

Financials: Banks

Result Preview



3QFY25 earnings estimates (INR b)

PAT	3Q FY25E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	4.9	30.2	-14.5
AXSB	63.9	5.2	-7.6
BANDHAN	8.0	8.6	-15.1
DCBB	1.4	9.3	-11.0
EQUITAS	0.8	-60.3	522.6
FB	10.3	2.2	-2.6
HDFCB	166.4	1.7	-1.0
ICICIBC	114.2	11.2	-2.8
IDFCFB	5.0	-30.1	149.3
IIB	14.4	-37.6	7.9
KMB	33.8	12.4	1.0
RBK	0.7	-70.0	-68.6
Private Total	423.7	2.3	-2.2
PSU Banks			
BOB	44.0	-3.9	-16.0
CBK	40.1	9.8	0.0
INBK	25.8	21.8	-4.6
PNB	36.5	64.0	-15.3
SBIN	162.4	77.2	-11.4
UNBK	36.4	1.4	-22.9
PSU Total	345.2	36.3	-12.2
Banks Total	768.9	15.2	-6.9

Muted quarter; unsecured asset quality remains under watch

Higher credit costs drive sharp earnings cuts across mid-size private banks

- Credit growth moderates; estimate FY25 credit growth at ~11%:** Systemic credit growth has declined to ~11.5% from the recent high of ~16% amid a slowdown in unsecured retail and demand moderation in certain other secured segments. A few banks have already lowered their growth guidance (IIB, RBK), while select large banks are also likely to report tepid full-year growth guidance owing to a high CD ratio and rising asset quality concerns. Slower economic activity as reflected in a slower GDP growth print is closely watched and may drive growth moderation in Corporate/SME segments. While the incremental LDR has moderated to below 80% (~100% in Jul'24), the outstanding LDR remains elevated at ~80%. We thus estimate credit growth to be at ~11% for FY25, while expect FY26 growth to be broadly maintained at 12.5%.
- Deposit growth stood at 11.5% in Dec'24; CASA accretion remains a challenge:** Deposit growth has broadly followed a narrow range of 10-13% over the past 18 months and is up 7.8% YTD vs. the YTD credit growth of 7%. Further, deposit competition remains aggressive as many banks are focusing on improving their CD ratios, while competition from PSU banks is also picking up. CASA accretion remains a challenge as depositors are locking in money at higher term deposit rates ahead of a potential reversal in the rate cycle. Consequently, we estimate the funding cost to stay elevated, thus maintaining pressure on margins. With rate cuts projected in early CY25, the banking system's yield will likely witness further pressure over the coming quarters.
- Asset quality stress remains elevated in MFI, unsecured retail; PSU banks are well placed:** 1HFY25 saw a deterioration in asset quality for select lenders, and we believe that the asset quality stress will continue for lenders (mainly mid-size private banks), especially those with exposure to the unsecured retail and MFI segments. We factor in a rise in provisioning expenses for select players like IIB, RBK, Equitas, Bandhan and IDFCFB, while large private/PSU banks are relatively better positioned to navigate through the current cycle.
- Estimate ~12.6% CAGR over FY25-27E for our banking coverage universe:** We estimate NII for our banking coverage universe to grow ~7.3% YoY in 3QFY25, while PPop may grow 13.2% YoY and fall 3.8% QoQ. We thus estimate private/PSU banks to report earnings growth of 2.3%/36.3% YoY in 3QFY25. We estimate MOFSL Banking Universe earnings to grow by 15.2% YoY in 3QFY25, while sector earnings would clock a 12.6% CAGR over FY25-27E.

Private Banks: PAT to grow ~2.3% YoY in 3QFY25 (5.8% YoY in 2QFY25 and 7% YoY in FY25E)

- For the private banks under our coverage,** we estimate PPop growth of 10.4% YoY/ 0.6% QoQ and PAT growth of 2.3% YoY/decline of 2.2% QoQ in 3QFY25. We also estimate a 15% CAGR in earnings over FY25-27.
- We estimate NII to grow 9.3% YoY in 3QFY25.** Among large private banks under our coverage, HDFCB's growth is estimated to be at 6.5% YoY, ICICI at 10.9%

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YoY, Axis at 9% YoY, KMB at 8.9% YoY, and Federal at 15% YoY. For IIB, NII is expected to decline by 0.3% YoY.

- **Opex is likely to follow a normalized trend**, as banks continue to invest in branches and digital capabilities. Other income is anticipated to be modest as bonds yields have seen a slight uptick, while markets have been volatile.
- **Overall slippages are expected to remain under control**, though unsecured retail (especially MFI segment) is likely to witness high delinquencies. We remain cautious about the credit quality outlook and factor in higher credit costs across most mid-size banks with exposure to unsecured retail/MFI segments.

PSU Banks: PAT to grow 36% YoY (vs. 33.5% YoY in 2QFY25 and 19.7% YoY in FY25E)

- **We estimate PSBs to report earnings growth of 36.3% YoY** (12.2% QoQ decline) amid lower other income and tepid margins. NII is likely to see a modest 5.4% YoY growth as the margin bias remains negative. Accordingly, we estimate PSU banks to report a 10% CAGR in aggregate earnings over FY25-27.
- **Opex is likely to be under control**, as most of the wage-related provisions and other opex were accounted for in FY24. Thus, we expect opex to follow a normalized trajectory. Treasury performance is likely to remain muted as bond yields have seen an uptick in 3Q, while equity markets have been volatile.
- **Asset quality is likely to remain robust**: Though 2Q saw a slight increase in SMA pool, it should not translate into slippages. Moreover, healthy recoveries will keep the credit cost under control. The asset quality developments in MSME segment, along with ECL provisioning requirements, will be monitored closely to better assess the credit cost outlook.

Small Finance Banks: Asset quality pressures to continue

- **AUBANK's 3QFY25 PAT** is likely to grow 30.2% YoY to INR5b (aided by merger with Fincare SFB, 14.5% QoQ decline). NII is expected to grow 53% YoY (2.6% QoQ), while NIMs may decline marginally. Asset quality may witness a slight deterioration with high delinquencies in MFI/Card segments.
- **EQUITASB** is estimated to report a modest quarter, with PAT expected to dip by 60% YoY as provisioning expenses remain elevated on both fresh slippages and MFI slippages in the erstwhile quarters as per the provisioning policy. We estimate advances growth at 20% YoY/3.6% QoQ, while NIMs may moderate by 18bp QoQ.

Payments/Fintech: Credit cost to stay elevated; Paytm on track to report adj. EBITDA breakeven in 4QFY25

- **SBICARDS**: Retail spend growth is likely to remain healthy, while NIMs may see a slightly positive bias. However, asset quality stress is likely to continue, leading to high credit costs. We thus estimate PAT to decline 21.5% YoY.
- **PAYTM**: We estimate 10% QoQ growth in GMV in 3QFY25 to INR4.9t. Revenue from operations is projected to increase 8% QoQ to INR18b, while contribution profit is estimated to rise 14% QoQ to INR10.12b in 3QFY25. Contribution margin is thus likely to improve to ~56.6%.

Top picks – ICICIB, HDFCB, FB, and SBI

ICICIB: Financial snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	743	815	909
OP	581	666	750
NP	409	461	509
NIM (%)	4.7	4.4	4.2
EPS (INR)	58.4	65.6	72.4
EPS Gr (%)	27.5	12.4	10.4
ABV/Sh (INR)	315	371	434
Cons. BV/Sh (INR)	363	433	513

Ratios

RoA (%)	2.4	2.3	2.2
RoE (%)	18.9	18.1	17.2

Valuations

P/BV (x) (Cons)	3.6	3.0	2.5
P/ABV (x)	3.3	2.8	2.4
P/E (x)	22.4	19.9	18.0
Adj P/E (x)*	17.9	16.0	14.5

*Adj for Investment in Subs

ICICIB (BUY)

- ICICIB has consistently delivered strong performance, achieving ~17% CAGR in loans over FY22-FY24, driven by Retail, BB, and SME segments. The bank's focus on leveraging data analytics for onboarding and credit assessment has been pivotal.
- Asset quality remains robust, with healthy PCR (~79%) and adequate contingent provisions (INR131b, ~1% of loans). Despite delinquencies in unsecured loans (14% of total portfolio), credit costs are expected to normalize at ~50bp over FY26-27E.
- Margins have moderated, with NIMs declining by 27bp to 4.27% in the past year. The pace of compression has slowed, and management expects stability in the near term, although a potential rate cut may create further pressure.
- Deposit growth has outpaced the industry, driven by enhancements in digital banking and a robust branch network. CASA accretion remains under pressure amid elevated rates, with the CASA ratio at 40.6% in 2QFY25.
- Fee income growth remains healthy, supported by Retail and BB segments (~78% of total fees). Continued investments in technology and digital platforms are driving operational efficiency, with the cost-to-income ratio expected to remain stable at ~39%.
- ICICIB is poised to deliver superior performance, supported by strong loan growth, robust asset quality, and industry-leading return ratios. We estimate RoA/RoE at 2.1%/16.7% in FY27E. Adjusted for its subsidiaries, the standalone bank currently trades at 2.4x FY26E ABV.

HDFCB: Financial snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	1,085	1,213	1,348
OP	944	990	1,124
NP	608	668	751
NIM (%)	3.4	3.4	3.5
EPS (INR)	80.0	87.9	98.8
EPS Gr. (%)	1.0	9.8	12.4
BV/Sh. (INR)	580	647	725
ABV/Sh. (INR)	555	618	693

Ratios

RoA (%)	1.8	1.8	1.8
RoE (%)	14.6	14.3	14.4

Valuations

P/E(X)	22.5	20.5	18.2
P/E(X)*	18.8	17.1	15.2
P/BV (X)	3.1	2.8	2.5
P/ABV (X)*	2.7	2.4	2.2

*Adj for Investment in Subs

HDFCB (BUY)

- HDFC Bank (HDFCB) is navigating post-merger short-term challenges, including high CD ratios and inherited high-cost borrowings, with a strategic focus on deposit mobilization and balance sheet optimization.
- Loan growth is recovering, driven by Retail and CRB portfolios, which now contribute ~82% of the mix. We estimate a loan CAGR of ~10% and deposit CAGR of ~16% over FY24-27E.
- Margins are stabilizing, with NIM improving to 3.46% in 2QFY25. The bank expects further recovery as high-cost borrowings mature and the mix shifts toward high-yielding assets. NIMs are projected at ~3.6% by FY27.
- Asset quality remains strong, with GNPA/NNPA at 1.4%/0.4%. A robust provision buffer of INR262b (~1.1% of loans) offers comfort against potential credit risks.
- Operating efficiency is improving, with stable cost ratios despite continued investments. Cost-to-income and cost-to-asset ratios are projected to decline to ~39% and 1.7%, respectively, by FY27.
- HDFCB is positioned to deliver steady growth and profitability, supported by strategic liability management, margin recovery, and a strong focus on asset quality. We estimate RoA/RoE at 1.9%/14.9% in FY27. The standalone bank trades at 2.3x FY26E ABV.

FB: Financial snapshot (INR b)

Y/E Mar	FY24	FY25E	FY26E
NII	82.9	96.0	114.6
OP	51.7	61.1	75.3
NP	37.2	41.0	48.1
NIM (%)	3.3	3.2	3.2
EPS (INR)	16.3	16.8	19.7
EPS Gr. (%)	14.5	3.0	17.2
BV/Sh. (INR)	119	135	153
ABV/Sh. (INR)	113	128	145

Ratios

ROA (%)	1.3	1.2	1.2
ROE (%)	14.7	13.3	13.7

Valuations

P/E(X)	12.0	11.7	10.0
P/BV (X)	1.6	1.5	1.3
P/ABV (X)	1.7	1.5	1.4

SBI: Financial snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	1,599	1,684	1,845
OP	867	1,130	1,238
NP	611	711	763
NIM (%)	3.1	2.9	2.9
EPS (INR)	68.4	79.6	85.5
EPS Gr. (%)	21.6	16.4	7.4
ABV (INR)	365	432	499
Cons. BV (INR)	448	523	617

Ratios

RoA (%)	1.0	1.1	1.1
RoE (%)	18.8	18.8	17.4

Valuations

P/BV (x) (Cons.)	1.8	1.5	1.3
P/ABV (x)*	1.5	1.3	1.1
P/E (x)	10.6	9.0	8.1
P/E (x)*	8.0	6.9	6.4

*Adj for Investment in Subs

Federal Bank (BUY)

- FB has maintained its strong growth trajectory, leveraging fintech collaborations and data-driven strategies for product distribution and customer acquisition. With new leadership in place, the bank is well-positioned to enhance profitability and navigate regulatory challenges effectively.
- FB reported robust credit growth of 19.4% YoY in 2QFY25, with advances estimated to clock an 18% CAGR over FY25-27. High-yielding products such as credit cards, personal loans, and microfinance are driving this expansion, supported by disciplined underwriting practices.
- Deposits grew 15.6% YoY in 2QFY25, led by strong term deposit inflows, while CASA ratio improved sequentially to 30.1%. Fintech partnerships remain crucial for optimizing the deposit base and enhancing cross-selling opportunities, positioning FB for steady growth.
- NIM contracted slightly to 3.12% in 2QFY25 due to higher funding costs, but it is expected to stabilize at ~3.3% by FY27, driven by a shift toward high-margin products. The C/I ratio is projected to decline gradually from 54.5% in FY24 to ~50% by FY27, supported by digital initiatives and operational efficiency.
- FB continues to exhibit robust asset quality, with GNPA/NNPA ratios at 2.1%/0.57% in 2QFY25. The bank's strong underwriting and recovery processes are expected to keep credit costs stable at 30-40bp over FY25-27, with GNPA projected to reduce to 1.8% by FY27.
- FB is well-positioned for sustainable growth, supported by strong deposit franchise, disciplined risk management, and focus on high-yielding products. We estimate RoA/RoE at 1.3%/14.9% by FY27. The stock is trading at 1.4x FY26E ABV.

SBI (BUY)

- SBIN delivered consistent loan growth of ~16% YoY in FY24 and 15.3% YoY in 1HFY25. Retail loans (~36% of portfolio) grew modestly, with PL showing recovery. Corporate and SME segments have shown strong growth, with GNPA in SMEs reducing significantly to 3.6% in 2QFY25. A robust credit pipeline of INR6t positions SBIN for 14-15% growth, outpacing systemic credit expansion.
- Asset quality metrics remain strong, with GNPA/NNPA ratios at 2.13%/0.53% in 2QFY25 and a healthy PCR of ~76% (92% including write-offs). Credit costs are expected to remain benign at ~50bp over FY26-27E, supported by disciplined underwriting and recoveries.
- Deposits grew 9.1% YoY in 1HFY25, maintaining a leadership position with a ~24% market share and a low domestic CD ratio of ~67.9%. SBIN is poised for an ~11% deposit CAGR over FY25-27E, focusing on retail deposits. Its comfortable LCR of 130% adds to its stability.
- NIMs were stable at 3.14% in 2QFY25. Having 40% of its portfolio linked to MCLR insulates SBIN from rate cuts. Digitalization efforts and branch rationalization have improved operational efficiency, with the C/I ratio projected to improve to ~49% by FY27E.
- SBIN is well-positioned for sustainable growth, backed by strong loan growth, controlled credit costs, and digital transformation. We estimate a 12% earnings CAGR over FY24-27E, with RoA/RoE at 1.1%/17.3% by FY27E. The standalone bank trades at 1.1x FY26E ABV.

Exhibit 1: Banks: 3QFY25 earnings estimates

	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
		Dec'24	YoY (%)	QoQ (%)	Dec'24	YoY (%)	QoQ (%)	Dec'24	YoY (%)	QoQ (%)
Financials										
AU Small Finance	Buy	20,255	52.9	2.6	11,109	69.1	-1.8	4,887	30.2	-14.5
Axis Bank	Neutral	1,36,557	9.0	1.3	1,02,990	12.7	-3.9	63,894	5.2	-7.6
Bandhan Bank	Neutral	29,968	18.7	1.6	23,967	44.8	29.2	7,957	8.6	-15.1
DCB Bank	Buy	5,335	12.6	4.8	2,353	11.2	-7.8	1,384	9.3	-11.0
Equitas Small Finance	Buy	8,295	5.7	3.4	3,561	-1.2	1.8	802	-60.3	522.6
Federal Bank	Buy	24,411	15.0	3.1	15,505	7.9	-1.0	10,293	2.2	-2.6
HDFC Bank	Buy	3,03,356	6.5	0.7	2,47,596	4.7	0.2	1,66,449	1.7	-1.0
ICICI Bank	Buy	2,07,058	10.9	3.3	1,67,120	13.5	-0.1	1,14,222	11.2	-2.8
IDFC First Bank	Neutral	49,589	15.7	3.6	20,276	29.8	3.3	5,004	-30.1	149.3
IndusInd Bank	Buy	52,810	-0.3	-1.2	36,044	-10.8	0.1	14,358	-37.6	7.9
Kotak Mahindra Bank	Neutral	71,355	8.9	1.7	52,323	14.6	2.6	33,788	12.4	1.0
RBL Bank	Neutral	15,545	0.6	-3.7	9,937	29.9	9.2	700	-70.0	-68.6
Banks – Private		9,24,534	9.3	1.6	6,92,779	10.4	0.6	4,23,737	2.3	-2.2
Bank of Baroda	Buy	1,20,254	8.3	3.5	78,654	12.1	-17.0	44,003	-3.9	-16.0
Canara Bank	Buy	96,112	2.1	3.2	75,007	10.2	-2.0	40,142	9.8	0.0
Indian Bank	Buy	63,430	9.1	2.4	45,394	10.8	-4.0	25,814	21.8	-4.6
Punjab National Bank	Neutral	1,07,702	4.6	2.4	65,814	4.0	-4.0	36,464	64.0	-15.3
State Bank of India	Buy	4,22,762	6.2	1.6	2,70,482	33.0	-7.7	1,62,373	77.2	-11.4
Union Bank	Buy	91,824	0.2	1.5	70,041	-3.8	-13.7	36,387	1.4	-22.9
Banks – PSU		9,02,084	5.4	2.1	6,05,391	16.7	-8.4	3,45,183	36.3	-12.2
Total Banks		18,26,618	7.3	1.9	12,98,169	13.2	-3.8	7,68,920	15.2	-6.9
SBI Cards	Neutral	15,667	13.0	4.3	18,160	12.1	3.3	4,313	-21.5	6.6
PAYTM	Neutral	18,002	-36.9	8.4	-793	NA	NA	-3,561	NA	NA

Exhibit 2: We cut our earnings estimates by 2.4%/2.7% for FY26E/FY27E, factoring in higher credit costs and a moderation in loan growth, margins; estimate 12.6% earnings CAGR over FY25-27

INR b	Old Estimates			Revised Estimates			% Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Private Banks									
AXSB	262.6	303.2	356.4	263.7	290.7	334.8	0.4%	-4.1%	-6.1%
BANDHAN	39.1	42.6	47.8	36.6	38.5	44.6	-6.4%	-9.7%	-6.6%
DCBB	5.9	7.7	9.7	5.8	7.4	9.4	-1.2%	-3.9%	-2.7%
HDFCB	670.0	760.5	877.9	667.9	750.6	855.0	-0.3%	-1.3%	-2.6%
ICICIBC	458.3	507.2	574.7	460.7	508.7	578.6	0.5%	0.3%	0.7%
IDFCFB	24.4	40.2	51.7	21.3	35.7	49.3	-12.9%	-11.0%	-4.7%
IIB	73.8	99.8	126.9	65.8	87.4	110.6	-10.9%	-12.4%	-12.9%
KMB	144.3	161.0	193.4	141.1	156.0	184.8	-2.2%	-3.1%	-4.4%
FB	41.6	49.4	60.4	41.0	48.1	59.2	-1.4%	-2.7%	-2.1%
RBK	10.2	17.2	25.5	7.7	13.6	21.6	-24.4%	-21.0%	-15.2%
AUBANK	22.4	29.2	38.7	21.1	27.7	36.0	-5.9%	-5.2%	-6.8%
EQUITASB	3.6	8.3	11.7	3.0	7.3	11.1	-16.6%	-12.9%	-4.9%
Total Pvt	1,756.4	2,026.4	2,374.8	1,735.7	1,971.6	2,295.1	-1.2%	-2.7%	-3.4%
- YoY growth	8.2%	15.4%	17.2%	7.0%	13.6%	16.4%			
PSU Banks									
BOB	185.5	203.6	225.0	186.7	197.6	218.2	0.6%	-3.0%	-3.0%
CBK	162.6	183.6	205.2	161.7	170.5	191.0	-0.6%	-7.1%	-6.9%
INBK	105.2	114.0	127.8	103.3	112.0	122.9	-1.8%	-1.8%	-3.9%
PNB	156.5	176.8	200.8	156.3	174.1	196.4	-0.1%	-1.5%	-2.2%
SBIN	712.3	764.0	864.5	710.8	763.3	869.4	-0.2%	-0.1%	0.6%
UNBK	155.6	170.7	189.4	158.3	164.3	179.7	1.7%	-3.7%	-5.1%
Total PSU	1,477.6	1,612.7	1,812.8	1,477.1	1,581.8	1,777.6	0.0%	-1.9%	-1.9%
- YoY growth	19.8%	9.1%	12.4%	19.7%	7.1%	12.4%			
Total Banks	3,234.0	3,639.1	4,187.6	3,212.8	3,553.4	4,072.7	-0.7%	-2.4%	-2.7%
- YoY growth	13.2%	12.5%	15.1%	12.5%	10.6%	14.6%			

Exhibit 3: Loan growth declined to 11.5%

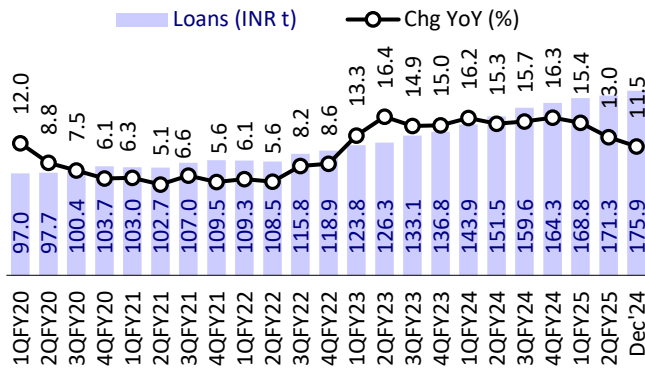


Exhibit 4: Deposit growth broadly stable at 11.5%

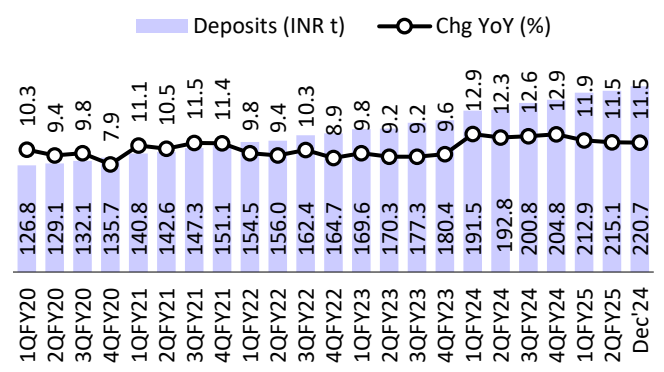
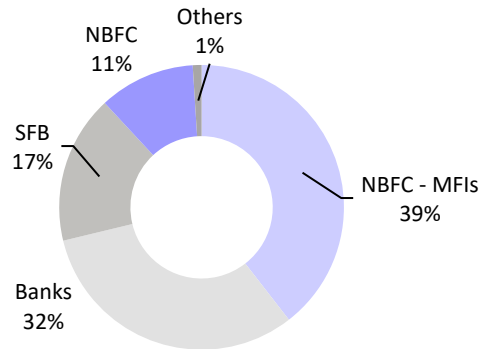


Exhibit 5: MFI industry: Mix of bank loans stood at ~32%; MFI industry size at INR4.1t

Banks have reduced their MFI industry loan mix from 40% in FY22 to 32% in 2QFY25

Micro-credit loan outstanding across lenders



Source: MFIN, MOFSL Company

Exhibit 6: Personal loan growth moderates across banks...

Personal Loan growth (%)	2QFY25	1QFY25	2QFY24
HDFC Bank	6.1	5.2	15.4
ICICI Bank	17.3	24.9	40.4
Axis Bank	23.3	29.4	24.7
Kotak	16.8	21.7	35.3
SBI	6.6	11.2	17.8
BoB	25.2	39.2	67.3

Source: MOFSL, Company

Exhibit 7: ...so does the growth in credit cards

Credit Card O/s growth (%)	2QFY25	1QFY25	2QFY24
HDFC Bank	20.7	14.3	10.9
ICICI Bank	27.9	31.3	29.5
Axis Bank	22.0	22.4	73.7
Kotak	14.7	28.9	59.4
SBI Cards	23.0	21.5	19.3

Source: MOFSL, Company

Exhibit 8: Estimate NIMs to exhibit a slight downward bias

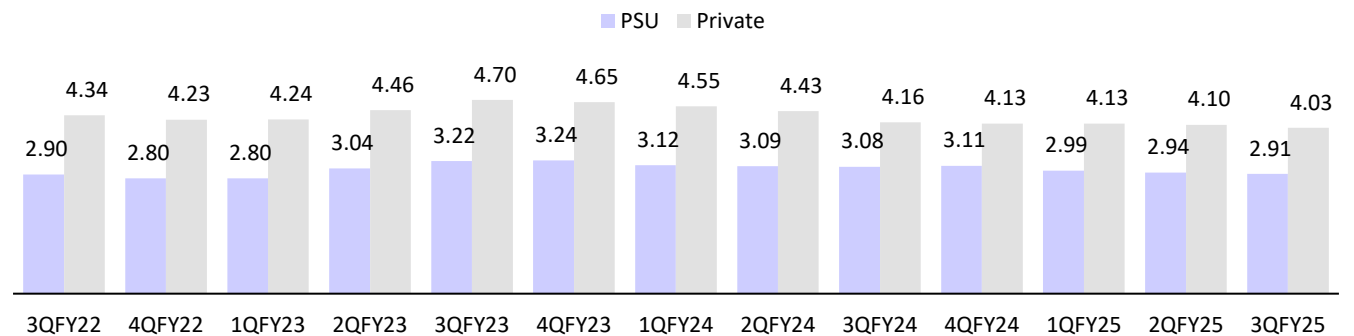


Exhibit 9: Snapshot of additional provision buffers as of 2QFY25

Large banks continue to carry healthy contingency buffers

As on 1QFY25	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB	9,999	50.1	66.9	118	1.2
HDFCB	24,951	145	124	269	1.1
ICICIBC	12,772	131	-	131	1.0
IIB	3,572	15	-	15	0.4
AUBANK	896	0.2	0.4	0.6	0.1

Source: MOFSL, Company

Exhibit 10: AXSB, FB, KMB, ICICIBC, and HDFCB have higher EBLR/Repo-linked loans; PSBs have higher linkage to MCLR (%)

Loans Mix (%) - 2QFY25	MCLR	EBLR	Repo linked	Others (fixed, base rate, and foreign currency-floating)
AUBANK	28		10	62
AXSB	11	4	53	32
CBK	48	41		11
FB	10		50	40
HDFCB	27	43		31
ICICIBC	16	1	51	32
INBK	58		36	6
KMB	13	60	-	27
PNB	34	8	41	17
RBL**	7	35		58
SBIN*	36		27	34
BOB	47	33		20

*as on 1QFY25 **as on 4QFY24; Source: MOFSL, Company

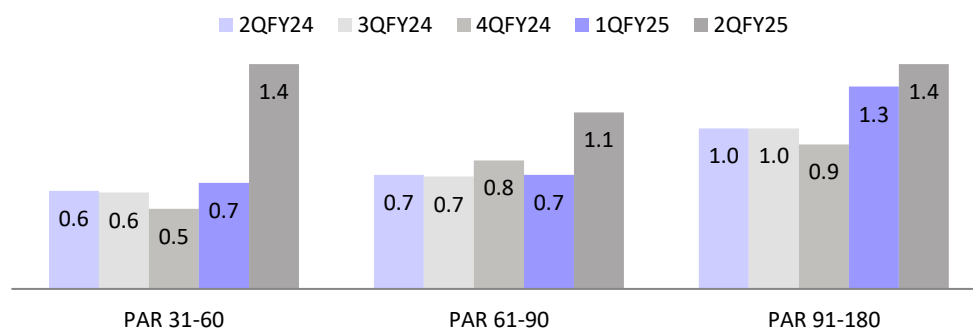
Exhibit 11: Snapshot of restructured book across banks (INR b)

	Absolute	Sep'22	Mar'23	Jun'23	Sep'23	Mar'24	Jun'24	Sep'24
AXSB	13.2	0.38	0.22	0.21	0.2	0.16	0.14	0.13
BANDHAN	NA	0.2	NA	NA	NA	NA	NA	NA
DCBB	9.2	5.45	4.51	3.97	3.4	2.62	2.34	2.07
HDFCB	NA	0.53	0.31	NA	0.22	NA	NA	NA
ICICIBC	25.5	0.7	0.4	NA	0.32	0.26	0.22	0.20
IIB	10.4	1.5	0.84	0.66	0.54	0.40	0.34	0.29
KMB	2.5	0.34	0.22	0.19	0.15	0.10	0.08	0.06
FB	16.4	2.03	1.62	1.4	1.3	0.97	0.83	0.71
RBK	3.3	2.21	1.21	1.05	0.89	0.51	0.44	0.38
AUBANK	3.8	1.7	1.2	1	0.8	0.60	0.40	0.40
BOB	NA	2.12	1.5	1.31	NA	NA	NA	NA
SBIN	148.3	0.93	0.8	0.69	0.62	0.47	0.43	0.38
INBK	71.4	3.9	2.51	2.19	2.12	1.67	1.51	1.34
PNB	NA	1.8	1.32	NA	NA	NA	NA	NA
UNBK	112.4	2.6	2.2	2	1.71	1.48	1.30	1.21
CBK	NA	2.09	NA	NA	NA	NA	NA	NA

Source: MOFSL, Company

Exhibit 12: Trend in MFI delinquencies for banks (%)

Banks have been witnessing stress in MFI segment, with 91-180 PAR rising to 1.4% in 2QFY25 from 0.9% in 4QFY24



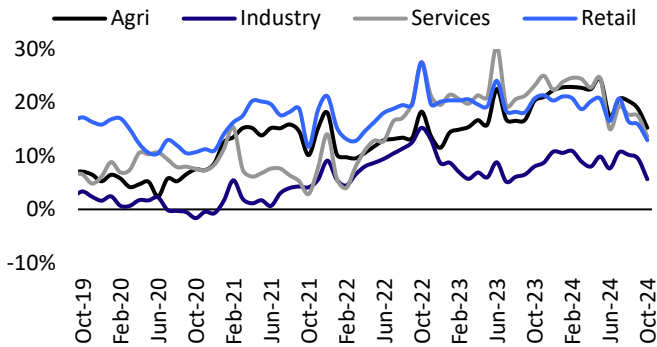
Source: MFIN

Exhibit 13: SMA mix across banks as of 2QFY25

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA		47bp
CBK	33bp	7bp	108bp
INBK	NA	27bp	62bp
PNB	NA	NA	16bp
SBIN	NA	31bp	5bp
UNBK	61bp	3bp	19bp
BANDHAN	150bp	90bp	90bp
KMB	NA	NA	4bp

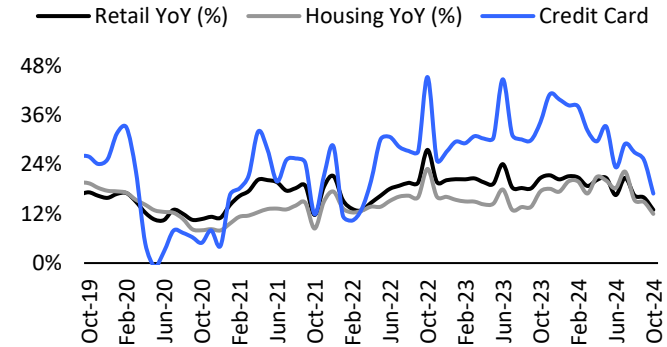
Source: MOFSL, Company

Exhibit 14: Retail loan growth declined to 13% YoY; retail loan mix at 34% in Oct'24



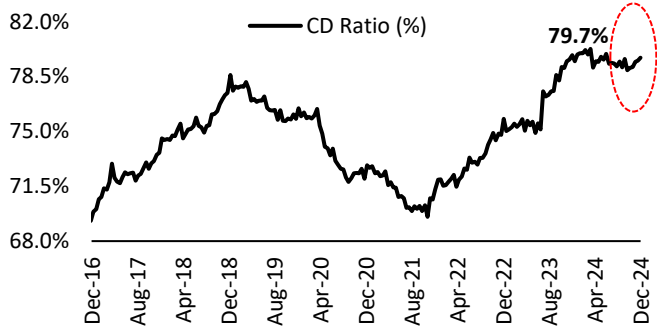
Source: MOFSL, RBI

Exhibit 15: Credit cards growth declined to 17% YoY; Housing/Retail loan growth too declined to 12%/13% YoY in Oct-24



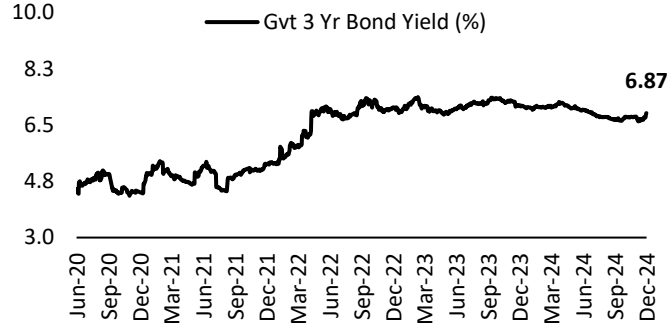
Source: MOFSL, RBI

Exhibit 16: CD ratio stood at 79.7% as of Dec'24



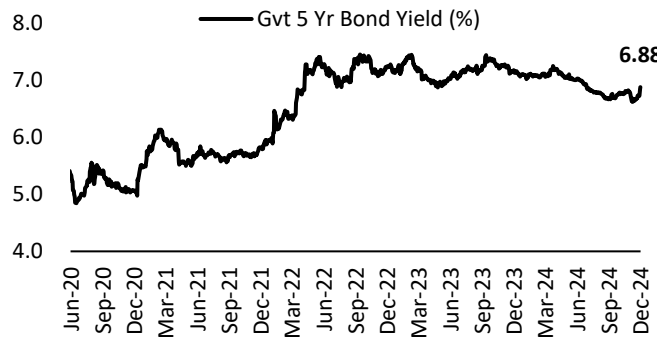
Source: MOFSL, RBI

Exhibit 17: Three-year G-Sec yield stood at 6.87% in Dec'24



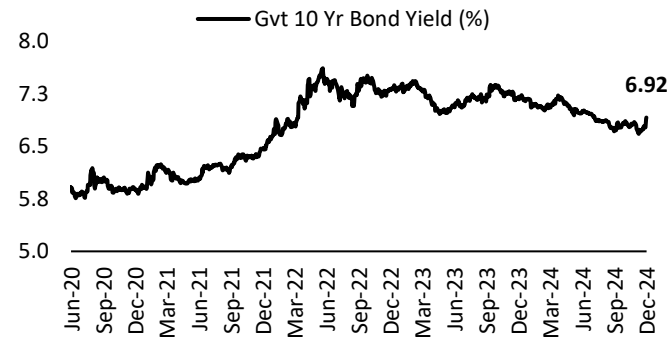
Source: MOFSL, BBG

Exhibit 18: Five-year G-Sec yield increased to 6.88%



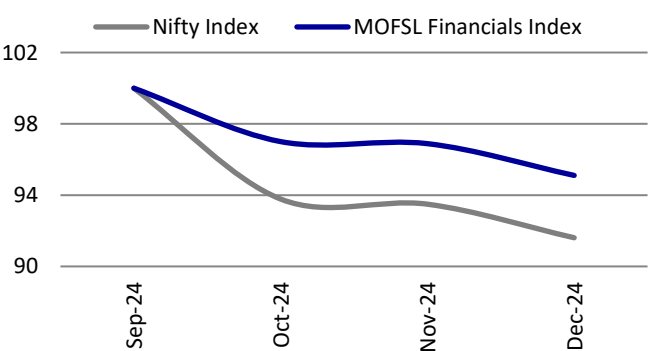
Source: MOFSL, BBG

Exhibit 19: 10-year G-Sec yield stood at 6.92% in Dec'24



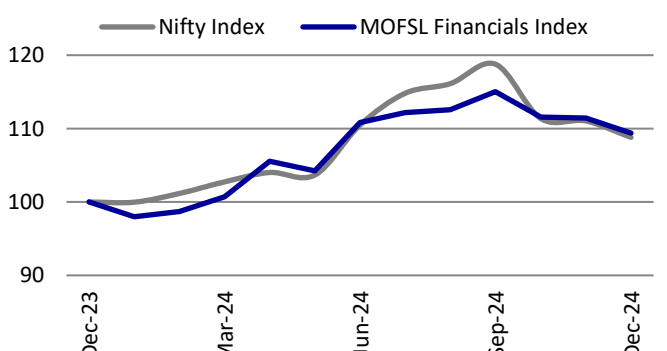
Source: MOFSL, BBG

Exhibit 20: Relative performance – three months (%)



Source: MOFSL, Company

Exhibit 21: One-year relative performance (%)



Source: MOFSL, Company

Exhibit 22: Valuation summary

Company	CMP (INR)	Rating	EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
			FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Financials														
Banks-Private														
ICICIBC	1,284	Buy	58.4	65.3	72.2	17.6	15.7	14.2	3.0	2.6	2.3	18.9	18.0	17.1
HDFCB	1,782	Buy	80.0	88.2	100.1	18.6	16.9	14.9	2.6	2.3	2.0	14.6	14.4	14.6
AXSB	1,072	Neutral	80.7	85.1	98.2	12.0	11.4	9.8	2.0	1.7	1.4	18.0	16.1	15.9
BANDHAN	160	Neutral	13.8	24.3	26.5	11.6	6.6	6.0	1.2	1.1	0.9	10.8	17.0	16.3
KMB	1,788	Neutral	69.4	72.6	81.0	16.9	16.1	14.5	2.4	2.1	1.8	15.3	13.9	13.6
IIB	969	Buy	115.5	94.9	128.2	8.4	10.2	7.6	1.2	1.1	1.0	15.3	11.2	13.6
FB	200	Buy	16.3	17.1	20.3	12.3	11.7	9.9	1.7	1.5	1.3	14.7	13.4	14.1
DCBB	121	Buy	17.1	18.8	24.7	7.0	6.4	4.9	0.8	0.7	0.6	11.8	11.7	13.7
IDFCFB	64	Neutral	4.3	3.5	5.7	14.9	18.6	11.3	1.4	1.3	1.2	10.2	7.3	11.0
EQUITASB	65	Buy	7.1	3.1	7.3	9.1	20.7	8.8	1.2	1.2	1.1	14.4	5.9	12.8
AUBANK	568	Buy	23.0	31.8	39.3	24.7	17.9	14.5	3.0	2.5	2.2	13.1	15.4	16.2
RBK	158	Neutral	19.3	16.9	28.4	8.2	9.3	5.6	0.6	0.6	0.6	8.2	6.7	10.7
Banks-PSU														
SBIN	793	Buy	68.4	79.8	85.6	7.9	6.8	6.3	1.3	1.1	1.0	18.8	18.8	17.4
PNB	103	Neutral	7.5	13.9	15.4	13.7	7.4	6.7	1.1	1.0	0.9	8.7	14.4	14.1
BOB	241	Buy	34.4	35.8	39.3	7.0	6.7	6.1	1.1	1.0	0.9	17.8	16.2	15.7
CBK	100	Buy	16.0	17.9	20.2	6.3	5.6	5.0	1.1	1.0	0.8	20.2	19.3	18.9
UNBK	123	Buy	18.9	20.4	22.4	6.5	6.0	5.5	1.0	0.9	0.8	16.7	15.9	15.4
INBK	517	Buy	62.2	77.3	83.7	8.3	6.7	6.2	1.3	1.1	1.0	17.1	18.4	17.3
Fintech and payments														
PAYTM	987	Neutral	-22.4	-26.2	-10.5	-44.1	-37.7	-93.6	4.7	5.1	5.4	-10.7	-21.4	-1.7
SBICARD	678	Neutral	25.4	21.5	30.1	26.7	31.6	22.5	5.3	4.6	3.9	22.0	15.7	18.8

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

AU Small Finance Bank

Buy

CMP: INR568 | TP: INR730 (+29%)

EPS CHANGE (%): FY25 | FY26: -4.1 | -3.4

- Expect margins to see moderation
- Expect business growth to remain healthy
- CoF and C/I ratios are expected to remain elevated
- Asset quality ratios to see a slight deterioration

Quarterly Performance

	FY24				FY25E				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY24	FY25E
Net Interest Income	12.5	12.5	13.2	13.4	19.2	19.7	20.3	20.9	51.6	80.1
% Change (Y-o-Y)	27.7	15.3	14.9	10.2	54.1	58.1	52.9	56.0	16.5	55.2
Other Income	3.2	4.1	4.5	5.6	5.1	6.4	6.5	7.3	17.5	25.3
Total Income	15.6	16.6	17.7	18.9	24.3	26.1	26.8	28.2	69.0	105.4
Operating Expenses	10.2	10.3	11.2	12.3	14.8	14.8	15.7	17.0	44.6	62.2
Operating Profit	5.5	6.3	6.6	6.6	9.5	11.3	11.1	11.2	24.4	43.1
% Change (Y-o-Y)	38.6	26.0	18.2	16.3	74.3	80.0	69.1	68.4	20.7	76.9
Provisions	0.3	1.0	1.6	1.3	2.8	3.7	4.6	3.8	4.4	15.0
Exceptional item	-	-	-	0.8	-	-	-	-	-	-
Profit before Tax	5.1	5.3	5.0	4.5	6.7	7.6	6.5	7.4	20.0	28.1
Tax	1.3	1.3	1.2	0.8	1.7	1.9	1.6	1.9	4.6	7.0
Net Profit	3.9	4.0	3.8	3.7	5.0	5.7	4.9	5.5	15.3	21.1
% Change (Y-o-Y)	44.4	17.3	(4.5)	(12.7)	29.9	42.1	30.2	48.0	7.5	37.5
Operating Parameters										
Deposit (INR b)	693.2	757.4	801.2	871.8	972.9	1,096.9	1,147.6	1,193.3	871.8	1,193.3
Loan (INR b)	628.6	641.7	667.4	731.6	896.5	948.4	987.3	1,059.5	731.6	1,059.5
Deposit Growth (%)	26.9	29.8	31.1	25.7	40.4	44.8	43.2	36.9	25.7	36.9
Loan Growth (%)	29.2	24.0	20.0	25.2	42.6	47.8	47.9	44.8	25.2	44.8
Asset Quality										
GNPA (%)	1.8	1.9	2.0	1.7	1.8	2.0	2.2	2.3	1.7	2.3
NNPA (%)	0.6	0.6	0.7	0.6	0.6	0.8	0.8	0.8	0.5	0.8
PCR (%)	69.0	69.1	66.0	67.6	65.1	62.8	63.1	65.6	64.3	65.6

Axis Bank

Neutral

CMP: INR1072 | TP: INR1,225 (+14%)

EPS CHANGE (%): FY25 | FY26: 0.4 | -4.1

- Expect CD ratio to moderate
- Expect margin to witness a mild moderation
- Cost ratios expected to remain elevated
- Asset quality ratios to see a mild increase

Quarterly Performance

	FY24				FY25E				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY24	FY25E
Net Interest Income	119.6	123.1	125.3	130.9	134.5	134.8	136.6	140.9	498.9	546.8
% Change (Y-o-Y)	27.4	18.9	9.4	11.5	12.5	9.5	9.0	7.7	16.2	9.6
Other Income	50.9	50.3	55.5	67.7	57.8	67.2	63.5	69.5	224.4	258.1
Total Income	170.5	173.5	180.9	198.5	192.3	202.1	200.0	210.5	723.4	804.9
Operating Expenses	82.3	87.2	89.5	93.2	91.3	94.9	97.1	100.9	352.1	384.1
Operating Profit	88.1	86.3	91.4	105.4	101.1	107.1	103.0	109.6	371.2	420.7
% Change (Y-o-Y)	49.7	11.9	-1.5	14.9	14.7	24.1	12.7	4.0	16.8	13.3
Provisions	10.3	8.1	10.3	11.9	20.4	22.0	17.6	16.1	40.6	76.1
Profit before Tax	77.8	78.2	81.1	93.5	80.7	85.1	85.4	93.5	330.6	344.7
Tax	19.8	19.5	20.4	22.2	20.3	15.9	21.5	23.2	82.0	81.0
Net Profits	58.0	58.6	60.7	71.3	60.3	69.2	63.9	70.3	248.6	263.7
% Change (Y-o-Y)	40.5	10.0	3.7	7.6	4.1	18.0	5.2	-1.4	15.2	6.1
Operating Parameters										
Deposit (INR t)	9.4	9.6	10.0	10.7	10.6	10.9	11.4	12.0	10.7	12.0
Loan (INR t)	8.6	9.0	9.3	9.7	9.8	10.0	10.4	10.8	9.7	10.8
Deposit Growth (%)	17.2	17.9	18.5	12.9	12.8	13.7	13.7	12.1	12.9	12.1
Loan Growth (%)	22.4	22.8	22.3	14.2	14.2	11.4	11.4	11.7	14.2	11.7
Asset Quality										
Gross NPA (%)	2.0	1.7	1.6	1.4	1.5	1.4	1.5	1.5	1.5	1.5
Net NPA (%)	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.4
PCR (%)	79.6	79.5	77.8	78.5	78.1	76.6	76.3	76.1	78.5	76.1

E: MOFSL Estimates

Bandhan Bank**Neutral**

CMP: INR160 | TP: INR180 (+13%)

EPS CHANGE (%): FY25 | FY26: -6.4 | -9.7

- Expect NIM to see a decline
- Expect business growth to be healthy in 2H
- Asset quality to see a mild increase
- Cost ratios likely to remain elevated

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	24.9	24.4	25.3	28.7	30.1	29.5	30.0	30.9	103.3	120.4
% Change (YoY)	-0.9	11.4	21.4	16.0	20.7	20.7	18.7	7.6	11.5	16.6
Other Income	3.9	5.4	5.5	6.9	5.3	5.9	11.7	7.1	21.6	30.0
Total Income	28.8	29.8	30.7	35.6	35.3	35.4	41.6	38.0	124.9	150.4
Operating Expenses	13.1	14.0	14.2	17.2	15.9	16.9	17.7	18.9	58.5	69.4
Operating Profit	15.6	15.8	16.6	18.4	19.4	18.6	24.0	19.1	66.4	81.0
% Change (YoY)	-14.2	2.0	-13.9	2.4	24.2	17.2	44.8	3.8	-6.4	22.0
Provisions	6.0	6.4	6.8	17.7	5.2	6.1	13.3	7.9	37.0	32.5
Profit Before Tax	9.6	9.5	9.7	0.6	14.2	12.5	10.6	11.2	29.4	48.5
Tax	2.4	2.3	2.4	0.1	3.5	3.1	2.7	2.5	7.1	11.9
Net Profit	7.2	7.2	7.3	0.5	10.6	9.4	8.0	8.6	22.3	36.6
% Change (YoY)	-18.7	244.6	152.2	-93.2	47.5	30.0	8.6	1,482.9	1.6	64.2

Operating Parameters

Deposits (INR b)	1,085	1,121	1,174	1,352	1,332	1,425	1,486	1,575	1,352	1,575
Loans (INR b)	982	1,020	1,102	1,211	1,216	1,261	1,322	1,395	1,211	1,395
Deposit Growth (%)	16.6	12.8	14.8	25.1	22.8	27.2	26.5	16.5	25.1	16.5
Loan Growth (%)	8.0	13.1	19.6	15.6	23.8	23.6	20.0	15.2	15.6	15.2

Asset Quality

Gross NPA (%)	6.8	7.3	7.0	3.8	4.2	4.7	5.1	5.3	3.8	5.3
Net NPA (%)	2.2	2.3	2.2	1.1	1.2	1.3	1.4	1.5	1.1	1.5
PCR (%)	69.2	70.0	70.0	71.8	73.7	73.5	73.0	73.5	71.8	73.5

Bank of Baroda**Buy**

CMP: INR241 | TP: INR290 (+20%)

EPS CHANGE (%): FY25 | FY26: 0.6 | -3.0

- Expect cost ratios to remain under control
- Margins to remain broadly stable
- Expect asset quality to improve further; credit costs are likely to remain in control
- Business growth likely to be healthy

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	110.0	108.3	111.0	117.9	116.0	116.2	120.3	123.5	447.2	475.9
% Change (YoY)	24.4	6.4	2.6	2.3	5.5	7.3	8.3	4.7	8.1	6.4
Other Income	33.2	41.7	28.1	41.9	24.9	51.8	33.0	45.4	145.0	155.1
Total Income	143.2	150.0	139.1	159.8	140.9	168.0	153.3	168.8	592.2	631.0
Operating Expenses	64.9	69.8	69.0	78.8	69.3	73.3	74.6	81.0	282.5	298.2
Operating Profit	78.2	80.2	70.2	81.1	71.6	94.8	78.7	87.8	309.7	332.8
% Change (YoY)	72.8	33.0	-14.8	0.4	-8.5	18.2	12.1	8.3	15.3	7.5
Provisions	19.5	21.6	6.7	13.0	10.1	23.4	19.8	22.4	60.8	75.7
Profit before Tax	58.8	58.6	63.5	68.0	61.5	71.4	58.8	65.4	248.9	257.2
Tax	18.1	16.1	17.7	19.2	16.9	19.0	14.8	19.7	71.0	70.5
Net Profit	40.7	42.5	45.8	48.9	44.6	52.4	44.0	45.7	177.9	186.7
% Change (YoY)	87.7	28.4	18.9	2.3	9.5	23.2	-3.9	-6.4	26.1	4.9

Operating Parameters

Deposit (INR b)	11,999	12,496	12,453	13,270	13,070	13,635	14,198	14,676	13,270	14,676
Loan (INR b)	9,635	9,980	10,241	10,658	10,479	11,212	11,502	11,937	10,658	11,937
Deposit Growth (%)	16.2	14.6	8.3	10.2	8.9	9.1	14.0	10.6	10.2	10.6
Loan Growth (%)	20.5	19.3	15.0	13.3	8.8	12.3	12.3	12.0	13.3	12.0

Asset Quality

Gross NPA (%)	3.5	3.3	3.1	2.9	2.9	2.5	2.4	2.3	2.9	2.3
Net NPA (%)	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.7	0.5
PCR (%)	78.5	77.6	77.7	77.3	76.6	76.3	76.5	76.8	76.2	76.8

E: MOFSL Estimates

Canara Bank**Buy****CMP: INR100 | TP: INR125 (+25%)****EPS CHANGE (%): FY25 | FY26: -0.6 | -7.1**

- Expect margins to remain largely flat
- Asset quality anticipated to improve

- Advances and deposit growth to be the key monitorables
- Expect cost to remain broadly under control

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	86.7	89.0	94.2	95.8	91.7	93.2	96.1	97.6	365.7	378.5
% Change (Y-o-Y)	27.7	19.8	9.5	11.2	5.8	4.6	2.1	1.8	16.3	3.5
Other Income	48.2	46.3	43.0	52.2	53.2	49.8	48.2	55.6	189.7	206.7
Total Income	134.8	135.4	137.1	148.0	144.9	143.0	144.3	153.1	555.3	585.2
Operating Expenses	58.8	59.2	69.1	74.1	68.7	66.4	69.3	73.8	261.2	278.2
Operating Profit	76.0	76.2	68.1	73.9	76.2	76.5	75.0	79.3	294.1	307.0
% Change (Y-o-Y)	15.1	10.3	-2.1	1.9	0.2	0.5	10.2	7.3	6.1	4.4
Other Provisions	27.2	26.1	19.0	24.8	22.8	22.5	21.1	23.8	97.1	90.3
Profit before Tax	48.9	50.1	49.1	49.1	53.3	54.0	53.9	55.5	197.0	216.7
Tax	13.5	14.0	12.5	11.5	14.3	13.9	13.7	13.1	51.5	55.0
Net Profit	35.3	36.1	36.6	37.6	39.1	40.1	40.1	42.3	145.5	161.7
% Change (Y-o-Y)	74.8	42.8	26.9	18.3	10.5	11.3	9.8	12.7	37.3	11.1
Operating Parameters										
Deposit (INR b)	11,925	12,322	12,629	13,124	13,352	13,473	13,778	14,252	13,124	14,252
Loan (INR b)	8,551	8,923	9,206	9,316	9,464	9,840	10,088	10,360	9,316	10,360
Deposit Growth (%)	6.6	8.7	8.5	11.3	12.0	9.3	9.1	8.6	11.3	8.6
Loan Growth (%)	14.5	13.2	12.8	12.2	10.7	10.3	9.6	11.2	12.2	11.2
Asset Quality										
Gross NPA (%)	5.2	4.8	4.4	4.2	4.1	3.7	3.5	3.4	4.2	3.4
Net NPA (%)	1.6	1.4	1.3	1.3	1.2	1.0	0.9	0.9	1.3	0.9
PCR (%)	70.6	71.4	70.8	70.9	71.0	74.1	74.2	74.0	70.8	74.0

E: MOFSL Estimates

DCB Bank**Buy****CMP: INR121 | TP: INR160 (+32%)****EPS CHANGE (%): FY25 | FY26: -1.2 | -3.9**

- Expect business growth to remain healthy
- Expect cost ratios to remain under control

- Asset quality to witness an improvement
- Margin to largely remain flat

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	4.71	4.76	4.74	5.07	4.97	5.09	5.34	5.58	19.28	20.97
% Change (Y-o-Y)	25.88	15.72	6.27	4.43	5.49	7.03	12.56	9.95	12.28	8.78
Other Income	1.07	1.07	1.24	1.36	1.43	2.05	1.72	1.92	4.74	7.11
Total Income	5.78	5.83	5.98	6.44	6.40	7.14	7.06	7.50	24.02	28.09
Operating Expenses	3.69	3.73	3.86	4.10	4.34	4.59	4.70	4.81	15.38	18.45
Operating Profit	2.09	2.11	2.12	2.34	2.05	2.55	2.35	2.68	8.64	9.64
% Change (Y-o-Y)	25.61	15.32	8.96	(4.19)	(1.58)	21.19	11.24	14.72	9.88	11.51
Provisions	0.38	0.40	0.41	0.24	0.28	0.46	0.49	0.58	1.42	1.81
Profit before Tax	1.71	1.71	1.71	2.10	1.77	2.10	1.86	2.10	7.22	7.83
Tax	0.44	0.44	0.44	0.54	0.46	0.54	0.48	0.54	1.86	2.02
Net Profit	1.27	1.27	1.27	1.56	1.31	1.55	1.38	1.56	5.36	5.81
% Change (Y-o-Y)	30.7	12.9	11.2	9.5	3.5	22.6	9.3	0.1	15.1	8.42
Operating Parameters										
Deposit (INR b)	430.1	455.0	471.2	493.5	516.9	545.3	565.7	587.3	493.5	587.3
Loan (INR b)	354.7	372.8	389.5	409.2	421.8	444.7	463.7	487.0	409.2	487.0
Deposit Growth (%)	22.6	23.1	19.3	19.7	20.2	19.9	20.1	19.0	19.7	19.0
Loan Growth (%)	19.0	19.1	18.2	19.0	18.9	19.3	19.0	19.0	19.0	19.0
Asset Quality										
Gross NPA (%)	3.26	3.36	3.43	3.23	3.33	3.29	3.24	3.15	3.25	3.15
Net NPA (%)	1.19	1.28	1.22	1.11	1.18	1.17	1.15	1.10	1.11	1.10
PCR (%)	64.1	62.8	65.1	66.4	65.2	65.2	65.3	65.8	66.4	65.8

E: MOFSL Estimates

Equitas Small Finance Bank

Buy
CMP: INR65 | TP: INR80 (+23%)
EPS CHANGE (%): FY25|FY26: -16.6|-12.9

- Expect NIM to decline in 3Q
- Asset quality to be under pressure
- Expect cost ratios to remain elevated
- Business growth to be a key monitorable

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	12.5	13.6	14.3	14.4	15.0	15.5	16.4	17.6	54.9	64.6
Interest Expense	5.1	5.9	6.4	6.6	7.0	7.5	8.1	9.0	24.1	31.6
Net Interest Income	7.4	7.7	7.9	7.9	8.0	8.0	8.3	8.6	30.8	33.0
% Change (YoY)	28.0	25.6	21.3	11.2	7.9	4.8	5.7	10.1	21.0	7.1
Other Income	1.7	1.8	2.1	2.4	2.1	2.4	2.5	2.7	8.0	9.7
Total Income	9.1	9.5	9.9	10.3	10.1	10.4	10.7	11.4	38.8	42.6
Operating Expenses	6.0	6.2	6.3	6.5	6.7	6.9	7.2	7.5	25.0	28.3
Operating Profit	3.1	3.3	3.6	3.7	3.4	3.5	3.6	3.9	13.8	14.3
% Change (YoY)	16.4	36.3	29.1	-3.0	9.1	5.9	-1.2	3.6	17.1	4.1
Provisions	0.6	0.6	0.8	1.1	3.0	3.3	2.5	1.5	3.1	10.4
Profit before Tax	2.5	2.7	2.8	2.7	0.4	0.2	1.1	2.3	10.6	4.0
Tax	0.6	0.7	0.7	0.6	0.1	0.1	0.3	0.6	2.6	1.0
Net Profit	1.9	2.0	2.0	2.1	0.3	0.1	0.8	1.8	8.0	3.0
% Change (YoY)	97.1	70.2	18.7	9.3	-86.5	-93.5	-60.3	-14.1	39.3	-62.8
Operating Parameters										
AUM	296	312	328	343	349	361	390	407	343	407
Deposits	277	308	324	361	375	399	412	430	361	430
Loans	275	288	292	310	319	340	352	367	310	367
AUM Growth (%)	36	37	32	23	18	15	19	18	23	18
Deposit Growth (%)	36	42	38	42	35	29	27	19	42	19
Loan Growth (%)	34	32	25	20	16	18	20	18	20	18
Asset Quality										
Gross NPA (%)	2.8	2.3	2.5	2.6	2.7	3.0	3.2	3.3	2.6	3.3
Net NPA (%)	1.2	1.0	1.1	1.2	0.8	1.0	1.0	1.0	1.2	1.0
PCR (%)	57.8	57.7	56.0	56.1	70.3	67.7	69.2	70.7	56.1	70.7

Federal Bank

Buy
CMP: INR200 | TP: INR230 (+15%)
EPS CHANGE (%): FY25|FY26: -1.4|-2.7

- Business growth to be healthy
- Expect cost ratios to remain broadly under control
- Margins to witness a marginal decline
- Asset quality metrics to remain broadly stable too

Quarterly Performance

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	19.2	20.6	21.2	22.0	22.9	23.7	24.4	25.0	82.9	96.0
% Change (YoY)	19.6	16.7	8.5	15.0	19.5	15.1	15.0	13.8	14.7	15.7
Other Income	7.3	7.3	8.6	7.5	9.2	9.6	9.3	8.9	30.8	37.0
Total Income	26.5	27.9	29.9	29.5	32.1	33.3	33.7	33.9	113.7	132.9
Operating Expenses	13.5	14.6	15.5	18.4	17.1	17.7	18.2	19.0	62.0	71.9
Operating Profit	13.0	13.2	14.4	11.1	15.0	15.7	15.5	14.9	51.7	61.1
% Change (YoY)	33.8	9.3	12.8	-16.8	15.2	18.2	7.9	34.2	7.9	18.0
Provisions	1.6	0.4	0.9	-0.9	1.4	1.6	1.7	1.5	2.0	6.2
Profit before Tax	11.5	12.8	13.5	12.0	13.6	14.1	13.8	13.4	49.8	54.8
Tax	2.9	3.3	3.4	3.0	3.5	3.5	3.5	3.4	12.6	13.8
Net Profit	8.5	9.5	10.1	9.1	10.1	10.6	10.3	10.1	37.2	41.0
% Change (YoY)	42.1	35.5	25.3	0.4	18.2	10.8	2.2	11.0	23.6	10.3
Operating Parameters										
Deposit (INR b)	2,225	2,329	2,396	2,525	2,661	2,691	2,788	2,950	2,525	2,950
Loan (INR b)	1,835	1,928	1,992	2,094	2,208	2,303	2,373	2,454	2,094	2,454
Deposit Growth (%)	21.3	23.1	19.0	18.3	19.6	15.6	16.4	16.8	18.3	16.8
Loan Growth (%)	21.0	19.6	18.4	20.0	20.3	19.4	19.1	17.2	20.0	17.2
Asset Quality										
Gross NPA (%)	2.4	2.3	2.3	2.1	2.1	2.1	2.1	1.9	2.1	1.9
Net NPA (%)	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.7	0.5
PCR (%)	71.3	72.3	72.3	72.3	71.9	72.9	72.5	72.4	69.6	72.4

HDFC Bank**Buy****CMP: INR1,782 | TP: INR2,050 (+15%)****EPS CHANGE (%): FY25 | FY26: -0.3 | -1.3**

- Expect cost ratios to remain under control
- Margins to remain broadly stable
- Asset quality is likely to remain broadly stable
- Guidance for credit growth to be key monitorable

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2Q	3QE	4QE		
Net Interest Income	236.0	273.9	284.7	290.8	298.4	301.1	303.4	310.6	1,085.3	1,213.4
% Change (Y-o-Y)	21.1	30.3	23.9	24.5	26.4	10.0	6.5	6.8	25.0	11.8
Other Income	92.3	107.1	111.4	181.7	106.7	114.8	117.1	124.3	492.4	462.9
Total Income	328.3	380.9	396.1	472.4	405.1	416.0	420.5	434.8	1,577.7	1,676.3
Operating Expenses	140.6	154.0	159.6	179.7	166.2	168.9	172.9	178.0	633.9	686.0
Operating Profit	187.7	226.9	236.5	292.7	238.8	247.1	247.6	256.8	943.9	990.3
% Change (Y-o-Y)	22.2	30.5	24.3	57.2	27.2	8.9	4.7	-12.3	34.1	4.9
Provisions	28.6	29.0	42.2	135.1	26.0	27.0	26.8	25.8	234.9	105.7
Profit before Tax	159.1	197.9	194.3	157.6	212.8	220.1	220.8	231.0	709.0	884.6
Tax	39.6	38.1	30.6	-7.5	51.1	51.8	54.3	59.5	100.8	216.7
Net Profit	119.5	159.8	163.7	165.1	161.7	168.2	166.4	171.5	608.1	667.9
% Change (Y-o-Y)	30.0	50.6	33.5	37.1	35.3	5.3	1.7	3.9	37.9	9.8
Operating Parameters										
Deposit	19,131	21,729	22,140	23,798	23,791	25,001	25,873	27,439	23,798	27,439
Loan	16,157	23,312	24,461	24,849	24,635	24,951	25,656	26,464	24,849	26,464
Deposit Growth (%)	19.2	29.8	27.7	26.4	24.4	15.1	16.9	15.3	26.4	15.3
Loan Growth (%)	15.8	57.5	62.3	55.2	52.5	7.0	4.9	6.5	55.2	6.5
Asset Quality										
Gross NPA (%)	1.2	1.3	1.3	1.2	1.3	1.4	1.4	1.4	1.2	1.4
Net NPA (%)	0.3	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.4
PCR (%)	74.9	74.4	75.3	74.0	71.2	69.9	70.2	70.3	74.0	70.3

ICICI Bank**Buy****CMP: INR1284 | TP: INR1,550 (+21%)****EPS CHANGE (%): FY25 | FY26: 0.5 | 0.3**

- Expect business growth to remain healthy
- Expect cost ratios to remain elevated
- Margins expected to witness a mild moderation
- Expect asset quality ratio to be steady

Quarterly Performance**(INR b)**

	FY24				FY25				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	182.3	183.1	186.8	190.9	195.5	200.5	207.1	212.1	743.1	815.2
% Change (YoY)	38.0	23.8	13.4	8.1	7.3	9.5	10.9	11.1	19.6	9.7
Other Income	54.4	57.8	61.0	56.5	70.0	71.8	67.9	69.0	229.6	278.7
Total Income	236.6	240.8	247.8	247.4	265.5	272.2	275.0	281.1	972.6	1,093.9
Operating Expenses	95.2	98.6	100.5	97.0	105.3	105.0	107.9	109.8	391.3	428.0
Operating Profit	141.4	142.3	147.2	150.4	160.2	167.2	167.1	171.3	581.3	665.9
% Change (YoY)	37.2	21.8	10.9	8.8	13.3	17.5	13.5	13.9	18.4	14.6
Provisions	12.9	5.8	10.5	7.2	13.3	12.3	15.4	12.1	36.4	53.2
Profit before Tax	128.5	136.5	136.7	143.2	146.9	154.9	151.7	159.2	544.9	612.7
Tax	32.0	33.9	34.0	36.1	36.3	37.4	37.5	40.7	136.0	151.9
Net Profit	96.5	102.6	102.7	107.1	110.6	117.5	114.2	118.5	408.9	460.7
% Change (YoY)	39.7	35.8	23.6	17.4	14.6	14.5	11.2	10.6	28.2	12.7
Operating Parameters										
Deposit	12,387	12,947	13,323	14,128	14,261	14,978	15,651	16,304	14,128	16,304
Loan	10,576	11,105	11,538	11,844	12,232	12,772	13,274	13,751	11,844	13,751
Deposit Growth (%)	17.9	18.8	18.7	19.6	15.1	15.7	17.5	15.4	19.6	15.4
Loan Growth (%)	18.1	18.3	18.5	16.2	15.7	15.0	15.1	16.1	16.2	16.1
Asset Quality										
Gross NPA (%)	2.8	2.5	2.3	2.2	2.2	2.0	2.0	2.0	2.3	2.0
Net NPA (%)	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4
PCR (%)	83.1	83.1	81.3	80.8	80.2	79.0	78.7	79.3	80.3	79.3

E: MOFSL Estimates

IDFC First Bank**Neutral****CMP: INR64 | TP: INR73 (14%)****EPS CHANGE (%): FY25|FY26: -12.9|-11.0**

- Expect business growth to remain healthy
- Cost ratios likely to remain elevated

- Asset Quality ratio to deteriorate slightly
- Margins movement to be a key monitorable

Quarterly Performance**(INR b)**

	FY24E				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	37.5	39.5	42.9	44.7	46.9	47.9	49.6	51.6	164.5	196.0
% Change (Y-o-Y)	36.1	31.6	30.5	24.2	25.4	21.2	15.7	15.4	30.2	19.1
Other Income	14.1	14.3	15.2	16.4	16.2	17.3	17.5	18.7	60.0	69.6
Total Income	51.6	53.8	58.0	61.1	63.1	65.2	67.1	70.3	224.5	265.6
Operating Expenses	36.6	38.7	42.4	44.5	44.3	45.5	46.8	48.7	162.2	185.4
Operating Profit	15.0	15.1	15.6	16.6	18.8	19.6	20.3	21.5	62.4	80.3
% Change (Y-o-Y)	59.0	29.2	23.9	6.8	25.5	29.9	29.8	29.4	26.5	28.7
Provisions	4.8	5.3	6.5	7.2	9.9	17.3	13.6	11.5	23.8	52.4
Profit before Tax	10.2	9.8	9.1	9.4	8.9	2.3	6.6	10.0	38.6	27.8
Tax	2.6	2.3	1.9	2.2	2.1	0.3	1.6	2.5	9.0	6.5
Net Profit	7.7	7.5	7.2	7.2	6.8	2.0	5.0	7.5	29.6	21.3
% Change (Y-o-Y)	61.3	35.2	18.4	-9.8	-11.0	-73.3	-30.1	3.1	21.3	-28.0
Operating Parameters										
Deposit (INR b)	1,544	1,712	1,825	2,006	2,097	2,236	2,343	2,495	2,006	2,495
Deposit Growth (%)	36.2	38.7	37.2	38.7	35.8	30.6	28.4	24.4	38.7	24.4
Loan (INR b)	1,674	1,781	1,855	1,946	2,026	2,151	2,258	2,399	1,946	2,355
Loan Growth (%)	26.3	27.0	27.3	24.4	21.0	20.7	21.7	23.3	28.2	21.0
Asset Quality										
Gross NPA (%)	2.2	2.1	2.0	1.9	1.9	1.9	2.1	2.2	1.9	2.2
Net NPA (%)	0.7	0.7	0.7	0.6	0.6	0.5	0.6	0.6	0.6	0.6
PCR (%)	68.1	68.2	66.9	68.8	69.4	75.3	74.1	73.8	68.8	73.8

E: MOFSL Estimates

IndusInd Bank**Buy****CMP: INR969 | TP: INR1,250 (+29%)****EPS CHANGE (%): FY25|FY26: -10.9|-12.4**

- Expect business growth to remain moderate
- Expect margins to decline further

- Expect asset quality to witness a slight deterioration
- Credit costs likely to be elevated

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	48.7	50.8	53.0	53.8	54.1	53.5	52.8	54.1	206.2	214.5
% Change (YoY)	18.0	18.0	17.8	15.1	11.1	5.3	-0.3	0.6	17.2	4.0
Other Income	22.1	22.8	24.0	25.1	24.4	21.8	23.3	23.9	94.0	93.5
Total Income	70.8	73.6	76.9	78.8	78.5	75.3	76.1	78.0	300.1	307.9
Operating Expenses	32.5	34.5	36.5	38.0	39.0	39.3	40.0	41.2	141.5	159.5
Operating Profit	38.3	39.1	40.4	40.8	39.5	36.0	36.0	36.8	158.6	148.4
% Change (YoY)	11.7	10.3	9.7	8.6	3.1	-7.9	-10.8	-9.7	10.0	-6.5
Provisions	9.9	9.7	9.7	9.5	10.5	18.2	16.8	15.1	38.8	60.6
Profit before Tax	28.4	29.3	30.7	31.3	29.0	17.8	19.2	21.8	119.8	87.8
Tax	7.2	7.3	7.7	7.8	7.3	4.5	4.8	5.4	30.0	22.0
Net Profit	21.2	22.0	23.0	23.5	21.7	13.3	14.4	16.4	89.8	65.8
% Change (YoY)	30.3	22.0	17.2	15.0	2.2	-39.5	-37.6	-30.3	20.6	-26.7
Operating Parameters										
Deposit (INR b)	3,470	3,595	3,688	3,846	3,985	4,124	4,239	4,350	3,846	4,350
Loan (INR b)	3,013	3,155	3,271	3,433	3,479	3,572	3,683	3,817	3,433	3,817
Deposit Growth (%)	14.5	13.9	13.4	14.4	14.8	14.7	14.9	13.1	14.4	13.1
Loan Growth (%)	21.5	21.3	19.9	18.4	15.5	13.2	12.6	11.2	18.4	11.2
Asset Quality										
Gross NPA (%)	1.9	1.9	1.9	1.9	2.0	2.1	2.2	2.3	1.9	2.3
Net NPA (%)	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.7
PCR (%)	70.6	70.6	70.6	70.6	70.6	70.1	70.6	71.2	69.5	71.2

E: MOFSL Estimates

Indian Bank

Buy

CMP: INR517 | TP: INR670 (+30%)

EPS CHANGE (%): FY25 | FY26: -1.8 | -1.8

- Expect cost ratios to remain contained
- Expect NIMs to remain largely flat

- Earnings growth to remain on track
- Expect asset quality ratios to improve

Quarterly Performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	57.0	57.4	58.1	60.2	61.8	61.9	63.4	64.7	232.7	251.9
% Change (YoY)	25.8	22.5	5.7	9.2	8.3	7.9	9.1	7.6	15.1	8.2
Other Income	17.1	19.9	19.0	22.6	19.1	24.2	21.5	24.1	78.7	88.9
Total Income	74.1	77.3	77.2	82.8	80.8	86.2	84.9	88.8	311.4	340.8
Operating Expenses	32.8	34.3	36.2	39.7	35.8	38.9	39.5	42.6	143.0	156.8
Operating Profit	41.3	43.0	41.0	43.0	45.0	47.3	45.4	46.3	168.4	184.0
% Change (YoY)	16.0	18.6	0.9	7.2	8.9	9.9	10.8	7.5	10.3	9.3
Provisions	17.4	15.5	13.5	12.5	12.6	11.0	10.9	10.8	58.9	45.4
Profit before Tax	23.9	27.5	27.5	30.6	32.4	36.3	34.5	35.4	109.5	138.6
Tax	6.9	7.6	6.3	8.1	8.4	9.2	8.7	9.1	28.9	35.3
Net Profit	17.1	19.9	21.2	22.5	24.0	27.1	25.8	26.4	80.6	103.3
% Change (YoY)	40.8	62.2	51.8	55.3	40.6	36.2	21.8	17.3	52.7	28.1
Operating Parameters										
Deposits (INR b)	6,215	6,408	6,542	6,880	6,812	6,931	7,181	7,458	6,880	7,458
Loans (INR b)	4,564	4,706	4,896	5,149	5,208	5,329	5,487	5,669	5,149	5,669
Deposit Growth (%)	6.4	8.8	9.6	10.8	9.6	8.2	9.8	8.4	10.8	8.4
Loan Growth (%)	13.6	14.2	12.3	14.6	14.1	13.2	12.1	10.1	14.6	10.1
Asset Quality										
Gross NPA (%)	5.5	5.0	4.5	4.0	3.8	3.5	3.3	3.1	4.0	3.1
Net NPA (%)	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.4	0.3
PCR (%)	87.8	88.5	88.7	89.5	90.0	92.5	92.0	91.7	89.5	91.7

Kotak Mahindra Bank

Neutral

CMP: INR1,788 | TP: INR2,000 (12%)

EPS CHANGE (%): FY25 | FY26: -0.6 | -1.2

- Expect cost ratios to remain elevated
- Margins to witness a mild moderation

- Asset quality to witness a mild moderation
- Business growth and guidance will be a key monitorable

Quarterly Performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	62.3	63.0	65.5	69.1	68.4	70.2	71.4	73.2	259.9	283.2
% Change (Y-o-Y)	32.7	23.5	15.9	13.2	9.8	11.5	8.9	5.9	20.6	8.9
Other Income	26.8	23.1	23.0	29.8	29.3	26.8	28.0	32.4	102.7	116.6
Total Income	89.2	86.1	88.5	98.9	97.7	97.0	99.4	105.6	362.7	399.8
Operating Expenses	39.7	40.0	42.8	44.3	45.2	46.0	47.1	48.5	166.8	186.8
Operating Profit	49.5	46.1	45.7	54.6	52.5	51.0	52.3	57.1	195.9	213.0
% Change (Y-o-Y)	77.8	29.2	18.6	17.5	6.2	10.6	14.6	4.5	31.9	8.7
Provisions	3.6	3.7	5.8	2.6	5.8	6.6	7.5	6.9	15.7	26.8
Profit before Tax	45.9	42.4	39.9	52.0	46.8	44.4	44.8	50.2	180.1	186.1
Tax	11.3	10.5	9.8	10.6	11.6	11.0	11.0	11.5	42.3	45.0
Net Profit	34.5	31.9	30.1	41.3	35.2	33.4	33.8	38.7	137.8	141.1
% Change (Y-o-Y)	66.7	23.6	7.6	18.2	2.0	4.8	12.4	-6.5	26.0	2.4
Exceptional item					27.3					27.3
PAT including exceptionals	34.5	31.9	30.1	41.3	62.5	33.4	33.8	38.7	137.8	168.4
% Change (Y-o-Y)	66.7	23.6	7.6	18.2	2.0	4.8	12.4	-6.5	26.0	22.2
Deposits (INRb)	3,863	4,010	4,086	4,490	4,474	4,615	4,835	5,037	4,490	5,037
Loans (INRb)	3,286	3,483	3,596	3,761	3,900	3,995	4,124	4,295	3,761	4,295
Deposit growth (%)	22.0	23.3	18.6	23.6	15.8	15.1	18.3	12.2	23.6	12.2
Loan growth (%)	17.3	18.5	15.7	17.6	18.7	14.7	14.7	14.2	17.6	14.2
Asset Quality										
Gross NPA (%)	1.77	1.72	1.73	1.39	1.39	1.49	1.56	1.58	1.39	1.58
Net NPA (%)	0.40	0.37	0.34	0.34	0.35	0.43	0.46	0.45	0.34	0.45
PCR (%)	78.0	79.1	80.6	75.9	74.9	71.4	71.2	71.6	75.9	71.6

E: MOFSL Estimates

Punjab National Bank**Neutral**

CMP: INR103 | TP: INR120 (+17%)

EPS CHANGE (%): FY25 | FY26: -0.1 | -1.5

- Expect margins to remain stable
- Expect asset quality to improve in 3Q

- Opex to remain contained
- Business growth/RoA trajectory to remain the key monitorables

Quarterly Performance**(INRb)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	95.0	99.2	102.9	103.6	104.8	105.2	107.7	109.8	400.8	427.4
% Change (YoY)	26.0	20.0	12.1	9.1	10.2	6.0	4.6	5.9	16.2	6.6
Other Income	34.3	30.3	26.7	42.5	36.1	45.7	34.4	44.4	133.8	160.6
Total Income	129.4	129.5	129.7	146.1	140.9	150.9	142.1	154.2	534.7	588.0
Operating Expenses	69.7	67.3	66.4	82.0	75.0	82.4	76.3	78.9	285.4	312.5
Operating Profit	59.7	62.2	63.3	64.2	65.8	68.5	65.8	75.3	249.3	275.5
% Change (YoY)	10.9	11.7	10.8	9.4	10.3	10.2	4.0	17.4	10.7	10.5
Provisions	39.7	34.4	27.4	15.9	13.1	2.9	7.9	9.1	117.4	33.1
Profit before Tax	20.0	27.7	35.9	48.3	52.7	65.7	57.9	66.2	131.9	242.4
Tax	7.5	10.2	13.7	18.2	20.2	22.6	21.4	21.8	49.5	86.1
Net Profit	12.6	17.6	22.2	30.1	32.5	43.0	36.5	44.3	82.4	156.3
% Change (YoY)	307.0	327.0	253.5	159.8	159.0	145.1	64.0	47.3	228.8	89.6
Operating Parameters										
Deposits	12,979	13,099	13,235	13,697	14,082	14,583	14,892	15,108	13,697	15,108
Loans	8,637	8,899	9,164	9,344	9,840	10,196	10,412	10,550	9,344	10,550
Deposit Growth (%)	14.2	9.8	9.3	6.9	8.5	11.3	12.5	10.3	6.9	10.3
Loan Growth (%)	16.3	15.1	14.5	12.5	13.9	14.6	13.6	12.9	12.5	12.9
Asset Quality										
Gross NPA (%)	7.7	7.0	6.2	5.7	5.0	4.5	4.0	3.7	5.7	3.7
Net NPA (%)	2.0	1.5	1.0	0.7	0.6	0.5	0.4	0.4	0.7	0.4
PCR (%)	75.8	80.0	85.4	87.9	88.4	90.2	90.0	89.7	87.9	89.7

RBL Bank**Neutral**

CMP: INR158 | TP: INR170 (+8%)

EPS CHANGE (%): FY25 | FY26: -24.4 | -21.0

- Expect earnings to decline sharply amid higher LLP
- Cost ratios likely to remain elevated

- Expect asset quality ratios to remain under pressure
- Margin and credit cost likely to remain under pressure

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	14.2	14.7	15.5	16.0	17.0	16.1	15.5	16.1	60.4	64.8
% Change (Y-o-Y)	19.6	25.6	21.1	17.9	19.5	9.5	0.6	0.5	20.9	7.2
Other Income	6.9	7.0	7.8	8.8	8.1	9.3	11.0	9.6	30.4	38.0
Total Income	21.1	21.8	23.2	24.8	25.1	25.4	26.6	25.7	90.9	102.8
Operating Expenses	14.6	14.5	15.6	15.9	16.5	16.3	16.7	17.1	60.6	66.5
Operating Profit	6.5	7.3	7.7	8.9	8.6	9.1	9.9	8.7	30.3	36.3
% Change (Y-o-Y)	22.4	42.7	34.9	49.4	32.7	24.5	29.9	-2.3	37.6	19.7
Provisions	2.7	6.4	4.6	4.1	3.7	6.2	9.2	7.2	17.7	26.3
Profit before Tax	3.8	0.9	3.1	4.7	4.9	2.9	0.7	1.4	12.6	10.0
Tax	0.9	-2.0	0.7	1.2	1.2	0.7	0.0	0.3	0.9	2.3
Net Profit	2.9	2.9	2.3	3.5	3.7	2.2	0.7	1.1	11.7	7.7
% Change (Y-o-Y)	43.2	45.9	11.5	30.1	29.0	-24.3	-70.0	-69.0	32.3	-33.8
Operating Parameters										
Deposit	856.4	897.8	927.5	1,034.9	1,013.5	1,079.6	1,104.9	1,155.0	1,034.9	1,155.0
Loan	730.9	763.2	799.5	839.9	867.0	878.8	900.8	935.6	839.9	935.6
Deposit Growth (%)	8.1	13.1	13.5	21.9	18.4	20.2	19.1	11.6	21.9	11.6
Loan Growth (%)	21.3	21.3	19.9	19.6	18.6	15.1	12.7	11.4	19.6	11.4
Asset Quality										
Gross NPA (%)	3.2	3.1	3.1	2.7	2.7	2.9	3.2	3.6	2.7	3.6
Net NPA (%)	1.0	0.8	0.8	0.7	0.7	0.8	0.9	1.1	0.7	1.1
PCR (%)	69.6	75.6	75.1	72.7	73.1	73.0	72.1	71.5	72.7	71.5

E: MOFSL Estimates

State Bank of India

Buy

CMP: INR793 | TP: INR1000 (+26%)

EPS CHANGE (%): FY25 | FY26: -0.2 | -0.1

- Expect slightly elevated provisions in 3Q
- Expect cost ratios to be slightly higher

- Asset quality expected to remain contained
- Margin expected to stay largely flat

Quarterly Performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	389.0	395.0	398.2	416.6	411.3	416.2	422.8	434.1	1,598.8	1,684.3
% Change (YoY)	24.7	12.3	4.6	3.1	5.7	5.4	6.2	4.2	10.4	5.4
Other Income	120.6	107.9	114.6	173.7	111.6	152.7	130.8	173.4	516.8	568.5
Total Income	509.7	502.9	512.7	590.2	522.9	568.9	553.5	607.5	2,115.6	2,252.8
Operating Expenses	256.7	308.7	309.4	302.8	258.4	276.0	283.0	305.8	1,248.6	1,123.2
Operating Profit	253.0	194.2	203.4	287.5	264.5	292.9	270.5	301.7	867.0	1,129.7
% Change (YoY)	98.4	-8.1	-19.4	16.8	4.6	50.9	33.0	5.0	3.6	30.3
Provisions	25.0	1.2	6.9	16.1	34.5	45.1	51.6	46.9	49.1	178.1
Exceptional items (exp)	0.0	0.0	71.0	0.0	0.0	0.0	0.0	0.0	71.0	0.0
Profit before Tax	228.0	193.0	125.5	271.4	230.0	247.9	218.8	254.8	746.8	951.6
Tax Provisions	59.1	49.7	33.8	64.4	59.6	64.6	56.5	60.1	207.1	240.7
Net Profit	168.8	143.3	91.6	207.0	170.4	183.3	162.4	194.8	539.8	710.8
% Change (YoY)	178.2	8.0	-35.5	24.0	0.9	27.9	77.2	-5.9	7.5	31.7
Adj. Net profit	168.8	143.3	144.0	207.0	170.4	183.3	162.4	194.8	610.8	
Operating Parameters										
Deposits (INR t)	45.3	46.9	47.6	49.2	49.0	51.2	52.9	54.4	49.2	54.4
Loans (INR t)	32.4	33.5	35.2	37.0	37.5	38.6	40.6	42.0	37.0	42.0
Deposit Growth (%)	12.0	11.9	13.0	11.1	8.2	9.1	11.2	10.7	11.1	10.7
Loan Growth (%)	14.9	13.3	15.1	15.8	15.9	15.3	15.4	13.4	15.8	13.4
Asset Quality										
Gross NPA (%)	2.76	2.55	2.42	2.24	2.21	2.13	2.04	2.03	2.24	2.03
Net NPA (%)	0.71	0.64	0.64	0.57	0.57	0.53	0.50	0.50	0.57	0.50
PCR (%)	74.8	75.4	74.2	75.0	74.4	75.7	75.6	75.9	74.8	75.9

Union Bank of India

Buy

CMP: INR123 | TP: INR140 (+14%)

EPS CHANGE (%): FY25 | FY26: 1.7 | -3.7

- Expect cost ratios to remain under control
- SMA and restructuring books are the key monitorables

- Margins anticipated to remain broadly stable
- Expect improvement in asset quality

Quarterly Performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	88.4	91.3	91.7	94.4	94.1	90.5	91.8	93.3	365.7	369.7
% Change (YoY)	16.6	9.9	6.3	14.4	6.5	-0.9	0.2	-1.1	11.6	1.1
Other Income	39.0	37.0	37.7	47.1	45.1	53.3	41.6	44.9	160.8	184.9
Total Income	127.4	128.2	129.4	141.4	139.2	143.8	133.4	138.3	526.5	554.7
Operating Expenses	55.6	56.0	56.6	76.1	61.4	62.6	63.4	66.7	244.4	254.1
Operating Profit	71.8	72.2	72.8	65.3	77.9	81.1	70.0	71.6	282.1	300.6
% Change (YoY)	31.8	9.8	9.9	-4.3	8.4	12.4	-3.8	9.6	10.8	6.6
Provisions	20.1	17.7	17.5	12.6	27.6	17.1	20.5	20.3	67.8	85.6
Profit before Tax	51.7	54.5	55.3	52.7	50.3	64.0	49.5	51.2	214.3	215.0
Tax	19.4	19.4	19.4	19.6	13.5	16.8	13.1	13.3	77.8	56.8
Net Profit	32.4	35.1	35.9	33.1	36.8	47.2	36.4	37.9	136.5	158.3
% Change (YoY)	107.7	90.0	59.9	19.0	13.7	34.4	1.4	14.5	61.8	16.0
Operating Parameters										
Deposit (INR b)	11,281	11,376	11,725	12,215	12,242	12,419	12,783	13,229	12,215	13,229
Loan (INR b)	7,705	8,036	8,621	8,708	8,787	8,971	9,205	9,596	8,708	9,596
Deposit Growth (%)	13.6	9.0	10.1	9.3	8.5	9.2	9.0	8.3	9.3	8.3
Loan Growth (%)	13.9	10.5	14.0	14.3	14.0	11.6	6.8	10.2	14.3	10.2
Asset Quality										
Gross NPA (%)	7.3	6.4	4.8	4.8	4.5	4.4	4.1	3.9	4.8	3.9
Net NPA (%)	1.6	1.3	1.1	1.0	0.9	1.0	0.9	0.9	1.1	0.9
PCR (%)	79.8	80.7	78.4	79.1	80.9	78.4	78.0	76.7	78.4	76.7

E: MOFSL Estimates

SBI Cards and Payment Services**Neutral**

CMP: INR678 | TP: INR750 (+11%)

EPS CHANGE (%): FY25|FY26: 3.2|4.3

- Cost ratios expected to remain stable in 3Q
- Spending growth to see a marginal revival

- Asset quality ratios likely to deteriorate further
- Revolver mix/margin outlook are key monitorables

Quarterly Performance									(INR b)	
	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	12.3	13.0	13.9	14.1	14.8	15.0	15.7	16.2	51.5	61.7
% Change (Y-o-Y)	14.3	16.1	21.2	21.4	19.7	15.8	13.0	14.7	17.0	19.8
Other Income	22.4	23.2	26.6	23.4	22.4	22.7	25.7	26.2	97.4	97.0
Total Income	34.8	36.2	40.5	37.5	37.2	37.7	41.3	42.5	148.9	158.7
Operating Expenses	19.6	20.7	24.3	19.2	18.2	20.1	23.2	21.2	83.7	82.6
Operating Profit	15.2	15.5	16.2	18.3	19.0	17.6	18.2	21.3	65.2	76.0
% Change (Y-o-Y)	17.3	23.9	33.1	28.2	25.4	13.3	12.1	16.2	25.6	16.6
Provisions	7.2	7.4	8.8	9.4	11.0	12.1	12.4	12.3	32.9	47.8
Profit before Tax	8.0	8.1	7.4	8.9	8.0	5.5	5.8	9.0	32.3	28.3
Tax	2.0	2.1	1.9	2.3	2.0	1.4	1.5	2.3	8.2	7.2
Net Profit	5.9	6.0	5.5	6.6	5.9	4.0	4.3	6.8	24.1	21.1
% Change (Y-o-Y)	-5.4	14.7	7.8	11.0	0.2	-32.9	-21.5	2.0	6.6	-12.5
Operating Parameters										
Loan (INRb)	418.1	435.6	471.6	490.8	508.1	536.0	557.6	581.1	490.8	581.1
Loan Growth (%)	30.3	19.3	26.3	24.7	21.5	23.0	18.2	18.4	24.7	18.4
Borrowings (INRb)	329.6	340.8	380.1	398.9	408.7	432.2	451.4	469.9	398.9	469.9
Asset Quality										
Gross NPA (%)	2.4	2.4	2.6	2.8	3.1	3.3	3.4	3.4	2.8	3.4
PCR (%)	63.8	64.1	64.1	64.9	64.4	64.4	65.1	67.9	64.9	67.9

Paytm**Neutral**

CMP: INR 987 | TP: INR950 (-4%)

Revenue from Ops. CHANGE (%): FY25|FY26: -0.6|4.0

- Expect operating profitability to improve
- Expect disbursements and GMV to increase sequentially

- Expect total revenue growth to improve
- Traction on new business verticals to be a key monitorable

Quarterly Performance									(INR b)	
	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Payment Services to Consumers	5.5	5.8	6.0	4.4	0.8	0.9	1.1	3.6	21.7	6.4
Payment Services to Merchants	8.4	9.2	10.8	11.2	8.0	8.6	9.2	10.8	39.6	36.6
Financial Services and Others	5.2	5.7	6.1	3.0	2.8	3.8	4.5	4.9	20.0	16.0
Payment and Financial Services	19.2	20.7	22.9	18.6	11.6	13.2	14.8	19.3	81.3	59.0
% Change (Y-o-Y)	42.4	36.1	43.0	-3.0	-39.3	-36.2	-35.2	4.0	27.4	-27.4
Commerce and Cloud Services	4.1	4.2	5.1	4.0	3.2	3.0	2.8	3.0	17.4	12.0
% Change (Y-o-Y)	22.0	12.5	22.4	0.5	-20.7	-28.8	-45.4	-25.1	14.4	-31.0
Revenue from Operations	23.4	25.2	28.5	22.7	15.0	16.6	18.0	22.7	99.8	72.3
% Change (Y-o-Y)	39.3	31.6	38.2	-2.9	-35.9	-34.1	-36.9	0.1	24.9	-27.5
Direct Expenses	10.4	10.9	13.3	9.8	7.5	7.7	7.8	8.2	44.4	31.2
Contribution Profit	13.0	14.3	15.2	12.9	7.5	8.9	10.2	14.5	55.4	41.1
Indirect Expenses	12.2	12.7	13.0	11.9	13.0	10.8	11.0	11.2	49.8	46.0
Adjusted EBITDA	0.8	1.5	2.2	1.0	-5.5	-1.9	-0.8	3.3	5.6	-4.9
EBITDA	-2.9	-2.3	-1.6	-2.2	-7.9	-4.0	-3.5	1.1	-9.1	-14.3
PAT	-3.6	-2.9	-2.2	-5.5	-8.4	-4.2	-3.6	1.1	-14.1	-28.4
% Change (Y-o-Y)	-44.5	-49.9	-43.9	227.1	134.7	45.5	61.9	-120.9	-20.6	101.4
Adj. PAT	-3.6	-2.9	-2.2	-3.2	-8.4	9.3	-3.6	1.1		
Operating Parameters										
GMV (INRt)	4.1	4.5	5.1	4.7	4.3	4.5	4.9	5.2	18.3	18.8
Disbursements (INR b)	148.5	162.1	155.4	58.0	50.1	52.8	60.2	72.6	523.7	235.7
GMV Growth (%)	36.8	41.5	47.4	29.6	5.2	-0.7	-3.6	10.9	38.4	3.0
Profitability										
Contribution Margin (%)	55.7	56.6	53.3	56.8	50.3	53.9	56.6	63.7	55.5	56.9
Adjusted EBITDA Margin (%)	3.6	6.1	7.7	4.5	-36.4	-11.2	-4.4	14.3	5.6	-6.7
EBITDA Margin (%)	-12.5	-9.2	-5.5	-9.9	-52.8	-24.3	-19.2	4.9	-9.1	-19.8

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