

- ❑ ICICI Bank Limited has reported a net interest income growth of 16% in its Q3-FY21 standalone results at ₹99,120 million as against ₹85,450 million in Q3-FY20, driven by advances growth of 10% and a net interest margin of 3.67%. Non-Interest Income, excluding treasury income declined by 3% YoY to ₹39,210 million in Q3-FY21.
- ❑ Provisions (excluding provision for tax) were ₹27,420 million Q3-FY21 compared to ₹20,830 million in Q3-FY20. During Q3-FY21, the Bank made contingency provision amounting to ₹30,120 million for borrower accounts not classified as non-performing pursuant to the interim order of the Supreme Court. The Bank utilised ₹18,000 million of Covid-19 related provisions made in the earlier periods.
- ❑ Core operating profit (profit before provisions and tax, excluding treasury income) grew by 15% year-on-year to ₹80,540 million in Q3-FY21.
- ❑ Profit after tax grew by 19% YoY to ₹49,400 million in the quarter ended December 31, 2020 compared to ₹41,460 million in the quarter ended December 31, 2019.
- ❑ Total advances increased by 10% YoY to ₹6,990,170 million at December 31, 2020 from ₹6,356,540 million at December 31, 2019. The year-on-year growth in domestic advances was 13% at December 31, 2020. The Bank has continued to leverage its strong retail franchise, resulting in a 15% YoY growth in the retail loan portfolio at December 31, 2020. Growth in the performing domestic corporate portfolio was about 10% YoY.
- ❑ Total deposits increased by 22% YoY to ₹8,743,480 million at December 31, 2020. Average current account deposits increased by 27% YoY in Q3-FY21. Average savings account deposits increased by 16% YoY in Q3-FY21. The average CASA ratio was 41.8% in Q3-FY21 & reported a growth of 19% YoY. Total term deposits increased by 26% YoY to ₹4,789,320 million at December 31, 2020.
- ❑ During the quarter, the gross additions to NPAs were ₹4,710 million. Recoveries and upgrades, excluding write-offs, from nonperforming loans were ₹17,760 million in Q3-FY21. Net non-performing assets reduced by 53.21% from ₹103,885 million at December 31, 2019 to ₹48,605 million at December 31, 2020. The net NPA ratio decreased from 1.49% in December 31, 2019 to 0.63% in December 31, 2020.
- ❑ The fund-based and non-fund based outstanding to borrowers rated BB and below (excluding non-performing assets) was ₹180,610 million at December 31, 2020 compared to ₹161,670 million September 30, 2020.
- ❑ We remain positive on ICICIBANK, considering a strong b/s (granular, sticky liability base, lower stress levels, high provision coverage ratio and adequate capital adequacy ratio), 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 **₹750 per share**.

Financial Results

Standalone						
(In ₹ mn)	Q3-FY21	Q3-FY20	Chg	9M-FY21	9M-FY20	Chg
Interest Earned	197,298	190,643	3.5%	592,766	556,096	6.6%
Interest Expended	98,173	105,190	-6.7%	307,183	312,695	-1.8%
Net Interest Income	99,125	85,453	16.0%	285,583	243,402	17.3%
Other Income	46,863	45,740	2.5%	148,572	121,936	21.8%
Operating Expenses	57,790	55,707	3.7%	155,582	158,226	-1.7%
Pre-Provision Profits	88,198	75,486	16.8%	278,573	207,112	34.5%
Provisions	27,417	20,832	31.6%	133,309	80,858	64.9%
PBT	60,780	54,654	11.2%	145,264	126,254	15.1%
Tax	11,385	13,190	-13.7%	27,363	59,159	-53.7%
Exceptional Items	-	-		-	-	
<b>PAT</b>	<b>49,396</b>	<b>41,465</b>	<b>19.1%</b>	<b>117,901</b>	<b>67,095</b>	<b>75.7%</b>

Margins

Standalone						
Margins	Q3-FY21	Q3-FY20	Chg BPS	9M-FY21	9M-FY20	Chg BPS
Operating Margin %	50.2%	44.8%	542	48.2%	43.8%	441
Net Margin %	25.0%	21.7%	329	19.9%	12.1%	782

Source: Company, Anand Rathi Research



## Standalone Financials:

(In ₹ mn)	FY-19	FY-20	FY-21E	FY-22E
Interest Earned	634,012	747,983	820,627	921,461
Interest Expended	363,864	415,313	455,768	499,371
Net Interest Income	270,148	332,671	364,859	422,090
Other Income	145,122	164,486	231,649	254,814
Operating Expenses	180,891	216,144	268,291	319,856
Pre-Provision Profits	234,379	281,013	328,217	357,047
Provisions	196,611	140,532	102,120	112,332
PBT	37,768	140,480	226,096	244,715
Tax	4,135	61,172	56,908	61,595
PAT	33,633	79,308	169,188	183,120
<b>Margins</b>	<b>FY-19</b>	<b>FY-20</b>	<b>FY-21E</b>	<b>FY-22E</b>
Operating Margin %	42.6%	44.5%	44.5%	45.8%
Net Margin %	5.3%	10.6%	20.6%	19.9%

(In ₹ mn)	FY-19	FY-20	FY-21E	FY-22E
<b>Liabilities</b>				
Equity Share Capital	12,895	12,948	12,948	12,948
Reserves & Surplus	1,070,786	1,152,096	1,321,284	1,504,405
Total Shareholder's Funds	1,083,680	1,165,044	1,334,232	1,517,352
Minority Interest	-	-	-	-
Deposits	6,529,197	7,709,690	8,789,047	9,931,623
Borrowings	1,653,200	1,628,968	1,123,988	1,123,988
Other Liabilities & Provisions	378,515	479,950	582,070	694,402
<b>Total</b>	<b>9,644,591</b>	<b>10,983,651</b>	<b>11,829,336</b>	<b>13,267,365</b>
<b>Assets</b>				
Balances with RBI & banks	802,963	1,191,557	1,400,080	2,316,310
Investments	2,077,327	2,495,315	2,552,229	2,360,688
Advances	5,866,466	6,452,900	7,033,661	7,737,027
Net Block	79,314	84,103	83,589	93,563
Other Assets	818,522	759,777	759,777	759,777
<b>Total</b>	<b>9,644,591</b>	<b>10,983,651</b>	<b>11,829,336</b>	<b>13,267,365</b>
<b>Particulars</b>	<b>FY-19</b>	<b>FY-20</b>	<b>FY-21E</b>	<b>FY-22E</b>
EPS (₹)	4.9	11.5	24.5	26.5
P/E (x)	135.1	57.3	26.8	24.8
P/B (x)	4.2	3.9	3.4	3.0
ROA	0.36%	0.77%	1.48%	1.46%
ROE	3.1%	6.8%	12.7%	12.1%

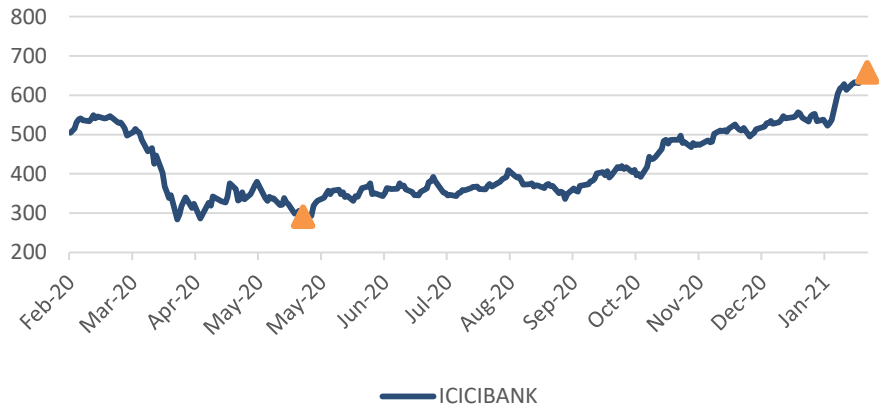
## Risks :

- ❑ 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 16 February 2021 close.

ICICI Bank rating details

Date	Rating	Target Price	Share Price
12-Aug-19	BUY	511	421
07-Nov-19	BUY	569	479
29-Jan-20	BUY	617	527
22-May-20	BUY	515	291
16-Feb-21	BUY	750	658

Source: Ace Equity, Anand Rathi Research



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