

Apr-Jun'23 Earnings Preview

July 6, 2023

Top Picks

HDFC Bank

Axis Bank

DCB Bank

Weak quarter due to NIM fall, rise in provisions

Banks in our coverage are expected to see a weak quarter as core earnings could fall by 5.8% QoQ to Rs512bn (vs +16.6% QoQ in Q4'23), mainly driven by lower NIM and higher provisions. Loan growth might come in at 2.1% QoQ (3.8% in Q3FY23), while deposit accretion could be tad better at +2.3% QoQ (6.2% last quarter). We expect NIM to decline by 8bps QoQ (flat in Q4'23) to 3.84%. HDFCB and AXSB may see lower NIM contraction. Due to seasonality, fees could fall by 7.7% QoQ to Rs282bn which would be offset by decrease in opex by 4.4% to Rs719bn. Core PPOP may come in at Rs797bn, -3.1% QoQ and 22.1% YoY. HDFCB, AXSB, SBI and FB might perform better on core PPOP. Slippage ratio might rise by 20bps QoQ to 1.5% as Q1 usually sees agri delinquencies. Hence, provisions may rise by 5bps QoQ to 59bps. Banks' PAT is expected to be Rs522bn (-7.1% QoQ). Among our coverage universe we prefer HDFCB, AXSB and DCBB.

- **System loan growth at 16%; deposit accretion improving:** System credit in May'23 grew by +15.6% YoY (peak 17% in Oct'22). Services/retail remain key growth drivers (+21.4% & +19.2% YoY). Services credit growth is largely attributable to NBFCs and trade while retail credit is being led by housing, unsecured credit, vehicle loans and credit cards. Industrial credit growth that was slowing came in at 6.0% YoY and since last 4 months it is sustaining between 6.0-7.0% (peak 13.6% in Oct'22). Momentum in agri continues (+16.0% YoY). Coverage banks are expected to grow by 2.1% QoQ and 16.7% YoY compared to ~16% for system. Deposits are gathering momentum as deposit rates have been hiked. As at 23rd June'23, deposits grew by 12.1% YoY compared to 9.8% in Mar'23. CASA is expected to decline by 1.1% QoQ while CASA ratio could fall QoQ from 42.7% to 41.3%.
- **Margins could start to decline; we see 8bps fall:** As repo rate hikes have been paused, deposit cost increase is catching up. For our coverage banks, yield on assets are expected to improve by 23bps QoQ while cost of funds could rise by 34bps. Hence NIM is expected to fall by 8bps QoQ to 3.84%; last quarter NIM was flat QoQ at 3.93%. As a result, NII decline at -1.2% QoQ could lag loan growth (+2.1% QoQ). First quarter being seasonally weak could result in fee income decline of 7.7% QoQ to Rs282bn (mainly led by PSU banks) which would be offset by a 4.4% decline in opex to Rs718bn. Core PPOP would come in at Rs797bn, -3.1% QoQ and +22.1% YoY.
- **Asset quality might see a blip:** Asset quality is expected to see a slight blip and slippage ratio could rise from 1.26% to 1.46%, driven by agri slippages especially in case of SBI and HDFCB. Recoveries and upgrades might remain healthy that would keep GNPA ratio controlled for coverage banks at 2.45% (last quarter 2.48%). Provisions for our banks could increase by 5bps QoQ to 0.59%, mainly led by higher slippages and normalization in NPA provisioning.
- **Core profitability to fall QoQ:** Core PAT for our coverage banks is expected to fall by 5.8% QoQ to Rs512bn led by lower margins, fees and increase in provisions. PAT is expected to be at Rs522bn (-7.1% QoQ). HDFCB, IIB, SBI and DCBB could see a lower fall in core PAT.

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- **Large private banks** could see loan growth of 1.7% QoQ and 17.7% YoY (vs 2.5% QoQ/16% YoY for the system). Deposit growth is expected to be 1.9% QoQ/13.6% YoY (last quarter 7.7%/16.3%). We see NII fall of 0.5% QoQ, as NIM could decline QoQ since deposit rates are catching up. Hence, NIM might come in at 4.50%, lower by 6bps QoQ, given deposit rate hikes across banks were much steeper in H2FY23. Fees may slightly blip by 1.9% QoQ which would partly be neutralized by flat opex QoQ. Core PPOP may come in at Rs488bn (-1.8% QoQ). Provisions would largely be stable QoQ at 0.7%; core PAT could be Rs317bn (-5.0% QoQ/26.7% YoY).
- **Public Sector Banks – Coverage** PSU banks could see tad better loan growth than private peers at 2.4% QoQ and 16.1% YoY, although NII growth may be -2.0% QoQ and 27.1% YoY. NIMs set to decline by 12bps QoQ (last quarter +7bps) to 3.26%. Driven by lower NII growth and seasonally weaker fees, core PPOP might decline by 5.3% QoQ to Rs292bn. Asset quality expected to see a blip; as slippages could emanate from agri. Provisions might come in at 47bps. Core PAT is expected to be at Rs187bn (-6.8% QoQ).
- **Mid-cap Banks – Our coverage** mid-cap banks could see loan growth of 3.5% QoQ (higher than large banks), while NII growth would be 0.4% QoQ. Loan growth would be largely led by FB (+21% YoY). NIM might see a 6bps decline to 3.46%. Core PPOP at Rs18.4bn could decline by 7.8% QoQ. Mid-cap bank's asset quality could improve as slippage ratio might decline QoQ to 1.7% from 2.0% although provisions could rise QoQ from 55bps to 61bps as provisions could normalize for FB. Core PAT may come in at Rs10.45bn (-4.4% QoQ).
- **Top Picks:**
 - **HDFC Bank –** Overhang of the merger is over and HDFCB could see better NII trajectory to peers as ~50%+ of the portfolio is fixed rate. Although loan growth at 1.0% QoQ was muted for the quarter, retail loan mix is improving as retail grew by 4.0% QoQ. NIM fall of 3bps QoQ would be lower for HDFCB compared to our universe (-8bps). Valuation at 2.3x on core FY25E ABV suggests a discount of 5% to ICICIB. **We maintain 'BUY' and raise TP from Rs1,925 to Rs2,025 due to earnings upgrade of 1.5% for FY24/25E and recent up-move in HDFC Life.**
 - **Axis Bank –** Due to CITI acquisition last quarter, NII was depressed since it was recognized only for a month resulting in 20bps QoQ decline in NIM to 4.0%. We expect this to normalize and see lower reduction in NIM by 3bps (vs 8bps for coverage banks) to 3.99%. Hence core PPOP could be flat QoQ (-3.1% for our universe). While provisions may rise from 15bps to 50bps QoQ, AXSB could create contingent buffers. Discount to ICICIB has slightly increased to 26% (range 20-22%) and valuation is attractive at 1.8x on FY25E ABV. **Retain 'BUY' at TP of Rs1140.**
 - **DCB Bank –** Loan growth trajectory has been healthy and could come in at 3.4% QoQ and 19.0% YoY, while NIM could decline by 6bps QoQ. Core PAT might fall by 1.6% QoQ (-4.4% for mid-cap banks). Net slippages materially declined (FY21-2.3%, FY22-1.1%, 9MFY23 - 0.14%) due to stronger recoveries. Hence, GNPA and NNPA reduced from a peak of 4.9%/2.8% in Q1FY22 to 3.2%/1.0% in Q4FY23. Valuation is compelling at 0.7x on FY25E ABV. **Reiterate 'BUY' with TP at Rs150.**

Exhibit 1: Recommendation for PL coverage universe

Coverage Universe	CMP (Rs)	MCap (Rs B)	New Rating	Old Rating	New PT (Rs)	Old PT (Rs)	Upside (%)	P/ABV (x)				RoE (%)			
								FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E
Axis Bank	981	3,018	BUY	BUY	1,140	1,140	16.2%	2.7	2.5	2.2	1.9	12.0	18.3	16.4	16.5
HDFC Bank	1,675	9,346	BUY	BUY	2,025	1,925	20.9%	3.9	3.4	3.0	2.7	16.7	17.0	16.5	16.4
ICICI Bank	959	6,700	BUY	BUY	1,130	1,130	17.8%	4.2	3.5	3.1	2.7	15.0	17.5	16.1	16.1
IndusInd Bank	1,390	1,079	BUY	BUY	1,530	1,530	10.1%	2.4	2.1	1.9	1.6	10.2	14.5	14.9	15.9
Kotak Mahindra Bank	1,877	3,729	BUY	BUY	2,220	2,220	18.3%	5.5	4.6	3.8	3.4	12.6	14.0	12.6	12.8
Federal Bank	135	287	BUY	BUY	170	170	25.6%	1.6	1.4	1.3	1.1	10.8	14.9	13.9	15.2
DCB Bank	129	41	BUY	BUY	150	150	16.4%	1.0	0.9	0.9	0.8	7.8	11.5	11.6	14.2
City Union Bank	131	97	Acc	Acc	160	160	22.0%	1.8	1.5	1.3	1.1	12.2	13.4	12.8	12.6
Bank of Baroda	205	1,064	BUY	BUY	235	235	14.4%	1.6	1.3	1.1	1.0	9.6	16.5	14.9	14.7
State Bank of India	593	5,288	BUY	BUY	770	770	30.0%	2.3	1.9	1.7	1.5	13.0	18.3	15.6	15.3

Source: Company, PL

ACC=Accumulate / UR=Under Review

Note – *Kotak & SBI valuation on S'lonc book

Exhibit 2: Q1FY24 Banks Results Preview – NII could decline by 1.2% QoQ as NIM may compress by 8bps

Rs Million	NII	YoY	QoQ	PPOP	YoY	QoQ	PAT	YoY	QoQ
HDFC Bank	2,34,915	20.6%	0.6%	1,87,296	21.9%	0.6%	1,20,513	31.0%	0.0%
ICICI Bank	1,74,341	32.0%	-1.3%	1,34,209	30.2%	-2.9%	86,532	25.3%	-5.1%
Axis Bank	1,15,787	23.4%	-1.4%	91,823	56.0%	0.2%	61,617	49.4%	-8.9%
Kotak	59,658	27.0%	-2.2%	43,674	56.9%	-6.0%	31,205	50.7%	-10.7%
IndusInd	47,395	14.9%	1.5%	37,198	9.6%	-0.9%	20,486	27.8%	0.4%
Federal	19,250	20.0%	0.8%	12,259	25.9%	-8.1%	7,696	28.1%	-14.7%
DCB Bank	4,890	30.8%	0.6%	2,280	37.2%	-6.5%	1,399	44.0%	-1.6%
City Union Bank	5,058	-3.6%	-1.6%	3,853	-13.8%	-7.6%	2,130	-5.4%	-2.3%
SBI	3,95,281	26.7%	-2.1%	2,27,018	78.0%	-7.8%	1,48,213	144.3%	-11.2%
BOB	1,13,368	28.3%	-1.6%	71,033	56.9%	-12.0%	42,399	95.6%	-11.2%
Total Banks	11,69,943	21.6%	-4.1%	8,10,642	40.9%	-6.0%	5,22,192	55.7%	-8.4%
Total Private Banks	6,61,294	17.8%	-5.6%	5,12,592	27.3%	-4.3%	3,31,579	31.1%	-6.7%
Total Public Banks	5,08,648	27.1%	-2.0%	2,98,050	72.5%	-8.8%	1,90,613	131.4%	-11.2%
Rs Billion	Loans	YoY	QoQ	Margins	YoY	QoQ	Credit Cost	YoY	QoQ
HDFC Bank	16,150	15.8%	0.9%	4.33%	0.13%	-0.03%	0.69%	-0.22%	0.02%
ICICI Bank	10,400	16.1%	2.0%	4.89%	0.61%	-0.09%	0.73%	0.22%	0.10%
Axis Bank	8,580	22.4%	1.5%	3.99%	0.22%	-0.03%	0.47%	0.26%	0.32%
Kotak	3,295	17.6%	3.0%	5.34%	0.58%	-0.15%	0.25%	0.22%	0.07%
IndusInd	3,010	21.4%	3.8%	4.60%	0.10%	-0.03%	1.37%	-0.65%	-0.05%
Federal	1,834	20.9%	5.1%	3.35%	0.10%	-0.08%	0.46%	0.02%	0.19%
DCB Bank	356	19.4%	3.5%	4.19%	0.30%	-0.05%	0.45%	-0.02%	-0.16%
City Union Bank	418	4.0%	-3.0%	3.31%	-0.47%	-0.02%	1.20%	-0.32%	-0.28%
SBI	32,793	16.5%	2.5%	3.22%	0.39%	-0.12%	0.39%	-0.23%	-0.02%
BOB	9,645	20.6%	2.5%	3.41%	0.31%	-0.12%	0.62%	-0.22%	0.02%
Total Banks	86,480	15.5%	0.3%	3.69%	-0.39%	-0.75%	0.56%	-0.03%	-0.05%
Total Private Banks	44,043	13.7%	-1.7%	3.78%	-0.55%	-0.12%	0.66%	-0.02%	0.08%
Total Public Banks	42,438	17.4%	2.5%	3.31%	0.35%	0.12%	0.44%	-0.23%	-0.01%

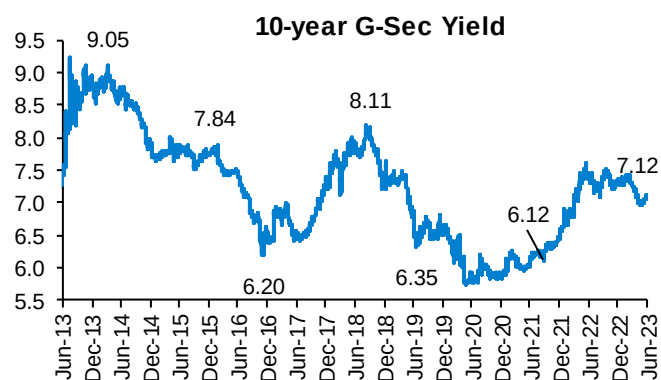
Source: Company, PL

Exhibit 3: Asset quality to see slight deterioration

	Q4FY23			Q1FY24E		
	GNPA	NNPA	PCR	GNPA	NNPA	PCR
HDFCB	1.12%	0.27%	75.76%	1.21%	0.31%	75.00%
ICICIB	2.98%	0.51%	83.47%	2.90%	0.48%	84.00%
Axis	2.16%	0.42%	80.87%	2.14%	0.41%	81.00%
KMB	1.78%	0.37%	79.31%	1.73%	0.35%	80.00%
IIB	1.98%	0.59%	70.57%	2.03%	0.60%	71.00%
SBI	2.78%	0.67%	76.39%	2.74%	0.67%	76.00%
BOB	3.79%	0.89%	77.19%	3.53%	0.84%	77.00%
Federal	2.36%	0.69%	71.20%	2.28%	0.67%	71.00%
DCB	3.19%	1.04%	68.21%	3.12%	1.02%	68.00%
CUBK	4.37%	2.36%	47.00%	4.90%	2.51%	50.00%

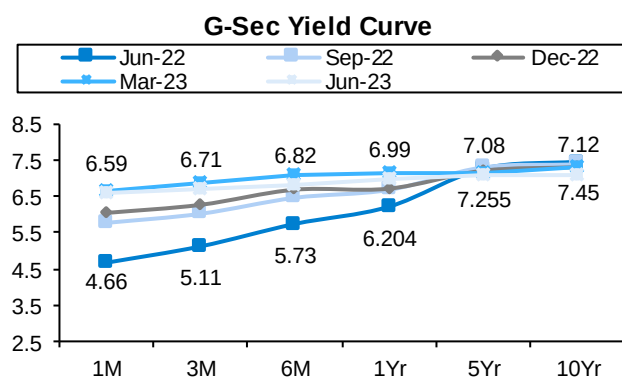
Source: Company, PL

Exhibit 4: G-Sec yields have fallen to 7.1%



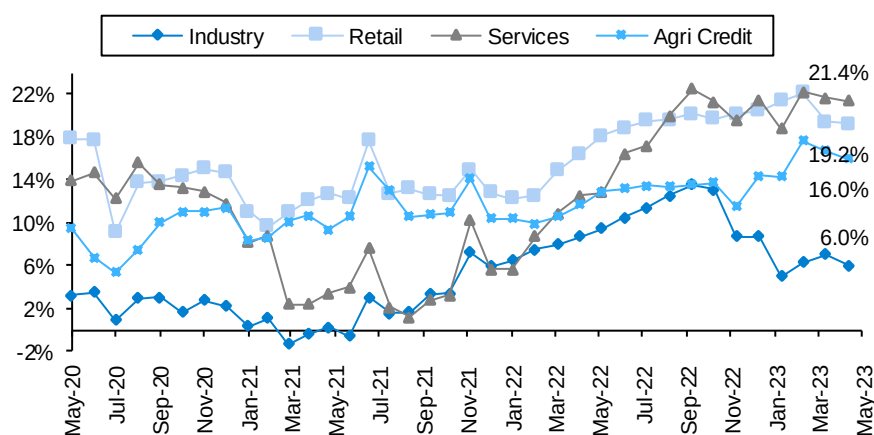
Source: Bloomberg, PL

Exhibit 5: Short-term curve showing signs of steadiness



Source: Bloomberg, PL

Exhibit 6: Retail and services mainstay with ~20% YoY growth



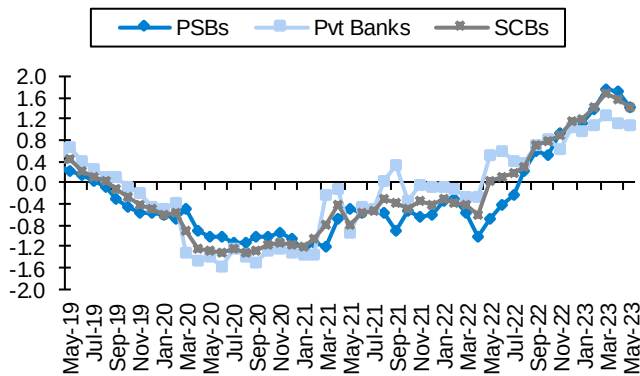
Source: RBI, PL

Exhibit 7: Rate hikes have come at a slower pace as interest rates stabilize

Banks MCLR Profile	MCLR 1YR			% Change	
	Dec-22	Mar-23	Jun-23	3Months	6Months
HDFC Bank	8.60%	8.95%	9.05%	0.10%	0.45%
Axis Bank	8.75%	8.95%	9.10%	0.15%	0.35%
ICICI Bank	8.40%	8.75%	8.85%	0.10%	0.45%
KMB	8.65%	9.05%	9.20%	0.15%	0.55%
IndusInd Bank	9.95%	10.15%	10.20%	0.05%	0.25%
SBI	8.30%	8.50%	8.50%	0.00%	0.20%
Bank of Baroda	8.30%	8.55%	8.65%	0.10%	0.35%
Federal	9.00%	9.30%	9.30%	0.00%	0.30%
PSBs – Median	8.15%	8.53%	8.65%	0.12%	0.50%
Pvt – Median	9.05%	9.30%	9.50%	0.20%	0.45%

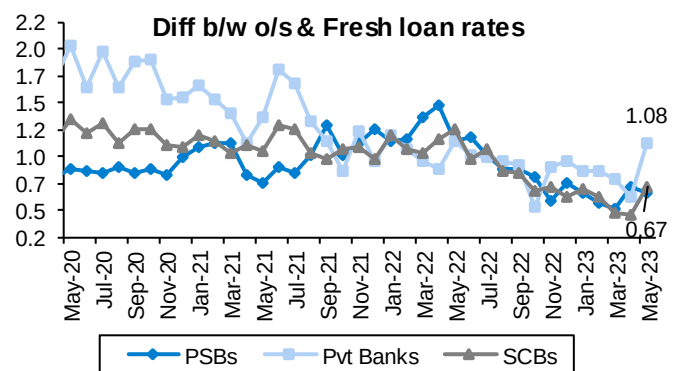
Source: Company, PL

Exhibit 8: Lending rates steady as rate hikes have paused



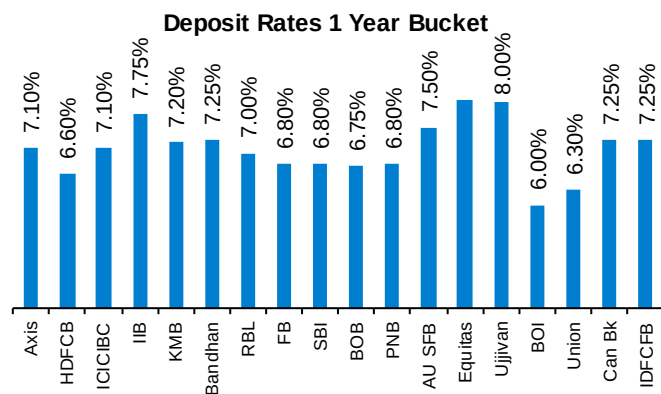
Source: Company, PL

Exhibit 9: PVBs see sharp rise in fresh loan rates



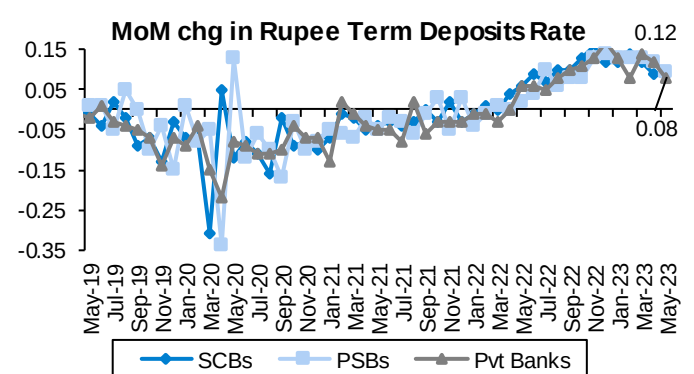
Source: RBI, PL

Exhibit 10: Deposit rates have inched up



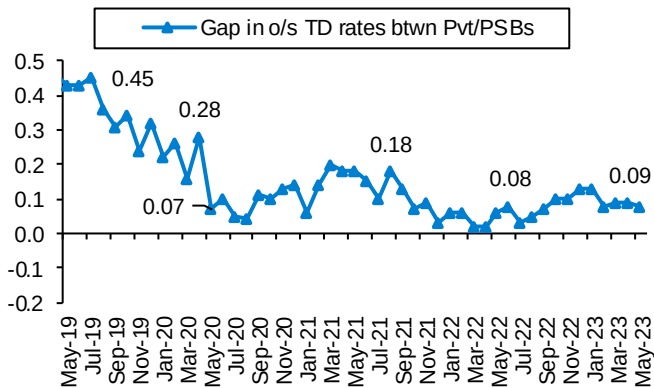
Source: Company, PL

Exhibit 11: TD rates to normalize as rate hikes have paused



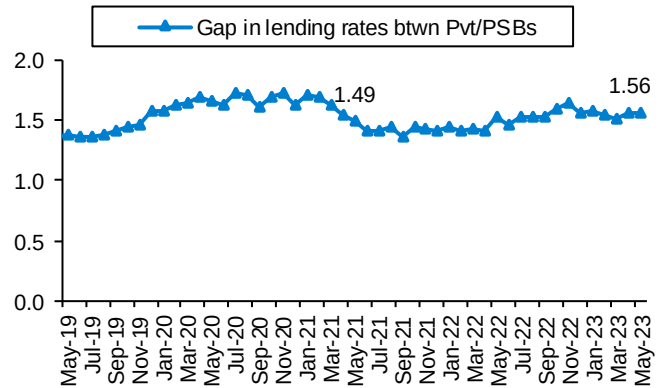
Source: Company, PL

Exhibit 12: TD rate gaps steady for Pvt/PSBs



Source: RBI, PL

Exhibit 13: Steady gap in lending rates for Pvt/PSBs



Source: RBI, PL

Exhibit 14: Q1FY24 Result Preview (Private Banks)

Company Name		Q1FY24E	Q1FY23	YoY gr. (%)	Q4FY23	QoQ gr. (%)	Remark
Axis Bank	NII (Rs mn)	1,15,787	93,840	23.4	1,17,422	(1.4)	Loan growth might come in at +1.5%; NIM decline to be lower at 3bps QoQ to 3.99% compared to 8bps for coverage universe as alst quarter had seen CITI impact which had depressed NIM
	PPOP (Rs mn)	91,823	58,870	56.0	91,676	0.2	
	Provisions (Rs mn)	10,000	3,594	178.3	3,058	227.0	
	PAT (Rs mn)	61,617	41,253	49.4	67,614	(8.9)	
	Loans (Rs bn)	8,580	7,011	22.4	8,453	1.5	Relatively better placed on core PPOP as it is expected to be flat QoQ Provisions are expected to normalise with credit costs at 47bps from 14bps last quarter
	Margin (%)	3.99	3.77	22	4.02	(3)	
	GNPA (%)	2.06	2.76	(70)	2.08	(2)	
	Credit Cost (%)	0.47	0.21	26	0.14	32	
HDFC Bank	NII (Rs mn)	2,34,915	1,94,814	20.6	2,33,518	0.6	Margin contraction of 3bps QoQ to be lower than coverage banks due to calibration in loan book/interest income and higher retail growth
	PPOP (Rs mn)	1,87,296	1,53,678	21.9	1,86,209	0.6	
	Provisions (Rs mn)	28,000	31,877	(12.2)	26,854	4.3	
	PAT (Rs mn)	1,20,513	91,960	31.0	1,20,475	0.0	
	Loans (Rs bn)	16,150	13,951	15.8	16,006	0.9	GNPAs could see uptick of 9bps QoQ to 1.21%. Provisions may rise by 4.3% QoQ due to agri slippages. Earnings could be flat QoQ
	Margin (%)	4.33	4.20	13	4.36	(3)	
	GNPA (%)	1.21	1.28	(7)	1.12	9	
	Credit Cost (%)	0.69	0.91	(22)	0.67	2	
ICICI Bank	NII (Rs mn)	1,74,341	1,32,100	32.0	1,76,668	(1.3)	We expect NII to de-grow by 1.3% QoQ even as loan growth seen at 2% since NIM decline of 11bps QoQ to be more due to higher floating rate portfolio
	PPOP (Rs mn)	1,34,209	1,03,089	30.2	1,38,264	(2.9)	
	Provisions (Rs mn)	19,000	11,438	66.1	16,198	17.3	
	PAT (Rs mn)	86,532	69,049	25.3	91,219	(5.1)	
	Loans (Rs bn)	10,400	8,956	16.1	10,196	2.0	GNPAs set to improve by 8bps QoQ
	Margin (%)	4.89	4.28	61	4.98	(9)	
	GNPA (%)	2.78	3.41	(63)	2.86	(8)	
	Credit Cost (%)	0.73	0.51	22	0.64	10	
IndusInd Bank	NII (Rs mn)	47,395	41,253	14.9	46,695	1.5	Loan growth to be superior than industry at 3.8% QoQ which could drive NII growth of 1.5% QoQ
	PPOP (Rs mn)	37,198	33,937	9.6	37,528	(0.9)	
	Provisions (Rs mn)	10,301	12,510	(17.7)	10,301	-	
	PAT (Rs mn)	20,486	16,033	27.8	20,405	0.4	
	Loans (Rs bn)	3,010	2,480	21.4	2,899	3.8	Margin contraction to be lower for IIB at 3bps QoQ due to higher share of fixed rate loans GNPAs could rise by 5bps QoQ to 2.03%. However, provision to remain stable
	Margin (%)	4.60	4.50	10	4.62	(3)	
	GNPA (%)	2.03	2.35	(32)	1.98	5	
	Credit Cost (%)	1.37	2.02	(65)	1.42	(5)	

Company Name		Q1FY24E	Q1FY23	YoY gr. (%)	Q4FY23	QoQ gr. (%)	Remark
Kotak Mahindra Bank	NII (Rs mn)	59,658	46,970	27.0	61,026	(2.2)	
	PPOP (Rs mn)	43,674	27,833	56.9	46,474	(6.0)	
	Provisions (Rs mn)	2,100	236	790.2	1,476	42.3	
	PAT (Rs mn)	31,205	20,712	50.7	34,956	(10.7)	We expect loan growth to be strong at 3% QoQ. However, margins could fall by 15bps QoQ to 5.34% due to higher EBLR linked portfolio. However, earnings may fall by 10.7% QoQ due to higher provisions. Credit cost would increase marginally.
	Loans (Rs bn)	3,295	2,802	17.6	3,199	3.0	
	Margin (%)	5.34	4.76	58	5.49	(15)	
	GNPA (%)	1.73	2.24	(51)	1.78	(5)	
	Credit Cost (%)	0.25	0.03	22	0.18	7	
Federal Bank	NII (Rs mn)	19,250	16,045	20.0	19,093	0.8	
	PPOP (Rs mn)	12,259	9,734	25.9	13,346	(8.1)	NII growth to be muted at 0.8% QoQ even as loan growth would be robust at 5.1% QoQ led by corporate and retail
	Provisions (Rs mn)	2,100	1,667	26.0	1,167	80.0	
	PAT (Rs mn)	7,696	6,007	28.1	9,026	(14.7)	Margins may moderate by 8 bps sequentially
	Loans (Rs bn)	1,834	1,517	20.9	1,744	5.1	
	Margin (%)	3.35	3.24	10	3.42	(8)	
	GNPA (%)	2.28	2.69	(41)	2.36	(8)	Asset quality could see further improvement by 8bps QoQ
	Credit Cost (%)	0.46	0.44	2	0.27	19	
DCB Bank	NII (Rs mn)	4,890	3,740	30.8	4,860	0.6	Loan growth could be better than industry at 3.5% QoQ with a flattish NII growth of 0.6% QoQ due to deposit rates catching up
	PPOP (Rs mn)	2,280	1,661	37.2	2,439	(6.5)	
	Provisions (Rs mn)	400	350	14.3	525	(23.8)	
	PAT (Rs mn)	1,399	971	44.0	1,422	(1.6)	Expect margins to fall by 5bps QoQ whereas PPOP could decline by 6.5% QoQ
	Loans (Rs bn)	356	298	19.4	344	3.5	
	Margin (%)	4.19	3.89	30	4.25	(5)	
	GNPA (%)	3.12	4.22	(110)	3.19	(8)	We expect credit cost to fall as recoveries would continue to remain strong.
	Credit Cost (%)	0.45	0.47	(2)	0.61	(16)	
City Union Bank	NII (Rs mn)	5,058	5,249	(3.6)	5,143	(1.6)	
	PPOP (Rs mn)	3,853	4,471	(13.8)	4,170	(7.6)	Loans could de-grow by 3% QoQ which would lead to PPOP decline of 7.6% QoQ led by contraction in NII
	Provisions (Rs mn)	1,250	1,520	(17.8)	1,590	(21.4)	
	PAT (Rs mn)	2,130	2,251	(5.4)	2,180	(2.3)	
	Loans (Rs bn)	418	401	4.0	431	(3.0)	Margins would be at 3.31% vs 3.34% last quarter
	Margin (%)	3.31	3.79	(47)	3.34	(2)	
	GNPA (%)	4.90	4.66	25	4.37	53	Provisions are expected to decline QoQ
	Credit Cost (%)	1.20	1.51	(32)	1.48	(28)	

Source: Company, PL

Exhibit 15: Q4FY23 Result Preview (PSU Banks)

Company Name		Q1FY24E	Q1FY23	YoY gr. (%)	Q4FY23	QoQ gr. (%)	Remark
State Bank of India	NII (Rs mn)	3,95,281	3,11,959	26.7	4,03,925	(2.1)	NII is might fall by 2.1% QoQ even while loan growth would be 2.5%
	PPOP (Rs mn)	2,27,018	1,27,526	78.0	2,46,211	(7.8)	
	Provisions (Rs mn)	32,000	43,924	(27.1)	33,157	(3.5)	Margin could moderate by 12bps sequentially; PPOP to decline by 7.8% QoQ on account of lower fees (due to seasonality).
	PAT (Rs mn)	1,48,213	60,681	144.3	1,66,945	(11.2)	
	Loans (Rs bn)	32,793	28,152	16.5	31,993	2.5	Slippages could see a blip QoQ although provisions could remain stable
	Margin (%)	3.22	2.83	39	3.34	(12)	
	GNPA (%)	2.74	3.91	(116)	2.78	(4)	
	Credit Cost (%)	0.39	0.62	(23)	0.41	(2)	
Bank of Baroda	NII (Rs mn)	1,13,368	88,384	28.3	1,15,249	(1.6)	Earnings could be impacted due to higher opex and provisions, even as loan growth momentum would sustain at 2.5% QoQ
	PPOP (Rs mn)	71,033	45,275	56.9	80,729	(12.0)	
	Provisions (Rs mn)	15,000	16,848	(11.0)	14,207	5.6	Margins could fall by 12bps QoQ to 3.41%
	PAT (Rs mn)	42,399	21,681	95.6	47,753	(11.2)	
	Loans (Rs bn)	9,645	7,996	20.6	9,410	2.5	Asset quality could further improve as healthy recoveries' trend might sustain
	Margin (%)	3.41	3.10	31	3.53	(12)	
	GNPA (%)	3.53	6.26	(273)	3.79	(26)	
	Credit Cost (%)	0.62	0.84	(22)	0.60	2	

Source: Company, PL

Exhibit 16: Change in Estimates

	Rating		Target Price			NII (Rs bn)						PPoP (Rs bn)						PAT (Rs bn)					
						FY24E			FY25E			FY24E			FY25E			FY24E			FY25E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Axis Bank	BUY	BUY	1,140	1,140	0.0%	481.2	476.8	0.9%	547.4	550.8	-0.6%	365.5	346.6	5.5%	427.6	400.9	6.7%	221.4	212.0	4.4%	257.0	248.3	3.5%
HDFC Bank	BUY	BUY	2,025	1,925	5.2%	983.9	983.9	0.0%	1,122.5	1,122.9	0.0%	806.7	805.2	0.2%	913.2	908.1	0.6%	489.4	483.2	1.3%	551.5	543.0	1.6%
ICICI Bank	BUY	BUY	1,130	1,130	0.0%	687.1	681.5	0.8%	772.2	781.4	-1.2%	541.3	531.4	1.9%	612.4	608.7	0.6%	337.7	335.1	0.8%	380.7	383.0	-0.6%
IndusInd Bank	BUY	BUY	1,530	1,530	0.0%	195.8	204.3	-4.2%	227.4	239.6	-5.1%	160.1	165.3	-3.1%	186.3	191.1	-2.5%	86.0	88.8	-3.2%	104.8	107.6	-2.7%
Kotak Mahindra Bank	BUY	BUY	2,220	2,220	0.0%	240.0	239.9	0.0%	284.5	284.1	0.1%	165.4	164.3	0.7%	195.3	192.3	1.6%	115.2	111.7	3.1%	135.5	131.4	3.2%
Federal Bank	BUY	BUY	170	170	0.0%	80.8	81.4	-0.8%	94.4	94.8	-0.5%	53.3	52.9	0.7%	64.1	63.4	1.1%	31.4	31.1	0.9%	38.2	37.7	1.4%
DCB Bank	BUY	BUY	150	150	0.0%	19.5	18.9	3.1%	23.0	22.4	2.6%	9.4	9.6	-3.0%	12.3	12.5	-1.0%	5.2	5.3	-1.4%	7.0	6.9	1.5%
City Union Bank	Acc	Acc	160	160	0.0%	22.8	22.3	2.0%	25.3	25.0	1.2%	18.3	17.9	2.5%	20.2	20.0	1.4%	10.2	9.8	3.6%	11.4	11.1	2.0%
Bank of Baroda	BUY	BUY	235	235	0.0%	456.6	456.0	0.1%	515.6	517.5	-0.4%	296.9	295.1	0.6%	339.2	340.2	-0.3%	146.7	144.0	1.9%	163.0	163.0	0.0%
State Bank of India	BUY	BUY	770	770	0.0%	1,578.3	1,564.7	0.9%	1,757.0	1,747.5	0.5%	927.8	914.0	1.5%	1,036.7	1,026.8	1.0%	501.1	489.5	2.4%	556.4	548.7	1.4%

Source: Company, PL C=Current / P=Previous / UR = Under Review

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	1,560	1,404
2	Axis Bank	BUY	1,140	881
3	Bank of Baroda	BUY	235	187
4	Can Fin Homes	BUY	770	617
5	City Union Bank	Accumulate	160	139
6	DCB Bank	BUY	150	106
7	Federal Bank	BUY	170	128
8	HDFC	BUY	3,200	2,862
9	HDFC Asset Management Company	BUY	2,100	1,766
10	HDFC Bank	BUY	1,925	1,610
11	ICICI Bank	BUY	1,130	886
12	IDFC First Bank	UR	-	54
13	IndusInd Bank	BUY	1,530	1,102
14	Kotak Mahindra Bank	BUY	2,220	1,938
15	LIC Housing Finance	Hold	410	370
16	Punjab National Bank	UR	-	47
17	State Bank of India	BUY	770	574
18	UTI Asset Management Company	BUY	770	658

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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