

# AU Small Finance Bank

BSE SENSEX 82,160 S&P CNX 25,202

CMP: INR706

TP: INR875 (+24%)

Buy



## Stock Info

Bloomberg	AUBANK IN
Equity Shares (m)	745
M.Cap.(INRb)/(USD\$b)	526.6 / 6
52-Week Range (INR)	841 / 478
1, 6, 12 Rel. Per (%)	-6/22/-1
12M Avg Val (INR M)	2040
Free float (%)	77.2

## Financials & Valuations (INR b)

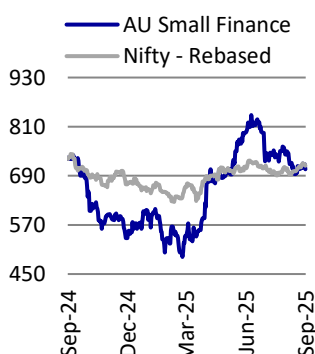
Y/E March	FY25	FY26E	FY27E
NII	80.1	89.2	111.6
PPoP	45.8	52.9	66.2
PAT	21.1	26.5	35.9
NIM (%)	6.0	5.1	5.3
EPS (INR)	29.8	35.6	48.1
EPS Gr. (%)	33.9	19.5	35.0
BV/Sh. (INR)	229	263	309
ABV/Sh. (INR)	223	255	300
<b>Ratios</b>			
RoE (%)	1.6	1.5	1.7
RoA (%)	14.3	14.5	16.8
<b>Valuations</b>			
P/E(X)	23.8	19.9	14.7
P/BV (X)	3.1	2.7	2.3
P/ABV (X)	3.2	2.8	2.4

## Shareholding pattern (%)

As of	Jun-25	Mar-25	Jun-24
Promoter	22.9	22.9	22.9
DII	28.9	27.2	18.4
FII	37.7	35.6	39.6
Others	10.6	14.4	19.1

FII includes depository receipts

## Stock Performance (1-year)



## Earnings to accelerate from 2H; risk-reward favorable

### Estimate loan CAGR to be sustained at 24% over FY26-28

- AU Small Finance Bank (AUBANK) remains an attractive combination of growth and earnings as the bank navigates through the last leg of stress in the MFI and Cards segments. The recovery in credit cost, margins, and loan growth (led by festival demand and GST cuts) will aid earnings, while the transition to a universal bank provides a strong runway for growth.
- Deposit mobilization continues to remain healthy, with stable deposits forming ~79% of the total deposits. During 1QFY26, NIM contracted sharply to 5.4% but is expected to bottom out in 2Q and recover thereafter.
- AUBANK's GNPA rose 19bp QoQ to 2.47% in 1QFY26; however, it expects stress to peak in 2Q. The bank has incurred 34bp of credit costs in 1Q, and we estimate 2Q credit costs to be ~30bp. This implies a sharp deceleration in provisioning expenses during 2H as management maintains its full-year guidance of 100bp.
- We estimate AUBANK to deliver 24% loan CAGR over FY26-28, which, coupled with improvement in operating metrics, will enable a 33% earnings CAGR. The recent correction in stock price has made the risk-reward favorable. Hence, we reiterate our BUY rating on the stock with an unchanged TP of INR875 (based on 2.8x FY27E BV).

### Growth outlook steady; estimate 24% loan CAGR over FY26-28

AUBANK delivered 23% YoY gross loan growth in 1QFY26. It maintained a healthy growth in FY25, despite challenges in unsecured lending segments (MFI, Cards, etc.). We estimate loan growth to remain modest in 2QFY26 as well, reflecting softer macro and ongoing slackness in the vehicle financing business, as the reduction in the GST rate has further led buyers to defer their purchase decisions. We thus believe growth trends in the vehicle business will start recovering from 3QFY26, aided by tax cuts and the festival push, while recovery in MFI and the Cards segments will enable improved growth traction. Visibility in loan growth remains strong in secured segments, i.e., Wheels, Mortgages, Small Business Loans, and Gold, while used vehicle finance (45% of VF book) continues to fare well. However, the portfolio loan-to-value is likely to go up as GST cuts drive a reduction in vehicle pricing. We estimate AUBANK to deliver 21% YoY growth in FY26E and ~24% CAGR over FY26-28E.

### Deposit mobilization to continue at a healthy pace

AUBANK delivered industry-leading deposit growth of 31% YoY in 1QFY26, significantly outpacing system growth. Despite a competitive environment and sector-wide challenges in CASA mobilization, the bank sustained a CASA ratio of ~29% as of Jun'25, aided by 34% YoY growth in current accounts and 13% YoY growth in savings balances. Stable deposits (CASA + retail TD + non-callable bulk TD) form ~79% of the overall base, underscoring the stickiness and granularity of the liability base. Healthy growth in deposits has enabled AUBANK to keep a tight control on the CD ratio, which has eased to ~86%, an improvement from 92% right after the merger, while the bank maintains healthy liquidity buffers (LCR at 123%). Looking ahead, we expect deposits to grow at ~22% CAGR over FY25-28E, supported by improved brand positioning as AUBANK transitions into a universal bank.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### **Cost of funds to ease gradually; NIM likely to recover from 3Q**

Following the merger with Fincare SFB, AUBANK reported an uptick in NIMs in early FY25, aided by an improved asset mix. However, margins have since moderated, with 1QFY26 NIM contracting sharply by 38bp QoQ to 5.4%. The compression was due to loan book repricing and a declining mix of high-yielding MFI and the Card segments, along with elevated interest reversals caused by higher slippage run rates. We expect margins to dip at a more calibrated pace during 2Q and recover gradually from 3Q. This will be led by liquidity unwind, a gradual decline in funding costs, and stabilization in asset yield, as 64% of the loan book is fixed-rate in nature. The reduction in peak SA and TD rates, as AUBANK transitions into a universal bank, further provides significant leverage to manage its medium-term funding costs.

### **Cost ratios to remain in control after the recent improvements**

AUBANK has shown a remarkable improvement in cost ratios, partly as the business growth has moderated, and the bank incurred additional costs in the prior period towards the merger with Fincare SFB. The C/I ratio has thus improved from 65% in FY24 to 56.5% in FY25. During 1QFY26, C/I improved further to 54%, aided by treasury gains, opex rationalization, and continued softness in business growth. Management expects near-term cost ratios to remain in control with a clear commitment to keeping them below 60% despite continued network expansion, product diversification, and marketing expenses as AUBANK transitions into a universal bank. We estimate the C/I ratio to be sustained at 56% in FY26. Thereafter, it would decline at a more calibrated pace of 100bp every year, aided by recovery in margins and loan growth.

### **Universal bank license to provide a strong growth runway**

The RBI's in-principle approval for transition to a universal bank is a structural positive. It is expected to unlock additional operating efficiency, strengthen brand acceptance, broaden access to stable deposits, and ease PSL compliance. This will allow AUBANK to further narrow the gap in deposit rates vs. peers, thereby reducing the cost of funds and improving CASA mobilization over time. The license removes limitations on loan ticket sizes and borrower exposure, opening new avenues of growth. In the medium term, this will enable AUBANK to scale up its presence in larger-ticket retail, SME, and mid-corporate segments, thereby enhancing portfolio diversification and boosting capital efficiency.

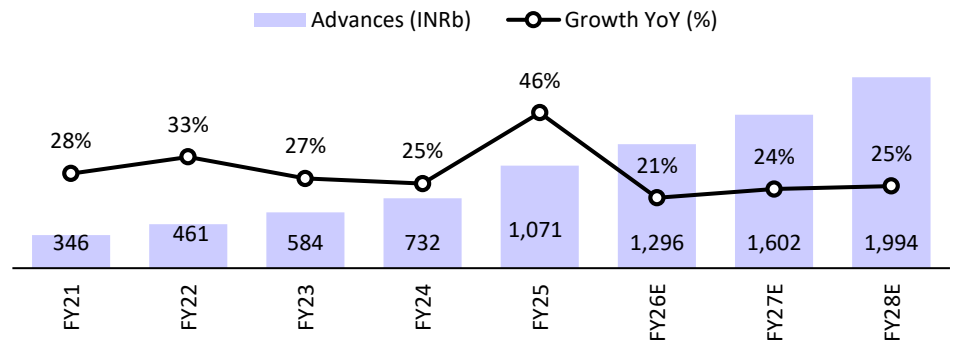
### **Asset quality pain nearing bottom; credit costs to dip sharply in 2HFY26**

Industry trends suggest early signs of stabilization with easing forward flows and the implementation of new credit guardrails driving more prudent underwriting in the MFI segment. Asset quality in 1QFY26 reflected seasonal weakness in the MFI segment, coupled with elevated stress in the cards portfolio, driving a sharp 19bp rise in GNPA to 2.47%, though the bank maintains a stable PCR in the range of ~65%. Management expects 2QFY26 to mark the peak in stress with normalization from 2HFY26 onwards as MFI stabilizes and credit card flows taper. The bank had revised its FY26E credit cost guidance to 1% of average assets and believes that upside risk seems to be fairly in control. AUBANK has incurred 34bp of credit cost in 1Q, and we estimate 2Q credit cost to be broadly around 30bp, thus implying a sharp

deceleration in provisioning expenses in 2H. Over the medium term, management reiterates its long-term sustainable credit costs at 75–85bp of total assets.

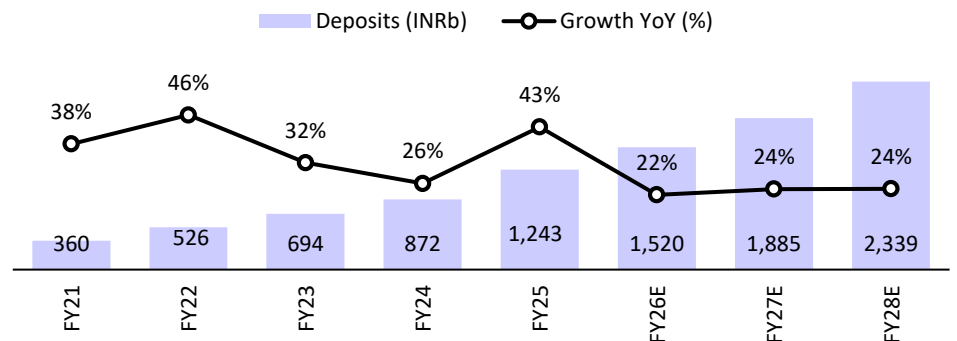
#### **Valuation and view: Reiterate BUY with a TP of INR875**

- AUBANK remains strategically well-positioned to sustain robust growth, underpinned by steady improvements in operating metrics and effective execution despite ongoing challenges in unsecured business ebbs.
- An improved asset quality backdrop should enable moderation in credit cost during 2H and help sustain it at controlled levels in the medium term.
- The RBI's in-principle approval for a universal banking license marks a pivotal step, potentially easing regulatory limitations and enhancing AUBANK's brand positioning. This transition is expected to drive stronger deposit mobilization and improve deposit productivity.
- While AUBANK's NIM may face near-term pressure due to residual loan repricing, improvement in asset mix and gradual decline in funding costs should aid its margin from 2H.
- We estimate AUBANK to deliver 24% loan CAGR over FY26-28, which, coupled with improvement in operating metrics, will enable a 33% earnings CAGR. The recent correction in stock price has made the risk-reward favorable. **Hence, we reiterate our BUY rating on the stock with an unchanged TP of INR875 (based on 2.8x FY27E BV).**

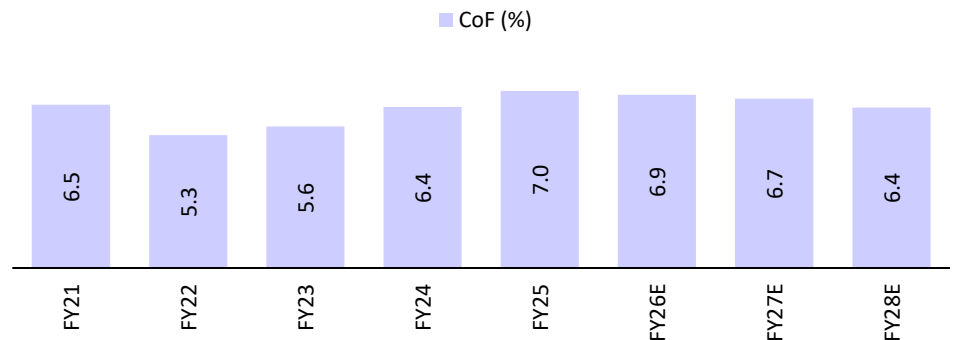
**STORY IN CHARTS**
**Exhibit 1: Estimate loan book to nearly double over FY25-28**


Source: Company, MOFSL

We estimate the loan/deposit portfolio to register a healthy 23% CAGR over FY25-28

**Exhibit 2: Estimate deposits to grow at a similar rate and reach ~INR2.34t by FY28**


Source: Company, MOFSL

**Exhibit 3: Cost of funds likely to decline to 6.4% by FY28E, enabling NIM expansion**


Source: Company, MOFSL

**Exhibit 4: SA rates offered by various banks: AUBANK has further room to cut the SA rate**

(%)	SA Rate
AXSB	❖ 2.50%
HDFCB	❖ 2.50%
ICICIBC	❖ 2.50%
KMB	❖ 2.50%
IIB	❖ 2.5% to 5.0% (max rate for deposits above INR10m)
RBK	❖ 3.0% to 6.75% (max rate for deposits between INR2.5m and INR30m)
IDFCFB	❖ 3% to 7.0% (max rate for deposits between INR0.5m and INR10m)
BANDHAN	❖ 2.7% to 6.15% (max rate for deposits above INR50m)
AUBANK	❖ 2.75% to 6.75% (max rate for deposits between INR0.25m and INR100mn)
BOB	❖ 2.50% to 4.75% (max rate for deposits of INR20bn and above)
PNB	❖ 2.5% to 2.7% (max rate for deposits of INR1b and above)
SBIN	❖ 2.50%
DCBB	❖ 1.5% to 7.2% (max rate for deposits between INR10m and INR50m)

Source: MOFSL, Company

Banks have reduced their SA rates amidst ongoing rate cuts

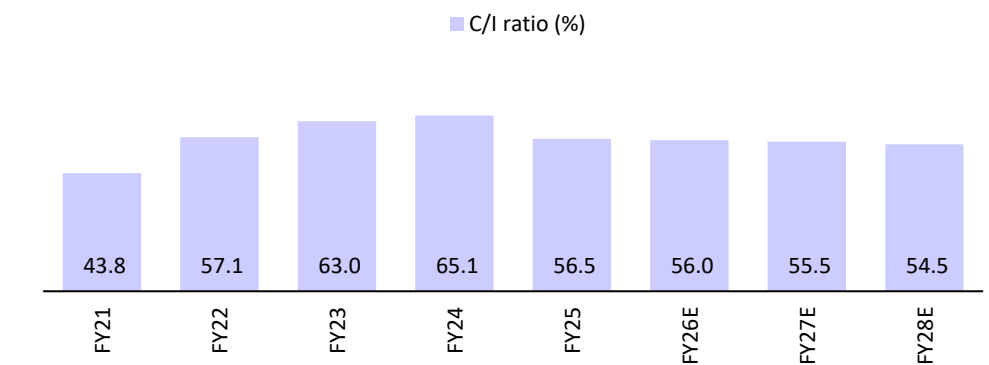
**Exhibit 5: Peak-term deposit rates across different buckets for major banks**

(%)	7-14 days	0-3 months	3-9 months	9-15 months	15-36 months
<b>Large Pvt banks</b>					
HDFCB	2.75	4.25	5.50	6.25	6.45
AXSB	3.0	4.00	5.50	6.25	6.60
ICICIBC	2.75	4.00	4.50	6.25	6.60
KMB	2.75	3.50	5.50	6.60	6.60
IIB	3.25	4.75	6.00	7.00	7.00
<b>Mid-size Pvt banks</b>					
RBK	3.50	4.50	6.05	7.00	7.20
IDFCFB	3.00	4.00	5.50	6.50	7.00
BANDHAN	2.95	4.20	4.20	7.00	7.20
Federal	3.00	4.25	5.75	6.50	6.50
<b>Small Finance banks</b>					
AUBANK	3.50	4.75	6.35	6.90	7.10
EQUITASB	3.50	4.75	6.35	7.00	7.00
JANASFB	5.15	6.00	7.25	7.25	7.50
UJJIVAN	3.50	4.65	5.50	7.25	7.25

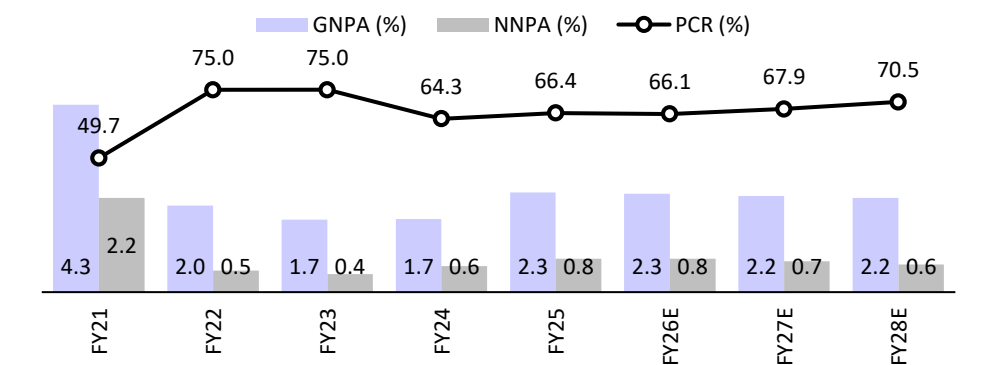
Source: MOFSL, Company

**Exhibit 6: Estimate C/I ratio will improve to ~55% by FY28**

C/I ratio is likely to improve at a more calibrated pace over the coming years



Source: Company, MOFSL

**Exhibit 7: Estimate AUBANK's GNPA/NNPA ratios to improve to 2.2%/0.7% by FY27**


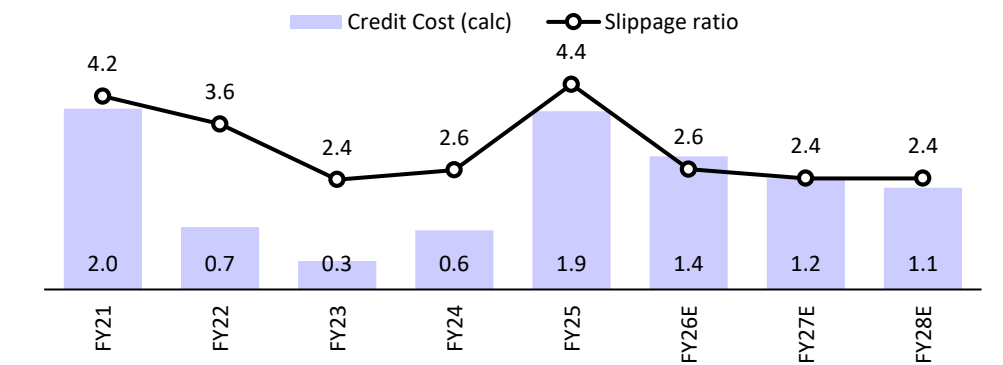
Source: Company, MOFSL

Credit cost guidance at 1% for FY26E (based on avg. assets), with 1QFY26 at 0.34% and 2QFY26 expected at 0.3%, indicating a sharp decline in 2HFY26

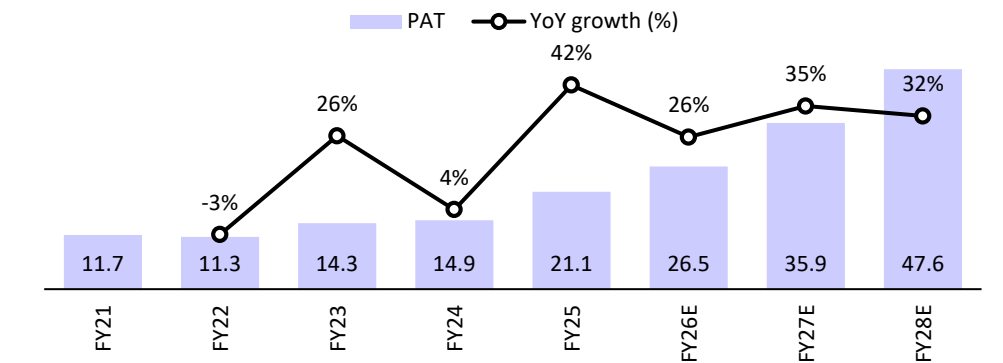
**Exhibit 8: Credit costs stood at 0.34% as of 1QFY26 vs. 1.3% as of FY25**

Credit cost on GLP	1QFY25	1HFY25	9MFY25	FY25	1QFY26
Retail secured (Wheels, Mortgages, gold)	0.8%	0.90%	0.95%	0.95%	0.30%
Commercial Banking	0.5%	0.35%	0.46%	0.46%	0.13%
Inclusive Banking	3.0%	3.08%	5.41%	7.62%	2.06%
Digital Unsecured	6.50%	8.35%	5.41%	11.01%	4.68%
SME & Others	-	0.00%	0.00%	0.33%	-0.02%
<b>Total Credit Cost / Avg. GLP</b>	<b>1.15%</b>	<b>1.28%</b>	<b>1.52%</b>	<b>1.70%</b>	<b>0.47%</b>
<b>Total Credit Cost / Avg. Total Assets</b>				<b>1.30%</b>	<b>0.34%</b>

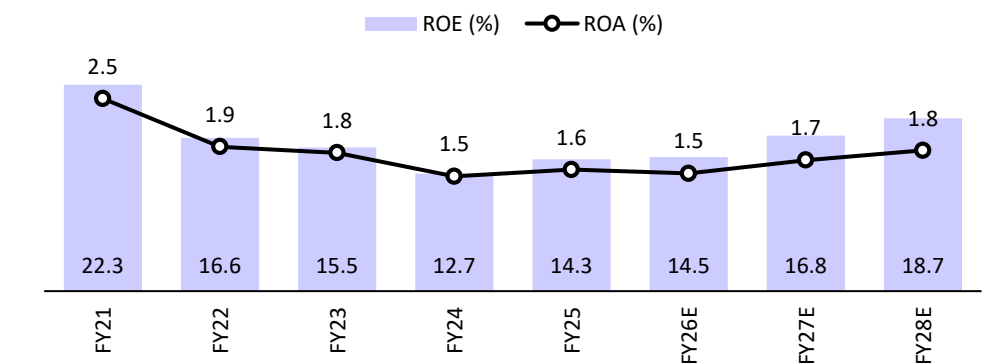
Source: Company, MOFSL

**Exhibit 9: Estimate credit costs (as % of average advances) will moderate to 1.1% by FY28 from 1.4% in FY26**


Source: Company, MOFSL

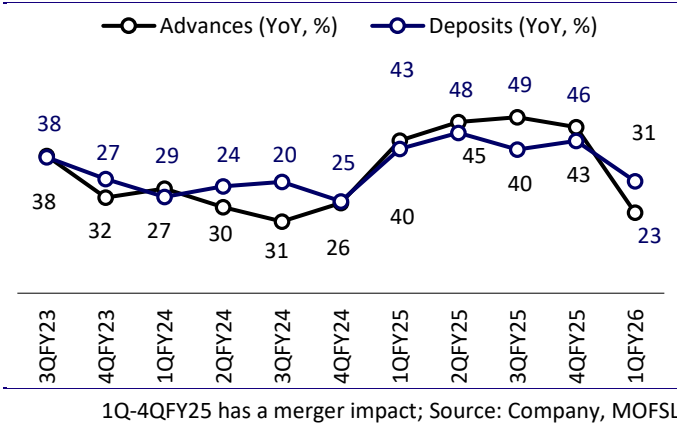
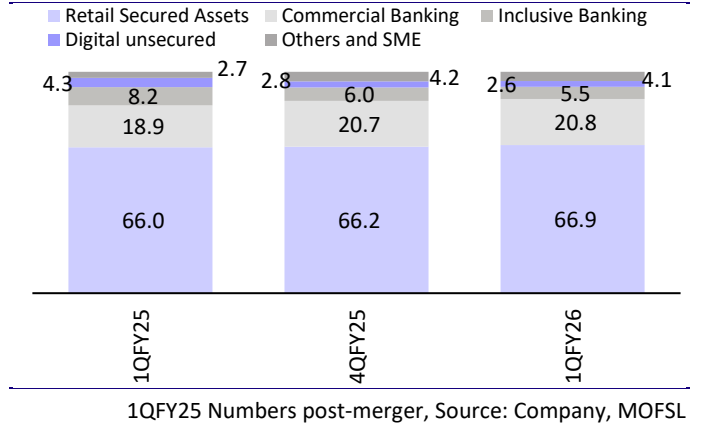
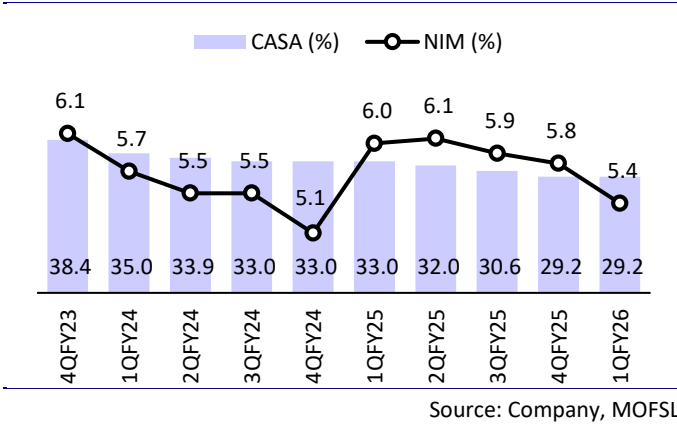
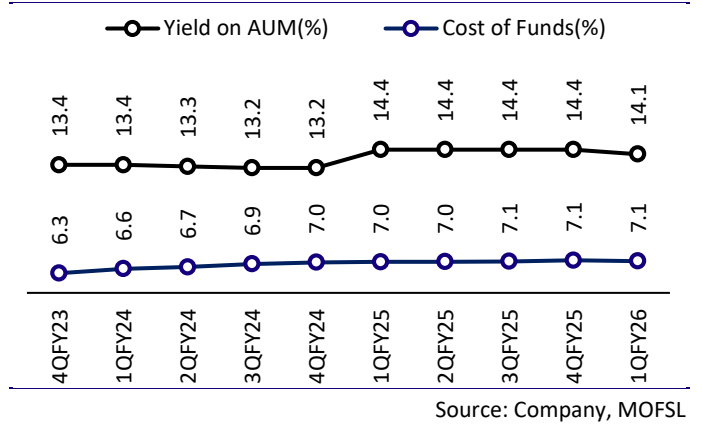
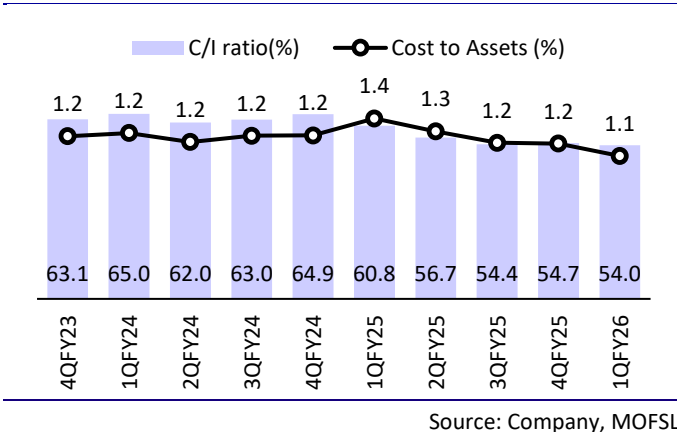
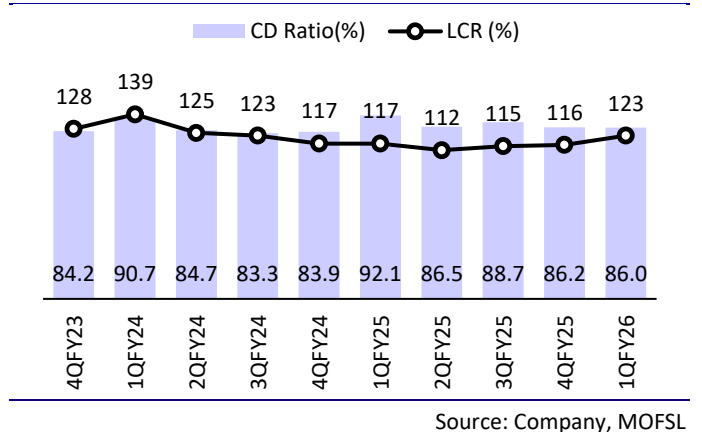
**Exhibit 10: Earnings to compound at ~31% CAGR over FY25-28E**


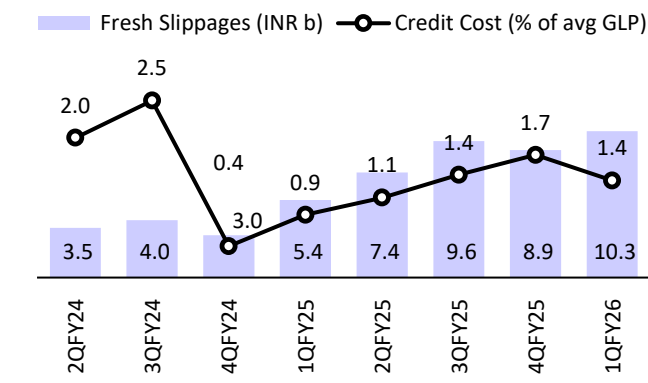
Source: Company, MOFSL

**Exhibit 11: Estimate RoA/RoE to recover to 1.7%/~17% by FY27**


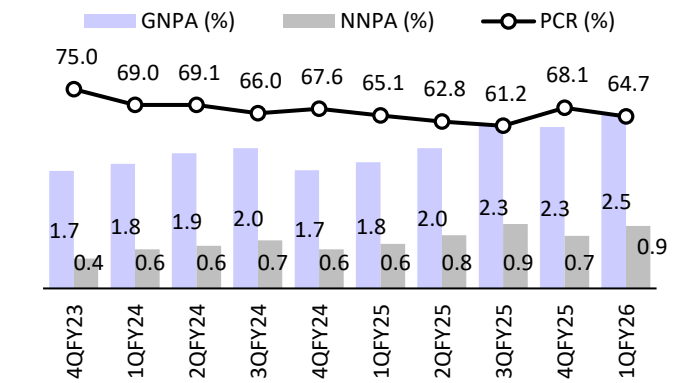
Source: Company, MOFSL

## Story in charts

**Exhibit 12: 1QFY26 advances/deposits grew 23%/31% YoY**

**Exhibit 13: Trend in advances mix (%)**

**Exhibit 14: Margin contracted 38bp QoQ to 5.4% in 1QFY25**

**Exhibit 15: Yield on gross advances declined to 14.1%**

**Exhibit 16: C/I ratio declined sharply to 54% in 1QFY26**

**Exhibit 17: CD ratio in control at ~86%; LCR healthy at 123%**


**Exhibit 18: Credit costs stood at 1.4%, while slippages increased 15% QoQ**


Source: Company, MOFSL

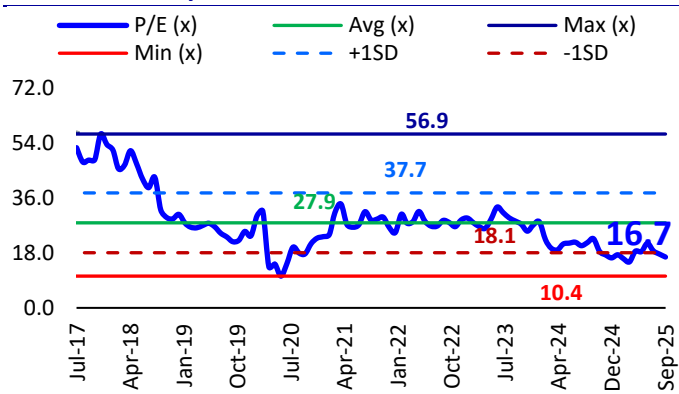
**Exhibit 19: Asset quality ratios deteriorated; PCR declined to 64.7%**


Source: Company, MOFSL

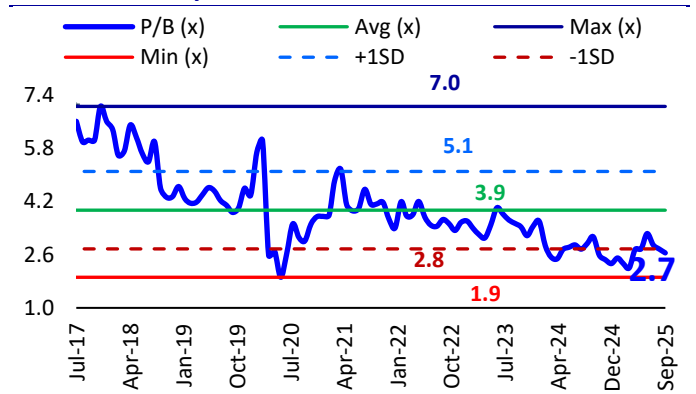
**Exhibit 20: AUBANK: DuPont Analysis – Estimate RoA to improve to ~1.7% by FY27**

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	9.81	10.30	10.57	12.02	11.09	11.12	10.94
Interest Expense	4.45	4.75	5.41	6.03	5.96	5.84	5.57
<b>Net Interest Income</b>	<b>5.36</b>	<b>5.56</b>	<b>5.17</b>	<b>6.00</b>	<b>5.13</b>	<b>5.28</b>	<b>5.37</b>
Core Fee and Secu. Inc	1.41	1.35	1.65	1.71	1.57	1.53	1.51
Trading and others	0.24	-0.06	0.05	0.18	0.22	0.22	0.22
<b>Non-Interest income</b>	<b>1.65</b>	<b>1.30</b>	<b>1.70</b>	<b>1.89</b>	<b>1.79</b>	<b>1.75</b>	<b>1.73</b>
<b>Total Income</b>	<b>7.01</b>	<b>6.85</b>	<b>6.87</b>	<b>7.89</b>	<b>6.92</b>	<b>7.03</b>	<b>7.10</b>
<b>Operating Expenses</b>	<b>4.00</b>	<b>4.32</b>	<b>4.47</b>	<b>4.46</b>	<b>3.88</b>	<b>3.90</b>	<b>3.87</b>
- Employee cost	2.29	2.25	2.11	2.36	2.06	2.07	2.05
- Others	1.71	2.07	2.37	2.10	1.81	1.83	1.82
<b>Operating Profits</b>	<b>3.01</b>	<b>2.54</b>	<b>2.39</b>	<b>3.43</b>	<b>3.04</b>	<b>3.13</b>	<b>3.24</b>
<b>Core operating Profits</b>	<b>2.77</b>	<b>2.59</b>	<b>2.34</b>	<b>3.25</b>	<b>2.82</b>	<b>2.91</b>	<b>3.01</b>
Provisions	0.60	0.19	0.44	1.34	1.02	0.87	0.80
PBT	2.41	2.34	1.95	2.09	2.02	2.26	2.43
Tax	0.54	0.55	0.47	0.51	0.50	0.57	0.61
<b>RoA</b>	<b>1.87</b>	<b>1.79</b>	<b>1.49</b>	<b>1.58</b>	<b>1.53</b>	<b>1.70</b>	<b>1.82</b>
Leverage (x)	8.8	8.7	8.5	9.0	9.5	9.9	10.2
<b>RoE</b>	<b>16.6</b>	<b>15.5</b>	<b>12.7</b>	<b>14.3</b>	<b>14.5</b>	<b>16.8</b>	<b>18.7</b>

Source: MOFSL, Company

**Exhibit 21: One-year forward P/E**


Source: Company, MOFSL

**Exhibit 22: One-year forward P/B**


Source: Company, MOFSL



## AUBANK: Financials and valuations

Income Statement							(INRb)
Y/E MARCH	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	59.2	82.1	105.5	160.6	192.7	235.3	285.3
Interest Expense	26.9	37.8	54.0	80.5	103.5	123.6	145.2
<b>Net Interest income</b>	<b>32.3</b>	<b>44.3</b>	<b>51.6</b>	<b>80.1</b>	<b>89.2</b>	<b>111.6</b>	<b>140.1</b>
- growth (%)	36.7	36.8	16.5	55.4	11.3	25.2	25.5
Other Income	9.9	10.3	17.0	25.3	31.1	37.0	45.1
<b>Total Income</b>	<b>42.3</b>	<b>54.6</b>	<b>68.5</b>	<b>105.4</b>	<b>120.2</b>	<b>148.6</b>	<b>185.2</b>
- growth (%)	11.7	29.1	25.5	53.7	14.1	23.6	24.6
<b>Operating Expenses</b>	<b>24.1</b>	<b>34.4</b>	<b>44.6</b>	<b>59.6</b>	<b>67.4</b>	<b>82.4</b>	<b>100.9</b>
- growth (%)	45.5	42.6	29.8	33.4	13.1	22.3	22.4
<b>Operating Profits</b>	<b>18.2</b>	<b>20.2</b>	<b>23.9</b>	<b>45.8</b>	<b>52.9</b>	<b>66.2</b>	<b>84.4</b>
- growth (%)	-14.7	11.3	18.3	91.7	15.4	25.2	27.4
<b>Core Operating Profits</b>	<b>16.7</b>	<b>20.6</b>	<b>23.4</b>	<b>43.5</b>	<b>49.0</b>	<b>61.5</b>	<b>78.5</b>
- growth (%)	31.3	23.4	13.3	85.9	12.8	25.4	27.7
Total Provisions	3.6	1.5	4.4	17.9	17.7	18.3	21.0
% to operating income	19.9	7.7	18.4	39.1	33.5	27.6	24.8
<b>PBT</b>	<b>14.5</b>	<b>18.6</b>	<b>19.5</b>	<b>27.9</b>	<b>35.1</b>	<b>47.9</b>	<b>63.4</b>
Tax	3.2	4.4	4.6	6.8	8.6	12.0	15.9
Tax Rate (%)	22.3	23.4	23.8	24.5	24.5	25.0	25.0
<b>PAT</b>	<b>11.3</b>	<b>14.3</b>	<b>14.9</b>	<b>21.1</b>	<b>26.5</b>	<b>35.9</b>	<b>47.6</b>
- growth (%)	-3.5	26.4	4.1	41.7	26.0	35.4	32.4

### Balance Sheet

Y/E MARCH	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	6.3	6.7	6.7	7.4	7.5	7.5	7.5
Reserves & Surplus	68.4	102.7	118.3	163.0	188.7	223.8	270.5
<b>Equity Network</b>	<b>74.7</b>	<b>109.3</b>	<b>125.0</b>	<b>170.4</b>	<b>196.2</b>	<b>231.3</b>	<b>278.0</b>
<b>Deposits</b>	<b>525.8</b>	<b>693.6</b>	<b>871.8</b>	<b>1,242.7</b>	<b>1,503.6</b>	<b>1,857.0</b>	<b>2,304.5</b>
- growth (%)	46.2	31.9	25.7	42.5	21.0	23.5	24.1
<b>of which CASA Dep</b>	<b>196.1</b>	<b>266.6</b>	<b>291.3</b>	<b>362.5</b>	<b>454.1</b>	<b>583.1</b>	<b>739.8</b>
- growth (%)	136.9	36.0	9.3	24.5	25.3	28.4	26.9
Borrowings	59.9	63.0	54.8	116.6	138.2	171.3	212.4
Other liabilities	29.9	35.8	42.0	47.5	58.4	71.3	87.0
- growth (%)	29.5	19.6	17.6	13.0	23.0	22.0	22.0
<b>Total Liabilities</b>	<b>690.8</b>	<b>902.2</b>	<b>1,094.3</b>	<b>1,578.5</b>	<b>1,897.7</b>	<b>2,332.1</b>	<b>2,883.2</b>
Current Assets	59.3	94.3	63.8	94.7	103.9	117.9	133.6
<b>Investments</b>	<b>153.1</b>	<b>200.7</b>	<b>271.3</b>	<b>378.5</b>	<b>454.2</b>	<b>558.6</b>	<b>689.9</b>
- growth (%)	41.5	31.1	35.2	39.5	20.0	23.0	23.5
<b>Loans</b>	<b>461.0</b>	<b>584.2</b>	<b>731.6</b>	<b>1,070.9</b>	<b>1,295.8</b>	<b>1,601.6</b>	<b>1,994.0</b>
- growth (%)	33.2	26.7	25.2	46.4	21.0	23.6	24.5
Net Fixed Assets	6.2	7.4	8.5	9.1	10.0	11.0	11.9
Other assets	11.2	15.6	19.0	25.3	33.8	43.0	53.8
<b>Total Assets</b>	<b>690.8</b>	<b>902.2</b>	<b>1,094.3</b>	<b>1,578.5</b>	<b>1,897.7</b>	<b>2,332.1</b>	<b>2,883.2</b>
<b>Total Assets (incl. off BS)</b>	<b>708.1</b>	<b>909.5</b>	<b>1,192.1</b>	<b>1,669.5</b>	<b>1,998.3</b>	<b>2,441.7</b>	<b>2,883.2</b>

Asset Quality	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA (INR b)	9.2	9.8	12.4	24.8	29.5	35.7	43.5
NNPA (INR b)	2.3	2.9	4.4	8.3	10.0	11.4	12.8
Slippages (INR b)	14.4	12.4	17.0	40.0	30.8	34.8	43.1
GNPA Ratio (%)	2.0	1.7	1.7	2.3	2.28	2.23	2.18
NNPA Ratio (%)	0.5	0.5	0.6	0.8	0.77	0.71	0.64
Slippage Ratio (%)	3.6	2.4	2.6	4.4	2.6	2.4	2.4
Credit Cost (%)	0.7	0.3	0.6	1.9	1.4	1.2	1.1
PCR (Excl Tech. write off)	75.0	70.8	64.3	66.4	66.1	67.9	70.5

E: MOFSL Estimates

## AUBANK: Financials and valuations

### Ratios

Y/E MARCH	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Yield and Cost Ratios (%)</b>							
<b>Avg. Yield - on IEA</b>	<b>10.7</b>	<b>11.7</b>	<b>11.7</b>	<b>13.0</b>	12.0	12.0	11.7
Avg. Yield on loans	11.4	12.8	11.9	13.4	12.5	12.6	12.8
Avg. Cost of funds	5.3	5.6	6.4	7.0	6.9	6.7	6.4
<b>Spreads</b>	<b>6.1</b>	<b>7.2</b>	<b>5.5</b>	<b>6.4</b>	5.6	5.9	6.4
<b>NIM (On total assets)</b>	<b>5.4</b>	<b>5.6</b>	<b>5.2</b>	<b>6.0</b>	5.1	5.3	5.4
<b>NIM (On IEA)</b>	<b>5.9</b>	<b>6.3</b>	<b>5.7</b>	<b>6.5</b>	<b>5.5</b>	<b>5.7</b>	<b>5.8</b>
<b>Capitalization Ratios (%)</b>							
CAR	21.0	23.6	20.1	20.1	18.3	17.2	16.5
<i>Tier I</i>	19.7	21.8	18.8	18.1	16.9	16.2	15.8
<i>CET 1</i>	19.7	21.8	18.8	18.1	16.9	16.2	15.8
<i>Tier II</i>	1.3	1.8	1.3	1.9	1.4	1.0	0.7
<b>Business Ratios (%)</b>							
Loan/Deposit Ratio	87.7	84.2	83.9	86.2	86.2	86.2	86.5
CASA Ratio	37.3	38.4	33.4	29.2	30.2	31.4	32.1
Cost/Assets	4.0	4.3	4.5	4.5	3.9	3.9	3.9
Cost/Total Income	57.1	63.0	65.1	56.5	56.0	55.5	54.5
Cost/Core Income	59.1	62.5	65.6	57.8	57.9	57.3	56.2
Int. Expense/Int. Income	45.4	46.1	51.1	50.1	53.7	52.5	50.9
Fee Income/Total Income	20.1	19.8	24.0	21.4	22.7	21.7	21.2
Other Inc./Total Income	23.5	18.9	24.8	24.0	25.8	24.9	24.4
<b>Efficiency Ratios (%)</b>							
Employee per branch (in nos)	40.2	51.5	47.3	65.9	51.9	47.0	42.5
Staff cost per employee (INR m)	0.5	0.6	0.7	0.6	0.7	0.8	1.0
CASA per branch (INR m)	283	485	463	469	452	514	577
Deposits per branch (INR m)	760	1,261	1,386	1,608	1,496	1,635	1,796
Bus. Per Employee (INR m)	35	45	54	45	54	65	79
Profit per Employee (INR m)	0.4	0.5	0.5	0.4	0.5	0.7	0.9
<b>Profitability and Valuations</b>							
RoE	16.6	15.5	12.7	14.3	14.5	16.8	18.7
RoA (On bal Sheet)	1.9	1.8	1.5	1.6	1.5	1.7	1.8
RoRWA	3.1	2.9	2.3	2.3	2.4	2.6	2.8
Book Value (INR)	118.7	164.0	186.8	228.9	262.8	309.0	370.4
- growth (%)	20.0	38.2	13.9	22.6	14.8	17.6	19.9
<b>Price-BV (x)</b>	<b>6.0</b>	<b>4.3</b>	<b>3.8</b>	<b>3.1</b>	<b>2.7</b>	<b>2.3</b>	<b>1.9</b>
Adjusted BV (INR)	116.7	161.6	183.1	222.7	255.0	299.9	360.1
- growth (%)	26.9	38.5	13.3	21.7	14.5	17.6	20.1
<b>Price-ABV (x)</b>	<b>6.1</b>	<b>4.4</b>	<b>3.9</b>	<b>3.2</b>	<b>2.8</b>	<b>2.4</b>	<b>2.0</b>
EPS (INR)	18.0	22.0	22.2	29.8	35.6	48.1	63.5
- growth (%)	-5.1	22.3	1.0	33.9	19.5	35.0	32.0
<b>Price-Earnings (x)</b>	<b>39.3</b>	<b>32.1</b>	<b>31.8</b>	<b>23.8</b>	<b>19.9</b>	<b>14.7</b>	<b>11.2</b>

E: MOFSL Estimates

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