

## ICICI Bank (ICICIB) – BUY

### Result Update

Current Market Price (CMP)

**Rs.631**

Target Price

**Rs.710**

**We see 12.5% upside in the stock at our Fair Value of Rs.710**

### Rationale:

- Ticking all the right boxes & delivering a solid growth in a challenging environment.
- Normalcy on return ratios for FY22-23 is now a high probability.
- ICICIB is likely to recover from the Covid episode faster than most players.
- ICICIB trades at par with peers & 2.5X FY23E book value.
- We value ICICIB at ~2.3X book & 16X FY23E EPS for RoEs of ~15% levels.  
(RoEs - Return on equities)

### Q4FY21 Earnings update:

#### **Positives:**

- Stellar 3.6X yoy earnings growth on the back of 16% yoy operating profit growth.
- Solid recovery in loan growth at 14% yoy & healthy NIM profile at 3.7%.  
(NIM – Net Interest Margin)
- GNPLs declined 0.5% qoq to 5% & NNPL ratios declined 0.1% qoq to 1.2% of loans.  
(GNPL – Gross non-performing loans; NNPL – Net non-performing loans; NPL – Non-performing loans)
- Deposit growth healthy at ~21% yoy with best-in-class funding costs at less than 4%

#### **Negatives:**

- Slippages were higher in 2021 & recoveries were lower due to pandemic.
- Credit cost ratio increased in FY21 (Management expects normalized level of 1.2-1.3%).

[Click here](#) For detailed report dated 25th April 2021. Note: CMP & valuation may differ due to difference in dates.



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Holding Period: 12 months / Disclaimer: <http://bit.ly/2n5AxIE>