

INDUSTRY	BANKS
CMP (as on 7 May 2018)	Rs 290
Target Price	Rs 377
Nifty	10,716
Sensex	35,208

KEY STOCK DATA	
Bloomberg	ICICIBC IN
No. of Shares (mn)	6,429
MCap (Rs bn) / (\$ mn)	1,863/27,742
6m avg traded value (Rs mn)	5,642

STOCK PERFORMANCE (%)			
52 Week high / low	Rs 366/255		
	3M	6M	12M
Absolute (%)	(12.9)	(7.2)	6.8
Relative (%)	(16.2)	(12.8)	(11.1)

SHAREHOLDING PATTERN (%)	
Promoters	-
FIs & Local MFs	42.07
FPIs	47.59
Public & Others	10.34

Source : BSE

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Endgame in sight, finally

A ballooning of GNPA's in 4QFY18 (102bps QoQ) overshadowed some significant positives for ICICIBC. Domestic loan growth sustained (+15% YoY) while NIMs improved 10bps sequentially (3.24%). The watchlist nose-dived to ~Rs 47.2bn (vs ~Rs 190.6bn in 3Q) and net stress reduced substantially (~6% vs 9.9% YoY). Creditable CASA addition (Rs 431bn in FY18), steady growth in retail loans (21% YoY), fees (+16%) and controlled opex (+9%) were also encouraging.

We believe the stress recognition process for ICICIBC is nearing completion. The bank's retail engine (assets, liabilities and fees) and stake sales in subsidiaries have supported provisioning (and reported profits) despite the all-too-obvious stumble in the corporate book. A welcome move to more prudent underwriting (87% of incremental corporate disbursements are A- and better) will boost performance hereon. We expect RoAAs to pull back 36bps over FY18-20E as a result. Maintain BUY with a TP of Rs 377 (1.7x Mar-20 core ABV of Rs 150 and sub-value of Rs 122).

Financial Summary

(Rs bn)	4QFY18	4QFY17	YoY (%)	3QFY18	QoQ (%)	FY17	FY18P	FY19E	FY20E
Net Interest Income	60.2	59.6	1.0	57.1	5.5	217.4	230.3	260.1	291.1
PPOP	75.1	51.1	47.0	50.6	48.6	264.9	247.4	249.6	271.8
PAT	10.2	20.2	(49.6)	16.5	(38.2)	98.0	67.1	94.0	124.1
EPS (Rs)	1.6	3.5	(54.3)	2.6	(38.2)	16.8	10.4	14.6	19.3
Core ROAE (%)						10.0	7.3	9.5	9.8
Core ROAA (%)						1.31	0.81	1.00	1.17
Adj. BVPS (Rs)						111	105	126	150
P/ABV (x)#						1.86	1.91	1.49	1.14
P/E (x)#						12.3	19.2	12.8	8.8

Source: Bank, HDFC sec Inst Research; # adjusted for embedded value of subs

Highlights of the quarter

- Though slippages jumped to ~Rs 157bn (~12.4% ann. vs 3.6% QoQ), major accretions came from the watchlist (~Rs 118bn), restructured assets (~Rs 3.3bn) and three gems and jewellery exposures (Rs 8bn). Consequently, G/NNPAs jumped 102/57bps QoQ to ~8.84/4.77% respectively. With recognition largely behind and restructured book + watchlist at a mere 1.2%, further accretion to stress should abate hereon. We factor in slippages and LLP of 2.75% and 2.15% over FY19-20E.
- The uptick in growth continued as domestic loans grew ~15% YoY, primarily driven by robust retail growth of ~21% YoY. Within retail, unsecured businesses and business banking grew in excess of 40%. With receding stress and management's clear focus on driving growth through retail, we have factored a loan CAGR of 14% over FY18-20E.
- Near term outlook:** Despite the sharp drop in stressed assets (a key positive), uncertainty surrounding leadership is an overhang.

Watch-list Exposure

Rs bn	4QFY18	QoQ Chg (%)
Power	12.1	(81.5)
Iron/Steel	30.3	(31.5)
Mining	4.5	(92.3)
Others	0.4	(89.6)
Promoter entity	0.0	(100.0)
Total watch-list	47.2	(75.2)

Movement in watch-list

Rs bn	2QFY18	3QFY18	4QFY18
Opening	203.6	195.9	190.6
Reduction	9.6	4.9	8.3
Slippage	2.6	6.8	117.8
Upgrade	4.5	0.1	0.1
Closing	195.9	190.8	47.4

Accretion over FY18

Rs bn	CA	SA	Total
ICICIBC	140	291	431
AXSB	86	222	308
KMB	45	240	285
IIB	32	189	221
YES	97	116	213

- NPA recognition was driven by the RBI circular (dated 12th Feb) declaring all the restructuring dispensations void. Within slippages of ~Rs 157bn, ~Rs 100bn was due to this change. The bank also classified an exposure of ~Rs 8bn to three specific accounts in the gems & jewellery sector and provided ~Rs 2.9bn on the same. Further, the bank utilised Rs 5.05bn from reserves towards provisions for these exposures.
- ICICIBC's net stressed assets (incl. watchlist) continued to decline and stood at ~6% (vs. 8.3% QoQ, 9.9% YoY and 14.8% in FY16), as PCR remained steady at 60.5%.
- Provisions almost doubled sequentially to ~Rs 66.2bn (5.21% of loans vs 2.89% QoQ) as NPA accretion jumped. Additionally, ICICIBC did not avail the benefit of spreading MTM provisions over the upcoming quarters. The bank has to incrementally provide ~Rs 9.7bn in 1Q to meet the PCR requirement on NCLT exposures.
- Deposits grew ~15/8% YoY/QoQ largely driven by strong CASA growth of ~18/11% YoY/QoQ. CA deposits grew ~19% YoY while SA deposits grew ~17% YoY. With this, the CASA ratio improved 130bps sequentially to form ~51.7% of total deposits. On a daily avg. basis, the CASA ratio was steady at 45.6%.
- The management aims to maintain CASA above 45% on a daily average basis and total retail deposits over 70%.
- **NIM uptick – a positive surprise:** Despite elevated slippages and high interest reversals, overall NIMs improved 10bps sequentially to 3.24%. The uptick was driven by a 14bps improvement in domestic NIMs (3.67%, up 14bps QoQ) even as international NIMs were merely 4bps. Though NIMs are expected to remain under pressure in the near term, the improving share of retail loans, rationalisation of the low yielding overseas book and improving CASA ratio will provide some cushion. We have factored in NIMs of 3.2% over FY19-20E.
- **Growth uptick sustained:** While the overall loans grew only ~10/1% YoY/QoQ, domestic loans grew ~15% YoY (87.4% of loans vs. 86% QoQ). The uptick in domestic loans was led by rapid growth in retail loans (~21/6% YoY/QoQ) and a ~15/4% YoY/QoQ rise in SME loans. Corporate growth remained tepid as domestic corporate advances dipped ~3% sequentially. Overseas loans continued to decline and stood at ~12.6% of total advances (vs. ~14% QoQ and 16.1% YoY).
- Within the Retail loans, the growth is encouragingly broad-based, led by unsecured businesses like PL, CC (on a smaller base), along with business banking. The management has guided for a 20% growth in retail loans driven by a 40%+ growth in unsecured businesses and ~15% growth in mortgages
- We have factored in loan CAGR of 14% over FY18-20E, led by retail and a pick-up in corp loans, even as overseas loans continue to moderate.

SOTP

	Rs bn	Per Share	Rationale
ICICI Bank	1,641	255	1.7x Mar-20E ABV of Rs 150
ICICI Life Insurance	406	63	(FY20E EV+ 25x FY20E VNB)
ICICI General Insurance	204	32	30x FY20E PAT
ICICI AMC	100	16	5% of FY20E AUM
ICICI UK	37	6	1x FY20E BV
ICICI Canada	45	7	1x FY20E BV
ICICI Housing Finance	51	8	2.0x FY20E BV
ICICI Sec	108	17	25x FY20E PAT
Others	32	5	I Ventures and others
Total Value Of Subsidiaries	982	153	
Less: 20% Holdco Discount	196	31	
Net Value Of Subsidiaries	785	122	
Total Value	2,426	377	
Current Value	1,863	290	
Upside (%)	30.2	30.2	

Source: HDFC sec Inst Research;

Five Quarters At A Glance

Rs bn	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	YoY Growth	QoQ Growth
Net Interest Income	59.6	55.9	57.1	57.1	60.2	1.0%	5.5%
Non-interest Income	30.2	33.9	51.9	31.7	56.8	88.2%	79.3%
Treasury Income	5.0	8.6	21.9	0.7	26.9	433.8%	3968.2%
Operating Income	89.8	89.8	109.0	88.7	117.0	30.3%	31.9%
Operating Expenses	38.7	37.9	39.1	38.1	41.9	8.2%	9.8%
Pre Provision Profits (PPOP)	51.1	51.8	69.9	50.6	75.1	47.0%	48.6%
Provisions And Contingencies	29.0	26.1	45.0	35.7	66.3	128.6%	85.6%
PBT	22.1	25.7	24.8	14.9	8.9	-59.9%	40.3%
Provision For Tax	1.9	5.3	4.3	(1.6)	(1.3)	-169.7%	-18.7%
PAT	20.2	20.5	20.6	16.5	10.2	-49.6%	-38.2%

Balance Sheet items/ratios

Deposits	4,900	4,863	4,986	5,174	5,610	14.5%	8.4%
CASA Deposits	2,468	2,380	2,469	2,606	2,899	17.5%	11.2%
Advances	4,642	4,641	4,828	5,054	5,124	10.4%	1.4%
CD Ratio (%)	94.7	95.4	96.8	97.7	91.3	-339 bps	-634 bps
CAR (%)	17.4	17.7	17.9	18.1	18.4	103 bps	32 bps
Tier I (%)	14.4	14.6	14.9	15.0	15.9	156 bps	88 bps

Profitability

Yield On Advances (%)	8.89	8.69	8.67	8.47	7.67	-122 bps	-80 bps
Cost Of Funds (%)	5.15	5.16	5.04	4.90	4.93	-22 bps	3 bps
NIM (%)	3.57	3.27	3.27	3.14	3.24	-33 bps	10 bps
Cost-Income Ratio (%)	43.1	42.3	35.9	43.0	35.8	-729 bps	-721 bps
Tax Rate (%)	8.5	20.4	17.1	(10.9)	(14.8)	NA	NA

Asset quality

Gross NPA (Rs bn)	425.5	431.5	444.9	460.4	540.8	27.1%	17.5%
Net NPA (Rs bn)	254.5	253.1	241.3	238.1	278.9	9.6%	17.1%
Gross NPAs (%)	7.89	7.99	7.87	7.82	8.84	95 bps	102 bps
Net NPAs (%)	4.89	4.86	4.43	4.20	4.77	-12 bps	57 bps
Delinquency ratio (%)	9.80	4.29	3.95	3.55	12.37	257 bps	882 bps
Coverage Ratio (%)	40.2	41.3	45.8	48.3	48.4	825 bps	16 bps
Restructuring O/s (%)	0.92	0.51	0.42	0.36	0.30	-62 bps	-6 bps

Change In Estimates

(Rs bn)	FY19E			FY20E		
	Old	New	Change	Old	New	Change
NII	259	260	0.3%	290	291	0.3%
PPOP	245	250	2.0%	271	272	0.2%
PAT	95	94	-1.1%	122	124	1.6%
Adj. BVPS (Rs)	125.4	125.8	0.3%	144.6	150.1	3.8%

Source: HDFC sec Inst Research

Higher vs. estimates led by better NIM performance and healthy loan growth

Core fee growth stood at ~13% YoY with retail fees forming ~75% of total fees; treasury gains incl. Rs 34.8 towards stake sale in I- Sec

Inc. ~Rs 2.9bn towards 3 a/cs in the gems & jewellery sector; Additionally the bank has decided completely provide for MTM losses in 4Q and general provision of ~Rs 1.9bn

Driven by CASA growth of ~18/11% YoY/QoQ; CASA ratio improved to 51.7%

Domestic loan growth at ~15% YoY with retail growth of ~21% YoY

Uptick primarily driven by a 14bps QoQ jump in domestic NIMs to ~3.67%

Incl. 3 accounts from the Gems & jewellery sector amounting to ~Rs 8bn; Retail NPAs were at 1.61% (vs 1.69% QoQ and 1.51% YoY)

Within total slippages, ~Rs 3.3bn were from restructure accounts while ~Rs 117.8bn were from the watchlist; The overall watchlist dipped to ~Rs 47.2bn vs ~Rs 190.6bn sequentially

Overseas book Continued to de-grow (down 13.6% YoY). Its share dipped ~350bps YoY to ~12.6%

Domestic loans grew ~15/3% YoY/QoQ, led by Retail growth of 21/6% YoY/QoQ.

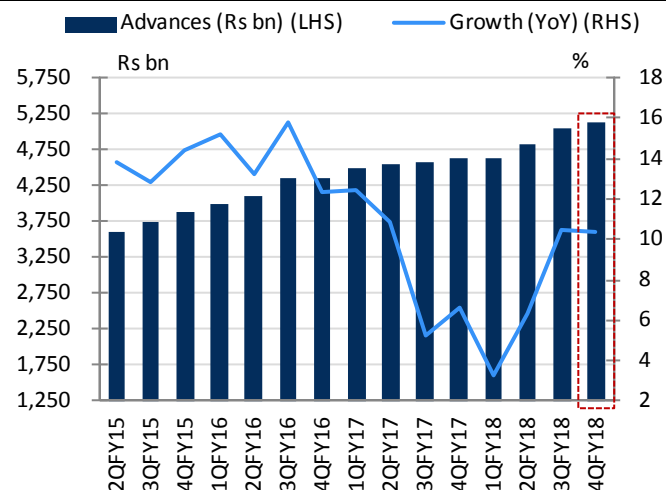
The mgt expects to grow the Retail book by 18-20% in FY19

The share of Retail loans will continue to increase hereon

SME loans jumped ~15% YoY

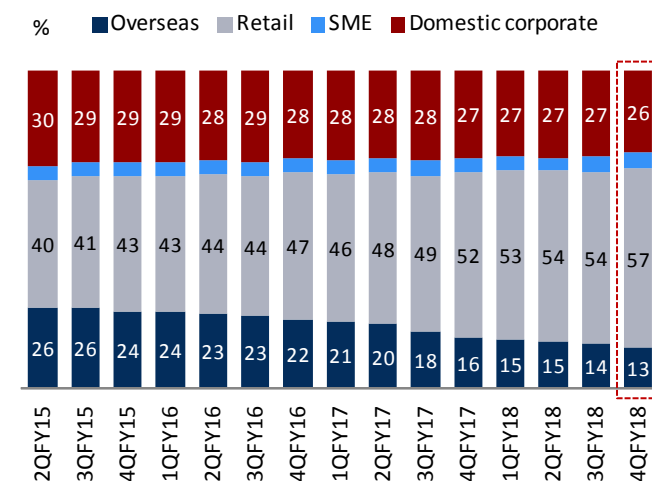
The corp book grew ~4% QoQ while it degrew YoY by ~-3%

Advances Grew By ~10/1% YoY/QoQ



Source: Company, HDFC sec Inst Research

Advances Mix: Retail Continues To Gain



Source: Company, HDFC sec Inst Research

Retail Loans Break-up: Robust Growth In The Unsecured Book

(%)	1QFY16	2Q FY16	3Q FY16	4Q FY16	1Q FY17	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4QFY18
Home	54.9	55.1	54.9	54.0	54.3	54.3	54.6	53.2	53.6	53.5	52.9	52.5
Vehicle	17.9	17.9	17.7	17.4	17.4	17.1	17.2	16.9	16.7	16.5	16.4	16.5
Other secured	20.4	19.9	19.9	21.0	20.3	20.4	19.5	20.9	20.3	20.3	20.6	20.5
PL	4.4	4.6	4.8	5.0	5.2	5.4	5.7	5.9	6.1	6.4	6.8	7.1
CC & Others	2.4	2.5	2.7	2.7	2.8	2.8	3.2	3.1	3.3	3.2	3.3	3.4

Source: Company, HDFC sec Inst Research

CASA deposits grew ~18/11% YoY/QoQ to form ~51.7% of total deposits

On an avg basis, CASA ratio deteriorated 10bps to 45.6%

SA grew ~17/8% YoY/QoQ while CA grew ~19% each

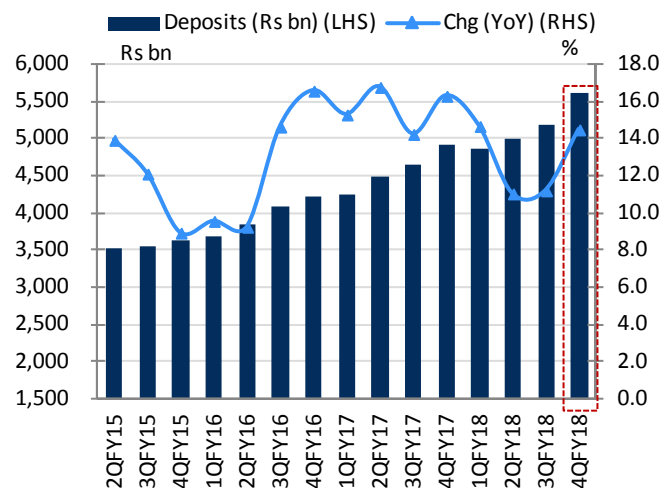
Overall QoQ NIMs improved by 10bps, albeit drop in YoY NIMs by -33bps.

Overseas NIM dropped sharply by -97/26bps YoY/QoQ on account of higher interest reversals in subsidiaries

Domestic NIMs improved QoQ by 14bps albeit 29bps YoY decline and stood at 3.67%

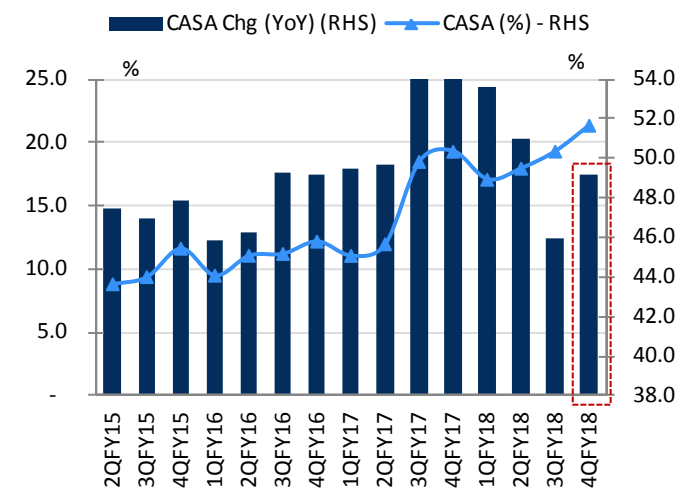
Overall core fees grew 13/4% led by retail fees (+16%; 75% of the total fees)

Deposits Grew ~15/8% YoY/QoQ



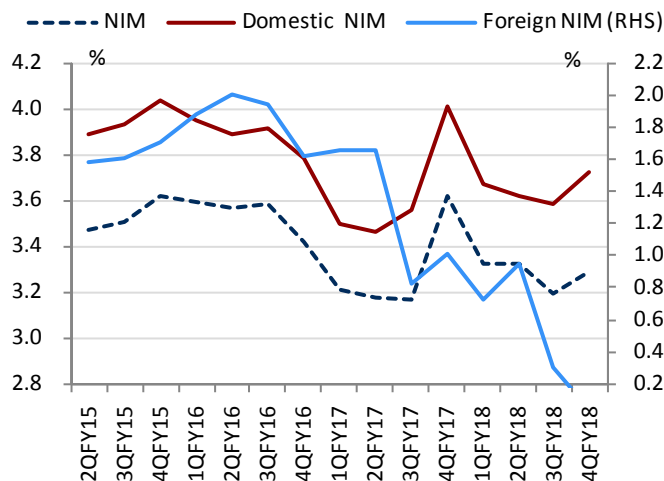
Source: Bank, HDFC sec Inst Research

CASA Ratio Rose 131bps Sequentially



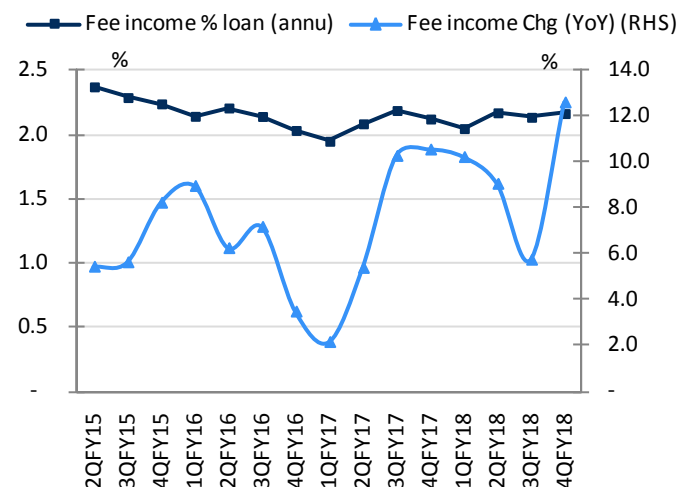
Source: Bank, HDFC sec Inst Research

NIMs Improve Sequentially



Source: Bank, HDFC sec Inst Research

Fee Growth Led By Retail Fees



Source: Bank, HDFC sec Inst Research

Other income was higher by 88/79% YoY/QoQ as it includes Rs 34.8bn towards stake in I-Sec

Slippages of ~Rs 157bn include ~100bn loans which were classified as std. asset as per RBI framework.

Retail slippages stood at ~Rs 7.0bn vs. Rs 7.9bn QoQ

NCLT exposures

List 1: Fund based Rs 60.2bn, Non Fund based Rs 9.2bn and PCR of 50.3%

List 2: Fund based Rs 91.8bn, Non Fund based Rs 8.4bn and PCR of 48.7%

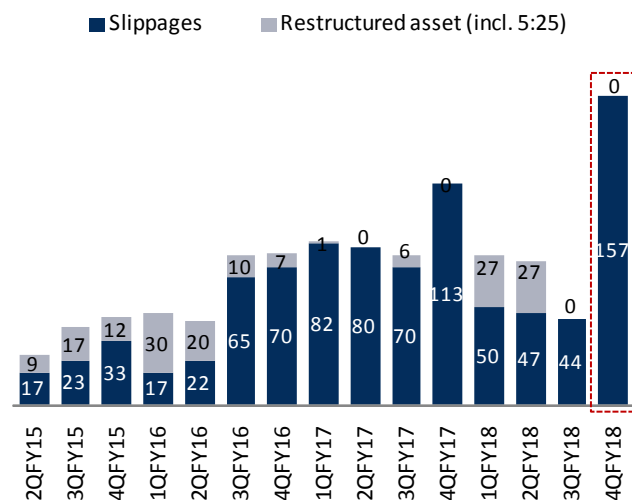
ICICIBC is required to make additional provisions of Rs 9.7bn in 1HY19

Sharp Jump In Treasury Gains Include Stake Sale In ICICI Sec

Rs bn	1Q FY16	2Q FY16	3Q FY16	4Q FY16	1Q FY17	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4QFY18
Treasury	2.1	2.2	14.4	21.9	7.7	64.1	8.9	5.0	8.6	21.9	0.7	26.9
Fees	21.1	22.4	22.6	22.1	21.6	23.6	25.0	24.5	23.8	25.7	26.4	27.6
Others	6.7	5.5	5.1	7.1	5.1	3.5	5.5	0.7	1.5	4.2	4.6	2.4
Total	29.9	30.1	42.1	51.1	34.3	91.2	39.4	30.2	33.9	51.9	31.7	56.8
% of Total	36.9	36.4	43.6	48.6	39.9	63.5	42.3	33.6	37.7	47.6	35.7	48.5

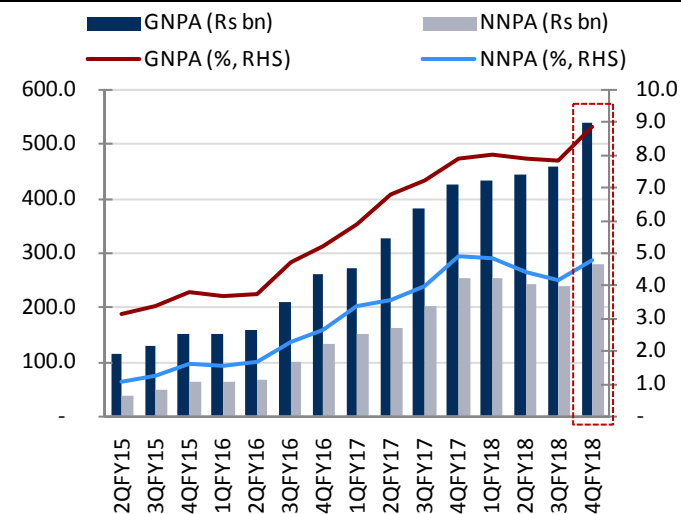
Source: Bank, HDFC sec Inst Research

Slippages Jump Led By RBI revised framework



Source : Bank, HDFC sec Inst Research

G/NNPA Jump 102/57bps Sequentially



Source: Bank, HDFC sec Inst Research

Asset Quality Movement

Rs bn	1Q FY16	2Q FY16	3Q FY16	4Q FY16	1Q FY17	2Q FY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
Opening	150.9	151.4	158.6	211.5	262.2	271.9	325.5	380.9	425.5	431.5	444.9	460.4
Additions	16.7	22.4	65.4	70.0	82.5	80.3	70.4	112.9	49.8	46.7	43.9	157.4
Recovery / Upgrade	5.4	7.1	5.0	7.8	7.9	8.0	6.3	14.1	27.8	10.3	11.1	42.3
W/O	10.8	8.1	6.9	1.5	66.2	22.4	8.8	54.1	16.1	23.0	17.2	34.8
Closing	151.4	158.6	212.1	272.2	270.6	321.8	380.9	425.5	431.5	444.9	460.5	540.6

Peer Valuations

BANK	Mcap (Rs bn)	CMP (Rs)	Rating	TP (Rs)	ABV (Rs)			P/E (x)			P/ABV (x)			ROAE (%)			ROAA (%)		
					FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
KMB #	2373	1245	BUY	1371	183	207	237	46.3	35.1	27.3	5.42	4.69	3.97	12.9	13.5	14.9	1.71	1.81	1.87
ICICIBC #	1863	290	BUY	377	105	126	150	19.2	12.8	8.8	1.91	1.49	1.14	7.3	9.5	9.8	0.81	1.00	1.17
AXSB	1394	535	NEU	538	183	225	269	498.2	27.2	14.8	2.93	2.37	1.99	0.5	7.7	12.8	0.04	0.70	1.13
IIB	1124	1890	BUY	1,966	379	443	524	31.5	25.4	20.1	4.99	4.26	3.61	16.5	17.6	19.0	1.80	1.79	1.82
RBL	219	524	BUY	582	152	170	194	31.3	24.8	18.5	3.45	3.08	2.70	12.7	12.6	15.1	1.27	1.26	1.33
FB	196	101	BUY	127	57	63	71	19.6	15.7	12.2	1.78	1.61	1.43	9.5	9.9	11.6	0.80	0.85	0.93
CUB	123	186	BUY	212	56	66	77	20.2	17.7	15.3	3.33	2.82	2.42	15.8	15.5	15.5	1.64	1.63	1.58
KVB	77	105	BUY	157	63	71	79	20.5	15.4	8.7	1.68	1.49	1.34	6.6	7.8	13.3	0.57	0.68	1.08
DCBB	61	196	BUY	205	78	88	98	24.6	19.1	15.5	2.51	2.24	2.00	9.8	10.8	12.0	0.90	0.95	0.97
SBIN #	2207	247	BUY	333	80	137	175	-105.0	10.5	5.3	1.78	1.04	0.81	-0.6	5.4	10.0	-0.04	0.35	0.64
BOB	332	144	BUY	192	65	109	148	49.3	17.4	9.2	2.22	1.32	0.97	2.0	5.0	8.9	0.11	0.29	0.51

Source: Company, HDFC sec Inst Research, # Adjusted for embedded value of subs

Income Statement

(Rs bn)	FY16	FY17	FY18P	FY19E	FY20E
Interest Earned	527.4	541.6	549.7	635.8	731.6
Interest Expended	315.2	324.2	319.4	375.7	440.5
Net Interest Income	212.2	217.4	230.3	260.1	291.1
Other Income	153.2	195.0	174.2	163.0	170.8
<i>Fee Income (CEB)</i>	74.6	80.3	86.1	97.4	111.5
<i>Treasury Income</i>	38.0	86.2	58.0	32.5	22.5
Total Income	365.5	412.4	404.5	423.2	461.9
Total Operating Exp	126.8	147.6	157.0	173.6	190.1
<i>Employee Expense</i>	50.0	57.3	59.1	64.5	70.2
PPOP	238.6	264.9	247.4	249.6	271.8
Provisions & Contingencies	116.7	152.1	173.8	139.0	114.7
<i>Prov. For NPAs (Incl. Std Prov.)</i>	75.1	150.3	170.8	137.0	112.7
PBT	122.0	112.8	73.7	110.6	157.0
Provision For Tax	24.7	14.8	6.6	16.6	33.0
PAT	97.3	98.0	67.1	94.0	124.1

Source: Bank, HDFC sec Inst Research

Balance Sheet

(Rs bn)	FY16	FY17	FY18P	FY19E	FY20E
SOURCES OF FUNDS					
Share Capital	11.6	11.7	12.9	12.9	12.9
Reserves	885.7	987.8	1,038.4	1,114.8	1,215.9
Shareholders' Funds	897.3	999.4	1,051.3	1,127.7	1,228.8
<i>Savings</i>	1,342.3	1,718.4	2,009.7	2,311.1	2,600.0
<i>Current</i>	588.7	749.8	889.6	1,023.0	1,145.8
<i>Term Deposit</i>	2,283.3	2,432.2	2,710.5	3,062.9	3,522.3
Total Deposits	4,214.3	4,900.4	5,609.8	6,397.0	7,268.1
Borrowings	1,748.1	1,475.6	1,828.6	2,066.2	2,335.7
Other Liabilities	347.3	342.5	302.0	332.1	365.2
Total Liabilities	7,207.0	7,717.9	8,791.6	9,922.9	11,197.8
APPLICATION OF FUNDS					
Cash & Bank Balance	598.7	757.1	841.7	1,161.4	1,391.9
Investments	1,604.1	1,615.1	2,029.9	2,092.8	2,208.2
<i>G-Secs</i>	1,106.5	1,125.1	1,487.2	1,535.3	1,635.3
Advances	4,352.6	4,642.3	5,124.0	5,831.3	6,717.0
Fixed Assets	75.8	78.1	79.0	81.0	83.0
Other Assets	575.7	625.3	717.3	756.3	797.6
Total Assets	7,207.0	7,717.9	8,791.9	9,922.9	11,197.8

Source: Bank, HDFC sec Inst Research

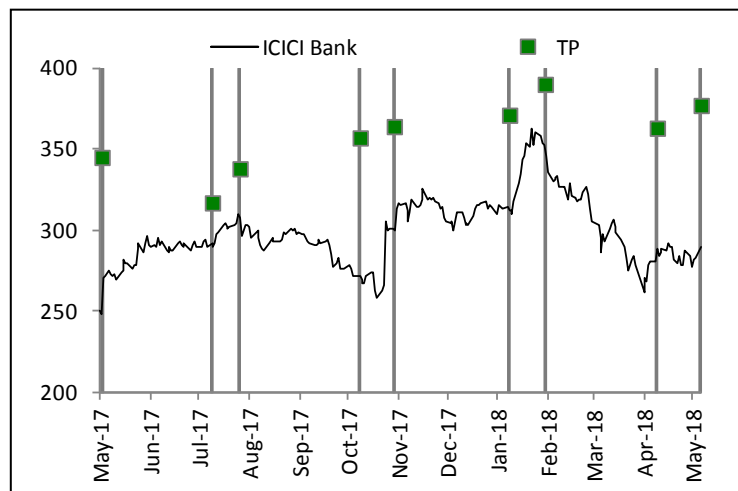
Key Ratios

	FY16	FY17	FY18P	FY19E	FY20E
VALUATION RATIOS					
EPS (Rs)	16.7	16.8	10.4	14.6	19.3
Earnings Growth (%)	(13.0)	0.8	(31.6)	40.2	31.9
BVPS (Rs)	154.3	171.6	163.5	175.4	191.1
Adj. BVPS (Rs)	113.0	110.6	104.8	125.8	150.1
DPS (Rs)	5.0	4.4	1.5	2.5	3.3
ROAA (%)	1.42	1.31	0.81	1.00	1.17
ROAE (%)	11.1	10.0	7.3	9.5	9.8
P/E (x)	13.5	12.3	19.2	12.8	8.8
P/ABV (x)	2.0	1.9	1.9	1.5	1.1
P/PPOP (x)	1.4	1.3	1.5	1.5	1.4
Dividend Yield (%)	1.7	1.5	0.5	0.9	1.1
PROFITABILITY					
Yield On Advances (%)	9.47	8.81	8.37	8.65	8.95
Yield On Investment (%)	6.67	7.07	6.35	6.50	6.50
Cost Of Funds (%)	5.58	5.26	4.62	4.73	4.88
Cost Of Deposits (%)	5.50	5.02	4.32	4.38	4.48
Core Spread (%)	3.89	3.55	3.74	3.93	4.07
NIM (%)	3.56	3.35	3.21	3.23	3.24
OPERATING EFFICIENCY					
Cost/Avg. Asset Ratio (%)	1.9	2.0	1.9	1.9	1.8
Cost-Income Ratio (Ex. Treasury)	38.7	45.2	45.3	44.4	43.3
BALANCE SHEET STRUCTURE					
Loan Growth (%)	12.3	6.7	10.4	13.8	15.2
Deposit Growth (%)	16.6	16.3	14.5	14.0	13.6
C/D Ratio (%)	103.3	94.7	91.3	91.2	92.4
Equity/Assets (%)	12.5	12.9	12.0	11.4	11.0
Equity/Advances (%)	20.6	21.5	20.5	19.3	18.3
CASA (%)	45.8	50.4	51.7	52.1	51.5
Capital Adequacy Ratio (CAR, %)	16.6	17.4	18.4	15.5	14.8
W/w Tier I CAR (%)	13.1	14.4	15.9	13.5	13.1

	FY16	FY17	FY18P	FY19E	FY20E
ASSET QUALITY					
Gross NPLs (Rs bn)	262.2	421.6	540.6	493.9	419.8
Net NPLs (Rs bn)	129.6	252.2	278.9	220.7	165.4
Gross NPLs (%)	5.82	7.89	8.84	8.47	6.25
Net NPLs (%)	2.98	4.20	4.77	3.78	2.46
Slippages (%)	4.06%	7.46%	5.88%	3.00%	2.50%
Coverage Ratio (%)	50.6	40.2	48.4	55.3	60.6
Provision/Avg. Loans (%)	1.8	3.3	3.5	2.5	1.8
ROAA TREE					
Net Interest Income	3.11%	2.91%	2.79%	2.78%	2.76%
Non-interest Income	2.24%	2.61%	2.11%	1.74%	1.62%
Treasury Income	0.56%	1.16%	0.70%	0.35%	0.21%
Operating Cost	1.86%	1.98%	1.90%	1.85%	1.80%
Provisions	1.71%	2.04%	2.10%	1.49%	1.09%
Provisions For NPAs	1.06%	1.97%	2.04%	1.44%	1.04%
Tax	0.36%	0.20%	0.08%	0.18%	0.31%
ROAA	1.42%	1.31%	0.81%	1.00%	1.17%
Leverage (x)	8.03	7.87	8.05	8.59	8.96
ROAE	11.43%	10.33%	6.54%	8.63%	10.53%

Source: Bank, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
4-May-17	273	BUY	345
10-Jul-17	290	BUY	317
28-Jul-17	309	BUY	338
9-Oct-17	272	BUY	357
28-Oct-17	302	BUY	364
9-Jan-18	313	BUY	371
1-Feb-18	353	BUY	390
10-Apr-18	289	BUY	363
8-May-18	290	BUY	377

Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

Disclosure:

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