

“Asset quality improved but profitability was impacted due to MTM on investment book”

Ajcon Global's observations & views

1. The bank has achieved decent business growth and expects to meet the given targets for the whole of FY25.
2. But for reduced operating profit QoQ due to much higher MTM in investment book, the bank has performed well on all other fronts.
3. Due to recent correction in the market, the stock is available at a very attractive price.

Q3FY25 RESULT ANALYSIS

- 1) **Net interest income** declined by 0.42% QoQ at Rs. 41,446 Crores against Rs. 41,620 Crores in Q2FY25 but it increased by 4.09% YoY from Rs. 39,816 Crores in Q3FY24.
- 2) **Operating profit** decreased by 19.60% QoQ at Rs. 23,551 Crores against Rs. 29,294 Crores in Q2FY25 but it rose by 15.81% YoY from Rs. 20,336 Crores in Q3FY24. The operating profit was impacted by MTM losses, said Mr. C.S. Setty.
- 3) **Net Profit** decreased by 7.86% QoQ at Rs. 16,891 Crores against Rs. 18,331 in Q2FY25 but it is rose by 84.32% YoY from Rs. 9,164 Crores in Q3FY24.
- 4) **NIM** (whole bank) declined to 3.01% against 3.14% in Q2FY25 and 3.22% in Q3FY24.
- 5) **Domestic cost of deposits** increased to 5.07% against 5.03% in Q2FY25 and 4.75% in Q3FY24. Domestic yield on Advances increased to 8.89% against 8.87% in Q2FY25 and 8.88% in Q3FY24.
- 6) **Total business** increased by 2.87% QoQ and 7.07% YoY at Rs. 92,97,136 Crores against Rs. 90,38,004 Crores in Q2FY25 and Rs. 86,83,612 Crores in Q3FY24.
- 7) **Total Non-Interest Income** declined by 27.70% QoQ and 3.65% YoY at Rs. 11,041 Crores against Rs. 15,271 Crores in Q2FY25 and Rs. 11,459 Crores in Q3FY24.
- 8) **Fee based income** rose by 6.34% QoQ and 16.45% YoY at Rs. 7,267 Crores against Rs. 6,834 in Q2FY25 and Rs. 6,241 Crores in Q3FY24.
- 9) **Cost/Income ratio** increased to 55.13% against 48.51% in Q2FY25 but it reduced from 60.34% in Q3FY24.
- 10) **Gross Advances** rose by 3.75% QoQ and 13.49% YoY at Rs. 40,67,752 Crores against Rs. 39,20,719 Crores in Q2FY25 and Rs. 35,84,252 Crores in Q3FY24.
- 11) **Total deposits** increased by 2.19% QoQ and 9.81% YoY at Rs. 52,29,384 Crores against Rs. 51,17,285 Crores and Rs. 47,62,221 Crores in Q3FY24.
- 12) **CASA ratio** (Domestic) decreased to 39.20% against 40.03% in Q2FY25 and 41.18% in Q3FY24.
- 13) **C/D ratio** (Domestic) increased to 68.94% against 67.87% in Q2FY25 and 66.34% in Q3FY24
- 14) **Return on assets (ROA)** decreased to 1.04% against 1.17% in Q2FY25 but it rose from 0.62% in Q3FY24.
- 15) **Fresh slippages** decreased to Rs. 3,823 Crores against Rs. 4,871 Crores in Q2FY25 and Rs. 4,960 Crores in Q3FY24. Recovery + Upgradation decreased to Rs. 1,206 Crores against Rs. 2,600 Crores in Q2FY25 and Rs. 1,798 Crores in Q3FY24.
- 16) **Gross NPA ratio** improved to 2.07% against 2.13% in Q2FY25 and 2.42% in Q3FY24. Net NPAs ratio remained stable at 0.53% QoQ & it improved from 0.64% in Q3FY24.
- 17) **Credit cost** decreased to 0.24% against 0.38% in Q2FY25 but it increased from 0.21% in Q3FY24.
- 18) **Provision Coverage ratio** (Incl. AUCA) decreased to 91.74% against 92.21% in Q2FY25 but it increased from 91.49% in Q3FY24.
- 19) **The Bank's Capital Adequacy ratio** declined to 13.03% against 13.76% in Q2FY25 and 13.05% in Q3FY24.

KEY FINANCIAL INDICATORS – Q3FY25

CMP (11.02.2025)	: Rs. 731.10
Face Value	: Rs. 1
Market Capitalisation	: Rs. 6,52,477.51 Crs.
Capital Adequacy Ratio	: 13.03%
C/D ratio (Domestic)	: 68.94%
CASA ratio	: 39.20%
Net Interest Margin (NIM)	: 3.01%
Cost / Income ratio	: 55.13%
Gross NPA	: 2.07%
Net NPA	: 0.53%
PCR (Incl. AUCA)	: 91.74%
Slippage ratio	: 0.59%
Credit cost	: 0.24%
Return on Assets (Annualised)	: 1.04%



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Management Comments

- 20) Replying to an analyst’s query on deposit growth, Mr. C. S. Setty, Chairman of the bank, gave assurance to achieve 10% deposit growth target in FY25. The bank’s cost of resources has gone up due to behavioral shift of costumers from saving bank accounts to fixed deposits, added Mr. Setty.
- 21) Replying to an analyst’s concern on credit growth, Mr. Ashwini Kumar Tewari, MD (CB & S), expressed confidence to achieve 14%-16% credit growth target in FY25, which was endorsed by Chairman C.S. Setty. The bank has corporate credit pipeline of Rs. 483000 Crores, including sanctions of Rs. 222000 Crores, informed Mr. Tewari.
- 22) The bank has registered more than 8.5 Crores customers on YONO in 9M / FY25. In Q3FY25, 64% of regular saving bank accounts are opened through YONO. The bank has launched Ask SBI (a repository system of all information) for staff. This initiative will enhance staff’s ability to resolve customer’s queries on counter, added Shri C. S. Setty.
- 23) Mr. C. S. Setty, explained that the bank’s economic research department expects three times consumption multiplier if there is a saving surplus due to tax rebate in budget. According to him, the bank may get benefited on credit demand mainly into personal loan segment & Unsecured loan / Express credit due to the said tax cut in the union budget.
- 24) The bank’s international book is growing significantly & the bank has crossed Rs. 6 trillion in customer credit segment and it is contributing 15% into advances, stated by Mr. Rama Mohan Rao Amara (MD,IB,GM & T) . The bank has stable portfolio of equal proportion of local credit, ECBs and trade finance, added Mr. Ashwini Kumar Tewari on query raised by an analyst on international book.