

July 25, 2021

## Q1FY22 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY23E	FY22E	FY23E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>815</b>		<b>750</b>	
NII (Rs. m)	4,52,908	5,24,338	4,51,346	5,26,513
% Chng.	0.3	(0.4)		
Op. Profit (Rs. m)	3,90,722	4,39,095	4,07,598	4,64,354
% Chng.	(4.1)	(5.4)		
EPS (Rs.)	30.7	37.2	30.4	37.4
% Chng.	0.7	(0.5)		

### Key Financials - Standalone

Y/e Mar	FY21	FY22E	FY23E	FY24E
NII (Rs bn)	390	453	524	613
Op. Profit (Rs bn)	364	391	439	507
PAT (Rs bn)	162	212	257	314
EPS (Rs.)	24.2	30.7	37.2	45.3
Gr. (%)	97.0	26.8	21.3	21.8
DPS (Rs.)	-	2.0	2.6	3.0
Yield (%)	-	0.3	0.4	0.4
NIM (%)	3.6	3.7	3.8	3.8
RoAE (%)	12.3	13.5	14.4	15.2
RoAA (%)	1.4	1.6	1.7	1.9
P/BV (x)	3.2	2.9	2.5	2.2
P/ABV (x)	3.7	3.2	2.7	2.4
PE (x)	28.0	22.1	18.2	14.9
CAR (%)	19.1	20.1	20.5	20.7

### Key Data

ICBK.BO | ICICIBC IN

52-W High / Low	Rs.680 / Rs.334
Sensex / Nifty	52,976 / 15,856
Market Cap	Rs.4,686bn/ \$ 62,974m
Shares Outstanding	6,925m
3M Avg. Daily Value	Rs.19878.23m

### Shareholding Pattern (%)

Promoter's	-
Foreign	48.01
Domestic Institution	41.72
Public & Others	10.27
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	6.7	26.8	77.2
Relative	6.6	15.7	27.6

### Pritesh Bumb

priteshbumb@plindia.com | 91-22-66322232

### Palak Shah

palakshah@plindia.com |

## Balanced performance amid asset quality pressure

### Quick Pointers:

- Slightly elevated slippages of Rs72.3bn (4% annualized) but mostly transitory with decent upgrades/recoveries ahead
- Overall asset quality has been good with PCR maintained at 78%, ~90bps of O/s COVID contingency provisions & <100bps of restructured book

**ICICIBC operationally reported in-line performance with PAT of Rs46.2bn [PLe: Rs46.8bn] with a strong NII growth of 18% YoY (best in industry so far) followed through a strong core PPOP growth of 23% YoY. Small setback was on higher slippages of Rs72.3bn (annualized 4% of loans) given the severity of wave two. Although, otherwise asset quality metrics have held up well with strong recovery/upgrades, PCR maintained at 78%, 90bps of COVID contingency provisions (despite utilizing Rs10bn) and restructuring book lower than 100bps as yet. Strong franchise strength is reflecting in strong growth path both in liabilities & assets with much better managed risk which keep ROEs to move towards 15-16% in FY23. Maintain conviction BUY with revised TP of Rs815 (from Rs750) based on 2.4x Sep-23 ABV (rolled from Mar-23) and subs value of Rs181 (from Rs164).**

- Sustained performance:** ICICIBC core PPOP growth of 23% YoY/flat QoQ was led by three key factors (i) strong NII growth of 18% YoY/5% QoQ on industry leading growth (ii) better fees on low base quarter and (iii) slower pickup in opex growth of 30% YoY/flat QoQ. NIMs improved by 5bps QoQ to 3.89% on overall basis and was at 3.99% on domestic basis. mainly led by continued lowering cost of funding. Smart balance sheet management & liquidity deployment also helped better margin performance.
- Asset quality managed well in quite tough environment:** Bank saw slippages of Rs72.3bn (4% of loans) with mainly from retail & Agri/gold loans. Although, bank also saw strong recoveries of Rs22.6bn mainly from the loans turned bad in Q4FY21 and guided for further recoveries in the gold loan & retail segment. Bank maintained PCR ratio of 78% by strengthening its provisioning policy on early bucket to keep PCR at higher levels which was adjusted from Rs10.0bn of COVID contingency provisions held. Bank now holds Rs64.25bn or 90bps of loans as contingency provisions which should could cushion a quarter of elevated slippages. Bank's under resolution book remained at 70bps of loans and does not see any material additions to the same ahead.
- Runaway business growth:** Loans grew by 17% YoY & 1 % QoQ driven by retail growing at 20% YoY and business banking by 53% (share is small at 6% of loans). Although disbursements were lower in Q1FY22, mortgages saw strong growth, steady in auto loans, while cautious in other segments. Bank continues to remain upbeat on unsecured with portfolio quality better than FY21 and should see further traction. On Deposits side, growth was at 15% YoY with CASA growth of 25% YoY and average CASA growth of 24% YoY and has been benefitting to lower cost of funds. Bank has cautioned on current account deposit traction as new guidelines apply from Sept'21 end.

**Exhibit 1: Strong operating performance across lines**

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

*Other income was subdued slower fee growth*

*Provisions were lower YoY & QoQ led by Covid-19 Provision W/back*

*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 87%*

*CASA mix sees marginal decline; average mix was better*

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

P & L (Rs mn)	Q1FY22	Q1FY21	YoY gr. (%)	Q4FY21	QoQ gr. (%)
Interest income	2,03,834	1,99,244	2.3	1,98,417	2.7
Interest expense	94,477	1,06,446	(11.2)	94,105	0.4
<b>Net interest income (NII)</b>	<b>1,09,358</b>	<b>92,798</b>	<b>17.8</b>	<b>1,04,311</b>	<b>4.8</b>
- Treasury income	2,900	37,630	(92.3)	(250)	NA
Other income	39,959	61,426	(34.9)	41,114	(2.8)
<b>Total income</b>	<b>1,49,316</b>	<b>1,54,224</b>	<b>(3.2)</b>	<b>1,45,425</b>	<b>2.7</b>
Operating expenses	60,372	46,459	29.9	60,027	0.6
-Staff expenses	23,744	21,661	9.6	20,084	18.2
-Other expenses	36,628	24,798	47.7	39,942	(8.3)
<b>Operating profit</b>	<b>88,944</b>	<b>1,07,765</b>	<b>(17.5)</b>	<b>85,398</b>	<b>4.2</b>
<b>Core operating profit</b>	<b>86,044</b>	<b>70,135</b>	<b>22.7</b>	<b>85,648</b>	<b>0.5</b>
Total provisions	28,517	75,940	(62.4)	28,835	(1.1)
<b>Profit before tax</b>	<b>60,427</b>	<b>31,825</b>	<b>89.9</b>	<b>56,564</b>	<b>6.8</b>
Tax	14,267	5,834	144.6	12,538	13.8
<b>Profit after tax</b>	<b>46,160</b>	<b>25,992</b>	<b>77.6</b>	<b>44,026</b>	<b>4.8</b>
<b>Balance Sheet (Rs bn)</b>					
Deposits	9,262	8,016	15.5	9,325	(0.7)
Advances	7,385	6,312	17.0	7,337	0.7
<b>Profitability ratios (%)</b>					
<b>NIM</b>	<b>3.9</b>	<b>3.7</b>	<b>20</b>	<b>3.8</b>	<b>5</b>
RoAA	1.5	1.0	59	1.5	3
RoAE	11.9	8.9	300	12.1	(20)
<b>Asset Quality</b>					
Gross NPA (Rs m)	4,31,483	4,03,862	6.8	4,13,734	4.3
Net NPA (Rs m)	93,058	86,747	7.3	91,802	1.4
<b>Gross NPL ratio</b>	<b>5.2</b>	<b>5.5</b>	<b>(31)</b>	<b>5.0</b>	<b>19</b>
<b>Net NPL ratio</b>	<b>1.2</b>	<b>1.2</b>	<b>(7)</b>	<b>1.1</b>	<b>2</b>
Coverage ratio (calc.)	78.4	78.5	(9)	77.8	62
<b>Business &amp; Other Ratios</b>					
CASA mix	45.9	42.5	340	46.3	(40)
CASA mix - Average	44.0	41.0	300	42.0	200
Cost-income ratio	40.4	30.1	1,031	41.3	(84)
Non int. inc / total income	26.8	39.8	(1,307)	28.3	(151)
Credit deposit ratio	79.7	78.7	100	78.7	106
CAR	19.3	16.0	327	19.1	15
Tier-I	18.2	14.6	363	18.1	18

Source: Company, PL

## Key Q1FY22 Concall Highlights

### Assets/Liabilities outlook & review

- Continue to focus on risk-calibrated lending and customer centric approach, leveraging internal synergies and decongestion of processes. 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 21% YoY/0.5% QoQ aiding 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.
- In credit card spends, they have increased in Consumer Durables, Utilities, Education & insurance spends. The impact of MasterCard bank will be negligible as Bank also has tie-up with VISA and majorly has been through that. Amazon Card also has tie-up with VISA.
- 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 incremental additions to NPAs have further come down. The Private Corporates have increased reliance on borrowing from Market in the recent times, however demand from PSUs continue to be strong.
- ECLGS disbursement stood at Rs132bn in 1.0, Rs.17bn disbursed in 2.0 and marginal amount of Rs.1bn in 3.0.
- Deposits grew by 16% YoY driven by savings deposit growth of 25% YoY. In the near term, Current Account may see some drop as RBI guidelines get implemented.

### Fees/Opex

- Fees growth was subdued QoQ due to Covid-29 and induced lockdowns. The bank saw some better growth in other income due to swap income
- 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 Rs77.2bn in Q1FY22 mainly from retail book of Rs67.7bn and Rs4.58bn from corporate SME.
- **Overdue trends & collection efficiency:** Overdue trends were higher in commercial vehicle segment, however lower & better than last year in personal loan & credit card segment. Collection trends dipped due to covid-19 induced lockdowns. Going forward, efforts would be made to reduce dependence on physical collections.

- Restructuring & Stress book:** Total fund based o/s under resolution stood was at Rs48.6bn or 0.7% of loans and Rs26.8bn from corporate & SME. Bank holds Rs8.9bn of provisions on these loans. BB & below increased to Rs.32.6bn v/s Rs14.1bn in Q4FY21. Restructuring expected to increase in coming quarter.
- Credit cost & COVID provisions.** Bank has reversed contingent provisions of Rs10.50bn post assessment of the provisions already made & delinquencies due to Covid-19. As of now, the provisions seem to adequate.
- Higher provisions policy:** The bank has further tightened provisioning on NPAs which resulted in higher provisioning of Rs.11.27bn in Q1FY22 to keep a certain PCR ratio maintained.
- BB & below rated book:** Bank's BB & below rated book increased to Rs32.69bn v/s 14.05bn in Q4FY21. Upgrades in this segment was majorly driven by resolution under the RBI Framework.

**Exhibit 2: Loan split and growth trends**

Loan Book Details (Rs bn)	Q1FY22	Q1FY21	YoY gr. (%)	Q4FY21	QoQ gr. (%)
<b>Total Loan Book</b>	<b>7,386</b>	<b>6,312</b>	<b>17.0</b>	<b>7,337</b>	<b>0.7</b>
Domestic Loan book	6,985	5,842	19.6	6,961	0.3
Retail Loan book	4,919	4,046	21.6	4,892	0.5
Domestic Corporate book	1,769	1,588	11.4	1,766	0.1
SME	298	209	42.8	303	(1.7)
International Loan book	401	470	(14.7)	376	6.7
<b>Retail Loan book break-up</b>					
Home Loans	2,494	2,011	24.0	2,437	2.4
Vehicle loans	625	575	8.6	642	(2.6)
Personal Loans & CC	666	587	13.5	667	(0.0)
Business Banking	397	259	53.4	373	6.3
Rural	710	572	24.2	722	(1.6)
<b>Composition of Loan Book</b>					
Domestic Loan book	95%	93%	202	95%	(31)
Retail Loan book	70%	69%	116	70%	14
Domestic Corporate book	25%	27%	(186)	25%	(5)
SME	4%	4%	69	4%	(9)
International Loan book	5%	7%	(202)	5%	31
<b>Retail Loan book break-up</b>					
Home Loans	51%	50%	99	50%	90
Vehicle loans	13%	14%	(152)	13%	(41)
Personal Loans & CC	14%	15%	(97)	14%	(8)
Business Banking	8%	6%	167	8%	44
Rural	14%	14%	30	15%	(31)

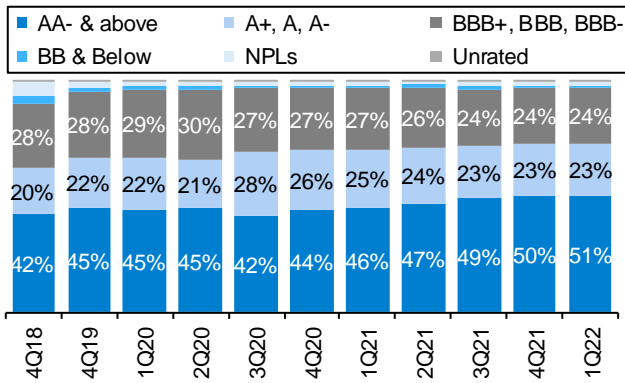
Source: Company, PL

Domestic loan growth strong across segments; international loan book saw some growth towards India based trade finance

Retail was led by strong home loans as bank targets more internal customers; business banking sees better growth

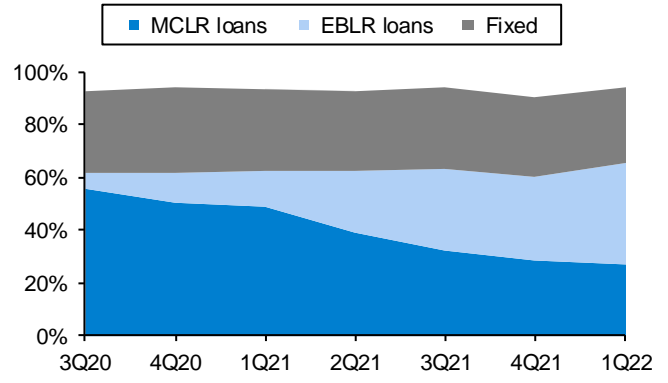
Commentary on retail lending remained strong and should be driven by digitisation and improved turn-around-times

**Exhibit 3: Better rated book in much better position now**



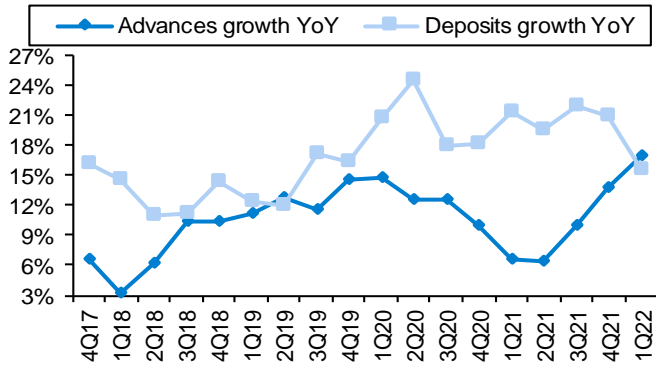
Source: Company, PL

**Exhibit 4: Floating rate book has moved up to +70%**



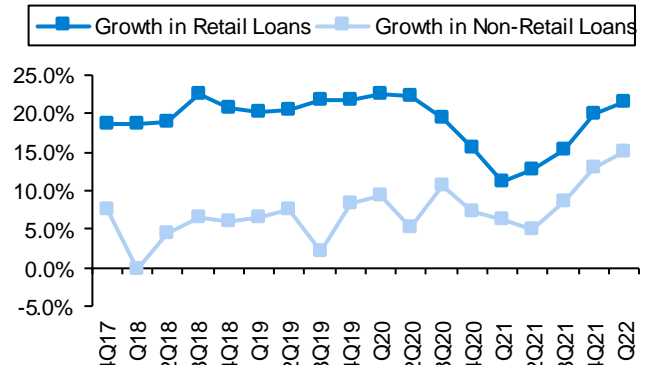
Source: Company, PL

**Exhibit 5: Strong performance continues on loans front**



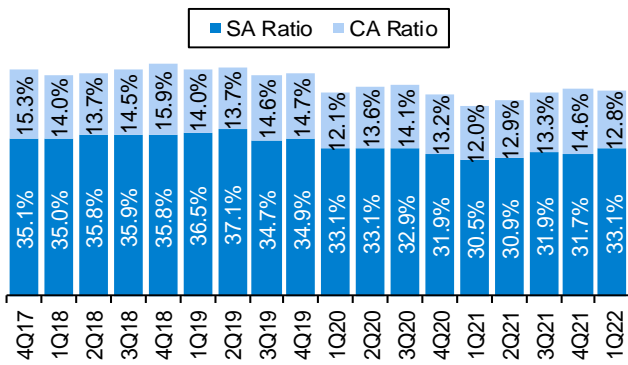
Source: Company, PL

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



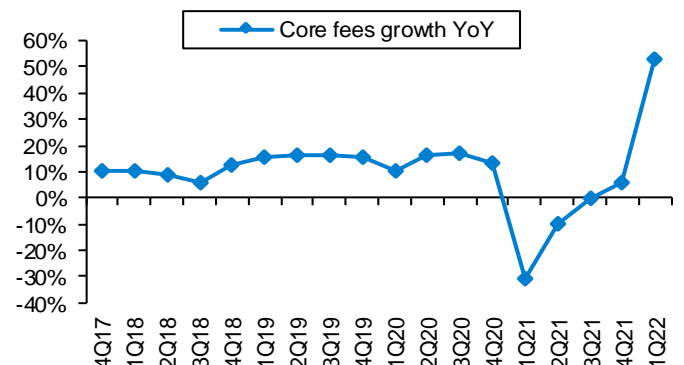
Source: Company, PL

**Exhibit 7: CASA has remained steady**

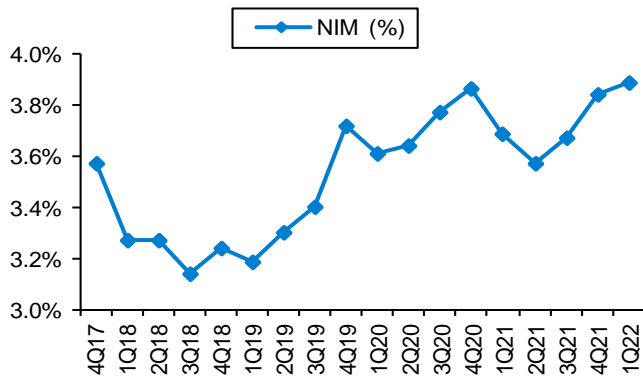


Source: Company, PL

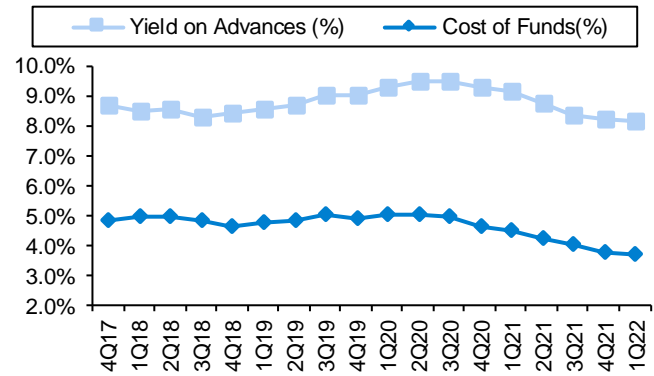
**Exhibit 8: Core fees was subdued despite favorable base**



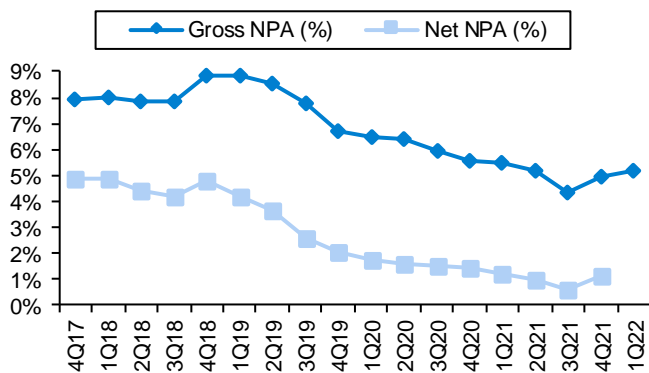
Source: Company, PL

**Exhibit 9: NIM have moved to best levels in many years**


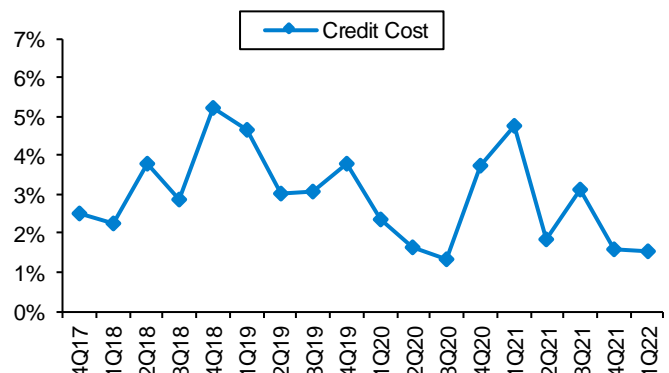
Source: Company, PL

**Exhibit 10: Cost of funds has continued to come off**


Source: Company, PL

**Exhibit 11: Asset quality has been managed well with recoveries as well & maintained PCR**


Source: Company, PL

**Exhibit 12: Credit cost remains benign on dipping into contingency provisions**


Source: Company, PL

**Exhibit 13: Some rise in slippages, while other stressed book has been steady**

Particulars (Rs Million)	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
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	32,690
Non Fund O/s to non-performing loans	39,190	50,630	48,290	42,380	44,070	44,050	41,010
Other loans under RBI scheme not included above	38,940	15,330	14,600	12,350	12,220	7,990	8,130
Borrowers with o/s >Rs1.0bn	98,720	81,310	85,290	83,050	83,010	71,170	64,310
Borrowers with o/s <Rs1.0bn	34,160	32,940	35,840	36,410	39,670	37,760	34,620
<b>Total BB &amp; Below rated book</b>	<b>174,030</b>	<b>166,680</b>	<b>171,100</b>	<b>161,670</b>	<b>180,610</b>	<b>175,050</b>	<b>180,760</b>
<b>Total BB &amp; Below rated book (excl. NFB o/s to NPL)</b>			<b>122,810</b>	<b>119,290</b>	<b>136,540</b>	<b>130,860</b>	<b>139,750</b>
<b>Movement in BB &amp; Below Book</b>							
Slippage to NPA	24,730	17,260	1,710	12,120	2,270	10,670	1900
Upgrades to investment grade & O/s reduction	6,300	12,970	8,600	14,290	1,180	6,760	5,730
Downgrades from investment grade	26,660	22,880	14,730	16,980	22,390	11,870	-5410
<b>BB &amp; Below at end of period</b>	<b>174,030</b>	<b>166,680</b>	<b>171,100</b>	<b>161,670</b>	<b>180,610</b>	<b>175,050</b>	<b>183,830</b>
% of Net Advances	2.7%	2.6%	2.7%	2.5%	2.6%	2.4%	2.4%
<b>GNPA %</b>	<b>6.0%</b>	<b>6.0%</b>	<b>5.5%</b>	<b>5.2%</b>	<b>5.4%</b>	<b>5.0%</b>	<b>5.1%</b>
<b>NNPA %</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.2%</b>	<b>1.0%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.1%</b>
<b>Net Stressed Assets %</b>	<b>4.4%</b>	<b>4.2%</b>	<b>4.1%</b>	<b>3.6%</b>	<b>3.9%</b>	<b>3.5%</b>	

 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	1Q22
Fresh Slippages	31,170	20,910	35,470	27,790	24,820	43,630	53,060	11,600	30,170	4,710	118,180	72,310
<i>Fresh Slippages - Pro-forma</i>									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	67,730
<i>- Retail Slippages - Pro-forma</i>										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	4,580
- 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	1,900
- 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	36,270
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	15,890

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
<b>Net interest income</b>	<b>3.1</b>	<b>2.9</b>	<b>2.8</b>	<b>2.9</b>	<b>3.2</b>	<b>3.3</b>	<b>3.5</b>	<b>3.6</b>	<b>3.6</b>
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	1.1	1.1	1.0
<b>Total income</b>	<b>5.3</b>	<b>5.5</b>	<b>4.9</b>	<b>4.5</b>	<b>4.8</b>	<b>5.0</b>	<b>4.9</b>	<b>4.9</b>	<b>4.9</b>
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	1.2
<b>Operating profit</b>	<b>3.5</b>	<b>3.5</b>	<b>3.0</b>	<b>2.5</b>	<b>2.7</b>	<b>3.1</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
Tax	1.7	2.0	2.1	2.1	1.4	1.4	0.9	0.7	0.6
Loan loss provisions	0.4	0.2	0.1	0.0	0.6	0.3	0.5	0.5	0.5
<b>RoAA</b>	<b>1.4</b>	<b>1.3</b>	<b>0.8</b>	<b>0.4</b>	<b>0.8</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>	<b>1.9</b>
<b>RoAE</b>	<b>11.4</b>	<b>10.3</b>	<b>6.6</b>	<b>3.2</b>	<b>7.7</b>	<b>13.3</b>	<b>14.4</b>	<b>15.3</b>	<b>16.1</b>

Source: Company, PL

**Exhibit 16: We marginally change loan growth & credit cost in our estimates**

Change in Estimates Table (Rs mn)	Earlier			Revised			% Change		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY21E	FY22E	FY23E
Net interest income	451,346	526,513	-	452,908	524,338	612,608	0.3	(0.4)	-
Operating profit	407,598	464,354	-	390,722	439,095	506,647	(4.1)	(5.4)	-
Net profit	210,607	258,710	-	212,155	257,391	313,596	0.7	(0.5)	-
Loan Growth (%)	14.3	16.1	-	14.4	16.1	16.9	0.2	0.1	-
Credit Cost (bps)	140.0	120.0	-	122.0	100.0	80.0	(18.0)	(20.0)	-
EPS (Rs)	30.4	37.4	-	30.7	37.2	45.3	0.7	(0.5)	-
ABVPS (Rs)	212.3	246.8	-	212.0	246.7	287.2	(0.1)	(0.0)	-
<b>Price target (Rs)</b>		<b>750</b>			<b>815</b>			<b>8.7</b>	
<b>Recommendation</b>		<b>BUY</b>			<b>BUY</b>				

Source: Company, PL



**Exhibit 17: We increase our TP to Rs815 (from Rs750) based on 2.4x core FY23 ABV and Rs181 (from Rs164) for subsidiaries**

PT calculation and upside	
Terminal Growth	5.0%
Market-risk Premium	6.9%
Risk-free Rate	6.3%
Adjusted Beta	1.05
<b>Cost of Equity</b>	<b>13.5%</b>
<b>Fair price - P/ABV</b>	<b>634</b>
<b>Target P/ABV</b>	<b>2.4</b>
<b>Target P/E</b>	<b>15.4</b>
Value of subs/other businesses	181
<b>Price target (Rs)</b>	<b>815</b>
Current price, Rs	677
<b>Upside (%)</b>	<b>20%</b>

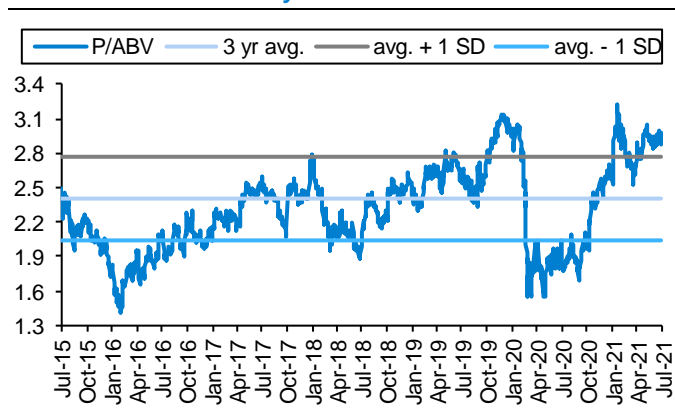
Source: Company, PL

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

Value per share (Rs)	Holding (%)	Multiple	Basis	Sep-23E
<b>ICICI Standalone</b>		<b>2.2x</b>		<b>634</b>
<b>Subsidiaries / Others</b>				
Life insurance	51	2.3x EV & 20x NBV	IEV	69
General insurance	52	10% discount on M.Cap	Mcap	51
Asset management	51	7%	AUM	36
Broking & IB	77	15x	PAT	17
Others				8
<b>Total subsidiaries' value</b>				<b>181</b>
% contribution of Subsidiaries				22
<b>Total fair value per share</b>				<b>815</b>

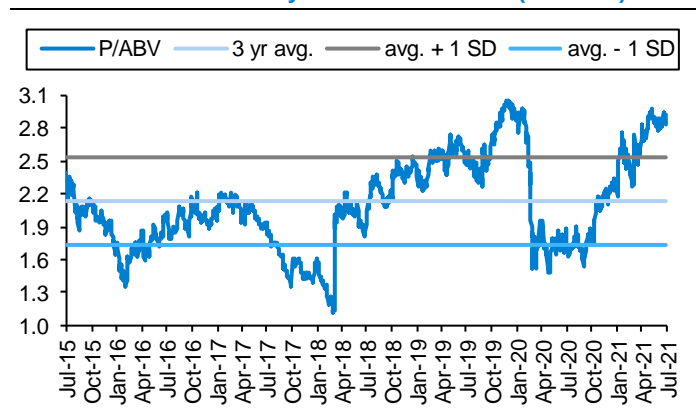
Source: Company, PL

**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	FY21	FY22E	FY23E	FY24E
Int. Earned from Adv.	5,72,888	6,35,835	7,53,083	8,88,195
Int. Earned from invt.	1,65,398	1,69,406	2,09,073	2,53,837
Others	52,897	52,202	38,598	33,567
<b>Total Interest Income</b>	<b>7,91,183</b>	<b>8,57,443</b>	<b>10,00,754</b>	<b>11,75,599</b>
Interest Expenses	4,01,288	4,04,535	4,76,416	5,62,991
<b>Net Interest Income</b>	<b>3,89,894</b>	<b>4,52,908</b>	<b>5,24,338</b>	<b>6,12,608</b>
Growth(%)	17.2	16.2	15.8	16.8
Non Interest Income	1,89,685	1,87,788	2,00,934	2,21,027
<b>Net Total Income</b>	<b>5,79,580</b>	<b>6,40,696</b>	<b>7,25,271</b>	<b>8,33,635</b>
Growth(%)	7.5	6.6	15.0	16.2
Employee Expenses	80,918	93,055	1,05,153	1,19,874
Other Expenses	1,25,015	1,46,892	1,70,395	1,95,955
Operating Expenses	2,15,608	2,49,974	2,86,176	3,26,988
<b>Operating Profit</b>	<b>3,63,971</b>	<b>3,90,722</b>	<b>4,39,095</b>	<b>5,06,647</b>
Growth(%)	29.5	7.3	12.4	15.4
NPA Provision	89,636	96,005	90,733	84,590
Total Provisions	1,62,144	1,18,728	1,09,106	1,04,601
<b>PBT</b>	<b>2,01,827</b>	<b>2,71,994</b>	<b>3,29,989</b>	<b>4,02,046</b>
Tax Provision	39,900	59,839	72,598	88,450
Effective tax rate (%)	19.8	22.0	22.0	22.0
<b>PAT</b>	<b>1,61,927</b>	<b>2,12,155</b>	<b>2,57,391</b>	<b>3,13,596</b>
Growth(%)	104.2	31.0	21.3	21.8

**Balance Sheet (Rs. m)**

Y/e Mar	FY21	FY22E	FY23E	FY24E
Face value	2	2	2	2
No. of equity shares	6,917	6,917	6,917	6,917
Equity	13,834	13,834	13,834	13,834
Networth	14,75,061	16,73,382	19,12,789	22,05,634
Growth(%)	26.6	13.4	14.3	15.3
Adj. Networth to NNPA's	91,802	98,337	90,210	1,01,476
Deposits	93,25,222	1,05,37,500	1,21,18,125	1,40,57,026
Growth(%)	21.0	13.0	15.0	16.0
CASA Deposits	43,16,230	48,15,638	56,10,692	65,08,403
% of total deposits	46.3	45.7	46.3	46.3
<b>Total Liabilities</b>	<b>1,23,04,296</b>	<b>1,38,05,756</b>	<b>1,57,03,759</b>	<b>1,80,53,184</b>
Net Advances	73,37,291	84,01,198	97,45,390	1,14,02,106
Growth(%)	13.7	14.5	16.0	17.0
Investments	28,12,865	31,01,845	38,22,624	43,57,785
<b>Total Assets</b>	<b>1,23,04,327</b>	<b>1,38,05,756</b>	<b>1,57,03,759</b>	<b>1,80,53,184</b>
Growth (%)	12.0	12.2	13.7	15.0

**Asset Quality**

Y/e Mar	FY21	FY22E	FY23E	FY24E
Gross NPAs (Rs m)	4,13,734	4,03,598	3,67,152	3,60,540
Net NPAs (Rs m)	91,802	98,337	90,210	1,01,476
Gr. NPAs to Gross Adv.(%)	5.6	4.8	3.8	3.2
Net NPAs to Net Adv. (%)	1.3	1.2	0.9	0.9
NPA Coverage %	77.8	75.6	75.4	71.9

**Profitability (%)**

Y/e Mar	FY21	FY22E	FY23E	FY24E
NIM	3.6	3.7	3.8	3.8
RoAA	1.4	1.6	1.7	1.9
RoAE	12.3	13.5	14.4	15.2
Tier I	18.1	19.2	19.8	20.0
CRAR	19.1	20.1	20.5	20.7

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Interest Income	1,96,225	1,97,298	1,98,417	2,03,834
Interest Expenses	1,02,564	98,173	94,105	94,477
<b>Net Interest Income</b>	<b>93,661</b>	<b>99,125</b>	<b>1,04,311</b>	<b>1,09,358</b>
YoY growth (%)	16.2	16.0	16.9	17.8
CEB	31,390	36,010	38,150	32,190
Treasury	-	-	-	-
Non Interest Income	40,283	46,863	41,114	39,959
<b>Total Income</b>	<b>2,36,508</b>	<b>2,44,161</b>	<b>2,39,530</b>	<b>2,43,793</b>
Employee Expenses	19,673	19,499	20,084	23,744
Other expenses	31,660	38,290	39,942	36,628
Operating Expenses	51,333	57,790	60,027	60,372
<b>Operating Profit</b>	<b>82,611</b>	<b>88,198</b>	<b>85,398</b>	<b>88,944</b>
YoY growth (%)	20.2	16.8	15.6	(17.5)
Core Operating Profits	77,191	80,538	85,648	86,044
NPA Provision	-	-	-	-
Others Provisions	29,953	27,417	28,835	28,517
Total Provisions	29,953	27,417	28,835	28,517
<b>Profit Before Tax</b>	<b>52,658</b>	<b>60,780</b>	<b>56,564</b>	<b>60,427</b>
Tax	10,145	11,385	12,538	14,267
<b>PAT</b>	<b>42,513</b>	<b>49,396</b>	<b>44,026</b>	<b>46,160</b>
YoY growth (%)	549.1	19.1	260.5	77.6
<b>Deposits</b>	<b>83,29,356</b>	<b>87,43,476</b>	<b>93,25,222</b>	<b>92,62,239</b>
YoY growth (%)	19.6	22.1	21.0	15.5
<b>Advances</b>	<b>65,26,080</b>	<b>69,90,175</b>	<b>73,37,291</b>	<b>73,85,979</b>
YoY growth (%)	6.4	10.0	13.7	17.0

**Key Ratios**

Y/e Mar	FY21	FY22E	FY23E	FY24E
CMP (Rs)	677	677	677	677
EPS (Rs)	24.2	30.7	37.2	45.3
Book Value (Rs)	209	237	272	314
Adj. BV (70%)(Rs)	185	212	247	287
P/E (x)	28.0	22.1	18.2	14.9
P/BV (x)	3.2	2.9	2.5	2.2
P/ABV (x)	3.7	3.2	2.7	2.4
DPS (Rs)	-	2.0	2.6	3.0
Dividend Payout Ratio (%)	-	6.5	7.0	6.6
Dividend Yield (%)	-	0.3	0.4	0.4

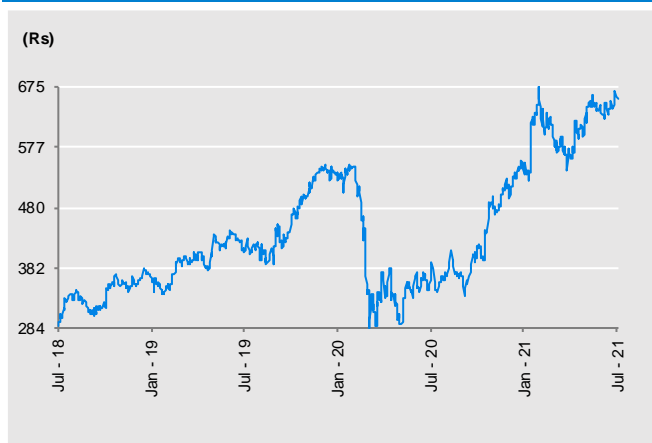
**Efficiency**

Y/e Mar	FY21	FY22E	FY23E	FY24E
Cost-Income Ratio (%)	37.2	39.0	39.5	39.2
C-D Ratio (%)	78.7	79.7	80.4	81.1
Business per Emp. (Rs m)	169	190	217	250
Profit per Emp. (Rs lacs)	16	21	26	31
Business per Branch (Rs m)	3,164	3,561	4,070	4,692
Profit per Branch (Rs m)	31	40	48	58

**Du-Pont**

Y/e Mar	FY21	FY22E	FY23E	FY24E
NII	3.35	3.47	3.55	3.63
Total Income	4.98	4.91	4.92	4.94
Operating Expenses	1.85	1.91	1.94	1.94
PPoP	3.13	2.99	2.98	3.00
Total provisions	1.39	0.91	0.74	0.62
RoAA	1.39	1.63	1.74	1.86
RoAE	13.27	14.44	15.29	16.12

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-21	BUY	750	651
2	26-Apr-21	BUY	700	570
3	06-Apr-21	BUY	630	571
4	31-Jan-21	BUY	630	537
5	11-Jan-21	BUY	614	542
6	07-Dec-20	BUY	614	502
7	01-Nov-20	BUY	520	393
8	09-Oct-20	BUY	462	402
9	26-Jul-20	BUY	462	383

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	Accumulate	822	758
2	Bank of Baroda	BUY	100	86
3	Federal Bank	Accumulate	93	87
4	HDFC Bank	BUY	1,870	1,522
5	HDFC Life Insurance Company	Hold	725	679
6	ICICI Bank	BUY	750	651
7	ICICI Prudential Life Insurance Company	Accumulate	670	605
8	IDFC First Bank	Reduce	48	54
9	IndusInd Bank	BUY	1,195	1,031
10	Kotak Mahindra Bank	Hold	1,900	1,755
11	Max Financial Services	Accumulate	1,120	1,051
12	Punjab National Bank	Accumulate	47	42
13	SBI Life Insurance Company	Accumulate	1,023	1,014
14	South Indian Bank	UR	-	10
15	State Bank of India	BUY	480	430

**PL's Recommendation Nomenclature (Absolute Performance)**

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

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### **Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

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