

Financials: Banks and Insurance

Result Preview



2QFY24 earnings estimate (INR b)

PAT (INR b)	2Q FY24E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	4.0	17.9	4.4
AXSB	59.3	11.3	2.3
BANDHAN	7.5	259.3	4.3
DCBB	1.3	15.6	2.3
EQUITAS	1.9	64.9	0.4
FB	8.4	19.1	-1.9
HDFCB	147.8	39.4	23.7
ICICIBC	96.6	27.8	0.1
IDFCFB	7.9	41.4	2.7
IIB	22.5	24.5	5.8
KMB	30.7	19.0	-11.0
RBK	3.1	51.5	6.0
Private Total	391.0	29.8	7.7
PSU Banks			
BOB	40.0	20.9	-1.6
CBK	35.2	39.5	-0.3
INBK	19.3	57.9	13.2
PNB	13.7	233.1	9.1
SBIN	133.4	0.6	-21.0
UNBK	29.5	59.9	-8.7
PSU Total	271.3	20.1	-11.6
Banks Total	662.3	25.6	-1.1
Other Financials			
SBICARD	6.5	23.4	9.3
Paytm	-2.8	NA	NA
Life Insurance			
HDFCLIFE	3.7	14.3	-8.8
IPRULIFE	2.4	22.8	18.4
SBILIFE	4.2	11.6	10.3
MAXF	1.2	117.3	11.8
Life Total	11.5	20.7	4.9

Earnings to remain resilient despite NIM compression

Controlled slippages to keep credit cost benign

- **Credit growth to remain steady; estimate 14% growth in FY24:** We estimate systemic loan growth to remain healthy at 14% YoY in FY24, driven by continued traction in the Retail and SME segments. The Corporate segment has also seen some recovery, while growth in Personal Loans and Real Estate has been robust at 31% and 39% YoY, respectively. The Home, Vehicle, Unsecured, and Small Business segments continue to do well, while demand for CV remains healthy. The Credit Card business is seeing strong momentum with robust growth in spending and new card issuance.
- **Deposit accretion remains key monitorable; margins to remain under pressure:** Systemic deposit growth has improved to 12.8% YoY (adjusted for merger), aided by a benign base, the discontinuance of the INR2k currency note and an improved real rate of return. Hence, the gap vs. credit growth has moderated further to 2.3% in Sep'23 (excluding HDFCB merger). In 2QFY24 so far, the banking system has added INR2.28t of deposits (INR845b adjusted for HDFC Ltd merger) and while we expect deposit mobilization to pick up significantly toward the quarter end, the overall accretion would still be important to monitor as HDFCB alone is going to account for a significant deposit market share. We estimate sectoral margins to remain under pressure due to rising funding costs.
- **Slippages and credit cost to remain under control:** We estimate slippages to remain under control, which, along with higher recoveries, should further aid the continuous improvement in asset quality. Restructured book is likely to moderate further, while low SMA book will keep credit costs in check.
- **We estimate our banking coverage universe (excluding HDFCB) to report earnings growth of ~22% YoY in 2QFY24.** We expect our coverage banks to sustain PPOP growth at ~12% YoY in 2Q. Private/PSU banks are expected to post earnings growth of ~25%/~20% YoY in 2Q. **We estimate MOFSL Banking Universe to report earnings growth of ~27%/18% YoY in FY24/FY25.**

Private Banks (excluding HDFCB) – PAT to grow ~25% YoY in 2QFY24

- **We estimate private banks (excluding HDFCB) to report PPOP growth of ~18% YoY (flat QoQ) and PAT growth of ~25% YoY (flat QoQ) in 2QFY24.** Earnings are poised to remain healthy, supported by healthy business growth and benign credit costs, but margin compression and elevated opex may pose challenges to the overall growth trajectory.
- **Margins are expected to moderate further** due to the rising cost of deposits and stagnating loan yields. However, healthy loan growth will continue to aid NII. **We estimate NII growth of ~21% YoY (flat QoQ) in 2QFY24**, with IDFCFB at ~31%, ICICIBC at ~24%, KMB at ~24%, IIB at ~18%, and AXSB at 16% YoY.
- **Slippages are likely to remain under control**, which should drive continued improvement in asset quality ratios. The growth rate and the performance of unsecured loans will be key to watch out for in the medium term.

- **Opex should remain high** on account of branch expansion and technology-related expenditure. Consequently, we expect the C/I ratio to stay elevated for most banks.

PSBs – Earnings traction robust; estimate 20% YoY PAT growth in 2QFY24

- Earnings growth is likely to remain robust for PSBs in 2QFY24, aided by controlled credit costs, though margins may moderate due to rising funding costs. **PSBs are likely to deliver NII/PPoP growth of 12%/8% YoY and PAT growth of ~20% YoY.**
- **Opex** is likely to remain elevated as banks provide for wage revisions. **Treasury performance** should be sluggish during the quarter due to an increase in bond yields after a robust 1QFY24.
- **Loan growth** should recover on a sequential basis, led by improved corporate demand and ongoing traction in the retail and MSME segments.
- **Asset quality** improvement is likely to continue, while healthy PCR and a sharp decline in SMA asset pool will lead to further moderation in credit costs.

Small Finance Banks – Mixed performance; NIMs to moderate

- We expect **AUBANK** to report 25% YoY growth in loan book, which is lower than the average run rate as the bank continues with its sell-down approach.
- We estimate opex ratios to remain elevated (C/I ratio at ~63% for FY24), while margins may fall another 12bp QoQ to 5.6% after a 38bp decline in 1QFY24. We estimate 2QFY24 PAT to grow ~20% YoY to INR4.1b (29% CAGR in FY23-25E).
- **EQUITASB** is likely to report a healthy quarter with 32%/65% YoY growth in PPoP/PAT and ~33% YoY growth in advances (5.5% QoQ). However, margins are likely to moderate by another 32bp QoQ to 8.4%.

Life Insurers: Premium growth healthy; VNB margins broadly stable

- We expect premium growth to remain steady after a muted 1QFY24. Demand for Annuity, Non-PAR and Credit Life segments is likely to fare relatively better, while Protection is witnessing a gradual recovery.
- **Premium growth:** We expect HDFCLIFE/SBILIFE/MAXF to post APE growth of 9%/29%/37% YoY in 2QFY24, while IPRU is likely to report tepid growth of 3% YoY.
- **VNB growth:** We estimate VNB growth of ~18% YoY for SBILIFE, 8% for HDFCLIFE and 32% for MAXF. We estimate IPRU's VNB to remain flat YoY in 2QFY24.

Payments & Fintech: Revenue growth to remain steady

- **SBICARDS:** The momentum in Credit Card spending and new account sourcing is likely to remain healthy. Margins may remain broadly stable (slight downward bias), aided by rising mix of EMI loans. The credit cost may stay elevated due to higher delinquency from CY19 vintage, but it is expected to improve in 2HFY24. We estimate 23% YoY growth in earnings after a muted 1QFY24.
- **Paytm:** We estimate 2QFY24 GMV to grow 46% YoY to INR4.7t, while the value of loans disbursed is likely to grow 135% YoY/16% QoQ to INR172b.
- We expect revenue from operations to grow 36% YoY to INR26b, while contribution profit is estimated to grow 72% YoY to INR14.5b (contribution margin of ~56%). We estimate EBITDA before ESOP costs to come in at INR1.75b.

Other monitorables

- **Outlook on unsecured loan growth and margins:** Watch out for commentaries on the growth outlook for unsecured loans and margin amid rising deposit costs.
- **Deposit traction** is another key monitorable factor amid liquidity tightening and the rise in funding costs/bulk deposits mix to support loan growth.
- **Technology-related spending and elevated opex:** Continued technology-related spending and investments in branch expansion/business could affect normalization in opex.
- **Fee income traction and treasury performance:** The traction in fee income and treasury outlook remains other key focus areas.

Top picks – ICICIB, IIB, BOB and SBILIFE**ICICIB: Financial snapshot (INR b)**

Y/E March	FY23	FY24E	FY25E
NII	621	736	843
OP	491	565	656
NP	319	389	448
NIM (%)	4.7	4.7	4.6
EPS (INR)	45.8	55.7	64.1
EPS Gr (%)	36.0	21.6	15.1
ABV/Sh (INR)	267	313	369
Cons. BV/Sh (INR)	309	368	439
Ratios			
RoE (%)	17.5	18.2	18.0
RoA (%)	2.1	2.3	2.2
Valuations			
P/BV (x) (Cons)	3.1	2.6	2.2
P/ABV (x)*	2.9	2.5	2.1
P/E (x)	16.8	13.8	12.0

*Adjusted for investment in subs

IIB: Financial snapshot (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	175.9	208.3	253.3
OP	144.2	164.9	202.6
NP	74.4	92.3	118.0
NIM (%)	4.1	4.2	4.4
EPS (INR)	96.0	118.9	152.1
EPS Gr. (%)	54.7	23.9	27.9
BV/Sh. (INR)	707	810	946
ABV/Sh. (INR)	691	795	929
Ratios			
RoE (%)	14.5	15.7	17.4
RoA (%)	1.7	1.9	2.0
Valuations			
P/E (X)	14.9	12.0	9.4
P/BV (X)	2.0	1.8	1.5
P/ABV (X)	2.1	1.8	1.5

ICICIB (Buy)

- ICICIB has reported strong growth and profitability for the past few years while increasing PCR to ~83% as of 1QFY24 – the highest in the industry. The bank carries Covid-related provisions of INR131b (~1.2% of loans).
- Slippages have moderated over the past few quarters and are likely to remain under control. ICICIB is well-cushioned with higher provisions on its balance sheet and does not expect to utilize these provisions in the near term.
- Margins have peaked out in 4QFY23 (at ~4.9%), and the re-pricing of liabilities and SA deposits churning into TD would keep funding costs elevated and exert pressure on margins. With ~70% of book being floating in nature, most of the asset re-pricing has happened, and loan yields might stagnate going further.
- The bank is becoming a 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.
- ICICIB 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%/18.0% in FY25. Adjusted for subsidiaries, the standalone bank trades at 2.1x FY25E ABV.

IIB (Buy)

- IIB has reported healthy 1QFY24 performance with earnings growth of 30% YoY, aided by healthy NII growth (up 18% YoY) and lower provisions (down 21% YoY). Margins have been flat for the last few quarters, with growth in advances driving the overall profitability.
- The bank has seen gradual improvements in asset quality, led by a moderation in slippages, particularly from the MFI/Corporate segments, leading to a GNPA of 1.9% and a healthy PCR of ~71% as of 1QFY24. IIB also carries contingent provisions of INR17b (56bp of advances) as of 1QFY24.
- Average COD for the bank stands at 6.1%, which is higher than that of its peers, but the bank's ability to sustain its retail deposit base as it steadily optimizes the deposit rates will be crucial for margin improvement. Its CASA ratio stood at 40%, while retail deposits form 43% of total deposits, which is likely to improve as the bank continues to ramp up by tapping other customer segments.
- The bank has maintained its market share of ~2% of net systemic advances, backed by its leadership position in the vehicle finance and MFI segments, which

BOB: Financial snapshot (INR b)

Y/E March	FY23	FY24E	FY25E
NII	413.6	458.6	527.2
OP	268.6	305.4	368.4
NP	141.1	170.4	207.6
NIM (%)	3.2	3.1	3.1
EPS (INR)	27.3	32.9	40.1
EPS Gr. (%)	94.0	20.8	21.8
BV/Sh. (INR)	183	211	245
ABV/Sh. (INR)	165	194	227
Ratios			
RoE (%)	15.3	16.2	17.1
RoA (%)	1.0	1.1	1.2
Valuations			
P/E(X)	7.8	6.5	5.3
P/BV (X)	1.2	1.0	0.9
P/ABV (X)	1.3	1.1	0.9

SBILIFE: Financial snapshot (INR b)

Y/E March	FY23	FY24E	FY25E
Net Premium	665.8	798.2	958.3
Sh. PAT	17.2	20.1	23.2
NBP gr-unwtd.(%)	16.2	20.0	20.0
NBP gr. – APE (%)	18.4	16.6	22.5
Premium gr. (%)	14.6	19.6	20.0
VNB margin. (%)	30.1	29.1	29.7
RoEV (%)	16.2	22.2	21.4
Total AUM (INR t)	3.1	3.7	4.3
VNB	50.7	57.0	71.2
EV per share	460	563	683
Valuations			
P/EV (x)	2.8	2.3	1.9
P/EVOP (x)	14.4	13.2	10.9

constitute 26% and 10% of its advances, respectively, as on 1QFY24. The management has guided for 18-23% loan growth under PC-6, while a moderation in credit cost is expected to aid ROA expansion.

- We thus estimate RoA/RoE of 2.0%/17.4% in FY25. The stock trades at an attractive valuation of 1.5x FY25E ABV.

BOB (Buy)

- BOB reported a mixed performance in 1QFY24 as PAT jumped 88% YoY, aided by higher other income, and NIMs declined 26bp QoQ. We expect NIMs to moderate further in 2QFY24 due to an increase in the funding cost.
- The bank has reported a strong improvement in asset quality, aided by improved underwriting and higher collection efficiency. Fresh slippages have moderated YoY, while PCR has improved to 79%. This, coupled with declining restructured book (1.3% of loans) and a low SMA book (29bp of loans), should drive a sustainable reduction in credit costs to ~68bp in FY24.
- Retail book growth is expected to be 1.5x higher than total loan growth and will gain share in the overall loan mix. This, along with a pick-up in the SME and Corporate books, should support loan growth and sustain it higher vs. peers.
- With a moderation in margins due to the rising cost of deposits, and a majority of the floating rate book being already re-priced, we expect NII to remain flat QoQ. However, a healthy CASA mix in the 40-42% range will limit the decline.
- We estimate FY25 RoA/RoE of 1.2%/17.1%. The stock trades at attractive valuations of 0.9x FY25E ABV.

SBILIFE (Buy)

- SBILIFE has witnessed sluggish growth in premiums across segments, with 4% YoY growth in Individual WRP and flat YoY growth in Group WRP in 1QFY24. Both the agency and banca channels contribute to growth. We estimate a 20% APE CAGR over FY23-25, driven by continued momentum in Non-PAR and Protection products.
- The share of ULIP is likely to pick up, aided by a recovery in capital markets. Trends in the Protection and Non-PAR segments are likely to remain healthy. This will continue to keep margins buoyant.
- Persistency ratios are likely to remain healthy across cohorts. The cost ratios are also likely to remain in control thanks to a revival in business growth and operating leverage kicking in.
- We estimate a 19% VNB CAGR over FY23-25 and operating RoEV of ~21.3% by FY25, while VNB margins should be stable at ~30%. SBILIFE currently trades at 1.9x FY25E EV.

Exhibit 1: 2QFY24 earnings estimates

	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
		Sep'23	Variance YoY (%)	Variance QoQ (%)	Sep'23	Variance YoY (%)	Variance QoQ (%)	Sep'23	Variance YoY (%)	Variance QoQ (%)
Financials										
AU Small Finance	Buy	13,028	20.3	4.5	5,917	18.6	8.4	4,040	17.9	4.4
Axis Bank*	Buy	1,19,847	15.7	0.2	87,376	13.2	-0.9	59,314	11.3	2.3
Bandhan Bank	Neutral	25,119	14.5	0.9	16,960	9.2	8.6	7,519	259.3	4.3
DCB Bank	Neutral	4,803	16.8	2.0	2,189	19.9	4.9	1,299	15.6	2.3
Equitas Small Finance	Buy	7,677	25.9	3.3	3,191	31.7	2.2	1,920	64.9	0.4
Federal Bank	Buy	20,287	15.1	5.7	13,121	8.2	0.7	8,379	19.1	-1.9
HDFC Bank	Buy	2,80,894	33.6	19.0	2,27,880	31.0	21.4	1,47,811	39.4	23.7
ICICI Bank	Buy	1,83,318	24.0	0.6	1,40,200	20.0	-0.8	96,622	27.8	0.1
IDFC First Bank	Buy	39,329	31.0	5.0	15,803	35.2	5.3	7,857	41.4	2.7
IndusInd Bank	Buy	50,611	17.6	4.0	39,808	12.3	3.9	22,467	24.5	5.8
Kotak Mahindra Bank	Neutral	63,057	23.7	1.2	43,670	22.4	-11.8	30,715	19.0	-11.0
RBL Bank	Neutral	13,105	23.1	5.2	6,710	31.0	3.6	3,054	51.5	6.0
Banks – Private		8,21,076	25.0	7.0	6,02,823	22.3	6.5	3,90,996	29.8	7.7
Banks – Private (Ex of HDFCB)		5,40,183	20.9	1.6	3,74,943	17.6	-0.8	2,43,185	24.6	-0.2
Bank of Baroda	Buy	1,11,183	9.3	1.1	71,228	18.1	-9.0	40,044	20.9	-1.6
Canara Bank	Buy	88,039	18.4	1.6	76,098	10.2	0.1	35,237	39.5	-0.3
Indian Bank	Buy	57,685	23.2	1.1	42,612	17.4	3.1	19,347	57.9	13.2
Punjab National Bank	Neutral	96,851	17.1	1.9	62,747	12.7	5.1	13,698	233.1	9.1
State Bank of India	Buy	3,84,322	9.2	-1.2	2,15,639	2.1	-14.8	1,33,405	0.6	-21.0
Union Bank	Buy	89,216	7.4	0.9	68,150	3.6	-5.1	29,542	59.9	-8.7
Banks – PSU		8,27,296	11.7	0.1	5,36,472	7.7	-7.5	2,71,273	20.1	-11.6
Total Banks		16,48,372	18.0	3.4	11,39,296	15.0	-0.6	6,62,269	25.6	-1.1
Total Banks (Ex of HDFCB)		13,67,479	15.2	0.7	9,11,415	11.5	-4.9	5,14,458	22.2	-6.5
HDFC Life Insurance	Neutral	1,51,865	14.3	30.1	8,290	6.6	27.5	3,730	14.3	-8.8
ICICI Prudential Life	Buy	1,03,940	43.1	-20.0	6,280	214.8	43.4	2,450	22.8	18.4
SBI Life Insurance	Buy	2,08,230	25.3	53.6	14,653	18.2	68.4	4,204	11.6	10.3
Max Financial	Neutral	67,330	16.1	38.2	4,924	32.0	99.3	1,152	117.3	11.8
Life Insurance		5,31,365	23.7	23.3	34,147	31.8	54.8	11,535	20.7	4.9
SBI Cards	Buy	12,981	16.2	5.3	15,479	23.7	2.2	6,486	23.4	9.3
Paytm	Buy	25,995	35.8	11.0	1,752	LP	108.5	-2,767	NA	NA

Note: For Life Insurance, sales represent gross premium, PPoP represents VNB, and PAT represents shareholder's profit
For Paytm: NII represents Revenue from operations and PPoP represents Adjusted EBITDA

Exhibit 2: Loan growth healthy at 19.8% (including HDFC)

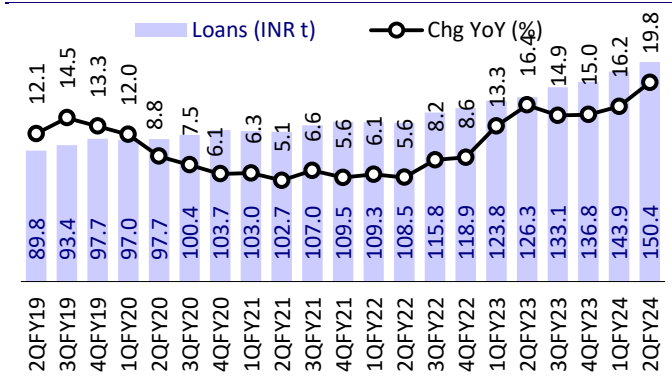


Exhibit 3: Deposit growth inches up to 13.6%

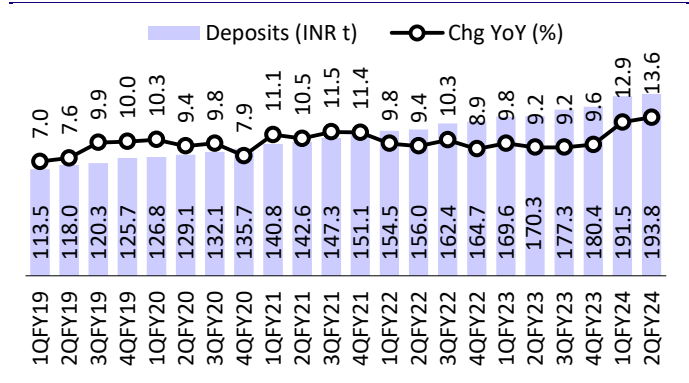


Exhibit 4: Margins to compress further

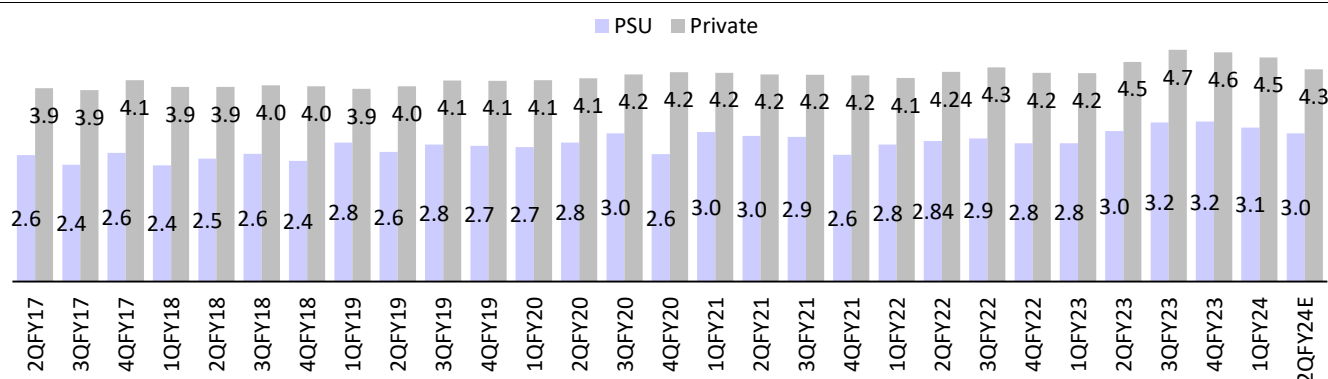


Exhibit 5: Earnings progression on track; broadly maintain estimates

INR b	Old Estimates		Revised Estimates		% Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Private Banks						
AXSB	252.0	296.4	254.1	302.1	0.9%	1.9%
BANDHAN	38.6	46.9	34.3	44.1	-11.2%	-5.9%
DCBB	5.5	6.8	5.5	6.6	-0.1%	-2.4%
HDFCB	614.2	743.6	614.7	748.1	0.1%	0.6%
ICICIBC	388.8	440.1	387.6	440.7	-0.3%	0.1%
IDFCFB	32.6	42.3	32.2	43.4	-1.2%	2.4%
IIB	93.9	119.6	92.3	118.0	-1.7%	-1.4%
KMB	132.8	147.4	128.5	141.4	-3.2%	-4.1%
FB	34.6	41.7	34.6	42.6	0.0%	2.1%
RBK	12.5	15.6	12.6	16.8	0.2%	7.7%
AUBANK	17.4	23.5	17.5	23.1	0.3%	-1.8%
EQUITASB	8.1	9.8	8.3	9.6	2.0%	-2.1%
Total Pvt	1,631.2	1,933.8	1,622.2	1,936.5	-0.5%	0.1%
- YoY growth	27.6%	18.5%	27.4%	19.4%		
Total Pvt (Ex of HDFCB)	1,017.0	1,190.2	1,007.6	1,188.4	-0.9%	-0.2%
- YoY growth	21.5%	17.0%	21.1%	17.9%		
PSU Banks						
BOB	168.6	203.7	171.9	209.3	1.9%	2.8%
CBK	137.0	163.0	142.3	166.6	3.9%	2.2%
INBK	74.1	90.6	80.4	95.2	8.5%	5.1%
PNB	64.5	104.6	61.4	101.5	-4.8%	-3.0%
SBIN	606.7	675.9	628.0	691.9	3.5%	2.4%
UNBK	123.4	151.5	126.4	152.5	2.5%	0.6%
Total PSU	1,174.3	1,389.3	1,210.4	1,416.9	3.1%	2.0%
- YoY growth	32.3%	18.3%	32.8%	17.1%		
Total Banks	2,805.5	3,323.0	2,832.6	3,353.4	1.0%	0.9%
- YoY growth	29.5%	18.4%	29.7%	18.4%		
Total banks (Ex of HDFCB)	2,191.3	2,579.5	2,218.0	2,605.3	1.2%	1.0%
- YoY growth	27.1%	17.7%	27.2%	17.5%		
SBI Cards	26.5	36.8	26.6	37.1	0.1%	0.7%
Paytm	-7.6	2.6	-10.6	2.3	NA	-11.3%

Source: MOFSL, Company

Exhibit 6: Snapshot of additional provision buffers as of 1QFY24

Large banks continue to carry additional provision buffers

As on 2QFY24	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	8,585	50.1	68.4	118.5	1.4
DCBB	355	0.5	-	0.5	0.1
HDFCB**	16,156	97.0	14.5	111.5	0.7
ICICIBC	10,576	131.0	-	131.0	1.2
IIB***	3,013	17.0	-	17.0	0.6
KMB	3,286	3.4	-	3.4	0.1
AUBANK	629	0.3	-	0.3	0.1

*AXSB holds total provisions of INR118.5b, 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

Exhibit 7: Snapshot of restructured book across banks

Restructured book remains under control for private banks, but it is relatively higher for public sector banks

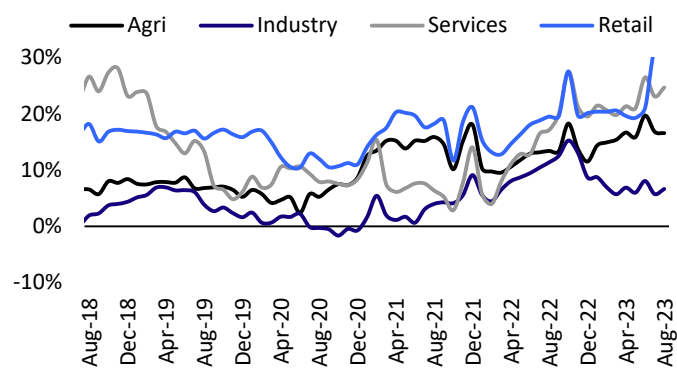
INR b	Restructured book (%)						
	Absolute	Mar'22	Jun'22	Sep'22	Dec'22	Mar'23	Jun'23
AXSB	19.1	0.52	0.45	0.38	0.30	0.22	0.21
BANDHAN	NA	6.54	6.42	0.20	NA	NA	NA
DCBB	14.1	6.42	6.09	5.45	4.94	4.51	4.0
HDFCB	42.7	1.14	0.76	0.53	0.42	0.31	0.27
ICICIBC	NA	1.00	0.80	0.70	0.50	0.40	NA
IIB	19.9	2.60	2.10	1.50	1.25	0.84	0.66
KMB	6.1	0.44	0.39	0.34	0.25	0.22	0.20
FB	25.7	2.44	2.22	2.03	1.81	1.62	1.40
RBK	7.7	3.27	2.89	2.21	1.67	1.21	1.10
AUBANK	6.3	2.50	2.10	1.70	1.40	1.20	1.0
BOB	130	2.44	2.46	2.12	1.87	1.50	1.30
SBIN	226.7	1.13	1.02	0.93	0.85	0.80	0.70
INBK	104.9	4.73	4.17	3.90	3.37	2.51	2.29
UNBK	163.7	2.99	2.92	2.60	2.38	2.20	2.00
BOI	101.7	2.63	2.35	2.08	1.92	1.73	1.96
CBK	NA	2.77	2.41	2.09	1.75	0.00	0.00

Source: MOFSL, Company

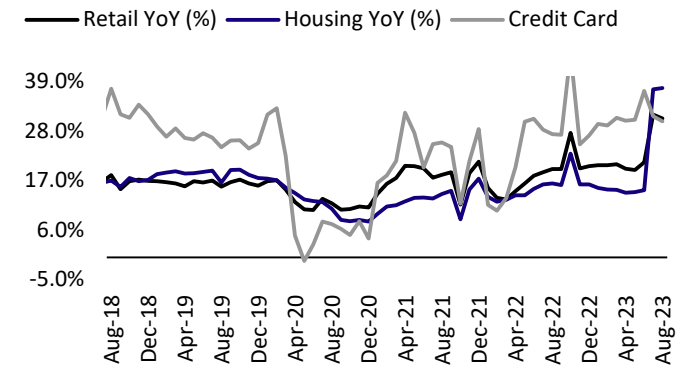
Exhibit 8: SMA book across banks as of 2QFY24

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	29bp	
BOI	NA	12bp	24bp
CBK	34bp	39bp	38bp
INBK	NA	44bp	25bp
PNB	NA	NA	2bp
SBIN	NA	17bp	5bp
UNBK	17bp	4bp	30bp
BANDHAN	135bp	78bp	73bp
KMB	NA	NA	6bp

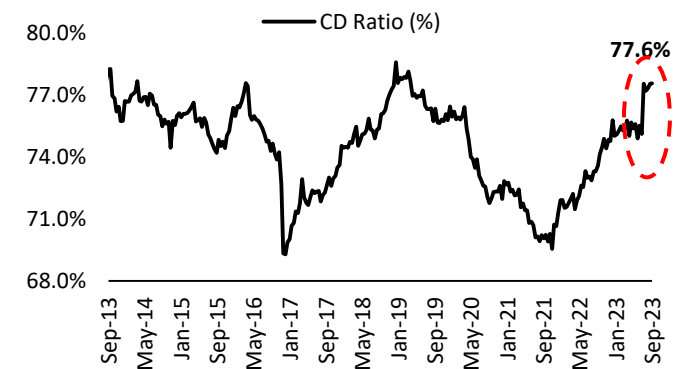
Source: MOFSL, Company

Exhibit 9: Retail loan growth healthy at 30.8% YoY (aided by HDFC merger); Retail mix at 34.3% in Aug'23

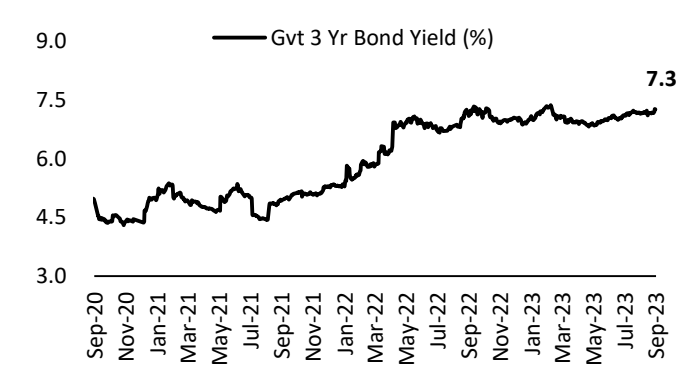
Source: MOFSL, RBI

Exhibit 10: Credit Card growth robust at ~30% YoY; Housing/Retail loan growth at ~37.6%/30.8% YoY in Aug'23

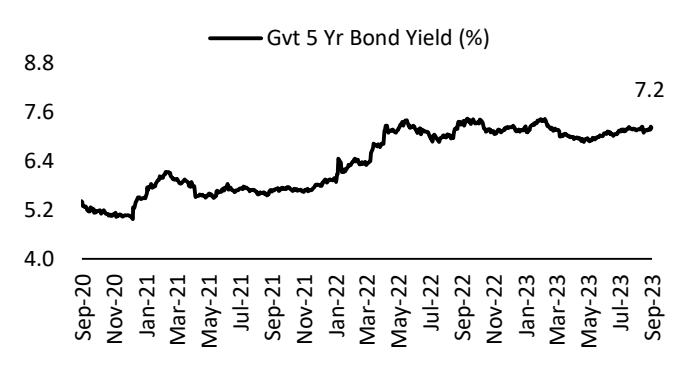
Source: MOFSL, RBI

Exhibit 11: CD ratio stands at 77.6% as of 8th Sep'23

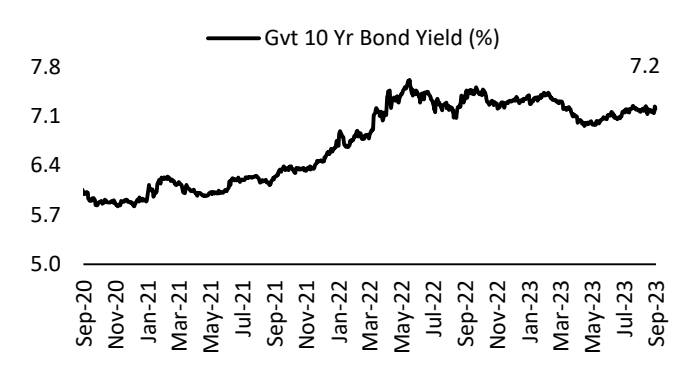
Source: MOFSL, RBI

Exhibit 12: Three-year G-Sec yield remains in a narrow range

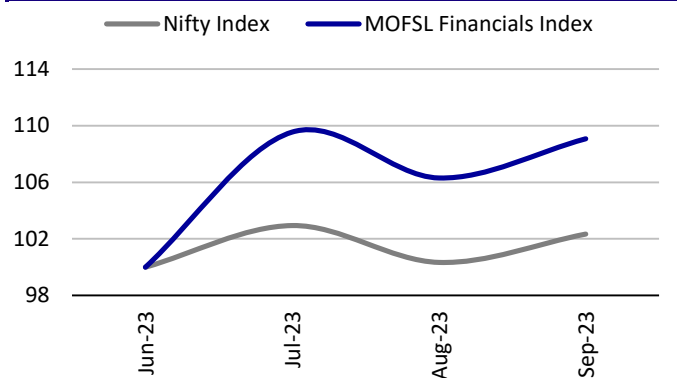
Source: MOFSL, BBG

Exhibit 13: Five-year G-Sec yield increases 14bp in 2QFY24

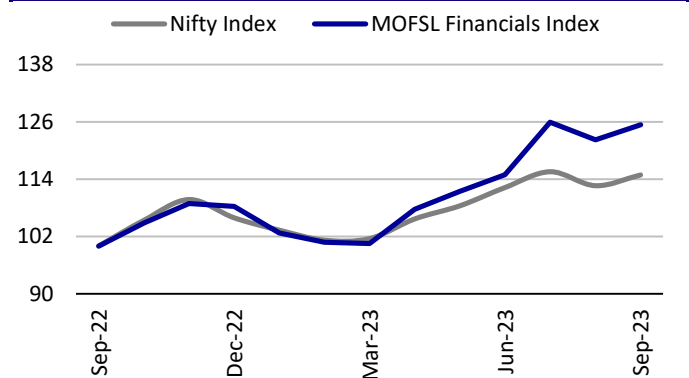
Source: MOFSL, BBG

Exhibit 14: 10-year G-Sec yield increases 9bp in 2QFY24

Source: MOFSL, BBG

Exhibit 15: Relative performance – three months (%)

Source: MOFSL, Company

Exhibit 16: One-year relative performance (%)

Source: MOFSL, Company

Exhibit 17: Valuation summary

Company	CMP		EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
	(INR)	Rating	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Financials														
Banks-Private														
ICICIBC	931	Buy	45.8	55.7	63.0	16.3	13.4	11.9	2.6	2.3	1.9	17.5	18.2	17.7
HDFCB	1,531	Buy	79.3	81.6	98.8	16.7	16.2	13.4	2.6	2.3	2.0	17.0	14.8	16.0
AXSB	994	Buy	71.4	80.0	92.1	12.5	11.2	9.7	2.2	1.7	1.4	18.2	16.9	15.9
BANDHAN	254	Neutral	13.6	23.8	29.1	18.6	10.7	8.7	2.1	1.9	1.6	11.9	18.6	21.7
KMB	1,723	Neutral	55.1	66.9	74.2	21.1	17.4	15.7	2.8	2.4	2.1	14.1	14.8	14.3
IIB	1,402	Buy	96.0	118.9	152.1	14.6	11.8	9.2	2.0	1.7	1.5	14.5	15.7	17.4
FB	147	Buy	14.3	16.5	19.5	10.3	8.9	7.6	1.4	1.3	1.1	14.9	15.1	15.7
DCBB	121	Neutral	14.9	17.8	21.9	8.1	6.8	5.5	0.9	0.8	0.7	11.5	12.3	13.5
IDFCFB	92	Buy	3.8	5.0	6.6	24.2	18.4	14.0	2.4	2.0	1.7	10.4	11.7	13.2
EQUITASB	91	Buy	4.9	7.3	8.8	18.8	12.5	10.4	2.0	1.7	1.5	12.2	14.7	15.7
AUBANK	704	Buy	22.0	26.2	35.2	32.0	26.9	20.0	4.4	3.8	3.2	15.8	15.2	17.4
RBK	249	Neutral	14.7	20.9	26.1	16.9	11.9	9.6	1.1	1.0	1.0	6.7	8.9	10.3
SBICARD	792	Buy	23.9	28.0	38.9	33.1	28.3	20.4	7.6	6.1	4.8	25.7	24.0	26.4
Banks-PSU														
SBIN	586	Buy	56.3	68.0	75.7	6.8	5.6	5.0	1.1	0.9	0.8	18.1	18.6	17.8
PNB	80	Neutral	2.3	5.9	9.5	35.0	13.6	8.4	0.9	0.9	0.8	2.6	6.3	9.4
BOB	212	Buy	27.3	32.6	39.3	7.8	6.5	5.4	1.2	1.0	0.9	15.3	16.0	16.9
CBK	373	Buy	58.5	75.5	89.9	6.4	4.9	4.2	1.0	0.8	0.7	15.2	17.1	17.3
UNBK	108	Buy	12.3	18.0	22.2	8.8	6.0	4.9	1.0	0.9	0.8	12.2	16.1	17.6
INBK	433	Buy	42.4	59.5	72.7	10.2	7.3	5.9	1.2	1.1	0.9	13.3	16.4	17.4
Insurance														
HDFCLIFE	625	Neutral	6.3	7.5	8.9	99.0	83.3	70.4	3.4	2.9	2.4	19.9	19.2	18.8
IPRULIFE	557	Buy	5.6	5.3	8.5	98.8	104.3	65.5	2.2	1.9	1.6	12.7	18.6	18.4
SBILIFE	1,271	Buy	17.2	19.1	21.9	73.9	66.4	58.1	2.8	2.3	1.9	16.2	22.0	21.1
MAXF	885	Neutral	10.4	13.4	15.7	84.9	65.9	56.3	2.3	1.9	1.6	14.7	21.4	20.3
LICI	637	Buy	57.5	25.2	29.0	11.1	25.3	22.0	0.7	0.6	0.5	7.5	13.9	13.7
Others														
Paytm	863	Buy	-28.0	-15.5	3.0	-30.8	-55.6	291.8	4.2	4.3	4.3	-13.1	-8.2	1.8

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: INR704 | TP: INR825 (+17%)
EPS CHANGE (%): FY24|25: 0.3|-1.8

- Expect margins to compress
- Strong investments in the business and widening geographical reach will continue to aid business growth and further reduce geographical concentration.
- CoF and C/I ratios are expected to remain elevated
- Asset quality to recover after a seasonal 1Q blip

Quarterly performance

(INR m)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	9,760	10,833	11,527	12,132	12,462	13,028	13,615	14,288	44,253	53,394
% Change (Y-o-Y)	34.8	43.8	40.5	29.5	27.7	20.3	18.1	17.8	36.8	20.7
Other Income	1,592	2,474	2,949	3,331	3,151	3,324	3,575	3,915	10,345	13,965
Total Income	11,352	13,307	14,476	15,463	15,613	16,352	17,190	18,203	54,597	67,359
Operating Expenses	7,411	8,319	8,919	9,753	10,153	10,435	10,776	11,229	34,403	42,592
Operating Profit	3,941	4,988	5,557	5,709	5,461	5,917	6,415	6,975	20,195	24,766
% Change (Y-o-Y)	-18.2	27.1	21.2	18.4	38.6	18.6	15.4	22.2	11.3	22.6
Provisions	384	430	326	409	330	516	478	558	1,548	1,881
Profit before Tax	3,557	4,558	5,231	5,300	5,131	5,401	5,937	6,416	18,646	22,885
Tax	878	1,132	1,302	1,054	1,262	1,361	1,437	1,341	4,367	5,401
Net Profit	2,679	3,426	3,928	4,246	3,869	4,040	4,500	5,075	14,279	17,484
% Change (Y-o-Y)	31.8	23.0	30.1	22.7	44.4	17.9	14.6	19.5	26.4	22.4
Operating Parameters										
Deposit (INR b)	546.3	583.4	611.0	693.6	693.2	757.4	797.4	853.2	693.6	853.2
Loan (INR b)	486.5	517.4	556.0	584.2	628.6	642.4	683.7	737.3	584.2	737.3
Deposit Growth (%)	47.6	49.4	38.0	31.9	26.9	29.8	30.5	23.0	31.9	23.0
Loan Growth (%)	43.3	44.4	38.4	26.7	29.2	24.1	23.0	26.2	26.7	26.2
Asset Quality										
GNPA (%)	2.0	1.9	1.8	1.7	1.8	1.7	1.6	1.6	1.7	1.6
NNPA (%)	0.6	0.6	0.5	0.4	0.6	0.5	0.5	0.5	0.5	0.5
PCR (%)	71.7	71.1	72.1	75.0	69.0	68.6	69.3	71.3	70.8	71.3

Axis Bank

Buy
CMP: INR994 | TP: INR1,175 (+18%)
EPS CHANGE (%): FY24|25: 0.9|1.9

- Expect credit cost to remain under control
- Margin to be under pressure
- Cost ratios are expected to be elevated
- Expect business growth to remain healthy

Quarterly Performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	93.8	103.6	114.6	117.4	119.6	119.8	123.3	128.5	429.5	491.2
% Change (Y-o-Y)	20.9	31.1	32.4	33.1	27.4	15.7	7.6	9.4	29.6	14.4
Other Income	30.0	39.4	46.7	49.0	50.9	51.7	53.8	58.1	165.0	214.5
Total Income	123.8	143.0	161.2	166.4	170.5	171.5	177.1	186.6	594.5	705.7
Operating Expenses	65.0	65.9	68.5	74.7	82.3	84.2	82.1	82.6	273.0	331.2
Operating Profit	58.9	77.2	92.8	91.7	88.1	87.4	95.0	103.9	321.4	374.4
% Change (Y-o-Y)	-4.8	30.2	50.6	41.8	49.7	13.2	2.4	13.4	29.9	16.5
Provisions	3.6	5.5	14.4	3.1	10.3	8.1	8.5	7.8	28.8	34.7
Profit before Tax	55.3	71.7	78.4	88.6	77.8	79.3	86.5	96.2	292.6	339.8
Tax	14.0	18.4	19.9	22.4	19.8	20.0	21.8	24.0	73.3	85.6
Net Profits	41.3	53.3	58.5	66.3	58.0	59.3	64.7	72.1	219.3	254.1
% Change (Y-o-Y)	91.0	70.1	61.9	60.9	40.5	11.3	10.6	8.9	68.4	15.9
Operating Parameters										
Deposit (INR t)	8.0	8.1	8.5	9.5	9.4	9.8	10.3	10.8	9.5	10.8
Loan (INR t)	7.0	7.3	7.6	8.5	8.6	8.9	9.3	9.9	8.5	9.9
Deposit Growth (%)	12.6	10.1	9.9	15.2	17.2	20.7	21.3	14.0	15.2	14.0
Loan Growth (%)	14.0	17.6	14.6	19.4	22.4	22.0	22.4	16.7	19.4	16.7
Asset Quality										
Gross NPA (%)	2.8	2.5	2.4	2.0	2.0	2.0	2.0	1.9	2.2	1.9
Net NPA (%)	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PCR (%)	77.3	79.9	80.8	80.9	79.6	79.9	79.7	76.8	80.0	76.8

E: MOFSL Estimates

Bandhan Bank**Neutral****CMP: INR254 | TP: INR240 (-5%)****EPS CHANGE (%): FY24|25: -11.2|-5.9**

- Expect NIM to remain in a narrow range
- Expect business growth to remain healthy
- Expect asset quality and credit cost to improve
- Cost ratios expected to increase due to increased investment

Quarterly performance**(INR b)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	25.1	21.9	20.8	24.7	24.9	25.1	26.6	28.5	92.6	105.1
% Change (YoY)	18.9	13.3	-2.1	-2.7	-0.9	14.5	27.8	15.2	6.3	13.5
Other Income	3.3	4.8	10.3	6.3	3.9	5.5	6.3	7.8	24.7	23.5
Total Income	28.4	26.7	31.1	31.0	28.8	30.6	32.9	36.3	117.3	128.6
Operating Expenses	10.2	11.2	11.9	13.1	13.1	13.6	14.5	15.5	46.4	56.8
Operating Profit	18.2	15.5	19.2	18.0	15.6	17.0	18.4	20.8	70.9	71.8
% Change (YoY)	-7.0	-2.0	-1.4	-28.8	-14.2	9.2	-4.3	15.9	-11.5	1.2
Provisions	6.4	12.8	15.4	7.3	6.0	6.9	6.5	7.0	42.0	26.4
Profit Before Tax	11.8	2.7	3.8	10.6	9.6	10.1	11.9	13.8	28.9	45.4
Tax	2.9	0.6	0.9	2.5	2.4	2.5	3.0	3.2	7.0	11.1
Net Profit	8.9	2.1	2.9	8.1	7.2	7.5	8.9	10.6	21.9	34.3
% Change (YoY)	137.6	NM	-66.2	-57.5	-18.7	259.3	207.1	31.6	NM	56.3
Operating Parameters										
Deposits (INR b)	931	994	1,023	1,081	1,085	1,124	1,200	1,297	1,081	1,297
Loans (INR b)	909	902	921	1,048	982	1,029	1,124	1,238	1,048	1,238
Deposit Growth (%)	20.3	21.3	21.0	12.2	16.6	13.1	17.3	20.0	12.2	20.0
Loan Growth (%)	21.6	21.1	14.7	11.5	8.0	14.0	22.0	18.2	11.5	18.2
Asset Quality										
Gross NPA (%)	7.3	7.2	7.2	4.9	6.8	6.4	4.9	4.0	4.9	4.0
Net NPA (%)	1.9	1.9	1.9	1.2	2.2	2.0	1.4	1.1	1.2	1.1
PCR (%)	74.9	75.5	75.4	76.8	69.2	70.6	72.4	72.5	76.8	72.5

E: MOFSL Estimates

Bank of Baroda**Buy****CMP: INR212 | TP: INR240 (+13%)****EPS CHANGE (%): FY24|25: 1.9|2.8**

- Expect earnings and business growth to remain healthy
- Opex to increase due to branch expansion
- Expect asset quality to improve further; credit cost is likely to remain in control
- Loan growth and margin trajectory to be key monitorables

Quarterly performance**(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	88.4	101.7	108.2	115.2	110.0	111.2	115.6	121.8	413.6	458.6
% Change (YoY)	12.0	34.5	26.5	33.8	24.4	9.3	6.9	5.7	26.8	10.9
Other Income	11.8	18.3	35.5	34.7	33.2	28.0	31.8	34.3	100.3	127.3
Total Income	100.2	120.0	143.7	149.9	143.2	139.2	147.5	156.1	513.8	585.9
Operating Expenses	54.9	59.7	61.4	69.2	64.9	68.0	69.9	75.7	245.2	278.6
Operating Profit	45.3	60.3	82.3	80.7	78.2	71.2	77.6	80.3	268.6	307.4
% Change (YoY)	-19.2	6.4	50.1	43.3	72.8	18.1	-5.8	-0.5	20.0	14.4
Provisions	16.8	16.3	24.0	14.2	19.5	17.8	18.5	16.1	71.4	71.9
Profit before Tax	28.4	44.0	58.3	66.5	58.8	53.4	59.1	64.2	197.3	235.5
Tax	6.7	10.9	19.8	18.8	18.1	13.3	14.9	17.3	56.2	63.6
Net Profit	21.7	33.1	38.5	47.8	40.7	40.0	44.2	46.9	141.1	171.9
% Change (YoY)	79.4	58.7	75.4	168.5	87.7	20.9	14.7	-1.7	94.0	21.8
Operating Parameters										
Deposit (INR b)	10,327	10,902	11,495	12,037	11,999	12,474	12,940	13,493	12,037	13,493
Loan (INR b)	7,996	8,366	8,907	9,410	9,635	9,819	10,270	10,774	9,410	10,774
Deposit Growth (%)	10.9	13.6	17.5	15.1	16.2	14.4	12.6	12.1	15.1	12.1
Loan Growth (%)	19.6	20.6	21.7	21.1	20.5	17.4	15.3	14.5	21.1	14.5
Asset Quality										
Gross NPA (%)	6.3	5.3	4.5	3.8	3.5	3.5	3.2	3.0	3.8	3.0
Net NPA (%)	1.6	1.2	1.0	0.9	0.8	0.7	0.7	0.6	0.9	0.6
PCR (%)	75.9	79.1	78.8	77.2	78.5	78.9	79.3	80.0	76.7	80.0

E: MOFSL Estimates

Canara Bank

Buy

CMP: INR373 | TP: INR425 (+14%)

EPS CHANGE (%): FY24|25: 3.9|2.2

- Expect business growth to remain steady
- Asset quality and credit cost expected to improve
- Expect cost ratios to remain elevated, while margins to remain broadly stable

Quarterly Performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	67.8	74.3	86.0	86.2	86.7	88.0	90.5	93.5	314.4	358.7
% Change (Y-o-Y)	10.2	18.5	23.8	23.0	27.7	18.4	5.3	8.5	19.1	14.1
Other Income	51.8	48.3	39.9	47.8	48.2	48.7	49.1	51.1	187.6	197.0
Total Income	119.6	122.6	125.9	133.9	134.8	136.7	139.6	144.6	502.0	555.7
Operating Expenses	53.5	53.5	56.3	61.4	58.8	60.6	63.1	67.9	224.8	250.4
Operating Profit	66.1	69.1	69.5	72.5	76.0	76.1	76.5	76.7	277.2	305.3
% Change (Y-o-Y)	20.5	23.2	19.8	16.9	15.1	10.2	10.0	5.8	13.4	10.2
Other Provisions	36.9	36.4	31.2	30.9	27.2	28.8	28.9	29.4	135.4	114.3
Exceptional Item (Exp)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Profit before Tax	29.2	32.7	38.3	41.6	48.9	47.3	47.6	47.3	141.7	191.0
Tax	8.9	7.4	9.5	9.8	13.5	12.1	12.1	11.0	35.7	48.7
Net Profit	20.2	25.3	28.8	31.7	35.3	35.2	35.4	36.3	106.0	142.3
% Change (Y-o-Y)	71.7	89.5	91.8	90.5	74.8	39.5	23.0	14.3	86.7	34.2
Operating Parameters										
Deposit (INR b)	11,181	11,340	11,635	11,792	11,925	12,217	12,503	12,853	11,792	12,853
Loan (INR b)	7,469	7,885	8,164	8,307	8,551	8,705	8,985	9,304	8,307	9,304
Deposit Growth (%)	9.4	9.8	11.5	8.5	6.6	7.7	7.5	9.0	8.5	9.0
Loan Growth (%)	15.2	21.4	18.0	18.1	14.5	10.4	10.0	12.0	18.1	12.0
Asset Quality										
Gross NPA (%)	7.0	6.4	5.9	5.4	5.2	4.9	4.7	4.3	5.4	4.3
Net NPA (%)	2.5	2.2	2.0	1.7	1.6	1.5	1.3	1.2	1.7	1.2
PCR (%)	66.2	67.1	68.1	68.9	70.6	71.0	72.2	73.4	68.8	73.4

E: MOFSL Estimates

DCB Bank

Neutral

CMP: INR121 | TP: INR130 (7%)

EPS CHANGE (%): FY24|25: -0.1|-2.4

- Expect loan book to witness an increase
- Credit costs to remain broadly stable
- Asset quality to witness continued improvement
- NIM outlook and C/I ratio to be closely monitored

Quarterly performance

(INR m)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	3,740	4,111	4,460	4,860	4,707	4,803	5,042	5,297	17,170	19,849
% Change (Y-o-Y)	21.1	27.2	29.3	27.7	25.9	16.8	13.0	9.0	26.5	15.6
Other Income	924	992	954	1,223	1,069	1,174	1,217	1,330	4,094	4,790
Total Income	4,664	5,103	5,414	6,083	5,777	5,977	6,258	6,627	21,264	24,639
Operating Expenses	3,002	3,278	3,473	3,643	3,690	3,788	3,896	3,963	13,397	15,337
Operating Profit	1,661	1,826	1,941	2,439	2,087	2,189	2,363	2,664	7,867	9,302
% Change (Y-o-Y)	-17.8	4.2	-2.4	10.5	25.6	19.9	21.7	9.2	-1.3	18.2
Provisions	350	310	407	525	377	438	485	549	1,787	1,849
Profit before Tax	1,311	1,516	1,534	1,915	1,709	1,751	1,878	2,115	6,080	7,453
Tax	340	392	396	493	440	452	485	547	1,424	1,923
Net Profit	971	1,124	1,139	1,422	1,269	1,299	1,394	1,568	4,656	5,530
% Change (Y-o-Y)	187.8	73.0	51.1	25.4	30.7	15.6	22.4	10.3	61.9	18.8
Operating Parameters										
Deposit (INR b)	350.8	369.6	395.1	412.4	430.1	443.9	458.0	482.5	412.4	482.5
Loan (INR b)	298.1	312.9	329.7	343.8	354.7	372.4	385.2	407.4	343.8	407.4
Deposit Growth (%)	14.6	16.3	22.6	18.9	22.6	20.1	15.9	17.0	18.9	17.0
Loan Growth (%)	17.9	17.9	20.6	18.2	19.0	19.0	16.8	18.5	18.2	18.5
Asset Quality										
Gross NPA (%)	4.2	3.9	3.6	3.2	3.3	3.1	3.0	2.7	3.2	2.7
Net NPA (%)	1.8	1.5	1.4	1.0	1.2	1.1	1.0	0.9	1.0	0.9
PCR (%)	57.8	61.3	63.0	68.2	64.1	66.4	67.5	66.8	68.2	66.8

E: MOFSL Estimates

Equitas Small Finance Bank

Buy
CMP: INR91 | TP: INR110 (+20%)
EPS CHANGE (%): FY24|25: +1.8|-1.9

- NIMs to compress further
- Cost ratios likely to stay elevated
- Expect further improvement in asset quality ratios
- Deposit traction and rise in deposit cost to be monitored

Quarterly Performance

Y/E March	FY23				FY24E				FY23	INRm FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	5,806	6,097	6,475	7,070	7,431	7,677	8,164	8,867	25,447	32,139
% Change (YoY)	25.9	26.0	19.7	28.0	28.0	25.9	26.1	25.4	24.8	26.3
Other Income	1,332	1,450	1,526	2,387	1,714	1,801	1,899	2,153	6,696	7,566
Total Income	7,138	7,547	8,001	9,456	9,145	9,478	10,063	11,020	32,143	39,705
Operating Expenses	4,456	5,124	5,210	5,593	6,024	6,287	6,492	6,755	20,383	25,557
Operating Profit	2,682	2,423	2,791	3,864	3,121	3,191	3,571	4,265	11,760	14,148
% Change (YoY)	63.1	21.8	24.2	36.1	16.4	31.7	28.0	10.4	34.9	20.3
Provisions	1,416	901	499	1,256	601	624	780	1,115	4,072	3,119
Profit before Tax	1,266	1,522	2,292	2,608	2,521	2,567	2,792	3,150	7,688	11,029
Tax	296	358	591	707	609	647	704	817	1,952	2,776
Net Profit	970	1,164	1,701	1,900	1,912	1,920	2,088	2,333	5,736	8,253
% Change (YoY)	713.4	182.6	57.4	59.0	97.1	64.9	22.7	22.8	104.3	43.9

Operating Parameters

AUM (INR b)	217	228	249	279	296	314	333	357	279	357
Deposits (INR b)	204	217	234	254	277	290	309	330	254	330
Loans (INR b)	205	218	233	258	275	290	309	330	258	330
AUM Growth (%)	22	20	27	35	36	38	34	28	35	28
Deposit Growth (%)	19	20	31	34	36	33	32	30	34	30
Loan Growth (%)	22	22	27	33	34	33	33	28	33	28

Asset Quality

Gross NPA (%)	4.1	3.9	3.6	2.8	2.8	2.6	2.5	2.3	2.8	2.3
Net NPA (%)	2.2	2.0	1.8	1.2	1.2	1.1	1.0	1.0	1.2	1.0
PCR (%)	48.5	50.5	50.8	56.9	57.8	58.6	59.1	57.4	56.9	57.4

E: MOFSL Estimates

Federal Bank

Buy
CMP: INR147 | TP: INR165 (+12%)
EPS CHANGE (%): FY24|25: -5.3|-7.8

- Credit growth remains healthy, driven by robust growth from new businesses and fintech partnerships
- CAR ratios to moderate further
- Expect cost ratios to increase; margin commentary in focus
- Asset quality to improve further going ahead

Quarterly performance

	FY23				FY24E				FY23	(INR b) FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	16.0	17.6	19.6	19.1	19.2	20.3	21.1	22.2	72.3	82.8
% Change (YoY)	13.1	19.1	27.1	25.2	19.6	15.1	7.9	16.4	21.3	14.5
Other Income	4.5	6.1	5.3	7.3	7.3	6.8	7.0	7.6	23.3	28.7
Total Income	20.6	23.7	24.9	26.4	26.5	27.1	28.1	29.8	95.6	111.5
Operating Expenses	10.8	11.6	12.2	13.1	13.5	13.9	14.3	14.9	47.7	56.6
Operating Profit	9.7	12.1	12.7	13.3	13.0	13.1	13.8	14.9	47.9	54.8
% Change (YoY)	-14.1	32.9	39.4	67.2	33.8	8.2	7.9	11.9	27.6	14.4
Provisions	1.7	2.7	2.0	1.2	1.6	1.9	2.2	2.7	11.4	8.3
Profit before Tax	8.1	9.4	10.8	12.2	11.5	11.2	11.6	12.3	36.6	46.5
Tax	2.1	2.4	2.7	3.2	2.9	2.8	2.9	3.2	6.5	11.9
Net Profit	6.0	7.0	8.0	9.0	8.5	8.4	8.7	9.1	30.1	34.6
% Change (YoY)	63.5	52.9	54.0	67.0	42.1	19.1	7.7	0.5	59.3	15.1

Operating Parameters

Deposit (INR b)	1,834	1,891	2,014	2,134	2,225	2,329	2,387	2,475	2,134	2,475
Loan (INR b)	1,517	1,612	1,682	1,744	1,835	1,930	1,990	2,076	1,744	2,076
Deposit Growth (%)	8.2	10.0	14.8	17.4	21.3	23.1	18.5	16.0	17.4	16.0
Loan Growth (%)	16.9	20.0	19.5	20.4	21.0	19.7	18.3	19.0	20.4	19.0

Asset Quality

Gross NPA (%)	2.7	2.5	2.4	2.4	2.4	2.3	2.2	2.1	2.4	2.1
Net NPA (%)	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.8	0.6
PCR (%)	65.8	68.7	70.4	71.2	71.3	71.2	70.7	71.1	68.4	71.1

E: MOFSL Estimates

HDFC Bank**Buy****CMP: INR1,531 | TP: INR1950 (+27%)****EPS CHANGE (%): FY24|25: 0.1|0.6**

- Loan growth to remain in check
- Margins likely to moderate sequentially
- Asset quality for the merged entity is expected to increase
- Business growth and earnings trajectory are key monitorables

Quarterly performance**(INR b)**

	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	194.8	210.2	229.9	233.5	236.0	280.9	304.0	335.0	868.4	1,155.9
% Change (Y-o-Y)	14.5	18.9	24.6	23.7	21.1	33.6	32.2	43.5	20.6	33.1
Other Income	63.9	76.0	85.0	87.3	92.3	97.9	103.1	106.3	312.1	399.5
Total Income	258.7	286.2	314.9	320.8	328.3	378.8	407.1	441.3	1,180.6	1,555.5
Operating Expenses	105.0	112.2	124.6	134.6	140.6	150.9	159.2	169.3	476.5	620.0
Operating Profit	153.7	173.9	190.2	186.2	187.7	227.9	247.9	272.0	704.0	935.5
% Change (Y-o-Y)	1.5	10.0	13.4	13.8	22.2	31.0	30.3	46.1	9.9	32.9
Provisions	31.9	32.4	28.1	26.9	28.6	30.8	29.8	31.1	119.2	120.3
Profit before Tax	121.8	141.5	162.2	159.4	159.1	197.1	218.1	240.9	584.9	815.2
Tax	29.8	35.5	39.6	38.9	39.6	49.3	54.5	57.1	143.8	200.5
Net Profit	92.0	106.1	122.6	120.5	119.5	147.8	163.6	183.8	441.1	614.7
% Change (Y-o-Y)	19.0	20.1	18.5	19.8	30.0	39.4	33.4	52.5	19.3	39.4
Operating Parameters										
Deposit	16,048	16,734	17,332	18,834	19,131	21,730	22,302	23,934	18,834	23,934
Loan	13,951	14,799	15,068	16,006	16,157	22,909	23,805	24,971	16,006	24,971
Deposit Growth (%)	19.2	19.0	19.9	20.8	19.2	29.9	28.7	27.1	20.8	27.1
Loan Growth (%)	21.6	23.4	19.5	16.9	15.8	54.8	58.0	56.0	16.9	56.0
Asset Quality										
Gross NPA (%)	1.3	1.2	1.2	1.1	1.2	1.4	1.3	1.3	1.1	1.3
Net NPA (%)	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3
PCR (%)	72.9	73.3	73.2	75.8	75.0	73.7	73.4	73.5	75.8	73.5

E: MOFSL Estimates; * Reported on total assets; # Cal. on interest earning assets

ICICI Bank**Buy****CMP: INR931 | TP: INR1,150 (+24%)****EPS CHANGE (%): FY24|25: -0.3|0.1**

- Expect loan growth to remain healthy, led by Retail and SME segments
- Expect credit costs to remain under control, supported by adequate contingency buffers
- Margin trajectory is likely to compress
- Traction in opex, deposit growth to be key monitorable

Quarterly performance**(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	132.1	147.9	164.6	176.7	182.3	183.3	184.1	186.6	621.3	736.2
% Change (YoY)	20.8	26.5	34.6	40.2	38.0	24.0	11.8	5.6	30.9	18.5
Other Income	46.7	50.5	50.2	50.9	54.4	55.8	57.2	59.5	198.3	226.9
Total Income	178.8	198.4	214.9	227.5	236.6	239.1	241.2	246.1	819.6	963.1
Operating Expenses	75.7	81.6	82.2	89.3	95.2	98.9	101.3	106.7	328.7	402.2
Operating Profit	103.1	116.8	132.7	138.3	141.4	140.2	139.9	139.5	490.9	560.9
% Change (YoY)	15.9	17.8	30.8	34.3	37.2	20.0	5.4	0.9	25.1	14.3
Provisions	11.4	16.4	22.6	16.2	12.9	11.9	11.5	9.9	66.7	46.2
Profit before Tax	91.7	100.4	110.1	122.1	128.5	128.3	128.4	129.5	424.2	514.7
Tax	22.6	24.8	27.0	30.8	32.0	31.7	31.7	31.7	105.2	127.1
Net Profit	69.0	75.6	83.1	91.2	96.5	96.6	96.7	97.8	319.0	387.6
% Change (YoY)	49.6	37.1	34.2	30.0	39.7	27.8	16.3	7.2	36.7	21.5
Operating Parameters										
Deposit	10,503	10,900	11,220	11,808	12,387	12,659	13,131	13,698	11,808	13,698
Loan	8,956	9,386	9,740	10,196	10,576	10,931	11,536	12,032	10,196	12,032
Deposit Growth (%)	13.4	11.5	10.3	10.9	17.9	16.1	17.0	16.0	10.9	16.0
Loan Growth (%)	21.3	22.7	19.7	18.7	18.1	16.5	18.4	18.0	18.7	18.0
Asset Quality										
Gross NPA (%)	3.4	3.2	3.1	2.8	2.8	2.9	2.7	2.6	2.9	2.6
Net NPA (%)	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
PCR (%)	79.9	81.3	82.6	83.5	83.1	82.4	82.1	81.1	82.8	81.1

E: MOFSL Estimates

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IDFC First Bank

Buy

CMP: INR92 | TP: INR100 (9%)

EPS CHANGE (%): FY24|25: -1.2|2.4

- Expect healthy loan growth, led by healthy trends in Retail and Commercial Finance
- Asset quality to remain healthy, with credit cost being in control
- Traction in deposit growth and cost of funds in focus
- Margins outlook is the key monitorable

Quarterly performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	27.5	30.0	32.9	36.0	37.5	39.3	41.4	43.6	126.4	161.8
% Change (Y-o-Y)	25.9	32.1	27.3	34.7	36.1	31.0	26.1	21.3	30.2	28.1
Other Income	8.6	10.6	11.5	14.0	14.1	14.5	14.9	15.4	44.7	59.0
Total Income	36.1	40.6	44.4	49.9	51.6	53.8	56.4	59.0	171.0	220.8
Operating Expenses	26.6	28.9	31.8	34.4	36.6	38.0	39.9	42.0	121.7	156.5
Operating Profit	9.4	11.7	12.6	15.6	15.0	15.8	16.4	17.1	49.3	64.3
% Change (Y-o-Y)	-5.1	68.7	63.8	88.6	59.0	35.2	30.4	9.4	50.2	30.4
Provisions	3.1	4.2	4.5	4.8	4.8	5.3	5.5	5.6	16.6	21.1
Profit before Tax	6.4	7.4	8.1	10.8	10.2	10.5	11.0	11.5	32.7	43.2
Tax	1.6	1.9	2.1	2.7	2.6	2.7	2.8	2.9	8.3	11.0
Net Profit	4.7	5.6	6.0	8.0	7.7	7.9	8.2	8.5	24.4	32.2
% Change (Y-o-Y)	NM	266.1	115.1	134.2	61.3	41.4	35.5	6.4	NM	32.3
Operating Parameters										
Deposit (INR b)	1,133	1,234	1,330	1,446	1,544	1,639	1,760	1,895	1,446	1,895
Deposit Growth (%)	24.1	36.8	43.4	36.9	36.2	32.8	32.3	31.0	36.9	31.0
Loan (INR b)	1,326	1,402	1,471	1,564	1,674	1,728	1,808	1,913	1,518	1,913
Loan Growth (%)	22.0	37.1	26.4	26.0	26.3	23.2	22.9	22.3	28.8	26.0
Asset Quality										
Gross NPA (%)	3.4	3.2	3.0	2.5	2.2	2.1	2.1	2.0	2.6	2.0
Net NPA (%)	1.3	1.1	1.0	0.9	0.7	0.7	0.6	0.6	0.9	0.6
PCR (%)	62.0	66.3	66.0	66.4	68.1	69.6	70.2	71.8	66.4	71.8

E: MOFSL Estimates

IndusInd Bank

Buy

CMP: INR1,402 | TP: INR1,650 (+18%)

EPS CHANGE (%): FY24|25: -1.7|-1.4

- Expect loan growth to remain healthy; deposit traction would be closely monitored
- Expect asset quality to remain broadly stable
- Expect margin to be broadly stable
- Credit cost to witness a gradual moderation as PCR remains healthy

Quarterly performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	41.3	43.0	45.0	46.7	48.7	50.6	53.3	55.7	175.9	208.3
% Change (YoY)	15.8	17.6	18.5	17.2	18.0	17.6	18.6	19.2	17.3	18.4
Other Income	19.3	20.1	20.8	21.5	22.1	22.8	24.0	25.1	81.7	94.0
Total Income	60.6	63.1	65.7	68.2	70.8	73.4	77.3	80.8	257.6	302.3
Operating Expenses	26.3	27.7	28.9	30.7	32.5	33.6	34.7	36.5	113.5	137.3
Operating Profit	34.3	35.4	36.9	37.6	38.3	39.8	42.5	44.3	144.2	164.9
% Change (YoY)	9.9	10.0	11.3	11.2	11.7	12.3	15.4	17.8	10.6	14.4
Provisions	12.5	11.4	10.6	10.3	9.9	9.8	10.9	11.0	44.9	41.6
Profit before Tax	21.8	24.0	26.2	27.3	28.4	30.0	31.6	33.3	99.3	123.4
Tax	5.5	6.0	6.6	6.8	7.2	7.6	8.0	8.4	24.9	31.1
Net Profit	16.3	18.1	19.6	20.4	21.2	22.5	23.7	24.9	74.4	92.3
% Change (YoY)	60.5	57.4	58.2	45.9	30.3	24.5	20.6	21.8	54.9	24.0
Operating Parameters										
Deposit (INR b)	3,031	3,155	3,253	3,361	3,470	3,598	3,750	3,933	3,361	3,933
Loan (INR b)	2,480	2,601	2,728	2,899	3,013	3,149	3,294	3,479	2,899	3,479
Deposit Growth (%)	13.4	14.6	14.3	14.6	14.5	14.0	15.3	17.0	14.6	17.0
Loan Growth (%)	17.7	17.8	19.3	21.3	21.5	21.1	20.8	20.0	21.3	20.0
Asset Quality										
Gross NPA (%)	2.4	2.1	2.1	2.0	1.9	1.9	1.8	1.8	2.0	1.8
Net NPA (%)	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.5
PCR (%)	72.0	71.5	70.6	70.6	70.6	71.3	71.8	72.2	69.4	72.2

E: MOFSL Estimates

Indian Bank

Buy

CMP: INR433 | TP: INR400 (-8%)

EPS CHANGE (%): FY24|25: 8.5|5.1

- Expect loan growth to remain healthy
- Margin outlook to remain a key monitorable
- Earnings growth to remain on track
- Asset quality ratios to improve and credit costs to witness a gradual moderation

Quarterly performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	45.3	46.8	55.0	55.1	57.0	57.7	59.6	61.5	202.3	235.8
% Change (YoY)	13.5	14.7	25.1	29.5	25.8	23.2	8.3	11.7	20.9	16.6
Other Income	16.0	18.3	17.2	19.9	17.1	18.4	19.4	22.2	71.4	77.1
Total Income	61.4	65.1	72.2	75.0	74.1	76.0	79.0	83.8	273.7	312.9
Operating Expenses	25.7	28.8	31.5	34.9	32.8	33.4	34.4	36.2	121.0	136.8
Operating Profit	35.6	36.3	40.6	40.2	41.3	42.6	44.6	47.5	152.7	176.1
% Change (YoY)	4.3	10.8	23.5	46.7	16.0	17.4	9.8	18.4	20.1	15.3
Provisions	22.2	20.6	25.2	25.6	17.4	16.7	17.2	17.3	93.6	68.6
Profit before Tax	13.5	15.7	15.5	14.5	23.9	25.9	27.5	30.2	59.1	107.5
Tax	1.3	3.5	1.5	0.1	6.9	6.5	6.9	6.8	6.3	27.1
Net Profit	12.1	12.3	14.0	14.5	17.1	19.3	20.5	23.4	52.8	80.4
% Change (YoY)	2.7	12.5	102.4	47.0	40.8	57.9	47.1	61.8	33.9	52.2
Operating Parameters										
Deposits (INR b)	5,843	5,889	5,971	6,212	6,291	6,396	6,555	6,740	6,212	6,740
Loans (INR b)	4,018	4,121	4,361	4,493	4,571	4,675	4,832	5,014	4,493	5,014
Asset Quality										
Gross NPA (%)	8.1	7.3	6.5	6.0	5.5	5.2	4.9	4.7	6.0	4.7
Net NPA (%)	2.1	1.5	1.0	0.9	0.7	0.7	0.7	0.7	0.9	0.7
PCR (%)	75.5	80.7	85.5	85.7	87.8	86.5	85.4	84.9	85.7	84.9

E: MOFSL Estimates

Kotak Mahindra Bank

Neutral

CMP: INR1,723 | TP: INR2,000 (+16%)

EPS CHANGE (%): FY24|25: -2.4|-3.0

- Expect steady traction in loan growth
- Margins to compress further
- Expect liability growth to remain healthy;
- Slippages and credit cost to remain in control

Quarterly performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	47.0	51.0	56.5	61.0	62.3	63.1	64.5	66.0	215.5	255.9
% Change (Y-o-Y)	19.2	26.8	30.4	35.0	32.7	23.7	14.1	8.2	28.1	18.7
Other Income	12.4	19.5	19.5	21.9	26.8	21.6	22.6	24.6	70.8	95.6
Total Income	59.4	70.5	76.0	82.9	89.2	84.7	87.1	90.6	286.3	351.5
Operating Expenses	31.6	34.9	37.5	36.4	39.7	41.0	43.0	45.7	137.9	169.4
Operating Profit	27.8	35.7	38.5	46.5	49.5	43.7	44.0	44.9	148.5	182.1
% Change (Y-o-Y)	-3.7	14.3	42.5	39.1	77.8	22.4	14.4	-3.3	23.2	22.7
Provisions	0.2	1.4	1.5	1.5	3.6	2.9	2.9	2.2	4.6	11.6
Profit before Tax	27.6	34.3	37.0	45.0	45.9	40.7	41.1	42.8	143.9	170.5
Tax	6.9	8.5	9.1	10.0	11.3	10.0	10.1	10.5	34.5	41.9
Net Profit	20.7	25.8	27.9	35.0	34.5	30.7	31.0	32.3	109.4	128.5
% Change (Y-o-Y)	26.1	27.0	31.0	26.3	66.7	19.0	11.0	-7.6	27.6	17.5
Deposits (INRb)	3,165	3,252	3,447	3,631	3,863	3,966	4,088	4,241	3,631	4,241
Loans (INRb)	2,802	2,940	3,107	3,199	3,286	3,416	3,552	3,742	3,199	3,742
Deposit growth (%)	10.4	11.5	12.9	16.5	22.0	22.0	18.6	16.8	16.5	16.8
Loan growth (%)	28.8	25.1	22.9	17.9	17.3	16.2	14.3	17.0	17.9	17.0
Asset Quality										
Gross NPA (%)	2.2	2.1	1.9	1.8	1.8	1.7	1.6	1.5	1.8	1.5
Net NPA (%)	0.6	0.6	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.3
PCR (%)	72.6	73.7	77.6	79.3	78.0	78.4	78.7	79.0	79.3	79.0

E: MOFSL Estimates

Punjab National Bank**Neutral****CMP: INR80 | TP: INR70 (-13%)****EPS CHANGE (%): FY24|25: -4.8|-3.0**

- Expect loan growth to remain steady; rise in opex to be monitored
- Expect asset quality to witness an improvement
- Pace of reduction in Net NPA and RoA remains the key monitorable
- Margins likely to moderate

Quarterly Performance**(INRb)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	75.4	82.7	91.8	95.0	95.0	96.9	99.2	102.6	344.9	393.7
% Change (YoY)	4.3	30.2	17.6	30.0	26.0	17.1	8.1	8.0	20.2	14.1
Other Income	25.4	28.5	33.4	34.2	34.3	33.5	35.9	38.3	121.4	142.1
Total Income	100.8	111.2	125.2	129.2	129.4	130.4	135.2	140.9	466.3	535.8
Operating Expenses	47.0	55.5	68.0	70.5	69.7	67.6	69.0	70.8	241.1	277.2
Operating Profit	53.8	55.7	57.2	58.7	59.7	62.7	66.1	70.0	225.3	258.6
% Change (YoY)	-15.9	38.4	12.6	11.4	10.9	12.7	15.7	19.4	8.5	14.8
Provisions	47.9	49.1	47.1	38.3	39.7	41.7	41.7	41.1	182.4	164.1
Profit before Tax	5.9	6.6	10.0	20.4	20.0	21.1	24.5	29.0	42.9	94.5
Tax	2.8	2.5	3.7	8.8	7.5	7.4	8.6	9.7	17.8	33.1
Net Profit	3.1	4.1	6.3	11.6	12.6	13.7	15.9	19.3	25.1	61.4
% Change (YoY)	-69.9	-62.8	-44.2	474.9	307.0	233.1	152.9	66.5	-27.5	145.1
Operating Parameters										
Deposits	11,367	11,935	12,104	12,812	12,979	13,296	13,640	13,888	12,812	13,888
Loans	7,426	7,734	8,004	8,308	8,637	8,779	9,114	9,355	8,308	9,355
Deposit Growth (%)	3.6	7.0	7.4	11.8	14.2	11.4	12.7	8.4	11.8	8.4
Loan Growth (%)	12.3	14.9	15.5	14.1	16.3	13.5	13.9	12.6	14.1	12.6
Asset Quality										
Gross NPA (%)	11.3	10.5	9.8	8.7	7.7	7.0	6.1	5.4	8.7	5.4
Net NPA (%)	4.3	3.8	3.3	2.7	2.0	1.7	1.3	1.1	2.8	1.1
PCR (%)	64.8	66.3	68.5	70.8	75.8	77.6	79.4	81.0	69.6	81.0

E: MOFSL Estimates

RBL Bank**Neutral****CMP: INR249 | TP: INR240 (-4%)****EPS CHANGE (%): FY24|25: 0.4|7.6**

- Loan growth is likely to remain healthy, supported by new products
- Expect a gradual improvement in asset quality and liability growth
- C/I ratio to improve as new businesses breakeven
- Margin and credit cost outlook will be a key monitorable

Quarterly performance**(INR m)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	10,277	10,644	11,482	12,112	12,462	13,105	13,975	14,837	44,515	54,379
% Change (Y-o-Y)	6.0	16.3	13.6	7.1	21.3	23.1	21.7	22.5	10.5	22.2
Other Income	6,136	5,833	6,184	6,741	6,854	7,109	7,461	7,951	24,894	29,375
Total Income	16,413	16,477	17,666	18,853	19,316	20,214	21,437	22,788	69,409	83,755
Operating Expenses	11,122	11,354	11,994	12,915	12,841	13,504	14,282	14,946	47,384	55,574
Operating Profit	5,291	5,124	5,672	5,938	6,475	6,710	7,154	7,842	22,025	28,181
% Change (Y-o-Y)	-30.9	-25.9	-10.1	-9.7	22.4	31.0	26.1	32.1	-19.8	28.0
Provisions	2,530	2,415	2,927	2,347	2,662	2,627	2,866	3,218	10,219	11,374
Profit before Tax	2,761	2,709	2,745	3,591	3,813	4,082	4,288	4,623	11,805	16,807
Tax	750	693	655	880	932	1,029	1,081	1,189	2,978	4,230
Net Profit	2,012	2,016	2,090	2,711	2,881	3,054	3,207	3,434	8,827	12,577
% Change (Y-o-Y)	NM	NM	33.9	37.0	43.2	51.5	53.5	26.7	NM	42.5
Operating Parameters										
Deposit (INR b)	792.2	794.0	817.5	848.9	856.4	877.0	925.3	979.6	848.9	979.6
Loan (INR b)	602.7	629.4	666.8	702.1	730.9	762.5	793.4	842.5	702.1	842.5
Deposit Growth (%)	6.4	5.0	11.0	7.4	8.1	10.4	13.2	15.4	7.4	15.4
Loan Growth (%)	6.6	12.4	14.7	17.0	21.3	21.1	19.0	20.0	17.0	20.0
Asset Quality										
Gross NPA (%)	4.1	3.8	3.6	3.4	3.2	3.0	2.9	2.6	3.4	2.6
Net NPA (%)	1.2	1.3	1.2	1.1	1.0	0.9	0.9	0.8	1.1	0.8
PCR (%)	72.5	67.8	68.0	68.1	69.6	70.2	70.8	68.4	68.1	68.4

E: MOFSL Estimates

State Bank of India

Buy

CMP: INR586 | TP: INR700 (+19%)

EPS CHANGE (%): FY24|25: 5.8|0.5

- Higher opex due to increased investment
- Expect credit costs to remain in control
- Asset quality to improve further supported by low stressed asset pool
- Margin and earnings trajectory to be key monitorables

Quarterly performance									(INR b)	
Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	312.0	351.8	380.7	403.9	389.0	384.3	405.2	432.9	1,448.4	1,611.5
% Change (YoY)	12.9	12.8	24.1	29.5	24.7	9.2	6.4	7.2	20.0	11.3
Other Income	23.1	88.7	114.7	139.6	120.6	97.8	103.8	139.1	366.2	461.4
Total Income	335.1	440.6	495.4	543.5	509.7	482.1	509.0	572.0	1,814.6	2,072.8
Operating Expenses	207.6	229.4	243.2	297.3	256.7	266.5	273.1	304.9	977.4	1,101.2
Operating Profit	127.5	211.2	252.2	246.2	253.0	215.6	235.9	267.1	837.1	971.6
% Change (YoY)	-32.8	16.8	36.2	24.9	98.4	2.1	-6.5	8.5	11.2	16.1
Provisions	43.9	30.4	57.6	33.2	25.0	35.4	39.3	31.3	165.1	131.0
Exception items (exp)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Profit before Tax	83.6	180.8	194.6	213.1	228.0	180.3	196.6	235.8	672.1	840.7
Tax Provisions	22.9	48.2	52.5	46.1	59.1	46.9	50.7	56.0	169.7	212.7
Net Profit	60.7	132.6	142.1	166.9	168.8	133.4	145.9	179.9	502.3	628.0
% Change (YoY)	-6.7	73.9	68.5	83.2	178.2	0.6	2.7	7.7	58.6	25.0
Operating Parameters										
Deposits (INR t)	40.5	41.9	42.1	44.2	45.3	45.8	47.1	48.7	44.2	48.7
Loans (INR t)	28.2	29.5	30.6	32.0	32.4	33.4	34.7	36.2	32.0	36.2
Deposit Growth (%)	8.7	10.0	9.5	9.2	12.0	9.3	11.8	10.0	9.2	10.0
Loan Growth (%)	15.8	20.8	18.6	17.0	14.9	13.3	13.5	13.0	17.0	13.0
Asset Quality										
Gross NPA (%)	3.9	3.5	3.1	2.8	2.8	2.6	2.4	2.2	2.8	2.2
Net NPA (%)	1.0	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.7	0.6
PCR (%)	75.1	77.9	76.1	76.4	74.8	74.7	74.5	74.7	76.2	74.7

E: MOFSL Estimates

Union Bank of India

Buy

CMP: INR108 | TP: INR115 (+6%)

EPS CHANGE (%): FY24|25: 2.5|0.6

- Expect steady traction in loan growth
- SMA and restructuring books are key monitorables
- Margins likely to remain stable
- Expect steady improvement in asset quality

Quarterly Performance									(INR b)	
	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	75.8	83.1	86.3	82.5	88.4	89.2	91.8	94.8	327.7	364.1
% Change (YoY)	8.1	21.6	20.3	21.9	16.6	7.4	6.4	14.9	17.9	11.1
Other Income	28.2	32.8	32.7	52.7	39.0	37.7	39.9	44.3	146.3	161.0
Total Income	104.0	115.8	119.0	135.2	127.4	126.9	131.7	139.1	474.0	525.1
Operating Expenses	49.5	50.0	52.8	67.0	55.6	58.7	61.1	66.2	219.3	241.7
Operating Profit	54.5	65.8	66.2	68.2	71.8	68.1	70.5	72.9	254.7	283.4
% Change (YoY)	5.1	8.3	29.8	23.6	31.8	3.6	6.6	6.9	16.4	11.3
Provisions	32.8	40.8	30.4	29.4	20.1	25.9	25.8	25.7	133.3	97.5
Profit before Tax	21.7	25.0	35.8	38.9	51.7	42.2	44.7	47.2	121.4	185.9
Tax	6.1	6.5	13.4	11.1	19.4	12.7	13.4	14.0	37.0	59.5
Net Profit	15.6	18.5	22.4	27.8	32.4	29.5	31.3	33.2	84.3	126.4
% Change (YoY)	32.0	21.1	106.8	93.3	107.7	59.9	39.3	19.3	61.2	49.9
Operating Parameters										
Deposit (INR b)	9,928	10,433	10,650	11,177	11,281	11,490	11,758	12,071	11,177	12,071
Loan (INR b)	6,764	7,275	7,564	7,618	7,705	7,912	8,163	8,456	7,618	8,456
Deposit Growth (%)	9.3	14.1	13.6	8.3	13.6	10.1	10.4	8.0	8.3	8.0
Loan Growth (%)	15.7	25.2	22.6	15.3	13.9	8.8	7.9	11.0	15.3	11.0
Asset Quality										
Gross NPA (%)	10.2	8.5	7.9	7.5	7.3	6.9	6.4	5.7	7.5	5.7
Net NPA (%)	3.3	2.6	2.1	1.7	1.6	1.5	1.4	1.2	1.8	1.2
PCR (%)	69.9	70.6	74.6	78.8	79.8	79.5	79.3	79.2	78.1	79.2

E: MOFSL Estimates

SBI Cards and Payment Services

Buy

CMP: INR792 | TP: INR970 (+22%)

EPS CHANGE (%): FY24|25: 0.1|0.7

- Cost ratios to remain elevated
- Asset quality ratios are likely to be stable
- Spends growth to remain strong; traction in new account sourcing to be healthy
- Revolver mix and margin outlook remain key monitorables

Quarterly performance

(INR b)

	FY23				FY24				FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Net Interest Income	10.8	11.2	11.4	11.7	12.3	13.0	14.0	15.5	54.8
% Change (Y-o-Y)	16.7	21.5	14.9	16.7	14.3	16.2	22.0	33.0	24.4
Other Income	18.8	19.7	20.5	22.4	22.4	23.8	25.0	26.7	97.9
Total Income	29.5	30.9	31.9	34.1	34.8	36.8	38.9	42.2	152.7
Operating Expenses	16.6	18.3	19.7	19.8	19.6	21.3	22.9	24.5	88.2
Operating Profit	12.9	12.5	12.2	14.3	15.2	15.5	16.0	17.8	64.4
% Change (Y-o-Y)	22.5	18.3	6.4	22.0	17.3	23.7	31.7	24.4	24.2
Provisions	4.5	5.5	5.3	6.3	7.2	6.8	6.4	6.1	28.8
Profit before Tax	8.4	7.1	6.8	8.0	8.0	8.7	9.6	11.7	35.7
Tax	2.1	1.8	1.7	2.0	2.0	2.2	2.5	2.4	9.1
Net Profit	6.3	5.3	5.1	6.0	5.9	6.5	7.2	9.3	26.6
% Change (Y-o-Y)	105.8	52.4	32.1	2.7	-5.4	23.4	40.7	56.0	17.6
Operating Parameters									
Loan (INRb)	320.8	365.0	373.5	393.6	418.1	437.7	475.2	503.8	503.8
Loan Growth (%)	39.2	43.7	33.6	30.4	318.8	211.6	165.3	120.9	28.0
Asset Quality									
Gross NPA (%)	2.2	2.1	2.2	2.4	2.4	2.5	2.4	2.4	2.4
Net NPA (%)	0.8	0.8	0.8	0.9	0.9	0.9	0.8	0.8	0.8
PCR (%)	65.1	64.0	64.2	63.6	63.8	65.2	66.5	67.3	67.3

E: MOFSL Estimates;

Paytm

Buy

CMP: INR863 | TP: INR1000 (+16%)

EPS CHANGE (%): FY24|25: 0.2|0.9

- Expect operating profitability to increase, driven by improvement in contribution margin & operating leverage
- Expect healthy growth in total revenue
- Expect steady growth in loan disbursements and GMV
- Expect the number of subscription payment devices to show a strong traction

Quarterly Performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Payment Services to Consumers	5.2	5.5	5.1	5.2	5.5	5.9	6.4	7.3	21.1	25.2
Payment Services to Merchants	5.6	6.2	6.4	9.2	8.4	8.9	9.7	11.1	27.4	38.1
Financial Services and Others	2.7	3.5	4.5	4.8	5.2	6.4	7.0	8.9	15.4	27.6
Payment and Financial Services	13.5	15.4	16.4	19.4	19.4	21.5	23.3	27.7	63.8	90.9
% Change (Y-o-Y)	95.7	82.4	47.1	59.1	43.6	40.0	42.1	42.6	65.5	42.3
Commerce and Cloud Services	3.3	3.8	4.2	3.9	4.1	4.5	5.0	4.9	15.2	18.5
Revenue from Operations	16.8	19.1	20.6	23.4	23.4	26.0	28.3	32.6	79.9	110.4
% Change (Y-o-Y)	88.7	76.2	41.7	51.5	39.3	35.8	37.3	39.8	60.6	38.1
Direct Expenses	9.5	10.7	10.2	10.5	10.4	11.5	13.1	16.0	40.9	51.0
Contribution Profit	7.3	8.4	10.5	12.8	13.0	14.5	15.2	16.6	39.0	59.4
% Change (Y-o-Y)	197.4	223.4	131.0	138.1	79.3	72.2	45.2	29.2	160.4	52.2
Adjusted EBITDA	-2.7	-1.7	0.3	2.3	0.8	1.8	2.0	3.1	-1.8	7.7
EBITDA	-6.3	-5.4	-3.3	-1.3	-2.9	-2.0	-1.7	-0.6	-16.3	-7.2
PAT	-6.4	-5.7	-3.9	-1.7	-3.6	-2.8	-2.4	-1.8	-17.8	-10.6
% Change (Y-o-Y)	68.5	20.4	-49.6	-77.9	-44.5	-51.6	-37.6	7.8	-25.9	-40.3
Operating Parameters										
GMV (INRt)	3.0	3.2	3.5	3.6	4.1	4.7	5.2	4.0	13.2	17.8
Disbursements (INR b)	55.5	73.1	99.6	125.5	148.5	172.2	198.0	206.6	353.8	725.3
GMV Growth (%)	101.5	62.6	38.4	39.8	36.8	46.5	49.4	9.7	55.2	35.0
Disbursements Growth (%)	778.8	481.8	356.6	253.3	167.3	135.5	98.9	64.6	364.2	105.0
Contribution Margin	43.3	44.0	50.8	55.0	55.7	55.8	53.7	50.8	48.8	53.8
Adjusted EBITDA Margin (%)	-16.3	-8.7	1.5	10.0	3.6	6.7	7.0	9.5	-2.2	7.0
EBITDA Margin (%)	-37.7	-28.1	-16.0	-5.5	-12.5	-7.6	-6.1	-1.8	-20.4	-6.5

E: MOFSL Estimates

INSURANCE

HDFC Life

Neutral

CMP: INR625 | TP: INR700 (12%)

EPS CHANGE (%): FY24|25: -0.3|-0.5

- New business premium to see healthy growth, driven by Annuity/Non-PAR segments and retail protection
- Credit life to see healthy traction as disbursement momentum across lending institutions remains strong
- Expect modest VNB growth and margins to remain stable
- Improvement in persistency ratio and commentary on growth outlook are key monitorables

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
First year premium	17.1	24.2	27.2	44.7	18.5	26.7	33.2	49.3	113.2	127.7
Growth (%)	32.9%	16.6%	28.8%	73.5%	8.4%	10.1%	21.8%	10.3%	40.6%	12.7%
Renewal premium	51.0	69.1	71.9	92.5	58.0	80.3	93.1	126.5	284.5	357.9
Growth (%)	31.1%	37.2%	29.7%	26.1%	13.8%	16.3%	29.5%	36.7%	30.4%	25.8%
Single premium	32.4	39.5	46.6	59.0	40.2	44.9	53.0	65.9	177.6	203.9
Growth (%)	30.6%	-12.5%	1.5%	31.1%	24.0%	13.5%	13.7%	11.5%	10.3%	14.8%
Gross premium inc.	100.5	132.8	145.8	196.3	116.7	151.9	179.3	241.7	575.3	689.5
Growth (%)	31.3%	14.2%	18.9%	36.1%	16.2%	14.3%	23.0%	23.1%	25.2%	19.8%
PAT	3.6	3.3	3.2	3.6	4.2	3.7	3.4	4.0	13.6	16.6
Growth (%)	19.1%	19.0%	15.2%	0.3%	15.4%	14.3%	9.2%	12.8%	12.6%	22.1%
Key metrics (INRb)										
New business APE	20.6	28.5	32.6	51.6	23.3	31.2	38.5	55.9	131.0	148.0
Growth (%)	32.2	11.7	25.5	69.3	12.8	9.4	18.1	8.2	35.5	13.0
VNB	5.2	7.7	8.8	15.1	6.1	8.3	10.4	16.1	36.7	40.9
Growth (%)	27.0	13.6	26.1	68.8	17.8	7.7	19.2	6.5	37.4	11.4
AUM (INR b)	2,134	2,249	2,338	2,388	2,533	2,676	2,781	2,912	2,388	2,912
Growth (%)	17.7	17.6	20.1	17.0	18.7	19.0	18.9	22.0	17.0	22.0
Key Ratios (%)										
VNB Margins (%)	25.1	27.0	26.8	29.3	26.2	26.6	27.1	28.8	27.6	27.6
Solvency ratio (%)	183.0	210.0	209.0	203.0	200.0	201.0	198.0	196.3	203.3	196.3

ICICI Prudential Life

Buy

CMP: INR557 | TP: INR670 (20%)

EPS CHANGE (%): FY24|25: -0.1|0.2

- Expect new business premium to see healthy growth.
- Expect modest VNB growth and margins to remain stable
- Expense ratio outlook to be the key monitorable
- 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)	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
First year premium	10.4	14.4	13.8	26.3	10.2	17.9	22.3	37.3	64.9	87.8
Growth (%)	18.0%	-7.2%	-10.9%	32.9%	-1.5%	23.9%	61.8%	41.8%	8.9%	35.1%
Renewal premium	38.9	56.4	57.5	72.3	41.6	58.5	61.9	81.7	225.2	243.7
Growth (%)	-5.9%	1.3%	5.7%	6.3%	6.8%	3.7%	7.6%	13.1%	2.6%	8.2%
Single premium	23.3	28.1	26.5	31.3	21.9	27.5	27.2	30.5	109.2	107.3
Growth (%)	25.9%	16.8%	12.6%	6.9%	-5.9%	-1.9%	2.8%	-2.4%	14.5%	-1.8%
Gross premium income	72.6	99.0	97.8	129.9	73.7	103.9	111.4	149.6	399.3	438.7
Growth (%)	5.7%	3.8%	4.7%	10.9%	1.5%	5.0%	13.9%	15.2%	6.6%	9.9%
PAT	1.6	2.0	2.2	2.3	2.1	2.4	2.8	3.0	8.1	10.6
Growth (%)		-55.1%	-29.0%	27.2%	32.9%	22.8%	24.7%	27.8%	7.5%	31.1%
Key metrics (INRb)										
New Business APE	15.2	20.0	18.2	33.0	14.6	20.7	23.8	39.5	86.4	98.5
Growth (%)	24.7	1.1	-5.5	26.5	-3.9	3.3	30.4	19.6	11.7	14.0
VNB	4.7	6.2	6.2	10.6	4.4	6.3	7.3	12.6	27.6	30.5
Growth (%)	31.6	20.6	20.0	36.1	-7.0	1.1	17.7	19.1	27.7	10.3
AUM	2,301	2,443	2,519	2,512	2,664	2,808	2,920	2,985	2,512	2,985
Growth (%)	3.1	3.0	6.0	4.4	15.8	15.0	15.9	18.8	4.4	18.8
Key Ratios (%)										
VNB Margins (%)	31.0	31.1	33.9	32.0	30.0	30.4	30.6	31.9	32.0	31.0
Solvency ratio (%)	204	201	212	209	203	202	205	200	209	200

SBI Life**Buy****CMP: INR1,271 | TP: INR1,570 (+24%)****EPS CHANGE (%): FY24|25: -0.1|-0.2**

- Growth in New business premium to remain healthy
- Expect VNB growth to remain healthy while margins to remain stable
- 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)	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
First year premium	25.7	34.8	50.6	40.9	26.4	45.4	51.9	54.5	152.0	178.2
Growth (%)	83%	-4%	24%	6%	3%	30%	3%	33%	17%	17%
Renewal premium	57.6	91.2	109.1	119.4	73.5	109.9	124.0	142.5	377.3	449.9
Growth (%)	14%	17%	13%	10%	28%	21%	14%	19%	13%	19%
Single premium	30.2	40.2	33.7	39.9	35.7	52.9	39.5	48.7	143.9	176.8
Growth (%)	56%	20%	-24%	42%	18%	32%	17%	22%	15%	23%
Gross premium income	113.5	166.2	193.3	200.1	135.6	208.2	215.4	245.7	673.2	804.9
Growth (%)	35%	13%	6%	14%	19%	25%	11%	23%	15%	20%
PAT	2.6	3.8	3.0	7.8	3.8	4.2	4.0	8.0	17.2	20.1
Growth (%)	18%	53%	-16%	16%	45%	12%	31%	3%	14%	17%
Key metrics (INRb)										
New Business APE	29.0	39.3	54.3	45.5	30.3	50.7	55.9	59.4	168.1	195.9
Growth (%)	79.0	-1.0	18.8	10.2	4.5	29.0	2.9	30.6	18.4	16.6
VNB	8.8	12.4	15.1	14.4	8.7	14.7	16.1	17.6	50.7	57.0
Growth (%)	131.6	24.0	31.3	23.1	-1.1	18.2	6.5	22.2	37.0	12.5
AUM	2,624	2,826	3,000	3,073	3,283	3,398	3,523	3,653	3,073	3,653
Growth (%)	13.3	15.7	16.8	14.9	25.1	20.2	17.5	18.8	14.9	18.8
Key Ratios (%)										
VNB margins (%)	30.4	31.6	27.8	31.6	28.7	28.9	28.8	29.6	30.1	29.1
Solvency ratio (%)	221.0	219.0	225.0	215.0	215.0	217.0	216.0	212.3	215.0	212.3

Max Financial**Neutral****CMP: INR885 | TP: INR900 (2%)****EPS CHANGE (%): FY24|25: -0.3|-0.6**

- Premium growth to see healthy growth
- Expect VNB growth to remain healthy and margins to expand sequentially
- Expect the proprietary channel to exhibit healthy trends

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First Year premium	9.2	11.1	14.6	24.1	0.0	15.5	17.2	33.5	59.0	66.1
Growth (%)	14.2%	-9.3%	-5.5%	38.3%	-100.0%	39.0%	18.0%	38.9%	10.9%	12.1%
Renewal premium	26.2	39.1	40.2	58.3	30.1	44.1	49.0	65.1	163.8	188.3
Growth (%)	16.7%	12.9%	17.5%	8.4%	15.1%	12.8%	21.7%	11.6%	12.9%	14.9%
Single premium	5.7	7.8	8.0	9.1	0.0	8.8	8.7	15.8	30.6	33.3
Growth (%)	30.1%	21.3%	26.9%	4.0%	-100.0%	12.9%	7.7%	74.2%	18.3%	8.9%
Gross premium income	41.0	58.0	62.8	91.5	48.7	67.3	74.8	96.9	253.4	287.7
Growth (%)	17.8%	8.8%	12.2%	14.4%	18.7%	16.1%	19.0%	5.8%	13.1%	13.5%
PAT	0.9	0.5	2.9	0.7	1.0	1.2	1.7	2.0	4.5	5.8
Growth (%)	18.2%	-25.4%	155.7%	-56.5%	13.2%	117.3%	-43.7%	191.5%	16.2%	28.8%
Key metrics (INRb)										
New Business APE	10.1	11.9	15.1	25.4	11.1	16.4	18.1	23.9	62.5	69.5
Growth (%)	15.3	-7.2	-5.2	38.2	10.3	37.3	19.6	-5.8	12.0	11.2
VNB	2.1	3.7	5.9	7.7	2.5	4.9	5.3	7.4	19.5	20.1
Growth (%)	23.8	-0.3	49.7	31.4	16.0	32.0	-10.5	-4.2	27.6	3.0
AUM (INRb)	1,071	1,134	1,184	1,229	1,291	1,348	1,405	1,474	1,229	1,474
Growth (%)	14.3	13.3	15.5	14.3	20.5	18.9	18.6	20.0	14.3	20.0
Key Ratios (%)										
VNB Margins (%)	21.1	31.3	39.3	30.3	22.2	30.1	29.4	30.8	31.2	28.9
Solvency ratio (%)	196.0	196.0	200.0	190.0	188.0	191.0	189.0	184.6	189.7	184.6

NOTES

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ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.