

Estimate change	↔
TP change	↔
Rating change	↔

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Bloomberg	ICICIBC IN
Equity Shares (m)	6984
M.Cap.(INRb)/(USDb)	6974.1 / 85.1
52-Week Range (INR)	1002 / 780
1, 6, 12 Rel. Per (%)	3/5/8
12M Avg Val (INR M)	13521

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	621	738	852
OP	491	567	652
NP	319	390	445
NIM (%)	4.6	4.7	4.6
EPS (INR)	45.8	55.9	63.7
EPS Gr (%)	36.0	22.0	13.9
ABV/Sh (INR)	268	315	369
Cons. BV/Sh (INR)	304	356	419
Ratios			
RoE (%)	17.5	18.3	17.9
RoA (%)	2.1	2.3	2.2
Valuations			
P/BV (x) (Cons)	3.3	2.8	2.4
P/ABV (x)	3.0	2.6	2.2
P/E (x)	17.8	14.6	12.8

*Adjusted for Investment in subsidiaries

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	0.0	0.0	0.0
DII	36.9	36.3	36.3
FII	54.8	55.4	54.6
Others	8.3	8.3	9.1

FII Includes depository receipts

CMP: INR997 **TP: INR1,150 (+15%)** **Buy**

Another solid quarter; RoE sustains at ~19%

Robust growth across segments

- ICICI Bank (ICICIBC) reported another strong quarter (RoA of 2.4%), led by robust loan growth, stable asset quality and a slight decline in margins.
- Core PPOP grew 35% YoY, while NIMs moderated 12bp QoQ to 4.8%. Business growth was strong, with overall loans growing 18% YoY.
- Asset quality remained broadly stable with PCR at 83%. The bank maintains a total contingency buffer of INR131b.
- ICICIBC is well positioned to deliver steady earnings, supported by pristine asset quality and strong momentum in business growth. We estimate RoA/RoE of 2.2%/17.9% in FY25.
- After a strong outperformance backed by robust earnings growth (3yr CAGR of ~60%), we estimate earnings growth to moderate to an 18% CAGR over FY23-25, affected largely by a decline in margins and limited levers available on the opex/credit cost front. We thus expect stock returns to be moderate for ICICIBC and many other large-cap banking stocks. **Maintain BUY.**

In-line earnings; margin moderates 12bp QoQ

- 1QFY24 PAT grew 40% YoY to INR96.5b (in line), aided by healthy NII growth and other income. The bank, thus, reported 1QFY24 annualized RoA and RoE of 2.4% and 18.9%, respectively.
- NII grew 38% YoY (in line), aided by healthy loan growth of 18% YoY. However, NIMs moderated 12bp QoQ to 4.78%. Other income grew 17% YoY to INR54.4b, aided by treasury gain of INR2.5b. Fee income grew 14% YoY.
- Opex rose 26% YoY, yet resulting in healthy 37% YoY growth in PPOP to INR141.4b (in line). Core PPOP grew 35% YoY.
- On the business front, advances grew 18% YoY/4% QoQ, led by 19%/22% YoY growth in Domestic/Retail loans. Growth was driven by vehicle loans, credit cards and personal loans. The SME book grew 29% YoY, while the corporate book too reported a healthy pick-up (up 4% QoQ).
- On the liability front, deposits grew 18% YoY (+5% QoQ), while CASA deposits saw 9% YoY growth (down 1% QoQ). The average CASA mix declined 100bp QoQ to 42.6% (period-end CASA ratio at 43.3%).
- Fresh slippages increased to INR53.2b (2.1% annualized). The GNPA ratio declined 5bp QoQ to 2.76%, while NNPA was stable at 0.48%. PCR was also stable at ~83%. The bank now maintains a total contingency buffer of INR131b.

Highlights from the management commentary

- The bank recorded a treasury gain of INR2.52b in 1QFY24 vs. gain of INR0.36b in 1QFY23.
- Dividend income from subsidiaries and associates was INR2.91b in 1QFY24 vs. 3.47b in 1QFY23.
- The maximum single borrower outstanding on an account rated BB & Below is less than INR5b.
- NIM moderated to 4.78% from 4.9% in 4QFY23. The bank believes that NIM will moderate in upcoming quarters as well.

Valuation and view

ICICIB reported another steady quarter, driven by healthy NII/Core PPop growth and controlled provisions underpinned by stable asset quality. The stable mix of the high-yielding portfolio (Retail/Business Banking) and a low-cost liability franchise drove steady NII growth. The bank is seeing a strong recovery across segments, while asset quality trends remain healthy with PCR at ~83%. The additional Covid-related provision buffer (1.2% of loans) provides further comfort. We estimate ICICBC to deliver RoA/RoE of 2.2%/17.9% in FY25. After a strong outperformance backed by robust earnings growth (3yr CAGR of ~60%), we estimate earnings growth to moderate to an 18% CAGR over FY23-25, affected largely by a decline in margins and limited levers available on the opex/credit cost front. We expect stock returns to be more moderate for ICICIB and many other large-cap banking stocks. **Retain Buy with our unchanged SoTP-based TP of INR1,150 (2.6x FY'25E ABV).**

Quarterly performance (INR b)

	FY23				FY24E				FY23	FY24E	FY24	v/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est
Net Interest Income	132.1	147.9	164.6	176.7	182.3	183.4	184.5	187.9	621.3	738.2	180.0	1%
% Change (YoY)	20.8	26.5	34.6	40.2	38.0	24.1	12.1	6.4	30.9	18.8	36.3	
Other Income	46.7	50.5	50.2	50.9	54.4	55.8	58.1	58.6	198.3	226.9	52.2	4%
Total Income	178.8	198.4	214.9	227.5	236.6	239.2	242.6	246.6	819.6	965.1	232.3	2%
Operating Expenses	75.7	81.6	82.2	89.3	95.2	98.0	100.4	104.7	328.7	398.4	93.6	2%
Operating Profit	103.1	116.8	132.7	138.3	141.4	141.3	142.2	141.8	490.9	566.7	138.6	2%
% Change (YoY)	15.9	17.8	30.8	34.3	37.2	20.9	7.2	2.6	25.1	15.4	34.5	
Provisions	11.4	16.4	22.6	16.2	12.9	12.6	13.2	9.8	66.7	48.5	12.4	4%
Profit before Tax	91.7	100.4	110.1	122.1	128.5	128.7	129.1	132.1	424.2	518.2	126.2	2%
Tax	22.6	24.8	27.0	30.8	32.0	31.8	31.9	32.4	105.2	128.0	31.2	3%
Net Profit	69.0	75.6	83.1	91.2	96.5	96.9	97.2	99.7	319.0	390.2	95.0	2%
% Change (YoY)	49.6	37.1	34.2	30.0	39.7	28.2	16.9	9.3	36.7	22.3	37.6	
Operating Parameters												
Deposit	10,503	10,900	11,220	11,808	12,387	12,470	13,036	13,698	11,808	13,698	12,186	2%
Loan	8,956	9,386	9,740	10,196	10,576	10,839	11,371	12,032	10,196	12,032	10,582	0%
Deposit Growth (%)	13.4	11.5	10.3	10.9	17.9	14.4	16.2	16.0	10.9	16.0	16.0	
Loan Growth (%)	21.3	22.7	19.7	18.7	18.1	15.5	16.7	18.0	18.7	18.0	18.1	
Asset Quality												
Gross NPA (%)	3.4	3.2	3.1	2.8	2.8	2.8	2.6	2.5	3.0	2.5	2.9	(12)
Net NPA (%)	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	(1)
PCR (%)	79.9	81.3	82.6	83.5	83.1	83.2	83.1	82.4	83.5	82.4	83.3	(21)
RoA (%)	2.0	2.1	2.2	2.4					2.1	2.3		
RoE (%)	15.9	16.6	17.6	18.9					17.5	18.3		
CASA (%)	46.9	46.6	45.3	45.8					44.4	43.1		
Margins (%)	4.0	4.3	4.7	4.9					4.6	4.7		

Source: MOFSL, Company

Quarterly snapshot (INR b)

Profit and Loss (INRb)	FY22				FY23				FY24	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Interest Income	203.8	212.3	220.8	226.7	236.7	260.3	285.1	310.2	333.3	41	7
Loans	149.8	157.4	162.3	168.8	176.3	199.3	221.8	242.0	258.4	47	7
Investment	40.4	41.0	40.5	42.2	45.8	51.2	53.4	58.4	66.2	44	13
Others	13.6	14.0	18.0	15.8	14.6	9.8	9.8	9.8	8.7	-41	-12
Interest Expenses	94.5	95.4	98.5	100.7	104.6	112.5	120.4	133.5	151.0	44	13
Net Interest Income	109.4	116.9	122.4	126.0	132.1	147.9	164.6	176.7	182.3	38	3
Other Income	40.0	48.0	49.9	47.4	46.7	50.5	50.2	50.9	54.4	17	7
Trading profits	2.9	4.0	0.9	1.3	0.4	-0.9	0.4	-0.4	2.5	601	-731
Fee Income	32.2	38.1	42.9	43.7	42.4	44.8	44.5	48.3	48.4	14	0
Others	4.9	5.9	6.1	2.4	3.9	6.6	5.4	3.0	3.4	-12	14
Total Income	149.3	164.9	172.2	173.4	178.8	198.4	214.9	227.5	236.6	32	4
Operating Expenses	60.4	65.7	70.7	70.5	75.7	81.6	82.2	89.3	95.2	26	7
Employee	23.7	23.8	24.8	24.3	28.5	28.9	29.2	34.0	38.8	36	14
Others	36.6	41.9	45.9	46.2	47.2	52.7	53.0	55.3	56.4	20	2
Operating Profits	88.9	99.1	101.5	102.9	103.1	116.8	132.7	138.3	141.4	37	2
Core Operating Profits	86.0	95.2	100.6	101.6	102.7	117.7	132.4	138.7	138.9	35	0
Provisions	28.5	27.1	20.1	10.7	11.4	16.4	22.6	16.2	12.9	13	-20
PBT	60.4	72.0	81.4	92.2	91.7	100.4	110.1	122.1	128.5	40	5
Taxes	14.3	16.9	19.5	22.1	22.6	24.8	27.0	30.8	32.0	42	4
PAT	46.2	55.1	61.9	70.2	69.0	75.6	83.1	91.2	96.5	40	6
Balance Sheet (INR b)											
Loans	7,386	7,649	8,140	8,590	8,956	9,386	9,740	10,196	10,576	18	4
Investments	2,948	2,852	2,848	3,102	3,213	3,330	3,371	3,623	3,981	24	10
Deposits	9,262	9,774	10,175	10,646	10,503	10,900	11,220	11,808	12,387	18	5
Borrowings	891	830	1,096	1,072	1,155	1,299	1,306	1,193	1,113	-4	-7
Total Assets	12,207	12,760	13,542	14,113	14,156	14,887	15,217	15,842	16,470	16	4
Asset Quality (INR b)											
GNPA	431.5	414.4	370.5	339.2	331.6	325.7	325.3	311.8	318.2	-4	2
NNPA	93.1	81.6	73.4	69.6	66.6	61.0	56.5	51.6	53.8	-19	4
Deposits Break Up											
CASA Deposits	4,251	4,507	4,807	5,184	4,921	5,078	5,088	5,413	5,362	9	-1
% of total Deposits	46	46	47	49	47	47	45	46	43		
Savings	3,066	3,186	3,346	3,600	3,518	3,625	3,632	3,798	3,752	7	-1
% of total Deposits	33	33	33	34	33	33	32	32	30		
Current	1,185	1,321	1,460	1,585	1,403	1,454	1,456	1,615	1,610	15	0
% of total Deposits	13	14	14	15	13	13	13	14	13		
Term Deposits	5,011	5,267	5,368	5,461	5,582	5,822	6,132	6,396	7,025	26	10
% of total Deposits	54	54	53	51	53	53	55	54	57		
Loan Break Up											
Agriculture											
SME Loans	298	331	364	405	394	419	454	482	506	29	5
Corporate Loans	1,739	1,705	1,861	1,924	1,981	2,087	2,143	2,199	2,265	14	3
Retail Loans	4,552	4,780	5,024	5,315	5,549	5,855	6,121	6,452	6,733	21	4
<i>of which</i>											
- Housing	2,494	2,647	2,783	2,931	3,051	3,186	3,314	3,447	3,556	17	3
- Personal Loans	495	526	570	629	684	744	809	881	948	39	8
- Credit Cards	172	198	228	251	280	334	345	378	407	45	8
- Others	1,392	1,409	1,444	1,505	1,535	1,592	1,653	1,747	1,822	19	4
International Loans	401	387	407	413	458	380	353	341	323	-29	-5
Loan Mix (%)											
SME Loans	4.0	4.3	4.5	4.7	4.4	4.5	4.7	4.7	4.8	39	6
Corporate Loans	23.5	22.3	22.9	22.4	22.1	22.2	22.0	21.6	21.4	-71	-16
Retails	61.6	62.5	61.7	61.9	62.0	62.4	62.8	63.3	63.7	171	39
International Loans	5.4	5.1	5.0	4.8	5.1	4.0	3.6	3.3	3.1	-206	-29

Ratios	FY22				FY23				FY24	Change (bp)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA	5.2	4.8	4.1	3.6	3.4	3.2	3.1	2.8	2.8	-65	-5
NNPA	1.2	1.0	0.9	0.8	0.7	0.6	0.6	0.5	0.5	-22	0
PCR (Calculated)	78.4	80.3	80.2	79.5	79.9	81.3	82.6	83.5	83.1	316	-38
Credit Cost	1.7	1.5	1.1	0.5	0.6	0.8	1.0	0.7	0.5	-3	-16
Business Ratios (%)											
Fees to Total Income	21.6	23.1	24.9	25.2	23.7	22.6	20.7	21.2	20.5	-327	-76
Cost to Core Income	41.2	40.8	41.3	41.0	42.4	41.0	38.3	39.2	40.7	-174	151
Tax Rate	23.6	23.5	23.9	23.9	24.7	24.7	24.5	25.3	24.9	24	-37
CASA	45.9	46.1	47.2	48.7	46.9	46.6	45.3	45.8	43.3	-360	-250
Dom. Loan/Deposit (Rep)	75.4	74.3	76.0	76.8	80.9	82.6	83.7	83.5	82.8	186	-69
Loan / Deposit	79.7	78.3	80.0	80.7	85.3	86.1	86.8	86.3	85.4	11	-97
Profitability Ratios (%)											
Yield on loans	8.3	8.3	8.2	8.3	8.1	8.6	9.1	9.8	9.9	174	11
Yield On Investments	5.4	5.7	5.8	5.7	5.9	6.6	6.9	6.9	7.4	141	41
Yield on Funds	7.3	7.3	7.2	7.2	7.2	7.6	8.1	8.6	8.7	155	14
Cost of funds	3.8	3.7	3.7	3.7	3.7	3.8	4.0	4.3	4.6	93	31
Margins	3.9	4.0	4.0	4.0	4.0	4.3	4.7	4.9	4.8	77	-12
RoA (cal)	1.5	1.8	1.9	2.1	2.0	2.1	2.2	2.4	2.4	41	2
RoE (Cal)	12.3	14.1	15.4	17.1	15.9	16.6	17.6	18.9	18.9	300	0
Other Details											
Branches	5,268	5,277	5,298	5,418	5,534	5,614	5,718	5,900	6,074	540	174
ATM	14,141	14,045	13,846	13,626	13,379	13,254	13,186	13,031	13,112	-267	81
Subsidiaries PAT (INR m)											
I Sec	3,110	3,510	3,800	3,400	2,740	3,000	2,810	2,630	2,710	-1	3
I Sec PD	1,240	1,610	30	420	200	920	120	50	1,840	820	3,580
I Venture	10	-90	-80	160	-80	0	100	40	-20	-75	-150
Pru AMC	3,800	3,830	3,340	3,570	3,050	4,060	4,200	3,850	4,740	55	23
ICICI Home Finance	170	460	480	530	400	600	1,050	960	1,050	163	9
ICIC Life Insurance	-1,860	4,450	3,110	1,850	1,560	1,990	2,210	2,350	2,070	33	-12
ICICI General Insurance	1,520	4,460	3,180	3,130	3,490	5,910	3,530	4,370	3,900	12	-11
Consolidation adjustment	-6,520	-12,420	-10,438	-6,057	-6,559	-11,988	-9,219	-6,939	-6,411	-2	-8
Subsidiaries PAT	1,470	5,811	3,422	7,003	4,801	4,492	4,802	7,311	9,879	106	35
ICICI Bank	46,160	55,110	61,938	70,187	69,049	75,578	83,119	91,219	96,482	40	6
Consol Profit	47,630	60,920	65,360	77,190	73,850	80,070	87,920	98,530	1,06,361	44	8

Source: MOFSL, Company



Highlights from the management commentary

Operating environment, balance sheet and P&L

- The maximum single borrower outstanding on an account rate BB & Below is less than INR5b.
- The LCR of the bank stood at 124% in 1QFY24.
- Domestic Corporate portfolio grew by ~19% YoY, driven by growth across well rated financial and non-financial corporates.
- Growth across various other books: Retail Mortgage 16.6% YoY, Auto 23.7% YoY, CV 8.1% YoY, PL and Credit card 40.6% YoY (12.8% of loan book). Overseas declined by 32.1% (3.1% of the loan book).
- The total outstanding to NBFCs and HFCs was INR874b (8% of total advances) as on 1QFY24. The increase in disbursements to NBFCs was mainly to entities owned by well-established corporate houses.
- Builder portfolio of INR427.1b (4% of total loan portfolio) is also to well established builders.
- There was a treasury gain of INR2.52b in 1QFY24 vs INR0.36b in 1QFY23.

- Retail portfolio grew by 21.9% YoY (4.5% QoQ,) which is 45.9% of the total portfolio outstanding (Including Non Fund Based) as on 1QFY24.
- Dividend income from subsidiaries and associates was INR2.91b in 1QFY24 vs. INR3.47b in 1QFY23.
- Interest on Income tax refund was INR0.96b in 1QFY24 compared to INR0.05b in 4QFY23.
- Cost of funds increased 30bp QoQ to 4.6% and the bank expects it to increase in the coming quarters as well.
- COD increased to 4.31% in 1QFY24 vs. 3.98% in 4QFY23. A lag in deposit repricing will lead to an increase in the cost to deposits in upcoming quarters as well.
- NIM moderated to 4.78% vs. 4.9% in 4QFY23. The bank believes that NIM will moderate in upcoming quarters as well.
- The increase in yields on advances is due to benefits of the last repo hike and the increase in yield on investment is due to repricing of floating rate portfolio.
- 75%-80% of the book is retail and the bank has seen a strong growth in this segment. 31% of loan is fixed interest rate.
- Domestic NIM stood at 4.88% vs. 5.02% in previous quarter.
- 9% of operating expenses are related to tech expenses. 70% of trade transactions are done digitally in the current quarter.
- The bank continues to hold provisions of INR12.24b on borrowers under resolution.
- The bank has 135,000 employees as of 1QFY24. The bank has taken a conservative approach for the provisions related to retirement benefits, resulting in an additional employee benefit expense of INR3.35b.

Asset quality

- Net additions to GNPA stood at INR19.32bn in Retail, Rural and BB portfolio and Net Deletions to GNPA stood at INR1.25b in the corporate and SME portfolios.
- Contingency provisions stood at INR131bn (1.3% of total loans) as on 1QFY24.
- The bank reported INR35.1b in recoveries and upgrades in 1QFY24, out of which INR3.71b were from the Corporate and the SME Book.
- GNPA written off during the quarter stood at INR11.69b. Addition in NPA of INR6.7b from Kisan credit card portfolio.
- There has been no sale of NPAs in 1QFY24 vs. a sale of INR2.01 of NPAs in 4QFY23.
- Non-Fund based outstanding to borrowers classified as NPA amounted to INR37.04b in 1QFY24 vs. INR37.08b on 4QFY23.

Key exhibits

Exhibit 1: Net stressed loans declined to 0.5% of total loans

INR b	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
GNPA	339	332	326	325	312	318
Security Receipts	8	6	5	5	2	2
BB & below (fund and non-fund based)	108	82	76	56	47	43
Stress loans	455	420	407	386	361	363
Specific provisions	270	265	265	269	260	264
Net stressed loans	186	155	143	117	101	99
Gross stressed loans (% of advances)	5.3	4.7	4.3	4.0	3.5	3.1
Net stressed loans (% of advances)	2.2	1.7	1.5	1.2	1.0	0.5

Blended margin moderated
12bp QoQ to 4.8%

Deposit growth at 18% YoY, Domestic NIM moderated 14bp QoQ to 4.88%

- Deposits grew 18% YoY/4.9% QoQ to INR12.3t, with CASA/TDs up ~9%/~26% YoY. CA/SA deposits increased by 15%/7% YoY. The average CASA mix declined 100bp QoQ to 42.6%.
- NIM moderated 12bp QoQ to 4.8%. The cost of deposits increased 33bp QoQ to 4.3%. Domestic margin moderated 14bp QoQ to 4.9%, while overseas NIM moderated 3bp QoQ to 1%.

Domestic loan growth stood
at ~14% YoY, led by ~21%
growth in the Retail book,
which now constitutes
63.7% of total loans

Loan growth healthy at 18% YoY (+3.7% QoQ); retail loans up 21% YoY

- The loan book grew 18% YoY (+3.7% QoQ) to INR10.6t, led by 21% growth in Retail loans. Domestic loans increased ~14% YoY, while international loans declined ~30% YoY. The proportion of international loans in total loans stood at ~3.1%.
- Retail loans grew ~21% YoY and 4.4% QoQ, with which Home/Personal loans up 3.2%/7.7% QoQ. Growth in Credit Cards/Vehicle loans stood at ~7.6%/4.5% QoQ.
- SME loans grew 29% YoY/5.0% QoQ, accounting for 4.8% of total loans.
- Corporate loans grew 14% YoY (+3.0% QoQ).

Quantum of BB & below
exposure stood at INR43b
(0.4% of loans)

BB & below pool stood at 0.4% of loans; PCR stood at ~83%

- Total slippages came in at INR53.2b in 1QFY24 (vs. INR42.9b in 4QFY23), with Retail slippages at INR50.7b and Corporate & SME slippages at INR2.5b.
- ICICIBC's absolute GNPA's increased to INR318.2b from INR311.8b in 4QFY23, while NNPA's increased 4% QoQ to INR53.8b. The GNPA ratio declined 5bp QoQ to 2.76%, while NNPA stood stable at 0.48%. PCR was stable at ~83%.
- Net addition to GNPA was INR18b in 1QFY24. Net addition to GNPA was INR8bn in Retail, Rural and BB portfolio.
- The BB & below portfolio declined to INR43b (0.4% of loans) vs. INR47.04b in 4QFY23.

Exhibit 2: ICICIBC's total exposure: BB & below stood at 0.4% of total loans in 1QFY24

INR b	4QFY22	1QFY22	2QFY23	3QFY23	4QFY23	1QFY24
Fund and non-fund o/s to restructured loans	23.9	22.9	22.0	8.8	7.7	7.3
Borrowers with o/s greater than INR1b	58.8	38.1	32.6	26.1	18.0	15.0
Borrowers with o/s less than INR1b	25.4	21.2	21.9	21.0	21.3	20.5
BB and below outstanding	108.1	82.1	76.4	55.8	47.0	42.8

Of the other borrowers, ~90% were rated A- and above (excluding exposure to state electricity boards)

Exhibit 3: Exposure to the Power sector stood at INR463b in 1QFY24

INR b	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	%
Gross restructured loans	73.2	66.3	64.0	51.0	45.0	44.8	9.7
Other borrowers*	327.5	308.1	361.3	387.6	432.2	418.3	90.3
Total power sector exposure	400.7	374.4	425.3	438.6	477.2	463.1	100

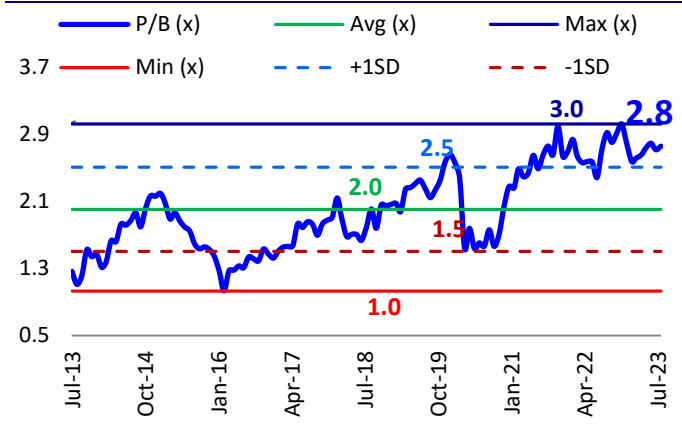
Valuation and view

- Robust liability franchise:** ICICIBC continues to witness strong growth in Retail deposits and has succeeded in building a robust liability franchise over the past few years. The bank enjoys one of the lowest funding costs among private banks, helping the bank underwrite a profitable business without taking undue balance sheet risk.
- Asset quality improved** on the back of higher recoveries/upgrades, with the GNPA/NNPA ratios at 2.8%/0.48%. The BB & below pool also declined. However, the bank is carrying ~30% provisions, higher than the regulatory requirement. We expect slippages to moderate over FY24-25. PCR remained healthy at ~83%, which, along with the additional provision buffer of INR131b, should keep its credit cost in check. We estimate credit costs of 0.4% over FY24-25.
- Maintain BUY with a TP of INR 1,150:** ICICIBC reported another steady quarter driven by healthy NII/Core PPOP growth and controlled provisions underpinned by stable asset quality. The stable mix of a high-yielding portfolio (Retail/ Business Banking) and a low-cost liability franchise is driving steady NII growth. The bank is seeing a strong recovery across segments, while asset quality trends remain healthy with PCR at ~83%. The additional Covid-related provision buffer (1.2% of loans) provides further comfort. We estimate ICICIBC to deliver RoA/RoE of 2.2%/17.9% in FY25. After a strong outperformance backed by robust earnings growth (3yr CAGR of ~60%), we estimate earnings growth to moderate to an 18% CAGR over FY23-25, affected largely by a decline in margins and limited levers available on the opex/credit cost front. We thus expect stock returns to be more moderate across many large-cap banking stocks, including ICICI Bank. **Reiterate Buy with our unchanged SoTP-based TP of INR1,150 (2.6x FY'25E ABV).**

Exhibit 4: SoTP-based target price

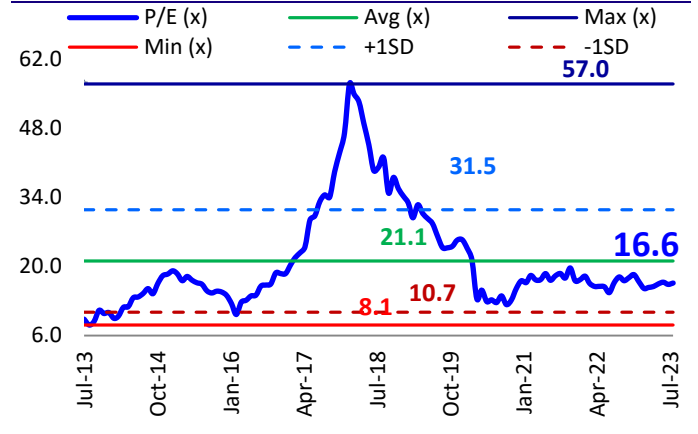
	Total Value INR b	Value Per Share INR	% of Total Value	Rationale
ICICI Bank	6,746	966	84.0	2.6x FY25E ABV
ICICI Pru Life Insurance	432	68	5.9	1.9x FY25E Embedded Value
ICICI Lombard Gen. Ins	339	56	4.8	34x FY25E PAT
ICICI Pru AMC	401	62	5.4	30x FY25E PAT
ICICI Securities	154	23	2.0	15x FY25E PAT
ICICI Bank UK	30	4	0.4	0.8x FY25E Net-worth
ICICI Bank Canada	35	5	0.4	0.8x FY25E Net-worth
Others (Ventures, Home Finance, PD)	75	12	1.0	
Total Value of Ventures	1,465	230	20.0	
Less: 20% holding Discount	293	46	4.0	
Value of Key Ventures (Post Holding Co. Disc)	1,172	184	16.0	
	7,918	1,150		

Exhibit 5: One-year forward P/B



Source: MOFSL, Company

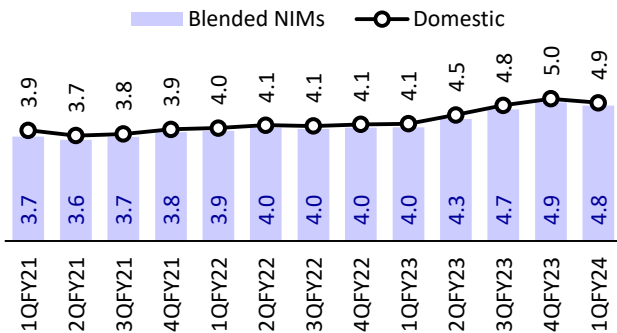
Exhibit 6: One-year forward P/E



Source: MOFSL, Company

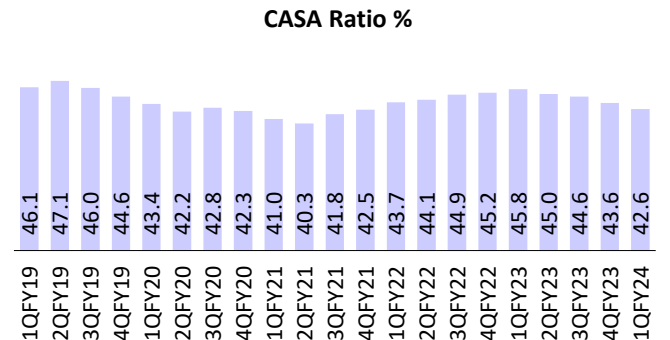
Story in charts

Exhibit 7: Domestic NIM moderated 14bp QoQ to 4.9%



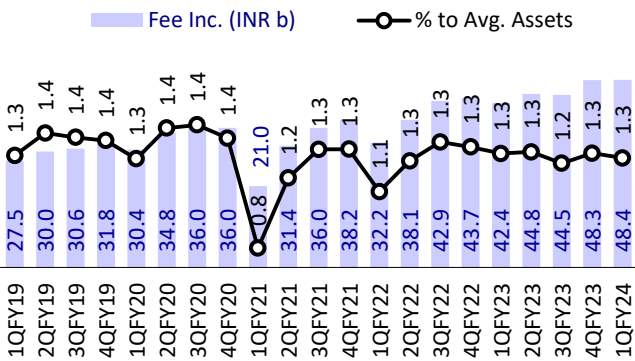
Source: MOFSL, Company

Exhibit 8: Average CASA ratio moderated 100bp QoQ



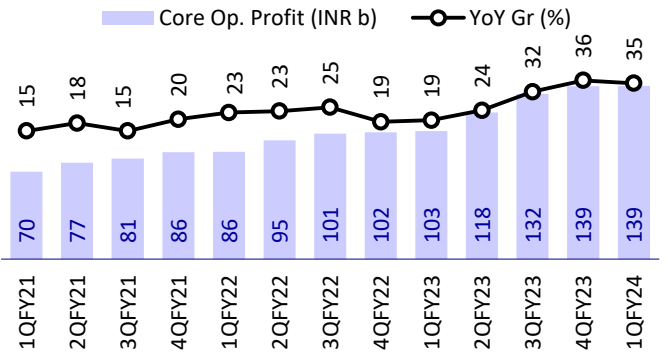
Source: MOFSL, Company

Exhibit 9: Fee income grew 14% YoY



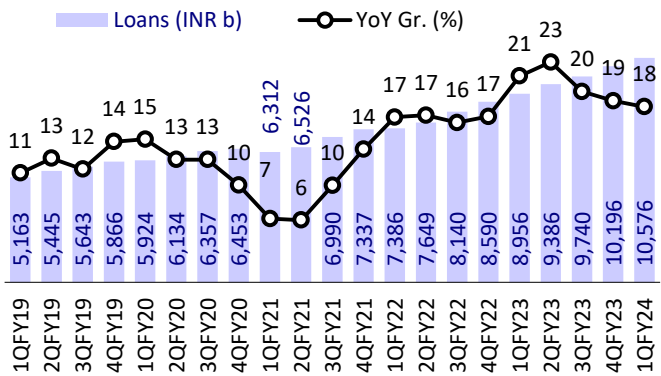
Source: MOFSL, Company

Exhibit 10: Core operating profit grew 35% YoY



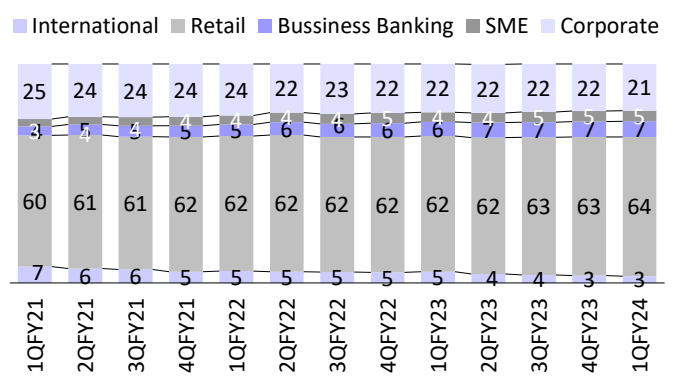
Source: MOFSL, Company

Exhibit 11: Overall loan book grew 18% YoY (+3.7% QoQ)



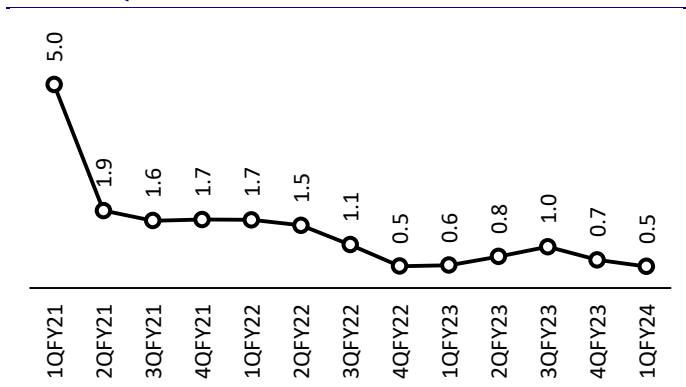
Source: MOFSL, Company

Exhibit 12: Retail loans continued to drive loan growth



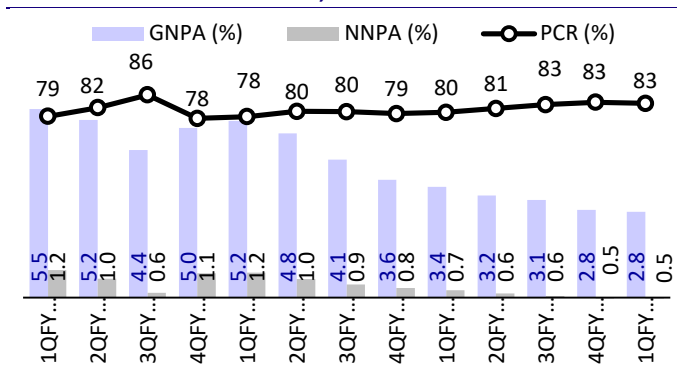
Source: MOFSL, Company

Exhibit 13: Credit cost improved to 0.5% in 1QFY24 from 0.7% in 4QFY23



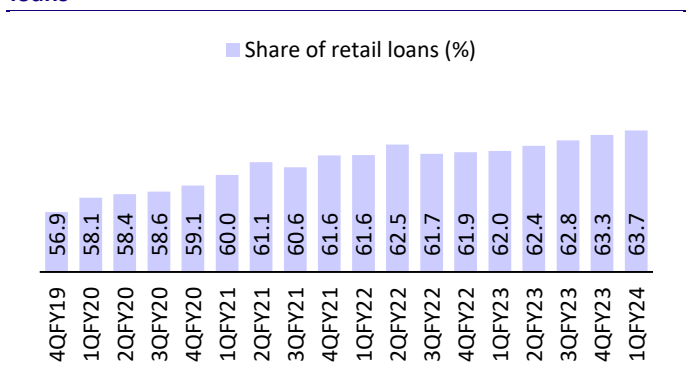
Source: MOFSL, Company

Exhibit 14: GNPA ratio declined 5bp QoQ to 2.76% while NNPA stood stable at 0.48%, PCR stood stable at ~83%.



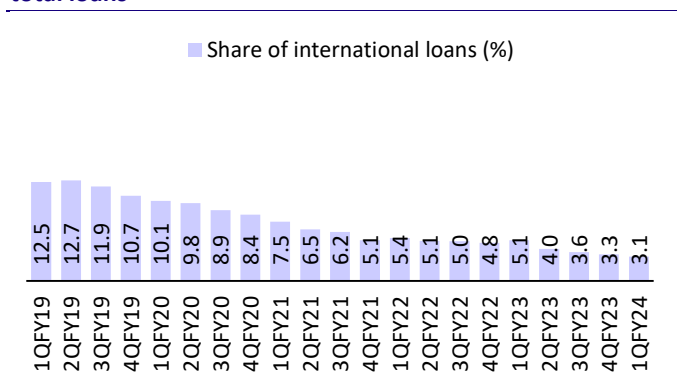
Source: MOFSL, Company

Exhibit 15: Share of Retail loans stood at 63.7% of total loans



Source: MOFSL, Company

Exhibit 16: Share of International loans declined to 3.1% of total loans



Source: MOFSL, Company

Exhibit 17: DuPont Analysis – Return ratios to pick up further, led by moderation in credit cost and pick up in NII

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	6.66	6.88	7.25	6.79	6.54	7.29	8.12	8.07
Interest Expense	3.87	3.95	4.03	3.45	2.95	3.14	3.82	3.81
Net Interest Income	2.79	2.93	3.23	3.35	3.59	4.15	4.30	4.26
Core Fee Income	1.32	1.26	1.28	1.27	1.04	1.19	1.14	1.11
Trading and others	0.79	0.31	0.32	0.36	0.36	0.13	0.19	0.20
Non-Interest income	2.11	1.57	1.59	1.63	1.40	1.32	1.32	1.32
Total Income	4.90	4.50	4.82	4.98	5.00	5.47	5.63	5.57
Operating Expenses	1.90	1.96	2.10	1.85	2.02	2.19	2.32	2.32
Employee cost	0.72	0.74	0.80	0.69	0.73	0.81	0.84	0.83
Others	1.19	1.22	1.29	1.16	1.29	1.39	1.49	1.48
Operating Profits	3.00	2.54	2.72	3.13	2.97	3.28	3.30	3.26
Core operating Profits	2.21	2.23	2.41	2.77	2.61	3.14	3.12	3.06
Provisions	2.10	2.13	1.36	1.39	0.65	0.45	0.28	0.31
NPA	1.73	1.82	0.85	0.93	0.47	0.45	0.24	0.26
Others	0.37	0.31	0.51	0.47	0.19	0.00	0.04	0.04
PBT	0.90	0.41	1.36	1.73	2.32	2.83	3.02	2.95
Tax	0.08	0.04	0.59	0.34	0.55	0.70	0.75	0.73
RoA	0.82	0.36	0.77	1.39	1.77	2.13	2.27	2.22
Leverage	8.3	8.9	9.4	9.0	8.5	8.2	8.0	8.0
RoE	6.8	3.2	7.3	12.6	15.0	17.5	18.3	17.9
Core RoE	7.6	3.6	8.0	13.6	15.9	18.3	19.0	18.4

Financials and valuations

Income Statement							(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	549.7	634.0	748.0	791.2	863.7	1,092.3	1,393.1	1,613.1
Interest Expended	319.4	363.9	415.3	401.3	389.1	471.0	654.9	761.5
Net Interest Income	230.3	270.1	332.7	389.9	474.7	621.3	738.2	851.6
Growth (%)	5.9	17.3	23.1	17.2	21.7	30.9	18.8	15.4
Other Income	174.2	145.1	164.5	189.7	185.2	198.3	226.9	263.2
Total Income	404.5	415.3	497.2	579.6	659.8	819.6	965.1	1,114.8
Growth (%)	-1.9	2.7	19.7	16.6	13.8	24.2	17.7	15.5
Operating Exp.	157.0	180.9	216.1	215.6	267.3	328.7	398.4	463.2
Operating Profits	247.4	234.4	281.0	364.0	392.5	490.9	566.7	651.5
Growth (%)	-6.6	-5.3	19.9	29.5	7.8	25.1	15.4	15.0
Core PPP	189.5	221.0	264.6	312.2	385.5	487.4	562.8	647.1
Growth (%)	6.1	16.6	19.7	18.0	23.5	26.4	15.5	15.0
Provisions & Cont.	173.1	196.6	140.5	162.1	86.4	66.7	48.5	61.1
PBT	74.3	37.8	140.5	201.8	306.1	424.2	518.2	590.4
Tax	6.6	4.1	61.2	39.9	72.7	105.2	128.0	145.8
Tax Rate (%)	8.8	10.9	43.5	19.8	23.7	24.8	24.7	24.7
PAT	67.8	33.6	79.3	161.9	233.4	319.0	390.2	444.6
Growth (%)	-30.9	-50.4	135.8	104.2	44.1	36.7	22.3	13.9

Balance Sheet								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	12.9	12.9	12.9	13.8	13.9	14.0	14.0	14.0
Reserves & Surplus	1,038.7	1,070.8	1,152.1	1,461.2	1,688.6	1,985.6	2,316.4	2,698.2
Net Worth	1,051.6	1,083.7	1,165.0	1,475.1	1,702.5	1,999.5	2,330.4	2,712.1
Deposits	5,609.8	6,529.2	7,709.7	9,325.2	10,645.7	11,808.4	13,697.8	16,026.4
Growth (%)	14.5	16.4	18.1	21.0	14.2	10.9	16.0	17.0
Of which CASA Deposits	2,899.3	3,239.4	3,478.2	4,316.2	5,184.4	5,242.9	5,903.7	6,955.4
Growth (%)	17.5	11.7	7.4	24.1	20.1	1.1	12.6	17.8
Borrowings	1,828.6	1,653.2	1,629.0	916.3	1,072.3	1,193.3	1,438.7	1,646.8
Other Liabilities & Prov.	302.0	378.5	479.9	587.7	689.8	833.3	999.9	1,149.9
Total Liabilities	8,791.9	9,644.6	10,983.6	12,304.3	14,110.3	15,834.5	18,466.8	21,535.2
Current Assets	841.7	803.0	1,191.6	1,331.3	1,678.2	1,194.4	1,307.2	1,424.9
Investments	2,029.9	2,077.3	2,495.3	2,812.9	3,102.4	3,623.3	4,239.3	4,959.9
Growth (%)	25.7	2.3	20.1	12.7	10.3	16.8	17.0	17.0
Loans	5,124.0	5,866.5	6,452.9	7,337.3	8,590.2	10,196.4	12,031.7	14,197.4
Growth (%)	10.4	14.5	10.0	13.7	17.1	18.7	18.0	18.0
Net Fixed Assets	79.0	79.3	84.1	88.8	93.7	96.0	103.7	112.0
Other Assets	717.3	818.5	759.8	734.1	648.4	732.0	785.0	840.9
Total Assets	8,791.9	9,644.6	10,983.7	12,304.3	14,113.0	15,842.1	18,466.8	21,535.2

Asset Quality								
GNPA	540.6	462.9	414.5	414.6	339.1	311.8	309.6	339.7
NNPA	278.9	135.8	100.5	92.5	70.6	51.6	54.5	60.3
GNPA Ratio (%)	10.0	7.5	6.1	5.4	3.8	3.0	2.5	2.3
NNPA Ratio (%)	5.4	2.3	1.6	1.3	0.8	0.5	0.5	0.4
Slippage Ratio (%)	6.1	2.0	2.2	2.3	2.4	2.2	2.0	2.0
Credit Cost (%)	3.5	3.6	2.3	2.4	1.1	0.7	0.4	0.4
PCR (Excl Technical write off) (%)	48.4	70.7	75.7	77.7	79.2	83.5	82.4	82.3

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Yields and Cost Ratios (%)								
Avg. Yield - Earning Assets	7.7	7.9	8.2	7.6	7.3	8.1	8.9	8.7
Avg. Yield on loans	8.4	8.7	9.3	8.3	8.0	8.9	9.7	9.5
Avg. Yield on Investments	6.3	6.2	6.4	6.2	5.5	6.2	6.8	6.7
Avg. Cost-Int. Bear. Liab.	4.6	4.7	4.7	4.1	3.5	3.8	4.7	4.6
Avg. Cost of Deposits	4.5	4.4	4.6	3.9	3.3	3.6	4.5	4.4
Interest Spread	3.0	3.3	3.5	3.5	3.7	4.3	4.2	4.1
Net Interest Margin	3.2	3.4	3.7	3.7	4.0	4.6	4.7	4.6

Capitalisation Ratios (%)

CAR	17.9	16.5	15.8	18.9	18.9	18.3	18.2	18.0
Tier I	15.6	14.7	14.4	17.8	18.0	17.6	17.6	17.4
Tier II	2.3	1.7	1.4	1.1	0.9	0.7	0.6	0.6

Business and Efficiency Ratios (%)

Loan/Deposit Ratio	91.3	89.8	83.7	78.7	80.7	86.3	87.8	88.6
CASA Ratio %	51.7	49.6	45.1	46.3	48.7	44.4	43.1	43.4
Cost/Assets	1.8	1.9	2.0	1.8	1.9	2.1	2.2	2.2
Cost/Total Income	38.8	43.6	43.5	37.2	40.5	40.1	41.3	41.6
Cost/Core Income	45.3	45.0	45.0	40.8	41.0	40.3	41.4	41.7
Int. Expended/Int.Earned	58.1	57.4	55.5	50.7	45.0	43.1	47.0	47.2
Other Inc./Net Income	43.1	34.9	33.1	32.7	28.1	24.2	23.5	23.6
Empl. Cost/Op. Exps.	37.7	37.6	38.3	37.5	36.2	36.7	36.0	35.9

Valuation

RoE (%)	6.8	3.2	7.3	12.6	15.0	17.5	18.3	17.9
Core RoE (%)	7.6	3.6	8.0	13.6	15.9	18.3	19.0	18.4
RoA (%)	0.8	0.4	0.8	1.4	1.8	2.1	2.3	2.2
RoRWA (%)	1.0	0.5	1.0	1.9	2.6	3.1	3.3	3.2
Book Value (INR)	161.0	165.5	177.3	210.8	242.8	284.9	331.2	385.8
BV Growth (%)	-4.6	2.8	7.1	18.9	15.2	17.3	16.2	16.5
Price-BV (x)	5.1	4.9	4.6	3.9	3.3	2.9	2.5	2.1
Adj BV (adjusted for NPA)	130.6	150.7	166.4	201.4	235.7	279.7	325.7	379.8
ABV Growth (%)	-5.3	15.4	10.4	21.0	17.0	18.7	16.4	16.6
Price-ABV (x)	6.2	5.4	4.9	4.0	3.4	2.9	2.5	2.1
Standalone ABV	115	136	151	187	223	268	315	369
ABV Growth (%)	-4.0	17.5	11.6	23.8	19.2	20.0	17.4	17.4
Adjusted Price-ABV (x)	7.0	6.0	5.4	4.3	3.6	3.0	2.6	2.2
Consol Book Value (INR)	172	177	190	228	262	304	356	419
BV Growth (%)	-4.2	3.0	7.2	19.9	15.0	16.1	17.2	17.7
Price-Consol BV (x)	5.8	5.6	5.2	4.4	3.8	3.3	2.8	2.4
EPS (INR)	11.1	5.2	12.3	24.2	33.7	45.8	55.9	63.7
EPS Growth (%)	-34.3	-52.8	135.0	97.0	39.2	36.0	22.0	13.9
Adj. Price-Earnings (x)	73.5	155.6	66.2	33.6	24.2	17.8	14.6	12.8
Dividend Per Share (INR)	2.3	1.5	1.0	0.0	2.0	8.0	8.5	9.0
Dividend Yield (%)	0.2	0.2	0.1	0.0	0.2	0.8	0.9	0.9

E: MOSL Estimates

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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