

BUY

TP: Rs 1,620 | ▲ 15%

ICICI BANK

| Banking

| 20 April 2025

Steady performer with improving asset quality

- **Steady credit growth at 13% YoY, largely led by the Business Banking segment. Higher NIMs and lower provisions aided PAT**
- **Asset quality improved on a sequential basis, supported by lower slippages and higher sale of NPAs**
- **Maintain BUY. Raise SOTP-based TP to Rs 1,620 (from Rs 1,415), set at 2.8x FY27E ABV**

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Steady performance: ICICIBank witnessed steady credit growth of 13% YoY (+2% QoQ), largely led by Business Banking (+6% QoQ) growth in FY25. Growth in business banking was mainly driven by investments in credit systems and digital offerings. Further, retail book grew by 9% YoY (+2% QoQ) and accounted for 53.5% of net advances as of FY25 (55.6% as of FY24). We expect loans to grow at ~15% CAGR in FY25-FY28E. Deposits grew 14% YoY (+6% QoQ) mainly driven by growth in TDs (+15% YoY; +4% QoQ) CASA deposits grew by 13% YoY and 9% QoQ, leading to CASA ratio of 41.8% (-0.3% YoY; +1.3% QoQ).

NIMs improved sequentially: NIMs improved by 16bps QoQ to 4.41% in Q4FY25. The improvement was mainly driven by a rise in lending yields by 21bps QoQ due to lower interest reversal on Kisan Credit Card (KCC), coupled with 2bps impact of interest on income tax refund. With the onset of repo rate cut, NIMs are likely to be impacted in the near term, but will largely remain in a narrow range. Other income up 29% YoY on higher treasury (gain of Rs 2.4bn vs a loss of Rs 2.8bn in Q4).

Asset quality improved: GNPA ratio declined by 29bps QoQ to 1.67% in Q4 FY25. GNPA improvement was mainly driven by: a) lower slippages of Rs51.4bn or slippage ratio of 1.7% in Q4 FY25 from Rs60.9bn or 2.1% in Q3 FY25 b) higher sale of NPAs of Rs27.9bn in Q4 FY25 vs Rs 0.6bn in Q3 FY25. PCR declined 1.9% QoQ to 76.9%, while NNPA improved marginally 3bps QoQ to 0.39%. Further, credit cost improved to 27bps in Q4 FY25 vs 38bps in Q3 FY25, mainly driven by write-back on portfolio sales coupled with lower KCC provisions.

Lower credit cost aided PAT: Provisions came in lower at Rs 8.9bn vs our estimate of Rs 11.7bn for Q4 FY2025. This largely led to higher PAT vs our estimates.

Maintain BUY: ICICIBank is well on track for robust performance, driven by healthy credit growth, stable credit costs and a sustainable business model. RoA is likely to be in the 2.3-2.4% range and RoE 16.7-17.8% in FY25-FY28E. Given ICICIBank's improved performance, we raise our SOTP-based TP to Rs 1,620 from Rs 1,415 set at 2.8x FY27E ABV.

Key changes

| Target | Rating |
|--------|--------|
| ▲ | ◀ ▶ |

| | |
|------------------|--------------------|
| Ticker/Price | ICICIB IN/Rs 1,407 |
| Market cap | US\$ 117.4bn |
| Free float | 100% |
| 3M ADV | US\$ 175.7mn |
| 52wk high/low | Rs 1,409/Rs 1,048 |
| Promoter/FPI/DII | 0%/46%/45% |

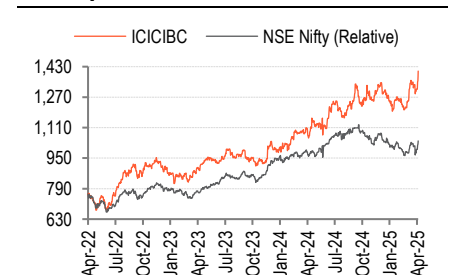
Source: NSE | Price as of 17 Apr 2025

Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|-------------------------|----------|----------|-----------|
| NII (Rs mn) | 8,11,644 | 8,90,956 | 10,55,845 |
| NII growth (%) | 9.2 | 9.8 | 18.5 |
| Adj. net profit (Rs mn) | 4,72,270 | 5,22,323 | 6,06,037 |
| EPS (Rs) | 66.8 | 73.3 | 85.1 |
| Consensus EPS (Rs) | 68.0 | 74.5 | 85.0 |
| P/E (x) | 21.1 | 19.2 | 16.5 |
| P/BV (x) | 3.4 | 3.0 | 2.6 |
| ROA (%) | 2.4 | 2.3 | 2.3 |
| ROE (%) | 17.8 | 16.7 | 16.8 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

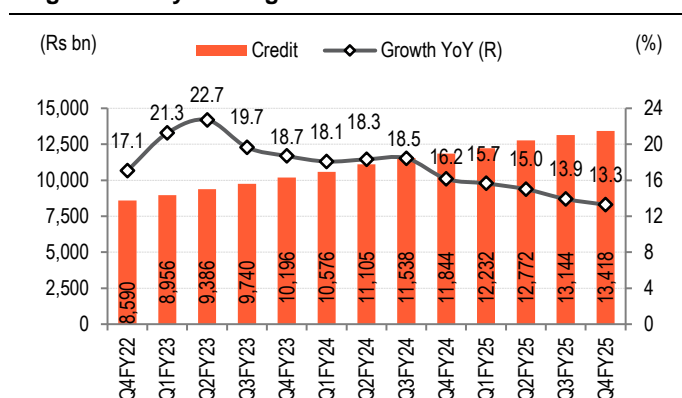
| (Rs mn) | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | YoY (%) | QoQ (%) |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|---------------|
| Income Statement | | | | | | | |
| Interest Income | 2,94,234 | 3,01,085 | 3,14,265 | 3,20,484 | 3,28,213 | 11.5 | 2.4 |
| Income on investments | 77,820 | 81,566 | 83,113 | 83,021 | 82,102 | 5.5 | (1.1) |
| Int. on bal. with RBI & inter-bank funds & Others | 7,430 | 7,307 | 7,996 | 9,493 | 13,993 | 88.3 | 47.4 |
| Interest income | 3,79,484 | 3,89,958 | 4,05,374 | 4,12,998 | 4,24,308 | 11.8 | 2.7 |
| Interest expense | 1,88,556 | 1,94,429 | 2,04,894 | 2,09,292 | 2,12,379 | 12.6 | 1.5 |
| Net interest income | 1,90,928 | 1,95,529 | 2,00,480 | 2,03,706 | 2,11,929 | 11.0 | 4.0 |
| Growth YoY (%) | 8.1% | 7.3% | 9.5% | 9.1% | 11.0% | | |
| Non-interest income | 56,488 | 70,019 | 71,767 | 70,681 | 72,601 | 28.5 | 2.7 |
| Growth YoY (%) | 11.0% | 28.8% | 24.2% | 15.9% | 28.5% | | |
| Total income | 2,47,416 | 2,65,548 | 2,72,246 | 2,74,387 | 2,84,530 | 15.0 | 3.7 |
| Growth YoY (%) | 8.7% | 12.2% | 13.0% | 10.7% | 15.0% | | |
| Staff expenses | 37,202 | 43,705 | 41,361 | 39,291 | 41,052 | 10.3 | 4.5 |
| Other operating expenses | 59,826 | 61,595 | 63,653 | 66,231 | 66,836 | 11.7 | 0.9 |
| Operating expenses | 97,028 | 1,05,300 | 1,05,015 | 1,05,521 | 1,07,888 | 11.2 | 2.2 |
| Pre-Provisioning Profit (PPoP) | 1,50,388 | 1,60,248 | 1,67,232 | 1,68,866 | 1,76,643 | 17.5 | 4.6 |
| Growth YoY (%) | 8.8% | 13.3% | 17.5% | 14.7% | 17.5% | | |
| Provisions | 7,185 | 13,322 | 12,331 | 12,267 | 8,907 | 24.0 | (27.4) |
| Growth YoY (%) | -55.6% | 3.1% | 111.6% | 16.9% | 24.0% | | |
| PBT | 1,43,203 | 1,46,927 | 1,54,901 | 1,56,599 | 1,67,736 | 17.1 | 7.1 |
| Tax | 36,127 | 36,336 | 37,442 | 38,675 | 41,440 | 14.7 | 7.1 |
| PAT | 1,07,075 | 1,10,591 | 1,17,459 | 1,17,924 | 1,26,296 | 18.0 | 7.1 |
| Growth YoY (%) | 17.4% | 14.6% | 14.5% | 14.8% | 18.0% | | |
| Per Share | | | | | | | |
| FV (Rs) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | | |
| EPS (Rs) | 15.3 | 15.7 | 16.7 | 16.7 | 17.7 | 16.2 | 6.0 |
| Book Value (Rs) | 339 | 361 | 368 | 385 | 410 | 20.8 | 6.6 |

Source: Company, BOBCAPS Research

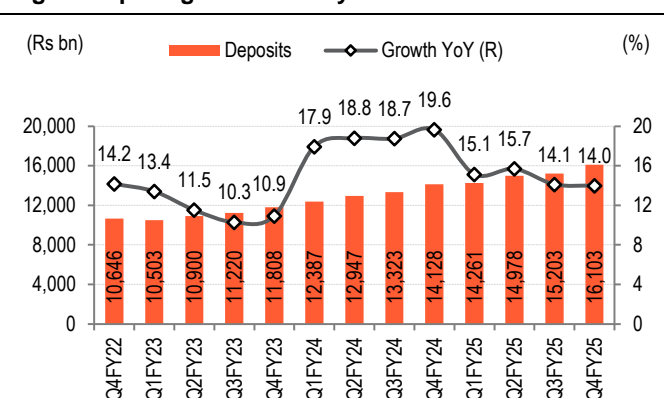
Fig 2 – Quarterly snapshot: Balance sheet & other metrics

| (Rs mn) | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | YoY (%) | QoQ (%) |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------|---------------|
| Deposits | 1,41,28,250 | 1,42,61,495 | 1,49,77,607 | 1,52,03,088 | 1,61,03,480 | 14.0 | 5.9 |
| Growth YoY (%) | 19.6 | 15.1 | 15.7 | 14.1 | 14.0 | | |
| Advances | 1,18,44,064 | 1,22,31,543 | 1,27,72,404 | 1,31,43,661 | 1,34,17,662 | 13.3 | 2.1 |
| Growth YoY (%) | 16.2 | 15.7 | 15.0 | 13.9 | 13.3 | | |
| Investment | 46,19,423 | 47,52,556 | 47,90,985 | 47,19,783 | 50,47,567 | 9.3 | 6.9 |
| Equity | 23,83,993 | 25,39,945 | 25,95,400 | 27,16,429 | 29,20,763 | 22.5 | 7.5 |
| Assets | 1,87,15,146 | 1,89,26,971 | 1,97,68,582 | 2,01,33,431 | 2,11,82,400 | 13.2 | 5.2 |
| Growth YoY (%) | 18.1 | 14.9 | 14.9 | 12.9 | 13.2 | | |
| Yield (%) | | | | | | | |
| Yield on Funds | 8.73 | 8.68 | 8.76 | 8.64 | 8.57 | (17bps) | (7bps) |
| Cost of Funds | 5.03 | 5.04 | 5.17 | 5.12 | 5.02 | (1bps) | (10bps) |
| Spread | 3.70 | 3.63 | 3.59 | 3.52 | 3.54 | (16bps) | 2bps |
| Net Interest Margin (Cal) | 4.39 | 4.35 | 4.33 | 4.26 | 4.28 | (11bps) | 2bps |
| Ratios (%) | | | | | | | |
| Other Income / Net Income | 22.8 | 26.4 | 26.4 | 25.8 | 25.5 | 268bps | (24bps) |
| Cost to Income ratio | 39.2 | 39.7 | 38.6 | 38.5 | 37.9 | (130bps) | (54bps) |
| CASA ratio | 42.2 | 40.9 | 40.6 | 40.5 | 41.8 | (34bps) | 135bps |
| C/D ratio | 83.8 | 85.8 | 85.3 | 86.5 | 83.3 | (51bps) | (313bps) |
| Investment to Assets | 24.7 | 25.1 | 24.2 | 23.4 | 23.8 | (85bps) | 39bps |
| Assets Quality | | | | | | | |
| GNPA | 2,79,617 | 2,87,186 | 2,71,212 | 2,77,453 | 2,41,662 | (13.6) | (12.9) |
| NNPA | 53,778 | 56,848 | 56,851 | 58,978 | 55,894 | 3.9 | (5.2) |
| Provision | 2,25,839 | 2,30,338 | 2,14,360 | 2,18,476 | 1,85,768 | (17.7) | (15.0) |
| GNPA (%) | 2.16 | 2.15 | 1.97 | 1.96 | 1.67 | (49bps) | (29bps) |
| NNPA (%) | 0.42 | 0.43 | 0.42 | 0.42 | 0.39 | (3bps) | (3bps) |
| Provision (%) | 80.8 | 80.2 | 79.0 | 78.7 | 76.9 | (390bps) | (187bps) |
| Others (nos) | | | | | | | |
| Branches | 6,523 | 6,587 | 6,613 | 6,742 | 6,983 | 460 | 241 |
| ATMs | 17,190 | 17,102 | 16,120 | 16,277 | 16,285 | (905) | 8 |

Source: Company, BOBCAPS Research

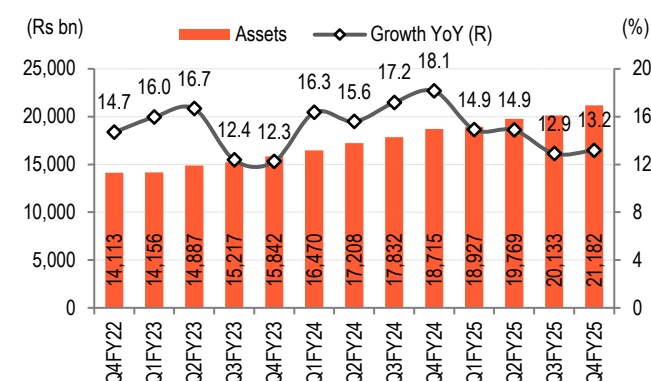
Fig 3 – Steady credit growth at 13% YoY


Source: Company, BOBCAPS Research

Fig 4 – Deposit growth rises by 14% YoY


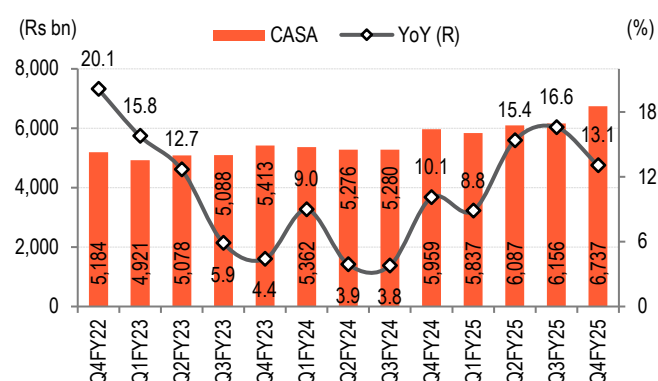
Source: Company, BOBCAPS Research

Fig 5 – Asset growth at 13% YoY on higher base



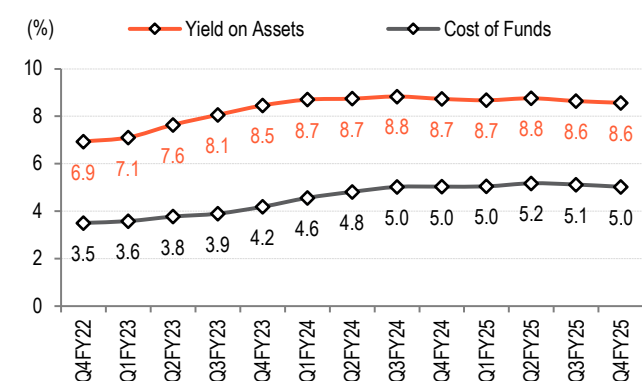
Source: Company, BOBCAPS Research

Fig 6 – CASA deposits grew by 13% YoY and 9% QoQ



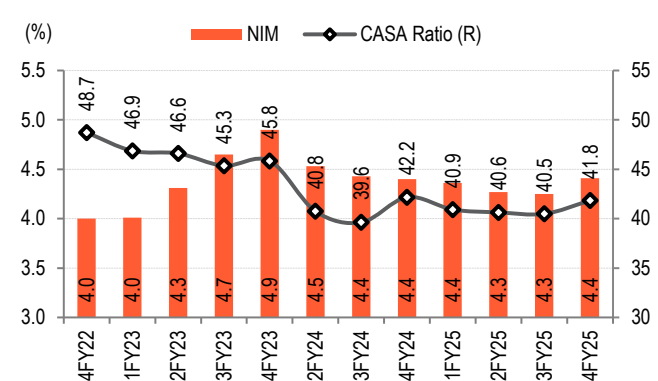
Source: Company, BOBCAPS Research

Fig 7 – Lending yields increased by 21bps QoQ due to lower interest reversal on KCC...



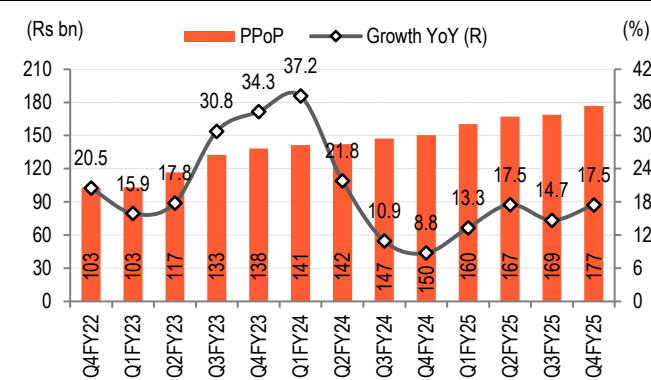
Source: Company, BOBCAPS Research

Fig 8 – ...leading to NIMs improvement by 16bps QoQ



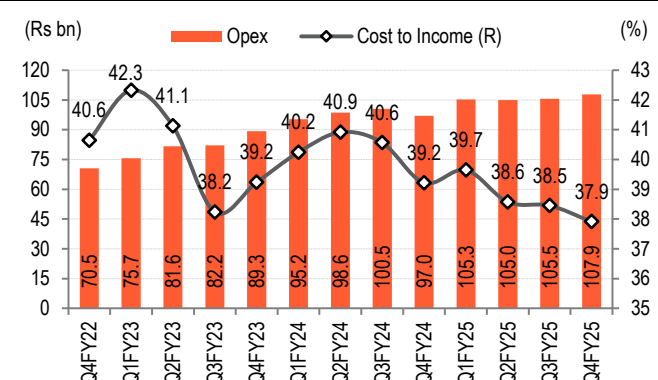
Source: Company, BOBCAPS Research

Fig 9 – PPOP at Rs. 177 Bn; grows 17.5% YoY



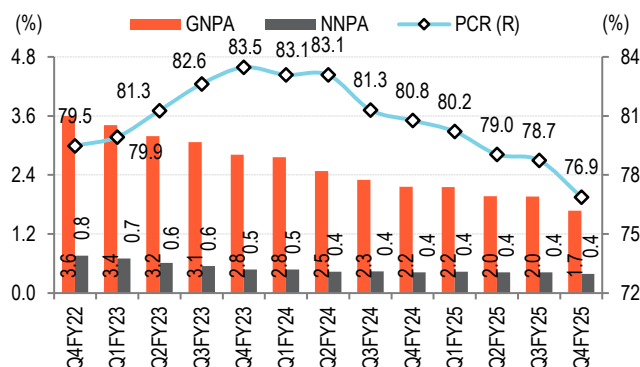
Source: Company, BOBCAPS Research

Fig 10 – C/I ratio decreased 130bps YoY



Source: Company, BOBCAPS Research

Fig 11 – Sustained Improvement in asset quality mainly driven by lower slippages



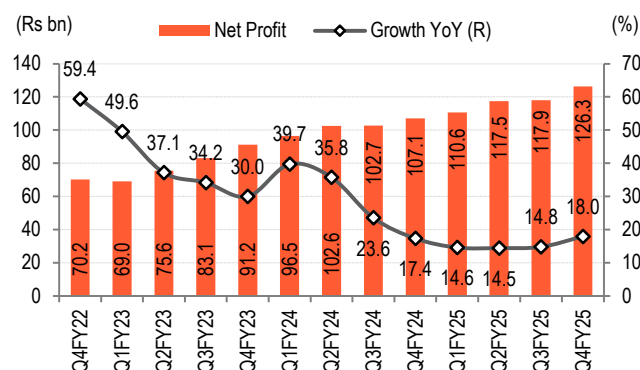
Source: Company, BOBCAPS Research

Fig 12 – Credit Cost eases to 0.3%



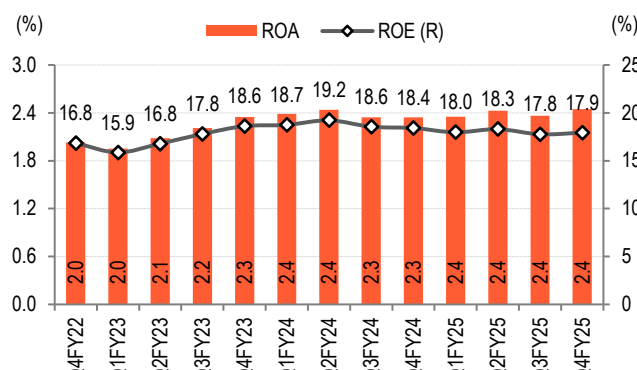
Source: Company, BOBCAPS Research

Fig 13 – PAT grew 18% YoY, led by lower provisions & higher non-interest income



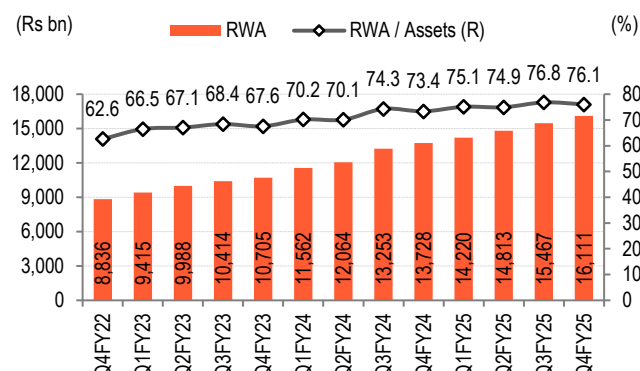
Source: Company, BOBCAPS Research

Fig 14 – ROA-ROE matrix reflects durable profitability



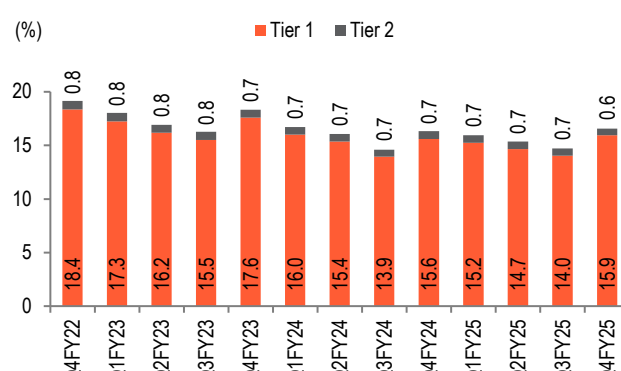
Source: Company, BOBCAPS Research

Fig 15 – RWA increased largely in line with advances growth



Source: Company, BOBCAPS Research

Fig 16 – CAR remained healthy to fund growth



Source: Company, BOBCAPS Research

Earnings call highlights

Operating performance

- NII came in at Rs 211.9 bn, up 11% YoY and 4% QoQ, above our estimates by 0.5%. NIMs expanded by 16bps QoQ to 4.41% in Q4FY25. This was primarily on account of rise in lending yield by 21bps QoQ on lower interest reversal on KCC, coupled with income tax refund. Cost of deposits up by 9bps QoQ to 5%.
- Operating expenses stable sequentially and were up 11% YoY. However, cost-to-income ratio declined by 54bps QoQ to 37.9% in Q4 FY25, given higher rise in operating income by 4% QoQ.
- PPOP increase by 17% YoY and 5% QoQ to Rs 177 bn.
- Provisions came in at Rs 8.9bn vs our estimate of Rs 11.7bn and lower sequentially. This led to higher PAT vs our estimates.
- PAT came in at Rs 126.2bn, up 18% YoY and 7% QoQ.

Asset quality

- ICICIBC's slippages declined to Rs 51.4bn during Q4FY25 vs Rs 60.9bn in Q3, mainly due to fall in slippages in the retail & rural (Rs 43.4bn vs Rs 53bn in Q3). Slippages in corporate & business banking (Rs 8bn vs Rs 7.8bn in Q3) remained high. Write-off during the quarter increased to Rs 21.2bn vs Rs 20.1bn in Q3FY25. Also, the sale of NPAs increased to Rs 27.9 bn in Q4FY25 vs Rs. 0.6bn in Q3. Decrease in slippages & sale of NPAs led to improvement in asset quality.
- GNPA ratio declined by 29bps QoQ to 1.67%, while NNPA declined at 0.39%. PCR declined 187bps QoQ to 76.9%.
- Net Investment in security receipts of ARCs was nil as of March 2025.
- Credit cost stands at 27bps for Q4FY25 vs 38bps in Q3FY25.
- Total provisions stood at Rs 226bn, including contingent provisions of Rs 131bn, which provide an additional cushion towards the mandated requirement.
- Builder portfolio including construction finance, lease rental, discounting, term loans and working capital was Rs 616.2.bn at Q4 vs Rs 586.4bn in Q3.
- Recoveries stood at Rs 38.2bn vs Rs 33.9 bn in Q3FY25; out of which retail recoveries were Rs 30.4bn.
- The bank informed that slippages have largely stabilised in the unsecured loans and is expected to trend down from H2 FY26.

Loans

- During Q4, advances grew by 13% YoY and 2% QoQ. This was mainly led by the business banking portfolio.

- Domestic book grew 14% YoY and 2% QoQ. Retail book saw a growth of 9% YoY and 2% QoQ. Retail book now constitutes to 53.5% of the total loan book.
- Personal loans and credit card portfolio growth remained muted at 1% QoQ.
- PL and credit card together constituted 13.3% of the total book vs 13.5% in Q3FY25.
- Overseas book declined 8% YoY and 3% QoQ in Q4FY25.

Deposits

- Deposits increased 14% YoY (6% QoQ) in Q4FY25, led by strong growth in term deposits at 15% YoY (4% QoQ); whereas low-cost CASA grew 9% QoQ and 13% YoY. This resulted in CASA ratio up sequentially by 1.3% QoQ to 41.8% in Q4FY25.
- Average current account deposits increased by 11.4% YoY and 1.9% sequentially in Q4. Average savings account deposits increased by 10.1% YoY and 0.2% sequentially.

NIM

- Domestic NIMs saw a marginal increase of 16bps to 4.48% vs. 4.32% in Q3FY25, while international NIMs declined by 32bps QoQ to 1.01%.
- Of the total domestic loan book, 53% is linked to the repo rate, 15% to MCLR and other rates, 1% to EBLR and the balance 31% is fixed rate book.

Fig 17 – Loan book trend

| (Rs mn) | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | YoY (%) | QoQ (%) |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|------------|
| Corporate | 24,98,500 | 25,63,770 | 26,90,290 | 28,06,800 | 27,96,510 | 11.9 | (0.4) |
| SME + Business Banking | 19,70,400 | 21,05,590 | 23,30,250 | 24,80,480 | 26,33,670 | 33.7 | 6.2 |
| Retail | 65,88,520 | 67,41,380 | 69,35,070 | 70,32,650 | 71,72,230 | 8.9 | 2.0 |
| Rural | 7,45,670 | 7,74,630 | 7,87,890 | 7,94,960 | 7,83,400 | 5.1 | (1.5) |
| Domestic Loans | 1,15,09,550 | 1,18,85,860 | 1,24,30,900 | 1,28,27,780 | 1,31,09,810 | 13.9 | 2.2 |
| Overseas Loans | 3,34,510 | 3,45,670 | 3,41,500 | 3,15,880 | 3,07,850 | (8.0) | (2.5) |
| Total Loans | 1,18,44,060 | 1,22,31,530 | 1,27,72,400 | 1,31,43,660 | 1,34,17,660 | 13.3 | 2.1 |
| Total Loans (Reported) | 1,18,44,064 | 1,22,31,543 | 1,27,72,404 | 1,31,43,661 | 1,34,17,662 | 13.3 | 2.1 |

Source: Company, BOBCAPS Research

Fig 18 – Loan book distribution

| (%) | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | YoY (%) | QoQ (%) |
|------------------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Corporate | 21.1 | 21.0 | 21.1 | 21.4 | 20.8 | (25bps) | (51bps) |
| SME + Business Banking | 16.6 | 17.2 | 18.2 | 18.9 | 19.6 | 299.2 | 76bps |
| Retail | 55.6 | 55.1 | 54.3 | 53.5 | 53.5 | (217.4) | (5bps) |
| Rural | 6.3 | 6.3 | 6.2 | 6.0 | 5.8 | (45.7) | (21bps) |
| Domestic Loans | 97.2 | 97.2 | 97.3 | 97.6 | 97.7 | 53.0 | 11bps |
| Overseas Loans | 2.8 | 2.8 | 2.7 | 2.4 | 2.3 | (53.0) | (11bps) |
| Total Loans | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 0.0 | 0bps |

Source: Company, BOBCAPS Research

Fig 19 – Retail book trend

| (Rs mn) | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | YoY (%) | QoQ (%) |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------|------------|
| Mortgage | 39,59,210 | 40,59,960 | 41,91,050 | 42,77,450 | 43,95,840 | 11.0 | 2.8 |
| Auto Finance | 5,92,190 | 6,02,040 | 6,06,870 | 6,17,080 | 6,19,440 | 4.6 | 0.4 |
| Commercial Vehicle & Equipment | 3,14,260 | 3,21,180 | 3,21,340 | 3,26,930 | 3,36,320 | 7.0 | 2.9 |
| Two wheelers | 19,900 | 17,500 | 14,980 | 12,240 | 9,670 | (51.4) | (21.0) |
| Personal Loans | 11,66,770 | 11,83,770 | 12,25,010 | 12,08,630 | 12,15,550 | 4.2 | 0.6 |
| Credit Cards | 5,13,210 | 5,34,720 | 5,52,810 | 5,68,470 | 5,73,410 | 11.7 | 0.9 |
| Others | 22,980 | 1,04,260 | 23,010 | 21,850 | 22,000 | (4.3) | 0.7 |
| Total Retail Loans | 65,88,520 | 68,23,430 | 69,35,070 | 70,32,650 | 71,72,230 | 8.9 | 2.0 |

Source: Company, BOBCAPS Research

Fig 20 – Retail loan book distribution

| (%) | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | YoY (%) | QoQ (%) |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-----------------|---------------|
| Mortgage | 33.4 | 33.2 | 32.8 | 32.5 | 32.8 | (67bps) | 22bps |
| Auto Finance | 5.0 | 4.9 | 4.8 | 4.7 | 4.6 | (38bps) | (8bps) |
| Commercial Vehicle & Equipment | 2.7 | 2.6 | 2.5 | 2.5 | 2.5 | (15bps) | 2bps |
| Two wheelers | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | (10bps) | (2bps) |
| Personal Loans | 9.9 | 9.7 | 9.6 | 9.2 | 9.1 | (79bps) | (14bps) |
| Credit Cards | 4.3 | 4.4 | 4.3 | 4.3 | 4.3 | (6bps) | (5bps) |
| Others | 0.2 | 0.9 | 0.2 | 0.2 | 0.2 | (3bps) | (0bps) |
| Total Retail Loans | 55.6 | 55.8 | 54.3 | 53.5 | 53.5 | (217bps) | (5bps) |

Source: Company, BOBCAPS Research

Fig 21 – Trend in deposits

| (Rs mn) | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | YoY (%) | QoQ (%) |
|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|------------|
| CA Deposits | 19,35,720 | 17,60,280 | 18,30,900 | 19,04,380 | 23,29,570 | 20.3 | 22.3 |
| SA Deposits | 40,23,000 | 40,76,430 | 42,56,330 | 42,51,480 | 44,07,720 | 9.6 | 3.7 |
| CASA Deposits | 59,58,720 | 58,36,710 | 60,87,230 | 61,55,860 | 67,37,290 | 13.1 | 9.4 |
| Term Deposits | 81,69,530 | 84,24,785 | 88,90,377 | 90,47,228 | 93,66,190 | 14.6 | 3.5 |
| Total Deposits | 1,41,28,250 | 1,42,61,495 | 1,49,77,607 | 1,52,03,088 | 1,61,03,480 | 14.0 | 5.9 |

Source: Company, BOBCAPS Research

Fig 22 – Deposit distribution

| (%) | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | YoY (%) | QoQ (%) |
|-----------------------|--------------|--------------|--------------|--------------|--------------|----------|----------|
| CA Deposits | 13.7 | 12.3 | 12.2 | 12.5 | 14.5 | 77bps | 194bps |
| SA Deposits | 28.5 | 28.6 | 28.4 | 28.0 | 27.4 | (110bps) | (59bps) |
| CASA Deposits | 42.2 | 40.9 | 40.6 | 40.5 | 41.8 | (34bps) | 135bps |
| Term Deposits | 57.8 | 59.1 | 59.4 | 59.5 | 58.2 | 34bps | (135bps) |
| Total Deposits | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | | |

Source: Company, BOBCAPS Research

Valuation methodology

Maintain BUY: ICICIB is well on track for robust performance, supported by healthy advances growth, stable credit costs and overall sustainable business model. We expect loans to grow at ~15% CAGR in FY25-FY28E. We expect RoA to be in the 2.3-2.4% range and RoE 16.7-17.8% in FY25-FY28E. Given ICICIB's sturdy and improved performance, we raise our SOTP-based TP to Rs 1,620 from Rs 1,415 set at 2.8x FY27E ABV.

Fig 23 – Actuals vs BOBCAP estimates

| (Rs mn) | Q4FY25A | Q4FY25E | Actual vs. Estimates |
|-----------|-------------|-------------|----------------------|
| Loan | 1,34,17,662 | 1,35,37,765 | (0.9) |
| Deposits | 1,61,03,480 | 1,57,52,998 | 2.2 |
| Assets | 2,11,82,400 | 2,11,68,496 | 0.1 |
| NII | 2,11,929 | 2,10,977 | 0.5 |
| PPOP | 1,76,643 | 1,73,192 | 2.0 |
| Provision | 8,907 | 11,673 | (23.7) |
| PAT | 1,26,296 | 1,20,816 | 4.5 |

Source: Company, BOBCAPS Research

Fig 24 – Key operational assumptions

| (%) | FY25 | FY26E | FY27E | FY28E |
|---------------------|------|-------|-------|-------|
| Advances | 13.3 | 14.5 | 15.4 | 15.6 |
| Net Interest Income | 9.2 | 9.8 | 18.5 | 17.8 |
| PPOP | 15.8 | 11.7 | 18.1 | 18.2 |
| PAT | 28.9 | 10.6 | 16.0 | 17.3 |
| NIM | 4.3 | 4.1 | 4.3 | 4.3 |
| GNPA | 2.3 | 1.7 | 1.9 | 2.0 |
| CAR | 16.6 | 16.9 | 17.2 | 17.3 |

Source: Company, BOBCAPS Research

Fig 25 – Valuation summary

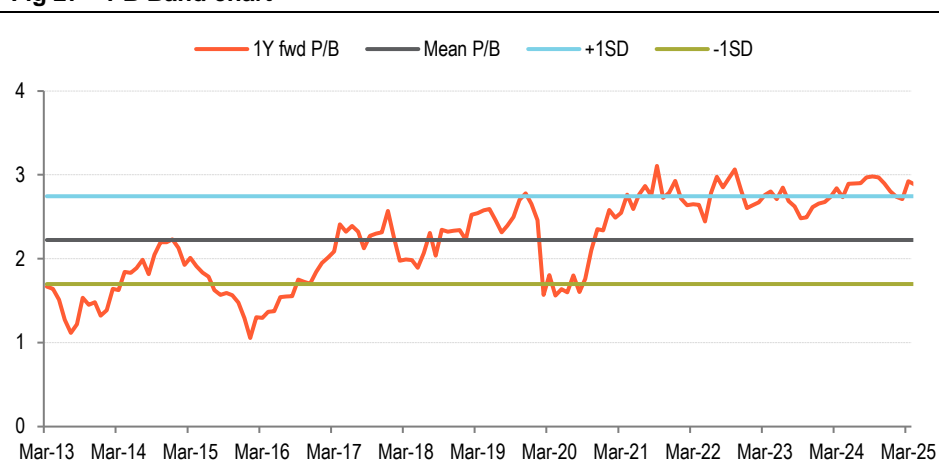
| Business | Valuation | Holdings (%) | Value (Rs/Sh) |
|------------------------|----------------|--------------|---------------|
| ICICI Bank | 2.8x FY27E ABV | 100 | 1,378 |
| ICICI Prudential Life | Market cap | 51.03 | 53 |
| ICICI Lombard General | Market cap | 51.55 | 55 |
| ICICI Securities | 15x FY27E PAT | 100 | 41 |
| ICICI Prudential AMC | 7.5% of AUM | 51 | 79 |
| ICICI Home Finance | 1.5x FY27E P/B | 100 | 8 |
| ICICI Bank CANADA & UK | - | 100 | 8 |
| Total | - | | 1,620 |

Source: Company, BOBCAPS Research

Fig 26 – Key valuation assumptions

| Gordon growth model | (%) |
|----------------------------------|------|
| Return on Equity (RoE) | 17.1 |
| Cost of Equity (Ke) | 12.3 |
| Growth (Period 1) | 13.9 |
| Growth (Long Term) | 7.1 |
| Initial High Growth Period (yrs) | 11.8 |
| Dividend Payout (Period 1) | 19.0 |
| Dividend Payout (Long Term) | 58.4 |
| Factor 1 | 2.4 |
| Factor 2 | 14.1 |
| Justified P/BV (x) | 2.8 |

Source: Company, BOBCAPS Research

Fig 27 – PB Band chart

Source: Company, BOBCAPS Research

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) | FY24A | FY25A | FY26E | FY27E | FY28E |
|---------------------|----------|-----------|-----------|-----------|-----------|
| Net interest income | 7,43,057 | 8,11,644 | 8,90,956 | 10,55,845 | 12,43,325 |
| NII growth (%) | 19.6 | 9.2 | 9.8 | 18.5 | 17.8 |
| Non-interest income | 2,29,578 | 2,85,067 | 3,29,787 | 3,64,464 | 4,21,698 |
| Total income | 9,72,635 | 10,96,711 | 12,20,742 | 14,20,309 | 16,65,023 |
| Operating expenses | 3,91,327 | 4,23,723 | 4,68,718 | 5,31,888 | 6,14,600 |
| PPOP | 5,81,308 | 6,72,988 | 7,52,024 | 8,88,421 | 10,50,423 |
| PPOP growth (%) | 18.4 | 15.8 | 11.7 | 18.1 | 18.2 |
| Provisions | 63,411 | 46,826 | 64,757 | 91,004 | 1,14,672 |
| PBT | 5,17,897 | 6,26,162 | 6,87,268 | 7,97,417 | 9,35,751 |
| Tax | 1,51,485 | 1,53,892 | 1,64,944 | 1,91,380 | 2,24,580 |
| Reported net profit | 3,66,412 | 4,72,270 | 5,22,323 | 6,06,037 | 7,11,171 |
| Adjustments | 0 | 0 | 0 | 0 | 0 |
| Adjusted net profit | 3,66,412 | 4,72,270 | 5,22,323 | 6,06,037 | 7,11,171 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY24A | FY25A | FY26E | FY27E | FY28E |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity capital | 14,047 | 14,246 | 14,246 | 14,246 | 14,246 |
| Reserves & surplus | 23,69,946 | 29,06,517 | 33,39,001 | 38,40,799 | 44,29,649 |
| Net worth | 23,83,993 | 29,20,763 | 33,53,247 | 38,55,045 | 44,43,895 |
| Deposits | 1,41,28,250 | 1,61,03,480 | 1,85,99,520 | 2,15,75,443 | 2,50,05,938 |
| Borrowings | 12,49,676 | 12,35,383 | 14,20,690 | 16,05,380 | 18,14,079 |
| Other liab. & provisions | 9,53,227 | 9,22,774 | 9,31,958 | 10,99,599 | 12,76,584 |
| Total liab. & equities | 1,87,15,146 | 2,11,82,400 | 2,43,05,414 | 2,81,35,467 | 3,25,40,496 |
| Cash & bank balance | 13,99,260 | 18,55,620 | 15,61,635 | 19,28,398 | 22,35,906 |
| Investments | 46,19,423 | 50,47,567 | 62,01,606 | 71,71,371 | 83,00,139 |
| Advances | 1,18,44,064 | 1,34,17,662 | 1,53,63,223 | 1,77,29,159 | 2,04,94,908 |
| Fixed & Other assets | 8,52,399 | 8,61,551 | 11,78,951 | 13,06,539 | 15,09,543 |
| Total assets | 1,87,15,146 | 2,11,82,400 | 2,43,05,414 | 2,81,35,467 | 3,25,40,496 |
| Deposit growth (%) | 19.6 | 14.0 | 15.5 | 16.0 | 15.9 |
| Advances growth (%) | 16.2 | 13.3 | 14.5 | 15.4 | 15.6 |

Per Share

| Y/E 31 Mar (Rs) | FY24A | FY25A | FY26E | FY27E | FY28E |
|----------------------|-------|-------|-------|-------|-------|
| EPS | 52.3 | 66.8 | 73.3 | 85.1 | 99.8 |
| Dividend per share | 10.0 | 11.0 | 12.6 | 14.6 | 17.2 |
| Book value per share | 339.4 | 410.0 | 470.8 | 541.2 | 623.9 |

Valuations Ratios

| Y/E 31 Mar (x) | FY24A | FY25A | FY26E | FY27E | FY28E |
|--------------------|-------|-------|-------|-------|-------|
| P/E | 26.9 | 21.1 | 19.2 | 16.5 | 14.1 |
| P/BV | 4.1 | 3.4 | 3.0 | 2.6 | 2.3 |
| Dividend yield (%) | 0.7 | 0.8 | 0.9 | 1.0 | 1.2 |

DuPont Analysis

| Y/E 31 Mar (%) | FY24A | FY25A | FY26E | FY27E | FY28E |
|-------------------------|-------|-------|-------|-------|-------|
| Net interest income | 4.3 | 4.1 | 3.9 | 4.0 | 4.1 |
| Non-interest income | 1.3 | 1.4 | 1.5 | 1.4 | 1.4 |
| Operating expenses | 2.3 | 2.1 | 2.1 | 2.0 | 2.0 |
| Pre-provisioning profit | 3.4 | 3.4 | 3.3 | 3.4 | 3.5 |
| Provisions | 0.4 | 0.2 | 0.3 | 0.3 | 0.4 |
| PBT | 3.0 | 3.1 | 3.0 | 3.0 | 3.1 |
| Tax | 0.9 | 0.8 | 0.7 | 0.7 | 0.7 |
| ROA | 2.1 | 2.4 | 2.3 | 2.3 | 2.3 |
| Leverage (x) | 7.9 | 7.5 | 7.3 | 7.3 | 7.3 |
| ROE | 16.7 | 17.8 | 16.7 | 16.8 | 17.1 |

Ratio Analysis

| Y/E 31 Mar | FY24A | FY25A | FY26E | FY27E | FY28E |
|--|-------|-------|-------|-------|-------|
| YoY growth (%) | | | | | |
| Net interest income | 19.6 | 9.2 | 9.8 | 18.5 | 17.8 |
| Pre-provisioning profit | 18.4 | 15.8 | 11.7 | 18.1 | 18.2 |
| EPS | 14.3 | 27.6 | 9.8 | 16.0 | 17.3 |
| Profitability & Return ratios (%) | | | | | |
| Net interest margin | 4.5 | 4.3 | 4.1 | 4.3 | 4.3 |
| Fees / Avg. assets | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 |
| Cost-Income | 40.2 | 38.6 | 38.4 | 37.4 | 36.9 |
| ROE | 16.7 | 17.8 | 16.7 | 16.8 | 17.1 |
| ROA | 2.1 | 2.4 | 2.3 | 2.3 | 2.3 |
| Asset quality (%) | | | | | |
| GNPA | 2.3 | 1.7 | 1.9 | 2.0 | 2.2 |
| NNPA | 0.5 | 0.4 | 0.4 | 0.5 | 0.5 |
| Slippage ratio | 1.9 | 1.9 | 2.2 | 2.4 | 2.6 |
| Credit cost | 0.6 | 0.4 | 0.5 | 0.6 | 0.6 |
| Provision coverage | 80.3 | 76.9 | 77.3 | 77.8 | 78.0 |
| Ratios (%) | | | | | |
| Credit-Deposit | 83.8 | 83.3 | 82.6 | 82.2 | 82.0 |
| Investment-Deposit | 32.7 | 31.3 | 33.3 | 33.2 | 33.2 |
| CAR | 16.3 | 16.6 | 16.9 | 17.2 | 17.3 |
| Tier-1 | 15.6 | 15.9 | 16.3 | 16.6 | 16.7 |

Source: Company, BOBCAPS Research

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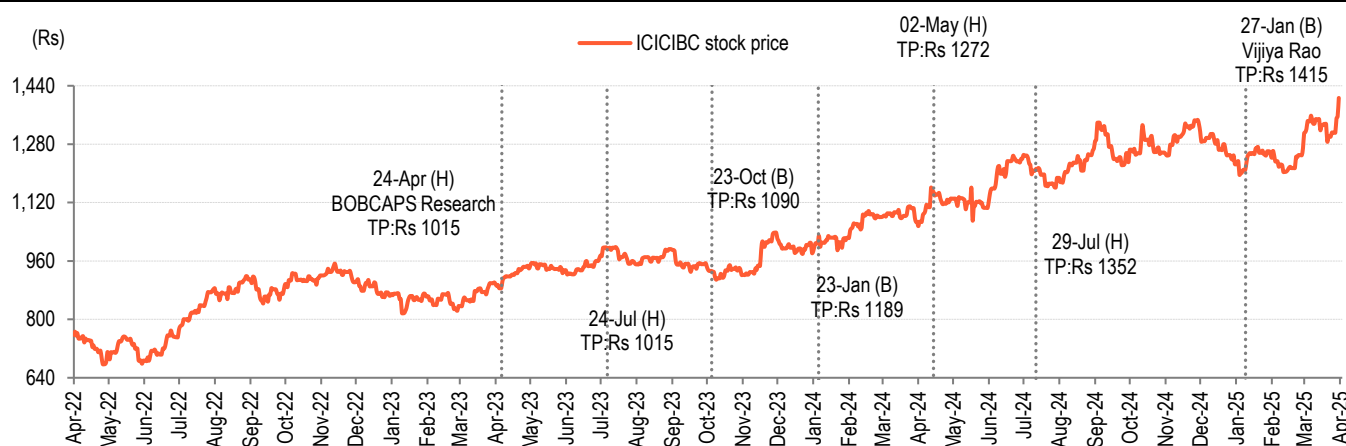
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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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