

# Financials: Banks and Insurance

## Result Preview



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### 1QFY23 earnings estimate (INR b)

PAT (INR b)	1Q	YoY	QoQ
<b>Private Banks</b>			
AUBANK	2.58	27.1	-25.3
AXSB	34.51	59.8	-16.2
BANDHAN	8.29	122.3	-56.4
DCBB	0.92	172.6	-18.9
EQUITAS	0.95	699.3	-20.2
FB	5.05	37.6	-6.5
HDFCB	92.75	20.0	-7.8
ICICIB	64.48	39.7	-8.1
IIB	14.70	44.7	5.0
KMB	21.32	29.9	-22.9
RBK	1.75	NM	-11.4
<b>Private Total</b>	<b>247.33</b>	<b>39.8</b>	<b>-13.5</b>
<b>PSU Banks</b>			
BOB	12.78	5.7	-28.2
CBK	13.87	17.8	-16.7
INBK	9.24	-21.8	-6.1
PNB	5.68	-44.5	181.9
SBIN	75.95	16.8	-16.7
UNBK	12.51	5.9	-13.1
<b>PSU Total</b>	<b>130.03</b>	<b>5.9</b>	<b>-14.4</b>
<b>Banks Total</b>	<b>377.36</b>	<b>25.9</b>	<b>-13.8</b>
<b>Other Financials</b>			
SBICARD	5.34	75.2	-8.1
<b>Life Insurance</b>			
HDFCLIFE	3.37	11.6	-5.7
IPRULIFE	1.95	NM	5.5
SBILIFE	2.76	23.5	-59.0
MAXF	0.86	11.2	-44.4
<b>Life Total</b>	<b>8.93</b>	<b>114.4</b>	<b>-34.7</b>

## Earnings outlook resilient; remain watchful of treasury performance

### Business growth and margins gaining traction; Asset quality stable

- **Credit growth gaining traction:** Systemic loan is witnessing a healthy revival, with credit growth accelerating to ~12.1% YoY as of 17<sup>th</sup> Jun'22, led by continued strength in the Retail and SME segment, while the Corporate segment is also seeing a revival. Disbursement growth across several Retail products has surpassed pre-COVID levels, while Corporate growth was led by improved utilization levels and working capital requirements. **Among segments – Home, Vehicle, Unsecured, and Small Business continue to do well, while the demand for CV is also improving.** The Credit Cards business is seeing a healthy momentum, with spends remaining strong over 1QFY23.
- While an uncertain macro and rising inflation can impact the demand environment, we **estimate loans to grow by ~12%/13.5% YoY in FY23/FY24. We expect our Banking Coverage Universe to deliver ~26% YoY growth in PAT in 1QFY23, while PPOP will undergo a marginal YoY decline, largely due to higher MTM losses.**
- **Earnings to remain steady:** Our estimates indicate steady traction in earnings over FY23/FY24, even as we expect treasury income to be subdued and near-term OPEX to remain elevated, likely to be offset by an uptick in NII and lower credit cost. **We expect Private/PSU Banks to report an earnings growth of ~29%/~26% YoY in FY23.** Our Banking Coverage Universe is likely to report an earnings growth of ~28% YoY in FY23, after posting a growth of ~45% in FY22.
- **Asset quality and credit cost to remain controlled:** We estimate slippages to remain controlled, which, along with healthy recoveries and upgrades, will result in a continuous improvement in asset quality across Banks. While the performance of restructured and ECLGS book will be important to assess the credit cost trajectory, we expect credit cost to remain under control, while the balance sheets strengthen further.

### Private Banks – PAT to grow ~40% YoY in 1QFY23

- **We estimate Private Banks to report a PPOP growth of 7.4% YoY (-2% QoQ) and PAT growth of 39.8% YoY (-13.5% QoQ) in 1QFY23.** Earnings are likely to remain healthy, led by higher business growth, NIM expansion, and a sustained reduction in credit cost.
- **Loan growth is projected to remain strong. We forecast loans by Private Banks to grow by 18%/19% over FY23/FY24.** We estimate ICICIB to deliver a loan growth of ~20% YoY over 1QFY23 and KMB/AXSB to grow by ~29%/19%. HDFCB/IIB reported a growth of ~22%/~18% YoY.
- **Margins to witness stable/improving trends,** supported by rising interest rates, which will benefit the floating rate book. This will be further supported by the deployment of excess liquidity and healthy traction in loan growth. **We forecast NII growth of ~18% YoY,** with ICICIB ~20%, AXSB/KMB ~19% each, and IIB/HDFCB at 16% each in 1QFY23.
- **We predict slippages to remain controlled and are optimistic on asset quality.** Slippages are likely to remain controlled over 1QFY23 across segments, barring BANDHAN, which can see some stress due to the ongoing floods. This will result in a continuous improvement in asset quality. The performance of the restructured and ECLGS book will be a key monitorable.

Nitin Aggarwal - Research Analyst (Nitin.Agarwal@MotilalOswal.com)

Yash Agarwal - Research Analyst (Yash.Agarwal@MotilalOswal.com) / Vinayak Agarwal - Research Analyst (Vinayak.Agarwal@MotilalOswal.com)

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### PSBs – Improvement in business growth and asset quality; treasury to drag earnings

- We forecast earnings for PSBs to remain muted, impacted by a weak treasury performance as a rise in bond yields will drive treasury losses, thereby denting the operating performance.
- However, traction in loan growth will keep NII healthy and enable margin expansion. This will be further supported by a sustained reduction in credit cost as the asset quality performance for PSBs remains steady.
- **PSBs are likely to deliver a NII/PPOP growth of 13.5%/-9.4% YoY (+4.4%/-9.4% QoQ), , while PAT will grow by ~6% YoY (-14.4% QoQ) in 1QFY23.**

### Small Finance Banks – A mixed performance

- We expect AUBANK to report a modest performance, impacted by margin pressure and higher OPEX, even as loan growth (+37%) remains healthy. Provisions are likely to remain controlled, which will support earnings.
- EQUITAS is likely to report a PPOP/PAT growth of 41%/8x YoY.

### Life Insurers – Premium growth and VNB margins to remain healthy

- We expect premium growth to remain healthy (albeit on a low base) on strong demand for Annuity, Guaranteed, and Credit Life products.
- Protection is likely to see a gradual recovery, while ULIP is likely to remain subdued amid a volatile market.
- SBILIFE will post an APE growth of 68% YoY, while IPRU/HDFCLIFE will see a growth of 39%/32% in 1QFY23. MAXF would see a modest growth of 23% YoY.
- We project VNB growth of 77% YoY for SBILIFE, while others are likely to see a healthy growth of 35-37%. VNB margin to moderate on a QoQ basis, but remains healthy/higher on a YoY basis (barring MAXF).

### SBICARD: Strong growth in spends; robust Asset quality outlook

- The momentum in Credit Card spends and new account sourcing is likely to remain strong over 1QFY23, which will keep fee income robust.
- Restructured book under RBI RE is anticipated to get fully dissolved, driving continued improvement in asset quality.
- While we expect credit cost to continue to improve, the performance on the margin front will be a key monitorable owing to a low revolve rate.

### Other monitorables

- **The performance of the restructured and ECLGS book:** Commentaries on slippages, the performance of the restructured and ECLGS book, and provisioning guidance are key focus areas.
- **Outlook on growth and margins:** Commentaries on the growth outlook, revival in capex, and margin, amid rising interest rates, higher inflation, and a challenging macro, are key monitorables.
- **Fee income traction and treasury performance:** The traction in fee income and treasury performance due to a rise in bond yields are key focus areas.
- **Technological spends and elevated OPEX:** Outlook on technological spends and investments in the business could affect normalization in OPEX.

## Our top picks – ICICIB, SBIN, HDFCB, FB, and SBILIFE

### ICICIB: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	475	578	705
OP	393	470	571
NP	233	292	356
NIM (%)	4.0	4.2	4.4
EPS (INR)	33.7	42.0	51.3
EPS Gr. (%)	39.2	24.7	22.1
ABV/Sh. (INR)	223	264	313
Cons. BV/Sh. (INR)	263	306	359

#### Ratios

RoE (%)	15.0	16.1	16.8
RoA (%)	1.8	1.9	2.0

#### Valuations

P/BV (x) (Cons.)	2.7	2.3	2.0
P/ABV (x)	2.5	2.1	1.7
P/E (x)	16.2	13.0	10.6

\*Adjusted for investment in subsidiaries

### SBIN: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	1,207	1,385	1,623
OP	753	865	1,051
NP	317	417	523
NIM (%)	2.9	3.0	3.2
EPS (INR)	35.5	46.8	58.6
EPS Gr. (%)	55.2	31.7	25.3
ABV (INR)	256	298	352
Cons. BV. (INR)	328	378	441

#### Ratios

RoE (%)	13.0	15.2	16.7
RoA (%)	0.7	0.8	0.9

#### Valuations

P/BV (x) Cons.	1.4	1.3	1.1
P/ABV (x)*	1.1	0.9	0.8
P/E (x)*	7.8	6.0	4.8

\*Adjusted for investment in subsidiaries

### ICICIB (Buy)

- ICICIB has substantially increased its PCR to ~79% as of 4QFY22 – the highest in the industry – and carries COVID-related provisions of INR64.3b (~0.7% of loans). Slippages have moderated over the past few quarters and we expect these to subside further. ICICIB is well-cushioned, with higher provisions on its Balance Sheet, and has guided at a normalization in credit costs from FY23.
- Steady mix of a high-yielding book such as Retail/Business banking, deployment of excess liquidity, and a low-cost liability franchise is aiding margin expansion, which improved to ~4.1%. Around 70% of its book is floating in nature, with ~41%/7% linked to repo/other EBLR, which will aid margin. We expect margin to remain healthy as growth in the SME and high-yielding Retail segment picks 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 a 19% loan CAGR over FY22-24 for the bank.
- ICICIB has ample room for further re-rating as it continues with its journey to deliver consistent solid return ratios and sustainable growth, led by its focus on core operating performance. We estimate a RoA/RoE of 2%/16.8% for FY24. Adjusted for subsidiaries, the standalone bank trades at 1.7x FY24E ABV.

### SBIN (Buy)

- SBIN has demonstrated 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 to a low of 1%, beating private peers, while PCR improved to 75%. This, coupled with controlled restructuring (1.13% of loans) and a low SMA book (13bp of loans), will drive a sustained reduction in credit cost to 0.9%.
- Retail growth is likely to remain strong. This, along with a pick-up in the SME and Corporate book (as the un-utilized limit continues to moderate), will support loan growth. Stable margin, deployment of surplus liquidity, and reversal in the rate cycle (as ~75% of loans are floating in nature) will enable a recovery in NII.
- SBIN inarguably has one of the best liability franchises (CASA mix: ~46%). This puts it in a better position to manage funding cost in a rising rate regime. While there could be some increase in the cost of deposits, margin is likely to remain stable.
- SBIN appears well positioned to report a strong uptick in earnings. We estimate a FY24 RoA/RoE of 0.9%/16.7%. Subsidiaries account for ~32% of the total SoTP. Adjusted for subsidiaries, the bank trades at 0.8x FY24E ABV.

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

Y/E March	FY22	FY23E	FY24E
NII	720	872	1,067
OP	641	756	914
NP	370	444	539
NIM (%)	3.9	4.1	4.2
EPS (INR)	66.8	80.1	97.2
EPS Gr. (%)	18.1	19.8	21.4
BV/Sh. (INR)	433	504	591
ABV/Sh. (INR)	420	490	575
<b>Ratios</b>			
RoE (%)	16.7	17.1	17.8
RoA (%)	1.9	2.0	2.1
<b>Valuations</b>			
P/E (x)	20.3	16.9	13.9
P/BV (x)	3.1	2.7	2.3
P/ABV (x)	3.2	2.8	2.4

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

Y/E March	FY22	FY23E	FY24E
NII	59.6	67.5	81.0
OP	37.6	42.7	52.2
NP	18.9	23.6	29.0
NIM (%)	3.2	3.3	3.4
EPS (INR)	9.2	11.2	13.8
EPS Gr. (%)	15.6	21.6	23.0
BV/Sh. (INR)	89.4	98.8	110.2
ABV/Sh. (INR)	82.1	90.9	101.9
<b>Ratios</b>			
RoE (%)	10.8	11.9	13.2
RoA (%)	0.9	1.0	1.1
<b>Valuations</b>			
P/E (x)	10.3	8.5	6.9
P/BV (x)	1.1	1.0	0.9
P/ABV (x)	1.2	1.0	0.9

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

Y/E March	FY22	FY23E	FY24E
Net Premium	584	689	834
Sh. PAT	15.1	17.3	18.9
NBP gr- unwttd.(%)	23.4	22.0	23.0
NBP gr. – APE (%)	23.4	22.1	23.6
Premium gr. (%)	16.9	18.2	21.1
VNB margin. (%)	25.9	26.7	27.0
RoEV (%)	18.7	18.3	19.5
Total AUM (INR t)	2.7	3.1	3.8
VNB	37.0	45.7	57.3
EV per share	396	469	560
<b>Valuations</b>			
P/EV (x)	2.8	2.4	2.0
P/EVOP (x)	16.2	14.1	11.6

**HDFCB (Buy)**

- HDFCB has been delivering a healthy growth in advances, driven by strong trends in Retail loans. The growth has been fueled by Commercial and Rural Banking, while Wholesale advances have seen modest trends. We expect the steady traction to continue and estimate a 19% CAGR in loans over FY22-24.
- Asset quality remains robust, with credit costs undershooting the long-term trend. HDFCB is increasing its contingency buffers prudently, which provide comfort and limit the adverse impact on profitability. We estimate credit costs to sustain ~1% over FY23-24.
- A strong liability franchise, along with a pick-up in Retail loan growth, will support margin and its operating performance. We estimate HDFCB to report a RoA/RoE of 2.1%/17.8% in FY24. HDFCB currently trades at 2.4x FY24E ABV.

**FB (Buy)**

- Asset quality ratios have improved, led by healthy recoveries and upgrades and moderation in slippages. CE stood healthy ~95% in 4QFY22, with no big-ticket account (over INR1b) on its watch-list. While we remain watchful of stress from the SME and Agri segment and a high restructuring book, we nevertheless expect credit costs to moderate. We expect a slippage/credit cost/PCR of 1.3%/0.7%/~68% in FY24.
- CASA and retail TD constitute over 91% 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.
- The management has been taking a cautious approach towards building its loan mix to higher-rated Corporates and secured Retail loans. The mix of Retail loans improved to ~32% as of 4QFY22 (from 28.4% in FY19). We expect loan growth to remain healthy, resulting in a further improvement in its overall operating performance.
- We expect a RoA/RoE of 1.1%/13.2% by FY24. FB currently trades at 0.9x FY24E ABV.

**SBILIFE (Buy)**

- SBILIFE is seeing strong traction in premium growth across segments, with Individual WRP delivering a robust 134% growth over 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 22% APE CAGR over FY22-24, led by continued momentum in Non-PAR Savings and Protection products.
- The share of ULIP can remain slightly muted. However, 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, cost leadership is likely to continue.
- We estimate 24% VNB CAGR over FY22-24, with operating RoEV to sustain ~21% by FY24. We forecast a steady improvement in margin to ~27% over FY22-24. SBILIFE currently trades at 2x FY24E EV.

Exhibit 1: 1QFY23 earnings estimates

	CMP		NII (INR m)			Op. profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Jun'22	Variance YoY (%)	Variance QoQ (%)	Jun'22	Variance YoY (%)	Variance QoQ (%)	Jun'22	Variance YoY (%)	Variance QoQ (%)
<b>Financials</b>											
AU Small Finance	563	Buy	9,734	34.4	3.9	4,335	-9.9	-10.1	2,584	27.1	-25.3
Axis Bank	654	Buy	92,638	19.4	5.0	60,853	-1.6	-5.9	34,512	59.8	-16.2
Bandhan Bank	271	Neutral	24,740	17.0	-2.6	22,387	15.5	-11.2	8,293	122.3	-56.4
DCB Bank	76	Neutral	3,853	24.8	1.3	2,176	7.6	-1.5	920	172.6	-18.9
Equitas Holdings	84	Buy	5,793	25.7	4.9	2,281	41.0	-19.6	953	699.3	-20.2
Federal Bank	95	Buy	15,720	10.8	3.1	9,128	-12.0	14.4	5,053	37.6	-6.5
HDFC Bank	1,355	Buy	197,395	16.1	4.6	163,481	8.0	-0.1	92,755	20.0	-7.8
ICICI Bank	720	Buy	131,771	20.5	4.5	103,724	16.6	0.8	64,481	39.7	-8.1
IndusInd Bank	832	Buy	41,178	15.5	3.3	32,299	1.4	-4.5	14,701	44.7	5.0
Kotak Mahindra Bank	1,671	Neutral	47,025	19.3	4.0	32,175	11.3	-3.7	21,324	29.9	-22.9
RBL Bank	87	UR	11,031	13.8	-2.5	6,235	-18.6	-5.2	1,753	NM	-11.4
<b>Banks – Private</b>			<b>580,878</b>	<b>18.0</b>	<b>4.0</b>	<b>439,073</b>	<b>7.4</b>	<b>-2.0</b>	<b>247,329</b>	<b>39.8</b>	<b>-13.5</b>
Bank of Baroda	98	Buy	88,884	12.6	3.2	50,367	-10.1	-10.6	12,776	5.7	-28.2
Canara Bank	188	Buy	72,797	18.2	3.9	57,957	5.7	-6.5	13,872	17.8	-16.7
Indian Bank	151	Buy	44,443	11.3	4.4	29,580	-13.4	8.1	9,245	-21.8	-6.1
Punjab National Bank	30	Neutral	76,380	5.6	4.6	46,369	-27.5	-11.9	5,681	-44.5	181.9
State Bank of India	473	Buy	325,507	17.8	4.3	176,182	-7.1	-10.6	75,953	16.8	-16.7
Union Bank	35	Buy	72,121	2.8	6.5	47,803	-7.7	-13.4	12,508	5.9	-13.1
<b>Banks – PSU</b>			<b>680,131</b>	<b>13.5</b>	<b>4.4</b>	<b>408,258</b>	<b>-9.4</b>	<b>-9.4</b>	<b>130,035</b>	<b>5.9</b>	<b>-14.4</b>
<b>Total Banks</b>			<b>1,261,009</b>	<b>15.5</b>	<b>4.2</b>	<b>847,331</b>	<b>-1.4</b>	<b>-5.7</b>	<b>377,363</b>	<b>25.9</b>	<b>-13.8</b>
HDFC Life Insurance	574	Neutral	92,613	22.9	-35.2	3,408	11.1	6.0	3,373	11.6	-5.7
ICICI Prudential Life	511	Buy	81,771	23.9	-28.0	2,084	-196.6	-5.7	1,949	NM	5.5
SBI Life Insurance	1,115	Buy	110,185	32.6	-36.8	2,788	19.4	-59.8	2,757	23.5	-59.0
Max Financial	809	Buy	42,237	21.2	-47.2	NA	NA	NA	856	11.2	-44.4
<b>Life Insurance</b>			<b>326,807</b>	<b>26.0</b>	<b>-36.0</b>	<b>8,280</b>	<b>155.3</b>	<b>-33.0</b>	<b>8,935</b>	<b>114.4</b>	<b>-34.7</b>
SBI Cards	786	Buy	10,566	14.3	5.8	12,659	20.1	8.0	5,338	75.2	-8.1

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

Exhibit 2: Loan growth picks up to 12.1%

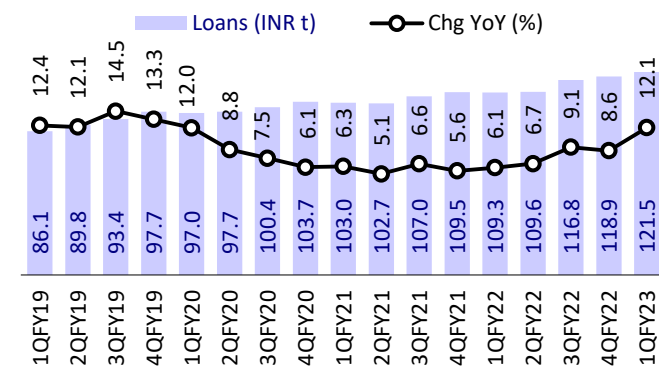


Exhibit 3: Deposit growth modest at 8.3%

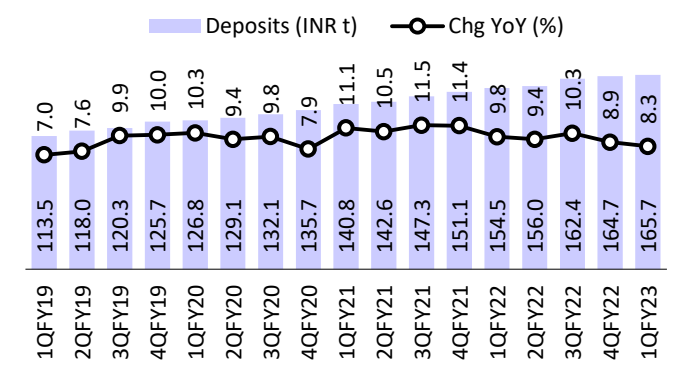
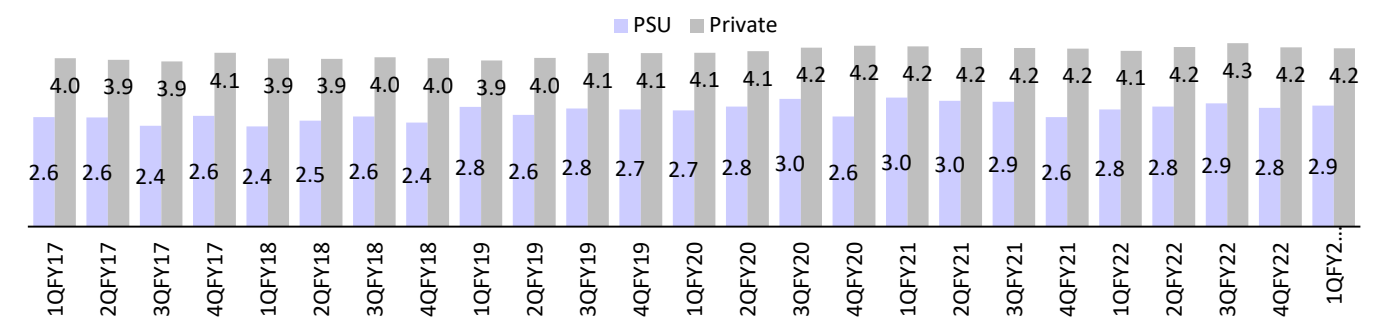


Exhibit 4: Margins to exhibit a positive bias, supported by rising interest rate and healthy pick up in business growth





**Exhibit 5: Our FY23E earnings estimates are broadly unchanged for Private Banks, while we cut the same for PSU Banks due to weak treasury performance**

PAT (INR b)	Old estimates		Revised estimates		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
<b>Private Banks</b>						
AXSB	178.4	225.2	166.4	214.4	-6.7%	-4.8%
BANDHAN	43.7	61.6	41.9	58.9	-4.2%	-4.4%
DCBB	4.2	5.5	4.3	5.7	1.7%	3.3%
HDFCB	445.4	535.2	444.2	539.2	-0.3%	0.7%
ICICIBC	282.4	340.9	291.8	356.2	3.4%	4.5%
IIB	71.1	89.5	69.1	87.0	-2.8%	-2.8%
KMB	95.9	113.8	96.2	114.7	0.3%	0.8%
FB	23.0	27.9	23.6	29.0	2.3%	4.0%
RBK	9.2	14.4	8.9	12.9	-4.1%	-10.5%
AUBANK	15.6	21.2	14.3	20.2	-8.5%	-5.1%
EQUITAS	4.6	6.7	5.0	7.4	7.8%	10.0%
<b>Total Private Banks</b>	<b>1,173.6</b>	<b>1,441.9</b>	<b>1,165.6</b>	<b>1,445.6</b>	<b>-0.7%</b>	<b>0.3%</b>
<b>YoY growth</b>	<b>29.9%</b>	<b>22.9%</b>	<b>29.0%</b>	<b>24.0%</b>		
<b>PSU Banks</b>						
BOB	95.2	132.7	82.4	124.6	-13.5%	-6.1%
CBK	82.9	100.6	74.2	93.9	-10.4%	-6.7%
INBK	49.1	60.2	47.3	58.2	-3.7%	-3.4%
PNB	51.2	67.5	40.4	60.3	-21.0%	-10.7%
SBIN	423.7	521.6	417.3	522.6	-1.5%	0.2%
UNBK	59.8	88.8	57.5	86.6	-3.9%	-2.5%
<b>Total PSU Bank</b>	<b>762.0</b>	<b>971.4</b>	<b>719.2</b>	<b>946.0</b>	<b>-5.6%</b>	<b>-2.6%</b>
<b>YoY growth</b>	<b>33.1%</b>	<b>27.5%</b>	<b>25.6%</b>	<b>31.5%</b>		
<b>Total for Banks</b>	<b>1,935.6</b>	<b>2,413.4</b>	<b>1,884.7</b>	<b>2,391.6</b>	<b>-2.6%</b>	<b>-0.9%</b>
<b>YoY growth</b>	<b>31.1%</b>	<b>24.7%</b>	<b>27.7%</b>	<b>26.9%</b>		
<b>Other Financials</b>						
SBICARD	26.3	36.2	25.1	35.7	-4.6%	-1.4%

Source: MOFSL, Company

Large Banks continue to carry additional provision buffers

**Exhibit 6: Snapshot of additional provision buffers as of 4QFY22**

As of 4QFY22	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	7,077	50.1	74.2	124.3	1.8
BANDHAN	940	-	-	-	0.0
DCBB	291	0.7	-	0.7	0.2
HDFCB**	13,688	96.9	14.5	111.4	0.8
ICICIBC	8,590	64.3	-	64.3	0.7
IIB***	2,391	33.3	-	33.3	1.4
IDFCFIRST	1,179	1.7	-	1.7	0.1
KMB	2,713	5.5	-	5.5	0.2
FB	1,449	-	-	-	0.0
RBK	600	-	-	-	0.0
AUBANK	461	1.6	-	1.6	0.3
EQUITAS	194	-	-	-	0.0
SBIN	27,340	-	-	-	0.0
SBICARD	302	0.5	-	0.5	0.2

\*AXSB holds total provisions of INR124b, including standard and additional, other than NPA

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

\*\*\*For IIB, counter-cyclical provisions (INR6.35b) and 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
AXSB	40.3	0.30%	0.66%	0.63%	0.52%
BANDHAN	54.2	0.76%	11.18%	8.22%	5.77%
DCBB	18.7	4.26%	6.80%	6.81%	6.42%
HDFCB	157.0	0.57%	1.50%	1.40%	1.14%
ICICIB	82.7	0.54%	1.27%	1.19%	1.00%
IIB	62.2	1.80%	3.60%	3.30%	2.60%
KMB	12.1	0.19%	0.54%	0.54%	0.44%
FB	35.4	1.07%	2.49%	2.45%	2.44%
RBK	19.6	1.58%	3.66%	3.44%	3.27%
AUBANK	11.8	1.85%	3.60%	3.10%	2.50%
BOB	190.0	1.34%	2.95%	2.65%	2.44%
SBIN	309.6	0.73%	1.24%	1.20%	1.13%
INBK	184.2	1.64%	5.85%	5.09%	4.73%
PNB	172.0	NA	2.60%	2.76%	2.36%
UNBK	214.4	1.10%	3.69%	3.32%	2.99%
BOI	110.6	NA	3.61%	2.97%	2.63%
CBK	195.0	NA	2.85%	2.78%	2.77%

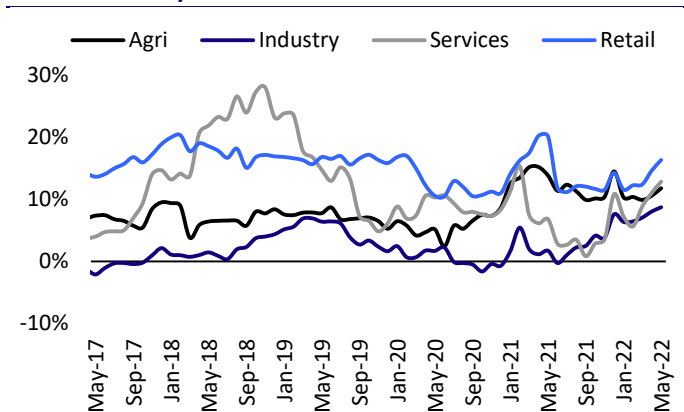
Source: MOFSL, Company

**Exhibit 8: SMA book across Banks as of 4QFY22**

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	44bp	
BOI	174bp	54bp	12bp
CBK	83bp	43bp	27bp
INBK	NA	75bp	18bp
PNB	NA	NA	2bp
SBIN	NA	11bp	2bp
UNBK	NA	NA	9bp
BANDHAN	300bp	160bp	190bp
KMB	NA	NA	7bp

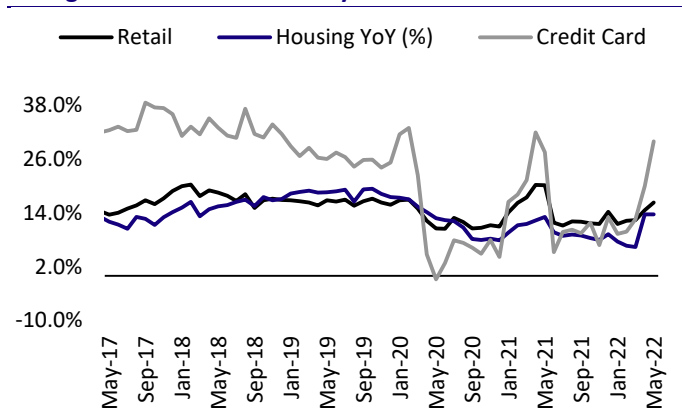
Source: MOFSL, Company

**Exhibit 9: Retail loan growth improves to 16.4%; Retail mix at 31.1% in May'22**



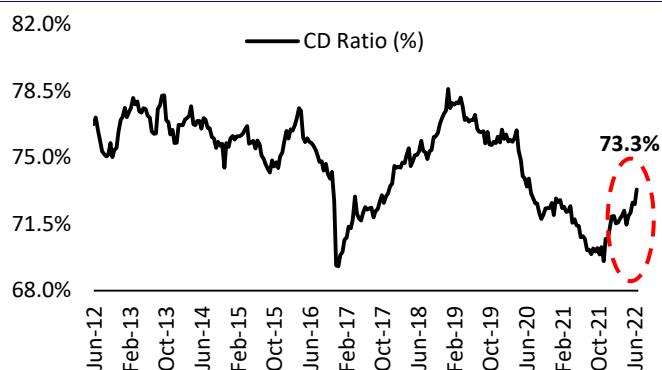
Source: MOFSL, RBI

**Exhibit 10: Credit Card growth ~30% YoY; Housing/Vehicle loan growth ~14% each in May'22**



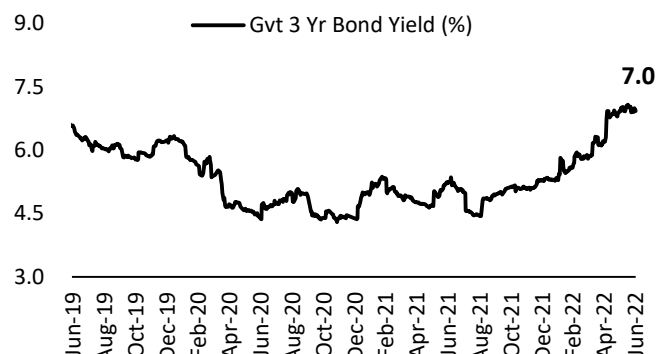
Source: MOFSL, RBI

**Exhibit 11: CD ratio picks up to 73.3% as of 17<sup>th</sup> Jun'22, expect it to improve gradually**



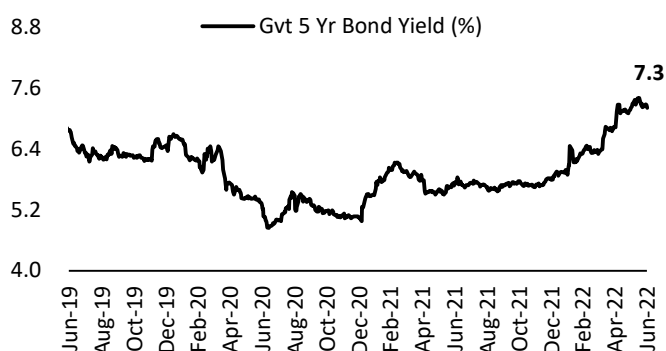
Source: MOFSL, RBI

**Exhibit 12: Three-year G-Sec yield increases 113bp over 1QFY23, currently ~6.9%**



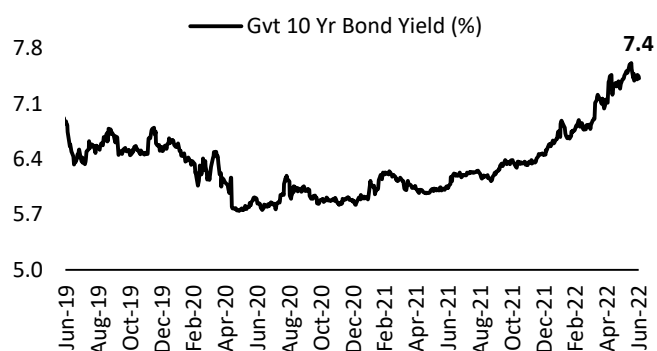
Source: MOFSL, BBG

**Exhibit 13: Five-year G-Sec yield increases by 93bp in 1QFY23, currently ~7.2%**



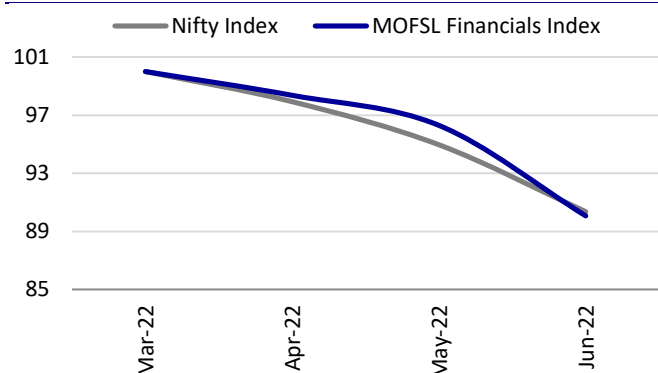
Source: MOFSL, BBG

**Exhibit 14: 10-year G-Sec yield increases by 61bp in 1QFY23, currently ~7.4%**



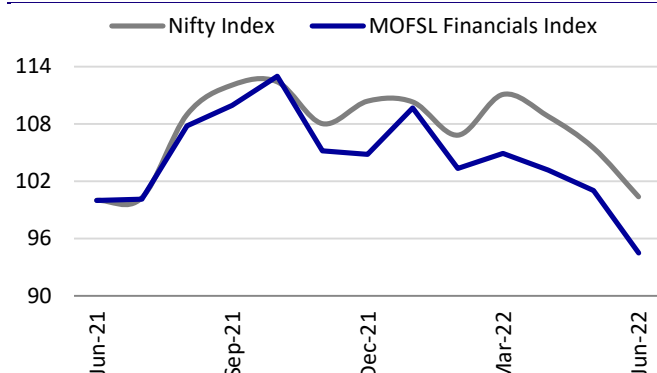
Source: MOFSL, BBG

**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)			PE (x)			PB (x)			ROE (%)		
Company Name	(INR)	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Financials														
Banks-Private						21.3	16.5	13.3	2.8	2.5	2.1	13.3	15.1	16.1
AU Small Finance	563	Buy	18.0	22.7	32.0	31.2	24.8	17.6	4.7	4.0	3.2	16.6	17.4	20.3
Axis Bank	654	Buy	42.5	54.2	69.9	15.4	12.1	9.4	1.7	1.7	1.4	12.0	14.2	16.6
Bandhan Bank	271	Neutral	0.8	26.0	36.6	346.7	10.4	7.4	2.5	2.1	1.7	0.7	21.9	25.3
DCB Bank	76	Neutral	9.2	13.7	18.2	8.2	5.5	4.2	0.6	0.5	0.5	7.8	10.6	12.7
Equitas Holdings	84	Buy	8.2	14.6	21.5	10.2	5.7	3.9	0.7	0.6	0.6	7.3	11.3	15.0
Federal Bank	95	Buy	9.2	11.2	13.8	10.3	8.5	6.9	1.1	1.0	0.9	10.8	11.9	13.2
HDFC Bank	1,355	Buy	66.8	80.1	97.2	20.3	16.9	13.9	3.1	2.7	2.3	16.7	17.1	17.8
ICICI Bank	720	Buy	33.7	42.0	51.3	21.4	17.1	14.0	3.0	2.6	2.2	15.0	16.1	16.8
IndusInd Bank	832	Buy	62.1	89.2	112.3	13.4	9.3	7.4	1.3	1.2	1.0	10.6	13.6	15.1
Kotak Mahindra Bank	1,671	Neutral	60.9	69.3	83.0	27.4	24.1	20.1	3.4	3.0	2.6	12.7	12.5	13.2
RBL Bank	87	Buy	-1.2	14.8	21.6	-70.1	5.9	4.1	0.4	0.4	0.4	-0.6	6.8	9.3
SBI Cards	786	Buy	17.2	26.6	37.9	45.8	29.6	20.7	9.6	7.4	5.6	23.0	28.2	30.6
Banks-PSU						9.6	7.6	5.7	0.9	0.8	0.7	9.5	11.0	13.1
Bank of Baroda	98	Buy	14.0	15.9	24.1	7.0	6.2	4.1	0.6	0.6	0.5	8.5	9.2	12.6
Canara Bank	188	Buy	32.8	40.9	51.7	5.7	4.6	3.6	0.6	0.5	0.4	9.1	10.7	12.1
Indian Bank	151	Buy	33.2	38.0	46.7	4.5	4.0	3.2	0.5	0.4	0.4	11.2	12.0	13.3
Punjab National Bank	30	Neutral	3.2	3.7	5.5	9.3	8.2	5.5	0.4	0.3	0.3	3.7	4.2	5.9
State Bank	473	Buy	39.6	52.6	66.7	11.9	9.0	7.1	1.4	1.3	1.1	13.0	15.2	16.7
Union Bank	35	Buy	7.9	8.4	12.7	4.4	4.1	2.7	0.3	0.3	0.3	8.3	8.5	12.0
Insurance						113.6	60.1	44.2	14.4	11.8	9.7	12.7	19.7	22.0
HDFC Life Insur.	574	Neutral	5.7	6.8	7.9	100.6	84.2	72.6	3.5	3.0	2.5	23.8	18.0	18.7
ICICI Pru Life	511	Buy	5.3	6.9	8.6	97.4	74.6	59.3	2.3	2.0	1.7	8.7	14.3	16.7
Life Insurance Corp.	693	Buy	6.5	12.4	18.1	106.2	55.8	38.2	0.8	0.7	0.7	NM	3.2	11.4
Max Financial	809	Buy	10.4	11.0	14.3	77.6	73.3	56.5	2.5	2.1	1.7	19.8	19.9	20.6
SBI Life Insurance	1,115	Buy	15.1	17.3	18.9	74.0	64.5	59.1	2.8	2.4	2.0	18.7	18.3	19.5
Star Health	497	Buy	-18.1	13.2	19.4	-27.5	37.7	25.6	6.2	4.1	3.5	-25.7	13.0	14.7

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: INR563 | TP: INR750 (+33%)**

**EPS CHANGE (%): FY23|24: -8.5|-5.1**

- Expect margin to compress to ~6%.
- Expect business growth to see a strong traction.
- CoF and C/I ratio are the other key monitorables.
- Asset quality and movement in the restructuring book are key monitorables.

### Quarterly performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q*	2Q*	3Q*	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>7,240</b>	<b>7,531</b>	<b>8,204</b>	<b>9,366</b>	<b>9,734</b>	<b>10,332</b>	<b>10,887</b>	<b>11,741</b>	<b>32,341</b>	<b>42,694</b>
Change (YoY %)	40.4	34.3	29.6	42.8	34.4	37.2	32.7	25.4	36.7	32.0
Other Income	2,141	1,919	2,756	3,114	1,858	2,295	3,170	3,607	9,937	10,931
<b>Total Income</b>	<b>9,381</b>	<b>9,451</b>	<b>10,961</b>	<b>12,479</b>	<b>11,592</b>	<b>12,627</b>	<b>14,057</b>	<b>15,348</b>	<b>42,278</b>	<b>53,624</b>
Operating Expenses	4,570	5,526	6,376	7,656	7,258	7,474	7,875	8,277	24,128	30,884
<b>Operating Profit</b>	<b>4,811</b>	<b>3,925</b>	<b>4,584</b>	<b>4,823</b>	<b>4,335</b>	<b>5,153</b>	<b>6,181</b>	<b>7,071</b>	<b>18,150</b>	<b>22,741</b>
Change (YoY %)	8.0	-11.1	-48.8	40.1	-9.9	31.3	34.8	46.6	-15.9	25.3
Provisions	2,065	46	560	932	881	914	888	972	3,610	3,654
<b>Profit before Tax</b>	<b>2,747</b>	<b>3,878</b>	<b>4,025</b>	<b>3,891</b>	<b>3,454</b>	<b>4,240</b>	<b>5,293</b>	<b>6,099</b>	<b>14,541</b>	<b>19,086</b>
Tax Provisions	715	1,093	1,004	430	870	1,068	1,334	1,537	3,242	4,810
<b>Net Profit</b>	<b>2,032</b>	<b>2,785</b>	<b>3,020</b>	<b>3,461</b>	<b>2,584</b>	<b>3,171</b>	<b>3,959</b>	<b>4,562</b>	<b>11,298</b>	<b>14,276</b>
Change (YoY %)	1.2	-13.5	-36.9	104.8	27.1	13.9	31.1	31.8	-3.5	26.4
<b>Operating Parameters</b>										
Deposit (INR b)	370.1	390.3	442.8	525.8	546.3	576.3	626.8	694.1	525.8	694.1
Loan (INR b)	339.6	358.5	401.8	461.0	483.2	505.4	549.8	609.1	461.0	609.1
Deposit Growth (%)	38.5	44.7	49.0	46.2	47.6	47.6	41.6	32.0	46.2	32.0
Loan Growth (%)	29.4	31.6	32.6	33.2	42.3	41.0	36.8	32.1	33.2	32.1
<b>Asset Quality</b>										
GNPA (%)	4.3	3.2	2.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0
NNPA (%)	2.3	1.7	1.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5
PCR (%)	48.8	48.6	50.8	75.0	75.5	77.0	76.5	75.5	75.0	75.5

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

## Axis Bank

**Buy**

**CMP: INR654 | TP: INR850 (+30%)**

**EPS CHANGE (%): FY23|24: -6.7|-4.8**

- Expect credit costs to remain steady. Slippages will be a key monitorable.
- Restructuring and BB & below pool to remain a key focus area.
- Expect margin to witness a slight expansion to ~3.5%. Cost to assets is another key monitorable.
- Expect business growth to see a healthy traction.

### Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>77.6</b>	<b>79.0</b>	<b>86.5</b>	<b>88.2</b>	<b>92.6</b>	<b>97.4</b>	<b>99.7</b>	<b>104.5</b>	<b>331.3</b>	<b>394.2</b>
Change (YoY %)	11.1	7.8	17.4	16.7	19.4	23.2	15.3	18.5	13.3	19.0
Other Income	33.6	38.0	38.4	42.2	30.9	37.2	41.5	48.8	152.2	158.3
<b>Total Income</b>	<b>111.2</b>	<b>117.0</b>	<b>124.9</b>	<b>130.4</b>	<b>123.5</b>	<b>134.6</b>	<b>141.2</b>	<b>153.2</b>	<b>483.5</b>	<b>552.5</b>
Operating Expenses	49.3	57.7	63.3	65.8	62.7	65.3	68.0	70.7	236.1	266.6
<b>Operating Profit</b>	<b>61.9</b>	<b>59.3</b>	<b>61.6</b>	<b>64.7</b>	<b>60.9</b>	<b>69.2</b>	<b>73.2</b>	<b>82.6</b>	<b>247.4</b>	<b>285.9</b>
Change (YoY %)	5.9	-11.0	17.4	12.7	-1.6	16.8	18.8	27.7	-3.7	15.5
Provisions	33.0	17.4	13.3	9.9	14.7	15.4	15.5	17.8	73.6	63.4
<b>Profit before Tax</b>	<b>28.8</b>	<b>41.9</b>	<b>48.3</b>	<b>54.8</b>	<b>46.1</b>	<b>53.8</b>	<b>57.7</b>	<b>64.8</b>	<b>173.8</b>	<b>222.5</b>
Tax	7.2	10.6	12.1	13.6	11.6	13.6	14.5	16.3	43.6	56.1
<b>Net Profit</b>	<b>21.6</b>	<b>31.3</b>	<b>36.1</b>	<b>41.2</b>	<b>34.5</b>	<b>40.3</b>	<b>43.1</b>	<b>48.5</b>	<b>130.3</b>	<b>166.4</b>
Change (YoY %)	94.2	86.2	223.7	53.8	59.8	28.5	19.4	17.7	97.7	27.8
<b>Operating Parameters</b>										
Deposit (INR t)	7.1	7.4	7.7	8.2	8.4	8.6	8.9	9.5	8.2	9.5
Loan (INR t)	6.1	6.2	6.6	7.1	7.3	7.5	7.8	8.3	7.1	8.3
Deposit Growth (%)	16.0	18.1	20.3	17.7	17.7	17.0	15.9	16.0	17.7	16.0
Loan Growth (%)	12.0	10.1	16.7	15.2	18.6	20.5	17.1	16.7	15.2	16.7
<b>Asset Quality</b>										
Gross NPA (%)	3.9	3.5	3.2	2.8	2.7	2.5	2.4	2.4	3.0	2.4
Net NPA (%)	1.2	1.1	0.9	0.7	0.7	0.6	0.6	0.6	0.8	0.6
PCR (%)	69.8	70.2	72.0	74.7	74.6	75.0	75.2	74.9	74.7	74.9

**Bandhan Bank****Neutral****CMP: INR271 | TP: INR315 (+16%)****EPS CHANGE (%): FY23|24: -4.2|-4.4**

- Expect NIM to witness a slight compression to ~8.5%.
- We stay watchful of credit costs and slippages, especially the commentary on the Assam floods, will be a key focus area.
- Expect business growth to see a healthy traction.
- Commentaries around CE and SMA book are key monitorables.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>21.1</b>	<b>19.4</b>	<b>21.2</b>	<b>25.4</b>	<b>24.7</b>	<b>25.9</b>	<b>27.2</b>	<b>28.8</b>	<b>87.1</b>	<b>106.6</b>
Change (YoY %)	16.7	0.6	2.6	44.6	17.0	33.9	28.0	13.4	15.2	22.4
Other Income	6.0	5.3	7.1	9.6	7.5	8.3	8.8	9.3	28.2	33.9
<b>Total Income</b>	<b>27.1</b>	<b>24.6</b>	<b>28.4</b>	<b>35.0</b>	<b>32.2</b>	<b>34.2</b>	<b>36.0</b>	<b>38.1</b>	<b>115.4</b>	<b>140.5</b>
Operating Expenses	7.8	8.8	8.9	9.8	9.8	10.4	11.0	11.5	35.2	42.6
<b>Operating Profit</b>	<b>19.4</b>	<b>15.8</b>	<b>19.5</b>	<b>25.2</b>	<b>22.4</b>	<b>23.9</b>	<b>25.0</b>	<b>26.6</b>	<b>80.1</b>	<b>97.9</b>
Change (YoY %)	22.3	-1.7	1.4	53.5	15.5	50.5	28.2	5.6	16.9	22.1
Provisions	14.4	56.1	8.1	0.0	11.3	10.8	10.3	9.5	78.8	41.9
<b>Profit Before Tax</b>	<b>5.0</b>	<b>-40.3</b>	<b>11.4</b>	<b>25.2</b>	<b>11.1</b>	<b>13.0</b>	<b>14.8</b>	<b>17.2</b>	<b>1.3</b>	<b>56.0</b>
Tax	1.2	-10.2	2.9	6.1	2.8	3.3	3.7	4.3	0.0	14.1
<b>Net Profit</b>	<b>3.7</b>	<b>-30.1</b>	<b>8.6</b>	<b>19.0</b>	<b>8.3</b>	<b>9.7</b>	<b>11.0</b>	<b>12.8</b>	<b>1.3</b>	<b>41.9</b>
Change (YoY %)	-32.1	NM	35.8	NM	122.3	NM	28.5	-32.5	-94.3	NM
<b>Operating Parameters</b>										
Deposits (INR b)	773	819	845	963	998	1,056	1,114	1,194	963	1,194
Loans (INR b)	748	745	803	940	963	1,018	1,081	1,171	940	1,171
Deposit Growth (%)	27.6	23.8	18.7	23.5	29.0	28.9	31.8	24.0	23.5	24.0
Loan Growth (%)	7.2	1.6	4.6	15.1	28.8	36.7	34.6	24.6	15.1	24.6
<b>Asset Quality</b>										
Gross NPA (%)	8.2	10.8	10.8	6.5	6.2	6.0	5.4	4.9	6.5	4.9
Net NPA (%)	3.3	3.0	3.0	1.7	1.6	1.5	1.3	1.2	1.7	1.2
PCR (%)	61.8	74.1	74.4	75.5	76.0	76.4	77.0	76.4	75.5	76.4

**Bank of Baroda****Buy****CMP: INR98 | TP: INR135 (+37%)****EPS CHANGE (%): FY23|24: -13.5|-6.1**

- Expect earnings to be impacted by treasury losses and business growth to see a healthy traction.
- OPEX trajectory, particularly employee costs, is a key focus area. Expect credit cost to remain stable.
- Expect slippages to moderate and asset quality to stay steady.
- Movement in its watch-list and stressed pool are key monitorables.

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

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>78.9</b>	<b>75.7</b>	<b>85.5</b>	<b>86.1</b>	<b>88.9</b>	<b>91.5</b>	<b>92.6</b>	<b>94.3</b>	<b>326.2</b>	<b>367.3</b>
Change (YoY %)	15.8	2.1	14.4	21.2	12.6	20.9	8.3	9.5	13.2	12.6
Other Income	28.6	35.8	25.2	25.2	15.3	24.0	26.2	36.7	114.8	102.2
<b>Total Income</b>	<b>107.5</b>	<b>111.5</b>	<b>110.7</b>	<b>111.3</b>	<b>104.2</b>	<b>115.5</b>	<b>118.8</b>	<b>131.0</b>	<b>441.1</b>	<b>469.5</b>
Operating Expenses	51.5	54.8	55.9	55.0	53.8	57.1	58.9	61.2	217.2	231.1
<b>Operating Profit</b>	<b>56.0</b>	<b>56.7</b>	<b>54.8</b>	<b>56.4</b>	<b>50.4</b>	<b>58.4</b>	<b>59.9</b>	<b>69.8</b>	<b>223.9</b>	<b>238.4</b>
Change (YoY %)	38.6	5.8	7.9	-9.6	-10.1	3.0	9.2	23.8	5.6	6.5
Provisions	40.1	27.5	25.1	37.4	33.3	32.4	29.6	33.3	130.0	128.5
<b>Profit before Tax</b>	<b>16.0</b>	<b>29.2</b>	<b>29.8</b>	<b>19.0</b>	<b>17.1</b>	<b>26.0</b>	<b>30.3</b>	<b>36.5</b>	<b>93.9</b>	<b>109.9</b>
Tax	3.9	8.3	7.8	1.2	4.3	6.6	7.6	9.0	21.1	27.5
<b>Net Profit</b>	<b>12.1</b>	<b>20.9</b>	<b>22.0</b>	<b>17.8</b>	<b>12.8</b>	<b>19.4</b>	<b>22.7</b>	<b>27.5</b>	<b>72.7</b>	<b>82.4</b>
Change (YoY %)	NM	24.4	107.1	NM	5.7	-6.8	3.2	54.6	777.3	13.3
<b>Operating Parameters</b>										
Deposit (INR b)	9,313	9,595	9,780	10,459	10,619	10,815	11,037	11,348	10,459	11,348
Loan (INR b)	6,684	6,938	7,322	7,772	7,900	8,071	8,327	8,626	7,772	8,626
Deposit Growth (%)	(0.3)	0.5	2.5	8.2	14.0	12.7	12.9	8.5	8.2	8.5
Loan Growth (%)	(2.7)	3.6	4.8	10.0	18.2	16.3	13.7	11.0	10.0	11.0
<b>Asset Quality</b>										
Gross NPA (%)	8.9	8.1	7.3	6.6	6.3	6.1	5.8	5.4	6.6	5.4
Net NPA (%)	3.0	2.8	2.3	1.7	1.6	1.5	1.4	1.3	1.7	1.3
PCR (%)	67.9	67.1	70.6	75.3	76.0	76.4	77.0	77.2	75.3	77.2

## Canara Bank

Buy

CMP: INR188 | TP: INR280 (+49%)

EPS CHANGE (%): FY23|24: -10.4|-6.7

- Expect business growth to remain steady.
- Expect credit costs to stay elevated. Restructuring book a key monitorable.
- Expect asset quality to remain steady and slippages to moderate.
- Expect margin to expand to ~3%. The outlook on its treasury performance will be a key monitorable.

## Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	61.6	62.7	69.4	70.1	72.8	74.6	76.1	78.5	263.8	302.1
Change (YoY %)	1.0	-0.5	14.1	24.9	18.2	18.9	9.6	12.1	9.5	14.5
Other Income	41.6	42.7	36.1	44.6	33.4	36.4	38.5	43.4	165.0	151.8
Total Income	103.2	105.4	105.6	114.7	106.2	111.0	114.7	121.9	428.8	453.8
Operating Expenses	48.3	49.4	47.5	52.7	48.2	48.8	50.2	52.0	184.4	199.3
Operating Profit	54.8	56.0	58.0	62.0	58.0	62.2	64.4	69.9	244.4	254.5
Change (YoY %)	27.9	21.9	10.2	18.8	5.7	11.0	11.1	12.7	24.2	4.1
Other Provisions	34.6	33.6	22.4	37.1	36.9	35.2	35.2	34.7	141.3	142.1
Exceptional Item (Exp.)	NA	NA	13.5	NA	NA	NA	NA	NA	13.5	NA
Profit before Tax	20.2	22.4	22.0	24.9	21.0	27.0	29.2	35.3	89.6	112.5
Tax	8.4	9.1	7.0	8.3	7.1	9.2	9.9	12.0	32.8	38.2
Net Profit	11.8	13.3	15.0	16.7	13.9	17.8	19.3	23.3	56.8	74.2
Change (YoY %)	189.8	199.9	115.8	64.8	17.8	33.6	28.4	39.7	122.0	30.7
Operating Parameters										
Deposit (INR b)	10,218	10,325	10,434	10,864	11,021	11,168	11,429	11,733	10,864	11,733
Loan (INR b)	6,485	6,496	6,922	7,036	7,144	7,258	7,448	7,669	7,036	7,669
Deposit Growth (%)	12.3	8.8	7.2	7.5	7.9	8.2	9.5	8.0	7.5	8.0
Loan Growth (%)	5.1	5.4	9.1	10.1	10.2	11.7	7.6	9.0	10.1	9.0
Asset Quality										
Gross NPA (%)	8.5	8.4	7.8	7.5	7.3	7.0	6.7	6.3	7.5	6.3
Net NPA (%)	3.5	3.2	2.9	2.7	2.6	2.5	2.3	2.2	2.7	2.2
PCR (%)	61.5	63.9	65.2	66.5	66.0	66.4	66.8	66.9	65.9	66.9

## DCB Bank

Neutral

CMP: INR76 | TP: INR90 (+19%)

EPS CHANGE (%): FY23|24: +1.7|+3.3

- Expect credit costs to remain steady on potential stress in the SME/LAP segment.
- The C/I ratio may remain under pressure.
- Expect asset quality to stay under pressure. The performance of the restructuring book will be a key focus area.
- NIM expansion and loan growth are key monitorables.

## Quarterly performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	3,087	3,233	3,450	3,805	3,853	4,018	4,199	4,397	13,575	16,467
Change (YoY %)	0.6	-3.2	3.1	22.3	24.8	24.3	21.7	15.6	5.5	21.3
Other Income	1,212	977	1,183	1,148	1,007	1,174	1,356	1,527	4,520	5,063
Total Income	4,299	4,211	4,634	4,953	4,860	5,191	5,555	5,923	18,095	21,530
Operating Expenses	2,277	2,459	2,645	2,744	2,684	2,826	3,023	3,213	10,126	11,746
Operating Profit	2,022	1,751	1,988	2,208	2,176	2,366	2,531	2,711	7,970	9,784
Change (YoY %)	5.8	-17.8	-28.8	9.8	7.6	35.1	27.3	22.7	-10.0	22.8
Provisions	1,565	863	970	676	946	986	1,030	1,079	4,074	4,041
Profit before Tax	457	888	1,019	1,532	1,230	1,380	1,501	1,632	3,895	5,743
Tax	119	239	265	398	310	348	378	446	1,020	1,482
Net Profit	338	649	754	1,134	920	1,032	1,123	1,186	2,875	4,261
Change (YoY %)	-57.5	-21.1	-21.7	45.6	172.6	58.9	49.0	4.6	-14.4	48.2
Operating Parameters										
Deposit (INR b)	306.0	317.7	322.3	346.9	354.2	363.9	376.1	395.5	346.9	395.5
Loan (INR b)	255.0	268.5	276.6	291.0	297.5	306.2	317.1	334.6	291.0	334.6
Deposit Growth (%)	4.0	10.4	11.7	16.8	15.7	14.5	16.7	14.0	16.8	14.0
Loan Growth (%)	1.7	7.9	9.3	13.0	16.7	14.1	14.7	15.0	13.0	15.0
Asset Quality										
Gross NPA (%)	4.9	4.7	4.8	4.3	4.2	4.1	3.9	3.8	4.3	3.8
Net NPA (%)	2.8	2.6	2.6	2.0	1.9	1.8	1.7	1.6	2.0	1.6
PCR (%)	43.3	45.0	48.0	55.6	56.0	57.0	57.5	58.7	55.6	58.7

## Equitas Holdings

**Buy**
**CMP: INR84 | TP: INR130 (+56%)**
**EPS CHANGE (%): FY23|24: +7.8|+10.0**

- Expect NIM to expand to ~9.2%.
- Movement in asset quality in the MSME book is a key monitorable. Focus to remain on CE and the restructuring book.
- Expect elevated credit costs to keep earnings under pressure.
- Expect a pick-up in business growth. Management commentary will be a key monitorable.

### Quarterly performance

**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>4,610</b>	<b>4,838</b>	<b>5,411</b>	<b>5,525</b>	<b>5,793</b>	<b>6,120</b>	<b>6,498</b>	<b>6,775</b>	<b>20,385</b>	<b>25,187</b>
Change (YoY %)	14.0	4.9	11.8	23.2	25.7	26.5	20.1	22.6	13.4	23.6
Other Income	1,010	1,521	1,339	1,481	1,029	1,497	1,746	1,964	5,376	6,236
<b>Total Income</b>	<b>5,620</b>	<b>6,359</b>	<b>6,749</b>	<b>7,006</b>	<b>6,822</b>	<b>7,617</b>	<b>8,244</b>	<b>8,740</b>	<b>25,761</b>	<b>31,423</b>
Operating Expenses	4,002	4,370	4,502	4,167	4,541	4,843	5,247	5,550	17,041	20,180
<b>Operating Profit</b>	<b>1,618</b>	<b>1,989</b>	<b>2,247</b>	<b>2,839</b>	<b>2,281</b>	<b>2,774</b>	<b>2,997</b>	<b>3,190</b>	<b>8,719</b>	<b>11,243</b>
Change (YoY %)	13.9	-5.5	-20.7	13.6	41.0	39.4	33.4	12.4	-1.7	28.9
Provisions	1,475	1,421	784	1,232	1,007	1,190	1,227	1,153	4,938	4,577
<b>Profit before Tax</b>	<b>142</b>	<b>568</b>	<b>1,463</b>	<b>1,607</b>	<b>1,274</b>	<b>1,584</b>	<b>1,771</b>	<b>2,037</b>	<b>3,781</b>	<b>6,666</b>
Tax	23	156	382	412	321	399	446	511	974	1,678
<b>Net Profit</b>	<b>119</b>	<b>412</b>	<b>1,081</b>	<b>1,195</b>	<b>953</b>	<b>1,185</b>	<b>1,324</b>	<b>1,525</b>	<b>2,807</b>	<b>4,988</b>
Change (YoY %)	-79.3	-60.0	-2.3	5.9	699.3	187.6	22.5	27.6	-26.9	77.7
<b>Operating Parameters</b>										
AUM (INR b)	178	190	197	206	214	224	237	257	206	247
Deposits (INR b)	171	181	179	190	197	206	218	237	190	237
Loans (INR b)	167	178	183	194	201	211	223	242	194	242
AUM Growth (%)	15	13	13	15	20	18	20	25	15	20
Deposit Growth (%)	45	40	13	16	15	14	22	25	16	25
Loan Growth (%)	16	12	9	15	20	18	22	25	15	25
<b>Asset Quality</b>										
Gross NPA (%)	4.8	4.8	4.6	4.2	4.2	4.2	4.1	4.0	4.2	4.0
Net NPA (%)	2.4	2.5	2.5	2.5	2.5	2.3	2.2	2.1	2.5	2.1
PCR (%)	51.2	50.1	46.8	42.7	43.0	45.0	46.0	49.1	42.7	49.1

## Federal Bank

**Buy**
**CMP: INR95 | TP: INR130 (+37%)**
**EPS CHANGE (%): FY23|24: +2.3|+4.0**

- Expect business growth to see a gradual recovery.
- Asset quality and loans under restructuring are key monitorables.
- Expect credit costs to stay steady on exposure to SMEs.
- Expect NIM to remain stable ~3.2%. Treasury performance to be a key monitorable.

### Quarterly performance

**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>14.2</b>	<b>14.8</b>	<b>15.4</b>	<b>15.3</b>	<b>15.7</b>	<b>16.5</b>	<b>17.2</b>	<b>18.0</b>	<b>59.6</b>	<b>67.5</b>
Change (YoY %)	9.4	7.2	7.1	7.4	10.8	11.7	11.8	18.1	7.7	13.2
Other Income	5.5	4.9	4.8	4.7	4.1	4.5	4.8	5.6	20.9	19.0
<b>Total Income</b>	<b>19.7</b>	<b>19.7</b>	<b>20.2</b>	<b>19.9</b>	<b>19.9</b>	<b>21.0</b>	<b>22.1</b>	<b>23.6</b>	<b>80.5</b>	<b>86.5</b>
Operating Expenses	9.3	10.6	11.1	11.9	10.7	10.9	11.0	11.1	42.9	43.8
<b>Operating Profit</b>	<b>10.4</b>	<b>9.1</b>	<b>9.1</b>	<b>8.0</b>	<b>9.1</b>	<b>10.1</b>	<b>11.0</b>	<b>12.4</b>	<b>37.6</b>	<b>42.7</b>
Change (YoY %)	11.2	-3.6	-4.4	-11.0	-12.0	10.6	20.4	55.8	-0.8	13.5
Provisions	5.4	2.9	2.1	0.8	2.3	2.7	2.8	3.2	12.2	11.0
<b>Profit before Tax</b>	<b>4.9</b>	<b>6.2</b>	<b>7.0</b>	<b>7.2</b>	<b>6.8</b>	<b>7.4</b>	<b>8.2</b>	<b>9.3</b>	<b>25.4</b>	<b>31.6</b>
Tax	1.3	1.6	1.8	1.8	1.7	1.9	2.1	2.4	6.5	8.1
<b>Net Profit</b>	<b>3.7</b>	<b>4.6</b>	<b>5.2</b>	<b>5.4</b>	<b>5.1</b>	<b>5.5</b>	<b>6.1</b>	<b>6.9</b>	<b>18.9</b>	<b>23.6</b>
Change (YoY %)	-8.4	49.6	29.1	13.1	37.6	19.8	17.1	27.7	18.8	24.8
<b>Operating Parameters</b>										
Deposit (INR b)	1,694	1,720	1,754	1,817	1,834	1,888	1,959	2,053	1,817	2,053
Loan (INR b)	1,298	1,344	1,407	1,449	1,514	1,554	1,605	1,681	1,449	1,681
Deposit Growth (%)	9.3	9.7	8.5	5.2	8.2	9.8	11.7	13.0	5.2	13.0
Loan Growth (%)	7.0	9.4	12.1	9.9	16.7	15.6	14.0	16.0	9.9	16.0
<b>Asset Quality</b>										
Gross NPA (%)	3.5	3.2	3.1	2.8	2.7	2.7	2.6	2.5	2.8	2.5
Net NPA (%)	1.2	1.1	1.1	1.0	0.9	0.9	0.9	0.9	1.0	0.9
PCR (%)	65.7	66.2	66.6	66.3	66.5	66.8	67.2	65.8	66.3	65.8

**HDFC Bank****Buy****CMP: INR1,355 | TP: INR1,850 (+36%)****EPS CHANGE (%): FY23|24: -0.3|+0.7**

- Expect business growth to see a strong traction.
- Asset quality in Agri/Unsecured book and slippages to be the other key monitorables.
- Margin expansion will be an important metric.
- Commentary around 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	4Q		
<b>Net Interest Income</b>	<b>170.1</b>	<b>176.8</b>	<b>184.4</b>	<b>188.7</b>	<b>197.4</b>	<b>210.9</b>	<b>226.0</b>	<b>237.2</b>	<b>720.1</b>	<b>871.5</b>
Change (YoY %)	8.6	12.1	13.0	10.2	16.1	19.3	22.5	25.7	11.0	21.0
Other Income	62.9	74.0	81.8	76.4	71.3	81.2	90.6	99.2	295.1	342.3
<b>Total Income</b>	<b>233.0</b>	<b>250.9</b>	<b>266.3</b>	<b>265.1</b>	<b>268.7</b>	<b>292.1</b>	<b>316.6</b>	<b>336.4</b>	<b>1,015.2</b>	<b>1,213.8</b>
Operating Expenses	81.6	92.8	98.5	101.5	105.2	109.8	116.7	125.8	374.4	457.6
<b>Operating Profit</b>	<b>151.4</b>	<b>158.1</b>	<b>167.8</b>	<b>163.6</b>	<b>163.5</b>	<b>182.3</b>	<b>199.9</b>	<b>210.6</b>	<b>640.8</b>	<b>756.2</b>
Change (YoY %)	18.0	14.4	10.5	5.3	8.0	15.3	19.2	28.7	11.7	18.0
Provisions	48.3	39.2	29.9	33.1	37.3	39.9	38.2	46.2	150.6	161.6
<b>Profit before Tax</b>	<b>103.1</b>	<b>118.8</b>	<b>137.8</b>	<b>130.4</b>	<b>126.1</b>	<b>142.4</b>	<b>161.7</b>	<b>164.4</b>	<b>490.2</b>	<b>594.6</b>
Tax	25.8	30.5	34.4	29.9	33.4	35.9	38.3	42.9	120.5	150.4
<b>Net Profit</b>	<b>77.3</b>	<b>88.3</b>	<b>103.4</b>	<b>100.6</b>	<b>92.8</b>	<b>106.5</b>	<b>123.4</b>	<b>121.5</b>	<b>369.6</b>	<b>444.2</b>
Change (YoY %)	16.1	17.6	18.1	22.8	20.0	20.6	19.3	20.8	18.8	20.2
<b>Operating Parameters</b>										
Deposit	13,458	14,063	14,459	15,592	16,050	16,540	17,214	18,087	15,592	18,087
Loan	11,477	11,988	12,609	13,688	13,950	14,494	15,249	16,289	13,688	16,289
Deposit Growth (%)	13.2	14.4	13.8	16.8	19.3	17.6	19.1	16.0	16.8	16.0
Loan Growth (%)	14.4	15.5	16.5	20.8	21.6	20.9	20.9	19.0	20.8	19.0
<b>Asset Quality</b>										
Gross NPA (%)	1.5	1.4	1.3	1.2	1.2	1.1	1.1	1.1	1.2	1.1
Net NPA (%)	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
PCR (%)	67.9	70.9	70.8	72.7	72.5	73.0	73.5	74.1	72.7	74.1

**ICICI Bank****Buy****CMP: INR720 | TP: INR1,050 (+46%)****EPS CHANGE (%): FY23|24: +3.4|+4.5**

- Expect loan growth to see healthy traction and margin to stay stable at 4%.
- Commentary on asset quality is a key monitorable.
- Expect credit costs to remain stable and slippages to moderate.
- Movement in stressed loans to remain a key monitorable.

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

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>109.4</b>	<b>116.9</b>	<b>122.4</b>	<b>126.0</b>	<b>131.8</b>	<b>141.6</b>	<b>148.5</b>	<b>156.0</b>	<b>474.7</b>	<b>577.9</b>
Change (YoY %)	17.8	24.8	23.4	20.8	20.5	21.1	21.4	23.8	21.7	21.8
Other Income	40.0	48.0	49.9	47.4	42.6	49.6	56.4	64.3	185.2	213.0
<b>Total Income</b>	<b>149.3</b>	<b>164.9</b>	<b>172.2</b>	<b>173.4</b>	<b>174.4</b>	<b>191.2</b>	<b>205.0</b>	<b>220.4</b>	<b>659.8</b>	<b>790.9</b>
Operating Expenses	60.4	65.7	70.7	70.5	70.6	76.1	81.9	92.5	267.3	321.1
<b>Operating Profit</b>	<b>88.9</b>	<b>99.1</b>	<b>101.5</b>	<b>102.9</b>	<b>103.7</b>	<b>115.1</b>	<b>123.1</b>	<b>127.9</b>	<b>392.5</b>	<b>469.8</b>
Change (YoY %)	-17.5	20.0	15.1	20.5	16.6	16.1	21.3	24.2	7.8	19.7
Provisions	28.5	27.1	20.1	10.7	18.9	21.5	22.3	23.2	86.4	85.8
<b>Profit before Tax</b>	<b>60.4</b>	<b>72.0</b>	<b>81.4</b>	<b>92.2</b>	<b>84.8</b>	<b>93.7</b>	<b>100.8</b>	<b>104.7</b>	<b>306.1</b>	<b>384.0</b>
Tax	14.3	16.9	19.5	22.1	20.4	22.5	24.2	25.1	72.7	92.2
<b>Net Profit</b>	<b>46.2</b>	<b>55.1</b>	<b>61.9</b>	<b>70.2</b>	<b>64.5</b>	<b>71.2</b>	<b>76.6</b>	<b>79.6</b>	<b>233.4</b>	<b>291.8</b>
Change (YoY %)	77.6	29.6	25.4	59.4	39.7	29.2	23.7	13.4	44.1	25.0
<b>Operating Parameters</b>										
Deposit	9,262	9,774	10,175	10,646	10,850	11,208	11,668	12,349	10,646	12,349
Loan	7,386	7,649	8,140	8,590	8,876	9,115	9,544	10,179	8,590	10,179
Deposit Growth (%)	15.5	17.3	16.4	14.2	17.1	14.7	14.7	16.0	14.2	16.0
Loan Growth (%)	17.0	17.2	16.4	17.1	20.2	19.2	17.2	18.5	17.1	18.5
<b>Asset Quality</b>										
Gross NPA (%)	5.2	4.8	4.1	3.6	3.5	3.3	3.1	2.9	3.6	2.9
Net NPA (%)	1.2	1.0	0.9	0.8	0.7	0.7	0.6	0.5	0.8	0.5
PCR (%)	78.4	80.3	80.2	79.5	80.0	80.8	81.2	82.9	79.5	82.9



## IndusInd Bank

Buy

CMP: INR832 | TP: INR1,300 (+56%)

EPS CHANGE (%): FY23|24: -2.8|-2.8

- Expect loan growth to see a healthy pickup and deposit traction to remain stable.
- Expect margin to remain stable ~4.2%.
- Expect asset quality to remain under watch. MFI slippages and restructuring book to be key monitorables.
- Credit costs to witness a gradual moderation as the focus remains on maintaining higher PCR.

## Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	35.6	36.6	37.9	39.9	41.2	42.2	43.6	44.6	150.0	171.6
Change (YoY %)	7.7	11.6	11.4	12.7	15.5	15.4	14.9	11.9	10.9	14.4
Other Income	17.9	18.4	18.8	19.1	16.9	18.6	20.0	21.6	74.1	77.0
Total Income	53.5	55.0	56.7	58.9	58.1	60.8	63.5	66.2	224.1	248.6
Operating Expenses	21.7	22.8	23.6	25.1	25.8	26.4	27.1	28.1	93.1	107.5
Operating Profit	31.9	32.2	33.1	33.8	32.3	34.3	36.4	38.1	131.0	141.1
Change (YoY %)	8.8	12.9	11.8	8.1	1.4	6.7	9.9	12.6	11.7	7.7
Provisions	18.4	17.0	16.5	14.6	12.6	12.5	11.8	11.9	66.6	48.8
Profit before Tax	13.4	15.2	16.6	19.2	19.7	21.9	24.6	26.2	64.3	92.3
Tax	3.3	3.7	4.2	5.2	5.0	5.5	6.2	6.6	16.3	23.3
Net Profit	10.2	11.5	12.4	14.0	14.7	16.3	18.4	19.6	48.0	69.1
Change (YoY %)	99.1	72.9	49.5	51.2	44.7	42.6	48.5	39.9	69.4	43.8
Operating Parameters										
Deposit (INR b)	2,672	2,753	2,845	2,933	3,031	3,102	3,213	3,344	2,933	3,344
Loan (INR b)	2,107	2,208	2,286	2,391	2,495	2,563	2,643	2,773	2,391	2,773
Deposit Growth (%)	26.5	20.8	19.0	14.6	13.4	12.7	12.9	14.0	14.5	14.0
Loan Growth (%)	6.4	9.7	10.4	12.4	18.4	16.1	15.6	16.0	12.4	16.0
Asset Quality										
Gross NPA (%)	2.9	2.8	2.5	2.3	2.2	2.1	1.9	1.8	2.3	1.8
Net NPA (%)	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.6	0.5
PCR (%)	71.6	71.6	71.7	72.3	72.5	73.0	73.0	70.4	72.3	70.4

## Indian Bank

Buy

CMP: INR151 | TP: INR185 (+23%)

EPS CHANGE (%): FY23|24: -3.7|-3.4

- Expect loan growth to remain steady.
- Stress in the SME and restructuring book are key monitorables.
- Expect margin to remain stable ~2.9%. Treasury performance to be a key monitorable.
- Expect asset quality to remain stable and steady credit cost.

## Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	39.9	40.8	44.0	42.6	44.4	46.5	47.6	48.2	167.3	186.7
Change (YoY %)	3.1	-1.5	1.9	27.6	11.3	13.9	8.3	13.2	6.8	11.6
Other Income	18.2	19.7	15.6	15.7	13.1	15.8	17.4	19.3	69.2	65.7
Total Income	58.1	60.5	59.5	58.3	57.6	62.3	65.0	67.5	236.4	252.4
Operating Expenses	24.0	27.7	26.6	30.9	28.0	29.2	30.4	31.6	109.3	119.2
Operating Profit	34.2	32.8	32.9	27.4	29.6	33.1	34.6	35.9	127.2	133.3
Change (YoY %)	24.1	11.3	15.5	14.8	-13.4	1.2	5.4	31.2	16.0	4.8
Other Provisions	25.6	25.5	24.9	19.1	19.5	20.3	20.6	20.3	95.1	80.7
Profit before Tax	8.6	7.3	7.9	8.2	10.0	12.8	14.1	15.7	32.0	52.6
Tax	-3.2	-3.6	1.1	-1.6	0.8	1.2	1.5	1.8	-7.4	5.3
Net Profit	11.8	10.9	6.9	9.8	9.2	11.6	12.5	13.9	39.4	47.3
Change (YoY %)	220.0	164.2	34.1	-42.4	-21.8	6.9	81.4	41.3	31.3	19.9
Operating Parameters										
Deposits (INR b)	5,401	5,515	5,626	5,936	6,016	6,123	6,283	6,470	5,936	6,470
Loans (INR b)	3,644	3,604	3,743	3,892	3,951	4,014	4,120	4,242	3,892	4,242
Deposit Growth (%)	10.4	9.9	7.9	10.3	11.4	11.0	11.7	9.0	10.3	9.0
Loan Growth (%)	7.3	6.1	3.2	7.3	8.4	11.4	10.1	9.0	7.3	9.0
Asset Quality										
Gross NPA (%)	9.7	9.6	9.1	8.5	8.3	8.0	7.7	7.3	8.5	7.3
Net NPA (%)	3.5	3.3	2.7	2.3	2.2	2.1	2.0	1.9	2.3	1.9
PCR (%)	66.5	68.1	72.2	74.9	75.5	75.0	75.1	76.0	74.9	76.0

**Kotak Mahindra Bank****Neutral****CMP: INR1,671 | TP: INR2,000 (+20%)****EPS CHANGE (%): FY23|24: +0.3|+0.8**

- Expect loan growth to see strong traction QoQ.
- Expect liability franchise to remain strong. Expect stable margin at 4.8%.
- Commentaries around stress in the SME book and other unsecured loans are key monitorables. Expect credit costs to remain stable.
- Expect asset quality to witness steady trends.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>39.4</b>	<b>40.2</b>	<b>43.3</b>	<b>45.2</b>	<b>47.0</b>	<b>48.6</b>	<b>50.4</b>	<b>52.4</b>	<b>168.2</b>	<b>198.4</b>
Change (YoY %)	5.8	3.2	11.8	17.7	19.3	20.9	16.3	15.9	9.6	18.0
Other Income	13.5	18.1	13.6	18.3	15.4	16.9	18.7	22.4	63.5	73.3
<b>Total Income</b>	<b>52.9</b>	<b>58.3</b>	<b>57.0</b>	<b>63.5</b>	<b>62.4</b>	<b>65.5</b>	<b>69.1</b>	<b>74.7</b>	<b>231.7</b>	<b>271.7</b>
Operating Expenses	24.0	27.1	30.0	30.1	30.2	31.5	32.8	34.1	111.2	128.7
<b>Operating Profit</b>	<b>28.9</b>	<b>31.2</b>	<b>27.0</b>	<b>33.4</b>	<b>32.2</b>	<b>33.9</b>	<b>36.3</b>	<b>40.6</b>	<b>120.5</b>	<b>143.0</b>
Change (YoY %)	10.1	-4.4	-7.1	12.7	11.3	8.8	34.3	21.7	-1.3	18.7
Other Provisions	7.0	4.2	-1.3	-3.1	3.6	3.7	4.0	4.1	6.9	15.5
<b>Profit before Tax</b>	<b>21.9</b>	<b>27.0</b>	<b>28.3</b>	<b>36.5</b>	<b>28.5</b>	<b>30.2</b>	<b>32.2</b>	<b>36.6</b>	<b>113.6</b>	<b>127.5</b>
Tax Provisions	5.4	6.6	7.0	8.8	7.2	7.3	7.5	9.4	27.9	31.4
<b>Net Profit</b>	<b>16.4</b>	<b>20.3</b>	<b>21.3</b>	<b>27.7</b>	<b>21.3</b>	<b>22.9</b>	<b>24.8</b>	<b>27.2</b>	<b>85.7</b>	<b>96.2</b>
Change (YoY %)	31.9	-7.0	15.0	64.5	29.9	12.7	16.2	-1.7	23.1	12.2
Deposits (INR b)	2,866	2,917	3,053	3,117	3,192	3,295	3,421	3,584	3,117	3,584
Loans (INR b)	2,175	2,350	2,529	2,713	2,799	2,875	3,038	3,255	2,713	3,255
Deposit growth (%)	9.6	11.5	15.1	11.3	11.4	12.9	12.1	15.0	11.3	15.0
Loan growth (%)	6.6	14.7	18.1	21.3	28.7	22.4	20.1	20.0	21.3	20.0
<b>Asset Quality</b>										
Gross NPA (%)	3.6	3.2	2.7	2.3	2.3	2.3	2.2	2.1	2.3	2.1
Net NPA (%)	1.3	1.1	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6
PCR (%)	64.8	67.5	71.3	73.2	73.0	72.0	72.5	73.2	73.2	73.2

**Punjab National Bank****Neutral****CMP: INR30 | TP: INR30 (+0%)****EPS CHANGE (%): FY23|24: -21.0|-10.7**

- Expect loan growth to see some traction.
- Expect margin to remain stable ~2.8%. OPEX and treasury performance are key monitorables.
- SMA, slippages, and restructuring book 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	4Q		
<b>Net Interest Income</b>	<b>72.3</b>	<b>63.5</b>	<b>78.0</b>	<b>73.0</b>	<b>76.4</b>	<b>78.9</b>	<b>79.9</b>	<b>80.5</b>	<b>286.9</b>	<b>315.6</b>
Change (YoY %)	6.7	-24.9	-6.5	5.3	5.6	24.2	2.3	10.2	-6.1	10.0
Other Income	38.9	32.8	27.0	24.5	18.1	27.1	29.9	38.2	123.2	113.3
<b>Total Income</b>	<b>111.2</b>	<b>96.3</b>	<b>105.0</b>	<b>97.5</b>	<b>94.5</b>	<b>106.0</b>	<b>109.8</b>	<b>118.7</b>	<b>410.1</b>	<b>429.0</b>
Operating Expenses	47.2	56.1	54.3	44.9	48.1	51.1	55.4	58.4	202.5	213.0
<b>Operating Profit</b>	<b>64.0</b>	<b>40.2</b>	<b>50.8</b>	<b>52.6</b>	<b>46.4</b>	<b>54.9</b>	<b>54.4</b>	<b>60.3</b>	<b>207.6</b>	<b>215.9</b>
Change (YoY %)	21.2	-27.1	-17.2	-6.6	-27.5	36.4	7.1	14.6	-6.3	4.0
Other Provisions	49.8	32.6	33.5	48.5	38.9	40.7	40.0	43.1	164.5	162.7
<b>Profit before Tax</b>	<b>14.2</b>	<b>7.6</b>	<b>17.2</b>	<b>4.1</b>	<b>7.5</b>	<b>14.2</b>	<b>14.4</b>	<b>17.2</b>	<b>43.2</b>	<b>53.2</b>
Tax	4.0	-3.5	6.0	2.1	1.8	3.4	3.4	4.1	8.6	12.8
<b>Net Profit</b>	<b>10.2</b>	<b>11.1</b>	<b>11.3</b>	<b>2.0</b>	<b>5.7</b>	<b>10.8</b>	<b>10.9</b>	<b>13.1</b>	<b>34.6</b>	<b>40.4</b>
Change (YoY %)	231.8	78.0	122.7	-65.6	-44.5	-2.5	-3.2	548.0	71.0	16.9
<b>Operating Parameters</b>										
Deposits	10,976	11,154	11,273	11,462	11,565	11,703	11,875	12,150	11,462	12,150
Loans	6,613	6,732	6,928	7,282	7,369	7,497	7,661	7,864	7,282	7,864
Deposit Growth (%)	2.1	4.3	4.2	3.6	5.4	4.9	5.3	6.0	3.6	6.0
Loan Growth (%)	0.8	3.2	4.9	8.0	11.4	11.4	10.6	8.0	8.0	8.0
<b>Asset Quality</b>										
Gross NPA (%)	14.3	13.6	12.9	11.8	11.5	11.1	10.6	10.1	11.8	10.1
Net NPA (%)	5.8	5.5	4.9	4.8	4.7	4.4	4.2	3.9	4.9	3.9
PCR (%)	62.9	63.2	65.2	62.2	62.5	63.0	63.5	63.6	61.5	63.6

**RBL Bank****Under Review****CMP: INR87 | TP: NA****EPS CHANGE (%): FY23|24: -4.1|-10.5**

- Expect business growth to see an uptick. Margin likely to witness a slight compression to 4.8%.
- Expect credit costs to see a gradual moderation.
- Expect asset quality to witness a gradual improvement. We remain watchful on its exposure to MFI/Credit Cards.
- Guidance post the management change will be a key monitorable.

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

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>9,695</b>	<b>9,155</b>	<b>10,104</b>	<b>11,313</b>	<b>11,031</b>	<b>11,541</b>	<b>11,680</b>	<b>12,097</b>	<b>40,267</b>	<b>46,349</b>
Change (YoY %)	-6.9	-1.8	11.3	24.9	13.8	26.1	15.6	6.9	6.3	15.1
Other Income	6,534	5,929	5,830	5,114	5,355	5,720	6,451	6,816	23,405	24,342
<b>Total Income</b>	<b>16,229</b>	<b>15,083</b>	<b>15,934</b>	<b>16,427</b>	<b>16,386</b>	<b>17,261</b>	<b>18,130</b>	<b>18,913</b>	<b>63,673</b>	<b>70,691</b>
Operating Expenses	8,567	8,174	9,626	9,853	10,151	10,354	10,537	10,772	36,220	41,814
<b>Operating Profit</b>	<b>7,661</b>	<b>6,910</b>	<b>6,308</b>	<b>6,574</b>	<b>6,235</b>	<b>6,907</b>	<b>7,593</b>	<b>8,141</b>	<b>27,453</b>	<b>28,876</b>
Change (YoY %)	11.1	1.4	-21.2	-10.8	-18.6	0.0	20.4	23.8	-5.9	5.2
Provisions	13,844	6,515	4,239	4,007	3,892	4,173	4,429	4,540	28,604	17,034
<b>Profit before Tax</b>	<b>-6,182</b>	<b>395</b>	<b>2,069</b>	<b>2,568</b>	<b>2,343</b>	<b>2,734</b>	<b>3,164</b>	<b>3,601</b>	<b>-1,151</b>	<b>11,842</b>
Tax	-1,588	87	508	589	590	689	797	904	-404	2,981
<b>Net Profit</b>	<b>-4,595</b>	<b>308</b>	<b>1,561</b>	<b>1,978</b>	<b>1,753</b>	<b>2,045</b>	<b>2,367</b>	<b>2,697</b>	<b>-747</b>	<b>8,861</b>
Change (YoY %)	NM	-78.6	6.1	162.6	NM	NM	51.6	36.3	NM	NM
<b>Operating Parameters</b>										
Deposit (INR b)	744.7	755.9	736.4	790.1	792.2	817.7	841.4	869.1	790.1	869.1
Loan (INR b)	565.3	560.1	581.4	600.2	601.9	629.6	653.2	684.2	600.2	684.2
Deposit Growth (%)	20.6	17.2	9.6	8.0	6.4	8.2	14.3	10.0	8.0	10.0
Loan Growth (%)	-0.3	-0.3	3.0	2.4	6.5	12.4	12.3	14.0	2.4	14.0
<b>Asset Quality</b>										
Gross NPA (%)	5.0	5.4	4.8	4.4	4.3	4.1	3.9	3.6	4.4	3.6
Net NPA (%)	2.0	2.1	1.9	1.3	1.5	1.5	1.4	1.3	1.3	1.3
PCR (%)	60.9	61.7	62.9	70.4	66.0	65.2	64.0	64.2	70.4	64.2

**State Bank of India****Buy****CMP: INR473 | TP: INR600 (+27%)****EPS CHANGE (%): FY23|24: -1.5|+0.2**

- Expect credit costs to remain modest.
- Expect loan growth to see a healthy traction.
- Expect asset quality to continue to see a steady improvement
- Expect margin to stay stable ~3.2%. Traction in OPEX, fee income, and treasury performance are key monitorables.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>276.4</b>	<b>311.8</b>	<b>306.9</b>	<b>312.0</b>	<b>325.5</b>	<b>343.5</b>	<b>354.6</b>	<b>361.5</b>	<b>1,207.1</b>	<b>1,385.1</b>
Change (YoY %)	3.7	10.7	6.5	15.3	17.8	10.2	15.6	15.9	9.0	14.8
Other Income	118.0	82.1	86.7	118.8	71.0	100.3	105.3	141.2	405.6	417.8
<b>Total Income</b>	<b>394.4</b>	<b>393.9</b>	<b>393.6</b>	<b>430.8</b>	<b>396.5</b>	<b>443.8</b>	<b>459.9</b>	<b>502.7</b>	<b>1,612.7</b>	<b>1,802.9</b>
Operating Expenses	204.7	213.1	208.4	233.6	220.4	229.7	234.4	253.2	859.8	937.7
<b>Operating Profit</b>	<b>189.7</b>	<b>180.8</b>	<b>185.2</b>	<b>197.2</b>	<b>176.2</b>	<b>214.1</b>	<b>225.5</b>	<b>249.6</b>	<b>752.9</b>	<b>865.3</b>
Change (YoY %)	5.1	9.8	6.9	0.1	-7.1	18.4	21.7	26.6	5.2	14.9
Provisions	100.5	1.9	69.7	72.4	73.5	71.7	73.8	82.3	244.5	301.4
Exception items (exp.)	NA	74.2	NA	NA	NA	NA	NA	NA	74.2	NA
<b>Profit before Tax</b>	<b>89.2</b>	<b>104.7</b>	<b>115.5</b>	<b>124.8</b>	<b>102.6</b>	<b>142.3</b>	<b>151.6</b>	<b>167.3</b>	<b>434.2</b>	<b>563.9</b>
Tax Provisions	24.2	28.5	31.2	33.7	26.7	37.0	39.4	43.5	117.5	146.6
<b>Net Profit</b>	<b>65.0</b>	<b>76.3</b>	<b>84.3</b>	<b>91.1</b>	<b>76.0</b>	<b>105.3</b>	<b>112.2</b>	<b>123.8</b>	<b>316.8</b>	<b>417.3</b>
Change (YoY %)	55.3	66.7	62.3	41.3	16.8	38.1	33.1	35.8	55.2	31.7
<b>Operating Parameters</b>										
Deposits (INR t)	37.2	38.1	38.5	40.5	41.3	42.2	43.2	44.6	40.5	44.6
Loans (INR t)	24.3	24.4	25.8	27.3	28.0	28.5	29.5	30.8	27.3	30.8
Deposit Growth (%)	8.8	9.8	8.8	10.1	10.9	10.7	12.3	10.2	10.1	10.2
Loan Growth (%)	5.8	6.5	8.9	11.6	15.3	16.6	14.4	12.7	11.6	12.7
<b>Asset Quality</b>										
Gross NPA (%)	5.3	4.9	4.5	4.0	3.8	3.7	3.5	3.3	4.0	3.3
Net NPA (%)	1.8	1.5	1.3	1.0	1.0	0.9	0.9	0.8	1.0	0.8
PCR (%)	67.9	70.1	71.2	75.0	75.5	75.8	76.0	76.6	75.0	76.6

## Union Bank of India

**Buy**
**CMP: INR35 | TP: INR50 (+44%)**
**EPS CHANGE (%): FY23|24: -3.9|-2.5**

- Expect loan growth to witness steady traction.
- Expect margin to improve slightly to 2.8%. OPEX and treasury performance are key monitorables.
- SMA and restructuring book are key monitorables.
- Expect asset quality to witness a steady improvement.

### Quarterly performance

**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>70.1</b>	<b>68.3</b>	<b>71.7</b>	<b>67.7</b>	<b>72.1</b>	<b>77.4</b>	<b>80.2</b>	<b>82.4</b>	<b>277.9</b>	<b>312.2</b>
Change (YoY %)	9.5	8.5	8.9	25.3	2.8	13.4	11.8	21.8	12.5	12.4
Other Income	27.8	39.8	25.2	32.4	22.2	25.5	26.5	29.7	125.2	104.0
<b>Total Income</b>	<b>97.9</b>	<b>108.1</b>	<b>97.0</b>	<b>100.1</b>	<b>94.4</b>	<b>102.9</b>	<b>106.7</b>	<b>112.2</b>	<b>403.1</b>	<b>416.2</b>
Operating Expenses	46.1	47.3	46.0	44.9	46.6	49.0	51.4	53.8	184.4	200.7
<b>Operating Profit</b>	<b>51.8</b>	<b>60.7</b>	<b>51.0</b>	<b>55.2</b>	<b>47.8</b>	<b>53.9</b>	<b>55.4</b>	<b>58.4</b>	<b>218.7</b>	<b>215.5</b>
Change (YoY %)	28.4	25.7	-3.2	11.3	-7.7	-11.2	8.6	5.7	11.2	-1.5
Provisions	34.0	37.2	25.5	36.2	28.6	31.1	32.4	34.9	132.9	126.9
<b>Profit before Tax</b>	<b>17.8</b>	<b>23.5</b>	<b>25.5</b>	<b>19.0</b>	<b>19.2</b>	<b>22.8</b>	<b>23.0</b>	<b>23.5</b>	<b>85.8</b>	<b>88.5</b>
Tax	6.0	8.2	14.6	4.6	6.7	8.0	9.0	7.3	33.5	31.0
<b>Net Profit</b>	<b>11.8</b>	<b>15.3</b>	<b>10.9</b>	<b>14.4</b>	<b>12.5</b>	<b>14.8</b>	<b>14.0</b>	<b>16.2</b>	<b>52.3</b>	<b>57.5</b>
Change (YoY %)	254.9	195.4	49.3	8.3	5.9	-2.8	29.2	12.3	80.0	10.0
<b>Operating Parameters</b>										
Deposit (INR b)	9,085	9,140	9,375	10,324	10,482	10,696	10,956	11,253	10,324	11,253
Loan (INR b)	5,846	5,810	6,168	6,610	6,735	6,853	7,040	7,304	6,610	7,304
Deposit Growth (%)	1.8	3.2	6.2	11.8	15.4	17.0	16.9	9.0	11.8	9.0
Loan Growth (%)	0.5	0.3	5.8	11.8	15.2	18.0	14.1	10.5	11.8	10.5
<b>Asset Quality</b>										
Gross NPA (%)	13.6	12.6	11.6	11.1	10.7	10.2	9.7	9.1	11.1	9.1
Net NPA (%)	4.7	4.6	4.1	3.7	3.5	3.3	3.2	3.1	3.8	3.1
PCR (%)	68.7	66.6	67.5	69.5	70.0	70.0	69.5	68.5	68.7	68.5

## SBI Cards and Payment Services

**Buy**
**CMP: INR786 | TP: INR1,100 (+40%)**
**EPS CHANGE (%): FY23|24: -4.6|-1.4**

- Expect credit costs to remain steady.
- Expect restructuring book and asset quality to moderate.
- Traction in fee income will be a key assessment metric.
- Pressure on margin and revolver book to be another key monitorable.

### Quarterly performance

**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	<b>9.2</b>	<b>9.2</b>	<b>10.0</b>	<b>10.0</b>	<b>10.6</b>	<b>11.7</b>	<b>12.9</b>	<b>13.5</b>	<b>38.4</b>	<b>48.7</b>
Change (YoY %)	-18.7	-9.1	9.9	20.6	14.3	27.2	29.5	35.5	-1.2	26.8
Other Income	13.0	15.2	18.7	17.5	18.4	19.3	20.8	20.2	64.4	78.8
<b>Total Income</b>	<b>22.2</b>	<b>24.4</b>	<b>28.6</b>	<b>27.5</b>	<b>29.0</b>	<b>31.0</b>	<b>33.7</b>	<b>33.8</b>	<b>102.7</b>	<b>127.5</b>
Operating Expenses	11.7	13.8	17.2	15.8	16.3	17.0	19.3	18.3	58.5	71.0
<b>Operating Profit</b>	<b>10.5</b>	<b>10.6</b>	<b>11.4</b>	<b>11.7</b>	<b>12.7</b>	<b>13.9</b>	<b>14.4</b>	<b>15.5</b>	<b>44.3</b>	<b>56.4</b>
Change (YoY %)	4.0	-7.2	22.9	24.8	20.1	31.7	25.7	31.8	11.8	27.4
Provisions	6.4	5.9	6.3	3.9	5.5	5.7	5.8	5.7	22.6	22.7
<b>Profit before Tax</b>	<b>4.1</b>	<b>4.6</b>	<b>5.2</b>	<b>7.8</b>	<b>7.2</b>	<b>8.2</b>	<b>8.6</b>	<b>9.8</b>	<b>21.7</b>	<b>33.8</b>
Tax	1.1	1.2	1.3	2.0	1.8	2.1	2.2	2.5	5.6	8.7
<b>Net Profit</b>	<b>3.0</b>	<b>3.4</b>	<b>3.9</b>	<b>5.8</b>	<b>5.3</b>	<b>6.1</b>	<b>6.4</b>	<b>7.2</b>	<b>16.2</b>	<b>25.1</b>
Change (YoY %)	-22.5	67.3	84.0	231.1	75.2	77.4	65.8	24.5	64.2	55.2
<b>Operating Parameters</b>										
Loan (INR b)	230.4	253.9	279.7	301.9	320.0	333.6	358.0	392.4	301.9	392.4
Loan Growth (%)	5.1	15.8	18.0	28.7	38.9	31.4	28.0	30.0	28.7	30.0
<b>Asset Quality</b>										
Gross NPA (%)	3.9	3.4	2.4	2.2	2.1	2.1	2.0	1.9	2.2	1.9
Net NPA (%)	0.9	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.8	0.6
PCR (%)	78.2	73.7	65.9	65.3	67.8	68.2	69.5	69.9	65.3	69.9

**HDFC Life****Neutral****CMP: INR574 | TP: INR625 (+9%)****EPS CHANGE (%): FY23|24: -8.5|-7.1**

- New business premium to see a healthy growth. Expect strong trends in Annuity/PAR.
- Expect 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 YoY, but moderate QoQ.
- Improvement in persistency ratio is another monitorable.

**Quarterly performance (INR b)**

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First year premium	12.9	20.8	21.2	25.7	17.4	27.2	28.9	35.4	80.5	109.0
Growth (%)	25.8%	24.0%	19.4%	7.8%	35.6%	31.1%	36.5%	37.5%	17.4%	35.3%
Renewal premium	38.9	50.3	55.4	73.4	44.9	65.0	68.8	81.1	218.1	259.8
Growth (%)	20.1%	16.8%	21.1%	15.6%	15.4%	29.0%	24.2%	10.5%	18.0%	19.1%
Single premium	24.8	45.2	46.0	45.1	32.2	51.3	54.3	67.3	161.0	205.1
Growth (%)	54.9%	7.7%	40.2%	8.0%	29.6%	13.5%	18.2%	49.4%	21.5%	27.4%
<b>Net premium income</b>	<b>75.4</b>	<b>114.4</b>	<b>121.2</b>	<b>142.9</b>	<b>92.6</b>	<b>141.9</b>	<b>150.4</b>	<b>182.6</b>	<b>454.0</b>	<b>567.5</b>
Growth (%)	31.7%	13.9%	27.8%	11.0%	22.9%	24.0%	24.0%	27.8%	19.1%	25.0%
<b>PAT</b>	<b>3.0</b>	<b>2.7</b>	<b>2.7</b>	<b>3.6</b>	<b>3.4</b>	<b>3.2</b>	<b>3.5</b>	<b>4.3</b>	<b>12.1</b>	<b>14.4</b>
Growth (%)	-33.0%	-15.9%	3.3%	12.4%	11.6%	17.5%	28.5%	20.6%	-11.2%	19.4%
<b>Key metrics (INR b)</b>										
New business APE	15.6	25.5	26.0	30.5	20.6	32.4	34.3	42.1	96.6	129.5
Growth (%)	30.3	19.4	20.4	5.8	32.3	26.9	32.1	38.2	18.1	34.0
VNB	4.1	6.8	6.9	9.0	5.6	8.8	9.4	12.0	26.7	35.8
Growth (%)	40.2	23.9	21.8	15.2	36.6	30.3	36.0	34.0	22.4	34.1
AUM (INR b)	1,813	1,912	1,947	2,042	2,007	2,112	2,269	2,391	2,042	2,391
Growth (%)	29.5	27.0	17.6	17.4	10.7	10.4	16.5	17.1	17.4	17.1
<b>Key Ratios (%)</b>										
VNB Margin (%)	26.2	26.6	26.7	29.4	27.0	27.3	27.5	28.5	27.4	27.7
Solvency ratio (%)	203.0	190.0	190.0	176.0	175.0	174.0	173.0	171.0	175.6	171.0

**ICICI Prudential Life****Buy****CMP: INR511 | TP: INR630 (+23%)****EPS CHANGE (%): FY23|24: +17.7|+14.4**

- New business premiums to see healthy traction – albeit on a low base.
- Expect VNB growth to remain healthy. Expect margin to remain healthy, but will moderate on a YoY and QoQ basis.
- Expect 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	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First year premium	8.8	15.6	15.5	19.8	14.7	18.8	19.2	21.0	59.7	73.7
Growth (%)	40.3%	33.1%	13.7%	-2.4%	67.4%	20.6%	23.8%	6.0%	15.0%	23.5%
Renewal premium	41.4	55.7	54.4	68.0	41.4	55.8	60.5	75.1	219.6	232.9
Growth (%)	-0.1%	-3.5%	-4.1%	-1.6%	0.2%	0.2%	11.2%	10.3%	-2.4%	6.1%
Single premium	18.5	24.1	23.5	29.3	22.5	28.7	29.2	32.0	95.4	112.4
Growth (%)	89.1%	34.4%	11.4%	-7.3%	21.3%	19.1%	24.2%	9.4%	18.6%	17.8%
<b>Net premium Inc.</b>	<b>66.0</b>	<b>92.9</b>	<b>90.7</b>	<b>113.6</b>	<b>81.8</b>	<b>104.3</b>	<b>106.3</b>	<b>116.5</b>	<b>363.2</b>	<b>408.9</b>
Growth (%)	18.9%	8.3%	1.1%	-4.4%	23.9%	12.3%	17.2%	2.6%	3.9%	12.6%
<b>PAT</b>	<b>-1.9</b>	<b>4.4</b>	<b>3.1</b>	<b>1.8</b>	<b>1.9</b>	<b>2.4</b>	<b>2.6</b>	<b>2.9</b>	<b>7.5</b>	<b>9.8</b>
Growth (%)	NM	46.6%	1.7%	189.5%	NM	-45.1%	-16.7%	55.0%	-21.5%	30.5%
<b>Key metrics (INR b)</b>										
New Business APE	12.2	19.8	19.3	26.1	17.0	21.7	22.1	32.7	77.3	93.4
Growth (%)	48.1	34.9	15.8	4.0	39.3	9.5	14.4	25.3	19.7	20.8
VNB	3.6	5.2	5.2	7.8	4.8	6.1	6.3	9.5	21.7	26.6
Growth (%)	78.1	28.4	20.3	31.1	34.7	17.7	22.2	22.1	33.5	23.0
AUM	2,232	2,371	2,376	2,405	2,444	2,518	2,614	2,727	2,405	2,727
Growth (%)	31.3	30.6	16.0	12.3	9.5	6.2	10.0	13.4	12.3	13.4
<b>Key Ratios (%)</b>										
VNB Margin (%)	29.4	26.0	26.7	29.7	28.4	28.0	28.5	29.0	28.0	28.5
Solvency ratio (%)	194	200	202	205	202	200	198	195	205	195

**SBI Life****Buy****CMP: INR1,115 | TP: INR1,450 (+30%)****EPS CHANGE (%): FY23|24: +5.1|+4.3**

- New business premiums to see healthy trends.
- Expect margin to expand YoY and VNB growth to remain robust.
- Cost leadership to continue
- Expect protection mix to improve and Non-PAR to remain healthy.

**Quarterly performance (INR b)**

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First year premium	14.0	36.1	40.7	38.5	24.9	36.6	42.9	51.5	129.4	155.9
Growth (%)	29%	56%	24%	5%	78%	2%	5%	34%	25%	20%
Renewal premium	50.3	77.8	96.5	108.4	56.5	92.5	108.2	126.7	333.0	383.8
Growth (%)	10%	9%	14%	15%	12%	19%	12%	17%	12%	15%
Single premium	19.4	33.3	44.3	28.1	22.8	36.3	42.5	53.0	125.2	154.7
Growth (%)	-2%	-8%	105%	0%	17%	9%	-4%	89%	22%	24%
<b>Net premium income</b>	<b>83.1</b>	<b>146.6</b>	<b>180.3</b>	<b>174.3</b>	<b>110.2</b>	<b>161.8</b>	<b>189.4</b>	<b>227.3</b>	<b>584.3</b>	<b>688.7</b>
Growth (%)	10%	14%	31%	12%	33%	10%	5%	30%	17%	18%
<b>PAT</b>	<b>2.2</b>	<b>2.5</b>	<b>3.6</b>	<b>6.7</b>	<b>2.8</b>	<b>3.2</b>	<b>4.3</b>	<b>7.1</b>	<b>15.1</b>	<b>17.3</b>
Growth (%)	-43%	-18%	56%	26%	24%	29%	17%	5%	3%	15%
<b>Key metrics (INR b)</b>										
New Business APE	16.2	39.7	45.7	41.3	27.2	40.3	47.1	56.8	141.9	171.4
Growth (%)	27.6	46.5	30.6	4.0	68.0	1.4	3.1	37.4	24.9	20.7
VNB	3.9	10.3	11.7	11.1	6.9	10.5	12.5	15.8	37.0	45.7
Growth (%)	50.0	90.7	53.9	0.9	76.6	2.1	7.1	42.4	39.1	23.6
AUM	2,316	2,442	2,569	2,674	2,707	2,840	2,983	3,149	2,674	3,149
Growth (%)	32.1	31.0	22.6	21.1	16.9	16.3	16.1	17.8	21.1	17.8
<b>Key Ratios (%)</b>										
VNB margin (%)	24.1	25.9	25.6	26.8	25.3	26.1	26.6	27.8	25.9	26.7
Solvency ratio (%)	215.0	212.0	209.0	205.0	202.0	200.0	198.0	197.1	205.0	197.1

**Max Financial****Buy****CMP: INR809 | TP: INR950 (+17%)****EPS CHANGE (%): FY23|24: -21.0|-7.3**

- New business premium to remain under pressure.
- Expect VNB margin to witness pressure and VNB growth to remain healthy.
- Expect the proprietary channel to exhibit healthy trends, while banca channel will witness pressure.
- Expect Non-PAR growth to remain healthy and ULIP to be under pressure

**Quarterly performance (INR b)**

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First Year premium	8.0	12.3	15.4	17.4	10.2	13.8	17.6	21.2	53.2	62.8
Growth (%)	29.5%	8.9%	28.7%	-7.6%	27.3%	12.5%	14.0%	21.4%	10.0%	18.1%
Renewal premium	22.4	34.6	34.2	53.8	26.7	39.8	43.9	60.1	145.1	170.5
Growth (%)	21.2%	17.9%	18.8%	19.0%	18.9%	14.9%	28.4%	11.8%	19.0%	17.5%
Single premium	4.4	6.4	6.3	8.8	5.3	6.4	8.1	9.1	25.9	28.9
Growth (%)	56.5%	37.4%	15.3%	25.5%	22.3%	-1.2%	27.6%	4.2%	29.8%	11.6%
<b>Gross premium income</b>	<b>34.8</b>	<b>53.3</b>	<b>56.0</b>	<b>80.0</b>	<b>42.2</b>	<b>59.9</b>	<b>69.6</b>	<b>90.4</b>	<b>224.1</b>	<b>262.2</b>
Growth (%)	26.6%	17.6%	21.0%	12.6%	21.2%	12.4%	24.3%	13.0%	17.9%	17.0%
<b>PAT</b>	<b>0.8</b>	<b>0.7</b>	<b>1.2</b>	<b>1.5</b>	<b>0.9</b>	<b>1.0</b>	<b>1.3</b>	<b>1.6</b>	<b>4.5</b>	<b>4.8</b>
Growth (%)	-44.2%	163.0%	-54.4%	45.3%	11.2%	34.0%	15.8%	5.0%	-14.1%	5.9%
<b>Key metrics (INR b)</b>										
New Business APE	8.8	12.8	15.9	18.4	10.8	14.5	18.4	22.1	55.9	65.7
Growth (%)	32.4	11.2	30.0	-4.2	23.1	12.6	15.5	20.2	12.7	17.6
VNB	1.7	3.7	4.0	5.9	2.3	3.7	4.9	6.2	15.3	17.1
Growth (%)	52.2	15.1	13.1	27.1	34.6	-0.3	22.6	5.5	22.3	11.8
AUM (INR b)	937	1,001	1,025	1,075	1,102	1,128	1,173	1,226	1,075	1,226
Growth (%)	28.4	28.7	20.6	18.9	17.6	12.7	14.5	14.1	18.9	14.1
<b>Key Ratios (%)</b>										
VNB Margin (%)	19.7	29.2	24.9	31.9	21.5	25.8	26.4	28.0	27.4	26.0
Solvency ratio (%)	197.0	211.0	207.0	201.0	200.0	199.0	198.0	197.4	201.0	197.4



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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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