

## RESULT PREVIEW (1Q FY19E)

## BANKS

09-Jul-18

Company	Reco	Target
AXSB	BUY	626
BOB	BUY	157
BOI	NEUTRAL	84
CBK	ACCUMULATE	268
CUBK	HOLD	188
DCBB	BUY	205
FB	BUY	98
HDFCB	ACCUMULATE	2357
ICICIB	BUY	326
IIB	ACCUMULATE	2095
KVB	ACCUMULATE	112
RBK	ACCUMULATE	619
SBIN	BUY	351
SIB	BUY	29
UNBK	ACCUMULATE	92
YES	BUY	453

**While credit growth will start to pick up, profitability will continue to remain under pressure for stress laden banks.**

After higher recognition of NPA in FY18, slippages for corporate banks are likely to be lower sequentially but will remain at elevated level due to remaining watchlist of stress assets, however for retail banking assets quality seems to be under control. We see no improvement in NIM for most of the banks as the cost of fund has started to see upward trend. Growth in other income will remain under pressure due to absence of treasury gain. Provisions will remain elevated due to ageing related credit cost and investment depreciation. Overall we expect profitability to remain under for pressure for the banking industry.

**Slippages are likely to moderate sequentially.**

Slippages for corporate banks are likely to moderate sequentially but will remain elevated due to remaining watchlist of stress assets in the balance sheet. Slippages for Public bank will remain elevated and under private banks barring Axis Bank, ICICI Bank and Yes Bank, most of them may report normalised slippages trend. We expect all retail private lenders to report normalised gross slippages formation.

**Credit growth to pick up but deposits growth may underperform.**

Credit growth in the system once gain may remain strong backed by retail banking loan growth (mortgage, auto and PL). Private Banks will continue to gain the market share from public banks under PCA framework. Increased working capital demand will support the growth of corporate lender. PSU banks will continue to see declining in loan growth but non public banks will see pick up in credit growth. However deposits growth once again may pose challenge due to thigh liquidity in the system. However after raising the deposits rate by banks, deposits growth may see some traction going forward.

**Earnings are likely to remain under pressure for corporate lender.**

NIM will set pressure for small and mid size banks, while it may remain stable for large size retail lender. Private corporate and PSU banks may see improvement in NIM due to abating interest reversal impact on interest income. Hence NII growth is likely to pick up in 1Q FY19 for these banks. However other income is likely to lower due to absence of treasury gain. Coupled with elevated credit cost due to ageing of NPA, profitability is once again likely to remain muted in 1Q FY19e.

#### Sector View

Earnings for retail lenders are likely to remain stable with healthy growth but corporate lenders are likely to remain under pressure due to higher credit cost and absence of treasury gain during the quarter but we see core operating profitability to improve as credit growth has picked up and NIM is likely to see some stability or marginal improvement in corporate lenders. Incremental gross slippages is likely to moderation going forward but increase recovery & up-gradation backed by NCLT resolution holds key for the entire sector. We are bullish on private banks and our top picks are Axis Bank, ICICI Bank and RBL Bank from private space and SBIN and Bank Baroda from PSU space.

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## RESULT PREVIEW (1Q FY19E)

CMP	514
Target Price	626
Upside	22%
Reco	BUY
52wk Range H/L	628/448
Mkt Cap (Rs Cr)	132056

	(Rs in Crore)					
AXISBANK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	4997	4616	8%	4730	6%	
OTHER INCOME	2661	3000	-11%	2789	-5%	
OPEX	3637	3325	9%	3847	-5%	
PPP	4020	4291	-6%	3672	9%	
PROVISION	2639	2342	13%	7180	-63%	
PAT	911	1306	-30%	-2189	-142%	
ADVANCES	458721	385480	19%	439650	4%	
DEPOSIT	472908	393741	20%	453623	4%	
SLIPPAGES	1.0%	1.0%		4.0%		
GNPA	6.6%	5.0%		6.8%		
NNPA	3.2%	2.3%		3.4%		

### Key Highlights

The loan book is regaining its past trend momentum and will have good growth going forward. Focus towards better rated corporate client will drive the loan book towards 20% growth in FY19. Slippages during the quarter were elevated due to the RBI latest circular on stress assets recognition. Credit cost is expected to remain elevated till 1H FY20 and will normalise in 2H FY19.

### Key Trackables

Slippages and trend in BB stress pool will be watched closely. Trend in recovery and upgradation will also be the key focused area. Positive movement in NIM will be important. Treasury income will also be seen.

CMP	116
Target Price	157
Upside	35%
Reco	BUY
52wk Range H/L	207/110
Mkt Cap (Rs Cr)	30662

BANKBARODA	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	4305	3405	26%	4002	8%	
OTHER INCOME	1291	1551	-17%	1696	-24%	
OPEX	2518	2308	9%	3033	-17%	
PPP	3078	2648	16%	2665	15%	
PROVISION	3324	2368	40%	6672	-50%	
PAT	-160	204	-179%	-3102	-95%	
ADVANCES	430472	377607	14%	427432	1%	
DEPOSIT	614960	570608	8%	591315	4%	
SLIPPAGES	1.0%	1.4%		3.3%		
GNPA	12.3%	11.4%		12.3%		
NNPA	5.4%	5.2%		5.5%		

### Key Highlights

The banks PCR is at 67%, which is in a better position among PSU banks. Tier 1 capital is also strong at 10.5% and advances is showing pickup with an average rate of 10% in FY18. Bank has total exposure of Rs 11000 Cr in NCLT cases, most of which resolution is expected to be in FY19. Higher slippages has led the provisions to be elevated. Growth in domestic book will give comfort for NIM improvement. Stress pool of Rs 10000 Cr will impact the slippages in next 2 to 3 quarters however the total slippages are expected to be much lower in FY19.

### Key Trackables

Change in the Management, slippages trend and NIM performance will be the focus area. Recovery and up-gradation will also be watched.

## RESULT PREVIEW (1Q FY19E)

CMP	87
Target Price	84
Upside	-3%
Reco	NEUTRAL
52wk Range H/L	217/85
Mkt Cap (Rs Cr)	15094

	(Rs in Crore)					
BANKINDIA	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	2655	2533	5%	2564	4%	
OTHER INCOME	1015	1611	-37%	1375	-26%	
OPEX	2386	1765	35%	2767	-14%	
PPP	1285	2379	-46%	1172	10%	
PROVISION	4249	2245	89%	6674	-36%	
PAT	-1957	88	-2331%	-3969	-51%	
ADVANCES	338499	363978	-7%	341380	-1%	
DEPOSIT	517583	543734	-5%	520854	-1%	
SLIPPAGES	2.0%	1.2%		4.1%		
GNPA	17.3%	13.1%		16.6%		
NNPA	9.3%	6.7%		8.3%		

### Key Highlights

BOI has exposure of Rs 8800 Cr in NCLT 1 list with 71% PCR and Rs 3300 Cr in 2nd list with 64% PCR. Further bank has also exposure of Rs 9000 Cr in NCLT other than RBI referred list with 79% PCR. Management expects significant recovery on NCLT 1 cases with provisions write back in some cases. The Bank has PCR of 66% which is one of the highest among PSU banks. Elevated credit cost, MTM loss and PCA impact will continue to haunt the bank till FY19.

### Key Trackables

Trend in slippages and recovery & up-gradation will be focused. Also next round of recapitalization and improvement in capital ratio will be important for the bank.

CMP	248
Target Price	268
Upside	8%
Reco	ACCUMULATE
52wk Range H/L	463/225
Mkt Cap (Rs Cr)	18170

CANBK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	3201	2713	18%	2988	7%	
OTHER INCOME	1267	2109	-40%	1332	-5%	
OPEX	2457	2349	5%	2555	-4%	
PPP	2010	2472	-19%	1765	14%	
PROVISION	2871	2204	30%	9075	-68%	
PAT	-568	252	-326%	-4860	-88%	
ADVANCES	383954	342816	12%	381703	1%	
DEPOSIT	525964	485905	8%	524772	0%	
SLIPPAGES	0.9%	1.7%		3.8%		
GNPA	11.7%	10.6%		11.8%		
NNPA	7.1%	7.1%		7.5%		

### Key Highlights

Canara Bank has decided to raise Rs 7000 cr of capital which will increase its Tier 1 ratio by 2%. Total Exposure to NCLT 1 & 2 cases is around Rs 15000 Cr and Bank has 62% of the provisions on it. Management expects slippages run rate to normalize to Rs 2000 per quarter and expects Rs 6000 Cr of recovery from NCLT cases till Sep quarter.

### Key Trackables

Slippages trend and other income growth will be focused. Resolution in NCLT cases will also be closely watched.

## RESULT PREVIEW (1Q FY19E)

CMP	188
Target Price	188
Upside	0%
Reco	HOLD
52wk Range H/L	209/147
Mkt Cap (Rs Cr)	12475

(Rs in Crore)						
CUB	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	389	342	14%	368	6%	
OTHER INCOME	109	135	-20%	120	-9%	
OPEX	199	181	10%	193	3%	
PPP	298	297	0%	294	1%	
PROVISION	91	117	-22%	86	5%	
PAT	152	140	8%	152	0%	
ADVANCES	27845	23799	17%	27853	0%	
DEPOSIT	33347	30468	9%	32853	2%	
SLIPPAGES	0.5%	0.6%		0.6%		
GNPA	3.1%	3.1%		3.0%		
NNPA	1.7%	1.7%		1.8%		

### Key Highlights

The banks NIM is one of the best in the industry followed by its continuous focus towards high secured yielding asset (MSME). Bank has been steadily growing its portfolio with an average rate of 15%-16%. However deposits growth has lacked to match the advances growth and grew with an average rate of 8% in FY18 which resulted in CD ratio to increase to 85% against 79% in FY17. Rise in bond yield will impact the NIM and it is expected to remain under pressure.

### Key Trackables

Pick up in deposit growth will be the key focused area. Trend of asset quality and NIM performance will also be watched.

CMP	169
Target Price	205
Upside	21%
Reco	BUY
52wk Range H/L	207/155
Mkt Cap (Rs Cr)	5219

DCBBANK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	271	233	16%	264	3%	
OTHER INCOME	81	86	-6%	85	-5%	
OPEX	208	183	14%	207	1%	
PPP	144	136	5%	142	1%	
PROVISION	31	36	-13%	39	-21%	
PAT	74	65	14%	64	16%	
ADVANCES	20657	16266	27%	20337	2%	
DEPOSIT	24303	19155	27%	24007	1%	
SLIPPAGES	0.5%	0.6%		0.4%		
GNPA	1.9%	1.7%		1.8%		
NNPA	0.7%	0.9%		0.7%		

### Key Highlights

DCB Bank has the highest C/I ratio at 60% in FY18 among all the small size banks due to the addition of 120 branches in the last 2 years which has resulted in the increased opex. Its loan book has registered CAGR of 25% in last 5 years and it very likely that due to growing SME sector in India, gaining market share from PSU banks will add another 25% CAGR over the next 2 years. Maturity of older branches C/I ratio could improve significantly over FY20. Increase in bond yield and competition pressure will impact NIM

### Key Trackables

Downward trend in C/I ratio will be positive for the company. Strong traction in fee income and trend of slippages will be the the area to focus.

## RESULT PREVIEW (1Q FY19E)

CMP	82
Target Price	98
Upside	20%
Reco	BUY
52wk Range H/L	128/78
Mkt Cap (Rs Cr)	16090

	(Rs in Crore)					
FEDERALBANK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	976	801	22%	933	5%	
OTHER INCOME	244	329	-26%	314	-22%	
OPEX	634	572	11%	659	-4%	
PPP	585	558	5%	589	-1%	
PROVISION	209	236	-12%	372	-44%	
PAT	248	210	18%	145	71%	
ADVANCES	93858	76307	23%	91957	2%	
DEPOSIT	113081	95839	18%	111992	1%	
SLIPPAGES	0.4%	0.6%		1.1%		
GNPA	3.1%	2.4%		3.0%		
NNPA	1.7%	1.4%		1.7%		

### Key Highlights

Slippages were mainly from the restructured stress pool. Gratuity provision notification by the government is likely to keep opex higher for few quarters. This has led the C/I ratio to remain at the elevated level and is one of the highest among of its peers. Federal bank has up fronted its loan book growth by an average of more than 25% in last 2 years. Refraining itself from lending riskier large corporate loans and focus towards better rated corporate, retail and SME portfolio, we expect the loan book to grow by 23% in FY19. Rise in bond yield will have impact on treasury gains.

### Key Trackables

Trend of slippages and NIM performance will be the key focus area.

CMP	2114
Target Price	2357
Upside	11%
Reco	ACCUMULATE
52wk Range H/L	2170/1653
Mkt Cap (Rs Cr)	550532

HDFCBANK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	10949	9371	17%	10658	3%	
OTHER INCOME	3993	3517	14%	4229	-6%	
OPEX	6126	5367	14%	6051	1%	
PPP	8816	7520	17%	8836	0%	
PROVISION	1582	1559	2%	1541	3%	
PAT	4725	3894	21%	4799	-2%	
ADVANCES	688456	580976	19%	658333	5%	
DEPOSIT	791329	671376	18%	788771	0%	
SLIPPAGES	0.5%	0.6%		0.4%		
GNPA	1.3%	1.2%		1.3%		
NNPA	0.4%	0.4%		0.4%		

### Key Highlights

Retail assets have shown tremendous growth in recent times backed by healthy vehicle demand and personal segment. Loan book constitutes 57% retail asset and the rest is wholesale portfolio. We expect bank to grow at 19% CAGR over FY20 despite the higher base. Tier 1 ratio as on FY18 is at 13.2% and we expect capital issue to boost Tier 1 ratio by 3% due to proposal of raising equity. Cost to income ratio continues to decline and reached at 41% in FY18 against 43.4% in FY17 due slow down in branch expenses.

### Key Trackables

Improvement in assets quality will be crucial as GNPA has moved above from its sweet spot of 1% to 1.3% in FY18. Performance of NIM will be the focus area.

## RESULT PREVIEW (1Q FY19E)

CMP	270
Target Price	326
Upside	21%
Reco	BUY
52wk Range H/L	366/256
Mkt Cap (Rs Cr)	173660

	(Rs in Crore)					
ICICIBANK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	6116	5590	9%	6022	2%	
OTHER INCOME	2963	3388	-13%	5679	-48%	
OPEX	3990	3794	5%	4186	-5%	
PPP	5089	5183	-2%	7514	-32%	
PROVISION	3225	2609	24%	6626	-51%	
PAT	1397	2049	-32%	1020	37%	
ADVANCES	519764	464075	12%	512395	1%	
DEPOSIT	564961	486254	16%	560975	1%	
SLIPPAGES	0.9%	1.1%		3.1%		
GNPA	9.1%	8.0%		8.8%		
NNPA	4.7%	4.9%		4.8%		

### Key Highlights

Gross slippages at 3.1% in 4Q FY18 came mainly from watchlist disclosed. Now total Non NPA stress assets remains at 2.6% (Rs 13365 Cr) against 5.25% in 3Q FY18. Loan growth moderated to 10% due to decline in large corporate loan book and overseas loan book. While the retail assets growth remained strong at 20% YoY. Targets to increase retail loan share to 60% from current 57%.

### Key Trackables

Performance of NIM will be closely watched. Slippages trend within watch-list will be focused. Higher slippages outside watch-list will be disappointment. Focus will be also on NCLT resolution and recovery and up-gradation.

CMP	1959
Target Price	2095
Upside	7%
Reco	ACCUMULATE
52wk Range H/L	1995/1507
Mkt Cap (Rs Cr)	117617

	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
INDUSINDBK						
NII	2108	1774	19%	2008	5%	
OTHER INCOME	1247	1167	7%	1209	3%	
OPEX	1510	1353	12%	1447	4%	
PPP	1845	1589	16%	1769	4%	
PROVISION	321	310	3%	336	-4%	
PAT	1006	837	20%	953	6%	
ADVANCES	146673	116407	26%	144954	1%	
DEPOSIT	156035	133673	17%	151639	3%	
SLIPPAGES	0.3%	0.5%		0.6%		
GNPA	1.2%	1.1%		1.2%		
NNPA	0.5%	0.4%		0.5%		

### Key Highlights

Corporate loan book (61% of the bank's loan book) has registered healthy growth of 30% on the back of continuously gaining market share of better rated clients from PSU banks. Consumer loan book has picked up well to grow at 26% in FY18. CASA gain for the bank has been the highest among peers in the last one year period. CASA at 44% has already surpassed the management's guidance of 40%. strong pick-up in commercial vehicle loans and gaining corporate client market share will boost its credit growth. Opex is expected to remain under control with C/I ratio of 45%.

### Key Trackables

Improvement in the asset quality of corporate lending will be key focused area. Performance of NIM and Strong growth in consumer loan division will be also important.

## RESULT PREVIEW (1Q FY19E)

CMP	100
Target Price	112
Upside	12%
Reco	ACCUMULATE
52wk Range H/L	150/94
Mkt Cap (Rs Cr)	7261

(Rs in Crore)						
KARURVYSYA	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	590	539	10%	643	-8%	
OTHER INCOME	214	236	-9%	209	3%	
OPEX	358	325	10%	372	-4%	
PPP	446	449	-1%	480	-7%	
PROVISION	341	233	46%	394	-14%	
PAT	70	148	-53%	51	38%	
ADVANCES	46100	41719	11%	44800	3%	
DEPOSIT	58354	54668	7%	56890	3%	
SLIPPAGES	1.0%	1.0%		1.3%		
GNPA	6.9%	4.3%		6.6%		
NNPA	4.2%	2.9%		4.2%		

### Key Highlights

Management expects June quarter to also remain higher slippages. KVB is also low on calculated PCR of 38% and new management in place we expect PCR to improve with higher credit cost in near to medium term. We have factored credit cost of 2.3% in FY19 against 3% in FY18. Watchlist declined to Rs 325 Cr from Rs 650 Cr. Opex growth is expected to remain high going forward due to the managements hiring process and also focus on expanding the branch network.

### Key Trackables

Higher Opex growth than that of income will lead to pressure on PPP level. Traction in fee income will be important. Slippages trend and NIM performance will be focused.

CMP	563
Target Price	619
Upside	10%
Reco	ACCUMULATE
52wk Range H/L	576/443
Mkt Cap (Rs Cr)	23670

RBLBANK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	531	378	40%	500	6%	
OTHER INCOME	286	257	11%	312	-8%	
OPEX	433	324	34%	429	1%	
PPP	384	311	23%	383	0%	
PROVISION	103	94	9%	113	-9%	
PAT	185	141	31%	178	4%	
ADVANCES	41996	31108	35%	40268	4%	
DEPOSIT	46662	35428	32%	43902	6%	
SLIPPAGES	0.2%	0.5%		0.3%		
GNPA	1.4%	1.5%		1.4%		
NNPA	0.8%	0.8%		0.8%		

### Key Highlights

RBL Bank increased its stake in Swadhaar Finserve Pvt. Ltd. (SFPL) to 100%, subsequently SFPL became wholly owned subsidiary of RBL Bank. This action will strengthen its micro finance offering further. The non-wholesale portfolio grew by 42% YoY to increase its mix to 41% against 39% a year back. The increasing trend of mix towards non-wholesale segment augurs well for the margin.

### Key Trackables

Strong growth momentum in non-wholesale book will be watched carefully. Slippages trend & performance of NIM will be the key area. Fee income will also be watched as it is mainly supported by credit card.

## RESULT PREVIEW (1Q FY19E)

CMP	257
Target Price	351
Upside	37%
Reco	BUY
52wk Range H/L	352/232
Mkt Cap (Rs Cr)	229764

(Rs in Crore)						
SBIN	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	19242	17606	9%	19974	-4%	
OTHER INCOME	8335	8006	4%	12495	-33%	
OPEX	15995	13738	16%	16586	-4%	
PPP	11582	11874	-2%	15883	-27%	
PROVISION	10770	8929	21%	28096	-62%	
PAT	536	2006	-73%	-7718	-107%	
ADVANCES	1894430	1804219	5%	1934880	-2%	
DEPOSIT	2725798	2602534	5%	2706343	1%	
SLIPPAGES	0.8%	2.0%		1.9%		
GNPA	11.3%	10.0%		10.9%		
NNPA	5.4%	6.0%		5.7%		

### Key Highlights

The bank has up fronted its loan book growth by 15% CAGR in last 2 years. Cost to income ratio at 52% remains elevated and is among one of the highest among peers. Healthy PCR at 50% (calculated) is the key positive. Total stress pool declined from 2.8% to 1.3% (Rs 25800 Cr) of the net loan. Management expects NCLT 1 list to get resolved in 1H FY19 this will help in the further decline in NPA.

### Key Trackables

Pace of recovery in NCLT cases and Watchlist dissolution will be key trigger. C/I ratio will also be focused.

CMP	22
Target Price	29
Upside	32%
Reco	BUY
52wk Range H/L	35/21
Mkt Cap (Rs Cr)	3927

SOUTHBANK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	515	461	12%	492	5%	
OTHER INCOME	180	219	-18%	179	1%	
OPEX	358	301	19%	360	-1%	
PPP	337	379	-11%	311	8%	
PROVISION	239	224	6%	149	61%	
PAT	65	101	-36%	114	-43%	
ADVANCES	54635	46498	18%	54563	0%	
DEPOSIT	72847	65791	11%	72030	1%	
SLIPPAGES	0.4%	1.5%		1.2%		
GNPA	3.7%	3.6%		3.6%		
NNPA	2.5%	2.5%		2.6%		

### Key Highlights

Slippages were higher at 1.2% in 4Q FY18 led by corporate loan from restructured assets. Management claims to have zero watchlist accounts and guided slippages of Rs 600 Cr in FY19. Restructured assets stands at Rs 57 Cr only which gives us comfort on assets quality front going forward. However low PCR of 41% is uncomfortable and we expect credit cost to remain elevated in FY19.

### Key Trackables

Improvement in PCR is crucial for the bank to be focused. Improvement in NIM will be the key area and slippages below Rs 200 Cr in the quarter would be comfortable.



## RESULT PREVIEW (1Q FY19E)

CMP	81
Target Price	92
Upside	14%
Reco	ACCUMULATE
52wk Range H/L	196/78
Mkt Cap (Rs Cr)	9512

	(Rs in Crore)					
UNIONBANK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	2262	2243	1%	2193	3%	
OTHER INCOME	928	1415	-34%	1485	-38%	
OPEX	1706	1601	7%	1788	-5%	
PPP	1483	2057	-28%	1889	-21%	
PROVISION	2850	1704	67%	5668	-50%	
PAT	-902	117	-874%	-2583	-65%	
ADVANCES	281171	278388	1%	288761	-3%	
DEPOSIT	401674	375796	7%	408502	-2%	
SLIPPAGES	2.4%	1.7%		3.7%		
GNPA	17.3%	12.6%		15.7%		
NNPA	8.3%	7.5%		8.4%		

### Key Highlights

Power sector exposure of Rs 5000 Cr is under stress. SMA 2 is around Rs 8700 Cr mostly dominated by SME and retail assets. We expect power slippages in near term due to RBI directive. Management guided for credit growth of 7-8% in FY19 driven by RAM sector. Management expects slippages ratio of 3% in FY19 and credit of 2%.

### Key Trackables

Resolution in NCLT cases and pickup in recovery and upgradation other than NCLT cases will be key trigger. Slippages trend and improvement in NIM will be important to be focused.

CMP	352
Target Price	453
Upside	29%
Reco	BUY
52wk Range H/L	383/285
Mkt Cap (Rs Cr)	81253

YESBANK	1Q FY19e	1Q FY18	YoY Gr %	4Q FY18	QoQ Gr %	
NII	2272	1809	26%	2154	5%	
OTHER INCOME	1347	1132	19%	1421	-5%	
OPEX	1429	1237	16%	1440	-1%	
PPP	2189	1704	28%	2135	3%	
PROVISION	370	286	29%	400	-8%	
PAT	1201	966	24%	1179	2%	
ADVANCES	207158	139972	48%	203534	2%	
DEPOSIT	208199	150241	39%	200738	4%	
SLIPPAGES	0.3%	0.2%		0.2%		
GNPA	1.4%	1.0%		1.3%		
NNPA	0.6%	0.4%		0.6%		

### Key Highlights

Bank has consistently reported significant divergence in NPA for the last 2 years. Divergence in NNPA was Rs 3320 Cr and Rs 4820 Cr for FY16 and FY17 respectively. While this has been major issue but management was able to address the most of the cases successfully and only 10% of divergence resulted in NPA during FY18. Working capital demand will boost the credit growth going forward. Due to strong loan growth, earning is expected to grow by 34% in FY19.

### Key Trackables

Slippages will be the major area to be focused as it is expected to increase. NIM performance likely to be watched as it has come under immense pressure due to the rising cost. Growth in retail assets or increase in mix of retail assets in portfolio and Management commentary on capital raising plan will also be the key.

## RESULT PREVIEW (1Q FY19E)

### key Financial Comparision

Financial Comparision	Total Income			PPP			PAT		
	1Q19e	YoY	QoQ	1Q19e	YoY	QoQ	1Q19e	YoY	QoQ
AXISBANK	4,997	8%	6%	4,020	-6%	9%	911	-30%	-142%
BANKBARODA	4,305	26%	8%	3,078	16%	15%	(160)	-179%	-95%
BANKINDIA	2,655	5%	4%	1,285	-46%	10%	(1,957)	-2331%	-51%
CANBK	3,201	18%	7%	2,010	-19%	14%	(568)	-326%	-88%
CUB	389	14%	6%	298	0%	1%	152	8%	0%
DCBBANK	271	16%	3%	144	5%	1%	74	14%	16%
FEDERALBANK	976	22%	5%	585	5%	-1%	248	18%	71%
HDFCBANK	10,949	17%	3%	8,816	17%	0%	4,725	21%	-2%
ICICIBANK	6,116	9%	2%	5,089	-2%	-32%	1,397	-32%	37%
INDUSINDBK	2,108	19%	5%	1,845	16%	4%	1,006	20%	6%
KARURVYSYA	590	10%	-8%	446	-1%	-7%	70	-53%	38%
RBLBANK	531	40%	6%	384	23%	0%	185	31%	4%
SBIN	19,242	9%	-4%	11,582	-2%	-27%	536	-73%	-107%
SOUTHBANK	515	12%	5%	337	-11%	8%	65	-36%	-43%
UNIONBANK	2,262	1%	3%	1,483	-28%	-21%	(902)	-874%	-65%
YESBANK	2,272	26%	5%	2,189	28%	3%	1,201	24%	2%

### key Peer Comparision

Peer Comparision	EPS Gr.		RoE%		RoA%		P/B(x)		P/E(x)	
	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e
AXISBANK	2,203.4	75.1	9.5	14.9	0.8	1.3	1.9	1.6	20.7	11.8
BANKBARODA	(168.9)	190.1	3.8	10.2	0.2	0.6	0.7	0.6	17.8	6.1
BANKINDIA	(39.3)	(115.1)	(10.9)	1.7	(0.6)	0.1	0.5	0.5	(4.1)	26.9
CANBK	(103.1)	2,664.3	0.4	9.7	0.0	0.5	0.5	0.5	138.4	5.0
CUB	1.9	20.3	14.8	15.5	1.5	1.6	2.6	2.2	20.3	16.9
DCBBANK	33.3	33.2	11.1	13.2	1.0	1.0	1.7	1.5	16.0	12.0
FEDERALBANK	39.5	38.5	9.6	12.2	0.8	0.9	1.2	1.1	13.4	9.7
HDFCBANK	14.7	18.9	16.8	16.2	1.9	2.0	3.9	3.5	27.1	22.8
ICICIBANK	17.8	67.5	7.4	11.4	0.9	1.3	1.7	1.5	23.3	13.9
INDUSINDBK	22.6	30.4	17.2	19.0	1.8	1.9	4.3	3.6	26.7	20.5
KARURVYSYA	40.0	73.2	7.5	12.3	0.7	1.1	1.1	1.1	15.4	8.9
RBLBANK	42	44.1	12.7	16.1	1.3	1.4	3.1	2.6	25.4	17.6
SBIN	(300.0)	125.6	5.6	11.4	0.4	0.8	0.9	0.8	17.7	7.8
SOUTHBANK	28.2	74.0	10.4	6.0	0.5	0.7	0.8	0.7	10.4	6.0
UNIONBANK	(95.3)	(979.9)	(1.0)	8.3	(0.0)	0.4	0.4	0.4	(39.2)	4.5
YESBANK	33.8	33.8	20.0	22.3	1.5	1.6	2.5	2.1	13.6	10.2

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