

# Punjab National Bank

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11011
M.Cap.(INRb)/(USD\$b)	1150.7 / 13.8
52-Week Range (INR)	108 / 44
1, 6, 12 Rel. Per (%)	17/64/75
12M Avg Val (INR M)	3994

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	344.9	402.1	431.6
OP	225.3	257.1	274.6
NP	25.1	81.2	116.1
NIM (%)	2.6	2.8	2.8
EPS (INR)	2.3	7.4	10.5
EPS Gr. (%)	-29.2	224.0	43.0
BV/Sh. (INR)	86	95	104
ABV/Sh. (INR)	68	86	96

## Ratios

RoE (%)	2.8	8.5	11.0
RoA (%)	0.2	0.5	0.7

## Valuations

P/E(X)	46.1	14.2	10.0
P/BV (X)	1.2	1.1	1.0
P/ABV (X)	1.5	1.2	1.1

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	73.2	73.2	73.2
DII	13.8	13.8	13.0
FII	3.1	2.7	1.7
Others	10.0	11.6	12.2

FII Includes depository receipts

**CMP: INR105**      **TP: INR100 (-4%)**      **Neutral**

## PPoP in line; lower provisions drive earnings beat

### Asset quality continues to surprise positively

- Punjab National Bank (PNB) reported a healthy quarter, with a 19% beat on PAT amid 23% lower provision vs. our estimate. PAT surged 254% YoY to INR22.2b, while NII grew 12% YoY (in line) to INR103b as NIMs improved 4bp QoQ to 3.15% in 3QFY24.
- Loan book grew at a healthy pace of 15% YoY (3% QoQ) to INR9.2t, led by a healthy traction in corporate. Retail loans declined 1.8% QoQ. Deposit growth was relatively low at 9% YoY/1% QoQ to INR13t.
- The C/D ratio was relatively low at 69%, giving levers to accelerate advances unlike other banks. The CASA ratio increased 32bp QoQ to 42.5%.
- Slippages dipped to INR18b (0.9% annualized) enabling sharp 72bp/51bp QoQ decline in GNPA/NNPA ratios to 6.24%/0.96% while PCR rose 540bp QoQ to 85%.
- We upgrade our EPS estimates by 15%/5% for FY24/FY25, factoring in lower LLP and healthy margins. We estimate RoA/RoE of 0.7%/11.0% in FY25 and 0.9%/13.1% by FY26. **Retain Neutral with a TP of INR100 (1x Sep'25E ABV).**

### NIMs improve 4bp QoQ to 3.15%; PCR jumps to 85%

- PNB reported a PAT of INR22.2b (+254% YoY, 19% beat) amid lower provisions (down 42% YoY, 23% lower than our estimate). NII grew 12% YoY (3.7% QoQ), aided by a 4bp QoQ improvement in NIMs to 3.15%.
- Other income declined 20% YoY (down 12% QoQ, 22% miss) to INR26.7b, as the bank reported a treasury loss of INR7.9b in 3QFY24 vs. gains of INR2.1b in 3QFY23.
- Opex decreased 2% YoY as additional wage provisions were offset by lower AS-15 provisions. As a result, the C/I ratio declined to 51% (vs. 52% in 2QFY24). PPoP, thus, grew 11% YoY to INR63.3b (in line) in 3Q.
- The loan book grew by a healthy 15% YoY (+3% QoQ) to INR9.2t amid healthy traction in Corporate, Agri and MSME. Retail edged lower by 1.8% QoQ. The international book remained flat at 0.6% QoQ in 3QFY24.
- Deposits grew at a slower pace of 9% YoY (1% QoQ) to INR13.2t, led by 6% YoY/1.7% QoQ growth in CASA and faster growth in international deposits at 18% YoY/4.5% QoQ. Thus, the CASA ratio rose to 42.5% from 41.2% in 2QFY24.
- On the asset quality front, slippages declined 25% QoQ to INR18b (0.9% annualized). GNPA/NNPA ratios improved 72bp/51bp QoQ to 6.24%/1%. PCR increased 540bp QoQ to 85.4%.
- SMA-2 (above INR50m) moderated 23% YoY to INR13.4b and stood at 14bp of domestic loans.

**Highlights from the management commentary**

- The bank made AS-15 provisions of INR3.22b and extra provisions of INR8b for a 17% wage hike settlement. PNB has been making provisions for pensions and has increased liability provisions. In 2Q, the bank made provisions of INR6.9b for the wage revision.
- The C/D ratio stands at a comfortable level of 69.2%. PNB is thus not raising bulk deposits. It also has excess SLR.
- **Slippage breakup** – Agri at INR 4.39b, MSME at INR7.09b, Retail at INR 4.34b, Others at 0.13b and INR1.98b were slippages from existing NPAs. The bank expects recoveries to be at 2x of slippages.

**Valuation and view**

PNB reported a robust quarter as lower-than-expected provisions drove earnings and asset quality continued to improve. NII growth was healthy QoQ, supported by steady margins and healthy growth in RAM segments. Asset quality improvement was aided by lower slippages and healthy recoveries. PCR improved further to 80%. SMA overdue (with loans over INR50m) remains under control at 0.14% of domestic loans, while the bank continues to guide for robust recoveries at 2x of slippages. PNB expects the credit cost to be contained at <1% and expects RoA at 1% by 4QFY25. We upgrade our EPS estimates by 15%/5% for FY24/FY25, factoring in lower LLP and healthy margins. We estimate RoA/RoE of 0.7%/11.0% in FY25 and 0.9%/13.1% by FY26. **Retain Neutral with a TP of INR100 (premised on 1x Sep'25E ABV).**

**Quarterly Performance**

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Interest Income</b>	<b>75.4</b>	<b>82.7</b>	<b>91.8</b>	<b>95.0</b>	<b>95.0</b>	<b>99.2</b>	<b>102.9</b>	<b>104.9</b>	<b>344.9</b>	<b>402.1</b>	<b>100.9</b>	<b>2%</b>
% Change (YoY)	4.3	30.2	17.6	30.0	26.0	20.0	12.1	10.4	20.2	16.6	10.0	
Other Income	25.4	28.5	33.4	34.2	34.3	30.3	26.7	36.1	121.4	127.5	34.2	-22%
<b>Total Income</b>	<b>100.8</b>	<b>111.2</b>	<b>125.2</b>	<b>129.2</b>	<b>129.4</b>	<b>129.5</b>	<b>129.7</b>	<b>141.0</b>	<b>466.3</b>	<b>529.6</b>	<b>135.2</b>	<b>-4%</b>
Operating Expenses	47.0	55.5	68.0	70.5	69.7	67.3	66.4	69.1	241.1	272.5	70.7	-6%
<b>Operating Profit</b>	<b>53.8</b>	<b>55.7</b>	<b>57.2</b>	<b>58.7</b>	<b>59.7</b>	<b>62.2</b>	<b>63.3</b>	<b>71.9</b>	<b>225.3</b>	<b>257.1</b>	<b>64.5</b>	<b>-2%</b>
% Change (YoY)	-15.9	38.4	12.6	11.4	10.9	11.7	10.8	22.6	8.5	14.1	12.9	
Provisions	47.9	49.1	47.1	38.3	39.7	34.4	27.4	28.7	182.4	130.1	35.4	-23%
<b>Profit before Tax</b>	<b>5.9</b>	<b>6.6</b>	<b>10.0</b>	<b>20.4</b>	<b>20.0</b>	<b>27.7</b>	<b>35.9</b>	<b>43.3</b>	<b>42.9</b>	<b>126.9</b>	<b>29.1</b>	<b>23%</b>
Tax	2.8	2.5	3.7	8.8	7.5	10.2	13.7	14.4	17.8	45.7	10.5	31%
<b>Net Profit</b>	<b>3.1</b>	<b>4.1</b>	<b>6.3</b>	<b>11.6</b>	<b>12.6</b>	<b>17.6</b>	<b>22.2</b>	<b>28.9</b>	<b>25.1</b>	<b>81.2</b>	<b>18.6</b>	<b>19%</b>
% Change (YoY)	-69.9	-62.8	-44.2	474.9	307.0	327.0	253.5	149.3	-27.5	224.0	196.1	
<b>Operating Parameters</b>												
Deposits	11,367	11,935	12,104	12,812	12,979	13,099	13,235	13,798	12,812	13,798	13,443	
Loans	7,426	7,734	8,004	8,308	8,637	8,899	9,164	9,388	8,308	9,388	9,126	
Deposit Growth (%)	3.6	7.0	7.4	11.8	14.2	9.8	9.3	7.7	11.8	7.7	11.1	
Loan Growth (%)	12.3	14.9	15.5	14.1	16.3	15.1	14.5	13.0	14.1	13.0	14.0	
<b>Asset Quality</b>												
Gross NPA (%)	11.3	10.5	9.8	8.7	7.7	7.0	6.2	5.6	8.7	5.6	6.2	
Net NPA (%)	4.3	3.8	3.3	2.7	2.0	1.5	1.0	0.8	2.8	0.8	1.2	
PCR (%)	64.8	66.3	68.5	70.8	75.8	80.0	85.4	86.3	69.6	86.3	82.0	

E: MOFSL Estimates

## Quarterly snapshot

	FY23				FY24			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
<b>Profit and Loss, INRb</b>									
Net Interest Income	75.4	82.7	91.8	95.0	95.0	99.2	102.9	12	4
Other Income	25.4	28.5	33.4	34.2	34.3	30.3	26.7	-20	-12
Total Income	100.8	111.2	125.2	129.2	129.4	129.5	129.7	4	0
Operating Expenses	47.0	55.5	68.0	70.5	69.7	67.3	66.4	-2	-1
Employee	25.5	32.3	44.6	45.7	44.9	42.0	41.7	-7	-1
Others	21.5	23.2	23.4	24.8	24.8	25.3	24.7	5	-3
Operating Profits	53.8	55.7	57.2	58.7	59.7	62.2	63.3	11	2
Core Operating Profits	62.2	55.7	58.2	60.6	55.5	60.1	71.2	22	18
Provisions	47.9	49.1	47.1	38.3	39.7	34.4	27.4	-42	-20
Others	-1.7	9.2	9.4	4.8	-0.9	5.4	6.8	-28	26
PBT	5.9	6.6	10.0	20.4	20.0	27.7	35.9	258	30
Taxes	2.8	2.5	3.7	8.8	7.5	10.2	13.7	266	35
PAT	3.1	4.1	6.3	11.6	12.6	17.6	22.2	253	27
<b>Balance Sheet, INRb</b>									
Deposits	11,367	11,935	12,104	12,812	12,979	13,099	13,235	9	1
Loans	7,426	7,734	8,004	8,308	8,637	8,899	9,164	14	3
<b>Asset Quality, INRb</b>									
GNPA	902	870	836	773	709	656	604	-28	-8
NNPA	317	293	264	226	171	131	88	-67	-33
Slippages	65	60	41	40	24	18	18	-56	-2
<b>Ratios</b>									
	FY23				FY24			Change (bps)	
<b>Asset Quality Ratios (%)</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>YoY</b>	<b>QoQ</b>
GNPA	11.3	10.5	9.8	8.7	7.7	7.0	6.2	-352	-72
NNPA	4.3	3.8	3.3	2.7	2.0	1.5	1.0	-234	-51
PCR (Cal.)	64.8	66.3	68.5	70.8	75.8	80.0	85.4	1,694	540
PCR (Incl. TWO)	83.0	84.0	85.2	86.9	89.8	91.9	94.3	911	237
Credit Cost	2.7	2.7	2.5	1.9	2.0	1.7	1.3	-125	-38
<b>Business Ratios (%)</b>									
Fees to Total Income	33.5	25.6	27.5	28.0	23.3	21.8	26.7	-83	489
Cost to Core Income	43.1	49.9	53.9	53.8	55.7	52.8	48.2	-563	-459
Tax Rate	47.6	37.8	37.3	43.1	37.3	36.7	38.1	84	146
CASA	46.3	44.9	43.7	43.0	41.9	42.2	42.5	-125	32
Loan/Deposit	65.3	64.8	66.1	64.8	66.5	67.9	69.2	311	131
<b>Profitability Ratios (%)</b>									
Yield on loans	6.5	6.9	7.2	7.9	8.1	8.2	8.5	122	30
Yield On Investments	6.4	6.5	6.6	6.8	6.7	6.9	6.8	18	-11
Yield on Funds	5.7	5.8	6.2	6.5	6.7	6.9	7.1	89	17
Cost of Deposits	3.8	3.9	4.2	4.5	4.7	4.9	5.0	81	10
Cost of Funds	3.4	3.4	3.7	3.9	4.2	4.3	4.4	76	10
Margins	2.8	3.0	3.2	3.2	3.1	3.1	3.2	-1	4
<b>Other Details</b>									
Branches	10,058	10,038	10,049	10,076	10,080	10,092	10,108	59	16
ATM	13,219	12,966	12,957	12,898	12,820	12,645	12,455	-502	-190



## Highlights from the management commentary

### Operating environment and business

- Business grew 10.8% YoY, Deposits grew 9.35% YoY, and advances grew 12.9%.
- RAM share in the overall book increased to 55.07%, up 113bp YoY.
- PAT stood at the highest level in 15 quarters.
- NIMs improved by 4bp in 3Q; guides for NIMs to be in the range of 3%.
- Credit cost was 1.26%, as NPA provisions further declined in 3Q.
- CRAR declined to 14.63% due to an increase in RWA due to the NBFC portfolio. PNB raised INR11.53b in Tier-1. CET stands at 9.86%.
- PNB has approval of raising INR120b, of which Tier 1 is INR70b and tier 2 is INR50b.
- The cost of deposits increased by 10bp to 4.96%.
- The C/I ratio declined in 3Q to 51.2%.
- The bank made AS-15 provisions of INR3.22b and extra provisions of INR8b for a 17% wage settlement. The bank has been making provisions for pensions and has increased liability provisions. In 2Q, the bank made INR6.9b in provisions toward the wage revision.
- The C/D ratio is 69.2%. The bank is not raising the bulk deposits. It has excess SLR. As a result, deposits will never be a constraint for PNB.
- On the recovery part, PNB has around INR5-6b impact on NII-line items in every quarter. In 3Q, there was an extra recovery of about INR1b.
- One account was shifted from NPA to standard account. As a result, there was a MTM loss on the treasury part.
- NBFC exposure has increased. PNB expects higher pricing negotiations with NBFCs.
- The bank may look at growing its corporate book. There is demand in infra and roads. The bank guides for 12-13% of growth in advances.
- Unsecured loans stand at INR268b, of which INR35b are education loans and the remaining are personal loans. The bank expects housing and vehicle loans to grow at the same pace. RAM will grow at 15-16%.
- The bank is currently following the old tax regime and is discussing with its tax consultant for transition to the new tax regime.
- PNB guides for 1% RoA by FY25-end.
- PV01 as on 3Q would be INR100m.
- On restructuring - OTR-1 stands at INR29.4b, OTR-2 at INR 67.3b.
- Fee income is under pressure; the bank will not compromise on the asset quality, rather it will compromise on yields.

### Asset quality

- GNPA declined to 6.24%, NNPA fell to 0.96% (below 1%).
- Slippages declined to 0.81%, reducing consequently for the past eight quarters.
- **Slippage breakup** – Agri at INR 4.39b, MSME at INR7.09b, Retail at INR 4.34b, Others at 0.13b and INR1.98b from existing NPA.
- Recovery from NCLT was INR18.31b in 3Q; guides for recovery of more INR12b in 4Q from NCLT.
- The bank expects recoveries to be at 2x of slippages. The bank expects the recovery trend to continue at a healthy pace.

- PNB has PCR of 94%, and expects credit cost to be below 1%.
- From NCLT, the bank recovered two major accounts in 3Q. It expects INR40-50b recovery every year, with INR12b expected in 4Q.
- There was an account in technical write-off, but it was restructured, resulting in an increase in GNPA in the energy account.

**Exhibit 1: DuPont Analysis – Return ratios to improve gradually**

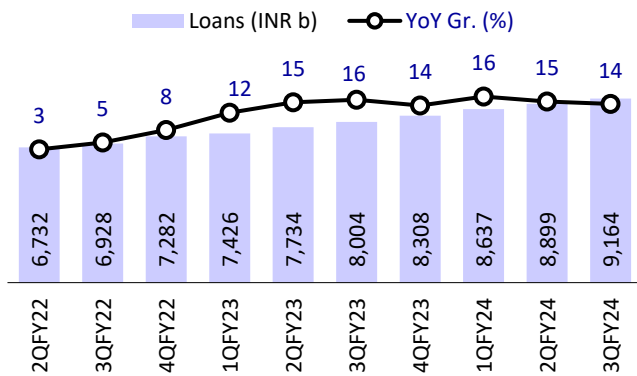
Annual DuPont	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	6.70	7.73	5.81	6.13	6.99	7.09	7.02
Interest Expense	4.53	4.81	3.59	3.65	4.35	4.48	4.43
<b>Net Interest Income</b>	<b>2.17</b>	<b>2.92</b>	<b>2.23</b>	<b>2.48</b>	<b>2.64</b>	<b>2.61</b>	<b>2.60</b>
Fee income	0.95	0.80	0.73	0.96	0.93	0.97	1.01
Trading and others	0.20	0.34	0.23	-0.08	-0.09	-0.10	-0.11
<b>Other Income</b>	<b>1.16</b>	<b>1.14</b>	<b>0.96</b>	<b>0.87</b>	<b>0.84</b>	<b>0.87</b>	<b>0.90</b>
<b>Total Income</b>	<b>3.33</b>	<b>4.06</b>	<b>3.19</b>	<b>3.36</b>	<b>3.48</b>	<b>3.48</b>	<b>3.50</b>
<b>Operating Expenses</b>	<b>1.49</b>	<b>1.94</b>	<b>1.57</b>	<b>1.74</b>	<b>1.79</b>	<b>1.82</b>	<b>1.81</b>
Employees	0.87	1.16	0.92	1.07	1.13	1.09	1.08
Others	0.62	0.78	0.65	0.67	0.66	0.73	0.73
<b>Operating Profits</b>	<b>1.84</b>	<b>2.12</b>	<b>1.61</b>	<b>1.62</b>	<b>1.69</b>	<b>1.66</b>	<b>1.69</b>
<b>Core operating Profits</b>	<b>1.63</b>	<b>1.78</b>	<b>1.38</b>	<b>1.70</b>	<b>1.78</b>	<b>1.76</b>	<b>1.80</b>
<b>Provisions</b>	<b>1.74</b>	<b>1.79</b>	<b>1.28</b>	<b>1.31</b>	<b>0.86</b>	<b>0.63</b>	<b>0.55</b>
NPA	1.80	1.63	1.10	1.14	0.83	0.60	0.52
Others	-0.06	0.15	0.18	0.17	0.02	0.03	0.03
<b>PBT</b>	<b>0.09</b>	<b>0.33</b>	<b>0.34</b>	<b>0.31</b>	<b>0.83</b>	<b>1.03</b>	<b>1.14</b>
Tax	0.05	0.14	0.07	0.13	0.30	0.33	0.29
<b>RoA</b>	<b>0.04</b>	<b>0.19</b>	<b>0.27</b>	<b>0.18</b>	<b>0.53</b>	<b>0.70</b>	<b>0.85</b>
Leverage (x)	15.0	13.6	13.8	14.2	14.6	14.5	14.3
<b>RoE</b>	<b>0.6</b>	<b>2.6</b>	<b>3.7</b>	<b>2.6</b>	<b>7.8</b>	<b>10.2</b>	<b>12.2</b>

**Exhibit 2: We increase our FY24 and FY25 earnings estimates by 15%/5% respectively**

INR B	Old Est.		Rev. Est.		Chg. (%)/bps	
	FY24	FY25	FY24	FY25	FY24	FY25
<b>Net Interest Inc</b>	<b>399.0</b>	<b>441.6</b>	<b>402.1</b>	<b>431.6</b>	<b>0.8</b>	<b>-2.3</b>
Other Income	134.8	155.0	127.5	144.1	-5.4	-7.1
<b>Total Income</b>	<b>533.8</b>	<b>596.6</b>	<b>529.6</b>	<b>575.6</b>	<b>-0.8</b>	<b>-3.5</b>
Operating Exp	279.3	305.8	272.5	301.1	-2.4	-1.5
<b>Operating Profit</b>	<b>254.5</b>	<b>290.8</b>	<b>257.1</b>	<b>274.6</b>	<b>1.0</b>	<b>-5.6</b>
Provisions	144.6	127.8	130.1	103.8	-10.0	-18.8
<b>PBT</b>	<b>109.9</b>	<b>163.0</b>	<b>126.9</b>	<b>170.8</b>	<b>15.5</b>	<b>4.8</b>
Tax	39.6	52.1	45.7	54.7	15.5	4.8
<b>PAT</b>	<b>70.3</b>	<b>110.8</b>	<b>81.2</b>	<b>116.1</b>	<b>15.5</b>	<b>4.8</b>
Credit Cost (%)	1.6	1.3	1.4	1.0	-17	-25
<b>RoA (%)</b>	<b>0.5</b>	<b>0.7</b>	<b>0.5</b>	<b>0.7</b>	<b>7</b>	<b>3</b>
<b>RoE (%)</b>	<b>7.4</b>	<b>10.6</b>	<b>8.5</b>	<b>11.0</b>	<b>109</b>	<b>37</b>
EPS	6.4	10.1	7.4	10.5	15.5	4.8
<b>BV</b>	<b>93.5</b>	<b>102.6</b>	<b>94.5</b>	<b>104.1</b>	<b>1.1</b>	<b>1.4</b>
ABV	83.1	92.6	85.7	95.9	3.1	3.5

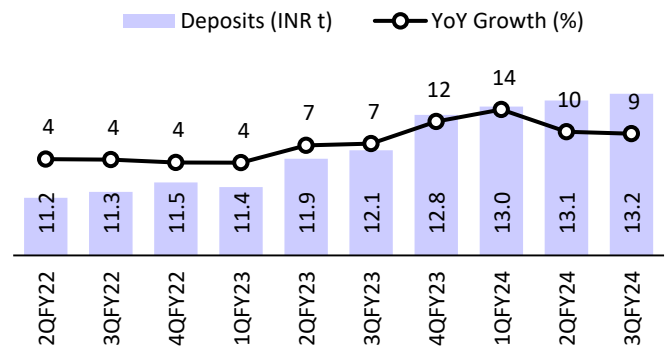
## Story in charts

**Exhibit 3: Loan book grew 14% YoY in 3QFY24**



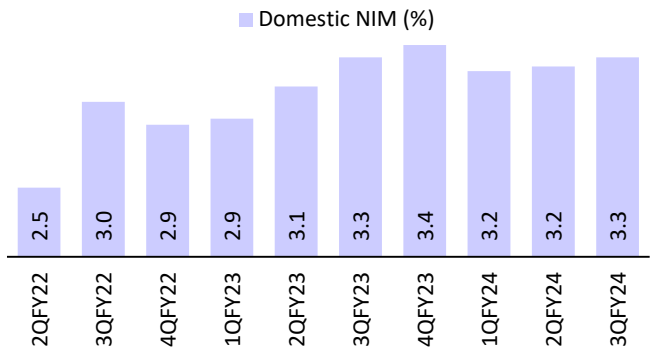
Source: MOFSL, Company

**Exhibit 4: Deposits grew 9% YoY (1% QoQ)**



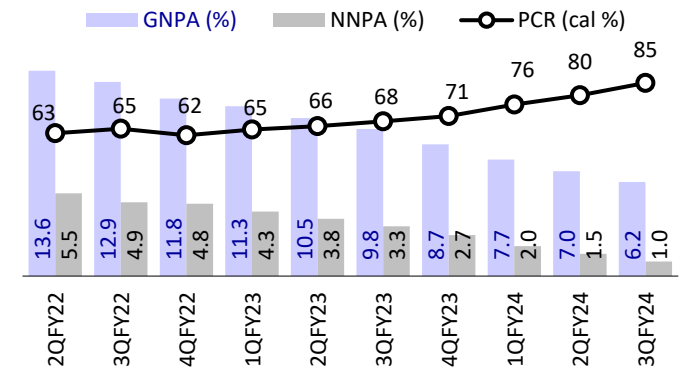
Source: MOFSL, Company

**Exhibit 5: Domestic NIM increased 6bp QoQ to 3.3%**



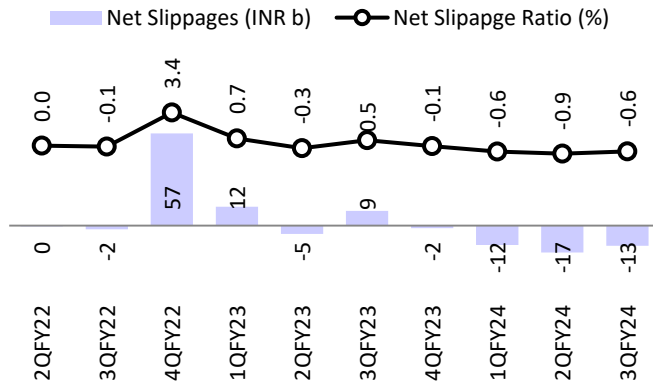
Source: MOFSL, Company

**Exhibit 6: GNPA/NNPA ratios improved 72bp/51bp to 6.2%/1.0% in 3QFY24**



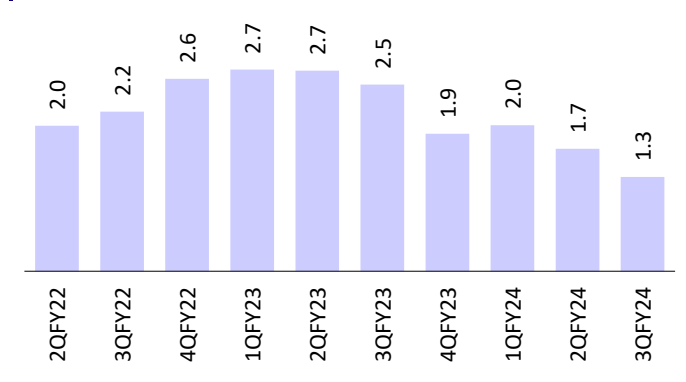
Source: MOFSL, Company

**Exhibit 7: Net slippages stood at (INR13b) in 3QFY24**



Source: MOFSL, Company

**Exhibit 8: Annualized credit cost decreased to ~1.3%**



Source: MOFSL, Company

## Financials and valuations

Income Statement								(INR b)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	
Interest Income	538.0	808.2	748.8	851.4	1,063.4	1,172.2	1,270.7	
Interest Expense	363.6	502.7	461.9	506.5	661.4	740.6	800.6	
<b>Net Interest Income</b>	<b>174.4</b>	<b>305.5</b>	<b>286.9</b>	<b>344.9</b>	<b>402.1</b>	<b>431.6</b>	<b>470.1</b>	
Growth (%)	1.6	75.2	-6.1	20.2	16.6	7.3	8.9	
Non-Interest Income	92.7	119.2	123.2	121.4	127.5	144.1	162.8	
<b>Total Income</b>	<b>267.1</b>	<b>424.7</b>	<b>410.1</b>	<b>466.3</b>	<b>529.6</b>	<b>575.6</b>	<b>632.9</b>	
Growth (%)	8.9	59.0	-3.4	13.7	13.6	8.7	10.0	
Operating Expenses	119.7	203.1	202.5	241.1	272.5	301.1	327.3	
<b>Pre Provision Profits</b>	<b>147.4</b>	<b>221.6</b>	<b>207.6</b>	<b>225.3</b>	<b>257.1</b>	<b>274.6</b>	<b>305.7</b>	
Growth (%)	13.4	50.3	-6.3	8.5	14.1	6.8	11.3	
<b>Core PPOp</b>	<b>131.1</b>	<b>186.3</b>	<b>178.3</b>	<b>236.7</b>	<b>270.7</b>	<b>290.9</b>	<b>325.3</b>	
Growth (%)	10.1	42.1	-4.3	32.8	14.4	7.5	11.8	
Provisions (excl tax)	140.0	186.8	164.5	182.4	130.1	103.8	98.9	
<b>PBT</b>	<b>7.4</b>	<b>34.8</b>	<b>43.2</b>	<b>42.9</b>	<b>126.9</b>	<b>170.8</b>	<b>206.7</b>	
Tax	4.0	14.6	8.6	17.8	45.7	54.7	52.7	
Tax Rate (%)	54.5	41.9	19.9	41.5	36.0	32.0	25.5	
<b>PAT</b>	<b>3.4</b>	<b>20.2</b>	<b>34.6</b>	<b>25.1</b>	<b>81.2</b>	<b>116.1</b>	<b>154.0</b>	
Growth (%)	-103.4	501.3	71.0	-27.5	224.0	43.0	32.6	
<b>Balance Sheet</b>								
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	
<b>Share Capital</b>	13	21	22	22	22	22	22	
Equity Share Capital	13.5	21.0	22.0	22.0	22.0	22.0	22.0	
Preference Share Capital	0	0	0	0	0	0	0	
Reserves & Surplus	610.1	888.4	932.8	976.5	1,065.3	1,170.4	1,313.4	
<b>Net Worth</b>	<b>623.6</b>	<b>909.4</b>	<b>954.9</b>	<b>998.6</b>	<b>1,087.3</b>	<b>1,192.4</b>	<b>1,335.4</b>	
<b>Deposits</b>	<b>7,038.5</b>	<b>11,063.3</b>	<b>11,462.2</b>	<b>12,811.6</b>	<b>13,798.1</b>	<b>15,040.0</b>	<b>16,468.8</b>	
Growth (%)	4.1	57.2	3.6	11.8	7.7	9.0	9.5	
<b>of which CASA Dep</b>	<b>3,024.7</b>	<b>4,927.8</b>	<b>5,336.5</b>	<b>5,380.2</b>	<b>5,726.2</b>	<b>6,166.4</b>	<b>6,900.4</b>	
Growth (%)	6.1	62.9	8.3	0.8	6.4	7.7	11.9	
Borrowings	502.3	428.4	456.8	512.9	590.6	631.8	678.3	
Other Liabilities & Prov.	142.4	205.2	274.2	295.2	336.5	387.0	445.1	
<b>Total Liabilities</b>	<b>8,306.7</b>	<b>12,606.3</b>	<b>13,148.1</b>	<b>14,618.3</b>	<b>15,812.6</b>	<b>17,251.2</b>	<b>18,927.6</b>	
Current Assets	759.9	1,113.5	1,326.5	1,551.1	1,208.7	1,206.7	1,320.3	
<b>Investments</b>	<b>2,404.7</b>	<b>3,929.8</b>	<b>3,721.7</b>	<b>3,960.0</b>	<b>4,276.8</b>	<b>4,589.0</b>	<b>4,910.2</b>	
Growth (%)	19.0	63.4	-5.3	6.4	8.0	7.3	7.0	
<b>Loans</b>	<b>4,718.3</b>	<b>6,742.3</b>	<b>7,281.9</b>	<b>8,308.3</b>	<b>9,388.4</b>	<b>10,468.1</b>	<b>11,671.9</b>	
Growth (%)	3.0	42.9	8.0	14.1	13.0	11.5	11.5	
Fixed Assets	72.4	110.2	106.7	120.5	127.7	138.0	149.0	
Other Assets	351.4	710.5	711.3	678.4	811.0	849.5	876.1	
<b>Total Assets</b>	<b>8,306.7</b>	<b>12,606.3</b>	<b>13,148.1</b>	<b>14,618.3</b>	<b>15,812.6</b>	<b>17,251.2</b>	<b>18,927.6</b>	
<b>Asset Quality</b>								
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	
GNPA	734.8	1,044.2	924.5	773.3	554.8	477.1	448.9	
NNPA	276.4	393.0	355.9	235.0	75.9	62.5	64.6	
GNPA Ratio	14.2	14.1	11.8	8.7	5.6	4.4	3.7	
NNPA Ratio	5.9	5.8	4.9	2.8	0.8	0.6	0.6	
Slippage Ratio	4.5	4.2	3.5	2.1	1.9	1.9	1.9	
Credit Cost	3.01	2.72	2.35	2.34	1.43	1.00	0.85	
PCR (Excl Tech. write off)	62.4	62.4	61.5	69.6	86.3	86.9	85.6	

E: MOSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY23	FY23	FY23
<b>Yield and Cost Ratios (%)</b>							
<b>Avg. Yield- on Earning Assets</b>	<b>7.1</b>	<b>6.9</b>	<b>6.2</b>	<b>6.5</b>	<b>7.4</b>	<b>7.5</b>	<b>7.4</b>
Avg. Yield on loans	7.7	7.8	6.9	7.4	8.5	8.5	8.3
Avg. Yield on Investments	7.1	6.6	6.3	6.7	6.9	6.9	6.9
<b>Avg. Cost of Int. Bear. Liab.</b>	<b>4.9</b>	<b>4.4</b>	<b>3.9</b>	<b>4.0</b>	<b>4.8</b>	<b>4.9</b>	<b>4.9</b>
Avg. Cost of Deposits	5.0	4.3	3.8	3.9	4.7	4.8	4.8
<b>Interest Spread</b>	<b>2.1</b>	<b>2.5</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
<b>Net Interest Margin</b>	<b>2.3</b>	<b>2.6</b>	<b>2.4</b>	<b>2.6</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>

### Capitalisation Ratios (%)

CAR	14.1	14.3	14.6	14.6	18.8	18.0	17.3
CET-1		10.6	10.6	11.2			
<i>Tier I</i>	11.9	11.5	11.8	11.8	15.7	15.1	14.7
<i>Tier II</i>	2.2	2.8	2.8	2.8	3.1	2.8	2.6

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	67.0	60.9	63.5	64.8	68.0	69.6	70.9
CASA Ratio	43.0	44.5	46.6	42.0	41.5	41.0	41.9
Cost/Assets	1.4	1.6	1.5	1.6	1.7	1.7	1.7
Cost/Total Income	44.8	47.8	49.4	51.7	51.5	52.3	51.7
Cost/Core income	47.7	52.2	53.2	2.0	1.9	1.8	1.6
Int. Expense/Int.Income	67.6	62.2	61.7	59.5	62.2	63.2	63.0
Fee Income/Total Income	28.6	19.8	22.9	28.5	26.7	27.9	28.8
Non Int. Inc./Total Income	34.7	28.1	30.0	26.0	24.1	25.0	25.7
Empl. Cost/Total Expense	58.1	60.0	58.5	61.4	63.0	59.9	59.5
Business per Employee (INR m)	0.0	174.9	181.7	202.8	218.3	235.5	254.7
Profit per Employee (INR m)	0.0	0.2	0.3	0.2	0.8	1.1	1.4
Invest./Deposit Ratio	34.2	35.5	32.5	30.9	31.0	30.5	29.8
G-Sec/Invest. Ratio	84.7	87.8	87.3	90.0	90.0	90.0	90.0

### Valuation ratios

RoE	0.7	2.9	4.0	2.8	8.5	11.0	13.1
RoA	0.0	0.2	0.3	0.2	0.5	0.7	0.9
RoRWA	0.1	0.4	0.6	0.4	1.2	1.6	1.9
Book Value (INR)	89	83	83	86	95	104	117
Growth (%)	-4.7	-6.4	0.2	3.9	9.3	10.1	12.5
<b>Price-BV (x)</b>	<b>1.2 (x)</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>
Adjusted BV (INR)	55	53	57	68	86	96	108
<b>Price-ABV (x)</b>	<b>1.9</b>	<b>2.0</b>	<b>1.8</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>
EPS (INR)	0.6	1.9	3.2	2.3	7.4	10.5	14.0
<b>Price-Earnings (x)</b>	<b>177.1</b>	<b>54.4</b>	<b>32.6</b>	<b>46.1</b>	<b>14.2</b>	<b>10.0</b>	<b>7.5</b>
Dividend Per Share (INR)	0.0	0.0	0.6	0.7	0.8	1.0	1.0
<b>Dividend Yield (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>0.6</b>	<b>0.8</b>	<b>1.0</b>	<b>1.0</b>

E: MOSL Estimates

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