

BUY

CMP (Rs)	1,108
Target Price (Rs)	1,295
Potential Upside	17%
Sensex	73,730
Nifty	22,420

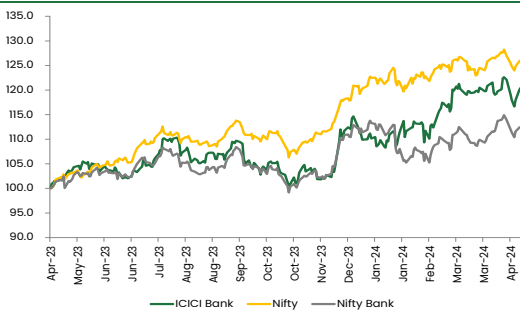
Key Stock data

BSE Code	532174
NSE Code	ICICIBANK
Bloomberg	ICICIBC:IN
Shares o/s, Cr (FV 2)	702.2
Market Cap (Rs Cr)	778,277
3M Avg Volume	14,973,361
52 week H/L	1,126/899

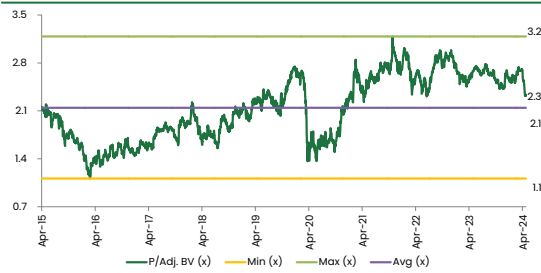
Shareholding Pattern

(%)	Sep-23	Dec-23	Mar-24
FII	44.4	43.7	44.8
DII	45.8	46.5	45.6
Public	9.8	9.8	9.6

1 year relative price performance



1 year forward P/Adj. BV (x)



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Steady performance from the leading banking entity

Q4FY24 Result Update | Sector: Bank | April 29, 2024

Single digit top-line growth: ICICI Bank reported net interest income growth of 2.2% QoQ/8.1% YoY to Rs 191bn in Q4FY24 as the bank saw decline in its margins with healthy growth in assets. Owing to single digit top-line growth, its pre-provision operating profit grew by 2.1% QoQ/8.8% YoY to Rs 150.4bn. The bank saw decline in provision and contingencies by 31.5% QoQ/55.6% YoY as the bank sees improvement in its asset quality. Due to such decline in provisions, PAT was reported at 4.2% QoQ/17.4% YoY to Rs 107.1bn.

Retail led advances growth: During the quarter, the bank's loan book increased by 2.7% QoQ/16.2% YoY to Rs 11,844bn. The growth in advances was primarily led by the retail customers while corporate advances remained muted. Retail/Business Banking/SME were the key segment which reported a growth of 19%/29%/25% YoY. The bank continues to grow at healthy pace and the bank expects the growth momentum to continue in FY25 as well which will be driven by the retail segment. The bank also expects corporate segment to pick up pace in FY25 which shall the advances growth.

Industry leading deposits growth: Deposits during the quarter increased by 6% QoQ/19.6% YoY to Rs 14,128bn. The bank's deposit mobilization is growing at a healthy pace as compared to its peers. The growth in deposits was mainly led by the term deposits which increased by 1.6% QoQ/27.7% YoY while CASA deposits increased by 12.9% QoQ/10.1% YoY. CASA deposits picked up momentum on the quarterly basis mainly due to pick up in the current deposits by 26.2% QoQ/19.9% YoY. CASA ratio during the quarter was 42.2% which declined on YoY basis by 366bps, however, it improved sequentially by 255bps. Going forward, the management expects deposits mobilization to continue at a healthy pace as the bank is strategically well placed to gather deposits with growing branch count and its online presence.

Dip in margins: The bank saw decline in its margins as net interest margin took a hit by 3bps QoQ/50bps YoY to 4.4%. The decline in margin was mainly due to the surge in the cost of funds by 9bps QoQ/76bps YoY to 5.1% while yield on interest earning assets increased by 3bps QoQ/14bps YoY to 8.7%. The bank managed to sustain margins in FY24 due to healthy margin in the 1st half of the year which margin saw a decline in the 2nd half. The bank expect margin to improve as the cost of funds cools off and stabilizes in FY25.

Asset quality continues to remain robust: Asset quality for ICICI Bank continue to remain healthy and best in class which declining GNPA/NNPA aiding the asset quality to improve. During the quarter, GNPA/NNPA declined by 65bps/6bps YoY to 2.2%/0.4% while slippages during the quarter was 0.4% declining sequentially by 6.1bps, however, increased on YoY basis by 1.2bps. The bank remains confident of its credit quality and sees no sign of stress in any of its segments. Its credit assessment remains strong and the bank credit quality check remains intact. Due to this, Provision Coverage Ratio (PCR) during the quarter was 80.3%, declining by 40bps QoQ/250bps YoY.

Valuation and outlook: ICICI Bank during the quarter saw single digit growth in its top-line which was led by the declining margin during the quarter as cost of funds increased. However, its advances and deposits are growing at a healthy pace and in a sustained manner which is aiding the bank to grow its business with robust asset quality. The bank is expected to improve on its margins and generate healthy returns. Financially, we expect NII/PPOP/PAT to grow at 13%/7%/9% CAGR over FY24-26E. We maintain **Buy** rating on ICICI Bank and increase our target price of **Rs 1,295** valuing the bank at 2.4x of its FY26E Adj. BV.

Financial Summary – standalone

Particulars, Rs bn	FY23	FY24	FY25E	FY26E
Total income	1,291	1,658	1,803	2,075
Net interest income	621	743	857	946
Pre-provision operating profit (PPOP)	491	581	634	671
Margin (%)	38.0	35.1	35.2	32.4
Net profit after tax	319	409	461	490
Margin (%)	24.7	24.7	25.6	23.6
Adj. BVPS (Rs)	276	330	402	477
P/Adj. BVPS (x)	4.0	3.4	2.8	2.3
RoA (%)	2.2	2.4	2.3	2.0
RoE (%)	17.3	18.7	17.5	15.6

Source : RBL Research

Con-call highlights: 1) The board approved a fund raising by way of issuances of debt securities including by way of non-convertible debentures in domestic markets. The bank's board also authorised buyback of debt securities within the limits. 2) The bank wrote back provisions worth Rs 100cr relating to AIFs in Q4FY24. 3) The bank is comfortable with the performance of such unsecured loans. 4) The bank expects that the NIMs will be "range-bound" in the future unless there is any shock, and the bank expects a "shallow" rate cut by the RBI. 5) The bank added 623 branches in FY24, taking its overall network to over 6,500 branches, and it aims to add similar number of branches in FY25 as well.

Financial summary – standalone

Particulars, Rs bn	Q4FY24	Q4FY23	Y-o-Y (%)	Q3FY24	Q-o-Q (%)
Interest earned	379.5	310.2	22.3	366.9	3.4
Other income	56.5	50.9	11.0	61.0	(7.4)
Total income	436.0	361.1	20.7	427.9	1.9
Core Operating Income	250.2	227.9	9.8	246.5	1.5
Interest expended	188.6	133.5	41.2	180.2	4.7
Net interest income	190.9	176.7	8.1	186.8	2.2
Net interest margin (%)	4.4	4.9	-50bps	4.4	-3bps
Total expenditure	285.6	222.8	28.2	280.7	1.7
Operating profit/(loss)	150.4	138.3	8.8	147.2	2.1
Core operating profit	153.2	138.7	10.5	146.0	4.9
Core operating profit excl. dividend income	148.4	135.9	9.1	139.5	6.3
Provisions and contingencies	7.2	16.2	(55.6)	10.5	(31.5)
Profit before tax	143.2	122.1	17.3	136.7	4.7
Tax expense	36.1	30.8	17.1	34.0	6.2
Net profit after tax	107.1	91.2	17.4	102.7	4.2
Margin (%)	24.6	25.3	-70bps	24.0	56bps
EPS (Rs)	15.3	13.1	16.8	14.7	4.2
BVPS (Rs)	339.5	287.4	18.1	323.4	5.0

Source : RBL Research

Ratios (%)

Particulars	Q4FY24	Q4FY23	Y-o-Y (bps)	Q3FY24	Q-o-Q (bps)
Net interest margin (NIM)	4.4	4.9	(50.0)	4.4	(3.0)
Yield on total interest-earning assets	8.7	8.6	14.0	8.7	3.0
Cost of funds	5.1	4.3	76.0	5.0	9.0
Interest spread	3.7	4.3	(62.0)	3.8	(6.0)
Cost-to-income	39.2	39.2	-	40.6	(140.0)
RoA	2.4	2.4	(1.0)	2.3	3.0
RoE	18.5	18.9	(40.0)	18.5	-

Source : RBL Research

Net interest income increased by 2.2% QoQ/8.1% YoY

PAT increased by 4.2% QoQ/17.4% YoY

NIMs contracted by 3bps QoQ/50bps YoY

RoA/RoE stood at 2.4%/18.5%

Advances/deposits increased by 2.2%/6% QoQ

Business parameters – standalone

Particulars	Q4FY24	Q4FY23	Y-o-Y (%)	Q3FY24	Q-o-Q (%)
Advances (Rs Bn)	11,844	10,196	16.2	11,538	2.7
Deposits (Rs Bn)	14,128	11,808	19.6	13,323	6.0
Credit-deposit ratio (%)	83.8	86.3	-252bps	86.6	-277bps
CASA (%)	42.2	45.8	-366bps	39.6	255bps

Source : RBL Research

Asset quality improved as GNPA/NNPA declined by 65bps/6bps YoY

Asset Quality – standalone

Particulars	Q4FY24	Q4FY23	Y-o-Y (%)	Q3FY24	Q-o-Q (%)
GNPA (Rs Bn)	279.6	311.8	(10.3)	287.8	(2.8)
GNPA (%)	2.2	2.8	-65bps	2.3	-14bps
NNPA (Rs Bn)	53.8	51.6	4.3	53.8	-
NNPA (%)	0.4	0.5	-6bps	0.4	-2bps
Provision Coverage Ratio (%)	80.3	82.8	-250bps	80.7	-40bps

Source : RBL Research

Interest earned increased by 3.4% QoQ/22.3% YoY

Income statement – standalone

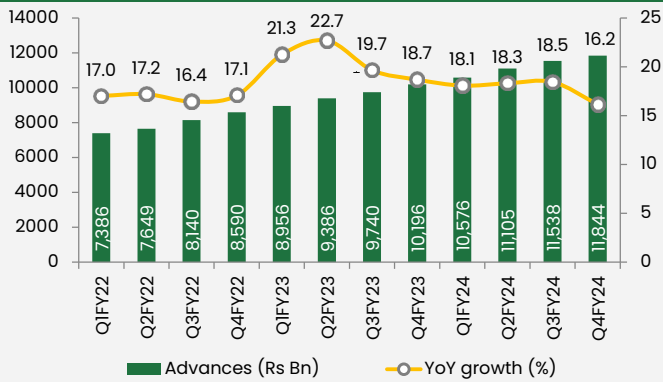
Particulars, Rs bn	Q4FY24	Q4FY23	Y-o-Y (%)	Q3FY24	Q-o-Q (%)
Interest/discount on advances/bills	294.2	242.0	21.6	285.6	3.0
Income on investments	77.8	58.4	33.3	72.1	7.9
Interest on balances with RBI and others	4.3	5.5	(21.9)	4.5	(5.3)
Others	3.1	4.3	(27.4)	4.7	(33.8)
Interest earned	379.5	310.2	22.3	366.9	3.4
Other income	56.5	50.9	11.0	61.0	(7.4)
Total income	436.0	361.1	20.7	427.9	1.9
Interest expended	188.6	133.5	41.2	180.2	4.7
Net interest income	190.9	176.7	8.1	186.8	2.2
Margin (%)	50.3	57.0	-664bps	50.9	-59bps
Employee cost	37.2	34.0	9.4	38.1	(2.4)
Other operating expenses	59.8	55.3	8.2	62.4	(4.1)
Operating expenses	97.0	89.3	8.7	100.5	(3.5)
Total expenditure	285.6	222.8	28.2	280.7	1.7
Operating profit/(loss)	150.4	138.3	8.8	147.2	2.1
Margin (%)	34.5	38.3	-380bps	34.4	9bps
Core operating profit	153.2	138.7	10.5	146.0	4.9
Margin (%)	35.1	38.4	-326bps	34.1	102bps
Provisions and contingencies	7.2	16.2	(55.6)	10.5	(31.5)
Profit before tax	143.2	122.1	17.3	136.7	4.7
Tax expense	36.1	30.8	17.1	34.0	6.2
Tax rate (%)	25.2	25.3	-4bps	24.9	34bps
Net profit after tax	107.1	91.2	17.4	102.7	4.2
Margin (%)	24.6	25.3	-70bps	24.0	56bps
EPS (Rs)	15.3	13.1	16.8	14.7	4.2

Source : RBL Research

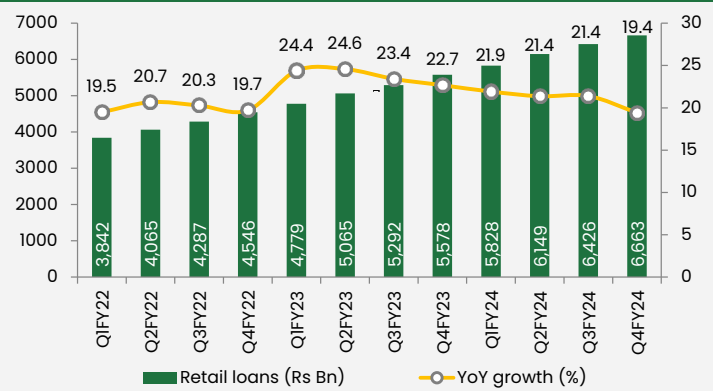
PPOP increased by 2.1% QoQ/8.8% YoY

Story in charts

Advances increased by 2.7% QoQ/16.2% YoY

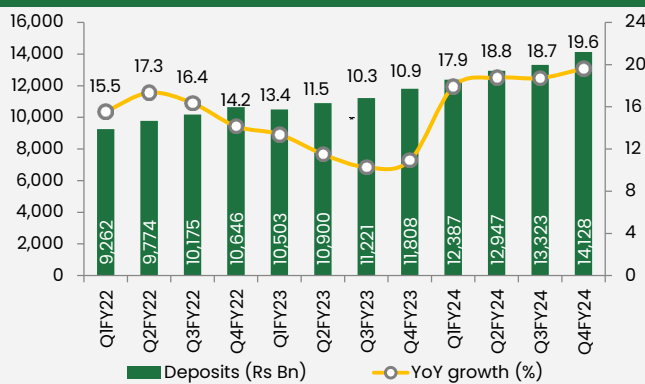


Retail loan grew by 3.7% QoQ/19.4% YoY

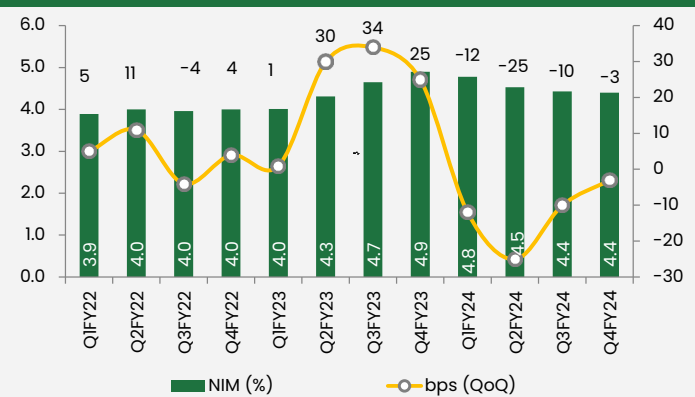


Source : RBL Research

Deposits increased by 6% QoQ/19.6% YoY

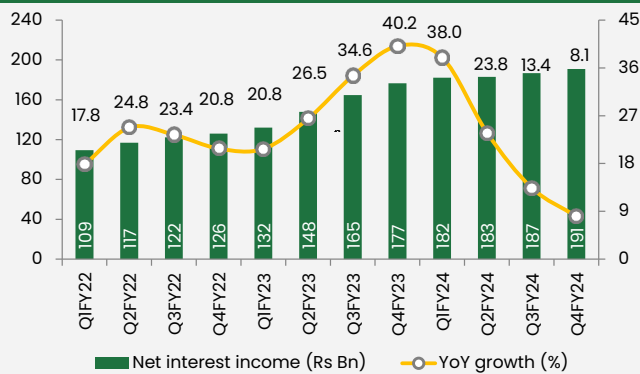


NIMs contracted by 3bps QoQ/50bps YoY

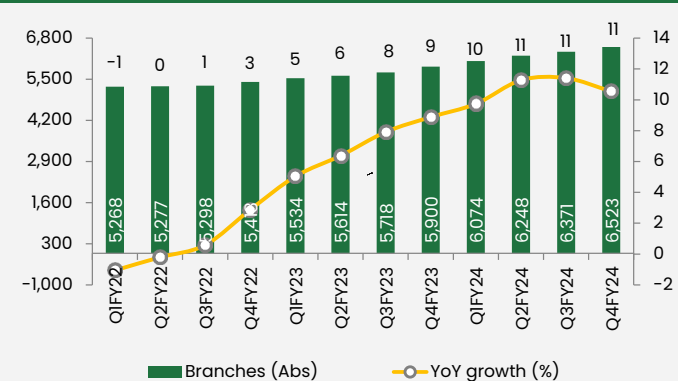


Source : RBL Research

Net interest income increased by 2.2% QoQ/8.1% YoY

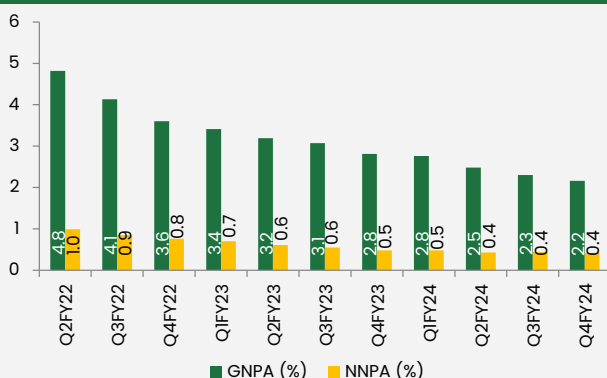


Steady growth in branch count

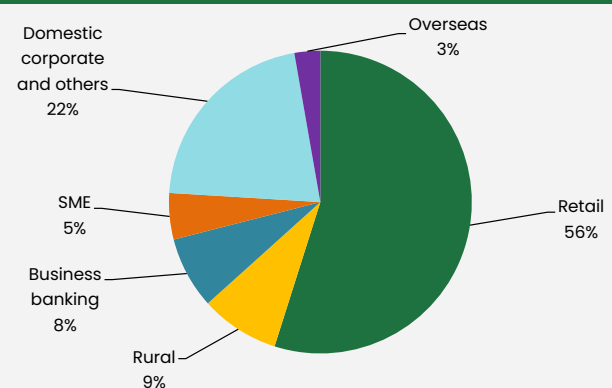


Source : RBL Research

GNPA/NNPA stood at 2.2%/0.4%



Retail loans having 56% share in loan book



Source : RBL Research

Income statement – standalone

Particulars, Rs bn	FY23	FY24	FY25E	FY26E
Interest earned	1,092	1,429	1,573	1,815
Interest expended	471	686	716	869
Net interest income	621	743	857	946
YoY (%)	30.9	19.6	15.3	10.4
Other income	198	230	230	260
Total income	1,291	1,658	1,803	2,075
YoY (%)	23.0	28.5	8.7	15.1
Operating expenses	329	391	453	534
Operating profit/(loss)	491	581	634	671
YoY (%)	25.1	18.4	9.1	5.8
Provisions and contingencies	67	36	36	35
Profit before tax	424	545	598	636
Tax expense	105	136	138	146
Tax rate (%)	24.8	25.0	23.0	23.0
Net profit after tax	319	409	461	490
YoY (%)	36.7	28.2	12.7	6.3

Source : RBL Research

Balance sheet – standalone

Particulars, Rs bn	FY23	FY24	FY25E	FY26E
Capital	14	14	14	14
Reserves and surplus	1,986	2,356	2,853	3,378
Net worth	2,000	2,370	2,867	3,392
Deposits	11,808	14,128	16,585	19,604
Borrowings	1,193	1,250	1,644	2,069
Other liabilities and provisions	833	953	1,073	1,247
Total Capital and Liabilities	15,842	18,715	22,182	26,325
Current assets	1,194	1,399	2,124	2,956
Investments	3,623	4,619	4,967	5,794
Advances	10,196	11,844	14,032	16,474
Fixed assets	96	109	111	119
Other assets	732	744	948	983
Total assets	15,842	18,715	22,182	26,325

Source : RBL Research

DuPont Analysis – standalone

Particulars	FY23	FY24	FY25E	FY26E
Interest earned	1,092	1,429	1,573	1,815
Interest expended	471	686	716	869
Net interest income	621	743	857	946
Other income	198	230	230	260
Total income	1,291	1,658	1,803	2,075
Employee cost	121	151	178	217
Other operating expenses	208	240	275	318
Operating expenses	329	391	453	534
Provisions and contingencies	67	36	36	35
Profit before tax	424	545	598	636
Tax expense	105	136	138	146
RoA (%)	2.2	2.4	2.3	2.0
RoE (%)	17.3	18.7	17.5	15.6

Source : RBL Research

Efficiency Ratios (%)

Particulars	FY23	FY24	FY25E	FY26E
Loan/Deposit Ratio	86.3	83.8	84.6	84.0
CASA Ratio	45.8	42.2	40.1	38.1
Cost/Assets	2.1	2.1	2.0	2.0
Cost/Total Income	40.1	40.2	41.6	44.3
Interest exp/Interest earned	43.1	48.0	45.5	47.9
Employee/Operating Cost	36.7	38.7	39.3	40.6

Source : RBL Research

Asset Quality

Particulars, Rs bn	FY23	FY24	FY25E	FY26E
GNPA	312	280	300	352
NNPA	52	54	55	63
GNPA (%)	2.8	2.2	2.3	2.3
NNPA (%)	0.5	0.4	0.4	0.4
PCR (%)	82.8	80.3	81.6	82.2
Slippage ratio (%)	1.8	1.6	2.5	2.6

Source : RBL Research

Efficiency ratio (%) – standalone

Particulars	FY23	FY24	FY25E	FY26E
CASA ratio	40.1	37.9	37.2	36.9
Fees to asset ratio	1.9	1.9	2.0	2.0
Cost to income ratio	44.3	47.2	43.7	42.4
Operating costs to assets	5.4	5.0	5.4	5.5
Interest expended / interest earned	51.6	54.9	54.0	52.8
Non interest income/total income	31.7	31.3	31.0	30.7
Investment/deposit ratio	24.7	27.7	25.2	24.3

Source : RBL Research

Valuation Ratios (x)

Particulars	FY23	FY24	FY25E	FY26E
P/E	24.2	19.0	16.7	15.7
P/BV	3.8	3.2	2.7	2.3
P/ABV	4.0	3.4	2.8	2.3

Source : RBL Research

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Statements on ownership and material conflicts of interest, compensation– Research Analyst (RA)

S. No.	Statement	Answer	
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below, are given separately]

Nature of Interest (if answer to F (a) above is Yes :

.....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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