

BUY

TP: Rs 969 | ▲ 19%

STATE BANK OF INDIA

| Banking

| 10 May 2024

Continued strong performance across segment

- **Strong PAT growth was led by one-off gain in other income and lower operational cost**
- **Healthy performance despite size along with stable asset quality and increased return ratio provide confidence for multiple expansion plans**
- **Maintain BUY with revised TP of Rs 969 (previously Rs 842) set at 1.5x FY26 ABV (1.3x earlier)**

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Strong profits: SBIN's NII grew only 5% QoQ due to higher deposit costs. Reported NIM rose 8bps QoQ to 3.3% and is guided to remain at current levels for FY25. Other income rose 52% QoQ, driven by treasury gains (Rs 34.6bn), interest on IT refunds (Rs 7 bn) and higher recovery from written-off a/c (Rs 26bn). The expected wage revision provision of Rs 54bn for Q4 was partially offset by lower gratuity and actuarial gain, leading to QoQ decline in opex and boosting PPOP (+41% QoQ). Despite increased provision (+134% QoQ) PAT jumped 126% QoQ to Rs 207bn. Management expects further moderation in opex (extra wage revision of Rs 60bn vs. Rs 130bn in FY24) in FY25, while normalisation of provision may offset gains.

Healthy business growth: Advances grew 16% YoY supported by robust growth in SME loans (20%) and retail book (15%), driven by auto loans (19%) and express credit (+15%). Corporate book grew a strong 11% QoQ. Management expects credit growth of 13-15% for FY25 (we estimate Credit /Deposit CAGR of 15%/13% over FY24-26) given strong liquidity with excess SLR of Rs 3.7tn, LCR of 129% and modest domestic LDR (68%). Deposits grew 11% YoY, driven by term deposits.

Asset quality continued to improve while credit cost normalised: GNPA/NNPA improved 18/7bps QoQ to 2.4%/0.57%, with PCR of 75%. Credit cost (calc.) normalised to 17bps vs. 8bps – among the best in the industry, leading us to further normalise it to 36/45bps for FY25/FY26 estimates. SBIN's restructured book stood at Rs 173bn vs. Rs 189bn in Q3, forming 0.4% of loans, whereas the SMA-1&2 book stood at Rs 33bn (Rs 41.2bn in Q3). A non-NPA provision of Rs 323bn (153% of NNPA) provides a cushion against any sudden rise in stress or other regulatory provision requirement.

Maintain BUY: Healthy business growth despite size along with stable margins and asset quality likely to provide further potential for improved performance. We expect stable NIM at 3% and ROA/ROE of 1.1%/17% by FY26. We broadly maintain our growth estimates due to strong performances across segments and revise our new SOTP-based TP to Rs 969 (from Rs 842), set at a P/ABV of 1.5x (1.3x earlier) using the Gordon Growth Model and adding in Rs 181/sh for subsidiaries – BUY.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SBIN IN/Rs 817
Market cap	US\$ 88.8bn
Free float	42%
3M ADV	US\$ 178.7mn
52wk high/low	Rs 840/Rs 543
Promoter/FPI/DII	58%/11%/24%

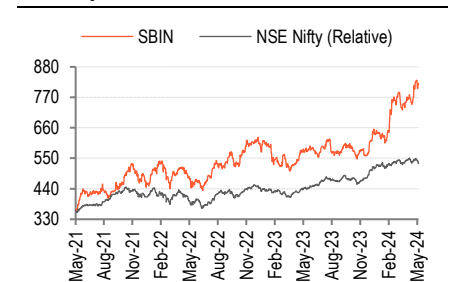
Source: NSE | Price as of 10 May 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
NII (Rs mn)	1,598,758	1,744,327	2,029,873
NII growth (%)	10.4	9.1	16.4
Adj. net profit (Rs mn)	610,766	663,585	788,573
EPS (Rs)	68.4	74.4	88.4
Consensus EPS (Rs)	68.4	74.7	87.0
P/E (x)	11.9	11.0	9.3
P/BV (x)	1.9	1.7	1.5
ROA (%)	1.2	1.0	1.1
ROE (%)	19.3	16.4	17.1

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

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Income Statement							
Interest Income	636,792	671,279	702,595	735,170	771,338	21.1	4.9
Income on investments	252,937	250,070	270,023	284,307	282,005	11.5	(0.8)
Int. on bal. with RBI & inter-bank funds & Others	39,782	38,406	41,170	47,861	57,083	43.5	19.3
Interest income	929,511	959,755	1,013,788	1,067,338	1,110,426	19.5	4.0
Interest expense	525,586	570,705	618,788	669,181	693,874	32.0	3.7
Net interest income	403,925	389,050	395,000	398,157	416,552	3.1	4.6
Growth YoY (%)	29.5	24.7	12.3	4.6	3.1	(2,635bps)	(146bps)
Non-interest income	139,614	120,634	107,906	114,589	173,693	24.4	51.6
Growth YoY (%)	17.5	421.7	21.6	(0.1)	24.4	689bps	2,449bps
Total income	543,539	509,683	502,906	512,746	590,244	8.6	15.1
Growth YoY (%)	26.2	52.1	14.1	3.5	8.6	(1,758bps)	508bps
Staff expenses	176,164	166,007	189,264	193,618	163,481	(7.2)	(15.6)
Other operating expenses	121,164	90,707	119,476	115,767	139,288	15.0	20.3
Operating expenses	297,328	256,714	308,740	309,386	302,769	1.8	(2.1)
Pre-Provisioning Profit (PPoP)	246,211	252,969	194,166	203,361	287,476	16.8	41.4
Growth YoY (%)	24.9	98.4	(8.1)	(19.4)	16.8	(811bps)	3,612bps
Provisions	33,157	25,013	1,153	6,879	16,098	(51.4)	134.0
Growth YoY (%)	(54.2)	(43.1)	(96.2)	(88.1)	(51.4)	274bps	3,661bps
Exceptional Item	-	-	-	71,000	-	-	(100.0)
PBT	213,054	227,956	193,013	196,482	271,378	27.4	38.1
Tax	46,109	59,113	49,713	33,843	64,394	39.7	90.3
PAT	166,945	168,843	143,300	91,640	206,984	24.0	125.9
Growth YoY (%)	83.2	178.2	8.0	(35.5)	24.0	(5,920bps)	5,947bps
Per Share							
FV (Rs)	1	1	1	1	1	0.0	0.0
EPS (Rs)	19	19	16	10	23	23.9	125.8
Book Value (Rs)	367	386	403	413	423	15.2	2.2

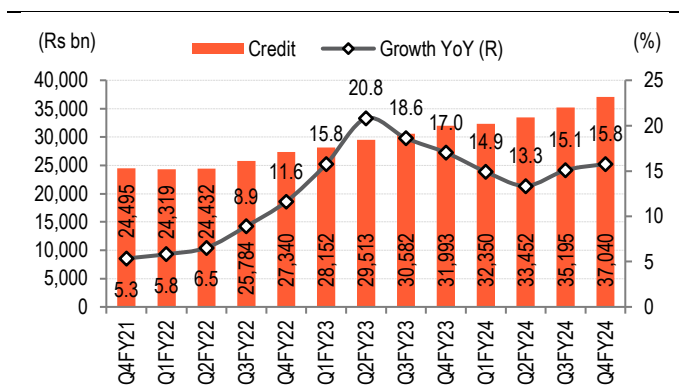
Source: BOBCAPS Research, Company

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

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Deposits	44,237,778	45,312,367	46,892,185	47,622,207	49,160,768	11.1	3.2
Growth YoY (%)	9.2	12.0	11.9	13.0	11.1	194bps	(189bps)
Advances	31,992,693	32,350,227	33,451,673	35,195,143	37,039,709	15.8	5.2
Growth YoY (%)	17.0	14.9	13.3	15.1	15.8	(124bps)	69bps
Investment	15,703,662	15,726,297	16,926,169	16,894,063	16,713,397	6.4	(1.1)
Equity	3,276,085	3,444,416	3,592,273	3,689,539	3,772,465	15.2	2.2
Assets	55,169,785	55,430,757	58,263,183	59,656,163	61,796,939	12.0	3.6
Growth YoY (%)	10.6	10.3	12.0	12.0	12.0	140bps	(4bps)
Yield (%)							
Yield on Funds	7.45	7.55	7.74	7.86	7.96	51bps	10bps
Cost of Funds	4.34	4.63	4.88	5.09	5.13	78bps	4bps
Spread	3.11	2.92	2.86	2.77	2.83	(28bps)	6bps
Net Interest Margin (calc.)	3.24	3.06	3.02	2.93	2.99	(25bps)	5bps
Ratios (%)							
Other Income / Net Income	25.7	23.7	21.5	22.3	29.4	374bps	708bps
Cost to Income ratio	54.7	50.4	61.4	60.3	51.3	(341bps)	(904bps)
CASA ratio	42.1	41.2	40.2	39.5	39.5	(261bps)	0bps
C/D ratio	72.3	71.4	71.3	73.9	75.3	302bps	144bps
Investment to Assets	28.5	28.4	29.1	28.3	27.0	(142bps)	(127bps)
Asset Quality							
GNPA	909,278	913,278	869,741	867,488	842,763	(7.3)	(2.85)
NNPA	214,666	229,954	213,524	224,084	210,511	(1.9)	(6.1)
Provision	694,611	683,325	656,217	643,404	632,253	(9.0)	(1.7)
GNPA (%)	2.78	2.76	2.56	2.42	2.24	(54bps)	(18bps)
NNPA (%)	0.67	0.71	0.64	0.64	0.57	(10bps)	(7bps)
PCR (%)	76.4	74.8	75.4	74.2	75.0	(137bps)	85bps

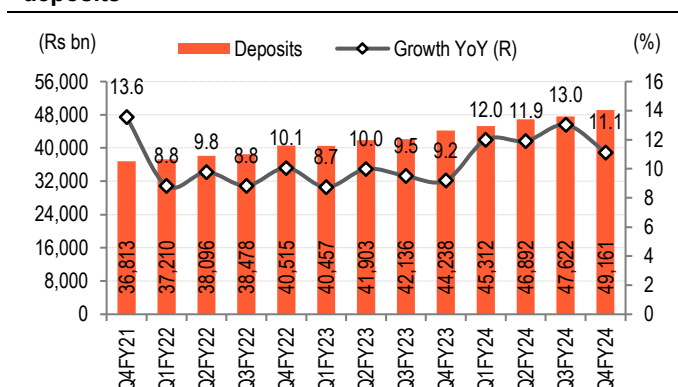
Source: BOBCAPS Research, Company

Fig 3 – Loan growth remained healthy across segment



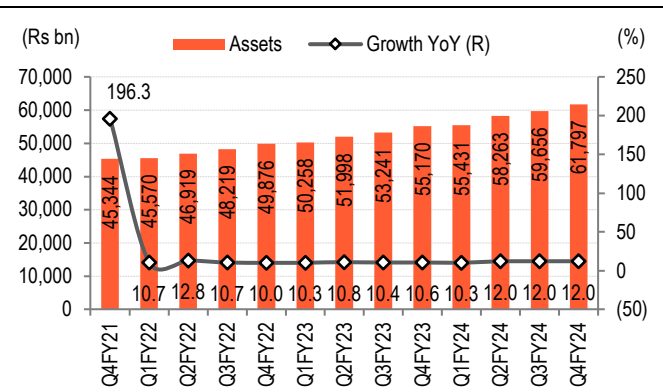
Source: Company, BOBCAPS Research

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



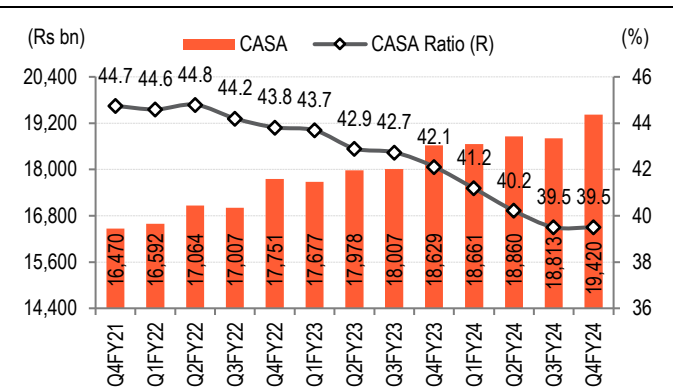
Source: Company, BOBCAPS Research

Fig 5 – Asset grew 12% YoY



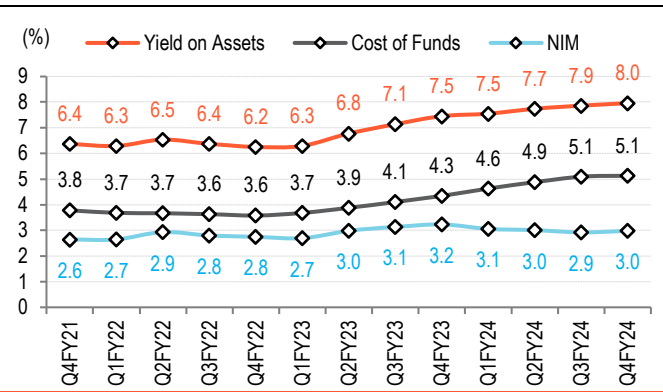
Source: Company, BOBCAPS Research

Fig 6 – CASA ratio remained flat



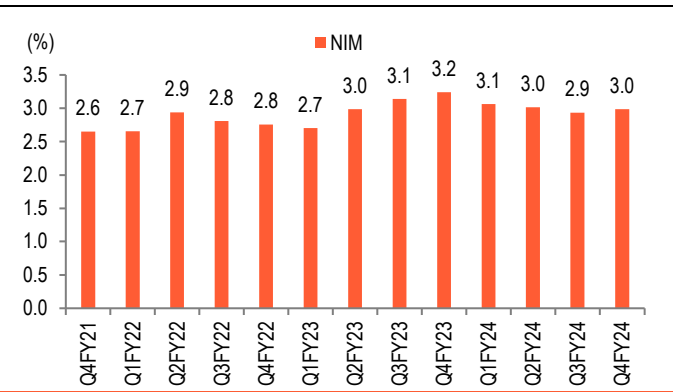
Source: Company, BOBCAPS Research

Fig 7 – NIM (calc.) up 8bps QoQ



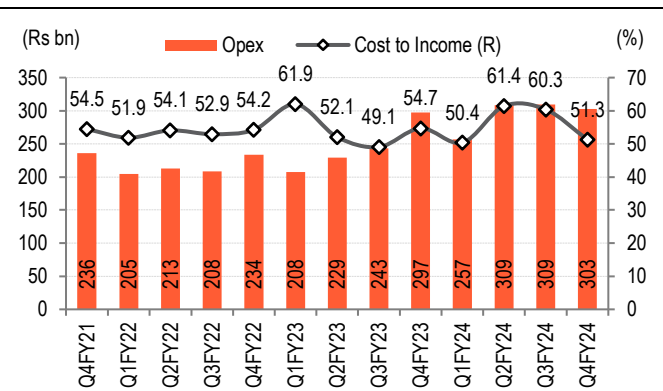
Source: Company, BOBCAPS Research

Fig 8 – ... expected to sustain at ~3% over FY25E



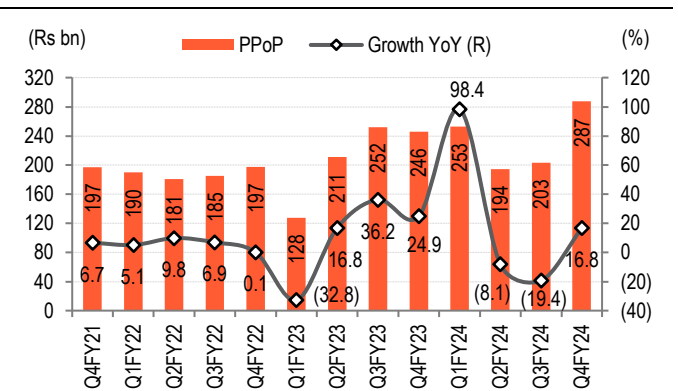
Source: Company, BOBCAPS Research

Fig 9 – Opex declined on lower staff cost



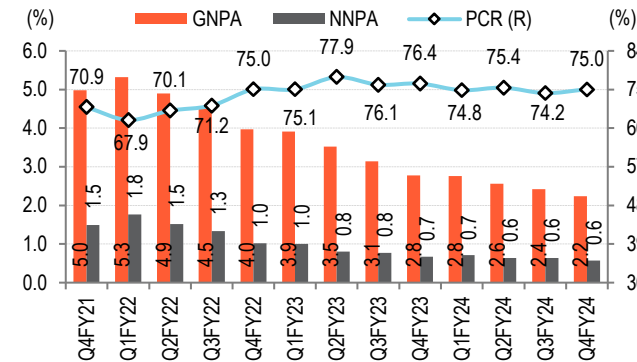
Source: Company, BOBCAPS Research

Fig 10 – PPOP up on higher other income & lower opex



Source: Company, BOBCAPS Research

Fig 11 – Asset quality continues to improve



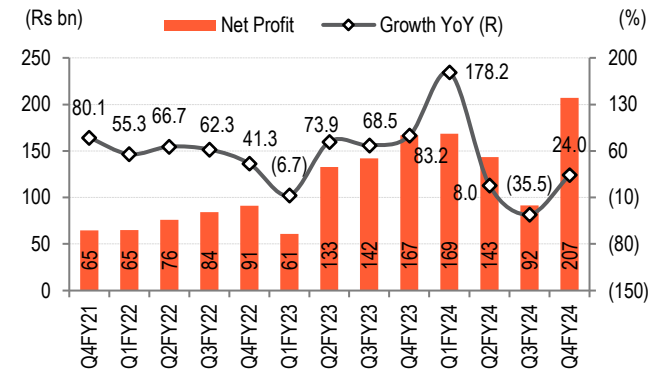
Source: Company, BOBCAPS Research

Fig 12 – Credit cost getting normalise



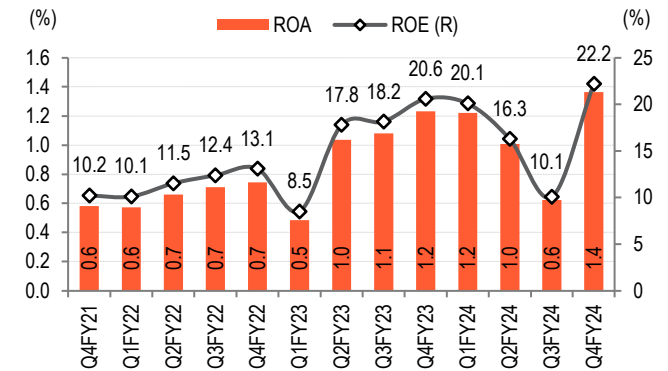
Source: Company, BOBCAPS Research

Fig 13 – One-off gain supported PAT



Source: Company, BOBCAPS Research

Fig 14 – Return ratios have potential for further improvement



Source: Company, BOBCAPS Research

Fig 15 – Loan book trend

(Rs bn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Home Loans	6,407	6,525	6,723	6,939	7,258	13.3	4.6
Auto Loans	975	1,009	1,049	1,131	1,165	19.5	3.0
Personal Loans	3,040	3,108	3,203	3,354	3,484	14.6	3.9
Other Retail Loans	1,370	1,401	1,460	1,539	1,615	17.9	4.9
Retail Loans	11,792	12,043	12,434	12,963	13,523	14.7	4.3
Agriculture	2,586	2,641	2,739	2,917	3,049	17.9	4.5
SME	3,593	3,699	3,890	4,181	4,330	20.5	3.6
Corporate	9,798	9,822	9,777	10,241	11,382	16.2	11.1
Domestic Advances	27,768	28,204	28,840	30,303	32,284	16.3	6.5
Overseas Loans	4,924	4,833	5,272	5,540	5,391	9.5	(2.7)
Gross Loans	32,692	33,037	34,113	35,843	37,675	15.2	5.1

Source: Company, BOBCAPS Research

Fig 16 – Loan book distribution

(%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Home Loans	19.6	19.8	19.7	19.4	19.3	(33bps)	(9bps)
Auto Loans	3.0	3.1	3.1	3.2	3.1	11bps	(6bps)
Personal Loans	9.3	9.4	9.4	9.4	9.2	(5bps)	(11bps)
Other Retail Loans	4.2	4.2	4.3	4.3	4.3	10bps	(1bps)
Retail Loans	36.1	36.5	36.5	36.2	35.9	(18bps)	(27bps)
Agriculture	7.9	8.0	8.0	8.1	8.1	18bps	(5bps)
SME	11.0	11.2	11.4	11.7	11.5	50bps	(17bps)
Corporate	30.0	29.7	28.7	28.6	30.2	24bps	164bps
Domestic Advances	84.9	85.4	84.5	84.5	85.7	75bps	115bps
Overseas Loans	15.1	14.6	15.5	15.5	14.3	(75bps)	(115bps)
Gross Loans	100.0	100.0	100.0	100.0	100.0	0bps	0bps

Source: Company, BOBCAPS Research

Fig 17 – Deposit trend

(Rs bn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Current Deposits	2,814	2,582	2,530	2,495	2,870	2.0	15.0
Saving Deposits	15,815	16,078	16,330	16,318	16,550	4.6	1.4
CASA Deposits	18,629	18,661	18,860	18,813	19,420	4.2	3.2
Term Deposits	23,907	24,862	26,173	26,866	27,823	16.4	3.6
Domestic Deposits	42,536	43,522	45,033	45,679	47,243	11.1	3.4
Overseas Deposits	1,702	1,790	1,859	1,943	1,917	12.7	(1.3)
Total Deposits	44,238	45,312	46,892	47,622	49,161	11.1	3.2

Source: Company, BOBCAPS Research

Fig 18 – Deposit distribution

(%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Current Deposits	6.4	5.7	5.4	5.2	5.8	(52bps)	60bps
Saving Deposits	35.7	35.5	34.8	34.3	33.7	(209bps)	(60bps)
CASA Deposits	42.1	41.2	40.2	39.5	39.5	(261bps)	0bps
Term Deposits	54.0	54.9	55.8	56.4	56.6	256bps	18bps
Domestic Deposits	96.2	96.0	96.0	95.9	96.1	(5bps)	18bps
Overseas Deposits	3.8	4.0	4.0	4.1	3.9	5bps	(18bps)
Total Deposits	100.0	100.0	100.0	100.0	100.0	0bps	0bps

Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- SBIN's asset quality improved QoQ in Q4FY24 with GNPA reducing by 18bps to 224bps and NNPA by 7bps to 57bps. Slippages during the quarter stood at Rs 39.8bn, wherein fresh slippages totalled Rs 38.7bn vs. Rs 49.6bn in Q3FY24. Upgrades and recoveries stood at Rs 64.6bn for the quarter as against Rs 52.7bn in Q3.
- Credit cost was reported at 18bps vs. 8bps Q3, and management is guiding for some normalisation of credit cost going ahead.
- Restructured loans stood at Rs 172.8bn (0.4% of loans) vs. Rs 188.8bn (0.5% of loans) in Q3. SMA-1/2 stood at Rs 33bn (SMA-1 at Rs 12.4bn and SMA-2 at Rs 20.6bn) from Rs 41.3bn in Q3.
- The bank has a non-NPA provision of Rs 322.6bn (Rs 241bn standard provision, Rs 63.8bn restructuring provision and Rs 17.6bn other loan-related provision), which is 153% of NNPA.
- With respect to project financing, management stated that its exposure towards project loans is to the tune of Rs 1.2tn and, hence, any additional provision requirement can be absorbed easily without any major impact.

Loans and deposits

- Management is targeting credit growth of 13-15% over FY25.
- With current CAR level and additional liquidity in balance sheet it can grow its assets by Rs 7tn without any external capital which is 21% YoY growth for FY25 to Rs 7tn without raising capital. However, it is open to raising capital if required.
- The bank's large corporate loans grew 16% YoY (11% QoQ) in Q4, while SMEs witnessed strong growth of 21% YoY (4% QoQ). Retail loans grew at a healthy rate of 15% YoY (+4% QoQ), mainly driven by auto loans (19.5% YoY, 3% QoQ) and Xpress credit (15% YoY, 4% QoQ). International business growth decelerated and grew by 9.5% YoY (-2.5% QoQ).
- The bank expects that with better macro conditions its corporate portfolio can grow stronger. Overall growth of 13-15% across segments would be possible.
- The bank intends to increase domestic loan deposits ratio (LDR) to 75% which currently stands at 68%
- It has excess statutory liquidity ratio (SLR) to the tune of Rs 3.7tn.
- The bank's liquidity coverage ratio (LCR) ratio stood at 129% for the quarter.
- The loan mix for Q4 is 27% EBLR, 37% MCLR and 21% fixed and rest is others.
- Deposits grew 11% YoY led by term deposits. Savings and current accounts grew modestly by 5% and 2% YoY respectively, leading to a QoQ flat CASA ratio of 39.5%.

NIM

- NIM reported 8bps QoQ rise to 3.3%, while management stated that the cost of deposits plateaued over Oct-Dec'23 and it expects NIM to be in the current range.

Opex

- Total operating expenses rose 2% YoY (-2% QoQ) during Q4. Decline in operating expenses was due to the decline in employee cost (16% QoQ) as expected provision of Rs 54bn towards the wage revision provision was offset by a writeback of Rs 40bn on gratuity and a mark-to-market (MTM) gain of Rs 3.9bn on actuarial valuation.
- Management is guiding for additional wage provision of Rs 60bn for FY25 vs. Rs 130bn in FY24.

Capital adequacy

- The CAR stood at 14.3% with Tier-1 capital of 11.9% (CET1 10.4%, AT1 1.6%).
- 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 lower our FY24/FY25 deposit estimates for SBIN by 2% each for FY25/26, while maintaining the credit growth estimate over the same period, considering a healthy business outlook and potential for delivery of strong growth. Despite current market dynamics – where across the industry banks are increasing the unsecured mix on loan books to improve margins and, hence, continuously raising regulatory concerns over aggressive growth and credit risk – we increase our credit cost assumptions for FY25/FY26 to 36bps/45bps (27/36bps earlier).

Healthy business growth, despite size, along with stable margins and asset quality likely provide further potential for performance improvement. We expect stable NIM at 3% and ROA/ROE of 1.1%/17% by FY26. We broadly maintain our growth estimates with strong performance across the segment. We revise our new SOTP-based TP to Rs 969 (from Rs 842), set at a P/ABV of 1.5x (vs. 1.3x) using the Gordon Growth Model and adding Rs 181/sh for subsidiaries – BUY.

Fig 19 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Loan	42,780,863	49,197,993	42,494,294	48,868,439	0.7	0.7
Deposits	55,797,471	63,051,143	56,988,211	64,396,679	(2.1)	(2.1)
Assets	68,861,903	78,037,811	69,861,251	79,172,226	(1.4)	(1.4)
NII	1,744,327	2,029,873	1,791,408	2,076,716	(2.6)	(2.3)
PPOP	1,037,996	1,269,720	1,020,566	1,227,331	1.7	3.5
Provisions	143,677	206,952	107,036	164,453	34.2	25.8
PAT	663,585	788,573	677,840	788,655	(2.1)	0.0

Source: BOBCAPS Research

Fig 20 – Key operational assumptions

Parameter (%)	FY23A	FY24E	FY25E	FY26E
Advances Growth	17.0	15.8	15.5	15.0
Net Interest Income Growth	20.0	10.4	9.1	16.4
PPoP Growth	23.3	12.0	10.7	22.3
PAT Growth	58.6	21.6	8.6	18.8
NIM	3.0	3.0	2.9	3.0
GNPA	2.8	2.2	1.9	1.8
CAR	14.7	14.3	14.5	14.3

Source: Company, BOBCAPS Research

Fig 21 – SOTP valuation summary

Business	Valuation method	Holdings (%)	Value (Rs/sh)
Bank	1.3x FY26E ABV	100	788
SBI Life	Mcap	55	89
SBI AMC	6% of AUM	63	41
SBI General	25x FY26 EPS	70	7
SBI Card	Mcap	69	53
SBI Capital	15x FY26 EPS	100	24
Holding Company Discount	15%	-	(32)
Total	-	-	969

Source: Company, BOBCAPS Research

Fig 22 – Valuation assumptions

Gordon Growth Model	(%)
Return on Equity (RoE)	6.3
Cost of Equity (Ke)	5.0
Growth (Period 1)	1.2
Growth (Long Term)	12.3
Initial High Growth Period (yrs)	14.1
Dividend Payout (Period 1)	10.0
Dividend Payout (Long Term)	20.0
Factor 1	5.6
Factor 2	60.0
Justified P/BV (x)	1.5

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	42.1	1,120	1,252	HOLD
Bandhan Bank	BANDHAN IN	3.7	187	270	BUY
DCB Bank	DCBB IN	0.5	131	172	BUY
Federal Bank	FB IN	4.7	160	189	BUY
HDFC Bank	HDFCB IN	131.9	1,438	1,872	BUY
ICICI Bank	ICICIB IN	95.5	1,117	1,272	HOLD
IDFC First Bank	IDFCBK IN	6.3	77	96	BUY
Indusind Bank	IIB IN	13.4	1,410	1,881	BUY
Kotak Mahindra Bank	KMB IN	39.4	1,628	2,000	BUY
RBL Bank	RBK IN	1.8	244	309	BUY
State Bank of India	SBIN IN	88.8	817	969	BUY

Source: BOBCAPS Research, NSE | Price as of 10 May 2024

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Net interest income	1,207,076	1,448,405	1,598,758	1,744,327	2,029,873
NilI growth (%)	9.0	20.0	10.4	9.1	16.4
Non-interest income	405,639	366,156	516,822	548,767	594,944
Total income	1,612,715	1,814,561	2,115,580	2,293,094	2,624,816
Operating expenses	933,975	977,431	1,177,608	1,255,098	1,355,097
PPOP	678,740	837,130	937,972	1,037,996	1,269,720
PPOP growth (%)	(5.1)	23.3	12.0	10.7	22.3
Provisions	244,521	165,073	49,142	143,677	206,952
PBT	434,219	672,056	817,830	894,319	1,062,767
Tax	117,459	169,732	207,063	230,734	274,194
Reported net profit	316,760	502,324	610,766	663,585	788,573
Adjustments	0	0	0	0	0
Adjusted net profit	316,760	502,324	610,766	663,585	788,573

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Equity capital	8,925	8,925	8,925	8,925	8,925
Reserves & surplus	2,791,956	3,267,160	3,763,541	4,294,408	4,925,267
Net worth	2,800,881	3,276,084	3,772,465	4,303,333	4,934,192
Deposits	40,515,341	44,237,778	49,160,768	55,797,471	63,051,143
Borrowings	4,260,434	4,931,352	5,975,609	6,334,146	6,714,194
Other liab. & provisions	2,299,318	2,724,571	2,888,097	2,426,953	3,338,283
Total liab. & equities	49,875,974	55,169,785	61,796,939	68,861,903	78,037,811
Cash & bank balance	3,945,523	3,078,996	3,108,020	3,174,987	3,595,171
Investments	14,814,455	15,703,662	16,713,397	17,590,199	19,125,058
Advances	27,339,666	31,992,693	37,039,709	42,780,863	49,197,993
Fixed & Other assets	3,776,330	4,394,434	4,935,814	5,315,854	6,119,590
Total assets	49,875,974	55,169,785	61,796,939	68,861,903	78,037,811
Deposit growth (%)	10.1	9.2	11.1	13.5	13.0
Advances growth (%)	11.6	17.0	15.8	15.5	15.0

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24P	FY25E	FY26E
EPS	35.5	56.3	68.4	74.4	88.4
Dividend per share	7.1	11.3	13.7	14.9	17.7
Book value per share	313.8	367.1	422.7	482.2	552.9

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24P	FY25E	FY26E
P/E	23.0	14.5	11.9	11.0	9.3
P/BV	2.6	2.2	1.9	1.7	1.5
Dividend yield (%)	0.9	1.4	1.7	1.8	2.2

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24P	FY25E	FY26E
Net interest income	2.8	3.1	2.7	2.7	2.8
Non-interest income	0.9	0.8	0.9	0.8	0.8
Operating expenses	2.1	2.0	2.0	1.9	1.8
Pre-provisioning profit	1.7	1.8	1.6	1.6	1.7
Provisions	0.6	0.3	0.1	0.2	0.3
PBT	1.1	1.5	1.5	1.4	1.4
Tax	0.3	0.4	0.4	0.4	0.4
ROA	0.8	1.1	1.2	1.0	1.1
Leverage (x)	17.1	17.0	16.6	16.2	15.9
ROE	14.1	19.3	19.3	16.4	17.1

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
YoY growth (%)					
Net interest income	9.0	20.0	10.4	9.1	16.4
Pre-provisioning profit	(5.1)	23.3	12.0	10.7	22.3
EPS	55.2	58.6	21.6	8.6	18.8
Profitability & Return ratios (%)					
Net interest margin	3.1	3.4	3.4	3.2	3.3
Fees / Avg. assets	0.1	0.1	0.0	0.1	0.1
Cost-Income	57.9	53.9	55.7	54.7	51.6
ROE	14.1	19.3	19.3	16.4	17.1
ROA	0.8	1.1	1.2	1.0	1.1
Asset quality (%)					
GNPA	3.9	2.8	2.2	1.9	1.8
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	0.3	0.4	0.5
Provision coverage	74.0	75.7	74.5	74.5	74.5
Ratios (%)					
Credit-Deposit	67.5	72.3	75.3	76.7	78.0
Investment-Deposit	36.6	35.5	34.0	31.5	30.3
CAR	13.8	14.7	14.3	14.5	14.3
Tier-1	11.4	12.1	11.9	11.9	12.0

Source: Company, BOBCAPS Research

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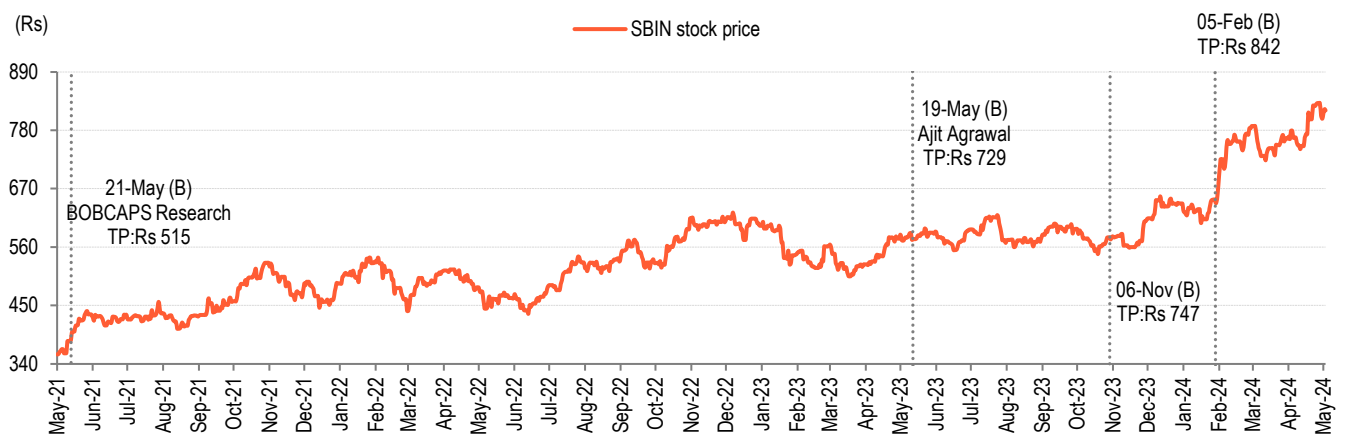
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