

## Result Preview



### 3QFY22 earnings estimate (INR b)

PAT (INR b)	3Q FY22E	YoY (%)	QoQ (%)
<b>Private Banks</b>			
AUBANK*	2.68	-44.0	-3.7
AXSB	29.49	164.1	-5.9
BANDHAN	3.59	-43.2	NM
DCBB	0.77	-20.2	18.2
EQUITAS	0.61	-44.9	48.0
FB	4.67	15.7	1.6
HDFCB	102.46	17.0	16.0
ICICIBC	58.03	17.5	5.3
IIB	11.59	39.5	1.0
KMB	20.57	11.0	1.2
RBK	0.59	-59.9	91.2
<b>Private Total</b>	<b>235.06</b>	<b>21.4</b>	<b>26.9</b>
<b>PSU Banks</b>			
BOB	16.71	57.5	-20.0
CBK	16.67	139.5	25.1
INBK	6.81	32.4	-37.5
PNB	10.69	111.3	-3.2
SBIN	80.82	55.5	6.0
UNBK	12.33	69.7	-19.2
<b>PSU Total</b>	<b>144.05</b>	<b>65.6</b>	<b>-2.5</b>
<b>Banks Total</b>	<b>379.11</b>	<b>35.1</b>	<b>13.9</b>
<b>Other Financials</b>			
SBICARD	4.00	90.7	15.9
<b>Life Insurance</b>			
HDFCLIFE	3.05	15.1	11.3
IPRULIFE	2.78	-8.9	-37.4
SBILIFE	3.03	30.3	23.0
MAXF	1.72	-31.7	142.5
<b>Life Total</b>	<b>10.59</b>	<b>0.3</b>	<b>2.2</b>

\*For AUBANK, YoY growth is not comparable due to Aavas stake sale gain in 3QFY21

## Earnings momentum healthy; business growth gaining pace

### Remain watchful of third wave

- Business growth gaining momentum:** The business outlook continues to improve, with credit growth picking up to ~7.3% as of 17<sup>th</sup> Dec'21, led by an uptick in economic activity and the rising pace of vaccinations. Most sub-segments within Retail and SME are showing healthy signs of revival, surpassing pre-COVID levels, with strong demand in the Home, Vehicle, Tractor, and Small Business segments. On the other hand, the CV and MFI businesses continue to trail normalized levels. The Credit Cards business is also seeing strong momentum, with spends exceeding the INR1t mark. Conversely, corporate trends remain muted. However, capex, particularly for PSU, is seeing an uptick, while we expect capex for Private to take time to revive. **We estimate systemic loan growth of 7.7%/11.8% YoY for FY22E/FY23E. We estimate our Banking Coverage Universe to deliver ~4%/35% PPop/PAT growth in 3QFY22E.**
- Earnings momentum remains healthy:** Our estimates indicate continued traction in earnings progression over 2HFY22/FY23. **We note that 56% of the FY22E earnings are likely to get reported over 2HFY22 v/s 44% in 1HFY22.** Furthermore, this momentum is likely to continue over FY23E as well, as we project private and PSU banks to report earnings growth of 34% each in FY23E. **Overall, our Banking Coverage Universe is likely to report earnings growth of 34% in FY23E, after reporting strong growth of 43% over FY22E.**
- Slippage / Credit costs likely to decline QoQ; remain watchful of COVID developments:** We estimate slippage to moderate sequentially, resulting in overall improvement in asset quality – barring the mid-sized banks, which could see stable/marginal deterioration. The Retail and SME segment could see some slippage; however, the Corporate segment is likely to remain resilient. Moreover, restructuring would remain limited and the performance of this book would be important to assess the credit cost trajectory. Provisions would remain mixed, with some banks such as IIB and AXSB further looking to strengthen/maintain their provision buffers, especially given the uncertainty around the third wave. Overall, we expect credit costs to moderate over 3QFY22E.

### Private Banks – PPop growth modest; earnings to show healthy traction

We estimate private banks to report PPop growth of ~9% YoY (~7% QoQ) and PAT growth of ~21% YoY (~27% QoQ; 8% excluding BANDHAN). Earnings are likely to pick up, led by recovery in business growth / fee income and a gradual reduction in credit costs.

- Loan growth is gaining momentum,** led by continued revival in economic activity as well as the festive season. Demand remains strong post the festive season; however, the spike in COVID cases has suppressed sentiment. Thus, the commentary around the FY22 outlook would be a key monitorable. The Retail and SME segment is likely to show strong recovery, although growth in the Corporate segment would remain soft. **We expect private bank loans to grow 14%/17% over FY22/FY23;** we estimate ICICIBC to deliver 15% YoY loan growth over 3QFY22 and KMB/AXSB to grow ~17%/11% YoY. HDFCB/IIB would report growth of 15.7%/~11% YoY.
- Margins would remain in a narrow range,** supported by lower cost of funds. The deployment of excess liquidity would help maintain a steady trend in

margins, even as the overall rate environment has seen some tightening. **We expect NII growth of ~14% YoY**, with ICICIBC at ~23%, HDFCB at ~14%, IIB at ~12%, and KMB and AXSB at 10% each.

- **We expect slippage to moderate and remain optimistic on asset quality.** Slippage is likely to moderate over 3QFY22 across segments, barring the MFI business, which could see elevated stress. This would result in overall improvement in asset quality. The restructuring book is likely to remain stable; however, the performance of this book would be a key monitorable. While we remain watchful of slippage over the near term – particularly for mid-sized banks and due to rising cases of Omicron – we remain optimistic about asset quality over the medium term. We remain watchful of BANDHAN, RBK, and DCB.

#### **PSBs' performance to show continued traction**

We estimate PSBs to see continued traction in their operating performance, supported by modest business growth and a gradual reduction in provisions. On the other hand, an increase in bond yields would impact treasury performance. Slippage is likely to subside, which would support the asset quality performance. **PSBs are expected to deliver flattish NII/PPoP growth, while PAT would grow strongly at ~66% YoY.**

#### **Small Finance Banks – AUBANK to see strong operating performance**

We expect AUBANK to report a strong uptick in core PPOp and earnings, led by strong recovery in loan growth (28% YoY) and controlled provisions. EQUITAS is expected to report PPOp/PAT decline of 28%/45% YoY.

#### **Life Insurers – Premium growth to remain modest; VNB margins to witness slight moderation**

We expect premium growth to remain modest on slower ULIP recovery and robust demand for Annuity/Guaranteed and Credit Life products. Contrarily, Protection demand is likely to remain subdued. SBILIFE and MAXF would post APE growth of 19%/14% YoY, while HDFCLIFE/IPRU would see modest growth of 10%/6%. We expect VNB growth of 40% YoY for SBILIFE and 11% for MAXF over 3QFY22E. We further estimate HDFCLIFE/IPRU to report VNB growth of 9%/7% YoY. We expect VNB margins to see slight moderation on a sequential basis.

#### **SBICARD – spends to see strong traction; asset quality to remain stable**

The strong momentum seen in credit card spends and new account sourcing over Oct–Dec'21 is likely to continue. Restructuring under RBI RE is expected to moderate further, and asset quality should thus remain fairly stable. While we expect credit costs to improve gradually over the next few quarters, margins are likely to remain under pressure due to a low revolve rate. The RBI's review of MDR charges on spends would remain a key overhang.

#### **Other monitorables**

- **Asset quality outlook amid rising cases of Omicron** – Commentary on slippage, performance of the restructuring book, collection efficiency, and provisioning amid the rising third wave would be key monitorables.
- **Outlook for growth and margins** – Commentary on the growth outlook, capex revival, and the margin outlook would be key.
- **Fee income traction / Treasury performance** – The traction in fee income and treasury performance due to a rise in bond yields would be another monitorable.

## Our top picks – ICICIB, SBIN, HDFCB, AUBANK, SBILIFE, and IPRU

### ICICIB: Financial Snapshot (INR b)

Y/E March	FY22E	FY23E	FY24E
NII	475	559	671
OP	401	472	575
NP	220	272	341
NIM (%)	4.0	4.1	4.2
EPS (INR)	31.8	39.4	49.3
EPS Gr. (%)	31.6	23.7	25.3
ABV/Sh. (INR)	220	257	303
Cons. BV/Sh. INR	259	298	344

#### Ratios

RoE (%)	14.2	15.3	16.5
RoA (%)	1.7	1.8	2.0

#### Valuations

P/BV (x) (Cons.)	2.9	2.6	2.2
P/ABV (x)	2.6	2.2	1.9
P/E (x)	17.8	14.3	11.4

\*Adj for Investment in subs

### SBIN: Financial Snapshot (INR b)

Y/E March	FY22E	FY23E	FY24E
NII	1,187	1,363	1,556
OP	767	913	1,064
NP	331	428	536
NIM (%)	2.9	3.0	3.1
EPS (INR)	37.1	48.0	60.0
EPS Gr. (%)	62.1	29.4	25.1
ABV (INR)	257	303	361
Cons. BV. INR	331	381	443

#### Ratios

RoE (%)	13.4	15.1	16.2
RoA (%)	0.7	0.8	0.9

#### Valuations

P/BV (x) Cons.	1.4	1.2	1.1
P/ABV (x)*	1.0	0.9	0.7
P/E (x)*	7.0	5.4	4.3

\*Adj for investment in subs

### HDFCB: Financial Snapshot (INR b)

Y/E March	FY22E	FY23E	FY24E
NII	730	883	1,054
OP	662	800	956
NP	374	453	542
NIM (%)	4.0	4.2	4.3
EPS (INR)	67.8	82.1	98.4
EPS Gr. (%)	19.9	21.0	19.8
BV/Sh. (INR)	426	496	582
ABV/Sh. (INR)	411	478	563

#### Ratios

RoE (%)	17.1	17.8	18.2
RoA (%)	2.0	2.1	2.1

#### Valuations

P/E (X)	22.4	18.5	15.5
P/BV (X)	3.6	3.1	2.6
P/ABV (X)	3.7	3.2	2.7

### ICICIB (Buy)

- ICICIB has substantially increased its PCR to ~80% – the highest in the industry – and carries COVID provisions of INR64.3b (~0.8% of loans). Although slippage stood elevated in 1HFY22, we expect it to moderate over 2HFY22. ICICIB is well-cushioned, with higher provisions on its balance sheet, and has guided for the normalization of credit costs from FY23.
- ICICIB continues to see strong growth in retail deposits. It has one of the lowest funding costs among peers, enabling it to underwrite profitable business. The steady mix of (a) a high-yielding book, (b) excess liquidity deployment, and (c) low-cost liability franchise has resulted in margin expansion to ~4.0%.
- The retail mix remains healthy with (a) a CASA ratio of ~46%, (b) retail contribution to fees of ~78%, and (c) the retail loan mix increasing to ~63%.
- ICICIB appears firmly placed to deliver healthy sustainable growth, led by its focus on core operating performance. We estimate RoA/RoE of 1.8%/15.3% for FY23E. Adjusted for subsidiaries, the standalone bank trades at 2.2x FY23E ABV.

### SBIN (Buy)

- SBIN has shown strong improvement in asset quality, with GNPA's declining 43% in the past three years and PCR increasing to 70% (this hovered around the 40s four years ago). Fresh slippage also moderated sharply to 1.2% in FY21 and was negligible over 2QFY22, lower v/s many private peers.
- SBIN appears well-positioned to report a strong earnings uptick, led by moderation in credit costs, as the bank has strengthened its balance sheet and increased its PCR (incl. TWO) to ~88%. It has PCR of ~86% on corporate NPAs.
- SBIN inarguably has one of the best liability franchises (CASA mix: ~46%). This puts it in a better position to manage yield pressure. Moreover, low cost of deposits would continue to support margins, to a large extent.
- Subs – SBI MF, SBI Life Insurance, SBI Cards, and SBI Cap – have exhibited robust performances in the last few years, which could result in value unlocking.
- We estimate FY23E RoA/RoE of 0.8%/15.1%. Subs account for ~31% of the total valuation. Adjusted for subs, the standalone bank trades at 0.9x FY23E ABV.

### HDFCB (Buy)

- HDFCB has shown robust traction in its corporate book, which has compensated for the softness in retail lending. However, retail growth picked up over 2QFY22. Along with robust growth in Commercial/Rural Banking and Agri, this would support overall growth. Thus, we expect advances to see a 17% CAGR over FY21–24, led by focused lending to highly rated corporates and healthy revival in retail loans, particularly the unsecured business.
- We remain watchful of the impact on asset quality, particularly on SME, Agri, and the unsecured book. Thus, we expect slippage to stay elevated. However, the bank holds additional contingency provisions, which would limit the impact on profitability. We estimate credit costs to sustain at ~1.3% for FY22/FY23.
- 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. HDFCB trades at 3.2x FY23E ABV.

**AUBANK: Financial Snapshot (INR b)**

Y/E March	FY22E	FY23E	FY24E
NII	31.4	40.3	51.6
OP	18.4	24.0	31.1
NP	10.7	14.1	18.5
NIM (%)	5.5	5.6	5.7
EPS (INR)	34.2	45.3	59.4
EPS Gr. (%)	-10.1	32.6	31.1
BV/Sh. (INR)	232	277	337
ABV/Sh. (INR)	223	266	325
<b>Ratios</b>			
RoE (%)	15.9	17.8	19.3
RoA (%)	1.9	2.0	2.0
<b>Valuations</b>			
P/E(X)	31.1	23.5	17.9
P/BV (X)	4.6	3.8	3.2
P/ABV (X)	4.8	4.0	3.3

**SBILIFE: Financial snapshot (INR b)**

Y/E March	FY22E	FY23E	FY24E
Net Premiums	599	723	870
Sh. PAT	12.0	13.3	15.7
NBP gr- unwttd. %	24.0	21.0	20.0
NBP gr. – APE %	27.2	21.6	21.9
Premium gr. %	20.3	20.6	20.4
VNB margin. %	25.9	26.6	26.9
RoEV. %	17.5	17.9	18.1
Total AUM (INRt)	2.6	2.9	3.5
VNB	37.4	46.8	57.7
EV per share	428	504	595
<b>Valuations</b>			
P/EV (x)	2.8	2.4	2.0
P/EVOP (x)	20.1	16.8	14.1

**IPRU: Financial snapshot (INR b)**

Y/E March	FY22E	FY23E	FY24E
Net Premiums	392	456	542
Sh. PAT	8.4	11.3	13.0
NBP gr- unwttd. %	20.0	24.0	23.0
NBP gr. – APE %	17.4	25.2	23.0
Premium gr. %	11.1	16.4	18.8
VNB margin. %	27.8	28.4	28.9
RoEV. %	14.3	15.3	15.1
Total AUM (INRt)	2.5	3.0	3.5
VNB	21.1	26.9	33.8
EV per share	232	267	308
<b>Valuations</b>			
P/EV (x)	2.4	2.1	1.8
P/EVOP (x)	19.1	15.1	13.2

**AUBANK (Buy)**

- AUBANK continues to strengthen its asset book, with Retail comprising ~89% of the total AUM. The bank has developed a strong niche in the MSME and Vehicle segments. It is further looking to expand into new product offerings, such as Credit Cards, Housing, and Personal Loans, which should continue to aid growth. Overall, we expect AUBANK to deliver a ~28% loan CAGR over FY21–24.
- It has stepped up its efforts towards building a strong liability franchise, with enhanced focus on growing retail deposits (64% in Jun'21). The CASA ratio has improved to 30%. A rise in the retail deposit mix has resulted in significant improvement in CoF by ~170bp in the past two years, which would aid margins.
- A high mix of the secured book, coupled with strong underwriting and efficient collection management, has enabled AUBANK to report stable asset quality despite various headwinds. Collection efficiency showed higher buoyancy over 1HFY22, and we expect asset quality to remain steady.
- We expect RoA/RoE of 2.0%/17.8% by FY23E. The stock trades at 3.8x FY23E BV.

**SBILIFE (Buy)**

- SBILIFE witnessed strong traction in premium growth across segments, with individual WRP growth of 33%/30% over Oct'21/Nov'21. In FY22YTD, it has delivered individual WRP growth of 44% YoY. Both the agency and banca channels are contributing to growth. We estimate a 24% APE CAGR over FY21–24E, led by continued momentum in Non-PAR Savings and Protection products; growth in ULIP has also recovered.
- SBILIFE does not see any challenge with regard to COVID claims. Persistency ratios are holding well across cohorts, while cost ratios may increase moderately on revival in business growth. Although, cost leadership would continue.
- We estimate a 29% VNB CAGR over FY21–24, with operating RoEV to sustain at ~18% by FY24E. We further expect margins to improve to ~27%. SBILIFE is among our preferred picks in the Life Insurance space. The stock currently trades at 2.4x FY23 EV.

**IPRU (Buy)**

- IPRU continues to focus on a change in the product mix, with a high emphasis on the Non-Linked and Protection segments, with new channel partners further aiding business growth. The share of the banca channel (ex-ICICIBC) has increased to 11% (v/s 5% in FY18). Strengthened distribution would enable further diversification and drive an increase in the Non-Linked segment mix, which would aid margins.
- The management reiterated its guidance to double FY19 VNB by FY23E, aided by a) opportunity in the long-term Savings/Protection business and b) improving persistency and cost ratios. The Protection business contributed ~53% to the total VNB in FY21, and the Non-Linked business contributed 29%.
- The company's persistency ratios have improved to among the best in the industry to 85.1%/51.6% in 13<sup>th</sup>/61<sup>st</sup> month. This is largely led by strong renewal trends in the Non-Linked business, with 94% persistency in this segment.
- We estimate IPRU to deliver a ~25%/28% CAGR in new business APE/VNB over FY21–24, led by improving margins (29% by FY24E). This would thus enable an improvement in operating RoEV to ~16%. The stock trades at 2.1x FY23 EV.



Exhibit 1: 3QFY22E earnings estimates

Private Banks	NII (INR m)			PPOP (INR m)			PAT (INR m)		
	Dec'21	YoY (%)	QoQ (%)	Dec'21	YoY (%)	QoQ (%)	Dec'21	YoY (%)	QoQ (%)
AU Bank*	8,046	27.1	6.8	4,505	-48.4	15.1	2,682	-44.0	-3.7
Axis Bank	81,090	10.0	2.6	65,590	7.6	10.6	29,487	164.1	-5.9
Bandhan Bank	21,674	4.6	12.0	18,728	-2.2	20.9	3,593	-43.2	NM
DCB Bank	3,330	-0.5	3.0	2,167	-21.9	23.7	768	-20.2	18.2
Equitas Holdings	5,046	4.3	4.3	1,988	-27.7	2.1	610	-44.9	48.0
Federal Bank	15,257	6.2	3.1	9,296	-3.5	7.5	4,675	15.7	1.6
HDFC Bank	185,592	13.7	4.9	169,619	11.7	7.3	102,462	17.0	16.0
ICICI Bank	121,504	22.6	3.9	103,028	16.8	3.9	58,034	17.5	5.3
IndusInd Bank	38,082	11.8	4.1	32,957	11.2	2.4	11,586	39.5	1.0
Kotak Mahindra Bank	42,627	10.0	6.0	33,402	15.1	7.1	20,573	11.0	1.2
RBL Bank	9,630	6.0	5.2	7,842	-2.6	13.5	589	-59.9	91.2
<b>Private Banking Sector</b>	<b>531,878</b>	<b>13.8</b>	<b>4.6</b>	<b>449,122</b>	<b>9.3</b>	<b>7.3</b>	<b>235,060</b>	<b>21.4</b>	<b>26.9</b>
<b>PSU Banks</b>									
Bank of Baroda	78,574	5.1	3.9	52,524	3.6	-7.4	16,710	57.5	-20.0
Canara Bank	64,583	6.2	2.9	57,101	6.1	1.9	16,673	139.5	25.1
Indian Bank	41,439	-3.9	1.5	30,772	-0.7	-6.1	6,809	32.4	-37.5
Punjab National Bank	72,403	-12.9	14.0	51,065	-20.1	27.0	10,694	111.3	-3.2
State Bank	296,989	3.1	-4.8	179,356	3.5	-0.8	80,825	55.5	6.0
Union Bank of India	69,692	5.8	2.0	51,018	-3.9	-16.0	12,335	69.7	-19.2
<b>PSU Banking Sector</b>	<b>623,681</b>	<b>1.3</b>	<b>0.1</b>	<b>421,836</b>	<b>-0.9</b>	<b>-1.3</b>	<b>144,045</b>	<b>65.6</b>	<b>-2.5</b>
<b>Banking Sector</b>	<b>1,155,558</b>	<b>6.7</b>	<b>2.1</b>	<b>870,958</b>	<b>4.1</b>	<b>3.0</b>	<b>379,105</b>	<b>35.1</b>	<b>13.9</b>
<b>Other Financials</b>									
SBI Cards & Payment	9,603	5.9	4.5	11,082	19.0	4.7	3,998	90.7	15.9
<b>Life Insurance</b>									
HDFC Standard life	115,349	21.6	0.8	3,075	15.2	11.4	3,050	15.1	11.3
ICICI Prudential life	100,869	12.4	8.6	2,997	-8.2	-36.9	2,783	-8.9	-37.4
SBI life	173,738	26.2	18.5	3,113	33.6	23.6	3,033	30.3	23.0
Max Financial Services	52,857	14.2	-0.8	NA	NA	NA	1,721	-31.7	142.5
<b>Life Insurance</b>	<b>442,813</b>	<b>20.2</b>	<b>8.7</b>	<b>9,184</b>	<b>11.1</b>	<b>-8.4</b>	<b>10,588</b>	<b>0.3</b>	<b>2.2</b>

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

\*For AUBANK, YoY growth is not comparable due to Aavas stake sale gain in 3QFY21

Exhibit 2: Loan growth picks up to 7.3%

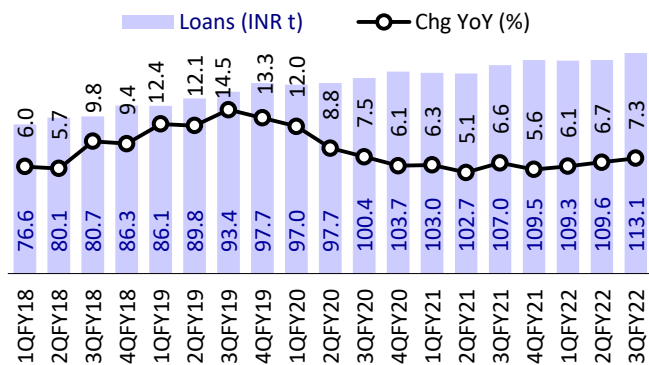


Exhibit 3: Deposit growth modest at 9.6%

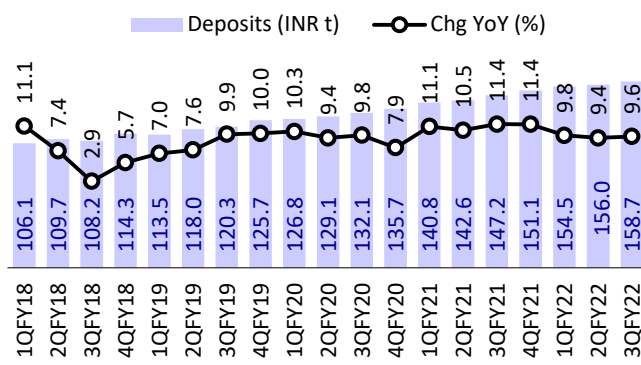
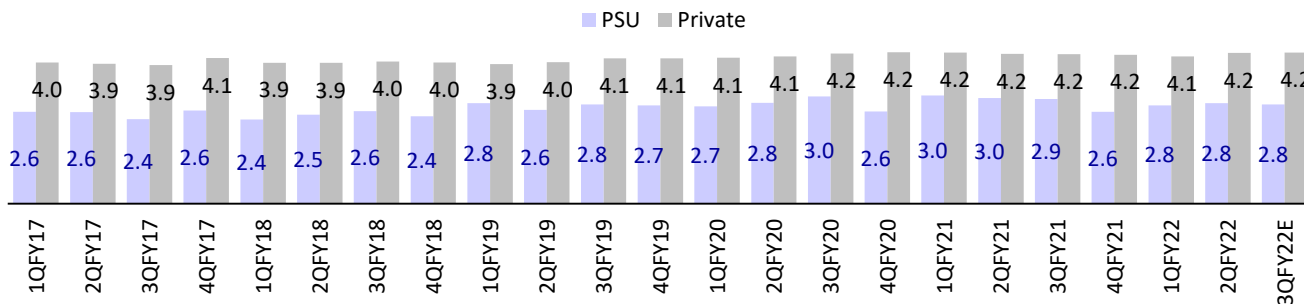


Exhibit 4: Margins to remain in a narrow range, supported by lower cost of funds, while excess liquidity remains a drag



**Exhibit 5: Change in estimates across our universe – earnings broadly unchanged over FY22E/FY23E**

PAT (INR b)	Old estimates		Revised estimates		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
<b>Private Banks</b>						
AXSB	128.1	178.0	119.3	169.1	-6.9%	-5.0%
BANDHAN	-16.1	44.1	-13.1	34.1	NM	-22.7%
DCBB	2.9	4.2	2.7	4.0	-7.8%	-5.0%
HDFCB	367.2	445.6	374.0	452.6	1.9%	1.6%
ICICIBC	222.2	275.6	220.1	272.3	-0.9%	-1.2%
IIB	48.1	76.1	47.1	74.0	-2.0%	-2.6%
KMB	78.5	93.6	79.7	93.8	1.6%	0.2%
FB	18.3	24.2	17.8	22.4	-2.7%	-7.7%
RBK	-0.2	13.8	-2.0	8.9	NM	-35.4%
AUBANK	10.2	13.7	10.7	14.1	4.9%	3.3%
EQUITAS	2.1	4.8	2.0	3.9	-4.6%	-18.1%
<b>Total Private Banks</b>	<b>861.3</b>	<b>1,173.7</b>	<b>858.4</b>	<b>1,149.3</b>	<b>-0.3%</b>	<b>-2.1%</b>
<b>YoY growth</b>	<b>23.2%</b>	<b>36.3%</b>	<b>22.8%</b>	<b>33.9%</b>		
<b>PSU Banks</b>						
BOB	67.6	95.1	70.1	102.0	3.6%	7.3%
CBK	66.5	88.3	61.7	83.3	-7.2%	-5.7%
INBK	43.5	47.6	38.4	47.4	-11.7%	-0.6%
PNB	44.9	74.2	41.6	64.3	-7.4%	-13.4%
SBIN	328.9	409.2	330.8	428.1	0.6%	4.6%
UNBK	57.4	78.9	52.9	72.8	-7.9%	-7.7%
<b>Total PSU Bank</b>	<b>608.9</b>	<b>793.3</b>	<b>595.5</b>	<b>797.8</b>	<b>-2.2%</b>	<b>0.6%</b>
<b>YoY growth</b>	<b>91.9%</b>	<b>30.3%</b>	<b>87.7%</b>	<b>34.0%</b>		
<b>Total for Banks</b>	<b>1,470.2</b>	<b>1,967.0</b>	<b>1,453.9</b>	<b>1,947.1</b>	<b>-1.1%</b>	<b>-1.0%</b>
<b>YoY growth</b>	<b>44.7%</b>	<b>33.8%</b>	<b>43.1%</b>	<b>33.9%</b>		
<b>Other Financials</b>						
SBICARD	16.5	26.0	15.3	24.1	-7.8%	-7.5%

Source: MOFSL, Company

Large banks continue to carry additional provision buffers

**Exhibit 6: Snapshot of additional provision buffers as of 2QFY22**

As of 2QFY22	Loans (INR b)	COVID/Contingent provisions	Floating/Additional Provisions	Total Provisions	As a percentage of loans (%)
AXSB*	6,217	50.1	79.4	129.5	2.1
BANDHAN	745	-	24.0	24.0	3.2
DCBB	269	0.8	-	0.8	0.3
HDFCB**	11,988	77.6	14.5	92.1	0.8
ICICIBC	7,649	64.3	-	64.3	0.8
IIB***	2,208	31.8	-	31.8	1.4
IDFCFIRST	1,023	1.7	-	1.7	0.2
KMB	2,350	12.8	-	12.8	0.5
FB	1,344	-	-	-	0.0
RBK	560	1.3	-	1.3	0.2
AUBANK	358	3.0	-	3.0	0.8
EQUITAS	178	-	-	-	0.0
SBIN	24,432	61.8	-	61.8	0.3
SBICARD	254	2.3	-	2.3	0.9

\*AXSB holds total provisions of INR129.5b, including standard and additional, other than NPA

\*\*Floating provisions for HDFCB stand at INR14.51b

\*\*\*For IIB, counter-cyclical provisions (INR6.35b) and floating provisions (INR0.7b) are included in PCR

Source: MOFSL, Company

Restructuring book remains controlled for large banks; it is relatively higher for mid-sized banks

**Exhibit 7: Snapshot of restructuring book across banks**

INR b	Restructured Book				
	Absolute	Dec'20	Mar'21	Jun'21	Sep'21
AXSB	44.6	0.42%	0.30%	0.44%	0.66%
BANDHAN	83.3	NA	0.76%	7.06%	11.18%
DCBB	18.3	2.70%	4.26%	5.39%	6.80%
HDFCB	179.8	0.50%	0.57%	0.80%	1.50%
ICICIBC	96.8	0.40%	0.54%	0.66%	1.27%
IIB	79.8	0.60%	1.80%	2.70%	3.60%
KMB	12.6	0.28%	0.19%	0.25%	0.54%
FB	34.2	0.90%	1.07%	1.86%	2.49%
RBK	21.0	1.00%	1.58%	2.03%	3.66%
AUBANK	13.0	0.80%	1.85%	3.73%	3.60%
BOB	205.0	1.40%	1.34%	2.86%	2.95%
SBIN	303.1	0.77%	0.73%	0.83%	1.24%
INBK	210.8	1.62%	1.64%	2.70%	5.85%
PNB	175.0	1.82%	NA	2.02%	2.60%
UNBK	214.4	0.56%	1.10%	2.70%	3.69%
BOI	136.8	2.54%	NA	3.04%	3.61%
CBK	185.4	1.62%	NA	2.82%	2.85%

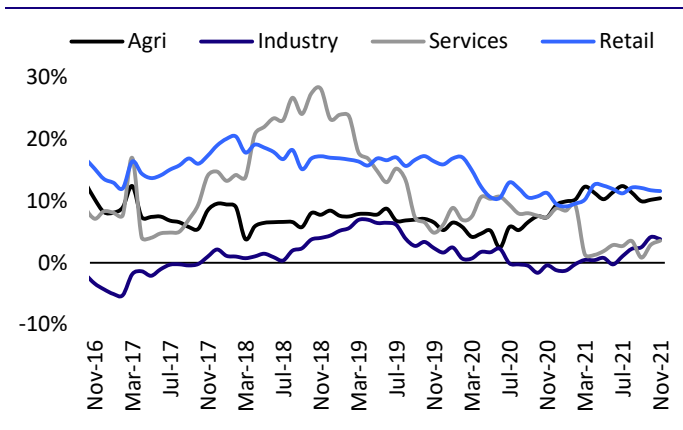
Source: MOFSL, Company

**Exhibit 8: SMA book across banks as of 2QFY22**

SMA (% of loans)	SMA 0	SMA 1	SMA 2
BoB	NA	1.9%	
BoI	1.3%	0.5%	1.0%
CBK	1.0%	0.3%	0.7%
INBK	NA	4.9%	1.5%
PNB	NA	NA	1.3%
SBIN	NA	0.2%	0.1%
UNBK	NA	NA	0.8%
BANDHAN	11.1%	7.1%	2.5%
KMB	NA	NA	0.2%

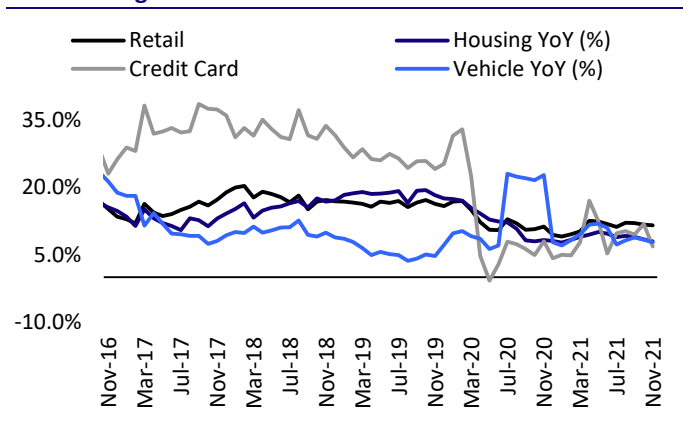
Source: MOFSL, Company

**Exhibit 9: Retail loan growth modest at 11.6%; retail mix stands at 30% in Nov'21**



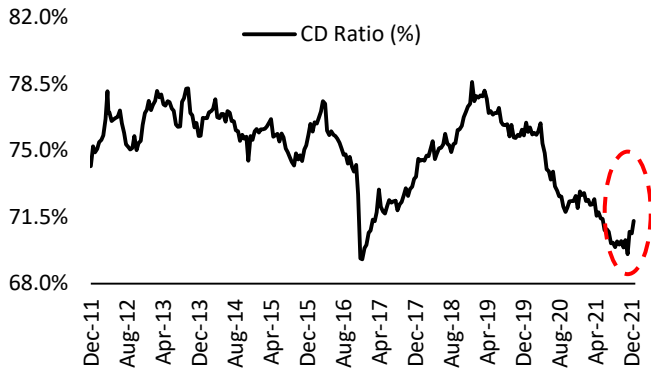
Source: MOFSL, RBI

**Exhibit 10: Housing/Vehicle growth stands at ~8% YoY each; credit card growth stands at ~7% in Nov'21**



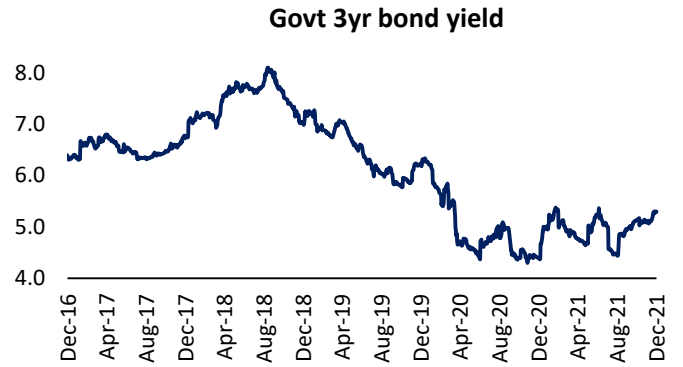
Source: MOFSL, RBI

**Exhibit 11: CD ratio picking up, but remains at decadal lows of ~71% (barring demonetization)**



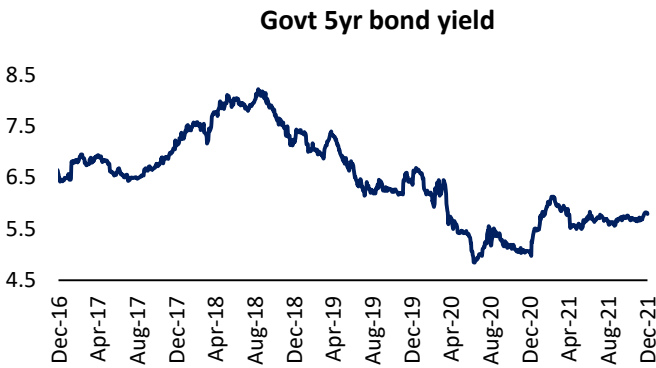
Source: MOFSL, RBI

**Exhibit 12: Three-year G-Sec yield increases 36bp over 3QFY22; currently stands at 5.3%**



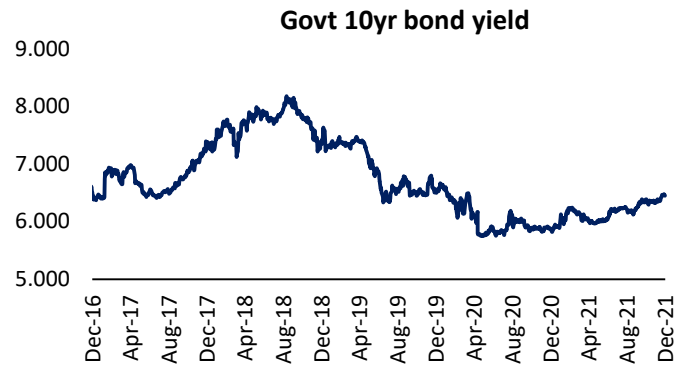
Source: MOFSL, BBG

**Exhibit 13: Five-year G-Sec yield increases 13bp over 3QFY22; currently stands at 5.8%**



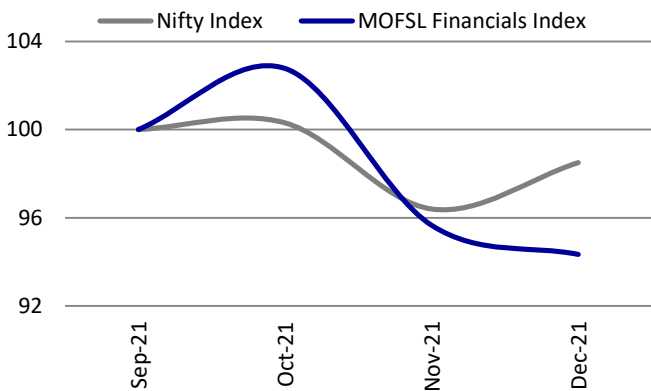
Source: MOFSL, BBG

**Exhibit 14: 10-year G-Sec yield increases 23bp over 3QFY22; currently stands at ~6.5%**



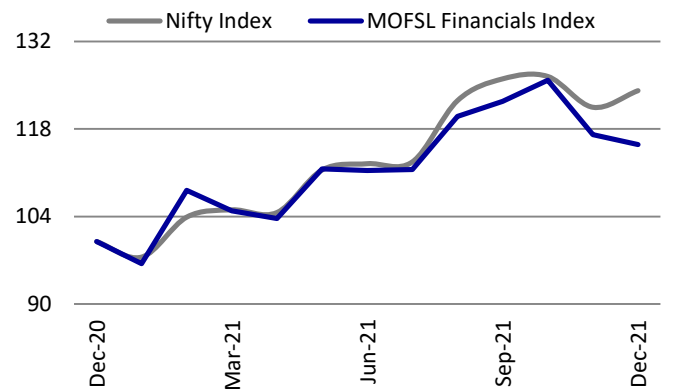
Source: MOFSL, BBG

**Exhibit 15: Relative performance – three months (%)**



Source: MOFSL, Company

**Exhibit 16: One-year relative performance (%)**



Source: MOFSL, Company



## Exhibit 17: Valuation summary

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
<b>Financials</b>														
<b>Banks-Private</b>														
						<b>23.8</b>	<b>17.8</b>	<b>14.2</b>	<b>3.0</b>	<b>2.7</b>	<b>2.3</b>	<b>12.8</b>	<b>15.0</b>	<b>16.2</b>
AU Small Finance	1,036	Buy	34.2	45.3	59.4	30.3	22.9	17.5	4.5	3.7	3.1	15.9	17.8	19.3
Axis Bank	679	Buy	38.9	55.2	71.9	17.4	12.3	9.4	1.8	1.6	1.4	11.1	14.1	16.0
Bandhan Bank	253	Neutral	-8.1	21.2	31.3	-31.0	11.9	8.1	2.7	2.3	1.9	-8.1	20.9	26.1
DCB Bank	79	Neutral	8.7	12.9	17.1	9.1	6.1	4.6	0.6	0.6	0.5	7.4	10.1	12.1
Equitas Holdings	111	Buy	5.9	11.5	18.3	18.9	9.7	6.1	1.1	1.0	0.9	5.8	10.7	15.5
Federal Bank	83	Buy	8.7	10.6	13.2	9.5	7.8	6.3	1.0	0.9	0.8	10.6	12.0	13.4
HDFC Bank	1,480	Buy	67.8	82.1	98.4	21.8	18.0	15.0	3.5	3.0	2.5	17.1	17.8	18.2
ICICI Bank	740	Buy	31.8	39.4	49.3	23.3	18.8	15.0	3.1	2.7	2.3	14.2	15.3	16.5
IndusInd Bank	888	Buy	61.0	95.7	121.3	14.6	9.3	7.3	1.5	1.3	1.1	10.5	14.8	16.3
Kotak Mahindra Bank	1,796	Neutral	57.1	67.8	82.9	31.4	26.5	21.7	3.7	3.3	2.9	11.9	12.4	13.4
RBL Bank	127	Under Review	-3.3	14.9	24.3	-38.4	8.5	5.2	0.6	0.6	0.5	-1.6	6.9	10.5
SBI Cards	928	Buy	16.2	25.6	37.2	57.2	36.2	25.0	11.4	8.9	6.7	21.9	27.5	30.5
South Indian Bank	9	Buy	0.4	-0.1	0.0	22.2	-136.4		0.3	0.3		1.4	-0.2	0.0
<b>Banks-PSU</b>														
						<b>9.3</b>	<b>6.9</b>	<b>5.5</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>9.7</b>	<b>11.7</b>	<b>13.1</b>
Bank of Baroda	82	Buy	13.5	19.7	23.9	6.1	4.2	3.4	0.5	0.5	0.4	8.8	11.6	12.7
Canara Bank	200	Buy	37.5	50.6	62.0	5.3	4.0	3.2	0.5	0.5	0.4	10.0	12.1	13.2
Indian Bank	140	Buy	32.4	38.0	52.3	4.3	3.7	2.7	0.4	0.4	0.3	10.9	11.8	14.4
Punjab National Bank	37	Neutral	4.0	6.1	8.6	9.4	6.1	4.3	0.4	0.4	0.4	4.5	6.6	8.7
State Bank	460	Buy	40.1	52.2	65.9	11.5	8.8	7.0	1.4	1.2	1.0	13.4	15.1	16.2
Union Bank	43	Buy	8.3	11.4	13.6	5.3	3.8	3.2	0.4	0.4	0.4	8.6	10.9	12.2
<b>Insurance</b>														
						<b>96.0</b>	<b>76.1</b>	<b>65.7</b>	<b>10.9</b>	<b>10.0</b>	<b>9.1</b>	<b>11.4</b>	<b>13.2</b>	<b>13.8</b>
HDFC Life Insur.	649	Neutral	6.1	7.8	8.6	106.7	83.6	75.5	4.2	3.5	3.0	18.3	17.6	17.6
ICICI Pru Life	561	Buy	5.8	7.8	9.1	96.2	71.6	61.9	2.4	2.1	1.8	14.3	15.3	15.1
Max Financial	978	Buy	12.5	18.0	21.9	78.4	54.4	44.6	3.0	2.5	2.1	17.7	20.4	20.8
SBI Life Insurance	1,196	Buy	12.0	13.3	15.7	100.1	90.2	76.3	2.8	2.4	2.0	17.5	17.9	18.1

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: INR1,064 | TP: INR1,400 (+32%)

EPS CHANGE (%): FY22|23: +4.9|+3.3

- Margins to increase to ~6%
- Business growth to see healthy pickup QoQ
- CoF and C/I ratio are other key monitorables
- Asset quality and movement in SMA book to be key

### Quarterly performance

(INR m)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	5,159	5,606	6,331	6,558	7,240	7,531	8,046	8,616	23,654	31,433
% Change (Y-o-Y)	30.4	24.1	24.9	18.2	40.4	34.3	27.1	31.4	23.9	32.9
Other Income	2,258	2,610	6,634	2,766	2,141	1,909	2,186	2,474	14,515	8,709
Total Income	7,416	8,216	12,965	9,325	9,381	9,440	10,232	11,090	38,170	40,143
Operating Expenses	2,961	3,800	4,237	5,587	4,570	5,526	5,727	5,920	16,584	21,742
Operating Profit	4,456	4,416	8,728	3,738	4,811	3,914	4,505	5,170	21,586	18,401
% Change (Y-o-Y)	53.2	59.0	179.0	18.4	8.0	-11.4	-48.4	38.3	80.3	-14.8
Provisions	1,813	327	2,836	1,778	2,065	36	1,022	1,016	7,001	4,139
Profit before Tax	2,643	4,089	5,892	1,960	2,747	3,878	3,483	4,154	14,585	14,262
Tax Provisions	635	870	1,102	271	715	1,093	801	985	2,878	3,594
Net Profit	2,008	3,219*	4,790*	1,690	2,032	2,785*	2,682*	3,169	11,707	10,668
% Change (Y-o-Y)	5.5	87.2	151.9	38.1	1.2	-13.5	-44.0	87.5	73.5	-8.9
<b>Operating Parameters</b>										
Deposit (INR b)	267.3	269.8	297.1	359.8	370.1	390.3	420.2	460.5	359.8	460.5
Loan (INR b)	262.5	272.3	302.9	346.1	339.6	358.5	386.8	430.8	346.1	430.8
Deposit Growth (%)	34.7	21.8	24.5	37.5	38.5	44.7	41.5	28.0	37.5	28.0
Loan Growth (%)	13.6	9.8	14.0	28.2	29.4	31.6	27.7	24.5	28.2	24.5
<b>Asset Quality</b>										
GNPA (%)	1.7	1.5	1.0	4.3	4.3	3.2	2.8	2.6	4.3	2.6
NNPA (%)	0.6	0.5	0.2	2.2	2.3	1.7	1.4	1.3	2.2	1.3
PCR (%)	63.5	71.0	76.0	49.7	48.8	48.6	50.0	51.3	49.7	51.3

\* YoY growth is not comparable due to Aavas stake sale gain

## Axis Bank

Buy

CMP: INR696 | TP: INR975 (+40%)

EPS CHANGE (%): FY22|23: -6.9|-5.0

- Credit costs to remain elevated; slippage – a key monitorable to assess the impact on asset quality
- Restructuring / BB & below pool to remain under watch
- Margins to remain stable at ~3.4%
- Business growth to pick up QoQ

### Quarterly performance

(INR b)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	69.9	73.3	73.7	75.5	77.6	79.0	81.1	83.6	292.4	321.3
% Change (Y-o-Y)	19.5	20.1	14.3	11.0	11.1	7.8	10.0	10.6	16.0	9.9
Other Income	25.9	35.7	37.8	46.7	33.6	38.0	40.5	46.7	148.4	158.8
Total Income	95.7	109.0	111.5	122.2	111.2	117.0	121.6	130.3	440.8	480.0
Operating Expenses	37.3	42.4	50.5	53.6	49.3	57.7	56.0	56.5	183.8	219.6
Operating Profit	58.4	66.6	61.0	68.6	61.9	59.3	65.6	73.8	257.0	260.5
% Change (Y-o-Y)	-0.8	11.9	6.1	17.3	5.9	-11.0	7.6	7.4	9.7	1.4
Provisions	44.2	43.4	46.0	32.9	33.0	17.4	26.2	24.5	169.0	101.0
Profit before Tax	14.3	23.2	14.9	35.7	28.8	41.9	39.4	49.3	88.1	159.5
Tax	3.2	6.3	3.7	8.9	7.2	10.6	9.9	12.4	22.2	40.2
Net Profit	11.1	16.8	11.2	26.8	21.6	31.3	29.5	36.9	65.9	119.3
% Change (Y-o-Y)	-18.8	NM	-36.4	NM	94.2	86.2	164.1	37.7	304.9	81.0
<b>Operating Parameters</b>										
Deposit (INR t)	6.2	6.2	6.5	7.0	7.1	7.4	7.5	7.8	7.0	7.8
Loan (INR t)	5.5	5.6	5.8	6.1	6.1	6.2	6.5	6.9	6.1	6.9
Deposit Growth (%)	13.9	6.8	10.6	9.0	16.0	18.1	15.3	11.5	9.0	11.5
Loan Growth (%)	10.4	8.2	5.9	7.5	12.0	10.1	10.9	11.5	7.5	11.5
<b>Asset Quality</b>										
Gross NPA (%)	4.7	4.2	3.4	3.7	3.9	3.5	3.7	3.6	4.0	3.6
Net NPA (%)	1.2	1.0	0.7	1.1	1.2	1.1	1.1	1.1	1.1	1.1
PCR (%)	74.8	77.2	79.0	72.4	69.8	70.2	71.0	70.3	72.4	70.3

**Bandhan Bank****Neutral**

CMP: INR253 | TP: INR270 (+7%)

EPS CHANGE (%): FY22|23: NM|-22.7

- NIMs to expand to ~7.9%
- Business growth to remain under pressure
- Credit costs / Slippage to stay elevated
- Commentary around CE / SMA book – key monitorables

**Quarterly performance**

(INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	18.1	19.2	20.7	17.6	21.1	19.4	21.7	23.2	75.6	85.3
% Change (YoY)	15.0	25.8	34.5	4.6	16.7	0.6	4.6	31.8	19.6	12.8
Other Income	3.9	3.7	5.5	7.9	6.0	4.9	5.7	7.0	21.1	23.6
<b>Total Income</b>	<b>22.0</b>	<b>22.9</b>	<b>26.3</b>	<b>25.4</b>	<b>27.1</b>	<b>24.3</b>	<b>27.3</b>	<b>30.2</b>	<b>96.7</b>	<b>109.0</b>
Operating Expenses	6.1	6.8	7.1	8.1	7.8	8.8	8.6	8.5	28.2	33.7
<b>Operating Profit</b>	<b>15.8</b>	<b>16.1</b>	<b>19.1</b>	<b>17.3</b>	<b>19.4</b>	<b>15.5</b>	<b>18.7</b>	<b>21.7</b>	<b>68.6</b>	<b>75.3</b>
% Change (YoY)	16.9	23.4	51.4	13.7	22.3	-3.9	-2.2	25.5	25.9	9.8
Provisions	8.5	3.8	10.7	15.9	14.4	55.8	13.9	8.7	39.1	92.8
<b>Profit Before Tax</b>	<b>7.4</b>	<b>12.3</b>	<b>8.5</b>	<b>1.4</b>	<b>5.0</b>	<b>-40.3</b>	<b>4.8</b>	<b>13.0</b>	<b>29.5</b>	<b>-17.5</b>
Tax	1.9	3.1	2.1	0.3	1.2	-10.2	1.2	3.3	7.4	-4.4
<b>Net Profit</b>	<b>5.5</b>	<b>9.2</b>	<b>6.3</b>	<b>1.0</b>	<b>3.7</b>	<b>-30.1</b>	<b>3.6</b>	<b>9.7</b>	<b>22.1</b>	<b>-13.1</b>
% Change (YoY)	-31.6	-5.3	-13.5	-80.1	-32.1	NM	-43.2	836.7	-27.1	NM
<b>Operating Parameters</b>										
Deposits (INR b)	606	661	712	780	773	819	859	912	780	912
Loans (INR b)	697	733	768	816	748	745	779	842	816	842
Deposit Growth (%)	38.7	34.4	29.6	36.6	27.6	23.8	20.7	17.0	36.6	17.0
Loan Growth (%)	68.1	22.6	26.7	22.5	7.2	1.6	1.5	3.2	22.5	3.2
<b>Asset Quality</b>										
Gross NPA (%)	1.4	1.2	1.1	6.8	8.2	10.8	11.1	11.6	6.8	11.6
Net NPA (%)	0.5	0.4	0.3	3.5	3.3	3.0	3.4	3.4	3.5	3.4
PCR (%)	66.6	70.0	76.6	50.3	61.8	74.1	72.0	70.7	50.3	70.7

**Bank of Baroda****Buy**

CMP: INR84 | TP: INR130 (+55%)

EPS CHANGE (%): FY22|23: +3.6|+7.3

- Elevated credit costs to keep earnings under pressure
- Slippage to moderate; asset quality to remain steady
- Opex trajectory, particularly employee costs, to be key
- Movement in watchlist / stressed pool – key monitorable

**Quarterly performance**

(INR b)

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	68.2	74.1	74.8	71.1	78.9	75.7	78.6	81.1	288.1	314.3
% Change (YoY)	4.9	5.4	4.9	4.5	15.8	2.1	5.1	14.2	4.9	9.1
Other Income	18.2	29.1	29.0	48.5	28.6	35.8	29.2	30.6	123.6	124.3
<b>Total Income</b>	<b>86.3</b>	<b>103.2</b>	<b>103.7</b>	<b>119.6</b>	<b>107.5</b>	<b>111.5</b>	<b>107.8</b>	<b>111.8</b>	<b>411.7</b>	<b>438.6</b>
Operating Expenses	45.9	49.6	53.0	56.9	51.5	54.8	55.3	56.0	205.4	217.5
<b>Operating Profit</b>	<b>40.4</b>	<b>53.6</b>	<b>50.7</b>	<b>62.7</b>	<b>56.0</b>	<b>56.7</b>	<b>52.5</b>	<b>55.8</b>	<b>206.3</b>	<b>221.0</b>
% Change (YoY)	-5.5	0.5	2.2	27.3	38.6	5.8	3.6	-10.9	9.2	7.1
Provisions	53.5	28.1	34.3	35.9	40.1	27.5	30.8	29.0	150.7	127.4
<b>Profit before Tax</b>	<b>-13.1</b>	<b>25.5</b>	<b>16.3</b>	<b>26.8</b>	<b>16.0</b>	<b>29.2</b>	<b>21.7</b>	<b>26.9</b>	<b>55.6</b>	<b>93.7</b>
Tax	-4.4	8.7	5.7	37.3	3.9	8.3	5.0	6.5	47.3	23.6
<b>Net Profit</b>	<b>-8.6</b>	<b>16.8</b>	<b>10.6</b>	<b>-10.5</b>	<b>12.1</b>	<b>20.9</b>	<b>16.7</b>	<b>20.4</b>	<b>8.3</b>	<b>70.1</b>
% Change (YoY)	-221.7	127.9	NM	NM	NM	24.4	57.5	NM	51.8	745.2
<b>Operating Parameters</b>										
Deposit (INR b)	9,345	9,543	9,546	9,670	9,313	9,595	9,815	10,153	9,670	10,153
Loan (INR b)	6,867	6,699	6,987	7,063	6,684	6,938	7,190	7,487	7,063	7,487
Deposit Growth (%)	4.3	6.7	6.5	2.2	(0.3)	0.5	2.8	5.0	2.2	5.0
Loan Growth (%)	8.4	5.1	6.8	2.3	(2.7)	3.6	2.9	6.0	2.3	6.0
<b>Asset Quality</b>										
Gross NPA (%)	9.4	9.1	8.5	8.9	8.9	8.1	7.8	7.6	8.9	7.6
Net NPA (%)	2.8	2.5	2.4	3.1	3.0	2.8	2.8	2.8	3.1	2.8
PCR (%)	71.9	74.4	73.6	67.3	67.9	67.1	66.0	65.0	67.3	65.0

**Canara Bank****Buy**

CMP: INR206 | TP: INR270 (+31%)

EPS CHANGE (%): FY22|23: -7.2|-5.7

- Business growth to remain steady
- Credit costs to stay elevated; restructuring book – a key monitorable
- Margins to remain stable at ~2.7%; opex to be key
- Asset quality to remain stable; slippage to moderate

**Quarterly performance**

(INR b)

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	61.0	63.0	60.8	55.9	61.6	62.7	64.6	66.4	240.6	255.3
% Change (Y-o-Y)	88.1	101.4	77.0	68.4	1.0	-0.5	6.2	18.7	83.3	6.1
Other Income	26.5	31.0	42.7	52.1	41.6	42.7	43.1	43.9	152.9	171.2
<b>Total Income</b>	<b>87.5</b>	<b>94.1</b>	<b>103.5</b>	<b>108.0</b>	<b>103.2</b>	<b>105.4</b>	<b>107.6</b>	<b>110.3</b>	<b>393.5</b>	<b>426.5</b>
Operating Expenses	44.6	48.1	49.7	50.9	48.3	49.4	50.5	52.3	193.4	200.5
<b>Operating Profit</b>	<b>42.9</b>	<b>46.0</b>	<b>53.8</b>	<b>57.0</b>	<b>54.8</b>	<b>56.0</b>	<b>57.1</b>	<b>58.0</b>	<b>200.1</b>	<b>225.9</b>
% Change (Y-o-Y)	75.6	80.7	130.5	179.4	27.9	21.9	6.1	1.7	113.8	12.9
Other Provisions	38.3	39.7	43.2	41.3	34.6	33.6	32.6	30.2	163.0	131.0
<b>Profit before Tax</b>	<b>4.6</b>	<b>6.2</b>	<b>10.6</b>	<b>15.7</b>	<b>20.2</b>	<b>22.4</b>	<b>24.5</b>	<b>27.8</b>	<b>37.1</b>	<b>95.0</b>
Tax	0.5	1.8	3.6	5.6	8.4	9.1	7.8	7.8	11.5	33.2
<b>Net Profit</b>	<b>4.1</b>	<b>4.4</b>	<b>7.0</b>	<b>10.1</b>	<b>11.8</b>	<b>13.3</b>	<b>16.7</b>	<b>20.0</b>	<b>25.6</b>	<b>61.7</b>
% Change (Y-o-Y)	23.5	21.8	111.2	-131.0	189.8	199.9	139.5	97.4	NM	141.3
<b>Operating Parameters</b>										
Deposit (INR b)	9,096	9,488	9,730	10,109	10,218	10,325	10,503	10,766	10,109	10,766
Loan ( INR b)	6,172	6,163	6,342	6,390	6,485	6,496	6,637	6,838	6,390	6,838
Deposit Growth (%)	48.9	55.7	55.6	61.6	12.3	8.8	7.9	6.5	61.6	6.5
Loan Growth (%)	42.6	43.6	50.1	47.9	5.1	5.4	4.6	7.0	47.9	7.0
<b>Asset Quality</b>										
Gross NPA (%)	8.8	8.2	7.5	8.9	8.5	8.4	8.2	8.0	8.9	8.0
Net NPA (%)	4.0	3.4	2.6	3.8	3.5	3.2	3.1	3.0	3.9	3.0
PCR (%)	57.7	60.6	66.3	59.5	61.5	63.9	64.0	64.2	58.8	64.2

**DCB Bank****Neutral**

CMP: INR80 | TP: INR100 (+25%)

EPS CHANGE (%): FY22|23: -7.8|-5.0

- Credit costs to remain high on potential stress in SME/LAP
- Expect asset quality to remain under pressure; performance of restructuring book to be key
- C/I ratio may remain under pressure
- NIM compression / Loan growth – key monitorable

**Quarterly performance**

(INR m)

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	3,067	3,339	3,348	3,112	3,087	3,233	3,330	3,461	12,866	13,111
% Change (Y-o-Y)	0.6	6.6	3.6	-3.9	0.6	-3.2	-0.5	11.2	1.7	1.9
Other Income	776	809	1,545	1,339	1,212	977	1,257	1,552	4,585	4,998
<b>Total Income</b>	<b>3,843</b>	<b>4,148</b>	<b>4,893</b>	<b>4,451</b>	<b>4,299</b>	<b>4,211</b>	<b>4,587</b>	<b>5,013</b>	<b>17,451</b>	<b>18,109</b>
Operating Expenses	1,932	2,016	2,119	2,399	2,277	2,459	2,420	2,623	8,466	9,779
<b>Operating Profit</b>	<b>1,911</b>	<b>2,132</b>	<b>2,773</b>	<b>2,052</b>	<b>2,022</b>	<b>1,751</b>	<b>2,167</b>	<b>2,389</b>	<b>8,985</b>	<b>8,329</b>
% Change (Y-o-Y)	14.8	15.5	46.0	-3.2	5.8	-17.8	-21.9	16.4	19.3	-7.3
Provisions	837	1,015	1,477	1,012	1,565	863	1,141	1,157	4,457	4,727
<b>Profit before Tax</b>	<b>1,075</b>	<b>1,117</b>	<b>1,296</b>	<b>1,040</b>	<b>457</b>	<b>888</b>	<b>1,026</b>	<b>1,232</b>	<b>4,528</b>	<b>3,603</b>
Tax	281	294	334	261	119	239	259	292	1,170	908
<b>Net Profit</b>	<b>794</b>	<b>823</b>	<b>962</b>	<b>779</b>	<b>338</b>	<b>649</b>	<b>768</b>	<b>940</b>	<b>3,358</b>	<b>2,695</b>
% Change (Y-o-Y)	-2.1	-10.0	-0.5	13.3	-57.5	-21.1	-20.2	20.7	-0.6	-19.7
<b>Operating Parameters</b>										
Deposit (INR b)	294.3	287.7	288.6	297.0	306.0	317.7	323.8	334.2	297.0	334.2
Loan (INR b)	250.6	248.8	253.0	259.6	255.0	268.5	276.2	286.8	259.6	286.8
Deposit Growth (%)	2.2	-2.0	-2.9	-2.2	4.0	10.4	12.2	12.5	-2.2	12.5
Loan Growth (%)	4.2	0.3	-0.5	2.4	1.7	7.9	9.2	10.5	2.4	10.5
<b>Asset Quality</b>										
Gross NPA (%)	2.4	2.3	2.0	4.1	4.9	4.7	4.7	4.6	4.1	4.6
Net NPA (%)	1.0	0.8	0.6	2.3	2.8	2.6	2.5	2.5	2.3	2.5
PCR (%)	60.0	64.1	70.2	45.2	43.3	45.0	47.0	47.5	45.2	47.5

## Equitas Holdings

**Buy**
**CMP: INR111 | TP: INR150 (+35%)**
**EPS CHANGE (%): FY22|23: -4.6|-18.1**

- NIMs to see marginal expansion to 8.3%
- Watchful of asset quality in MSME book; focus to remain on CE and restructuring book
- Elevated credit costs to keep earnings under pressure
- Business growth to pick up; management commentary would be key

### Quarterly performance

**(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>4,043</b>	<b>4,613</b>	<b>4,839</b>	<b>4,486</b>	<b>4,610</b>	<b>4,838</b>	<b>5,046</b>	<b>5,216</b>	<b>17,980</b>	<b>19,710</b>
% Change (YoY)	19.9	31.6	26.1	5.8	14.0	4.9	4.3	16.3	20.2	9.6
Other Income	297	545	1,463	1,784	1,010	1,478	1,365	1,499	4,181	5,351
<b>Total Income</b>	<b>4,339</b>	<b>5,158</b>	<b>6,302</b>	<b>6,270</b>	<b>5,620</b>	<b>6,316</b>	<b>6,410</b>	<b>6,715</b>	<b>22,160</b>	<b>25,062</b>
Operating Expenses	2,919	3,053	3,551	3,771	4,002	4,370	4,422	4,548	13,294	17,343
<b>Operating Profit</b>	<b>1,420</b>	<b>2,105</b>	<b>2,750</b>	<b>2,498</b>	<b>1,618</b>	<b>1,946</b>	<b>1,988</b>	<b>2,167</b>	<b>8,866</b>	<b>7,719</b>
% Change (YoY)	18.8	60.5	73.6	32.6	13.9	-7.5	-27.7	-13.3	48.4	-12.9
Provisions	683	748	1,261	970	1,475	1,378	1,173	1,008	3,753	5,034
<b>Profit before Tax</b>	<b>737</b>	<b>1,358</b>	<b>1,490</b>	<b>1,529</b>	<b>142</b>	<b>568</b>	<b>815</b>	<b>1,159</b>	<b>5,113</b>	<b>2,685</b>
Tax	160	328	383	400	23	156	205	291	1,270	676
<b>Net Profit</b>	<b>577</b>	<b>1,030</b>	<b>1,107</b>	<b>1,129</b>	<b>119</b>	<b>412</b>	<b>610</b>	<b>868</b>	<b>3,842</b>	<b>2,009</b>
% Change (YoY)	1.1	108.1	17.6	162.4	-79.3	-60.0	-44.9	-23.1	57.7	-47.7
<b>Operating Parameters</b>										
AUM (INR b)	156	167	174	180	178	190	201	216	180	216
Deposits (INR b)	118	129	159	164	171	181	189	203	164	203
Loans (INR b)	144	159	168	168	167	178	185	195	168	195
AUM Growth (%)	27	26	19	17	15	13	16	20	17	20
Deposit Growth (%)	29	29	51	52	45	40	19	24	52	24
Loan Growth (%)	20	23	23	23	16	12	10	16	23	16
<b>Asset Quality</b>										
Gross NPA (%)	2.9	2.5	2.3	3.7	4.8	4.8	5.0	4.8	3.7	4.8
Net NPA (%)	1.5	1.0	0.7	1.6	2.4	2.5	2.4	2.3	1.6	2.3
PCR (%)	48.8	50.2	66.2	58.6	51.2	50.1	52.0	53.6	58.6	53.6

## Federal Bank

**Buy**
**CMP: INR87 | TP: INR130 (+49%)**
**EPS CHANGE (%): FY22|23: -2.7|-7.7**

- Business growth to see gradual pickup
- Asset quality and loans under restructuring – key monitorables
- Credit costs to remain high on exposure to SMEs
- NIMs to remain stable at ~3.2%

### Quarterly performance

**(INR b)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>13.0</b>	<b>13.8</b>	<b>14.4</b>	<b>14.2</b>	<b>14.2</b>	<b>14.8</b>	<b>15.3</b>	<b>15.8</b>	<b>55.3</b>	<b>60.1</b>
% Change (YoY)	12.3	22.8	24.4	16.8	9.4	7.2	6.2	11.5	19.0	8.5
Other Income	4.9	4.5	4.8	4.7	5.5	4.4	4.9	5.2	19.4	20.0
<b>Total Income</b>	<b>17.8</b>	<b>18.3</b>	<b>19.2</b>	<b>18.9</b>	<b>19.7</b>	<b>19.2</b>	<b>20.2</b>	<b>21.0</b>	<b>74.8</b>	<b>80.1</b>
Operating Expenses	8.5	8.8	9.6	10.0	9.3	10.6	10.9	11.2	36.9	42.0
<b>Operating Profit</b>	<b>9.3</b>	<b>9.5</b>	<b>9.6</b>	<b>8.9</b>	<b>10.4</b>	<b>8.6</b>	<b>9.3</b>	<b>9.8</b>	<b>37.9</b>	<b>38.1</b>
% Change (YoY)	19.1	31.7	29.5	-7.7	11.2	-8.6	-3.5	10.4	18.2	0.6
Provisions	3.9	5.3	4.2	2.4	5.4	2.5	3.1	3.3	16.5	14.3
<b>Profit before Tax</b>	<b>5.4</b>	<b>4.1</b>	<b>5.4</b>	<b>6.4</b>	<b>4.9</b>	<b>6.2</b>	<b>6.2</b>	<b>6.5</b>	<b>21.4</b>	<b>23.8</b>
Tax	1.4	1.1	1.4	1.6	1.3	1.6	1.5	1.6	5.5	5.9
<b>Net Profit</b>	<b>4.0</b>	<b>3.1</b>	<b>4.0</b>	<b>4.8</b>	<b>3.7</b>	<b>4.6</b>	<b>4.7</b>	<b>4.9</b>	<b>15.9</b>	<b>17.8</b>
% Change (YoY)	4.3	-26.2	-8.3	58.6	-8.4	49.6	15.7	2.3	3.1	12.2
<b>Operating Parameters</b>										
Deposit (INR b)	1,549	1,567	1,617	1,726	1,694	1,720	1,754	1,882	1,726	1,882
Loan (INR b)	1,213	1,229	1,255	1,319	1,298	1,344	1,403	1,444	1,319	1,444
Deposit Growth (%)	16.9	12.3	11.8	13.4	9.3	9.7	8.5	9.0	13.4	9.0
Loan Growth (%)	8.3	6.1	5.3	7.9	7.0	9.4	11.8	9.5	7.9	9.5
<b>Asset Quality</b>										
Gross NPA (%)	3.0	2.8	2.7	3.4	3.5	3.2	3.2	3.2	3.4	3.2
Net NPA (%)	1.2	1.0	0.6	1.2	1.2	1.1	1.1	1.1	1.2	1.1
PCR (%)	59.6	65.7	78.2	65.9	65.7	66.2	65.8	66.4	65.9	66.4



**HDFC Bank****Buy****CMP: INR1,520 | TP: INR2,050 (+32%)****EPS CHANGE (%): FY22|23: +1.9|+1.6**

- Business growth to pick up QoQ
- Margins to see slight uptick to ~4.2%
- Asset quality in Agri/Unsecured book, slippage to be other key monitorables
- Commentary around credit cards and fee income traction – key monitorable

**Quarterly performance****(INR b)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>156.7</b>	<b>157.8</b>	<b>163.2</b>	<b>171.2</b>	<b>170.1</b>	<b>176.8</b>	<b>185.6</b>	<b>197.4</b>	<b>648.8</b>	<b>729.9</b>
% Change (Y-o-Y)	17.8	16.7	15.1	12.6	8.6	12.1	13.7	15.3	15.5	12.5
Other Income	40.8	60.9	74.4	75.9	62.9	74.0	81.5	86.6	252.0	305.0
<b>Total Income</b>	<b>197.4</b>	<b>218.7</b>	<b>237.6</b>	<b>247.1</b>	<b>233.0</b>	<b>250.9</b>	<b>267.1</b>	<b>284.0</b>	<b>900.8</b>	<b>1,034.9</b>
Operating Expenses	69.1	80.6	85.7	91.8	81.6	92.8	97.4	101.5	327.2	373.3
<b>Operating Profit</b>	<b>128.3</b>	<b>138.1</b>	<b>151.9</b>	<b>155.3</b>	<b>151.4</b>	<b>158.1</b>	<b>169.6</b>	<b>182.5</b>	<b>573.6</b>	<b>661.5</b>
% Change (Y-o-Y)	15.1	18.1	17.3	19.9	18.0	14.4	11.7	17.5	17.7	15.3
Provisions	38.9	37.0	34.1	46.9	48.3	39.2	32.6	41.5	157.0	161.7
<b>Profit before Tax</b>	<b>89.4</b>	<b>101.1</b>	<b>117.7</b>	<b>108.4</b>	<b>103.1</b>	<b>118.8</b>	<b>137.0</b>	<b>140.9</b>	<b>416.6</b>	<b>499.8</b>
Tax	22.8	26.0	30.1	26.5	25.8	30.5	34.6	35.0	105.4	125.8
<b>Net Profit</b>	<b>66.6</b>	<b>75.1</b>	<b>87.6</b>	<b>81.9</b>	<b>77.3</b>	<b>88.3</b>	<b>102.5</b>	<b>105.9</b>	<b>311.2</b>	<b>374.0</b>
% Change (Y-o-Y)	19.6	18.4	18.1	18.2	16.1	17.6	17.0	29.4	18.5	20.2
<b>Operating Parameters</b>										
Deposit	11,894	12,293	12,711	13,351	13,458	14,063	14,460	15,353	13,351	15,353
Loan	10,033	10,383	10,823	11,328	11,477	11,988	12,600	13,084	11,328	13,084
Deposit Growth (%)	24.6	20.3	19.1	16.3	13.2	14.4	13.8	15.0	16.3	15.0
Loan Growth (%)	20.9	15.8	15.6	14.0	14.4	15.5	16.4	15.5	14.0	15.5
<b>Asset Quality</b>										
Gross NPA (%)	1.4	1.1	0.8	1.3	1.5	1.4	1.3	1.3	1.3	1.3
Net NPA (%)	0.3	0.2	0.1	0.4	0.5	0.4	0.4	0.4	0.4	0.4
PCR (%)	76.2	84.5	88.5	69.8	67.9	70.9	71.0	70.3	69.8	70.3

**ICICI Bank****Buy****CMP: INR765 | TP: INR1,000 (+31%)****EPS CHANGE (%): FY22|23: -0.9|-1.2**

- Loan growth to see healthy pickup; margins stable at ~4.0%
- Credit costs to remain high; slippage would be key
- Commentary on asset quality a key monitorable
- Movement in stressed loans to remain key monitorable

**Quarterly performance****(INR b)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>92.8</b>	<b>93.7</b>	<b>99.1</b>	<b>104.3</b>	<b>109.4</b>	<b>116.9</b>	<b>121.5</b>	<b>126.9</b>	<b>389.9</b>	<b>474.6</b>
% Change (YoY)	19.9	16.2	16.0	16.9	17.8	24.8	22.6	21.6	17.2	21.7
Other Income	61.4	40.3	46.9	41.1	40.0	48.0	49.6	53.1	189.7	190.6
<b>Total Income</b>	<b>154.2</b>	<b>133.9</b>	<b>146.0</b>	<b>145.4</b>	<b>149.3</b>	<b>164.9</b>	<b>171.1</b>	<b>180.0</b>	<b>579.6</b>	<b>665.3</b>
Operating Expenses	46.5	51.3	57.8	60.0	60.4	65.7	68.0	70.6	215.6	264.7
<b>Operating Profit</b>	<b>107.8</b>	<b>82.6</b>	<b>88.2</b>	<b>85.4</b>	<b>88.9</b>	<b>99.1</b>	<b>103.0</b>	<b>109.4</b>	<b>364.0</b>	<b>400.5</b>
% Change (YoY)	71.4	20.2	16.8	15.6	-17.5	20.0	16.8	28.1	29.5	10.0
Provisions	75.9	30.0	27.4	28.8	28.5	27.1	26.7	28.6	162.1	110.9
<b>Profit before Tax</b>	<b>31.8</b>	<b>52.7</b>	<b>60.8</b>	<b>56.6</b>	<b>60.4</b>	<b>72.0</b>	<b>76.4</b>	<b>80.8</b>	<b>201.8</b>	<b>289.6</b>
Tax	5.8	10.1	11.4	12.5	14.3	16.9	18.3	20.0	39.9	69.5
<b>Net Profit</b>	<b>26.0</b>	<b>42.5</b>	<b>49.4</b>	<b>44.0</b>	<b>46.2</b>	<b>55.1</b>	<b>58.0</b>	<b>60.8</b>	<b>161.9</b>	<b>220.1</b>
% Change (YoY)	36.2	549.1	19.1	260.5	77.6	29.6	17.5	38.1	104.2	35.9
<b>Operating Parameters</b>										
Deposit	8,016	8,329	8,743	9,325	9,262	9,774	10,237	10,845	9,325	10,845
Loan	6,312	6,526	6,990	7,337	7,386	7,649	8,042	8,511	7,337	8,511
Deposit Growth (%)	21.3	19.6	22.1	21.0	15.5	17.3	17.1	16.3	21.0	16.3
Loan Growth (%)	6.5	6.4	10.0	13.7	17.0	17.2	15.0	16.0	13.7	16.0
<b>Asset Quality</b>										
Gross NPA (%)	5.5	5.2	4.4	5.0	5.2	4.8	4.8	4.6	5.0	4.6
Net NPA (%)	1.2	1.0	0.6	1.1	1.2	1.0	1.0	0.8	1.1	0.8
PCR (%)	78.5	81.6	86.1	77.8	78.4	80.3	80.5	82.4	77.7	82.4

**IndusInd Bank****Buy****CMP: INR912 | TP: INR1,400 (+53%)****EPS CHANGE (%): FY22|23: -2.0|-2.6**

- Loan/Deposit growth to see healthy pickup QoQ
- Margins to remain stable at ~4.1%
- Asset quality to remain under watch, led by higher strain on MFI business; restructuring book to be key
- Credit costs to stay elevated as the focus remains on maintaining higher PCR

**Quarterly performance****(INR b)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>33.1</b>	<b>32.8</b>	<b>34.1</b>	<b>35.3</b>	<b>35.6</b>	<b>36.6</b>	<b>38.1</b>	<b>40.2</b>	<b>135.3</b>	<b>150.5</b>
% Change (YoY)	16.4	12.7	10.8	9.4	7.7	11.6	11.8	13.8	12.2	11.3
Other Income	15.2	15.5	16.5	17.8	17.9	18.4	18.6	19.9	65.6	74.8
<b>Total Income</b>	<b>48.3</b>	<b>48.3</b>	<b>50.5</b>	<b>53.1</b>	<b>53.5</b>	<b>55.0</b>	<b>56.7</b>	<b>60.1</b>	<b>200.9</b>	<b>225.3</b>
Operating Expenses	19.0	19.8	20.9	21.9	21.7	22.8	23.8	25.0	83.6	93.2
<b>Operating Profit</b>	<b>29.3</b>	<b>28.5</b>	<b>29.6</b>	<b>31.3</b>	<b>31.9</b>	<b>32.2</b>	<b>33.0</b>	<b>35.1</b>	<b>117.3</b>	<b>132.1</b>
% Change (YoY)	13.0	8.7	7.5	9.5	8.8	12.9	11.2	12.1	8.9	12.6
Provisions	22.6	19.6	18.5	18.7	18.4	17.0	17.5	16.1	79.4	69.0
<b>Profit before Tax</b>	<b>6.7</b>	<b>8.9</b>	<b>11.1</b>	<b>12.6</b>	<b>13.4</b>	<b>15.2</b>	<b>15.5</b>	<b>19.0</b>	<b>37.8</b>	<b>63.0</b>
Tax	1.6	2.2	2.8	3.4	3.3	3.7	3.9	5.0	9.5	15.9
<b>Net Profit</b>	<b>5.1</b>	<b>6.6</b>	<b>8.3</b>	<b>9.3</b>	<b>10.2</b>	<b>11.5</b>	<b>11.6</b>	<b>13.9</b>	<b>28.4</b>	<b>47.1</b>
% Change (YoY)	-64.4	-52.7	-36.6	193.8	99.1	72.9	39.5	50.4	-35.8	66.2
<b>Operating Parameters</b>										
Deposit (INR b)	2,113	2,279	2,391	2,559	2,672	2,753	2,848	2,972	2,562	2,972
Loan (INR b)	1,981	2,012	2,071	2,126	2,107	2,208	2,300	2,402	2,126	2,402
Deposit Growth (%)	5.3	10.0	10.3	26.7	26.5	20.8	19.1	16.2	26.8	16.0
Loan Growth (%)	2.4	2.1	-0.1	2.8	6.4	9.7	11.0	13.0	2.8	13.0
<b>Asset Quality</b>										
Gross NPA (%)	2.5	2.2	1.7	2.7	2.9	2.8	2.9	2.7	2.7	2.7
Net NPA (%)	0.9	0.5	0.2	0.7	0.8	0.8	0.8	0.8	0.7	0.8
PCR (%)	66.6	76.7	87.3	74.5	71.6	71.6	71.0	71.9	74.5	71.9

**Indian Bank****Buy****CMP: INR142 | TP: INR200 (+41%)****EPS CHANGE (%): FY22|23: -11.7|-0.6**

- Loan growth to see an uptick
- Stress in SME and restructuring book – key monitorable
- Margins to remain stable at ~2.9%; opex to be key
- Asset quality to remain stable; slippage to remain elevated

**Quarterly performance****(INR b)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>38.7</b>	<b>41.4</b>	<b>43.1</b>	<b>33.3</b>	<b>39.9</b>	<b>40.8</b>	<b>41.4</b>	<b>42.9</b>	<b>156.7</b>	<b>165.1</b>
% Change (YoY)	117.0	122.4	120.6	66.5	3.1	-1.5	-3.9	28.6	106.0	5.4
Other Income	13.3	15.6	14.0	17.4	18.2	19.7	17.5	18.8	60.8	74.2
<b>Total Income</b>	<b>52.0</b>	<b>57.0</b>	<b>57.1</b>	<b>50.8</b>	<b>58.1</b>	<b>60.5</b>	<b>58.9</b>	<b>61.7</b>	<b>217.5</b>	<b>239.3</b>
Operating Expenses	24.5	27.6	26.1	25.3	24.0	27.7	28.2	28.4	103.5	108.3
<b>Operating Profit</b>	<b>27.5</b>	<b>29.4</b>	<b>31.0</b>	<b>25.5</b>	<b>34.2</b>	<b>32.8</b>	<b>30.8</b>	<b>33.2</b>	<b>114.0</b>	<b>130.9</b>
% Change (YoY)	100.4	95.9	61.5	49.6	24.1	11.3	-0.7	30.4	75.4	14.9
Other Provisions	21.4	22.3	23.1	17.5	25.6	25.5	24.1	23.2	84.9	98.4
<b>Profit before Tax</b>	<b>6.1</b>	<b>7.1</b>	<b>7.8</b>	<b>8.0</b>	<b>8.6</b>	<b>7.3</b>	<b>6.7</b>	<b>10.0</b>	<b>29.1</b>	<b>32.6</b>
Tax	2.4	3.0	2.7	-9.1	-3.2	-3.6	-0.1	1.1	-1.0	-5.9
<b>Net Profit</b>	<b>3.7</b>	<b>4.1</b>	<b>5.1</b>	<b>17.1</b>	<b>11.8</b>	<b>10.9</b>	<b>6.8</b>	<b>8.9</b>	<b>30.0</b>	<b>38.4</b>
% Change (YoY)	1.1	15.0	108.1	NM	220.0	164.2	32.4	-47.9	298.8	27.9
<b>Operating Parameters</b>										
Deposits (INR b)	4,891	5,020	5,212	5,381	5,401	5,515	5,615	5,757	5,381	5,757
Loans (INR b)	3,395	3,397	3,628	3,640	3,644	3,604	3,708	3,859	3,640	3,859
Deposit Growth (%)	102.6	98.3	102.3	106.8	10.4	9.9	7.7	7.0	106.8	7.0
Loan Growth (%)	91.2	81.8	95.9	83.9	7.3	6.1	2.2	6.0	83.9	6.0
<b>Asset Quality</b>										
Gross NPA (%)	10.9	9.9	9.0	9.9	9.7	9.6	9.4	9.2	9.9	9.2
Net NPA (%)	3.8	3.0	2.4	3.4	3.5	3.3	3.1	2.8	3.4	2.8
PCR (%)	68.1	72.2	75.8	68.1	66.5	68.1	69.0	71.4	68.1	71.4

**Kotak Mahindra Bank****Neutral****CMP: INR1,824 | TP: INR2,200 (+21%)****EPS CHANGE (%): FY22|23: 1.6|0.2**

- Loan growth to see strong traction QoQ
- Liability franchise to remain strong; lower cost of funds to result in stable margins (~4.5%)
- Commentary around stress in SME book and other unsecured loans; credit costs could remain higher
- Asset quality to see slight improvement, with GNPA at ~3.0%

**Quarterly performance****(INR b)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>37.2</b>	<b>39.0</b>	<b>38.8</b>	<b>38.4</b>	<b>39.4</b>	<b>40.2</b>	<b>42.6</b>	<b>45.6</b>	<b>153.4</b>	<b>167.8</b>
% Change (Y-o-Y)	17.4	16.4	13.0	8.0	5.8	3.2	10.0	18.6	13.6	9.4
Other Income	7.7	14.3	12.9	19.5	13.5	18.1	18.4	19.3	54.6	69.3
<b>Total Income</b>	<b>45.0</b>	<b>53.3</b>	<b>51.6</b>	<b>57.9</b>	<b>52.9</b>	<b>58.3</b>	<b>61.0</b>	<b>64.9</b>	<b>208.0</b>	<b>237.2</b>
Operating Expenses	18.7	20.7	22.6	23.8	24.0	27.1	27.6	28.3	85.8	107.1
<b>Operating Profit</b>	<b>26.2</b>	<b>32.6</b>	<b>29.0</b>	<b>34.1</b>	<b>28.9</b>	<b>31.2</b>	<b>33.4</b>	<b>36.6</b>	<b>122.1</b>	<b>130.1</b>
% Change (Y-o-Y)	9.4	30.0	21.6	25.0	10.1	-4.4	15.1	7.3	21.9	6.5
Other Provisions	9.6	3.3	4.2	11.8	7.0	4.2	5.9	6.3	29.1	23.5
<b>Profit before Tax</b>	<b>16.6</b>	<b>29.3</b>	<b>24.8</b>	<b>22.3</b>	<b>21.9</b>	<b>27.0</b>	<b>27.5</b>	<b>30.2</b>	<b>93.0</b>	<b>106.6</b>
Tax Provisions	4.2	7.4	6.3	5.5	5.4	6.6	7.0	7.8	23.4	26.9
<b>Net Profit</b>	<b>12.4</b>	<b>21.8</b>	<b>18.5</b>	<b>16.8</b>	<b>16.4</b>	<b>20.3</b>	<b>20.6</b>	<b>22.4</b>	<b>69.6</b>	<b>79.7</b>
% Change (Y-o-Y)	-8.5	26.7	16.1	32.8	31.9	-7.0	11.0	33.2	17.1	14.5
Deposits (INRb)	2,615	2,616	2,653	2,801	2,866	2,917	3,056	3,193	2,801	3,193
Loans (INRb)	2,040	2,048	2,141	2,237	2,175	2,350	2,496	2,648	2,237	2,648
Deposit growth (%)	12.3	12.2	10.8	6.6	9.6	11.5	15.2	14.0	6.6	14.0
Loan growth (%)	-1.9	-4.0	-1.2	1.8	6.6	14.7	16.6	18.4	1.8	18.4
<b>Asset Quality</b>										
Gross NPA (%)	2.7	2.6	2.3	3.3	3.6	3.2	3.0	2.9	3.3	2.9
Net NPA (%)	0.9	0.6	0.5	1.2	1.3	1.1	1.1	1.0	1.2	1.0
PCR (%)	68.4	75.6	78.4	63.6	64.8	67.5	66.0	65.4	63.6	65.4

**Punjab National Bank****Neutral****CMP: INR38 | TP: INR45 (+18%)****EPS CHANGE (%): FY22|23: -7.4|-13.4**

- Loan growth to remain under pressure
- Margins to remain stable at ~2.5%; opex to be key
- SMA and restructuring books – key monitorables
- Asset quality to remain stable; slippage to moderate QoQ

**Quarterly performance****(INR b)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>67.8</b>	<b>84.5</b>	<b>83.1</b>	<b>69.4</b>	<b>72.3</b>	<b>63.5</b>	<b>72.4</b>	<b>74.6</b>	<b>304.8</b>	<b>282.8</b>
% Change (YoY)	63.8	98.3	90.9	48.3	6.7	-24.9	-12.9	7.5	74.8	-7.2
Other Income	36.5	22.7	29.7	37.4	38.9	32.8	33.8	35.4	128.1	140.9
<b>Total Income</b>	<b>104.4</b>	<b>107.3</b>	<b>112.9</b>	<b>106.8</b>	<b>111.2</b>	<b>96.3</b>	<b>106.2</b>	<b>110.0</b>	<b>432.9</b>	<b>423.8</b>
Operating Expenses	51.6	52.1	49.0	50.5	47.2	56.1	55.2	56.1	203.1	214.6
<b>Operating Profit</b>	<b>52.8</b>	<b>55.2</b>	<b>63.9</b>	<b>56.3</b>	<b>64.0</b>	<b>40.2</b>	<b>51.1</b>	<b>53.8</b>	<b>229.8</b>	<b>209.1</b>
% Change (YoY)	51.7	54.9	69.8	43.3	21.2	-27.1	-20.1	-4.4	55.9	-9.0
Other Provisions	46.9	45.4	54.3	46.9	49.8	32.6	35.3	35.9	195.0	153.6
<b>Profit before Tax</b>	<b>5.9</b>	<b>9.8</b>	<b>9.6</b>	<b>9.5</b>	<b>14.2</b>	<b>7.6</b>	<b>15.7</b>	<b>17.9</b>	<b>34.8</b>	<b>55.5</b>
Tax	2.9	3.6	4.5	3.6	4.0	-3.5	5.0	8.3	14.6	13.9
<b>Net Profit</b>	<b>3.1</b>	<b>6.2</b>	<b>5.1</b>	<b>5.9</b>	<b>10.2</b>	<b>11.1</b>	<b>10.7</b>	<b>9.6</b>	<b>20.2</b>	<b>41.6</b>
% Change (YoY)	-69.7	22.4	NM	NM	231.8	78.0	111.3	64.2	501.3	105.8
<b>Operating Parameters</b>										
Deposits	10,749	10,697	10,822	11,063	10,976	11,154	11,337	11,561	11,063	11,561
Loans	6,562	6,527	6,605	6,742	6,613	6,732	6,850	7,012	6,742	7,012
Deposit Growth (%)	59.8	53.7	52.7	57.2	2.1	4.3	4.8	4.5	57.2	4.5
Loan Growth (%)	55.6	52.5	55.2	42.9	0.8	3.2	3.7	4.0	42.9	4.0
<b>Asset Quality</b>										
Gross NPA (%)	14.1	13.4	13.0	14.1	14.3	13.6	13.3	13.2	14.1	13.2
Net NPA (%)	5.4	4.8	4.0	5.7	5.8	5.5	5.4	5.4	5.8	5.4
PCR (%)	65.3	67.9	71.8	63.1	62.9	63.2	63.0	62.4	62.4	62.4

**RBL Bank****Under Review****CMP: INR133 | TP: NA****EPS CHANGE (%): FY22|23: NM|-35.4**

- Business growth to pick up; margins stable at 4.1%
- Asset quality to remain under pressure on exposure to MFI / Credit Cards
- Credit costs to remain elevated over near term
- Management succession would be a near-term overhang

**Quarterly performance****(INR m)**

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>10,413</b>	<b>9,321</b>	<b>9,082</b>	<b>9,061</b>	<b>9,695</b>	<b>9,155</b>	<b>9,630</b>	<b>10,041</b>	<b>37,876</b>	<b>38,521</b>
% Change (Y-o-Y)	27.4	7.3	-1.6	-11.3	-6.9	-1.8	6.0	10.8	4.4	1.7
Other Income	3,333	4,182	5,799	6,884	6,534	5,929	6,847	7,648	20,578	26,958
<b>Total Income</b>	<b>13,746</b>	<b>13,503</b>	<b>14,880</b>	<b>15,945</b>	<b>16,229</b>	<b>15,083</b>	<b>16,478</b>	<b>17,689</b>	<b>58,454</b>	<b>65,479</b>
Operating Expenses	6,849	6,685	6,832	7,179	8,567	8,174	8,635	9,165	27,546	34,542
<b>Operating Profit</b>	<b>6,897</b>	<b>6,818</b>	<b>8,048</b>	<b>8,765</b>	<b>7,661</b>	<b>6,910</b>	<b>7,842</b>	<b>8,524</b>	<b>30,908</b>	<b>30,937</b>
% Change (Y-o-Y)	14.5	7.2	12.3	16.6	11.1	1.4	-2.6	-2.8	13.9	0.1
Provisions	5,002	4,876	6,098	7,663	13,844	6,515	7,052	6,169	24,017	33,579
<b>Profit before Tax</b>	<b>1,896</b>	<b>1,942</b>	<b>1,951</b>	<b>1,103</b>	<b>-6,182</b>	<b>395</b>	<b>791</b>	<b>2,355</b>	<b>6,891</b>	<b>-2,642</b>
Tax	483	500	480	349	-1,588	87	202	634	1,813	-665
<b>Net Profit</b>	<b>1,412</b>	<b>1,442</b>	<b>1,471</b>	<b>754</b>	<b>-4,595</b>	<b>308</b>	<b>589</b>	<b>1,721</b>	<b>5,078</b>	<b>-1,977</b>
% Change (Y-o-Y)	-47.1	165.4	110.2	-34.1	NM	-78.6	-59.9	128.4	0.4	NM
<b>Operating Parameters</b>										
Deposit (INR b)	617.4	645.1	671.8	731.2	744.7	755.9	770.7	797.0	731.2	797.0
Loan (INR b)	566.8	561.6	564.4	586.2	565.3	560.1	579.2	609.7	586.2	609.7
Deposit Growth (%)	1.5	2.7	6.8	26.5	20.6	17.2	14.7	9.0	26.5	9.0
Loan Growth (%)	-0.3	-4.0	-5.4	1.0	-0.3	-0.3	2.6	4.0	1.0	4.0
<b>Asset Quality</b>										
Gross NPA (%)	3.5	3.3	1.8	4.3	5.0	5.4	5.6	5.6	4.3	5.6
Net NPA (%)	1.7	1.4	0.7	2.1	2.0	2.1	2.3	2.2	2.1	2.2
PCR (%)	53.2	59.4	61.7	52.3	60.9	61.7	60.0	62.1	52.3	62.1

**State Bank of India****Buy****CMP: INR471 | TP: INR675 (+43%)****EPS CHANGE (%): FY22|23: +0.6|+4.6**

- Credit costs to remain modest
- Loan growth to see strong sequential pickup
- Asset quality to remain stable
- Margins to remain stable at ~3.1%; traction in fee income and opex trajectory – monitorables

**Quarterly performance****(INR b)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>266.4</b>	<b>281.8</b>	<b>288.2</b>	<b>270.7</b>	<b>276.4</b>	<b>311.8</b>	<b>297.0</b>	<b>301.8</b>	<b>1,107.1</b>	<b>1,187.0</b>
% Change (YoY)	16.1	14.6	3.7	18.9	3.7	10.7	3.1	11.5	12.9	7.2
Other Income	95.0	85.3	92.5	162.3	118.0	82.1	92.8	129.0	435.0	421.9
<b>Total Income</b>	<b>361.4</b>	<b>367.1</b>	<b>380.7</b>	<b>432.9</b>	<b>394.4</b>	<b>393.9</b>	<b>389.8</b>	<b>430.8</b>	<b>1,542.1</b>	<b>1,608.9</b>
Operating Expenses	180.8	202.5	207.3	235.9	204.7	213.1	210.5	213.4	826.5	841.6
<b>Operating Profit</b>	<b>180.6</b>	<b>164.6</b>	<b>173.3</b>	<b>197.0</b>	<b>189.7</b>	<b>180.8</b>	<b>179.4</b>	<b>217.4</b>	<b>715.5</b>	<b>767.3</b>
% Change (YoY)	36.3	-9.6	-4.9	6.7	5.1	9.8	3.5	10.3	5.0	7.2
Provisions	125.0	101.2	103.4	110.5	100.5	1.9	70.1	73.5	440.1	246.1
Exception items (exp)	NA	NA	NA	NA	NA	74.2	NA	NA	NA	74.2
<b>Profit before Tax</b>	<b>55.6</b>	<b>63.4</b>	<b>69.9</b>	<b>86.5</b>	<b>89.2</b>	<b>104.7</b>	<b>109.2</b>	<b>143.8</b>	<b>275.4</b>	<b>447.0</b>
Tax Provisions	13.7	17.7	17.9	22.0	24.2	28.5	28.4	35.2	71.3	116.2
<b>Net Profit</b>	<b>41.9</b>	<b>45.7</b>	<b>52.0</b>	<b>64.5</b>	<b>65.0</b>	<b>76.3</b>	<b>80.8</b>	<b>108.6</b>	<b>204.1</b>	<b>330.8</b>
% Change (YoY)	81.2	51.9	-6.9	80.1	55.3	66.7	55.5	68.4	40.9	62.1
<b>Operating Parameters</b>										
Deposits (INR t)	34.2	34.7	35.4	36.8	37.2	38.1	38.7	40.1	36.8	40.1
Loans (INR t)	23.0	22.9	23.7	24.5	24.3	24.4	25.8	26.8	24.5	26.8
Deposit Growth (%)	16.0	14.4	13.6	13.6	8.8	9.8	9.6	9.0	13.6	9.0
Loan Growth (%)	7.7	6.9	7.6	5.3	5.8	6.5	8.8	9.5	5.3	9.5
<b>Asset Quality</b>										
Gross NPA (%)	5.4	5.3	4.8	5.0	5.3	4.9	4.7	4.5	5.0	4.5
Net NPA (%)	1.9	1.6	1.2	1.5	1.8	1.5	1.5	1.4	1.5	1.4
PCR (%)	67.1	71.0	75.2	70.9	67.9	70.1	70.0	69.9	70.9	69.9

**Union Bank of India****Buy****CMP: INR44 | TP: INR65 (+47%)****EPS CHANGE (%): FY22|23: -7.9|-7.7**

- Loan growth to see an uptick
- Margins to remain stable at ~3.0%; opex to be key
- SMA and restructuring books – key monitorables
- Asset quality to improve, led by moderation in slippage

**Quarterly performance****(INR b)**

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>64.0</b>	<b>62.9</b>	<b>65.9</b>	<b>54.0</b>	<b>70.1</b>	<b>68.3</b>	<b>69.7</b>	<b>72.9</b>	<b>246.9</b>	<b>281.0</b>
% Change (YoY)	154.3	116.6	110.2	87.7	9.5	8.5	5.8	34.9	115.9	13.8
Other Income	14.6	24.1	30.2	45.5	27.8	39.8	29.5	31.1	113.4	128.1
<b>Total Income</b>	<b>78.7</b>	<b>87.0</b>	<b>96.1</b>	<b>99.5</b>	<b>97.9</b>	<b>108.1</b>	<b>99.2</b>	<b>104.0</b>	<b>360.3</b>	<b>409.1</b>
Operating Expenses	38.3	38.7	42.9	47.7	46.1	47.3	48.1	51.0	167.7	192.6
<b>Operating Profit</b>	<b>40.3</b>	<b>48.3</b>	<b>53.1</b>	<b>51.8</b>	<b>51.8</b>	<b>60.7</b>	<b>51.0</b>	<b>53.0</b>	<b>192.6</b>	<b>216.6</b>
% Change (YoY)	113.9	115.7	121.1	95.3	28.4	25.7	-3.9	2.3	109.8	12.4
Provisions	35.6	42.4	52.6	39.0	34.0	37.2	32.9	32.9	168.6	137.0
<b>Profit before Tax</b>	<b>4.8</b>	<b>5.9</b>	<b>0.5</b>	<b>12.8</b>	<b>17.8</b>	<b>23.5</b>	<b>18.1</b>	<b>20.1</b>	<b>24.0</b>	<b>79.6</b>
Tax	1.5	0.7	-6.7	-0.5	6.0	8.2	5.8	6.6	-5.1	26.7
<b>Net Profit</b>	<b>3.3</b>	<b>5.2</b>	<b>7.3</b>	<b>13.3</b>	<b>11.8</b>	<b>15.3</b>	<b>12.3</b>	<b>13.5</b>	<b>29.1</b>	<b>52.9</b>
% Change (YoY)	48.3	NM	26.5	NM	254.9	195.4	69.7	1.6	NM	82.1
<b>Operating Parameters</b>										
Deposit (INR b)	8,925	8,861	8,824	9,238	9,085	9,140	9,404	9,792	9,238	9,792
Loan (INR b)	5,817	5,790	5,829	5,910	5,846	5,810	6,016	6,264	5,910	6,264
Deposit Growth (%)	107.6	100.1	98.3	105.0	1.8	3.2	6.6	6.0	105.0	6.0
Loan Growth (%)	98.0	94.4	89.5	87.6	0.5	0.3	3.2	6.0	87.6	6.0
<b>Asset Quality</b>										
Gross NPA (%)	15.0	14.7	13.5	13.7	13.6	12.6	11.8	11.1	13.7	11.1
Net NPA (%)	5.0	4.1	3.3	4.6	4.7	4.6	4.2	3.8	4.7	3.8
PCR (%)	70.3	75.1	78.3	69.6	68.7	66.6	67.0	68.1	69.2	68.1

**SBI Cards and Payment Services****Buy****CMP: INR928 | TP: INR1,300 (+40%)****EPS CHANGE (%): FY22|23: -7.8|-7.5**

- Credit costs to see gradual moderation
- Restructuring book and impact on asset quality to be key
- Traction in credit card spends to be key assessment metric
- Pressure on margins to be another key monitorable

**Quarterly performance****(INR b)**

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>11.4</b>	<b>10.1</b>	<b>9.1</b>	<b>8.3</b>	<b>9.2</b>	<b>9.2</b>	<b>9.6</b>	<b>10.1</b>	<b>38.8</b>	<b>38.1</b>
% Change (Y-o-Y)	52.2	20.0	-3.1	-18.3	-18.7	-9.1	5.9	21.6	9.7	-1.9
Other Income	7.8	12.4	13.7	14.0	13.0	15.2	17.6	17.2	47.9	63.0
<b>Total Income</b>	<b>19.2</b>	<b>22.5</b>	<b>22.8</b>	<b>22.2</b>	<b>22.2</b>	<b>24.4</b>	<b>27.3</b>	<b>27.3</b>	<b>86.7</b>	<b>101.1</b>
Operating Expenses	9.0	11.1	13.5	12.9	11.7	13.8	16.2	15.7	47.1	57.3
<b>Operating Profit</b>	<b>10.1</b>	<b>11.4</b>	<b>9.3</b>	<b>9.4</b>	<b>10.5</b>	<b>10.6</b>	<b>11.1</b>	<b>11.6</b>	<b>39.6</b>	<b>43.8</b>
% Change (Y-o-Y)	9.1	37.2	-3.0	-1.2	4.0	-7.2	19.0	23.5	8.0	10.5
Provisions	4.9	8.6	6.5	7.0	6.4	5.9	5.7	5.2	26.4	23.3
<b>Profit before Tax</b>	<b>5.3</b>	<b>2.8</b>	<b>2.8</b>	<b>2.3</b>	<b>4.1</b>	<b>4.6</b>	<b>5.4</b>	<b>6.4</b>	<b>13.2</b>	<b>20.5</b>
Tax	1.3	0.7	0.7	0.6	1.1	1.2	1.4	1.6	3.4	5.3
<b>Net Profit</b>	<b>3.9</b>	<b>2.1</b>	<b>2.1</b>	<b>1.8</b>	<b>3.0</b>	<b>3.4</b>	<b>4.0</b>	<b>4.8</b>	<b>9.8</b>	<b>15.3</b>
% Change (Y-o-Y)	13.8	-45.9	-51.8	110.0	-22.5	67.3	90.7	171.3	-20.9	54.9
<b>Operating Parameters</b>										
Loan (INRb)	219.2	219.3	237.0	234.6	230.4	253.9	275.5	295.6	234.6	295.6
Loan Growth (%)	7.2	-1.6	-1.0	2.8	5.1	15.8	16.2	26.0	2.8	26.0
<b>Asset Quality</b>										
Gross NPA (%)	1.4	4.3	1.6	5.0	3.9	3.4	3.3	3.2	5.0	3.2
Net NPA (%)	0.4	1.5	0.6	1.2	0.9	0.9	0.9	0.8	1.1	0.8
PCR (%)	68.3	65.6	65.6	77.9	78.2	73.7	74.0	76.6	77.9	76.6



**HDFC Life Insurance****Neutral**

CMP: INR651 | TP: INR750 (+15%)

EPS CHANGE (%): FY22|23: -0.1|-1.0

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

**Quarterly performance (INR m)**

Policy holder's A/c (INR m)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
First year premium	10,218	16,752	17,722	23,892	12,856	20,780	19,654	27,841	68,584	81,130
Growth (%)	-23.0%	15.3%	14.9%	38.7%	25.8%	24.0%	10.9%	16.5%	13.5%	18.3%
Renewal premium	32,391	43,104	45,770	63,504	38,893	50,345	54,449	74,196	184,769	217,884
Growth (%)	24.1%	20.8%	21.5%	14.9%	20.1%	16.8%	19.0%	16.8%	19.4%	17.9%
Single premium	16,016	41,970	32,790	41,706	24,811	45,184	40,326	47,819	132,482	158,139
Growth (%)	-38.4%	65.5%	21.8%	23.9%	54.9%	7.7%	23.0%	14.7%	18.3%	19.4%
<b>Net premium income</b>	<b>57,218</b>	<b>100,454</b>	<b>94,870</b>	<b>128,680</b>	<b>75,385</b>	<b>114,440</b>	<b>115,349</b>	<b>147,175</b>	<b>381,223</b>	<b>452,348</b>
Growth (%)	-11.3%	34.8%	20.8%	23.0%	31.7%	13.9%	21.6%	14.4%	18.3%	18.7%
<b>PAT</b>	<b>4,511</b>	<b>3,261</b>	<b>2,650</b>	<b>3,179</b>	<b>3,024</b>	<b>2,742</b>	<b>3,050</b>	<b>3,570</b>	<b>13,601</b>	<b>12,299</b>
Growth (%)	6.2%	5.6%	5.9%	2.0%	-33.0%	-15.9%	15.1%	12.3%	5.0%	-9.6%
<b>Key metrics (INR b)</b>										
New business APE	12.0	21.4	21.6	28.8	15.6	25.5	23.7	32.6	81.8	96.9
Growth (%)	-29.9	21.2	18.3	36.5	30.3	19.4	9.8	13.2	14.2	18.5
VNB	2.9	5.5	5.7	7.8	4.1	6.8	6.2	8.6	21.9	25.7
Growth (%)	-42.8	22.1	26.7	51.8	40.2	23.9	9.3	10.9	13.9	17.6
AUM (INR b)	1,400	1,506	1,656	1,738	1,813	1,912	1,967	2,043	1,738	2,043
Growth (%)	8.0	15.0	21.4	36.6	29.5	27.0	18.8	17.5	36.6	17.5
<b>Key Ratios (%)</b>										
VNB Margins (%)	24.3	25.6	26.4	27.0	26.2	26.6	26.3	26.4	26.1	26.5
Solvency ratio (%)	190.0	203.0	202.0	201.0	203.0	190.0	193.0	189.8	201.0	189.8

**ICICI Prudential Life Insurance****Buy**

CMP: INR567 | TP: INR780 (+38%)

EPS CHANGE (%): FY22|23: -1.0|-12.9

- New business premiums to remain modest, supported by new banca relationships
- VNB margin to see moderation, but remain healthy
- Expense ratio to remain stable; COVID claims a key monitorable
- Growth in Non-Linked Savings business to remain healthy

**Quarterly performance (INR m)**

Policy holder's A/c (INR m)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
First year premium	6,275	11,698	13,605	20,293	8,803	15,572	15,332	26,953	51,872	66,659
Growth (%)	-50.6%	-31.9%	-27.4%	23.3%	40.3%	33.1%	12.7%	32.8%	-20.3%	28.5%
Renewal premium	41,398	57,742	56,801	69,126	41,375	55,704	55,969	85,120	225,068	238,168
Growth (%)	2.4%	10.2%	8.7%	7.4%	-0.1%	-3.5%	-1.5%	23.1%	7.5%	5.8%
Single premium	9,794	17,894	21,114	31,587	18,523	24,056	23,704	25,771	80,389	92,053
Growth (%)	-3.7%	45.2%	81.4%	23.1%	89.1%	34.4%	12.3%	-18.4%	34.4%	14.5%
<b>Net premium income</b>	<b>55,511</b>	<b>85,722</b>	<b>89,708</b>	<b>118,793</b>	<b>66,019</b>	<b>92,865</b>	<b>100,869</b>	<b>131,972</b>	<b>349,734</b>	<b>391,725</b>
Growth (%)	-10.6%	6.3%	10.3%	13.4%	18.9%	8.3%	12.4%	11.1%	6.4%	12.0%
<b>PAT</b>	<b>2,876</b>	<b>3,032</b>	<b>3,056</b>	<b>638</b>	<b>-1,857</b>	<b>4,446</b>	<b>2,783</b>	<b>3,082</b>	<b>9,601</b>	<b>8,374</b>
Growth (%)	0.9%	0.5%	1.0%	-64.5%	NM	46.6%	-8.9%	383.2%	-10.2%	-12.8%
<b>Key metrics (INR b)</b>										
New Business APE	8.2	14.7	16.7	25.1	12.2	19.8	17.7	29.5	59.9	75.9
Growth (%)	-44.0	-22.9	-18.3	27.1	48.1	34.9	6.3	17.7	-15.7	26.6
VNB	2.0	4.0	4.3	5.9	3.6	5.2	4.6	7.8	16.2	21.1
Growth (%)	-35.0	0.2	0.5	25.7	78.1	28.4	6.7	31.4	1.3	29.8
AUM	1,700	1,815	2,049	2,142	2,232	2,371	2,432	2,504	2,142	2,504
Growth (%)	3.6	9.7	19.1	40.0	31.3	30.6	18.7	16.9	40.0	16.9
<b>Key Ratios (%)</b>										
VNB Margins (%)	24.4	27.4	25.7	23.6	29.4	26.0	25.8	26.3	25.1	27.8
Solvency ratio (%)	205	206	226	217	194	200	198	196	217	196

**SBI Life Insurance****Buy****CMP: INR1,209 | TP: INR1,500 (+24%)****EPS CHANGE (%): FY22|23: -4.0|-11.4**

- New business premiums to see strong pickup
- Margins to remain stable; VNB growth to remain robust
- Continued cost leadership; COVID claims a key monitorable
- 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	1Q	2Q	3QE	4QE		
First year premium	10.9	23.2	32.8	36.6	14.0	36.1	37.6	44.5	103.4	132.2
Growth (%)	-34%	-9%	5%	45%	29%	56%	15%	22%	5%	28%
Renewal premium	45.8	71.5	84.4	94.6	50.3	77.8	103.2	117.6	296.3	348.9
Growth (%)	30%	28%	24%	16%	10%	9%	22%	24%	23%	18%
Single premium	19.7	36.2	21.6	28.1	21.6	37.0	43.8	34.9	102.9	123.5
Growth (%)	31%	71%	16%	119%	9%	2%	102%	24%	52%	20%
<b>Net premium income</b>	<b>75.9</b>	<b>128.6</b>	<b>137.7</b>	<b>155.6</b>	<b>83.1</b>	<b>146.6</b>	<b>173.7</b>	<b>195.6</b>	<b>497.7</b>	<b>599.1</b>
Growth (%)	14%	27%	18%	31%	10%	14%	26%	26%	23%	20%
<b>PAT</b>	<b>3.9</b>	<b>3.0</b>	<b>2.3</b>	<b>5.3</b>	<b>2.2</b>	<b>2.5</b>	<b>3.0</b>	<b>4.3</b>	<b>14.6</b>	<b>12.0</b>
Growth (%)	5%	131%	-40%	0%	-43%	-18%	30%	-20%	2%	-18%
<b>Key metrics (INR b)</b>										
New Business APE	12.7	27.1	35.0	39.7	16.2	39.7	41.5	47.6	113.7	144.6
Growth (%)	-31.7	-3.6	3.6	47.6	27.6	46.5	18.6	20.0	8.2	27.2
VNB	2.6	5.4	7.6	11.0	3.9	10.3	10.7	12.6	26.6	37.4
Growth (%)	-21.2	3.8	22.6	103.7	50.0	90.7	40.4	14.2	19.8	40.7
AUM	1,754	1,864	2,095	2,209	2,316	2,442	2,507	2,596	2,209	2,596
Growth (%)	19.3	20.4	27.6	37.7	32.1	31.0	19.7	17.6	37.7	17.6
<b>Key Ratios (%)</b>										
VNB margins (%)	20.1	20.3	21.9	27.7	24.1	25.9	25.7	26.4	23.2	25.9
Solvency ratio (%)	239.0	245.0	234.0	215.0	215.0	212.0	207.0	205.3	214.7	205.3

**Max Financial Services****Buy****CMP: INR1,018 | TP: INR1,250 (+23%)****EPS CHANGE (%): FY22|23: +0.0|+0.0**

- New business premiums to remain modest
- VNB margins to moderate QoQ; VNB growth to remain modest
- Proprietary channel to continue to exhibit healthy recovery; COVID claims a key monitorable
- Non-PAR growth to remain healthy; ULIP to see recovery

**Quarterly performance (INR m)**

Policy holder's A/c (INR m)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
First year premium	6,210	11,280	11,980	18,860	8,040	12,280	13,340	23,107	48,334	56,767
Growth (%)	-3.9%	7.1%	19.9%	35.7%	29.5%	8.9%	11.4%	22.5%	18.2%	17.4%
Renewal premium	18,520	29,370	28,800	45,230	22,440	34,620	35,086	50,864	121,917	143,010
Growth (%)	6.4%	22.3%	16.3%	13.6%	21.2%	17.9%	21.8%	12.5%	15.0%	17.3%
Single premium	2,780	4,680	5,500	6,970	4,350	6,430	5,910	8,458	19,928	25,148
Growth (%)	4.9%	43.1%	36.1%	39.7%	56.5%	37.4%	7.4%	21.3%	33.3%	26.2%
<b>Gross premium income</b>	<b>27,510</b>	<b>45,330</b>	<b>46,280</b>	<b>71,060</b>	<b>34,840</b>	<b>53,310</b>	<b>52,857</b>	<b>83,918</b>	<b>190,180</b>	<b>224,925</b>
Growth (%)	3.8%	19.9%	19.3%	21.0%	26.6%	17.6%	14.2%	18.1%	17.5%	18.3%
<b>PAT</b>	<b>1,380</b>	<b>270</b>	<b>2,520</b>	<b>1,060</b>	<b>770</b>	<b>710</b>	<b>1,721</b>	<b>2,178</b>	<b>5,230</b>	<b>5,380</b>
Growth (%)	102.9%	-68.6%	63.6%	-54.2%	-44.2%	163.0%	-31.7%	105.5%	-3.0%	2.9%
<b>Key metrics (INR m)</b>										
New Business APE	6,610	11,540	12,250	19,170	8,750	12,830	13,931	23,952	49,570	59,282
Growth (%)	-3.5	10.4	21.3	36.1	32.4	11.2	13.7	24.9	17.0	19.6
VNB	1,130	3,250	3,500	4,610	1,720	3,740	3,901	5,675	12,490	15,036
Growth (%)	-15.7	41.3	65.1	43.6	52.2	15.1	11.4	23.1	39.2	20.4
AUM (INRb)	730	778	850	904	937	1,001	1,056	1,121	904	1,121
Growth (%)	14.1	19.6	23.9	32.0	28.4	28.7	24.2	24.0	32.0	24.0
<b>Key Ratios (%)</b>										
VNB Margins (%)	17.1	28.2	28.6	24.0	19.7	29.2	28.0	23.7	25.2	25.3
Solvency ratio (%)	212.0	207.0	208.0	196.0	197.0	211.0	207.0	204.3	196.0	204.3

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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