



Industry	Financial
Bloomberg	SBIN IN
BSE CODE	500112

## Profitability Set to Improve

<b>RATING</b>	<b>BUY</b>
<b>CMP</b>	<b>295</b>
<b>Price Target</b>	<b>343</b>
<b>Potential Upside</b>	<b>16%</b>

<b>Rating Change</b>	
<b>Estimate Change</b>	
<b>Target Change</b>	

### Stock Info

52wk Range H/L	347/232
Mkt Capital (Rs Cr)	263,543
Free float (%)	43%
Avg. Vol 1M (000)	28,377
No. of Shares (Cr)	892
Promoters Pledged %	0%

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### Key Highlights -

- ❑ With an assets base of over Rs 3485 Trillion, SBI is the 53rd largest bank in the world; however profitability of the bank has been under pressure due to mounted non-performing assets of 9.95%. We believe the NPA issue has nearly peaked out and pick-up in resolution process under IBC will lead to assets quality improvement of the bank.
- ❑ GNPA/NNPA improved by 74/45 bps during the quarter. Slippages although remain elevated but remained under control with sequential decline by 24%. Watchlist also declined by 17% sequentially.
- ❑ Management reiterated its earlier guidance of 10-12% advances growth, 2% of fresh slippages and 2% of credit cost in FY19. Management also expects 0.9%-1% of RoA in FY20.
- ❑ With the PCR at 71% and expected write back of Rs 6000 Cr of provisions from one resolved NCLT account, we expect credit cost will decline significantly going ahead hence with the improvement in NIM, profitability is expected to improve in FY20.

### 2Q FY19 Results

SBIN's operating profit was in line with our expectation, however PAT was much above our expectation due to one-off gain from stake sale in its merchant business. NII grew by 12% YoY. NIM improved by 29 bps YoY. Other income declined by 42% YoY due to treasury loss. Gratuity related provisions and wage revisions kept C/I ratio at higher level of 54% vs 42% a year back. Provisions declined by 39% YoY. PAT grew robust at 119% QoQ to Rs 945 Cr. Slippages declined by 24% sequentially to Rs 10888 Cr, which is lowest in last 6 quarters. PCR stood at 71% as against 69% a quarter back. Advances grew by 8.6% YoY.

### View and Valuation

After three quarters of consecutive loss, SBI came to profit. Profit was mainly supported through income from stake sale in subsidiaries; however improvement in assets quality has been key positive for the bank. Slippages and credit cost declined were in line with the guidance of management. Watch list also declined by 17% sequentially. Management expects GNPA/NNPA to decline below 8%/4% in FY19. Large corporate loan growth has improved on the back of increased working capital requirement. NIM is expected to improve due to lower slippages going ahead. Pick-up in NCLT resolution cases will help in assets quality improvement as well as it will also add some benefit to revenue. Due to higher PCR of 71%, credit cost is expected to be benign going ahead. We increase our earnings estimates for FY19/FY20 by 25%/4% respectively and maintain BUY on the stock with the target price of Rs 343 at 1.2x P/BVS FY20e.

### Key Risks to our rating and target

- ❑ Delay in NCLT resolution process
- ❑ Excessive increase in haircut than estimated.

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
NII	56882	61860	74854	87829	97688
PPP	43258	50848	59511	57320	72098
PAT	9951	10485	-6547	4801	31615
NIM %	2.8	2.7	2.7	2.7	2.7
EPS (Rs)	13	13	-7	5	35
EPS growth (%)	-27	-3	156	-173	558
ROE (%)	7.3	6.3	-3.0	2.2	13.2
ROA (%)	0.5	0.4	-0.2	0.1	0.8
BV	114	123	93	134	176
P/B (X)	1.0	1.2	1.0	1.2	1.0
P/E (x)	15.2	22.2	-34.1	54.8	8.3

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**2Q FY19 Results**  
**PPP in line with expectation**
**Assets Quality Improves**

Financials	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	YoY %	QoQ%	FY17	FY18	YoY %
Interest Inc.	54,850	54,803	55,941	58,813	58,793	7.2%	0.0%	175518	220499	25.6%
Interest Exp.	36,264	36,115	35,967	37,015	37,888	4.5%	2.4%	113658	145645	28.1%
NII	18,586	18,688	19,974	21,798	20,906	12.5%	-4.1%	61860	74854	21.0%
Other Income	16,017	8,084	12,495	6,679	9,375	-41.5%	40.4%	35461	44601	25.8%
Total Income	34,603	26,772	32,469	28,478	30,281	-12.5%	6.3%	97321	119455	22.7%
Opex	14,603	15,017	16,586	16,505	16,376	12.1%	-0.8%	46473	59944	29.0%
PPP	20,000	11,755	15,883	11,973	13,905	-30.5%	16.1%	50848	59511	17.0%
Provisions	19,137	18,876	28,096	19,228	12,092	-36.8%	-37.1%	35992	75039	108.5%
PBT	862	(7,122)	-12213	(7,255)	1,813	110%	125.0%	14856	-15528	-205%
Tax	(720)	(4,705)	(4,495)	(2,379)	868	221%	136.5%	4371	-8981	-305%
Net Profit	1,582	(2,416)	(7,718)	(4,876)	945	-40.3%	119.4%	10485	-6547	-162%

**NII growth improved backed by improving NIM.**

Domestic NIM improved by 29 bps YoY led by stable cost and lower slippages. Foreign NIM also improved by 25 bps YoY. Yield on advances declined by 14 bps/3 bps on QoQ/YoY, while cost of deposits declined by 1 bps/32 bps on QoQ/YoY basis. Management thinks NIM to improve going ahead as the deposits cost are under control. Domestic NIM should be around 2.85%. C/I ratio increased to 54.1% as against 42.2% a quarter back, due to decline in total net income by 13% YoY ( which is lowest in last few quarters) and increase in opex by 12% YoY. Employee expenses grew at 26% YoY due to gratuity provisioning and about Rs 900 Cr of provision is still left to be amortized in next quarter. Opex growth is expected to normalize in FY20.

**Slippages moderated during the quarter.**

Slippages during the quarter declined by 24% sequentially to Rs 10888 Cr, out of which fresh slippages was Rs 10725 Cr. GNPA/NNPA ratio declined by 74 bps/45 bps on QoQ basis to reach at 9.95%/4.84% respectively. PCR improves to 71% vs 69% a quarter back. GNPA in personal segment and corporate book declined by 6% and 5% QoQ respectively. Whereas GNPA in SME segment increased by 8% on QoQ basis. Watch list declined by 17% QoQ and stands at Rs 20359 Cr. Total exposure in NCLT 1 & 2 cases is about Rs 53375 Cr and about 70% of provisions have been done. Exposure in power sector is about Rs 178988 Cr, out of which Rs 32000 Cr is NPA and constitutes about 41% of provisions towards it. SMA-1 & 2 amounted to Rs 1232 Cr. The bank has total exposure of Rs 50698 Cr towards the NBFC sector. IL&FS exposure is around Rs 4500 Cr to operational SPVs and management does not see any concern over this exposure. Credit cost declined by 28 bps at 2.27%. Management has maintained its slippages and credit cost guidance of 2% each in FY19.

**Advances growth picked-up.**

Overall loan book grew by 8.6% YoY. Domestic advances grew by 11% YoY driven by growth corporate and retail segment. Whereas foreign advances growth was muted. Corporate advances grew by 9% YoY. Retail book grew by 13% YoY due to strong growth in home loan by 24% YoY. Auto loan grew by 8% YoY. Domestic retail book form around 32% and corporate book about 42% of its loan book. Management expects loan growth to be in the range of 10-12% going forward. Deposits during the quarter grew at 2%/7% on QoQ/YoY basis. Current account increased by 5%/6%, whereas saving account grew at 2%/9% on QoQ/YoY basis. CASA ratio was improved by 47 bps at 43.69%.

**Other Highlights**

Fee income declined during the quarter by 6% YoY. Other income declined by 41% YoY, due to lower treasury gain. Bank has earned Rs 473 Cr of profit from stake sale in general insurance subsidiary and Rs 1087 Cr on account of sale of Merchant Acquiring Businesses (MAB) to its wholly owned subsidiary SBI Payment Services Private Ltd.

CAR ratio declined by 22 bps to 12.6%. Tier-1 ratio stood at 10.4% during the quarter.

## Concall Highlights

- ❑ Adjusting for income from NCLT recovery last quarter, NIM improved by 9 bps in 2Q FY19.
- ❑ Management thinks NIM to improve going ahead as the deposits cost are under control. Domestic NIM should be around 2.85%.
- ❑ A gratuity provision of Rs 900 Cr is still left to be amortized in next quarter. Hence from next year overhead expenses growth will normalize due to base effect.
- ❑ Management expects Rs 1300 Cr of positive impact in P&L on account of 3 accounts from resolution in 3Q FY19.
- ❑ Management has maintained its slippages and credit cost of guidance of 2% each in FY19. Hence credit cost will be in the same range or lower than that of 2Q FY19 going ahead. Loan growth estimate is 10-12%. Management is confident of meeting FY19 as well as FY20 target.
- ❑ Large corporate growth is coming from PSU undertakings. Working capital requirement has increased due to increase in commodity price.
- ❑ Regarding NBFC management said the situation of liquidity is under control. All NBFCs are able to raise fund. Some NBFCs have ALM mismatch. RBI is expected to come with ALM guideline shortly for NBFC. On the margin front management said that NBFCs have to resort to NCDs of 3-5 years instead of CP and for the sake of their survival they must sacrifice their margin. SBI bought Rs 5200 Cr of portfolio from NBFC and said that Rs 15500 Cr is in the pipeline.
- ❑ IL&FS exposure is around Rs 4500 Cr to operational SPVs and management does not see any concern over this exposure.
- ❑ On the power sector, SBI has Rs 32000 Cr of NPA constituting 41% PCR. Management thinks incremental provisions requirement will be around 10-12%. Management said that resolution in some of the power assets is in sight.
- ❑ Out of the total slippages of Rs 10880 Cr, Rs 3189 Cr came from watchlist. Hence watchlist declined to Rs 20359 Cr against Rs 24632 Cr last quarter. Slippages break up- SME is Rs 3834 Cr, retail is Rs 2700 Cr, retail is Rs 982 Cr and rest is from corporate.
- ❑ Management said retail PCR would be 35% and corporate PCR would be 58%. Going forward PCR will increase and management thinks PCR of the bank is aligned with LGD requirement.
- ❑ SBI is sitting at Rs 6000 Cr of provisions write back in one NCLT case which is expected to get final resolution soon. However management said that bank will continue to increase its PCR and any deficiency of provisions in any cases will be taken care by additional provisions in some of the cases. So bank will continue to strengthen its balance sheet further.
- ❑ Security Receipts outstanding is Rs 10000 Cr and NFB exposure of all NPA accounts is Rs 13000 Cr.
- ❑ Outstanding NCLT cases filed is Rs 110000 Cr under 378 A/C. Roughly Rs 36000 Cr (80 A/C) has not been admitted. Rs 10000 Cr which is under AUCA will be liquidated.
- ❑ SBI general insurance market valuation has been Rs 12000 Cr. Bank earned Rs 473 Cr of profit from stake sale in general insurance subsidiary. Bank also transferred its merchant acquiring business to its wholly owned subsidiary SBI Payment Services Private Ltd (SBIPSPL) and earned Rs 1087 Cr of profit from this. SBIPSPL has entered into joint venture agreement for stake sale of 26% to Hitachi. The business has been valued at Rs 6000 Cr.
- ❑ Capital adequacy is at comfort level and SBI has Rs 20000 Cr of approval. If there will be strong growth opportunity then management can raise the capital.
- ❑ Bank is at comfort level of LCR of 144%.

**Profitability Matrix**

	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	YoY (+/-)	QoQ (+/-)
C/I Ratio %	43.6	53.6	42.2	56.1	51.1	58.0	54.1	<b>11.88</b>	<b>-3.88</b>
Empl. Cost/ Tot. Exp. %	50.4556	56.2287	52.8	56.6	55.8	58.8	59.2	<b>6.46</b>	<b>0.39</b>
Other Exp/Tot. Exp.%	49.5444	43.7713	47.2	43.4	44.2	41.2	40.8	<b>-6.46</b>	<b>-0.39</b>
Provision/PPP %	73.2551	75.199	95.7	160.6	176.9	160.6	87.0	<b>-8.72</b>	<b>-73.63</b>
Tax /PBT %	34.3321	31.8864	(83.5)	66.1	36.8	32.8	47.9	<b>131.34</b>	<b>15.08</b>
Int Exp./Int Inc. (%)	61.8705	67.9332	66.1	65.9	64.3	62.9	64.4	<b>-1.67</b>	<b>1.51</b>
Other Inc./Net Inc. %	36.3669	31.2574	46.3	30.2	38.5	23.5	31.0	<b>-15.33</b>	<b>7.51</b>
PAT/ Net Income %	9.91148	7.83201	4.6	(9.0)	(23.8)	(17.1)	3.1	<b>-1.45</b>	<b>20.24</b>
PAT Growth %	122.884	-20.4361	(37.7)	(192.6)	-374	(343.1)	(40.3)	<b>-2.61</b>	<b>302.78</b>
NII Growth % (YoY)	17.3382	23.0141	28.7	26.7	10.5	23.8	12.5	<b>-16.24</b>	<b>-11.33</b>
Operating Profit Growth	12.9335	7.4217	78.2	(6.3)	(0.9)	0.8	(30.5)	<b>-108.65</b>	<b>-31.31</b>

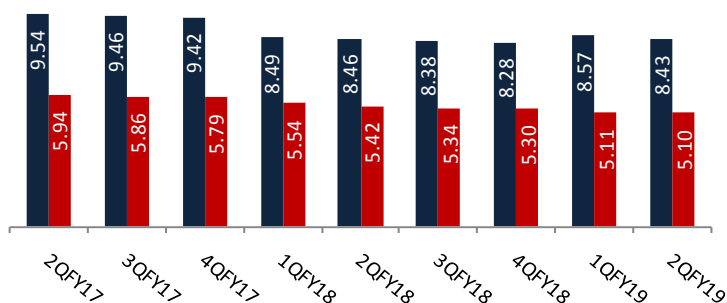
**Margin Performance**

Margin %	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	YoY (+/-)	QoQ (+/-)
Yield on Advances	9.4	8.5	8.5	8.4	8.3	8.6	8.4	<b>-0.03</b>	<b>-0.14</b>
Yield on Total Assets (Cal.)	8.3	8.8	8.1	7.7	7.4	7.7	7.5	<b>-0.61</b>	<b>-0.16</b>
Cost of Deposits	5.8	5.5	5.4	5.3	5.3	5.1	5.1	<b>-0.32</b>	<b>-0.01</b>
Domestic Merged NIM%	3.1	2.5	2.6	2.6	2.7	3.0	2.9	<b>0.29</b>	<b>-0.07</b>
Foreign NIM%	1.3	1.2	1.2	1.2	1.1	1.5	1.4	<b>0.25</b>	<b>-0.05</b>

**Exhibit: Yield and Cost**

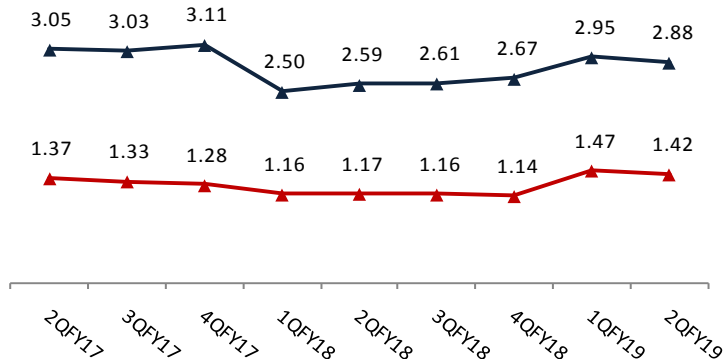
Both yield and cost of fund declined.

■ Yield on Advances% ■ Cost of Deposits%

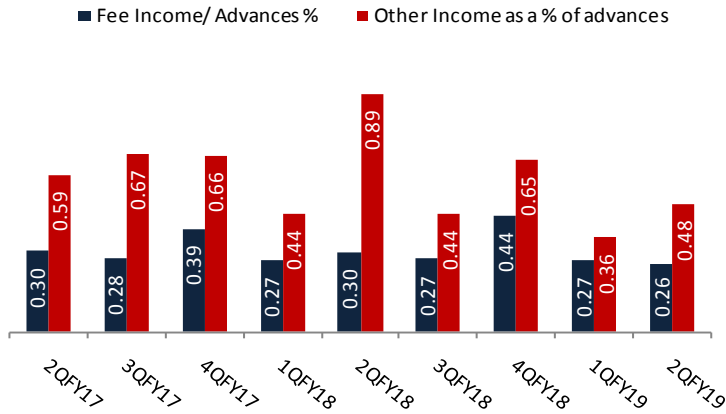
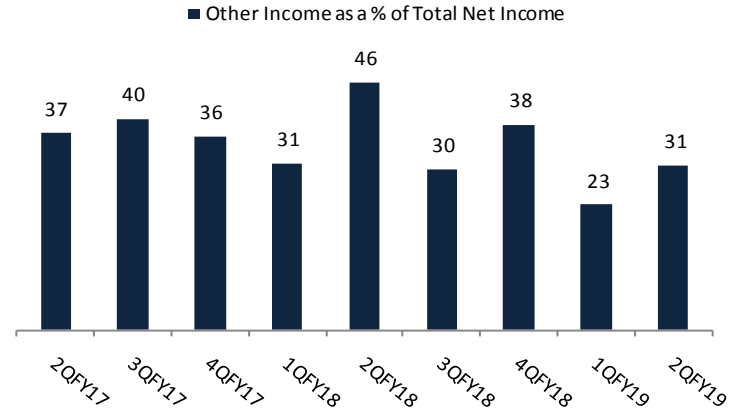

**Exhibit: Net Interest Margin**

NIM on improving trend.

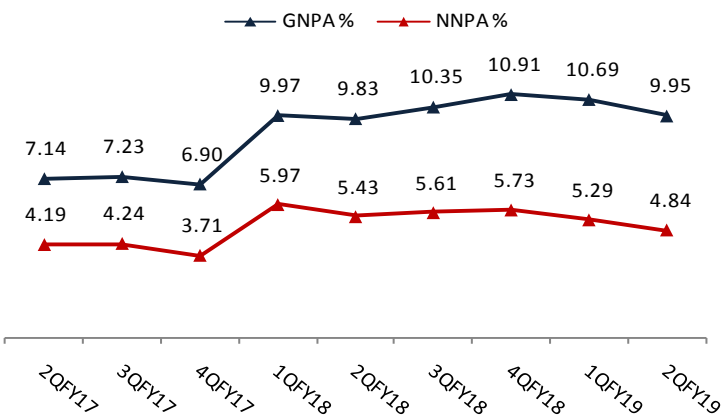
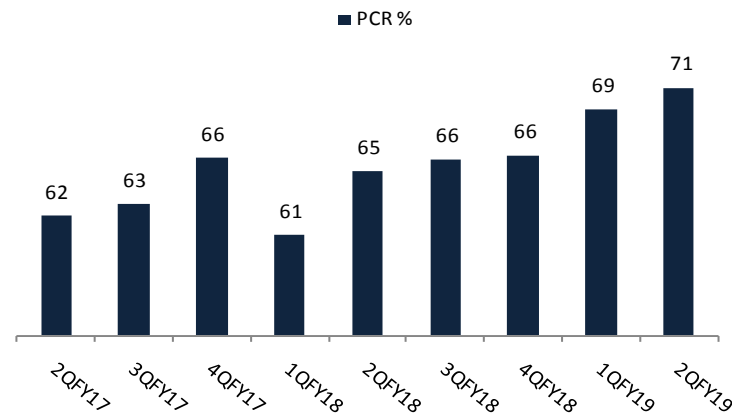
▲ Domestic Merged NIM% ▲ Foreign NIM%

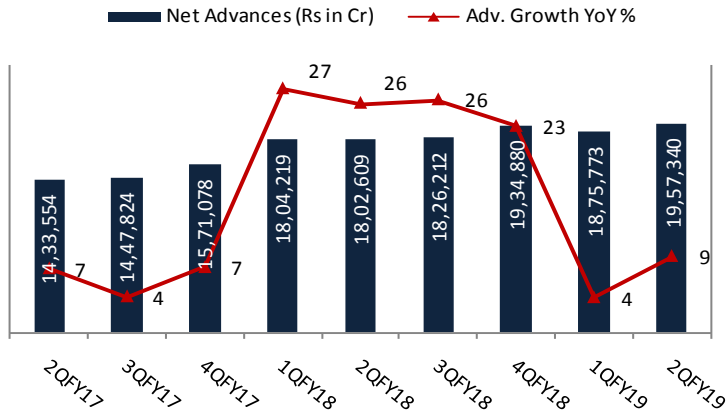
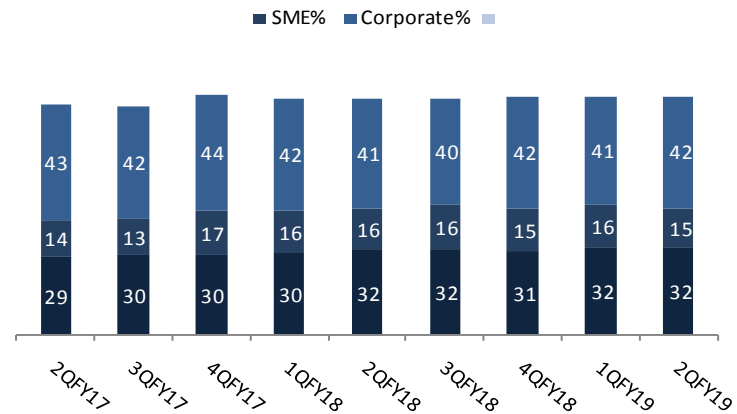
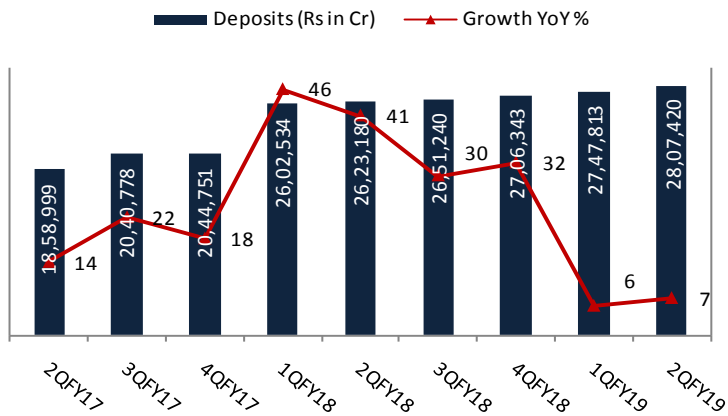
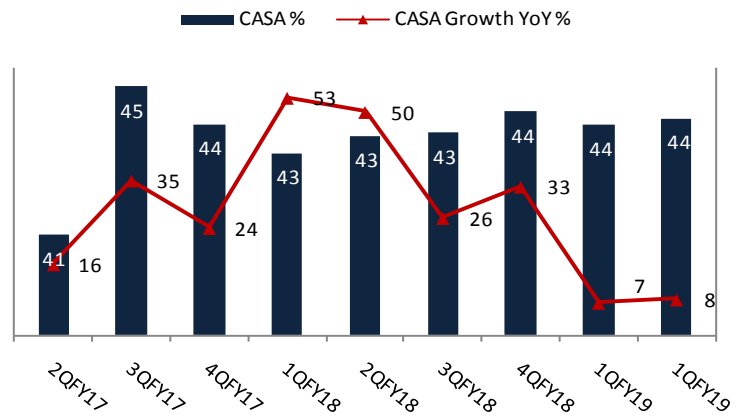
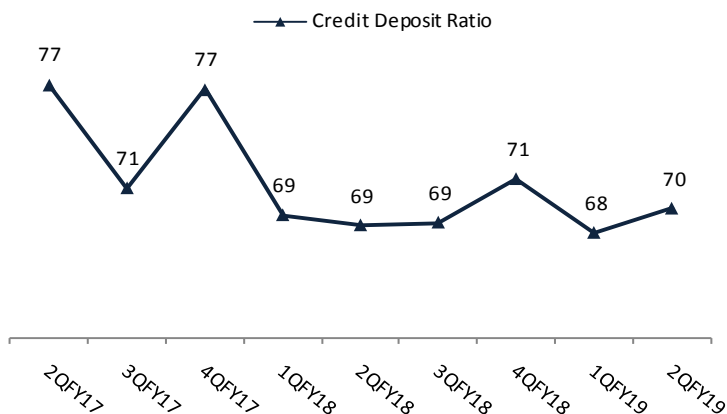
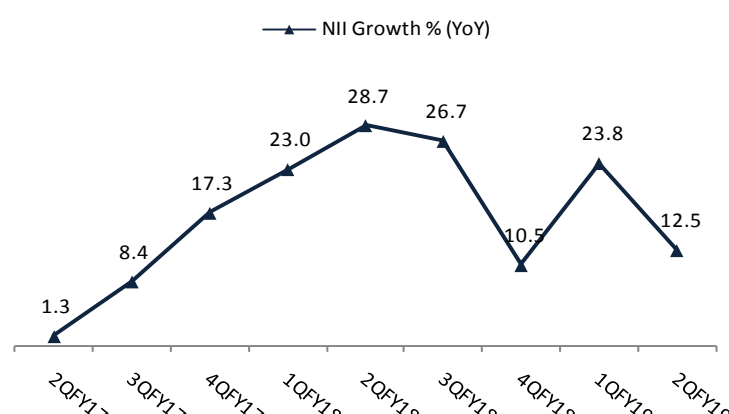

**Other Income Break Up- Decline in fee income.**

	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
Loan Processing Charges	552	594	1078	654	637	627	1360	641	641
Commission on Govt.	508	460	673	781	785	840	1003	931	973
Commission on LC/BG	721	863	861	407	446	618	636	592	637
Transaction Fees	836	715	1984	1432	0	0	3592	1482	1523
Cross Sell/Commission on	191	200	280	288	378	408	557	376	482
Misc Fee Income	1509	1179	1202	463	3111	2486	883	143	291
Locker Rent, POS, CMP etc.	0	0	0	844	0	0	400	812	470
<b>Total Fee-Based Income</b>	<b>4317</b>	<b>4011</b>	<b>6078</b>	<b>4869</b>	<b>5357</b>	<b>4979</b>	<b>8431</b>	<b>4977</b>	<b>5015</b>
<b>Growth YoY %</b>	<b>37</b>	<b>14</b>	<b>5</b>	<b>43</b>	<b>24</b>	<b>24</b>	<b>39</b>	<b>2</b>	<b>-6</b>
Forex Income	900	591	589	667	675	597	546	427	493
Dividend	136	0	394	23	94	0	331	13	0
Profit on Sale / Rev of	2291	3969	1766	1770	8566	1026	941	-1264	1328
Other Income(Misc	779	1091	1500	676	1325	1482	2246	2527	2539
<b>Other Income</b>	<b>8423</b>	<b>9662</b>	<b>10327</b>	<b>8005</b>	<b>16017</b>	<b>8084</b>	<b>12495</b>	<b>6680</b>	<b>9375</b>
<b>Growth YoY %</b>	<b>36</b>	<b>56</b>	<b>-2</b>	<b>9</b>	<b>90</b>	<b>-16</b>	<b>21</b>	<b>-17</b>	<b>-41</b>

**Exhibit: Fee Income/Advances %**
*Fee income as a % of total advances declined.*

**Exhibit: Other Income/ Total Income %**
*Growth in other income shrunk*

**Asset Quality**

	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	YoY (+/-)	QoQ (+/-)
GNPA (Rs in Cr)	112343	188069	186114	199141	223427	212840	205863	11%	-3%
GNPA %	6.9	10.0	9.8	10.4	10.9	10.7	10.0	0.12	-0.74
NNPA (Rs in Cr)	58277	107760	97896	102370	110855	99236	94810	-3%	-4%
NNPA %	3.7	6.0	5.4	5.6	5.7	5.3	4.8	-0.59	-0.45
Slippages (Rs in Cr)	10,368	30,059	10,627	26,780	32,821	14,349	10,888	2%	-24%
PCR %	66.0	60.8	65.1	65.9	66.2	69.3	70.7	5.64	1.49

**Exhibit: Asset Quality**
*Assets quality improved.*

**Exhibit: Provisions**
*PCR trending upwards.*


**Exhibit: Advances Performance**
*Advances growth picked-up.*

**Exhibit: Domestic Advances Breakup%**

**Exhibit: Deposits Performance**
*Deposits growth slightly moved up.*

**Exhibit: CASA Performance**
*CASA level remained stable.*

**Exhibit: Credit Deposit Ratio**
*CD ratio moved up.*

**Exhibit: NII Growth**
*NII growth slowed down.*


## Financial Details

## Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Share Capital</b>	<b>684</b>	<b>747</b>	<b>747</b>	<b>776</b>	<b>797</b>	<b>892</b>	<b>892</b>	<b>892</b>
>> Equity Capital	684	747	747	776	797	892	892	892
>> Preference Capital	0	0	0	0	0	0	0	0
Reserves & Surplus	98200	117536	127692	143498	187489	218236	223038	254117
<b>Networth</b>	<b>98884</b>	<b>118282</b>	<b>128438</b>	<b>144274</b>	<b>188286</b>	<b>219128</b>	<b>223930</b>	<b>255009</b>
Deposits	1202740	1394409	1576793	1730722	2044751	2706343	2956067	3265442
Change (%)	15.2	15.9	13.1	9.8	18.1	32.4	9.2	10.5
>> CASA Deposits	525488	580197	637760	717332	890409	1187294	1301261	1437447
Change (%)	14.7	10.4	9.9	12.5	24.1	33.3	9.6	10.5
Borrowings	169183	183131	205150	323345	317694	362142	308398	340609
<b>Other Liabilities &amp; Prov.</b>	<b>95405</b>	<b>96927</b>	<b>137698</b>	<b>159276</b>	<b>155235</b>	<b>167138</b>	<b>177364</b>	<b>195926</b>
<b>Total Liabilities</b>	<b>1566212</b>	<b>1792748</b>	<b>2048080</b>	<b>2357617</b>	<b>2705966</b>	<b>3454751</b>	<b>3665760</b>	<b>4056986</b>
Cash & Bank	114820	132550	174861	167468	171971	191898	168325	187257
Investments	350878	398800	495027	575652	765990	1060987	1123305	1214744
Change (%)	12.4	13.7	24.1	16.3	33.1	38.5	5.9	8.1
Advances	1045617	1209829	1300026	1463700	1571078	1934880	2128368	2383772
Change (%)	20.5	15.7	7.5	12.6	7.3	23.2	10.0	12.0
Fixed Assets	7005	8002	9329	10389	42919	39992	40392	41200
Other Assets	47892	43568	68836	140408	154008	226994	205369	230013
<b>Total Assets</b>	<b>1566212</b>	<b>1792748</b>	<b>2048080</b>	<b>2357617</b>	<b>2705966</b>	<b>3454751</b>	<b>3665760</b>	<b>4056986</b>

## Income Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Interest income	119657	136351	152397	163685	175518	220499	241258	270561
Interest expended	75326	87069	97382	106803	113658	145645	153429	172873
Net Interest Income	44331	49282	55015	56882	61860	74854	87829	97688
Change (%)	2.4	11.2	11.6	3.4	8.8	21.0	17.3	11.2
Other Income	16037	18553	22576	28158	35461	44601	37262	43544
Change (%)	11.7	15.7	21.7	24.7	25.9	25.8	-16.5	16.9
>> Core Fee Income	11484	12611	14139	15658	17803	23636	23740	27745
>> Treasury Income	1098	2077	3618	5017	10749	12303	2547	7016
>> Others	3455	3865	4819	7483	6909	8662	10974	8783
Total Net Income	60368	67835	77591	85041	97321	119455	125090	141232
Operating Expenses	29285	35726	38678	41782	46473	59944	67770	69133
Change (%)	12.3	22.0	8.3	8.0	11.2	29.0	13.1	2.0
>> Employee Expenses	18381	22504	23537	25114	26489	33179	38375	37597
Pre-provisioning Profit	31083	32109	38913	43258	50848	59511	57320	72098
Change (%)	-1.6	3.3	21.2	11.2	17.5	17.0	-3.7	25.8
Provisions	11131	15935	19600	29484	35992	75039	49532	24197
Change (%)	-15.0	43.2	23.0	50.4	22.1	108.5	-34.0	-51.1
PBT	19952	16174	19314	13775	14856	-15528	7789	47901
Tax	5846	5283	6212	3823	4371	-8981	2987	16286
Profit After Tax	14106	10891	13102	9951	10485	-6547	4801	31615
Change (%)	20.5	-22.8	20.3	-24.0	5.4	-162.4	173.3	558.4



## Financial Details

## Key Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Balance Sheet Metrics</b>								
Loan Growth (%)	21	16	7	13	7	23	10	12
Deposit Growth (%)	15	16	13	10	18	32	9	10
C/D Ratio (%)	86.9	86.8	82.4	84.6	76.8	71.5	72.0	73.0
CASA (%)	43.7	41.6	40.4	41.4	43.5	43.9	44.0	44.0
Investment/Deposit (%)	29.2	28.6	31.4	33.3	37.5	39.2	38.0	37.2
CRAR (%)	12.5	12.4	12.0	13.1	13.1	12.6	11.9	11.9
>> Tier 1 (%)	9.3	9.7	9.6	9.9	10.4	10.4	9.5	9.8
>> Tier 2 (%)	3.2	2.7	2.4	3.2	2.8	2.2	2.3	2.1

## Assets Quality Metrics

Gross NPA (Rs)	51,190	61,605	56,725	98,173	112343	223427	190200	183646
Gross NPA (%)	4.8	5.0	4.3	6.5	6.9	10.9	8.4	7.3
Net NPA(Rs)	21,956	31,096	27,591	55,807	58,277	110855	79884	73458
Net NPA (%)	2.1	2.6	2.1	3.8	3.7	5.7	3.8	3.1
Slippages (%)	4	4	2	5	3	6	2	2
Provision Coverage (%)	67	63	69	61	66	66	73	75
Provision/Average Advances (%)	1.2	1.4	1.6	2.1	2.4	4.0	2.4	1.1

## Margin Metrics

Yield On Advances (%)	9.5	9.1	9.0	8.4	7.9	8.1	7.8	7.9
Yield On Investment (%)	-	-	-	-	-	-	-	-
Yield on Earning Assets (%)	8.8	8.6	8.4	8.0	7.6	7.8	7.3	7.5
Cost Of Deposits (%)	6.0	6.0	6.0	6.0	5.6	5.7	5.0	5.1
Cost Of Funds (%)	5.7	5.7	5.6	5.5	5.1	5.2	4.7	4.9
Spread (%)	3.0	2.9	2.8	2.5	2.5	2.6	2.6	2.6
NIM (%)	3.2	3.1	3.1	2.8	2.7	2.7	2.7	2.7

## Profitability &amp; Efficiency Metrics

Int. Expense/Int.Income (%)	63.0	63.9	63.9	65.2	64.8	66.1	63.6	63.9
Fee Income/NII (%)	25.9	25.6	25.7	27.5	28.8	31.6	27.0	28.4
Cost to Income (%)	48.5	52.7	49.8	49.1	47.8	50.2	54.2	49.0
Cost on Average Assets (%)	2.1	2.3	2.1	2.0	2.0	2.1	3.3	3.1
Tax Rate (%)	29.3	32.7	32.2	27.8	29.4	57.8	38.4	34.0

## Valuation Ratio Metrics

EPS (Rs)	20.6	14.6	17.5	12.8	13.2	(7.3)	5.4	35.4
Change (%)	18.0	(29.3)	20.3	(27.0)	2.6	(156)	(173.3)	558.4
ROAE (%)	-	10.0	10.6	7.3	6.3	(3.0)	2.2	13.2
ROAA (%)	-	0.6	0.7	0.5	0.4	(0.2)	0.1	0.8
Dividend Payout (%)	20.1	20.6	19.9	20.3	19.8	-	9.3	16.9
Dividend yield (%)	2.0	1.6	1.3	1.3	0.9	-	0.2	2.0
Book Value (Rs)	144.6	158.4	172.0	185.9	236.2	245.5	250.9	285.7
Change (%)	15	10	9	8	27	4	2	14
P/B (X)	1.4	1.2	1.6	1.0	1.2	1.0	1.2	1.0
P/E (X)	10.1	13.1	15.2	15.2	22.2	(34.1)	54.8	8.3



## Financial Details

## Exhibit: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<i>Interest Income</i>	8.1	7.9	7.4	6.9	6.5	6.8	7.0
<i>Interest expended</i>	5.2	5.1	4.8	4.5	4.3	4.3	4.5
<b><i>Net Interest Income</i></b>	<b>2.9</b>	<b>2.9</b>	<b>2.6</b>	<b>2.4</b>	<b>2.2</b>	<b>2.5</b>	<b>2.5</b>
<i>Non-Fund Based Income</i>	1.1	1.2	1.3	1.4	1.3	1.0	1.1
>> <i>Core Fee Income</i>	0.8	0.7	0.7	0.7	0.7	0.7	0.7
>> <i>Trading and Other Income</i>	<b>0.4</b>	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>
<i>Core Operating Income</i>	3.7	3.6	3.3	3.1	2.9	3.1	3.2
<b><i>Total Income</i></b>	<b>4.0</b>	<b>4.0</b>	<b>3.9</b>	<b>3.8</b>	<b>3.5</b>	<b>3.5</b>	<b>3.7</b>
<i>Total Operating Expenses</i>	2.1	2.0	1.9	1.8	1.8	1.9	1.8
>> <i>Employee Expenses</i>	1.3	1.2	1.1	1.0	1.0	1.1	1.0
>> <i>Other Expenses</i>	0.8	0.8	0.8	0.8	0.8	0.8	0.8
<b><i>Operating Profit</i></b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>1.8</b>	<b>1.6</b>	<b>1.9</b>
<i>Provisions</i>	0.9	1.0	1.3	1.4	2.2	1.4	0.6
<i>Others</i>	-	-	-	-	-	-	-
<i>PBT</i>	1.0	1.0	0.6	0.6	(0.5)	0.2	1.2
<i>Tax</i>	0.3	0.3	0.2	0.2	(0.3)	0.1	0.4
<b><i>PAT/RoAA</i></b>	<b>0.6</b>	<b>0.7</b>	<b>0.5</b>	<b>0.4</b>	<b>(0.2)</b>	<b>0.1</b>	<b>0.8</b>
<i>Equity Multiplier (x)</i>	15.5	15.6	16.2	15.2	15.7	16.1	16.1
<b><i>ROAE</i></b>	<b>10.0</b>	<b>10.6</b>	<b>7.3</b>	<b>6.3</b>	<b>(3.0)</b>	<b>2.2</b>	<b>13.2</b>

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