

# Canara Bank

Estimate change



TP change



Rating change



Bloomberg	CBK IN
Equity Shares (m)	9071
M.Cap.(INRb)/(USDb)	941.2 / 11.2
52-Week Range (INR)	129 / 76
1, 6, 12 Rel. Per (%)	-2/-24/8
12M Avg Val (INR M)	4186

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	365.7	379.8	435.0
OP	294.1	310.2	358.9
NP	145.5	162.6	183.6
NIM (%)	2.7	2.5	2.6
EPS (INR)	16.0	17.9	20.2
EPS Gr. (%)	37.3	11.7	12.9
BV/Sh. (INR)	90	105	119
ABV/Sh. (INR)	80	96	111
RoA (%)	1.0	1.0	1.1
RoE (%)	20.2	19.3	18.9

## Valuations

P/E (x)	6.4	5.7	5.0
P/BV (x)	1.1	1.0	0.9
P/ABV (x)	1.3	1.1	0.9

## Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	62.9	62.9	62.9
DII	11.7	11.2	14.9
FII	11.3	11.9	10.2
Others	14.2	14.0	11.9

**CMP: INR104**

**TP: INR125 (+20%)**

**Buy**

## NII in line; controlled opex drives earnings beat

### Asset quality improves further

- Canara Bank (CBK) reported 2QFY25 standalone PAT at INR40b (11.3% YoY growth, 6% beat) driven by lower opex.
- NII rose 4.6% YoY to INR93.2b (in line). NIM moderated 4bp QoQ to 2.86% during the quarter.
- Loan book grew 10.3% YoY/4% QoQ to INR9.8t, while deposit growth was modest at 9.3% YoY/0.9% QoQ to INR13.5t. CASA ratio stood at ~31.3% in 2QFY25. Management guided 11% credit growth for FY25.
- On the asset quality front, total slippages moderated to INR23.4b (INR33.4b in 1QFY25). GNPA and NNPA ratios improved 41bp and 25bp QoQ to 3.73% and 0.99%, respectively. PCR stood at 74.1%.
- We broadly retain our projections and estimate CBK to deliver FY26E RoA/RoE of 1.08%/18.9%. **Reiterate BUY with a TP of INR125 (premised on 1.1x FY26E ABV).**

### Deposit growth modest; NIM moderates 4bp QoQ

- CBK reported 2QFY25 standalone PAT at INR40b (11.3% YoY growth, 6% beat) driven by lower opex. In 1HFY25, earnings grew 11% YoY to INR79.2b (2HFY25E at INR83.4b; implying 12% YoY growth).
- NII grew 4.6% YoY to INR93.2b (inline). NIM moderated 4bp QoQ to 2.86%. Other income grew 7.5% YoY to INR49.8b (down 6.4% QoQ; in line). Treasury income stood at INR8.85b vs. INR5.03b in 1QFY25. Total revenue thus grew 5.6% YoY (in line).
- Operating expenses grew 12.2% YoY to INR66.4b (down 3.3% QoQ, 4% lower than MOFSL). C/I ratio thus moderated 96bp QoQ to 46.5%. PPOp remained flat YoY to INR 76.5b (5% beat).
- Loan book grew 10.3% YoY/4% QoQ, led by the retail segment, which grew 10.7% QoQ. Deposit growth was modest at 9.3% YoY (0.9% QoQ), fueled by CASA deposits. CASA ratio thus increased slightly by 29bp QoQ to ~31.3%.
- GNPA and NNPA ratios improved 41bp and 25bp QoQ to 3.73% and 0.99%, respectively. PCR stood at 74.1%. Total slippages moderated to INR23.4b (INR33.4b in 1QFY25). Credit costs were 0.97% vs. FY25 guidance of 1.1%.
- The total SMA Book increased to 1.48% in 2QFY25 from 1.13% in 1QFY25, due to an increase in the SMA-2 book.

**Highlights from the management commentary**

- 41% of the book is linked to EBLR, and 48% is linked to MCLR.
- Management guides 11% YoY credit growth for FY25. FY25 credit cost guidance is <1%.
- O/S restructured book was INR140b, of which INR95b were standard asset, and ~INR45b were under NPA.
- The total gold loan book of the bank stood at INR1.65t. The new retail book size of the gold loan product was ~INR280b vs. INR190b in 1QFY25. Avg. yield on this was ~9.15%.
- Slippages break up: INR8b in Agri, INR10b in MSME, and INR5b in Retail.

**Valuation and view**

CBK reported an earnings beat led by controlled opex, though NIM moderated 4bp sequentially. Loan growth was led by the retail segment, especially the gold loan book, while deposit growth was modest. The CASA ratio witnessed sequential improvement. There has been an improvement in overall asset quality ratios, with slippages also seeing an improvement. Management expects credit costs to be <1% for FY25. However, SMA book increased due to one central government account (metal sector) and another state government guaranteed account. We broadly retain our numbers and estimate CBK to deliver FY26E RoA/RoE of 1.08%/18.9%.

**Reiterate BUY with a TP of INR125 (premised on 1.1x FY26E ABV).**

**Quarterly performance****(INR b)**

	FY24				FY25E				FY24	FY25E	FY25E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est (%)
<b>Net Interest Income</b>	<b>86.7</b>	<b>89.0</b>	<b>94.2</b>	<b>95.8</b>	<b>91.7</b>	<b>93.2</b>	<b>96.3</b>	<b>98.7</b>	<b>365.7</b>	<b>379.8</b>	<b>92.0</b>	<b>1</b>
% Change (Y-o-Y)	27.7	19.8	9.5	11.2	5.8	4.6	2.2	3.0	16.3	3.9	3.4	
Other Income	48.2	46.3	43.0	52.2	53.2	49.8	50.1	55.6	189.7	208.6	50.1	(1)
<b>Total Income</b>	<b>134.8</b>	<b>135.4</b>	<b>137.1</b>	<b>148.0</b>	<b>144.9</b>	<b>143.0</b>	<b>146.3</b>	<b>154.3</b>	<b>555.3</b>	<b>588.4</b>	<b>142.2</b>	<b>1</b>
Operating Expenses	58.8	59.2	69.1	74.1	68.7	66.4	69.0	74.1	261.2	278.2	69.4	(4)
<b>Operating Profit</b>	<b>76.0</b>	<b>76.2</b>	<b>68.1</b>	<b>73.9</b>	<b>76.2</b>	<b>76.5</b>	<b>77.3</b>	<b>80.2</b>	<b>294.1</b>	<b>310.2</b>	<b>72.8</b>	<b>5</b>
% Change (Y-o-Y)	15.1	10.3	-2.1	1.9	0.2	0.5	13.6	8.5	6.1	5.5	-4.4	
Other Provisions	27.2	26.1	19.0	24.8	22.8	22.5	23.1	23.8	97.1	92.2	21.8	3
<b>Profit before Tax</b>	<b>48.9</b>	<b>50.1</b>	<b>49.1</b>	<b>49.1</b>	<b>53.3</b>	<b>54.0</b>	<b>54.3</b>	<b>56.3</b>	<b>197.0</b>	<b>218.0</b>	<b>51.0</b>	<b>6</b>
Tax	13.5	14.0	12.5	11.5	14.3	13.9	13.8	13.4	51.5	55.4	13.0	7
<b>Net Profit</b>	<b>35.3</b>	<b>36.1</b>	<b>36.6</b>	<b>37.6</b>	<b>39.1</b>	<b>40.1</b>	<b>40.4</b>	<b>43.0</b>	<b>145.5</b>	<b>162.6</b>	<b>38.0</b>	<b>6</b>
% Change (Y-o-Y)	74.8	42.8	26.9	18.3	10.5	11.3	10.6	14.4	37.3	11.7	5.4	

**Operating Parameters**

Deposit (INR b)	11,925	12,322	12,629	13,124	13,352	13,473	14,033	14,305	13,124	14,305	13,710	
Loan ( INR b)	8,551	8,923	9,206	9,316	9,464	9,840	10,120	10,360	9,316	10,360	9,765	
Deposit Growth (%)	6.6	8.7	8.5	11.3	12.0	9.3	11.1	9.0	11.3	9.0	11.3	
Loan Growth (%)	14.5	13.2	12.8	12.2	10.7	10.3	9.9	11.2	12.2	11.2	9.4	

**Asset Quality**

Gross NPA (%)	5.2	4.8	4.4	4.2	4.1	3.7	3.5	3.4	4.2	3.4	4.0	
Net NPA (%)	1.6	1.4	1.3	1.3	1.2	1.0	0.9	0.9	1.3	0.9	1.2	
PCR (%)	70.6	71.4	70.8	70.9	71.0	74.1	74.3	74.5	70.8	74.5	71.4	

E: MOFSL Estimates

## Quarterly Snapshot

INR b	FY24				FY25		Change (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Net Interest Income	86.7	89.0	94.2	95.8	91.7	93.2	5	2
Other Income	48.2	46.3	43.0	52.2	53.2	49.8	7	-6
Total Income	134.8	135.4	137.1	148.0	144.9	143.0	6	-1
Operating Expenses	58.8	59.2	69.1	74.1	68.7	66.4	12	-3
Employee	36.5	37.9	45.3	44.6	42.3	43.6	15	3
Operating Profits	76.0	76.2	68.1	73.9	76.2	76.5	1	0
Core Operating Profits	73.1	72.6	65.0	67.2	72.7	69.9	-4	-4
Provisions	27.2	26.1	19.0	24.8	22.8	22.5	-14	-1
PBT	48.9	50.1	49.1	49.1	53.3	54.0	8	1
Taxes	13.5	14.0	12.5	11.5	14.3	13.9	-1	-3
PAT	35.3	36.1	36.6	37.6	39.1	40.1	11	3
Balance sheet (INR b)								
Loans	8,551	8,923	9,206	9,316	9,464	9,840	10	4
Deposits	11,925	12,322	12,629	13,124	13,352	13,473	9	1
CASA Deposits	3,645	3,676	3,693	3,923	3,814	3,873	5	2
- Savings	3,206	3,230	3,240	3,284	3,322	3,407	5	3
- Current	438	446	452	639	492	466	5	-5
Loan mix (%)								
Agriculture & Allied	25.1	25.6	25.5	26.4	24.7	24.0	-164	-70
MSME	14.2	14.3	14.1	13.7	13.8	13.7	-52	-10
Retail	16.0	16.0	16.2	16.3	18.0	19.2	318	120
Corporate and others	44.6	44.1	44.2	43.6	43.4	43.0	-103	-40
Asset Quality								
GNPA	457.3	439.6	417.2	406.0	403.6	377.3	-14	-6
NNPA	134.6	125.5	121.8	118.2	117.0	97.8	-22	-16
Slippages	34.3	64.2	95.9	129.9	163.3	186.7	191	14
Asset Quality Ratios	1Q	2Q	3Q	4Q	1Q	2Q	YoY (bp)	QoQ (bp)
GNPA (%)	5.2	4.8	4.4	4.2	4.1	3.7	-103	-41
NNPA (%)	1.6	1.4	1.3	1.3	1.2	1.0	-42	-25
PCR (Calculated, %)	70.6	71.4	70.8	70.9	71.0	74.1	265	308
PCR (inc TWO, %)	88.0	88.7	89.0	89.1	89.2	90.9	216	167
Slippage Ratio (%)	1.7	1.5	1.6	1.6	1.6	1.1	-46	-51
Business Ratios								
CASA	33.0	32.2	31.7	32.3	31.0	31.3	-88	29
Loan/Deposit	71.7	72.4	72.9	71.0	70.9	73.0	62	216
Other income/Total Income	35.7	34.2	31.3	35.3	36.7	34.8	61	-188
Cost to Income	43.6	43.7	50.4	50.1	47.4	46.5	272	-96
Cost to asset	1.8	1.7	2.0	2.1	1.9	1.8	3	-11
Tax Rate	27.6	28.0	25.5	23.4	26.8	25.7	-230	-109
Capitalisation Ratios (%)								
Tier-1	13.6	13.6	13.4	14.0	14.4	14.6	104	27
- CET 1	11.5	11.6	11.3	11.6	12.1	12.0	42	-5
CAR	16.2	16.2	15.8	16.3	16.4	16.6	37	19
RWA / Total Assets	43.0	43.1	44.8	44.9	44.6	45.2	208	66
LCR	129.5	132.4	135.8	129.0	146.5	130.6	-183	-1598
Profitability Ratios								
Yield on loans	8.4	8.6	8.6	8.7	8.7	8.8	21	11
Yield On Funds	7.3	7.3	7.5	7.5	7.7	7.7	36	-2
Cost of Funds	4.8	4.9	4.9	5.0	5.3	5.3	40	1
Cost of Deposits	5.2	5.4	5.4	5.5	5.7	5.7	35	0
NIMs	3.1	3.0	3.0	3.1	2.9	2.9	-14	-4
Other Details								
Branches	9,653	9,518	9,585	9,604	9,623	9,658	140	35
ATMs	12,114	12,118	10,463	10,209	10,014	9,881	(2,237)	(133)

Source: MOFSL, Company



## Highlights from the management commentary

### Opening remarks

- Global business touched INR23.6t; global advances grew 9.53% YoY; global deposits increased 9.34% YoY.
- CET-1 ratio stood at 12% with CRAR at 16.57% in 2QFY25.
- Credit costs stood at 0.97% vs. 0.9% in 1QFY25.
- RAM sector has touched 57% of the total book as RAM has alone grown 11.54% YoY.
- Bank currently has a global CD ratio at 75.11%.
- RoA/ RoE improved to 1.05%/20.44% in 2QFY25 as against the guidance of 1% and 18% respectively for FY25.
- GNPA and NNPA ratios improved 41bp and 25bp QoQ to 3.73% and 0.99%, respectively. PCR stood at 74.1%.

### Advances and deposits related

- Retail advances grew 10.7% QoQ as the bank in previous quarter has stopped lending gold loan in metropolitan regions for agriculture purposes. It has introduced retail product in gold loan with a little higher rate of interest and lower LTV and this product has been received very well in the metro regions.
- Total gold loan book stood at INR1.65t. The new retail gold loan product was ~INR280b vs. INR190b in 1QFY25. ~9.15% is the average yield on this.
- ~INR160b is the education loan and is currently growing at double digit.
- 41% of the book is linked to EBLR and 48% is linked to MCLR.
- Unsecured personal loan stood at INR180b, out of which ~INR120b were pensioners and salary account getting unsecured loan. Therefore, no stress can be seen and the rest INR60b was education loan.
- CBK is confident that in next quarter also corporate credit growth will be ~3% QoQ.
- Bank expects credit growth of 3.5-4% QoQ in 3Q and 4Q as well and the full-year guidance is 11%. Focus will be on the RAM segment, which will continue to grow at ~12%.
- MSME growth is expected to touch ~9-10% in FY25.
- From mid of Sep'24, the bank has digitized the entire process of giving loans and now they are able to provide it in 10mins.
- All gold loans are disbursed through their account and therefore customer should have an account with the bank.
- ~7000 branches are lending this gold loan out of its total 9000 branches.
- Bank has sanctioned loans, out of which ~INR200b is pending for disbursement.
- CBK was initially slower on co-lending but now it has digitized the platform. The bank is not ready to compromise on its underwriting as it has 8-10 tieups with NBFC who are asking them to deviate from credit policy.
- Co-lending book is now at INR3.2b in 2QFY25.

**Yield and margins related**

- Bank has been able to efficiently maintain its yield on advances and hence NIMs.
- CASA ratio stood at 31% and cost of deposits had been maintained at 5.7%. However, yield on advances improved as bank has already reduced ~INR350b of advances which is of low yielding from total of INR600b.

**Asset quality related**

- **Slippages break up:** INR8b in Agri, INR10b in MSME, INR5b in retail.
- SMA-2 increased due to one state government account of ~INR30b, which sometimes comes in SMA-0 and sometimes in SMA-2 and also due to one central government steel exposure account. Both of these covers 60% of SMA-2 in this quarter.
- ~INR4.4b was retail slippage. CBK is expecting recoveries to be more than slippages going forward.
- O/S standard asset provisions stood at INR20b.
- O/S restructured book is INR140b, out of which INR95b are standard asset and ~INR45b are under NPA.
- NPI stood at ~INR59b and no further slippages in NPI is there.
- Bank doesn't have exposure in reliance capital but it recovered some amount from Reliance Infra.

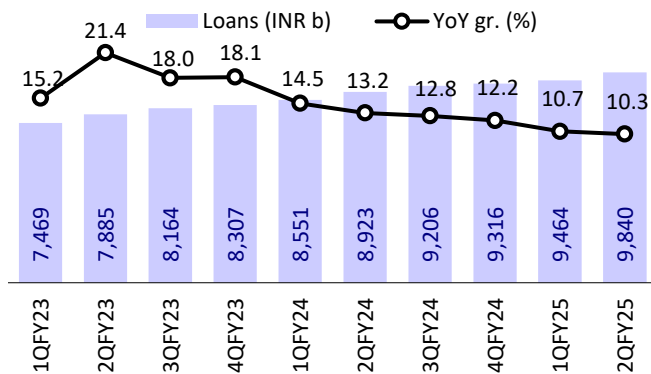
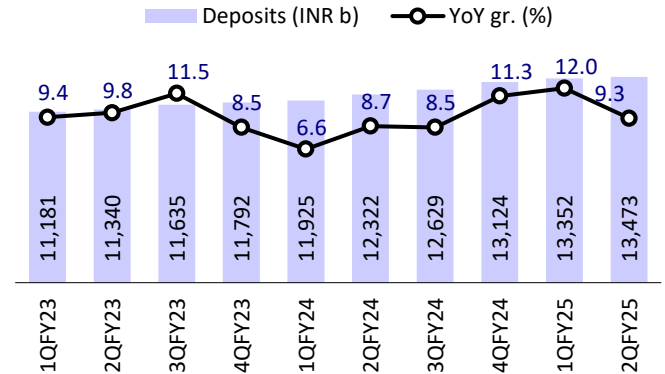
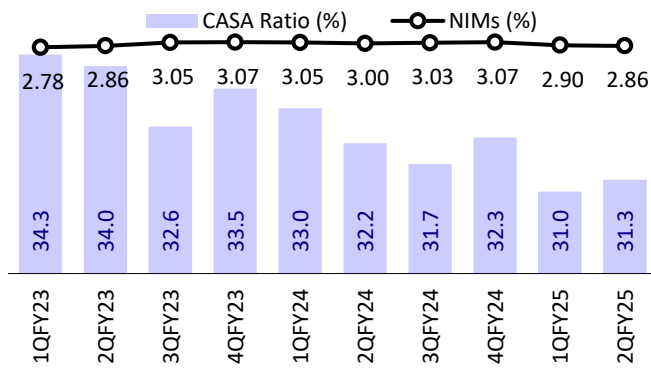
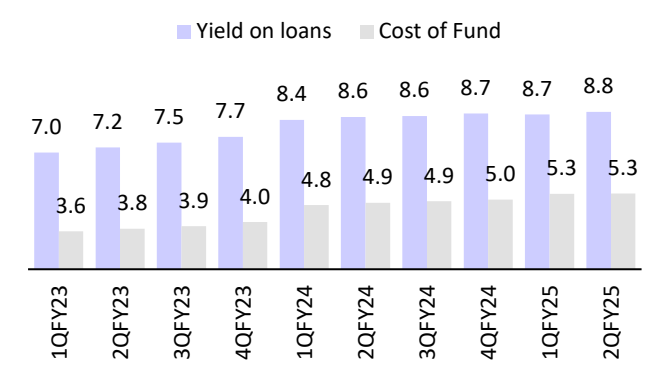
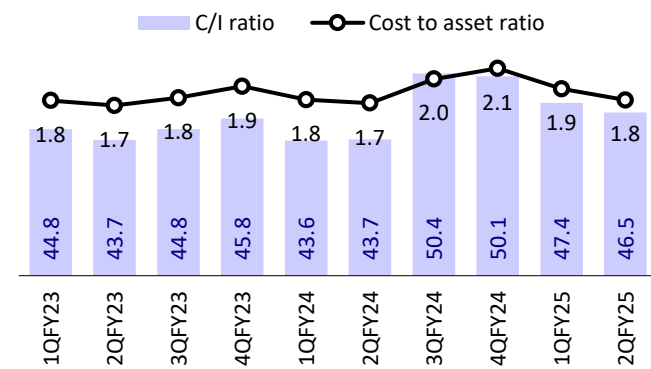
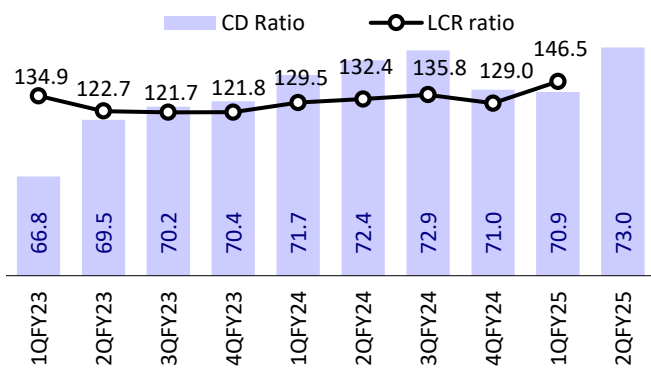
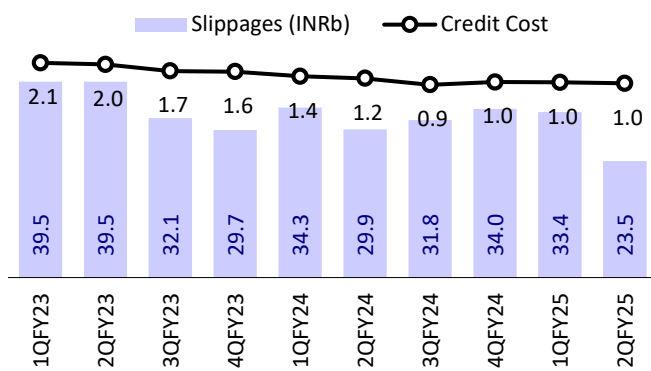
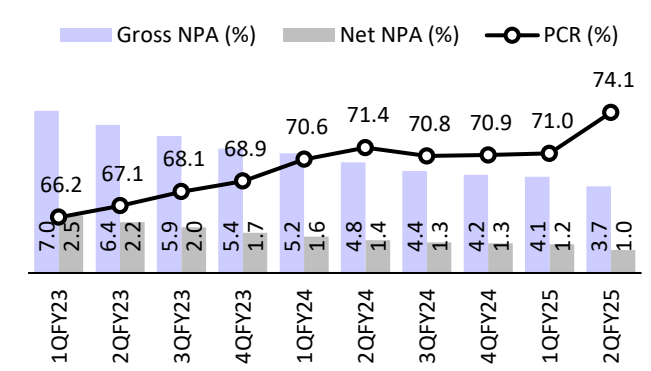
**LCR and treasury related**

- LCR stood at 130.55% and ~10-11% will be the impact due to RBI draft guideline and bank will remain comfortable with 120%.
- ~6.90% is the total portfolio yield and bank expects this to continue. 5% HTM sale has not yet done by the bank and bank will use the opportunity whenever they think its profitable.
- HTM portfolio is currently ~80%.

**Guidance**

- Bank gives guidance on a conservative basis and the bank wants to outperform on the guidance.
- Bank guides credit growth of 11% for FY25.
- Bank expects RAM book to grow at ~12% going forward.
- Credit cost guidance is below 1% for FY25.

## Story in charts

**Exhibit 1: Loan book grew ~10.3% YoY (up 4% QoQ)**

**Exhibit 2: Deposits grew 9.3% YoY (up 0.9% QoQ)**

**Exhibit 3: NIM moderated 4bp QoQ to 2.86%**

**Exhibit 4: Yield on advances increased 11bp QoQ to 8.8%**

**Exhibit 5: C/I ratio moderated 96bp QoQ to 46.5%**

**Exhibit 6: C/D ratio increased 216bp QoQ to 73% in 2QFY25**

**Exhibit 7: Slippages (fresh + existing) fell to INR23.5b**

**Exhibit 8: GNPA/NNPA ratios improved 41bp/25bp QoQ**


Source: MOFSL, Company

Source: MOFSL, Company

**Valuation and view: Retain BUY with a TP of INR125**

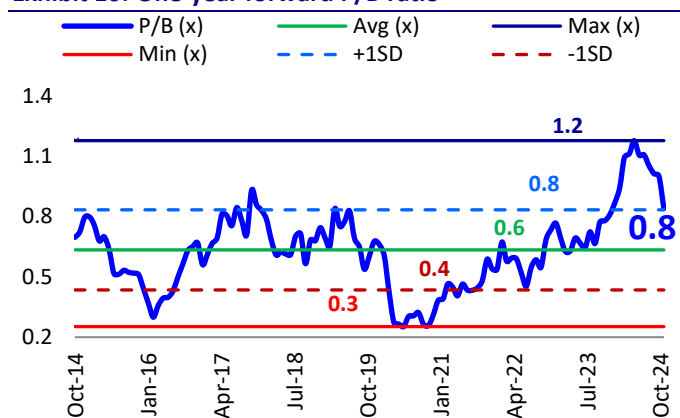
- CBK reported an earnings beat led by controlled opex, though NIM moderated 4bp sequentially. Loan growth was led by the retail segment, especially the gold loan book, while deposit growth was modest. The CASA ratio witnessed sequential improvement. There has been an improvement in overall asset quality ratios, with slippages also seeing an improvement.
- Management expects credit costs to be <1% for FY25. However, SMA book increased due to one central government account (metal sector) and another state government guaranteed account.
- We broadly retain our numbers and estimate CBK to deliver FY26E RoA/RoE of 1.08%/18.9%. **Reiterate BUY with a TP of INR125 (premised on 1.1x FY26E ABV).**

**Exhibit 9: Changes to our earnings estimates**

INR b	Old Est		Rev Est		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
<b>Net Interest Income</b>	<b>381.1</b>	<b>431.2</b>	<b>379.8</b>	<b>435.0</b>	<b>-0.4</b>	<b>0.9</b>
Other Income	216.2	240.4	208.6	229.5	-3.5	-4.6
<b>Total Income</b>	<b>597.3</b>	<b>671.7</b>	<b>588.4</b>	<b>664.5</b>	<b>-1.5</b>	<b>-1.1</b>
Operating Expenses	280.9	310.3	278.2	305.6	-0.9	-1.5
<b>Operating Profits</b>	<b>316.5</b>	<b>361.4</b>	<b>310.2</b>	<b>358.9</b>	<b>-2.0</b>	<b>-0.7</b>
Provisions	95.3	108.0	92.2	112.7	-3.2	4.3
<b>PBT</b>	<b>221.2</b>	<b>253.3</b>	<b>218.0</b>	<b>246.1</b>	<b>-1.4</b>	<b>-2.8</b>
Tax	56.2	64.3	55.4	62.5	-1.4	-2.8
<b>PAT</b>	<b>165.0</b>	<b>189.0</b>	<b>162.6</b>	<b>183.6</b>	<b>-1.4</b>	<b>-2.8</b>
Loans	10,378	11,541	10,360	11,447	-0.2	-0.8
Deposits	14,370	15,807	14,305	15,564	-0.5	-1.5
Margins (%)	2.53	2.60	2.52	2.64	-0.2	1.7
Credit Cost (%)	0.97	0.99	0.94	1.03	-3.2	4.9
<b>RoA (%)</b>	<b>1.05</b>	<b>1.10</b>	<b>1.04</b>	<b>1.08</b>	<b>-1.1</b>	<b>-1.7</b>
<b>RoE (%)</b>	<b>19.5</b>	<b>19.3</b>	<b>19.3</b>	<b>18.9</b>	<b>-1.3</b>	<b>-2.3</b>
BV	105	120	105	119	-0.3	-0.7
ABV	95	110	96	111	0.8	0.3
EPS	18	21	18	20	-1.4	-2.8

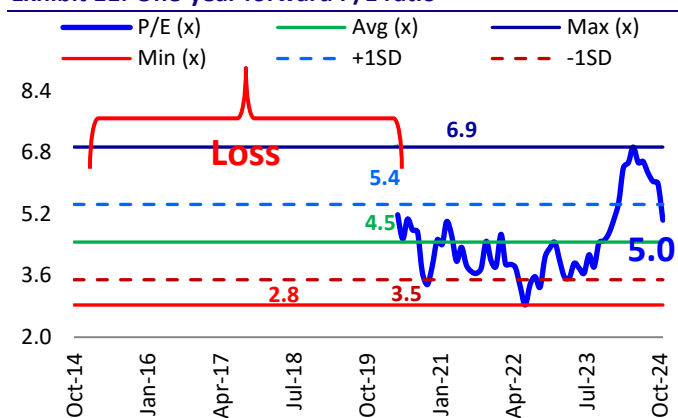
Source: MOFSL, Company

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 – RoA to improve gradually

Y/E MARCH	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	6.56	7.66	7.49	7.46	7.42
Interest Expense	4.12	5.08	5.06	4.91	4.83
<b>Net Interest Income</b>	<b>2.44</b>	<b>2.58</b>	<b>2.43</b>	<b>2.55</b>	<b>2.59</b>
<b>Non-Interest income</b>	<b>1.46</b>	<b>1.34</b>	<b>1.34</b>	<b>1.35</b>	<b>1.37</b>
<b>Total Income</b>	<b>3.90</b>	<b>3.91</b>	<b>3.77</b>	<b>3.90</b>	<b>3.96</b>
<b>Operating Expenses</b>	<b>1.75</b>	<b>1.84</b>	<b>1.78</b>	<b>1.79</b>	<b>1.81</b>
Employee cost	1.07	1.16	1.11	1.10	1.11
Other operating expenses	0.68	0.68	0.68	0.69	0.70
<b>Operating Profits</b>	<b>2.15</b>	<b>2.07</b>	<b>1.99</b>	<b>2.10</b>	<b>2.14</b>
<b>Core operating Profits</b>	<b>2.01</b>	<b>1.96</b>	<b>1.86</b>	<b>1.97</b>	<b>2.00</b>
<b>Provisions</b>	<b>1.05</b>	<b>0.68</b>	<b>0.59</b>	<b>0.66</b>	<b>0.67</b>
<b>PBT</b>	<b>1.10</b>	<b>1.39</b>	<b>1.40</b>	<b>1.44</b>	<b>1.48</b>
Tax	0.28	0.36	0.35	0.37	0.37
<b>RoA</b>	<b>0.82</b>	<b>1.03</b>	<b>1.04</b>	<b>1.08</b>	<b>1.10</b>
Leverage (x)	20.80	19.71	18.52	17.54	16.99
<b>RoE</b>	<b>17.14</b>	<b>20.22</b>	<b>19.29</b>	<b>18.88</b>	<b>18.71</b>

Source: MOFSL, Company



## Financials and Valuations

Income Statement					(INR b)
Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	844.2	1,086.9	1,169.3	1,272.0	1,382.6
Interest Expense	529.9	721.2	789.5	837.0	900.4
<b>Net Interest Income</b>	<b>314.4</b>	<b>365.7</b>	<b>379.8</b>	<b>435.0</b>	<b>482.2</b>
- growth (%)	19.1	16.3	3.9	14.5	10.9
Non-Interest Income	187.6	189.7	208.6	229.5	254.7
<b>Total Income</b>	<b>502.0</b>	<b>555.3</b>	<b>588.4</b>	<b>664.5</b>	<b>737.0</b>
- growth (%)	17.1	10.6	6.0	12.9	10.9
Operating Expenses	224.8	261.2	278.2	305.6	337.9
<b>Pre Provision Profits</b>	<b>277.2</b>	<b>294.1</b>	<b>310.2</b>	<b>358.9</b>	<b>399.0</b>
- growth (%)	13.4	6.1	5.5	15.7	11.2
<b>Core PPop</b>	<b>258.2</b>	<b>277.9</b>	<b>290.7</b>	<b>336.5</b>	<b>373.3</b>
- growth (%)	18.2	7.6	4.6	15.7	10.9
Provisions	135.4	97.1	92.2	112.7	124.0
Exceptional Item	NA	NA	NA	NA	NA
<b>PBT</b>	<b>141.7</b>	<b>197.0</b>	<b>218.0</b>	<b>246.1</b>	<b>275.1</b>
Tax	35.7	51.5	55.4	62.5	69.9
Tax Rate (%)	25.2	26.1	25.4	25.4	25.4
<b>PAT</b>	<b>106.0</b>	<b>145.5</b>	<b>162.6</b>	<b>183.6</b>	<b>205.2</b>
- growth (%)	86.7	37.3	11.7	12.9	11.8
Balance Sheet					
Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	18.1	18.1	18.1	18.1	18.1
Reserves & Surplus	717.9	851.4	980.4	1,110.3	1,229.5
<b>Net Worth</b>	<b>736.1</b>	<b>869.5</b>	<b>998.6</b>	<b>1,128.4</b>	<b>1,247.6</b>
<b>Deposits</b>	<b>11,792.2</b>	<b>13,123.7</b>	<b>14,304.8</b>	<b>15,563.6</b>	<b>16,964.3</b>
- growth (%)	8.5	11.3	9.0	8.8	9.0
<b>- CASA Deposits</b>	<b>3,665.8</b>	<b>3,924.1</b>	<b>4,563.2</b>	<b>5,027.0</b>	<b>5,479.5</b>
- growth (%)	-0.6	7.0	16.3	10.2	9.0
Borrowings	580.9	575.9	609.6	676.8	757.9
Other Liabilities & Prov.	348.2	346.3	391.3	438.2	490.8
<b>Total Liabilities</b>	<b>13,457.3</b>	<b>14,915.4</b>	<b>16,304.3</b>	<b>17,807.1</b>	<b>19,460.7</b>
Current Assets	1,414.2	1,507.6	1,543.3	1,591.6	1,736.8
<b>Investments</b>	<b>3,190.4</b>	<b>3,574.5</b>	<b>3,842.6</b>	<b>4,150.0</b>	<b>4,482.0</b>
- growth (%)	13.1	12.0	7.5	8.0	8.0
<b>Loans</b>	<b>8,306.7</b>	<b>9,316.1</b>	<b>10,359.5</b>	<b>11,447.3</b>	<b>12,592.0</b>
- growth (%)	18.1	12.2	11.2	10.5	10.0
Fixed Assets	102.3	122.3	128.4	137.4	147.0
Other Assets	443.7	394.9	430.4	480.8	502.9
<b>Total Assets</b>	<b>13,457.3</b>	<b>14,915.4</b>	<b>16,304.3</b>	<b>17,807.1</b>	<b>19,460.7</b>
Asset Quality					
GNPA (INR b)	461.6	406.0	361.7	358.8	359.6
NNPA (INR b)	143.9	118.6	92.3	90.9	90.7
Slippages (INR b)	119.8	106.3	118.1	141.7	162.3
GNPA Ratio (%)	5.4	4.2	3.4	3.1	2.8
NNPA Ratio (%)	1.7	1.3	0.9	0.8	0.7
Slippage Ratio (%)	1.7	1.3	1.2	1.3	1.5
Credit Cost (%)	1.3	1.0	0.9	1.0	1.0
PCR (Excl Tech. write off) (%)	68.8	70.8	74.5	74.7	74.8
E: MOFSL Estimates					

## Financials and Valuations

### Ratios

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
<b>Yield and Cost Ratios (%)</b>					
<b>Avg. Yield-Earning Assets</b>	<b>6.9</b>	<b>8.0</b>	<b>7.8</b>	<b>7.7</b>	<b>7.7</b>
Avg. Yield on loans	8.0	8.9	8.9	8.8	8.7
Avg. Yield on Investments	6.6	6.8	6.9	6.9	6.9
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>4.3</b>	<b>5.3</b>	<b>5.5</b>	<b>5.4</b>	<b>5.3</b>
Avg. Cost of Deposits	4.3	5.3	5.5	5.4	5.3
<b>Interest Spread</b>	<b>2.6</b>	<b>2.6</b>	<b>2.2</b>	<b>2.4</b>	<b>2.4</b>
<b>Net Interest Margin</b>	<b>2.56</b>	<b>2.68</b>	<b>2.52</b>	<b>2.64</b>	<b>2.68</b>
<b>Capitalisation Ratios (%)</b>					
CAR	16.7	16.3	16.3	16.6	16.7
- Tier I	13.8	14.0	14.2	14.3	14.1
- CET-1	11.6	11.7	11.8	11.9	11.7
- Tier II	2.9	2.3	2.1	2.4	2.7
<b>Business Ratios (%)</b>					
Loans/Deposit Ratio	70.4	71.0	72.4	73.6	74.2
Investment/Deposit Ratio	27.1	27.2	26.9	26.7	26.4
CASA Ratio	31.1	29.9	31.9	32.3	32.3
Cost/Assets	1.7	1.8	1.7	1.7	1.7
Cost/Total Income	44.8	47.0	47.3	46.0	45.9
Cost/Core Income	46.5	48.5	48.9	47.6	47.5
Int. Expense/Int.Income	62.8	66.4	67.5	65.8	65.1
Fee Income/Net Income	33.6	31.2	32.1	31.2	31.1
Non Int. Inc./Net Income	37.4	34.2	35.5	34.5	34.6
Empl. Cost/Op. Exps.	61.1	62.9	62.0	61.5	61.2
<b>Efficiency Ratios (%)</b>					
Employee per branch (in nos)	8.8	8.6	8.7	8.8	8.9
Staff cost per employee (INR m)	1.6	2.0	2.0	2.2	2.4
CASA/Branch (INRm)	377.7	408.6	470.4	513.1	553.8
Deposit/Branch (INRm)	1,214.9	1,366.5	1,474.7	1,588.6	1,714.4
Business per Employee (INR m)	236.5	271.5	292.6	314.2	337.0
Profit per Employee (INR m)	1.2	1.8	1.9	2.1	2.3

### Profitability and Valuation

RoE	17.1	20.2	19.3	18.9	18.7
RoA	0.8	1.0	1.0	1.1	1.1
RoRWA	1.9	2.2	2.2	2.2	2.2
Book Value (INR)	77	90	105	119	132
- growth (%)	13.1	17.9	15.7	13.7	11.1
<b>Price-BV (x)</b>	<b>1.3</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>
Adjusted BV (INR)	64	80	96	111	124
<b>Price-ABV (x)</b>	<b>1.6</b>	<b>1.3</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>
EPS (INR)	11.7	16.0	17.9	20.2	22.6
- growth (%)	78.1	37.3	11.7	12.9	11.8
<b>Price-Earnings (x)</b>	<b>8.7</b>	<b>6.4</b>	<b>5.7</b>	<b>5.0</b>	<b>4.5</b>
Dividend Per Share (INR)	2.4	3.2	3.7	5.9	9.5
<b>Dividend Yield (%)</b>	<b>2.4</b>	<b>3.2</b>	<b>3.6</b>	<b>5.8</b>	<b>9.3</b>

E: MOFSL Estimates

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Contact Person	Contact No.	Email ID
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.