



CMP: ₹795-822

BUY

TP: ₹940

Upside: 16%

- ICICIBC reported a profit of Rs55.1bn in 2QFY22 with strong performance across metrics. Core PPOP grew 21% YoY. NII grew 7/25% QoQ/YoY to Rs117bn, driven by all-time high NIMs of 4% and strong loan growth of 17% YoY.
- Core fees grew 18%/21% QoQ/YoY. Provisions came in at Rs27bn as ICICIBC did not utilise contingency provisions. GNPA ratio declined 39bps QoQ to 5.1% owing to negligible net slippages.
- NIM increased on both, YoY and QoQ basis, aided by the decline in cost of funds which had a larger impact than the decline in yield on funds.
- Loan growth remained robust at 17% YoY (same as 1QFY22). Domestic loan growth was marginally lower at 19% YoY (20% YoY in 1QFY22). Growth was driven by retail loans (+22% YoY) and SME loans (+41% YoY).
- We increase NIM estimates 10-15bps, leading to 3-5% increase in NII. Continued momentum in retail and SME business should keep fee-income growth healthy. On the back of buoyancy in core income, we expect ICICIBC to accelerate on opex, to invest in its franchise and tech.

Financial Summary

| Consolidated (₹bn) | Revenue | CAR (%) | EPS | EPS growth (%) | P/E (x) | RoE (%) |
|--------------------|---------|---------|------|----------------|---------|---------|
| FY22E | 188.0 | 19.1 | 33.0 | 41.0 | 16.9 | 14.7 |
| FY23E | 218.3 | 18.3 | 39.0 | 18.1 | 14.3 | 15.5 |



Disclaimer:

Recommendation Parameters for Fundamental/Technical Reports:

Buy – Absolute return of over +10%

Accumulate – Absolute return between 0% to +10%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

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Investment

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