

July 31, 2024

**RESULT REPORT Q1 FY25** | Sector: Banks

# Bank of Baroda

## BoB guides to stay on the course of structural improvement

### Our view - Management has improved its credit cost guidance

**Asset quality** - There was a sequential fall in slippages and management has improved its credit cost guidance: Gross NPA additions amounted to Rs 30.18bn for 1QFY25, translating to an annualized slippage ratio of 1.1%. The bank has maintained its guidance for a slippage ratio of 1-1.25% for FY25. Recoveries and upgrades amounted to Rs 16.57bn for 1QFY25 and the recovery from TWO was at Rs 5.54bn for the quarter. The bank expects a total recovery of Rs 100bn including NPA recoveries and recoveries from written-off accounts in FY25. Provisions were Rs 10.11bn, down by -22.4% QoQ, translating to calculated annualised credit cost of 38bps. The provision was lower sequentially as the bank has received Rs 3bn on loans which were having government guarantee. The bank has reduced its credit cost guidance from 1% to 0.75% in FY25.

**Net interest margin** - On a normalised basis NIM has sequentially improved and management has maintained its guidance: Global NIM was at 3.18%, down -9bps both on QoQ and YoY basis. Excluding the higher recoveries in 4Q the normalised NIM for 4Q would have been 3.14% and hence on a normalised basis the NIM is up by 4bps QoQ. The bank has, once again, guided for a NIM of 3.15% plus or minus 5 bps for FY25.

**Balance sheet growth** - Loan growth subdued due to de-growth in corporate loans, but management guided for an overall improvement going forward: Whole bank advances de-grew/grew -1.7%/8.1% QoQ/YoY driven lower sequentially by Corporate and International advances. Overall corporate loan growth was sluggish as the bank has allowed to mature some finely priced loans. Excluding the institutional loan book, the core corporate advances have grown at 12% YoY. Total deposits have grown at 8.9% YoY but have de-grown by -1.5% QoQ. The bank has allowed to mature some bulk deposits and they were down by -10.7% QoQ. The management has maintained its guidance of 12-14% advances growth and 10-12% of deposits growth for FY25.

**We maintain 'Buy' on BoB with a revised price target of Rs 360:** We value the bank at 1.2x FY26 P/BV for an FY25E/26E RoE profile of 15.8/16.0%. We assign a value of Rs 20.7 per share to the subsidiaries, based on SOTP. We had flagged BoB as a top pick in our [report dated May 2023](#).

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

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

- **Opex control:** Total cost to income ratio was at 49.2% down/up by -12/381bps QoQ/YoY and the Cost to assets was at 1.8% down by -26/-2bps QoQ/YoY
- **Fee income:** Core fee income to average assets was at 0.4%, down -12/-4bps QoQ/YoY

### Exhibit 1: Result table

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy
Total Interest Income	296,287	295,834	0.2	265,558	11.6
Interest Expense	(180,286)	(177,906)	1.3	(155,591)	15.9
Net Interest Income	116,001	117,928	(1.6)	109,967	5.5
Fee Income	14,790	19,150	(22.8)	15,070	(1.9)
Other Income	10,083	22,765	(55.7)	18,153	(44.5)
<b>Total Non-Interest income</b>	<b>24,873</b>	<b>41,915</b>	<b>(40.7)</b>	<b>33,223</b>	<b>(25.1)</b>
Total Income	140,873	159,843	(11.9)	143,189	(1.6)
Employee Expense	(40,140)	(45,467)	(11.7)	(37,544)	6.9
Non-employee Opex	(29,121)	(33,315)	(12.6)	(27,402)	6.3
<b>Total operating expenses</b>	<b>(69,261)</b>	<b>(78,782)</b>	<b>(12.1)</b>	<b>(64,946)</b>	<b>6.6</b>
PPOP	71,613	81,061	(11.7)	78,243	(8.5)
Provisions	(10,107)	(13,019)	(22.4)	(19,468)	(48.1)
PBT	61,506	68,042	(9.6)	58,775	4.6
Tax	(16,924)	(19,177)	(11.7)	(18,075)	(6.4)
PAT	44,582	48,865	(8.8)	40,701	9.5

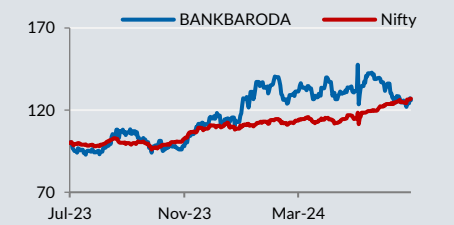
Source: Company, YES Sec-Research

Recommendation	: BUY
Current Price	: Rs 254
Target Price	: Rs 360
Potential Return	: +42%

### Stock data (as on July 31, 2024)

Nifty	24,951
52 Week h/l (Rs)	300 / 186
Market cap (Rs/USD mn)	1325162 / 15838
Outstanding Shares (mn)	5,171
6m Avg t/o (Rs mn):	4,870
Div yield (%):	3.1
Bloomberg code:	BOBIN
NSE code:	BANKBARODA

### Stock performance



	1M	3M	1Y
Absolute return	-7.9%	-9.9%	25.4%

### Shareholding pattern (As of June'24 end)

Promoter	64.0%
FII+DII	27.5%
Others	8.6%

### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	360	375

### Financial Summary

(Rs mn)	FY24	FY25E	FY26E
NII	447,215	497,540	563,620
PPOP	309,652	346,935	411,027
Net Profit	177,888	194,920	230,032
Growth (%)	26.1	9.6	18.0
EPS (Rs)	34.4	35.9	42.3
BVPS (Rs)	217	246	281
P/E (x)	6.8	6.5	5.5
P/BV (x)	1.1	0.9	0.8
ROE (%)	16.9	15.8	16.0
ROA (%)	1.2	1.2	1.2
Tier-1 (%)	14.1	14.5	14.1

### Δ in earnings estimates

Rs.	FY24	FY25E	FY26E
EPS (New)	NA	35.9	42.3
EPS (Old)	NA	37.0	43.3
% change	NA	-3.1%	-2.4%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Asset quality

- **Slippages**
  - Gross NPA additions amounted to Rs 30.18bn for 1QFY25, translating to an annualized slippage ratio of 1.1% for the quarter. (Gross NPA additions had amounted to Rs 32.0bn during 4QFY24)
  - **Segment-wise fresh slippages**
    - MSME – Rs 12.06bn
    - Retail – Rs 8.42bn
    - Agri – Rs 6.44bn
  - The bank gives personal loans to existing customers and that too mostly to salaried class and is not seeing any concern on the asset quality of this book
  - **Guidance**
    - The bank has maintained its guidance for a slippage ratio of 1-1.25% for FY25.
- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 16.57bn for 1QFY25, implying net NPA addition of Rs 13.61bn for the quarter.
  - The recovery from TWO was at Rs 5.54bn for the quarter.
  - **Guidance**
    - The bank expects a total recovery of Rs 100bn in FY25.
- **Provisions**
  - **P&L provisions**
    - Provisions were Rs 10.11bn, down by -22.4% QoQ and -48.1% YoY, translating to calculated annualised credit cost of 38bps.
    - The provision was lower sequentially as the bank has received Rs 3bn on loans which were having government guarantee
    - **Guidance**
      - The bank has reduced its credit cost guidance from 1% to 0.75% in FY25.
      - The bank has also factored in the ECL impact in the current revised credit cost guidance
- **NPA ratios**
  - GNPA ratio stands at 2.88%, down -4bps QoQ and -63bps YoY while NNPA ratio stands at 0.69%, up 1bp QoQ but down -9bps YoY.
- **SMA book**
  - The CRILC SMA1 and SMA2 amount to just 0.18%, implying there is nothing on the radar in terms of emerging wholesale stress.
- **Collection efficiency**
  - Collection efficiency (excluding Agriculture) stood at 98.98% as of June 2024

### Loan growth

- Whole bank advances growth was 8.1% YoY, driven by domestic advances growth of 8.5% YoY.
- International advances growth was at 6.5% YoY.
- **Segmental growth**
  - Retail advances growth amounted to 21% YoY.

(Con call takeaways continue on the next page)

- MSME advances growth was at 9.8% YoY.
  - Agri advances growth was at 9.1% YoY.
  - Corporate loan growth was at 2.5% YoY.
  - Within retail, home loans, education loans and auto loans grew 14.7%, 18.8% and 25.1% YoY, respectively.
  - Personal loan growth was moderated to 39.2% YoY.
- Overall corporate loan growth was sluggish as the bank has allowed to mature some finely priced loans
  - Excluding the institutional loan book, the core corporate advances have grown at 12% YoY
  - **Guidance**
    - The bank has guided for a loan growth of 12-14%.
    - Retail loans to grow at upwards of 20% for FY25
    - MSME and Agri loans growth to improve from current levels going forward
    - The company is currently having a strong pipeline for corporate loans and expect it to grow by upwards of 10% in FY25

## Deposits growth

- Total deposits have grown at 8.9% YoY but have de-grown by -1.5% QoQ.
- Domestic CASA deposits have grown at 6.0% YoY but have de-grown by -3.7% QoQ.
- The domestic CASA ratio was at 40.62%, up by 29bps YoY but down -71bps QoQ.
- The bank has allowed to mature some bulk deposits and they were down by -10.7% QoQ
- **Guidance**
  - The bank has guided for a deposit growth of 10-12%, with focus on CASA and retail TD.

## Liquidity

- The average LCR has improved from 122% in 4Q to 138% for 1Q.
- **Reasons for sequential improvement in LCR**
  - The bank has brought down its borrowings against excess SLR
  - It has also raised liabilities with lower run-offs
- **CD ratio**
  - The CD ratio was almost flat QoQ at 82%.
  - **Guidance**
    - The bank is aiming to keep the CD ratio at 80-82%, with bias towards 80%
- **On RBI draft guidelines for LCR**
  - The bank expects that its current LCR is comfortable to take the impact of new draft guidelines

## Net interest margin

- **NIM for the quarter**
  - NIM (Global) was at 3.18%, down -9bps both on QoQ and YoY.
  - Excluding the higher recoveries in 4Q the normalised NIM for 4Q would have been 3.14% and hence on a normalised basis the NIM is up by 4bps QoQ
- **Yield on advances**
  - The whole bank yield on advances have fallen by -20 bps QoQ to 8.55%.
  - The domestic yield on advances have fallen by -26 bps QoQ to 8.99%.

(Con call takeaways continue on the next page)

- **Cost of deposits**
  - The whole bank cost of deposits was flat QoQ at 5.06%.
  - The domestic cost of deposits was up 2bps QoQ to 5.13%.
- **Guidance**
  - The bank has guided for a NIM of 3.15% plus or minus 5 bps once again.
- **Loan book mix by rate category**
  - 50% of the book is repo linked

## Non-interest income

- **Fee income**
  - CEB was down -3.5% YoY.
  - **Reason for lower fee income**
    - Due to slowdown in disbursement in corporate loans there was lower loan processing fees in the quarter
    - The bank has changed its wealth distribution mechanism which has led to 30% de-growth in this business
  - **Guidance**
    - The bank is focused on fee income growth and it is expected to be much better in 2Q
- **Treasury**
  - Treasury income is down -74% YoY.
  - **Reason for YoY fall in Treasury Income**
    - There was a write back of Revaluation of Investment to the extent of Rs 6.25bn in 1QFY24 as against a depreciation charge of Rs. 0.76bn in 1QFY25
    - Trading profit which amounted Rs. 4.0bn in 1QFY24 has gone down to Rs 1.64bn in 1QFY25 due to change in accounting norms.

## Operating expenses

- **Total opex**
  - Total Opex, at Rs. 69.26 bn, is down -12.1% QoQ but up 6.6% YoY
  - Consequently, cost/income ratio came in at 49.2%, down by -12bps QoQ but up by 381bps YoY.
- **Staff opex**
  - The staff opex is down by -11.7% QoQ but up by 6.9% YoY
  - The staff cost was lower sequentially due to 52% lower provisions for employees
- **Non-staff opex**
  - Non-staff opex is down by -12.6% QoQ but up by 6.3% YoY

## Return ratios

- The RoA for the quarter was 1.13% and RoE was 17.45%.

## Capital adequacy

- The CET1 ratio stands at 13.08% and including 1QFY25 profit it was at 13.53%
- The Capital adequacy ratio was at 16.82% in 1Q, up by 51bps QoQ
- The change in investment income recognition norms has had a positive impact of 30bps on CRAR

## Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy	Q1 FY25*	chg qoq*	chg yoy*
Global Gross Advances	10,716,810	10,905,060	(1.7)	9,909,880	8.1	100.0	0bps	0.0
International Gross Advances	1,898,960	1,923,900	(1.3)	1,783,620	6.5	17.7	8bps	(1.5)
Gross domestic advances	8,817,850	8,981,160	(1.8)	8,126,260	8.5	82.3	-8bps	0.3
Retail	2,224,940	2,149,420	3.5	1,840,910	20.9	20.8	105bps	11.8
Home loans	1,147,110	1,117,910	2.6	999,760	14.7	10.7	45bps	6.1
Auto loans	402,420	386,970	4.0	321,710	25.1	3.8	21bps	15.7
Mortgages loans	189,880	187,150	1.5	171,000	11.0	1.8	6bps	2.7
Education loans	99,810	98,000	1.8	84,000	18.8	0.9	3bps	9.9
Personal loans	306,910	297,840	3.0	220,420	39.2	2.9	13bps	28.8
Gold loans	62,880	45,460	38.3	26,600	136.4	0.6	17bps	118.6
Others	15,930	16,090	(1.0)	17,420	(8.6)	0.1	0bps	(15.4)
Agriculture	1,391,600	1,386,400	0.4	1,275,830	9.1	13.0	27bps	0.9
Gold loans	426,210	429,260	(0.7)	379,920	12.2	4.0	4bps	3.7
MSME	1,199,400	1,194,150	0.4	1,092,200	9.8	11.2	24bps	1.5
Corporate	3,553,750	3,797,470	(6.4)	3,468,220	2.5	33.2	-166bps	(5.2)
Others	448,160	453,720	(1.2)	449,100	(0.2)	4.2	2bps	(7.7)
Domestic deposits	11,054,600	11,285,130	(2.0)	10,503,060	5.3	100.0	0bps	0.0
CA	666,650	763,860	(12.7)	628,780	6.0	6.0	-74bps	0.7
SA	3,823,540	3,900,140	(2.0)	3,607,220	6.0	34.6	3bps	0.7
Term	6,564,410	6,621,130	(0.9)	6,267,060	4.7	59.4	71bps	(0.5)
Investments	3,744,161	3,698,168	1.2	3,581,602	4.5	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	26.3	25.8	56bps	27.1	-78bps	NA	NA	NA
Borrowings	919,651	944,023	(2.6)	1,164,826	(21.0)	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	6.6	6.6	-7bps	8.8	-227bps	NA	NA	NA

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

## Exhibit 3: Key quarterly ratios

(%)	Q1 FY25	Q4 FY24	chg qoq	Q1 FY24	chg yoy
Net interest margin - Global	3.18	3.27	-9bps	3.27	-9bps
Net interest margin - Domestic	3.30	3.45	-15bps	3.41	-11bps
Yield on advances - Global	8.55	8.75	-20bps	8.40	15bps
Yield on advances - Domestic	8.99	9.25	-26bps	8.91	8bps
Cost of deposits - Global	5.06	5.06	0bps	4.68	38bps
Cost of deposits - Domestic	5.13	5.11	2bps	4.74	39bps
Loan to Deposit ratio	80.2	80.3	-14bps	80.3	-12bps
CASA Ratio	40.6	41.3	-71bps	40.3	29bps
Non-interest income/Total income	17.7	26.2	-857bps	23.2	-555bps
Fee Income to Avg. Total Assets	0.4	0.5	-12bps	0.4	-4bps
Cost to Income	49.2	49.3	-12bps	45.4	381bps
Opex to Avg. Total Assets	1.8	2.0	-26bps	1.8	-2bps
RoA	1.1	1.3	-12bps	1.1	2bps
Annualised Slippage Ratio*	1.1	1.2	-8bps	1.1	-1bps
Provision coverage	93.3	93.3	2bps	93.2	9bps
Gross NPA	2.9	2.9	-4bps	3.5	-63bps
Net NPA	0.7	0.7	1bps	0.8	-9bps
Capital adequacy ratio	16.8	16.3	51bps	15.8	98bps
Tier I capital ratio	14.6	14.1	54bps	13.6	97bps
Common equity tier 1 capital ratio	13.1	12.5	54bps	11.9	114bps

Source: Company, YES Sec – Research, \*Annualised Gross NPA Addition Ratio

## Exhibit 4: Quarterly Actuals Vs Estimates

Q1 FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	116,001	121,228	(4.3)
Pre-Prov. Operating Profit	71,613	81,607	(12.2)
Profit After Tax	44,582	50,083	(11.0)

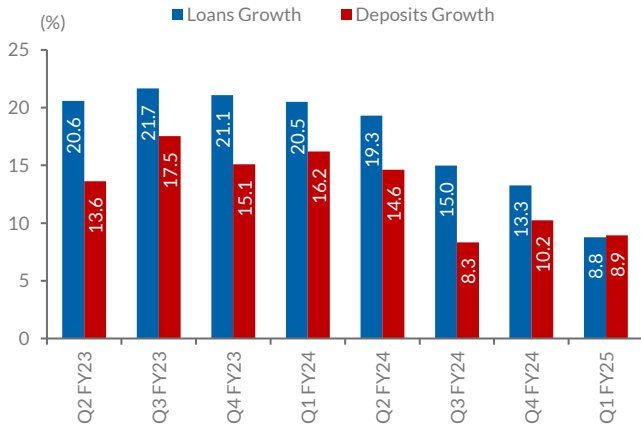
Source: Company, YES Sec – Research

## Exhibit 5: Non-Interest Income Break-up

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy
Total Fee Income (A)	14,790	19,150	(22.8)	15,070	(1.9)
Comm/Exch/Brok	7,190	10,300	(30.2)	7,450	(3.5)
Incidental Charges	3,170	3,600	(11.9)	3,890	(18.5)
Forex Income	3,830	4,640	(17.5)	3,270	17.1
Other Misc. Fee Income	600	610	(1.6)	460	30.4
Total Other Income (B)	10,083	22,765	(55.7)	18,153	(44.5)
Recovery from TWO	5,540	12,020	(53.9)	6,630	(16.4)
Trading Gains-Sale of sec	1,640	5,370	(69.5)	3,310	(50.5)
Revaluation of Investment	(760)	(180)	322.2	6,250	(112.2)
Profit on Exchange Trans	2,070	2,340	(11.5)	1,960	5.6
Others	1,593	3,215	(50.5)	3	NA
Total Non-Interest Income (A+B)	24,873	41,915	(40.7)	33,223	(25.1)

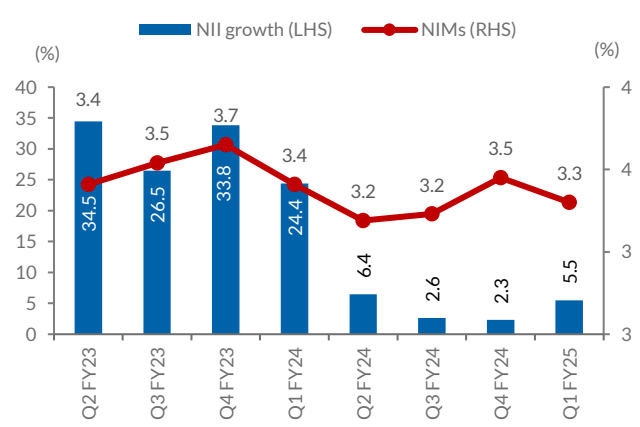
Source: Company, YES Sec – Research

**Exhibit 6: Loans and Deposits growth (YoY %)**



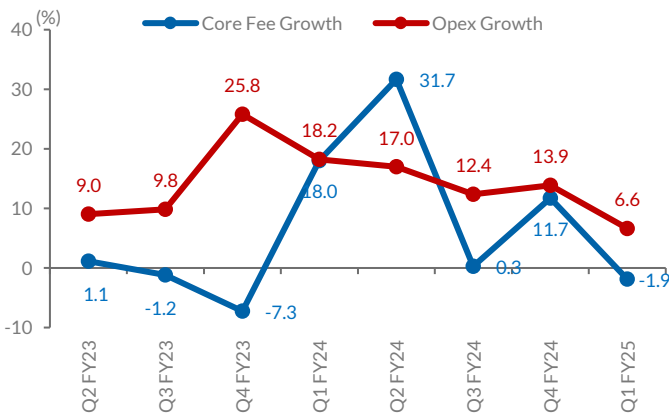
Source: Company, YES Sec – Research

**Exhibit 7: NII growth (YoY %) and NIM**



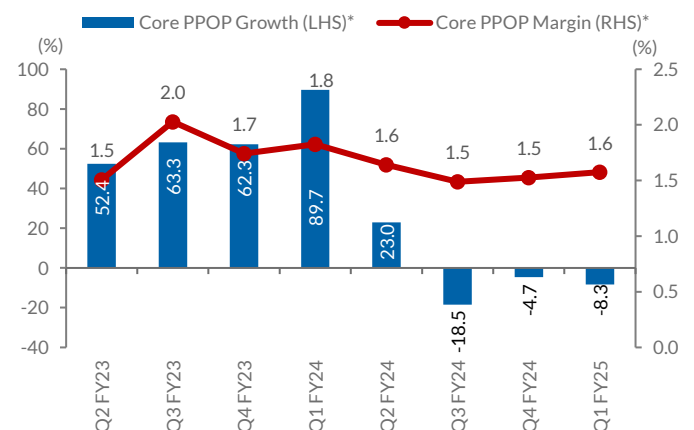
Source: Company, YES Sec – Research

**Exhibit 8: Core Fee and Opex growth (YoY %)**



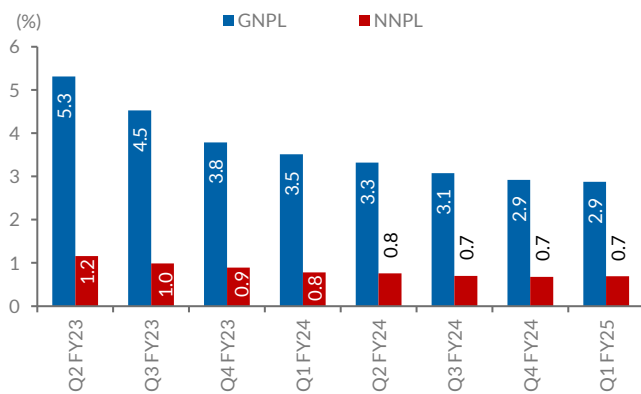
Source: Company, YES Sec – Research

**Exhibit 9: Core PPOP growth (YoY %) and Core PPOP margin (%)**



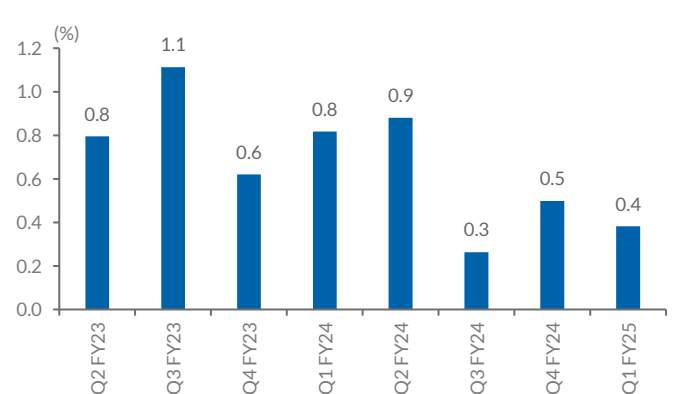
Source: Company, YES Sec – Research, \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 10: Gross NPA and Net NPA (%)**



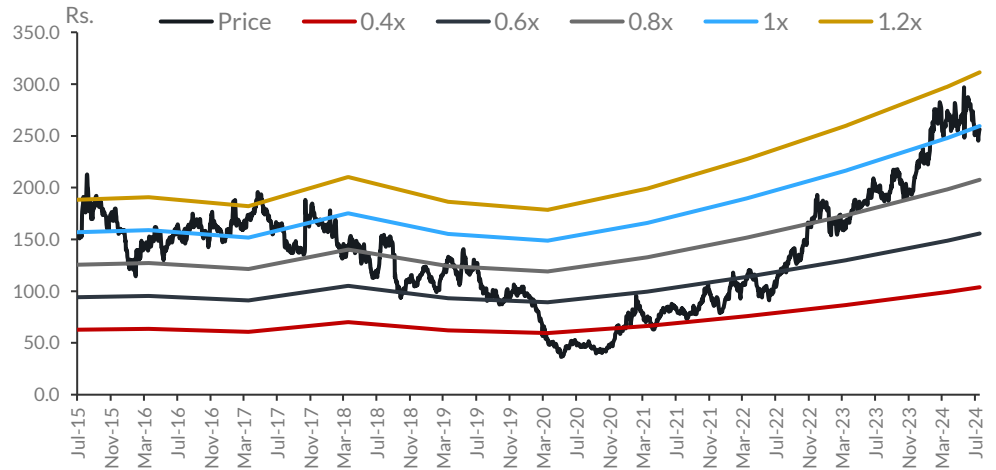
Source: Company, YES Sec – Research

**Exhibit 11: Credit Cost (%)**



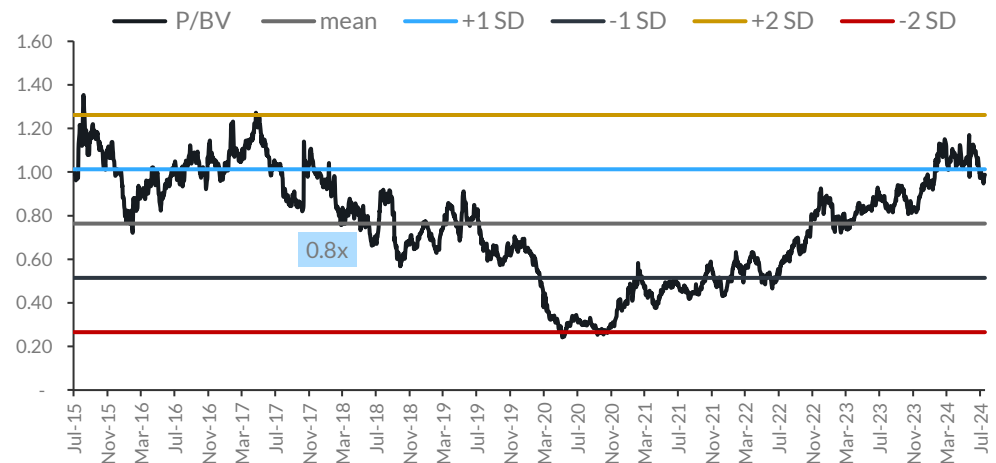
Source: Company, YES Sec – Research

**Exhibit 12: 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 13: 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 14: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Total cash & equivalents	1,226,550	957,032	951,241	1,083,900	1,224,807
Investments	3,157,954	3,624,854	3,698,168	4,159,917	4,680,686
Advances	7,771,552	9,409,983	10,657,817	12,043,333	13,608,967
Fixed assets	99,219	87,066	79,126	87,038	95,742
Other assets	524,724	506,681	471,618	518,780	570,658
<b>Total assets</b>	<b>12,779,998</b>	<b>14,585,615</b>	<b>15,857,971</b>	<b>17,892,969</b>	<b>20,180,860</b>
Net worth	859,097	982,229	1,122,236	1,339,986	1,528,751
Deposits	10,459,386	12,036,878	13,269,578	14,793,646	16,515,843
Borrowings	1,038,993	1,019,105	944,023	1,205,416	1,559,571
Other liabilities	422,523	547,404	522,134	553,920	576,695
<b>Total liabilities incl. Equity</b>	<b>12,779,998</b>	<b>14,585,615</b>	<b>15,857,971</b>	<b>17,892,969</b>	<b>20,180,860</b>

Source: Company, YES Sec – Research

### Exhibit 15: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Interest income	698,808	895,885	1,126,059	1,258,218	1,426,899
Interest expense	(372,594)	(482,325)	(678,844)	(760,678)	(863,280)
<b>Net interest income</b>	<b>326,213</b>	<b>413,560</b>	<b>447,215</b>	<b>497,540</b>	<b>563,620</b>
Non-interest income	114,840	100,258	144,954	142,319	169,131
<b>Total income</b>	<b>441,053</b>	<b>513,818</b>	<b>592,169</b>	<b>639,858</b>	<b>732,751</b>
Operating expenses	(217,164)	(245,183)	(282,517)	(292,923)	(321,724)
<b>PPoP</b>	<b>223,888</b>	<b>268,635</b>	<b>309,652</b>	<b>346,935</b>	<b>411,027</b>
Provisions	(130,024)	(71,369)	(60,756)	(86,451)	(103,621)
<b>Profit before tax</b>	<b>93,864</b>	<b>197,266</b>	<b>248,896</b>	<b>260,484</b>	<b>307,407</b>
Taxes	(21,142)	(56,170)	(71,008)	(65,564)	(77,374)
<b>Net profit</b>	<b>72,723</b>	<b>141,096</b>	<b>177,888</b>	<b>194,920</b>	<b>230,032</b>

Source: Company, YES Sec – Research

## Exhibit 16: Du Pont Analysis (RoA tree)

Y/e 31 Mar (%)	FY22	FY23	FY24	FY25E	FY26E
Interest Income	5.7	6.5	7.4	7.5	7.5
Interest expense	-3.1	-3.5	-4.5	-4.5	-4.5
<b>Net interest income</b>	<b>2.7</b>	<b>3.0</b>	<b>2.9</b>	<b>2.9</b>	<b>3.0</b>
Non-interest income	0.9	0.7	1.0	0.8	0.9
<b>Total income</b>	<b>3.6</b>	<b>3.8</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>
Operating expenses	-1.8	-1.8	-1.9	-1.7	-1.7
<b>PPoP</b>	<b>1.8</b>	2.0	2.0	2.1	2.2
Provisions	-1.1	-0.5	-0.4	-0.5	-0.5
<b>Profit before tax</b>	<b>0.8</b>	<b>1.4</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>
Taxes	-0.2	-0.4	-0.5	-0.4	-0.4
<b>Net profit</b>	<b>0.6</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>

Source: Company, YES Sec – Research

## Exhibit 17: Sum of the Parts (SOTP) - Subsidiaries

Subsidiaries/JVs	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple (Implied / Assigned)	Stake (%)	Stake value (Rs mn)	Per share (Rs)
IndiaFirst Life Insurance	75,808	NWP	68,729	1.1x	65.0%	49,276	9.5
India Infradebt	31,065	BV	31,065	1.0	41.0%	12,733	2.5
Nainital Bank	12,266	BV	8,177	1.5	98.6%	12,091	2.3
Baroda AMC	23,110	AUM	385,173	6.0%	50.1%	11,578	2.2
BOBCARD Ltd.	21,448	BV	10,724	2.0	100.0%	21,448	4.1
<b>Value of Subsidiaries</b>						<b>107,126</b>	<b>20.7</b>

Source: Company, YES Sec – Research

## Exhibit 18: 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	NA	497,540	563,620	NA	497,540	563,620	NA	0.0	0.0
Pre-Prov. Operating Profit	NA	346,935	411,027	NA	355,313	418,474	NA	(2.4)	(1.8)
Profit after tax	NA	194,920	230,032	NA	201,189	235,605	NA	(3.1)	(2.4)

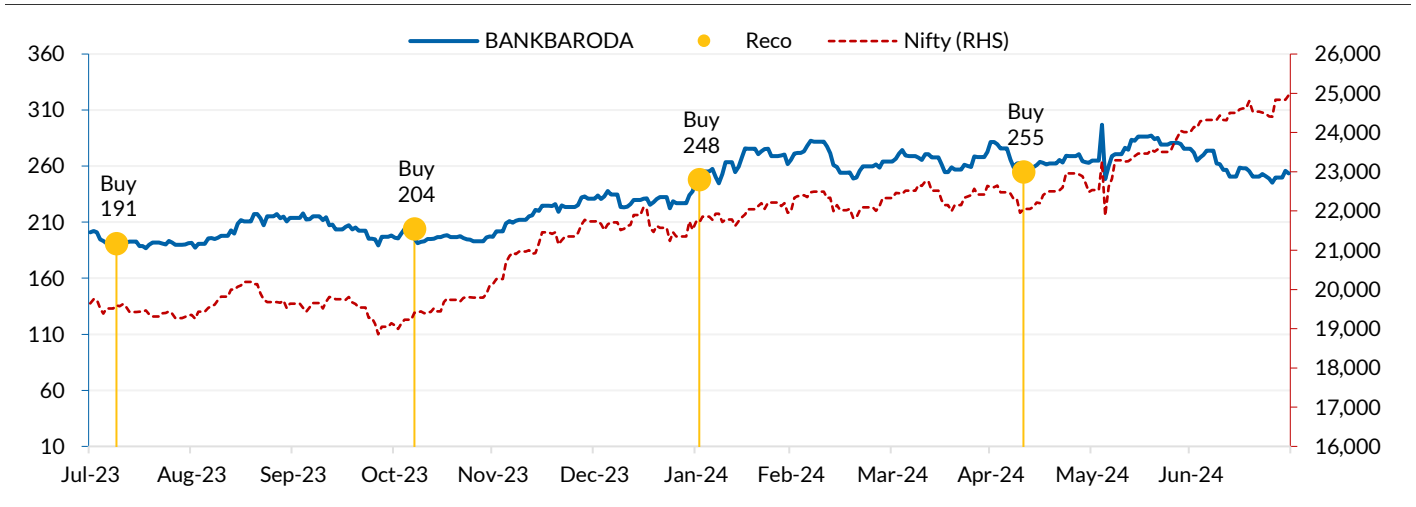
Source: Company, YES Sec – Research

## Exhibit 19: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E
<b>Growth matrix (%)</b>					
Net interest income	13.2	26.8	8.1	11.3	13.3
PPoP	5.6	20.0	15.3	12.0	18.5
Net profit	777.3	94.0	26.1	9.6	18.0
Loans	10.0	21.1	13.3	13.0	13.0
Deposits	8.2	15.1	10.2	11.5	11.6
<b>Profitability Ratios (%)</b>					
Net interest margin	3.0	3.3	3.2	3.2	3.2
Return on Average Equity	8.9	15.3	16.9	15.8	16.0
Return on Average Assets	0.6	1.0	1.2	1.2	1.2
<b>Per share figures (Rs)</b>					
EPS	14.0	27.3	34.4	35.9	42.3
BVPS	166	190	217	246	281
ABVPS	140	174	203	229	259
<b>Valuation multiples</b>					
P/E	16.6	8.6	6.8	6.5	5.5
P/BV	1.4	1.2	1.1	0.9	0.8
P/ABV	1.7	1.3	1.1	1.0	0.9
<b>NIM internals (%)</b>					
Yield on loans	6.6	7.5	8.5	8.5	8.5
Cost of deposits	3.3	3.7	4.7	4.8	4.8
Loan-deposit ratio	74.3	78.2	80.3	81.4	82.4
CASA ratio	41.5	39.5	38.0	38.0	38.0
<b>Opex control (%)</b>					
Cost/Income ratio	49.2	47.7	47.7	45.8	43.9
Cost to average assets	1.8	1.8	1.9	1.7	1.7
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	13.3	14.0	14.1	14.5	14.1
<b>Asset quality (%)</b>					
Slippage ratio	1.9	1.3	1.0	1.2	1.2
Gross NPL ratio	6.6	3.8	2.9	2.8	2.7
Credit cost	2.0	0.5	0.7	0.7	0.7
Net NPL ratio	1.7	0.9	0.7	0.8	0.9

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

## Recommendation Tracker



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