

## Apr-Jun'24 Earnings Preview

### Loan and deposit growth likely to moderate

*Banks under our coverage are expected to witness a weak quarter, as core earnings could fall by 4.1% QoQ to Rs549bn (vs +11.6% QoQ in Q4FY24), driven by rise in credit costs. Loan and deposit growth may be soft due to seasonality and might come in at +0.6%/+0.8% QoQ (+3.7%/+5.3% in Q4FY24). LDR may be largely stable QoQ at 84.6%, while NIM is likely to contract by 2bps QoQ (vs 8bps in Q4FY24) to 3.55%. AXSB, IIB and HDFCB may see better NIM performance. Owing to seasonality in case of PSU banks, fees for could fall by 5.0% QoQ to Rs350.3bn which would be offset by lower opex at Rs820bn (-3.0% QoQ). Core PPOP may come in at Rs849bn (+1.1% QoQ). SBI, BOB and AXSB might outperform on core PPOP. Gross slippage ratio might slightly increase by 6bps QoQ as Q1 usually witnesses agri slippages. Banks' PAT is expected to decline by 10.7% QoQ to Rs602bn. Among our coverage universe, we prefer AXSB.*

- **System loan growth likely to be 15%; softer deposit accretion:** Credit for the system (ex-HDFCL) in May'24 grew by +16.2% YoY mainly led by services (+20.7% YoY) and retail (+17.8% YoY). Services growth was attributable to NBFCs, trade, other services and commercial real estate, while retail credit was led by housing, unsecured credit, vehicle loans and credit cards. Overall unsecured loan accretion is slowing since growth for May'24 over Mar'24 was 1.8% (vs 3.9% QoQ in Mar'24). Momentum in agri continues (+21.6% YoY), while industrial credit growth remains muted (+8.9% YoY). System credit could grow by ~15% YoY in Jun'24. Coverage banks may see loan growth of 0.6% QoQ and 13.6% YoY; deposit accretion could be 0.8% QoQ and 12.4% YoY. As at 14<sup>th</sup> Jun'24, system deposits grew by 12.1% YoY (vs 13.0% in Mar'24).
- **Margins to slightly contract:** Due to lag effect, rise in deposit cost is expected to outpace loan yields that may slightly increase. Loan yields for the coverage universe could improve by 3bps QoQ to 9.77% vs 4bps rise in cost of funds to 5.54%. Hence, NIM may fall by 2bps QoQ to 3.55%, as against 8bps fall in the previous quarter to 3.57%. As a result, NII might rise by 0.5% QoQ compared to +0.6% loan growth. NIM for large private banks' is likely to outperform that of PSU Banks. Due to seasonality in case of PSU banks, fee income would be lower than loan accretion and decrease by 5.0% QoQ that would be offset by a 3.0% fall in opex. Core PPOP may be Rs849bn, +6.9% YoY.
- **Slippages/provisions to rise:** Since Q1 generally sees higher delinquencies due to stress in agri (mainly large banks), slippages are expected to rise QoQ, and we see an 6bps increase in slippage ratio to 1.24%. Recoveries and upgrades may slightly fall QoQ; hence, GNPA ratio could remain flat QoQ at 2.0%. Provision costs may increase 11bps QoQ to 46bps.
- **Core PAT to fall QoQ:** Core PAT for our coverage banks is expected to fall by 4.1% QoQ to Rs549bn mainly led by higher provisions. AXSB and FB could be outliers on core profitability. PAT is expected to be Rs602bn (-10.7% QoQ).

July 8, 2024

### Top Picks

#### Axis Bank

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- **Large private banks** - Loan growth could come in at 0.6% QoQ and 12.7% YoY (vs ~15% YoY for system) mainly led by slower accretion for HDFCB (-0.8% QoQ). Deposit growth is expected to be 1.2% QoQ and 15.8% YoY. NII may increase by 1.7% QoQ, while NIM could remain flat QoQ at 4.1% (-11bps in Q4FY24). AXSB and HDFCB could see better NIM vs private peers. Fees would decline 1.7% QoQ due to seasonality, while opex may inch up by 1.5% QoQ. Core PPOP may come in at Rs545bn (-0.6% QoQ). Provisions would rise QoQ from 45bps to 54bps, while core PAT could fall by 4.5% QoQ to Rs359bn.
- **Public sector banks** – Loan growth could be 0.4% QoQ, although NII might fall by 1.4% QoQ since NIM could decline by 5bps QoQ (last quarter -7bps) to 2.97%. Due to seasonality, fees could decline by -13% QoQ that would be more than offset by fall in opex (-9.2% QoQ). Driven by fall in opex core, PPOP might improve by 3.7% QoQ to Rs286bn. Asset quality may deteriorate with the rise in slippage ratio by 27bps QoQ to 96bps, while provisions may come in at 39bps. Core PAT is expected at Rs179bn (-3.6% QoQ).
- **Mid-cap banks** – Loan growth would be 4.1% QoQ (higher than private peers), while NII growth may be 2.5% QoQ. NIM might see a 5bps QoQ decline to 3.32%. Core PPOP at Rs17.3bn may rise by 18.5% QoQ since last quarter FB has seen one-time staff cost. Asset quality could be better than larger peers as slippage ratio may fall QoQ to 1.3%, while GNPA should decline by 6bps QoQ to 2.51%. Core PAT may come in at Rs11.2bn (-1.3% QoQ).

### Top Picks:

- **Axis Bank** – Extent of NIM fall at 13bps over FY24-26E could be lower compared to peers due to (1) material reduction in RIDF portfolio and (2) takeover of CASA/CC portfolio of CITI. Hence, core earnings CAGR over FY24-26E at ~16% could be superior to ICICIB (11.5%). The bank is currently trading at a 22% discount to ICICIB and given FY26E core RoA at 1.71% (ICICIB 2.1%), suggesting that discount to ICICIB should narrow. We raise PAT for FY25/26E by average 4.5% due to lower opex. Keeping multiple unchanged at 2.2x on Mar'26 ABV, we slightly raise TP from Rs1,400 to Rs1,450.

### 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 (%)			
								FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E
Axis Bank	1,287	3,973	BUY	BUY	1,450	1,400	12.7%	3.3	2.7	2.3	1.9	18.2	18.1	16.9	16.6
HDFC Bank	1,648	12,520	BUY	BUY	2,000	2,000	21.4%	3.3	2.9	2.6	2.3	15.8	15.6	14.5	14.7
ICICI Bank	1,233	8,663	BUY	BUY	1,450	1,450	17.6%	4.5	3.8	3.2	2.8	17.5	18.9	17.5	17.1
IndusInd Bank	1,434	1,116	BUY	BUY	1,800	1,800	25.5%	2.1	1.8	1.6	1.4	14.5	15.3	14.8	15.3
Kotak Mahindra Bank	1,853	3,683	BUY	BUY	2,100	2,100	13.3%	4.5	3.9	3.4	3.0	14.0	15.3	13.6	13.2
Federal Bank	186	453	BUY	BUY	195	195	4.7%	1.9	1.6	1.5	1.3	14.9	14.7	12.9	14.0
DCB Bank	137	43	BUY	BUY	180	180	31.3%	1.0	1.0	0.9	0.8	11.5	11.8	13.4	14.2
City Union Bank	170	126	Acc	Acc	170	170	0.0%	2.0	1.7	1.5	1.3	13.4	12.8	12.0	11.4
Bank of Baroda	274	1,418	BUY	BUY	290	290	5.9%	1.7	1.4	1.2	1.1	16.5	17.8	15.7	14.2
State Bank of India	860	7,673	BUY	BUY	910	910	5.8%	2.8	2.3	2.0	1.8	18.3	20.4	17.1	15.4

Source: Company, PL

ACC=Accumulate / UR=Under Review

Note – \*Kotak & SBI valuation on S'one book

Exhibit 2: Q1FY25 Banks Results Preview – NII could improve by 0.5% QoQ and loan growth may increase by 0.6%

Rs Million	NII	YoY	QoQ	PPOP	YoY	QoQ	PAT	YoY	QoQ
HDFC Bank	2,94,781	2.4%	1.4%	2,34,880	1.7%	-19.8%	1,54,948	2.9%	-6.2%
ICICI Bank	1,97,266	8.2%	3.3%	1,52,489	7.8%	1.4%	1,06,117	10.0%	-0.9%
Axis Bank	1,32,352	10.7%	1.1%	1,00,559	14.1%	-4.6%	66,441	14.6%	-6.8%
Kotak	68,888	10.5%	-0.3%	49,560	0.1%	-9.3%	33,795	-2.1%	-18.2%
IndusInd	54,856	12.7%	2.0%	39,697	3.6%	-1.4%	21,898	3.1%	-6.7%
Federal	22,796	18.8%	3.8%	13,794	5.9%	24.2%	8,898	4.2%	-1.8%
DCB Bank	5,175	9.9%	2.0%	2,385	14.3%	2.0%	1,549	22.0%	-0.5%
City Union Bank	5,341	2.2%	-2.3%	3,356	-19.0%	-4.6%	2,454	8.0%	-3.7%
SBI	4,09,048	5.1%	-1.8%	2,43,500	-3.7%	-15.3%	1,61,509	-4.3%	-22.0%
BOB	1,18,314	7.6%	0.3%	79,120	1.1%	-2.4%	44,618	9.6%	-8.7%
<b>Total Banks</b>	<b>13,08,816</b>	<b>6.5%</b>	<b>0.5%</b>	<b>9,19,341</b>	<b>2.3%</b>	<b>-10.6%</b>	<b>6,02,226</b>	<b>3.4%</b>	<b>-11.1%</b>
<b>Total Private Banks</b>	<b>7,81,454</b>	<b>7.1%</b>	<b>1.8%</b>	<b>5,96,721</b>	<b>5.1%</b>	<b>-9.6%</b>	<b>3,96,100</b>	<b>6.2%</b>	<b>-6.0%</b>
<b>Total Public Banks</b>	<b>5,27,362</b>	<b>5.7%</b>	<b>-1.3%</b>	<b>3,22,620</b>	<b>-2.6%</b>	<b>-12.5%</b>	<b>2,06,126</b>	<b>-1.6%</b>	<b>-19.4%</b>
Rs Billion	Loans	YoY	QoQ	Margins	YoY	QoQ	Credit Cost	YoY	QoQ
HDFC Bank	24,643	11.0%	-0.8%	3.65%	-0.39%	0.02%	0.50%	-0.09%	-1.67%
ICICI Bank	12,259	15.9%	3.5%	4.63%	-0.41%	-0.02%	0.36%	-0.13%	0.12%
Axis Bank	9,651	12.4%	0.0%	4.00%	-0.17%	0.05%	0.50%	0.01%	0.00%
Kotak	3,817	16.2%	1.5%	5.06%	-0.44%	-0.16%	0.47%	0.03%	0.19%
IndusInd	3,481	15.5%	1.4%	4.67%	-0.05%	-0.02%	1.21%	-0.11%	0.16%
Federal	2,206	20.2%	5.3%	3.26%	-0.05%	-0.05%	0.34%	0.00%	0.52%
DCB Bank	419	18.2%	2.5%	3.64%	-0.34%	-0.06%	0.29%	-0.14%	0.05%
City Union Bank	456	10.2%	0.1%	3.29%	-0.14%	-0.02%	0.22%	-1.25%	-0.06%
SBI	37,410	15.6%	1.0%	3.03%	-0.18%	-0.07%	0.29%	-0.02%	0.11%
BOB	10,473	8.7%	-1.7%	3.24%	-0.10%	0.02%	0.69%	-0.12%	0.20%
<b>Total Banks</b>	<b>1,04,815</b>	<b>13.6%</b>	<b>0.6%</b>	<b>3.85%</b>	<b>0.14%</b>	<b>-0.03%</b>	<b>0.44%</b>	<b>0.00%</b>	<b>-0.40%</b>
<b>Total Private Banks</b>	<b>56,931</b>	<b>13.2%</b>	<b>0.8%</b>	<b>4.02%</b>	<b>0.22%</b>	<b>-0.03%</b>	<b>0.50%</b>	<b>-0.08%</b>	<b>-0.67%</b>
<b>Total Public Banks</b>	<b>47,884</b>	<b>14.0%</b>	<b>0.4%</b>	<b>3.13%</b>	<b>-0.14%</b>	<b>0.03%</b>	<b>0.38%</b>	<b>-0.05%</b>	<b>0.13%</b>

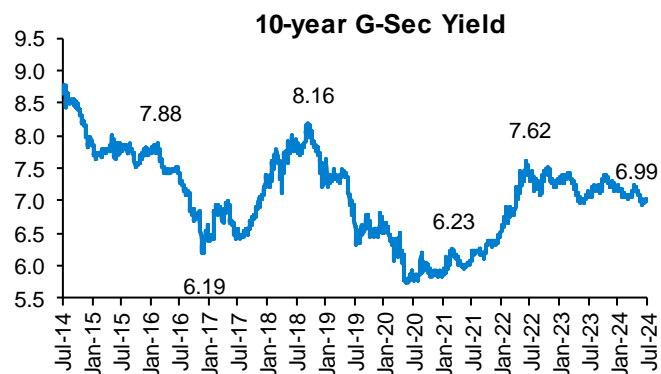
Source: Company, PL

Exhibit 3: Asset quality might see a blip sequentially

	Q4FY24			Q1FY25E		
	GNPA	NNPA	PCR	GNPA	NNPA	PCR
HDFCB	1.24%	0.33%	74.04%	1.31%	0.33%	75.00%
ICICIBC	2.32%	0.45%	80.77%	2.29%	0.44%	81.00%
Axis	1.55%	0.34%	78.53%	1.53%	0.33%	79.00%
KMB	1.39%	0.34%	75.91%	1.42%	0.34%	76.00%
IIB	1.92%	0.57%	70.58%	1.96%	0.58%	71.00%
SBI	2.24%	0.57%	75.02%	2.27%	0.58%	75.00%
BOB	2.92%	0.68%	77.34%	2.85%	0.67%	77.00%
Federal	2.13%	0.60%	72.28%	2.08%	0.59%	72.00%
DCB	3.24%	1.11%	66.43%	3.23%	1.15%	65.00%
CUBK	3.99%	1.97%	51.54%	3.93%	1.97%	51.00%

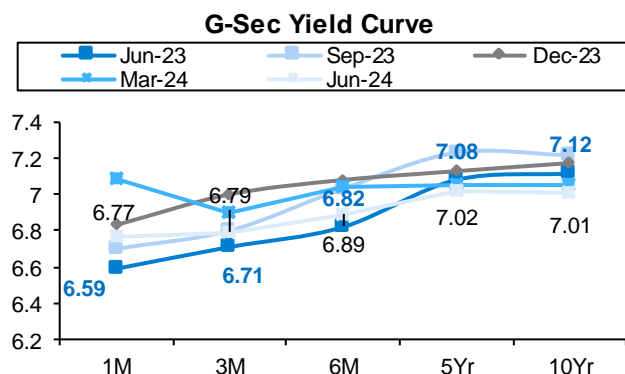
Source: Company, PL

Exhibit 4: G-sec yields have fallen to 6.99%



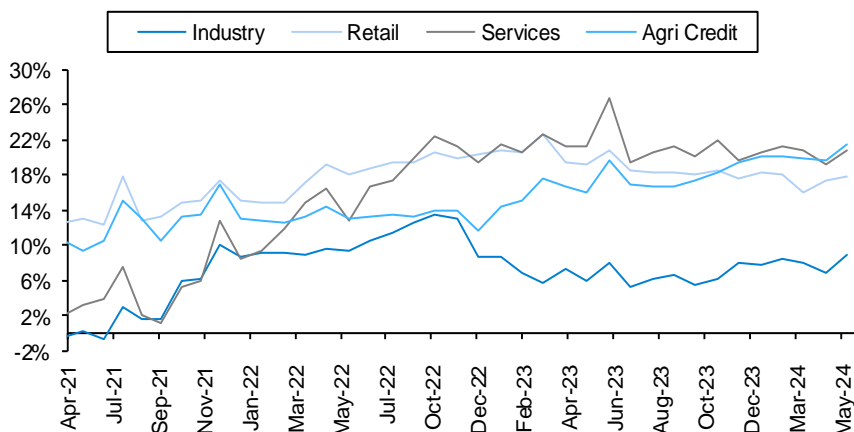
Source: Bloomberg, PL

Exhibit 5: Short-term curve showing signs of steadiness



Source: Bloomberg, PL

Exhibit 6: Retail/services mainstay with ~18%/21% YoY growth



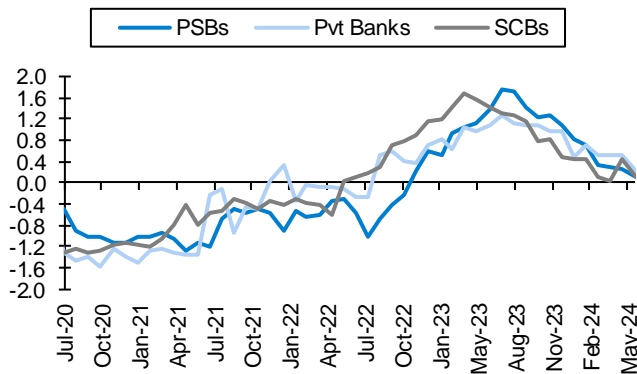
Source: RBI, PL

Exhibit 7: Rates have peaked; expectations of rate cuts in H2FY25, FY26

Banks MCLR Profile	MCLR 1YR			% Change	
	Dec-23	Mar-24	Jun-24	3Months	6Months
HDFC Bank	9.20%	9.30%	9.30%	0.00%	0.10%
Axis Bank	9.25%	9.30%	9.30%	0.00%	0.05%
ICICI Bank	9.00%	9.10%	9.10%	0.00%	0.10%
KMB	9.35%	9.45%	9.50%	0.05%	0.15%
IndusInd Bank	10.35%	10.40%	10.45%	0.05%	0.10%
SBI	8.65%	8.65%	8.75%	0.10%	0.10%
Bank of Baroda	8.75%	8.80%	8.85%	0.05%	0.10%
Federal	9.60%	9.71%	9.70%	-0.01%	0.10%
PSBs – Median	8.75%	8.83%	8.90%	0.08%	0.15%
Pvt – Median	9.60%	9.71%	9.91%	0.19%	0.30%

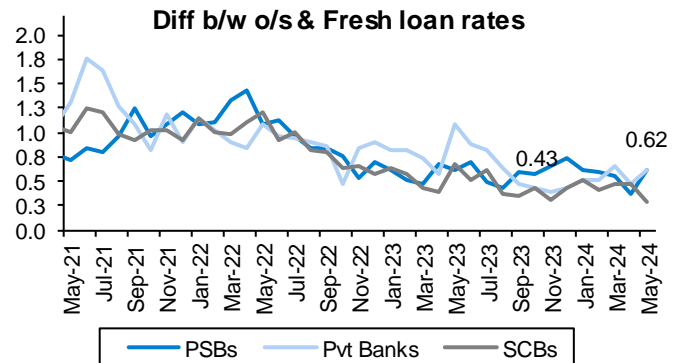
Source: Company, PL

Exhibit 8: Lending rates steady as rate hikes have paused



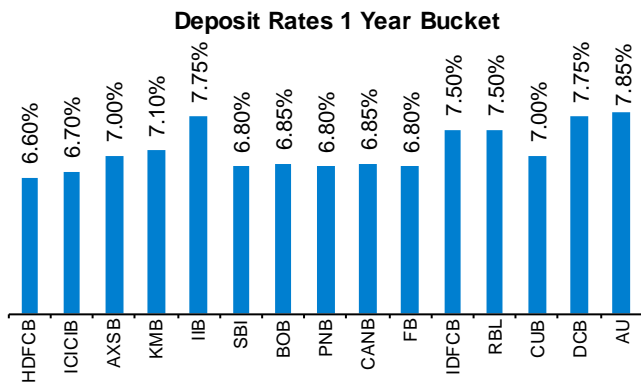
Source: Company, PL

Exhibit 9: PVBs see a rise in fresh loan rates



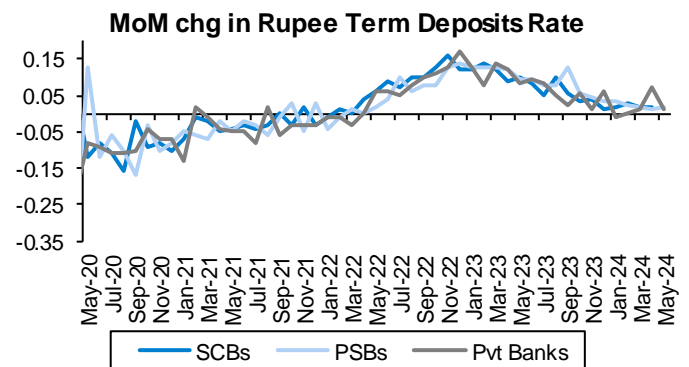
Source: RBI, PL

Exhibit 10: Deposit rates are steady



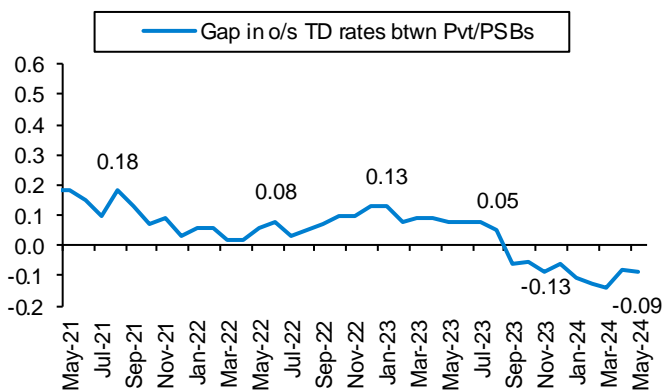
Source: Company, PL

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



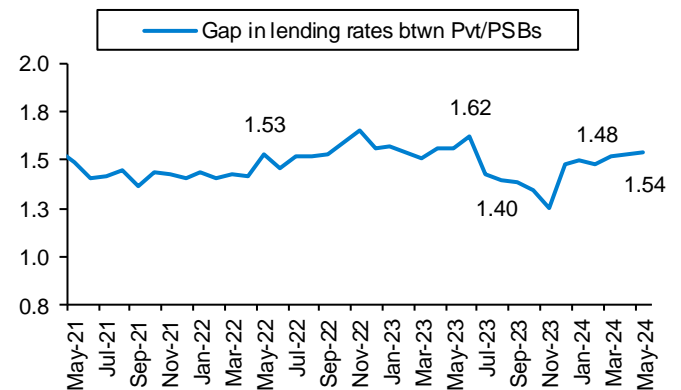
Source: Company, PL

Exhibit 12: TD rate gaps higher for PSUs over PVBs



Source: RBI, PL

Exhibit 13: Steady gap in lending rates for pvt banks/PSBs



Source: RBI, PL

Exhibit 14: Q1FY25 Result Preview (Private Banks)

Company Name		Q1FY25E	Q1FY24	YoY gr. (%)	Q4FY24	QoQ gr. (%)	Remark
Axis Bank	NII (Rs mn)	1,32,352	1,19,588	10.7	1,30,890	1.1	
	PPOP (Rs mn)	1,00,559	88,144	14.1	1,05,357	(4.6)	
	Provisions (Rs mn)	11,972	10,349	15.7	11,853	1.0	Loan growth could be flat QoQ; NIM expected to increase by 5bps QoQ to 4.00% due to increased yields
	PAT (Rs mn)	66,441	57,971	14.6	71,297	(6.8)	
	Loans (Rs bn)	9,651	8,585	12.4	9,651	-	PPoP is likely to decline QoQ due to decrease in Other Income. Provision costs to remain muted at 50bps
	Margin (%)	4.00	4.17	(17)	3.95	5	
	GNPA (%)	1.47	2.01	(53)	1.43	4	
	Credit Cost (%)	0.50	0.48	1	0.49	0	
HDFC Bank	NII (Rs mn)	2,94,781	2,87,794	2.4	2,90,768	1.4	Loan growth would be (0.8)% QoQ due to seasonality. NII could grow by 1.4%.
	PPOP (Rs mn)	2,34,880	2,31,009	1.7	2,92,742	(19.8)	Margins may increase slightly QoQ due to better loan mix.
	Provisions (Rs mn)	31,001	32,800	(5.5)	1,35,116	(77.1)	
	PAT (Rs mn)	1,54,948	1,50,639	2.9	1,65,119	(6.2)	PPoP could increase by ~2% excluding the impact of Credila stake sale gains booked in Q4FY24.
	Loans (Rs bn)	24,643	22,210	11.0	24,849	(0.8)	
	Margin (%)	3.65	4.03	(39)	3.63	2	Provisions could increase by ~19% excluding the impact of one time floating provision of Rs109bn booked for Q4FY24.
	GNPA (%)	1.31	1.40	(9)	1.24	7	
	Credit Cost (%)	0.50	0.59	(9)	2.18	(167)	GNPAs could worsen QoQ at 1.31%
ICICI Bank	NII (Rs mn)	1,97,266	1,82,265	8.2	1,90,928	3.3	
	PPOP (Rs mn)	1,52,489	1,41,391	7.8	1,50,388	1.4	While loan growth could come in at 3.5%.
	Provisions (Rs mn)	11,000	12,924	(14.9)	7,185	53.1	We expect softer NII growth QoQ due to NIM decline of 2bps QoQ led by faster rise in cost of funds
	PAT (Rs mn)	1,06,117	96,482	10.0	1,07,075	(0.9)	
	Loans (Rs bn)	12,259	10,576	15.9	11,844	3.5	
	Margin (%)	4.63	5.04	(41)	4.65	(2)	GNPAs set to improve by 2bps QoQ whereas credit costs could increase by 12bps QoQ
	GNPA (%)	2.19	2.76	(57)	2.21	(2)	
	Credit Cost (%)	0.36	0.49	(13)	0.24	12	
IndusInd Bank	NII (Rs mn)	54,856	48,671	12.7	53,764	2.0	Loan growth to be at 1.4% QoQ while NII to improve by 2.0% QoQ
	PPOP (Rs mn)	39,697	38,301	3.6	40,271	(1.4)	
	Provisions (Rs mn)	10,500	9,916	5.9	8,991	16.8	Margin is expected to contract by 2 bps
	PAT (Rs mn)	21,898	21,236	3.1	23,468	(6.7)	
	Loans (Rs bn)	3,481	3,013	15.5	3,433	1.4	Provisions are expected to increase by 16.8% QoQ
	Margin (%)	4.67	4.72	(5)	4.69	(2)	
	GNPA (%)	1.97	1.94	2	1.92	4	Asset quality to worsen by 4 bps. Credit cost would increase by 16 bps.
	Credit Cost (%)	1.21	1.32	(11)	1.05	16	
Kotak Mahindra Bank	NII (Rs mn)	68,888	62,337	10.5	69,094	(0.3)	We expect loan growth to be at 1.5% QoQ. Margins could see a sharp decline by 16bps QoQ to 5.1% due to decrease in revenue yields and flat cost of funds.
	PPOP (Rs mn)	49,560	49,496	0.1	54,616	(9.3)	
	Provisions (Rs mn)	4,500	3,643	23.5	2,637	70.6	PAT could decline by ~18% QoQ due to higher opex & provisions and lower other income QoQ.
	PAT (Rs mn)	33,795	34,523	(2.1)	41,333	(18.2)	Asset quality to worsen with GNPAs increasing by 3bps QoQ.
	Loans (Rs bn)	3,817	3,286	16.2	3,761	1.5	Credit costs to increase by 19bps QoQ
	Margin (%)	5.06	5.50	(44)	5.22	(16)	
	GNPA (%)	1.42	1.77	(35)	1.39	3	
	Credit Cost (%)	0.47	0.44	3	0.28	19	
Federal Bank	NII (Rs mn)	22,796	19,186	18.8	21,951	3.8	NII growth could be 3.8% QoQ. Loan growth would be 5.3% QoQ suggesting that NIM could decline by 5bps QoQ to 3.26%
	PPOP (Rs mn)	13,794	13,024	5.9	11,104	24.2	
	Provisions (Rs mn)	1,850	1,556	18.9	(946)	(295.6)	
	PAT (Rs mn)	8,898	8,537	4.2	9,063	(1.8)	PPoP to increase by ~24% due to decline in Opex which is offset by increased provisions after a write back in Q4FY24 leading to decline in PAT by 1.8% for Q1FY25.
	Loans (Rs bn)	2,206	1,835	20.2	2,094	5.3	
	Margin (%)	3.26	3.31	(5)	3.31	(5)	
	GNPA (%)	2.08	2.38	(30)	2.13	(5)	
	Credit Cost (%)	0.34	0.34	(0)	(0.18)	52	Asset quality (GNPA) could see further improvement by 5bps QoQ

Company Name		Q1FY25E	Q1FY24	YoY gr. (%)	Q4FY24	QoQ gr. (%)	Remark
DCB Bank	NII (Rs mn)	5,175	4,707	9.9	5,075	2.0	
	PPOP (Rs mn)	2,385	2,087	14.3	2,338	2.0	Loan growth may come in at 2.5% QoQ with NII growth of 2.0% QoQ. Expect margins to decline QoQ by 6bps due to lower yields along with flat cost of funds. PPOP could grow by 2.0% QoQ
	Provisions (Rs mn)	300	377	(20.5)	241	24.6	
	PAT (Rs mn)	1,549	1,269	22.0	1,557	(0.5)	
	Loans (Rs bn)	419	355	18.2	409	2.5	
	Margin (%)	3.64	3.99	(34)	3.71	(6)	We expect credit cost to increase by 5 bps while GNPA's are expected to be steady at 3.23%.
	GNPA (%)	3.23	3.26	(3)	3.24	(1)	
	Credit Cost (%)	0.29	0.43	(14)	0.24	5	
City Union Bank	NII (Rs mn)	5,341	5,225	2.2	5,466	(2.3)	Credit growth could be flat QoQ. We expect NII to decline by 2.3% while PPOP could decline by 4.6% QoQ.
	PPOP (Rs mn)	3,356	4,143	(19.0)	3,518	(4.6)	
	Provisions (Rs mn)	250	1,520	(83.6)	320	(21.9)	
	PAT (Rs mn)	2,454	2,273	8.0	2,548	(3.7)	Margins might decline marginally by 2bps QoQ to 3.29% due to lower yields and higher cost of funds
	Loans (Rs bn)	456	414	10.2	455	0.1	
	Margin (%)	3.29	3.44	(14)	3.31	(2)	Provisions are expected to decline 22bps QoQ while GNPA might contract by 6bps QoQ due to lower slippages
	GNPA (%)	3.93	4.91	(97)	3.99	(6)	
	Credit Cost (%)	0.22	1.47	(125)	0.28	(6)	

Source: Company, PL

#### Exhibit 15: Q1FY25 Result Preview (PSU Banks)

Company Name		Q1FY25E	Q1FY24	YoY gr. (%)	Q4FY24	QoQ gr. (%)	Remark
State Bank of India	NII (Rs mn)	4,09,048	3,89,050	5.1	4,16,552	(1.8)	NII to contract by 1.8% QoQ with loan growth seen at 1.0%. Margins could fall by 7bps sequentially due to lower yields and flat cost of funds.
	PPOP (Rs mn)	2,43,500	2,52,969	(3.7)	2,87,476	(15.3)	
	Provisions (Rs mn)	27,000	25,013	7.9	16,098	67.7	
	PAT (Rs mn)	1,61,509	1,68,843	(4.3)	2,06,984	(22.0)	PPOP to decline sharply by 15.3% QoQ on account of decline in Other income partially offset by decline in operating expenses.
	Loans (Rs bn)	37,410	32,350	15.6	37,040	1.0	
	Margin (%)	3.03	3.20	(18)	3.10	(7)	Provisions are expected to increase by ~68%. Asset quality in terms of GNPA to worsen by 4 bps while credit cost is expected to increase by 11 bps.
	GNPA (%)	2.28	2.76	(49)	2.24	4	
	Credit Cost (%)	0.29	0.31	(2)	0.17	11	
Bank of Baroda	NII (Rs mn)	1,18,314	1,09,967	7.6	1,17,928	0.3	NII could inch up slightly by 0.3% QoQ while loan growth would come in at -1.7% QoQ. Margins could remain steady at 3.24%
	PPOP (Rs mn)	79,120	78,243	1.1	81,061	(2.4)	
	Provisions (Rs mn)	18,000	19,468	(7.5)	13,019	38.3	
	PAT (Rs mn)	44,618	40,701	9.6	48,865	(8.7)	PAT could contract by 8.7% due to lower other income and higher provisions
	Loans (Rs bn)	10,473	9,635	8.7	10,658	(1.7)	
	Margin (%)	3.24	3.33	(10)	3.22	2	GNPA could worsen by 3bps QoQ while credit costs could increase by 20bps.
	GNPA (%)	2.95	3.52	(56)	2.92	3	
	Credit Cost (%)	0.69	0.81	(12)	0.49	20	

Source: Company, PL



## Exhibit 16: Change in Estimates

	Rating		Target Price			NII (Rs bn)						PPoP (Rs bn)						PAT (Rs bn)					
						FY25E			FY26E			FY25E			FY26E			FY25E			FY26E		
	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	1,450	1,400	3.6%	565.7	564.7	0.2%	638.8	638.9	0.0%	420.0	403.6	4.1%	485.9	467.8	3.9%	278.6	266.2	4.6%	323.5	310.0	4.4%
HDFC Bank	BUY	BUY	2,000	2,000	0.0%	1,262.2	1,267.4	-0.4%	1,459.1	1,460.5	-0.1%	1,013.2	1,007.1	0.6%	1,149.3	1,153.2	-0.3%	677.3	671.2	0.9%	770.3	774.9	-0.6%
ICICI Bank	BUY	BUY	1,450	1,450	0.0%	830.5	833.6	-0.4%	928.5	918.7	1.1%	644.3	643.8	0.1%	727.6	713.9	1.9%	444.6	442.4	0.5%	500.7	490.4	2.1%
IndusInd Bank	BUY	BUY	1,800	1,800	0.0%	234.0	233.8	0.1%	270.7	269.1	0.6%	174.0	175.1	-0.6%	200.3	206.8	-3.2%	99.0	99.9	-0.8%	116.6	121.5	-4.1%
Kotak Mahindra Bank	BUY	BUY	2,100	2,100	0.0%	291.9	289.7	0.7%	327.8	332.8	-1.5%	207.4	206.6	0.4%	229.6	232.2	-1.1%	141.0	139.9	0.7%	155.7	157.6	-1.2%
Federal Bank	BUY	BUY	195	195	0.0%	98.6	98.2	0.5%	117.2	114.9	1.9%	61.0	60.8	0.3%	73.4	71.5	2.7%	39.9	39.8	0.4%	48.7	47.3	3.0%
DCB Bank	BUY	BUY	180	180	0.0%	22.4	22.6	-0.6%	26.4	26.3	0.3%	11.0	10.9	0.8%	13.2	13.3	-0.9%	6.8	6.8	1.0%	8.2	8.4	-2.8%
City Union Bank	Acc	Acc	170	170	0.0%	22.6	22.9	-1.6%	25.5	25.7	-0.8%	14.8	15.3	-3.7%	16.3	16.6	-1.8%	10.6	10.3	3.3%	11.3	11.0	2.2%
Bank of Baroda	BUY	BUY	290	290	0.0%	491.0	497.0	-1.2%	534.9	544.5	-1.8%	322.0	329.0	-2.1%	339.4	348.8	-2.7%	179.6	181.8	-1.2%	183.5	190.4	-3.6%
State Bank of India	BUY	BUY	910	910	0.0%	1,725.3	1,741.3	-0.9%	1,947.4	1,962.1	-0.7%	997.1	995.2	0.2%	1,071.4	1,079.4	-0.7%	645.4	623.0	3.6%	665.0	671.0	-0.9%

Source: Company, PL C=Current / P=Previous / Acc=Accumulate

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	1,720	1,610
2	Axis Bank	BUY	1,400	1,063
3	Bank of Baroda	BUY	290	255
4	Can Fin Homes	BUY	950	763
5	City Union Bank	Accumulate	170	145
6	DCB Bank	BUY	180	136
7	Federal Bank	BUY	195	168
8	HDFC Asset Management Company	BUY	4,100	3,707
9	HDFC Bank	BUY	2,000	1,531
10	ICICI Bank	BUY	1,450	1,108
11	IndusInd Bank	BUY	1,800	1,496
12	Kotak Mahindra Bank	BUY	2,100	1,547
13	LIC Housing Finance	Hold	660	653
14	Nippon Life India Asset Management	BUY	615	584
15	State Bank of India	BUY	910	820
16	UTI Asset Management Company	BUY	1,050	975

## PL's Recommendation Nomenclature

<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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