

Estimate change 

TP change 

Rating change 

Bloomberg	ICICIBC IN
Equity Shares (m)	6984
M.Cap.(INRb)/(USDb)	7076.5 / 85.2
52-Week Range (INR)	1044 / 796
1, 6, 12 Rel. Per (%)	-2/-7/-4
12M Avg Val (INR M)	15872

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	621	744	846
OP	491	577	664
NP	319	407	461
NIM (%)	4.7	4.8	4.6
EPS (INR)	45.8	58.2	66.0
EPS Gr (%)	36.0	27.2	13.3
ABV/Sh (INR)	267	316	373
Cons. BV/Sh (INR)	306	365	435

Ratios

RoE (%)	17.5	18.9	18.3
RoA (%)	2.1	2.4	2.3

Valuations

P/BV (x) (Cons)	3.3	2.8	2.3
P/ABV (x)	3.0	2.6	2.2
P/E (x)	17.6	13.9	12.2

*Adjusted for Investment in subsidiaries

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	0.0	0.0	0.0
DII	36.8	36.7	37.4
FII	55.2	55.3	54.2
Others	8.0	8.0	8.5

FII Includes depository receipts

CMP: INR1,008

TP: INR1,230 (+22%)

Buy

Another remarkable quarter; remains preferred pick

Earnings inline despite AIF provisioning

- ICICI Bank (ICICIBC) reported a strong performance in 3QFY24, with 24% YoY growth in net earnings (inline) despite making AIF provisions of INR6.3b. NIMs contracted 10bp QoQ to 4.43% (better than estimate).
- Credit growth was healthy at 19% YoY/4% QoQ, led by continued traction in Retail, SME and BB segments. Deposit growth was also steady at 19% YoY/2.9% QoQ.
- On the asset quality side, slippages were slightly elevated amid seasonally higher slippages from the Kisan Credit Card (KCC) segment. GNPA ratio decreased 18bp QoQ while NNPA remained largely flat. The bank maintains a total contingency buffer of INR131b (1.1% of loans), which provides comfort.
- We slightly raise our EPS estimates by 1.6%/0.9% for FY24/FY25 and expect ICICIBC to deliver RoA/RoE of 2.3%/18.3% in FY25. **We maintain BUY with a TP of INR1,230.**

Business growth remains balanced; NIM decline to moderate in 4Q

- ICICIBC's 3QFY24 PAT grew 24% YoY to INR102.7b (in line), led by healthy revenue growth and controlled opex even as provisioning increased due to the recent RBI circular related to AIF exposure. The bank reported annualized RoA of 2.3% and RoE of 18.5%. For 9MFY24, PAT stood at INR301.8b, up 32.5% YoY.
- NII grew 13% YoY (in line), aided by healthy loan growth of 18.5% YoY/3.9% QoQ. NIMs moderated 10bp QoQ to 4.43%. Other income grew 21% YoY to INR60.9b, led by healthy core fees (19% YoY growth), while treasury gains stood at modest INR1.2b.
- Opex rose 22% YoY (2% lower than our estimate), leading to 11% YoY growth in PPOP to INR146b (4% higher than our estimate). Core PPOP grew 10.3% YoY.
- On the business front, advances grew 18.5% YoY/3.9% QoQ, led by 19%/21% YoY growth in Domestic/Retail loans. Among retail, housing led the growth, while growth in unsecured credit (PL/CC) too remained strong. Unsecured loan mix has increased to ~14% of total loans. SME book increased by 28% YoY, while BB grew 32% YoY.
- On the liability front, deposits grew 19% YoY (+3% QoQ), while CASA deposits saw 4% YoY growth (flat QoQ). The average CASA mix, thus, declined 140bp QoQ to 39.4% (CASA ratio at 39.6% as of Dec'23).
- Fresh slippages inched up to INR57b amid seasonally higher slippages from the KCC portfolio. The GNPA ratio declined 18bp QoQ to 2.3%, NNPA remained largely flat at 0.44% and PCR declined to 81%. The bank maintains a total contingency buffer of INR131b/1.1% of loans.

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Highlights from the management commentary

- NIMs declined by 10bp to 4.43%. ICICIB expects FY24 margins to be at the similar levels as last year (FY23 NIMs at 4.47% with 1H23 at 4.16% and 2H23 at 4.78%). The management expects some moderation in margins but at a slower pace vs. 3QFY24.
- On unsecured loans, the bank has refined credit parameters and has increased pricing on PL by 20-25bp. The bank expects growth to moderate from the current levels.
- The competitive intensity remains high across products, but the bank is focusing on being disciplined in pricing and working on the relationship value of clients, rather than solely focusing on loan growth.

Valuation and view

ICICIB reported another steady quarter, driven by healthy NII and controlled provisions underpinned by robust asset quality. The stable mix of a high-yielding portfolio (Retail/Business Banking) and continued traction in BB, SME, and secured retail is enabling broad-based growth, which helps to retain business diversification. NIMs declined 10bp QoQ and the management expects the moderation to continue in the coming quarters, albeit at a smaller pace. Asset quality trends remain steady reflecting in the healthy GNPA/NNPA ratios. The additional contingency provisioning buffer (1.1% of loans) provides further comfort. We increase our EPS estimates by 1.6%/0.9% for FY24/FY25, with RoA/RoE of 2.3%/18.3% in FY25. We expect the bank to sustain a ~15% CAGR in PAT over FY24-26E. **Reiterate BUY with a revised SoTP-based TP of INR1,230 (2.5x Sep'25E ABV + INR206 for subs).**

Quarterly performance (INR b)

	FY23				FY24E				FY23	FY24E	FY24 3QE	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	132.1	147.9	164.6	176.7	182.3	183.1	186.8	192.0	621.3	744.1	184.9	1%
% Change (YoY)	20.8	26.5	34.6	40.2	38.0	23.8	13.4	8.7	30.9	19.8	12.3	
Other Income	46.7	50.5	50.2	50.9	54.4	57.8	61.0	60.9	198.3	234.0	58.7	4%
Total Income	178.8	198.4	214.9	227.5	236.6	240.8	247.8	252.9	819.6	978.2	243.6	2%
Operating Expenses	75.7	81.6	82.2	89.3	95.2	98.6	100.5	106.5	328.7	400.8	102.1	-2%
Operating Profit	103.1	116.8	132.7	138.3	141.4	142.3	147.2	146.4	490.9	577.4	141.4	4%
% Change (YoY)	15.9	17.8	30.8	34.3	37.2	21.8	10.9	5.9	25.1	17.6	6.6	
Provisions	11.4	16.4	22.6	16.2	12.9	5.8	10.5	7.3	66.7	36.5	8.8	19%
Profit before Tax	91.7	100.4	110.1	122.1	128.5	136.5	136.7	139.1	424.2	540.8	132.6	3%
Tax	22.6	24.8	27.0	30.8	32.0	33.9	34.0	34.3	105.2	134.1	32.8	4%
Net Profit	69.0	75.6	83.1	91.2	96.5	102.6	102.7	104.9	319.0	406.7	99.9	3%
% Change (YoY)	49.6	37.1	34.2	30.0	39.7	35.8	23.6	15.0	36.7	27.5	20.1	
Operating Parameters												
Deposit	10,503	10,900	11,220	11,808	12,387	12,947	13,323	13,863	11,808	13,863	13,381	0%
Loan	8,956	9,386	9,740	10,196	10,576	11,105	11,538	12,011	10,196	12,011	11,573	0%
Deposit Growth (%)	13.4	11.5	10.3	10.9	17.9	18.8	18.7	17.4	10.9	17.4	19.3	(52)
Loan Growth (%)	21.3	22.7	19.7	18.7	18.1	18.3	18.5	17.8	18.7	17.8	18.8	(37)
Asset Quality												
Gross NPA (%)	3.4	3.2	3.1	2.8	2.8	2.5	2.3	2.3	2.9	2.3	2.5	(24)
Net NPA (%)	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.5	0.4	0.4	(1)
PCR (%)	79.9	81.3	82.6	83.5	83.1	83.1	81.3	81.6	82.8	81.6	82.8	(149)

Source: MOFSL, Company

Quarterly snapshot (INR b)

Profit and Loss (INRb)	FY23				FY24			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Interest Income	236.7	260.3	285.1	310.2	333.3	349.2	366.9	29	5
Loans	176.3	199.3	221.8	242.0	258.4	271.2	285.6	29	5
Investment	45.8	51.2	53.4	58.4	66.2	70.2	72.1	35	3
Others	14.6	9.8	9.8	9.8	8.7	7.8	9.3	-6	19
Interest Expenses	104.6	112.5	120.4	133.5	151.0	166.1	180.2	50	8
Net Interest Income	132.1	147.9	164.6	176.7	182.3	183.1	186.8	13	2
Other Income	46.7	50.5	50.2	50.9	54.4	57.8	61.0	21	6
Trading profits	0.4	-0.9	0.4	-0.4	2.5	-0.9	1.2	242	-245
Fee Income	42.4	44.8	44.5	48.3	48.4	52.0	53.1	19	2
Others	3.9	6.6	5.4	3.0	3.4	6.6	6.6	23	1
Total Income	178.8	198.4	214.9	227.5	236.6	240.8	247.8	15	3
Operating Expenses	75.7	81.6	82.2	89.3	95.2	98.6	100.5	22	2
Employee	28.5	28.9	29.2	34.0	38.8	37.3	38.1	31	2
Others	47.2	52.7	53.0	55.3	56.4	61.3	62.4	18	2
Operating Profits	103.1	116.8	132.7	138.3	141.4	142.3	147.2	11	3
Core PPOp	102.7	117.7	132.4	138.7	138.9	143.1	146.0	10	2
Provisions	11.4	16.4	22.6	16.2	12.9	5.8	10.5	-54	80
PBT	91.7	100.4	110.1	122.1	128.5	136.5	136.7	24	0
Taxes	22.6	24.8	27.0	30.8	32.0	33.9	34.0	26	1
PAT	69.0	75.6	83.1	91.2	96.5	102.6	102.7	24	0
Balance Sheet (INR b)									
Loans	8,956	9,386	9,740	10,196	10,576	11,105	11,538	18	4
Investments	3,213	3,330	3,371	3,623	3,981	4,133	4,366	30	6
Deposits	10,503	10,900	11,220	11,808	12,387	12,947	13,323	19	3
Borrowings	1,155	1,299	1,306	1,193	1,113	1,168	1,269	-3	9
Total Assets	14,156	14,887	15,217	15,842	16,470	17,208	17,832	17	4
Asset Quality (INR b)									
GNPA	331.6	325.7	325.3	311.8	318.2	298.4	287.7	-12	-4
NNPA	66.6	61.0	56.5	51.6	53.8	50.5	53.8	-5	7
Slippages	58.3	43.7	57.2	43.0	53.2	46.9	57.1	0	22
Deposits Break Up									
CASA Deposits	4,921	5,078	5,088	5,413	5,362	5,276	5,280	4	0
% of total Deposits	47	47	45	46	43	41	40		
Savings	3,518	3,625	3,632	3,798	3,752	3,723	3,746	3	1
% of total Deposits	33	33	32	32	30	29	28		
Current	1,403	1,454	1,456	1,615	1,610	1,553	1,534	5	-1
% of total Deposits	13	13	13	14	13	12	12		
Term Deposits	5,582	5,822	6,132	6,396	7,025	7,671	8,043	31	5
% of total Deposits	53	53	55	54	57	59	60		
Loan Break Up									
Agriculture									
SME Loans	394	419	454	482	506	543	579	28	7
Corporate Loans	2,023	2,160	2,262	2,348	2,414	2,490	2,562	13	3
Retail Loans	5,549	5,855	6,121	6,452	6,733	7,086	7,406	21	5
<i>of which</i>									
- Housing	3,051	3,186	3,314	3,447	3,556	3,704	3,841	16	4
- Personal Loans	684	744	809	881	948	1,044	1,111	37	6
- Credit Cards	280	334	345	378	407	432	482	40	11
- Others	1,535	1,592	1,653	1,747	1,822	1,906	1,972	19	3
International Loans	458	380	353	341	323	363	390	10	7
Loan Mix (%)									
SME Loans	4.4	4.5	4.7	4.7	4.8	4.9	5.0	36	13
Corporate Loans	22.6	23.0	23.2	23.0	22.8	22.4	22.2	-101	-21
Retails	62.0	62.4	62.8	63.3	63.7	63.8	64.2	135	38
International Loans	5.1	4.0	3.6	3.3	3.1	3.3	3.4	-24	10

Ratios	FY23				FY24			Change (bp)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
GNPA	3.4	3.2	3.1	2.8	2.8	2.5	2.3	-77	-18
NNPA	0.7	0.6	0.6	0.5	0.5	0.4	0.4	-11	1
Slippage	2.7	2.3	2.8	2.0	2.1	2.0	2.3	-47	35
PCR (Calculated)	79.9	81.3	82.6	83.5	83.1	83.1	81.3	-132	-178
Credit Cost	0.6	0.8	1.0	0.7	0.5	0.2	0.4	-62	17
Business Ratios (%)									
Fees to Total Income	23.7	22.6	20.7	21.2	20.5	21.6	21.4	75	-16
Cost to Core Income	42.4	41.0	38.3	39.2	40.7	40.8	40.8	247	0
Tax Rate	24.7	24.7	24.5	25.3	24.9	24.8	24.9	35	7
CASA	46.9	46.6	45.3	45.8	43.3	40.8	39.6	-567	-117
Dom. Loan/Deposit (Rep)	80.9	82.6	83.7	83.5	82.8	83.0	83.7	1	71
Loan / Deposit	85.3	86.1	86.8	86.3	85.4	85.8	86.6	-21	83
Profitability Ratios (%)									
Yield on loans	8.1	8.6	9.1	9.8	9.9	9.8	9.8	66	-2
Yield On Investments	5.9	6.6	6.9	6.9	7.4	7.5	7.5	58	-7
Yield on Funds	7.2	7.6	8.1	8.6	8.7	8.6	8.7	64	7
Cost of funds	3.7	3.8	4.0	4.3	4.6	4.8	5.0	101	18
Margins	4.0	4.3	4.7	4.9	4.8	4.5	4.4	-22	-10
RoA (cal)	2.0	2.1	2.2	2.4	2.4	2.4	2.3	13	-8
RoE (Cal)	15.9	16.6	17.6	18.9	18.9	19.1	18.5	90	-60
Other Details									
Branches	5,534	5,614	5,718	5,900	6,074	6,248	6,371	653	123
ATM	17,496	16,834	16,609	16,650	16,731	16,927	17,037	428	110
Subsidiaries PAT (INR m)								Change (%)	
ICICI Bank	69,049	75,578	83,119	91,219	96,482	1,02,610	1,02,715	24	0
Consol Profit	73,850	80,070	87,920	98,530	1,06,361	1,08,961	1,10,526	26	1

Source: MOFSL, Company



Highlights from the management commentary

Operating environment, balance sheet and P&L

- Profit before tax (ex of treasury) grew 23.4% YoY to INR135.5b in 3Q. Profit after tax rose 23.6% YoY to INR102.72b.
- Core operating profit increased by 10.3% YoY to INR146.01b.
- Domestic loans grew 18.8% YoY and 3.8% QoQ, Retail loans grew 21.4% YoY and 4.5% QoQ, and Retail portfolio stands at 46% of the total loan portfolio.
- The bank believes in 'one bank, one team'.
- Average LCR stands at 121%.
- It has made INR6.3b of provisions related to alternative investment funds as per the RBI circular dated 19th Dec'23.
- CET-1 stands at 16.03%, including 9M and after taking the impact of increase in risk weights on unsecured and NBFC loans.
- Deposits grew 18.7% YoY, while CASA ratio moderated by 60bp to 39.4% in 3Q.
- Of the total domestic loan book, 31% has fixed interest rate, 49% has interest rate linked to repo rate, 2% has interest rate linked to other external benchmarks, and 18% has interest rate linked to MCLR and other older benchmarks.
- The bank has 6.8% of the advances toward NBFCs and HFCs, while 4% belongs to the builder portfolio.
- In opex, non-employee expenses are growing as per the business trends, while marketing expenses were high in 3Q due to the festive season. Headcount addition will see some moderation from hereon.
- ICICIBC does not expect any inch-up in the credit cost in the near term.

- The bank is monitoring its risk exposure to NBFCs and this exposure has been adequately priced in. There were some pre-payments by a couple of NBFCs in the current quarter.
- There is competitive intensity in interest rates. In Q3, most of the products are facing competition in terms of rate, but the bank is focusing on being disciplined in the pricing and working on the relationship value of clients, rather than solely focusing on loan growth. The bank does not see any decrease in mortgage yields as of now.
- The bank's LCR and NFSR are well above the regulatory requirements, which are key parameters for a bank's CD ratio. The bank also has to look at overseas operations where the deposit inflow is low. Higher capitalization leads to a higher CD ratio for a bank.
- Reductions in the NBFC portfolio were rated A and above; hence, the bank saw a decrease in the portfolio. Upgrades in the quarter led to an increase in the BBB portfolio share.
- The bank added 123 branches in the quarter. It plans to follow a bottom-up approach, and does not have a target for branch addition.
- CASA is weak across banks. ICICIBC is doing better on the CA side due to better payment products, while the SA is more of a function of rates and consumption. It will wait for a couple of quarters to see how the CASA ratio moves.

Margins

- NIMs declined by 10bp to 4.43% due to an increase in CoF. The impact of interest on the income tax refund was 4bp in 3Q.
- Retail deposit rates have remained stable for a quite long time. 3Q saw some hardening in wholesale deposit rates. The current systemic liquidity is running in negative.
- ICICIBC expects FY24 margins to be at the similar levels of FY23 and expects some moderation in margins in 4Q but at a slower pace.
- Yield impact was also due to KCC slippages, which were higher in 3Q. The share of the high-yielding portfolio is also not very high, while there has been competition in auto and corporate rates.
- The cost of deposits increased in 3Q, which will flow into 4Q and possibly in 1QFY25, but the run rate should be less than the previous quarter's run rate.

Unsecured portfolio

- The unsecured loan mix: The bank has refined credit parameters. It has moved pricing on PL by 20-25bp. Growth may continue to moderate from the current levels. The bank does not expect to have much impact on P&L.
- The performance of the unsecured portfolio is unchanged as of now, but the bank is looking at it closely in the bottom cohorts. Given the overall situation, the bank plans to trim the portfolio.

Asset quality

- Gross NPA stood at 2.3% and Net NPA ratio at 0.44% as of Dec'23 (vs. 2.48% in 2QFY24).
- PCR declined to 80.7% vs. 82.6% in 2QFY24.
- The bank holds INR131b of contingency provisions, same as 2QFY24.

- Slippages in retail, rural and BB increased. There is no stress on the retail side as of now. Retail additions should go up as the portfolio grows. On the corporate side, we saw an upgrade in 3Q, largely offset by AIF provisioning.
- Slippages of INR6.17b are related to the Kisan Credit Card portfolio, which is usually higher in the 1Q and 3Q of a year.
- In 3Q, the sale of NPAs stood at INR0.36b, of which it received INR0.29b in cash and INR0.07bn worth of SR. The bank continues to hold provisions against SR.

Subsidiaries

- ICICI Pru Life reported VNB of INR14.5b in 9MFY24, with VNB margin of 26.7%.
- ICICI Lombard's gross direct premium income (GDPI) grew 16.5% YoY to INR187.03b in 9MFY24.
- ICICI Securities retail equity market share increased to 13.1% in 3QFY24 from 12.8% in 2QFY24.
- ICICI AMC's AAUM grew 25.9% YoY to INR6.1t in 3Q. It has a market share of 13.3% as of Dec'23.

Blended margin moderated
10bp QoQ to 4.43%

Deposit growth at 19% YoY, NIMs moderated 10bp QoQ to 4.43%

- Deposits grew 19% YoY/2.9% QoQ to INR13.3t, with CASA/TDs up ~4%/~31% YoY. CA/SA deposits have grown by 5%/3% respectively YoY. The average CASA mix declined 140bp QoQ to 39.4%.
- NIM moderated 10bp QoQ to 4.43%. The cost of deposits increased 19bp QoQ to 4.7%. Domestic margin moderated 9bp QoQ to 4.5%, while overseas NIM decreased by 9bp QoQ to 1.5%.

Domestic loan growth stood
at ~19% YoY, led by ~21%
growth in the Retail book,
which now constitutes
64.2% of total loans

Loan growth healthy at 18.5% YoY (~4% QoQ); retail loans up 21% YoY

- The loan book grew 18.5% YoY (~4% QoQ) to INR11.5t, led by 21% growth in Retail loans. Domestic loans increased ~19% YoY, while international loans increased 10.5% YoY. The proportion of international loans in total loans stood at ~3.4%.
- Retail loans grew ~21% YoY and 4.5% QoQ, within which Home/Personal loans grew 3.7%/6.4% QoQ. Growth in Credit Cards/Vehicle loans stood at ~11.5%/4.0% QoQ.
- SME loans grew 27.5% YoY/6.7% QoQ, accounting for 5.0% of total loans.
- Domestic corporate loans grew 13.3% YoY (+2.9% QoQ).

Quantum of BB & below
exposure stood at INR58b
(0.5% of loans)

Asset quality healthy with GNPA declining 18bp QoQ; PCR stood at ~81%

- Total slippages came in at INR57.14b in 3QFY24 (vs. INR46.9b in 2QFY24), with Retail slippages at INR54.8b and Corporate & SME slippages at INR2.3b.
- ICICIBC's absolute GNPA decreased to INR287.8b from INR298.4b in 2QY24, while NNPA increased 7% QoQ to INR53.8b. The GNPA ratio declined by 18bp QoQ to 2.3%, while NNPA remained flat at 0.44%. PCR decreased to ~81%.
- The BB & below portfolio increased to INR58b (0.5% of loans) vs. INR47.9b in 2QFY24.

Exhibit 1: ICICIBC's total exposure: BB & below stood at 0.4% of total loans in 3QFY24

INR b	2Q	3Q	4Q	1Q	2Q	3Q
	FY23	FY23	FY23	FY24	FY24	FY24
Fund and non-fund o/s to restructured loans	8.8	7.7	7.3	6.8	6.6	6.6
Borrowers with o/s greater than INR1b	32.6	26.1	18	15	21.9	31.7
Borrowers with o/s less than INR1b	20.5	19.2	20.3	20.5	19.2	20.3
BB and below outstanding	42.8	47.9	58.5	42.8	47.9	58.5

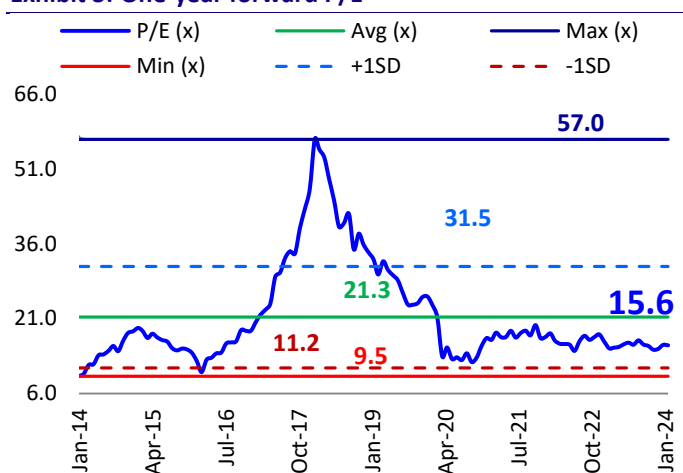
Valuation and view

- **Robust liability franchise:** ICICIBC continues to witness strong growth in Retail deposits and has succeeded in building a robust liability franchise over the past few years. The bank enjoys one of the lowest funding costs among private banks, helping the bank underwrite a profitable business without taking undue balance sheet risk.
- **Asset quality improved** on the back of higher recoveries/upgrades along with better credit growth, with the GNPA/NNPA ratios at 2.3%/0.4%. The BB & below pool also declined. However, the bank is carrying ~16% provisions. We expect slippages to moderate over FY24-25. PCR remained healthy at ~81%, which, along with the additional provision buffer of INR131b, should keep its credit cost in check. We estimate credit costs of 0.3-0.4% over FY24-26.
- **Maintain BUY with a TP of INR 1,230:** ICICIBC reported another steady quarter, driven by healthy NII and controlled provisions underpinned by robust asset quality. The stable mix of a high-yielding portfolio (Retail/Business Banking) and continued traction in BB, SME and secured retail is enabling broad-based growth, which helps to retain business diversification. NIMs declined 10bp QoQ and the management expects the moderation to continue over the coming quarters, albeit at a smaller pace. Asset quality trends remain steady reflecting in the healthy GNPA/NNPA ratios. The additional contingency provisioning buffer (1.1% of loans) provides further comfort. We increase our EPS estimates by 1.6%/0.9% for FY24E/FY25E with RoA/RoE of 2.3%/18.3% in FY25. We expect the PAT growth to sustain at ~15% CAGR over FY24-26E. **Reiterate BUY with a revised SoTP-based TP of INR 1,230 (2.5x Sep-FY25E ABV + INR206 for subs).**

Exhibit 2: SoTP-based target price

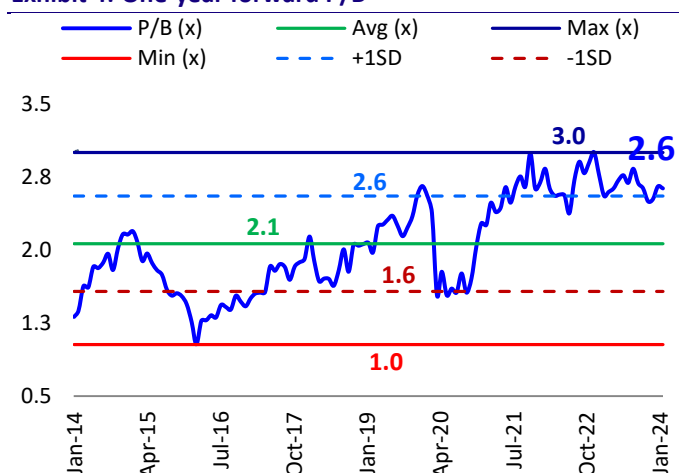
	Total Value INR b	Value Per Share INR	% of Total Value	Rationale
ICICI Bank	7,155	1,025	83.3	2.5x Sep'25E ABV
ICICI Pru Life Insurance	540	77	6.3	2.0x Sep'25E EV
ICICI Lombard General Insurance	430	62	5.0	35x Sep'25E PAT
ICICI Pru AMC	473	68	5.5	30x Sep'25E PAT
ICICI Securities	197	28	2.3	15x Sep'25E PAT
Others (Ventures, Home Finance, PD, Overseas subs)	155	22	1.8	
Total Value of Ventures	1,795	257	20.9	
Less: 20% holding Discount	359	51	4.2	
Value of Key Ventures (Post Holding Co. Disc)	1,436	206	16.7	
Target Price Post 20% Holding Co. Disc.	8,591	1,230		

Exhibit 3: One-year forward P/E



Source: MOFSL, Company

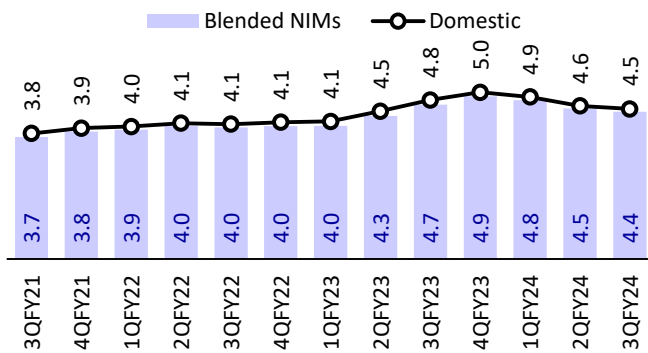
Exhibit 4: One-year forward P/B



Source: MOFSL, Company

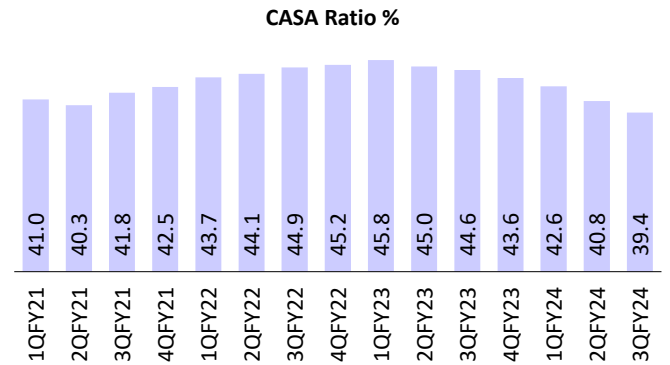
Story in charts

Exhibit 5: Domestic NIM moderated 10bp QoQ to 4.4%



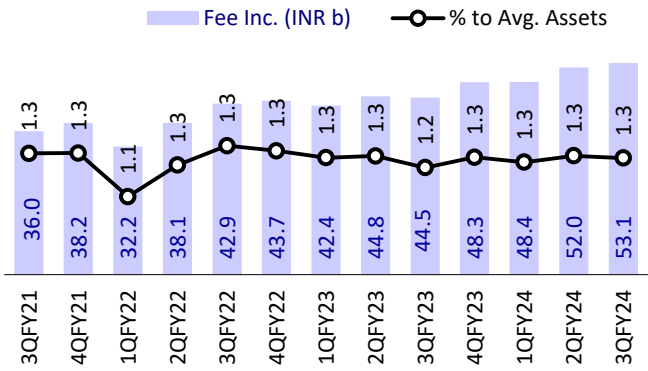
Source: MOFSL, Company

Exhibit 6: Average CASA ratio moderated 140bp QoQ



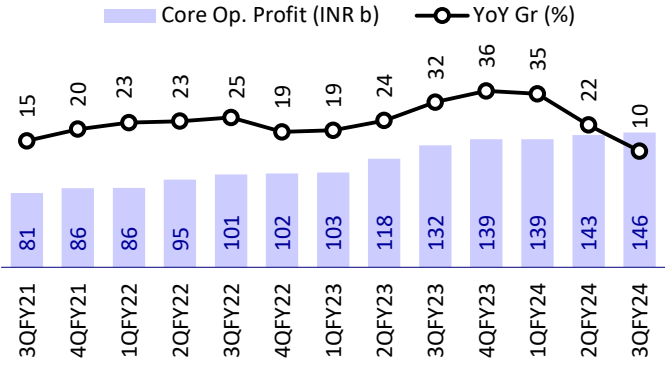
Source: MOFSL, Company

Exhibit 7: Fee income grew 19% YoY and stands at 1.3% of avg. assets



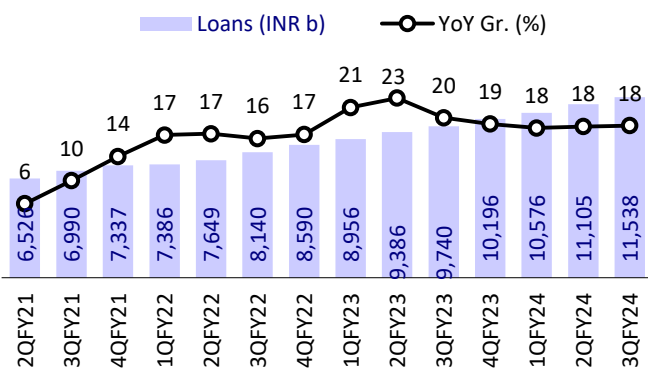
Source: MOFSL, Company

Exhibit 8: Core operating profit grew 10% YoY



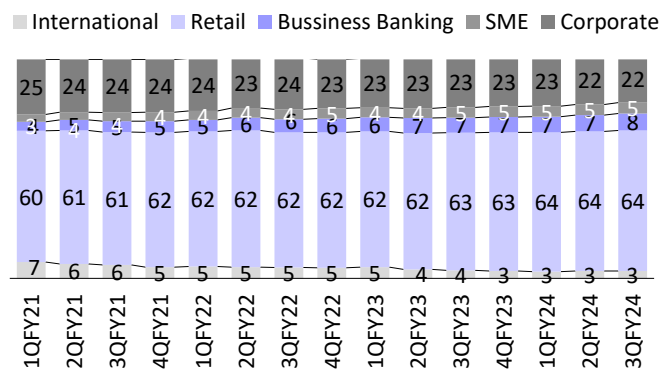
Source: MOFSL, Company

Exhibit 9: Overall loan book grew 18% YoY (~4% QoQ)



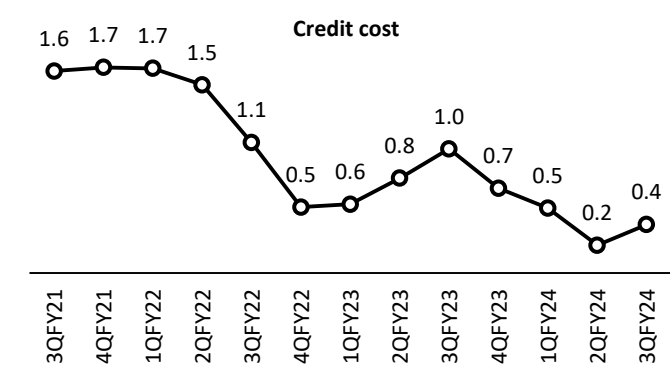
Source: MOFSL, Company

Exhibit 10: Retail loans continue to drive loan growth



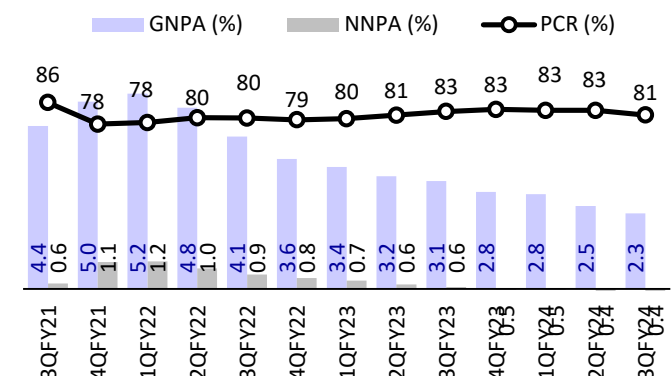
Source: MOFSL, Company

Exhibit 11: Credit cost inched up to 0.4% in 3QFY24 from the lows of 0.2% in 2QFY24, mainly due to AIF provisioning



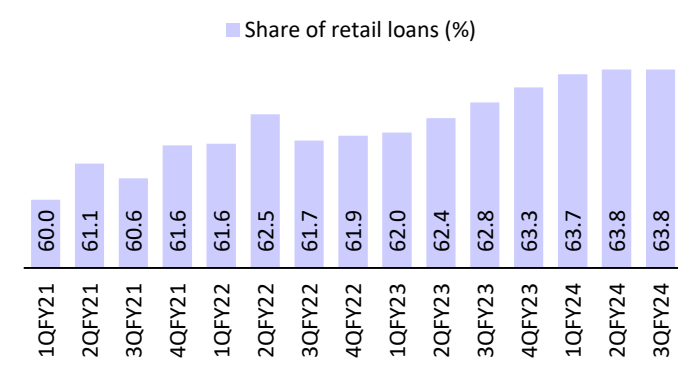
Source: MOFSL, Company

Exhibit 12: GNPA ratio declined 18bp QoQ to 2.3% while NNPA stood stable at 0.44%, PCR stood at 81%



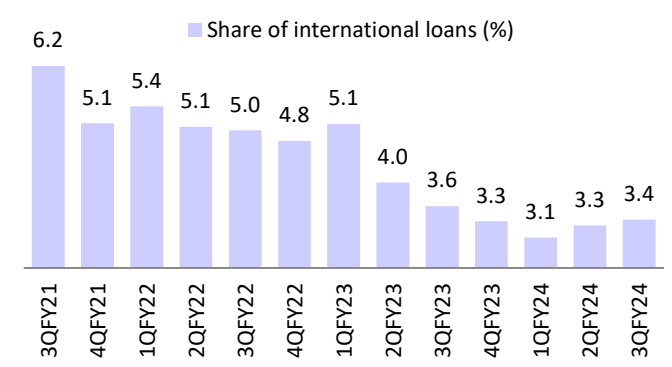
Source: MOFSL, Company

Exhibit 13: Share of Retail loans stood at 63.8% of total loans



Source: MOFSL, Company

Exhibit 14: Share of International loans stood at 3.4% of total loans



Source: MOFSL, Company

Exhibit 15: DuPont Analysis – RoA to sustain at healthy 2.25-2.30%

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	7.25	6.79	6.54	7.29	8.23	8.11	8.00
Interest Expense	4.03	3.45	2.95	3.14	3.91	3.93	3.85
Net Interest Income	3.23	3.35	3.59	4.15	4.32	4.18	4.15
Core Fee Income	1.28	1.27	1.04	1.19	1.15	1.15	1.17
Trading and others	0.32	0.36	0.36	0.13	0.21	0.22	0.23
Non-Interest income	1.59	1.63	1.40	1.32	1.36	1.38	1.40
Total Income	4.82	4.98	5.00	5.47	5.67	5.55	5.55
Operating Expenses	2.10	1.85	2.02	2.19	2.32	2.28	2.23
Employee cost	0.80	0.69	0.73	0.81	0.86	0.84	0.81
Others	1.29	1.16	1.29	1.39	1.46	1.44	1.42
Operating Profits	2.72	3.13	2.97	3.28	3.35	3.28	3.32
Core operating Profits	2.41	2.77	2.61	3.14	3.14	3.06	3.09
Provisions	1.36	1.39	0.65	0.45	0.21	0.25	0.30
NPA	0.85	0.93	0.47	-0.04	0.18	0.21	0.26
Others	0.51	0.47	0.19	0.49	0.03	0.04	0.04
PBT	1.36	1.73	2.32	2.83	3.14	3.03	3.01
Tax	0.59	0.34	0.55	0.70	0.78	0.75	0.75
RoA	0.77	1.39	1.77	2.13	2.36	2.28	2.27
Leverage	9.4	9.0	8.5	8.2	8.0	8.0	8.1
RoE	7.3	12.6	15.0	17.5	18.9	18.3	18.3
Core RoE	8.0	13.6	15.9	18.4	19.7	18.9	18.8

Financials and valuations

Income Statement							(INR b)		
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	549.7	634.0	748.0	791.2	863.7	1,092.3	1,418.6	1,641.2	1,899.8
Interest Expended	319.4	363.9	415.3	401.3	389.1	471.0	674.5	795.5	914.0
Net Interest Income	230.3	270.1	332.7	389.9	474.7	621.3	744.1	845.7	985.8
Growth (%)	5.9	17.3	23.1	17.2	21.7	30.9	19.8	13.6	16.6
Other Income	174.2	145.1	164.5	189.7	185.2	198.3	234.0	278.5	331.4
Total Income	404.5	415.3	497.2	579.6	659.8	819.6	978.2	1,124.2	1,317.2
Growth (%)	-1.9	2.7	19.7	16.6	13.8	24.2	19.3	14.9	17.2
Operating Exp.	157.0	180.9	216.1	215.6	267.3	328.7	400.8	460.6	529.4
Operating Profits	247.4	234.4	281.0	364.0	392.5	490.9	577.4	663.6	787.8
Growth (%)	-6.6	-5.3	19.9	29.5	7.8	25.1	17.6	14.9	18.7
Core PPOp	189.5	221.0	264.6	312.2	385.5	490.4	576.9	663.0	787.2
Growth (%)	6.1	16.6	19.7	18.0	23.5	27.2	17.6	14.9	18.7
Provisions	173.1	196.6	140.5	162.1	86.4	66.7	36.5	50.8	72.0
PBT	74.3	37.8	140.5	201.8	306.1	424.2	540.8	612.8	715.8
Tax	6.6	4.1	61.2	39.9	72.7	105.2	134.1	152.0	177.5
Tax Rate (%)	8.8	10.9	43.5	19.8	23.7	24.8	24.8	24.8	24.8
PAT	67.8	33.6	79.3	161.9	233.4	319.0	406.7	460.8	538.3
Growth (%)	-30.9	-50.4	135.8	104.2	44.1	36.7	27.5	13.3	16.8

Balance Sheet

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	12.9	12.9	12.9	13.8	13.9	14.0	14.0	14.0	14.0
Reserves & Surplus	1,038.7	1,070.8	1,152.1	1,461.2	1,688.6	1,985.6	2,332.9	2,730.9	3,199.3
Net Worth	1,051.6	1,083.7	1,165.0	1,475.1	1,702.5	1,999.5	2,346.9	2,744.8	3,213.3
Deposits	5,609.8	6,529.2	7,709.7	9,325.2	10,645.7	11,808.4	13,863.1	16,289.1	19,139.7
Growth (%)	14.5	16.4	18.1	21.0	14.2	10.9	17.4	17.5	17.5
- CASA Deposits	2,899.3	3,239.4	3,478.2	4,316.2	5,184.4	5,412.6	5,531.4	6,613.4	7,981.3
Growth (%)	17.5	11.7	7.4	24.1	20.1	4.4	2.2	19.6	20.7
Borrowings	1,828.6	1,653.2	1,629.0	916.3	1,072.3	1,193.3	1,393.1	1,602.8	1,846.0
Other Liabilities & Prov.	302.0	378.5	479.9	587.7	689.8	833.3	1,033.2	1,219.2	1,438.7
Total Liabilities	8,791.9	9,644.6	10,983.6	12,304.3	14,110.3	15,834.5	18,636.3	21,856.0	25,637.6
Current Assets	841.7	803.0	1,191.6	1,331.3	1,678.2	1,194.4	1,399.2	1,538.8	1,715.7
Investments	2,029.9	2,077.3	2,495.3	2,812.9	3,102.4	3,623.3	4,275.5	5,045.1	5,902.7
Growth (%)	25.7	2.3	20.1	12.7	10.3	16.8	18.0	18.0	17.0
Loans	5,124.0	5,866.5	6,452.9	7,337.3	8,590.2	10,196.4	12,011.3	14,173.4	16,724.6
Growth (%)	10.4	14.5	10.0	13.7	17.1	18.7	17.8	18.0	18.0
Net Fixed Assets	79.0	79.3	84.1	88.8	93.7	96.0	103.7	112.0	120.9
Other Assets	717.3	818.5	759.8	734.1	648.4	732.0	846.6	986.8	1,173.7
Total Assets	8,791.9	9,644.6	10,983.7	12,304.3	14,113.0	15,842.1	18,636.3	21,856.0	25,637.6

Asset Quality

GNPA	540.6	462.9	414.5	414.6	332.9	299.9	285.9	319.0	372.8
NNPA	278.9	135.8	100.5	92.5	64.4	51.5	52.7	61.1	71.6
GNPA Ratio (%)	10.0	7.5	6.1	5.4	3.8	2.9	2.3	2.2	2.2
NNPA Ratio (%)	5.4	2.3	1.6	1.3	0.8	0.5	0.4	0.4	0.4
Slippage Ratio (%)	6.1	2.0	2.2	2.3	2.4	1.9	1.9	2.0	2.0
Credit Cost (%)	3.5	3.6	2.3	2.4	1.1	0.7	0.3	0.3	0.4
PCR (Excl Technical write off) (%)	48.4	70.7	75.7	77.7	80.6	82.8	81.6	80.8	80.8

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Yield and Cost Ratios (%)									
Avg. Yield - Earning Assets	7.7	7.9	8.2	7.6	7.4	8.2	9.1	8.9	8.7
Avg. Yield on loans	8.4	8.7	9.3	8.3	8.0	8.9	9.9	9.6	9.4
Avg. Yield on Investments	6.3	6.2	6.4	6.2	5.5	6.2	7.1	7.1	7.0
Avg. Cost-Int. Bear. Liab.	4.6	4.7	4.7	4.1	3.5	3.8	4.8	4.8	4.7
Avg. Cost of Deposits	4.5	4.4	4.6	3.9	3.3	3.5	4.6	4.6	4.5
Interest Spread	3.0	3.3	3.5	3.5	3.9	4.4	4.3	4.1	4.0
Net Interest Margin	3.2	3.4	3.7	3.7	4.1	4.7	4.8	4.6	4.5

Capitalisation Ratios (%)

CAR	17.9	16.5	15.8	18.9	18.9	18.3	18.7	18.4	18.2
CET-1	14.4	13.6	13.4	16.8	17.6	17.1			
<i>Tier I</i>	15.6	14.7	14.4	17.8	18.0	17.6	17.6	17.5	17.3
<i>Tier II</i>	2.3	1.7	1.4	1.1	0.9	0.7	1.1	1.0	0.9

Business and Efficiency Ratios (%)

Loan/Deposit Ratio	91.3	89.8	83.7	78.7	80.7	86.3	86.6	87.0	87.4
CASA Ratio %	51.7	49.6	45.1	46.3	48.7	45.8	39.9	40.6	41.7
Cost/Assets	1.8	1.9	2.0	1.8	1.9	2.1	2.2	2.1	2.1
Cost/Total Income	38.8	43.6	43.5	37.2	40.5	40.1	41.0	41.0	40.2
Cost/Core Income	45.3	45.0	45.0	40.8	41.0	40.1	41.0	41.0	40.2
Int. Expended/Int. Earned	58.1	57.4	55.5	50.7	45.0	43.1	47.5	48.5	48.1
Other Inc./Net Income	43.1	34.9	33.1	32.7	28.1	24.2	23.9	24.8	25.2
Empl. Cost/Op. Exps.	37.7	37.6	38.3	37.5	36.2	36.7	37.0	36.7	36.4
Business per Employee (INR m)	129.8	142.9	145.5	170.9	186.7	170.6	182.3	195.1	208.8
Profit per Employee (INR m)	0.8	0.4	0.8	1.7	2.3	2.5	2.9	3.0	3.1
Invest./Deposit Ratio	36.2	31.8	32.4	30.2	29.1	30.7	30.8	31.0	30.8
G-Sec/Invest. Ratio	69.7	72.2	76.6	81.3	86.1	85.6	85.6	85.6	85.6

Valuation

	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
RoE (%)	6.8	3.2	7.3	12.6	15.0	17.5	18.9	18.3	18.3
Core RoE (%)	7.6	3.6	8.0	13.6	15.9	18.4	19.7	18.9	18.8
RoA (%)	0.8	0.4	0.8	1.4	1.8	2.1	2.4	2.3	2.3
RoRWA (%)	1.0	0.5	1.0	1.9	2.6	3.1	3.5	3.4	3.3
Book Value (INR)	161.0	165.5	177.3	210.8	242.8	285.0	333.6	390.6	457.7
BV Growth (%)	-4.6	2.8	7.1	18.9	15.2	17.4	17.1	17.1	17.2
Price-BV (x)	5.0	4.9	4.6	3.8	3.3	2.8	2.4	2.1	1.8
Adjusted Book Value	115	136	151	187	224	267	316	373	440
ABV Growth (%)	-4.0	17.5	11.6	23.8	19.6	19.3	18.4	17.9	17.9
Adjusted Price-ABV (x)	7.0	6.0	5.3	4.3	3.6	3.0	2.6	2.2	1.8
Consol Book Value (INR)	172	177	190	228	262	306	365	435	506
BV Growth (%)	-4.2	3.0	7.2	19.9	15.0	16.8	19.2	19.4	16.2
Price-Consol BV (x)	5.9	5.7	5.3	4.4	3.8	3.3	2.8	2.3	2.0
EPS (INR)	11.1	5.2	12.3	24.2	33.7	45.8	58.2	66.0	77.1
EPS Growth (%)	-34.3	-52.8	135.0	97.0	39.2	36.0	27.2	13.3	16.8
Price-Earnings (x)	91.1	193.0	82.1	41.7	29.9	22.0	17.3	15.3	13.1
Adj. Price-Earnings (x)	72.9	154.5	65.7	33.4	24.0	17.6	13.9	12.2	10.5
Dividend Per Share (INR)	2.3	1.5	1.0	0.0	2.0	5.0	8.5	9.0	10.0
Dividend Yield (%)	0.2	0.1	0.1	0.0	0.2	0.5	0.8	0.9	1.0

E: MOFSL Estimates

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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