ICICI Bank Ltd.

RESULT UPDATE

8th May, 2018

ICICI Bank Ltd

Negligible drilldown puts focus on recoveries and resolutions

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 308	**INR 393**	**29%**	**1,860,516**	**BUY**	**BFSI**

Result highlights

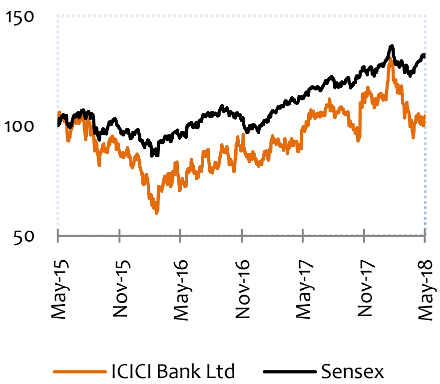
Advances grew to INR 5123 bn, +10.4% yoy/1.4% qoq, primarily driven by retail exposure which grew 20.6% yoy/5.9% qoq. NII came at INR 60.2 bn, up 1% yoy/5.5% qoq. NIMs at 3.1% held stable qoq. The bank saw large one-off other income on account of stake sale in ICICI Securities (INR 33.2 bn) which were prudently used towards shoring up the PCR. Provisioning at INR 66.3 bn is up 1.3x yoy/86% qoq, translating into credit costs of >5% vs. 3% last quarter. Going forward, as the stress subsides, the bank has guided for normalized credit costs in the range of 80-100 bps. The bank reported a PAT of INR 10.2 bn (-50% yoy), largely weighed down by heavy provisioning expense.

Slippages were INR 157.4 bn, of which 63% were on account of Feb 2018 RBI guidelines. Subsequently, the drill down list now stands reduced to INR 47.3 bn as against 440.7 bn as of March'16. While FY19 is expected to see elevated asset quality pressure, it is likely to revert back to normalcy FY20 onwards. The bank has guided for NNPA of 1.5% by June'20.

MARKET DATA

Shares outs (Mn)	6428
EquityCap (INR Mn)	12858
Mkt Cap (INR Mn)	1860516
52 Wk H/L (INR)	365/256
Volume Avg (3m K)	21227
Face Value (INR)	2
Bloomberg Code	ICICIBC IN

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	35216
NIFTY	10718

KEY FINANCIALS

Particulars (INR Mn)	FY15	FY16	FY17	FY18E	FY19E	FY20E
Net Interest Income	1,90,396.1	2,12,240.4	2,17,373.2	2,30,258.4	2,67,288.8	3,06,694.3
Pre-provision profits	1,97,199.1	2,38,635.3	2,64,867.5	2,47,415.3	2,84,680.9	3,31,212.8
Net Profit	1,11,751.5	97,267.4	98,014.6	67,774.2	93,634.0	1,40,968.2
EPS (INR)	19.3	16.7	16.8	10.5	14.6	21.9
BVPS (INR)	138.7	154.3	171.6	163.6	176.0	194.6
ABVPS (INR)	127.9	132.0	128.3	120.2	138.4	162.0

Source: Company, KRChoksey Research

Slippages render drilldown list meaningless from hereon

Of the total slippages worth INR 157.4 bn, INR 99.7 bn (63%) were on account of new RBI guidelines (Feb 2018). Majority of the slippages during the quarter were from the guided drilldown list which now stands reduced to INR 47.3 bn as against 440.7 bn as of Q4FY16, forming <1% of the total assets. The bank also classified three borrower accounts from gems/jewelery sector with fund-based o/s of INR 7.95 bn as fraud and NPA.

Two accounts – sugar (sold to an international company) and gas/power (demerger during the quarter) – contributed majorly to recoveries and upgrades. The sugar account was upgraded to standard classification during the quarter. Overall, the slippage during the quarter was 13% vs. an average run rate of 4.2% over Q1-Q3FY18. The total non-provisioned stress on the book now stands at INR 412.5 bn (8.1% of total advances). Going forward, the bank has guided for reduction in NPA formation and 1.5% NNPA by FY20.

Domestic credit growth strong; international continues to de-grow

Total advances at INR 5123 bn were up 10% yoy. The domestic book at INR 4478 bn grew 15% yoy while the international book continued to de-grow (-13.6% yoy). Going forward, the management has guided for the international book to contribute less than 10% to the overall exposure. Within the domestic book, retail grew at a higher rate of 20.6% yoy while corporate book grew by 4.3% yoy. Excluding NPAs, restructured loans and loans to companies in drilldown list, corporate growth was 17.4%.

Going forward, the bank is targeting credit growth of 15% along with 20% growth in retail and 30% growth in business banking. Within the corporate segment, focus would be on better rated clients and resolution of stressed assets.

Domestic NIMs strengthened; international NIMs continue to shrink

Domestic NIM was 3.67%, +13 bps qoq while international NIMs were 4 bps, contracting 25 bps qoq. The overseas book continues to be stressful. Going forward, shrinking of the international book is expected to contribute positively to the overall NIMs. However, the management sees migration to MCLR, non-accrual of interest income on stressed book and reduction in base rates as some of the headwinds.

SHARE HOLDING PATTERN (%)

Particulars	Mar 18	Dec 17	Sep 17
Promoters	0	0	0
FIIs	36.46	35.91	34.5
DIIs	31.52	31.76	31.81
Others	32.03	32.34	33.68
Total	100	100	100

15%
Advances CAGR FY19-FY20E

15%
NII CAGR FY19-FY20E

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Valuation: With the massive reduction in the drilldown list, the focus should now shift towards effecting recoveries from the NPA pool. Though quantum of unrecognised stress at INR 133.7 bn forms about 2.6% of the loans which will continue to be monitored. Increasing share of retail, shrinking the non-lucrative international book and resolution of NPAs should aid in NIMs recovery and subsiding of stress assets should translate into lower credit costs. We value the consolidated entity on SOTP basis, valuing the bank at 1.8x FY20E ABV and adding INR 113 per share for the subs. We recommend BUY.

ICICI Bank Ltd. - SOTP VALUATION SUMMARY

Entity	Valuation methodology	Holding	Intrinsic value per share (INR) FY20E
ICICI Bank - Standalone banking business / Parent	1.8x FY20E ABV	100.0%	281
ICICI Prudential Life Insurance	3x FY20E EV	54.9%	63
ICICI Lombard General Insurance	Current MCAP	55.9%	29
ICICI Prudential AMC	5% of FY20E AUM	51.0%	13
ICICI Securities	15x FY20E P/E	80.0%	10
ICICI Home Finance	2x FY20E BV	100.0%	6
ICICI Bank UK Plc	1x FY18 BV	100.0%	5
ICICI Bank Canada	1x FY18 BV	100.0%	4
Others			2
Holding co. discount (%)			15%
Value of subs (INR per share)			113
Value of total (INR per share)			**393**

Source: Company, KRChoksey Research

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Q4FY18 con-call key highlights:

The bank has been working on the strategic 4x4 agenda wherein

– it has been able to build a granular deposit base

– average CASA ratio has improved considerably

– cost of deposits has come down to <5%

– the balance sheet has been de-risked

– share of retail has increased substantially

Portfolio quality

- 87% disbursements were to corporate rated A- and above during FY18
- Concentration risk has improved from 20.3% in FY14 to 14.3% as of FY18 with respect to top 10 borrower group
- 96% of exposure to top 20 is rated A- and above as against 68% in March 2014.
- NCLT List 1 comprises of 12 accounts, INR 60.42 bn in funded exposure, INR 1.94 bn in non-funded exposure with a PCR of 52.6%. NCLT List 2 comprises of 18 accounts with INR 91.9 bn in funded exposure, INR 8.4 bn in non-funded exposure with PCR of 47.8%.
    - All of the above are classified as NPA (NCLT 1 + 2)
- The bank is guiding for low NPA accretion in FY19. Impact of RBI Feb 2018 guidelines will need to be closely monitored though.

As a business strategy, the bank has outlined 3 anchors – preserve, change and grow – to drive future performance

Preserving robust funding franchise

– The bank is targeting to maintain average CASA at 45% and retail to total deposits at >70%

– Offer best in class digital products

– Automate internal processes

Change the way it lends / new approach to corporate lending

– Set up group exposure limits, substantially lower than regulatory limits

– Focus on changing loan mix – increase share of retail to ?60% by March 2020.

– Shrink the share of overseas book to <10%

– Focus on resolutions of stress assets with an aim to reduce net NPAs to 1.5% by FY20.

– The bank would target PCR of 70% by FY20

Grow domestic credit book at 15% per annum along with retail growth at 20%

– Bank will be targeting 30% growth in business banking and 40% growth in PL/CC. PL/CC would be grown by targeting existing customers.

– Growth will emphasis on quality and sustainability

The bank sees near term pressure in NIMs due to migration to MCLR, non-accrual of interest income on stressed assets and reduction in base rates.

Other key metrics

- The bank is targeting double digit fee income growth, largely driven by the retail business.
- The bank is targeting to contain opex, has guided for C/I of ~40% FY20.
- The bank is targeting ROE of 15% by FY20, largely through improvement in NIMs, improvement in opex and reduction in credit costs (80-100 bps normalized). This guidance does not factor in impact of IND-AS implementation.
- Provisioning is expected to remain elevated in FY19 but should trend downwards FY20 onwards to normal levels (80-100 bps).
- Tax rate for FY19 will normalize upwards.
- Improvement in yields during the quarter was due to collections on some of the non-performing loans.

International business

- International NIMs were muted on account high stress and expects the pressure to continue. The bank is targeting to bring down the share of international portfolio.
- The bank has suffered loss in the UK subsidiary on account of high provisioning on impaired loans which are largely India linked.

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Q4FY18: QUARTERLY RESULT ANALYSIS					
INR in mn	Q4FY18	Q4FY17	Q3FY18	Y-o-Y	Q-o-Q
Income Statement					
Interest income	1,42,644	1,35,685	1,36,654	5.1%	4.4%
Interest expense	82,427	76,064	79,601	8.4%	3.6%
Net interest income	60,217	59,622	57,053	1.0%	5.5%
Non interest income	56,786	30,172	31,669	88.2%	79.3%
Total income	1,17,003	89,794	88,721	30.3%	31.9%
Employee costs	15,262	14,805	13,626	3.1%	12.0%
Other operating expenses	26,601	23,869	24,518	11.4%	8.5%
Operating expenses	41,863	38,674	38,144	8.2%	9.8%
Pre-provision profit	75,140	51,120	50,578	47.0%	48.6%
Provisions	66,258	28,982	35,696	128.6%	85.6%
Profit before tax	8,882	22,138	14,882	-59.9%	-40.3%
Tax expense	-1,318	1,892	-1,621	-169.7%	-18.7%
Net profit	10,200	20,246	16,502	-49.6%	-38.2%

Source: Company, KRChoksey Research

Balance sheet analysis	Q4FY18	Q4FY17	Q3FY18	Y-o-Y	Q-o-Q
Deposits	56,09,752	49,00,391	51,74,031	14.5%	8.4%
CASA deposits	28,99,250	24,68,210	26,06,350	17.5%	11.2%
CASA (%)	51.7%	50.4%	50.4%	131 bps	131 bps
Borrowings	18,28,586	14,75,562	15,81,761	23.9%	15.6%
Investments	20,29,942	16,15,065	17,98,066	25.7%	12.9%
Advances	51,23,953	46,42,321	50,53,869	10.4%	1.4%
Total Assets	87,91,892	77,17,915	81,35,489	13.9%	8.1%
Capital adequacy ratio (%)	18.42%	17.39%	17.65%	103 bps	77 bps

Source: Company, KRChoksey Research

Spread Analysis	Q4FY18	Q4FY17	Q3FY18	Y-o-Y	Q-o-Q
Yield on avg advances (%)	8.3%	8.6%	8.1%	-26 bps	24 bps
Yield on avg interest earning assets (%)	7.1%	7.7%	7.4%	-60 bps	-24 bps
Cost of funds (%)	4.4%	4.8%	4.7%	-34 bps	-28 bps
NIM (%)	3.01%	3.4%	3.08%	-39 bps	-7 bps

Source: Company, KRChoksey Research

Asset quality	Q4FY18	Q4FY17	Q3FY18	Y-o-Y	Q-o-Q
Gross NPA	5,40,625	4,25,515	4,60,387	27.1%	17.4%
Net NPA	2,78,863	2,54,510	2,38,103	9.6%	17.1%
GNPA (%)	8.84%	7.82%	7.89%	102 bps	95 bps
NNPA (%)	4.77%	4.20%	4.89%	57 bps	-12 bps
PCR (%)	48%	40%	48%	823 bps	14 bps
Credit costs (%)	3.7%	1.9%	2.1%	185 bps	162 bps

Source: Company, KRChoksey Research

Key ratios	Q4FY18	Q4FY17	Q3FY18	Y-o-Y	Q-o-Q
Cost to income ratio (%)	35.8%	43.1%	43.0%	-729 bps	-721 bps
C/D ratio (%)	91%	95%	98%	-339 bps	-634 bps
RoA (%)	0.5%	1.0%	0.8%	-59 bps	-35 bps
Leverage (x)	8.4	7.7	7.8		
RoE (%)	3.9%	8.1%	6.3%	-422 bps	-244 bps

Source: Company, KRChoksey Research

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Yield on avg advances (%)	8.3%	8.6%	8.1%	-26 bps	24 bps
Yield on avg interest earning assets (%)	7.1%	7.7%	7.4%	-60 bps	-24 bps
Cost of funds (%)	4.4%	4.8%	4.7%	-34 bps	-28 bps
NIM (%)	3.01%	3.4%	3.08%	-39 bps	-7 bps

Source: Company, KRChoksey Research

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Targeting 15% credit growth going forward, driven by retail and better rated corporates..								
Loan book composition	**Q1FY17**	**Q2FY17**	**Q3FY17**	**Q4FY17**	**Q1FY18**	**Q2FY18**	**Q3FY18**	**Q4FY18**
Retail	2,08,534	2,17,588	2,23,703	2,40,472	2,47,352	2,58,770	2,73,920	2,90,016
% of total loans	46.40%	47.90%	48.90%	51.80%	53.3%	53.6%	54.2%	56.6%
yoy growth	21.9%	20.7%	17.5%	18.6%	18.6%	18.9%	22.4%	20.6%
qoq growth	2.81%	4.34%	2.81%	7.50%	2.86%	4.62%	5.85%	9.3%
Corporate (domestic)	1,27,637	1,25,829	1,29,921	1,26,735	1,24,372	1,31,316	1,35,949	1,32,198
% of total loans	28.40%	27.70%	28.40%	27.30%	26.80%	27.20%	26.90%	25.80%
yoy growth	11.3%	8.1%	3.8%	1.1%	-2.6%	4.4%	4.6%	4.3%
qoq growth	1.82%	-1.42%	3.25%	-2.45%	-1.86%	5.58%	3.53%	-2.76%
SME	17,977	19,533	21,044	22,283	20,883	20,760	24,764	25,620
% of total loans	4.00%	4.30%	4.60%	4.80%	4.50%	4.30%	4.90%	5.00%
yoy growth	4.6%	10.9%	5.2%	16.4%	16.2%	6.3%	17.7%	15.0%
qoq growth	-6.13%	8.66%	7.73%	5.89%	-6.28%	-0.59%	19.29%	3.46%
Total domestic	3,54,148	3,62,950	3,74,667	3,89,491	3,92,608	4,10,846	4,34,633	4,47,833
yoy growth	16.9%	15.5%	11.6%	12.1%	10.9%	13.2%	16.0%	15.0%
qoq growth	1.96%	2.49%	3.23%	3.96%	0.80%	4.65%	5.79%	3.04%
International	95,278	91,305	82,802	74,741	71,468	71,934	70,754	64,562
% of total loans	21.20%	20.10%	18.10%	16.10%	15.40%	14.90%	14.00%	12.60%
yoy growth	-1.5%	-4.4%	-16.5%	-29.3%	-25.0%	-21.2%	-14.6%	-13.6%
qoq growth	-9.92%	-4.17%	-9.31%	-9.73%	-4.38%	0.65%	-1.64%	-8.75%

Source: Company, KRChoksey Research

Targeting to maintain average CASA at 45%								
Deposits profile	**Q1FY17**	**Q2FY17**	**Q3FY17**	**Q4FY17**	**Q1FY18**	**Q2FY18**	**Q3FY18**	**Q4FY18**
CASA Deposits	191348	205256	231961	246821	238023	246876	260635	289925
y-o-y growth	18%	18%	26%	28%	24%	20%	12%	17%
q-o-q growth	-1%	7%	13%	6%	-4%	4%	6%	11%
CASA ratio (period-end)	45.1%	45.7%	49.9%	50.4%	49.0%	49.5%	50.4%	51.7%
CASA ratio (average)		41.5%	44.8%	46.5%	45.4%	45.2%	45.7%	45.7%

Source: Company, KRChoksey Research

Expect NIMs to be under pressure in near term but resolutions/recoveries along with shrinking of international book should help								
Spread Analysis - Reported	**Q1FY17**	**Q2FY17**	**Q3FY17**	**Q4FY17**	**Q1FY18**	**Q2FY18**	**Q3FY18**	**Q4FY18**
Yield on total interest-earning assets	8.17%	8.14%	7.92%	8.13%	7.87%	7.83%	7.53%	7.67%
Yield on advances	9.06%	8.82%	8.76%	8.89%	8.69%	8.68%	8.47%	8.68%
Cost of funds	5.65%	5.63%	5.39%	5.15%	5.16%	5.10%	4.90%	4.93%
Cost of deposits	5.64%	5.52%	5.30%	5.12%	5.06%	4.98%	4.74%	4.79%
Cost of borrowings	5.07%	5.46%	5.31%	3.89%	4.69%	4.76%	5.02%	4.19%
NIM	3.16%	3.13%	3.12%	3.57%	3.27%	3.27%	3.14%	3.24%
Domestic	3.45%	3.41%	3.51%	3.96%	3.62%	3.60%	3.53%	3.67%
Overseas	1.65%	1.65%	0.83%	1.01%	0.73%	0.84%	0.29%	0.04%

Source: Company, KRChoksey Research

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Asset quality (INR Mn)	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Movement in gross NPAs								
Opening balance	267210	275630	325480	380850	425520	431480	444890	460390
(+) Additions	**82490**	**80290**	**70370**	**112890**	**49760**	**46740**	**43800**	**157370**
of which, slippages from restructured assets	13210	12310	2390	18030	14760	3720	1970	3270
of which, slippages from drilldown list	45590	45550	29430	79570	3590	2560	6140	117760
of which, existing NPA & non-fund devolvement		890	20400	400	1950	2200	1460	6550
of which, loan under RBI resolution schemes							20220	8770
of which, loans central PSU owned power co.						8790		
Less: recoveries & upgrades	7920	8000	6250	14130	27750	10290	11080	42340
Net additions	**74570**	**72290**	**64120**	**98760**	**22010**	**36450**	**32720**	**115030**
Less: write-offs & sale	66150	22440	8750	54090	16050	23040	17220	34790
Closing gross NPAs	**275630**	**325480**	**380850**	**425520**	**431480**	**444890**	**460390**	**540630**
Gross NPAs	275630	325480	380850	425520	431480	444890	460390	540630
(-) Provisions	122550	160650	179300	171010	178420	203590	222290	261767
Net NPAs	153080	164830	201550	254510	253060	241300	238100	278863
Gross slippage (%)	7.8%	7.4%	6.4%	10.3%	4.5%	4.3%	3.8%	13.1%
Net slippage (%)	7.1%	6.7%	5.9%	9.0%	2.0%	3.3%	2.9%	9.6%
Gross NPA (%)	5.3%	6.1%	7.2%	7.9%	8.0%	7.9%	7.8%	8.8%
Net NPA (%)	3.0%	3.2%	3.7%	4.9%	4.9%	4.4%	4.2%	4.8%
PCR (%) (without technical w/o's)	44.5%	49.4%	47.1%	40.2%	41.4%	45.8%	48.3%	48.4%
Gross retail NPAs	41470	42980	39690	36670	41400	43510	46860	47120
% of gross retail advances	2.0%	1.9%	1.8%	1.5%	1.7%	1.7%	1.7%	1.6%
Net retail NPAs	13550	14270	13590	12470	15660	16600	18480	18850
as a % of net retail advances	0.7%	0.7%	0.6%	0.5%	0.6%	0.6%	0.7%	0.7%

Source: Company, KRChoksey Research

ICICI Bank Ltd

Aggregate exposure to key sectors (identified in April 2016 by the bank as being impacted by uncertainties and challenges in the operating environment) (as % of total exposure of the bank)	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Power	5.4%	5.0%	5.4%	5.1%	4.8%	5.1%	4.8%	4.6%
Iron/steel	4.0%	3.8%	3.8%	3.6%	3.6%	3.3%	3.1%	2.8%
Mining	1.6%	1.6%	1.6%	1.8%	1.8%	1.7%	1.6%	1.5%
Cement	1.2%	1.1%	1.1%	1.1%	1.1%	0.0%	0.0%	
Others (includes Rigs)	0.5%	0.4%	0.5%	0.4%	0.4%	1.2%	1.3%	1.2%

Source: Company, KRChoksey Research

Exposure, value wise	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Power	242690	227128	247034	236758	222756	246218	242586	235702
y-o-y growth				1%	-8%	8%	-2%	0%
q-o-q growth	3%	-6%	9%	-4%	-6%	11%	-1%	-3%
Iron/steel	179771	172617	173838	167124	167067	159317	156670	143471
y-o-y growth				-15%	-7%	-8%	-10%	-14%
q-o-q growth	-8%	-4%	1%	-4%	0%	-5%	-2%	-8%
Mining	71908	72681	73195	83562	83534	82073	80862	76859
y-o-y growth				20%	16%	13%	10%	-8%
q-o-q growth	3%	1%	1%	14%	0%	-2%	-1%	-5%
Cement	53931	49968	50322	51066	51048	0	0	0
y-o-y growth				-2%	-5%	-100%	-100%	-100%
q-o-q growth	3%	-7%	1%	1%	0%	-100%	#DIV/0!	#DIV/0!
Others (includes Rigs)	22471	18170	22873	18569	18563	57934	65700	61487
y-o-y growth				-29%	-17%	219%	187%	231%
q-o-q growth	-14%	-19%	26%	-19%	0%	212%	13%	-6%
Total exposure to key sectors	**570772**	**540564**	**567262**	**557078**	**542968**	**545542**	**545818**	**517519**
y-o-y growth				**-4%**	**-5%**	**1%**	**-4%**	**-7%**
q-o-q growth	**-1%**	**-5%**	**5%**	**-2%**	**-3%**	**0%**	**0%**	**-5%**

Source: Company, KRChoksey Research

Drilldown list: Sector-wise details	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Power	114260	90030	83480	62310	70760	68370	65260	12060
% of total exposure	1.2%	0.9%	0.9%	0.7%	0.8%	0.7%	0.7%	0.1%
Mining	77280	75840	55510	52330	55900	57500	57780	4460
% of total exposure	0.8%	0.8%	0.6%	0.6%	0.6%	0.6%	0.6%	0.0%
Iron/steel	49020	47130	44910	39730	39930	40140	44270	30330
% of total exposure	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.3%
Others	82320	56610	57250	3370	3650	4060	4150	430
% of total exposure	1.8%	1.2%	1.3%	0.1%	0.1%	0.0%	0.0%	0.0%
Promoter entities	64360	55290	34210	32660	33340	25830	19160	0
% of total exposure	0.7%	0.6%	0.4%	0.3%	0.4%	0.3%	0.2%	0.0%
Total drilldown list exposure	**387240**	**324900**	**275360**	**190400**	**203580**	**195900**	**190620**	**47280**
as % of total advances	**8.6%**	**7.2%**	**6.0%**	**4.1%**	**4.4%**	**4.1%**	**3.8%**	**0.9%**
as % of total assets	**5.3%**	**4.3%**	**3.6%**	**2.5%**	**2.7%**	**2.5%**	**2.3%**	**0.5%**
(+) non-fund based o/s to borrowers classified as non-performing					2135	2119	2202	2980
Total, including non-funded exposure	**387240**	**324900**	**275360**	**190400**	**224930**	**217090**	**212640**	**77080**
as % of total advances	**8.6%**	**7.2%**	**6.0%**	**4.1%**	**4.8%**	**4.5%**	**4.2%**	**1.5%**
as % of total assets	**5.3%**	**4.3%**	**3.6%**	**2.5%**	**3.0%**	**2.8%**	**2.6%**	**0.9%**

Source: Company, KRChoksey Research

ICICI Bank Ltd

Movement in drilldown list	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Opening balance	440650	387220	324900	440650	190390	203590	195910	190630
(-) Net increase in exposure	-3650	-16770	-21230	-47580	2590	-9600	-4860	-8390
(-) Upgrades to 'investment grade'	-4190		1110	-8710			-80	-90
(+) Downgrades to 'below investment grade				6360	14200	4480	6490	
(-) Classified as non-performing	**-45590**	**-45550**	**-29430**	**-200330**	**-3590**	**-2560**	**-6830**	**-122520**
(-) N/F o/s to NPAs downgraded from drilldown list								-12340
Closing balance	**387220**	**324900**	**275350**	**190390**	**203590**	**195910**	**190630**	**47290**

Source: Company, KRChoksey Research

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ICICI Bank Ltd

KEY FINANCIALS

Amounts in INR Million						
Income Statement	**FY2015**	**FY2016**	**FY2017**	**FY2018**	**FY2019E**	**FY2020E**
Interest income	4,90,911	5,27,394	5,41,563	5,49,659	6,53,972	7,50,254
Interest expense	3,00,515	3,15,154	3,24,190	3,19,401	3,86,683	4,43,560
Net interest income	**1,90,396**	**2,12,240**	**2,17,373**	**2,30,258**	**2,67,289**	**3,06,694**
Non interest income	1,21,761	1,53,231	1,95,045	1,74,196	1,87,163	2,11,778
Total income	**3,12,157**	**3,65,471**	**4,12,418**	**4,04,455**	**4,54,452**	**5,18,472**
Operating expenses	1,14,958	1,26,836	1,47,551	1,57,039	1,69,771	1,87,260
Pre-provision profit	**1,97,199**	**2,38,635**	**2,64,867**	**2,47,415**	**2,84,681**	**3,31,213**
Provisions	39,002	1,16,674	1,52,078	1,73,070	1,67,638	1,29,830
Profit before tax	**1,58,197**	**1,21,962**	**1,12,790**	**74,346**	**1,17,042**	**2,01,383**
Tax expense	46,446	24,694	14,775	6,571	23,408	60,415
Net profit	**1,11,752**	**97,267**	**98,015**	**67,774**	**93,634**	**1,40,968**

Source: Company, KRChoksey Research

Balance sheet						
SOURCES OF FUNDS						
Shareholders' funds	**8,04,219**	**8,97,289**	**9,99,448**	**10,51,532**	**11,31,120**	**12,50,943**
Borrowings	17,24,173	17,48,074	14,75,562	18,28,586	20,11,445	22,12,589
Deposits	36,15,627	42,14,257	49,00,391	56,09,752	64,51,215	74,18,897
Other liabilities & provisions	3,17,199	3,47,264	3,42,452	3,01,964	3,30,541	3,70,953
TOTAL LIABILITIES & EQUITY	**64,61,293**	**72,06,951**	**77,17,914**	**87,91,899**	**99,24,377**	**1,12,53,439**
USES OF FUNDS						
Cash and cash equivalent	4,23,046	5,98,687	7,57,131	8,41,694	9,68,292	10,76,442
Investments	18,65,800	16,04,118	16,15,065	20,29,942	21,93,413	24,48,236
Advances	38,75,221	43,52,639	46,42,321	51,23,953	58,92,546	67,76,428
Fixed & other assets	2,97,226	6,51,506	7,03,398	7,96,307	8,70,125	9,52,333
TOTAL ASSETS	**64,61,293**	**72,06,951**	**77,17,914**	**87,91,899**	**99,24,377**	**1,12,53,439**

Source: Company, KRChoksey Research

ICICI Bank Ltd

Key ratios	FY2015	FY2016	FY2017	FY2018	FY2019E	FY2020E
Growth rates						
Advances (%)	14.4%	12.3%	6.7%	10.4%	15.0%	15.0%
Deposits (%)	8.9%	16.6%	16.3%	14.5%	15.0%	15.0%
Total assets (%)	8.7%	11.5%	7.1%	13.9%	12.9%	13.4%
NII (%)	15.6%	11.5%	2.4%	5.9%	16.1%	14.7%
Pre-provisioning profit (%)	18.8%	21.0%	11.0%	-6.6%	15.1%	16.3%
PAT (%)	13.9%	-13.0%	0.8%	-30.9%	38.2%	50.6%
Balance sheet ratios						
Credit/Deposit (%)	107.2%	103.3%	94.7%	91.3%	91.3%	91.3%
CASA (%)	45.5%	45.8%	50.4%	51.7%	51.4%	51.4%
Advances/Total assets (%)	60.0%	60.4%	60.1%	58.3%	59.4%	60.2%
Leverage (x)	8.0	8.0	7.7	8.4	8.8	9.0
CAR (%)	17.0%	16.6%	17.4%	18.4%	17.8%	17.2%
Operating efficiency						
Cost/income (%)	36.8%	34.7%	35.8%	38.8%	37.4%	36.1%
Opex/total assets (%)	1.8%	1.8%	1.9%	1.8%	1.7%	1.7%
Opex/total interest earning assets (%)	2.0%	2.0%	2.2%	2.1%	2.0%	1.9%
Profitability						
NIM (%)	3.2%	3.3%	3.2%	3.1%	3.1%	3.2%
RoA (%)	1.8%	1.4%	1.3%	0.8%	1.0%	1.3%
RoE (%)	14.5%	11.4%	10.3%	6.6%	8.6%	11.8%
Asset quality						
Gross NPA (%)	3.8%	5.8%	8.8%	10.0%	8.7%	7.4%
Net NPA (%)	1.6%	3.0%	5.4%	5.4%	4.1%	3.1%
PCR (%)	58.6%	50.6%	40.2%	48.4%	55.0%	60.0%
Slippage (%)	2.4%	4.4%	7.9%	6.8%	2.5%	2.0%
Credit cost (%)	0.9%	1.8%	3.3%	2.5%	2.0%	1.5%
Per share data / Valuation						
EPS (INR)	19.3	16.7	16.8	10.5	14.6	21.9
BV (INR)	138.7	154.3	171.6	163.6	176.0	194.6
ABV (INR)	127.9	132.0	128.3	120.2	138.4	162.0

Source: Company, KRChoksey Research

ICICI Bank Ltd

ICICI Bank Ltd			
Date	CMP (INR)	TP (INR)	Recommendation
08-May-18	308	393	BUY
30-Oct-17	303	395	BUY
31-Jul-17	296	395	BUY
6-Feb-17	285	338	BUY
9-Nov-16	268	338	BUY
1-Aug-16	263	300	ACCUMULATE
2-May-16	230	280	ACCUMULATE
29-Jan-16	233	314	BUY
2-Nov-15	277	345	BUY
29-Apr-15	327	400	BUY
13-Apr-15	318	400	BUY
2-Feb-15	352	400	ACCUMULATE
7-Jan-15	348	403	ACCUMULATE
3-Nov-14	334	363	ACCUMULATE
8-Oct-14	286	345	BUY
1-Aug-14	295	345	BUY

Rating Legend	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% - 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than -5%

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