



# Pick of the week

## ICICI Bank (ICICIBC)

Recommendation: **BUY**

Current Price: ₹682

Potential Upside: **19%**

Date: **23rd August 2021**

Time Period: **12 Month**

Target Price: ₹810

### Why invest?

- ICICI Bank's balance sheet is one of the strongest among peers and is well placed to handle the Covid related stress. The bank will show faster recovery in growth and earning.
- Covid has been a good testing phase for the bank's retail book. The early result suggest that we can view the bank's performance with optimism and it is likely to emerge out of crisis with best in class asset quality.
- The book is well provided for (coverage of unsecured retail is at ~75-85% levels and corporate at ~85-90% as of FY21); we expect a marked decline in credit costs even in retail book once the economy recovers.
- The bank has rerated after the initial correction in the first lockdown. The multiple expansion is likely to be contingent on steady growth, stable asset quality and best in class return ratios, which we reckon, there is a high probability of this coming through in the current leg of the cycle.
- We value the bank at a fair value of Rs. 810 – 2.6x (adj) book value and 18x June 23 EPS.