

**BUY**

TP: Rs 842 | ▲ 29%

STATE BANK OF INDIA

| Banking

| 05 February 2024

### Pension one-off hurts profitability

- Strong business growth in Q3 but one-off pension and ex-gratia provision of Rs 71bn saw net profit drop 36% YoY
- Reported NIM fell 7bps QoQ to 3.2% on deposit repricing and is guided to stay at current level for FY24; credit cost remains low
- Maintain BUY with revised TP of Rs 842 (vs. Rs 747) on rollover

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**Modest profits:** SBIN's Q3FY24 NII grew only 5% YoY due to higher deposit costs. Reported NIM declined 7bps QoQ to 3.2% and is guided to remain stable at current levels as deposit rate repricing is largely complete. Wage hike provisions kept opex elevated while the bank's prudent step to set aside Rs 71bn towards pension liability (Rs 54bn) as well as ex-gratia benefits and dearness relief (Rs 17bn) saw PAT drop 36% YoY. Management expects some moderation in opex through FY25.

**Strong business growth:** Advances grew 14% YoY supported by robust growth in SME loans (+19%) and the retail book (+15%) which was driven by auto loans (+21%) and express credit (+16%). The corporate book posted modest growth of 11% YoY. Management expects healthy credit growth in Q4FY24 supported by strong LCR (131%) and modest LDR. Deposits grew 13% YoY, driven by term deposits. SBIN intends to focus on current accounts considering a tough savings account climate. Management is confident of achieving credit growth of 14-16% in FY24; we pencil in a credit and deposit CAGR of 15% and 13% respectively over FY23-FY26.

**Steady asset quality with lower credit cost:** Asset quality remained healthy as GNPA improved 14bps QoQ to 2.4% and NNPA was steady at 0.6%, with PCR of 74%. Credit cost (calc.) increased 7bps sequentially to 8bps – amongst the best in industry, leading us to lower our FY24/FY25 estimates to 14bps/27bps from 36bps/49bps. SBIN's restructured book stood at Rs 189bn vs. Rs 208.5bn in Q2, forming 0.5% of loans vs. 0.6% in Q2, whereas the SMA-1&2 book stood at Rs 41.2bn (Rs 39.6bn in Q2). A non-NPA provision of Rs 335bn (149% of NNPA) provides a cushion against any sudden rise in stress.

**Maintain BUY:** Healthy business growth along with stable margins and asset quality is likely to boost profitability. We introduce FY26 forecasts and expect the bank to maintain NIM at 3% and deliver ROA/ROE of 1.1%/17% by FY26. On rolling valuations forward to FY26E, our new SOTP-based TP stands at Rs 842 (vs. Rs 747), set at an unchanged target P/ABV multiple of 1.3x for standalone operations using the Gordon Growth Model and adding in Rs 236/sh for subsidiaries – BUY.

### Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SBIN IN/Rs 650
Market cap	US\$ 70.6bn
Free float	42%
3M ADV	US\$ 124.2mn
52wk high/low	Rs 661/Rs 502
Promoter/FPI/DII	57%/11%/24%

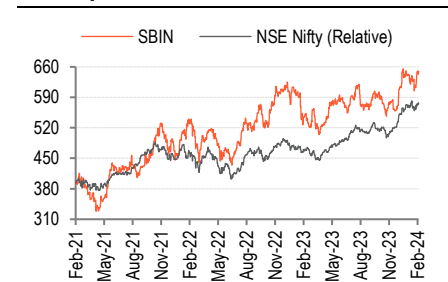
Source: NSE | Price as of 6 Feb 2024

### Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
NII (Rs mn)	1,448,405	1,591,315	1,791,408
NII growth (%)	20.0	9.9	12.6
Adj. net profit (Rs mn)	502,324	553,833	677,840
EPS (Rs)	56.3	62.1	76.0
Consensus EPS (Rs)	56.3	66.0	73.0
P/E (x)	11.6	10.5	8.6
P/BV (x)	1.8	1.6	1.4
ROA (%)	1.1	1.1	1.0
ROE (%)	19.3	17.9	17.0

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



**Fig 1 – Quarterly snapshot: Income statement**

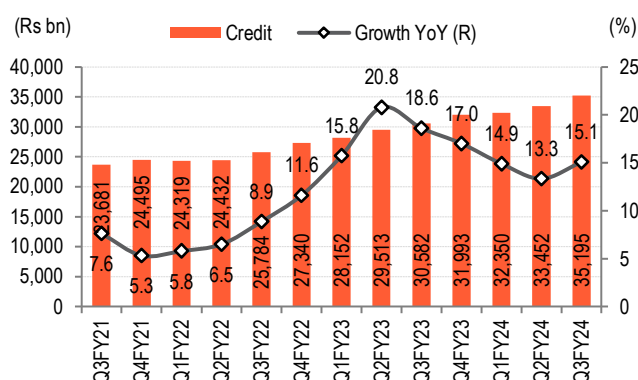
(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
<b>Income Statement</b>							
Interest Income	588,650	636,792	671,279	702,595	735,170	24.9	4.6
Income on investments	245,254	252,937	250,070	270,023	284,307	15.9	5.3
Int. on bal. with RBI & inter-bank funds & Others	32,257	39,782	38,406	41,170	47,861	48.4	16.3
Interest income	866,160	929,511	959,755	1,013,788	1,067,338	<b>23.2</b>	<b>5.3</b>
Interest expense	485,474	525,586	570,705	618,788	669,181	37.8	8.1
<b>Net interest income</b>	<b>380,686</b>	<b>403,925</b>	<b>389,050</b>	<b>395,000</b>	<b>398,157</b>	<b>4.6</b>	<b>0.8</b>
Growth YoY (%)	24.1	29.5	24.7	12.3	4.6	(1,946bps)	(768bps)
<b>Non-interest income</b>	<b>114,677</b>	<b>139,614</b>	<b>120,634</b>	<b>107,906</b>	<b>114,589</b>	<b>(0.1)</b>	<b>6.2</b>
Growth YoY (%)	32.2	17.5	421.7	21.6	(0.1)	NA	NA
<b>Total income</b>	<b>495,364</b>	<b>543,539</b>	<b>509,683</b>	<b>502,906</b>	<b>512,746</b>	<b>3.5</b>	<b>2.0</b>
Growth YoY (%)	25.9	26.2	52.1	14.1	3.5	(2,234bps)	(1,064bps)
Staff expenses	147,567	176,164	166,007	189,264	193,618	31.2	2.3
Other operating expenses	95,604	121,164	90,707	119,476	115,767	21.1	(3.1)
<b>Operating expenses</b>	<b>243,171</b>	<b>297,328</b>	<b>256,714</b>	<b>308,740</b>	<b>309,386</b>	<b>27.2</b>	<b>0.2</b>
<b>Pre-Provisioning Profit (PPoP)</b>	<b>252,193</b>	<b>246,211</b>	<b>252,969</b>	<b>194,166</b>	<b>203,361</b>	<b>(19.4)</b>	<b>4.7</b>
Growth YoY (%)	36.2	24.9	98.4	(8.1)	(19.4)	(5,552bps)	(1,130bps)
Provisions	57,606	33,157	25,013	1,153	6,879	(88.1)	496.7
Growth YoY (%)	(17.4)	(54.2)	(43.1)	(96.2)	(88.1)	(7,066bps)	815bps
Exceptional Item	-	-	-	-	71,000	-	-
<b>PBT</b>	<b>194,587</b>	<b>213,054</b>	<b>227,956</b>	<b>193,013</b>	<b>196,482</b>	<b>1.0</b>	<b>1.8</b>
Tax	52,534	46,109	59,113	49,713	33,843	(35.6)	(31.9)
<b>PAT</b>	<b>142,053</b>	<b>166,945</b>	<b>168,843</b>	<b>143,300</b>	<b>91,640</b>	<b>(35.5)</b>	<b>(36.1)</b>
Growth YoY (%)	68.5	83.2	178.2	8.0	(35.5)	(10,396bps)	(4,352bps)
<b>Per Share</b>							
FV (Rs)	1	1	1	1	1	0.0	0.0
EPS (Rs)	16	19	19	16	10	(35.5)	(36.1)
Book Value (Rs)	360	367	386	403	413	14.9	2.7

Source: BOBCAPS Research, Company

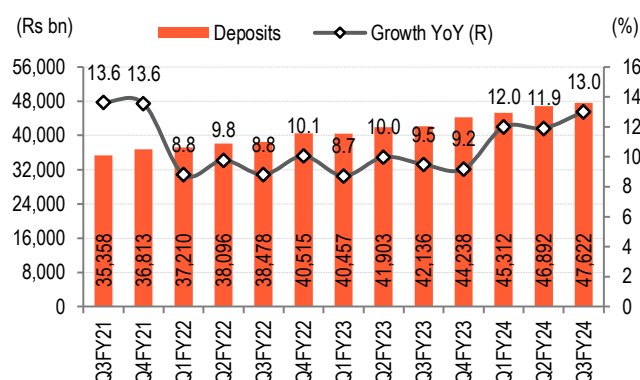
**Fig 2 – Quarterly snapshot: Key balance sheet & other metrics**

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Deposits	42,135,571	44,237,778	45,312,367	46,892,185	47,622,207	13.0	1.6
Growth YoY (%)	9.5	9.2	12.0	11.9	13.0	352bps	111bps
Advances	30,581,770	31,992,693	32,350,227	33,451,673	35,195,143	15.1	5.2
Growth YoY (%)	18.6	17.0	14.9	13.3	15.1	(352bps)	174bps
Investment	15,692,020	15,703,662	15,726,297	16,926,169	16,894,063	7.7	(0.2)
Equity	3,212,037	3,276,085	3,444,416	3,592,273	3,689,539	14.9	2.7
Assets	53,241,229	55,169,785	55,430,757	58,263,183	59,656,163	12.0	2.4
Growth YoY (%)	10.4	10.6	10.3	12.0	12.0	163bps	0bps
<b>Yield (%)</b>							
Yield on Funds	7.14	7.45	7.55	7.74	7.86	72bps	12bps
Cost of Funds	4.11	4.34	4.63	4.88	5.09	98bps	21bps
Spread	3.03	3.11	2.92	2.86	2.77	(26bps)	(9bps)
Net Interest Margin (calc.)	3.14	3.24	3.06	3.02	2.93	(21bps)	(8bps)
<b>Ratios (%)</b>							
Other Income / Net Income	23.2	25.7	23.7	21.5	22.3	(80bps)	89bps
Cost to Income ratio	49.1	54.7	50.4	61.4	60.3	1125bps	(105bps)
CASA ratio	42.7	42.1	41.2	40.2	39.5	(323bps)	(72bps)
C/D ratio	72.6	72.3	71.4	71.3	73.9	133bps	257bps
Investment to Assets	29.5	28.5	28.4	29.1	28.3	(115bps)	(73bps)
<b>Asset Quality</b>							
GNPA	983,465	909,278	913,278	869,741	867,488	(11.8)	(0.26)
NNPA	234,843	214,666	229,954	213,524	224,084	(4.6)	4.9
Provision	748,622	694,611	683,325	656,217	643,404	(14.1)	(2.0)
GNPA (%)	3.14	2.78	2.76	2.56	2.42	(72bps)	(14bps)
NNPA (%)	0.77	0.67	0.71	0.64	0.64	(13bps)	0bps
PCR (%)	76.1	76.4	74.8	75.4	74.2	(195bps)	(128bps)

Source: BOBCAPS Research, Company

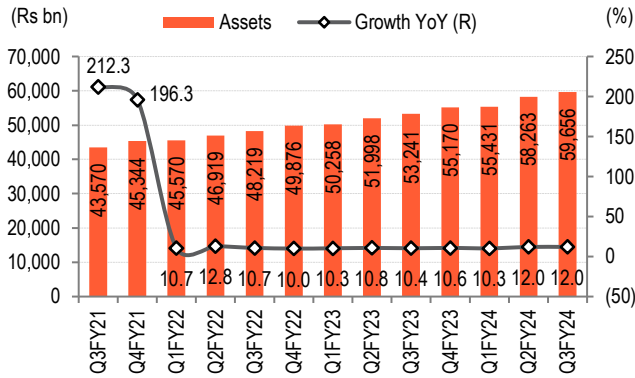
**Fig 3 – Loan growth driven by SME and retail segments**

Source: Company, BOBCAPS Research

**Fig 4 – Deposits grew in line with industry led by term deposits**

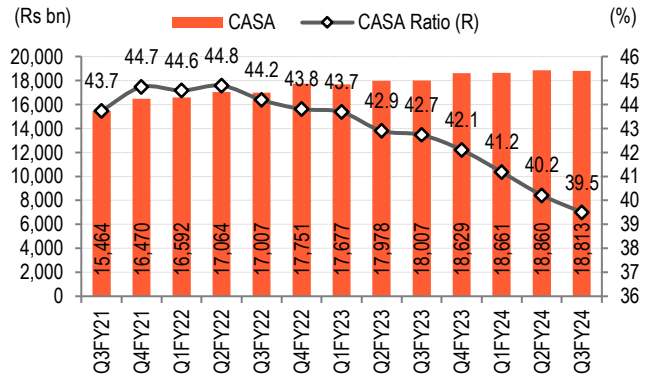
Source: Company, BOBCAPS Research

**Fig 5 – Asset grew 12% YoY**



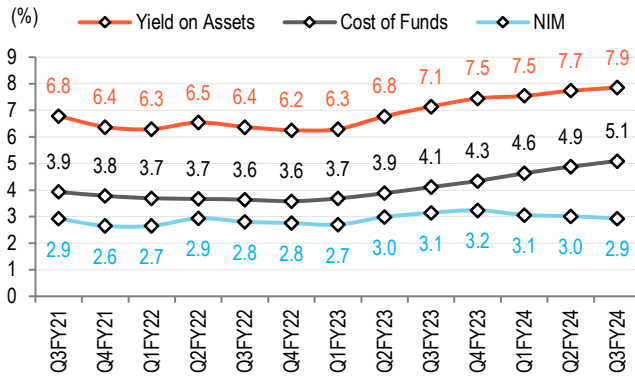
Source: Company, BOBCAPS Research

**Fig 6 – CASA ratio muted due to challenging SA environment**



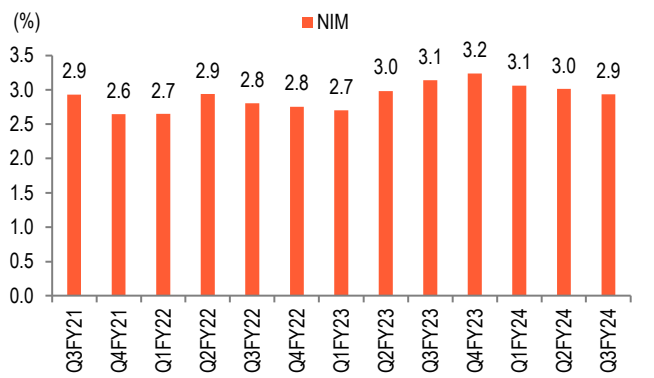
Source: Company, BOBCAPS Research

**Fig 7 – NIM (calc.) dips 8bps QoQ on higher cost of funds...**



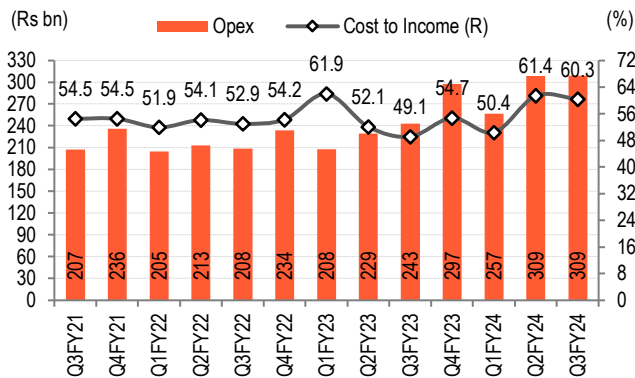
Source: Company, BOBCAPS Research

**Fig 8 – ...expected to sustain at ~3% over FY24E**



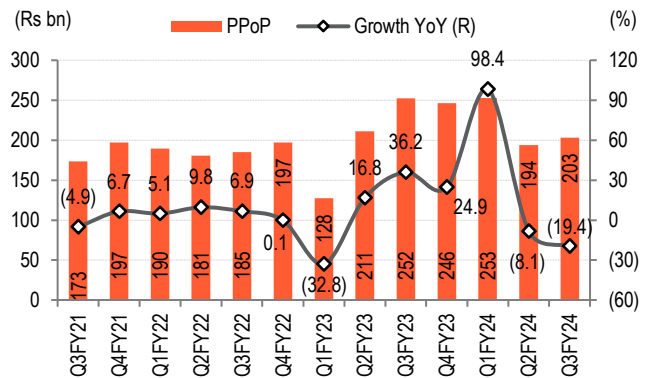
Source: Company, BOBCAPS Research

**Fig 9 – Opex rises on one-time wage revision provision...**



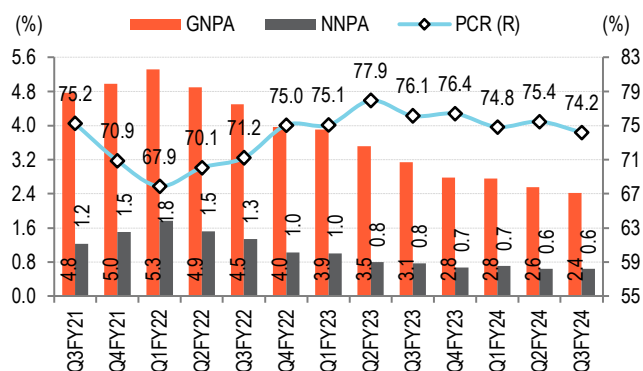
Source: Company, BOBCAPS Research

**Fig 10 – ...dragging down PPOP but impact temporary**



Source: Company, BOBCAPS Research

**Fig 11 – Asset quality continues to improve**



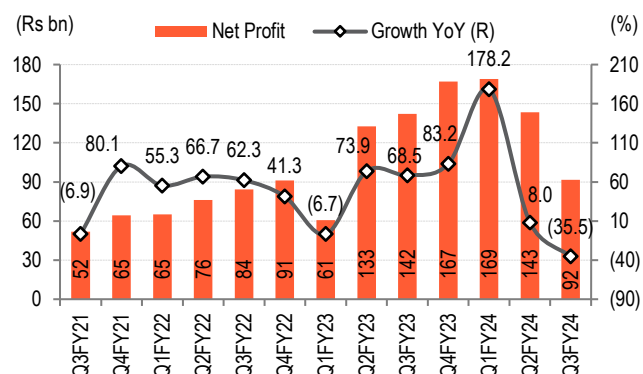
Source: Company, BOBCAPS Research

**Fig 12 – Credit cost low as a result of provision reversal (21bps excl. reversal)**



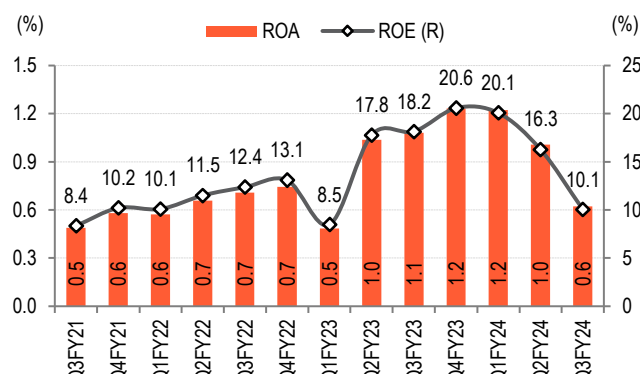
Source: Company, BOBCAPS Research

**Fig 13 – One-off provision towards pension weighed on profitability**



Source: Company, BOBCAPS Research

**Fig 14 – Return ratios moderated on lower profit but impact likely temporary in nature**



Source: Company, BOBCAPS Research

**Fig 15 – Loan book trend**

(Rs bn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Home Loans	6,132	6,407	6,525	6,723	6,939	13.2	3.2
Auto Loans	933	975	1,009	1,049	1,131	21.2	7.9
Personal Loans	2,880	3,040	3,108	3,203	3,354	16.4	4.7
Other Retail Loans	1,300	1,370	1,401	1,460	1,539	18.4	5.4
Retail Loans	11,245	11,792	12,043	12,434	12,963	15.3	4.3
Agriculture	2,470	2,586	2,641	2,739	2,917	18.1	6.5
SME	3,506	3,593	3,699	3,890	4,181	19.2	7.5
Corporate	9,250	9,798	9,822	9,777	10,241	10.7	4.7
Domestic Advances	26,472	27,768	28,204	28,840	30,303	14.5	5.1
Overseas Loans	4,864	4,924	4,833	5,272	5,540	13.9	5.1
<b>Gross Loans</b>	<b>31,336</b>	<b>32,692</b>	<b>33,037</b>	<b>34,113</b>	<b>35,843</b>	<b>14.4</b>	<b>5.1</b>

Source: Company, BOBCAPS Research

**Fig 16 – Loan book distribution**

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Home Loans	19.6	19.6	19.8	19.7	19.4	(21bps)	(35bps)
Auto Loans	3.0	3.0	3.1	3.1	3.2	18bps	8bps
Personal Loans	9.2	9.3	9.4	9.4	9.4	16bps	(3bps)
Other Retail Loans	4.1	4.2	4.2	4.3	4.3	15bps	2bps
Retail Loans	35.9	36.1	36.5	36.5	36.2	28bps	(28bps)
Agriculture	7.9	7.9	8.0	8.0	8.1	26bps	11bps
SME	11.2	11.0	11.2	11.4	11.7	48bps	26bps
Corporate	29.5	30.0	29.7	28.7	28.6	(95bps)	(9bps)
Domestic Advances	84.5	84.9	85.4	84.5	84.5	7bps	0bps
Overseas Loans	15.5	15.1	14.6	15.5	15.5	(7bps)	0bps
<b>Gross Loans</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0bps</b>	<b>0bps</b>

Source: Company, BOBCAPS Research

**Fig 17 – Deposit trend**

(Rs bn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Current Deposits	2,277	2,814	2,582	2,530	2,495	9.6	(1.4)
Saving Deposits	15,730	15,815	16,078	16,330	16,318	3.7	(0.1)
<b>CASA Deposits</b>	<b>18,007</b>	<b>18,629</b>	<b>18,661</b>	<b>18,860</b>	<b>18,813</b>	<b>4.5</b>	<b>(0.3)</b>
Term Deposits	22,475	23,907	24,862	26,173	26,866	19.5	2.6
Domestic Deposits	40,481	42,536	43,522	45,033	45,679	12.8	1.4
Overseas Deposits	1,654	1,702	1,790	1,859	1,943	17.5	4.5
<b>Total Deposits</b>	<b>42,136</b>	<b>44,238</b>	<b>45,312</b>	<b>46,892</b>	<b>47,622</b>	<b>13.0</b>	<b>1.6</b>

Source: Company, BOBCAPS Research

**Fig 18 – Deposit distribution**

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Current Deposits	5.4	6.4	5.7	5.4	5.2	(16bps)	(15bps)
Saving Deposits	37.3	35.7	35.5	34.8	34.3	(307bps)	(56bps)
<b>CASA Deposits</b>	<b>42.7</b>	<b>42.1</b>	<b>41.2</b>	<b>40.2</b>	<b>39.5</b>	<b>(323bps)</b>	<b>(72bps)</b>
Term Deposits	53.3	54.0	54.9	55.8	56.4	308bps	60bps
Domestic Deposits	96.1	96.2	96.0	96.0	95.9	(15bps)	(12bps)
Overseas Deposits	3.9	3.8	4.0	4.0	4.1	15bps	12bps
<b>Total Deposits</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0bps</b>	<b>0bps</b>

Source: Company, BOBCAPS Research

## Earnings call highlights

### Asset quality

- SBIN's asset quality improved QoQ during Q3FY24 with GNPA reducing by 14bps to 2.4% and NNPA staying flat at 0.6%. Slippages during the quarter stood at Rs 50.5bn, wherein fresh slippages totalled Rs 49.6bn vs. Rs 38.3bn in Q2FY24. Incremental slippages came from a single corporate account. Upgrades and recoveries stood at Rs 52.7bn for the quarter as against Rs 84.3bn in Q2.
- Credit cost was reported at 21bps vs. 22bps Q2, and management is guiding for costs at 25bps for FY24 – amongst the lowest in industry.
- Restructured loans stood at Rs 188.8bn (0.5% of loans) vs. Rs 208.5bn (0.6%) in Q2. SMA-1/2 stood at Rs 41.2bn (SMA-1 at Rs 20.7bn and SMA-2 at Rs 20.5bn) from Rs 39.6bn in Q2.
- The bank has a non-NPA provision of Rs 335bn (Rs 245bn standard provision, Rs 69.6bn restructuring provision and Rs 20.1bn other loan-related provision), which is 149% of NNPA.

### Loans and deposits

- Management is targeting credit growth of 14-16% over FY24.
- The bank's large corporate loans grew 11% YoY (+5% QoQ) in Q3 while SMEs witnessed strong growth of 19% YoY (+7% QoQ). Retail loans grew at a healthy rate of 15% YoY (+4% QoQ), mainly driven by auto loans (+21% YoY, +8% QoQ) and Xpress credit (+16% YoY, +5% QoQ). International business increased 14% YoY (+5% QoQ).
- Management expects higher traction in SME loans and believes this portfolio will be a major driver of credit growth ahead. The bank also expects the corporate loan segment to fare better given a Rs 4.6tn pipeline.
- The loan mix for Q3 stood at 27% EBLR, 38% MCLR and 31% fixed.
- Deposits grew 13% YoY led by term deposits. Savings and current accounts increased by 4% and 10% YoY respectively, leading to a CASA ratio of 39.5% from 40.2% in Q2.

### NIM

- SBIN expects domestic NIM to decline by 2-3bps during Q4FY24 and guides for a 3% margin for FY24.

### Opex

- Total operating expenses rose 27% YoY (flat QoQ) during Q3 due to a one-time provision of Rs 54bn towards higher wages (new wage agreement provision estimated at 17% of loans vs. 14% earlier).
- Management expects an additional provision of Rs 54bn toward pension to keep opex elevated in Q4 as well but sees some moderation in expenses in FY25.

- SBIN set aside a one-time provision of Rs 71bn towards pension liability in Q3, wherein Rs 54bn arose from calculating pension at a uniform rate of 50% for all pensioners prospectively, in place of the existing dual rate, and Rs 17bn was on account of ex-gratia benefit and neutralisation of dearness relief to pre-Nov'02 retirees and family pensioners.

#### **Capital adequacy**

- CAR stood at 13.05% with tier-1 capital of 10.6% (CET1 9.1%, AT1 1.5%).
- Management indicated that the bank is well capitalised to fund future credit growth internally but won't hesitate to tap the market for capital raising if needed, preferably through AT1 bonds.



## Valuation methodology

We increase our FY24/FY25 deposit estimates for SBIN by 2%/3% and raise credit estimates by 2%/4% to reflect a healthy business outlook growth. Our credit cost assumptions for both years stand reduced to 14bps/27bps from 36bps/49bps earlier considering the bank's Q3FY24 performance. However, higher opex projections lead to an 11% reduction in our FY24 PAT forecast, whereas the absence of wage hike provisions and lower credit cost results in a 7% increase for FY25.

We now introduce FY26 estimates for SBIN and factor in a PAT CAGR of 16% over FY23-FY26 backed by healthy business growth along with stable margins and asset quality. We project steady NIM of 3% over our forecast period and ROA/ROE of 1.1%/17% by FY26. Upon rolling valuations forward to FY26E, our SOTP-based TP rises to Rs 842 (vs. Rs 747), wherein we assign the stock an unchanged target P/ABV multiple of 1.3x for standalone operations using the Gordon Growth Model and add in a value of Rs 236/sh for subsidiaries – maintain BUY.

**Fig 19 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Loan	36,791,597	42,494,294	36,215,728	40,996,205	1.6	3.7
Deposits	50,209,878	56,988,211	49,413,598	55,491,470	1.6	2.7
Assets	61,624,465	69,861,251	61,059,064	68,262,241	0.9	2.3
NII	1,591,315	1,791,408	1,607,786	1,784,423	(1.0)	0.4
PPOP	868,664	1,020,566	958,988	1,049,677	(9.4)	(2.8)
Provisions	49,241	107,036	122,775	189,169	(59.9)	(43.4)
PAT	553,833	677,840	618,797	632,473	(10.5)	7.2

Source: BOBCAPS Research

**Fig 20 – Key operational assumptions**

Parameter (%)	FY23A	FY24E	FY25E	FY26E
Advances Growth	17.0	15.0	15.5	15.0
Net Interest Income Growth	20.0	9.9	12.6	15.9
PPoP Growth	23.3	3.8	17.5	20.3
PAT Growth	58.6	10.3	22.4	16.3
NIM	3.0	3.0	3.0	3.0
GNPA	2.8	2.3	2.0	1.9
CAR	14.7	12.8	12.9	12.8

Source: Company, BOBCAPS Research

**Fig 21 – SOTP valuation summary**

Business	Valuation method	Holdings (%)	Value (Rs/sh)
Bank	1.3x FY26E ABV	100	668
SBI Life	Mcap	55	89
SBI AMC	6% of AUM	63	36
SBI General	25x FY26 EPS	70	4
SBI Card	Mcap	69	52
SBI Capital	15x FY26 EPS	100	24
Holding Company Discount	15%		(31)
<b>Total</b>	-		<b>842</b>

Source: Company, BOBCAPS Research

**Fig 22 – Valuation assumptions**

Gordon growth model	(%)
Return on Equity (RoE)	13.3
Cost of Equity (Ke)	12.3
Growth (Period 1)	10.7
Growth (Long Term)	5.3
Initial High Growth Period (yrs)	10.0
Dividend Payout (Period 1)	20.0
Dividend Payout (Long Term)	60.0
Factor 1	1.8
Factor 2	7.8
Justified P/BV Multiple	1.3

Source: BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- any sudden delinquency in the retail and SME segments, resulting in higher provision requirements, and
- inability to manage cost of funds, which may drag down NIM as well as overall profitability.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Axis Bank	AXSB IN	39.4	1,050	1,252	BUY
Bandhan Bank	BANDHAN IN	4.3	218	276	BUY
DCB Bank	DCBB IN	0.5	135	172	BUY
Federal Bank	FB IN	4.4	147	189	BUY
HDFC Bank	HDFCB IN	132.5	1,444	1,896	BUY
ICICI Bank	ICICIB IN	87.6	1,026	1,189	BUY
Indusind Bank	IIB IN	14.3	1,511	1,952	BUY
Kotak Mahindra Bank	KMB IN	46.6	1,787	2,100	BUY
RBL Bank	RBK IN	1.9	265	309	BUY
State Bank of India	SBIN IN	70.6	650	842	BUY

Source: BOBCAPS Research, NSE | Price as of 6 Feb 2024

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Net interest income</b>	<b>1,207,076</b>	<b>1,448,405</b>	<b>1,591,315</b>	<b>1,791,408</b>	<b>2,076,716</b>
NilI growth (%)	9.0	20.0	9.9	12.6	15.9
Non-interest income	405,639	366,156	470,474	532,517	596,134
Total income	1,612,715	1,814,561	2,061,789	2,323,925	2,672,850
Operating expenses	933,975	977,431	1,193,125	1,303,358	1,445,519
PPOP	678,740	837,130	868,664	1,020,566	1,227,331
PPOP growth (%)	(5.1)	23.3	3.8	17.5	20.3
Provisions	244,521	165,073	49,241	107,036	164,453
PBT	434,219	672,056	748,423	913,530	1,062,878
Tax	117,459	169,732	194,590	235,691	274,222
<b>Reported net profit</b>	<b>316,760</b>	<b>502,324</b>	<b>553,833</b>	<b>677,840</b>	<b>788,655</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>316,760</b>	<b>502,324</b>	<b>553,833</b>	<b>677,840</b>	<b>788,655</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity capital	8,925	8,925	8,925	8,925	8,925
Reserves & surplus	2,791,956	3,267,160	3,710,226	4,252,498	4,883,422
Net worth	2,800,881	3,276,084	3,719,151	4,261,422	4,892,347
Deposits	40,515,341	44,237,778	50,209,878	56,988,211	64,396,679
Borrowings	4,260,434	4,931,352	5,108,880	5,415,413	5,740,338
Other liab. & provisions	2,299,318	2,724,571	2,586,556	3,196,204	4,142,862
<b>Total liab. &amp; equities</b>	<b>49,875,974</b>	<b>55,169,785</b>	<b>61,624,465</b>	<b>69,861,251</b>	<b>79,172,226</b>
Cash & bank balance	3,945,523	3,078,996	2,788,214	3,242,742	3,671,893
Investments	14,814,455	15,703,662	17,083,372	18,835,581	20,543,799
Advances	27,339,666	31,992,693	36,791,597	42,494,294	48,868,439
Fixed & Other assets	3,776,330	4,394,434	4,961,281	5,288,633	6,088,095
<b>Total assets</b>	<b>49,875,974</b>	<b>55,169,785</b>	<b>61,624,465</b>	<b>69,861,251</b>	<b>79,172,226</b>
Deposit growth (%)	10.1	9.2	13.5	13.5	13.0
Advances growth (%)	11.6	17.0	15.0	15.5	15.0

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	35.5	56.3	62.1	76.0	88.4
Dividend per share	7.1	11.3	12.4	15.2	17.7
Book value per share	313.8	367.1	416.7	477.5	548.2

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	18.3	11.6	10.5	8.6	7.4
P/BV	2.1	1.8	1.6	1.4	1.2
Dividend yield (%)	1.1	1.7	1.9	2.3	2.7

### DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Net interest income	2.8	3.1	2.7	2.7	2.8
Non-interest income	0.9	0.8	0.8	0.8	0.8
Operating expenses	2.1	2.0	2.0	2.0	1.9
Pre-provisioning profit	1.7	1.8	1.5	1.6	1.6
Provisions	0.6	0.3	0.1	0.2	0.2
PBT	1.1	1.5	1.4	1.4	1.4
Tax	0.3	0.4	0.3	0.4	0.4
ROA	0.8	1.1	1.1	1.0	1.1
Leverage (x)	17.1	17.0	16.7	16.5	16.3
ROE	14.1	19.3	17.9	17.0	17.2

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
<b>YoY growth (%)</b>					
Net interest income	9.0	20.0	9.9	12.6	15.9
Pre-provisioning profit	(5.1)	23.3	3.8	17.5	20.3
EPS	55.2	58.6	10.3	22.4	16.3
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	3.1	3.4	3.3	3.3	3.4
Fees / Avg. assets	0.1	0.1	0.1	0.1	0.1
Cost-Income	57.9	53.9	57.9	56.1	54.1
ROE	14.1	19.3	17.9	17.0	17.2
ROA	0.8	1.1	1.1	1.0	1.1
<b>Asset quality (%)</b>					
GNPA	3.9	2.8	2.3	2.0	1.9
NNPA	1.0	0.7	0.6	0.5	0.5
Slippage ratio	1.0	0.7	0.7	0.8	0.9
Credit cost	0.9	0.6	0.1	0.3	0.4
Provision coverage	74.0	75.7	74.4	74.5	74.5
<b>Ratios (%)</b>					
Credit-Deposit	67.5	72.3	73.3	74.6	75.9
Investment-Deposit	36.6	35.5	34.0	33.1	31.9
CAR	13.8	14.7	12.8	12.9	12.8
Tier-1	11.4	12.1	10.6	10.8	10.8

Source: Company, BOBCAPS Research

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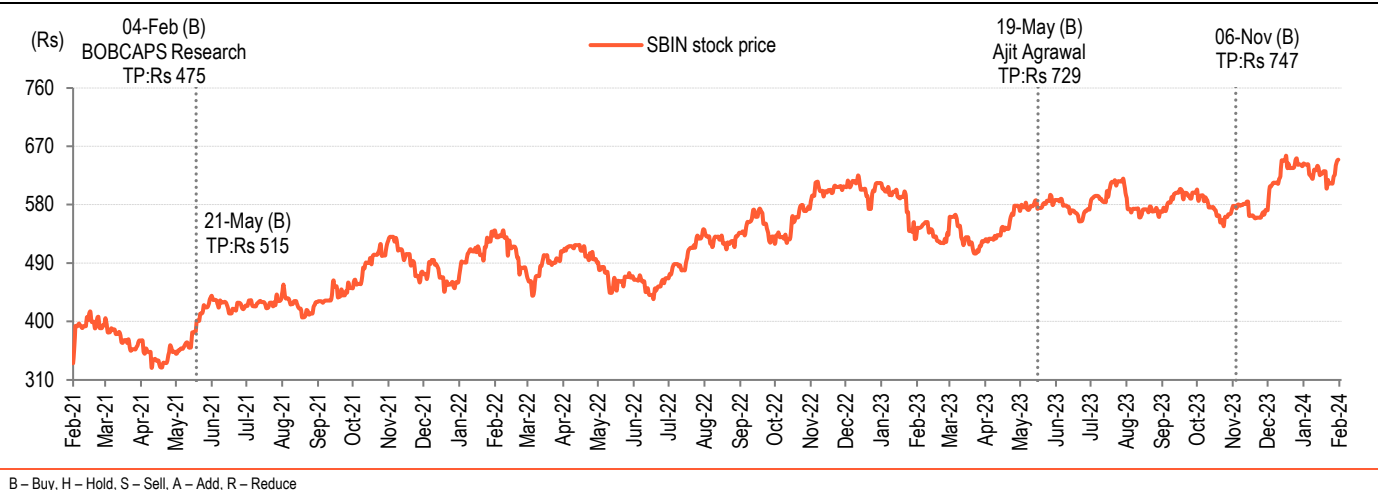
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