

January 16, 2025

RESULT REPORT Q3 FY25 | Sector: Banks

Axis Bank Ltd

Conservativeness makes things seem worse

Our view – Provisioning policy and focus on liability granularity and RaROC demonstrate conservativeness

Asset Quality – Gross slippages rose on sequential basis due to seasonality and stress on unsecured retail: Gross NPA additions amounted to Rs 54.32bn for 3QFY25, translating to an annualized slippage ratio of 2.1% for the quarter. Gross NPA additions had amounted to Rs 44.43bn during 2QFY25. A dominant part of the slippages for 3Q emerged from the personal loans and credit cards book. Most of the sequential rise in gross slippages amounting to Rs 9.89bn comes from seasonality pertaining to agri loan slippages. Reported net credit cost amounted to 80 bps for the quarter. The bank provides 100% on retail unsecured NPLs or linked loans on day 1 itself or 91 dpd, which is a tighter provisioning policy than several peers. Consequently, the credit cost for the bank would be higher than other banks in the initial quarters in the current cycle.

Net Interest Margin – Margin declined 6 bps sequentially largely due to non-structural reasons: NIM was at 3.93%, down -6bps QoQ and -8bps YoY. Of the decline of -6bps QoQ, around -3bps is attributable to full impact of application of increased outflow rates on operating deposits coupled with higher LCR and the balance -3bps impact was due to interest reversals. The 3.8% NIM guidance through the cycle still stands.

Balance sheet growth – Both loan and deposit growth have slowed incrementally owing to conservativeness: The advances for the bank stood at Rs 10,146 bn, up by 1.5% QoQ and 8.8% YoY. The deposits were at Rs 10,959bn, up by 0.8% QoQ and 9.1% YoY. While period-end deposit balance has grown slower, the quarterly average balance (QAB) has grown 13% YoY, which is better than the industry. The advances for the bank stood at Rs 10,146bn, up by 1.5% QoQ and 8.8% YoY. The bank does not want to grow at any cost and is focused on RaROC.

We reiterate BUY rating on AXSB with a revised price target of Rs 1400: We value the standalone bank at 1.9x FY26 P/BV for an FY25/26/27E RoE profile of 15.4%/15.2%/14.6%. We assign a value of Rs 171 per share to the subsidiaries, on SOTP.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

Other Highlights (See “Our View” above for elaboration and insight)

- **Opex control:** Total cost to income ratio was at 46.2% down by -79/-326bps QoQ/YoY and the Cost to assets was at 2.4% down by -17/-23bps QoQ/YoY.
- **Fee income:** Core fee income to average assets was at 1.4%, down -4/-7bps QoQ/YoY.

Exhibit 1: Result table

(Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy
Total Interest Income	309,539	304,199	1.8	279,611	10.7
Interest Expense	(173,481)	(169,367)	2.4	(154,290)	12.4
Net Interest Income	136,059	134,832	0.9	125,322	8.6
Fee Income	54,550	55,080	(1.0)	51,690	5.5
Non-fee Income	5,172	12,139	(57.4)	3,858	34.1
Total Non-Interest Income	59,722	67,219	(11.2)	55,548	7.5
Total Income	195,781	202,051	(3.1)	180,870	8.2
Employee Expense	(29,846)	(31,172)	(4.3)	(27,113)	10.1
Non-employee Opex	(60,596)	(63,754)	(5.0)	(62,344)	(2.8)
Total Operating expenses	(90,442)	(94,926)	(4.7)	(89,457)	1.1
PPOP	105,339	107,125	(1.7)	91,412	15.2
Provisions	(21,556)	(22,041)	(2.2)	(10,283)	109.6
PBT	83,782	85,084	(1.5)	81,129	3.3
Tax	(20,745)	(15,908)	30.4	(20,418)	1.6
PAT	63,038	69,176	(8.9)	60,711	3.8

Source: Company, YES Sec-Research

Recommendation	: BUY
Current price	: Rs 1040
Target price	: Rs 1400
Potential return	: +35%

Stock data (as on January 16, 2025)

Nifty	23,312
52 Week h/l (Rs)	1340 / 996
Market cap (Rs/USD mn)	3178273 / 36713
Outstanding Shares (mn)	3,095
6m Avg t/o (Rs mn):	11,005
Div yield (%):	0.1
Bloomberg code:	AXSB IN
NSE code:	AXISBANK

Stock performance



	1M	3M	1Y
Absolute return	-9.8%	-10.0%	-7.2%

Shareholding pattern (As of Dec'24 end)

Promoter	7.9%
FII+DII	81.5%
Others	6.7%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1400	1475

Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
NII	540,766	610,107	698,764
PPOP	422,071	477,385	547,191
Net Profit	251,374	288,843	331,006
Growth (%)	1.1	14.9	14.6
EPS (Rs)	81.4	93.6	105.1
BVPS (Rs)	570	662	787
P/E (x)	10.7	9.3	8.3
P/BV (x)	1.5	1.3	1.1
ROE (%)	15.4	15.2	14.6
ROA (%)	1.6	1.7	1.7
Tier-1 (%)	14.6	14.8	15.6

Δ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	81.4	93.6	105.1
EPS (Old)	81.7	98.5	112.5
% change	-0.4%	-5.0%	-6.6%

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COMPREHENSIVE CON-CALL TAKEAWAYS

Asset quality

- **Slippages**
 - Gross NPA additions amounted to Rs 54.32bn for 3QFY25, translating to an annualized slippage ratio of 2.1% for the quarter. (Gross NPA additions had amounted to Rs 44.43bn during 2QFY25.)
 - 29% of slippages are linked accounts which were standard when classified or upgraded during the quarter.
 - **Segmental split**
 - Retail – Rs 49.23bn. (Retail slippages had amounted to Rs 40.73bn in 2QFY25.)
 - CBG – Rs 2.15bn
 - Wholesale – Rs 2.94bn
 - **General comments**
 - The macro environment demands caution on all segments.
 - The bank will attempt to keep higher secured lending in the mix.
 - Management does not see any contagion yet (outside of unsecured loans).
 - **More segmental colour**
 - Microfinance is small contributor to overall slippages, retail microfinance being 1% of retail book and 0.6-0.7% of overall book.
 - A dominant part of the slippages emerged from the personal loans and credit cards book.
 - Credit cards and personal loan slippages do not normalize in 1-2 quarters and management is not calling a peak on the unsecured retail segment for the industry or for the bank.
 - **Sequential rise**
 - Most of the sequential rise in gross slippages amounting to Rs 9.89bn comes from seasonality pertaining to agri loan slippages.
 - There is a small sequential rise in microfinance slippages.
- **Credit underwriting**
 - Management noted that there has been an industry-wide rise in delinquencies in unsecured retail and microfinance due to credit hungriness and leverage.
 - In response, the bank had tightened scorecards and guardrails earlier and what the bank has been booking over the past 9-12 months has been of better quality.
 - The bank has also beefed up collection over the past 6-9 months.
 - The early lead indicators post corrective action have been positive.
- **Recoveries and upgrades**
 - Recoveries and upgrades amounted to Rs 19.15bn for 3QFY25, implying net NPA addition of Rs 35.17bn for the quarter.
- **Provisions**
 - **P&L provisions**
 - Provisions were Rs 21.56bn, down by -2.2% QoQ but up 109.6% YoY, translating to all-inclusive annualised calculated credit cost of 86bps.
 - **Credit cost**
 - Specific loan loss provisions for Q3FY25 was Rs21.85bn
 - Reported net credit cost amounted to 80 bps for the quarter (presumably based only on specific provisions).
 - **Colour on Credit cost**
 - The bank provides 100% on retail unsecured NPLs or linked loans on day 1 itself or 91 dpd, which is a tighter provisioning policy than several peers.

(Con call takeaways continue on the next page)

- Consequently, the credit cost for the bank would be higher than other banks in the initial quarters (in the current cycle).
 - **Standard asset provisions**
 - Due to change in loan mix in incremental growth, standard asset provisions have been accordingly lower.
 - Secondly, there has also been a writeback in unhedged foreign current exposure, which is also counted under standard asset provisions.
 - **Balance sheet provisions**
 - PCR amounted to 76%.
 - Standard asset provisions amounted to 1.2% of loan book.
 - All standard and specific provisions taken together provides 151% coverage on GNPA book.
 - **Breakup of cumulative non-NPA provisions of Rs 118.75bn**
 - ECL – Rs 50.12bn
 - Restructured book – Rs 4.15bn
 - Standard asset – Rs 18.98bn
 - Weak assets and other – Rs 45.50bn
- **Restructured book**
 - The fund based outstanding of standard restructured loans implemented under resolution framework for COVID-19 stood at Rs 12.67bn or 0.12% of the gross customer assets.
- **NPA ratios**
 - GNPA ratio stands at 1.46%, up 2bps QoQ but down -12bps YoY while NNPA ratio stands at 0.35%, flat QoQ and YoY.

Deposits growth

- **Outcomes**
 - The deposits were at Rs 10,959bn, up by 0.8% QoQ and 9.1% YoY
 - The CA, SA and TD average balances have grown 11%, flat and 19%, respectively, on YoY basis.
 - The share of CASA deposits in total deposits on quarterly average basis was at 39%.
- **Focus on average balance**
 - While period-end deposit balance has grown slower, the quarterly average balance (QAB) has grown 13% YoY, which is better than the industry.
 - The bank is focused on deposits growth through the quarter as opposed to the quarter end.
 - The monthly average balance growth for the bank is also higher than the industry.
- **Focus on granular deposits**
 - The bank is focused on creating a granular deposit book as opposed to lumpy high-priced deposits.
 - The cost of funds has not moved much, which is indicative of not raising deposits at any cost.

Loan growth

- **Outcomes**
 - The advances for the bank stood at Rs 10,146bn, up by 1.5% QoQ and 8.8% YoY.
 - Retail and CBG advances comprise 71% of total advances, up 167bps YoY.
 - Retail loans grew 11% YoY and 1% QoQ.

(Con call takeaways continue on the next page)

- Small Business Banking (SBB) grew 20% YoY and 4% QoQ.
- Rural portfolio grew 17% YoY and 4% QoQ
- Mid-corporate book grew 15% YoY and 4% QoQ.
- **Focus on RaROC**
 - The bank does not want to grow at any cost and is focused on RaROC.
 - Management believes this is the right strategy and will do better than others when the market comes back.
- **Unsecured retail slowdown**
 - As a result of tightening unsecured retail risk filters, personal loan growth had slowed from 23% YoY as of 2Q to 17% YoY as of 3Q and credit cards book growth has slowed from 22% YoY in 2Q to 8% YoY in 3Q.

Liquidity

- **Loan to deposit ratio (LDR)**
 - LDR is not the sole variable to focus on for the bank.
 - The bank has calibrated the balance sheet in such a manner that satisfies the regulator.
 - There is no extraneous requirement to moderate the LDR for the bank and it remains comfortable operating in a range.
- **Liquidity coverage ratio (LCR)**
 - The bank is waiting for the final guidelines to come through.
 - Strategies would be applied when the new guidelines are in place.

Fee income

- **Outcomes**
 - Fee income has de-grown -1% QoQ but have grown 6% YoY.
 - 94% of the fee income is granular in nature.
 - Retail fees grew 5% YoY; and constituted 71% of the Bank's total fee income.
 - The wholesale fees together grew 7% YoY.
- **Colour**
 - Fee income to assets at 1.42% is still healthy.
 - Fee income growth has moderated due to lower incremental retail disbursement, which has undergone a structural shift.
 - Some of the non-asset fee businesses have also moderated by conscious choice.
 - Bringing back fee income is not an underlying challenge.

Other Income

- Trading profit and miscellaneous income was at Rs 5.17bn down -57% QoQ.
- The QoQ de-growth was largely due to reversal of MTM gain in the investment book.
- **Guidance**
 - Given current indications MTM gain to remain volatile in 4QFY25.

Net interest margin

- **NIM for the quarter**
 - NIM was at 3.93%, down -6bps QoQ and -8bps YoY.

(Con call takeaways continue on the next page)

- Of the decline of -6bps QoQ, around -3bps is attributable to full impact of application of increased outflow rates on operating deposits coupled with higher LCR and the balance -3bps impact was due to interest reversals.
- **Global NIM**
 - Global NIM was negatively impacted due to the share of non-rupee book rising.
 - It was also negatively impacted by excess offshore liquidity.
- **RIDF book**
 - The RIDF book has declined by Rs 83.91bn YoY and forms 1.1% of total assets as against 1.8% as of December 2023.
- **LCR Ratio**
 - The LCR ratio has improved to 119% in 3QFY25 as against 115% in 2QFY25.
- **NIM guidance**
 - The 3.8% NIM guidance through the cycle still stands.

Capital adequacy

- CET1 ratio was at 14.61%.
- The bank has net accreted 49 bps in 3QFY25 and 87bps in 9MFY25 of CET 1 capital ratio.
- **Guidance**
 - The bank does not need equity capital on either growth or protection and would opportunistically explore issuing Tier II and AT1 instruments depending on market conditions.

Return ratios

- Consolidated RoA and RoE amounted to 1.71% and 15.8%, respectively.

Operating expenses

- **Total opex**
 - Total Opex, at Rs. 90.44bn, is down -4.7% QoQ but up 1.1% YoY.
 - The YoY increase in Operating expenses is largely attributable to increase in technology expenses, growth business investment and BAU expenses which offsets the reduction in integration expenses.
 - The QoQ decline in operating expense is largely attributed to cards business and BAU expense optimization across businesses, also the integration expense was nil in 3QFY25, as integration was concluded in the last quarter.
 - Technology and digital expense grew 16% YoY and continued 10.2% of the total operating expenses.
 - Cost/income ratio came in at 46.2%, down by -79bps QoQ and -326bps YoY.
 - **Cost to assets**
 - Cost to assets was 2.48% for the quarter, down -7 bps since March 2024.
- **Staff opex**
 - The staff opex is down by -4.3% QoQ but up 10.1% YoY
 - **Employee addition**
 - 2,729 employees were added on YoY basis but the head count has declined on QoQ basis.
- **Non-staff opex**
 - Non-staff opex is down by -5.0% QoQ and -2.8% YoY.

(Con call takeaways continue on the next page)

- **Branch expansion**
 - 130 branches were opened during the quarter and 330 branches in 9MFY25.
- **General comments**
 - The bank has moved away from opex guidance.
 - While credit cost will start to moderate, it would optimize opex.

Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy	Q3 FY25*	chg qoq*	chg yoy*
Advances	10,145,641	9,999,792	1.5	9,322,864	8.8	100.0	0bps	0bps
Large/Mid-corporate	2,946,380	2,907,900	1.3	2,862,990	2.9	29.0	-4bps	-167bps
SME	1,141,010	1,104,740	3.3	989,880	15.3	11.2	20bps	63bps
Retail	6,058,250	5,987,150	1.2	5,469,990	10.8	59.7	-16bps	104bps
Home Loans	1,675,700	1,677,060	(0.1)	1,628,130	2.9	16.5	-25bps	-95bps
Rural Lending	936,880	896,910	4.5	797,650	17.5	9.2	27bps	68bps
Auto Loans	583,590	587,080	(0.6)	578,740	0.8	5.8	-12bps	-46bps
Personal Loan	759,690	754,440	0.7	650,830	16.7	7.5	-6bps	51bps
Credit Card	432,250	437,350	(1.2)	399,630	8.2	4.3	-11bps	-3bps
LAP	696,510	671,690	3.7	586,040	18.9	6.9	15bps	58bps
SBB	641,920	618,910	3.7	535,350	19.9	6.3	14bps	58bps
CE	115,290	116,360	(0.9)	118,250	(2.5)	1.1	-3bps	-13bps
Others	216,420	227,350	(4.8)	175,370	23.4	2.1	-14bps	25bps
Total Deposits	10,958,828	10,867,440	0.8	10,048,995	9.1	100.0	0bps	0bps
CA	1,436,110	1,425,200	0.8	1,330,950	7.9	13.1	-1bps	-14bps
SA	2,892,440	2,985,330	(3.1)	2,903,630	(0.4)	26.4	-108bps	-250bps
Term	6,630,278	6,456,910	2.7	5,814,415	14.0	60.5	109bps	264bps
Investments	3,532,834	3,488,552	1.3	3,090,699	14.3	NA	NA	NA
Investments/(Invest.+ Net Adv.) (%)	25.8	25.9	-4bps	24.9	93bps	NA	NA	NA
Borrowings	1,892,554	1,898,112	(0.3)	1,951,590	(3.0)	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	14.7	14.9	-14bps	16.3	-154bps	NA	NA	NA

Source: Company, YES Sec - Research, *Share in total and change in share

Exhibit 3: Key quarterly ratios

(%)	Q3 FY25	Q2 FY25	chg qoq	Q3 FY24	chg yoy
Net Interest Margin	3.93	3.99	-6bps	4.01	-8bps
Cost of funds	5.46	5.45	1bps	5.35	11bps
CASA	39.5	40.6	-109bps	42.1	-264bps
Loan to Deposit ratio	92.6	92.0	56bps	92.8	-19bps
Non-interest income/Total income	30.5	33.3	-276bps	30.7	-21bps
Fee Income/Avg. Total Assets	1.4	1.5	-4bps	1.5	-7bps
Cost to Income	46.2	47.0	-79bps	49.5	-326bps
Opex/Avg. Total Assets	2.4	2.6	-17bps	2.6	-23bps
Credit Cost	0.9	0.9	-3bps	0.4	41bps
RoE	15.4	17.6	-221bps	18.1	-270bps
RoA	1.6	1.8	-20bps	1.8	-11bps
Capital Adequacy ratio	17.0	16.6	40bps	14.9	213bps
Tier I Capital Ratio	15.0	14.5	47bps	12.4	258bps
Annualised Slippage Ratio	2.1	1.8	35bps	1.6	51bps
Provision Coverage	93.0	94.0	-100bps	94.0	-100bps
Gross NPA	1.5	1.4	2bps	1.6	-12bps
Net NPA	0.4	0.3	1bps	0.4	-1bps

Source: Company, YES Sec - Research

Exhibit 4: Quarterly Actuals Vs Estimates

Q3FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	136,059	138,607	(1.8)
Pre-Prov. Operating Profit	105,339	103,904	1.4
Profit After Tax	63,038	65,180	(3.3)

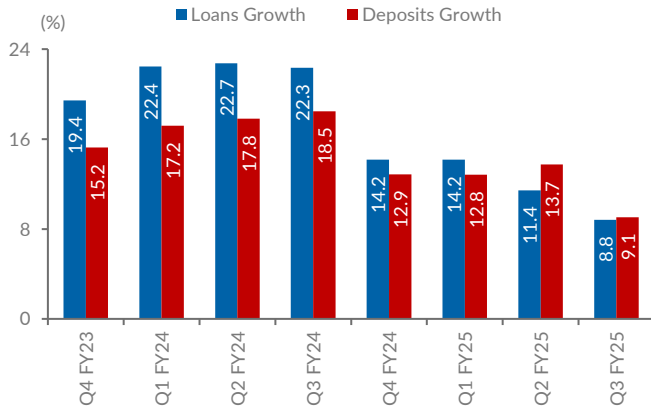
Source: Company, YES Sec - Research

Exhibit 5: Non-Interest Income Break-up

(Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy
Total Fee Income (A)	54,550	55,070	(0.9)	51,690	5.5
Retail Banking fees	38,810	38,760	0.1	36,980	4.9
Corporate & Commercial Banking fee	15,740	16,310	(3.5)	14,710	7.0
Total Other Income (B)	5,170	12,140	(57.4)	3,850	34.3
Trading Income	3,680	11,110	(66.9)	2,910	26.5
Miscellaneous Income	1,490	1,030	44.7	940	58.5
Total Non-Interest Income (A+B)	59,720	67,210	(11.1)	55,540	7.5

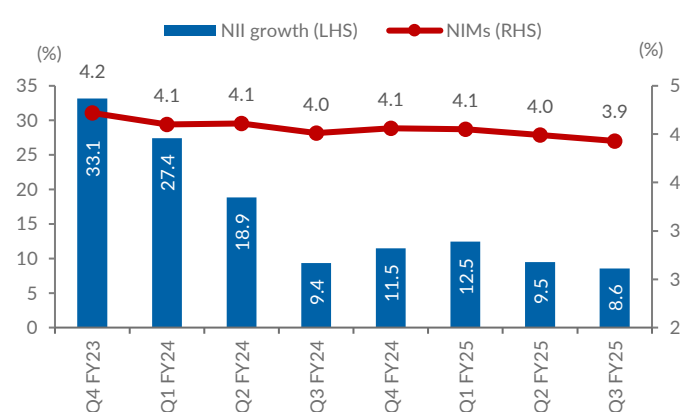
Source: Company, YES Sec - Research

Exhibit 6: Loans and Deposits growth (YoY %)



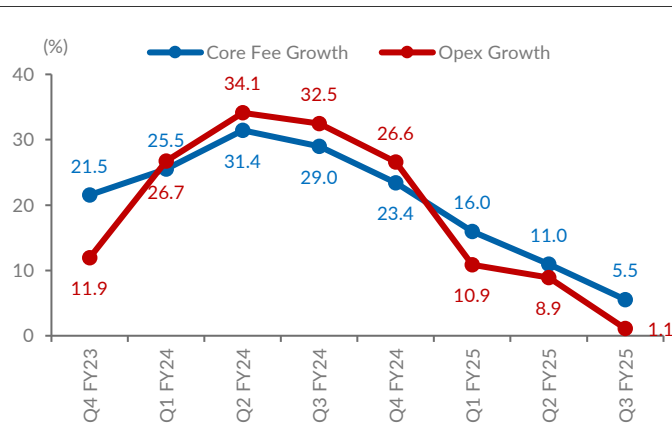
Source: Company, YES Sec - Research

Exhibit 7: NII growth (YoY %) and NIM



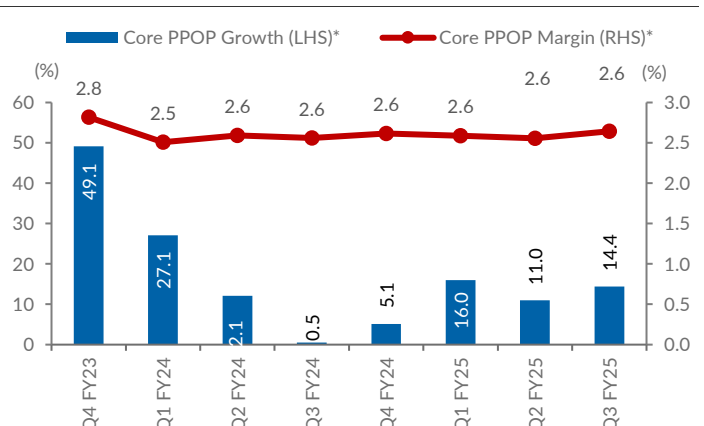
Source: Company, YES Sec - Research

Exhibit 8: Core Fee and Opex growth (YoY %)



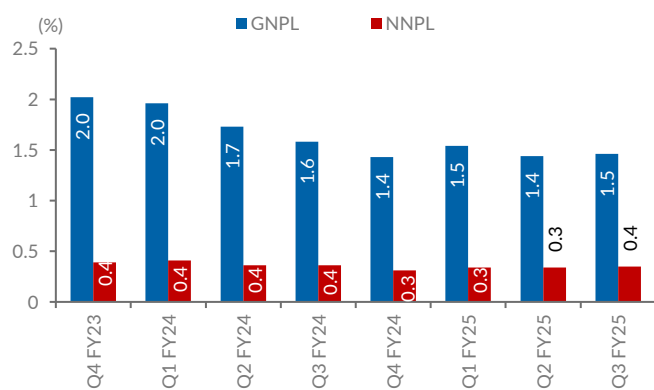
Source: Company, YES Sec - Research

Exhibit 9: Core PPOP growth (YoY %) and Core PPOP margin



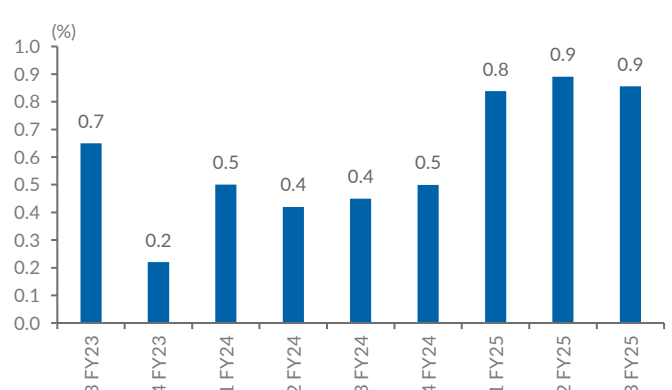
Source: Company, YES Sec - Research, * Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

Exhibit 10: Gross NPA and Net NPA (%)



Source: Company, YES Sec - Research

Exhibit 11: Credit Cost (%)



Source: Company, YES Sec - Research

Exhibit 12: 1-year rolling P/BV band



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

Exhibit 13: 1-yr rolling P/BV vis-a-vis the mean and standard deviations



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

ANNUAL FINANCIALS

Exhibit 14: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Total cash & equivalents	1,064,108	1,144,544	1,273,890	1,439,496	1,517,469
Investments	2,888,148	3,315,272	3,646,719	4,094,194	4,659,558
Advances	8,453,028	9,650,684	10,615,752	11,995,800	13,795,170
Fixed assets	47,339	56,846	62,530	68,783	75,662
Other assets	720,632	604,740	665,214	731,735	804,909
Total assets	13,173,255	14,772,086	16,264,106	18,330,008	20,852,768
Net worth	1,254,167	1,510,616	1,758,903	2,044,660	2,477,460
Deposits	9,469,452	10,686,414	11,844,496	13,500,553	15,659,797
Borrowings	1,863,000	1,968,118	2,117,922	2,313,395	2,322,072
Other liabilities	586,636	606,939	542,784	471,400	393,438
Total liabilities incl. Equity	13,173,255	14,772,086	16,264,106	18,330,008	20,852,768

Source: Company, YES Sec – Research

Exhibit 15: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	851,638	1,093,686	1,209,488	1,360,198	1,546,277
Interest expense	(422,180)	(594,741)	(668,722)	(750,090)	(847,513)
Net interest income	429,457	498,945	540,766	610,107	698,764
Non-interest income	161,434	224,420	259,767	293,085	333,917
Total income	590,892	723,364	800,533	903,192	1,032,681
Operating expenses	(268,087)	(352,133)	(378,463)	(425,806)	(485,490)
PPoP	322,804	371,232	422,071	477,385	547,191
Provisions	(28,848)	(40,631)	(86,009)	(91,232)	(104,670)
Exceptional Item	(124,898)	0	0	0	0
Profit before tax	169,058	330,601	336,062	386,153	442,521
Taxes	(73,262)	(81,986)	(84,688)	(97,311)	(111,515)
Net profit	95,797	248,614	251,374	288,843	331,006

Source: Company, YES Sec – Research

Exhibit 16: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	6.8	7.8	7.8	7.9	7.9
Interest expense	-3.4	-4.3	-4.3	-4.3	-4.3
Net interest income	3.4	3.6	3.5	3.5	3.6
Non-interest income	1.3	1.6	1.7	1.7	1.7
Total income	4.7	5.2	5.2	5.2	5.3
Operating expenses	-2.2	-2.5	-2.4	-2.5	-2.5
PPoP	2.6	2.7	2.7	2.8	2.8
Provisions	-0.2	-0.3	-0.6	-0.5	-0.5
Profit before tax	1.4	2.4	2.2	2.2	2.3
Taxes	-0.6	-0.6	-0.5	-0.6	-0.6
Net profit	0.8	1.8	1.6	1.7	1.7

Source: Company, YES Sec – Research

Exhibit 17: Sum of the Parts (SOTP) - Subsidiaries

Subsidiary	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple	Stake (%)	Stake value (Rs mn)	Per share (Rs)
Axis AMC	326,098	AUM	3,260,980	10.0%	75.0%	244,574	79.2
Max Life	490,098	EV	233,380	2.1x	19.0%	93,217	30.2
Axis Capital	21,340	PAT	1,524	14.0x	100.0%	21,340	6.9
Axis Bank UK	5,197	BV	4,725	1.1x	100.0%	5,197	1.7
Axis Finance	122,059	BV	40,686	3.0x	100.0%	122,059	39.5
Axis Securities	40,490	BV	13,497	3.0x	100.0%	40,490	13.1
Value of Subsidiaries						526,877	170.7

Source: Company, YES Sec – Research

Exhibit 18: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Interest Income	540,766	610,107	698,764	547,618	630,303	730,589	(1.3)	(3.2)	(4.4)
Pre-Prov. Operating Profit	422,071	477,385	547,191	420,164	495,867	577,081	0.5	(3.7)	(5.2)
Profit after tax	251,374	288,843	331,006	252,276	304,118	354,270	(0.4)	(5.0)	(6.6)

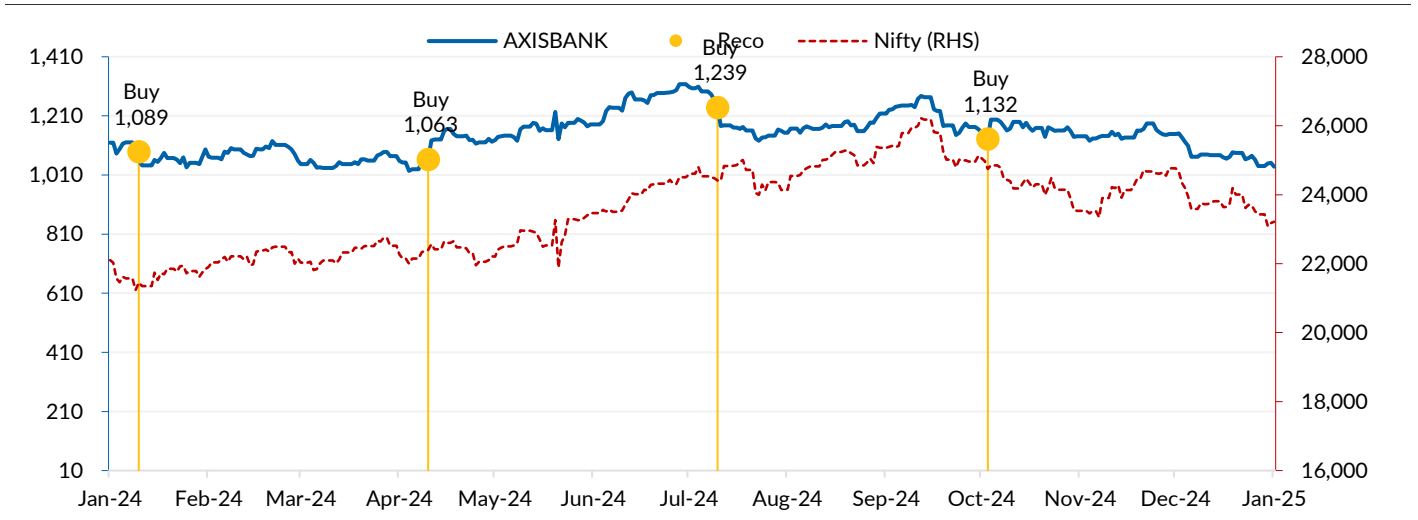
Source: Company, YES Sec – Research

Exhibit 19: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)					
Net interest income	29.6	16.2	8.4	12.8	14.5
PPoP	30.5	15.0	13.7	13.1	14.6
Net profit	-26.5	159.5	1.1	14.9	14.6
Loans	19.4	14.2	10.0	13.0	15.0
Deposits	15.2	12.9	10.8	14.0	16.0
Profitability Ratios (%)					
Net interest margin	4.0	4.1	3.9	4.0	4.0
Return on Average Equity	8.0	18.0	15.4	15.2	14.6
Return on Average Assets	0.8	1.8	1.6	1.7	1.7
Per share figures (Rs)					
EPS	31.1	80.5	81.4	93.6	105.1
BVPS	408	489	570	662	787
ABVPS	396	479	537	618	737
Valuation multiples					
P/E	28	11	10.7	9.3	8.3
P/BV	2.1	1.8	1.5	1.3	1.1
P/ABV	2.2	1.8	1.6	1.4	1.2
NIM internals (%)					
Yield on loans	8.3	9.6	9.5	9.6	9.6
Cost of deposits	3.6	4.5	4.8	4.9	4.8
Loan-deposit ratio	89.3	90.3	89.6	88.9	88.1
CASA ratio	47.2	43.0	43.0	43.3	43.5
Opex control (%)					
Cost/Income ratio	45.4	48.7	47.3	47.1	47.0
Cost to average assets	2.2	2.5	2.4	2.5	2.5
Capital adequacy (%)					
Tier 1 capital ratio	14.6	14.2	14.6	14.8	15.6
Asset quality (%)					
Slippage ratio	1.9	1.6	2.0	1.8	1.6
Gross NPL ratio	2.2	1.5	2.2	2.2	2.0
Credit cost	0.4	0.4	0.8	0.8	0.8
Net NPL ratio	0.4	0.3	1.0	1.1	1.1

Source: Company, YES Sec - Research; Valuations are the implied value of standalone entity net of subsidiaries

Recommendation Tracker



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