

August 7, 2022

## Q1FY23 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	620		600	
NII (Rs. m)	13,38,091	14,61,725	13,17,263	14,35,763
% Chng.	1.6	1.8		
Op. Profit (Rs. m)	7,67,542	8,81,972	8,35,140	9,49,857
% Chng.	(8.1)	(7.1)		
EPS (Rs.)	43.6	51.2	43.6	50.9
% Chng.	0.1	0.5		

### Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
NII (Rs bn)	1,107	1,207	1,338	1,462
Op. Profit (Rs bn)	716	679	768	882
PAT (Rs bn)	157	260	390	457
EPS (Rs.)	22.9	29.1	43.6	51.2
Gr. (%)	40.9	27.2	50.0	17.2
DPS (Rs.)	4.0	7.1	7.9	8.7
Yield (%)	0.8	1.3	1.5	1.6
NIM (%)	3.0	2.9	2.9	2.9
RoAE (%)	9.3	10.7	14.4	15.1
RoAA (%)	0.5	0.5	0.7	0.8
P/BV (x)	2.1	1.9	1.7	1.5
P/ABV (x)	2.5	2.1	1.9	1.7
PE (x)	23.3	18.3	12.2	10.4
CAR (%)	13.7	13.8	13.3	12.8

### Key Data

SBI.BO | SBIN IN

52-W High / Low	Rs.549 / Rs.401
Sensex / Nifty	58,388 / 17,398
Market Cap	Rs.4,751bn/ \$ 59,956m
Shares Outstanding	8,925m
3M Avg. Daily Value	Rs.6806.48m

### Shareholding Pattern (%)

Promoter's	57.57
Foreign	9.62
Domestic Institution	25.09
Public & Others	7.72
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	12.8	0.4	20.5
Relative	2.6	0.8	12.4

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## Core earnings beat but asset quality miss

### Quick Pointers:

- Miss on NII and opex led to lower core PPOP; loan growth was strong.
- Asset quality was a drag with higher slippages though provisions were lower.

**SBI core earnings at Rs108bn surpassed estimates by 13% mainly driven by lower provisions although core PPOP was a miss led by lower NII and higher opex. Loan growth at ~16% YoY was ahead with strong offtake in IBG and domestic retail. Outlook on corporate is better as Rs1.2trn worth loans are in pipeline. Bank expects credit momentum to continue in FY23 and is targeting a loan growth of ~12% YoY. Due to seasonality, slippages spiked QoQ from 0.6% to 1.65% mainly led by SME, agri and retail while SMA 1&2 also increased. However, Rs28bn of slippages and Rs20bn of SMA 1&2 are already recovered. With credit costs expected to remain benign i.e. below 1% in FY23/24E, core ROE could scale up to ~16% in FY24E. We maintain multiple at 1.4x on core FY24 ABV with SOTP based TP of Rs600. Retain BUY.**

- Q1FY23 core earnings beat led by lower provisions; slippages higher:** NII was slightly lower at Rs312bn (PLe Rs322bn) mainly due to tad lower NIM (led by higher cost of funds) at 2.97% (PLe 3.04%) while loan growth was ahead at 15.8% YoY (PLe 14.1%). Deposit growth was a miss at 8.7% YoY. Other income missed estimates at Rs23bn (PLe Rs49bn) due to treasury loss of Rs65bn. Opex was a bit higher at Rs207bn driven by more staff cost. Core PPOP was lower at Rs193bn (PLe Rs203bn). Asset quality was mixed; while net slippages were higher led by more gross slippages, GNPA/NNPA improved by 7bps/1bp QoQ to 3.9%/1.0%. Provisions were a beat at Rs43.9bn (PLe Rs72bn). PAT was a miss at Rs60.6bn (PLe Rs71.0bn) although core PAT was ahead at Rs108bn (PLe Rs96bn).
- Corporate credit growth was solid:** Sequential credit offtake was led by IBG (+9.2%) and domestic (+1.8%). Growth in IBG was led by syndicated loans and trade finance. Also, bank had started factoring services which helped them gain traction in US & UK. Within domestic growth was largely led by retail (+3.2%) while SME too saw decent traction. Although corporate growth was softer, potential is strong as already credit worth Rs1.2trn is in pipeline, while there is underutilization in WC of Rs2.5trn and unavailed TL is Rs2.5trn. Bank expects healthy credit momentum to continue in FY23 across segments and is targeting a loan growth of ~12% YoY. Although SA rate is low at 2.7%, the bank would follow a more calibrated approach to increasing deposit rates.
- Blip in asset quality:** Gross slippages were higher at Rs101bn (PLe Rs51bn) due to seasonality although Rs28bn of this pool has been recovered. Net slippages were higher to estimates even as recoveries were more at Rs52bn (PLe Rs33bn). Fresh slippages of Rs97.4bn were split into SME-Rs30bn, agri-Rs27bn, retail-Rs24.4bn and corporate Rs16bn. OTR pool reduced QoQ from Rs31bn (1.13%) to Rs29bn (1.02%) while PCR on this pool was maintained at 27% with provisions of Rs78bn. While SMA 1&2 increased QoQ from 13bps to 25bps due to seasonality, Rs20bn or 7bps has already been recovered.

**Exhibit 1: Earnings miss led by slower core earnings**

*NII growth was slower at 12.9% YoY owing to softer margins.*

*Other income decreased YoY on treasury losses*

*Other expenses were higher sequentially due to higher employee expenses.*

*Provisions declined YoY mainly due to write back of standard asset provisions.*

*Credit growth resurged while deposit growth was slow.*

*NIMs remained steady on better yields.*

*Asset quality metrics saw slight moderation as slippages spiked while recoveries were strong.*

*CASA improved to ~44%*

*Bank's C-I focus should improve going ahead*

Financial Statement (Rs m)	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)
Interest income	726,764	655,644	10.8	707,333	2.7
Interest Expenses	414,804	379,260	9.4	395,354	4.9
<b>Net interest income (NII)</b>	<b>311,959</b>	<b>276,384</b>	<b>12.9</b>	<b>311,979</b>	<b>(0.0)</b>
- Treasury income	(65,490)	21,020	NA	1,780	NA
Other income	23,122	118,027	(80.4)	118,802	(80.5)
<b>Total income</b>	<b>335,081</b>	<b>394,412</b>	<b>(15.0)</b>	<b>430,780</b>	<b>(22.2)</b>
Operating expenses	207,556	204,664	1.4	233,612	(11.2)
-Staff expenses	120,514	125,383	(3.9)	125,560	(4.0)
-Other expenses	87,042	79,281	9.8	108,052	(19.4)
<b>Operating profit</b>	<b>127,526</b>	<b>189,748</b>	<b>(32.8)</b>	<b>197,168</b>	<b>(35.3)</b>
<b>Core operating profit</b>	<b>193,016</b>	<b>168,728</b>	<b>14.4</b>	<b>195,388</b>	<b>(1.2)</b>
Total provisions	43,924	100,520	(56.3)	72,375	(39.3)
<b>Profit before tax</b>	<b>83,602</b>	<b>89,229</b>	<b>(6.3)</b>	<b>124,794</b>	<b>(33.0)</b>
Tax	22,921	24,189	(5.2)	33,659	(31.9)
<b>Profit after tax</b>	<b>60,681</b>	<b>65,040</b>	<b>(6.7)</b>	<b>91,135</b>	<b>(33.4)</b>
<b>Adjusted Profit</b>	<b>60,681</b>	<b>65,040</b>	<b>(6.7)</b>	<b>91,135</b>	<b>(33.4)</b>
<b>Balance Sheet (Rs bn)</b>					
Deposits	40,456,956	37,209,870	8.7	40,515,341	(0.1)
Advances	28,152,492	24,319,081	15.8	27,339,666	3.0
<b>Ratios (%)</b>					
RoaA	0.5	0.6	(9)	0.8	(26)
<b>NIM</b>	<b>3.2</b>	<b>2.9</b>	<b>31</b>	<b>3.1</b>	<b>11</b>
Yield on Advances	7.1	7.0	13	6.9	20
Cost of Funds	3.8	3.9	(3)	3.7	15
<b>Asset Quality</b>					
Gross NPL (Rs m)	1,132,717	1,342,595	(15.6)	1,120,234	1.1
Net NPL (Rs m)	282,579	431,525	(34.5)	279,657	1.0
<b>Gross NPL ratio</b>	<b>3.9</b>	<b>5.3</b>	<b>(142)</b>	<b>4.0</b>	<b>(7)</b>
<b>Net NPL ratio</b>	<b>1.0</b>	<b>1.8</b>	<b>(77)</b>	<b>1.0</b>	<b>(2)</b>
Coverage ratio	75.0	67.9	714	75.0	(4)
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	43.7	44.6	(90)	43.8	(12)
Cost-income ratio	61.9	51.9	NA	54.2	NA
Non int. inc / total income	6.9	29.9	NA	27.6	NA
Credit deposit ratio	69.6	65.4	423	67.5	211
CAR	13.4	13.7	(23)	13.8	(37)
Tier-I	11.2	11.3	(17)	11.4	(27)

Source: Company, PL

## Q1FY23 Concall Highlights

### Asset & Liabilities Strategy & Outlook

- Pandemic effect has been subdued and economic environment is conducive, improvement in urban consumption and rural demand, normal monsoon and capex by government provides opportunities for credit growth. However, rising inflationary pressure reflecting in crude & commodity prices, geopolitical issues leading to disruption in supply chain continue to be overhang.
- Bank expects the healthy credit momentum to continue in FY23 from across segments. On deposits, with interest rates going up, SA rate would be monitored with a floor of 2.70%, however focus would be on NIMs and based on conditions deposits would be shored up with focus on CASA. Deposit accretion would be done through digital medium, new acquisition and deepening of relationships with existing customers to improve float and balance.
- In the corporate segment, currently underutilization of WC is Rs2.5trn, unavailed Term Loans Rs2.5trn, pipeline continues to be Rs1.2trn. While retail would continue to sustain momentum despite rate hikes, SME demand is coming back with focus on Supply chain financing and some portion of Balance sheet lending.
- International book grew by 9% QoQ owing to syndicated loans and trade finance. Bank has started factoring services which has helped them gain traction in Us & UK.
- During the year, about Rs1.5trn would be redeemed from AFS & HTM Portfolio, any addition to the investments would be made to HTM portfolio only. This would provide sufficient liquidity to fund growth.
- During the year, the bank would raise funds through AT 1 and Tier 2 bonds to the tune of Rs.9000 crore. Deliberation to raise equity has not been considered.

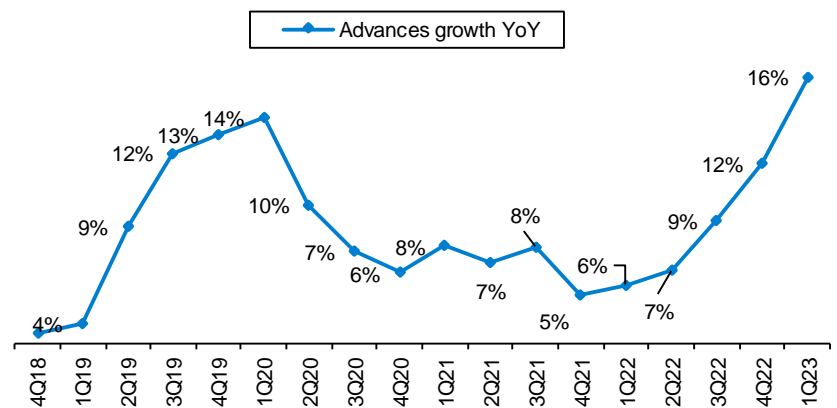
### NIMs/Opex

- NIM is expected to retain past trajectory and is expected to improve from the current levels.
- Cost to Income – income would be shore up to sustain costs, new subsidiary has been set up to support operations especially in rural areas.
- Treasury Losses – Treasury losses in the current quarter are MTM losses, with yields settling down the same is expected to reverse in coming quarters.

### Asset Quality

- Slippages ratio were 1.5% in Q1FY23 (Corporate Rs.16bn, Agri – Rs27bn, SME – Rs. Rs30bn and remaining from Retail). Recovery for Q1FY23 was Rs.52bn.
- **Restructuring** – Total Restructuring stands at Rs.287.85bn vs Rs 309.6bn in Q4FY22. Reduction is on account repayment of Rs. 20bn and balance having slipped to NPA, against which bank has reversed restructured provision to that extent. Outstanding restructured provision stood at Rs. 78bn.
- Credit costs for the quarter was 0.67%, aspiration would be to reduce it to the extent possible.

**Exhibit 2: Loan growth has seen uptick on the International book**



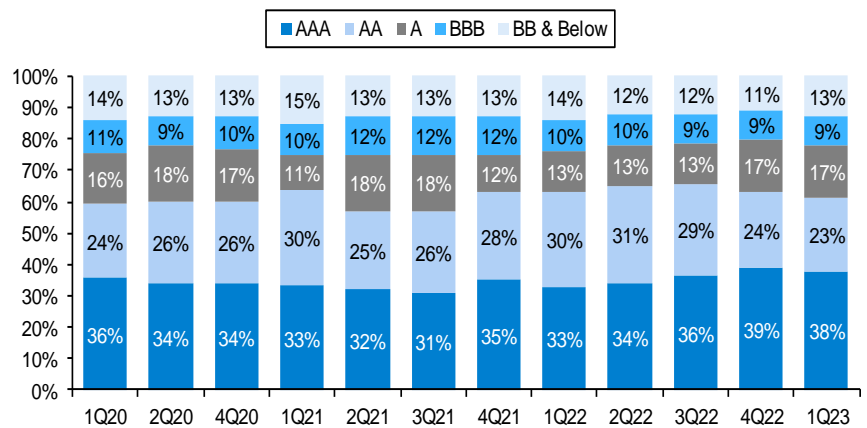
Source: Company, PL

**Exhibit 3: International book drives growth**

Loan break up (Rs bn)	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)
<b>Gross Advances</b>	<b>29,006</b>	<b>25,238</b>	<b>14.9</b>	<b>28,187</b>	<b>2.9</b>
Large Corporates	8,740	7,905	10.6	8,707	0.4
SME	3,128	2,843	10.0	3,055	2.4
Agri	2,299	2,094	9.8	2,282	0.7
International	4,498	3,675	22.4	4,119	9.2
Retail	10,341	8,721	18.6	10,023	3.2
Home	5,751	5,055	13.8	5,617	2.4
Auto	820	743	10.5	791	3.6
Other Retail	3,770	2,924	28.9	3,615	4.3

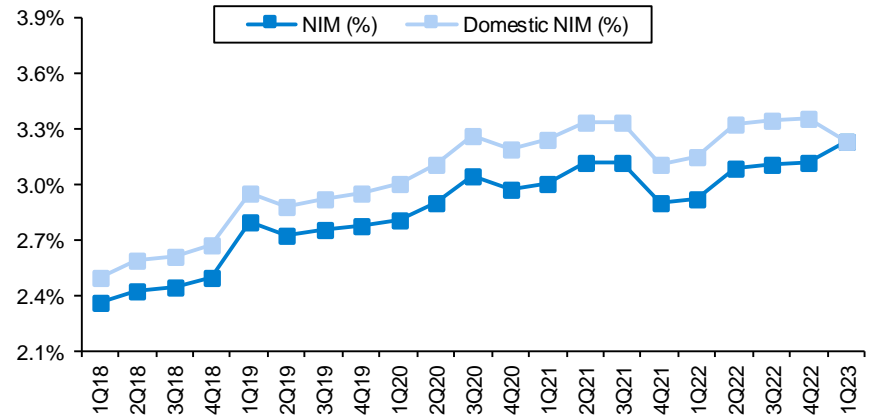
Source: Company, PL

**Exhibit 4: BB & below book sees uptick**



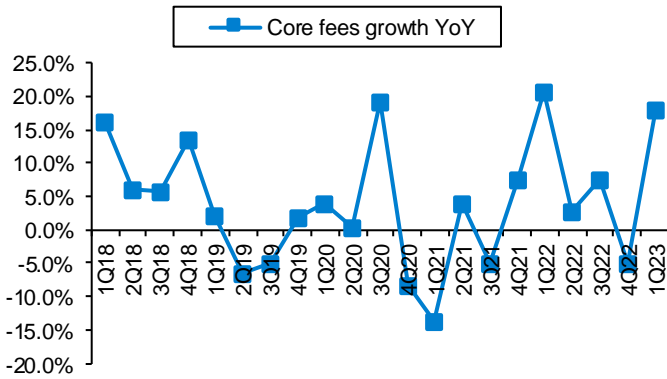
Source: PL, Company

**Exhibit 5: NIM largely stable**



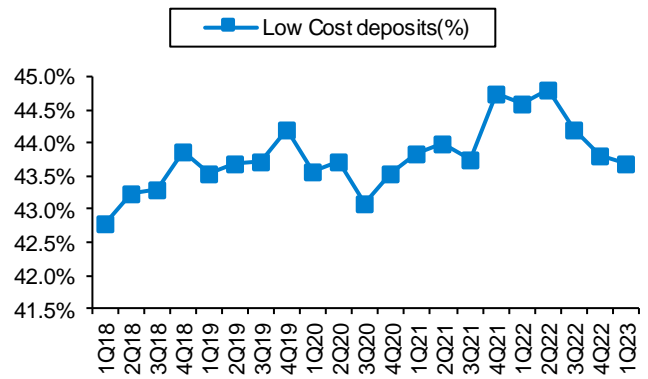
Source: Company, PL

**Exhibit 6: Core fees increases on lower base**



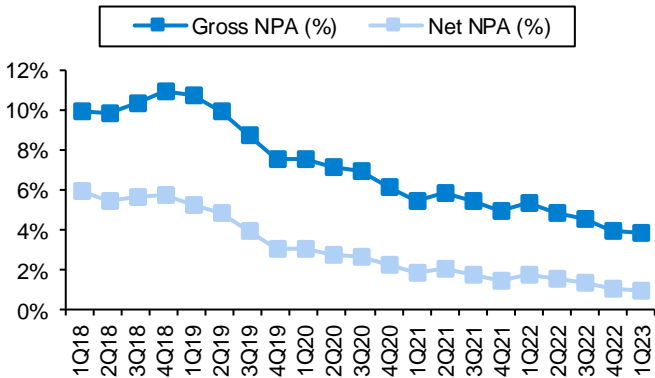
Source: Company, PL

**Exhibit 7: CASA ratio steady**



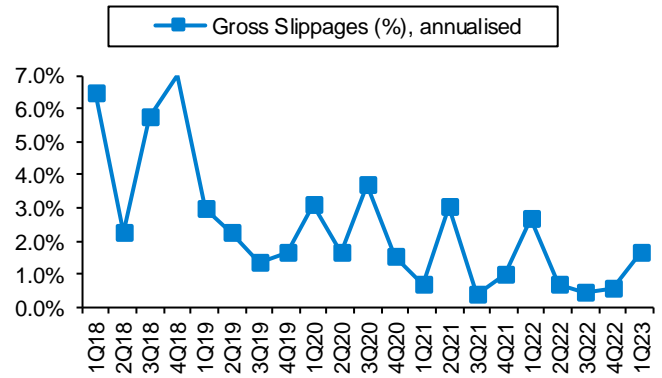
Source: Company, PL

**Exhibit 8: Asset quality sees slight moderation**



Source: Company, PL

**Exhibit 9: ...as slippages increase**



Source: Company, PL

**Exhibit 10: Slippages came in higher; while overall stress book is quite manageable at sub <2.5%**

(Rs mn)	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Additions	79,610	1,69,950	91,260	2,00,980	82,910	39,100	30,850	2,870	220,500	162,980	42,920	25,790	36,060	101,150
Slippages (%) - annualized	1.56%	3.11%	1.71%	3.75%	1.51%	0.67%	0.54%	0.05%	3.72%	2.66%	0.71%	0.42%	0.56%	1.65
Upgradation + Recovery	57,120	57,690	39,310	1,35,530	25,280	36,080	40,380	56,570	43,290	49,690	74,070	23,060	67,560	52,080
Write offs	1,72,640	1,54,820	1,20,530	85,200	1,63,320	1,97,330	28,450	32,490	85,760	34,590	72,020	41,870	48,554	36,587
<b>Gross NPAs</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>12,63,890</b>	<b>13,42,595</b>	<b>12,39,418</b>	<b>12,00,288</b>	<b>11,20,234</b>	<b>1,132,717</b>
<b>Gross NPA Ratio</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>5.88%</b>	<b>5.44%</b>	<b>4.98%</b>	<b>5.32%</b>	<b>4.90%</b>	<b>4.51%</b>	<b>3.98%</b>	<b>3.91%</b>
<b>Net NPAs</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>368,097</b>	<b>4,31,525</b>	<b>3,71,186</b>	<b>3,45,397</b>	<b>2,79,657</b>	<b>282,579</b>
<b>Net NPA Ratio</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>2.08%</b>	<b>1.81%</b>	<b>1.50%</b>	<b>1.77%</b>	<b>1.52%</b>	<b>1.34%</b>	<b>1.02%</b>	<b>1.00%</b>
Provision Coverage Ratio	61.9%	61.1%	62.9%	63.5%	65.2%	67.1%	66.0%	68.0%	70.9%	67.9%	70.1%	71.2%	75.0%	75.0%
<b>SMA 1 &amp; SMA 2</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>	<b>115,190</b>	<b>113,030</b>	<b>66,900</b>	<b>41,670</b>	<b>35,440</b>	<b>69,830</b>
% of loans	0.39%	0.53%	0.95%	0.41%	0.35%	0.09%	0.58%	0.84%	0.53%	0.52%	0.31%	0.18%	0.15%	0.25%
<b>Restructuring/Resolution</b>														
Standard		1,91,420	1,68,220	87,110				1,81,250	178,520	202,970	303,120	3,28,950	3,09,600	2,87,850
% of Loans		0.99%	0.87%	0.44%				0.77%	0.73%	0.83%	1.24%	1.28%	1.13%	1.00%
<b>Net Stressed assets (% of loans)</b>	<b>3.01%</b>	<b>3.97%</b>	<b>3.58%</b>	<b>3.04%</b>	<b>2.23%</b>	<b>1.86%</b>	<b>2.08%</b>	<b>2.57%</b>	<b>2.23%</b>	<b>2.61%</b>	<b>2.76%</b>	<b>2.62%</b>	<b>2.16%</b>	<b>2.03%</b>

Source: Company, PL

**Exhibit 11: Return ratios remain on track for improvement for 15% ROE**

RoA decomposition (%)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Interest Income/Assets	3.0	2.4	2.5	2.6	2.6	2.5	2.6	2.6
Other Income/Assets	1.7	1.4	1.0	1.2	1.0	0.9	0.8	0.8
<b>Net revenues/Assets</b>	<b>4.7</b>	<b>3.9</b>	<b>3.5</b>	<b>3.8</b>	<b>3.6</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>
Operating Expense/Assets	2.3	1.9	2.0	2.0	1.9	2.0	1.9	1.9
Provisions/Assets	2.4	2.4	1.5	1.1	1.0	0.5	0.5	0.5
Taxes/Assets	0.0	-0.3	0.0	0.3	0.2	0.3	0.3	0.3
<b>ROA</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>0.7</b>	<b>0.8</b>
<b>ROE</b>	<b>-1.3</b>	<b>-3.7</b>	<b>0.4</b>	<b>7.2</b>	<b>9.3</b>	<b>13.4</b>	<b>14.4</b>	<b>15.1</b>

Source: Company Data, PL Research

**Exhibit 12: We slightly tweak estimates while we retain out TP**

Earnings Estimates (Rs mn)	Earlier Estimates		Revised Estimates		% Change	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Net interest income	1,317,263	1,435,763	1,338,091	1,461,725	1.6	1.8
Operating profit	835,140	949,857	767,542	881,972	(8.1)	(7.1)
Net profit	388,994	454,172	389,506	456,528	0.1	0.5
Loan Growth (%)	10.2	11.0	10.2	11.0	0.1	(0.0)
Credit Cost (bps)	97	96	76	76	(21.0)	(20.1)
EPS (Rs)	43.6	50.9	43.6	51.2	0.1	0.5
ABVPS (Rs)	291	329	283	322	(2.6)	(2.2)
<b>Price target (Rs)</b>	<b>600</b>		<b>600</b>		<b>-</b>	
<b>Recommendation</b>	<b>BUY</b>		<b>BUY</b>			

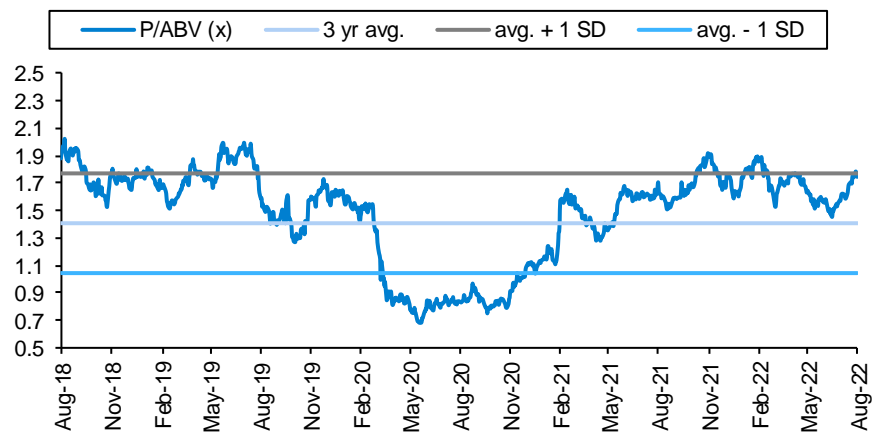
Source: Company, PL

**Exhibit 13: SBIN's SOTP valuation table**

SOTP valuation, Sep-23	Stake (%)	Revised PT	Method
<b>Standalone</b>		<b>416</b>	<b>1.4x Mar-24 P/ABV</b>
SBI Cards	69.2%	80	37.0x on FY24 PAT
SBI Life	55.5%	79	M-Cap
Asset management	62.6%	24	32.0x on FY22 PAT
Yes Bank	30.0%	11	1x Investment in Subs
General Insurance	70.0%	3	30.0x on FY22 PAT
SBI Caps	100.0%	3	5x on FY22 PAT
UTI AMC	10.0%	1	1x Investment in Subs
<b>Total</b>		<b>620</b>	
Hold Co Discount		20	
<b>Target Price</b>		<b>600</b>	

Source: Company, PL

**Exhibit 14: SBIN - One year forward P/ABV trends**



Source: Company, PL

**Income Statement (Rs. m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
Int. Earned from Adv.	17,14,291	17,18,237	21,06,557	25,53,565
Int. Earned from invt.	7,98,081	8,48,772	10,34,950	12,47,306
Others	95,959	1,43,784	1,68,635	2,00,553
Total Interest Income	26,51,506	27,54,573	33,57,402	40,52,527
Interest Expenses	15,44,406	15,47,497	20,19,311	25,90,802
<b>Net Interest Income</b>	<b>11,07,100</b>	<b>12,07,076</b>	<b>13,38,091</b>	<b>14,61,725</b>
Growth(%)	7.6	4.6	8.6	10.6
Non Interest Income	4,34,964	4,05,639	4,12,557	4,74,851
Net Total Income	15,42,064	16,12,715	17,50,648	19,36,575
Growth(%)	2.0	2.4	19.3	20.1
Employee Expenses	5,09,360	5,75,620	6,05,143	6,48,827
Other Expenses	2,83,987	3,25,852	3,77,963	4,05,777
Operating Expenses	8,26,522	9,33,975	9,83,106	10,54,604
<b>Operating Profit</b>	<b>7,15,542</b>	<b>6,78,740</b>	<b>7,67,542</b>	<b>8,81,972</b>
Growth(%)	5.0	(5.1)	13.1	14.9
NPA Provision	2,72,700	1,41,430	1,77,576	2,01,361
Total Provisions	4,87,630	2,44,521	2,46,811	2,71,640
<b>PBT</b>	<b>2,27,911</b>	<b>4,34,219</b>	<b>5,20,730</b>	<b>6,10,332</b>
Tax Provision	71,307	1,00,320	1,31,224	1,53,804
Effective tax rate (%)	31.3	23.1	25.2	25.2
<b>PAT</b>	<b>1,56,605</b>	<b>2,59,715</b>	<b>3,89,506</b>	<b>4,56,528</b>
Growth(%)	33.1	65.8	50.0	17.2

**Balance Sheet (Rs. m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
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	25,38,752	28,00,881	30,63,231	34,42,149
Growth(%)	9.4	10.3	9.4	12.4
Adj. Networth to NNPA's	3,68,097	2,79,657	3,02,167	3,36,012
Deposits	3,68,12,771	4,05,15,341	4,42,96,334	4,90,16,948
Growth(%)	13.6	10.1	9.3	10.7
CASA Deposits	1,67,12,813	1,80,35,806	1,86,67,996	2,00,33,161
% of total deposits	45.4	44.5	42.1	40.9
<b>Total Liabilities</b>	<b>4,53,44,296</b>	<b>4,98,75,974</b>	<b>5,41,81,643</b>	<b>5,94,35,189</b>
Net Advances	2,44,94,978	2,73,39,666	3,01,40,475	3,34,62,637
Growth(%)	5.3	11.6	10.2	11.0
Investments	1,35,17,052	1,48,14,455	1,60,79,569	1,76,31,396
<b>Total Assets</b>	<b>4,53,44,296</b>	<b>4,98,75,974</b>	<b>5,41,81,643</b>	<b>5,94,35,189</b>
Growth (%)	14.8	10.0	8.6	9.7

**Asset Quality**

Y/e Mar	FY21	FY22	FY23E	FY24E
Gross NPAs (Rs m)	12,63,890	11,20,234	11,33,606	12,00,424
Net NPAs (Rs m)	3,68,097	2,79,657	3,02,167	3,36,012
Gr. NPAs to Gross Adv.(%)	5.0	4.0	3.7	3.5
Net NPAs to Net Adv. (%)	1.5	1.0	1.0	1.0
NPA Coverage %	70.9	75.0	73.3	72.0

**Profitability (%)**

Y/e Mar	FY21	FY22	FY23E	FY24E
NIM	3.0	2.9	2.9	2.9
RoAA	0.5	0.5	0.7	0.8
RoAE	9.3	10.7	14.4	15.1
Tier I	11.4	11.4	11.1	10.7
CRAR	13.7	13.8	13.3	12.8

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Interest Income	6,94,815	6,96,781	7,07,333	7,26,764
Interest Expenses	3,82,976	3,89,907	3,95,354	4,14,804
<b>Net Interest Income</b>	<b>3,11,839</b>	<b>3,06,874</b>	<b>3,11,979</b>	<b>3,11,959</b>
YoY growth (%)	10.7	6.5	15.3	12.9
CEB	53,910	57,470	80,230	63,720
Treasury	-	-	-	-
Non Interest Income	82,076	86,734	1,18,802	23,122
<b>Total Income</b>	<b>7,76,891</b>	<b>7,83,515</b>	<b>8,26,134</b>	<b>7,49,886</b>
Employee Expenses	1,25,778	1,24,715	1,25,560	1,20,514
Other expenses	87,346	83,677	1,08,052	87,042
Operating Expenses	2,13,124	2,08,392	2,33,612	2,07,556
<b>Operating Profit</b>	<b>1,80,791</b>	<b>1,85,216</b>	<b>1,97,168</b>	<b>1,27,526</b>
YoY growth (%)	9.8	6.9	0.1	(32.8)
Core Operating Profits	1,76,501	1,80,076	1,95,388	1,93,016
NPA Provision	26,993	30,961	32,620	42,681
Others Provisions	1,888	69,740	72,375	43,924
Total Provisions	1,888	69,740	72,375	43,924
<b>Profit Before Tax</b>	<b>1,78,903</b>	<b>1,15,477</b>	<b>1,24,794</b>	<b>83,602</b>
Tax	28,454	31,158	33,659	22,921
<b>PAT</b>	<b>1,50,450</b>	<b>84,319</b>	<b>91,135</b>	<b>60,681</b>
YoY growth (%)	228.9	62.3	41.3	(6.7)
<b>Deposits</b>	<b>3,80,96,299</b>	<b>3,84,77,937</b>	<b>4,05,15,341</b>	<b>4,04,56,956</b>
YoY growth (%)	9.8	8.8	10.1	8.7
<b>Advances</b>	<b>2,44,31,942</b>	<b>2,57,83,865</b>	<b>2,73,39,666</b>	<b>2,81,52,492</b>
YoY growth (%)	6.5	8.9	11.6	15.8

**Key Ratios**

Y/e Mar	FY21	FY22	FY23E	FY24E
CMP (Rs)	532	532	532	532
EPS (Rs)	22.9	29.1	43.6	51.2
Book Value (Rs)	258	288	317	359
Adj. BV (70%)(Rs)	217	256	283	322
P/E (x)	23.3	18.3	12.2	10.4
P/BV (x)	2.1	1.9	1.7	1.5
P/ABV (x)	2.5	2.1	1.9	1.7
DPS (Rs)	4.0	7.1	7.9	8.7
Dividend Payout Ratio (%)	17.5	24.4	18.0	17.0
Dividend Yield (%)	0.8	1.3	1.5	1.6

**Efficiency**

Y/e Mar	FY21	FY22	FY23E	FY24E
Cost-Income Ratio (%)	53.6	57.9	56.2	54.5
C-D Ratio (%)	66.5	67.5	68.0	68.3
Business per Emp. (Rs m)	250	278	304	337
Profit per Emp. (Rs lacs)	6	11	16	19
Business per Branch (Rs m)	2,731	3,047	3,328	3,675
Profit per Branch (Rs m)	7	12	17	20

**Du-Pont**

Y/e Mar	FY21	FY22	FY23E	FY24E
NII	2.61	2.54	2.57	2.57
Total Income	3.63	3.39	3.36	3.41
Operating Expenses	1.95	1.96	1.89	1.86
PPoP	1.69	1.43	1.48	1.55
Total provisions	1.04	0.51	0.47	0.48
RoAA	0.48	0.55	0.75	0.80
RoAE	7.65	13.41	15.41	15.58

Source: Company Data, PL Research



**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-22	BUY	600	487
2	14-May-22	BUY	600	445
3	09-Apr-22	BUY	610	516
4	07-Feb-22	BUY	610	530
5	12-Jan-22	BUY	540	506
6	06-Oct-21	BUY	540	457

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	2,300	2,383
2	Axis Bank	BUY	940	727
3	Bank of Baroda	Accumulate	130	116
4	Can Fin Homes	BUY	675	538
5	City Union Bank	BUY	170	145
6	DCB Bank	BUY	120	89
7	Federal Bank	BUY	135	99
8	HDFC	BUY	2,900	2,378
9	HDFC Bank	BUY	1,740	1,362
10	ICICI Bank	BUY	950	800
11	IDFC First Bank	UR	-	34
12	IndusInd Bank	BUY	1,300	1,018
13	Kotak Mahindra Bank	Accumulate	1,950	1,827
14	LIC Housing Finance	BUY	450	379
15	Punjab National Bank	BUY	50	31
16	State Bank of India	BUY	600	487

**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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