

ICICI BANK | Banking

COVID provisioning higher than peers; Capital raise to provide further cushion

LKP**Price Analysis:**

Strong COVID & Contingent provisioning and healthy 1QFY21 earnings acknowledge our conviction that ICICI Bank is preparing for sustainable, prudent and cautious growth despite some exceptional hiccups (moratorium book 17.5% v/s 30% earlier) owing to COVID. The bank has made COVID provisioning of ₹82.75bn in the previous two quarters. The total contingent provisioning (COVID + Standard + General) stands 2.1% of net advances which is the highest among peers. Considering the MORAT (17.5%) we expect ~2.5% of the book may come under stress post moratorium ends. The contingent provisioning is likely to be adequate to mitigate the stress. Furthermore, the bank has reported healthy 1QFY21 results with the key pointers being: 1) NII growth of 19.9% YoY, with headline NIMs (Domestic: 3.91% & Overall: 3.69%) de-growth of 18bps sequentially owing to higher liquidity available (LCR: 146%), 2) PPOP growth of 71.4% YoY and 46% sequentially owing to growth in other income (79.3% YoY & 44.4% QoQ) led by stake sale of insurance business. Additionally, on 29th August, the bank executed 2% stake sale of ICICI Securities, 3) Lower slippages (₹11.6bn v/s ₹53bn) led by retail slippages (52% of total slippages), 4) NNPA further down 18bps to 1.23%, 5) PCR (excluding technical write-offs) improved 200bps to 78.6%, however the bank didn't include COVID & general provision (₹131bn) in PCR calculation; 6) BB & below exposure stood at 1.6% v/s 1.4% of total exposure, and 7) deposits witnessed a strong growth of 21% YoY with average CASA at 41%. Under base case scenario, we estimate the standalone bank to report FY22E ROA and ROE of 0.9% and 8.7% respectively. Thus we recommend BUY on the stock.

Gazing the core:

Capital raise to provide cushion and support growth: On 15th August, ICICI Bank's board approved capital raise of ₹150bn. The bank issued 419mn shares at ₹358 (previous day closing: ₹361) aggregating to ₹150bn. The dilution pre and post money basis was 6.5% and 6.1% respectively. Post money the CET – 1 of the bank would increase by 196bps and would be 15.25% of 1QFY21 RWA. However, having de-risked its balance sheet materially in the last couple of years, the capital raise provides growth capital to capture market share from weaker banks.

Building ample PCR for impending stress: As on 30th June, ~17.5% of the total loan book has availed moratorium v/s 30% declared earlier. The bank has made contingent provisioning ₹129.7bn; 2.1% of the net advance. The overall slippages (₹11.6bn v/s ₹53bn) declined with retail share of 52% of total slippages. The bank has built an adequate PCR (78.6% excluding prudential write-off) with the help of higher provisioning expense (₹75.9bn v/s ₹59.6bn in 4QFY20) which includes ₹59.5bn of COVID provision. The PCR (calculated) including all provisions (Cumulative + COVID + General + Specific) stood at 114% of GNPL.

Key Financials (₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
NII	270,148	332,671	367,948	406,236	461,067
Operating Profit	234,379	281,013	307,627	298,664	339,035
Reported Profits	33,633	79,308	91,656	113,560	143,479
Net Worth	1,053,191	1,133,861	1,225,516	1,339,076	1,482,555
Loan & Advances	5,866,466	6,452,900	6,840,074	7,660,883	8,618,493
Int. Bearing Liabilities	8,182,396	9,338,658	9,858,305	10,937,848	12,157,549

Key Ratios (%)	FY19	FY20	FY21E	FY22E	FY23E
NIM's	3.2	3.5	3.5	3.6	3.7
C/I	43.6	43.5	43.9	47.2	46.8
Gross NPA	6.7	5.5	6.9	5.6	4.4
Tier 1	15.1	16.0	14.5	14.1	13.9
Adj. RoA	0.4	0.8	0.8	0.9	1.1
Adj. RoE	3.2	7.1	7.6	8.6	9.9

Rating	Buy
Current Market Price (₹)	391
12 M Price Target (₹)	461
Potential upside (%)	18

Stock Data

FV (₹) :	2
Market Cap Full (₹ bn) :	2,697
Market Cap Free Float (₹ bn) :	2,697
52-Week High / Low (₹) :	552 / 268
2-Year High / Low (₹) :	552 / 268
1 Year Avg. Dly Traded Volume (in lakh)	360
BSE Code / NSE Symbol :	532174 / ICICIBANK
Bloomberg :	ICICIB IN

Shareholding Pattern (%)

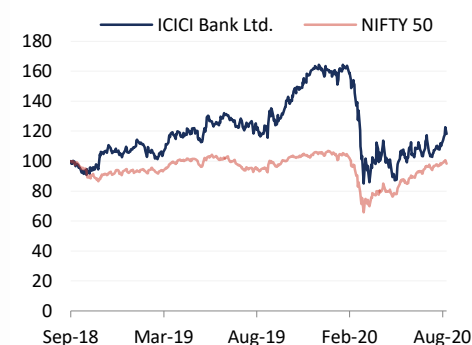
	Jun-20	Mar-20	Dec-19	Sep-19
FPIs	42.96	43.70	45.79	40.79
MFs	28.28	27.61	25.98	29.66
FI's / Banks	0.16	0.15	0.10	0.02
Insurance	14.80	14.52	15.14	16.04
Others	13.80	14.02	12.99	13.49

Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
ICICI Bank	13%	15%	-21%	-5%
Nifty 50	4%	17%	2%	4%

* To date / current date : September 1, 2020

ICICI Bank vs Nifty 50

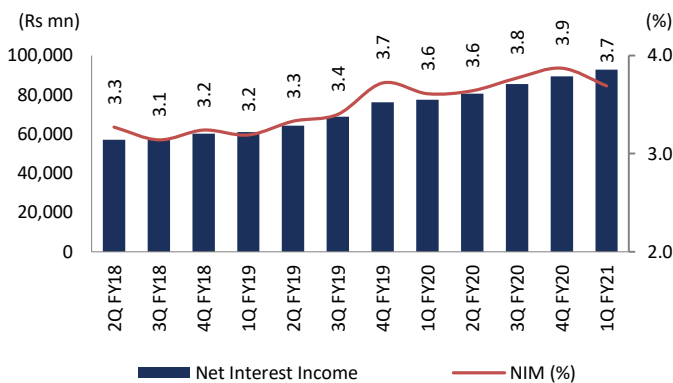
The glimpse of MORAT book: As on 30th June the moratorium book stood at ~17.5% of the total loan book against 30% declared as on 30th April 2020. Around 90% of moratorium in MORAT – 2 is from MORAT – 1. Few customers who opted for moratorium in MORAT – 1 didn't avail moratorium in MORAT – 2 but the EMIs/Interest remain overdue. Considering the overdue accounts, the bank believes the moratorium may come little higher.

Healthy 1QFY21 led by stake sale recognition: NII has grown at a strong rate of 19.9% YoY and 4% QoQ due to widening of interest spread (3.32% v/s 3.17% in 1QFY20). Non – interest income grew by 44.4% sequentially led by stake sale of insurance business (₹30.36bn). A healthy NII and other income growth led to strong PPOP growth of 71.4% YoY and 46.4% QoQ. Despite higher provisioning (₹76bn v/s ₹60bn in 4QFY20) the bank has made profit of ₹26bn v/s ₹12bn in previous quarter. The bank's loan growth (6.5% YoY) was muted because of risk aversion, however healthy deposit growth (21% YoY) has led to more than satisfactory liquidity with LCR of 146%. We expect the loan growth to remain subdued in FY21E but FY22E is likely to witness robust credit growth owing to lower base.

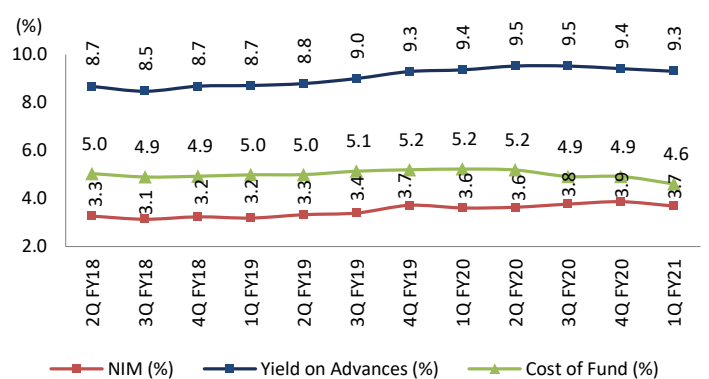
Outlook and Valuation

Considering the recent capital raise, we expect its loan book to fatten cautiously at CAGR of 10% over FY21-23E, led by balanced growth across segments. In our opinion, the bank's asset quality may witness some hiccups and estimate return ratio ROA/ROE of 0.9% and 8.7% for FY22E. Moreover, the bank's contingent provisioning (2.1% of loan book) is one of the highest in the industry. We value the standalone entity with 1.7x FY22E Adj. BVPS (₹200) and of investment in subsidiaries and JVs (₹121 per share); we arrive at a target price of ₹461. We recommend BUY rating with a potential upside of 18%.

NII Trend

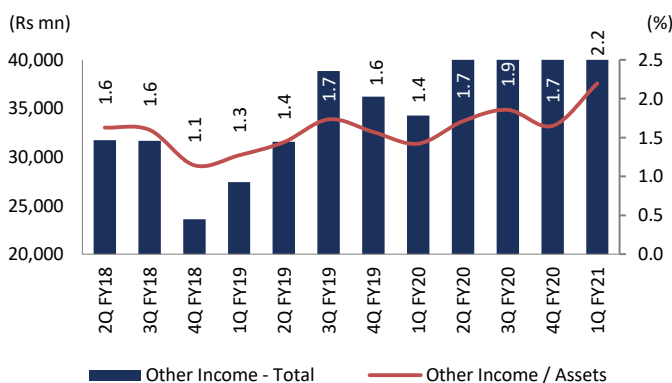


Yield & Margin's Trend

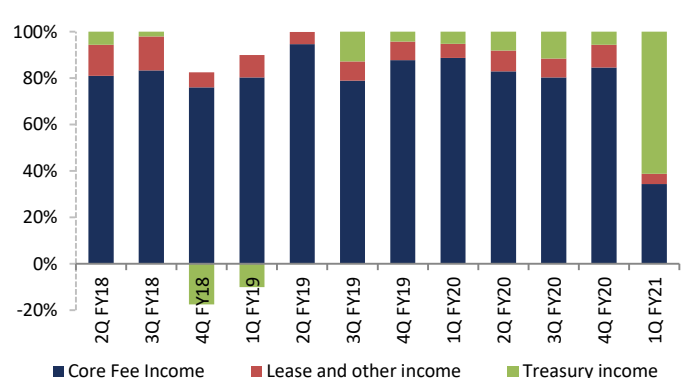


Source: Company, LKP Research

Other Income Trend

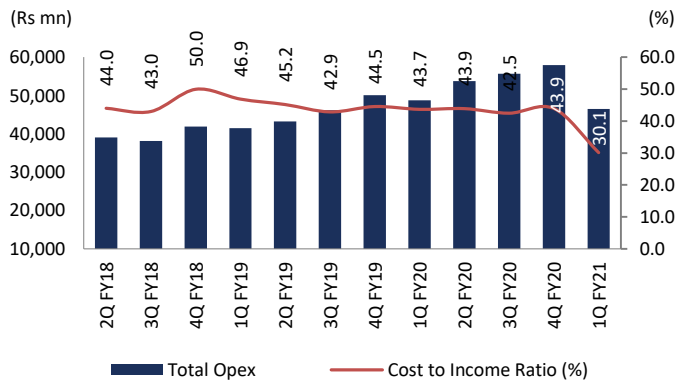


Other Income Mix Trend



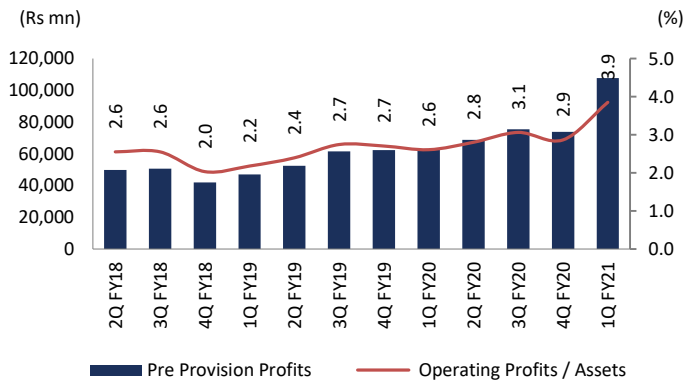
Source: Company, LKP Research

Total Opex Trend

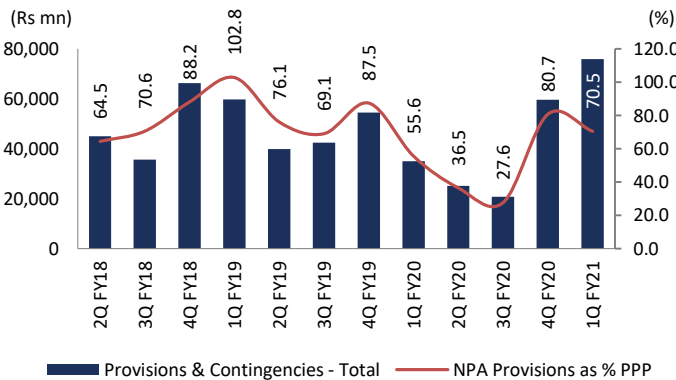


Source: Company, LKP Research

Pre Provision Profit Trend

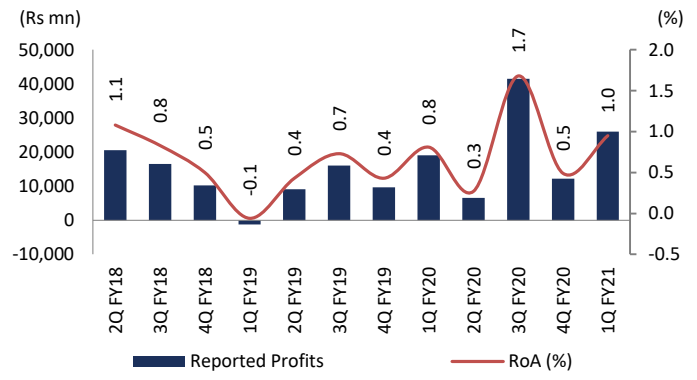


Provision Expenses Trend

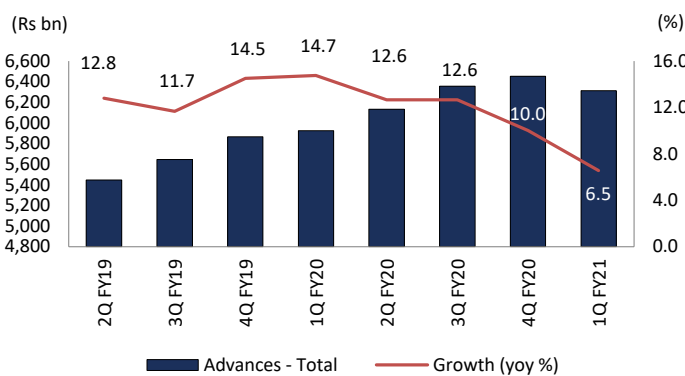


Source: Company, LKP Research

Reported Profit Trend

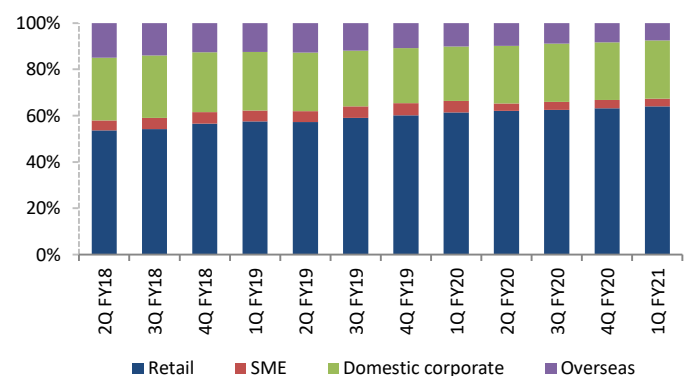


Loan Book Trend

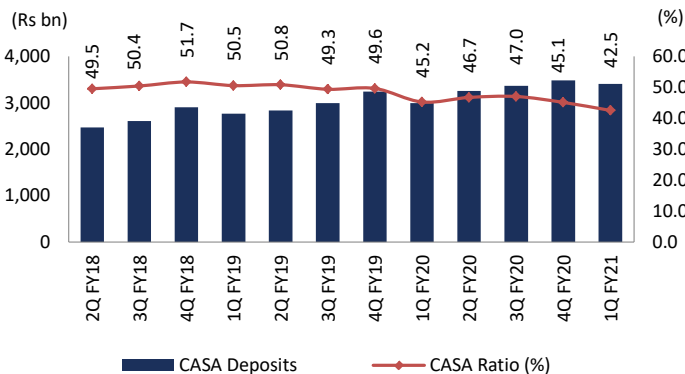


Source: Company, LKP Research

Loan Book Mix Trend

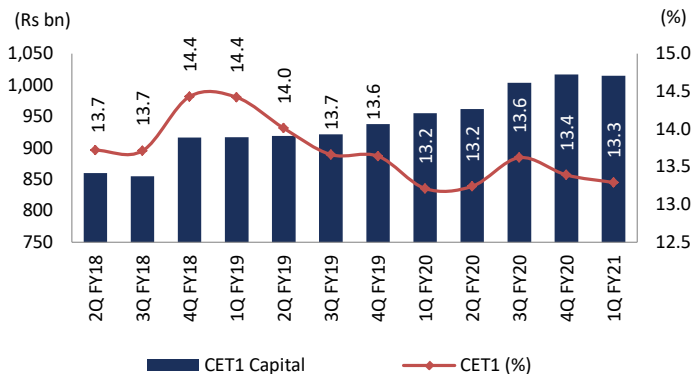


CASA Deposit Trend

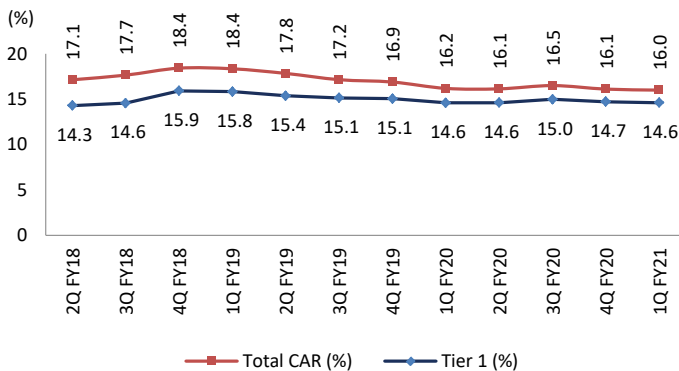


Source: Company, LKP Research

CET 1 Ratio Trend

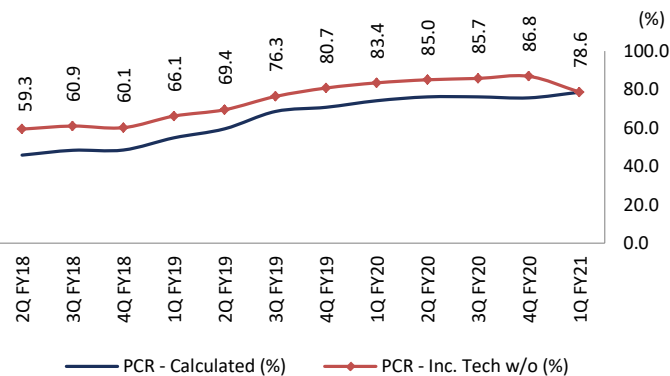


CRAR & Tier 1 Ratio Trend

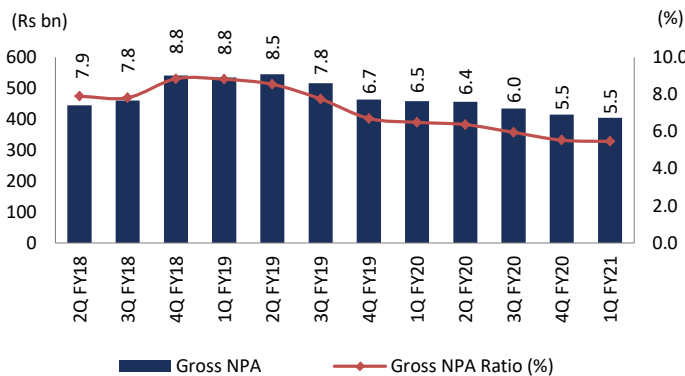


Source: Company, LKP Research

PCR Trend

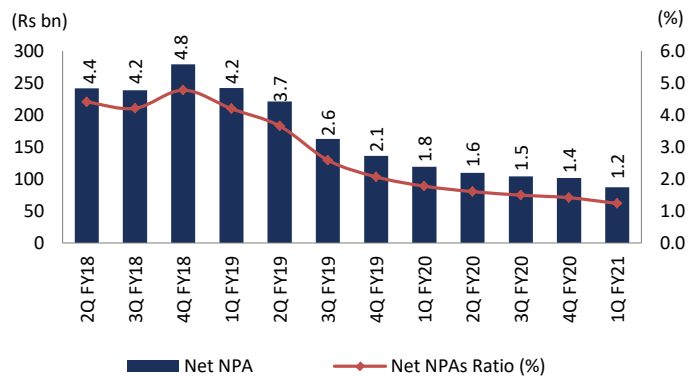


Gross NPA Trend



Source: Company, LKP Research

Net NPA Trend



Financial Performance at a glance

Exhibit: Income Statement Analysis

(₹ mn)	1Q FY21	1Q FY20	% yoy / bps	4Q FY20	% qoq / bps	FY20	FY19	% yoy / bps
Int. on Loan	145,767	136,164	7.1	148,351	(1.7)	575,511	479,426	20.0
Int. on Investment	41,907	36,454	15.0	36,230	15.7	146,732	127,969	14.7
Int. on Balances	4,448	1,475	201.6	2,142	107.7	6,822	7,361	(7.3)
Int. Others	7,122	5,707	24.8	5,164	37.9	18,918	19,256	(1.8)
Interest Inc.	199,244	179,801	10.8	191,887	3.8	747,983	634,012	18.0
Yield on Advances (%)	9.3	9.4	(6)	9.4	(11)	9.5	9.0	49
Yield on Assets (%)	7.9	8.4	(47)	8.3	(39)	8.4	8.0	35
Interest Expenses	106,446	102,426	3.9	102,618	3.7	415,313	363,864	14.1
Cost of Dep. (%)	4.5	5.1	(55)	4.8	(25)	5.0	4.9	9
Cost of Fund (%)	4.6	5.2	(62)	4.9	(31)	5.1	5.0	9
Net Interest Income	92,798	77,374	19.9	89,269	4.0	332,671	270,148	23.1
NII to Net Operative Income	60.2	69.3	(914)	67.7	(755)	66.9	65.1	186
NIM (%)	3.69	3.6	8	3.9	(18)	3.7	3.4	31
Dom. NIM (%)	3.9	3.9	(2)	4.1	(23)	4.0	3.8	24
Int. NIM (%)	0.3	0.3	-	0.3	5	0.4	0.3	5
Core Fee Income	21,040	30,390	(30.8)	35,980	(41.5)	137,828	119,890	15.0
Non Core Other Income	40,386	3,864	945.1	6,570	514.7	26,659	14,132	88.6
Other Income - Total	61,426	34,254	79.3	42,550	44.4	164,486	145,122	13.3
Other Inc to Net Oper. Income (%)	39.8	30.7	914	32.3	755	33.1	34.9	(186)
Net Operating Revenue	154,224	111,629	38.2	131,819	17.0	497,157	415,270	19.7
Employee Expenses	21,661	19,533	10.9	22,345	(3.1)	82,712	68,082	21.5
Empl. Cost/Oper. Exps. (%)	14.0	17.5	(345)	17.0	(291)	16.6	16.4	24
Other Opex	24,798	29,211	(15.1)	35,573	(30.3)	133,432	112,808	18.3
Other Opex/ Assets (%)	0.2	0.3	(8)	0.3	(12)	1.3	1.2	7
Total Opex	46,459	48,744	(4.7)	57,918	(19.8)	216,144	180,891	19.5
Cost to Income Ratio (%)	30.1	43.7	(1,354)	43.9	(1,381)	43.5	43.6	(8)
Pre Provision Profits	107,765	62,885	71.4	73,901	45.8	281,013	234,379	19.9
Provisions & Contingencies - Total	75,940	34,957	117.2	59,674	27.3	140,532	196,611	(28.5)
NPA Provisions as % PPP	70.5	55.6	1,488	80.7	(1,028)	50.0	83.9	(3,388)
Profit Before Tax	31,825	27,927	14.0	14,227	123.7	140,480	37,768	272.0
Tax	5,834	8,847	(34.1)	2,013	189.8	84,884	(25,545)	(432.3)
Effective Tax Rate (%)	18.3	31.7	(1,335)	14.1	418	60.4	(67.6)	12,806
Reported Profits	25,992	19,080	36.2	12,214	112.8	55,596	63,313	(12.2)
RoA (%)	1.0	0.8	14	0.5	46	-	0.4	-
RoE (%)	8.9	7.0	190	4.2	470	-	-	-

Source: Company, LKP Research

Exhibit: Balance Sheet Analysis

(₹ mn)	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	QoQ % / bps	YoY % / bps
Net Worth	1,083,634	1,103,950	1,106,060	1,149,976	1,165,009	1,186,160	1.8	7.4
RoE (%)	3.6	7.0	2.4	14.6	4.2	8.9	470	190
CET1 (%)	13.6	13.2	13.2	13.6	13.4	13.3	(10)	8
Tier 1 (%)	15.1	14.6	14.6	15.0	14.7	14.6	(11)	1
Total CAR (%)	16.9	16.2	16.1	16.5	16.1	16.0	(11)	(19)
RWA - Total	6,875,360	7,229,240	7,263,560	7,369,730	7,594,900	7,635,830	0.5	5.6
Advances - Total	5,866,466	5,924,154	6,133,587	6,356,543	6,452,900	6,312,146	(2.2)	6.5
Investments	2,077,327	2,199,962	2,233,756	2,274,800	2,495,315	3,018,511	21.0	37.2
Total Assets	9,644,592	9,637,525	9,970,109	10,070,680	10,983,652	11,386,127	3.7	18.1
RoA (%)	0.43	0.81	0.27	1.68	0.49	0.95	46	14
Deposits	6,529,197	6,607,318	6,962,730	7,163,451	7,709,690	8,016,223	4.0	21.3
Saving Deposit	2,276,710	2,184,760	2,305,690	2,354,200	2,455,910	957,800	(61.0)	(56.2)
Current Deposit	962,690	804,010	944,310	1,009,890	1,022,270	2,448,360	139.5	204.5
CASA Deposits	3,239,400	2,988,770	3,250,000	3,364,090	3,478,180	3,406,160	(2.1)	14.0
CASA Ratio (%)	49.6	45.2	46.7	47.0	45.1	42.5	(260)	(273)
Term Deposits	3,289,797	3,618,548	3,712,730	3,799,361	4,231,510	4,610,063	8.9	27.4
Interest Bearing Liabilities - Total	8,182,396	8,174,517	8,473,058	8,537,198	9,338,658	9,665,403	3.5	18.2

Source: Company, LKP Research

Exhibit: Earning Assets Mix & Incremental Contribution

	As on (₹ mn)				As % of Working Assets	YoY/ YTD growth (% / bps)			Incremental Contribution in Working Assets (%)		
	FY18	FY19	FY20	1Q FY21		FY19	FY20	1Q FY21	FY19	FY20	1Q FY21
Home	1,500,570	1,782,360	2,002,240	2,011,110	19.1	18.8	12.3	0.4	37.5	15.8	2.2
Vehicle Loans	468,390	556,660	583,310	575,320	5.5	18.8	4.8	(1.4)	11.8	1.9	(2.0)
Business Banking	135,260	18,450	265,630	258,720	2.5	(86.4)	1,340	(2.6)	(15.6)	17.7	(1.7)
Rural & Other	432,540	499,600	568,500	571,770	5.4	15.5	13.8	0.6	8.9	4.9	0.8
Retails - Other	59,720	68,050	50,930	41,750	0.4	13.9	(25.2)	(18.0)	1.1	(1.2)	(2.3)
Personal Loans	208,660	310,150	452,880	439,800	4.2	48.6	46.0	(2.9)	13.5	10.2	(3.2)
Credit Cards	93,790	123,040	156,540	147,290	1.4	31.2	27.2	(5.9)	3.9	2.4	(2.3)
Unsecured Retail loans	302,460	433,190	609,420	587,090	5.6	43.2	40.7	(3.7)	17.4	12.7	(5.5)
Retail	2,898,940	3,528,310	4,080,030	4,045,760	38.4	21.7	15.6	(0.8)	83.8	39.6	(8.5)
SME	254,450	306,090	228,510	208,570	2.0	20.3	(25.3)	(8.7)	6.9	(5.6)	(4.9)
Domestic corporate	1,326,260	1,401,740	1,604,700	1,587,540	15.1	5.7	14.5	(1.1)	10.0	14.6	(4.3)
Domestic book	4,479,650	5,236,140	5,913,230	5,841,870	55.4	16.9	12.9	(1.2)	100.7	48.6	(17.7)
Overseas	645,618	630,320	539,670	470,270	4.5	(2.4)	(14.4)	(12.9)	(2.0)	(6.5)	(17.2)
Advances - Total	5,123,953	5,866,466	6,452,900	6,312,146	59.9	14.5	10.0	(2.2)	98.8	42.1	(34.9)
Yield on Advances (%)	8.6	9.0	9.5	9.3		33	49	(15)			
Investments	2,029,942	2,077,327	2,495,315	3,018,511	28.6	2.3	20.1	21.0	6.3	30.0	129.7
Cash & Cash Equivalent	841,694	802,963	1,191,557	1,212,509	11.5	(4.6)	48.4	1.8	(5.2)	27.9	5.2
Working Assets	7,995,588	8,746,755	10,139,772	10,543,166	100.0	9.4	15.9	4.0	100.0	100.0	100.0
Yield on Assets (%)	7.7	8.0	8.4	7.9		32	35	(45)			

Source: Company, LKP Research

Exhibit: Funding Profile Analysis

(₹ mn)	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	8,182,396	8,174,517	8,473,058	8,537,198	9,338,658	9,665,403	3.5	18.2
Deposits	6,529,197	6,607,318	6,962,730	7,163,451	7,709,690	8,016,223	4.0	21.3
CASA Deposits	3,239,400	2,988,770	3,250,000	3,364,090	3,478,180	3,406,160	(2.1)	14.0
Saving Deposit	2,276,710	2,184,760	2,305,690	2,354,200	2,455,910	957,800	(61.0)	(56.2)
Current Deposit	962,690	804,010	944,310	1,009,890	1,022,270	2,448,360	139.5	204.5
Term Deposits	3,289,797	3,618,548	3,712,730	3,799,361	4,231,510	4,610,063	8.9	27.4
Borrowings	1,653,200	1,567,200	1,510,328	1,373,747	1,628,968	1,649,180	1.2	5.2
Interest Bearing Liabilities - Total	8,182,396	8,174,517	8,473,058	8,537,198	9,338,658	9,665,403	3.5	18.2

Source: Company, LKP Research

Exhibit: Funding mix and Incremental Contribution

	As on (₹ mn)				As % of Total Working Fund	YoY/ YTD growth			Incremental Contribution YoY/ YTD Growth (%)		
	FY18	FY19	FY20	1Q FY21		FY19	FY20	1Q FY21	FY19	FY20	1Q FY21
Deposits	5,609,752	6,529,197	7,709,690	8,016,223	73.9	16.4	18.1	4.0	118.5	95.4	88.1
Saving Deposit	2,009,671	2,276,709	2,455,909	957,800	8.8	13.3	7.9	(61.0)	34.4	14.5	(430.6)
Current Deposit	889,582	962,690	1,022,276	2,448,360	22.6	8.2	6.2	139.5	9.4	4.8	409.9
CASA Deposits	2,899,253	3,239,399	3,478,185	3,406,160	31.4	11.7	7.4	(2.1)	43.8	19.3	(20.7)
Term Deposits	2,710,499	3,289,798	4,231,505	4,610,063	42.5	21.4	28.6	8.9	74.6	76.1	108.8
Borrowings	1,828,586	1,653,200	1,628,968	1,649,180	15.2	(9.6)	(1.5)	1.2	(22.6)	(2.0)	5.8
Interest Bearing Liabilities - Total	7,438,338	8,182,396	9,338,658	9,665,403	89.1	10.0	14.1	3.5	95.9	93.4	93.9
Cost of Fund (%)	5.0	5.0	5.1	4.6		-	9	(48)			
Net Worth	1,051,536	1,083,636	1,165,009	1,186,160	10.9	3.1	7.5	1.8	4.1	6.6	6.1
Working Fund	8,489,874	9,266,032	10,503,667	10,851,563	100.0	9.1	13.4	3.3	100.0	100.0	100.0
Interest Exp. / Assets	3.87	3.95	4.03	3.8		8	8	(22)			

Source: Company, LKP Research

Exhibit: Asset Quality Analysis

(₹ mn)	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	QoQ % / bps	YoY % / bps
Total Slippages	35,470	27,790	24,820	43,630	53,060	11,600	(78.1)	(58.3)
Slippages Ratio (%)	0.69	0.47	0.42	0.74	0.90	0.18	(72)	(29)
Gross NPA	462,916	457,631	456,388	434,539	414,092	403,862	(2.5)	(11.7)
Gross NPAs Ratio (%)	6.70	6.49	6.37	5.95	5.53	5.46	(7)	(103)
PCR - Calculated (%)	70.7	74.1	76.1	76.1	75.6	78.5	294	443
PCR - Inc. Tech w/o (%)	80.7	83.4	85.0	85.7	86.8	78.6	(820)	(480)
Net NPA	135,774	118,565	109,164	103,885	101,139	86,747	(14.2)	(26.8)
Net NPAs Ratio (%)	2.06	1.77	1.60	1.49	1.41	1.23	(18)	(54)

Source: Company, LKP Research

Annual Projections

Exhibit: Profit and Loss Statement

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Int. Income / Opr. Revenue	634,012	747,983	806,173	869,529	958,066
Interest Expenses	363,864	415,313	438,225	463,294	496,999
Net Interest Income	270,148	332,671	367,948	406,236	461,067
<i>NIM (%)</i>	3.23	3.52	3.53	3.59	3.66
Other Income - Total	145,122	164,486	180,266	159,876	176,181
Net Operating Revenue	415,270	497,157	548,214	566,112	637,248
Employee Exp.	68,082	82,712	91,811	100,074	109,080
Other Opex	112,808	133,432	148,776	167,373	189,132
Total Opex	180,891	216,144	240,587	267,447	298,212
<i>C/I Ratio (%)</i>	43.56	43.48	43.89	47.24	46.80
Pre Provision Profits	234,379	281,013	307,627	298,664	339,035
<i>PPP Growth (yoy %)</i>	20.8	19.9	9.5	(2.9)	13.5
Provisions & Contingencies - Total	196,611	140,532	184,764	146,439	146,704
<i>Credit Cost (As % of Op. AUM)</i>	3.77	1.71	2.40	1.70	1.50
Profit Before Tax	37,768	140,480	122,863	152,225	192,331
Tax	4,135	61,172	31,207	38,665	48,852
<i>Effective Tax Rate (%)</i>	10.9	43.5	25.4	25.4	25.4
Reported Profits	33,633	79,308	91,656	113,560	143,479
<i>PAT Growth (yoy %)</i>	(50.4)	135.8	15.6	23.9	26.3

Source: Company, LKP Research

Exhibit: Balance Sheet

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	12,897	12,948	12,948	12,948	12,948
Reserves (ex Revel. Reserve)	1,040,294	1,120,913	1,212,569	1,326,128	1,469,607
Net Worth - Ex Revaluation	1,053,191	1,133,861	1,225,516	1,339,076	1,482,555
Revaluation Reserve	30,445	31,149	30,868	30,986	32,619
Equity Warrant, ESOPs outstanding & Other	47	35	34	33	32
Deposits	6,529,197	7,709,690	8,182,393	9,187,793	10,212,341
Borrowings	1,653,200	1,628,968	1,675,912	1,750,056	1,945,208
Interest Bearing Liabilities (₹ mn)	8,182,396	9,338,658	9,858,305	10,937,848	12,157,549
Other Lia. & Prov.	378,515	479,950	491,226	554,191	609,339
Total Liabilities	9,644,593	10,983,651	11,605,948	12,862,135	14,282,094
Assets					
Cash & Cash Equivalent	802,963	1,191,557	1,232,947	1,347,559	1,474,653
Investments	2,077,327	2,495,315	2,644,136	2,908,209	3,178,728
Credit Equivalent	454,504	446,448	483,362	548,028	621,688
Loan & Advances (₹ mn)	5,866,466	6,452,900	6,840,074	7,660,883	8,618,493
<i>Growth (yoy %)</i>	<i>14.5</i>	<i>10.0</i>	<i>6.0</i>	<i>12.0</i>	<i>12.5</i>
Fixed Assets	79,314	84,103	83,428	83,745	88,160
<i>Other Assets</i>	<i>818,524</i>	<i>759,777</i>	<i>805,363</i>	<i>861,739</i>	<i>922,061</i>
Total Assets	9,644,593	10,983,652	11,605,948	12,862,135	14,282,094

Source: Company, LKP Research

Exhibit: Per share data

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Face Value (₹)	2	2	2	2	2
Adjusted Share O/S (mn)	6,448	6,474	6,474	6,474	6,474
Earnings Per Share (₹)	5.2	12.3	14.2	17.5	22.2
<i>EPS (% YoY)</i>	<i>(50.5)</i>	<i>134.9</i>	<i>15.6</i>	<i>23.9</i>	<i>26.3</i>
<i>P/E (x)</i>	<i>75.7</i>	<i>32.2</i>	<i>27.9</i>	<i>22.5</i>	<i>17.8</i>
Book Value (₹)	163.3	175.1	189.3	206.8	229.0
<i>BVPS (% YoY)</i>	<i>2.8</i>	<i>7.2</i>	<i>8.1</i>	<i>9.3</i>	<i>10.7</i>
<i>P/BV (x)</i>	<i>2.4</i>	<i>2.3</i>	<i>2.1</i>	<i>1.9</i>	<i>1.7</i>
Adj. BV (₹)	152.9	167.5	182.6	200.1	222.3
<i>Adj. BV (% YoY)</i>	<i>11.4</i>	<i>9.5</i>	<i>9.0</i>	<i>9.6</i>	<i>11.1</i>
<i>P/ABV (x)</i>	<i>2.6</i>	<i>2.4</i>	<i>2.2</i>	<i>2.0</i>	<i>1.8</i>

Source: Company, LKP Research

Exhibit: Detailed ROA Tree

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Yields / Margins					
Yield on Advance	8.7	9.3	9.2	9.1	9.0
Yield on Funds	7.6	7.9	7.7	7.7	7.6
Cost of Funds (CoF)	4.7	4.7	4.6	4.5	4.3
Interest Spread	2.9	3.2	3.2	3.2	3.3
NIM's	3.2	3.5	3.5	3.6	3.7
Interest Income / Assets	6.9	7.3	7.1	7.1	7.1
Interest Exp. / Assets	3.9	4.0	3.9	3.8	3.7
NII / Assets	2.9	3.2	3.3	3.3	3.4
Fee Income / Assets	1.3	1.1	0.9	0.9	0.9
Other Non Core Income / Assets	0.1	0.3	0.5	0.2	0.2
Other Income / Assets	1.6	1.6	1.6	1.3	1.3
Net Operating Income / Assets	4.5	4.8	4.9	4.6	4.7
Operating Ratios					
NII to Net Operative Income	65.1	66.9	67.1	71.8	72.4
Other Income to Net Operative Income	34.9	33.1	32.9	28.2	27.6
Empl. Cost/Oper. Exps.	37.6	38.3	38.2	37.4	36.6
Other Op. Exps./Oper. Exps.	62.4	61.7	61.8	62.6	63.4
C/I Ratio (%)	43.6	43.5	43.9	47.2	46.8
Provisions as % PPP	47.3	28.3	33.7	25.9	23.0
Credit Cost (As % of Op. AUM)	3.8	1.7	2.4	1.7	1.5
Effective Tax Rate (%)	10.9	43.5	25.4	25.4	25.4
Employee Exp. / Assets	0.7	0.8	0.8	0.8	0.8
Other Opex/ Assets	1.2	1.3	1.3	1.4	1.4
Total Opex / Assets	2.0	2.1	2.1	2.2	2.2
Operating Profits / Assets	2.5	2.7	2.7	2.4	2.5
Exceptional Items / Assets	-	-	-	-	-
Op Profit ex Except Items / Assets	2.5	2.7	2.7	2.4	2.5
Provisions / Assets	2.1	1.4	1.6	1.2	1.1
Profit Before Tax / Assets	0.4	1.4	1.1	1.2	1.4
Tax Expenses / Assets	0.0	0.6	0.3	0.3	0.4
RoA	0.4	0.8	0.8	0.9	1.1
Leverage (x)	9.2	9.7	9.5	9.6	9.6
RoE	3.2	7.1	7.6	8.6	9.9
Adj. RoA	0.4	0.8	0.8	0.9	1.1
Adj. RoE	3.2	7.1	7.6	8.6	9.9

Source: Company, LKP Research

Exhibit: Balance Sheet Ratio

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Credit / Deposit	89.8	83.7	83.6	83.4	84.4
Incremental C/D	80.8	49.7	81.9	81.6	93.5
Investment Deposit	31.8	32.4	32.3	31.7	31.1
Dom. SLR Investment / Deposits	22.8	24.7	24.4	23.7	23.0
CASA	50.0	45.5	45.8	46.0	46.0

Source: Company, LKP Research

Exhibit: Asset Quality

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Slippage Ratio (%)	2.1	2.4	2.4	1.8	1.5
Gross NPA	456,760	408,291	472,644	429,791	376,814
Gross NPAs Ratio (%)	6.7	5.5	6.9	5.6	4.4
PCR (%)	70.6	75.7	78.0	77.9	79.2
PCR - Inc. Tech w/o (%)	80.7	86.8	-	-	-
Net NPA	134,497	99,232	104,005	94,851	78,547
Net NPAs Ratio (%)	2.1	1.4	1.5	1.2	0.9

Source: Company, LKP Research

Exhibit: Key Assumptions & Forecasts

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Loan & Advances (₹ mn)	5,866,466	6,452,900	6,840,074	7,660,883	8,618,493
Growth (yoy %)	14.5	10.0	6.0	12.0	12.5
Interest Bearing Liabilities (₹ mn)	8,182,396	9,338,658	9,858,305	10,937,848	12,157,549
Growth (yoy %)	14.5	10.0	6.0	12.0	12.5
Yield on Funds	7.6	7.9	7.7	7.7	7.6
Cost of Funds (CoF)	4.7	4.7	4.6	4.5	4.3
Interest Spread	2.9	3.2	3.2	3.2	3.3
NIM's	3.2	3.5	3.5	3.6	3.7
Other Income Growth	20.1	13.3	9.6	(11.3)	10.2
C/I Ratio (%)	43.6	43.5	43.9	47.2	46.8
Effective Tax Rate (%)	10.9	43.5	25.4	25.4	25.4
Return Ratios					
Adj. RoA	0.4	0.8	0.8	0.9	1.1
Adj. RoE	3.2	7.1	7.6	8.6	9.9
Asset Quality Metrics					
Credit Cost (As % of Op. AUM)	3.8	1.7	2.4	1.7	1.5
Gross NPAs Ratio (%)	6.7	5.5	6.9	5.6	4.4
Net NPAs Ratio (%)	2.1	1.4	1.5	1.2	0.9

Source: Company, LKP Research

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