

BUY

TP: Rs 1,189 | ▲ 16%

ICICI BANK

| Banking

| 23 January 2024

Temporary blip; maintain BUY

- Q3 PAT up 24% YoY but flat QoQ due to higher provisions and modest growth in NII
- Reported NIM down 10bps QoQ to 4.4% though full-year guidance intact at 4.5%; asset quality stable
- TP revised to Rs 1,189 (vs. Rs 1,090) as we now value the stock at 2.5x FY26E ABV (vs. 2.8x on FY25E)

Ajit Agrawal

research@bobcaps.in

Broad-based growth: ICICIB witnessed healthy credit growth of 18.5% YoY (+4% QoQ) in Q3FY24, backed by the SME (+27% YoY), business banking (+32%) and retail (+21%) segments. The bank made a conscious decision to slow the pace of corporate lending, which grew at 13% YoY, to optimise margins. Within retail, personal loans (+37% YoY), credit cards (+40%) and auto (+22%) saw traction while the home (+16%), commercial vehicle (+15%) and two-wheeler (+15%) segments were subdued. Deposit growth held strong at 19% YoY (+3% QoQ) led by term deposits (+31% YoY/+5% QoQ), inducing a 112bps QoQ drop in CASA ratio.

NIM dips QoQ: NII grew 13% YoY but only 2% QoQ due to increased deposit cost (+19bps QoQ), which caused NIM to dip 10bps sequentially to 4.4%. The bank expects a further rise in cost of funds for Q4FY24 (and Q1FY25) but maintained its full-year NIM guidance at 4.5%. Other income grew 6% QoQ supported by higher dividends from subsidiaries and treasury gains as against losses in Q2.

Higher provisions dampen sequential PAT growth: Opex rose 22% YoY (+2% QoQ) mainly due to a 30% rise in employee expenses, leading to a C/I ratio of 40.6%. PPOP growth was subdued at 11% YoY (+3.5% QoQ) due to moderate topline growth, whereas PAT grew at a healthy 24% YoY but was flat sequentially due to higher provisions (one-off towards AIF exposure and minor stress addition from the Kisan credit card segment). Credit cost thus increased to 38bps from 22bps in Q2. We revise our FY24/FY25 credit cost estimates to 38bps/60bps from 42bps/54bps.

Asset quality steady: Despite increased stress, GNPA/NPPA improved sequentially to 2.3%/0.4% from 2.5%/0.4% in Q2 while PCR declined 178bps to 81.3%. Total provisions stood at 2.2% of loans and the bank sees no major asset quality concerns.

Maintain BUY: We introduce FY26 forecasts and roll valuations forward, leading to a revised SOTP-based TP of Rs 1,189 from Rs 1,090, set at 2.5x FY26E ABV (vs. 2.8x on FY25E) using the Gordon Growth Model. Subsidiaries are valued at Rs 180/sh. We maintain our BUY rating for 16% upside potential.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ICICIB IN/Rs 1,029
Market cap	US\$ 87.9bn
Free float	100%
3M ADV	US\$ 179.6mn
52wk high/low	Rs 1,059/Rs 796
Promoter/FPI/DII	0%/44%/46%

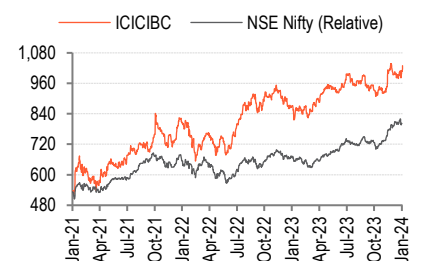
Source: NSE | Price as of 23 Jan 2024

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Net interest income	62,129	74,686	86,021
NII growth (%)	30.9	20.2	15.2
Adj. net profit (Rs mn)	31,897	40,574	43,983
EPS (Rs)	45.8	58.0	62.7
Consensus EPS (Rs)	45.8	56.8	61.9
P/E (x)	22.5	17.8	16.4
P/BV (x)	3.6	3.1	2.7
ROA (%)	2.1	2.4	2.2
ROE (%)	17.2	18.7	17.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Income Statement							
Interest Income	221,803	241,995	258,442	271,189	285,575	28.8	5.3
Income on investments	53,436	58,398	66,180	70,203	72,107	34.9	2.7
Int. on bal. with RBI & inter-bank funds & Others	9,818	9,819	8,655	7,812	9,264	(5.6)	18.6
Interest income	285,056	310,211	333,276	349,204	366,946	28.7	5.1
Interest expense	120,407	133,543	151,012	166,125	180,160	49.6	8.4
Net interest income	164,650	176,668	182,265	183,079	186,786	13.4	2.0
Growth YoY (%)	34.6	40.2	38.0	23.8	13.4	(2,112bps)	(1,037bps)
Fee Income	44,480	48,300	48,430	52,040	53,130	19.4	2.1
Trading gains/(losses)	360	(400)	2,520	(850)	1,230	241.7	(244.7)
Others	5,396	2,978	3,403	97	111	(11.3)	(98.5)
Non-interest income	50,236	50,878	54,353	57,767	60,971	21.4	5.5
Growth YoY (%)	0.7	7.4	16.5	14.3	21.4	2,063bps	709bps
Total income	214,886	227,545	236,617	240,846	247,756	15.3	2.9
Growth YoY (%)	24.8	31.2	32.4	21.4	15.3	(947bps)	(609bps)
Staff expenses	29,212	34,010	38,837	37,254	38,127	30.5	2.3
Other operating expenses	52,962	55,272	56,389	61,299	62,393	17.8	1.8
Operating expenses	82,174	89,282	95,226	98,553	100,520	22.3	2.0
Pre-Provisioning Profit (PPoP)	132,712	138,264	141,391	142,293	147,236	10.9	3.5
Growth YoY (%)	30.8	34.3	37.2	21.8	10.9	(1,983bps)	(1,088bps)
Provisions	22,574	16,198	12,924	5,826	10,494	(53.5)	80.1
Growth YoY (%)	12.5	51.5	13.0	(64.6)	(53.5)	(6,598bps)	1,106bps
PBT	110,138	122,066	128,467	136,466	136,743	24.2	0.2
Tax	27,019	30,847	31,985	33,856	34,027	25.9	0.5
PAT	83,119	91,219	96,482	102,610	102,715	23.6	0.1
Growth YoY (%)	34.2	30.0	39.7	35.8	23.6	(1,062bps)	(1,219bps)
Per Share							
FV (Rs)	2.0	2.0	2.0	2.0	2.0	0.0	0.0
EPS (Rs)	11.9	13.1	13.8	14.7	14.7	33.5	35.0
Book Value (Rs)	274	287	302	309	323	16.7	17.8

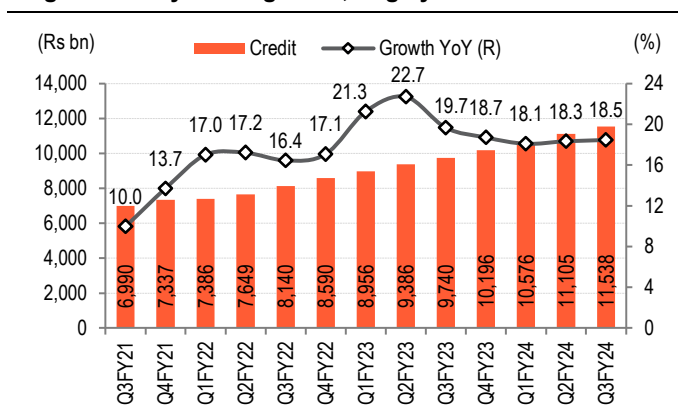
Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance sheet & other metrics

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Deposits	11,220,495	11,808,407	12,387,366	12,947,417	13,323,145	18.7	2.9
Growth YoY (%)	10.3	10.9	17.9	18.8	18.7	846bps	(4bps)
Advances	9,740,475	10,196,383	10,575,826	11,105,421	11,537,710	18.5	3.9
Growth YoY (%)	19.7	18.7	18.1	18.3	18.5	(121bps)	13bps
Investment	3,370,506	3,623,297	3,981,395	4,132,531	4,366,498	29.6	5.7
Equity	1,912,685	2,007,154	2,109,659	2,160,489	2,268,366	18.6	5.0
Assets	15,217,481	15,842,067	16,470,003	17,207,796	17,832,221	17.2	3.6
Growth YoY (%)	12.4	12.3	16.3	15.6	17.2	481bps	159bps
Yield (%)							
Yield on Funds	8.06	8.46	8.70	8.74	8.83	78bps	9bps
Cost of Funds	3.90	4.19	4.56	4.81	5.02	112bps	21bps
Spread	4.16	4.27	4.14	3.93	3.81	(35bps)	(12bps)
Net Interest Margin (calc.)	4.65	4.82	4.76	4.58	4.50	(16bps)	(9bps)
Ratios (%)							
Other Income / Net Income	23.4	39.2	40.2	40.9	40.6	1,719bps	(35bps)
Cost to Income ratio	38.2	39.2	40.2	40.9	40.6	233bps	(35bps)
CASA ratio	45.3	45.8	43.3	40.8	39.6	(572bps)	(112bps)
C/D ratio	86.8	86.3	85.4	85.8	86.6	(21bps)	83bps
Investment to Assets	22.1	22.9	24.2	24.0	24.5	234bps	47bps
Assets Quality							
GNPA	325,282	311,837	318,224	298,369	287,746	(11.5)	(3.6)
NNPA	56,512	51,551	53,818	50,465	53,785	(4.8)	6.6
Provision	268,770	260,286	264,406	247,905	233,962	(13.0)	(5.6)
GNPA (%)	3.07	2.81	2.76	2.48	2.30	(77bps)	(18bps)
NNPA (%)	0.55	0.48	0.48	0.43	0.44	(11bps)	1bps
PCR (%)	82.6	83.5	83.1	83.1	81.3	(132bps)	(178bps)
Others							
Branches	5,718	5,900	6,074	6,248	6,371	653	123
ATMs	13,186	16,650	16,731	16,927	17,037	3,851	110

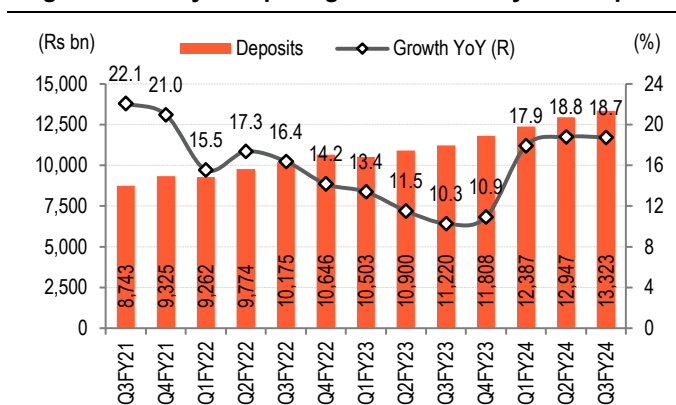
Source: Company, BOBCAPS Research

Fig 3 – Steady credit growth, largely broad-based



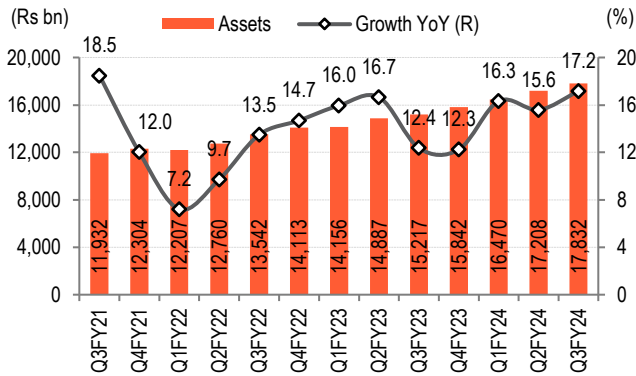
Source: Company, BOBCAPS Research

Fig 4 – Recovery in deposit growth YoY led by term deposits



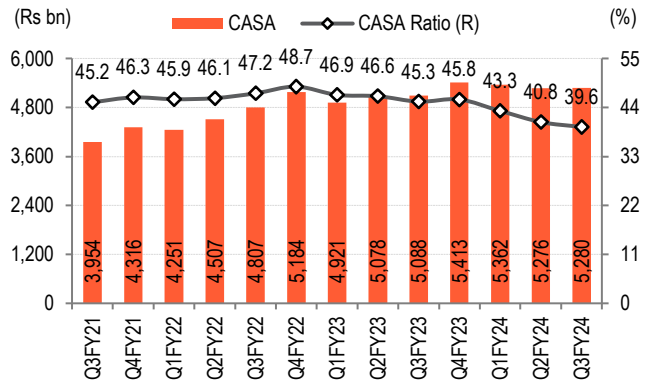
Source: Company, BOBCAPS Research

Fig 5 – Asset growth at 17% YoY



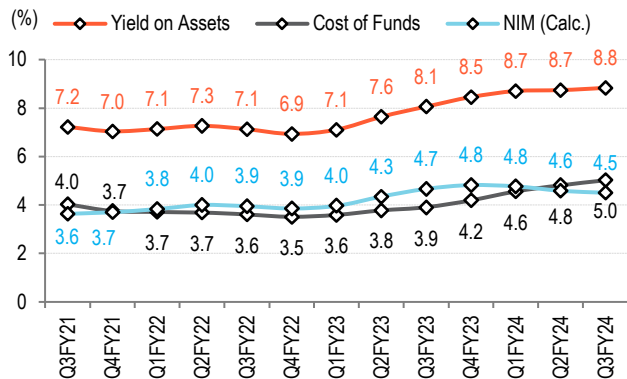
Source: Company, BOBCAPS Research

Fig 6 – CASA down 112bps sequentially



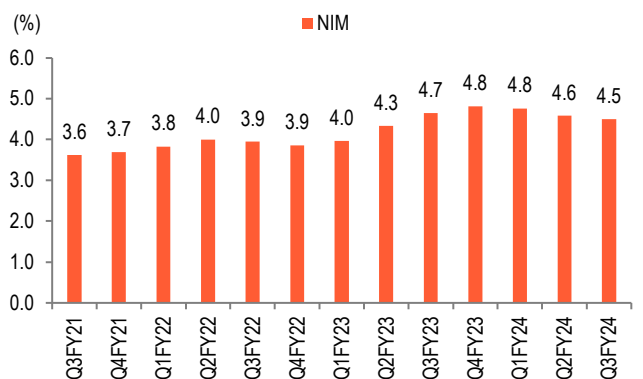
Source: Company, BOBCAPS Research

Fig 7 – Deposit repricing pushed up cost of funds...



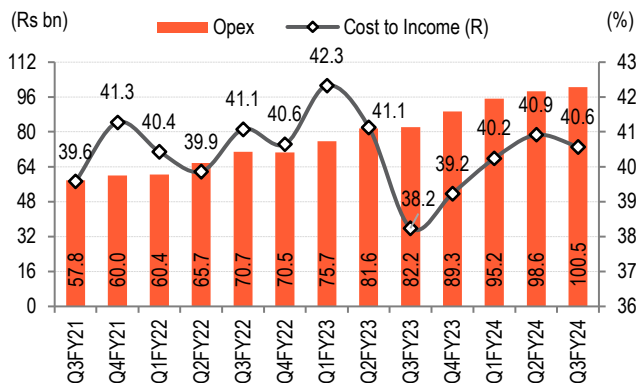
Source: Company, BOBCAPS Research

Fig 8 – ...leading to 10bps QoQ NIM (calc.) contraction



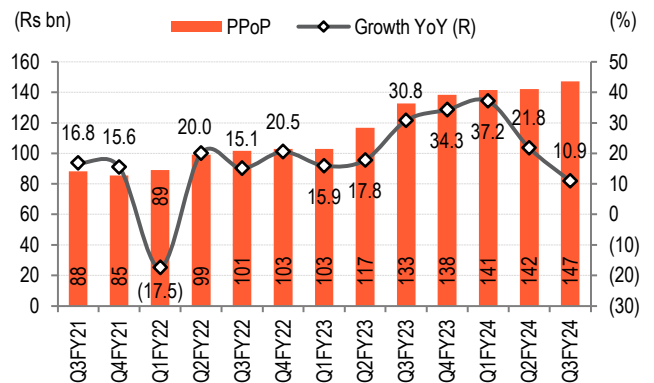
Source: Company, BOBCAPS Research

Fig 9 – Higher employee expenses raised opex



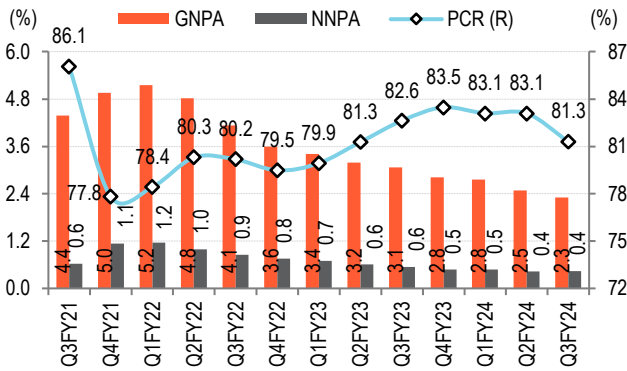
Source: Company, BOBCAPS Research

Fig 10 – PPOP flat QoQ on higher interest expense



Source: Company, BOBCAPS Research

Fig 11 – Asset quality improved despite higher stress



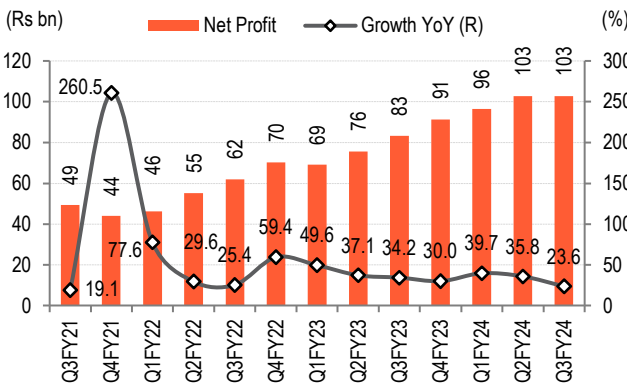
Source: Company, BOBCAPS Research

Fig 12 – Credit cost increased on provisions towards AIF



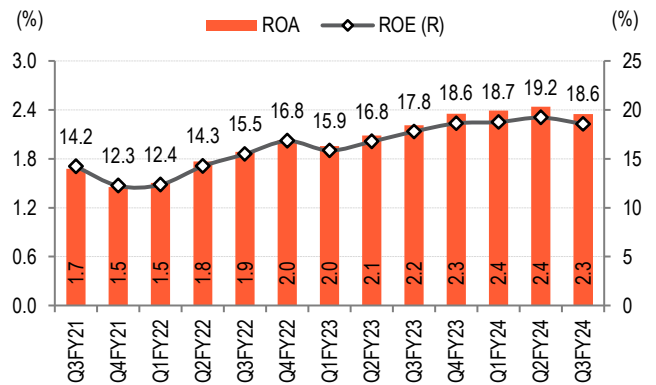
Source: Company, BOBCAPS Research

Fig 13 – PAT grew 24% YoY led by lower provisions



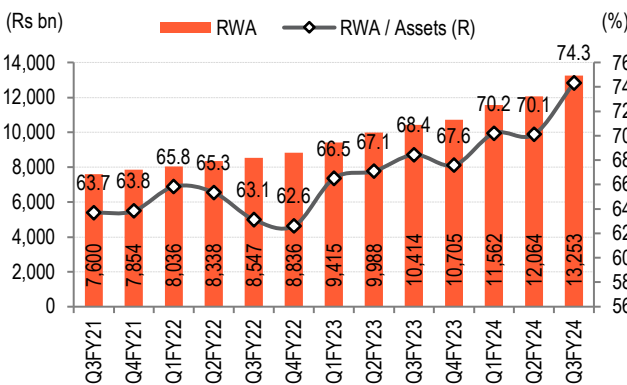
Source: Company, BOBCAPS Research

Fig 14 – Return ratios came off highs



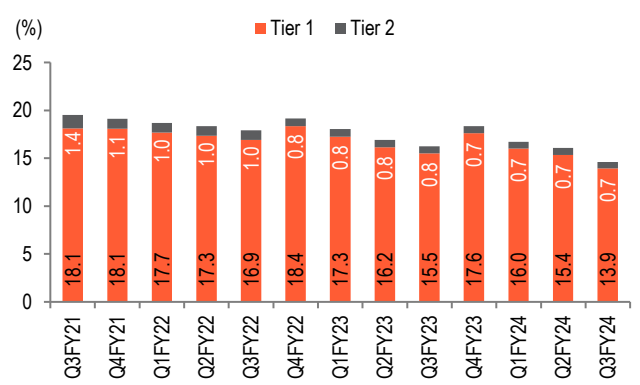
Source: Company, BOBCAPS Research

Fig 15 – RWA has increased due to regulatory changes



Source: Company, BOBCAPS Research

Fig 16 – Capital adequate to fund credit demand



Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- ICICIBC's slippages increased to Rs 57.1bn during Q3FY24 vs. Rs 46.9bn in Q2, mainly due to higher slippages in the Kisan credit card segment (Rs 6.2bn), which typically sees higher stress during the first and third quarters. Corporate slippages stood at Rs 2.3bn vs. Rs 3.2bn in Q2.
- GNPA ratio improved by 18bps QoQ to 2.3% and the NNPA ratio was flat at 0.4% while PCR declined 178bps QoQ to 81.3%.
- Covid-based restructured advances declined to Rs 33.2bn (0.3% of total loans) vs. Rs 35.3bn in Q2.
- Credit cost increased to 38bps from 22bps in Q2FY24 but was lower than the 96bps seen in Q3FY23.
- Provisions during the quarter include Rs 6.3bn towards exposure to alternate investment funds (AIF), in line with a recent RBI circular.
- Total provisions, including contingent (Rs 131bn), general (Rs 68bn) and others for fund-based restructured and non-fund-based NPA, stood at 2% of gross loans, which provides an additional cushion toward the mandated requirement.
- NPA sales totaled Rs 0.4bn vs. ~Rs 1.8bn in Q2.
- Outstanding loans to NBFCs and HFCs totalled Rs 784.8bn as of Q3 vs. Rs 837.5bn as of Q2 or 6.8% of the loan book. Management expects to continue lending to NBFCs but would look at optimising cost.

Loans

- During Q3, ICICIBC's loans increased 18.5% YoY (+4% QoQ), wherein the corporate/retail segments grew 13%/21% YoY (+3%/+4.5% QoQ). The bank's focus area of SMEs outpaced overall growth at 27.5% YoY (+7% QoQ) and business banking also clocked robust growth of 32% YoY (+6.5% QoQ). The rural portfolio increased by 18% YoY and 5% sequentially.
- In the retail segment, loans in the cars (+22% YoY, +4.5% QoQ), personal (+37% YoY, +6% QoQ) and credit card (+40% YoY, 11.5% QoQ) segments grew the fastest.

Deposits

- Deposits increased 19% YoY (+3% QoQ) in Q3 led by strong growth in term deposits at 31% YoY (+5% QoQ), whereas low-cost CASA growth was subdued at 4% (flat QoQ). This resulted in a lower CASA ratio of 39.6% vs. 40.8% in Q2FY24.

NIM

- Reported NIM declined 10bps QoQ to 4.4%, reflecting the lag in deposit repricing over the last year, offset in part by higher loan and investment yields.

- NIM saw a 4bps positive impact from interest on an income tax refund in Q3 vs. nil in Q2.
- Per management, the cost of deposits for the quarter increased to 4.72% from 4.53% in Q2, mainly due to upward repricing of term deposits.
- Management expects deposit rates and cost of funds to continue to rise over the next 1-2 quarters due to both repricing and higher deposit inflows. Nevertheless, it retains its NIM guidance at 4.5% for FY24 (flat YoY).
- Of the loan book, 49% is linked to the repo rate, 2% to other EBLR, 18% to MCLR and other older rates, and the balance 31% is fixed rate.

Operating expenses

- Opex increased 22% YoY for the quarter led by employee expenses which increased 30.5%, reflecting the increase in employee base. The bank added 1,700 employees over the quarter (23,600 in the past 12 months) but is guiding for softer additions in H2FY24 vs. H1FY24. Other operating expenses (+18% YoY) primarily relate to retail business and technology.
- Technology costs formed 9% of overall expenses in 9MFY24.
- The bank added 123 branches during Q3 and expects the run-rate to be dictated by market requirements.

Fig 17 – Loan book trend

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Corporate	2,261,830	2,348,180	2,413,880	2,489,750	2,562,410	13.3	2.9
SME	454,240	482,210	506,150	542,640	579,180	27.5	6.7
Business Banking	668,830	721,120	748,710	828,330	882,390	31.9	6.5
Retail	5,292,360	5,578,170	5,827,930	6,148,720	6,425,720	21.4	4.5
Rural	829,060	874,310	905,540	937,570	980,360	18.2	4.6
Domestic Loans	9,387,820	9,855,290	10,253,110	10,742,060	11,148,210	18.8	3.8
Overseas Loans	352,650	341,100	322,730	363,360	389,510	10.5	7.2
Total Loans	9,740,470	10,196,390	10,575,840	11,105,420	11,537,720	18.5	3.9
Total Loans (Reported)	9,740,475	10,196,383	10,575,826	11,105,421	11,537,710	18.5	3.9

Source: Company, BOBCAPS Research

Fig 18 – Loan book distribution

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Corporate	23.2	23.0	22.8	22.4	22.2	(101bps)	(21bps)
SME	4.7	4.7	4.8	4.9	5.0	36bps	13bps
Business Banking	6.9	7.1	7.1	7.5	7.6	78bps	19bps
Retail	54.3	54.7	55.1	55.4	55.7	136bps	33bps
Rural	8.5	8.6	8.6	8.4	8.5	(1bps)	5bps
Domestic Loans	96.4	96.7	96.9	96.7	96.6	24bps	(10bps)
Overseas Loans	3.6	3.3	3.1	3.3	3.4	(24bps)	10bps
Total Loans	100.0	100.0	100.0	100.0	100.0	0bps	0bps

Source: Company, BOBCAPS Research

Fig 19 – Retail book trend

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Mortgage	3,313,790	3,446,960	3,556,460	3,703,510	3,841,320	15.9	3.7
Auto Finance	472,630	496,870	524,650	553,610	578,740	22.5	4.5
Commercial Vehicle & Equipment	265,320	275,410	281,950	294,670	304,480	14.8	3.3
Two-wheelers	18,980	21,910	23,400	22,150	21,790	14.8	(1.6)
Auto Finance	756,930	794,190	830,000	870,430	905,010	19.6	4.0
Personal Loans	809,320	880,550	947,950	1,044,280	1,110,990	37.3	6.4
Credit Cards	345,460	378,410	407,200	432,300	481,970	39.5	11.5
Others	66,850	78,050	86,320	98,200	86,430	29.3	(12.0)
Total Retail Loans	5,292,350	5,578,160	5,827,930	6,148,720	6,425,720	21.4	4.5

Source: Company, BOBCAPS Research

Fig 20 – Retail loan book distribution

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Mortgage	34.0	33.8	33.6	33.3	33.3	(73bps)	(6bps)
Auto Finance	4.9	4.9	5.0	5.0	5.0	16bps	3bps
Commercial Vehicle & Equipment	2.7	2.7	2.7	2.7	2.6	(8bps)	(1bps)
Two-wheelers	0.2	0.2	0.2	0.2	0.2	(1bps)	(1bps)
Auto Finance	7.8	7.8	7.8	7.8	7.8	7bps	1bps
Personal Loans	8.3	8.6	9.0	9.4	9.6	132bps	23bps
Credit Cards	3.5	3.7	3.9	3.9	4.2	63bps	28bps
Others	0.7	0.8	0.8	0.9	0.7	6bps	(14bps)
Total Retail Loans	54.3	54.7	55.1	55.4	55.7	136bps	33bps

Source: Company, BOBCAPS Research

Fig 21 – Trend in deposits

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
CA Deposits	1,456,260	1,614,860	1,610,330	1,553,040	1,534,110	5.3	(1.2)
SA Deposits	3,632,160	3,797,760	3,751,930	3,723,260	3,745,840	3.1	0.6
CASA Deposits	5,088,420	5,412,620	5,362,260	5,276,300	5,279,950	3.8	0.1
Term Deposits	6,132,075	6,395,787	7,025,106	7,671,117	8,043,195	31.2	4.9
Total Deposits	11,220,495	11,808,407	12,387,366	12,947,417	13,323,145	18.7	2.9

Source: BOBCAPS Research, Company

Fig 22 – Deposit distribution

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
CA Deposits	13.0	13.7	13.0	12.0	11.5	(146bps)	(48bps)
SA Deposits	32.4	32.2	30.3	28.8	28.1	(426bps)	(64bps)
CASA Deposits	45.3	45.8	43.3	40.8	39.6	(572bps)	(112bps)
Term Deposits	54.7	54.2	56.7	59.2	60.4	572bps	112bps
Total Deposits	100.0	100.0	100.0	100.0	100.0	0bps	0bps

Source: BOBCAPS Research, Company

Valuation methodology

Despite ICICIBC's strong business growth during Q3FY24, PPOP was subdued as higher deposit cost weighed on NII. Considering the challenging environment for deposit mobilisation, the bank expects a further rise in deposit costs for the next two quarters or until the rate cycle reverses.

We broadly retain our deposit and loan growth estimates for FY24/FY25 but raise our PPOP forecasts by 7%/3% to bake in the bank's thrust on raising unsecured loan share in the mix. Factoring in the Q3FY24 numbers, we also revise our FY24/FY25 credit cost estimates to 38bps/60bps from 42bps/54bps and continue to estimate NIM at 4.5% through our forecast period, aiding a PAT CAGR of 17% over FY23-FY26.

Recent regulatory changes in risk weights towards consumer loans have led to increased consumption of capital and ICICIBC's CET1 stood at 14% as of Q3FY24 while CAR stood at 14.6%, still above the regulatory requirement. We believe the bank's profits would be sufficient to fund growth, though it may opt to raise capital in FY25.

We have introduced FY26 forecasts in this report and now roll valuations forward, leading to a revised SOTP-based TP of Rs 1,189 from Rs 1,090, set at 2.5x FY26E ABV (vs. 2.8x on FY25E) using the Gordon Growth Model. Subsidiaries are valued at Rs 180/sh. We maintain our BUY rating on ICICIBC for 16% upside potential.

Fig 23 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Loan	12,062,321	14,305,913	12,092,910	14,269,634	(0.3)	0.3
Deposits	14,052,004	16,581,365	14,004,771	16,399,586	0.3	1.1
Assets	18,563,380	21,831,424	18,452,378	21,570,467	0.6	1.2
NII	746,864	860,208	718,249	851,428	4.0	1.0
PPOP	582,581	654,048	546,565	635,001	6.6	3.0
Provision	42,519	79,105	46,808	71,179	(9.2)	11.1
PAT	405,735	439,832	382,314	431,324	6.1	2.0

Source: BOBCAPS Research

Fig 24 – Key operational assumptions

Parameter (%)	FY23	FY24E	FY25E	FY26E
Advances	18.7	18.3	18.6	18.0
Net Interest Income	30.9	20.2	15.2	19.1
PPOP	25.1	18.7	12.3	18.8
PAT	36.7	27.2	8.4	15.6
NIM	4.4	4.6	4.5	4.6
GNPA	3.7	2.9	2.2	2.2
CAR	18.3	14.3	14.0	14.1

Source: Company, BOBCAPS Research

Fig 25 – Valuation summary

Business	Valuation	Holdings (%)	Value (Rs/Sh)
ICICI Bank	2.5x FY26E ABV	100	1,010
ICICI Prudential Life	Market cap	51.22	52
ICICI Lombard General	Market cap	47.91	50
ICICI Securities	Market cap	74.79	26
ICICI Prudential AMC	8% of AUM	51	34
ICICI Home Finance	1.5x FY25E P/B	100	8
ICICI Bank CANADA & UK	-	100	11
Total	-	-	1,189

Source: Company, BOBCAPS Research

Fig 26 – Key valuation assumptions

Gordon growth model	(%)
Return on Equity (RoE)	17.0
Cost of Equity (Ke)	12.4
Growth (Period 1)	13.6
Growth (Long Term)	6.8
Initial High Growth Period (yrs)	10.0
Dividend Payout (Period 1)	20.0
Dividend Payout (Long Term)	60.0
Factor 1	2.1
Factor 2	12.7
Justified P/BV Multiple (x)	2.5

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- inability of the bank to manage a higher cost of funds amid deposit repricing, and
- inability to sustain its high-growth business model (both on the credit and deposit fronts) in the mid-term.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Bandhan Bank	BANDHAN IN	4.4	224	276	BUY
Federal Bank	FB IN	4.2	140	189	BUY
HDFC Bank	HDFCB IN	130.9	1,427	1,896	BUY
ICICI Bank	ICICIB IN	87.9	1,029	1,189	BUY
Indusind Bank	IIB IN	13.7	1,442	1,952	BUY
RBL Bank	RBK IN	1.8	253	258	HOLD
State Bank of India	SBIN IN	65.7	605	747	BUY

Source: BOBCAPS Research, NSE | Price as of 23 Jan 2024

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)	FY22A	FY23A	FY24E	FY25E	FY26E
Net interest income	47,466	62,129	74,686	86,021	102,454
NilI growth (%)	21.7	30.9	20.2	15.2	19.1
Non-interest income	18,518	19,831	23,633	27,468	32,346
Total income	65,984	81,960	98,319	113,489	134,800
Operating expenses	26,733	32,873	40,061	48,084	57,099
PPOP	39,250	49,087	58,258	65,405	77,701
PPOP growth (%)	7.8	25.1	18.7	12.3	18.8
Provisions	8,641	6,666	4,252	7,910	11,227
PBT	30,609	42,421	54,006	57,494	66,473
Tax	7,269	10,525	13,433	13,511	15,621
Reported net profit	23,339	31,897	40,574	43,983	50,852
Adjustments	0	0	0	0	0
Adjusted net profit	23,339	31,897	40,574	43,983	50,852

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity capital	1,390	1,397	1,403	1,403	1,403
Reserves & surplus	169,122	199,319	232,259	267,446	308,127
Net worth	170,512	200,715	233,662	268,849	309,531
Deposits	1,064,572	1,180,841	1,405,200	1,658,136	1,941,678
Borrowings	107,231	119,325	127,559	139,039	154,473
Other liab. & provisions	68,983	83,325	89,916	117,118	167,917
Total liab. & equities	1,411,298	1,584,207	1,856,338	2,183,142	2,573,598
Cash & bank balance	167,822	119,438	105,394	128,660	156,592
Investments	310,241	362,330	448,792	516,140	601,519
Advances	859,020	1,019,638	1,206,232	1,430,591	1,688,098
Fixed & Other assets	74,214	82,800	95,920	107,751	127,389
Total assets	1,411,298	1,584,207	1,856,338	2,183,142	2,573,598
Deposit growth (%)	14.2	10.9	19.0	18.0	17.1
Advances growth (%)	17.1	18.7	18.3	18.6	18.0

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	33.7	45.8	58.0	62.7	72.5
Dividend per share	5.0	8.0	11.6	12.5	14.5
Book value per share	245.3	287.4	333.0	383.2	441.2

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	30.6	22.5	17.8	16.4	14.2
P/BV	4.2	3.6	3.1	2.7	2.3
Dividend yield (%)	0.5	0.8	1.1	1.2	1.4

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Net interest income	3.6	4.1	4.3	4.3	4.3
Non-interest income	1.4	1.3	1.4	1.4	1.4
Operating expenses	2.0	2.2	2.3	2.4	2.4
Pre-provisioning profit	3.0	3.3	3.4	3.2	3.3
Provisions	0.7	0.4	0.2	0.4	0.5
PBT	2.3	2.8	3.1	2.8	2.8
Tax	0.6	0.7	0.8	0.7	0.7
ROA	1.8	2.1	2.4	2.2	2.1
Leverage (x)	8.3	8.1	7.9	8.0	8.2
ROE	14.7	17.2	18.7	17.5	17.6

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Net interest income	21.7	30.9	20.2	15.2	19.1
Pre-provisioning profit	7.8	25.1	18.7	12.3	18.8
EPS	36.5	36.0	26.6	8.2	15.6
Profitability & Return ratios (%)					
Net interest margin	3.8	4.4	4.6	4.5	4.6
Fees / Avg. assets	0.2	0.2	0.3	0.3	0.3
Cost-Income	40.5	40.1	40.7	42.4	42.4
ROE	14.7	17.2	18.7	17.5	17.6
ROA	1.8	2.1	2.4	2.2	2.1
Asset quality (%)					
GNPA	4.6	3.2	2.4	1.9	1.9
NNPA	1.1	0.7	0.4	0.3	0.3
Slippage ratio	2.7	3.0	1.8	1.8	2.3
Credit cost	1.1	0.7	0.4	0.6	0.7
Provision coverage	77.7	79.2	82.8	82.0	83.0
Ratios (%)					
Credit-Deposit	80.7	86.3	85.8	86.3	86.9
Investment-Deposit	29.1	30.7	31.9	31.1	31.0
CAR	19.2	18.3	14.3	14.0	14.1
Tier-1	18.3	17.6	13.6	13.3	13.5

Source: Company, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA (“US”) OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
 Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
 SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
 Brand Name: **BOBCAPS**
 Trade Name: **www.barodaetrade.com**
 CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
 Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

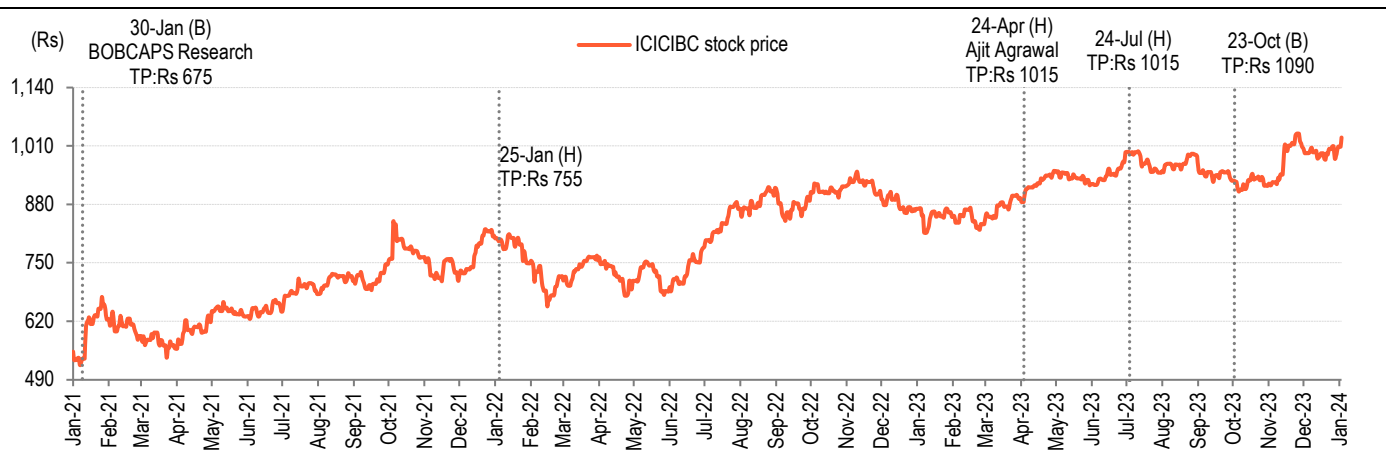
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- 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

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS’s activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations 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. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS’s clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS’s prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS’s associates may have financial interest in the subject company. BOBCAPS’s associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS’s judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom (“UK”):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd (“MSL”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as “MAYBANK”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK’s legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.