

ICICI Bank is one of largest Indian private sector bank with total assets of Rs720,695cr as of FY16 and profit after tax of Rs9,726cr in FY16. It currently has a network of 4,451 Branches and 14,073 ATM's across India. The bank has achieved consistent growth over the last 5 years with a CAGR (FY11-16) of 12% in total assets, 13% in total deposits, 15% in total advances and 14% in net profit.

### Key Developments

#### Re-orienting balance sheet towards retail:

ICICI Bank's advances grew at a healthy pace of 15% CAGR over FY11-16 to Rs496,573 cr, primarily driven by 19% growth in retail business. Within retail, personal loans & credit cards (unsecured) and home loans (secured) portfolios grew at a CAGR of 25% (albeit on a low base) and 15%, respectively.

#### Growing CASA share:

The bank continues to show thrust for low cost deposits due to its strong presence in current accounts savings account (CASA) rich regions. CASA deposits of the bank stood at healthy 46% as of FY16 (growth of 14% CAGR over FY11-16).

#### Improvement in NIMs:

The bank has shown remarkable improvement in NIM (calc) which has expanded from 2.8% in FY11 to 3.6% in FY16 backed by Net Interest Income (NII) growth of 19% CAGR over FY11-16.

#### Return ratios on an uptrend:

ROE and ROA have improved to 14.5% and 1.8% in FY15 from 9.7% and 1.3% in FY11, respectively mainly on account of better profitability as a result of improved efficiency. However, the profitability of the bank remained under pressure in FY16 due to asset quality hiccups. Consequently, ROE & ROA fell to 11.4% & 1.4% respectively in FY16.

#### Asset quality pressure over the years:

ICICI Bank's asset quality remained under pressure over last two years on the back of higher slippages from the bank's exposure to some of the stressed corporates. The bank has reoriented its balance sheet mix towards less risky retail segment post FY12.

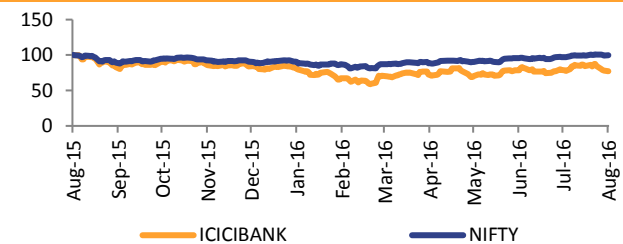
### Market Data

<b>CMP (Rs.)</b>	<b>249</b>
Face Value	2.0
52 week H/L (Rs.)	293/181
Adj. all time High (Rs.)	314
Decline from 52WH (%)	15.0
Rise from 52WL (%)	37.6
Beta	1.9
Mkt. Cap (Rs. Cr)	144,801

### Fiscal Year Ended

	FY14	FY15	FY16
<b>Interest Income (Rs. cr)</b>	44,178	49,091	52,739
<b>Interest Expense (Rs. cr)</b>	27,703	30,052	31,515
<b>Net Interest Income (Rs. Cr)</b>	16,476	19,040	21,224
<b>Pre Pro Profit (Rs. Cr)</b>	16,595	19,720	23,864
<b>EPS (Rs.)</b>	17.0	19.3	16.7
<b>P/E (x)</b>	14.7	16.2	16.3
<b>P/BV (x)</b>	2.0	2.2	1.8
<b>P/ABV (x)</b>	2.1	2.4	2.1
<b>ROE (%)</b>	14.0	14.5	11.4
<b>ROA (%)</b>	1.7	1.8	1.4

### One year Price Chart



Shareholding	Jun16	Mar16	Diff.
<b>Promoters (%)</b>	-	-	-
<b>Public (%)</b>	100	100	-
<b>Others (%)</b>	-	-	-

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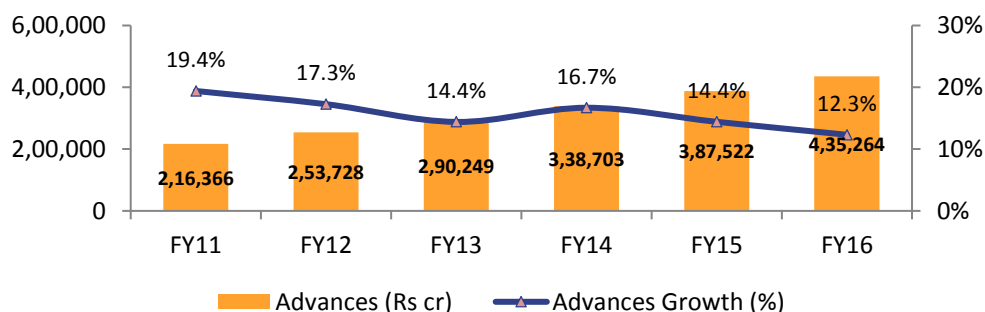
## ICICI Bank Ltd.: Business overview

ICICI Bank is one of India's largest private sector bank with total assets of Rs 720,695 cr as of FY16 and profit after tax of Rs 9,726 cr in FY16. It currently has a network of 4,451 Branches and 14,073 ATM's across India. The bank has achieved consistent growth over the last 5 years with a CAGR (FY11-16) of 12% in total assets, 13% in total deposits, 15% in total advances and 14% in net profit.

## Re-orienting balance sheet towards retail

ICICI Bank's advances grew at a healthy pace of 15% CAGR over FY11-16 to Rs496,573 cr, primarily driven by 19% growth in retail business. Within retail, personal loans & credit cards (unsecured) and home loans (secured) portfolios grew at a CAGR of 25% (albeit on a low base) and 15%, respectively. Further, it has been consolidating its corporate loan portfolio due to recent macro headwinds in some of the industries. As a result, the bank's domestic corporate advances grew at a slower pace of 13% CAGR over FY11-16.

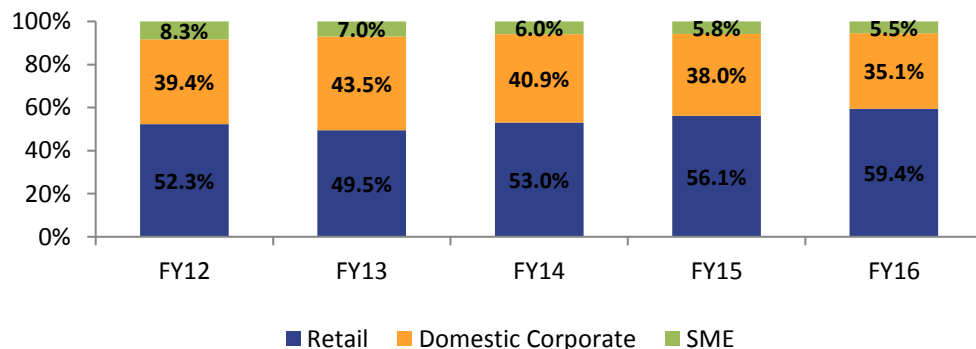
### Advances grew at a CAGR of 13% over FY11-16



Source: Company, In-house research

ICICI Bank's loan portfolio has become more broad-based over the last five years and the share of retail loans has improved steadily to 59% of overall domestic loans as of FY16 from 50% as of FY12. Further, in domestic corporate segment, the bank has been very conservative on lending part. It has not only reduced the exposure from 35% of total loan book as of FY16 to 44% in FY12 but has also shifted the mix in favor of high rated corporates.

### Share of retail advances on the rise

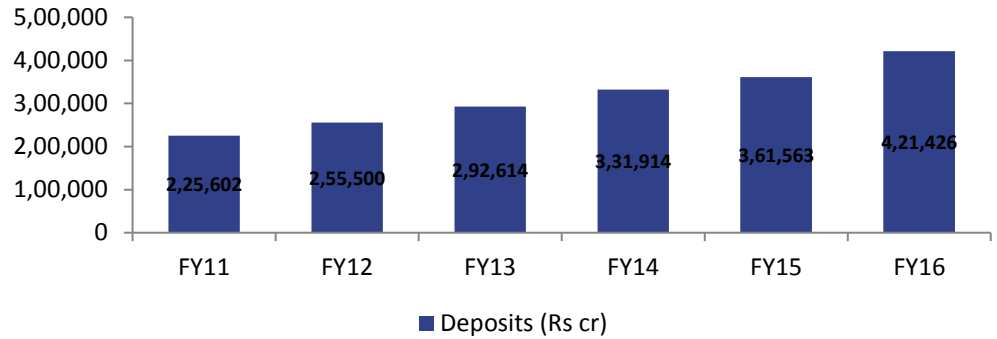


Source: Company, In-house research

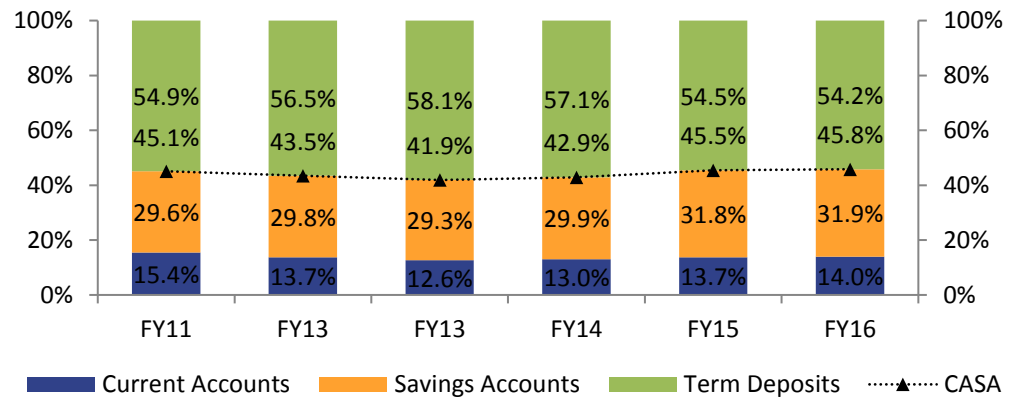
## Growing CASA share

Bank continues to show thrust for low cost deposits due to its strong presence in current accounts savings account (CASA) rich regions. CASA deposits of the bank stood at healthy 46% as of FY16 (growth of 14% CAGR over FY11-16). CASA ratio of the bank remained consistently stable in the range of 42-45% over the last five years.

### Deposits trend



### CASA driving deposits growth

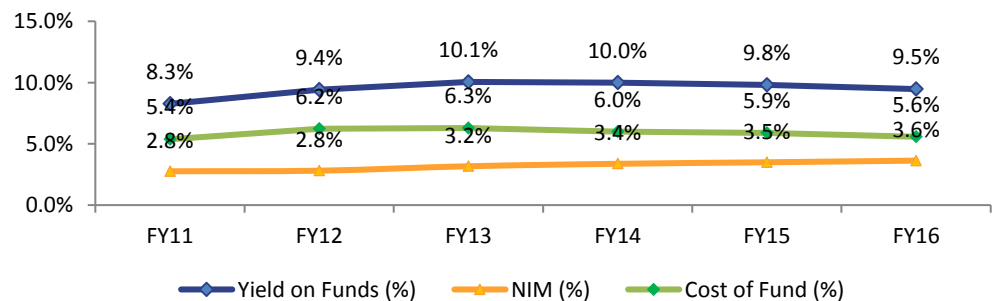


Source: Company, In-house research

## Improvement in Net Interest Margins (NIMs)

The bank has shown considerable improvement in NIM (calc) which has expanded from 2.8% in FY11 to 3.6% in FY16 backed by Net Interest Income (NII) growth of 19% CAGR over FY11-16. This is despite the current asset quality headwinds on the bank.

### Growth in NIMs over the years

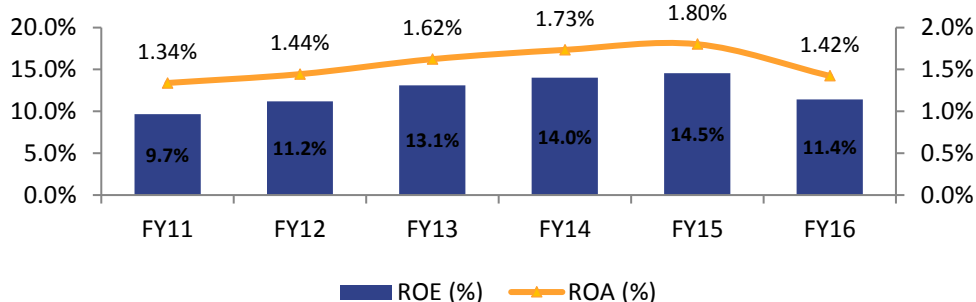


Source: Company, In-house research

## Improvement in the return ratios over the years

ROE (return on equity) and ROA (return on assets) have improved to 14.5% and 1.8% in FY15 from 9.7% and 1.3% in FY11, respectively mainly on account of better profitability as a result of improved efficiency. Cost to income (C/I) ratio of the bank declined to 35% in FY16 from 42% in FY11. As a result, net profit of the bank has grown at a CAGR of 21% over FY11-15. However, the profitability of the bank remained under pressure in FY16 due to asset quality hiccups. Consequently, ROE & ROA fell to 11.4% & 1.4% respectively in FY16.

Return ratios trend over the years

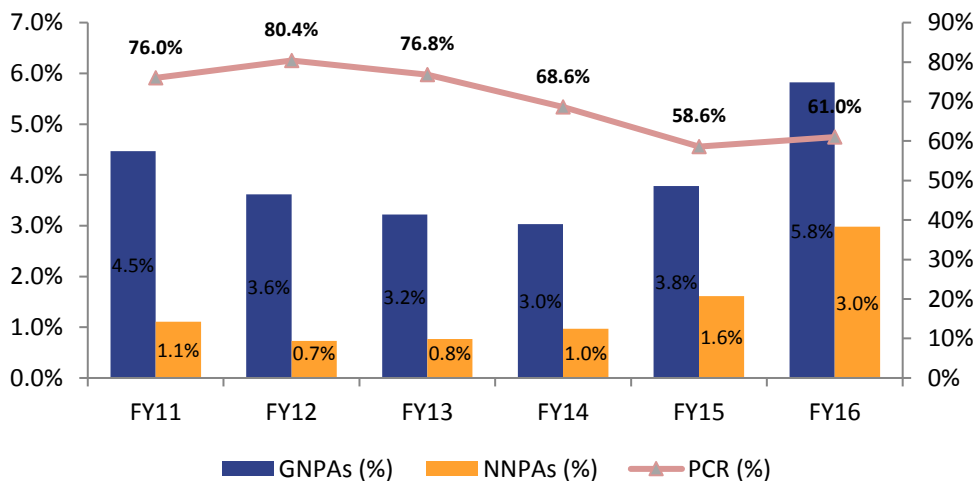


Source: Company, In-house research

## Asset quality pressure lingers

ICICI Bank's asset quality remained under pressure over last two years on the back of higher slippages from the bank's exposure to some of the stressed corporates. The Bank created a list of stressed accounts in Q4FY16 which could be the key source of future stress in corporate lending book. The Bank had total outstanding (o/s) stressed assets exposure of Rs52,638cr (~5.6% of the bank's total loan book) as of FY16. Notably, the dates of origin or sanction on majority of these stress loans were between FY10-12 when majority of the banks sanctioned heavily to the power and steel sectors. On a positive note, the bank has reoriented its balance sheet mix towards less risky retail segment post FY12.

Asset quality stress over the years

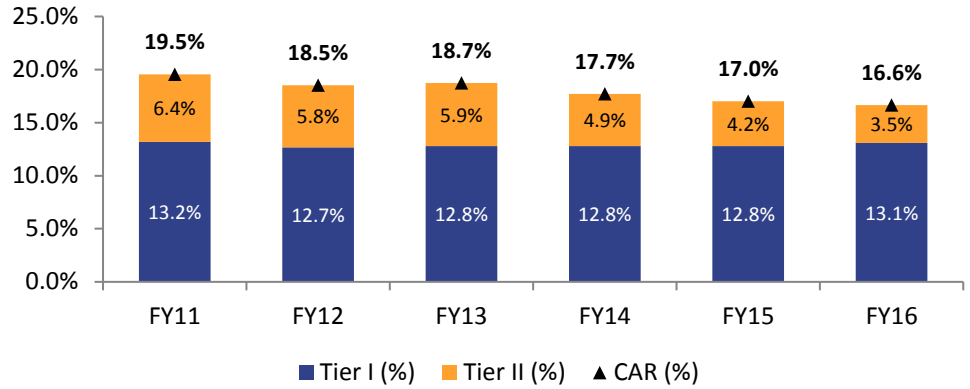


Source: Company, In-house research

## Adequately capitalised to sustain medium term growth

The Bank's capital adequacy ratio (CAR) as per Basel III norms continues to remain strong at 16.6% with Tier-I capital ratio of 13.1%. Notably, the bank has not raised equity capital over the last 8 years.

### Well capitalized to support growth momentum



Source: Company, In-house research

## Balance Sheet (Standalone)

(Rs. Cr)	FY14	FY15	FY16
<b>Liabilities</b>			
Capital	1,162	1,167	1,170
Reserves and surplus	72,052	79,262	88,566
Deposits	331,914	361,563	421,426
Borrowings	154,759	172,417	174,807
Other Liabilities & Provisions	34,756	31,720	34,726
<b>Total Liabilities</b>	<b>594,642</b>	<b>646,129</b>	<b>720,695</b>
<b>Assets</b>			
Cash & Balances	41,530	42,305	59,869
Investments	177,022	186,580	160,412
Advance	338,703	387,522	435,264
Fixed assets	4,678	4,726	7,577
Other assets	32,710	24,997	57,574
<b>Total Assets</b>	<b>594,642</b>	<b>646,129</b>	<b>720,695</b>

## Profit & Loss Account (Standalone)

(Rs. Cr)	FY14	FY15	FY16
<b>Interest Income</b>	<b>44,178</b>	<b>49,091</b>	<b>52,739</b>
Interest Expense	27,703	30,052	31,515
<b>Net Interest Income</b>	<b>16,476</b>	<b>19,040</b>	<b>21,224</b>
Non Interest Income	10,428	12,176	15,323
<b>Net Income</b>	<b>26,903</b>	<b>31,216</b>	<b>36,547</b>
Operating Expenses	10,309	11,496	12,684
Total Income	54,606	61,267	68,062
<b>Total Expenditure</b>	<b>38,011</b>	<b>41,547</b>	<b>44,199</b>
Pre Provisioning Profit	16,595	19,720	23,864
<b>Provisions</b>	<b>2,626</b>	<b>3,900</b>	<b>11,668</b>
Profit Before Tax	13,968	15,820	12,196
Tax	4,158	4,645	2,469
<b>Net Profit</b>	<b>9,810</b>	<b>11,175</b>	<b>9,726</b>

## Key Ratios (Standalone)

	FY14	FY15	FY16
<b>Per share data (Rs.)</b>			
EPS	17	19	17
DPS	5	5	5
BV	127	139	154
ABV	121	128	132
<b>Valuation (%)</b>			
P/E	14.7	16.2	16.3
P/BV	2.0	2.2	1.8
P/ABV	2.1	2.4	2.1
Div. Yield	1.8	1.5	1.8
<b>Capital (%)</b>			
CAR	17.7	17.0	16.6
Tier I	12.8	12.8	13.1
Tier II	4.9	4.2	3.5
<b>Asset (%)</b>			
GNPA	3.0	3.8	5.8
NNPA	1.0	1.6	3.0
PCR	68.6	58.6	61.0
<b>Management (%)</b>			
Credit/ Deposit	102.0	107.2	103.3
Cost/ Income	38.3	36.8	34.7
CASA	42.9	45.5	45.8
<b>Earnings (%)</b>			
NIM	3.4	3.5	3.6
ROE	14.0	14.5	11.4
ROA	1.7	1.8	1.4

## Financial performance snapshot

Net interest income of the bank stood at Rs21,224cr in FY16, a growth of 11.5% as compared to Rs19,040cr in FY15. The NIM (net interest margin) of the bank expanded by 13 bps to 3.6% from 3.5% during the year. The bank's pre-provisioning profit grew by 21.0% YoY to Rs23,864cr in FY16 from Rs19,720cr in FY15. Net profit decreased by 13.0% to Rs9,726cr in FY16 from Rs11,175cr in FY15. CAR (Capital Adequacy Ratio) contracted by 38 bps to 16.6% from 17.0% during the period under review.



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