

Result Preview



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1QFY22 earnings estimate (INR b)

PAT (INR b)	1Q FY22E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	1.63	-18.8	-3.5
AXSB	21.71	95.2	-18.9
BANDHAN	1.84	-66.5	78.6
DCBB	0.70	-11.5	-9.8
EQUITAS	0.71	22.3	-37.5
FB	3.76	-6.3	-21.4
HDFCB	78.53	17.9	-4.1
ICICIBC	41.37	59.1	-6.0
IIB	8.80	72.4	-5.0
KMB	15.63	25.6	-7.1
RBK	1.05	-25.6	39.5
Private Total	175.73	29.6	-7.0
PSU Banks			
BOB	4.40	NM	NM
SBIN	58.29	39.1	-9.6
PSU Total	62.69	88.5	16.0
Banks Total	238.41	41.2	-1.9
Other Financials			
SBICARD	2.27	-42.2	29.5
Life Insurance			
HDFCLIFE	3.08	-31.8	-3.3
IPRULIFE	2.25	-21.6	253.3
SBILIFE	3.18	-18.7	-40.3
MAXF	1.22	-28.9	14.7
Life Total	9.72	-25.2	-4.7

Quarter of consolidation, with an eye on earnings recovery

Credit cost to stay elevated on potential second COVID wave impact

- 1QFY22 to be a quarter of consolidation:** The momentum in recovery gained over 4QFY21 was impacted by the second COVID wave, with the asset quality outlook deteriorating once again. Business activity was impacted by the second COVID wave over Apr–May'21, and localized lockdowns were seen across most states. As a result, systemic growth moderated to 5.8% as of 18th Jun'21 (1% decline over FY22YTD). While economic activity has started to pick up since Jun'21, we expect business growth to remain modest over 1QFY22 and estimate systemic loan growth of 9%/13% for FY22E/FY23E. Nevertheless, we estimate our Banking Coverage Universe to deliver ~6%/41% PPOP/PAT growth in 1QFY22E (on a low base).
- GNPL ratios to see uptick; restructuring book to increase further:** The second COVID wave, coupled with localized lockdowns, is likely to impact the asset quality performances of banks. Many banks indicated a drop in collection efficiency over Apr–May'21, while check bounce rates posted an uptick. We estimate slippage to remain high over 1HFY22, especially in 1QFY22, resulting in an uptick in GNPL ratios. However, we estimate the impact to be much lower v/s the first lockdown. Restructuring 2.0 could also be higher, led by the Retail/SME segment (as it was severely impacted), while the Corporate segment is likely to remain resilient.
- While many banks have a high PCR and carry additional provision buffers, banks would be cautious about drawing down on these buffers given the uncertainty and fear around a third wave. Nonetheless, we estimate credit cost to remain high over 1HFY22.
- Private Banks – PPOP growth modest; provisions to stay elevated:** We estimate private banks to report PPOP growth of ~6% YoY (-1% QoQ) and PAT growth of ~30% YoY (-7% QoQ), supported by the low base of 1QFY21. Earnings are likely to be impacted by high credit cost and likely moderation in business growth / fee income, while they would be offset by lower opex.
 - Loan growth is likely to moderate,** impacted by localized lockdowns; however, the momentum over Jun'21 and commentary around the growth outlook for FY22 would be key monitorables. Growth in working capital requirements in the Corporate segment would be another monitorable. **We expect private bank loans to grow 14%/17% over FY22E/FY23E; we estimate AXSB/ICICIBC to deliver 13%/18% YoY loan growth over 1QFY22E.** HDFCB posted growth of ~14% YoY (+1.3% QoQ), and FB/IIB reported growth of ~8%/7% (0.7–1.6% decline QoQ). RBK reported growth of 2% YoY (-2% QoQ) while KMB would report sequential growth of ~1.3%.
 - Margins would exhibit stable trends, supported by lower** cost of funds, despite excess liquidity and low lending rates. Large banks with a strong liability franchise are better placed to tackle margin pressure. **We expect NII growth of 13% YoY,** with ICICIBC ~16%, HDFCB ~13%, and BANDHAN and AXSB 12% each.
 - Deposit traction would remain healthy,** reflecting 10% YoY growth for the system, with banks focusing on ramping up retail deposits. Most banks indicated rates to have bottomed out.

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- **We are watchful of asset quality, but remain positive over the medium term.** Asset quality would be under watch as the impact of the second COVID wave would keep slippage / credit cost elevated. Slippage is likely to be driven by retail/SME loans which could also result in higher restructuring under 2.0. Commentary around the potential impact of the second wave would be the key in assessing the overall impact on asset quality; however, we maintain our constructive stance on a medium-term basis. We remain watchful of BANDHAN and RBK.
- **PSBs earnings to post modest operating performance:** We estimate PSBs to report modest operating performances, impacted by subdued business growth, but offset by modest opex. On the other hand, credit cost would remain elevated. Within PSBs, we expect SBIN to report a healthy performance, supported by recoveries and modest opex. **PSBs are expected to deliver NII/PPOP growth of 7%/6% YoY and PAT growth of ~89% YoY (on a low base).**
- **Business growth / Asset quality outlook for mid-sized private banks remains a monitorable:** We expect the performances of mid-sized private banks to remain mixed as they face asset quality challenges – given their (a) high exposure to impacted segments, (b) high restructuring books, and (c) low CE v/s larger peers. We estimate DCB to report decline of ~12% YoY in earnings; RBK would report decline of ~26% YoY (+40% QoQ), impacted by high credit cost. FB is best placed in terms of liability franchise and would reflect a stable margin trajectory, led by an improving CASA mix. It is likely to report earnings decline of 6% YoY, while asset quality trends would be a key monitorable.
- **Small Finance Banks:** We expect AUBANK to report decline of 5%/19% YoY in PPOP/PAT, impacted by moderation in loan growth (-3% QoQ) and elevated provisioning. EQUITAS is expected to report PPOP growth of 51% and PAT growth of 22% YoY (-38% QoQ).
- **Life Insurers – strong premium growth, aided by benign base; COVID claims an overhang:** Most life insurers are likely to report modest two-year CAGR growth, impacted by localized state lockdowns. On the other hand, growth would be higher YoY on a low base. HDFCLIFE and SBILIFE would reflect APE growth of 42–45%, and MAXF would report growth of 29%. IPRU would reflect strong growth of 57%, supported by a low base. We expect VNB growth of 50–55% for IPRU/HDFCLIFE/SBILIFE; MAXF would report VNB growth of 86% YoY over 1QFY22E. The impact of COVID-19 claims on profitability and mortality assumptions would remain a key overhang.
- **Other monitorables:**
 - **Asset quality outlook and restructuring trends** – The management commentary on slippage/restructuring trends and provisioning would be an important metric to assess the impact of the second wave. More clarity would emerge on possible restructuring under 2.0.
 - **Outlook for loan growth and margins** – The management commentary on the growth outlook – particularly on signs of recovery from Jun’21 on the easing of restrictions – would be key to assessing the overall **environment**. The outlook for margins, given subdued loan growth, lower lending rates, and lower cost of funds would be a key to watch.
 - **Fee income traction / opex run-rate** – Traction in fee income is expected to moderate, given lower disbursements, while opex could moderate due to low business generation expenses. The fee income outlook and opex run-rate would be key monitorables.

Our top picks – ICICIB, HDFCB, SBIN, FB, and MAXF

ICICIB: Financial Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
NII	389.9	456.7	545.0
OP	364.0	392.3	467.7
NP	161.9	204.8	267.3
NIM (%)	3.7	3.9	4.0
EPS (INR)	24.2	29.6	38.6
EPS Gr. (%)	97.0	22.4	30.5
ABV/Sh. (INR)	188.0	215.9	250.8
Cons. BV/Sh.INR	204.3	235.9	274.2
Ratios			
RoE (%)	12.6	13.3	15.2
RoA (%)	1.4	1.6	1.8
Valuations			
P/BV (x) (Cons.)	3.1	2.7	2.3
P/ABV (x)	2.6	2.3	1.9
P/E (x)	20.2	16.5	12.6

*Adj for Investment in subs

HDFCB: Financial Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
NII	648.8	760.9	905.9
OP	573.6	669.8	790.3
NP	311.2	371.9	451.0
NIM (%)	4.1	4.2	4.3
EPS (INR)	56.6	67.5	81.8
EPS Gr. (%)	17.8	19.2	21.3
BV/Sh. (INR)	369.5	425.6	495.4
ABV/Sh. (INR)	356.8	411.1	478.5
Ratios			
RoE (%)	16.6	17.0	17.8
RoA (%)	1.9	2.0	2.1
Valuations			
P/E(X)	26.2	21.9	18.1
P/BV (X)	4.0	3.5	3.0
P/ABV (X)	4.1	3.6	3.1

SBIN: Financial Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
NII	1,107.1	1,223.5	1,387.0
OP	715.5	820.4	943.4
NP	204.1	336.2	422.8
NIM (%)	3.0	3.0	3.0
EPS (INR)	22.9	37.7	47.4
EPS Gr. (%)	40.9	64.7	25.7
ABV (INR)	220.6	260.5	306.8
Cons. BV. INR	294.2	332.0	380.6
Ratios			
RoE (%)	9.3	13.6	14.9
RoA (%)	0.5	0.7	0.8
Valuations			
P/BV (x) Cons.	1.4	1.3	1.1
P/ABV (x)*	1.1	0.9	0.8
P/E (x)*	10.4	6.3	5.0

*Adj for investment in subs

ICICIB (Buy)

- ICICIB has substantially increased its PCR to ~78% (one of the highest in the industry) and carries unutilized COVID-related provisions of INR75b (~1% of loans). Slippages were controlled, while the restructuring book stands lower ~0.54% of loans providing comfort on asset quality. While near-term challenges would persist, we believe ICICIB is well-cushioned with higher provisions on the balance sheet. Thus, we estimate credit costs to moderate to 1.5% in FY22.
- The bank continues to see strong growth in retail deposits and has succeeded in building a robust liability franchise over the past few years. It has one of the lowest funding costs (with cost of deposits declining to 4%) among the private banks; this has enabled the company to underwrite a profitable business without taking undue balance sheet risks, thus supporting the margin further.
- The retail mix remains healthy, with a) the CASA ratio at 46.3%, b) retail contribution-to-fees at ~78%, and c) the loan mix increasing to ~67%.
- ICICIB appears firmly placed to deliver healthy sustainable growth, led by focus on the core operating performance. We estimate RoA/RoE of 1.8%/15.2% for FY23E. Adjusted for subsidiaries, the standalone bank trades at 1.9x FY23E ABV.

HDFCB (Buy)

- HDFCB has shown robust traction in its corporate portfolio, which compensated for the softness in retail lending. Loan growth over FY21 was, thus, largely led by the Corporate segment (53% of total loans). The management continues to focus on lending to highly rated corporates, which has enabled a sharp decline in the RWA-to-total assets ratio to ~69% (v/s 75% in FY19). Even in 1QFY22, the corporate book saw better traction v/s retail loans.
- We remain watchful of the impact of the second wave on total asset quality, particularly on the SME, unsecured, and agri books. Thus, we expect slippages to stay elevated over 1HFY22. The bank holds additional contingency provisions, which would limit the impact on profitability. We estimate credit cost to sustain at 1.4% for FY22E and moderate to 1.2% by FY23E.
- A strong liability franchise would support margins. Therefore, the bank is well-placed to gain incremental market share on both the asset and liability fronts. We expect RoA/RoE of 2.1%/17.8% for FY23E. The bank trades at 3.1x FY23E ABV.

SBIN (Buy)

- SBIN appears well-positioned to post a strong earnings uptick, led by moderation in credit cost as well as supported by recoveries. Over the years, SBIN has strengthened its balance sheet and increased its PCR (including TWO) to 88%. It further holds PCR of ~85% on corporate NPAs.
- The initial impact of COVID on asset quality was limited, with total slippages + restructuring lower than the guided levels. It reported moderation in its GNPA/NNPA ratio. However, we remain watchful of the impact of the second wave, which could keep slippage / credit cost elevated. We estimate credit cost of 1.6% for FY22.

FB: Financial Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
NII	55.3	64.5	74.2
OP	37.9	44.4	51.5
NP	15.9	19.2	26.2
NIM (%)	3.2	3.4	3.4
EPS (INR)	8.0	9.4	12.5
EPS Gr. (%)	2.8	17.6	33.1
BV/Sh. (INR)	80.8	84.8	95.5
ABV/Sh. (INR)	72.6	75.1	85.1
Ratios			
RoE (%)	10.4	11.3	13.8
RoA (%)	0.8	0.9	1.1
Valuations			
P/E(X)	10.7	9.1	6.8
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.2	1.1	1.0

MAXF: Financial snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
Net Premiums	190.2	224.9	272.0
Sh. PAT	5.3	6.1	8.0
NBP gr- unwttd. %	22.3	21.0	24.0
NBP gr. – APE %	16.9	20.7	24.3
Premium gr. %	17.5	18.2	21.0
VNB margin. %	25.2	26.4	26.8
Op. RoEV. %	18.5	21.0	22.3
Total AUM	904	1,109	1,314
VNB	12.5	15.8	19.9
EV per share	274.5	325.5	390.8
Valuations			
P/EV (x)	4.7	4.0	3.3
P/EVOP (x)	30.1	22.5	17.8

- SBIN has one of the best liability franchises (CASA mix: ~46%). As a result, it is poised to manage yield pressure, while a reduction in the interest rate on deposits would continue to support margins (to a large extent).
- Subsidiaries – SBI MF, SBILIFE, and SBICARD – have exhibited robust performances over the last few years, which could result in value unlocking.
- We estimate FY23E RoA/RoE of 0.8%/14.9%. Subsidiaries account for ~35% of the total valuation. Adjusted for subsidiaries, the standalone bank trades at 0.8x FY23E ABV.

FB (Buy)

- On the asset quality front, the initial impact of COVID-19 was in check – as FB has no big-ticket accounts (>INR1b) in its watchlist – and the restructuring book stood at INR14b (1.1% of loans). However, we remain watchful of the impact of the second wave due to the exposure to the SME/MSME segment. Thus, we expect slippage to increase and credit cost to stay elevated over 1HFY22 as the focus remains on strengthening PCR. We expect the same to moderate from 2HFY22E.
- CASA + retail TD constitutes ~90% of total deposits. FB saw a reduction in cost of deposits and has a lower cost of funds advantage vis-à-vis other mid-sized banks. This, along with the focus on cross-selling liability products to corporate clients to garner salary accounts, would support margins.
- FB has been taking a cautious approach in lending to high-rated corporates. The mix of retail loans improved to ~33% in FY21 from 28.4% in FY19. Although business growth remains subdued, we expect a gradual pickup in loan growth, resulting in improved overall operating performance.
- We expect RoA/RoE of 1.1%/14% by FY23E. The stock currently trades at 1.0x FY23E ABV.

MAXF (Buy)

- MAXLIFE delivered a resilient performance in a difficult macro environment, reporting ~19% growth in individual APE in FY21 (v/s ~8% for private players). Also, the market share in individual APE improved to ~6.4% in FY21 (~90bp increase over FY21).
- The management increased its focus on the Protection and Non-PAR segments, with their share increasing to ~44% in FY21 from ~31% in FY20. We believe it would continue to focus on the Non-PAR and Protection businesses. Thus, we expect MAXLIFE to continue to deliver better-than-industry trends in both these segments.
- The management has been making significant investments in growing its proprietary channels – the branch/employee count increased by ~190/~5,600 over FY17–21. This has enabled it to steadily gain market share. Overall, these contribute ~28% to the total APE. The partnership with AXSB increases the long-term growth visibility / cross-sell opportunity for MAXLIFE.
- The distribution mix has started reflecting productivity gains, and an increased focus on high-margin products has enabled healthy expansion in the VNB margin. We expect the margin to improve to 26–27%. This would enable a 26% VNB CAGR over FY21–23E, while operating RoEV would sustain at ~22%. The stock currently trades at 3.3x FY23E EV, after considering an 80% MFS stake and a 20% holding company discount.

Exhibit 1: 1QFY22E earnings estimates

	NII (INR m)			PPOP (INR m)			PAT (INR m)		
	Jun'21	YoY (%)	QoQ (%)	Jun'21	YoY (%)	QoQ (%)	Jun'21	YoY (%)	QoQ (%)
Private Banks									
AU Bank	6,803	31.9	3.7	4,237	-4.9	13.4	1,631	-18.8	-3.5
Axis Bank	78,518	12.4	3.9	66,004	12.9	-3.8	21,711	95.2	-18.9
Bandhan Bank	20,315	12.1	15.6	17,886	12.9	3.4	1,840	-66.5	78.6
DCB Bank	3,228	5.2	3.7	2,111	10.4	2.9	703	-11.5	-9.8
Equitas Holdings	4,682	15.8	4.4	2,157	51.9	-13.7	705	22.3	-37.5
Federal Bank	14,714	13.5	3.6	9,702	4.1	9.6	3,757	-6.3	-21.4
HDFC Bank	177,284	13.2	3.6	150,106	17.0	-3.4	78,531	17.9	-4.1
ICICI Bank	107,316	15.6	2.9	91,274	-15.3	6.9	41,365	59.1	-6.0
IndusInd Bank	35,971	8.7	1.8	30,372	3.7	-2.9	8,797	72.4	-5.0
Kotak Mahindra Bank	40,119	7.7	4.4	31,348	19.5	-8.0	15,634	25.6	-7.1
RBL Bank	9,950	-4.4	9.8	7,666	11.1	-12.5	1,051	-25.6	39.5
Pvt Banking Sector	498,900	12.5	4.0	412,862	5.9	-1.2	175,726	29.6	-7.0
PSU Banks									
Bank of Baroda	71,697	5.2	0.9	44,539	3.1	-28.9	4,397	NM	NM
State Bank	287,522	7.9	6.2	192,267	6.5	-2.4	58,292	39.1	-9.6
PSU Banking Sector	359,219	7.4	5.1	236,806	5.8	-8.8	62,689	88.5	16.0
Banking Sector	858,119	10.3	4.4	649,667	5.9	-4.1	238,415	41.2	-1.9
Other Financials									
SBI Cards & Payment	9,075	-20.2	9.5	10,377	2.4	10.5	2,272	-42.2	29.5
Life Insurance									
HDFC Standard life	83,913	46.7	-34.8	3,124	-30.8	1.1	3,076	-31.8	-3.3
ICICI Prudential life	65,659	18.3	-44.7	2,440	-21.6	114.7	2,253	-21.6	253.3
SBI life	89,330	17.7	-42.6	3,214	-17.1	-48.3	3,179	-18.7	-40.3
Max Financial Services	31,930	16.1	-55.1	NA	NA	NA	1,215	-28.9	14.7
Life Insurance	270,832	25.3	-42.9	8,779	-23.7	-16.0	9,724	-25.2	-4.7

Note: For Life Insurance - NII represents net premium income, PPOP represents shareholder's PBT, and PAT represents shareholder's profits

Exhibit 2: Loan growth under pressure at 5.8%

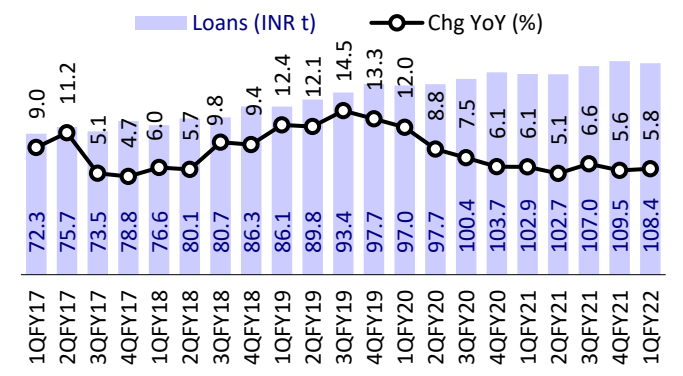


Exhibit 3: Deposit growth moderates to 10.3%

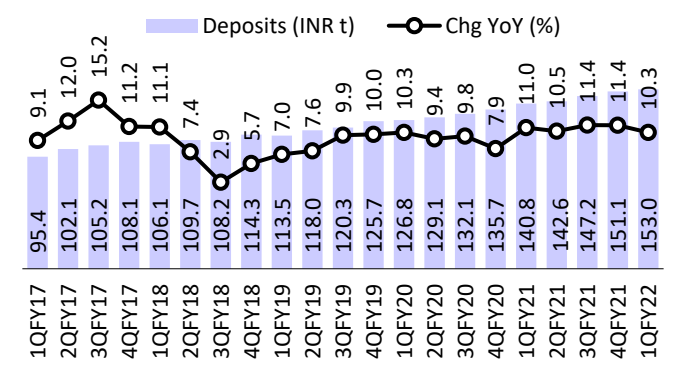


Exhibit 4: NIMs to exhibit stable/improving trends, supported by lower cost of funds

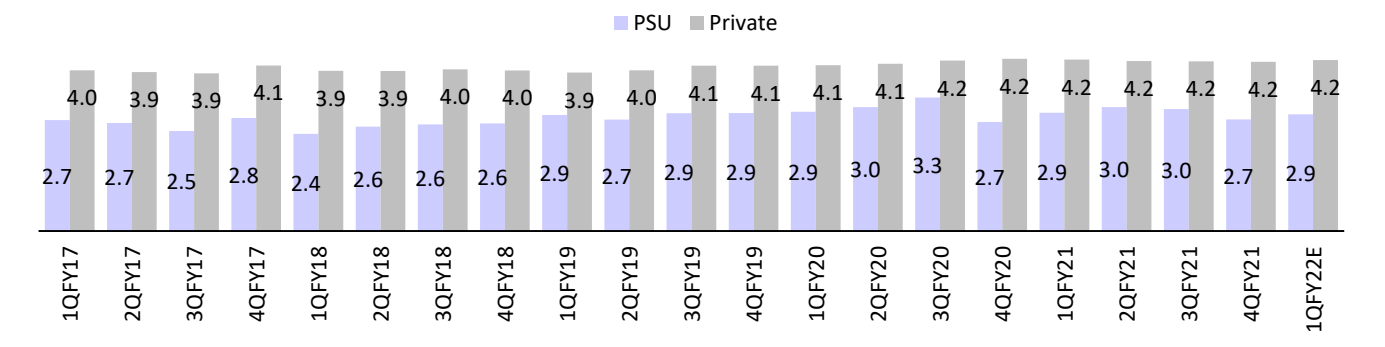


Exhibit 5: Change in estimates across our universe – modest cut in aggregate earnings over FY22E/FY23E

PAT (INR b)	Old estimates		Revised estimates		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Private Banks						
AXSB	157.6	206.1	145.0	195.5	-8.0%	-5.1%
BANDHAN	35.7	55.3	29.2	56.6	-18.1%	2.3%
DCBB	3.6	4.9	3.4	4.8	-6.5%	-3.2%
HDFCB	372.5	455.1	371.9	451.0	-0.2%	-0.9%
ICICIBC	214.0	268.2	204.8	267.3	-4.3%	-0.4%
IIB	53.7	73.6	50.8	73.0	-5.3%	-0.8%
KMB	86.8	105.5	80.5	98.1	-7.3%	-7.0%
FB	21.2	27.4	19.2	26.2	-9.6%	-4.2%
RBK	9.7	13.4	9.3	14.6	-4.1%	8.6%
AUBANK	10.0	13.5	8.9	12.4	-10.2%	-8.3%
EQUITAS	5.4	7.1	4.6	6.3	-15.7%	-11.2%
Total Private Banks	970.3	1,230.2	927.7	1,205.7	-4.4%	-2.0%
YoY growth	38.6%	26.8%	32.5%	30.0%		
PSU Banks						
BOB	46.4	78.0	38.8	72.1	-16.4%	-7.6%
SBIN	343.1	425.0	336.2	422.8	-2.0%	-0.5%
Total PSU Bank	389.5	503.0	375.0	494.8	-3.7%	-1.6%
YoY growth	83.4%	29.1%	76.5%	32.0%		
Total for Banks	1,359.8	1,733.3	1,302.6	1,700.5	-4.2%	-1.9%
YoY growth	49.1%	27.5%	42.8%	30.5%		
Other Financials						
SBICARD	17.5	25.3	15.0	23.2	-14.3%	-8.3%

Source: MOFSL, Company

Exhibit 6: Snapshot of change in asset quality ratios over 4QFY21 v/s 3QFY21 (including proforma)

Asset Quality (%)	Reported (3QFY21)			Proforma (3QFY21)			As of 4QFY21 (%)		
	GNPA	NNPA	PCR	GNPA	NNPA	PCR	GNPA	NNPA	PCR
AXSB	3.44	0.74	79.0	4.55	1.19	74.7	3.70	1.05	72.4
BANDHAN	1.11	0.26	76.6	7.12	2.36	66.9	6.81	3.51	50.3
DCBB	1.96	0.59	70.2	3.70	1.92	48.1	4.09	2.29	45.2
HDFCB	0.81	0.09	88.5	1.38	0.40	71.0	1.32	0.40	69.8
ICICIBC	4.38	0.63	86.1	5.42	1.26	77.7	4.96	1.14	77.8
IIB	1.74	0.22	87.3	2.93	0.70	77.0	2.67	0.69	74.5
KMB	2.26	0.50	78.4	3.27	1.24	62.1	3.25	1.21	63.6
FB	2.71	0.60	78.2	3.38	1.14	66.3	3.41	1.19	65.9
RBK	1.84	0.71	61.7	4.57	2.37	49.3	4.34	2.12	52.3
AUBANK	0.99	0.24	76.0	3.29	1.29	61.5	4.25	2.18	49.7
EQUITAS	2.23	0.65	66.2	4.16	1.71	57.3	3.73	1.58	58.6
BOB	8.48	2.39	73.6	9.63	3.36	65.1	8.87	3.09	67.3
SBIN	4.77	1.23	75.2	5.44	1.81	68.0	4.98	1.50	70.9

Source: MOFSL, Company

Large banks continue to carry additional provision buffers

Exhibit 7: Snapshot of additional provision buffers as of 4QFY21

As of 4QFY21	Loans (INR b)	Covid/Contingent provisions	Floating/Additional Provisions	Total Provisions	As a percentage of loans
AXSB*	6,237	50.1	70.0	120.1	1.9%
BANDHAN	816	-	3.9	3.9	0.5%
DCBB	260	1.2	-	1.2	0.5%
HDFCB**	11,328	58.6	14.5	73.1	0.6%
ICICIBC	7,337	74.8	-	74.8	1.0%
IIB*	2,126	16.0	8.3	24.3	1.1%
IDFCFIRST	1,006	3.8	-	3.8	0.4%
KMB	2,237	12.8	-	12.8	0.6%
FB	1,319	-	-	-	0.0%
RBK	586	-	-	-	0.0%
AUBANK	346	0.7	-	0.7	0.2%
EQUITAS	168	1.5	-	1.5	0.9%
SBIN	24,495	63.5	-	63.5	0.3%
SBICARD	235	3.0	-	3.0	1.3%

*AXSB holds total provisions of INR120.1b which includes standard and additional other than NPA

**Floating provisions stands at HDFCB (INR14.51b) and IIB (INR0.7b). IIB further holds counter-cyclical provisions buffer of INR7.6b

Source: MOFSL, Company

Restructuring book remains in check at sub-1% for large banks; it is relatively higher for mid-sized banks

Exhibit 8: Snapshot of restructuring book across banks

INR b	Restructured Book		
	Absolute	Dec'20	Mar'21
AXSB	18.5	0.42%	0.30%
BANDHAN	6.2	NA	0.76%
DCBB	11.1	2.70%	4.26%
HDFCB	65.1	0.50%	0.57%
ICICIBC	39.3	0.40%	0.54%
IIB	38.3	0.60%	1.80%
KMB	4.4	0.28%	0.19%
FB	14.1	0.90%	1.07%
RBK	9.3	1.00%	1.58%
AUBANK	6.4	0.80%	1.85%
BOB	94.3	1.40%	1.34%
SBIN	178.5	0.77%	0.73%

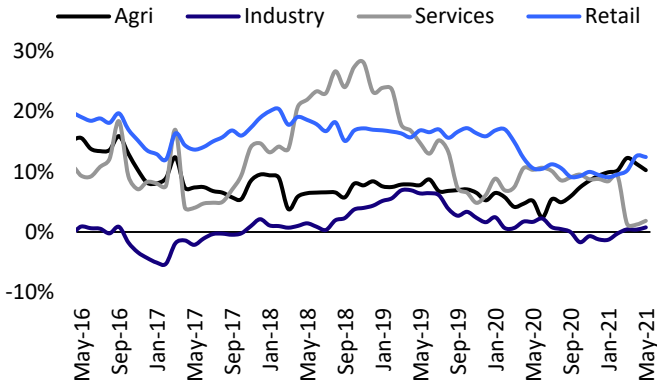
Source: MOFSL, Company

Exhibit 9: SMA book across banks

SMA (% of loans)	SMA 0	SMA 1	SMA 2
BoB	NA	3.9%	
BoI	NA	0.8%	1.2%
CBK	1.1%	1.5%	0.7%
INBK	NA	5.5%	2.7%
PNB	NA	NA	4.5%
SBIN	NA	0.2%	0.3%
UNBK	NA	NA	0.6%
BANDHAN	3.3%	2.8%	2.5%
KMB	NA	NA	0.1%

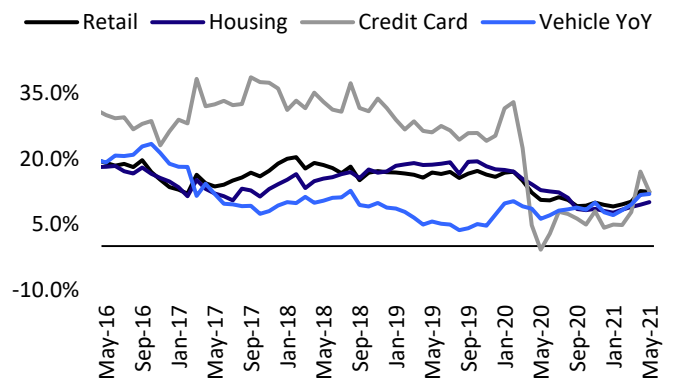
Source: MOFSL, Company

Exhibit 10: Retail loan growth improves to 12.4%; retail mix stands at 29.3% in May'21



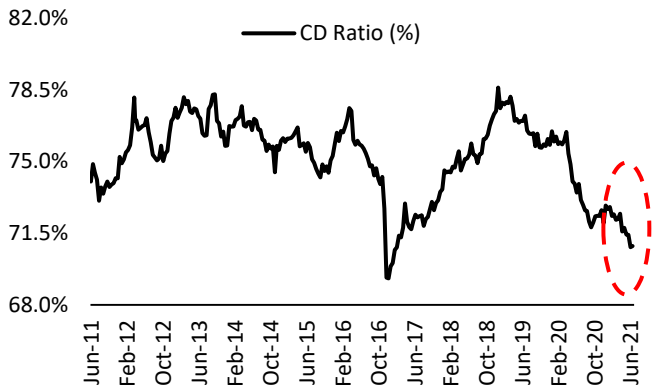
Source: MOFSL, RBI

Exhibit 11: Housing/Vehicle growth rises to ~10%/12% YoY; credit card growth picks up to ~12.5% in May'21



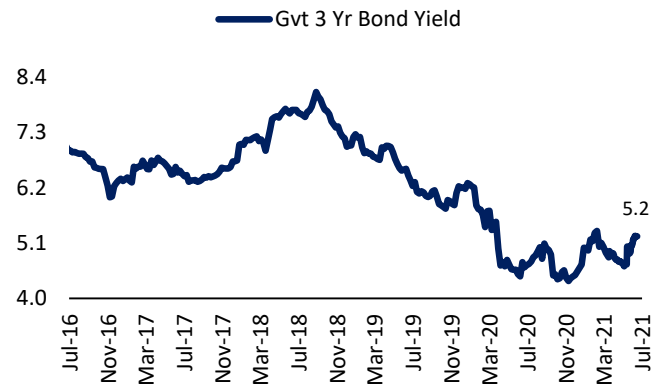
Source: MOFSL, RBI

Exhibit 12: CD ratio at decadal lows of ~71% (barring demonetization)



Source: MOFSL, RBI

Exhibit 13: Three-year G-Sec yield increases 32bp over 1QFY22; currently stands at 5.2%



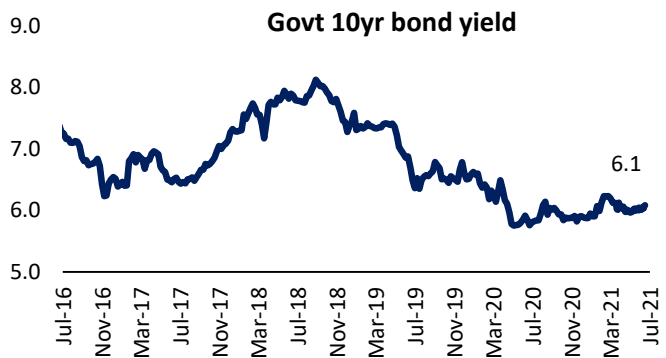
Source: MOFSL, BBG

Exhibit 14: Five-year G-Sec yield moderates ~20bp over 1QFY22; currently stands at 5.7%



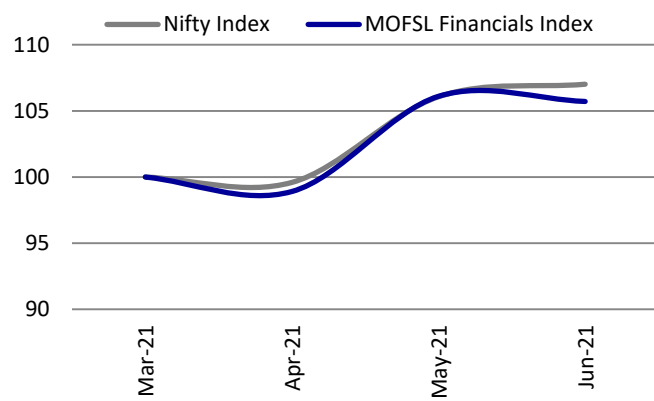
Source: MOFSL, BBG

Exhibit 15: 10-year G-Sec yield stands stable at ~6.1% during the quarter



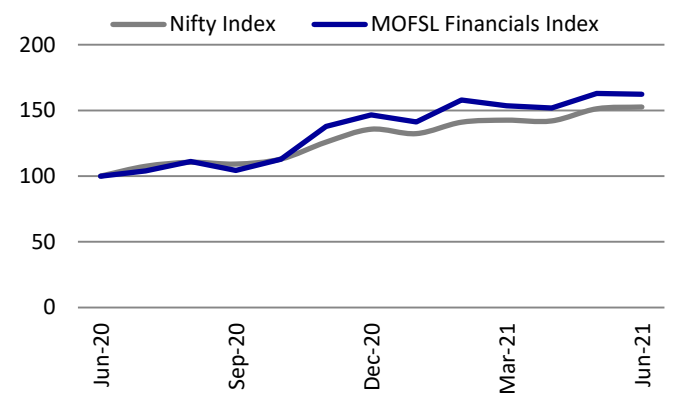
Source: MOFSL, BBG

Exhibit 16: Relative performance – three months (%)



Source: MOFSL, Company

Exhibit 17: One-year relative performance (%)



Source: MOFSL, Company

Exhibit 18: Valuation summary

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)			
			FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	
Financials															
Banks-Private						28.0	21.7	16.7	3.3	3.0	2.6	11.7	13.7	15.4	
AU Small Finance	1,039	Buy	38.0	28.6	39.7	32.3	36.3	26.2	6.2	4.6	3.9	22.3	13.5	16.1	
Axis Bank	751	Buy	22.4	47.3	63.8	31.2	15.9	11.8	2.1	2.0	1.7	7.1	13.4	15.7	
Bandhan Bank	322	Neutral	13.7	18.2	35.1	24.7	17.7	9.2	3.1	2.7	2.2	13.5	15.9	26.1	
DCB Bank	104	Neutral	10.8	10.9	15.4	9.5	9.5	6.7	0.9	0.8	0.7	10.0	9.2	11.8	
Equitas Holdings	94	Buy	11.2	15.8	20.8	7.8	5.9	4.5	0.9	0.9	0.8	12.5	15.3	18.8	
Federal Bank	85	Buy	8.0	9.4	12.5	9.5	9.1	6.8	0.9	1.0	0.9	10.4	11.3	13.8	
HDFC Bank	1,481	Buy	56.6	67.5	81.8	26.4	21.9	18.1	4.0	3.5	3.0	16.6	17.0	17.8	
ICICI Bank	640	Buy	24.2	29.6	38.6	24.0	21.6	16.6	2.8	2.7	2.3	12.6	13.3	15.2	
IndusInd Bank	1,010	Buy	39.9	65.7	94.3	23.9	15.4	10.7	1.7	1.6	1.4	7.6	11.2	14.4	
Kotak Mahindra Bank	1,716	Neutral	50.4	58.1	70.3	34.8	29.6	24.4	4.1	3.6	3.1	12.5	12.0	12.9	
RBL Bank	211	Buy	8.5	15.6	24.4	24.4	13.5	8.7	1.0	0.9	0.9	4.4	7.1	10.4	
SBI Cards	983	Buy	10.5	16.0	24.7	88.7	61.5	39.9	13.9	12.1	9.5	16.9	21.6	26.7	
South Indian Bank	13	Buy	0.3	0.5	0.0	26.1	26.5	353.9	0.3	0.5	0.5	1.1	1.8	0.1	
Banks-PSU						15.6	10.5	7.9	1.1	1.2	1.0	7.0	11.0	12.9	
Bank of Baroda	85	Neutral	1.6	7.5	13.9	46.3	11.4	6.1	0.5	0.6	0.5	1.1	4.9	8.7	
State Bank	425	Buy	25.1	40.7	51.6	14.5	10.4	8.2	1.2	1.3	1.1	9.3	13.6	14.9	
Insurance						74.9	75.8	64.6	10.4	10.7	9.7	13.9	14.2	15.0	
HDFC Life Insur.	687	Neutral	6.7	7.2	8.7	103.5	95.9	79.4	5.3	4.4	3.8	28.9	17.4	17.7	
ICICI Pru Life	619	Buy	6.7	8.1	9.2	66.6	76.3	67.5	2.2	2.7	2.3	26.5	14.9	15.8	
Max Financial	1,035	Buy	12.2	14.1	18.6	70.4	73.4	55.6	3.1	3.2	2.6	18.6	18.6	20.1	
SBI Life Insurance	1,007	Buy	14.6	15.8	17.6	60.5	63.8	57.3	2.4	2.4	2.0	27.0	16.2	16.5	

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: INR1,039 | TP: INR1,200 (+16%)

EPS CHANGE (%): FY22|23: -10.2|-8.3

- Margins to witness some moderation to ~5.2%
- Business growth moderates on lower disbursements QoQ
- CoF and C/I ratio are other key monitorables
- Asset quality, CE, movement in SMA book – key monitorables; credit cost to stay elevated

Quarterly performance

(INR m)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	5,159	5,606	6,331	6,558	6,803	6,969	7,351	7,819	23,654	28,942
% Change (Y-o-Y)	30.4	24.1	24.9	18.2	31.9	24.3	16.1	19.2	23.9	22.4
Other Income	2,258	2,857	6,634	2,766	2,471	2,524	2,739	3,008	14,515	10,741
Total Income	7,416	8,463	12,965	9,325	9,274	9,493	10,090	10,827	38,170	39,684
Operating Expenses	2,961	3,800	4,237	5,587	5,036	5,269	5,484	5,717	16,584	21,506
Operating Profit	4,456	4,663	8,728	3,738	4,237	4,224	4,606	5,110	21,586	18,178
% Change (Y-o-Y)	53.2	67.9	179.0	18.4	-4.9	-9.4	-47.2	36.7	80.3	-15.8
Provisions	1,813	574	2,836	1,778	2,057	1,683	1,434	1,060	7,001	6,233
Profit before Tax	2,643	4,089	5,892	1,960	2,180	2,541	3,173	4,050	14,585	11,945
Tax Provisions	635	870	1,102	271	549	640	800	1,021	2,878	3,010
Net Profit	2,008	3,219	4,790	1,690	1,631	1,901	2,373	3,030	11,707	8,935
% Change (Y-o-Y)	5.5	87.2	151.9	38.1	-18.8	-40.9	-50.5	79.3	73.5	-23.7

Operating Parameters

Deposit (INR b)	267.3	269.8	297.1	359.8	370.1	387.9	415.9	453.3	359.8	453.3
Loan (INR b)	262.5	272.3	302.9	346.1	336.0	370.3	394.6	426.9	346.1	426.9
Deposit Growth (%)	34.7	21.8	24.5	37.5	38.5	43.8	40.0	26.0	37.5	26.0
Loan Growth (%)	13.6	9.8	14.0	28.2	28.0	36.0	30.2	23.3	28.2	23.3

Asset Quality

GNPA (%)	1.7	1.5	1.0	4.3	4.4	4.3	4.2	4.1	4.3	4.1
NNPA (%)	0.6	0.5	0.2	2.2	2.2	2.0	1.9	1.8	2.2	1.8
PCR (%)	63.5	71.0	76.0	49.7	51.0	53.0	55.0	56.9	49.7	56.9

Axis Bank

Buy

CMP: INR751 | TP: INR925 (+23%)

EPS CHANGE (%): FY22|23: -8.0|-5.1

- Credit cost to remain elevated; slippages a key monitorable to assess the impact of second wave
- Restructuring / BB & below pool to remain under watch
- Margins to remain stable at ~3.6%
- Business growth to witness moderation on QoQ basis

Quarterly performance

(INR b)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	69.9	73.3	73.7	75.5	78.5	84.3	90.2	98.1	292.4	351.1
% Change (Y-o-Y)	19.5	20.1	14.3	11.0	12.4	15.0	22.4	29.9	16.0	20.1
Other Income	25.9	38.1	37.8	46.7	36.5	41.7	46.0	49.5	148.4	173.6
Total Income	95.7	111.3	111.5	122.2	115.0	125.9	136.3	147.6	440.8	524.8
Operating Expenses	37.3	42.4	50.5	53.6	49.0	53.6	55.8	60.4	183.8	218.8
Operating Profit	58.4	69.0	61.0	68.6	66.0	72.3	80.4	87.1	257.0	305.9
% Change (Y-o-Y)	-0.8	15.9	6.1	17.3	12.9	4.9	32.0	26.9	9.7	19.0
Provisions	44.2	45.8	46.0	32.9	37.0	29.1	25.8	20.2	169.0	112.1
Profit before Tax	14.3	23.2	14.9	35.7	29.0	43.2	54.7	67.0	88.1	193.9
Tax	3.2	6.3	3.7	8.9	7.3	10.9	13.8	16.9	22.2	48.9
Net Profit	11.1	16.8	11.2	26.8	21.7	32.3	40.9	50.1	65.9	145.0
% Change (Y-o-Y)	-18.8	NM	-36.4	NM	95.2	92.0	266.2	87.1	304.9	120.1

Operating Parameters

Deposit (INR t)	6.3	6.4	6.5	7.1	7.2	7.3	7.6	8.0	7.1	8.0
Loan (INR t)	5.6	5.8	5.8	6.2	6.3	6.5	6.7	7.0	6.2	7.0
Deposit Growth (%)	16.2	8.8	10.6	10.5	14.0	15.5	16.2	12.5	10.5	12.5
Loan Growth (%)	12.9	10.5	5.9	9.2	12.6	12.4	14.7	13.0	9.2	13.0

Asset Quality

Gross NPA (%)	4.7	4.2	3.4	3.7	3.9	3.8	3.7	3.6	3.7	3.6
Net NPA (%)	1.2	1.0	0.7	1.1	1.1	1.0	1.0	1.0	1.1	1.0
PCR (%)	74.8	77.2	79.0	72.4	73.0	73.5	74.0	73.3	72.4	73.3

Bandhan Bank**Neutral****CMP: INR322 | TP: INR375 (+17%)****EPS CHANGE (%): FY22|23: -18.1|+2.3**

- NIMs to remain stable at ~6.9%
- Business growth to remain modest, impacted by lower disbursements
- Credit cost to stay elevated; slippages to remain high
- Commentary around CE / SMA book – key monitorables

Quarterly performance**(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	18,115	19,231	20,717	17,570	20,315	22,161	24,008	25,855	75,634	92,339
% Change (YoY)	15.0	25.8	34.5	4.6	12.1	15.2	15.9	47.2	19.6	22.1
Other Income	3,868	3,818	5,533	7,873	4,969	5,858	6,800	8,526	21,091	26,152
Total Income	21,983	23,049	26,250	25,443	25,284	28,020	30,808	34,381	96,724	118,492
Operating Expenses	6,141	6,773	7,109	8,148	7,398	8,585	9,186	10,161	28,172	35,330
Operating Profit	15,842	16,275	19,141	17,295	17,886	19,434	21,622	24,220	68,553	83,162
% Change (YoY)	16.9	24.5	51.4	13.7	12.9	19.4	13.0	40.0	25.9	21.3
Other Provisions	8,491	3,945	10,687	15,943	15,425	13,222	8,815	6,611	39,066	44,073
Profit Before Tax	7,351	12,330	8,454	1,352	2,460	6,213	12,808	17,609	29,487	39,089
Tax	1,853	3,130	2,128	321	620	1,566	3,228	4,437	7,432	9,850
Net Profit	5,498	9,200	6,326	1,030	1,840	4,647	9,580	13,171	22,055	29,239
% Change (YoY)	-31.6	-5.3	-13.5	-80.1	-66.5	-49.5	51.4	1,178.4	-27.1	32.6
Operating Parameters										
Deposits (INR b)	606	661	712	780	802	845	911	998	780	998
Loans (INR b)	697	733	768	816	836	876	936	1,016	816	1,016
Deposit Growth (%)	38.7	34.4	29.6	36.6	32.2	27.8	27.9	28.0	36.6	28.0
Loan Growth (%)	68.1	22.6	26.7	22.5	19.9	19.5	21.9	24.5	22.5	24.5
Asset Quality										
Gross NPA (%)	1.4	1.2	1.1	6.8	7.4	7.0	7.2	7.3	6.8	7.3
Net NPA (%)	0.5	0.4	0.3	3.5	4.1	3.5	3.2	3.0	3.5	3.0
PCR (%)	66.6	70.0	76.6	50.3	47.0	52.0	58.0	59.3	50.3	59.3

Bank of Baroda**Neutral****CMP: INR85 | TP: INR85 (+0%)****EPS CHANGE (%): FY22|23: -16.4|-7.6**

- Elevated credit cost and modest NII to dent earnings
- Asset quality to remain under pressure; slippage to remain higher
- Rundown in international book to continue
- Movement in watchlist / stress pool – key monitorable

Quarterly performance**(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	68.2	75.1	74.8	71.1	71.7	75.7	78.8	82.8	288.1	309.0
% Change (YoY)	4.9	6.8	4.9	4.5	5.2	0.9	5.4	16.5	4.9	7.3
Other Income	18.2	28.0	29.0	48.5	25.6	26.7	28.4	30.6	123.6	111.3
Total Income	86.3	103.1	103.7	119.6	97.3	102.4	107.2	113.4	411.7	420.3
Operating Expenses	43.1	47.6	53.0	56.9	52.8	53.9	56.0	57.1	205.4	219.8
Operating Profit	43.2	55.5	50.7	62.7	44.5	48.6	51.1	56.3	206.3	200.5
% Change (YoY)	1.0	4.0	2.2	27.3	3.1	-12.5	0.9	-10.2	9.2	-2.8
Provisions	56.3	30.0	34.3	35.9	38.7	37.2	36.4	36.4	150.7	148.7
Profit before Tax	-13.1	25.5	16.3	26.8	5.9	11.4	14.7	19.8	55.6	51.8
Tax	-4.4	8.7	5.7	37.3	1.5	2.9	3.7	5.0	47.3	13.1
Net Profit	-8.6	16.8	10.6	-10.5	4.4	8.5	11.0	14.8	8.3	38.8
% Change (YoY)	NM	127.9	NM	NM	NM	-49.2	3.6	NM	51.8	367.6
Operating Parameters										
Deposit (INR b)	9,345	9,543	9,546	9,670	9,718	9,815	9,936	10,153	9,670	10,153
Loan (INR b)	6,867	6,699	6,987	7,063	7,102	7,180	7,296	7,451	7,063	7,451
Deposit Growth (%)	4.3	6.7	6.5	2.2	4.0	2.8	4.1	5.0	2.2	5.0
Loan Growth (%)	8.4	5.1	6.8	2.3	3.4	7.2	4.4	5.5	2.3	5.5
Asset Quality										
Gross NPA (%)	9.4	9.1	8.5	8.9	9.2	9.3	9.2	9.0	8.9	9.0
Net NPA (%)	2.8	2.5	2.4	3.1	3.3	3.3	3.1	2.9	3.1	2.9
PCR (%)	71.9	74.4	73.6	67.3	66.0	67.0	68.0	69.4	67.3	69.4

DCB Bank**Neutral****CMP: INR104 | TP: INR100 (-3%)****EPS CHANGE (%): FY22|23: -6.5|-3.2**

- Credit cost to remain high on potential stress in SME/LAP
- Expect slippages to rise, which could keep asset quality under pressure; restructuring book to be key
- C/I ratio may remain under pressure
- NIM compression / loan growth – key monitorable

Quarterly performance

(INR m)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	3,067	3,339	3,348	3,112	3,228	3,456	3,697	3,840	12,866	14,220
% Change (Y-o-Y)	0.6	6.6	3.6	-3.9	5.2	3.5	10.4	23.4	1.7	10.5
Other Income	776	925	1,545	1,339	1,034	1,191	1,275	1,452	4,585	4,952
Total Income	3,843	4,264	4,893	4,451	4,262	4,647	4,972	5,291	17,451	19,172
Operating Expenses	1,932	2,016	2,119	2,399	2,152	2,320	2,452	2,554	8,466	9,478
Operating Profit	1,911	2,248	2,773	2,052	2,111	2,326	2,520	2,737	8,985	9,694
% Change (Y-o-Y)	14.8	21.8	46.0	-3.2	10.4	3.5	-9.1	33.4	19.3	7.9
Provisions	837	1,131	1,477	1,012	1,171	1,316	1,315	1,357	4,457	5,159
Profit before Tax	1,075	1,117	1,296	1,040	939	1,010	1,205	1,380	4,528	4,535
Tax	281	294	334	261	237	255	304	348	1,170	1,143
Net Profit	794	823	962	779	703	756	901	1,032	3,358	3,392
% Change (Y-o-Y)	-2.1	-10.0	-0.5	13.3	-11.5	-8.2	-6.3	32.5	-0.6	1.0
Operating Parameters										
Deposit (INR b)	294.3	287.7	288.6	297.0	299.1	303.3	309.5	317.8	297.0	317.8
Loan (INR b)	250.6	248.8	253.0	259.6	261.4	265.0	270.5	277.8	259.6	277.8
Deposit Growth (%)	2.2	-2.0	-2.9	-2.2	1.6	5.4	7.3	7.0	-2.2	7.0
Loan Growth (%)	4.2	0.3	-0.5	2.4	4.3	6.5	6.9	7.0	2.4	7.0
Asset Quality										
Gross NPA (%)	2.4	2.3	2.0	4.1	4.6	4.8	4.9	4.7	4.1	4.7
Net NPA (%)	1.0	0.8	0.6	2.3	2.6	2.7	2.6	2.5	2.3	2.5
PCR (%)	60.0	64.1	70.2	45.2	45.5	46.0	47.0	48.4	45.2	48.4

Equitas Holdings**Buy****CMP: INR94 | TP: INR110 (+18%)****EPS CHANGE (%): FY22|23: -15.7|-11.2**

- NIMs to remain under pressure at ~7.6%
- Watchful of asset quality in MSME book; focus to remain on CE and restructuring book
- Elevated credit cost to impact earnings
- Business growth to moderate; management commentary would be key

Quarterly performance

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	4,043	4,613	4,839	4,486	4,682	5,243	5,501	6,149	17,980	21,560
% Change (YoY)	19.9	31.6	26.1	5.8	15.8	13.7	13.7	37.1	20.2	19.9
Other Income	297	637	1,463	1,784	858	953	1,287	1,668	4,181	4,766
Total Income	4,339	5,249	6,302	6,270	5,539	6,196	6,788	7,817	22,160	26,326
Operating Expenses	2,919	3,053	3,551	3,771	3,383	3,797	4,034	4,607	13,294	15,820
Operating Profit	1,420	2,197	2,750	2,498	2,157	2,399	2,754	3,210	8,866	10,506
% Change (YoY)	18.8	67.5	73.6	32.6	51.9	9.2	0.1	28.5	48.4	18.5
Provisions	683	839	1,261	970	1,214	1,148	1,059	993	3,753	4,414
Profit before Tax	737	1,358	1,490	1,529	943	1,251	1,695	2,217	5,113	6,092
Tax	160	328	383	400	238	315	427	557	1,270	1,533
Net Profit	577	1,030	1,107	1,129	705	936	1,268	1,660	3,842	4,558
% Change (YoY)	1.1	108.1	17.6	162.4	22.3	-9.1	14.5	47.1	57.7	18.6
Operating Parameters										
AUM (INR b)	156	167	174	180	183	190	201	216	180	216
Deposits (INR b)	118	129	159	164	169	179	193	213	164	213
Loans (INR b)	144	159	168	168	172	179	189	202	168	202
AUM Growth (%)	27	26	19	17	17	14	16	20	17	20
Deposit Growth (%)	29	29	51	52	43	38	22	30	52	30
Loan Growth (%)	20	23	23	23	19	12	12	20	23	20
Asset Quality										
Gross NPA (%)	2.9	2.5	2.3	3.7	4.8	4.9	4.7	4.4	3.7	4.4
Net NPA (%)	1.5	1.0	0.7	1.6	2.1	2.1	2.0	1.7	1.6	1.7
PCR (%)	44.2	50.2	66.2	58.6	58.0	58.5	59.0	61.1	58.6	61.1

Federal Bank**Buy****CMP: INR85 | TP: INR110 (+29%)****EPS CHANGE (%): FY22|23: -9.6|-4.2**

- Business growth witnessed sequential moderation
- Asset quality ratio and loans under restructuring – key monitorables
- Credit cost to remain high on exposure to SMEs
- NIMs to remain stable at ~3.3%

Quarterly performance**(INR m)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	12,964	13,799	14,370	14,204	14,714	15,682	16,392	17,747	55,337	64,534
% Change (YoY)	12.3	22.8	24.4	16.8	13.5	13.6	14.1	24.9	19.0	16.6
Other Income	4,884	5,093	4,818	4,654	4,516	5,036	5,432	5,827	19,449	20,811
Total Income	17,848	18,892	19,189	18,858	19,230	20,718	21,823	23,574	74,786	85,345
Operating Expenses	8,524	8,827	9,560	10,007	9,528	9,901	10,355	11,184	36,917	40,967
Operating Profit	9,324	10,065	9,629	8,851	9,702	10,817	11,469	12,389	37,869	44,378
% Change (YoY)	19.1	40.0	29.5	-7.7	4.1	7.5	19.1	40.0	18.2	17.2
Provisions	3,946	5,921	4,206	2,423	4,693	4,937	4,730	4,411	16,496	18,772
Profit before Tax	5,378	4,145	5,423	6,428	5,009	5,880	6,738	7,978	21,373	25,606
Tax	1,370	1,069	1,382	1,650	1,252	1,470	1,685	1,995	5,470	6,401
Net Profit	4,008	3,076	4,041	4,778	3,757	4,410	5,054	5,984	15,903	19,204
% Change (YoY)	4.3	-26.2	-8.3	58.6	-6.3	43.4	25.1	25.2	3.1	20.8
Operating Parameters										
Deposit (INR b)	1,549	1,567	1,617	1,726	1,694	1,776	1,851	1,934	1,726	1,934
Loan (INR b)	1,213	1,229	1,255	1,319	1,298	1,357	1,414	1,477	1,319	1,477
Deposit Growth (%)	16.9	12.3	11.8	13.4	9.3	13.3	14.5	12.0	13.4	12.0
Loan Growth (%)	8.3	6.1	5.3	7.9	7.0	10.4	12.6	12.0	7.9	12.0
Asset Quality										
Gross NPA (%)	3.0	2.8	2.7	3.4	4.0	4.1	4.0	3.8	3.4	3.8
Net NPA (%)	1.2	1.0	0.6	1.2	1.5	1.5	1.5	1.4	1.2	1.4
PCR (%)	59.6	65.7	78.2	65.9	62.5	62.9	64.0	63.6	65.9	63.6

HDFC Bank**Buy****CMP: INR1,481 | TP: INR1,800 (+22%)****EPS CHANGE (%): FY22|23: -0.2|-0.9**

- Business growth witnessed moderation
- Watchful of asset quality in agri/unsecured book; slippages due to second wave – key monitorable
- Margins broadly stable at ~4.2%
- Commentary around credit cards and fee income traction – key monitorable

Quarterly performance**(INR b)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	156.7	157.8	163.2	171.2	177.3	184.1	192.6	206.8	648.8	760.9
% Change (Y-o-Y)	17.8	16.7	15.1	12.6	13.2	16.7	18.1	20.8	15.5	17.3
Other Income	40.8	60.9	74.4	75.9	58.0	69.7	84.3	87.9	252.0	299.9
Total Income	197.4	218.7	237.6	247.1	235.3	253.8	277.0	294.8	900.8	1,060.8
Operating Expenses	69.1	80.6	85.7	91.8	85.2	95.0	99.7	111.1	327.2	391.0
Operating Profit	128.3	138.1	151.9	155.3	150.1	158.8	177.3	183.7	573.6	669.8
% Change (Y-o-Y)	15.1	18.1	17.3	19.9	17.0	15.0	16.7	18.2	17.7	16.8
Provisions	38.9	37.0	34.1	46.9	43.9	39.3	40.3	49.3	157.0	172.8
Profit before Tax	89.4	101.1	117.7	108.4	106.2	119.5	136.9	134.4	416.6	497.0
Tax	22.8	26.0	30.1	26.5	27.7	29.8	32.0	35.6	105.4	125.1
Net Profit	66.6	75.1	87.6	81.9	78.5	89.7	104.9	98.8	311.2	371.9
% Change (Y-o-Y)	19.6	18.4	18.1	18.2	17.9	19.4	19.8	20.7	18.5	19.5
Operating Parameters										
Deposit	11,894	12,293	12,711	13,351	13,460	13,991	14,632	15,487	13,351	15,487
Loan	10,033	10,383	10,823	11,328	11,475	11,855	12,382	13,084	11,328	13,084
Deposit Growth (%)	24.6	20.3	19.1	16.3	13.2	13.8	15.1	16.0	16.3	16.0
Loan Growth (%)	20.9	15.8	15.6	14.0	14.4	14.2	14.4	15.5	14.0	15.5
Asset Quality										
Gross NPA (%)	1.4	1.1	0.8	1.3	1.4	1.5	1.5	1.4	1.3	1.4
Net NPA (%)	0.3	0.2	0.1	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PCR (%)	76.2	84.5	88.5	69.8	70.5	71.0	71.5	72.7	69.8	72.7

ICICI Bank**Buy****CMP: INR640 | TP: INR750 (+17%)****EPS CHANGE (%): FY22|23: -4.3|-0.4**

- Loan growth to remain modest; margins stable at ~3.9%
- Credit cost to remain high; slippage would be key
- Commentary on asset quality a key monitorable given the impact of second wave
- Movement in stressed loans to remain key monitorable

Quarterly performance**(INR b)**

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	92.8	93.7	99.1	104.3	107.3	112.3	116.4	120.6	389.9	456.7
% Change (YoY)	19.9	16.2	16.0	16.9	15.6	19.9	17.5	15.6	17.2	17.1
Other Income	61.4	40.3	46.9	41.1	38.5	44.6	50.2	52.6	189.7	185.9
Total Income	154.2	133.9	146.0	145.4	145.8	157.0	166.6	173.2	579.6	642.6
Operating Expenses	46.5	51.3	57.8	60.0	54.5	61.3	65.1	69.3	215.6	250.2
Operating Profit	107.8	82.6	88.2	85.4	91.3	95.6	101.6	103.8	364.0	392.3
% Change (YoY)	71.4	20.2	16.8	15.6	-15.3	15.8	15.2	21.6	29.5	7.8
Provisions	75.9	30.0	27.4	28.8	36.8	34.4	27.0	24.6	162.1	122.8
Profit before Tax	31.8	52.7	60.8	56.6	54.4	61.3	74.6	79.3	201.8	269.5
Tax	5.8	10.1	11.4	12.5	13.1	14.7	17.9	19.0	39.9	64.7
Net Profit	26.0	42.5	49.4	44.0	41.4	46.6	56.7	60.2	161.9	204.8
% Change (YoY)	36.2	549.1	19.1	260.5	59.1	9.5	14.7	36.8	104.2	26.5
Operating Parameters										
Deposit	8,016	8,329	8,743	9,325	9,474	9,698	10,220	10,817	9,325	10,817
Loan	6,312	6,526	6,990	7,337	7,444	7,603	7,976	8,401	7,337	8,401
Deposit Growth (%)	21.3	19.6	22.1	21.0	18.2	16.4	16.9	16.0	21.0	16.0
Loan Growth (%)	6.5	6.4	10.0	13.7	17.9	16.5	14.1	14.5	13.7	14.5
Asset Quality										
Gross NPA (%)	6.1	5.2	4.4	5.0	5.4	5.4	5.2	5.0	5.0	5.0
Net NPA (%)	1.2	1.0	0.6	1.1	1.3	1.3	1.2	1.1	1.1	1.1
PCR (%)	78.5	81.6	86.1	77.8	77.5	77.0	77.0	78.5	77.8	78.5

IndusInd Bank**Buy****CMP: INR1,010 | TP: INR1,200 (+19%)****EPS CHANGE (%): FY22|23: -5.3|-0.8**

- Loan growth moderates QoQ; deposit growth remains strong
- Asset quality to remain under watch, led by higher strain on MFI business; restructuring book to be key
- Margins to remain stable at ~4.2%
- Credit cost to stay elevated as the focus remains on maintaining higher PCR

Quarterly performance**(INR m)**

	FY21				FY22E				FY21E	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	33,092	32,780	34,061	35,346	35,971	38,317	39,881	42,227	135,279	156,396
% Change (YoY)	16.4	12.7	10.8	9.4	8.7	16.9	17.1	19.5	12.2	15.6
Other Income	15,204	15,543	16,458	17,804	16,118	17,520	18,235	19,637	65,009	71,510
Total Income	48,296	48,323	50,519	53,150	52,089	55,837	58,116	61,864	200,288	227,906
Operating Expenses	19,019	19,803	20,883	21,863	21,718	23,011	24,726	25,685	81,568	95,140
Operating Profit	29,277	28,520	29,636	31,287	30,372	32,826	33,390	36,179	118,719	132,766
% Change (YoY)	13.0	8.7	7.5	9.5	3.7	15.1	12.7	15.6	10.2	11.8
Provisions	22,589	19,644	18,535	18,657	18,642	19,063	14,881	12,255	79,425	64,841
Profit before Tax	6,689	8,875	11,100	12,630	11,730	13,762	18,509	23,924	39,294	67,925
Tax	1,585	2,245	2,797	3,369	2,932	3,468	4,664	6,052	9,995	17,117
Net Profit	5,103	6,631	8,304	9,261	8,797	10,294	13,845	17,872	29,299	50,808
% Change (YoY)	-64.4	-52.7	-36.6	193.8	72.4	55.2	66.7	93.0	-33.7	73.4
Operating Parameters										
Deposit (INR b)	2,113	2,279	2,391	2,559	2,676	2,697	2,835	3,019	2,559	3,019
Loan (INR b)	1,981	2,012	2,071	2,126	2,112	2,209	2,292	2,402	2,126	2,402
Deposit Growth (%)	5.3	10.0	10.3	26.7	26.7	18.3	18.6	18.0	26.6	18.0
Loan Growth (%)	2.4	2.1	-0.1	2.8	6.6	9.8	10.6	13.0	2.8	13.0
Asset Quality										
Gross NPA (%)	2.5	2.2	1.7	2.7	2.9	2.8	2.6	2.4	2.7	2.4
Net NPA (%)	0.9	0.5	0.2	0.7	0.8	0.7	0.6	0.6	0.7	0.6
PCR (%)	66.6	76.7	87.3	74.5	74.5	75.0	75.5	74.4	74.5	74.4

Kotak Mahindra Bank**Neutral****CMP: INR1,716 | TP: INR1,900 (+11%)****EPS CHANGE (%): FY22|23: -7.3|-7.0**

- Loan growth to remain modest sequentially
- Liability franchise to remain strong; lower cost of funds to result in broadly stable margins (~4.5%)
- Commentary around stress in SME book and other unsecured loans could keep credit costs elevated
- Asset quality to see marginal uptick, with GNPA at ~3.4%

Quarterly performance**(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	37,239	39,132	38,756	38,428	40,119	42,186	43,907	45,974	153,397	172,186
% Change (Y-o-Y)	17.4	16.8	13.0	8.0	7.7	7.8	13.3	19.6	13.6	12.2
Other Income	7,735	14,520	12,852	19,495	12,338	14,188	15,422	19,740	54,592	61,689
Total Income	44,974	53,652	51,608	57,923	52,457	56,374	59,330	65,714	207,989	233,875
Operating Expenses	18,737	20,678	22,579	23,849	21,109	22,485	25,434	28,223	85,841	97,251
Operating Profit	26,237	32,975	29,029	34,075	31,348	33,889	33,896	37,491	122,147	136,624
% Change (Y-o-Y)	9.4	31.4	21.6	25.0	19.5	2.8	16.8	10.0	21.9	11.9
Other Provisions	9,620	3,686	4,186	11,794	9,588	7,467	6,537	5,462	29,117	29,054
Profit before Tax	16,617	29,289	24,843	22,281	21,761	26,422	27,359	32,029	93,030	107,570
Tax Provisions	4,173	7,444	6,308	5,457	6,127	6,309	6,498	8,174	23,382	27,108
Net Profit	12,445	21,845	18,535	16,824	15,634	20,112	20,861	23,855	69,648	80,462
% Change (Y-o-Y)	-8.5	26.7	16.1	32.8	25.6	-7.9	12.5	41.8	17.1	15.5
Deposits (INRb)	2,615	2,616	2,653	2,801	2,851	2,919	3,003	3,137	2,801	3,137
Loans (INRb)	2,040	2,048	2,141	2,237	2,266	2,324	2,411	2,528	2,237	2,528
Deposit growth (%)	12.3	12.2	10.8	6.6	9.0	11.6	13.2	12.0	6.6	12.0
Loan growth (%)	-1.9	-4.0	-1.2	1.8	11.1	13.5	12.6	13.0	1.8	13.0
Asset Quality										
Gross NPA (%)	2.7	2.6	2.3	3.3	3.4	3.4	3.4	3.3	3.3	3.3
Net NPA (%)	0.9	0.6	0.5	1.2	1.2	1.2	1.2	1.1	1.2	1.1
PCR (%)	68.4	75.6	78.4	63.6	64.5	65.5	66.5	68.3	63.6	68.3

RBL Bank**Buy****CMP: INR211 | TP: INR250 (+19%)****EPS CHANGE (%): FY22|23: -4.1|+8.6**

- Business growth to remain modest; margins stable at 4.2%
- Credit cost to remain elevated in the near term
- Asset quality to remain under pressure on exposure to MFI / Credit Cards; CE remains key
- Growth in deposits and liquidity positioning – key monitorables

Quarterly performance**(INR m)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	10,413	9,321	9,082	9,060	9,950	10,702	11,498	12,073	37,876	44,224
% Change (Y-o-Y)	27.4	7.3	-1.6	-11.3	-4.4	14.8	26.6	33.3	4.4	16.8
Other Income	3,333	4,562	5,799	6,884	4,978	5,706	6,435	7,163	20,578	24,283
Total Income	13,746	13,883	14,880	15,945	14,928	16,409	17,933	19,237	58,454	68,507
Operating Expenses	6,849	6,685	6,832	7,179	7,263	7,851	8,435	8,893	27,546	32,441
Operating Profit	6,897	7,198	8,048	8,765	7,666	8,558	9,498	10,343	30,908	36,065
% Change (Y-o-Y)	14.5	13.2	12.3	16.6	11.1	18.9	18.0	18.0	12.3	16.7
Other Provisions	5,002	5,256	6,098	7,663	6,261	6,261	5,906	5,197	24,017	23,625
Profit before Tax	1,896	1,942	1,951	1,103	1,405	2,297	3,592	5,146	6,891	12,440
Tax Provisions	483	500	480	349	354	579	905	1,293	1,813	3,131
Net Profit	1,412	1,442	1,471	753	1,051	1,718	2,687	3,853	5,078	9,309
% Change (Y-o-Y)	-47.1	165.4	110.2	-34.1	-25.6	19.2	82.7	411.4	0.4	83.3
Operating Parameters										
Deposit (INR b)	617.4	645.1	671.8	731.2	744.8	766.3	795.6	848.2	731.2	848.2
Loan (INR b)	566.8	561.6	564.4	586.2	576.3	603.8	618.5	644.8	586.2	644.8
Deposit Growth (%)	1.5	2.7	6.8	26.5	20.6	18.8	18.4	16.0	26.5	16.0
Loan Growth (%)	-0.3	-4.0	-5.4	1.0	1.7	7.5	9.6	10.0	1.0	10.0
Asset Quality										
Gross NPA (%)	3.5	3.3	1.8	4.3	4.6	4.7	4.8	4.9	4.3	4.9
Net NPA (%)	1.7	1.4	0.7	2.1	2.2	2.2	2.1	2.2	2.1	2.2
PCR (%)	53.2	59.4	61.7	52.3	53.5	55.0	57.0	55.9	52.3	55.9

State Bank of India

Buy

CMP: INR425 | TP: INR530 (+25%)

EPS CHANGE (%): FY22|23: -2.0|-0.5

- Credit cost to remain high to keep balance sheet resilient
- Restructuring book and impact on asset quality to be key to assessing impact of second wave
- Business growth to moderate on a QoQ basis
- Margins to remain stable at ~2.9%; traction in fee income and opex trajectory – monitorables

Quarterly performance

(INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	266.4	281.8	288.2	270.7	287.5	299.8	312.6	323.6	1,107.1	1,223.5
% Change (YoY)	16.1	14.6	3.7	18.9	7.9	6.4	8.5	19.6	12.9	10.5
Other Income	95.0	85.3	92.5	162.3	98.2	100.5	102.8	155.3	435.0	456.7
Total Income	361.4	367.1	380.7	432.9	385.7	400.2	415.4	478.9	1,542.1	1,680.2
Operating Expenses	180.8	202.5	207.3	235.9	193.4	202.0	214.9	249.3	826.5	859.8
Operating Profit	180.6	164.6	173.3	197.0	192.3	198.2	200.4	229.6	715.5	820.4
% Change (YoY)	36.3	-9.6	-4.9	6.7	6.5	20.4	15.6	16.5	5.0	14.7
Other Provisions	125.0	101.2	103.4	110.5	113.5	98.8	76.9	76.9	440.1	366.1
Profit before Tax	55.6	63.4	69.9	86.5	78.8	99.3	123.5	152.7	275.4	454.3
Tax Provisions	13.7	17.7	17.9	22.0	20.5	25.8	32.1	39.7	71.3	118.1
Net Profit	41.9	45.7	52.0	64.5	58.3	73.5	91.4	113.0	204.1	336.2
% Change (YoY)	81.2	51.9	-6.9	80.1	39.1	60.7	75.9	75.1	40.9	64.7
Operating Parameters										
Deposits (INR t)	34.2	34.7	35.4	36.8	37.2	38.0	39.2	40.9	36.8	40.9
Loans (INR t)	23.0	22.9	23.7	24.5	24.7	25.1	25.7	26.5	24.5	26.5
Deposit Growth (%)	16.0	14.4	13.6	13.6	8.8	9.6	11.0	11.0	13.6	11.0
Loan Growth (%)	7.7	6.9	7.6	5.3	7.4	9.3	8.4	8.0	5.3	8.0
Asset Quality										
Gross NPA (%)	5.4	5.3	4.8	5.0	5.1	5.0	4.8	4.4	5.0	4.4
Net NPA (%)	1.9	1.6	1.2	1.5	1.5	1.5	1.4	1.3	1.5	1.3
PCR (%)	67.1	71.0	75.2	70.9	71.0	71.3	71.5	71.9	70.9	71.9

SBI Cards and Payment Services

Buy

CMP: INR983 | TP: INR1,200 (+22%)

EPS CHANGE (%): FY22|23: -14.3|-8.3

- Credit cost to remain high given unsecured nature of book
- Restructuring book and impact on asset quality to be key
- Traction in credit card spends to be key assessment metric
- Impact of restructuring on margins – key monitorable

Quarterly performance

(INR b)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	11,375	10,112	9,071	8,284	9,075	10,291	11,463	12,592	38,843	43,422
% Change (Y-o-Y)	52.2	20.0	-3.1	-18.3	-20.2	1.8	26.4	52.0	9.7	11.8
Other Income	7,808	12,373	13,717	13,961	12,401	13,228	14,330	15,157	47,859	55,115
Total Income	19,183	22,486	22,788	22,245	21,476	23,519	25,793	27,749	86,702	98,537
Operating Expenses	9,047	11,086	13,477	12,854	11,099	13,319	14,984	16,094	46,465	55,495
Operating Profit	10,136	11,399	9,311	9,391	10,377	10,200	10,810	11,655	40,237	43,042
% Change (Y-o-Y)	9.1	37.2	-3.0	-1.2	2.4	-10.5	16.1	24.1	9.6	7.0
Provisions	4,853	8,617	6,483	7,047	7,343	6,311	5,783	3,511	27,000	22,948
Profit before Tax	5,283	2,782	2,829	2,344	3,034	3,889	5,027	8,144	13,237	20,094
Tax	1,350	720	732	590	761	984	1,267	2,052	3,392	5,064
Net Profit	3,933	2,061	2,097	1,754	2,272	2,905	3,760	6,093	9,845	15,030
% Change (Y-o-Y)	13.8	-45.9	-51.8	110.0	-42.2	40.9	79.3	247.3	-20.9	52.7
Operating Parameters										
Loan (INRb)	219.2	219.3	237.0	234.6	238.1	245.1	255.7	269.8	234.6	269.8
Loan Growth (%)	7.2	-1.6	-1.0	2.8	8.6	11.8	7.9	15.0	2.8	15.0
Asset Quality										
Gross NPA (%)	1.4	4.3	1.6	5.0	6.0	6.1	5.9	5.9	5.0	5.9
Net NPA (%)	0.4	1.5	0.6	1.2	1.4	1.4	1.4	1.8	1.2	1.8
PCR (%)	68.3	65.6	65.6	77.9	77.5	77.0	76.5	71.2	77.9	71.2

HDFC Life Insurance**Neutral**

CMP: INR687 | TP: INR730 (+6%)

EPS CHANGE (%): FY22|23: -7.5|-4.6

- New business premium to see healthy uptick on strong trends in Annuity/PAR
- Expense ratio to remain stable; RoEV to stay modest
- VNB growth to remain healthy, while margins to somewhat moderate
- Rise in COVID-related claims – key monitorable

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net premium inc.	57.2	100.5	94.9	128.7	83.9	106.6	122.5	140.6	381.2	453.6
Growth (%)	-11.3%	34.8%	20.8%	23.0%	46.7%	6.1%	29.1%	9.3%	18.3%	19.0%
Renewal premium	32.4	43.1	45.8	63.5	37.8	51.0	58.6	69.7	184.8	217.1
Growth (%)	24.1%	20.8%	21.5%	14.9%	16.6%	18.4%	28.1%	9.8%	19.4%	17.5%
PAT	4.5	3.3	2.6	3.2	3.1	3.3	12.5	-4.4	13.6	14.5
Growth (%)	6.2%	5.6%	5.9%	2.0%	-31.8%	1.7%	372.1%	-238.7%	5.0%	6.6%
Key metrics (INRb)										
New business APE	12.0	21.4	21.6	28.8	17.4	23.6	27.2	32.4	83.7	100.6
Growth (%)	-29.9	21.2	18.3	36.5	45.1	10.7	25.9	12.5	16.9	20.1
VNB	2.9	5.5	5.7	7.8	4.4	6.1	7.2	8.8	21.9	26.5
Growth (%)	-42.8	22.1	26.7	51.8	51.2	11.9	25.8	13.4	13.9	21.3
AUM (INR b)	1,400	1,506	1,656	1,738	1,795	1,870	1,963	2,113	1,738	2,113
Growth (%)	8.0	15.0	21.4	36.6	28.2	24.1	18.5	21.6	36.6	21.6
Key Ratios (%)										
VNB Margins (%)	24.3	25.6	26.4	27.0	25.3	25.9	26.4	27.2	26.1	26.3
Solvency ratio (%)	190.0	203.0	202.0	201.0	196.0	192.0	188.0	182.0	201.0	182.0

ICICI Prudential Life Insurance**Buy**

CMP: INR619 | TP: INR725 (+17%)

EPS CHANGE (%): FY22|23: -3.8|-6.3

- New business premium to see uptick, supported by new banca relationships
- VNB margin to see healthy traction
- Expense ratio to remain stable; rise in COVID claims a key overhang
- Growth in Non-Linked Savings business to remain healthy

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net premium income	55.5	85.7	89.7	118.8	65.7	98.5	110.8	135.4	349.7	410.4
Growth (%)	-10.6%	6.3%	10.3%	13.4%	18.3%	14.9%	23.5%	14.0%	6.4%	17.3%
Renewal premium	41.4	57.7	56.8	69.1	37.8	58.5	65.8	81.6	225.1	243.7
Growth (%)	2.4%	10.2%	8.7%	7.4%	-8.6%	1.3%	15.8%	18.0%	7.5%	8.3%
PAT	2.9	3.0	3.1	0.6	2.3	2.5	3.1	3.7	9.6	11.6
Growth (%)	0.9%	0.5%	1.0%	-64.5%	-21.6%	-16.9%	3.0%	484.0%	-10.2%	21.3%
Key metrics (INRb)										
New Business APE	8.2	14.7	16.7	25.1	12.9	20.0	22.5	28.0	59.9	83.4
Growth (%)	-44.0	-22.9	-18.3	27.1	56.8	36.7	35.2	11.5	-15.7	39.2
VNB	2.0	4.0	4.3	5.9	3.1	5.0	5.7	7.2	16.2	21.0
Growth (%)	-35.0	0.2	0.5	25.7	54.8	23.8	33.7	22.0	1.3	29.5
AUM	1,700	1,815	2,049	2,142	2,226	2,351	2,456	2,561	2,142	2,561
Growth (%)	3.6	9.7	19.1	40.0	30.9	29.6	19.9	19.5	40.0	19.5
Key Ratios (%)										
VNB Margins (%)	24.4	27.4	25.7	23.6	24.1	24.8	25.4	25.8	25.1	25.2
Solvency ratio (%)	205.1	205.5	226.1	216.8	208.0	206.0	203.0	210.5	216.8	210.5

SBI Life Insurance**Buy****CMP: INR1,007 | TP: INR1,200 (+19%)****EPS CHANGE (%): FY22|23: -5.6|-13.3**

- New business premium to see moderation
- Margins to see sequential decline; VNB growth to remain strong, supported by low base
- It continues to maintain cost leadership; rise in COVID claims a key overhang
- Protection mix to improve; Non-PAR to remain healthy

Quarterly performance (INR b)

Policy holder's A/c (INRb)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net premium income	75.9	128.6	137.7	155.6	89.3	137.0	166.7	202.5	497.7	595.5
Growth (%)	14%	27%	18%	31%	18%	7%	21%	30%	23%	20%
Renewal income	45.8	71.5	84.4	94.6	50.8	80.3	97.7	120.2	296.3	348.9
Growth (%)	30%	28%	24%	16%	11%	12%	16%	27%	23%	18%
PAT	3.9	3.0	2.3	5.3	3.2	3.5	4.1	4.9	14.6	15.8
Growth (%)	5%	131%	-40%	0%	-19%	18%	77%	-7%	2%	8%

Key metrics (INR b)

New Business APE	12.7	27.1	35.0	39.7	18.0	32.0	39.0	50.3	113.7	139.3
Growth (%)	-31.7	-3.6	3.6	47.6	41.7	18.2	11.4	26.6	8.2	22.5
VNB	2.4	5.1	7.0	8.8	3.6	6.5	7.9	11.2	26.6	33.3
Growth (%)	-27.3	-1.9	12.9	63.0	50.0	26.9	12.5	27.6	19.8	25.2
AUM	1,754	1,864	2,095	2,209	2,315	2,438	2,572	2,742	2,209	2,742
Growth (%)	19.3	20.4	27.6	37.7	32.0	30.8	22.8	24.2	37.7	24.2

Key Ratios (%)

VNB margins (%)	20.1	20.3	21.9	27.7	21.4	21.7	22.1	27.6	23.2	23.9
Solvency ratio (%)	239.0	245.0	234.0	215.0	212.0	210.0	207.0	205.1	215.0	205.1

Max Financial Services**Buy****CMP: INR1,035 | TP: INR1,200 (+16%)****EPS CHANGE (%): FY22|23: -14.0|+0.0**

- New business premium to remain under pressure, but increase YoY
- VNB margins to improve; VNB growth to remain healthy on low base
- Proprietary channel to continue to exhibit healthy recovery; rise in COVID claims a key overhang
- Non-PAR growth to remain healthy, while ULIP to see gradual recovery

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross premium income	27.5	45.3	46.3	71.1	31.9	54.0	56.2	82.7	190.2	224.9
Growth (%)	3.8%	19.9%	19.3%	21.0%	16.1%	19.1%	21.5%	16.4%	17.5%	18.2%
Renewal premium	18.5	29.4	28.8	45.2	19.4	34.1	35.6	53.2	121.9	142.3
Growth (%)	6.4%	22.3%	16.3%	13.6%	4.7%	16.3%	23.5%	17.5%	15.0%	16.7%
PAT	1.7	0.3	2.2	1.1	1.2	1.5	1.6	1.8	5.2	6.1
Growth (%)	151.5%	-69.8%	42.9%	-54.2%	-28.9%	461.0%	-25.4%	66.3%	-3.0%	16.2%

Key metrics (INRb)

New Business APE	6.6	11.5	12.3	19.2	8.5	14.3	14.9	22.0	49.6	59.8
Growth (%)	-3.5	10.4	21.3	36.1	29.0	24.3	22.0	14.6	17.0	20.6
VNB	1.1	3.3	3.5	4.6	2.1	3.6	4.0	6.0	12.5	15.8
Growth (%)	-15.7	41.3	65.1	43.6	85.6	12.1	13.6	31.0	39.2	26.2
AUM	730	780	850	904	945	1,027	1,068	1,109	904	1,109
Growth (%)	14.1	20.0	23.9	32.0	29.5	31.7	25.6	22.6	32.0	22.6

Key Ratios (%)

VNB Margins (%)	17.1	28.2	28.6	24.0	24.6	25.4	26.6	27.5	25.2	26.4
Solvency ratio (%)	212.0	207.0	208.0	196.0	195.0	193.0	191.0	186.9	196.0	186.9

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