

STATE BANK OF INDIA | PSU Banking

Highest ever quarterly profit; ~13% credit growth guidance for FY24E

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Result and Price Analysis

State Bank of India (SBIN) has delivered a strong result on operating and assets quality front. It's reported GNPA (2.78% v/s 3.14% in 3QFY23) and NNPA (0.67% v/s 0.77% in 3QFY23) holds steady with stable PCR (incl. AUCA) of 92%. Furthermore SMA1/2 (8bps v/s 2bps) decreased meaningfully. The bank has witnessed better than expected advance growth (17% YoY & 4.6% QoQ) led by growth across segment and steady deposit base (9.2% YoY & 5% QoQ) sequentially with better liquidity position. Moreover the bank has reported highest ever quarterly PAT of ₹166bn (v/s ₹142bn in 3QFY23) on back of healthy NII (Domestic NIMs: 3.58%) and lower loan loss provision (credit cost: 16bps). The 4QFY23 calculated ROA and ROE stood at 1.23% and 20.4% respectively; surpassing the ROE target of 15%. The bank has established total standard asset and contingent provision of ~₹338bn (109bps of net advances) as on 4QFY23. With improving operating environment, ample contingent buffer (against ECL provisions) and strong growth outlook, we believe the annual ROE target of 15% is achievable in FY24E/25E. Therefore, we recommend BUY with target price of ₹743.

Gazing the core

Higher upgrades/recoveries led to GNPA reduction: The bank's slippages were suggestively higher sequentially at ₹32bn (v/s ₹31bn) and recoveries (₹42bn v/s ₹16bn) were higher too. Moreover, bulky write-offs (₹66bn) led to decrease in GNPA ratio to 2.78% v/s 3.14% in the previous quarter. The bank's asset quality improved meaningfully as reported GNPA/NNPA/PCR ratio stood at 2.78%/0.67%/92% against 3.14%/0.77%/92% in 3QFY23. GNPA ratio of retail, agriculture, SME and corporate segment stood at 3%, 11.5%, 4.8%, and 3.5% respectively. Additionally, The Bank's SMA 1 (₹25bn, 8bps) and SMA 2 (₹8bn, 2bps) narrowed down. Moreover, BB & below book flat 11% of wholesale book. The bank has established total provision outside PCR of ~₹338bn (111bps of net advances) as on 3QFY23. The restructured pool came down to ₹243bn (76bps of net advances) from ₹260bn (85bps) in the previous quarter. Management expects the pool to stay stable in near term.

Key Financials (₹ mn)	FY21	FY22	FY23	FY24E	FY25E
NII	11,07,100	12,07,076	14,48,505	16,02,124	17,89,359
Operating Profit	7,15,542	6,78,740	8,37,230	9,17,586	10,22,654
Reported Profits	2,04,105	3,16,760	5,02,425	5,53,107	6,56,060
Net Worth	23,02,978	25,67,102	29,98,522	35,51,629	42,07,689
Loan & Advances	2,44,94,978	2,73,39,666	3,19,92,693	3,61,51,743	4,12,12,987
Int. Bearing Liabilities	4,09,85,748	4,47,75,775	4,91,69,129	5,44,36,870	6,06,94,619

Key Ratios (%)	FY21	FY22	FY23	FY24E	FY25E
NIM's	2.9	2.8	3.0	3.0	3.0
C/I Ratio	53.6	57.9	53.9	54.2	54.2
Gross NPA Ratio	5.0	4.0	2.8	2.2	1.7
PCR (%)	70.9	75.0	76.4	70.0	71.7
Adj. RoA Ratio	0.5	0.7	1.0	0.9	1.0
Adj. RoE Ratio	8.4	11.9	16.5	15.5	15.6

Rating	BUY
Current Market Price (₹)	580
12 M Price Target (₹)	743
Potential upside (%)	28

Stock Data

FV (₹) :	1
Total Market Cap (₹ bn) :	5,179
Free Float Market Cap (₹ bn) :	2,215
52-Week High / Low (₹)	630 / 431
1 Year Avg. Dly Traded Volume (in lakh)	149
BSE Code / NSE Symbol	500112 / SBIN
Bloomberg :	SBIN IN

Shareholding Pattern

(%)	Mar-23	Dec-22	Sep-22	Jun-22
GOI	57.49	57.50	57.52	57.57
FPIs	9.89	10.09	9.95	9.62
MFs	13.05	13.20	13.30	13.18
Insurance	10.33	10.52	10.49	10.45
Others	9.24	8.69	8.74	9.18

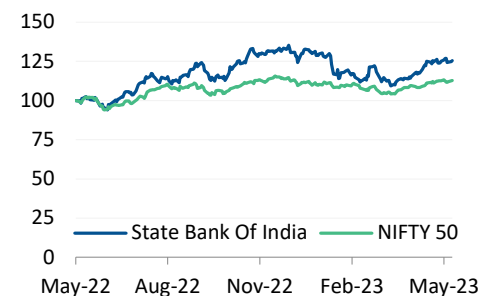
Source: BSE

Price Performance

(%)	1M	3M	6M	1YR
SBI	6.8%	11.4%	-4.5%	25.9%
Nifty 50	4.1%	4.8%	0.4%	13.2%

* To date / current date : May 23, 2023

SBI vs Nifty 50



On total restructuring, retail book accounted for ~58%. Retail restructuring was almost home loan and SME category and there was hardly any restructuring under Xpress credit card. The provision towards restructuring (₹78bn) stood around 30% of the restructured book which is quite similar to large private banks. The provisioning expenses of ₹33bn (Credit cost: 0.16% v/s 0.21% in 3QFY23) was in line with expectations and carries ₹12.8bn for loan loss provisions. Standard asset provisions worth ₹26bn reported in 4QFY23 against ₹13bn has written back in the 1QFY23. The bank has established total provision outside PCR of ~₹350bn (109bps of net advances) as on 3QFY23. Total non-specific Provisions (incl. Standard assets provisions) buffer was strengthened further to ₹338bn or 109bps of loans. The Chairman mentioned that the bank has done some back of the envelope calculation on ECL provisioning and believes that the additional provision requirement could be much lower than the o/s non-specific provisions.

Highest ever quarterly profit; surpassing ROE target: Domestic NIMs (3.58%) up by 9bps sequentially. The bank has excess SLR to the tune of ₹4tn and the domestic CD ratio is lower at 65%, while the bank believes there is scope to raise MCLR rates further. Overall, the bank doesn't see much risk to the current margin levels in the coming quarters. YOA and COD stood at 8.1% and 3.99% against 7.87% and 3.9% in the previous quarter. Overall NIMs stood at 3.37%. It translated in 6.1% sequential growth in NII (403bn). However, operating expenses remain high sequentially (C/I: 54.7% v/s 49.1% in 3QFY23) resulted in the PPOP de-growth of 2.4% sequentially. Provision expenses were sequentially lower (42% down QoQ) because of lower standard asset provision built up. However, Loan loss provision (~₹12.8bn v/s ~₹15.8bn in 3QFY23) were lower. Hence the net profit witnessed robust jump of 83% YoY and 17.5% sequentially. The bank's ROA/ROE (calculated, annualized) stood at 1.23% and 20.4% respectively; surpassing the ROE target of 15%.

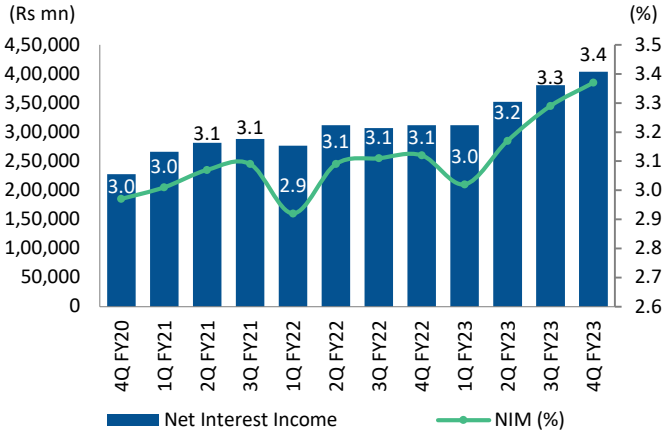
Superior credit growth; Growth guidance of ~13% for FY24E: The bank's net advances stood at ~₹32tn; grew healthy by 17% YOY and 4.6% QOQ. Retail (42.5% contribution) and Agriculture (9.3% contribution) grew by 4.9% and 4.7% sequentially. Corporate (35.3% contribution) grew by 5.9% QoQ. The management guided FY24E credit growth of ~12% - 14%. Moreover, the bank's investments are ~15.7tn of which ₹9.8tn are HTM and ₹5.8tn are AFS with modified duration of 1.9. The bank's deposit stood at ₹44tn grew steadily by 9.5% YOY and 5% QoQ. CASA ratio flat at 44.5%. In 4QFY23, the bank's CRAR stood at 14.68% vs. 13.27% in the previous quarter with CET 1 of 10.27%. The bank doesn't expect capital raise from the Govt. or market in near term. The RWA to assets stood at 50.5% with LCR (~148%) well above the regulatory requirement.

Outlook & Valuations

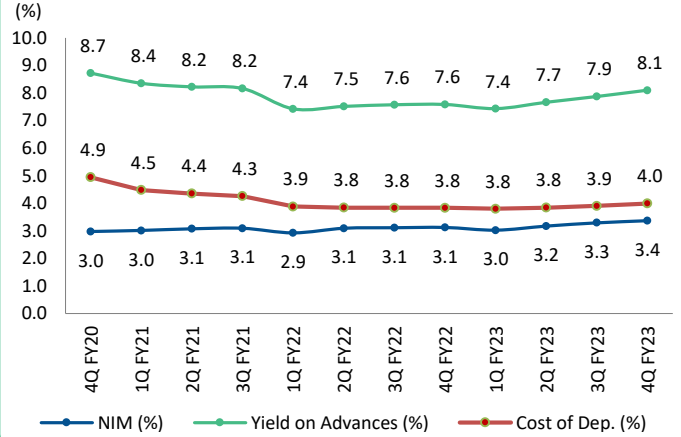
Under base case scenario, we expect the bank to post a ROA/ROE of 1%/15.5% by FY24E led by healthy balance sheet growth along with higher PCR and stable asset quality. We recommend the stock with BUY and target price of ₹743 (potential upside of 28%). We value the standalone bank with PBV of 1.3x FY25E Adj. BVPS of ₹459 and value of subsidiaries per share of ₹146.

Quarterly story in charts

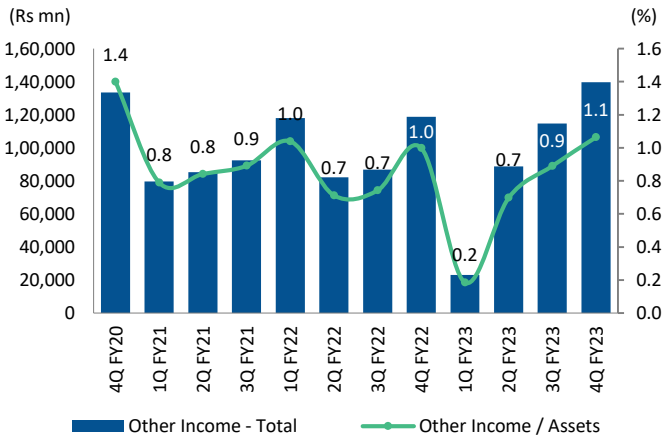
NII trend



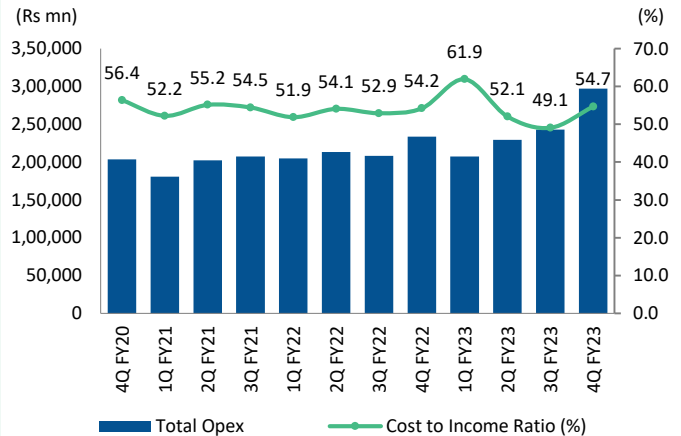
Yields & margin trend



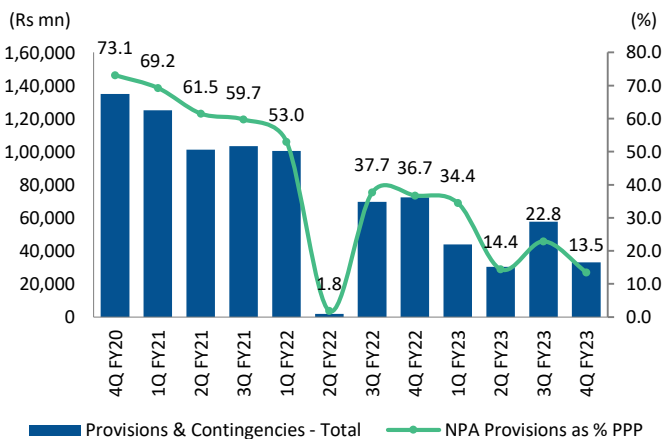
Other income trend



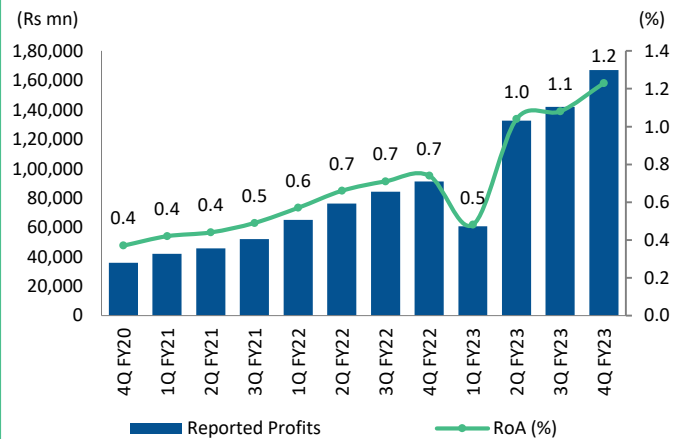
Total OPEX trend



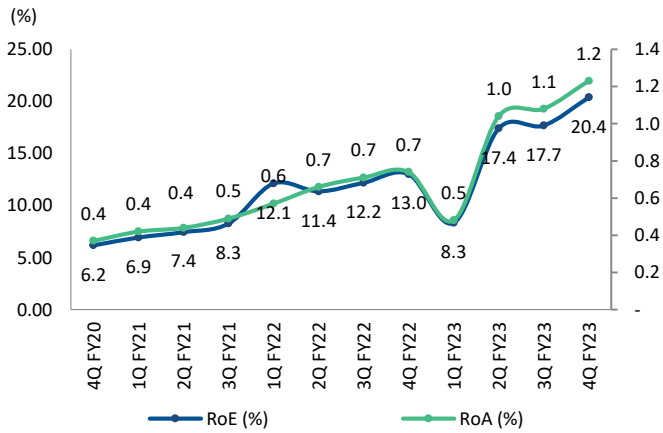
Provision expenses trend



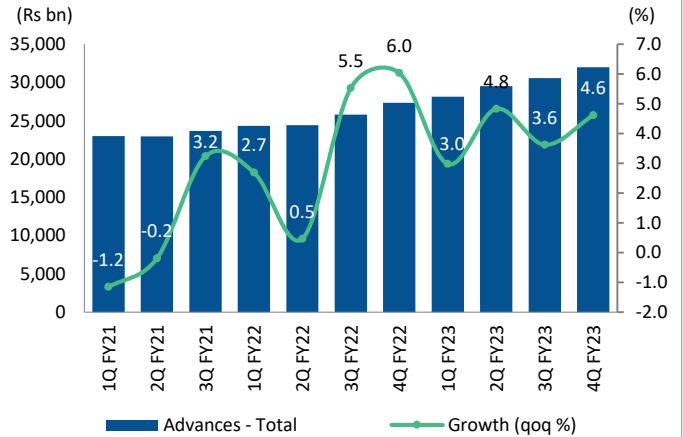
Reported profit trend



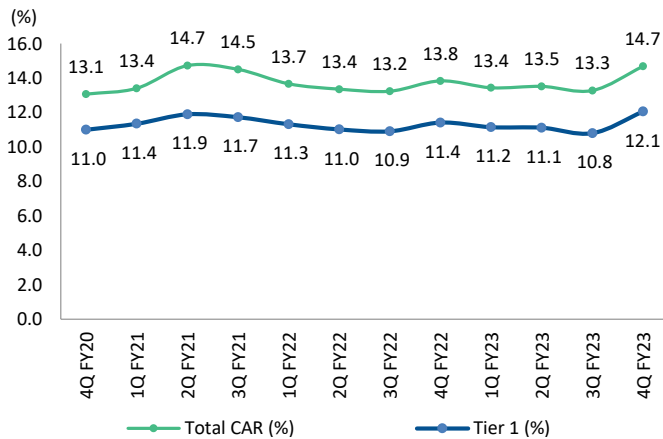
Return ratio trend



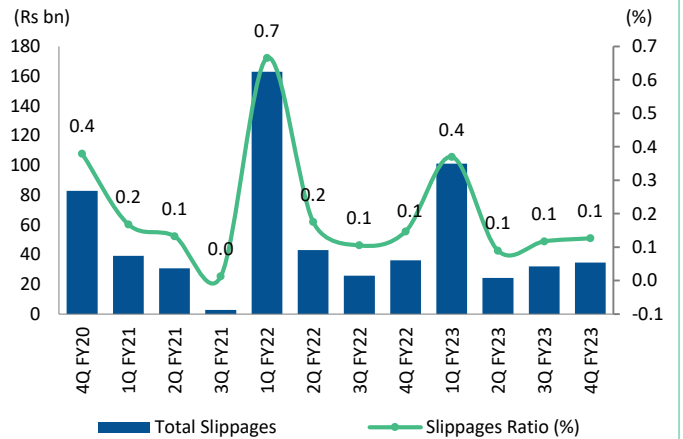
Loan book trend



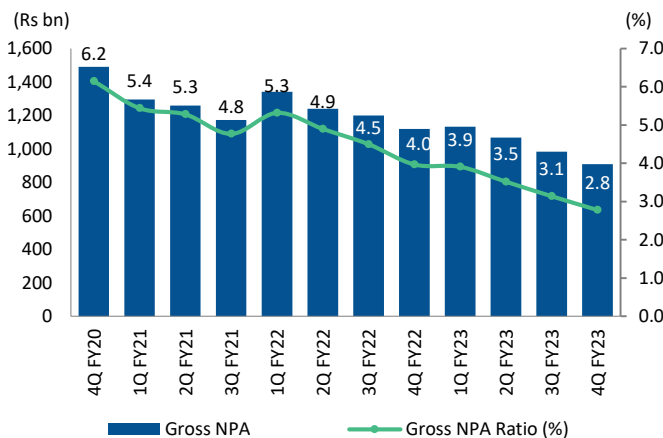
CRAR & Tier 1 ratio trend



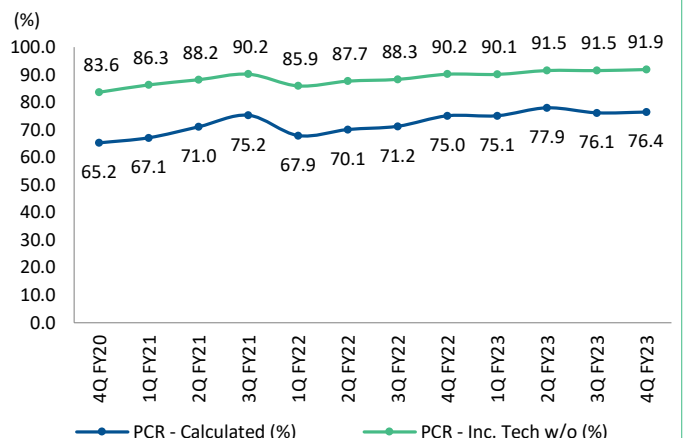
Slippages trend



Gross NPA trend



PCR Trend



Recent Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	4Q FY23	4Q FY22	% yoy/bps	3Q FY23	% qoq/bps	FY23	FY22	% yoy/bps
Interest Inc.	9,29,511	7,07,333	31.4	8,66,160	7.3	33,21,031	27,54,573	20.6
Interest Expenses	5,25,590	3,95,350	32.9	4,85,470	8.3	18,72,526	15,47,497	21.0
Net Interest Income	4,03,925	3,11,979	29.5	3,80,686	6.1	14,48,505	12,07,076	20.0
NII to Net Operative Income	74.3	72.4	189	76.8	(254)	79.8	74.8	497
NIM (%)	3.37	3.1	25	3.3	8	3.0	2.8	23
Other Income - Total	1,39,614	1,18,802	17.5	1,14,677	21.7	3,66,156	4,05,639	(9.7)
Other Inc to Net Oper. Income (%)	25.7	27.6	(189)	23.2	254	20.2	25.2	(497)
Net Operating Revenue	5,43,539	4,30,780	26.2	4,95,364	9.7	18,14,661	16,12,715	12.5
Employee Expenses	1,76,164	1,25,560	40.3	1,47,567	19.4	5,72,918	5,75,620	(0.5)
Other Opex	1,21,164	1,08,052	12.1	95,604	26.7	4,04,513	3,58,355	12.9
Total Opex	2,97,328	2,33,612	27.3	2,43,171	22.3	9,77,431	9,33,975	4.7
Cost to Income Ratio (%)	54.7	54.2	47	49.1	561	53.9	57.9	(405)
Pre Provision Profits	2,46,211	1,97,168	24.9	2,52,193	(2.4)	8,37,230	6,78,740	23.4
Provisions & Contingencies - Total	33,157	72,375	(54.2)	57,606	(42.4)	1,65,073	2,44,521	(32.5)
NPA Provisions as % PPP	13.5	36.7	(2,324)	22.8	(937)	19.7	36.0	(1,631)
Profit Before Tax	2,13,054	1,24,794	70.7	1,94,587	9.5	6,72,156	4,34,219	54.8
Tax	46,109	33,659	37.0	52,534	(12.2)	1,69,732	1,17,459	44.5
Effective Tax Rate (%)	21.6	27.0	(533)	27.0	(536)	25.3	27.1	(180)
Reported Profits	1,66,945	91,135	83.2	1,42,053	17.5	5,02,425	3,16,760	58.6
RoA (%)	1.2	0.7	49	1.1	15	1.0	0.7	29
RoE (%)	20.4	13.0	737	17.7	269	16.5	11.9	467

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	QoQ % / bps	YoY % / bps
Net Worth	27,67,823	28,00,881	29,13,635	30,49,128	32,12,037	32,76,085	2.0	17.0
RoE (%)	12.2	13.0	8.3	17.4	17.7	20.4	269	737
Tier 1 (%)	10.9	11.4	11.2	11.1	10.8	12.1	126	64
Total CAR (%)	13.2	13.8	13.4	13.5	13.3	14.7	141	85
RWA - Total	2,40,41,839	2,47,88,359	2,56,11,578	2,61,28,999	2,69,40,062	2,78,33,157	3.3	12.3
Advances - Total	2,57,83,865	2,73,39,666	2,81,52,492	2,95,12,875	3,05,81,770	3,19,92,693	4.6	17.0
Investments	1,48,98,758	1,48,14,455	1,52,92,037	1,55,53,219	1,56,92,020	1,57,03,662	0.1	6.0
Total Assets	4,82,18,690	4,98,75,974	5,02,58,199	5,19,98,008	5,32,41,229	5,51,69,785	3.6	10.6
RoA (%)	0.71	0.74	0.48	1.04	1.08	1.23	15	49
Deposits	3,84,77,937	4,05,15,341	4,04,56,956	4,19,02,549	4,21,35,571	4,42,37,778	5.0	9.2
CASA Deposits	1,70,06,880	1,77,50,840	1,76,76,660	1,79,77,510	1,80,06,770	1,86,29,040	3.5	4.9
CASA Ratio (%)	45.7	45.3	45.3	44.6	44.5	43.8	(68)	(148)
Interest Bearing Liabilities - Total	4,34,75,179	4,47,75,775	4,52,63,487	4,67,88,633	4,76,36,981	4,91,69,129	3.2	9.8

Source: Company, LKP Research

Exhibit 3: Funding Profile Analysis

(₹ mn)	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	QoQ % / bps	YoY % / bps
Global Deposits	3,84,77,937	4,05,15,341	4,04,56,956	4,19,02,549	4,21,35,571	4,42,37,778	5.0	9.2
CASA Deposits	1,70,06,880	1,77,50,840	1,76,76,660	1,79,77,510	1,80,06,770	1,86,29,040	3.5	4.9
Saving Deposit	1,47,35,060	1,51,32,050	1,53,39,590	1,56,51,740	1,57,29,670	1,58,14,660	0.5	4.5
Current Deposit	22,71,820	26,18,790	23,37,070	23,25,770	22,77,100	28,14,380	23.6	7.5
Dom. Term Deposits	2,14,71,057	2,27,64,501	2,27,80,296	2,39,25,039	2,41,28,801	2,56,08,738	6.1	12.5
Borrowings	49,97,242	42,60,434	48,06,531	48,86,084	55,01,410	49,31,352	(10.4)	15.7
Interest Bearing Liabilities - Total	4,34,75,179	4,47,75,775	4,52,63,487	4,67,88,633	4,76,36,981	4,91,69,129	3.2	9.8

Source: Company, LKP Research

Exhibit 4: Asset Quality Analysis

(₹ mn)	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	QoQ % / bps	YoY % / bps
Total Slippages	25,790	36,050	1,01,150	24,410	32,100	34,580	7.7	(4.1)
Slippages Ratio (%)	0.11	0.15	0.37	0.09	0.12	0.13	1	(2)
Gross NPA	12,00,288	11,20,234	11,32,717	10,68,041	9,83,465	9,09,278	(7.5)	(18.8)
Gross NPAs Ratio (%)	4.50	3.97	3.91	3.52	3.14	2.78	(36)	(119)
PCR - Calculated (%)	71.2	75.0	75.1	77.9	76.1	76.4	27	136
Net NPA	3,45,397	2,79,657	2,82,579	2,35,722	2,34,843	2,14,666	(8.6)	(23.2)
Net NPAs Ratio (%)	1.34	1.02	1.00	0.80	0.77	0.67	(10)	(35)
Standard Restructured	3,28,950	3,09,600	2,87,850	2,73,360	2,60,350	2,43,020	(6.7)	(21.5)
Std. Rest. Adv. as % of Advances	1.3	1.1	1.02	0.93	0.85	0.76	(9)	(37)

Source: Company, LKP Research

Annual Projections

Exhibit 5: Profit and Loss Statement

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Int. Income / Opr. Revenue	26,51,506	27,54,573	33,21,031	36,75,527	40,93,414
Interest Expenses	15,44,406	15,47,497	18,72,526	20,73,403	23,04,056
Net Interest Income	11,07,100	12,07,076	14,48,505	16,02,124	17,89,359
<i>NIM (%)</i>	2.85	2.76	2.99	3.00	3.01
Other Income - Total	4,34,964	4,05,639	3,66,156	4,02,772	4,43,049
Net Operating Revenue	15,42,064	16,12,715	18,14,661	20,04,895	22,32,408
Employee Exp.	5,09,360	5,75,620	5,72,918	6,30,210	6,93,231
Other Opex	3,17,162	3,58,355	4,04,513	4,57,100	5,16,523
Total Opex	8,26,522	9,33,975	9,77,431	10,87,310	12,09,754
<i>C/I Ratio (%)</i>	53.60	57.91	53.86	54.23	54.19
Pre Provision Profits	7,15,542	6,78,740	8,37,230	9,17,586	10,22,654
<i>PPP Growth (yoy %)</i>	5.0	(5.1)	23.4	9.6	11.5
Provisions & Contingencies - Total	4,40,130	2,44,521	1,65,073	1,77,624	1,44,960
<i>Credit Cost (As % of Op. AUM)</i>	1.76	0.09	0.06	0.55	0.40
Profit Before Tax	2,75,411	4,34,219	6,72,156	7,39,961	8,77,694
Tax	71,307	1,17,459	1,69,732	1,86,854	2,21,634
<i>Effective Tax Rate (%)</i>	25.9	27.1	25.3	25.3	25.3
Reported Profits	2,04,105	3,16,760	5,02,425	5,53,107	6,56,060
<i>PAT Growth (yoy %)</i>	40.9	55.2	58.6	10.1	18.6

Source: Company, LKP Research

Exhibit 6: Balance Sheet

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	8,925	8,925	8,925	8,925	8,925
Reserves (ex Revel. Reserve)	22,94,054	25,58,177	29,89,597	35,42,705	41,98,765
Net Worth - Ex Revaluation	23,02,978	25,67,102	29,98,522	35,51,629	42,07,689
Deposits	3,68,12,771	4,05,15,341	4,42,37,778	4,89,77,198	5,46,07,334
Borrowings	41,72,977	42,60,434	49,31,352	54,59,672	60,87,285
Interest Bearing Liabilities (₹ mn)	4,09,85,748	4,47,75,775	4,91,69,129	5,44,36,870	6,06,94,619
Other Lia. & Prov.	18,19,797	22,99,318	27,24,572	29,84,940	32,77,304
Total Liabilities	4,53,44,296	4,98,75,974	5,51,69,785	6,12,79,959	6,85,20,175
Assets					
Cash & Cash Equivalent	34,30,387	39,45,523	30,78,996	34,08,309	37,99,513
Investments	1,35,17,052	1,48,14,455	1,57,03,662	1,66,45,960	1,76,44,800
Loan & Advances (₹ mn)	2,44,94,978	2,73,39,666	3,19,92,693	3,61,51,743	4,12,12,987
<i>Growth (yoy %)</i>	<i>5.3</i>	<i>11.6</i>	<i>17.0</i>	<i>13.0</i>	<i>14.0</i>
Fixed Assets	3,84,192	3,77,082	4,23,818	4,68,032	5,20,015
Other Assets	35,17,687	33,99,249	39,70,616	46,05,914	53,42,861
Total Assets	4,53,44,296	4,98,75,974	5,51,69,785	6,12,79,959	6,85,20,175

Source: Company, LKP Research

Exhibit 7: Per share data

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Face Value (₹)	1	1	1	1	1
Adjusted Share O/S (mn)	8,925	8,925	8,925	8,925	8,925
Earnings Per Share (₹)	22.9	35.5	56.3	62.0	73.5
<i>EPS (% YoY)</i>	<i>40.9</i>	<i>55.2</i>	<i>58.6</i>	<i>10.1</i>	<i>18.6</i>
<i>P/E (x)</i>	<i>25.5</i>	<i>16.4</i>	<i>10.4</i>	<i>9.4</i>	<i>7.9</i>
Book Value (₹)	258.0	287.6	336.0	398.0	471.5
<i>BVPS (% YoY)</i>	<i>10.6</i>	<i>11.5</i>	<i>16.8</i>	<i>18.4</i>	<i>18.5</i>
<i>P/BV (x)</i>	<i>2.3</i>	<i>2.0</i>	<i>1.7</i>	<i>1.5</i>	<i>1.2</i>
Adj. BV (₹)	237.4	272.0	324.0	385.9	459.4
<i>Adj. BV (% YoY)</i>	<i>16.2</i>	<i>14.6</i>	<i>19.1</i>	<i>19.1</i>	<i>19.0</i>
<i>P/ABV (x)</i>	<i>2.5</i>	<i>2.1</i>	<i>1.8</i>	<i>1.5</i>	<i>1.3</i>

Source: Company, LKP Research

Exhibit 8: Detail RoA Tree (%)

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Yields / Margins					
Yield on Advance	7.2	6.6	7.5	7.4	7.4
Yield on Funds	6.8	6.3	6.9	6.9	6.9
Cost of Funds (CoF)	4.0	3.6	4.0	4.0	4.0
Interest Spread	2.8	2.7	2.9	2.9	2.9
NIM's	2.9	2.8	3.0	3.0	3.0
Interest Income / Assets	6.2	5.8	6.3	6.3	6.3
Interest Exp. / Assets	3.6	3.3	3.6	3.6	3.6
NII / Assets	2.6	2.5	2.8	2.8	2.8
Fee Income / Assets	0.6	0.5	0.4	0.4	0.4
Other Non Core Income / Assets	0.1	0.1	0.1	0.1	0.1
Other Income / Assets	1.0	0.9	0.7	0.7	0.7
Net Operating Income / Assets	3.6	3.4	3.5	3.4	3.4
Operating Ratios					
NII to Net Operative Income	71.8	74.8	79.8	79.9	80.2
Other Income to Net Operative Income	28.2	25.2	20.2	20.1	19.8
Empl. Cost/Oper. Exps.	61.6	61.6	58.6	58.0	57.3
Other Op. Exps./Oper. Exps.	38.4	38.4	41.4	42.0	42.7
C/I Ratio (%)	53.6	57.9	53.9	54.2	54.2
Provisions as % PPP	28.5	15.2	9.1	8.9	6.5
Credit Cost (As % of Op. AUM)	1.8	0.1	0.1	0.6	0.4
Effective Tax Rate (%)	25.9	27.1	25.3	25.3	25.3
Employee Exp. / Assets	1.2	1.2	1.1	1.1	1.1
Other Opex/ Assets	0.7	0.8	0.8	0.8	0.8
Total Opex / Assets	1.9	2.0	1.9	1.9	1.9
Operating Profits / Assets	1.7	1.4	1.6	1.6	1.6
Exceptional Items / Assets	-	-	-	-	-
Op Profit ex Except Items / Assets	1.7	1.4	1.6	1.6	1.6
Provisions / Assets	1.0	0.5	0.3	0.3	0.2
Profit Before Tax / Assets	0.6	0.9	1.3	1.3	1.4
Tax Expenses / Assets	0.2	0.2	0.3	0.3	0.3
RoA	0.5	0.7	1.0	0.9	1.0
Leverage (x)	19.7	19.4	18.4	17.3	16.3
RoE	8.4	11.9	16.5	15.5	15.6
Adj. RoA	0.5	0.7	1.0	0.9	1.0
Adj. RoE	8.4	11.9	16.5	15.5	15.6

Source: Company, LKP Research

Exhibit 9: Balance Sheet Ratios

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
<i>Credit / Deposit Ratio</i>	66.5	67.5	72.3	73.8	75.5
<i>Incremental C/D Ratio</i>	28.3	76.8	125.0	87.8	89.9
<i>Investment Deposit Ratio</i>	36.7	36.6	35.5	34.0	32.3
<i>Dom. SLR Investment / Deposits</i>	29.6	29.6	28.8	27.6	26.2
<i>CASA Ratio</i>	46.8	46.0	43.5	43.5	43.5

Source: Company, LKP Research

Exhibit 10: Credit Quality

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
<i>Slippage Ratio (%)</i>	1.2	1.0	0.7	0.6	0.6
Gross NPA	12,63,890	11,20,234	9,09,278	8,10,352	7,18,471
<i>Gross NPAs Ratio (%)</i>	5.0	4.0	2.8	2.2	1.7
<i>PCR (%)</i>	70.9	75.0	76.4	70.0	71.7
Net NPA	3,68,097	2,79,657	2,14,666	2,43,385	2,03,684
<i>Net NPAs Ratio (%)</i>	1.5	1.0	0.7	0.7	0.5
Total Impaired Loans	12,63,890	11,20,234	9,09,278	8,10,352	7,18,471
<i>Impaired Loan as % of Loan / AUM</i>	4.7	3.8	2.6	2.1	1.6
Total Risk Reserves	8,95,793	8,40,577	6,94,611	5,66,967	5,14,787
<i>Total Risk As % of Loan Book</i>	3.3	2.8	2.0	1.5	1.2

Source: Company, LKP Research

Exhibit 11: Key Assumptions & Forecasts

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Loan & Advances (₹ mn)	2,44,94,978	2,73,39,666	3,19,92,693	3,61,51,743	4,12,12,987
Growth (yoy %)		11.6	17.0	13.0	14.0
Interest Bearing Liabilities (₹ mn)	4,09,85,748	4,47,75,775	4,91,69,129	5,44,36,870	6,06,94,619
Growth (yoy %)		9.2	9.8	10.7	11.5
Yield on Funds	6.8	6.3	6.9	6.9	6.9
Cost of Funds (CoF)	4.0	3.6	4.0	4.0	4.0
Interest Spread	2.8	2.7	2.9	2.9	2.9
NIM's	2.9	2.8	3.0	3.0	3.0
Other Income Growth	(3.8)	(6.7)	(9.7)	10.0	10.0
C/I Ratio (%)	53.6	57.9	53.9	54.2	54.2
Effective Tax Rate (%)	25.9	27.1	25.3	25.3	25.3
Return Ratios					
Adj. RoA	0.5	0.7	1.0	0.9	1.0
Adj. RoE	8.4	11.9	16.5	15.5	15.6
Asset Quality Metrics					
Credit Cost (As % of Op. AUM)	1.8	0.1	0.1	0.6	0.4
Gross NPAs Ratio (%)	5.0	4.0	2.8	2.2	1.7
Net NPAs Ratio (%)	1.5	1.0	0.7	0.7	0.5

Source: Company, LKP Research

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