

HOLD

TP: Rs 1,015 | ▲ 2%

ICICI BANK

| Banking

| 24 July 2023

High core income and lower provisions buoy PAT

- NII growth of 38% YoY along with moderate provisioning aided 40% PAT growth in Q1
- NIM down 6bps QoQ to 4.8% and likely to moderate further on a higher cost of funds; credit cost under control at 51bps
- Maintain HOLD with a TP of Rs 1,015 (2.7x FY25E ABV plus subsidiaries at Rs 132/sh)

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NII up 38% YoY...: ICICIBC's Q1FY24 NII grew 38% YoY (+3% QoQ) despite higher interest expense while other income increased 17% YoY (+7% QoQ) supported by treasury gains and dividends, enabling net income growth of 32% YoY (4% QoQ). Strong NII growth was anchored by higher yields in retail and unsecured loans as well as increased investment yield.

...buoying PAT: NIM (calc.) contracted 6bps QoQ to 4.8% as the cost of funds moved up due to deposit repricing. Management expects this trend to continue through the fiscal. PPOP grew 37% YoY but only 2% QoQ due to higher employee cost which is likely to remain elevated amid network expansion. ICICIBC posted a 40% YoY (+6% QoQ) rise in PAT aided by strong NII growth and lower provisions.

Broad-based growth: Loans grew 18% YoY supported by a steady focus on the high-yield retail business (+22%) and, more recently, the corporate book (+19%). Within retail, ICICIBC saw traction in personal loans (+39% YoY), credit cards (+45%) and two-wheeler loans (+35%), while the home (+17%), rural (+18%) and commercial vehicle (+8%) businesses were subdued. Deposit growth held strong at 18% YoY led by term deposits (+26%), inducing a 255bps QoQ drop in CASA ratio. We retain our credit and deposit CAGR estimates of 18.1% and 16% respectively over FY23-FY25.

Stable asset quality: Credit cost fell 16bps QoQ to 51bps as higher slippages in retail, unsecured loans and agriculture business were set off by lower corporate defaults. GNPA improved 5bps to 2.8% and NNPA was flat QoQ at 0.5%. Total provisions stood at 2.1% of loans and the bank sees no major near-term asset quality concerns.

Maintain HOLD: The stock is trading at 2.7x FY25E P/ABV. We continue to estimate NIM at 4.4-4.5%, credit cost of 70bps and a PPOP CAGR of 15.3% over FY23-FY25. In our view, the bank's ability to deliver robust growth and margins is largely priced into valuations. We maintain our HOLD rating with an unchanged TP of Rs 1,015, set at 2.7x FY25E ABV (Gordon Growth Model), with subsidiaries valued at Rs 132/sh.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	ICICIBC IN/Rs 997
Market cap	US\$ 84.7bn
Free float	74%
3M ADV	US\$ 203.7mn
52wk high/low	Rs 1,001/Rs 789
Promoter/FPI/DII	0%/44%/45%

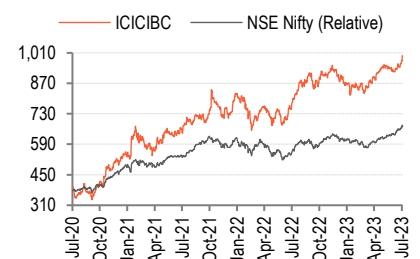
Source: NSE | Price as of 21 Jul 2023

Key financials

Y/E 31 Mar	FY23P	FY24E	FY25E
Net interest income	62,129	72,330	82,133
NII growth (%)	30.9	16.4	13.6
Adj. net profit (Rs mn)	31,897	37,654	42,996
EPS (Rs)	45.8	53.9	61.6
Consensus EPS (Rs)	45.8	51.5	59.3
P/E (x)	21.8	18.5	16.2
P/BV (x)	3.5	3.0	2.6
ROA (%)	2.1	2.2	2.2
ROE (%)	17.2	17.5	17.4

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income Statement

(Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (%)	QoQ (%)
Income Statement							
Interest Income	176,343	199,289	221,803	241,995	258,442	46.6	6.8
Income on investments	45,818	51,234	53,436	58,398	66,180	44.4	13.3
Int. on bal. with RBI & inter-bank funds & Others	14,554	9,808	9,818	9,819	8,655	(40.5)	(11.9)
Interest income	236,715	260,330	285,056	310,211	333,276	40.8	7.4
Interest expense	104,615	112,462	120,407	133,543	151,012	44.3	13.1
Net interest income	132,100	147,868	164,650	176,668	182,265	38.0	3.2
Growth YoY (%)	20.8	26.5	34.6	40.2	38.0	1718bps	(219bps)
Fee Income	42,430	44,800	44,480	48,300	48,430	14.1	0.3
Trading gains/(losses)	360	(850)	360	(400)	2,520	600.0	(730.0)
Others	3,862	6,599	5,396	2,978	3,403	(11.3)	(54.9)
Non-interest income	46,652	50,549	50,236	50,878	54,353	16.5	6.8
Growth YoY (%)	16.8	5.4	0.7	7.4	16.5	(24bps)	911bps
Non-interest income (Ex-Trading income)	46,292	51,399	49,876	51,278	51,833	12.0	1.1
Total income	178,752	198,417	214,886	227,545	236,617	32.4	4.0
Growth YoY (%)	19.7	20.3	24.8	31.2	32.4	1266bps	116bps
Staff expenses	28,492	28,885	29,212	34,010	38,837	36.3	14.2
Other operating expenses	47,171	52,728	52,962	55,272	56,389	19.5	2.0
Operating expenses	75,663	81,614	82,174	89,282	95,226	25.9	6.7
Pre-Provisioning Profit (PPoP)	103,089	116,803	132,712	138,264	141,391	37.2	2.3
Growth YoY (%)	15.9	17.8	30.8	34.3	37.2	2125bps	283bps
Pre-Provisioning Profit (Ex- Trading income)	102,729	117,653	132,352	138,664	138,871	35.2	0.1
Growth YoY (%)	19.4	23.6	31.6	36.4	35.2	1579bps	(124bps)
Provisions	11,438	16,445	22,574	16,198	12,924	13.0	(20.2)
Growth YoY (%)	(59.9)	(39.4)	12.5	51.5	13.0	7288bps	(3854bps)
PBT	91,651	100,358	110,138	122,066	128,467	40.2	5.2
Tax	22,601	24,780	27,019	30,847	31,985	41.5	3.7
PAT	69,049	75,578	83,119	91,219	96,482	39.7	5.8
Growth YoY (%)	49.6	37.1	34.2	30.0	39.7	(986bps)	976bps
Per Share							
FV (Rs)	2.0	2.0	2.0	2.0	2.0	0.0	0.0
EPS (Rs)	9.9	10.9	11.9	13.1	13.8	33.5	20.3
Book Value (Rs)	256	262	274	287	302	16.7	9.7

Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance Sheet & Others

Balance sheet (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (%)	QoQ (%)
Deposits	10,503,490	10,900,080	11,220,495	11,808,407	12,387,366	17.9	4.9
Growth YoY (%)	13.4	11.5	10.3	10.9	17.9	453bps	701bps
Advances	8,956,248	9,385,628	9,740,475	10,196,383	10,575,826	18.1	3.7
Growth YoY (%)	21.3	22.7	19.7	18.7	18.1	(318bps)	(61bps)
Investment	3,212,522	3,330,308	3,370,506	3,623,297	3,981,395	23.9	9.9
Equity	1,792,699	1,839,007	1,926,642	2,021,122	2,123,654	18.5	5.1
Assets	14,155,808	14,886,742	15,217,481	15,842,067	16,470,003	16.3	4.0
Growth YoY (%)	16.0	16.7	12.4	12.3	16.3	38bps	410bps
Yield (%)							
Yield on Funds	7.10	7.64	8.06	8.46	8.70	160bps	25bps
Cost of Funds	3.58	3.77	3.90	4.19	4.56	98bps	37bps
Spread	3.52	3.87	4.16	4.27	4.14	63bps	(13bps)
Net Interest Margin	3.96	4.34	4.65	4.82	4.76	80bps	(6bps)
Ratios (%)							
Other Income / Net Income	26.1	25.5	23.4	39.2	40.2	1415bps	101bps
Cost to Income ratio	42.3	41.1	38.2	39.2	40.2	(208bps)	101bps
CASA ratio	46.9	46.6	45.3	45.8	43.3	(356bps)	(255bps)
C/D ratio	85.3	86.1	86.8	86.3	85.4	11bps	(97bps)
Investment to Assets	22.7	22.4	22.1	22.9	24.2	148bps	130bps
Assets Quality							
GNPA	331,632	325,709	325,282	311,837	318,224	(4.0)	2.0
NNPA	66,562	60,993	56,512	51,551	53,818	(19.1)	4.4
Provision	265,070	264,716	268,770	260,286	264,406	(0.3)	1.6
GNPA (%)	3.41	3.19	3.07	2.81	2.76	(65bps)	(5bps)
NNPA (%)	0.70	0.61	0.55	0.48	0.48	(22bps)	0bps
Provision (%)	79.9	81.3	82.6	83.5	83.1	316bps	(38bps)
Slippages	3.10	2.21	2.74	1.96	2.32	(78bps)	36bps
Others							
Branches	5,534	5,614	5,718	5,900	6,074	540	174
ATMs	13,379	13,254	13,186	16,650	16,731	3,352	81

Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- ICICIBC's asset quality remained stable in Q1FY24 as higher slippages at Rs 53.2bn (vs. Rs 43bn in Q4FY23), mainly from retail, rural and business banking, were cushioned by lower corporate stress (slippages of Rs 2.5bn vs. Rs 2.8bn in Q4).
- GNPA additions from the retail, rural and business banking segments totalled Rs 50.7bn (Kisan credit card at Rs 6.7bn due to seasonality) vs. Rs 40.2bn in Q4FY23, while recoveries were flat QoQ at Rs 31.4bn.
- GNPA ratio improved by 5bps to 2.8% while the NNPA ratio was flat at 0.5%. PCR stood at 83.1% vs. 83.5% in Q4FY23.
- Covid-based restructured advances declined to Rs 39.5bn (40bps of loans) vs. Rs 40bn in the prior quarter.
- Credit cost improved to 51bps vs. 67bps in Q4FY23 and 53bps Q1FY23).
- Total provisions including contingent (Rs 131bn), general (Rs 61bn) and others for fund-based restructured and non-fund-based NPA stood at 2.1% of gross loans, which provides an additional cushion toward the mandated requirement.
- ICICIBC had no NPA sales during the quarter.
- The bank did not compromise its risk in the unsecured portfolio.

Loans:

- During Q1, ICICIBC's loans increased by 4% QoQ (18% YoY) wherein the corporate/retail segments grew 3%/4% QoQ (19%/22% YoY). Additionally, SME loans outpaced overall growth at 5% QoQ (28% YoY) while business banking was up 4% QoQ (30% YoY). The rural portfolio grew by 18% YoY and 4% sequentially. [rounded off growth figures]
- In the retail segment, loans in the two-wheeler (35% YoY, 7% QoQ), personal (39% YoY, 8% QoQ) and credit card (45% YoY, 8% QoQ) segments grew the fastest.
- The bank is expanding the corporate book considering better pricing power following rate hikes and is comfortable with incremental growth given stable asset quality.

Deposits

- Deposits grew 5% QoQ (18% YoY) in Q1 led by strong growth in term deposits at 10% QoQ (26% YoY) while low-cost CASA remained subdued at 3% QoQ (7% YoY), resulting in a CASA ratio of 43.3% vs. 45.8% in Q4FY23 (down 255bps QoQ). About 75-80% of the deposits are retail in nature.
- LCR for the quarter averaged 124%.

NIM

- NIM declined 6bps QoQ to 4.8% reflecting the lag impact of increase in deposit rates over the last year on the cost of deposits, offset in part by higher loan and investment yield.
- Per management, the cost of deposits for the quarter amounted to 4.31% vs. 3.98% in Q4FY23.
- Management expects deposit rates and cost of funds to continue to rise over the next few quarters due to both repricing and higher incremental deposits.
- Of the loan book, 46% is linked to repo rate, 3% to other EBLR, 20% to MCLR and other older rates, while the remaining 31% is fixed rate.

Operating expenses

- Opex during the quarter increased by 7% QoQ and 26% YoY driven by employee expenses which grew 14% QoQ and 36% YoY as the bank added 6,000 employees over the quarter (27,650 in the past 12 months) and gave out annual increments and promotions.
- Non-employee expenses were up 19% YoY owing to technology and retail business-related expenses. Technology costs formed 9% of overall expenses.
- The bank added 174 branches during the quarter and expects the run-rate to increase over the next three quarters.

Pre-provisioning operating profit (PPOP)

- Supported by healthy NII and steady other income, PPOP grew 2% QoQ (37% YoY).
- PAT rose 6% QoQ (40% YoY) to Rs 96.5bn on lower provisions (Rs 12.9bn vs. Rs 16.2bn in Q4FY23).

Others

- Management envisages synergies with brokerage arm ICICI Securities and is not looking to lower its stake below 75%.
- The bank plans to increase its stake to over 50% in insurance arm ICICI Lombard and is awaiting approval for the same.

Fig 3 – Loans book trend

Parameters (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Corporate	2,022,920	2,160,060	2,261,830	2,348,180	2,413,880	2.8	19.3
SME	393,850	419,250	454,240	482,210	506,150	5.0	28.5
Business Banking	573,960	635,720	668,830	721,120	748,710	3.8	30.4
Retail	4,779,410	5,065,150	5,292,360	5,578,170	5,827,930	4.5	21.9
Rural	769,980	799,040	829,060	874,310	905,540	3.6	17.6
Domestic Loans	8,498,620	9,005,720	9,387,820	9,855,290	10,253,110	4.0	20.6
Overseas Loans	457,630	379,910	352,650	341,100	322,730	(5.4)	(29.5)
Total Loans	8,956,250	9,385,630	9,740,470	10,196,390	10,575,840	3.7	18.1
Total Loans (Reported)	8,956,248	9,385,628	9,740,475	10,196,383	10,575,826	3.7	18.1

Source: Company, BOBCAPS Research

Fig 4 – Loan book distribution

Parameters (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (bps)	YoY (bps)
Corporate	22.6	23.0	23.2	23.0	22.8	(21bps)	24bps
SME	4.4	4.5	4.7	4.7	4.8	6bps	39bps
Business Banking	6.4	6.8	6.9	7.1	7.1	1bps	67bps
Retail	53.4	54.0	54.3	54.7	55.1	40bps	174bps
Rural	8.6	8.5	8.5	8.6	8.6	(1bps)	(3bps)
Domestic Loans	94.9	96.0	96.4	96.7	96.9	29bps	206bps
Overseas Loans	5.1	4.0	3.6	3.3	3.1	(29bps)	(206bps)
Total Loans	100.0	100.0	100.0	100.0	100.0	0bps	0bps

Source: Company, BOBCAPS Research

Fig 5 – Retail book trend

Parameters (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Mortgage	3,050,760	3,186,130	3,313,790	3,446,960	3,556,460	3.2	16.6
Auto Finance	424,070	446,140	472,630	496,870	524,650	5.6	23.7
Commercial Vehicle & Equipment	260,850	262,320	265,320	275,410	281,950	2.4	8.1
Two-wheelers	17,380	17,720	18,980	21,910	23,400	6.8	34.6
Auto Finance	702,300	726,180	756,930	794,190	830,000	4.5	18.2
Personal Loans	683,750	743,550	809,320	880,550	947,950	7.7	38.6
Credit Cards	280,100	333,940	345,460	378,410	407,200	7.6	45.4
Others	62,500	75,350	66,850	78,050	86,320	10.6	38.1
Total Retail Loans	4,779,410	5,065,150	5,292,350	5,578,160	5,827,930	4.5	21.9

Source: Company, BOBCAPS Research

Fig 6 – Retail loan book distribution

Parameters (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (bps)	YoY (bps)
Mortgage	34.1	33.9	34.0	33.8	33.6	(18bps)	(43bps)
Auto Finance	4.7	4.8	4.9	4.9	5.0	9bps	23bps
Commercial Vehicle & Equipment	2.9	2.8	2.7	2.7	2.7	(4bps)	(25bps)
Two-wheelers	0.2	0.2	0.2	0.2	0.2	1bps	3bps
Auto Finance	7.8	7.7	7.8	7.8	7.8	6bps	1bps
Personal Loans	7.6	7.9	8.3	8.6	9.0	33bps	133bps
Credit Cards	3.1	3.6	3.5	3.7	3.9	14bps	72bps
Others	0.7	0.8	0.7	0.8	0.8	5bps	12bps
Total Retail Loans	53.4	54.0	54.3	54.7	55.1	40bps	174bps

Source: Company, BOBCAPS Research

Fig 7 – Trend in deposits

Parameters (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
CA Deposits	1,403,000	1,453,560	1,456,260	1,614,860	1,610,330	(0.3)	14.8
SA Deposits	3,518,140	3,624,840	3,632,160	3,797,760	3,751,930	(1.2)	6.6
CASA Deposits	4,921,140	5,078,400	5,088,420	5,412,620	5,362,260	(0.9)	9.0
Term Deposits	5,582,350	5,821,680	6,132,075	6,395,787	7,025,106	9.8	25.8
Total Deposits	10,503,490	10,900,080	11,220,495	11,808,407	12,387,366	4.9	17.9

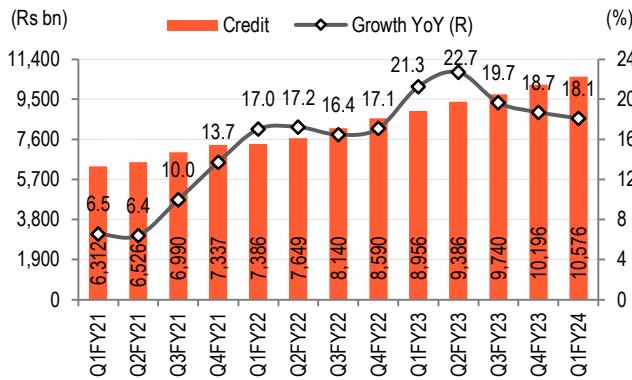
Source: BOBCAPS Research, Company

Fig 8 – Deposit distribution

Parameters (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (bps)	YoY (bps)
CA Deposits	13.4	13.3	13.0	13.7	13.0	(68bps)	(36bps)
SA Deposits	33.5	33.3	32.4	32.2	30.3	(187bps)	(321bps)
CASA Deposits	46.9	46.6	45.3	45.8	43.3	(255bps)	(356bps)
Term Deposits	53.1	53.4	54.7	54.2	56.7	255bps	356bps
Total Deposits	100.0	100.0	100.0	100.0	100.0	0bps	0bps

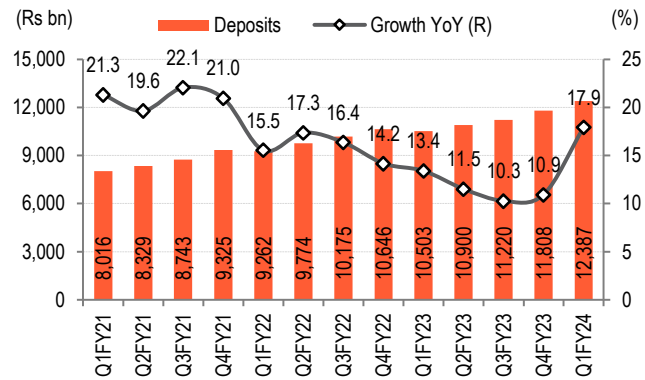
Source: BOBCAPS Research, Company

Fig 9 – Steady credit growth (largely broad-based)



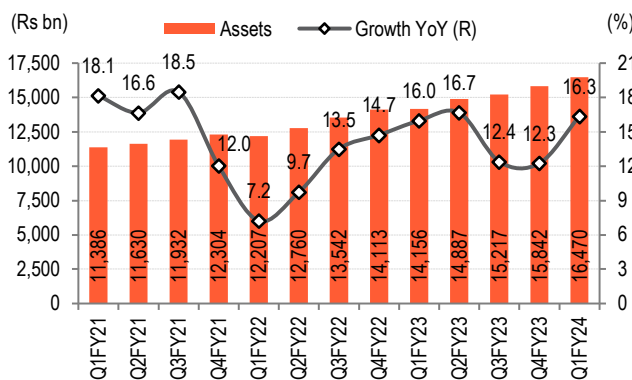
Source: Company, BOBCAPS Research

Fig 10 – Recovery in deposit growth led by term deposits



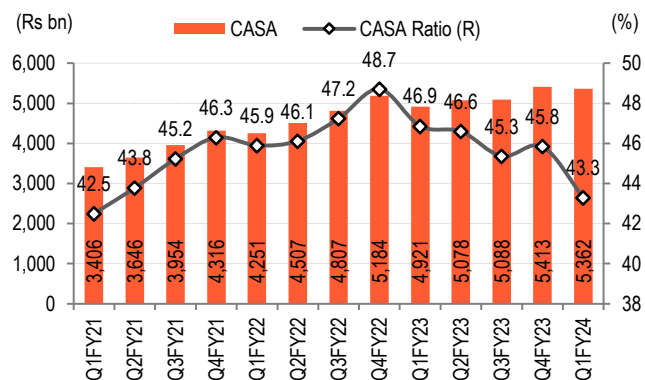
Source: Company, BOBCAPS Research

Fig 11 – Asset growth at 16.3% YoY



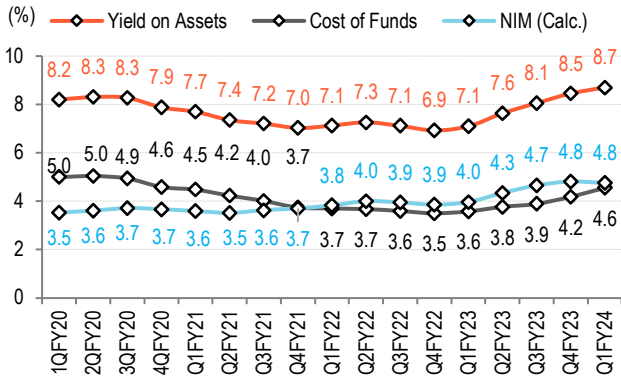
Source: Company, BOBCAPS Research

Fig 12 – CASA down 255bps sequentially



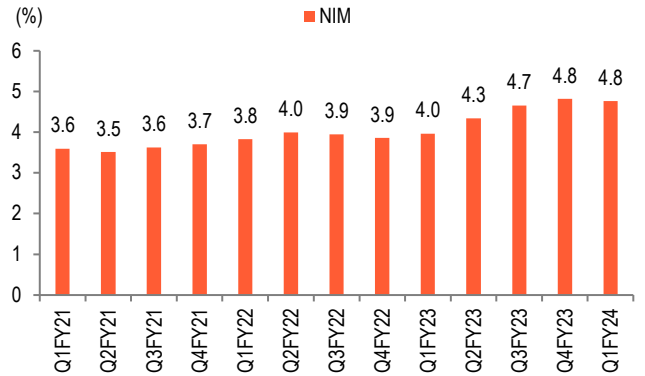
Source: Company, BOBCAPS Research

Fig 13 – Deposit repricing pushed up cost of funds...



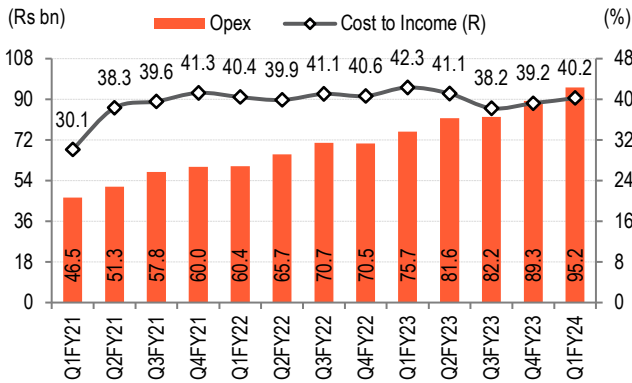
Source: Company, BOBCAPS Research

Fig 14 – ...leading to 6bps QoQ NIM contraction



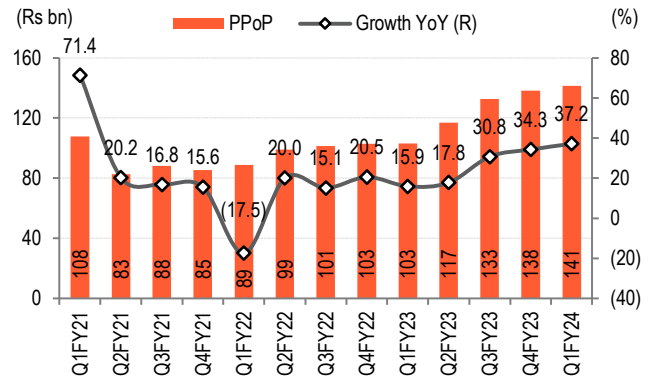
Source: Company, BOBCAPS Research

Fig 15 – Higher employee cost raised opex



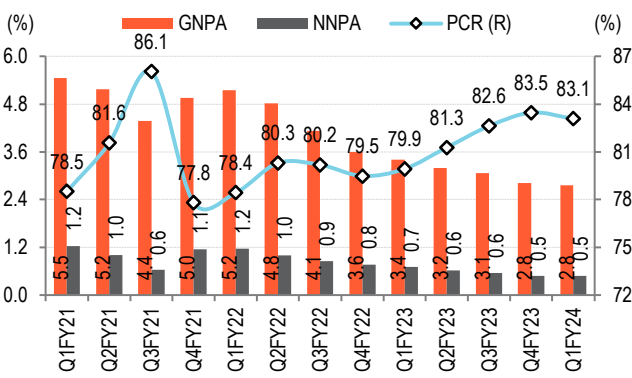
Source: Company, BOBCAPS Research

Fig 16 – PPOP strong backed by NII and non-core income



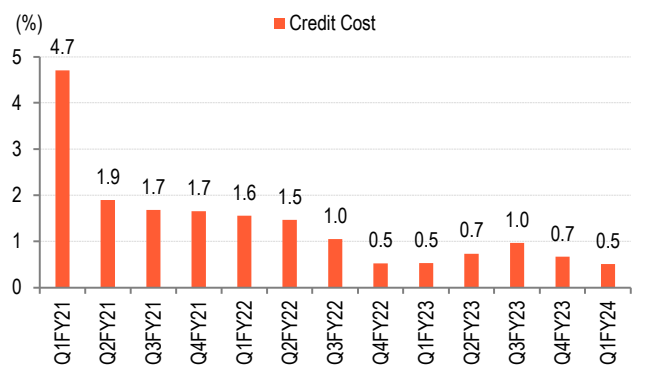
Source: Company, BOBCAPS Research

Fig 17 – Asset quality steady despite higher slippages



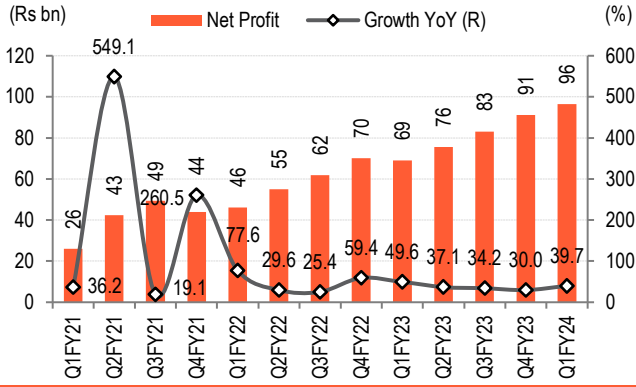
Source: Company, BOBCAPS Research

Fig 18 – Credit cost declined 16bps QoQ



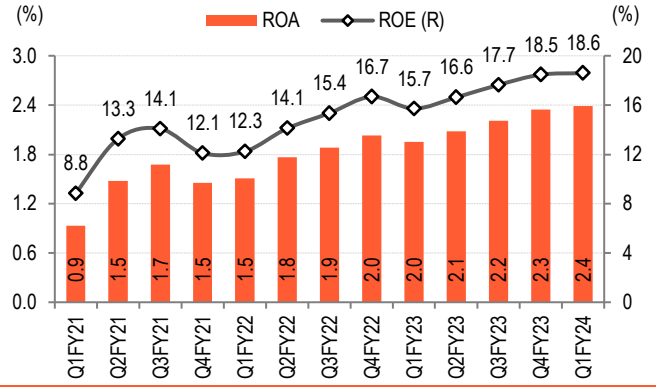
Source: Company, BOBCAPS Research

Fig 19 – PAT grew 40% YoY led by lower provisions



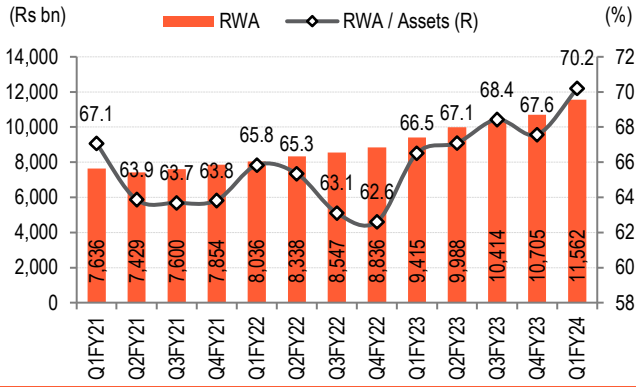
Source: Company, BOBCAPS Research

Fig 20 – Return ratios the highest in last 12 quarters



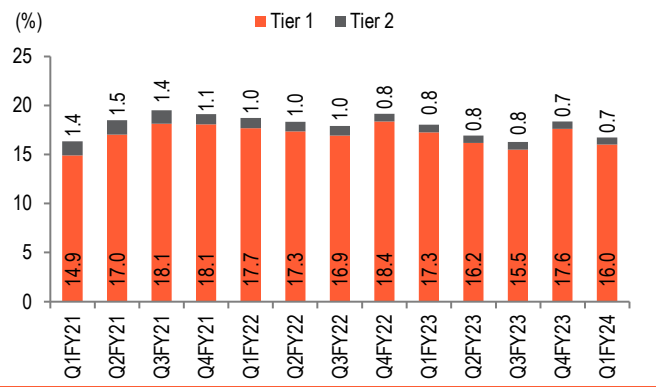
Source: Company, BOBCAPS Research

Fig 21 – Higher retail share led to rise in risk-weighted assets



Source: Company, BOBCAPS Research

Fig 22 – Well capitalised to fund credit demand



Source: Company, BOBCAPS Research

Valuation methodology

ICICIB's strong Q1FY24 performance was supported by healthy business growth across segments. We maintain our credit and deposit growth estimates at 18.1% and 16% CAGR respectively over FY23-FY25, accompanied by 18.5% PPOP growth. While NIM (calc.) came in at 4.8% for Q1 and management expects similar levels for the next two quarters, we retain our forecast at 4.5%/4.4% for FY24/FY25 to factor in higher competition in the retail space.

We continue to model for credit cost of 70bps in FY24/ FY25 and expect GNPA/NNPA to improve to 2.3%/0.4% in FY25 vs. 2.8%/0.5% in Q1 with PCR steady at 83%. The bank's cumulative provisions at 2.1% of loans provides further confidence on asset quality.

ICICIB is well capitalised with CAR of 16.7% (tier-1 at 16%) and we expect improvement to 18.1%/17.5% in FY24/FY25. Given strong growth, a favourable portfolio mix and expected lower provision needs, we believe ICICIB will deliver healthy return ratios. We continue to estimate a PAT CAGR of 16.1% over FY23-FY25 with ROA/ROE of 2.2%/17.4% in FY25.

The stock is currently trading at 2.7 FY25E P/ABV. Although the bank's overall business dynamics are robust, we believe these are largely priced into valuations even as growing competition in the retail space could take the sheen off NIMs. We thus maintain our HOLD rating and continue with our SOTP-based TP of Rs 1,015, set at 2.7x FY25E ABV using the Gordon Growth Model plus a value of Rs 132/sh for subsidiaries.

Fig 23 – Key operational assumptions

Parameter (%)	FY22	FY23E	FY24E	FY25E
Advances	17.1	18.7	18.3	18.0
Net Interest Income	21.7	30.9	16.4	13.6
PPOP	7.8	25.1	15.9	14.7
PAT	44.1	36.7	18.1	14.2
NIM	3.8	4.4	4.5	4.4
GNPA	3.7	3.0	2.5	2.4
CAR	19.1	18.3	18.1	17.5

Source: Company, BOBCAPS Research

Fig 24 – Valuation summary

Business	Valuation	Holdings (%)	Value (Rs/sh)
ICICI Bank	2.7x FY25E ABV	100	884
ICICI Prudential Life	Market cap	51	42
ICICI Lombard General	Market cap	48	34
ICICI Securities	Market cap	75	15
ICICI Prudential AMC	10% of AUM	51	27
ICICI Home Finance	1x FY25E P/B	100	3
ICICI Bank CANADA & UK	-	100	10
Total	-	-	1,015

Source: Company, BOBCAPS Research

Fig 25 – Key valuation assumptions (Gordon growth model)

Particulars (%)	
Return on Equity (RoE)	17.2
Cost of Equity (Ke)	12.3
Growth (Period 1)	13.8
Growth (Long Term)	6.9
Initial High Growth Period (yrs)	10.0
Dividend Payout (Period 1)	20.0
Dividend Payout (Long Term)	60.0
Factor 1	2.2
Factor 2	13.7
Justified P/BV Multiple (x)	2.7

Source: Company, BOBCAPS Research

Key risks

- Margin expansion with an increase in high yielding assets is a key upside risk to our estimates.
- Inability of the bank to manage a higher cost of funds with faster deposit repricing would represent a key downside risk.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Axis Bank	AXSB IN	36.4	971	1,111	BUY
Federal Bank	FB IN	3.5	134	165	BUY
HDFC Bank	HDFCB IN	153.7	1,676	2,061	BUY
ICICI Bank	ICICIB IN	84.7	997	1,015	HOLD
Indusind Bank	IIB IN	13.3	1,407	1,755	BUY
Kotak Mahindra Bank	KMB IN	47.6	1,970	2,122	HOLD
State Bank of India	SBIN IN	66.8	615	729	BUY

Source: BOBCAPS Research, NSE | Price as of 21 Jul 2023

Glossary

Glossary of Abbreviations			
AUCA	Advance Under Collection Account	LCR	Liquidity Coverage Ratio
ARC	Asset Reconstruction Company	MCLR	Marginal Cost of Funds-based Lending Rate
BRDS	Bills Rediscounting Scheme	MTM	Mark to Market
CASA	Current Account and Savings Account	NII	Net Interest Income
CAR	Capital Adequacy Ratio	NIM	Net Interest Margin
CET1	Common Equity Tier 1	NNPA	Net Non-Performing Assets
CD	Credit-Deposit Ratio	PCR	Provision Coverage Ratio
C/I	Cost-Income Ratio	PPOP	Pre-Provision Operating Profit
CRB	Commercial and Rural Banking	PSU	Public Sector Unit
EBLR	External Benchmark-based Lending Rate	RWA	Risk-weighted Assets
ECL	Expected Credit Loss	SLR	Statutory Liquidity Ratio
GNPA	Gross Non-Performing Assets	SMA	Special Mention Account
IBPC	Interbank Participation Certificate	SME	Small and Medium-sized Enterprises

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Net interest income	38,989	47,466	62,129	72,330	82,133
NilI growth (%)	17.2	21.7	30.9	16.4	13.6
Non-interest income	18,969	18,518	19,831	23,780	28,444
Total income	57,958	65,984	81,960	96,109	110,577
Operating expenses	21,561	26,733	32,873	39,209	45,301
PPOP	36,397	39,250	49,087	56,901	65,276
PPOP growth (%)	29.5	7.8	25.1	15.9	14.7
Provisions	16,214	8,641	6,666	7,679	9,072
PBT	20,183	30,609	42,421	49,221	56,204
Tax	3,990	7,269	10,525	11,567	13,208
Reported net profit	16,193	23,339	31,897	37,654	42,996
Adjustments	0	0	0	0	0
Adjusted net profit	16,193	23,339	31,897	37,654	42,996

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Equity capital	1,383	1,390	1,397	1,397	1,397
Reserves & surplus	146,126	169,122	199,319	229,442	262,979
Net worth	147,509	170,512	200,715	230,839	264,376
Deposits	932,522	1,064,572	1,180,841	1,357,967	1,575,241
Borrowings	91,631	107,231	119,325	134,838	154,389
Other liab. & provisions	58,770	68,983	83,325	113,677	146,887
Total liab. & equities	1,230,433	1,411,298	1,584,207	1,837,320	2,140,894
Cash & bank balance	133,128	167,822	119,438	137,096	153,993
Investments	281,287	310,241	362,330	402,188	459,197
Advances	733,729	859,020	1,019,638	1,206,232	1,423,354
Fixed & Other assets	82,289	74,214	82,800	91,805	104,350
Total assets	1,230,433	1,411,298	1,584,207	1,837,320	2,140,894
Deposit growth (%)	21.0	14.2	10.9	15.0	16.0
Advances growth (%)	13.7	17.1	18.7	18.3	18.0

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
EPS	24.7	33.7	45.8	53.9	61.6
Dividend per share	2.0	5.0	8.0	10.8	13.5
Book value per share	213.3	245.3	287.4	330.5	378.6

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
P/E	40.4	29.6	21.8	18.5	16.2
P/BV	4.7	4.1	3.5	3.0	2.6
Dividend yield (%)	0.2	0.5	0.8	1.1	1.4

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Net interest income	3.3	3.6	4.1	4.2	4.1
Non-interest income	1.6	1.4	1.3	1.4	1.4
Operating expenses	1.9	2.0	2.2	2.3	2.3
Pre-provisioning profit	3.1	3.0	3.3	3.3	3.3
Provisions	1.4	0.7	0.4	0.4	0.5
PBT	1.7	2.3	2.8	2.9	2.8
Tax	0.3	0.6	0.7	0.7	0.7
ROA	1.4	1.8	2.1	2.2	2.2
Leverage (x)	8.8	8.3	8.1	7.9	8.0
ROE	12.3	14.7	17.2	17.5	17.4

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Net interest income	17.2	21.7	30.9	16.4	13.6
Pre-provisioning profit	29.5	7.8	25.1	15.9	14.7
EPS	100.9	36.5	36.0	17.8	14.2
Profitability & Return ratios (%)					
Net interest margin	3.6	3.8	4.4	4.5	4.4
Fees / Avg. assets	0.2	0.2	0.3	0.3	0.3
Cost-Income	37.2	40.5	40.1	40.8	41.0
ROE	12.3	14.7	17.2	17.5	17.4
ROA	1.4	1.8	2.1	2.2	2.2
Asset quality (%)					
GNPA	5.3	3.8	3.0	2.5	2.4
NNPA	1.2	0.8	0.5	0.4	0.4
Slippage ratio	3.1	3.3	3.1	2.5	2.6
Credit cost	2.4	1.1	0.7	0.7	0.7
Provision coverage	77.7	79.2	83.5	84.0	83.0
Ratios (%)					
Credit-Deposit	78.7	80.7	86.3	88.8	90.4
Investment-Deposit	30.2	29.1	30.7	29.6	29.2
CAR	19.2	19.1	18.3	18.1	17.5
Tier-1	18.3	18.1	17.6	17.4	16.9

Source: Company, BOBCAPS Research

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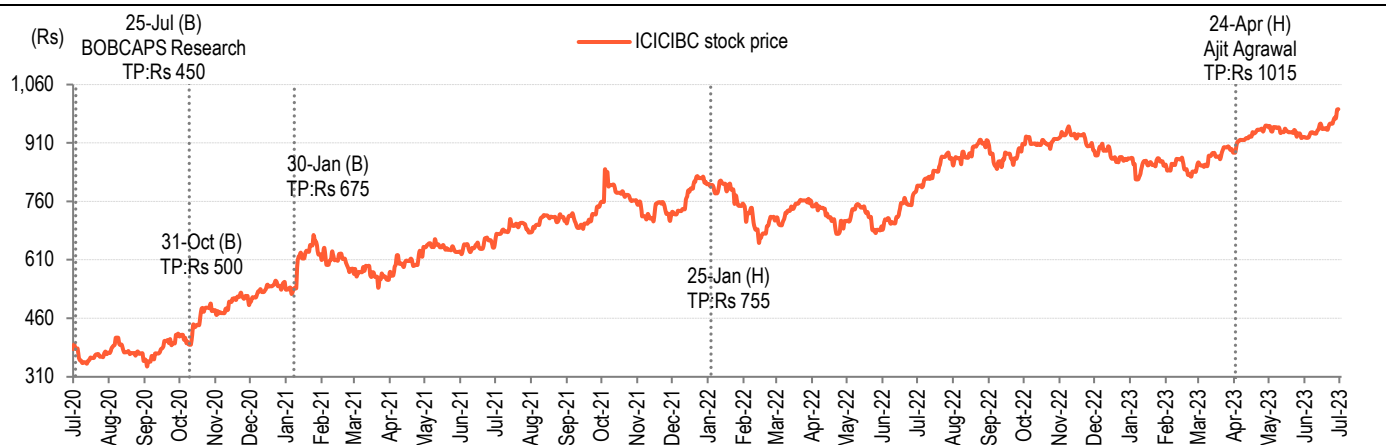
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%
HOLD – Expected return from -6% to +15%
SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ICICI BANK (ICICIB IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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