

- ❑ ICICI Bank Limited has reported a net interest income growth of 26% in its Q2-FY23 standalone results at ₹147.8 billion as against ₹116.9 billion in Q2-FY22, driven by advances growth of 23% and a net interest margin was 4.31% in Q2 FY23 compared to 4% in Q2 FY22 and 4.16% in H1 FY23. Non-Interest Income, excluding treasury income increased by 17% YoY to ₹51.39 billion in Q2-FY23.
- ❑ Total advances increased by 23% YoY to ₹9,385.6 billion as on September 30, 2022 from ₹ 7,649.4 billion as on September 30, 2021. The year-on-year growth in domestic advances was 24% in Q2-FY23. The Bank has continued to leverage its strong retail franchise, resulting in a 24.6% YoY growth in the retail loan portfolio in Q2-FY23 and 6% sequentially at September 30, 2022.
- ❑ Total deposits increased by 12% YoY to ₹10,900 billion at September 30, 2022. Average current account and saving account deposits increased by 16% YoY in Q2-FY23. The average CASA ratio was 45% in Q2-FY23 & reported a growth of 12.7% YoY. Period end term deposits increased by 11% YoY to ₹5,821.7 billion as on September 30, 2022.
- ❑ Provisions (excluding provision for tax) were ₹16.4 billion Q2-FY23 compared to ₹ 27.1 billion in Q2-FY22. Provisions for Q2 FY23 include contingency provisions of ₹15 billion made on prudent basis.
- ❑ Core operating profit (profit before provisions and tax, excluding treasury income) grew by 23.6% year-on-year to ₹117.6 billion in Q2-FY23. Profit after tax grew by 37.1% YoY to ₹75.6 billion in the quarter ended Q2-FY23 compared to ₹55.1 billion in the quarter ended Q2-FY22.
- ❑ During the quarter, the gross NPAs declined from 3.41% to 3.19% QoQ. Recoveries and upgrades of NPA's, excluding write-offs, were ₹37.6 billion in Q2-FY23. The net NPA ratio in September 30, 2022 is at 0.61% from 0.7% in June 30, 2022.
- ❑ The loan and non-fund based outstanding to performing borrowers rated BB and below reduced to ₹ 76.3 billion in September 30, 2022 from ₹ 82.0 billion in June 30, 2022.
- ❑ We remain positive on ICICIBANK, considering a strong balance sheet, strong credit growth, continuous reduction in NPA, 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 **₹1,094 per share**.

Quarterly Results
Financial Results

Standalone						
(In ₹ mn)	Q2-FY23	Q2-FY22	Chg	H1-FY23	H1-FY22	Chg
Interest Earned	2,60,330	2,12,336	22.6%	4,97,046	4,16,170	19.4%
Interest Expended	1,12,462	95,439	17.8%	2,17,077	1,89,915	14.3%
Net Interest Income	1,47,868	1,16,897	26.4%	2,79,969	2,26,255	23.7%
Other Income	50,549	47,972	5.4%	97,201	87,930	10.5%
Operating Expenses	81,614	65,722	24.1%	1,57,277	1,26,094	24.7%
Pre-Provision Profits	1,16,803	99,147	17.8%	2,19,893	1,88,091	16.9%
Provsions	16,445	27,135	-39.4%	27,883	55,652	-49.9%
PBT	1,00,358	72,012	39.4%	1,92,010	1,32,439	44.9%
Tax	24,778	16,903	46.6%	47,381	31,169	52.0%
PAT	75,580	55,109	37.1%	1,44,629	1,01,270	42.8%

Margins

Standalone						
Margins	Q2-FY23	Q2-FY22	Chg BPS	H1-FY23	H1-FY22	Chg BPS
Operating Margin %	38.6%	33.9%	464	38.6%	31.8%	681
Net Margin %	29.0%	26.0%	308	29.1%	24.3%	476

Source: Company, Anand Rathi Research

Standalone Financials:

(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
Interest Earned	791,183	863,745	912,324	1,013,417
Interest Expended	401,288	389,085	429,965	491,325
Net Interest Income	389,894	474,660	482,359	522,092
Other Income	189,685	185,175	203,693	224,062
Operating Expenses	215,608	267,333	286,046	306,070
Pre-Provision Profits	363,971	392,502	400,005	440,084
Provisions	162,144	86,414	86,414	86,414
PBT	201,827	306,088	313,591	353,670
Tax	39,900	72,694	75,262	84,881
PAT	161,927	233,394	238,329	268,789
Margins	FY-21	FY-22	FY-23E	FY-24E
Operating Margin %	25.5%	35.4%	34.3%	34.9%
Net Margin %	20.5%	27.0%	26.1%	26.5%

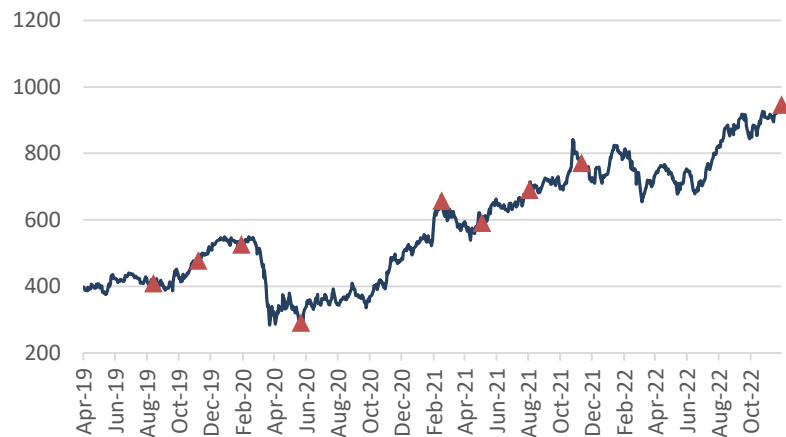
(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
<u>Liabilities</u>				
Equity Share Capital	13,834	13,899	13,900	13,900
Reserves & Surplus	1,461,258	1,691,220	1,941,839	2,233,115
Total Shareholder's Funds	1,475,092	1,705,119	1,955,739	2,247,015
Minority Interest	-	-	-	-
Deposits	9,325,222	10,645,716	12,242,574	14,078,960
Borrowings	916,310	1,072,31	1,179,545	1,297,499
Other Liabilities & Provisions	587,704	689,827	725,411	804,362
Total	12,304,327	14,112,977	16,103,269	18,427,836
<u>Assets</u>				
Balances with RBI & banks	1,331,283	1,678,224	2,293,457	3,080,736
Investments	2,812,865	3,102,410	3,412,651	3,753,916
Advances	7,337,291	8,590,204	9,621,029	10,775,552
Net Block	88,776	93,738	95,311	102,770
Other Assets	734,112	648,401	680,821	714,862
Total	12,304,327	14,112,977	16,103,269	18,427,836
Particulars	FY-21	FY-22	FY-23E	FY-24E
EPS (₹)	23.2	33.5	34.2	38.6
P/E (x)	40.9	28.4	27.8	24.6
P/B (x)	4.5	3.9	3.4	2.9
ROA	1.32%	1.65%	1.48%	1.46%
ROE	11.0%	13.7%	12.2%	12%

Risks :

- ☐ The company is exposed to credit, liquidity and interest rate risk.
- ☐ Any adverse movement in the macroeconomic indicators may lead to lower than estimated growth and profitability.
- ☐ Bank is exposed to operational risks i.e frauds can occur through breaching bank's security because of which bank may lose capital and trust of customers which damages reputation of bank and makes it difficult to attract deposits.
- ☐ Bank is exposed to compliance risk i.e bank which does not follow proper regulations may face financial and legal losses.

Rating and Target Price History:

ICICI Bank rating history & price chart



Source: Ace Equity, Anand Rathi Research

NOTE: Prices are as on 30 November 2022 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
04-May-21	BUY	750	592
03-Aug-21	BUY	800	690
11-Nov-21	BUY	890	771
30-Nov-22	Buy	1,094	953



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Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>₹300Bn.)	15%	5%-10%	Below 5%
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