



Q1FY25 ICICI Bank Ltd.



ICICI Bank Ltd.

Stable quarter; no sign of major jitters

CMP INR 1,210*	Target INR 1,430	Potential Upside 18.2%	Market Cap (INR Mn) 85,06,235	Recommendation BUY	Sector Banking
-------------------	---------------------	---------------------------	----------------------------------	-----------------------	-------------------

Result Highlights Q1FY25:

- Net interest income (NII) grew 7.3% YoY (+2.4% QoQ) to INR 195,529 Mn in Q1FY25. NII was 1.3% lower than our estimates.
- Pre-Provision Operating Profit (PPOP) for Q1FY25 grew 13.3% YoY (+6.6% QoQ) to INR 160,248 Mn. The non-interest income for the quarter grew by 28.8% YoY but declined by 24.0% QoQ.
- The profit after tax surged by 14.6% YoY (+3.3% QoQ) to INR 110,591 Mn in Q1FY25. Net profit was 2.8% higher than our estimates, led by slightly higher-than-expected operating profits.
- We assign a P/ABV multiple of 2.6x (earlier 2.5x) to the FY26E ABV of INR 474.2 per share, implying a SOTP valuation of INR 1,430 per share (earlier INR 1,355), implying a potential upside of 18.2%. Accordingly, we maintain our “BUY” rating on ICICI Bank's shares.

MARKET DATA

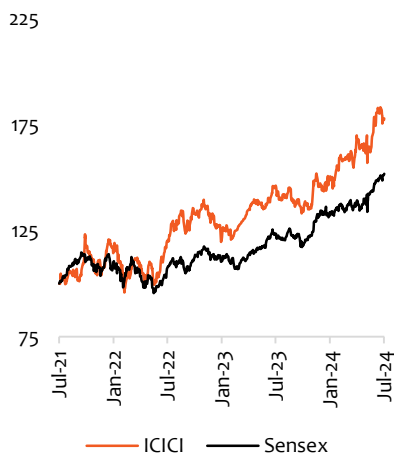
Shares outs (Mn)	7,036
Net worth (INR Mn)	25,24,784
Mkt Cap (INR Mn)	85,06,235
52 Wk H/L (INR)	1,258/ 899
Volume Avg (3m K)	17,172
Face Value (INR)	2
Bloomberg Code	ICICIB IN

KEY FINANCIALS

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
NII	474,661	621,286	743,057	834,563	951,873
PPOP	392,503	490,868	581,308	663,737	762,179
PAT	233,395	318,968	408,883	450,197	507,280
EPS (INR / Share)	33.6	45.7	58.2	64.1	72.2
ABVPS (INR / Share)	235.0	279.0	329.8	402.3	474.2
NIM (%)	4.0%	4.4%	4.5%	4.3%	4.2%
Advances Growth YoY (%)	17.1%	18.7%	16.2%	16.5%	16.3%

Source: Company, KRChoksey Research

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	81,868
NIFTY	25,011

Credit offtake remains healthy; Term deposits growth offset by decline in CASA:

- As of June 30, 2024, the overall advances stood at INR 12,231,543 Mn, a growth of 15.7% YoY/ 3.3% QoQ, led by the retail loan portfolio, which contributed 54.4% to the total advances. The domestic loan portfolio grew by 15.9% YoY/ 3.3% QoQ as of June 30, 2024. The retail loan portfolio grew by 17.1% YoY and 2.4% QoQ.
- Including non-fund-based outstanding, the retail portfolio was 46.3% of the total portfolio. Within the retail segment, the mortgage portfolio grew by 14.2% YoY, while auto loans grew by 14.8% YoY and 1.7% QoQ.
- Personal loans grew by 24.9% YoY/ 1.5% QoQ, while the credit card portfolio grew by 31.3% YoY (+4.2% QoQ). As of June 30, 2024, the personal loan and credit card portfolio were 9.7% and 4.4% of the overall loan book, respectively. Given that the credit card portfolio's contribution is currently under 5.0%, there is an opportunity for substantial expansion through strategic investments in products and distribution.
- The business banking portfolio grew by 35.6% YoY/ 8.9% QoQ. The SME portfolio grew by 23.5% YoY (+4.0% QoQ). The domestic corporate portfolio grew by 10.3% YoY/ 3.1% QoQ.
- Coming to the liability franchise, ICICIB saw a 15.1% YoY /0.9% QoQ growth, reaching INR 14,261 Bn as of June 30, 2024. The increase was driven by healthy momentum in term deposits, which saw a 19.9% YoY/ 3.1% QoQ growth.
- The average CASA deposit ratio stood at 39.6% for the quarter, compared to 38.9% for Q4FY24 (vs. 43.3% in Q1FY24). The current account saw a decline of 9.1% QoQ, which led to a further decline in the CASA ratio.
- In pursuit of accelerated deposit growth, ICICIB continued to expand its branch network by adding 64 branches in Q1FY25, bringing the total to 6,587 as of June 30, 2024.

SHARE HOLDING PATTERN (%)

Particulars	Jun-24	Mar-24	Dec-23
Promoters	0	0	0
FIIIs	45.5	44.8	43.6
DIIIs	44.7	45.3	46.2
Others	9.8	9.9	10.2
Total	100	100	100

*Based on previous closing

13.2%

NII CAGR between FY24 and FY26E

11.4%

PAT CAGR between FY24 and FY26E

ICICI Bank Ltd.

Asset quality stable despite increase in fresh slippages on account of KCC segment:

- Gross NPA improved by 61 bps YoY/ 1 bps QoQ to 2.15% as of June 30, 2024. The net NPA ratio improved by 5 bps YoY to 0.43% for the same period.
- The provisioning coverage on NPAs was 79.7% as of June 30, 2024.
- Gross NPA additions of about INR 7.21 Bn were made to the Kisan credit card portfolio in Q1 FY25. The Bank typically sees higher NPA additions from the Kisan Credit Card (KCC) portfolio in Q1 and Q3 of a fiscal year.
- Recoveries and upgrades from gross NPAs, excluding write-offs and sales, were INR 32.92 Bn, compared to INR 39.18 Bn in the previous quarter.
- The total provisions during the quarter were INR 13.32 Bn, an increase of 3.1% YoY. This includes the impact of the release of AIF-related provisions of INR 3.89 Bn during the quarter, pursuant to clarity on the regulatory requirements.
- Adjusting for the AIF provision release and the seasonality of KCC provisioning, which occurs only in Q1 and Q3, the credit cost to advances was about 50 bps.
- The Bank continues to hold a contingency provision of INR 131.0 Bn as of June 30, 2024. Other than specific provisions on fund-based outstanding to borrowers classified as non-performing, the total provisions were INR 234.0 Bn or 1.9% of loans.

NIMs expected to be range bound; employee costs higher due to annual salary adjustments:

- In Q1FY25, the Net Interest Margin (NIM) stood at 4.36%, down from 4.40% in Q4FY24 (compared to 4.78% in Q1FY24). The impact of interest on income tax refund on NIM was negligible in Q1FY25, whereas it was 3 bps in Q1FY24.
- The domestic NIM was 4.44% for the quarter as against 4.49% in Q4FY24 (vs. 4.88% in Q1FY24). The cost of deposits was 4.84% compared to 4.82% in the previous quarter.
- 50.0% of the total domestic loans have interest rates linked to the repo rate, while 2.0% are linked to other external benchmarks, and 17.0% are linked to MCLR and other older benchmarks. The remaining 31.0% of loans have fixed interest rates.
- The cost-to-income ratio for the quarter stood at 39.7% as against 40.2% a year ago (vs 39.2% in Q4FY24).
- Fee income increased by 13.4% YoY, with retail, rural, business banking and SME customer fees constituting around 78.0% of total fees. Dividend income from subsidiaries was INR 8.94 Bn compared to INR 2.91 Bn in Q1FY24, primarily due to higher dividends from ICICI Securities, ICICI Lombard General Insurance, and ICICI Prudential Life Insurance.
- Employee expenses increased by 12.5% YoY in Q1FY25, primarily driven by the impact of annual salary increments and promotions.
- Non-employee expenses increased by 9.2% YoY, mainly attributed to retail business-related and technology expenses. Technology expenses accounted for approximately 9.3% of the total operating expenses.

Concall Highlights:

- The Indian economy continues to remain resilient, as reflected by high-frequency indicators, showing growth momentum, such as expansion in manufacturing and services PMI, higher tax collections, real estate buoyancy, and a pick-up in rural demand, supported by the consistent actions and initiatives of the policymakers.
- ICICIB's primary strategic focus remains on profit growth before tax, excluding treasury, achieved through a 360-degree customer-centric approach and by seizing opportunities across ecosystems and micro markets. The Bank continues to operate within its strategic framework to strengthen its franchise.
- The Bank will continue to invest in technology, people, distribution, and brand development.
- The non-India linked corporate portfolio declined by 9.0% or about USD 24.8 Mn on a YoY basis. Of the overseas corporate portfolio, about 92.0% comprises Indian corporates, 6.0% comprises overseas corporates with Indian linkage, 1.0% comprises companies owned by NRIs or PIOs, and 1.0% comprises non-India corporates.
- The Bank's capital position continued to be strong, with a CET-1 ratio of 15.92% and a total capital adequacy ratio of 16.63% as of June 30, 2024, including profits for Q1FY25.
- The Bank has launched an industry-first initiative, 'SmartLock', that empowers customers to instantly lock/unlock the key banking services such as UPI, Debit Cards, and Credit Cards, with just one click on iMobilePay.
- The builder portfolio, including construction finance, lease rental discounting, term loans and working capital, was INR 521.30 Bn.
- The decrease in loan yields this quarter is primarily attributed to non-accruals in the Kisan credit card (KCC) portfolio. The Bank is currently experiencing intense competition in all lending segments, resulting in competitive lending rates across the board.

Valuation and view

ICICIB continued to report healthy core operating performance despite macro level disturbance, which aligned with our expectations. ICICIB has shown remarkable strength in maintaining its business momentum across different segments. The management is optimistic about the ample deposit inflows, which are expected to fuel credit growth opportunities in the upcoming quarters. Asset quality for the quarter remained stable despite the seasonal increase in slippages. ICICIB will continue to invest in branch expansion and digital banking strategies and will also see stability in the cost-to-income ratio aided by healthy revenues in FY25E/ FY26E. The Bank remains well-capitalized to grab the credit opportunities in coming quarters. We believe the business momentum will continue to see a healthy uptick, which will aid in maintaining its superior return ratios. We have factored in a growth of 13.2% CAGR in profits over FY24–26E, 16.4% in advances, and 14.5% in operating earnings over FY24–26E. **We have applied a P/ABV multiple of 2.6x to the FY26E ABV of INR 474.2 per share, implying a SOTP valuation of INR 1,430 per share (earlier INR 1,355). The stock has a potential upside of 18.2% over the CMP. As a result, we maintain our "BUY" rating on ICICI Bank's shares.**

ICICI Bank Ltd.

Valuation

Entity	Valuation Methodology	Holding	Value per share (INR)
ICICI Bank – Standalone Banking business / Parent	2.6x FY26E ABV	100.0%	1,233.0
ICICI Prudential Life Insurance	2.1x FY26E EV	51.2%	78.5
ICICI Lombard General Insurance	Current MCAP	51.8%	73.4
ICICI Prudential AMC	5% of FY26E AUM	51.0%	45.4
ICICI Securities	Current MCAP	74.8%	26.6
ICICI Home Finance	1x FY26E Book Value	100.0%	6.9
ICICI Bank UK Plc	Equity Investment	100.0%	1.4
ICICI Bank Canada	Equity Investment	100.0%	1.4
Holding Co. Discount			15%
Value of subs after discount (INR Per share)			199
Value of Total			1,430
CMP			1,210
Upside			18.2%

Source: KRChoksey Research

KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Mn	FY22	FY23	FY24	FY25E	FY26E
Interest Income	863,746	1,092,313	1,428,909	1,646,097	1,913,216
Interest Expense	389,085	471,027	685,852	811,534	961,343
Net Interest Income	474,661	621,286	743,057	834,563	951,873
Non-interest income	185,175	198,315	229,578	272,749	318,831
Operating income	659,836	819,601	972,635	1,107,312	1,270,705
Employee expense	96,728	120,599	151,420	188,374	228,970
- Other operating expense	170,606	208,133	239,907	255,200	279,555
Operating Expense	267,333	328,732	391,327	443,575	508,525
PPOP	392,503	490,868	581,308	663,737	762,179
Provisions	86,414	66,656	36,429	64,002	85,806
PBT	306,089	424,212	544,878	599,735	676,373
Tax Expense	72,694	105,245	135,996	149,538	169,093
PAT	233,395	318,968	408,883	450,197	507,280
Diluted EPS (INR)	33.0	44.9	57.3	64.1	72.2

Source: Company, KRChoksey Research

ICICI Bank Ltd.

Exhibit 2: Balance Sheet

INR Mn	FY22	FY23	FY24	FY25E	FY26E
Source of Funds					
Share capital	13,900	13,968	14,047	14,075	14,075
Reserves & Surplus	1,688,556	1,985,577	2,355,893	2,866,603	3,373,883
Net worth	1,702,456	1,999,545	2,369,940	2,880,678	3,387,958
ESOP	2,664	7,609	14,053	14,053	14,053
Borrowings	1,072,314	1,193,255	1,249,676	1,481,287	1,719,080
Deposits	10,645,716	11,808,407	14,128,250	16,458,740	19,100,892
Other liabilities & provisions	689,828	833,251	953,227	920,714	980,608
Total Equity & Liabilities	14,112,977	15,842,067	18,715,146	21,755,472	25,202,591
Uses of Funds					
Balances w/ banks & others	1,678,224	1,194,383	1,399,260	1,645,874	1,910,089
Investments	3,102,410	3,623,297	4,619,423	5,431,384	6,303,294
Loans & advances	8,590,204	10,196,383	11,844,064	13,795,707	16,040,760
Fixed assets	93,738	95,998	108,598	112,889	115,389
Other assets	648,401	732,005	743,801	769,618	833,059
Total Assets	14,112,977	15,842,067	18,715,146	21,755,472	25,202,591

Source: Company, KRChoksey Research

ICICI Bank Ltd.

Exhibit 3: Ratio Analysis

Key Ratio	FY22	FY23	FY24	FY25E	FY26E
Growth Rates					
Advances (%)	17.1%	18.7%	16.2%	16.5%	16.3%
Deposits (%)	14.2%	10.9%	19.6%	16.5%	16.1%
Total assets (%)	14.7%	12.3%	18.1%	16.2%	15.8%
NII (%)	21.7%	30.9%	19.6%	12.3%	14.1%
Pre-provisioning profit (%)	7.8%	25.1%	18.4%	14.2%	14.8%
PAT (%)	44.1%	36.7%	28.2%	10.1%	12.7%
B/S Ratios					
Credit/Deposit (%)	80.7%	86.3%	83.8%	83.8%	84.0%
CASA (%)	45.0%	45.8%	42.2%	41.6%	42.0%
Advances/Total assets (%)	60.9%	64.4%	63.3%	63.4%	63.6%
Leverage - Total Assets to Equity	8.29	7.92	7.90	7.55	7.44
Operating efficiency					
Cost/income (%)	40.5%	40.1%	40.2%	40.1%	40.0%
Opex/total assets (%)	2.9%	3.0%	3.1%	3.0%	3.0%
Opex/total interest earning assets	3.4%	3.5%	3.6%	3.5%	3.4%
Profitability					
NIM (%)	4.0%	4.4%	4.5%	4.3%	4.2%
RoA (%)	1.8%	2.1%	2.4%	2.2%	2.2%
RoE (%)	14.7%	17.2%	18.7%	17.1%	16.2%
Asset quality					
Gross NPA (%)	3.60%	2.81%	2.16%	2.13%	2.10%
Net NPA (%)	0.76%	0.48%	0.42%	0.40%	0.36%
PCR (%)	79.2%	82.9%	80.3%	81.4%	83.1%
Credit cost (%)	1.1%	0.7%	0.3%	0.5%	0.6%
Per share data / Valuation					
EPS (INR)	33.6	45.7	58.2	64.1	72.2
BVPS (INR)	245.0	286.4	337.5	410.2	482.5
ABVPS (INR)	235.0	279.0	329.8	402.3	474.2
P/E (x)	21.7	19.2	18.8	19.0	16.8
P/BV (x)	3.0	3.1	3.2	3.0	2.5
P/ABV (x)	3.1	3.1	3.3	3.0	2.6

Source: Company, KRChoksey Research

ICICI Bank Ltd.

ICICI Bank Limited				Rating Legend (Expected over a 12-month period)	
Date	CMP (INR)	TP (INR)	Recommendation	Our Rating	Upside
02-Aug-24	1,210	1,430	BUY	Buy	More than 15%
07-May-24	1,146	1,355	BUY	Accumulate	5% – 15%
24-Jan-24	999	1,250	BUY	Hold	0 – 5%
26-Oct-23	909	1,195	BUY	Reduce	-5% – 0
26-Jul-23	996	1,195	BUY	Sell	Less than – 5%
24-Apr-23	905	1,175	BUY		

ANALYST CERTIFICATION:

I, Unnati Jadhav (MMS, Finance), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & Conditions and other disclosures:

KRChoksey Shares and Securities Pvt. Ltd (hereinafter referred to as KRCSSPL) is a registered member of National Stock Exchange of India Limited and Bombay Stock Exchange Limited. KRCSSPL is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH00001295. It is also registered as a Depository Participant with CDSL, CDSL Registration No IN-DP-425-2019.

KRChoksey Shares & Securities Pvt Ltd. and DRChoksey Finserv Private Ltd. (Demerged entity from KRChoksey Shares & Securities Limited) are regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of Research Analysts including preparing and distribution of Research Reports. This research report is prepared and distributed by DRChoksey Finserv Private Ltd in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH00001246. It may be further notified that KRCSSPL carries on the activity of preparation as well as distribution of reports in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH000001295.

The information and opinions in this report are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of KRCSSPL. While we would endeavour to update the information herein on a reasonable basis, KRCSSPL is not under any obligation to update the information. Also, there may be regulatory, compliance or other reasons that may prevent KRCSSPL from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension follows applicable regulations and/or KRCSSPL policies, in circumstances where KRCSSPL might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KRCSSPL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. KRCSSPL accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Our employees in sales and marketing team, dealers and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed herein, in reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

We submit that no material disciplinary action has been taken on KRCSSPL and its associates (Group Companies) by any Regulatory Authority impacting Equity Research Analysis activities. KRCSSPL prohibits its associate, analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analyst covers. KRCSSPL or its associates (Group Companies) collectively or its research analyst, or relatives do not hold any financial interest/beneficial ownership of more than 1% (at the end of the month immediately preceding the date of publication of the research report) in the company covered by Analyst, and has not been engaged in market making activity of the company covered by research analyst.

It is confirmed that, I, Unnati Jadhav Research Analyst of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific brokerage service transactions.

KRCSSPL or its Associates (Group Companies) have not managed or co-managed public offering of securities for the subject company in the past twelve months. KRCSSPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of brokerage services or specific transaction or for products and services other than brokerage services.

KRCSSPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report other than investment banking or merchant banking or brokerage services from the subject company.

KRCSSPL encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. KRCSSPL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither KRCSSPL nor Research Analysts his associate or his relative, have any material conflict of interest at the time of publication of this report.

It is confirmed that, Unnati Jadhav, Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report. KRCSSPL or its associates (Group Companies) or its research analyst has may been engaged in market making activity for the subject company.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other Jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject KRCSSPL and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform them of and to observe such restriction.

Please send your feedback to research.insti@krchoksey.com

In case of any grievances, please write to grievance@krchoksey.com
Visit us at www.krchoksey.com
KRChoksey Shares and Securities Pvt. Ltd.

CIN-U67120MH1997PTC108958
Registered Office: 1102, Stock Exchange Tower, Dalal Street, Fort, Mumbai – 400 001.
Phone: 91-22-6633 5000; Fax: 91-22-6633 8060

Corporate Office: 701-702, DLH Plaza, Opp Shoppers Stop, S V Road, Andheri (W), Mumbai 400 058
Phone: 91-22-66355000

Compliance Officer: Varsha Shinde
Email: varsha.shinde@krchoksey.com