

and raised for AEML consumers." Maharashtra's power demand has not come up now. It will start from May consumers," the spokesperson said.

# Banks may report 77% rise in Q4 net

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Mumbai, 11 April

Listed commercial banks are expected to report about 77 per cent growth in net profit year-on-year for the fourth quarter ended March 31, 2022, predominantly on an uptick in credit offtake and a lower burden of provisions for stressed assets.

The combined profit after tax (net profit) of the 17 banks under review is expected to grow to ₹42,013 crore for Q4FY22 from ₹23,747 crore in Q4FY21, according to estimates by broking houses Bloomberg has compiled. Net revenues — net interest income (NII) plus other incomes comprising fees and treasury gains — is estimated to grow 8.3 per cent year-on-year to about ₹1.68 trillion in Q4FY22.

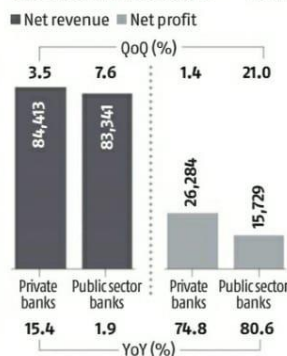
## NII, lower funds costs, and income reversals

CARE has said while the interest rate scenario has been turning and market liquidity going down, banks have been able to grow their NII. NII growth year-on-year in Q4 may be aided by healthy credit growth and a low base of Q4FY21.

The decline in interest income in Q4FY21 was primarily due to the Supreme Court asking banks to credit or adjust the interest charged on loan accounts that were under a moratorium. This resulted in interest reversals, affecting the top line, and a fall in interest rates, CARE said.

Private sector banks' rates continue

## THE EXPECTATIONS



These are combined estimates for select banks  
Source: Bloomberg Compiled by BS Research Bureau

to be significantly higher than those of public sector banks. Banks reduced their lending rates at a slow pace compared to their borrowing rates, thereby maintaining their spread. The RBI data showed credit offtake picked up during 2021-22, with the gradual return of normalcy after the onset of the pandemic. Non-food credit rose by 9.7 per cent year-on-year as on March 25.

## Other income, uptick in fees, lower treasury gains

Axis Securities has said banks' core fee

## Moody's maintains stable outlook for Indian banks on recovering economy

Rating agency Moody's has maintained 'stable' outlook for India's banking system. The operating conditions for banks will be stable, supported by improving consumer and business confidence and domestic demand, Moody's said in a statement.

Still, the banking sector's financial fundamentals will improve. The decline in loan-loss provisions and increase in net interest margins will boost banks' profitability.

Moody's said that capitalisation, funding, and liquidity will be stable and will support loan growth. However, the global economic

fallout from the Russia-Ukraine military conflict will create some risks, pushing up inflation and interest rates, and creating supply constraints.

The Indian economy is expected to continue to recover in the next 12-18 months and the gross domestic product (GDP) will grow at 9.3 per cent in the year ended March 2022, and 8.4 per cent in the following year.

Improving consumer and business confidence, as well as improving domestic demand, will support economic growth and credit demand. **BS REPORTER**

income is expected to improve as business activities pick up and come close to normal. Lower treasury incomes are likely to drag non-interest income.

Gains from bond trading will be lower due to hardening yields. The yield on the benchmark 10-year government bond closed at 6.84 per cent at the end of March 2022 from 6.45 per cent for the third quarter Q3FY22.

## Asset quality – subsiding slippages

Motilal Oswal Securities in a research note said in the case of public sector

banks slippages would continue to subside. Along with it, healthy recoveries would improve asset quality.

For private sector banks, slippages are likely to remain modest over Q4FY22 across segments, barring the micro-finance business, which could see some tail stress. This would result in improvement in asset quality, Motilal said.

ICRA has estimated gross non-performing assets of banks to have declined from 7.6 per cent in March 2021 to 6.2-6.3 per cent in March 2022.