



"Steady Performance"

### Ajcon Global's observations & views

1. The Bank's NIM is under pressure due to one of the lowest CASA deposits for which the bank is making all-round efforts.
2. The Bank's asset quality has improved and the fresh slippages are under control, which is a good sign.
3. In spite of comparatively lower credit growth in 1st half, the bank management is confident of achieving FY25 targets.

### Q2FY25 RESULT ANALYSIS

- 1) **Net interest income** rose by 1.63% QoQ and 4.63% YoY at Rs. 9315 crores against Rs. 9166 crores in Q1FY25 and Rs. 8903 crores in Q2FY24.
- 2) **Operating profit** increased by 0.50% QoQ and 0.50% YoY at Rs. 7654 crores in Q2FY25 against Rs. 7616 crores in Q1FY25 & in Q2FY24.
- 3) **Net Profit** grew by 2.79% QoQ and 11.31% YoY at Rs. 4014 crores in Q2FY25 against Rs. 3905 crores in Q1FY25 and Rs. 3606 crores in Q2FY24.
- 4) **NIM** came down to 2.88% in Q2FY25 against 2.90% in Q1FY25 and 3.02% in Q2FY24.
- 5) **Cost of deposits** rose to 5.70% in Q2FY25 against 5.35% in Q2FY24 and it is flattish from 5.70% in Q1FY25. Cost of Funds slightly rose to 5.26% in Q2FY25 against 5.25% in Q1FY25 and 4.86% in Q2FY24. Yield on Advances increased to 8.77% in Q2FY25 against 8.66% in Q1FY25 and 8.56% in Q2FY24.
- 6) **Total business** rose by 2.12% QoQ and 9.42% YoY at Rs. 2359344 crores in Q2FY25 against Rs. 2310350 crores in Q1FY25 and Rs. 2156181 crores in Q2FY24.

### KEY FINANCIAL INDICATORS - Q2FY25

<b>CMP (03.11.2024)</b>	: Rs. 103.96
<b>Face Value</b>	: Rs. 2
<b>Book value per share</b>	: Rs. 91.29
<b>Market Capitalisation</b>	: Rs. 94,298.48 Crs.
<b>Capital Adequacy Ratio</b>	: 16.57%
<b>C/D ratio</b>	: 75.11%
<b>CASA ratio</b>	: 31.27%
<b>Net Interest Margin (NIM)</b>	: 2.88%
<b>Cost / Income ratio</b>	: 46.94%
<b>Gross Non Performing Assets</b>	: 3.73%
<b>Net Non Performing Assets</b>	: 0.99%
<b>Provision Coverage Ratio (PCR)</b>	: 90.89%
<b>Slippage ratio</b>	: 0.25%
<b>Credit cost</b>	: 0.97%
<b>Return on Assets (Annualised)</b>	: 1.05%
<b>Return on Equity (Non Annualised)</b>	: 20.44%

- 7) **Total Non-Interest Income** increased by 7.46% YoY at Rs. 4981 crores in Q2FY25 against Rs. 4635 crores in Q2FY24 and it is decreased by 6.35% QoQ from Rs. 5319 crores in Q1FY25.
- 8) **Fee based income** increased by 27.54% QoQ and 17.68% YoY at Rs. 2436 crores in Q2FY25 against Rs. 1910 crores in Q1FY25 and Rs. 2070 crores in Q2FY24.
- 9) **Treasury income** rose by 75.94% QoQ and 50.77% YoY at Rs. 885 crores in Q2FY25 against Rs. 503 crores in Q1FY25 and Rs. 587 crores in Q2FY24.
- 10) **Cost/Income ratio** decreased to 46.94% in Q2FY25 against 47.42% in Q1FY25.
- 11) **Gross Advances** increased by 3.78% QoQ and 9.53% YoY at Rs. 1011997 crores in Q2FY25 against Rs. 975183 crores in Q1FY25 and Rs. 923966 crores in Q2FY24.
- 12) **Total deposits** rose by 0.91% QoQ and 9.34% YoY at Rs. 1347347 crores in Q2FY25 against Rs. 1335167 crores in Q1FY25 and Rs. 1232215 crores in Q2FY24.
- 13) **Domestic CASA** ratio increased to 31.27% in Q2FY25 against 30.98% in Q1FY25.
- 14) **C/D ratio** rose to 75.11% in Q2FY25 against 73.04% in Q1FY25 and 74.98% in Q2FY24.
- 15) **Return on assets (ROA)** remained flattish at 1.05% QoQ in Q2FY25 but it is improved from 1.01% in Q2FY24.
- 16) **Fresh slippages** decreased to Rs. 2309 crores in Q2FY25 against Rs. 3015 crores in Q1FY25 and Rs. 2894 crores in Q2FY24. Recovery + Upgradation increased at Rs. 1847 crores in Q2FY25 against Rs. 1275 crores in Q1FY25 but it decreased from Rs. 1869 crores in Q2FY24.
- 17) **Gross NPA** ratio improved to 3.73% in Q2FY25 against 4.14% in Q1FY25 and 4.76% in Q2FY24. Net NPAs ratio improved to 0.99% in Q2FY25 1.24% in Q1FY25 and 1.41% in Q2FY24.
- 18) **Write off** increased to Rs. 3121 crores in Q2FY25 against Rs. 2311 crores in Q1FY25 and Rs. 2889 crores in Q2FY24.
- 19) **Credit cost** reduced to 0.97% in Q2FY25 against 1.02% in Q2FY24 but it increased from 0.90% in Q1FY25.
- 20) **Provision Coverage ratio** rose to 90.89% in Q2FY25 against 89.22% in Q1FY25 and 88.73% in Q2FY24.
- 21) **The Bank's Capital Adequacy** ratio rose to 16.57% in Q2FY25 against 16.38% in Q1FY25 and 16.20% in Q2FY24.



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#### Management Comments

- 22) Replying to an analyst's concern on the credit growth, Mr. Satyanarayana Raju - MD & CEO replied that, In Q1FY25, the bank has withdrawn some low yielding sanctions of Rs. 35000 - Rs. 40000 crores to reduce stress on margins. It has impacted the current year's credit growth target but Q3 & Q4FY25 will be the peak season for credit growth so bank will achieve given credit target for FY25.
- 23) Replying to another query on retail book which rose by 12% QoQ, Raju replied that, now the bank has stopped lending gold loan for agricultural purpose in metropolitan cities. It has started lending at little higher interest rates for commercial purpose only in metropolitan cities. The bank has also introduced tailored made products for lending against gold. All these factors are contributing in retail credit growth, added Mr. Raju.
- 24) To increase lower CASA base, which increases its cost of funds, the MD & CEO informed that the bank has introduced more than 10 section-focused targets in the products. Also, it is using alternative resources such as pledging excess SLR with RBI to keep cost of funds under control.
- 25) Replying to an analyst's query on co-lending, Mr. Satyanarayana Raju informed that the bank has tied up with 8-10 NBFCs to co-lend but there is mismatch between bank's credit policy and NBFCs sanctioning policies & the bank is not compromising with it's underwriting standards, hence the Co- Lending book is still small.
- 26) The bank has provided additional sum of over Rs. 500 crores in existing NPA accounts to strengthen PCR coverage ratio due to this credit cost increased from 0.90% in Q1FY25 to 0.97% in Q2FY25.