

Bank of Baroda

Estimate change 

TP change 

Rating change 

CMP: INR204

TP: INR240 (+18%)

Buy

High other income boosts earnings; margins down 20bp QoQ

Asset quality robust

Bloomberg	BOB IN
Equity Shares (m)	5178
M.Cap.(INRb)/(USDb)	1053.9 / 12.7
52-Week Range (INR)	220 / 144
1, 6, 12 Rel. Per (%)	-5/4/31
12M Avg Val (INR M)	4484

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	413.6	445.3	504.8
OP	268.6	313.0	364.1
NP	141.1	172.8	204.1
NIM (%)	3.2	3.0	3.0
EPS (INR)	27.3	33.4	39.4
EPS Gr. (%)	94.0	22.5	18.1
BV/Sh. (INR)	183	211	244
ABV/Sh. (INR)	165	194	226

Ratios

RoE (%)	15.3	16.4	16.8
RoA (%)	1.0	1.1	1.2

Valuations

P/E(X)	7.5	6.1	5.2
P/BV (X)	1.1	1.0	0.8
P/ABV (X)	1.2	1.0	0.9

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	64.0	64.0	64.0
DII	16.0	16.0	18.9
FII	12.4	12.3	8.9
Others	7.6	7.7	8.2

FII Includes depository receipts

- Bank of Baroda (BOB) reported a mixed quarter as PPOP grew 33% YoY (13% beat) aided by higher other income (49% beat) though margins declined 20bp QoQ to 3.07%.
- Business growth was healthy, with loan growth of 19% YoY (4% QoQ) and deposits growth of 15% YoY (4% QoQ). Loan growth was led by healthy growth in retail segments. CASA ratio moderated 45bp QoQ to 39.9%.
- Asset quality improved despite high slippages at INR47.5b (led by aviation account). GNPA/NNPA ratios yet improved to 3.32%/0.76%, while PCR moderated 88bp QoQ. SMA 1/2 was under control at 22bp of loans.
- Due to the restrictions imposed by RBI on BOB World, the bank was not able to provide certain services to new customers but multiple channels were available to them to do their transactions and therefore the impact was minimized. Deposits in all the segments and overall business remained healthy. The bank has taken significant actions in terms of compliance and expects the Ban to be lifted in the near term.
- We maintain our earnings estimates and expect FY25E RoA/RoE of 1.2%/16.8%. **We reiterate our Buy rating on the stock.**

Business growth healthy; PCR declines 88bp QoQ to ~77.6%

- 2Q PAT grew 28% YoY to INR42.5b (6% beat), led by high other income. NII grew 6% YoY to INR108b (3% miss) as margins declined 20bp QoQ to 3.07%.
- Other income grew 128% YoY to INR41.7b (49% beat), led by 32% YoY growth in fee income, healthy treasury profits of INR4.78b (vs. losses last year) and a robust recovery from TWO at INR12.3b (>100% YoY growth). Opex grew 17% YoY (up 8% QoQ, 3% beat). C/I ratio rose 118bp QoQ to 47% in 2QFY24.
- PPoP grew 33% YoY to INR80.2b (13% beat), while core PPOP grew 20% YoY. Provisions grew 33% YoY to INR21.6b (21% higher than MOSLe).
- Advances grew 4% QoQ (up 19% YoY). Among segments, Retail loans grew 5.2% QoQ (22% YoY), while Corporate book grew 1.4% QoQ. In retail, Personal loans grew 16% QoQ (up 67% YoY) and Gold loans grew 15% QoQ (up 65% YoY). Deposits increased by 15% YoY (4% QoQ). Domestic CASA ratio moderated 45bp QoQ to 39.9%.
- On the asset quality front, slippages rose to INR47.5b (~2.3% annualized). However, due to healthy recoveries, GNPA/NNPA ratios improved 18bp/2bp QoQ to 3.32%/0.76%. PCR moderated 88bp QoQ to ~77.6%. Total SMA 1/2 was under control at 22bp of loans.
- RoA stood at 1.14%, while reported RoE stood at 19.7%.

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Highlights from the management commentary

- In the retail book, home loans grew 16% YoY, Auto loans grew 21% YoY, Personal loans grew 67% YoY and Gold loans grew 65% YoY.
- About 52% of the book is linked to MCLR and less than 30% of the book is yet to be re-priced. MCLR, if realigned, will lead to higher yields on advances.
- FY24 NIM is expected to be ~3.15%. Rising COD could dent margins.
- BOB has maintained its RoA guidance at >1% for FY24 and expects C/I ratio to be ~45% by end of FY24.

Valuation and view

BOB reported a mixed quarter characterized by robust fee income even as margins compressed further by 20bp QoQ to 3.07%. Business growth was healthy at 19% YoY, aided by strong traction across segments. The CASA mix saw a slight moderation. Fee income growth is a focus area and will help offset the persistent softness in NII growth. The bank reported a surge in recoveries from written-off accounts and has guided for continued traction in 2HFY24 as well. Asset quality continued to improve with NNPA at 0.76%, while lower SMA book provides further comfort on asset quality. **We maintain our earnings estimates and expect FY25E RoA/RoE of 1.2%/16.8%. We value the stock at INR240 (1.1x FY25E ABV) and reiterate our BUY rating.**

Quarterly performance

(INR b)

	FY23				FY24E				FY23	FY24E	FY23E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	Est	
Net Interest Income	88.4	101.7	108.2	115.2	110.0	108.3	111.3	115.7	413.6	445.3	111.2	-3%
% Change (YoY)	12.0	34.5	26.5	33.8	24.4	6.4	2.9	0.4	26.8	7.7	9.3	
Other Income	11.8	18.3	35.5	34.7	33.2	41.7	36.1	39.4	100.3	150.4	28.0	49%
Total Income	100.2	120.0	143.7	149.9	143.2	150.0	147.4	155.1	513.8	595.7	139.2	8%
Operating Expenses	54.9	59.7	61.4	69.2	64.9	69.8	72.1	75.8	245.2	282.7	68.0	3%
Operating Profit	45.3	60.3	82.3	80.7	78.2	80.2	75.3	79.2	268.6	313.0	71.2	13%
% Change (YoY)	-19.2	6.4	50.1	43.3	72.8	33.0	-8.5	-1.8	20.0	16.5	18.1	
Provisions	16.8	16.3	24.0	14.2	19.5	21.6	18.3	16.9	71.4	76.3	17.8	21%
Profit before Tax	28.4	44.0	58.3	66.5	58.8	58.6	57.0	62.4	197.3	236.8	53.4	10%
Tax	6.7	10.9	19.8	18.8	18.1	16.1	14.4	15.4	56.2	63.9	13.3	20%
Net Profit	21.7	33.1	38.5	47.8	40.7	42.5	42.7	46.9	141.1	172.8	40.0	6%
% Change (YoY)	79.4	58.7	75.4	168.5	87.7	28.4	10.7	-1.7	94.0	22.5	20.9	
Operating Parameters												
Deposit (INR b)	10,327	10,902	11,495	12,037	11,999	12,496	12,962	13,529	12,037	13,529	12,474	
Loan (INR b)	7,996	8,366	8,907	9,410	9,635	9,980	10,398	10,821	9,410	10,821	9,819	
Deposit Growth (%)	10.9	13.6	17.5	15.1	16.2	14.6	12.8	12.4	15.1	12.4	14.4	
Loan Growth (%)	19.6	20.6	21.7	21.1	20.5	19.3	16.7	15.0	21.1	15.0	17.4	
Asset Quality												
Gross NPA (%)	6.3	5.3	4.5	3.8	3.5	3.3	3.1	3.0	3.8	3.0	3.5	
Net NPA (%)	1.6	1.2	1.0	0.9	0.8	0.8	0.7	0.6	0.9	0.6	0.7	
PCR (%)	75.9	79.1	78.8	77.2	78.5	77.6	78.4	79.3	76.7	79.3	78.9	

Quarterly snapshot

INR b	FY22				FY23				FY24		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss												
Net Interest Income	78.9	75.7	85.5	86.1	88.4	101.7	108.2	115.2	110.0	108.3	6	-2
Other Income	28.6	35.8	25.2	25.2	11.8	18.3	35.5	34.7	33.2	41.7	128	26
Trading profits	8.4	11.7	4.5	-6.8	-7.7	-2.4	9.6	1.2	9.6	4.8	-300	-50
Forex Income	4.0	1.5	1.5	2.1	1.9	-2.0	1.8	1.8	2.0	2.5	-226	26
Recoveries	3.6	7.2	5.2	9.2	4.2	6.0	8.1	14.5	6.6	12.3	104	86
Others (Non-core)	12.6	15.4	14.1	20.8	13.6	16.6	16.0	17.2	15.1	22.2	34	47
Total Income	107.5	111.5	110.7	111.3	100.2	120.0	143.7	149.9	143.2	150.0	25	5
Operating Expenses	51.5	54.8	55.9	55.0	54.9	59.7	61.4	69.2	64.9	69.8	17	8
Employee	30.6	31.1	31.0	27.0	30.4	31.8	33.5	37.8	37.5	37.1	16	-1
Others	20.9	23.6	24.9	28.0	24.5	27.9	27.9	31.4	27.4	32.8	18	20
Operating Profits	56.0	56.7	54.8	56.4	45.3	60.3	82.3	80.7	78.2	80.2	33	2
Core Operating Profits	47.6	45.0	50.4	63.2	53.0	62.7	72.7	79.5	68.7	75.4	20	10
Provisions	40.1	27.5	25.1	37.4	16.8	16.3	24.0	14.2	19.5	21.6	33	11
NPA provisions	25.6	26.0	42.8	52.0	15.6	16.5	8.2	3.2	16.9	22.9	38	35
Provisions on Invest.	-0.2	0.2	4.5	1.2	2.0	-1.3	14.1	2.2	-0.1	0.9	-173	-936
PBT	16.0	29.2	29.8	19.0	28.4	44.0	58.3	66.5	58.8	58.6	33	0
Taxes	3.9	8.3	7.8	1.2	6.7	10.9	19.8	18.8	18.1	16.1	47	-11
PAT	12.1	20.9	22.0	17.8	21.7	33.1	38.5	47.8	40.7	42.5	28	4
Balance Sheet (INR b)												
Deposits	9,313	9,595	9,780	10,459	10,327	10,902	11,495	12,037	11,999	12,496	15	4
Loans	6,684	6,938	7,322	7,772	7,996	8,366	8,907	9,410	9,635	9,980	19	4
Asset Quality (INR b)												
GNPA	630.3	595.0	560.0	540.6	525.9	463.7	418.6	367.6	348.3	339.7	-27	-2
NNPA	202.6	196.0	164.6	133.6	126.5	96.7	88.5	83.8	74.8	76.0	-21	2
Slippages	61.9	58.0	34.9	57.8	43.5	44.7	28.8	27.4	27.6	47.5	6	72
Ratios												
Asset Quality (%)	FY22				FY23				FY24		Change (bps)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
GNPA	8.9	8.1	7.3	6.6	6.3	5.3	4.5	3.8	3.5	3.3	-199	-18
NNPA	3.0	2.8	2.3	1.7	1.6	1.2	1.0	0.9	0.8	0.8	-40	-2
Slippage ratio	3.0	3.1	1.6	2.6	2.0	2.0	1.2	1.2	1.2	2.1	7	84
PCR	83.1	83.4	86.0	88.7	89.4	91.7	92.3	92.4	93.2	93.2	143	-7
Credit Cost	2.4	1.5	1.4	2.8	0.9	0.9	1.2	0.7	0.9	1.0	13	11
Business Ratios (%)												
Fees to Total Income	18.8	21.6	18.7	28.8	19.5	17.2	18.0	22.3	16.5	24.6	741	809
Cost to Core Income	52.0	54.9	52.6	46.5	50.9	48.8	45.8	46.5	48.6	48.1	-70	-53
Tax Rate	24.2	28.4	26.2	6.3	23.7	24.8	33.9	28.2	30.8	27.4	266	-334
CASA Reported	43.2	43.5	44.3	44.2	44.2	42.8	41.6	42.3	40.3	39.9	-289	-45
Loan/Deposit	71.8	72.3	74.9	74.3	77.4	76.7	77.5	78.2	80.3	79.9	312	-43
CAR	15.4	15.6	15.5	15.7	15.5	15.3	14.9	16.2	15.8	15.3	5	-54
Tier I	13.1	13.2	13.2	13.2	13.0	12.8	12.6	14.0	13.6	13.2	38	-45
Profitability Ratios (%)												
Yield on loans	7.7	7.4	7.8	7.6	7.4	8.0	8.5	9.0	8.9	8.9	91	1
Yield On Investments	6.1	6.4	6.3	6.3	6.3	6.5	6.6	6.6	6.8	6.9	40	1
Cost of Deposits	3.6	3.5	3.5	3.5	3.5	3.6	4.0	4.4	4.7	4.9	133	24
Margins	3.0	2.9	3.1	3.1	3.0	3.3	3.4	3.5	3.3	3.1	-26	-20
RoA	0.4	0.7	0.7	0.6	0.7	1.0	1.1	1.3	1.1	1.1	13	3



Highlights from the management commentary

Balance sheet and P&L

- Retail book grew 22% YoY, while Corporate/ MSME /Agri book grew by 17%/12%/14%.
- In the retail book, home loans grew 16% YoY, Auto loans grew 21% YoY, Personal loans grew 67% YoY and Gold loans grew 65% YoY.
- The bank expects Personal loan growth to moderate ahead. Growth of wholesale deposits is expected to continue.
- BOB has maintained its ROA guidance of more than 1% for FY24 (1.12% in 2QFY24).
- The cost of deposits is high given the liquidity scenario, and the bank expects this scenario to continue for some more time, with yields remaining flat, which has led to NIM compression.
- Initiatives (products) taken by the bank, such as BoB lite, Bob grow, bob parivaar account and Baroda NRI account, will boost CASA deposits and optimize NIMs.
- Due to a higher rate in term deposits, there was an impact on the cost of deposits, which is not expected to continue. On the treasury side, yields are not expected to go up further.
- The percentage of investments in SLR Securities to NDTL was at 27.41% in 2Q.
- Domestic investment book comprises 69.20% of HTM, 30.57% of AFS and 0.23% of HFT.
- About 52% of the book is linked to MCLR and less than 30% of book is still to be repriced. MCLR, if realigned, will lead to higher yields on advances.
- The bank expects fee income to grow significantly in coming quarters. Fee income mainly comes from the corporate channel.
- The bank expects repricing to happen in retail deposits, and if the rate reversal happens next year, then some repricing is expected in bulk deposits also.
- The bank is on track to on-boarded the same number of customer as it did past many years.
- The average duration of term deposits stood at 1.2 years as of Sep'23.
- FY24 NIM is expected to be ~3.15%. Rising COD will put pressure on margins and most of the repricing has already been completed.
- Fee income growth is a focus area with 32% YoY growth, the highest for the bank. Even if the margin compresses in the upcoming quarters, fee income will help the bank maintain ROA above 1%.
- CASA ratio moderated to 39.9% as seen across the industry. BOB will continue to focus on garnering granular CASA deposits going forward.
- Bulk TD grew 59% YoY, while Retail TD grew 4% YoY.

Asset quality

- GNPA/NNPA ratios improved by 18bp/2bp QoQ to 3.3%/0.8%.
- Fresh slippages increased to INR43b in 2QFY24 vs. INR24.5b in 1QFY24. PCR moderated 88bp QoQ to 77.6%.
- PCR under NCLT accounts stands at 98.5% in current quarter.
- BOB has provided 100% of non-guarantee aviation account in the current quarter.
- Adjusted for 1H profits, CET-1 would have been 12.47% and CRAR 16.20%.

- International slippages also increased due to one real estate account in the Middle East.
- Recovery from written-off accounts expected in next quarter as well (10% here and there); expected to be ~INR20b in 2HFY24.
- One aviation account has slipped in the current quarter; its provisions have been transferred to provisions for NPA accounts.
- Collection efficiency (excluding agriculture) stood at 99% as on 2QFY24.
- SMA 1&2 (>50m) stands at 22bp of advances as on 2QFY24.

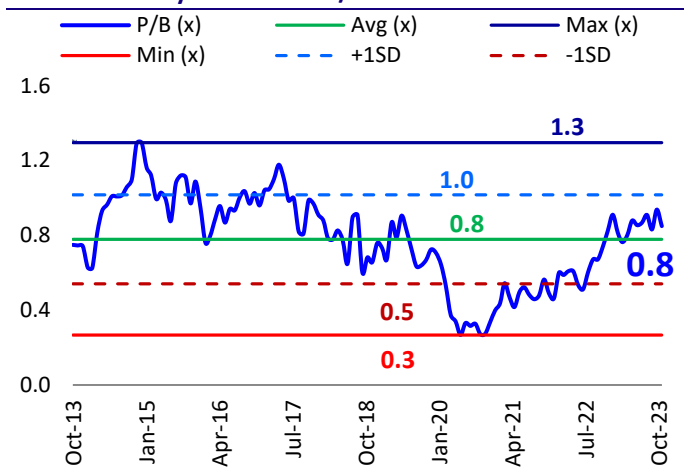
Guidance for FY24

- The bank expects the retail segment to grow by 3-4% higher than the industry average.
- Growth in total advances is expected to be 14-16% in FY24:
- 12%-13% growth in corporate book
- 20%-22% growth in retail book
- International book is expected to grow at 15% YoY
- Full year NIM Guidance stood at ~3.15% for FY24.
- The bank expects the C/I ratio to be ~45% by end of FY24.
- Deposits growth is expected to be ~12-13% for FY24.

Valuation and view: Reiterate BUY

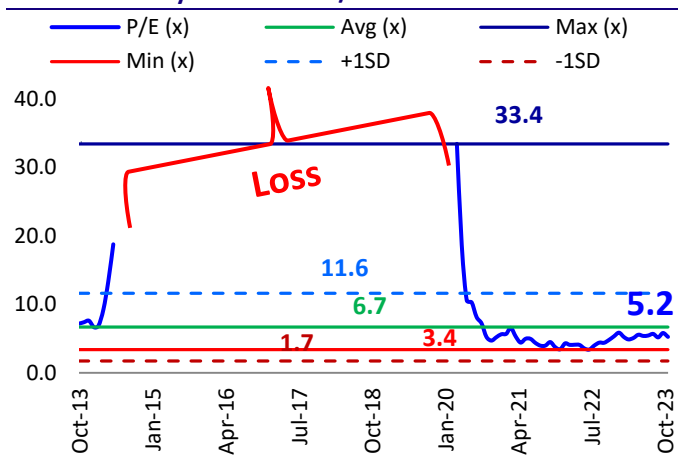
- With a healthy CET-1 ratio of ~12%, BOB appears to be well capitalized for incremental growth opportunities, likely to be driven by retail loans. The corporate book is witnessing a healthy recovery and is likely to sustain the momentum, resulting in a healthy loan growth.
- On the asset quality front, slippages increased to INR47.5b (~2.3% annualized). However, due to healthy recoveries, GNPA/NNPA ratios improved 18bp/2bp QoQ to 3.32%/0.76%. PCR moderated 88bp QoQ to ~77.6%. Total SMA 1/2 was under control at 22bp of loans. Collection efficiency (ex-Agri) was healthy at 99% in Sep'23.
- **Reiterate BUY rating with a TP of INR240:** BOB reported a mixed quarter characterized by robust fee income even as margins compressed further by 20bp QoQ to 3.07%. Business growth was healthy at 19% YoY, aided by strong traction across segments while CASA mix saw a slight moderation. Fee income growth remains a focus area and will help offset the persistent softness in NII growth. The bank reported a surge in recoveries from written-off accounts and has guided for continued traction in 2HFY24 as well. Asset quality continues to improve with NNPA at 0.76% while lower SMA book provides further comfort on asset quality. We maintain our earnings estimates and expect FY25E RoA/RoE of 1.2%/16.8%. We value the stock at INR240 (1.1x FY25E ABV) and reiterate our BUY rating.

Exhibit 1: One-year forward P/B



Source: MOFSL, Company

Exhibit 2: One-year forward P/E



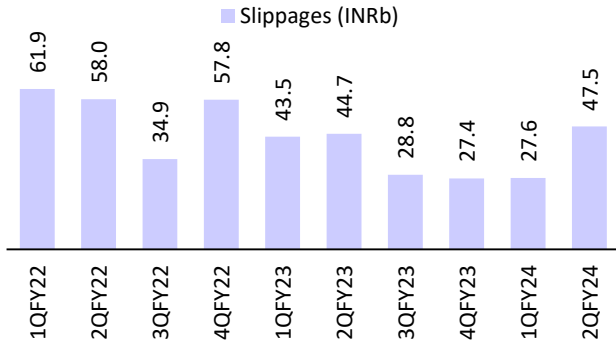
Source: MOFSL, Company

Exhibit 3: DuPont Analysis: Expect return ratios to remain healthy over FY24-25

Y/E MARCH	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	6.09	5.74	6.55	7.45	7.52	7.49
Interest Expense	3.60	3.06	3.53	4.58	4.64	4.56
Net Interest Income	2.49	2.68	3.02	2.87	2.87	2.94
Fee income	0.83	0.72	0.66	0.91	0.94	0.97
Trading and others	0.29	0.22	0.08	0.06	0.04	0.03
Other income	1.12	0.94	0.73	0.97	0.98	1.00
Total Income	3.61	3.63	3.76	3.84	3.85	3.94
Operating Expenses	1.78	1.78	1.79	1.82	1.78	1.75
Employee cost	0.99	0.98	1.0	1.0	1.0	0.9
Others	0.79	0.80	0.82	0.82	0.81	0.81
Operating Profits	1.83	1.84	1.96	2.02	2.07	2.19
Core operating Profits	1.54	1.62	1.89	1.96	2.03	2.16
Provisions	1.35	1.07	0.52	0.49	0.52	0.56
NPA	1.05	1.21	0.33	0.47	0.49	0.53
Others	0.30	-0.15	0.20	0.02	0.03	0.03
PBT	0.48	0.77	1.44	1.53	1.55	1.63
Tax	0.41	0.17	0.41	0.41	0.39	0.41
RoA (%)	0.07	0.60	1.03	1.11	1.16	1.22
<i>Leverage (x)</i>	<i>15.5</i>	<i>14.9</i>	<i>14.9</i>	<i>14.7</i>	<i>14.5</i>	<i>14.2</i>
RoE (%)	1.1	8.9	15.3	16.4	16.8	17.4

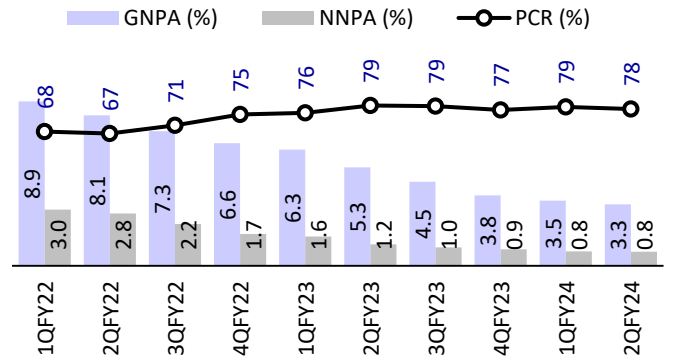
Story in charts

Exhibit 4: Slippages increased to INR47.5b in 2QFY24



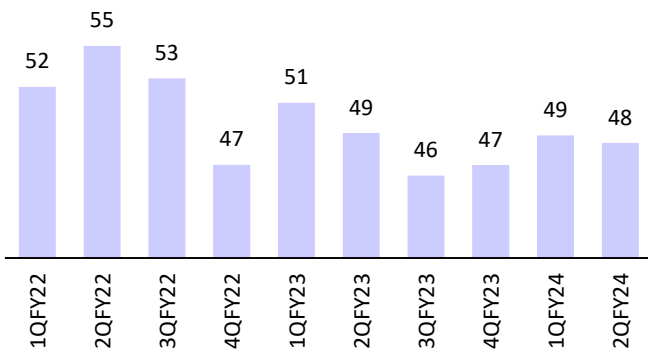
Source: MOFSL, Company

Exhibit 5: Asset quality continues to improve; calculated PCR stood at ~78%



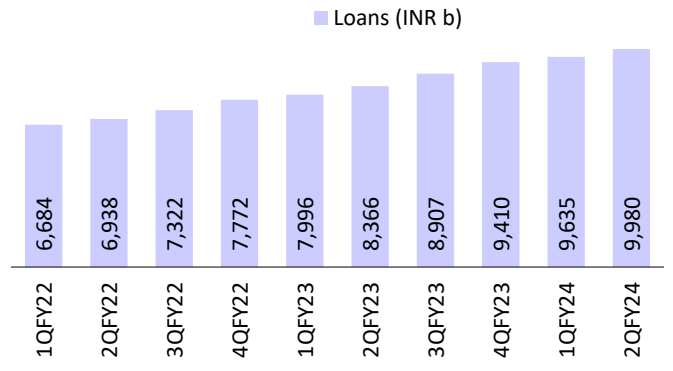
Source: MOFSL, Company

Exhibit 6: Cost-to-core income stands at ~48%



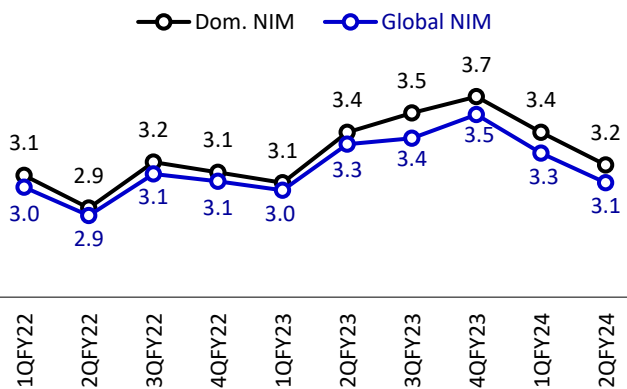
Source: MOFSL, Company

Exhibit 7: Loan book grew ~19% YoY (up 3.6% QoQ)



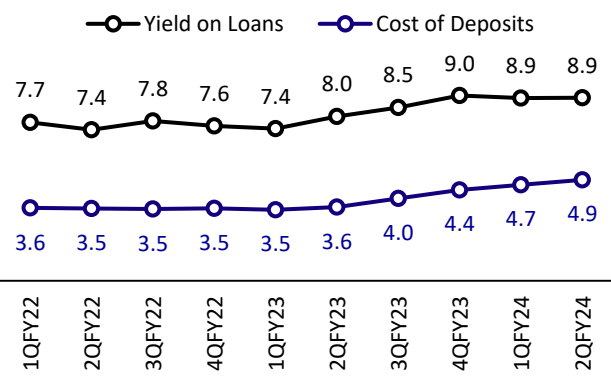
Source: MOFSL, Company

Exhibit 8: Domestic/Global NIMs moderated 22bp/20bp QoQ



Source: MOFSL, Company

Exhibit 9: Loan yield stood stable at 8.9%; CoD increased to 4.92% (up 24bp QoQ)



Source: MOFSL, Company

Financials and valuations

Income Statement							(INRb)
Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E	
Interest Income	705.0	698.8	895.9	1,155.9	1,321.6	1,499.7	
Interest Expense	416.9	372.6	482.3	710.6	816.7	911.8	
Net Interest Income	288.1	326.2	413.6	445.3	504.8	588.0	
Growth (%)	4.9	13.2	26.8	7.7	13.4	16.5	
Non-Interest Income	129.3	114.8	100.3	150.4	172.9	200.6	
Total Income	417.4	441.1	513.8	595.7	677.8	788.6	
Growth (%)	10.5	5.7	16.5	15.9	13.8	16.4	
Operating Expenses	205.4	217.2	245.2	282.7	313.6	350.6	
Pre Provision Profits	212.0	223.9	268.6	313.0	364.1	438.0	
Growth (%)	12.2	5.6	20.0	16.5	16.3	20.3	
Core PPP	178.2	196.6	258.0	304.0	356.5	431.5	
Growth (%)	10.4	10.3	31.2	17.8	17.3	21.0	
Provisions (excl tax)	156.4	130.0	71.4	76.3	91.3	111.2	
PBT	55.6	93.9	197.3	236.8	272.8	326.8	
Tax	47.3	21.1	56.2	63.9	68.8	82.3	
Tax Rate (%)	85.1	22.5	28.5	27.0	25.2	25.2	
PAT	8.3	72.7	141.1	172.8	204.1	244.4	
Growth (%)	51.8	777.3	94.0	22.5	18.1	19.8	

Balance Sheet

Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	10.4	10.4	10.4	10.4	10.4	10.4
Reserves & Surplus	760.1	848.7	971.9	1,114.7	1,287.5	1,500.7
Net Worth	770.5	859.1	982.2	1,125.0	1,297.9	1,511.1
Deposits	9,670.0	10,459.4	12,036.9	13,529.5	15,355.9	17,429.0
Growth (%)	2.2	8.2	15.1	12.4	13.5	13.5
of which CASA Dep	3,882.8	4,336.1	4,751.0	4,748.8	5,512.8	6,344.1
Growth (%)	16.3	11.7	9.6	0.0	16.1	15.1
Borrowings	668.5	1,039.0	1,019.1	1,168.0	1,337.6	1,535.1
Other Liabilities & Prov.	444.7	422.5	547.4	629.5	723.9	832.5
Total Liabilities	11,553.6	12,780.0	14,585.6	16,452.0	18,715.3	21,307.7
Current Assets	1,204.1	1,226.5	957.0	867.1	1,051.7	1,194.7
Investments	2,612.2	3,158.0	3,624.9	4,096.1	4,653.2	5,304.6
Growth (%)	-4.9	20.9	14.8	13.0	13.6	14.0
Loans	7,063.0	7,771.6	9,410.0	10,821.5	12,336.5	14,125.3
Growth (%)	2.3	10.0	21.1	15.0	14.0	14.5
Fixed Assets	80.2	99.2	87.1	92.3	96.9	101.7
Other Assets	594.1	524.7	506.7	575.0	577.1	581.4
Total Assets	11,553.6	12,780.0	14,585.6	16,452.0	18,715.3	21,307.7

Asset Quality

GNPA	666.7	540.6	367.6	327.3	337.6	370.1
NNPA	218.0	133.6	85.5	67.9	69.2	76.2
Slippages	200.1	142.6	111.5	161.9	196.8	224.9
GNPA Ratio	8.9	6.6	3.8	3.0	2.7	2.6
NNPA Ratio	3.1	1.7	0.9	0.6	0.6	0.5
Slippage Ratio	2.8	1.8	1.2	1.6	1.7	1.7
Credit Cost	1.7	2.0	0.5	0.7	0.8	0.8
PCR (Excl Tech. write off)	67.3	75.3	76.7	79.3	79.5	79.4

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	6.5	5.7	6.9	7.8	7.8	7.8
Avg. Yield on loans	7.1	6.3	7.5	8.7	8.7	8.6
Avg. Yield on Investments	6.6	5.6	6.6	6.6	6.9	6.9
Avg. Cost-Int. Bear. Liab.	4.0	3.2	3.9	5.1	5.2	5.1
Avg. Cost of Deposits	3.9	3.2	3.7	4.9	5.1	5.0
Interest Spread	2.4	2.5	2.9	2.6	2.6	2.6
Net Interest Margin	2.7	2.7	3.2	3.0	3.0	3.0

Capitalisation Ratios (%)

CAR	15.7	15.7	16.2	14.9	14.4	14.1
Tier I	13.5	13.2	14.0	12.9	12.6	12.5
Tier II	2.3	2.5	2.3	2.0	1.8	1.6
CET-1	10.9	11.4	12.2			

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	73.0	74.3	78.2	80.0	80.3	81.0
CASA Ratio	40.2	41.5	39.5	35.1	35.9	36.4
Cost/Assets	1.8	1.7	1.7	1.7	1.7	1.6
Cost/Total Income	49.2	49.2	47.7	47.5	46.3	44.5
Cost/Core Income	53.5	52.5	48.7	48.2	46.8	44.8
Int. Expense/Int.Income	59.1	53.3	53.8	61.5	61.8	60.8
Fee Income/Total Income	22.9	19.9	17.4	23.7	24.4	24.6
Non Int. Inc./Total Income	31.0	26.0	19.5	25.2	25.5	25.4
Empl. Cost/Total Expense	55.7	55.2	54.5	54.8	54.3	53.9
Profit per Employee (INR m)	0.1	0.9	1.8	2.2	2.6	3.0
Investment/Deposit Ratio	27.0	30.2	30.1	30.3	30.3	30.4
G-Sec/Investment Ratio	86.8	86.5	86.9	86.9	86.9	86.9

Profitability Ratios and Valuation

RoE	1.1	8.5	15.3	16.4	16.8	17.4
RoA	0.1	0.6	1.0	1.1	1.2	1.2
RoRWA	0.1	1.1	2.0	2.2	2.3	2.4
Book Value (INR)	143	158	183	211	244	286
Growth (%)	-3.2	10.5	15.8	15.0	15.8	16.8
Price-BV (x)	1.4	1.3	1.1	1.0	0.8	0.7
Adjusted BV (INR)	111	136	165	194	226	266
Price-ABV (x)	1.8	1.5	1.2	1.0	0.9	0.8
EPS (INR)	1.6	14.0	27.3	33.4	39.4	47.2
Growth (%)	35.6	777.3	94.0	22.5	18.1	19.8
Price-Earnings (x)	127.3	14.5	7.5	6.1	5.2	4.3
Dividend Per Share (INR)	0.0	2.8	5.5	5.8	6.0	6.0
Dividend Yield (%)	0.0	1.4	2.7	2.8	3.0	3.0

E: MOSL Estimates

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NOTES

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UNDER REVIEW	Rating may undergo a change
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