

ICICI BANK LIMITED | Banking

Sound credit growth; higher provision and lower treasury income dragged profitability

LKP

Result and Price Analysis

Earnings in 1QFY23 re-acknowledge our conviction that ICICI Bank is maintaining a sustainable and prudent growth led by tech-driven initiatives. The bank has reported its 1QFY23 results with the key pointers being: 1) Strong NII growth of 21% yoy, with headline NIMs (Domestic: 4.14% & Overall: 4.01%) stable sequentially despite higher liquidity available (LCR: 126%). 2) PPOP growth flat sequentially driven by lower treasury income, 3) Reported slippages (₹58bn) higher sequentially, 4) NNPA ratio improved further at 0.7%, 5) PCR (excluding technical write-offs) stood at 79.9%. The Bank made ₹10.5bn of additional contingent provision. However the bank didn't include contingent & floating provision (~₹187bn) in PCR calculation; 7) Contingent provision (excluding PCR) stood at 2.1% of the loan book, 8) BB & below exposure down sequentially to 0.9% of net advances, 9) the bank's net advances grew by 21.3% yoy and 4.3% sequentially; and 8) deposits stood at ₹10.5tn mark and de-grew sequentially with 60bps improvement in average CASA at 45.8%. Moreover, provision expenses inched up sequentially to ₹11.4bn v/s 10.7bn in 4QFY22. Factoring stable balance sheet growth and credit cost of 1% in FY23E, we estimate the bank's FY23E ROA and ROE of 1.8% and 15% respectively. We have positive outlook on the bank with BUY rating.

Gazing the Core

Asset quality improved further, restructuring book eased: Slippages were up at ₹58bn v/s ₹42bn in the previous quarter. Retail slippages and Corporate & SME slippages contributed 86%, and 14% respectively. Considering significant contribution, retail slippages up 35% sequentially. The standard restructured (0.8% of portfolio) book inched down sequentially at ₹74bn. Retail book contributed ~74% of restructured pool (Over 95% are secured), where rest is from corporate and SME book. The bank carries provision worth ₹17bn (~23% covered) against the restructured pool. The absolute GNPA decreased by 2.2% sequentially led by higher upgrades & recoveries.

Key Financials (₹ mn)	FY20	FY21	FY22	FY23E	FY24E
NII	3,32,671	3,89,894	4,74,661	5,63,837	6,76,475
Operating Profit	2,81,013	3,63,971	3,92,503	4,50,236	5,25,652
Reported Profits	1,00,580	1,61,927	2,33,395	2,75,198	3,27,194
Net Worth	11,33,861	14,44,125	16,70,499	19,45,697	22,72,891
Loan & Advances	64,52,900	73,37,291	85,90,204	1,03,08,245	1,24,72,977
Int. Bearing Liabilities	93,38,658	1,02,41,531	1,17,18,030	1,39,19,175	1,65,82,304

Key Ratios (%)	FY20	FY21	FY22	FY23E	FY24E
NIM's	3.5	3.6	3.8	3.9	3.9
C/I Ratio	43.5	37.2	40.5	40.7	40.6
Gross NPA Ratio	5.5	5.0	3.6	3.2	2.7
Tier 1 Ratio	16.0	19.5	14.2	13.9	13.3
Adj. RoA Ratio	1.0	1.4	1.8	1.8	1.8
Adj. RoE Ratio	8.9	12.3	14.7	14.9	15.2

Rating	Buy
Current Market Price (₹)	800
12 M Price Target (₹)	1,033
Potential upside (%)	29

Stock Data

FV (₹) :	2
Total Market Cap (₹ bn) :	5,562
Free Float Market Cap (₹ bn) :	5,565
52-Week High / Low (₹)	867 / 642
2-Year High / Low (₹) :	867 / 334
1 Year Avg. Dly Traded Volume (in lakh)	147
BSE Code / NSE Symbol	532174 / ICICIBANK
Bloomberg :	ICICIB IN

Shareholding Pattern

(%)	Jun-22	Mar-22	Dec-21	Sep-21
FPIs	43.54	43.95	45.28	47.29
MFs	29.19	28.85	28.20	27.21
Insurance	13.07	12.78	12.66	12.38
Others	14.20	14.42	13.86	13.12

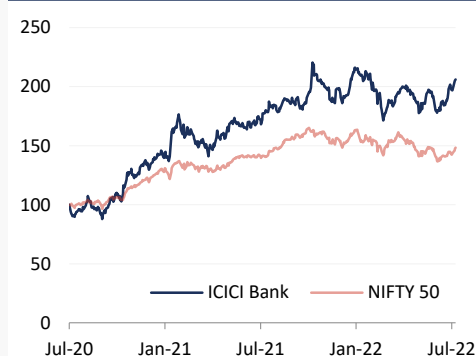
Source: BSE

Price Performance

(%)	1M	3M	6M	1YR
ICICI Bank	16.5%	7.0%	-0.5%	22.0%
Nifty 50	8.5%	-2.6%	-5.1%	5.7%

* To date / current date : July 22, 2022

ICICI Bank vs Nifty 50



As on 1QFY23, the bank's GNPA/NNPA/PCR stood at 3.41%/0.7%/80% against 3.6%/0.76%/79% in the previous quarter. The bank witnessed moderate reduction in GNPA ratio as well as the NNPA. With stable stress level, the total provisioning expenses marginally up sequentially and stood at ₹11.4bn v/s ₹10.7bn in the previous quarter. The total contingent provisioning stood ₹85bn. The total additional provision contain contingent provision (₹85bn), General Provision (₹59bn) and Provision on Non-fund based NPA (₹21bn). The PCR including all provisions (Cumulative + General + Contingencies) stood at 136.5% of GNPL. The contingent provision (excluding PCR) stood 2.1% of loans. The management expects the standard asset contingent provision to be adequate for facing the stress emerging from restructuring. The bank's BB & below rated pool came down (₹82bn v/s ₹108bn) contributes 0.9% of total customer assets.

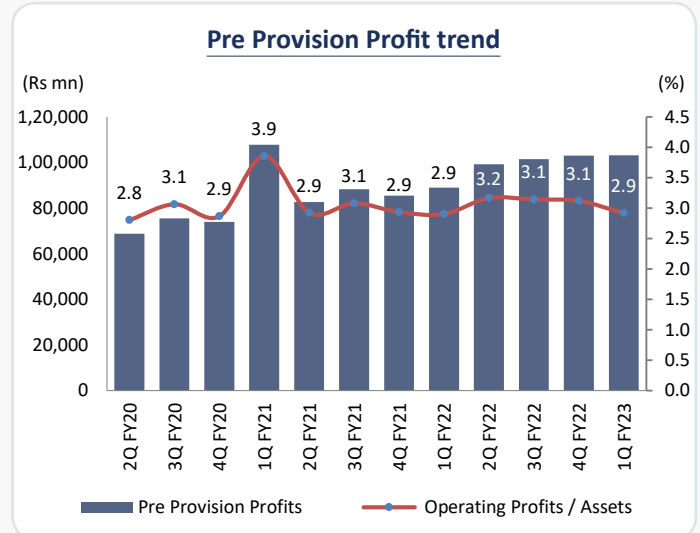
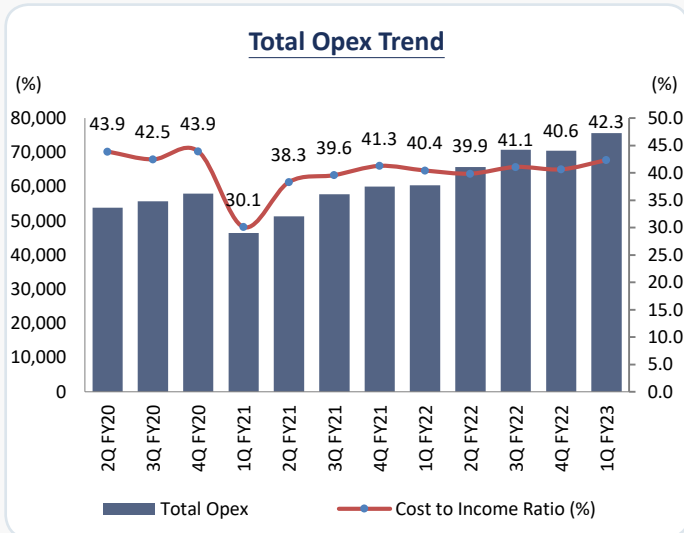
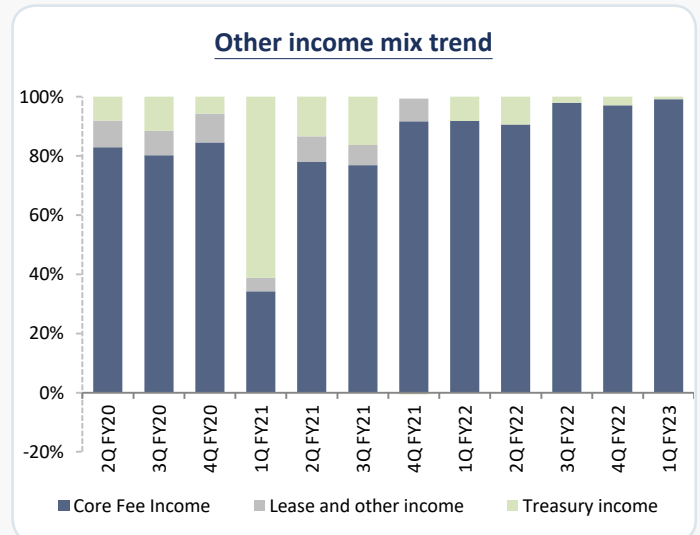
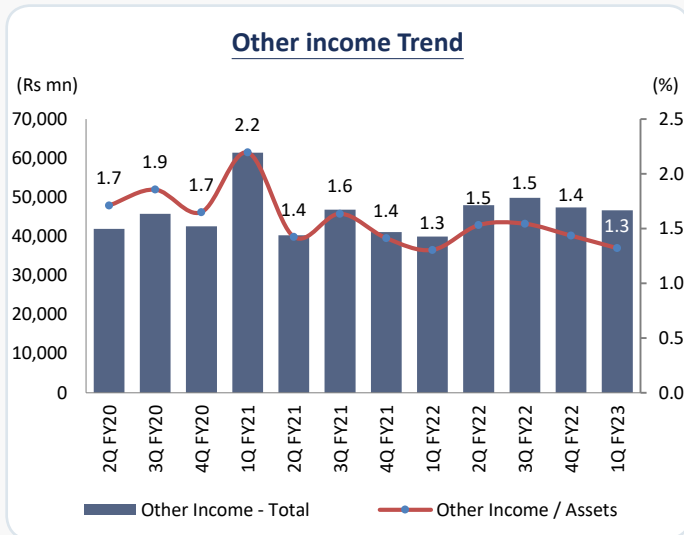
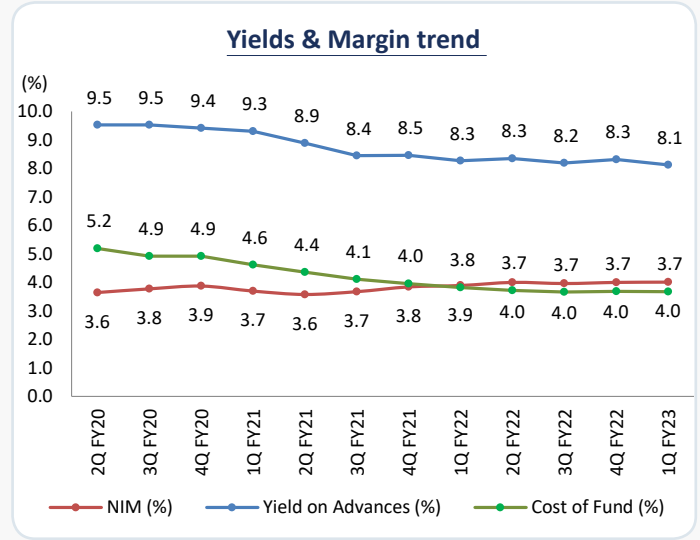
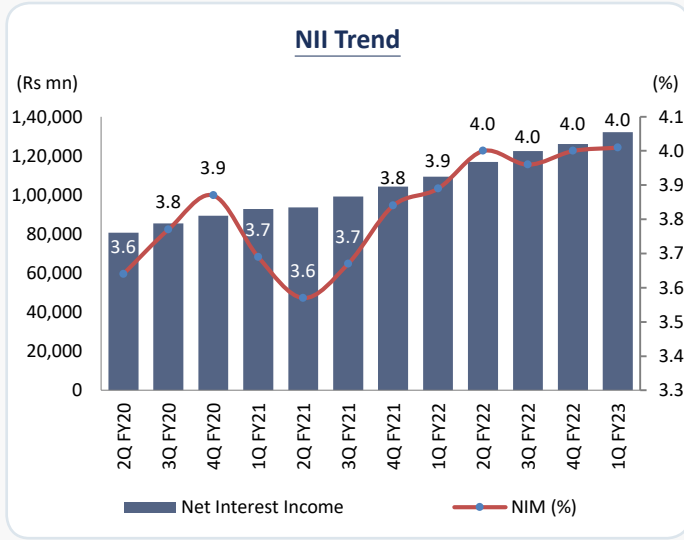
Profitability dragged because of higher provision and lower treasury income: The bank's quarterly NII stood at ₹132bn; grew by 21% yoy and 5% sequentially driven by improved domestic NIMs at 4.14%. Overall NIMs flat at 4%. The bank's 30% loans are fixed rate and remaining linked with external benchmark. Non-interest income de-grew by 1.5% sequentially because of lower treasury income. Excluding treasury income, it grew by 25% yoy. The PPOP stood at ₹103bn; flat sequentially owing to lower treasury income. With sequentially higher provisioning expenses (₹11.4bn v/s ₹10.7bn) the bank reported PAT of ₹69bn; grew 50% yoy and 1.6% sequentially. The banks ROA/ROE stood at 2%/16%.

Sound credit growth; SME book lagged: With the increase in economic activity; disbursement across retail products increased substantially. The bank's advances stood at ~₹9tn; 21.3% yoy and 4.3% qoq. Domestic advances grew 22% yoy. Domestic advances (95% contribution) grew by 4% qoq. Foreign advances grew by 11% qoq. Retail advances (68% contribution) grew by 4.7% qoq. SME advances (4.4% contribution) de-grew by 2.6% qoq. Corporate advances (22.6% contribution) grew by 4.4% qoq. In retail book; Personal loan & Credit card segment (15.7% of retail book) grew at 9.6% sequentially. 85% of the unsecured retail book customers are salaried. Home loan (50% of retail book) grew by 4% qoq while Vehicle loan (11.5% of retail book) grew by 3.2% qoq. The bank's deposit stood at ₹10.5tn mark and grew by 13.4% yoy and de-grew by 1.3% sequentially. The Avg. CASA inched up 60bps to 45.8%.

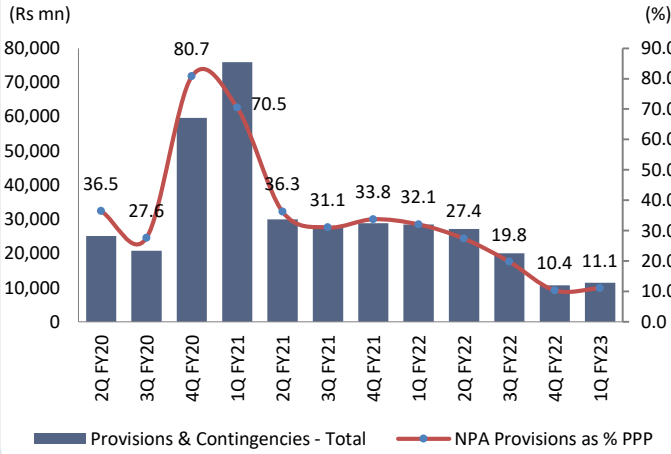
Outlook & Valuations

We expect its loan book to grow at CAGR of 20% over FY22-24E, led by technology initiatives. The credit cost normalization is underway. We estimate return ratio ROA/ROE of 1.8% and 15% in FY23E. We value the standalone entity with 2.8x FY24E BVPS (₹320) and of investment in subsidiaries and JVs (₹138 per share); we arrive at a target price of ₹1,033. We recommend BUY rating with a potential upside of 29%.

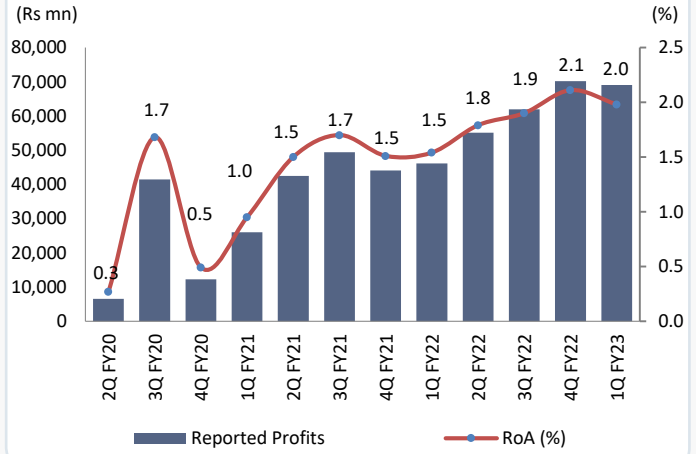
Quarterly story in charts



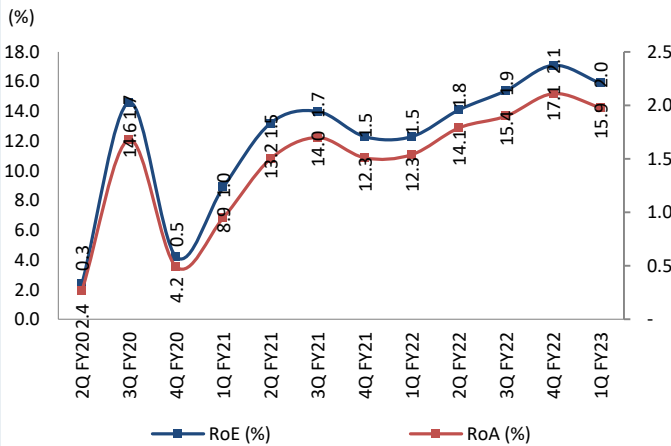
Provision expenses trend



Reported profit trend



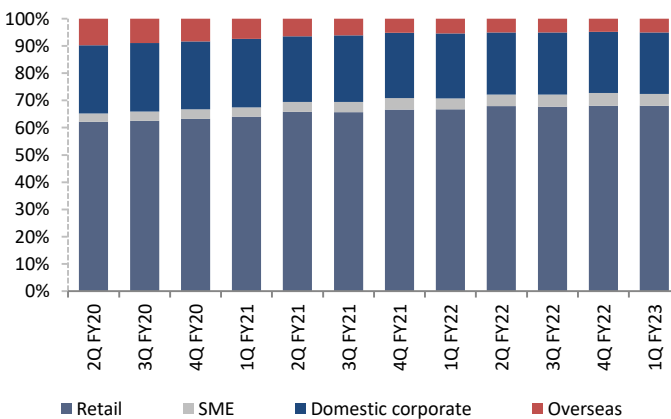
Return ratio trend



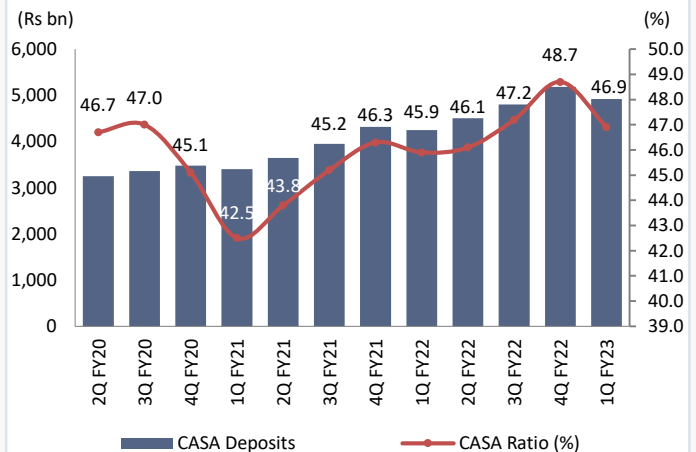
Loan book trend



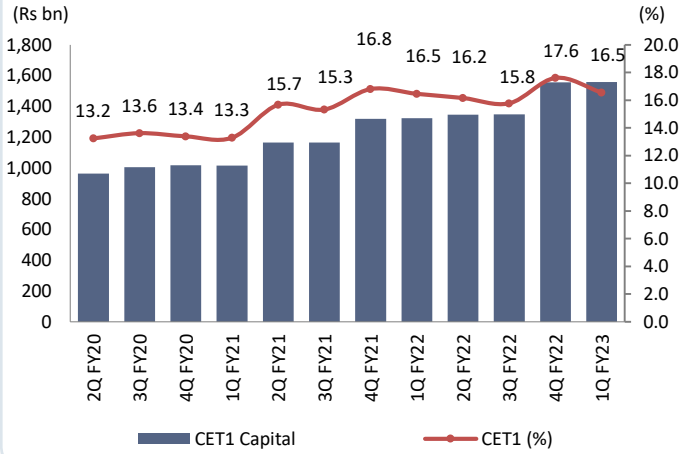
Loan book Mix trend



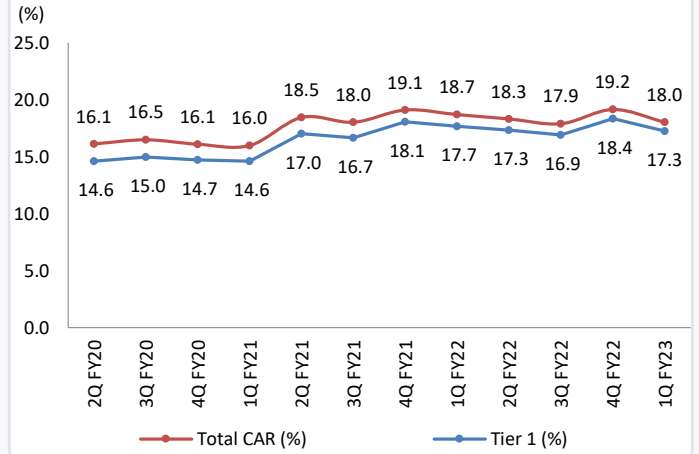
CASA Deposit trend



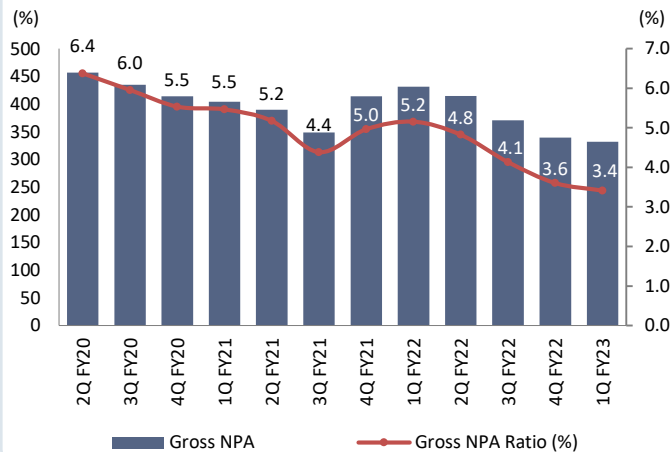
CET 1 Ratio trend



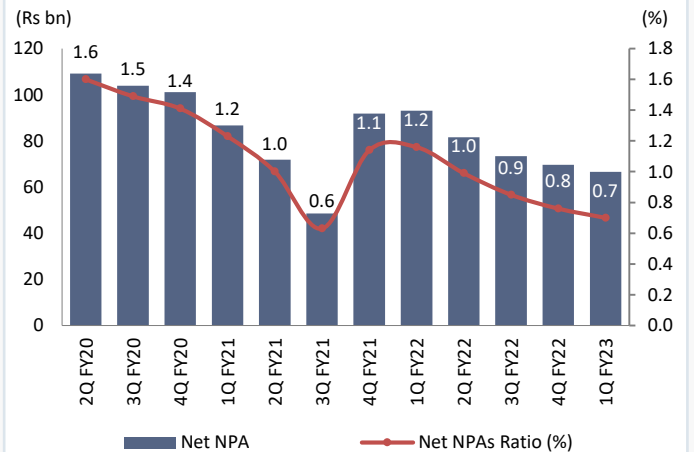
CRAR & Tier 1 Ratio Trend



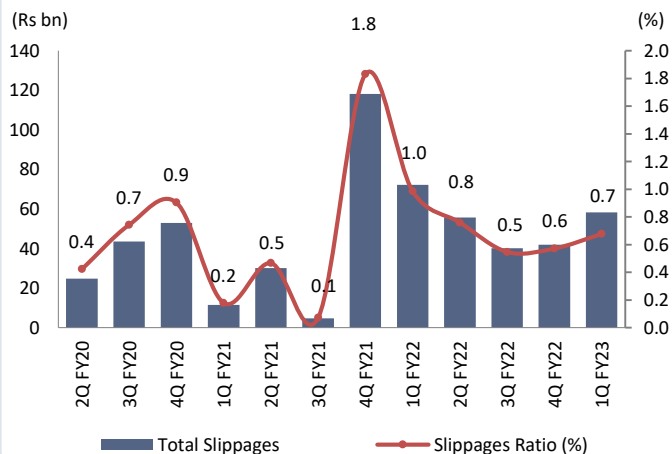
Gross NPA trend



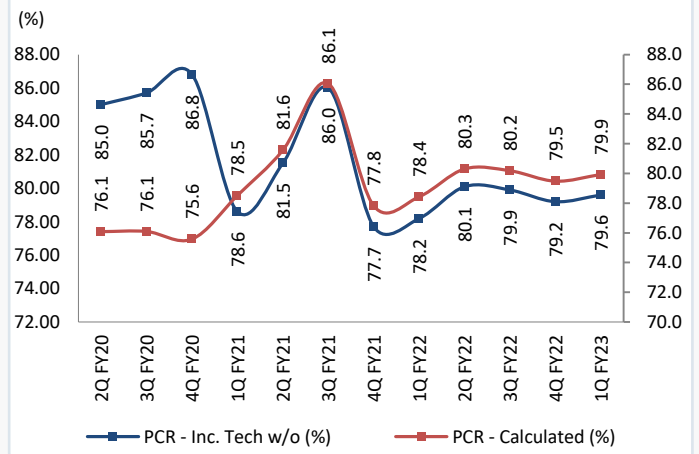
Net NPA trend



Slippages Trend



PCR Trend



Financial Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	1Q FY23	1Q FY22	% yoy / bps	4Q FY22	% qoq / bps	FY22	FY21	% yoy / bps
Interest Inc.	2,36,715	2,03,834	16.1	2,26,749	4.4	8,63,746	7,91,183	9.2
Interest Expenses	1,04,615	94,477	10.7	1,00,703	3.9	3,89,085	4,01,288	(3.0)
Net Interest Income	1,32,100	1,09,358	20.8	1,26,046	4.8	4,74,661	3,89,894	21.7
NII to Net Operative Income	73.9	73.2	66	72.7	122	71.9	67.3	466
NIM (%)	4.01	3.9	12	4.0	1	3.8	3.7	13
Other Income - Total	46,652	39,959	16.8	47,374	(1.5)	1,85,175	1,89,685	(2.4)
Other Inc to Net Oper. Income (%)	26.1	26.8	(66)	27.3	(122)	28.1	32.7	(466)
Net Operating Revenue	1,78,752	1,49,316	19.7	1,73,420	3.1	6,59,836	5,79,580	13.8
Employee Expenses	28,492	23,744	20.0	24,289	17.3	96,728	80,918	19.5
Other Opex	47,171	36,628	28.8	46,201	2.1	1,70,606	1,34,691	26.7
Total Opex	75,663	60,372	25.3	70,490	7.3	2,67,333	2,15,608	24.0
Cost to Income Ratio (%)	42.3	40.4	190	40.6	168	40.5	37.2	331
Pre Provision Profits	1,03,089	88,944	15.9	1,02,929	0.2	3,92,503	3,63,971	7.8
Provisions & Contingencies - Total	11,438	28,517	(59.9)	10,690	7.0	86,414	1,62,144	(46.7)
NPA Provisions as % PPP	11.1	32.1	(2,097)	10.4	71	22.0	44.5	(2,253)
Profit Before Tax	91,651	60,427	51.7	92,240	(0.6)	3,06,089	2,01,827	51.7
Tax	22,601	14,267	58.4	22,053	2.5	82,411	33,144	148.6
Effective Tax Rate (%)	24.7	23.6	105	23.9	75	26.9	16.4	1,050
Reported Profits	69,049	46,160	49.6	70,187	(1.6)	2,23,678	1,68,683	32.6
RoA (%)	2.0	1.5	44	2.1	(13)	1.8	-	-
RoE (%)	15.9	12.3	360	17.1	(120)	14.7	-	-

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	qoq % / bps	yoy % / bps
Net Worth	14,75,061	15,23,735	15,66,570	16,28,716	17,02,456	17,74,910	4.3	16.5
RoE (%)	12.3	12.3	14.1	15.4	17.1	15.9	(120)	360
Tier 1 (%)	18.1	17.7	17.3	16.9	18.4	17.3	(110)	(43)
Total CAR (%)	19.1	18.7	18.3	17.9	19.2	18.0	(112)	(67)
RWA - Total	78,54,030	80,36,260	83,37,830	85,46,870	88,35,910	94,15,420	6.6	17.2
Advances - Total	73,37,291	73,85,979	76,49,374	81,39,916	85,90,204	89,56,248	4.3	21.3
Investments	28,12,865	29,48,487	28,52,200	28,48,234	31,02,410	32,12,522	3.5	9.0
Total Assets	1,23,04,327	1,22,06,544	1,27,60,023	1,35,41,956	1,41,12,977	1,41,55,808	0.3	16.0
RoA (%)	1.51	1.54	1.79	1.90	2.11	1.98	(13)	44
Deposits	93,25,222	92,62,239	97,74,486	1,01,74,667	1,06,45,716	1,05,03,490	(1.3)	13.4
CASA Deposits	43,16,230	42,51,010	45,07,040	48,06,560	51,84,370	49,21,140	(5.1)	15.8
CASA Ratio (%)	46.3	45.9	46.1	47.2	48.7	46.9	(180)	100
Interest Bearing Liabilities - Total	1,02,41,531	1,01,53,548	1,06,04,371	1,12,70,521	1,17,18,030	1,16,58,035	(0.5)	14.8

Source: Company, LKP Research

Exhibit 3 : Loan book Analysis

(₹ mn)	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	qoq % / bps	yoy % / bps
Home	24,36,540	24,93,870	26,46,950	27,82,670	29,30,630	30,50,760	4.1	22.3
Vehicle Loans	6,41,540	6,24,820	6,36,190	6,58,640	6,80,510	7,02,300	3.2	12.4
Business Banking	3,73,270	3,96,760	4,45,670	4,84,840	5,34,370	5,73,960	7.4	44.7
Rural & Other	7,21,580	7,10,000	7,15,170	7,36,850	7,68,300	7,69,980	0.2	8.4
Retails - Other	52,710	56,960	57,770	48,410	55,860	62,500	11.9	9.7
Secured Retail loans	42,25,640	42,82,410	45,01,750	47,11,410	49,69,670	51,59,500	3.8	20.5
Personal Loans	4,93,450	4,94,700	5,25,740	5,69,630	6,28,730	6,83,750	8.8	38.2
Credit Cards	1,73,110	1,71,560	1,98,430	2,28,000	2,50,620	2,80,100	11.8	63.3
Unsecured Retail loans	6,66,560	6,66,260	7,24,170	7,97,630	8,79,350	9,63,850	9.6	44.7
Retail	48,92,200	49,48,670	52,25,920	55,09,040	58,49,020	61,23,350	4.7	23.7
SME	3,02,840	2,97,780	3,31,400	3,63,530	4,04,500	3,93,850	(2.6)	32.3
Domestic corporate	17,66,350	17,68,530	17,55,040	18,60,580	19,37,340	20,22,920	4.4	14.4
Domestic book	69,61,390	69,84,990	72,62,360	77,33,150	81,77,360	84,98,620	3.9	21.7
Overseas	3,75,900	4,00,990	3,87,010	4,06,770	4,12,840	4,57,630	10.8	14.1

Source: Company, LKP Research

Exhibit 4: Funding Profile Analysis

(₹ mn)	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	qoq % / bps	yoy % / bps
Interest Bearing Liabilities - Total	1,02,41,531	1,01,53,548	1,06,04,371	1,12,70,521	1,17,18,030	1,16,58,035	(0.5)	14.8
Deposits	93,25,222	92,62,239	97,74,486	1,01,74,667	1,06,45,716	1,05,03,490	(1.3)	13.4
CASA Deposits	43,16,230	42,51,010	45,07,040	48,06,560	51,84,370	49,21,140	(5.1)	15.8
Saving Deposit	29,54,530	30,66,090	31,85,570	33,46,130	35,99,570	35,18,140	(2.3)	14.7
Current Deposit	13,61,700	11,84,920	13,21,470	14,60,430	15,84,800	14,03,000	(11.5)	18.4
Term Deposits	50,08,992	50,11,229	52,67,446	53,68,107	54,61,346	55,82,350	2.2	11.4
Borrowings	9,16,310	8,91,308	8,29,885	10,95,854	10,72,314	11,54,545	7.7	29.5
Interest Bearing Liabilities - Total	1,02,41,531	1,01,53,548	1,06,04,371	1,12,70,521	1,17,18,030	1,16,58,035	(0.5)	14.8

Source: Company, LKP Research

Exhibit 5: Asset Quality Analysis

(₹ mn)	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	qoq % / bps	yoy % / bps
Total Slippages	1,18,180	72,310	55,780	40,180	42,040	58,250	38.6	(19.4)
Slippages Ratio (%)	1.83	0.99	0.76	0.55	0.57	0.68	11	(31)
Gross NPA	4,13,734	4,31,483	4,14,374	3,70,527	3,39,195	3,31,632	(2.2)	(23.1)
Gross NPAs Ratio (%)	4.96	5.15	4.82	4.13	3.60	3.41	(19)	(174)
PCR - Calculated (%)	77.8	78.4	80.3	80.2	79.5	79.9	45	150
Net NPA	91,802	93,058	81,610	73,439	69,609	66,562	(4.4)	(28.5)
Net NPAs Ratio (%)	1.14	1.16	0.99	0.85	0.76	0.70	(6)	(46)
Standard Restructured	31,790	48,640	96,840	96,840	82,670	73,760	(10.8)	51.6
Std. Rest. Adv. as % of Advances	0.4	0.7	1.27	1.19	0.96	0.82	(14)	17

Source: Company, LKP Research

Annual Projections

Exhibit 6: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22	FY23E	FY24E
Int. Income / Opr. Revenue	7,47,983	7,91,183	8,63,746	10,17,692	12,23,208
Interest Expenses	4,15,313	4,01,288	3,89,085	4,53,855	5,46,733
Net Interest Income	3,32,671	3,89,894	4,74,661	5,63,837	6,76,475
<i>NIM (%)</i>	3.52	3.61	3.82	3.87	3.92
Other Income - Total	1,64,486	1,89,685	1,85,175	1,95,995	2,07,871
Net Operating Revenue	4,97,157	5,79,580	6,59,836	7,59,832	8,84,347
Employee Exp.	82,712	80,918	96,728	1,15,106	1,36,976
Other Opex	1,33,432	1,34,691	1,70,606	1,94,490	2,21,719
Total Opex	2,16,144	2,15,608	2,67,333	3,09,596	3,58,695
<i>C/I Ratio (%)</i>	43.48	37.20	40.52	40.75	40.56
Pre Provision Profits	2,81,013	3,63,971	3,92,503	4,50,236	5,25,652
<i>PPP Growth (yoy %)</i>	19.9	29.5	7.8	14.7	16.8
Provisions & Contingencies - Total	1,40,532	1,62,144	86,414	89,324	96,549
<i>Credit Cost (As % of Op. AUM)</i>	1.71	2.54	1.19	1.00	0.90
Profit Before Tax	1,40,480	2,01,827	3,06,089	3,60,912	4,29,103
Tax	39,900	39,900	72,694	85,714	1,01,909
<i>Effective Tax Rate (%)</i>	28.4	19.8	23.7	23.7	23.7
Reported Profits	1,00,580	1,61,927	2,33,395	2,75,198	3,27,194
<i>PAT Growth (yoy %)</i>	199.0	61.0	44.1	17.9	18.9

Source: Company, LKP Research

Exhibit 7: Balance Sheet

(₹ mn)	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	12,948	13,834	13,900	13,900	13,900
Reserves (ex Revel. Reserve)	11,20,913	14,30,291	16,56,599	19,31,797	22,58,991
Net Worth - Ex Revaluation	11,33,861	14,44,125	16,70,499	19,45,697	22,72,891
Deposits	77,09,690	93,25,222	1,06,45,716	1,26,66,449	1,50,89,897
Borrowings	16,28,968	9,16,310	10,72,314	12,52,726	14,92,407
Interest Bearing Liabilities (Rs mn)	93,38,658	1,02,41,531	1,17,18,030	1,39,19,175	1,65,82,304
Other Lia. & Prov.	4,79,950	5,87,704	6,89,828	6,44,390	5,61,908
Total Liabilities	1,09,83,651	1,23,04,327	1,41,12,977	1,65,46,626	1,94,57,859
Assets					
Cash & Cash Equivalent	11,91,557	13,31,283	16,78,224	20,59,523	24,37,094
Investments	24,95,315	28,12,865	31,02,410	34,21,910	37,74,314
Loan & Advances (Rs mn)	64,52,900	73,37,291	85,90,204	1,03,08,245	1,24,72,977
<i>Growth (yoy %)</i>	<i>10.0</i>	<i>13.7</i>	<i>17.1</i>	<i>20.0</i>	<i>21.0</i>
Fixed Assets	84,103	88,776	93,738	1,02,062	1,12,041
Other Assets	7,59,777	7,34,112	6,48,401	6,54,885	6,61,434
Total Assets	1,09,83,651	1,23,04,327	1,41,12,977	1,65,46,626	1,94,57,859

Source: Company, LKP Research

Exhibit 8: Per share data

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Face Value (₹)	2	2	2	2	2
Adjusted Share O/S (mn)	6,474	6,917	6,950	6,950	6,950
Earnings Per Share (₹)	15.5	23.4	33.6	39.6	47.1
<i>EPS (% yoy)</i>	<i>197.9</i>	<i>50.7</i>	<i>43.5</i>	<i>17.9</i>	<i>18.9</i>
<i>P/E (x)</i>	<i>51.5</i>	<i>34.2</i>	<i>23.8</i>	<i>20.2</i>	<i>17.0</i>
Book Value (₹)	175.1	208.8	240.4	280.0	327.0
<i>BVPS (% yoy)</i>	<i>7.2</i>	<i>19.2</i>	<i>15.1</i>	<i>16.5</i>	<i>16.8</i>
<i>P/BV (x)</i>	<i>4.6</i>	<i>3.8</i>	<i>3.3</i>	<i>2.9</i>	<i>2.4</i>
Adj. BV (₹)	167.5	202.2	235.4	272.6	319.7
<i>Adj. BV (% yoy)</i>	<i>9.5</i>	<i>20.7</i>	<i>16.4</i>	<i>15.8</i>	<i>17.3</i>
<i>P/ABV (x)</i>	<i>4.8</i>	<i>4.0</i>	<i>3.4</i>	<i>2.9</i>	<i>2.5</i>

Source: Company, LKP Research

Exhibit 9: Detail RoA Tree Analysis (%)

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Yields / Margins					
Yield on Advance	9.3	8.3	8.0	8.1	8.2
Yield on Funds	7.9	7.3	7.0	7.0	7.1
Cost of Funds (CoF)	4.7	4.1	3.5	3.5	3.6
Interest Spread	3.2	3.2	3.4	3.4	3.5
NIM's	3.5	3.6	3.8	3.9	3.9
Interest Income / Assets	7.3	6.8	6.5	6.6	6.8
Interest Exp. / Assets	4.0	3.4	2.9	3.0	3.0
NII / Assets	3.2	3.3	3.6	3.7	3.8
Fee Income / Assets	1.1	0.9	0.8	0.7	0.7
Other Non Core Income / Assets	0.3	0.6	0.5	0.5	0.4
Other Income / Assets	1.6	1.6	1.4	1.3	1.2
Net Operating Income / Assets	4.8	5.0	5.0	5.0	4.9
Operating Ratios					
NII to Net Operative Income	66.9	67.3	71.9	74.2	76.5
Other Income to Net Operative Income	33.1	32.7	28.1	25.8	23.5
Empl. Cost/Oper. Exps.	38.3	37.5	36.2	37.2	38.2
Other Op. Exps./Oper. Exps.	61.7	62.5	63.8	62.8	61.8
C/I Ratio (%)	43.5	37.2	40.5	40.7	40.6
Provisions as % PPP	28.3	28.0	13.1	11.8	10.9
Credit Cost (As % of Op. AUM)	1.7	2.5	1.2	1.0	0.9
Effective Tax Rate (%)	28.4	19.8	23.7	23.7	23.7
Employee Exp. / Assets	0.8	0.7	0.7	0.8	0.8
Other Opex/ Assets	1.3	1.2	1.3	1.3	1.2
Total Opex / Assets	2.1	1.9	2.0	2.0	2.0
Operating Profits / Assets	2.7	3.1	3.0	2.9	2.9
Op Profit ex Except Items / Assets	2.7	3.1	3.0	2.9	2.9
Provisions / Assets	1.4	1.4	0.7	0.6	0.5
Profit Before Tax / Assets	1.4	1.7	2.3	2.4	2.4
Tax Expenses / Assets	0.4	0.3	0.6	0.6	0.6
RoA	1.0	1.4	1.8	1.8	1.8
Leverage (x)	9.7	8.5	8.4	8.5	8.6
RoE	8.9	12.3	14.7	14.9	15.2
Adj. RoA	1.0	1.4	1.8	1.8	1.8
Adj. RoE	8.9	12.3	14.7	14.9	15.2

Source: Company, LKP Research

Exhibit 10: Balance Sheet Ratios

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Credit / Deposit Ratio	83.7	78.7	80.7	81.4	82.7
Incremental C/D Ratio	49.7	54.7	94.9	85.0	89.3
Investment Deposit Ratio	32.4	30.2	29.1	27.0	25.0
Dom. SLR Investment / Deposits	24.7	23.1	22.3	20.7	19.2
CASA Ratio	45.5	46.7	49.1	49.1	49.1

Source: Company, LKP Research

Exhibit 11: Asset Quality

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Slippage Ratio (%)	2.4	2.5	2.9	2.3	1.8
Gross NPA	4,08,291	4,08,414	3,39,195	3,32,555	3,31,202
Gross NPAs Ratio (%)	5.5	5.0	3.6	3.2	2.7
PCR (%)	75.7	77.7	79.5	79.2	79.2
Net NPA	99,232	91,177	69,609	69,261	68,915
Net NPAs Ratio (%)	1.5	1.2	0.8	0.7	0.6
Total Impaired Loans	4,08,291	4,08,414	3,39,195	3,32,555	3,31,202
Impaired Loan as % of Loan / AUM	5.9	5.3	3.8	3.1	2.6
Total Risk Reserves	3,09,058	3,17,238	2,69,586	2,63,295	2,62,287
Total Risk As % of Loan Book	4.5	4.1	3.0	2.4	2.0

Source: Company, LKP Research

Exhibit 12: Key Assumptions & Forecasts

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Loan & Advances (₹ mn)	64,52,900	73,37,291	85,90,204	1,03,08,245	1,24,72,977
Growth (yoy %)		13.7	17.1	20.0	21.0
Interest Bearing Liabilities (₹ mn)	93,38,658	1,02,41,531	1,17,18,030	1,39,19,175	1,65,82,304
Growth (yoy %)		9.7	14.4	18.8	19.1
Yield on Funds	7.9	7.3	7.0	7.0	7.1
Cost of Funds (CoF)	4.7	4.1	3.5	3.5	3.6
Interest Spread	3.2	3.2	3.4	3.4	3.5
NIM's	3.5	3.6	3.8	3.9	3.9
Other Income Growth	13.3	15.3	(2.4)	5.8	6.1
C/I Ratio (%)	43.5	37.2	40.5	40.7	40.6
Effective Tax Rate (%)	28.4	19.8	23.7	23.7	23.7
Return Ratios					
Adj. RoA	1.0	1.4	1.8	1.8	1.8
Adj. RoE	8.9	12.3	14.7	14.9	15.2
Asset Quality Metrics					
Credit Cost (As % of Op. AUM)	1.7	2.5	1.2	1.0	0.9
Gross NPAs Ratio (%)	5.5	5.0	3.6	3.2	2.7
Net NPAs Ratio (%)	1.5	1.2	0.8	0.7	0.6

Source: Company, LKP Research

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