

July 27, 2024

**RESULT REPORT Q1 FY25** | Sector: Banks

# ICICI Bank Ltd

**RoA components moderating from peak do not change overall thesis**

**Our view – Slightly higher credit cost, slightly lower margin and growth should all be absorbed by markets in the long run**

**Asset Quality** - Slippages were moderately higher on sequential basis mainly due to the seasonality of the KCC book: Gross NPA additions amounted to Rs 59.16bn for 1QFY25, translating to an annualized slippage ratio of 1.9% for the quarter. Gross NPA additions had amounted to Rs 51.39bn during 4QFY24. Retail, rural and business banking contributed Rs 57.32bn to slippages, which includes additions of Rs 7.21 bn from the KCC portfolio, which are seasonally elevated in the odd quarters. Provisions were Rs 13.32bn, up by 85.4% QoQ and 3.1% YoY, translating to annualised credit cost of 43bps. The pace of recoveries will slow and hence, credit cost will normalize upward gradually from the current level of 50 bps of normalised credit cost.

**Net Interest Margin** - NIM saw a marginal contraction sequentially due to pressure on yield on advances: NIM was 4.36%, down -3 bps QoQ and -50bps YoY. The cost of deposits has risen 2 bps QoQ to 4.84% whereas the yield on advances has declined 8 bps QoQ to 9.80%. The yield on advances has been under some pressure due to competitive intensity, particularly in corporate business and mortgages.

**Balance sheet growth** – Total advances have grown 15.7% YoY with non-corporate segments driving growth: Retail loans have grown 17.1% YoY and 2.4% QoQ. Business banking book has grown 35.6% YoY and 8.9% QoQ. SME portfolio has grown 23.5% YoY and 4.0% QoQ. The bank has traditionally operated loan to deposit ratio at low to mid-80s and does not see this changing materially.

**We maintain 'Buy' rating on ICICI with a revised price target of Rs 1475:** We value the standalone bank at 2.7x FY26 P/BV for an FY25E/26E RoE profile of 17.4%/16.5%. We assign a value of Rs 231 per share to the subsidiaries, on SOTP.

**(See Comprehensive con call takeaways on page 2 for significant incremental colour.)**

**Result Highlights (See "Our View" above for elaboration and insight)**

- **Opex control:** Total cost to income ratio at 39.7% was up/down by 44/-59bps QoQ/YoY and the Cost to assets was at 2.2% up/down by 11/-12bps QoQ/YoY.
- **Fee income:** Core fee income to average assets was at 1.2%, down -2/-3bps QoQ/YoY.

## Exhibit 1: Result table

| Particulars (Rs mn)              | Q1 FY25          | Q4 FY24         | % qoq       | Q1 FY24         | % yoy       |
|----------------------------------|------------------|-----------------|-------------|-----------------|-------------|
| Total Interest Income            | 389,958          | 379,484         | 2.8         | 333,276         | 17.0        |
| Interest Expense                 | (194,429)        | (188,556)       | 3.1         | (151,012)       | 28.8        |
| <b>Net Interest Income</b>       | <b>195,529</b>   | <b>190,928</b>  | <b>2.4</b>  | <b>182,265</b>  | <b>7.3</b>  |
| Fee Income                       | 54,900           | 54,360          | 1.0         | 48,430          | 13.4        |
| Non-fee Income                   | 15,119           | 2,128           | 610.6       | 5,923           | 155.3       |
| <b>Total Non-Interest Income</b> | <b>70,019</b>    | <b>56,488</b>   | <b>24.0</b> | <b>54,353</b>   | <b>28.8</b> |
| <b>Total Income</b>              | <b>265,548</b>   | <b>247,416</b>  | <b>7.3</b>  | <b>236,617</b>  | <b>12.2</b> |
| Employee Expense                 | (43,705)         | (37,202)        | 17.5        | (38,837)        | 12.5        |
| Non-employee Opex                | (61,595)         | (59,826)        | 3.0         | (56,389)        | 9.2         |
| <b>Total Operating expenses</b>  | <b>(105,300)</b> | <b>(97,028)</b> | <b>8.5</b>  | <b>(95,226)</b> | <b>10.6</b> |
| <b>PPOP</b>                      | <b>160,248</b>   | <b>150,388</b>  | <b>6.6</b>  | <b>141,391</b>  | <b>13.3</b> |
| Provisions                       | (13,322)         | (7,185)         | 85.4        | (12,924)        | 3.1         |
| <b>PBT</b>                       | <b>146,927</b>   | <b>143,203</b>  | <b>2.6</b>  | <b>128,467</b>  | <b>14.4</b> |
| Tax                              | (36,336)         | (36,127)        | 0.6         | (31,985)        | 13.6        |
| <b>PAT</b>                       | <b>110,591</b>   | <b>107,075</b>  | <b>3.3</b>  | <b>96,482</b>   | <b>14.6</b> |

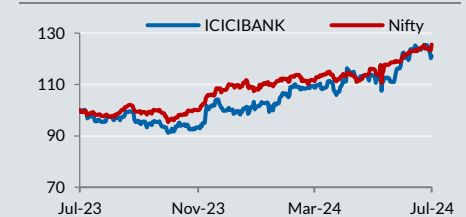
Source: Company, YES Sec-Research

|                  |            |
|------------------|------------|
| Recommendation   | : BUY      |
| Current price    | : Rs 1,208 |
| Target Price     | : Rs 1,475 |
| Potential Return | : +22%     |

## Stock data (as on July 26, 2024)

|                         |                  |
|-------------------------|------------------|
| Nifty                   | 24,835           |
| 52 Week h/l (Rs)        | 1258 / 899       |
| Market cap (Rs/USD mn)  | 8431230 / 100728 |
| Outstanding Shares (mn) | 7,038            |
| 6m Avg t/o (Rs mn)      | 17,156           |
| Div yield (%)           | 0.8              |
| Bloomberg code:         | ICICIBC IN       |
| NSE code:               | ICICIBANK        |

## Stock performance



|                 | 1M    | 3M   | 1Y    |
|-----------------|-------|------|-------|
| Absolute return | -1.0% | 9.0% | 21.9% |

## Shareholding pattern (As of Mar'24 end)

|          |       |
|----------|-------|
| Promoter | 0.0%  |
| FII+DII  | 90.0% |
| Others   | 10.0% |

## Δ in stance

| (1-Yr)       | New  | Old  |
|--------------|------|------|
| Rating       | BUY  | BUY  |
| Target Price | 1475 | 1500 |

## Financial Summary

| (Rs mn)    | FY24    | FY25E   | FY26E   |
|------------|---------|---------|---------|
| NII        | 743,057 | 848,482 | 969,747 |
| PPOP       | 581,308 | 687,524 | 776,130 |
| Net Profit | 408,883 | 448,040 | 491,688 |
| Growth (%) | 28.2    | 9.6     | 9.7     |
| EPS (Rs)   | 58.2    | 63.8    | 70.0    |
| BVPS (Rs)  | 339     | 393     | 453     |
| P/E (x)    | 16.8    | 15.3    | 13.9    |
| P/BV (x)   | 2.9     | 2.5     | 2.2     |
| ROE (%)    | 18.6    | 17.4    | 16.5    |
| ROA (%)    | 2.4     | 2.3     | 2.2     |
| Tier-1 (%) | 15.6    | 15.1    | 14.4    |

## Δ in earnings estimates

| Rs.       | FY24E | FY25E | FY26E |
|-----------|-------|-------|-------|
| EPS (New) | NA    | 63.8  | 70.0  |
| EPS (Old) | NA    | 66.4  | 73.4  |
| % change  | NA    | -3.9% | -4.6% |

**SHIVAJI THAPLIYAL**  
Head of Research (Overall)  
& Lead Sector Research Analyst  
shivaji.thapliyal@ysil.in



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**SIDDHARTH RAJPUROHIT**, Analyst  
**SURAJ SINGHANIA**, Associate

## COMPREHENSIVE CON-CALL TAKEAWAYS

### Asset quality

- **Slippages**
  - Gross NPA additions amounted to Rs 59.16bn for 1QFY25, translating to an annualized slippage ratio of 1.9% for the quarter. (Gross NPA additions had amounted to Rs 51.39bn during 4QFY24.)
  - **Segmental gross slippages**
    - Retail, rural and business banking – Rs 57.32bn, which includes additions of Rs 7.21 bn from KCC (Kisan Credit Card) portfolio, which are seasonally elevated in the odd quarters.
    - Corporate and SME – Rs 1.84bn.
- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 32.92bn for 1QFY25, implying net NPA addition of Rs 26.24bn for the quarter.
- **Sale of Gross NPA**
  - Sale of gross NPA was Rs 1.14bn in 1Q of which Rs 1.02bn was in cash.
- **Provisions**
  - Provisions were Rs 13.32bn, up by 85.4% QoQ and 3.1% YoY, translating to annualised credit cost of 43bps.
  - Provisions for the quarter benefited from an AIF provision release of Rs 3.89bn.
  - **Normalised credit cost**
    - Adjusted for the AIF provisions release and the higher provisions due to the seasonality of KCC slippages, the underlying credit cost was 50 bps.
  - **Credit cost guidance**
    - The pace of recoveries will slow and hence, credit cost will normalize upward gradually from current 50 bps levels.
    - It is difficult to say what level it will settle at but it should be lower than historical levels.
  - **Outstanding provisions**
    - **PCR**
      - The PCR (presumably specific PCR) stood at 79.7%.
    - **Contingent provisions**
      - The contingent provisions on the balance sheet amount to Rs 131bn or 110 bps of loan book.
    - **Total non-specific provisions**
      - Total provisions outside of specific provisions amounted to Rs 234.03bn or 1.9% of loan book.
- **Restructured book**
  - The total fund based outstanding restructured advances stood Rs 27.35 bn or 0.2% of gross advances
- **NPA ratios**
  - GNPA ratio stands at 2.2%, down -1bp QoQ and -61bps YoY while NNPA ratio stands at 0.4%, up 1bp QoQ but down by -5bps YoY.

### Net interest margin

- **NIM for the quarter**
  - NIM was at 4.36%, down -3 bps QoQ and -50bps YoY.

(Con call takeaways continue on the next page)

- **Interest on income tax refund**
  - The interest on income tax refund was nil for 1Q and 4Q but it was 3bps for 1QFY24.
- **Domestic loan mix by rate category**
  - Repo rate – 50%
  - Other external benchmarks – 2%
  - MCLR and other older benchmarks – 17%
  - Fixed rate – 31%
- **Cost of funds**
  - The cost of deposits have risen 2 bps QoQ to 4.84%.
  - The cost of funds has remained stable QoQ at 5.05%.
- **Yield on advances**
  - The yield on advances has been under some pressure due to competitive intensity, particularly in corporate business, with mortgage markets also being competitive.
  - SME and business banking are at the higher end of the quality spectrum and hence, not really high yield.
  - The yield on advances have declined 8 bps QoQ to 9.80%.
- **Deposit rates**
  - The bank will take a view depending on the desired level of deposit mobilization.

## Deposits accretion

- **Deposit growth outcomes**
  - **Period-end**
    - Period-end deposits have grown 15.1% YoY and 0.9% QoQ.
    - Period-end term deposits have grown 19.9% YoY.
    - Period-end CASA deposits have grown 8.8% YoY.
  - **Average**
    - Average deposits have grown 17.8% YoY and 3.3% QoQ.
    - Average term deposits have grown 23.8% YoY and 2.2% QoQ.
    - Average savings deposits have grown 8.2% YoY and 6.0% QoQ.
- **RBI draft circular on LCR**
  - The guidelines on LCR will have some impact on both deposit and loan markets.
  - The 10-15% impact on LCR that analysts have been coming up with for banks is a fair estimate.

## Advances growth

- Total advances have grown 15.7% YoY, within which overseas advances have grown 7.1% YoY and form 2.8% of total loan book.
- Domestic loans have grown 15.9% QoQ and 3.3% QoQ.
- **Segmental growth outcomes**
  - Retail loans have grown 17.1% YoY and 2.4% QoQ.
  - Business banking book has grown 35.6% YoY and 8.9% QoQ.
  - SME portfolio has grown 23.5% YoY and 4.0% QoQ.
  - Domestic corporate loan book has grown 10.3% YoY and 3.1% QoQ.
- **Loan to deposit ratio**
  - The bank has traditionally operated at low to mid-80s and does not see this changing materially.

(Con call takeaways continue on the next page)

## ▪ Unsecured lending

- There would not much of incremental tightening for unsecured retail lending.
- The bank had begun to recalibrate personal loan growth last year itself, with growth declining from ~40% YoY to about 24% YoY and should close the year at about 20% YoY.
- For credit cards, there is an ongoing refinement, but this is a business that the bank wants to grow.

## ▪ Corporate lending

- There has been growth in the NBFC and real estate portfolios at decent pricing.
- Corporate loan growth has been in an 8-12% range and there is no change in approach at the bank.

## Operating expenses

### ▪ Total opex

- Total opex, at Rs. 105.3bn, is up by 8.5% QoQ and 10.6% YoY.
- Consequently, cost/income ratio came in at 39.7%, up by 44bps QoQ but down by -59bps YoY.
- **Guidance**
  - The opex growth has been coming down over a period of time and the YoY growth observed for 1Q should be a fair indicator of trend.

### ▪ Staff opex

- The staff opex is up by 17.5% QoQ and 12.5% YoY.
- Staff expenses were driven sequentially by annual increments and promotions.

### ▪ Other opex

- Other opex is up by 3.0% QoQ and 9.2% YoY.
- The non-employee expenses were driven retail business expenses and tech spends.
- **Tech spends**
  - Tech spends form 9.3% of total opex.
- **Branch expansion**
  - 64 branches were added during the quarter, taking the total branch count to 6587.

## Treasury gains

- The treasury gains for the quarter amounted to Rs 6.13bn.
- This includes MTM gains on equity and sales of security receipts.
- It may be noted that ICICI benefited from the revised guidelines on investment portfolio since they were able to recognize an MTM gain on FVTPL, which under the earlier norms would not have passed through the P&L although a similar MTM loss would have done so.

## Capital adequacy

- CET 1 ratio stood at 15.24% and including profit, would have stood at 15.92%.
- This includes the impact of rise in RWA due to operational risk and also from the revised investment guidelines.

## Fee income

- Fee income for the quarter rose 13% YoY.
- Non-corporate fee was 78% of total fees.

## Exhibit 2: Business Data

| (Rs mn)                              | Q1 FY25    | Q4 FY24    | % qoq  | Q1 FY24    | % yoy  | Q1 FY25* | chg qoq* | chg yoy* |
|--------------------------------------|------------|------------|--------|------------|--------|----------|----------|----------|
| Loans                                | 12,231,543 | 11,844,064 | 3.3    | 10,575,826 | 15.7   | 100.0    | 0bps     | 0bps     |
| Corporate                            | 2,663,040  | 2,582,790  | 3.1    | 2,413,880  | 10.3   | 21.8     | -3bps    | -105bps  |
| Retail Book (ex-Business banking)    | 7,882,230  | 7,687,070  | 2.5    | 6,733,470  | 17.1   | 64.4     | -46bps   | 77bps    |
| Mortgages                            | 4,059,960  | 3,959,210  | 2.5    | 3,556,460  | 14.2   | 33.2     | -24bps   | -44bps   |
| Vehicle Loans                        | 940,720    | 926,350    | 1.6    | 830,000    | 13.3   | 7.7      | -13bps   | -16bps   |
| Personal Loans                       | 1,183,770  | 1,166,770  | 1.5    | 947,950    | 24.9   | 9.7      | -17bps   | 71bps    |
| Credit Card                          | 534,720    | 513,210    | 4.2    | 407,200    | 31.3   | 4.4      | 4bps     | 52bps    |
| Rural Loans                          | 1,058,800  | 1,024,460  | 3.4    | 905,540    | 16.9   | 8.7      | 1bps     | 9bps     |
| Others                               | 104,260    | 97,070     | 7.4    | 86,320     | 20.8   | 0.9      | 3bps     | 4bps     |
| Business Banking                     | 1,014,970  | 932,280    | 8.9    | 748,710    | 35.6   | 8.3      | 43bps    | 122bps   |
| SME                                  | 625,140    | 600,950    | 4.0    | 506,150    | 23.5   | 5.1      | 4bps     | 32bps    |
| BRDS/IBPC                            | (299,510)  | (293,540)  | 2.0    | (149,100)  | 100.9  | (2.4)    | 3bps     | -104bps  |
| Overseas Loans                       | 345,670    | 334,510    | 3.3    | 322,730    | 7.1    | 2.8      | 0bps     | -23bps   |
| Deposits                             | 14,261,495 | 14,128,250 | 0.9    | 12,387,366 | 15.1   | 100.0    | 0bps     | 0bps     |
| CA                                   | 1,760,280  | 1,935,720  | (9.1)  | 1,610,330  | 9.3    | 12.3     | -136bps  | -66bps   |
| SA                                   | 4,076,430  | 4,023,000  | 1.3    | 3,751,930  | 8.6    | 28.6     | 11bps    | -170bps  |
| Term                                 | 8,424,785  | 8,169,530  | 3.1    | 7,025,106  | 19.9   | 59.1     | 125bps   | 236bps   |
| Investments                          | 4,752,556  | 4,619,423  | 2.9    | 3,981,395  | 19.4   | NA       | NA       | NA       |
| Investments/(Invest. + Net Adv.) (%) | 28.0       | 28.1       | -8bps  | 27.3       | 63bps  | NA       | NA       | NA       |
| Borrowings                           | 1,201,469  | 1,249,676  | (3.9)  | 1,112,524  | 8.0    | NA       | NA       | NA       |
| Borrowings/(Borr. + Deposits) (%)    | 7.8        | 8.1        | -36bps | 8.2        | -47bps | NA       | NA       | NA       |
| Total assets                         | 18,926,971 | 18,715,146 | 1.1    | 16,470,003 | 14.9   | NA       | NA       | NA       |
| RWA                                  | 14,219,900 | 13,727,620 | 3.6    | 11,562,200 | 23.0   | NA       | NA       | NA       |

Source: Company, YES Sec – Research, \*Share in total and change in share

## Exhibit 3: Key Ratios

| (%)                             | Q1 FY25 | Q4 FY24 | chg qoq | Q1 FY24 | chg yoy |
|---------------------------------|---------|---------|---------|---------|---------|
| Net interest margin             | 4.36    | 4.40    | -4bps   | 4.78    | -42bps  |
| Yield on advances               | 9.80    | 9.88    | -8bps   | 9.86    | -6bps   |
| Cost of Deposits                | 4.84    | 4.82    | 2bps    | 4.31    | 53bps   |
| CASA                            | 40.9    | 42.2    | -125bps | 43.3    | -236bps |
| Loan to Deposit ratio           | 85.8    | 83.8    | 193bps  | 85.4    | 39bps   |
| Non-int. income / Total income  | 26.4    | 22.8    | 354bps  | 23.0    | 340bps  |
| Fee Income to Avg. Total Assets | 1.2     | 1.2     | -2bps   | 1.2     | -3bps   |
| Cost to Income                  | 39.7    | 39.2    | 44bps   | 40.2    | -59bps  |
| Opex to Avg. Total Assets       | 2.2     | 2.1     | 11bps   | 2.4     | -12bps  |
| RoE                             | 18.0    | 18.5    | -50bps  | 18.9    | -90bps  |
| RoA                             | 2.4     | 2.4     | 0bps    | 2.4     | -3bps   |
| Annualised Slippage Ratio*      | 1.9     | 1.7     | 20bps   | 2.0     | -7bps   |
| Provision Coverage Ratio        | 79.7    | 80.3    | -60bps  | 82.4    | -270bps |
| Gross NPA                       | 2.2     | 2.2     | -1bps   | 2.8     | -61bps  |
| Net NPA                         | 0.4     | 0.4     | 1bps    | 0.5     | -5bps   |
| Capital adequacy ratio          | 16.0    | 16.3    | -37bps  | 16.7    | -75bps  |
| Tier I capital ratio            | 15.2    | 15.6    | -36bps  | 16.0    | -76bps  |

Source: Company, YES Sec – Research; \*Gross NPA Addition Ratio

## Exhibit 4: Quarterly Actuals Vs Estimates

| Q1FY25 (Rs. mn)            | Actuals | Estimates | Diff, % |
|----------------------------|---------|-----------|---------|
| Net Interest Income        | 195,529 | 196,659   | (0.6)   |
| Pre-Prov. Operating Profit | 160,248 | 152,598   | 5.0     |
| Profit After Tax           | 110,591 | 108,757   | 1.7     |

Source: Company, YES Sec – Research

## Exhibit 5: Non-Interest Income Break-up

| (Rs mn)                                | Q1 FY25       | Q4 FY24       | % qoq       | Q1 FY24       | % yoy       |
|--|---------------|---------------|-------------|---------------|-------------|
| Fee Income (A)                         | 54,900        | 54,360        | 1.0         | 48,430        | 13.4        |
| Total Other Income (B)                 | 15,119        | 2,128         | 610.6       | 5,923         | 155.3       |
| Treasury Income                        | 6,130         | (2,180)       | (381.2)     | 2,520         | 143.3       |
| Others                                 | 8,989         | 4,308         | 108.7       | 3,403         | 164.2       |
| <b>Total Non-Interest Income (A+B)</b> | <b>70,019</b> | <b>56,488</b> | <b>24.0</b> | <b>54,353</b> | <b>28.8</b> |

Source: Company, YES Sec – Research

## Exhibit 6: Rating profile of loan book, excluding retail and rural portfolio

| %                    | Q1 FY25 | Q4 FY24 | chg qoq | Q1 FY24 | chg yoy |
|----------------------|---------|---------|---------|---------|---------|
| AA- and Above        | 41.2    | 39.8    | 140bps  | 45.50   | -430bps |
| A+, A, A-            | 27.2    | 27.9    | -70bps  | 26.7    | 50bps   |
| A- and above         | 68.4    | 67.7    | 70bps   | 72.2    | -380bps |
| BBB+, BBB, BBB-      | 29.7    | 30.5    | -80bps  | 25.6    | 410bps  |
| BB and below         | 0.9     | 0.8     | 10bps   | 0.6     | 30bps   |
| Non-performing loans | 0.3     | 0.3     | 0bps    | 0.4     | -10bps  |
| Unrated              | 0.7     | 0.7     | 0bps    | 1.2     | -50bps  |

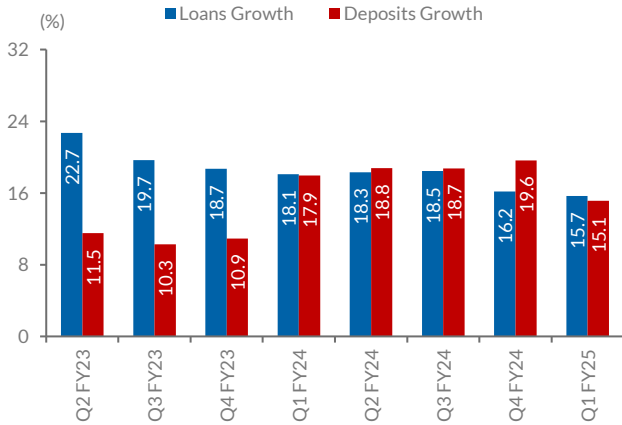
Source: Company, YES Sec – Research

## Exhibit 7: Subsidiaries PAT

| (Rs mn)                   | Q1 FY25 | Q4 FY24 | % qoq   | Q1 FY24 | % yoy  |
|---------------------------|---------|---------|---------|---------|--------|
| ICICI Prudential Life     | 2,250   | 1,740   | 29.3    | 2,070   | 8.7    |
| ICICI Lombard General     | 5,800   | 5,200   | 11.5    | 3,900   | 48.7   |
| ICICI Pru. Asset Mgmt.    | 6,330   | 5,290   | 19.7    | 4,740   | 33.5   |
| ICICI Sec. (Consolidated) | 5,270   | 5,370   | (1.9)   | 2,710   | 94.5   |
| ICICI Sec. PD             | 890     | 990     | (10.1)  | 1,840   | (51.6) |
| ICICI Home Finance        | 1,170   | 1,690   | (30.8)  | 1,050   | 11.4   |
| ICICI Venture             | (10)    | 90      | (111.1) | (20)    | (50.0) |
| ICICI Bank UK (USD mn)    | 8       | 10      | (18.9)  | 9       | (18.1) |
| ICICI Canada (CAD mn)     | 20      | 20      | 2.0     | 16      | 23.8   |

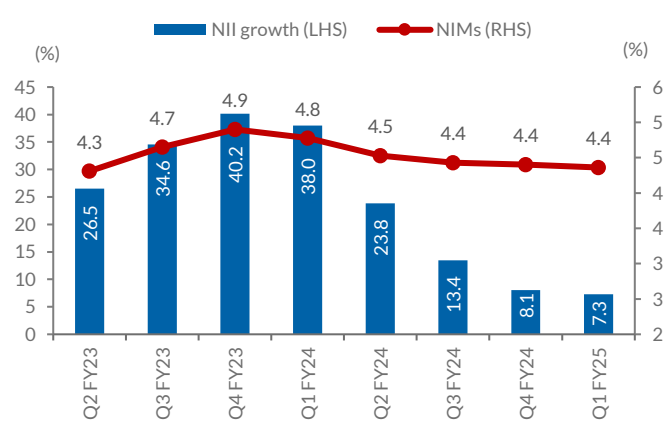
Source: Company, YES Sec – Research

**Exhibit 8: Loans and Deposits growth (YoY %)**



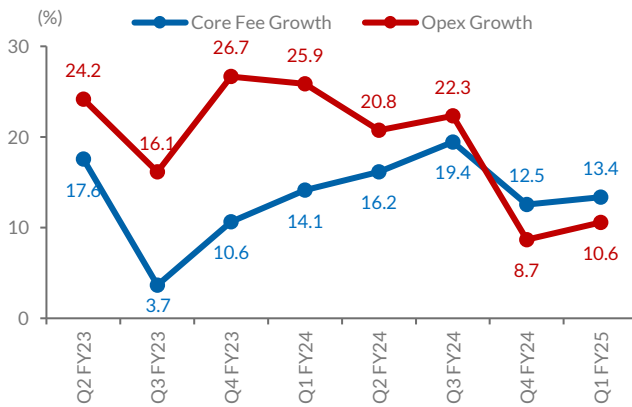
Source: Company, YES Sec – Research

**Exhibit 9: NII growth (YoY %) and NIM**



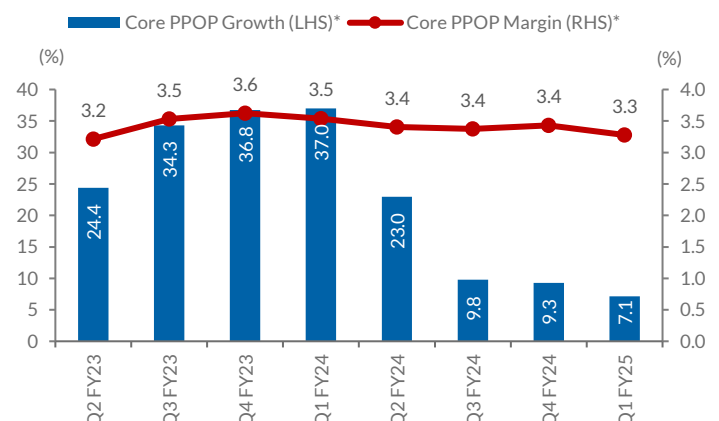
Source: Company, YES Sec – Research

**Exhibit 10: Core Fee and Opex growth (YoY %)**



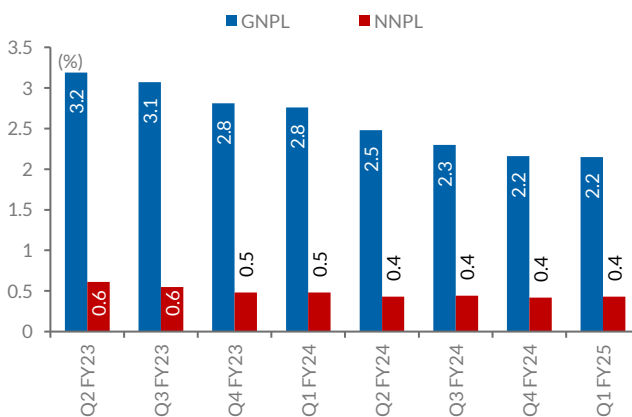
Source: Company, YES Sec – Research

**Exhibit 11: Core PPOP growth (YoY %) and Core PPOP margin**



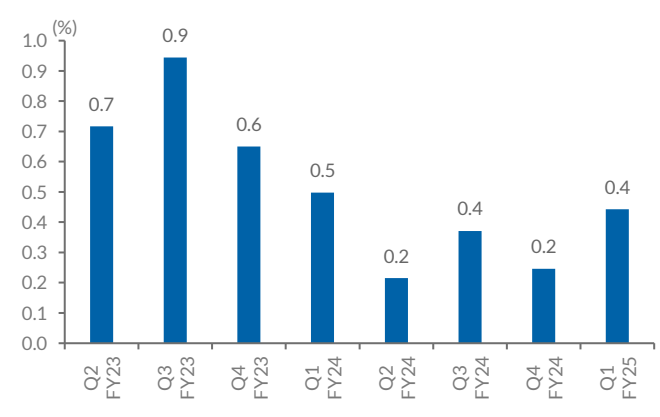
Source: Company, YES Sec – Research, \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 12: Gross NPA and Net NPA (%)**



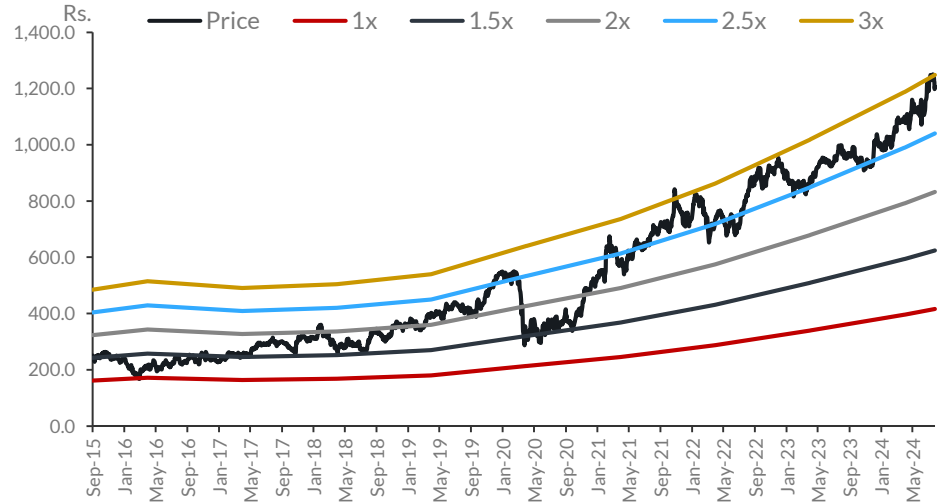
Source: Company, YES Sec – Research

**Exhibit 13: Provisions/Average Advances (%)**



Source: Company, YES Sec – Research

**Exhibit 14: 1-year rolling P/BV band**



Source: Company, YES Sec - Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

**Exhibit 15: 1-yr rolling P/BV vis-a-vis the mean and standard deviations**



Source: Company, YES Sec - Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value



## ANNUAL FINANCIALS

### Exhibit 16: Balance sheet

| Y/e 31 Mar (Rs mn)                    | FY22              | FY23              | FY24              | FY25E             | FY26E             |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total cash & equivalents              | 1,678,224         | 1,194,383         | 1,399,260         | 1,623,142         | 1,899,076         |
| Investments                           | 3,102,410         | 3,623,297         | 4,619,423         | 4,522,221         | 5,224,495         |
| Advances                              | 8,590,204         | 10,196,383        | 11,844,064        | 13,739,114        | 16,074,764        |
| Fixed assets                          | 93,738            | 95,998            | 108,598           | 119,458           | 131,404           |
| Other assets                          | 648,401           | 732,005           | 743,801           | 818,181           | 899,999           |
| <b>Total assets</b>                   | <b>14,112,977</b> | <b>15,842,067</b> | <b>18,715,146</b> | <b>20,822,115</b> | <b>24,229,737</b> |
| Net worth                             | 1,705,120         | 2,007,154         | 2,383,993         | 2,761,799         | 3,183,253         |
| Deposits                              | 10,645,716        | 11,808,407        | 14,128,250        | 16,402,310        | 19,205,089        |
| Borrowings                            | 1,072,314         | 1,193,255         | 1,249,676         | 887,353           | 1,264,444         |
| Other liabilities                     | 689,828           | 833,251           | 953,227           | 770,653           | 576,950           |
| <b>Total liabilities incl. Equity</b> | <b>14,112,977</b> | <b>15,842,067</b> | <b>18,715,146</b> | <b>20,822,115</b> | <b>24,229,737</b> |

Source: Company, YES Sec – Research

### Exhibit 17: Income statement

| Y/e 31 Mar (Rs mn)         | FY22           | FY23           | FY24           | FY25E            | FY26E            |
|----------------------------|----------------|----------------|----------------|------------------|------------------|
| Interest income            | 863,745        | 1,092,313      | 1,428,909      | 1,646,010        | 1,886,931        |
| Interest expense           | (389,085)      | (471,027)      | (685,852)      | (797,528)        | (917,184)        |
| <b>Net interest income</b> | <b>474,661</b> | <b>621,286</b> | <b>743,057</b> | <b>848,482</b>   | <b>969,747</b>   |
| Non-interest income        | 185,175        | 198,314        | 229,578        | 301,540          | 346,872          |
| <b>Total income</b>        | <b>659,836</b> | <b>819,600</b> | <b>972,635</b> | <b>1,150,022</b> | <b>1,316,619</b> |
| Operating expenses         | (267,333)      | (328,732)      | (391,327)      | (462,498)        | (540,489)        |
| <b>PPoP</b>                | <b>392,503</b> | <b>490,868</b> | <b>581,308</b> | <b>687,524</b>   | <b>776,130</b>   |
| Provisions                 | (86,414)       | (66,656)       | (36,429)       | (90,138)         | (120,547)        |
| <b>Profit before tax</b>   | <b>306,089</b> | <b>424,212</b> | <b>544,878</b> | <b>597,386</b>   | <b>655,584</b>   |
| Taxes                      | (72,694)       | (105,247)      | (135,996)      | (149,347)        | (163,896)        |
| <b>Net profit</b>          | <b>233,395</b> | <b>318,965</b> | <b>408,883</b> | <b>448,040</b>   | <b>491,688</b>   |

Source: Company, YES Sec – Research

## Exhibit 18: Du Pont Analysis (RoA tree)

| Y/e 31 Mar (Rs mn)         | FY22       | FY23       | FY24       | FY25E      | FY26E      |
|----------------------------|------------|------------|------------|------------|------------|
| Interest income            | 6.5        | 7.3        | 8.3        | 8.3        | 8.4        |
| Interest expense           | -2.9       | -3.1       | -4.0       | -4.0       | -4.1       |
| <b>Net interest income</b> | <b>3.6</b> | <b>4.1</b> | <b>4.3</b> | <b>4.3</b> | <b>4.3</b> |
| Non-interest income        | 1.4        | 1.3        | 1.3        | 1.5        | 1.5        |
| <b>Total income</b>        | <b>5.0</b> | <b>5.5</b> | <b>5.6</b> | <b>5.8</b> | <b>5.8</b> |
| Operating expenses         | -2.0       | -2.2       | -2.3       | -2.3       | -2.4       |
| <b>PPoP</b>                | <b>3.0</b> | 3.3        | 3.4        | 3.5        | 3.4        |
| Provisions                 | -0.7       | -0.4       | -0.2       | -0.5       | -0.5       |
| <b>Profit before tax</b>   | <b>2.3</b> | <b>2.8</b> | <b>3.2</b> | <b>3.0</b> | <b>2.9</b> |
| Taxes                      | -0.6       | -0.7       | -0.8       | -0.8       | -0.7       |
| <b>Net profit</b>          | <b>1.8</b> | <b>2.1</b> | <b>2.4</b> | <b>2.3</b> | <b>2.2</b> |

Source: Company, YES Sec – Research

## Exhibit 19: Sum of the Parts (SOTP) - Subsidiaries

| Subsidiary                   | Market Cap / Assigned value (Rs mn) | Valuation metric | Metric value (Rs mn) | Trailing multiple (Implied / Assigned) | Stake (%) | Stake value (Rs mn) | Per share (Rs) |
|------------------------------|-------------------------------------|------------------|----------------------|--|-----------|---------------------|----------------|
| ICICI Pru Life               | 1,046,058                           | EV               | 423,370              | 2.5                                    | 51%       | 536,000             | 76.7           |
| ICICI Pru AMC                | 614,564                             | AUM              | 6,145,643            | 10%                                    | 51%       | 313,428             | 44.9           |
| ICICI Lombard                | 969,222                             | BV               | 119,605              | 8.1                                    | 48%       | 465,421             | 66.6           |
| ICICI Securities             | 248,928                             | BV               | 38,927               | 6.4                                    | 75%       | 186,322             | 26.7           |
| ICICI Home Fin               | 50,824                              | BV               | 33,882               | 1.5                                    | 100%      | 50,824              | 7.3            |
| ICICI Bank UK                | 28,774                              | BV               | 26,158               | 1.1                                    | 100%      | 28,774              | 4.1            |
| ICICI Bank Canada            | 35,516                              | BV               | 25,369               | 1.4                                    | 100%      | 35,516              | 5.1            |
| <b>Value of Subsidiaries</b> |                                     |                  |                      |  |           | <b>1,616,285</b>    | <b>231.4</b>   |

Source: Company, YES Sec – Research

## Exhibit 20: Change in annual estimates

| Y/e 31 Mar (Rs mn)         | Revised Estimate |         |         | Earlier Estimate |         |         | % Revision |       |       |
|----------------------------|------------------|---------|---------|------------------|---------|---------|------------|-------|-------|
|                            | FY24E            | FY25E   | FY26E   | FY24E            | FY25E   | FY26E   | FY24E      | FY25E | FY26E |
| Net Interest Income        | NA               | 848,482 | 969,747 | NA               | 860,618 | 987,229 | NA         | (1.4) | (1.8) |
| Pre-Prov. Operating Profit | NA               | 687,524 | 776,130 | NA               | 699,696 | 793,690 | NA         | (1.7) | (2.2) |
| Profit after tax           | NA               | 448,040 | 491,688 | NA               | 466,136 | 515,379 | NA         | (3.9) | (4.6) |

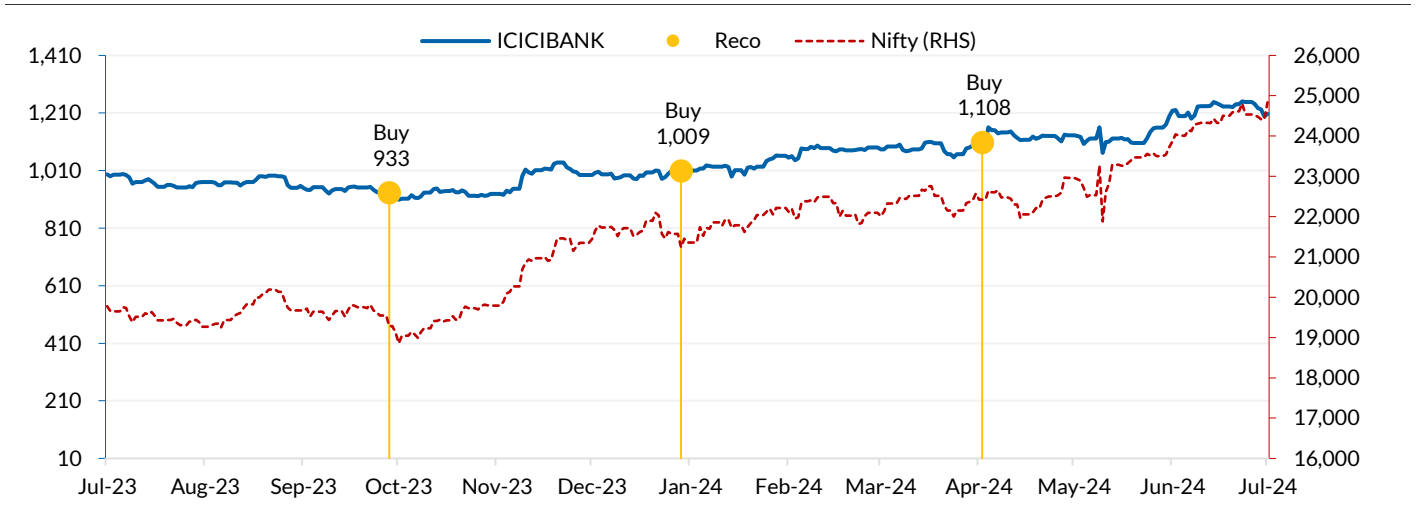
Source: Company, YES Sec – Research

## Exhibit 21: Ratio analysis

| Y/e 31 Mar                      | FY22 | FY23 | FY24 | FY25E | FY26E |
|---------------------------------|------|------|------|-------|-------|
| <b>Growth matrix (%)</b>        |      |      |      |       |       |
| Net interest income             | 21.7 | 30.9 | 19.6 | 14.2  | 14.3  |
| PPoP                            | 7.8  | 25.1 | 18.4 | 18.3  | 12.9  |
| Net profit                      | 44.1 | 36.7 | 28.2 | 9.6   | 9.7   |
| Loans                           | 17.1 | 18.7 | 16.2 | 16.0  | 17.0  |
| Deposits                        | 14.2 | 10.9 | 19.6 | 16.1  | 17.1  |
| <b>Profitability Ratios (%)</b> |      |      |      |       |       |
| Net interest margin             | 4.0  | 4.5  | 4.5  | 4.5   | 4.5   |
| Return on Average Equity        | 14.7 | 17.2 | 18.6 | 17.4  | 16.5  |
| Return on Average Assets        | 1.8  | 2.1  | 2.4  | 2.3   | 2.2   |
| <b>Per share figures (Rs)</b>   |      |      |      |       |       |
| EPS                             | 33.6 | 45.7 | 58.2 | 63.8  | 70.0  |
| BVPS                            | 245  | 287  | 339  | 393   | 453   |
| ABVPS                           | 235  | 280  | 332  | 379   | 431   |
| <b>Valuation multiples</b>      |      |      |      |       |       |
| P/E                             | 29   | 21   | 17   | 15    | 14    |
| P/BV                            | 4.0  | 3.4  | 2.9  | 2.5   | 2.2   |
| P/ABV                           | 4.1  | 3.5  | 2.9  | 2.6   | 2.3   |
| <b>NIM internals (%)</b>        |      |      |      |       |       |
| Yield on loans                  | 8.0  | 8.9  | 10.1 | 10.1  | 10.1  |
| Cost of deposits                | 3.3  | 3.5  | 4.6  | 4.7   | 4.7   |
| Loan-deposit ratio              | 80.7 | 86.3 | 83.8 | 83.8  | 83.7  |
| CASA ratio                      | 48.7 | 45.8 | 42.2 | 42.0  | 42.5  |
| <b>Opex control (%)</b>         |      |      |      |       |       |
| Cost/Income ratio               | 40.5 | 40.1 | 40.2 | 40.2  | 41.1  |
| Cost to average assets          | 2.0  | 2.2  | 2.3  | 2.3   | 2.4   |
| <b>Capital adequacy (%)</b>     |      |      |      |       |       |
| Tier 1 capital ratio            | 18.4 | 17.6 | 15.6 | 15.1  | 14.4  |
| <b>Asset quality (%)</b>        |      |      |      |       |       |
| Slippage ratio                  | 2.4  | 1.9  | 1.7  | 1.7   | 1.7   |
| Gross NPL ratio                 | 3.8  | 2.9  | 2.3  | 2.3   | 2.3   |
| Credit cost                     | 0.8  | -0.1 | 0.2  | 0.6   | 0.7   |
| Net NPL ratio                   | 0.8  | 0.5  | 0.5  | 0.7   | 1.0   |

Source: Company, YES Sec – Research; Valuations are the implied value of standalone entity net of subsidiaries

## Recommendation Tracker



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