GNPA and NNPA have reduced and are below the earlier guidance and the bank has well achieved this guidance.

Yields, Costs, and Margins

- Current NIM stands at 3.25% and the bank expects 2.9-3.0% of margin in FY25. PNB aims for the absolute number for NII from hereon.
- In net interest income, the impact of recovery has been in the range of ~INR6-7b every quarter.
- ~INR130m is booked in penal interest in other income.
- Cost of deposits is increasing due to tight liquidity conditions and increase in the deposits rate.

Advances and Deposits

- Credit growth guidance is at 11-12%, credit growth was more than the guidance in all previous quarters.
- PNB is not deliberately raising deposits through bulk deposits. Bank will continue to focus on garnering CASA deposits.
- LCR stood at ~125% in 1QFY25, the impact will be 10% due to new guideline on LCR and expected to be ~115% due to this.
- Short-term advances are also available in the book and therefore the bank has given conservative credit growth guidance at 11-12%.
- 4.76 was the modified duration for the entire portfolio and 3.76 was the modified duration for AFS and HFT.
- Unsecured book stood at INR276.3b; of which, Credit Card was INR9.3b, Education loan – INR49b, personal loan – INR44.5b and other personal loans – INR180.2b, of which PAPL – INR43b and remaining – INR137b.
- In fixed rate loan, ~10% comes from agriculture. PNB aims to increase share of RAM from 55% to 60% going forward.
- Bank has INR1t of excess SLR and the bank has other levers to deposit this money.
- PNB remains opportunistic to the corporate growth.
- The bank is maintaining its market share in the current account segment, boosted by the launch of a corporate mobile app.

Asset Quality

- Slippages Break-up: Agri – INR3990m, MSME - INR6,370m, Retail – INR4,930b, INR1,020m increase in existing slippages.
- Slippage stood at 0.76% as against guidance of 1%, this is the lowest in last 12 quarters.
- From the new book, NPA: Retail - 0.27%, Agri – 0.52% and MSME – 1.47%.
- Of the PAPL book, NPA is 1.86% whether digital or non-digital
- Recovery from NCLT book is INR2.9b, for the balance of the year expectation is Q2 – INR12b, Q3 – INR9.97b, Q4 – INR5b
- Recovery in 1QFY25 was impacted as 60% of the staff was involved in elections.
- In NCLT, ~813 accounts applied , ~790 accounts are admitted, ~23 account remaining to be admitted and ~307 accounts are under liquidation.
- ~INR30b+ recovery from NCLT is expected for FY25 and which is normally corporate in nature.
- Recovery in 1QFY25: INR4.49b is Agri, INR9b is MSME and ~INR10b is in corporate.
- SMA 1 and 2 total stood at INR230b.
- SMA-0 breakup: INR200b in retail, INR160b in Agri and INR8b in MSME.
- There is consistent reduction in slippages and there is no stress visible.
- The bank has recoveries target of 2X of the slippages. Bank expects INR180b of recovery guidance.

Opex related

- ~INR5.58b is for purchase of PSLC and therefore opex has increased but this is a non-recurring expenses.
- Discussions with tax consultants are underway for transitioning towards the new tax regime, while the bank continues to benefit from certain provisions of the old tax regime.

The RBI guidelines on investment

- Due to revised guideline, yield on investment in not impacted.
- ~INR3.99b of investment depreciation has come from one account of a subsidiary as bank is required to revalue subsidiaries as per new investment guideline.
- Due to change in investment norms – addition to CET -1 – INR3.7b, to General Reserve – INR2.99b and INR2.57b is MTM through P&L.

Guidance

- NIMs domestic stood at 3.21%, NIM global is 3.07% for 1QFY25. NIMs guidance stands at 2.9-3%, the bank will aim for better NII improvement in every quarter.
- Bank expects GNPA/NNPA ratio to be below 4%/ below 0.5% respectively by FY25.
- The bank guides credit cost <0.5%.
- FY25 slippages ratio will be <1%.
- CASA ratio guidance is 42% for FY25.
- Credit growth guidance is 11-12% for FY25
- Bank guides for RoA of 0.8% but bank aims to take it to 1% by exit of FY25.

Story in charts

Exhibit 1: Loan book grew 14% YoY in 1QFY25

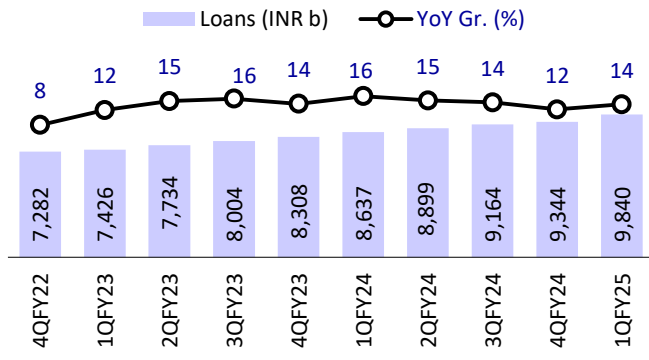


Exhibit 2: Deposits grew 8.5% YoY (2.8% QoQ)

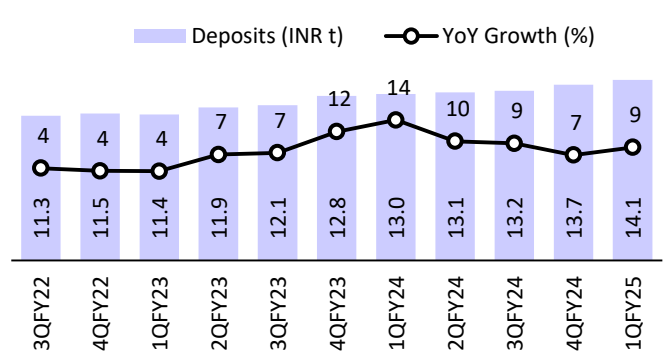


Exhibit 3: CASA ratio moderated 136bp QoQ to 40.1%

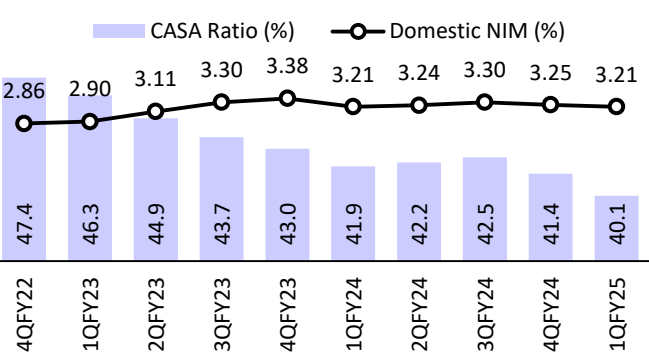


Exhibit 4: Yields/costs moderated to 8.3%/5.1%

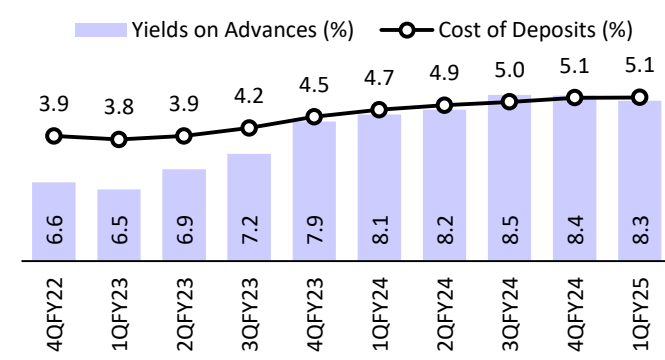


Exhibit 5: C/I ratio stood at 53.3% in 1QFY25

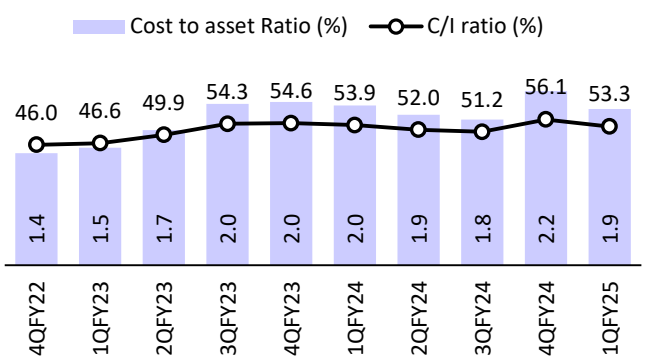


Exhibit 6: O/s loan mix: RAM constituted 55% of total loans

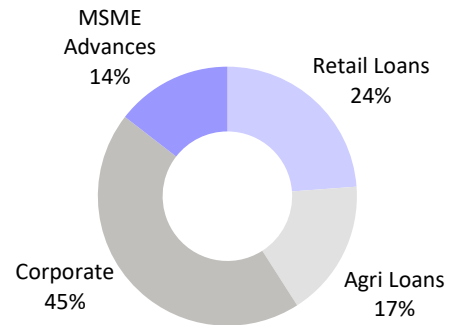


Exhibit 7: Slippages stood at (INR18b) in 1QFY25

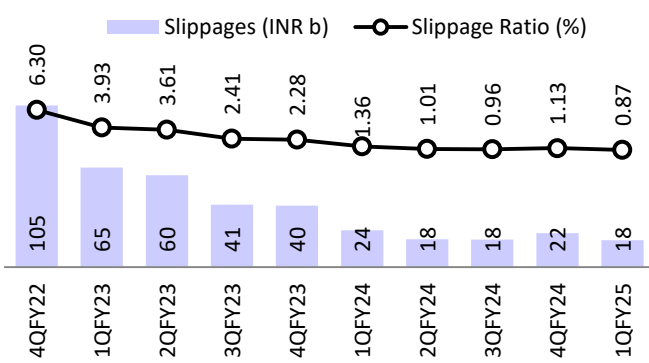
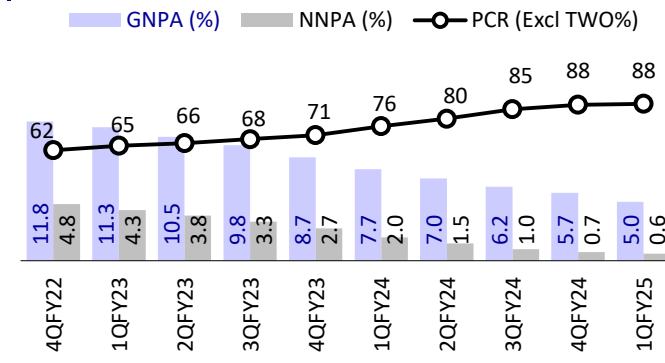


Exhibit 8: GNPA/NNPA ratios improved 75bp/13bp QoQ to 5.0%/0.6% in 1QFY25



Source: MOFSL, Company

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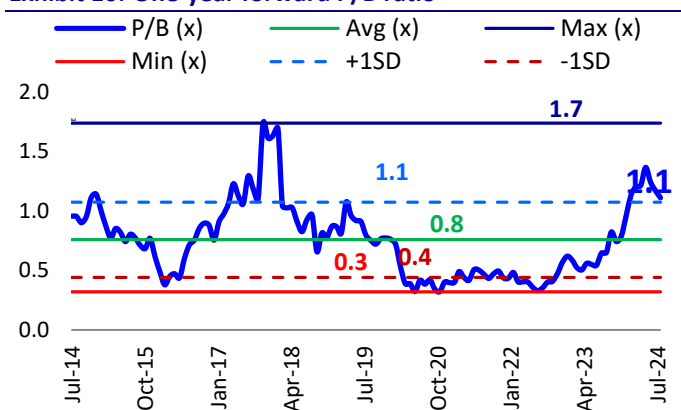
Valuation and view: Reiterate Neutral with a TP of INR135

- PNB reported a healthy quarter characterized by a sharp decline in provisions. NII broadly stood in line, while NIM contracted marginally in 1QFY25. PPOp witnessed a slight miss amid higher opex in 1Q on account of PSLC costs.
- Advances growth was robust, and management aims to improve its share in the RAM portfolio, which will support margins. Asset quality continues to witness a sharp improvement as recoveries and w-off continued to stay at higher levels. PCR thus improved further to 88%, while asset quality ratios also improved. SMA overdue (with loans over INR50m) remained under control at 0.16% of domestic loans, while the bank continues to guide robust recoveries at 2x of slippages. Thus, it guided GNPA ratio to decline to ~4% (earlier guidance of 5%), while credit cost is guided at 0.5% (earlier guidance at 1%).
- We raise our EPS estimates by 5.6%/0.8% for FY25/FY26, factoring in lower provisions, healthy NII, and steady margins. We estimate an RoA/RoE of 1.0%/14.5% in FY26. **Reiterate Neutral with a revised TP of INR135 (vs. INR130), based on 1.1x FY26E BV.**

Exhibit 9: We increase our FY25/FY26 earnings estimates by 5.6%/0.8%

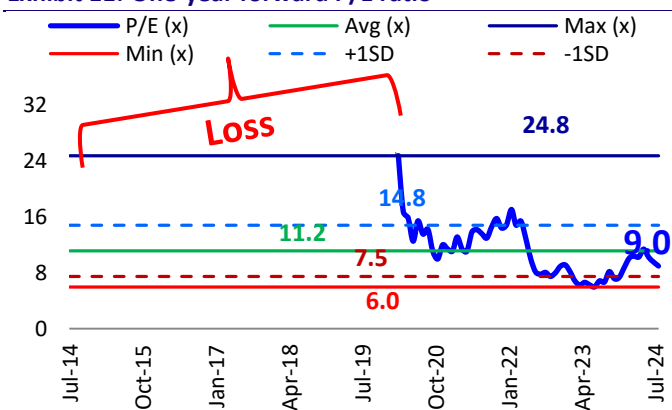
INR B	Old Est.		Rev. Est.		Chg. (%)/bps	
	FY25	FY26	FY25	FY26	FY25	FY26
Net Interest Inc	427.4	465.6	432.8	467.1	1.3	0.3
Other Income	149.9	167.9	149.9	167.9	0.0	0.0
Total Income	577.3	633.5	582.7	635.0	0.9	0.2
Operating Exp	294.0	318.8	299.6	324.8	1.9	1.9
Operating Profit	283.2	314.6	283.1	310.2	0.0	-1.4
Provisions	95.2	89.4	59.4	75.2	-37.6	-15.8
PBT	188.0	225.2	223.7	234.9	19.0	4.3
Tax	54.5	57.4	82.8	65.8	51.8	14.5
PAT	133.5	167.8	140.9	169.1	5.6	0.8
Credit Cost (%)	0.9	0.8	0.5	0.7	-36	-11
RoA (%)	0.8	0.9	0.9	1.0	5	1
RoE (%)	12.9	14.5	13.6	14.5	67	1
EPS	12.1	15.2	12.8	15.4	5.6	0.8
BV	102.3	114.4	103.0	115.2	0.7	0.7
ABV	94.1	106.1	95.3	106.4	1.2	0.3

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 – Return ratios to improve gradually

Annual DuPont	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	6.70	7.73	5.81	6.13	7.07	7.30	7.21
Interest Expense	4.53	4.81	3.59	3.65	4.42	4.64	4.58
Net Interest Income	2.17	2.92	2.23	2.48	2.65	2.66	2.63
Other Income	1.16	1.14	0.96	0.87	0.89	0.92	0.95
Total Income	3.33	4.06	3.19	3.36	3.54	3.58	3.58
Operating Expenses	1.49	1.94	1.57	1.74	1.89	1.84	1.83
Employees	0.87	1.16	0.92	1.07	1.22	1.15	1.14
Others	0.62	0.78	0.65	0.67	0.66	0.69	0.69
Operating Profits	1.84	2.12	1.61	1.62	1.65	1.74	1.75
Core operating Profits	1.63	1.78	1.38	1.70	1.60	1.69	1.69
Provisions	1.74	1.79	1.28	1.31	0.78	0.36	0.42
PBT	0.09	0.33	0.34	0.31	0.87	1.37	1.32
Tax	0.05	0.14	0.07	0.13	0.33	0.51	0.37
RoA	0.04	0.19	0.27	0.18	0.55	0.87	0.95
Leverage (x)	16.25	14.80	14.96	15.44	15.95	15.68	15.25
RoE	0.68	2.86	4.02	2.79	8.70	13.57	14.54

Financials and valuations

Income Statement							(INR b)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	513.1	538.0	808.2	748.8	851.4	1,069.0	1,189.5	1,279.4
Interest Expense	341.5	363.6	502.7	461.9	506.5	668.2	756.7	812.3
Net Interest Income	171.6	174.4	305.5	286.9	344.9	400.8	432.8	467.1
- Growth (%)	15.0	1.6	75.2	-6.1	20.2	16.2	8.0	7.9
Non-Interest Income	73.8	92.7	119.2	123.2	121.4	133.8	149.9	167.9
Total Income	245.3	267.1	424.7	410.1	466.3	534.7	582.7	635.0
- Growth (%)	3.1	8.9	59.0	-3.4	13.7	14.7	9.0	9.0
Operating Expenses	115.4	119.7	203.1	202.5	241.1	285.4	299.6	324.8
Pre Provision Profits	130.0	147.4	221.6	207.6	225.3	249.3	283.1	310.2
- Growth (%)	26.2	13.4	50.3	-6.3	8.5	10.7	13.6	9.6
Core PPOp	119.0	131.1	186.3	178.3	236.7	242.4	274.8	300.2
- Growth (%)	69.1	10.1	42.1	-4.3	32.8	2.4	13.4	9.2
Provisions (excl tax)	283.4	140.0	186.8	164.5	182.4	117.4	59.4	75.2
PBT	-153.5	7.4	34.8	43.2	42.9	131.9	223.7	234.9
Tax	-53.7	4.0	14.6	8.6	17.8	49.5	82.8	65.8
Tax Rate (%)	35.0	54.5	41.9	19.9	41.5	37.5	37.0	28.0
PAT	-99.8	3.4	20.2	34.6	25.1	82.4	140.9	169.1
- Growth (%)	-18.8	-103.4	501.3	71.0	-27.5	228.8	71.0	20.0

Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Share Capital	9	13	21	22	22	22	22	22
Equity Share Capital	9.2	13.5	21.0	22.0	22.0	22.0	22.0	22.0
Reserves & Surplus	438.7	610.1	888.4	932.8	976.5	1,042.7	1,157.3	1,292.0
Net Worth	447.9	623.6	909.4	954.9	998.6	1,064.8	1,179.3	1,314.1
Deposits	6,760.3	7,038.5	11,063.3	11,462.2	12,811.6	13,697.1	14,861.4	16,198.9
- Growth (%)	5.3	4.1	57.2	3.6	11.8	6.9	8.5	9.0
of which CASA Dep	2,850.4	3,024.7	4,927.8	5,336.5	5,380.2	5,525.0	6,093.2	6,787.3
- Growth (%)	8.3	6.1	62.9	8.3	0.8	2.7	10.3	11.4
Borrowings	393.3	502.3	428.4	456.8	512.9	504.3	524.0	546.3
Other Liabilities & Prov.	148.1	142.4	205.2	274.2	295.2	352.2	405.0	465.7
Total Liabilities	7,749.5	8,306.7	12,606.3	13,148.1	14,618.3	15,618.4	16,969.6	18,525.0
Current Assets	752.9	759.9	1,113.5	1,326.5	1,551.1	1,291.0	1,277.0	1,306.1
Investments	2,021.3	2,404.7	3,929.8	3,721.7	3,960.0	4,203.2	4,455.4	4,767.2
- Growth (%)	0.9	19.0	63.4	-5.3	6.4	6.1	6.0	7.0
Loans	4,582.5	4,718.3	6,742.3	7,281.9	8,308.3	9,344.3	10,437.6	11,627.5
- Growth (%)	5.7	3.0	42.9	8.0	14.1	12.5	11.7	11.4
Fixed Assets	62.2	72.4	110.2	106.7	120.5	123.2	133.0	141.0
Other Assets	330.6	351.4	710.5	711.3	678.4	656.6	666.6	683.1
Total Assets	7,749.5	8,306.7	12,606.3	13,148.1	14,618.3	15,618.4	16,969.6	18,525.0

Asset Quality	FY18	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
GNPA	784.7	734.8	1,044.2	924.5	773.3	563.4	437.0	405.4
NNPA	300.4	272.2	385.8	349.1	225.9	68.0	49.3	62.5
Slippages			289.4	247.4	160.3	58.3	98.9	121.4
GNPA Ratio	15.5	14.2	14.1	11.8	8.7	5.7	4.0	3.4
NNPA Ratio	6.6	5.8	5.7	4.8	2.7	0.7	0.5	0.5
Slippage Ratio	4.5	4.5	4.2	3.5	2.1	2.1	1.0	1.1
Credit Cost	6.35	3.01	2.72	2.35	2.34	1.33	0.54	0.65
PCR (Excl Tech. write off)	61.7	63.0	63.1	62.2	70.8	87.9	88.7	84.6

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Yield and Cost Ratios (%)								
Avg. Yield- on Earning Assets	7.0	7.1	6.9	6.2	6.5	7.5	7.7	7.6
Avg. Yield on loans	7.9	7.7	7.8	6.9	7.4	8.6	8.7	8.5
Avg. Yield on Investments	7.3	7.1	6.6	6.3	6.7	6.9	7.0	6.9
Avg. Cost of Int. Bear. Liab.	4.8	4.9	4.4	3.9	4.0	4.9	5.1	5.1
Avg. Cost of Deposits	4.9	5.0	4.3	3.8	3.9	4.7	5.0	4.9
Interest Spread	2.2	2.1	2.5	2.3	2.5	2.6	2.6	2.5
Net Interest Margin	2.4	2.3	2.6	2.4	2.6	2.8	2.8	2.8

Capitalisation Ratios (%)

CAR	10.1	14.1	14.3	14.5	15.5	16.0	15.6	14.6
Tier I	7.9	11.9	11.5	11.7	12.7	13.2	13.5	12.7
CET-1	0.0	0.0	10.6	10.6	11.2	11.0		
Tier II	2.3	2.2	2.8	2.8	2.8	2.8	2.2	1.9

Business Ratios (%)

Loans/Deposit Ratio	67.8	67.0	60.9	63.5	64.8	68.2	70.2	71.8
CASA Ratio	42.2	43.0	44.5	46.6	42.0	40.3	41.0	41.9
Cost/Assets	1.5	1.4	1.6	1.5	1.6	1.8	1.8	1.8
Cost/Total Income	47.0	44.8	47.8	49.4	51.7	53.4	51.4	51.2
Cost/Core income	49.2	47.7	52.2	53.2	2.0	-4.5	-3.9	-3.5
Int. Expense/Int.Income	66.6	67.6	62.2	61.7	59.5	62.5	63.6	63.5
Fee Income/Total Income	25.6	28.6	19.8	22.9	28.5	23.7	24.3	24.9
Non Int. Inc./Total Income	30.1	34.7	28.1	30.0	26.0	25.0	25.7	26.4
Empl. Cost/Total Expense	60.3	58.1	60.0	58.5	61.4	64.8	62.3	62.1

Efficiency Ratios (INRm)

Employee per branch (in nos)	10.1	9.8	9.5	10.2	10.3	10.1	10.1	10.1
Staff cost per employee	1.0	1.0	1.2	1.1	1.4	1.8	1.8	1.9
CASA per branch	407.8	429.7	457.6	528.5	534.0	545.1	589.4	643.6
Deposits per branch	967.3	999.8	1,027.3	1,135.1	1,271.5	1,351.3	1,437.4	1,536.1
Business per Employee	0.0	0.0	174.9	181.7	202.8	225.1	242.3	261.3
Profit per Employee	0.0	0.0	0.2	0.3	0.2	0.8	1.4	1.6

Valuation ratios

RoE	-25.4	0.7	2.9	4.0	2.8	8.7	13.6	14.5
RoA	-1.3	0.0	0.2	0.3	0.2	0.5	0.9	1.0
RoRWA	-2.3	0.1	0.4	0.6	0.4	1.2	1.8	2.0
Book Value (INR)	93	89	83	83	86	93	103	115
- Growth (%)	-34.3	-4.7	-6.4	0.2	3.9	7.0	11.2	11.9
Price-BV (x)	1.3	1.4	1.5	1.5	1.4	1.3	1.2	1.1
Adjusted BV (INR)	41	56	54	58	68	84	95	106
Price-ABV (x)	3.0	2.2	2.3	2.1	1.8	1.5	1.3	1.1
EPS (INR)	-27.1	0.6	1.9	3.2	2.3	7.5	12.8	15.4
Price-Earnings (x)	-4.5	205.8	63.2	37.9	53.6	16.3	9.5	7.9
Dividend Per Share (INR)	0.0	0.0	0.0	0.6	0.7	1.5	2.4	3.1
Dividend Yield (%)	0.0	0.0	0.0	0.5	0.5	1.2	2.0	2.6

E: MOFSL Estimates

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