

**HOLD**

TP: Rs 1,252 | ▲ 11%

**AXIS BANK**

| Banking

| 29 April 2024

### Moderate business growth; PAT supported by other income

- NII growth remained subdued at 11% YoY on higher cost of funds in line with moderate business growth; credit/deposit grew 14%/13% YoY
- NIM rose 5bps QoQ to 4.06%, while other income backed by higher trading gain and muted opex supported PAT growth of 17% YoY
- Asset quality stable though price factored in overall performance; downgrade to HOLD with Rs 1,252 TP, set at 1.7x FY26E ABV

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**Robust business growth:** AXSB's advances growth moderated to 14% YoY (+4% QoQ) during Q4FY24 backed by robust growth in retail (20% YoY), while SME grew 17% YoY. Corporate loans saw a modest 7% uptick YoY. Retail growth was mainly fuelled by rural book (+30%), personal loans (+31%) and SBB (+30%). Deposits increased 13% YoY (+6% QoQ) driven by TDs, while QoQ rise in CASA led to an 85bps jump in CASA ratio to 43% (among the best in the industry). Considering deposit constraints and competitive intensity, we trim our credit/deposit estimates by 6%/5% for FY25/FY26 and project a credit/deposit CAGR of 17% over the same.

**NIM up QoQ, opex rises:** Reported NIM rose 5bps QoQ to 4.06% backed by the rise in spread and interest reversal. Bank expects stable NIM with suitable product mix at both the asset and liability sides. Other income grew 22% QoQ due to trading gains and better DCM performance. Opex increased 25% YoY on higher staff cost (up 35% YoY) while C/I ratio declined 252bps to 47%. PPOP jumped 15% QoQ.

**Asset quality steady:** QoQ decline in slippages (1.48% vs. 1.34% in Q3) led to improvement in GNPA/NNPA by 15bps/5bps to 1.43%/0.31% while PCR stood at 78.5%. A 14bps QoQ rise in credit cost was attributable to a higher coverage of 1% on full book basis. The bank didn't utilise Covid-related provisions (Rs 50.1bn) and set it aside for the ECL implication. Cumulative Non NPA provision was Rs 121bn, which is 1.3% of Loan.

**Adequately capitalised for growth:** CET1 stood at 13.7% (CAR at 16.6%), and AXSB is confident of funding credit growth internally (added 44bps of CET1 in FY24). Further, it maintains its guidance of 300-400bps growth in business above industry in the mid term.

**BUY to HOLD:** AXSB continues to deliver a healthy performance backed by a sustained focus on growth, healthy portfolio mix, stable asset quality and steady investment in network expansion. We revised our growth estimates on a competitive environment while expecting return performance to stay stable. We continue to value AXSB at 1.7x FY26E ABV using the Gordon Growth Model and maintain our SOTP-based TP at Rs 1,252, with Rs 143/sh as value of subsidiaries. With recent price appreciation, we believe positives are factored in and recommend HOLD from BUY.

### Key changes

Target	Rating
◀ ▶	▼

Ticker/Price	AXSB IN/Rs 1,130
Market cap	US\$ 42.5bn
Free float	92%
3M ADV	US\$ 137.5mn
52wk high/low	Rs 1,152/Rs 854
Promoter/FPI/DII	8%/54%/30%

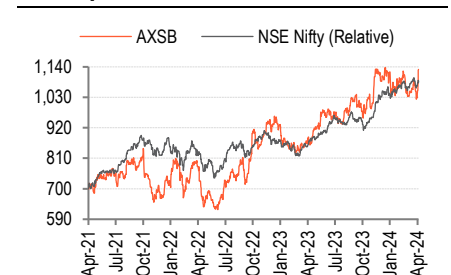
Source: NSE | Price as of 26 Apr 2024

### Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
NII (Rs mn)	498,945	558,714	659,404
NII growth (%)	16.2	12.0	18.0
Adj. net profit (Rs mn)	248,614	259,688	304,879
EPS (Rs)	80.7	84.1	98.8
Consensus EPS (Rs)	80.7	87.5	101.7
P/E (x)	14.0	13.4	11.4
P/BV (x)	2.3	2.0	1.7
ROA (%)	1.8	1.6	1.7
ROE (%)	18.0	15.8	15.9

Source: Company, Bloomberg, BOBCAPS Research | P - Provisional

### Stock performance



Source: NSE



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

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
<b>Income Statement</b>							
Interest Income	183,124	201,347	212,563	223,645	233,512	27.5	4.4
Income on investments	48,349	47,830	47,998	50,894	53,384	10.4	4.9
Int. on bal. with RBI & inter-bank funds & Others	8,225	6,391	5,701	5,073	5,350	(34.9)	5.5
<b>Interest income</b>	<b>239,698</b>	<b>255,568</b>	<b>266,262</b>	<b>279,611</b>	<b>292,245</b>	<b>21.9</b>	<b>4.5</b>
Interest expense	122,276	135,980	143,116	154,290	161,355	32.0	4.6
<b>Net interest income</b>	<b>117,422</b>	<b>119,588</b>	<b>123,146</b>	<b>125,322</b>	<b>130,890</b>	<b>11.5</b>	<b>4.4</b>
Growth YoY (%)	33.1	27.4	18.9	9.4	11.5	(2,167bps)	211bps
Fee Income	46,760	44,880	49,630	51,700	56,370	20.6	9.0
Trading gains/(losses)	830	5,190	(1,010)	2,910	10,210	1,130.1	250.9
Forex Income	-	-	-	-	-	-	-
Others	1,363	803	1,721	938	1,078	(20.9)	14.9
<b>Non-interest income</b>	<b>48,953</b>	<b>50,873</b>	<b>50,341</b>	<b>55,548</b>	<b>67,658</b>	<b>38.2</b>	<b>21.8</b>
Growth YoY (%)	15.9	69.6	27.7	19.1	38.2	2,230bps	1,915bps
<b>Total income</b>	<b>166,375</b>	<b>170,460</b>	<b>173,486</b>	<b>180,870</b>	<b>198,548</b>	<b>19.3</b>	<b>9.8</b>
Growth YoY (%)	27.6	37.7	21.3	12.2	19.3	(823bps)	717bps
Staff expenses	21,636	26,885	26,098	27,113	29,235	35.1	7.8
Other operating expenses	53,063	55,432	61,070	62,344	63,956	20.5	2.6
<b>Operating expenses</b>	<b>74,699</b>	<b>82,317</b>	<b>87,168</b>	<b>89,457</b>	<b>93,191</b>	<b>24.8</b>	<b>4.2</b>
<b>Pre-Provisioning Profit (PPoP)</b>	<b>91,676</b>	<b>88,144</b>	<b>86,319</b>	<b>91,412</b>	<b>105,357</b>	<b>14.92</b>	<b>15.3</b>
Growth YoY (%)	41.8	49.7	11.9	(1.5)	14.9	(2,686bps)	1,639bps
Provisions	3,058	10,349	8,146	10,283	11,853	287.6	15.3
Growth YoY (%)	(69.0)	188.0	48.2	(28.5)	287.6	35,668bps	31,612bps
Exceptional Item	124,898	-	-	-	-	NA	Na
<b>PBT</b>	<b>88,618</b>	<b>77,795</b>	<b>78,173</b>	<b>81,129</b>	<b>93,504</b>	<b>5.5</b>	<b>15.3</b>
Tax	21,004	19,824	19,537	20,418	22,207	5.7	8.8
<b>PAT</b>	<b>(57,284)</b>	<b>57,971</b>	<b>58,636</b>	<b>60,711</b>	<b>71,297</b>	<b>(224.5)</b>	<b>17.4</b>
Growth YoY (%)	(239.1)	40.5	10.0	3.7	(224.5)	1,465bps	(22,819bps)
<b>Per Share</b>							
FV (Rs)	2	2	2	2	2	0.0	0.0
EPS (Rs)	(19)	19	19	20	23	(224.1)	17.4
Book Value (Rs)	408	427	446	466	489	20.1	5.0

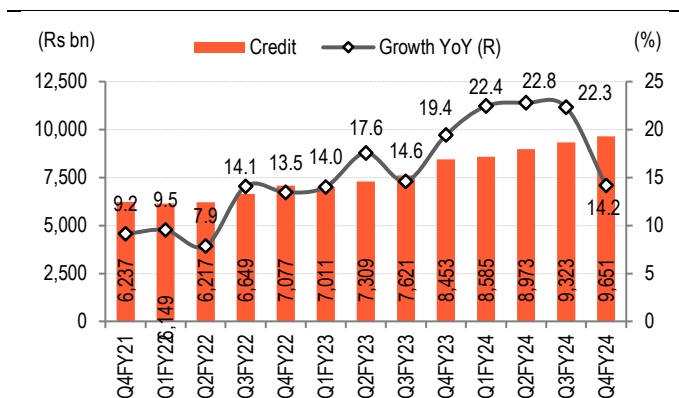
Source: Company, BOBCAPS Research

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

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Deposits	9,469,452	9,416,897	9,555,564	10,048,995	10,686,414	12.9	6.3
Growth YoY (%)	15.2	17.2	17.9	18.5	12.9	(239bps)	(563bps)
Advances	8,453,028	8,585,114	8,973,470	9,322,864	9,650,684	14.2	3.5
Growth YoY (%)	19.4	22.4	22.8	22.3	14.2	(528bps)	(817bps)
Investment	2,888,148	2,853,967	2,956,907	3,090,699	3,315,273	14.8	7.3
Equity	1,254,167	1,314,927	1,373,499	1,437,288	1,510,616	20.4	5.1
Assets	13,173,255	13,028,386	13,389,135	13,985,407	14,772,086	12.1	5.6
Growth YoY (%)	12.1	13.0	13.0	14.3	12.1	4bps	(217bps)
<b>Yield (%)</b>							
Yield on Funds	8.06	8.28	8.56	8.63	8.53	47bps	(10bps)
Cost of Funds	4.52	4.84	5.08	5.27	5.24	72bps	(4bps)
Spread	3.54	3.44	3.48	3.36	3.29	(25bps)	(6bps)
Net Interest Margin (calc.)	3.95	3.88	3.96	3.87	3.82	(13bps)	(5bps)
<b>Ratios (%)</b>							
Other Income / Net Income	29.4	29.8	29.0	30.7	34.1	465bps	336bps
Cost to Income ratio	44.9	48.3	50.2	49.5	46.9	204bps	(252bps)
CASA ratio	47.2	45.5	43.3	42.1	43.0	(417bps)	85bps
C/D ratio	89.3	91.2	93.9	92.8	90.3	104bps	(247bps)
Investment to Assets	21.9	21.9	22.1	22.1	22.4	52bps	34bps
<b>Assets Quality</b>							
GNPA	186,042	181,582	167,567	158,930	151,271	(18.7)	(4.82)
NNPA	35,589	37,036	34,413	35,269	32,475	(8.8)	(7.9)
Provision	150,453	144,547	133,155	123,661	118,797	(21.0)	(3.9)
GNPA (%)	2.02	1.96	1.73	1.58	1.43	(59bps)	(15bps)
NNPA (%)	0.39	0.41	0.36	0.36	0.31	(8bps)	(5bps)
PCR (%)	80.9	79.6	79.5	77.8	78.5	(234bps)	72bps
<b>Others</b>							
Branches	4,903	4,945	5,152	5,252	5,377	474	125
ATMs	15,953	15,798	15,806	15,931	16,026	73	95
Employees	91,583	94,766	99,372	99,650	104,000	12,417	4,350

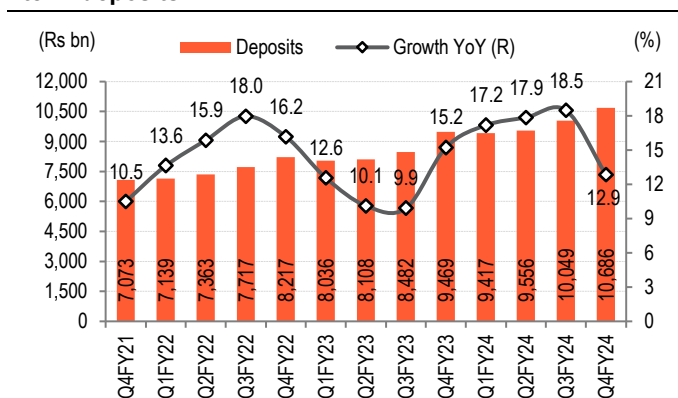
Source: Company, BOBCAPS Research

**Fig 3 – Credit growth remained muted**



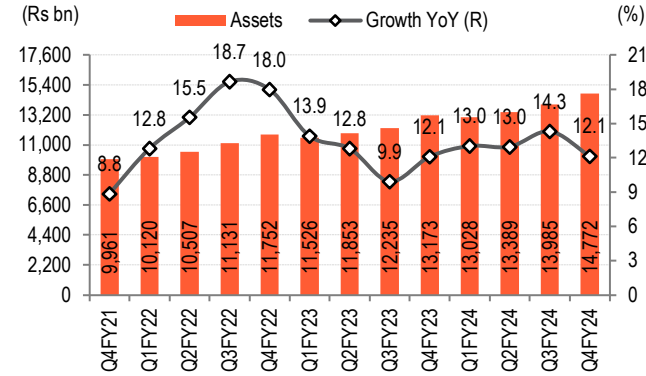
Source: Company, BOBCAPS Research

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



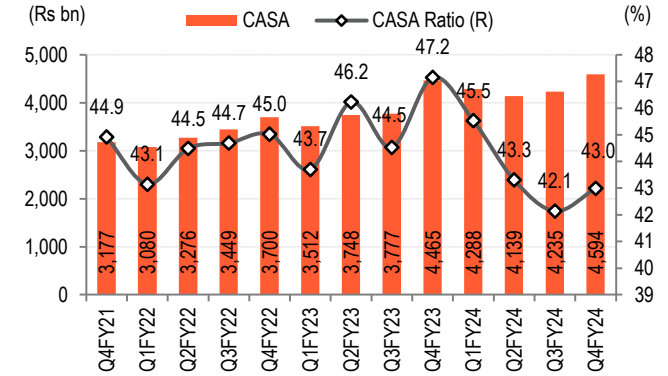
Source: Company, BOBCAPS Research

**Fig 5 – Moderate asset growth at 12% YoY**



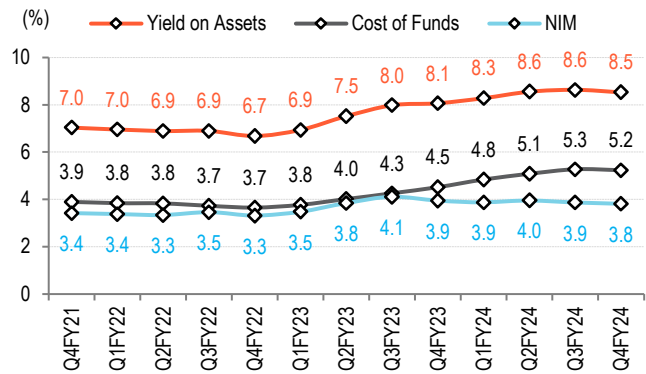
Source: Company, BOBCAPS Research

**Fig 6 – CASA grew 8% QoQ leading uptick in CASA ratio**



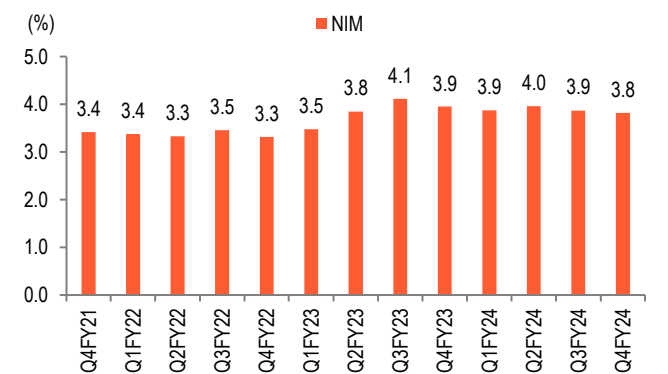
Source: Company, BOBCAPS Research

**Fig 7 – NIM (calc.) declined 5bps QoQ**



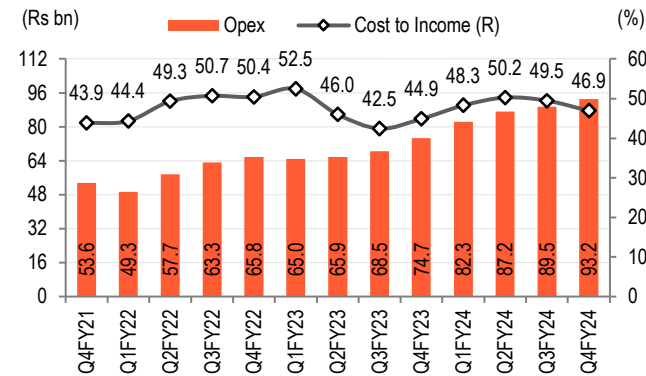
Source: Company, BOBCAPS Research

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



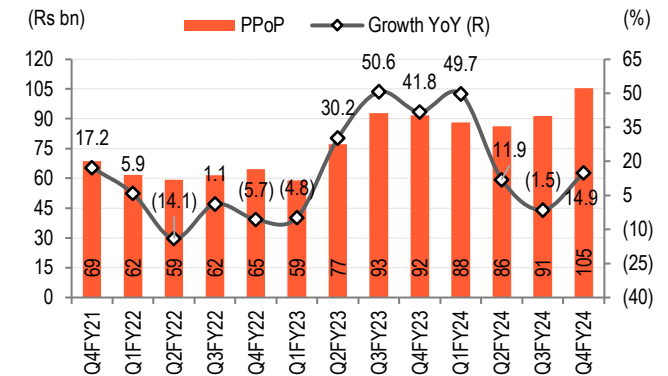
Source: Company, BOBCAPS Research

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



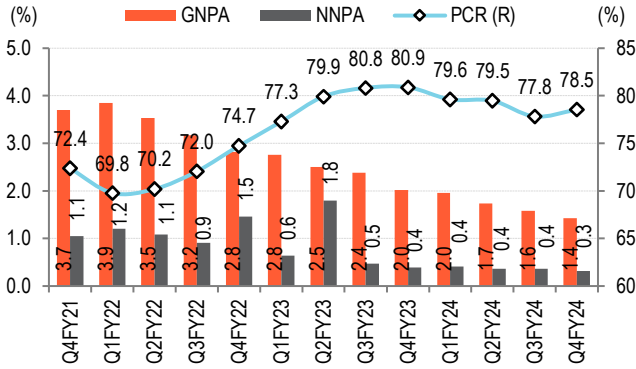
Source: Company, BOBCAPS Research

**Fig 10 – PPOP supported by other income and lower Opex**



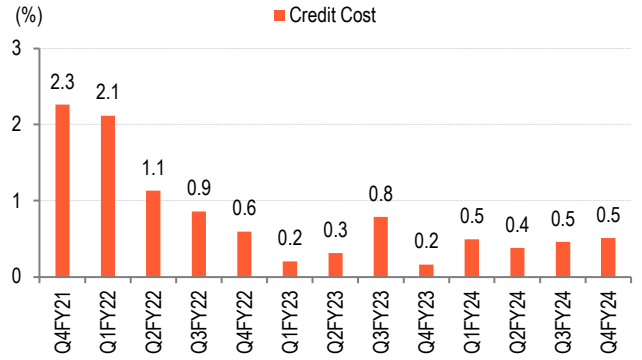
Source: Company, BOBCAPS Research

**Fig 11 – Lower slippages helped asset quality improvement**



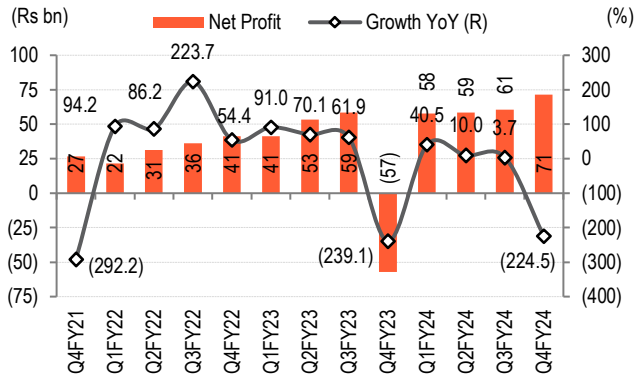
Source: Company, BOBCAPS Research

**Fig 12 – Credit cost normalising**



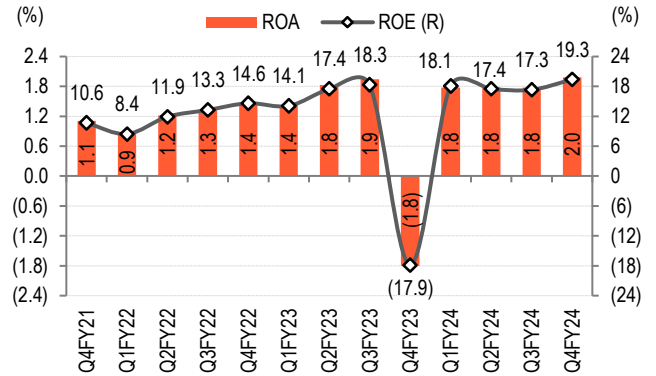
Source: Company, BOBCAPS Research

**Fig 13 – PAT jumped 17% QoQ**



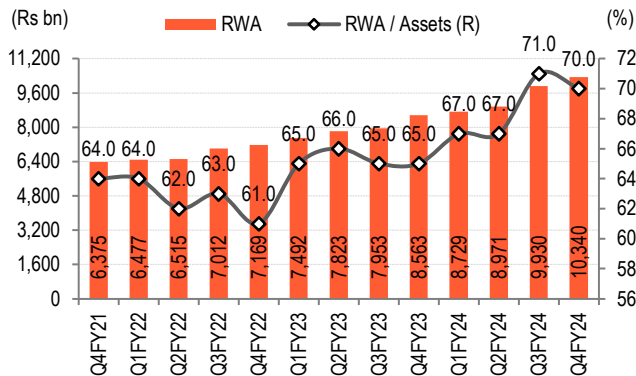
Source: Company, BOBCAPS Research

**Fig 14 – Return ratios remain healthy**



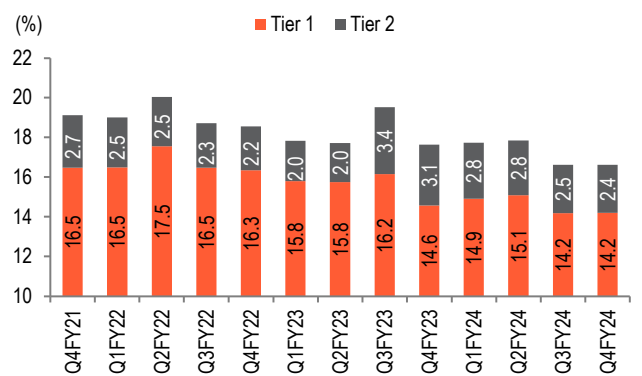
Source: Company, BOBCAPS Research

**Fig 15 – RWA growth stabilise**



Source: Company, BOBCAPS Research

**Fig 16 – Bank added 44bps in CET1 during FY24**



Source: Company, BOBCAPS Research

## Earnings call highlights

### Asset quality

- AXSB did not utilise Covid-related provisions of Rs 50.1bn during Q4FY24 and has reclassified it as other provision and plans to utilise it for the ECL implication. This provides a cushion of 41bps towards CET1.
- Slippages increased to Rs 34.7bn vs. Rs 37.1bn in Q3FY24, while upgrades and recoveries stood at Rs 42.4bn vs. Rs 45.8bn in Q3.
- The fund-based BB-&-below book stood at 0.3% of loans.
- Non-NPA provisions amounted to Rs 121.3bn vs. Rs 119.8bn in Q3, of which Covid-related and restructuring provisions stood at Rs 50.1bn and Rs 5.3bn respectively. The unsecured retail book has been fully provided for.
- Standard asset coverage was 1.3%. All provisions by GNPA ratio is 159%.

### Loans and deposits

- Management is confident of expanding its balance sheet 300-400bps above the system in the midterm.
- The bank's advances grew 14% YoY and 4% QoQ, while gross IBPC advances grew 15% YoY and 4% QoQ.
- Domestic loans grew 15% YoY and 4% QoQ wherein Retail loans grew 20% YoY and 7% QoQ and accounted for 60% of total book, while secured lending constituted ~72%, with home loans comprising 28% of the retail book.
- On the Retail side home loans grew 5% YoY, Personal loans 31% YoY, Credit Card book 30% YoY, Small Business Banking (SBB) 33% YoY and 7% QOQ; while rural loan portfolio grew 30% YoY and 15% QoQ.
- SME book remains well diversified across geographies and sectors, growing 17% YoY and 5% QoQ
- Corporate loan book (gross of IBPC sold) grew 7% YoY while domestic corporate book grew 6% YoY. Mid-corporate book grew 22% YoY and 3% QoQ wherein 89% of corporate book is now rated A- and above with 88% of incremental sanctions in FY24 being to corporates rated A- and above.
- Of the loan book, 70% is floating rate and 48% fixed rate – the latter will mature in less than 12 months. Further, 13% is inked 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 1.5% of asset from 2.3% a year ago.
- Bank has excess SLR of Rs 850.6bn 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 increased by 5bps to 4.06% during the quarter, mainly benefitting from interest rate spread and interest reversal. Management expects margin to remain stable at 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 125 branches during the quarter and 474 over FY24 and will continue to invest in network building.
- Technology-related expenses formed 9.3% of Q4 opex.

## Valuation methodology

AXSB's NII during Q4FY24 was modest due to higher cost of funds while total income supported by non-core income jumped 22% QoQ. PPOP rose 15% QoQ with modest operational cost though staff cost remained high during Q4. Business growth remained healthy wherein deposit growth further accelerated QoQ while credit growth remained modest as a strategic move to balance overall asset and liability management (ALM). Asset quality remained healthy and the bank guided for it to remain healthy with stable margin going forward. Benefits from the Citi card business acquisition are also starting to materialise. Further, the bank's CAR stood at a healthy 16.6% (CET1 at 13.7%) as of Q4 and management is confident of funding credit growth internally.

We trimmed our FY25/FY26 loan estimates by 6% each given funding constraints while lowering our deposit estimates by 5% each for FY25/FY26 considering the challenging rate environment leading to cuts in PAT by 6%/5% for the same period. We estimate credit/deposit CAGR of 17% each 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 11% for same period.

**Downgrade from BUY to HOLD:** AXSB continues to deliver a healthy performance backed by a sustained focus on growth, healthy portfolio mix, stable asset quality and steady investment in network expansion. We revised our growth estimates due to a competitive environment while expecting return performance to remain stable. We continue to value the bank at 1.7x FY26E ABV using the Gordon Growth Model and maintain the SOTP-based TP at Rs 1,252, which includes Rs 143/sh as value of subsidiaries. With the recent price appreciation, we believe the positives are factored in and recommend a HOLD rating from BUY.

**Fig 17 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Loans	11,310,601	13,233,404	12,079,209	14,156,832	(6.4)	(6.5)
Deposits	12,503,104	14,603,626	13,095,873	15,322,172	(4.5)	(4.7)
Assets	16,900,880	19,677,930	17,803,720	20,817,704	(5.1)	(5.5)
NII	558,714	659,404	584,054	683,247	(4.3)	(3.5)
PPOP	403,772	481,225	431,623	512,018	(6.5)	(6.0)
Provisions	56,595	73,632	60,253	78,708	(6.1)	(6.4)
PAT	259,688	304,879	277,785	324,115	(6.5)	(5.9)

Source: BOBCAPS Research

**Fig 18 – Key operational assumptions**

Parameter (%)	FY23	FY24P	FY25E	FY26E
Advances Growth	19.4	14.2	17.2	17.0
Net Interest Income Growth	29.6	16.2	12.0	18.0
PPoP Growth	(20.0)	87.6	8.8	19.2
PAT Growth	(26.5)	159.5	4.5	17.4
NIM	3.7	3.8	3.7	3.8
GNPA	2.2	1.5	1.5	1.5
CAR	17.6	16.6	16.8	16.7

Source: Company, BOBCAPS Research



**Fig 19 – Valuation summary**

Business	Valuation	Holdings (%)	Value (Rs/sh)
Axis Bank	1.7x FY26E ABV	100	1,109
Axis AMC	7.2% of AUM	75	48
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>1,252</b>

Source: Company, BOBCAPS Research

**Fig 20 – Valuation assumptions**

Gordon growth model	(%)
Return on Equity (RoE)	6.3
Cost of Equity (Ke)	5.0
Growth (Period 1)	1.2
Growth (Long Term)	12.3
Initial High Growth Period (yrs)	14.9
Dividend Payout (Period 1)	10.0
Dividend Payout (Long Term)	20.0
Factor 1	5.9
Factor 2	60.0
Justified P/BV (x)	1.7

Source: BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- Any sudden delinquency in the mid-corporate and SME segments, resulting in higher provision requirements.
- Inability to manage cost of funds, which may drag down 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.
- 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	42.5	1,130	1,252	HOLD
Bandhan Bank	BANDHAN IN	3.6	184	270	BUY
DCB Bank	DCBB IN	0.5	139	172	BUY
Federal Bank	FB IN	4.7	157	189	BUY
HDFC Bank	HDFCB IN	138.5	1,510	1,872	BUY
ICICI Bank	ICICIB IN	94.6	1,108	1,189	BUY
IDFC First Bank	IDFCBK IN	6.9	85	96	BUY
Indusind Bank	IIB IN	13.7	1,446	1,952	BUY
Kotak Mahindra Bank	KMB IN	42.0	1,609	2,100	BUY
RBL Bank	RBK IN	1.9	265	309	BUY
State Bank of India	SBIN IN	87.0	801	842	BUY

Source: BOBCAPS Research, NSE | Price as of 26 Apr 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>CET1</b>	Common Equity Tier 1	<b>NNPA</b>	Net Non-Performing Assets
<b>CD</b>	Credit-Deposit Ratio	<b>PCR</b>	Provision Coverage Ratio
<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	FY24P	FY25E	FY26E
<b>Net interest income</b>	<b>331,322</b>	<b>429,457</b>	<b>498,945</b>	<b>558,714</b>	<b>659,404</b>
NilI growth (%)	13.3	29.6	16.2	12.0	18.0
Non-interest income	152,205	165,009	224,420	253,384	292,630
Total income	483,528	594,466	723,364	812,098	952,034
Operating expenses	236,108	396,560	352,133	408,325	470,809
PPOP	247,420	197,906	371,232	403,772	481,225
PPOP growth (%)	7.0	(20.0)	87.6	8.8	19.2
Provisions	73,595	28,848	40,631	56,595	73,632
PBT	173,826	169,058	330,601	347,177	407,593
Tax	43,571	73,262	81,986	87,489	102,713
<b>Reported net profit</b>	<b>130,255</b>	<b>95,797</b>	<b>248,614</b>	<b>259,688</b>	<b>304,879</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>259,688</b>	<b>304,879</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Equity capital	6,139	6,154	6,173	6,173	6,173
Reserves & surplus	1,145,601	1,248,013	1,504,443	1,764,131	2,069,010
Net worth	1,151,741	1,254,167	1,510,616	1,770,304	2,075,184
Deposits	8,217,209	9,469,452	10,686,414	12,503,104	14,603,626
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	517,650	718,404
<b>Total liab. &amp; equities</b>	<b>11,751,781</b>	<b>13,173,255</b>	<b>14,772,086</b>	<b>16,900,880</b>	<b>19,677,930</b>
Cash & bank balance	1,109,871	1,064,108	1,144,544	1,182,665	1,341,783
Investments	2,755,972	2,888,148	3,315,273	3,681,107	4,252,131
Advances	7,076,960	8,453,028	9,650,684	11,310,601	13,233,404
Fixed & Other assets	808,978	767,971	661,586	726,507	850,612
<b>Total assets</b>	<b>11,751,781</b>	<b>13,173,255</b>	<b>14,772,086</b>	<b>16,900,880</b>	<b>19,677,930</b>
Deposit growth (%)	17.7	15.2	12.9	17.0	16.8
Advances growth (%)	15.2	19.4	14.2	17.2	17.0

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24P	FY25E	FY26E
EPS	42.5	31.2	80.7	84.1	98.8
Dividend per share	1.0	1.0	1.0	2.5	3.0
Book value per share	375.2	407.6	489.4	573.6	672.3

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24P	FY25E	FY26E
P/E	26.6	36.3	14.0	13.4	11.4
P/BV	3.0	2.8	2.3	2.0	1.7
Dividend yield (%)	0.1	0.1	0.1	0.2	0.3

### DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24P	FY25E	FY26E
Net interest income	3.1	3.4	3.6	3.5	3.6
Non-interest income	1.4	1.3	1.6	1.6	1.6
Operating expenses	2.2	3.2	2.5	2.6	2.6
Pre-provisioning profit	2.3	1.6	2.7	2.5	2.6
Provisions	0.7	0.2	0.3	0.4	0.4
PBT	1.6	1.4	2.4	2.2	2.2
Tax	0.4	0.6	0.6	0.6	0.6
ROA	1.2	0.8	1.8	1.6	1.7
Leverage (x)	10.0	10.4	10.1	9.7	9.5
ROE	12.0	8.0	18.0	15.8	15.9

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
<b>YoY growth (%)</b>					
Net interest income	13.3	29.6	16.2	12.0	18.0
Pre-provisioning profit	7.0	(20.0)	87.6	8.8	19.2
EPS	89.7	(26.6)	158.8	4.3	17.4
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	3.9	3.8	3.9	3.8	3.9
Fees / Avg. assets	35.2	33.1	40.2	40.0	40.0
Cost-Income	48.8	66.7	48.7	50.3	49.5
ROE	12.0	8.0	18.0	15.8	15.9
ROA	1.2	0.8	1.8	1.6	1.7
<b>Asset quality (%)</b>					
GNPA	3.0	2.2	1.5	1.5	1.5
NNPA	0.8	0.4	0.3	0.3	0.3
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	90.5	90.6
Investment-Deposit	33.5	30.5	31.0	29.4	29.1
CAR	18.5	17.6	16.6	16.8	16.7
Tier-1	16.3	14.6	14.2	14.6	14.7

Source: Company, BOBCAPS Research

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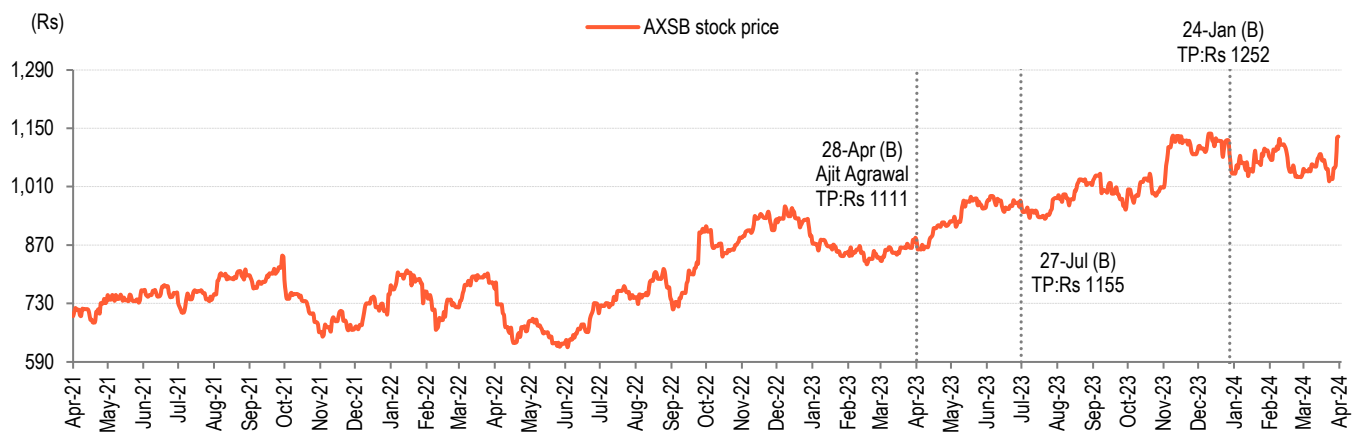
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**HOLD** – Expected return from -6% to +15%  
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**Note:** Recommendation structure changed with effect from 21 June 2021

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