

# Retail Equity Research

## ICICI Bank Limited

Banking

BSE CODE: 532174

NSE CODE: ICICIBANK

Bloomberg CODE: ICICIB:IN

SENSEX: 64,364

**BUY**

12 Months Investment Period Rating as per Large Cap  
CMP Rs. 933 TARGET Rs. 1,054 RETURN 13% ↑  
(Closing: 03-11-23)

**KEY CHANGES:**

**TARGET ↑**

**RATING ↑**

**EARNINGS ↑**

### Healthy asset quality, positive outlook

ICICI Bank Limited operates a network of banks located throughout India. The bank specialises in retail and corporate banking, in addition to forex and treasury operations. ICICI Bank also provides a wide variety of investment banking, insurance, and financial services to its clients.

- In Q2FY24, the bank's net interest income (NII) grew a significant 23.8% YoY to Rs. 18,308cr, while net interest margin (NIM) expanded 22bps YoY to 4.53%.
- GNPA and NNPA ratios were 2.48% and 0.43% (vs. 2.76% and 0.48% in Q1FY24), respectively.
- With strong growth momentum in advances and deposits, healthy asset quality, robust digital capabilities, and sufficient capitalisation, the bank is poised to deliver strong earnings performance. Although NIM may moderate in the near term, due to the lagged impact of increase in the term deposit rates in FY23, we remain positive about the company's long-term growth prospects. Hence, we upgrade our rating to BUY from HOLD with a SOTP-based target price of Rs. 1,054.

### Robust PAT growth with lower provisioning

Interest income grew 34.1% YoY to Rs. 34,920cr (up 4.8% QoQ), led by robust growth in interest on advances. Interest expense rose 47.7% YoY to Rs. 16,612cr (up 10.0% QoQ). Consequently, NII increased 23.8% YoY to Rs. 18,308cr (flat QoQ). NIM margin expanded 22bps YoY to 4.53% (down 25bps QoQ). Pre-provisioning profit was Rs. 14,229cr (up 21.8% YoY), partly impacted by higher operating expenses. However, profit after tax (PAT) surged 35.8% YoY to Rs. 10,261cr, aided by lower provisioning which more than halved YoY, partly offset by higher taxes.

### Improving asset quality

Advances grew 18.3% YoY to Rs. 1,110,542cr (up 5.0% QoQ), driven by robust growth in domestic loans. Retail book grew 21.4% YoY, led by mortgage (up 16.2% YoY), personal (up 40.4% YoY) and vehicle loans (up 19.9% YoY). It now constitutes 54.3% of the total loan portfolio. Rural/ business banking / SME / domestic corporate loans rose 17.3% / 30.3% / 29.4% / 15.3% YoY. Deposits increased 18.8% YoY to Rs. 1,294,742cr (up 4.5% QoQ). The CASA ratio shrank 420bps YoY to 40.8%. Gross non-performing assets (GNPA) came in at Rs. 29,837cr (down 6.2% QoQ), aided by lower slippage and higher recoveries and upgrades. GNPA and NNPA ratios were 2.48% and 0.43% (vs. 2.76% and 0.48% in Q1FY24), respectively. The provision-coverage ratio stood at 82.6%. The capital adequacy ratio was 17.6% and the Tier-I ratio was 16.9%, well above the required level.

### Key quarter highlights

- 174 new branches opened in Q2FY24, taking the total branch count to 6,248. Branch expansion in future may largely depend on the available opportunities in the micro markets and capacity required to service that demand.
- Over 1 cr iMobile Pay app activations from non-ICICI account holders by Sept-23.

### Outlook and valuation

ICICI Bank delivered a superior performance in Q2FY24, and we expect a robust growth momentum in advances and deposits, particularly during the upcoming festive season. Diversified loan portfolio, healthy asset quality, digital capabilities, and sufficient capitalisation augur well for the company's future performance. However, NIM may moderate in the near term, due to lagged impact of increase in term deposit rates in FY23. We are optimistic about the company's long-term growth prospects and hence, upgrade our rating on the stock to BUY from HOLD with a SOTP-based target price of Rs. 1,054.

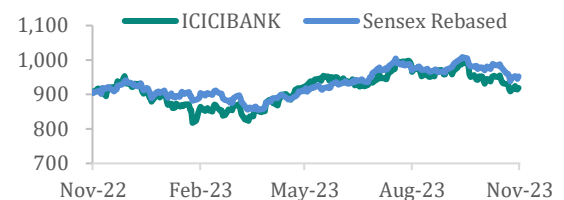
### Company Data

Market Cap (cr)	Rs. 653,727
Outstanding Shares (cr)	699.9
Free Float	98%
Dividend Yield	0.86%
52 week high	Rs. 1,009
52 week low	Rs. 796
6m average volume	318,043
Beta	0.9
Face value	Rs. 2

Shareholding %	Q4FY23	Q1FY24	Q2FY24
Promoters	0.0	0.0	0.0
FII's	44.2	44.5	44.4
MFs/Insti	45.6	45.5	45.8
Public	9.9	9.6	9.5
Others	0.4	0.4	0.3
Total	100.0	100.0	100.0
Promoters' pledge	0.0	0.0	0.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-6.9%	-0.3%	1.6%
Absolute Sensex	-2.6%	4.4%	5.2%
Relative Return*	-4.3%	-4.7%	-3.6%

\*over or under performance to benchmark index



Standalone (cr)	FY23A	FY24E	FY25E
Net Interest Income	62,129	69,919	85,217
Growth (%)	30.9	12.5	21.9
NIM (%)	4.5	4.4	4.6
Pre-Provision Profit	49,087	54,988	66,044
Net Profit	31,897	37,991	44,659
Growth (%)	36.7	19.1	17.6
Adj.EPS	44.9	53.3	62.7
Growth (%)	36.1	18.8	17.6
BVPS	287.4	335.5	389.7
P/E	19.5	17.2	14.7
P/B	3.1	2.7	2.4
RoE (%)	17.2	17.5	17.6
RoA (%)	2.1	2.2	2.2

## Quarterly Financials (Standalone)

### Profit & Loss Account

	Q2FY24	Q2FY23	YoY Growth %	Q1FY24	QoQ Growth %	H1FY24	H1FY23	YoY Growth %
Interest Income	34,920	26,033	34.1	33,328	4.8	68,248	49,705	37.3
Interest Expense	16,612	11,246	47.7	15,101	10.0	31,714	21,708	46.1
<b>Net Interest Income (NII)</b>	<b>18,308</b>	<b>14,787</b>	23.8	<b>18,226</b>	0.4	<b>36,534</b>	<b>27,997</b>	30.5
Non-Interest Income	5,777	5,055	14.3	5,435	6.3	11,212	9,720	15.3
<b>Total Net Income</b>	<b>24,085</b>	<b>19,842</b>	21.4	<b>23,662</b>	1.8	<b>47,746</b>	<b>37,717</b>	26.6
<b>Total Income</b>	<b>40,697</b>	<b>31,088</b>	30.9	<b>38,763</b>	5.0	<b>79,460</b>	<b>59,425</b>	33.7
Operating Expenses	9,855	8,161	20.8	9,523	3.5	19,378	15,728	23.2
<b>Total Expenditure</b>	<b>26,468</b>	<b>19,408</b>	36.4	<b>24,624</b>	7.5	<b>51,092</b>	<b>37,435</b>	36.5
<b>Pre-Provision Profit</b>	<b>14,229</b>	<b>11,680</b>	21.8	<b>14,139</b>	0.6	<b>28,368</b>	<b>21,989</b>	29.0
Provisions	583	1,645	(64.6)	1,292	(54.9)	1,875	2,788	(32.8)
<b>Profit Before Tax</b>	<b>13,647</b>	<b>10,036</b>	36.0	<b>12,847</b>	6.2	<b>26,493</b>	<b>19,201</b>	38.0
Tax	3,386	2,478	36.6	3,198	5.9	6,584	4,738	39.0
Minority Interests	-	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>10,261</b>	<b>7,558</b>	35.8	<b>9,648</b>	6.4	<b>19,909</b>	<b>14,463</b>	37.7
Adj.	-	-	-	-	-	-	-	-
<b>Adj. PAT</b>	<b>10,261</b>	<b>7,558</b>	35.8	<b>9,648</b>	6.4	<b>19,909</b>	<b>14,463</b>	37.7
<b>Adj. EPS (Rs.)</b>	<b>14.4</b>	<b>10.6</b>	35.3	<b>13.5</b>	6.4	<b>27.9</b>	<b>20.4</b>	37.0

### SOTP Valuation

Particulars	Basis	Multiple	% Holding	Value (Rs. cr.)	Value/share (Rs.)
ICICI Bank	FY25E ABV	2.4x	100%	654,696	935
Life Insurance	Geojit TP		51.27%	46,457	66
General Insurance	Geojit TP		48.02%	36,318	52
Securities	FY25E EPS	15.0x	74.85%	4,017	6
Others	FY25E EPS	10.0x	100%	16,798	24
Total value of subsidiaries				103,589	148
(20% holding discount)				(20,718)	(30)
<b>Total Value</b>				<b>737,567</b>	<b>1,054</b>

### Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change %	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Net Interest Income (NII)	70,936	79,453	69,919	85,217	(1.4)	7.3
Net Interest Margin (%)	4.6	4.5	4.4	4.6	(2.7)	3.9
Pre-Provision Profit	56,042	62,611	54,988	66,044	(1.9)	5.5
Net Profit	35,951	39,669	37,991	44,659	5.7	12.6
EPS (Rs)	50.6	55.8	53.3	62.7	5.4	12.3



## PROFIT & LOSS

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24E	FY25E
Interest Income	79,118	86,375	109,231	133,238	157,018
Interest Exp.	40129	38908	47103	63320	71801
<b>Net Int. Income</b>	<b>38,989</b>	<b>47,466</b>	<b>62,129</b>	<b>69,919</b>	<b>85,217</b>
% Change	17.2	21.7	30.9	12.5	21.9
Non-Int. Income	18,969	18,518	19,831	24,190	28,507
<b>Net Income</b>	<b>57,958</b>	<b>65,984</b>	<b>81,960</b>	<b>94,109</b>	<b>113,724</b>
<b>Total Income</b>	<b>98,087</b>	<b>104,892</b>	<b>129,063</b>	<b>157,428</b>	<b>185,525</b>
Operating Exp.	21,561	26,733	32,873	39,121	47,680
<b>Total Exp.</b>	<b>61,690</b>	<b>65,642</b>	<b>79,976</b>	<b>102,440</b>	<b>119,481</b>
<b>Pre-Prov. Profit</b>	<b>36,397</b>	<b>39,250</b>	<b>49,087</b>	<b>54,988</b>	<b>66,044</b>
Provisions	16,214	8,641	6,666	4,333	6,499
PBT	20,183	30,609	42,421	50,655	59,545
Tax	3,990	7,269	10,525	12,664	14,886
Tax Rate (%)	19.8	23.7	24.8	25.0	25.0
Minority Interests	-	-	-	-	-
<b>Net Profit</b>	<b>16,193</b>	<b>23,339</b>	<b>31,897</b>	<b>37,991</b>	<b>44,659</b>
% Change	104.2	44.1	36.7	19.1	17.6
Adj.	-	-	-	-	-
<b>Adj. Net Profit</b>	<b>16,193</b>	<b>23,339</b>	<b>31,897</b>	<b>37,991</b>	<b>44,659</b>
No. of Shares (cr)	674.4	693.4	696.6	699.9	699.9
<b>Adj. EPS (Rs.)</b>	<b>23.7</b>	<b>33.0</b>	<b>44.9</b>	<b>53.3</b>	<b>62.7</b>
% Change	66.7	39.3	36.1	18.8	17.6
DPS (Rs.)	2.0	5.0	8.0	9.5	11.2

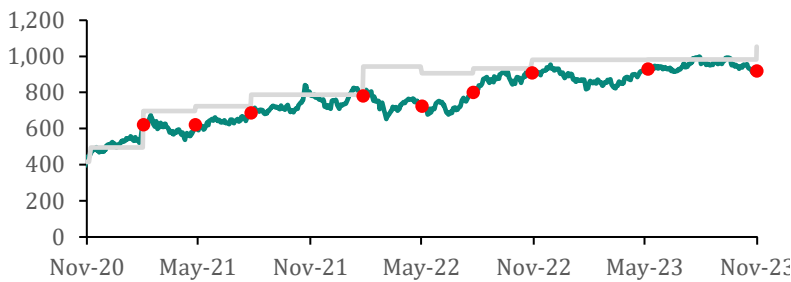
## BALANCE SHEET

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash & Balances	46,031	60,121	68,526	74,694	81,416
Investments	281,287	310,241	362,330	427,549	501,301
Advances	733,729	859,020	1,019,638	1,198,075	1,395,757
Fixed Assets	8,878	9,374	9,600	10,464	11,301
Other Assets	160,508	172,542	124,113	133,023	141,795
<b>Total Assets</b>	<b>1,230,433</b>	<b>1,411,298</b>	<b>1,584,207</b>	<b>1,843,805</b>	<b>2,131,571</b>
Capital	1,383	1,390	1,397	1,401	1,401
Reserves & Surplus	146,123	168,856	198,558	232,819	270,823
Deposits	932,522	1,064,572	1,180,841	1,381,584	1,602,637
Borrowings	91,631	107,231	119,325	132,451	147,021
Other Liabilities	58,773	69,249	84,086	95,550	109,689
<b>Total Liabilities</b>	<b>1,230,433</b>	<b>1,411,298</b>	<b>1,584,207</b>	<b>1,843,805</b>	<b>2,131,571</b>
<b>BVPS (Rs.)</b>	<b>213.3</b>	<b>245.3</b>	<b>287.4</b>	<b>335.5</b>	<b>389.7</b>
Adj. BVPS (Rs.)	200.0	235.3	280.0	329.2	384.4
% Change	21.2	17.7	19.0	17.6	16.8

## RATIOS

Y.E March	FY21A	FY22A	FY23A	FY24E	FY25E
<b>Valuation</b>					
P/E (x)	24.6	22.1	19.5	17.2	14.7
P/BV (x)	2.7	3.0	3.1	2.7	2.4
Div. Yield (%)	0.3	0.7	0.9	1.0	1.2
<b>Profitability &amp; Return (%)</b>					
Yield on Advances	8.3	8.0	8.9	9.8	9.6
Cost of Deposits	4.1	3.5	3.8	4.5	4.4
Spread	4.2	4.5	5.1	5.3	5.2
NIM	3.8	4.0	4.5	4.4	4.6
ROE	12.3	14.7	17.2	17.5	17.6
ROA	1.4	1.8	2.1	2.2	2.2
<b>Capital Adequacy (%)</b>					
CAR	19.1	19.2	18.3	17.6	17.5
Tier I	18.1	18.4	17.6	16.9	16.8
Tier II	1.1	0.8	0.7	0.7	0.7
<b>Asset Quality (%)</b>					
GNPA	5.0	3.6	2.8	2.4	2.0
NNPA	1.1	0.8	0.5	0.4	0.3
<b>Operating Ratios (%)</b>					
Credit/Deposit	78.7	80.7	86.3	86.7	87.1
Cost/Income	37.2	40.5	40.1	41.6	41.9
CASA	46.3	48.7	45.8	42.8	43.3

## Recommendation Summary (Last 3 Years)



Dates	Rating	Target
29-Apr-21	BUY	723
29-Jul-21	BUY	788
28-Jan-22	BUY	944
4-May-22	BUY	907
27-Jul-22	BUY	932
31-Oct-22	HOLD	980
8-May-23	HOLD	983
4-Nov-23	BUY	1,054

Source: Bloomberg, Geojit research

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review

## DISCLAIMER & DISCLOSURES

**Certification:** I, Antu Eapan Thomas, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Financial Services Limited, hereinafter referred to as Geojit.

**For General disclosures and disclaimer:** Please Visit : <https://www.geojit.com/research-disclosures#fundamental-research>

CRISIL has provided research support in preparation of this research report and the investment rational contained herein along with financial forecast. The target price and recommendation provided in the report are strictly Geojit's views and are NOT PROVIDED by CRISIL. Further, CRISIL expresses no opinion on valuation and the associated recommendations. CRISIL has no financial liability whatsoever, to the subscribers / users of this report.

### Regulatory Disclosures:

Group companies of Geojit Financial Services Limited are Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Investment Limited (financial Services Company ( yet to start operations)), Geojit Techloan Private Ltd( P2P lending (yet to start operations)), Geojit IFSC Ltd ( a company incorporated under IFSC Regulations( yet to start operations)), Qurum Business Group Geojit Securities LLC ( a joint venture in Oman engaged in Financial Services ), Barjeel Geojit Financial Services LLC (a joint venture in UAE engaged in Financial Services), Aloula Geojit Capital Company (a joint venture in Saudi Arabia (Under Liquidation)) and BBK Geojit Securities Co. K.S.C.C (a subsidiary in Kuwait-engaged in Financial services ). In the context of the SEBI Regulations on Research Analysts (2014), Geojit affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

#### 1. Disclosures regarding Ownership:

Geojit confirms that:

It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein.

It/its associates have no actual/beneficial ownership of 1% or more in relation to the subject company (ies) covered herein.

Further, the Analyst confirms that:

(i) He, his associates and his relatives have no financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company.

(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered.

#### 2. Disclosures regarding Compensation:

During the past 12 months, Geojit or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. However, the subject company is a banking partner of Geojit. (e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

#### 3. Disclosure by Geojit regarding the compensation paid to its Research Analyst:

Geojit hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

#### 4. Disclosure regarding the Research Analyst's connection with the subject company:

It is affirmed that I, Antu Eapan Thomas, Research Analyst (s) of Geojit have not served as an officer, director or employee of the subject company

#### 5. Disclosure regarding Market Making activity:

Neither Geojit/its Analysts have engaged in market making activities for the subject company.

#### 6. Disclosure regarding Directorship:

Mr. Radhakrishnan Nair, Non-Executive Independent Director of Geojit Financial Services Ltd is currently serving in the board of ICICI Bank Ltd as an Independent Director. This report has been prepared independently by the equity research team of Geojit; the views expressed are solely the responsibility of the respective Analyst/Research Department.

7. "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

## 8. Standard Warning: "Investment in securities market are subject to market risks. Read all the related documents carefully before investing."

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

Geojit Financial Services Ltd. Registered Office: 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website: [www.geojit.com](http://www.geojit.com). For investor queries: [customercare@geojit.com](mailto:customercare@geojit.com).  
**Compliance officer:** Ms. Indu K. Address: Geojit Financial Services Limited, 34/659 P, Civil Lane Road, Padivattom, Kochi - 682024; Phone: +91 484-2901367; Email: [compliance@geojit.com](mailto:compliance@geojit.com). **For grievances: Grievance Officer:** Mr Nitin K; Address: Geojit Financial Services Limited, 34/659 P, Civil Lane Road, Padivattom, Kochi - 682024; Phone: +91 484-2901363; Email: [grievances@geojit.com](mailto:grievances@geojit.com). Corporate Identity Number: L67120KL1994PLC008403, SEBI Stock Broker Registration No IN2000104737, Research Entity SEBI Reg No: INH200000345, Investment Adviser SEBI Reg No: INA200002817, Portfolio Manager: INP000003203, Depository Participant: IN-DP-325-2017, ARN Regn.Nos:0098, IRDA Corporate Agent (Composite) No.: CA0226.

