

October 23, 2022

## Q2FY23 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	1,090		950	
NII (Rs. m)	6,72,368	7,68,249	6,45,317	7,38,042
% Chng.	4.2	4.1		
Op. Profit (Rs. m)	5,34,680	6,12,313	5,37,512	6,09,168
% Chng.	(0.5)	0.5		
EPS (Rs.)	48.4	55.6	48.5	55.4
% Chng.	(0.2)	0.3		

### Key Financials - Standalone

Y/e Mar	FY22	FY23E	FY24E	FY25E
NII (Rs bn)	475	608	672	768
Op. Profit (Rs bn)	393	468	535	612
PAT (Rs bn)	233	308	336	387
EPS (Rs.)	33.6	44.2	48.4	55.6
Gr. (%)	43.5	31.6	9.6	14.9
DPS (Rs.)	2.0	8.0	9.7	11.1
Yield (%)	0.2	0.9	1.1	1.2
NIM (%)	4.0	4.4	4.2	4.1
RoAE (%)	15.0	17.0	16.2	16.4
RoAA (%)	1.8	2.0	1.9	1.9
P/BV (x)	3.8	3.2	2.9	2.5
P/ABV (x)	3.9	3.3	3.0	2.6
PE (x)	27.0	20.5	18.7	16.3
CAR (%)	19.2	18.9	18.1	17.6

### Key Data

ICBK.BO | ICICIBC IN

52-W High / Low	Rs.937 / Rs.642	
Sensex / Nifty	59,307 / 17,576	
Market Cap	Rs.6,323bn / \$ 76,461m	
Shares Outstanding	6,970m	
3M Avg. Daily Value	Rs.10472.3m	

### Shareholding Pattern (%)

Promoter's	-
Foreign	44.75
Domestic Institution	42.27
Public & Others	12.98
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(0.9)	19.0	20.1
Relative	(0.6)	16.2	23.3

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# ICICI Bank (ICICIBC IN)

Rating: BUY | CMP: Rs907 | TP: Rs1,090

## Stable quarter with a stronger balance sheet

### Quick Pointers:

- Steady quarter with core PAT a tad higher led by better NIM/loan growth.
- Balance sheet further bolstered; pace of NIM expansion could slow.

**ICICIBC saw a stable quarter with core PAT being higher by 1.6%. Better loan growth and NIM was partly offset by opex miss. As per the bank, opex might remain elevated as healthy revenue profile provides headroom to invest in business. Loan growth QoQ was largely led by retail while corporate and BuB also saw traction. NIM rose by 19bps QoQ to 4.76% due to slower rise in cost of funds. TD grew by 4.3% QoQ and management stated that RTD rates have accelerated in last few weeks which may boost RTD flows. Hence funding cost may rise at a faster pace in coming quarters which may arrest the rate of NIM increase. Led by lower slippages GNPA reduced by 17bps QoQ to 3.2% and buffer provisions of Rs15bn were created taking its total pool to Rs100bn or 1.5% of RWA. Rolling forward to Sep'24 core ABV, we maintain multiple at 3.0x and raise SOTP based TP from Rs950 to Rs1090. Retain BUY.**

- Core earnings tad higher led by better NIM:** NII was a beat at Rs147.9bn (est. Rs145bn) led by slightly better loan growth and NIM. Loan growth was 22.7% YoY (PLe 22%) while deposit accretion was 11.5%YoY (PLe 11%). NIM (calc.) was 4bps higher at 4.76% (PLe 4.72%), +19bps QoQ led by lower rise in CoF which came in at 3.95%. Other income was higher at Rs50.5bn (PLe Rs46.6bn) led by dividend income while treasury saw a loss of Rs0.85bn. Opex was a miss at Rs81.6bn (PLe Rs80.2bn) as other opex was higher. PPOp was 116.8bn (PLe Rs111.4bn), +17.8% YoY. Core PPOp was Rs111bn higher by 2.5%. Asset quality was better with GNPA/NNPA reducing by 17bps/8bps QoQ to 3.24%/0.6%. Provisions were Rs16.4bn (PLe Rs15bn). PAT was a beat at Rs75.6bn (est. Rs72.5bn) while core PAT at Rs71.25bn was higher by 1.6%.
- Loan growth QoQ led by retail; NIM uptrend may be slower:** Loan growth was strong at 4.8% QoQ (PLe 4.2%) driven by retail (+6.0%), corporate (+6.8%) and BuB (+10.8%). Retail growth was primarily led by mortgages, PL and CC. BuB growth was driven by leveraging our branch network and digital offerings. Deposit traction was healthy (+3.8% QoQ) compared to some peers and TD growth was 4.3%. RTD growth is expected to pick up in H2FY23 since RTD rates have started to see an accelerated rise. Hence cost of funds might rise more in H2FY23 sharply compared to H1FY23 although increase in yields may continue as EBLR linked loans have a 3-month reset.
- Opex intensity may continue; balance sheet further fortified:** Bank added 200 branches in H1FY23 and as long as the revenue profile is strong business investments would happen at a faster pace. Gross slippages were lower at Rs43.4bn (2.0% of loans) mainly emanating from retail (84%). Contingent provision made during Q2FY23 was Rs15bn implying negligible credit costs for the quarter. Hence buffer provisions increased QoQ from 95bps to 107bps. OTR pool declined QoQ from 82bps to 72bps on which coverage of 31% was maintained. BB & below rated book reduced QoQ from 92bps to 81bps.

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

*NII grew at 26.5% YoY due to continued strong advances & better margins*

*Other income grew steadily driven by fee income growth*

*Provisions for Q2FY23 consists mainly of contingency provisions of Rs. 15bn*

*Loan growth was supported from both retail & business banking*

*Margins improve to 4.3% with rate transmission.*

*Asset quality improved further with a strong PCR ratio of 81%*

*CASA mix sees improvement driven by CA*

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

P & L (Rs mn)	Q2FY23	Q2FY22	YoY gr. (%)	Q1FY23	QoQ gr. (%)
Interest income	260,330	212,337	22.6	236,715	10.0
Interest expense	112,462	95,439	17.8	104,615	7.5
<b>Net interest income (NII)</b>	<b>147,868</b>	<b>116,898</b>	<b>26.5</b>	<b>132,100</b>	<b>11.9</b>
- Treasury income	(850)	3,970	NA	360	NA
Other income	50,549	47,971	5.4	46,652	8.4
<b>Total income</b>	<b>198,417</b>	<b>164,869</b>	<b>20.3</b>	<b>178,752</b>	<b>11.0</b>
Operating expenses	81,614	65,722	24.2	75,663	7.9
-Staff expenses	28,885	23,846	21.1	28,492	1.4
-Other expenses	52,728	41,876	25.9	47,171	11.8
<b>Operating profit</b>	<b>116,803</b>	<b>99,147</b>	<b>17.8</b>	<b>103,089</b>	<b>13.3</b>
<b>Core operating profit</b>	<b>117,653</b>	<b>99,147</b>	<b>18.7</b>	<b>102,729</b>	<b>14.5</b>
Total provisions	16,445	27,135	(39.4)	11,438	43.8
<b>Profit before tax</b>	<b>100,358</b>	<b>72,012</b>	<b>39.4</b>	<b>91,651</b>	<b>9.5</b>
Tax	24,780	16,903	46.6	22,601	9.6
<b>Profit after tax</b>	<b>75,578</b>	<b>55,110</b>	<b>37.1</b>	<b>69,049</b>	<b>9.5</b>
<b>Balance Sheet (Rs bn)</b>					
Deposits	10,900	9,262	11.5	10,503	3.8
Advances	9,385	7,286	22.7	8,596	4.8
<b>Profitability ratios (%)</b>					
<b>NIM</b>	<b>4.3</b>	<b>3.9</b>	<b>31</b>	<b>4.0</b>	<b>30</b>
RoAA	2.2	1.6	38	2.1	9
RoAE	17.8	13.6	285	16.7	109
<b>Asset Quality</b>					
Gross NPA (Rs m)	325,709	431,483	(21.4)	331,632	(1.8)
Net NPA (Rs m)	60,993	93,058	(25.3)	66,562	(8.4)
<b>Gross NPL ratio</b>	<b>3.2</b>	<b>5.2</b>	<b>(158)</b>	<b>3.5</b>	<b>(17)</b>
<b>Net NPL ratio</b>	<b>0.6</b>	<b>1.2</b>	<b>(37)</b>	<b>0.7</b>	<b>(8)</b>
Coverage ratio (calc.)	81.3	78.4	97	79.9	134
<b>Business &amp; Other Ratios</b>					
CASA mix	46.6	45.9	48	48.0	(26)
CASA mix - Average	45.8	44.0	170	45.8	-
Cost-income ratio	41.1	40.4	127	42.3	(120)
Non int. inc / total income	25.5	26.8	(362)	26.1	(62)
Credit deposit ratio	86.1	79.7	785	85.3	84
CAR	18.3	19.3	(125)	18.0	(47)
Tier-I	17.5	18.2	(102)	17.3	(44)

Source: Company, PL

## Key Q2FY23 Concall Highlights

### Assets/Liabilities outlook & review

- Strategy for growth – 1) Grow PPOP in risk calibrated manner 2) Strong deposit franchise 3) Growing loan portfolio in granular manner with focus on risk & reward 4) leveraging digital across business 5) Protecting balance from potential risk 6) Strong capital base
- Retail Loans grew by 24.6% YoY/6% QoQ primarily led by Credit Cards, Personal Loans and Mortgage Loan Portfolio. Card spends have increased due to retail discretionary spends, rationalization in commercial spends have led to build up of CC book. Revolver however continues to remain lower than pre-covid levels. During the quarter, 817000 inactive cards were closed.
- Corporate loans grew 6.8%YoY/23,1%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 26.5% YoY/6.4% QoQ, so far the portfolio has behaved quite well, outcomes have been better or in-line as management's expectation; however due to macro volatility portfolio could see vulnerability.
- Overseas book - The decline in overseas both primarily reflects maturities, of the short-term India linked trade book. The overseas loan portfolio was about 4% of the overall loan book at September 30 2022
- Deposits grew by 11.5% YoY/3.8% QoQ driven by savings account deposit growth of 13.8% YoY and TD growth of 10.5% YoY. CASA ratio was strong at 46.6%. With rates going up, Retail TD has started seeing traction and momentum is expected to pick-up.

### P&L

- On margins front, NIM improved to 4.31% in Q2FY23 due to repricing benefit on the yield side (44% of the domestic book is repo linked). However, with further rate hike as on 30<sup>th</sup> Sept'22; management expects the cost of funds to move upwards, which may impact margins. Repo book also has reset period of 3 Months
- Employee expenses have been higher due to employee addition & attrition (common phenomenon across industry). Other opex increased 33.3%YoY & 8% QoQ, mainly on account of business related expenses and continued tech expenses. Tech expenses accounted for 9% of opex.
- C/I – focus would be on PPOP growth, currently revenue has been strong, however expenses are expected to go up to expand franchise, continued investment in tech, cost overshooting shouldn't be a concern.

### Asset Quality

- Incremental slippages were Rs43.7bn in Q2FY23 mainly from retail book of Rs36.6bn and Rs7.1bn from corporate SME.

- **Restructuring & Stress book:** Total fund based o/s under resolution stood same at Rs67.13bn or 0.7% of loans, of which Rs20bn were from corporate & SME, while retail, rural and business banking portfolio accounted for Rs.47.4bn. Bank holds Rs20.6bn of provisions on these loans. BB & below declined to rs76.38bn v/s Rs82.09bn in Q1FY23. As on Sep 30, 2022, provisions held on this book Rs8.12bn
- **Credit cost & COVID provisions:** Credit cost stood 0.77% despite additional contingency provisions of Rs.15bn (Total contingent provisions – RS100bn). As on Sep 30, 2022, bank holds total of Rs.200.59bn of other specific provisions or 2.1% of advances.

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

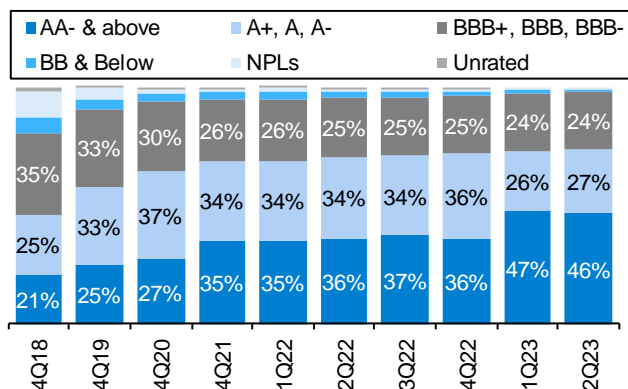
Loan Book Details (Rs bn)	Q2FY23	Q2FY22	YoY gr. (%)	Q1FY23	QoQ gr. (%)
<b>Total Loan Book</b>	<b>9,386</b>	<b>7,649</b>	<b>22.7</b>	<b>8,956</b>	<b>4.8</b>
Domestic Loan book	9,005	7,262	32.0	8,501	8.5
Retail Loan book	5,065	4,065	24.6	4,779	6.0
Domestic Corporate book	2,160	1,755	23.1	2,023	6.8
SME	419	331	26.5	394	6.4
Rural	799	715	11.7	770	3.8
Business Banking	636	446	42.6	574	10.8
International Loan book	380	387	(1.8)	458	(17.0)
<b>Retail Loan book break-up</b>					
Home Loans	3,186	2,647	20.4	3,051	4.4
Vehicle loans	726	636	14.1	702	3.4
Personal Loans & CC	1,077	724	48.8	964	11.8
Others	75	58	30.4	63	20.6
<b>Composition of Loan Book</b>					
Domestic Loan book	96%	95%	101	95%	103
Retail Loan book	56%	56%	27	56%	2
Domestic Corporate book	24%	24%	(18)	24%	19
SME	5%	5%	9	5%	2
Rural	16%	18%	(182)	16%	(34)
Business Banking	29%	25%	404	28%	106
International Loan book	4%	5%	(101)	5%	(106)
<b>Retail Loan book break-up</b>					
Home Loans	63%	65%	(221)	64%	(93)
Vehicle loans	14%	16%	(131)	15%	(36)
Personal Loans & CC	21%	18%	346	20%	111
Others	1%	1%	7	1%	18

Source: Company, PL

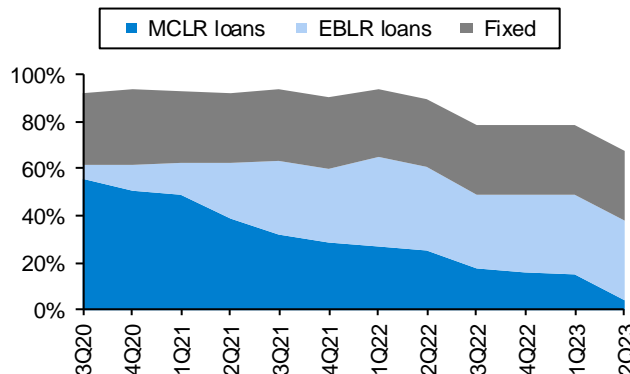
Domestic loan growth strong across segments; international loan book saw decline with maturity of short term India-linked book

Retail was led by strong credit card; Personal Loan growth & mortgage

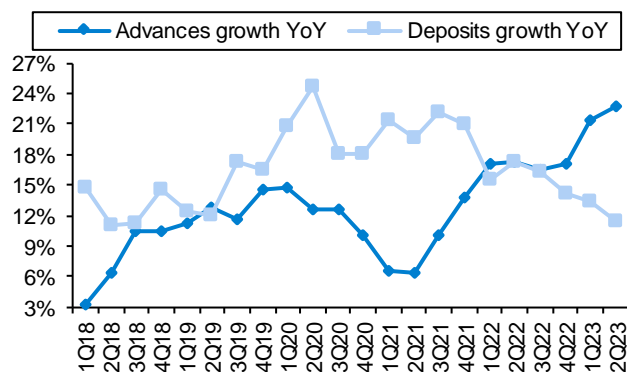
Commentary on retail lending remained strong and should be driven by digitization and ecosystem growth

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


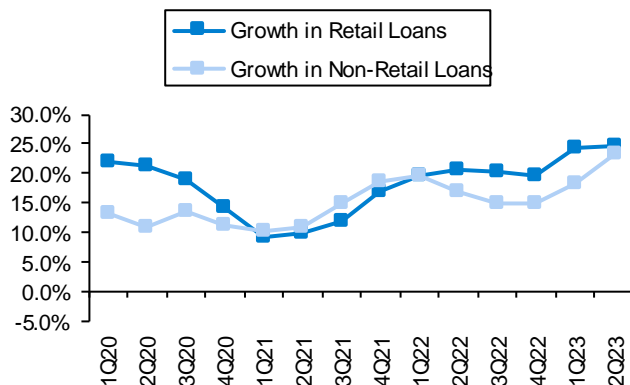
Source: Company, PL

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


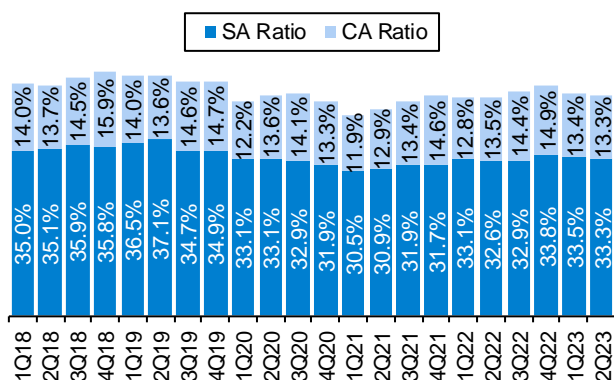
Source: Company, PL

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


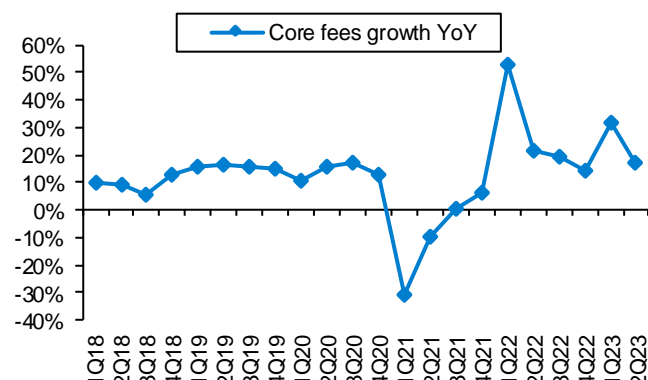
Source: Company, PL

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


Source: Company, PL

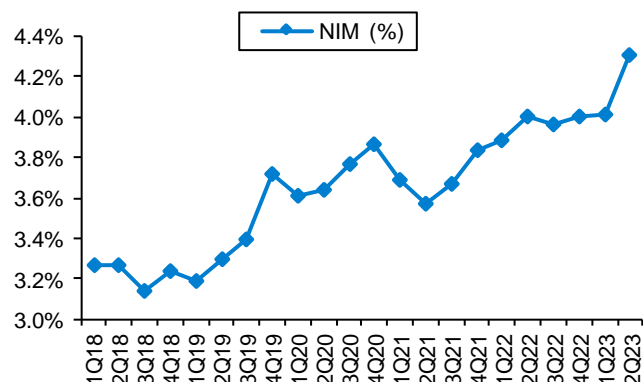
**Exhibit 7: CASA has improved to ~47%**


Source: Company, PL

**Exhibit 8: Core fees growth steady**


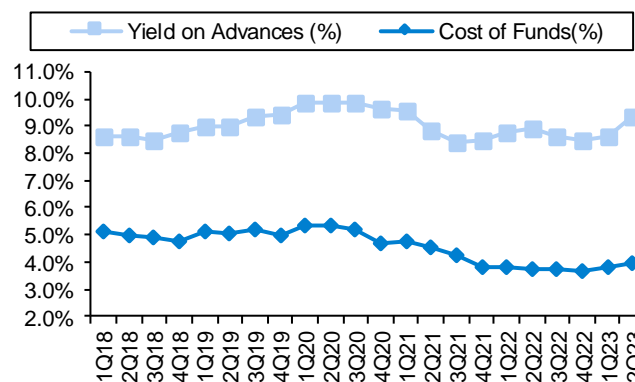
Source: Company, PL

Exhibit 9: NIM expands as yields rise



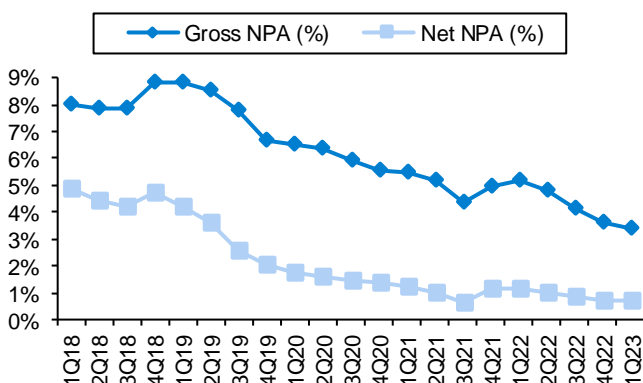
Source: Company, PL

Exhibit 10: Both see marginal uptick



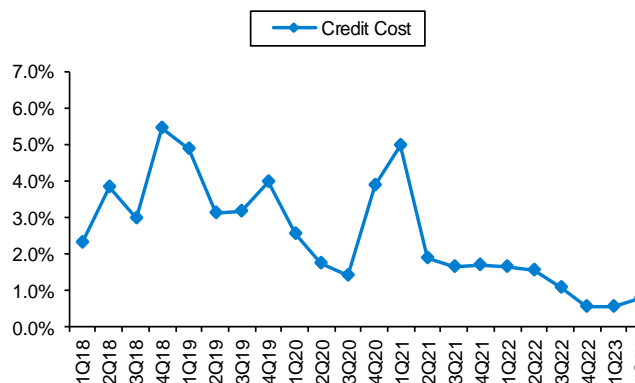
Source: Company, PL

Exhibit 11: Asset quality continues to improve with controlled slippages &amp; 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)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Gross Restructured Loans	1,680	2,080	1,640	14,050	32,690	32,420	36,920	23,890	22,890	21,980
Non Fund O/s to non-performing loans	48,290	42,380	44,070	44,050	41,010	37,140	36,830	36,400	36,700	35,160
Other loans under RBI scheme not included above	14,600	12,350	12,220	7,990	8,130	7,670	NA	NA	NA	NA
Borrowers with o/s >Rs1.0bn	70,690	68,450	83,010	71,170	64,310	50,810	52,340	58,810	38,050	32,550
Borrowers with o/s <Rs1.0bn	35,840	36,410	39,670	37,760	34,620	36,240	29,140	25,380	21,150	21,850
<b>Total BB &amp; Below rated book</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>111,540</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>76,380</b>
<b>Movement in BB &amp; Below Book</b>										
Slippage to NPA	1,710	12,120	2,270	10,670	1,900	7,300	230	1,560	1,190	570
Upgrades to investment grade & O/s reduction	8,600	14,290	1,180	6,760	5,730	8,780	9,460	18,040	26,730	8,570
Downgrades from investment grade	14,730	16,980	22,390	11,870	5,270	3,470	970	3,850	1,930	3,430
<b>BB &amp; Below at end of period</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>	<b>111,540</b>
% of Net Advances	2.7%	2.5%	2.6%	2.4%	2.4%	2.1%	1.9%	1.7%	1.3%	1.2%
<b>GNPA %</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>3.2%</b>
<b>NNPA %</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>0.6%</b>
<b>Net Stressed Assets %</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>	<b>1.8%</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	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Fresh Slippages	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	43,360
Fresh Slippages - Pro-forma							14,100	82,800	55,230						
- Retail	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	36,580
- Retail Slippages - Pro-forma							75,210	43,500							
- Non retail (corporate/SME)	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	7,080
- Slippage from Restructured	-	1,860													
- Slippages below Investment grade	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	570
- In existing NPA on Re depreciation	-	-	3,490	800	4,680										
Recovery & Upgrades	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	37,610
Write-offs & Sale of NPA	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	11,030

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	567,594	645,317	607,564	672,368	7.0	4.2
Operating profit	460,486	537,512	467,572	534,680	1.5	(0.5)
Net profit	288,010	339,530	307,888	336,474	6.9	(0.9)
Loan Growth (%)	18.0	18.0	20.0	18.0	2.0	0.1
Credit Cost (bps)	87.1	82.2	61.3	76.6	(25.8)	(5.6)
EPS (Rs)	41.2	48.5	44.2	48.4	7.3	(0.2)
ABVPS (Rs)	261.6	298.6	271.1	304.4	3.6	2.0
Price target (Rs)	950		1,090		14.7	

Source: Company, PL

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

RoA decomposition	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net interest income	3.1	2.9	2.8	2.9	3.2	3.3	3.6	4.0	3.9	3.8
Other Inc. from operations	2.2	2.6	2.1	1.6	1.6	1.6	1.4	1.3	1.4	1.4
Total income	5.3	5.5	4.9	4.5	4.8	5.0	5.0	5.4	5.3	5.2
Employee expenses	0.7	0.8	0.7	0.7	0.8	0.7	0.7	0.8	0.8	0.8
Other operating expenses	1.1	1.2	1.2	1.2	1.3	1.2	1.3	1.4	1.4	1.4
Operating profit	3.5	3.5	3.0	2.5	2.7	3.1	3.0	3.1	3.1	3.0
Tax	0.4	0.2	0.1	0.0	0.6	0.3	0.6	0.7	0.6	0.6
Loan loss provisions	1.7	2.0	2.1	2.1	1.4	1.4	0.7	0.4	0.5	0.5
RoAA	1.4	1.3	0.8	0.4	0.8	1.4	1.8	2.0	1.9	1.9
RoAE	11.6	10.7	6.8	3.2	7.3	12.6	15.0	17.0	16.2	16.4

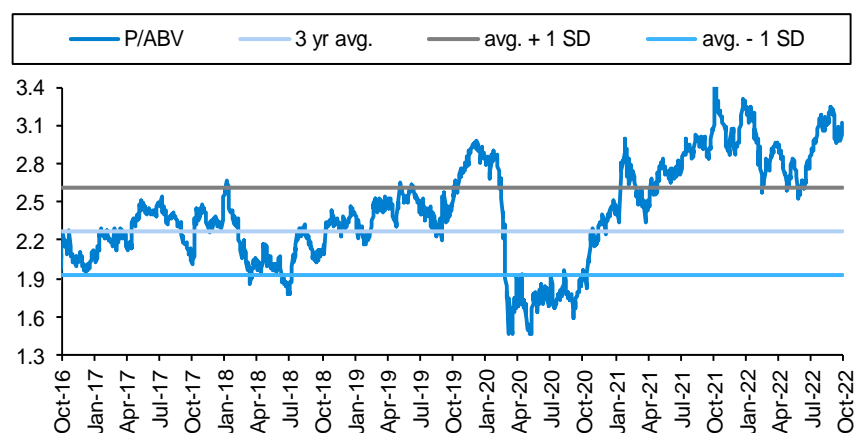
Source: Company, PL

### Exhibit 17: We increase our TP to Rs1,090 as we roll forward to Sep-24 3x P/ABV and subs at Rs.152

Value per share (Rs)	Holding (%)	Multiple	Basis	Sep-24E
<b>ICICI Standalone</b>		<b>3.0x</b>		<b>954</b>
<b>Subsidiaries / Others</b>				
Life insurance	51	M-Cap	M-Cap	54
General insurance	48	M-Cap	Mcap	39
Asset management	51	30x	Mar-22 PAT	232
Broking & IB	75	M-Cap	M-Cap	21
Others				7
<b>Total subsidiaries' value</b>				<b>152</b>
% contribution of Subsidiaries				14
<b>Hold –Co Discount</b>		15%		<b>15</b>
<b>Total fair value per share</b>				<b>1,090</b>

Source: Company, PL

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



Source: Company, PL

### Income Statement (Rs. m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
Int. Earned from Adv.	6,38,336	8,40,157	10,78,879	13,13,053
Int. Earned from invt.	1,64,093	2,09,592	2,46,786	2,98,895
Others	45,709	29,098	38,278	44,810
Total Interest Income	8,63,745	10,94,848	13,79,359	16,71,816
Interest Expenses	3,89,085	4,87,284	7,06,991	9,03,568
<b>Net Interest Income</b>	<b>4,74,661</b>	<b>6,07,564</b>	<b>6,72,368</b>	<b>7,68,249</b>
Growth(%)	21.7	28.0	10.7	14.3
Non Interest Income	1,85,175	2,00,622	2,41,662	2,77,986
Net Total Income	6,59,836	8,08,186	9,14,029	10,46,235
Growth(%)	6.9	23.5	25.1	20.3
Employee Expenses	96,727	1,22,265	1,35,107	1,53,377
Other Expenses	1,58,895	2,18,348	2,44,243	2,80,545
Operating Expenses	2,67,333	3,40,614	3,79,350	4,33,922
<b>Operating Profit</b>	<b>3,92,503</b>	<b>4,67,572</b>	<b>5,34,680</b>	<b>6,12,313</b>
Growth(%)	7.8	19.1	14.4	14.5
NPA Provision	61,640	65,761	64,953	73,499
Total Provisions	86,414	57,883	86,048	96,855
<b>PBT</b>	<b>3,06,089</b>	<b>4,09,688</b>	<b>4,48,632</b>	<b>5,15,457</b>
Tax Provision	72,694	1,01,801	1,12,158	1,28,864
Effective tax rate (%)	23.7	24.8	25.0	25.0
<b>PAT</b>	<b>2,33,395</b>	<b>3,07,888</b>	<b>3,36,474</b>	<b>3,86,593</b>
Growth(%)	44.1	31.9	9.3	14.9

### Balance Sheet (Rs. m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
Face value	2	2	2	2
No. of equity shares	6,950	6,969	6,950	6,950
Equity	13,900	13,938	13,900	13,900
Networth	17,05,120	19,88,329	22,29,365	25,38,640
Growth(%)	15.6	16.6	12.1	13.9
Adj. Networth to NNPA's	69,310	62,637	76,945	88,995
Deposits	1,06,45,716	1,18,48,492	1,41,64,643	1,67,21,159
Growth(%)	14.2	11.3	19.5	18.0
CASA Deposits	51,84,366	56,18,847	62,50,193	71,79,158
% of total deposits	48.7	47.4	44.1	42.9
<b>Total Liabilities</b>	<b>1,41,12,977</b>	<b>1,60,75,551</b>	<b>1,86,91,088</b>	<b>2,19,34,348</b>
Net Advances	85,90,204	1,03,08,188	1,21,68,463	1,43,57,852
Growth(%)	17.1	20.0	18.0	18.0
Investments	31,02,410	34,36,063	39,30,688	47,32,924
<b>Total Assets</b>	<b>1,41,12,977</b>	<b>1,60,75,551</b>	<b>1,86,91,088</b>	<b>2,19,34,348</b>
Growth (%)	14.7	13.9	16.3	17.4

### Asset Quality

Y/e Mar	FY22	FY23E	FY24E	FY25E
Gross NPAs (Rs m)	3,32,949	3,09,229	3,66,013	4,21,576
Net NPAs (Rs m)	69,310	62,637	76,945	88,995
Gr. NPAs to Gross Adv.(%)	4.0	3.2	3.2	3.1
Net NPAs to Net Adv. (%)	0.8	0.6	0.6	0.6
NPA Coverage %	79.2	79.7	79.0	78.9

### Profitability (%)

Y/e Mar	FY22	FY23E	FY24E	FY25E
NIM	4.0	4.4	4.2	4.1
RoAA	1.8	2.0	1.9	1.9
RoAE	15.0	17.0	16.2	16.4
Tier I	18.3	17.8	17.0	16.6
CRAR	19.2	18.9	18.1	17.6

Source: Company Data, PL Research

### Quarterly Financials (Rs. m)

Y/e Mar	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Interest Income	2,20,826	2,26,749	2,36,715	2,60,330
Interest Expenses	98,466	1,00,703	1,04,615	1,12,462
<b>Net Interest Income</b>	<b>1,22,360</b>	<b>1,26,046</b>	<b>1,32,100</b>	<b>1,47,868</b>
YoY growth (%)	23.4	20.8	20.8	26.5
CEB	42,910	43,660	42,430	44,800
Treasury	-	-	-	-
Non Interest Income	49,871	47,374	46,652	50,549
<b>Total Income</b>	<b>2,70,697</b>	<b>2,74,123</b>	<b>2,83,367</b>	<b>3,10,879</b>
Employee Expenses	24,848	24,289	28,492	28,885
Other expenses	45,900	46,201	47,171	52,728
Operating Expenses	70,749	70,490	75,663	81,614
<b>Operating Profit</b>	<b>1,01,483</b>	<b>1,02,929</b>	<b>1,03,089</b>	<b>1,16,803</b>
YoY growth (%)	15.1	20.5	15.9	17.8
Core Operating Profits	1,00,603	1,01,639	1,02,729	1,17,653
NPA Provision	20,073	440	-	-
Others Provisions	20,073	10,690	11,438	16,445
Total Provisions	20,073	10,690	11,438	16,445
<b>Profit Before Tax</b>	<b>81,410</b>	<b>92,240</b>	<b>91,651</b>	<b>1,00,358</b>
Tax	19,471	22,053	22,601	24,780
<b>PAT</b>	<b>61,938</b>	<b>70,187</b>	<b>69,049</b>	<b>75,578</b>
YoY growth (%)	25.4	59.4	49.6	37.1
<b>Deposits</b>	<b>1,01,74,667</b>	<b>1,06,45,716</b>	<b>1,05,03,490</b>	<b>1,09,00,080</b>
YoY growth (%)	16.4	14.2	13.4	11.5
<b>Advances</b>	<b>81,39,916</b>	<b>85,90,204</b>	<b>89,56,248</b>	<b>93,85,628</b>
YoY growth (%)	16.4	17.1	21.3	22.7

### Key Ratios

Y/e Mar	FY22	FY23E	FY24E	FY25E
CMP (Rs)	907	907	907	907
EPS (Rs)	33.6	44.2	48.4	55.6
Book Value (Rs)	241	281	316	361
Adj. BV (70%)(Rs)	230	271	304	347
P/E (x)	27.0	20.5	18.7	16.3
P/BV (x)	3.8	3.2	2.9	2.5
P/ABV (x)	3.9	3.3	3.0	2.6
DPS (Rs)	2.0	8.0	9.7	11.1
Dividend Payout Ratio (%)	5.9	18.0	20.0	20.0
Dividend Yield (%)	0.2	0.9	1.1	1.2

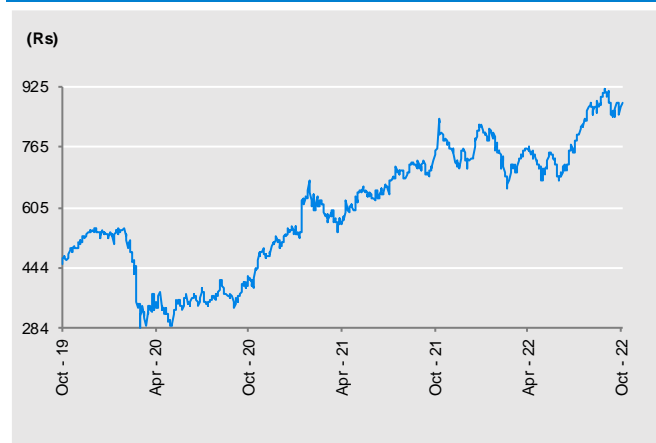
### Efficiency

Y/e Mar	FY22	FY23E	FY24E	FY25E
Cost-Income Ratio (%)	40.5	42.1	41.5	41.5
C-D Ratio (%)	80.7	87.0	85.9	85.9
Business per Emp. (Rs m)	182	204	239	278
Profit per Emp. (Rs lacs)	22	28	31	35
Business per Branch (Rs m)	3,550	3,875	4,488	5,164
Profit per Branch (Rs m)	43	54	57	64

### Du-Pont

Y/e Mar	FY22	FY23E	FY24E	FY25E
NII	3.59	4.03	3.87	3.78
Total Income	5.00	5.35	5.26	5.15
Operating Expenses	2.02	2.26	2.18	2.14
PPoP	2.97	3.10	3.08	3.01
Total provisions	0.65	0.38	0.50	0.48
RoAA	1.77	2.04	1.94	1.90
RoAE	14.59	16.85	15.97	16.25

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Oct-22	BUY	950	868
2	24-Jul-22	BUY	950	800
3	08-Jul-22	BUY	950	742
4	24-Apr-22	BUY	950	748
5	09-Apr-22	BUY	906	754
6	23-Jan-22	BUY	906	805
7	12-Jan-22	BUY	819	811

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	2,300	2,197
2	Axis Bank	BUY	1,080	826
3	Bank of Baroda	Accumulate	130	133
4	Can Fin Homes	BUY	700	524
5	City Union Bank	BUY	190	173
6	DCB Bank	BUY	120	103
7	Federal Bank	BUY	165	130
8	HDFC	BUY	2,900	2,349
9	HDFC Bank	BUY	1,800	1,439
10	ICICI Bank	BUY	950	868
11	IDFC First Bank	UR	-	53
12	IndusInd Bank	BUY	1,450	1,218
13	Kotak Mahindra Bank	Accumulate	1,950	1,823
14	LIC Housing Finance	BUY	450	418
15	Punjab National Bank	BUY	50	36
16	State Bank of India	BUY	650	533

**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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