

India

**Overweight** *(no change)*

# Banks

## 3QFY25 results review

- Asset quality remains in comfortable range for large banks (private & SOE). Uptick in slippage QoQ was led by seasonal agri and unsecured segments.
- Volume growth is a concern with system deposit/loan growth moderating in 3QFY25. Profitability impacted by NIM moderation and lower treasury gains.
- System liquidity still in deficit (post recent repo cut of 25bp) and could restrict banks to cut term deposit rates in the near term.

### Asset quality remains in comfortable range for large banks

Loan slippage for large banks increased QoQ but overall, it remained at a reasonable level (see Figs. 24 & 26). The sequential uptick was due to seasonal agri slippage and increased stress formation in unsecured segments (i.e. personal loans, credit cards and microfinance). Credit costs (at large banks) were broadly contained QoQ (see Fig. 23), helped by healthy recovery/upgrades as well as utilization of some contingent buffers. Select mid-sized banks witnessed elevated slippage, given their high exposure to unsecured segments. MFI slippage continued to remain elevated in 3QFY25 (vs. 2QFY25). A few banks also stepped up provisioning on their MFI exposure. Further, banks noted that recent months' MFI collection efficiency (i.e. Dec/Jan) showed an improving trend in select states while southern states are yet to show signs of a recovery.

### Volume growth continues to be a key area of concern

System deposit growth moderated to ~10% YoY in 3QFY25 vs. 12% YoY in 2QFY25. On a sequential basis, deposit growth moderated to 0.7% vs. +3% in 2QFY25. System loan growth slowed to 11% YoY (+2.6% QoQ) vs. 13% YoY in 2QFY25 (see Fig. 4). Retail (mainly secured) & SME segments continue to drive growth while the corporate segment's growth remains subdued (see Fig. 4).

### System liquidity to influence term deposit rate cuts

System liquidity remains in deficit post recent repo cut of 25bp (see Fig. 2) and this could restrict banks from going for term deposit rate cuts in the near term. Average LCR of large private banks is in the range of 120-125% while for State Bank of India (SBI) it is at ~136%. Key thing to watch out would be – is pricing power now coming back on the lending side?

### NIM moderation over the next few quarters to differ (bank-to-bank)

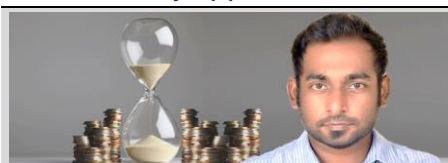
This will be based on reset dates of repo loans and the share of repo-linked loans. In 3QFY25, margins moderated at large private banks by 3-6bp - mainly owing to a rise in the share of term deposits and a sequential uptick in slippage. Mid-sized private banks with material exposure to unsecured retail segments witnessed a sharper margin decline owing to higher slippage-led interest reversals as well as lower disbursement of higher-yielding unsecured loans. State-owned banks witnessed margin compression on account of the deposit mix shifting towards term deposits and lower trading gains on excess liquidity (booked under interest income).

### Overall profitability (for our coverage universe) moderates QoQ

This is because of lower non-core income (treasury income/recovery from written-off) and moderation in margins. Negative margin impact on core profitability was partly offset by contained cost growth and healthy core fee income. Credit cost was well managed and was broadly steady sequentially. IndusInd Bank witnessed lower core profitability, mainly owing to a sharp decline in margins.

**With this report, Bhavik Shah assumes the coverage of HDFC Bank, ICICI Bank, Axis Bank, IndusInd Bank and SBI. Ratings and estimates for the stocks under our coverage universe will be reviewed in due course.**

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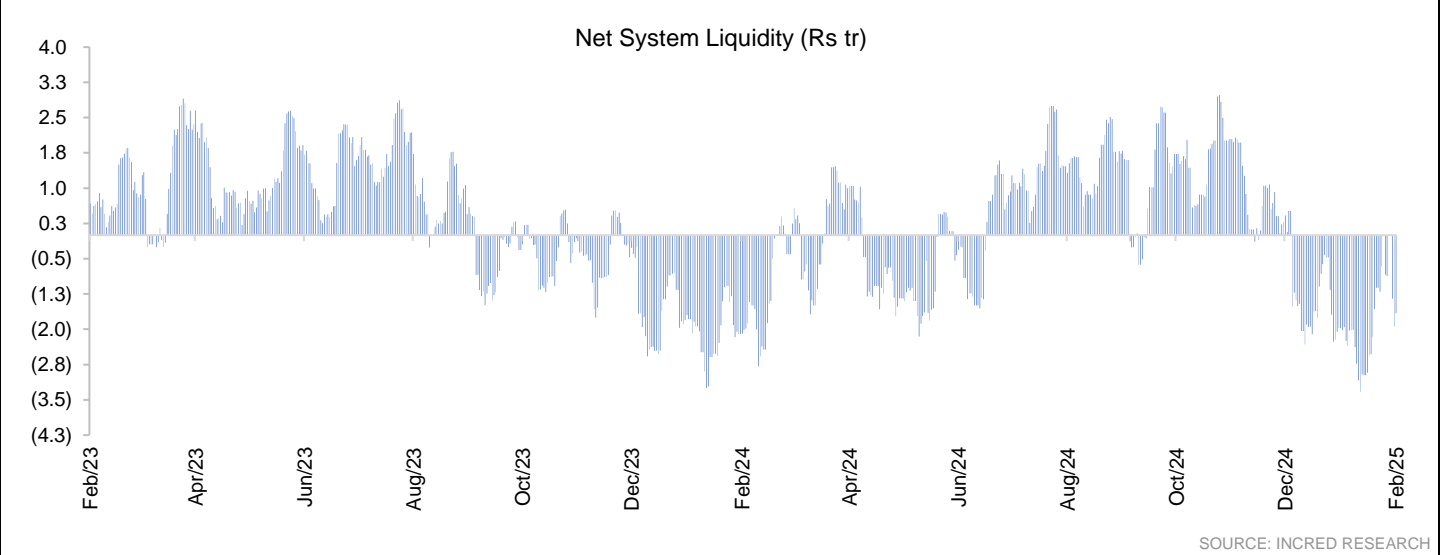
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Figure 1: Coverage universe

	Rating	CMP	Target	Upside	Core P/B FY26	Core P/B FY27	Core P/E FY26	Core P/E FY27
HDBK	ADD	1695	2,150	27%	2.0	1.8	13.5	10.9
ICBK	ADD	1260	1,500	19%	2.4	2.0	13.6	11.7
SBI	ADD	722	1,000	39%	1.0	1.0	5.9	5.9
Axis	Hold	998	1,100	10%	1.4	1.2	9.7	8.0
Indusind	Hold	1024	1,050	3%	1.0	0.9	8.8	7.4

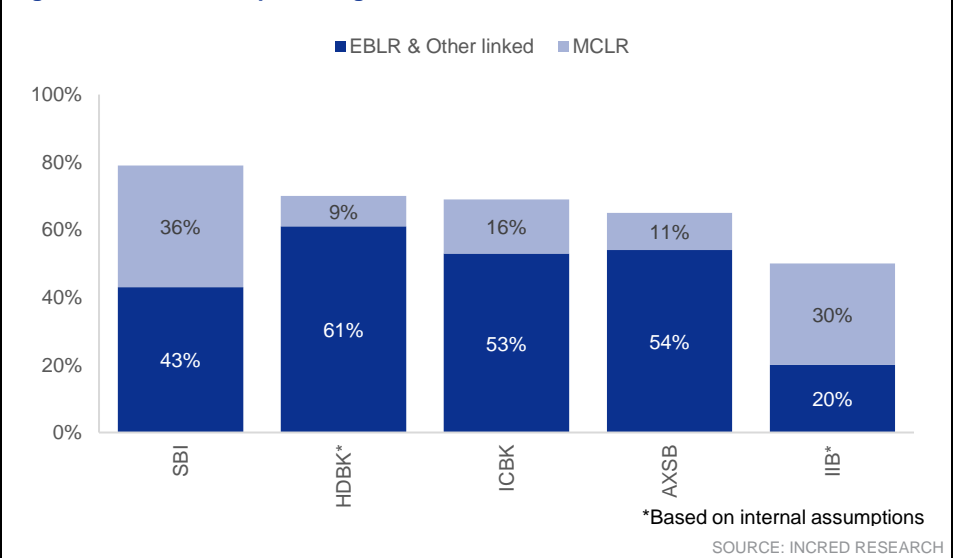
SOURCE: INCRED RESEARCH

Figure 2: Net system liquidity



SOURCE: INCRED RESEARCH

Figure 3: India banks - percentage of loan book linked to MCLR and EBLR



SOURCE: INCRED RESEARCH

Figure 4: India banks - system credit growth trend (YoY)

Growth - YoY	Dec-24 (Rs tr)	Share, %	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Non-food Credit</b>	<b>164</b>	<b>100%</b>	<b>16%</b>	<b>16%</b>	<b>14%</b>	<b>14%</b>	<b>12%</b>
<b>Agriculture &amp; Allied Activities</b>	<b>22</b>	<b>14%</b>	<b>19%</b>	<b>20%</b>	<b>17%</b>	<b>16%</b>	<b>12%</b>
<b>Industry (Micro &amp; Small, Medium and Large)</b>	<b>38</b>	<b>23%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>	<b>7%</b>
---Large	27	17%	6%	6%	6%	7%	5%
---Micro, Small and Medium	11	7%	13%	14%	11%	15%	13%
<b>Services</b>	<b>49</b>	<b>30%</b>	<b>20%</b>	<b>21%</b>	<b>15%</b>	<b>15%</b>	<b>13%</b>
---NBFCs	16	10%	14%	14%	8%	10%	7%
---Commercial Real Estate	5	3%	18%	24%	23%	25%	26%
---Trade	11	7%	19%	18%	15%	14%	14%
---Professional Services	2	1%	19%	20%	15%	17%	21%
---Transport Operators	3	2%	24%	20%	19%	17%	13%
---Others	12	8%	31%	33%	23%	19%	15%
<b>Retail loans</b>	<b>54</b>	<b>33%</b>	<b>18%</b>	<b>18%</b>	<b>17%</b>	<b>16%</b>	<b>15%</b>
---Mortgage	26	16%	14%	17%	18%	18%	17%
---Non-mortgage Retail	28	17%	21%	18%	15%	15%	13%
-----Consumer Durables	0	0%	14%	13%	8%	9%	-1%
-----Credit Card	3	2%	33%	26%	23%	18%	16%
-----Vehicle Loans	6	4%	20%	14%	15%	13%	9%
-----Education	1	1%	22%	24%	20%	18%	16%
-----Advances Against Fixed Deposits	1	1%	8%	2%	4%	9%	19%
-----Others	16	10%	20%	20%	15%	15%	14%

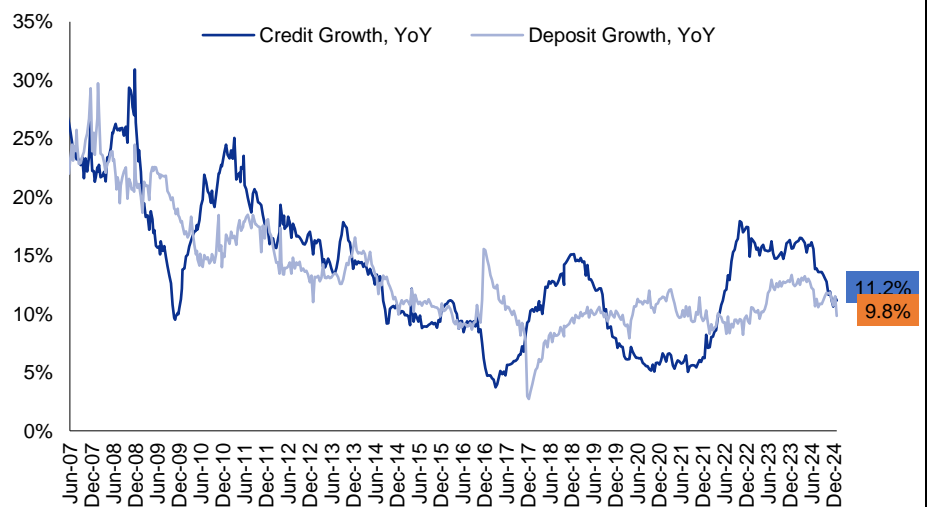
SOURCE: INCRED RESEARCH

Figure 5: India banks - system credit growth trend (QoQ)

Growth - QoQ	Dec-24 (Rs tr)	Share, %	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Non-food Credit</b>	<b>164</b>	<b>100%</b>	<b>6%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>4%</b>
<b>Agriculture &amp; Allied Activities</b>	<b>22</b>	<b>14%</b>	<b>7%</b>	<b>4%</b>	<b>4%</b>	<b>0%</b>	<b>3%</b>
<b>Industry (Micro &amp; Small, Medium and Large)</b>	<b>38</b>	<b>23%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>
---Large	27	17%	2%	1%	2%	1%	1%
---Micro, Small and Medium	11	7%	6%	4%	2%	4%	3%
<b>Services</b>	<b>49</b>	<b>30%</b>	<b>7%</b>	<b>4%</b>	<b>3%</b>	<b>1%</b>	<b>5%</b>
---NBFCs	16	10%	9%	2%	1%	-2%	6%
---Commercial Real Estate	5	3%	5%	7%	5%	5%	7%
---Trade	11	7%	4%	5%	3%	1%	4%
---Professional Services	2	1%	3%	7%	3%	3%	7%
---Transport Operators	3	2%	7%	3%	5%	1%	3%
---Others	12	8%	9%	4%	4%	2%	4%
<b>Retail loans</b>	<b>54</b>	<b>33%</b>	<b>6%</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>
---Mortgage	26	16%	6%	5%	4%	3%	4%
---Non-mortgage Retail	28	17%	5%	3%	3%	2%	4%
-----Consumer Durables	0	0%	11%	-2%	2%	-1%	1%
-----Credit Card	3	2%	9%	2%	6%	0%	7%
-----Vehicle Loans	6	4%	3%	2%	5%	2%	-1%
-----Education	1	1%	5%	4%	2%	6%	3%
-----Advances Against Fixed Deposits	1	1%	3%	6%	1%	-1%	12%
-----Others	16	10%	6%	4%	2%	3%	5%

SOURCE: INCRED RESEARCH

Figure 6: India banks - system credit and deposit growth trend



SOURCE: INCRED RESEARCH

**Figure 7: India banks - trend in advances**

Advances (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDFC Bank	24,461	24,849	24,635	24,951	25,182
--YoY	NA	NA	NA	7%	3%
--QoQ	5%	2%	-1%	1%	1%
ICICI Bank	11,538	11,844	12,232	12,772	13,144
--YoY	18%	16%	16%	15%	14%
--QoQ	4%	3%	3%	4%	3%
Axis Bank	9,323	9,651	9,801	10,000	10,146
--YoY	22%	14%	14%	11%	9%
--QoQ	4%	4%	2%	2%	1%
SBI (overall)	35,195	37,040	37,491	38,574	40,046
--YoY	15%	16%	16%	15%	14%
--QoQ	5%	5%	1%	3%	4%
IndusInd Bank	3,271	3,433	3,479	3,572	3,669
--YoY	20%	18%	15%	13%	12%
--QoQ	4%	5%	1%	3%	3%

SOURCE: INCRED RESEARCH

**Figure 8: India banks - trend in deposits**

Deposits (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDFC Bank	22,140	23,798	23,791	25,001	25,638
--YoY	NA	NA	NA	15%	16%
--QoQ	2%	7%	0%	5%	3%
ICICI Bank	13,323	14,128	14,261	14,978	15,203
--YoY	19%	20%	15%	16%	14%
--QoQ	3%	6%	1%	5%	2%
Axis Bank	10,049	10,686	10,625	10,867	10,959
--YoY	18%	13%	13%	14%	9%
--QoQ	5%	6%	-1%	2%	1%
SBI (overall)	47,622	49,161	49,017	51,173	52,294
--YoY	13%	11%	8%	9%	10%
--QoQ	2%	3%	0%	4%	2%
IndusInd Bank	3,688	3,848	3,985	4,127	4,094
--YoY	13%	14%	15%	15%	11%
--QoQ	3%	4%	4%	4%	-1%

SOURCE: INCRED RESEARCH

**Figure 9: India banks – trend in retail deposit, per LCR**

Retail Deposit, per LCR (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	13,488	13,892	14,337	14,654	15,085
--YoY	NA	NA	NA	13%	12%
--QoQ	4%	3%	3%	2%	3%
ICBK	7,745	8,024	8,320	8,553	8,606
--YoY	16%	17%	16%	15%	11%
--QoQ	4%	4%	4%	3%	1%
Axis	5,599	5,712	5,879	5,967	6,064
--YoY	22%	18%	12%	10%	8%
--QoQ	3%	2%	3%	2%	2%
SBI	32,073	32,651	33,419	34,256	34,810
--YoY	12%	8%	9%	9%	9%
--QoQ	2%	2%	2%	3%	2%
IndusInd	1,568	1,624	1,666	1,736	1,805
--YoY	20%	18%	17%	15%	15%
--QoQ	4%	4%	3%	4%	4%

SOURCES: INCRED RESEARCH

**Figure 10: India banks - trend in CASA ratio**

CASA (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	8,357	9,088	8,637	8,835	8,727
--YoY	NA	NA	NA	8%	4%
--QoQ	2%	9%	-5%	2%	-1%
----CASA Ratio	37.7%	38.2%	36.3%	35.3%	34.0%
ICBK	5,280	5,959	5,837	6,087	6,156
--YoY	4%	10%	9%	15%	17%
--QoQ	0%	13%	-2%	4%	1%
----CASA Ratio	39.6%	42.2%	40.9%	40.6%	40.5%
Axis	4,235	4,594	4,445	4,411	4,329
--YoY	12%	3%	4%	4%	2%
--QoQ	0%	8%	-3%	-1%	-2%
----CASA Ratio	42.1%	43.0%	41.8%	40.6%	39.5%
SBI (Domestic)	18,813	19,420	19,144	19,659	19,652
--YoY	4%	4%	3%	4%	4%
--QoQ	0%	3%	-1%	3%	0%
----CASA Ratio (Domestic)	41.2%	41.1%	40.7%	40.0%	39.2%
IndusInd	1,419	1,457	1,461	1,479	1,428
--YoY	4%	8%	6%	5%	1%
--QoQ	0%	3%	0%	1%	-3%
----CASA Ratio	38.5%	37.9%	36.7%	35.8%	34.9%

SOURCE: INCRED RESEARCH

**Figure 11: India banks - trend in term deposits**

Term Deposits (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDFC Bank	13,783	14,710	15,154	16,166	16,911
--YoY	NA	NA	NA	19%	23%
--QoQ	2%	7%	3%	7%	5%
ICICI Bank	8,043	8,170	8,425	8,890	9,047
--YoY	31%	28%	20%	16%	12%
--QoQ	5%	2%	3%	6%	2%
Axis Bank	5,814	6,092	6,180	6,457	6,630
--YoY	24%	22%	20%	21%	14%
--QoQ	9%	5%	1%	4%	3%
SBI (overall)	28,809	29,741	29,873	31,514	32,641
--YoY	19%	16%	12%	12%	13%
--QoQ	3%	3%	0%	5%	4%
IndusInd Bank	2,269	2,391	2,524	2,647	2,666
--YoY	20%	19%	21%	21%	18%
--QoQ	4%	5%	6%	5%	1%

SOURCE: INCRED RESEARCH

**Figure 12: India banks - trend in credit-deposit ratio**

CD Ratio (%)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDFC Bank	110%	104%	104%	100%	98%
ICICI Bank	87%	84%	86%	85%	86%
Axis Bank	93%	90%	92%	92%	93%
SBI (domestic)	66%	68%	69%	68%	69%
IndusInd Bank	89%	89%	87%	87%	90%

SOURCE: INCRED RESEARCH

**Figure 13: India banks - trend in net interest margin**

NIM (%)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDFC Bank	3.60	3.63	3.70	3.65	3.62
--YoY (bp)	NA	NA	NA	5	2
--QoQ (bp)	0	3	7	-5	-3
ICICI Bank	4.43	4.40	4.36	4.27	4.25
--YoY (bp)	-22	-50	-42	-26	-18
--QoQ (bp)	-10	-3	-4	-9	-2
Axis Bank	4.01	4.06	4.05	3.99	3.93
--YoY (bp)	-25	-16	-5	-12	-8
--QoQ (bp)	-10	5	-1	-6	-6
SBI (domestic)	3.22	3.30	3.22	3.14	3.01
--YoY (bp)	-28	-30	-11	-15	-21
--QoQ (bp)	-7	8	-8	-8	-13
IndusInd Bank	4.29	4.26	4.25	4.08	3.93
--YoY (bp)	2	-2	-4	-21	-36
--QoQ (bp)	0	-3	-1	-17	-15

SOURCE: INCRED RESEARCH

**Figure 14: India banks - trend in average interest-earning assets (AIEA)**

AIEA (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDFC Bank	31,635	32,041	32,256	33,002	33,871
--YoY	NA	NA	NA	8%	7%
--QoQ	4%	1%	1%	2%	3%
ICICI Bank	16,866	17,357	17,938	18,780	19,172
--YoY	19%	20%	18%	16%	14%
--QoQ	4%	3%	3%	5%	2%
Axis Bank	12,501	12,896	13,282	13,517	13,848
--YoY	16%	16%	14%	13%	11%
--QoQ	4%	3%	3%	2%	2%
SBI (overall)	49,461	50,491	51,088	53,019	55,077
--YoY	14%	13%	9%	10%	11%
--QoQ	3%	2%	1%	4%	4%
IndusInd Bank	4,938	5,048	5,090	5,242	5,321
--YoY	17%	16%	12%	11%	8%
--QoQ	4%	2%	1%	3%	2%

SOURCE: INCRED RESEARCH

**Figure 15: India banks - trend in net interest income (Rs bn)**

Net Interest Income (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDFC Bank	285	291	298	301	307
--YoY	NA	NA	NA	10%	8%
--QoQ	4%	2%	3%	1%	2%
ICICI Bank	187	191	196	200	204
--YoY	13%	8%	7%	10%	9%
--QoQ	2%	2%	2%	3%	2%
Axis Bank	125	131	134	135	136
--YoY	9%	11%	12%	9%	9%
--QoQ	2%	4%	3%	0%	1%
SBI (overall)	398	417	411	416	414
--YoY	5%	3%	6%	5%	4%
--QoQ	1%	5%	-1%	1%	0%
IndusInd Bank	53	54	54	53	52
--YoY	18%	15%	11%	5%	-1%
--QoQ	4%	2%	1%	-1%	-2%

SOURCE: INCRED RESEARCH

**Figure 16: India banks - trend in yields on advances**

Yields on Advances	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDFC Bank (Calc.)	9.51	9.43	9.49	9.58	9.56
--YoY (bp)	NA	NA	NA	4	6
--QoQ (bp)	-3	-7	6	9	-2
ICICI Bank	9.79	9.88	9.80	9.73	9.65
--YoY (bp)	66	13	-6	-8	-14
--QoQ (bp)	-2	9	-8	-7	-8
Axis Bank (Calc.)	9.78	9.85	9.76	9.80	9.79
--YoY (bp)	62	73	30	12	1
--QoQ (bp)	9	7	-9	5	-2
SBI (domestic)	8.92	9.00	8.83	8.91	8.93
--YoY (bp)	63	21	5	-3	1
--QoQ (bp)	-2	8	-17	8	2
IndusInd Bank	12.45	12.66	12.57	12.31	12.21
--YoY (bp)	70	64	33	1	-24
--QoQ (bp)	15	21	-9	-26	-10

SOURCE: INCRED RESEARCH

**Figure 17: India banks - trend in cost of deposits**

Cost of Deposits	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK (Calc.)	NA	NA	NA	NA	NA
--YoY (bps)	NA	NA	NA	NA	NA
--QoQ (bps)	NA	NA	NA	NA	NA
ICBK	4.72	4.82	4.84	4.88	4.91
--YoY (bps)	107	84	53	35	19
--QoQ (bps)	19	10	2	4	3
Axis	4.94	5.06	5.08	5.08	5.13
--YoY (bps)	100	75	46	29	19
--QoQ (bps)	15	12	2	0	5
SBI (Domestic)	4.95	4.99	5.00	5.06	5.15
--YoY (bps)	93	73	45	31	20
--QoQ (bps)	20	4	1	6	9
IndusInd	6.44	6.48	6.53	6.55	6.58
--YoY (bps)	97	67	41	20	14
--QoQ (bps)	9	4	5	2	3

SOURCE: INCRED RESEARCH

**Figure 18: India banks - trend in cost of funds**

Cost of Funds	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK (Calc.)	5.77	5.66	5.74	5.79	5.83
--YoY (bps)	NA	NA	NA	7	7
--QoQ (bps)	5	-11	8	5	4
ICBK	4.96	5.05	5.05	5.09	5.09
--YoY (bps)	101	76	45	31	13
--QoQ (bps)	18	9	-	4	-
Axis	5.35	5.43	5.44	5.45	5.46
--YoY (bps)	101	68	41	28	11
--QoQ (bps)	18	8	1	1	1
SBI (Overall), Calc	5.09	5.13	5.12	5.18	5.23
--YoY (bps)	98	78	49	30	14
--QoQ (bps)	21	4	-1	6	6
IndusInd	5.46	5.59	5.62	5.61	5.70
--YoY (bps)	74	67	31	21	24
--QoQ (bps)	6	13	3	-1	9

SOURCE: INCRED RESEARCH

**Figure 19: India banks - trend in core fee income (Rs bn)**

Core Fees (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	69	80	71	81	82
--YoY	NA	NA	NA	17%	18%
--QoQ	0%	15%	-12%	15%	0%
---as % of avg. assets, annlzd.	0.8%	0.9%	0.8%	0.9%	0.9%
ICBK	53	54	55	59	62
--YoY	19%	13%	13%	13%	16%
--QoQ	2%	2%	1%	7%	5%
---as % of avg. assets, annlzd.	1.2%	1.2%	1.2%	1.2%	1.2%
Axis	52	56	52	55	55
--YoY	29%	23%	16%	11%	6%
--QoQ	4%	9%	-8%	6%	-1%
---as % of avg. assets, annlzd.	1.5%	1.6%	1.4%	1.5%	1.4%
SBI (Overall)	62	87	69	68	73
--YoY	5%	9%	4%	5%	16%
--QoQ	-5%	40%	-21%	-1%	6%
---as % of avg. assets, annlzd.	0.4%	0.6%	0.4%	0.4%	0.4%
IndusInd	22	23	23	21	21
--YoY	12%	10%	11%	0%	-2%
--QoQ	2%	6%	2%	-9%	0%
---as % of avg. assets, annlzd.	1.8%	1.8%	1.8%	1.6%	1.6%

SOURCE: INCRED RESEARCH

**Figure 20: India banks - trend in treasury income (as a % of avg. assets)**

Treasury Income (% of Avg. Assets)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	0.17%	0.85%	0.02%	0.03%	0.01%
ICBK	0.03%	-0.06%	0.13%	0.14%	0.07%
Axis	0.09%	0.28%	0.11%	0.30%	0.10%
SBI	0.17%	0.23%	0.17%	0.30%	0.07%
IndusInd	0.19%	0.17%	0.07%	0.04%	0.17%

SOURCE: INCRED RESEARCH

**Figure 21: India banks - trend in operating expenses**

Opex (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	160	180	166	169	171
--YoY	NA	NA	NA	10%	7%
--QoQ	4%	13%	-8%	2%	1%
---as % of avg. assets, annlzd.	1.8%	2.0%	1.9%	1.9%	1.8%
ICBK	101	97	105	105	106
--YoY	22%	9%	11%	7%	5%
--QoQ	2%	-3%	9%	0%	0%
---as % of avg. assets, annlzd.	2.3%	2.1%	2.2%	2.2%	2.1%
Axis	89	93	91	95	90
--YoY	32%	27%	11%	9%	1%
--QoQ	3%	4%	-2%	4%	-5%
---as % of avg. assets, annlzd.	2.6%	2.6%	2.5%	2.6%	2.4%
SBI (Overall)	309	303	258	276	289
--YoY	27%	2%	1%	-11%	-6%
--QoQ	0%	-2%	-15%	7%	5%
---as % of avg. assets, annlzd.	2.1%	2.0%	1.7%	1.8%	1.8%
IndusInd	37	38	39	39	40
--YoY	28%	26%	21%	13%	8%
--QoQ	6%	4%	2%	0%	1%
---as % of avg. assets, annlzd.	3.1%	3.1%	3.0%	2.9%	2.9%

SOURCE: INCRED RESEARCH

**Figure 22: India banks - trend in core operating profit (Rs bn)**

Core PPOp (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	195	191	203	214	217
--YoY	NA	NA	NA	13%	12%
--QoQ	3%	-2%	6%	5%	2%
---as % of avg. assets, annlzd.	2.3%	2.1%	2.3%	2.4%	2.3%
ICBK	139	148	145	154	160
--YoY	10%	9%	7%	13%	15%
--QoQ	2%	6%	-2%	6%	4%
---as % of avg. assets, annlzd.	3.2%	3.2%	3.1%	3.2%	3.2%
Axis	88	94	95	95	100
--YoY	0%	5%	16%	11%	14%
--QoQ	2%	7%	1%	0%	5%
---as % of avg. assets, annlzd.	2.6%	2.6%	2.6%	2.6%	2.6%
SBI (Overall)	151	201	222	209	198
--YoY	-23%	8%	12%	38%	31%
--QoQ	0%	33%	10%	-6%	-5%
---as % of avg. assets, annlzd.	1.0%	1.3%	1.4%	1.3%	1.2%
IndusInd	38	38	38	35	34
--YoY	6%	4%	3%	-5%	-11%
--QoQ	1%	1%	0%	-8%	-5%
---as % of avg. assets, annlzd.	3.1%	3.0%	2.9%	2.6%	2.5%

SOURCE: INCRED RESEARCH

**Figure 23: India banks - trend in annualized credit costs (in bp)**

Credit cost (in bps), annualized	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	71	219	42	44	50
ICBK	37	25	44	39	38
Axis	45	50	84	89	86
SBI	15	18	36	47	9
IndusInd	116	107	122	207	193

SOURCE: INCRED RESEARCH

**Figure 24: India banks - trend in slippage (% of trailing loans)**

Slippages, % of trailing loans	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	1.3%	1.3%	1.4%	1.3%	1.4%
ICBK	2.3%	2.0%	2.2%	1.8%	2.1%
Axis	1.9%	1.6%	2.2%	2.0%	2.3%
SBI	0.7%	0.5%	1.1%	0.6%	0.5%
IndusInd	2.6%	2.0%	2.0%	2.3%	2.7%

SOURCE: INCRED RESEARCH

**Figure 25: India banks - trend in recovery & upgrade (% of trailing loans)**

Recovery & Upgrades, % of trailing loans	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	0.9%	0.8%	0.6%	0.6%	0.7%
ICBK	2.2%	1.5%	1.2%	1.2%	1.2%
Axis	1.4%	1.0%	0.7%	0.9%	0.8%
SBI	0.2%	0.3%	0.5%	0.3%	0.1%
IndusInd	1.2%	0.8%	0.6%	0.8%	0.6%

SOURCE: INCRED RESEARCH

**Figure 26: India banks - trend in net slippage (% of trailing loans)**

Net Slippages, % of trailing loans	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	0.5%	0.5%	0.8%	0.7%	0.8%
ICBK	0.1%	0.5%	1.0%	0.6%	0.9%
Axis	0.6%	0.6%	1.5%	1.1%	1.5%
SBI	0.4%	0.2%	0.6%	0.3%	0.3%
IndusInd	1.4%	1.1%	1.4%	1.5%	2.1%

SOURCE: INCRED RESEARCH

**Figure 27: India banks - trend in write-offs (% of trailing loans)**

Write-offs, % of trailing loans	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	0.6%	0.5%	0.5%	0.5%	0.5%
ICBK	0.6%	0.8%	0.7%	1.2%	0.7%
Axis	1.0%	1.0%	1.0%	1.4%	1.3%
SBI	0.5%	0.6%	0.6%	0.4%	0.2%
IndusInd	1.0%	0.7%	0.8%	0.8%	1.2%

SOURCE: INCRED RESEARCH



**Figure 28: India banks - trend in GNPA ratio (%)**

GNPA Ratio (%)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	1.3%	1.2%	1.3%	1.4%	1.4%
ICBK	2.3%	2.2%	2.2%	2.0%	2.0%
Axis	1.6%	1.4%	1.5%	1.4%	1.5%
SBI	2.4%	2.2%	2.2%	2.1%	2.1%
IndusInd	1.9%	1.9%	2.0%	2.1%	2.3%

SOURCE: INCRED RESEARCH

**Figure 29: India banks - trend in NNPA ratio (%)**

NNPA Ratio (%)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	0.3%	0.3%	0.4%	0.4%	0.5%
ICBK	0.4%	0.4%	0.4%	0.4%	0.4%
Axis	0.4%	0.3%	0.3%	0.3%	0.4%
SBI	0.6%	0.6%	0.6%	0.5%	0.5%
IndusInd	0.6%	0.6%	0.6%	0.6%	0.7%

SOURCE: INCRED RESEARCH

**Figure 30: India banks - trend in specific PCR (%)**

Specific PCR (%)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	75%	74%	71%	70%	68%
ICBK	81%	81%	80%	79%	79%
Axis	78%	79%	78%	77%	76%
SBI	74%	75%	74%	76%	75%
IndusInd	71%	71%	71%	70%	70%

SOURCE: INCRED RESEARCH

**Figure 31: India banks – trend in CET-1**

CET-1 ratio (including profits)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	16.3%	16.3%	16.8%	17.3%	18.0%
ICBK	16.0%	15.6%	15.9%	16.0%	15.9%
Axis	13.7%	13.7%	14.1%	14.1%	14.6%
SBI	10.4%	10.4%	10.8%	11.0%	11.0%
IndusInd	16.1%	15.8%	16.2%	15.2%	15.2%

SOURCES: INCRED RESEARCH

**Figure 32: India banks - trend in LCR ratio**

LCR Ratio (%)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	110%	110%	115%	128%	125%
ICBK	118%	118%	121%	121%	122%
Axis	118%	118%	120%	115%	119%
SBI	138%	138%	129%	129%	136%
IndusInd	122%	122%	118%	118%	118%

SOURCE: INCRED RESEARCH

**Figure 33: India banks - trend in RoA and RoE**

Profit after tax (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
HDBK	164	165	162	168	167
----RoA	1.9%	1.9%	1.8%	1.9%	1.8%
----RoE	15.8%	15.3%	14.4%	14.6%	14.1%
ICBK	103	107	111	117	118
----RoA	2.3%	2.3%	2.4%	2.4%	2.4%
----RoE	18.5%	18.5%	18.0%	18.6%	17.8%
Axis	61	71	60	69	63
----RoA	1.8%	2.0%	1.6%	1.9%	1.7%
----RoE	18.1%	20.4%	16.3%	17.6%	15.4%
SBI	92	207	170	183	169
----RoA	0.6%	1.4%	1.1%	1.2%	1.0%
----RoE	17.9%	22.2%	17.6%	18.0%	15.8%
IndusInd	23	23	22	13	14
----RoA	1.9%	1.9%	1.6%	1.0%	1.0%
----RoE	15.5%	15.2%	13.5%	8.1%	8.5%

SOURCE: INCRED RESEARCH

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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