

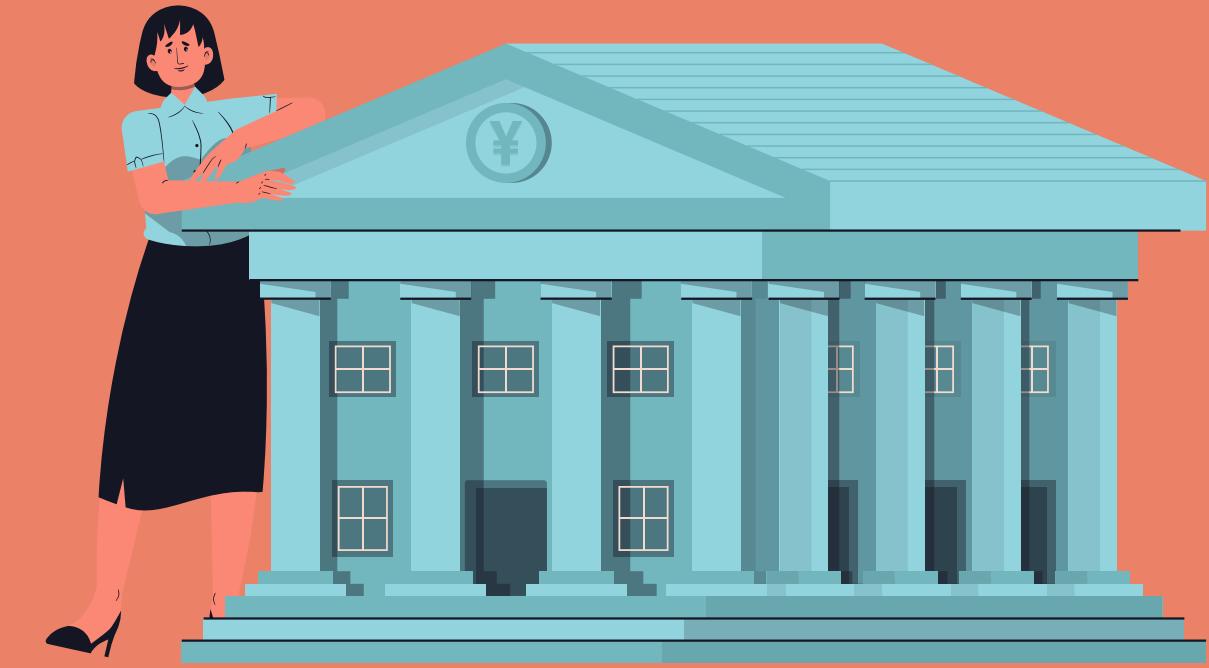
ICICI BANK

Industrial Credit and Investment
Corporation of India



ABOUT ICICI BANK

- **Established in - 1955 by World Bank.**
- **Parent Company - ICICI Bank Limited**
- **Headquarter - Mumbai, Maharashtra**
- **Type Of Bank - Private**
- **Tagline - Hum Hai Na, Khayal Apka**
- **India's second largest private bank**



Products and Services offered by ICICI Bank

1)Card(credit cards, debit cards, travel cards, corporate cards, prepaid cards , business cards)



2)Loan(home loan, personal loan, two wheeler loan, car loan).

3) Investment

4) Insurance

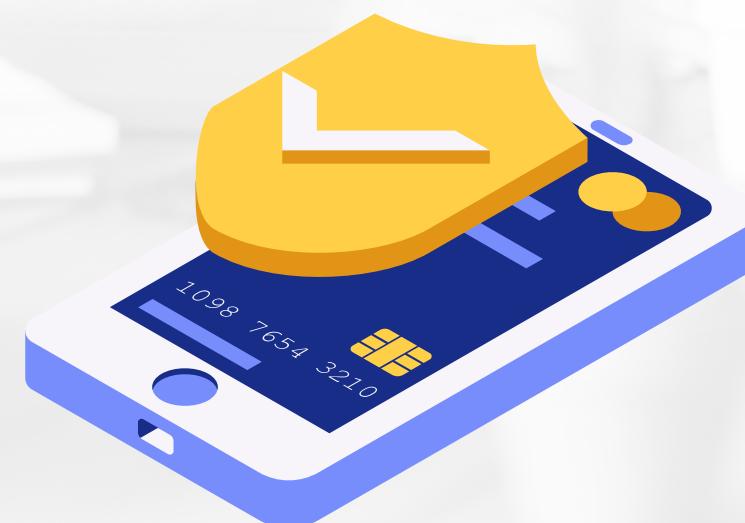
5) Travelers Cheque



6) Deposit(various type of current account and saving account is offered)



7) NRI Banking



8)Business Banking

9)Personal Banking

FINANCE SERVICE SECTOR

- The financial services sector provides financial services to people and corporations.
 - The financial services industry is probably the most important sector of the economy, leading the world in terms of earnings and equity market capitalization.
 - The financial services sector is the primary driver of a nation's economy. It provides the free flow of capital and liquidity in the marketplace. When the sector is strong, the economy grows, and companies in this industry are better able to manage risk.
 - The strength of the financial services sector is also important to the prosperity of a country's population. When the sector and economy are strong, consumers generally earn more. This boosts their confidence and purchasing power. When they need access to credit for large purchases, they turn to the financial services sector to borrow.



ADVANTAGE TO INDIA BY FINANCE SERVICE SECTOR

GROWING DEMAND

- Rising income is driving the demand for financial services across income brackets
- Investment corpus in Indian Insurance sector might rise to US \$1 trillion by 2025

INNOVATION

- Emerging digital gold investment options.
- Platform for infra debt financing -the government plans to make a Rs 6k crore equity investment in debt platform of the NIIF

POLICY SUPPORT

- The government has approved 100% FDI for insurance intermediaries and increased FDI limit in insurance sector to 74% from 49%

GROWING PENETRATION

- Credit, insurance and investment penetration is rising in rural areas.
- HNWI participation is growing in the wealth management system

ICICI BANK'S TIMELINE HISTORY



1998 -
ICICI Bank become first bank in India to begin internet banking



2005-
ICICI Bank teams up with Spanish MNC.

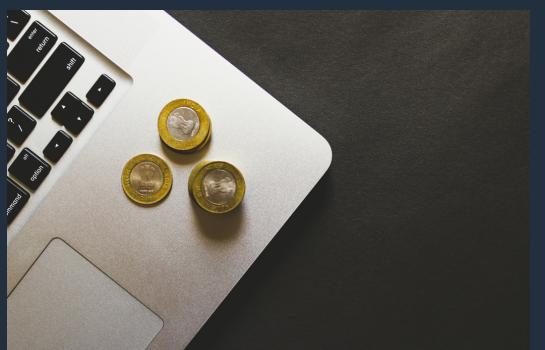


1955
ICICI was established

1996-
ICICI Ltd. a diversified financial institution with headquarters in Mumbai



2001-
ICICI emerged as the largest fund mobiliser during 2000-01.



2010-
Amalgamation of Bank of Rajasthan Ltd. with ICICI Bank Ltd. They get qualified Full Banking privileges in Singapore

2011-
ICICI Bank becomes India's 2nd largest bank with total assets of Rs. 4,062.34 billion



2013-
Ranks 10th in Fortune India's list of 50 most admired companies in India

2014-
Wins the Corporate Treasure Awards 2013 in the categories of 'Best Cash Management Bank in India & Best Trade Finance Bank in India.'



1997-
The Bank introduced electronic funds transfer facility. They opened 11 branches and 2 extension counters increasing the total network of branches to 33 and extension counters to 4

2003-
Sets up NRI advisory service. Global Finance Magazine award ICICI Bank as the best consumer internetb Bank of India



2020-
Board approved a Rs. 1k crore investemnt in Yes Bank Ltd. This investment led to them owning more than 5% of Yes Bank's shareholding

STRENGTHS OF ICICI BANK

1. ICICI bank is the front runner in the Indian Private Banking Sector
2. ICICI has a strong presence via its branches & 14000+ ATMs
3. High use of technology to make life simpler for the customers
4. Large number of facilities for the customers in terms of products and services
5. Over 75,000 employees at ICICI
6. Decades of Experience in the Banking sector along with marketing has added to the brand name
7. ICICI has presence in over 19 countries
8. Marketing & branding using celebrity brand ambassadors has boosted the brand's image
9. Services like net banking, mobile banking, NRI services, apps etc. offered by ICICI
10. It has been given several awards for its banking, CSR activities and other initiatives

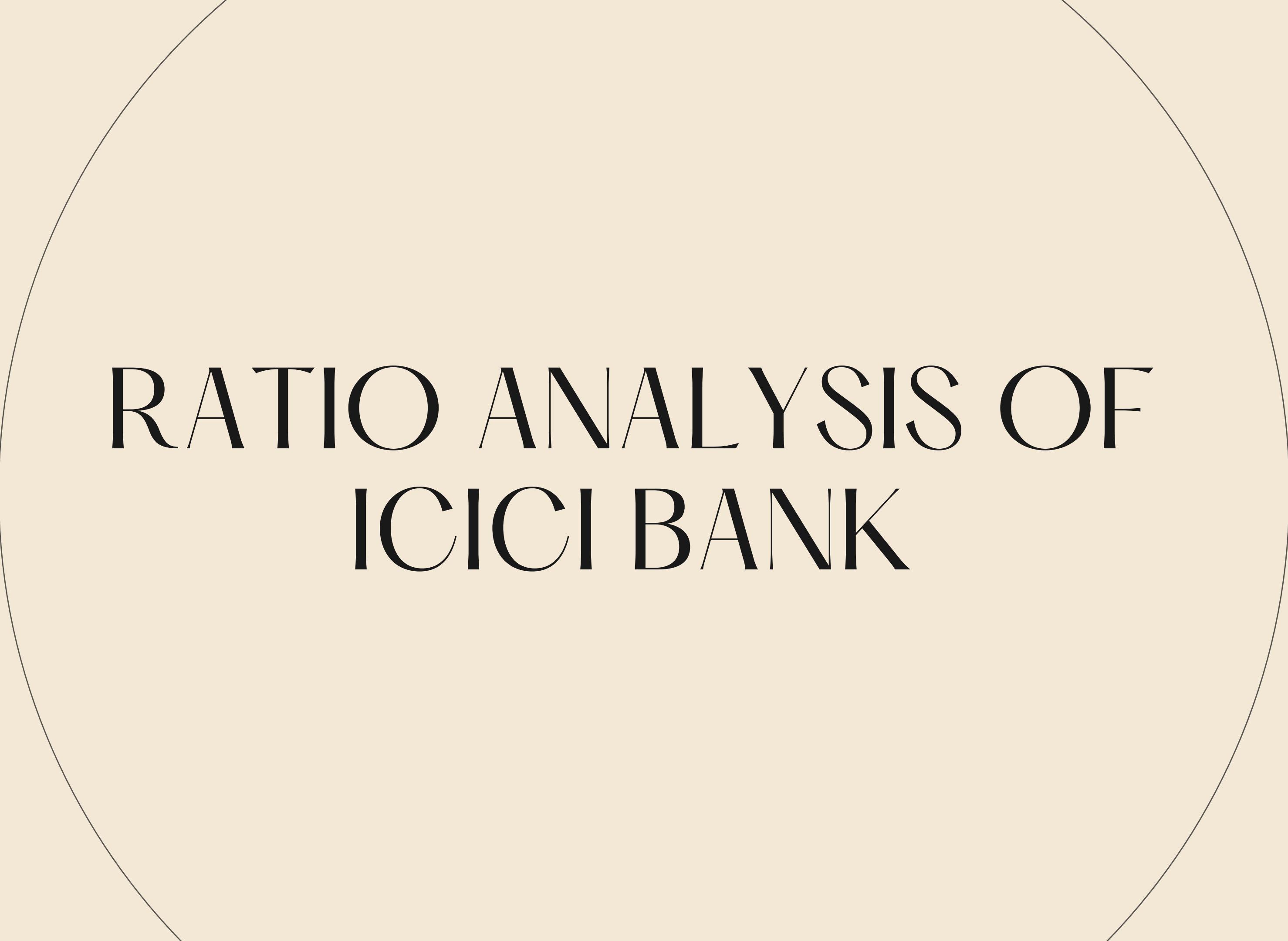
ICICI Bank Opportunities

- 1. Opening more branches in the rural areas can boost ICICI's business**
- 2. Use of technology to penetrate rural markets**
- 3. Venturing into countries like Africa where the economy is coming up**
- 4. ICICI bank can tap the youth by promoting their app and net banking**



ICICI Bank Threats

- 1. Ever changing RBI policies can affect operations of ICICI bank**
- 2. International and other Competitors**
- 3. Inability to adapt to changing conditions due to large size**
- 4. Concern on privacy of user accounts using netbanking can be a threat for ICICI**



RATIO ANALYSIS OF ICICI BANK

1. Basic Earnings Per Share (EPS)

* Formula: Basic EPS = (Net Income – Preferred Dividend) /Number of Common Shares Outstanding

* It indicates how much money a company makes for each outstanding share. Companies with higher EPS are considered to be more profitable. This is readily available in the Income Statement of every listed company.

* ICICI Bank's past 5 years EPS trend –

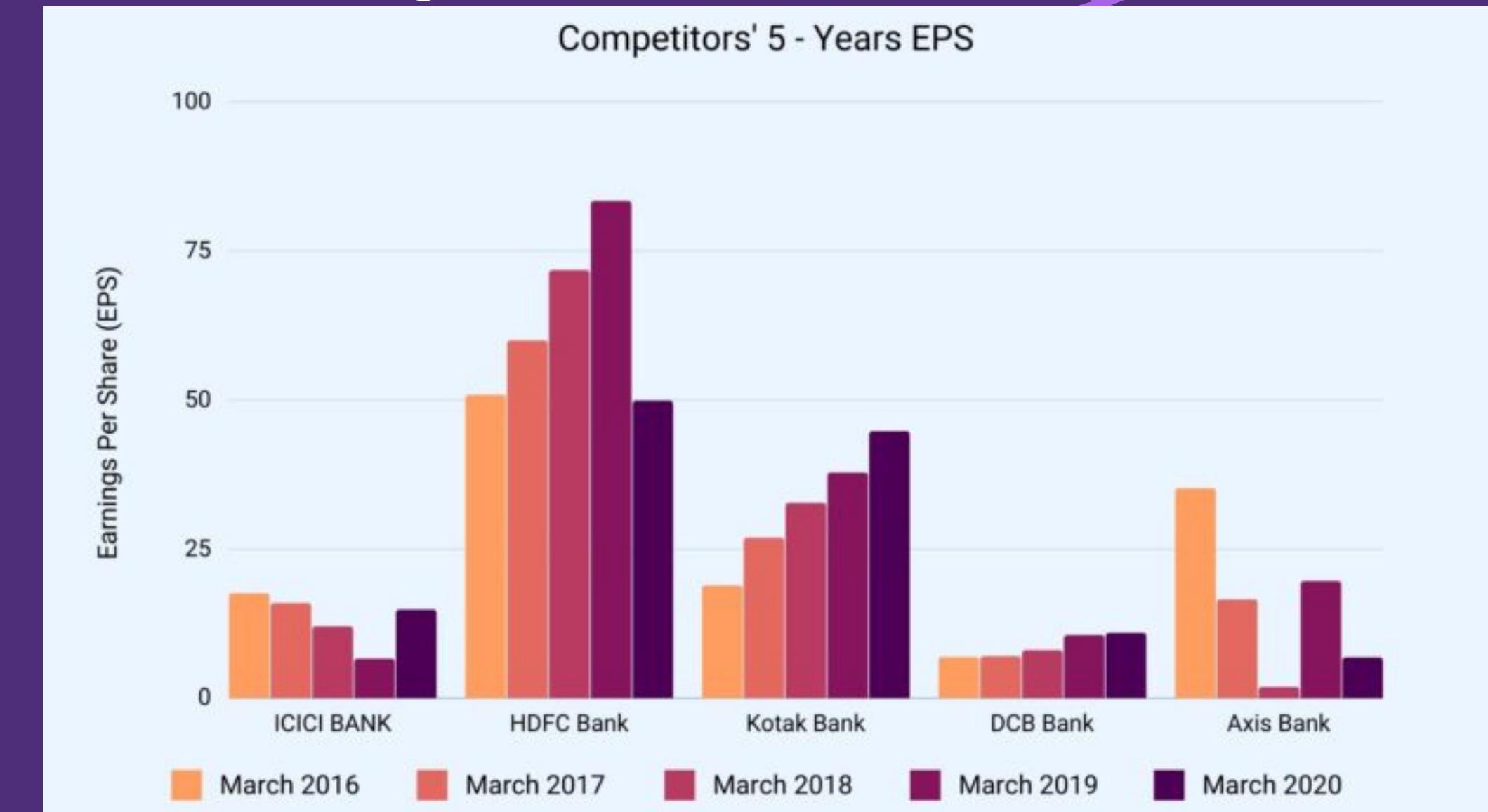


In 2020, there is an increase in EPS compared to 2019 after a constant decrease since 2016.

A constant increase in the EPS figure is considered to be a good sign for the company.

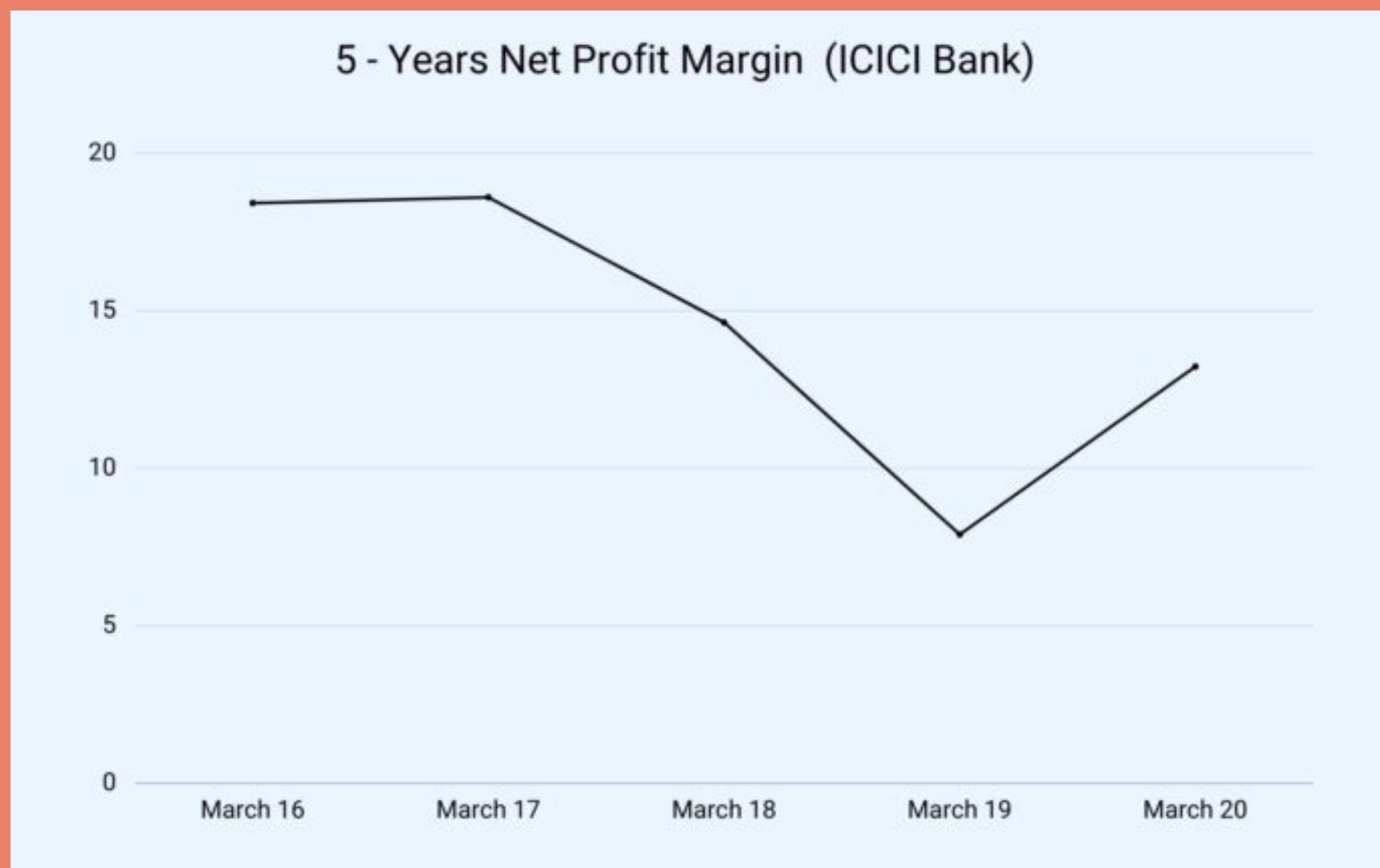
Comparing ICICI Bank's Basic EPS with other private banks of India –

*HDFC Bank's EPS is far more than any other private bank in this comparison. Kotak Bank exhibits a constant rise while Axis bank has fluctuating EPS figures.



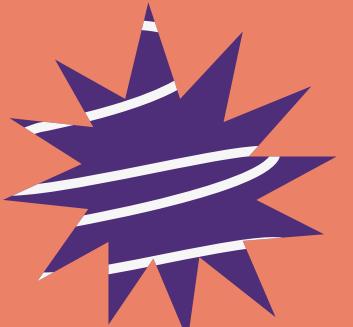
2. NET PROFIT MARGIN

- Formula: Net Profit margin = Net Profit/Total revenue x 100
- Net profit margin is a strong indicator of a company's success. It measures how much profit is generated as a percentage of sales/revenue. This makes comparison of two or more businesses possible regardless of their size.
- ICICI bank's past five years Net Profit margin

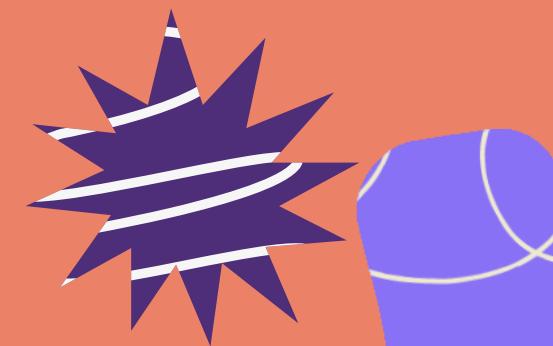
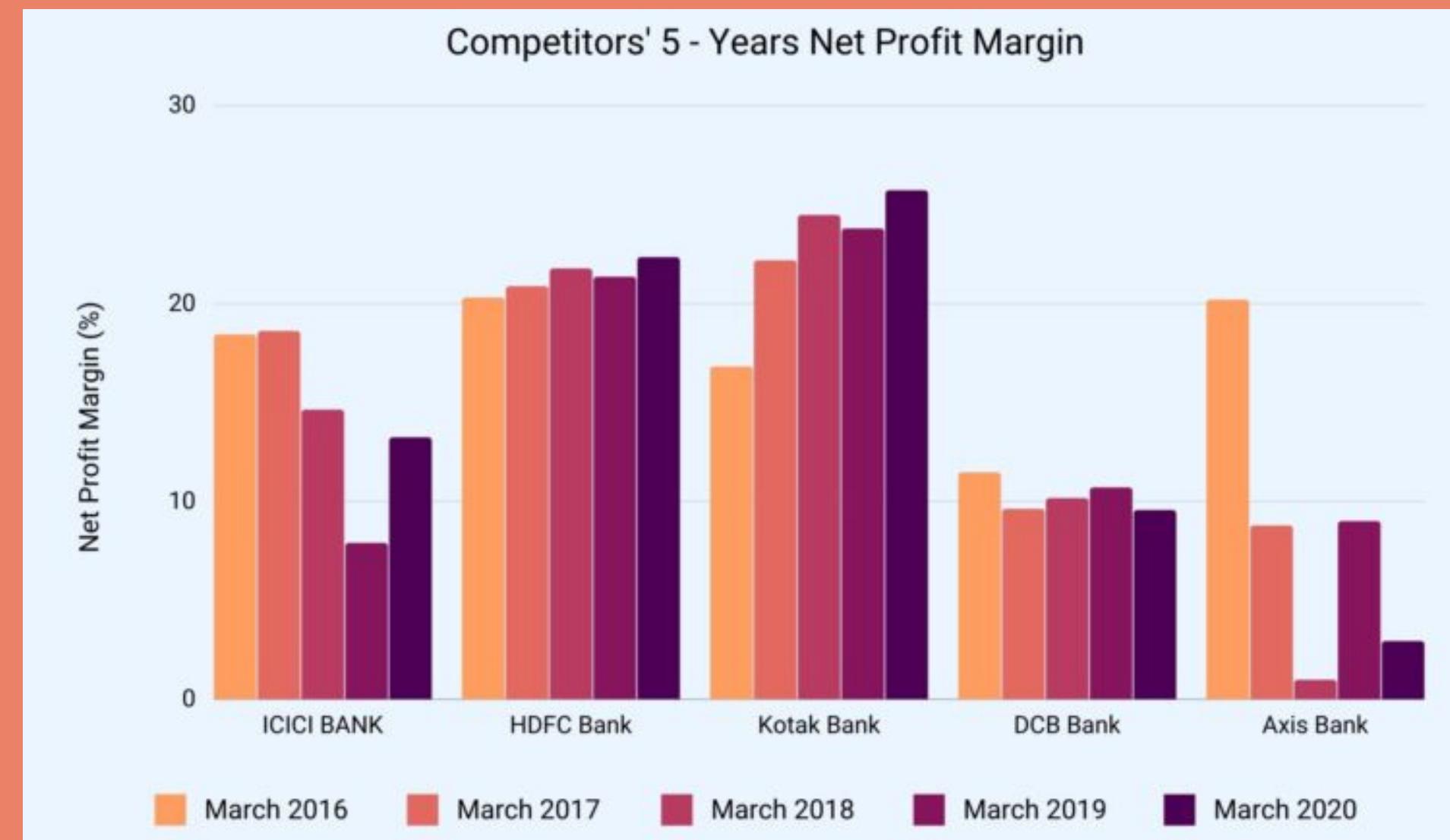


The past five-year net profit margin does not seem very exciting. There is a net profit margin went up from 7.90% in 2019 to 13.23% in 2020. However, the performance was better in the previous years in 2016 and 2017. So, we can conclude that the company is improving its operations and are getting better in managing their expenses

Comparing ICICI Bank's NPM with it's competitor

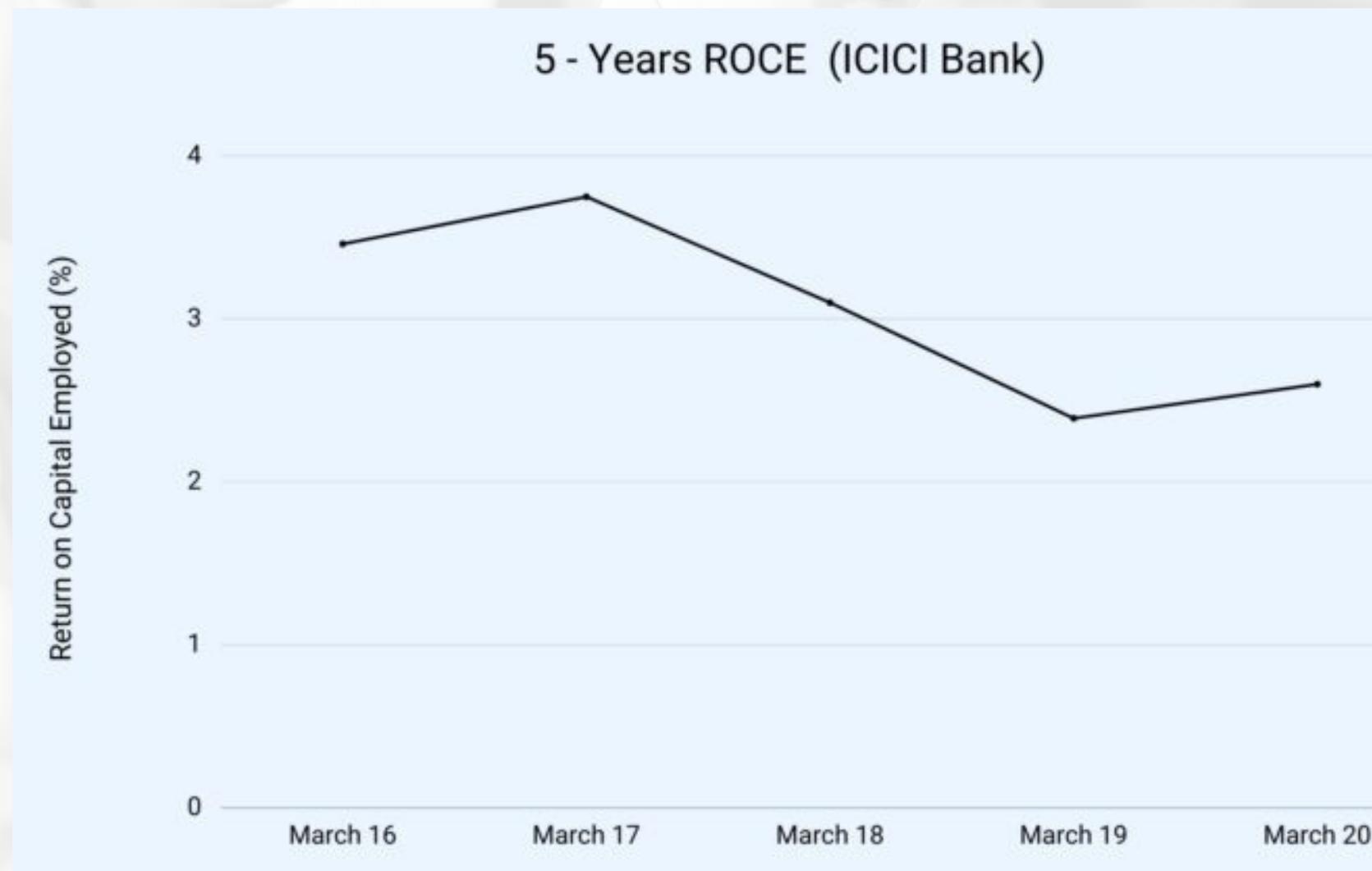


Axis Bank has a fluctuating net profit margin. Whereas HDFC Bank and Kotak Bank show a constant increase. It means that they are efficiently converting their sales into profits.



3. Return on Capital Employed (ROCE)

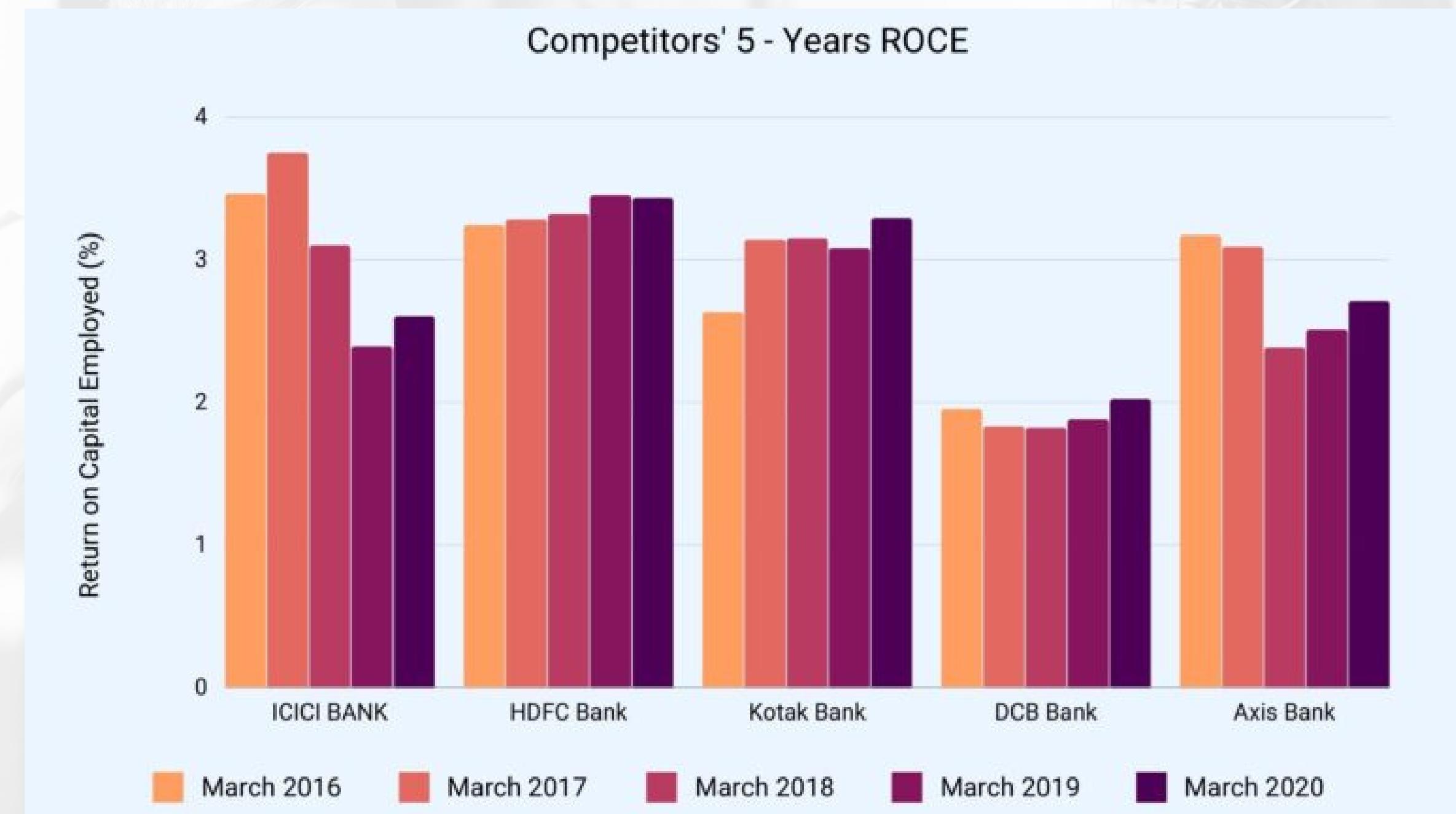
- Formula: ROCE = Earnings Before Interest and Taxes /Capital Employed
- This is a long-term profitability ratio that measures how efficiently a company is using its capital.
- It is used to perform trend analysis for a company. A higher ROCE is always a favorable. It indicates whether a company is using its capital well or not. It is a useful metric to compare profitability across several companies in an industry.
- **Here is ICICI bank's five-year ROCE trend –**



There is a slight improvement in the net margin percentage. The shift shows that the bank is trying to generate more revenue from interest rate differences

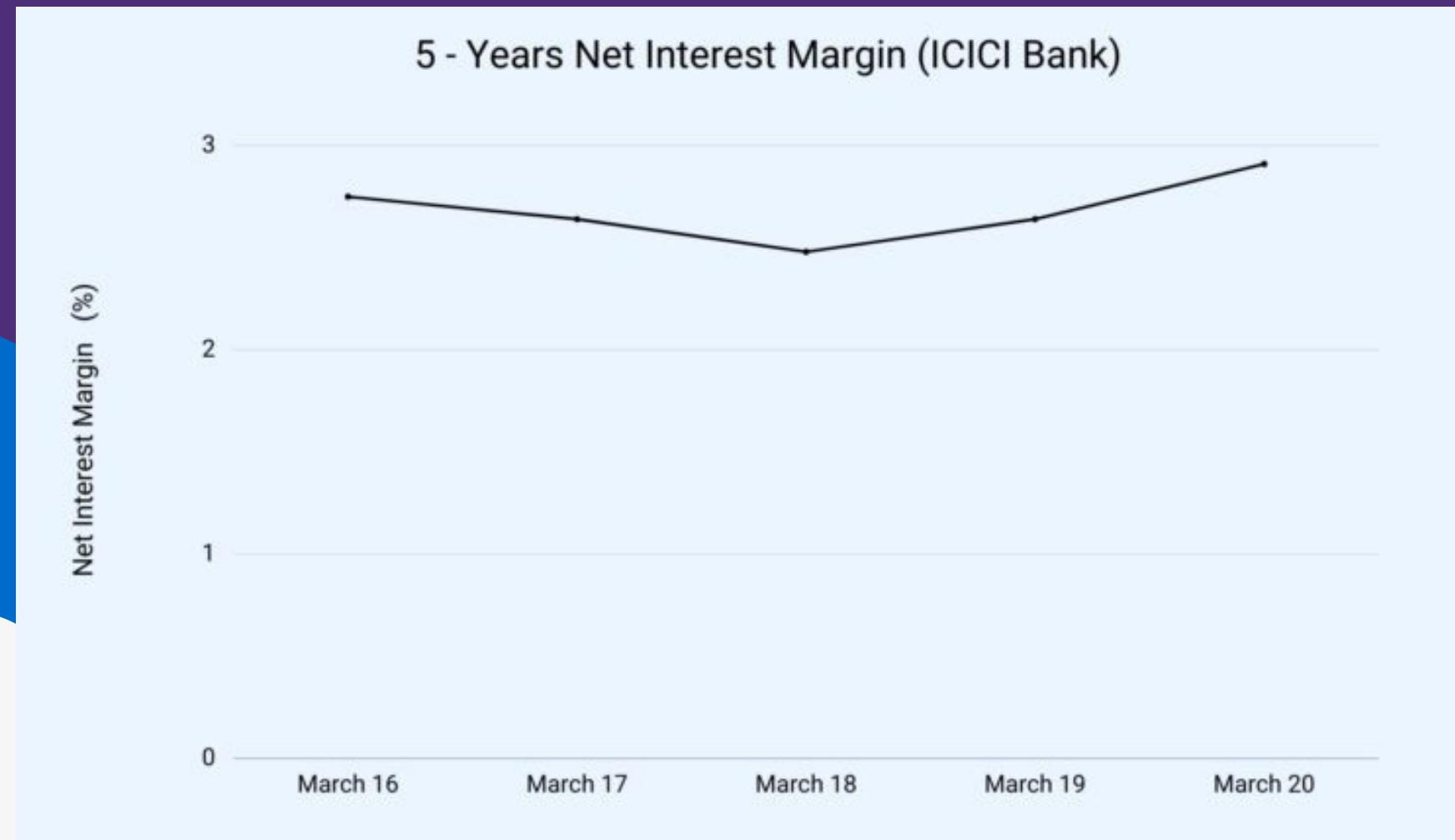
Comparing other bank's performance over the last five-years years

ICICI bank's ROCE has reduced over time. While HDFC Bank has generated a consistent ROCE. DCB Bank's performance is lower than other banks which makes it a less-preferable option for investors



4. Net Interest Margin

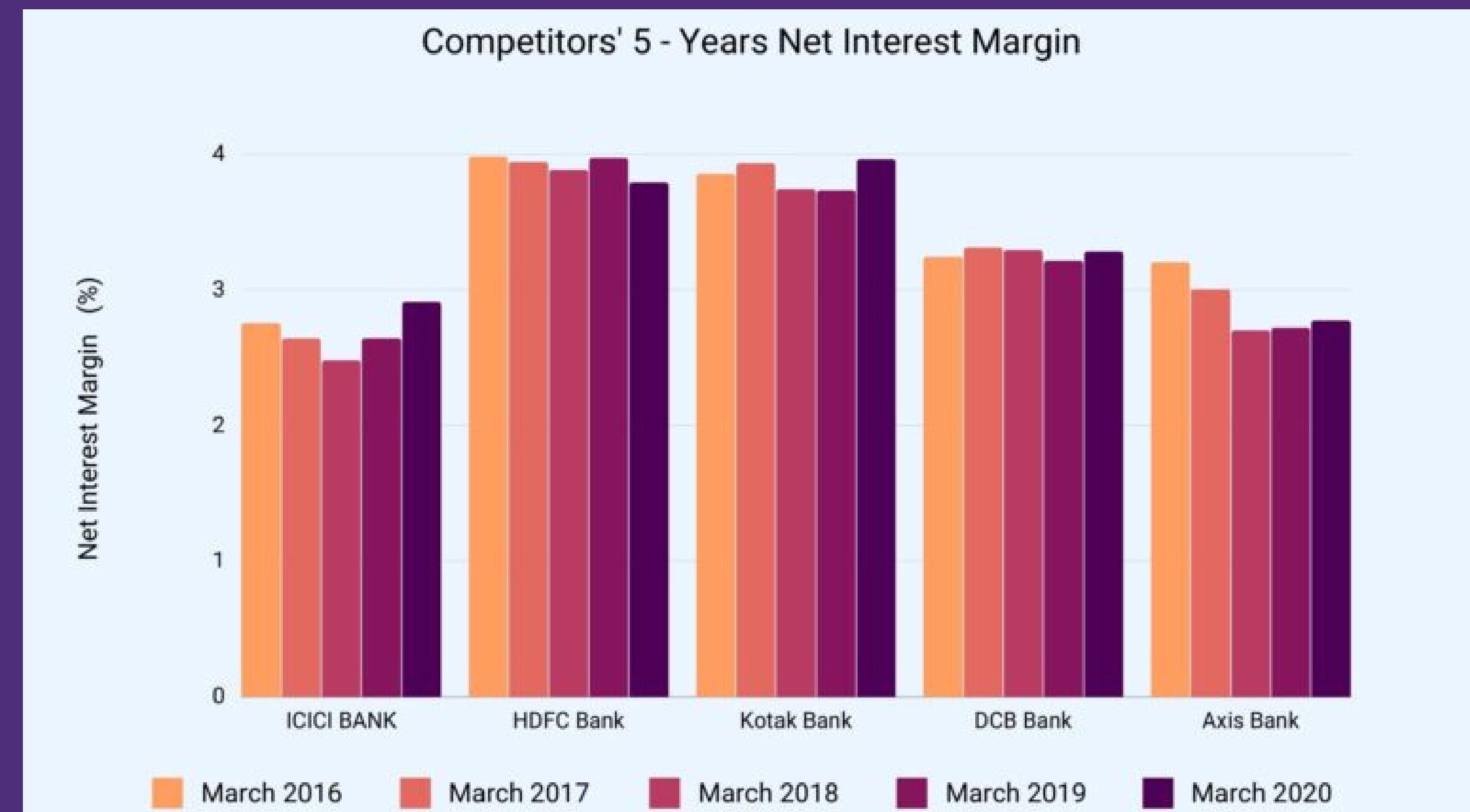
- Formula: Net Interest Margin = (Interest Returns – Interest Expense) /Average Total Assets
- Banks provide around 3% interest rate on saving accounts and 6% on fixed deposits. They earn interest on various loans they issue to their clients. For example, car loans, home loans, education loans.
- The difference between what banks give and what they earn as interest is **Net Interest**. If it is positive, we can conclude that the bank's operations are profitable. If it is negative, we can say that the bank is not profitable.
- **ICICI Bank's Net Interest Margin of the past five years –**



There is a slight improvement in the net margin percentage. The shift shows that the bank is trying to generate more revenue from interest rate differences.

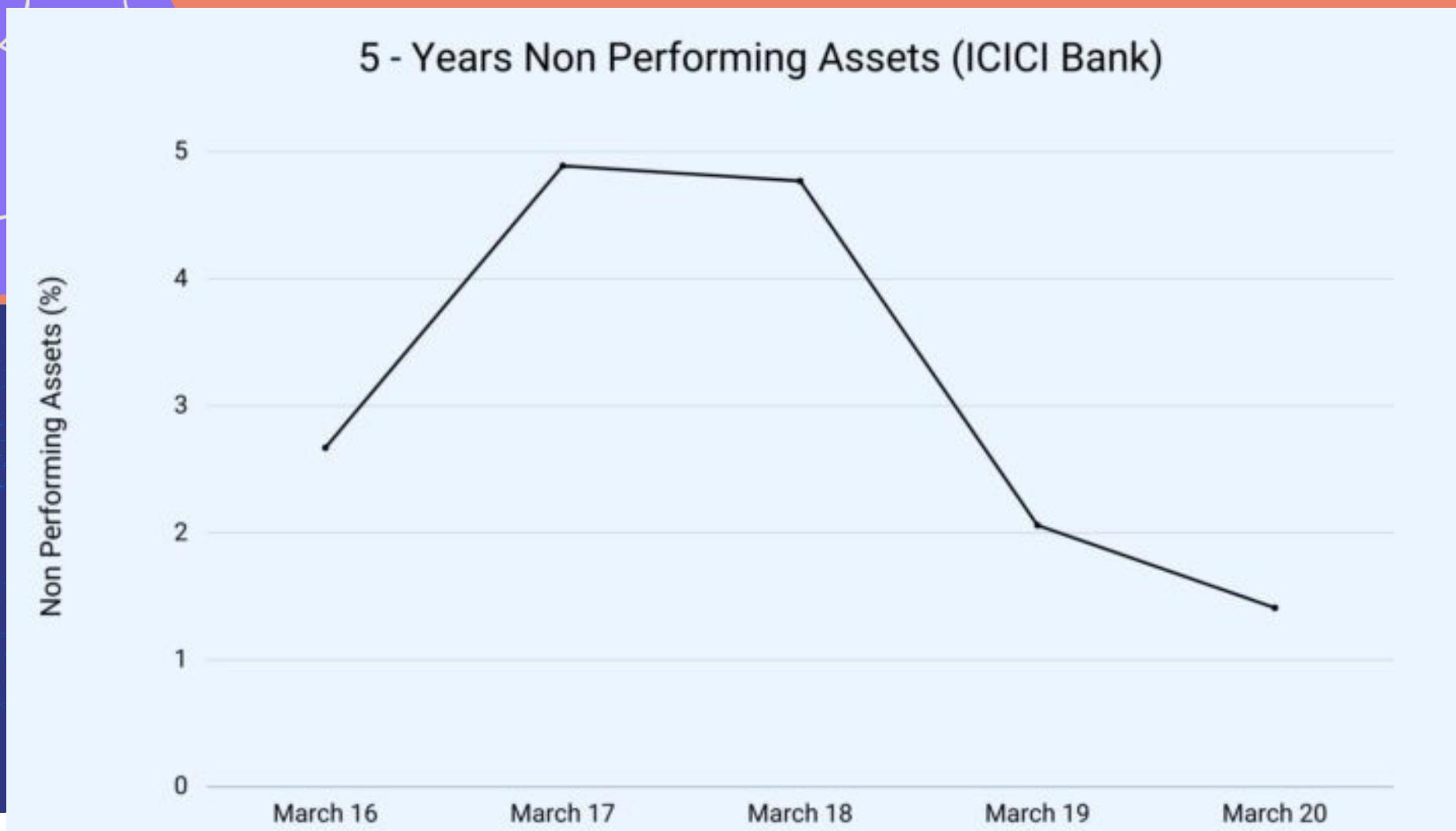
Comparing ICICI bank's net interest margin with its competitors

HDFC Bank and Kotak Bank have the best net interest margins. While ICICI Bank is operating around the 2.5% mark



5. Non-Performing Assets (NPA)

- **Non-Performing Assets are the ones that cease to generate income for the bank.**
- **When the principal or interest payments are not paid by the borrowers, the banks consider them as non-performing assets. Banks often hold a big chunk of NPA. This is because of poor risk management and lending policies.**
- **The non-performing asset of ICICI Bank –**

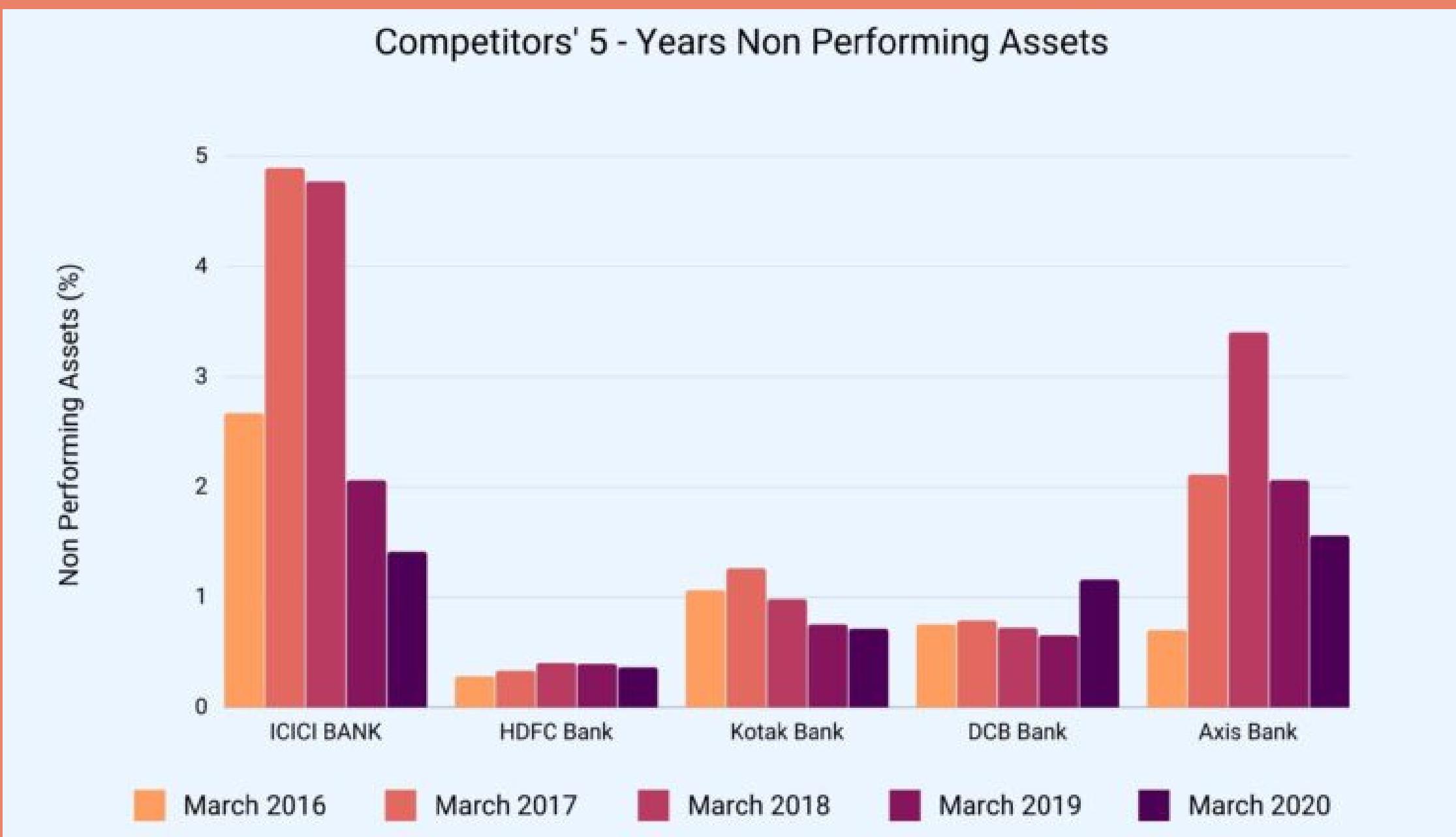


There is a sharp and continuous decline in ICICI Bank's NPA. This is a positive sign indicating that the bank has improved its risk and credit management practices

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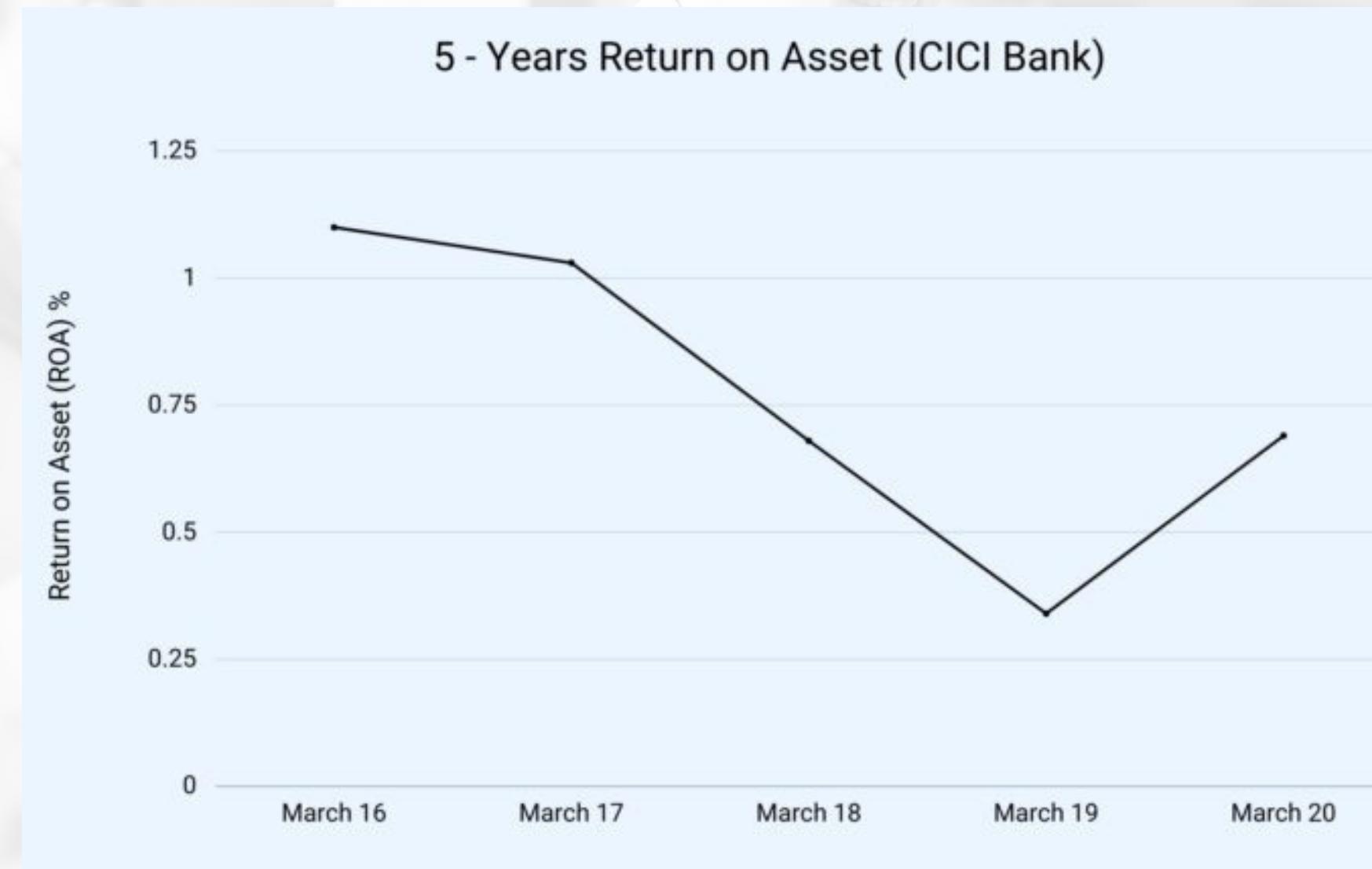
Other banks and their NPA level

There is an overall and continuous decline in NPA levels, which is a good indicator for the sector. However, ICICI Bank's NPA is still higher than its competitors. HDFC Bank has the lowest NPA while Axis Bank has the highest NPA.



6. Return on Assets

- Formula: $ROA = \text{Net Income} / \text{Average Assets}$
- It measures how efficiently a company can convert the money used to buy an asset into profits. This ratio measures a bank's ability to generate returns from the deposits it receives. ROA is extremely important while analysing banks.
- Here is ICICI Bank's five-year ROA trend –



The return on asset exhibited a constant decline until last year. This does not paint a good picture for the bank. It means that the bank underperformed for years. High NPA could be one reason for low ROA.

ICICI bank's five-year ROA and comparing them with its competitors –



HDFC Bank and Kotak Bank have the best ROA. ICICI Bank and Axis bank fluctuated on their returns and have underperformed peers by a huge margin

On March 17, 2020, ICICI Bank announced the launch of 'ICICIStack', a set of the country's most comprehensive digital banking services to ensure uninterrupted banking experience to customers at a time when they are advised to stay indoors in the wake of the coronavirus outbreak

FRAUD CASE

- A charge sheet filed by Enforcement Directorate (ED) in November in the ICICI Bank bribery involving its former managing director Chanda Kochhar revealed how her husband Deepak Kochhar and Venugopal Dhoot had appointed drivers, gardeners, office boys, and other junior employees as dummy directors in their companies.
- The statement of these employees was recorded and some of them even claim that they were not even aware of the companies in which they were made directors. The ED charge sheet mentioned several such names and one of which was Kesharmal Nensukhlal Gandhi. He used to work as a cleaner at Dhoot's bungalow in Ahmednagar since 1994, and the director in IRCL (Indian Refrigerator Company Ltd).
- The same was done by Deepak Kochhar as well, and he too appointed people who had nothing to do with the business of his companies as directors.
- An office boy in Deepak Kochhar's company, who also takes care of Kochhar's father and often works as a driver for the family, was made director in PCSPL and was made to sign various documents and agreements.

THANK YOU

