

Punjab National Bank

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USD\$)	1471.7 / 16.2
52-Week Range (INR)	135 / 85
1, 6, 12 Rel. Per (%)	8/10/18
12M Avg Val (INR M)	2328

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	427.8	426.7	500.3
OP	268.3	285.4	334.7
NP	166.3	164.8	213.2
NIM (%)	2.7	2.4	2.5
EPS (INR)	14.8	14.3	18.5
EPS Gr. (%)	97.4	-3.0	29.3
BV/Sh. (INR)	107	119	133
ABV/Sh. (INR)	101	113	128

Ratios

RoA (%)	1.0	0.9	1.0
RoE (%)	15.3	13.1	15.1

Valuations

P/E(X)	8.5	8.8	6.8
P/BV (X)	1.2	1.1	0.9
P/ABV (X)	1.2	1.1	1.0

Shareholding pattern (%)

As of	Dec-25	Sep-25	Dec-24
Promoter	70.1	70.1	70.1
DII	16.1	15.5	14.3
FII	5.9	5.7	5.7
Others	7.9	8.7	9.9

FII includes depository receipts

CMP: INR128

TP: INR145 (+14%)

Buy

Other income drives earnings; asset quality robust

NIM contracts 8bp QoQ to 2.52%

- Punjab National Bank (PNB) reported 3QFY26 PAT of INR51b (13% YoY/4% QoQ, 7% beat on MOFSL), aided by higher other income, partly offset by higher-than-expected provisions (floating provisions of INR9.6b).
- NII declined 4.5% YoY (up 0.6% QoQ) to INR105.3b (3% miss), as NIMs declined by 8bp QoQ to 2.52%.
- Other income surged 47% YoY/16% QoQ to INR50.2b (24% beat), led by the stake sale of Can HSBC Life, as well as a healthy recovery in written-off accounts. Total revenues thus grew 7.7% YoY/5% QoQ to INR155.5b (5% beat).
- Loan book grew 11.8% YoY (5.5% QoQ), while deposits grew 8.5% YoY (2.7% QoQ). CD ratio increased to 72% vs 70.1% in 2QFY26.
- Slippages dipped marginally to INR19b vs. INR19.6b in 2QFY26. The GNPA/NNPA ratio improved 26bp/4bp QoQ to 3.19%/0.32%. PCR ratio was 90%.
- **We trim our FY27E/FY28E earnings by 3%/4% and estimate FY27 RoA/RoE at 1.02%/15.1%. Reiterate BUY with a TP of INR145 (based on 1.0x Sep'27E ABV).**

NIM guidance reduced; the bank makes floating provisions of INR9.6b

- PNB reported a PAT of INR51b (13% YoY/ 4% QoQ, 7% beat on MOFSL), amid healthy income from the recovery from w-off as well as stake sale of Canara HSBC life; the bank has made floating provisions of INR9.6b prudentially utilizing the stake sale gains.
- NII dipped 4.5% YoY (up 0.6% QoQ), while NIM contracted 8bp QoQ to 2.52%. The contraction in NIM was primarily led by a fall in yield on advances (down 21bp QoQ to 7.69%) as well as yields on investment (down 17bp QoQ to 6.76%).
- Other income grew sharply by 47% YoY/16% QoQ to INR50.2b (a strong 24% beat), amid a healthy recovery in the w-off account, along with stake sale gains from Canara HSBC Life of INR9.1b.
- Opex grew by 3% YoY/6.5% QoQ to INR80.7b (inline). As a result, C/I ratio stood largely flat at 51.9% (up 70bp QoQ).
- PPop thus grew 13% YoY/3.5% QoQ to INR74.8b (8% beat). Provisions increased INR11.5b as the bank made floating provisions of INR9.6b. Management has guided for an ECL transition impact of INR90-100b.
- The loan book grew 11.8% YoY (5.5% QoQ) to INR11.96t, led by better growth in MSME advances (5% QoQ); Retail grew 3.6% QoQ, and corporate grew 4.7% QoQ. The bank grew faster on international advances (up 25% QoQ), which has also contributed to lower NIMs in 3QFY26.

- Deposits grew 8.5% YoY/2.7% QoQ to INR16.6t. CASA ratio declined to 37.1% (down 19bp QoQ), amid slower growth in CASA. The CD ratio increased to 72%.
- On the asset quality front, slippages declined marginally to INR19b vs. INR19.6b in 2QFY26. The GNPA/NNPA ratios thus declined 26bp/4bp to 3.19%/0.32%. The PCR ratio stood at 90.2%. The SMA-2 (above INR50m) was 0.16% of loans vs. 0.17% in 2QFY26. The total SMA pool stood at 4.6% of the book.

Highlights from the management commentary

- PNB expects global NIM to be 2.6%, while domestic NIM would be 2.7%
- Preliminary ECL estimates are in the range of INR90–100b; PNB carries total floating provisions of INR17.8b and management remains confident to absorb the transition impact.
- LCR for the bank stands at 130%. There will be ~5% positive impact as per the new LCR guidelines.
- The bank completed a stake sale in Canara HSBC Life for INR9.12b.
- Credit growth guidance has been maintained at 11-12%.

Valuation and view: Reiterate BUY with a TP of INR145

PNB reported a modest quarter with NIMs declining 8bp QoQ. The bank made floating provisions amounting to INR9.6b, prudently utilizing the stake sale gains from its stake in Canara HSBC Life. The estimated ECL transition impact is pegged at INR90–100b, against which the bank currently holds a floating provision buffer of INR17.8b. While overall business growth remained healthy, relatively faster growth in corporate and international advances contributed to margin pressure. Asset quality improved, with controlled slippages, while recoveries continued at a healthy pace. We trim our earnings estimates by 3%/4% for FY27E/FY28E and estimate FY27E RoA/RoE at 1.02%/15.1%. We reiterate our BUY rating with a TP of INR145 (premised on 1.0x Sep'27E ABV).

Quarterly performance

(INR b)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
Net Interest Income	104.8	105.2	110.3	107.6	105.8	104.7	105.3	110.9	427.8	426.7	108.4	-3%
% Change (YoY)	10.2	6.0	7.2	3.8	1.0	-0.5	-4.5	3.1	6.7	-0.3	-1.8	
Other Income	36.1	45.7	34.1	47.2	52.7	43.4	50.2	44.5	163.1	190.8	40.4	24%
Total Income	140.9	150.9	144.4	154.7	158.5	148.1	155.5	155.4	590.9	617.5	148.7	5%
Operating Expenses	75.0	82.4	78.2	87.0	87.6	75.8	80.7	87.9	322.6	332.1	79.6	1%
Operating Profit	65.8	68.5	66.2	67.8	70.8	72.3	74.8	67.5	268.3	285.4	69.2	8%
% Change (YoY)	10.3	10.2	4.6	5.6	7.6	5.5	13.0	-0.4	7.6	6.4	4.5	
Provisions	13.1	2.9	-2.9	3.6	3.2	6.4	11.5	6.7	16.7	27.8	6.3	82%
Profit before Tax	52.7	65.7	69.1	64.2	67.6	65.8	63.3	60.8	251.6	257.5	62.8	1%
Tax	20.2	22.6	24.0	18.5	50.8	16.8	12.3	12.8	85.3	92.7	15.1	-18%
Net Profit	32.5	43.0	45.1	45.7	16.8	49.0	51.0	48.0	166.3	164.8	47.8	7%
% Change (YoY)	159.0	145.1	102.8	51.7	-48.5	13.9	13.1	5.2	101.7	-0.9	5.9	
Operating Parameters												
Deposits	14,082	14,583	15,297	15,666	15,894	16,171	16,603	17,108	15,666	17,108	16,773	
Loans	9,840	10,196	10,700	10,775	10,920	11,338	11,962	12,154	10,775	12,154	11,799	
Deposit Growth (%)	8.5	11.3	15.6	14.4	12.9	10.9	8.5	9.2	14.4	9.2	9.6	
Loan Growth (%)	13.9	14.6	16.8	15.3	11.0	11.2	11.8	12.8	15.3	12.8	10.3	
Asset Quality												
Gross NPA (%)	5.0	4.5	4.1	4.0	3.8	3.5	3.2	3.0	4.0	3.0	3.2	
Net NPA (%)	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.2	0.4	0.2	0.3	
PCR (%)	88.4	90.2	90.2	90.3	90.3	90.0	90.2	92.7	90.3	92.7	90.5	

Quarterly snapshot

INRb	FY25				FY26			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Profit and Loss,									
Net Interest Income	104.8	105.2	110.3	107.6	105.8	104.7	105.3	-5	1
Other Income	36.1	45.7	34.1	47.2	52.7	43.4	50.2	47	16
Trading profits	5.8	14.9	9.3	9.2	16.1	16.1	11.6	24	-28
Total Income	140.9	150.9	144.4	154.7	158.5	148.1	155.5	8	5
Operating Expenses	75.0	82.4	78.2	87.0	87.6	75.8	80.7	3	6
Employee	45.5	57.5	52.6	57.9	51.6	47.5	50.9	-3	7
Others	29.5	24.9	25.6	29.0	36.0	28.4	29.9	17	5
Operating Profits	65.8	68.5	66.2	67.8	70.8	72.3	74.8	13	4
Core Operating Profits	60.0	53.6	56.9	58.6	54.7	56.1	63.2	11	13
Provisions	13.1	2.9	-2.9	3.6	3.2	6.4	11.5	-503	79
Others	1.3	1.2	-4.1	-0.5	3.3	19.5	0.9	-122	-95
PBT	52.7	65.7	69.1	64.2	67.6	65.8	63.3	-8	-4
Taxes	20.2	22.6	24.0	18.5	50.8	16.8	12.3	-49	-27
PAT	32.5	43.0	45.1	45.7	16.8	49.0	51.0	13	4
Balance Sheet, INRb									
Loans	9,840	10,196	10,700	10,775	10,920	11,338	11,962	12	6
Deposits	14,082	14,583	15,297	15,666	15,894	16,171	16,603	9	3
CASA Deposits	5,491	5,567	5,622	5,735	5,686	5,832	5,922	5	2
-Savings	4,844	4,886	4,921	4,984	4,980	5,090	5,158	5	1
-Current	647	681	700	751	707	742	764	9	3
Loan Mix (%)									
Retail	23.8	24.7	24.8	24.3	24.3	24.4	24.2	-60	-18
Agri	17.1	16.1	16.5	16.9	16.6	16.5	16.4	-3	-3
Corporate	44.5	44.2	43.7	43.5	43.4	43.2	43.3	-46	12
MSME	14.5	14.9	15.0	15.3	15.7	16.0	16.1	110	10
Asset Quality, INRb									
GNPA	513	476	454	441	427	403	393	-13	-3
NNPA	59	47	44	43	41	40	38	-14	-5
Slippages	18	22	18	30	19	20	19	7	-3
Asset Quality Ratios (%)									
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY(bp)	QoQ(bp)
GNPA	5.0	4.5	4.1	4.0	3.8	3.5	3.2	-90	-26
NNPA	0.6	0.5	0.4	0.4	0.4	0.4	0.3	-9	-4
PCR (Cal.)	88.4	90.2	90.2	90.3	90.3	90.0	90.2	2	23
PCR (Incl. TWO)	95.9	96.7	96.8	96.8	96.9	96.9	97.0	22	8
Credit Cost	0.6	0.1	-0.1	0.1	0.1	0.2	0.4	52	17
Business Ratios (%)									
CASA	40.1	39.3	38.1	38.0	37.0	37.3	37.1	-102	-19
Loan/Deposit	69.9	69.9	69.9	68.8	68.7	70.1	72.0	210	194
Fees to Total Income	21.5	20.4	17.2	24.6	23.1	18.4	24.8	769	643
Cost to Total Income	53.3	54.6	54.2	56.2	55.3	51.2	51.9	-226	70
Cost to Total Assets	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0	0
Tax Rate	38.3	34.5	34.7	28.8	75.2	25.5	19.4	-1,528	-608
Capitalisation Ratios (%)									
Tier-1	13.0	13.6	12.5	14.1	14.6	14.4	14.1	160	-28
- CET 1	11.0	11.6	10.7	12.3	13.0	12.8	12.5	187	-23
CAR	15.8	16.4	15.4	17.0	17.5	17.2	16.8	136	-42
LCR	134.8	129.2	136.6	133.0	147.7	141.7			
RWA to Total Assets	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0	2
Profitability Ratios (%)									
Yield on loans	8.3	8.3	8.4	8.4	8.1	7.9	7.7	-69	-21
Yield on Funds	7.2	7.1	7.1	7.2	7.0	6.8	6.7	-45	-13
Cost of Deposits	5.1	5.2	5.2	5.4	5.3	5.2	5.1	-15	-9
Cost of Funds	4.5	4.6	4.6	4.8	4.7	4.6	4.5	-13	-8
Margins	3.07	2.92	2.93	2.81	2.70	2.60	2.52	-41	-8
Other Details									
Branches	10,150	10,159	10,168	10,189	10,209	10,288	10,261	93	-27
ATM	12,080	12,040	12,034	11,822	11,240	11,187	11,109	-925	-78



Highlights from the management commentary

Opening remarks

- The bank continues to prioritize sustained business growth.
- PNB has added 82 new branches and plans to open an additional 100 branches over the next six months.
- A strong focus on profitability has resulted in the highest profit recorded so far.
- Global business grew 9.5% YoY, with global deposits up 8.5% and advances rising 12.3%.
- The CD ratio increased to 72% in 3QFY26.
- Deposit rates were not reduced during the quarter, while yields declined in line with the repo rate cut.
- NIMs for 4Q are expected to remain at the same level as in 3Q.
- Recoveries stood at 2.2x of slippages; the bank created prudential floating provisions of INR9.6b.
- Floating provisions were made keeping in mind the forthcoming ECL framework.

Business update

- The bank has exposure to certain low-yielding corporate accounts and is aiming to replace this book at a faster pace.
- It also plans to shed a portion of its bulk deposits in the coming quarter.
- IBPC exposure is being reduced quarterly, with an annual reduction of INR300b. As the bank intends to exit IBPC over time, it has not upgraded its guidance.

Other Income

- Fee income is expected to improve, supported by upcoming product launches.
- Treasury income is expected to remain healthy over the next few quarters.
- The bank recovered INR7b from one account and expects additional recoveries of INR4-5b in 4Q.

NIMs

- Interest income from investments has declined, in line with prevailing market conditions.
- NIMs declined due to deposit rate repricing; over 50% of the loan book is repo-linked, and rate transmission was immediate.
- Around 70% of special deposits were repriced in December, with full repricing expected by 15th May 2026.
- Investment yields have moderated due to market conditions.
- The 25bp repo rate cut impacted NIMs; term deposit rates were not cut in October but were reduced in January 2026. Repricing is expected to be completed by April 2026.

Asset Quality

- The bank created INR9.6b of floating provisions as a prudential buffer in anticipation of ECL implementation.
- Standard provisions stand at INR9b, with a possible reversal being considered in 4Q.

- Preliminary ECL estimates are in the range of INR90–100b; total floating provisions of INR17.8b are expected to largely absorb the transition impact.
- Stage 1 standard asset provisioning stands at 0.4%, while Stage 2 provisioning could see an impact of ~INR100b, translating into a 15-20bp rise in credit costs.
- The SMA pool stands at 4.61% of total loans.
- Floating provisions are not included in net NPA calculations.
- SMA breakup: SMA-0 at INR341.8b, SMA-1 at INR94.4b, and SMA-2 at INR131.2b.

Others

- LCR for the bank stands at 130%. There will be some 5% positive impact due to the new LCR guidelines.
- PNB completed a stake sale in Canara HSBC Life for INR9.12b.
- There is no impact from the labor code, and provisions are adequate.
- Improved performance in PSLC is expected to result in a ~50bp reduction in PSLC costs.
- A reversal of INR5b in income tax led to a lower effective tax rate of 19%.

Guidance for FY26

- Guidance has been maintained to be at <1% of the slippage ratio.
- RoA – Bank aims for >1% of RoA in FY26.
- Credit growth guidance maintained at 11-12%.
- Bank expects global NIMs to be at 2.6%, while Domestic NIMs at 2.7%
- Gross NPA ratio shall be below 3%.
- Net NPA ratio shall be at 0.35%.
- Bank expects PCR to be at >96% for FY26.
- Total recovery expected is at INR160b. Bank is expecting INR40b of recovery in 4Q. Bank is further expecting INR140b and 150b.
- Credit growth is at 10.9%, and the bank is confident of achieving 11-12%. PNB will be touching 9% of the deposit growth.

Story in charts

Exhibit 1: Loan book grew 11.8% YoY (5.5% QoQ) to INR11.9t

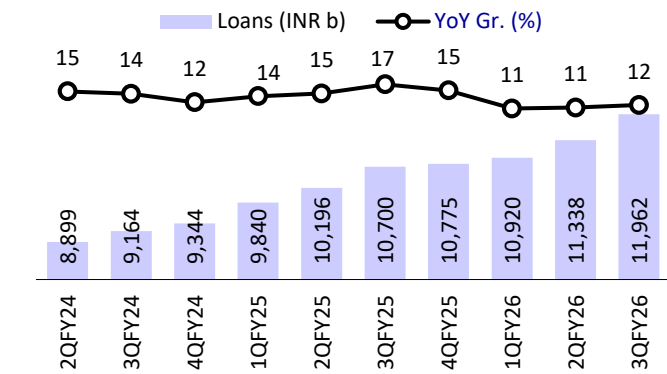


Exhibit 2: Deposits grew 8.5% YoY (up 2.7% QoQ)

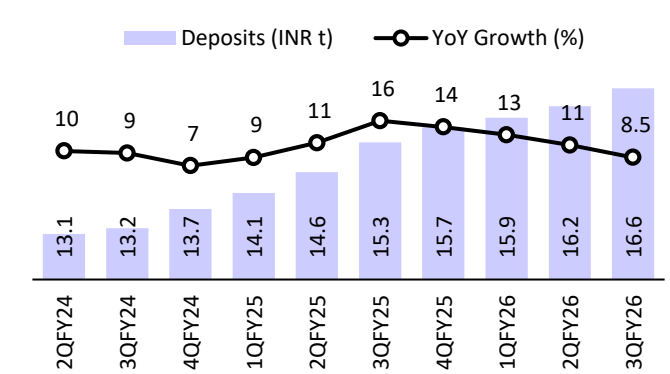


Exhibit 3: Domestic NIM moderated 7bp QoQ to 2.65%

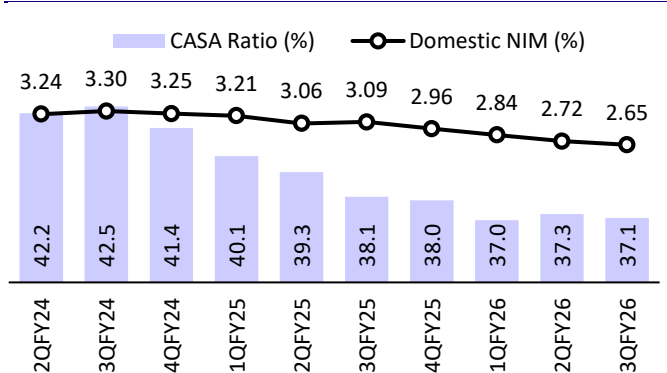


Exhibit 4: Yields declined 21bp QoQ; CoD declined 9bp QoQ

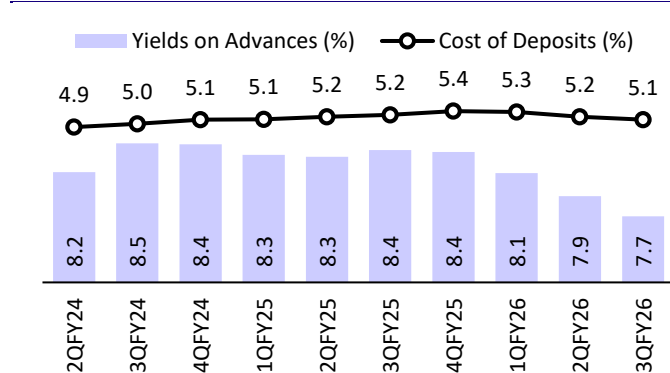


Exhibit 5: C/I ratio moderated to 51.9% in 3QFY26

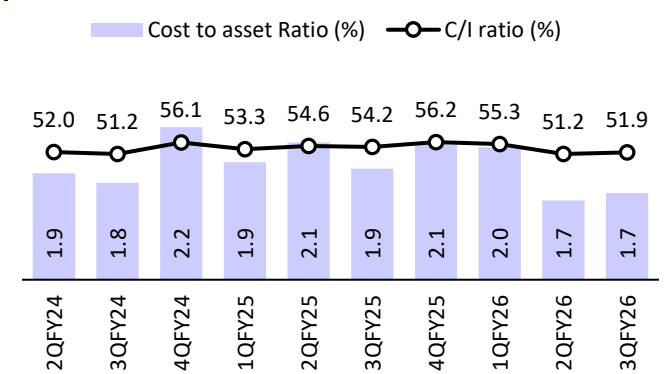


Exhibit 6: O/s loan mix: RAM constituted ~57% of total loans

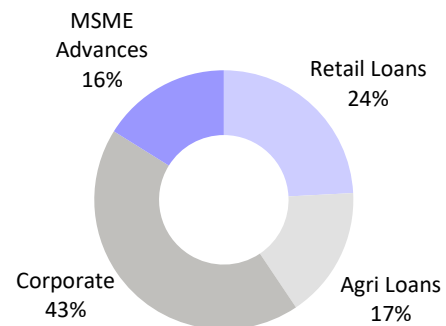
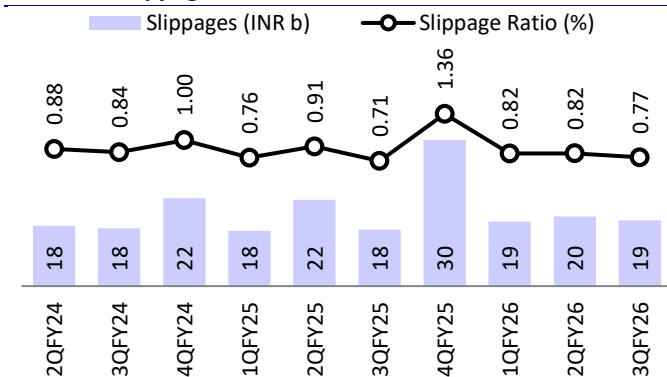
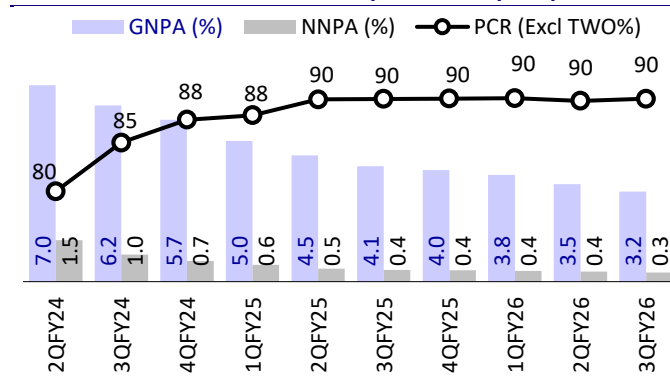


Exhibit 7: Slippage ratio was controlled at 0.77%



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios improved 26bp/4bp QoQ



Source: MOFSL, Company

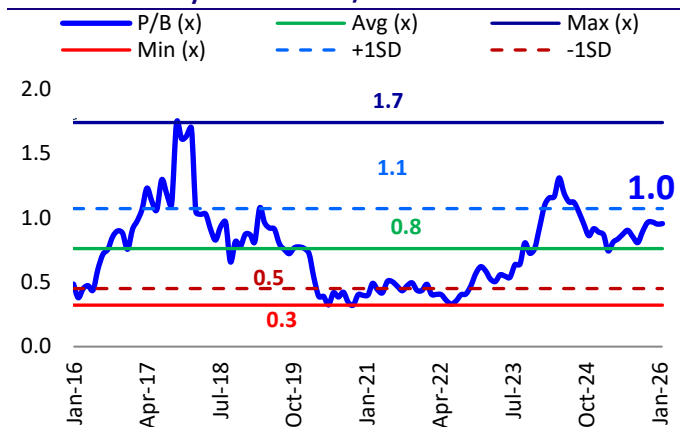
Valuation and view: Reiterate BUY with TP of INR145

- PNB reported a modest quarter with NIMs declining 8bp QoQ. The bank made floating provisions amounting to INR9.6b, prudently utilizing the stake sale gains from its stake in Canara HSBC Life.
- The estimated ECL transition impact is pegged at INR90–100b, against which the bank currently holds a floating provision buffer of INR17.8b.
- While overall business growth remained healthy, relatively faster growth in corporate and international advances contributed to margin pressure.
- Asset quality improved, with controlled slippages, while recoveries continued at a healthy pace.
- We trim our earnings estimates by 3%/4% for FY27E/FY28E and estimate FY27E RoA/RoE at 1.02%/15.1%. We reiterate our BUY rating with a TP of INR145 (premised on 1.0x Sep'27E ABV).

Exhibit 9: Changes to our estimates

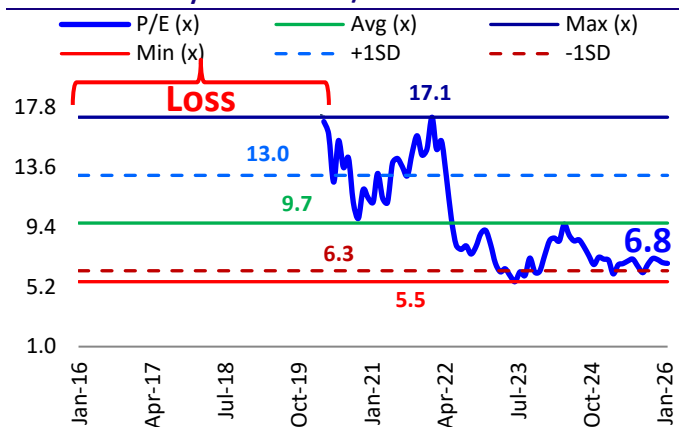
INR bn	Old Est.			Revised Est.			Chg. (%)/bps		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Net Interest Inc	431.8	505.4	591.0	426.7	500.3	588.3	-1.2	-1.0	-0.5
Other Income	182.7	193.6	214.9	190.8	192.7	210.1	4.5	-0.5	-2.3
Total Income	614.5	699.0	805.9	617.5	693.0	798.3	0.5	-0.9	-0.9
Operating Exp	326.2	353.7	386.4	332.1	358.4	387.4	1.8	1.3	0.3
Operating Profit	288.3	345.3	419.5	285.4	334.7	410.9	-1.0	-3.1	-2.1
Provisions	23.4	50.0	64.2	27.8	48.9	69.3	18.9	-2.3	8.1
PBT	264.9	295.3	355.4	257.5	285.7	341.6	-2.8	-3.2	-3.9
Tax	100.7	75.0	90.3	92.7	72.6	86.8	-7.9	-3.2	-3.9
PAT	164.2	220.3	265.1	164.8	213.2	254.8	0.4	-3.2	-3.9
Loans	12,068	13,540	15,205	12,154	13,637	15,314	0.7	0.7	0.7
Deposits	17,343	19,250	21,406	17,108	18,989	21,116	-1.4	-1.4	-1.4
Margins (%)	2.4	2.5	2.7	2.4	2.5	2.7	-2	-1	1
Credit Cost (%)	0.2	0.4	0.4	0.2	0.4	0.5	4	0	5
RoA (%)	0.86	1.05	1.13	0.87	1.02	1.10	1	-3	-4
RoE (%)	13.0	15.6	16.5	13.1	15.1	16.0	4	-47	-52
EPS	14.3	19.2	23.1	14.3	18.5	22.2	0.4	-3.2	-3.9
BV	118.7	134.0	152.0	118.7	133.4	150.5	0.0	-0.4	-1.0
ABV	113.0	127.9	145.4	113.5	127.6	144.4	0.4	-0.2	-0.6

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 – Return ratios to improve gradually

Annual DuPont	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	6.13	7.07	7.20	6.86	6.79	6.81
Interest Expense	3.65	4.42	4.67	4.62	4.40	4.28
Net Interest Income	2.48	2.65	2.53	2.24	2.39	2.53
Other Income	0.87	0.89	0.97	1.00	0.92	0.90
Total Income	3.36	3.54	3.50	3.25	3.31	3.44
Operating Expenses	1.74	1.89	1.91	1.75	1.71	1.67
Employees	1.07	1.22	1.26	1.07	1.05	1.03
Others	0.67	0.66	0.65	0.68	0.67	0.64
Operating Profits	1.62	1.65	1.59	1.50	1.60	1.77
Core operating Profits	1.70	1.60	1.36	1.45	1.54	1.71
Provisions	1.31	0.78	0.10	0.15	0.23	0.30
PBT	0.31	0.87	1.49	1.35	1.37	1.47
Tax	0.13	0.33	0.50	0.49	0.35	0.37
RoA	0.18	0.55	0.98	0.87	1.02	1.10
Leverage (x)	15.44	15.95	15.56	15.11	14.83	14.57
RoE	2.79	8.70	15.31	13.09	15.10	15.98

Source: MOFSL, Company

Financials and valuations

Income Statement

(INR b)

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	851.4	1,069.0	1,217.6	1,304.5	1,422.0	1,581.3
Interest Expense	506.5	668.2	789.8	877.8	921.7	993.0
Net Interest Income	344.9	400.8	427.8	426.7	500.3	588.3
- Growth (%)	20.2	16.2	6.7	-0.3	17.3	17.6
Non-Interest Income	121.4	133.8	163.1	190.8	192.7	210.1
Total Income	466.3	534.7	590.9	617.5	693.0	798.3
- Growth (%)	13.7	14.7	10.5	4.5	12.2	15.2
Operating Expenses	241.1	285.4	322.6	332.1	358.4	387.4
Pre-Provision Profits	225.3	249.3	268.3	285.4	334.7	410.9
- Growth (%)	8.5	10.7	7.6	6.4	17.3	22.8
Core PPOp	236.7	242.4	229.1	275.6	322.9	396.8
- Growth (%)	32.8	2.4	-5.5	20.3	17.2	22.9
Provisions (excl tax)	182.4	117.4	16.7	27.8	48.9	69.3
PBT	42.9	131.9	251.6	257.5	285.7	341.6
Tax	17.8	49.5	85.3	92.7	72.6	86.8
Tax Rate (%)	41.5	37.5	33.9	36.0	25.4	25.4
PAT	25.1	82.4	166.3	164.8	213.2	254.8
- Growth (%)	-27.5	228.8	101.7	-0.9	29.3	19.5

Balance Sheet

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	22	22	23	23	23	23
Equity Share Capital	22.0	22.0	23.0	23.0	23.0	23.0
Reserves & Surplus	976.5	1,042.7	1,250.6	1,387.1	1,555.8	1,752.8
Net Worth	998.6	1,064.8	1,273.6	1,410.1	1,578.8	1,775.8
Deposits	12,811.6	13,697.1	15,666.2	17,107.5	18,989.4	21,116.2
- Growth (%)	11.8	6.9	14.4	9.2	11.0	11.2
of which CASA Dep	5,380.2	5,525.0	5,735.4	6,227.1	7,216.0	8,404.2
- Growth (%)	0.8	2.7	3.8	8.6	15.9	16.5
Borrowings	512.9	504.3	837.8	904.8	942.3	983.3
Other Liabilities & Prov.	295.2	352.2	404.1	432.4	497.2	571.8
Total Liabilities	14,618.3	15,618.4	18,181.7	19,854.7	22,007.7	24,447.1
Current Assets	1,551.1	1,291.0	1,487.2	1,495.0	1,584.6	1,745.9
Investments	3,960.0	4,203.2	4,973.1	5,172.0	5,658.2	6,207.1
- Growth (%)	6.4	6.1	18.3	4.0	9.4	9.7
Loans	8,308.3	9,344.3	10,774.7	12,153.9	13,636.7	15,314.0
- Growth (%)	14.1	12.5	15.3	12.8	12.2	12.3
Fixed Assets	120.5	123.2	130.5	157.9	170.6	185.9
Other Assets	678.4	656.6	816.1	875.8	957.7	994.2
Total Assets	14,618.3	15,618.4	18,181.7	19,854.7	22,007.7	24,447.1

Asset Quality	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA	773.3	563.4	440.8	376.5	373.7	387.6
NNPA	225.9	68.0	42.9	27.5	30.6	30.1
Slippages	160.3	58.3	67.6	103.2	129.0	144.8
GNPA Ratio	8.7	5.7	4.0	3.0	2.7	2.5
NNPA Ratio	2.7	0.7	0.4	0.2	0.2	0.2
Slippage Ratio	2.1	0.7	0.7	0.9	1.0	1.0
Credit Cost	2.34	1.33	0.17	0.21	0.35	0.45
PCR (Excl Tech. write off)	70.8	87.9	90.3	92.7	91.8	92.2

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield- on Earning Assets	6.5	7.5	7.6	7.2	7.2	7.2
Avg. Yield on loans	7.4	8.6	8.6	8.2	8.1	8.1
Avg. Yield on Investments	6.7	6.9	6.8	6.7	6.6	6.6
Avg. Cost of Int. Bear. Liab.	4.0	4.9	5.1	5.1	4.9	4.7
Avg. Cost of Deposits	3.9	4.7	5.0	4.9	4.8	4.6
Interest Spread	2.5	2.6	2.4	2.1	2.3	2.4
Net Interest Margin	2.6	2.8	2.7	2.4	2.5	2.7
Capitalisation Ratios (%)						
CAR	15.5	16.0	17.1	16.2	16.0	16.1
Tier I	12.7	13.2	14.1	13.1	13.4	13.7
CET-1	11.2	11.1	12.4	10.9	11.1	11.4
Tier II	2.8	2.8	3.0	3.1	2.7	2.4
Business Ratios (%)						
Loans/Deposit Ratio	64.8	68.2	68.8	71.0	71.8	72.5
CASA Ratio	42.0	40.3	36.6	36.4	38.0	39.8
Cost/Assets	1.6	1.8	1.8	1.7	1.6	1.6
Cost/Total Income	51.7	53.4	54.6	53.8	51.7	48.5
Cost/Core income	2.0	-4.5	-0.8	-3.6	-3.2	-2.9
Int. Expense/Int.Income	59.5	62.5	64.9	67.3	64.8	62.8
Fee Income/Total Income	28.5	23.7	21.0	29.3	26.1	24.5
Non Int. Inc./Total Income	26.0	25.0	27.6	30.9	27.8	26.3
Empl. Cost/Total Expense	61.4	64.8	66.2	61.1	61.1	61.7
Efficiency Ratios (INRm)						
Employee per branch (in nos)	10.3	10.1	10.1	10.1	10.1	10.1
Staff cost per employee	1.4	1.8	2.1	1.9	2.0	2.2
CASA per branch	534.0	545.1	562.9	591.1	671.5	766.7
Deposits per branch	1,271.5	1,351.3	1,537.6	1,623.8	1,767.1	1,926.5
Business per Employee	202.8	225.1	257.3	274.9	300.5	329.0
Profit per Employee	0.2	0.8	1.6	1.5	2.0	2.3

Valuation ratios

RoE	2.8	8.7	15.3	13.1	15.1	16.0
RoA	0.2	0.5	1.0	0.9	1.0	1.1
RoRWA	0.4	1.2	2.1	1.9	2.2	2.3
Book Value (INR)	86	93	107	119	133	151
- Growth (%)	3.9	7.0	15.4	11.1	12.4	12.8
Price-BV (x)	1.5	1.4	1.2	1.1	0.9	0.8
Adjusted BV (INR)	68	84	101	113	128	144
Price-ABV (x)	1.8	1.5	1.2	1.1	1.0	0.9
EPS (INR)	2.3	7.5	14.8	14.3	18.5	22.2
Price-Earnings (x)	55.3	16.8	8.5	8.8	6.8	5.7
Dividend Per Share (INR)	0.7	1.5	2.9	3.0	3.9	5.1
Dividend Yield (%)	0.5	1.2	2.3	2.4	3.1	4.0

E: MOFSL Estimates

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