

Estimate change



TP change



Rating change



Bloomberg	ICICIB IN
Equity Shares (m)	6,897
M.Cap.(INRb)/(USDb)	3707.7 / 50
52-Week Range (INR)	561 / 269
1, 6, 12 Rel. Per (%)	4/31/-10
12M Avg Val (INR M)	14687

### Financials & Valuations (INR b)

Y/E March	FY21E	FY22E	FY23E
NII	390.4	459.7	550.4
OP	370.3	385.7	471.2
NP	172.2	213.7	268.6
NIM (%)	3.7	3.9	4.0
EPS (INR)	25.8	31.0	39.0
EPS Gr (%)	109.9	20.3	25.7
ABV/Sh (INR)	187.5	215.5	250.6
Cons. BV/Sh (INR)	196.9	219.0	245.8

### Ratios

RoE (%)	13.4	13.8	15.2
RoA (%)	1.5	1.6	1.8

### Valuations

P/BV (x) (Cons)	2.7	2.5	2.2
P/ABV (x)	2.1	1.9	1.6
P/E (x)	15.6	12.9	10.3

\*Adjusted for Investment in Subs

### Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	0.0	0.0	0.0
DII	34.3	36.1	34.4
FII	58.0	55.6	57.2
Others	7.7	8.3	8.4

FII Includes depository receipts

**CMP: INR537**
**TP: INR700 (+30%)**
**Buy**

## Strong all-round performance; growth outlook getting stronger

### Robust asset quality + high prudential provisioning provides comfort

- ICICIB reported a strong 3QFY21, with earnings driven by steady revenue growth, controlled opex, and lower provisions. Loan growth is showing a strong revival in both Wholesale, SME, and Retail, with disbursement in many business segments crossing pre-COVID levels, led by festive demand, improving economic outlook, and strong digital ecosystem build by the bank across business segments.
- On the asset quality front, controlled slippages led to a 6bp QoQ rise in the pro forma GNPA ratio, while total restructuring stood at 0.4% of loans (v/s 1% guided earlier). Pro forma PCR stood ~78%, the highest in the industry. It holds unutilized COVID provisions of INR64.7b (~1% of loans), offering comfort on normalization in credit cost. We raise our FY21E estimate by 20% due to lower credit cost while largely maintaining our FY22E/FY23E estimates. **Maintain BUY.**

### Strong operating performance and lower provisions drive earnings

- ICICIB reported a PAT of INR49.4b (above our estimate), supported by treasury income and controlled provisions (8% QoQ decline). It has made contingent provisions of INR30b for pro forma slippages and utilized COVID-related provisions of INR18b. It still holds unutilized COVID provisions of INR64.7b (~1% of loans). **During 9MFY21**, NII/PPOP grew 17%/35%, while PAT grew by 76% YoY to INR117.9b.
- NII stood at INR99.1b (16% YoY, in line) led by recovery in loan growth and 10bp QoQ improvement in margin to 3.67%. Other income grew 16% QoQ to INR46.9b as core fees grew 15%, driven by a revival in retail loans (7%) and normalization in cards spends. Retail contributed 78% of total fees. Other income was supported by strong treasury gains of ~INR7.7b. Opex grew 4% YoY, enabling core PPOP growth of 15%.
- Advances growth was robust (7% QoQ), with domestic book growing 7.5% QoQ, led by strong revival across business segments. Retail/Corporate grew ~7%/8% QoQ, while SME grew 16% QoQ. It has disbursed INR126b under ECLGS (till 27 Jan'21). Deposit growth stood at 22% YoY, led by term deposits, which grew ~26%. Average CASA mix improved to 41.8% (v/s 40.3% in 2QFY21).
- **Asset quality:** Fresh slippages stood at INR73.4b (including pro forma slippages). Pro forma GNPA/NNPA ratio increased to 5.42%/1.26%, with pro forma PCR at 77.6%. Total restructuring under the RBI resolution framework was ~INR25.5b (0.4% of loans). The bank made provisions of INR3.85b. ICICIB does not expect any further rise in its restructuring pool. The BB & below portfolio increased to ~INR181b (v/s INR162b in 2QFY21), which includes Corporate and SME restructuring of INR17.1b.

**Highlights from the management commentary**

- A large proportion of slippages have come from the Retail portfolio. The management expects higher slippages in 4QFY21, but sees slippages and credit cost normalizing from FY22 onwards.
- Retail overdue book is 1.5% higher than pre-COVID levels (v/s 4% in 2QFY21).
- ICICIBC is not targeting any mix between Retail, Corporate, and SME portfolio.

**Valuation and view**

ICICIBC reported a strong 3QFY21, led by robust operating performance, while strong asset quality trends enabled decline in provisioning expenses. Loan growth is showing a strong revival in both Wholesale and Retail, with disbursement in many business segments surpassing pre-COVID levels. Asset quality remains under control, with controlled slippages and total restructuring at 0.4% of loans. Provision coverage remains best in the industry and the bank holds additional unutilized COVID provisions of INR64.7b (~1% of loans), providing comfort on anticipated normalization in credit cost. Liability franchise continues to improve with cost of deposits declining to 4%, while the Balance Sheet remains fairly liquid and thus conducive for growth. We expect RoA/RoE to improve to 1.8%/15.2% for FY23E.

**Maintain Buy** with a revised SoTP-based TP of INR700/share (2.4x Sep-22E ABV for the bank).

**Quarterly performance**

(INR b)

	FY20				FY21				FY20	FY21E	3QFY21E	v/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				estimate
<b>Net Interest Income</b>	<b>77.4</b>	<b>80.6</b>	<b>85.5</b>	<b>89.3</b>	<b>92.8</b>	<b>93.7</b>	<b>99.1</b>	<b>104.8</b>	<b>332.7</b>	<b>390.4</b>	<b>96.7</b>	<b>2%</b>
% Change (YoY)	26.8	25.6	24.3	17.1	19.9	16.2	16.0	17.4	23.1	17.4	13.2	
Other Income	34.3	41.9	45.7	42.5	61.4	40.3	46.9	48.8	164.5	197.4	46.2	1%
<b>Total Income</b>	<b>111.6</b>	<b>122.5</b>	<b>131.2</b>	<b>131.8</b>	<b>154.2</b>	<b>133.9</b>	<b>146.0</b>	<b>153.6</b>	<b>497.2</b>	<b>587.8</b>	<b>142.9</b>	<b>2%</b>
Operating Expenses	48.7	53.8	55.7	57.9	46.5	51.3	57.8	61.9	216.1	217.5	57.0	1%
<b>Operating Profit</b>	<b>62.9</b>	<b>68.7</b>	<b>75.5</b>	<b>73.9</b>	<b>107.8</b>	<b>82.6</b>	<b>88.2</b>	<b>91.7</b>	<b>281.0</b>	<b>370.3</b>	<b>85.9</b>	<b>3%</b>
% Change (YoY)	8.3	30.9	22.8	18.6	71.4	20.2	16.8	24.1	19.9	31.8	13.8	
Provisions	35.0	25.1	20.8	59.7	75.9	30.0	27.4	24.3	140.5	157.7	38.3	-28%
<b>Profit before Tax</b>	<b>27.9</b>	<b>43.7</b>	<b>54.7</b>	<b>14.2</b>	<b>31.8</b>	<b>52.7</b>	<b>60.8</b>	<b>67.4</b>	<b>140.5</b>	<b>212.6</b>	<b>47.6</b>	<b>28%</b>
Tax	8.8	37.1	13.2	2.0	5.8	10.1	11.4	13.0	61.2	40.4	11.9	-4%
<b>Net Profit</b>	<b>19.1</b>	<b>6.5</b>	<b>41.5</b>	<b>12.2</b>	<b>26.0</b>	<b>42.5</b>	<b>49.4</b>	<b>54.3</b>	<b>79.3</b>	<b>172.2</b>	<b>35.7</b>	<b>38%</b>
% Change (YoY)	NM	-27.9	158.4	26.0	36.2	549.1	19.1	344.9	135.8	117.2	-13.8	
<b>Operating Parameters</b>												
Deposit	6,607	6,963	7,163	7,710	8,016	8,329	8,743	9,097	7,710	9,097	8,647	1%
Loan	5,924	6,134	6,357	6,453	6,312	6,526	6,990	7,324	6,453	7,324	6,774	3%
Deposit Growth (%)	20.8	24.6	18.1	18.1	21.3	19.6	22.1	18.0	18.1	18.0	20.7	135
Loan Growth (%)	14.7	12.6	12.6	10.0	6.5	6.4	10.0	13.5	10.0	13.5	6.6	340
<b>Asset Quality</b>												
Gross NPA (%)	7.3	7.0	6.5	6.1	6.1	5.2	4.4	5.9	6.1	5.9	5.9	(155)
Net NPA (%)	1.8	1.6	1.5	1.4	1.2	1.0	0.6	1.4	1.4	1.4	1.5	(83)
PCR (%)	74.1	76.1	76.1	75.6	78.5	81.6	86.1	76.8	75.7	76.8	76.5	956

E: MOFSL estimates

## Quarterly snapshot

Profit & Loss (INR b)	FY19				FY20				FY21			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
<b>Interest Income</b>	<b>147.2</b>	<b>151.1</b>	<b>162.8</b>	<b>172.9</b>	<b>179.8</b>	<b>185.7</b>	<b>190.6</b>	<b>191.9</b>	<b>199.2</b>	<b>196.2</b>	<b>197.3</b>	<b>3</b>	<b>1</b>
Loans	109.8	115.1	125.2	129.3	136.2	143.0	148.0	148.4	145.8	140.4	140.3	-5	0
Investment	31.4	30.9	32.4	33.4	36.5	37.3	36.8	36.2	41.9	43.1	41.2	12	-4
Others	6.0	5.1	5.2	10.3	7.2	5.4	5.9	7.3	11.6	12.7	15.7	167	24
<b>Interest Expenses</b>	<b>86.2</b>	<b>86.9</b>	<b>94.1</b>	<b>96.7</b>	<b>102.4</b>	<b>105.1</b>	<b>105.2</b>	<b>102.6</b>	<b>106.4</b>	<b>102.6</b>	<b>98.2</b>	<b>-7</b>	<b>-4</b>
<b>Net Interest Income</b>	<b>61.0</b>	<b>64.2</b>	<b>68.8</b>	<b>76.2</b>	<b>77.4</b>	<b>80.6</b>	<b>85.5</b>	<b>89.3</b>	<b>92.8</b>	<b>93.7</b>	<b>99.1</b>	<b>16</b>	<b>6</b>
<b>Other Income</b>	<b>38.5</b>	<b>31.6</b>	<b>38.8</b>	<b>36.2</b>	<b>34.3</b>	<b>41.9</b>	<b>45.7</b>	<b>42.5</b>	<b>61.4</b>	<b>40.3</b>	<b>46.9</b>	<b>2</b>	<b>16</b>
Trading profits	7.7	-0.4	4.8	1.6	1.8	3.4	5.3	2.4	37.6	5.4	7.7	44	41
Fee Income	27.5	30.0	30.6	31.8	30.4	34.8	36.0	36.0	21.0	31.4	36.0	0	15
Others	3.3	2.0	3.4	2.9	2.1	3.8	4.5	4.1	2.8	3.5	3.2	-29	-8
<b>Total Income</b>	<b>99.5</b>	<b>95.7</b>	<b>107.6</b>	<b>112.4</b>	<b>111.6</b>	<b>122.5</b>	<b>131.2</b>	<b>131.8</b>	<b>154.2</b>	<b>133.9</b>	<b>146.0</b>	<b>11</b>	<b>9</b>
<b>Operating Expenses</b>	<b>41.5</b>	<b>43.2</b>	<b>46.1</b>	<b>50.1</b>	<b>48.7</b>	<b>53.8</b>	<b>55.7</b>	<b>57.9</b>	<b>46.5</b>	<b>51.3</b>	<b>57.8</b>	<b>4</b>	<b>13</b>
Employee	15.1	16.6	17.3	19.0	19.5	21.4	19.4	22.3	21.7	19.7	19.5	0	-1
Others	26.3	26.6	28.8	31.1	29.2	32.4	36.3	35.6	24.8	31.7	38.3	6	21
<b>Operating Profit</b>	<b>58.1</b>	<b>52.5</b>	<b>61.5</b>	<b>62.3</b>	<b>62.9</b>	<b>68.7</b>	<b>75.5</b>	<b>73.9</b>	<b>107.8</b>	<b>82.6</b>	<b>88.2</b>	<b>17</b>	<b>7</b>
<b>Core Operating Profit</b>	<b>50.4</b>	<b>52.8</b>	<b>56.7</b>	<b>60.8</b>	<b>61.1</b>	<b>65.3</b>	<b>70.2</b>	<b>71.5</b>	<b>70.1</b>	<b>77.2</b>	<b>80.5</b>	<b>15</b>	<b>4</b>
<b>Provisions</b>	<b>59.7</b>	<b>39.9</b>	<b>42.4</b>	<b>54.5</b>	<b>35.0</b>	<b>25.1</b>	<b>20.8</b>	<b>59.7</b>	<b>75.9</b>	<b>30.0</b>	<b>27.4</b>	<b>32</b>	<b>-8</b>
<b>PBT</b>	<b>-1.6</b>	<b>12.6</b>	<b>19.0</b>	<b>7.8</b>	<b>27.9</b>	<b>43.7</b>	<b>54.7</b>	<b>14.2</b>	<b>31.8</b>	<b>52.7</b>	<b>60.8</b>	<b>11</b>	<b>15</b>
Taxes	-0.4	3.5	3.0	-1.9	8.8	37.1	13.2	2.0	5.8	10.1	11.4	-14	12
<b>PAT</b>	<b>-1.2</b>	<b>9.1</b>	<b>16.0</b>	<b>9.7</b>	<b>19.1</b>	<b>6.5</b>	<b>41.5</b>	<b>12.2</b>	<b>26.0</b>	<b>42.5</b>	<b>49.4</b>	<b>19</b>	<b>16</b>
<b>Balance Sheet (INR b)</b>													
<b>Loans</b>	<b>5,163</b>	<b>5,445</b>	<b>5,643</b>	<b>5,866</b>	<b>5,924</b>	<b>6,134</b>	<b>6,357</b>	<b>6,453</b>	<b>6,312</b>	<b>6,526</b>	<b>6,990</b>	<b>10</b>	<b>7</b>
Investments	1,864	1,875	1,977	2,077	2,200	2,234	2,275	2,495	3,019	2,896	2,753	21	-5
<b>Deposits</b>	<b>5,469</b>	<b>5,587</b>	<b>6,068</b>	<b>6,529</b>	<b>6,607</b>	<b>6,963</b>	<b>7,163</b>	<b>7,710</b>	<b>8,016</b>	<b>8,329</b>	<b>8,743</b>	<b>22</b>	<b>5</b>
Borrowings	1,620	1,747	1,643	1,653	1,567	1,510	1,374	1,629	1,649	1,364	1,116	-19	-18
<b>Total Assets</b>	<b>8,451</b>	<b>8,743</b>	<b>9,124</b>	<b>9,645</b>	<b>9,638</b>	<b>9,970</b>	<b>10,071</b>	<b>10,984</b>	<b>11,386</b>	<b>11,630</b>	<b>11,932</b>	<b>18</b>	<b>3</b>
<b>Asset Quality (INR b)</b>													
GNPA	534.6	544.9	515.9	462.9	457.6	456.4	434.5	414.1	403.9	389.9	348.6	-20	-11
NNPA	241.7	220.9	162.5	135.8	118.6	109.2	103.9	101.1	86.7	71.9	48.6	-53	-32
<b>Deposits Break Up</b>													
<b>CASA Deposits</b>	<b>2,763</b>	<b>2,835</b>	<b>2,994</b>	<b>3,239</b>	<b>2,989</b>	<b>3,250</b>	<b>3,364</b>	<b>3,478</b>	<b>3,406</b>	<b>3,646</b>	<b>3,954</b>	<b>18</b>	<b>8</b>
% of total Deposits	51	51	49	50	45	47	47	45	42	44	45		
Savings	1,996	2,075	2,108	2,277	2,185	2,306	2,354	2,456	2,448	2,571	2,787	18	8
% of total Deposits	36	37	35	35	33	33	33	32	31	31	32		
Current	767	761	886	963	804	944	1,010	1,022	958	1,075	1,167	16	9
% of total Deposits	14	14	15	15	12	14	14	13	12	13	13		
Term Deposits	2,706	2,751	3,074	3,290	3,619	3,713	3,799	4,232	4,610	4,684	4,789	26	2
% of total Deposits	49	49	51	50	55	53	53	55	58	56	55		
<b>Loan Break Up</b>													
<b>Agriculture</b>													
SME Loans	239	147	162	179	177	191	216	226	208	235	273	26	16
Corporate Loans	1,309	1,490	1,477	1,529	1,515	1,533	1,595	1,607	1,591	1,573	1,699	6	8
Retail Loans	2,970	3,118	3,332	3,528	3,636	3,810	3,979	4,078	4,046	4,294	4,586	15	7
<i>of which</i>													
- Housing	1,545	1,609	1,713	1,782	1,840	1,909	1,966	2,002	2,011	2,117	2,256	15	7
- Personal Loans	223	249	277	310	345	377	422	453	441	447	463	10	4
- Credit Cards	104	106	113	123	138	149	163	155	146	155	174	7	13
- Others	1,099	1,154	1,230	1,313	1,313	1,375	1,429	1,468	1,448	1,576	1,692	18	7
<b>International Loans</b>	<b>644</b>	<b>691</b>	<b>672</b>	<b>630</b>	<b>596</b>	<b>600</b>	<b>566</b>	<b>542</b>	<b>473</b>	<b>424</b>	<b>433</b>	<b>-23</b>	<b>2</b>
<b>Loan Mix (%)</b>													
SME Loans	4.6	2.7	2.9	3.1	3.0	3.1	3.4	3.5	3.3	3.6	3.9	50	30
Corporate Loans	25.4	27.4	26.2	26.1	25.6	25.0	25.1	24.9	25.2	24.1	24.3	-80	20
Retail Loans	57.5	57.3	59.0	60.1	61.4	62.1	62.6	63.2	64.1	65.8	65.6	300	-20
International Loans	12.5	12.7	11.9	10.7	10.1	9.8	8.9	8.4	7.5	6.5	6.2	-270	-30

## Quarterly snapshot continued

Ratios (%)	FY19				FY20				FY21			Change (bps)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
<b>Asset Quality Ratios</b>													
GNPA	8.8	8.5	7.8	6.7	6.5	6.4	6.0	5.5	5.5	5.2	4.4	-157	-79
NNPA	4.2	3.7	2.6	2.1	1.8	1.6	1.5	1.4	1.2	1.0	0.6	-86	-37
PCR (Calculated)	54.8	59.5	68.5	70.7	74.1	76.1	76.1	75.6	78.5	81.6	86.1	996	449
Credit Cost	4.6	3.0	3.1	3.8	2.4	1.7	1.3	3.7	4.8	1.9	1.6	29	-24
<b>Business Ratios</b>													
Fees-to-Total Income	27.7	31.3	28.5	28.3	27.2	28.4	27.4	27.3	13.6	23.4	24.7	-274	123
Cost-to-Core Income	45.1	45.0	44.9	45.2	44.4	45.1	44.3	44.8	39.8	39.9	41.8	-248	184
Tax Rate	26.6	27.6	15.6	-23.9	31.7	85.0	24.1	14.1	18.3	19.3	18.7	-540	-54
CASA	50.5	50.8	49.3	49.6	45.2	46.7	47.0	45.1	42.5	43.8	45.2	-180	140
Dom. Loan/Deposit (Rep.)	82.6	85.1	81.9	80.2	80.6	79.5	80.8	76.7	72.8	73.3	75.0	-585	173
Loan/Deposit	94.4	97.5	93.0	89.8	89.7	88.1	88.7	83.7	78.7	78.4	79.9	-879	160
<b>Profitability Ratios</b>													
Yield on loans	8.7	8.8	9.0	9.3	9.4	9.5	9.5	9.4	9.3	8.9	8.4	-108	-44
Yield On Investments	6.4	6.6	6.7	6.6	6.8	6.7	6.5	6.1	6.1	5.8	5.8	-69	0
Yield on Funds	7.7	7.9	8.1	8.5	8.4	8.4	8.4	8.3	7.9	7.5	7.3	-110	-17
Cost of funds	5.0	5.0	5.1	5.2	5.2	5.2	5.1	4.9	4.6	4.4	4.1	-95	-24
Margins	3.2	3.3	3.4	3.7	3.6	3.6	3.8	3.9	3.7	3.6	3.7	-10	10
RoA (cal.)	-0.1	0.4	0.7	0.4	0.8	0.3	1.7	0.5	1.0	1.5	1.7	2	20
RoE (Cal.)	0.0	3.4	6.0	3.6	7.0	2.4	14.6	4.2	8.9	13.2	14.0	-60	80
<b>Other Details</b>													
Branches	4,867	4,867	4,867	4,874	4,882	5,228	5,275	5,324	5,324	5,288	5,267	-8	-21
ATM	14,394	14,417	14,944	14,987	15,101	15,159	15,589	15,688	15,661	15,158	14,655	-934	-503



## Highlights from the management commentary

## Balance Sheet and P&amp;L related

- The management is not targeting any mix between Retail, Corporate, and SME portfolio.
- The cost of deposits for ICICIBC continues to remain the lowest in the industry.
- The management's focus remains on growing its portfolio in a granular manner. Recent digital initiatives and strong festive demand have aided strong disbursements across business segments. Auto loan disbursements have crossed pre-COVID levels.
- Overseas portfolio with non-India linked businesses continues to decline.
- Growth trends in Corporate are largely from high-rated clients, with a higher mix of short-term financing. Recent digital initiatives taken by the management in the SME segment have helped improve growth trends
- It expects the margin trajectory to improve, aided by the deployment of excess liquidity.
- Drop in the number of debit cards were due to removal of inactive cards. UPI transactions are gaining traction and is changing the digital payment landscape in the country.

## Asset quality

- Total NPA additions and restructuring are much below than what the management had estimated earlier.
- The bank will continue to be pro-active in making provisions. The management has adopted a more conservative provisioning policy. It made provisions of

~INR21b during 3QFY21. It expects credit cost to normalize from FY22 onwards (1.2-1.3% of loans).

- Total restructuring stands at INR25.5b (0.4% of loans), which includes ~INR8.4b in Retail and INR17.1b in the Corporate and SME book. It does not expect further increase in the restructuring book.
- Around 13% of the Builder portfolio is either rated BB & below, or part of the NPA category.
- Additions in the BB & below portfolio were largely from a Construction account (which got restructured).
- A large proportion of pro forma slippages have come from the Retail portfolio. The management expects higher slippages in 4QFY21 as overdue book is still higher than pre-COVID levels.
- Pro forma slippages in retail were from the secured and unsecured portfolio and in line with expectations, while Rural and Business Banking slippages were better than earlier projections.
- Retail overdue (SMA book) is 1.5% higher than pre-COVID levels (v/s 4% in 2QFY21).
- BB & below pool includes Corporate and SME restructured book, except one lease rental discounting account.
- Four accounts (Telecom, Power, and two in Construction) in the BB & below pool has an exposure of over INR6b.

## Key exhibits

**Exhibit 1: Net stressed loans declines to 2.7% of total loans**

INR b	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
GNPA	516	463	458	456	435	414	404	390	349
Security Receipts	33	33	33	33	21	19	19	19	18
BB and below (Fund based)	137	116	101	109	122	102	107	103	121
<b>Stress loans</b>	<b>686</b>	<b>611</b>	<b>591</b>	<b>598</b>	<b>577</b>	<b>536</b>	<b>530</b>	<b>512</b>	<b>488</b>
Less: Overlap	4	4	2	2	2	2	2	2	2
<b>Gross stress loans</b>	<b>682</b>	<b>608</b>	<b>590</b>	<b>596</b>	<b>575</b>	<b>534</b>	<b>528</b>	<b>509</b>	<b>486</b>
Specific Provisions	353	327	339	347	331	313	317	318	300
<b>Net Stress loans</b>	<b>329</b>	<b>281</b>	<b>250</b>	<b>249</b>	<b>244</b>	<b>221</b>	<b>211</b>	<b>191</b>	<b>186</b>
<b>Gross stress loans (% of advances)</b>	<b>12.1</b>	<b>10.4</b>	<b>10.0</b>	<b>9.7</b>	<b>9.0</b>	<b>8.3</b>	<b>8.4</b>	<b>7.8</b>	<b>7.0</b>
<b>Net Stress Loans (% of advances)</b>	<b>5.8</b>	<b>4.8</b>	<b>4.2</b>	<b>4.1</b>	<b>3.8</b>	<b>3.4</b>	<b>3.3</b>	<b>2.9</b>	<b>2.7</b>

**Exhibit 2: A snapshot of the performance of subsidiaries**

Subsidiary PAT (INR m)	FY19				FY20				FY21			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
I Sec	1,340	1,340	1,010	1,220	1,140	1,350	1,370	1,560	1,930	2,780	2,670	95	-4
I Sec PD	-330	-430	1,190	240	690	1,400	970	260	3,460	260	1,320	36	408
I Venture	30	-40	20	690	220	-40	30	-70	260	-80	-20	-167	-75
Pru AMC	760	1,960	1,960	2,170	2,190	3,050	3,050	2,170	2,570	2,820	3,580	17	27
ICICI Home Finance	230	110	90	-30	-60	-610	30	640	10	20	30	0	50
ICICI Life Insurance	2,820	3,010	2,970	2,610	2,850	3,020	3,020	1,790	2,880	3,030	3,060	1	1
ICICI General Insurance	2,890	2,930	2,390	2,280	3,100	3,080	2,940	2,820	3,980	4,160	3,140	7	-25
Consol. Adj.	-6,494	-5,919	-6,939	-7,171	-4,070	-6,490	-6,175	-8,874	-9,902	-6,683	-8,196	33	23
<b>Subsidiaries PAT</b>	<b>1,246</b>	<b>2,961</b>	<b>2,691</b>	<b>2,009</b>	<b>6,060</b>	<b>4,760</b>	<b>5,235</b>	<b>296</b>	<b>5,188</b>	<b>6,307</b>	<b>5,584</b>	<b>7</b>	<b>-11</b>
ICICI Bank	-1,196	9,089	16,049	9,691	19,080	6,550	41,465	12,214	25,992	42,513	49,396	19	16
<b>Consol. Profit</b>	<b>50</b>	<b>12,050</b>	<b>18,740</b>	<b>11,700</b>	<b>25,140</b>	<b>11,310</b>	<b>46,700</b>	<b>12,510</b>	<b>31,180</b>	<b>48,820</b>	<b>54,980</b>	<b>18</b>	<b>13</b>

Deposit growth was led by ~26% YoY growth in term deposits

### Deposit growth led by term deposits; margin expands 10bp QoQ

- Deposits grew 22%/5% YoY/QoQ to INR8.7t, led by healthy growth in CASA deposits, which grew ~18%/~9% YoY/QoQ, and term deposits, which grew at ~26% YoY (+2%). CA/SA deposits grew 8.6%/8.4% QoQ. CASA mix increased 140bp QoQ to 45.2% (150bp increase on an average).
- NIMs expanded 10bp QoQ to 3.67% as cost of deposits declined to 3.97% (-25bp QoQ). Domestic margin expanded 6bp QoQ to 3.78%, while overseas NIMs grew 8bp to 0.34%.

Domestic loan growth stood ~13% YoY, led by ~15% growth in retail book, which now forms 65.6% of total loans

### Loan growth strong sequentially; retail loans grew 15% YoY

- Loan growth stood ~10% YoY (+7.1% QoQ) to INR7t, which was driven by 15% growth in retail loans. Domestic loans grew ~13% YoY, while International loans were down ~23%. Proportion of International loans in overall loans further declined to 6.2% (v/s 6.5% in 2QFY21).
- Retail loans grew ~15% YoY (7% QoQ), within which Home/Personal loans grew ~15%/~10% and Business Banking grew ~39%. Growth in Credit Cards picked up QoQ by 13%, while Vehicle loan growth stood at 6.6% YoY.
- SME loans grew 26% YoY (+16% QoQ) and forms 3.9% of total loans.
- Corporate loans grew 6.5% YoY (+8% QoQ), while performing domestic Corporate loans grew 10% YoY.

Quantum of BB and below exposure increased to INR180.6b (2.6% of loans)

### BB & Below pool (including non-fund based) increased marginally to 2.6% of loans; pro forma PCR healthy at 77.6%

- Total slippages in 3QFY21 stood at INR4.7b, with retail slippages at INR3.94b, while Corporate and SME slippages stood at INR0.77b. Pro forma slippages would have been higher at INR82.8b.
- Absolute GNPA declined 10.6% QoQ to INR348.6b and stands at 4.38% (79bp QoQ decline) of customer assets. NNPA fell 32.4% QoQ to INR48.6b and stands at 0.6% (-37bp QoQ) of customer assets. Calculated PCR increased ~450bp QoQ to 86.1%. Pro forma GNPA/NNPA ratio would have been at 5.42%/1.26%, with a PCR of 77.6%.
- In addition to reported PCR, the bank is carrying additional provision of INR164b (2.3% of loans), of which INR99.8b is COVID-19 related, while INR13.97b is on non-fund based outstanding to NPAs. INR50.2b is general provision on standard assets and other provisions.
- Total restructuring invoked by the bank stood at INR25.5b (0.4% of loans). It is carrying provisions of INR3.85b on the same. The BB & below book increased 12% QoQ to INR180.6b (2.6% of loans). SR portfolio stands at INR18.44b.

Provision of INR13.97b was held against non-fund o/s to NPLs

Of the other borrowers ~85% were rated A- and above (excluding exposure to state electricity boards)

#### Exhibit 1: ICICIBC total exposure: BB and below stands at 2.6% of total loans

INR b	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21
Gross restructured loans	2.2	2.0	1.8	1.7	2.1	1.6
Non-fund o/s to restructured loans						
Non-fund o/s to non-performing loans	33.7	39.2	50.6	48.3	42.4	44.1
Borrowers with o/s greater than INR1b	85.9	98.7	81.3	85.3	80.8	95.2
Borrowers with o/s less than INR1b	38.9	34.2	32.9	35.8	36.4	39.7
<b>BB and below outstanding</b>	<b>160.7</b>	<b>174.0</b>	<b>166.7</b>	<b>171.1</b>	<b>161.7</b>	<b>180.6</b>

#### Exhibit 2: Power sector exposure stands at INR340b

INR b	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	%
Gross restructured loans	92.2	92.3	86.8	86.4	84.7	25
Other borrowers*	229.9	288.0	267.6	248.9	255.3	75
<b>Total Power sector exposure</b>	<b>322.1</b>	<b>380.3</b>	<b>354.5</b>	<b>335.3</b>	<b>340.0</b>	<b>100</b>

### Valuation and view

- Robust liability franchise:** ICICIBC continues to see strong growth in retail deposits and has succeeded in building a robust liability franchise over the past few years. Total deposits witnessed ~16% CAGR over FY15-20, with CASA ~16% CAGR, thus enabling the bank to have one of the highest CASA mix among peers. It has one of the lowest funding costs among private banks, which enables it to underwrite profitable business without taking undue Balance Sheet risk.
- Asset quality remains steady** as the bank saw a marginal rise in its pro forma GNPA/NNPA to 5.42%/1.26% v/s 5.36%/1.12% in 2QFY21. BB and below pool increased marginally, which could keep slippages elevated. However, controlled restructuring (~0.4% of loans) provides comfort on the overall impact of COVID-19. Pro forma PCR remains healthy at 77.6%, which along with the additional provision buffer of INR99.8b, should keep credit cost under check. We estimate credit cost of 1.3%/1.2% for FY22E/FY23E.
- Retail fees form ~78% of total bank fees, signifying granularity in fee income. The latter has seen healthy traction in 3QFY21. We expect the trend to pick-up gradually as economic activity picks up further.
- Buy with a target price of INR700/share:** ICICIBC reported a strong 3QFY21, led by robust operating performance, while strong asset quality trends enabled decline in provisioning expenses. Loan growth is showing a strong revival in both Wholesale and Retail, with disbursement in many business segments surpassing pre-COVID levels. Asset quality remains under control, with controlled slippages and total restructuring at 0.4% of loans. Provision coverage remains best in the industry and the bank holds additional unutilized COVID provisions of INR64.7b (~1% of loans), providing comfort on anticipated normalization in credit cost. Liability franchise continues to improve with cost of deposits declining to 4%, while the Balance Sheet remains fairly liquid and thus conducive for growth. We expect RoA/RoE to improve to 1.8%/15.2% for FY23E. **Maintain Buy** with a revised SoTP-based TP of INR700/share (2.4x Sep-22E ABV for the bank).

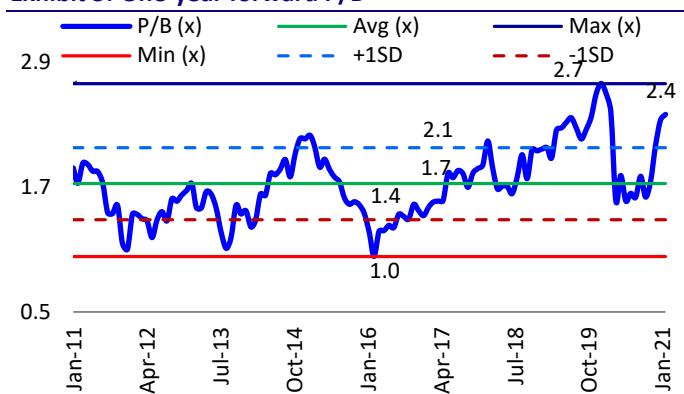
Exhibit 3: SoTP-based pricing

	Stake (%)	Total value (INR b)	Value per share (INR)	% of total value	Rationale
<b>ICICI Bank</b>	<b>100</b>	<b>3,891</b>	<b>564</b>	<b>80.5</b>	<b>2.4x Sep'22E ABV</b>
ICICI Pru Life Insurance	51	424	57	8.2	2.2x Sep'22 Embedded Value
ICICI Lombard Gen. Ins.	52	344	44	6.3	30x Sep'22E PAT
ICICI Pru AMC	51	185	25	3.6	24x Sep'22E PAT
ICICI Securities	77	188	26	3.8	24x Sep'22E PAT
ICICI Bank UK	100	27	4	0.6	0.8x Sep'22E net worth
ICICI Bank Canada	100	32	4	0.6	0.8x Sep'22E net worth
Others (Ventures, Home Finance, PD)	100	62	8	1.2	10% Sep'22E AUM for ventures, 0.6x/1.2x Sep'22E net worth for Home Finance/PD
<b>Total Value of Ventures</b>		<b>1,262</b>	<b>170</b>	<b>24.3</b>	
Less: 20% holding discount		252	34	4.9	
<b>Value of Ventures (Post Hold Co. Disc.)</b>		<b>1,010</b>	<b>136</b>	<b>19.5</b>	
<b>Target Price Post 20% Holding Co. Disc.</b>		<b>4,901</b>	<b>700</b>		

Exhibit 4: Raise our FY21E estimate by 20% due to lower credit cost while largely maintaining our FY22E/FY23E estimates

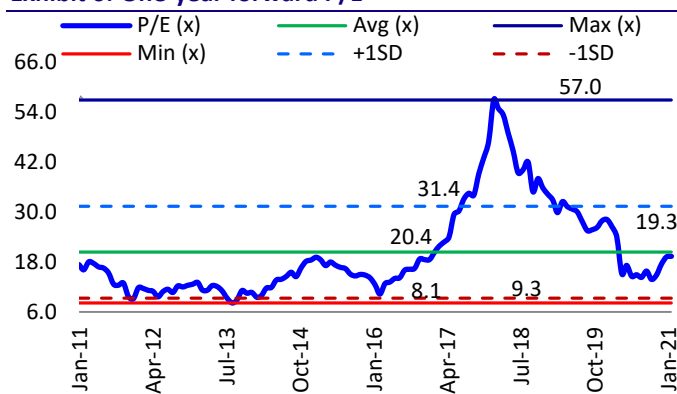
INR b	Old estimate			Revised estimate			Change (%) /bps		
	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
<b>Net Interest Income</b>	<b>386.4</b>	<b>459.8</b>	<b>553.6</b>	<b>390.4</b>	<b>459.7</b>	<b>550.4</b>	<b>1.0</b>	<b>0.0</b>	<b>-0.6</b>
Other Income	197.4	177.6	206.1	197.4	177.6	206.1	0.0	0.0	0.0
<b>Total Income</b>	<b>583.8</b>	<b>637.5</b>	<b>759.7</b>	<b>587.8</b>	<b>637.4</b>	<b>756.4</b>	<b>0.7</b>	<b>0.0</b>	<b>-0.4</b>
Operating Expenses	217.5	252.5	285.2	217.5	251.7	285.2	0.0	-0.3	0.0
<b>Operating Profit</b>	<b>366.3</b>	<b>385.0</b>	<b>474.4</b>	<b>370.3</b>	<b>385.7</b>	<b>471.2</b>	<b>1.1</b>	<b>0.2</b>	<b>-0.7</b>
Provisions	178.0	112.7	123.1	157.7	104.5	117.9	-11.4	-7.3	-4.3
<b>PBT</b>	<b>188.3</b>	<b>272.3</b>	<b>351.3</b>	<b>212.6</b>	<b>281.2</b>	<b>353.4</b>	<b>12.9</b>	<b>3.3</b>	<b>0.6</b>
Tax	45.2	65.4	84.3	40.4	67.5	84.8	-10.6	3.3	0.6
<b>PAT</b>	<b>143.1</b>	<b>206.9</b>	<b>267.0</b>	<b>172.2</b>	<b>213.7</b>	<b>268.6</b>	<b>20.4</b>	<b>3.3</b>	<b>0.6</b>
Loans	7,098	8,262	9,750	7,324	8,533	10,068	3.2	3.3	3.3
Deposits	9,020	10,464	12,201	9,097	10,553	12,305	0.9	0.9	0.9
Margin (%)	3.69	3.85	4.02	3.73	3.87	4.03	5	2	1
Credit Cost (%)	2.55	1.40	1.30	2.20	1.25	1.20	(35)	(15)	(10)
<b>RoA (%)</b>	<b>1.22</b>	<b>1.57</b>	<b>1.76</b>	<b>1.47</b>	<b>1.62</b>	<b>1.77</b>	<b>25</b>	<b>5</b>	<b>1</b>
<b>RoE (%)</b>	<b>11.2</b>	<b>13.7</b>	<b>15.4</b>	<b>13.4</b>	<b>13.8</b>	<b>15.2</b>	<b>213</b>	<b>15</b>	<b>(23)</b>
EPS	21.4	30.0	38.7	25.8	31.0	39.0	20.4	3.3	0.6
BV	207.5	235.3	271.4	211.7	240.5	276.8	2.0	2.2	2.0
ABV	183.7	209.8	246.4	187.5	215.5	250.6	2.1	2.7	1.7

Exhibit 5: One-year forward P/B



Source: MOFSL, Company

Exhibit 6: One-year forward P/E

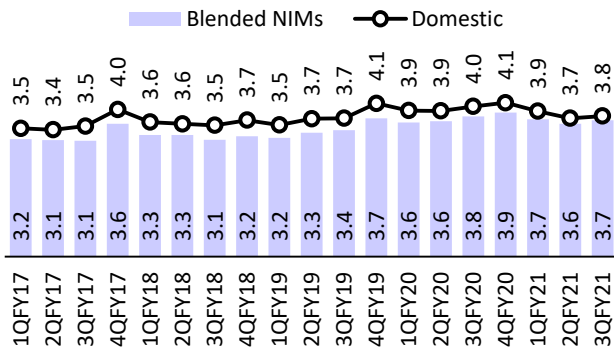


Source: MOFSL, Company



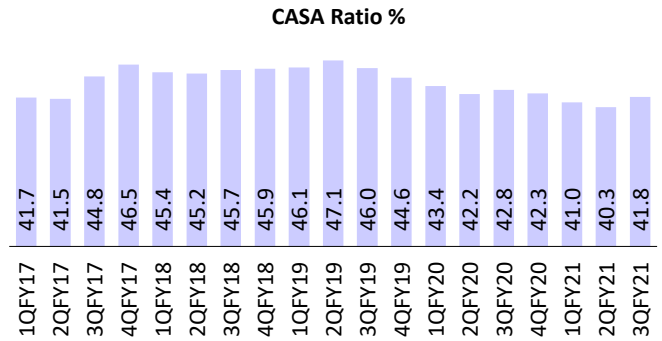
Story in charts

Exhibit 7: Domestic NIM expands 6bp QoQ to 3.78%



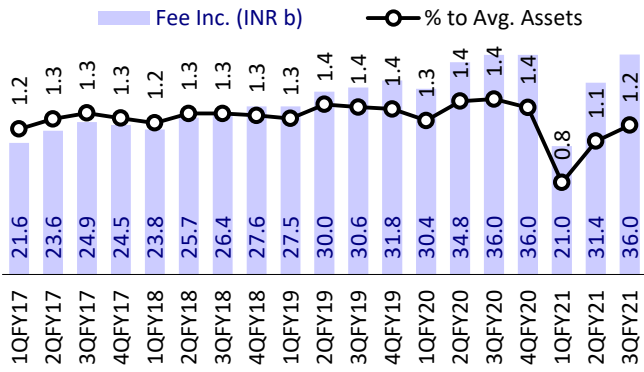
Source: MOFSL, Company

Exhibit 8: Average daily CASA ratio improves 150bp QoQ



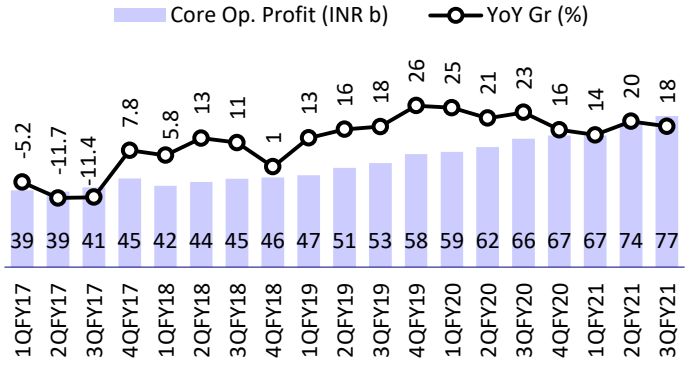
Source: MOFSL, Company

Exhibit 9: Fee income witnesses sequential pick up



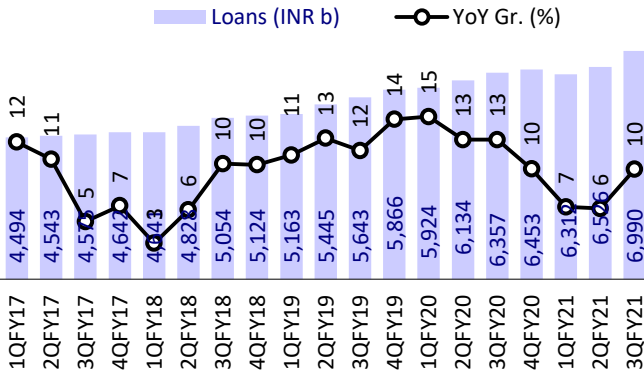
Source: MOFSL, Company

Exhibit 10: Core operating profit up 18% YoY



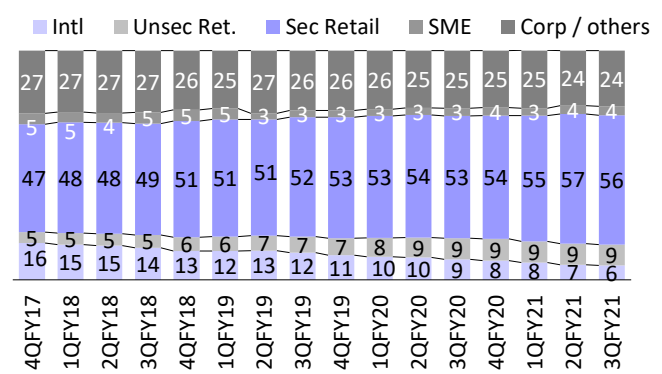
Source: MOFSL, Company

Exhibit 11: Overall loan growth picks up to 10% YoY



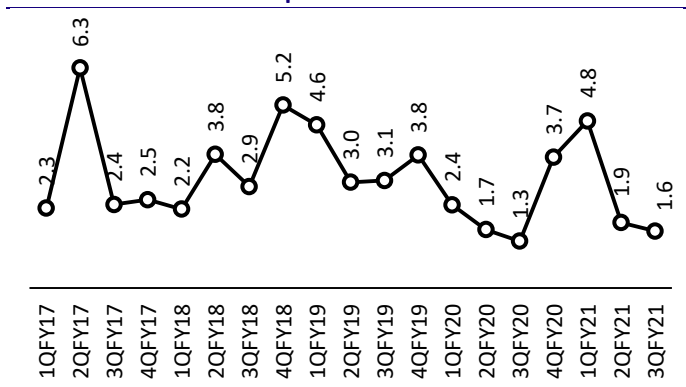
Source: MOFSL, Company

Exhibit 12: Retail loans continue to drive loan growth



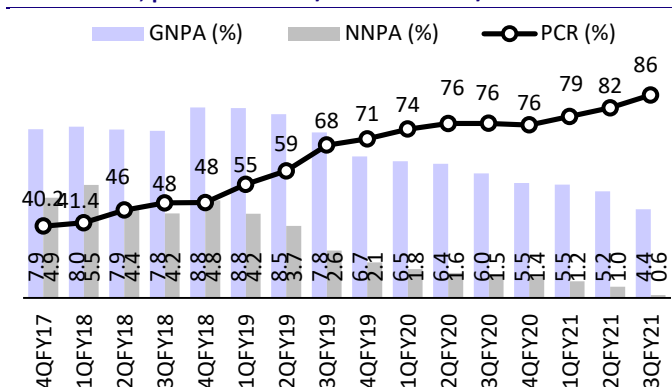
Source: MOFSL, Company

**Exhibit 13: Credit cost stable at 1.6% as the bank holds sufficient COVID-related provisions**



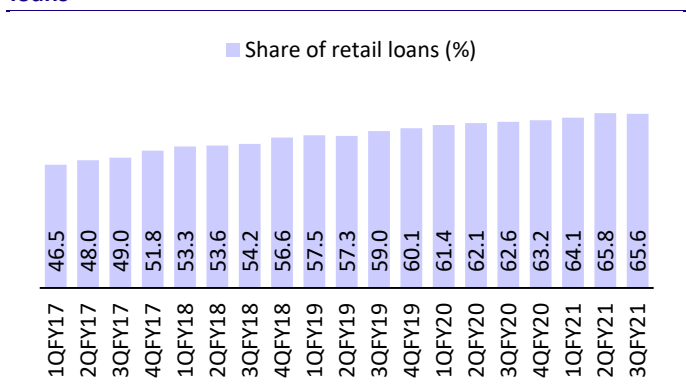
Source: MOFSL, Company

**Exhibit 14: GNPA/NNPA ratio declines to 4.38%/0.63% QoQ; PCR stood at 86%; pro forma GNPA/NNPA at 5.42%/1.26%**



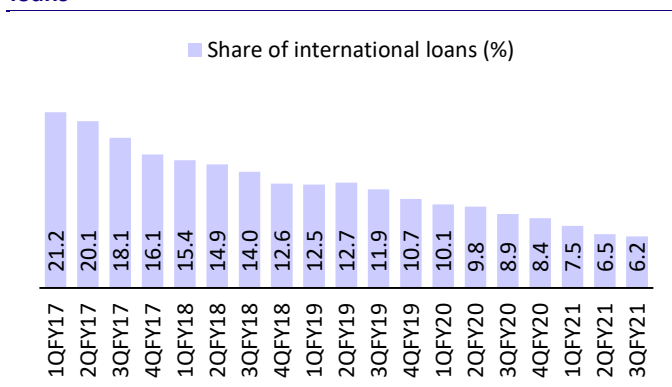
Source: MOFSL, Company

**Exhibit 15: Share of Retail loans stood at 65.6% of total loans**



Source: MOFSL, Company

**Exhibit 16: Share of International loans fell to 6.2% of total loans**



Source: MOFSL, Company

**Exhibit 17: DuPont Analysis | Return ratio to pick up from FY22E onwards**

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Interest Income	7.72	7.26	6.66	6.88	7.25	6.99	6.92	6.94
Interest Expense	4.61	4.34	3.87	3.95	4.03	3.65	3.44	3.31
<b>Net Interest Income</b>	<b>3.11</b>	<b>2.91</b>	<b>2.79</b>	<b>2.93</b>	<b>3.23</b>	<b>3.34</b>	<b>3.48</b>	<b>3.63</b>
Core Fee Income	1.56	1.54	1.32	1.26	1.28	1.27	1.36	1.04
Trading and others	0.69	1.07	0.79	0.31	0.32	0.42	-0.01	0.32
<b>Non-Interest income</b>	<b>2.24</b>	<b>2.61</b>	<b>2.11</b>	<b>1.57</b>	<b>1.59</b>	<b>1.69</b>	<b>1.34</b>	<b>1.36</b>
<b>Total Income</b>	<b>5.35</b>	<b>5.53</b>	<b>4.90</b>	<b>4.50</b>	<b>4.82</b>	<b>5.03</b>	<b>4.82</b>	<b>4.99</b>
<b>Operating Expenses</b>	<b>1.86</b>	<b>1.98</b>	<b>1.90</b>	<b>1.96</b>	<b>2.10</b>	<b>1.86</b>	<b>1.90</b>	<b>1.88</b>
Employee cost	0.73	0.77	0.72	0.74	0.80	0.68	0.69	0.69
Others	1.12	1.21	1.19	1.22	1.29	1.18	1.21	1.20
<b>Operating Profit</b>	<b>3.49</b>	<b>3.55</b>	<b>3.00</b>	<b>2.54</b>	<b>2.72</b>	<b>3.17</b>	<b>2.92</b>	<b>3.11</b>
<b>Core operating Profit</b>	<b>2.80</b>	<b>2.48</b>	<b>2.21</b>	<b>2.23</b>	<b>2.41</b>	<b>2.75</b>	<b>2.93</b>	<b>2.79</b>
<b>Provisions</b>	<b>1.71</b>	<b>2.04</b>	<b>2.10</b>	<b>2.13</b>	<b>1.36</b>	<b>1.35</b>	<b>0.79</b>	<b>0.78</b>
NPA	1.06	1.97	1.73	1.82	0.85	1.30	0.75	0.74
Others	0.65	0.07	0.37	0.31	0.51	0.05	0.04	0.04
<b>PBT</b>	<b>1.78</b>	<b>1.51</b>	<b>0.90</b>	<b>0.41</b>	<b>1.36</b>	<b>1.82</b>	<b>2.13</b>	<b>2.33</b>
Tax	0.36	0.20	0.08	0.04	0.59	0.35	0.51	0.56
<b>RoA</b>	<b>1.42</b>	<b>1.31</b>	<b>0.82</b>	<b>0.36</b>	<b>0.77</b>	<b>1.47</b>	<b>1.62</b>	<b>1.77</b>
Leverage	8.2	8.1	8.3	8.9	9.4	9.1	8.6	8.6
<b>RoE</b>	<b>11.6</b>	<b>10.7</b>	<b>6.8</b>	<b>3.2</b>	<b>7.3</b>	<b>13.4</b>	<b>13.8</b>	<b>15.2</b>
<b>Core RoE</b>	<b>13.4</b>	<b>12.1</b>	<b>7.6</b>	<b>3.6</b>	<b>8.0</b>	<b>14.4</b>	<b>14.7</b>	<b>16.0</b>

## Financials and valuations

Income Statement								(INR b)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Interest Income	527.4	541.6	549.7	634.0	748.0	817.7	914.7	1,051.4
Interest Expended	315.2	324.2	319.4	363.9	415.3	427.3	455.0	501.0
<b>Net Interest Income</b>	<b>212.2</b>	<b>217.4</b>	<b>230.3</b>	<b>270.1</b>	<b>332.7</b>	<b>390.4</b>	<b>459.7</b>	<b>550.4</b>
Growth (%)	11.5	2.4	5.9	17.3	23.1	17.4	17.7	19.7
Other Income	153.2	195.0	174.2	145.1	164.5	197.4	177.6	206.1
<b>Total Income</b>	<b>365.5</b>	<b>412.4</b>	<b>404.5</b>	<b>415.3</b>	<b>497.2</b>	<b>587.8</b>	<b>637.4</b>	<b>756.4</b>
Growth (%)	17.1	12.8	-1.9	2.7	19.7	18.2	8.4	18.7
Operating Exp.	126.8	147.6	157.0	180.9	216.1	217.5	251.7	285.2
<b>Operating Profit</b>	<b>238.6</b>	<b>264.9</b>	<b>247.4</b>	<b>234.4</b>	<b>281.0</b>	<b>370.3</b>	<b>385.7</b>	<b>471.2</b>
Growth (%)	21.0	11.0	-6.6	-5.3	19.9	31.8	4.2	22.2
<b>Core PPP</b>	<b>200.7</b>	<b>178.6</b>	<b>189.5</b>	<b>221.0</b>	<b>264.6</b>	<b>352.3</b>	<b>365.8</b>	<b>449.4</b>
Growth (%)	10.4	-11.0	6.1	16.6	19.7	33.1	3.9	22.8
Provisions and Cont.	116.7	152.1	173.1	196.6	140.5	157.7	104.5	117.9
<b>PBT</b>	<b>122.0</b>	<b>112.8</b>	<b>74.3</b>	<b>37.8</b>	<b>140.5</b>	<b>212.6</b>	<b>281.2</b>	<b>353.4</b>
Tax	24.7	14.8	6.6	4.1	61.2	40.4	67.5	84.8
Tax Rate (%)	20.2	13.1	8.8	10.9	43.5	19.0	24.0	24.0
<b>PAT</b>	<b>97.3</b>	<b>98.0</b>	<b>67.8</b>	<b>33.6</b>	<b>79.3</b>	<b>172.2</b>	<b>213.7</b>	<b>268.6</b>
Growth (%)	-13.0	0.8	-30.9	-50.4	135.8	117.2	24.1	25.7
<b>Balance Sheet</b>								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	12.8	12.8	12.9	12.9	12.9	13.8	13.8	13.8
Reserves and Surplus	884.6	979.0	1,038.7	1,070.8	1,152.1	1,462.5	1,661.1	1,911.5
<b>Net Worth</b>	<b>900.9</b>	<b>995.3</b>	<b>1,051.6</b>	<b>1,083.7</b>	<b>1,165.0</b>	<b>1,476.3</b>	<b>1,674.9</b>	<b>1,925.3</b>
<b>Deposits</b>	<b>4,214.3</b>	<b>4,900.4</b>	<b>5,609.8</b>	<b>6,529.2</b>	<b>7,709.7</b>	<b>9,097.4</b>	<b>10,553.0</b>	<b>12,304.8</b>
Growth (%)	16.6	16.3	14.5	16.4	18.1	18.0	16.0	16.6
<b>Of which CASA Deposits</b>	<b>1,931.0</b>	<b>2,468.2</b>	<b>2,899.3</b>	<b>3,239.4</b>	<b>3,478.2</b>	<b>4,130.2</b>	<b>4,843.8</b>	<b>5,709.4</b>
Growth (%)	17.5	27.8	17.5	11.7	7.4	18.7	17.3	17.9
Borrowings	1,744.6	1,472.1	1,828.6	1,653.2	1,629.0	1,205.7	1,107.0	1,195.9
Other Liabilities and Prov.	347.3	350.1	302.0	378.5	479.9	623.9	717.5	818.0
<b>Total Liabilities</b>	<b>7,207.0</b>	<b>7,717.9</b>	<b>8,791.9</b>	<b>9,644.6</b>	<b>10,983.6</b>	<b>12,403.4</b>	<b>14,052.4</b>	<b>16,244.0</b>
Current Assets	598.7	757.1	841.7	803.0	1,191.6	1,414.5	1,287.4	1,347.3
<b>Investments</b>	<b>1,604.1</b>	<b>1,615.1</b>	<b>2,029.9</b>	<b>2,077.3</b>	<b>2,495.3</b>	<b>2,777.3</b>	<b>3,221.7</b>	<b>3,704.9</b>
Growth (%)	1.4	0.7	25.7	2.3	20.1	11.3	16.0	15.0
<b>Loans</b>	<b>4,352.6</b>	<b>4,642.3</b>	<b>5,124.0</b>	<b>5,866.5</b>	<b>6,452.9</b>	<b>7,324.0</b>	<b>8,532.5</b>	<b>10,068.4</b>
Growth (%)	12.3	6.7	10.4	14.5	10.0	13.5	16.5	18.0
<b>Net Fixed Assets</b>	<b>75.8</b>	<b>78.1</b>	<b>79.0</b>	<b>79.3</b>	<b>84.1</b>	<b>90.8</b>	<b>100.8</b>	<b>107.9</b>
Other Assets	575.7	625.3	717.3	818.5	759.8	796.7	910.0	1,015.5
<b>Total Assets</b>	<b>7,207.0</b>	<b>7,717.9</b>	<b>8,791.9</b>	<b>9,644.6</b>	<b>10,983.7</b>	<b>12,403.4</b>	<b>14,052.4</b>	<b>16,244.0</b>
<b>Asset Quality</b>								
GNPA	262.2	425.5	540.6	462.9	414.5	455.3	494.2	550.5
NNPA	129.6	256.1	278.9	135.8	100.5	105.5	120.1	137.8
GNPA Ratio (%)	5.8	8.8	10.0	7.5	6.1	5.9	5.5	5.3
NNPA Ratio (%)	3.0	5.4	5.4	2.3	1.6	1.4	1.4	1.4
Slippage Ratio (%)	4.3	8.0	6.1	2.0	2.2	3.0	2.5	2.2
Credit Cost (%)	1.8	3.3	2.9	3.1	1.4	2.2	1.3	1.2
PCR (Excl. Technical write off, %)	50.6	39.8	48.4	70.7	75.7	76.8	75.7	75.0

## Financials and valuations

Ratios								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Yield and Cost Ratios (%)</b>								
<b>Avg. Yield on Earning Assets</b>	<b>8.9</b>	<b>8.3</b>	<b>7.7</b>	<b>7.9</b>	<b>8.2</b>	<b>7.8</b>	<b>7.7</b>	<b>7.7</b>
Avg. Yield on loans	9.5	8.8	8.4	8.7	9.3	9.0	8.8	8.8
Avg. Yield on Investments	6.7	7.1	6.3	6.2	6.4	6.2	6.0	5.9
<b>Avg. Cost-to-Int. Bear. Liab.</b>	<b>5.6</b>	<b>5.3</b>	<b>4.6</b>	<b>4.7</b>	<b>4.7</b>	<b>4.4</b>	<b>4.1</b>	<b>4.0</b>
Avg. Cost of Deposits	5.5	5.0	4.5	4.4	4.6	4.1	4.0	3.8
<b>Interest Spread</b>	<b>3.6</b>	<b>3.4</b>	<b>3.0</b>	<b>3.3</b>	<b>3.5</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>
<b>Net Interest Margin</b>	<b>3.6</b>	<b>3.3</b>	<b>3.2</b>	<b>3.4</b>	<b>3.7</b>	<b>3.7</b>	<b>3.9</b>	<b>4.0</b>
<b>Capitalization Ratios (%)</b>								
CAR	16.6	17.4	17.9	16.9	16.1	17.8	17.3	16.8
<i>Tier I</i>	13.1	14.4	15.6	15.1	14.7	16.5	16.1	15.8
<i>Tier II</i>	3.6	3.0	2.3	1.8	1.4	1.3	1.1	1.0
<b>Business and Efficiency Ratios (%)</b>								
Loan/Deposit Ratio	103.3	94.7	91.3	89.8	83.7	80.5	80.9	81.8
CASA Ratio	45.8	50.4	51.7	49.6	45.1	45.4	45.9	46.4
Cost/Assets	1.8	1.9	1.8	1.9	2.0	1.8	1.8	1.8
Cost/Total Income	34.7	35.8	38.8	43.6	43.5	37.0	39.5	37.7
Cost/Core Income	38.7	45.2	45.3	45.0	45.0	38.2	40.8	38.8
Int. Expended/Int. Earned	59.8	59.9	58.1	57.4	55.5	52.3	49.7	47.7
Other Inc./Net Income	41.9	47.3	43.1	34.9	33.1	33.6	27.9	27.2
Empl. Cost/Op. Exps.	39.4	38.9	37.7	37.6	38.3	36.5	36.3	36.5
<b>Valuation</b>								
RoE (%)	11.6	10.7	6.8	3.2	7.3	13.4	13.8	15.2
Core RoE (%)	13.4	12.1	7.6	3.6	8.0	14.4	14.7	16.0
RoA (%)	1.4	1.3	0.8	0.4	0.8	1.5	1.6	1.8
RoRWA (%)	1.7	1.6	1.1	0.5	1.0	2.0	2.1	2.3
Standalone ABV	117.1	120.2	115.3	135.5	151.3	187.5	215.5	250.6
ABV Growth (%)	5.2	2.7	-4.0	17.5	11.6	23.9	14.9	16.3
Adjusted Price-to-ABV (x)	<b>3.4</b>	<b>3.3</b>	<b>3.5</b>	<b>3.0</b>	<b>2.6</b>	<b>2.1</b>	<b>1.9</b>	<b>1.6</b>
Consol. Book Value (INR)	161.8	179.6	172.1	177.2	189.9	196.9	219.0	245.8
BV Growth (%)	10.8	11.0	-4.2	3.0	7.2	3.7	11.2	12.2
Price-to-Consol. BV (x)	<b>3.3</b>	<b>3.0</b>	<b>3.1</b>	<b>3.0</b>	<b>2.8</b>	<b>2.7</b>	<b>2.5</b>	<b>2.2</b>
EPS (INR)	16.7	16.8	11.1	5.2	12.3	25.8	31.0	39.0
EPS Growth (%)	-13.3	0.5	-34.3	-52.8	135.0	109.9	20.3	25.7
Adj. Price-to-Earnings (x)	<b>23.9</b>	<b>23.8</b>	<b>36.2</b>	<b>76.7</b>	<b>32.7</b>	<b>15.6</b>	<b>12.9</b>	<b>10.3</b>

Explanation of Investment Rating	
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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