

## Margin under pressure; lower provision to support PAT

- Credit growth remains healthy, driven by retail segment
- Higher deposit mobilisation and repricing will likely put pressure on margins, but is also helping alleviate RBI's concerns on C/D ratio
- Asset quality concerns continue to ebb; HDFCB, KMB, IIB, SBIN and RBK are our top picks

Ajit Agrawal

research@bobcaps.in

**Continued strong growth momentum in credit; deposit rate repricing led to recovery in deposit mobilisation:** According to RBI data, system credit grew 20.2% YoY (0.7% QoQ) for the fortnight ended Mar'24. Growth was fuelled by retail and SME/MSME segments, while wholesale lending stayed muted apart from some offtake backed by capex. Retail continued to outpace wholesale driven by personal loan, while NBFC lending supported overall credit growth. Given the ongoing system dynamics and liquidity situation, we expect system credit growth of 14-15% for FY25 vs. 16.3% in FY24 excluding the HDFC merger and 20.2% including the same.

**Deposit mobilisation continues to recover:** The industry witnessed further acceleration in deposits on the continued rise of deposit rates, which we believe will last another 1-2 quarters, while deposit growth recovered to 13.5% YoY in Q4 (including merger impact of HDFC vs. 13.3% in Q3). Term deposits (TD) spurred growth, where banks kept increasing rates leading to a continued subdued CASA.

**Margins under strain from rising deposit costs:** The continued rise of TD rates and tight liquidity condition likely keep cost of funds elevated and put pressure on margin. However, banks' core focus on high-yield retail loans could alleviate some of the stress. We expect a further 4-5bps QoQ decline in aggregate margin for our coverage, similar to Q3, and expect margin to remain stable at the current level.

**Slippages to remain in check:** We expect no major stress addition, which may improve asset quality and lead to GNPA/NNPA and PCR remaining almost stable. Credit costs may stabilise sequentially in the absence of a one-off provision toward AIF during Q3FY24 and aid the bottomline of the banks. Further, we don't see any major challenges towards restructured/SMA books which are expected to improve.

**Top picks:** In our view, NII growth would remain stable on higher CoF while opex remains elevated as banks strive for higher deposit mobilisation. Sequential lower provisions are likely to support PAT. We retain HDFCB (BUY, TP Rs 1,896), KMB (BUY, TP Rs 2,100), IIB (BUY, TP Rs 1,952), SBIN (BUY, TP Rs 842) and RBK (BUY, TP Rs 309) as our preferred picks in the sector.

### Recommendation snapshot

Ticker	Price	Target	Rating
AXSB IN	1,024	1,252	BUY
BANDHAN IN	173	270	BUY
DCBB IN	120	172	BUY
FB IN	152	189	BUY
HDFCB IN	1,495	1,896	BUY
ICICIBC IN	1,055	1,189	BUY
IDFCBK IN	83	96	BUY
IIB IN	1,474	1,952	BUY
KMB IN	1,787	2,100	BUY
RBK IN	246	309	BUY
SBIN IN	745	842	BUY

Price & Target in Rupees | Price as of 18 Apr 2024



**Fig 1 – BOBCAPS Banking universe: Valuation snapshot**

Ticker	CMP	Target Price (Rs)	Rating	Mcap (Rs bn)	P/ABV (x)		ROA (%)		ROE (%)	
					FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
HDFCB IN	1,495	1,896	BUY	11,444	2.7	2.4	1.8	1.9	15.5	16.0
ICICIBC IN	1,055	1,189	BUY	7,485	3.3	2.8	2.4	2.2	18.8	17.5
AXSB IN	1,024	1,252	BUY	3,220	2.2	1.9	1.7	1.7	17.9	17.3
KMB IN	1,787	2,100	BUY	3,583	4.0	3.5	2.4	2.4	14.4	14.5
IIB IN	1,474	1,952	BUY	1,169	1.9	1.7	1.9	1.8	15.5	15.6
FB IN	152	189	BUY	375	1.4	1.2	1.3	1.3	15.2	14.5
RBK IN	246	309	BUY	151	1.1	1.0	0.9	1.0	8.1	9.2
DCBB IN	120	172	BUY	38	0.8	0.7	0.9	0.9	10.9	11.8
BANDHAN IN	173	270	BUY	282	1.4	1.2	1.8	1.7	14.5	14.2
IDFCBK IN	83	96	BUY	593	1.8	1.6	1.1	1.2	10.3	11.0
SBIN IN	745	842	BUY	6,706	1.9	1.6	1.0	1.0	16.2	17.1

Source: Company, BOBCAPS Research. Priced as at 18 Apr 2024

**Fig 2 – BOBCAPS Banking universe: Q4FY24 estimates**

Ticker	NII (Rs mn)	YoY (%)	QoQ (%)	PPOP (Rs mn)	YoY (%)	QoQ (%)	PAT (Rs mn)	YoY (%)	QoQ (%)
HDFCB IN	285,573	22.3	0.3	237,139	27.4	0.3	154,923	28.6	(5.4)
ICICIBC IN	196,040	11.0	5.0	150,863	9.1	2.5	106,128	16.3	3.3
AXSB IN	131,122	11.7	4.6	97,382	6.2	6.5	65,064	(213.6)	7.2
KMB IN	67,817	11.1	3.5	51,078	9.9	11.9	34,822	(0.4)	15.9
IIB IN	54,281	16.2	2.5	41,370	10.1	2.3	24,024	17.6	4.4
FB IN	21,975	15.1	3.5	13,629	2.1	(5.2)	9,278	2.8	(7.8)
RBK IN	16,098	32.9	4.1	8,035	35.3	5.0	3,289	21.3	41.1
DCBB IN	4,996	2.8	5.4	2,324	(4.8)	9.9	1,354	(4.8)	7.0
BANDHAN IN	27,090	9.6	7.3	18,477	2.9	11.6	8,473	4.8	15.6
IDFCBK IN	44,048	22.5	2.8	17,404	11.7	11.4	8,256	2.9	15.4
SBIN IN	410,565	1.6	3.1	238,142	(3.3)	17.1	162,680	(2.6)	77.5

Source: BOBCAPS Research

## Company-wise expectations

**Fig 3 – HDFCB**

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comments
<b>NII</b>	<b>285,573</b>	<b>233,518</b>	<b>284,713</b>	<b>22.3</b>	<b>0.3</b>	<ul style="list-style-type: none"> <li>Loan &amp; Deposit growth seems healthy on a sequential basis, wherein deposits outpace loan growth resulting in some cooling in the C/D ratio</li> </ul>
Growth (YoY %)	22.3	23.7	23.9	(144bps)	(156bps)	
Other Income	119,694	87,312	111,370	37.1	7.5	<ul style="list-style-type: none"> <li>Focus on retail deposit mobilisation likely to boost deposit growth</li> </ul>
<b>Net Income</b>	<b>405,267</b>	<b>320,830</b>	<b>396,084</b>	<b>26.3</b>	<b>2.3</b>	
Growth (YoY %)	26.3	21.0	25.8	530bps	53bps	<ul style="list-style-type: none"> <li>Bank increases TD rates to focus more on deposit growth which also aids meeting credit demand but likely puts pressure on margin</li> </ul>
Opex	168,128	134,621	159,611	24.9	5.3	
<b>PPOP</b>	<b>237,139</b>	<b>186,209</b>	<b>236,473</b>	<b>27.4</b>	<b>0.3</b>	<ul style="list-style-type: none"> <li>Sticky operational cost likely to keep C/I ratio elevated</li> </ul>
Growth (YoY %)	27.4	13.8	24.3	1,351bps	305bps	
Provision	33,293	26,854	42,166	24.0	(21.0)	<ul style="list-style-type: none"> <li>PPOP likely to remain flat on sequential basis due to pressure on topline</li> </ul>
<b>PAT</b>	<b>154,923</b>	<b>120,475</b>	<b>163,725</b>	<b>28.6</b>	<b>(5.4)</b>	
Growth (YoY %)	28.6	19.8	33.5	878bps	(496bps)	<ul style="list-style-type: none"> <li>Credit cost likely to improve in the absence of provision towards AIF</li> </ul>
Advances	24,861,901	16,005,859	24,460,757	55.3	1.6	
Growth (YoY %)	55.3	16.9	62.3	3,840bps	(700bps)	<ul style="list-style-type: none"> <li>Expect minor improvement in GNPA and NNPA with controlled slippages</li> </ul>
Deposits	23,806,108	18,833,947	22,139,770	26.4	7.5	
Growth (YoY %)	26.4	20.8	27.7	561bps	(134bps)	
NIM (%)	3.4	4.2	3.5	(75bps)	(5bps)	
C-D Ratio (%)	104.4	85.0	110.5	1,945bps	(605bps)	
C/I ratio (%)	41.5	42.0	40.3	(47bps)	119bps	
Credit Cost	0.5	0.7	0.7	(15bps)	(17bps)	
GNPA (%)	1.2	1.1	1.3	12bps	(2bps)	
NNPA (%)	0.3	0.3	0.3	4bps	0bps	
PCR (%)	75.0	75.8	75.3	(76bps)	(29bps)	

Source: Company, BOBCAPS Research

**Fig 4 – ICICIBC**

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comments
<b>NII</b>	<b>196,040</b>	<b>176,668</b>	<b>186,786</b>	<b>11.0</b>	<b>5.0</b>	<ul style="list-style-type: none"> <li>Credit growth momentum likely to remain healthy mainly driven by retail and SME</li> </ul>
Growth (YoY %)	11.0	40.2	13.4	(2,920bps)	(248bps)	
Other Income	63,230	50,878	60,971	24.3	3.7	<ul style="list-style-type: none"> <li>Deposit growth would be driven by term deposits</li> </ul>
<b>Net Income</b>	<b>259,269</b>	<b>227,545</b>	<b>247,756</b>	<b>13.9</b>	<b>4.6</b>	
Growth (YoY %)	13.9	31.2	15.3	(1,727bps)	(135bps)	<ul style="list-style-type: none"> <li>Expect margin to come under pressure due to rise in deposit cost, while yield on asset likely to remain stable</li> </ul>
Opex	108,407	89,282	100,520	21.4	7.8	
<b>PPOP</b>	<b>150,863</b>	<b>138,264</b>	<b>147,236</b>	<b>9.1</b>	<b>2.5</b>	<ul style="list-style-type: none"> <li>Opex continues to remain elevated; C/I ratio expected at 42%</li> </ul>
Growth (YoY %)	9.1	34.3	10.9	(2,522bps)	(183bps)	
Provision	9,735	16,198	10,494	(39.9)	(7.2)	<ul style="list-style-type: none"> <li>Credit cost likely to improve marginally on QoQ</li> </ul>
<b>PAT</b>	<b>106,128</b>	<b>91,219</b>	<b>102,715</b>	<b>16.3</b>	<b>3.3</b>	
Growth (YoY %)	16.3	30.0	23.6	(1,362bps)	(723bps)	<ul style="list-style-type: none"> <li>Asset quality to improve marginally with controlled slippages</li> </ul>
Advances	12,062,321	10,196,383	11,537,710	18.3	4.5	
Growth (YoY %)	18.3	18.7	18.5	(40bps)	(15bps)	
Deposits	14,028,387	11,808,407	13,323,145	18.8	5.3	
Growth (YoY %)	18.8	10.9	18.7	788bps	6bps	
NIM (%)	4.55	4.82	4.5	(27bps)	5bps	
C-D Ratio (%)	86.0	86.3	86.6	(36bps)	(61bps)	
C/I ratio (%)	41.8	39.2	40.6	258bps	124bps	
Credit Cost	0.3	0.7	0.4	(34bps)	(5bps)	
GNPA (%)	2.4	2.8	2.3	(40bps)	11bps	
NNPA (%)	0.4	0.5	0.4	(4bps)	0bps	
PCR (%)	82.0	83.5	81.3	(147bps)	69bps	

Source: Company, BOBCAPS Research

Fig 5 – AXSB

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comment
<b>NII</b>	<b>131,122</b>	<b>117,422</b>	<b>125,322</b>	<b>11.7</b>	<b>4.6</b>	▪ Loan growth continued to remain strong at 21% YoY
Growth (YoY %)	11.7	33.1	9.4	(2,148bps)	231bps	▪ Focus on deposit mobilisation likely to accelerate growth at 18% YoY
Other Income	58,335	48,953	55,548	19.2	5.0	
<b>Net Income</b>	<b>189,457</b>	<b>166,375</b>	<b>180,870</b>	<b>13.9</b>	<b>4.7</b>	▪ Margin likely to decline by 9bps QoQ on rising cost of deposits
Growth (YoY %)	13.9	27.6	12.2	(1,369bps)	170bps	▪ C/I ratio expected to remain flat with some improvement
Opex	92,075	74,699	89,457	23.3	2.9	
<b>PPOP</b>	<b>97,382</b>	<b>91,676</b>	<b>91,412</b>	<b>6.2</b>	<b>6.5</b>	▪ Expect further improvement in credit cost on sequential basis
Growth (YoY %)	6.2	41.8	(1.5)	(3,556bps)	769bps	▪ Expect some improvement in GNPA as well as NPPA with no major shock from the SME portfolio
Provision	10,513	3,058	10,283	243.8	2.2	
<b>PAT</b>	<b>65,064</b>	<b>(57,284)</b>	<b>60,711</b>	<b>(213.6)</b>	<b>7.2</b>	
Growth (YoY %)	NA	(239.1)	3.7	-	-	
Advances	10,236,617	8,453,028	9,322,864	21.1	9.8	
Growth (YoY %)	21.1	19.4	22.3	166bps	(124bps)	
Deposits	11,173,953	9,469,452	10,048,995	18.0	11.2	
Growth (YoY %)	18.0	15.2	18.5	276bps	(48bps)	
NIM (%)	3.8	3.9	3.9	(17bps)	(9bps)	
C-D Ratio (%)	91.6	89.3	92.8	235bps	(116bps)	
C/I ratio (%)	48.6	44.9	49.5	370bps	(86bps)	
Credit Cost	0.4	0.2	0.5	27bps	(3bps)	
GNPA (%)	1.5	2.0	1.6	(50bps)	(6bps)	
NNPA (%)	0.3	0.4	0.4	(5bps)	(2bps)	
PCR (%)	78.0	80.9	77.8	(287bps)	19bps	

Source: Company, BOBCAPS Research

Fig 6 – KMB

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comment
<b>NII</b>	<b>67,817</b>	<b>61,026</b>	<b>65,535</b>	<b>11.1</b>	<b>3.5</b>	▪ Loan growth to remain healthy
Growth (YoY %)	11.1	35.0	15.9	(2,384bps)	(480bps)	▪ Increased focus on deposit mobilisation (low-cost hybrid deposit) likely to result in strong deposit growth of 24% YoY
Other Income	25,384	21,863	22,970	16.1	10.5	
<b>Net Income</b>	<b>93,201</b>	<b>82,888</b>	<b>88,505</b>	<b>12.4</b>	<b>5.3</b>	▪ Deposit price realignment continued to put pressure on margin (down 5bps QoQ)
Growth (YoY %)	12.4	30.6	14.2	(1,814bps)	(172bps)	▪ Opex may witness some moderation and C/I likely to improve 321bps sequentially
Opex	42,123	36,415	42,843	15.7	(1.7)	
<b>PPOP</b>	<b>51,078</b>	<b>46,474</b>	<b>45,662</b>	<b>9.9</b>	<b>11.9</b>	▪ PPOP likely to get boost from moderation in operational cost
Growth (YoY %)	9.9	39.1	18.6	(2,924bps)	(870bps)	▪ Credit cost likely to decline on sequential basis (absence of AIF provision)
Provision	4,955	1,476	5,791	235.8	(14.4)	
<b>PAT</b>	<b>34,822</b>	<b>34,956</b>	<b>30,050</b>	<b>(0.4)</b>	<b>15.9</b>	▪ Sequential decline in operational cost and credit cost likely to support PAT QoQ
Growth (YoY %)	(0.4)	26.3	7.6	(2,669bps)	(802bps)	▪ Asset quality to remain stable
Advances	3,745,575	3,198,612	3,595,880	17.1	4.2	
Growth (YoY %)	17.1	17.9	15.7	(82bps)	138bps	
Deposits	4,288,164	3,630,961	4,086,360	18.1	4.9	
Growth (YoY %)	24.4	16.5	18.6	792bps	586bps	
NIM (%)	4.9	5.3	5.0	(35bps)	(5bps)	
C-D Ratio (%)	87.3	88.1	88.0	(75bps)	(65bps)	
C/I ratio (%)	45.2	43.9	48.4	126bps	(321bps)	
Credit Cost	0.54	0.2	0.7	35bps	(13bps)	
GNPA (%)	1.7	1.8	1.7	(12bps)	(7bps)	
NNPA (%)	0.3	0.4	0.3	(3bps)	0bps	
PCR (%)	80.0	79.3	80.6	69bps	(56bps)	

Source: Company, BOBCAPS Research

Fig 7 – IIB

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comment
<b>NII</b>	<b>54,281</b>	<b>46,695</b>	<b>52,956</b>	<b>16.2</b>	<b>2.5</b>	Expect healthy loan growth across segments though some moderation on QoQ
Growth (YoY %)	16.2	17.2	17.8	(92bps)	(156bps)	
Other Income	24,894	21,536	23,959	15.6	3.9	Deposits likely to accelerate further with growth of 14% YoY (4% QoQ)
<b>Net Income</b>	<b>79,175</b>	<b>68,231</b>	<b>76,916</b>	<b>16.0</b>	<b>2.9</b>	
Growth (YoY %)	16.0	15.8	17.0	20bps	(100bps)	Unlike previous quarters, NIM likely to come under some pressure on sequential basis as rise in cost of funds would offset gain from the yield on asset
Opex	37,804	30,656	36,492	23.3	3.6	
<b>PPOP</b>	<b>41,370</b>	<b>37,575</b>	<b>40,423</b>	<b>10.1</b>	<b>2.3</b>	C/I ratio likely to remain elevated at 47.7%
Growth (YoY %)	10.1	11.1	9.7	(102bps)	45bps	
Provision	9,295	10,301	9,693	(9.8)	(4.1)	PPOP estimated to remain flat (2% QoQ and 10% YoY) on moderation in NII growth
<b>PAT</b>	<b>24,024</b>	<b>20,434</b>	<b>23,014</b>	<b>17.6</b>	<b>4.4</b>	
Growth (YoY %)	17.6	45.9	17.2	(2,833bps)	37bps	Credit cost may show some improvement on QoQ (management guidance of 130bps for FY24)
Advances	3,428,570	2,899,237	3,270,570	18.3	4.8	
Growth (YoY %)	18.3	21.3	19.9	(302bps)	(165bps)	Moderation in NII and sticky opex likely to decelerate PAT growth
Deposits	3,847,890	3,361,202	3,687,930	14.5	4.3	
Growth (YoY %)	14.5	14.6	13.4	(10bps)	110bps	Expect improvement in asset quality on sequential basis while PCR remains stable
NIM (%)	4.6	4.4	4.7	20bps	(2bps)	
C-D Ratio (%)	89.1	86.3	88.7	285bps	42bps	
C/I ratio (%)	47.7	44.9	47.4	282bps	30bps	
Credit Cost	1.1	1.5	1.2	(35bps)	(10bps)	
GNPA (%)	1.8	2.0	1.9	(20bps)	(14bps)	
NNPA (%)	0.5	0.6	0.6	(7bps)	(5bps)	
PCR (%)	71.0	70.2	70.6	80bps	41bps	

Source: Company, BOBCAPS Research

Fig 8 – FB

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comment
<b>NII</b>	<b>21,975</b>	<b>19,093</b>	<b>21,234</b>	<b>15.1</b>	<b>3.5</b>	Business growth likely to continue its strong momentum with advances growth of 20% YoY and Deposit growth of 18% YoY
Growth (YoY %)	15.1	25.2	8.5	(1,009bps)	657bps	
Other Income	8,390	7,339	8,626	14.3	(2.7)	Margin to remain stable sequentially despite increase in cost as no major deposit rate repricing on the cards
<b>Net Income</b>	<b>30,365</b>	<b>26,432</b>	<b>29,859</b>	<b>14.9</b>	<b>1.7</b>	
Growth (YoY %)	14.9	32.8	19.9	(1,793bps)	(501bps)	Opex to remain elevated, expect C/I ratio to jump by 325bps QoQ
Opex	16,736	13,086	15,486	27.9	8.1	
<b>PPOP</b>	<b>13,629</b>	<b>13,346</b>	<b>14,373</b>	<b>2.1</b>	<b>(5.2)</b>	Sticky operational cost likely to hamper PPOP (likely to remain muted at 2% YoY)
Growth (YoY %)	2.1	67.2	12.8	(6,508bps)	(1,068bps)	
Provision	1,225	1,167	912	5.0	34.3	Credit cost likely to remain stable
<b>PAT</b>	<b>9,278</b>	<b>9,026</b>	<b>10,067</b>	<b>2.8</b>	<b>(7.8)</b>	
Growth (YoY %)	2.8	67.0	25.3	(6,419bps)	(2,249bps)	Increased operational cost likely to drag PAT on QoQ (down 8%)
Advances	2,091,618	1,744,469	1,991,850	19.9	5.0	
Growth (YoY %)	19.9	20.4	18.4	(47bps)	146bps	Asset quality to remain stable with PCR at 72%
Deposits	2,525,830	2,133,860	2,395,910	18.4	5.4	
Growth (YoY %)	18.4	17.4	19.0	93bps	(59bps)	
NIM (%)	3.1	3.2	3.1	(12bps)	(1bps)	
C-D Ratio (%)	82.8	81.8	83.1	106bps	(33bps)	
C/I ratio (%)	55.1	49.5	51.9	561bps	325bps	
Credit Cost	0.2	0.3	0.2	(3bps)	5bps	
GNPA (%)	2.2	2.4	2.3	(16bps)	(9bps)	
NNPA (%)	0.6	0.7	0.6	(7bps)	(2bps)	
PCR (%)	72.2	71.2	72.3	100bps	(5bps)	

Source: Company, BOBCAPS Research

Fig 9 – SBIN

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comment
<b>NII</b>	<b>410,565</b>	<b>403,925</b>	<b>398,157</b>	<b>1.6</b>	<b>3.1</b>	Expect healthy loan growth (in line with industry average) driven by retail and SME
Growth (YoY %)	1.6	29.5	4.6	(2,783bps)	(295bps)	
Other Income	145,862	139,614	114,589	4.5	27.3	Expect further improvement in deposit mobilisation with increase in term deposit rates
<b>Net Income</b>	<b>556,427</b>	<b>543,539</b>	<b>512,746</b>	<b>2.4</b>	<b>8.5</b>	
Growth (YoY %)	2.4	26.2	3.5	(2,380bps)	(114bps)	Continued deposit rate repricing likely to keep margin under pressure
Opex	318,286	297,328	309,386	7.0	2.9	
<b>PPOP</b>	<b>238,142</b>	<b>246,211</b>	<b>203,361</b>	<b>(3.3)</b>	<b>17.1</b>	Some moderation expected in operational cost front, likely to soften C/I Ratio for the quarter (absence of wage bill provision)
Growth (YoY %)	(3.3)	24.9	(19.4)	(2,815bps)	1,609bps	
Provision	18,897	33,157	6,879	(43.0)	174.7	PPOP likely to get support from lower operational cost with healthy topline line growth
<b>PAT</b>	<b>162,680</b>	<b>166,945</b>	<b>91,640</b>	<b>(2.6)</b>	<b>77.5</b>	
Growth (YoY %)	(2.6)	83.2	(35.5)	(8,574bps)	3,293bps	Expect 13bps sequential increase in credit cost
Advances	36,791,597	31,992,693	35,195,143	15.0	4.5	
Growth (YoY %)	15.0	17.0	15.1	(202bps)	(9bps)	Sequential rise in the PAT was backed by lower operational cost and stable credit cost
Deposits	50,209,878	44,237,778	47,622,207	13.5	5.4	
Growth (YoY %)	13.5	9.2	13.0	431bps	48bps	
NIM (%)	2.9	3.2	2.9	(30bps)	1bps	
C-D Ratio (%)	73.3	72.3	73.9	96bps	(63bps)	
C/I ratio (%)	57.2	54.7	60.3	250bps	(314bps)	
Credit Cost	0.2	0.2	0.1	5bps	13bps	
GNPA (%)	2.3	2.8	2.4	(52bps)	(16bps)	
NNPA (%)	0.7	0.7	0.6	0bps	3bps	
PCR (%)	75.0	76.4	74.2	(139bps)	83bps	

Source: Company, BOBCAPS Research

Fig 10 – RBK

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comment
<b>NII</b>	<b>16,098</b>	<b>12,112</b>	<b>15,459</b>	<b>32.9</b>	<b>4.1</b>	Continued momentum on loan growth while we expect substantial growth on the deposits side as the focus remains on increased deposits mobilisation
Growth (YoY %)	32.9	7.1	34.6	2,585bps	(173bps)	
Other Income	8,174	6,741	7,776	21.3	5.1	Expect margin to remain stable with upward biased as expected increase in yield on asset will offset increase in cost of funds
<b>Net Income</b>	<b>24,272</b>	<b>18,853</b>	<b>23,234</b>	<b>28.7</b>	<b>4.5</b>	
Growth (YoY %)	28.7	14.8	31.5	1,398bps	(278bps)	Opex likely to remain elevated QoQ, while C/I ratio to remain stable at 67%
Opex	16,237	12,915	15,582	25.7	4.2	
<b>PPOP</b>	<b>8,035</b>	<b>5,938</b>	<b>7,653</b>	<b>35.3</b>	<b>5.0</b>	Provision to decline on sequential basis on higher base
Growth (YoY %)	35.3	(9.7)	34.9	4,499bps	39bps	
Provision	3,679	2,347	4,581	56.7	(19.7)	PAT likely to jump 41% YoY mainly supported by lower provision
<b>PAT</b>	<b>3,289</b>	<b>2,711</b>	<b>2,331</b>	<b>21.3</b>	<b>41.1</b>	
Growth (YoY %)	21.3	37.0	11.5	(1,568bps)	979bps	
Advances	835,491	702,094	799,490	19.0	4.5	
Growth (YoY %)	19.0	17.0	19.9	203bps	(89bps)	
Deposits	1,034,540	848,865	927,460	21.9	11.5	
Growth (YoY %)	21.9	7.4	13.5	1,443bps	842bps	
NIM (%)	5.4	4.6	5.3	72bps	3bps	
C-D Ratio (%)	80.8	82.7	86.2	(195bps)	(544bps)	
C/I ratio (%)	66.9	68.5	67.1	(161bps)	(17bps)	
Credit Cost	1.8	1.4	2.3	43bps	(55bps)	
GNPA (%)	3.1	3.4	3.1	(31bps)	(6bps)	
NNPA (%)	0.8	1.1	0.8	(32bps)	(2bps)	
PCR (%)	75.0	68.1	75.1	692bps	(8bps)	

Source: Company, BOBCAPS Research

Fig 11 – DCBB

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comment
<b>NII</b>	<b>4,996</b>	<b>4,860</b>	<b>4,740</b>	<b>2.8</b>	<b>5.4</b>	▪ Bank likely to maintain its strong business growth momentum on sequential basis
Growth (YoY %)	2.8	27.7	6.3	(2,491bps)	(346bps)	
Other Income	1,372	1,223	1,237	12.1	10.9	▪ Sequential rise in other income to support total income
<b>Net Income</b>	<b>6,368</b>	<b>6,083</b>	<b>5,977</b>	<b>4.7</b>	<b>6.5</b>	▪ We expect retail focus business to keep operational cost elevated though some moderation visible in C/I ratio QoQ
Growth (YoY %)	4.7	22.8	10.4	(1,813bps)	(570bps)	
Opex	4,045	3,643	3,862	11.0	4.7	▪ Credit cost likely to remain flat with minor upward bias
<b>PPOP</b>	<b>2,324</b>	<b>2,439</b>	<b>2,115</b>	<b>(4.8)</b>	<b>9.9</b>	▪ PAT likely to grow by 7% QoQ while it would be down by 5% YoY
Growth (YoY %)	(4.8)	10.5	9.0	(1,521bps)	(1,371bps)	
Provision	498	525	410	(5.1)	21.5	▪ Asset quality to remain stable with increased provision
<b>PAT</b>	<b>1,354</b>	<b>1,422</b>	<b>1,266</b>	<b>(4.8)</b>	<b>7.0</b>	
Growth (YoY %)	(4.8)	25.4	11.2	(3,013bps)	(1,595bps)	
Advances	407,756	343,807	389,510	18.6	4.7	
Growth (YoY %)	18.6	18.2	18.2	44bps	44bps	
Deposits	491,568	412,389	471,200	19.2	4.3	
Growth (YoY %)	19.2	18.9	19.3	33bps	(7bps)	
NIM (%)	3.4	4.0	3.4	(59bps)	5bps	
C-D Ratio (%)	83.0	83.4	82.7	(42bps)	29bps	
C/I ratio (%)	63.5	59.9	64.6	362bps	(110bps)	
Credit Cost	0.5	0.6	0.4	(12bps)	7bps	
GNPA (%)	3.4	3.2	3.4	24bps	0bps	
NNPA (%)	1.2	1.0	1.2	19bps	1bps	
PCR (%)	65.0	68.2	65.1	(321bps)	(13bps)	

Source: Company, BOBCAPS Research

Fig 12 – BANDHAN

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comment
<b>NII</b>	<b>27,090</b>	<b>24,718</b>	<b>25,254</b>	<b>9.6</b>	<b>7.3</b>	▪ Expect strong advances growth on sequential basis (12% QoQ) while up 18% YoY
Growth (YoY %)	9.6	(2.7)	21.4	1,228bps	(1,179bps)	
Other Income	6,453	6,291	5,452	2.6	18.4	▪ Deposit growth outpaced credit growth significantly with 25% YoY and 15% QoQ with realignment of deposit rates
<b>Net Income</b>	<b>33,543</b>	<b>31,009</b>	<b>30,705</b>	<b>8.2</b>	<b>9.2</b>	▪ Operational cost to remain sticky as retail focus on business model
Growth (YoY %)	8.2	(11.5)	(1.4)	1,968bps	956bps	
Opex	15,066	13,053	14,152	15.4	6.5	▪ Credit cost to improve sequentially due to seasonal impact (H2 likely to remain better in terms of recovery and upgradation)
<b>PPOP</b>	<b>18,477</b>	<b>17,957</b>	<b>16,553</b>	<b>2.9</b>	<b>11.6</b>	▪ PAT likely to grow by 5% QoQ and 16% YoY dragged by elevated operational cost
Growth (YoY %)	2.9	(28.8)	(13.9)	3,168bps	1,678bps	
Provision	7,358	7,348	6,840	0.1	7.6	▪ Asset quality may witness some improvement on sequential basis with higher upgradation and recovery in stress
<b>PAT</b>	<b>8,473</b>	<b>8,083</b>	<b>7,327</b>	<b>4.8</b>	<b>15.6</b>	
Growth (YoY %)	4.8	(57.5)	152.2	6,233bps	(14,734bps)	
Advances	1,234,035	1,047,568	1,101,800	17.8	12.0	
Growth (YoY %)	17.8	11.5	19.6	633bps	(184bps)	
Deposits	1,351,947	1,080,693	1,174,200	25.1	15.1	
Growth (YoY %)	25.1	12.2	14.8	1,291bps	1,030bps	
NIM (%)	7.0	7.1	7.0	(16bps)	(2bps)	
C-D Ratio (%)	91.3	96.9	93.8	(566bps)	(256bps)	
C/I ratio (%)	44.9	42.1	46.1	282bps	(117bps)	
Credit Cost	2.5	3.0	2.6	(47bps)	(6bps)	
GNPA (%)	6.8	4.9	7.0	198bps	(17bps)	
NNPA (%)	2.0	1.2	2.2	85bps	(19bps)	
PCR (%)	72.0	76.8	70.0	(482bps)	199bps	

Source: Company, BOBCAPS Research

Fig 13 – IDFCBK

(Rs mn)	Q4FY24E	Q4FY23	Q3FY24	YoY (%)	QoQ (%)	Comment
<b>NII</b>	<b>44,048</b>	<b>35,968</b>	<b>42,866</b>	<b>22.5</b>	<b>2.8</b>	Advances growth to remain strong at 27% YoY and 4% QoQ
Growth (YoY %)	22.5	34.7	30.5	(1,228bps)	(801bps)	In line with advances deposit mobilisation to improve sequentially with realignment of deposit rates
Other Income	16,483	13,975	15,166	17.9	8.7	
<b>Net Income</b>	<b>60,531</b>	<b>49,942</b>	<b>58,031</b>	<b>21.2</b>	<b>4.3</b>	Expect minor improvement in operational efficiency as reducing operational cost would be the key lever to improve overall performance
Growth (YoY %)	21.2	42.7	30.8	(2,147bps)	(957bps)	
Opex	43,127	34,356	42,407	25.5	1.7	
<b>PPOP</b>	<b>17,404</b>	<b>15,587</b>	<b>15,625</b>	<b>11.7</b>	<b>11.4</b>	No major asset quality concern. We expect some improvement in credit cost
Growth (YoY %)	11.7	88.6	23.9	(7,692bps)	(1,227bps)	
Provision	6,612	4,824	6,548	37.1	1.0	
<b>PAT</b>	<b>8,256</b>	<b>8,026</b>	<b>7,157</b>	<b>2.9</b>	<b>15.4</b>	Sequential jump in PAT would be driven by higher operational efficiency
Growth (YoY %)	2.9	134.2	18.4	(13,133bps)	(1551bps)	
Advances	1,923,237	1,517,945	1,855,030	26.7	3.7	Asset quality likely to remain stable
Growth (YoY %)	26.7	28.8	26.1	(209bps)	60bps	
Deposits	1,967,067	1,446,373	1,825,490	36.0	7.8	
Growth (YoY %)	36.0	36.9	37.2	(92bps)	(122bps)	
NIM (%)	6.6	6.6	6.7	7bps	(10bps)	
C-D Ratio (%)	97.8	104.9	101.6	(718bps)	(385bps)	
C/I ratio (%)	71.2	68.8	73.1	246bps	(183bps)	
Credit Cost	1.4	1.3	1.5	11bps	(5bps)	
GNPA (%)	2.0	2.5	2.0	(51bps)	(4bps)	
NNPA (%)	0.7	0.9	0.7	(16bps)	2bps	
PCR (%)	67.0	66.4	66.9	57bps	12bps	

Source: Company, BOBCAPS Research

## Glossary

### Glossary of Abbreviations

<b>AUCA</b>	Advance Under Collection Account	<b>MSME</b>	Micro, Small and Medium Enterprises
<b>AIF</b>	Alternative Investment Fund	<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>CoF</b>	Cost of Funds	<b>PPOP</b>	Pre-Provision Operating Profit
<b>C/I</b>	Cost-Income Ratio	<b>PSU</b>	Public Sector Unit
<b>EBLR</b>	External Benchmark-based Lending Rate	<b>RBI</b>	Reserve Bank of India
<b>ECL</b>	Expected Credit Loss	<b>RWA</b>	Risk-weighted Assets
<b>GNPA</b>	Gross Non-Performing Assets	<b>SLR</b>	Statutory Liquidity Ratio
<b>LCR</b>	Liquidity Coverage Ratio	<b>SMA</b>	Special Mention Account
<b>MCLR</b>	Marginal Cost of Funds-based Lending Rate	<b>SME</b>	Small and Medium-sized Enterprises



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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

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