

April 26, 2021

Q4FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	700		630	
NII (Rs. m)	4,51,346	5,26,513	4,51,701	5,26,018
% Chng.	(0.1)	0.1		
Op. Profit (Rs. m)	4,07,598	4,64,354	4,00,133	4,51,794
% Chng.	1.9	2.8		
EPS (Rs.)	30.4	37.4	30.2	36.3
% Chng.	0.8	2.9		

Key Financials - Standalone

Y/e Mar	FY20	FY21	FY22E	FY23E
NII (Rs bn)	333	390	451	527
Op. Profit (Rs bn)	281	364	408	464
PAT (Rs bn)	79	162	211	259
EPS (Rs.)	12.3	24.2	30.4	37.4
Gr. (%)	135.0	97.0	25.9	22.8
DPS (Rs.)	1.0	-	2.0	2.6
Yield (%)	0.2	-	0.4	0.5
NIM (%)	3.5	3.6	3.7	3.7
RoAE (%)	7.1	12.3	13.4	14.4
RoAA (%)	0.8	1.4	1.6	1.7
P/BV (x)	3.3	2.7	2.4	2.1
P/ABV (x)	3.8	3.1	2.7	2.3
PE (x)	46.4	23.6	18.7	15.2
CAR (%)	16.1	19.1	20.0	20.5

Key Data

ICBK.BO | ICICIBC IN

52-W High / Low	Rs.680 / Rs.286
Sensex / Nifty	47,878 / 14,341
Market Cap	Rs.3,942bn/ \$ 52,554m
Shares Outstanding	6,917m
3M Avg. Daily Value	Rs.31936.47m

Shareholding Pattern (%)

Promoter's	-
Foreign	47.78
Domestic Institution	41.73
Public & Others	10.49
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.8)	36.7	61.5
Relative	1.6	16.2	7.5

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Continues its strong show

Quick Pointers:

- Asset quality remains resilient with slippages of 79bps of loans and net stress book of 3%
- Loan growth of 5% QoQ and 7% QoQ in retail is much higher than industry

ICICIBC reported a miss on earnings of Rs44.0bn (PLe: Rs49.5bn) largely due to additional contingent provisions of Rs10bn to remain conservative given the emerged second wave. Bank in past 2-3 years has relentless focus on improving and building a strong operating profitability and simultaneously moving to better rated assets, renewed underwriting & credit delivery and mining of existing franchise strength. This has led to strong loan & low cost deposit growth leading to better risk-adjusted led profitability. Asset quality has been steady with much low corporate stress, while strong growth in retail in last 2-3 years is seasoning the book which should continue ahead. Strong provision buffer of 100bps & PCR maintained at 77% should help credit cost normalize much faster leading to ROEs moving to 15% by FY23 from 13% currently. We retain BUY with revised TP of Rs700 (from Rs630) based on 2.2x (from 2.0x) Mar FY23 ABV and 155 per share value of Subs.

- Strong operating performance:** Core PPOP grew by 20% YoY/6% QoQ (beat by 4% to PLe) was led by 17% YoY/5% QoQ in NII growth and a much strong control on opex growth of 3% YoY/QoQ. NII has been strong on benefit of lower cost of fund & strong deposit/CASA growth. Lending was also quite strong with growth of 14% YoY with 20% led by retail (across segments). This led to NIMs improving by 17bps QoQ to 3.84% on overall and up 16bps QoQ to 3.94% on domestic loans.
- Asset quality steady; COVID provisions strengthened to 100bps of loans:** Bank's incremental slippages were Rs55.2bn adjusted to 9MFY21 pro-forma and were higher than expectations. Although a healthy recovery helped balance headline GNPA/NNPA to be lower by 46/12bps QoQ to 4.96%/1.14%. Incremental slippages have been much lower from corporate/SME and higher from retail given that book is seasoning from strong growth in last 2-3 years. Bank maintained a strong PCR ratio of 77% and made an additional Rs10bn provisions taking total COVID contingent provision to Rs74.75bn or 100bps of loans which should take care of any stress from second wave. Other stress book including rated BB & below and restructured book stood at 2.5% of loans.
- Strong focus on operating profitability has pushed ROEs to multiyear high:** Bank's high focus on operating profitability in last two years on easing processes and strong tactical technology drive has helped it to improve its domestic NIMs back to 4% and opex/assets <=2%, driving PPOP/assets to 3.4% in FY21. With improved loss absorption capacity, coupled with improved underwriting and focus on better rated assets has helped lowering provisions helping ROEs move to lower teens of 13% seen only post FY15. Bank also has moved back +2% of RORWAs which only few banks have been able to deliver. Bank's ability to keep funding cost lower, granularity across segments and strong profitability drive should led ROEs to 15-16% by FY23/FY24.

Exhibit 1: Strong operating profits; strengthened provisions led to lower PAT

P & L (Rs mn)	Q4FY21	Q4FY20	YoY gr. (%)	Q3FY21	QoQ gr. (%)
Interest income	198,417	191,887	3.4	197,298	0.6
Interest expense	94,105	102,618	(8.3)	98,173	(4.1)
Net interest income (NII)	104,311	89,269	16.9	99,125	5.2
- Treasury income	(250)	2,420	NA	7,660	NA
Other income	41,114	42,550	(3.4)	46,863	(12.3)
Total income	145,425	131,819	10.3	145,987	(0.4)
Operating expenses	60,027	57,918	3.6	57,790	3.9
-Staff expenses	20,084	22,345	(10.1)	19,499	3.0
-Other expenses	39,942	35,573	12.3	38,290	4.3
Operating profit	85,398	73,901	15.6	88,198	(3.2)
Core operating profit	85,648	71,481	19.8	80,538	6.3
Total provisions	28,835	59,674	(51.7)	27,417	5.2
Profit before tax	56,564	14,227	297.6	60,780	(6.9)
Tax	12,538	2,013	522.9	11,385	10.1
Profit after tax	44,026	12,214	260.5	49,396	(10.9)
Balance Sheet (Rs bn)					
Deposits	9,325	7,710	21.0	8,743	6.7
Advances	7,337	6,453	13.7	6,990	5.0
Profitability ratios (%)					
NIM	3.8	3.9	(3)	3.7	17
RoAA	1.5	0.5	102	1.7	(19)
RoAE	12.1	4.2	790	14.0	(190)
Asset Quality					
Gross NPA (Rs m)	413,734	414,092	(0.1)	348,604	18.7
Net NPA (Rs m)	91,802	101,139	(9.2)	48,606	88.9
Gross NPL ratio	5.0	5.5	(57)	4.4	58
Net NPL ratio	1.1	1.4	(27)	0.6	51
Coverage ratio (calc.)	77.8	75.6	224	86.1	(825)
Business & Other Ratios					
CASA mix	46.3	45.1	120	45.2	110
CASA mix - Average	42.0	42.3	(30)	41.8	20
Cost-income ratio	41.3	43.9	(266)	39.6	169
Non int. inc / total income	28.3	32.3	(401)	32.1	(383)
Credit deposit ratio	78.7	83.7	(502)	79.9	(127)
CAR	19.1	16.1	301	18.0	108
Tier-I	18.1	14.7	334	16.7	141

Source: Company, PL

NII grew at 17% led by lower cost of funds and continued strong deposit flow

Other income was subdued on treasury loss and fees were slower

Provisions were lower YoY but were slightly higher sequentially on contingent provisions of Rs10.0bn

Loan growth was supported from both retail & domestic non retail; deposit growth was also quite strong

Margins were better sequentially, domestic margins near 4%

Asset quality was quite steady with a strong PCR ratio of 77% and holds additional 1% of contingent provisions

CASA mix sees strong improvement led by strong CA; average mix was also better

Bank's Tier-I capital ratio is at healthy 18%

Key Q4FY21 Concall Highlights

Assets/Liabilities outlook & review

- Continue to focus on risk-calibrated lending and customer centric approach. Frictionless experience with instant approvals remains a highlight for better credit delivery. Strategy remains to utilize upselling & cross selling to existing customer base.
- Retail Loans grew by 20% YoY/7% QoQ driving the loan growth and has been led by mortgages and across other retail segments. Consistently growing despite pandemic as improved digital side helped on taking market share. Ex-mortgage credit delivery was made seamless (pre-approved) and improved underwriting. Retail loans has stood the test of pandemic, while SME/Biz banking holding well. Mortgage base was due to under penetration in bank's own franchise. Market share gain could be attributed to 60% on credit delivery, 20% competitive intensity being down and 20% on technology initiatives.
- In credit cards have been growing strong gaining market share. Gains have been on underpenetrated existing liability franchise. Credit card remains a high frequency product and brand gets reinforced. Credit card is profitable from revolver (episodic revolver but chronic revolver) and spending, hence healthy mix remains primary outcome.
- Corporate loans in last 3-4 years has been growing at 14-15% mainly to better rated corporates and PSUs. Book has got seasoned for the disbursement and has stood the test with restructured being less than 1% and incremental additions to NPAs has come down. Also, driven by opportunities in market including short term opportunities. Feel confident about the corporate portfolio.
- ECLGS disbursement stood at Rs120bn in 1.0 and not much disbursed in 2.0-3.0 and only Rs15bn (Rs6bn in Q3FY21).
- Deposits grew by 22% YoY driven by term deposits growth of 26% YoY and Savings by 18% YoY. Bank is focusing on increasing the average daily CASA levels in the future.

Fees/Opex

- Fees growth was subdued at 6% YoY but was in expected lines for Bank. Slower loan processing fees & TPD not being much had led to slower fees
- Cost-Income in medium/long term should be lower as focus is to grow top line but will continue to incur expenses in tech given the business outlook in longer term

Asset Quality

- Incremental slippages were Rs55.2bn if adjusted to 9MFY21 pro-forma mainly from retail book of Rs43.5bn and Rs11.7bn from corporate SME.

- **Overdue trends & collection efficiency:** Performing retail EMI products & Credit cards overdue were marginally higher than pre-COVID levels v/s 1.5% higher in Dec'20 and 4% higher in Sep'20, while rural overdue was higher by 2.5% higher than pre-COVID levels v/s 1.5% in Dec'20 and 1% in Sep'20. SME/Biz banking overdue was pre-COVID and was similar in Dec'20/Sep'20. Lastly in corporate book overdue less than 90dpd was 2% similar to Dec'20 & Sep'20. Logical to expect all lender to have lower collection efficiency in April'21 due to second wave.
- **Restructuring & Stress book:** Total fund based o/s under resolution stood was at Rs39.3bn or 0.5% of loans v/s Rs25.46bn or 0.4% of the book in Q3FY21 with Rs20.1bn from retail portfolio (Rs 8.37bn in Q3) and Rs19.1bn from corporate & SME (Rs17.1bn in Q3). Bank holds Rs7.2bn of provisions (Rs3.8bn provisions in Q3) on these loans. BB & below book was lower to Rs130.98bn (2.0% of loans) v/s 136.54bn (2.5% of loans) in Q3FY21.
- **Credit cost & COVID provisions:** Credit cost was 15bps higher than projected normalized credit cost of 120-130bps excluding COVID provisions in FY21. Bank has made contingent provisions of Rs10.0bn looking at the second wave and took COVID contingent provisions to Rs75.0bn or 100bps of loans. Bank adjusted the Rs35.0bn of provisions earmarked for pro-forma NPAs to actual NPAs in Q4FY21.
- **Higher provisions:** Bank made policy change on provisioning by taking conservative approach in earlier buckets, which led to higher Rs21bn of provisions on pool (incl. pro-forma).
- **BB & below rated book:** Bank's BB & below rated book increased to Rs180.6bn (2.6% of loans) v/s 161.7bn (2.4% of loans) in Q2. Rating downgrade led exposure was Rs22.4bn mainly from the construction sector. Restructuring in corporate book were from BB & below book.

Exhibit 2: Loan split and growth trends

Loan Book Details (Rs bn)	Q4FY21	Q4FY20	YoY gr. (%)	Q3FY21	QoQ gr. (%)
Total Loan Book	7,337	6,453	13.7	6,990	5.0
Domestic Loan book	6,961	5,913	17.7	6,560	6.1
Retail Loan book	4,892	4,080	19.9	4,588	6.6
Domestic Corporate book	1,766	1,605	10.1	1,701	3.9
SME	303	229	32.5	271	11.8
International Loan book	376	540	(30.3)	431	(12.7)
Retail Loan book break-up					
Home Loans	2,437	2,002	21.7	2,258	7.9
Vehicle loans	642	583	10.0	624	2.7
Personal Loans & CC	667	609	9.4	637	4.7
Business Banking	373	266	40.5	350	6.7
Rural	722	569	26.9	674	7.1
Composition of Loan Book					
Domestic Loan book	95%	92%	324	94%	104
Retail Loan book	70%	69%	128	70%	34
Domestic Corporate book	25%	27%	(176)	26%	(56)
SME	4%	4%	49	4%	22
International Loan book	5%	8%	(324)	6%	(104)
Retail Loan book break-up					
Home Loans	50%	49%	73	49%	60
Vehicle loans	13%	14%	(118)	14%	(50)
Personal Loans & CC	14%	15%	(131)	14%	(25)
Business Banking	8%	7%	112	8%	0
Rural	15%	14%	82	15%	6

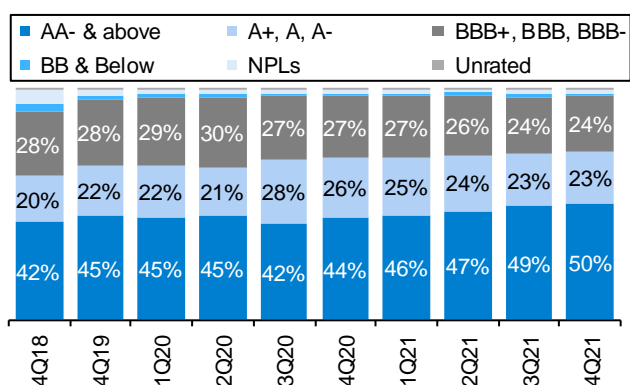
Source: Company, PL

Strong domestic loan growth led by retail loans and partly supported by corporate lending

Retail was led by strong home loans as bank targets more internal customers, while other segments also grew very strong

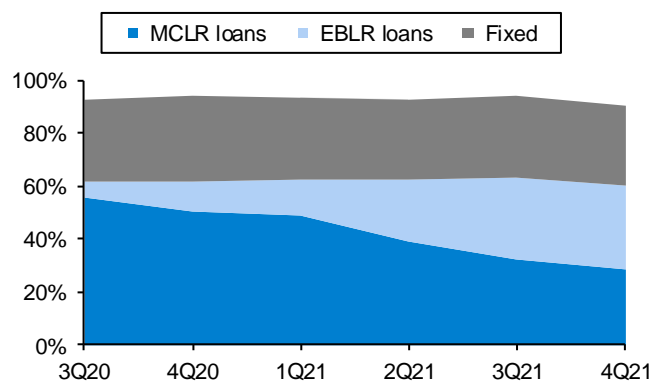
Commentary on retail lending remained strong and should be driven by under penetration in many segments internally and improved turn-around-times

Exhibit 3: Book rating has significantly moved towards better rated corporates

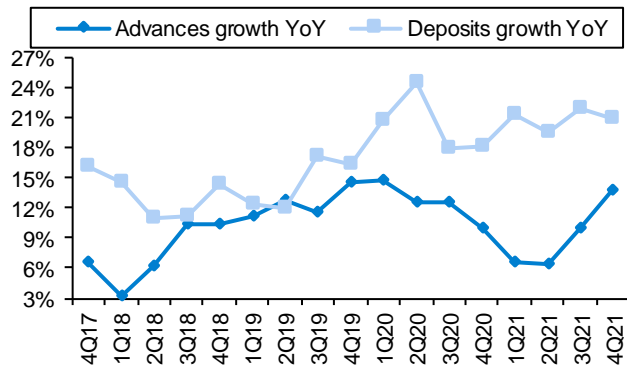


Source: Company, PL

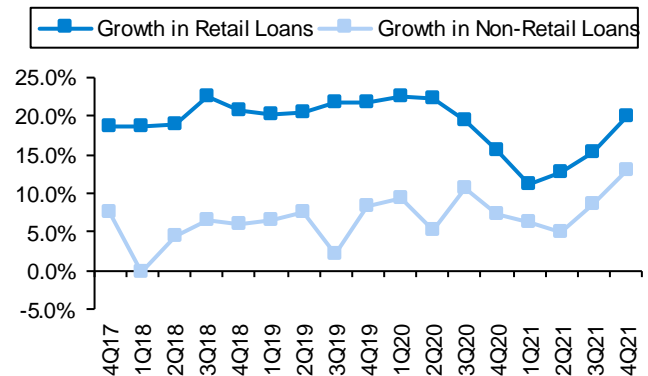
Exhibit 4: Fixed book has remained stable at 30%, while external benchmarked loans have seen increase



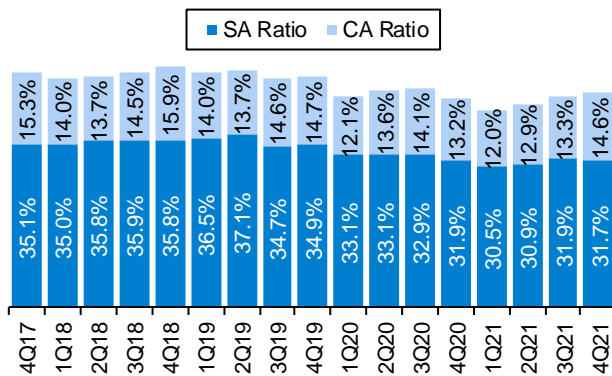
Source: Company, PL

Exhibit 5: Strong performance on loans front


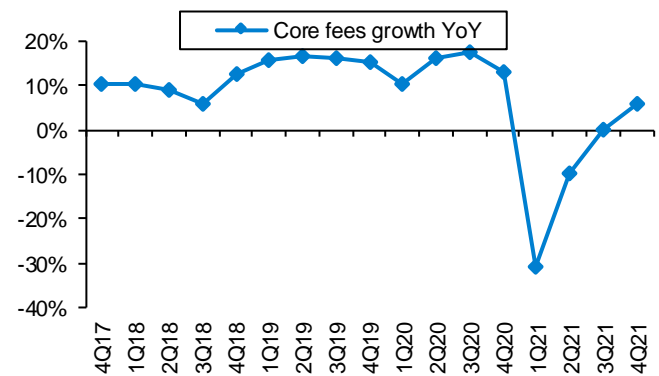
Source: Company, PL

Exhibit 6: Both retail & domestic non-retail has delivered


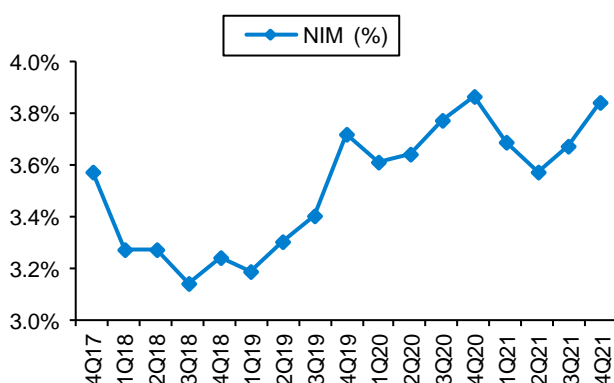
Source: Company, PL

Exhibit 7: CASA has remained steady


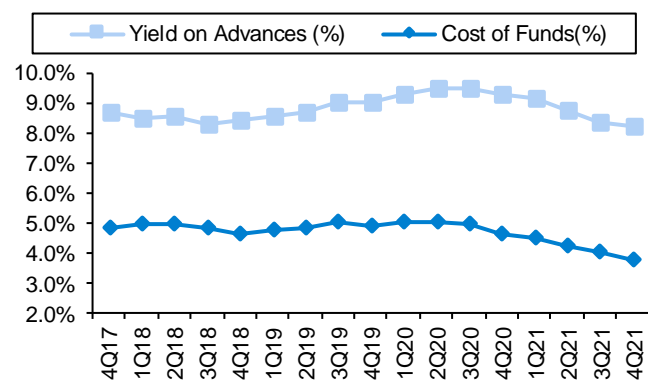
Source: Company, PL

Exhibit 8: Core fees was subdued despite favorable base


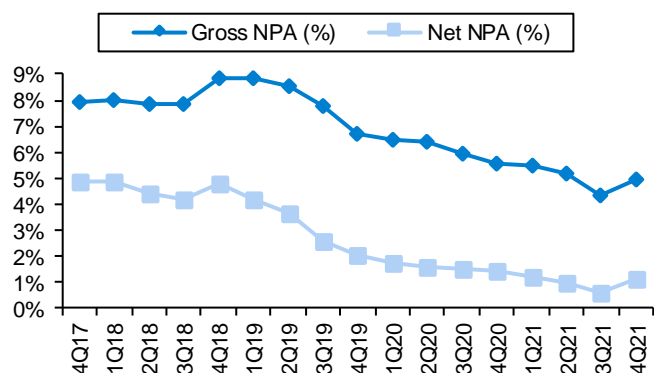
Source: Company, PL

Exhibit 9: NIM see a strong improvement led by funding cost


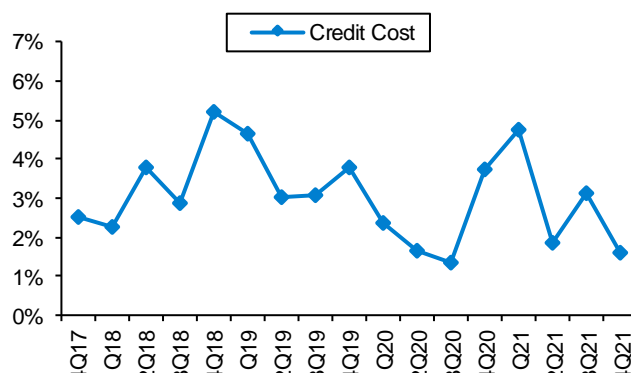
Source: Company, PL

Exhibit 10: Cost of funds at historical lows


Source: Company, PL

Exhibit 11: Headline asset quality remains largely steady


Source: Company, PL

Exhibit 12: LLPs softened despite contingent provisions


Source: Company, PL

Exhibit 13: A much steadier stress book apart from the NPAs

Particulars (Rs Million)	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Gross Restructured Loans	1,960	1,800	1,680			
Non Fund O/s to restructured loans	910	910	910	2,080	1,640	14,050
Non Fund O/s to non-performing loans	39,190	50,630	48,290	42,380	44,070	44,050
Other loans under RBI scheme not included above	38,940	15,330	14,600	12,350	12,220	7,990
Borrowers with o/s >Rs1.0bn	98,720	81,310	85,290	83,050	83,010	71,170
Borrowers with o/s <Rs1.0bn	34,160	32,940	35,840	36,410	39,670	37,760
Total BB & Below rated book	174,030	166,680	171,100	161,670	180,610	175,050
Total BB & Below rated book (excl. NFB o/s to NPL)			122,810	119,290	136,540	130,860
Movement in BB & Below Book						
Slippage to NPA	24,730	17,260	1,710	12,120	2,270	10,670
Upgrades to investment grade & O/s reduction	6,300	12,970	8,600	14,290	1,180	6,760
Downgrades from investment grade	26,660	22,880	14,730	16,980	22,390	11,870
BB & Below at end of period	174,030	166,680	171,100	161,670	180,610	175,050
% of Net Advances	2.7%	2.6%	2.7%	2.5%	2.6%	2.4%
GNPA %	6.0%	6.0%	5.5%	5.2%	5.4%	5.0%
NNPA %	1.5%	1.5%	1.2%	1.0%	1.3%	1.1%
Net Stressed Assets %	4.4%	4.2%	4.1%	3.6%	3.9%	3.5%

Source: Company, PL **Note** – GNPA/NNPA for 2Q21 & 3Q21 are pro-forma basis; Part of restructured loans overlap with BB book

Exhibit 14: Slippages were slightly on higher side mainly from Retail book

Asset Quality Break-up	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Fresh Slippages	31,170	20,910	35,470	27,790	24,820	43,630	53,060	11,600	30,170	4,710	118,180
Fresh Slippages - Pro-forma									14,100	82,800	55,230
- Retail	7,600	10,710	8,230	15,110	13,230	18,900	12,940	6,020	17,490	3,940	99,560
- Retail Slippages - Pro-forma										75,210	43,500
- Non retail (corporate/SME)	23,570	10,200	27,240	12,680	11,590	24,730	40,120	5,580	12,680	770	18,620
- Slippage from Restructured	540	690	-	1,860							
- Slippages below Investment grade	8,280	9,510	18,770	9,770	3,730	7,070	17,260	1,710	12,120	2,270	10,670
- In existing NPA on Re depreciation	13,040	(7200)	-	-	3,490	800	4,680				
Recovery & Upgrades	10,060	19,160	15,220	9,310	12,630	40,880	18,830	7,570	19,450	18,640	25,600
Write-offs & Sale of NPA	10,870	30,730	73,248	23,766	13,433	24,599	54,677	14,259	24,691	27,360	27,450

Source: Company, PL

Exhibit 15: On track towards 15-16% ROEs – best in a decade

RoA decomposition	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net interest income	3.1	2.9	2.8	2.9	3.2	3.3	3.4	3.5	3.6
Treasury income	0.9	1.3	0.9	0.3	0.3	0.6	0.3	0.3	0.3
Other Inc. from operations	1.4	1.3	1.2	1.2	1.3	1.1	1.2	1.1	1.1
Total income	5.3	5.5	4.9	4.5	4.8	5.0	5.0	4.9	5.0
Employee expenses	0.7	0.8	0.7	0.7	0.8	0.7	0.7	0.7	0.7
Other operating expenses	1.1	1.2	1.2	1.2	1.3	1.2	1.2	1.2	1.1
Operating profit	3.5	3.5	3.0	2.5	2.7	3.1	3.1	3.1	3.1
Tax	1.7	2.0	2.1	2.1	1.4	1.4	1.1	0.9	0.8
Loan loss provisions	0.4	0.2	0.1	0.0	0.6	0.3	0.4	0.5	0.5
RoAA	1.4	1.3	0.8	0.4	0.8	1.4	1.6	1.7	1.8
RoAE	11.4	10.3	6.6	3.2	7.7	13.3	14.3	15.4	16.3

Source: Company, PL

Exhibit 16: We increase growth estimates and lower credit cost

Earnings Estimate Changes (Rs mn)	Old		Revised		% Change	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Net interest income	451,701	526,018	451,346	526,513	(0.1)	0.1
Operating profit	400,133	451,794	407,598	464,354	1.9	2.8
Net profit	208,278	250,670	210,607	258,710	1.1	3.2
Loan Growth (%)	13.0	14.1	14.3	16.1	1.3	2.0
Credit Cost (bps)	160.0	130.0	140.0	120.0	(20.0)	(10.0)
EPS (Rs)	30.2	36.3	30.4	37.4	0.8	2.9
ABVPS (Rs)	212.8	246.1	212.3	246.8	(0.3)	0.3
Price target (Rs)	630		700		11.2	
Recommendation	BUY		BUY			

Source: Company, PL

Exhibit 17: We increase our TP to Rs700 (from Rs630) based on 2.2x core FY23 ABV and 155 (from 147) for subsidiaries

PT calculation and upside	
Terminal Growth	5.0%
Market-risk Premium	6.9%
Risk-free Rate	6.3%
Adjusted Beta	1.05
Cost of Equity	13.5%
Fair price - P/ABV	545
Target P/ABV	2.2
Target P/E	14.6
Value of subs/other businesses	155
Price target (Rs)	700
Current price, Rs	570
Upside (%)	23%

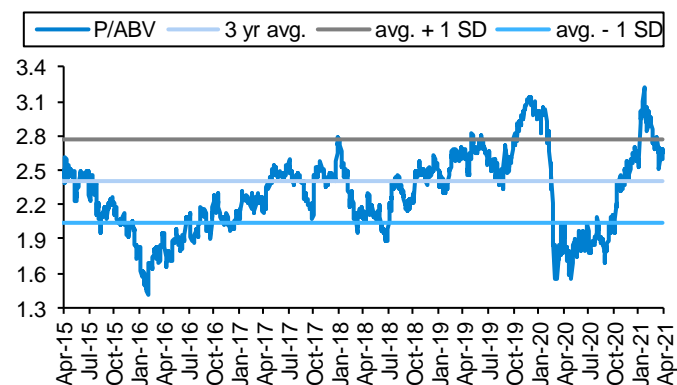
Source: Company, PL

Exhibit 18: Maintained momentum in bank earnings and pick up in subs profitability drives higher target price

Value per share (Rs)	Holding (%)	Multiple	Basis	Mar-23E
ICICI Standalone		2.2x		545
Subsidiaries / Others				
Life insurance	51	1.9x EV & 16x NBV	IEV	52
General insurance	52		Mcap	47
Asset management	51	7%	AUM	30
Broking & IB	77	15x	PAT	17
Others				8
Total subsidiaries' value				154
% contribution of Subsidiaries				22
Total fair value per share				700

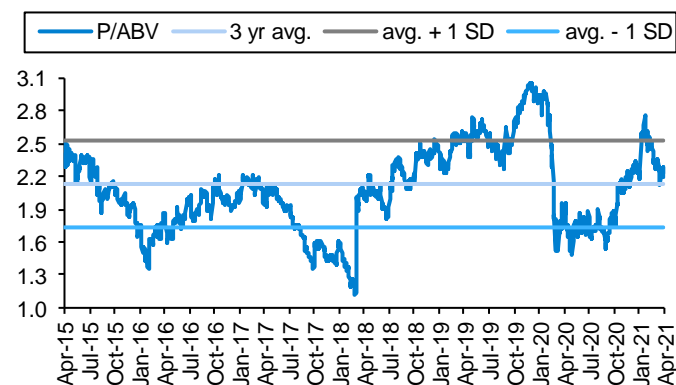
Source: Company, PL

Exhibit 19: ICICIBC one year forward P/ABV trend



Source: Company, PL

Exhibit 20: ICICIBC one year forward P/ABV (ex-Subs) trend



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Int. Earned from Adv.	5,75,511	5,72,888	6,59,476	7,67,862
Int. Earned from invt.	1,46,732	1,65,398	2,02,748	2,52,084
Others	25,740	52,897	34,801	28,807
Total Interest Income	7,47,983	7,91,183	8,97,025	10,48,753
Interest Expenses	4,15,313	4,01,288	4,45,679	5,22,241
Net Interest Income	3,32,671	3,89,894	4,51,346	5,26,513
Growth(%)	23.1	17.2	15.8	16.7
Non Interest Income	1,64,486	1,89,685	1,99,170	2,13,111
Net Total Income	4,97,157	5,79,580	6,50,515	7,39,624
Growth(%)	17.1	7.5	11.8	15.1
Employee Expenses	82,712	80,918	90,628	1,02,410
Other Expenses	1,23,946	1,25,015	1,43,767	1,65,332
Operating Expenses	2,16,144	2,15,608	2,42,917	2,75,270
Operating Profit	2,81,013	3,63,971	4,07,598	4,64,354
Growth(%)	19.9	29.5	12.0	13.9
NPA Provision	88,144	89,636	1,09,913	1,08,404
Total Provisions	1,40,532	1,62,144	1,44,339	1,36,873
PBT	1,40,480	2,01,827	2,63,259	3,27,481
Tax Provision	61,172	39,900	52,652	68,771
Effective tax rate (%)	43.5	19.8	20.0	21.0
PAT	79,308	1,61,927	2,10,607	2,58,710
Growth(%)	135.8	104.2	30.1	22.8

Balance Sheet (Rs. m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Face value	2	2	2	2
No. of equity shares	6,474	6,917	6,917	6,917
Equity	12,948	13,834	13,834	13,834
Networth	11,65,009	14,75,061	16,71,834	19,12,560
Growth(%)	7.5	26.6	13.3	14.4
Adj. Networth to NNPA's	99,233	91,802	93,517	89,053
Deposits	77,09,690	93,25,222	1,07,24,005	1,24,39,846
Growth(%)	18.1	21.0	15.0	16.0
CASA Deposits	34,78,185	43,16,230	48,57,974	57,59,649
% of total deposits	45.1	46.3	45.3	46.3
Total Liabilities	1,09,83,617	1,23,04,296	1,39,59,611	1,60,07,809
Net Advances	64,52,900	73,37,291	83,64,512	97,02,833
Growth(%)	10.0	13.7	14.0	16.0
Investments	24,95,315	28,12,865	36,03,823	42,74,316
Total Assets	1,09,83,651	1,23,04,327	1,39,59,611	1,60,07,809
Growth (%)	13.9	12.0	13.5	14.7

Asset Quality

Y/e Mar	FY20	FY21	FY22E	FY23E
Gross NPAs (Rs m)	4,08,291	4,13,734	4,12,686	3,92,150
Net NPAs (Rs m)	99,233	91,802	93,517	89,053
Gr. NPAs to Gross Adv.(%)	6.3	5.6	4.9	4.0
Net NPAs to Net Adv. (%)	1.5	1.3	1.1	0.9
NPA Coverage %	75.7	77.8	77.3	77.3

Profitability (%)

Y/e Mar	FY20	FY21	FY22E	FY23E
NIM	3.5	3.6	3.7	3.7
RoAA	0.8	1.4	1.6	1.7
RoAE	7.1	12.3	13.4	14.4
Tier I	14.7	18.1	19.1	19.8
CRAR	16.1	19.1	20.0	20.5

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Interest Income	1,99,244	1,96,225	1,97,298	1,98,417
Interest Expenses	1,06,446	1,02,564	98,173	94,105
Net Interest Income	92,798	93,661	99,125	1,04,311
YoY growth (%)	19.9	16.2	16.0	16.9
CEB	21,040	31,390	36,010	38,150
Treasury	-	-	-	-
Non Interest Income	61,426	40,283	46,863	41,114
Total Income	2,60,670	2,36,508	2,44,161	2,39,530
Employee Expenses	21,661	19,673	19,499	20,084
Other expenses	24,798	31,660	38,290	39,942
Operating Expenses	46,459	51,333	57,790	60,027
Operating Profit	1,07,765	82,611	88,198	85,398
YoY growth (%)	71.4	20.2	16.8	15.6
Core Operating Profits	70,135	77,191	80,538	85,648
NPA Provision	-	-	-	-
Others Provisions	75,940	29,953	27,417	28,835
Total Provisions	75,940	29,953	27,417	28,835
Profit Before Tax	31,825	52,658	60,780	56,564
Tax	5,834	10,145	11,385	12,538
PAT	25,992	42,513	49,396	44,026
YoY growth (%)	36.2	549.1	19.1	260.5
Deposits	80,16,223	83,29,356	87,43,476	93,25,222
YoY growth (%)	21.3	19.6	22.1	21.0
Advances	63,12,146	65,26,080	69,90,175	73,37,291
YoY growth (%)	6.5	6.4	10.0	13.7

Key Ratios

Y/e Mar	FY20	FY21	FY22E	FY23E
CMP (Rs)	570	570	570	570
EPS (Rs)	12.3	24.2	30.4	37.4
Book Value (Rs)	175	209	237	272
Adj. BV (70%)(Rs)	149	185	212	247
P/E (x)	46.4	23.6	18.7	15.2
P/BV (x)	3.3	2.7	2.4	2.1
P/ABV (x)	3.8	3.1	2.7	2.3
DPS (Rs)	1.0	-	2.0	2.6
Dividend Payout Ratio (%)	8.1	-	6.6	7.0
Dividend Yield (%)	0.2	-	0.4	0.5

Efficiency

Y/e Mar	FY20	FY21	FY22E	FY23E
Cost-Income Ratio (%)	43.5	37.2	37.3	37.2
C-D Ratio (%)	83.7	78.7	78.0	78.0
Business per Emp. (Rs m)	143	169	191	220
Profit per Emp. (Rs lacs)	8	16	21	26
Business per Branch (Rs m)	2,660	3,164	3,589	4,122
Profit per Branch (Rs m)	15	31	40	48

Du-Pont

Y/e Mar	FY20	FY21	FY22E	FY23E
NII	3.23	3.35	3.44	3.51
Total Income	4.82	4.98	4.95	4.94
Operating Expenses	2.10	1.85	1.85	1.84
PPoP	2.72	3.13	3.10	3.10
Total provisions	1.36	1.39	1.10	0.91
RoAA	0.77	1.39	1.60	1.73
RoAE	7.73	13.27	14.34	15.37

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Apr-21	BUY	630	571
2	31-Jan-21	BUY	630	537
3	11-Jan-21	BUY	614	542
4	07-Dec-20	BUY	614	502
5	01-Nov-20	BUY	520	393
6	09-Oct-20	BUY	462	402
7	26-Jul-20	BUY	462	383
8	08-Jul-20	BUY	436	369
9	10-May-20	BUY	436	338

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	Accumulate	725	685
2	Bank of Baroda	BUY	82	73
3	Federal Bank	Accumulate	88	76
4	HDFC Bank	BUY	1,735	1,429
5	HDFC Life Insurance Company	Reduce	650	700
6	ICICI Bank	BUY	630	571
7	ICICI Prudential Life Insurance Company	Accumulate	504	452
8	IDFC First Bank	Sell	32	54
9	IndusInd Bank	BUY	1,195	937
10	Kotak Mahindra Bank	Hold	1,912	1,759
11	Max Financial Services	Accumulate	995	890
12	Punjab National Bank	Accumulate	43	37
13	SBI Life Insurance Company	BUY	1,080	919
14	South Indian Bank	BUY	10	8
15	State Bank of India	BUY	445	354

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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