

ICICI BANK | Banking

Sturdy quarter; Comfortable contingent provision

LKP

Result and Price Analysis:

Earnings in 3QFY21 acknowledge our conviction that ICICI Bank is preparing for sustainable, prudent and cautious growth despite some exceptional hiccups owing to Covid. The bank has reported its 3QFY21 results with the key pointers being: 1) NII growth of 16.0% YoY, with headline NIMs (Domestic: 3.67% & Overall: 3.67%) growth of 10bps sequentially despite higher liquidity available (LCR: 146%), 3) PPOP growth of 16.8% YoY and 6.8% sequentially, 4) Lower reported slippages (₹4.7bn v/s ₹30.1bn) led by retail slippages (84% of total slippages), 5) NNPA further down 36bps to 1.26%; where pro-forma GNPA/NNPA ratio stood at 5.42%/1.26%, 6) PCR (excluding technical write-offs) improved 600bps to 86%, however the bank didn't include Covid & general provision (₹164bn) in PCR calculation; 7) Contingent provision (excluding PCR) stood at 2.35% of the loan book, 8) BB & below exposure stood at 1.6% v/s 1.5% of total exposure, 9) the bank's net advances grew by 10.1% YoY and 7.1% sequentially; and 8) deposits witnessed a strong growth of 22.1% YoY with average CASA at 41.8%. However, the bank expects the credit cost normalization by FY22E. Factoring stable balance sheet growth and credit cost of 1.5% in FY22E (same as FY20), we estimate the bank's ROA and ROE of 1.8% and 16.2% respectively. We have positive outlook on the bank with BUY rating.

Collection Efficiencies at pre-Covid level & Contingent provision best among peers: According to SC directive, the NPA recognition stood still, the bank's slippages were minuscule ₹4.7bn v/s ₹30.2bn in previous quarter. Retail slippages and Corporate & SME slippages contributed 84%, and 16% respectively. Pursuant to the Supreme Court's interim order dated 3rd Sep-2020, loans amounting to ₹25.46bn (0.4% of loan book) were not classified as NPA in 3QFY21. ₹8.37bn was from retail loan portfolio and ₹17.09bn was from the corporate & SME loan portfolio. The bank holds provision of ₹3.85bn, which is higher than the RBI requirements. Total provisioning expenses decreased and stood at ₹27.4bn v/s ₹29.9bn in the previous quarter. It includes ₹30.12bn of Covid provision. In 3QFY21, the bank used ₹18bn from existing Covid provisions. The total Covid provision (₹99.8bn), General Provision (₹50.2bn), Provision on Non-fund based NPA (₹14bn). The PCR including all provisions (Covid + General + Contingencies) stood at 133% of GNPL. The contingent provision (excluding PCR) stood 2.35% of the loan. The management expects the standard asset contingent provision to be adequate.

Healthy operating quarter: NII has grown at a healthy rate of 16% YoY and 6% QoQ. NIMs inched up 10bps to 3.67% despite higher liquidity available with LCR of 146%. Non – interest income grew by 16.3% sequentially. The PPOP grew 16.8% and 6.8% sequentially. With lower provisioning (₹27.4bn v/s ₹29.9bn in 2QFY21) the bank has made profit of ₹49.4bn v/s ₹42bn in previous quarter.

Healthy business growth led by deposit accretion: The bank's advances stood at ₹6.99tn; 10.1% YoY and 7.1% QoQ. Till 27th Jan 2021, ICICI Bank disbursed ~₹120bn under ECLGS 1.0 and ₹6bn under ECLGS 2.0. Domestic advances (93.5% contribution) grew by 7.5% QoQ. The bank's deposit stood at ₹8.74tn grew by 22.1% YoY and 5% QoQ. The Avg. CASA inched up 150bps to 41.8%.

Outlook & Valuations

We expect its loan book to fatten cautiously at CAGR of 14.5% over FY21-23E, led by balanced growth across segments. In our opinion, the bank's credit cost will normalise by FY22E and estimate return ratio ROA/ROE of 1.8% and 16.5% in FY22E. We value the standalone entity at 2.7x FY22E BVPS (₹222) and investment in subsidiaries and JVs (₹113 per share); to arrive at a target price of ₹703. We recommend BUY rating with a potential upside of 31%.

Key Financials (₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
NII	270,148	332,671	386,843	450,072	525,803
Operating Profit	234,379	281,013	366,517	430,428	508,805
Reported Profits	33,633	79,308	166,052	232,977	281,288
Net Worth	1,053,191	1,133,861	1,299,913	1,532,890	1,814,178
Loan & Advances	5,866,466	6,452,900	7,269,837	8,360,312	9,697,962
Int. Bearing Liabilities	8,182,396	9,338,658	10,348,524	11,700,746	13,303,663

Key Ratios (%)	FY19	FY20	FY21E	FY22E	FY23E
NIM's	3.2	3.5	3.6	3.8	3.9
C/I Ratio	43.6	43.5	37.2	35.4	33.7
Gross NPA Ratio	6.7	5.5	5.5	4.4	3.3
Tier 1 Ratio	15.1	16.0	14.6	14.9	15.3
Adj. RoA Ratio	0.4	0.8	1.4	1.8	1.9
Adj. RoE Ratio	3.2	7.1	13.3	16.2	16.5

Rating	Buy
Current Market Price (₹)	539
12 M Price Target (₹)	703
Potential upside (%)	31

Stock Data

FV (₹) :	2
Market Cap Full (₹ bn) :	3,721
Market Cap Free Float (₹ bn) :	3,707
52-Week High / Low (₹) :	561 / 268
2-Year High / Low (₹) :	561 / 268
1 Year Avg. Dly Traded Volume (in lakh)	376
BSE Code / NSE Symbol :	532174 / ICICIBANK
Bloomberg :	ICICIB IN

Shareholding Pattern (%)

	Dec-20	Sep-20	Jun-20	Mar-20
FPIs	47.43	45.66	42.96	43.70
MFs	26.35	27.07	28.28	27.61
Insurance	13.40	13.92	14.80	14.52
Others	12.82	13.35	13.96	14.17

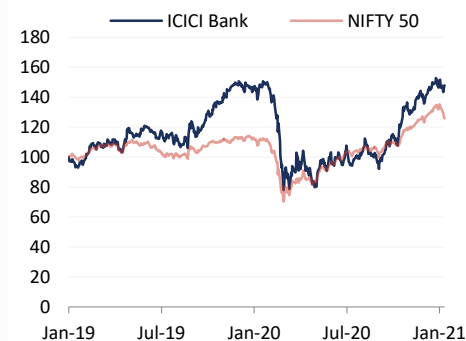
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
ICICI Bank	2%	34%	53%	2%
Nifty 50	-2%	17%	22%	12%

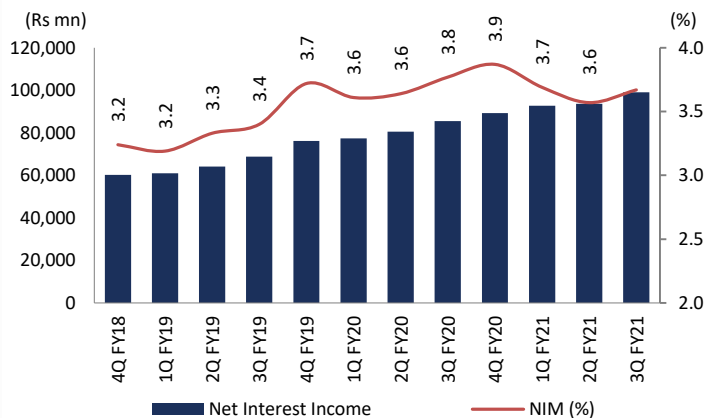
* To date / current date : January 30, 2021

ICICI Bank vs Nifty 50



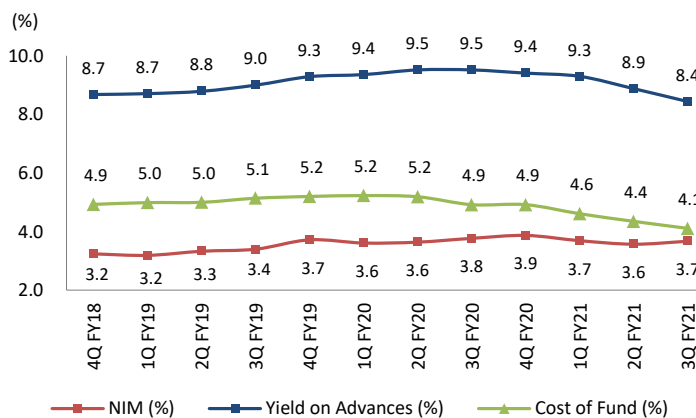
Quarterly Story in Charts

NII Trend



Source: Company, LKP Research

Yield & Margin's Trend

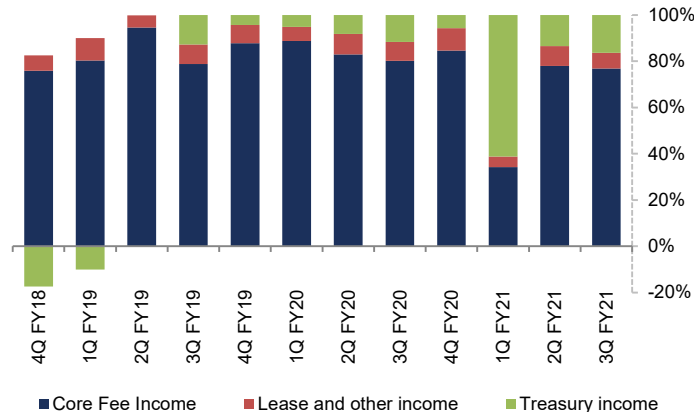


Other Income Trend

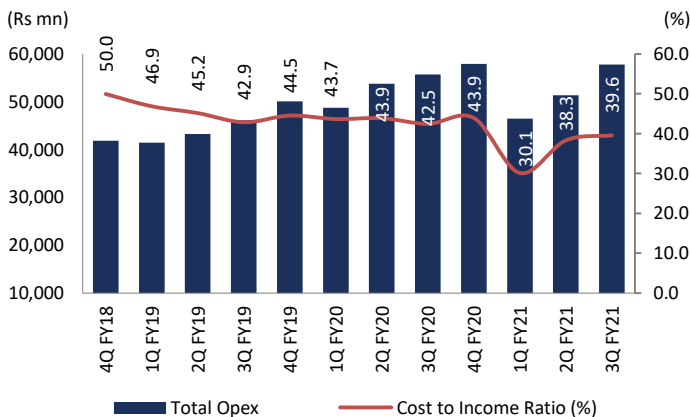


Source: Company, LKP Research

Other Income Mix Trend

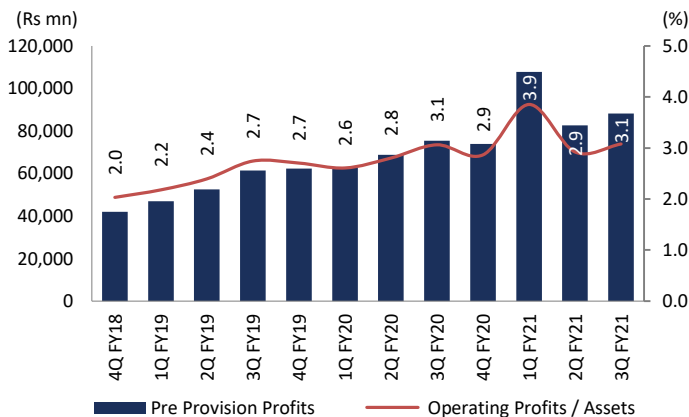


Total Opex Trend

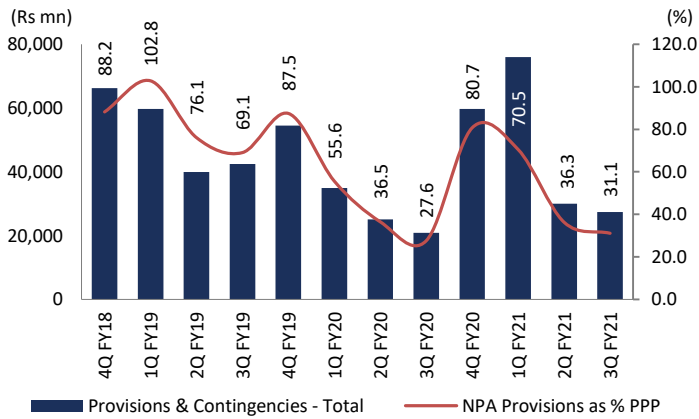


Source: Company, LKP Research

Pre Provision Profit Trend

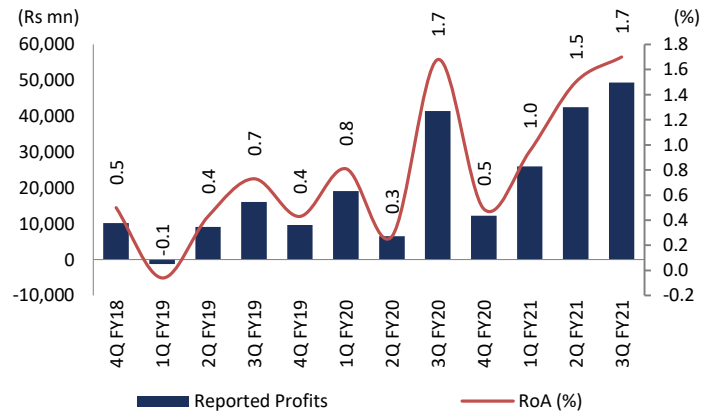


Provision Expenses Trend

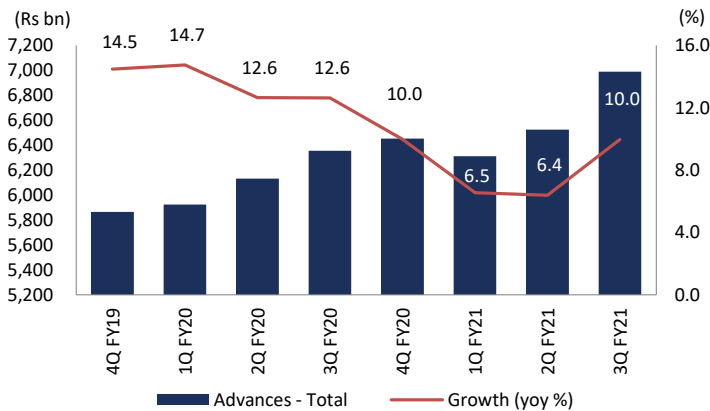


Source: Company, LKP Research

Reported Profit Trend

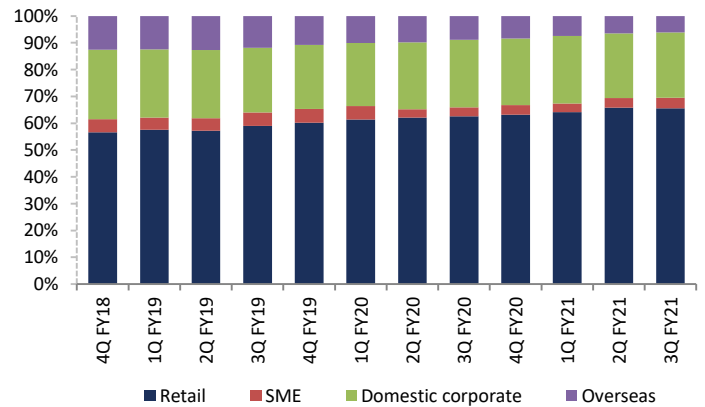


Loan Book Trend

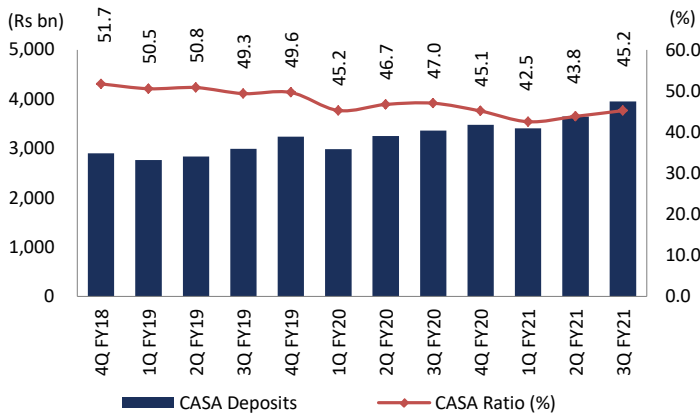


Source: Company, LKP Research

Loan Book Mix Trend

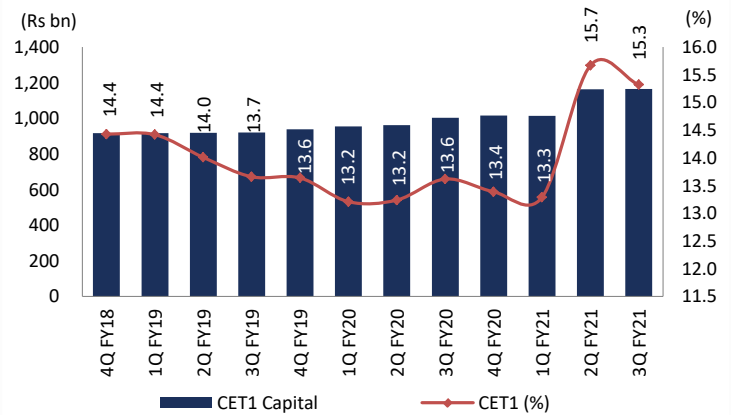


CASA Deposit Trend

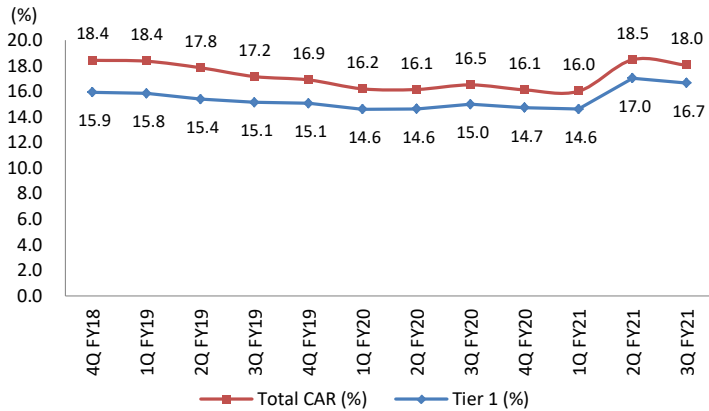


Source: Company, LKP Research

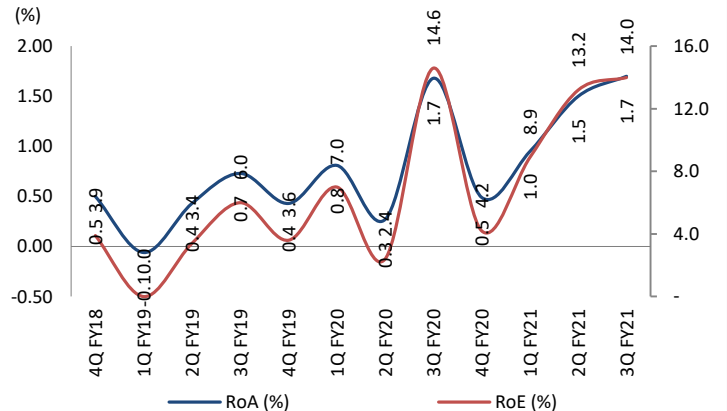
CET 1 Ratio Trend



CRAR & Tier 1 Ratio Trend

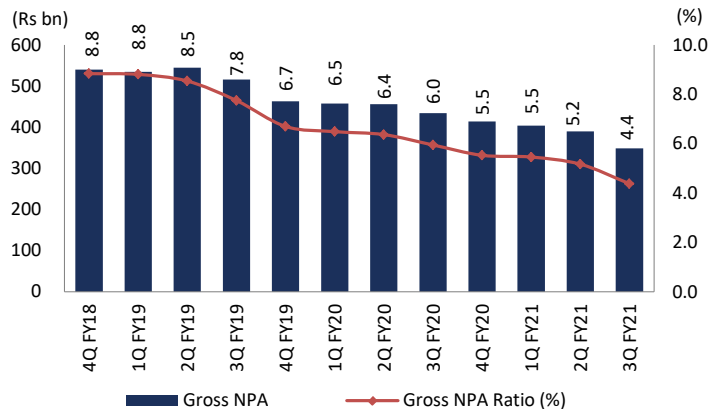


Return Ratio Trend

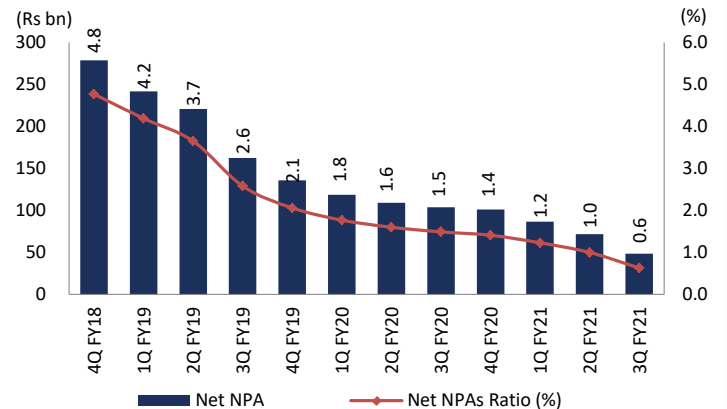


Source: Company, LKP Research

Gross NPA Trend

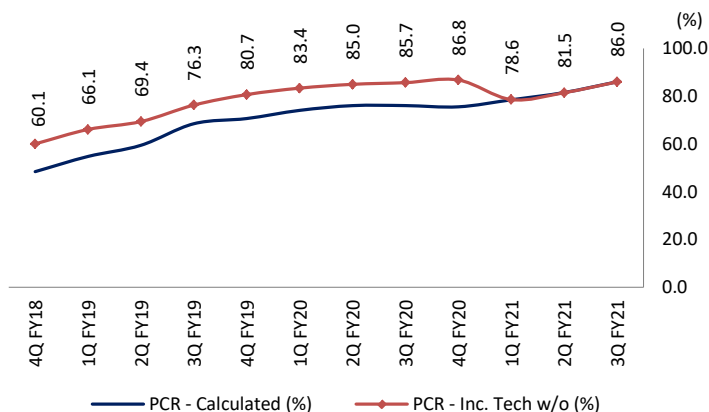


Net NPA Trend

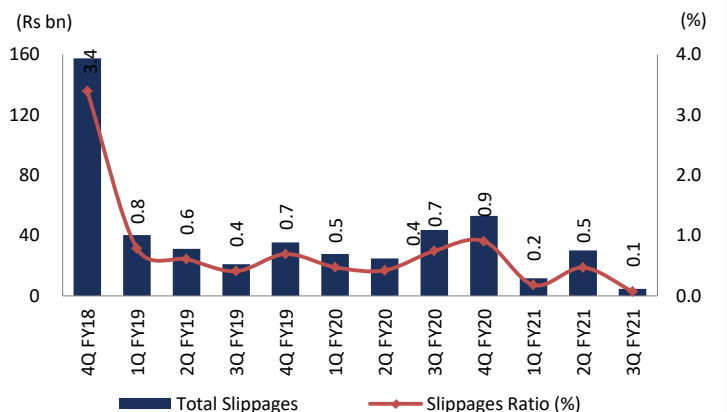


Source: Company, LKP Research

PCR Trend



Slippages Trend



Source: Company, LKP Research

Financial Performance at a glance

Exhibit: Income Statement Analysis

(₹ mn)	3Q FY21	3Q FY20	% yoy / bps	2Q FY21	% qoq / bps	FY20	FY19	% yoy / bps
Int. on Loan	1,40,348	1,47,956	(5.1)	1,40,379	(0.0)	5,75,511	4,79,426	20.0
Int. on Investment	41,205	36,789	12.0	43,138	(4.5)	1,46,732	1,27,969	14.7
Int. on Balances	4,581	1,842	148.7	4,211	8.8	6,822	7,361	(7.3)
Int. Others	11,164	4,055	175.3	8,496	31.4	18,918	19,256	(1.8)
Interest Inc.	1,97,298	1,90,643	3.5	1,96,225	0.5	7,47,983	6,34,012	18.0
Yield on Advances (%)	8.4	9.5	(108)	8.9	(44)	9.5	9.0	49
Yield on Assets (%)	7.3	8.4	(110)	7.5	(17)	8.4	8.0	35
Interest Expenses	98,173	1,05,190	(6.7)	1,02,564	(4.3)	4,15,313	3,63,864	14.1
Cost of Dep. (%)	4.0	5.1	(109)	4.2	(25)	5.0	4.9	9
Cost of Fund (%)	4.1	4.9	(81)	4.4	(24)	5.1	5.0	9
Net Interest Income	99,125	85,453	16.0	93,661	5.8	3,32,671	2,70,148	23.1
NII to Net Operative Income	67.9	65.1	276	69.9	(203)	66.9	65.1	186
NIM (%)	3.67	3.8	(10)	3.6	10	3.7	3.4	31
Dom. NIM (%)	3.7	4.0	(37)	3.7	(5)	4.0	3.8	24
Int. NIM (%)	0.3	0.4	(4)	0.3	8	0.4	0.3	5
Core Fee Income	36,010	36,678	(1.8)	31,390	14.7	1,37,828	1,19,890	15.0
Non Core Other Income	10,853	9,062	19.8	8,893	22.0	26,659	14,132	88.6
Other Income - Total	46,863	45,740	2.5	40,283	16.3	1,64,486	1,45,122	13.3
Other Inc to Net Oper. Income (%)	32.1	34.9	(276)	30.1	203	33.1	34.9	(186)
Net Operating Revenue	1,45,987	1,31,193	11.3	1,33,944	9.0	4,97,157	4,15,270	19.7
Employee Expenses	19,499	19,421	0.4	19,673	(0.9)	82,712	68,082	21.5
Empl. Cost/Oper. Exps. (%)	13.4	14.8	(145)	14.7	(133)	16.6	16.4	24
Other Opex	38,290	36,286	5.5	31,660	20.9	1,33,432	1,12,808	18.3
Other Opex/ Assets (%)	0.3	0.4	(3)	0.3	5	1.3	1.2	7
Total Opex	57,790	55,707	3.7	51,333	12.6	2,16,144	1,80,891	19.5
Cost to Income Ratio (%)	39.6	42.5	(288)	38.3	126	43.5	43.6	(8)
Pre Provision Profits	88,198	75,486	16.8	82,611	6.8	2,81,013	2,34,379	19.9
Provisions & Contingencies - Total	27,417	20,832	31.6	29,953	(8.5)	1,40,532	1,96,611	(28.5)
NPA Provisions as % PPP	31.1	27.6	349	36.3	(517)	50.0	83.9	(3,388)
Profit Before Tax	60,780	54,654	11.2	52,658	15.4	1,40,480	37,768	272.0
Tax	11,385	13,190	(13.7)	10,145	12.2	84,884	(25,545)	(432.3)
Effective Tax Rate (%)	18.7	24.1	(540)	19.3	(54)	60.4	(67.6)	12,806
Reported Profits	49,396	41,465	19.1	42,513	16.2	55,596	63,313	(12.2)
RoA (%)	1.7	1.7	2	1.5	20	-	0.4	-
RoE (%)	14.0	14.6	(60)	13.2	80	-	-	-

Source: Company, LKP Research

Exhibit: Balance Sheet Analysis

(₹ mn)	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	QoQ % / bps	YoY % / bps
Net Worth	1,106,060	1,149,976	1,165,009	1,186,160	1,376,489	1,427,653	3.7	24.1
RoE (%)	2.4	14.6	4.2	8.9	13.2	14.0	80	(60)
CET1 (%)	13.2	13.6	13.4	13.3	15.7	15.3	(35)	170
Tier 1 (%)	14.6	15.0	14.7	14.6	17.0	16.7	(37)	167
Total CAR (%)	16.1	16.5	16.1	16.0	18.5	18.0	(43)	154
RWA - Total	7,263,560	7,369,730	7,594,900	7,635,830	7,428,650	7,599,830	2.3	3.1
Advances - Total	6,133,587	6,356,543	6,452,900	6,312,146	6,526,080	6,990,175	7.1	10.0
Investments	2,233,756	2,274,800	2,495,315	3,018,511	2,896,230	2,752,606	(5.0)	21.0
Total Assets	9,970,109	10,070,680	10,983,652	11,386,127	11,629,712	11,932,172	2.6	18.5
RoA (%)	0.27	1.68	0.49	0.95	1.50	1.70	20	2
Deposits	6,962,730	7,163,451	7,709,690	8,016,223	8,329,356	8,743,476	5.0	22.1
Saving Deposit	2,305,690	2,354,200	2,455,910	957,800	1,075,170	2,786,740	159.2	18.4
Current Deposit	944,310	1,009,890	1,022,270	2,448,360	2,570,630	1,167,410	(54.6)	15.6
CASA Deposits	3,250,000	3,364,090	3,478,180	3,406,160	3,645,800	3,954,160	8.5	17.5
CASA Ratio (%)	46.7	47.0	45.1	42.5	43.8	45.2	140	(180)
Term Deposits	3,712,730	3,799,361	4,231,510	4,610,063	4,683,556	4,789,316	2.3	26.1
Interest Bearing Liabilities - Total	8,473,058	8,537,198	9,338,658	9,665,403	9,693,625	9,859,556	1.7	15.5

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	3Q FY21		FY19	FY20	3Q FY21	FY19	FY20	3Q FY21
Home	1,500,570	1,782,360	2,002,240	2,257,570	20.4	18.8	12.3	12.8	37.5	15.8	27.0
Vehicle Loans	468,390	556,660	583,310	624,490	5.6	18.8	4.8	7.1	11.8	1.9	4.4
Business Banking	135,260	18,450	265,630	349,960	3.2	(86.4)	1,339.7	31.7	(15.6)	17.7	8.9
Rural & Other	432,540	499,600	568,500	673,780	6.1	15.5	13.8	18.5	8.9	4.9	11.1
Retails - Other	59,720	68,050	50,930	45,430	0.4	13.9	(25.2)	(10.8)	1.1	(1.2)	(0.6)
Personal Loans	208,660	310,150	452,880	463,930	4.2	48.6	46.0	2.4	13.5	10.2	1.2
Credit Cards	93,790	123,040	156,540	172,630	1.6	31.2	27.2	10.3	3.9	2.4	1.7
Unsecured Retail loans	302,460	433,190	609,420	636,560	5.7	43.2	40.7	4.5	17.4	12.7	2.9
Retail	2,898,940	3,528,310	4,080,030	4,587,780	41.4	21.7	15.6	12.4	83.8	39.6	53.7
SME	254,450	306,090	228,510	270,930	2.4	20.3	(25.3)	18.6	6.9	(5.6)	4.5
Domestic corporate	1,326,260	1,401,740	1,604,700	1,700,840	15.3	5.7	14.5	6.0	10.0	14.6	10.2
Domestic book	4,479,650	5,236,140	5,913,230	6,559,560	59.2	16.9	12.9	10.9	100.7	48.6	68.3
Overseas	645,618	630,320	539,670	430,610	3.9	(2.4)	(14.4)	(20.2)	(2.0)	(6.5)	(11.5)
Advances - Total	5,123,953	5,866,466	6,452,900	6,990,175	63.1	14.5	10.0	8.3	98.8	42.1	56.8
Yield on Advances (%)	8.6	9.0	9.5	8.4		33	49	(101)			
Investments	2,029,942	2,077,327	2,495,315	2,752,606	24.8	2.3	20.1	10.3	6.3	30.0	27.2
Cash & Cash Equivalent	841,694	802,963	1,191,557	1,342,695	12.1	(4.6)	48.4	12.7	(5.2)	27.9	16.0
Working Assets	7,995,588	8,746,755	10,139,772	11,085,476	100.0	9.4	15.9	9.3	100.0	100.0	100.0
Yield on Assets (%)	7.7	8.0	8.4	7.3		32	35	(108)			

Source: Company, LKP Research

Exhibit: Funding Profile Analysis

(₹ mn)	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	8,473,058	8,537,198	9,338,658	9,665,403	9,693,625	9,859,556	1.7	15.5
Deposits	6,962,730	7,163,451	7,709,690	8,016,223	8,329,356	8,743,476	5.0	22.1
CASA Deposits	3,250,000	3,364,090	3,478,180	3,406,160	3,645,800	3,954,160	8.5	17.5
Saving Deposit	2,305,690	2,354,200	2,455,910	957,800	1,075,170	2,786,740	159.2	18.4
Current Deposit	944,310	1,009,890	1,022,270	2,448,360	2,570,630	1,167,410	(54.6)	15.6
Term Deposits	3,712,730	3,799,361	4,231,510	4,610,063	4,683,556	4,789,316	2.3	26.1
Borrowings	1,510,328	1,373,747	1,628,968	1,649,180	1,364,269	1,116,081	(18.2)	(18.8)
Interest Bearing Liabilities - Total	8,473,058	8,537,198	9,338,658	9,665,403	9,693,625	9,859,556	1.7	15.5

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	3Q FY21		FY19	FY20	3Q FY21	FY19	FY20	3Q FY21
Deposits	5,609,752	6,529,197	7,709,690	8,743,476	77.5	16.4	18.1	13.4	118.5	95.4	131.9
Saving Deposit	2,009,671	2,276,709	2,455,909	2,786,740	24.7	13.3	7.9	13.5	34.4	14.5	42.2
Current Deposit	889,582	962,690	1,022,276	1,167,410	10.3	8.2	6.2	14.2	9.4	4.8	18.5
CASA Deposits	2,899,253	3,239,399	3,478,185	3,954,160	35.0	11.7	7.4	13.7	43.8	19.3	60.7
Term Deposits	2,710,499	3,289,798	4,231,505	4,789,316	42.4	21.4	28.6	13.2	74.6	76.1	71.2
Borrowings	1,828,586	1,653,200	1,628,968	1,116,081	9.9	(9.6)	(1.5)	(31.5)	(22.6)	(2.0)	(65.5)
Interest Bearing Liabilities - Total	7,438,338	8,182,396	9,338,658	9,859,556	87.4	10.0	14.1	5.6	95.9	93.4	66.5
Cost of Fund (%)	5.0	5.0	5.1	4.1		-	9	(98)			
Net Worth	1,051,536	1,083,636	1,165,009	1,427,653	12.6	3.1	7.5	22.5	4.1	6.6	33.5
Working Fund	8,489,874	9,266,032	10,503,667	11,287,209	100.0	9.1	13.4	7.5	100.0	100.0	100.0
Interest Exp. / Assets	3.87	3.95	4.03	3.4		8	8	(60)			

Source: Company, LKP Research

Exhibit: Asset Quality Analysis

(₹ mn)	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	QoQ % / bps	YoY % / bps
Total Slippages	24,820	43,630	53,060	11,600	30,170	4,710	(84.4)	(89.2)
Slippages Ratio (%)	0.42	0.74	0.90	0.18	0.47	0.07	(39)	(67)
Gross NPA	456,388	434,539	414,092	403,862	389,892	348,604	(10.6)	(19.8)
Gross NPAs Ratio (%)	6.37	5.95	5.53	5.46	5.17	4.38	(79)	(157)
PCR - Calculated (%)	76.1	76.1	75.6	78.5	81.6	86.1	449	996
PCR - Inc. Tech w/o (%)	85.0	85.7	86.8	78.6	81.5	86.0	450	30
Net NPA	109,164	103,885	101,139	86,747	71,875	48,606	(32.4)	(53.2)
Net NPAs Ratio (%)	1.60	1.49	1.41	1.23	1.00	0.63	(37)	(86)

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	792,361	899,420	1,031,889
Interest Expenses	363,864	415,313	405,519	449,348	506,086
Net Interest Income	270,148	332,671	386,843	450,072	525,803
<i>NIM (%)</i>	3.23	3.52	3.63	3.77	3.87
Other Income - Total	145,122	164,486	196,569	216,496	241,313
Net Operating Revenue	415,270	497,157	583,411	666,568	767,116
Employee Exp.	68,082	82,712	82,795	85,279	87,837
Other Opex	112,808	133,432	134,099	150,861	170,473
Total Opex	180,891	216,144	216,894	236,140	258,311
<i>C/I Ratio (%)</i>	43.56	43.48	37.18	35.43	33.67
Pre Provision Profits	234,379	281,013	366,517	430,428	508,805
<i>PPP Growth (yoy %)</i>	20.8	19.9	30.4	17.4	18.2
Provisions & Contingencies - Total	196,611	140,532	158,952	139,206	157,196
<i>Credit Cost (As % of Op. AUM)</i>	3.77	1.71	2.00	1.50	1.50
Profit Before Tax	37,768	140,480	207,565	291,222	351,610
Tax	4,135	61,172	41,513	58,244	70,322
<i>Effective Tax Rate (%)</i>	10.9	43.5	20.0	20.0	20.0
Reported Profits	33,633	79,308	166,052	232,977	281,288
<i>PAT Growth (yoy %)</i>	(50.4)	135.8	109.4	40.3	20.7

Source: Company, LKP Research

Exhibit: Balance Sheet

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	12,897	12,948	13,810	13,810	13,810
Reserves (ex Revel. Reserve)	1,040,294	1,120,913	1,286,103	1,519,081	1,800,368
Net Worth - Ex Revaluation	1,053,191	1,133,861	1,299,913	1,532,890	1,814,178
Revaluation Reserve	30,445	31,149	25,611	26,538	28,551
Equity Warrant, ESOPs outstanding & Other	47	35	34	33	32
Deposits	6,529,197	7,709,690	8,837,640	10,062,641	11,441,150
Borrowings	1,653,200	1,628,968	1,510,885	1,638,104	1,862,513
Interest Bearing Liabilities (₹ mn)	8,182,396	9,338,658	10,348,524	11,700,746	13,303,663
Other Lia. & Prov.	378,515	479,950	419,441	395,250	357,084
Total Liabilities	9,644,593	10,983,651	12,093,523	13,655,456	15,503,507
Assets					
Cash & Cash Equivalent	802,963	1,191,557	1,288,817	1,436,736	1,609,586
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	7,269,837	8,360,312	9,697,962
<i>Growth (yoy %)</i>	<i>14.5</i>	<i>10.0</i>	<i>12.7</i>	<i>15.0</i>	<i>16.0</i>
Fixed Assets	79,314	84,103	85,370	88,460	95,170
Other Assets	818,524	759,777	805,363	861,739	922,061
Total Assets	9,644,593	10,983,652	12,093,523	13,655,456	15,503,507

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	6,905	6,905	6,905
Earnings Per Share (₹)	5.2	12.3	24.0	33.7	40.7
EPS (% YoY)	(50.5)	134.9	96.3	40.3	20.7
P/E (x)	103.0	43.8	22.3	15.9	13.2
Book Value (₹)	163.3	175.1	188.3	222.0	262.7
BVPS (% YoY)	2.8	7.2	7.5	17.9	18.4
P/BV (x)	3.3	3.1	2.9	2.4	2.0
Adj. BV (₹)	152.9	167.5	184.7	218.5	259.2
Adj. BV (% YoY)	11.4	9.5	10.3	18.3	18.6
P/ABV (x)	3.5	3.2	2.9	2.5	2.1

Source: Company, LKP Research

Exhibit: Detailed ROA Tree

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Yields / Margins					
<i>Yield on Advance</i>	8.7	9.3	8.7	8.8	8.9
<i>Yield on Funds</i>	7.6	7.9	7.4	7.5	7.6
<i>Cost of Funds (CoF)</i>	4.7	4.7	4.1	4.1	4.0
<i>Interest Spread</i>	2.9	3.2	3.3	3.4	3.5
<i>NIM's</i>	3.2	3.5	3.6	3.8	3.9
<i>Interest Income / Assets</i>	6.9	7.3	6.9	7.0	7.1
<i>Interest Exp. / Assets</i>	3.9	4.0	3.5	3.5	3.5
<i>NII / Assets</i>	2.9	3.2	3.4	3.5	3.6
<i>Fee Income / Assets</i>	1.3	1.1	1.1	1.0	1.0
<i>Other Non Core Income / Assets</i>	0.1	0.3	0.5	0.5	0.5
<i>Other Income / Assets</i>	1.6	1.6	1.7	1.7	1.7
<i>Net Operating Income / Assets</i>	4.5	4.8	5.1	5.2	5.3
Operating Ratios					
<i>NII to Net Operative Income</i>	65.1	66.9	66.3	67.5	68.5
<i>Other Income to Net Operative Income</i>	34.9	33.1	33.7	32.5	31.5
<i>Empl. Cost/Oper. Exps.</i>	37.6	38.3	38.2	36.1	34.0
<i>Other Op. Exps./Oper. Exps.</i>	62.4	61.7	61.8	63.9	66.0
<i>C/I Ratio (%)</i>	43.6	43.5	37.2	35.4	33.7
<i>Provisions as % PPP</i>	47.3	28.3	27.2	20.9	20.5
<i>Credit Cost (As % of Op. AUM)</i>	3.8	1.7	2.0	1.5	1.5
<i>Effective Tax Rate (%)</i>	10.9	43.5	20.0	20.0	20.0
<i>Employee Exp. / Assets</i>	0.7	0.8	0.7	0.7	0.6
<i>Other Opex/ Assets</i>	1.2	1.3	1.2	1.2	1.2
<i>Total Opex / Assets</i>	2.0	2.1	1.9	1.8	1.8
<i>Operating Profits / Assets</i>	2.5	2.7	3.2	3.3	3.5
<i>Exceptional Items / Assets</i>	-	-	-	-	-
<i>Op Profit ex Except Items / Assets</i>	2.5	2.7	3.2	3.3	3.5
<i>Provisions / Assets</i>	2.1	1.4	1.4	1.1	1.1
<i>Profit Before Tax / Assets</i>	0.4	1.4	1.8	2.3	2.4
<i>Tax Expenses / Assets</i>	0.0	0.6	0.4	0.5	0.5
<i>RoA</i>	0.4	0.8	1.4	1.8	1.9
<i>Leverage (x)</i>	9.2	9.7	9.3	8.9	8.5
<i>RoE</i>	3.2	7.1	13.3	16.2	16.5
<i>Adj. RoA</i>	0.4	0.8	1.4	1.8	1.9
<i>Adj. RoE</i>	3.2	7.1	13.3	16.2	16.5

Source: Company, LKP Research

Exhibit: Balance Sheet Ratio

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Credit / Deposit Ratio	89.8	83.7	82.3	83.1	84.8
Incremental C/D Ratio	80.8	49.7	72.4	89.0	97.0
Investment Deposit Ratio	31.8	32.4	29.9	28.9	27.8
Dom. SLR Investment / Deposits	22.8	24.7	22.6	21.6	20.6
CASA Ratio	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	397,797	365,752	320,504
Gross NPAs Ratio (%)	6.7	5.5	5.5	4.4	3.3
PCR (%)	70.6	75.7	73.9	73.3	72.1
PCR - Inc. Tech w/o (%)	80.7	86.8	-	-	-
Net NPA	134,497	99,232	104,005	97,785	89,504
Net NPAs Ratio (%)	2.1	1.4	1.4	1.2	0.9

Source: Company, LKP Research

Exhibit : Key Assumptions & Forecasts

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Loan & Advances (Rs mn)	5,866,466	6,452,900	7,269,837	8,360,312	9,697,962
Growth (yoy %)	14.5	10.0	12.7	15.0	16.0
Interest Bearing Liabilities (Rs mn)	8,182,396	9,338,658	10,348,524	11,700,746	13,303,663
Growth (yoy %)	14.5	10.0	12.7	15.0	16.0
Yield on Funds	7.6	7.9	7.4	7.5	7.6
Cost of Funds (CoF)	4.7	4.7	4.1	4.1	4.0
Interest Spread	2.9	3.2	3.3	3.4	3.5
NIM's	3.2	3.5	3.6	3.8	3.9
Other Income Growth	20.1	13.3	19.5	10.1	11.5
C/I Ratio (%)	43.6	43.5	37.2	35.4	33.7
Effective Tax Rate (%)	10.9	43.5	20.0	20.0	20.0
Return Ratios					
Adj. RoA	0.4	0.8	1.4	1.8	1.9
Adj. RoE	3.2	7.1	13.3	16.2	16.5
Asset Quality Metrics					
Credit Cost (As % of Op. AUM)	3.8	1.7	2.0	1.5	1.5
Gross NPAs Ratio (%)	6.7	5.5	5.5	4.4	3.3
Net NPAs Ratio (%)	2.1	1.4	1.4	1.2	0.9

Source: Company, LKP Research

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