

HOLD

TP: Rs 1,272 | ▲ 12%

ICICI BANK

| Banking

| 02 May 2024

Higher operational efficiency/lower provision aid PAT

- NII grew 2%/8% QoQ/YoY due to moderation in credit growth, while PAT grew 4%/17% QoQ /YoY supported by lower opex and provision
- Reported NIM down 3bps QoQ to 4.4%; management expects some moderation in NIM on deposit repricing. Asset quality remained stable
- Raise TP to Rs 1,272 (from Rs 1,189), valued at 2.7x FY26E ABV (vs. 2.5x) on consistent performance which we believe is priced in. HOLD

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Broad-based growth: ICICIBC credit growth moderated to 16% YoY (+3% QoQ) in Q4FY24, due to slowdown in rural loan (4%QoQ). SME and Retail both grew 4% QoQ, while Business banking outpaced others with 6% QoQ. The bank's focus on margin led corporate book growth (up 1% QoQ) to decelerate. Within Retail, PL (33%), CC (36%) and auto (19%) saw traction YoY, while home (15%), CV (14%) and two-wheeler (-9%) remained subdued. Deposits growth held strong at 20% YoY (+6% QoQ), led by TDs, while CASA jumped 13% QoQ – leading to a 255bps rise in CASA ratio to 42%. Slowdown in loan book led to a 277bps decline in LDR to 84%.

NIM dips QoQ: NII grew 2% QoQ (8% YoY) mainly due to slowdown in credit offtake while NIM declined marginally (3bps) QoQ to 4.4% on the rise of deposit cost (rose 10bps, yield on advances rose 9bps QoQ). Management expects further repricing of deposit cost may continue to drag margin. Additionally, other income declined 7% QoQ due to treasury loss of Rs 2.8bn vs. gain of Rs 1.2bn in Q3 leading to flat total income growth (9% YoY).

Lower opex and provision supported PAT: Opex declined 3.5% QoQ backed by lower staff cost and other expenses leading to C/I ratio decline of 136bps to 39%. PPOP remained subdued at 9% YoY due to moderate topline while lower provision QoQ led to PAT growth of 4%/17% QoQ/YoY. Credit costs declined 13bps QoQ to 25bps and we expect it to normalise over FY25/FY26 at ~70bps vs. 33bps in FY24.

Asset quality steady: The QoQ decline in slippages improved asset quality (GNPA/NNPA rose 14/2bps QoQ to 2.2%/0.4%, while PCR was flat at 81%). Total provisions stood at 2% of loans and the bank sees no major asset quality concerns.

Downgrade to HOLD: We trimmed loan estimates by 3%/4% for FY25/26, and PAT by 5% each for the same period, considering the ongoing business dynamics. Given ICICIBC's sturdy and improved performance, we raise our SOTP-based TP to Rs 1,272 from Rs 1,189, set at 2.7x FY26E ABV (vs. 2.5x) using the Gordon Growth Model. We value subsidiaries at Rs 204/sh. With recent price appreciation we believe major positives have been priced in and we recommend HOLD from BUY.

Key changes

Target	Rating
▲	▼

Ticker/Price	ICICIBC IN/Rs 1,139
Market cap	US\$ 97.4bn
Free float	100%
3M ADV	US\$ 202.9mn
52wk high/low	Rs 1,170/Rs 899
Promoter/FPI/DII	0%/45%/45%

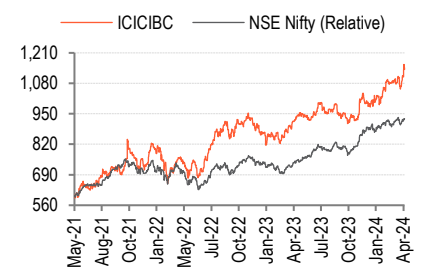
Source: NSE | Price as of 2 May 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
NII (Rs mn)	74,306	82,585	95,044
NII growth (%)	19.6	11.1	15.1
Adj. net profit (Rs mn)	40,888	41,953	48,304
EPS (Rs)	58.4	59.7	68.8
Consensus EPS (Rs)	58.4	61.9	70.3
P/E (x)	19.5	19.1	16.6
P/BV (x)	3.4	2.9	2.6
ROA (%)	2.4	2.1	2.1
ROE (%)	18.6	16.4	16.5

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

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Income Statement							
Interest Income	241,995	258,442	271,189	285,575	294,234	21.6	3.0
Income on investments	58,398	66,180	70,203	72,107	77,820	33.3	7.9
Int. on bal. with RBI & inter-bank funds & Others	9,819	8,655	7,812	9,264	7,430	(24.3)	(19.8)
Interest income	310,211	333,276	349,204	366,946	379,484	22.3	3.4
Interest expense	133,543	151,012	166,125	180,160	188,556	41.2	4.7
Net interest income	176,668	182,265	183,079	186,786	190,928	8.1	2.2
Growth YoY (%)	40.2	38.0	23.8	13.4	8.1	(3,209bps)	(537bps)
Fee Income	48,300	48,430	52,040	53,130	54,360	12.5	2.3
Trading gains/(losses)	(400)	2,520	(850)	1,230	(2,810)	602.5	(328.5)
Others	248	493	97	111	98	(95.9)	(98.3)
Non-interest income	50,878	54,353	57,767	60,971	56,488	11.0	(7.4)
Growth YoY (%)	7.4	16.5	14.3	21.4	11.0	363bps	(1,034bps)
Total income	227,545	236,617	240,846	247,756	247,416	8.7	(0.1)
Growth YoY (%)	31.2	32.4	21.4	15.3	8.7	(2,248bps)	(656bps)
Staff expenses	34,010	38,837	37,254	38,127	37,202	9.4	(2.4)
Other operating expenses	55,272	56,389	61,299	62,393	59,826	8.2	(4.1)
Operating expenses	89,282	95,226	98,553	100,520	97,028	8.7	(3.5)
Pre-Provisioning Profit (PPoP)	138,264	141,391	142,293	147,236	150,388	8.8	2.1
Growth YoY (%)	34.3	37.2	21.8	10.9	8.8	(2,556bps)	(218bps)
Provisions	16,198	12,924	5,826	10,494	7,185	(55.6)	(31.5)
Growth YoY (%)	51.5	13.0	(64.6)	(53.5)	(55.6)	(10,718bps)	(213bps)
PBT	122,066	128,467	136,466	136,743	143,203	17.3	4.7
Tax	30,847	31,985	33,856	34,027	36,127	17.1	6.2
PAT	91,219	96,482	102,610	102,715	107,075	17.4	4.2
Growth YoY (%)	30.0	39.7	35.8	23.6	17.4	(1,258bps)	(619bps)
Per Share							
FV (Rs)	2.0	2.0	2.0	2.0	2.0	0.0	0.0
EPS (Rs)	13.1	13.8	14.7	14.7	15.3	46.4	34.9
Book Value (Rs)	287	302	309	323	339	22.3	23.5

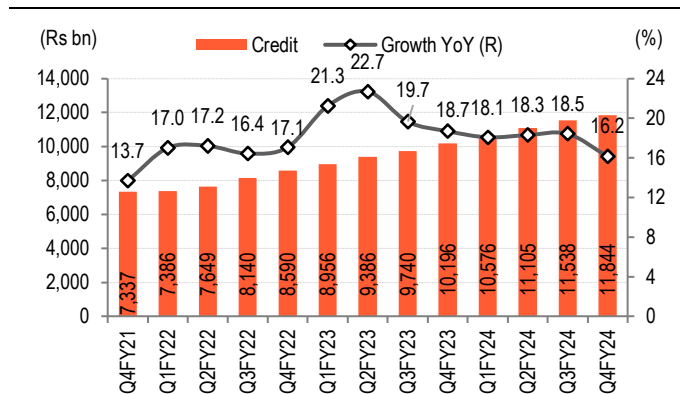
Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance sheet & other metrics

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Deposits	11,808,407	12,387,366	12,947,417	13,323,145	14,128,250	19.6	6.0
Growth YoY (%)	10.9	17.9	18.8	18.7	19.6	872bps	91bps
Advances	10,196,383	10,575,826	11,105,421	11,537,710	11,844,064	16.2	2.7
Growth YoY (%)	18.7	18.1	18.3	18.5	16.2	(254bps)	(229bps)
Investment	3,623,297	3,981,395	4,132,531	4,366,498	4,619,423	27.5	5.8
Equity	2,007,154	2,109,659	2,160,489	2,268,366	2,383,993	18.8	5.1
Assets	15,842,067	16,470,003	17,207,796	17,832,221	18,715,146	18.1	5.0
Growth YoY (%)	12.3	16.3	15.6	17.2	18.1	588bps	95bps
Yield (%)							
Yield on Funds	8.46	8.70	8.74	8.83	8.73	28bps	(10bps)
Cost of Funds	4.19	4.56	4.81	5.02	5.03	85bps	1bps
Spread	4.27	4.14	3.93	3.81	3.70	(57bps)	(11bps)
Net Interest Margin	4.82	4.76	4.58	4.50	4.39	(42bps)	(10bps)
Ratios (%)							
Other Income / Net Income	39.2	40.2	40.9	40.6	39.2	(2bps)	(136bps)
Cost to Income ratio	39.2	40.2	40.9	40.6	39.2	(2bps)	(136bps)
CASA ratio	45.8	43.3	40.8	39.6	42.2	(366bps)	255bps
C/D ratio	86.3	85.4	85.8	86.6	83.8	(252bps)	(277bps)
Investment to Assets	22.9	24.2	24.0	24.5	24.7	181bps	20bps
Assets Quality							
GNPA	311,837	318,224	298,369	287,746	279,617	(10.3)	(2.8)
NNPA	51,551	53,818	50,465	53,785	53,778	4.3	0.0
Provision	260,286	264,406	247,905	233,962	225,839	(13.2)	(3.5)
GNPA (%)	2.81	2.76	2.48	2.30	2.16	(65bps)	(14bps)
NNPA (%)	0.48	0.48	0.43	0.44	0.42	(6bps)	(2bps)
Provision (%)	83.5	83.1	83.1	81.3	80.8	(270bps)	(54bps)
Others							
Branches	5,900	6,074	6,248	6,371	6,523	623	152
ATMs	16,650	16,731	16,927	17,037	17,190	540	153
Employees	129,000	135,000	139,300	141,000	-	(129,000)	(141,000)

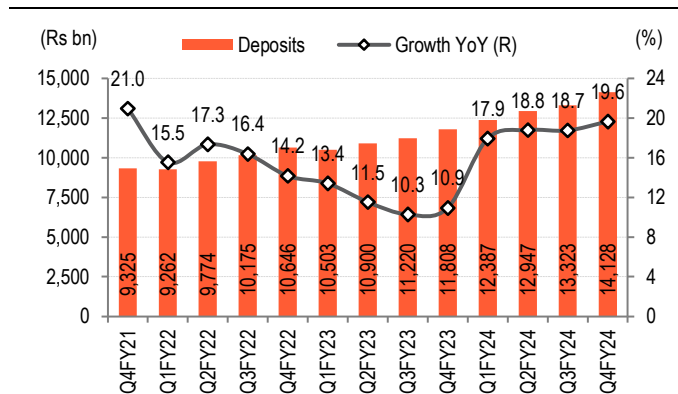
Source: Company, BOBCAPS Research

Fig 3 – Credit growth decelerated on deposit constraints



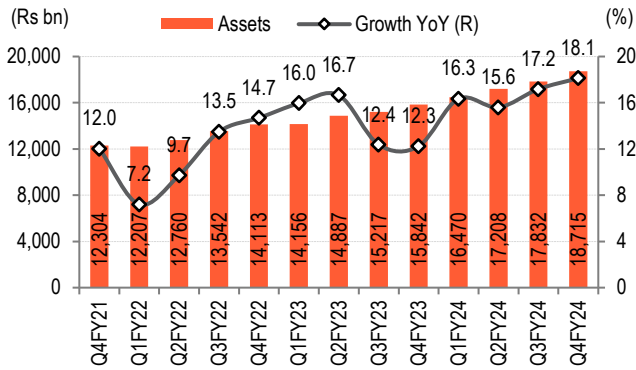
Source: Company, BOBCAPS Research

Fig 4 – QoQ jump in deposit was led by CASA



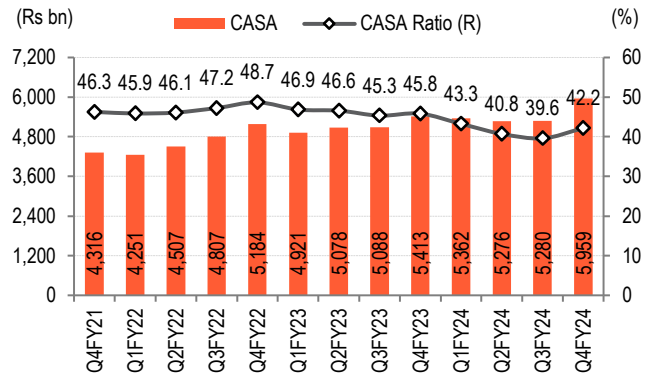
Source: Company, BOBCAPS Research

Fig 5 – Asset growth at 18% YoY



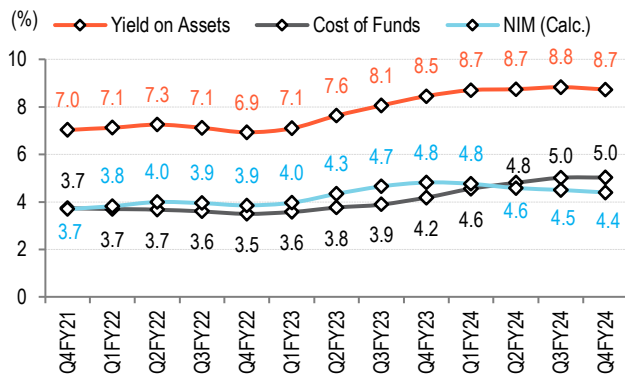
Source: Company, BOBCAPS Research

Fig 6 – CASA up 255bps QoQ



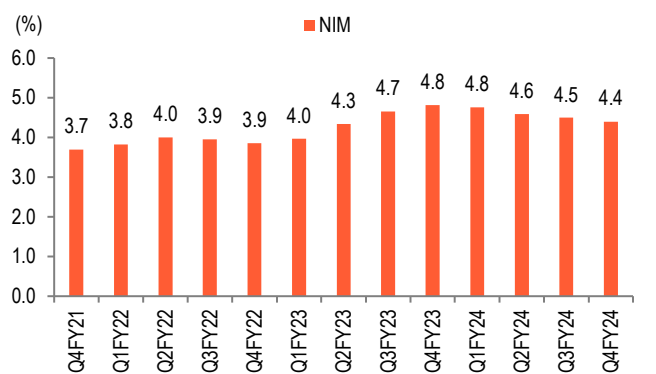
Source: Company, BOBCAPS Research

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



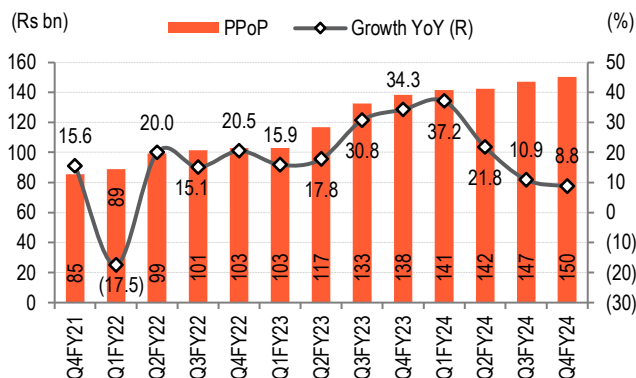
Source: Company, BOBCAPS Research

Fig 8 – ... leading to 3bps QoQ NIM (calc.) contraction



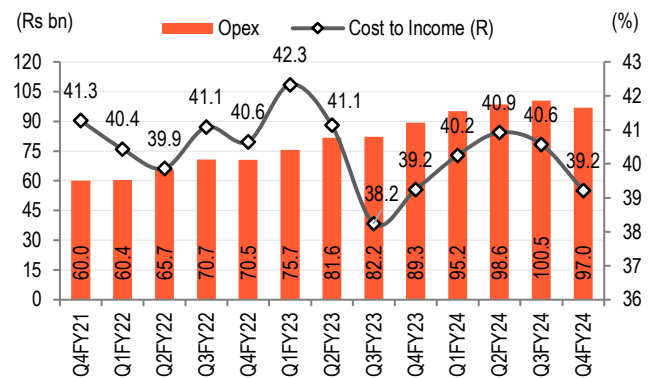
Source: Company, BOBCAPS Research

Fig 9 – PPOP moderated on lower topline



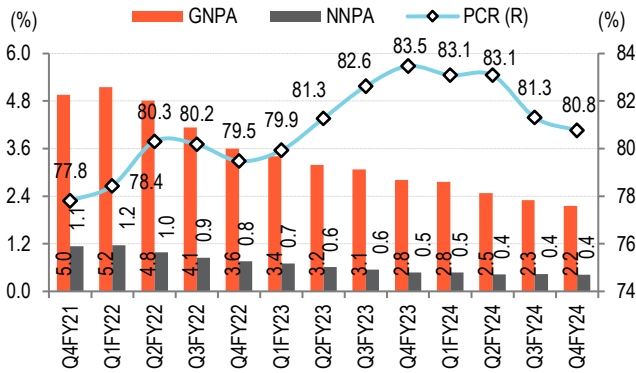
Source: Company, BOBCAPS Research

Fig 10 – C/I ratio declined 136bps on better operational efficiency



Source: Company, BOBCAPS Research

Fig 11 – Asset quality improved on lower stress addition



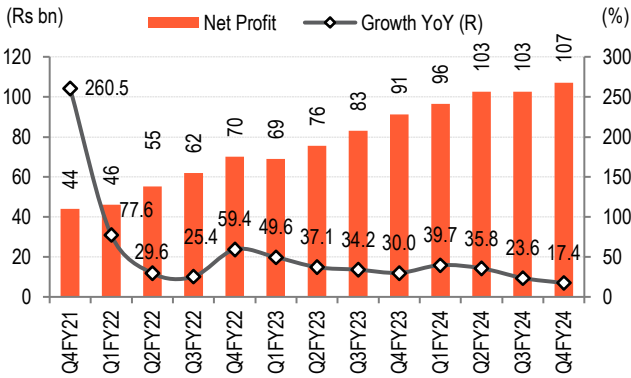
Source: Company, BOBCAPS Research

Fig 12 – Credit cost declined QoQ on lower slippages



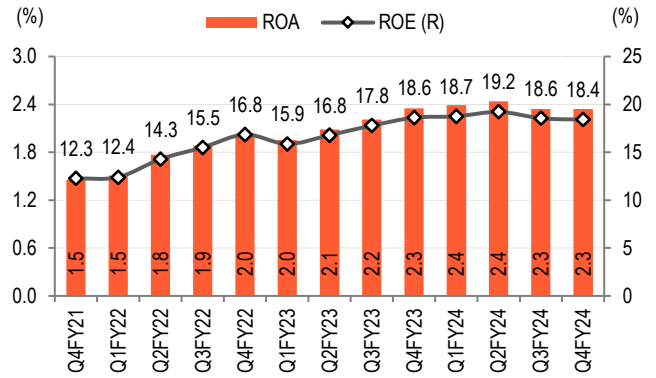
Source: Company, BOBCAPS Research

Fig 13 – PAT grew 17% YoY led by lower opex and provisions



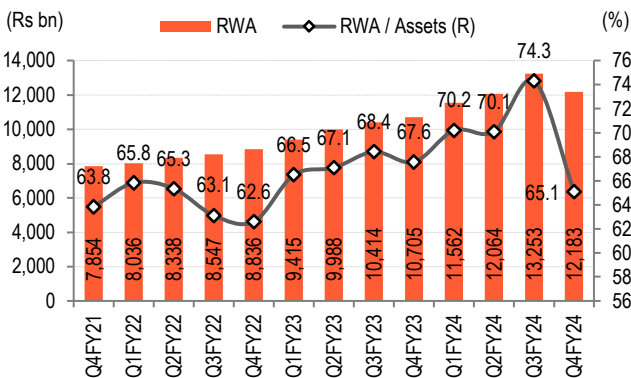
Source: Company, BOBCAPS Research

Fig 14 – Return ratios remained healthy



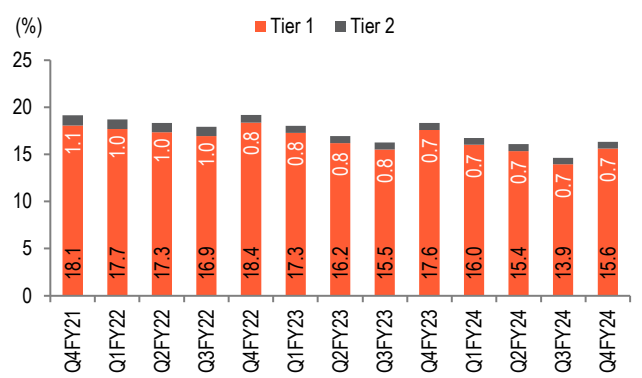
Source: Company, BOBCAPS Research

Fig 15 – Decline in RWA boosted CAR



Source: Company, BOBCAPS Research

Fig 16 – CAR remained healthy to fund growth



Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- ICICIBC's slippages declined to Rs 51.4bn during Q4FY24 vs. Rs 57.1bn in Q3, mainly due to lower slippages from Retail, Rural and Business banking (Rs 49.3bn vs. Rs 54.8bn) along with lower slippages from Corporate and SME (Rs 2.1bn vs. 2.3bn). Write-off during the quarter remained high at Rs 17.1bn vs. Rs 13.9bn leading to a decline in NNPA.
- GNPA ratio improved by 14bps QoQ to 2.16% and the NNPA declined by 2bps to 0.42% while PCR declined 50bps QoQ to 80.8%.
- Covid-based restructured advances declined to Rs 30.6bn (0.3% of total loans) vs. Rs 33.2bn in Q3.
- Credit cost declined to 25bps from 38bps in Q3FY24 and 67bps year ago period.
- Total provisions, including contingent (Rs 131bn), general (Rs 73bn) and others for fund-based restructured and non-fund-based NPA, stood at 2% of gross loans, which provide an additional cushion toward the mandated requirement.
- NPA sales totalled Rs 3.2bn vs. ~Rs 0.4bn in Q3.
- Bank's BB and Below book stood at Rs 55.3bn vs. Rs 58.5 bn in Q3 while Outstanding loans to NBFCs and HFCs totalled Rs 771bn as of Q4 vs. Rs 784.8bn as of Q3 or 6.5% of the loan book. Management expects to continue lending to NBFCs but would look at optimising cost.

Loans

- During Q4, ICICIBC's loans increased 16.2% YoY (3% QoQ), wherein the corporate/retail segments grew 10%/19% YoY (+1%/+4% QoQ). The bank's focus area of SMEs outpaced overall growth at 25% YoY (+4% QoQ) and business banking also clocked robust growth of 29% YoY (+6% QoQ). The rural portfolio increased by 17% YoY and 4% sequentially.
- In the retail segment, personal loans grew 33% YoY (5% QoQ), credit cards grew 36% YoY (6.5% QoQ) and auto grew 19% YoY (2.3% QoQ).

Deposits

- Deposits increased 19.6% YoY (6% QoQ) in Q4 led by strong growth in term deposits at 28% YoY (2% QoQ), whereas low-cost CASA growth witnessed significant recovery at 13% QoQ and 10% YoY (vs. 4% YoY in Q3). This resulted in a 255bps rise in CASA ratio to 42.2% and supported overall margin.

NIM

- Reported NIM declined 3bps 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 nil impact from interest on an income tax refund in Q4 vs. 4bps positive impact in Q3.

- Per management, the cost of deposits for the quarter increased by 10bps to 4.82% from 4.72% in Q3, mainly due to upward repricing of term deposits.
- Management expected deposit rates and cost of funds to continue to rise over the next one to two quarters due to both repricing and higher deposit inflows. However, it also indicated opportunity towards loan product repricing to support margin if required and maintained the margin guidance at current level.
- Of the loan book, 49% is linked to the repo rate, 2% to other EBLR, 17% to MCLR and other older rates, and the balance 32% is fixed rate.

Operating expenses

- Opex moderated during the quarter and declined by 3.5% QoQ, wherein both employee expenses and other expenses declined by 2.4% and 3.5% QoQ respectively, reflecting higher efficiency.
- The bank added 152 branches and 180 employees over the quarter (and added 623 branches and 12,180 employees over the past 12 months).

Fig 17 – Loan book trend

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Corporate	2,348,180	2,413,880	2,489,750	2,562,410	2,582,790	10.0	0.8
SME	482,210	506,150	542,640	579,180	600,950	24.6	3.8
Business Banking	721,120	748,710	828,330	882,390	932,280	29.3	5.7
Retail	5,578,170	5,827,930	6,148,720	6,425,720	6,662,610	19.4	3.7
Rural	874,310	905,540	937,570	980,360	1,024,460	17.2	4.5
Domestic Loans	9,855,290	10,253,110	10,742,060	11,148,210	11,509,550	16.8	3.2
Overseas Loans	341,100	322,730	363,360	389,510	334,510	(1.9)	(14.1)
Total Loans	10,196,390	10,575,840	11,105,420	11,537,720	11,844,060	16.2	2.7
Total Loans (Reported)	10,196,383	10,575,826	11,105,421	11,537,710	11,844,064	16.2	2.7

Source: Company, BOBCAPS Research

Fig 18 – Loan book distribution

(%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Corporate	23.0	22.8	22.4	22.2	21.8	(122bps)	(40bps)
SME	4.7	4.8	4.9	5.0	5.1	34bps	5bps
Business Banking	7.1	7.1	7.5	7.6	7.9	80bps	22bps
Retail	54.7	55.1	55.4	55.7	56.3	155bps	56bps
Rural	8.6	8.6	8.4	8.5	8.6	7bps	15bps
Domestic Loans	96.7	96.9	96.7	96.6	97.2	52bps	55bps
Overseas Loans	3.3	3.1	3.3	3.4	2.8	(52bps)	(55bps)
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)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Mortgage	3,446,960	3,556,460	3,703,510	3,841,320	3,959,210	14.9	3.1
Auto Finance	496,870	524,650	553,610	578,740	592,190	19.2	2.3
Commercial Vehicle & Equipment	275,410	281,950	294,670	304,480	314,260	14.1	3.2
Two-wheelers	21,910	23,400	22,150	21,790	19,900	(9.2)	(8.7)
Auto Finance	794,190	830,000	870,430	905,010	926,350	16.6	2.4
Personal Loans	880,550	947,950	1,044,280	1,110,990	1,166,770	32.5	5.0
Credit Cards	378,410	407,200	432,300	481,970	513,210	35.6	6.5
Others	78,050	86,320	98,200	86,430	97,080	24.4	12.3
Total Retail Loans	5,578,160	5,827,930	6,148,720	6,425,720	6,662,620	19.4	3.7

Source: Company, BOBCAPS Research

Fig 20 – Retail loan book distribution

(%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Mortgage	33.8	33.6	33.3	33.3	33.4	(38bps)	13bps
Auto Finance	4.9	5.0	5.0	5.0	5.0	13bps	(2bps)
Commercial Vehicle & Equipment	2.7	2.7	2.7	2.6	2.7	(5bps)	1bps
Two-wheelers	0.2	0.2	0.2	0.2	0.2	(5bps)	(2bps)
Auto Finance	7.8	7.8	7.8	7.8	7.8	3bps	(2bps)
Personal Loans	8.6	9.0	9.4	9.6	9.9	122bps	22bps
Credit Cards	3.7	3.9	3.9	4.2	4.3	62bps	16bps
Others	0.8	0.8	0.9	0.7	0.8	5bps	7bps
Total Retail Loans	54.7	55.1	55.4	55.7	56.3	155bps	56bps

Source: Company, BOBCAPS Research

Fig 21 – Trend in deposits

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
CA Deposits	1,614,860	1,610,330	1,553,040	1,534,110	1,935,720	19.9	26.2
SA Deposits	3,797,760	3,751,930	3,723,260	3,745,840	4,023,000	5.9	7.4
CASA Deposits	5,412,620	5,362,260	5,276,300	5,279,950	5,958,720	10.1	12.9
Term Deposits	6,395,787	7,025,106	7,671,117	8,043,195	8,169,530	27.7	1.6
Total Deposits	11,808,407	12,387,366	12,947,417	13,323,145	14,128,250	19.6	6.0

Source: Company, BOBCAPS Research

Fig 22 – Deposit distribution

(%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
CA Deposits	13.7	13.0	12.0	11.5	13.7	3bps	219bps
SA Deposits	32.2	30.3	28.8	28.1	28.5	(369bps)	36bps
CASA Deposits	45.8	43.3	40.8	39.6	42.2	(366bps)	255bps
Term Deposits	54.2	56.7	59.2	60.4	57.8	366bps	(255bps)
Total Deposits	100.0	100.0	100.0	100.0	100.0	0bps	0bps

Source: Company, BOBCAPS Research

Valuation methodology

Despite ICICIBC’s healthy business growth during Q4FY24, PPOP was subdued as higher deposit cost weighed on NII. Considering the challenging environment for deposit mobilisation, the bank expects a further repricing in deposit cost to put margin under pressure until the rate cycle reverses.

Considering the market’s competitive intensity and elevated interest rate and constraint towards deposit mobilisation, we trimmed our loan book estimates for FY25/FY26 by 3%/4% while broadly retaining our deposit estimates which led to 4%/7% decline in NII. We expect a PPOP decline by 3%/5% on the back of improved operational efficiency. Further, with normalisation of provision for FY25, on a lower base of FY24, we raise our provision estimate by 12% and cut our FY26 estimate by 7%, leading to a 5% cut in PAT each year. Also, we raise our credit cost estimates for FY25/FY26 to ~70bps each vs. 38bps/60bps earlier. We trim our NIM estimates to 4.3% from earlier estimates of 4.5% through our forecast period, aiding a PAT CAGR of 9% over FY24-FY26.

ICICIBC’s CET1 stood at 15.6% as of Q4FY24 while CAR stood at 16.3%, 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.

BUY to HOLD: We trimmed loan estimates by 3%/4% for FY25/26 leading to a PAT estimate decline of 5% each for same period, considering ongoing business dynamics. Considering ICICIBC’s sturdy and improved performance, we revise our SOTP-based TP to Rs 1,272, from Rs 1,189, set at 2.7x FY26E ABV (vs. 2.5x) using the Gordon Growth Model. We value the subsidiaries at Rs 204/sh. We believe that with recent price appreciation the major positives have been priced in and we recommend HOLD from BUY.

Fig 23 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Loan	13,869,399	16,241,066	14,305,913	16,880,977	(3.1)	(3.8)
Deposits	16,628,950	19,472,500	16,581,365	19,416,778	0.3	0.3
Assets	21,617,357	25,103,997	21,831,424	25,735,980	(1.0)	(2.5)
NII	825,849	950,435	860,208	1,024,543	(4.0)	(7.2)
PPOP	637,118	735,310	654,048	777,007	(2.6)	(5.4)
Provision	88,711	103,881	79,105	112,273	12.1	(7.5)
PAT	419,531	483,043	439,832	508,522	(4.6)	(5.0)

Source: BOBCAPS Research

Fig 24 – Key operational assumptions

Parameter (%)	FY23	FY24E	FY25E	FY26E
Advances	18.7	16.2	17.1	17.1
Net Interest Income	30.9	19.6	11.1	15.1
PPOP	25.1	18.4	9.6	15.4
PAT	36.7	28.2	2.6	15.1
NIM	4.4	4.5	4.3	4.3
GNPA	3.7	2.9	2.2	2.2
CAR	18.3	18.4	18.0	17.7

Source: Company, BOBCAPS Research

Fig 25 – Valuation summary

Business	Valuation	Holdings (%)	Value (Rs/Sh)
ICICI Bank	2.5x FY26E ABV	100	1,068
ICICI Prudential Life	Market cap	51.22	60
ICICI Lombard General	Market cap	51.27	61
ICICI Securities	Market cap	74.79	26
ICICI Prudential AMC	8% of AUM	51	37
ICICI Home Finance	1.5x FY25E P/B	100	8
ICICI Bank CANADA & UK	-	100	11
Total	-	-	1,272

Source: Company, BOBCAPS Research

Fig 26 – Key valuation assumptions

Gordon growth model	(%)
Return on Equity (RoE)	17.4
Cost of Equity (Ke)	12.4
Growth (Period 1)	13.9
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	2.1
Factor 2	13.3
Justified P/BV (x)	2.7

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- any sudden delinquency in the mid-corporate and SME segments, resulting in
- inability to manage cost of funds, which may drag down NIM as well as overall profitability.

Key upside risks to our estimates are:

- bank being able to maintain credit cost at lower level vs. normalisation of the same;
- able to improve margin, despite competitive rate environment, and thus profitability.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Axis Bank	AXSB IN	43.2	1,150	1,252	HOLD
Bandhan Bank	BANDHAN IN	3.7	191	270	BUY
DCB Bank	DCBB IN	0.5	140	172	BUY
Federal Bank	FB IN	5.0	168	189	BUY
HDFC Bank	HDFCB IN	140.6	1,532	1,872	BUY
ICICI Bank	ICICIB IN	97.4	1,139	1,272	HOLD
IDFC First Bank	IDFCBK IN	6.7	82	96	BUY
Indusind Bank	IIB IN	14.3	1,505	1,881	BUY
Kotak Mahindra Bank	KMB IN	41.1	1,576	2,100	BUY
RBL Bank	RBK IN	2.0	267	309	BUY
State Bank of India	SBIN IN	90.2	830	842	BUY

Source: BOBCAPS Research, NSE | Price as of 2 May 2024

Glossary

Glossary of Abbreviations			
AUCA	Advance Under Collection Account	LDR	Loan to Deposit 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	NBFC	Non-Banking Finance Company
CAR	Capital Adequacy Ratio	NII	Net Interest Income
CC	Credit Card	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	PL	Personal Loans
CRB	Commercial and Rural Banking	PPOP	Pre-Provision Operating Profit
CV	Commercial Vehicles	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
HFC	Housing Finance Company	SME	Small and Medium-sized Enterprises
IBPC	Interbank Participation Certificate	TD	Term Deposits
LCR	Liquidity Coverage Ratio		

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Net interest income	47,466	62,129	74,306	82,585	95,044
NilI growth (%)	21.7	30.9	19.6	11.1	15.1
Non-interest income	18,518	19,831	22,958	26,619	30,836
Total income	65,984	81,960	97,263	109,204	125,880
Operating expenses	26,733	32,873	39,133	45,493	52,349
PPOP	39,250	49,087	58,131	63,712	73,531
PPOP growth (%)	7.8	25.1	18.4	9.6	15.4
Provisions	8,641	6,666	3,643	8,871	10,388
PBT	30,609	42,421	54,488	54,841	63,143
Tax	7,269	10,525	13,600	12,888	14,839
Reported net profit	23,339	31,897	40,888	41,953	48,304
Adjustments	0	0	0	0	0
Adjusted net profit	23,339	31,897	40,888	41,953	48,304

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Equity capital	1,390	1,397	1,405	1,405	1,405
Reserves & surplus	169,122	199,319	236,995	271,732	311,728
Net worth	170,512	200,715	238,399	273,136	313,132
Deposits	1,064,572	1,180,841	1,412,825	1,662,895	1,947,250
Borrowings	107,231	119,325	124,968	132,466	144,388
Other liab. & provisions	68,983	83,325	95,323	93,239	105,630
Total liab. & equities	1,411,298	1,584,207	1,871,515	2,161,736	2,510,400
Cash & bank balance	167,822	119,438	139,926	138,407	162,457
Investments	310,241	362,330	461,942	534,971	600,541
Advances	859,020	1,019,638	1,184,406	1,386,940	1,624,107
Fixed & Other assets	74,214	82,800	85,240	101,417	123,295
Total assets	1,411,298	1,584,207	1,871,515	2,161,736	2,510,400
Deposit growth (%)	14.2	10.9	19.6	17.7	17.1
Advances growth (%)	17.1	18.7	16.2	17.1	17.1

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24P	FY25E	FY26E
EPS	33.7	45.8	58.4	59.7	68.8
Dividend per share	5.0	8.0	10.0	10.3	11.8
Book value per share	245.3	287.4	339.4	388.9	445.8

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24P	FY25E	FY26E
P/E	33.8	24.9	19.5	19.1	16.6
P/BV	4.6	4.0	3.4	2.9	2.6
Dividend yield (%)	0.4	0.7	0.9	0.9	1.0

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24P	FY25E	FY26E
Net interest income	3.6	4.1	4.3	4.1	4.1
Non-interest income	1.4	1.3	1.3	1.3	1.3
Operating expenses	2.0	2.2	2.3	2.3	2.2
Pre-provisioning profit	3.0	3.3	3.4	3.2	3.1
Provisions	0.7	0.4	0.2	0.4	0.4
PBT	2.3	2.8	3.2	2.7	2.7
Tax	0.6	0.7	0.8	0.6	0.6
ROA	1.8	2.1	2.4	2.1	2.1
Leverage (x)	8.3	8.1	7.9	7.9	8.0
ROE	14.7	17.2	18.6	16.4	16.5

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
YoY growth (%)					
Net interest income	21.7	30.9	19.6	11.1	15.1
Pre-provisioning profit	7.8	25.1	18.4	9.6	15.4
EPS	36.5	36.0	27.5	2.3	15.1
Profitability & Return ratios (%)					
Net interest margin	3.8	4.4	4.5	4.3	4.3
Fees / Avg. assets	0.2	0.2	0.0	0.2	0.2
Cost-Income	40.5	40.1	40.2	41.7	41.6
ROE	14.7	17.2	18.6	16.4	16.5
ROA	1.8	2.1	2.4	2.1	2.1
Asset quality (%)					
GNPA	4.6	3.2	2.5	1.9	1.9
NNPA	1.1	0.7	0.4	0.4	0.4
Slippage ratio	2.7	3.0	1.8	1.8	2.3
Credit cost	1.1	0.7	0.3	0.7	0.7
Provision coverage	77.7	79.2	82.8	80.8	81.0
Ratios (%)					
Credit-Deposit	80.7	86.3	83.8	83.4	83.4
Investment-Deposit	29.1	30.7	32.7	32.2	30.8
CAR	19.2	18.3	18.4	18.0	17.7
Tier-1	18.3	17.6	17.6	17.2	17.0

Source: Company, BOBCAPS Research

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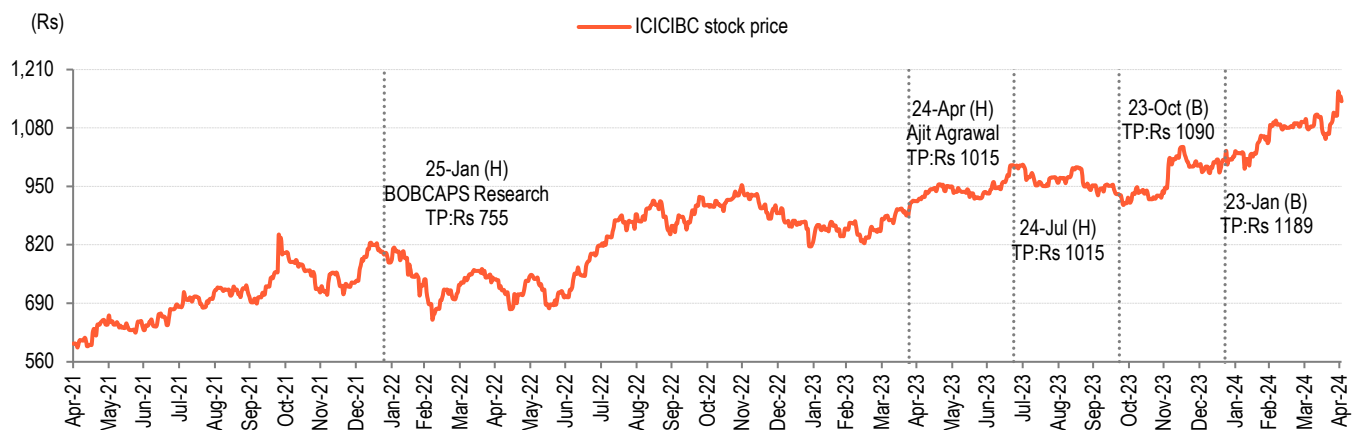
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- BUY** – Expected return >+15%
- HOLD** – Expected return from -6% to +15%
- SELL** – Expected return <-6%

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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