

**HOLD**

TP: Rs 775 | ▲ 3%

SBI CARD

| NBFC

| 29 April 2024

### Trend of lower NIM, higher credit cost persists

- Credit cost soared 50% YoY to Rs 9.4bn (7.9% of loans) in Q4; stress expected to continue in FY25 as well
- NIM fell 67bps YoY in Q4 on higher cost of funds; we bake in decline of 10.7%/ 10.9% for FY25E/FY26E vs. 10.7% in FY24
- Maintain HOLD, valuing it at an unchanged 21x FY26E P/E for a revised TP of Rs 775 (from Rs 800)

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**High credit cost trend:** SBI Card's credit cost soared 50% YoY to Rs 9.4bn in Q4FY24, forming 7.9% of loans (+128bps YoY, +6bps QoQ). The pain is expected to persist in FY25 with management expectations of ~7%. Loan write-offs increased 21% QoQ to Rs 8.6bn. We now bake in credit costs of 7.1%/6.9% for FY25E/FY26E (+9bps/11bps over our previous estimates). Due to decreased corporate spending and the resulting reduced C/I ratio, PAT increased 11% YoY to Rs 6.6bn. GNPA/NNPA rose 41bps/12bps YoY to 2.8%/1%.

**Cost of funds remains high:** NIM (calc.) slipped 67bps YoY to 10.4% (-56bps QoQ) due to an increase in the cost of funds owing to higher borrowing rates. NIM declined ~105bps YoY to 10.7% at end FY24. NIM of 10.7%/ 10.9% is projected for FY25/FY26 (11.1%/11.4% earlier) and NII to clock 25% CAGR over FY24-FY26 to Rs 83.6bn. Although lower C/I in Q4 (51%) was an aberration and it will bounce back in Q1FY25, we lower our C/I by 155bps/106bps to 57.8%/57.6% for FY25E/FY26E. Baking in Q4 print, we compress FY26E earnings by 3% (+1% for FY25) from earlier estimates to end FY25E/FY26E at Rs 28bn/Rs 35bn.

**Corporate spends decline:** Although SBI Card maintained its #2 position at end FY24, corporate spends declined 35% YoY (-55% QoQ) to Rs105bn, constituting 13% of the total spends (vs. an avg. of 23% over the last four quarters). B2B spends were completely halted from mid Feb, as vendors gradually transitioned to becoming merchants. It is expected to normalise by Jun/Jul. Total spends grew 26% YoY in FY24 and we expect it to grow 24%/21% YoY in FY25/FY26 to Rs 4tn/ 4.9tn. Cards in force increased 13% YoY to 18.9mn at end Q4. Monthly average UPI spends per account were at Rs 12,500 with more traction in Tier-2+ cities.

**Maintain HOLD:** We expect the trend of high credit costs to continue though management is taking proactive steps to reduce credit limits. NIMs are expected to be under pressure owing to higher cost of funds. We expect the spends trajectory in FY25/FY26 to be strong. We value the company at an unchanged target P/E of 21x (50% below the long-term trend) at a reduced TP of Rs 775 (previously Rs 800) which carries just 3% upside, leading us to maintain HOLD.

### Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	SBICARD IN/Rs 750
Market cap	US\$ 8.7bn
Free float	31%
3M ADV	US\$ 16.3mn
52wk high/low	Rs 933/Rs 679
Promoter/FPI/DII	69%/8%/17%

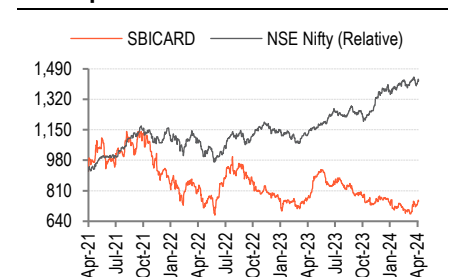
Source: NSE | Price as of 26 Apr 2024

### Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
NII (Rs mn)	53,319	66,954	83,600
NII growth (%)	18.3	25.6	24.9
Adj. net profit (Rs mn)	24,079	28,020	35,056
EPS (Rs)	25.4	29.5	36.9
Consensus EPS (Rs)	25.4	29.7	37.6
P/E (x)	29.6	25.4	20.3
P/BV (x)	5.9	4.9	4.0
ROA (%)	4.6	4.3	4.4
ROE (%)	22.0	21.1	21.8

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

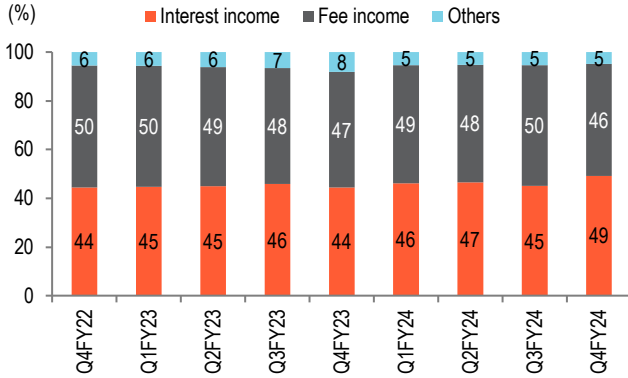
### Stock performance



Source: NSE

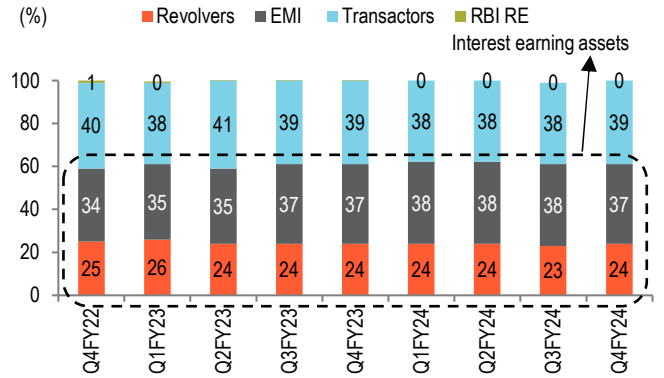


**Fig 1 – Revenue mix: Interest income grew faster QoQ in Q4FY24**



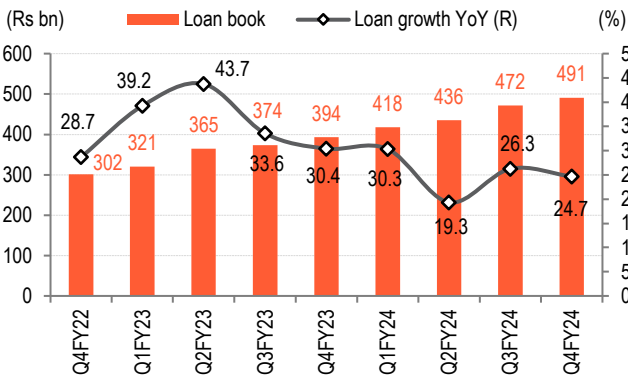
Source: Company, BOBCAPS Research

**Fig 2 – EMI in receivables mix continues to have the higher share in interest earning assets**



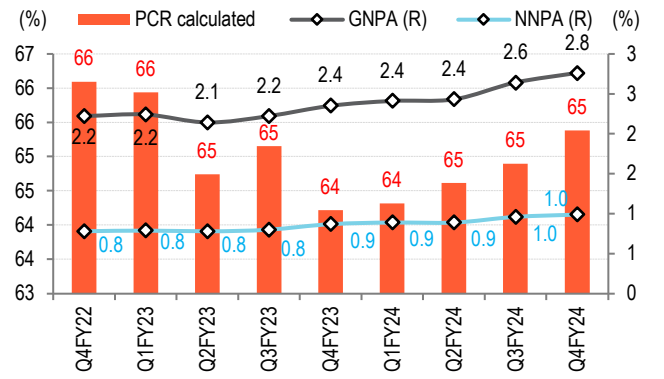
Source: Company, BOBCAPS Research | EMI: Equated Monthly Installment, RBI RE: RBI Restructuring

**Fig 3 – Loan book grew 25% YoY in Q4**



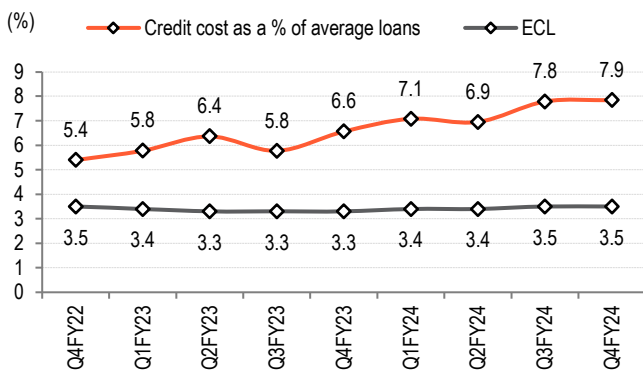
Source: Company, BOBCAPS Research

**Fig 4 – GNPA's increased marginally; PCR at 65%**



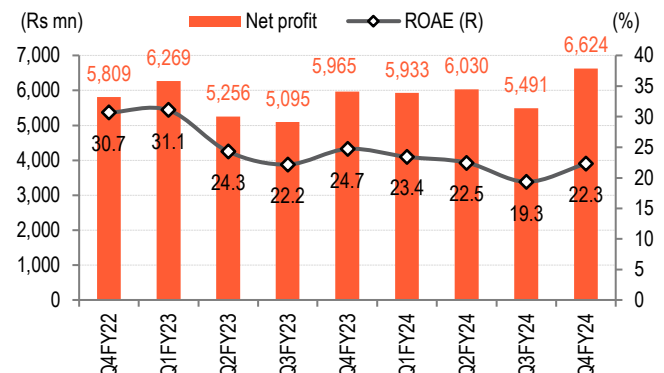
Source: Company, BOBCAPS Research

**Fig 5 – Credit cost still elevated in Q4; ECL stable**



Source: Company, BOBCAPS Research | ECL: Expected Credit Loss

**Fig 6 – Net profit grew 11% YoY in Q4**



Source: Company, BOBCAPS Research

## Earnings call highlights

### Credit cost remains elevated

- Credit cost spiked 50% YoY and 7% QoQ to Rs 9.4bn in Q4FY24. Of Rs 9.4bn, write-offs stood at Rs 8.6bn (+20% QoQ) and provisions at Rs 810mn (-51% QoQ). Management anticipates credit costs to be ~7% in FY25.
- Recoveries grew 6% QoQ to Rs 1.26bn.
- The credit cost at 7.9% (calc.) in Q4 was up 6bps QoQ and 130bps YoY.
- GNPA at 2.8% and NNPA at 1% rose 41bps and 12bps YoY respectively.
- About 45% of the book is contributed by FY23 and FY24 vintages. According to management, the new vintage book outperforms previous vintages.
- SBI Card reduced limits for over 0.15mn accounts in Q4FY24 with total of over 0.5mn accounts in FY24.

### Cost of funding remains high

- Funding cost remained elevated in Q4 at 7.4% vs. 6.7% in Q4 FY23, though down 30bps QoQ. Management indicated that the increased rate on bank borrowings was taken in Q4 and it resulted in a higher 20bps funding cost.
- Cost of funds is expected to remain elevated but the company is confident of generating stable NIMs.

### Opex moves down

- Q4 operating expenses declined 3% YoY and 21% QoQ. Of these, operating and other expenses (90% of total) declined 3% YoY (-22% QoQ) while employee cost (7% of total) fell 13% YoY (-8% QoQ).
- The cost-to-income declined from 59.9% in Q3 to 51.1% in Q4.
- The decline was on account of lower corporate spends and this being a non-festive quarter. However, management expects the C/I to return back to 55% in Q1 FY25 on account of normalcy in corporate spends.

### Corporate spends derail

- Credit card spends remained buoyant, with SBI Card spends of Rs 797bn in Q4FY24, up 11% YoY but down 18% QoQ. With this, the company maintained its #2 position in the industry.
- Retail spends grew 25% YoY but corporate spends fell 35% as B2B spends were completely halted from mid Feb, with vendors gradually transitioning to become merchants. It is expected to normalise by Jun/Jul. Lower corporate spends also negatively impacted fee income as interchange income was low.
- By category, spends grew 32% YoY in FY24 for category-1 (departmental stores, health, utilities, rental, education & direct marketing), 6% for category-2 (consumer

durables, furnishing & hardware, apparel & jewellery), and 21% for category-3 (travel agents, hotels, airlines, railways, entertainment & restaurants).

- The company's 30-day retail active spend rate was 50% at end-Q4.
- Retail spends per card fell from Rs 162,000 in Q3FY24 to Rs 148,000 in Q4FY24, with total spends (retail plus corporate) declining from Rs 213,000 to Rs 171,000. However, on a YoY basis, retail spends per card grew from Rs 136,000 to Rs 148,000.
- Receivables per card have grown from Rs 24,293 in the year-ago quarter to Rs 26,918 (Rs 26,438 in Q3).

### **Card sales strong**

- SBI Card added 1.0mn cards on a gross basis in Q4. Parent SBIN originated 44% of newly sourced cards for the quarter and 42% of cards in force (CIF) as of Mar'24.
- CIF reached 18.9mn in Mar'24, growing 13% YoY and clocking 19% market share.
- The company launched a new co-branded card in partnership with Titan (Titan SBI Card), which has been designed to address consumers' aspirational spending needs in jewellery, watches, eyewear, etc.

### **Credit card on UPI gains traction**

- The UPI functionality on RuPay credit cards is fast becoming popular among customers, with 77% QoQ growth in spends.
- For Tier-1/Tier-2+, the spending ratio has been 26:74. The monthly average UPI spends per active account has been Rs11,000 for Tier-1 and Rs 13,000 for Tier-2+. The monthly average UPI spends per active account increased to Rs 12,500 in Q4FY24. Department stores and grocery, restaurants, fuel, utilities and apparel have been among the top five categories for UPI spends.

### **Revolver share in receivables mix stable**

- Interest-bearing assets (gross receivables) grew 25% YoY in Q4 to Rs 509bn, with each of revolvers, EMI assets and transactors rising 25%.
- Revolver share in the gross receivables mix remained at 24% (+1% QoQ).

**Fig 7 – P&L account**

(Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
Interest income	21,387	16,724	27.9	20,825	2.7	79,271	61,530	28.8
Interest expense	7,238	5,073	42.7	6,955	4.1	25,952	16,476	57.5
<b>Net Interest Income (NII)</b>	<b>14,148</b>	<b>11,651</b>	<b>21.4</b>	<b>13,870</b>	<b>2.0</b>	<b>53,319</b>	<b>45,053</b>	<b>18.3</b>
Non-interest income	22,091	20,898	5.7	25,392	(13.0)	90,413	75,137	20.3
-Fee income	19,997	17,857	12.0	22,929	(12.8)	81,647	66,042	23.6
<b>Revenue from operations</b>	<b>43,477</b>	<b>37,622</b>	<b>15.6</b>	<b>46,217</b>	<b>(5.9)</b>	<b>1,69,684</b>	<b>1,36,666</b>	<b>24.2</b>
Other income	1,269	1,544	(17.8)	1,199	5.8	5,151	6,190	(16.8)
Total income	44,746	39,166	14.2	47,416	(5.6)	1,74,835	1,42,857	22.4
Operating expenses	19,182	19,799	(3.1)	24,256	(20.9)	83,691	74,484	12.4
<b>PPOP</b>	<b>18,326</b>	<b>14,294</b>	<b>28.2</b>	<b>16,205</b>	<b>13.1</b>	<b>65,192</b>	<b>51,896</b>	<b>25.6</b>
<b>Provisions and contingencies</b>	<b>9,444</b>	<b>6,298</b>	<b>50.0</b>	<b>8,829</b>	<b>7.0</b>	<b>32,874</b>	<b>21,591</b>	<b>52.3</b>
PBT	8,882	7,997	11.1	7,376	20.4	32,318	30,306	6.6
Tax	2,258	2,032	11.1	1,885	19.8	8,239	7,721	6.7
<b>PAT</b>	<b>6,624</b>	<b>5,965</b>	<b>11.0</b>	<b>5,491</b>	<b>20.6</b>	<b>24,079</b>	<b>22,585</b>	<b>6.6</b>

Source: Company, BOBCAPS Research

**Fig 8 – Balance sheet**

(Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
<b>Financial assets</b>	<b>5,59,008</b>	<b>4,34,138</b>	<b>28.8</b>	<b>5,33,420</b>	<b>4.8</b>
Cash and bank balances	27,296	13,545	101.5	23,960	13.9
Loans	4,90,790	3,93,610	24.7	4,71,640	4.1
Other financial assets	40,923	26,983	51.7	37,820	8.2
<b>Non- financial assets</b>	<b>22,704</b>	<b>21,318</b>	<b>6.5</b>	<b>22,340</b>	<b>1.6</b>
Deferred tax assets	3,546	2,467	43.8	3,730	(4.9)
PP&E, other fixed and intangible	5,644	5,737	(1.6)	5,650	(0.1)
Other non-financial assets	13,514	13,115	3.0	12,960	4.3
<b>Total Assets</b>	<b>5,81,712</b>	<b>4,55,456</b>	<b>27.7</b>	<b>5,55,760</b>	<b>4.7</b>
<b>Financial liabilities</b>	<b>4,43,649</b>	<b>3,42,010</b>	<b>29.7</b>	<b>4,22,740</b>	<b>4.9</b>
Borrowings including lease liabilities	3,98,911	3,11,096	28.2	3,80,090	5.0
Other financial liabilities	44,738	30,914	44.7	42,650	4.9
<b>Non- financial liabilities</b>	<b>17,223</b>	<b>15,145</b>	<b>13.7</b>	<b>16,490</b>	<b>4.4</b>
Provisions	6,356	6,380	(0.4)	6,670	(4.7)
Other non-financial liabilities	10,867	8,765	24.0	9,820	10.7
<b>Total Liabilities</b>	<b>4,60,872</b>	<b>3,57,155</b>	<b>29.0</b>	<b>4,39,230</b>	<b>4.9</b>
<b>Equity</b>	<b>1,20,840</b>	<b>98,301</b>	<b>22.9</b>	<b>1,16,530</b>	<b>3.7</b>
Equity share capital	9,510	9,461	0.5	9,510	(0.0)
Other equity	1,11,331	88,840	25.3	1,07,020	4.0
<b>Total Liabilities and Equity</b>	<b>5,81,712</b>	<b>4,55,456</b>	<b>27.7</b>	<b>5,55,760</b>	<b>4.7</b>

Source: Company, BOBCAPS Research

**Fig 9 – Ratio analysis**

(%)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
Yield	17.8	17.4	34bps	18.4	(59bps)	17.9	17.7	23bps
Cost of funds	7.4	6.7	73bps	7.7	(28bps)	7.3	6.1	120bps
Spread	10.3	10.7	(39bps)	10.6	(30bps)	10.6	11.6	(96bps)
Net interest margin (NIM - calculated)	10.4	11.0	(67bps)	10.9	(56bps)	10.7	11.8	(106bps)
Return on Avg. Assets (ROAA)	4.7	5.4	(73bps)	4.1	51bps	4.6	5.6	(99bps)
Return on Avg Equity (ROAE)	22.3	24.7	(242bps)	19.3	298bps	22.0	25.7	(371bps)
Cost to income	51.1	58.1	(693bps)	59.9	(881bps)	56.2	58.9	(272bps)
Credit costs (calculated)	7.9	6.6	128bps	7.8	6bps	7.4	6.2	123bps
GNPA	2.8	2.4	41bps	2.6	12bps	2.8	2.4	41bps
NNPA	1.0	0.9	12bps	1.0	3bps	1.0	0.9	12bps

Source: Company, BOBCAPS Research

**Fig 10 – Card spends composition**

(Rs mn)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Retail	2,70,980	3,50,700	4,24,170	4,18,720	4,54,880	5,08,950	5,45,620	5,55,200	5,83,470	6,14,460	7,35,190	6,91,890
Corporate	61,620	84,910	1,29,800	1,22,630	1,41,830	1,14,110	1,42,730	1,61,660	1,55,650	1,77,180	2,33,410	1,04,640
<b>Total spends</b>	<b>3,32,600</b>	<b>4,35,610</b>	<b>5,53,970</b>	<b>5,41,350</b>	<b>5,96,710</b>	<b>6,23,060</b>	<b>6,88,350</b>	<b>7,16,860</b>	<b>7,39,120</b>	<b>7,91,640</b>	<b>9,68,600</b>	<b>7,96,530</b>
<b>Composition (%)</b>												
Retail	81.5	80.5	76.6	77.3	76.2	81.7	79.3	77.4	78.9	77.6	75.9	86.9
Corporate	18.5	19.5	23.4	22.7	23.8	18.3	20.7	22.6	21.1	22.4	24.1	13.1

Source: Company, BOBCAPS Research

**Fig 11 – Sourcing trends**

New sourcing (%)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Salaried	83	80	78	76	74	70	66	61	61	59	62	62
Self-employed	17	20	22	24	26	30	34	39	39	41	38	38

Source: Company, BOBCAPS Research

## Valuation methodology

SBI Card is ranked #2 in the credit card industry and has a comprehensive product suite, a robust spends trajectory and strong synergistic benefits with parent SBIN. However, stress in its unsecured loan book over the last few quarters – an industry-wide phenomenon – has had a visible impact on its margins and bottomline (PAT grew just 7% YoY in FY24 vs. 40% YoY in FY23 and a 30% CAGR over FY18-FY23). Return ratios have weakened as well, with ROAE of 22% in FY24 against an average of 26% over FY18-FY23.

Although management is taking proactive steps in the form of increased collection efforts and reduced credit limits, we expect the company's credit cost to remain elevated even as a higher cost of funds puts mounting pressure on margins. We now factor in credit costs of 7.1%/6.9% for FY25/FY26 vs. 7.4% for FY24. Accordingly, we lower our PAT forecasts by 3% for FY26 (+1% for FY25) and clock 21% CAGR over FY24-FY26. The NIM is also reduced by 30bps/17bps to 10.7%/10.9% for FY25E/FY26E.

The stock is trading at 20x FY26E P/E. We continue to value the company at an unchanged target P/E of 21x, which is 50% below the long-term trend. With revised estimates, we arrive at a reduced TP of Rs 775 (previously Rs 800) which carries just 3% upside. Maintain HOLD. Our secondary residual income model, which assumes cost of equity of 12.1% and terminal growth of 5%, yields a similar target price.

**Fig 12 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Spends	40,83,246	49,45,264	40,95,495	48,32,684	(0.3)	2.3
Loans	6,24,737	7,56,625	6,14,324	7,44,015	1.7	1.7
NII	66,954	83,600	68,130	84,496	(1.7)	(1.1)
Total income	2,16,275	2,65,105	2,20,106	2,69,306	(1.7)	(1.6)
C/ I ratio (%)	57.8	57.6	59.4	58.6	(155bps)	(106bps)
PPOP	76,886	94,616	75,808	94,658	1.4	(0.0)
Credit costs	39,426	47,750	38,769	46,184	1.7	3.4
Credit costs (%)	7.1	6.9	7.0	6.8	9bps	11bps
PAT	28,020	35,056	27,705	36,259	1.1	(3.3)

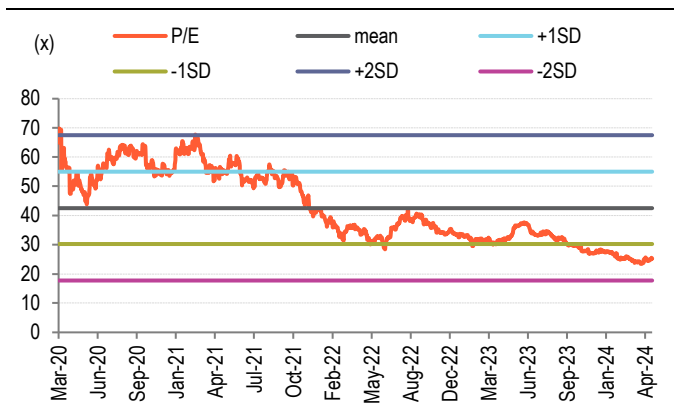
Source: BOBCAPS Research

**Fig 13 – Residual income model**

Parameter	
Cost of equity (%)	12.1
Terminal growth rate (%)	5.0
PV of Residual Income (Rs mn)	6,18,197
Current Book Value (Rs mn)	1,20,840
Estimated Market Value (Rs mn)	7,39,037
<b>Estimated Fair Value Per Share (Rs)</b>	<b>777</b>

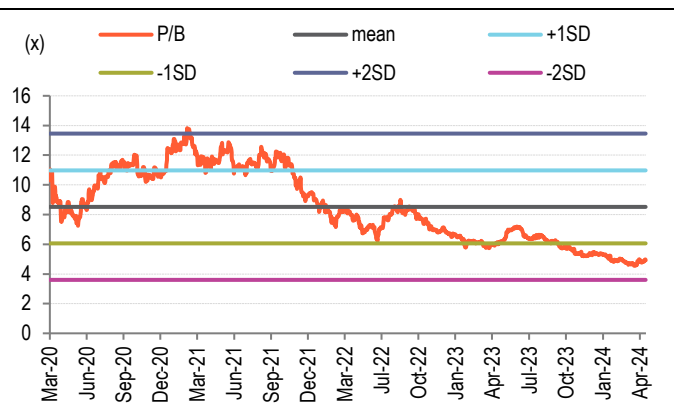
Source: Company, BOBCAPS Research

Fig 14 – 1Y fwd P/E: Trading between -1SD and -2SD



Source: Bloomberg, BOBCAPS Research

Fig 15 – 1Y fwd P/B: Trading between -1SD and -2SD



Source: Bloomberg, BOBCAPS Research

## Key risks

Key upside risks to our estimates are:

- **Unexpected decline in credit costs:** SBI Card is grappling with higher credit costs. An unexpected decline in costs could boost earnings, which in turn could drive a stock rerating.
- **Above-expected NIM expansion:** Over the past few quarters, we have seen a decline in revolver accounts, which has suppressed yields. If revolvers return to historical levels, interest income could rise above our estimates. Separately, the higher cost of funding has put pressure on NII. An above-expected decline in cost of funds could take NII and margins ahead of our estimates.

Key downside risks to our estimates are:

- **Unexpected rise in credit costs:** Higher credit costs than assumed could lead to lower earnings and, in turn, lower valuations. This can also be detrimental to future growth prospects.
- **Loss of customer base due to high competition:** The credit card market is heavily saturated. Thus, competitors may offer a better value proposition or may use aggressive advertising or cross-selling strategies to acquire and retain more cardholders, capturing larger market share.
- **MDR overhang:** The Reserve Bank of India (RBI) has sporadically raised the issue of reducing the merchant discount rate (MDR) on credit cards, which currently stands in the range of 1-3%. With this rate being regulated for debit cards, there lies a risk that credit cards could also be brought under regulation. However, financial institutions incur costs to set up the payments infrastructure and, thus, require compensation. Therefore, we believe MDR is unlikely to be eliminated altogether.
- **Other risks:** (1) SBI Card is required to pay a royalty fee of 2% of PAT or 0.2% of total income, whichever is higher, to SBIN within two months of the end of every financial year. Any modification of terms or a reduction in stake by the parent could be detrimental to growth. (2) Technology plays an important role in the credit card business. With the increased use of digital payments, there is a constant risk of cyberattacks which could disrupt day-to-day operations. This apart, RBI is strict about



customer data storage which could lead to restrictions on sourcing new clients, as seen with a leading card player. Although these matters will be resolved eventually, there could be business losses in the interim.

## Glossary

Glossary			
<b>CIF</b>	Cards in Force	<b>MDR</b>	Merchant Discount Rate
<b>EMI</b>	Equated Monthly Installment	<b>NIM</b>	Net Interest Margin
<b>ECL</b>	Expected Credit Loss	<b>UPI</b>	Unified Payment Interface

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
<b>Net interest income</b>	<b>38,387</b>	<b>45,053</b>	<b>53,319</b>	<b>66,954</b>	<b>83,600</b>
NilI growth (%)	(1.7)	17.4	18.3	25.6	24.9
Non-interest income	58,112	75,137	90,413	1,07,562	1,29,272
Total income	1,13,015	1,42,857	1,74,835	2,16,275	2,65,105
Operating expenses	58,462	74,484	83,691	1,05,388	1,28,385
PPOP	44,280	51,896	65,192	76,886	94,616
PPOP growth (%)	11.8	17.2	25.6	17.9	23.1
Provisions	22,558	21,591	32,874	39,426	47,750
PBT	21,722	30,306	32,318	37,460	46,866
Tax	5,560	7,721	8,239	9,440	11,810
<b>Reported net profit</b>	<b>16,161</b>	<b>22,585</b>	<b>24,079</b>	<b>28,020</b>	<b>35,056</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>16,161</b>	<b>22,585</b>	<b>24,079</b>	<b>28,020</b>	<b>35,056</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Equity capital	9,432	9,461	9,510	9,461	9,461
Reserves & surplus	68,095	88,840	1,11,331	1,35,718	1,66,978
Net worth	77,527	98,301	1,20,840	1,45,179	1,76,439
Debt securities	71,063	66,062	59,882	76,225	92,317
Borrowings	1,46,801	2,31,429	3,19,932	4,07,248	4,93,223
Other liab. & provisions	51,093	59,664	81,058	90,897	1,00,130
<b>Total liab. &amp; equities</b>	<b>3,46,484</b>	<b>4,55,456</b>	<b>5,81,712</b>	<b>7,19,549</b>	<b>8,62,108</b>
Cash & bank balance	11,064	13,545	27,296	27,085	27,593
Investments	12,972	21,397	35,191	36,749	44,507
Advances	3,01,873	3,93,610	4,90,790	6,24,737	7,56,625
Fixed & Other assets	20,576	26,904	28,435	30,978	33,383
<b>Total assets</b>	<b>3,46,484</b>	<b>4,55,456</b>	<b>5,81,712</b>	<b>7,19,549</b>	<b>8,62,108</b>
Total debt growth (%)	26.1	36.5	28.2	27.3	21.1
Advances growth (%)	28.7	30.4	24.7	27.3	21.1

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24P	FY25E	FY26E
EPS	17.0	23.8	25.4	29.5	36.9
Dividend per share	2.5	2.5	2.5	3.0	4.0
Book value per share	81.6	103.5	127.3	153.0	185.9

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24P	FY25E	FY26E
P/E	44.1	31.5	29.6	25.4	20.3
P/BV	9.2	7.3	5.9	4.9	4.0
Dividend yield (%)	0.3	0.3	0.3	0.4	0.5

### DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24P	FY25E	FY26E
Net interest income	12.5	11.2	10.3	10.3	10.6
Non-interest income	18.8	18.7	17.4	16.5	16.3
Operating expenses	19.0	18.6	16.1	16.2	16.2
Provisions	7.3	5.4	6.3	6.1	6.0
ROA	5.2	5.6	4.6	4.3	4.4
Leverage (x)	4.4	4.6	4.7	4.9	4.9
ROE	23.0	25.7	22.0	21.1	21.8

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
<b>YoY growth (%)</b>					
Net interest income	(1.7)	17.4	18.3	25.6	24.9
Pre-provisioning profit	11.8	17.2	25.6	17.9	23.1
EPS	64.0	39.8	6.6	16.4	25.1
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	13.1	11.8	10.7	10.7	10.9
Fees / Avg. assets	18.8	18.7	17.4	16.5	16.3
Cost-Income	56.9	58.9	56.2	57.8	57.6
ROE	23.0	25.7	22.0	21.1	21.8
ROA	5.2	5.6	4.6	4.3	4.4
<b>Asset quality (%)</b>					
GNPA	2.2	2.4	2.8	2.7	2.8
NNPA	0.8	0.9	1.0	1.0	1.1
Slippage ratio	7.2	5.3	4.1	4.2	4.5
Credit cost	8.4	6.2	7.4	7.1	6.9
Provision coverage	65.3	63.6	65.1	64.2	62.2
<b>Ratios (%)</b>					
Loans to Total debt	132.5	126.5	123.0	123.0	123.0
CAR	23.8	23.1	20.5	20.2	20.7
Tier-1	21.0	20.4	16.5	15.8	16.3

Source: Company, BOBCAPS Research

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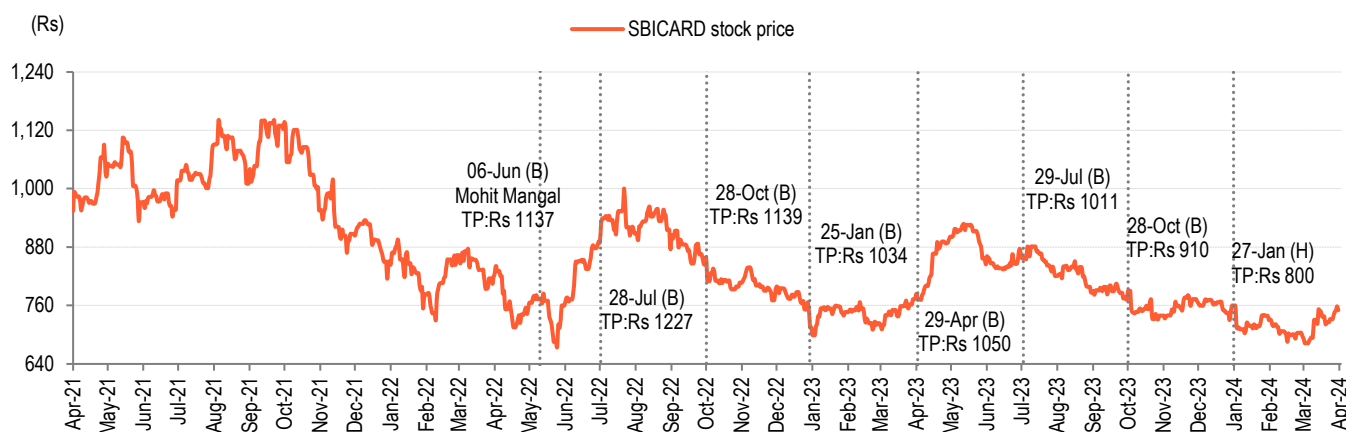
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