



" Bank has done well on profitability front but its facing challenges on Business growth "

Ajcon Global's observations & views

1. The Bank's NIMs continues to be 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 during the first three quarters, the bank management is confident of achieving FY25 targets.

Q3FY25 RESULT ANALYSIS

- 1) **Net interest income** declined by 1.78% QoQ and 2.85% YoY at Rs. 9149 Crores against Rs. 9315 Crores in Q2FY25 and Rs. 9417 Crores in Q3FY24.
- 2) **Operating profit** increased by 2.39% QoQ and 15.15% YoY at Rs. 7837 Crores against Rs. 7654 Crores in Q2FY25 and Rs. 6806 Crores in Q3FY24.
- 3) **Net Profit** grew by 2.24% QoQ and 12.25% YoY at Rs. 4104 Crores against Rs. 4014 Crores in Q2FY25 and Rs. 3656 Crores in Q3FY24.
- 4) **NIM** decreased to 2.83% in Q3FY25 against 2.88% in Q2FY25 and 3.02% in Q3FY24.
- 5) **Cost of deposits** rose to 5.72% against 5.70% in Q2FY25 and 5.42% in Q3FY24. Cost of Funds slightly rose to 5.28% against 5.26% in Q2FY25 and 4.93% in Q3FY24. Yield on Advances increased to 8.79% against 8.77% in Q2FY25 and 8.60% in Q3FY24.
- 6) **Total business** rose by 2.54% QoQ and 9.30% YoY at Rs. 2419171 Crores against Rs. 2359344 Crores in Q2FY25 and Rs. 2213360 Crores in Q3FY24.

KEY FINANCIAL INDICATORS – Q3FY25

CMP (29.01.2025)	: Rs. 91.93
Face Value	: Rs. 2
Book value per share	: Rs. 95.26
Market Capitalisation	: Rs. 83386.49 Crs.
Capital Adequacy Ratio	: 16.44%
C/D ratio	: 76.65%
Domestic CASA ratio	: 30.00%
Net Interest Margin (NIM)	: 2.71%
Cost / Income ratio	: 47.58%
Gross NPA	: 3.34%
Net NPA	: 0.89%
PCR	: 91.26%
Slippage ratio	: 0.24%
Credit cost	: 0.89%
Return on Assets (Annualised)	: 1.03%
Return on Equity (Annualised)	: 20.18%

- 7) **Total Non-Interest Income** increased by 16.48% QoQ and 35.09% YoY at Rs. 5802 Crores against Rs. 4981 Crores in Q2FY25 and Rs. 4295 Crores in Q3FY24.
- 8) **Fee based income** declined by 10.30% QoQ at Rs. 2185 Crores against Rs. 2436 Crores in Q2FY25 but it increased by 23.31% YoY from Rs. 1772 Crores in Q3FY24.
- 9) **Treasury income** rose by 38.53% QoQ and 147.68% YoY at Rs. 1226 Crores against Rs. 885 Crores in Q2FY25 and Rs. 495 Crores in Q3FY24.
- 10) **Cost/Income ratio** increased to 47.16% against 46.94% in Q2FY25 and 45.93% in Q3FY24.
- 11) **Gross Advances** increased by 3.73% QoQ and 10.45% YoY at Rs. 1049706 Crores against Rs. 1011997 Crores in Q2FY25 and Rs. 950430 Crores in Q3FY24.
- 12) **Total deposits** increased by 1.64% QoQ and 8.44% YoY at Rs. 1369465 Crores against Rs. 1347347 Crores in Q2FY25 and Rs. 1262930 Crores in Q3FY24.
- 13) **Domestic CASA** decreased to 30.00% in Q3FY25 against 31.27% in Q2FY25 and 31.65% in Q3FY24.
- 14) **C/D ratio** rose to 76.65% against 75.11% in Q2FY25 and 75.26% in Q3FY24.
- 15) **Return on assets (ROA)** slightly declined to 1.04% in Q3FY25 against 1.05% in Q2FY25 but it increased from 1.01% in Q3FY24.
- 16) **Fresh slippages** rose to Rs. 2363 Crores against Rs. 2309 Crores in Q2FY25 but it decreased from Rs. 2697 Crores in Q3FY24. Recovery + Upgradation decreased to Rs. 1240 Crores against Rs. 1847 Crores in Q2FY25 and Rs. 1474 Crores in Q3FY24.
- 17) **Gross NPA** improved to 3.34% against 3.73% in Q2FY25 and 4.39% in Q3FY24. Net NPAs ratio improved to 0.89% against 0.99% in Q2FY25 and 1.32% in Q3FY24.
- 18) **Write off** increased to Rs. 3896 Crores against Rs. 3121 Crores in Q2FY25 but declined from Rs. 3936 Crores in Q3FY24.
- 19) **Credit cost** reduced to 0.89% against 0.97% in Q2FY25 & Q3FY24.
- 20) **Provision Coverage ratio** increased to 91.26% against 90.89% in Q2FY25 and 89.01% in Q3FY24.
- 21) **The Bank's Capital Adequacy** ratio slightly decreased to 16.44% in Q3FY25 against 16.57% in Q2FY25 and 15.78% in Q3FY24.



" Bank has done well on profitability front but its facing challenges on Business growth "

Management Comments

- 22) Despite the challenges of intense competition and unfavorable liquidity conditions, the bank increased deposits by 8.4% YoY, totaling INR 13.69 lakh crores. The bank is making all 10,000 branches as a home branch for its customers. Anywhere if they visit, they get a same treatment. Further, Branch Manager will act as a Relationship Manager for the high-net-worth individuals, added by Mr. Satyanarayana Raju - MD & CEO on query raised by an analyst on CASA growth concern.
- 23) The bank's business growth guidance is impacted due to upcoming RBI LCR guidelines. Currently, the bank has 123% LCR, which has a potential to further decline to around 110-111%. To counter this, the bank has introduced a two long term tenure deposits and offered a higher rate of interest of 7.3% and 7.4% for 2-3 years and 3-5 year's buckets respectively.
- 24) The bank has seen some improvement in treasury income due to latest regulated guidelines, every bank can sell their 5% of held-to-maturity (HTM) securities. The bank has sold part of its securities in Q3FY25 and remaining securities it will sell in next quarter.
- 25) The bank maintained slippages below Rs. 2400 Crores in Q3FY25. The management expects the same performance in March quarter for slippages. The bank management anticipates more than Rs. 2000 Crores recovery in technical written off accounts in Q4FY25. Further, Rs. 500 – 600 Crores benefit expected from two accounts from NARCL in next quarter.

Ajcon Global Research
Ajcon Global Services Limited
<https://ajcononline.com/>

For detailed Disclosure and Disclaimer, please click the below link: <http://ajcononline.com/disclosure-and-disclaimer-2/>