

Punjab National Bank

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11011
M.Cap.(INRb)/(USDb)	769.1 / 9.2
52-Week Range (INR)	84 / 39
1, 6, 12 Rel. Per (%)	-8/33/55
12M Avg Val (INR M)	4404

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	344.9	394.8	426.3
OP	225.3	254.8	280.2
NP	25.1	63.7	100.6
NIM (%)	2.6	2.7	2.7
EPS (INR)	2.3	5.8	9.1
EPS Gr. (%)	-29.2	154.0	58.0
BV/Sh. (INR)	86	93	101
ABV/Sh. (INR)	68	83	91

Ratios

RoE (%)	2.6	6.2	9.0
RoA (%)	0.2	0.4	0.6

Valuations

P/E(X)	30.7	12.1	7.7
P/BV (X)	0.8	0.8	0.7
P/ABV (X)	1.0	0.8	0.8

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	73.2	73.2	73.2
DII	13.8	13.5	12.3
FII	2.7	1.8	1.2
Others	10.4	11.6	13.3

FII Includes depository receipts

CMP: INR70 **TP: INR75 (+7%)** **Neutral**

PPoP in line; lower provisions drive earnings

Asset quality continues to recover sharply

- Punjab National Bank (PNB) reported a healthy quarter, with a 28% beat on PAT primarily driven by lower provisions. PAT surged 327% YoY to INR17.6b, while NII grew 20% YoY (in line) to INR99b as NIMs improved 3bp QoQ to 3.11% in 2QFY24.
 - Loan book grew 15% YoY (3% QoQ) to INR8.9t, led by a healthy traction in corporate and retail loans. Deposits grew 10% YoY (flat QoQ) to INR13t. CASA ratio increased 25bp QoQ to 42.2%.
 - Slippages dipped to INR18b (0.9% annualized) enabling a 77bp/51bp QoQ decline in GNPA/NNPA ratios to 6.96%/1.47%. PCR rose 416bp QoQ to 80%.
 - We maintain our estimates and project an RoA/RoE of 0.6%/9.0% in FY25.
- Reiterate Neutral with a TP of INR75 (premised on 0.8x FY25E ABV).**

Domestic NIMs improve to 3.24%; PCR jumps to 80%

- PNB reported a PAT of INR17.6b (+327% YoY, 28% beat) driven by lower provisions (down 30% YoY, 17% lower than MOSLe). NII grew 20% YoY (4.4% QoQ) aided by a 3bp QoQ improvement in NIMs to 3.11%.
- Other income grew 6% YoY (down 12% QoQ, 10% miss) to INR30b. Treasury gains stood at INR2.1b in 2QFY24 vs. gains of INR20m in 2QFY23.
- Opex increased 21% YoY as the bank made AS-15-related provisions for wage revision. C/I ratio declined to 52% (v/s 53.9% in 1QFY24). PPoP thus grew 12% YoY to INR62.2b (in line) during the quarter.
- Loan book grew 15% YoY (+3% QoQ) to INR8.9t, fueled by a healthy traction in retail segment, which grew 6.4% YoY. The MSME book rose 6% YoY (5% QoQ) and Agri increased 5% YoY (flat QoQ), while the international book jumped 9.9% YoY (6.5% QoQ) in 2QFY24.
- Deposits grew 10% YoY (flat QoQ) to INR13t, led by 15% YoY growth in term deposits and 3% YoY (1.4% QoQ) growth in CASA deposits. Thus, the CASA ratio increased to 42.2% from 41.9% in 1QFY24.
- On the asset quality front, slippages declined 24% QoQ to INR18b (0.9% annualized). GNPA/NNPA ratios improved 77bp/51bp QoQ to 6.96%/1.47%. PCR increased 416bp QoQ to 80%.
- SMA-2 (above INR50m) moderated 30% YoY to INR14.5b and stood at 16bp of domestic loans.

Highlights from the management commentary

- Full-year NIMs are likely to be in the range of ~2.9-3.0% by end-FY24, and NII growth is expected at ~10% YoY for FY24.
- On account of the deposit re-pricing, NIMs will be impacted as the whole of deposit has not been re-priced yet and 15% of total term deposit is yet to be re-priced.
- Management has given a credit growth guidance of ~12-13% and deposit growth guidance of ~10-11% for FY24.
- Slippages stood at INR18b in 2QFY24, out of which Agri slippages were at INR4.2b, MSME at INR6.83b, Retail at INR4.2b and Others at INR2.2b.

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Valuation and view

PNB reported a steady quarter as lower-than-expected provisions drove earnings while asset quality continued to demonstrate a sharp improvement. NII growth was healthy QoQ supported by steady margins and healthy growth in RAM segments. Asset quality continued to improve, aided by lower slippages and healthy recoveries, while PCR improved further to 80%. SMA overdue (with loans over INR50m) remains under control at 0.16% of domestic loans, while the bank continues to guide for robust recoveries. The bank has thus guided for a credit cost of 1.50-1.75% for FY24 vs. >2% in FY23. We maintain our estimates and project an RoA/RoE of 0.6%/9.0% by FY25. **Reiterate Neutral with a TP of INR75 (premised on 0.8x FY25E ABV).**

Quarterly Performance**(INR b)**

Y/E March	FY23				FY24E				FY23	FY24E	FY24	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Interest Income	75.4	82.7	91.8	95.0	95.0	99.2	99.5	101.0	344.9	394.8	96.9	2%
% Change (YoY)	4.3	30.2	17.6	30.0	26.0	20.0	8.4	6.4	20.2	14.5	17.1	
Other Income	25.4	28.5	33.4	34.2	34.3	30.3	34.9	37.7	121.4	137.2	33.5	-10%
Total Income	100.8	111.2	125.2	129.2	129.4	129.5	134.3	138.8	466.3	532.0	130.4	-1%
Operating Expenses	47.0	55.5	68.0	70.5	69.7	67.3	68.7	71.4	241.1	277.2	67.6	0%
Operating Profit	53.8	55.7	57.2	58.7	59.7	62.2	65.6	67.4	225.3	254.8	62.7	-1%
% Change (YoY)	-15.9	38.4	12.6	11.4	10.9	11.7	14.8	14.8	8.5	13.1	12.7	
Provisions	47.9	49.1	47.1	38.3	39.7	34.4	39.0	40.6	182.4	153.7	41.7	-17%
Profit before Tax	5.9	6.6	10.0	20.4	20.0	27.7	26.6	26.8	42.9	101.1	21.1	32%
Tax	2.8	2.5	3.7	8.8	7.5	10.2	9.3	10.5	17.8	37.4	7.4	38%
Net Profit	3.1	4.1	6.3	11.6	12.6	17.6	17.3	16.3	25.1	63.7	13.7	28%
% Change (YoY)	-69.9	-62.8	-44.2	474.9	307.0	327.0	174.4	40.8	-27.5	154.0	233.1	
Operating Parameters												
Deposits	11,367	11,935	12,104	12,812	12,979	13,099	13,650	13,901	12,812	13,901	13,296	
Loans	7,426	7,734	8,004	8,308	8,637	8,899	9,108	9,347	8,308	9,347	8,779	
Deposit Growth (%)	3.6	7.0	7.4	11.8	14.2	9.8	12.8	8.5	11.8	8.5	11.4	
Loan Growth (%)	12.3	14.9	15.5	14.1	16.3	15.1	13.8	12.5	14.1	12.5	13.5	
Asset Quality												
Gross NPA (%)	11.3	10.5	9.8	8.7	7.7	7.0	6.2	5.7	8.7	5.7	7.0	
Net NPA (%)	4.3	3.8	3.3	2.7	2.0	1.5	1.2	1.0	2.8	1.0	1.7	
PCR (%)	64.8	66.3	68.5	70.8	75.8	80.0	81.7	83.4	69.6	83.4	77.6	
RoA (%)	0.1	0.1	0.2	0.3					0.2	0.4		
RoE (%)	2.0	2.6	3.9	7.1					2.6	6.2		
CASA (%)	46.3	44.9	43.7						42.0	41.9		
Margins (%)	2.8	3.0	3.2	3.2					2.6	2.7		

E: MOFSL Estimates

Quarterly snapshot

	FY22				FY23				FY24		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss, INRb												
Net Interest Income	72.3	63.5	78.0	73.0	75.4	82.7	91.8	95.0	95.0	99.2	20	4
Other Income	38.9	32.8	27.0	24.5	25.4	28.5	33.4	34.2	34.3	30.3	6	-12
Total Income	111.2	96.3	105.0	97.5	100.8	111.2	125.2	129.2	129.4	129.5	16	0
Operating Expenses	47.2	56.1	54.3	44.9	47.0	55.5	68.0	70.5	69.7	67.3	21	-3
Employee	29.6	34.2	33.1	21.6	25.5	32.3	44.6	45.7	44.9	42.0	30	-6
Others	17.7	22.0	21.2	23.3	21.5	23.2	23.4	24.8	24.8	25.3	9	2
Operating Profits	64.0	40.2	50.8	52.6	53.8	55.7	57.2	58.7	59.7	62.2	12	4
Core Operating Profits	49.8	31.4	44.5	52.5	62.2	55.7	58.2	60.6	55.5	60.1	8	8
Provisions	49.8	32.6	33.5	48.5	47.9	49.1	47.1	38.3	39.7	34.4	-30	-13
Others	12.0	8.6	-3.1	1.9	-1.7	9.2	9.4	4.8	-0.9	5.4	-42	-719
PBT	14.2	7.6	17.2	4.1	5.9	6.6	10.0	20.4	20.0	27.7	320	38
Taxes	4.0	-3.5	6.0	2.1	2.8	2.5	3.7	8.8	7.5	10.2	307	36
PAT	10.2	11.1	11.3	2.0	3.1	4.1	6.3	11.6	12.6	17.6	327	40
Balance Sheet, INRb												
Deposits	10,976	11,154	11,273	11,462	11,367	11,935	12,104	12,812	12,979	13,099	10	1
Loans	6,613	6,732	6,928	7,282	7,426	7,734	8,004	8,308	8,637	8,899	15	3
Asset Quality, INRb												
GNPA	1,041	1,003	973	924	902	870	836	773	709	656	-25	-8
NNPA	386	369	339	349	317	293	264	226	171	131	-55	-23
Slippages	102	91	50	105	65	60	41	40	24	18	-69	-24
Ratios												
	FY22				FY23				FY24		Change (bps)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
GNPA	14.3	13.6	12.9	11.8	11.3	10.5	9.8	8.7	7.7	7.0	-352	-77
NNPA	5.8	5.5	4.9	4.8	4.3	3.8	3.3	2.7	2.0	1.5	-233	-51
PCR (Cal.)	62.9	63.2	65.2	62.2	64.8	66.3	68.5	70.8	75.8	80.0	1,372	416
PCR (Incl. TWO)	80.3	80.8	81.9	81.6	83.0	84.0	85.2	86.9	89.8	91.9	795	208
Credit Cost	3.0	2.0	2.2	2.6	2.7	2.7	2.5	1.9	2.0	1.7	-106	-32
Business Ratios (%)												
Fees to Total Income	22.2	24.9	19.8	25.0	33.5	25.6	27.5	28.0	23.3	21.8	-379	-153
Cost to Core Income	48.7	64.1	54.9	46.1	43.1	49.9	53.9	53.8	55.7	52.8	290	-282
Tax Rate	28.0	-45.5	34.6	51.2	47.6	37.8	37.3	43.1	37.3	36.7	-111	-66
CASA	45.2	45.4	45.7	47.4	46.3	44.9	43.7	43.0	41.9	42.2	-276	25
Loan/Deposit	60.2	60.4	61.5	63.5	65.3	64.8	66.1	64.8	66.5	67.9	314	139
Profitability Ratios (%)												
Yield on loans	6.9	6.5	7.1	6.6	6.5	6.9	7.2	7.9	8.1	8.2	124	10
Yield On Investments	6.3	6.2	6.2	6.4	6.4	6.5	6.6	6.8	6.7	6.9	36	16
Yield on Funds	5.6	5.4	5.7	5.6	5.7	5.8	6.2	6.5	6.7	6.9	116	20
Cost of Deposits	4.1	4.0	3.9	3.9	3.8	3.9	4.2	4.5	4.7	4.9	96	14
Cost of Funds	3.5	3.5	3.4	3.4	3.4	3.4	3.7	3.9	4.2	4.3	92	13
Margins	2.7	2.4	2.9	2.8	2.8	3.0	3.2	3.2	3.1	3.1	11	3
Other Details												
Branches	10,641	10,528	10,264	10,098	10,058	10,038	10,049	10,076	10,080	10,092	54	12
ATM	13,690	13,506	13,400	13,350	13,219	12,966	12,957	12,898	12,820	12,645	-321	-175



Highlights from the management commentary

Operating environment and business

- The global business of the bank increased 11.2% YoY; savings account grew 4.32% YoY during the quarter.
- The one-time restructuring book stood at OTR1- INR30b and OTR2 - INR71b and ~12.5% provision has already been made of the entire book.
- Due to the deposit re-pricing, NIMs will be impacted as the whole of deposit has not been re-priced yet and 15% of total term deposit is yet to be re-priced.
- Total priority sector advances were at 41.6% of ANBC, against the norm of 40%
- Within the new acquisitions, the bank has sanctioned ~INR6.68t and has disbursed ~INR5.7t. Out of INR4.6t, NPA stood at 0.22% of total advances.
- PNB has recovered ~INR5.6b from NCLT and expects to recover ~INR25b going forward.
- The bank expects to achieve ~1% RoA by exit of FY25.
- Management expects full-year profit to double in FY24 from that of FY23.
- Deferred tax asset stood at 250b in the current quarter.
- The overseas book growth was at 9.9% YoY and the bank expects it to reduce going forward.
- On-book term deposit stood at ~6.0% in 2QFY24 and cost of term deposit was at ~6.75-7.10%.
- NII grew 20% YoY to INR99b in 2QFY24 and the bank expects to maintain NII at the same level. In terms of absolute number it may go down also.
- The AS-15 provision amounted to INR5.8b in 2QFY24 as against the expectation of ~INR4b-5b. INR6.94b belongs to wage revision in 2QFY24.
- Advances mix: 9.8% was fixed, MCLR was 36.7%, Repo linked was 27%, and TBLR was at 8.1%.
- CASA ratio for PNB rose 25bp QoQ to 42.2% in 2QFY24 vs. 41.9% in 1QFY24.
- The bank expects 10%-12% operating profit in FY24.
- RAM portfolio formed 55.6% of total loans in 2QFY24 as against the target of 55% provided in 1QFY24.
- Modified duration for AFS and HFT book stood at 3.49 years vs. 3.3 in 1QFY24.

Asset quality

- GNPA/NNPA ratio stood at 6.96%/1.47% as against 2QFY24 guidance of below 7.0%/2.0%.
- PCR (incl TWO) stood at 91.9% as against 2QFY24 guidance of 90%.
- The bank expects the recovery to be double than that of slippages and provides guidance recovery of INR220b for FY24.
- The bank feels comfortable of its SMA book. SMA2 was at INR14.5b in 2QFY24
- Slippages stood at INR18b in 2QFY24, out of which Agri slippages were at INR4.2b, MSME at INR6.83b, Retail at INR4.2b and Others at INR2.2b
- Interest income write-back on slippages would be ~2.5% of outstanding.
- GNPA as a % of retail advances stood at 2.51% and for corporate stood at 2.95%.

Guidance for FY24

- GNPA/NNPA ratio is likely to be below 6%/<1% by end of FY24.
- Management has given a credit growth guidance of ~12-13% and deposit growth guidance of ~10-11% for FY24.

- CASA ratio for the bank stood at 42.2% in 2QFY24 and bank expects it to be ~43-44% by end of FY24.
- Full year NIMs expected to be ~2.9-3.0% by end of FY24 and NII growth of ~10% YoY for FY24.
- Credit cost stood at 1.67% in 2QFY24 and the bank guides it to be ~1.5%-1.75% for FY24.

Exhibit 1: DuPont Analysis – Return ratios to improve gradually

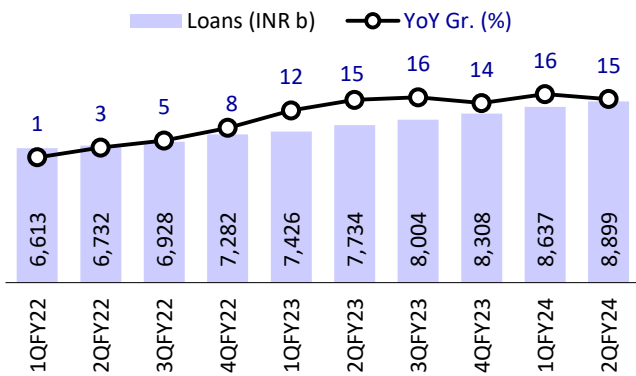
Annual DuPont	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	6.70	7.73	5.81	6.13	6.96	7.02	7.01
Interest Expense	4.53	4.81	3.59	3.65	4.37	4.43	4.35
Net Interest Income	2.17	2.92	2.23	2.48	2.59	2.58	2.66
Fee income	0.95	0.80	0.73	0.96	0.99	1.05	1.08
Trading and others	0.20	0.34	0.23	-0.08	-0.09	-0.10	-0.11
Other Income	1.16	1.14	0.96	0.87	0.90	0.95	0.97
Total Income	3.33	4.06	3.19	3.36	3.50	3.53	3.63
Operating Expenses	1.49	1.94	1.57	1.74	1.82	1.83	1.82
Employees	0.87	1.16	0.92	1.07	1.13	1.13	1.12
Others	0.62	0.78	0.65	0.67	0.69	0.70	0.70
Operating Profits	1.84	2.12	1.61	1.62	1.67	1.70	1.81
Core operating Profits	1.63	1.78	1.38	1.70	1.76	1.80	1.91
Provisions	1.74	1.79	1.28	1.31	1.01	0.79	0.73
NPA	1.80	1.63	1.10	1.14	0.98	0.76	0.70
Others	-0.06	0.15	0.18	0.17	0.03	0.03	0.03
PBT	0.09	0.33	0.34	0.31	0.66	0.91	1.08
Tax	0.05	0.14	0.07	0.13	0.25	0.30	0.32
RoA	0.04	0.19	0.27	0.18	0.42	0.61	0.75
Leverage (x)	15.0	13.6	13.8	14.2	14.7	14.8	14.8
RoE	0.6	2.6	3.7	2.6	6.2	9.0	11.1

Exhibit 2: We broadly maintain our PAT estimates for FY25

INR B	Old Est.		Rev. Est.		Chg. (%)/bps	
	FY24	FY25	FY24	FY25	FY24	FY25
Net Interest Inc	393.7	429.7	394.8	426.3	0.3	-0.8
Other Income	142.1	156.3	137.2	156.4	-3.4	0.1
Total Income	535.8	586.0	532.0	582.8	-0.7	-0.6
Operating Exp	277.2	302.5	277.2	302.5	0.0	0.0
Operating Profit	258.6	283.5	254.8	280.2	-1.5	-1.1
Provisions	164.1	138.5	153.7	130.0	-6.3	-6.2
PBT	94.5	144.9	101.1	150.2	6.9	3.6
Tax	33.1	43.5	37.4	49.6	13.1	14.0
PAT	61.4	101.5	63.7	100.6	3.7	-0.8
Credit Cost (%)	1.8	1.4	1.7	1.3	-11	-8
RoA (%)	0.4	0.6	0.4	0.6	1	-1
RoE (%)	5.9	9.1	6.2	9.0	21	-9
EPS	5.6	9.2	5.8	9.1	3.7	-0.8
BV	92.7	100.9	92.9	101.1	0.2	0.1
ABV	82.5	90.4	83.1	91.5	0.7	1.1

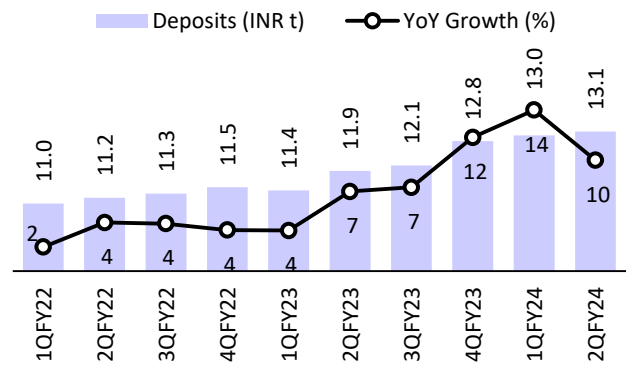
Story in charts

Exhibit 3: Loan book grew 15% YoY in 2QFY24



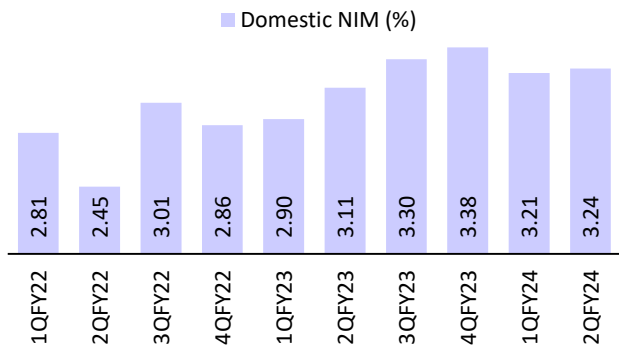
Source: MOFSL, Company

Exhibit 4: Deposits grew 10% YoY (flat QoQ)



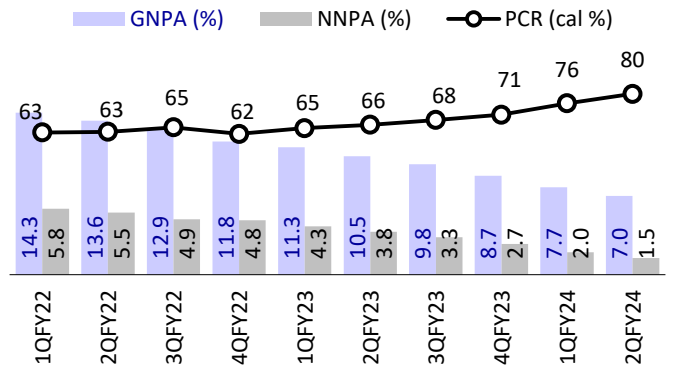
Source: MOFSL, Company

Exhibit 5: Domestic NIM increased 3bp QoQ to 3.24%



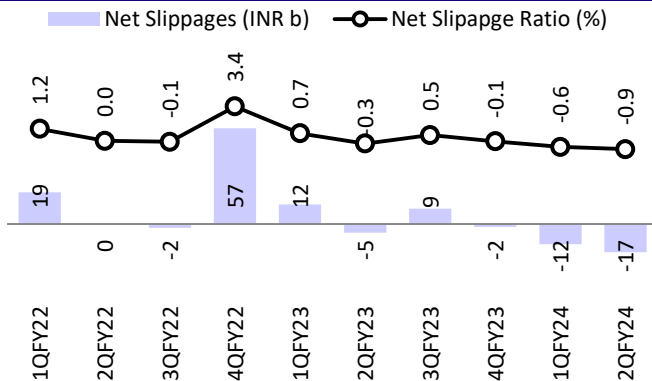
Source: MOFSL, Company

Exhibit 6: GNPA/NNPA ratios improved to 7.0%/1.5% in 2QFY24



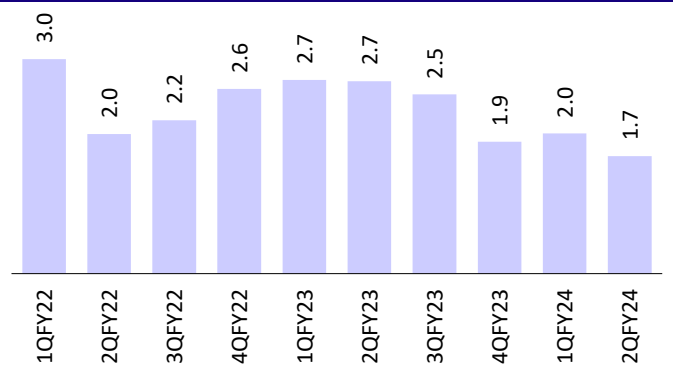
Source: MOFSL, Company

Exhibit 7: Net slippages stood at (INR17b) in 2QFY24



Source: MOFSL, Company

Exhibit 8: Annualized credit cost steady at ~1.7%



Source: MOFSL, Company

Financials and valuations

Income Statement						(INR b)
Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	808.2	748.8	851.4	1,059.0	1,158.5	1,263.2
Interest Expense	502.7	461.9	506.5	664.3	732.1	784.5
Net Interest Income	305.5	286.9	344.9	394.8	426.3	478.7
Growth (%)	75.2	-6.1	20.2	14.5	8.0	12.3
Non-Interest Income	119.2	123.2	121.4	137.2	156.4	175.2
Total Income	424.7	410.1	466.3	532.0	582.8	653.9
Growth (%)	59.0	-3.4	13.7	14.1	9.5	12.2
Operating Expenses	203.1	202.5	241.1	277.2	302.5	328.5
Pre Provision Profits	221.6	207.6	225.3	254.8	280.2	325.4
Growth (%)	50.3	-6.3	8.5	13.1	10.0	16.1
Core PPOp	186.3	178.3	236.7	268.5	296.6	345.0
Growth (%)	42.1	-4.3	32.8	13.4	10.5	16.3
Provisions (excl tax)	186.8	164.5	182.4	153.7	130.0	131.6
PBT	34.8	43.2	42.9	101.1	150.2	193.8
Tax	14.6	8.6	17.8	37.4	49.6	58.1
Tax Rate (%)	41.9	19.9	41.5	37.0	33.0	30.0
PAT	20.2	34.6	25.1	63.7	100.6	135.7
Growth (%)	501.3	71.0	-27.5	154.0	58.0	34.8

Balance Sheet

Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	21.0	22.0	22.0	22.0	22.0	22.0
Reserves & Surplus	888.4	932.8	976.5	1,047.7	1,137.4	1,262.0
Net Worth	909.4	954.9	998.6	1,069.7	1,159.4	1,284.0
Deposits	11,063.3	11,462.2	12,811.6	13,900.6	15,151.7	16,591.1
Growth (%)	57.2	3.6	11.8	8.5	9.0	9.5
of which CASA Dep	4,927.8	5,336.5	5,380.2	5,824.4	6,469.8	7,150.8
Growth (%)	62.9	8.3	0.8	8.3	11.1	10.5
Borrowings	428.4	456.8	512.9	518.9	541.2	564.9
Other Liabilities & Prov.	205.2	274.2	295.2	324.7	360.4	400.1
Total Liabilities	12,606.3	13,148.1	14,618.3	15,814.0	17,212.7	18,840.1
Current Assets	1,113.5	1,326.5	1,551.1	1,384.3	1,381.0	1,423.9
Investments	3,929.8	3,721.7	3,960.0	4,257.0	4,567.7	4,910.3
Growth (%)	63.4	-5.3	6.4	7.5	7.3	7.5
Loans	6,742.3	7,281.9	8,308.3	9,346.9	10,421.8	11,620.3
Growth (%)	42.9	8.0	14.1	12.5	11.5	11.5
Fixed Assets	110.2	106.7	120.5	132.6	139.2	146.1
Other Assets	710.5	711.3	678.4	693.3	703.1	739.4
Total Assets	12,606.3	13,148.1	14,618.3	15,814.0	17,212.7	18,840.1

Asset Quality	FY21	FY22	FY23	FY24E	FY25E	FY26E
GNPA	1,044.2	924.5	773.3	562.1	480.1	449.4
NNPA	393.0	355.9	235.0	93.1	84.6	75.3
GNPA Ratio	14.1	11.8	8.7	5.7	4.4	3.7
NNPA Ratio	5.8	4.9	2.8	1.0	0.8	0.6
Slippage Ratio	4.2	3.5	2.1	1.9	1.9	1.9
Credit Cost	2.72	2.35	2.34	1.69	1.27	1.15
PCR (Excl Tech. write off)	62.4	61.5	69.6	83.4	82.4	83.3

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY23	FY23	FY23
Yield and Cost Ratios (%)						
Avg. Yield- on Earning Assets	6.9	6.2	6.5	7.4	7.4	7.4
Avg. Yield on loans	7.8	6.9	7.4	8.4	8.3	8.2
Avg. Yield on Investments	6.6	6.3	6.7	7.0	7.1	7.0
Avg. Cost of Int. Bear. Liab.	4.4	3.9	4.0	4.8	4.9	4.8
Avg. Cost of Deposits	4.3	3.8	3.9	4.7	4.7	4.7
Interest Spread	2.5	2.3	2.5	2.6	2.5	2.6
Net Interest Margin	2.6	2.4	2.6	2.7	2.7	2.8

Capitalisation Ratios (%)

CAR	14.3	14.6	14.6	18.1	17.2	16.4
CET-1	10.6	10.6	11.2			
<i>Tier I</i>	<i>11.5</i>	<i>11.8</i>	<i>11.8</i>	<i>15.5</i>	<i>14.8</i>	<i>14.2</i>
<i>Tier II</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.6</i>	<i>2.4</i>	<i>2.2</i>

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	60.9	63.5	64.8	67.2	68.8	70.0
CASA Ratio	44.5	46.6	42.0	41.9	42.7	43.1
Cost/Assets	1.6	1.5	1.6	1.8	1.8	1.7
Cost/Total Income	47.8	49.4	51.7	52.1	51.9	50.2
Cost/Core income	52.2	53.2	2.0	2.0	1.8	1.6
Int. Expense/Int.Income	62.2	61.7	59.5	62.7	63.2	62.1
Fee Income/Total Income	19.8	22.9	28.5	28.4	29.7	29.8
Non Int. Inc./Total Income	28.1	30.0	26.0	25.8	26.8	26.8
Empl. Cost/Total Expense	60.0	58.5	61.4	62.0	61.9	61.6
Business per Employee (INR m)	174.9	181.7	202.8	218.9	236.1	255.3
Proift per Employee (INR m)	0.2	0.3	0.2	0.6	0.9	1.2
Invest./Deposit Ratio	35.5	32.5	30.9	30.6	30.1	29.6
G-Sec/Invest. Ratio	87.8	87.3	90.0	90.0	90.0	90.0

Valuation ratios

RoE	2.3	3.7	2.6	6.2	9.0	11.1
RoA	0.2	0.3	0.2	0.4	0.6	0.8
RoRWA	0.4	0.6	0.4	0.9	1.4	1.7
Book Value (INR)	83	83	86	93	101	112
Growth (%)	-6.4	0.2	3.9	7.5	8.8	11.2
Price-BV (x)	0.8	0.8	0.8	0.8	0.7	0.6
Adjusted BV (INR)	53	57	68	83	91	103
Price-ABV (x)	1.3	1.2	1.0	0.8	0.8	0.7
EPS (INR)	1.9	3.2	2.3	5.8	9.1	12.3
Price-Earnings (x)	36.3	21.8	30.7	12.1	7.7	5.7
Dividend Per Share (INR)	0.0	0.6	0.7	0.8	1.0	1.0
Dividend Yield (%)	0.0	0.9	0.9	1.1	1.4	1.4

E: MOFSL Estimates

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