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India | Equity Research | Results Update

## South Indian Bank

### Banking

#### Treasury helps sustain 1% RoA despite NIM headwinds; net NPA improves sharply

South Indian Bank (SIB) reported a better-than-expected Q1FY26 with PAT of INR 3.2bn (5% beat) and a sharp improvement in asset quality. Despite NIM headwinds (down 18bps QoQ), SIB sustained ~1% RoA for the eighth consecutive quarter, aided by strong other income. The bank has prudently utilised its bumper treasury gains (~75bps of assets) towards shoring up PCR (up ~700bps to 79%) and paring net NPA (to 68bps), which enhances the visibility towards healthy profitability ahead. We believe an acceleration in core MSME growth is critical for NIM/RoA progression and the stock's re-rating. SIB has a healthy liability franchise, though continued loan mix should keep overall CAGR contained at ~12% for FY25–27E. CET 1 stood strong at 18.25%. On balance, we maintain **BUY** with a revised TP of INR 40.

#### Navigating a tough phase well

We highlight that in the last two quarters, SIB has prudently brought down net NPA by half while sustaining ~1% RoA, thanks to strong other income, though core NII growth has been muted. We model FY26E RoA at ~0.9% due to likely NIM moderation and normalised treasury gains. We are modelling FY27E RoA to be ~0.95% aided by a NIM uptick on the back of favourable loan mix, partly offset by rising opex. Stock trades attractive at ~0.65x FY27E ABV and <6x EPS. Maintain **BUY** with a revised TP of INR 40 (INR 37 earlier), valuing the stock at ~0.9x FY27E ABV (0.8x earlier). **Key risk** is slower-than-expected growth in its core MSME segment.

#### Slippages muted; PCR jumps to 79% and NNPA down to 0.68%

Gross slippages declined ~10% QoQ to INR 1.92bn. Slippage ratio improved to 0.88% vs. 0.99% QoQ and 1.7% YoY. Headline GNPA was flattish QoQ. GNPA ratio improved marginally by 5bps to 3.15%. PCR jumped by ~700bps QoQ to 78.9%. As a result, net NPA ratio declined to 0.68% vs. 0.92% QoQ. Segment-wise, agri slippages declined to INR 260mn vs. INR 430mn QoQ. Retail and SME slippages have also witnessed improvement sequentially. Corporate slippages, however, increased to INR 230mn vs. nil QoQ. Except for retail, the majority of slippages continue to arise out of the old book. Performance on the new book remains strong with O/s GNPA at 0.48%. Net exposure to SR stands at ~0.14%. SMA 2 book has also been exhibiting an improving trajectory for the last few quarters (though was up marginally QoQ) and stood at 0.5%.

#### Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E
NII (INR bn)	33.3	34.9	34.0	41.6
Op. profit (INR bn)	18.7	22.7	20.2	23.0
Net Profit (INR bn)	10.7	13.0	11.9	13.9
EPS (INR)	5.1	5.0	4.5	5.3
EPS % change YoY	37.7	(2.3)	(8.9)	17.2
ABV (INR)	29.6	35.3	40.0	45.0
P/BV (x)	0.9	0.8	0.7	0.6
P/ABV (x)	1.0	0.8	0.7	0.7
Return on Assets (%)	1.0	1.1	0.9	0.9
Return on Equity (%)	14.5	14.3	11.5	12.2

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#### Market Data

Market Cap (INR)	78bn
Market Cap (USD)	907mn
Bloomberg Code	SIB IN
Reuters Code	SIBK.BO
52-week Range (INR)	32 /22
Free Float (%)	99.0
ADTV-3M (mn) (USD)	6.3

Price Performance (%)	3m	6m	12m
Absolute	19.4	12.0	12.6
Relative to Sensex	15.3	5.3	12.1

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

**Note** - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
EPS	3	(1)

#### Previous Reports

02-07-2025: [Q1FY26 Banking preview](#)

17-05-2025: [Q4FY25 results review](#)

### **Loan growth reasonable at 8% YoY; MSME still flattish**

SIB reported a reasonable loan growth of 8% YoY (up 2% QoQ). Retail loans (~27% of loans) did majority of the heavy lifting, growing 26% YoY (up 8% QoQ), compensating for 3% YoY and 7% YoY deceleration in MSME and agriculture loans, respectively. Corporate growth was reasonable at 9% YoY (up 3% QoQ). Within retail, housing (~10% of overall loans) continues to outperform, growing in the range of 40–65% YoY for the last few quarters with the Q1FY26 print at ~64% YoY (8% QoQ). The bank mentioned that growth is largely from the 'prime' segment. Overall, gold loans grew 7% YoY. SIB has revamped its core MSME offering, though growth is still soft. We believe a revival in MSME growth is critical and shall be closely monitored. Due to continued mix shift away from corporate, we expect the bank to grow at an unchanged ~12% CAGR for FY25–27E.

### **Healthy performance in CASA; NIM declines 18bps QoQ**

Bank reported a healthy 5% QoQ (up 9% YoY) deposit growth. CA balances (~6% share) grew at a rapid pace of 19% QoQ (up 21% YoY). SA balances growth was also healthy at 5% QoQ (up 6% YoY). CASA ratio increased to 32.1% vs. 31.4% sequentially. Term deposit growth was reasonable at 4% QoQ (up 9% YoY).

Unlike larger peers, SIB is among the few banks that did not cut its SA rate materially, as the rate is already at the lower end. Despite unchanged SA rates, SIB managed to reduce its cost of deposits by 9bps QoQ to 5.49%. Cost of funds also receded 14bps QoQ to 4.82%. Yield on advances declined 13bps QoQ to 8.89% on account of repo rate cuts. Consequently, NIM declined 18bps QoQ to 3.03% and was in-line. Overall, NII too declined 4% on both YoY and QoQ basis (in-line).

### **Strong other income led by treasury gains; partly utilised for PCR hike**

Other income performance was strong, growing ~9% QoQ (up 47% YoY), led by a bumper treasury income of INR 2.4 bn vs. INR 0.72bn QoQ, on account of favourable G-sec yield movements. Fee income was flattish YoY. SIB continues to maintain a tight leash on opex, which was flattish YoY. Staff cost increased by ~6% QoQ while other opex was flat QoQ. Employees count continued to decline, now stands at 9,253 vs. 9,369 QoQ. Core PPOP declined sharply QoQ as well as YoY but strong treasury gains led to ~33% YoY rise in reported PPOP. The bank has utilised the bumper treasury gains towards shoring-up the PCR.

## Q1FY26 conference call highlights

### Advances

- Advances growth guidance >12% for FY26. Deposit growth shall be in line with credit growth.
- Confident that momentum in disbursements and collections would improve.
- Bank has been able to build new systems and processes over last 12-18 months. New customer-facing employees can be turned productive quickly.
- MSME loans: This is the first quarter where both the bank's sub-segments within MSME have seen positive signs. SIB is witnessing strong demand across mid-market corporates. The turnaround is not just numeric. It is a strategic shift towards new strategy. In south India (ex- Kerala), the bank has a special Head looking at MSME; for rest of India, there is another Head.
- There is good progress in MSME and retail verticals. MSME book has two components – one is high-yielding book, wherein the bank does CC/OD business; the other is the LC-backed bill discounting component, which has a low capital charge but a tight spread.
- The bank aims to get out of short-duration corporate loans and move to retail, MSME loans, which are higher yielding. This would help in increasing spreads, and subsequently, RoA; this should lead to only a minor increase in opex.
- Reasons for lower growth in retail and MSME were internal and not external. However, the bank has addressed most of the internal issues and improved product, process and offering. SIB is confident of strong growth in the medium-term, even if system does not grow well. It aims to grow over 15–18% in MSME.
- Strong growth in home loan is primarily from the 'prime' segment. Average yield is in the 8.3–8.5% range.

### Deposits / NIM

- SIB is reasonably placed in NR deposits (30% share), which is predominantly SA. The bank has taken various steps to improve NR deposits.
- The bank was able to grow term deposits despite offering 10–15bps of lower rate vs. large peers in the same geography. This was because of better relationship management.
- The bank is keen to grow revenue more than expense in FY26. However, NIM is expected to be a challenge in achieving this. SIB would try to grow a better yielding book faster to offset this challenge.
- 40% of the loans are linked to Repo or T-bills while 46% are fixed.
- The bank follows a T+1 methodology. The entire 100bps repo rate cut has been passed on.
- Assuming no rate actions, the bank believes that Q2FY26 should be the bottom for NM and spreads should start widening from Q3FY26.

### Profitability

- The target for FY26 RoA is 1%, provided net slippages remain benign. The aim is to increase RoA to ~1.15% in FY27 and ~1.4–1.5% over the next three years.

- Branch productivity is improving. From an operating leverage point, there would be some increase in expenses as the bank hires new employees.
- SIB is not considering branch expansion currently. The bank wants to wait for the revenue to expense ratio to be favorable before it considers expansion. Meanwhile, the bank shall aim to sweat current branches more.
- Branches in Kerala are well-staffed. Kerala's branches help on the liability side and branches outside of Kerala, in south India, help more on the asset side, where there are many MSME units.
- Branch-level incentive scheme is helping improve productivity. Q1 is a difficult quarter seasonally. Despite this, the outcome was positive.

#### **Asset Quality**

- Slippages have consistently been <100bps. SIB expects the provisions to trend downward over the rest of the financial years, as net NPA has been reduced.
- SIB has utilised the strong treasury gains to improve PCR and bring down the net NPA.
- O/s TWO pool is ~INR 24 bn
- Recovery from TWO for the quarter was ~INR 370mn.

#### **Others**

- Outstanding AFS reserve is ~INR 80mn.

## Q4FY25 con-call takeaways

### Advances

- The bank delivered ~10% YoY growth in FY25. It is confident of showing higher growth going ahead as systems are working very well. It guides for >12% YoY for FY26, driven by MSME and retail loans.
- Corporate growth would be opportunistic and can be calibrated along with rise in core MSME growth.
- On reported basis, MSME book growth has declined YoY as well as QoQ. However, adjusted for w-offs (INR 5.46 bn), core MSME book has seen ~1.5% QoQ uptick. Customer onboarding has increased significantly in MSME loans, which should lead to improved growth going ahead.
- However, non-core (other piece in MSME) which is low yielding LC backed / bills for collection book, has de-grown by INR 7bn as the yields offered were not lucrative.
- On RBIs most recent draft gold loan circular, SIB needs further clarity. If the circular is implemented as it is, there could be a substantial impact on banks' operations. Bank has given its representation to the RBI.
- 90% of personal loans are given to existing SA customers.
- Volumes in LAP will increase in next couple of years as base is very low.

### Deposits

- Deposit growth guidance is above 10% YoY for FY26. In FY25, SIB focused more on asset side. It will focus on liabilities and wealth products in FY26.
- Differential between SA and TD rates was high, which led to weak CASA mobilisation. Now that the cycle has turned, CASA growth may be better in FY26.
- CASA growth was soft at ~3% YoY. Within CA, one bulky exposure had seen drawdown, which impacted overall growth. It does not intend to tap into CD market.

### NIM, yields and CoF

- There is no guidance on NIM as the same is dependent on interest rate cycle. Nonetheless, NIM could remain under pressure in the beginning of the year.
- Book breakup by benchmark- fixed rate book- 44%, EBLR- 42% and rest is MCLR and other benchmarks.
- The bank delivered >1% RoA for FY25. Despite NIM weakness, the bank guides for FY26 RoA to be in the neighborhood of ~1%.

### Asset quality

- SIB did INR 9bn worth of technical write offs during the quarter. However, there is no change in the write-off policy of the bank.
- Bank does not do collateral-based lending except in case of gold loans. It uses cashflow analysis for all other products.

### Others

- Recoveries from TWO amounted to ~INR 1.77bn during the quarter.
- There is some reclassification in other fee and opex.
- The bank has added disclosures around branch value, added – same store sales. It captures the life-time value addition of the new product sales / incremental balances in existing accounts basis historical trends. There is sharp >50% rise in this metrics, suggesting strong value addition.
- The revenue addition has not commensurate with branch value addition as revenue is for the quarter while value addition is NPV of new product sales / incremental balances in existing accounts.

**Exhibit 1: Q1FY26 result review**

	Q1FY25	Q1FY26	YoY (%)	Q4FY25	QoQ (%)
<b>Financial Highlights (INR mn)</b>					
Interest Earned	23,144	23,624	2.1	23,734	(0.5)
Interest Expended	14,486	15,299	5.6	15,051	1.6
<b>Net Interest Income</b>	<b>8,658</b>	<b>8,326</b>	<b>(3.8)</b>	<b>8,683</b>	<b>(4.1)</b>
Other Income	4,217	6,219	47.5	5,724	8.7
Total Income	27,361	29,843	9.1	29,458	1.3
<b>Total Net Income</b>	<b>12,875</b>	<b>14,545</b>	<b>13.0</b>	<b>14,407</b>	<b>1.0</b>
Staff Expenses	4,187	4,204	0.4	3,978	5.7
Other operating expenses	3,611	3,618	0.2	3,596	0.6
<b>Operating Profit</b>	<b>5,077</b>	<b>6,722</b>	<b>32.4</b>	<b>6,833</b>	<b>(1.6)</b>
Provision & Contingencies	1,130	2,393	111.8	2,242	6.7
Provision for tax	1,006	1,110	10.3	1,169	(5.1)
<b>Net Profit</b>	<b>2,941</b>	<b>3,220</b>	<b>9.5</b>	<b>3,422</b>	<b>(5.9)</b>
<b>Other Highlights (INR bn)</b>					
Advances	801	871	8.7	857	1.6
Deposits	1,035	1,129	9.1	1,075	5.0
Gross NPA	37.2	28.1	(24.6)	28.0	0.2
Gross NPA (%)	4.50	3.15	-135 bps	3.20	-5 bps
Net NPA	11.5	5.9	(48.6)	7.9	(25.2)
Net NPA (%)	1.44	0.68	-76 bps	0.92	-24 bps
Provision Coverage (%)	69.0	78.9	988 bps	71.8	716 bps

Source: Company data, I-Sec research

**Exhibit 2: Reported NIM declines QoQ**

(%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY chg	QoQ chg
Yield on advances	9.34	9.19	9.06	9.01	9.02	8.89	-30 bps	-13 bps
Yield on funds	7.78	7.85	7.68	7.64	7.83	7.44	-41 bps	-39 bps
Cost of deposits	5.33	5.40	5.35	5.42	5.58	5.49	9 bps	-9 bps
Cost of funds	4.79	4.91	4.80	4.84	4.96	4.82	-9 bps	-14 bps
NIMs - Quarterly	3.38	3.26	3.24	3.19	3.21	3.03	-23 bps	-18 bps

Source: Company data, I-Sec research

**Exhibit 3: GNPA improves sharply**

(%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY chg	QoQ chg
Gross NPA	4.50	4.50	4.40	4.30	3.20	3.15	-135 bps	-5 bps
Net NPA	1.46	1.44	1.31	1.25	0.92	0.68	-76 bps	-24 bps
Coverage ratio	68.7	69.0	71.2	71.7	71.8	78.9	988 bps	716 bps

Source: Company data, I-Sec research

**Exhibit 4: Movement of NPA**

(INR mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY chg	QoQ chg
GNPA (Opening Balance)	36,824	36,203	37,199	37,313	37,356	27,998	1.4%	0.1%
Fresh Additions	2,840	3,460	3,210	2,970	2,130	1,920	-25.0%	-28.3%
Write-off	200	390	273	669	9,095	425	4447.5%	1259.7%
Total Reductions	3,461	2,465	3,096	2,928	11,487	1,853	231.9%	292.4%
GNPA (Closing Balance)	36,203	37,199	37,313	37,356	27,998	28,066	-22.7%	-25.0%

Source: Company data, I-Sec research

**Exhibit 5: Net SRs at 0.14% of loans**

	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY chg	QoQ chg
Restructured portfolio (INR mn)	7,720	6,640	4,760	4,040	3,170	2,770	-58.3%	-12.6%
As a % of loan-book	0.99	0.83	0.58	0.48	0.37	0.32	-61.6%	-5 bps
Security receipts (INR mn)	900	412	0	0	1,193	1,193	189.6%	0.0%
As a % of loan-book	0.12	0.05	0	0	0.14	0.14	166.5%	-1.6%

Source: Company data, I-Sec research

## Exhibit 6: Steadily expanding outside Kerala

Loan book by geography (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY chg	QoQ chg
Kerala	35.0	34.0	33.0	30.0	30.0	30.0	-500 bps	0 bps
South India (Ex-Kerala)	34.0	33.0	33.0	34.0	33.0	33.0	-100 bps	-100 bps
Rest of India	31.0	33.0	34.0	36.0	37.0	37.0	600 bps	100 bps
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company data, I-Sec research

## Exhibit 7: Loan mix

(INR mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY chg	QoQ chg
Corporate	3,20,840	3,39,840	3,39,610	3,49,560	3,61,980	3,71,100	9.2%	2.5%
Retail	1,76,390	1,91,880	2,13,530	2,21,430	2,24,050	2,42,220	26.2%	8.1%
MSME	1,53,370	1,30,780	1,29,140	1,30,420	1,26,860	1,26,600	-3.2%	-0.2%
Agriculture	1,53,660	1,63,300	1,64,860	1,68,250	1,62,900	1,52,060	-6.9%	-6.7%
<b>Gross Advances</b>	<b>8,04,260</b>	<b>8,25,800</b>	<b>8,47,140</b>	<b>8,69,660</b>	<b>8,75,790</b>	<b>8,91,980</b>	<b>8.0%</b>	<b>1.8%</b>
<b>(% of total)</b>								
Corporate	39.9	41.2	40.1	40.2	41.3	41.6	45 bps	27 bps
Retail	21.9	23.2	25.2	25.5	25.6	27.2	392 bps	157 bps
MSME	19.1	15.8	15.2	15.0	14.5	14.2	-164 bps	-29 bps
Agriculture	19.1	19.8	19.5	19.3	18.6	17.0	-273 bps	-155 bps
<b>Gross Advances</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company data, I-Sec research

Please note that there has been some re-classification between Corporate and MSME beginning FY24 and thus figures may not be comparable

## Exhibit 8: Retail loan mix

(INR mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY chg	QoQ chg
Housing	51,153	51,808	70,720	81,950	78,770	84,777	63.6%	7.6%
Gold	29,986	30,701	23,253	26,572	31,367	48,444	56.3%	54.4%
Mortgage Loans	19,403	32,620	35,910	35,030	38,140	31,489	-3.5%	-17.4%
Business Loans	15,875	17,269	18,280	19,380	19,870	21,800	26.2%	9.7%
Vehicle Loans	45,861	46,051	43,779	5,648	4,372	4,844	-15.8%	10.8%
Personal Loans	22,931	23,026	22,970	22,490	22,405	21,800	-5.3%	-2.7%
Credit Card	15,875	17,269	15,930	14,860	13,443	14,533	-15.8%	8.1%
Others	14,111	13,432	14,947	15,500	15,684	14,533	8.2%	-7.3%
<b>Total retail loans</b>	<b>1,76,390</b>	<b>1,91,880</b>	<b>2,06,888</b>	<b>2,21,430</b>	<b>2,24,050</b>	<b>2,42,220</b>	<b>26.0%</b>	<b>8.1%</b>
<b>(% of total)</b>								
Housing	29.0	27.0	34.2	37.0	35.2	35.0	804 bps	-16 bps
Gold	17.0	16.0	11.2	12.0	14.0	20.0	387 bps	600 bps
Mortgage Loans	11.0	17.0	17.4	15.8	17.0	13.0	-397 bps	-402 bps
Business Loans	9.0	9.0	8.8	8.8	8.9	9.0	1 bps	13 bps
Vehicle Loans	26.0	24.0	21.2	2.6	2.0	2.0	-100 bps	5 bps
Personal Loans	12.9	12.0	10.8	10.2	10.0	9.0	-298 bps	-100 bps
Credit Card	8.9	9.0	7.5	6.7	6.0	6.0	-299 bps	0 bps
Others	8.0	7.0	7.2	7.0	7.0	6.0	-99 bps	-100 bps
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company data, I-Sec research

## Exhibit 9: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	0.0	0.0	0.0
Institutional investors	18.7	22.4	28.8
MFs and other	3.8	8.3	9.6
Banks/ FIs	0.7	0.9	1.1
Insurance Cos.	2.8	1.2	0.5
FIs	11.5	12.0	17.6
Others	81.3	77.6	71.2

Source: Bloomberg, I-Sec research

## Exhibit 10: Price chart



Source: Bloomberg, I-Sec research



## Financial Summary

### Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest income	86,128	94,133	97,414	1,11,674
Interest expense	52,808	59,277	63,438	70,037
<b>Net interest income</b>	<b>33,321</b>	<b>34,856</b>	<b>33,976</b>	<b>41,637</b>
Non-interest income	15,155	18,134	19,186	18,806
<b>Operating income</b>	<b>48,476</b>	<b>52,991</b>	<b>53,162</b>	<b>60,443</b>
Operating expense	29,799	30,290	32,929	37,411
Staff expense	16,929	16,527	17,435	19,660
<b>Operating profit</b>	<b>18,677</b>	<b>22,701</b>	<b>20,233</b>	<b>23,032</b>
<b>Core operating profit</b>	<b>15,501</b>	<b>20,356</b>	<b>15,433</b>	<b>20,032</b>
Provisions & Contingencies	3,389	5,132	4,366	4,428
<b>Pre-tax profit</b>	<b>15,288</b>	<b>17,569</b>	<b>15,867</b>	<b>18,604</b>
Tax (current + deferred)	4,587	4,540	3,999	4,688
<b>Net Profit</b>	<b>10,701</b>	<b>13,029</b>	<b>11,869</b>	<b>13,916</b>
<b>Adjusted net profit</b>	<b>10,701</b>	<b>13,029</b>	<b>11,869</b>	<b>13,916</b>

Source Company data, I-Sec research

### Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Cash and balance with RBI/Banks	1,00,222	1,22,601	96,907	1,04,125
Investments	2,39,770	2,17,772	2,72,461	3,02,892
Advances	7,80,607	8,56,821	9,56,876	10,76,306
Fixed assets	9,665	10,183	11,718	13,124
Other assets	43,865	39,175	48,503	58,955
<b>Total assets</b>	<b>11,74,128</b>	<b>12,46,551</b>	<b>13,86,464</b>	<b>15,55,402</b>
Deposits	10,19,203	10,75,256	12,02,151	13,50,578
Borrowings	39,121	43,005	40,244	37,760
Other liabilities and provisions	27,569	27,291	32,388	42,858
Share capital	2,616	2,616	2,616	2,616
Reserve & surplus	85,620	98,383	1,09,065	1,21,589
<b>Total equity &amp; liabilities</b>	<b>11,74,128</b>	<b>12,46,551</b>	<b>13,86,464</b>	<b>15,55,402</b>
% Growth	9.0	6.2	11.2	12.2

Source Company data, I-Sec research

### Exhibit 13: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>No. of shares and per share data</b>				
No. of shares (mn)	2,616	2,616	2,616	2,616
Adjusted EPS	5.1	5.0	4.5	5.3
Book Value per share	32	37	41	46
Adjusted BVPS	30	35	40	45
<b>Valuation ratio</b>				
PER (x)	5.9	6.0	6.6	5.6
Price/ Book (x)	0.9	0.8	0.7	0.6
Price/ Adjusted book (x)	1.0	0.8	0.7	0.7
Dividend Yield (%)	1.3	1.3	1.5	1.8
<b>Profitability ratios (%)</b>				
Yield on advances	9.3	9.2	8.6	8.8
Yields on Assets	7.7	7.8	7.4	7.6
Cost of deposits	5.1	5.3	5.2	5.1
Cost of funds	4.7	4.9	4.8	4.8
NIMs	3.2	3.0	2.7	3.0
Cost/Income	61.5	57.2	61.9	61.9
<b>Dupont Analysis (as % of Avg Assets)</b>				
Interest Income	7.7	7.8	7.4	7.6
Interest expended	4.7	4.9	4.8	4.8
<b>Net Interest Income</b>	<b>3.0</b>	<b>2.9</b>	<b>2.6</b>	<b>2.8</b>
Non-interest income	1.3	1.5	1.5	1.3
Trading gains	0.3	0.2	0.4	0.2
Fee income	1.1	1.3	1.1	1.1
<b>Total Income</b>	<b>4.3</b>	<b>4.4</b>	<b>4.0</b>	<b>4.1</b>
<b>Total Cost</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>
Staff costs	1.5	1.4	1.3	1.3
Non-staff costs	1.1	1.1	1.2	1.2
<b>Operating Profit</b>	<b>1.7</b>	<b>1.9</b>	<b>1.5</b>	<b>1.6</b>
Core Operating Profit	1.4	1.7	1.2	1.4
Non-tax Provisions	0.3	0.4	0.3	0.3
<b>PBT</b>	<b>1.4</b>	<b>1.5</b>	<b>1.2</b>	<b>1.3</b>
Tax Provisions	0.4	0.4	0.3	0.3
<b>Return on Assets (%)</b>	<b>1.0</b>	<b>1.1</b>	<b>0.9</b>	<b>0.9</b>
Leverage (x)	15.2	13.3	12.8	12.8
<b>Return on Equity (%)</b>	<b>14.5</b>	<b>14.3</b>	<b>11.5</b>	<b>12.2</b>
<b>Asset quality ratios (%)</b>				
Gross NPA	4.5	3.2	2.3	1.7
Net NPA	1.5	0.9	0.6	0.4
PCR	68.7	71.8	75.0	75.0
Gross Slippages	2.0	1.5	1.4	1.4
LLP / Avg loans	0.5	-	0.5	0.5
Total provisions / Avg loans	0.5	0.6	0.5	0.4
Net NPA / Networth	12.9	7.8	4.9	3.7
<b>Capitalisation ratios (%)</b>				
Core Equity Tier 1	16.7	18.0	17.4	16.6
Tier 1 cap. adequacy	17.7	18.0	17.4	16.6
Total cap. adequacy	19.9	19.3	18.5	17.5

Source Company data, I-Sec research



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