

January 20, 2024

RESULT REPORT Q3 FY24 | Sector: Banks

ICICI Bank Ltd

ICICI's RoA seems to settle at a premium level

Our view - Sequential margin compression slightly worse than otherwise due to non-structural factors

A 10 bps sequential margin compression was contributed to by multiple non-structural factors, other than rise in cost of deposits: The key reason for the sequential decline in NIM was the lagged impact of rise in cost of deposits. The yield on advances declined 2 bps QoQ to 9.79%. The impact from interest on income tax refund on NIM amounted to 3 bps for the quarter compared with nil impact in 2Q. There was also some negative impact due to derecognition of interest income on part of the KCC loan book but the same has not been quantified. The bank reiterated that full year FY24 margin would be similar to FY23. This implies that there would be some more margin compression in 4Q but the quantum would be lower than earlier. Management stated that the share of high-yielding loans is still not that high, implying further scope for ramp up.

The moderate sequential rise in slippages was on account of the usual seasonal farm slippages during odd quarters of the financial year: Gross additions to GNPA amounted to Rs 57.14bn for the quarter compared with Rs 43.64bn in 2Q. The retail, rural and business banking portfolio contributed Rs 54.82bn to the gross additions to GNPA. Of this, Rs 6.17bn was contributed to by the KCC (Kisan Credit Card) portfolio. Management stated that net slippages in retail segments would be expected to normalize upward. Provisions were Rs 10.9bn, up by 80% QoQ but down -53% YoY, translating to calculated annualised credit cost of 37bps. Provision of around Rs.6.27bn were towards applicable Alternate Investments Funds (AIF) Investments pursuant to the RBI circular.

We maintain 'Buy' rating on ICICI with a revised price target of Rs 1260: We value the standalone bank at 2.7x FY25 P/BV for an FY24E/25E/26E RoE profile of 17.8%/17.6%/17.5%. We assign a value of Rs 188 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)

- **Asset quality:** Gross NPA additions amounted to Rs 57.14bn for the quarter, translating to an annualized slippage ratio of 2.0% in 3QFY24
- **Margin picture:** NIM at 4.43% was down -10 bps QoQ, primarily due to the lagged impact of rise in cost of deposits
- **Asset growth:** Advances grew 3.9%/18.5% QoQ/YoY driven sequentially by healthy growth in Retail, Business Banking, SME and Overseas loans
- **Opex control:** Total opex grew 2.0%/22.3% QoQ/YoY, Employee expense grew 2.3%/30.5% QoQ/YoY and other expense rose 1.8%/17.8% QoQ/YoY
- **Fee income:** Fee income grew 2.1%/19.4% QoQ/YoY. Fees from retail, rural, business banking and SME customers constituted about 79% of total fees

Exhibit 1: Result table

| Particulars (Rs mn) | Q3 FY24 | Q2 FY24 | % qoq | Q3 FY23 | % yoy |
|-----------------------|-----------|-----------|-------|-----------|--------|
| Total Interest Income | 366,946 | 349,204 | 5.1 | 285,056 | 28.7 |
| Interest expended | (180,160) | (166,125) | 8.4 | (120,407) | 49.6 |
| Net Interest Income | 186,786 | 183,079 | 2.0 | 164,650 | 13.4 |
| Other income | 60,971 | 57,767 | 5.5 | 50,236 | 21.4 |
| Total Income | 247,756 | 240,846 | 2.9 | 214,886 | 15.3 |
| Operating expenses | (100,520) | (98,553) | 2.0 | (82,174) | 22.3 |
| PPOP | 147,236 | 142,293 | 3.5 | 132,712 | 10.9 |
| Provisions | (10,494) | (5,826) | 80.1 | (22,574) | (53.5) |
| PBT | 136,743 | 136,466 | 0.2 | 110,138 | 24.2 |
| Tax | (34,027) | (33,856) | 0.5 | (27,019) | 25.9 |
| PAT | 102,715 | 102,610 | 0.1 | 83,119 | 23.6 |

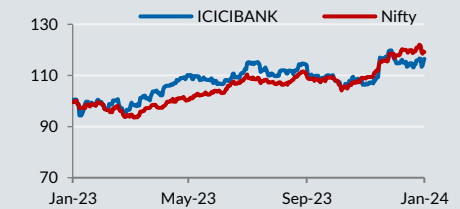
Source: Company, YES Sec-Research

| | |
|------------------|-----------|
| Recommendation | : BUY |
| Current price | : Rs 1009 |
| Target Price | : Rs 1260 |
| Potential Return | : +25% |

Stock data (as on January 20, 2024)

| | |
|-------------------------|-----------------|
| Nifty | 21,572 |
| 52 Week h/l (Rs) | 1044 / 796 |
| Market cap (Rs/USD mn) | 7010044 / 84371 |
| Outstanding Shares (mn) | 7,016 |
| 6m Avg t/o (Rs mn): | 15,157 |
| Div yield (%): | 0.8 |
| Bloomberg code: | ICICIBK IN |
| NSE code: | ICICIBANK |

Stock performance



| | 1M | 3M | 1Y |
|-----------------|------|------|-------|
| Absolute return | 0.2% | 8.1% | 15.9% |

Shareholding pattern (As of Sept'23 end)

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

Δ in stance

| (1-Yr) | New | Old |
|--------------|------|------|
| Rating | BUY | BUY |
| Target Price | 1260 | 1240 |

Financial Summary

| (Rs mn) | FY24E | FY25E | FY26E |
|------------|---------|---------|---------|
| NII | 710,547 | 834,576 | 986,517 |
| PPOP | 576,558 | 679,292 | 804,292 |
| Net Profit | 385,720 | 445,390 | 516,515 |
| Growth (%) | 18.8 | 15.5 | 16.0 |
| EPS (Rs) | 55.2 | 63.8 | 74.0 |
| BVPS (Rs) | 335 | 390 | 456 |
| P/E (x) | 14.9 | 12.9 | 11.1 |
| P/BV (x) | 2.5 | 2.1 | 1.8 |
| ROE (%) | 17.8 | 17.6 | 17.5 |
| ROA (%) | 2.3 | 2.3 | 2.2 |
| Tier-1 (%) | 17.3 | 16.8 | 16.3 |

Δ in earnings estimates

| Rs. | FY24E | FY25E | FY26E |
|-----------|-------|-------|-------|
| EPS (New) | 55.2 | 63.8 | 74.0 |
| EPS (Old) | 52.6 | 59.6 | 69.7 |
| % change | 5.0% | 7.0% | 6.1% |

SHIVAJI THAPLIYAL

Head of Research
& Lead Analyst

shivaji.thapliyal@ysil.in



SIDDHARTH RAJPUROHIT, Analyst

COMPREHENSIVE CON-CALL TAKEAWAYS

Net interest margin

- **NIM for the quarter**
 - NIM for the quarter was 4.43% compared with 4.53% in 2Q.
 - The key reason for the sequential decline in NIM was the lagged impact of rise in cost of deposits.
- **Yield on advances**
 - The yield on advances declined 2 bps QoQ to 9.79%.
 - **Interest on income tax refund**
 - The impact from interest on income tax refund on NIM amounted to 3 bps for the quarter compared with nil impact in 2Q.
 - **KCC interest reversal**
 - There was also some negative impact due to derecognition of interest income on part of the KCC loan book but the same has not been quantified.
 - **NBFC loan yield**
 - Any potential upward repricing of NBFC loans due to the risk weight guidelines was not of any consequence as there was little incremental NBFC lending during the quarter.
 - **Personal loans**
 - Personal loans have been repriced upward by 20-25 bps due to the risk weight guidelines.
- **Cost of deposits**
 - Cost of deposits rose 19 bps QoQ to 4.72%.
 - Management stated that cost of outstanding term deposits would continue to rise in 4Q and possibly in 1QFY25 as well.
- **Loan book split by rate category**
 - Repo rate – 49%
 - Other EBLR – 2%
 - MCLR and other older benchmarks – 18%
 - Fixed rate – 18%
- **Margin guidance**
 - The bank reiterated that full year FY24 margin would be similar to FY23 (though it emerged on the call that this is arithmetically a conservative guidance).
 - This implies that there would be some more margin compression in 4Q but the quantum would be lower than earlier.
 - Management stated that the share of high-yielding loans is still not that high (implying further scope for ramp up).

Asset quality

- **Slippages**
 - Gross additions to GNPA amounted to Rs 57.14bn for the quarter compared with Rs 43.64bn in 2Q.
 - **Segmental slippages**
 - The retail, rural and business banking portfolio contributed Rs 54.82bn to the gross additions to GNPA.
 - Of this, Rs 6.17bn was contributed to by the KCC portfolio.
 - The corporate and SME portfolio contributed Rs 2.32bn to the gross additions to GNPA.

(Con call takeaways continue on the next page)

- **Guidance**
 - Net slippages in retail segments would be expected to normalize upward.
- **Recoveries and upgrades**
 - Recoveries, upgrades and others amounted to Rs 53.51bn for the quarter.
 - There was a large upgrade in the corporate segment but its beneficial impact was offset by the provision made on AIF exposures.
- **Provisions**
 - **P&L provisions**
 - Provisions were Rs 10.5bn, up by 80% QoQ but down -53% YoY, translating to calculated annualised credit cost of 37bps.
 - Provision of around Rs.6.27bn were towards applicable Alternate Investments Funds (AIF) Investments pursuant to the RBI circular.
 - **Outstanding provisions**
 - The outstanding contingent provisions amount to Rs 131bn and 1.1% of loan book.
 - Total non-specific provisions amount to Rs 232.25bn or 2% of loan book.

Deposits growth

- Total deposits have grown 18.7% YoY and 2.9% QoQ.
- Term deposits have grown 31.2% YoY and 4.9% QoQ.
- **Liquidity**
 - The LCR for the quarter was 121%.
 - The bank looks at 3 ratios in the form of LDR, LCR and NSFR and the LCR and NSFR are more granular in terms of taking in account the nature of the assets and liabilities.
 - It may be noted that a bank with a higher level of capital will have higher LDR.
 - Furthermore, the overseas balance sheet should be viewed separately as it has limited deposit capability and the overseas loan book has reduced over time.
 - The bank also has refinance and bonds in terms of funding options.
 - The bank's LDR has hovered in the mid-80s.

Loan growth

- Domestic loans have grown 18.8% YoY and 3.8% QoQ.
- **Retail lending**
 - Retail loans have grown 21.4% YoY and 4.5% QoQ.
 - Business banking loans have grown 31.9% YoY and 6.5% QoQ.
 - Personal loans have grown 37.3% YoY and 6.4% QoQ but have slowed compared with 2Q due to a hike in personal loan interest rates.
- **SME loans**
 - SME book has grown 27.5% YoY and 6.7% QoQ.
- **Corporate lending**
 - Domestic corporate loan portfolio has grown 13.3% YoY and 2.9% QoQ.
 - There have been some prepayments in the NBFC book.

(Con call takeaways continue on the next page)

Operating expenses

- **Total opex**
 - Total opex, at Rs. 100.5 bn, is up 2% QoQ and 22.3% YoY.
 - Consequently, cost/income ratio came in at 40.6%, down by -35bps QoQ but up 233bps YoY.
 - One of the reasons for rise in cost on YoY basis was the entire festival season falling in 3Q this year (compared with it partly falling in 2Q last year).
- **Staff expenses**
 - The staff opex is up by 2.3% QoQ and 30.5% YoY.
 - The employee count has risen by 23600 in 12 months and 1700 in the quarter to about 141,000 employees.
 - Headcount addition will slow down going forward.
- **Non-staff expenses**
 - Other opex in up by 1.8% QoQ and 17.8% YoY.
 - **Branch expansion**
 - 123 branches were added during the quarter, taking the total branch count to 6371.
 - There is no branch addition target and branches are added as per feedback from the ground.
 - **Tech spends**
 - Tech spends are 9% of total operating expenses.

Fee income

- Fee income has risen 19.4% YoY.
- Retail, rural, business banking and SME contributed 70% to total fees.

Treasury gain

- The treasury gain for the quarter amounted to Rs 1.23bn.

Capital adequacy

- CET1 ratio at the end of the quarter was 16.03%.

Exhibit 2: Business Data

| (Rs mn) | Q3 FY24 | Q2 FY24 | % qoq | Q3 FY23 | % yoy | Q3 FY24* | chg qoq* | chg yoy* |
|--------------------------------------|------------|------------|--------|------------|---------|----------|----------|----------|
| Loans | 11,537,710 | 11,105,421 | 3.9 | 9,740,475 | 18.5 | 100.0 | 0bps | 0bps |
| Corporate | 2,562,410 | 2,489,750 | 2.9 | 2,261,803 | 13.3 | 22.2 | -21bps | -101bps |
| Retail Book (ex-Business banking) | 7,406,080 | 7,086,290 | 4.5 | 6,121,420 | 21.0 | 64.2 | 38bps | 135bps |
| Mortgages | 3,841,320 | 3,703,510 | 3.7 | 3,313,790 | 15.9 | 33.3 | -6bps | -73bps |
| Vehicle Loans | 905,010 | 870,430 | 4.0 | 756,930 | 19.6 | 7.8 | 1bps | 7bps |
| Personal Loans | 1,110,990 | 1,044,280 | 6.4 | 809,320 | 37.3 | 9.6 | 23bps | 132bps |
| Credit Card | 481,970 | 432,300 | 11.5 | 345,460 | 39.5 | 4.2 | 28bps | 63bps |
| Rural Loans | 980,360 | 937,570 | 4.6 | 829,060 | 18.2 | 8.5 | 5bps | -1bps |
| Others | 86,430 | 98,200 | (12.0) | 66,860 | 29.3 | 0.7 | -14bps | 6bps |
| Business Banking | 882,390 | 828,330 | 6.5 | 668,830 | 31.9 | 7.6 | 19bps | 78bps |
| SME | 579,180 | 542,640 | 6.7 | 454,240 | 27.5 | 5.0 | 13bps | 36bps |
| BRDS/IBPC | (281,850) | (204,950) | 37.5 | (118,500) | 137.8 | (2.4) | -60bps | -123bps |
| Overseas Loans | 389,510 | 363,360 | 7.2 | 352,650 | 10.5 | 3.4 | 10bps | -24bps |
| Deposits | 13,323,145 | 12,947,417 | 2.9 | 11,220,495 | 18.7 | 100.0 | 0bps | 0bps |
| CA | 1,534,110 | 1,553,040 | (1.2) | 1,456,260 | 5.3 | 11.5 | -48bps | -146bps |
| SA | 3,745,840 | 3,723,260 | 0.6 | 3,632,160 | 3.1 | 28.1 | -64bps | -426bps |
| Term | 8,043,195 | 7,671,117 | 4.9 | 6,132,075 | 31.2 | 60.4 | 112bps | 572bps |
| Investments | 4,366,498 | 4,132,531 | 5.7 | 3,370,506 | 29.6 | NA | NA | NA |
| Investments/(Invest. + Net Adv.) (%) | 27.5 | 27.1 | 33bps | 25.7 | 175bps | NA | NA | NA |
| Borrowings | 1,268,713 | 1,167,580 | 8.7 | 1,305,500 | (2.8) | NA | NA | NA |
| Borrowings/(Borr. + Deposits) (%) | 8.7 | 8.3 | 42bps | 10.4 | -173bps | NA | NA | NA |
| Total assets | 17,832,221 | 17,207,796 | 3.6 | 15,217,481 | 17.2 | NA | NA | NA |
| RWA | 13,253,250 | 12,064,060 | 9.9 | 10,413,780 | 27.3 | NA | NA | NA |

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

Exhibit 3: Key Ratios

| (%) | Q3 FY24 | Q2 FY24 | chg qoq | Q3 FY23 | chg yoy |
|---------------------------------|---------|---------|---------|---------|---------|
| Net interest margin | 4.43 | 4.53 | -10bps | 4.65 | -22bps |
| Yield on advances | 9.79 | 9.81 | -2bps | 9.13 | 66bps |
| Cost of Deposits | 4.72 | 4.53 | 19bps | 3.65 | 107bps |
| CASA | 39.6 | 40.8 | -112bps | 45.3 | -572bps |
| Loan to Deposit ratio | 86.6 | 85.8 | 83bps | 86.8 | -21bps |
| Non-int. income / Total income | 24.6 | 24.0 | 62bps | 23.4 | 123bps |
| Fee Income to Avg. Total Assets | 1.2 | 1.2 | -2bps | 1.2 | 3bps |
| Cost to Income | 40.6 | 40.9 | -35bps | 38.2 | 233bps |
| Opex to Avg. Total Assets | 2.3 | 2.3 | -5bps | 2.2 | 11bps |
| RoE | 18.5 | 19.1 | -60bps | 17.6 | 90bps |
| RoA | 2.3 | 2.4 | -9bps | 2.2 | 12bps |
| Annualised Slippage Ratio* | 2.0 | 1.7 | 29bps | 2.3 | -35bps |
| Provision Coverage Ratio | 80.7 | 82.6 | -190bps | 82.0 | -130bps |
| Gross NPA | 2.3 | 2.5 | -18bps | 3.1 | -77bps |
| Net NPA | 0.4 | 0.4 | 1bps | 0.6 | -11bps |
| Capital adequacy ratio | 14.6 | 16.1 | -146bps | 16.3 | -165bps |
| Tier I capital ratio | 13.9 | 15.4 | -141bps | 15.5 | -157bps |

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

Exhibit 4: Quarterly Actuals Vs Estimates

| Q3FY24 (Rs. mn) | Actuals | Estimates | Diff, % |
|----------------------------|---------|-----------|---------|
| Net Interest Income | 186,786 | 190,487 | (1.9) |
| Pre-Prov. Operating Profit | 147,236 | 148,361 | (0.8) |
| Profit After Tax | 102,715 | 102,952 | (0.2) |

Source: Company, YES Sec – Research

Exhibit 5: Operating Expense Break-up

| (Rs mn) | Q3FY24 | Q2FY24 | % qoq | Q3FY23 | % yoy |
|--------------------------------|----------------|---------------|------------|---------------|-------------|
| Employee Expense | 38,127 | 37,254 | 2.3 | 29,212 | 30.5 |
| Other Operating Expense | 62,393 | 61,299 | 1.8 | 52,962 | 17.8 |
| Total Operating Expense | 100,520 | 98,553 | 2.0 | 82,174 | 22.3 |

Source: Company, YES Sec – Research

Exhibit 6: Non-Interest Income Break-up

| (Rs mn) | Q3 FY24 | Q2 FY24 | % qoq | Q3 FY23 | % yoy |
|--|---------------|---------------|------------|---------------|-------------|
| Fee Income (A) | 53,130 | 52,040 | 2.1 | 44,480 | 19.4 |
| Total Other Income (B) | 7,841 | 5,727 | 36.9 | 5,756 | 36.2 |
| Treasury Income | 1,230 | (850) | NA | 360 | 241.7 |
| Others | 6,611 | 6,577 | 0.5 | 5,396 | 22.5 |
| Total Non-Interest Income (A+B) | 60,971 | 57,767 | 5.5 | 50,236 | 21.4 |

Source: Company, YES Sec – Research

Exhibit 7: Rating profile of loan book, excluding retail and rural portfolio

| % | Q3 FY24 | Q2 FY24 | chg qoq | Q3 FY23 | chg yoy |
|----------------------|---------|---------|---------|---------|---------|
| AA- and Above | 41.7 | 44.5 | -280bps | 45.30 | -360bps |
| A+, A, A- | 28.1 | 26.8 | 130bps | 27.8 | 30bps |
| A- and above | 69.8 | 71.3 | -150bps | 73.1 | -330bps |
| BBB+, BBB, BBB- | 28.2 | 26.8 | 140bps | 24.1 | 410bps |
| BB and below | 0.9 | 0.7 | 20bps | 1.2 | -30bps |
| Non-performing loans | 0.3 | 0.3 | 0bps | 0.5 | -20bps |
| Unrated | 0.8 | 0.9 | -10bps | 1.1 | -30bps |

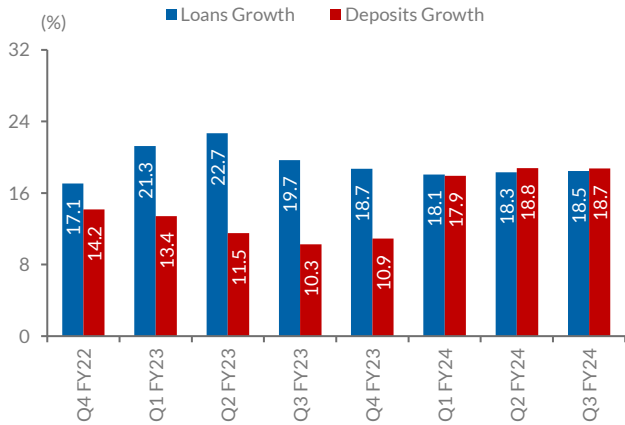
Source: Company, YES Sec – Research

Exhibit 8: Subsidiaries PAT

| (Rs mn) | Q3 FY24 | Q2 FY24 | % qoq | Q3 FY23 | % yoy |
|---------------------------|---------|---------|--------|---------|---------|
| ICICI Prudential Life | 2,270 | 2,440 | (7.0) | 2,210 | 2.7 |
| ICICI Lombard General | 4,310 | 5,770 | (25.3) | 3,530 | 22.1 |
| ICICI Pru. Asset Mgmt. | 5,460 | 5,010 | 9.0 | 4,200 | 30.0 |
| ICICI Sec. (Consolidated) | 4,660 | 4,240 | 9.9 | 2,810 | 65.8 |
| ICICI Sec. PD | 1,370 | 170 | 705.9 | 120 | 1,041.7 |
| ICICI Home Finance | 1,860 | 1,120 | 66.1 | 1,050 | 77.1 |
| ICICI Venture | 10 | 30 | (66.7) | 100 | (90.0) |
| ICICI Bank UK (USD mn) | 7 | 3 | 103.0 | 3 | 116.1 |
| ICICI Canada (CAD mn) | 16 | 21 | (24.6) | 12 | 38.3 |

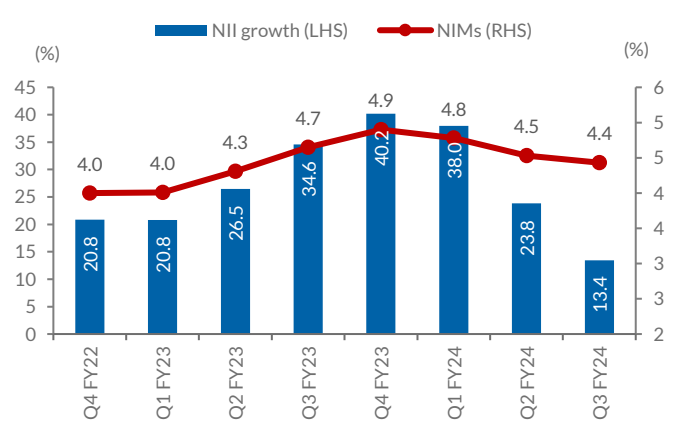
Source: Company, YES Sec – Research

Exhibit 9: Loans and Deposits growth (YoY %)



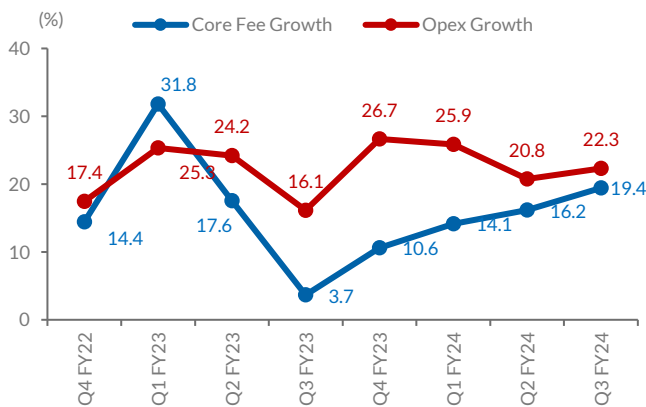
Source: Company, YES Sec – Research

Exhibit 10: NII growth (YoY %) and NIM



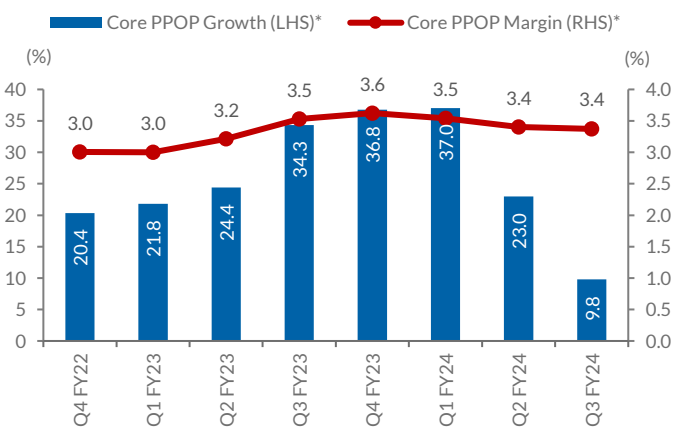
Source: Company, YES Sec – Research

Exhibit 11: Core Fee and Opex growth (YoY %)



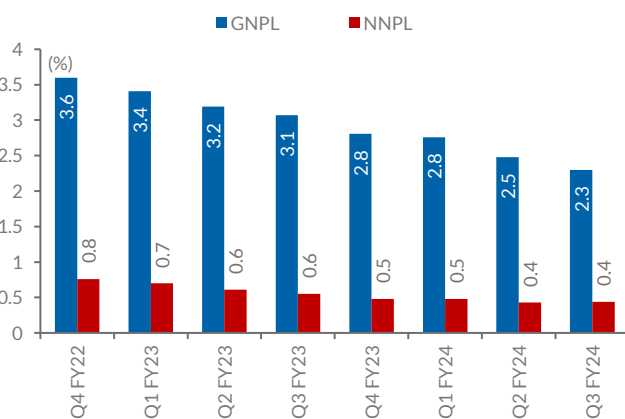
Source: Company, YES Sec – Research

Exhibit 12: Core PPOP growth (YoY %) and Core PPOP margin



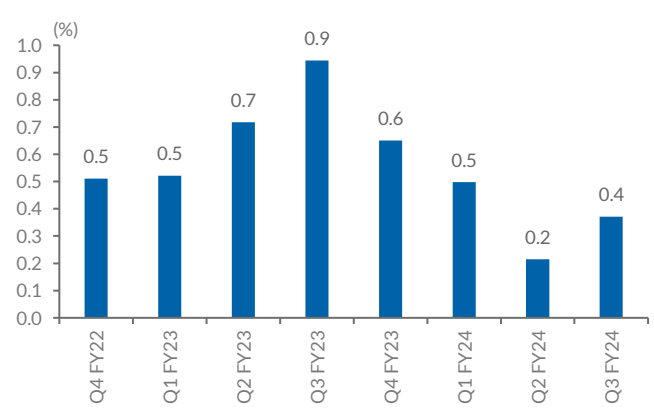
Source: Company, YES Sec – Research, * Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

Exhibit 13: Gross NPA and Net NPA (%)



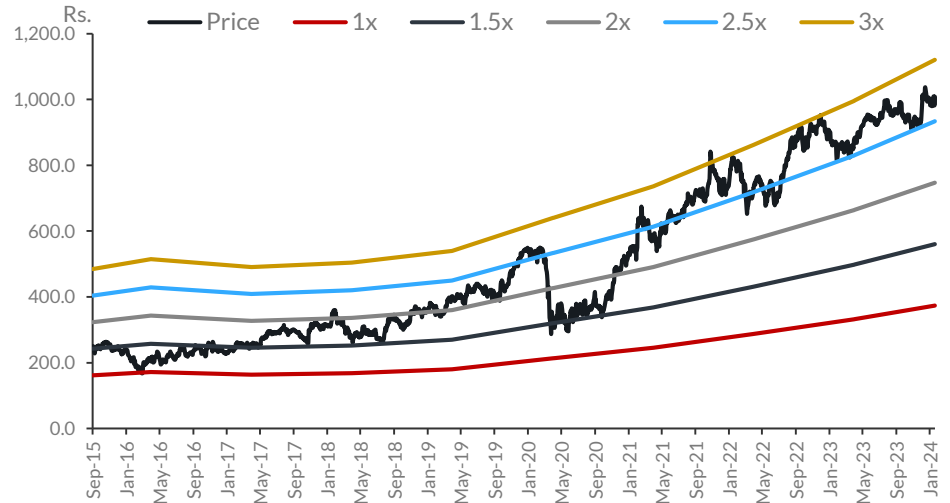
Source: Company, YES Sec – Research

Exhibit 14: Provisions/Average Advances (%)



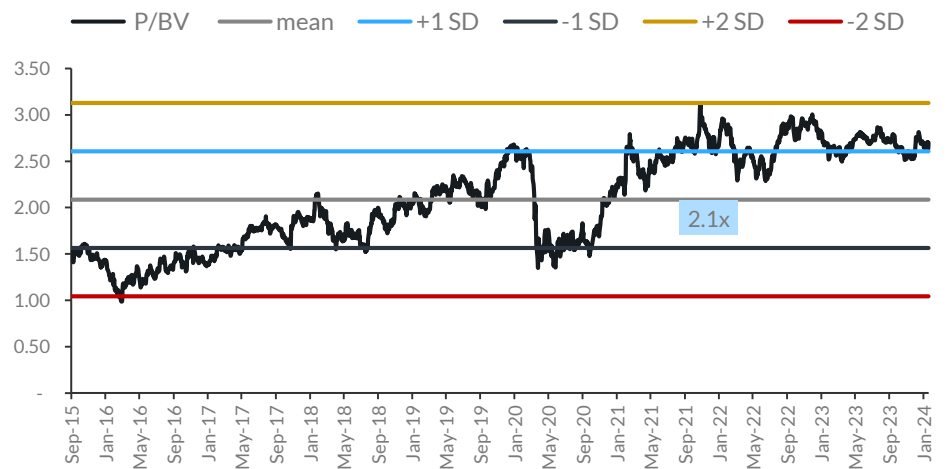
Source: Company, YES Sec – Research

Exhibit 15: 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 16: 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 17: Balance sheet

| Y/e 31 Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total cash & equivalents | 1,678,224 | 1,194,383 | 1,409,372 | 1,663,059 | 1,962,409 |
| Investments | 3,102,410 | 3,623,297 | 3,750,327 | 4,375,620 | 5,108,489 |
| Advances | 8,590,204 | 10,196,383 | 12,031,732 | 14,197,444 | 16,752,984 |
| Fixed assets | 93,738 | 95,998 | 105,598 | 116,158 | 127,774 |
| Other assets | 648,401 | 732,005 | 805,205 | 885,726 | 974,299 |
| Total assets | 14,112,977 | 15,842,067 | 18,102,235 | 21,238,006 | 24,925,954 |
| Net worth | 1,705,120 | 2,007,154 | 2,337,003 | 2,726,521 | 3,187,166 |
| Deposits | 10,645,716 | 11,808,407 | 13,919,058 | 16,409,627 | 19,348,498 |
| Borrowings | 1,072,314 | 1,193,255 | 1,168,906 | 1,611,447 | 2,122,284 |
| Other liabilities | 689,828 | 833,251 | 677,267 | 490,411 | 268,007 |
| Total liabilities incl. Equity | 14,112,977 | 15,842,067 | 18,102,235 | 21,238,006 | 24,925,954 |

Source: Company, YES Sec – Research

Exhibit 18: Income statement

| Y/e 31 Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
|----------------------------|----------------|----------------|----------------|------------------|------------------|
| Interest income | 863,745 | 1,092,313 | 1,274,492 | 1,508,145 | 1,791,794 |
| Interest expense | (389,085) | (471,027) | (563,945) | (673,568) | (805,277) |
| Net interest income | 474,661 | 621,286 | 710,547 | 834,576 | 986,517 |
| Non-interest income | 185,175 | 198,314 | 270,263 | 322,593 | 380,138 |
| Total income | 659,836 | 819,600 | 980,811 | 1,157,169 | 1,366,654 |
| Operating expenses | (267,333) | (328,732) | (404,252) | (477,877) | (562,362) |
| PPoP | 392,503 | 490,868 | 576,558 | 679,292 | 804,292 |
| Provisions | (86,414) | (60,860) | (62,265) | (85,440) | (115,605) |
| Profit before tax | 306,089 | 430,008 | 514,293 | 593,853 | 688,687 |
| Taxes | (72,694) | (105,247) | (128,573) | (148,463) | (172,172) |
| Net profit | 233,395 | 324,761 | 385,720 | 445,390 | 516,515 |

Source: Company, YES Sec – Research

Exhibit 19: Du Pont Analysis (RoA tree)

| Y/e 31 Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
|----------------------------|------------|------------|------------|------------|------------|
| Interest income | 6.5 | 7.3 | 7.5 | 7.7 | 7.8 |
| Interest expense | -2.9 | -3.1 | -3.3 | -3.4 | -3.5 |
| Net interest income | 3.6 | 4.1 | 4.2 | 4.2 | 4.3 |
| Non-interest income | 1.4 | 1.3 | 1.6 | 1.6 | 1.6 |
| Total income | 5.0 | 5.5 | 5.8 | 5.9 | 5.9 |
| Operating expenses | -2.0 | -2.2 | -2.4 | -2.4 | -2.4 |
| PPoP | 3.0 | 3.3 | 3.4 | 3.5 | 3.5 |
| Provisions | -0.7 | -0.4 | -0.4 | -0.4 | -0.5 |
| Profit before tax | 2.3 | 2.9 | 3.0 | 3.0 | 3.0 |
| Taxes | -0.6 | -0.7 | -0.8 | -0.8 | -0.7 |
| Net profit | 1.8 | 2.2 | 2.3 | 2.3 | 2.2 |

Source: Company, YES Sec – Research

Exhibit 20: 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 | 715,132 | EV | 385,290 | 1.9 | 51% | 366,433 | 52.5 |
| ICICI Pru AMC | 614,564 | AUM | 6,145,643 | 10% | 51% | 313,428 | 44.9 |
| ICICI Lombard | 716,422 | BV | 103,928 | 6.9 | 48% | 344,026 | 49.3 |
| ICICI Securities | 247,402 | BV | 28,251 | 8.8 | 75% | 185,180 | 26.5 |
| ICICI Home Fin | 42,104 | BV | 28,070 | 1.5 | 100% | 42,104 | 6.0 |
| 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 |
| Value of Subsidiaries | | | | | | 1,315,462 | 188.4 |

Source: Company, YES Sec – Research

Exhibit 21: 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 | 710,547 | 834,576 | 986,517 | 685,602 | 795,174 | 946,297 | 3.6 | 5.0 | 4.3 |
| Pre-Prov. Operating Profit | 576,558 | 679,292 | 804,292 | 551,537 | 639,657 | 763,797 | 4.5 | 6.2 | 5.3 |
| Profit after tax | 385,720 | 445,390 | 516,515 | 367,457 | 416,160 | 486,852 | 5.0 | 7.0 | 6.1 |

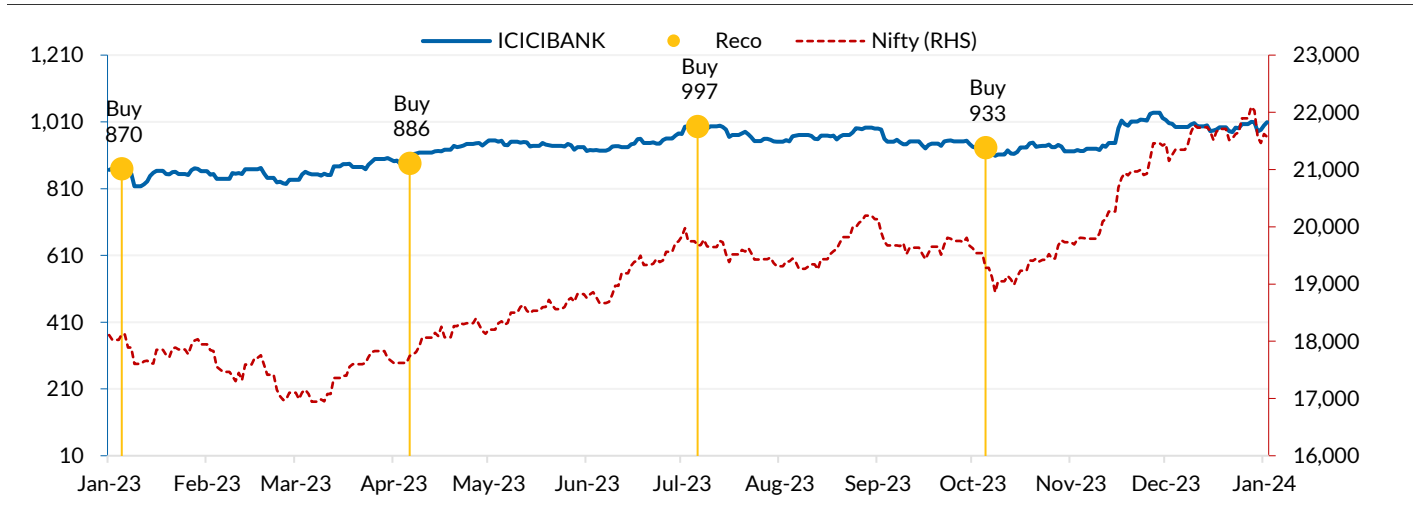
Source: Company, YES Sec – Research

Exhibit 22: Ratio analysis

| Y/e 31 Mar | FY22 | FY23 | FY24E | FY25E | FY26E |
|---------------------------------|------|------|-------|-------|-------|
| Growth matrix (%) | | | | | |
| Net interest income | 21.7 | 30.9 | 14.4 | 17.5 | 18.2 |
| PPoP | 7.8 | 25.1 | 17.5 | 17.8 | 18.4 |
| Net profit | 44.1 | 39.1 | 18.8 | 15.5 | 16.0 |
| Loans | 17.1 | 18.7 | 18.0 | 18.0 | 18.0 |
| Deposits | 14.2 | 10.9 | 17.9 | 17.9 | 17.9 |
| Profitability Ratios (%) | | | | | |
| Net interest margin | 4.0 | 4.5 | 4.5 | 4.6 | 4.6 |
| Return on Average Equity | 14.7 | 17.5 | 17.8 | 17.6 | 17.5 |
| Return on Average Assets | 1.8 | 2.2 | 2.3 | 2.3 | 2.2 |
| Per share figures (Rs) | | | | | |
| EPS | 33.6 | 46.5 | 55.2 | 63.8 | 74.0 |
| BVPS | 245 | 287 | 335 | 390 | 456 |
| ABVPS | 235 | 280 | 313 | 361 | 418 |
| Valuation multiples | | | | | |
| P/E | 24 | 18 | 15 | 13 | 11 |
| P/BV | 3.3 | 2.9 | 2.5 | 2.1 | 1.8 |
| P/ABV | 3.5 | 2.9 | 2.6 | 2.3 | 2.0 |
| NIM internals (%) | | | | | |
| Yield on loans | 8.0 | 8.9 | 9.1 | 9.2 | 9.3 |
| Cost of deposits | 3.3 | 3.5 | 3.9 | 4.0 | 4.0 |
| Loan-deposit ratio | 80.7 | 86.3 | 86.4 | 86.5 | 86.6 |
| CASA ratio | 48.7 | 45.8 | 46.0 | 46.3 | 46.3 |
| Opex control (%) | | | | | |
| Cost/Income ratio | 40.5 | 40.1 | 41.2 | 41.3 | 41.1 |
| Cost to average assets | 2.0 | 2.2 | 2.4 | 2.4 | 2.4 |
| Capital adequacy (%) | | | | | |
| Tier 1 capital ratio | 18.4 | 17.6 | 17.3 | 16.8 | 16.3 |
| Asset quality (%) | | | | | |
| Slippage ratio | 2.4 | 1.9 | 1.8 | 1.5 | 1.5 |
| Gross NPL ratio | 3.8 | 2.9 | 3.0 | 2.8 | 2.7 |
| Credit cost | 0.8 | -0.1 | 0.4 | 0.5 | 0.6 |
| Net NPL ratio | 0.8 | 0.5 | 1.2 | 1.5 | 1.6 |

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

Recommendation Tracker



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Registered Address: 2nd Floor, North Side, YES BANK House,
Off Western Express Highway, Santacruz East,
Mumbai - 400 055, Maharashtra, India.

Correspondence Address: 7th Floor, Urmi Estate Tower A, Ganpatrao
Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West),
Mumbai - 400 013, Maharashtra, India.

✉ research@ysil.in | Website: www.yesinvest.in

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Details of Compliance Officer: Name: Aditya Goenka,
Email id: compliance@ysil.in, **Contact No:** 022- 65078127 (Extn: 718127)

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