

February 4, 2021

## Q3FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	445		325	
NII (Rs. m)	12,73,736	14,19,952	12,10,454	13,51,819
% Chng.	5.2	5.0		
Op. Profit (Rs. m)	8,14,347	8,86,909	7,65,001	8,25,181
% Chng.	6.5	7.5		
EPS (Rs.)	35.0	41.4	21.6	26.4
% Chng.	62.2	57.1		

### Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII (Rs bn)	981	1,126	1,274	1,420
Op. Profit (Rs bn)	681	726	814	887
PAT (Rs bn)	145	206	312	370
EPS (Rs.)	16.2	23.1	35.0	41.4
Gr. (%)	1,580.3	42.3	51.5	18.4
DPS (Rs.)	-	-	5.0	6.0
Yield (%)	-	-	1.4	1.7
NIM (%)	2.8	2.9	3.0	3.0
RoAE (%)	6.4	8.5	11.7	12.5
RoAA (%)	0.4	0.5	0.7	0.7
P/BV (x)	1.5	1.4	1.2	1.1
P/ABV (x)	2.0	1.8	1.5	1.3
PE (x)	21.9	15.4	10.1	8.6
CAR (%)	13.1	13.6	13.6	13.4

### Key Data

SBI.BO | SBIN IN

52-W High / Low	Rs.358 / Rs.149	
Sensex / Nifty	50,614 / 14,896	
Market Cap	Rs.3,169bn/ \$ 43,434m	
Shares Outstanding	8,925m	
3M Avg. Daily Value	Rs.29648.89m	

### Shareholding Pattern (%)

Promoter's	57.64
Foreign	9.82
Domestic Institution	24.88
Public & Others	7.66
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	26.3	85.3	16.0
Relative	20.3	38.0	(6.6)

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## Catching up much faster

### Quick Pointers:

- Slippages – 5bps (120bps annualized on gross basis) & RSA of 80bps were quite lower than expected
- Raise BV by 22%/30% in FY22/FY23 on lower slippages & credit cost

**SBI reported strong earnings of Rs51.9bn (PL: 42.9bn) a fair beat of 21% for our estimates led by slightly lower provisions and good operating performance. Bank showcased strong performance on asset quality with Pro-forma slippages in the quarter on net basis at Rs20.7bn (on gross basis Rs70-80bn) and restructured book at 0.9% of loans (guidance was <1% in Q2FY21). PCR of 67% on pro-forma NPAs and control on asset quality move our credit cost assumptions towards lower levels of 180-135bps (from 190-180bps) in FY21-23, not seen since FY15. Although, we remain a bit cautious on its Agri & SME book as these surprise on asset quality (as seen past quarters), while corporate at 37% mix has well rated corporates & retail at 39% mix has largely salaried & GOI employees base with higher share of mortgages and hence, we remain less worried on same. Retain BUY rating with revised TP of Rs445 (from Rs325) based on 1.0x (from 0.7x core Mar-23 ABV & Rs168 for Subs).**

- Asset quality outcome has been good:** Pro-forma GNPA/NNPAs stood at 5.44%/1.81% with PCR at 67%. Slippages in the quarter were quite low on net basis at Rs20.7bn and gross basis added Rs80bn slippages but recovered about Rs50-60bn from Q2FY21 pro-forma slippages of Rs143bn which has large Agri slippage. Restructured at 0.8% (guided at <1%) of loans (Rs181bn) is also quite low and commendable given the large balance sheet and market share SBI has. Legacy book covered with good PCR (though still marginally lower than private banks) and lower RSA+NPA has led our slippages ratio lower to average of 1.4% over FY21-23E and lowered credit cost to 180-135bps over FY21-23.
- No qualms in operating performance:** Bank's NII grew by 4% YoY given the base had recovery if interest from large steel account. Surprise has been on further lower of funding cost (similar to other banks) has helped NII. On other income despite lower treasury it showed good recovery but more led by recovery from written off accounts. NIMs were steady at 3.12% with domestic held up at 3.34% but would have seen 8-9bps impact from interest reversals, which bank has taken into provisions.
- Delta from lower credit cost on return ratios:** Similar to other corporate banks (though they should be called retail banks now) SBI's delta on return ratios is from lowering credit cost of <150bps in FY21-23E which was last seen in FY13-FY15 but should not go lower towards <125bps as envisaged in private peers given the construct in book and risk adjusted margins remain better in private peers. With lowering credit cost as corporate asset quality should have a better outcome, hence ROEs should move 10%/13% in FY22/FY23. Subsidiaries too in next three years should add both to profitability (MF IPO & stake sale) and value on SBI's stock performance.

**Exhibit 1: Lower provision + steady PPOP along with good asset quality helps**

*NII grows marginally at 3.7% YoY with higher fall in interest expenses*

*Fee income remains weak while treasury gains support Other Income*

*Staff expenses were up on one-time wage revision cost*

*Provisions to the extent of Rs31.94bn and Rs60.08bn for COVID-19 general provisions.*

*Deposits grow on steady basis; asset side growth was better led by retail/SME*

*NIMs were steady with benefit accruing from lower cost of funds*

*Asset quality concerns brushed aside with high provisions and expected restructure applications for Rs180bn and much lower slippages*

*CASA remains steady at mid-40 levels*

*Bank remains well capitalized compared to last year. Strong profitability could improve capital levels*

Financials (Rs m)	Q3FY21	Q3FY20	YoY gr. (%)	Q2FY21	QoQ gr. (%)
Interest income	6,67,345	6,76,920	(1.4)	6,68,141	(0.1)
Interest Expenses	3,79,146	3,99,132	(5.0)	3,86,326	(1.9)
<b>Net interest income (NII)</b>	<b>2,88,199</b>	<b>2,77,788</b>	<b>3.7</b>	<b>2,81,815</b>	<b>2.3</b>
- Treasury income	13,383	6,960	92.3	10,840	23.5
Other income	92,462	91,059	1.5	85,277	8.4
<b>Total income</b>	<b>3,80,661</b>	<b>3,68,847</b>	<b>3.2</b>	<b>3,67,092</b>	<b>3.7</b>
Operating expenses	2,07,329	1,86,622	11.1	2,02,494	2.4
-Staff expenses	1,31,180	1,14,556	14.5	1,25,702	4.4
-Other expenses	76,149	72,065	5.7	76,793	(0.8)
<b>Operating profit</b>	<b>1,73,332</b>	<b>1,82,226</b>	<b>(4.9)</b>	<b>1,64,598</b>	<b>5.3</b>
<b>Core operating profit</b>	<b>1,59,949</b>	<b>1,75,266</b>	<b>(8.7)</b>	<b>1,53,758</b>	<b>4.0</b>
Total provisions	1,03,424	72,529	42.6	1,01,183	2.2
<b>Profit before tax</b>	<b>69,908</b>	<b>1,09,697</b>	<b>(36.3)</b>	<b>63,415</b>	<b>10.2</b>
Tax	17,946	53,863	(66.7)	17,673	1.5
<b>Profit after tax</b>	<b>51,962</b>	<b>55,834</b>	<b>(6.9)</b>	<b>45,742</b>	<b>13.6</b>
<b>Balance Sheet (Rs bn)</b>					
Deposits	35,358	31,112	13.6	34,705	1.9
Advances	23,681	21,999	7.6	22,939	3.2
<b>Ratios (%)</b>					
RoaA	0.5	0.6	(11)	0.4	5
<b>NIM</b>	<b>3.1</b>	<b>3.1</b>	<b>7</b>	<b>3.1</b>	<b>-</b>
Yield on Advances	8.2	8.9	(75)	8.2	(6)
Cost of Deposits	4.3	5.0	(71)	4.4	(9)
<b>Asset Quality</b>					
Gross NPL (Rs m)	11,72,442	15,96,612	(26.6)	12,58,630	(6.8)
Net NPL (Rs m)	2,90,317	5,22,486	(44.4)	3,64,507	(20.4)
<b>Gross NPL ratio</b>	<b>4.8</b>	<b>6.9</b>	<b>(217)</b>	<b>5.3</b>	<b>(51)</b>
<b>Net NPL ratio</b>	<b>1.2</b>	<b>2.7</b>	<b>(142)</b>	<b>1.6</b>	<b>(36)</b>
Coverage ratio	78.5	67.3	1,126	71.0	749
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	45.2	44.7	43	45.4	(24)
Cost-income ratio	54.5	50.6	387	55.2	(70)
Non int. inc / total income	24.3	24.7	(40)	23.2	106
Credit deposit ratio	67.0	70.7	(373)	66.1	88
CAR	14.5	13.7	77	14.7	(22)
Tier-I	11.7	11.6	14	11.9	(17)

Source: Company, PL

## Q3FY21 Concall Highlights

### Business Operations

- Restructuring applications received of Rs180bn, where Rs45bn is implemented. The bank does not expect any spike in 4Q from MSME side. Segment wise, 65% of restructuring requests are from corporate (Rs117 bn) followed by Retail (Rs39 bn) and SME (Rs25 bn). Within retail (Rs39 bn), large portion (~60%) of requests have come from home loan book. In corporate, there is one large corporate a/c.
- Management also confirmed of wage settlement which has been provided for, and hence should see lower employees as wage revision comes under base and no requirement of wage provision.
- No firm timelines on the recovery from Dewan (has been on track) and Bhushan Power.
- Around 40% of retails loans sourcing is from digital channels with strong disbursements across segments especially in the unsecured and xpress credit product.

### Assets/Liabilities:

- Loan growth was healthy at 7% YoY and including credit substitutes was marginally ahead of the system at 8% YoY. Positively, retail credit growth has been strong and is back to pre Covid19 level at 16% YoY (up 6% QoQ), within which gold loans grew ~4x in 6 months to Rs 175 bn while home loans growth remained strong at 10% YoY.
- Management guided that Xpress credit (unsecured personal loans; up 36% YoY), which is targeted towards salaried/defense personnel, is expected to continue strong growth momentum as the current penetration in high quality corporate salary customers (16 mn) has been much low. The total product penetration is 40-45% in this segment.
- Corporate growth was muted (2% YoY), however, the bank is seeing gradual uptick in credit/overdraft utilization and expect overall corporate growth momentum to pickup with broader economic recovery.
- ECLGS sanctioned cumulative Rs 260bn and Rs 230bn is disbursed. Rs 4.88bn is ECLGS 2.0. The SME book has grown by Rs 165bn QoQ, of which the ECLGS disbursement QoQ is only Rs 10bn; the rest of the growth has largely come from opportunities outside ECLGS in the SME book.

### Asset Quality

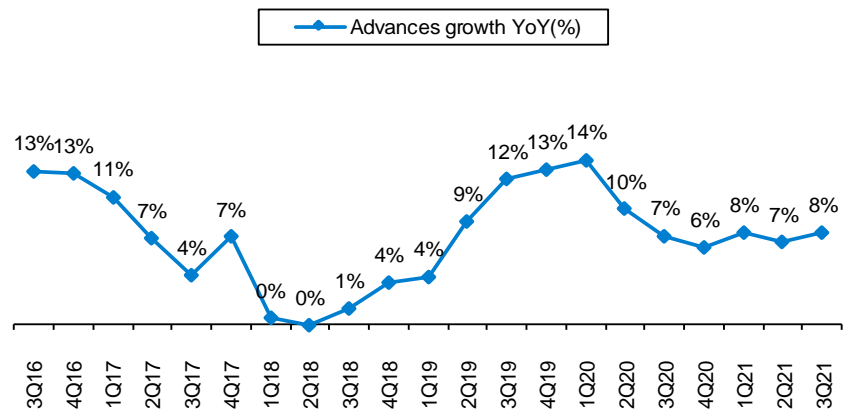
- Net slippages increased by Rs20.73bn to Rs164.61bn with total Pro forma slippages at Rs 230.91bn, as a sum of Pro forma slippages at Q3 at Rs 164.61bn, Rs 63.93bn slippages at end of Q2 and Rs 2.37bn slippages from foreign offices.
- Floating Provision of Rs14.64bn already created, Rs 3.48bn as standard asset provisioning over and above the Covid related general provisions created were Rs60.08bn.

- Cumulative Provision was Rs31.94bn in Q2 and Rs20.71bn in Q3, at Rs66.93bn

### Guidance

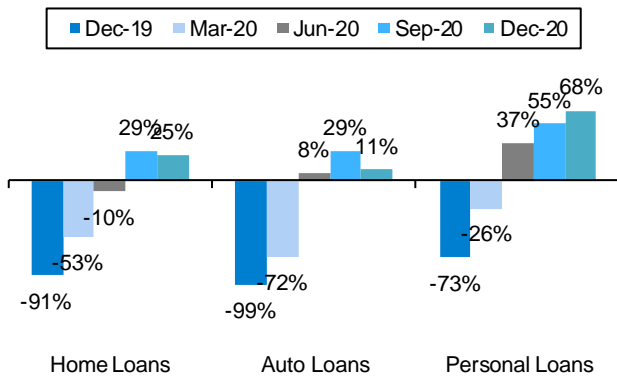
- CET 1 at 10.27% includes the 9MFY21 PAT. Will review the capital position and monetization of the Subs after 4QFY21.
- Management said that the NIMs at 3.34% levels have bottomed out but have to see repricing of loans on MCLR which have moved to 6M from 1Yr.

### Exhibit 2: Advances growth fluctuating in the higher single digits



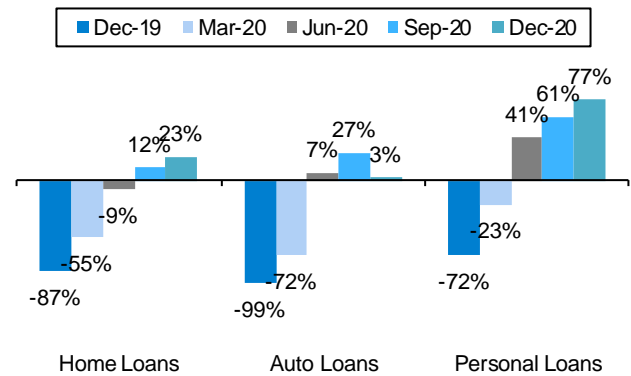
Source: Company, PL

### Exhibit 3: YoY growth trends in Sanctions across Retail



Source: Company, PL

### Exhibit 4: YoY growth trends in Disb. across Retail

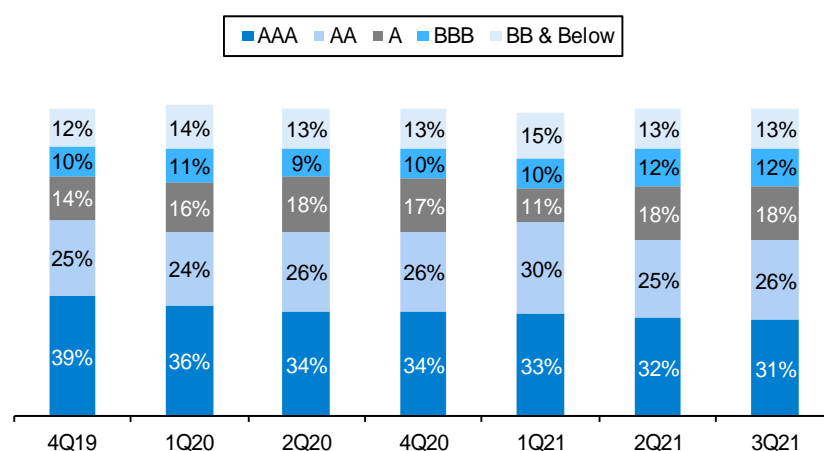


Source: Company, PL

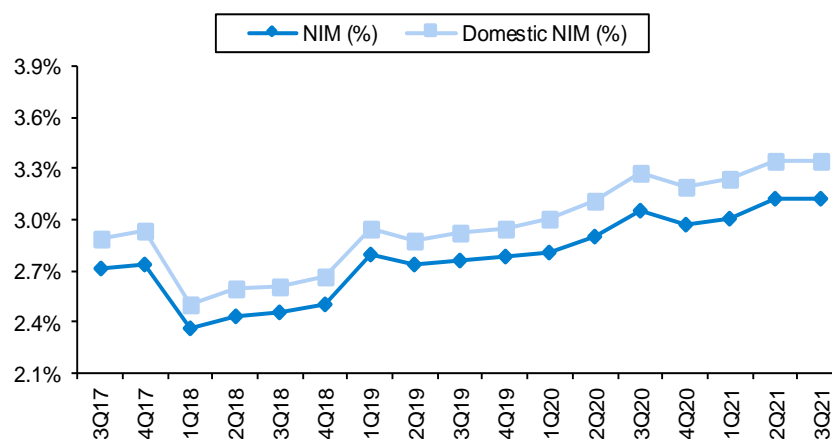
**Exhibit 5: Retail/SME book drives growth, corporate marginal pick up**

Loan break up (Rs bn)	Q3FY21	Q3FY20	YoY gr. (%)	Q2FY21	QoQ gr. (%)
<b>Gross Advances</b>	<b>24,566</b>	<b>23,017</b>	<b>6.7</b>	<b>23,836</b>	<b>3.1</b>
Large Corporates	7,882	7,710	2.2	7,876	0.1
SME	2,937	2,780	5.6	2,772	5.9
Agri	2,137	2,100	1.7	2,109	1.3
International	3,299	3,229	2.2	3,225	2.3
Retail	8,311	7,198	15.5	7,853	5.8
Home	4,845	4,404	10.0	4,684	3.4
Auto	759	735	3.4	716	6.0
Other Retail	2,707	2,059	31.5	2,453	10.4

Source: Company, PL

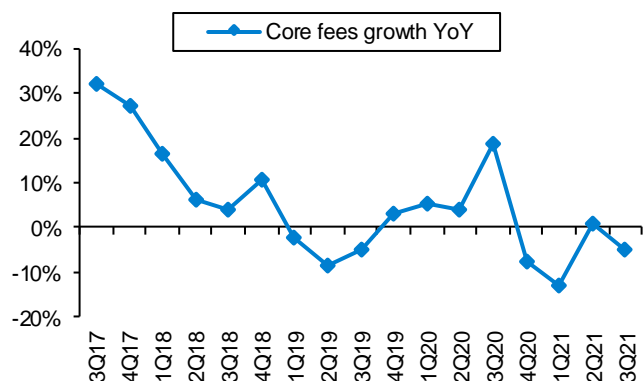
**Exhibit 6: Corporate Rating of loans showcase slight inch up one notch lower**


Source: PL, Company

**Exhibit 7: NIMs supported by better cost management**


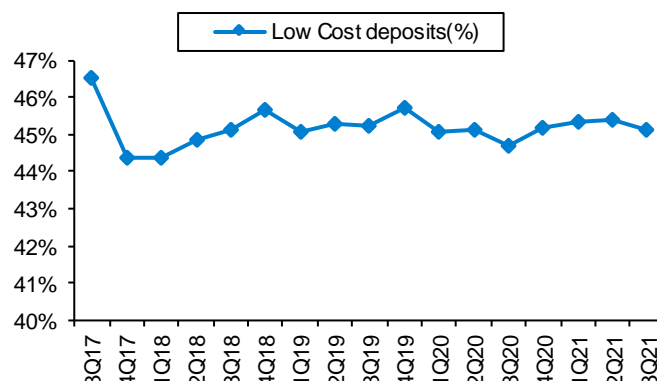
Source: Company, PL

Exhibit 8: Core fees growth has remained tepid



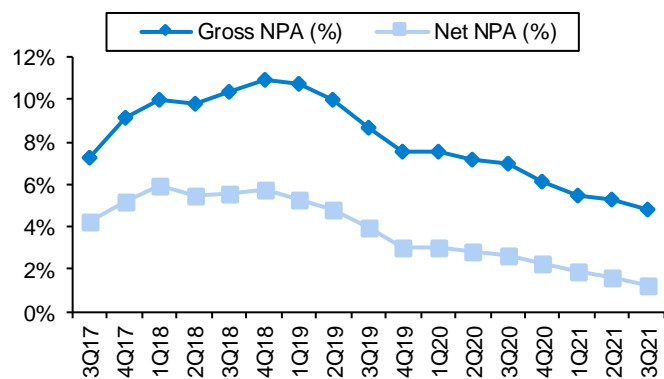
Source: Company, PL

Exhibit 9: CASA ratio remains stable



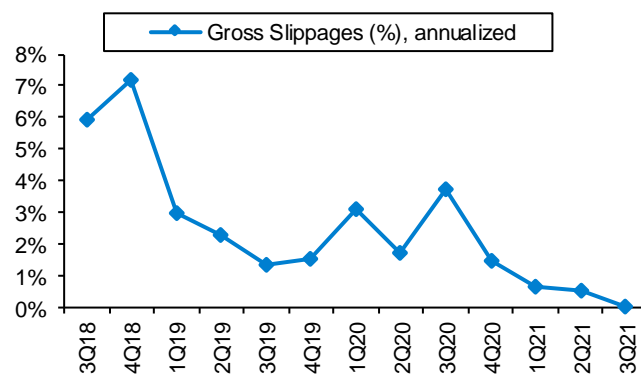
Source: Company, PL

Exhibit 10: Overall Asset Quality improving



Source: Company, PL

Exhibit 11: Aided by standstill benefit from SC Order



Source: Company, PL

Exhibit 12: Slippages remain low on standstill benefit, though on pro-forma basis escalated sharply

(Rs mn)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Additions	1,43,490	1,08,880	65,410	79,610	1,69,950	91,260	2,00,980	82,910	39,100	30,850	2,870
Slippages (%) - annualized	2.97%	2.32%	1.34%	1.56%	3.11%	1.71%	3.75%	1.51%	0.67%	0.54%	0.05%
Upgradation + Recovery	1,48,560	43,270	66,170	57,120	57,690	39,310	1,35,530	25,280	36,080	40,380	56,570
Write offs	1,00,800	1,35,380	1,80,240	1,72,640	1,54,820	1,20,530	85,200	1,63,320	1,97,330	28,450	32,490
<b>Gross NPAs</b>	<b>21,28,390</b>	<b>20,58,620</b>	<b>18,77,620</b>	<b>17,27,470</b>	<b>16,84,910</b>	<b>16,58,890</b>	<b>17,07,720</b>	<b>16,21,780</b>	<b>12,96,580</b>	<b>12,58,600</b>	<b>11,72,410</b>
<b>Gross NPA Ratio</b>	<b>10.70%</b>	<b>9.95%</b>	<b>8.71%</b>	<b>7.53%</b>	<b>7.53%</b>	<b>7.19%</b>	<b>6.94%</b>	<b>6.15%</b>	<b>5.44%</b>	<b>5.28%</b>	<b>4.77%</b>
<b>Net NPAs</b>	<b>9,92,363</b>	<b>9,48,100</b>	<b>8,09,435</b>	<b>6,58,947</b>	<b>6,56,239</b>	<b>5,99,392</b>	<b>5,22,486</b>	<b>5,18,713</b>	<b>4,27,036</b>	<b>3,64,507</b>	<b>2,90,317</b>
<b>Net NPA Ratio</b>	<b>5.29%</b>	<b>4.84%</b>	<b>3.95%</b>	<b>3.01%</b>	<b>3.07%</b>	<b>2.79%</b>	<b>2.65%</b>	<b>2.23%</b>	<b>1.86%</b>	<b>1.59%</b>	<b>1.23%</b>
Provision Coverage Ratio	53.4%	53.9%	56.9%	61.9%	61.1%	62.9%	67.3%	65.2%	67.1%	71.0%	76.8%
<b>SMA 1 &amp; SMA 2</b>	<b>23,440</b>	<b>12,320</b>	<b>1,70,590</b>	<b>77,620</b>	<b>1,02,890</b>	<b>1,83,130</b>	<b>81,010</b>	<b>72,660</b>	<b>17,500</b>	<b>1,19,860</b>	<b>1,79,460</b>
% of loans	0.14%	0.07%	0.91%	0.39%	0.53%	0.95%	0.41%	0.35%	0.09%	0.58%	0.84%
<b>Restructuring/Resolution</b>											
Standard					1,91,420	1,68,220	87,110				1,81,250-
% of Loans					0.99%	0.87%	0.44%				0.88%
<b>Net Stressed assets (% of loans)</b>	<b>5.42%</b>	<b>4.91%</b>	<b>4.79%</b>	<b>3.37%</b>	<b>3.56%</b>	<b>3.65%</b>	<b>2.74%</b>	<b>2.54%</b>	<b>1.93%</b>	<b>2.11%</b>	<b>2.11%</b>

Source: Company, PL

**Exhibit 13: Provisioning requirements to effect recovery in Return Ratios**

RoA decomposition (%)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Interest Income/Assets	2.8%	2.8%	2.4%	2.7%	2.8%	2.9%	3.0%	3.0%
Fees/Assets	1.1%	1.1%	1.0%	1.1%	1.0%	0.9%	0.9%	0.9%
Investment profits/Assets	0.2%	0.5%	0.4%	0.0%	0.2%	0.2%	0.1%	0.1%
<b>Net revenues/Assets</b>	<b>4.1%</b>	<b>4.5%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>3.9%</b>
Operating Expense/Assets	-2.0%	-2.2%	-1.9%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%
Provisions/Assets	-1.4%	-2.3%	-2.4%	-1.6%	-1.2%	-1.2%	-0.9%	-0.8%
Taxes/Assets	-0.2%	0.0%	0.3%	0.0%	-0.3%	-0.2%	-0.2%	-0.3%
<b>Total Costs/Assets</b>	<b>-3.6%</b>	<b>-4.5%</b>	<b>-4.0%</b>	<b>-3.8%</b>	<b>-3.7%</b>	<b>-3.4%</b>	<b>-3.2%</b>	<b>-3.2%</b>
<b>ROA</b>	<b>0.5%</b>	<b>-0.1%</b>	<b>-0.2%</b>	<b>0.0%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.7%</b>	<b>0.8%</b>
Equity/Assets	6.6%	6.7%	6.9%	6.7%	6.5%	6.3%	6.2%	6.2%
<b>ROE</b>	<b>7.3%</b>	<b>-1.1%</b>	<b>-3.5%</b>	<b>0.4%</b>	<b>7.2%</b>	<b>9.4%</b>	<b>12.9%</b>	<b>13.6%</b>

Source: Company Data, PL Research

**Exhibit 14: We increase our NII assumptions & lower credit cost substantially to reflect lower slippages and better PCR**

Earnings Estimates Changes (Rs mn)	Old			Revised			% Change		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Net interest income	10,76,564	11,78,814	13,02,981	11,26,437	12,73,736	14,19,952	4.6	8.1	9.0
Operating profit	6,70,839	7,07,042	7,57,781	7,25,893	8,14,347	8,86,909	8.2	15.2	17.0
Net profit	1,30,019	1,45,057	2,14,094	2,06,187	3,12,457	3,69,873	58.6	115.4	72.8
Loan Growth (%)	6.0	7.8	8.3	7.0	8.5	10.0	1.0	0.7	1.7
Credit Cost (bps)	210	200	170	180	150	135	(30.0)	(50.0)	(35.0)
EPS (Rs)	14.6	16.3	24.0	23.1	35.0	41.4	58.6	115.4	72.8
ABVPS (Rs)	190	196	214	201	240	279	5.8	22.5	30.7
<b>Price target (Rs)</b>	<b>325</b>			<b>445</b>			<b>36.8</b>		
<b>Recommendation</b>	<b>BUY</b>			<b>BUY</b>					

Source: Company Data, PL

**Exhibit 15: We revise our SOTP to Rs445 (from Rs325) based on 1.0x Mar-23 ABV & 168 for Subs**

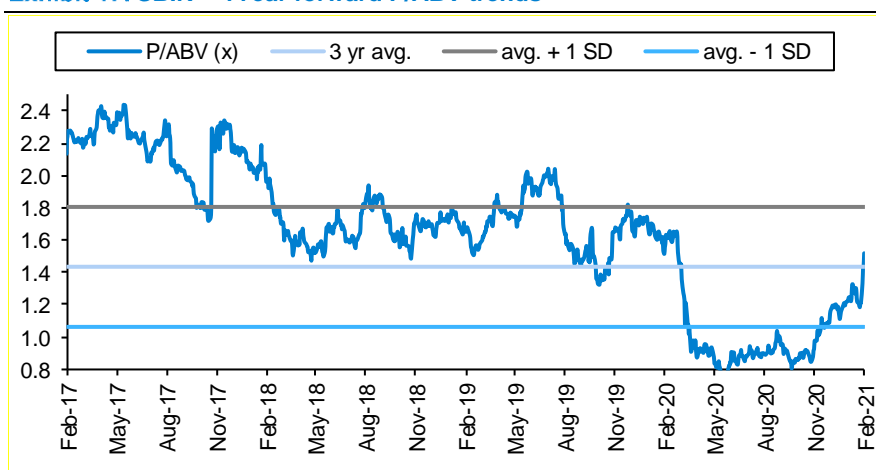
PT calculation and upside	
Terminal growth	5.0%
Market risk premium	7.0%
Risk-free rate	6.3%
Adjusted beta	1.08
<b>Cost of equity</b>	<b>13.8%</b>
Fair price - P/ABV	277
Value of subs/associates	168
<b>Fair value of consol. entity</b>	<b>445</b>
<b>P/ABV – Standalone bank</b>	<b>1.0</b>
<b>P/E – Standalone bank</b>	<b>6.7</b>
Current price, Rs	355
<b>Upside (%)</b>	<b>25%</b>

Source: Company, PL

**Exhibit 16: SBIN's SOTP valuation table**

SOTP valuation, FY23	Stake (%)	Revised PT	Method
Standalone	100%	<b>277</b>	1.0x Mar-23 P/ABV
SBI Life Insurance	56%	54	2.5x EV & 20x New Biz multiple
Asset management	63%	20	5% of AUMs
Cards	69%	60	P/E model
Others	100%	34	P/E model
<b>Total</b>		<b>445</b>	

Source: Company, PL

**Exhibit 17: SBIN - 1Year forward P/ABV trends**


Source: Company, PL



### Income Statement (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Int. Earned from Adv.	17,97,488	17,47,246	19,06,445	21,54,237
Int. Earned from invt.	6,82,047	7,99,395	9,48,928	10,79,071
Others	64,496	88,371	92,108	79,129
Total Interest Income	25,73,236	26,70,194	29,75,303	33,41,299
Interest Expenses	15,92,388	15,43,757	17,01,567	19,21,347
<b>Net Interest Income</b>	<b>9,80,848</b>	<b>11,26,437</b>	<b>12,73,736</b>	<b>14,19,952</b>
Growth(%)	14.5	6.7	11.2	10.4
Non Interest Income	4,52,215	4,02,471	4,26,619	4,56,483
Net Total Income	14,33,063	15,28,908	17,00,355	18,76,434
Growth(%)	8.2	1.6	10.7	11.6
Employee Expenses	4,57,150	5,07,436	5,63,254	6,30,845
Other Expenses	2,61,549	2,61,549	2,87,704	3,22,228
Operating Expenses	7,51,737	8,03,015	8,86,008	9,89,525
<b>Operating Profit</b>	<b>6,81,326</b>	<b>7,25,893</b>	<b>8,14,347</b>	<b>8,86,909</b>
Growth(%)	22.9	6.5	12.2	8.9
NPA Provision	4,29,975	4,33,201	3,89,070	3,82,660
Total Provisions	4,30,698	4,50,352	3,96,791	3,92,624
<b>PBT</b>	<b>2,50,628</b>	<b>2,75,541</b>	<b>4,17,556</b>	<b>4,94,285</b>
Tax Provision	1,05,747	69,354	1,05,099	1,24,412
Effective tax rate (%)	42.2	25.2	25.2	25.2
<b>PAT</b>	<b>1,44,881</b>	<b>2,06,187</b>	<b>3,12,457</b>	<b>3,69,873</b>
Growth(%)	1,580.3	42.3	51.5	18.4

### Balance Sheet (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Face value	1	1	1	1
No. of equity shares	8,925	8,925	8,925	8,925
Equity	8,925	8,925	8,925	8,925
Networth	23,20,074	25,26,261	27,94,095	31,10,421
Growth(%)	5.0	8.9	10.6	11.3
Adj. Networth to NNPA's	5,18,713	4,29,586	3,22,766	2,69,112
Deposits	3,24,16,207	3,67,92,395	4,08,39,559	4,55,36,108
Growth(%)	11.3	13.5	11.0	11.5
CASA Deposits	1,43,37,076	1,64,46,201	1,83,36,962	2,04,91,249
% of total deposits	44.2	44.7	44.9	45.0
<b>Total Liabilities</b>	<b>3,95,13,939</b>	<b>4,41,89,133</b>	<b>4,86,86,792</b>	<b>5,40,70,855</b>
Net Advances	2,32,52,896	2,48,80,598	2,69,95,449	2,96,94,994
Growth(%)	6.4	7.0	8.5	10.0
Investments	1,04,69,545	1,32,38,335	1,52,76,087	1,73,33,296
<b>Total Assets</b>	<b>3,95,13,939</b>	<b>4,41,89,133</b>	<b>4,86,86,792</b>	<b>5,40,70,855</b>
Growth (%)	7.3	11.8	10.2	11.1

### Asset Quality

Y/e Mar	FY20	FY21E	FY22E	FY23E
Gross NPAs (Rs m)	14,90,919	13,00,280	12,34,252	12,07,779
Net NPAs (Rs m)	5,18,713	4,29,586	3,22,766	2,69,112
Gr. NPAs to Gross Adv.(%)	6.2	5.0	4.4	3.9
Net NPAs to Net Adv. (%)	2.2	1.7	1.2	0.9
NPA Coverage %	65.2	67.0	73.8	77.7

### Profitability (%)

Y/e Mar	FY20	FY21E	FY22E	FY23E
NIM	2.8	2.9	3.0	3.0
RoAA	0.4	0.5	0.7	0.7
RoAE	6.4	8.5	11.7	12.5
Tier I	11.0	11.1	11.3	11.3
CRAR	13.1	13.6	13.6	13.4

Source: Company Data, PL Research

### Quarterly Financials (Rs. m)

Y/e Mar	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Interest Income	6,26,814	6,65,004	6,68,141	6,67,345
Interest Expenses	3,99,145	3,98,588	3,86,326	3,79,146
<b>Net Interest Income</b>	<b>2,27,669</b>	<b>2,66,416</b>	<b>2,81,815</b>	<b>2,88,199</b>
YoY growth (%)	(0.8)	16.1	14.6	3.7
CEB	78,730	44,710	52,430	53,490
Treasury	-	-	-	-
Non Interest Income	1,60,774	94,972	85,277	92,462
<b>Total Income</b>	<b>7,87,588</b>	<b>7,59,976</b>	<b>7,53,418</b>	<b>7,59,807</b>
Employee Expenses	1,20,387	1,18,651	1,25,702	1,31,180
Other expenses	83,406	62,126	76,793	76,149
Operating Expenses	2,03,793	1,80,777	2,02,494	2,07,329
<b>Operating Profit</b>	<b>1,84,651</b>	<b>1,80,611</b>	<b>1,64,598</b>	<b>1,73,332</b>
YoY growth (%)	9.0	36.3	(9.6)	(4.9)
Core Operating Profits	-	-	-	-
NPA Provision	1,18,940	94,205	56,190	22,900
Others Provisions	1,34,951	1,25,013	1,01,183	1,03,424
Total Provisions	1,34,951	1,25,013	1,01,183	1,03,424
<b>Profit Before Tax</b>	<b>49,700</b>	<b>55,598</b>	<b>63,415</b>	<b>69,908</b>
Tax	13,892	13,704	17,673	17,946
<b>PAT</b>	<b>35,808</b>	<b>41,893</b>	<b>45,742</b>	<b>51,962</b>
YoY growth (%)	327.1	81.2	51.9	(6.9)
<b>Deposits</b>	<b>3,24,16,207</b>	<b>3,41,93,628</b>	<b>3,47,04,617</b>	<b>3,53,57,534</b>
YoY growth (%)	11.3	16.0	14.4	13.6
<b>Advances</b>	<b>2,32,52,896</b>	<b>2,29,83,462</b>	<b>2,29,39,012</b>	<b>2,36,81,391</b>
YoY growth (%)	6.4	7.7	6.9	7.6

### Key Ratios

Y/e Mar	FY20	FY21E	FY22E	FY23E
CMP (Rs)	355	355	355	355
EPS (Rs)	16.2	23.1	35.0	41.4
Book Value (Rs)	233	256	286	322
Adj. BV (70%)(Rs)	175	201	240	279
P/E (x)	21.9	15.4	10.1	8.6
P/BV (x)	1.5	1.4	1.2	1.1
P/ABV (x)	2.0	1.8	1.5	1.3
DPS (Rs)	-	-	5.0	6.0
Dividend Payout Ratio (%)	-	-	14.3	14.5
Dividend Yield (%)	-	-	1.4	1.7

### Efficiency

Y/e Mar	FY20	FY21E	FY22E	FY23E
Cost-Income Ratio (%)	52.5	52.5	52.1	52.7
C-D Ratio (%)	71.7	67.6	66.1	65.2
Business per Emp. (Rs m)	223	245	267	293
Profit per Emp. (Rs lacs)	6	8	12	14
Business per Branch (Rs m)	2,493	2,778	3,042	3,359
Profit per Branch (Rs m)	6	9	14	17

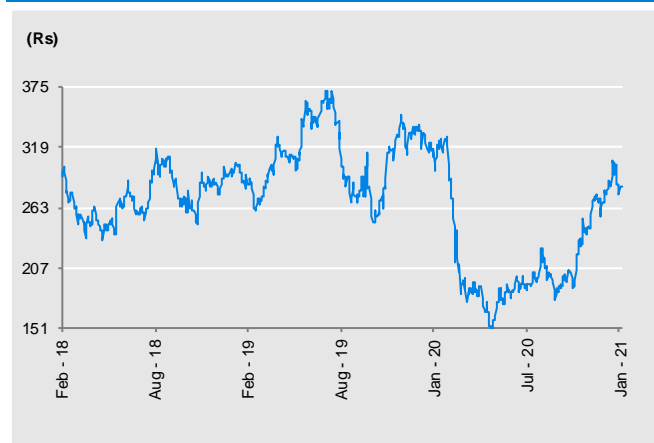
### Du-Pont

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII	2.80	2.93	2.97	2.99
Total Income	4.10	3.97	3.97	3.95
Operating Expenses	2.15	2.09	2.07	2.08
PPoP	1.95	1.89	1.90	1.87
Total provisions	1.23	1.17	0.93	0.83
RoAA	0.41	0.54	0.73	0.78
RoAE	7.16	9.43	12.90	13.63

Source: Company Data, PL Research

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Jan-21	BUY	325	286
2	05-Nov-20	BUY	290	205
3	09-Oct-20	BUY	276	198
4	01-Aug-20	BUY	276	191
5	08-Jul-20	BUY	254	192
6	06-Jun-20	BUY	254	188
7	14-Apr-20	BUY	317	184

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	Accumulate	725	632
2	Bank of Baroda	BUY	82	74
3	Federal Bank	Accumulate	88	77
4	HDFC Bank	BUY	1,690	1,467
5	HDFC Life Insurance Company	Reduce	650	687
6	ICICI Bank	BUY	630	537
7	IDFC First Bank	Sell	32	47
8	IndusInd Bank	BUY	1,026	846
9	Kotak Mahindra Bank	Hold	1,912	1,794
10	Max Financial Services	Accumulate	760	727
11	Punjab National Bank	Hold	37	35
12	SBI Life Insurance Company	BUY	1,080	858
13	South Indian Bank	BUY	10	9
14	State Bank of India	BUY	325	286

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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