

ICICI BANK LIMITED | Banking

Sound credit growth driven by consumer banking; improvement in credit quality

LKP**Result and Price Analysis**

Earnings in 3QFY22 re-acknowledge our conviction that ICICI Bank is preparing for sustainable and prudent growth led by tech-driven initiatives and normalization in credit cost. The bank has reported its 3QFY22 results with the key pointers being: 1) Strong NII growth of 24% YoY, with headline NIMs (Domestic: 4.1% & Overall: 4%) stable sequentially despite higher liquidity available (LCR: 130%). 2) PPOP growth of 2.4% sequentially driven by higher core fee income, 3) Reported slippages (₹40bn) lower sequentially, gradually reaching pre-covid levels. 4) NNPA ratio stable at 0.99%, 5) PCR (excluding technical write-offs) stood at 80.1%. The Bank made no additional covid provision. However the bank didn't include covid & floating provision (~₹150bn) in PCR calculation; 7) Contingent provision (excluding PCR) stood at 1.97% of the loan book, 8) BB & below exposure stood flat at 1.7% of net advances, 9) the bank's net advances grew by 16.4% YoY and 6.4% sequentially; and 8) deposits crossed ₹10tn mark and grew by 5.5% QoQ with 80bps improvement in average CASA at 44.9%. Moreover, the credit cost of 99bps for the quarter. Factoring stable balance sheet growth and credit cost of 1.25% in FY22E, we estimate the bank's ROA and ROE of 1.9% and 15.4% respectively. We have positive outlook on the bank with BUY rating.

Gazing the Core:

Asset quality improved further, restructuring book flat: Slippages were down at ₹40bn v/s ₹56bn in the previous quarter. Retail slippages and Corporate & SME slippages contributed 96%, and 4% respectively. Despite significant contribution, retail slippages down 17% sequentially. The standard restructured (1.2% of portfolio) book stood flat sequentially at ₹97bn. Retail book contributed 67% of restructured pool (Over 95% are secured), where rest is from corporate and SME book. The bank carries provision worth ₹24bn (25% covered) against the restructured pool. The absolute GNPA decreased by 11% sequentially led by lower slippages and higher write-offs. As on 3QFY22, the bank's GNPA/NNPA/PCR stood at 4.13%/0.85%/80% against 4.82%/0.99%/80% in the previous quarter. The bank witnessed significant reduction in GNPA ratio as well as the NNPA. With moderation in stress, the total provisioning expenses down sequentially and stood at ₹20bn v/s ₹27bn in the previous quarter.

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	3,32,671	3,89,894	4,75,191	5,64,501	6,83,706
Operating Profit	2,81,013	3,63,971	4,25,366	4,94,381	5,87,755
Reported Profits	79,308	1,61,927	2,52,340	2,92,150	3,46,588
Net Worth	11,33,861	14,44,125	16,96,519	19,88,670	23,35,257
Loan & Advances	64,52,900	73,37,291	86,58,003	1,03,89,604	1,25,71,421
Int. Bearing Liabilities	93,38,658	1,02,41,531	1,20,38,714	1,40,90,145	1,65,01,693

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIM's	3.5	3.6	3.8	3.8	4.0
C/I Ratio	43.5	37.2	38.6	39.3	39.5
Gross NPA Ratio	5.5	5.0	4.1	3.5	2.8
Tier 1 Ratio	16.0	19.5	14.1	14.1	13.8
Adj. RoA Ratio	0.8	1.4	1.9	1.9	1.9
Adj. RoE Ratio	7.1	12.3	15.8	15.6	15.8

Rating	Buy
Current Market Price (₹)	805
12 M Price Target (₹)	1,045
Potential upside (%)	30

Stock Data

FV (₹) :	2
Market Cap Full (₹ bn) :	5,629
Market Cap Free Float (₹ bn) :	5,586
52-Week High / Low (₹) :	867 / 512
2-Year High / Low (₹) :	867 / 268
1 Year Avg. Dly Traded Volume (in lakh)	179
BSE Code / NSE Symbol	532174 / ICICIBANK
Bloomberg :	ICICIB IN

Shareholding Pattern (%)

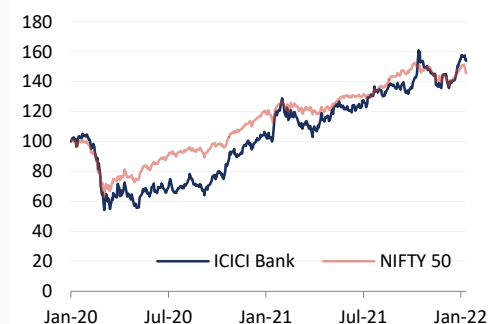
	Dec-21	Sep-21	Jun-21	Mar-21
FPIs	45.28	47.29	48.01	47.78
MFs	28.20	27.21	26.26	26.07
Insurance	12.66	12.38	12.56	12.85
Others	13.86	13.12	13.17	13.30

Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
ICICI Bank	11.7%	6.5%	25.3%	45.6%
Nifty 50	5.0%	-3.1%	12.7%	20.7%

* To date / current date : January 21, 2022

ICICI Bank vs Nifty 50

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 (₹52bn) and Provision on Non-fund based NPA (₹19bn). The PCR including all provisions (Cumulative + Covid + General + Contingencies) stood at 123% of GNPL. The contingent provision (excluding PCR) stood 1.97% of the loan. The management expects the standard asset contingent provision to be adequate for facing any 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 (₹118bn v/s ₹127bn) contributes 1.5% of total customer assets.

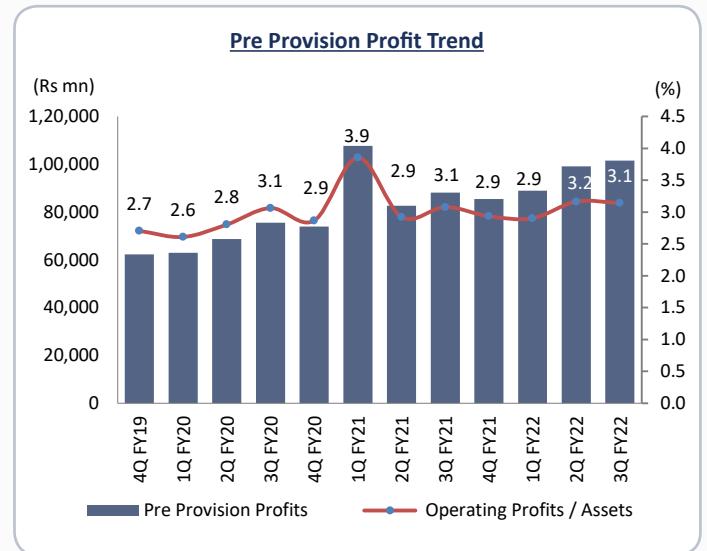
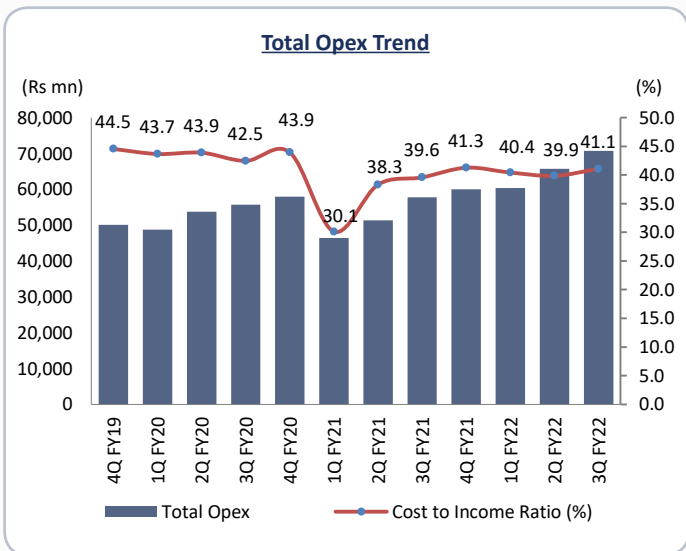
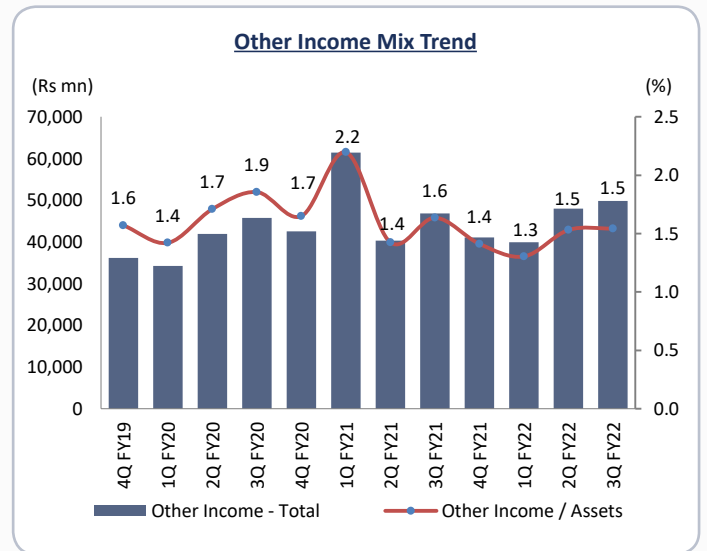
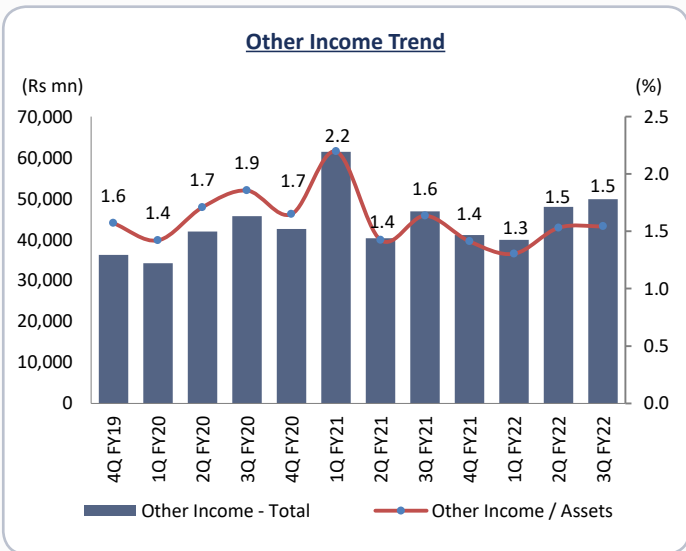
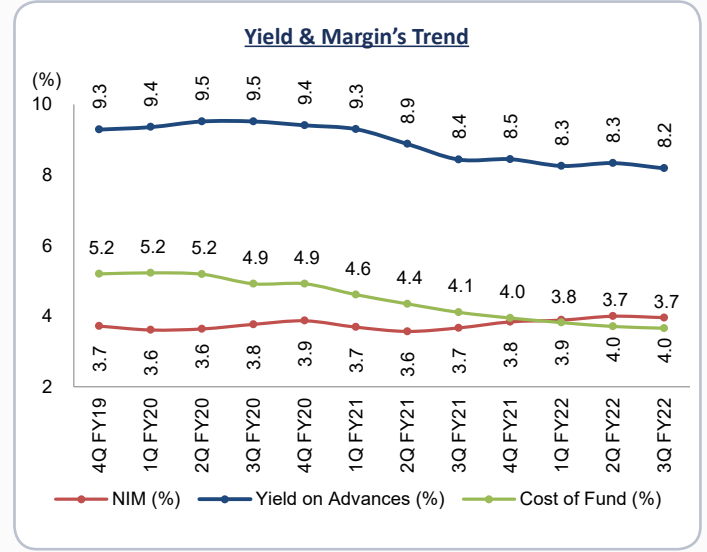
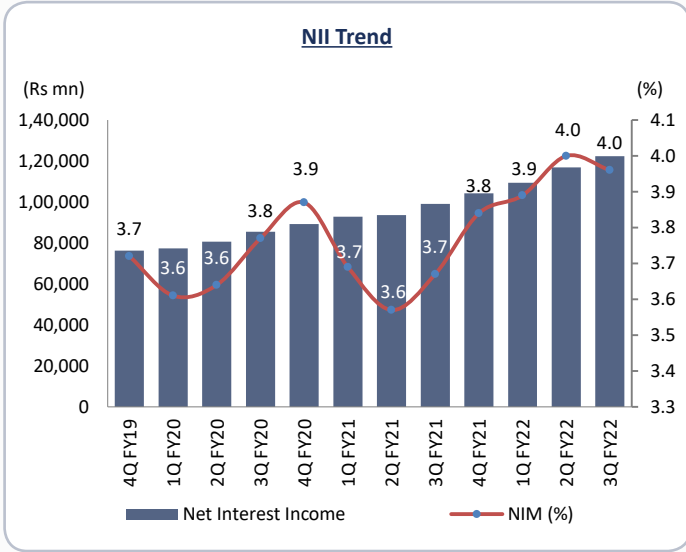
Superlative operating quarter: The bank's quarterly NII stood at ₹122bn; grew by 24% YoY and 5% sequentially driven by flat domestic NIMs at 4.06%. Overall NIMs flat at 4%. *Non – interest income* grew by 4% sequentially because of higher fee income; 13% sequentially. The PPOP stood at ₹101bn; grew by 2.4% sequentially. With sequentially lower provisioning expenses (₹20bn v/s ₹27bn) the bank reported PAT of ₹62bn; grew 25% YoY and 12% sequentially. The banks ROA/ROE stood at 1.9%/15.4%. The quarterly ROE crossed 15% after a decade.

Sound credit growth led by retail book: With the increase in economic activity; disbursement across retail products increased substantially and better than pre-covid levels. The bank's advances stood at ~₹8.1tn; 16.4% YoY and 6.4% QoQ. Domestic advances grew 18% YoY. Domestic advances (95% contribution) grew by 6.5% QoQ. Foreign advances grew by 5% QoQ. Retail advances (68% contribution) grew by 5.4% QoQ. SME advances (4.5% contribution) grew by 10% QoQ. Corporate advances (23% contribution) grew by 6% QoQ. In retail book; Personal loan & Credit card segment (14% of retail book) grew at 10.1% sequentially. 85% of the unsecured retail book customers are salaried. Home loan (50% of retail book) grew by 5.1% QoQ where Vehicle loan (12% of retail book) grew by 3.5% QoQ. Bank's deposit crossed ₹10tn mark and grew by 16.4%YoY, 5.5% sequentially. The Avg. CASA inched up 80bps to 44.9%.

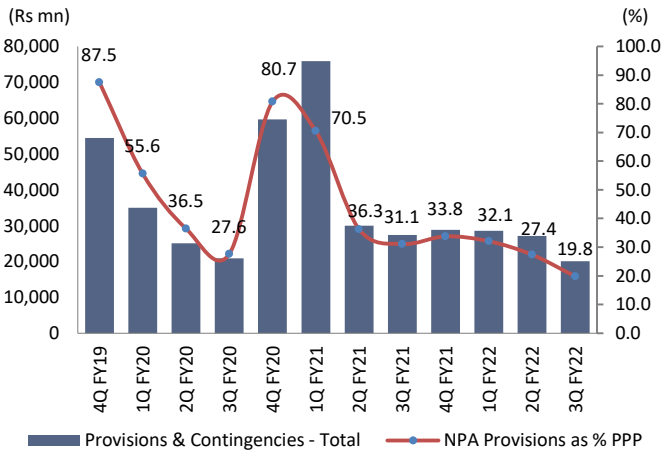
Outlook & Valuations

We expect its loan book to grow at CAGR of 19% over FY21-23E, led by technology initiatives. The credit cost normalization is underway. We estimate return ratio ROA/ROE of 1.9% and 15.8% in FY22E. We value the standalone entity at 3.3x FY23E BVPS (₹278) and investment in subsidiaries and JVs (₹127 per share); we arrive at a revised target price of ₹1,045. We recommend a BUY with a potential upside of 30%.

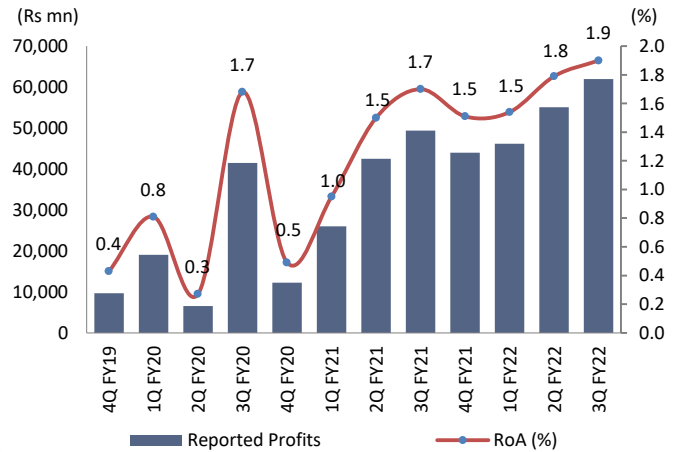
Quarterly story in charts



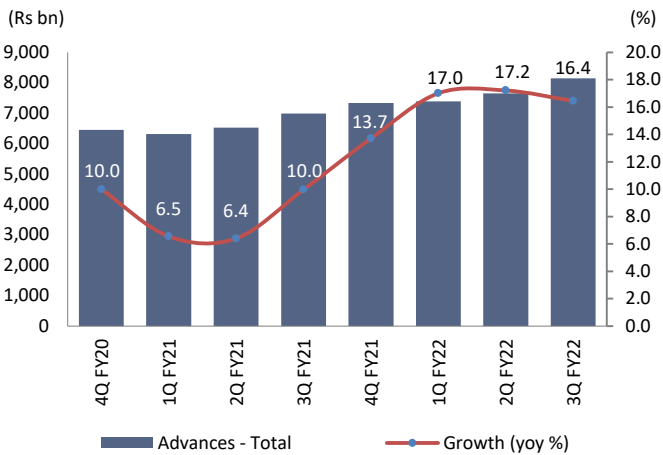
Provision Expenses Trend



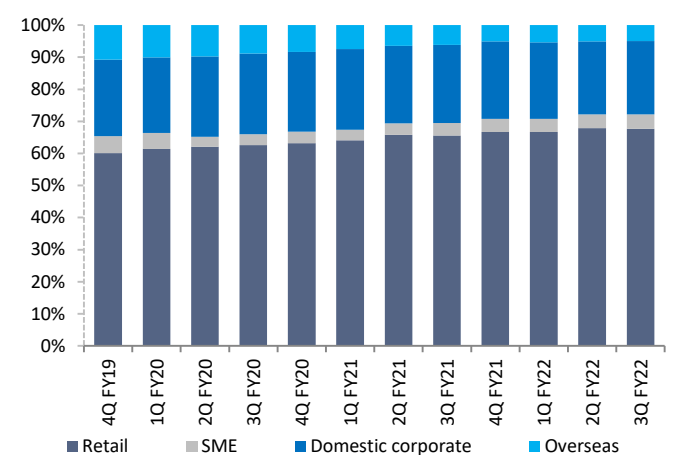
Reported Profit Trend



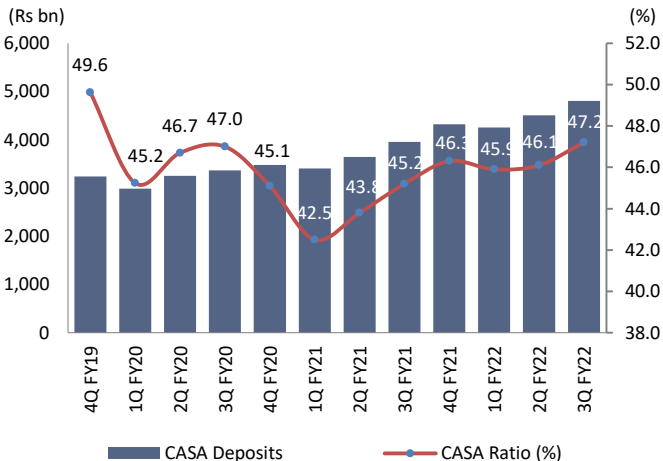
Loan Book Trend



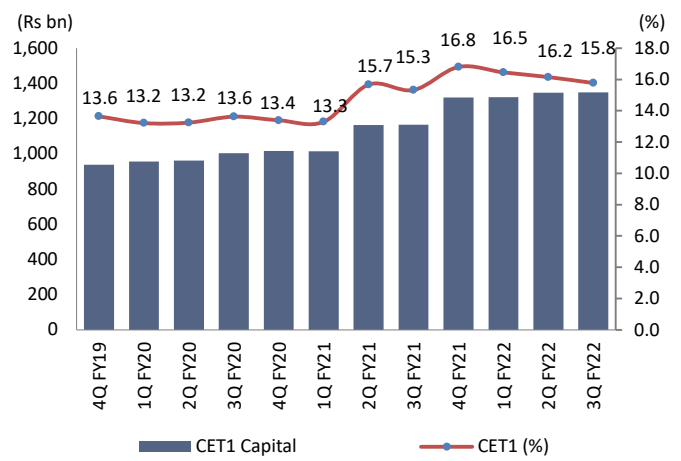
Loan Book Mix Trend



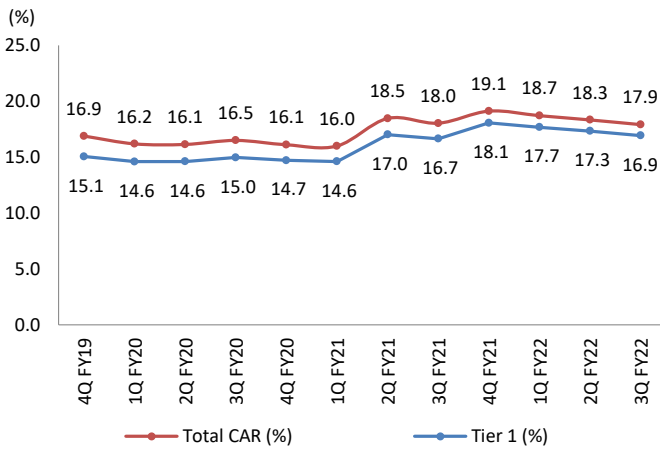
CASA Deposit Trend



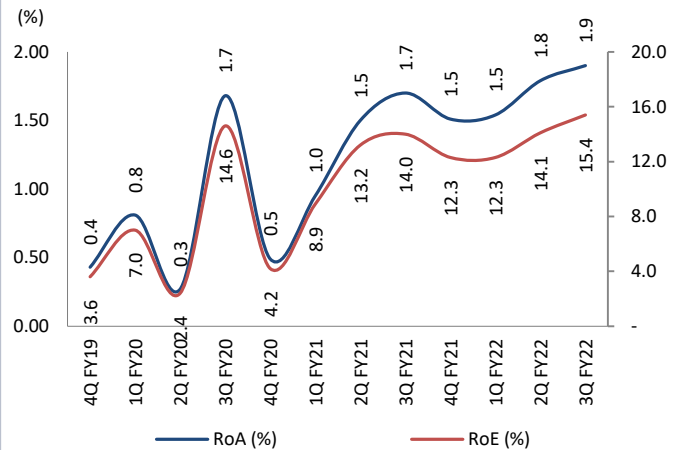
CET1 Ratio Trend



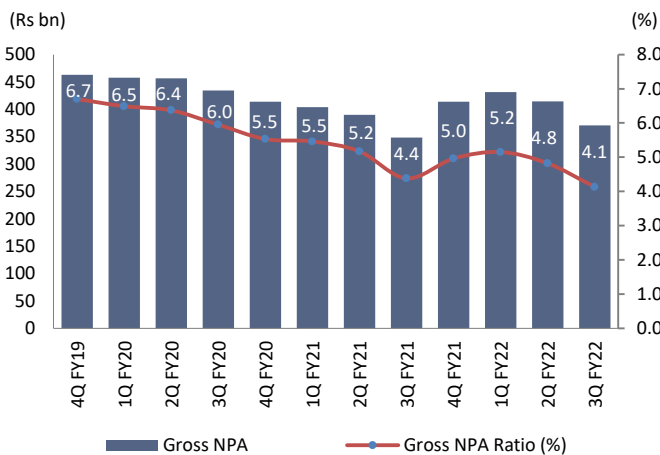
CRAR & Tier 1 Ratio Trend



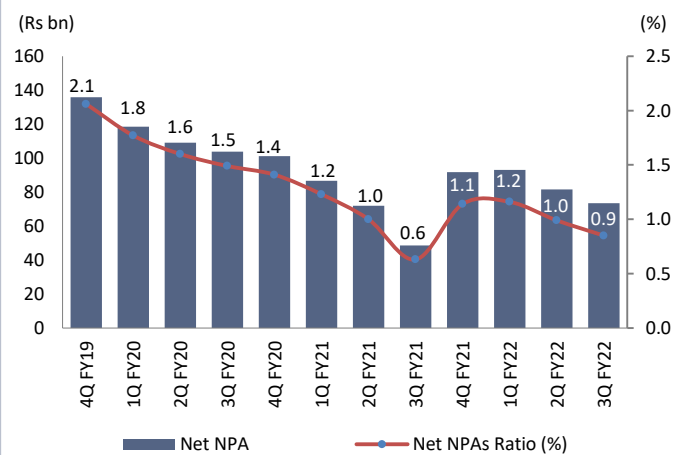
Return Ratio Trend



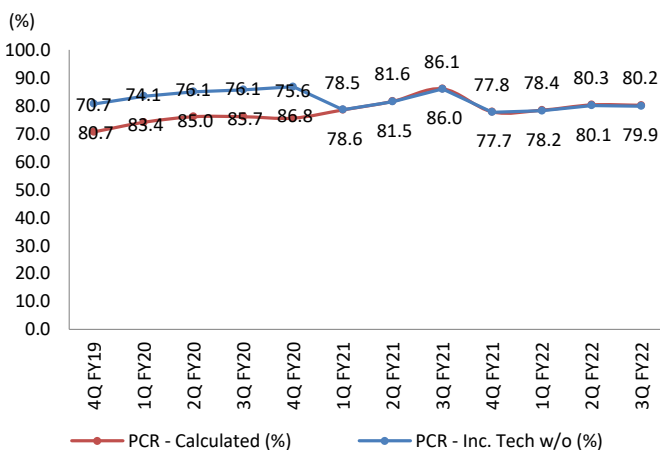
Gross NPA Trend



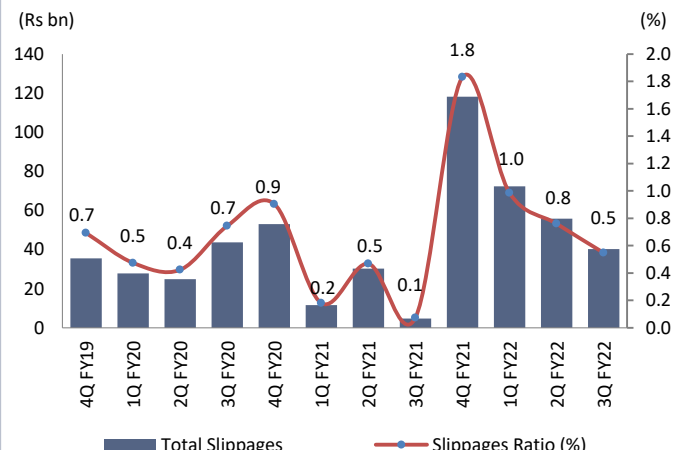
Net NPA Trend



PCR Trend



Slippages Trend



Financial Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	3Q FY22	3Q FY21	% yoy / bps	2Q FY22	% qoq / bps	FY21	FY20	% yoy / bps
Interest Inc.	2,20,826	1,97,298	11.9	2,12,336	4.0	7,91,183	7,47,983	5.8
Interest Expenses	98,466	98,173	0.3	95,439	3.2	4,01,288	4,15,313	(3.4)
Net Interest Income	1,22,360	99,125	23.4	1,16,897	4.7	3,89,894	3,32,671	17.2
<i>NII to Net Operative Income</i>	71.0	67.9	314	70.9	14	67.3	66.9	36
<i>NIM (%)</i>	3.96	3.7	29	4.0	(4)	3.7	3.7	(4)
Other Income - Total	49,871	46,863	6.4	47,972	4.0	1,89,685	1,64,486	15.3
<i>Other Inc to Net Oper. Income (%)</i>	29.0	32.1	(314)	29.1	(14)	32.7	33.1	(36)
Net Operating Revenue	1,72,231	1,45,987	18.0	1,64,869	4.5	5,79,580	4,97,157	16.6
Employee Expenses	24,848	19,499	27.4	23,846	4.2	80,918	82,712	(2.2)
Other Opex	45,900	38,290	19.9	41,876	9.6	1,34,691	1,33,432	0.9
Total Opex	70,749	57,790	22.4	65,722	7.6	2,15,608	2,16,144	(0.2)
<i>Cost to Income Ratio (%)</i>	41.1	39.6	149	39.9	121	37.2	43.5	(628)
Pre Provision Profits	1,01,483	88,198	15.1	99,147	2.4	3,63,971	2,81,013	29.5
Provisions & Contingencies - Total	20,073	27,417	(26.8)	27,135	(26.0)	1,62,144	1,40,532	15.4
<i>NPA Provisions as % PPP</i>	19.8	31.1	(1,131)	27.4	(759)	44.5	50.0	(546)
Profit Before Tax	81,410	60,780	33.9	72,012	13.0	2,01,827	1,40,480	43.7
Tax	19,471	11,385	71.0	16,903	15.2	33,144	84,884	(61.0)
<i>Effective Tax Rate (%)</i>	23.9	18.7	519	23.5	45	16.4	60.4	(4,400)
Reported Profits	61,938	49,396	25.4	55,109	12.4	1,68,683	55,596	203.4
<i>RoA (%)</i>	1.9	1.7	20	1.8	11	-	-	-
<i>RoE (%)</i>	15.4	14.0	140	14.1	130	-	-	-

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	QoQ % / bps	YoY % / bps
Net Worth	13,76,489	14,27,653	14,75,061	15,23,735	15,66,570	16,28,716	4.0	14.1
RoE (%)	13.2	14.0	12.3	12.3	14.1	15.4	130	140
Tier 1 (%)	17.0	16.7	18.1	17.7	17.3	16.9	(41)	28
Total CAR (%)	18.5	18.0	19.1	18.7	18.3	17.9	(42)	(13)
RWA - Total	74,28,650	75,99,830	78,54,030	80,36,260	83,37,830	85,46,870	2.5	12.5
Advances - Total	65,26,080	69,90,175	73,37,291	73,85,979	76,49,374	81,39,916	6.4	16.4
Investments	28,96,230	27,52,606	28,12,865	29,48,487	28,52,200	28,48,234	(0.1)	3.5
Total Assets	1,16,29,712	1,19,32,172	1,23,04,327	1,22,06,544	1,27,60,023	1,35,41,956	6.1	13.5
RoA (%)	1.50	1.70	1.51	1.54	1.79	1.90	11	20
Deposits	83,29,356	87,43,476	93,25,222	92,62,239	97,74,486	1,01,74,667	4.1	16.4
CASA Deposits	36,45,800	39,54,160	43,16,230	42,51,010	45,07,040	48,06,560	6.6	21.6
CASA Ratio (%)	43.8	45.2	46.3	45.9	46.1	47.2	110	200
Interest Bearing Liabilities - Total	96,93,625	98,59,556	1,02,41,531	1,01,53,548	1,06,04,371	1,12,70,521	6.3	14.3

Source: Company, LKP Research

Exhibit 3: Loan Book Analysis

(₹ mn)	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	QoQ % / bps	YoY % / bps
Home	21,17,340	22,57,570	24,36,540	24,93,870	26,46,950	27,82,670	5.1	23.3
Vehicle Loans	5,97,870	6,24,490	6,41,540	6,24,820	6,36,190	6,58,640	3.5	5.5
Business Banking	3,11,480	3,49,960	3,73,270	3,96,760	4,45,670	4,84,840	8.8	38.5
Rural & Other	6,16,260	6,73,780	7,21,580	7,10,000	7,15,170	7,36,850	3.0	9.4
Retails - Other	52,840	45,430	52,710	56,960	57,770	48,410	(16.2)	6.6
Secured Retail loans	36,95,790	39,51,230	42,25,640	42,82,410	45,01,750	47,11,410	4.7	19.2
Personal Loans	4,44,910	4,63,930	4,93,450	4,94,700	5,25,740	5,69,630	8.3	22.8
Credit Cards	1,55,110	1,72,630	1,73,110	1,71,560	1,98,430	2,28,000	14.9	32.1
Unsecured Retail loans	6,00,020	6,36,560	6,66,560	6,66,260	7,24,170	7,97,630	10.1	25.3
Retail	42,95,810	45,87,780	48,92,200	49,48,670	52,25,920	55,09,040	5.4	20.1
SME	2,33,410	2,70,930	3,02,840	2,97,780	3,31,400	3,63,530	9.7	34.2
Domestic corporate	15,73,570	17,00,840	17,66,350	17,68,530	17,55,040	18,60,580	6.0	9.4
Domestic book	61,02,790	65,59,560	69,61,390	69,84,990	72,62,360	77,33,150	6.5	17.9
Overseas	4,23,290	4,30,610	3,75,900	4,00,990	3,87,010	4,06,770	5.1	(5.5)
Advances - Total	65,26,080	69,90,175	73,37,291	73,85,979	76,49,374	81,39,916	6.4	16.4
RoA (%)	1.5	1.7	1.5	1.5	1.8	1.9	11	20

Source: Company, LKP Research

Exhibit 4: Funding Profile Analysis

(₹ mn)	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	96,93,625	98,59,556	1,02,41,531	1,01,53,548	1,06,04,371	1,12,70,521	6.3	14.3
Deposits	83,29,356	87,43,476	93,25,222	92,62,239	97,74,486	1,01,74,667	4.1	16.4
CASA Deposits	36,45,800	39,54,160	43,16,230	42,51,010	45,07,040	48,06,560	6.6	21.6
Saving Deposit	10,75,170	27,86,740	29,54,530	30,66,090	31,85,570	33,46,130	5.0	20.1
Current Deposit	25,70,630	11,67,410	13,61,700	11,84,920	13,21,470	14,60,430	10.5	25.1
Term Deposits	46,83,556	47,89,316	50,08,992	50,11,229	52,67,446	53,68,107	1.9	12.1
Borrowings	13,64,269	11,16,081	9,16,310	8,91,308	8,29,885	10,95,854	32.0	(1.8)
Interest Bearing Liabilities - Total	96,93,625	98,59,556	1,02,41,531	1,01,53,548	1,06,04,371	1,12,70,521	6.3	14.3

Source: Company, LKP Research

Exhibit 5: Asset Quality Analysis

(₹ mn)	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	QoQ % / bps	YoY % / bps
Total Slippages	30,170	4,710	1,18,180	72,310	55,780	40,180	(28.0)	753.1
Slippages Ratio (%)	0.47	0.07	1.83	0.99	0.76	0.55	(21)	47
Gross NPA	3,89,892	3,48,604	4,13,734	4,31,483	4,14,374	3,70,527	(10.6)	6.3
Gross NPAs Ratio (%)	5.17	4.38	4.96	5.15	4.82	4.13	(69)	(25)
PCR - Calculated (%)	81.6	86.1	77.8	78.4	80.3	80.2	(13)	(588)
Net NPA	71,875	48,606	91,802	93,058	81,610	73,439	(10.0)	51.1
Net NPAs Ratio (%)	1.00	0.63	1.14	1.16	0.99	0.85	(14)	22

Source: Company, LKP Research

Annual Projections

Exhibit 6: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Int. Income / Opr. Revenue	7,47,983	7,91,183	8,62,207	10,27,315	12,25,571
Interest Expenses	4,15,313	4,01,288	3,87,016	4,62,814	5,41,866
Net Interest Income	3,32,671	3,89,894	4,75,191	5,64,501	6,83,706
<i>NIM (%)</i>	3.52	3.61	3.78	3.83	3.98
Other Income - Total	1,64,486	1,89,685	2,17,768	2,50,018	2,87,057
Net Operating Revenue	4,97,157	5,79,580	6,92,959	8,14,519	9,70,762
Employee Exp.	82,712	80,918	97,344	1,15,839	1,37,849
Other Opex	1,33,432	1,34,691	1,70,249	2,04,299	2,45,158
Total Opex	2,16,144	2,15,608	2,67,593	3,20,138	3,83,007
<i>C/I Ratio (%)</i>	43.48	37.20	38.62	39.30	39.45
Pre Provision Profits	2,81,013	3,63,971	4,25,366	4,94,381	5,87,755
<i>PPP Growth (yoy %)</i>	19.9	29.5	16.9	16.2	18.9
Provisions & Contingencies - Total	1,40,532	1,62,144	94,646	1,11,484	1,33,511
<i>Credit Cost (As % of Op. AUM)</i>	1.71	2.54	1.25	1.25	1.25
Profit Before Tax	1,40,480	2,01,827	3,30,720	3,82,897	4,54,244
Tax	61,172	39,900	78,381	90,747	1,07,656
<i>Effective Tax Rate (%)</i>	43.5	19.8	23.7	23.7	23.7
Reported Profits	79,308	1,61,927	2,52,340	2,92,150	3,46,588
<i>PAT Growth (yoy %)</i>	135.8	104.2	55.8	15.8	18.6

Source: Company, LKP Research

Exhibit 7: Balance Sheet

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	12,948	13,834	13,889	13,889	13,889
Reserves (ex Revel. Reserve)	11,20,913	14,30,291	16,82,630	19,74,781	23,21,369
Net Worth - Ex Revaluation	11,33,861	14,44,125	16,96,519	19,88,670	23,35,257
Deposits	77,09,690	93,25,222	1,07,14,455	1,25,40,229	1,46,86,507
Borrowings	16,28,968	9,16,310	13,24,259	15,49,916	18,15,186
Interest Bearing Liabilities (Rs mn)	93,38,658	1,02,41,531	1,20,38,714	1,40,90,145	1,65,01,693
Other Lia. & Prov.	4,79,950	5,87,704	8,10,547	7,14,258	7,03,184
Total Liabilities	1,09,83,651	1,23,04,327	1,45,73,720	1,68,24,072	1,95,74,638
Assets					
Cash & Cash Equivalent	11,91,557	13,31,283	20,85,731	21,83,797	22,69,790
Investments	24,95,315	28,12,865	29,29,391	32,59,126	36,41,368
Loan & Advances (Rs mn)	64,52,900	73,37,291	86,58,003	1,03,89,604	1,25,71,421
Growth (yoy %)	10.0	13.7	18.0	20.0	21.0
Fixed Assets	84,103	88,776	93,072	1,03,270	1,14,956
Other Assets	7,59,777	7,34,112	8,07,523	8,88,276	9,77,103
Total Assets	1,09,83,652	1,23,04,327	1,45,73,720	1,68,24,072	1,95,74,638

Source: Company, LKP Research

Exhibit 8: Per share data

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Face Value (Rs)	2	2	2	2	2
Adjusted Share O/S (mn)	6,474	6,917	6,944	6,944	6,944
Earnings Per Share (Rs)	12.3	23.4	36.3	42.1	49.9
EPS (% YoY)	134.9	91.1	55.2	15.8	18.6
P/E (x)	65.6	34.3	22.1	19.1	16.1
Book Value (Rs)	175.1	208.8	244.3	286.4	336.3
BVPS (% YoY)	7.2	19.2	17.0	17.2	17.4
P/BV (x)	4.6	3.9	3.3	2.8	2.4
Adj. BV (Rs)	167.5	202.2	236.2	278.3	328.2
Adj. BV (% YoY)	9.5	20.7	16.8	17.8	17.9
P/ABV (x)	4.8	4.0	3.4	2.9	2.4

Source: Company, LKP Research

Exhibit 9: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Yields / Margins					
Yield on Advance	9.3	8.3	8.0	8.1	8.2
Yield on Funds	7.9	7.3	6.9	7.0	7.1
Cost of Funds (CoF)	4.7	4.1	3.5	3.5	3.5
Interest Spread	3.2	3.2	3.4	3.4	3.6
NIM's	3.5	3.6	3.8	3.8	4.0
Interest Income / Assets	7.3	6.8	6.4	6.5	6.7
Interest Exp. / Assets	4.0	3.4	2.9	2.9	3.0
NII / Assets	3.2	3.3	3.5	3.6	3.8
Fee Income / Assets	1.1	0.9	0.9	0.9	0.9
Other Non Core Income / Assets	0.3	0.6	0.6	0.6	0.6
Other Income / Assets	1.6	1.6	1.6	1.6	1.6
Net Operating Income / Assets	4.8	5.0	5.2	5.2	5.3
Operating Ratios					
NII to Net Operative Income	66.9	67.3	68.6	69.3	70.4
Other Income to Net Operative Income	33.1	32.7	31.4	30.7	29.6
Empl. Cost/Oper. Exps.	38.3	37.5	36.4	36.2	36.0
Other Op. Exps./Oper. Exps.	61.7	62.5	63.6	63.8	64.0
C/I Ratio (%)	43.5	37.2	38.6	39.3	39.5
Provisions as % PPP	28.3	28.0	13.7	13.7	13.8
Credit Cost (As % of Op. AUM)	1.7	2.5	1.3	1.3	1.3
Effective Tax Rate (%)	43.5	19.8	23.7	23.7	23.7
Employee Exp. / Assets	0.8	0.7	0.7	0.7	0.8
Other Opex/ Assets	1.3	1.2	1.3	1.3	1.3
Total Opex / Assets	2.1	1.9	2.0	2.0	2.1
Operating Profits / Assets	2.7	3.1	3.2	3.1	3.2
Exceptional Items / Assets	-	-	-	-	-
Op Profit ex Except Items / Assets	2.7	3.1	3.2	3.1	3.2
Provisions / Assets	1.4	1.4	0.7	0.7	0.7
Profit Before Tax / Assets	1.4	1.7	2.5	2.4	2.5
Tax Expenses / Assets	0.6	0.3	0.6	0.6	0.6
RoA	0.8	1.4	1.9	1.9	1.9
Leverage (x)	9.7	8.5	8.6	8.5	8.4
RoE	7.1	12.3	15.8	15.6	15.8

Source: Company, LKP Research

Exhibit 10: Balance Sheet Ratios

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<i>Credit / Deposit Ratio</i>	83.7	78.7	80.8	82.9	85.6
<i>Incremental C/D Ratio</i>	49.7	54.7	95.1	94.8	101.7
<i>Investment Deposit Ratio</i>	32.4	30.2	27.3	26.0	24.8
<i>Dom. SLR Investment / Deposits</i>	24.7	23.1	21.3	20.9	20.5
<i>CASA Ratio</i>	45.5	46.7	47.0	47.0	47.0

Source: Company, LKP Research

Exhibit 11: Asset Quality

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<i>Slippage Ratio (%)</i>	2.4	2.5	2.8	2.3	1.9
Gross NPA	4,08,291	4,08,414	3,56,626	3,68,500	3,55,303
<i>Gross NPAs Ratio (%)</i>	5.5	5.0	4.1	3.5	2.8
<i>PCR (%)</i>	75.7	77.7	79.7	80.8	78.0
Net NPA	99,232	91,177	72,548	70,758	78,307
<i>Net NPAs Ratio (%)</i>	1.5	1.2	0.8	0.7	0.6
Total Impaired Loans	4,08,291	4,08,414	3,56,626	3,68,500	3,55,303
<i>Impaired Loan as % of Loan / AUM</i>	5.9	5.3	4.0	3.4	2.8
Total Risk Reserves	3,09,058	3,17,238	2,84,078	2,97,742	2,76,996
<i>Total Risk As % of Loan Book</i>	4.5	4.1	3.1	2.8	2.1

Source: Company, LKP Research

Exhibit 12: Key Assumptions & Forecasts

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Loan & Advances (Rs mn)	64,52,900	73,37,291	86,58,003	1,03,89,604	1,25,71,421
<i>Growth (yoy %)</i>		13.7	18.0	20.0	21.0
Interest Bearing Liabilities (Rs mn)	93,38,658	1,02,41,531	1,20,38,714	1,40,90,145	1,65,01,693
<i>Growth (yoy %)</i>		9.7	17.5	17.0	17.1
<i>Yield on Funds</i>	7.9	7.3	6.9	7.0	7.1
<i>Cost of Funds (CoF)</i>	4.7	4.1	3.5	3.5	3.5
<i>Interest Spread</i>	3.2	3.2	3.4	3.4	3.6
<i>NIM's</i>	3.5	3.6	3.8	3.8	4.0
<i>Other Income Growth</i>	13.3	15.3	14.8	14.8	14.8
<i>C/I Ratio (%)</i>	43.5	37.2	38.6	39.3	39.5
<i>Effective Tax Rate (%)</i>	43.5	19.8	23.7	23.7	23.7
Return Ratios					
<i>Adj. RoA</i>	0.8	1.4	1.9	1.9	1.9
<i>Adj. RoE</i>	7.1	12.3	15.8	15.6	15.8
Asset Quality Metrics					
<i>Credit Cost (As % of Op. AUM)</i>	1.7	2.5	1.3	1.3	1.3
<i>Gross NPAs Ratio (%)</i>	5.5	5.0	4.1	3.5	2.8
<i>Net NPAs Ratio (%)</i>	1.5	1.2	0.8	0.7	0.6

Source: Company, LKP Research

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