

Estimate change



TP change



Rating change



Bloomberg	ICICIBC IN
Equity Shares (m)	6984
M.Cap.(INRb)/(USDb)	6533.3 / 78.6
52-Week Range (INR)	1009 / 796
1, 6, 12 Rel. Per (%)	-4/-7/-6
12M Avg Val (INR M)	14851

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	621	741	856
OP	491	569	668
NP	319	398	457
NIM (%)	4.7	4.7	4.6
EPS (INR)	45.8	57.0	65.5
EPS Gr (%)	36.0	24.6	14.9
ABV/Sh (INR)	267	315	372
Cons. BV/Sh (INR)	306	365	435

Ratios

RoE (%)	17.5	18.6	18.3
RoA (%)	2.1	2.3	2.3

Valuations

P/BV (x) (Cons)	3.1	2.6	2.1
P/ABV (x)	2.8	2.4	2.0
P/E (x)	16.4	13.1	11.4

*Adjusted for Investment in subsidiaries

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	0.0	0.0	0.0
DII	36.7	36.9	38.0
FII	55.3	54.8	53.0
Others	8.0	8.3	9.1

FII Includes depository receipts

CMP: INR934

TP: INR1,120 (+20%)

Buy

Strong quarter; credit cost continues to undershoot

Guides FY25 margins to be comparable to FY24

- ICICI Bank (ICICIBC) reported yet another quarter of strong performance, with 22% YoY growth in core profitability. However, margins contracted 25bp QoQ.
- Credit growth was robust at 18% YoY, led by continued traction in Retail, SME and BB segments. Deposits saw healthy growth of 19% YoY.
- Asset quality continued to surprise positively as provisions came in 51% below MOFSLe and GNPA/NNPA ratio improved further. The bank maintains a total contingency buffer of INR131b (2.1% of loans), which provides comfort.
- We raise our FY24/FY25 EPS estimates by 3%/4% and expect ICICIBC to deliver RoA/RoE of 2.3%/18.3% in FY25. **Maintain BUY with a revised TP of INR1,120.**

Business growth steady; margins compress 25bp QoQ

- ICICIBC's 2QFY24 PAT grew 36% YoY to INR102.6b (6% beat), due to lower provisions (51% below MOFSLe) and healthy business growth. The bank, thus, reported 2QFY24 annualized RoA and RoE of 2.4% and 19.1%, respectively.
- NII grew 24% YoY (in line), aided by healthy loan growth of 18% YoY/5% QoQ, though NIMs moderated 25bp QoQ to 4.53%. Other income grew 14% YoY to INR57.8b, while the bank reported a treasury loss of INR850m. Fee income grew at steady 16% YoY.
- Opex rose 21% YoY, yet PPOP growth was healthy at 22% YoY to INR142.2b (in line). Core PPOP also grew 22% YoY.
- On the business front, advances grew 18% YoY/5% QoQ, led by 15%/21% YoY growth in Domestic/Retail loans. Among retail, housing led the growth, while growth in unsecured credit (PL/CC) too remained strong. Unsecured loans now form ~13% of total loans. SME book increased by 29% YoY, while BB grew 30% YoY.
- On the liability front, deposits grew 19% YoY (+5% QoQ), while CASA deposits declined 1.6% QoQ. Average CASA mix declined 180bp QoQ to 40.8% (period-end CASA ratio at 40.8%).
- Fresh slippages were under control at INR46.9b (2.0% annualized). Healthy recoveries and upgrades enabled a 28bp QoQ decline in GNPA, while NNPA declined by 5bp QoQ to 0.43%. PCR was stable at ~83%. The bank maintains a total contingency buffer of INR131b/1.2% of loans.

Highlights from the management commentary

- ICICIB expects FY24 NIMs to be comparable to FY23 as deposit costs will continue to inch up over 2HFY24. On NIMs, the ICRR impact was more controlled (1-2bp impact), and a bigger impact was due to repricing of deposits.
- The bank does not expect any alarming trend in the delinquency rate and has a limited presence in small-ticket loans.
- The secured retail portfolio is doing well, and the bank is seeing broad-based growth in products. It will continue to monitor the unsecured portfolio.
- ICICIB added 353 branches in 1HFY24. It will look at the opportunity in each micro-market, and branch expansion is more aligned with growth aspirations.

Valuation and view

ICICIB reported another steady quarter, driven by healthy NII and controlled provisions underpinned by robust asset quality. The steady mix of a high-yielding unsecured portfolio and continued traction in BB, SME and secured retail is enabling broad-based growth, which helps to retain business diversification. NIMs declined 25bp QoQ and the management expects the moderation to continue over the coming quarters. Asset quality remains steady as reflecting in improvements in GNPA/NNPA ratios, while credit costs continue to undershoot. The additional Covid-related provisioning buffer at 1.2% of loans provides further comfort. We raise our FY24/FY25 EPS estimates by 3%/4% and expect ICICIB to deliver FY25 RoA/RoE of 2.3%/18.3%. We introduce FY26 earnings estimates and expect PAT to grow at a moderate rate of 15-16% over FY25/FY26. **Reiterate BUY with a revised SoTP-based TP of INR 1,120 (2.5x FY'25E ABV).**

Quarterly performance (INR b)

	FY23				FY24E				FY23	FY24E	FY24	v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Interest Income	132.1	147.9	164.6	176.7	182.3	183.1	185.2	190.3	621.3	740.9	183.3	0%
% Change (YoY)	20.8	26.5	34.6	40.2	38.0	23.8	12.5	7.7	30.9	19.3	24.0	
Other Income	46.7	50.5	50.2	50.9	54.4	57.8	58.0	60.0	198.3	230.0	55.8	4%
Total Income	178.8	198.4	214.9	227.5	236.6	240.8	243.2	250.3	819.6	971.0	239.1	1%
Operating Expenses	75.7	81.6	82.2	89.3	95.2	98.6	101.3	107.0	328.7	402.2	98.9	0%
Operating Profit	103.1	116.8	132.7	138.3	141.4	142.3	141.9	143.3	490.9	568.8	140.2	1%
% Change (YoY)	15.9	17.8	30.8	34.3	37.2	21.8	6.9	3.6	25.1	15.9	20.0	
Provisions	11.4	16.4	22.6	16.2	12.9	5.8	9.9	11.2	66.7	39.9	11.9	-51%
Profit before Tax	91.7	100.4	110.1	122.1	128.5	136.5	131.9	132.0	424.2	528.9	128.3	6%
Tax	22.6	24.8	27.0	30.8	32.0	33.9	32.6	32.2	105.2	130.6	31.7	7%
Net Profit	69.0	75.6	83.1	91.2	96.5	102.6	99.3	99.8	319.0	398.3	96.6	6%
% Change (YoY)	49.6	37.1	34.2	30.0	39.7	35.8	19.5	9.4	36.7	24.9	27.8	
Operating Parameters												
Deposit	10,503	10,900	11,220	11,808	12,387	12,947	13,271	13,898	11,808	13,898	12,659	2%
Loan	8,956	9,386	9,740	10,196	10,576	11,105	11,559	12,062	10,196	12,062	10,931	2%
Deposit Growth (%)	13.4	11.5	10.3	10.9	17.9	18.8	18.3	17.7	10.9	17.7	16.1	265
Loan Growth (%)	21.3	22.7	19.7	18.7	18.1	18.3	18.7	18.3	18.7	18.3	16.5	186
Asset Quality												
Gross NPA (%)	3.4	3.2	3.1	2.8	2.8	2.5	2.5	2.4	2.9	2.4	2.9	(39)
Net NPA (%)	0.7	0.6	0.6	0.5	0.5	0.4	0.5	0.4	0.5	0.4	0.5	(9)
PCR (%)	79.9	81.3	82.6	83.5	83.1	83.1	82.1	83.3	82.8	83.3	82.4	69
RoA (%)	2.0	2.1	2.2	2.4	2.4	2.4			2.1	2.3		
RoE (%)	15.9	16.6	17.6	18.9	18.9	19.1			17.5	18.6		
CASA (%)	46.9	46.6	45.3	45.8	43.3	40.8			45.8	43.1		
Margins (%)	4.0	4.3	4.7	4.9	4.8	4.5			4.7	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	2Q	YoY	QoQ
Interest Income	203.8	212.3	220.8	226.7	236.7	260.3	285.1	310.2	333.3	349.2	34	5
Loans	149.8	157.4	162.3	168.8	176.3	199.3	221.8	242.0	258.4	271.2	36	5
Investment	40.4	41.0	40.5	42.2	45.8	51.2	53.4	58.4	66.2	70.2	37	6
Others	13.6	14.0	18.0	15.8	14.6	9.8	9.8	9.8	8.7	7.8	-20	-10
Interest Expenses	94.5	95.4	98.5	100.7	104.6	112.5	120.4	133.5	151.0	166.1	48	10
Net Interest Income	109.4	116.9	122.4	126.0	132.1	147.9	164.6	176.7	182.3	183.1	24	0
Other Income	40.0	48.0	49.9	47.4	46.7	50.5	50.2	50.9	54.4	57.8	14	6
Trading profits	2.9	4.0	0.9	1.3	0.4	-0.9	0.4	-0.4	2.5	-0.9	0	-134
Fee Income	32.2	38.1	42.9	43.7	42.4	44.8	44.5	48.3	48.4	52.0	16	7
Others	4.9	5.9	6.1	2.4	3.9	6.6	5.4	3.0	3.4	6.6	0	93
Total Income	149.3	164.9	172.2	173.4	178.8	198.4	214.9	227.5	236.6	240.8	21	2
Operating Expenses	60.4	65.7	70.7	70.5	75.7	81.6	82.2	89.3	95.2	98.6	21	3
Employee	23.7	23.8	24.8	24.3	28.5	28.9	29.2	34.0	38.8	37.3	29	-4
Others	36.6	41.9	45.9	46.2	47.2	52.7	53.0	55.3	56.4	61.3	16	9
Operating Profits	88.9	99.1	101.5	102.9	103.1	116.8	132.7	138.3	141.4	142.3	22	1
Core PPOP	86.0	95.2	100.6	101.6	102.7	117.7	132.4	138.7	138.9	143.1	22	3
Provisions	28.5	27.1	20.1	10.7	11.4	16.4	22.6	16.2	12.9	5.8	-65	-55
PBT	60.4	72.0	81.4	92.2	91.7	100.4	110.1	122.1	128.5	136.5	36	6
Taxes	14.3	16.9	19.5	22.1	22.6	24.8	27.0	30.8	32.0	33.9	37	6
PAT	46.2	55.1	61.9	70.2	69.0	75.6	83.1	91.2	96.5	102.6	36	6
Balance Sheet (INR b)												
Loans	7,386	7,649	8,140	8,590	8,956	9,386	9,740	10,196	10,576	11,105	18	5
Investments	2,948	2,852	2,848	3,102	3,213	3,330	3,371	3,623	3,981	4,133	24	4
Deposits	9,262	9,774	10,175	10,646	10,503	10,900	11,220	11,808	12,387	12,947	19	5
Borrowings	891	830	1,096	1,072	1,155	1,299	1,306	1,193	1,113	1,168	-10	5
Total Assets	12,207	12,760	13,542	14,113	14,156	14,887	15,217	15,842	16,470	17,208	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	298.4	-8	-6
NNPA	93.1	81.6	73.4	69.6	66.6	61.0	56.5	51.6	53.8	50.5	-17	-6
Slippages	72.3	55.8	40.2	42.0	58.3	43.7	57.2	43.0	53.2	46.9	7	-12
Deposits Break Up												
CASA Deposits	4,251	4,507	4,807	5,184	4,921	5,078	5,088	5,413	5,362	5,276	4	-2
% of total Deposits	46	46	47	49	47	47	45	46	43	41		
Savings	3,066	3,186	3,346	3,600	3,518	3,625	3,632	3,798	3,752	3,723	3	-1
% of total Deposits	33	33	33	34	33	33	32	32	30	29		
Current	1,185	1,321	1,460	1,585	1,403	1,454	1,456	1,615	1,610	1,553	7	-4
% of total Deposits	13	14	14	15	13	13	13	14	13	12		
Term Deposits	5,011	5,267	5,368	5,461	5,582	5,822	6,132	6,396	7,025	7,671	32	9
% of total Deposits	54	54	53	51	53	53	55	54	57	59		
Loan Break Up												
Agriculture												
SME Loans	298	331	364	405	394	419	454	482	506	543	29	7
Corporate Loans	1,769	1,755	1,914	1,937	2,023	2,160	2,262	2,348	2,414	2,490	15	3
Retail Loans	4,552	4,780	5,024	5,315	5,549	5,855	6,121	6,452	6,733	7,086	21	5
<i>of which</i>												
- Housing	2,494	2,647	2,783	2,931	3,051	3,186	3,314	3,447	3,556	3,704	16	4
- Personal Loans	495	526	570	629	684	744	809	881	948	1,044	40	10
- Credit Cards	172	198	228	251	280	334	345	378	407	432	29	6
- Others	1,392	1,409	1,444	1,505	1,535	1,592	1,653	1,747	1,822	1,906	20	5
International Loans	401	387	407	413	458	380	353	341	323	363	-4	13
Loan Mix (%)												
SME Loans	4.0	4.3	4.5	4.7	4.4	4.5	4.7	4.7	4.8	4.9	42	10
Corporate Loans	23.9	22.9	23.5	22.6	22.6	23.0	23.2	23.0	22.8	22.4	-60	-41
Retails	61.6	62.5	61.7	61.9	62.0	62.4	62.8	63.3	63.7	63.8	142	14
International Loans	5.4	5.1	5.0	4.8	5.1	4.0	3.6	3.3	3.1	3.3	-78	22
Ratios												
Asset Quality Ratios (%)												
GNPA	5.2	4.8	4.1	3.6	3.4	3.2	3.1	2.8	2.8	2.5	-71	-28
NNPA	1.2	1.0	0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.4	-18	-5

Slippage	4.6	3.4	2.3	2.3	2.7	2.3	2.8	2.0	2.1	2.0	-29	-9
PCR (Calculated)	78.4	80.3	80.2	79.5	79.9	81.3	82.6	83.5	83.1	83.1	181	0
Credit Cost	1.7	1.5	1.1	0.5	0.6	0.8	1.0	0.7	0.5	0.2	-54	-30
Business Ratios (%)												
Fees to Total Income	21.6	23.1	24.9	25.2	23.7	22.6	20.7	21.2	20.5	21.6	-97	114
Cost to Core Income	41.2	40.8	41.3	41.0	42.4	41.0	38.3	39.2	40.7	40.8	-18	10
Tax Rate	23.6	23.5	23.9	23.9	24.7	24.7	24.5	25.3	24.9	24.8	12	-9
CASA	45.9	46.1	47.2	48.7	46.9	46.6	45.3	45.8	43.3	40.8	-580	-250
Dom. Loan/Deposit (Rep)	75.4	74.3	76.0	76.8	80.9	82.6	83.7	83.5	82.8	83.0	35	20
Loan / Deposit	79.7	78.3	80.0	80.7	85.3	86.1	86.8	86.3	85.4	85.8	-33	40
Profitability Ratios (%)												
Yield on loans	8.3	8.3	8.2	8.3	8.1	8.6	9.1	9.8	9.9	9.8	118	-5
Yield On Investments	5.4	5.7	5.8	5.7	5.9	6.6	6.9	6.9	7.4	7.5	90	17
Yield on Funds	7.3	7.3	7.2	7.2	7.2	7.6	8.1	8.6	8.7	8.6	105	-10
Cost of funds	3.8	3.7	3.7	3.7	3.7	3.8	4.0	4.3	4.6	4.8	100	18
Margins	3.9	4.0	4.0	4.0	4.0	4.3	4.7	4.9	4.8	4.5	22	-25
RoA (cal)	1.5	1.8	1.9	2.1	2.0	2.1	2.2	2.4	2.4	2.4	35	2
RoE (Cal)	12.3	14.1	15.4	17.1	15.9	16.6	17.6	18.9	18.9	19.1	250	20
Other Details												
Branches	5,268	5,277	5,298	5,418	5,534	5,614	5,718	5,900	6,074	6,248	634	174
ATM	14,141	14,045	13,846	13,626	17,496	16,834	16,609	16,650	16,731	16,927	93	196
Subsidiaries PAT (INR m)												Change (%)
I Sec	3,110	3,510	3,800	3,400	2,740	3,000	2,810	2,630	2,710	4,240	41	56
I Sec PD	1,240	1,610	30	420	200	920	120	50	1,840	170	-82	-91
I Venture	10	-90	-80	160	-80	0	100	40	-20	30		-250
Pru AMC	3,800	3,830	3,340	3,570	3,050	4,060	4,200	3,850	4,740	5,010	23	6
ICICI Home Finance	170	460	480	530	400	600	1,050	960	1,050	1,120	87	7
ICIC Life Insurance	-1,860	4,450	3,110	1,850	1,560	1,990	2,210	2,350	2,070	2,440	23	18
ICICI General Insurance	1,520	4,460	3,180	3,130	3,490	5,910	3,530	4,370	3,900	5,770	-2	48
Consolidation adjustment	-6,520	-12,420	-10,438	-6,057	-6,559	-11,988	-9,219	-6,939	-6,411	-12,429	4	94
Subsidiaries PAT	1,470	5,811	3,422	7,003	4,801	4,492	4,802	7,311	9,879	6,351	41	-36
ICICI Bank	46,160	55,110	61,938	70,187	69,049	75,578	83,119	91,219	96,482	1,02,610	36	6
Consol Profit	47,630	60,920	65,360	77,190	73,850	80,070	87,920	98,530	1,06,361	1,08,961	36	2

Source: MOFSL, Company



Highlights from the management commentary

Operating environment, balance sheet and P&L

- Profit before tax, excluding treasury, grew 35.7% YoY to INR137.3b in 2Q.
- Core operating profit increased by 21.7% YoY to INR143.14b.
- Term deposits rose 31.8% YoY and 9.2% QoQ as of Sep'30. Average current account deposits increased by 14.0% YoY and 2.6% QoQ.
- LCR stood at 122%.
- Domestic loans grew 19.3% YoY and 4.8% QoQ, Retail loans increased by 21.4% YoY and 5.5% QoQ, and Retail portfolio stood at 46% of total loans. The bank's overseas loan book declined 4.4% YoY.
- Its Common Equity Tier 1 ratio stood at 16.77% (incl profits).
- Of the total domestic loan book, 31% is linked to fixed interest rate, 48% to repo rate, 3% to other external benchmarks and 18% to MCLR and other older benchmarks.
- Provisions stood at INR5.83b/0.21% of average advances. PCR stood at 82.6% and bank holds an additional contingent provision of INR113b.
- The builder portfolio makes up 3.9% of total portfolio; about 3.5% of the builder portfolio was either internally rated BB and below, or classified as non-performing.

- The bank added 353 branches in 1HFY24. The bank will look at an opportunity in the micro market and plans to assess markets in each geographical area. The branch expansion is more aligned with growth aspirations.
- On mortgages, the market has been competitive. PL rates have come off sharply given favorable credit experience. The bank will look at the comfort in this portfolio.
- The secured portfolio is doing pretty well for the bank. The bank has pretty broad-based growth and does not depend on unsecured loans for growth. The bank will continue to monitor the unsecured portfolio.

Margins

- In FY23 the banks saw the increase in NIMs due to increase in rates, as the deposits are repricing. The bank expects to see increase in cost of deposits and would see a moderation in NIMs, but see NIMs at the same level as of FY23.
- NIMs declined due to a higher cost of deposits as TD rates increased amid repricing.
- The bank expects margins to moderate further from the Q2 level and should be at a similar level as FY23.
- NIMs saw 1-2bp impact due to ICRR impact; the larger impact was due to deposit repricing.
- International NIMs are increasing, as the bank is doing short-term trade finance portfolio. The bank looks at an appropriate spread in this segment.

Unsecured Portfolio

- The bank does not see any alarm in delinquencies. It has a minimal presence in small-ticket loans. If the bank sees higher delinquencies in small-ticket loans, it may also impact other portfolios. The bank will continue to monitor the portfolio.
- The bank's market share has not improved significantly in the unsecured portfolio; growth has been under control.

Asset quality

- Gross/net NPA ratios stood at 2.5%/0.43% vs. 3.19% of GNPA in 2QFY23.
- The provision coverage stood at 82.6% as of Sep'23 vs. 82.4% in 1QFY24 and 80.6% in 2QFY23.
- ICICIBC holds INR131b of contingency provisions, same as 1QFY24.
- Gross additions stood at INR46.9b, including INR43.6 from retail, rural and business banking. Corporate and SME additions stood at INR3.23b.
- There was a sale of NPAs of INR1.79b in 2QFY24 vs. INR0.94 in 2QFY23.
- Non-fund based outstanding to borrowers classified as NPAs amounted to INR38.86b in 2QFY24 vs. 37.04b in 1QFY24.

Subsidiaries

- ICICI Pru Life reported VNB of INR10.2b in 1HFY24 vs. INR10.92b in 1HFY23. VNB margin stood at 28.8% in 1HFY24.
- ICICI Lombard's gross direct premium income (GDPI) grew 18.2% YoY to INR124.72b in 1HFY24.

- ICICI Securities retail equity market share increased from 10.6% in 2QFY23 to 12.81% in 2QFY24.
- ICICI AMC's AAUM grew by 22.1% YoY to INR5.8t in 2QFY24.

Deposits up 19% YoY; domestic NIM moderated 27bp QoQ to 4.61%

Blended margin moderated 25bp QoQ to 4.5%

- Deposits grew 19% YoY/4.9% QoQ to INR12.9t, with CASA/TDs up ~4%/~32% YoY. CA/SA deposits increased by 7%/3% YoY. The average CASA mix declined 180bp QoQ to 40.8%.
- NIMs moderated 25bp QoQ to 4.5%. The cost of deposits increased 22bp QoQ to 4.5%. Domestic margin moderated 27bp QoQ to 4.6%, while overseas NIM improved by 56bp QoQ to 1.6%.

Loan growth healthy at 18% YoY (+5% QoQ); retail loans up 21% YoY

Domestic loan growth stood at ~19% YoY, led by ~21% growth in the Retail book, which now constitutes 63.8% of total loans

- The loan book grew 18% YoY (+5% QoQ) to INR11.1t, led by 21% growth in Retail loans. Domestic loans increased ~19% YoY, while international loans declined 4.4% YoY. The proportion of international loans in total loans stood at ~3.3%.
- Retail loans grew ~21% YoY and 5.2% QoQ, within which Home/Personal loans grew 4.1%/10.2% QoQ. Growth in Credit Cards/Vehicle loans stood at ~6.2%/4.9% QoQ.
- SME loans grew 29% YoY/7.2% QoQ, accounting for 4.9% of total loans.
- Domestic corporate loans grew 15.3% YoY (+3.1% QoQ).

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

Quantum of BB & below exposure stood at INR48b (0.4% of loans)

- Total slippages came in at INR46.9b in 2QFY24 (vs. INR53.2b in 1QFY24), with Retail slippages at INR43.6b and Corporate & SME slippages at INR3.2b.
- ICICIBC's absolute GNPA's decreased to INR298.4b from INR318.2b in 1QFY24. NNPA's decreased 6% QoQ to INR50.5b. The GNPA ratio declined sharply by 28bp QoQ to 2.48%, while NNPA declined by 5bp QoQ to 0.43%. PCR was stable at ~83%.
- Net additions to GNPA's stood at INR1.2b in 2QFY24.
- The BB & below portfolio increased to INR48b (0.4% of loans) from INR42.8b in 1QFY24, due to upgrade of one borrower from non-performing status.

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

INR b	1Q	2Q	3Q	4Q	1Q	2QFY2
	FY22	FY23	FY23	FY23	FY24	4
Fund and non-fund o/s to restructured loans	22.9	22.0	8.8	7.7	7.3	6.8
Borrowers with o/s greater than INR1b	38.1	32.6	26.1	18.0	15.0	21.9
Borrowers with o/s less than INR1b	21.2	21.9	21.0	21.3	20.5	19.2
BB and below outstanding	82.1	76.4	55.8	47.0	42.8	47.9

Exhibit 2: Exposure to the Power sector stood at INR463b in 1QFY24

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

INR b	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	%
Gross restructured loans	73.2	66.3	64.0	51.0	45.0	44.8	43.8	9.7
Other borrowers*	327.5	308.1	361.3	387.6	432.2	418.3	399.1	90.3
Total power sector exposure	400.7	374.4	425.3	438.6	477.2	463.1	442.9	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.

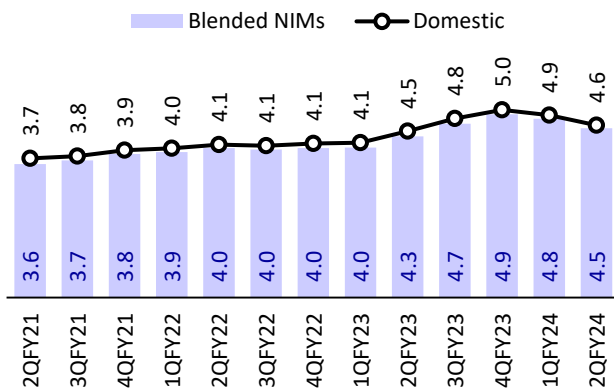
- **Asset quality improved** on the back of higher recoveries/upgrades, with the GNPA/NNPA ratios at 2.5%/0.4%. The BB & below pool also declined. However, the bank is carrying ~30% provisions, higher than the regulatory requirement. We expect slippages to moderate over FY24-25. PCR remained healthy at ~83%, which, along with the additional provision buffer of INR131b, should keep its credit cost in check. We estimate credit costs of 0.3-0.4% over FY24-25.
- **Maintain BUY with a TP of INR 1,120:** ICICIB reported another steady quarter, driven by healthy NII and controlled provisions underpinned by robust asset quality. The steady mix of a high-yielding unsecured portfolio and continued traction in BB, SME and secured retail enable broad-based growth, which helps the bank retain business diversification. NIMs contracted 25bp QoQ and the management expects continued moderation over coming quarters. Asset quality remains steady, reflecting in improvements in GNPA/NNPA ratios, while credit costs continue to undershoot. The additional Covid-related provisioning buffer at 1.2% of loans provides further comfort. We raise our FY24/FY25 EPS estimates by 3%/4% and expect ICICIB to deliver FY25E RoA/RoE of 2.3%/18.3%. We introduce FY26 earnings estimate and expect PAT to grow at a moderate rate of 15-16% over FY25/FY26. **Reiterate BUY with a revised SoTP-based TP of INR 1,120 (2.5x FY'25E ABV).**

Exhibit 3: SoTP-based target price

	Total Value INR b	Value Per Share INR	% of Total Value	Rationale
ICICI Bank	6,536	936	83.6	❖ 2.6x FY25E ABV
ICICI Pru Life Insurance	475	68	6.1	❖ 1.9x FY25E Embedded Value
ICICI Lombard Gen. Ins	391	56	5.0	❖ 34x FY25E PAT
ICICI Pru AMC	434	62	5.5	❖ 30x FY25E PAT
ICICI Securities	162	23	2.1	❖ 15x FY25E PAT
ICICI Bank UK	30	4	0.4	❖ 0.8x FY25E Net-worth
ICICI Bank Canada	36	5	0.5	❖ 0.8x FY25E Net-worth
Others (Ventures, Home Finance, PD)	81	12	1.0	
Total Value of Ventures	1,608	230	20.6	
Less: 20% holding Discount	322	46	4.1	
Value of Key Ventures (Post Holding Co. Disc)	1,287	184	16.4	
Target Price Post 20% Holding Co. Disc.	7,822	1,120		

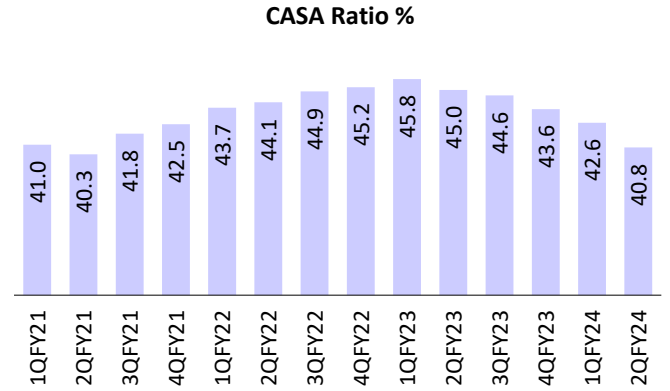
Story in charts

Exhibit 4: Domestic NIM moderated 25bp QoQ to 4.5%



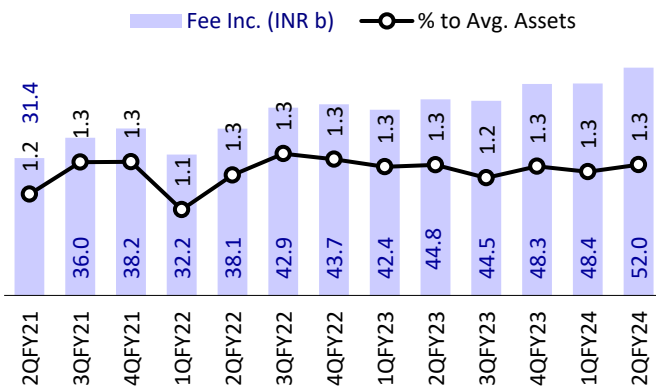
Source: MOFSL, Company

Exhibit 5: Average CASA ratio moderated 180bp QoQ



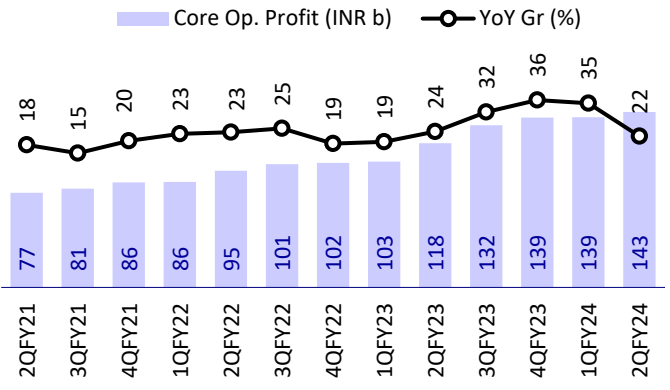
Source: MOFSL, Company

Exhibit 6: Fee income grew 16% YoY



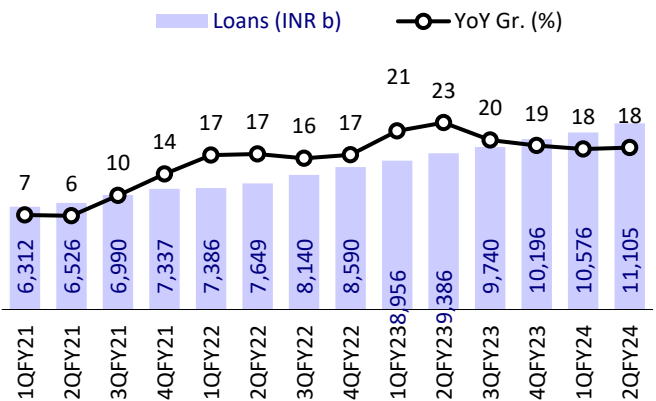
Source: MOFSL, Company

Exhibit 7: Core operating profit grew 22% YoY



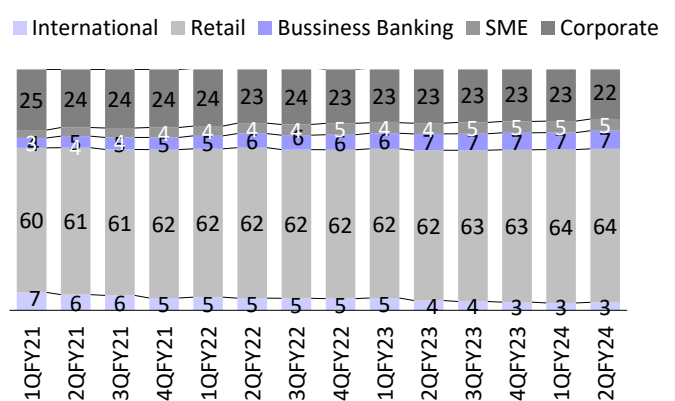
Source: MOFSL, Company

Exhibit 8: Overall loan book grew 18% YoY (+5% QoQ)



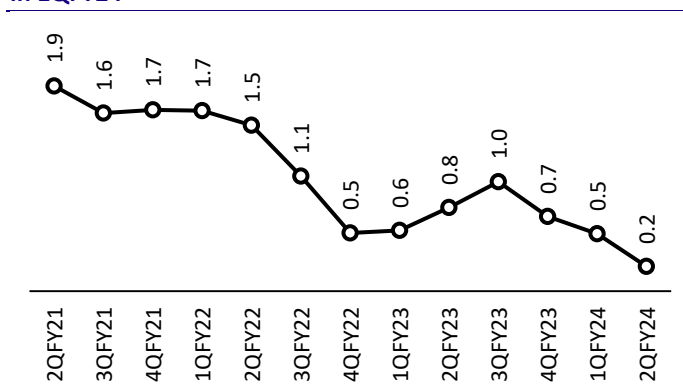
Source: MOFSL, Company

Exhibit 9: Retail loans drive overall loan growth



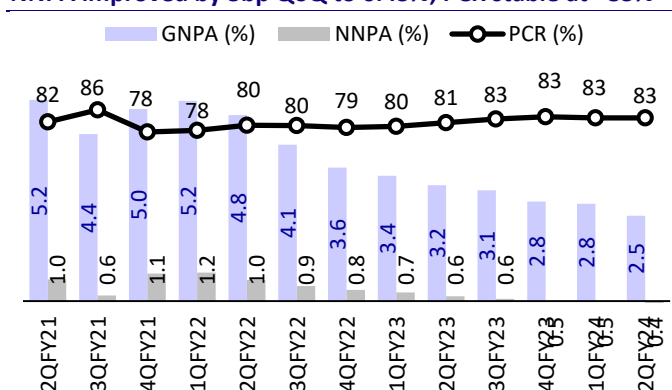
Source: MOFSL, Company

Exhibit 10: Credit cost declined to 0.2% in 2QFY24 from 0.5% in 1QFY24



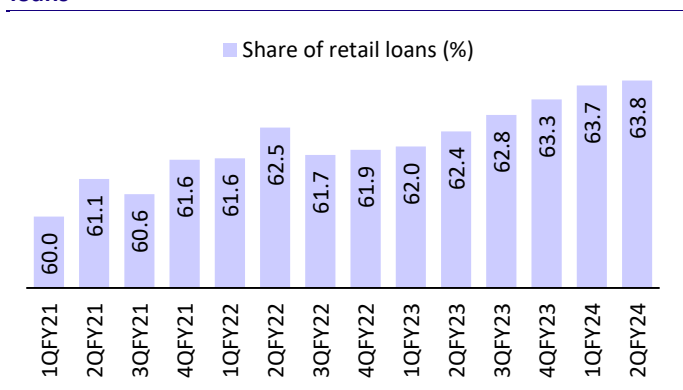
Source: MOFSL, Company

Exhibit 11: GNPA ratio declined 28bp QoQ to 2.48%, while NNPA improved by 5bp QoQ to 0.43%; PCR stable at ~83%



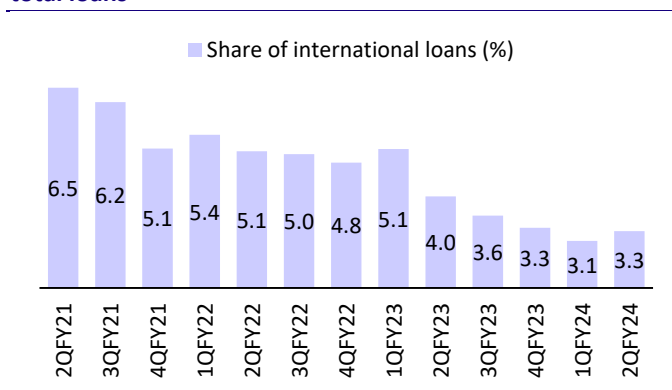
Source: MOFSL, Company

Exhibit 12: Share of Retail loans stood at 63.8% of total loans



Source: MOFSL, Company

Exhibit 13: Share of International loans stood at 3.3% of total loans



Source: MOFSL, Company

Exhibit 14: DuPont Analysis – Return ratios steady, estimate FY25E RoE to remain steady at ~19%

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	7.25	6.79	6.54	7.29	8.22	8.08	8.03
Interest Expense	4.03	3.45	2.95	3.14	3.92	3.85	3.84
Net Interest Income	3.23	3.35	3.59	4.15	4.30	4.23	4.19
Core Fee Income	1.28	1.27	1.04	1.19	1.15	1.14	1.15
Trading and others	0.32	0.36	0.36	0.13	0.19	0.22	0.22
Non Interest income	1.59	1.63	1.40	1.32	1.33	1.35	1.38
Total Income	4.82	4.98	5.00	5.47	5.63	5.59	5.57
Operating Expenses	2.10	1.85	2.02	2.19	2.33	2.29	2.26
Employee cost	0.80	0.69	0.73	0.81	0.86	0.83	0.81
Others	1.29	1.16	1.29	1.39	1.48	1.45	1.45
Operating Profits	2.72	3.13	2.97	3.28	3.30	3.30	3.31
Core operating Profits	2.41	2.77	2.61	3.14	3.11	3.08	3.09
Provisions	1.36	1.39	0.65	0.45	0.23	0.30	0.33
NPA	0.85	0.93	0.47	-0.04	0.19	0.26	0.28
Others	0.51	0.47	0.19	0.49	0.04	0.04	0.04
PBT	1.36	1.73	2.32	2.83	3.07	3.00	2.98
Tax	0.59	0.34	0.55	0.70	0.76	0.74	0.74
RoA	0.77	1.39	1.77	2.13	2.31	2.26	2.25
Less: Dividend from Subs	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Core RoA (ex-income from subs)	0.6	1.3	1.6	2.0	2.2	2.2	2.1
RoE	7.3	12.6	15.0	17.5	18.6	18.3	18.1
Core RoE	8.0	13.6	15.9	18.4	19.4	18.9	18.6

Financials and valuations

Income Statement							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Interest Income	3,32,671	3,89,894	4,74,661	6,21,286	7,40,920	8,56,119	9,91,833
Growth (%)	23.1	17.2	21.7	30.9	19.3	15.5	15.9
Other Income	1,64,486	1,89,685	1,85,175	1,98,314	2,30,045	2,73,753	3,25,766
Total Income	4,97,157	5,79,580	6,59,836	8,19,600	9,70,965	11,29,873	13,17,599
Growth (%)	19.7	16.6	13.8	24.2	18.5	16.4	16.6
Operating Exp.	2,16,144	2,15,608	2,67,333	3,28,732	4,02,150	4,62,188	5,34,049
Operating Profits	2,81,013	3,63,971	3,92,503	4,90,868	5,68,814	6,67,685	7,83,550
Growth (%)	19.9	29.5	7.8	25.1	15.9	17.4	17.4
Core PPOp	2,64,621	3,12,233	3,85,477	4,90,427	5,68,320	6,67,132	7,82,931
Growth (%)	19.7	18.0	23.5	27.2	15.9	17.4	17.4
Provisions	1,40,532	1,62,144	86,414	66,656	39,919	60,191	77,311
PBT	1,40,480	2,01,827	3,06,089	4,24,212	5,28,895	6,07,494	7,06,239
Tax	61,172	39,900	72,694	1,05,247	1,30,637	1,50,051	1,74,441
Tax Rate (%)	43.5	19.8	23.7	24.8	24.7	24.7	24.7
PAT	79,308	1,61,927	2,33,395	3,18,965	3,98,258	4,57,443	5,31,798
Growth (%)	135.8	104.2	44.1	36.7	24.9	14.9	16.3
Balance Sheet							
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	12,948	13,834	13,900	13,968	13,968	13,968	13,968
Reserves & Surplus	11,52,062	14,61,227	16,88,556	19,85,577	23,24,472	27,19,060	31,81,019
Net Worth	11,65,009	14,75,061	17,02,456	19,99,545	23,38,440	27,33,028	31,94,987
Deposits	77,09,690	93,25,222	1,06,45,716	1,18,08,407	1,38,98,495	1,63,30,732	1,91,55,948
Growth (%)	18.1	21.0	14.2	10.9	17.7	17.5	17.3
- CASA Deposits	34,78,185	43,16,234	51,84,366	54,12,618	59,90,251	70,87,538	83,13,682
Growth (%)	7.4	24.1	20.1	4.4	10.7	18.3	17.3
Borrowings	16,28,968	9,16,310	10,72,314	11,93,255	13,93,135	16,02,787	18,45,984
Other Liabilities & Prov.	4,79,950	5,87,704	6,89,828	8,33,251	9,99,901	11,49,886	13,22,369
Total Liabilities	1,09,83,617	1,23,04,296	1,41,10,313	1,58,34,458	1,86,29,971	2,18,16,433	2,55,19,288
Current Assets	11,91,557	13,31,283	16,78,224	11,94,383	14,46,650	15,76,418	17,58,374
Investments	24,95,315	28,12,865	31,02,410	36,23,297	42,39,258	50,02,324	58,52,719
Growth (%)	20.1	12.7	10.3	16.8	17.0	18.0	17.0
Loans	64,52,900	73,37,291	85,90,204	1,01,96,383	1,20,62,321	1,42,33,539	1,68,52,510
Growth (%)	10.0	13.7	17.1	18.7	18.3	18.0	18.4
Net Fixed Assets	84,103	88,776	93,738	95,998	1,03,678	1,11,973	1,20,930
Other Assets	7,59,777	7,34,112	6,48,401	7,32,005	7,78,063	8,92,179	9,34,755
Total Assets	1,09,83,651	1,23,04,327	1,41,12,977	1,58,42,067	1,86,29,971	2,18,16,433	2,55,19,288
Asset Quality							
GNPA	4,14,476	4,14,599	3,32,949	2,99,861	3,00,551	3,23,069	3,75,474
NNPA	1,00,538	92,483	64,432	51,503	50,277	52,866	60,692
GNPA Ratio (%)	6.1	5.4	3.8	2.9	2.4	2.2	2.2
NNPA Ratio (%)	1.6	1.3	0.8	0.5	0.4	0.4	0.4
Slippage Ratio (%)	2.2	2.3	2.4	1.9	2.0	2.0	2.0
Credit Cost (%)	2.3	2.4	1.1	0.7	0.3	0.4	0.4
PCR (Excl Technical write off) (%)	75.7	77.7	80.6	82.8	83.3	83.6	83.8

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Yield and Cost Ratios (%)							
Avg. Yield - Earning Assets	8.2	7.6	7.4	8.2	9.0	8.8	8.7
Avg. Yield on loans	9.3	8.3	8.0	8.9	9.8	9.5	9.4
Avg. Yield on Investments	6.4	6.2	5.5	6.2	7.1	7.1	7.0
Avg. Cost-Int. Bear. Liab.	4.7	4.1	3.5	3.8	4.8	4.7	4.7
Avg. Cost of Deposits	4.6	3.9	3.3	3.5	4.6	4.5	4.5
Interest Spread	3.5	3.5	3.9	4.4	4.3	4.1	4.0
Net Interest Margin	3.7	3.7	4.1	4.7	4.7	4.6	4.5

Capitalisation Ratios (%)

CAR	15.8	18.9	18.9	18.3	18.6	18.2	18.0
<i>CET-1</i>	13.4	16.8	17.6	17.1			
<i>Tier I</i>	14.4	17.8	18.0	17.6	17.5	17.3	17.1
<i>Tier II</i>	1.4	1.1	0.9	0.7	1.1	1.0	0.9

Business and Efficiency Ratios (%)

Loan/Deposit Ratio	83.7	78.7	80.7	86.3	86.8	87.2	88.0
CASA Ratio	45.1	46.3	48.7	45.8	43.1	43.4	43.4
Cost/Assets	2.0	1.8	1.9	2.1	2.2	2.1	2.1
Cost/Total Income	43.5	37.2	40.5	40.1	41.4	40.9	40.5
Cost/Core Income	45.0	40.8	41.0	40.1	41.4	40.9	40.6
Int. Expended/Int. Earned	55.5	50.7	45.0	43.1	47.7	47.6	47.8
Other Inc./Net Income	33.1	32.7	28.1	24.2	23.7	24.2	24.7
Empl. Cost/Op. Exps.	38.3	37.5	36.2	36.7	36.7	36.4	36.0
Business per Employee (INR m)	145.5	170.9	186.7	170.6	182.9	195.8	209.7
Profit per Employee (INR m)	0.8	1.7	2.3	2.5	2.8	2.9	3.1
Invest./Deposit Ratio	32.4	30.2	29.1	30.7	30.5	30.6	30.6
G-Sec/Invest. Ratio	76.6	81.3	86.1	85.6	85.6	85.6	85.6

Valuation

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
RoE (%)	7.3	12.6	15.0	17.5	18.6	18.3	18.1
Core RoE (%)	8.0	13.6	15.9	18.4	19.4	18.9	18.6
RoA (%)	0.8	1.4	1.8	2.1	2.3	2.3	2.2
Consol RoA (%)	0.7	1.2	1.5	1.8	1.9	2.0	1.8
Consol RoE (%)	8.1	13.1	14.8	17.2	17.5	17.7	15.0
RoRWA (%)	1.0	1.9	2.6	3.1	3.4	3.3	3.3
Book Value (INR)	177.3	210.8	242.8	285.0	332.4	388.9	455.1
BV Growth (%)	7.1	18.9	15.2	17.4	16.6	17.0	17.0
Price-BV (x)	4.2	3.6	3.1	2.6	2.3	1.9	1.6
Adjusted Book Value	151.3	187.3	224.0	267.1	315.3	372.2	438.1
ABV Growth (%)	11.6	23.8	19.6	19.3	18.0	18.0	17.7
Adjusted Price-ABV (x)	5.0	4.0	3.3	2.8	2.4	2.0	1.7
Consol Book Value (INR)	189.9	227.8	262.0	306.0	364.7	435.4	505.8
BV Growth (%)	7.2	19.9	15.0	16.8	19.2	19.4	16.2
Price-Consol BV (x)	4.9	4.1	3.6	3.1	2.6	2.1	1.8
EPS (INR)	12.3	24.2	33.7	45.8	57.0	65.5	76.1
EPS Growth (%)	135.0	97.0	39.2	36.0	24.6	14.9	16.3
Price-Earnings (x)	76.1	38.6	27.7	20.4	16.4	14.3	12.3
Adj. Price-Earnings (x)	61.1	31.0	22.3	16.4	13.1	11.4	9.8
Consol EPS (INR)	14.8	27.5	36.2	48.9	58.7	70.6	70.4
EPS Growth (%)	124.1	85.4	31.9	34.9	20.1	20.4	-0.3
Price-Consol Earnings (x)	63.1	34.0	25.8	19.1	15.9	13.2	13.3
Dividend Per Share (INR)	1.0	0.0	2.0	5.0	8.5	9.0	10.0
Dividend Yield (%)	0.1	0.0	0.2	0.5	0.9	1.0	1.1

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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