Punjab National Bank

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USDb)	1306.7 / 14.9
52-Week Range (INR)	118 / 85
1, 6, 12 Rel. Per (%)	0/6/7
12M Avg Val (INR M)	2747

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	427.8	438.1	510.7
OP	268.3	287.8	339.1
NP	166.3	165.7	217.6
NIM (%)	2.7	2.4	2.6
EPS (INR)	14.8	14.4	18.9
EPS Gr. (%)	97.4	-2.5	31.4
BV/Sh. (INR)	107	119	134
ABV/Sh. (INR)	101	113	128
Ratios			
RoA (%)	1.0	0.9	1.0
RoE (%)	15.3	13.2	15.4
Valuations			
P/E(X)	7.7	7.9	6.0
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.1	1.0	0.9

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	70.1	70.1	73.2
DII	15.1	14.7	10.8
FII	5.5	5.7	5.5
Others	9.3	9.5	10.6

FII Includes depository receipts

CMP: INR114 TP: INR135 (+19%) Buy

In-line earnings; lower opex offsets other income

Margin contracted 10bp QoQ

- Punjab National Bank (PNB) reported 2QFY26 PAT of INR49b (14% YoY growth, in line) amid lower-than-expected opex, partly offset by lower other income and higher-than-expected provisions.
- NII remained broadly flat YoY/declined 1% QoQ to INR104.7b (inline), while NIMs contracted 10bp QoQ to 2.6%.
- Other income declined 5% YoY and 18% QoQ to INR43.4b (11% miss). Total revenue, thus, declined 2% YoY/7% QoQ to INR148.1b (4% miss).
- Loan book grew 11% YoY (4% QoQ), while deposits grew 11% YoY (2% QoQ). As a result, the CD ratio increased to 70.1%.
- Slippages stood at INR19.6b vs INR18.9b in 1QFY26. GNPA/NNPA ratios improved 33bp/2bp to 3.45%/0.36%. PCR ratio stood at 90%.
- We fine-tune our earnings estimates and expect RoA/RoE at 1.03%/15.4% in FY27E. Reiterate BUY with a TP of INR135 (1.0x FY27E ABV).

Advances growth healthy; asset quality improves further

- PNB reported a PAT of INR49b (14% YoY growth, in line).
- NII remained broadly flat YoY/ down 1% QoQ to INR104.7b (in line), while NIMs declined 10bp QoQ to 2.6%. Management expects NIMs to remain at ~2.8-2.9% in FY26.
- Other income declined 5% YoY and 18% QoQ to INR43.4b (11% miss). Treasury income stood at INR16b in 2QFY26.
- Opex declined 8% YoY/ 13% QoQ to INR75.8b (10% lower than MOFSLe), led by cost optimization. C/I ratio moderated 400bp QoQ to 51.2%.
- PPoP, thus, grew 5% YoY/2% QoQ to INR72.3b (4% beat). Provisions increased 123% YoY/ 99% QoQ to INR6.4b (11% higher than MOFSLe).
- Loan book grew 11.2% YoY (3.8% QoQ) to INR11.3t, led by better growth in MSME advances (5.8% QoQ). Retail grew 3.8% QoQ and corporate grew 3% QoQ. The bank expects credit growth of ~11-12% in FY26.
- Deposits grew 10.9% YoY/1.7% QoQ to INR16.2t. CASA ratio stood at 37.3% (up 30bp QoQ). CD ratio increased to 70.1%.
- On the asset quality front, slippages stood at INR19.6b vs INR18.9b in 1QFY26. GNPA/NNPA ratios improved 33bp/2bp to 3.45%/0.36%. PCR ratio stood at 90%. SMA-2 (above INR50m) stood at 0.17% of loans vs 0.15% in 1QFY26.

Highlights from the management commentary

- Guidance has been maintained to keep the slippage rate at <1%.
- RoA – The bank aims for 1.1% of RoA in 3Q and 4Q. Gross NPA ratio shall be below 3%. Net NPA ratio is expected at 0.35%.
- On a conservative basis, 5bp improvement will occur in 3Q and 10bp improvement in 4Q in NIMs (on the minimum side).

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- Under the ECL draft framework, Stage-1 carries the same provision as a standard asset. Stage 3 poses no challenge, as the bank has a PCR of 96%. Stage 2 is expected to have some impact, translating to ~75-80bp effect on CRAR.
- Other provision has seen some increase as there was an ILFS account that has seen reduction from NPA provision and moved to the other provision account. This account will see a reversal in 3Q and 4Q.

Valuation and view: Reiterate BUY with a TP of INR135

PNB reported an in-line quarter, as lower opex has been offset by lower other income and higher provisions. NIMs contracted 10bp QoQ, though the bank expects improvement from 3Q onwards. Business growth remained healthy, with management guiding for 11-12% growth for FY26. Asset quality showed an improvement, with annualized slippage ratio maintained at 0.7%, against the bank's guidance of 1%. The SMA-2 book (with loans over INR50m) remains steady at 0.17% of domestic loans. We fine-tune our earnings estimates and expect RoA/RoE at 1.03%/15.4% in FY27. **Reiterate BUY with a TP of INR135 (1.0x FY27E ABV).**

Quarterly performance (INR b)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Interest Income	**104.8**	**105.2**	**110.3**	**107.6**	**105.8**	**104.7**	**110.0**	**117.7**	**427.8**	**438.1**	**105.4**	**-1%**
% Change (YoY)	10.2	6.0	7.2	3.8	1.0	-0.5	-0.3	9.4	6.7	2.4	0.2	
Other Income	36.1	45.7	34.1	47.2	52.7	43.4	43.9	50.8	163.1	190.8	48.9	-11%
Total Income	**140.9**	**150.9**	**144.4**	**154.7**	**158.5**	**148.1**	**153.9**	**168.5**	**590.9**	**628.9**	**154.3**	**-4%**
Operating Expenses	75.0	82.4	78.2	87.0	87.6	75.8	83.2	94.4	322.6	341.1	84.7	-10%
Operating Profit	**65.8**	**68.5**	**66.2**	**67.8**	**70.8**	**72.3**	**70.6**	**74.1**	**268.3**	**287.8**	**69.6**	**4%**
% Change (YoY)	10.3	10.2	4.6	5.6	7.6	5.5	6.7	9.4	7.6	7.3	1.5	
Provisions	13.1	2.9	-2.9	3.6	3.2	6.4	5.2	5.7	16.7	20.6	5.8	11%
Profit before Tax	**52.7**	**65.7**	**69.1**	**64.2**	**67.6**	**65.8**	**65.4**	**68.4**	**251.6**	**267.2**	**63.8**	**3%**
Tax	20.2	22.6	24.0	18.5	50.8	16.8	15.7	18.2	85.3	101.5	16.0	5%
Net Profit	**32.5**	**43.0**	**45.1**	**45.7**	**16.8**	**49.0**	**49.7**	**50.2**	**166.3**	**165.7**	**47.9**	**2%**
% Change (YoY)	159.0	145.1	102.8	51.7	-48.5	13.9	10.2	9.9	101.7	-0.4	11.2	
Operating Parameters												
Deposits	14,082	14,583	15,297	15,666	15,894	16,171	16,613	17,327	15,666	17,327	16,321	
Loans	9,840	10,196	10,700	10,775	10,920	11,338	11,644	12,046	10,775	12,046	11,227	
Deposit Growth (%)	8.5	11.3	15.6	14.4	12.9	10.9	8.6	10.6	14.4	10.6	11.9	
Loan Growth (%)	13.9	14.6	16.8	15.3	11.0	11.2	8.8	11.8	15.3	11.8	10.1	
Asset Quality												
Gross NPA (%)	5.0	4.5	4.1	4.0	3.8	3.5	3.2	3.0	4.0	3.0	3.6	
Net NPA (%)	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.3	0.4	
PCR (%)	88.4	90.2	90.2	90.3	90.3	90.0	90.5	91.0	90.3	91.0	90.4	

E: MOFSL Estimates

Quarterly snapshot

	FY25				FY26		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss, INRb								
Net Interest Income	**104.8**	**105.2**	**110.3**	**107.6**	**105.8**	**104.7**	**0**	**-1**
Other Income	**36.1**	**45.7**	**34.1**	**47.2**	**52.7**	**43.4**	**-5**	**-18**
Trading profits	5.8	14.9	9.3	9.2	16.1	16.1	8	0
Total Income	**140.9**	**150.9**	**144.4**	**154.7**	**158.5**	**148.1**	**-2**	**-7**
Operating Expenses	**75.0**	**82.4**	**78.2**	**87.0**	**87.6**	**75.8**	**-8**	**-13**
Employee	45.5	57.5	52.6	57.9	51.6	47.5	-17	-8
Others	29.5	24.9	25.6	29.0	36.0	28.4	14	-21
Operating Profits	**65.8**	**68.5**	**66.2**	**67.8**	**70.8**	**72.3**	**5**	**2**
Core Operating Profits	**60.0**	**53.6**	**56.9**	**58.6**	**54.7**	**56.1**	**5**	**3**
Provisions	**13.1**	**2.9**	**-2.9**	**3.6**	**3.2**	**6.4**	**123**	**99**
Others	1.3	1.2	-4.1	-0.5	3.3	19.5	1,512	491
PBT	**52.7**	**65.7**	**69.1**	**64.2**	**67.6**	**65.8**	**0**	**-3**
Taxes	20.2	22.6	24.0	18.5	50.8	16.8	-26	-67
PAT	**32.5**	**43.0**	**45.1**	**45.7**	**16.8**	**49.0**	**14**	**193**
Balance Sheet, INRb								
Loans	9,840	10,196	10,700	10,775	10,920	11,338	11	4
Deposits	14,082	14,583	15,297	15,666	15,894	16,171	11	2
CASA Deposits	5,491	5,567	5,622	5,735	5,686	5,832	5	3
-Savings	4,844	4,886	4,921	4,984	4,980	5,090	4	2
-Current	647	681	700	751	707	742	9	5
Loan Mix (%)								
Retail	23.8	24.7	24.8	24.3	24.3	24.4	-38	5
Agri	17.1	16.1	16.5	16.9	16.6	16.5	36	-12
Corporate	44.5	44.2	43.7	43.5	43.4	43.2	-107	-26
MSME	14.5	14.9	15.0	15.3	15.7	16.0	109	33
Asset Quality, INRb								
GNPA	513	476	454	441	427	403	-15	-5
NNPA	59	47	44	43	41	40	-14	-3
Slippages	18	22	18	30	19	20	-10	4
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**YoY(bp)**	**QoQ(bp)**
GNPA	5.0	4.5	4.1	4.0	3.8	3.5	-103	-33
NNPA	0.6	0.5	0.4	0.4	0.4	0.4	-10	-2
PCR (Cal.)	88.4	90.2	90.2	90.3	90.3	90.0	-16	-30
PCR (Incl. TWO)	95.9	96.7	96.8	96.8	96.9	96.9	24	3
Credit Cost	0.6	0.1	-0.1	0.1	0.1	0.2	12	11
Business Ratios (%)								
CASA	40.1	39.3	38.1	38.0	37.0	37.3	-202	30
Loan/Deposit	69.9	69.9	69.9	68.8	68.7	70.1	20	141
Fees to Total Income	21.5	20.4	17.2	24.6	23.1	18.4	-199	-468
Cost to Total Income	53.3	54.6			55.3	51.2	-338	-411
Cost to Total Assets	0.5	0.5			0.5	0.5	0	2
Tax Rate	38.3	34.5	34.7	28.8	75.2	25.5	-893	-4,970
Capitalisation Ratios (%)								
Tier-1	13.0	13.6	12.5	14.1	14.6	14.4	78	-21
- CET 1	11.0	11.6	10.7	12.3	13.0	12.8	116	-20
CAR	15.8	16.4	15.4	17.0	17.5	17.2	83	-31
LCR	134.8	129.2	136.6	133.0	133.0	NA	NA	NA
RWA to Total Assets	0.5	0.5	0.5	0.5	0.5	0.5	0	-1
Profitability Ratios (%)								
Yield on loans	8.3	8.3	8.4	8.4	8.1	7.9	-41	-24
Yield on Funds	7.2	7.1	7.1	7.2	7.0	6.8	-24	-20
Cost of Deposits	5.1	5.2	5.2	5.4	5.3	5.2	0	-15
Cost of Funds	4.5	4.6	4.6	4.8	4.7	4.6	1	-12
Margins	3.07	2.92	2.93	2.81	2.70	2.60	-32	-10
Other Details								
Branches	10,150	10,159	10,168	10,189	10,209	10,288	129	79
ATM	12,080	12,040	12,034	11,822	11,240	11,187	-853	-53

CONFERENCE CALL

Highlights from the management commentary

Opening remarks

- The global gross business grew 10.6%; global deposits grew 10.9%; global advances grew at 10.1%.
- CD ratio is comfortable at ~72%, and the bank is now focusing on garnering low cost deposits.
- The bank is enhancing its RAM share to improve the yield on advances.
- It expects 3Q NIMs to expand, aided by a reduction in CoF as well as a CRR cut benefit.
- Efficiency ratio is improving consistently, with both RoA and RoE witnessing continuous improvement.
- GNPA has improved to 3.55%, and the bank is on track to achieve FY26 guidance of below 3%.
- Slippage ratio for 2Q is 0.71% and is showing improvement. Recovery has been more than that of slippages. As a result, credit costs have turned negative due to the pullback.
- CRAR is at 17.19% and CET-1 is at 12.75%.
- The bank is in the process of launching metal cards, as the bank is now emphasizing a full product suite.

Business

- Retail advances grew 18%, while corporate grew 7.9% YoY and 3% QoQ. The bank aims for 11-12% of credit growth.
- It expects healthy disbursements in the corporate segment with a focus on having a credit growth of 11-12% YoY.
- RAM share grew to 55%, and this will increase to 57-58%. The long-term growth is expected to reach 60%.
- Total loan sanction was at 1.78t, and all those disbursement will happen in a phased manner. The bank expects good corporate loan growth in 3Q and 4Q.
- GST impact will also lead to a healthy growth in the RAM segment, with 1-2% growth expected.
- The bank has good proposals in the steel and renewable sectors.
- The RAM segment's growth was over 15%, and the corporate growth was lower, but 2Q saw an improvement of 3% QoQ.
- Infra, tele, roads, ports, and data centers are segments where the bank has some proposals. These are mainly private sector capex.
- The bank remains relatively inactive in the unsecured loan segment and the PL portfolio, where lending is primarily linked to customers holding a salary account with the bank.

Cost, margins, and other highlights

- RoA was muted, the DTA calculation reversal is expected, and there is a gap of 10%. Since the bank has moved to the new tax regime, the RoA will be on the better side of 1% and above.
- Treasury profit – 1Q and 2Q have been maintained. 3Q will depend on the bonds movement. The bank will be receiving a INR15b of treasury profit every quarter going ahead

- Q1 and Q2 had some challenges due to the rate cut. CoD has already been on the downside. From 3Q and 4Q onwards, NIMs will see an improvement.
- On a conservative basis, 5bp improvement will occur in 3Q and 10bp improvement in 4Q (on the minimum side).
- Around 60% of TDs have already been repriced, and the remaining 30-40% will occur in 3Q and early part of 4Q. As a result, there will be some improvement in NIMs.
- Opex has been a positive surprise, as the bank has closely monitored and optimized various expenses, resulting in a reduction in operating costs.

Others

- Canara HSBC life IPO led to a profit of INR9b.

Asset quality

- TWO recovery was seen at INR39.2b, which has been muted. But the bank has guided for yearly recovery of INR160b for the entire year.
- Total SMA book is at 5.54%.
- ILFS account has been upgraded, and this account release will happen in 3Q and 4Q.
- Slippage are fully under control, and the annualized slippage ratio is 0.7%, which is below the guidance of 1%.
- ECL – The final framework is draft. Stage -1 carries the same provision as a standard asset. Stage 3 poses no challenge, as the PCR stands at 96%. Stage 2 will see some impact. 75-80bp of the impact will be seen in CRAR due to ECL.
- NPA provision – The bank has 96% PCR, and whenever there is recovery other than TWO, there will be a writeback of provision. The bank had made some provision as it holds a good PCR.
- AS-15 provision – The bank will not have provision in 3Q and 4Q. If the same govt. yield persists, the bank will not need any AS-15 provision.
- Other provision saw some increase – There was ILFS one account that saw a reduction from NPA provision and moved to the other provision account. This account will see a reversal in recovery in 3Q and 4Q.
- The account that was moved NPA to standard asset stands at INR12b (ILFS account). The bank has also improved its PCR level and, thus, the credit cost has reversed.
- None of the account in the corporate side has been on the SMA-0.

Guidance for FY26

- Guidance has been maintained at <1% of the slippage ratio.
- On a conservative basis, 5bp improvement will occur in 3Q and 10bp improvement in 4Q (on the minimum side).
- 75-80bp of impact will be seen into CRAR due to ECL.
- RoA – The bank aims for 1.1% of RoA in 3Q and 4Q.
- Credit growth guidance maintained at 11-12%.
- NIMs shall be at 2.8-2.9%.
- Gross NPA ratio shall be below 3%.
- Net NPA ratio shall be at 0.35%.
- Total recovery is expected at INR160b.

Story in charts

Exhibit 1: Loan book grew 11% YoY (3.8% QoQ) to INR11.3t

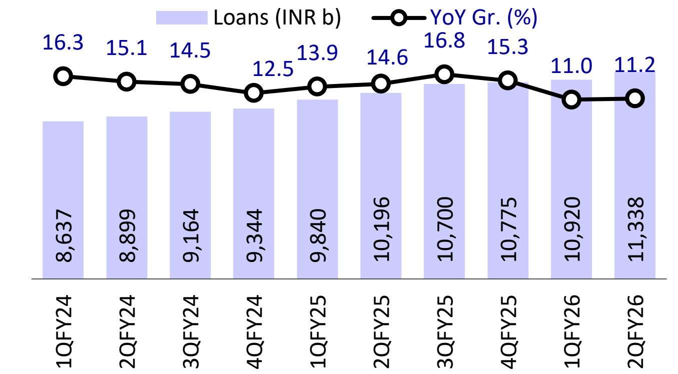


Exhibit 2: Deposits grew 10.9% YoY (up 1.7% QoQ)

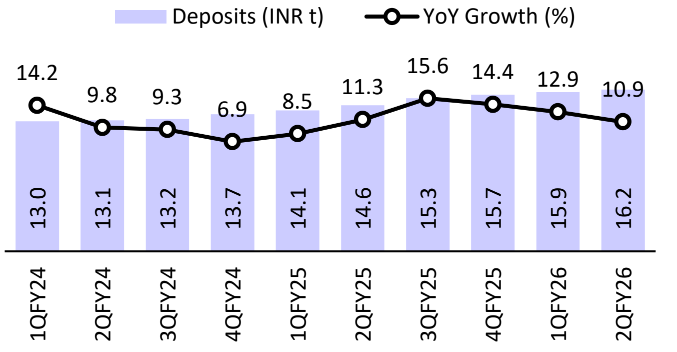


Exhibit 3: Domestic NIM moderated 12bp QoQ to 2.72%

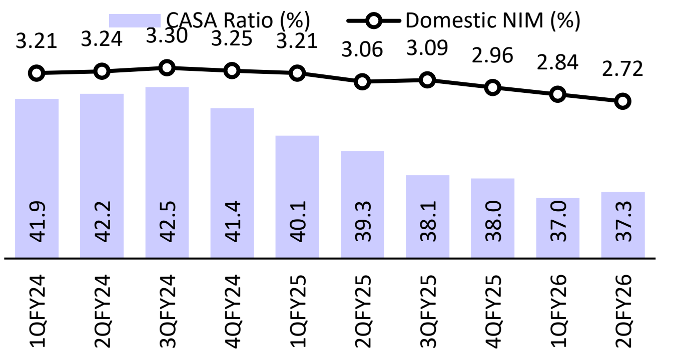


Exhibit 4: Yields declined 24bp QoQ; CoD declined 15bp QoQ

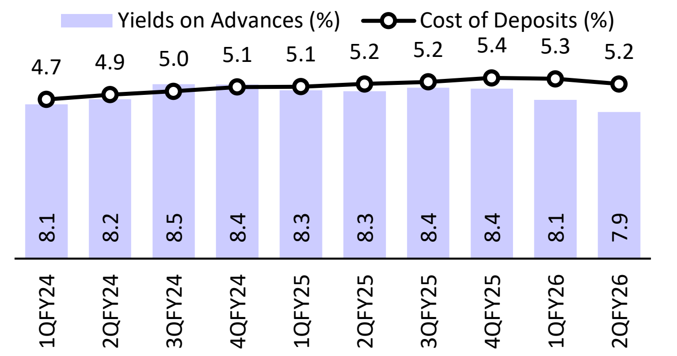


Exhibit 5: C/I ratio moderated to 51.2% in 2QFY26

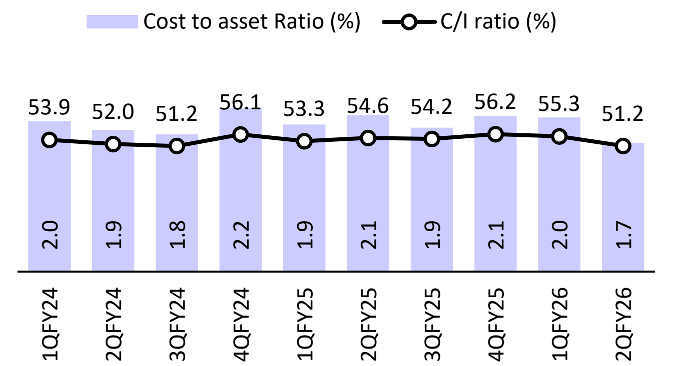
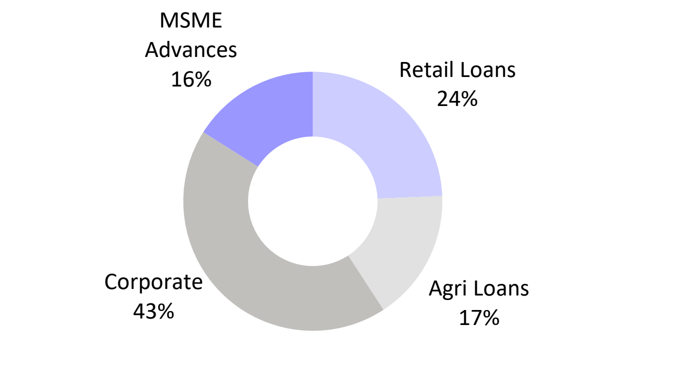
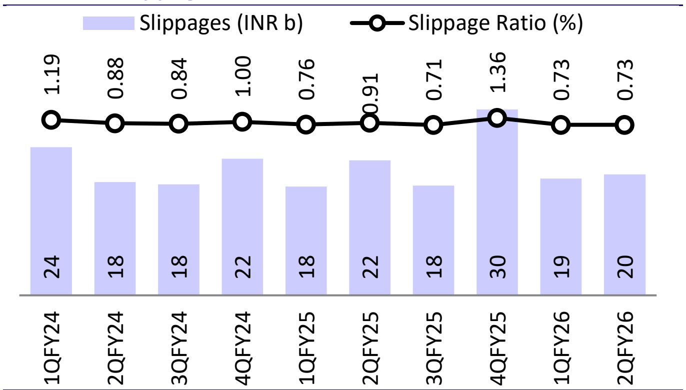


Exhibit 6: O/s loan mix: RAM constituted ~57% of total loans



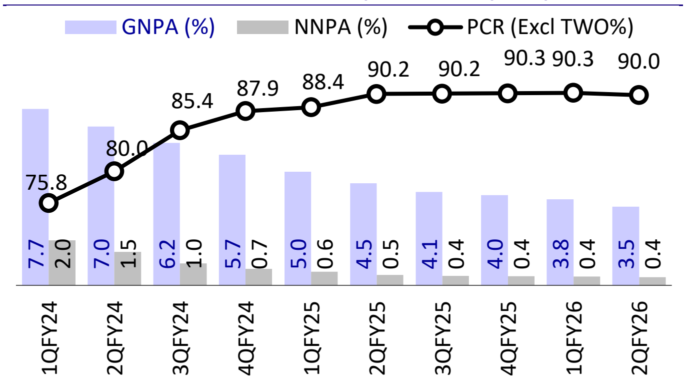
Source: MOFSL, Company

Exhibit 7: Slippage ratio stood controlled at 0.73%



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios improved 33bp/2bp QoQ

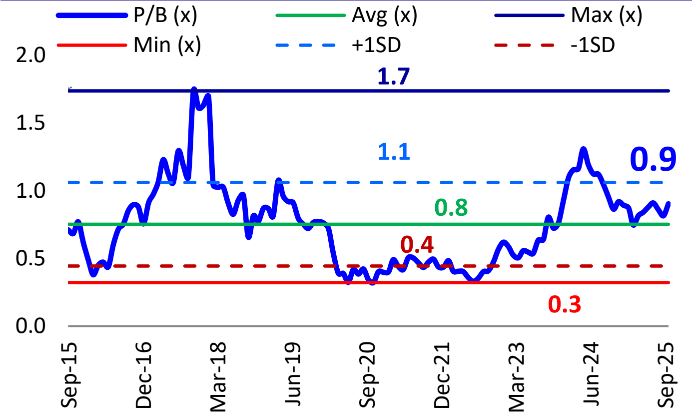


Source: MOFSL, Company

Valuation and view: Reiterate Buy with TP of INR135

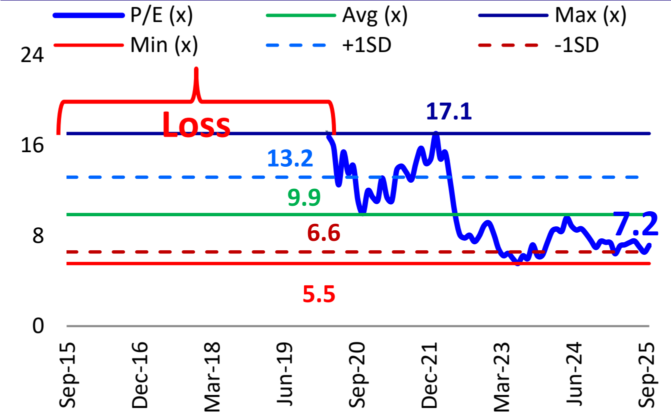
- PNB reported an in-line quarter, as lower opex has been offset by lower other income and higher provisions. NIMs contracted 10bp QoQ, though the bank expects improvement from 3Q onwards. Business growth remained healthy, with management guiding for 11-12% growth for FY26. Asset quality showed an improvement, with annualized slippage ratio maintained at 0.7%, against the bank's guidance of 1%. The SMA-2 book (with loans over INR50m) remains steady at 0.17% of domestic loans. We fine-tune our earnings estimates and expect RoA/RoE at 1.03%/15.4% in FY27. **Reiterate BUY with a TP of INR135 (1.0x FY27E ABV).**

Exhibit 9: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 10: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 11: DuPont Analysis – Return ratios to improve gradually

Annual DuPont	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	6.13	7.07	7.20	6.92	6.85	6.83
Interest Expense	3.65	4.42	4.67	4.62	4.42	4.30
Net Interest Income	**2.48**	**2.65**	**2.53**	**2.30**	**2.43**	**2.52**
Other Income	0.87	0.89	0.97	1.00	0.94	0.93
Total Income	**3.36**	**3.54**	**3.50**	**3.30**	**3.37**	**3.46**
Operating Expenses	**1.74**	**1.89**	**1.91**	**1.79**	**1.76**	**1.73**
Employees	1.07	1.22	1.26	1.19	1.17	1.15
Others	0.67	0.66	0.65	0.60	0.59	0.58
Operating Profits	**1.62**	**1.65**	**1.59**	**1.51**	**1.61**	**1.73**
Core operating Profits	**1.70**	**1.60**	**1.36**	**1.46**	**1.56**	**1.67**
Provisions	**1.31**	**0.78**	**0.10**	**0.11**	**0.23**	**0.27**
PBT	**0.31**	**0.87**	**1.49**	**1.40**	**1.39**	**1.45**
Tax	0.13	0.33	0.50	0.53	0.35	0.37
RoA	**0.18**	**0.55**	**0.98**	**0.87**	**1.03**	**1.09**
Leverage (x)	15.44	15.95	15.56	15.14	14.88	14.61
RoE	**2.79**	**8.70**	**15.31**	**13.16**	**15.39**	**15.86**

Source: MOFSL, Company

Financials and valuations

Income Statement (INR b)

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	851.4	1,069.0	1,217.6	1,318.9	1,441.3	1,594.6
Interest Expense	506.5	668.2	789.8	880.8	930.6	1,004.9
Net Interest Income	**344.9**	**400.8**	**427.8**	**438.1**	**510.7**	**589.8**
- Growth (%)	20.2	16.2	6.7	2.4	16.6	15.5
Non Interest Income	121.4	133.8	163.1	190.8	198.5	218.3
Total Income	**466.3**	**534.7**	**590.9**	**628.9**	**709.2**	**808.1**
- Growth (%)	13.7	14.7	10.5	6.4	12.8	13.9
Operating Expenses	241.1	285.4	322.6	341.1	370.0	404.2
Pre Provision Profits	**225.3**	**249.3**	**268.3**	**287.8**	**339.1**	**403.9**
- Growth (%)	8.5	10.7	7.6	7.3	17.8	19.1
Core PPoP	**236.7**	**242.4**	**229.1**	**278.0**	**327.4**	**389.8**
- Growth (%)	32.8	2.4	-5.5	21.4	17.7	19.1
Provisions (excl tax)	182.4	117.4	16.7	20.6	47.4	64.1
PBT	**42.9**	**131.9**	**251.6**	**267.2**	**291.7**	**339.8**
Tax	17.8	49.5	85.3	101.5	74.1	86.3
Tax Rate (%)	41.5	37.5	33.9	38.0	25.4	25.4
PAT	**25.1**	**82.4**	**166.3**	**165.7**	**217.6**	**253.5**
- Growth (%)	-27.5	228.8	101.7	-0.4	31.4	16.5

Balance Sheet

Y/E March	FY23	FY24	FY25	FY26E	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	1,387.9	1,561.1	1,756.8
Net Worth	**998.6**	**1,064.8**	**1,273.6**	**1,410.9**	**1,584.1**	**1,779.8**
Deposits	**12,811.6**	**13,697.1**	**15,666.2**	**17,326.9**	**19,232.8**	**21,386.9**
- Growth (%)	11.8	6.9	14.4	10.6	11.0	11.2
of which CASA Dep	**5,380.2**	**5,525.0**	**5,735.4**	**6,307.0**	**7,308.5**	**8,512.0**
- Growth (%)	0.8	2.7	3.8	10.0	15.9	16.5
Borrowings	512.9	504.3	837.8	751.2	778.8	809.0
Other Liabilities & Prov.	295.2	352.2	404.1	464.7	534.4	614.6
Total Liabilities	**14,618.3**	**15,618.4**	**18,181.7**	**19,953.7**	**22,130.1**	**24,590.3**
Current Assets	1,551.1	1,291.0	1,487.2	1,446.2	1,570.9	1,731.3
Investments	3,960.0	4,203.2	4,973.1	5,420.7	5,930.2	6,505.5
- Growth (%)	6.4	6.1	18.3	9.0	9.4	9.7
Loans	**8,308.3**	**9,344.3**	**10,774.7**	**12,046.2**	**13,515.8**	**15,178.2**
- Growth (%)	14.1	12.5	15.3	11.8	12.2	12.3
Fixed Assets	120.5	123.2	130.5	138.4	146.7	155.5
Other Assets	678.4	656.6	816.1	902.2	966.5	1,019.8
Total Assets	**14,618.3**	**15,618.4**	**18,181.7**	**19,953.7**	**22,130.1**	**24,590.3**

Asset Quality	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA	773.3	563.4	440.8	376.0	372.2	385.4
NNPA	225.9	68.0	42.9	33.9	36.4	39.1
Slippages	160.3	58.3	67.6	102.7	127.8	143.5
GNPA Ratio	8.7	5.7	4.0	3.0	2.7	2.5
NNPA Ratio	2.7	0.7	0.4	0.3	0.3	0.3
Slippage Ratio	2.1	0.7	0.7	0.9	1.0	1.0
Credit Cost	2.34	1.33	0.17	0.15	0.33	0.40
PCR (Excl Tech. write off)	70.8	87.9	90.3	91.0	90.2	89.9

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield- on Earning Assets	**6.5**	**7.5**	**7.6**	**7.3**	**7.2**	**7.2**
Avg. Yield on loans	7.4	8.6	8.6	8.3	8.1	8.1
Avg. Yield on Investments	6.7	6.9	6.8	6.8	6.7	6.6
Avg. Cost of Int. Bear. Liab.	**4.0**	**4.9**	**5.1**	**5.1**	**4.9**	**4.8**
Avg. Cost of Deposits	3.9	4.7	5.0	4.9	4.7	4.6
Interest Spread	**2.5**	**2.6**	**2.4**	**2.2**	**2.3**	**2.4**
Net Interest Margin	**2.6**	**2.8**	**2.7**	**2.4**	**2.6**	**2.7**
Capitalisation Ratios (%)						
CAR	15.5	16.0	17.1	16.1	16.0	16.0
Tier I	12.7	13.2	14.1	13.0	13.3	13.6
CET-1	11.2	11.1	12.4	10.8	11.1	11.3
Tier II	2.8	2.8	3.0	3.1	2.7	2.4
Business Ratios (%)						
Loans/Deposit Ratio	64.8	68.2	68.8	69.5	70.3	71.0
CASA Ratio	42.0	40.3	36.6	36.4	38.0	39.8
Cost/Assets	1.6	1.8	1.8	1.7	1.7	1.6
Cost/Total Income	51.7	53.4	54.6	54.2	52.2	50.0
Cost/Core income	2.0	-4.5	-0.8	-3.7	-3.3	-3.0
Int. Expense/Int.Income	59.5	62.5	64.9	66.8	64.6	63.0
Fee Income/Total Income	28.5	23.7	21.0	28.8	26.3	25.3
Non Int. Inc./Total Income	26.0	25.0	27.6	30.3	28.0	27.0
Empl. Cost/Total Expense	61.4	64.8	66.2	66.4	66.7	66.6
Efficiency Ratios (INRm)						
Employee per branch (in nos)	10.3	10.1	10.1	10.1	10.1	10.1
Staff cost per employee	1.4	1.8	2.1	2.1	2.3	2.4
CASA per branch	534.0	545.1	562.9	598.6	680.1	776.6
Deposits per branch	1,271.5	1,351.3	1,537.6	1,644.6	1,789.7	1,951.2
Business per Employee	202.8	225.1	257.3	275.9	301.6	330.2
Profit per Employee	0.2	0.8	1.6	1.6	2.0	2.3

Valuation ratios

	FY23	FY24	FY25	FY26E	FY27E	FY28E
RoE	2.8	8.7	15.3	13.2	15.4	15.9
RoA	0.2	0.5	1.0	0.9	1.0	1.1
RoRWA	0.4	1.2	2.1	1.9	2.2	2.3
Book Value (INR)	86	93	107	119	134	151
- Growth (%)	3.9	7.0	15.4	11.2	12.7	12.7
Price-BV (x)	**1.3**	**1.2**	**1.1**	**1.0**	**0.9**	**0.8**
Adjusted BV (INR)	68	84	101	113	128	144
Price-ABV (x)	**1.7**	**1.4**	**1.1**	**1.0**	**0.9**	**0.8**
EPS (INR)	2.3	7.5	14.8	14.4	18.9	22.1
Price-Earnings (x)	**50.1**	**15.2**	**7.7**	**7.9**	**6.0**	**5.2**
Dividend Per Share (INR)	0.7	1.5	2.9	3.0	3.9	5.1
Dividend Yield (%)	**0.6**	**1.3**	**2.5**	**2.6**	**3.4**	**4.4**

E: MOFSL Estimates

NOTES

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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