

HOLD

TP: Rs 1,354 | ▲ 12%

AXIS BANK

| Banking

| 25 April 2025

Growth remains challenging; asset quality improved

- Muted advances and deposits growth, with low signs of improvement in near term
- PAT mainly supported by provision reversals; asset quality improved with lower slippages
- Maintain HOLD on the stock with a revised TP of Rs 1,354; set at 1.7x FY27E ABV

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Business growth below system levels: AXSB's advances growth remain muted at 8% YoY (up 3% QoQ) in Q4FY25. Loan growth was largely supported by retail loans (+7% YoY; +3% QoQ) that accounted for ~60% of total loans. Retail loans were aided by growth in personal loans (+2% QoQ), LAP (+8% QoQ) and SBB (+4% QoQ); while its largest retail sub-segment (home loans at 27% of total retail loans) was muted (+75bps YoY; -25bps QoQ). Also, auto loans and credit cards saw a marginal sequential decline of -7bps and -33 bps, respectively. Deposit growth at 9.8% YoY was marginally below the system level of ~10.1% YoY, resulting in a decline in its CD ratio to 88.7% (-1.6% QoQ). Deposit growth was mainly led by CASA deposits (+10% QoQ), which resulted in a rise in CASA ratio to 40.8% (+1.3% QoQ). With systemic constraints in deposit accretion, we have pared our credit/deposits growth for FY26E/FY27E and estimate credit and deposits to grow at ~12% CAGR during FY25-28E.

Provision reversals largely aided PAT: AXSB's PAT at Rs 71.2bn was 2.9% higher than our estimates, mainly due to lower provisions at Rs13.6bn (-37% QoQ) and 25.5% lower than our estimates. The decline in provisions was mainly driven by reversal of excess provisions of Rs8bn related to loans transferred to NARCL, basis the RBI's revised norms on government guaranteed security receipts. NIMs improved marginally by 4bps QoQ to 3.97% in Q4FY25. C/I ratio was higher at 47.8% vs 46.2% in Q3FY25. With the bank's focus on RAROC-based lending and provision reversals, the bank's RoA and RoE improved to 1.8% and 16.2%, respectively vs the respective 1.7% and 14.9% in Q3FY25.

Asset quality improved: GNPA ratio improved to 1.28% (-18bps QoQ), with QoQ improvement across segments. Retail GNPA improved to 1.6% (-3bps QoQ) consisting of PL and credit card book. Slippages improved to 1.9% (-23bps QoQ), with management expecting PL portfolio to take a few quarters to report improvement

Maintain HOLD: We revise our growth estimates on a competitive environment and expect return performance to remain modest. We maintain HOLD rating on AXSB with revised SOTP-based TP of Rs 1,354 from Rs 1,164 set at 1.7x FY27E ABV.

Key changes

| Target | Rating |
|--------|--------|
| ▲ | ◀ ▶ |

| | |
|------------------|------------------|
| Ticker/Price | AXSB IN/Rs 1,207 |
| Market cap | US\$ 43.8bn |
| Free float | 92% |
| 3M ADV | US\$ 94.7mn |
| 52wk high/low | Rs 1,340/Rs 934 |
| Promoter/FPI/DII | 8%/44%/41% |

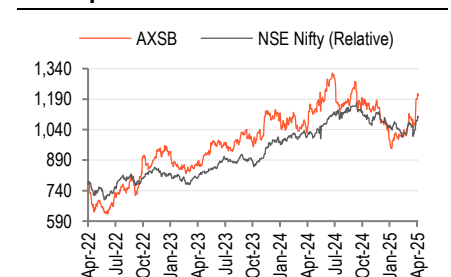
Source: NSE | Price as of 24 Apr 2025

Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|-------------------------|----------|----------|----------|
| NII (Rs mn) | 5,43,478 | 5,78,356 | 6,69,918 |
| NII growth (%) | 8.9 | 6.4 | 15.8 |
| Adj. net profit (Rs mn) | 2,63,735 | 2,76,763 | 3,22,016 |
| EPS (Rs) | 85.3 | 89.4 | 104.0 |
| Consensus EPS (Rs) | 83.7 | 91.0 | 104.4 |
| P/E (x) | 14.2 | 13.5 | 11.6 |
| P/BV (x) | 2.1 | 1.8 | 1.6 |
| ROA (%) | 1.7 | 1.6 | 1.7 |
| ROE (%) | 15.9 | 14.3 | 14.4 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

| (Rs mn) | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | QoQ (%) | YoY (%) |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|--------------|
| Income Statement | | | | | | | |
| Interest Income | 2,33,512 | 2,37,188 | 2,42,611 | 2,46,408 | 2,45,796 | (0.2) | 5.3 |
| Income on investments | 53,384 | 55,808 | 54,435 | 58,088 | 60,951 | 4.9 | 14.2 |
| Int. on bal. with RBI & inter-bank funds & Others | 5,350 | 7,611 | 7,152 | 5,044 | 5,678 | 12.6 | 6.1 |
| Interest income | 2,92,245 | 3,00,607 | 3,04,199 | 3,09,539 | 3,12,425 | 0.9 | 6.9 |
| Interest expense | 1,61,355 | 1,66,125 | 1,69,367 | 1,73,481 | 1,74,320 | 0.5 | 8.0 |
| Net interest income | 1,30,890 | 1,34,482 | 1,34,832 | 1,36,059 | 1,38,105 | 1.5 | 5.5 |
| Growth YoY (%) | 11.5 | 12.5 | 9.5 | 8.6 | 5.5 | | |
| Fee Income | 56,370 | 52,040 | 55,080 | 54,550 | 63,380 | 16.2 | 12.4 |
| Trading gains/(losses) | 10,210 | 4,060 | 11,110 | 3,680 | 1,730 | (53.0) | (83.1) |
| Forex Income | - | - | - | - | - | - | - |
| Others | 1,078 | 1,735 | 1,029 | 1,492 | 2,685 | 80.0 | 149.1 |
| Non-interest income | 67,658 | 57,835 | 67,219 | 59,722 | 67,795 | 13.5 | 0.2 |
| Growth YoY (%) | 38.2 | 13.7 | 33.5 | 7.5 | 0.2 | | |
| Total income | 1,98,548 | 1,92,317 | 2,02,051 | 1,95,781 | 2,05,901 | 5.2 | 3.7 |
| Growth YoY (%) | 19.3 | 12.8 | 16.5 | 8.2 | 3.7 | | |
| Staff expenses | 29,235 | 31,295 | 31,172 | 29,846 | 29,615 | (0.8) | 1.3 |
| Other operating expenses | 63,956 | 59,960 | 63,754 | 60,596 | 68,762 | 13.5 | 7.5 |
| Operating expenses | 93,191 | 91,255 | 94,926 | 90,442 | 98,377 | 8.8 | 5.6 |
| Pre-Provisioning Profit (PPoP) | 1,05,357 | 1,01,062 | 1,07,125 | 1,05,339 | 1,07,524 | 2.1 | 2.1 |
| Growth YoY (%) | 14.9 | 14.7 | 24.1 | 15.2 | 2.1 | | |
| Provisions | 11,853 | 20,393 | 22,041 | 21,556 | 13,594 | (36.9) | 14.7 |
| Growth YoY (%) | 287.6 | 97.1 | 170.6 | 109.6 | 14.7 | | |
| Exceptional Item | - | - | - | - | - | - | - |
| PBT | 93,504 | 80,670 | 85,084 | 83,782 | 93,930 | 12.1 | 0.5 |
| Tax | 22,207 | 20,323 | 15,908 | 20,745 | 22,755 | 9.7 | 2.5 |
| PAT | 71,297 | 60,346 | 69,176 | 63,038 | 71,175 | 12.9 | (0.2) |
| Growth YoY (%) | (224.5) | 4.1 | 18.0 | 3.8 | (0.2) | | |
| Per Share | | | | | | | |
| FV (Rs) | 2 | 2 | 2 | 2 | 2 | 0.0 | 0.0 |
| EPS (Rs) | 23 | 20 | 22 | 20 | 23 | 12.9 | (0.5) |
| Book Value (Rs) | 489 | 513 | 535 | 557 | 580 | 4.2 | 18.6 |

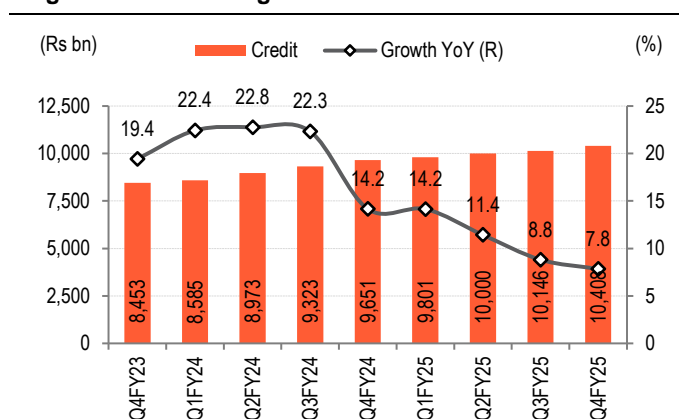
Source: Company, BOBCAPS Research

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

| Balance sheet | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | QoQ (%) | YoY (%) |
|---------------------------|-------------|-------------|-------------|-------------|-------------|----------|----------|
| Deposits | 1,06,86,414 | 1,06,24,837 | 1,08,67,440 | 1,09,58,828 | 1,17,29,520 | 7.0 | 9.8 |
| Growth YoY (%) | 12.9 | 12.8 | 13.7 | 9.1 | 9.8 | | |
| Advances | 96,50,684 | 98,00,915 | 99,99,792 | 1,01,45,641 | 1,04,08,113 | 2.6 | 7.8 |
| Growth YoY (%) | 14.2 | 14.2 | 11.4 | 8.8 | 7.8 | | |
| Investment | 33,15,273 | 31,68,514 | 34,88,552 | 35,32,834 | 39,61,418 | 12.1 | 19.5 |
| Equity | 15,10,616 | 15,86,313 | 16,56,292 | 17,22,981 | 17,97,247 | 4.3 | 19.0 |
| Assets | 1,47,72,086 | 1,46,81,633 | 1,50,56,580 | 1,52,57,119 | 1,60,99,299 | 5.5 | 9.0 |
| Growth YoY (%) | 12.1 | 12.7 | 12.5 | 9.1 | 9.0 | | |
| Yield | | | | | | | |
| Yield on Funds | 8.53 | 8.54 | 8.57 | 8.58 | 8.36 | (21bps) | (17bps) |
| Cost of Funds | 5.24 | 5.28 | 5.36 | 5.42 | 5.28 | (14bps) | 4bps |
| Spread | 3.29 | 3.26 | 3.21 | 3.16 | 3.08 | (8bps) | (21bps) |
| Net Interest Margin | 3.82 | 3.82 | 3.80 | 3.77 | 3.70 | (7bps) | (12bps) |
| Ratios | | | | | | | |
| Other Income / Net Income | 34.1 | 30.1 | 33.3 | 30.5 | 32.9 | 242bps | (115bps) |
| Cost to Income ratio | 46.9 | 47.5 | 47.0 | 46.2 | 47.8 | 158bps | 84bps |
| CASA ratio | 43.0 | 41.8 | 40.6 | 39.5 | 39.5 | 0bps | (349bps) |
| C/D ratio | 90.3 | 92.2 | 92.0 | 92.6 | 88.7 | (385bps) | (157bps) |
| Investment to Assets | 22.4 | 21.6 | 23.2 | 23.2 | 24.6 | 145bps | 216bps |
| Assets Quality | | | | | | | |
| GNPA | 1,51,271 | 1,62,113 | 1,54,662 | 1,58,503 | 1,44,901 | (8.6) | (4.2) |
| NNPA | 32,475 | 35,530 | 36,125 | 37,748 | 36,855 | (2.4) | 13.5 |
| Provision | 1,18,797 | 1,26,584 | 1,18,538 | 1,20,755 | 1,08,047 | (10.5) | (9.0) |
| GNPA (%) | 1.43 | 1.54 | 1.44 | 1.46 | 1.28 | (18bps) | (15bps) |
| NNPA (%) | 0.31 | 0.34 | 0.34 | 0.35 | 0.33 | (2bps) | 2bps |
| Provision (%) | 78.53 | 78.08 | 76.64 | 76.18 | 74.57 | (162bps) | (397bps) |
| Others | | | | | | | |
| Branches | 5,377 | 5,427 | 5,577 | 5,706 | 5,876 | 170 | 499 |
| ATMs | 16,026 | 15,014 | 14,728 | 14,476 | 13,941 | (535) | (2,085) |
| Employees | 1,04,000 | 1,04,500 | 1,03,400 | 1,02,350 | 1,04,400 | 2,050 | 400 |

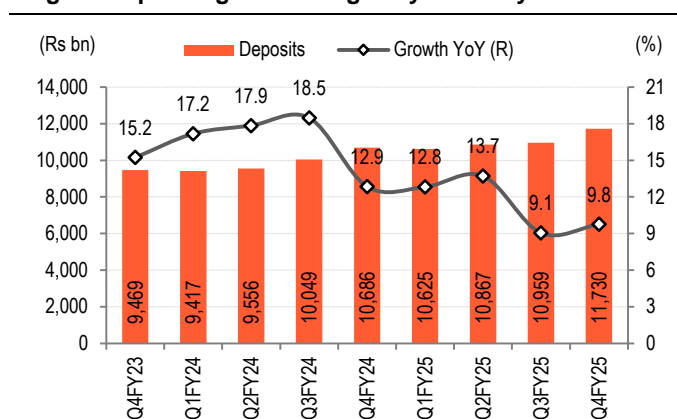
Source: Company, BOBCAPS Research

Fig 3 – Muted credit growth



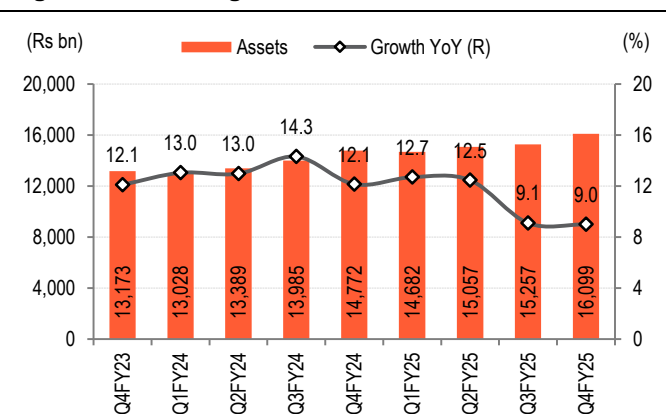
Source: Company, BOBCAPS Research

Fig 4 – Deposits growth marginally below system levels



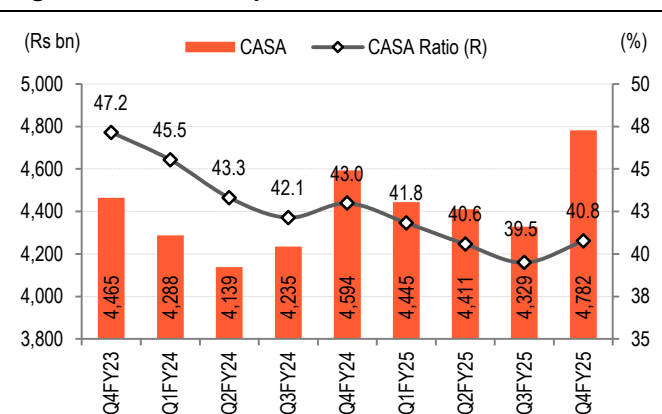
Source: Company, BOBCAPS Research

Fig 5 – Asset base grew 9% YoY



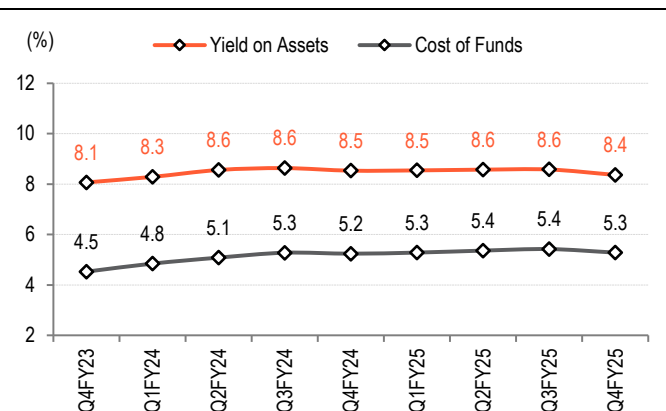
Source: Company, BOBCAPS Research

Fig 6 – CASA ratio improved QoQ



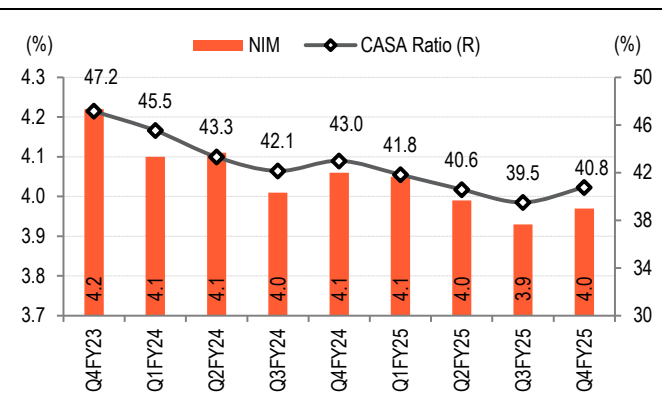
Source: Company, BOBCAPS Research

Fig 7 – Cost of funds remains steady at 5.3%



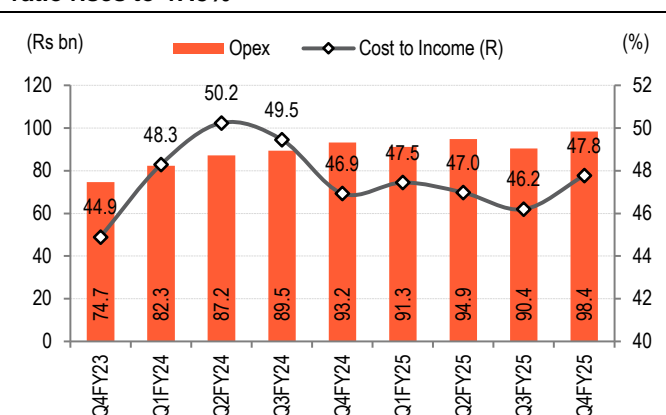
Source: Company, BOBCAPS Research

Fig 8 – NIM improved marginally on a QoQ basis



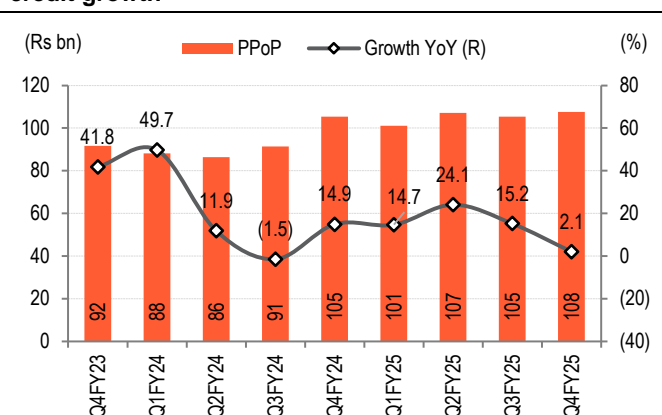
Source: Company, BOBCAPS Research

Fig 9 – Operating expenses up 11% YoY; cost-to-income ratio rises to 47.8%



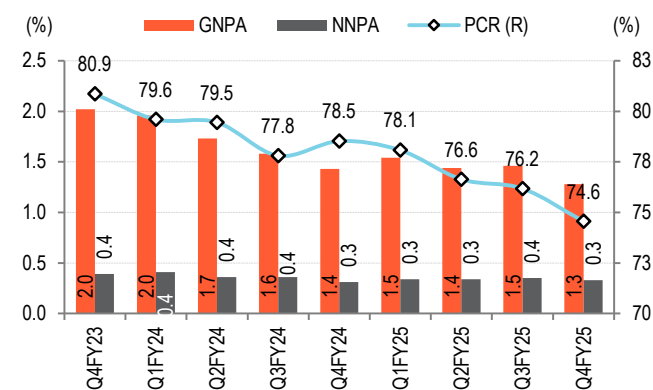
Source: Company, BOBCAPS Research

Fig 10 – PPOp growth muted mainly impacted by lower credit growth



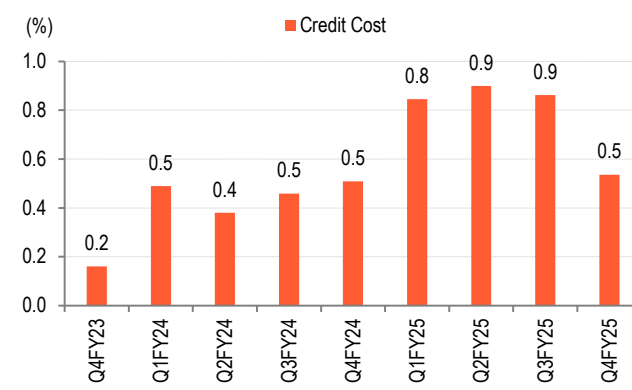
Source: Company, BOBCAPS Research

Fig 11 – Improving Asset Quality



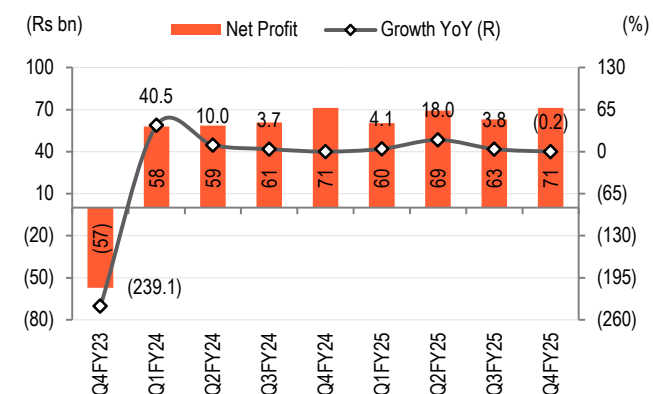
Source: Company, BOBCAPS Research

Fig 12 – Credit Cost eases to 0.5% in Q4FY25



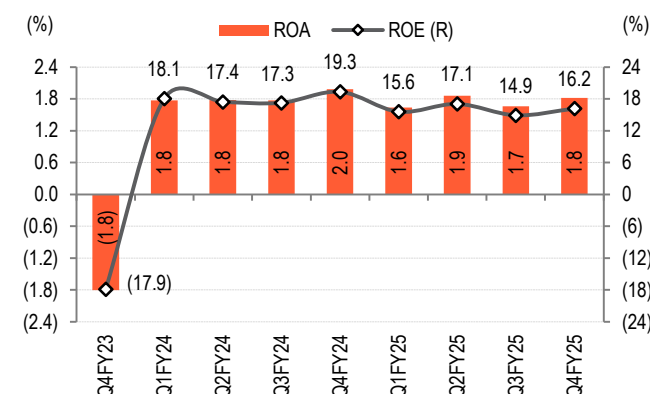
Source: Company, BOBCAPS Research

Fig 13 – Net Profit growth was flat on YoY basis



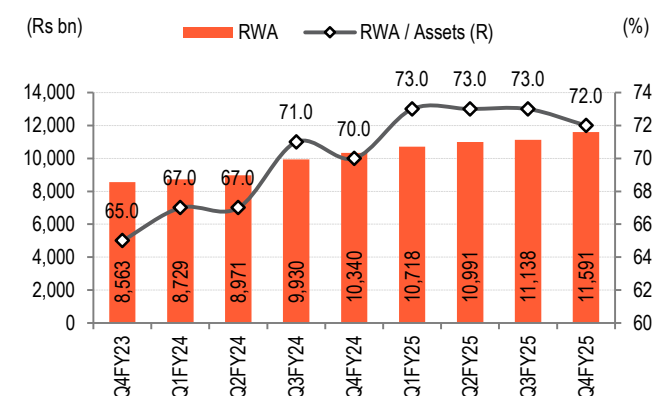
Source: Company, BOBCAPS Research

Fig 14 – Stable Return Ratios



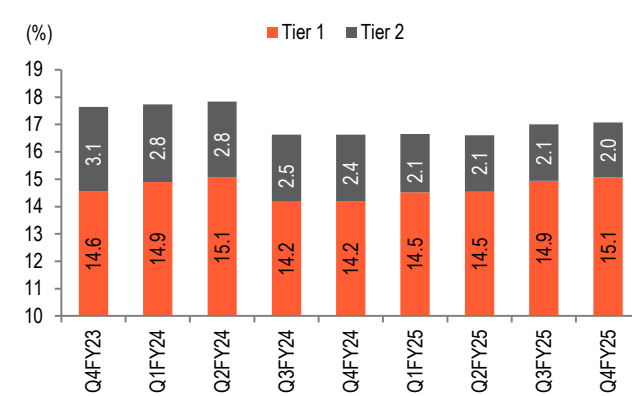
Source: Company, BOBCAPS Research

Fig 15 – RWA Increases to Rs 11.6 Tn in Q4FY25



Source: Company, BOBCAPS Research

Fig 16 – Adequate capital adequacy maintained



Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- Slippages increased to Rs 48bn in Q4FY25 vs Rs 54.3bn in Q3FY25, while upgrades and recoveries stood at Rs 27.9bn vs Rs 19.1bn in Q4. Write-offs stood at Rs 33.8bn vs Rs 31.3bn in Q3. PCR with technical write-off is at 94% for 4QFY25.
- Management expects retail asset quality to stabilise over the next few quarters. MFI book consists of ~2.1% of retail loans and has cautious lending stance in this sector. Personal loan is expected to take few more quarters to show improvement while credit card portfolio is stabilising.
- The fund-based BB-&-below book stood at 0.33% of loans.
- Non-NPA provisions amounted to Rs 120bn vs Rs 119bn in Q3.
- Total provisions to GNPA ratio was 157%.
- Credit cost (annualised) for the quarter is 0.50%.

Loans and deposits

- Net advances grew 8% YoY and 3% QoQ. Total deposits grew 10% YoY and 7% QoQ.
- Retail loans grew 7% YoY and 3% QoQ, accounting for 60% of the net advances of the bank, while secured lending constituted ~72%, with home loans comprising 27% of the retail book.
- On the retail side, Home Loans grew 1% YoY, Personal Loans 8% YoY, Credit Card book 4% YoY, Small Business Banking (SBB) 17% YoY and 4% QoQ; while the rural loan portfolio grew 7% YoY and 5% QoQ.
- SME book remains well diversified across geographies and sectors, growing 13% YoY and 4% QoQ.
- Corporate loan book (gross of IBPC sold) grew 8% YoY, while domestic corporate book grew 8% YoY. Mid-corporate book grew 10% YoY and falls 4% QoQ, wherein 90% of corporate book is now rated A- and above with 90% of incremental sanctions in FY25 being to corporates rated A- and above.
- Of the loan book, 72% is floating wherein 57% is linked to repo rate and 28% fixed rate. Further, 9% is linked to MCLR, 4% to other EBLR, 1% to the base rate and 1% to foreign currency-floating.
- Low-yielding Rural Infrastructure Development Fund (RIDF) bonds declined to 0.9% of asset from 1.1% in Q3.
- AXSB has an excess SLR of Rs 1,146.09bn and maintained average LCR that stood at 118%, providing confidence on ample liquidity.

NIMs

- Domestic NIM held steady at 4.08% on a QoQ basis. Conversely, the overall NIM increased 4bps QoQ to 3.97%, led by 2bps improvement in asset quality and 2bps improvement in spreads.

Network

- The bank added 170 branches during the quarter, taking its overall distribution network to 5,876 domestic branches and will continue to invest in network building.
- Axis Virtual Centre is present across eight centres with over ~1,700 Virtual Relationship Managers as of Mar'25.

Subsidiary performance

- Axis Finance delivered a resilient performance with PAT at Rs 6.76 Bn, up 11% YoY, supported by a healthy 22% YoY growth in its overall book. Notably, the retail book, which now contributes 47% of total AUM, grew by 28% YoY, underscoring the company's focus on building a balanced portfolio. The net NPA of 0.37% and Capital Adequacy Ratio at 20.90% reflect prudent risk management and strong capitalization. The focus on its wholesale business continues to be on well-rated companies and cash flow-backed transactions.
- Axis AMC's overall QAAUM grew 17% YoY to Rs 3,215Bn. Its FY25 PAT was Rs 5.01 Bn, up 21% YoY from Rs 4.14 Bn in FY24.
- Axis Capital's FY25 PAT was Rs 1.61 Bn, up 7% YoY from Rs 1.50 Bn in FY24. The company completed 44 ECM transactions during FY25.
- Axis Securities' revenues for FY25 grew 45% YoY to Rs 16.56 Bn. Its FY25 PAT stood at Rs 4.19 Bn, up 39% YoY

Valuation outlook

Valuation outlook: We revise our growth estimates on a competitive environment and expect return performance to remain modest. We roll over the valuation to 1.7x FY27E ABV using the Gordon Growth Model at a revised SOTP-based TP of Rs 1,354 (earlier Rs 1,164), with Rs 120/sh as value of subsidiaries. We maintain our HOLD rating on the stock.

Fig 17 – Actual vs Estimates

| (Rs mn) | Q4FY25A | Q4FY25E | Change (%) |
|------------|-------------|-------------|------------|
| Loans | 1,04,08,113 | 1,07,12,259 | (2.84) |
| Deposits | 1,17,29,520 | 1,16,48,191 | 0.70 |
| Assets | 1,60,99,299 | 1,63,27,939 | (1.40) |
| NII | 1,38,105 | 1,38,554 | (0.32) |
| PPOP | 1,07,524 | 1,10,323 | (2.54) |
| Provisions | 13,594 | 18,251 | (25.52) |
| PAT | 71,175 | 69,146 | 2.93 |

Source: Company, BOBCAPS Research

Fig 18 – Key operational assumptions

| (%) | FY25 | FY26E | FY27E | FY28E |
|----------------------------|------|-------|-------|-------|
| Advances Growth | 7.8 | 11.5 | 12.3 | 13.2 |
| Net Interest Income Growth | 8.9 | 6.4 | 15.8 | 14.5 |
| PPoP Growth | 13.4 | 6.1 | 17.0 | 14.1 |
| PAT Growth | 6.1 | 4.9 | 16.4 | 16.4 |
| NIM | 3.7 | 3.6 | 3.8 | 3.8 |
| GNPA | 1.4 | 1.5 | 1.6 | 1.7 |
| CAR | 17.1 | 17.9 | 18.1 | 18.4 |

Source: Company, BOBCAPS Research

Fig 19 – Valuation summary

| Business | Valuation | Holdings (%) | Value (Rs/sh) |
|-----------------|-----------------|--------------|---------------|
| Axis Bank | 1.7x FY27E ABV | 100 | 1,234 |
| Axis AMC | 6% of AUM | 75 | 37 |
| Axis Finance | 1.6x FY27E ABV | 100 | 30 |
| Axis Capital | 15x FY27E EPS | 100 | 12 |
| Axis Securities | 15x FY27E EPS | 100 | 16 |
| Max Life | 1.8x FY27E P/EV | 19 | 25 |
| Total | | | 1,354 |

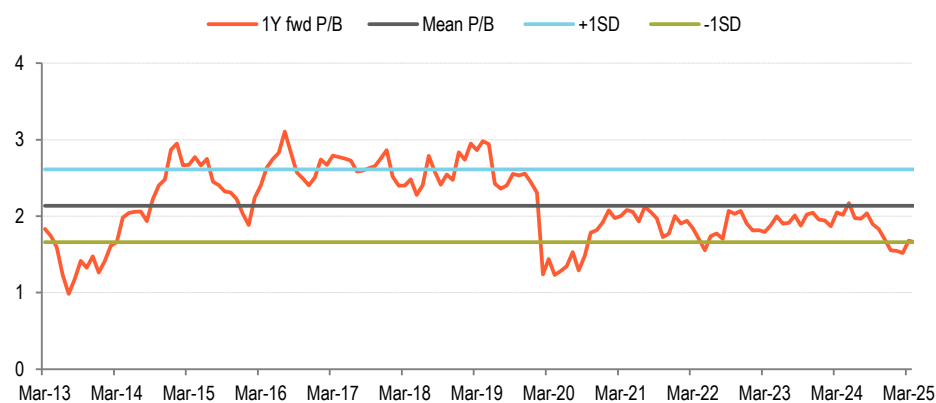
Source: Company, BOBCAPS Research

Fig 20 – Key valuation assumptions

| Gordon growth model | Assumptions |
|---------------------------------------|-------------|
| Risk-free rate (%) | 6.6 |
| Equity risk premium (%) | 5.5 |
| Beta | 1.1 |
| Cost of equity (%) | 12.9 |
| Blended ROE (%) | 15.8 |
| Initial high growth period (yrs) | 10.0 |
| Payout ratio of high-growth phase (%) | 15.0 |
| Long-term growth (%) | 3.2 |
| Long term dividend payout ratio (%) | 80.0 |
| Justified P/BV Multiple (x) | 1.7 |

Source: Company, BOBCAPS Research

Fig 21 – PB band chart



Source: Company, 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;
- inability to manage cost of funds, which may drag down NIMs as well as overall profitability.

Key upside risks to our estimates are:

- higher deposit accretion resulting in higher credit growth than our estimates;
- bank being able to maintain credit cost at lower level vs. normalisation of the same.

Glossary

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

Financials

Income Statement

| Y/E 31 Mar (Rs mn) | FY24A | FY25A | FY26E | FY27E | FY28E |
|---------------------|----------|----------|----------|----------|-----------|
| Net interest income | 4,98,945 | 5,43,478 | 5,78,356 | 6,69,918 | 7,66,916 |
| NII growth (%) | 16.2 | 8.9 | 6.4 | 15.8 | 14.5 |
| Non-interest income | 2,24,420 | 2,52,571 | 2,77,856 | 3,25,193 | 3,66,775 |
| Total income | 7,23,364 | 7,96,049 | 8,56,212 | 9,95,111 | 11,33,691 |
| Operating expenses | 3,52,133 | 3,75,000 | 4,09,291 | 4,72,217 | 5,36,837 |
| PPOP | 3,71,232 | 4,21,049 | 4,46,922 | 5,22,894 | 5,96,853 |
| PPOP growth (%) | 87.6 | 13.4 | 6.1 | 17.0 | 14.1 |
| Provisions | 40,631 | 77,584 | 80,348 | 92,391 | 95,859 |
| PBT | 3,30,601 | 3,43,466 | 3,66,574 | 4,30,503 | 5,00,994 |
| Tax | 81,986 | 79,731 | 89,811 | 1,08,487 | 1,26,251 |
| Reported net profit | 2,48,614 | 2,63,735 | 2,76,763 | 3,22,016 | 3,74,744 |
| Adjustments | 0 | 0 | 0 | 0 | 0 |
| Adjusted net profit | 2,48,614 | 2,63,735 | 2,76,763 | 3,22,016 | 3,74,744 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY24A | FY25A | FY26E | FY27E | FY28E |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity capital | 6,173 | 6,195 | 6,195 | 6,195 | 6,195 |
| Reserves & surplus | 15,04,443 | 17,91,057 | 20,67,820 | 23,89,836 | 27,64,580 |
| Net worth | 15,10,616 | 17,97,251 | 20,74,014 | 23,96,031 | 27,70,775 |
| Deposits | 1,06,86,414 | 1,17,29,520 | 1,30,08,038 | 1,45,69,002 | 1,64,62,973 |
| Borrowings | 19,68,118 | 18,41,465 | 19,33,538 | 20,88,222 | 22,76,161 |
| Other liab. & provisions | 6,06,939 | 7,31,062 | 5,64,652 | 7,45,047 | 8,49,790 |
| Total liab. & equities | 1,47,72,086 | 1,60,99,299 | 1,75,80,243 | 1,97,98,302 | 2,23,59,699 |
| Cash & bank balance | 11,44,544 | 9,97,321 | 12,12,140 | 14,62,962 | 16,60,211 |
| Investments | 33,15,272 | 39,61,418 | 39,77,502 | 44,23,832 | 49,55,490 |
| Advances | 96,50,684 | 1,04,08,113 | 1,16,05,046 | 1,30,32,467 | 1,47,52,753 |
| Fixed & Other assets | 6,61,586 | 7,32,447 | 7,85,554 | 8,79,041 | 9,91,245 |
| Total assets | 1,47,72,086 | 1,60,99,299 | 1,75,80,243 | 1,97,98,302 | 2,23,59,699 |
| Deposit growth (%) | 12.9 | 9.8 | 10.9 | 12.0 | 13.0 |
| Advances growth (%) | 14.2 | 7.8 | 11.5 | 12.3 | 13.2 |

Per Share

| Y/E 31 Mar (Rs) | FY24A | FY25A | FY26E | FY27E | FY28E |
|----------------------|-------|-------|-------|-------|-------|
| EPS | 80.7 | 85.3 | 89.4 | 104.0 | 121.0 |
| Dividend per share | 1.0 | 1.0 | 1.0 | 1.1 | 1.3 |
| Book value per share | 489.4 | 580.3 | 669.6 | 773.6 | 894.6 |

Valuations Ratios

| Y/E 31 Mar (x) | FY24A | FY25A | FY26E | FY27E | FY28E |
|--------------------|-------|-------|-------|-------|-------|
| P/E | 15.0 | 14.2 | 13.5 | 11.6 | 10.0 |
| P/BV | 2.5 | 2.1 | 1.8 | 1.6 | 1.3 |
| Dividend yield (%) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |

DuPont Analysis

| Y/E 31 Mar (%) | FY24A | FY25A | FY26E | FY27E | FY28E |
|-------------------------|-------|-------|-------|-------|-------|
| Net interest income | 3.6 | 3.5 | 3.4 | 3.6 | 3.6 |
| Non-interest income | 1.6 | 1.6 | 1.7 | 1.7 | 1.7 |
| Operating expenses | 2.5 | 2.4 | 2.4 | 2.5 | 2.5 |
| Pre-provisioning profit | 2.7 | 2.7 | 2.7 | 2.8 | 2.8 |
| Provisions | 0.3 | 0.5 | 0.5 | 0.5 | 0.5 |
| PBT | 2.4 | 2.2 | 2.2 | 2.3 | 2.4 |
| Tax | 0.6 | 0.5 | 0.5 | 0.6 | 0.6 |
| ROA | 1.8 | 1.7 | 1.6 | 1.7 | 1.8 |
| Leverage (x) | 10.1 | 9.3 | 8.7 | 8.4 | 8.2 |
| ROE | 18.0 | 15.9 | 14.3 | 14.4 | 14.5 |

Ratio Analysis

| Y/E 31 Mar | FY24A | FY25A | FY26E | FY27E | FY28E |
|--|-------|-------|-------|-------|-------|
| YoY growth (%) | | | | | |
| Net interest income | 16.2 | 8.9 | 6.4 | 15.8 | 14.5 |
| Pre-provisioning profit | 87.6 | 13.4 | 6.1 | 17.0 | 14.1 |
| EPS | 158.8 | 5.7 | 4.8 | 16.4 | 16.4 |
| Profitability & Return ratios (%) | | | | | |
| Net interest margin | 3.9 | 3.8 | 3.7 | 3.9 | 4.0 |
| Fees / Avg. assets | 40.2 | 40.9 | 41.3 | 43.5 | 43.5 |
| Cost-Income | 48.7 | 47.1 | 47.8 | 47.5 | 47.4 |
| ROE | 18.0 | 15.9 | 14.3 | 14.4 | 14.5 |
| ROA | 1.8 | 1.7 | 1.6 | 1.7 | 1.8 |
| Asset quality (%) | | | | | |
| GNPA | 1.5 | 1.4 | 1.5 | 1.6 | 1.7 |
| NNPA | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |
| Slippage ratio | 1.7 | 2.0 | 1.9 | 2.1 | 2.2 |
| Credit cost | 0.4 | 0.8 | 0.7 | 0.8 | 0.7 |
| Provision coverage | 78.3 | 74.3 | 74.9 | 75.3 | 75.6 |
| Ratios (%) | | | | | |
| Credit-Deposit | 90.3 | 88.7 | 89.2 | 89.5 | 89.6 |
| Investment-Deposit | 31.0 | 33.8 | 30.6 | 30.4 | 30.1 |
| CAR | 16.6 | 17.1 | 17.9 | 18.1 | 18.4 |
| Tier-1 | 14.2 | 15.1 | 16.1 | 16.3 | 16.7 |

Source: Company, BOBCAPS Research

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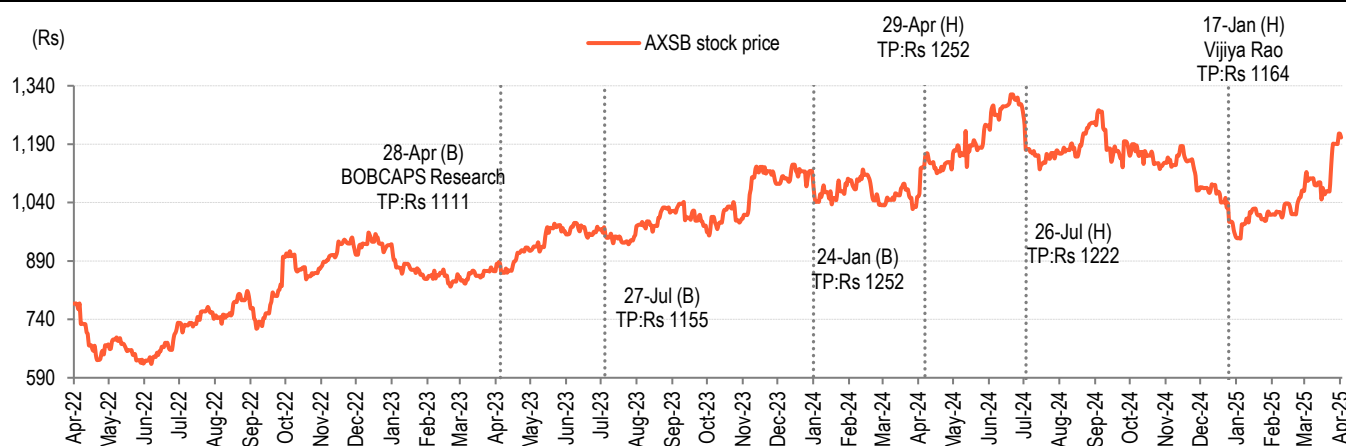
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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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