

Institutional Equity Research

# ICICI Bank

BFSI | India

3QFY19 Result Update | January 31, 2019

CMP* (Rs)	366
Upside/ (Downside) (%)	20
Bloomberg Ticker	ICICIB IN
Market Cap. (Rs bn)	2,357
Free Float (%)	100
Shares O/S (mn)	6,441

**BUY** 

Target Price: Rs440

## Moving in the Right Direction; Maintain BUY

ICICI Bank has reported a decent performance in 3QFY19 with Nil, pre-provision operating profit (PPOP) and PBT growing by 23%, 22% and 28%, respectively on YoY basis. Further, 80bps decline in NPLs and sharp 900bps QoQ rise in PCR to 69% are the key positives. Margin expansion, mainly from the Bank's overseas book, is attributable to higher interest collection from upgraded assets. CASA deposits grew at a healthy 15% YoY, with 17% YoY growth in overall deposits. However, PAT declined on YoY comparison owing to tax reversal in the year-ago quarter though PBT was higher by 28% YoY. At the same time, profits of most subsidiaries declined sequentially with ICICI Home Finance reporting a small loss in 3QFY19.

### Asset Quality Pressure Peaking out

Sharp decline in NPLs was led by lower slippages of 1.2% (annualized) and sale of NPAs (Rs21bn). Apart from higher provisioning, write-back of provisions from the NPA sale (with no haircuts) positively impacted the Bank's PCR. Notably, 93% of the Bank's corporate and SME slippages came from Watch List of 'BB & Below' portfolio. Retail slippages increased partly due to higher agri NPAs. Moderation in 'BB & Below' book, rising share of higher rated loans in corporate portfolio and higher PCR give comfort on incremental slippages and credit cost.

### Rising Share of Retail Loans to aid margins

Domestic loans grew by 14% with a healthy 22% YoY growth in retail book. Business banking and unsecured loans grew in the excess of 40% YoY albeit on a small base. The Bank also bought retail portfolio of Rs68 bn from NBFCs/HFCs during the quarter. With strong liability franchise, superior customer outreach across business segments and a healthy capital position, we expect the Bank to be one of the major gainers amidst current slowdown in NBFC space. Improved pricing power and higher share of smaller ticket loans shall result in higher margins for the bank.

### Outlook & Valuation

We believe that the Bank is approaching the end of recognition of stressed loan cycle, which along with improving PCR clearly indicates sharp moderation in credit cost, going forward. Further, the bank's strong liability franchise with industry best CASA level and healthy capitalization add to our comfort. Looking ahead, we expect the Bank to deliver sustained improvement in operating metrics led by dwindling headwinds on asset quality front and improving balance sheet. Our revised earnings estimates factor in frontloading of credits costs in FY19E, with higher than estimated PCR for this fiscal, resulting in lower credit costs for FY20E. **We maintain our BUY recommendation on the stock with an SOTP-based Target Price of Rs440 based on 2x FY20E adjusted PBV and the value of its subsidiaries, implying a FY20 P/ABV of 2.7x.**

Quarterly Performance					
(Rs mn)	3Q FY19	3Q FY18	% yoy / bps	2Q FY19	% qoq / bps
Net Interest Income	68,753	57,053	20.5	64,176	7.1
Other Income - Total	38,829	31,669	22.6	31,565	23.0
Net Operating Revenue	1,07,581	88,721	21.3	95,741	12.4
Net Operating Revenue - Adj.	46,117	38,144	20.9	43,244	6.6
Total Opex	61,464	50,578	21.5	52,497	17.1
Pre Provision Profits	61,464	50,578	21.5	52,497	17.1
Provisions & Contingencies - Total	42,442	35,696	18.9	39,943	6.3
Profit Before Tax	19,023	14,882	27.8	12,554	51.5
Reported Profits	16,049	16,502	(2.7)	9,089	76.6

Source: Company, RSec Research

Share price (%)	1 mth	3 mth	12 mth
Absolute performance	1.6	4.7	2.3
Relative to Nifty	3.5	0.8	6.6

Shareholding Pattern (%)	Sep-18	Dec-18
Custodian/DR	24.8	24.9
Institutions	67.0	67.1
Retail	5.4	5.3
NBFC & Bodies Corporate	2.6	2.5
Other	0.2	0.2
Total	100.0	100.0

Key Financials			
(Rs mn)	FY18	FY19E	FY20E
Loan & Advances	51,23,953	58,92,546	68,94,279
Nil	2,30,259	2,68,889	3,05,782
PPP ex Except.	2,47,416	2,22,500	2,60,361
Reported Profits	67,774	37,602	1,48,087
P/E (x)	34.7	62.6	15.9
Adj. BV	114.8	137.3	160.2
P/ABV (x)	3.2	2.7	2.3

Change of Estimates		
(%)	FY19E	FY20E
Net Operating Revenue	0.5	1.5
Pre Provision Profits	(3.0)	(2.5)
PAT	(48.9)	21.8
Target Price		14.2

### 1 Year Stock Price Performance



Note: \* CMP as on January 30, 2019

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## Risks to the View

- ▶ Any major slowdown in economy may impact the expected business growth and asset quality.
- ▶ Intensifying competition in both Corporate and Retail segments could dampen our estimates.

## Exhibit 1: Income Statement Analysis

	3Q FY19	3Q FY18	% yoy / bps	2Q FY19	% qoq / bps	9M FY19	9M FY18	% yoy / bps
<b>Interest Inc.</b>	<b>1,62,804</b>	<b>1,36,654</b>	<b>19.1</b>	<b>1,51,056</b>	<b>7.8</b>	<b>4,61,084</b>	<b>4,07,015</b>	<b>13.3</b>
Yield on Advances (%)	9.00	8.47	53	8.79	21	-	-	-
Yield on Assets (%)	8.06	7.53	53	7.85	21	-	-	-
<b>Interest Expenses</b>	<b>94,052</b>	<b>79,601</b>	<b>18.2</b>	<b>86,881</b>	<b>8.3</b>	<b>2,67,137</b>	<b>2,36,974</b>	<b>12.7</b>
Cost of Dep. (%)	4.88	4.74	14	4.76	12	-	-	-
Cost of Fund (%)	5.14	4.90	24	5.00	14	-	-	-
<b>Net Interest Income</b>	<b>68,753</b>	<b>57,053</b>	<b>20.5</b>	<b>64,176</b>	<b>7.1</b>	<b>1,93,947</b>	<b>1,70,042</b>	<b>14.1</b>
NII to Net Operative Income	63.9	64.3	(40)	67.0	(312)	66.5	63.6	287
NIM (%)	3.40	3.14	26	3.33	7	-	-	-
Dom. NIM (%)	3.72	3.53	19	3.71	1	-	-	-
Int. NIM (%)	0.77	0.29	48	0.05	72	-	-	-
Fee income	30,620	26,390	16.0	29,950	2.24	88,110	75,860	16.1
Lease and other income	3,420	4,620	(26.0)	1,960	74.5	8,690	10,380	(16.3)
Treasury income	4,790	659	627.2	(350)	(1,468.6)	1,000	11,049	(90.9)
<b>Other Income - Total</b>	<b>38,829</b>	<b>31,669</b>	<b>22.6</b>	<b>31,565</b>	<b>23.0</b>	<b>97,812</b>	<b>97,289</b>	<b>0.5</b>
Other Inc to Net Oper. Income (%)	36.1	35.7	40	33.0	312	33.5	36.4	(287)
<b>Net Operating Revenue</b>	<b>1,07,581</b>	<b>88,721</b>	<b>21.3</b>	<b>95,741</b>	<b>12.4</b>	<b>2,91,759</b>	<b>2,67,331</b>	<b>9.1</b>
Employee Expenses	17,340	13,626	27.3	16,614	4.4	49,093	43,878	11.9
Empl. Cost/Oper. Exps. (%)	16.1	15.4	76	17.4	(123)	16.8	16.4	41
Other Opex	28,777	24,518	17.4	26,630	8.1	81,721	71,299	14.6
Other Opex/ Assets (%)	0.3	0.3	1	0.3	2	0.9	0.9	1
<b>Total Opex</b>	<b>46,117</b>	<b>38,144</b>	<b>20.9</b>	<b>43,244</b>	<b>6.6</b>	<b>1,30,814</b>	<b>1,15,176</b>	<b>13.6</b>
Cost to Income Ratio (%)	42.9	43.0	(13)	45.2	(230)	44.8	43.1	175
<b>Pre Provision Profits</b>	<b>61,464</b>	<b>50,578</b>	<b>21.5</b>	<b>52,497</b>	<b>17.1</b>	<b>1,60,945</b>	<b>1,52,154</b>	<b>5.8</b>
Exceptional Profit (Loss)	-	-	-	-	-	-	-	-
<b>PPP ex Except. Items</b>	<b>61,464</b>	<b>50,578</b>	<b>21.5</b>	<b>52,497</b>	<b>17.1</b>	<b>1,60,945</b>	<b>1,52,154</b>	<b>5.8</b>
<b>Provis. &amp; Contingencies - Total</b>	<b>42,442</b>	<b>35,696</b>	<b>18.9</b>	<b>39,943</b>	<b>6.3</b>	<b>1,42,097</b>	<b>1,06,812</b>	<b>33.0</b>
NPA Provisions as % PPP	69.1	70.6	(153)	76.1	(704)	88.3	70.2	1,809
<b>Profit Before Tax</b>	<b>19,023</b>	<b>14,882</b>	<b>27.8</b>	<b>12,554</b>	<b>51.5</b>	<b>18,848</b>	<b>45,342</b>	<b>(58.4)</b>
Tax	2,974	(1,621)	(283.5)	3,465	(14.2)	6,005	7,889	(23.9)
Effective Tax Rate (%)	15.6	(10.9)	2,652	27.6	(1,197.2)	31.9	17.4	1,446
<b>Reported Profits</b>	<b>16,049</b>	<b>16,502</b>	<b>(2.7)</b>	<b>9,089</b>	<b>76.6</b>	<b>12,842</b>	<b>37,453</b>	<b>(65.7)</b>
RoA (%)	0.73	0.83	(10)	0.43	30.0	-	-	-
RoE (%)	6.00	6.30	(30)	3.40	260	-	-	-
Basic EPS	2.49	2.57	(3.1)	1.41	76.6	3.71	8.97	(58.6)
Diluted EPS	2.49	2.55	(2.4)	1.40	77.9	3.70	8.95	(58.7)

Source: Company, RSec Research

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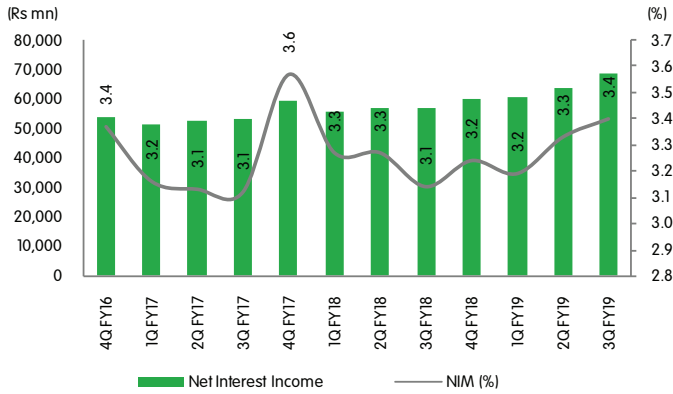
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Exhibit 2: NII Trend



Source: Company, RSec Research

Exhibit 3: Other Income Trend

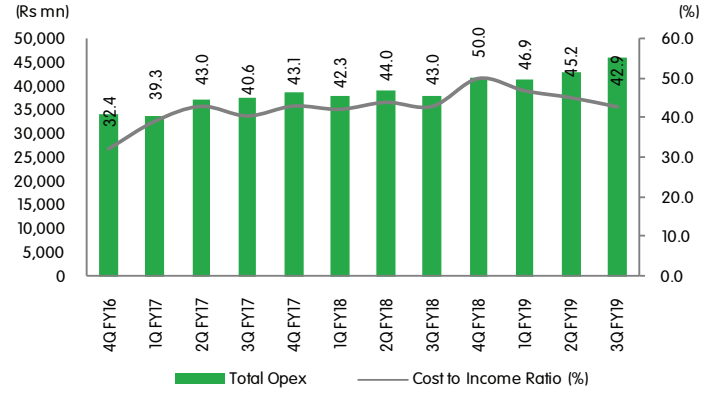
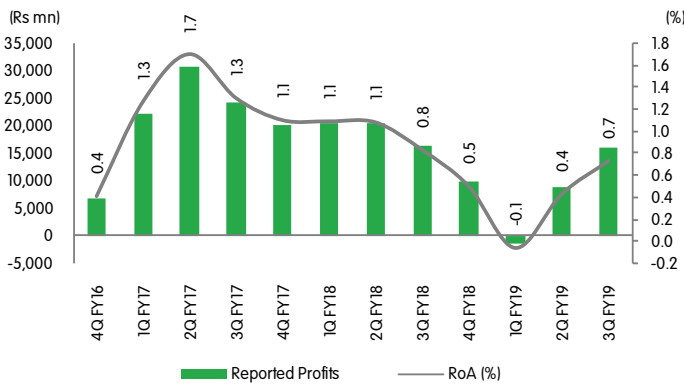


Exhibit 4: Reported Profit Trend



Source: Company, RSec Research

Exhibit 5: Slippages Trend

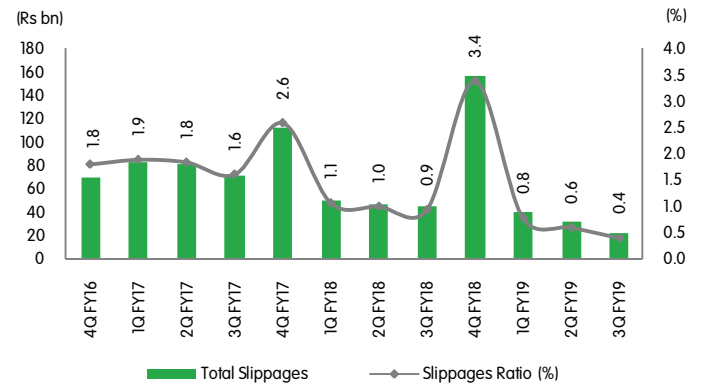
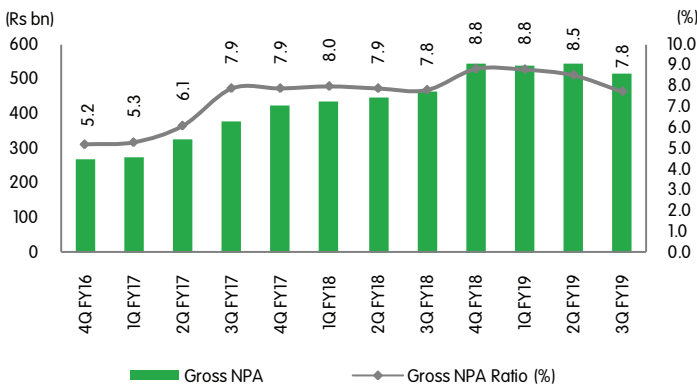
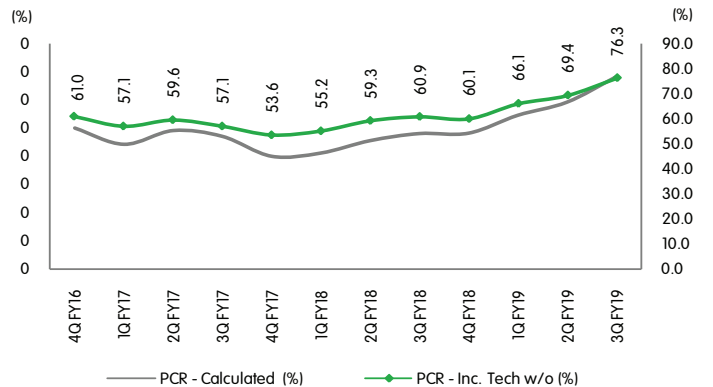


Exhibit 6: Gross NPA Trend



Source: Company, RSec Research

Exhibit 7: PCR Trend



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**Exhibit 8: Balance Sheet Analysis**

	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	QoQ % / bps	YTD % / bps	YoY % / bps
Net Worth	10,27,818	10,44,947	10,51,534	10,53,360	10,53,676	10,71,627	1.7	1.7	2.6
<i>RoE (%)</i>	13.7	13.7	14.4	14.4	14.0	13.7	(35)	(5)	(5)
<i>CET1 (%)</i>	14.3	14.6	15.9	15.8	15.4	15.1	(24)	(4)	57
<i>Tier 1 (%)</i>	17.1	17.7	18.4	18.4	17.8	17.2	(69)	(7)	(50)
<i>Total CAR (%)</i>	62,67,620	62,35,520	63,49,080	63,55,930	65,58,420	67,46,990	2.9	6.2	8.2
RWA - Total	48,27,801	50,53,869	51,23,953	51,62,887	54,44,866	56,43,078	3.6	9.3	11.7
Advances - Total	17,99,352	17,98,066	20,29,942	18,63,605	18,75,003	19,77,303	5.5	6.1	10.0
Investments	78,78,022	81,35,489	87,91,892	84,51,275	87,43,400	91,23,638	4.3	8.0	12.1
Total Assets	1.08	0.83	0.50	(0.06)	0.43	0.73	30	(1,317)	(10)
<i>RoA (%)</i>	49,86,428	51,74,031	56,09,752	54,68,784	55,86,689	60,67,547	8.6	10.9	17.3
Deposits	17,84,800	18,58,510	20,09,671	19,96,040	20,74,760	21,07,930	1.6	5.6	13.4
Saving Deposit	6,83,960	7,47,840	8,89,582	7,66,890	7,60,720	8,85,810	16.4	15.5	18.4
Current Deposit	24,68,760	26,06,350	28,99,253	27,62,930	28,35,480	29,93,740	5.6	8.4	14.9
CASA Deposits	49.5	50.4	51.7	50.5	50.8	49.3	(150)	(2)	(110)
<i>CASA Ratio (%)</i>	25,17,668	25,67,681	27,10,499	27,05,854	27,51,209	30,73,807	11.7	13.6	19.7
Term Deposits	64,93,451	67,55,791	74,38,338	70,88,488	73,33,546	77,10,475	5.1	8.8	14.1
Interest Bearing Liabilities - Total	6,277,140	6,493,451	6,755,791	7,438,338	7,088,488	7,333,546	3.5	12.9	

Source: Company, RSec Research

**Exhibit 9: Earning Assets Mix & Incremental Contribution**

(Rs mn)	As on (Rs mn)				As % of Working Assets	YoY/ YTD growth (% / bps)			Incremental Contribution in Working Assets (%)		
	FY16	FY17	FY18	3Q FY19		FY17	FY18	3Q FY19	FY17	FY18	3Q FY19
Retail	20,28,330	24,04,722	28,98,940	33,32,080	40.2	18.6	20.6	14.9	82.0	50.4	149.7
SME	1,87,163	2,22,831	2,54,450	2,77,880	3.4	19.1	14.2	9.2	7.8	3.2	8.1
Domestic corporate	11,96,976	12,67,354	13,26,260	13,61,470	16.4	5.9	4.6	2.7	15.3	6.0	12.2
Overseas	9,40,170	7,47,414	6,45,618	6,71,640	8.1	(20.5)	(13.6)	4.0	(42.0)	(10.4)	9.0
Advances - Total	43,52,639	46,42,321	51,23,953	56,43,078	68.1	6.7	10.4	10.1	63.1	49.1	179.4
<i>Yield on Advances (%)</i>	9.5	8.9	8.6	9.0		(59)	(25)	37			
Investments	16,04,118	16,15,065	20,29,942	19,77,303	23.9	0.7	25.7	(2.6)	2.4	42.3	(18.2)
Cash & Cash Equivalent	5,98,687	7,57,131	8,41,694	6,64,588	8.0	26.5	11.2	(21.0)	34.5	8.6	(61.2)
Working Assets	65,55,445	70,14,517	79,95,589	82,84,969	100.0	7.0	14.0	3.6	100.0	100.0	100.0
<i>Yield on Assets (%)</i>	8.7	8.1	7.7	8.1		(58)	(38)	35			

Source: Company, RSec Research

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**Exhibit 10: Funding Mix & Incremental Contribution**

(Rs mn)	As on (Rs mn)				As % of Total Credit	YoY/ YTD growth (% / bps)			Incremental Contribution YoY/ YTD Growth (%)		
	FY16	FY17	FY18	3Q FY19		FY17	FY18	3Q FY19	FY17	FY18	3Q FY19
<b>Deposits</b>	<b>42,14,257</b>	<b>49,00,391</b>	<b>56,09,752</b>	<b>60,67,547</b>	<b>69.1</b>	<b>16.3</b>	<b>14.5</b>	<b>8.2</b>	<b>133.0</b>	<b>63.7</b>	<b>156.7</b>
Saving Deposit	13,42,301	17,18,385	20,09,671	21,07,930	24.0	28.0	17.0	4.9	72.9	26.1	33.6
Current Deposit	5,88,699	7,49,835	8,89,582	8,85,810	10.1	27.4	18.6	(0.4)	31.2	12.5	(1.3)
CASA Deposits	19,31,000	24,68,219	28,99,253	29,93,740	34.1	27.8	17.5	3.3	104.2	38.7	32.3
Term Deposits	22,83,257	24,32,171	27,10,499	30,73,807	35.0	6.5	11.4	13.4	28.9	25.0	124.3
<b>Borrowings</b>	<b>17,48,074</b>	<b>14,75,562</b>	<b>18,28,586</b>	<b>16,42,928</b>	<b>18.7</b>	<b>(15.6)</b>	<b>23.9</b>	<b>(10.2)</b>	<b>(52.8)</b>	<b>31.7</b>	<b>(63.5)</b>
Domestic Borrowings	7,88,290	6,72,080	10,14,640	8,60,850	9.8	(14.7)	51.0	(15.2)	(22.5)	30.7	(52.6)
Capital Instruments - Dom.	3,61,900	3,45,900	3,18,340	2,82,400	3.2	(4.4)	(8.0)	(11.3)	(3.1)	(2.5)	(12.3)
Infrastructure Bond	68,500	1,72,550	1,94,940	1,94,970	2.2	151.9	13.0	0.0	20.2	2.0	0.0
Other Domestic Borrowings	3,57,894	1,53,632	5,01,356	3,83,480	4.4	(57.1)	226.3	(23.5)	(39.6)	31.2	(40.3)
Overseas Borrowings	9,59,780	8,03,480	8,13,950	7,82,080	8.9	(16.3)	1.3	(3.9)	(30.3)	0.9	(10.9)
Net Worth	8,97,289	9,99,448	10,51,534	10,71,627	12.2	11.4	5.2	1.9	19.8	4.7	6.9

Source: Company, RSec Research

**Exhibit 11: Asset Quality Analysis**

	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	QoQ % / bps	YTD % / bps	YoY % / bps
Total Slippages	46,740	43,800	1,57,370	40,360	31,170	20,910	(32.9)	(48.2)	(52.3)
Slippages Ratio (%)	1.01	0.94	3.39	0.79	0.61	0.41	(20)	(38)	(54)
Gross NPA	4,44,885	4,60,387	5,40,625	5,34,649	5,44,890	5,15,915	(5.3)	(3.5)	12.1
Gross NPAs Ratio (%)	7.90	7.82	8.84	8.81	8.54	7.75	(79)	(106)	(7)
PCR - Calculated (%)	45.8	48.3	48.4	54.8	59.5	68.5	903	1,371	2,022
PCR - Inc. Tech w/o (%)	59.3	60.9	60.1	66.1	69.4	76.3	690	1,020	1,540
Net NPA	2,41,298	2,38,103	2,78,863	2,41,701	2,20,857	1,62,524	(26.4)	(32.8)	(31.7)
Net NPAs Ratio (%)	4.40	4.20	4.77	4.19	3.65	2.58	(107)	(161)	(162)
Standard Restructured	20,290	18,150	15,950	14,130	14,430	3,910	(72.9)	-	(78.5)
Std. Rest. Adv. as % of Advances	0.4	0.4	0.31	0.27	0.27	0.07	(20)	-	(29)

Source: Company, RSec Research

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**Profit & Loss Statement**

Y/E Mar (Rs mn)	FY17	FY18	FY19E	FY20E
Int. Income / Opr. Revenue	5,41,563	5,49,659	6,33,402	7,26,779
Interest Expenses	3,24,190	3,19,400	3,64,513	4,20,997
<b>Net Interest Income</b>	<b>2,17,373</b>	<b>2,30,259</b>	<b>2,68,889</b>	<b>3,05,782</b>
<i>NIM (%)</i>	<i>3.20</i>	<i>3.07</i>	<i>3.20</i>	<i>3.23</i>
Fee income	94,520	1,03,410	1,19,956	1,36,749
Lease and other income	14,755	12,766	12,128	12,734
Treasury income	28,950	4,701	940	4,701
Other Income - Total	1,38,225	1,20,877	1,33,024	1,54,185
<b>Net Operating Revenue</b>	<b>3,55,598</b>	<b>3,51,136</b>	<b>4,01,913</b>	<b>4,59,966</b>
Employee Exp.	57,337	59,140	66,828	73,510
Other Opex	90,214	97,900	1,12,585	1,26,095
<b>Total Opex</b>	<b>1,47,551</b>	<b>1,57,039</b>	<b>1,79,413</b>	<b>1,99,605</b>
<i>C/I Ratio (%)</i>	<i>41.49</i>	<i>44.72</i>	<i>44.64</i>	<i>43.40</i>
<b>Pre Provision Profits</b>	<b>2,08,047</b>	<b>1,94,096</b>	<b>2,22,500</b>	<b>2,60,361</b>
<i>PPP Growth (yoy %)</i>	<i>(12.8)</i>	<i>(6.7)</i>	<i>14.6</i>	<i>17.0</i>
<b>Core PPP</b>	<b>1,81,243</b>	<b>1,75,415</b>	<b>2,22,500</b>	<b>2,60,361</b>
Exceptional Profit (Loss)	56,820	53,319	-	-
<b>PPP ex Except. Items</b>	<b>2,64,867</b>	<b>2,47,416</b>	<b>2,22,500</b>	<b>2,60,361</b>
<i>PPP ex Except Items Growth (yoy %)</i>	<i>11.0</i>	<i>(6.6)</i>	<i>(10.1)</i>	<i>17.0</i>
<b>Provisions &amp; Contingencies - Total</b>	<b>1,52,081</b>	<b>1,73,070</b>	<b>1,74,292</b>	<b>54,684</b>
<i>Credit Cost (As % of Op. AUM)</i>	<i>3.35</i>	<i>3.32</i>	<i>3.00</i>	<i>2.00</i>
<b>Profit Before Tax</b>	<b>1,12,786</b>	<b>74,346</b>	<b>48,208</b>	<b>2,05,677</b>
Tax	14,775	6,571	10,606	57,590
<i>Effective Tax Rate (%)</i>	<i>8.7</i>	<i>5.1</i>	<i>22.0</i>	<i>28.0</i>
<b>Reported Profits</b>	<b>98,011</b>	<b>67,774</b>	<b>37,602</b>	<b>1,48,087</b>
<i>PAT Growth (yoy %)</i>	<i>0.8</i>	<i>(30.8)</i>	<i>(44.5)</i>	<i>293.8</i>

Institutional Equity Research

# ICICI Bank

BFSI | India

CMP (Rs)	366
Upside/ (Downside) (%)	20
Bloomberg Ticker	ICICIBC IN

**BUY** 

Target Price: Rs440

## Balance Sheet

Y/E March	FY17	FY18	FY19E	FY20E
Equity Share Capital	11,651	12,858	12,858	12,858
Reserves (ex Revel. Reserve)	9,57,376	10,08,644	10,34,635	11,69,177
Net Worth - Ex Revaluation	9,69,027	10,21,502	10,47,493	11,82,035
Revaluation Reserve	30,421	30,032	28,136	27,102
Equity Warrant & Other	63	56	59	61
Deposits	49,00,391	56,09,752	62,71,086	71,75,205
Borrowings	14,75,562	18,28,586	19,26,412	22,34,900
Interest Bearing Liabilities (Rs mn)	63,75,952	74,38,338	81,97,498	94,10,105
Other Lia. & Prov.	3,42,452	3,01,964	3,82,085	4,59,136
<b>Total Liabilities</b>	<b>77,17,914</b>	<b>87,91,892</b>	<b>96,55,271</b>	<b>1,10,78,438</b>

## Assets

Cash & Cash Equivalent	7,57,131	8,41,694	6,51,460	7,51,263
Investments	16,15,065	20,29,942	22,50,699	24,96,503
Loan & Advances (Rs mn)	46,42,321	51,23,953	58,92,546	68,94,279
<i>Growth (yoy %)</i>	6.7	10.4	15.0	17.0
Fixed Assets	78,052	79,035	82,272	88,056
Other Assets	6,25,346	7,17,268	7,78,236	8,48,277
<b>Total Assets</b>	<b>77,17,915</b>	<b>87,91,892</b>	<b>96,55,212</b>	<b>1,10,78,377</b>

## Per Share Data

Y/E Mar	FY17	FY18	FY19E	FY20E
Face Value (Rs)	2	2	2	2
Adjusted Share O/S (mn)	6,408	6,429	6,429	6,429
Earnings Per Share (Rs)	15.3	10.5	5.8	23.0
<i>EPS (% YoY)</i>	0.6	(31.1)	(44.5)	293.8
<i>P/E (x)</i>	23.9	34.7	62.6	15.9
Book Value (Rs)	151.2	158.9	162.9	183.9
<i>BVPS (% YoY)</i>	11.3	5.1	2.5	12.8
<i>P/BV (x)</i>	2.4	2.3	2.2	2.0
Adj. BV (Rs)	109.9	114.8	137.3	160.2
<i>Adj. BV (% YoY)</i>	(1.5)	4.5	19.6	16.7
<i>P/ABV (x)</i>	3.3	3.2	2.7	2.3
<i>Value of Investment &amp; Sub (Rs mn)</i>	-	-	7,42,659	7,42,659
<i>Value of Investment &amp; Sub / Share (Rs)</i>	-	-	116	116
<i>Adj. BVPS ex Sub. &amp; Invest 9Rs)</i>	109.9	114.8	21.7	44.7
<i>Price-ABV (Adj. for &amp; invt in subs)</i>	3.3	3.2	16.8	8.2
<i>Dividend / Share (Rs)</i>	2.5	1.5	1.8	2.0
<i>Dividend Yield (%)</i>	0.7	0.4	0.5	0.5

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## Detail RoA Tree Analysis (%)

Y/E March (%)	FY17	FY18	FY19E	FY20E
<b>Yields / Margins</b>				
<i>Yield on Advance</i>	8.8	8.4	8.8	8.8
<i>Yield on Funds</i>	8.0	7.3	7.5	7.7
<i>Cost of Funds (CoF)</i>	5.3	4.6	4.7	4.8
<i>Interest Spread</i>	2.7	2.7	2.9	2.9
<i>NIM's</i>	3.2	3.1	3.2	3.2
<hr/>				
<i>Interest Income / Assets</i>	7.3	6.7	6.9	7.0
<i>Interest Exp. / Assets</i>	4.3	3.9	4.0	4.1
<i>NII / Assets</i>	2.9	2.8	2.9	2.9
<i>Fee Income / Assets</i>	1.3	1.3	1.3	1.3
<i>Other Non Core Income / Assets</i>	0.4	0.1	0.0	0.0
<i>Other Income / Assets</i>	1.9	1.5	1.4	1.5
<i>Net Operating Income / Assets</i>	4.8	4.3	4.4	4.4
<hr/>				
<b>Operating Ratios</b>				
<i>NII to Net Operative Income</i>	61.1	65.6	66.9	66.5
<i>Other Income to Net Operative Income</i>	38.9	34.4	33.1	33.5
<i>Empl. Cost/Oper. Exps.</i>	38.9	37.7	37.2	36.8
<i>Other Op. Exps./Oper. Exps.</i>	61.1	62.3	62.8	63.2
<i>C/I Ratio (%)</i>	41.5	44.7	44.6	43.4
<i>Provisions as % PPP</i>	42.8	49.3	43.4	11.9
<i>Credit Cost (As % of Op. AUM)</i>	3.4	3.3	3.0	2.0
<i>Effective Tax Rate (%)</i>	8.7	5.1	22.0	28.0
<hr/>				
<i>Employee Exp. / Assets</i>	0.8	0.7	0.7	0.7
<i>Other Opex/ Assets</i>	1.2	1.2	1.2	1.2
<i>Total Opex / Assets</i>	2.0	1.9	1.9	1.9
<i>Operating Profits / Assets</i>	2.8	2.4	2.4	2.5
<i>Exceptional Items / Assets</i>	0.8	0.6	-	-
<i>Op Profit ex Except Items / Assets</i>	3.5	3.0	2.4	2.5
<i>Provisions / Assets</i>	2.0	2.1	1.9	0.5
<i>Profit Before Tax / Assets</i>	1.5	0.9	0.5	2.0
<i>Tax Expenses / Assets</i>	0.2	0.1	0.1	0.6
<i>RoA</i>	1.3	0.8	0.4	1.4
<i>Leverage (x)</i>	8.0	8.6	9.2	9.4
<i>RoE</i>	10.3	6.6	3.5	13.0
<i>Adj. RoA</i>	2.8	2.1	0.4	1.4
<i>Adj. RoE</i>	22.3	17.0	3.5	13.0



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Target Price: Rs440

## Balance Sheet Ratio

Y/E Mar (%)	FY17	FY18	FY19E	FY20E
Credit / Deposit Ratio	94.7	91.3	94.0	96.1
Incremental C/D Ratio	42.2	67.9	116.2	110.8
Investment Deposit Ratio	33.0	36.2	35.9	34.8
Dom. SLR Investment / Deposits	22.9	25.0	25.3	24.8
CASA Ratio	51.1	52.1	49.0	48.0

## Credit Quality

Y/E Mar (Rs mn)	FY17	FY18	FY19E	FY20E
Slippage Ratio (%)	7.7	6.2	2.5	1.6
Gross NPA	4,21,594	5,40,625	5,12,181	5,02,791
Gross NPAs Ratio (%)	8.7	8.8	7.1	5.8
PCR (%)	40.2	48.4	68.0	70.0
Net NPA	2,52,168	2,78,863	1,63,898	1,50,837
Net NPAs Ratio (%)	5.4	4.8	2.8	2.2

## Capital and Asset-Liability Profile

Y/E Mar (%)	FY17	FY18	FY19E	FY20E
<b>Total RWAs (Rs mn)</b>	<b>62,48,020</b>	<b>63,49,080</b>	<b>71,77,866</b>	<b>82,85,775</b>
RWA as % of Total Assets	81.0	72.2	74.3	74.8
<b>Total Shareholders' Equity to Assets (x)</b>	<b>12.6</b>	<b>11.6</b>	<b>10.8</b>	<b>10.7</b>
<b>CET 1 Ratio</b>	<b>13.7</b>	<b>14.4</b>	<b>13.1</b>	<b>12.8</b>
AT 1 Ratio	0.6	1.5	2.0	2.5
<b>Tier 1 Ratio</b>	<b>14.4</b>	<b>15.9</b>	<b>15.1</b>	<b>15.3</b>
Tier 2 Ratio	3.0	2.5	2.4	2.3
<b>Total CRAR Ratio</b>	<b>17.4</b>	<b>18.4</b>	<b>17.5</b>	<b>17.5</b>

Institutional Equity Research

**ICICI Bank**

BFSI | India

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**BUY** 

Target Price: Rs440

**Rating History**

Date	Reco	CMP	TP
29-Oct-18	BUY	316	390
31-July-18	HOLD	304	325
8-May-18	HOLD	309	325
5-Feb-18	HOLD	330	305
31-Oct-17	HOLD	301	284
28-Jul-17	HOLD	296	284
4-May-17	HOLD	273	287
2-Feb-17	HOLD	286	272
8-Nov-16	HOLD	278	272

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Rating	Expected absolute returns (%) over 12 months
BUY	>10%
HOLD	-5% to 10%
REDUCE	>-5%

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