

- ❑ ICICI Bank Limited has reported a net interest income growth of 18% in its Q1-FY22 standalone results at ₹109,360 million as against ₹92,800 million in Q1-FY21, driven by advances growth of 17% and a net interest margin of 3.89%. Non-Interest Income, excluding treasury income increased by 56% YoY to ₹37,060 million in Q1-FY22.
- ❑ Provisions (excluding provision for tax) were ₹28,520 million Q1-FY22 compared to ₹75,940 million in Q1-FY21. During Q1-2022, the Bank has changed its policy on nonperforming loans to make it more conservative. The change in policy resulted in higher provision on non-performing advances amounting to ₹11,270 million for aligning provisions on outstanding loans to the revised policy, based on its current assessment of the portfolio, the Bank wrote back Covid-19 provisions amounting to ₹10,500 million made in earlier periods. At June 30, 2021, the Bank held Covid-19 related provision of ₹64,250 million.
- ❑ Core operating profit (profit before provisions and tax, excluding treasury income) grew by 23% year-on-year to ₹86,050 million in Q1-FY22. Profit after tax grew by 78% YoY to ₹46,160 million in the quarter ended June 30, 2021 compared to ₹25,990 million in the quarter ended June 30, 2020.
- ❑ Total advances increased by 17% YoY to ₹7,385,980 million at June 30, 2021 from ₹6,312,150 million at June 30, 2020. The year-on-year growth in domestic advances was 20% at June 30, 2021. The Bank has continued to leverage its strong retail franchise, resulting in a 20% YoY growth in the retail loan portfolio at June 30, 2021. Growth in the performing domestic corporate portfolio was about 11% YoY driven by disbursement to higher rated corporates and public sector undertakings across various sectors.
- ❑ Total deposits increased by 16% YoY to ₹9,262,240 million at June 30, 2021. Average current account deposits increased by 32% YoY in Q1-FY22. Average savings account deposits increased by 32% YoY in Q1-FY22. The average CASA ratio was 44% in Q1-FY22 & reported a growth of 24% YoY. Total term deposits increased by 9% YoY to ₹5,011,220 million at June 30, 2021.
- ❑ During the quarter, the gross additions to NPAs were ₹72,310 million. Recoveries and upgrades, excluding write-offs, from nonperforming loans were ₹36,270 million in Q1-FY22. The net NPA ratio in June 30, 2021 is at 1.16% from 1.14% in March 31, 2021.
- ❑ The fund-based and non-fund based outstanding to borrowers rated BB and below (excluding non-performing assets) was ₹139,750 million at June 31, 2021 compared to ₹130,980 million March 31, 2021.
- ❑ We remain positive on ICICIBANK, considering a strong balance sheet, sticky liability base, high provision coverage and adequate capital adequacy, strong growth in advances, high casa ratio and improving asset quality. We maintain our **BUY** rating on the stock with a revised target price of **₹800 per share**.

Financial Results

Standalone						
(In ₹ mn)	Q1-FY22	Q1-FY21	Chg	3M-FY22	3M-FY21	Chg
Interest Earned	203,834	199,244	2.3%	203,834	199,244	2.3%
Interest Expended	94,477	106,446	-11.2%	94,477	106,446	-11.2%
Net Interest Income	109,358	92,798	17.8%	109,358	92,798	17.8%
Other Income	39,959	61,426	-34.9%	39,959	61,426	-34.9%
Operating Expenses	60,372	46,459	29.9%	60,372	46,459	29.9%
Pre-Provision Profits	88,944	107,765	-17.5%	88,944	107,765	-17.5%
Provisions	28,517	75,940	-62.4%	28,517	75,940	-62.4%
PBT	60,427	31,825	89.9%	60,427	31,825	89.9%
Tax	14,267	5,834	144.6%	14,267	5,834	144.6%
Exceptional Items	-	-		-	-	
PAT	46,160	25,992	77.6%	46,160	25,992	77.6%

Margins

Standalone						
Margins	Q1-FY22	Q1-FY21	Chg BPS	3M-FY22	3M-FY21	Chg BPS
Operating Margin %	53.7%	46.6%	708	53.7%	46.6%	708
Net Margin %	22.6%	13.0%	960	22.6%	13.0%	960

Source: Company, Anand Rathi Research

Standalone Financials:

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Interest Earned	747,983	791,183	965,925	1,092,737
Interest Expended	415,313	401,288	487,455	592,183
Net Interest Income	332,671	389,894	478,470	500,554
Other Income	164,486	189,685	310,033	352,524
Operating Expenses	216,144	215,608	269,045	319,432
Pre-Provision Profits	281,013	363,971	519,457	533,646
Provisions	140,532	162,144	184,366	209,634
PBT	140,480	201,827	335,091	324,011
Tax	61,172	39,900	84,342	81,554
PAT	79,308	161,927	250,748	242,458
Margins	FY-20	FY-21	FY-22E	FY-23E
Operating Margin %	44.5%	49.3%	49.5%	45.8%
Net Margin %	10.6%	20.5%	26.0%	22.2%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Liabilities				
Equity Share Capital	12,948	13,834	13,834	13,834
Reserves & Surplus	1,152,096	1,461,258	1,712,006	1,954,464
Total Shareholder's Funds	1,165,044	1,475,092	1,725,840	1,968,298
Minority Interest	-	-	-	-
Deposits	7,709,690	9,325,222	11,279,281	13,642,805
Borrowings	1,628,968	916,310	515,433	289,936
Other Liabilities & Provisions	479,950	587,704	772,070	981,705
Total	10,983,651	12,304,327	14,292,624	16,882,743
Assets				
Balances with RBI & banks	1,191,557	1,331,283	3,445,646	3,828,705
Investments	2,495,315	2,812,865	1,662,378	2,712,979
Advances	6,452,900	7,337,291	8,342,891	9,486,312
Net Block	84,103	88,776	107,597	120,636
Other Assets	759,777	734,112	734,112	734,112
Total	10,983,651	12,304,327	14,292,624	16,882,743
Particulars	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	11.5	23.4	36.2	35.0
P/E (x)	60.2	29.5	19.1	19.7
P/B (x)	4.1	3.2	3.2	2.8
ROA	0.77%	1.39%	1.89%	1.56%
ROE	6.8%	11.0%	14.5%	12.3%

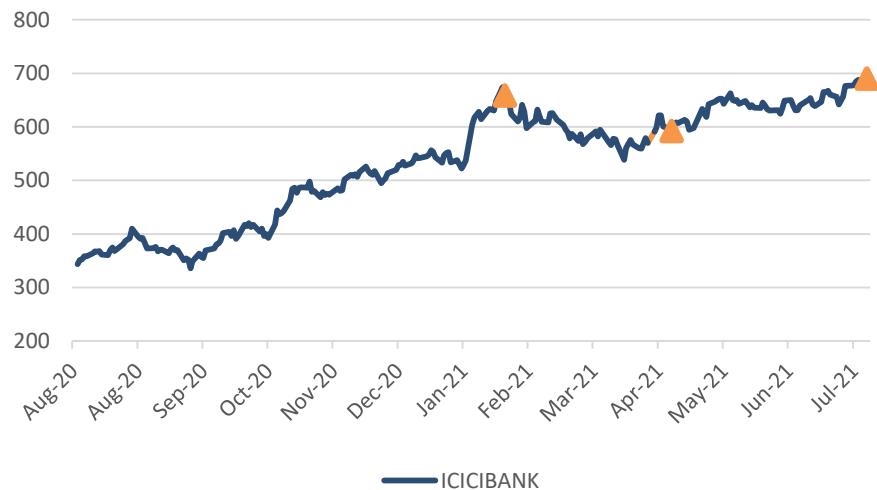
Risks :

- ❑ The company is exposed to credit, liquidity and interest rate risk. Any adverse movement in these macroeconomic indicators may lead to lower than estimated growth and profitability.



Rating and Target Price History:

ICICI Bank rating history & price chart



Source: Ace Equity, Anand Rathi Research

NOTE: Prices are as on 3 August 2021 close.

ICICI Bank rating details

Date	Rating	Target Price	Share Price
07-Nov-19	BUY	569	479
29-Jan-20	BUY	617	527
22-May-20	BUY	515	291
16-Feb-21	BUY	750	658
04-May-21	BUY	750	592
03-Aug-21	BUY	800	690

Source: Ace Equity, Anand Rathi Research



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