

July 24, 2022

## Q1FY23 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	950		950	
NII (Rs. m)	5,36,957	6,14,615	5,37,698	6,12,248
% Chng.	(0.1)	0.4		
Op. Profit (Rs. m)	4,28,296	5,11,946	4,34,889	5,09,662
% Chng.	(1.5)	0.4		
EPS (Rs.)	37.8	44.9	37.9	44.3
% Chng.	(0.2)	1.5		

### Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
NII (Rs bn)	390	475	537	615
Op. Profit (Rs bn)	364	393	428	512
PAT (Rs bn)	162	233	265	314
EPS (Rs.)	23.4	33.4	37.8	44.9
Gr. (%)	91.2	42.8	13.3	18.9
DPS (Rs.)	-	5.0	6.8	9.0
Yield (%)	-	0.6	0.9	1.1
NIM (%)	3.7	4.1	4.0	3.9
RoAE (%)	12.6	15.0	15.0	15.8
RoAA (%)	1.4	1.8	1.7	1.8
P/BV (x)	3.8	3.3	3.0	2.6
P/ABV (x)	4.1	3.5	3.1	2.8
PE (x)	34.3	24.0	21.2	17.8
CAR (%)	19.1	19.2	18.9	18.4

### Key Data

ICBK.BO | ICICIBC IN

52-W High / Low	Rs.867 / Rs.642
Sensex / Nifty	56,072 / 16,719
Market Cap	Rs.5,566bn / \$ 69,698m
Shares Outstanding	6,957m
3M Avg. Daily Value	Rs.9202.83m

### Shareholding Pattern (%)

Promoter's	-
Foreign	43.54
Domestic Institution	45.33
Public & Others	11.13
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	16.5	(0.6)	22.0
Relative	9.6	2.6	15.2

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## Beat on loan growth, NIM and asset quality

### Quick Pointers:

- Asset quality surprised positively again driven by healthier recoveries.
- Loan growth and NIM were higher; balance sheet stronger than ever.

**ICICIBC witnessed another strong quarter with core PAT beating estimates by 4% led by better asset quality and stronger loan growth. While NII was in-line, margins were superior driven by increased LDR and efficient liquidity management. Sequential credit flow was healthy across segments viz. retail (mortgages, PL/CC), corporate and BuB. To aid business growth, the bank has reorganized its teams to focus on cities with large market opportunities while maintaining focus on micro markets. Asset quality surprised positively yet again with GNPA reducing by 15bps QoQ mainly led by higher recoveries, while buffer provisions increased and OTR/BB & below pool further reduced. CAR is strong with CET-1 at 17%. ICICIBC has consistently outperformed with earnings quality improving each quarter. Our multiple at 3.0x on core FY24 ABV and SOTP based TP at Rs950 remain unchanged. Retain BUY.**

- Earnings beat led by better asset quality:** NII at Rs132bn was in-line, growing by 21% YoY. Loan growth was higher at 21.3% YoY (PLe 18.6%) while deposit accretion was lower at 13.4% YoY (PLe 16.8%). NIM (calc.) was a beat at 4.57% (PLe 4.41%) led by higher LDR and better yields mainly due to reduced liquidity. Other income was a beat at Rs46.6bn (PLe Rs41.9bn). Fees were flat QoQ at Rs42bn while treasury gain was Rs0.36bn. Opex was higher at Rs75.7bn (PLe Rs71bn). PPOp was in-line at Rs103bn while core PPOp was a slight miss at Rs99.3bn owing to higher opex. Asset quality was better and improved QoQ with GNPA/NNPA reducing by 15bps/5bps to 3.45%/0.7%. Provisions were lower at Rs11.4bn (PLe Rs20bn). PAT was a beat at Rs69bn (est. Rs62.7bn) while core PAT was Rs66bn (PLe Rs63.3bn).
- Credit accretion was stronger than expected:** Sequential loan growth was strong at 4.3% QoQ (PLe 2.0%) driven by retail (+5.1%), corporate (+5.5%) and business banking (+7.4%). Retail growth was primarily led by mortgages, PL, CC and vehicle & auto loans owing to decongested processes, and easy customer on-boarding. BuB growth was driven by leveraging branch network, cross sell to existing CA customers and digital offerings. Corporate credit was mainly disbursed to better rated corporates and PSUs, while in terms of mix, A & above would continue to contribute 70% to overall portfolio. Deposits dipped QoQ by 1.3% driven by a 5% decline in CASA although TD grew by 2.2%.
- Asset quality continues to improve:** Slippages were higher at Rs58bn (2.7% of loans) mainly emanating from retail (86.5%). However, net slippages were minimal at Rs3.8bn (PLe Rs16bn) as recoveries were strong yet again at Rs54bn driven by retail (contributing 79%). Contingent provision made during Q1FY23 was Rs10.5bn implying negligible credit costs for the quarter. Hence buffer provisions increased QoQ from 87bps to 95bps of net loans. OTR pool further declined QoQ from 96bps to 82bps of loans on which coverage of 31% was maintained. BB & below rated book reduced QoQ from 1.3% to 0.9%.

**Exhibit 1: Strong earnings led by operating metrics and better asset quality**

*NII grew at 21% YoY due to continued strong advances & deposit flow*

*Other income grew steadily driven by fee income growth*

*Provisions for Q1FY23 consists mainly of contingency provisions of Rs.10.5bn*

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

*Margins were steady sequentially, domestic margins marginally above 4%*

*Asset quality improved further with a strong PCR ratio of 80%*

*CASA mix sees improvement driven by CA*

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

P & L (Rs mn)	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)
Interest income	236,715	203,834	16.1	1,68,767	4.4
Interest expense	104,615	94,477	10.7	1,00,703	3.9
<b>Net interest income (NII)</b>	<b>132,100</b>	<b>109,358</b>	<b>20.8</b>	<b>1,26,046</b>	<b>4.8</b>
- Treasury income	360	2,900	(87.6)	1,290	(72.1)
Other income	46,652	39,959	16.8	47,374	(1.5)
<b>Total income</b>	<b>178,752</b>	<b>149,316</b>	<b>19.7</b>	<b>1,73,420</b>	<b>3.1</b>
Operating expenses	75,663	60,372	25.3	70,490	7.3
-Staff expenses	28,492	23,744	20.0	24,289	17.3
-Other expenses	47,171	36,628	28.8	46,201	2.1
<b>Operating profit</b>	<b>103,089</b>	<b>88,944</b>	<b>15.9</b>	<b>1,02,929</b>	<b>0.2</b>
<b>Core operating profit</b>	<b>102,729</b>	<b>86,044</b>	<b>19.4</b>	<b>1,01,639</b>	<b>1.1</b>
Total provisions	11,438	28,517	(59.9)	10,690	7.0
<b>Profit before tax</b>	<b>91,651</b>	<b>60,427</b>	<b>51.7</b>	<b>92,240</b>	<b>(0.6)</b>
Tax	22,601	14,267	58.4	22,053	2.5
<b>Profit after tax</b>	<b>69,049</b>	<b>46,160</b>	<b>49.6</b>	<b>70,187</b>	<b>(1.6)</b>
<b>Balance Sheet (Rs bn)</b>					
Deposits	10,503	9,262	13.4	10,645	(1.3)
Advances	8,596	7,286	21.3	8,590	4.3
<b>Profitability ratios (%)</b>					
<b>NIM</b>	<b>4.0</b>	<b>3.9</b>	<b>12</b>	<b>4.0</b>	<b>4</b>
RoAA	2.1	1.6	53	2.1	(3)
RoAE	16.7	13.6	310	17.7	(93)
<b>Asset Quality</b>					
Gross NPA (Rs m)	331,632	431,483	(23.1)	339,195	(2.2)
Net NPA (Rs m)	66,562	93,058	(28.5)	69,609	(4.4)
<b>Gross NPL ratio</b>	<b>3.5</b>	<b>5.2</b>	<b>(170)</b>	<b>3.6</b>	<b>(15)</b>
<b>Net NPL ratio</b>	<b>0.7</b>	<b>1.2</b>	<b>(45)</b>	<b>0.8</b>	<b>(5)</b>
Coverage ratio (calc.)	79.9	78.4	157	79.5	52
<b>Business &amp; Other Ratios</b>					
CASA mix	48.0	45.9	211	47.2	(69)
CASA mix - Average	45.8	44.0	180	45.2	60
Cost-income ratio	42.3	40.4	190	40.6	168
Non int. inc / total income	26.1	26.8	(66)	27.3	(122)
Credit deposit ratio	85.3	79.7	553	80.7	458
CAR	18.0	19.3	(123)	19.2	(112)
Tier-I	17.3	18.2	(99)	18.4	(110)

Source: Company, PL

## Key Q1FY23 Concall Highlights

### Assets/Liabilities outlook & review

- Continued improvement in environment helped in the growth despite headwinds from exchange rate, inflation & interest rates due to global uncertainty.
- Focus remains on steadily growing business within strategic framework, strengthening franchise, delivery and servicing capabilities backed by digital initiatives. **Growth Strategy:** Deeper penetration in micro-markets & ecosystem, increase in digital footprints with focus on outcome driven data analytics.
- Retail Loans grew by 24.4% YoY/5% QoQ primarily led by Credit Cards, Personal Loans and Mortgage Loan Portfolio. The retail loan growth is on account of opportunities available in micro markets, decongested processes, and easy customer onboarding. Share of Credit Card portfolio was driven by retail growth, quick activation through amazon partnership. Revolver however continues to remain lower than pre-covid levels
- Corporate loans grew 9.7%YoY/5.7%QoQ mainly to better rated corporates and PSUs. The mix would continue to remain 70% in the A & above rated portfolio.
- SME Portfolio grew by 32% YoY while it declined sequentially, however the management is quite comfortable in growing this segment owing to resilient credit outcome even during covid-19. The growth is across both WC & TL.
- Unsecured Retail – Majority of the portfolio has bene from ETB or from the partnership with Amazon and identification of NTB through data driven analytics and digital adoption.
- **Overall outlook on loans:** General loan growth has bene held up across segments despite rate hikes, there has bene fair resilience in demand of Bank's focus sectors, however would continue to monitor the same
- Deposits grew by 13.4% YoY driven by current account deposit growth of 18.4% YoY and SA growth of 14.5% YoY. CASA ratio was strong at 48%.

### P&L

- On margins front, NIM remained steady at 4.01% in Q1FY23 due to tailwinds from Cost of Funds, interest on income tax refund (impact of 1bps) and marginal uptick in lending rates.
- Other opex increased 25.3%YoY & 7.3% QoQ, mainly on account of business related expenses and continued tech expenses. Tech expenses accounted for 8.5% of opex. Employee expenses also increased during the quarter due to employee addition, ESOP expenses of Rs. 1.29bn, impact of promotions and increments.
- Despite rate hikes, Bank reported treasury gains of Rs0.36bn as AFS portfolio of the bank carry low duration and negligible gains on Equity side.
- On segmental profitability, improved corporate profitability is partly by write back of provisions while on the retail side YoY growth has been steep however sequential has been slower due to higher addition to NPAs.

- Branch Expansion – During the quarter added 120 branches, addition would be based on opportunity in growth markets & value markets. Management expects higher branch addition in the current year.

### Asset Quality

- Incremental slippages were Rs58.2bn in Q1FY23 mainly from retail book of Rs50.37bn and Rs4.7bn from corporate SME.
- Restructuring & Stress book:** Total fund based o/s under resolution stood same at Rs73.76bn or 0.8% of loans, of which Rs21bn were from corporate & SME, while retail, rural and business banking portfolio accounted for Rs.52.75bn. Bank holds Rs22.9bn of provisions on these loans. BB & below declined to 82.09bn v/s 108.1bn in Q3FY22 which includes Rs28.89bn, the reduction in this portfolio is mainly on account reduction in the telecom account and upgrade in power and construction sector
- Credit cost & COVID provisions:** Credit cost stood 0.56% despite additional contingency provisions of Rs.10.5bn. As on March 31, 2022, bank holds total of Rs.187.7bn of other specific provisions or 2.1% of advances.

### Exhibit 2: Loan split and growth trends

Loan Book Details (Rs bn)	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)
<b>Total Loan Book</b>	<b>8,956</b>	<b>7,386</b>	<b>17.1</b>	<b>8,590</b>	<b>5.5</b>
Domestic Loan book	8,838	6,985	17.5	8,177	5.7
Retail Loan book	4,779	3,842	19.7	4,546	6.0
Domestic Corporate book	2,023	1,769	9.7	1,937	1.2
SME	394	298	33.6	405	11.3
Rural	770	710	6.5	768	4.3
Business Banking	574	397	43.2	534	10.2
International Loan book	458	401	9.8	413	1.5
<b>Retail Loan book break-up</b>					
Home Loans	3,051	2,494	20.3	2,931	5.3
Vehicle loans	702	625	6.1	681	3.3
Personal Loans & CC	964	666	31.9	879	10.2
Others	63	57	6.0	56	15.4
<b>Composition of Loan Book</b>					
Domestic Loan book	95%	95%	32	95%	19
Retail Loan book	56%	55%	105	56%	16
Domestic Corporate book	24%	25%	(168)	24%	(105)
SME	5%	4%	60	5%	25
Rural	17%	19%	(210)	17%	(29)
Business Banking	28%	21%	645	28%	225
International Loan book	5%	5%	(32)	5%	(19)
<b>Retail Loan book break-up</b>					
Home Loans	64%	65%	30	64%	(44)
Vehicle loans	15%	16%	(193)	15%	(39)
Personal Loans & CC	19%	17%	179	19%	74
Others	1%	1%	(16)	1%	10

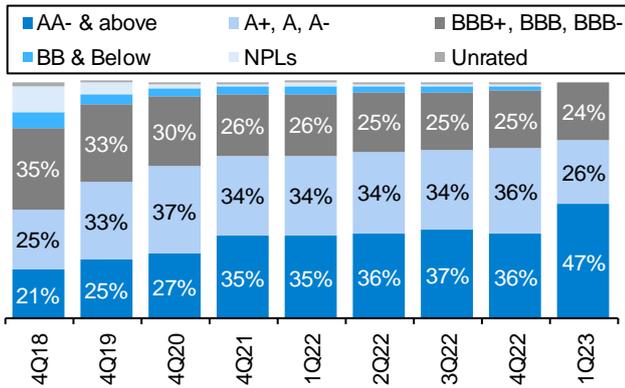
Source: Company, PL

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

Retail was led by strong credit card; Personal Loan growth, mortgage remains mainstay

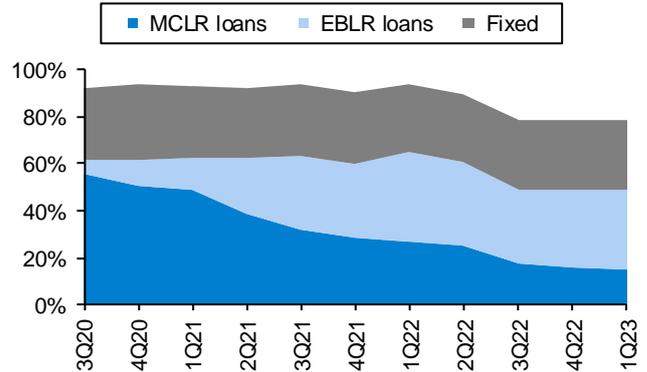
Commentary on retail lending remained strong and should be driven by digitization and ecosystem growth

**Exhibit 3: Better rated book continues to dominate**



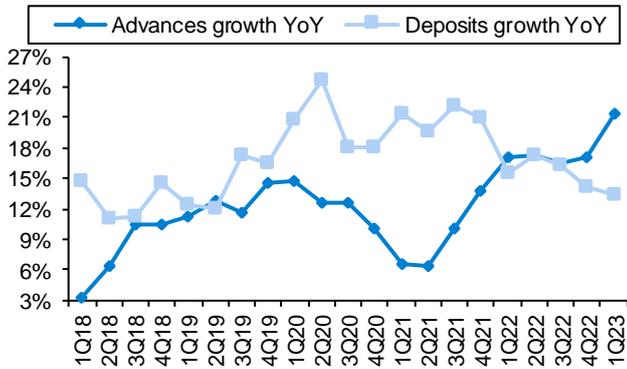
Source: Company, PL

**Exhibit 4: Floating rate book constant at 70%**



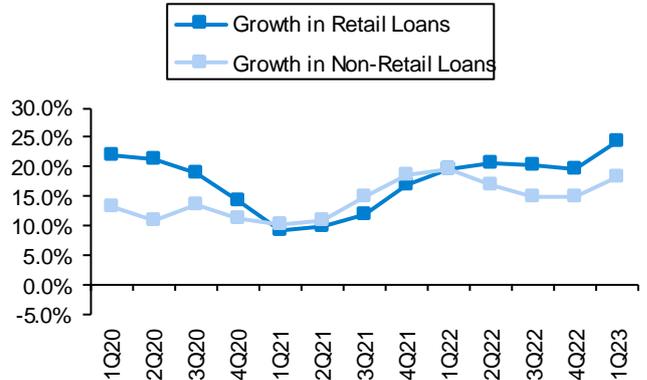
Source: Company, PL

**Exhibit 5: Advances grow faster than deposits**



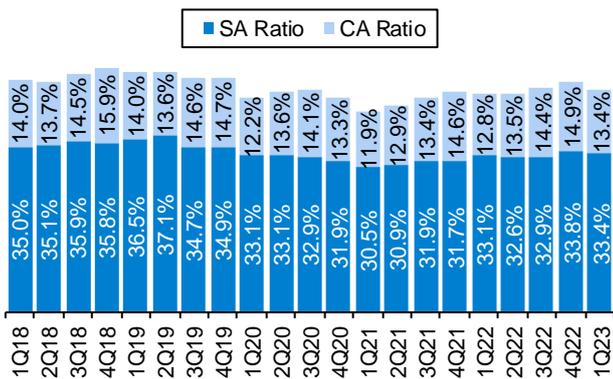
Source: Company, PL

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



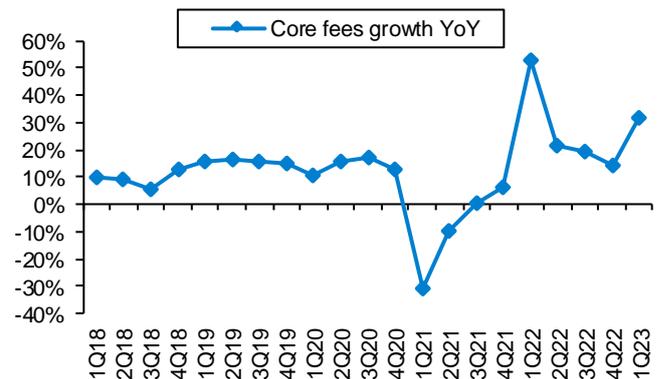
Source: Company, PL

**Exhibit 7: CASA has improved to 47%**

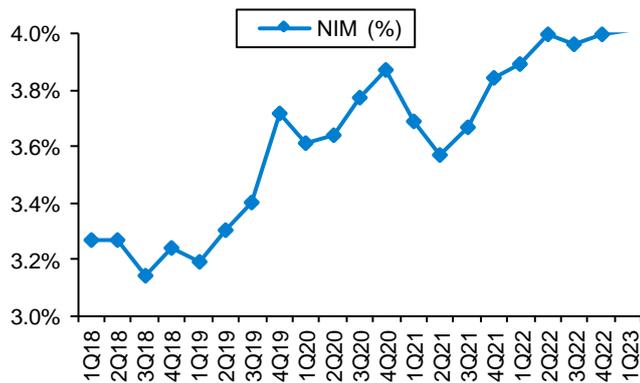


Source: Company, PL

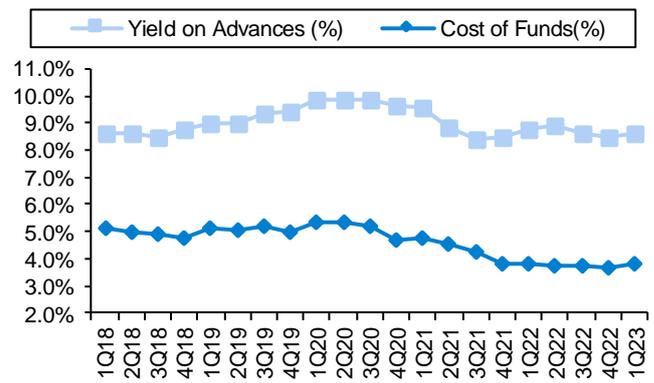
**Exhibit 8: Core fees growth was higher on lower base**



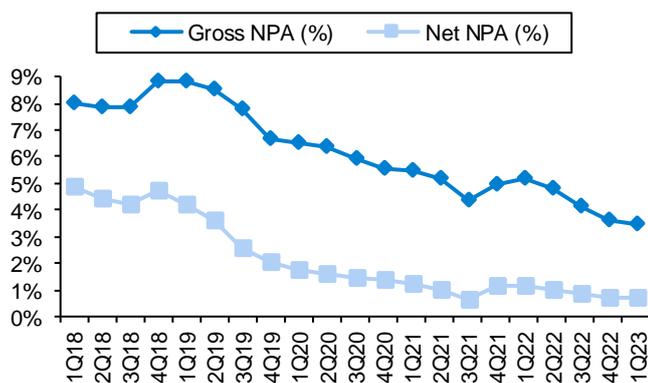
Source: Company, PL

**Exhibit 9: NIM remains steady**


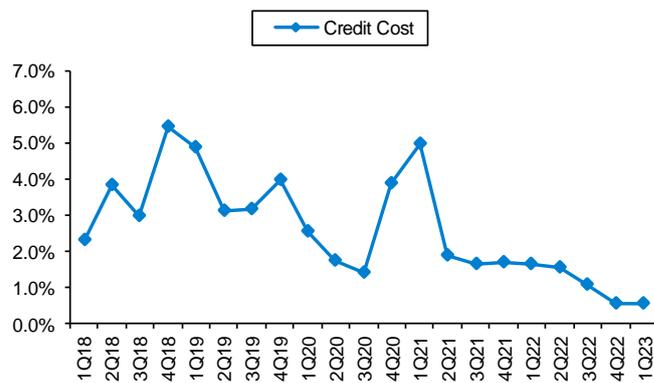
Source: Company, PL

**Exhibit 10: Both see marginal uptick**


Source: Company, PL

**Exhibit 11: Asset quality continues to improve with better recoveries & maintained PCR**


Source: Company, PL

**Exhibit 12: Credit cost remains benign owing to better recoveries/upgrades**


Source: Company, PL

**Exhibit 13: Slippages controlled, recovery sees improvement**

Particulars (Rs Million)	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Gross Restructured Loans	1,800	1,680	2,080	1,640	14,050	32,690	32,420	36,920	23,890	22,890
Non Fund O/s to non-performing loans	50,630	48,290	42,380	44,070	44,050	41,010	37,140	36,830	36,400	36,700
Other loans under RBI scheme not included above	15,330	14,600	12,350	12,220	7,990	8,130	7,670	NA	NA	NA
Borrowers with o/s >Rs1.0bn	65,980	70,690	68,450	83,010	71,170	64,310	50,810	52,340	58,810	38,050
Borrowers with o/s <Rs1.0bn	32,940	35,840	36,410	39,670	37,760	34,620	36,240	29,140	25,380	21,150
<b>Total BB &amp; Below rated book</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>164,280</b>	<b>154,800</b>	<b>144,480</b>	<b>118,790</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>130,980</b>	<b>139,750</b>	<b>127,140</b>	<b>118,420</b>	<b>108,080</b>	<b>82,090</b>
<b>Movement in BB &amp; Below Book</b>										
Slippage to NPA	17,260	1,710	12,120	2,270	10,670	1,900	7,300	230	1,560	1,190
Upgrades to investment grade & O/s reduction	12,970	8,600	14,290	1,180	6,760	5,730	8,780	9,460	18,040	26,730
Downgrades from investment grade	22,880	14,730	16,980	22,390	11,870	5,270	3,470	970	3,850	1,930
<b>BB &amp; Below at end of period</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>	<b>127,140</b>	<b>118,420</b>	<b>144,480</b>	<b>118,790</b>
% of Net Advances	2.6%	2.7%	2.5%	2.6%	2.4%	2.4%	2.1%	1.9%	1.7%	1.3%
<b>GNPA %</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.2%</b>	<b>4.4%</b>	<b>5.0%</b>	<b>5.1%</b>	<b>4.8%</b>	<b>4.1%</b>	<b>3.6%</b>	<b>3.5%</b>
<b>NNPA %</b>	<b>1.2%</b>	<b>1.4%</b>	<b>1.0%</b>	<b>0.6%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>0.8%</b>	<b>0.7%</b>
<b>Net Stressed Assets %</b>	<b>4.2%</b>	<b>4.1%</b>	<b>3.7%</b>	<b>4.0%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.2%</b>	<b>2.8%</b>	<b>2.5%</b>	<b>2.1%</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 mainly from Retail book; write-offs were softer**

Asset Quality Break-up	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Fresh Slippages	20,910	35,470	27,790	24,820	43,630	53,060	11,600	30,170	4,710	118,180	72,310	55,780	40,180	42,040	58,250
Fresh Slippages - Pro-forma								14,100	82,800	55,230					
- Retail	10,710	8,230	15,110	13,230	18,900	12,940	6,020	17,490	3,940	99,560	67,730	46,240	38,530	37,360	50,370
- Retail Slippages - Pro-forma									75,210	43,500					
- Non retail (corporate/SME)	10,200	27,240	12,680	11,590	24,730	40,120	5,580	12,680	770	18,620	4,580	9,540	1,650	4,680	7,880
- Slippage from Restructured	690	-	1,860												
- Slippages below Investment grade	9,510	18,770	9,770	3,730	7,070	17,260	1,710	12,120	2,270	10,670	1,900	7,300	230	1,560	1,190
- In existing NPA on Re depreciation	(7200)	-	-	3,490	800	4,680									
Recovery & Upgrades	19,160	15,220	9,310	12,630	40,880	18,830	7,570	19,450	18,640	25,600	36,270	54,820	42,090	46,930	54,430
Write-offs & Sale of NPA	30,730	73,248	23,766	13,433	24,599	54,677	14,259	24,691	27,360	27,450	15,890	17,170	40,880	26,440	11,260

Source: Company, PL

**Exhibit 15: We slightly tinker with our estimates, while we retain our TP**

Change in Estimates Table (Rs mn)	Old		Revised		% Change	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Net interest income	537,698	612,248	536,957	614,615	(0.1)	0.4
Operating profit	434,889	509,662	428,296	511,946	(1.5)	0.4
Net profit	265,013	309,847	264,520	314,413	(0.2)	1.5
Loan Growth (%)	16.0	16.1	18.0	18.0	2.0	1.9
Credit Cost (bps)	92.9	94.7	85.7	88.9	(7.2)	(5.8)
EPS (Rs)	37.9	44.3	37.8	44.9	(0.3)	1.4
ABVPS (Rs)	255.3	288.9	255.2	289.3	(0.0)	0.1
<b>Price target (Rs)</b>	<b>950</b>		<b>950</b>		<b>0.0</b>	

Source: Company, PL

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

RoA decomposition	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Net interest income</b>	4.6	4.3	3.9	3.9	4.0	3.4	2.9	3.5	4.1
Other Inc. from operations	3.1	2.9	2.8	2.9	3.2	3.3	3.6	3.5	3.5
<b>Total income</b>	2.2	2.6	2.1	1.6	1.6	1.6	1.4	1.3	1.4
Employee expenses	5.3	5.5	4.9	4.5	4.8	5.0	5.0	4.9	4.9
Other operating expenses	1.9	2.0	1.9	2.0	2.1	1.9	2.0	2.1	2.0
<b>Operating profit</b>	0.7	0.8	0.7	0.7	0.8	0.7	0.7	0.7	0.7
Tax	0.4	0.2	0.1	0.0	0.6	0.3	0.6	0.5	0.6
Loan loss provisions	1.7	2.0	2.1	2.1	1.4	1.4	0.7	0.5	0.6
<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>1.8</b>	<b>1.7</b>	<b>1.8</b>
<b>RoAE</b>	<b>11.6</b>	<b>10.7</b>	<b>6.8</b>	<b>3.2</b>	<b>7.3</b>	<b>12.6</b>	<b>15.0</b>	<b>15.0</b>	<b>15.8</b>

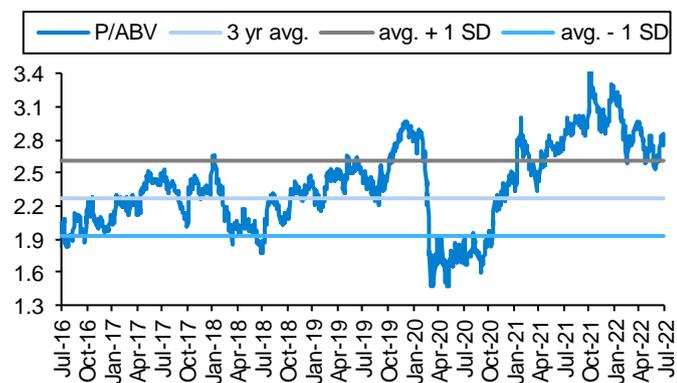
Source: Company, PL

**Exhibit 17: We retain our TP to Rs950 based on Mar-24 3x P/ABV and subs at Rs.152**

Value per share (Rs)	Holding (%)	Multiple	Basis	Mar-24E
<b>ICICI Standalone</b>		<b>3.0x</b>		<b>814</b>
<b>Subsidiaries / Others</b>				
Life insurance	51	M-Cap	M-Cap	56
General insurance	48	M-Cap	Mcap	41
Asset management	51	30x	Mar-22 PAT	32
Broking & IB	75	M-Cap	M-Cap	16
Others				7
<b>Total subsidiaries' value</b>				<b>159</b>
% contribution of Subsidiaries				14
<b>Hold –Co Discount</b>		15%		<b>15</b>
<b>Total fair value per share</b>				<b>950</b>

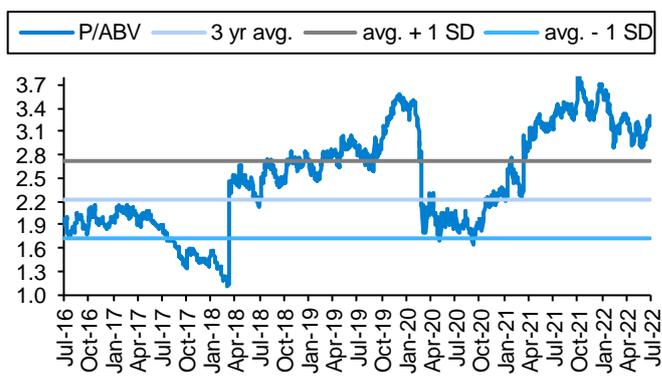
Source: Company, PL

**Exhibit 18: ICICIBC one year forward P/ABV trend**



Source: Company, PL

**Exhibit 19: ICICIBC one year forward P/ABV (ex-Subs) trend**



Source: Company, PL

**Income Statement (Rs. m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
Int. Earned from Adv.	5,72,888	6,38,336	8,19,256	10,27,286
Int. Earned from invt.	1,65,398	1,64,093	2,07,399	2,67,531
Others	36,578	45,708	36,171	37,773
<b>Total Interest Income</b>	<b>7,91,183</b>	<b>8,63,746</b>	<b>10,71,067</b>	<b>13,41,687</b>
Interest Expenses	4,01,288	3,89,085	5,34,109	7,27,072
<b>Net Interest Income</b>	<b>3,89,894</b>	<b>4,74,662</b>	<b>5,36,957</b>	<b>6,14,615</b>
<i>Growth(%)</i>	<i>17.2</i>	<i>21.7</i>	<i>13.1</i>	<i>14.5</i>
Non Interest Income	1,89,685	1,85,175	2,04,404	2,46,012
<b>Net Total Income</b>	<b>5,79,580</b>	<b>6,59,836</b>	<b>7,41,361</b>	<b>8,60,627</b>
<i>Growth(%)</i>	<i>7.5</i>	<i>6.9</i>	<i>21.6</i>	<i>24.5</i>
Employee Expenses	80,918	96,728	1,11,407	1,23,107
Other Expenses	1,23,973	1,70,606	2,01,659	2,25,574
Operating Expenses	2,15,608	2,67,333	3,13,065	3,48,682
<b>Operating Profit</b>	<b>3,63,971</b>	<b>3,92,503</b>	<b>4,28,296</b>	<b>5,11,946</b>
<i>Growth(%)</i>	<i>29.5</i>	<i>7.8</i>	<i>9.1</i>	<i>19.5</i>
NPA Provision	1,07,991	76,165	62,210	77,936
Total Provisions	1,62,144	86,414	80,243	98,244
<b>PBT</b>	<b>2,01,827</b>	<b>3,06,089</b>	<b>3,48,053</b>	<b>4,13,701</b>
Tax Provision	39,900	72,694	83,533	99,288
<i>Effective tax rate (%)</i>	<i>19.8</i>	<i>23.7</i>	<i>24.0</i>	<i>24.0</i>
<b>PAT</b>	<b>1,61,927</b>	<b>2,33,395</b>	<b>2,64,520</b>	<b>3,14,413</b>
<i>Growth(%)</i>	<i>104.2</i>	<i>44.1</i>	<i>13.3</i>	<i>18.9</i>

**Balance Sheet (Rs. m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
Face value	2	2	2	2
No. of equity shares	6,933	6,998	6,998	6,998
Equity	13,865	13,996	13,996	13,996
Networth	14,75,092	17,02,521	18,93,114	21,44,644
<i>Growth(%)</i>	<i>26.6</i>	<i>15.4</i>	<i>11.2</i>	<i>13.3</i>
Adj. Networth to NNPA's	91,177	66,770	71,685	84,169
Deposits	93,25,222	1,06,45,716	1,23,37,562	1,44,39,185
<i>Growth(%)</i>	<i>21.0</i>	<i>14.2</i>	<i>15.9</i>	<i>17.0</i>
CASA Deposits	43,16,234	51,84,370	56,18,851	60,42,195
<i>% of total deposits</i>	<i>46.3</i>	<i>48.7</i>	<i>45.5</i>	<i>41.8</i>
<b>Total Liabilities</b>	<b>1,23,04,327</b>	<b>1,41,12,977</b>	<b>1,63,27,321</b>	<b>1,88,71,141</b>
Net Advances	73,37,291	85,90,204	1,01,35,648	1,19,56,524
<i>Growth(%)</i>	<i>13.7</i>	<i>17.1</i>	<i>18.0</i>	<i>18.0</i>
Investments	28,12,865	31,02,410	36,97,567	42,88,438
<b>Total Assets</b>	<b>1,23,04,327</b>	<b>1,41,12,977</b>	<b>1,63,27,321</b>	<b>1,88,71,141</b>
<i>Growth (%)</i>	<i>12.0</i>	<i>14.7</i>	<i>15.7</i>	<i>15.6</i>

**Asset Quality**

Y/e Mar	FY21	FY22	FY23E	FY24E
Gross NPAs (Rs m)	4,08,414	3,33,884	3,55,440	4,05,841
Net NPAs (Rs m)	91,177	66,770	71,685	84,169
<i>Gr. NPAs to Gross Adv.(%)</i>	<i>5.6</i>	<i>3.9</i>	<i>3.6</i>	<i>3.5</i>
<i>Net NPAs to Net Adv. (%)</i>	<i>1.2</i>	<i>0.8</i>	<i>0.7</i>	<i>0.7</i>
<i>NPA Coverage %</i>	<i>77.7</i>	<i>80.0</i>	<i>79.8</i>	<i>79.3</i>

**Profitability (%)**

Y/e Mar	FY21	FY22	FY23E	FY24E
NIM	3.7	4.1	4.0	3.9
RoAA	1.4	1.8	1.7	1.8
RoAE	12.6	15.0	15.0	15.8
Tier I	18.1	18.3	17.9	17.4
CRAR	19.1	19.2	18.9	18.4

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Interest Income	2,12,337	2,20,826	2,26,749	2,36,715
Interest Expenses	95,439	98,466	1,00,703	1,04,615
<b>Net Interest Income</b>	<b>1,16,898</b>	<b>1,22,360</b>	<b>1,26,046</b>	<b>1,32,100</b>
<i>YoY growth (%)</i>	<i>24.8</i>	<i>23.4</i>	<i>20.8</i>	<i>20.8</i>
CEB	38,110	42,910	43,660	42,430
Treasury	-	-	-	-
Non Interest Income	47,971	49,871	47,374	46,652
<b>Total Income</b>	<b>2,60,308</b>	<b>2,70,697</b>	<b>2,74,123</b>	<b>2,83,367</b>
Employee Expenses	23,846	24,848	24,289	28,492
Other expenses	41,876	45,900	46,201	47,171
Operating Expenses	65,722	70,749	70,490	75,663
<b>Operating Profit</b>	<b>99,147</b>	<b>1,01,483</b>	<b>1,02,929</b>	<b>1,03,089</b>
<i>YoY growth (%)</i>	<i>20.0</i>	<i>15.1</i>	<i>20.5</i>	<i>15.9</i>
Core Operating Profits	99,147	1,00,603	1,01,639	1,02,729
NPA Provision	27,135	20,073	440	-
Others Provisions	27,135	20,073	10,690	11,438
Total Provisions	27,135	20,073	10,690	11,438
<b>Profit Before Tax</b>	<b>72,012</b>	<b>81,410</b>	<b>92,240</b>	<b>91,651</b>
Tax	16,903	19,471	22,053	22,601
<b>PAT</b>	<b>55,110</b>	<b>61,938</b>	<b>70,187</b>	<b>69,049</b>
<i>YoY growth (%)</i>	<i>29.6</i>	<i>25.4</i>	<i>59.4</i>	<i>49.6</i>
<b>Deposits</b>	<b>97,74,486</b>	<b>1,01,74,667</b>	<b>1,06,45,716</b>	<b>1,05,03,490</b>
<i>YoY growth (%)</i>	<i>17.3</i>	<i>16.4</i>	<i>14.2</i>	<i>13.4</i>
<b>Advances</b>	<b>76,49,374</b>	<b>81,39,916</b>	<b>85,90,204</b>	<b>89,56,248</b>
<i>YoY growth (%)</i>	<i>17.2</i>	<i>16.4</i>	<i>17.1</i>	<i>21.3</i>

**Key Ratios**

Y/e Mar	FY21	FY22	FY23E	FY24E
CMP (Rs)	800	800	800	800
EPS (Rs)	23.4	33.4	37.8	44.9
Book Value (Rs)	208	239	266	302
Adj. BV (70%)(Rs)	195	229	255	289
P/E (x)	34.3	24.0	21.2	17.8
P/BV (x)	3.8	3.3	3.0	2.6
P/ABV (x)	4.1	3.5	3.1	2.8
DPS (Rs)	-	5.0	6.8	9.0
<i>Dividend Payout Ratio (%)</i>	<i>-</i>	<i>15.0</i>	<i>18.0</i>	<i>20.0</i>
<i>Dividend Yield (%)</i>	<i>-</i>	<i>0.6</i>	<i>0.9</i>	<i>1.1</i>

**Efficiency**

Y/e Mar	FY21	FY22	FY23E	FY24E
<i>Cost-Income Ratio (%)</i>	<i>37.2</i>	<i>40.5</i>	<i>42.2</i>	<i>40.5</i>
<i>C-D Ratio (%)</i>	<i>78.7</i>	<i>80.7</i>	<i>82.2</i>	<i>82.8</i>
Business per Emp. (Rs m)	169	182	207	239
Profit per Emp. (Rs lacs)	16	22	24	29
Business per Branch (Rs m)	3,164	3,550	3,930	4,498
Profit per Branch (Rs m)	31	43	46	54

**Du-Pont**

Y/e Mar	FY21	FY22	FY23E	FY24E
NII	3.35	3.59	3.53	3.49
Total Income	4.98	5.00	4.87	4.89
Operating Expenses	1.85	2.02	2.06	1.98
PPoP	3.13	2.97	2.81	2.91
Total provisions	1.39	0.65	0.53	0.56
RoAA	1.39	1.77	1.74	1.79
RoAE	9.17	14.76	14.90	15.70

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-22	BUY	950	742
2	24-Apr-22	BUY	950	748
3	09-Apr-22	BUY	906	754
4	23-Jan-22	BUY	906	805
5	12-Jan-22	BUY	819	811
6	06-Oct-21	BUY	819	690
7	25-Jul-21	BUY	815	677

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	BUY	2,300	2,006
2	Axis Bank	BUY	940	658
3	Bank of Baroda	BUY	125	105
4	Can Fin Homes	BUY	675	538
5	City Union Bank	BUY	170	145
6	DCB Bank	Hold	120	81
7	Federal Bank	BUY	135	99
8	HDFC	BUY	2,908	2,246
9	HDFC Bank	BUY	1,740	1,362
10	ICICI Bank	BUY	950	742
11	IDFC First Bank	UR	-	34
12	IndusInd Bank	BUY	1,300	879
13	Kotak Mahindra Bank	Accumulate	1,925	1,739
14	LIC Housing Finance	Accumulate	435	351
15	Punjab National Bank	BUY	50	31
16	State Bank of India	BUY	600	487

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<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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