

# State Bank of India | BUY

## All round performance

SBI delivered a strong Q3FY26 performance with healthy PAT growth of +24%/+4% YoY/QoQ; +25% above JMFe, also aided by various one-offs- dividend income of INR22bn, IT refund of INR 7.7bn and INR14.3bn QoQ lower employee benefit provisions. Adjusting for these three one-offs also, PAT was 5% above JMFe. NII rose +9%/5% YoY/QoQ; in-line with our estimates, supported by strong loan growth (+16%/6% YoY/QoQ) and calc. NIM expansion (+5bps QoQ). PPoP surged +40%/20% YoY/QoQ aided by strong forex/treasury income and controlled employee costs. Asset quality continued to improve with gross/net slippages improving 3bps QoQ each and credit cost declining by 10bps QoQ at 0.40%. Management revised credit growth guidance for FY26 upward to 13–15% and maintained exit NIM guidance of ~3%. We believe the stable margins, efficient cost management, and benign credit costs are expected to drive consistent profitability, maintaining avg. RoA/RoE of ~1.0%/15% over FY27–28E. We maintain BUY rating with a revised target price of INR 1,250, valuing the core bank at 1.4x FY28E standalone BVPS.

- Growth momentum intact:** SBI's balance sheet growth remained healthy in Q3FY26 with net advances at INR 46.3trln, up +16%/+6% YoY/QoQ. The growth was led by SME loans (+21%/11% YoY/QoQ), agri loans (+17%/7% YoY/QoQ), corporate credit growth at +13%/8% YoY/QoQ, and personal loans (15%/4% YoY/QoQ), reflecting sustained traction across key segments. Deposits grew +9%/2% YoY/QoQ to INR 57.0trln, led by steady CASA accretion, with CASA balances up ~9% YoY and CASA ratio stable. The CD ratio increased by ~320bps QoQ but remains comfortable at 81%, supported by SBI's strong liability franchise. Management revised credit growth guidance for FY26 upward to 13–15%. **We build loan/deposit CAGR at 14%/13% over FY 26–28E.**
- Margins steady, operating leverage drives profitability:** NII increased +9%/5% YoY/QoQ, while non-interest income remained healthy growing at +66%/20%, supported by treasury gains, forex income and fee traction. Opex growth remained contained, declining 1.0% QoQ, due to decline in employee cost (-3.6% QoQ) led by a fall in number of employees and lower retirement provision. Consequently, PPoP increased +40%/20% YoY/QoQ; +18% JMFe and C/I ratio improved to 48.3% in Q3FY26 (vs. 53.2% in 2Q). Calc. NIM improved 5bps QoQ at 2.73%, as lower yields were largely offset by better funding cost management. Profitability metrics stayed strong with ROA/ROE at 1.2%/16%. Exit NIM guidance of ~3% for FY26 was maintained by management.
- Asset quality strengthens further; buffers remain high:** Asset quality continued to improve with gross/net slippages improving 3bps QoQ each, GNPA/NNPA improving 15bps/3bps QoQ at 1.57%/0.39%, among the best in multiple years, and credit cost declining by 10bps QoQ at 0.40%. SBI continues to maintain strong buffers with PCR at 75.5% (less 25bps QoQ). Additionally, non-NPA provisions of ~INR 307bn (~170% of net NPAs) provide significant downside protection, supporting earnings stability through the cycle. **We model avg. credit costs of ~45bps over FY27E–28E.**
- Valuation and view:** Strong and diversified growth, resilient margins despite deposit pressure, industry-leading asset quality, and large provision buffers underpin SBI's improved earnings visibility and balance-sheet strength. Sustained ~1%+ ROA and healthy mid-teen ROE profile warrant premium valuation vs. historical PSU bank valuations. **We maintain BUY rating with a revised target price of INR 1,250, valuing the core bank at 1.4x FY28E standalone BVPS.**



Ajit Kumar

ajit.k@jmfl.com | Tel: (91 22) 66303489

Pratik Matkar

pratik.matkar@jmfl.com | Tel: (91 22) 66301881

Shubham Karvande

shubham.karvande@jmfl.com | Tel: (91 22) 66303696

Arun Nalkara

arun.nalkara@jmfl.com | Tel: (91 22) 39533640

Aryan Singhal

aryan.singhal@jmfl.com | Tel: (91 22) 66303253

### Recommendation and Price Target

|                            |       |
|----------------------------|-------|
| Current Reco.              | BUY   |
| Previous Reco.             | BUY   |
| Current Price Target (12M) | 1,250 |
| Upside/(Downside)          | 17.2% |
| Previous Price Target      | 1,140 |
| Change                     | 9.6%  |

### Key Data – SBIN IN

|                          |                      |
|--------------------------|----------------------|
| Current Market Price     | INR1,066             |
| Market cap (bn)          | INR9,843.5/US\$108.6 |
| Free Float               | 36%                  |
| Shares in issue (mn)     | 9,230.6              |
| Diluted share (mn)       |                      |
| 3-mon avg daily val (mn) | INR9,904.5/US\$109.2 |
| 52-week range            | 1,090/680            |
| Sensex/Nifty             | 83,580/25,694        |
| INR/US\$                 | 90.7                 |

### Price Performance

| %         | 1M  | 6M   | 12M  |
|-----------|-----|------|------|
| Absolute  | 5.9 | 32.4 | 44.7 |
| Relative* | 5.9 | 26.5 | 34.8 |

\* To the BSE Sensex

| Financial Summary    |         |         |         |         |         | (INR mn) |
|----------------------|---------|---------|---------|---------|---------|----------|
| Y/E March            | FY24A   | FY25A   | FY26E   | FY27E   | FY28E   |          |
| Net Profit           | 610,766 | 709,006 | 759,866 | 796,947 | 935,617 |          |
| Net Profit (YoY) (%) | 21.6%   | 16.1%   | 7.2%    | 4.9%    | 17.4%   |          |
| Assets (YoY) (%)     | 12.0%   | 8.0%    | 10.4%   | 13.0%   | 14.7%   |          |
| ROA (%)              | 1.0%    | 1.1%    | 1.1%    | 1.0%    | 1.0%    |          |
| ROE (%)              | 17.3%   | 17.3%   | 15.7%   | 14.3%   | 14.9%   |          |
| EPS                  | 68.4    | 79.4    | 82.3    | 86.3    | 101.4   |          |
| EPS (YoY) (%)        | 21.6%   | 16.1%   | 3.6%    | 4.9%    | 17.4%   |          |
| PE (x)               | 15.6    | 13.4    | 12.9    | 12.3    | 10.5    |          |
| BV                   | 423     | 566     | 622     | 701     | 795     |          |
| BV (YoY) (%)         | 15.2%   | 17.3%   | 9.9%    | 12.8%   | 13.3%   |          |
| P/BV (x)             | 2.52    | 1.88    | 1.71    | 1.52    | 1.34    |          |

Source: Company data, JM Financial. Note: Valuations as of 06/Febr/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## 3QFY26 Result trends

| Exhibit 1. SBI 3QFY26 Result summary |              |              |              |               |                 |              |                |
|--------------------------------------|--------------|--------------|--------------|---------------|-----------------|--------------|----------------|
| (INR bn)                             | 3QFY25       | 2QFY26       | 3QFY26       | YoY (%)       | QoQ (%)         | JMF Est.     | Change (%)     |
| <b>Net Interest Income</b>           | <b>414</b>   | <b>430</b>   | <b>452</b>   | <b>9%</b>     | <b>5%</b>       | <b>450</b>   | <b>0%</b>      |
| Core Fee income                      | 73           | 96           | 99           | 36%           | 4%              | 102          | -3%            |
| Other income                         | 37           | 58           | 84           | 126%          | 46%             | 40           | 111%           |
| <b>Total income</b>                  | <b>525</b>   | <b>583</b>   | <b>635</b>   | <b>21%</b>    | <b>9%</b>       | <b>592</b>   | <b>7%</b>      |
| Opex                                 | 289          | 310          | 307          | 6%            | -1%             | 313          | -2%            |
| <b>Operating Profit</b>              | <b>236</b>   | <b>273</b>   | <b>329</b>   | <b>40%</b>    | <b>20%</b>      | <b>280</b>   | <b>18%</b>     |
| <b>Core Operating Profit</b>         | <b>198</b>   | <b>215</b>   | <b>244</b>   | <b>23%</b>    | <b>13%</b>      | <b>240</b>   | <b>2%</b>      |
| Provisions                           | 9            | 54           | 45           | 395%          | -17%            | 55           | -18%           |
| Tax                                  | 57           | 63           | 73           | 27%           | 15%             | 56           | 30%            |
| <b>PAT</b>                           | <b>169</b>   | <b>202</b>   | <b>210</b>   | <b>24%</b>    | <b>4%</b>       | <b>169</b>   | <b>25%</b>     |
| <b>Adjusted PAT</b>                  | <b>169</b>   | <b>167</b>   | <b>210</b>   | <b>24%</b>    | <b>26%</b>      | <b>169</b>   | <b>25%</b>     |
| <b>ROA (%)</b>                       | <b>1.04%</b> | <b>1.17%</b> | <b>1.19%</b> | <b>15 bps</b> | <b>2 bps</b>    | <b>0.95%</b> | <b>24 bps</b>  |
| <b>ROE (%)</b>                       | <b>15.8%</b> | <b>16.3%</b> | <b>15.9%</b> | <b>9 bps</b>  | <b>(42) bps</b> | <b>12.8%</b> | <b>309 bps</b> |
| Loan (INR bn)                        | 40,046       | 43,617       | 46,277       | 16%           | 6%              | 45,406       | 2%             |
| Deposit (INR bn)                     | 52,294       | 55,917       | 57,013       | 9%            | 2%              | 57,035       | 0%             |
| C/D ratio                            | 77%          | 78%          | 81%          | 459 bps       | 317 bps         | 79.6%        | 156 bps        |
| CASA (INR bn)                        | 19,652       | 21,243       | 21,397       | 9%            | 1%              |              |                |
| CASA (%)                             | 37.6%        | 38.0%        | 37.5%        | (5) bps       | (46) bps        |              |                |
| Yield on IEA (Calc, %)               | 7.76%        | 7.46%        | 7.40%        | (36) bps      | (5) bps         | 7.4%         | 0 bps          |
| Cost of funds (calc, %)              | 5.19%        | 4.99%        | 4.90%        | (29) bps      | (9) bps         | 5.0%         | (5) bps        |
| Loan - deposit spread                | 2.57%        | 2.47%        | 2.50%        | (7) bps       | 3 bps           | 2.5%         | 5 bps          |
| NIM (calc. %)                        | 2.74%        | 2.68%        | 2.73%        | (1) bps       | 5 bps           | 2.7%         | 3 bps          |
| NIM reported (%)                     | 3.01%        | 2.97%        | 2.99%        | (2) bps       | 2 bps           |              |                |
| Gross Slippages (%)                  | 0.43%        | 0.48%        | 0.45%        | 2 bps         | (3) bps         | 0.5%         | (3) bps        |
| Net Slippages (%)                    | 0.31%        | 0.26%        | 0.23%        | (8) bps       | (3) bps         | 0.3%         | (7) bps        |
| SMA as % loans                       | 0.24%        | 0.09%        | 0.08%        | (15) bps      | (0) bps         |              |                |
| PCR (%)                              | 74.7%        | 75.8%        | 75.5%        | 88 bps        | (25) bps        | 76.0%        | (46) bps       |
| Non-NPA provision (%)                | 0.74%        | 0.70%        | 0.66%        | (8) bps       | (3) bps         |              |                |
| Total Provision (%)                  | 2.32%        | 2.02%        | 1.86%        | (45) bps      | (16) bps        |              |                |
| Credit cost (%)                      | 0.09%        | 0.50%        | 0.40%        | 31 bps        | (10) bps        | 0.5%         | (9) bps        |

Source: Company, JM Financial

## Exhibit 2. SBIN 3QFY26: Gross loan mix

| Loan Book Composition (INR bn) | 3QFY25        | 2QFY26        | 3QFY26        | YoY (%)      | QoQ (%)     |
|--------------------------------|---------------|---------------|---------------|--------------|-------------|
| Corporate (Large + Mid+ SME)   | 16,727        | 17,816        | 19,343        | 15.6%        | 8.6%        |
| Agriculture                    | 3,364         | 3,681         | 3,921         | 16.6%        | 6.5%        |
| Retail credit                  | 14,473        | 15,934        | 16,638        | 15.0%        | 4.4%        |
| Home loans                     | 7,928         | 8,804         | 9,090         | 14.6%        | 3.2%        |
| Auto loans                     | 1,245         | 1,287         | 1,370         | 10.1%        | 6.5%        |
| Residual retail loans          | 5,300         | 5,842         | 6,177         | 16.5%        | 5.7%        |
| International                  | 6,113         | 6,766         | 6,933         | 13.4%        | 2.5%        |
| <b>Total Advances</b>          | <b>40,678</b> | <b>44,197</b> | <b>46,835</b> | <b>15.1%</b> | <b>6.0%</b> |
| <b>Loan Mix (%)</b>            |               |               |               |              |             |
| Corporate (Large + Mid+ SME)   | 41.1%         | 40.3%         | 41.3%         | 0.2%         | 1.0%        |
| Agriculture                    | 8.3%          | 8.3%          | 8.4%          | 0.1%         | 0.0%        |
| Retail credit                  | 35.6%         | 36.1%         | 35.5%         | -0.1%        | -0.5%       |
| Home loans                     | 19.5%         | 19.9%         | 19.4%         | -0.1%        | -0.5%       |
| Auto loans                     | 3.1%          | 2.9%          | 2.9%          | -0.1%        | 0.0%        |
| Residual retail loans          | 13.0%         | 13.2%         | 13.2%         | 0.2%         | 0.0%        |
| International                  | 15.0%         | 15.3%         | 14.8%         | -0.2%        | -0.5%       |
| <b>Total</b>                   | <b>100%</b>   | <b>100%</b>   | <b>100%</b>   |              |             |

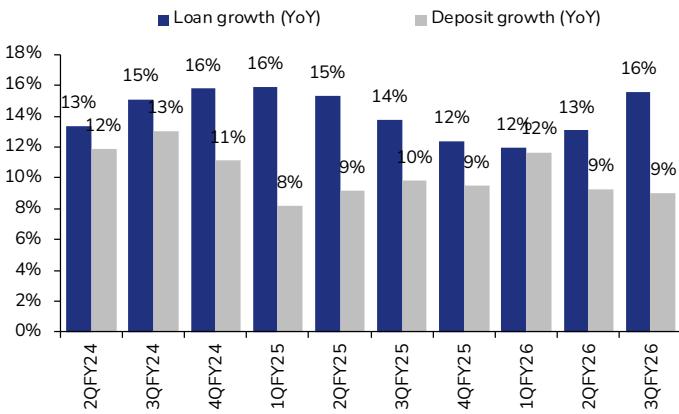
Source: Company, JM Financial

## Exhibit 3. SBIN 3QFY26: Deposits growth was driven by strong traction in CA

| Deposits Composition (INR bn)   | 3QFY25        | 2QFY26        | 3QFY26        | YoY (%)      | QoQ (%)      |
|---------------------------------|---------------|---------------|---------------|--------------|--------------|
| Savings Deposits - domestic     | 16,802        | 17,960        | 18,253        | 8.6%         | 1.6%         |
| Current Deposits - domestic     | 2,850         | 3,282         | 3,144         | 10.3%        | -4.2%        |
| <b>CASA Deposits</b>            | <b>19,652</b> | <b>21,243</b> | <b>21,397</b> | <b>8.9%</b>  | <b>0.7%</b>  |
| Time Deposits - Domestic        | 30,486        | 32,364        | 33,281        | 9.2%         | 2.8%         |
| Total Deposits - Domestic       | 50,139        | 53,606        | 54,679        | 9.1%         | 2.0%         |
| Foreign Deposits                | 2,155         | 2,311         | 2,335         |              |              |
| <b>Total Deposits</b>           | <b>52,294</b> | <b>55,917</b> | <b>57,013</b> | <b>9.0%</b>  | <b>2.0%</b>  |
| <b>Domestic Deposit Mix (%)</b> |               |               |               |              |              |
| Savings Deposits - domestic     | 33.5%         | 33.5%         | 33.4%         | -0.1%        | -0.1%        |
| Current Deposits - domestic     | 5.7%          | 6.1%          | 5.8%          | 0.1%         | -0.4%        |
| <b>CASA (% domestic)</b>        | <b>39.2%</b>  | <b>39.6%</b>  | <b>39.1%</b>  | <b>-0.1%</b> | <b>-0.5%</b> |
| Time Deposits - Domestic        | 60.8%         | 60.4%         | 60.9%         | 0.1%         | 0.5%         |
| <b>Total Deposits</b>           | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |              |              |

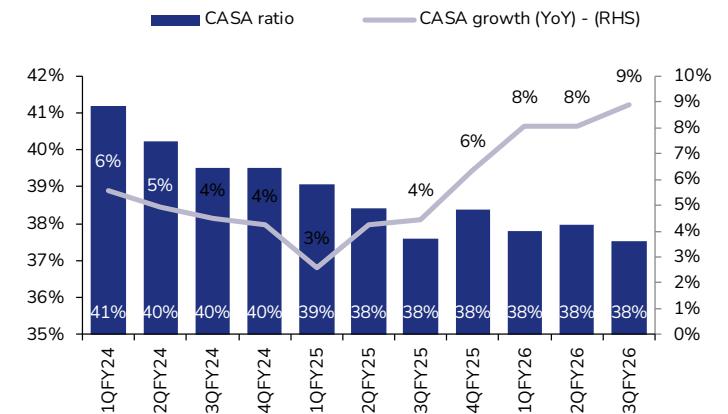
Source: Company, JM Financial

## Exhibit 4. SBI: Trend in Loan/Deposit growth



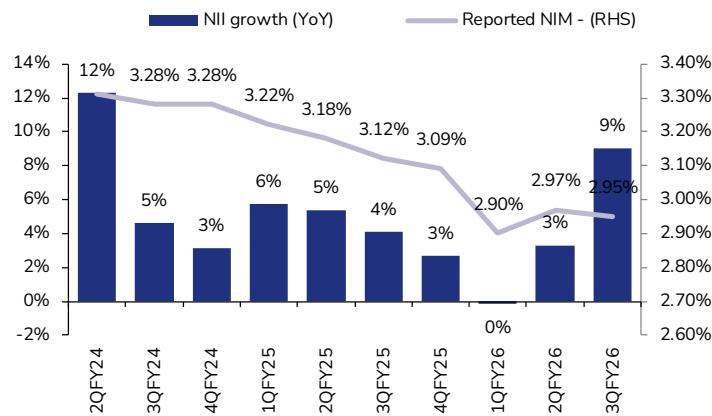
Source: Company, JM Financial

## Exhibit 5. SBI: Trend in CASA ratio and CASA growth



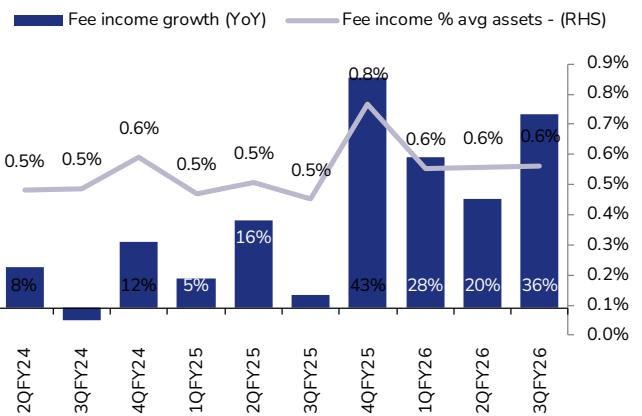
Source: Company, JM Financial

## Exhibit 6. SBI: Trend in NII growth and margin



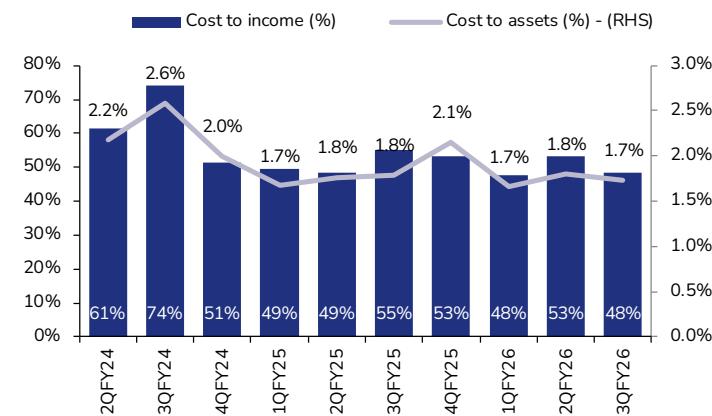
Source: Company, JM Financial

## Exhibit 7. SBI: Trend in Fee Income



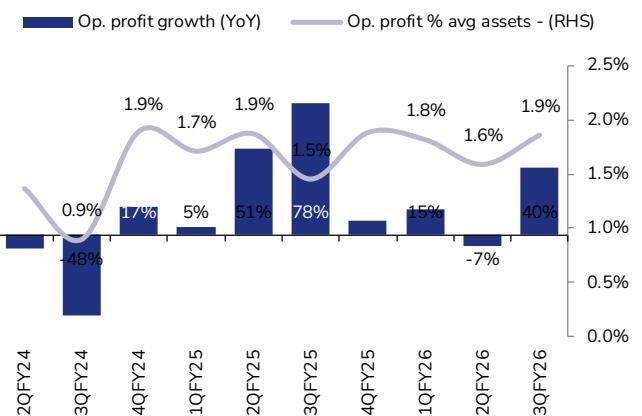
Source: Company, JM Financial

## Exhibit 8. SBI: Trend in cost to income/cost to assets



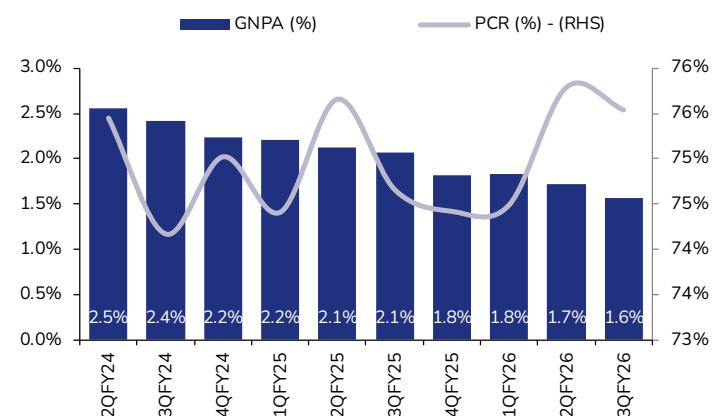
Source: Company, JM Financial

## Exhibit 9. SBI: Trend in operating profit



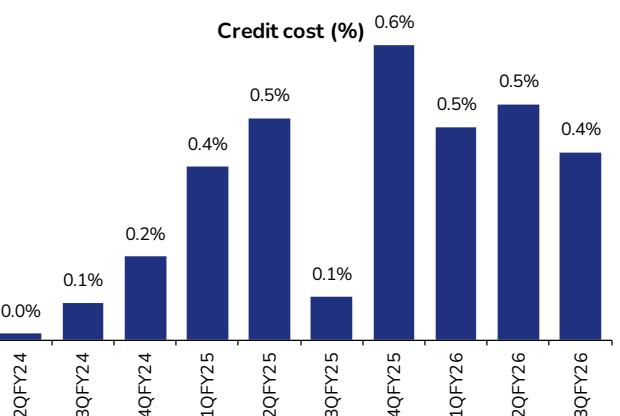
Source: Company, JM Financial

## Exhibit 10. SBI: Trend in GNPA/PCR



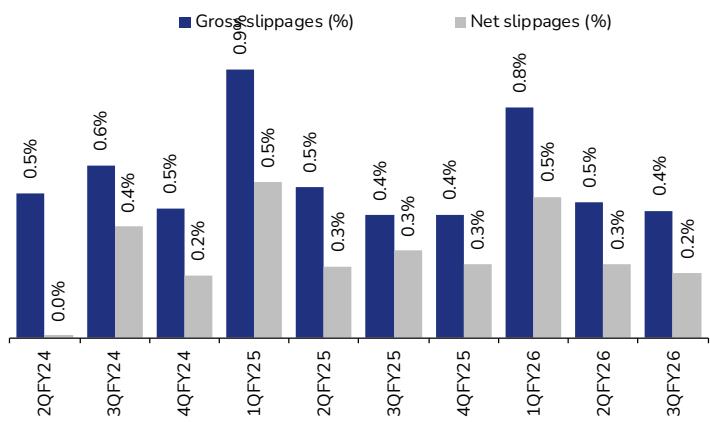
Source: Company, JM Financial

## Exhibit 11. SBI: Trend in credit cost



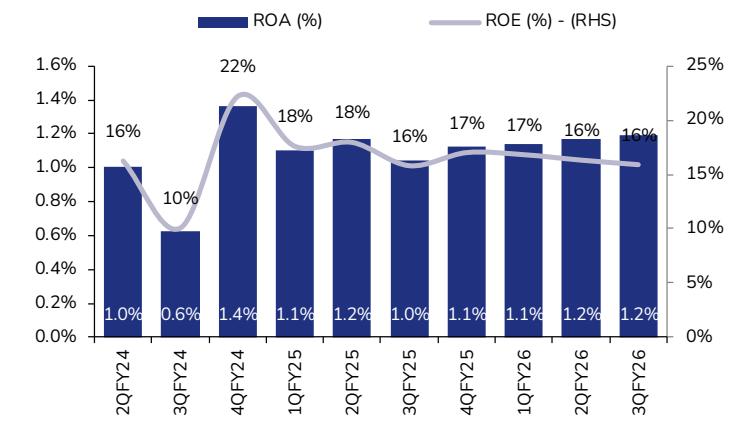
Source: Company, JM Financial

## Exhibit 12. SBI: Trend in Gross/Net Slippages



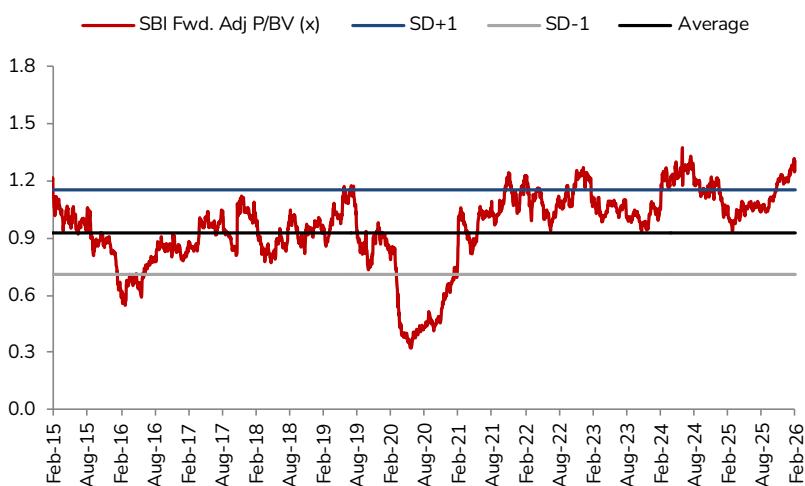
Source: Company, JM Financial

## Exhibit 13. SBI: Trend in ROA/ROE



Source: Company, JM Financial

## Exhibit 14. SBIN: One-year forward Price to Book (x)



Source: Company, JM Financial

## Exhibit 15. Change in estimates

|                                   | New Estimates |              |              | Old Estimates |              |              | Change        |               |               |
|-----------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|---------------|
|                                   | FY26E         | FY27E        | FY28E        | FY26E         | FY27E        | FY28E        | FY26E         | FY27E         | FY28E         |
| <b>Recommendation</b>             | <b>BUY</b>    |              |              | <b>BUY</b>    |              |              |               |               |               |
| <b>Target price (INR)</b>         | <b>1,250</b>  |              |              | <b>1,140</b>  |              |              | <b>10%</b>    |               |               |
| <b>Assumptions</b>                |               |              |              |               |              |              |               |               |               |
| YoY advances growth               | 15.4%         | 13.8%        | 14.0%        | 13.6%         | 13.2%        | 14.0%        | 182 bps       | 51 bps        | (0) bps       |
| Net interest margins (calculated) | 2.68%         | 2.67%        | 2.81%        | 2.65%         | 2.64%        | 2.79%        | 3 bps         | 3 bps         | 2 bps         |
| Fee income to asset               | 0.61%         | 0.63%        | 0.63%        | 0.60%         | 0.61%        | 0.62%        | 0 bps         | 2 bps         | 2 bps         |
| Cost to assets                    | 1.74%         | 1.73%        | 1.74%        | 1.73%         | 1.72%        | 1.72%        | 1 bps         | 1 bps         | 2 bps         |
| Credit cost                       | 0.43%         | 0.41%        | 0.49%        | 0.47%         | 0.40%        | 0.49%        | (4) bps       | 2 bps         | 0 bps         |
| <b>Outputs (INR bn)</b>           |               |              |              |               |              |              |               |               |               |
| Loans                             | 48,061        | 54,674       | 62,328       | 47,304        | 53,570       | 61,069       | 2%            | 2%            | 2%            |
| Deposits                          | 58,705        | 66,337       | 75,624       | 58,802        | 65,490       | 75,079       | 0%            | 1%            | 1%            |
| Assets                            | 73,724        | 83,300       | 95,566       | 75,142        | 84,263       | 96,223       | -2%           | -1%           | -1%           |
| <b>NII</b>                        | <b>1,747</b>  | <b>1,952</b> | <b>2,346</b> | <b>1,739</b>  | <b>1,945</b> | <b>2,330</b> | <b>0%</b>     | <b>0%</b>     | <b>1%</b>     |
| Other income                      | 694           | 681          | 740          | 691           | 656          | 719          | 1%            | 4%            | 3%            |
| <b>Total income</b>               | <b>2,441</b>  | <b>2,633</b> | <b>3,086</b> | <b>2,429</b>  | <b>2,601</b> | <b>3,049</b> | <b>0%</b>     | <b>1%</b>     | <b>1%</b>     |
| Opex                              | 1,223         | 1,359        | 1,553        | 1,229         | 1,372        | 1,550        | -1%           | -1%           | 0%            |
| <b>Operating profit</b>           | <b>1,218</b>  | <b>1,274</b> | <b>1,533</b> | <b>1,200</b>  | <b>1,230</b> | <b>1,498</b> | <b>2%</b>     | <b>4%</b>     | <b>2%</b>     |
| Provisions                        | 191           | 211          | 285          | 209           | 200          | 278          | -8%           | 6%            | 3%            |
| <b>Net Profit</b>                 | <b>760</b>    | <b>797</b>   | <b>936</b>   | <b>743</b>    | <b>773</b>   | <b>915</b>   | <b>2%</b>     | <b>3%</b>     | <b>2%</b>     |
| EPS (INR)                         | 82            | 86           | 101          | 81            | 84           | 99           | 2%            | 3%            | 2%            |
| <b>ROA (%)</b>                    | <b>1.08%</b>  | <b>1.02%</b> | <b>1.05%</b> | <b>1.05%</b>  | <b>0.97%</b> | <b>1.01%</b> | <b>3 bps</b>  | <b>5 bps</b>  | <b>3 bps</b>  |
| <b>ROE (%)</b>                    | <b>15.7%</b>  | <b>14.3%</b> | <b>14.9%</b> | <b>15.4%</b>  | <b>13.9%</b> | <b>14.7%</b> | <b>32 bps</b> | <b>38 bps</b> | <b>23 bps</b> |

Source: Company, JM Financial

## Financial Tables (Standalone)

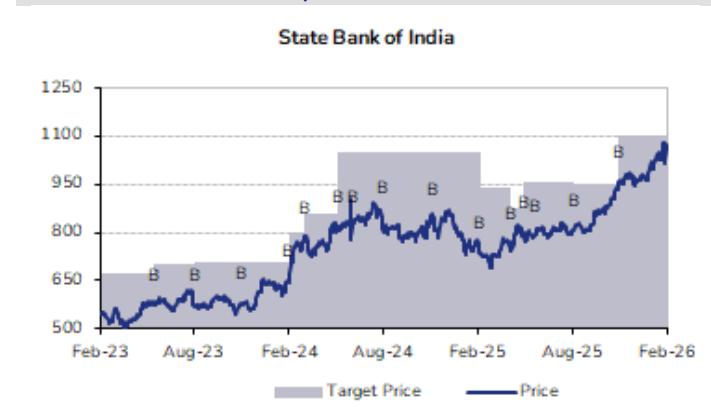
| Profit & Loss (INR bn)           |              |              |              |              |              | Balance Sheet (INR bn)        |               |               |               |               |               |  |  |  |  |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|-------------------------------|---------------|---------------|---------------|---------------|---------------|--|--|--|--|
| Y/E March                        | FY24A        | FY25A        | FY26E        | FY27E        | FY28E        | Y/E March                     | FY24A         | FY25A         | FY26E         | FY27E         | FY28E         |  |  |  |  |
| Net Interest Income              | 1,599        | 1,670        | 1,747        | 1,952        | 2,346        | Equity Capital                | 9             | 9             | 9             | 9             | 9             |  |  |  |  |
| Profit on Investments            | 118          | 153          | 155          | 68           | 50           | Reserves & Surplus            | 3,764         | 4,403         | 5,261         | 5,898         | 6,647         |  |  |  |  |
| Exchange Income                  | 17           | 44           | 0            | 0            | 0            | Deposits                      | 49,161        | 53,822        | 58,705        | 66,337        | 75,624        |  |  |  |  |
| Fee & Other Income               | 381          | 420          | 539          | 613          | 690          | Borrowings                    | 5,976         | 5,636         | 5,806         | 6,561         | 7,479         |  |  |  |  |
| Non-Interest Income              | 517          | 617          | 694          | 681          | 740          | Other Liabilities             | 2,888         | 2,891         | 3,943         | 4,494         | 5,807         |  |  |  |  |
| <b>Total Income</b>              | <b>2,116</b> | <b>2,286</b> | <b>2,441</b> | <b>2,633</b> | <b>3,086</b> | <b>Total Liabilities</b>      | <b>61,797</b> | <b>66,761</b> | <b>73,724</b> | <b>83,300</b> | <b>95,566</b> |  |  |  |  |
| Operating Expenses               | 1,178        | 1,181        | 1,223        | 1,359        | 1,553        | Investments                   | 16,713        | 16,906        | 17,418        | 19,318        | 22,438        |  |  |  |  |
| Pre-provisioning Profits         | 938          | 1,106        | 1,218        | 1,274        | 1,533        | Net Advances                  | 37,040        | 41,633        | 48,061        | 54,674        | 62,328        |  |  |  |  |
| Loan-Loss Provisions             | 81           | 147          | 0            | 0            | 0            | Cash & Equivalents            | 3,108         | 3,402         | 3,097         | 3,645         | 4,571         |  |  |  |  |
| Provisions on Investments        | -6           | 5            | 0            | 0            | 0            | Fixed Assets                  | 426           | 441           | 551           | 606           | 667           |  |  |  |  |
| Others Provisions                | -26          | 0            | 0            | 0            | 0            | Other Assets                  | 4,510         | 4,378         | 4,597         | 5,057         | 5,563         |  |  |  |  |
| <b>Total Provisions</b>          | <b>49</b>    | <b>153</b>   | <b>191</b>   | <b>211</b>   | <b>285</b>   | <b>Total Assets</b>           | <b>61,797</b> | <b>66,761</b> | <b>73,724</b> | <b>83,300</b> | <b>95,566</b> |  |  |  |  |
| <b>PBT</b>                       | <b>889</b>   | <b>953</b>   | <b>1,027</b> | <b>1,063</b> | <b>1,247</b> | Source: Company, JM Financial |               |               |               |               |               |  |  |  |  |
| Tax                              | 207          | 244          | 267          | 266          | 312          |                               |               |               |               |               |               |  |  |  |  |
| <b>PAT (Pre-Extraordinaries)</b> | <b>682</b>   | <b>709</b>   | <b>760</b>   | <b>797</b>   | <b>936</b>   |                               |               |               |               |               |               |  |  |  |  |
| Extra ordinaries (Net of Tax)    | -71          | 0            | 0            | 0            | 0            |                               |               |               |               |               |               |  |  |  |  |
| <b>Reported Profits</b>          | <b>611</b>   | <b>709</b>   | <b>760</b>   | <b>797</b>   | <b>936</b>   |                               |               |               |               |               |               |  |  |  |  |
| Dividend paid                    | 122          | 142          | 152          | 159          | 187          |                               |               |               |               |               |               |  |  |  |  |
| <b>Retained Profits</b>          | <b>488</b>   | <b>567</b>   | <b>608</b>   | <b>638</b>   | <b>748</b>   |                               |               |               |               |               |               |  |  |  |  |
| Source: Company, JM Financial    |              |              |              |              |              |                               |               |               |               |               |               |  |  |  |  |
| Key Ratios                       |              |              |              |              |              |                               |               |               |               |               |               |  |  |  |  |
| Y/E March                        | FY24A        | FY25A        | FY26E        | FY27E        | FY28E        | Y/E March                     | FY24A         | FY25A         | FY26E         | FY27E         | FY28E         |  |  |  |  |
| <b>Growth (YoY) (%)</b>          |              |              |              |              |              | <b>NII / Assets</b>           | <b>2.73%</b>  | <b>2.60%</b>  | <b>2.49%</b>  | <b>2.49%</b>  | <b>2.62%</b>  |  |  |  |  |
| Deposits                         | 11.1%        | 9.5%         | 9.1%         | 13.0%        | 14.0%        | Other Income / Assets         | 0.88%         | 0.96%         | 0.99%         | 0.87%         | 0.83%         |  |  |  |  |
| Advances                         | 15.8%        | 12.4%        | 15.4%        | 13.8%        | 14.0%        | Total Income / Assets         | 3.62%         | 3.56%         | 3.48%         | 3.35%         | 3.45%         |  |  |  |  |
| Total Assets                     | 12.0%        | 8.0%         | 10.4%        | 13.0%        | 14.7%        | Cost / Assets                 | 2.01%         | 1.84%         | 1.74%         | 1.73%         | 1.74%         |  |  |  |  |
| NII                              | 10.4%        | 4.4%         | 4.6%         | 11.7%        | 20.2%        | PBP / Assets                  | 1.60%         | 1.72%         | 1.73%         | 1.62%         | 1.71%         |  |  |  |  |
| Non-interest Income              | 41.1%        | 19.4%        | 12.6%        | -2.0%        | 8.7%         | Provisions / Assets           | 0.08%         | 0.24%         | 0.27%         | 0.27%         | 0.32%         |  |  |  |  |
| Operating Expenses               | 20.5%        | 0.3%         | 3.6%         | 11.1%        | 14.3%        | PBT / Assets                  | 1.52%         | 1.48%         | 1.46%         | 1.35%         | 1.39%         |  |  |  |  |
| Operating Profits                | 12.0%        | 17.9%        | 10.2%        | 4.5%         | 20.4%        | Tax rate                      | 23.3%         | 25.6%         | 26.0%         | 25.0%         | 25.0%         |  |  |  |  |
| Core Operating profit            | -5.7%        | 17.0%        | 12.8%        | 14.8%        | 24.7%        | ROA                           | 1.04%         | 1.10%         | 1.08%         | 1.02%         | 1.05%         |  |  |  |  |
| Provisions                       | -70.2%       | 211.5%       | 25.1%        | 10.2%        | 35.3%        | RoRWAs                        | 2.03%         | 2.06%         | 2.03%         | 1.95%         | 2.01%         |  |  |  |  |
| Reported PAT                     | 21.6%        | 16.1%        | 7.2%         | 4.9%         | 17.4%        | Leverage                      | 16.4          | 15.1          | 14.0          | 14.1          | 14.4          |  |  |  |  |
| <b>Yields / Margins (%)</b>      |              |              |              |              |              | ROE                           | 17.3%         | 17.3%         | 15.7%         | 14.3%         | 14.9%         |  |  |  |  |
| Interest Spread                  | 2.82%        | 2.63%        | 2.43%        | 2.38%        | 2.49%        | Source: Company, JM Financial |               |               |               |               |               |  |  |  |  |
| NIM                              | 2.97%        | 2.81%        | 2.68%        | 2.67%        | 2.81%        |                               |               |               |               |               |               |  |  |  |  |
| <b>Profitability (%)</b>         |              |              |              |              |              | Valuations                    |               |               |               |               |               |  |  |  |  |
| Non-IR to Income                 | 24.4%        | 27.0%        | 28.4%        | 25.9%        | 24.0%        | Y/E March                     | FY24A         | FY25A         | FY26E         | FY27E         | FY28E         |  |  |  |  |
| Cost to Income                   | 55.7%        | 51.6%        | 50.1%        | 51.6%        | 50.3%        | Shares in Issue               | 8.9           | 8.9           | 9.2           | 9.2           | 9.2           |  |  |  |  |
| ROA                              | 1.04%        | 1.10%        | 1.08%        | 1.02%        | 1.05%        | EPS (INR)                     | 68.4          | 79.4          | 82.3          | 86.3          | 101.4         |  |  |  |  |
| ROE                              | 17.3%        | 17.3%        | 15.7%        | 14.3%        | 14.9%        | EPS (YoY) (%)                 | 21.6%         | 16.1%         | 3.6%          | 4.9%          | 17.4%         |  |  |  |  |
| <b>Assets Quality (%)</b>        |              |              |              |              |              | PER (x)                       | 15.6          | 13.4          | 12.9          | 12.3          | 10.5          |  |  |  |  |
| Slippages                        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | BV (INR)                      | 423           | 566           | 622           | 701           | 795           |  |  |  |  |
| Gross NPA                        | 2.24%        | 1.82%        | 1.47%        | 1.26%        | 1.27%        | BV (YoY) (%)                  | 15.2%         | 17.3%         | 9.9%          | 12.8%         | 13.3%         |  |  |  |  |
| Net NPAs                         | 0.57%        | 0.47%        | 0.36%        | 0.31%        | 0.32%        | ABV (INR)                     | 399           | 470           | 547           | 616           | 697           |  |  |  |  |
| Provision Coverage               | 75.0%        | 74.4%        | 75.5%        | 75.5%        | 75.5%        | ABV (YoY) (%)                 | 15.6%         | 17.7%         | 16.5%         | 12.6%         | 13.2%         |  |  |  |  |
| Specific LLP                     | 0.27%        | 0.37%        | 0.34%        | 0.34%        | 0.40%        | P/BV (x)                      | 2.52          | 1.88          | 1.71          | 1.52          | 1.34          |  |  |  |  |
| Net NPAs / Networth              | 5.6%         | 4.5%         | 3.3%         | 2.9%         | 3.0%         | P/ABV (x)                     | 2.67          | 2.27          | 1.95          | 1.73          | 1.53          |  |  |  |  |
| <b>Capital Adequacy (%)</b>      |              |              |              |              |              | DPS (INR)                     | 13.7          | 15.9          | 16.5          | 17.3          | 20.3          |  |  |  |  |
| Tier I                           | 11.93%       | 12.11%       | 13.77%       | 13.66%       | 13.41%       | Div. yield (%)                | 1.3%          | 1.5%          | 1.5%          | 1.6%          | 1.9%          |  |  |  |  |
| CAR                              | 14.28%       | 14.25%       | 16.32%       | 16.21%       | 15.96%       | Source: Company, JM Financial |               |               |               |               |               |  |  |  |  |

Source: Company, JM Financial

## History of Recommendation and Target Price

## Recommendation History

| Date      | Recommendation | Target Price | % Chg. |
|-----------|----------------|--------------|--------|
| 15-May-22 | Buy            | 590          |        |
| 7-Aug-22  | Buy            | 610          | 3.4    |
| 11-Sep-22 | Buy            | 660          | 8.2    |
| 6-Nov-22  | Buy            | 675          | 2.3    |
| 3-Feb-23  | Buy            | 675          | 0.0    |
| 18-May-23 | Buy            | 700          | 3.7    |
| 6-Aug-23  | Buy            | 710          | 1.4    |
| 5-Nov-23  | Buy            | 710          | 0.0    |
| 4-Feb-24  | Buy            | 800          | 12.7   |
| 5-Mar-24  | Buy            | 860          | 7.5    |
| 10-May-24 | Buy            | 1,050        | 22.1   |
| 6-Jun-24  | Buy            | 1,050        | 0.0    |
| 4-Aug-24  | Buy            | 1,050        | 0.0    |
| 10-Nov-24 | Buy            | 1,050        | 0.0    |
| 7-Feb-25  | Buy            | 940          | -10.5  |
| 8-Apr-25  | Buy            | 875          | -6.9   |
| 4-May-25  | Buy            | 960          | 9.7    |
| 25-May-25 | Buy            | 960          | 0.0    |
| 8-Aug-25  | Buy            | 950          | -1.0   |
| 4-Nov-25  | Buy            | 1,105        | 16.4   |



## APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

### Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

| Rating System: Definition of ratings |   |
|--------------------------------------|---|
| Rating                               | Meaning   |
| BUY                                  | Expected return $\geq 15\%$ over the next twelve months.              |
| ADD                                  | Expected return $\geq 5\%$ and $< 15\%$ over the next twelve months.  |
| REDUCE                               | Expected return $\geq -10\%$ and $< 5\%$ over the next twelve months. |
| SELL                                 | Expected return $< -10\%$ over the next twelve months.                |

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

### Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions. Please click [here](#) to access our detailed Terms and Conditions, including the Most Important Terms and Conditions.

**Additional disclosure only for U.S. persons:** JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1177 Avenue of the Americas, 5<sup>th</sup> Floor, Offices 5045 and 5046, New York, New York 10036. Telephone +1 (332) 900 4956 which is registered with the SEC and is a member of FINRA and SIPC.

**Additional disclosure only for U.K. persons:** Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

**Additional disclosure only for Canadian persons:** This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.

---

#### JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: [jmfinancial.research@jmfl.com](mailto:jmfinancial.research@jmfl.com) | [www.jmfl.com](http://www.jmfl.com)

Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: [ashley.johnson@jmfl.com](mailto:ashley.johnson@jmfl.com)

Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: [instcompliance@jmfl.com](mailto:instcompliance@jmfl.com)

---