

**HOLD**  
 TP: Rs 1,222 | ▲ 4%

**AXIS BANK**

| Banking

| 26 July 2024

**Moderate business growth; higher provision dragged PAT**

- **Seasonally weak quarter with moderate business growth coupled with higher stress dragged profitability. PAT declined 15% QoQ, up 4% YoY**
- **Reported NIM was flat at 4.05%, other income remained muted on weak DCM and treasury gain. Employee cost led to higher opex**
- **Moderation in business growth with stable asset quality. We maintain HOLD on the stock with revised TP of Rs 1,222; 1.6x FY26E (Jun'26)**

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**Robust business growth:** AXSB's advances grew 14% YoY (+2% QoQ) during Q1FY25 supported by wholesale book (5%/7% QoQ/YoY) while focus stayed on Retail (0.3%/18% QoQ/YoY) and SME (-0.7%/19% QoQ/YoY). Retail growth was mainly fuelled by personal loans (+29%), CC (+22%), SBB (+26%) and LAP (+29%), while home and auto loans remained muted. Deposits rose 13% YoY (-0.6% QoQ), driven by TDs leading to CASA decline of 116bps to 41.8%. Considering deposit constraints and competitive intensity, we trim our credit/deposit estimates by 3%/4% for FY25/FY26 and project a credit/deposit CAGR of 14%/15% over the same.

**NIM up QoQ, opex rises:** Reported NIM at 4.05% was flat, supported by income tax refund offsetting higher interest reversal due to increased slippages. Bank expects stable NIM with suitable product mix in both the asset and liability sides. Other income declined (-14%/14% QoQ/YoY) due to weak DCM and Treasury gain. Opex fell 2% QoQ while C/I ratio rose 51bps QoQ on higher staff cost (+7% QoQ).

**Higher stress on seasonality:** Q1 being seasonally weak, slippages rose (2.2% vs. 1.6% in Q4) from Agri, CC, PL and wholesale book, while 32% of the same was due to linking accounts where AXSB expected faster recovery in Q2-Q3. Increased slippages, lower upgrades and recovery GNPA/NNPA rose by 11bps/3bps QoQ to 1.54%/0.34%, while PCR stood at 78%. Increased stress led to higher credit cost of 85bps vs. 51bps in Q4. AXSB didn't utilise Covid-related provisions (Rs 50.1bn) and set it aside for the ECL implication. Cumulative Non NPA provision was Rs 117bn, which is 1.2% of Loan.

**Adequately capitalised for growth:** CET1 stood at 14.1% (CAR at 16.7%), and AXSB is confident of funding credit growth internally. It maintains its guidance of 300-400bps growth in business above industry in the midterm. Despite Q1 being modest, AXSB continues to deliver a healthy performance backed by a sustained focus on growth, healthy portfolio mix, stable asset quality while recent price rise factored in most of the positives. We revise our growth estimates on a competitive environment and expect return performance to stay stable. We roll over valuation at 1.6x FY26E (Jun'26) ABV using the Gordon Growth Model and maintain our SOTP-based TP at Rs 1,222, with Rs 145/sh as value of subsidiaries. We maintain our HOLD rating.

**Key changes**

Target	Rating
▼	◀ ▶

Ticker/Price	AXSB IN/Rs 1,176
Market cap	US\$ 43.4bn
Free float	92%
3M ADV	US\$ 149.6mn
52wk high/low	Rs 1,340/Rs 927
Promoter/FPI/DII	8%/5%/32%

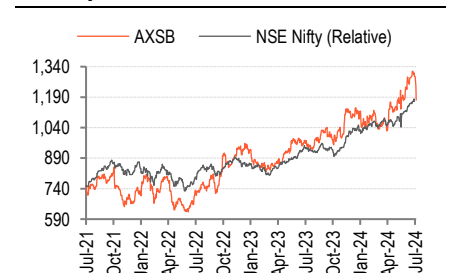
Source: NSE | Price as of 25 Jul 2024

**Key financials**

Y/E 31 Mar	FY24A	FY25E	FY26E
NII (Rs mn)	498,945	562,235	643,672
NII growth (%)	16.2	12.7	14.5
Adj. net profit (Rs mn)	248,614	274,242	303,095
EPS (Rs)	80.7	88.8	98.1
Consensus EPS (Rs)	80.7	87.5	101.7
P/E (x)	14.6	13.2	12.0
P/BV (x)	2.4	2.1	1.8
ROA (%)	1.8	1.8	1.7
ROE (%)	18.0	17.0	16.2

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



**Fig 1 – Quarterly snapshot: Income statement**

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
<b>Income Statement</b>							
Interest Income	201,347	212,563	223,645	233,512	237,188	1.6	17.8
Income on investments	47,830	47,998	50,894	53,384	55,808	4.5	16.7
Int. on bal. with RBI & inter-bank funds & Others	6,391	5,701	5,073	5,350	7,611	42.3	19.1
<b>Interest income</b>	<b>255,568</b>	<b>266,262</b>	<b>279,611</b>	<b>292,245</b>	<b>300,607</b>	<b>2.9</b>	<b>17.6</b>
Interest expense	135,980	143,116	154,290	161,355	166,125	3.0	22.2
<b>Net interest income</b>	<b>119,588</b>	<b>123,146</b>	<b>125,322</b>	<b>130,890</b>	<b>134,482</b>	<b>2.7</b>	<b>12.5</b>
Growth YoY (%)	27.4	18.9	9.4	11.5	12.5	98bps	(1,498bps)
Fee Income	44,880	49,630	51,700	56,370	52,040	(7.7)	16.0
Trading gains/(losses)	5,190	(1,010)	2,910	10,210	4,060	(60.2)	(21.8)
Forex Income	-	-	-	-	-	-	-
Others	803	1,721	938	1,078	1,735	61.0	116.1
<b>Non-interest income</b>	<b>50,873</b>	<b>50,341</b>	<b>55,548</b>	<b>67,658</b>	<b>57,835</b>	<b>(14.5)</b>	<b>13.7</b>
Growth YoY (%)	69.6	27.7	19.1	38.2	13.7	(2,452bps)	(5,595bps)
<b>Total income</b>	<b>170,460</b>	<b>173,486</b>	<b>180,870</b>	<b>198,548</b>	<b>192,317</b>	<b>(3.1)</b>	<b>12.8</b>
Growth YoY (%)	37.7	21.3	12.2	19.3	12.8	(652bps)	(2,483bps)
Staff expenses	26,885	26,098	27,113	29,235	31,295	7.0	16.4
Other operating expenses	55,432	61,070	62,344	63,956	59,960	(6.2)	8.2
<b>Operating expenses</b>	<b>82,317</b>	<b>87,168</b>	<b>89,457</b>	<b>93,191</b>	<b>91,255</b>	<b>(2.1)</b>	<b>10.9</b>
<b>Pre-Provisioning Profit (PPoP)</b>	<b>88,144</b>	<b>86,319</b>	<b>91,412</b>	<b>105,357</b>	<b>101,062</b>	<b>(4.1)</b>	<b>14.66</b>
Growth YoY (%)	49.7	11.9	(1.5)	14.9	14.7	(27bps)	(3,507bps)
Provisions	10,349	8,146	10,283	11,853	20,393	72.0	97.1
Growth YoY (%)	188.0	48.2	(28.5)	287.6	97.1	(19,059bps)	(9,092bps)
Exceptional Item	-	-	-	-	-	Na	NA
<b>PBT</b>	<b>77,795</b>	<b>78,173</b>	<b>81,129</b>	<b>93,504</b>	<b>80,670</b>	<b>(13.7)</b>	<b>3.7</b>
Tax	19,824	19,537	20,418	22,207	20,323	(8.5)	2.5
<b>PAT</b>	<b>57,971</b>	<b>58,636</b>	<b>60,711</b>	<b>71,297</b>	<b>60,346</b>	<b>(15.4)</b>	<b>4.1</b>
Growth YoY (%)	40.5	10.0	3.7	(224.5)	4.1	22,856bps	(3,643bps)
<b>Per Share</b>							
FV (Rs)	2	2	2	2	2	0.0	0.0
EPS (Rs)	19	19	20	23	20	(15.4)	3.8
Book Value (Rs)	427	446	466	489	513	4.9	20.2

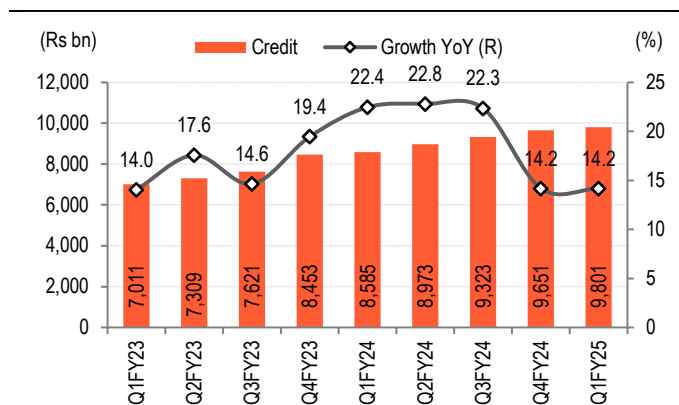
Source: Company, BOBCAPS Research

**Fig 2 – Quarterly snapshot: Balance sheet & other key metrics**

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Deposits	9,416,897	9,555,564	10,048,995	10,686,414	10,624,837	(0.6)	12.8
Growth YoY (%)	17.2	17.9	18.5	12.9	12.8	(2bps)	(436bps)
Advances	8,585,114	8,973,470	9,322,864	9,650,684	9,800,915	1.6	14.2
Growth YoY (%)	22.4	22.8	22.3	14.2	14.2	(1bps)	(829bps)
Investment	2,853,967	2,956,907	3,090,699	3,315,273	3,168,514	(4.4)	11.0
Equity	1,314,927	1,373,499	1,437,288	1,510,616	1,586,313	5.0	20.6
Assets	13,028,386	13,389,135	13,985,407	14,772,086	14,681,633	(0.6)	12.7
Growth YoY (%)	13.0	13.0	14.3	12.1	12.7	55bps	(35bps)
<b>Yield (%)</b>							
Yield on Funds	8.28	8.56	8.63	8.53	8.54	1bps	26bps
Cost of Funds	4.84	5.08	5.27	5.24	5.28	4bps	44bps
Spread	3.44	3.48	3.36	3.29	3.26	(3bps)	(18bps)
Net Interest Margin (calc.)	3.88	3.96	3.87	3.82	3.82	0bps	(6bps)
<b>Ratios (%)</b>							
Other Income / Net Income	29.8	29.0	30.7	34.1	30.1	(400bps)	23bps
Cost to Income ratio	48.3	50.2	49.5	46.9	47.5	51bps	(84bps)
CASA ratio	45.5	43.3	42.1	43.0	41.8	(116bps)	(370bps)
C/D ratio	91.2	93.9	92.8	90.3	92.2	194bps	108bps
Investment to Assets	21.9	22.1	22.1	22.4	21.6	(86bps)	(32bps)
<b>Assets Quality</b>							
GNPA	181,582	167,567	158,930	151,271	162,113	7.17	(10.7)
NNPA	37,036	34,413	35,269	32,475	35,530	9.4	(4.1)
Provision	144,547	133,155	123,661	118,797	126,584	6.6	(12.4)
GNPA (%)	1.96	1.73	1.58	1.43	1.54	11bps	(42bps)
NNPA (%)	0.41	0.36	0.36	0.31	0.34	3bps	(7bps)
PCR (%)	79.6	79.5	77.8	78.5	78.1	(45bps)	(152bps)
<b>Others</b>							
Branches	4,945	5,152	5,252	5,377	5,427	50	482
ATMs	15,798	15,806	15,931	16,026	15,014	(1,012)	(784)
Employees	94,766	99,372	99,650	104,000	104,500	500	9,734

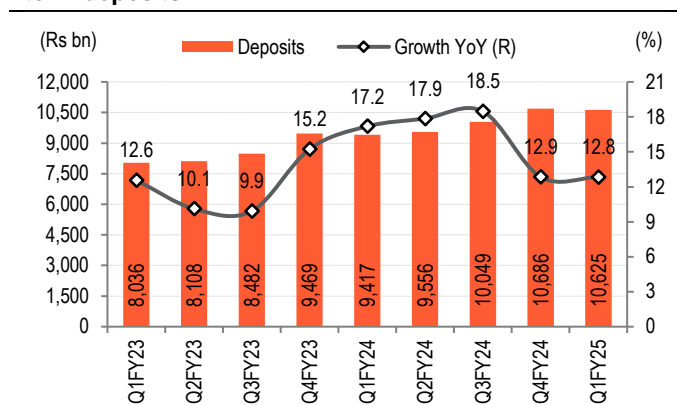
Source: Company, BOBCAPS Research

**Fig 3 – Credit growth remained muted**



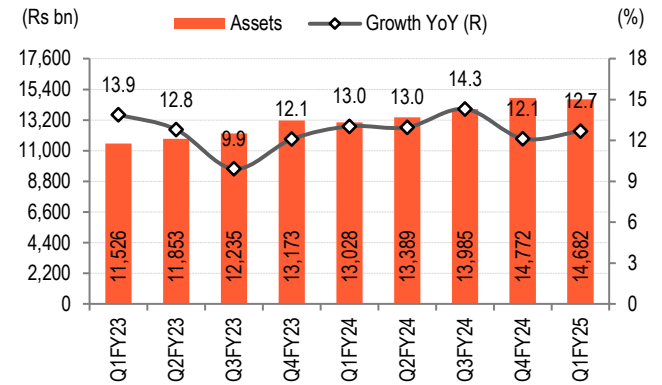
Source: Company, BOBCAPS Research

**Fig 4 – Acceleration witnessed in Deposits growth led by term deposits**



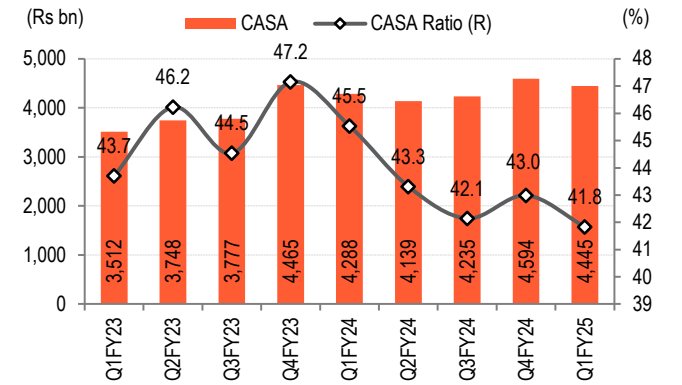
Source: Company, BOBCAPS Research

**Fig 5 – Moderate assets growth at 13% YoY**



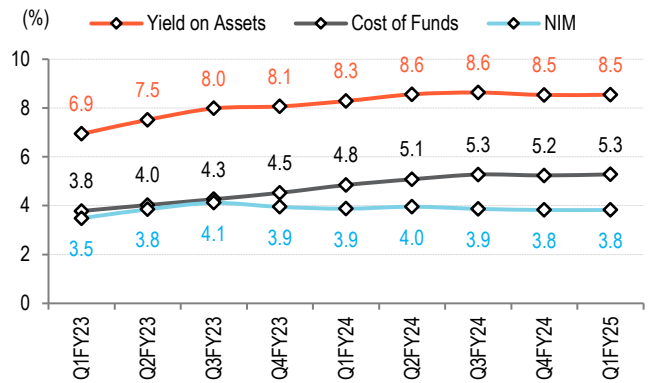
Source: Company, BOBCAPS Research

**Fig 6 – CASA remained subdued**



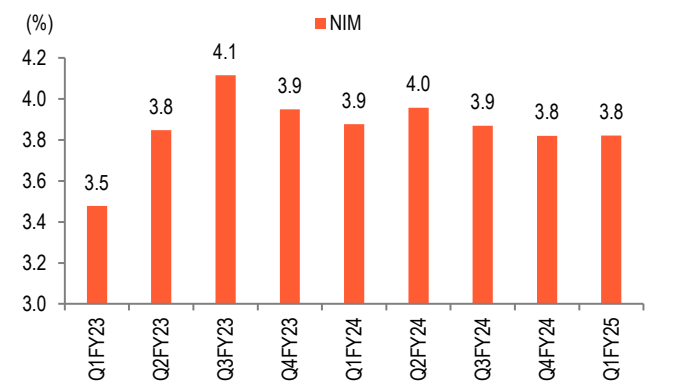
Source: Company, BOBCAPS Research

**Fig 7 – NIM (calc.) flat QoQ**



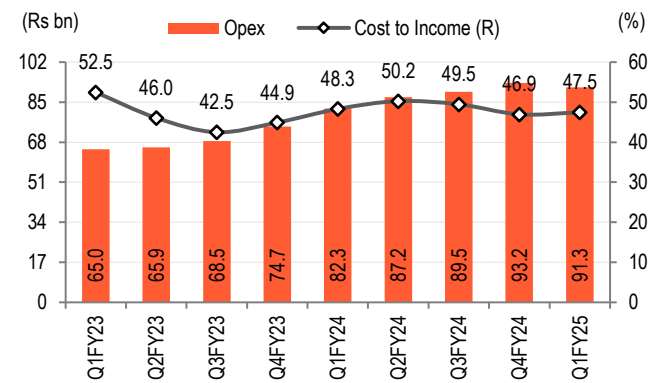
Source: Company, BOBCAPS Research

**Fig 8 – NIM to remain stable at current level**



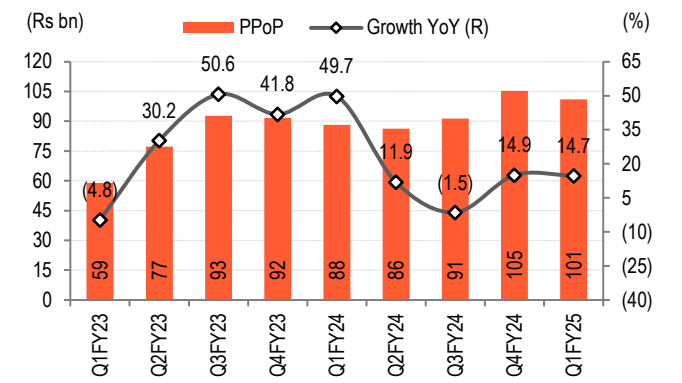
Source: Company, BOBCAPS Research

**Fig 9 – Opex grew on account of volume growth and staff cost**



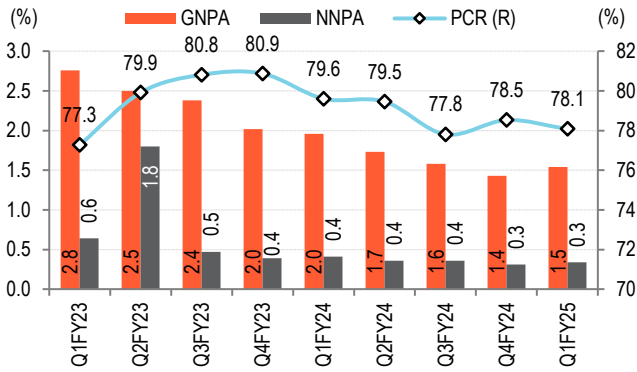
Source: Company, BOBCAPS Research

**Fig 10 – PPOP declined on lower other income and higher employee cost**



Source: Company, BOBCAPS Research

**Fig 11 – Higher slippages increase stress**



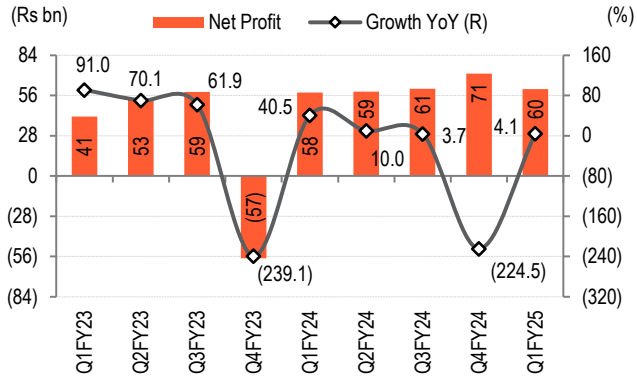
Source: Company, BOBCAPS Research

**Fig 12 – Credit cost normalising but Q1 seems above normal**



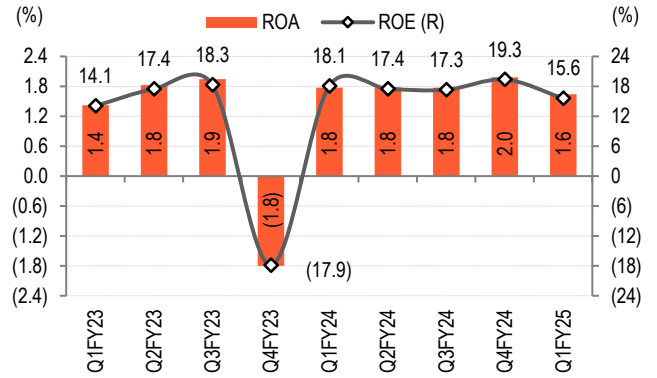
Source: Company, BOBCAPS Research

**Fig 13 – PAT declined 15% QoQ**



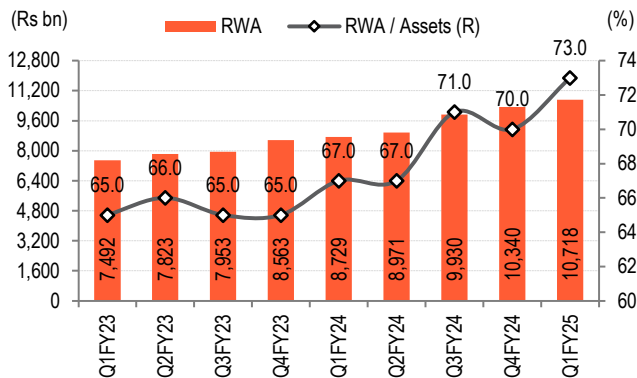
Source: Company, BOBCAPS Research

**Fig 14 – Return ratios also moderate with PAT**



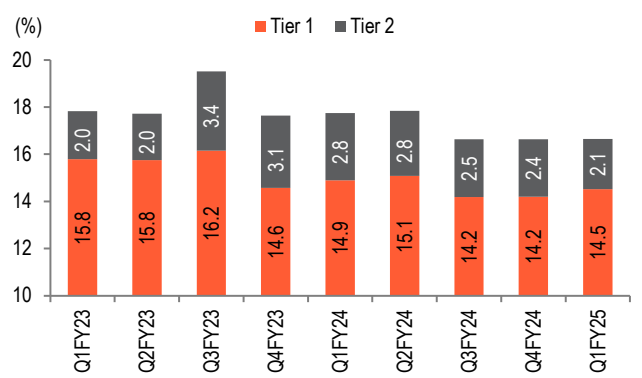
Source: Company, BOBCAPS Research

**Fig 15 – RWA growth increase on operational risk**



Source: Company, BOBCAPS Research

**Fig 16 – Healthy CAR to fund growth**



Source: Company, BOBCAPS Research

## Earnings call highlights

### Asset quality

- AXSB did not utilise Covid-related provisions of Rs 50.1bn during Q1FY25 and has reclassified it as other provision and plans to utilise it for the ECL implication. This provides a cushion of 40bps towards CET1.
- Slippages increased to Rs 47.9bn vs. Rs 34.7bn in Q4FY24, while upgrades and recoveries stood at Rs 15bn vs. Rs 21.5bn in Q4. Write-off stood at Rs 22bn vs. Rs 20.8bn in Q4. Hence, total reduction in stress was at Rs 37.1bn vs. Rs 42.4bn
- The fund-based BB-&-below book stood at 0.3% of loans.
- Non-NPA provisions amounted to Rs 117.3bn vs. Rs 121.2bn in Q4.
- Standard asset coverage was 1.2%. All provisions by GNPA ratio is 150%.

### Loans and deposits

- Management is confident of expanding its balance sheet 300-400bps above the industry level in the midterm.
- The bank's advances grew 14% YoY and 2% QoQ, while gross IBPC advances grew 15% YoY and 1% QoQ.
- Retail loans grew 18% YoY and 0.3% QoQ, accounting for 60% of total book, while secured lending constituted ~71%, with home loans comprising 28% of the retail book.
- On the Retail side Home Loans grew 6% YoY, Personal Loans 29% YoY, Credit Card book 22% YoY, Small Business Banking (SBB) 26% YoY and 2% QoQ; while rural loan portfolio grew 24% YoY and -4% QoQ.
- SME book remains well diversified across geographies and sectors, growing 20% YoY and 0.3% QoQ.
- Corporate loan book (gross of IBPC sold) grew 10% YoY, while domestic corporate book grew 7% YoY. Mid-corporate book grew 24% YoY and 2% QoQ, wherein 89% of corporate book is now rated A- and above with 89% of incremental sanctions in FY24 being to corporates rated A- and above.
- Of the loan book, 70% is floating wherein 50% is linked to repo rate and 30% fixed rate. Further, 13% is linked to MCLR, 4% to other EBLR, 1% to the base rate and 30% is fixed.
- Low yielding Rural Infrastructure Development Fund (RIDF) bonds declined to 1.4% of asset from 1.5% in Q4.
- Bank has excess SLR of Rs 772.4bn and maintained average LCR which stood at 120% providing confidence on ample liquidity.
- In a deposit-constrained environment, the bank plans to focus on high-yielding business to optimise margins while focusing on the right liability mix to manage cost of funds.

**NIM**

- Reported NIM was flat at 4.05% during the quarter, supported by income tax refund offsetting interest reversal due to increased slippages. Management expects margin to remain stable at the current level.

**Operating parameters**

- AXSB is targeting a 2.1% cost-to-assets ratio in the medium term on the back of enhanced productivity, operating leverage and a cost-efficient loan mix.
- The bank added 50 branches during the quarter and will continue to invest in network building.
- Technology-related expenses formed 10.4% of Q1 opex.

## Valuation methodology

AXSB's overall performance during Q1FY25 was weak due to seasonality. NII during Q1FY25 was modest (2.7% 12.5% QoQ/YoY) due to subdued business growth (2%/14% QoQ/YoY) along with higher interest reversal on increased slippages which remained flat at 4.05% and management guiding for it to remain stable in FY25. Further, weak performance from DCM and treasury took a toll on total income. PPOP declined 4% QoQ and rose 15% YoY. Though Opex declined QoQ, higher employee cost along with weak topline C/I ratio increased by 51bps to 47.5%. Business growth remained subdued with credit and deposit growth of 14%/13% YoY. Slowdown in deposit mobilisation was on the back of slowdown in CASA mobilisation which led to 116bps QoQ decline in CASA to 41.8%.

Increased slippages stress during the quarter led to 11bps/3bps increase in GNPA/NNPA ratio, while PCR remained flat at 78%. Management expects that with better upgrades and recovery asset quality will remain stable over FY25 while credit cost will also cool down from the current level of 85bps. Benefits from the Citi card business acquisition is starting to materialise. Further, the bank's CAR stood at a healthy 16.6% (CET1 at 14%) as of Q1 and management is confident of funding credit growth internally.

We trimmed our FY25/FY26 loan estimates by 2%/3% given funding constraints while lowering our deposit estimates by 3%/5% for FY25/FY26. We estimate credit/deposit CAGR of 15.5%/14% for FY25/FY26, while maintaining NIM stable at the current level of ~3.8%. Further, with stable asset quality and some normalisation in the credit cost, we estimate PAT CAGR of 10% for same period.

**Valuation outlook:** Despite Q1 being modest, AXSB continues to deliver a healthy performance backed by its sustained focus on growth, healthy portfolio mix and stable asset quality. While the recent price rise factored in most of the positives, we revise our growth estimates on a competitive environment while expecting returns performance to stay stable. We roll over valuation at 1.6x FY26E (Jun'26) ABV (earlier 1.7x) using the Gordon Growth Model and maintain our SOTP-based TP at Rs 1,222, which includes Rs 145/sh as value of subsidiaries. With the recent price appreciation, we believe the positives are factored in and recommend a HOLD rating.

**Fig 17 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Loans	11,098,286	12,874,012	11,310,601	13,233,404	(1.9)	(2.7)
Deposits	12,129,080	13,887,796	12,503,104	14,603,626	(3.0)	(4.9)
Assets	16,439,014	18,905,897	16,900,880	19,677,930	(2.7)	(3.9)
NII	562,235	643,672	558,714	659,404	0.6	(2.4)
PPOP	422,656	477,125	403,772	481,225	4.7	(0.9)
Provisions	56,022	71,917	56,595	73,632	(1.0)	(2.3)
PAT	274,242	303,095	259,688	304,879	5.6	(0.6)

Source: BOBCAPS Research



**Fig 18 – Key operational assumptions**

Parameter (%)	FY24A	FY25E	FY26E	FY27E
Advances Growth	14.2	15.0	16.0	16.2
Net Interest Income Growth	16.2	12.7	14.5	18.1
PPoP Growth	87.6	13.9	12.9	19.0
PAT Growth	159.5	10.3	10.5	15.4
NIM	3.8	3.8	3.8	3.9
GNPA	1.5	1.6	1.6	1.6
CAR	16.6	16.9	17.0	16.6

Source: Company, BOBCAPS Research

**Fig 19 – Valuation summary**

Business	Valuation	Holdings (%)	Value (Rs/sh)
Axis Bank	1.6x FY25E ABV	100	1,076
Axis AMC	7.2% of AUM	75	51
Axis Finance	1.8x FY26E ABV	100	33
Axis Capital	20x FY26E EPS	100	22
Axis Securities	15x FY26E EPS	100	23
Max Life	2.1x FY26E P/EV	13	17
<b>Total</b>	-	-	<b>1,222</b>

Source: Company, BOBCAPS Research

**Fig 20 – Valuation assumptions**

Gordon growth model	(%)
Return on Equity (RoE)	14.7
Cost of Equity (Ke)	12.4
Growth (Period 1)	11.8
Growth (Long Term)	5.9
Initial High Growth Period (years)	10.0
Dividend Payout (Period 1)	20.0
Dividend Payout (Long Term)	60.0
Factor 1	1.9
Factor 2	9.2
Justified P/BV (x)	1.6

Source: BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- any sudden delinquency in the Retail and SME segments, resulting in higher credit cost; and
- inability to manage cost of funds, which may drag NIM as well as overall profitability.

Key upside risks to our estimates are:

- bank being able to maintain credit cost at lower level vs. normalisation of the same; and
- able to improve margin, despite competitive rate environment and, thus, profitability.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Axis Bank	AXSB IN	43.4	1,176	1,222	HOLD
Bandhan Bank	BANDHAN IN	3.6	186	222	BUY
Canara Bank	CBK IN	12.1	112	140	BUY
DCB Bank	DCBB IN	0.5	127	172	BUY
HDFC Bank	HDFCB IN	145.6	1,617	1,872	BUY
ICICI Bank	ICICIB IN	100.5	1,198	1,272	HOLD
IDFC First Bank	IDFCBK IN	6.0	75	96	BUY
Indusind Bank	IIB IN	12.8	1,379	1,881	BUY
Kotak Mahindra Bank	KMB IN	42.2	1,775	2,040	BUY
RBL Bank	RBK IN	1.7	230	276	BUY
State Bank of India	SBIN IN	90.5	849	969	BUY

Source: BOBCAPS Research, NSE | Price as of 25 Jul 2024

## Glossary

Glossary of Abbreviations			
<b>AUCA</b>	Advance Under Collection Account	<b>LDR</b>	Loan/Deposit Ratio
<b>ARC</b>	Asset Reconstruction Company	<b>MCLR</b>	Marginal Cost of Funds-based Lending Rate
<b>BRDS</b>	Bills Rediscounting Scheme	<b>MTM</b>	Mark to Market
<b>CASA</b>	Current Account and Savings Account	<b>NII</b>	Net Interest Income
<b>CAR</b>	Capital Adequacy Ratio	<b>NIM</b>	Net Interest Margin
<b>CC</b>	Credit card	<b>NNPA</b>	Net Non-Performing Assets
<b>CET1</b>	Common Equity Tier 1	<b>PCR</b>	Provision Coverage Ratio
<b>CD</b>	Credit-Deposit Ratio	<b>PL</b>	Personal Loan
<b>C/I</b>	Cost-Income Ratio	<b>PPOP</b>	Pre-Provision Operating Profit
<b>CBG</b>	Commercial Banking Group	<b>PSU</b>	Public Sector Unit
<b>DCM</b>	Debt Capital Market	<b>RWA</b>	Risk-Weighted Assets
<b>EBLR</b>	External Benchmark-based Lending Rate	<b>SBB</b>	Small Business Banking
<b>ECL</b>	Expected Credit Loss	<b>SLR</b>	Statutory Liquidity Ratio
<b>GNPA</b>	Gross Non-Performing Assets	<b>SMA</b>	Special Mention Account
<b>IBPC</b>	Interbank Participation Certificate	<b>SME</b>	Small and Medium-sized Enterprises
<b>LAP</b>	Loans against Property	<b>TD</b>	Term Deposits
<b>LCR</b>	Liquidity Coverage Ratio		

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Net interest income</b>	<b>331,322</b>	<b>429,457</b>	<b>498,945</b>	<b>562,235</b>	<b>643,672</b>
NilI growth (%)	13.3	29.6	16.2	12.7	14.5
Non-interest income	152,205	165,009	224,420	250,097	282,759
Total income	483,528	594,466	723,364	812,332	926,431
Operating expenses	236,108	396,560	352,133	389,675	449,306
PPOP	247,420	197,906	371,232	422,656	477,125
PPOP growth (%)	7.0	(20.0)	87.6	13.9	12.9
Provisions	73,595	28,848	40,631	56,022	71,917
PBT	173,826	169,058	330,601	366,634	405,208
Tax	43,571	73,262	81,986	92,392	102,112
<b>Reported net profit</b>	<b>130,255</b>	<b>95,797</b>	<b>248,614</b>	<b>274,242</b>	<b>303,095</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>130,255</b>	<b>95,797</b>	<b>248,614</b>	<b>274,242</b>	<b>303,095</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
Equity capital	6,139	6,154	6,173	6,181	6,181
Reserves & surplus	1,145,601	1,248,013	1,504,443	1,712,587	2,015,682
Net worth	1,151,741	1,254,167	1,510,616	1,718,768	2,021,863
Deposits	8,217,209	9,469,452	10,686,414	12,129,080	13,887,796
Borrowings	1,851,339	1,863,000	1,968,118	2,109,822	2,280,718
Other liab. & provisions	531,493	586,636	606,939	481,345	715,521
<b>Total liab. &amp; equities</b>	<b>11,751,781</b>	<b>13,173,255</b>	<b>14,772,086</b>	<b>16,439,014</b>	<b>18,905,897</b>
Cash & bank balance	1,109,871	1,064,108	1,144,544	1,029,643	1,248,810
Investments	2,755,972	2,888,148	3,315,272	3,494,814	3,952,964
Advances	7,076,960	8,453,028	9,650,684	11,098,286	12,874,012
Fixed & Other assets	808,978	767,971	661,586	816,271	830,111
<b>Total assets</b>	<b>11,751,781</b>	<b>13,173,255</b>	<b>14,772,086</b>	<b>16,439,014</b>	<b>18,905,897</b>
Deposit growth (%)	17.7	15.2	12.9	13.5	14.5
Advances growth (%)	15.2	19.4	14.2	15.0	16.0

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24A	FY25E	FY26E
EPS	42.5	31.2	80.7	88.8	98.1
Dividend per share	1.0	1.0	1.0	1.0	2.9
Book value per share	375.2	407.6	489.4	556.2	654.3

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24A	FY25E	FY26E
P/E	27.7	37.7	14.6	13.2	12.0
P/BV	3.1	2.9	2.4	2.1	1.8
Dividend yield (%)	0.1	0.1	0.1	0.1	0.3

### DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24A	FY25E	FY26E
Net interest income	3.1	3.4	3.6	3.6	3.6
Non-interest income	1.4	1.3	1.6	1.6	1.6
Operating expenses	2.2	3.2	2.5	2.5	2.5
Pre-provisioning profit	2.3	1.6	2.7	2.7	2.7
Provisions	0.7	0.2	0.3	0.4	0.4
PBT	1.6	1.4	2.4	2.3	2.3
Tax	0.4	0.6	0.6	0.6	0.6
ROA	1.2	0.8	1.8	1.8	1.7
Leverage (x)	10.0	10.4	10.1	9.7	9.4
ROE	12.0	8.0	18.0	17.0	16.2

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24A	FY25E	FY26E
<b>YoY growth (%)</b>					
Net interest income	13.3	29.6	16.2	12.7	14.5
Pre-provisioning profit	7.0	(20.0)	87.6	13.9	12.9
EPS	89.7	(26.6)	158.8	10.1	10.5
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	3.9	3.8	3.9	3.9	4.0
Fees / Avg. assets	35.2	33.1	40.2	40.1	40.0
Cost-Income	48.8	66.7	48.7	48.0	48.5
ROE	12.0	8.0	18.0	17.0	16.2
ROA	1.2	0.8	1.8	1.8	1.7
<b>Asset quality (%)</b>					
GNPA	3.0	2.2	1.5	1.6	1.6
NNPA	0.8	0.4	0.3	0.4	0.4
Slippage ratio	3.3	2.1	1.7	2.1	2.1
Credit cost	1.1	0.4	0.4	0.5	0.6
Provision coverage	74.2	80.5	78.3	77.7	77.7
<b>Ratios (%)</b>					
Credit-Deposit	86.1	89.3	90.3	91.5	92.7
Investment-Deposit	33.5	30.5	31.0	28.8	28.5
CAR	18.5	17.6	16.6	16.9	17.0
Tier-1	16.3	14.6	14.2	14.6	14.9

Source: Company, BOBCAPS Research

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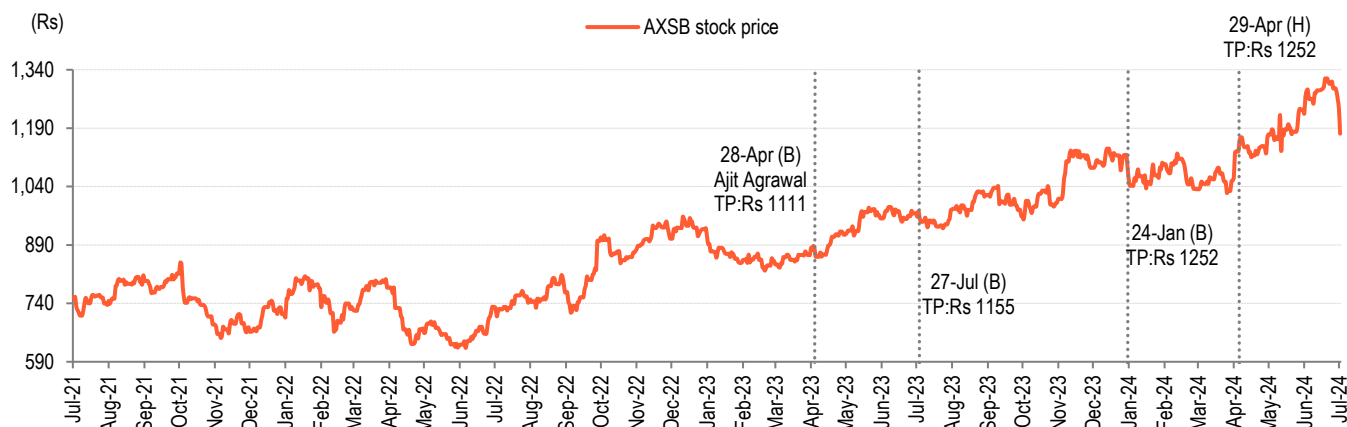
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**BUY** – Expected return >+15%  
**HOLD** – Expected return from -6% to +15%  
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**Note:** Recommendation structure changed with effect from 21 June 2021

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