ICICI Bank

BUY

Stable ride

ICICIBC's 1QFY20 show was mildly ahead of estimates. Our 'healing' thesis is mostly playing out (slippages and credit costs continue to moderate, coverage is now best-in class). Maintain BUY with an SOTP of Rs 492 (2.0x Jun-21E core ABV of Rs 189 and sub-value of Rs 113).

HIGHLIGHTS OF THE QUARTER

- **Slippages Dip:** Led by lower corporate slippages (nearly halved YoY/QoQ), overall slippages dipped to ~Rs 28bn (1.89% vs. 2.47/3.14% QoQ/YoY). In line with previous trends, the BB and below rated book (~2.6% of advances) contributed as much as 92% of corporate slippages. Retail slippages (Rs 15bn) rose ~35/84%. After spiking in 4QFY19, write-offs were ~9/68% lower at ~Rs 24bn. GNPAs dipped ~14/1% to ~Rs 458bn (~6.5%). We expect incremental stress to moderate as the pool of low rated corporate exposures shrinks. This underpins our constructive stance. Our estimates factor annual slippage of 1.9% over FY20-21E.
- **Retail Loans Drive Growth:** Overall loans grew 15/1% YoY/QoQ. Steady retailisation continued, with retail loans (~61% of the mix) growing ~22/3%. Domestic corporate loans grew merely ~7% YoY (flat QoQ). We model 16% blended loan CAGR over FY19-21E.
- **NIMs Dip Optically QoQ:** NIMs dipped ~11bps QoQ to 3.61% (+42bps YoY). This was optical to the extent of ~8bps as 4QFY19 saw higher interest on IT refunds. Overall yields (~8.4%) were down ~5bps QoQ, while CoF (5.08%) was up ~8bps. We have tweaked our NIM estimates (~3.5% over FY20-21E) upwards to factor higher yields (mix change) and lower CoF.
- **Near term outlook:** Stable to improving performance across key parameters bodes well for the stock.

STANCE

As structural changes become more entrenched at the bank (retail loans are ~61% of book, improving corporate asset quality), ICICIBC's reported financials will improve and stabilise. It is the cheapest large PVT bank. Continuous stability/improvement in core parameters underpin our thesis of its trajectory towards normalised earnings/RoAAs. The recent slew of defaults and weakening macros pose some risk on this path.

Financial Summary

(Rs bn)	1QFY20	1QFY19	*YoY (%)*	4QFY19	*QoQ (%)*	FY19	FY20E	FY21E	FY22E
Net Interest Income	77.37	61.02	*26.8%*	76.20	*1.5%*	270.1	311.8	364.1	424.8
PPOP	62.88	58.08	*8.3%*	62.33	*0.9%*	234.4	272.5	328.4	391.4
PAT	19.08	(1.20)	*NA*	9.70	*96.7%*	33.6	110.8	161.9	217.9
EPS (Rs)	3.0	(0.2)	*NA*	1.5	*96.7%*	5.2	17.2	25.1	33.8
Core ROAE (%)						3.3	9.3	12.7	15.2
Core ROAA (%)						0.36	1.08	1.39	1.64
Adj. BVPS (Rs)						138	156	179	210
P/ABV (x)#						2.32	2.01	1.72	1.43
P/E (x)#						61.2	18.2	12.3	8.9

Source: Bank, HDFC sec Inst Research; # adjusted for embedded value of subs

INDUSTRY	**BANKS**
CMP *(as on 26 Jul 2019)*	**Rs 416**
Target Price	**Rs 492**
Nifty	11,284
Sensex	37,883
KEY STOCK DATA	
Bloomberg	ICICIBC IN
No. of Shares (mn)	6,453
MCap (Rs bn) / ($ mn)	2,683/38,901
6m avg traded value (Rs mn)	7,152
STOCK PERFORMANCE (%)	
52 Week high / low	**Rs 444/273**

	3M	6M	12M
Absolute (%)	2.1	16.4	45.5
Relative (%)	5.1	11.2	43.1

SHAREHOLDING PATTERN (%)

	Mar-18	Jun-19
Promoters	-	-
FIs & Local MFs	43.9	43.6
FPIs	43.0	43.2
Public & Others	13.1	13.2
Pledged Shares	-	-

Source : BSE

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- **Share of Low Rated Corporate Loans Shrinks:** Downsizing of the BB and below rated book (std ~Rs 154bn, ~2.6% of advances) continued. ~7% of this book (~Rs 13bn) slipped into NPAs, while ~9% (~Rs 16bn) was upgraded back to investment grade, led by one iron & steel a/c. ~Rs 7bn was added to this book over 1QFY20. This is a critical, if improving, pool of assets that needs close monitoring.
- **Provisions Dip, Best In Class Coverage:** After a sustained rise over FY19, provisions dipped ~42/36% to ~Rs 35bn (i.e. 2.37% ann. vs. 3.79% QoQ and 4.64% YoY). NNPAs nearly halved YoY (-13% QoQ) to ~Rs 119bn (1.8%). This resulted in a ~340bps rise in coverage to ~74% (best in class). Our LLP assumptions remain largely unchanged at 1.9% over FY20-21E vs. guidance of 1.25-1.3%.
- **TDs Drive Deposit Growth:** In line with trends (across the banking universe, Time Deposit growth (+34/10%, rather strong) outpaced overall deposit growth (+21/1%). CASA dipped ~8% sequentially (+8% YoY) led by a ~17% dip in CA (+5% YoY) and a ~4% QoQ dip in SA (+10% YoY). CASA was ~45% of overall deposits (~43% on avg. basis) vs. ~50% QoQ and ~51% YoY.
- **C-I Range bound:** Opex grew ~18/-3%, driven by a ~29/3% rise in staff costs while other opex grew ~11/-6%. Fees grew 10% (down 4% QoQ) with retail fees at ~72% vs 74% QoQ. Lower distribution fees contained retail fee growth. The core C-I ratio improved ~80bps QoQ to 44.4%. For the past 13 qtrs, the core C-I ratio has hovered between 43-47%. We have built in a C-I ratio of ~44% over FY20-21E.

SOTP

	Rs bn	Per Share	Rationale
ICICI Bank	2,437	379	2.0x Jun-21E ABV of Rs 189
ICICI Life Insurance	338	53	Jun-20 EV + 19.0x FY21E VNB
ICICI General Insurance	242	38	30x FY21E PAT
ICICI AMC	143	22	7% of FY21E AUM
ICICI UK	33	5	1x FY21E BV
ICICI Canada	41	6	1x FY21E BV
ICICI Housing Finance	22	3	1x FY21E BV
ICICI Sec	57	9	14x Jun-21E EPS
Others	32	5	I Ventures and Others
Total Value Of Subsidiaries	**909**	**141**	
Less: 20% Holdco Discount	182	28	
Net Value Of Subsidiaries	**727**	**113**	
Total Value	**3,164**	**492**	
Current Value	2,674	416	
Upside (%)	**18.3**	**18.3**	

Source: HDFC sec Inst Research;

Five Quarters At A Glance

Rs bn	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	YoY Growth	QoQ Growth
Net Interest Income	61.0	64.2	68.8	76.2	77.4	26.8%	1.5%
Non-interest Income	38.5	31.6	38.8	36.2	34.3	-11.1%	-5.4%
Treasury Income	7.7	(0.4)	4.8	1.6	1.8	-76.6%	14.7%
Operating Income	99.5	95.7	107.6	112.4	111.6	12.1%	-0.7%
Operating Expenses	41.5	43.2	46.1	50.1	48.7	17.6%	-2.7%
Pre Provision Profits (PPoP)	58.1	52.5	61.5	62.3	62.9	8.3%	0.9%
Provisions And Contingencies	59.7	39.9	42.4	54.5	35.0	-41.5%	-35.9%
PBT	(1.6)	12.6	19.0	7.8	27.9	NA	257.1%
Provision For Tax	(0.4)	3.5	3.0	(1.9)	8.8	NA	-570.6%
PAT	(1.2)	9.1	16.0	9.7	19.1	NA	96.7%
Balance Sheet items/ratios							
Deposits	5,469	5,587	6,068	6,529	6,607	20.8%	1.2%
CASA (%)	*50.52*	*50.75*	*49.34*	*49.61*	*45.23*	*-529 bps*	*-438 bps*
Advances	5,163	5,445	5,643	5,866	5,924	14.7%	1.0%
CD Ratio (%)	94.4	97.5	93.0	89.8	89.7	-475 bps	-19 bps
CAR (%)	18.4	17.8	17.2	16.9	16.2	-216 bps	-70 bps
Tier I (%)	15.8	15.4	15.1	15.1	14.6	-124 bps	-49 bps
Profitability							
Yield On Advances (%)	8.71	8.79	9.00	9.29	9.36	65 bps	7 bps
Cost Of Funds (%)	4.99	5.00	5.14	5.20	5.23	24 bps	3 bps
NIM (%)	3.19	3.30	3.40	3.72	3.61	42 bps	-11 bps
Cost-Income Ratio (%)	41.6	45.2	42.9	44.5	43.7	202 bps	-88 bps
Tax Rate (%)	26.6	27.6	15.6	(24.0)	31.7	506 bps	5572 bps
Asset quality							
Gross NPA (Rs bn)	534.6	544.9	515.9	462.9	457.6	-14.4%	-1.1%
Net NPA (Rs bn)	241.7	220.9	162.5	135.8	118.6	-50.9%	-12.7%
Gross NPAs (%)	8.81	8.54	7.75	6.70	6.49	-232 bps	-21 bps
Net NPAs (%)	4.19	3.65	2.58	2.06	1.77	-242 bps	-29 bps
Delinquency ratio (%)	3.14	2.35	1.51	2.47	1.89	-125 bps	-58 bps
Calc. Coverage Ratio (%)	54.8	59.5	68.5	70.7	74.1	1930 bps	342 bps

Ahead of estimates, led by int. on IT refund and interest collection on NPA Acs
Fee income grew ~10, w/w retail fees were ~72% (vs. 74% QoQ); slower retail fees due to muted 3rd party distribution fees

Staff cost jumped 29% YoY partly due to the dip in bond yields; Other opex dipped 6% QoQ

Driven by TDs, at 34/10% YoY/QoQ; Avg. CASA dipped ~120bps QoQ to 43.4%

Led by a 18/2% growth in domestic advances, w/w retail advances grew ~22/3%

~25bps higher YoY (flat QoQ) adj. for int. on IT refund and NPL recoveries

Retail slippages (Rs 15.1bn) were higher QoQ led by KCC (Rs 4.5bn); Corp slippages halved QoQ to Rs 12.7bn

Reported coverage ratio stood ~83.4%, best in class

Change In Estimates

Rs bn	FY20E			FY21E		
	Old	New	Change	Old	New	Change
NII	303.9	311.8	2.6%	355.4	364.1	2.5%
PPOP	268.3	272.5	1.6%	320.0	328.4	2.6%
PAT	109.5	110.8	1.1%	153.9	161.9	5.2%
Adj. BVPS (Rs)	153	156	2.3%	172	179	4.2%

Source: HDFC sec Inst Research

The retail book (61.4% of overall advances continued to gain traction (+22/3%)

The overseas book further dipped ~5% QoQ

The domestic book grew ~18/2%

The domestic corp was flat QoQ

Incrementally, 85% of the Corp disbursals are rated A- or above

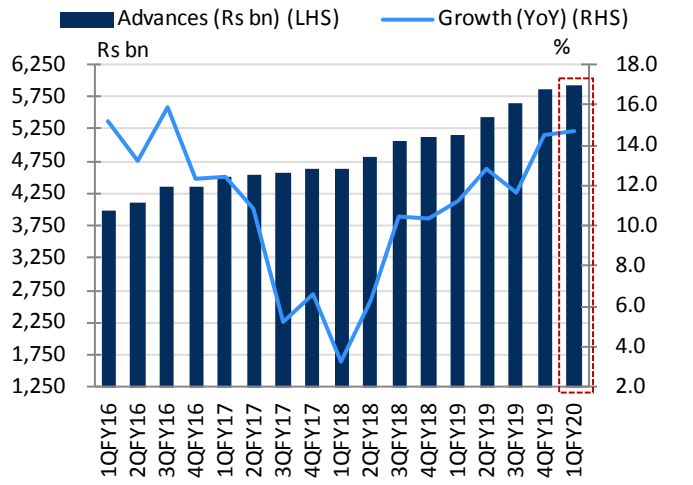
Within the retail book, PL grew ~54/11% YoY/QoQ and CC grew ~33/11%

HLs continued to constitute the majority of the retail book at ~51%

The Top 3 exposures, sector wise were retail finance (38.5%), financial services (7.2%) and banks (7.1%)

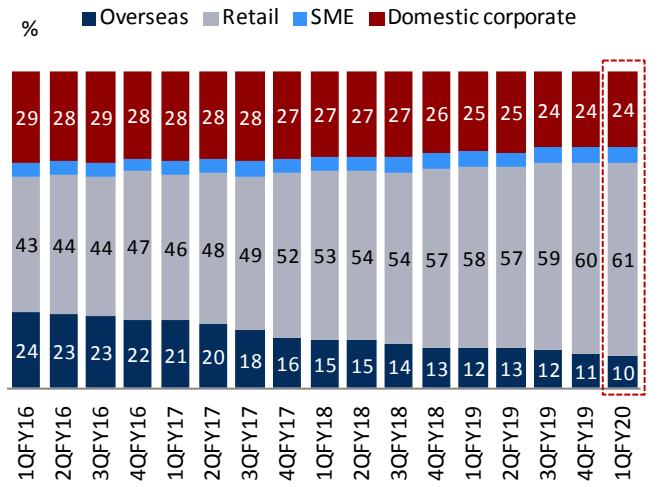
The share of Top 20 borrowers as a % of total exposure increased to 11.4% from ~10.8%

Advances Grew By ~15/1% YoY/QoQ



Source: Company, HDFC sec Inst Research

Advances Mix: Retail Continues To Gain Share



Source: Company, HDFC sec Inst Research

Retail Loans Break-Up: Robust Growth Continues In The Unsecured Book

(%)	4Q FY16	1Q FY17	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20
Home	54.0	54.3	54.3	54.6	53.2	53.6	53.5	52.9	51.8	52.0	51.6	51.4	50.5	50.6
Vehicle	17.4	17.4	17.1	17.2	16.9	16.7	16.5	16.4	16.2	16.0	15.7	15.9	15.8	15.4
Other secured	21.0	20.3	20.4	19.5	20.9	20.3	20.3	20.6	21.6	21.0	21.3	20.9	21.4	20.8
PL	5.0	5.2	5.4	5.7	5.9	6.1	6.4	6.8	7.2	7.5	8.0	8.3	8.8	9.5
CC & Others	2.7	2.8	2.8	3.2	3.1	3.3	3.2	3.3	3.2	3.5	3.4	3.4	3.5	3.8

Source: Company, HDFC sec Inst Research

CASA deposits grew ~8% YoY to form 45.2% of the total deposits

On an avg basis, CASA ratio dipped ~120bps to 43.4%

CA/SA de-grew ~17/4% QoQ

TDs grew ~34/10% YoY/QoQ

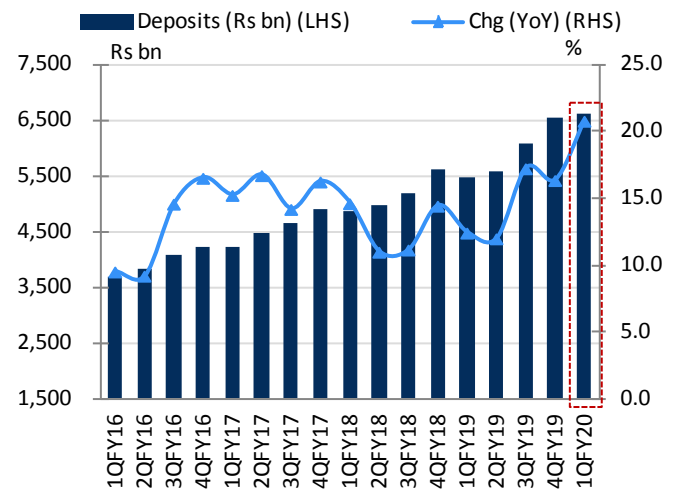
Reported NIMs improved ~42bps YoY to 3.6%, as domestic NIMs improved ~40bps to 3.93%

NIMs dipped ~11bps QoQ, this was optical to the extent of ~8bps on a/c of higher int on IT refunds and NPL recoveries in 4QFY19

Adj. for the above, NIMs improved ~25bps YoY (flat QoQ)

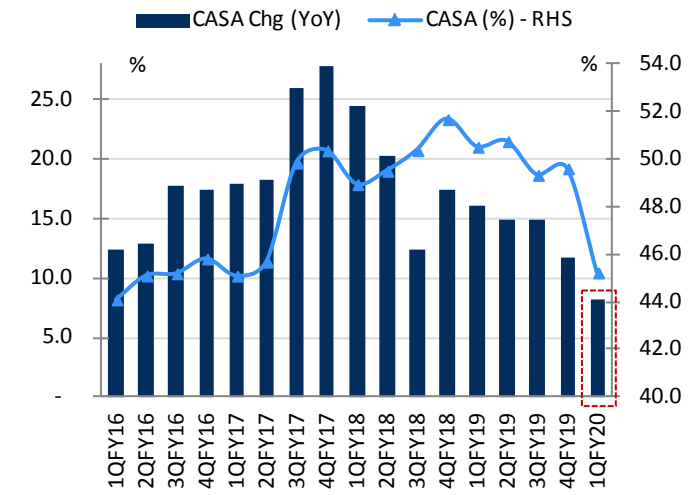
Overseas NIMs jumped 30bps QoQ to 33bps (random movements can be expected)

Deposits Grew ~21/1% YoY/QoQ



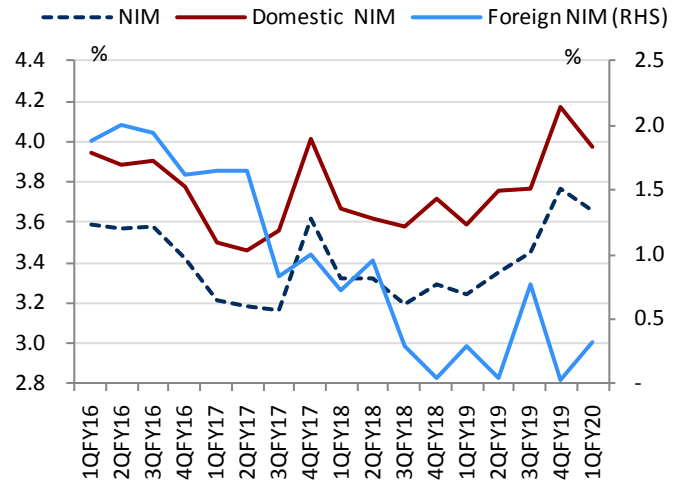
Source: Bank, HDFC sec Inst Research

CASA Ratio Deteriorates 440bps QoQ



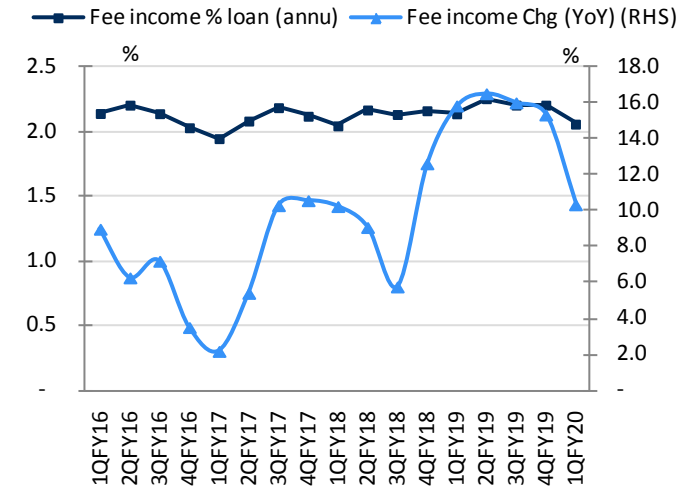
Source: Bank, HDFC sec Inst Research

Adj. NIMs Stable QoQ, +25bps YoY



Source: Bank, HDFC sec Inst Research

Fee Growth Led By Retail Fees (72% Of Total Fees)



Source: Bank, HDFC sec Inst Research

Retail fees form 72% of total fees vs. 74% QoQ

Retail fees were impacted due to muted distribution fees

Slippages were ~22% lower QoQ led by Corp slippages

Corp slippages halved QoQ to Rs 12.7bn (vs. Rs 27.2bn QoQ)

Retail slippages jumped ~84% QoQ to ~Rs 15bn led by higher NPAs in the KCC segment (Rs 4.5bn vs. 3.4bn YoY)

Retail GNPAs jumped ~16% QoQ to Rs 69.7bn i.e. 1.9% and NNPAs rose ~17% to Rs 29.6bn (0.81%)

BB and below rated exposures stood at Rs 153.5bn (down 12% QoQ) i.e.2.6% of loans

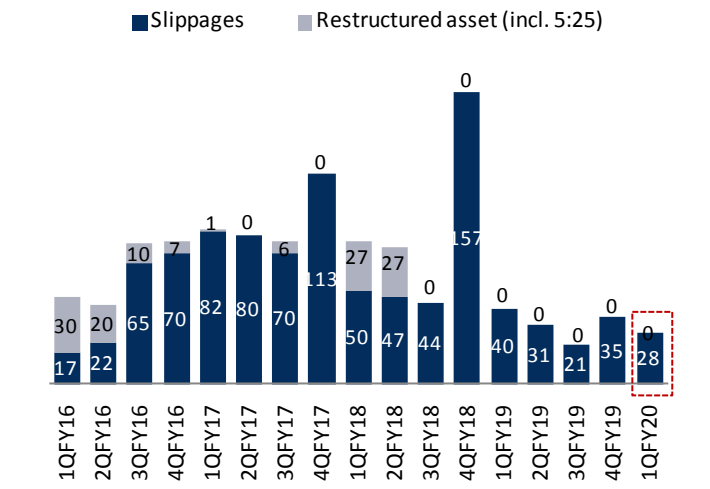
The sharp QoQ dip in the BB and below rated book was driven by the upgrade of one iron & steel AC

Fee Income Growth Sustains

Rs bn	4Q FY16	1Q FY17	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20
Treasury	21.9	7.7	64.1	8.9	5.0	8.6	21.9	0.7	26.9	7.7	(0.4)	4.8	1.6	1.8
Fees	22.1	21.6	23.6	25.0	24.5	23.8	25.7	26.4	27.6	27.5	30.0	30.6	31.8	30.4
Others	7.1	5.1	3.5	5.5	0.7	1.5	4.2	4.6	2.4	3.3	2.0	3.4	2.9	2.1
Total	**51.1**	**34.3**	**91.2**	**39.4**	**30.2**	**33.9**	**51.9**	**31.7**	**56.8**	**38.5**	**31.6**	**38.8**	**36.2**	**34.3**
% of Total	*48.6*	*39.9*	*63.5*	*42.3*	*33.6*	*37.7*	*47.6*	*35.7*	*48.5*	*38.7*	*33.0*	*36.1*	*32.2*	*30.7*

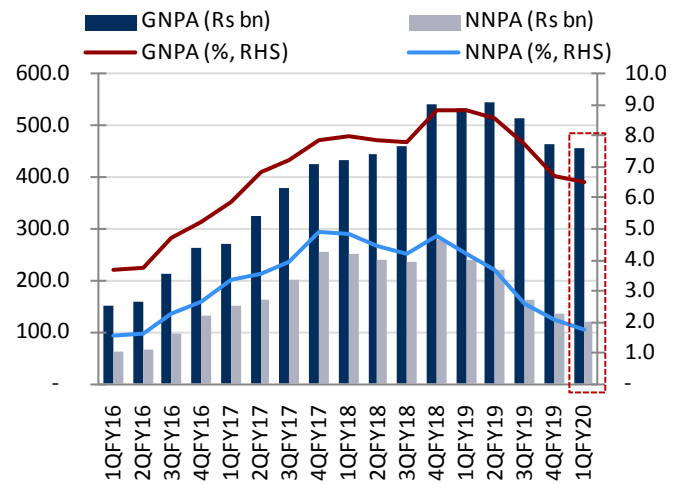
Source: Bank, HDFC sec Inst Research

Slippages Dip QoQ



Source : Bank, HDFC sec Inst Research

G/NNPA % Dips Sequentially



Source: Bank, HDFC sec Inst Research

Asset Quality Movement: Dip in GNPAs Led By Lower Slippages

Rs bn	4Q FY16	1Q FY17	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20
Opening	211.5	262.2	271.9	325.5	380.9	425.5	431.5	444.9	460.4	540.6	534.6	544.9	515.9	462.9
Additions	**70.0**	**82.5**	**80.3**	**70.4**	**112.9**	**49.8**	**46.7**	**43.9**	**157.4**	**40.4**	**31.2**	**20.9**	**35.5**	**27.8**
Slippages (%)	**6.44**	**7.46**	**7.11**	**6.17**	**9.80**	**4.29**	**3.95**	**3.55**	**12.37**	**3.14**	**2.35**	**1.51**	**2.47**	**1.89**
Recoveries	7.8	7.9	8.0	6.3	14.1	27.8	10.3	11.1	42.3	20.4	10.1	19.2	15.2	9.3
W/O	1.5	66.2	22.4	8.8	54.1	16.1	23.0	17.2	34.8	26.0	10.9	30.7	73.2	23.8
Closing	**272.2**	**270.6**	**321.8**	**380.9**	**425.5**	**431.5**	**444.9**	**460.5**	**540.6**	**534.6**	**544.9**	**515.9**	**462.9**	**457.6**

Source : Bank, HDFC sec Inst Research

Peer Set Comparison

BANK	Mcap (Rs bn)	CMP (Rs)	Rating	TP (Rs)	ABV (Rs)			P/E (x)			P/ABV (x)			ROAE (%)			ROAA (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
KMB #	2,835	1,485	NEU	1,531	201	238	273	46.1	38.2	30.9	5.85	5.02	4.27	13.0	13.7	14.3	1.70	1.77	1.80
ICICIBC #	**2,683**	**416**	**BUY**	**492**	**138**	**156**	**179**	**61.2**	**18.2**	**12.3**	**2.32**	**2.01**	**1.72**	**3.3**	**9.3**	**12.7**	**0.36**	**1.08**	**1.39**
AXSB#	1,910	730	BUY	896	215	261	309	38.5	20.6	14.3	3.25	2.68	2.27	7.2	12.4	15.4	0.63	1.05	1.32
IIB	980	1,416	BUY	1,964	400	515	550	25.9	19.9	15.2	3.54	2.75	2.57	13.3	16.1	17.2	1.32	1.58	1.68
RBL	227	457	NEU	512	168	216	247	22.5	24.7	17.2	2.72	2.11	1.85	12.2	9.5	10.6	1.22	1.00	1.14
FB	189	95	BUY	117	59	64	75	15.2	11.8	9.0	1.62	1.48	1.27	9.8	11.5	13.7	0.84	0.93	1.06
CUB	143	195	BUY	240	58	68	80	21.0	18.1	15.4	3.37	2.85	2.44	15.2	15.1	15.4	1.60	1.61	1.61
DCBB	60	194	NEU	234	88	98	112	18.5	15.0	11.6	2.21	1.98	1.73	11.0	12.2	14.0	0.99	1.03	1.12
KVB	53	66	BUY	87	50	52	61	24.9	15.3	9.0	1.31	1.25	1.08	3.3	5.3	8.8	0.31	0.47	0.72
SBIN #	3,057	343	BUY	383	146	188	222	261.8	9.1	6.2	1.73	1.34	1.12	0.4	10.6	14.0	0.02	0.64	0.85
AUBANK	200	660	BUY	725	101	118	141	50.5	34.3	25.1	6.52	5.59	4.68	14.1	17.4	17.2	1.48	1.53	1.63

Source: Company, HDFC sec Inst Research, # Adjusted for embedded value of subs

Income Statement

(Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
Interest Earned	549.7	634.0	730.6	852.3	990.3
Interest Expended	319.4	363.9	418.9	488.2	565.5
Net Interest Income	**230.3**	**270.1**	**311.8**	**364.1**	**424.8**
Other Income	**174.2**	**145.1**	**166.3**	**192.0**	**218.9**
Fee Income (CEB)	*87.9*	*102.3*	*116.6*	*136.0*	*159.4*
Treasury Income	*57.9*	*13.4*	*17.5*	*20.5*	*20.5*
Total Income	**404.5**	**415.3**	**478.1**	**556.1**	**643.7**
Total Operating Exp	**157.0**	**180.9**	**205.7**	**227.7**	**252.3**
Employee Expense	*59.1*	*68.1*	*79.0*	*85.8*	*93.1*
PPOP	**247.4**	**234.4**	**272.5**	**328.4**	**391.4**
Provisions & Contingencies	171.1	196.6	139.0	126.1	119.1
Prov. For NPAs (Incl. Std Prov.)	*145.2*	*168.1*	*137.7*	*124.8*	*117.9*
PBT	**76.3**	**37.8**	**133.5**	**202.3**	**272.3**
Provision For Tax	*8.6*	*4.1*	*22.7*	*40.5*	*54.5*
PAT	**67.8**	**33.6**	**110.8**	**161.9**	**217.9**

Source: Bank, HDFC sec Inst Research

Balance Sheet

(Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
SOURCES OF FUNDS					
Share Capital	12.9	12.9	12.9	12.9	12.9
Reserves	1,038.7	1,070.7	1,158.5	1,292.1	1,478.1
Shareholders' Funds	**1,051.5**	**1,083.6**	**1,171.4**	**1,305.0**	**1,491.0**
Savings	*2,009.7*	*2,276.7*	*2,561.3*	*2,881.5*	*3,169.6*
Current	*889.6*	*962.7*	*1,059.0*	*1,164.9*	*1,281.3*
Term Deposit	*2,710.5*	*3,289.8*	*3,882.0*	*4,541.9*	*5,336.7*
Total Deposits	**5,609.8**	**6,529.2**	**7,502.2**	**8,588.2**	**9,787.7**
Borrowings	1,828.6	1,653.2	1,818.6	2,045.9	2,352.8
Other Liabilities	302.0	378.5	406.9	447.6	492.4
Total Liabilities	**8,791.9**	**9,644.6**	**10,899.1**	**12,386.7**	**14,123.8**
APPLICATION OF FUNDS					
Cash & Bank Balance	841.7	803.0	933.4	1,054.5	1,179.4
Investments	2,029.9	2,077.3	2,245.7	2,438.0	2,644.1
G-Secs	*1,391.9*	*1,479.2*	*1,650.5*	*1,846.5*	*2,055.4*
Advances	5,124.0	5,866.5	6,779.6	7,909.2	9,268.5
Fixed Assets	79.0	79.3	80.9	82.5	84.2
Other Assets	717.3	818.5	859.4	902.4	947.5
Total Assets	**8,791.9**	**9,644.6**	**10,899.1**	**12,386.7**	**14,123.8**

Source: Bank, HDFC sec Inst Research

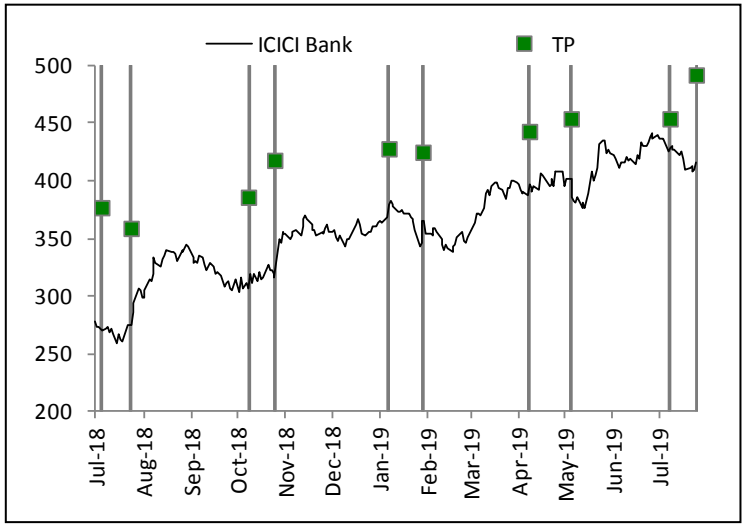
Key Ratios

	FY18	FY19	FY20E	FY21E	FY22E
VALUATION RATIOS					
EPS (Rs)	10.5	5.2	17.2	25.1	33.8
Earnings Growth (%)	(30.9)	(50.4)	229.4	46.1	34.6
BVPS (Rs)	163.6	168.1	181.7	202.4	231.3
Adj. BVPS (Rs)	110.7	137.7	156.3	179.2	209.6
DPS (Rs)	1.5	1.0	3.3	4.0	4.5
ROAA (%)	0.82	0.36	1.08	1.39	1.64
ROAE (%)	7.2	3.3	9.3	12.7	15.2
P/E (x)	31.1	61.2	18.2	12.3	8.9
P/ABV (x)	2.97	2.32	2.01	1.72	1.43
P/PPOP (x)	2.2	2.3	2.0	1.6	1.4
Dividend Yield (%)	0.4	0.2	0.8	1.0	1.1
PROFITABILITY					
Yield On Advances (%)	8.37	8.72	8.98	9.20	9.28
Yield On Investment (%)	6.35	6.23	6.25	6.25	6.25
Cost Of Funds (%)	4.62	4.66	4.79	4.89	4.97
Cost Of Deposits (%)	4.46	4.37	4.52	4.63	4.72
Core Spread (%)	3.74	4.07	4.19	4.31	4.31
NIM (%)	3.21	3.37	3.49	3.57	3.63
OPERATING EFFICIENCY					
Cost/Avg. Asset Ratio (%)	1.9	2.0	2.0	2.0	1.9
Cost-Income Ratio (Ex. Treasury)	45.3	45.0	44.6	42.5	40.5
BALANCE SHEET STRUCTURE					
Loan Growth (%)	10.4	14.5	15.6	16.7	17.2
Deposit Growth (%)	14.5	16.4	14.9	14.5	14.0
C/D Ratio (%)	91.3	89.8	90.4	92.1	94.7
Equity/Assets (%)	12.0	11.2	10.7	10.5	10.6
Equity/Advances (%)	20.5	18.5	17.3	16.5	16.1
CASA (%)	51.7	49.6	48.3	47.1	45.5
Capital Adequacy Ratio (CAR, %)	18.4	16.9	16.5	15.8	15.5
W/w Tier I CAR (%)	15.9	15.1	15.0	14.5	14.3

	FY18	FY19	FY20E	FY21E	FY22E
ASSET QUALITY					
Gross NPLs (Rs bn)	532.4	456.8	402.9	376.0	358.9
Net NPLs (Rs bn)	278.2	134.5	104.2	93.1	85.7
Gross NPLs (%)	8.84	6.70	5.94	4.75	3.87
Net NPLs (%)	4.77	2.06	1.54	1.18	0.92
Slippages (%)	5.9	1.9	1.9	1.8	1.6
Coverage Ratio (%)	47.7	70.6	74.1	75.2	76.1
Provision/Avg. Loans (%)	3.0	3.1	2.2	1.7	1.4
ROAA TREE					
Net Interest Income	2.79%	2.93%	3.04%	3.13%	3.20%
Non-interest Income	2.11%	1.57%	1.62%	1.65%	1.65%
Treasury Income	0.70%	0.15%	0.17%	0.18%	0.15%
Operating Cost	1.90%	1.96%	2.00%	1.96%	1.90%
Provisions	2.07%	2.13%	1.35%	1.08%	0.90%
Provisions For NPAs	*1.73%*	*1.82%*	*1.34%*	*1.07%*	*0.89%*
Tax	0.10%	0.04%	0.22%	0.35%	0.41%
ROAA	0.82%	0.36%	1.08%	1.39%	1.64%
Leverage (x)	8.05	8.63	9.11	9.40	9.48
ROAE	6.61%	3.15%	9.83%	13.07%	15.58%

Source: Bank, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
6-Jul-18	272	BUY	377
29-Jul-18	293	BUY	359
9-Oct-18	311	BUY	386
27-Oct-18	323	BUY	418
8-Jan-19	368	BUY	428
31-Jan-19	365	BUY	425
9-Apr-19	387	BUY	443
7-May-19	401	BUY	454
9-Jul-19	426	BUY	454
29-Jul-19	416	BUY	492

Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

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