

# ICICI BANK | Banking

Sound credit growth driven by retail book; credit quality intact

# LKP

## Result and Price Analysis

Earnings in 2QFY22 re-acknowledge our conviction that ICICI Bank is preparing for sustainable, prudent and cautious growth with improvement in economic activities. The bank has reported its 2QFY22 results with the key pointers being: 1) Strong NII growth of 25% YoY, with headline NIMs (Domestic: 4.1% & Overall: 4%) growth of 10bps sequentially despite higher liquidity available (LCR: 133%). 2) PPOP growth of 12% sequentially driven by higher treasury income, 3) Reported slippages (₹56bn) lower sequentially, gradually reaching pre-covid levels. 4) NNPA ratio stable at 0.99%, 5) PCR (excluding technical write-offs) inched up 170bps and stood at 80.1%. The Bank made no additional covid provision. However the bank didn't include covid & general provision (₹150bn) in PCR calculation; 7) Contingent provision (excluding PCR) stood at 1.95% of the loan book, 8) BB & below exposure stood flat at 1.7% of net advances, 9) the bank's net advances grew by 17% YoY and 4% sequentially; and 8) deposits grew up by 5.5% QoQ with 40bps improvement in average CASA at 44.1%. However, the bank expects the credit cost normalization by 2nd half of FY22E. Factoring stable balance sheet growth and credit cost of 1.6% in FY22E (same as FY20), we estimate the bank's ROA and ROE of 1.6% and 13.6% respectively. We have positive outlook on the bank with BUY rating.

## Gazing the Core:

**Asset quality improved further, credit cost normalization in 2nd half of FY22E:** Slippages were down at ₹56bn v/s ₹72bn in the previous quarter. Retail slippages and Corporate & SME slippages contributed 83%, and 17% respectively. Despite significant contribution, retail slippages down 32% sequentially. The standard restructured book stood at ₹97bn (1.3% of portfolio) v/s ₹47bn (0.7% of book) in 1QFY22. The absolute GNPA decreased by 4% sequentially led by lower slippages and higher up-grades. As on 2QFY22, the bank's GNPA/NNPA/PCR stood at 4.82%/0.99%/80.1% against 5.15%/1.16%/78.4% in the previous quarter. The GNPA ratio up because of lower recoveries. With moderation in stress, the total provisioning expenses down sequentially and stood at ₹27bn v/s ₹29bn in the previous quarter. The bank didn't make additional covid provision this quarter; the total covid provisioning stood ₹64.3bn. The total additional provision contain covid provision (₹64.3bn), General Provision (₹67bn) and Provision on Non-fund based NPA (₹18bn).

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	3,32,671	3,89,894	4,48,123	5,15,049	5,94,559
Operating Profit	2,81,013	3,63,971	4,23,540	4,85,763	5,57,172
Reported Profits	79,308	1,61,927	2,15,273	2,56,104	3,07,072
Net Worth	11,33,861	14,44,125	16,59,398	19,15,502	22,22,574
Loan & Advances	64,52,900	73,37,291	84,37,885	97,87,946	1,14,51,897
Int. Bearing Liabilities	93,38,658	1,02,41,531	1,15,82,367	1,32,33,414	1,52,74,662

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIM's	3.5	3.6	3.7	3.7	3.7
C/I Ratio	43.5	37.2	36.4	36.5	36.8
Gross NPA Ratio	5.5	5.0	4.6	3.7	3.0
Tier 1 Ratio	16.0	15.7	15.7	15.6	15.3
Adj. RoA Ratio	0.8	1.4	1.6	1.7	1.8
Adj. RoE Ratio	7.1	12.3	13.6	14.1	14.6

Rating	Buy
Current Market Price (₹)	759
12 M Price Target (₹)	1,020
Potential upside (%)	34

## Stock Data

FV (₹) :	2
Market Cap Full (₹ bn) :	5,257
Market Cap Free Float (₹ bn) :	5,257
52-Week High / Low (₹) :	388 / 766
2-Year High / Low (₹) :	268 / 766
1 Year Avg. Dly Traded Volume (in lakh)	210
BSE Code / NSE Symbol	532174 / ICICIBANK
Bloomberg :	ICICIB IN

## Shareholding Pattern (%)

	Sep-21	Jun-21	Mar-21	Dec-20
FPIs	47.29	48.01	47.78	47.43
MFs	27.21	26.26	26.07	26.35
Insurance	12.38	12.56	12.85	13.40
Others	13.12	13.17	13.30	12.82

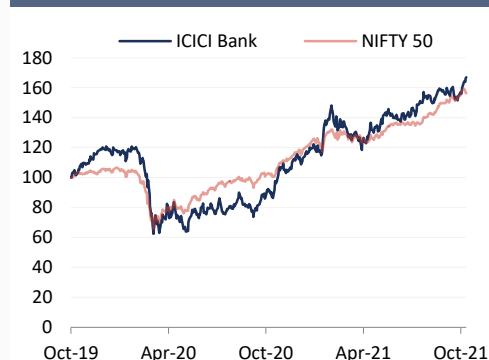
Source: BSE

## Price Performance (%)

(%)	1M	3M	6M	1YR
ICICI Bank	7.9%	15.7%	31.1%	83.9%
Nifty 50	3.2%	14.5%	25.7%	52.3%

\* To date / current date : October 22, 2021

## ICICI Bank vs Nifty 50



The PCR including all provisions (Cumulative + covid + General + Contingencies) stood at 116% of GNPL. The contingent provision (excluding PCR) stood 1.95% of the loan. The management expects the standard asset contingent provision to be adequate to face the stress emerging from the restructuring and also expects credit cost normalization to 1.2% - 1.3%. The bank's BB & below rated pool came down (₹127bn v/s ₹139bn) contributes 1.7% of total customer assets. From 4QFY21, non-fund based outstanding NPA is excluded from BB & below.

**Superlative operating quarter:** The bank's quarterly NII stood at ₹116bn; grew by 25% YoY and 7% sequentially driven by 11bps improvement in domestic NIMs at 4.09%. NIMs improvement was because of 11bps ease in COF. \*Non-interest income\* grew by 20% sequentially because of higher treasury income. The PPOP stood at ₹99bn; grew by 12% sequentially. With sequentially lower provisioning expenses (₹27bn v/s ₹29bn) the bank reported PAT of ₹55bn; grew 30% YoY and 19% sequentially.

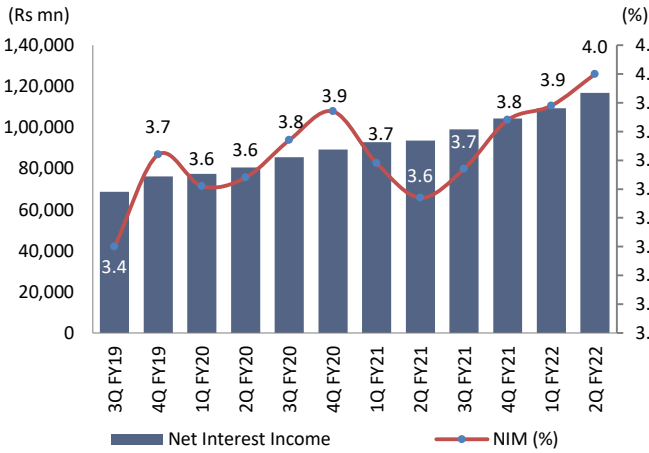
**Sound credit growth led by retail book:** With the increase in economic activity; disbursement across retail products increased sequentially and close to 4QFY21 levels. The bank's advances stood at ₹7.7tn; 17% YoY and 3.6% QoQ. Domestic advances grew 19% YoY. The bank has disbursed ₹138bn under ECLGS 1.0, ₹19bn under ECLGS 2.0 and ₹2bn under ECLGS 3.0. Domestic advances (94.9% contribution) grew by 4% QoQ. Foreign advances de-grew by 3.5% QoQ. Retail advances (68% contribution) grew by 5.6% QoQ. SME advances (4% contribution) grew by 11.3% QoQ. Corporate advances (23% contribution) de-grew by 0.8% QoQ. In retail book; Personal loan & Credit card segment (14% of retail book) grew at 8.7% sequentially. 85% of the unsecured retail book customers are salaried. Home loan (51% of retail book) grew by 6.1% QoQ where Vehicle loan (12% of retail book) grew by 1.8% QoQ. Bank's deposit stood flat at ₹9.8tn; 17.1% YoY, 5.5% sequentially. The Avg. CASA inched up 40bps to 44.1%.

### Outlook & Valuations

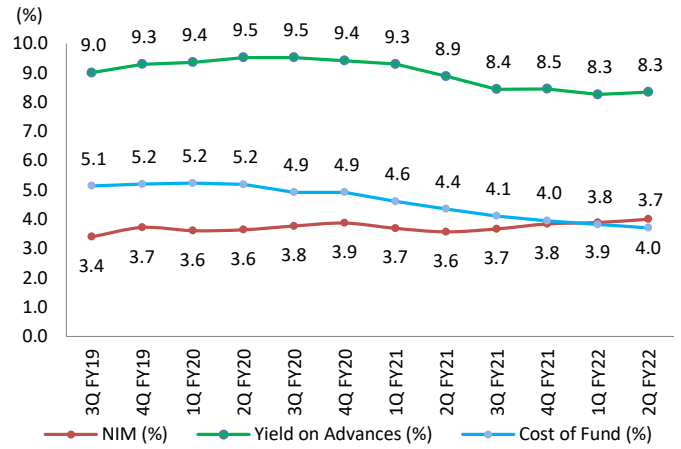
We expect its loan book to grow cautiously at CAGR of 16% over FY21-23E, led by balanced growth across segment. In our opinion, the bank's credit cost will normalise by FY22E and estimate return ratio ROA/ROE of 1.6% and 13.6% in FY22E. We value the standalone entity with 3.4x FY23E BVPS (₹267) and of investment in subsidiaries and JVs (₹113 per share); we arrive at a revised target price of ₹1,020 (₹780 earlier). We recommend BUY rating with a potential upside of 34%.

Quarterly story in charts

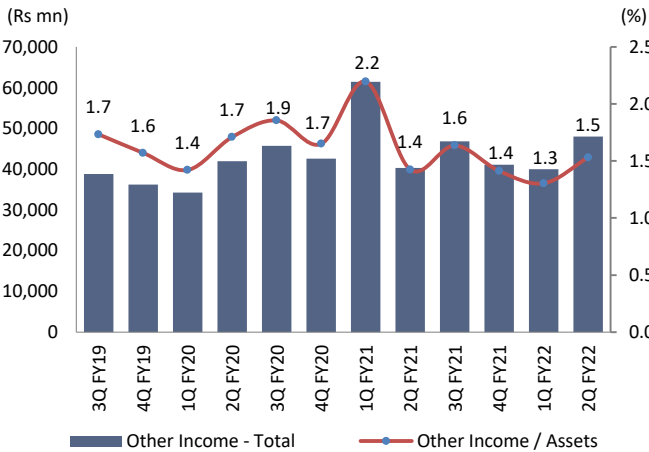
**NII Trend**



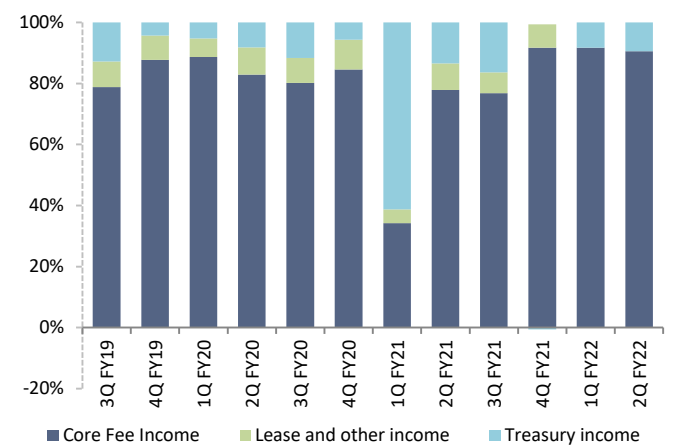
**Yield & Margin's Trend**



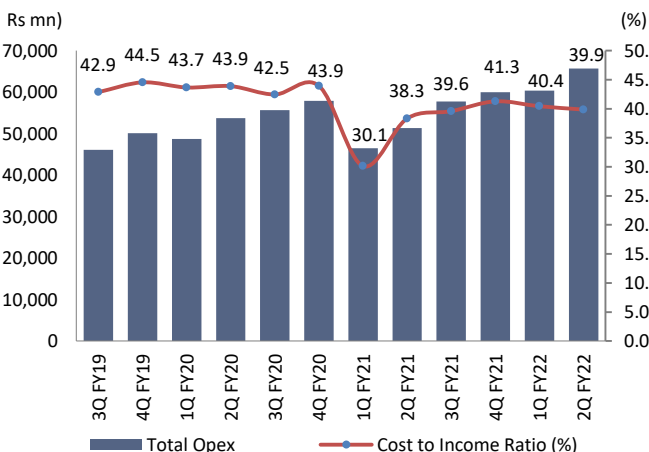
**Other Income Trend**



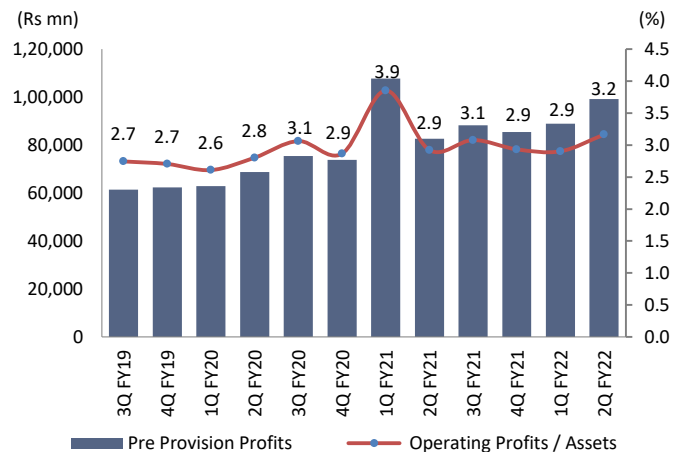
**Other Income Mix Trend**



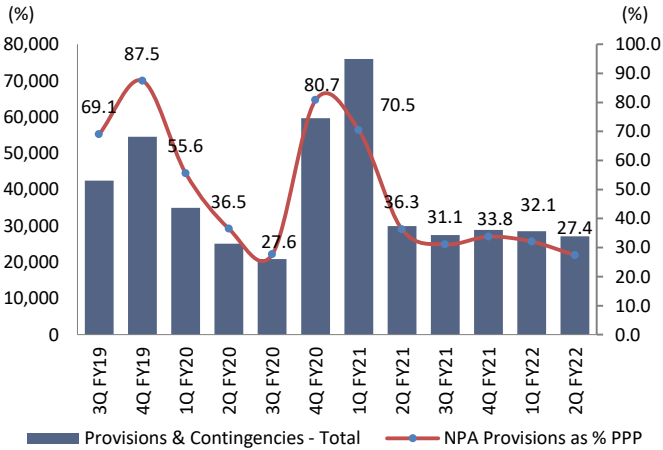
**Total Opex Trend**



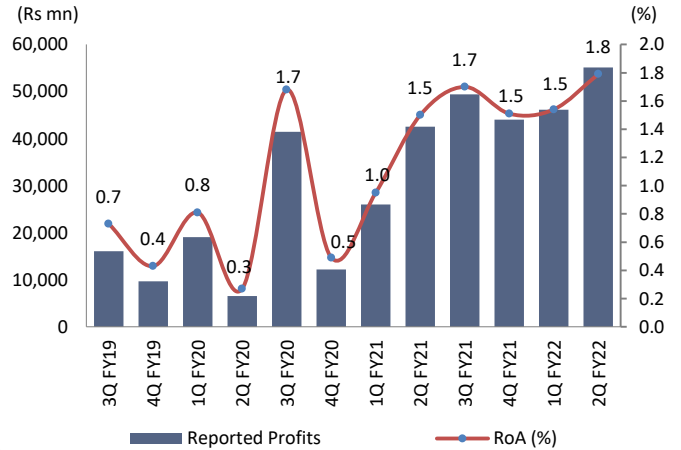
**Pre Provision Profit Trend**



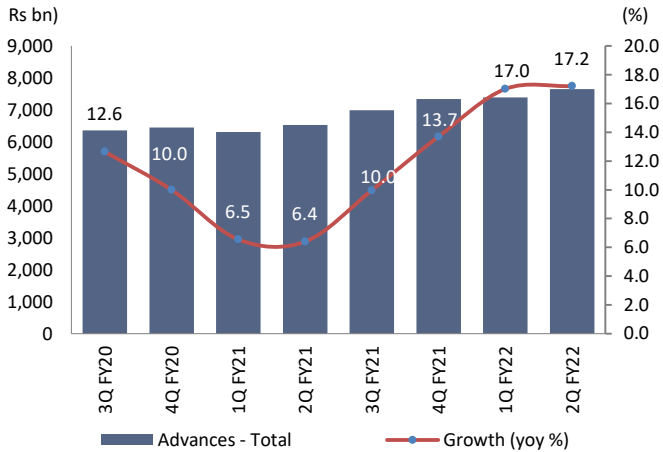
**Provision Expenses Trend**



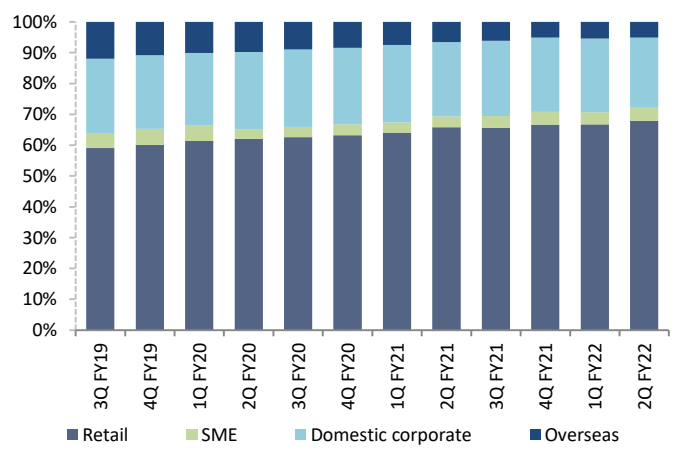
**Reported Profit Trend**



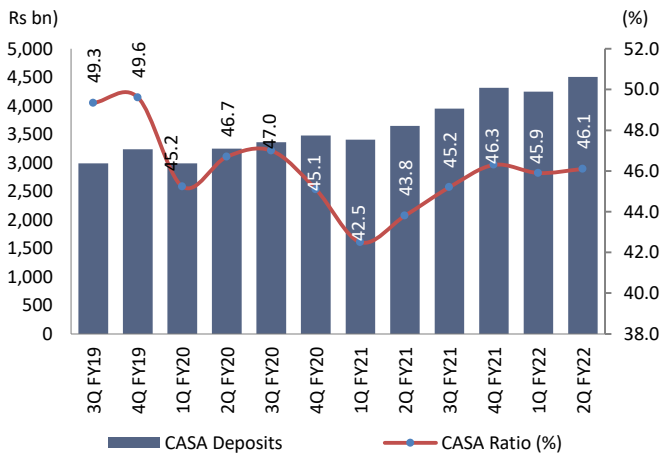
**Loan Book Trend**



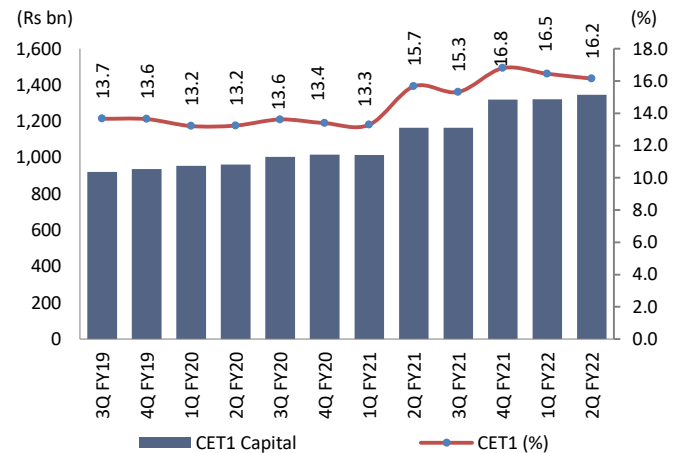
**Loan Book Mix Trend**



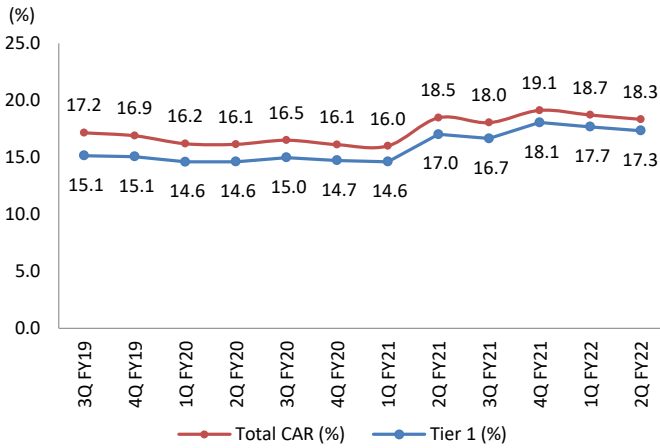
**CASA Deposit Trend**



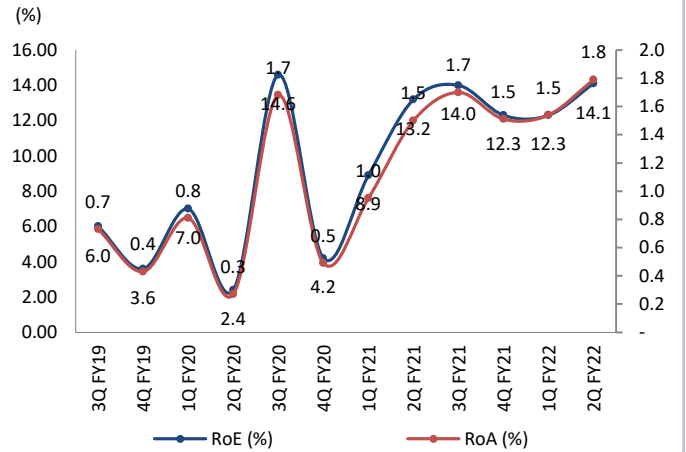
**CET1 Ratio Trend**



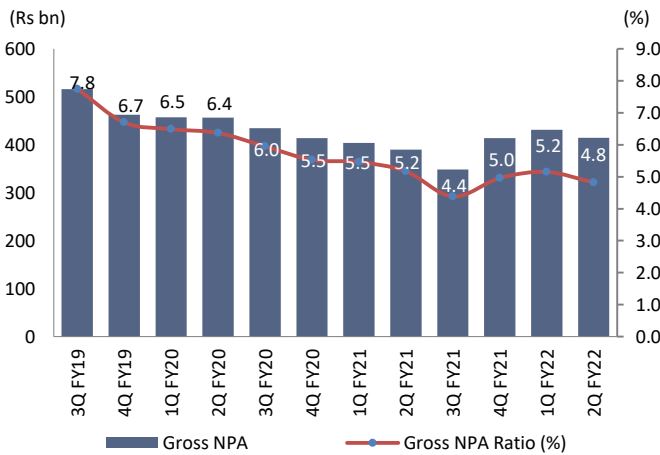
**CRAR & Tier 1 Ratio Trend**



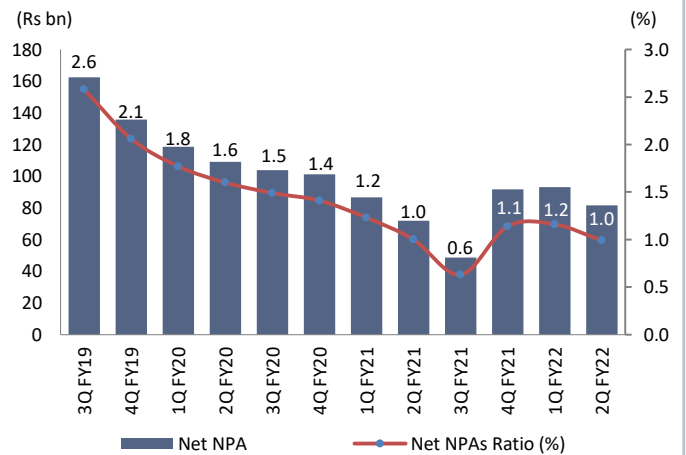
**Return Ratio Trend**



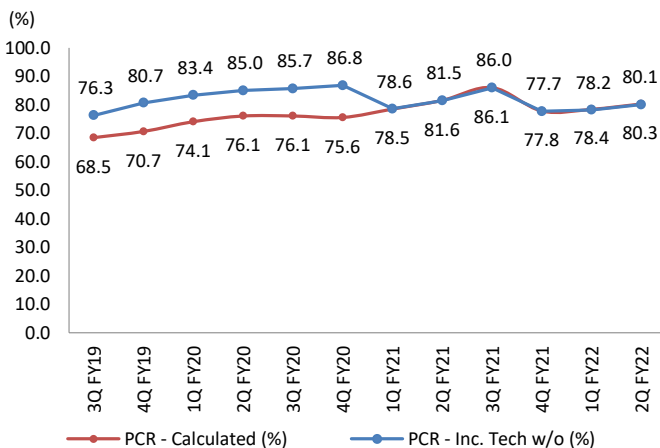
**Gross NPA Trend**



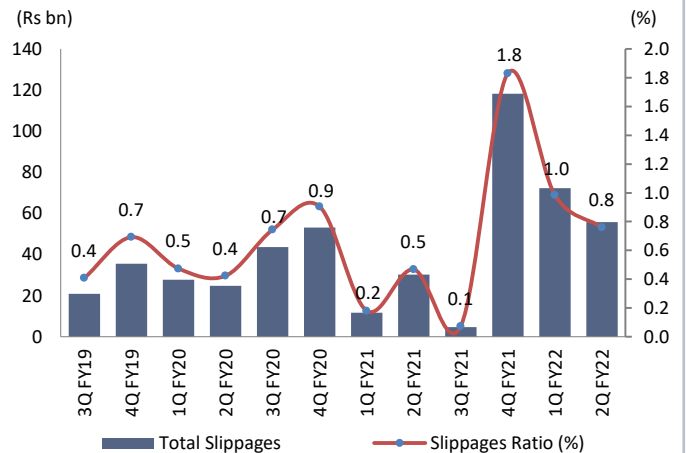
**Net NPA Trend**



**PCR Trend**



**Slippages Trend**



## Financial Performance at a glance

## Exhibit 1 : Income Statement Analysis

(₹ mn)	2Q FY22	2Q FY21	% yoy / bps	1Q FY22	% qoq / bps	FY21	FY20	% yoy / bps
Int. on Loan	1,57,381	1,40,379	12.1	1,49,846	5.0	5,72,888	5,75,511	(0.5)
Int. on Investment	40,981	43,138	(5.0)	40,415	1.4	1,65,398	1,46,732	12.7
Int. on Balances	2,595	4,211	(38.4)	1,408	84.3	16,319	6,822	139.2
Int. Others	11,380	8,496	33.9	12,166	(6.5)	36,578	18,918	93.3
<b>Interest Inc.</b>	<b>2,12,336</b>	<b>1,96,225</b>	<b>8.2</b>	<b>2,03,834</b>	<b>4.2</b>	<b>7,91,183</b>	<b>7,47,983</b>	<b>5.8</b>
<b>Interest Expenses</b>	<b>95,439</b>	<b>1,02,564</b>	<b>(6.9)</b>	<b>94,477</b>	<b>1.0</b>	<b>4,01,288</b>	<b>4,15,313</b>	<b>(3.4)</b>
<b>Net Interest Income</b>	<b>1,16,897</b>	<b>93,661</b>	<b>24.8</b>	<b>1,09,358</b>	<b>6.9</b>	<b>3,89,894</b>	<b>3,32,671</b>	<b>17.2</b>
<b>NII to Net Operative Income</b>	<b>70.9</b>	<b>69.9</b>	<b>98</b>	<b>73.2</b>	<b>(234)</b>	<b>67.3</b>	<b>66.9</b>	<b>36</b>
<i>NIM (%)</i>	<i>4.00</i>	<i>3.6</i>	<i>43</i>	<i>3.9</i>	<i>11</i>	<i>3.7</i>	<i>3.7</i>	<i>(4)</i>
<b>Core Fee Income</b>	<b>38,110</b>	<b>31,390</b>	<b>21.4</b>	<b>32,190</b>	<b>18.4</b>	<b>1,26,590</b>	<b>1,37,828</b>	<b>(8.2)</b>
<b>Non Core Other Income</b>	<b>9,862</b>	<b>8,893</b>	<b>10.9</b>	<b>7,769</b>	<b>26.9</b>	<b>63,095</b>	<b>26,659</b>	<b>136.7</b>
<b>Other Income - Total</b>	<b>47,972</b>	<b>40,283</b>	<b>19.1</b>	<b>39,959</b>	<b>20.1</b>	<b>1,89,685</b>	<b>1,64,486</b>	<b>15.3</b>
<i>Other Inc to Net Oper. Income (%)</i>	<i>29.1</i>	<i>30.1</i>	<i>(98)</i>	<i>26.8</i>	<i>234</i>	<i>32.7</i>	<i>33.1</i>	<i>(36)</i>
<b>Net Operating Revenue</b>	<b>1,64,869</b>	<b>1,33,944</b>	<b>23.1</b>	<b>1,49,316</b>	<b>10.4</b>	<b>5,79,580</b>	<b>4,97,157</b>	<b>16.6</b>
Employee Expenses	23,846	19,673	21.2	23,744	0.4	80,918	82,712	(2.2)
<i>Empl. Cost/Oper. Exps. (%)</i>	<i>14.5</i>	<i>14.7</i>	<i>(22)</i>	<i>15.9</i>	<i>(144)</i>	<i>14.0</i>	<i>16.6</i>	<i>(268)</i>
<b>Other Opex</b>	<b>41,876</b>	<b>31,660</b>	<b>32.3</b>	<b>36,628</b>	<b>14.3</b>	<b>1,34,691</b>	<b>1,33,432</b>	<b>0.9</b>
<i>Other Opex/ Assets (%)</i>	<i>0.3</i>	<i>0.3</i>	<i>5</i>	<i>0.3</i>	<i>4</i>	<i>1.2</i>	<i>1.3</i>	<i>(14)</i>
Total Opex	65,722	51,333	28.0	60,372	8.9	2,15,608	2,16,144	(0.2)
<i>Cost to Income Ratio (%)</i>	<i>39.9</i>	<i>38.3</i>	<i>154</i>	<i>40.4</i>	<i>(57)</i>	<i>37.2</i>	<i>43.5</i>	<i>(628)</i>
<b>Pre Provision Profits</b>	<b>99,147</b>	<b>82,611</b>	<b>20.0</b>	<b>88,944</b>	<b>11.5</b>	<b>3,63,971</b>	<b>2,81,013</b>	<b>29.5</b>
<b>Provisions &amp; Contingencies - Total</b>	<b>27,135</b>	<b>29,953</b>	<b>(9.4)</b>	<b>28,517</b>	<b>(4.8)</b>	<b>1,62,144</b>	<b>1,40,532</b>	<b>15.4</b>
<i>NPA Provisions as % PPP</i>	<i>27.4</i>	<i>36.3</i>	<i>(889)</i>	<i>32.1</i>	<i>(469)</i>	<i>44.5</i>	<i>50.0</i>	<i>(546)</i>
<b>Profit Before Tax</b>	<b>72,012</b>	<b>52,658</b>	<b>36.8</b>	<b>60,427</b>	<b>19.2</b>	<b>2,01,827</b>	<b>1,40,480</b>	<b>43.7</b>
<b>Tax</b>	<b>16,903</b>	<b>10,145</b>	<b>66.6</b>	<b>14,267</b>	<b>18.5</b>	<b>33,144</b>	<b>84,884</b>	<b>(61.0)</b>
<i>Effective Tax Rate (%)</i>	<i>23.5</i>	<i>19.3</i>	<i>421</i>	<i>23.6</i>	<i>(14)</i>	<i>16.4</i>	<i>60.4</i>	<i>(4,400)</i>
<b>Reported Profits</b>	<b>55,109</b>	<b>42,513</b>	<b>29.6</b>	<b>46,160</b>	<b>19.4</b>	<b>1,68,683</b>	<b>55,596</b>	<b>203.4</b>
<i>RoA (%)</i>	<i>1.8</i>	<i>1.5</i>	<i>29</i>	<i>1.5</i>	<i>25</i>	-	-	-
<i>RoE (%)</i>	<i>14.1</i>	<i>13.2</i>	<i>90</i>	<i>12.3</i>	<i>180</i>	-	-	-

Source: Company, LKP Research

## Exhibit 2 : Balance Sheet Analysis

(₹ mn)	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	QoQ % / bps	YoY % / bps
Net Worth	11,86,160	13,76,489	14,27,653	14,75,061	15,23,735	15,66,570	2.8	13.8
RoE (%)	8.9	13.2	14.0	12.3	12.3	14.1	180	90
CET1 (%)	13.3	15.7	15.3	16.8	16.5	16.2	(30)	48
Tier 1 (%)	14.6	17.0	16.7	18.1	17.7	17.3	(34)	32
Total CAR (%)	16.0	18.5	18.0	19.1	18.7	18.3	(38)	(14)
RWA - Total	76,35,830	74,28,650	75,99,830	78,54,030	80,36,260	83,37,830	3.8	12.2
Advances - Total	63,12,146	65,26,080	69,90,175	73,37,291	73,85,979	76,49,374	3.6	17.2
Investments	30,18,511	28,96,230	27,52,606	28,12,865	29,48,487	28,52,200	(3.3)	(1.5)
Total Assets	1,13,86,127	1,16,29,712	1,19,32,172	1,23,04,327	1,22,06,544	1,27,60,023	4.5	9.7
RoA (%)	0.95	1.50	1.70	1.51	1.54	1.79	25	29
Deposits	80,16,223	83,29,356	87,43,476	93,25,222	92,62,239	97,74,486	5.5	17.3
Saving Deposit	9,57,800	10,75,170	27,86,740	29,54,530	30,66,090	31,85,570	3.9	196.3
Current Deposit	24,48,360	25,70,630	11,67,410	13,61,700	11,84,920	13,21,470	11.5	(48.6)
CASA Deposits	34,06,160	36,45,800	39,54,160	43,16,230	42,51,010	45,07,040	6.0	23.6
CASA Ratio (%)	42.5	43.8	45.2	46.3	45.9	46.1	20	230
Term Deposits	46,10,063	46,83,556	47,89,316	50,08,992	50,11,229	52,67,446	5.1	12.5
Interest Bearing Liabilities - Total	96,65,403	96,93,625	98,59,556	1,02,41,531	1,01,53,548	1,06,04,371	4.4	9.4

Source: Company, LKP Research

## Exhibit 3: Funding Profile Analysis

(₹ mn)	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	QoQ % / bps	YoY % / bps
<b>Interest Bearing Liabilities - Total</b>	<b>96,65,403</b>	<b>96,93,625</b>	<b>98,59,556</b>	<b>1,02,41,531</b>	<b>1,01,53,548</b>	<b>1,06,04,371</b>	<b>4.4</b>	<b>9.4</b>
Deposits	80,16,223	83,29,356	87,43,476	93,25,222	92,62,239	97,74,486	5.5	17.3
CASA Deposits	34,06,160	36,45,800	39,54,160	43,16,230	42,51,010	45,07,040	6.0	23.6
Saving Deposit	9,57,800	10,75,170	27,86,740	29,54,530	30,66,090	31,85,570	3.9	196.3
Current Deposit	24,48,360	25,70,630	11,67,410	13,61,700	11,84,920	13,21,470	11.5	(48.6)
Term Deposits	46,10,063	46,83,556	47,89,316	50,08,992	50,11,229	52,67,446	5.1	12.5
Borrowings	16,49,180	13,64,269	11,16,081	9,16,310	8,91,308	8,29,885	(6.9)	(39.2)
<b>Interest Bearing Liabilities - Total</b>	<b>96,65,403</b>	<b>96,93,625</b>	<b>98,59,556</b>	<b>1,02,41,531</b>	<b>1,01,53,548</b>	<b>1,06,04,371</b>	<b>4.4</b>	<b>9.4</b>

Source: Company, LKP Research

## Exhibit 4: Asset Quality Analysis

(₹ mn)	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	QoQ % / bps	YoY % / bps
Total Slippages	11,600	30,170	4,710	1,18,180	72,310	55,780	(22.9)	84.9
<b>Slippages Ratio (%)</b>	<b>0.18</b>	<b>0.47</b>	<b>0.07</b>	<b>1.83</b>	<b>0.99</b>	<b>0.76</b>	<b>(23)</b>	<b>29</b>
Gross NPA	4,03,862	3,89,892	3,48,604	4,13,734	4,31,483	4,14,374	(4.0)	6.3
<b>Gross NPAs Ratio (%)</b>	<b>5.46</b>	<b>5.17</b>	<b>4.38</b>	<b>4.96</b>	<b>5.15</b>	<b>4.82</b>	<b>(33)</b>	<b>(35)</b>
<b>PCR - Calculated (%)</b>	<b>78.5</b>	<b>81.6</b>	<b>86.1</b>	<b>77.8</b>	<b>78.4</b>	<b>80.3</b>	<b>187</b>	<b>(126)</b>
Net NPA	86,747	71,875	48,606	91,802	93,058	81,610	(12.3)	13.5
<b>Net NPAs Ratio (%)</b>	<b>1.23</b>	<b>1.00</b>	<b>0.63</b>	<b>1.14</b>	<b>1.16</b>	<b>0.99</b>	<b>(17)</b>	<b>(1)</b>

Source: Company, LKP Research



## Annual Projections

## Exhibit 5: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Int. Income / Opr. Revenue	7,47,983	7,91,183	8,78,644	10,03,918	11,56,167
Interest Expenses	4,15,313	4,01,288	4,30,521	4,88,869	5,61,607
<b>Net Interest Income</b>	<b>3,32,671</b>	<b>3,89,894</b>	<b>4,48,123</b>	<b>5,15,049</b>	<b>5,94,559</b>
<i>NIM (%)</i>	3.52	3.61	3.66	3.69	3.71
<b>Adjusted NII</b>	<b>3,13,752</b>	<b>3,53,317</b>	<b>4,48,123</b>	<b>5,15,049</b>	<b>5,94,559</b>
Fee income	1,16,451	1,34,291	1,54,434	1,77,600	2,04,240
Dividend income from subsidiaries	12,730	14,681	16,442	18,415	20,625
Treasury income	35,305	40,714	46,821	53,844	61,921
<b>Other Income - Total</b>	<b>1,64,486</b>	<b>1,89,685</b>	<b>2,17,698</b>	<b>2,49,859</b>	<b>2,86,785</b>
<b>Net Operating Revenue</b>	<b>4,97,157</b>	<b>5,79,580</b>	<b>6,65,821</b>	<b>7,64,908</b>	<b>8,81,345</b>
Employee Exp.	82,712	80,918	83,345	90,013	97,214
Other Opex	1,33,432	1,34,691	1,58,935	1,89,132	2,26,959
<b>Total Opex</b>	<b>2,16,144</b>	<b>2,15,608</b>	<b>2,42,280</b>	<b>2,79,145</b>	<b>3,24,173</b>
<i>C/I Ratio (%)</i>	43.48	37.20	36.39	36.49	36.78
<b>Pre Provision Profits</b>	<b>2,81,013</b>	<b>3,63,971</b>	<b>4,23,540</b>	<b>4,85,763</b>	<b>5,57,172</b>
<i>PPP Growth (yoy %)</i>	19.9	29.5	16.4	14.7	14.7
<b>Provisions &amp; Contingencies - Total</b>	<b>1,40,532</b>	<b>1,62,144</b>	<b>1,54,449</b>	<b>1,65,632</b>	<b>1,73,332</b>
<i>Credit Cost (As % of Op. AUM)</i>	1.71	1.79	1.60	1.50	1.35
<b>Profit Before Tax</b>	<b>1,40,480</b>	<b>2,01,827</b>	<b>2,69,091</b>	<b>3,20,130</b>	<b>3,83,840</b>
Tax	61,172	39,900	53,818	64,026	76,768
<i>Effective Tax Rate (%)</i>	43.5	19.8	20.0	20.0	20.0
<b>Reported Profits</b>	<b>79,308</b>	<b>1,61,927</b>	<b>2,15,273</b>	<b>2,56,104</b>	<b>3,07,072</b>
<i>PAT Growth (yoy %)</i>	135.8	104.2	32.9	19.0	19.9

Source: Company, LKP Research

## Exhibit 6: Balance Sheet

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	12,948	13,834	13,834	13,834	13,834
Reserves (ex Reval. Reserve)	11,20,913	14,30,291	16,45,564	19,01,668	22,08,740
<b>Net Worth - Ex Revaluation</b>	<b>11,33,861</b>	<b>14,44,125</b>	<b>16,59,398</b>	<b>19,15,502</b>	<b>22,22,574</b>
Deposits	77,09,690	93,25,222	1,07,13,689	1,22,40,908	1,41,29,062
Borrowings	16,28,968	9,16,310	8,68,677	9,92,506	11,45,600
<b>Interest Bearing Liabilities (₹ mn)</b>	<b>93,38,658</b>	<b>1,02,41,531</b>	<b>1,15,82,367</b>	<b>1,32,33,414</b>	<b>1,52,74,662</b>
Other Lia. & Prov.	4,79,950	5,87,704	5,68,194	5,49,550	4,83,563
<b>Total Liabilities</b>	<b>1,09,83,651</b>	<b>1,23,04,327</b>	<b>1,38,37,169</b>	<b>1,57,27,776</b>	<b>1,80,13,018</b>
<b>Assets</b>					
Cash & Cash Equivalent	11,91,557	13,31,283	14,70,645	16,82,808	19,39,284
Investments	24,95,315	28,12,865	30,96,586	34,10,552	37,58,177
Credit Equivalent	4,46,448	5,03,262	5,75,679	6,58,567	7,53,448
Loan & Advances (₹ mn)	64,52,900	73,37,291	84,37,885	97,87,946	1,14,51,897
<i>Growth (yoy %)</i>	<i>10.0</i>	<i>13.7</i>	<i>15.0</i>	<i>16.0</i>	<i>17.0</i>
Fixed Assets	84,103	88,776	90,600	97,602	1,07,303
Other Assets	7,59,777	7,34,112	7,41,453	7,48,868	7,56,357
<b>Total Assets</b>	<b>1,09,83,652</b>	<b>1,23,04,327</b>	<b>1,38,37,169</b>	<b>1,57,27,776</b>	<b>1,80,13,018</b>

Source: Company, LKP Research

## Exhibit 7: Per share data

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Face Value (₹)	2	2	2	2	2
Adjusted Share O/S (mn)	6,474	6,917	6,917	6,917	6,917
Earnings Per Share (₹)	12.3	23.4	31.1	37.0	44.4
EPS (% YoY)	134.9	91.1	32.9	19.0	19.9
P/E (x)	62.0	32.4	24.4	20.5	17.1
Book Value (₹)	175.1	208.8	239.9	276.9	321.3
BVPS (% YoY)	7.2	19.2	14.9	15.4	16.0
P/BV (x)	4.3	3.6	3.2	2.7	2.4
Adj. BV (₹)	167.5	199.8	229.7	266.7	311.1
Adj. BV (% YoY)	9.5	19.3	14.9	16.1	16.6
P/ABV (x)	4.5	3.8	3.3	2.8	2.4

Source: Company, LKP Research

## Exhibit 8: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<b>Yields / Margins</b>					
Yield on Advance	9.3	8.3	8.3	8.3	8.3
Yield on Funds	7.9	7.3	7.2	7.2	7.2
Cost of Funds (CoF)	4.7	4.1	3.9	3.9	3.9
<b>Interest Spread</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>	<b>3.3</b>	<b>3.3</b>
<b>NIM's</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>
Interest Income / Assets	7.3	6.8	6.7	6.8	6.9
Interest Exp. / Assets	4.0	3.4	3.3	3.3	3.3
<b>NII / Assets</b>	<b>3.2</b>	<b>3.3</b>	<b>3.4</b>	<b>3.5</b>	<b>3.5</b>
Fee Income / Assets	1.1	1.2	1.2	1.2	1.2
Other Non Core Income / Assets	0.3	0.3	0.4	0.4	0.4
<b>Other Income / Assets</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
<b>Net Operating Income / Assets</b>	<b>4.8</b>	<b>5.0</b>	<b>5.1</b>	<b>5.2</b>	<b>5.2</b>
<b>Operating Ratios</b>					
NII to Net Operative Income	66.9	67.3	67.3	67.3	67.5
Other Income to Net Operative Income	33.1	32.7	32.7	32.7	32.5
Empl. Cost/Oper. Exps.	38.3	37.5	34.4	32.2	30.0
Other Op. Exps./Oper. Exps.	61.7	62.5	65.6	67.8	70.0
<b>C/I Ratio (%)</b>	<b>43.5</b>	<b>37.2</b>	<b>36.4</b>	<b>36.5</b>	<b>36.8</b>
<b>Provisions as % PPP</b>	<b>28.3</b>	<b>28.0</b>	<b>23.2</b>	<b>21.7</b>	<b>19.7</b>
<b>Credit Cost (As % of Op. AUM)</b>	<b>1.7</b>	<b>1.8</b>	<b>1.6</b>	<b>1.5</b>	<b>1.4</b>
<b>Effective Tax Rate (%)</b>	<b>43.5</b>	<b>19.8</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>
Employee Exp. / Assets	0.8	0.7	0.6	0.6	0.6
Other Opex/ Assets	1.3	1.2	1.2	1.3	1.3
<b>Total Opex / Assets</b>	<b>2.1</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>
<b>Operating Profits / Assets</b>	<b>2.7</b>	<b>3.1</b>	<b>3.2</b>	<b>3.3</b>	<b>3.3</b>
<b>Op Profit ex Except Items / Assets</b>	<b>2.7</b>	<b>3.1</b>	<b>3.2</b>	<b>3.3</b>	<b>3.3</b>
Provisions / Assets	1.4	1.4	1.2	1.1	1.0
<b>Profit Before Tax / Assets</b>	<b>1.4</b>	<b>1.7</b>	<b>2.1</b>	<b>2.2</b>	<b>2.3</b>
Tax Expenses / Assets	0.6	0.3	0.4	0.4	0.5
<b>RoA</b>	<b>0.8</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>
Leverage (x)	9.7	8.5	8.3	8.2	8.1
<b>RoE</b>	<b>7.1</b>	<b>12.3</b>	<b>13.6</b>	<b>14.1</b>	<b>14.6</b>
<b>Adj. RoA</b>	<b>0.8</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>
<b>Adj. RoE</b>	<b>7.1</b>	<b>12.3</b>	<b>13.6</b>	<b>14.1</b>	<b>14.6</b>

Source: Company, LKP Research

**Exhibit 9: Balance Sheet Ratios**

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Credit / Deposit Ratio	83.7	78.7	78.8	80.0	81.1
Incremental C/D Ratio	49.7	54.7	79.3	88.4	88.1
Investment Deposit Ratio	32.4	30.2	28.9	27.9	26.6
Dom. SLR Investment / Deposits	24.7	23.0	21.8	20.8	19.7
CASA Ratio	45.5	46.7	46.0	46.0	46.0

Source: Company, LKP Research

**Exhibit 10: Asset Quality**

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<b>Slippage Ratio (%)</b>	<b>2.4</b>	<b>2.6</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>
Gross NPA	4,08,291	4,13,734	3,85,792	3,62,730	3,43,557
<b>Gross NPAs Ratio (%)</b>	<b>5.5</b>	<b>5.0</b>	<b>4.6</b>	<b>3.7</b>	<b>3.0</b>
<b>PCR (%)</b>	<b>75.7</b>	<b>77.8</b>	<b>76.9</b>	<b>76.6</b>	<b>74.4</b>
Net NPA	99,232	91,802	89,225	84,994	87,973
<b>Net NPAs Ratio (%)</b>	<b>1.4</b>	<b>1.1</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>
Total Impaired Loans	4,08,291	4,13,734	3,85,792	3,62,730	3,43,557
<b>Impaired Loan as % of Loan / AUM</b>	<b>5.9</b>	<b>5.3</b>	<b>4.3</b>	<b>3.5</b>	<b>2.8</b>
Total Risk Reserves	3,09,058	3,21,932	2,96,568	2,77,736	2,55,584
<b>Total Risk As % of Loan Book</b>	<b>4.5</b>	<b>4.1</b>	<b>3.3</b>	<b>2.7</b>	<b>2.1</b>

Source: Company, LKP Research

## Exhibit 11: Key Assumptions &amp; Forecasts

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<b>Loan &amp; Advances (₹ mn)</b>	<b>64,52,900</b>	<b>73,37,291</b>	<b>84,37,885</b>	<b>97,87,946</b>	<b>1,14,51,897</b>
<i>Growth (yoy %)</i>		13.7	15.0	16.0	17.0
<b>Interest Bearing Liabilities (₹ mn)</b>	<b>93,38,658</b>	<b>1,02,41,531</b>	<b>1,15,82,367</b>	<b>1,32,33,414</b>	<b>1,52,74,662</b>
<i>Growth (yoy %)</i>		9.7	13.1	14.3	15.4
<i>Yield on Funds</i>	7.9	7.3	7.2	7.2	7.2
<i>Cost of Funds (CoF)</i>	4.7	4.1	3.9	3.9	3.9
<i>Interest Spread</i>	3.2	3.2	3.2	3.3	3.3
<i>NIM's</i>	3.5	3.6	3.7	3.7	3.7
<i>Other Income Growth</i>	13.3	15.3	14.8	14.8	14.8
<i>C/I Ratio (%)</i>	43.5	37.2	36.4	36.5	36.8
<i>Effective Tax Rate (%)</i>	43.5	19.8	20.0	20.0	20.0
<b>Return Ratios</b>					
<i>Adj. RoA</i>	0.8	1.4	1.6	1.7	1.8
<i>Adj. RoE</i>	7.1	12.3	13.6	14.1	14.6
<b>Asset Quality Metrics</b>					
<i>Credit Cost (As % of Op. AUM)</i>	1.7	1.8	1.6	1.5	1.4
<i>Gross NPAs Ratio (%)</i>	5.5	5.0	4.6	3.7	3.0
<i>Net NPAs Ratio (%)</i>	1.4	1.1	1.1	0.9	0.8

Source: Company, LKP Research

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