



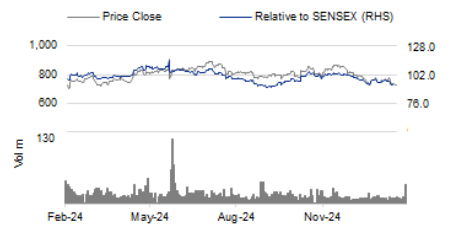
India

**HOLD** (previously ADD)

Consensus ratings*: Buy 40 Hold 6 Sell 4	
Current price:	Rs722
Target price:	Rs795
Previous target:	Rs1,100
Up/downside:	10.0%
InCred Research / Consensus:	-13.8%
Reuters:	SBI.NS
Bloomberg:	SBIN IN
Market cap:	US\$74,310m
	Rs6,443,576m
Average daily turnover:	US\$125.7m
	Rs10900.9m
Current shares o/s:	1,027.8m
Free float:	0.0%
*Source: Bloomberg	

Key changes in this note

- We cut our estimates for FY25F-27F to build in credit cost normalization and lower margin factoring in the recent 25bp repo rate cut.
- Downgrade our rating to HOLD (from ADD) with a lower TP of Rs795 (from Rs1,100 earlier).

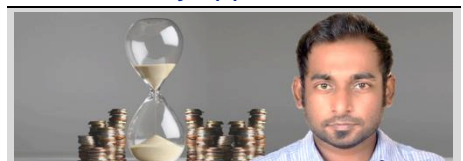


Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	(4.9)	(7.5)	(6.4)
Relative (%)	(3.8)	(2.9)	(9.1)

<b>Major shareholders</b>	% held
PRESIDENT OF INDIA	0.6
LIC	9.1
SBI MF	3.2

Research Analyst(s)



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# State Bank of India

## Brace for lower return ratios

- We expect RoA to moderate to 0.8% over FY26F-27F (vs.~1% in FY25F) as margin moderates & credit costs normalize. Leverage drives a steep RoE dip.
- Non-core income contributes materially to RoA and its sustainability is questionable. Recovery from the write-off pool is lower vs. SOE peers.
- The risk-reward ratio appears better at large private banks. Downgrade to HOLD with a lower TP of Rs795 (implies 10% upside; 1x FY27F core book).

### Expect RoA to moderate; RoE to decline to ~14% over FY26F-27F

The average RoE of ~16-17% delivered over the past few years by State Bank of India (SBI) appears unsustainable, in our view. We expect its RoE to moderate to 13-14% (during FY26F-27F) as credit costs normalize (to 50bp from 36bp in FY25F) and core earnings are impacted by the repo rate cut cycle. We expect RoA to moderate to 0.8% over FY26F-27F, from ~1% during FY25F. Leverage at 16x will drive a sharper decline in RoE. CET-1 at ~11% as of 3QFY25-end is lower vs. peers & includes mark-to-market or MTM gains under the new investment norms.

### Non-core income contributes materially to RoA – difficult to forecast

Non-core income contributed ~20bp to RoA during 9MFY25, which includes 13bp of treasury gains and ~10bp of recovery from written-off accounts. Strong treasury gains so far in FY25 have been led by a change in investment guidelines as well as lower G-sec yields (~40bp lower fiscal year-to-date). Recovery from the write-off pool was healthy for SOE banks during 9MFY25 led by a few lumpy recoveries. Though it's difficult to predict recoveries from here on, we note that SBI has the lowest pool of written-off accounts at 4% of gross loans vs. 7-8% in the case of SOE peers.

### Core earnings growth to be impacted by recent repo rate cut

We expect core profitability to move lower as margin moderates and opex growth normalizes to 11% YoY over FY26F-27F (vs. muted growth so far in FY25). We build in margin moderation of ~10bp during FY26F to 2.9% (from 3QFY25 margin of ~3%). On a full-year basis, FY26F margin to moderate by ~15bp (vs. FY25F) and improve by 10bp during FY27F as the deposit base reprices. We expect core PPOP CAGR over FY25F-27F at 11% for loan growth of 15%. On the asset quality front, we note that the pace of recovery/upgrade has halved to 0.3% of trailing loans in 9MFY25, from 0.6% in 9MFY23. Our credit cost estimate of 50bp is through the cycle range, as guided by the bank.

### Risk-reward ratio better at large private banks; downgrade to HOLD

SBI's valuation doesn't appear expensive (at 0.9x FY27F book) but lacks rerating potential as profitability is set to moderate. Book value compounding over FY25F-27F is likely to be relatively better at large private peers (13%-16%) vs. SBI (11%). Our lower target price of Rs795 (at 1x FY27F core book), Rs1,100 earlier, is based on a sustainable RoE of ~13% and implies a 10% upside. Upside risk: Stronger-than-expected margin & benign credit costs for a longer span. Downside risks: Slower-than-expected volume growth, further repo rate cut & higher staff costs. Our estimates are lower than consensus, partly as the street is yet to build in repo rate cut in their estimates.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Net Interest Income (Rsm)	1,426,085	1,578,358	1,660,813	1,753,481	2,046,411
Total Non-Interest Income (Rsm)	388,476	537,222	535,044	525,398	558,271
Operating Revenue (Rsm)	1,814,561	2,115,580	2,195,857	2,278,879	2,604,682
Total Provision Charges (Rsm)	(165,073)	(49,142)	(142,597)	(245,008)	(282,384)
Net Profit (Rsm)	502,325	681,766	665,879	573,846	684,784
Core EPS (Rs)	56.29	76.39	74.61	64.30	76.73
Core EPS Growth	28%	36%	(2%)	(14%)	19%
FD Core P/E (x)	12.83	9.45	9.68	11.23	9.41
DPS (Rs)	11.30	13.70	13.70	13.70	14.00
Dividend Yield	1.57%	1.90%	1.90%	1.90%	1.94%
BVPS (Rs)	367.1	422.7	487.9	538.5	601.5
P/BV (x)	1.97	1.71	1.48	1.34	1.20
ROE	16.5%	19.3%	16.4%	12.5%	13.5%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

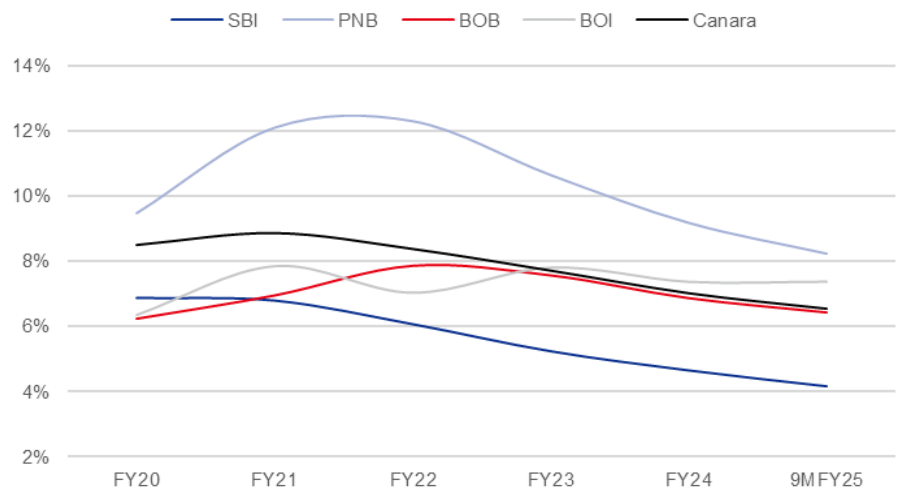
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: SBI'S DuPont analysis

Dupont (as % of Avg. Assets)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	Sustainable RoE
<b>Net Interest Income</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.5%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>2.5%</b>	<b>2.5%</b>
Core Fee	0.7%	0.7%	0.7%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
<b>Core Revenue</b>	<b>3.0%</b>	<b>2.9%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>2.9%</b>	<b>3.0%</b>	<b>3.0%</b>
Opex	1.9%	1.8%	2.0%	2.0%	1.9%	1.8%	1.9%	2.0%	1.8%	1.8%	1.7%	1.8%
--Staff Expense	1.1%	1.0%	1.2%	1.2%	1.2%	1.1%	1.1%	1.2%	1.0%	0.9%	0.9%	1.0%
--Other Opex	0.8%	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
<b>Core PPOp</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.4%</b>	<b>1.2%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.3%</b>
Credit Cost (Provisions less Invest.)	1.9%	2.0%	1.5%	1.1%	1.0%	0.4%	0.3%	0.1%	0.2%	0.3%	0.3%	0.4%
Recovery from w/off	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.1%	-0.2%	-0.1%	-0.1%	0.0%	-0.1%
<b>Net Credit Cost</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>0.7%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>-0.1%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>
<b>Operating Profit</b>	<b>-0.6%</b>	<b>-0.7%</b>	<b>-0.1%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.9%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>1.0%</b>
Other Income/expense	0.6%	0.3%	0.2%	0.3%	0.2%	0.1%	0.1%	0.3%	0.2%	0.2%	0.2%	0.2%
--Net Treasury gains	0.4%	0.1%	0.1%	0.2%	0.1%	0.0%	-0.1%	0.2%	0.2%	0.1%	0.1%	0.1%
----Capital Gains	0.4%	0.4%	0.1%	0.2%	0.1%	0.1%	0.0%	0.2%	0.2%	0.1%	0.1%	0.1%
----Provision for Investment	-0.1%	-0.2%	0.0%	0.0%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
--Other Income	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
<b>Profit before Tax (before exceptionals)</b>	<b>0.0%</b>	<b>-0.5%</b>	<b>0.0%</b>	<b>0.7%</b>	<b>0.6%</b>	<b>1.1%</b>	<b>1.3%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.2%</b>
Exceptionals/Minority/Others	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%
<b>PBT</b>	<b>0.0%</b>	<b>-0.5%</b>	<b>0.0%</b>	<b>0.7%</b>	<b>0.6%</b>	<b>0.9%</b>	<b>1.3%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.2%</b>
Tax	0.0%	-0.3%	0.0%	0.3%	0.2%	0.2%	0.3%	0.4%	0.4%	0.3%	0.3%	0.3%
<b>RoA</b>	<b>-0.1%</b>	<b>-0.2%</b>	<b>0.0%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.7%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.9%</b>
Leverage (x)	15	15	16	16	17	18	17	16	16	16	16	15
<b>RoE</b>	<b>-0.9%</b>	<b>-2.9%</b>	<b>0.4%</b>	<b>6.2%</b>	<b>8.3%</b>	<b>11.7%</b>	<b>16.3%</b>	<b>17.1%</b>	<b>16.0%</b>	<b>12.5%</b>	<b>13.4%</b>	<b>13.0%</b>

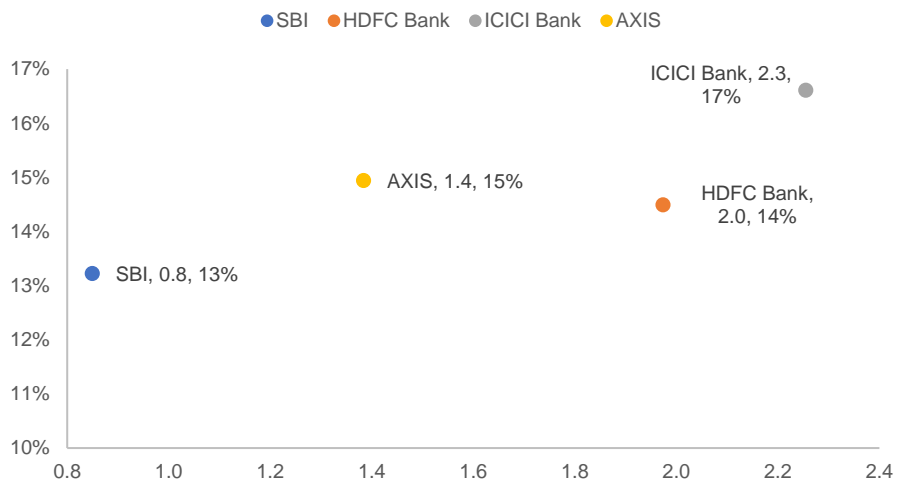
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Recovery from the write-off pool (% of gross loans) is lowest at SBI vs. SOE peers



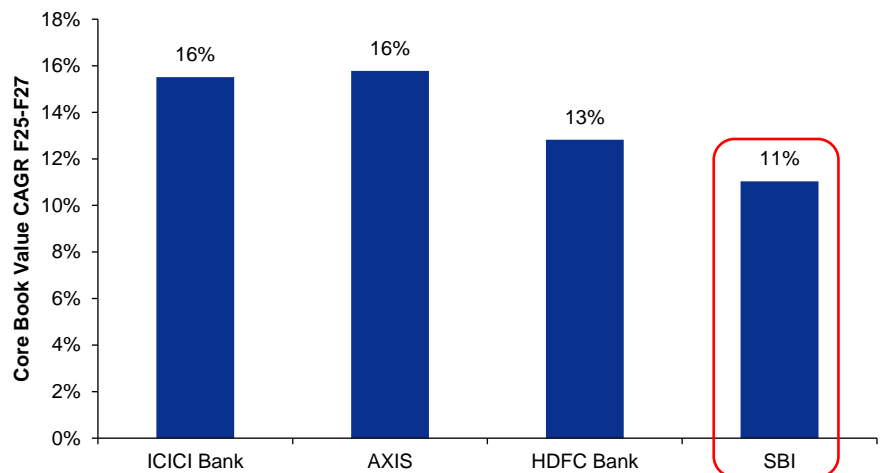
SOURCE: INCRED RESEARCH

Figure 3: Average RoE (FY26F-27F) vs. core P/BV (one-year forward)



SOURCE: INCRED RESEARCH.  
NOTE: PRICES AS OF 21 FEB 2025.

Figure 4: Core book value CAGR (FY25F-27F) is better at large private peers vs. SBI



SOURCE: COMPANY DATA, INCRED RESEARCH

Figure 5: InCred estimates vs. Bloomberg consensus estimates

Rs bn	InCred Estimates				Bloomberg Estimates			Change		
	FY24	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Net Interest Income	1,578	1,661	1,753	2,046	1,698	1,895	2,125	-2%	-7%	-4%
--Growth YoY		5%	6%	17%	8%	12%	12%			
Non-Interest Income	537	535	525	558	519	561	614	3%	-6%	-9%
--Growth YoY		0%	-2%	6%	-3%	8%	9%			
Total Income	2,116	2,196	2,279	2,605	2,217	2,457	2,739	-1%	-7%	-5%
--Growth YoY		4%	4%	14%	5%	11%	11%			
Opex	1,178	1,142	1,267	1,407	1,179	1,291	1,425	-3%	-2%	-1%
--Growth YoY		-3%	11%	11%	0%	9%	10%			
PPOP	938	1,054	1,012	1,198	1,082	1,195	1,358	-3%	-15%	-12%
--Growth YoY		12%	-4%	18%	15%	10%	14%			
Provision	49	143	245	282	135	200	244	6%	22%	16%
PBT	889	911	767	916	947	995	1,114	-4%	-23%	-18%
Tax	207	246	193	231	242	256	281	-2%	32%	22%
PAT	682	666	574	685	701	721	804	-5%	-20%	-15%
--Growth YoY		-2%	-14%	19%	3%	3%	11%			
Advances	37,040	42,048	48,462	55,855	42,028	47,555	54,034	0%	2%	3%
--Growth YoY		14%	15%	15%	13%	13%	14%			
Deposits	49,161	53,863	60,617	69,215	54,187	60,487	67,806	-1%	0%	2%
--Growth YoY		10%	13%	14%	10%	12%	12%			

SOURCE: INCRED RESEARCH

Figure 6: SBI's core P/BV (one-year forward) vs. RoE

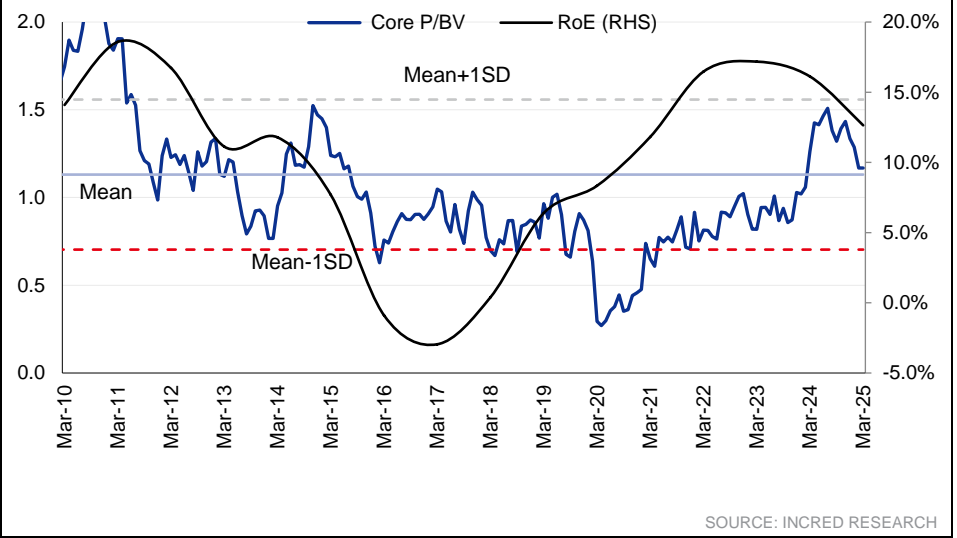


Figure 7: Our revised earnings estimates for SBI

Y/E Mar (Rs m)	FY25F			FY26F			FY27F		
	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change
Net Interest income	1,660,532	1,660,813	0.0%	1,953,466	1,753,470	-10.2%	1,953,466	2,046,495	4.8%
Non-Interest Income	498,147	535,044	7.4%	519,671	525,398	1.1%	519,671	558,271	7.4%
PPOP	1,059,698	1,054,060	-0.5%	1,236,230	1,012,170	-18.1%	1,236,230	1,197,955	-3.1%
PAT	695,340	665,879	-4.2%	789,420	573,837	-27.3%	789,420	684,847	-13.2%
EPS (Rs)	77.9	74.6	-4.2%	88.5	64.3	-27.3%	88.5	78.0	-11.8%
BV (Rs)	481.1	487.9	1.4%	545.3	538.5	-1.3%	545.3	602.8	10.5%
Advances	42,279	42,048	-0.5%	48,823	48,462	-0.7%	56,622	55,855	-1.4%
Deposits	55,227	53,863	-2.5%	62,752	60,617	-3.4%	71,466	69,215	-3.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: State Bank of India: Financial summary

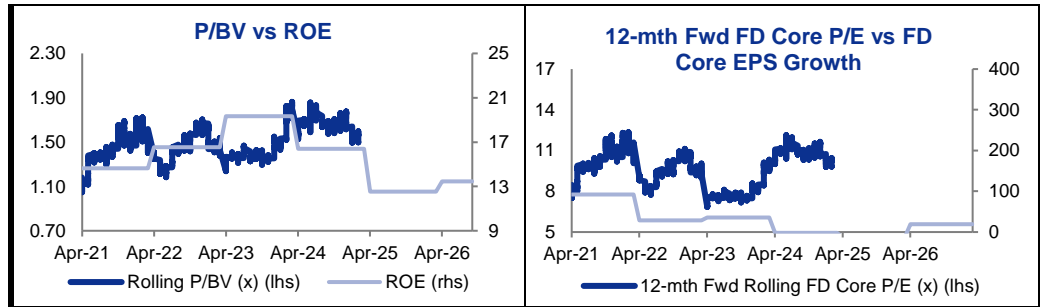
State Bank of India

Profit and Loss Statement					Per Share Data and Valuations				
Rs Mln (Year end-March)	FY24	FY25F	FY26F	F27F	Year end-March	FY24	FY25F	FY26F	F27F
Interest Income	4,130,907	4,643,603	5,136,311	5,777,378	EPS (Reported)	68.4	74.6	64.3	76.7
Interest Expense	2,552,548	2,982,791	3,382,830	3,730,967	Book Value	423	488	538	602
<b>Net Interest Income</b>	<b>1,578,358</b>	<b>1,660,813</b>	<b>1,753,481</b>	<b>2,046,411</b>	Book Value (Core)	399	460	508	568
---Fee Income	281,260	306,194	336,813	370,495	DPS	13.7	13.7	13.7	14.0
---Forex Income	17,160	17,619	18,940	20,361	Core PPOP	76.4	76.4	76.4	76.4
---Capital Gains	118,360	99,240	60,000	60,000	<b>Valuations</b>				
---Dividend Income	0	0	0	0	PE	10.6x	9.7x	11.3x	9.5x
---Miscellaneous Inc.	120,442	111,991	109,645	107,416	Price to Book	1.7x	1.5x	1.4x	1.2x
<b>Total Non Interest Income</b>	<b>537,222</b>	<b>535,044</b>	<b>525,398</b>	<b>558,271</b>	Dividend Yield	1.9%	1.9%	1.9%	1.9%
<b>Total Operating Income</b>	<b>2,115,580</b>	<b>2,195,857</b>	<b>2,278,879</b>	<b>2,604,682</b>	PE (Core)	7.3x	6.7x	7.8x	6.5x
---Employee Exp	712,370	626,951	674,627	725,929	Price to Book (Core)	1.3x	1.1x	1.0x	0.9x
---Other Expenses	465,238	514,845	592,071	680,882	Price to PPOP (Core)	6.6x	6.6x	6.6x	6.6x
Total Operating Expenses	1,177,608	1,141,796	1,266,698	1,406,811	<b>Ratio Analysis</b>				
<b>Operating Profit</b>	<b>937,972</b>	<b>1,054,060</b>	<b>1,012,181</b>	<b>1,197,871</b>	Year end-March	FY24	FY25F	FY26F	F27F
---Prov. For Investment Dep.	-5,940	740	0	0	<b>Spread Analysis</b>				
---Loan Loss Provisions	55,082	141,857	245,008	282,384	Average yield on assets	7.7%	7.8%	7.8%	7.8%
Total provisions	49,142	142,597	245,008	282,384	Cost of earning assets	4.8%	5.0%	5.1%	5.0%
<b>Profit Before Tax</b>	<b>888,830</b>	<b>911,464</b>	<b>767,174</b>	<b>915,487</b>	Net Interest Margin (NIM)	3.2%	3.1%	2.9%	3.0%
Provision for Tax	207,063	245,585	193,328	230,703	<b>Growth Ratios</b>				
<b>PAT (Reported)</b>	<b>681,766</b>	<b>665,879</b>	<b>573,846</b>	<b>684,784</b>	Net Interest Income	11%	5%	6%	17%
					Non Interest Income	38%	0%	-2%	6%
					Operating expenses	20%	-3%	11%	11%
					Core Operating Profit	-4%	21%	0%	23%
					Net Profit	22%	9%	-14%	19%
					EPS	22%	9%	-14%	19%
					Deposits	11%	10%	13%	14%
					Advances	16%	14%	15%	15%
					Total Assets	12%	10%	11%	13%
					<b>Profitability Ratios</b>				
					Return On Equity (Core)	18.4%	17.4%	13.3%	14.3%
					Return on Assets (Core)	1.0%	1.0%	0.8%	0.85%
					<b>Efficiency Ratios</b>				
					Cost Income Ratio	55.7%	52.0%	55.6%	54.0%
					Expenses/Avg Assets	2.0%	1.8%	1.8%	1.7%
					<b>Capital Ratios</b>				
					CET 1 Ratio	10.4%	10.1%	9.8%	9.7%
					Tier 1 Ratio	11.9%	11.4%	10.9%	10.6%
					Tier 2 Ratio	2.4%	2.1%	1.8%	1.6%
					Capital Adequacy Ratio	14.3%	13.5%	12.7%	12.2%

Source: Company Data, InCred Research  
E = InCred Research Estimates

SOURCE: INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Net Interest Income	1,426,085	1,578,358	1,660,813	1,753,481	2,046,411
<b>Total Non-Interest Income</b>	<b>388,476</b>	<b>537,222</b>	<b>535,044</b>	<b>525,398</b>	<b>558,271</b>
Operating Revenue	1,814,561	2,115,580	2,195,857	2,278,879	2,604,682
<b>Total Non-Interest Expenses</b>	<b>(977,431)</b>	<b>(1,177,608)</b>	<b>(1,141,796)</b>	<b>(1,266,698)</b>	<b>(1,406,811)</b>
Pre-provision Operating Profit	837,130	937,972	1,054,060	1,012,181	1,197,871
<b>Total Provision Charges</b>	<b>(165,073)</b>	<b>(49,142)</b>	<b>(142,597)</b>	<b>(245,008)</b>	<b>(282,384)</b>
Operating Profit After Provisions	672,056	888,830	911,464	767,174	915,487
<b>Pretax Income/(Loss) from Assoc.</b>					
Operating EBIT (incl Associates)	672,056	888,830	911,464	767,174	915,487
<b>Non-Operating Income/(Expense)</b>					
Profit Before Tax (pre-EI)	672,056	888,830	911,464	767,174	915,487
<b>Exceptional Items</b>					
Pre-tax Profit	672,056	888,830	911,464	767,174	915,487
Taxation	(169,732)	(207,063)	(245,585)	(193,328)	(230,703)
Consolidation Adjustments & Others					
<b>Exceptional Income - post-tax</b>					
Profit After Tax	502,325	681,766	665,879	573,846	684,784
Minority Interests					
Pref. & Special Div					
<b>FX And Other Adj.</b>					
Net Profit	502,325	681,766	665,879	573,846	684,784
Recurring Net Profit					

Balance Sheet Employment

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Gross Loans/Cust Deposits					
Avg Loans/Avg Deposits	70.0%	73.9%	76.8%	79.1%	80.3%
Avg Liquid Assets/Avg Assets	92.2%	92.0%	91.9%	91.8%	91.8%
<b>Avg Liquid Assets/Avg IEAs</b>	<b>107.8%</b>	<b>106.1%</b>	<b>105.8%</b>	<b>105.8%</b>	<b>105.9%</b>
Net Cust Loans/Assets					
<b>Net Cust Loans/Broad Deposits</b>					
Equity & Provns/Gross Cust Loans					
Asset Risk Weighting					
<b>Provision Charge/Avg Cust Loans</b>	<b>0.56%</b>	<b>0.14%</b>	<b>0.36%</b>	<b>0.54%</b>	<b>0.54%</b>
<b>Provision Charge/Avg Assets</b>	<b>0.31%</b>	<b>0.08%</b>	<b>0.22%</b>	<b>0.34%</b>	<b>0.35%</b>
Total Write Offs/Average Assets					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

**Balance Sheet**

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Gross Loans</b>	<b>31,992,692</b>	<b>37,039,708</b>	<b>42,047,952</b>	<b>48,462,428</b>	<b>55,855,436</b>
Liquid Assets & Invst. (Current)	15,703,662	16,713,397	17,026,860	17,235,798	18,726,200
Other Int. Earning Assets					
Total Gross Int. Earning Assets	47,696,356	53,753,104	59,074,812	65,698,224	74,581,640
<b>Total Provisions/Loan Loss Reserve</b>					
Total Net Interest Earning Assets	47,696,356	53,753,104	59,074,812	65,698,224	74,581,640
Intangible Assets					
<b>Other Non-Interest Earning Assets</b>	<b>3,970,616</b>	<b>4,509,642</b>	<b>5,118,444</b>	<b>5,809,434</b>	<b>6,593,707</b>
<b>Total Non-Interest Earning Assets</b>	<b>4,394,434</b>	<b>4,935,815</b>	<b>5,555,271</b>	<b>6,257,181</b>	<b>7,052,648</b>
Cash And Marketable Securities	3,078,996	3,108,020	3,432,608	3,854,954	4,389,720
<b>Long-term Investments</b>					
Total Assets	55,169,784	61,796,940	68,062,688	75,810,360	86,024,008
Customer Interest-Bearing Liabilities	44,237,776	49,160,768	53,862,660	60,617,184	69,215,440
Bank Deposits					
Interest Bearing Liabilities: Others					
Total Interest-Bearing Liabilities	49,169,128	55,136,376	61,109,340	68,054,528	77,307,376
Banks Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	2,724,572	2,888,097	2,599,288	2,950,192	3,348,467
Total Liabilities	51,893,700	58,024,476	63,708,628	71,004,720	80,655,848
Shareholders Equity	3,276,085	3,772,465	4,354,064	4,805,643	5,368,160
<b>Minority Interests</b>					
Total Equity	3,276,085	3,772,465	4,354,064	4,805,643	5,368,160

**Key Ratios**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Income Growth	20.1%	10.7%	5.2%	5.6%	16.7%
Operating Profit Growth	11.2%	12.0%	12.4%	(4.0%)	18.3%
Pretax Profit Growth	32%	32%	3%	(16%)	19%
Net Interest To Total Income	78.6%	74.6%	75.6%	76.9%	78.6%
Cost Of Funds	3.99%	4.89%	5.13%	5.24%	5.13%
Return On Interest Earning Assets	7.3%	8.1%	8.2%	8.2%	8.2%
Net Interest Spread	3.36%	3.25%	3.10%	3.00%	3.10%
Net Interest Margin (Avg Deposits)	3.37%	3.38%	3.22%	3.06%	3.15%
Net Interest Margin (Avg RWA)					
Provisions to Pre Prov. Operating Profit	20%	5%	14%	24%	24%
Interest Return On Average Assets	2.72%	2.70%	2.56%	2.44%	2.53%
Effective Tax Rate	25.3%	23.3%	26.9%	25.2%	25.2%
Net Dividend Payout Ratio	20.1%	17.9%	18.4%	21.3%	18.2%
Return On Average Assets	0.96%	1.17%	1.03%	0.80%	0.85%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

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Definition:

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.