

Federal Bank

Estimate change	↔
TP change	↓
Rating change	↔

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We request your ballot



Bloomberg	FB IN
Equity Shares (m)	2116
M.Cap.(INRb)/(USD\$)	268.5 / 3.3
52-Week Range (INR)	143 / 96
1, 6, 12 Rel. Per (%)	-2/-17/8
12M Avg Val (INR M)	1749

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
NII	72.3	81.3	98.9
OP	47.9	53.9	65.8
NP	30.1	34.6	41.7
NIM (%)	3.4	3.2	3.3
EPS (INR)	14.3	16.4	19.7
EPS Gr. (%)	54.8	14.7	20.5
BV/Sh. (INR)	102	116	133
ABV/Sh. INR)	94	107	123

Ratios

ROE (%)	14.9	15.0	15.8
ROA (%)	1.3	1.2	1.3

Valuations

P/E(X)	8.9	7.8	6.4
P/BV (X)	1.2	1.1	1.0
P/ABV (X)	1.4	1.2	1.0

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	0.0	0.0	0.0
DII	43.3	41.9	42.7
FII	27.8	28.6	27.0
Others	28.9	29.6	30.3

FII Includes depository receipts

CMP: INR127

TP: INR155 (+22%)

Buy

Earnings in line; margin contracts further

NIM guidance remains stable at 3.3% for FY24

- FB posted a mixed quarter, with in-line PAT and lower-than-expected NII. PAT grew 42% YoY to INR8.5b, aided by high other income (28% beat). The NII miss was due to a 16bp fall in NIM to 3.15%. The PCR was stable at ~71%.
- Gross advances grew 21% YoY, driven by a broad-based pickup in all business segments. Deposit growth too was healthy, aided by strong traction in term deposits. Thus, the CASA ratio moderated to 31.9%.
- Slippages came in at INR4.9b, led by a 77.6% QoQ increase in the retail segment. GNPA/NNPA ratios remained stable at 2.38%/0.69%, while restructured loans improved ~22bp QoQ to ~1.4%.
- FB reported RoA/RoE of 1.3%/15.7% in 1QFY24. We broadly maintain our estimates as controlled credit costs and healthy other income compensated for higher opex. We estimate FB to deliver RoA/RoE of 1.3%/15.8% in FY25.
We reiterate our BUY rating on the stock.

Robust growth across segments; PCR healthy at ~71%

- FB reported a net profit of ~INR8.5b (up 42% YoY; in line), driven by higher other income (up 62% YoY). NII grew ~20% YoY to INR19.2b (flat QoQ, 2% miss) as margins moderated 16bp QoQ to 3.15%.
- Core fee income increased 34% YoY (down 2% QoQ), driven by healthy business activity. Treasury gains were strong at INR1.97b.
- Operating expenses rose ~24% YoY (up 3% QoQ). Thus, the C/I ratio rose to 50.9% in 1QFY24 from 49.5% in 4QFY23. PPOP jumped ~34% YoY (core PPOP grew 15% YoY).
- On the business front, gross advances grew 21% YoY and 5.2% QoQ to INR1.86t, led by a broad-based pickup across segments. Its corporate portfolio grew 4% QoQ, while Retail, SME and Agri grew 4%/6%/8% QoQ. Deposits increased 21% YoY, with CASA up ~5% YoY. The CASA ratio declined to 31.9% (down 83bp QoQ), while CASA + Retail deposits stood at 85% in 1QFY24.
- GNPA/NNPA ratios remained stable at 2.38%/0.69%, aided by recovery and upgrades, even as slippages grew to INR4.9b (up 9.3% QoQ). PCR stood stable at ~71%. Restructured loans declined to ~INR25.7b (~1.4%).

Highlights from the management commentary

- The bank expects FY24 NIM to be 3.3% and margins expansion of 7-8bp by 2QFY24 due to the expansion in yield.
- FB clocked 21% YoY growth in deposits, mainly due to the withdrawal of INR 2,000 currency notes related deposits.
- Retail deposit stands at 85% currently and the bank expects it to be in the range of 85-88%.
- The incremental cost of term deposit is currently at 6.4% and the bank expects it to go up by 10bp to 6.5%.

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Valuation and view

FB reported a mixed 1QFY24, with a beat in net earnings and a miss in NII. The earnings beat was driven by higher other income, while the NII miss was due to margin compression. Business growth, though, was healthy, led by traction across segments. The liability franchise remained strong, with a retail deposit mix at ~85% and CASA ratio at ~31.9% (but moderated QoQ). The asset quality ratio remained stable, although the slippages came in a tad higher. We broadly maintain our estimates as controlled credit costs and healthy other income compensated for a slight moderation in NII growth. We estimate FB to deliver RoA/RoE of 1.3%/15.8% in FY25. **We reiterate our BUY rating with a TP of INR155 (1.2x FY25E ABV).**

Quarterly performance**(INR b)**

	FY23				FY24E				FY23	FY24E	FY24E	V/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est
Net Interest Income	16.0	17.6	19.6	19.1	19.2	19.9	20.6	21.6	72.3	81.3	19.6	-2.3
% Change (YoY)	13.1	19.1	27.1	25.2	19.6	13.0	5.1	13.2	21.3	12.4	22.4	
Other Income	4.5	6.1	5.3	7.3	7.3	6.4	6.7	7.3	23.3	27.7	5.7	27.9
Total Income	20.6	23.7	24.9	26.4	26.5	26.3	27.3	28.9	95.6	109.0	25.4	4.5
Operating Expenses	10.8	11.6	12.2	13.1	13.5	13.7	13.8	14.1	47.7	55.1	12.3	9.8
Operating Profit	9.7	12.1	12.7	13.3	13.0	12.6	13.5	14.8	47.9	53.9	13.1	-0.4
% Change (YoY)	-14.1	32.9	39.4	67.2	33.8	4.0	5.6	10.6	27.6	12.3	34.4	
Provisions	1.7	2.7	2.0	1.2	1.6	1.7	1.9	2.2	7.5	7.4	1.8	-14.1
Profit before Tax	8.1	9.4	10.8	12.2	11.5	10.9	11.6	12.5	40.4	46.5	11.3	1.8
Tax	2.1	2.4	2.7	3.2	2.9	2.8	2.9	3.3	10.3	11.9	2.8	3.2
Net Profit	6.0	7.0	8.0	9.0	8.5	8.2	8.7	9.3	30.1	34.6	8.4	1.3
% Change (YoY)	63.5	52.9	54.0	67.0	42.1	16.1	7.7	2.7	59.3	15.0	40.3	
Operating Parameters												
Deposit (INR b)	1,834	1,891	2,014	2,134	2,225	2,254	2,355	2,497	2,134	2,497	2,225	0.0
Loan (INR b)	1,517	1,612	1,682	1,744	1,835	1,854	1,947	2,076	1,744	2,076	1,837	-0.1
Deposit Growth (%)	8.2	10.0	14.8	17.4	21.3	19.1	16.9	17.0	17.4	17.0	21.4	0.0
Loan Growth (%)	16.9	20.0	19.5	20.4	21.0	15.0	15.8	19.0	20.4	19.0	21.1	-0.1
Asset Quality												
Gross NPA (%)	2.7	2.5	2.4	2.4	2.4	2.4	2.3	2.1	2.4	2.1	2.3	0.1
Net NPA (%)	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.6	0.7	0.0
PCR (%)	65.8	68.7	70.4	71.2	71.3	71.2	71.0	71.3	71.2	71.3	71.0	0.3

E: MOFSL estimates

Quarterly snapshot

INR m	FY22				FY23				FY24	Change (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net Interest Income	14,184	14,794	15,389	15,252	16,045	17,618	19,565	19,093	19,186	19.6	0.5
Other Income	6,483	4,917	4,842	4,650	4,526	6,095	5,340	7,339	7,324	61.8	-0.2
Trading profits	3,940	1,190	720	120	120	700	-90	1,920	1,970	1,541.7	2.6
Forex Income	410	500	500	680	630	940	800	260	300	-52.4	15.4
Other Non-interest inc.	2,133	3,227	3,622	3,850	3,776	4,455	4,630	5,159	5,054	33.8	-2.0
Total Income	20,667	19,711	20,231	19,902	20,571	23,714	24,905	26,432	26,510	28.9	0.3
Operating Expenses	9,334	10,590	11,088	11,920	10,838	11,591	12,163	13,086	13,487	24.4	3.1
Employee	5,283	5,719	5,831	6,373	4,993	5,156	5,608	5,972	6,167	23.5	3.3
Others	4,051	4,871	5,257	5,548	5,844	6,435	6,555	7,114	7,319	25.2	2.9
Operating Profits	11,333	9,121	9,143	7,982	9,734	12,122	12,742	13,346	13,024	33.8	-2.4
Core Operating Profits	7,393	7,931	8,423	7,862	9,614	11,422	12,832	11,426	11,054	15.0	-3.3
Provisions	6,399	2,926	2,140	752	1,667	2,679	1,987	1,167	1,556	-6.7	33.4
NPA provisions	4,590	-650	750	950	1,500	2,050	1,567	796	1,820	21.3	128.5
PBT	4,934	6,195	7,003	7,230	8,067	9,444	10,755	12,179	11,468	42.2	-5.8
Taxes	1,261	1,592	1,786	1,824	2,060	2,407	2,719	3,153	2,930	42.2	-7.1
PAT	3,673	4,603	5,217	5,405	6,007	7,037	8,036	9,026	8,537	42.1	-5.4
Balance sheet (INR b)											
Deposits	1,694	1,720	1,754	1,817	1,834	1,891	2,014	2,134	2,225	21.3	4.3
CASA Deposits	590	622	643	671	675	689	690	697	709	4.9	1.6
% of overall Deposits	34.8	36.2	36.7	36.9	36.8	36.4	34.2	32.7	31.9	-499.0	-83.0
Investments	374	370	375	392	412	436	463	490	519	26.1	6.0
Advances	1,298	1,344	1,407	1,449	1,517	1,612	1,682	1,744	1,835	21.0	5.2
Retail	436	443	457	479	499	524	539	560	584	17.1	4.3
Total Assets	2,000	2,069	2,088	2,209	2,254	2,371	2,505	2,603	2,742	21.7	5.3
Asset Quality (INR m)											
GNPA	46,493	44,458	44,013	41,367	41,553	40,311	41,479	41,838	44,348	6.7	6.0
NNPA	15,932	15,024	14,712	13,926	14,203	12,624	12,286	12,050	12,746	-10.3	5.8
Slippages	6,890	3,390	4,530	3,990	4,630	3,900	4,120	4,540	4,960	7.1	9.3
Ratios											
	FY22				FY23				FY24	Change (bp)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	3Q	1Q	YoY	QoQ
GNPA	3.5	3.2	3.1	2.8	2.7	2.5	2.4	2.4	2.4	-31	2
NNPA	1.2	1.1	1.1	1.0	0.9	0.8	0.7	0.7	0.7	-25	0
PCR (Calculated)	66	66	67	66	66	69	70	71	71	544	6
Slippage Ratio	2.2	1.1	1.4	1.2	1.3	1.1	1.0	1.0	1.2	-13	14
Credit Cost	1.5	-0.2	0.2	0.3	0.4	0.6	0.4	0.2	0.4	1	23
Business Ratios (%)											
Fees to Total Income	10.3	16.4	17.9	19.3	18.4	18.8	18.6	19.5	19.1	70.8	-45.2
Cost to Core Income	57.2	58.8	58.3	62.4	54.7	52.5	50.3	54.0	55.6	96.1	167.9
Tax Rate	25.6	25.7	25.5	25.2	25.5	25.5	25.3	25.9	25.6	1.2	-33.6
Loan/Deposit	76.6	78.1	80.2	79.8	82.7	85.2	83.5	81.8	82.5	-26.2	71.6
CAR	14.6	15.0	14.4	15.8	14.6	13.8	13.4	14.8	14.3	-29.0	-53.0
Tier I	13.9	14.1	13.5	14.4	13.3	12.6	12.1	13.0	12.5	-77.0	-48.0
Profitability Ratios (%)											
Yield on loans	8.2	8.1	8.0	7.9	7.9	8.3	8.8	9.1	9.2	127	8
Yield On Investments	6.5	6.3	6.4	6.2	6.4	6.6	6.9	7.1	7.0	59	-6
Yield on Funds	7.7	7.6	7.6	7.5	7.8	8.2	8.8	9.0	9.2	145	16
Cost of Funds	4.3	4.2	4.1	4.0	4.1	4.3	4.5	4.8	5.1	103	27
Cost of Deposits	4.5	4.3	4.3	4.3	4.2	4.4	4.6	5.1	5.3	112	20
NIM	3.2	3.2	3.3	3.2	3.2	3.3	3.5	3.3	3.2	-7	-16
RoA	0.8	0.9	1.0	1.0	1.1	1.2	1.3	1.5	1.3	20	-15
RoE	9.0	10.7	11.6	11.9	12.7	14.4	15.9	17.5	15.7	303	-175
Others											
Branches	1,272	1,272	1,274	1,282	1,291	1,305	1,333	1,355	1,366	7,500	1,100
ATMs	1,953	1,874	1,882	1,885	1,860	1,876	1,896	1,916	1,920	6,000	400



Highlights from the management commentary

Balance sheet related

- The bank saw sequential growth and it is confident that the growth momentum will sustain.
- Growth in advances was 18-20%, which the bank expects to sustain in FY24.
- FB posted 21% YoY growth in deposits, mainly due to the withdrawal of INR 2,000 currency notes related deposits.
- Remittance and NR deposit share, which was muted in FY23, has recovered in FY24. The bank expects NRE deposit to grow going forward.
- About 50% of incremental deposits of the bank come from Fintechs. The incremental TD cost stood at 6.4%.
- On the cost of deposits, a large part of the liability book has already been re-priced in 1QFY24.
- Loan mix by benchmark- Repo linked is +49% and MCLR is 14%
- Yield on advances stood at 9.21% in 1QFY24 and the bank expects it to be ~9.27% by 2QFY24.
- Around 45% of total deposits come from outside of Kerala. Also, the rate of growth is higher outside of Kerala.
- Retail assets of the bank are growing in the high-margin business. High slippages in retail were due to the moratorium period, which ended on 31st Mar'23. Nearly 30% of slippages were from the restructured portfolio.
- In the Home loan segment, the bank is facing pressure on pricing due to competition, but this segment is concentrated mainly in 5-6 geographies, which are not seeing any slowdown.
- The incremental cost of term deposit is currently at 6.4% and the bank expects it to go up by 10bp to 6.5%.
- The retail deposit is currently 85% and the bank expects it to be in the range of 85-88%.
- Medium-term target of the bank: Unsecured loan to be not more than 10%.
- MSME mix has a higher share of Corporate banking and lower share of business banking. FB targets to tap vendors and dealers going ahead.
- The blended saving account rate of the bank is 3.05%.
- The share of CV that contributes to PSL is 70-80% (15-20% is micro).
- The Retail-to-Wholesale mix stood at 54:46 as on 1QFY24 and the bank targets it to be 55:45 going forward.

P&L and asset quality related

- FB expects FY24 NIM to be 3.3% and margin expansion of 7-8bp by 2QFY24 due to the expansion in yield.
- The bank has given credit cost guidance of 40bp for FY24.
- It has guided for a 5-10bp increase in ROA by FY24.
- FB has made 15% provision for O/S restructured book, with its peak restructured book standing at INR36b and it has provided an additional overlay of 10%.
- The bank reported INR1.64b of miscellaneous income: INR250m from recovery of written-off assets, INR150m from dividend paid by subsidiaries, INR120m from profit on investment, and INR520m from PSL gains.
- FB expects the cost of fund in the 5.3%-5.4% range by 2QFY24.

Covid-related restructuring stood at INR25.7b (1.4% of loans)

Exhibit 1: Net stressed loans moderated to 2.1% of loans

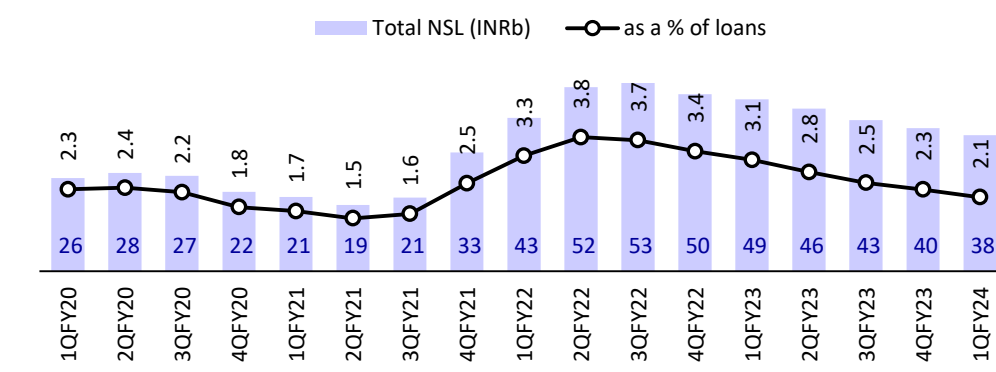
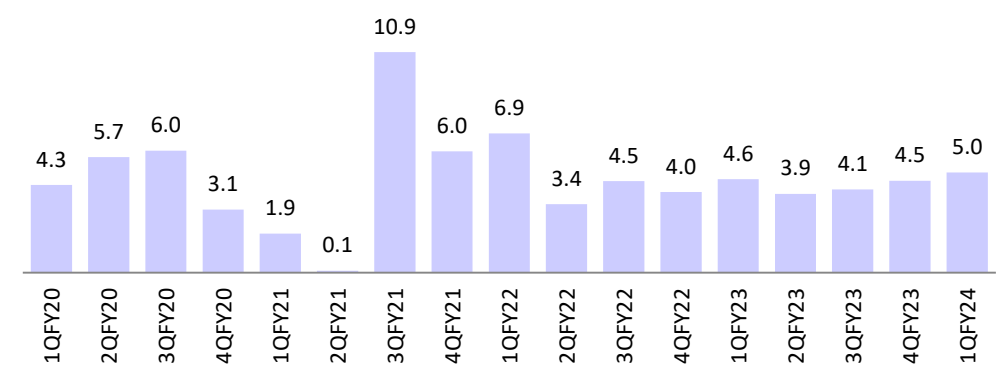
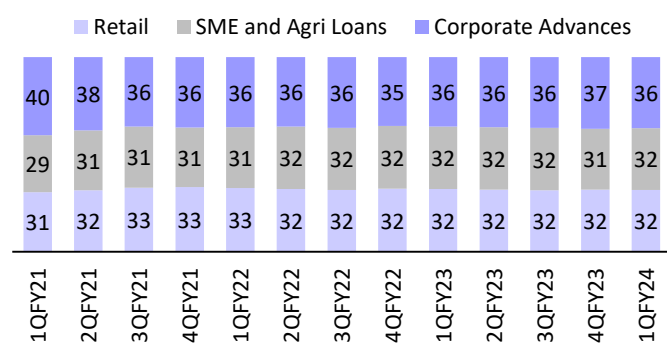


Exhibit 2: Slippages came in at INR5.0b (including an increase in the balance of existing NPAs) due to a 78% QoQ increase in Retail slippages in 1QFY24



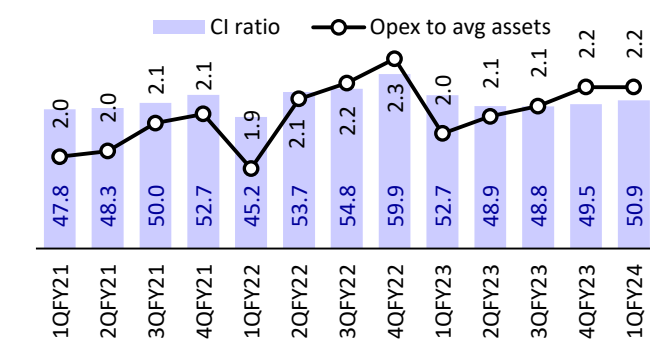
*On a pro forma basis for 3QFY21

Exhibit 3: Corporate book stood at ~36% of total loans



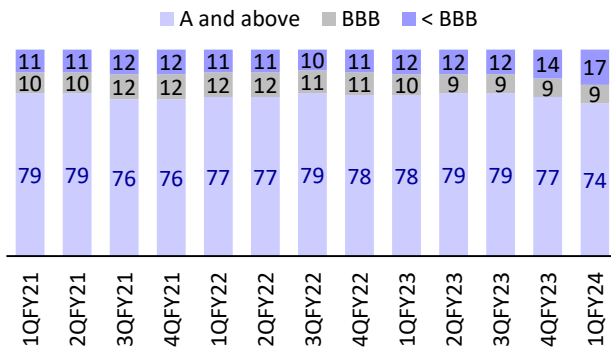
Sources: MOFSL, Company

Exhibit 4: C/I ratio stood at ~51% in 1QFY24



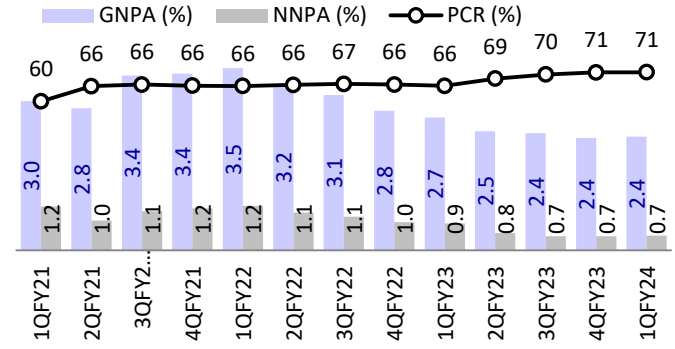
Sources: MOFSL, Company

Exhibit 5: Share of 'A and above' book moderated to 74%



Sources: MOFSL, Company

Exhibit 6: GNPA/NNPA ratio flat QoQ at 2.4%/0.7%; PCR at ~71%



*On a pro forma basis for 3QFY21

Sources: MOFSL, Company

Valuation and view

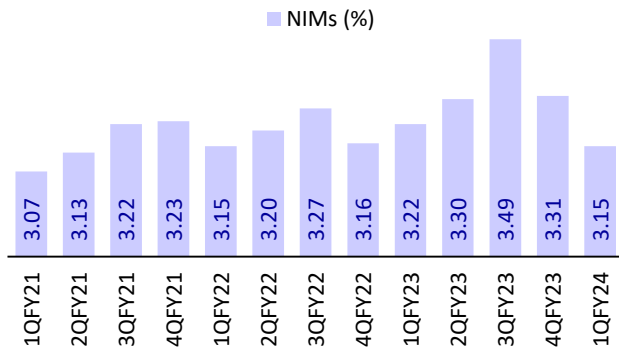
- **Restructuring book stands at ~1.4% of loans; asset quality remains stable despite higher slippages:** FB's total net stressed loans (NNPA + standard restructured + net SRs) moderated to ~2.1% of total loans, with restructuring book stood at ~INR25.7b. Asset quality ratios were broadly stable thanks to healthy recoveries and upgrades despite a 9.3% QoQ rise in slippages to INR4.9b. The slippages were driven by the retail segment, up 77.6% QoQ to INR2.5b. While we remain watchful of asset quality, particularly in the retail segments and the restructuring book, we expect credit costs to remain under control. We expect credit costs/PCR of ~0.4%/~72% in FY25.
- **Strong liability franchise:** CASA and Retail TD account for ~85% of total deposits. FB has a lower cost of funds vs. other mid-sized banks. Remittance and NR deposit share, which was muted in FY23, has recovered in FY24 and the bank expects NRE deposits to grow going forward.
- **Lending to better-rated corporates; broad-based pickup in advances:** The management is taking a cautious approach toward building its loan mix to higher-rated corporates and secured retail loans. The share of 'A and above' rated loans rose to 74% in 1QFY24 from 73% in FY19, while the mix of Retail loans improved to ~32% in 1QFY24 from 28.4% in FY19. We expect loan growth to remain healthy, driving further improvement in its overall operating performance.
- **Reiterate Buy with a TP of INR155:** FB reported a mixed 1QFY24, with a beat in net earnings and a miss in NII. The earnings beat was driven by higher other income, while the NII miss was due to margin compression. Business growth, though, was healthy, led by traction across segments. The liability franchise remained strong, with a retail deposit mix at ~85% and CASA ratio at ~31.9% (but moderated QoQ). The asset quality ratio remained stable and slippages came in a tad higher. We broadly maintain our estimates as controlled credit costs and healthy other income compensated for a slight moderation in NII growth. We estimate FB to deliver RoA/RoE of 1.3%/15.8% in FY25. **We reiterate our BUY rating with a TP of INR155 (1.2x FY25E ABV).**

Exhibit 7: DuPont Analysis: Expect return ratios to improve gradually

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	7.70	7.67	7.77	7.20	6.47	6.98	7.60	7.55
Interest Expense	4.87	4.87	5.04	4.31	3.65	3.98	4.70	4.51
Net Interest Income	2.83	2.81	2.73	2.90	2.82	3.01	2.90	3.04
Core Fee Income	0.73	0.75	0.78	0.70	0.85	0.91	0.92	0.92
Trading and others	0.19	0.15	0.36	0.33	0.14	0.06	0.06	0.07
Non-Interest income	0.92	0.91	1.14	1.03	0.99	0.97	0.99	0.99
Total Income	3.74	3.71	3.87	3.92	3.81	3.97	3.89	4.02
Operating Expenses	1.94	1.86	1.99	1.93	2.03	1.98	1.97	2.00
Employee cost	0.98	0.93	1.04	1.07	1.10	0.90	0.92	0.92
Others	0.95	0.93	0.94	0.87	0.93	1.08	1.05	1.08
Operating Profits	1.81	1.86	1.89	1.99	1.78	1.99	1.92	2.02
Core Operating Profits	1.62	1.70	1.53	1.66	1.64	1.93	1.86	1.95
Provisions	0.75	0.58	0.69	0.87	0.58	0.31	0.26	0.30
PBT	1.06	1.28	1.20	1.12	1.20	1.68	1.66	1.72
Tax	0.37	0.45	0.29	0.29	0.31	0.43	0.42	0.44
RoA	0.69	0.84	0.91	0.83	0.89	1.25	1.24	1.28
Leverage (x)	12.0	11.7	12.2	12.5	12.1	11.9	12.2	12.4
RoE	8.3	9.8	11.1	10.4	10.8	14.9	15.0	15.8

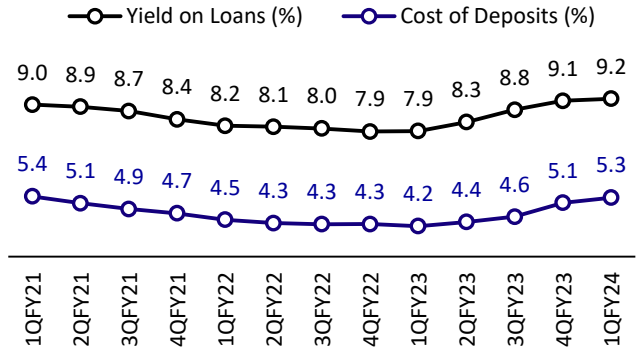
Story in charts

Exhibit 8: NIM moderated 16bp QoQ to 3.15%



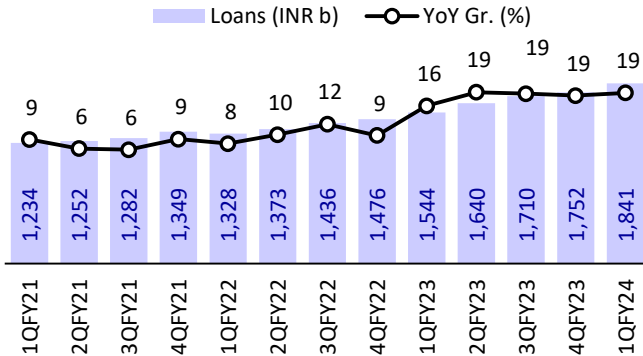
Sources: MOFSL, Company

Exhibit 9: YoA up 8bp QoQ, CoD up 20bp QoQ



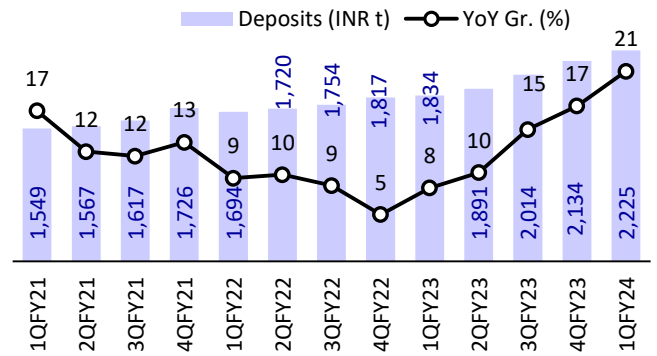
Sources: MOFSL, Company

Exhibit 10: Loan book grew 19% YoY and 5% QoQ



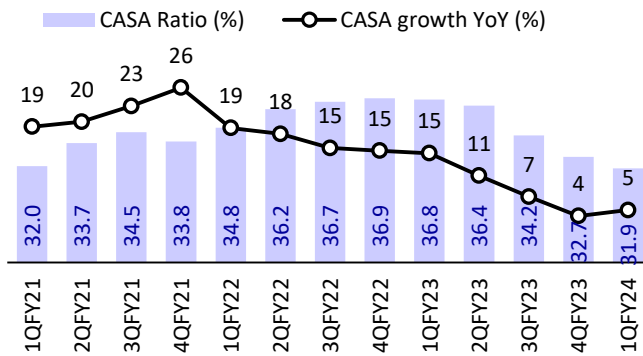
Sources: MOFSL, Company

Exhibit 11: Deposits grew ~21% YoY and ~4% QoQ



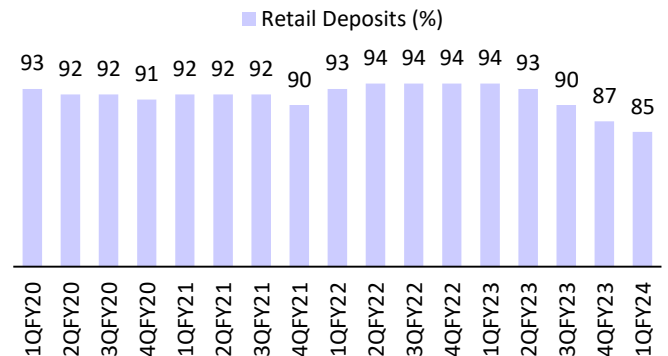
Sources: MOFSL, Company

Exhibit 12: CASA ratio moderated ~83bp QoQ to 32%



Sources: MOFSL, Company

Exhibit 13: Proportion of Retail deposits moderated to 85%



Sources: MOFSL, Company

Financials and valuations

Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	97,529	1,14,190	1,32,108	1,37,579	1,36,608	1,68,036	2,12,842	2,46,019
Interest Expense	61,701	72,427	85,618	82,242	76,988	95,715	1,31,566	1,47,104
Net Interest Income	35,828	41,763	46,489	55,337	59,620	72,322	81,276	98,915
Growth (%)	17.4	16.6	11.3	19.0	7.7	21.3	12.4	21.7
Non-Interest Income	11,591	13,510	19,314	19,587	20,891	23,300	27,727	32,163
Total Income	47,419	55,274	65,803	74,924	80,510	95,622	1,09,003	1,31,079
Growth (%)	14.7	16.6	19.0	13.9	7.5	18.8	14.0	20.3
Operating Expenses	24,509	27,643	33,756	36,917	42,932	47,678	55,148	65,255
Pre Provision Profits	22,910	27,631	32,047	38,007	37,579	47,944	53,854	65,824
Growth (%)	19.0	20.6	16.0	18.6	-1.1	27.6	12.3	22.2
Core PPP	20,521	25,347	25,969	31,781	34,550	46,429	52,037	63,643
Growth (%)	27.0	23.5	2.5	22.4	8.7	34.4	12.1	22.3
Provisions (excl tax)	9,472	8,559	11,722	16,634	12,218	7,499	7,367	9,808
PBT	13,439	19,073	20,325	21,373	25,361	40,445	46,487	56,015
Tax	4,650	6,634	4,898	5,470	6,463	10,339	11,854	14,284
Tax Rate (%)	34.6	34.8	24.1	25.6	25.5	25.6	25.5	25.5
PAT	8,789	12,439	15,428	15,903	18,898	30,106	34,633	41,731
Growth (%)	5.8	41.5	24.0	3.1	18.8	59.3	15.0	20.5

Balance Sheet

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	3,944	3,970	3,985	3,992	4,205	4,232	4,232	4,232
Reserves & Surplus	1,18,158	1,28,760	1,41,191	1,57,252	1,83,733	2,10,830	2,41,231	2,77,672
Net Worth	1,22,102	1,32,730	1,45,176	1,61,245	1,87,938	2,15,062	2,45,463	2,81,904
Deposits	11,19,925	13,49,543	15,22,901	17,26,445	18,17,006	21,33,860	24,96,617	29,46,008
Growth (%)	14.7	20.5	12.8	13.4	5.2	17.4	17.0	18.0
of which CASA Dep	3,76,867	4,37,314	4,67,743	5,87,126	6,74,710	6,97,410	8,76,312	10,45,833
Growth (%)	17.6	16.0	7.0	25.5	14.9	3.4	25.7	19.3
Borrowings	1,15,335	77,813	1,03,724	90,685	1,53,931	1,93,193	1,91,629	2,18,457
Other Liabilities & Prov.	25,777	33,313	34,579	35,299	50,588	61,303	66,207	71,503
Total Liabilities	13,83,140	15,93,400	18,06,380	20,13,674	22,09,463	26,03,418	29,99,915	35,17,872
Current Assets	92,034	1,00,668	1,25,746	1,95,914	2,10,103	1,76,887	1,69,359	1,96,197
Investments	3,07,811	3,18,245	3,58,927	3,71,862	3,91,795	4,89,834	5,73,105	6,70,533
Growth (%)	9.2	3.4	12.8	3.6	5.4	25.0	17.0	17.0
Loans	9,19,575	11,02,230	12,22,679	13,18,786	14,49,283	17,44,469	20,75,918	24,49,583
Growth (%)	25.4	19.9	10.9	7.9	9.9	20.4	19.0	18.0
Fixed Assets	4,574	4,720	4,800	4,911	6,339	9,340	9,807	10,297
Other Assets	59,146	67,537	94,229	1,22,201	1,51,942	1,82,890	1,71,726	1,91,262
Total Assets	13,83,140	15,93,400	18,06,380	20,13,674	22,09,463	26,03,418	29,99,915	35,17,872

Asset Quality

GNPA (INR m)	27,956	32,607	35,308	46,024	41,367	41,838	44,023	49,543
NNPA (INR m)	15,520	16,262	16,072	15,693	13,926	12,050	12,613	14,108
GNPA Ratio	3.0	2.9	2.8	3.4	2.8	2.4	2.1	2.0
NNPA Ratio	1.7	1.5	1.3	1.2	1.0	0.7	0.6	0.6
Slippage Ratio	2.7	1.6	1.7	1.5	1.4	1.1	1.1	1.1
Credit Cost	1.1	0.8	1.0	1.3	0.9	0.5	0.4	0.4
PCR (Excl Tech. write off)	44.5	50.1	54.5	65.9	66.3	71.2	71.3	71.5

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	8.4	8.4	8.5	8.0	7.3	7.9	8.5	8.3
Avg. Yield on loans	9.1	9.0	9.2	8.5	7.8	8.4	8.9	8.8
Avg. Yield on Investments	6.6	6.6	6.6	6.6	6.3	6.5	7.1	7.1
Avg. Cost-Int. Bear. Liab.	5.4	5.4	5.6	4.8	4.1	4.5	5.2	5.0
Avg. Cost of Deposits	5.5	5.5	5.6	4.8	4.1	4.5	5.2	5.0
Avg. Cost of Borrowings	5.1	5.2	5.1	4.3	3.0	4.2	5.4	5.2
Interest Spread	3.0	2.9	2.9	3.2	3.2	3.5	3.2	3.2
Net Interest Margin	3.1	3.1	3.0	3.2	3.2	3.4	3.2	3.3

Capitalization Ratios (%)

CAR	14.9	14.4	14.4	14.6	15.8	14.8	13.9	13.2
Tier I	14.4	13.7	13.3	13.9	14.4	13.0	12.4	12.0
Tier II	0.5	0.8	1.1	0.8	1.3	1.8	1.5	1.2

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	82.1	81.7	80.3	76.4	79.8	81.8	83.1	83.1
CASA Ratio	33.7	32.4	30.7	34.0	37.1	32.7	35.1	35.5
Cost/Assets	1.8	1.7	1.9	1.8	1.9	1.8	1.8	1.9
Cost/Total Income	51.7	50.0	51.3	49.3	53.3	49.9	50.6	49.8
Cost/Core Income	54.4	52.2	56.5	53.7	55.4	50.7	51.5	50.6
Int. Expense/Int.Income	63.3	63.4	64.8	59.8	56.4	57.0	61.8	59.8
Fee Income/Net Income	19.4	20.3	20.1	17.8	22.2	22.8	23.8	22.9
Non Int. Inc./Net Income	24.4	24.4	29.4	26.1	25.9	24.4	25.4	24.5
Empl. Cost/Op. Exps.	50.7	49.8	52.5	55.1	54.1	45.6	46.5	46.0
Investment/Deposit Ratio	27.5	23.6	23.6	21.5	21.6	23.0	23.0	22.8

Valuation

RoE	8.3	9.8	11.1	10.4	10.8	14.9	15.0	15.8
RoA	0.7	0.8	0.9	0.8	0.9	1.3	1.2	1.3
RoRWA	1.0	1.3	1.4	1.4	1.5	1.9	1.8	1.9
Book Value (INR)	62	67	73	81	89	102	116	133
Growth (%)	21.9	8.0	9.0	10.9	10.7	13.7	14.1	14.8
Price-BV (x)	2.1	1.9	1.8	1.6	1.4	1.3	1.1	1.0
Adjusted BV (INR)	54	59	65	73	82	94	107	123
Price-ABV (x)	2.4	2.2	2.0	1.8	1.6	1.4	1.2	1.0
EPS (INR)	4.8	6.3	7.8	8.0	9.2	14.3	16.4	19.7
Growth (%)	-1.3	32.2	23.4	2.8	15.6	54.8	14.7	20.5
Price-Earnings (x)	26.9	20.3	16.5	16.0	13.9	9.0	7.8	6.4
Dividend Per Share (INR)	1.1	1.2	1.7	0.7	1.8	1.0	2.0	2.5
Dividend Yield (%)	0.8	0.9	1.3	0.5	1.4	0.8	1.6	2.0

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