

# ICICI BANK LIMITED | Banking

Sound credit growth driven by SME book; Further improvement in credit quality

# LKP

## Result and Price Analysis:

Earnings in 4QFY22 re-acknowledge our conviction that ICICI Bank is preparing for sustainable and prudent growth led by tech-driven initiatives and normalization in credit cost. The bank has reported its 4QFY22 results with the key pointers being: 1) Strong NII growth of 21% YoY, with headline NIMs (Domestic: 4.1% & Overall: 4%) stable sequentially despite higher liquidity available (LCR: 130%). 2) PPOP growth of 1.4% sequentially driven by stable core fee income, 3) Reported slippages (₹42bn) slightly higher sequentially, 4) NNPA ratio improved further at 0.76%, 5) PCR (excluding technical write-offs) stood at 79%. The Bank made ₹10bn of additional contingent provision. However the bank didn't include covid & floating provision (~₹180bn) in PCR calculation; 7) Contingent provision (excluding PCR) stood at 2.1% of the loan book, 8) BB & below exposure down sequentially to 1.3% of net advances, 9) the bank's net advances grew by 17.1% YoY and 5.5% sequentially; and 8) deposits stood at ₹10.6tn mark and grew by 5% QoQ with 30bps improvement in average CASA at 45.2%. Moreover, provision expenses inched down sequentially to ₹11bn v/s 20bn in 3QFY22. Factoring stable balance sheet growth and credit cost of 1% in FY23E, we estimate the bank's FY23E ROA and ROE of 1.8% and 15% respectively. We have positive outlook on the bank with BUY rating.

## Gazing the Core:

**Asset quality improved further, restructuring book eased:** Slippages were down at ₹42bn v/s ₹40bn in the previous quarter. Retail slippages and Corporate & SME slippages contributed 89%, and 11% respectively. Despite significant contribution, retail slippages down 3% sequentially. The standard restructured (0.96% of portfolio) book inched down sequentially at ₹83bn. Retail book contributed 74% of restructured pool (Over 95% are secured), while rest is from corporate and SME book. The bank carries provision worth ₹25bn (~30% covered) against the restructured pool. The absolute GNPA decreased by 9% sequentially led by flat slippages and higher upgrades. As on 4QFY22, the bank's GNPA/NNPA/PCR stood at 3.6%/0.76%/79% against 4.13%/0.85%/80% in the previous quarter.

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

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

Rating	Buy
Current Market Price (₹)	748
12 M Price Target (₹)	1,037
Potential upside (%)	39

## Stock Data

FV (₹) :	2
Total Market Cap (₹ bn) :	5,191
Free Float Market Cap (₹ bn) :	5,191
52-Week High / Low (₹)	547 / 867
2-Year High / Low (₹) :	286 / 867
1 Year Avg. Dly Traded Volume (in lakh)	156
BSE Code / NSE Symbol	532174 / ICICIBANK
Bloomberg :	ICICIB IN

## Shareholding Pattern

(%)	Mar-22	Dec-21	Sep-21	Jun-21
FPIs	43.95	45.28	47.29	48.01
MFs	28.85	28.20	27.21	26.26
Insurance	12.78	12.66	12.38	12.56
Others	14.42	13.86	13.12	13.17

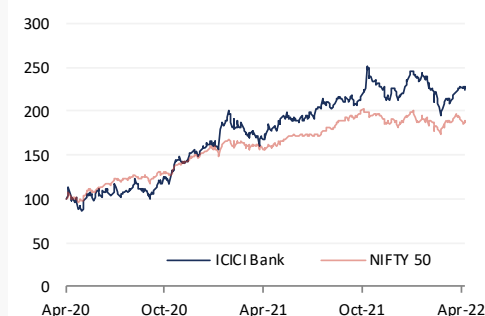
Source: BSE

## Price Performance

(%)	1M	3M	6M	1YR
ICICI Bank	4.1%	-7.1%	-1.5%	29.1%
Nifty 50	-0.8%	-2.5%	-5.2%	19.2%

\* To date / current date : April 22, 2022

## ICICI Bank vs Nifty 50



The bank witnessed significant reduction in GNPA ratio as well as the NNPA. With moderation in stress, the total provisioning expenses down sequentially and stood at ₹11bn v/s ₹20bn in the previous quarter. The bank made additional contingent provision of ₹10bn this quarter; the total covid provisioning stood ₹74.5bn. The total additional provision contain covid provision (₹74.5bn), General Provision (₹59bn) and Provision on Non-fund based NPA (₹20bn). The PCR including all provisions (Cumulative + Covid + General + Contingencies) stood at 132% of GNPL. The contingent provision (excluding PCR) stood 2.1% of the loan. The management expects the standard asset contingent provision to be adequate to face the stress emerging from the restructuring and also expects credit cost normalization to 1.2% - 1.3% from FY23 onwards. The bank's BB & below rated pool came down (₹108bn v/s ₹118bn) contributes 1.3% of total customer assets.

**Superlative operating quarter:** The bank's quarterly NII stood at ₹126bn; grew by 21% YoY and 3% sequentially driven by improved domestic NIMs at 4.12%. Overall NIMs flat at 4%. Non – interest income de-grew by 5% sequentially because of lower dividend from subsidiaries. Fee income and treasury operations have performed well. The PPOP stood at ₹103bn; grew by 1.4% sequentially. With sequentially lower provisioning expenses (₹10.7bn v/s ₹20.1bn) the bank reported PAT of ₹70.2bn; grew 59% YoY and 13% sequentially. The banks ROA/ROE stood at 2.1%/17.1%. The quarterly ROE crossed 17% after a decade.

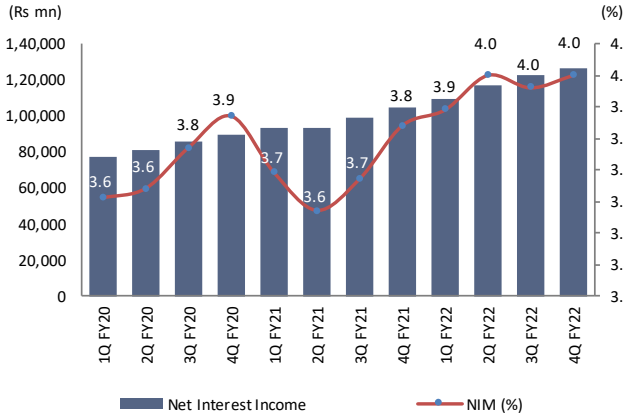
**Sound credit growth led by retail book:** With the increase in economic activity; disbursement across retail products increased substantially and better than pre-covid levels. The bank's advances stood at ~₹8.6tn; 17.1% YoY and 5.5% QoQ. Domestic advances grew 18% YoY. Domestic advances (95% contribution) grew by 5.7% QoQ. Foreign advances grew by 1.5% QoQ. Retail advances (68% contribution) grew by 6.2% QoQ. SME advances (4.7% contribution) grew by 11% QoQ. Corporate advances (23% contribution) grew by 4% QoQ. In retail book; Personal loan & Credit card segment (15% of retail book) grew at 10% sequentially. 85% of the unsecured retail book customers are salaried. Home loan (50% of retail book) grew by 5% QoQ where Vehicle loan (12% of retail book) grew by 3.3% QoQ. The bank's deposit stood at ₹10.6tn mark and grew by 14%YoY, 5% sequentially. The Avg. CASA inched up 30bps to 45.2%.

### Outlook & Valuations

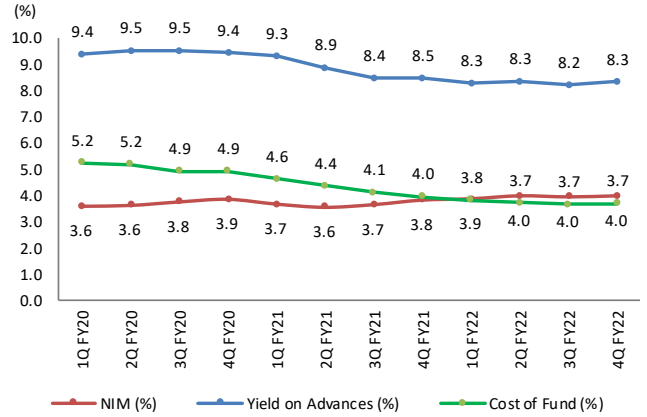
We expect its loan book to grow at CAGR of 20% over FY22-24E, led by technology initiatives. The credit cost normalization is underway. We estimate return ratio ROA/ROE of 1.8% and 15% in FY23E. We value the standalone entity at 3.3x FY23E BVPS (₹273) and investment in subsidiaries and JVs (₹138 per share); we arrive at a revised target price of ₹1037. We recommend BUY..

Quarterly story in charts

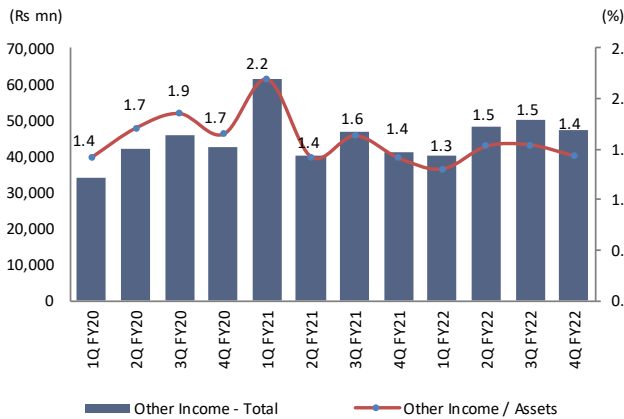
**NII Trend**



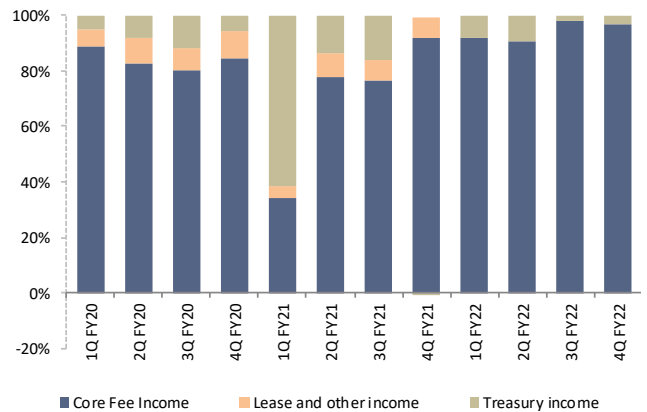
**Yields & Margin trend**



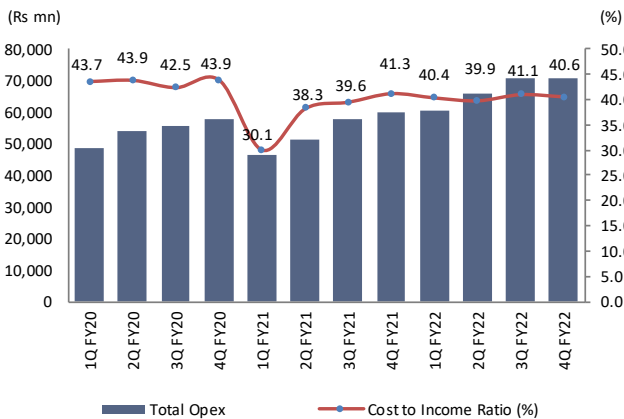
**Other income Trend**



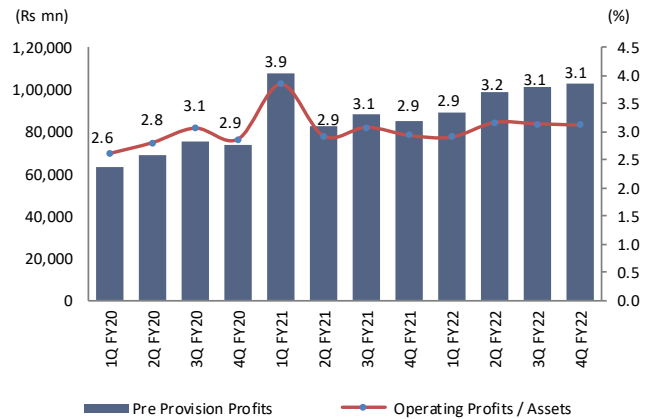
**Other income mix trend**



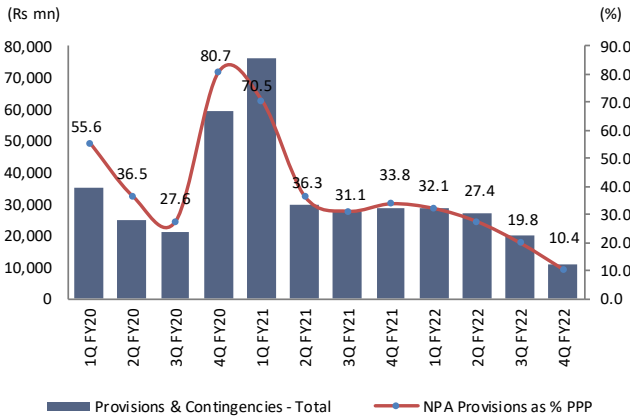
**Total Opex Trend**



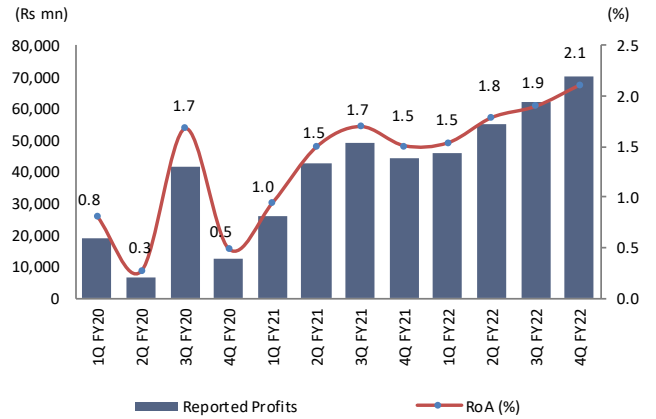
**Pre Provision Profit trend**



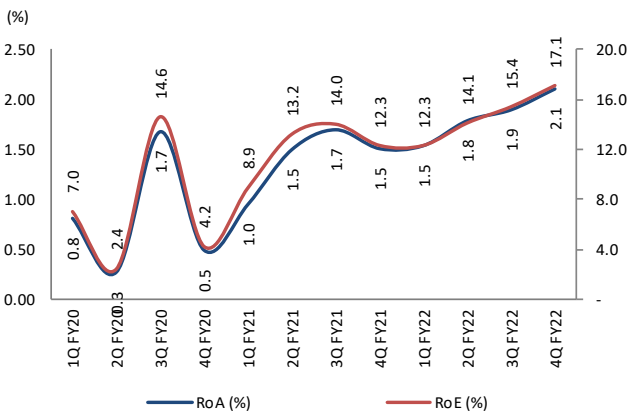
Provision expenses trend



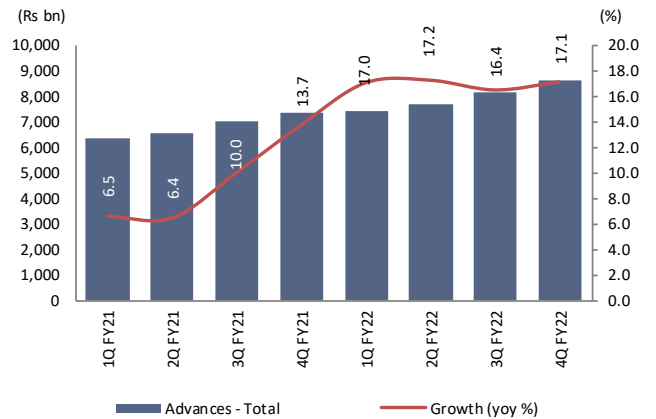
Reported profit trend



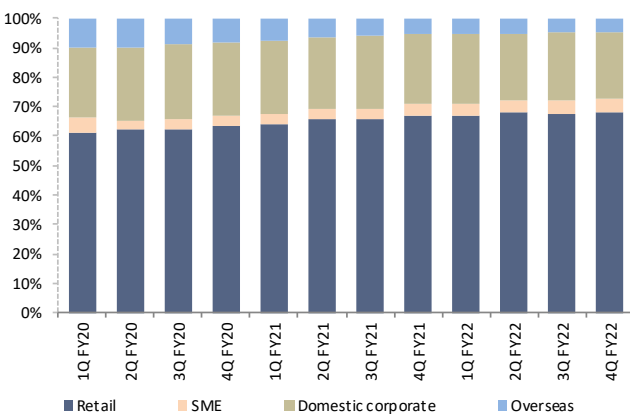
Return ratio trend



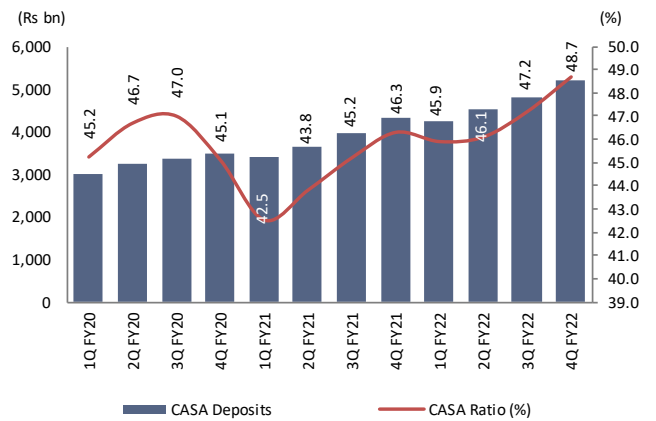
Loan book trend



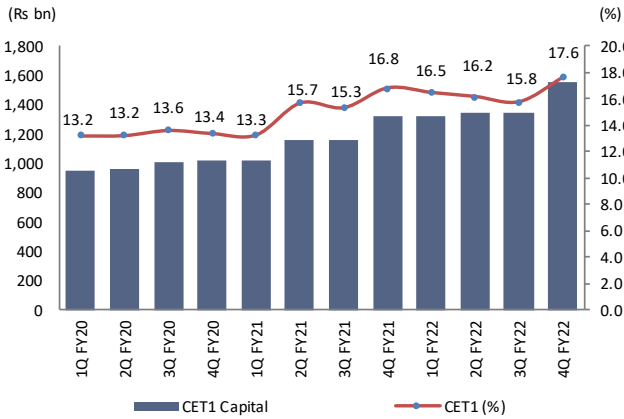
Loan book Mix trend



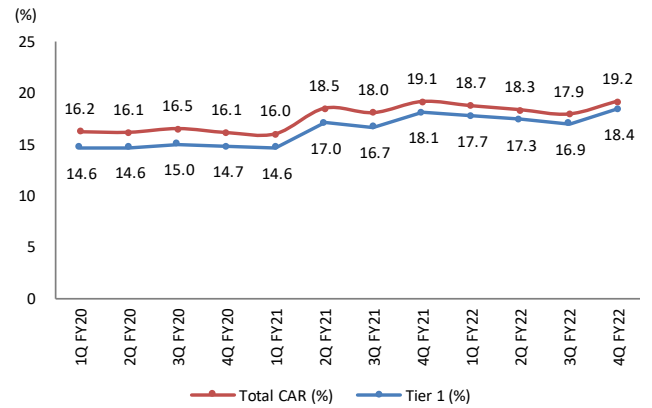
CASA Deposit trend



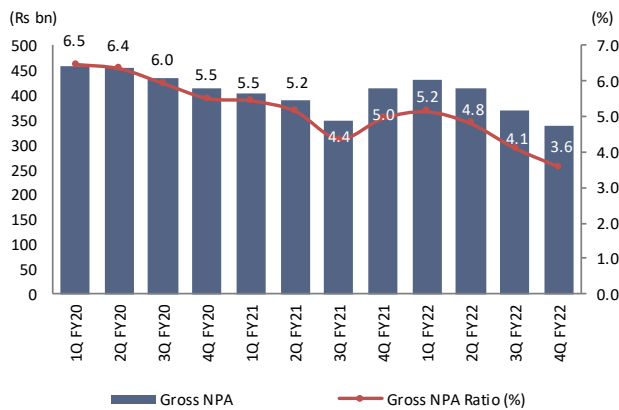
**CET 1 Ratio trend**



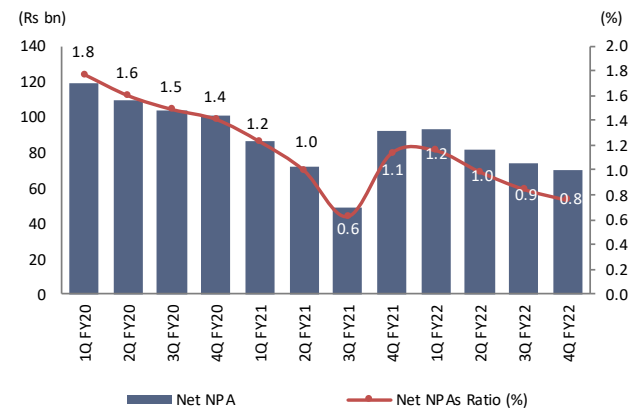
**CRAR & Tier 1 Ratio Trend**



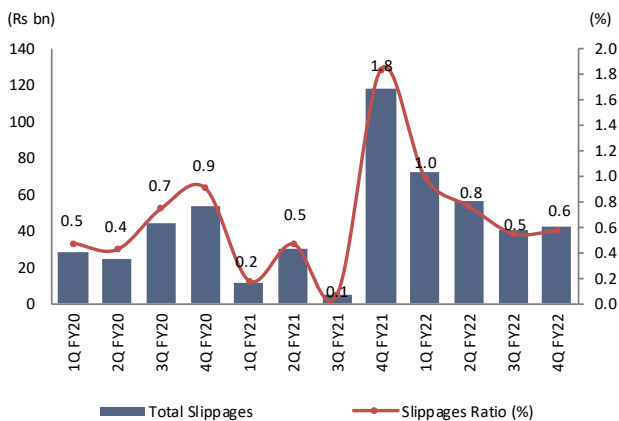
**Gross NPA trend**



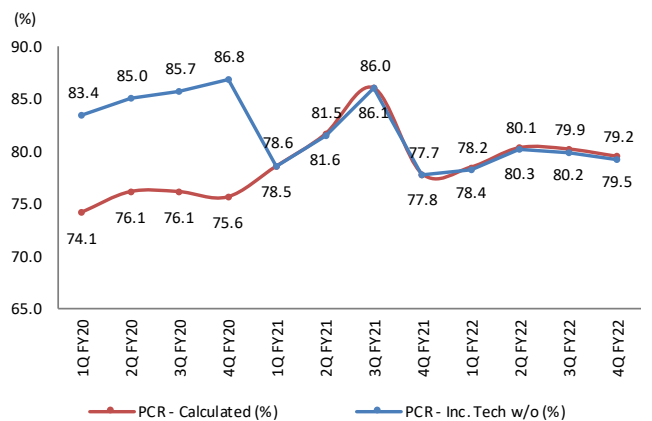
**Net NPA trend**



**Slippages Trend**



**PCR Trend**



## Financial Performance at a glance

## Exhibit 1 : Income Statement Analysis

(₹ mn)	4Q FY22	4Q FY21	% yoy / bps	3Q FY22	% qoq / bps	FY22	FY21	% yoy / bps
Interest Inc.	2,26,749	1,98,417	14.3	2,20,826	2.7	8,63,746	7,91,183	9.2
Interest Expenses	1,00,703	94,105	7.0	98,466	2.3	3,89,085	4,01,288	(3.0)
Net Interest Income	1,26,046	1,04,311	20.8	1,22,360	3.0	4,74,661	3,89,894	21.7
NII to Net Operative Income	72.7	71.7	95	71.0	164	71.9	67.3	466
NIM (%)	4.00	3.8	16	4.0	4	3.8	3.7	13
Other Income - Total	47,374	41,114	15.2	49,871	(5.0)	1,85,175	1,89,685	(2.4)
Other Inc to Net Oper. Income (%)	27.3	28.3	(95)	29.0	(164)	28.1	32.7	(466)
Net Operating Revenue	1,73,420	1,45,425	19.3	1,72,231	0.7	6,59,836	5,79,580	13.8
Employee Expenses	24,289	20,084	20.9	24,848	(2.3)	96,728	80,918	19.5
Other Opex	46,201	39,942	15.7	45,900	0.7	1,70,606	1,34,691	26.7
Total Opex	70,490	60,027	17.4	70,749	(0.4)	2,67,333	2,15,608	24.0
Cost to Income Ratio (%)	40.6	41.3	(63)	41.1	(43)	40.5	37.2	331
Pre Provision Profits	1,02,929	85,398	20.5	1,01,483	1.4	3,92,503	3,63,971	7.8
Provisions & Contingencies - Total	10,690	28,835	(62.9)	20,073	(46.7)	86,414	1,62,144	(46.7)
NPA Provisions as % PPP	10.4	33.8	(2,338)	19.8	(939)	22.0	44.5	(2,253)
Profit Before Tax	92,240	56,564	63.1	81,410	13.3	3,06,089	2,01,827	51.7
Tax	22,053	12,538	75.9	19,471	13.3	82,411	33,144	148.6
Effective Tax Rate (%)	23.9	22.2	174	23.9	(1)	26.9	16.4	1,050
Reported Profits	70,187	44,026	59.4	61,938	13.3	2,23,678	1,68,683	32.6
RoA (%)	2.1	1.5	60	1.9	21	1.8	-	-
RoE (%)	17.1	12.3	480	15.4	170	14.7	-	-

Source: Company, LKP Research

## Exhibit 2 : Balance Sheet Analysis

(₹ mn)	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	QoQ % / bps	YoY % / bps
Net Worth	14,27,653	14,75,061	15,23,735	15,66,570	16,28,716	17,02,456	4.5	15.4
RoE (%)	14.0	12.3	12.3	14.1	15.4	17.1	170	480
Tier 1 (%)	16.7	18.1	17.7	17.3	16.9	18.4	142	29
Total CAR (%)	18.0	19.1	18.7	18.3	17.9	19.2	125	4
RWA - Total	75,99,830	78,54,030	80,36,260	83,37,830	85,46,870	88,35,910	3.4	12.5
Advances - Total	69,90,175	73,37,291	73,85,979	76,49,374	81,39,916	85,90,204	5.5	17.1
Investments	27,52,606	28,12,865	29,48,487	28,52,200	28,48,234	31,02,410	8.9	10.3
Total Assets	1,19,32,172	1,23,04,327	1,22,06,544	1,27,60,023	1,35,41,956	1,41,12,977	4.2	14.7
RoA (%)	1.70	1.51	1.54	1.79	1.90	2.11	21	60
Deposits	87,43,476	93,25,222	92,62,239	97,74,486	1,01,74,667	1,06,45,716	4.6	14.2
CASA Deposits	39,54,160	43,16,230	42,51,010	45,07,040	48,06,560	51,84,370	7.9	20.1
CASA Ratio (%)	45.2	46.3	45.9	46.1	47.2	48.7	150	240
Interest Bearing Liabilities - Total	98,59,556	1,02,41,531	1,01,53,548	1,06,04,371	1,12,70,521	1,17,18,030	4.0	14.4

Source: Company, LKP Research

## Exhibit 3 :: Loan book Analysis

(₹ mn)	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	QoQ % / bps	YoY % / bps
Home	22,57,570	24,36,540	24,93,870	26,46,950	27,82,670	29,30,630	5.3	20.3
Vehicle Loans	6,24,490	6,41,540	6,24,820	6,36,190	6,58,640	6,80,510	3.3	6.1
Business Banking	3,49,960	3,73,270	3,96,760	4,45,670	4,84,840	5,34,370	10.2	43.2
Rural & Other	6,73,780	7,21,580	7,10,000	7,15,170	7,36,850	7,68,300	4.3	6.5
Retails - Other	45,430	52,710	56,960	57,770	48,410	55,860	15.4	6.0
Secured Retail loans	39,51,230	42,25,640	42,82,410	45,01,750	47,11,410	49,69,670	5.5	17.6
Personal Loans	4,63,930	4,93,450	4,94,700	5,25,740	5,69,630	6,28,730	10.4	27.4
Credit Cards	1,72,630	1,73,110	1,71,560	1,98,430	2,28,000	2,50,620	9.9	44.8
Unsecured Retail loans	6,36,560	6,66,560	6,66,260	7,24,170	7,97,630	8,79,350	10.2	31.9
Retail	45,87,780	48,92,200	49,48,670	52,25,920	55,09,040	58,49,020	6.2	19.6
SME	2,70,930	3,02,840	2,97,780	3,31,400	3,63,530	4,04,500	11.3	33.6
Domestic corporate	17,00,840	17,66,350	17,68,530	17,55,040	18,60,580	19,37,340	4.1	9.7
Domestic book	65,59,560	69,61,390	69,84,990	72,62,360	77,33,150	81,77,360	5.7	17.5
Overseas	4,30,610	3,75,900	4,00,990	3,87,010	4,06,770	4,12,840	1.5	9.8

Source: Company, LKP Research

## Exhibit 4: Funding Profile Analysis

(₹ mn)	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	98,59,556	1,02,41,531	1,01,53,548	1,06,04,371	1,12,70,521	1,17,18,030	4.0	14.4
Deposits	87,43,476	93,25,222	92,62,239	97,74,486	1,01,74,667	1,06,45,716	4.6	14.2
CASA Deposits	39,54,160	43,16,230	42,51,010	45,07,040	48,06,560	51,84,370	7.9	20.1
Saving Deposit	27,86,740	29,54,530	30,66,090	31,85,570	33,46,130	35,99,570	7.6	21.8
Current Deposit	11,67,410	13,61,700	11,84,920	13,21,470	14,60,430	15,84,800	8.5	16.4
Term Deposits	47,89,316	50,08,992	50,11,229	52,67,446	53,68,107	54,61,346	1.7	9.0
Borrowings	11,16,081	9,16,310	8,91,308	8,29,885	10,95,854	10,72,314	(2.1)	17.0
Interest Bearing Liabilities - Total	98,59,556	1,02,41,531	1,01,53,548	1,06,04,371	1,12,70,521	1,17,18,030	4.0	14.4

Source: Company, LKP Research

## Exhibit 5: Asset Quality Analysis

(₹ mn)	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	QoQ % / bps	YoY % / bps
Total Slippages	4,710	1,18,180	72,310	55,780	40,180	42,040	4.6	(64.4)
Slippages Ratio (%)	0.07	1.83	0.99	0.76	0.55	0.57	3	(126)
Gross NPA	3,48,604	4,13,734	4,31,483	4,14,374	3,70,527	3,39,195	(8.5)	(18.0)
Gross NPAs Ratio (%)	4.38	4.96	5.15	4.82	4.13	3.60	(53)	(136)
PCR - Calculated (%)	86.1	77.8	78.4	80.3	80.2	79.5	(70)	167
Net NPA	48,606	91,802	93,058	81,610	73,439	69,609	(5.2)	(24.2)
Net NPAs Ratio (%)	0.63	1.14	1.16	0.99	0.85	0.76	(9)	(38)

Source: Company, LKP Research



## Annual Projections

## Exhibit 6: Profit and Loss Statement

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

Source: Company, LKP Research

## Exhibit 7: Balance Sheet

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

Source: Company, LKP Research

## Exhibit 8: Per share data

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Face Value (₹)	2	2	2	2	2
Adjusted Share O/S (mn)	6,474	6,917	6,950	6,950	6,950
Earnings Per Share (₹)	15.5	23.4	33.6	39.6	47.1
<i>EPS (% YoY)</i>	<i>197.9</i>	<i>50.7</i>	<i>43.5</i>	<i>17.9</i>	<i>18.9</i>
<i>P/E (x)</i>	<i>48.1</i>	<i>31.9</i>	<i>22.3</i>	<i>18.9</i>	<i>15.9</i>
Book Value (₹)	175.1	208.8	240.4	280.0	327.0
<i>BVPS (% YoY)</i>	<i>7.2</i>	<i>19.2</i>	<i>15.1</i>	<i>16.5</i>	<i>16.8</i>
<i>P/BV (x)</i>	<i>4.3</i>	<i>3.6</i>	<i>3.1</i>	<i>2.7</i>	<i>2.3</i>
Adj. BV (₹)	167.5	202.2	235.4	272.6	319.7
<i>Adj. BV (% YoY)</i>	<i>9.5</i>	<i>20.7</i>	<i>16.4</i>	<i>15.8</i>	<i>17.3</i>
<i>P/ABV (x)</i>	<i>4.5</i>	<i>3.7</i>	<i>3.2</i>	<i>2.7</i>	<i>2.3</i>

Source: Company, LKP Research

## Exhibit 9: Detail RoA Tree Analysis (%)

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

Source: Company, LKP Research

**Exhibit 10: Balance Sheet Ratios**

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

Source: Company, LKP Research

**Exhibit 11: Asset Quality**

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

Source: Company, LKP Research

**Exhibit 12: Key Assumptions & Forecasts**

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

Source: Company, LKP Research

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