

October 31, 2023

## Q2FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	1,250		1,170	
NII (Rs m)	4,94,341	5,54,399	4,80,131	5,39,550
% Chng.	3.0	2.8		
Op. Profit (Rs m)	3,49,361	3,97,283	3,47,323	4,16,751
% Chng.	0.6	(4.7)		
EPS (Rs.)	75.0	85.1	72.8	84.2
% Chng.	3.1	1.0		

### Key Financials - Standalone

Y/e Mar	FY23	FY24E	FY25E	FY26E
NII (Rs m)	4,29,457	4,94,341	5,54,399	6,34,392
Op. Profit (Rs m)	3,21,443	3,49,361	3,97,283	4,78,626
PAT (Rs m)	2,19,334	2,31,281	2,62,664	3,15,142
EPS (Rs.)	71.3	75.0	85.1	101.9
Gr. (%)	68.0	5.3	13.3	19.7
DPS (Rs.)	1.0	8.3	9.4	11.2
Yield (%)	0.1	0.8	1.0	1.1
NIM (%)	3.7	3.8	3.7	3.7
RoAE (%)	18.3	16.9	16.5	17.2
RoAA (%)	1.8	1.7	1.7	1.7
P/BV (x)	2.4	2.0	1.8	1.5
P/ABV (x)	2.5	2.1	1.8	1.6
PE (x)	13.8	13.1	11.5	9.6
CAR (%)	17.6	16.8	17.0	17.0

### Key Data

AXBK.BO | AXSB IN

52-W High / Low	Rs.1,048 / Rs.814
Sensex / Nifty	63,875 / 19,080
Market Cap	Rs.3,022bn/ \$ 36,295m
Shares Outstanding	3,082m
3M Avg. Daily Value	Rs.9433.91m

### Shareholding Pattern (%)

Promoter's	8.22
Foreign	53.00
Domestic Institution	29.02
Public & Others	9.76
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(5.4)	14.0	8.2
Relative	(2.5)	9.1	2.9

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## Retail/SME supporting better margin profile

### Quick Pointers:

- Good quarter; core PAT beat due to better NII/NIM and lower provisions.
- Opex continues to drag; may remain elevated in near term.

**AXSB delivered good numbers as core PPOP beat PLE by 8.2% led by better NII and fees; opex was a drag. As net slippages were controlled, provisions were lower leading to better profitability. NIM positively surprised yet again at 4.19% (beat by 24bps) driven by (1) strong QoQ growth in higher margin segments of PL, SME and SBB (2) intentional slowdown in housing and (3) lower deposit growth of 1.6% QoQ resulting in higher LDR. Bank expects NIM to remain at healthy levels due to change in product mix towards retail/SME. RTD growing by 4.4% QoQ was another positive. Balance sheet construct is being calibrated towards higher margin segments and granular deposits. However, deposit growth needs to catch-up for sustained loan growth of 17%+. CITI integration and business investments would keep opex elevated. With likely RoA of 1.7% for FY25/26E, we maintain multiple at 2.2x but raise TP to Rs1,250 from Rs1,170 as we roll forward to Sep'25E ABV. Retain 'BUY'.**

- Core PPOP beat led by higher core revenue; opex was a miss:** NII was ahead at Rs123.1bn (PLE Rs116bn) as NIM was better while loan growth was slightly higher. NIM (calc.) was a beat at 4.19% (PLE 3.95%) mainly led by lower CoF also due to higher LDR. Loan growth was 22.7% YoY (PLE 21% YoY) while deposit growth was lower at 17.8% YoY (PLE 19.8%). Other income was in-line at Rs50.3bn; while fees were more. Opex was a 3.9% miss to PLE at Rs87.2bn due to more other opex, while staff cost was lower. PPOP was a beat at Rs86.3bn (PLE Rs82.7bn) and core PPOP was 8.2% higher to PLE. Asset quality was stable with controlled net slippages. GNPA/NNPA declined by 23/5bps QoQ to 1.78%/0.37%; PCR was steady QoQ at 80%. Provisions were lower at Rs8.14bn (PLE Rs12.0bn). PAT was Rs58.6bn (PLE Rs53bn) while core PAT at Rs59.4bn was 15.2% higher to PLE.
- Sequential loan growth led by retail/SME:** Credit growth QoQ was 4.5% attributable to retail (+4.4%) and SME (+9.5%) while corporate grew by (3.2%). Neo-banking proposition for SME continued to witness good traction and bank is adding 5000 new corporates each month. Retail accretion was broad based driven by LAP, PL, vehicle, SBB and Agri. Bank is comfortable with the quality of PL portfolio as exposure to small ticket segment is minimal. While HL growth was muted, disbursements in Q2'24 increased by 26% QoQ. Deposit growth was softer at (+1.5% QoQ) although RTD growth was healthy at 4.4% (basis QAB) which was a positive. Moreover, as per the bank, there has been a reduction in deposit outflow by 550bps over last 2 years, which increases lendable deposits. CASA ratio was 44.4% (45.5% in Q1'24).
- Opex saw a blip due to one-time impact:** Rise in other opex was mainly a function of two exceptional items, (1) non-recurring expenses incurred for rationalization of card spends and (2) increased prudence in actuarial valuation of reward points on cards. Additional opex was led by volume (9%), technology (51%), BAU (27%) and integration (4%). Bank maintained its guidance of expending Rs20bn of integration cost over 18-months. We expect opex to remain elevated in near term as (1) Citi business is a higher yield and cost business that would keep cost to income sticky and (2) AXSB plans to add 500 branches in FY24E (vs 145 in FY23 and 249 in H1FY24).

**Exhibit 1: PAT was a beat at Rs58.6bn led by higher PPOP and lower provision**

*NII growth was a beat growing 3% QoQ led by better NIMs.*

*Other income was in-line at Rs50.3bn; fee income were higher.*

*Opex were higher due to one-offs in other opex while employee cost was lower.*

*Provisions were lower at Rs8.1bn*

*Advances grew faster at 22.8%YoY while deposits were at 17.9%YoY*

*NIM improved marginally by 1bps QoQ led by better yields.*

*Asset quality improved with GNPA/NNPA at 1.8%/0.4% PCR steady at ~79.5%*

*CASA mix declined to 44.4% due to higher TD growth.*

Financial Statement (Rs m)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)
Interest Income	266,262	202,389	31.6	255,568	4.2
Interest Expenses	143,116	98,787	44.9	135,980	5.2
<b>Net interest income (NII)</b>	<b>123,146</b>	<b>103,603</b>	<b>18.9</b>	<b>119,588</b>	<b>3.0</b>
-Treasury Income	(1,010)	(860)	17.4	5,190	(119.5)
Other income	50,341	39,412	27.7	50,873	(1.0)
<b>Total income</b>	<b>173,486</b>	<b>143,014</b>	<b>21.3</b>	<b>170,460</b>	<b>1.8</b>
Operating expenses	87,168	65,852	32.4	82,317	5.9
-Staff expenses	26,098	21,667	20.5	26,885	(2.9)
-Other expenses	61,070	44,186	38.2	55,432	10.2
<b>Operating profit</b>	<b>86,319</b>	<b>77,162</b>	<b>11.9</b>	<b>88,144</b>	<b>(2.1)</b>
<b>Core operating profit</b>	<b>87,329</b>	<b>78,022</b>	<b>11.9</b>	<b>82,954</b>	<b>5.3</b>
Total provisions	8,146	5,498	48.2	10,349	(21.3)
<b>Profit before tax</b>	<b>78,173</b>	<b>71,664</b>	<b>9.1</b>	<b>77,795</b>	<b>0.5</b>
Tax	19,537	18,367	6.4	19,824	(1.4)
<b>Profit after tax</b>	<b>58,636</b>	<b>53,298</b>	<b>10.0</b>	<b>57,971</b>	<b>1.1</b>
<b>Balance sheet (Rs m)</b>					
Deposits	9,555,564	8,108,067	17.9	9,416,897	1.5
Advances	8,973,470	7,308,748	22.8	8,585,114	4.5
<b>Ratios (%)</b>					
<b>Profitability ratios</b>					
<b>NIM</b>	<b>4.2</b>	<b>4.0</b>	<b>16</b>	<b>4.2</b>	<b>1</b>
RoaA	1.9	1.9	(5)	1.9	(3)
RoaE	17.9	18.4	(49)	18.5	(58)
<b>Asset Quality</b>					
Gross NPL	167,567	198,937	(15.8)	181,582	(7.7)
Net NPL	34,413	39,955	(13.9)	37,036	(7.1)
<b>Gross NPL ratio</b>	<b>1.8</b>	<b>2.5</b>	<b>(72)</b>	<b>2.0</b>	<b>(23)</b>
<b>Net NPL ratio</b>	<b>0.4</b>	<b>0.5</b>	<b>(14)</b>	<b>0.4</b>	<b>(5)</b>
<b>Coverage ratio (Calc)</b>	<b>79.5</b>	<b>79.9</b>	<b>(45)</b>	<b>79.6</b>	<b>(14)</b>
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	44.4	46.2	(185)	45.5	(118)
Cost-income ratio	50.2	46.0	420	48.3	195
Non int. inc / total income	29.0	27.6	146	29.8	(83)
Credit deposit ratio	93.9	90.1	377	91.2	274
CAR	17.8	16.5	132	17.7	10
Tier-I	14.6	14.6	1	14.9	(34)

Source: Company, PL

**Exhibit 2: Loan growth at 22.8% YoY/ 4.5% QoQ led by retail and SME**

Segmental Mix (Rs m)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)
Large & mid-corporate	<b>2,816,570</b>	2,294,310	22.8	<b>2,730,440</b>	3.2
SME Advances	959,540	782,090	22.7	876,580	9.5
Retail	5,197,360	4,232,350	22.8	4,978,100	4.4
- Housing Loans	2,130,230	1,904,470	11.9	2,072,720	2.8
- Personal loans	611,680	490,660	24.7	568,950	7.5
- Auto loans	555,770	453,970	22.4	535,130	3.9

Source: Company, PL

## Key Q2FY24 Concall Highlights

- **Mgmt. guided higher than industry credit/deposit growth by 400-600bps.** Bank will remain watchful of emerging macro trends and will strategize accordingly. Witnessed market leading growth in focused segments (MSME, mid-corporate, small banking business), MSME continues to be key driver and focus area for the bank.
- **Broad-based corporate book growth of 21% YoY/3% QoQ** was led by healthy pickup across segments. API led transaction banking continued to witness strong adoption. Transaction volumes and throughput have surged by 5 times. Neo-banking proposition for SME continued to witness good traction and added 5000 new corporates every month. Neo for corporates focused towards will be launched in Q3FY24.
- **Retail book grew 22% YoY/ 4% QoQ** driven by personal loans and cards segment. Retail advances constituted 58% of overall loan book. Management is comfortable with the quality of PL book as small ticket size segment for the bank is minimal. Home loans and LAP growth was muted in Q1FY24 although in Q2FY24 disbursements towards home loans increased 26% QoQ.
- **Deposits grew by 1.5% QoQ led by RTD growing by 3.7%.** CASA ratio stood at 44.4% vs 45.5% in Q1FY23. There has been a reduction in outflow of deposits by 550bps over last 2 years, which increases lendable deposits.
- **On Citi acquisition,** the business has become well integrated and showing synergy benefits resulting in the form of increased deposit mobilization, credit card spends, cross sell etc.
- **In Q2FY24, LCR decreased to 118% vs 123% in Q1FY24,** management is comfortable with the current LCR and guided there are enough levers to fund loan growth. LCR to remain in the range of 115%-120%.

## Opex/NIMs

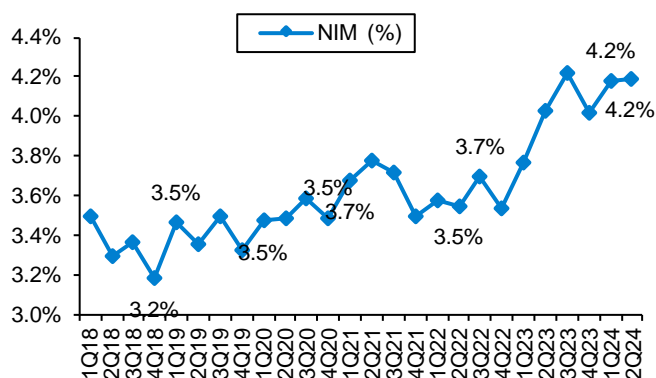
- **Reported NIMs improved by 1bps QoQ to 4.2%** led by increase in IEA to the tune of 14 bps which was largely offset by increase in CoF. Cost of deposits are expected to move up over the remaining part of the year, but at a slower pace. Going ahead, NIM would be driven by ability to pass increased CoF via better pricing of assets, advances mix and structural drivers.
- Management believes scope for improvement in margin exists with change in product mix skewed towards retail and commercial banking. Also, bank has 48bps cushion over structural NIM and would endeavor to maintain the same.
- **Operating expenses were up by 32% YoY/ 6% QoQ mainly driven by other opex.** Rise in opex was result of two exceptional items, (1) Non-recurring expenses incurred for rationalization of card spends and (2) increased prudence in actuarial valuation of reward points on cards.
- Incremental opex was led by volume linked (9%), technology (51%), BAU (27%) integration expenses (4%). Bank maintained its guidance of Rs20bn integration over 18months.

- **Employee expenses increased sharply by 20% YoY** led by addition in employee headcount. Bank added 10,832 employees within last 12 months. Employee addition would be pan-India towards growth and technology.
- **Fee income grew 31% YoY/ 11% QoQ**, 93% of total fee was granular. Retail fee grew 11% QoQ while commercial card fee and corporate banking fee grew by 17% and 27% QoQ respectively.
- **Cost/Income stood at 50%** while cost/asset stood at 2.41%. Management said that Citi business is a higher cost higher yields business and hence C/I could remain sticky in near term. Guidance of 2.1% cost/assets by exit FY25E was maintained led by benefits from digital investments and transitioning of share in retail from wholesale.
- **In Q2FY24, bank added 207 branches, 500 branches would be added in FY24E.** Bank will continue to look into white space both in Bharat banking and urban markets.

### Asset Quality

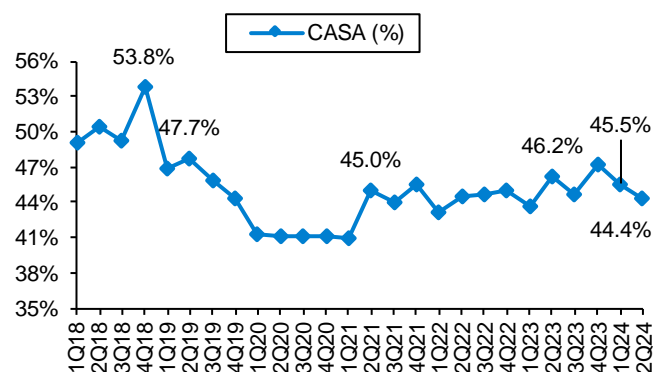
- **In Q2FY24, GNPA/NNPA stood at 1.8%/0.4%**, slippages were lower by 18.4% QoQ at Rs32.5bn. Write off was higher at Rs26.7bn. Net slippages for Q2 were Rs1.26bn of which retail was Rs14bn, CBG was Rs0.8bn and wholesale was Rs2.2bn. Net credit cost at 42bps was higher due to lower recoveries and upgrades from written off accounts in corporate book. The gap between gross credit cost and net credit cost is expected to shrink in H2FY24 as pace of recoveries/upgrades is expected to slow.
- **Covid provisions have not been utilized** and bank expects the same to be carried forward. As on September 30, 2023 total provision carried by the bank are Rs117.58bn. Non-NPA provisions split: Covid - Rs50.1bn, restructuring - Rs6.4bn, std. asset - Rs38.32bn and others - Rs38.3bn.

Exhibit 3: NIMs largely stable at 4.2%



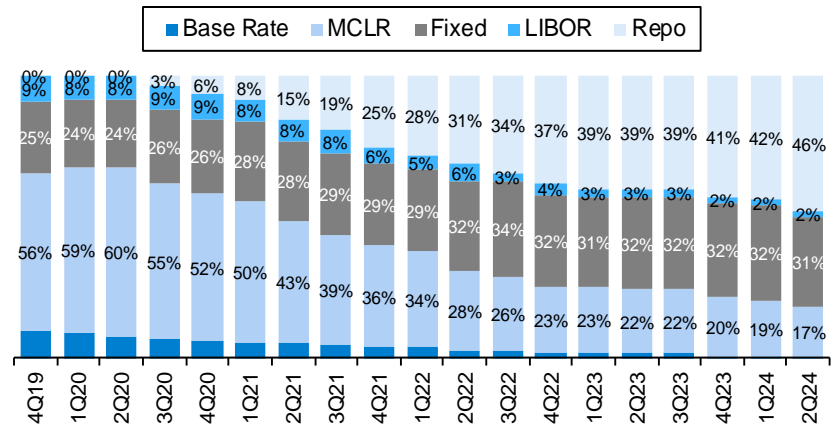
Source: Company, PL

Exhibit 4: CASA declined to 44.4% led by higher TD growth



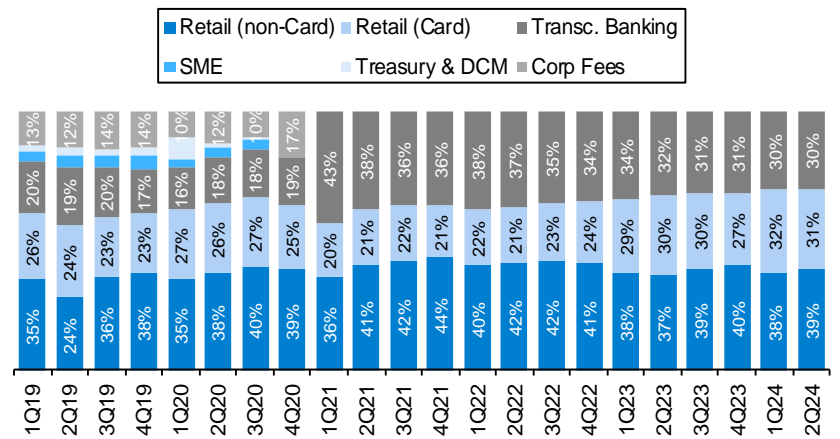
Source: Company, PL

**Exhibit 5: Floating loan rate share slightly lower at 69%**



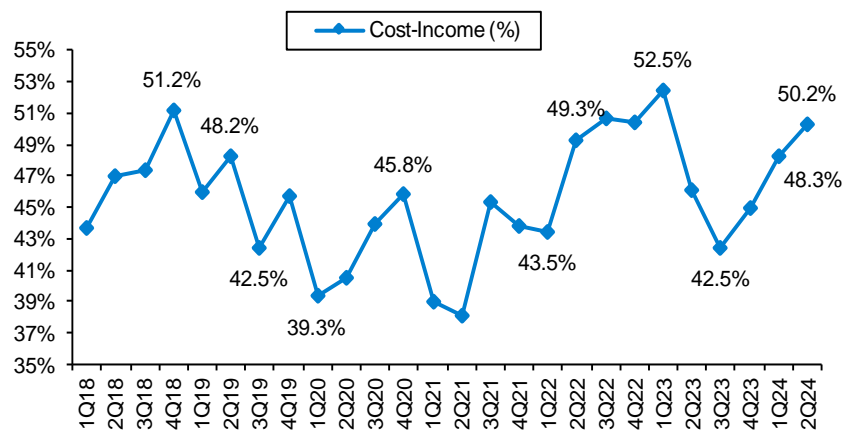
Source: Company, PL

**Exhibit 6: Retail fees constitute 70% majorly from cards and payments (38%)**



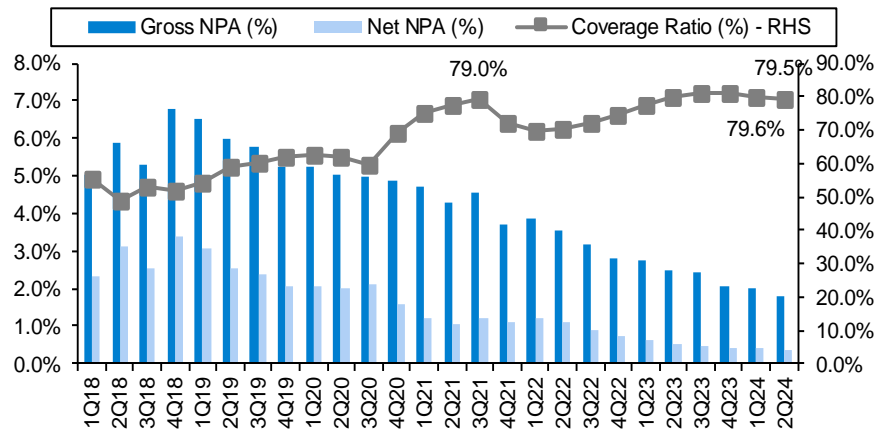
Source: Company Data, PL Research

**Exhibit 7: C/I increased to 50.2% due to citi business acquisition**



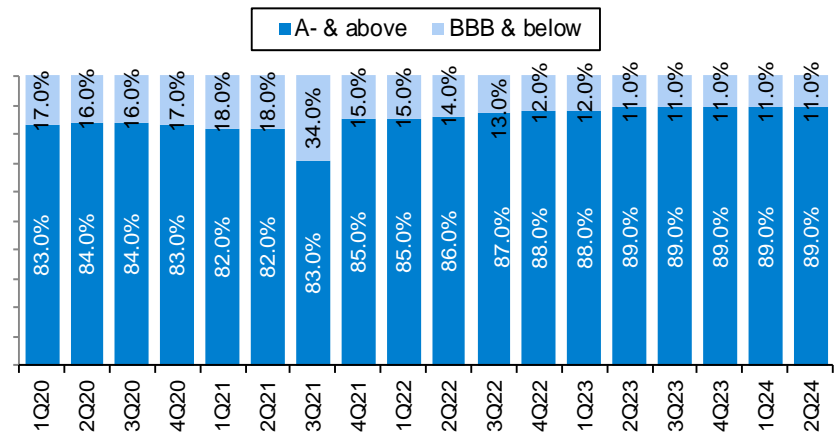
Source: Company, PL

**Exhibit 8: Asset quality improves sequentially, PCR stable at 79.5%**



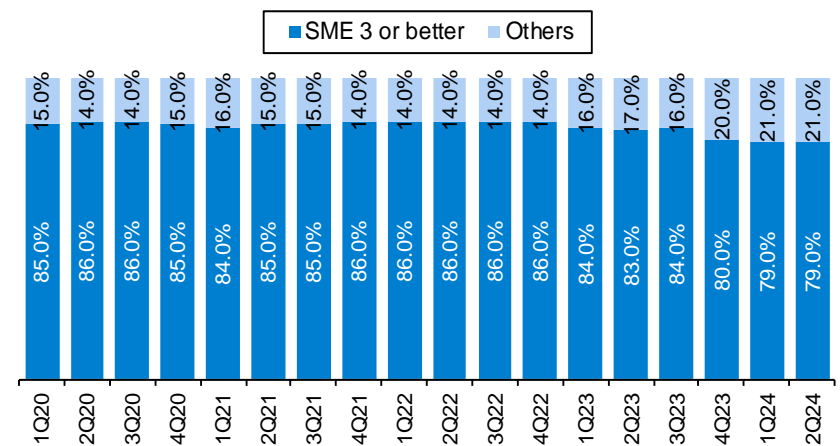
Source: Company, PL

**Exhibit 9: Corporate book rating book mix steady at 89:11**



Source: Company, PL Note – BB book clubbed with BBB from Q4FY20

**Exhibit 10: SME rating mix falls marginally to 79:21**



Source: Company, PL

**Exhibit 11: Annualized slippages increased to 2.25% while write off was lower, restructured book at 0.21%**

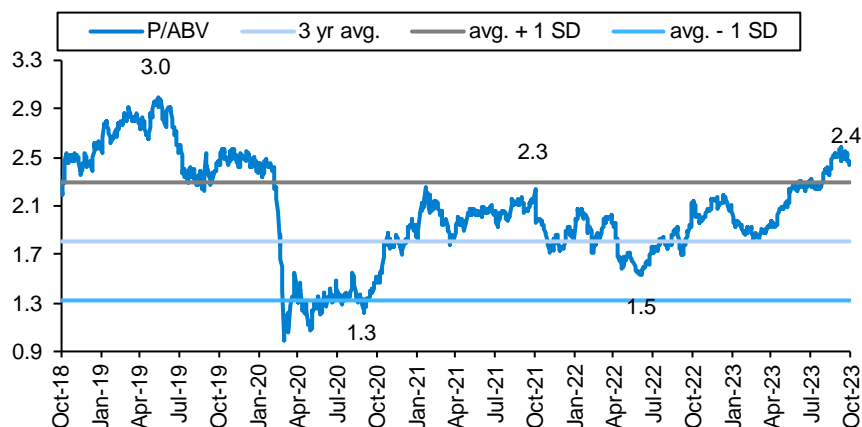
Stressed Loans (Rs Mn)	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
<b>Gross slippages</b>	<b>62140</b>	<b>39200</b>	<b>22180</b>	<b>17510</b>	<b>79930</b>	<b>52850</b>	<b>65180</b>	<b>54640</b>	<b>41470</b>	<b>39810</b>	<b>36840</b>	<b>33830</b>	<b>38070</b>	<b>37710</b>	<b>39900</b>	<b>32540</b>
Recoveries+ Up gradations	24220	24890	6080	20260	21620	34620	25430	25080	32880	37630	29570	28260	20880	26990	23050	19850
Write-offs	27900	12700	22840	18120	42570	55300	33410	47570	17070	17218	15126	17000	16517	24288	21310	26710
Annualized Slippages (%)	5.02	3.17	1.55	1.23	5.60	3.70	4.24	3.56	2.70	2.59	2.08	1.91	2.15	2.13	2.25	1.84
<b>BB &amp; Below book</b>	<b>51,280</b>	<b>65,280</b>	<b>64,200</b>	<b>91,180</b>	<b>87,220</b>	<b>74,430</b>	<b>80,420</b>	<b>66,970</b>	<b>64,960</b>	<b>57,780</b>	<b>48,580</b>	<b>49,390</b>	<b>44,510</b>	<b>34,780</b>	<b>36,450</b>	<b>34,340</b>
NFB O/s to BB & Below exposures	36,700	39,060	37,210	49,280	47,960	45,740	44,240	44,390	43,240	27,800	25,190	22,610	18,940	13,710	13,850	13,260
Investments O/s in BB & Below rating	9,850	5,620	6,120	8,080	6,200	6,660	6,350	6,100	6,700	8,260	7,960	7,870	7,310	6,730	7,870	6,560
<b>Total BB &amp; below book</b>	<b>97,830</b>	<b>34,088</b>	<b>26,883</b>	<b>34,164</b>	<b>35,345</b>	<b>35,512</b>	<b>39,303</b>	<b>35,238</b>	<b>32,172</b>	<b>23,460</b>	<b>18,798</b>	<b>15,974</b>	<b>13,444</b>	<b>10,492</b>	<b>11,634</b>	<b>10,832</b>
% of customer assets	1.7%	1.9%	1.7%	2.3%	2.2%	1.9%	1.9%	1.7%	1.6%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Provisions held		75,872	80,648	114,376	106,035	91,318	91,707	82,222	82,728	70,380	62,932	63,896	57,316	44,728	46,536	43,328
<b>Total Restructured Dispensation</b>					<b>27090</b>	<b>18480</b>	<b>21920</b>	<b>43420</b>	<b>46430</b>	<b>40290</b>	<b>34020</b>	<b>29960</b>	<b>24820</b>	<b>20470</b>	<b>19070</b>	<b>17560</b>
% of loans					0.48%	0.30%	0.32%	0.70%	0.70%	0.57%	0.49%	0.38%	0.30%	0.22%	0.21%	0.19%

Source: Company, PL

**Exhibit 12: Return ratios to < 17%, due to elevated costs**

RoA decomposition	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net interest income</b>	<b>2.9</b>	<b>3.1</b>	<b>3.1</b>	<b>3.4</b>	<b>3.5</b>	<b>3.5</b>
Other Inc. from operations	1.8	1.6	1.4	1.3	1.5	1.5
<b>Total income</b>	<b>4.7</b>	<b>4.6</b>	<b>4.5</b>	<b>4.8</b>	<b>5.1</b>	<b>5.0</b>
Employee expenses	0.6	0.6	0.7	0.7	0.8	0.8
Other operating expenses	1.4	1.3	1.5	1.5	1.8	1.8
<b>Operating profit</b>	<b>2.7</b>	<b>2.7</b>	<b>2.3</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>
Tax	0.4	0.2	0.4	0.6	0.6	0.6
Loan loss provisions	2.2	1.8	0.7	0.2	0.3	0.3
<b>RoAA</b>	<b>0.2</b>	<b>0.7</b>	<b>1.2</b>	<b>1.8</b>	<b>1.7</b>	<b>1.7</b>
<b>RoAE</b>	<b>2.1</b>	<b>7.1</b>	<b>12.0</b>	<b>18.3</b>	<b>16.9</b>	<b>16.5</b>

Source: Company, PL

**Exhibit 13: One-year forward P/ABV trades at 2.4x**


Source: Company, PL



**Income Statement (Rs. m)**

Y/e Mar	FY23	FY24E	FY25E	FY26E
Int. Earned from Adv.	6,45,538	8,73,693	9,80,572	10,91,170
Int. Earned from invt.	1,81,787	1,99,508	2,22,997	2,43,288
Others	15,322	13,260	14,970	16,266
<b>Total Interest Income</b>	<b>8,51,638</b>	<b>10,98,684</b>	<b>12,30,546</b>	<b>13,62,981</b>
Interest Expenses	4,22,180	6,04,343	6,76,147	7,28,589
<b>Net Interest Income</b>	<b>4,29,457</b>	<b>4,94,341</b>	<b>5,54,399</b>	<b>6,34,392</b>
Growth(%)	29.6	15.1	12.1	14.4
Non Interest Income	1,65,009	2,12,425	2,42,364	2,82,339
<b>Net Total Income</b>	<b>5,94,466</b>	<b>7,06,766</b>	<b>7,96,763</b>	<b>9,16,732</b>
Growth(%)	23.1	29.0	12.3	11.7
Employee Expenses	87,601	1,07,550	1,22,154	1,34,105
Other Expenses	1,78,015	2,49,855	2,77,326	3,04,001
Operating Expenses	2,73,023	3,57,405	3,99,480	4,38,106
<b>Operating Profit</b>	<b>3,21,443</b>	<b>3,49,361</b>	<b>3,97,283</b>	<b>4,78,626</b>
Growth(%)	29.9	8.7	13.7	20.5
NPA Provision	31,690	29,249	26,483	35,529
Total Provisions	28,848	40,494	46,128	57,314
<b>PBT</b>	<b>2,92,596</b>	<b>3,08,866</b>	<b>3,51,155</b>	<b>4,21,312</b>
Tax Provision	73,262	77,586	88,491	1,06,171
Effective tax rate (%)	25.0	25.1	25.2	25.2
<b>PAT</b>	<b>2,19,334</b>	<b>2,31,281</b>	<b>2,62,664</b>	<b>3,15,142</b>
Growth(%)	68.4	5.4	13.6	20.0

**Balance Sheet (Rs. m)**

Y/e Mar	FY23	FY24E	FY25E	FY26E
Face value	2	2	2	2
No. of equity shares	3,077	3,082	3,088	3,094
Equity	6,154	6,164	6,176	6,188
Networth	12,49,932	14,88,173	16,89,565	19,70,053
Growth(%)	8.7	19.1	13.5	16.6
Adj. Networth to NNPA's	35,589	32,852	36,997	41,963
Deposits	94,69,452	1,06,61,361	1,22,25,733	1,39,12,018
Growth(%)	15.2	12.6	14.7	13.8
CASA Deposits	44,65,365	43,71,158	49,43,406	57,05,468
% of total deposits	47.2	41.0	40.4	41.0
<b>Total Liabilities</b>	<b>1,31,73,255</b>	<b>1,47,66,540</b>	<b>1,68,91,387</b>	<b>1,91,95,069</b>
Net Advances	84,53,028	98,08,452	1,12,79,120	1,29,69,107
Growth(%)	19.4	16.0	15.0	15.0
Investments	28,88,148	34,11,635	38,40,308	42,69,308
<b>Total Assets</b>	<b>1,31,73,255</b>	<b>1,47,66,540</b>	<b>1,68,91,387</b>	<b>1,91,95,069</b>
Growth (%)	12.1	12.1	14.4	13.6

**Asset Quality**

Y/e Mar	FY23	FY24E	FY25E	FY26E
Gross NPAs (Rs m)	1,86,042	1,65,562	1,86,862	2,12,098
Net NPAs (Rs m)	35,589	32,852	36,997	41,963
Gr. NPAs to Gross Adv.(%)	2.2	1.7	1.6	1.6
Net NPAs to Net Adv. (%)	0.4	0.3	0.3	0.3
NPA Coverage %	80.9	80.2	80.2	80.2

**Profitability (%)**

Y/e Mar	FY23	FY24E	FY25E	FY26E
NIM	3.7	3.8	3.7	3.7
RoAA	1.8	1.7	1.7	1.7
RoAE	18.3	16.9	16.5	17.2
Tier I	14.6	14.7	14.8	14.8
CRAR	17.6	16.8	17.0	17.0

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Interest Income	2,22,264	2,39,698	2,55,568	2,66,262
Interest Expenses	1,07,671	1,22,276	1,35,980	1,43,116
<b>Net Interest Income</b>	<b>1,14,593</b>	<b>1,17,422</b>	<b>1,19,588</b>	<b>1,23,146</b>
YoY growth (%)	32.4	33.1	27.4	18.9
CEB	41,010	46,760	44,880	49,630
Treasury	-	-	-	-
Non Interest Income	46,654	48,953	50,873	50,341
<b>Total Income</b>	<b>2,68,919</b>	<b>2,88,651</b>	<b>3,06,440</b>	<b>3,16,603</b>
Employee Expenses	22,811	21,636	26,885	26,098
Other expenses	45,662	53,063	55,432	61,070
Operating Expenses	68,473	74,699	82,317	87,168
<b>Operating Profit</b>	<b>92,775</b>	<b>91,676</b>	<b>88,144</b>	<b>86,319</b>
YoY growth (%)	50.6	41.8	49.7	11.9
Core Operating Profits	88,495	90,846	82,954	87,329
NPA Provision	13,410	2,700	11,460	10,100
Others Provisions	14,377	3,058	10,349	8,146
Total Provisions	14,377	3,058	10,349	8,146
<b>Profit Before Tax</b>	<b>78,398</b>	<b>88,618</b>	<b>77,795</b>	<b>78,173</b>
Tax	19,867	21,004	19,824	19,537
<b>PAT</b>	<b>58,531</b>	<b>67,614</b>	<b>57,971</b>	<b>58,636</b>
YoY growth (%)	61.9	64.2	40.5	10.0
<b>Deposits</b>	<b>84,81,733</b>	<b>94,69,452</b>	<b>94,16,897</b>	<b>95,55,564</b>
YoY growth (%)	9.9	15.2	17.2	17.8
<b>Advances</b>	<b>76,20,755</b>	<b>84,53,028</b>	<b>85,85,114</b>	<b>89,73,470</b>
YoY growth (%)	14.6	19.4	22.4	22.7

**Key Ratios**

Y/e Mar	FY23	FY24E	FY25E	FY26E
CMP (Rs)	980	980	980	980
EPS (Rs)	71.3	75.0	85.1	101.9
Book Value (Rs)	406	483	547	637
Adj. BV (Rs)	394	472	535	623
P/E (x)	13.8	13.1	11.5	9.6
P/BV (x)	2.4	2.0	1.8	1.5
P/ABV (x)	2.5	2.1	1.8	1.6
DPS (Rs)	1.0	8.3	9.4	11.2
Dividend Payout Ratio (%)	1.4	11.0	11.0	11.0
Dividend Yield (%)	0.1	0.8	1.0	1.1

**Efficiency**

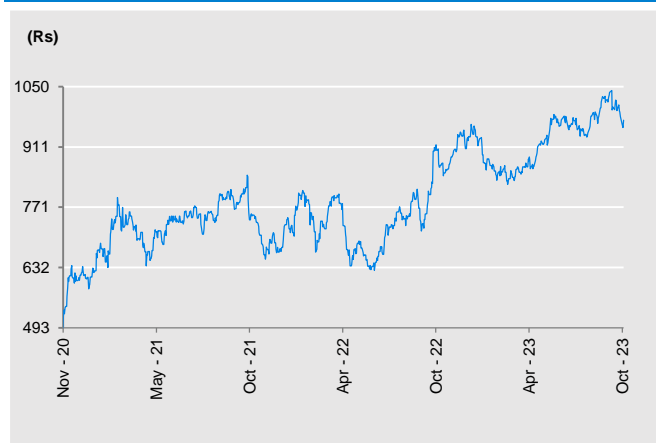
Y/e Mar	FY23	FY24E	FY25E	FY26E
Cost-Income Ratio (%)	45.9	50.6	50.1	47.8
C-D Ratio (%)	89.3	92.0	92.3	93.2
Business per Emp. (Rs m)	195	201	218	236
Profit per Emp. (Rs lacs)	24	23	24	28
Business per Branch (Rs m)	3,655	3,860	4,233	4,593
Profit per Branch (Rs m)	45	44	47	54

**Du-Pont**

Y/e Mar	FY23	FY24E	FY25E	FY26E
NII	3.45	3.54	3.50	3.52
Total Income	4.77	5.06	5.03	5.08
Operating Expenses	2.19	2.56	2.52	2.43
PPoP	2.58	2.50	2.51	2.65
Total provisions	0.23	0.29	0.29	0.32
RoAA	1.76	1.66	1.66	1.75
RoAE	18.54	16.59	16.46	17.17

Source: Company Data, PL Research



**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-23	BUY	1,170	1,001
2	27-Jul-23	BUY	1,170	977
3	06-Jul-23	BUY	1,140	981
4	28-Apr-23	BUY	1,140	881
5	11-Apr-23	BUY	1,100	846
6	02-Mar-23	BUY	1,100	865
7	24-Jan-23	BUY	1,100	933
8	05-Jan-23	BUY	1,100	949
9	25-Nov-22	BUY	1,100	888

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	1,560	1,726
2	Axis Bank	BUY	1,170	1,001
3	Bank of Baroda	BUY	235	215
4	Can Fin Homes	BUY	900	763
5	City Union Bank	Accumulate	160	129
6	DCB Bank	BUY	150	123
7	Federal Bank	BUY	180	149
8	HDFC Asset Management Company	BUY	3,000	2,757
9	HDFC Bank	BUY	2,025	1,530
10	ICICI Bank	BUY	1,280	933
11	IndusInd Bank	BUY	1,620	1,420
12	Kotak Mahindra Bank	BUY	2,250	1,770
13	LIC Housing Finance	Hold	430	468
14	State Bank of India	BUY	770	594
15	UTI Asset Management Company	BUY	900	787

**PL's Recommendation Nomenclature (Absolute Performance)**

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



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