

March 1, 2023

## Analyst Meet Update

■ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>175</b>		<b>175</b>	
NII (Rs. m)	83,704	97,459	83,704	97,459
% Chng.	-	-	-	-
Op. Profit (Rs. m)	54,500	65,052	54,500	65,052
% Chng.	-	-	-	-
EPS (Rs.)	15.3	18.1	15.3	18.1
% Chng.	-	-	-	-

### Key Financials - Standalone

Y/e Mar	FY22	FY23E	FY24E	FY25E
NII (Rs m)	59,620	73,324	83,704	97,459
Op. Profit (Rs m)	37,579	47,979	54,500	65,052
PAT (Rs m)	18,898	28,821	32,362	38,461
EPS (Rs.)	9.0	13.6	15.3	18.1
Gr. (%)	12.8	51.6	12.0	18.5
DPS (Rs.)	0.7	0.9	1.2	1.2
Yield (%)	0.5	0.7	0.9	0.9
NIM (%)	3.2	3.5	3.4	3.4
RoAE (%)	10.8	14.4	14.4	15.3
RoAA (%)	0.9	1.2	1.2	1.2
P/BV (x)	1.4	1.3	1.2	1.0
P/ABV (x)	1.6	1.4	1.2	1.1
PE (x)	14.4	9.5	8.5	7.1
CAR (%)	15.8	15.0	14.6	14.3

### Key Data

### FED.BO | FB IN

52-W High / Low	Rs.143 / Rs.83
Sensex / Nifty	58,962 / 17,304
Market Cap	Rs.273bn/ \$ 3,305m
Shares Outstanding	2,116m
3M Avg. Daily Value	Rs.1829.68m

### Shareholding Pattern (%)

Promoter's	-
Foreign	26.40
Domestic Institution	44.25
Public & Others	29.36
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(3.9)	10.4	33.1
Relative	(3.0)	11.5	27.0

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## Federal Bank (FB IN)

**Rating: BUY | CMP: Rs129 | TP: Rs175**

### Aggressive focus on high margin businesses

**Federal Bank (FB) at its Analyst Day reiterated that earnings consistency and profitability would remain focus areas. Key levers for RoA expansion would be to (i) maintain pristine asset quality (ii) consistently grow business with digital focus (iii) enhance share of higher NIM lending segments by leveraging fintech partnerships (iv) increase fee to assets (add 10bps every year) and (v) improve efficiency. For next 3 years, FB is targeting to double higher yielding segments that contribute 20.53% to loans, compared to overall loan growth guidance of high teens. Share of these segments would rise to 25% suggesting ~15bps NIM improvement, over steady state level of 3.35%. If FB achieves its revenue related targets, core earnings for FY24/25E could see a 10-15% upgrade leading to FY25E RoA of 1.4% (vs 1.2% now). Our FY24/25E earnings estimates remain unchanged. We maintain multiple at 1.5x FY25E ABV and TP at Rs175; current valuation at 1.1x is attractive. Retain BUY.**

- **Retail asset strategy aimed to double high NIM segments in 3 years:** Scale up in retail (Rs539bn) would be led by data analytics, digitization, distribution and depth of relationship. In terms of mix, focus would be to build up higher margin segments of PL/CC, MFI, BuB and CV/CE which combined, contribute 20.5% to overall loans. Bank is targeting to double these businesses over next 3 years. As distribution is a key pillar of retail, FB has slightly changed its expansion strategy to 'lite branch-heavy distribution' which would not only encompass adding branches (outside Kerala), but also turning them profitable sooner. FB intends to add 100 branches per annum till FY25 and increase the RM base by 2.5x.
- **Digital at the fore:** Digital initiatives and fintech partnerships have led to good traction in PL/CC and SA. Over last 3 years there was a 96% increase in PL&CC and 60% rise in debit card spends, due to focus on ETB (existing to bank) while digital onboarding in SA that was only 11% increased to 96%. Bank plans to further leverage its fintech partnerships to access a larger client base and 10 more partnerships are lined up. Digital initiatives that have fructified are (i) Feddy handles 30% of queries (ii) cross border bill payment services launched through UPI (iii) easy access to credit for farmers through Digital Kisan Credit.
- **Focus on granularity and fee generation in Wholesale banking:** CIB book has become more granular over last 3 years as ticket size has reduced from Rs640mn in Mar'19 to Rs550mn in Dec'22. Moreover, fee to asset ratio over the same time frame has enhanced from 38bps to 54bps, while self-funding ratio has enhanced from 16.5% to 26.2%. Key wholesale growth drivers would be: (i) supply chain finance (ii) capital markets (iii) fintech and startups (higher yields, fees, liability contributor) (iv) digital lending (v) sectoral focus (vi) co-lending/partnerships.
- **Strong retail deposit franchise:** Retail deposits' (Rs1.82tn) contribution is healthy at 88%; Non-resident (NR) at Rs688bn has also been a key strength since it has been able to grow at 2x of industry rate every year. NR market share as at Dec'22 is 6.9% (overall) and 21% in inward remittance. Deposit strategy would be to (i) gain market share, (ii) maintain granularity, (iii) deepen distribution through fintech & BC partnerships (iv) target every niche segment including ramping up HNI & priority banking and (v) cross selling & gain wallet share.

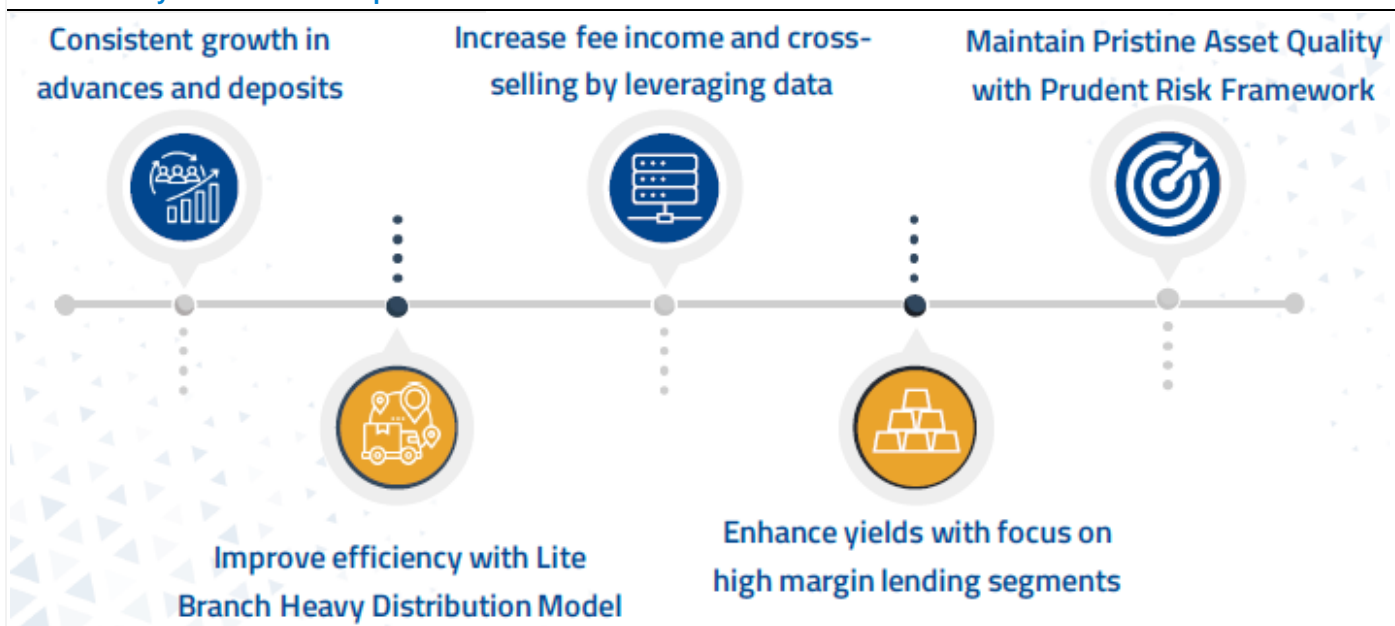
## Remarks by MD & CEO – Mr. Shyam Srinivasan

- Focus areas are based on **3Ns**: 1) Maintain Net NPA in the promised range 2) highest Net Promoter Score in all facets 3) doubling net worth in next 3 years.
- Bank feels fairly insulated on asset quality with PCR improvement of 25% over 3 years from 45% in Dec'19 to 69% in Dec'22.
- Guidance is to maintain return ratios in the same range, RoA – 1.25% (+/- 10bps)
- Margins to remain stable at 335bps as cost of deposits go up, which would be partially offset by change in business mix.
- Main element of opex is pension funding; bank has fully funded pension liabilities, hence opex is expected to decline.
- Capital raise would be considered in CY23 (Rs40bn enabling approval from shareholders) and if growth is achieved at expected levels, another capital raise would be by end of CY25.

## Remarks by CFO – Mr Venkat

- Book of smaller/newer business verticals would be doubled in next 3 years. However, on a blended basis credit growth would be in high teens (18-20% for FY23). Going forward, focus would be on higher yielding segments – Credit Cards, MFI, Commercial Banking, PL, Gold Loans, etc.
- By end of FY23, bank would be PSL positive with shift in focus towards PSL compliant growth. Now, the same is being considered as business opportunity rather than regulatory requirement. Endeavor would be to make it a separate business vertical.
- Key levers for growth are:
  - Enhancing distributions: Lite branch, heavy distribution to be guiding force. 75 branches would be added in FY23 (58 branches opened), 250 branches to be opened in 2.5-3 years outside Kerala. New locations to be based on demand of atleast 2 of the higher yielding focus segments. ATM recyclers may see slight reduction.
  - Data Analytics: Analytics to be backbone of decision making, empowering well-informed decisions across levels and functions.
  - FedServ (Operations subsidiary): Providing operational support at the backend IT support, collection management, sales management, etc. Focus areas would be cost effectiveness, operational excellence, continuous process improvement, governance and risk mitigation.
- **Levers for RoA expansion**: (i) consistent growth in advances and deposits (ii) improve efficiency with Lite Branch heavy distribution model (iii) increase fee income and cross selling by leveraging data (currently at 90bps of advances, aim to add 10bps every year) (iv) enhance yields by focus on high margin lending segments (v) maintain pristine asset quality with prudent risk framework.

Exhibit 1: Key levers for RoA expansion



Source: Company, PL

Exhibit 2: Key levers for business growth



Source: Company, PL

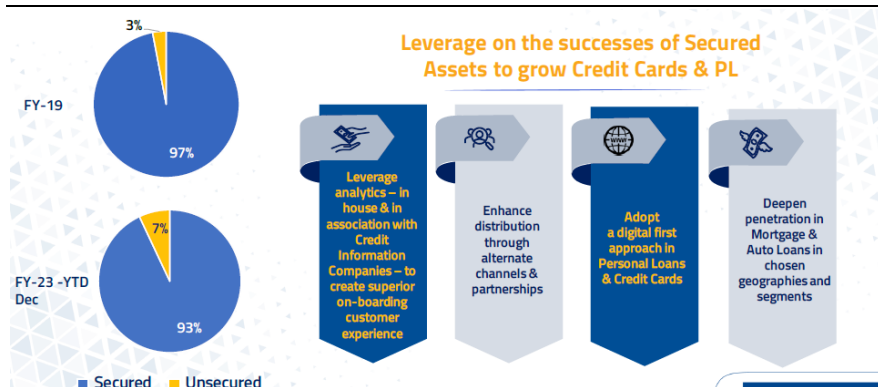
## Retail Banking

**Driven by 4D Mantra:** (i) Data analytics (ii) Digitization (iii) Distribution and (iv) Depth of relationship.

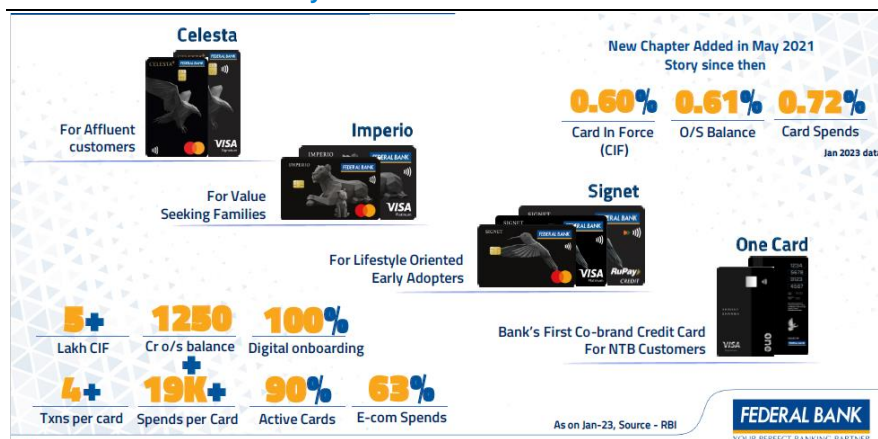
### Retail Assets & Cards – Pivoting towards high margin business

- **Home Loans:** 0.92% market share in India, focus would be to garner incremental market share in chosen geographies like Mumbai, Chennai and Bangalore. Key strategies to grow the book are leveraging analytics to offer pre-approved loans, expand sales force, digital innovation, customer experience and enter affordable housing partnerships through co-lending while maintaining asset quality.
- **Car Loans:** 0.97% market share in India, focus would be on pre-owned vehicles, 2W to grow from 5% share to 20% share within car loans in 1-2 years.

- **Personal Loans:** Aim to double the portfolio in next 2 years through extension of pre-approved offers to NTB using digital and assisted models.
- **Credit Card:** As of Jan'23, 5 lakh cards are in force, acquire NTB through pre-approved offers and co-branded partnerships. Aim to be in Top 7 players in 2 years.

**Exhibit 3: Retail growth strategy to be higher margin business**


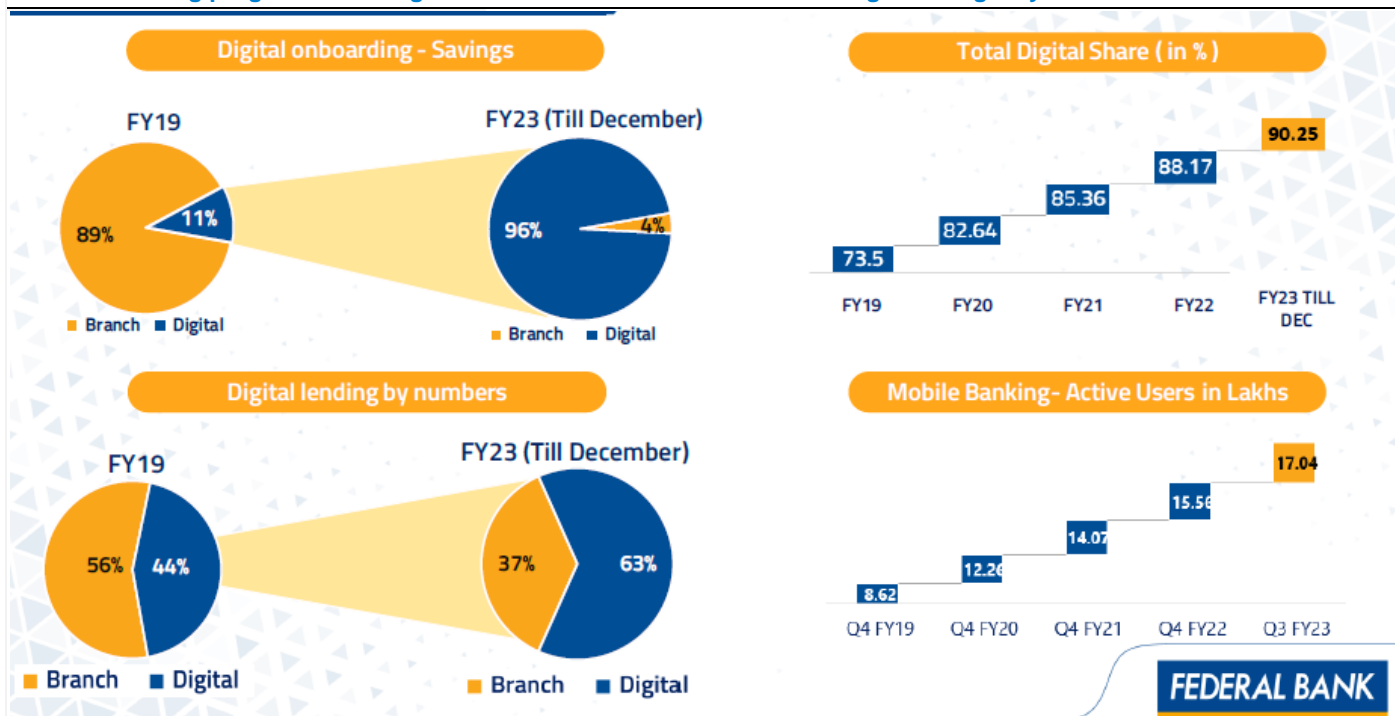
Source: Company, PL

**Exhibit 4: Credit Card – key focus area of the bank**


Source: Company, PL

### Digital initiatives – Digital at the fore, Human at the core

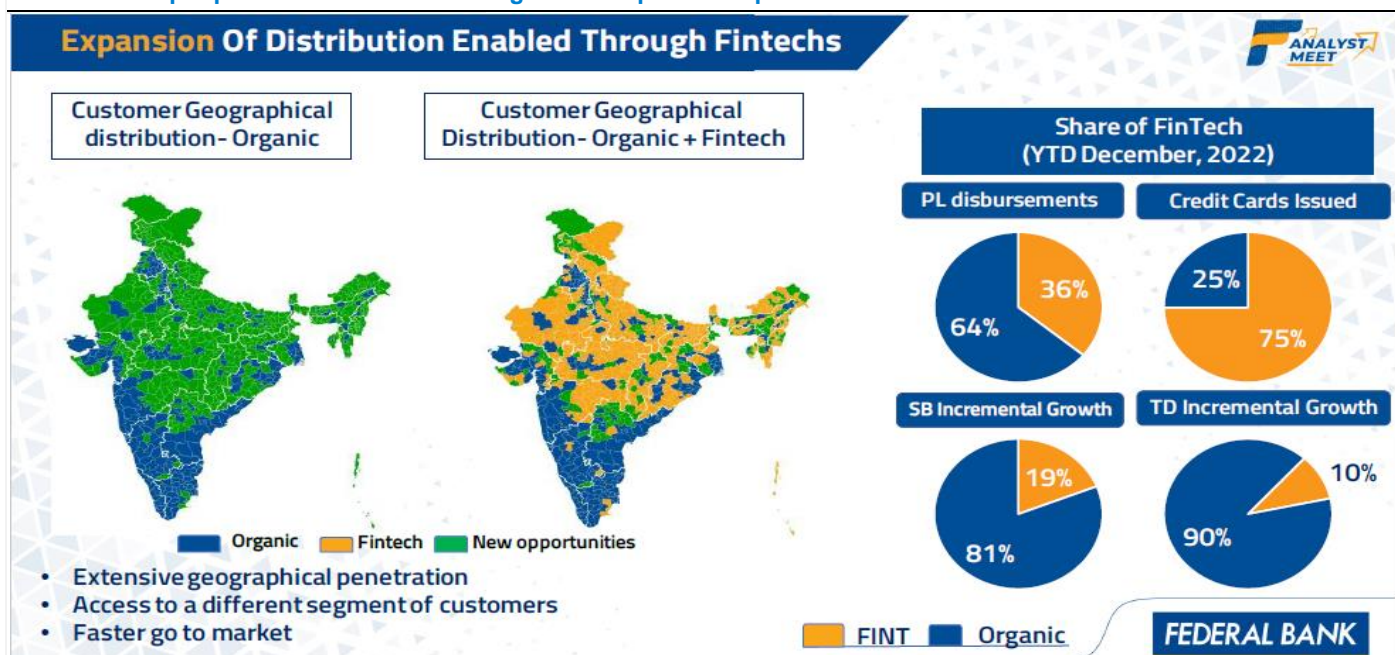
- Enhancing and enriching digital banking through continuous innovation – (i) Feddy (handling 30% of queries) (ii) Cross border bill payment services launched through UPI (iii) Easy access to credit for farmers through Digital Kisan Credit (iv) Digital first credit card in 3 clicks
- Relentless focus on basics of digitization: **Availability, Business, Customer experience, Digital innovation and Employee experience.**

**Exhibit 5: Strong progress on all digital metrics with 90% transactions being done digitally**


Source: Company, PL

### Fintech Partnerships

- Enhance reach and distribution with access to larger client base and new set of customers.
- 10 more partnerships are lined up for FY23.
- Fintech partnerships have led to good traction in Personal loans, credit cards and SA.

**Exhibit 6: Deeper penetration enabled through Fintech partnerships**


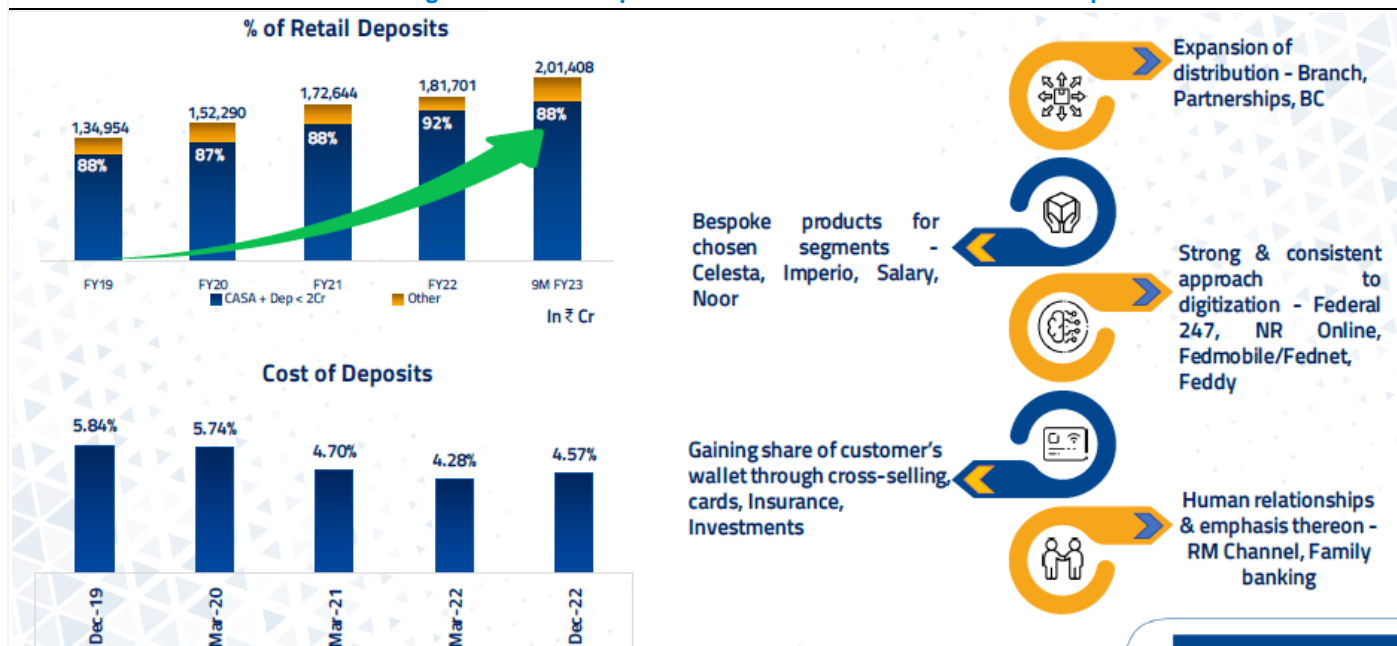
Source: Company, PL



## Retail Deposits

- Key highlights of this segment are (i) gain larger market share (ii) maintain granularity (iii) pricing strategy to compete with peers (iv) enhance distributions through BC & Fintech partnerships, campaigns for every niche customer segment and (v) cross selling to increase engagement with customers and gain wallet share.
- Debit Card:** Debit card spends grew 3% YoY vs -15% for the industry, both POS and Ecom platform are contributors to the spends growth. Customers with debit card are stickier and maintain average monthly balance which is 2.2x of the non-active card base.
- NR Deposits:** 6.92% market share in deposits, while inward remittance market share is 21%. Bank has been growing NR deposits 2x of industry every year.
- HNI & Priority Banking:** Deepen ETB relationships, while garnering more NTB to gain wallet share from other players.

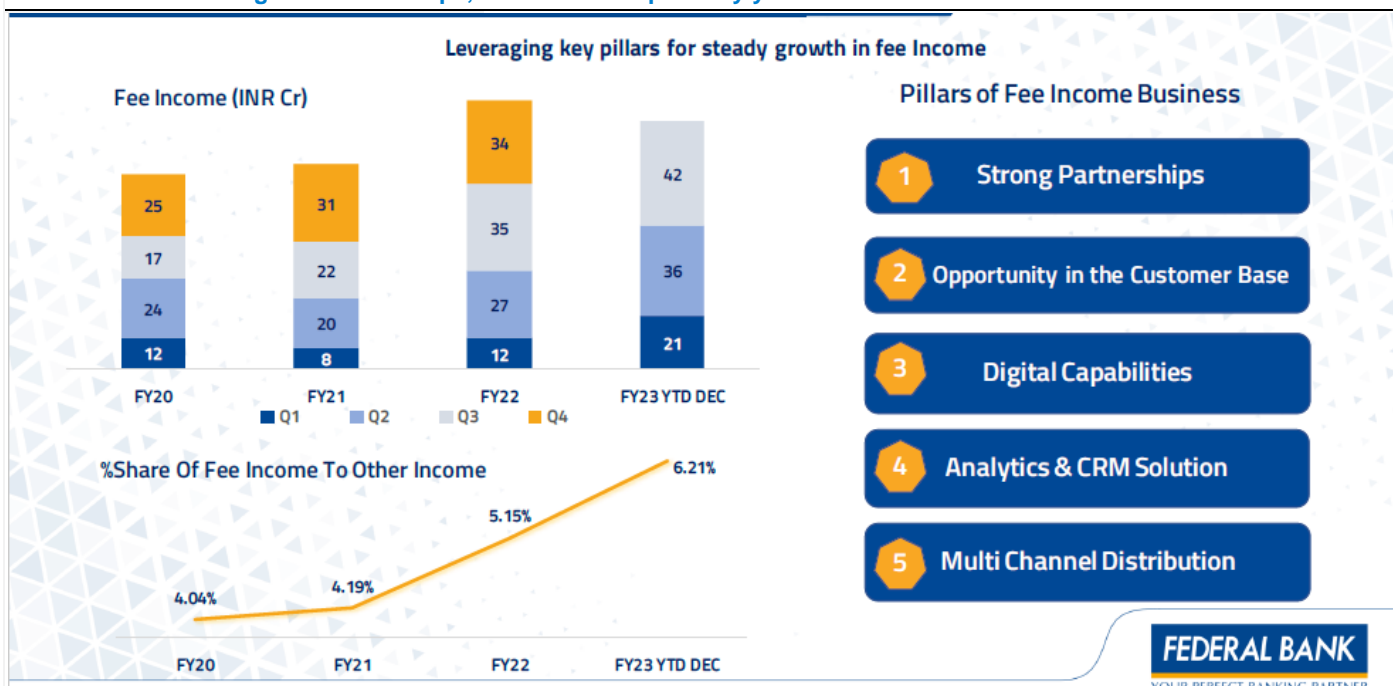
**Exhibit 7: Focus continues to be on granular retail deposit franchise – 88-90% share in total deposits**



Source: Company, PL

## Fee Income

- Pillars of fee income business:** (i) strong partnerships (ii) opportunity in the customer base (currently only 6% penetration) (iii) digital capabilities (iv) analytics and CRM solutions and (v) multi-channel distribution.
- Aim to increase engagement, cater to all financial requirements and provide sustainable fee income to the bank.
- Bancassurance:** Co-creation of products specifically suitable to customer base.
- Wealth Management:** Relentlessly focus on building sizable revenue through a combination of Digital, Phygital & Physical models .

**Exhibit 8: Fees/average assets at 90bps, aim to add 10bps every year**


Source: Company, PL

### Distribution – A multi prolonged approach

- Channels: (i) Branch expansion – Lite branch across multiple chosen markets (ii) RM capacity build (iii) Bus as a Platform (BaaP) – bringing bank to the doorstep (piloted in Madurai & Lucknow) (iv) BC model expansion - collaborate for penetrating deeper in Rurban geographies (v) Fintech and (vi) Alternate channels (to be launched) – co-lending, sales subsidiaries, tele sales channels.

**Exhibit 9: Lite Branch Heavy Distribution to be the mantra**

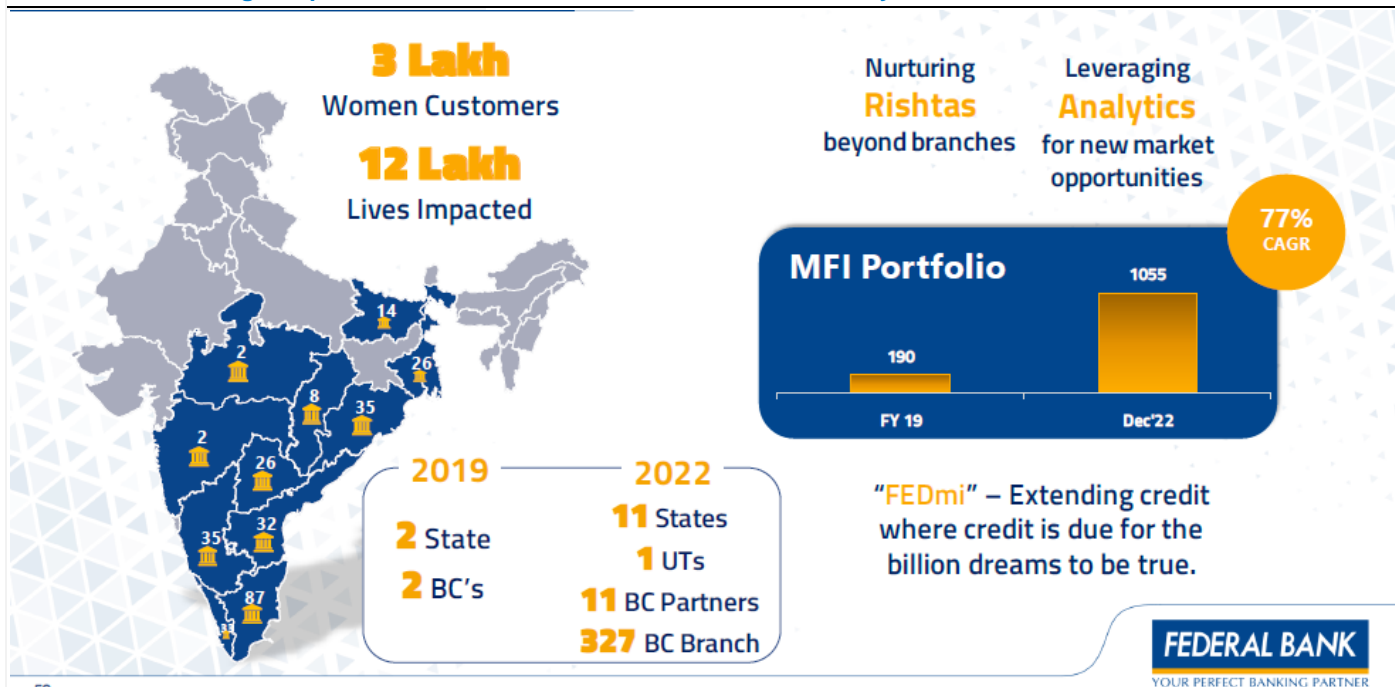

Source: Company, PL

### Micro Banking

#### MFI – doubling book and tripling no. of customers in next 2 years

- +90% of the book is PSL compliant and would be greatest RoA driver for the bank, as yields have started increasing and there is faster TAT of 72 hours.

- Opportunities available due to (i) new geographies, partners & markets (ii) product customization abilities (iii) emergence of OCEN, ONDC and (iv) renewed focus on MSE sector.

**Exhibit 10: Unlocking MFI potential with an aim to double the book in next 2 years**


Source: Company, PL

### Gold Loans – doubling the portfolio in next 3 years

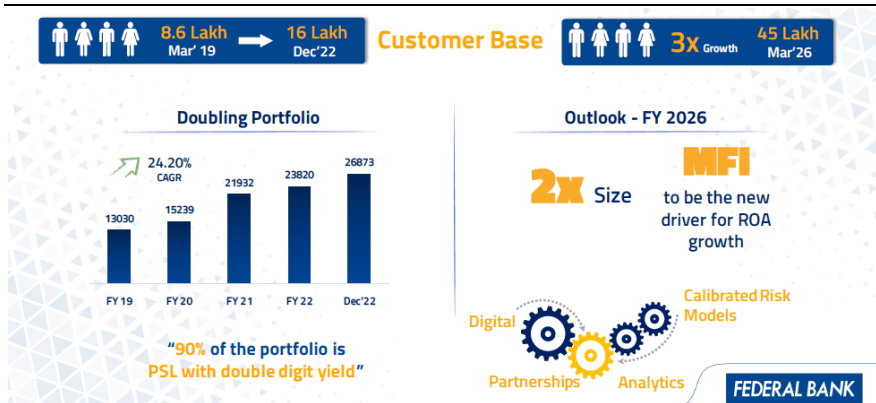
- Gold loan portfolio has grown at 30% CAGR in last 3 years.
- Fee income has increased from 36bps in Dec'19 to 59bps in Dec'22.
- Partnership with fintech Rupeek has resulted in Rs100bn disbursements with O/s of Rs.20bn.

### Agriculture

- Aim to capture the entire value chain; partnering with sugar companies and milk credit companies to reach out to more farmers.
- Endeavour to be Rs20bn book in next 5 years.
- New products added to the suite – electronic negotiable warehouse receipt, agri infra funding and instant KCC (TAT 5 minutes).

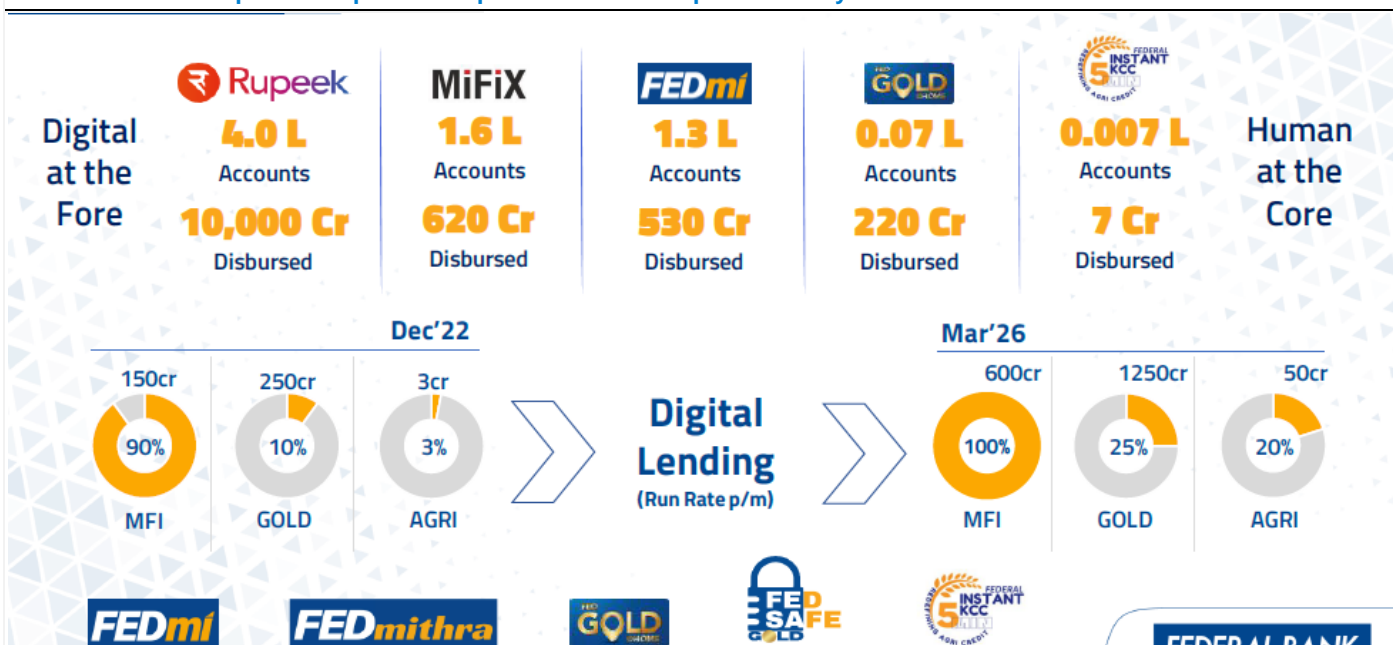


Exhibit 11: Doubling portfolio remains the top priority



Source: Company, PL

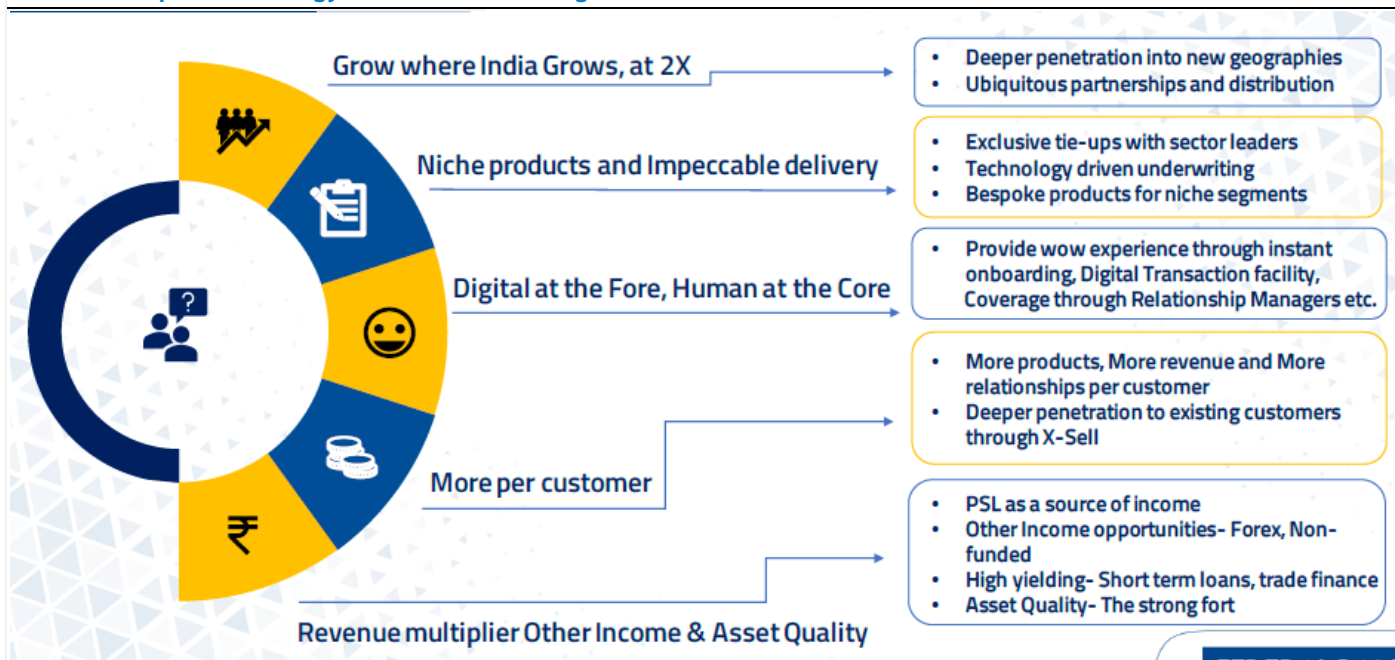
Exhibit 12: FinTech partnerships run rate per month to be improved in key areas



Source: Company, PL

## Business Banking – Grow where India grows at 2x

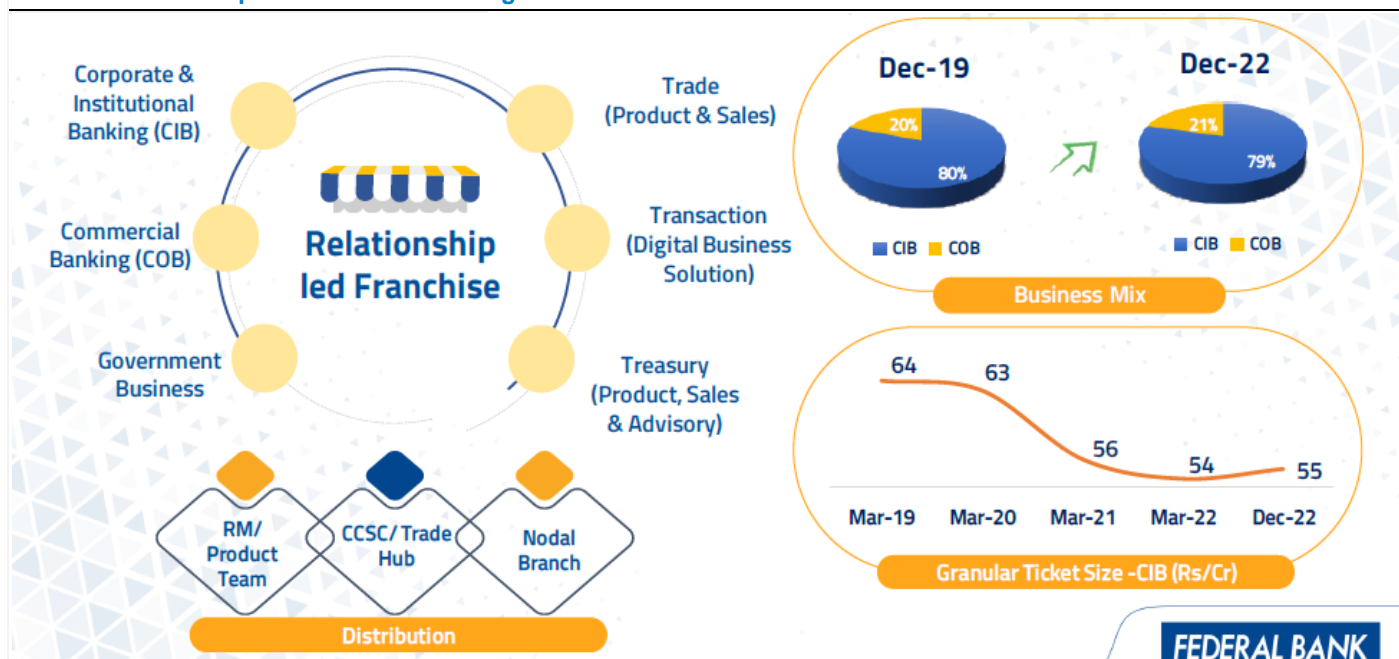
- Key features of this segment: (i) 80% PSL compliant (ii) 29,000+ customers and (iii) average ticket size – Rs7.5mn
- 5 key focus areas: (i) Grow where India Grows, at 2X (deeper penetration in newer geographies) (ii) niche product offerings (iii) digitization (iv) deepening relationships with customers to earn more per customer and (v) revenue multiplier in other income (PSL income, forex, non-fund based and capture short term lending opportunities) and maintaining strong asset quality.
- Future geographical focus regions: Nagpur, Indore, Kanpur, Hyderabad with sectoral focus in these regions.

**Exhibit 13: 5 pointer strategy for business banking book.**


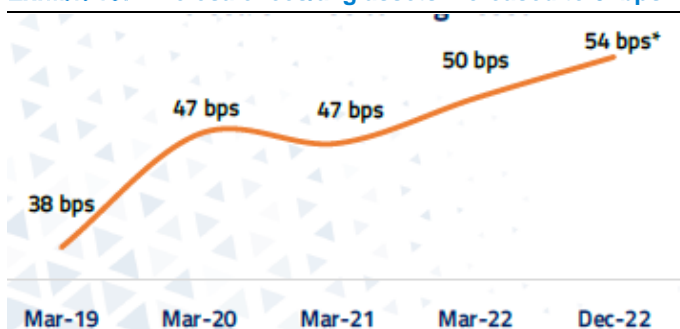
Source: Company, PL

## Wholesale Banking

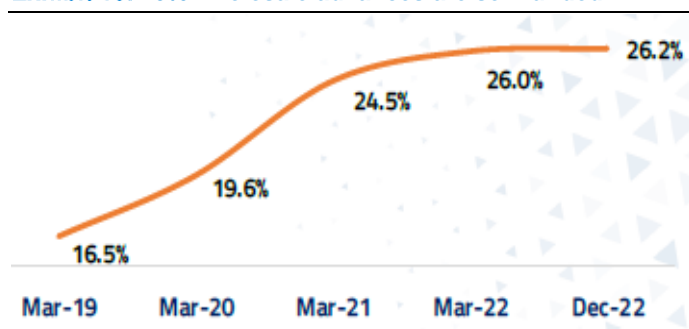
- Fee/average assets have improved from 38bps in Mar'19 to 54bps in Dec'22.
- 26% of the advance book is self-funded through CA, CC/OD, TD.
- Key identified growth drivers: (i) supply chain finance (cover entire value chain) (ii) capital markets (iii) value fintech & startups (higher yields, fee income and liability contributor) (iv) digital lending (v) sectoral focus (vi) co-lending/partnerships.
- Future initiatives to include correspondent banking and MNC vertical.
- Supply Chain Finance: ~75% of the market is unserved and several government initiatives (like TReDS, E-invoicing, GST, account aggregator) provides immense opportunities to grow this book. Business would be profitable due to yield uptick, PSL compliant, entry strategy in large corporates, retail conversion in the form of CV/Auto loans and granular book.

**Exhibit 14: Landscape of wholesale banking franchise**


Source: Company, PL

**Exhibit 15: Wholesale fees/avg assets increased to 54bps**


Source: Company, PL

**Exhibit 16: 26% wholesale advances are self funded**


Source: Company, PL

## Government Business

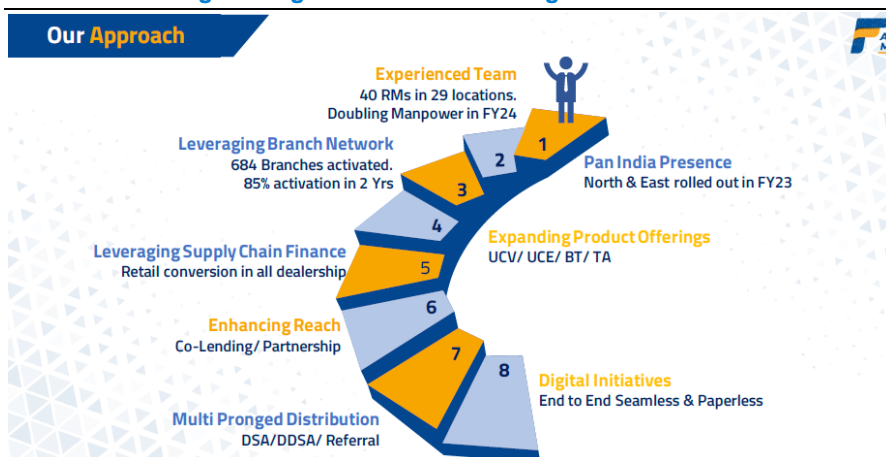
- Focus areas include central government, state government & institutions and TASC accounts.
- Current live projects like income tax, GST, customs collections, PFMS scheme and government agency business have led to building CASA balances.
- Target would be to increase market share to 3% by FY25 and supporting the bank through better fee income, higher CASA float and customer retention.
- Aim to make it 2x business in next 2 years.

## Commercial Vehicles/Construction Equipment

- Major indicator of the performance of the economy, with improvement CV sales from 7.11 lakh to 9.50 lakh in FY23(E), management aims to double the book in next 2 years and having double digit IRR.

- CV finance potential exists to disburse ~Rs.750bn at any time.
- Opportunities exist in the space driven by road projects, construction, mining activities, pent up demand for replacement of vehicles, scrappage policy, etc.
- Key features of this book: (i) granular book with ATS of <Rs2.5mn (ii) +80% PSL compliance (iii) NTB:ETB – 60:40 (iv) Tie-up with all major OEM companies (iv) increased product offerings covering – new , used, balance transfers and trade advances.

#### Exhibit 17: Management guidance on CV/CE segment



Source: Company, PL

### Treasury

- Market risk consumption of capital is limited.
- Forex profit has been moving up and is close to peers, however room exists for further growth.
- Profit on sale of investments/total income ratio is better than peers.
- Derivatives/hedging have been high contributors to treasury fee income.

#### Exhibit 18: Return ratios – Steady NIMs & operating leverage should help gradual ratios improvement

ROA Tree	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>NII/Assets</b>	<b>2.8</b>	<b>2.8</b>	<b>2.7</b>	<b>2.9</b>	<b>2.8</b>	<b>3.1</b>	<b>3.0</b>	<b>3.0</b>
Other Income/Assets	0.9	0.9	1.1	1.0	1.0	0.9	0.9	0.9
<b>Net revenues/Assets</b>	<b>3.7</b>	<b>3.7</b>	<b>3.9</b>	<b>3.9</b>	<b>3.8</b>	<b>4.0</b>	<b>3.9</b>	<b>3.9</b>
Opex/Assets	1.9	1.9	2.0	1.9	2.0	2.0	2.0	1.9
Provisions/Assets	0.7	0.6	0.7	0.9	0.6	0.4	0.4	0.4
Taxes/Assets	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4
<b>ROA</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>
<b>ROE</b>	<b>8.3</b>	<b>9.8</b>	<b>11.1</b>	<b>10.4</b>	<b>10.8</b>	<b>14.4</b>	<b>14.4</b>	<b>15.3</b>

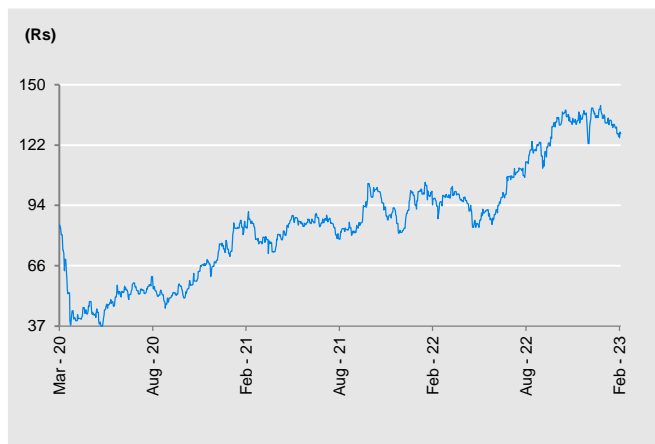
Source: Company, PL

Income Statement (Rs. m)					Quarterly Financials (Rs. m)				
Y/e Mar	FY22	FY23E	FY24E	FY25E	Y/e Mar	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Int. Earned from Adv.	1,08,298	1,35,923	1,79,638	2,19,250	Interest Income	34,832	36,289	40,208	44,333
Int. Earned from invt.	23,387	27,766	36,439	45,337	Interest Expenses	19,580	20,244	22,590	24,767
Others	2,721	2,962	2,574	2,678	<b>Net Interest Income</b>	<b>15,252</b>	<b>16,045</b>	<b>17,618</b>	<b>19,565</b>
Total Interest Income	1,36,608	1,68,799	2,21,166	2,70,112	YoY growth (%)	7.4	13.1	19.1	27.1
Interest Expenses	76,988	95,474	1,37,463	1,72,653	CEB	3,850	3,780	4,460	4,630
<b>Net Interest Income</b>	<b>59,620</b>	<b>73,324</b>	<b>83,704</b>	<b>97,459</b>	Treasury	-	-	-	-
Growth(%)	7.7	23.0	14.2	16.4	Non Interest Income	4,650	4,526	6,095	5,816
Non Interest Income	20,891	22,598	26,077	30,746	<b>Total Income</b>	<b>39,482</b>	<b>40,815</b>	<b>46,303</b>	<b>50,149</b>
Net Total Income	80,510	95,922	1,09,781	1,28,206	Employee Expenses	6,373	4,993	5,156	5,608
Growth(%)	0.2	21.5	29.2	21.7	Other expenses	5,548	5,844	6,435	6,555
Employee Expenses	23,206	22,095	25,516	29,151	Operating Expenses	11,920	10,838	11,591	12,163
Other Expenses	18,497	25,848	29,765	34,003	<b>Operating Profit</b>	<b>7,982</b>	<b>9,734</b>	<b>12,122</b>	<b>13,218</b>
Operating Expenses	42,932	47,943	55,281	63,153	YoY growth (%)	(9.8)	(14.3)	40.2	44.6
<b>Operating Profit</b>	<b>37,579</b>	<b>47,979</b>	<b>54,500</b>	<b>65,052</b>	Core Operating Profits	7,862	9,614	11,422	12,832
Growth(%)	(1.1)	27.7	13.6	19.4	NPA Provision	-	-	-	-
NPA Provision	6,111	7,674	9,600	12,000	Others Provisions	752	1,667	2,679	2,463
Total Provisions	12,218	9,308	11,234	13,634	Total Provisions	752	1,667	2,679	2,463
<b>PBT</b>	<b>25,361</b>	<b>38,670</b>	<b>43,265</b>	<b>51,418</b>	<b>Profit Before Tax</b>	<b>7,230</b>	<b>8,067</b>	<b>9,444</b>	<b>10,755</b>
Tax Provision	6,463	9,850	10,903	12,957	Tax	1,824	2,060	2,407	2,719
Effective tax rate (%)	25.5	25.5	25.2	25.2	<b>PAT</b>	<b>5,405</b>	<b>6,007</b>	<b>7,037</b>	<b>8,036</b>
<b>PAT</b>	<b>18,898</b>	<b>28,821</b>	<b>32,362</b>	<b>38,461</b>	YoY growth (%)	13.1	63.5	52.9	54.0
Growth(%)	18.8	52.5	12.3	18.8	<b>Deposits</b>	<b>18,17,006</b>	<b>18,33,550</b>	<b>18,91,457</b>	<b>20,14,080</b>
<b>Balance Sheet (Rs. m)</b>					YoY growth (%)	5.2	8.2	10.0	14.8
Y/e Mar	FY22	FY23E	FY24E	FY25E	<b>Advances</b>	<b>14,49,283</b>	<b>15,16,890</b>	<b>16,12,403</b>	<b>16,81,730</b>
Face value	2	2	2	2	YoY growth (%)	9.9	16.9	20.0	19.5
No. of equity shares	2,103	2,115	2,120	2,126	<b>Key Ratios</b>				
Equity	4,205	4,230	4,241	4,251	Y/e Mar	FY22	FY23E	FY24E	FY25E
Networth	1,87,939	2,13,621	2,36,733	2,65,728	CMP (Rs)	129	129	129	129
Growth(%)	16.6	13.7	10.8	12.2	EPS (Rs)	9.0	13.6	15.3	18.1
Adj. Networth to NNPA's	13,926	12,420	13,911	14,896	Book Value (Rs)	89	101	112	125
Deposits	18,17,006	21,06,728	24,75,059	28,77,615	Adj. BV (Rs)	83	95	105	118
Growth(%)	5.2	15.9	17.5	16.3	P/E (x)	14.4	9.5	8.5	7.1
CASA Deposits	6,74,710	7,58,422	8,91,021	10,35,942	P/BV (x)	1.4	1.3	1.2	1.0
% of total deposits	37.1	36.0	36.0	36.0	P/ABV (x)	1.6	1.4	1.2	1.1
<b>Total Liabilities</b>	<b>22,09,463</b>	<b>25,97,029</b>	<b>30,24,471</b>	<b>34,92,489</b>	DPS (Rs)	0.7	0.9	1.2	1.2
Net Advances	14,49,283	17,48,999	20,48,840	23,98,416	Dividend Payout Ratio (%)	-	-	-	-
Growth(%)	9.9	20.7	17.1	17.1	Dividend Yield (%)	0.5	0.7	0.9	0.9
Investments	3,91,795	4,63,480	5,44,513	6,33,075	<b>Efficiency</b>				
<b>Total Assets</b>	<b>22,09,463</b>	<b>25,97,029</b>	<b>30,24,471</b>	<b>34,92,489</b>	Y/e Mar	FY22	FY23E	FY24E	FY25E
Growth (%)	9.7	17.5	16.5	15.5	Cost-Income Ratio (%)	53.3	50.0	50.4	49.3
<b>Asset Quality</b>					C-D Ratio (%)	79.8	83.0	82.8	83.3
Y/e Mar	FY22	FY23E	FY24E	FY25E	Business per Emp. (Rs m)	-	-	-	-
Gross NPAs (Rs m)	41,367	40,987	46,642	51,716	Profit per Emp. (Rs lacs)	-	-	-	-
Net NPAs (Rs m)	13,926	12,420	13,911	14,896	Business per Branch (Rs m)	-	-	-	-
Gr. NPAs to Gross Adv.(%)	2.8	2.3	2.2	2.1	Profit per Branch (Rs m)	-	-	-	-
Net NPAs to Net Adv. (%)	1.0	0.7	0.7	0.6	<b>Du-Pont</b>				
NPA Coverage %	66.3	69.7	70.2	71.2	Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Profitability (%)</b>					NII	2.82	3.05	2.98	2.99
Y/e Mar	FY22	FY23E	FY24E	FY25E	Total Income	3.81	3.99	3.91	3.93
NIM	3.2	3.5	3.4	3.4	Operating Expenses	2.03	1.99	1.97	1.94
RoAA	0.9	1.2	1.2	1.2	PPoP	1.78	2.00	1.94	2.00
RoAE	10.8	14.4	14.4	15.3	Total provisions	0.58	0.39	0.40	0.42
Tier I	14.4	13.8	13.4	13.1	RoAA	0.89	1.20	1.15	1.18
CRAR	15.8	15.0	14.6	14.3	RoAE	10.82	14.35	14.37	15.31

Source: Company Data, PL Research

Source: Company Data, PL Research



**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	17-Jan-23	BUY	175	140
2	05-Jan-23	BUY	165	137
3	15-Oct-22	BUY	165	130
4	05-Oct-22	BUY	135	121
5	16-Jul-22	BUY	135	99
6	08-Jul-22	BUY	135	97
7	08-May-22	BUY	135	91
8	09-Apr-22	BUY	135	100

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	2,200	1,999
2	Axis Bank	BUY	1,100	933
3	Bank of Baroda	BUY	220	164
4	Can Fin Homes	BUY	700	521
5	City Union Bank	BUY	190	160
6	DCB Bank	BUY	150	114
7	Federal Bank	BUY	175	140
8	HDFC	BUY	3,000	2,613
9	HDFC Bank	BUY	1,850	1,601
10	ICICI Bank	BUY	1,090	870
11	IDFC First Bank	UR	-	60
12	IndusInd Bank	BUY	1,500	1,223
13	Kotak Mahindra Bank	BUY	2,100	1,763
14	LIC Housing Finance	Accumulate	410	376
15	Punjab National Bank	UR	-	57
16	State Bank of India	BUY	730	544

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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