

October 22, 2023

Q2FY24 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	1,280		1,180	
NII (Rs. m)	7,25,743	7,98,878	7,97,478	7,97,478
% Chng.	1.1	0.2		
Op. Profit (Rs. m)	5,52,851	6,17,235	6,11,604	6,11,604
% Chng.	2.8	0.9		
EPS (Rs.)	54.2	60.1	58.0	58.0
% Chng.	4.8	3.6		

Key Financials - Standalone

Y/e Mar	FY23	FY24E	FY25E	FY26E
NII (Rs bn)	621	726	799	937
Op. Profit (Rs bn)	491	553	617	726
PAT (Rs bn)	319	380	418	491
EPS (Rs.)	45.7	54.2	60.1	70.6
Gr. (%)	36.0	18.8	10.8	17.4
DPS (Rs.)	5.0	10.8	12.0	14.1
Yield (%)	0.5	1.2	1.3	1.5
NIM (%)	4.4	4.4	4.2	4.2
RoAE (%)	17.5	17.8	17.0	17.5
RoAA (%)	2.1	2.2	2.1	2.1
P/BV (x)	3.3	2.8	2.5	2.2
P/ABV (x)	3.4	2.9	2.5	2.2
PE (x)	20.4	17.2	15.5	13.2
CAR (%)	18.3	18.4	17.9	17.5

Key Data

ICBK.BO | ICICIBC IN

52-W High / Low	Rs.1,009 / Rs.796
Sensex / Nifty	65,398 / 19,543
Market Cap	Rs.6,533bn/ \$ 78,600m
Shares Outstanding	7,004m
3M Avg. Daily Value	Rs.16114.71m

Shareholding Pattern (%)

Promoter's	-
Foreign	44.38
Domestic Institution	45.51
Public & Others	10.11
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.5)	4.3	5.0
Relative	(3.5)	(4.9)	(5.0)

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Full year NIM for FY24E to be similar to FY23

Quick Pointers:

- Core PAT beat of 15% given better NII/fees and lower opex/provisions.
- Asset quality surprises positively with lesser GNPA due to stronger recoveries.

ICICIB delivered good numbers yet again with core PPOp at Rs130bn beating PLe by ~7% led by superior core revenue. GNPA was lower led by lesser net slippages which resulted in benign credit costs. Loan accretion at 5.0% QoQ was ahead, driven by growth in high yielding segments (PL/CC, SME, auto). Although NIM declined by 21bps QoQ to 4.83%, it was 13bps ahead of PLe due to better treasury management and lower funding cost. Bank expects NIM for FY24E to be similar to FY23. We raise FY24/25/26E core PAT by 3.0-4.0% due to NII increase and lower provisions. Likely RoA/RoE for FY25/26E is 2.0%/17.0%. ICICIB is valued at par with HDFCB at 2.2x/1.9x on FY25/26E core ABV; with recent correction in ICICIB it should outperform HDFCB in near term. Maintaining multiple at 3.0x, as we roll forward to Sep'25 core ABV, we raise SOTP based TP to from Rs1180 to Rs1280. Reiterate 'BUY'.

- Good quarter; core PPOp beat led by better NIM/fees and lower opex:** NII was ahead at Rs183.1bn (PLe Rs177.4bn) led by better NIM and loan growth. NIM (calc.) was a beat at 4.83% (PLe 4.7%), -21bps QoQ due to better treasury management. Loan growth was higher at 18.3% YoY (PLe 17.2%). Deposit accretion at 18.8% YoY was better than expected (PLe 18.0% YoY). Other income too was ahead at Rs57.8bn (PLe Rs55.0bn) driven by higher fees and dividend income. Opex was lower at Rs98.6bn (PLe Rs99.6bn) led by softer staff cost. PPOp was a beat at Rs142.3bn (PLe Rs132.8bn); core PPOp at Rs143.0bn was 6.9% ahead of PLe. Asset quality was better; GNPA was 2.53% (PLe 2.68%) due to lower net slippages; NNPA was 0.44%. Provisions were lower at Rs5.8bn (PLe Rs14bn). PAT was Rs102.6bn (PLe Rs89.1bn) while core PAT was 15% ahead of PLe.
- Overall loan growth of 5.0% QoQ:** Domestic loan growth was 4.8% QoQ led by retail (5.5%), BuB (10.6%), SME (7.2%). Corporate grew by 3.1% QoQ driven by growth in well rated companies from sectors like NBFCs, HFCs and real estate. Apart from housing retail growth was led by vehicle (auto+CV) and unsecured (PL+CC) which saw rapid accretion of 9.0% QoQ. Bank is confident of credit quality in unsecured as exposure to small ticket portfolio is marginal. Deposit growth (+4.5% QoQ) was mainly led by TD (+9.2% QoQ) while CASA de-grew by 1.6%. CASA ratio dipped to 40.8% from 43.3% in Q1'24. Bank would like to maintain proportion of retail TD at 75-80% of total TD.
- Upgrade in FY24E NIM; strong recoveries resulted in better asset quality:** Lower funding cost in Q2'24 at 5.05% (PLe 5.2%) also drove higher NIM. Bank expects CoF to rise for another quarter but sees full year NIM for FY24E to be stable (vs FY23). We further raise NIM for FY24 by 3bps to 4.45% (vs 4.38% in FY23). On asset quality, while gross slippages were Rs46.9bn (PLe Rs45bn) recoveries were Rs45.7bn (PLe Rs36bn) due to a bulky corporate recovery (Rs15.5bn). Buffer provisions were intact at Rs131bn or 1.2% of loans.

Exhibit 1: PAT beat at Rs102.6bn led by higher PPOP and lower provisions

NII grew at 23.8% YoY due to better NIM and loan growth.

Other income was high and grew by 14.3% YoY led by higher fees.

Opex was beat growing by 20.8% YoY led by lower staff cost.

Provisions were lower at Rs5.8bn and were NPA based.

Loan growth at 18.3% YoY was led by retail and SME

Deposits grew 18.8% YoY driven by TD growth.

Margins decline to 4.8% as yields on IEA were lower.

Asset quality deteriorated with GNPA/NNPA declining 23bps/4bps. PCR stood at 83%

CASA mix declined due to higher TD growth

Bank's Tier-I capital ratio is at healthy 16.9%

P & L (Rs mn)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)
Interest income	349,204	260,330	34.1	333,276	4.8
Interest expense	166,125	112,462	47.7	151,012	10.0
Net interest income (NII)	183,079	147,868	23.8	182,265	0.4
- Treasury income	(850)	(850)	-	2,520	(133.7)
Other income	57,767	50,549	14.3	54,353	6.3
Total income	240,846	198,417	21.4	236,617	1.8
Operating expenses	98,553	81,614	20.8	95,226	3.5
-Staff expenses	37,254	28,885	29.0	38,837	(4.1)
-Other expenses	61,299	52,728	16.3	56,389	8.7
Operating profit	142,293	116,803	21.8	141,391	0.6
Core operating profit	143,143	117,653	21.7	138,871	3.1
Total provisions	5,826	16,445	(64.6)	12,924	(54.9)
Profit before tax	136,466	100,358	36.0	128,467	6.2
Tax	33,856	24,780	36.6	31,985	5.9
Profit after tax	102,610	75,578	35.8	96,482	6.4
Balance Sheet (Rs mn)					
Deposits	12,947,417	10,900,080	18.8	12,387,366	4.5
Advances	11,105,421	9,385,628	18.3	10,575,826	5.0
Profitability ratios (%)					
NIM	4.8	4.6	28	5.0	(21)
RoAA	2.6	2.2	37	2.5	4
RoAE	20.7	17.8	283	19.9	76
Asset Quality					
Gross NPA (Rs m)	300,164	325,709	(7.8)	318,224	(5.7)
Net NPA (Rs m)	51,028	60,993	(16.3)	53,818	(5.2)
Gross NPL ratio	2.5	3.2	(71)	2.8	(23)
Net NPL ratio	0.4	0.6	(18)	0.5	(4)
Coverage ratio (calc.)	83.0	81.3	173	83.1	(9)
Business & Other Ratios					
CASA mix	40.8	46.6	(584)	43.3	(254)
CASA mix - Average	40.8	45.8	(500)	42.6	(180)
Cost-income ratio	40.9	41.1	(21)	40.2	67
Non int. inc / total income	24.0	25.5	(149)	23.0	101
Credit deposit ratio	85.8	86.1	(33)	85.4	40
CAR	17.6	18.3	(68)	17.5	12
Tier-I	16.9	17.5	(65)	16.8	10

Source: Company, PL

Key Q2FY24 Concall Highlights

Assets/Liabilities outlook & review

- **Corporate loans grew 3.1% QoQ/15.3% YoY** led by growth in well rated financial as well as non-financial corporates. Borrowing is seen from sectors like NBFCs, HFCs and Real Estate.
- **In Q2FY24, domestic loan portfolio grew by 19.3% YoY, while retail book grew by 21.4% YoY.** Retail portfolio stood at 46% of total advances including non-fund based outstanding. Business banking increased by 30.3% YoY whereas the SME portfolio grew by 29.4% YoY.
- **With personal loans growing 40.4% YoY and credit cards by 29.5% YoY,** As on Q2FY24, share of personal loans and CC to overall advances stood at 9.3% and 3.4%. Unsecured lending saw stable growth sequentially with healthy credit quality as small ticket size portfolio for the bank remains marginal. Although rates have come off due to competitive pressures, bank sees opportunities in existing customer penetration and new customer addition to the portfolio.
- **Deposits grew by 18.8% YoY** driven by TD growth of 31.8%. TD consists majorly of retail and granular deposits which continues to be prime driver for deposit growth. CASA ratio reduced to 41%. SA growth has slowed to 4.5% YoY, whereas CA growth was better at 14% YoY. Bank would maintain proportion of retail TD at ~75-80% of total TD.
- **CAR stood at 17.47% in Q1FY24.** Reason for decline was due to increase in risk weighted assets for operational risk for which computation was done during the quarter. Further, there was redemption of tier 1 bonds to the tune of Rs40bn in the quarter.

P&L

- **NIM declined to 4.53% in Q2FY24** majorly due to lag effect of deposit repricing in TD. Impact of interest on income tax refund or NIM was nil vs 3bps in Q1FY24. Management expects CoF to go up for another quarter due to repricing of deposits which could put pressure on margins although expects full year margins to remain stable YoY.
- **Domestic NIMs stood at 4.61% vs 4.88 in Q1FY24.** Out of total domestic advances, 48% were linked to repo rate, 18% to MCLR, 3% to EBLR while 31% to fixed rates.
- **Fee income increased by 16.2% YoY.** Fees from retail, rural and SME constituted for 78% of total fee income. Dividend income was stable at Rs6.48bn YoY.
- **Bank has added 350 branches in H1FY24,** management said branch addition will be calibrated based on demand in micro markets and across geography.
- **Employee expenses increased by 29% YoY** led by higher employee addition. Bank added 29,000 new employees in past 12 months.

- **Other opex increased 2%QoQ/20.8% YoY**, mainly on account of business related expenses and continued tech expenses. Tech expenses accounted for 9.2% of opex in H1FY24.

Asset Quality

- **Incremental slippages** increased to Rs46.8bn in Q2FY24, mainly from retail book of Rs43.6bn and Rs3.23bn from corporate SME.
- Recoveries and upgrades were higher for the quarter at Rs45.7bn led by corporate and SME. Recoveries from retail, rural and business banking stood at Rs30.19bn in Q2 whereas corporate and SME recoveries were Rs15.52bn vs Rs3.71bn in previous quarter.
- **Restructuring & Stress book:** Total fund based o/s under resolution declined to Rs35.36bn or 0.3% of loans, of which Rs30bn were retail, rural and business banking portfolio and ~Rs.5.36bn from corporate & SME. Bank holds ~Rs11bn of provisions on these loans.
- **BB rating & below declined to Rs47.89bn v/s Rs42.76bn in Q1FY24.** The increase in the book was mainly on account of upgrade of one account. As on Sep 31, 2023 provisions held on this book were at Rs8.17bn.
- **Provisions for Q2FY24 declined to Rs5.83bn vs Rs12.92bn in Q1FY24** led by higher NPA additions in KCC and recoveries/upgrades from corporate book and return of accounts. Total contingent provisions stood at RS131bn. As on Sep 30, 2023, bank holds total of Rs.229.1bn of other specific provisions or 2.1% of advances.

Exhibit 2: Business banking grows strong at 34.9% YoY, followed by retail

Loan Book Details (Rs bn)	Q2FY24	Q2Y23	YoY gr. (%)	Q1FY24	QoQ gr. (%)
Total Loan Book	11,105	9,386	18.3	10,576	5.0
Domestic Loan book	10,742	9,005	19.3	10,253	4.8
Retail Loan book	6,149	5,065	21.4	5,828	5.5
Domestic Corporate book	2,490	2,160	15.3	2,414	3.1
SME	543	419	29.4	506	7.2
Rural	938	799	17.3	906	3.5
Business Banking	828	636	30.3	749	10.6
International Loan book	363	380	(4.4)	323	12.6
Retail Loan book break-up					
Home Loans	3,704	3,186	16.2	3,556	4.1
Vehicle loans	874	726	20.4	830	5.3
Personal Loans & CC	1,477	1,077	37.0	1,355	9.0
Others	98	75	30.3	86	13.8
Composition of Loan Book			Change (bps)		Change (bps)
Domestic Loan book	97%	96%	78	97%	(22)
Retail Loan book	57%	56%	99	57%	40
Domestic Corporate book	23%	24%	(81)	24%	(37)
SME	5%	5%	40	5%	11
Rural	15%	16%	(53)	16%	(29)
Business Banking	33%	29%	384	31%	225
International Loan book	3%	4%	(78)	3%	22
Retail Loan book break-up					
Home Loans	60%	63%	(267)	61%	(79)
Vehicle loans	14%	14%	(12)	14%	(2)
Personal Loans & CC	24%	21%	274	23%	76
Others	2%	1%	11	1%	12

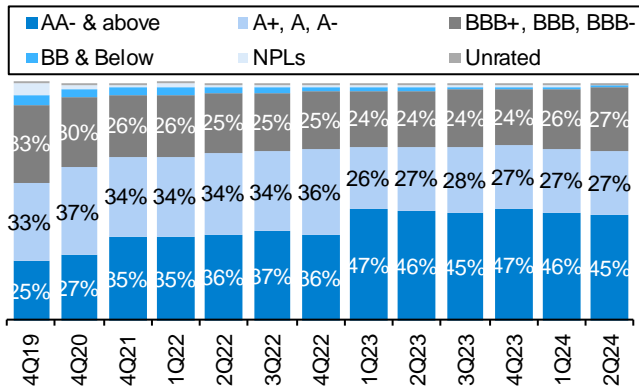
Source: Company, PL

Domestic loan growth strong across segments at 19.3% YoY/4.8% QoQ; international loan book saw decline of 4.4% YoY.

Retail growth was strong at 16.2% YoY led by strong credit card and others.

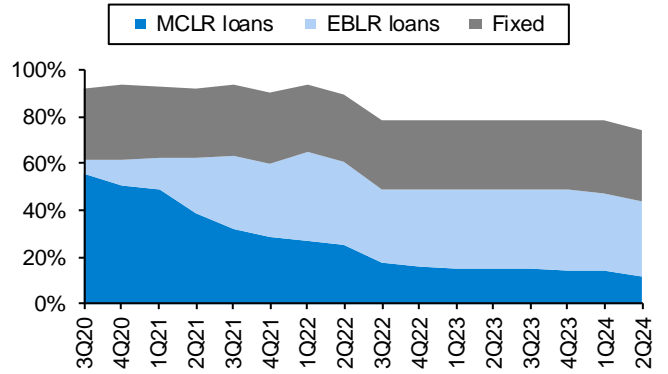
Unsecured portfolio continues to grow at a faster pace

Exhibit 3: A & above rated book dominates at 71.3%



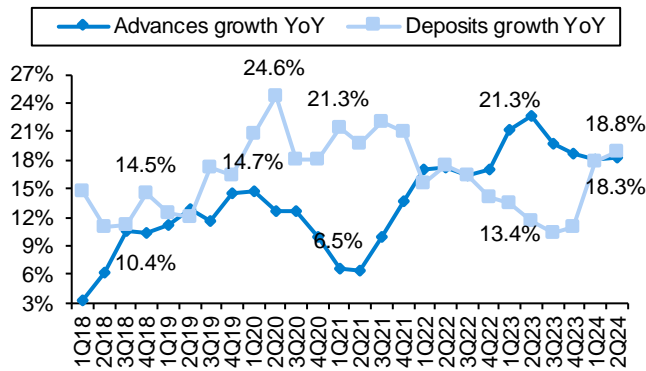
Source: Company, PL

Exhibit 4: Floating rate book declines to 66%



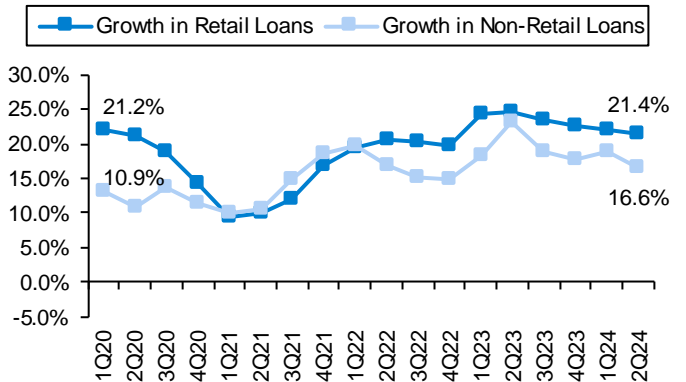
Source: Company, PL

Exhibit 5: Deposits grow faster than advances at 18.8% YoY



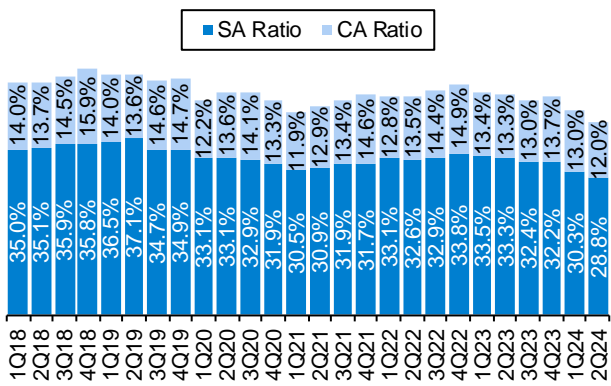
Source: Company, PL

Exhibit 6: Retail growth robust at 21.4% YoY



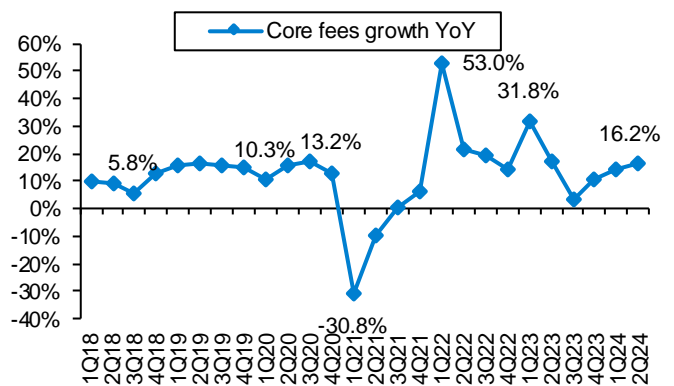
Source: Company, PL

Exhibit 7: CASA declines by 254bps QoQ at 40.75%

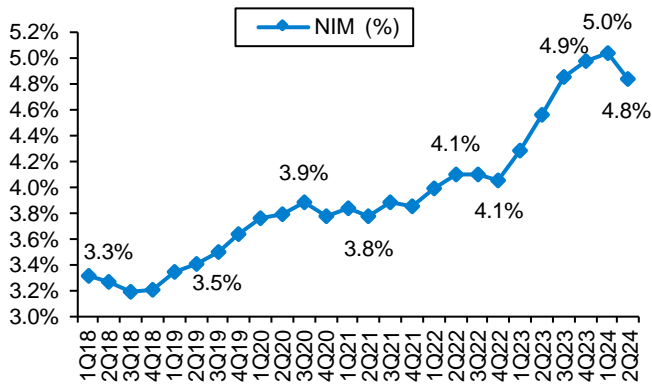


Source: Company, PL

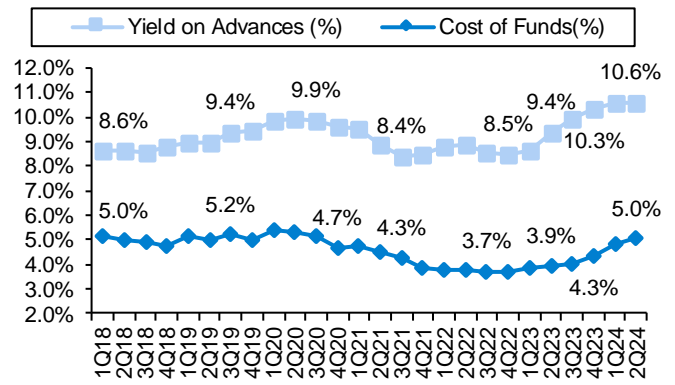
Exhibit 8: Core fees grew sequentially at 16.2% YoY



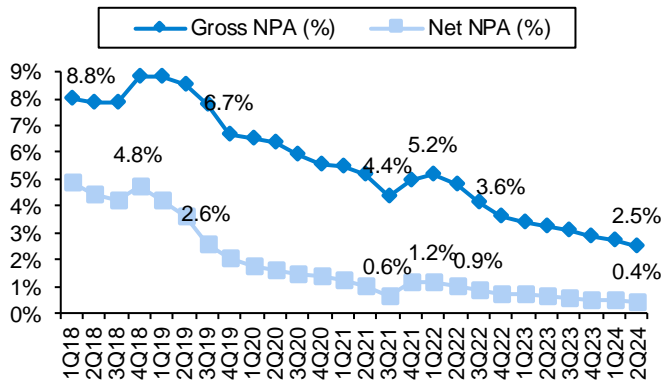
Source: Company, PL

Exhibit 9: NIM declined to 4.8% as CoF grew faster than yield


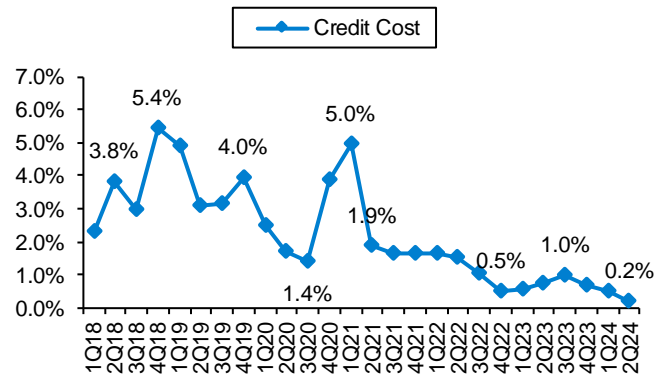
Source: Company, PL

Exhibit 10: Cost of funds increased faster than yields


Source: Company, PL

Exhibit 11: GNPA decreased 23bps QoQ


Source: Company, PL

Exhibit 12: Credit cost declined QoQ to 023%


Source: Company, PL

Exhibit 13: BB rated and below book saw improvement led by prepayments and repayments; net stressed assets at 1.3%

Particulars (Rs Million)	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Gross Restructured Loans	1,640	14,050	32,690	32,420	36,920	23,890	22,890	21,980	8,790	7,740	7,270	6,820
Non Fund O/s to non-performing loans	44,070	44,050	41,010	37,140	36,380	36,400	36,700	35,160	38,690	37,800	37,040	38,860
Other loans under RBI scheme not included above	12,220	7,990	8,130	7,670	NA	NA	NA	NA	NA	NA	NA	NA
Borrowers with o/s >Rs1.0bn	83,010	71,170	64,310	50,810	52,340	58,810	38,050	32,550	26,060	18,010	15,030	21,910
Borrowers with o/s <Rs1.0bn	39,670	37,760	34,620	36,240	29,160	25,380	21,150	21,850	20,960	21,290	20,460	19,160
Total BB & Below rated book	180,610	175,030	180,760	164,280	154,800	144,480	118,790	111,540	94,500	84,840	79,800	86,750
Total BB & Below rated book (excl. NFB o/s to NPL)	136,540	130,980	139,750	127,140	118,420	108,080	82,090	76,380	55,810	47,040	42,760	47,890
Movement in BB & Below Book												
Slippage to NPA	2,270	10,670	1,900	7,300	230	1,560	1,190	570	11,210	1,520	NA	NA
Upgrades to investment grade & O/s reduction	1,180	6,760	5,730	8,780	9,460	18,040	26,730	8,570	12,460	12,580	NA	NA
Downgrades from investment grade	22,390	11,870	5,270	3,470	970	3,850	1,930	3,430	3,100	3,640	NA	NA
BB & Below at end of period	180,610	175,050	183,830	127,140	118,420	144,480	118,790	111,540	94,500	84,840	NA	NA
% of Net Advances	2.6%	2.4%	2.4%	2.1%	1.9%	1.7%	1.3%	1.2%	1.0%	0.8%	NA	NA

GNPA %	4.4%	5.0%	5.2%	4.8%	4.1%	3.6%	3.4%	3.2%	3.1%	2.9%	2.8%	2.5%
NNPA %	0.6%	1.1%	1.2%	1.0%	0.9%	0.8%	0.7%	0.6%	0.6%	0.5%	0.5%	0.4%
Net Stressed Assets %	4.0%	3.6%	3.7%	3.2%	2.8%	2.5%	2.1%	1.8%	1.6%	1.3%	1.3%	1.2%

 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 at Rs50.7bn; write-offs were controlled at Rs11.7bn

Asset Quality Break-up	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Fresh Slippages	43,630	53,060	11,600	44,270	73,410	55,230	72,310	55,780	40,180	42,040	58,250	43,360	57,230	42,970	53,180	46,870
- Retail	18,900	12,940	6,020	17,490	3,940	99,560	67,730	46,240	38,530	37,360	50,370	36,580	41,590	40,200	50,720	43,640
- Non retail (corporate/SME)	24,730	22,860	3,870	14,660	67,200	-55,000	4,580	9,540	1,650	4,680	7,880	7,080	15,640	2,770	2,460	3,230
- Slippages below Investment grade	7,070	17,260	1,710	12,120	2,270	10,670	1,900	7,300	230	1,560	1,190	570	11,210	1,520	0	0
- In existing NPA on Re depreciation	800	4,680	350	980												
Recovery & Upgrades	40,880	18,830	7,570	19,450	17,760	25,600	36,270	54,820	42,090	46,930	54,430	37,610	46,040	42,830	35,103	45,710
Write-offs & Sale of NPA	24,600	54,680	14,260	24,690	28,236	47,300	18,290	18,070	41,930	26,440	11,393	11,673	11,616	13,585	11,690	19,220

Source: Company, PL

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

RoA decomposition	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net interest income	2.9	2.8	2.9	3.2	3.3	3.6	4.1	4.2	4.0	4.0
Other Inc. from operations	2.6	2.1	1.6	1.6	1.6	1.4	1.3	1.4	1.4	1.4
Total income	5.5	4.9	4.5	4.8	5.0	5.0	5.5	5.6	5.4	5.4
Employee expenses	0.8	0.7	0.7	0.8	0.7	0.7	0.8	0.9	0.9	0.8
Other operating expenses	1.2	1.2	1.2	1.3	1.2	1.3	1.4	1.5	1.4	1.5
Operating profit	3.5	3.0	2.5	2.7	3.1	3.0	3.3	3.2	3.1	3.1
Tax	0.2	0.1	0.0	0.6	0.3	0.6	0.7	0.7	0.7	0.7
Loan loss provisions	2.0	2.1	2.1	1.4	1.4	0.7	0.4	0.3	0.3	0.3
RoAA	1.3	0.8	0.4	0.8	1.4	1.8	2.1	2.2	2.1	2.1
RoAE	10.7	6.8	3.2	7.3	12.6	15.0	17.5	17.8	17.0	17.5

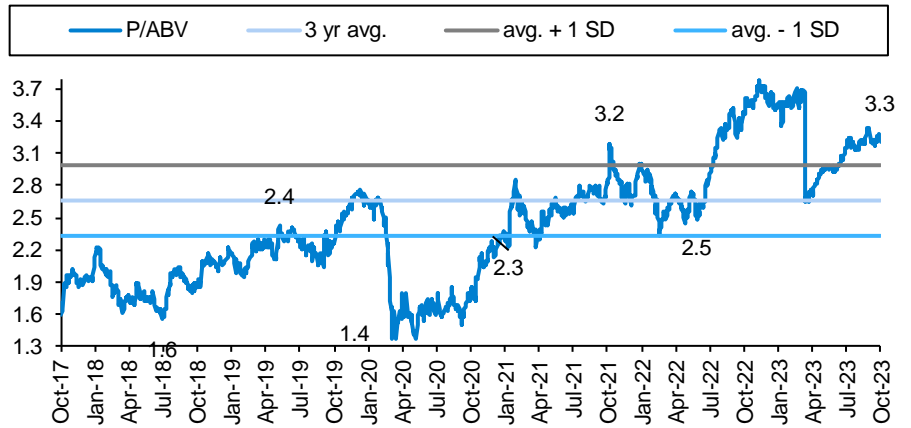
Source: Company, PL

Exhibit 16: We increase TP to Rs1,280 as we roll forward to Sep'25

Value per share (Rs)	Holding (%)	Rs per share	% of total	Valuation	Basis
ICICI Standalone		1,129	87	3.0x	Mar'25ABV
Subsidiaries / Others					
Life insurance	51	54	4.1	1.0x	M-Cap
General insurance	48	47	3.6	1.0x	Mcap
Asset management	51	39	3.0	35.0x	Mar-23 PAT
Broking & IB	75	22	1.7	1.0x	M-Cap
UK+Canada	100	6	0.4	1.0x	Inv. In subsidiary
Home fin.+PD+Ventures+ others	100	1	0.0	1.0x	Inv. In subsidiary
Total subsidiaries' value		169			
<i>% contribution of Subsidiaries</i>		<i>13</i>			
Hold –Co Discount		17	10%		
Total fair value per share		1,280	100.0		

Source: Company, PL

Exhibit 17: ICICIBC one year forward P/ABV trades at 3.3x



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Int. Earned from Adv.	8,39,430	11,05,764	12,54,487	14,23,076
Int. Earned from invt.	2,08,885	2,81,610	3,11,571	3,53,787
Others	25,494	14,793	19,161	22,466
Total Interest Income	10,92,313	14,20,057	16,03,425	18,19,680
Interest Expenses	4,71,027	6,94,313	8,04,548	8,82,363
Net Interest Income	6,21,286	7,25,743	7,98,878	9,37,316
<i>Growth(%)</i>	30.9	16.8	10.1	17.3
Non Interest Income	1,98,314	2,32,515	2,80,554	3,29,590
Net Total Income	8,19,600	9,58,259	10,79,431	12,66,907
<i>Growth(%)</i>	23.0	28.0	14.0	14.1
Employee Expenses	1,20,599	1,55,129	1,74,779	1,99,002
Other Expenses	1,94,885	2,50,278	2,87,417	3,41,871
Operating Expenses	3,28,732	4,05,407	4,62,196	5,40,873
Operating Profit	4,90,868	5,52,851	6,17,235	7,26,034
<i>Growth(%)</i>	25.1	12.6	11.6	17.6
NPA Provision	(6,223)	45,707	50,112	59,068
Total Provisions	66,656	46,751	60,008	71,640
PBT	4,24,212	5,06,101	5,57,227	6,54,394
Tax Provision	1,05,247	1,26,133	1,39,307	1,63,599
<i>Effective tax rate (%)</i>	24.8	24.9	25.0	25.0
PAT	3,18,965	3,79,968	4,17,920	4,90,796
<i>Growth(%)</i>	36.7	19.1	10.0	17.4

Balance Sheet (Rs. m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Face value	2	2	2	2
No. of equity shares	6,984	7,004	6,950	6,950
Equity	13,968	14,008	13,900	13,900
Networth	20,07,154	23,30,585	26,45,396	30,38,033
<i>Growth(%)</i>	17.7	16.1	13.5	14.8
Adj. Networth to NNPA's	51,501	45,932	52,118	61,586
Deposits	1,18,08,407	1,39,50,518	1,65,08,928	1,93,93,469
<i>Growth(%)</i>	10.9	18.1	18.3	17.5
CASA Deposits	54,12,618	54,40,702	64,17,574	76,42,381
<i>% of total deposits</i>	45.8	39.0	38.9	39.4
Total Liabilities	1,58,42,067	1,85,25,736	2,17,01,817	2,53,60,691
Net Advances	1,01,96,383	1,20,46,273	1,40,88,875	1,64,82,041
<i>Growth(%)</i>	18.7	18.1	17.0	17.0
Investments	36,23,297	44,22,314	51,64,488	60,66,859
Total Assets	1,58,42,066	1,85,25,736	2,17,01,817	2,53,60,691
<i>Growth (%)</i>	12.3	16.9	17.1	16.9

Asset Quality

Y/e Mar	FY23	FY24E	FY25E	FY26E
Gross NPAs (Rs m)	2,99,861	2,70,188	3,06,219	3,61,381
Net NPAs (Rs m)	51,501	45,932	52,118	61,586
<i>Gr. NPAs to Gross Adv.(%)</i>	3.1	2.5	2.4	2.4
<i>Net NPAs to Net Adv. (%)</i>	0.5	0.4	0.4	0.4
NPA Coverage %	82.8	83.0	83.0	83.0

Profitability (%)

Y/e Mar	FY23	FY24E	FY25E	FY26E
NIM	4.4	4.4	4.2	4.2
RoAA	2.1	2.2	2.1	2.1
RoAE	17.5	17.8	17.0	17.5
Tier I	17.6	17.7	17.1	16.8
CRAR	18.3	18.4	17.9	17.5

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Interest Income	2,85,056	3,10,211	3,33,276	3,49,204
Interest Expenses	1,20,407	1,33,543	1,51,012	1,66,125
Net Interest Income	1,64,650	1,76,668	1,82,265	1,83,079
<i>YoY growth (%)</i>	34.6	40.2	38.0	23.8
CEB	44,480	48,300	48,430	52,040
Treasury	-	-	-	-
Non Interest Income	50,236	50,878	54,353	57,767
Total Income	3,35,293	3,61,089	3,87,629	4,06,971
Employee Expenses	29,212	34,010	38,837	37,254
Other expenses	52,962	55,272	56,389	61,299
Operating Expenses	82,174	89,282	95,226	98,553
Operating Profit	1,32,712	1,38,264	1,41,391	1,42,293
<i>YoY growth (%)</i>	30.8	34.3	37.2	21.8
Core Operating Profits	1,32,352	1,38,664	1,38,871	1,43,143
NPA Provision	-	-	-	-
Others Provisions	22,574	16,198	12,924	5,826
Total Provisions	22,574	16,198	12,924	5,826
Profit Before Tax	1,10,138	1,22,066	1,28,467	1,36,466
Tax	27,019	30,847	31,985	33,856
PAT	83,119	91,219	96,482	1,02,610
<i>YoY growth (%)</i>	34.2	30.0	39.7	35.8
Deposits	1,12,20,495	1,18,08,407	1,23,87,366	1,29,47,417
<i>YoY growth (%)</i>	10.3	10.9	17.9	18.8
Advances	97,40,475	1,01,96,383	1,05,75,826	1,11,05,421
<i>YoY growth (%)</i>	19.7	18.7	18.1	18.3

Key Ratios

Y/e Mar	FY23	FY24E	FY25E	FY26E
CMP (Rs)	933	933	933	933
EPS (Rs)	45.7	54.2	60.1	70.6
Book Value (Rs)	283	328	376	433
Adj. BV (70%)(Rs)	275	321	368	423
P/E (x)	20.4	17.2	15.5	13.2
P/BV (x)	3.3	2.8	2.5	2.2
P/ABV (x)	3.4	2.9	2.5	2.2
DPS (Rs)	5.0	10.8	12.0	14.1
<i>Dividend Payout Ratio (%)</i>	10.9	20.0	20.0	20.0
<i>Dividend Yield (%)</i>	0.5	1.2	1.3	1.5

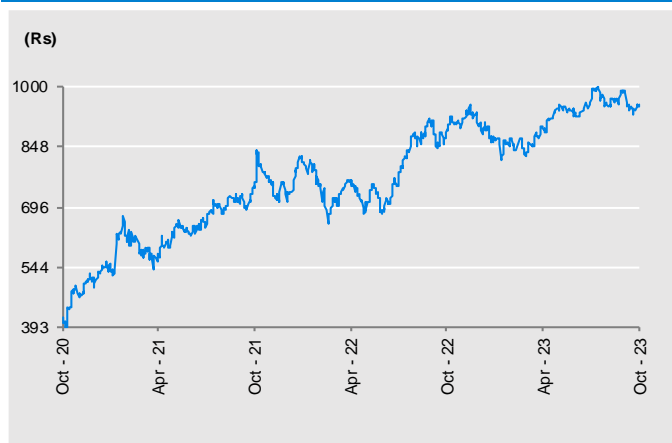
Efficiency

Y/e Mar	FY23	FY24E	FY25E	FY26E
<i>Cost-Income Ratio (%)</i>	40.1	42.3	42.8	42.7
<i>C-D Ratio (%)</i>	86.3	86.4	85.3	85.0
Business per Emp. (Rs m)	171	181	196	216
Profit per Emp. (Rs lacs)	25	26	27	30
Business per Branch (Rs m)	3,730	3,909	4,135	4,402
Profit per Branch (Rs m)	54	57	56	60

Du-Pont

Y/e Mar	FY23	FY24E	FY25E	FY26E
NII	4.15	4.22	3.97	3.98
Total Income	5.47	5.58	5.37	5.38
Operating Expenses	2.19	2.36	2.30	2.30
PPoP	3.28	3.22	3.07	3.09
Total provisions	0.45	0.27	0.30	0.30
RoAA	2.13	2.21	2.08	2.09
RoAE	17.48	17.73	16.85	17.31

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-23	BUY	1,180	945
2	23-Jul-23	BUY	1,180	997
3	06-Jul-23	BUY	1,130	959
4	23-Apr-23	BUY	1,130	886
5	11-Apr-23	BUY	1,090	868
6	22-Jan-23	BUY	1,090	870
7	05-Jan-23	BUY	1,090	879
8	04-Dec-22	BUY	1,090	931
9	23-Oct-22	BUY	1,090	907

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	1,560	1,726
2	Axis Bank	BUY	1,170	1,001
3	Bank of Baroda	BUY	235	215
4	Can Fin Homes	BUY	900	763
5	City Union Bank	Accumulate	160	129
6	DCB Bank	BUY	150	123
7	Federal Bank	BUY	180	149
8	HDFC Asset Management Company	BUY	3,000	2,757
9	HDFC Bank	BUY	2,025	1,530
10	ICICI Bank	BUY	1,180	945
11	IndusInd Bank	BUY	1,620	1,420
12	Kotak Mahindra Bank	BUY	2,250	1,744
13	LIC Housing Finance	Hold	430	468
14	State Bank of India	BUY	770	594
15	UTI Asset Management Company	BUY	900	787

PL's Recommendation Nomenclature (Absolute Performance)

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



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