

Financials: Banks and Insurance

Result Preview



4QFY23 earnings estimate (INR b)

PAT (INR b)	4Q FY23E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	4.29	24.0	9.2
AXSB*	59.96	45.6	2.4
BANDHAN	8.29	-56.4	185.3
DCBB	1.29	13.8	13.4
EQUITAS	1.78	49.2	4.8
FB	8.37	54.9	4.2
HDFCB	120.97	20.3	-1.3
ICICIBC	91.56	30.4	10.2
IDFCFB	6.44	88.0	6.6
IIB	21.11	50.7	7.5
KMB	30.15	8.9	8.0
RBK	2.21	11.5	5.5
Private Total	356.43	23.2	5.6
PSU Banks			
BOB	43.12	142.4	11.9
CBK	30.78	84.7	6.8
INBK	16.25	65.1	16.4
PNB	12.65	527.6	101.1
SBIN	151.68	66.4	6.8
UNBK	25.03	73.9	11.5
PSU Total	279.50	84.1	10.9
Banks Total	635.93	44.2	7.8
Other Financials			
SBICARD	5.52	-5.0	8.3
Life Insurance			
HDFCLIFE	4.06	13.6	28.8
IPRULIFE	2.04	10.6	-7.4
SBILIFE	7.08	5.3	132.8
MAXF	2.66	72.4	-9.7
Life Total	15.84	15.7	39.7

*For AXSB, PAT is excluding extraordinary expenses

Earnings growth likely to stay intact

Credit growth/NIMs to remain healthy; deposit traction in focus

- **Credit growth to remain buoyant; estimate 15.7%/13.3% growth in FY23/24:** We expect systemic loan growth to remain robust in 4QFY23, with a healthy credit growth of 15.7% YoY in Mar'23, driven by continued traction in the Retail and SME segments. The Corporate segment has also witnessed a gradual recovery, though a pick-up in capex would be key to sustain growth momentum. Home, Vehicle, Unsecured, and Small Business segments continue to do well, while demand for CV is also improving. The credit card business is seeing healthy momentum, with robust growth in spends.
- We will watch out for any change in the demand environment, given 1) the challenging macro situation, 2) elevated inflation, and 3) a high base effect. **We estimate systemic loan growth of 15.7/13.3% in FY23/24.**
- **Deposit accretion gaining importance; watchful of further rate hikes:** Deposit rates have increased sharply over the past few months, with liability accretion gaining importance. However, the gap v/s credit growth still remains high. While we expect a stable-positive bias in margins in 4QFY23, **the rise in the cost of deposits and further rate hikes would influence the margin trajectory in FY24. Margins are likely to see some pressure in FY24, in our view.**
- **Asset quality and credit costs to remain under control:** We estimate slippages to remain under control, which, along with recoveries, should improve asset quality. The restructured and ECLGS books have been resilient, which along with a low SMA book will keep credit costs under control in FY23. Though, we expect a slight uptick in credit costs in FY24.
- **Estimate 44%/46% YoY PAT growth in 4QFY23/FY23; 21% CAGR over FY23-25E:** **We estimate our coverage universe to deliver ~44% YoY growth in PAT in 4QFY23** and sustain PPOP growth at ~30% YoY. In FY23, we expect private/PSU banks to report earnings growth of ~39%/~56% YoY. **We estimate earnings growth of ~46%/24%/19% YoY over FY23/FY24/FY25.**

Private Banks – PAT to grow ~23% YoY in 4QFY23

- **We estimate private banks to report PPOP growth of ~26% YoY (4.5% QoQ) and PAT growth of ~23% YoY (5.6% QoQ) in 4QFY23.** Earnings should remain healthy, aided by healthy business growth, healthy margins, and benign credit costs. However, opex could remain high due to continuous investments in business. **We estimate 18% loan growth for private banks in FY23/FY24 each.**
- **Margins should witness a stable-positive bias,** supported by healthy loan growth and continuous re-pricing of the floating rate book. However, we remain watchful of a rise in the deposit cost, which would keep margins under pressure over FY24. **We estimate NII growth of ~30% YoY in 4QFY23,** with AXSB at ~41%, ICICIBC at ~39%, KMB at ~33%, HDFCB at ~27%, and IIB at 19%.
- **Slippages are likely to remain under control** across segments, barring BANDHAN (due to recognition from the SMA pool). Overall, we believe asset quality should continue to improve in 4QFY23, while the performance of the restructured, MSME and ECLGS books will be a key factor to watch out for.

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PSBs – Earnings momentum to remain healthy

- Earnings growth is likely to remain healthy for PSBs, aided by healthy margins and a constant reduction in the credit cost. However, opex is likely to remain elevated as banks provide for wage revisions, which could slightly impact the operating profitability. Treasury performance is likely to remain stable.
- Loan growth is likely to remain healthy; however, traction in deposits and a rise in the cost of funds would influence the margin trajectory in the medium term. The credit cost is likely to remain stable as asset quality improves further.
- **PSBs are likely to deliver NII/PPoP growth of 31%/33% YoY (5.7% QoQ each) and PAT growth of ~84% YoY (10.9% QoQ) in 4QFY23E.**

Small Finance Banks – Expect stable performance

- We expect **AUBANK** to report a stable performance, as benign provisions offset a slight margin decline. Advances are likely to grow by a healthy 7.6% QoQ. We estimate 4QFY23 PAT to grow by ~24% YoY to INR4.3b (25% CAGR in FY23-25E).
- **EQUITASB** is likely to report PPoP/PAT growth of 8%/49% YoY and ~28% YoY growth in advances (6.5% QoQ).

Life Insurers – Premium to see a boost ahead of budgetary changes; VNB/ margins to remain healthy

- We expect robust premium growth ahead of budgetary changes, which kick in from FY24. Annuity, Non-PAR and Credit Life segments are likely to fare better. Protection is witnessing a gradual recovery, while ULIP may see muted trends due to volatile markets. Commentary about the impact of the budgetary changes and a revival in Protection/ULIP would be key.
- **Premium growth:** We expect HDFCLIFE/IPRU/MAXF to post APE growth of 35%/35%/30%. SBILIFE is expected to see a modest growth of 11% YoY.
- **VNB growth:** We estimate VNB growth of ~58% YoY for SBILIFE and 34% YoY for HDFCLIFE, while SBILIFE and MAXF would see 13-16% growth. VNB margin is estimated to remain healthy for all players.

SBICARD: NIM compression to continue; revolve rate to stay muted

- The momentum in Credit Card spends and new account sourcing is likely to remain buoyant, though regulatory changes could hurt fee income.
- However, margins could see further pressure owing to a softer revolve rate and the increasing cost of funds, which could dent the overall profitability.
- Asset quality ratios are likely to remain stable, though credit costs could remain elevated on account of higher write-offs.

Other monitorables

- **The performance of the restructured and ECLGS books:** Commentaries on slippages (especially for MSME), the performance of the restructured and ECLGS books, and provisioning guidance will be in focus.
- **Outlook on growth and margins:** Watch out for commentaries on the growth outlook, the revival in capex and the margin outlook amid rising deposit costs.
- **Deposit traction** is another key monitorable amid liquidity tightening and the rise in the funding cost/bulk deposits mix to meet demand.
- **Technological spends and elevated opex:** The outlook on technological spends and investments in the business could affect normalization in opex.
- **Fee income traction and treasury performance:** The traction in fee income and treasury performance due to the movement in bond yields are key focus areas.

Our top picks – AXSB, ICICIBC, SBIN, FB, and SBILIFE

AXSB: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	437	522	608
OP	327	399	481
NP*	213	257	308
NIM (%)	3.8	3.9	4.0
EPS (INR)	69.4	81.8	95.9
EPS Gr. (%)	63.4	17.9	17.2
BV/Sh. (INR)	399	492	580
ABV/Sh. (INR)	382	476	562

Ratios

RoE (%)	8.2	18.3	17.9
RoA (%)	0.8	1.8	1.9

Valuations

P/E	24.2	9.3	8.0
P/BV (x)	1.9	1.6	1.3
P/ABV (x)	2.0	1.6	1.4

*Adjusted for investment in subs

*PAT is excluding extraordinary expenses

AXSB (Buy)

- AXSB has progressed well over past few years and has strengthened its balance sheet by making it granular, increasing the mix of retail loans and improving its PCR. As a result, its key metrics such as loan growth, margins and profitability have improved. We, thus, expect a 16% CAGR in loans over FY23-25.
- AXSB has multiple levers in place to offset the rise in the funding cost as 68% of loans are floating, which, coupled with the rising mix of high-yielding loans and a gradual reduction in low-yielding RIDF bonds, should aid margins.
- AXSB remains focused on building a stronger, consistent, and sustainable franchise. Since asset quality issues are behind, slippages and credit costs will be under control. While the bank will continue to make investments, it expects to bring down the cost-to-assets ratio to ~2% by FY25-end. The bank achieved its target of a consolidated RoE of 18% in 2QFY23 and remains on track to deliver a sustainable RoE of 18% in the medium term.
- We estimate AXSB to deliver FY25 RoA/RoE of 1.9%/17.9%. Adjusted for subsidiaries, the standalone bank trades at 1.6x FY24E ABV.

ICICIBC: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	619	715	831
OP	493	570	671
NP	319	377	439
NIM (%)	4.6	4.6	4.5
EPS (INR)	45.9	54.3	63.1
EPS Gr. (%)	36.5	18.1	16.3
ABV/Sh. (INR)	269	321	380
Cons. BV/Sh. (INR)	306	358	421

Ratios

RoE (%)	17.5	17.5	17.3
RoA (%)	2.1	2.2	2.2

Valuations

P/BV (x) (Cons.)	2.9	2.5	2.1
P/ABV (x)	2.6	2.2	1.9
P/E (x)	15.5	13.1	11.3

*Adjusted for investment in subs

ICICIBC (Buy)

- ICICIBC has substantially increased its PCR to ~83% as of 3QFY23 – the highest in the industry – and carries Covid-related provisions of INR115b (~1.2% of loans). Slippages have moderated over the past few quarters and are likely to subside further. ICICIBC is well-cushioned with higher provisions on its balance sheet and expects normalization in credit costs from FY23.
- The steady mix of a high-yielding book such as Retail/Business banking, the deployment of excess liquidity, and a low-cost liability franchise should aid margin expansion (at ~4.7% as of 3QFY23). Around 70% of its book is floating in nature, with 45%/4% linked to repo/other EBLR. We expect margins to remain healthy, as growth in the SME and high-yielding Retail segments pick up.
- The bank is becoming a new growth leader in the SME and Retail segments, aided by continued investments in technology and partnerships with new ecosystem players. We expect an 18% loan CAGR over FY23-25 for the bank.
- ICICIBC has room for re-rating as it continues to deliver solid return ratios and sustainable growth, led by its focus on core operating performance. We estimate RoA/RoE of 2.2%/17.3% for FY25. Adjusted for subsidiaries, the standalone bank trades at 2.2x FY24E ABV.

SBIN: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	1,447	1,683	1,855
OP	860	1,040	1,183
NP	487	589	670
NIM (%)	3.2	3.3	3.3
EPS (INR)	54.6	66.0	75.1
EPS Gr. (%)	53.8	20.9	13.8
ABV (INR)	308	367	433
Cons. BV. (INR)	385	456	538
Ratios			
RoE (%)	17.6	18.2	17.8
RoA (%)	0.9	1.0	1.1
Valuations			
P/BV (x) Cons.	1.4	1.1	1.0
P/ABV (x)*	1.1	0.9	0.7
P/E (x)*	5.9	4.9	4.3

*Adjusted for investment in subs

FB: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	73.5	85.4	100.4
OP	48.1	57.9	69.6
NP	29.5	34.9	41.5
NIM (%)	3.5	3.5	3.5
EPS (INR)	14.0	16.6	19.7
EPS Gr. (%)	51.9	18.3	19.1
BV/Sh. (INR)	102	116	134
ABV/Sh. (INR)	94	108	124
Ratios			
RoE (%)	14.7	15.2	15.8
RoA (%)	1.2	1.3	1.3
Valuations			
P/E (x)	9.4	8.0	6.7
P/BV (x)	1.3	1.1	1.0
P/ABV (x)	1.4	1.2	1.1

SBILIFE: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
Net Premium	670	794	952
Sh. PAT	16.5	15.7	16.8
NBP gr- unwttd.(%)	16.0	17.0	20.0
NBP gr. – APE (%)	18.6	16.3	22.3
Premium gr. (%)	15.1	18.3	19.9
VNB margin. (%)	29.6	30.3	30.6
RoEV (%)	19.5	19.5	20.0
Total AUM (INR t)	3.1	3.8	4.5
VNB	49.8	59.4	73.3
EV per share	474	566	679
Valuations			
P/EV (x)	2.3	1.9	1.6
P/EVOP (x)	13.1	11.2	9.3

SBIN (Buy)

- SBIN has reported a strong improvement in asset quality, which has been resilient over the past few quarters, aided by improved underwriting and significant mobilization in customer engagement by the recovery team. Fresh slippages moderated, beating private peers, while PCR improved to 76%. This, coupled with controlled restructuring (0.85% of loans) and a low SMA book (16bp of loans), should drive a sustainable reduction in credit costs to ~60bp.
- Retail growth is likely to remain strong. This, along with a pick-up in the SME and Corporate books (as the unutilized limit continues to moderate), should support loan growth. Stable margins, deployment of liquidity, and a reversal in the rate cycle (as ~75% of loans are floating in nature) should enable a recovery in NII.
- SBIN, inarguably, has the best liability franchises (CASA mix: ~44%). This puts it in a better position to manage the funding cost in a rising rate regime. While the cost of deposits may inch up, NIM is likely to remain stable.
- SBIN appears well positioned to report a strong uptick in earnings. We estimate FY25 RoA/RoE of 1.1%/17.8%. Subsidiaries account for ~28% of the total SoTP. Adjusted for subsidiaries, the bank trades at 0.9x FY24E ABV.

FB (Buy)

- Asset quality ratios have improved, aided by healthy recoveries/upgrades and moderation in slippages. Collection efficiency was healthy at ~95% in 3QFY23, with no big-ticket account (over INR1b) on its watch-list. While we remain watchful of stress from the SME and Agri segments and a high restructuring book, we expect slippages/credit costs to moderate to 1.1%/0.5% in FY25.
- CASA and retail TD account for over 90% of total deposits. The bank has a lower cost of funds advantage v/s other mid-sized banks. This, along with a focus on cross-selling liability products to corporate clients to garner salary accounts and a pick-up in loan growth, is likely to support margin.
- FB has been taking a cautious approach in building its loan mix to high-rated Corporates and secured Retail loans. The mix of Retail loans improved to ~32% as of 3QFY23 from 28.4% in FY19. We expect loan growth to remain healthy, resulting in a further improvement in its overall operating performance.
- We expect RoA/RoE of 1.3%/15.8% by FY25. FB trades at 1.2x FY24E ABV.

SBILIFE (Buy)

- SBILIFE is seeing healthy traction in premium growth across segments, with a healthy 19% growth in Individual WRP in FY23 till date – much higher than the industry and other listed peers. Both the agency and banca channels are contributing to growth. We estimate a 19% APE CAGR over FY23-25, driven by continued momentum in Non-PAR and Protection products.
- The share of ULIP is likely to pick up, while trends in Protection and Non-PAR segments are likely to remain healthy. This will continue to support VNB margin.
- Persistency ratios are likely to remain healthy across cohorts, while cost ratios may increase moderately on a revival in business growth. However, SBILIFE is likely to maintain its cost leadership.
- We estimate a 21% VNB CAGR over FY23-25 and operating RoEV of ~21% by FY25. We expect margins to improve to ~31% by FY25. SBILIFE currently trades at 1.9x FY24E EV.

Exhibit 1: 4QFY23 earnings estimates

	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Mar'23	Variance YoY (%)	Variance QoQ (%)	Mar'23	Variance YoY (%)	Variance QoQ (%)	Mar'23	Variance YoY (%)	Variance QoQ (%)
Financials											
AU Small Finance	579	Buy	12,226	30.5	6.1	6,135	27.2	10.4	4,291	24.0	9.2
Axis Bank*	858	Buy	124,668	41.4	8.8	97,903	51.4	5.5	59,962	45.6	2.4
Bandhan Bank	196	Neutral	22,984	-9.5	10.5	17,506	-30.6	-8.9	8,290	-56.4	185.3
DCB Bank	107	Neutral	4,712	23.9	5.7	2,213	0.2	14.0	1,291	13.8	13.4
Equitas Small Finance	67	Buy	6,755	22.3	4.3	3,062	7.9	9.7	1,783	49.2	4.8
Federal Bank	132	Buy	20,316	33.2	3.8	13,499	69.1	5.9	8,374	54.9	4.2
HDFC Bank	1,610	Buy	238,985	26.6	4.0	195,565	19.6	2.8	120,974	20.3	-1.3
ICICI Bank	877	Buy	174,664	38.6	6.1	140,474	36.5	5.8	91,555	30.4	10.2
IDFC First Bank	55	Buy	34,852	30.6	6.1	13,339	61.4	5.8	6,444	88.0	6.6
IndusInd Bank	1,068	Buy	47,500	19.2	5.7	38,486	13.9	4.4	21,108	50.7	7.5
Kotak Mahindra Bank	1,734	Neutral	60,159	33.1	6.4	42,395	26.9	10.1	30,149	8.9	8.0
RBL Bank	141	Buy	12,128	7.2	5.6	6,070	-7.7	7.0	2,205	11.5	5.5
Banks – Private			759,949	29.8	5.9	576,648	26.4	4.5	356,426	23.2	5.6
Bank of Baroda	169	Buy	113,905	32.3	5.3	81,662	44.9	-0.8	43,115	142.4	11.9
Canara Bank	285	Buy	93,749	33.8	9.0	76,168	22.8	9.6	30,782	84.7	6.8
Indian Bank	288	Buy	56,968	33.9	3.6	40,992	49.7	0.9	16,252	65.1	16.4
Punjab National Bank	47	Neutral	95,985	31.4	4.6	63,147	19.9	10.5	12,649	527.6	101.1
State Bank of India	524	Buy	402,546	29.0	5.7	269,219	36.5	6.8	151,675	66.4	6.8
Union Bank	66	Buy	91,208	34.7	5.7	69,377	25.7	4.8	25,029	73.9	11.5
Banks – PSU			854,362	31.1	5.7	600,566	33.2	5.7	279,502	84.1	10.9
Total Banks			1,614,311	30.5	5.8	1,177,214	29.8	5.1	635,927	44.2	7.8
HDFC Life Insurance	499	Neutral	180,619	26.4	25.6	12,009	34.2	37.2	4,060	13.6	28.8
ICICI Prudential Life	436	Buy	122,850	8.2	29.8	12,249	58.1	98.2	2,043	10.6	-7.4
SBI Life Insurance	1,100	Buy	203,420	16.7	6.1	13,547	15.8	-10.3	7,079	5.3	132.8
Max Financial	635	Neutral	93,789	17.3	49.3	6,615	12.9	11.6	2,655	72.4	-9.7
Life Insurance			600,679	17.6	21.8	44,421	29.7	23.5	15,837	15.7	39.7
SBI Cards	740	Buy	11,741	17.6	2.6	13,021	11.1	7.0	5,516	-5.0	8.3

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

*For AXSB, PAT is excluding extraordinary expenses

Exhibit 2: Loan growth healthy at 15.7%

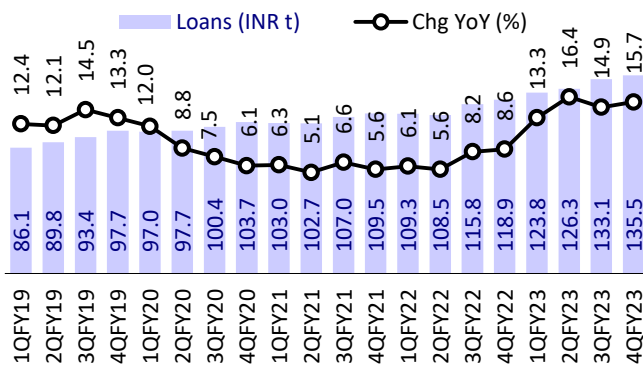


Exhibit 3: Deposit growth inches up to 10.3%

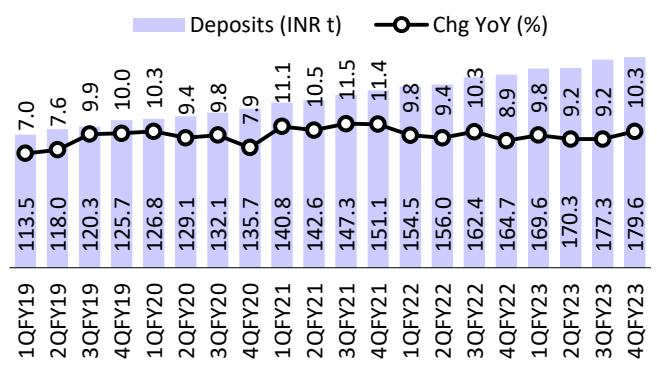


Exhibit 4: Margins to exhibit stable-positive bias, supported by rising interest rates and healthy pick-up in business growth

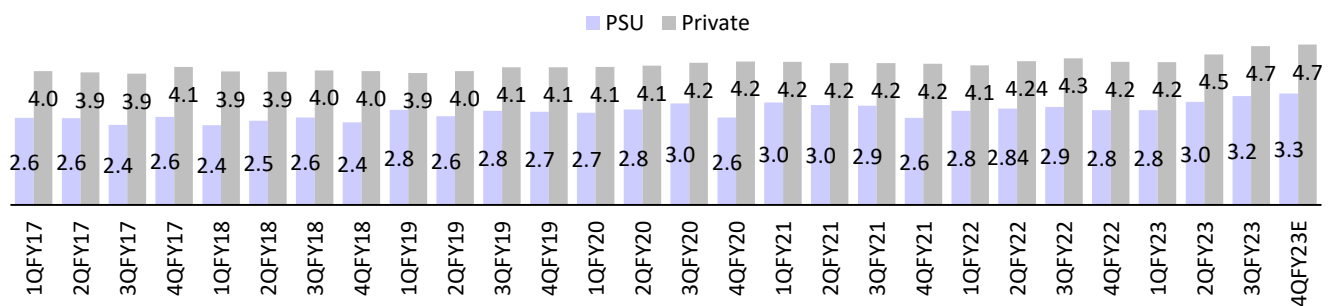


Exhibit 5: Earnings progression on track; broadly maintaining aggregate earnings; implying ~21% CAGR over FY23-25E

PAT (INR b)	Old estimates			Revised estimates			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Private Banks									
AXSB	221.6	259.6	305.3	213.0	257.0	307.8	-3.9%	-1.0%	0.8%
BANDHAN	24.3	44.1	55.2	22.1	41.1	52.2	-8.7%	-6.9%	-5.5%
DCBB	4.5	5.2	6.3	4.5	5.3	6.5	-0.6%	1.8%	2.4%
HDFCB	441.2	525.5	625.7	441.6	528.9	634.2	0.1%	0.6%	1.4%
ICICIBC	324.6	367.0	428.4	319.3	377.2	438.8	-1.6%	2.8%	2.4%
IDFCFB	23.4	32.1	43.2	22.8	30.9	41.8	-2.4%	-3.7%	-3.3%
IIB	75.5	96.5	124.4	75.1	96.5	123.1	-0.5%	0.0%	-1.0%
KMB	105.1	119.4	137.7	104.6	118.6	137.3	-0.5%	-0.7%	-0.3%
FB	29.4	33.9	39.7	29.5	34.9	41.5	0.1%	2.9%	4.5%
RBK	8.5	11.5	15.0	8.3	11.3	14.8	-2.4%	-1.3%	-1.4%
AUBANK	14.4	17.6	22.0	14.3	17.8	22.5	-0.3%	1.2%	2.0%
EQUITASB	5.6	8.0	10.4	5.6	8.0	10.6	0.9%	0.1%	1.3%
Total Private Banks	1,278.2	1,520.2	1,813.4	1,260.8	1,527.3	1,831.0	-1.4%	0.5%	1.0%
YoY growth	41.3%	18.9%	19.3%	39.3%	21.1%	19.9%			
PSU Banks									
BOB	137.6	161.2	186.7	136.5	168.3	195.7	-0.8%	4.4%	4.8%
CBK	104.7	136.3	169.8	105.1	132.1	165.9	0.3%	-3.1%	-2.3%
INBK	55.2	70.3	83.2	54.6	69.9	82.7	-1.0%	-0.5%	-0.7%
PNB	23.9	66.0	88.0	26.1	65.4	87.4	9.5%	-0.9%	-0.6%
SBIN	486.6	565.3	642.5	487.1	589.0	670.3	0.1%	4.2%	4.3%
UNBK	79.4	107.6	140.2	81.5	111.2	141.7	2.7%	3.4%	1.0%
Total PSU Bank	887.4	1,106.7	1,310.4	890.9	1,135.9	1,343.7	0.4%	2.6%	2.5%
YoY growth	55.0%	24.7%	18.4%	55.6%	27.5%	18.3%			
Total for Banks	2,165.6	2,626.9	3,123.8	2,151.7	2,663.2	3,174.6	-0.6%	1.4%	1.6%
YoY growth	46.6%	21.3%	18.9%	45.6%	23.8%	19.2%			
Other Financials									
SBICARD	22.7	30.3	40.5	22.0	29.1	38.6	-3.0%	-3.9%	-4.8%

*For AXSB, PAT is excluding extraordinary expenses

Source: MOFSL, Company

Large Banks continue to carry additional provision buffers

Exhibit 6: Snapshot of additional provision buffers as of 3QFY23

As of 3QFY23	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	7,621	50.1	66.2	116.3	1.5
DCBB	330	0.6	-	0.6	0.2
HDFCB**	15,068	94.0	14.5	108.5	0.7
ICICIBC	9,740	115.0	-	115.0	1.2
IIB***	2,728	21.9	-	21.9	0.8
KMB	3,107	4.0	-	4.0	0.1
AUBANK	556	1.0	-	1.0	0.2

*AXSB holds total provisions of INR116.3b, including standard and additional, other than NPA

**Floating provisions for HDFCB stands at INR14.51b

***For IIB, floating provisions (INR0.7b) are included in the PCR

Source: MOFSL, Company

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

Exhibit 7: Snapshot of restructuring book across banks

INR b	Restructured book (%)						
	Absolute	Mar'21	Sep'21	Dec'21	Mar'22	Sep'22	Dec'22
AXSB	24.8	0.30	0.66	0.63	0.52	0.38	0.30
BANDHAN	NA	0.76	11.18	8.22	5.77	0.20	NA
DCBB	16.3	4.26	6.80	6.81	6.42	5.45	4.94
HDFCB	64.0	0.57	1.50	1.40	1.14	0.53	0.42
ICICIBC	49.9	0.54	1.27	1.19	1.00	0.70	0.50
IIB	34.1	1.80	3.60	3.30	2.60	1.50	1.25
KMB	7.7	0.19	0.54	0.54	0.44	0.34	0.25
FB	30.4	1.07	2.49	2.45	2.44	2.03	1.81
RBK	11.2	1.58	3.66	3.44	3.27	2.21	1.67
AUBANK	7.8	1.85	3.60	3.10	2.50	1.70	1.40
BOB	167.0	1.34	2.95	2.65	2.44	2.12	1.87
SBIN	260.4	0.73	1.24	1.20	1.13	0.93	0.85
INBK	152.1	1.64	5.85	5.09	4.73	3.90	3.37
PNB	123.3	NA	2.60	2.76	2.36	1.80	1.54
UNBK	191.2	1.10	3.69	3.32	2.99	2.60	2.38
BOI	91.6	NA	3.61	2.97	2.63	2.08	1.92
CBK	143.0	NA	2.85	2.78	2.77	2.09	1.75

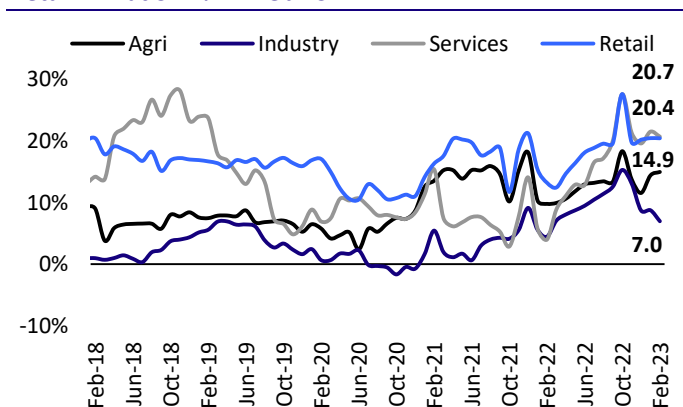
Source: MOFSL, Company

Exhibit 8: SMA book across banks as of 3QFY23

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	40bp	
BOI	NA	21bp	18bp
CBK	23bp	14bp	34bp
INBK	NA	40bp	37bp
PNB	NA	NA	21bp
SBIN	NA	10bp	6bp
UNBK	31bp	13bp	28bp
BANDHAN	340bp	200bp	270bp
KMB	NA	NA	6bp

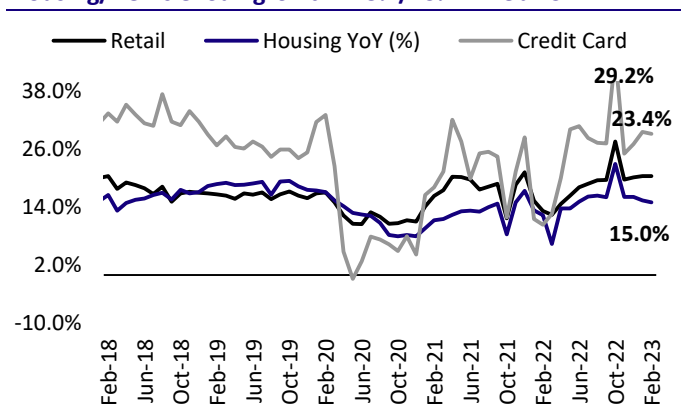
Source: MOFSL, Company

**Exhibit 9: Retail loan growth healthy at 20.4%;
Retail mix at 32.1% in Feb'23**

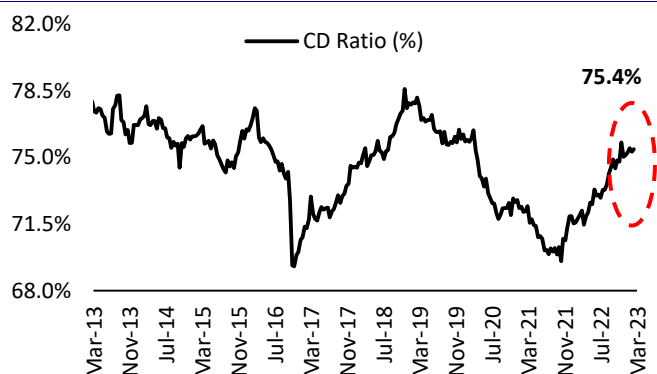


Source: MOFSL, RBI

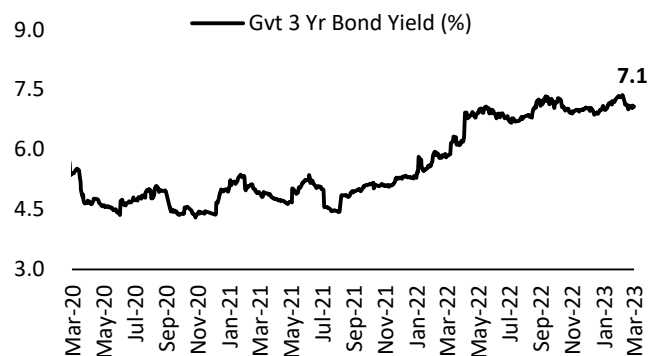
**Exhibit 10: Credit Card growth ~29% YoY;
Housing/Vehicle loan growth ~15%/23% in Feb'23**



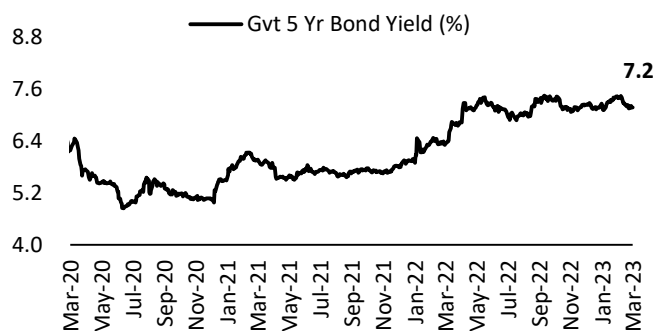
Source: MOFSL, RBI

Exhibit 11: CD ratio stands at 75.4% as of 10th Mar'23; likely to improve further gradually

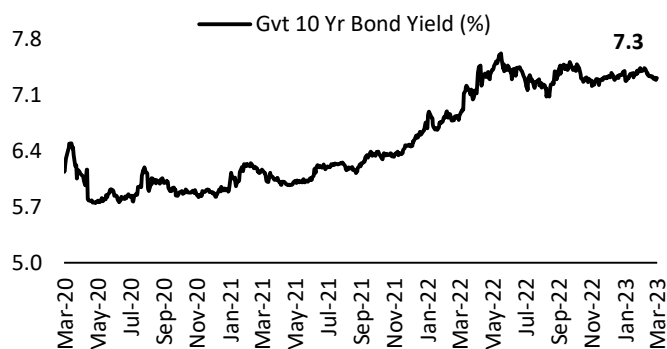
Source: MOFSL, RBI

Exhibit 12: Three-year G-Sec yield up 4bp in 4QFY23 to its current ~7.1%

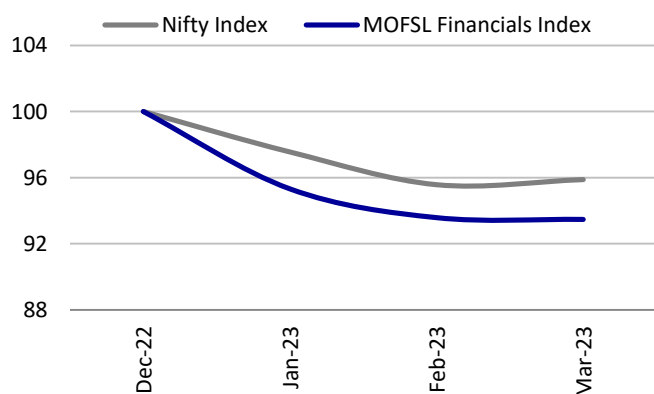
Source: MOFSL, BBG

Exhibit 13: Five-year G-Sec yield down 6bp in 4QFY23 to its current ~7.2%

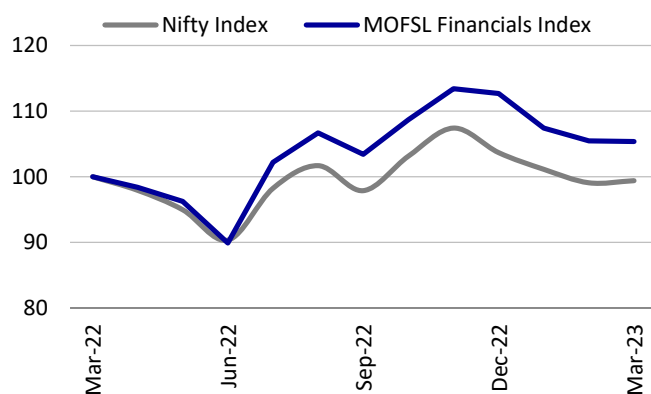
Source: MOFSL, BBG

Exhibit 14: 10-year G-Sec yield down 2bp in 4QFY23 to its current ~7.3%

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

CMP			EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
Company	(INR)	Rating	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Financials														
Banks-Private						17.9	14.8	12.3	2.8	2.4	2.0	15.6	16.0	16.4
AU Bank	579	Buy	22.1	26.8	33.8	26.1	21.6	17.1	3.5	3.0	2.6	15.6	15.1	16.3
Axis Bank	858	Buy	31.6	81.8	95.9	27.2	10.5	9.0	2.2	1.7	1.5	8.2	18.3	17.9
Bandhan Bank	196	Neutral	13.8	25.5	32.4	14.2	7.7	6.0	1.7	1.4	1.2	12.2	20.1	21.7
DCB Bank	107	Neutral	14.5	17.1	20.8	7.3	6.3	5.1	0.8	0.7	0.6	11.2	11.9	13.0
Equitas Bank	67	Buy	4.8	7.2	9.5	14.1	9.3	7.0	1.5	1.3	1.1	12.1	14.9	17.1
Federal Bank	132	Buy	14.0	16.6	19.7	9.4	8.0	6.7	1.3	1.1	1.0	14.7	15.2	15.8
HDFC Bank	1,610	Buy	79.6	95.4	114.4	20.2	16.9	14.1	3.2	2.7	2.3	17.0	17.5	17.9
ICICI Bank	877	Buy	45.9	54.3	63.1	19.1	16.2	13.9	3.1	2.6	2.2	17.5	17.5	17.3
IDFC First Bank	55	Buy	3.6	4.7	6.3	15.5	11.8	8.7	1.4	1.3	1.1	9.8	11.4	13.6
IndusInd Bank	1,068	Buy	97.0	124.5	158.9	11.0	8.6	6.7	1.5	1.3	1.1	14.7	16.4	17.9
Kotak Mahindra Bank	1,734	Neutral	73.6	85.0	99.8	23.6	20.4	17.4	3.1	2.7	2.3	13.6	13.5	13.7
RBL Bank	141	Buy	13.9	18.9	24.7	10.2	7.5	5.7	0.6	0.6	0.6	6.4	8.3	10.0
SBI Cards	740	Buy	23.4	30.9	40.9	31.6	23.9	18.1	7.1	5.6	4.4	25.2	26.2	27.1
Banks-PSU						7.8	6.1	5.1	1.0	0.9	0.8	13.1	14.8	15.5
Bank of Baroda	169	Buy	26.4	32.5	37.8	6.4	5.2	4.5	0.9	0.8	0.7	14.8	15.8	15.9
Canara Bank	285	Buy	57.9	72.8	91.4	4.9	3.9	3.1	0.7	0.6	0.5	14.8	16.1	17.2
Indian Bank	288	Buy	43.8	56.1	66.4	6.6	5.1	4.3	0.8	0.7	0.6	13.7	15.5	16.0
Punjab National Bank	47	Neutral	2.4	5.9	7.9	19.7	7.9	5.9	0.5	0.5	0.5	2.7	6.5	8.2
State Bank	524	Buy	60.4	74.1	86.5	8.7	7.1	6.1	1.4	1.1	1.0	17.6	18.2	17.8
Union Bank	66	Buy	11.9	16.3	20.7	5.6	4.1	3.2	0.6	0.6	0.5	11.8	14.7	16.8
Insurance						22.9	24.6	22.0	7.5	5.9	4.8	32.5	24.0	21.7
HDFC Life	499	Neutral	6.4	5.4	5.4	77.7	92.8	92.7	2.7	2.3	1.9	20.5	18.1	18.2
ICICI Lombard	1,069	Buy	33.3	40.4	49.5	32.1	26.5	21.6	5.1	4.6	4.0	16.9	18.3	19.7
IPRU Life	436	Buy	6.0	6.7	7.5	72.0	65.2	57.8	1.7	1.5	1.3	15.2	16.1	15.9
Life Insurance Corp.	535	Buy	39.0	34.9	38.4	13.7	15.3	13.9	0.6	0.5	0.5	4.0	11.8	11.0
Max Financial	635	Neutral	16.3	16.2	19.7	38.9	39.1	32.2	1.6	1.4	1.1	18.3	20.0	20.4
SBI Life	1,100	Buy	16.5	15.7	16.8	66.7	70.1	65.5	2.3	1.9	1.6	19.5	19.5	20.0
Star Health	519	Buy	10.3	16.8	22.0	50.4	30.8	23.6	4.3	3.8	3.3	10.3	13.1	14.9

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: INR579 | TP: INR740 (+28%)
EPS CHANGE (%): FY23|24: -0.3|+1.2

- Expect margin to compress slightly to ~6.1%
- Expect business growth to remain healthy
- CoF and C/I ratios expected to remain high
- Asset quality and movement in restructuring to be key

Quarterly performance

(INR m)

	FY22				FY23				FY22	FY23E
	1Q*	2Q*	3Q*	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	7,240	7,531	8,204	9,366	9,760	10,833	11,527	12,226	32,341	44,347
% Change (Y-o-Y)	40.4	34.3	29.6	42.8	34.8	43.8	40.5	30.5	36.7	37.1
Other Income	2,148	1,919	2,756	3,114	1,592	2,474	2,949	3,420	9,937	10,434
Total Income	9,388	9,451	10,961	12,479	11,352	13,307	14,476	15,646	42,278	54,780
Operating Expenses	4,570	5,526	6,376	7,656	7,411	8,319	8,919	9,510	24,128	34,160
Operating Profit	4,818	3,925	4,584	4,823	3,941	4,988	5,557	6,135	18,150	20,621
% Change (Y-o-Y)	8.1	-11.1	-48.8	40.1	-18.2	27.1	21.2	27.2	-14.7	13.6
Provisions	2,072	46	560	932	384	430	326	459	3,610	1,598
Profit before Tax	2,747	3,878	4,025	3,891	3,557	4,558	5,231	5,677	14,541	19,023
Tax Provisions	715	1,093	1,004	430	878	1,132	1,302	1,386	3,242	4,699
Net Profit	2,032	2,785	3,020	3,461	2,679	3,426	3,928	4,291	11,298	14,324
% Change (Y-o-Y)	1.2	-13.5	-36.9	104.8	31.8	23.0	30.1	24.0	-3.5	26.8
Operating Parameters										
Deposit (INR b)	370.1	390.3	442.8	525.8	546.3	583.4	611.0	659.9	525.8	659.9
Loan (INR b)	339.6	358.5	401.8	461.0	486.5	517.4	556.0	598.1	461.0	598.1
Deposit Growth (%)	38.5	44.7	49.0	46.2	47.6	49.4	38.0	25.5	46.2	25.5
Loan Growth (%)	29.4	31.6	32.6	33.2	43.3	44.4	38.4	29.8	33.2	29.8
Asset Quality										
GNPA (%)	4.3	3.2	2.6	2.0	2.0	1.9	1.8	1.8	2.0	1.8
NNPA (%)	2.3	1.7	1.3	0.5	0.6	0.6	0.5	0.5	0.5	0.5
PCR (%)	48.8	48.6	50.8	75.0	71.7	71.1	72.1	72.2	75.0	72.2

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

Axis Bank

Buy
CMP: INR858 | TP: INR1,130 (+32%)
EPS CHANGE (%): FY23|24: -3.9|-1.0

- Expect credit costs and slippages to remain controlled
- Margin to remain healthy; traction in deposits to be key
- Moderation in cost ratios to be closely monitored
- Expect business growth to see healthy momentum

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE*		
Net Interest Income	77.6	79.0	86.5	88.2	93.8	103.6	114.6	124.7	331.3	436.7
% Change (Y-o-Y)	11.1	7.8	17.4	16.7	20.9	31.1	32.4	41.4	13.3	31.8
Other Income	33.6	38.0	38.4	42.2	30.0	39.4	46.7	49.1	152.2	165.1
Total Income	111.2	117.0	124.9	130.4	123.8	143.0	161.2	173.8	483.5	601.8
Operating Expenses	49.3	57.7	63.3	65.8	65.0	65.9	68.5	75.9	236.1	275.1
Operating Profit	61.9	59.3	61.6	64.7	58.9	77.2	92.8	97.9	247.4	326.7
% Change (Y-o-Y)	5.9	-11.0	17.4	12.7	-4.8	30.2	50.6	51.4	7.0	32.0
Provisions	33.0	17.4	13.3	9.9	3.6	5.5	14.4	18.3	73.6	41.7
Profit before Tax	28.8	41.9	48.3	54.8	55.3	71.7	78.4	79.6	173.8	285.0
Tax	7.2	10.6	12.1	13.6	14.0	18.4	19.9	19.7	43.6	71.9
Net Profits	21.6	31.3	36.1	41.2	41.3	53.3	58.5	60.0	130.3	213.0
% Change (Y-o-Y)	94.2	86.2	223.7	53.8	91.0	70.1	61.9	45.6	97.7	63.6
Operating Parameters										
Deposit (INR t)	7.1	7.4	7.7	8.2	8.0	8.1	8.5	9.3	8.2	9.3
Loan (INR t)	6.1	6.2	6.6	7.1	7.0	7.3	7.6	8.4	7.1	8.4
Deposit Growth (%)	16.0	18.1	20.3	17.7	12.6	10.1	9.9	13.4	17.7	13.4
Loan Growth (%)	12.0	10.1	16.7	15.2	14.0	17.6	14.6	18.1	15.2	18.1
Asset Quality										
Gross NPA (%)	3.9	3.5	3.2	2.8	2.8	2.5	2.4	2.4	3.0	2.4
Net NPA (%)	1.2	1.1	0.9	0.7	0.6	0.5	0.5	0.5	0.8	0.5
PCR (%)	69.8	70.2	72.0	74.7	77.3	79.9	80.8	80.8	74.3	80.8

*For AXSB, PAT is excluding extraordinary expenses

Bandhan Bank**Neutral****CMP: INR196 | TP: INR250 (+28%)****EPS CHANGE (%): FY23|24: -8.7|-6.9**

- Expect NIM to remain steady at ~7.3%
- Remain watchful of credit costs; slippages to remain elevated, especially from the SMA book
- Expect business growth to see some recovery
- Commentaries about CE, Growth and SMA book are key monitorables

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	21.1	19.4	21.2	25.4	25.1	21.9	20.8	23.0	87.1	90.9
% Change (YoY)	16.7	0.6	2.6	44.6	18.9	13.3	-2.1	-9.5	15.2	4.3
Other Income	6.2	5.2	7.1	9.6	3.3	4.8	10.3	7.0	28.2	25.4
Total Income	27.3	24.6	28.4	35.0	28.4	26.7	31.1	30.0	115.4	116.3
Operating Expenses	7.7	8.8	8.9	9.8	10.2	11.2	11.9	12.5	35.2	45.8
Operating Profit	19.6	15.8	19.5	25.2	18.2	15.5	19.2	17.5	80.1	70.5
% Change (YoY)	23.5	-1.7	1.4	53.5	-7.0	-2.0	-1.4	-30.6	18.4	-12.1
Provisions	14.6	56.1	8.1	0.0	6.4	12.8	15.4	6.4	78.8	41.0
Profit Before Tax	5.0	-40.3	11.4	25.2	11.8	2.7	3.8	11.1	1.3	29.5
Tax	1.2	-10.2	2.9	6.1	2.9	0.6	0.9	2.8	0.0	7.3
Net Profit	3.7	-30.1	8.6	19.0	8.9	2.1	2.9	8.3	1.3	22.2
% Change (YoY)	-32.1	NM	35.8	NM	137.6	NM	-66.2	-56.4	-94.3	NM
Operating Parameters										
Deposits (INR b)	773	819	845	963	931	994	1,023	1,102	963	1,102
Loans (INR b)	748	745	803	940	909	902	921	1,013	940	1,013
Deposit Growth (%)	27.6	23.8	18.7	23.5	20.3	21.3	21.0	14.4	23.5	14.4
Loan Growth (%)	7.2	1.6	4.6	15.1	21.6	21.1	14.7	7.8	15.1	7.8
Asset Quality										
Gross NPA (%)	8.2	10.8	10.8	6.5	7.3	7.2	7.2	5.6	6.5	5.6
Net NPA (%)	3.3	3.0	3.0	1.7	1.9	1.9	1.9	1.5	1.7	1.5
PCR (%)	61.8	74.1	74.4	75.5	74.9	75.5	75.4	75.1	75.5	75.1

Bank of Baroda**Buy****CMP: INR169 | TP: INR240 (+42%)****EPS CHANGE (%): FY23|24: -0.8|+4.4**

- Expect earnings and business growth to see healthy traction
- Expect slippages to moderate and asset quality to improve further; credit cost likely to remain stable
- Opex trajectory, particularly employee costs, is a key focus area due to wage revision costs
- Traction in deposits, cost of deposits and margin trajectory to be key monitorables

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	78.9	75.7	85.5	86.1	88.4	101.7	108.2	113.9	326.2	412.2
% Change (YoY)	15.8	2.1	14.4	21.2	12.0	34.5	26.5	32.3	13.2	26.4
Other Income	28.6	35.8	25.2	25.2	11.8	18.3	35.5	32.0	114.8	97.6
Total Income	107.5	111.5	110.7	111.3	100.2	120.0	143.7	145.9	441.1	509.8
Operating Expenses	51.5	54.8	55.9	55.0	54.9	59.7	61.4	64.3	217.2	240.3
Operating Profit	56.0	56.7	54.8	56.4	45.3	60.3	82.3	81.7	223.9	269.6
% Change (YoY)	38.6	5.8	7.9	-9.6	-19.2	6.4	50.1	44.9	5.6	20.4
Provisions	40.1	27.5	25.1	37.4	16.8	16.3	24.0	25.0	130.0	82.1
Profit before Tax	16.0	29.2	29.8	19.0	28.4	44.0	58.3	56.7	93.9	187.4
Tax	3.9	8.3	7.8	1.2	6.7	10.9	19.8	13.6	21.1	51.0
Net Profit	12.1	20.9	22.0	17.8	21.7	33.1	38.5	43.1	72.7	136.5
% Change (YoY)	NM	24.4	107.1	NM	79.4	58.7	75.4	142.4	777.3	87.6
Operating Parameters										
Deposit (INR b)	9,313	9,595	9,780	10,459	10,327	10,902	11,495	11,819	10,459	11,819
Loan (INR b)	6,684	6,938	7,322	7,772	7,996	8,366	8,907	9,209	7,772	9,209
Deposit Growth (%)	(0.3)	0.5	2.5	8.2	10.9	13.6	17.5	13.0	8.2	13.0
Loan Growth (%)	(2.7)	3.6	4.8	10.0	19.6	20.6	21.7	18.5	10.0	18.5
Asset Quality										
Gross NPA (%)	8.9	8.1	7.3	6.6	6.3	5.3	4.5	4.2	6.6	4.2
Net NPA (%)	3.0	2.8	2.3	1.7	1.6	1.2	1.0	0.9	1.7	0.9
PCR (%)	67.9	67.1	70.6	75.3	75.9	79.1	78.8	79.1	75.3	79.1

Canara Bank

Buy

CMP: INR285 | TP: INR400 (+41%)

EPS CHANGE (%): FY23|24: +0.3|-3.1

- Expect business growth to remain steady
- Credit costs to stay elevated; restructuring book a key monitorable
- Expect asset quality and slippages to moderate
- Expect margin to remain stable at ~3.1%; opex, traction in deposits and movement in cost of deposits to be key

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	61.6	62.7	69.4	70.1	67.8	74.3	86.0	93.7	263.8	321.9
% Change (Y-o-Y)	1.0	-0.5	14.1	24.9	10.2	18.5	23.8	33.8	9.5	22.0
Other Income	41.6	42.7	36.1	44.6	51.8	48.3	39.9	44.1	165.0	183.9
Total Income	103.2	105.4	105.6	114.7	119.6	122.6	125.9	137.8	428.8	505.9
Operating Expenses	48.3	49.4	47.5	52.7	53.5	53.5	56.3	61.7	184.4	225.1
Operating Profit	54.8	56.0	58.0	62.0	66.1	69.1	69.5	76.2	244.4	280.8
% Change (Y-o-Y)	27.9	21.9	10.2	18.8	20.5	23.2	19.8	22.8	24.2	14.9
Other Provisions	34.6	33.6	22.4	37.1	36.9	36.4	31.2	33.4	141.3	137.9
Exceptional Item	NA	NA	13.5	NA	NA	NA	NA	NA	13.5	NA
Profit before Tax	20.2	22.4	22.0	24.9	29.2	32.7	38.3	42.8	89.6	143.0
Tax	8.4	9.1	7.0	8.3	8.9	7.4	9.5	12.0	32.8	37.9
Net Profit	11.8	13.3	15.0	16.7	20.2	25.3	28.8	30.8	56.8	105.1
% Change (Y-o-Y)	189.8	199.9	115.8	64.8	71.7	89.5	91.8	84.7	122.0	85.0
Operating Parameters										
Deposit (INR b)	10,218	10,325	10,434	10,864	11,181	11,340	11,635	12,005	10,864	12,005
Loan (INR b)	6,485	6,496	6,922	7,036	7,469	7,885	8,164	8,303	7,036	8,303
Deposit Growth (%)	12.3	8.8	7.2	7.5	9.4	9.8	11.5	10.5	7.5	10.5
Loan Growth (%)	5.1	5.4	9.1	10.1	15.2	21.4	18.0	18.0	10.1	18.0
Asset Quality										
Gross NPA (%)	8.5	8.4	7.8	7.5	7.0	6.4	5.9	5.6	7.5	5.6
Net NPA (%)	3.5	3.2	2.9	2.7	2.5	2.2	2.0	1.8	2.7	1.8
PCR (%)	61.5	63.9	65.2	66.5	66.2	67.1	68.1	68.4	65.9	68.4

DCB Bank

Neutral

CMP: INR107 | TP: INR125 (+17%)

EPS CHANGE (%): FY23|24: -0.6|+1.8

- Expect credit costs to remain steady on potential stress in the SME/LAP segments
- The C/I ratio likely to remain under pressure
- Expect asset quality to witness an improvement QoQ; performance of the restructuring book to be a key focus area
- NIM outlook and loan growth to be closely monitored

Quarterly performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	3,087	3,233	3,450	3,805	3,740	4,111	4,460	4,712	13,575	17,023
% Change (Y-o-Y)	0.6	-3.2	3.1	22.3	21.1	27.2	29.3	23.9	5.5	25.4
Other Income	1,212	977	1,183	1,148	924	992	954	1,107	4,520	3,978
Total Income	4,299	4,211	4,634	4,953	4,664	5,103	5,414	5,819	18,095	21,001
Operating Expenses	2,277	2,459	2,645	2,744	3,002	3,278	3,473	3,606	10,126	13,359
Operating Profit	2,022	1,751	1,988	2,208	1,661	1,826	1,941	2,213	7,970	7,641
% Change (Y-o-Y)	5.8	-17.8	-28.8	9.8	-17.8	4.2	-2.4	0.2	-10.0	-4.1
Provisions	1,565	863	970	676	350	310	407	477	4,074	1,544
Profit before Tax	457	888	1,019	1,532	1,311	1,516	1,534	1,736	3,895	6,097
Tax	119	239	265	398	340	392	396	446	1,020	1,573
Net Profit	338	649	754	1,134	971	1,124	1,139	1,291	2,875	4,524
% Change (Y-o-Y)	-57.5	-21.1	-21.7	45.6	187.8	73.0	51.1	13.8	-14.4	57.4
Operating Parameters										
Deposit (INR b)	306.0	317.7	322.3	346.9	350.8	369.6	395.1	411.8	346.9	411.8
Loan (INR b)	252.9	265.4	273.4	291.0	298.1	312.9	329.7	346.2	291.0	346.2
Deposit Growth (%)	4.0	10.4	11.7	16.8	14.6	16.3	22.6	18.7	16.8	18.7
Loan Growth (%)	0.9	6.7	8.1	13.0	17.9	17.9	20.6	19.0	13.0	19.0
Asset Quality										
Gross NPA (%)	4.9	4.7	4.8	4.3	4.2	3.9	3.6	3.4	4.3	3.4
Net NPA (%)	2.8	2.6	2.6	2.0	1.8	1.5	1.4	1.3	2.0	1.3
PCR (%)	43.3	45.0	48.0	55.6	57.8	61.3	63.0	63.2	55.6	63.2

Equitas Small Finance Bank

Buy
CMP: INR67 | TP: INR77 (+15%)
EPS CHANGE (%): FY23|24: +0.9|+0.1

- Expect NIMs to remain steady at ~8.9%
- Focus to remain on movement in asset quality in the MSME book, CE and the restructuring book
- Expect elevated credit costs to keep earnings growth modest
- Expect a pick-up in business growth; deposit traction and rise in deposit cost to be monitored

Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	4,610	4,838	5,411	5,525	5,806	6,097	6,475	6,755	20,385	25,133
% Change (YoY)	14.0	4.9	11.8	23.2	25.9	26.0	19.7	22.3	13.4	23.3
Other Income	1,036	1,521	1,339	1,481	1,332	1,450	1,526	1,658	5,376	5,967
Total Income	5,646	6,359	6,749	7,006	7,138	7,547	8,001	8,413	25,761	31,099
Operating Expenses	4,002	4,370	4,502	4,167	4,456	5,124	5,210	5,351	17,041	20,141
Operating Profit	1,644	1,989	2,247	2,839	2,682	2,423	2,791	3,062	8,719	10,958
% Change (YoY)	15.8	-5.5	-20.7	13.6	63.1	21.8	24.2	7.9	-1.7	25.7
Provisions	1,501	1,421	784	1,232	1,416	901	499	631	4,938	3,447
Profit before Tax	142	568	1,463	1,607	1,266	1,522	2,292	2,431	3,781	7,512
Tax	23	156	382	412	296	358	591	648	974	1,893
Net Profit	119	412	1,081	1,195	970	1,164	1,701	1,783	2,807	5,619
% Change (YoY)	-79.3	-60.0	-2.3	5.9	713.4	182.6	57.4	49.2	-26.9	100.1
Operating Parameters										
AUM (INR b)	178	190	197	206	217	228	249	264	206	264
Deposits (INR b)	171	181	179	190	204	217	234	244	190	244
Loans (INR b)	167	178	183	194	205	218	233	248	194	248
AUM Growth (%)	15	13	13	15	22	20	27	28	15	28
Deposit Growth (%)	45	40	13	16	19	20	31	29	16	29
Loan Growth (%)	16	12	9	15	22	22	27	28	15	28
Asset Quality										
Gross NPA (%)	4.8	4.8	4.6	4.2	4.1	3.9	3.6	3.4	4.2	3.4
Net NPA (%)	2.4	2.5	2.5	2.5	2.2	2.0	1.8	1.7	2.5	1.7
PCR (%)	51.2	50.1	46.8	42.7	48.5	50.5	50.8	51.7	42.7	51.7

Federal Bank

Buy
CMP: INR132 | TP: INR170 (+29%)
EPS CHANGE (%): FY23|24: +0.1|+2.9

- Expect business growth to see a healthy traction
- Asset quality and loans under restructuring are key monitorables
- Expect credit costs to stay steady on exposure to SMEs
- Expect NIM to improve slightly to ~3.5%; watchful of commentary on the cost of funds going ahead

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	14.2	14.8	15.4	15.3	16.0	17.6	19.6	20.3	59.6	73.5
% Change (YoY)	9.4	7.2	7.1	7.4	13.1	19.1	27.1	33.2	7.7	23.4
Other Income	6.5	4.9	4.8	4.7	4.5	6.1	5.3	5.8	20.9	21.7
Total Income	20.7	19.7	20.2	19.9	20.6	23.7	24.9	26.1	80.5	95.3
Operating Expenses	9.3	10.6	11.1	11.9	10.8	11.6	12.2	12.6	42.9	47.2
Operating Profit	11.3	9.1	9.1	8.0	9.7	12.1	12.7	13.5	37.6	48.1
% Change (YoY)	21.5	-3.6	-4.4	-11.0	-14.1	32.9	39.4	69.1	-1.1	28.0
Provisions	6.4	2.9	2.1	0.8	1.7	2.7	2.0	2.2	12.2	8.6
Profit before Tax	4.9	6.2	7.0	7.2	8.1	9.4	10.8	11.3	25.4	39.5
Tax	1.3	1.6	1.8	1.8	2.1	2.4	2.7	2.9	6.5	10.1
Net Profit	3.7	4.6	5.2	5.4	6.0	7.0	8.0	8.4	18.9	29.5
% Change (YoY)	-8.4	49.6	29.1	13.1	63.5	52.9	54.0	54.9	18.8	55.9
Operating Parameters										
Deposit (INR b)	1,694	1,720	1,754	1,817	1,834	1,891	2,014	2,090	1,817	2,090
Loan (INR b)	1,298	1,344	1,407	1,449	1,517	1,612	1,682	1,742	1,449	1,742
Deposit Growth (%)	9.3	9.7	8.5	5.2	8.2	10.0	14.8	15.0	5.2	15.0
Loan Growth (%)	7.0	9.4	12.1	9.9	16.9	20.0	19.5	20.2	9.9	20.2
Asset Quality										
Gross NPA (%)	3.5	3.2	3.1	2.8	2.7	2.5	2.4	2.3	2.8	2.3
Net NPA (%)	1.2	1.1	1.1	1.0	0.9	0.8	0.7	0.7	1.0	0.7
PCR (%)	65.7	66.2	66.6	66.3	65.8	68.7	70.4	70.3	66.3	70.3

HDFC Bank**Buy****CMP: INR1,610 | TP: INR1,930 (+20%)****EPS CHANGE (%): FY23|24: +0.1|+0.6**

- Expect business growth to see continuous traction led by healthy growth across segments
- Asset quality in Agri/Unsecured book and slippages among other key monitorables
- Margin expansion will be an important metric; Deposit traction to be closely monitored
- Commentary about Credit Cards, traction in fee income, and the merger with HDFC are key monitorables

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	170.1	176.8	184.4	188.7	194.8	210.2	229.9	239.0	720.1	873.9
% Change (Y-o-Y)	8.6	12.1	13.0	10.2	14.5	18.9	24.6	26.6	11.0	21.4
Other Income	62.9	74.0	81.8	76.4	63.9	76.0	85.0	88.0	295.1	312.8
Total Income	233.0	250.9	266.3	265.1	258.7	286.2	314.9	327.0	1,015.2	1,186.7
Operating Expenses	81.6	92.8	98.5	101.5	105.0	112.2	124.6	131.4	374.4	473.3
Operating Profit	151.4	158.1	167.8	163.6	153.7	173.9	190.2	195.6	640.8	713.4
% Change (Y-o-Y)	18.0	14.4	10.5	5.3	1.5	10.0	13.4	19.6	11.7	11.3
Provisions	48.3	39.2	29.9	33.1	31.9	32.4	28.1	32.3	150.6	124.6
Profit before Tax	103.1	118.8	137.8	130.4	121.8	141.5	162.2	163.3	490.2	588.8
Tax	25.8	30.5	34.4	29.9	29.8	35.5	39.6	42.3	120.5	147.2
Net Profit	77.3	88.3	103.4	100.6	92.0	106.1	122.6	121.0	369.6	441.6
% Change (Y-o-Y)	16.1	17.6	18.1	22.8	19.0	20.1	18.5	20.3	18.8	19.5
Operating Parameters										
Deposit	13,458	14,063	14,459	15,592	16,048	16,734	17,332	18,180	15,592	18,180
Loan	11,477	11,988	12,609	13,688	13,951	14,799	15,068	15,960	13,688	15,960
Deposit Growth (%)	13.2	14.4	13.8	16.8	19.2	19.0	19.9	16.6	16.8	16.6
Loan Growth (%)	14.4	15.5	16.5	20.8	21.6	23.4	19.5	16.6	20.8	16.6
Asset Quality										
Gross NPA (%)	1.5	1.4	1.3	1.2	1.3	1.2	1.2	1.2	1.2	1.2
Net NPA (%)	0.5	0.4	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3
PCR (%)	67.9	70.9	70.8	72.7	72.9	73.3	73.2	73.7	72.7	73.7

ICICI Bank**Buy****CMP: INR877 | TP: INR1,150 (+31%)****EPS CHANGE (%): FY23|24: -1.6|+2.8**

- Expect loan growth to see healthy traction and margin to remain healthy at 4.8%
- Traction in deposits and rise in cost of deposits to be key
- Expect credit costs to remain controlled and slippages to moderate
- Traction in opex, credit card and overall business to be key

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	109.4	116.9	122.4	126.0	132.1	147.9	164.6	174.7	474.7	619.3
% Change (YoY)	17.8	24.8	23.4	20.8	20.8	26.5	34.6	38.6	21.7	30.5
Other Income	40.0	48.0	49.9	47.4	46.7	50.5	50.2	50.7	185.2	198.1
Total Income	149.3	164.9	172.2	173.4	178.8	198.4	214.9	225.4	659.8	817.4
Operating Expenses	60.4	65.7	70.7	70.5	75.7	81.6	82.2	84.9	267.3	324.3
Operating Profit	88.9	99.1	101.5	102.9	103.1	116.8	132.7	140.5	392.5	493.1
% Change (YoY)	-17.5	20.0	15.1	20.5	15.9	17.8	30.8	36.5	7.8	25.6
Provisions	28.5	27.1	20.1	10.7	11.4	16.4	22.6	18.6	86.4	69.0
Profit before Tax	60.4	72.0	81.4	92.2	91.7	100.4	110.1	121.9	306.1	424.0
Tax	14.3	16.9	19.5	22.1	22.6	24.8	27.0	30.3	72.7	104.7
Net Profit	46.2	55.1	61.9	70.2	69.0	75.6	83.1	91.6	233.4	319.3
% Change (YoY)	77.6	29.6	25.4	59.4	49.6	37.1	34.2	30.4	44.1	36.8
Operating Parameters										
Deposit	9,262	9,774	10,175	10,646	10,503	10,900	11,220	11,710	10,646	11,710
Loan	7,386	7,649	8,140	8,590	8,956	9,386	9,740	10,171	8,590	10,171
Deposit Growth (%)	15.5	17.3	16.4	14.2	13.4	11.5	10.3	10.0	14.2	10.0
Loan Growth (%)	17.0	17.2	16.4	17.1	21.3	22.7	19.7	18.4	17.1	18.4
Asset Quality										
Gross NPA (%)	5.2	4.8	4.1	3.6	3.4	3.2	3.1	2.9	3.6	2.9
Net NPA (%)	1.2	1.0	0.9	0.8	0.7	0.6	0.6	0.5	0.8	0.5
PCR (%)	78.4	80.3	80.2	79.5	79.9	81.3	82.6	83.1	79.2	83.1

IDFC First Bank

Buy

CMP: INR55 | TP: INR70 (+27%)

EPS CHANGE (%): FY23|24: -2.4|-3.7

- Expect loan growth to see healthy traction led by healthy trends in Retail and Commercial Finance
- Expect credit costs to remain stable and asset quality to witness steady improvement
- Traction in deposits and rise in cost of deposits to be key
- Margin to remain healthy at 6.3%

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	21.8	22.7	25.8	26.7	27.5	30.0	32.9	34.9	97.1	125.2
% Change (Y-o-Y)	25.3	27.4	36.3	36.2	25.9	32.1	27.3	30.6	31.5	29.0
Other Income	8.4	7.8	7.7	8.3	8.6	10.6	11.5	11.7	32.2	42.4
Total Income	30.3	30.5	33.5	35.0	36.1	40.6	44.4	46.6	129.3	167.6
Operating Expenses	20.3	23.6	25.8	26.7	26.6	28.9	31.8	33.2	96.4	120.6
Operating Profit	9.9	6.9	7.7	8.3	9.4	11.7	12.6	13.3	32.8	47.1
% Change (Y-o-Y)	11.6	-13.4	2.3	32.7	-5.1	68.7	63.8	61.4	31.4	43.3
Provisions	18.7	4.7	3.9	3.7	3.1	4.2	4.5	4.7	31.1	16.5
Profit before Tax	-8.8	2.2	3.8	4.6	6.4	7.4	8.1	8.6	1.8	30.5
Tax	-2.5	0.7	1.0	1.1	1.6	1.9	2.1	2.2	0.3	7.8
Net Profit	-6.3	1.5	2.8	3.4	4.7	5.6	6.0	6.4	1.5	22.8
% Change (Y-o-Y)	NM	50.5	117.1	168.2	NM	266.1	115.1	88.0	-67.8	NM
Operating Parameters										
Deposit (INR b)	913	902	928	1,056	1,133	1,234	1,330	1,405	1,056	1,405
Deposit Growth (%)	30.8	19.0	10.0	19.1	24.1	36.8	43.4	33.0	19.1	33.0
Loan (INR b)	1,086	1,023	1,164	1,179	1,326	1,402	1,471	1,532	1,179	1,532
Loan Growth (%)	10.9	13.6	9.6	17.2	22.0	37.1	26.4	30.0	17.2	30.0
Asset Quality										
Gross NPA (%)	4.6	4.3	4.0	3.7	3.4	3.2	3.0	2.9	3.8	2.9
Net NPA (%)	2.3	2.1	1.7	1.5	1.3	1.1	1.0	1.0	1.5	1.0
PCR (%)	50.9	52.1	57.1	59.5	62.0	66.3	66.0	66.5	59.5	66.5

IndusInd Bank

Buy

CMP: INR1,068 | TP: INR1,450 (+36%)

EPS CHANGE (%): FY23|24: -0.5|+0.0

- Expect loan growth to see a healthy pickup; deposit traction would be closely monitored
- Expect asset quality to remain under watch; Slippages from MFI and restructuring book to be key monitorables
- Expect margin to remains stable at ~4.3%
- Credit costs to witness a gradual moderation as PCR remains healthy

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	35.6	36.6	37.9	39.9	41.3	43.0	45.0	47.5	150.0	176.7
% Change (YoY)	7.7	11.6	11.4	12.7	15.8	17.6	18.5	19.2	10.9	17.8
Other Income	17.2	18.4	18.8	19.0	19.3	20.1	20.8	21.7	74.1	81.9
Total Income	52.9	55.0	56.7	58.9	60.6	63.1	65.7	69.2	224.1	258.6
Operating Expenses	21.7	22.8	23.6	25.1	26.3	27.7	28.9	30.7	93.1	113.5
Operating Profit	31.2	32.2	33.1	33.8	34.3	35.4	36.9	38.5	131.0	145.1
% Change (YoY)	6.6	13.0	11.8	8.0	9.9	10.0	11.3	13.9	10.3	10.8
Provisions	17.8	17.1	16.5	14.6	12.5	11.4	10.6	10.1	66.6	44.7
Profit before Tax	13.4	15.2	16.6	19.2	21.8	24.0	26.2	28.4	64.3	100.4
Tax	3.3	3.7	4.2	5.2	5.5	6.0	6.6	7.3	16.3	25.3
Net Profit	10.2	11.5	12.4	14.0	16.3	18.1	19.6	21.1	48.0	75.1
% Change (YoY)	99.1	72.9	49.5	51.2	60.5	57.4	58.2	50.7	64.0	56.3
Operating Parameters										
Deposit (INR b)	2,672	2,753	2,845	2,933	3,031	3,155	3,253	3,359	2,933	3,359
Loan (INR b)	2,107	2,208	2,286	2,391	2,480	2,601	2,728	2,869	2,391	2,869
Deposit Growth (%)	26.5	20.8	19.0	14.6	13.4	14.6	14.3	14.5	14.6	14.5
Loan Growth (%)	6.4	9.7	10.4	12.4	17.7	17.8	19.3	20.0	12.4	20.0
Asset Quality										
Gross NPA (%)	2.9	2.8	2.5	2.3	2.4	2.1	2.1	1.9	2.3	1.9
Net NPA (%)	0.8	0.8	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.6
PCR (%)	71.6	71.6	71.7	72.3	72.0	71.5	70.6	70.7	72.3	70.7

Indian Bank

Buy

CMP: INR288 | TP: INR340 (+18%)

EPS CHANGE (%): FY23|24: -1.0|-0.5

- Expect loan growth to remain modest
- Expect margin to improve to ~3.8%; traction in deposits and rise opex and cost of deposits to be key monitorable
- Stress in SME and restructuring book to be monitored
- Expect asset quality to improve and credit costs to witness a gradual moderation

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	39.9	40.8	44.0	42.6	45.3	46.8	55.0	57.0	167.3	204.1
% Change (YoY)	3.1	-1.5	1.9	27.6	13.5	14.7	25.1	33.9	6.8	22.0
Other Income	18.2	19.7	15.6	15.7	16.0	18.3	17.2	18.4	69.2	69.8
Total Income	58.1	60.5	59.5	58.3	61.4	65.1	72.2	75.3	236.4	274.0
Operating Expenses	24.0	27.7	26.6	30.9	25.7	28.8	31.5	34.3	109.3	120.4
Operating Profit	34.2	32.8	32.9	27.4	35.6	36.3	40.6	41.0	127.2	153.5
% Change (YoY)	24.1	11.3	15.5	14.8	4.3	10.8	23.5	49.7	16.0	20.7
Provisions	25.6	25.5	24.9	19.1	22.2	20.6	25.2	20.6	95.1	88.5
Profit before Tax	8.6	7.3	7.9	8.2	13.5	15.7	15.5	20.4	32.0	65.0
Tax	-3.2	-3.6	1.1	-1.6	1.3	3.5	1.5	4.1	-7.4	10.4
Net Profit	11.8	10.9	6.9	9.8	12.1	12.3	14.0	16.3	39.4	54.6
% Change (YoY)	220.0	164.2	34.1	-42.4	2.7	12.5	102.4	65.1	31.3	38.4
Operating Parameters										
Deposits (INR b)	5,401	5,515	5,626	5,936	5,843	5,889	5,971	6,174	5,936	6,174
Loans (INR b)	3,644	3,584	3,731	3,892	4,009	4,121	4,326	4,448	3,892	4,448
Deposit Growth (%)	10.4	9.9	7.9	10.3	8.2	6.8	6.1	4.0	10.3	4.0
Loan Growth (%)	7.3	5.5	2.8	7.3	10.0	15.0	16.0	14.3	7.3	14.3
Asset Quality										
Gross NPA (%)	9.7	9.6	9.1	8.5	8.1	7.3	6.5	6.0	8.5	6.0
Net NPA (%)	3.5	3.3	2.7	2.3	2.1	1.5	1.0	0.9	2.3	0.9
PCR (%)	66.5	68.1	72.2	74.9	75.5	80.7	85.5	86.2	74.9	86.2

Kotak Mahindra Bank

Neutral

CMP: INR1,734 | TP: INR2,000 (+15%)

EPS CHANGE (%): FY23|24: -0.5|-0.7

- Expect strong traction in loan growth; traction in unsecured loans to be seen
- Commentaries on stress in the SME book and other unsecured loans are key monitorables
- Expect liability franchise to remain strong and margins to remain healthy at 5.5%; traction in deposits to be seen
- Expect asset quality and credit costs to exhibit steady trends

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	39.4	40.2	43.3	45.2	47.0	51.0	56.5	60.2	168.2	214.7
% Change (Y-o-Y)	5.8	3.2	11.8	17.7	19.2	26.8	30.4	33.1	9.6	27.6
Other Income	13.5	18.1	13.6	18.3	12.4	19.5	21.0	22.0	63.5	75.0
Total Income	52.9	58.3	57.0	63.5	59.4	70.5	77.5	82.2	231.7	289.6
Operating Expenses	24.0	27.1	30.0	30.1	31.6	34.9	39.0	39.8	111.2	145.2
Operating Profit	28.9	31.2	27.0	33.4	27.8	35.7	38.5	42.4	120.5	144.4
% Change (Y-o-Y)	10.1	-4.4	-7.1	12.7	-3.7	14.3	42.5	26.9	2.5	19.8
Other Provisions	7.0	4.2	-1.3	-3.1	0.2	1.4	1.5	2.6	6.9	5.7
Profit before Tax	21.9	27.0	28.3	36.5	27.6	34.3	37.0	39.8	113.6	138.7
Tax Provisions	5.4	6.6	7.0	8.8	6.9	8.5	9.1	9.6	27.9	34.1
Net Profit	16.4	20.3	21.3	27.7	20.7	25.8	27.9	30.1	85.7	104.6
% Change (Y-o-Y)	31.9	-7.0	15.0	64.5	26.1	27.0	31.0	8.9	23.1	22.0
Deposits (INRb)	2,866	2,917	3,053	3,117	3,165	3,252	3,447	3,569	3,117	3,569
Loans (INRb)	2,174	2,349	2,529	2,713	2,802	2,940	3,107	3,269	2,713	3,269
Deposit growth (%)	9.6	11.5	15.1	11.3	10.4	11.5	12.9	14.5	11.3	14.5
Loan growth (%)	6.6	14.7	18.1	21.3	28.8	25.1	22.9	20.5	21.3	20.5
Asset Quality										
Gross NPA (%)	3.6	3.2	2.7	2.3	2.2	2.1	1.9	1.8	2.3	1.8
Net NPA (%)	1.3	1.1	0.8	0.6	0.6	0.6	0.4	0.4	0.6	0.4
PCR (%)	64.8	67.5	71.3	73.2	72.6	73.7	77.6	77.6	73.2	77.6

Punjab National Bank**Neutral****CMP: INR47 | TP: INR50 (+7%)****EPS CHANGE (%): FY23|24: +9.5|-0.9**

- Expect loan growth to remain modest; rise in opex to be monitored
- Expect margin to remain steady at ~3.2%; Rise in cost of deposits and traction in deposits to be key
- SMA, slippages and restructuring books are key monitorables
- Expect asset quality to remain under pressure

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	72.3	63.5	78.0	73.0	75.4	82.7	91.8	96.0	286.9	345.9
% Change (YoY)	6.7	-24.9	-6.5	5.3	4.3	30.2	17.6	31.4	-6.1	20.6
Other Income	38.9	32.8	27.0	24.5	25.4	28.5	33.4	31.7	123.2	118.9
Total Income	111.2	96.3	105.0	97.5	100.8	111.2	125.2	127.7	410.1	464.8
Operating Expenses	47.2	56.1	54.3	44.9	47.0	55.5	68.0	64.5	202.5	235.0
Operating Profit	64.0	40.2	50.8	52.6	53.8	55.7	57.2	63.1	207.6	229.8
% Change (YoY)	21.2	-27.1	-17.2	-6.6	-15.9	38.4	12.6	19.9	-6.3	10.7
Other Provisions	49.8	32.6	33.5	48.5	47.9	49.1	47.1	42.8	164.5	186.9
Profit before Tax	14.2	7.6	17.2	4.1	5.9	6.6	10.0	20.3	43.2	42.8
Tax	4.0	-3.5	6.0	2.1	2.8	2.5	3.7	7.7	8.6	16.7
Net Profit	10.2	11.1	11.3	2.0	3.1	4.1	6.3	12.6	34.6	26.1
% Change (YoY)	231.8	78.0	122.7	-65.6	-69.9	-62.8	-44.2	527.6	71.0	-24.4
Operating Parameters										
Deposits	10,976	11,154	11,273	11,462	11,367	11,935	12,104	12,322	11,462	12,322
Loans	6,613	6,732	6,928	7,282	7,426	7,734	8,004	8,228	7,282	8,228
Deposit Growth (%)	2.1	4.3	4.2	3.6	3.6	7.0	7.4	7.5	3.6	7.5
Loan Growth (%)	0.8	3.2	4.9	8.0	12.3	14.9	15.5	13.0	8.0	13.0
Asset Quality										
Gross NPA (%)	14.3	13.6	12.9	11.8	11.3	10.5	9.8	9.2	11.8	9.2
Net NPA (%)	5.8	5.5	4.9	4.8	4.3	3.8	3.3	3.2	4.9	3.2
PCR (%)	62.9	63.2	65.2	62.2	64.8	66.3	68.5	67.6	61.5	67.6

RBL Bank**Buy****CMP: INR141 | TP: INR180 (+28%)****EPS CHANGE (%): FY23|24: -2.4|-1.3**

- Expect business growth to see a slight uptick; guidance on the outlook will be a key monitorable
- Expect a gradual improvement in asset quality; remain watchful on its exposure to MFI/Credit Cards
- Expect credit costs to remain steady and witness a gradual moderation
- Margin likely to remain healthy at 4.8%; traction in deposits and rise in deposit costs to be key monitorables

Quarterly performance**(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	9,695	9,155	10,104	11,313	10,277	10,644	11,482	12,128	40,267	44,531
% Change (Y-o-Y)	-6.9	-1.8	11.3	24.9	6.0	16.3	13.6	7.2	6.3	10.6
Other Income	6,534	5,929	5,830	5,114	6,136	5,833	6,184	6,188	23,405	24,342
Total Income	16,229	15,083	15,934	16,427	16,413	16,477	17,666	18,317	63,673	68,873
Operating Expenses	8,567	8,174	9,626	9,853	11,122	11,354	11,994	12,246	36,220	46,716
Operating Profit	7,661	6,910	6,308	6,574	5,291	5,124	5,672	6,070	27,453	22,157
% Change (Y-o-Y)	11.1	1.4	-21.2	-10.8	-30.9	-25.9	-10.1	-7.7	-5.9	-19.3
Provisions	13,844	6,515	4,239	4,007	2,530	2,415	2,927	3,164	28,604	11,036
Profit before Tax	-6,182	395	2,069	2,568	2,761	2,709	2,745	2,907	-1,151	11,121
Tax	-1,588	87	508	589	750	693	655	702	-404	2,799
Net Profit	-4,595	308	1,561	1,978	2,012	2,016	2,090	2,205	-747	8,322
% Change (Y-o-Y)	NM	-78.6	6.1	162.6	NM	NM	33.9	11.5	NM	NM
Operating Parameters										
Deposit (INR b)	744.7	755.9	736.4	790.1	792.2	794.0	817.5	845.4	790.1	845.4
Loan (INR b)	565.3	560.1	581.4	600.2	602.7	629.4	666.8	692.7	600.2	692.7
Deposit Growth (%)	20.6	17.2	9.6	8.0	6.4	5.0	11.0	7.0	8.0	7.0
Loan Growth (%)	-0.3	-0.3	3.0	2.4	6.6	12.4	14.7	15.4	2.4	15.4
Asset Quality										
Gross NPA (%)	5.0	5.4	4.8	4.4	4.1	3.8	3.6	3.4	4.4	3.4
Net NPA (%)	2.0	2.1	1.9	1.3	1.2	1.3	1.2	1.1	1.3	1.1
PCR (%)	60.9	61.7	62.9	70.4	72.5	67.8	68.0	68.6	70.4	68.6

State Bank of India

Buy

CMP: INR524 | TP: INR700 (+34%)

EPS CHANGE (%): FY23|24: +0.1|+4.2

- Expect credit costs to remain modest
- Expect healthy traction in loan growth; all eyes on outlook
- Expect asset quality to continue to improve
- Expect margin to improve to ~3.6%; opex, traction in deposits, and increase in deposit costs to be key monitorables

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	276.4	311.8	306.9	312.0	312.0	351.8	380.7	402.5	1,207.1	1,447.0
% Change (YoY)	3.7	10.7	6.5	15.3	12.9	12.8	24.1	29.0	9.0	19.9
Other Income	118.0	82.1	86.7	118.8	23.1	88.7	114.7	138.5	405.6	365.1
Total Income	394.4	393.9	393.6	430.8	335.1	440.6	495.4	541.1	1,612.7	1,812.1
Operating Expenses	204.7	213.1	208.4	233.6	207.6	229.4	243.2	271.9	859.8	952.0
Operating Profit	189.7	180.8	185.2	197.2	127.5	211.2	252.2	269.2	752.9	860.1
% Change (YoY)	5.1	9.8	6.9	0.1	-32.8	16.8	36.2	36.5	5.2	14.2
Provisions	100.5	1.9	69.7	72.4	43.9	30.4	57.6	61.0	244.5	192.9
Exception items	NA	74.2	NA	NA	NA	NA	NA	NA	74.2	NA
Profit before Tax	89.2	104.7	115.5	124.8	83.6	180.8	194.6	208.2	434.2	667.2
Tax Provisions	24.2	28.5	31.2	33.7	22.9	48.2	52.5	56.5	117.5	180.1
Net Profit	65.0	76.3	84.3	91.1	60.7	132.6	142.1	151.7	316.8	487.1
% Change (YoY)	55.3	66.7	62.3	41.3	-6.7	73.9	68.5	66.4	55.2	53.8
Operating Parameters										
Deposits (INR t)	37.2	38.1	38.5	40.5	40.5	41.9	42.1	43.1	40.5	43.1
Loans (INR t)	24.3	24.4	25.8	27.3	28.2	29.5	30.6	31.7	27.3	31.7
Deposit Growth (%)	8.8	9.8	8.8	10.1	8.7	10.0	9.5	6.3	10.1	6.3
Loan Growth (%)	5.8	6.5	8.9	11.6	15.8	20.8	18.6	16.0	11.6	16.0
Asset Quality										
Gross NPA (%)	5.3	4.9	4.5	4.0	3.9	3.5	3.1	2.9	4.0	2.9
Net NPA (%)	1.8	1.5	1.3	1.0	1.0	0.8	0.8	0.7	1.0	0.7
PCR (%)	67.9	70.1	71.2	75.0	75.1	77.9	76.1	77.0	75.0	77.0

Union Bank of India

Buy

CMP: INR66 | TP: INR100 (+50%)

EPS CHANGE (%): FY23|24: +2.7|+3.4

- Expect steady traction in loan growth; traction in deposits to be key monitorable
- SMA and restructuring books are key monitorables
- Expect margin to remain healthy at 3.3%; rise in deposit costs and opex to be monitored
- Expect steady improvement in asset quality

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	70.1	68.3	71.7	67.7	75.8	83.1	86.3	91.2	277.9	336.4
% Change (YoY)	9.5	8.5	8.9	25.3	8.1	21.6	20.3	34.7	12.5	21.1
Other Income	27.8	39.8	25.2	32.4	28.2	32.8	32.7	34.1	125.2	127.8
Total Income	97.9	108.1	97.0	100.1	104.0	115.8	119.0	125.3	403.1	464.1
Operating Expenses	46.1	47.3	46.0	44.9	49.5	50.0	52.8	55.9	184.4	208.3
Operating Profit	51.8	60.7	51.0	55.2	54.5	65.8	66.2	69.4	218.7	255.8
% Change (YoY)	28.4	25.7	-3.2	11.3	5.1	8.3	29.8	25.7	11.2	17.0
Provisions	34.0	37.2	25.5	36.2	32.8	40.8	30.4	30.2	132.9	134.1
Profit before Tax	17.8	23.5	25.5	19.0	21.7	25.0	35.8	39.2	85.8	121.7
Tax	6.0	8.2	14.6	4.6	6.1	6.5	13.4	14.2	33.5	40.2
Net Profit	11.8	15.3	10.9	14.4	15.6	18.5	22.4	25.0	52.3	81.5
% Change (YoY)	254.9	195.4	49.3	8.3	32.0	21.1	106.8	73.9	80.0	55.8
Operating Parameters										
Deposit (INR b)	9,085	9,140	9,375	10,324	9,928	10,433	10,650	10,995	10,324	10,995
Loan (INR b)	5,846	5,810	6,168	6,610	6,764	7,275	7,564	7,826	6,610	7,826
Deposit Growth (%)	1.8	3.2	6.2	11.8	9.3	14.1	13.6	6.5	11.8	6.5
Loan Growth (%)	0.5	0.3	5.8	11.8	15.7	25.2	22.6	18.4	11.8	18.4
Asset Quality										
Gross NPA (%)	13.6	12.6	11.6	11.1	10.2	8.5	7.9	7.3	11.1	7.3
Net NPA (%)	4.7	4.6	4.1	3.7	3.3	2.6	2.1	1.9	3.8	1.9
PCR (%)	68.7	66.6	67.5	69.5	69.9	70.6	74.6	75.2	68.7	75.2

SBI Cards and Payment Services

Buy

CMP: INR740 | TP: INR960 (+30%)

EPS CHANGE (%): FY23|24: -3.0|-3.9

- Expect credit costs to remain elevated on high write-offs
- Spends growth to remain strong; traction in new account sourcing to be healthy
- Asset quality is likely to remain stable
- Margins to continue to moderate due to rising cost of funds and a lower revolver book

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	9.2	9.2	10.0	10.0	10.8	11.2	11.4	11.7	37.9	45.1
% Change (Y-o-Y)	-18.7	-9.1	9.9	20.6	16.7	21.5	14.9	17.6	-2.3	19.0
Other Income	13.0	15.2	18.7	17.5	18.8	19.7	20.5	19.5	64.8	78.4
Total Income	22.2	24.4	28.6	27.5	29.5	30.9	31.9	31.2	102.7	123.5
Operating Expenses	11.7	13.8	17.2	15.8	16.6	18.3	19.7	18.2	58.5	72.9
Operating Profit	10.5	10.6	11.4	11.7	12.9	12.5	12.2	13.0	44.3	50.6
% Change (Y-o-Y)	4.0	-7.2	22.9	24.8	22.5	18.3	6.4	11.1	11.8	14.3
Provisions	6.4	5.9	6.3	3.9	4.5	5.5	5.3	5.7	22.6	21.0
Profit before Tax	4.1	4.6	5.2	7.8	8.4	7.1	6.8	7.4	21.7	29.7
Tax	1.1	1.2	1.3	2.0	2.1	1.8	1.7	1.8	5.6	7.6
Net Profit	3.0	3.4	3.9	5.8	6.3	5.3	5.1	5.5	16.2	22.0
% Change (Y-o-Y)	-22.5	67.3	84.0	231.1	105.8	52.4	32.1	-5.0	64.2	36.4
Operating Parameters										
Loan (INRb)	230.4	253.9	279.7	301.9	320.8	365.0	373.5	389.4	301.9	389.4
Loan Growth (%)	5.1	15.8	18.0	28.7	39.2	43.7	33.6	29.0	28.7	29.0
Asset Quality										
Gross NPA (%)	3.9	3.4	2.4	2.2	2.2	2.1	2.2	2.1	2.2	2.1
Net NPA (%)	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
PCR (%)	78.2	73.7	65.9	65.3	65.1	64.0	64.2	65.1	65.3	65.1

HDFC Life**Neutral****CMP: INR499 | TP: INR630 (+26%)****EPS CHANGE (%): FY23|24: -0.5|-27.9**

- New business premium to see healthy growth, driven by Annuity/Non-PAR segments ahead of budgetary changes
- Expect the expense ratio to see an uptick – in line with a pick-up in business growth; Expect RoEV to stay healthy
- Expect VNB growth to remain healthy and margin to expand
- Improvement in persistency ratio and commentary on growth outlook key monitorables

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
First year premium	12.9	20.8	21.2	25.7	17.1	24.2	27.2	37.0	80.5	105.6
Growth (%)	25.8%	24.0%	19.4%	7.8%	32.9%	16.6%	28.8%	43.7%	17.4%	31.1%
Renewal premium	38.9	50.3	55.4	73.4	51.0	69.1	71.9	90.3	218.1	282.2
Growth (%)	20.1%	16.8%	21.1%	15.6%	31.1%	37.2%	29.7%	22.9%	18.0%	29.4%
Single premium	24.8	45.2	46.0	45.1	32.4	39.5	46.6	53.7	161.0	172.2
Growth (%)	54.9%	7.7%	40.2%	8.0%	30.6%	-12.5%	1.5%	19.1%	21.5%	7.0%
Gross premium income	76.6	116.3	122.5	144.2	100.5	132.8	145.8	180.9	459.6	560.0
Growth (%)	30.6%	14.2%	27.3%	11.7%	31.3%	14.2%	18.9%	25.4%	19.1%	21.8%
PAT	3.0	2.7	2.7	3.6	3.6	3.3	3.2	4.1	12.1	13.8
Growth (%)	-33.0%	-15.9%	3.3%	12.4%	19.1%	19.0%	15.2%	13.6%	-11.2%	14.6%
Key metrics (INRb)										
New business APE	15.6	25.5	26.0	30.5	19.0	30.1	32.6	41.0	96.6	122.8
Growth (%)	30.3	19.4	20.4	5.8	22.0	18.0	25.5	34.6	18.1	27.0
VNB	4.1	6.8	6.9	9.0	5.1	7.8	8.8	12.0	26.7	33.6
Growth (%)	40.2	23.9	21.8	15.2	25.0	14.7	26.1	34.2	22.4	25.8
AUM (INR b)	1,813	1,912	1,947	2,042	2,001	2,249	2,338	2,506	2,042	2,506
Growth (%)	29.5	27.0	17.6	17.4	10.4	17.6	20.1	22.7	17.4	22.7
Key Ratios (%)										
VNB Margins (%)	26.2	26.6	26.7	29.4	26.8	25.8	26.8	29.3	27.4	27.4
Solvency ratio (%)	203.0	190.0	190.0	176.0	178.0	210.0	209.0	205.7	175.6	205.7

ICICI Prudential Life**Buy****CMP: INR436 | TP: INR530 (+22%)****EPS CHANGE (%): FY23|24: +2.6|+5.7**

- New business premium growth to remain modest; trends in Banca channel to be closely monitored
- Expect VNB growth and margins to remain healthy; watch for commentary about growth outlook
- Expect the expense ratio to move in line with a pick-up in business growth
- Expect growth in the Non-Linked Savings business to remain healthy and a recovery in the Protection business

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
First year premium	8.8	15.6	15.5	19.8	10.4	14.4	13.8	26.4	59.7	65.0
Growth (%)	40.3%	33.1%	13.7%	-2.4%	18.0%	-7.2%	-10.9%	33.2%	15.0%	8.9%
Renewal premium	41.4	55.7	54.4	68.0	38.9	56.4	57.5	71.9	219.6	224.8
Growth (%)	-0.1%	-3.5%	-4.1%	-1.6%	-5.9%	1.3%	5.7%	5.6%	-2.4%	2.4%
Single premium	18.5	24.1	23.5	29.3	23.3	28.1	26.5	23.8	95.4	101.7
Growth (%)	89.1%	34.4%	11.4%	-7.3%	25.9%	16.8%	12.6%	-18.8%	18.6%	6.6%
Gross premium income	68.7	95.3	93.4	117.1	72.6	99.0	97.8	122.0	374.6	391.4
Growth (%)	19.5%	9.2%	2.1%	-3.2%	5.7%	3.8%	4.7%	4.2%	4.8%	4.5%
PAT	-1.9	4.4	3.1	1.8	1.6	2.0	2.2	2.0	7.5	8.7
Growth (%)	NM	46.6%	1.7%	189.5%	NM	-55.1%	-29.0%	10.6%	-21.5%	15.1%
Key metrics (INRb)										
New Business APE	12.2	19.8	19.3	26.1	15.2	20.0	18.2	35.3	77.3	88.7
Growth (%)	48.1	34.9	15.8	4.0	24.7	1.1	-5.5	35.3	19.7	14.7
VNB	3.6	5.2	5.2	7.8	4.7	6.2	6.2	12.2	21.7	29.3
Growth (%)	78.1	28.4	20.3	31.1	31.6	20.6	20.0	58.1	33.5	35.5
AUM	2,232	2,371	2,376	2,405	2,301	2,443	2,519	2,639	2,405	2,639
Growth (%)	31.3	30.6	16.0	12.3	3.1	3.0	6.0	9.7	12.3	9.7
Key Ratios (%)										
VNB Margins (%)	29.4	26.0	26.7	29.7	31.0	31.1	33.9	34.7	28.0	33.1
Solvency ratio (%)	194	200	202	205	204	201	212	210	205	210

SBI Life**Buy****CMP: INR1,100 | TP: INR1,450 (+32%)****EPS CHANGE (%): FY23|24: -1.2|-16.3**

- New business premiums to remain healthy
- Expect margin to remain healthy at ~30%; VNB growth to remain healthy
- Cost leadership to continue
- Expect protection mix to improve and Non-PAR to remain healthy; growth commentary to be key

Quarterly performance (INR b)

Policy holder's A/c (INRb)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
First year premium	14.0	36.1	40.7	38.5	25.7	34.8	50.6	43.1	129.4	154.1
Growth (%)	29%	56%	24%	5%	83%	-4%	24%	12%	25%	19%
Renewal premium	50.3	77.8	96.5	108.4	57.6	91.2	109.1	123.1	333.0	381.0
Growth (%)	10%	9%	14%	15%	14%	17%	13%	14%	12%	14%
Single premium	19.4	33.3	44.3	28.1	30.2	40.2	33.7	37.1	125.2	141.2
Growth (%)	-2%	-8%	105%	11%	56%	20%	-24%	32%	22%	13%
Gross premium income	83.8	147.2	181.6	175.1	113.5	166.2	193.3	203.3	587.6	676.4
Growth (%)	10%	12%	31%	12%	35%	13%	6%	16%	17%	15%
PAT	2.2	2.5	3.6	6.7	2.6	3.8	3.0	7.1	15.1	16.5
Growth (%)	-43%	-18%	56%	26%	18%	53%	-16%	5%	3%	9%
Key metrics (INRb)										
New Business APE	16.2	39.7	45.7	41.3	29.0	39.3	54.3	45.7	141.9	168.3
Growth (%)	27.6	46.5	30.6	4.0	79.0	-1.0	18.8	10.6	24.9	18.6
VNB	3.8	10.0	11.5	11.7	8.8	12.4	15.1	13.5	37.0	49.8
Growth (%)	46.2	85.2	51.3	6.4	131.6	24.0	31.3	15.8	39.1	34.7
AUM	2,316	2,442	2,569	2,674	2,624	2,826	3,000	3,123	2,674	3,123
Growth (%)	32.1	31.0	22.6	21.1	13.3	15.7	16.8	16.8	21.1	16.8
Key Ratios (%)										
VNB margins (%)	23.7	25.2	25.2	28.3	30.4	31.6	27.8	29.7	25.9	29.6
Solvency ratio (%)	215.0	212.0	209.0	205.0	221.0	219.0	225.0	221.1	204.8	221.1

Max Financial**Neutral****CMP: INR635 | TP: INR825 (+30%)****EPS CHANGE (%): FY23|24: +8.9|+12.3**

- Premium growth to remain modest; watch for commentary on revival and growth
- Expect VNB growth to remain modest; margins to see sequential moderation, but to remain healthy at ~28%
- Expect the proprietary channel to exhibit healthy trends, while banca channel to continue to witness pressure
- Expect Non-PAR growth to remain healthy and ULIP to witness pressure

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
First Year premium	8.0	12.3	15.4	17.4	9.2	11.1	14.6	22.8	53.2	57.7
Growth (%)	29.5%	8.9%	28.7%	-7.6%	14.2%	-9.3%	-5.5%	30.7%	10.0%	8.5%
Renewal premium	22.4	34.6	34.2	53.8	26.2	39.1	40.2	60.1	145.1	165.6
Growth (%)	21.2%	17.9%	18.8%	19.0%	16.7%	12.9%	17.5%	11.6%	19.0%	14.1%
Single premium	4.4	6.4	6.3	8.8	5.7	7.8	8.0	10.9	25.9	32.4
Growth (%)	56.5%	37.4%	15.3%	25.5%	30.1%	21.3%	26.9%	25.0%	29.8%	25.4%
Gross premium income	34.8	53.3	56.0	80.0	41.0	58.0	62.8	93.8	224.1	255.7
Growth (%)	26.6%	17.6%	21.0%	12.6%	17.8%	8.8%	12.2%	17.3%	17.9%	14.1%
PAT	0.8	0.7	1.2	1.5	0.9	0.5	2.9	2.7	3.9	7.0
Growth (%)	-44.2%	163.0%	-54.4%	45.3%	18.2%	-25.4%	155.7%	72.4%	-26.1%	81.9%
Key metrics (INRb)										
New Business APE	8.8	12.8	15.9	18.4	10.1	11.9	15.1	23.8	55.8	60.9
Growth (%)	32.4	11.2	30.0	-4.2	15.3	-7.2	-5.2	29.7	12.5	9.2
VNB	1.7	3.7	4.0	5.9	2.1	3.7	5.9	6.6	15.3	18.4
Growth (%)	52.2	15.1	13.1	27.1	23.8	-0.3	49.7	12.9	22.3	20.5
AUM (INRb)	937	1,001	1,025	1,075	1,071	1,134	1,184	1,252	1,075	1,252
Growth (%)	28.4	28.7	20.6	18.9	14.3	13.3	15.5	16.4	18.9	16.4
Key Ratios (%)										
VNB Margins (%)	19.7	29.2	24.9	31.9	21.1	31.3	39.3	27.8	27.4	30.2
Solvency ratio (%)	197.0	211.0	207.0	201.0	196.0	196.0	200.0	195.9	201.0	195.9

NOTES

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