

November 8, 2024

RESULT REPORT Q2 FY25 | Sector: Banks

State Bank of India

Broad investment thesis remains intact

Our view – Management guides for reasonably healthy loan growth

Balance sheet growth – Loan growth outcome and guidance were both positive, while management was currently willing to allow deposit growth to lag: Whole bank advances grew 2.9%/15.3% QoQ/YoY driven by all segments, barring retail. In terms of guidance, the bank is looking at a credit growth in the range of 14-16% YoY. There is good corporate credit visibility due to healthy sanctions and undisbursed quantum amounting to Rs 6 trn, which used to be Rs 4.5 trn earlier. There is also healthy utilisation of working capital limits. Corporate credit growth is expected to remain in the high teens. Deposit growth is expected to be lower at 10-11% YoY. The bank is comfortable on liquidity with the LCR at 129% and the domestic loan to deposit ratio at 67.8%.

Asset quality – Slippages remained well under control declining sequentially while management guided for sustained recoveries: Gross NPA additions amounted to Rs 49.51bn for 2QFY25, translating to an annualized slippage ratio of 0.5% for the quarter. Gross NPA additions had amounted to Rs 87.07bn during 1QFY25. The current run rate of recoveries from technically written off accounts will continue. Provisions were Rs 45.06bn as against Rs. 34.49bn in 1QFY25 and Rs. 1.15bn in 2QFY24, translating to calculated annualised credit cost of 47bps. Total loan loss provision was Rs 36.31bn, translating to an annualised specific credit cost of 38bps.

Net interest margin – NIM declined on sequential basis but management guided for broadly stable margin for the rest of the year: Global NIM at 3.14% was down -8bps/-15bps QoQ/YoY. More than 40% of the bank's book is MCLR linked, which will reprice gradually. Also, with EBLR, the t-bill linked loans are short-term whose pricing can be changed. A moderate rate of 25 bps is expected in February. However, there have been MCLR rate hikes, which will play out after December and which provide a 20 bps cushion.

We maintain 'Buy' rating on SBI with a revised price target of Rs 1025: We value the bank at 1.3x FY26 P/BV for an FY25E/26E RoE profile of 15.8/15.9/16.6%. We assign a value of Rs 278 per share to the subs., on SOTP.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

Other Highlights (See "Our View" above for elaboration and insight)

- **Opex control:** Total cost to income ratio was at 48.5% down by -91/-1288bps QoQ/YoY and the Cost to assets was at 1.8% up/down by 9/-41bps QoQ/YoY.
- **Fee income:** Core fee income to average assets was at 0.4%, down -1bp/-2bps QoQ/YoY.

Exhibit 1: Result table

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy
Total Interest Income	1,138,706	1,115,260	2.1	1,013,788	12.3
Interest expended	(722,510)	(704,005)	2.6	(618,788)	16.8
Net Interest Income	416,195	411,255	1.2	395,000	5.4
Fee Income	68,340	69,210	(1.3)	65,350	4.6
Non-fee Income	84,366	42,409	98.9	42,556	98.2
Total Non-Interest Income	152,706	111,619	36.8	107,906	41.5
Total Income	568,901	522,873	8.8	502,906	13.1
Employee Expense	(148,074)	(154,660)	(4.3)	(189,264)	(21.8)
Other Opex	(127,890)	(103,728)	23.3	(119,476)	7.0
Total Operating expenses	(275,964)	(258,387)	6.8	(308,740)	(10.6)
PPoP	292,937	264,486	10.8	194,166	50.9
Provisions	(45,057)	(34,494)	30.6	(1,153)	3,808.5
PBT	247,880	229,992	7.8	193,013	28.4
Tax	(64,566)	(59,640)	8.3	(49,713)	29.9
PAT	183,314	170,352	7.6	143,300	27.9

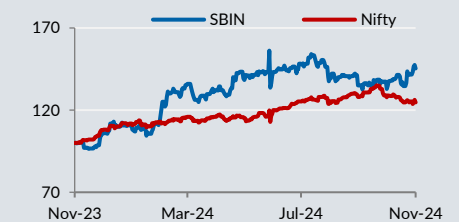
Source: Company, YES Sec-Research

Recommendation	: BUY
Current Price	: Rs 843
Target Price	: Rs 1025
Potential Return	: +22%

Stock data (as on November 8, 2024)

Nifty	24,148
52 Week h/l (Rs)	912 / 555
Market cap (Rs/USD mn)	7671604 / 90951
Outstanding Shares (mn)	8,925
6m Avg t/o (Rs mn):	14,295
Div yield (%):	1.7
Bloomberg code:	SBIN IN
NSE code:	SBIN

Stock performance



	1M	3M	1Y
Absolute return	7.9%	4.3%	45.3%

Shareholding pattern (As of Jun'24 end)

Promoter	56.9%
FII+DII	34.4%
Others	7.6%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1025	1030

Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
NII	1,751,474	2,027,700	2,328,110
PPOP	1,117,505	1,360,570	1,610,827
Net Profit	665,542	792,248	950,168
Growth (%)	9.0	19.0	19.9
EPS (Rs)	71.0	84.5	101.4
BVPS (Rs)	496	567	655
P/E (x)	8.0	6.7	5.6
P/BV (x)	1.1	1.0	0.9
ROE (%)	15.8	15.9	16.6
ROA (%)	1.0	1.1	1.2
Tier-1 (%)	12.7	12.3	12.1

Δ in earnings estimates

Rs. bn	FY25E	FY26E	FY27E
EPS (New)	71.0	84.5	101.4
EPS (Old)	74.0	88.2	105.4
% change	-4.0%	-4.2%	-3.8%

SHIVAJI THAPLIYAL

Head of Research (Overall)
& Lead Sector Research Analyst
shivaji.thapliyal@ysil.in



SIDDHARTH RAJPUROHIT, Analyst

SURAJ SINGHANIA, Associate

COMPREHENSIVE CON-CALL TAKEAWAYS

Deposits growth

- **Guidance**
 - The bank has a market share of 23% in deposits and does not wish to allow this to go down.
 - While the bank is comfortable on liquidity and capital, it wishes to fund incremental growth with deposits (as much as is possible).
 - Hence, the bank believes it can achieve that goal through low double digit deposit growth of 10-11% YoY.
- **Deposit growth outcomes**
 - The deposits were at Rs 51,173 bn, up by 4.4% QoQ and 9.1% YoY.
 - Term deposits have grown 12.5% YoY.
 - CASA deposits have grown by 4.24% YoY
 - Current account deposits have grown 10.05% YoY
 - The share of CASA in domestic deposits was at 40.03%
 - **More on YONO**
 - Total 0.81bn customers are registered on YONO.
 - 61% of the regular savings bank's accounts were opened through YONO in 2Q.

Loan growth

- **Guidance**
 - There is secular growth trend in all segments except retail.
 - Agri segment will continue to do well in the second half.
 - The bank is looking at a credit growth in the range of 14-16% YoY.
- **Corporate credit**
 - There is good visibility due to healthy sanctions and undisbursed quantum amounting to Rs 6 trn, which used to be Rs 4.5 trn earlier.
 - There is also healthy utilisation of working capital limits.
 - Corporate credit growth is expected to remain in high teens.
- **Xpress credit**
 - Growth in segment has fallen below 10% YoY.
 - This is a high churn product where the initial term is 5-6 years but the average life of the loan is 14 months.
 - Repayments have outpaced disbursements leading to lower growth.
 - However, traction in the current month is healthy and a 10% YoY growth is possible.
- **Growth outcomes**
 - The total gross advances for the bank grew 14.9% YoY with domestic advances growing 15.55% YoY and overseas advances growing 11.56% YoY.
 - Within domestic advances, retail advances, agri, SME and corporate advances grew 12.32%, 17.67%, 17.36% and 18.35% YoY, respectively.

Asset quality

- **Slippages**
 - Gross NPA additions amounted to Rs 49.51 bn for 2QFY25, translating to an annualized slippage ratio of 0.51% for the quarter. (Gross NPA additions had amounted to Rs 87.07 bn during 1QFY25.)

(Con call takeaways continue on the next page)

- **Recoveries and upgrades**
 - Recoveries and upgrades amounted to Rs 26 bn for 2QFY25, implying net NPA addition of Rs 23.51bn for the quarter.
 - The current run rate of recoveries from technically written off accounts will continue.
- **Provisions**
 - **P&L provisions**
 - Provisions were Rs 45.06bn as against Rs. 34.49bn in 1QFY25 and Rs. 1.15bn in 2QFY24, translating to calculated annualised credit cost of 47bps.
 - Total loan loss provision was Rs 36.31bn, translating to an annualised credit cost of 38bps.
 - **Credit cost guidance**
 - Broad guidance for credit cost is 50 bps.
 - **Outstanding provisions**
 - The PCR including written off accounts amounted to 92.21% and excluding written off accounts amounted to 75.66%.
- **Restructured book**
 - The outstanding standard restructured advances stood at Rs 148.3bn or 0.4% of gross advances
- **NPA ratios**
 - GNPA ratio stands at 2.13%, down -8bps QoQ and -43bps YoY while NNPA ratio stands at 0.53%, down -4bps QoQ and -11bps YoY.

Net interest margin

- **NIM for the quarter**
 - NIM was at 3.14%, down -8bps QoQ and -15bps YoY.
 - There was no impact from penal interest reclassification.
- **Liquidity**
 - The LCR was at 129% as of September 2024.
 - The domestic loan to deposit ratio was at 67.8%.
- **Margin guidance**
 - There will some impact of rate cuts on every bank's book.
 - However, more than 40% of the bank's book is MCLR linked (which will reprice gradually).
 - Also, with EBLR, the t-bill linked loans are short-term whose pricing can be changed.
 - A moderate rate of 25 bps is expected in February.
 - However, there have been MCLR rate hikes, which will play out after December and which provide a 20 bps cushion.
 - Hence, margin will be broadly stable as of year end.

Operating expenses

- **Total opex**
 - Total Opex, at Rs. 275.96 bn, is up 6.8% QoQ but down -10.6% YoY.
 - Consequently, cost/income ratio came in at 48.5%, down by -91bps QoQ and -1288bps YoY.
- **Staff opex**
 - The staff opex is down by -4.3% QoQ and -21.8% YoY.

(Con call takeaways continue on the next page)

- **Non-staff opex**

- Non-staff opex is up by 23.3% QoQ and 7.0% YoY.

Capital adequacy

- The CET1 ratio stands 9.95%.
- The CRAR was 13.76% and including 1HFY25 profit it was 14.79%
- The RWA to total asset was at 54%.

Return ratios

- The 1HFY25 RoE amounted to 21.78%.
- The 2QFY25 RoA amounted to 1.17%, up 16 bps YoY.
- The RoRWA was at 2.07%.

Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy	Q2 FY25*	chg qoq*	chg yoy*
Gross Advances	39,207,190	38,120,870	2.8	34,112,520	14.9	100.0	0bps	0bps
Corporate	11,571,710	11,385,790	1.6	9,777,450	18.4	29.5	-35bps	85bps
SME	4,564,910	4,434,120	2.9	3,889,740	17.4	11.6	1bps	24bps
Retail	13,966,240	13,680,450	2.1	12,434,210	12.3	35.6	-27bps	-83bps
Home Loan	7,641,410	7,395,810	3.3	6,722,830	13.7	19.5	9bps	-22bps
Auto Loan	1,174,140	1,176,250	(0.2)	1,048,600	12.0	3.0	-9bps	-8bps
Xpress Credit	3,414,720	3,455,760	(1.2)	3,202,880	6.6	8.7	-36bps	-68bps
Gold Loan	388,260	354,370	9.6	302,580	28.3	1.0	6bps	10bps
Others	1,347,710	1,298,260	3.8	1,157,320	16.5	3.4	3bps	4bps
Agriculture	3,222,470	3,090,940	4.3	2,738,660	17.7	8.2	11bps	19bps
International	5,881,850	5,529,570	6.4	5,272,450	11.6	15.0	50bps	-45bps
Total Deposits	51,172,849	49,017,259	4.4	46,892,185	9.1	100.0	0bps	0bps
Domestic	49,105,280	47,039,500	4.4	45,033,400	9.0	96.0	-1bps	-8bps
Term	29,446,290	27,895,100	5.6	26,173,260	12.5	57.5	63bps	173bps
SA	16,875,010	16,682,820	1.2	16,330,390	3.3	33.0	-106bps	-185bps
CA	2,783,980	2,461,580	13.1	2,529,750	10.0	5.4	42bps	5bps
International	2,067,569	1,977,759	4.5	1,858,785	11.2	4.0	1bps	8bps
Investments	16,655,111	16,288,359	2.3	16,926,169	(1.6)	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	30.2	30.3	-13bps	33.6	-344bps	NA	NA	NA
Borrowings	5,588,156	5,856,672	(4.6)	5,127,128	9.0	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	9.8	10.7	-83bps	9.9	-1bps	NA	NA	NA
RWA to Total Assets (%)	54.0	53.2	80bps	49.3	474bps	NA	NA	NA

Source: Company, YES Sec - Research, *Share in Total and change in share

Exhibit 3: Key quarterly ratios

(%)	Q2 FY25	Q1 FY25	chg qoq	Q2 FY24	chg yoy
Global Net interest margin	3.14	3.22	-8bps	3.29	-15bps
Cumm. Yield on advances	8.87	8.83	4bps	8.86	1bps
Cumm. Cost of Deposits	5.03	5.00	3bps	4.65	38bps
Domestic CASA	40.0	40.7	-66bps	41.9	-185bps
Loan to Deposit ratio	75.4	76.5	-111bps	71.3	404bps
Non-int. income / Total Income	26.8	21.3	550bps	21.5	539bps
Fee Income/Avg. Total Assets	0.4	0.4	-1bps	0.5	-2bps
Cost to Income	48.5	49.4	-91bps	61.4	-1288bps
Opex/Avg. Total Assets	1.8	1.7	9bps	2.2	-41bps
Credit Cost	0.5	0.4	10bps	0.0	46bps
RoA (Annualised)	1.2	1.1	7bps	1.0	16bps
Annualised Slippage Ratio, %	0.5	0.9	-41bps	0.5	3bps
Provision coverage ratio	92.2	91.8	45bps	91.9	28bps
Gross NPA	2.1	2.2	-8bps	2.6	-43bps
Net NPA	0.5	0.6	-4bps	0.6	-11bps
Capital adequacy ratio	13.8	13.9	-10bps	14.3	-52bps
Tier I capital ratio	11.3	11.8	-46bps	11.8	-46bps
Common equity tier 1 capital ratio	10.0	10.3	-30bps	9.9	1bps

Source: Company, YES Sec - Research

Exhibit 4: Segmental NPA

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy
Corporate	241,060	247,520	(2.6)	302,490	(20.3)
<i>Corporate NPA (%)</i>	<i>2.1</i>	<i>2.2</i>		<i>3.1</i>	
SME	165,840	166,230	(0.2)	171,690	(3.4)
<i>SME NPA (%)</i>	<i>3.6</i>	<i>3.8</i>		<i>4.4</i>	
Agriculture	304,090	304,250	(0.1)	292,070	4.1
<i>Agriculture NPA (%)</i>	<i>9.4</i>	<i>9.8</i>		<i>10.7</i>	
Retail - Per Segment	108,600	110,330	(1.6)	85,030	27.7
<i>Retail Per segment NPA (%)</i>	<i>0.8</i>	<i>0.8</i>		<i>0.7</i>	
International	14,100	13,930	1.2	18,460	(23.6)
<i>Overseas NPA (%)</i>	<i>0.2</i>	<i>0.3</i>		<i>0.4</i>	

Source: Company, YES Sec - Research

Exhibit 5: Fund based outstanding of industrial sectors

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy	% Share*
Infrastructure	4,014,690	3,919,530	2.4	3,687,850	8.9	12.0
Power	2,072,350	2,029,370	2.1	1,850,980	12.0	6.2
Telecom	289,000	296,630	(2.6)	350,570	(17.6)	0.9
Roads & Ports	1,169,690	1,130,460	3.5	1,061,940	10.1	3.5
Others	483,650	463,060	4.4	424,360	14.0	1.4
Services	4,504,630	4,388,560	2.6	3,612,370	24.7	13.5
Iron & Steel	661,090	665,260	(0.6)	574,670	15.0	2.0
Aviation & Airports	224,140	216,360	3.6	169,690	32.1	0.7
Tourism & Hotels	109,140	128,770	(15.2)	126,710	(13.9)	0.4
Textiles	376,390	380,430	(1.1)	353,370	6.5	1.2
Petroleum & Petrochemicals	660,760	569,800	16.0	483,870	36.6	1.8
Engineering	323,460	267,500	20.9	245,840	31.6	0.8
Commercial Real Estate	614,330	617,060	(0.4)	486,920	26.2	1.9
Other Industries	4,647,990	4,666,650	(0.4)	3,925,900	18.4	14.3

Source: Company, YES Sec - Research, *Share in total domestic advances for latest quarter

Exhibit 6: Quarterly Actuals Vs Estimates

Q2FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	416,195	420,128	(0.9)
Pre-Prov. Operating Profit	292,937	270,156	8.4
Profit After Tax	183,314	187,117	(2.0)

Source: Company, YES Sec - Research

Exhibit 7: Operating Expense Break-up

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy
Employee Expense (A)	148,070	154,660	(4.3)	189,270	(21.8)
Salary	119,010	119,670	(0.6)	97,060	22.6
Provisions for Employees	29,060	34,990	(16.9)	92,210	(68.5)
Other Operating Expense (B)	127,890	103,730	23.3	119,480	7.0
Business Dev. Expenses	14,910	10,610	40.5	15,090	(1.2)
Others	112,980	93,120	21.3	104,390	8.2
Total Operating Expense (A+B)	275,960	258,390	6.8	308,750	(10.6)

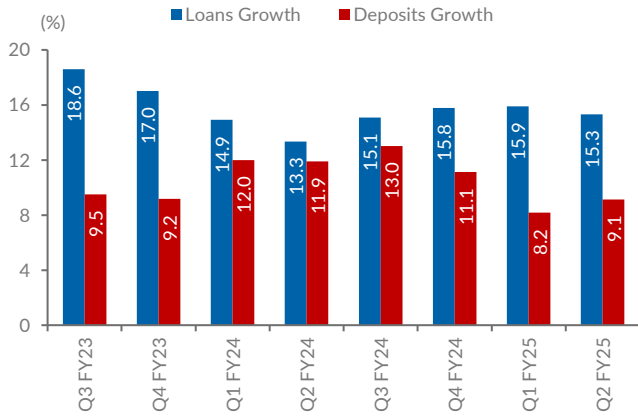
Source: Company, YES Sec - Research

Exhibit 8: Non-Interest Income Break-up

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy
Total Fee Income (A)	68,340	69,210	(1.3)	65,350	4.6
Loan Processing Charges	12,670	12,520	1.2	15,240	(16.9)
Commission on Govt. Business	9,380	10,130	(7.4)	10,200	(8.0)
Commission on LC/BG	7,490	7,890	(5.1)	7,970	(6.0)
Cross Selling	11,090	8,640	28.4	9,690	14.4
Remittance, Collection, etc.	15,550	14,910	4.3	14,760	5.4
Misc. Fee Income	12,160	15,120	(19.6)	7,490	62.3
Total Other Income (B)	84,370	42,400	99.0	42,550	98.3
Trading profits	46,410	25,890	79.3	20,210	129.6
Forex	11,110	3,610	207.8	2,980	272.8
Others	26,850	12,900	108.1	19,360	38.7
Total Non-Interest Income (A+B)	152,710	111,610	36.8	107,900	41.5

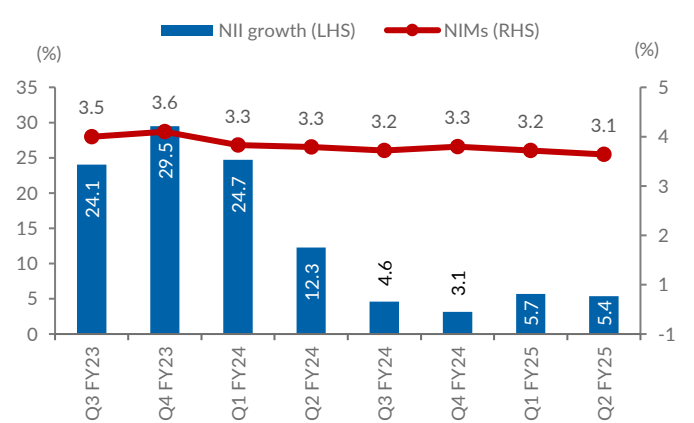
Source: Company, YES Sec - Research

Exhibit 9: Loans and Deposits growth (YoY %)



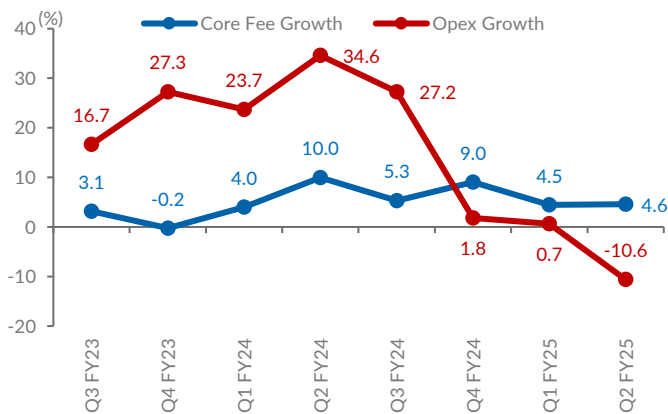
Source: Company, YES Sec - Research

Exhibit 10: NII growth (YoY %) and NIM (%)



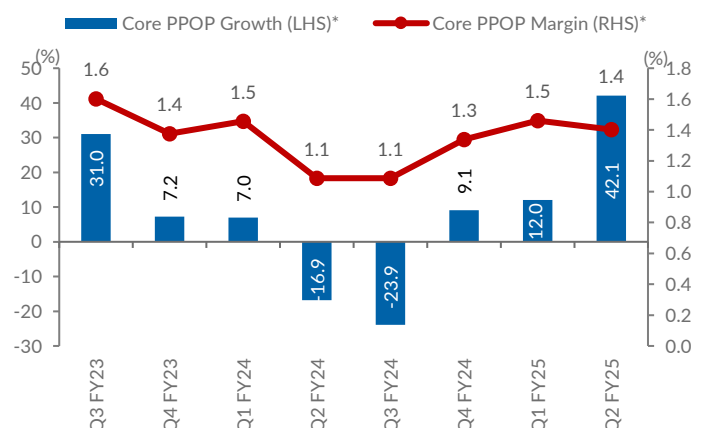
Source: Company, YES Sec - Research

Exhibit 11: Core Fee and Opex growth (YoY %)



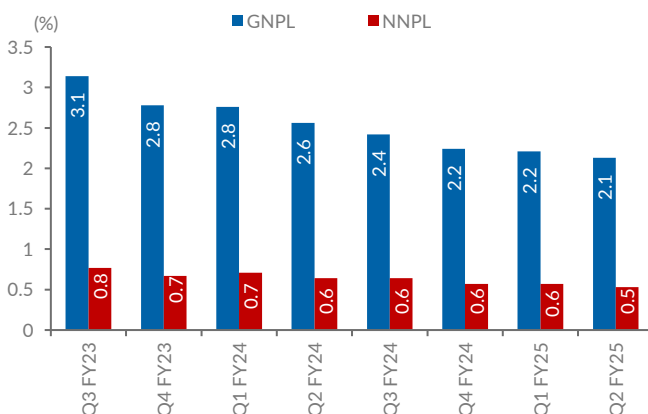
Source: Company, YES Sec - Research

Exhibit 12: Core PPOP growth (YoY %) and Core PPOP margin (%)



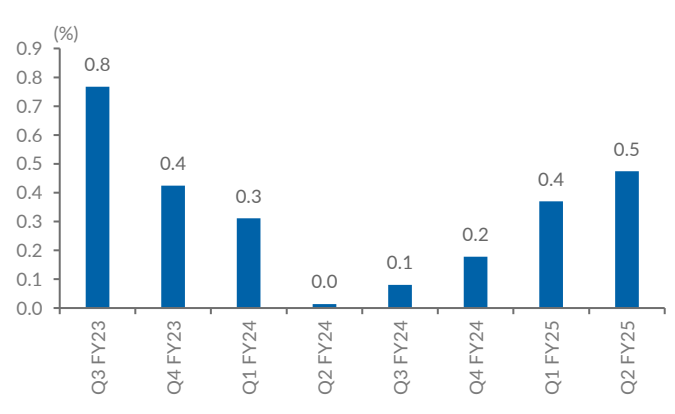
Source: Company, YES Sec - Research, * Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

Exhibit 13: Gross NPA and Net NPA (%)



Source: Company, YES Sec - Research

Exhibit 14: Provisions/Average Advances (%)



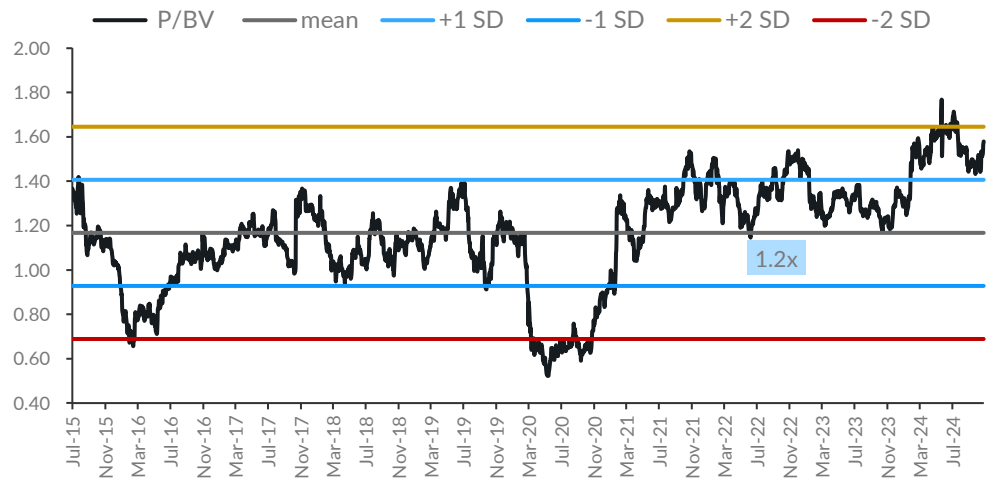
Source: Company, YES Sec - Research

Exhibit 15: 1-year rolling P/BV band



Source: Company, YES Sec - Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

Exhibit 16: 1-yr rolling P/BV vis-a-vis the mean and standard deviations



Source: Company, YES Sec - Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

ANNUAL FINANCIALS

Exhibit 17: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Total cash & equivalents	3,078,996	3,108,020	3,546,922	4,008,022	4,529,065
Investments	15,703,662	16,713,397	18,918,714	21,266,618	23,908,597
Advances	31,992,693	37,039,709	42,225,268	47,714,553	53,917,444
Fixed assets	423,818	426,173	426,173	426,173	426,173
Other assets	3,970,616	4,509,642	4,058,678	3,652,810	3,287,529
Total assets	55,169,785	61,796,939	69,175,754	77,068,176	86,068,808
Net worth	3,276,084	3,772,465	4,650,413	5,314,281	6,136,068
Deposits	44,237,778	49,160,768	54,605,605	61,741,675	69,805,434
Borrowings	4,931,352	5,975,609	7,053,691	7,243,089	7,543,544
Other liabilities	2,724,571	2,888,097	2,866,046	2,769,130	2,583,761
Total liabilities incl. Equity	55,169,785	61,796,939	69,175,754	77,068,176	86,068,808

Source: Company, YES Sec – Research

Exhibit 18: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	3,321,031	4,151,307	4,673,077	5,294,567	5,975,014
Interest expense	(1,872,626)	(2,552,548)	(2,921,603)	(3,266,866)	(3,646,905)
Net interest income	1,448,405	1,598,758	1,751,474	2,027,700	2,328,110
Non-interest income	366,156	516,822	534,634	605,273	682,658
Total income	1,814,561	2,115,580	2,286,108	2,632,973	3,010,768
Operating expenses	(977,431)	(1,177,608)	(1,168,603)	(1,272,403)	(1,399,941)
PPoP	837,130	937,972	1,117,505	1,360,570	1,610,827
Provisions	(165,073)	(49,142)	(228,100)	(301,839)	(341,059)
Exceptional Item	0	(71,000)	0	0	0
Profit before tax	672,056	817,830	889,405	1,058,731	1,269,769
Taxes	(169,732)	(207,063)	(223,863)	(266,483)	(319,601)
Net profit	502,324	610,766	665,542	792,248	950,168

Source: Company, YES Sec – Research

Exhibit 19: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	6.3	7.1	7.1	7.2	7.3
Interest expense	-3.6	-4.4	-4.5	-4.5	-4.5
Net interest income	2.8	2.7	2.7	2.8	2.9
Non-interest income	0.7	0.9	0.8	0.8	0.8
Total income	3.5	3.6	3.5	3.6	3.7
Operating expenses	-1.9	-2.0	-1.8	-1.7	-1.7
PPoP	1.6	1.6	1.7	1.9	2.0
Provisions	-0.3	-0.1	-0.3	-0.4	-0.4
Profit before tax	1.3	1.4	1.4	1.4	1.6
Taxes	-0.3	-0.4	-0.3	-0.4	-0.4
Net profit	1.0	1.0	1.0	1.1	1.2

Source: Company, YES Sec - Research

Exhibit 20: Sum of the Parts (SOTP) - Subsidiaries

Subsidiary	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple (Implied / Assigned)	Stake (%)	Stake value (Rs mn)	Per share (Rs)
SBI Cards	666,056	BV	130,900	5.1	69.0%	459,312	51.5
SBI Life Insurance	1,593,410	EV	660,700	2.4	55.5%	883,546	99.0
SBI General Insurance	45,600	PAT	2,400	19.0	70.0%	31,920	3.6
SBI Capital Markets	244,650	PAT	16,310	15.0	100.0%	244,650	27.4
Bank	651,733	BV	464,070	1.4	26.1%	170,298	19.1
SBI AMC	1,098,643	AUM	10,986,430	10%	62.9%	690,827	77.4
Value of Subsidiaries						2,480,552	277.9

Source: Company, YES Sec - Research

Exhibit 21: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Interest Income	1,751,474	2,027,700	2,328,110	1,787,205	2,072,537	2,376,441	(2.0)	(2.2)	(2.0)
Pre-Prov. Operating Profit	1,117,505	1,360,570	1,610,827	1,153,320	1,405,585	1,659,382	(3.1)	(3.2)	(2.9)
Profit after tax	665,542	792,248	950,168	693,272	826,907	987,615	(4.0)	(4.2)	(3.8)

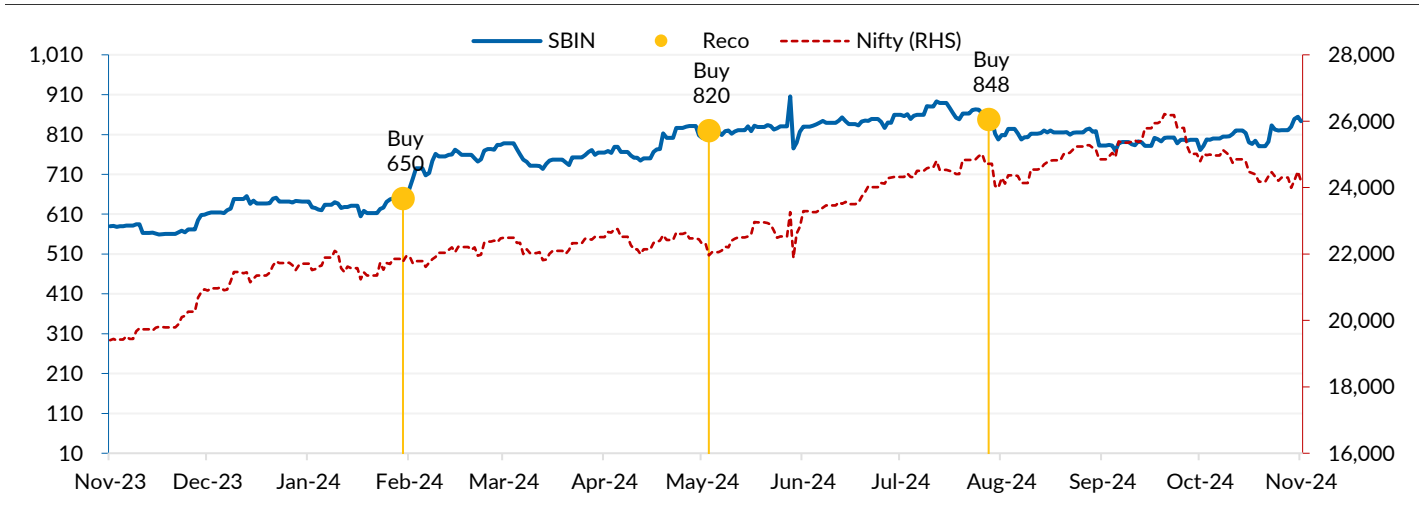
Source: Company, YES Sec - Research

Exhibit 22: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)					
Net interest income	20.0	10.4	9.6	15.8	14.8
PPoP	11.2	12.0	19.1	21.8	18.4
Net profit	58.6	21.6	9.0	19.0	19.9
Loans	17.0	15.8	14.0	13.0	13.0
Deposits	9.2	11.1	11.1	13.1	13.1
Profitability Ratios (%)					
Net interest margin	3.4	3.3	3.2	3.3	3.3
Return on Average Equity	16.5	17.3	15.8	15.9	16.6
Return on Average Assets	1.0	1.0	1.0	1.1	1.2
Per share figures (Rs)					
EPS	56.3	68.4	71.0	84.5	101.4
BVPS	367	423	496	567	655
ABVPS	312	368	431	492	569
Valuation multiples					
P/E	10.0	8.3	8.0	6.7	5.6
P/BV	1.5	1.3	1.1	1.0	0.9
P/ABV	1.8	1.5	1.3	1.1	1.0
NIM internals (%)					
Yield on loans	7.5	8.3	8.3	8.3	8.3
Cost of deposits	3.8	4.7	4.8	4.8	4.8
Loan-deposit ratio	72.3	75.3	77.3	77.3	77.2
CASA ratio	42.7	39.9	39.9	40.0	40.0
Opex control (%)					
Cost/Income ratio	53.9	55.7	51.1	48.3	46.5
Cost to average assets	1.9	2.0	1.8	1.7	1.7
Capital adequacy (%)					
Tier 1 capital ratio	12.1	11.9	12.7	12.3	12.1
Asset quality (%)					
Slippage ratio	0.6	0.6	1.0	1.0	1.0
Gross NPL ratio	2.8	2.2	2.3	2.4	2.5
Credit cost	0.3	0.3	0.5	0.6	0.6
Net NPL ratio	0.7	0.6	0.8	0.9	1.0

Source: Company, YES Sec – Research, Valuations are the implied value of standalone entity net of subsidiaries

Recommendation Tracker



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