

November 4, 2023

RESULT REPORT Q2 FY24 | Sector: Banks

State Bank of India

Margin relatively stable and likely to remain so

Result Highlights (See "Our View" below for elaboration and insight)

- Asset quality:** Gross NPA additions amounted to Rs 40.81bn (annualised NPA addition ratio of 0.5%) and recoveries and upgrades were healthy at Rs 40.15bn
- Margin picture:** Whole bank NIM at 3.29% was down -4bps/-3bps QoQ/YoY, sequentially lower due to rise in cost of deposits
- Asset growth:** Whole bank advances grew 3.3%/12.4% QoQ/YoY driven sequentially by SME, Retail, Agri. loans and International loans
- Opex control:** Total opex grew 20.3%/34.6% QoQ/YoY, employee cost rose 14%/47% QoQ/YoY and other operating cost rose 31.7%/18.6% QoQ/YoY
- Fee income:** Core fee income de-grew/grew -1.4%/10% QoQ/YoY, lower sequentially due to sharp fall in misc. fee income

Our view – Rise in wage hike assumption not really worrisome

The quantum of sequential margin decline is lower for SBI compared with several other banks: The decline in NIM is due to rise in cost of deposits, which has risen 10 bps QoQ to 4.65% for the domestic business. In terms of guidance, domestic NIM may remain stable at current levels by the end of the financial year or decline 3-5 bps. Further decline in NIM, if any, would also be caused by a rise in cost of deposits. On the positive side, there would be some residual impact of renewal of MCLR loans and there is also a possibility of a judicious MCLR hike. Furthermore, the domestic loan to deposit ratio is still low at 64%, which management expects to rise.

Staff expenses rose materially due to an upward revision in the assumption for wage hike: An incremental wage provision worth Rs 34.17bn was made during the quarter due to the wage hike assumption being revised from 10% to 14%. The steady state impact on wage provision due to the change in wage hike assumption is about Rs 4bn per month or about Rs 12bn per quarter.

As of now, there does not seem to be any strain on SBI's growth and business model, as such, due to capital constraints: Management stated that the bank will plough back a high quantum of profit and achieve a CRAR of 15.32% and a CET1 ratio of 11% plus by the end of the financial year, excluding the impact of re-classification of investments.

We maintain 'Buy' rating on SBI with a revised price target of Rs 755: We value the bank at 1.1x FY25 P/BV for an FY24E/25E/26E RoE profile of 15.4/14.8/15.7%. We assign a value of Rs 224 per share to the subsidiaries, on SOTP.

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

Exhibit 1: Result table

(Rs mn)	Q2 FY24	Q1 FY24	% qoq	Q2 FY23	% yoy
Total Interest Income	1,013,788	959,755	5.6	798,596	26.9
Interest expended	(618,788)	(570,705)	8.4	(446,762)	38.5
Net Interest Income	395,000	389,050	1.5	351,834	12.3
Other income	107,906	120,634	(10.6)	88,743	21.6
Total Income	502,906	509,683	(1.3)	440,577	14.1
Operating expenses	(308,740)	(256,714)	20.3	(229,377)	34.6
PPoP	194,166	252,969	(23.2)	211,200	(8.1)
Provisions	(1,153)	(25,013)	(95.4)	(30,387)	(96.2)
PBT	193,013	227,956	(15.3)	180,814	6.7
Tax	(49,713)	(59,113)	(15.9)	(48,168)	3.2
PAT	143,300	168,843	(15.1)	132,645	8.0

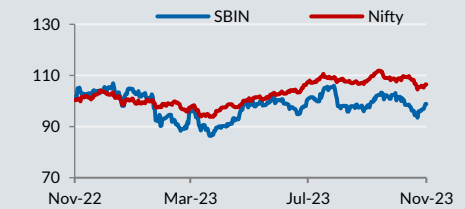
Source: Company, YES Sec-Research

Recommendation	: BUY
Current Price	: Rs 578
Target Price	: Rs 755
Potential Return	: 31%

Stock data (as on November 3, 2023)

Nifty	19,231
52 Week h/l (Rs)	630 / 499
Market cap (Rs/USD mn)	5105771 / 61412
Outstanding Shares (mn)	8,925
6m Avg t/o (Rs mn):	9,581
Div yield (%):	2.0
Bloomberg code:	SBIN IN
NSE code:	SBIN

Stock performance



	1M	3M	1Y
Absolute return	-1.4%	0.8%	-2.7%

Shareholding pattern (As of Sept'23 end)

Promoter	56.9%
FII+DII	34.8%
Others	7.3%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	755	765

Financial Summary

(Rs mn)	FY24E	FY25E	FY26E
NII	1,589,780	1,785,247	2,025,747
PPOP	942,473	1,139,591	1,350,178
Net Profit	558,959	632,033	763,044
Growth (%)	11.3	13.1	20.7
EPS (Rs)	59.6	67.4	81.4
BVPS (Rs)	427	483	553
P/E (x)	5.9	5.2	4.3
P/BV (x)	0.8	0.7	0.6
ROE (%)	15.4	14.8	15.7
ROA (%)	1.0	1.0	1.1
Tier-1 (%)	12.5	12.1	11.9

Δ in earnings estimates

Rs. bn	FY24E	FY25E	FY26E
EPS (New)	59.6	67.4	81.4
EPS (Old)	64.3	71.3	85.3
% change	-7.2%	-5.4%	-4.5%

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COMPREHENSIVE CON-CALL TAKEAWAYS

Net interest margin

- **NIM for the quarter**
 - NIM (Domestic) was at 3.43%, down -4bps QoQ and -12bps YoY.
 - The decline in NIM is due to rise in cost of deposits.
- **NIM guidance**
 - NIM may remain stable at current levels by the end of the financial year or decline 3-5 bps.
 - Further decline in NIM would be caused by rise in cost of deposits.
 - The NIM compression expectation pertains to the domestic NIM and not overseas NIM.
- **MCLR aspects**
 - The impact of MCLR repricing has largely been captured but there would be some impact of renewal of MCLR loans.
 - There is a possibility of a judicious MCLR hike.
- **CD ratio**
 - The domestic CD ratio stands at 64%.
 - Management expects that the loan to deposit ratio would rise.
- **Loan book by rate category**
 - Fixed rate – 31%
 - MCLR – 38%
 - EBLR – 27%

Operating expenses

- **Total opex**
 - Total opex, at Rs. 308.7 bn, is up 20.3% QoQ and 34.6% YoY.
 - Consequently, cost/income ratio came in at 61.4%, up by 1102bps QoQ and 933bps YoY.
- **Staff opex**
 - The staff opex is up 14% QoQ and 47% YoY.
 - An incremental wage provision worth Rs 34.17bn was made during the quarter due to the wage hike assumption being revised from 10% to 14%.
 - The sensitivity of wage provision to every 1% rise in wage hike assumption is about Rs 1bn per month.
 - Hence, the steady state impact on wage provision due to the change in wage hike assumption is about Rs 4bn per month or about Rs 12bn per quarter.
- **Other opex**
 - Other opex is up 31.7% QoQ and 18.6% YoY.

Asset quality

- **Slippages**
 - Gross NPA additions amounted to Rs 40.81bn for 2QFY24, translating to an annualized slippage ratio of 0.5% for the quarter. (Gross NPA additions had amounted to Rs 78.72bn during 1QFY24.)

(Con call takeaways continue on the next page)

- **Recoveries and upgrades**
 - Recoveries and upgrades amounted to Rs 40.15bn for 2QFY24, implying net NPA addition of Rs 0.66bn for the quarter.
- **Provisions**
 - **P&L provisions**
 - Provisions were Rs 1.15bn, down by -95% QoQ and -96% YoY, translating to calculated annualised credit cost of 1bp.
 - There was a provision reversal amount to about Rs 12bn on accounts that are no longer regarded as stressed.
 - **Outstanding provisions**
 - The PCR including AUCA amounts to 91.9%.
- **Restructured book**
 - The outstanding restructured advances including restructuring 1.0 and 2.0 stood at Rs208.54bn or 0.6% of gross advances.
- **Unsecured loans**
 - The Xpress Credit book stood at Rs 3.2 trn, comprising about one-fourth of retail loans, with a GNPA ratio of 0.69%.
 - The commentary from SBI Cards is different (worse) since they have different underwriting principles.
 - The bank does not sanction any loans below Rs 50,000, where the unsecured loan stress is said to be higher and risk weights may also be increased.
- **SME asset quality**
 - The SME NPA ratio has declined from about 6% as of 3QFY23 to 4.41% as of now.
 - Ideally, the management would like to see it at 3-3.5%.

Loan growth

- **Growth outcomes**
 - Domestic advances growth was 13.2% YoY.
 - Retail loan growth was 15.7% YoY.
 - Agri loan growth was 14.8% YoY.
 - SME loan growth was 22.8% YoY.
 - Corporate loan growth was 6.6% YoY.
 - Foreign offices loan growth was 8.1% YoY.
 - **More on SME loans**
 - Working capital SME loan growth was 57% YoY.
 - Term loan SME growth was 25% YoY.
- **Growth outlook**
 - **Corporate loans**
 - There are proposals worth Rs 3.4 trn in the pipeline.
 - There are a further Rs 1.4 trn worth of proposals for which disbursement is pending.
 - Management would like to see corporate loan growth in the low double-digit range.
 - **Overall loan growth guidance**
 - Overall loan growth guidance stands at 12-14%.
 - Management stated that they would like to remain conservative on growth guidance and surprise on the upside.

(Con call takeaways continue on the next page)

Deposits growth

- Overall deposits have grown 11.9% YoY and domestic deposits have grown 11.8% YoY.
- CASA deposits have grown 4.9% YoY.
- CA deposits have grown 8.8% YoY.
- SA deposits have grown 4.3% YoY.
- Term deposits have grown 17.4% YoY.
- **More on CA growth**
 - CA growth has been better since the bank has diversified away from government deposits and tapped into trade commerce and other areas.

Fee income

- Fee income has risen 10% YoY.

Return on assets

- The RoA for 1H was 1.1%, up 34 bps YoY.
- The RoA for 2Q was 1.01%, down 3 bps YoY.
- **RoA comment akin to guidance**
 - Management has budgeted for an RoA of 1.2%.

Capital adequacy

- The bank will raise Tier 1 capital.
- It will plough back a high quantum of profit and achieve a CRAR of 15.32% and a CET1 ratio of 11% by the end of the financial year, excluding the impact of re-classification of investments.

Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q2 FY24	Q1 FY24	% qoq	Q2 FY23	% yoy	Q2 FY24*	chg qoq*	chg yoy*
Gross Advances	34,112,520	33,037,310	3.3	30,350,710	12.4	100.0	0bps	0bps
Corporate	9,777,450	9,821,840	(0.5)	9,170,160	6.6	28.7	-107bps	-155bps
SME	3,889,740	3,699,170	5.2	3,168,780	22.8	11.4	21bps	96bps
Retail	12,434,210	12,042,790	3.3	10,748,530	15.7	36.5	0bps	104bps
Home Loan	6,722,830	6,525,480	3.0	5,942,920	13.1	19.7	-4bps	13bps
Auto Loan	1,048,600	1,008,530	4.0	872,060	20.2	3.1	2bps	20bps
Xpress Credit	3,202,880	3,107,780	3.1	2,718,320	17.8	9.4	-2bps	43bps
Gold Loan	302,580	294,030	2.9	264,510	14.4	0.9	0bps	2bps
Others	1,157,320	1,106,970	4.5	950,720	21.7	3.4	4bps	26bps
Agriculture	2,738,660	2,640,520	3.7	2,386,430	14.8	8.0	4bps	17bps
International	5,272,450	4,832,990	9.1	4,876,810	8.1	15.5	83bps	-61bps
Total Deposits	46,892,185	45,312,367	3.5	41,902,549	11.9	100.0	0bps	0bps
Domestic	45,033,400	43,522,270	3.5	40,280,120	11.8	96.0	-1bps	-9bps
Term	26,173,260	24,861,680	5.3	22,302,600	17.4	55.8	95bps	259bps
SA	16,330,390	16,078,270	1.6	15,651,740	4.3	34.8	-66bps	-253bps
CA	2,529,750	2,582,320	(2.0)	2,325,770	8.8	5.4	-30bps	-16bps
International	1,858,785	1,790,097	3.8	1,622,429	14.6	4.0	1bps	9bps
Investments	16,926,169	15,726,297	7.6	15,553,219	8.8	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	33.6	32.7	89bps	34.5	-91bps	NA	NA	NA
Borrowings	5,127,128	4,123,516	24.3	4,886,084	4.9	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	9.9	8.3	152bps	10.4	-59bps	NA	NA	NA

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

Exhibit 3: Key quarterly ratios

(%)	Q2 FY24	Q1 FY24	chg qoq	Q2 FY23	chg yoy
Global Net interest margin	3.29	3.33	-4bps	3.32	-3bps
Cumm. Yield on advances	8.86	8.78	8bps	7.66	120bps
Cumm. Cost of Deposits	4.65	4.55	10bps	3.84	81bps
Domestic CASA	41.9	42.9	-100bps	44.6	-275bps
Loan to Deposit ratio	71.3	71.4	-6bps	70.4	91bps
Non-int. income / Total Income	21.5	23.7	-221bps	20.1	131bps
Fee Income/Avg. Total Assets	0.5	0.5	-2bps	0.5	-1bps
Cost to Income	61.4	50.4	1102bps	52.1	933bps
Opex/Avg. Total Assets	2.2	1.9	32bps	1.8	38bps
RoA (Annualised)	1.0	1.2	-21bps	1.0	-3bps
Annualised Slippage Ratio, %	0.5	1.0	-47bps	0.3	16bps
Provision coverage ratio	91.9	91.4	52bps	91.5	39bps
Gross NPA	2.6	2.8	-20bps	3.5	-96bps
Net NPA	0.6	0.7	-7bps	0.8	-16bps
Capital adequacy ratio	14.3	14.6	-28bps	13.5	77bps
Tier I capital ratio	11.8	12.0	-19bps	11.1	66bps
Common equity tier 1 capital ratio	9.9	10.2	-25bps	9.5	41bps

Source: Company, YES Sec – Research

Exhibit 4: Segmental NPA

(Rs mn)	Q2 FY24	Q1 FY24	% qoq	Q2 FY23	% yoy
Corporate	302,490	336,370	(10.1)	487,790	(38.0)
Corporate NPA (%)	3.1	3.4		5.3	
SME	171,690	176,400	(2.7)	191,110	(10.2)
SME NPA (%)	4.4	4.8		6.0	
Agriculture	292,070	297,740	(1.9)	292,410	(0.1)
Agriculture NPA (%)	10.7	11.3		12.3	
Retail - Per Segment	85,030	84,970	0.1	76,020	11.9
Retail Per segment NPA (%)	0.7	0.7		0.7	
International	18,460	17,800	3.7	20,710	(10.9)
Overseas NPA (%)	0.4	0.4		0.4	

Source: Company, YES Sec - Research

Exhibit 5: Fund based outstanding of industrial sectors

(Rs mn)	Q2 FY24	Q1 FY24	% qoq	Q2 FY23	% yoy	% Share*
Infrastructure	3,687,850	3,674,050	0.4	3,678,890	0.2	12.8
Power	1,850,980	1,852,610	(0.1)	1,954,110	(5.3)	6.4
Telecom	350,570	379,630	(7.7)	437,320	(19.8)	1.2
Roads & Ports	1,061,940	1,058,530	0.3	956,140	11.1	3.7
Others	424,360	383,280	10.7	331,320	28.1	1.5
Services	3,612,370	3,707,570	(2.6)	3,022,390	19.5	12.5
Iron & Steel	574,670	545,670	5.3	421,930	36.2	2.0
Aviation & Airports	169,690	167,660	1.2	134,830	25.9	0.6
Tourism & Hotels	126,710	112,350	12.8	105,530	20.1	0.4
Textiles	353,370	353,110	0.1	310,160	13.9	1.2
Petroleum & Petrochemicals	483,870	435,050	11.2	624,900	(22.6)	1.7
Engineering	245,840	250,120	(1.7)	232,170	5.9	0.9
Commercial Real Estate	486,920	478,880	1.7	432,880	12.5	1.7
Other Industries	3,925,900	3,796,560	3.4	3,375,240	16.3	13.6

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

Exhibit 6: Quarterly Actuals Vs Estimates

Q2FY24 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	395,000	397,867	(0.7)
Pre-Prov. Operating Profit	194,166	258,988	(25.0)
Profit After Tax	143,300	169,451	(15.4)

Source: Company, YES Sec - Research

Exhibit 7: Operating Expense Break-up

(Rs mn)	Q2 FY24	Q1 FY24	% qoq	Q2 FY23	% yoy
Employee Expense (A)	189,270	166,010	14.0	128,680	47.1
Salary	97,060	106,410	(8.8)	91,210	6.4
Provisions for Employees	92,210	59,600	54.7	37,470	146.1
Other Operating Expense (B)	119,480	90,710	31.7	100,700	18.6
Business Dev. Expenses	15,090	8,930	69.0	11,620	29.9
Others	104,390	81,780	27.6	89,080	17.2
Total Operating Expense (A+B)	308,750	256,720	20.3	229,380	34.6

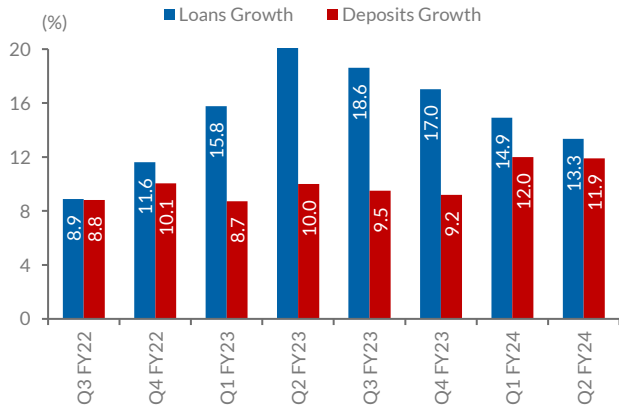
Source: Company, YES Sec – Research

Exhibit 8: Non-Interest Income Break-up

(Rs mn)	Q2 FY24	Q1 FY24	% qoq	Q2 FY23	% yoy
Total Fee Income (A)	65,350	66,260	(1.4)	59,430	10.0
Loan Processing Charges	15,240	10,260	48.5	12,890	18.2
Commission on Govt. Business	10,200	10,060	1.4	10,580	(3.6)
Commission on LC/BG	7,970	7,800	2.2	7,900	0.9
Cross Selling	9,690	6,920	40.0	8,790	10.2
Remittance, Collection, etc.	14,760	14,320	3.1	15,360	(3.9)
Misc. Fee Income	7,490	16,900	(55.7)	3,910	91.6
Total Other Income (B)	42,550	54,380	(21.8)	29,320	45.1
Trading profits	20,210	38,470	(47.5)	4,570	342.2
Forex	2,980	2,860	4.2	4,060	(26.6)
Others	19,360	13,050	48.4	20,690	(6.4)
Total Non-Interest Income (A+B)	107,900	120,640	(10.6)	88,750	21.6

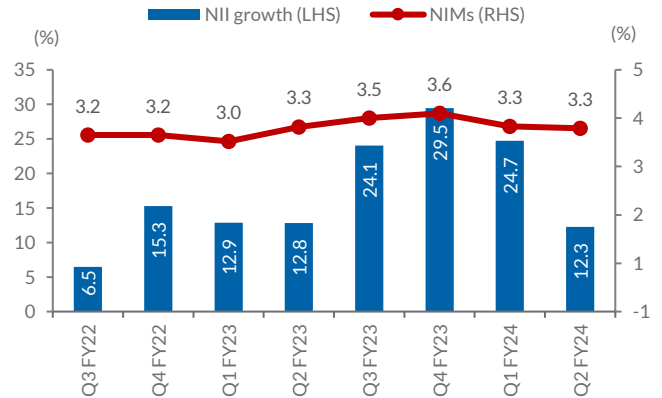
Source: Company, YES Sec – Research

Exhibit 9: Loans and Deposits growth (YoY %)



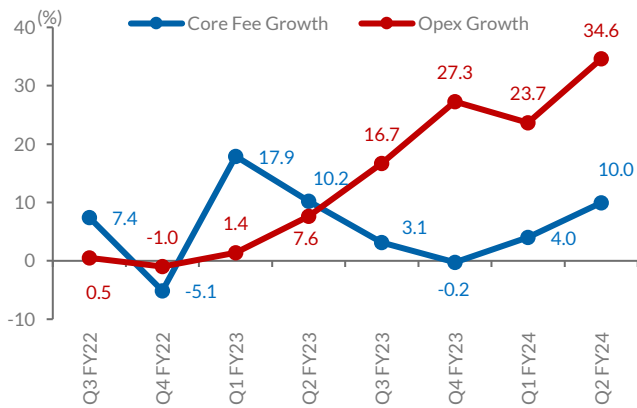
Source: Company, YES Sec – Research

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



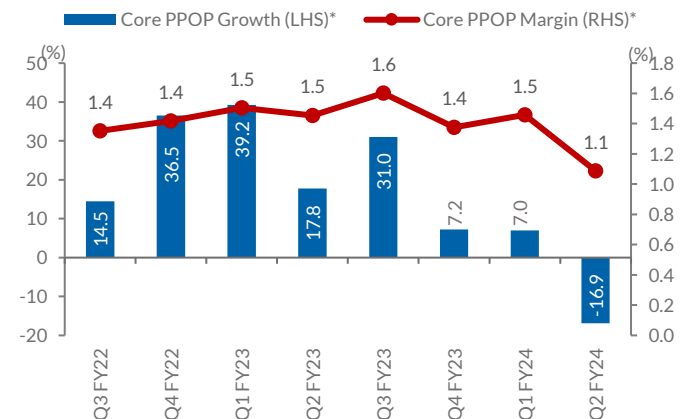
Source: Company, YES Sec – Research

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



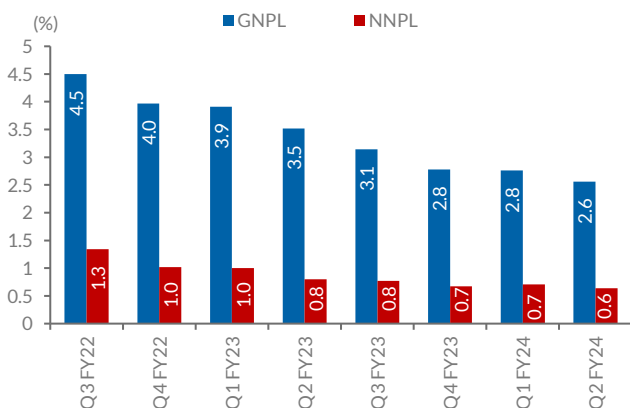
Source: Company, YES Sec – Research

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



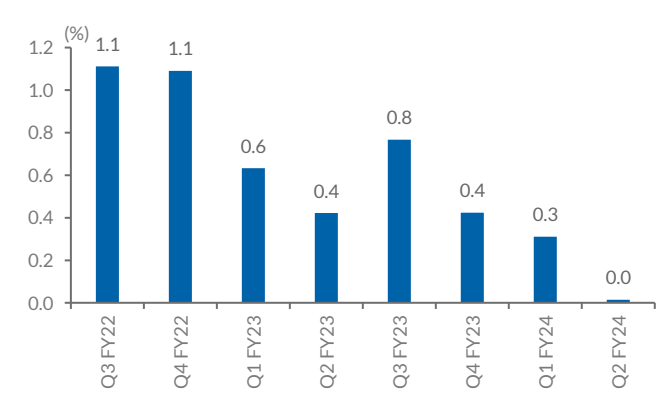
Source: Company, YES Sec – Research, * Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

Exhibit 13: Gross NPA and Net NPA (%)



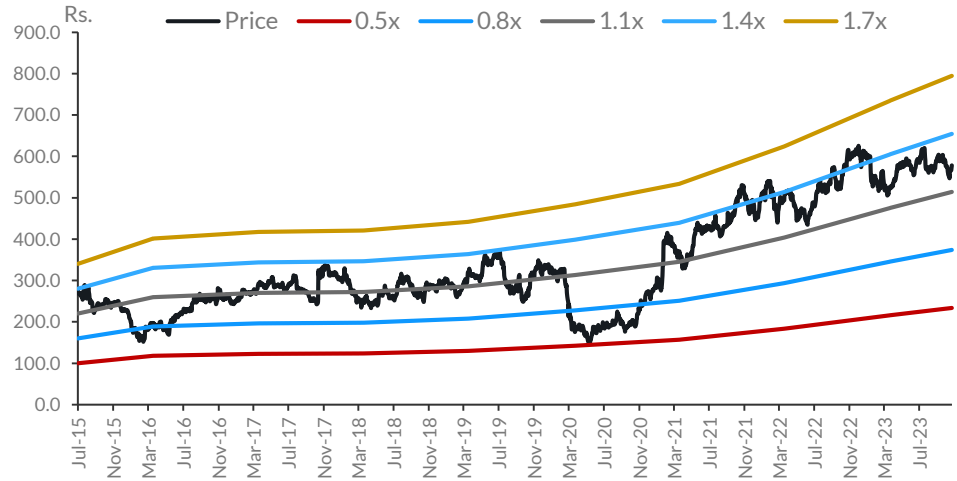
Source: Company, YES Sec – Research

Exhibit 14: Provisions/Average Advances (%)



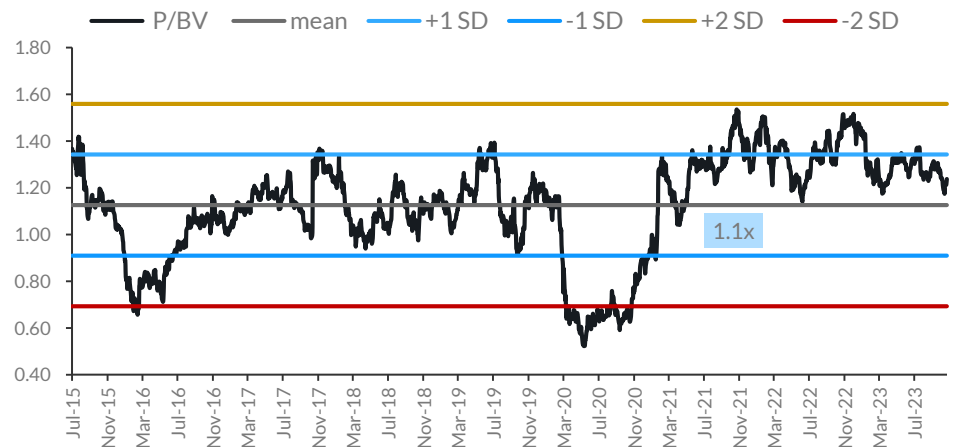
Source: Company, YES Sec – Research

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)	FY22	FY23	FY24E	FY25E	FY26E
Total cash & equivalents	3,945,523	3,078,996	3,253,657	3,644,096	4,081,387
Investments	14,814,455	15,703,662	18,113,108	20,213,632	22,558,915
Advances	27,339,666	31,992,693	36,151,743	40,489,952	45,348,746
Fixed assets	377,082	423,818	423,818	423,818	423,818
Other assets	3,399,249	3,970,616	3,573,554	3,216,199	2,894,579
Total assets	49,875,974	55,169,785	61,515,880	67,987,697	75,307,446
Net worth	2,800,881	3,276,084	4,001,934	4,528,077	5,185,230
Deposits	40,515,341	44,237,778	49,436,590	55,293,173	61,852,545
Borrowings	4,260,434	4,931,352	5,369,571	5,508,889	5,739,735
Other liabilities	2,299,318	2,724,571	2,707,784	2,657,559	2,529,935
Total liabilities incl. Equity	49,875,974	55,169,785	61,515,880	67,987,697	75,307,446

Source: Company, YES Sec – Research

Exhibit 18: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Interest income	2,754,573	3,321,031	3,703,760	4,196,141	4,694,634
Interest expense	(1,547,497)	(1,872,626)	(2,113,980)	(2,410,894)	(2,668,888)
Net interest income	1,207,076	1,448,405	1,589,780	1,785,247	2,025,747
Non-interest income	405,639	366,156	459,543	538,441	602,202
Total income	1,612,715	1,814,561	2,049,323	2,323,687	2,627,949
Operating expenses	(859,791)	(977,431)	(1,106,850)	(1,184,096)	(1,277,771)
PPoP	752,924	837,130	942,473	1,139,591	1,350,178
Provisions	(244,521)	(165,073)	(195,502)	(294,965)	(330,474)
Profit before tax	434,219	672,056	746,972	844,626	1,019,704
Taxes	(117,459)	(169,732)	(188,013)	(212,592)	(256,659)
Net profit	316,760	502,324	558,959	632,033	763,044

Source: Company, YES Sec – Research

Exhibit 19: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Interest income	5.8	6.3	6.3	6.5	6.6
Interest expense	-3.3	-3.6	-3.6	-3.7	-3.7
Net interest income	2.5	2.8	2.7	2.8	2.8
Non-interest income	0.9	0.7	0.8	0.8	0.8
Total income	3.4	3.5	3.5	3.6	3.7
Operating expenses	-1.8	-1.9	-1.9	-1.8	-1.8
PPoP	1.6	1.6	1.6	1.8	1.9
Provisions	-0.5	-0.3	-0.3	-0.5	-0.5
Profit before tax	0.9	1.3	1.3	1.3	1.4
Taxes	-0.2	-0.3	-0.3	-0.3	-0.4
Net profit	0.7	1.0	1.0	1.0	1.1

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	709,483	BV	98,301	7.2	69.0%	489,259	54.8
SBI Life Insurance	1,329,198	EV	460,400	2.9	55.5%	737,040	82.6
SBI General Insurance	35,004	PAT	1,842	19.0	70.0%	24,503	2.7
SBI Capital Markets	108,809	PAT	7,254	15.0	100.0%	108,809	12.2
Bank	473,366	BV	407,925	1.2	26.1%	123,738	13.9
SBI AMC	826,934	AUM	8,269,336	10%	62.9%	519,976	58.3
Value of Subsidiaries						2,003,325	224.5

Source: Company, YES Sec – Research

Exhibit 21: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Net Interest Income	1,589,780	1,785,247	2,025,747	1,589,780	1,785,247	2,025,747	0.0	0.0	0.0
Pre-Prov. Operating Profit	942,473	1,139,591	1,350,178	1,000,643	1,187,591	1,398,178	(5.8)	(4.0)	(3.4)
Profit after tax	558,959	632,033	763,044	602,488	667,952	798,963	(7.2)	(5.4)	(4.5)

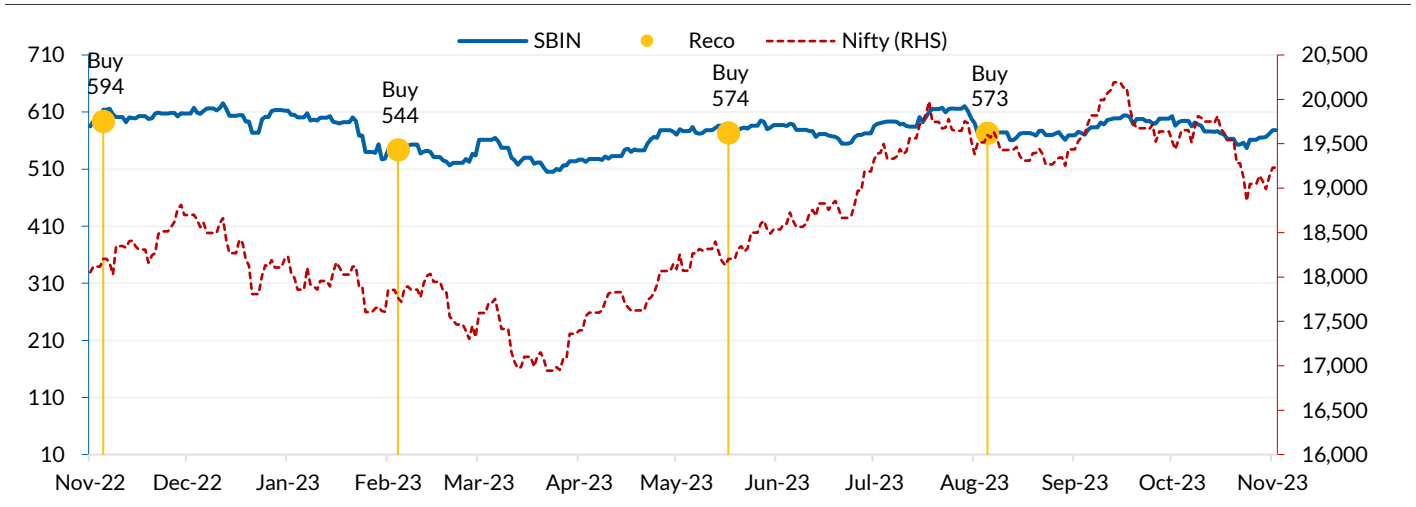
Source: Company, YES Sec – Research

Exhibit 22: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24E	FY25E	FY26E
Growth matrix (%)					
Net interest income	9.0	20.0	9.8	12.3	13.5
PPoP	5.2	11.2	12.6	20.9	18.5
Net profit	55.2	58.6	11.3	13.1	20.7
Loans	11.6	17.0	13.0	12.0	12.0
Deposits	10.1	9.2	11.8	11.8	11.9
Profitability Ratios (%)					
Net interest margin	3.1	3.4	3.3	3.3	3.4
Return on Average Equity	11.9	16.5	15.4	14.8	15.7
Return on Average Assets	0.7	1.0	1.0	1.0	1.1
Per share figures (Rs)					
EPS	35.5	56.3	59.6	67.4	81.4
BVPS	314	367	427	483	553
ABVPS	256	312	365	418	485
Valuation multiples					
P/E	10.0	6.3	5.9	5.2	4.3
P/BV	1.1	1.0	0.8	0.7	0.6
P/ABV	1.4	1.1	1.0	0.8	0.7
NIM internals (%)					
Yield on loans	6.6	7.5	7.5	7.5	7.5
Cost of deposits	3.7	3.8	3.9	4.0	4.0
Loan-deposit ratio	67.5	72.3	73.1	73.2	73.3
CASA ratio	44.5	42.7	42.8	43.0	43.0
Opex control (%)					
Cost/Income ratio	53.3	53.9	54.0	51.0	48.6
Cost to average assets	1.8	1.9	1.9	1.8	1.8
Capital adequacy (%)					
Tier 1 capital ratio	11.4	12.1	12.5	12.1	11.9
Asset quality (%)					
Slippage ratio	1.0	0.6	1.0	1.0	1.0
Gross NPL ratio	4.3	2.8	2.8	2.7	2.7
Credit cost	0.5	0.3	0.5	0.7	0.7
Net NPL ratio	1.0	0.7	0.9	0.8	0.8

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

Recommendation Tracker



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