

ICICI Bank (ICICIBC)

Banking | 4QFY24 Result Update

BUY

CMP: Rs1,107 | Target Price (TP): Rs1,315 | Upside: 19%

April 28, 2024

Business growth remains strong; NIM compression on expected lines

Key Points

- ICICI Bank's 3QFY24 performance was better than our expectations, with NII/PPOP/PAT coming in at a variation of 0.2%/0.5%/6.6% vs. our estimates. PAT grew by 17.4% YoY on the back of strong loan growth of 16.8% YoY, lower credit cost with improved asset quality and part reversal of Rs1.2bn from the Rs6.3bn AIF provisions made in 3QFY24. NIM continued to compress by 3bps QoQ to 4.4% due to 10bps QoQ increase in the Cost of Funds (CoF) due to a lag in deposit repricing and absence of IT refunds, which had 4bps impact last year.
- We remain positive on ICICI Bank given its healthy growth outlook and earnings trajectory with return ratios expected to remain healthy. While the momentum in balance sheet growth is expected to remain strong, the bank has guided that the NIM will remain under pressure in the near term. We expect earnings to clock a CAGR of 13.2% over FY24-FY26E on the back of 16.3% CAGR in the loan book, 4.4% average NIM, 39.3% average C/I ratio and 53bps average credit cost.
- We roll forward our valuation to March 2026E ABV of Rs448, keeping the target multiple for the standalone entity unchanged at 2.7x. After adding subsidiary valuation of Rs167/share, we derive our target price (TP) of Rs1,315 (previously Rs1,264, valuing it at 2.7x FY25E ABV plus subsidiary valuation), which reflects an upside of 19%. Maintain BUY.

Business growth momentum stays strong: Deposits grew by 19.6% YoY/6% QoQ due to 27.7% YoY/1.6% QoQ growth in term deposits and 7.7%/2.9% QoQ growth in CASA deposits, leading to CASA improving to 42.2% vs 39.6% earlier. Domestic loan portfolio was up by 16.8% YoY and 3.2% QoQ in 4QFY24, supported by strong growth in Retail portfolio (up by 19.4% YoY and 3.7% QoQ). Business Banking portfolio was up by 29.3% YoY (up by 5.7% QoQ), SME portfolio was up by 24.6% YoY (up by 3.8% QoQ), Rural portfolio was up by 17.2% YoY (up by 4.5% QoQ). Domestic Corporate portfolio was up by 10% YoY (flat QoQ). Total loan portfolio (including international branches) grew by 16.2% YoY (up by 2.7% QoQ). Within Retail, Mortgages (up by 14.9% YoY and 3.1% QoQ), Auto Loans (up by 19.2% YoY and 2.3% QoQ), CE/CV (up by 14.1% YoY and 3.2% QoQ), Personal Loans (up by 32.5% YoY/ 5.0% QoQ vs. 37.3% YoY/6.4% QoQ in 3QFY24).

NIM compression on expected lines: NIM for 4QFY24 stood at 4.40% vs. 4.43% in 3QFY24 and 4.90% in 4QFY23. The 3bps QoQ decline was due to two reasons – (1) Lag impact of deposit repricing and (2) Base effect of IT refunds, which were NIL in 4QFY24 but impacted the NIM by 4bps last year. NIM for FY24 stood at 4.53%. Domestic NIM for 4QFY24 stood at 4.49% vs. 4.52% in 3QFY24 and 5.02% in 4QFY23. The Cost of Deposits (CoD) stood at 4.82% for 4QFY24 vs. 4.72% in 3QFY24.

Est Change	Upward
TP Change	Upward
Rating Change	No change

Company Data and Valuation Summary

Reuters	ICBK.BO
Bloomberg	ICICIBC IN Equity
Market Cap (Rsbn / US\$bn)	7,783.5 / 93.2
52 Wk H / L (Rs)	1,126 / 899
ADTV-3M (mn) (Rs / US\$)	16,567.4 / 199.3
Stock performance (%) 1M/6M/1yr	2.2 / 21.9 / 21.1
Nifty 50 performance (%) 1M/6M/1yr	2.7 / 5.0 / 25.1

Shareholding	2QFY24	3QFY24	4QFY24
Promoters	0.0	0.0	0.0
DII's	45.5	46.3	45.4
FII's	44.4	43.6	44.8
Others	10.1	10.1	9.8
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY23	FY24	FY25E	FY26E
NII	6,21,286	7,43,057	8,41,474	9,87,226
% growth	30.9	19.6	13.2	17.3
NIM %	4.4	4.5	4.4	4.4
C/I Ratio %	40.1	40.2	39.5	39.0
Operating Profit	4,90,868	5,81,308	6,68,701	7,87,773
% growth	25.1	18.4	15.0	17.8
Adjusted PAT	3,18,965	4,08,883	4,53,612	5,24,334
% growth	36.7	28.2	10.9	15.6
ABVPS (INR /share)	276	327	379	438
P/ABV	4.0	3.4	2.9	2.5
RoA (%)	2.1	2.4	2.2	2.2
Leverage (x)	8.1	7.9	7.9	7.9
RoE (%)	17.2	18.6	17.7	17.7

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links - [4QFY24 presentation](#)

Please refer to the disclaimer towards the end of the document.

Non-interest income grows by 11% YoY: Non-Interest Income stood at Rs56.5bn (up by 11% YoY). Fee income stood at Rs54.36bn (up by 12.6% YoY). Fee income from Retail, Rural and SME customers constituted 77% of the total fee income. The treasury loss of Rs2.81bn included Rs3.4bn in foreign currency translation reserves related to the bank's offshore unit in Mumbai to P&L account in view of the proposed closure of the unit. Fee income growth was lower in 4QFY24 vs 3QFY24 as there was festive season during 3QFY24. For FY24, the bank's fee income increased by 15%, which it thinks is a good level.

Bank looking towards cost optimization: Operating expenses increased by 8.7% YoY in 4QFY24 and 19% YoY in FY24. Excluding the impact of one-off expense line item of Rs3.35bn in 4QFY23 on account of change of assumptions for provisions on retirement benefit obligations, the operating expenses would have increased by 12.9% YoY in 4QFY24 and 20.3% YoY in FY24. In terms of net additions of employees, the same has started slowing since 3QFY24. The bank does not expect employee addition to be as strong as has been over the past 12-15 months. The bank would continue to add branches and expand its franchise; and for that, whatever employee additions are required will be done but at a measured pace than what has been the case over the last 12-15 months. The bank has optimized cost of sourcing Personal Loans and the same is reflected in the overheads. Cost improvement would be led by: (a) optimization of sourcing cost (includes external sourcing cost) and (b) moderation in the pace of employee addition. On the tech side, the bank tends to spend large amount and the same might continue to exceed overall expenses growth, the rate of growth in tech expense would moderate given the large base that the bank now has (compared to the pace of growth couple of years ago).

Asset quality improves further: GNPA and NNPA improved from Rs287.7bn (2.3%) and Rs53.8bn (0.44%) in 3QFY24 to Rs279.6bn (2.16%) and Rs53.8bn (0.42%) in 4QFY24. Gross Additions in 4QFY24 stood at Rs51.39bn (vs. Rs57.14bn in 3QFY24), comprising Rs49.28bn (vs. Rs54.82bn in 3QFY24) from Retail, Rural and Business Banking portfolio and Rs2.11bn (vs. Rs2.32bn in 3QFY24) from Corporate and SME portfolios. Recoveries & Upgrades (ex. Write-offs) in 4QFY24 stood at Rs39.18bn (vs. Rs53.51bn in 3QFY24), comprising Rs32.17bn (vs. Rs31.80bn in 3QFY24) from Retail, Rural and Business Banking portfolio and Rs7.01bn (vs. Rs21.71bn in 3QFY24) from Corporate and SME portfolio.

Within the rating of Corporate and SME portfolio (A- & above proportion was down from 73.5% in FY23 to 67.7% in FY24), change in portfolio mix was driven by: (a) growth in Business Banking type of portfolio (which gets mapped to BBB rating kind of level) and Credit Performance of the portfolio in terms of net additions has been very strong and so does not worry the bank from the credit quality perspective. (b) secondly, on the corporate loan side, the bank has been reducing highly rated, finely priced exposures (including the NBFC space where capital charge has been increased).

Out of the AIF provision of Rs6.3bn made during 3QFY24, Rs1.2bn was reversed.

Quarterly Performance

Particulars (Rsmn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	4Q24E	Variation (%)	FY23	FY24
NII	132,100	147,868	164,650	176,668	182,265	183,079	186,786	190,928	190,632	0.2	621,286	743,057
YoY (%)	20.8	26.5	34.6	40.2	38.0	23.8	13.4	8.1	7.9	-	30.9	19.6
NIM (%)	4.0	4.3	4.7	4.9	4.8	4.5	4.4	4.4	4.4	-2bps	4.4	4.5
Other income	46,652	50,549	50,236	50,878	54,353	57,767	60,971	56,488	59,509	-5.1	198,314	229,578
Net Revenue	178,752	198,417	214,886	227,545	236,617	240,846	247,756	247,416	250,141	-1.1	819,600	972,635
Opex	75,663	81,614	82,174	89,282	95,226	98,553	100,520	97,028	100,567	-3.5	328,732	391,327
PPOP	103,089	116,803	132,712	138,264	141,391	142,293	147,236	150,388	149,574	0.5	490,868	581,308
YoY (%)	15.9	17.8	30.8	34.3	37.2	21.8	10.9	8.8	8.2	-	25.1	18.4
Provisions	11,438	16,445	22,574	16,198	12,924	5,826	10,494	7,185	15,808	-54.5	66,656	36,429
PBT	91,651	100,358	110,138	122,066	128,467	136,466	136,743	143,203	133,766	7.1	424,212	544,878
Tax	22,601	24,780	27,019	30,847	31,985	33,856	34,027	36,127	33,286	8.5	105,247	135,996
ETR (%)	25	25	25	25	25	25	25	25	25	-	25	25
Net Profit	69,049	75,578	83,119	91,219	96,482	102,610	102,715	107,075	100,480	6.6	318,965	408,883
YoY (%)	49.6	37.1	34.2	30.0	39.7	35.8	23.6	17.4	10.2	-	36.7	28.2
Business Metrics												
Loans (Rs bn)	8,956	9,386	9,740	10,196	10,576	11,105	11,538	11,844	12,057	-1.8	10,196	11,844
YoY (%)	21.3	22.7	19.7	18.7	18.1	18.3	18.5	16.2	18.2	-	18.7	16.2
Deposits (Rs bn)	10,503	10,900	11,220	11,808	12,387	12,947	13,323	14,128	13,923	1.5	11,808	14,128
YoY (%)	13.4	11.5	10.3	10.9	17.9	18.8	18.7	19.6	17.9	-	10.9	19.6
Asset Quality Metrics (%)												
GNPA	3.41	3.19	3.07	2.81	2.76	2.48	2.30	2.16	2.36	-20bps	2.87	2.32
NNPA	0.70	0.61	0.55	0.48	0.48	0.43	0.44	0.42	0.45	-3bps	0.51	0.45
PCR	79.47	80.88	82.08	82.92	82.61	82.66	80.87	80.56	81.13	-58bps	82.41	80.40

Source: Company, Nirmal Bang Institutional Equities Research

4QFY24 Concall Highlights

Operating Performance:

- NIM stood at 4.40% vs. 4.43% in 3QFY24 and 4.90% in 4QFY23. This 3bps QoQ decline was due to two reasons - (1) Lag impact of deposit repricing and (2) Base effect of IT refunds which were NIL in 4QFY24 but impacted the NIM by 4bps last year. NIM for FY24 stood at 4.53%. Domestic NIM for 4QFY24 stood at 4.49% vs. 4.52% in 3QFY24 and 5.02% in 4QFY23. CoD stood at 4.82% for 4QFY24 vs. 4.72% in 3QFY24.
- Non-Interest Income stood at Rs56.5bn (up by 11% YoY). Fee income stood at Rs 54.36bn (up by 12.6% YoY). Fee income from Retail, Rural and SME customers constituted 77% of the total fee income. The treasury loss of Rs2.81bn included Rs3.4bn in foreign currency translation reserves related to the bank's offshore unit in Mumbai to P&L account in view of the proposed closure of the unit.
- Dividend income from subsidiaries & associates stood at Rs4.84bn in 4QFY24 (vs Rs2.73bn in 4QFY23). Higher dividend YoY was on account of higher dividend from ICICI Bank Canada/ICICI Prudential AMC/ICICI Securities Primary Dealership.
- Operating expenses increased by 8.7% YoY in 4QFY24 and 19% YoY in FY24. Excluding the impact of one-off expense line item of Rs3.35bn in 4QFY23 on account of change of assumptions for provisions on retirement benefit obligations, the operating expenses would have increased by 12.9% YoY in 4QFY24 and 20.3% YoY in FY24.
- Increase in employee expense (up by 9.4% YoY) in 4QFY24 was on account of increase in employee base FY23 onwards and the impact of annual increment and incentives for FY24. Excluding the impact of one-off line item, the employee expenses for 4QFY24 would have increased by 21.3% YoY. No of employees increased by 12,000 in last 12 months and 180bps QoQ and stood at 1,41,000 employees as on 31st Mar'24.
- Non-employee expenses inched up by 8.3% YoY in 4QFY24 primarily on account of the Retail business and other technology-related expenses. Branch count has increased by 623 in the last 12 months and 152 from 3QFY24. Total branch count now stands at 6,523 as on 31st Mar'24.
- Technology expenses were 9.4% of the overall operating expenses for FY24. Operating expenses would increase in 1QFY25 on account of annual increments and promotions.
- PBT (before treasury gains) grew by 19.2% YoY to Rs 146.02bn in 4QFY24; it was at Rs544.79bn in FY24.
- Core operating profit grew by 10.5% YoY to Rs53.20bn in 4QFY24 and was up 18.3% YoY at Rs 581.22bn in FY24.
- PAT grew by 17.4% YoY to Rs107.08bn in 4QFY24 and was up by 28.2% YoY to Rs 408.88bn in FY24.
- Expect some level of moderation in cost growth despite continued investments in areas of requirement. In 4QFY24, there was lower cost growth.
- In terms of net additions of employees, the same has started slowing since 3QFY24. The bank does not expect the employee addition to be as strong as has been over the past 12-15 months. The bank would continue to add branches and expand franchise and for that whatever employee additions are required will be done but at a measured level than what it was over last 12-15 months.
- The bank has optimized cost of sourcing of personal loans and the same is reflected in the overheads.

- Cost improvement would be led by: (a) optimization of sourcing cost (includes external sourcing cost) and (b) moderation in the pace of employee addition. There is some seasonality in some expense heads like business related, advertisement etc. between festive season and non-festive season. On the tech side, the bank tends to spend large amount and the same might continue to exceed overall expenses growth, the rate of growth of tech expense would moderate given the large base that the bank now has (compared to pace of growth couple of years ago).
- Raised deposit rates by ~10bps in Retail in Feb'24. There could be some impact of the same on CoD but not a huge impact. Expect CoD to inch up, led by repricing of deposits and increase in Retail deposit rates (during 4QFY24). There would be some moderation in NIMs and the same will be range-bound in the next few quarters until rate cuts happen.
- The bank was expecting a shallow rate cut (compared to a rate hike of 250bps in 9 months) of ~50bps over six months starting from 2QFY25. Now, the same is debatable if there would be rate cut in FY25 or at what point of time. The impact of the same is not expected to be meaningful (as hike cycle was) and there would be a lag in re-pricing of assets and liabilities. As the rate cycle gets delayed, there would be delay in re-pricing of assets but any reduction in deposit rates would also move forward.
- Fee income growth was lower in 4QFY24 compared to 3QFY24 as there was festive season during 3QFY24. For FY24, the bank's fee income increased by 15%, which the bank thinks is a good level.

Advances and Deposits:

- Total deposits were up by 19.6% YoY and 6.0% QoQ in 4QFY24, supported by strong growth in term deposits (up by 27.7% YoY and 1.6% QoQ).
- Average CASA balance grew by 7.7% YoY and 2.9% QoQ.
- Strong sequential deposit growth was on account of improved flows in CASA account (relative to previous quarters).
- Domestic loan portfolio was up by 16.8% YoY and 3.2% QoQ in 4QFY24, supported by strong growth in the Retail portfolio (up by 19.4% YoY and 3.7% QoQ).
- Including non-fund based outstanding, the Retail portfolio stood at 46.8% of the total loan portfolio.
- Business Banking portfolio was up by 29.3% YoY (up by 5.7% QoQ), SME portfolio was up by 24.6% YoY (up by 3.8% QoQ), Rural portfolio was up by 17.2% YoY (up by 4.5% QoQ). Domestic Corporate portfolio was up by 10% YoY (flat QoQ).
- Total loan portfolio (including international branches) grew by 16.2% YoY (up by 2.7% QoQ).
- Within Retail, Mortgages (up by 14.9% YoY and 3.1% QoQ), Auto Loans (up by 19.2% YoY and 2.3% QoQ), CE/CV (up by 14.1% YoY and 3.2% QoQ), Personal Loans (up by 32.5% YoY and 5.0% QoQ vs. 37.3% YoY and 6.4% QoQ in 3QFY24).
- The bank continued to work on increasing pricing, enhancing credit parameters and optimizing sourcing cost, which led to lower disbursement of Personal Loans in 4QFY24 sequentially.
- Credit Cards portfolio was up by 35.6% YoY (up by 6.5% QoQ). Personal Loans/Credit Cards constituted 9.9%/4.3% of overall loan portfolio as on 31st Mar'24.
- Overseas loan portfolio (in US\$ terms) declined by 3.4% YoY in 4QFY24 and constituted ~2.8% of the overall loan book as on 31st Mar'24.
- Non-India linked corporate portfolio declined by 10.1% YoY (~USD31mn) as on 31st Mar'24.

- Of the total domestic loans, interest rate on 49% were linked to repo rate, 2% to other external benchmark, 17% to EBLR and other older benchmark, remaining 32% of the loan mix is linked to fixed rate.
- i-lens (retail lending platform) is being upgraded on an ongoing basis with Personal Loan and Education Loan now being integrated into the platform along with mortgages.
- About 71% of trade transactions were done digitally in FY24 and the volume of transaction from the trade online platform grew by 29.4% in FY24.
- The bank has further simplified bank guarantee journey with new enhancements.
- The BB & below rated outstanding portfolio within Corporate and SME comprised 0.47% of the overall loan portfolio as on 31st Mar'24. Other than two accounts, the maximum single borrower outstanding in the portfolio is less than Rs5bn. As on 31st Mar'24, the bank holds provision of Rs9.03bn (vs. Rs9.25bn in 3QFY24) as against the same and includes provisions held against borrowers under resolution.
- Total outstanding to NBFCs and HFCs in 4QFY24 stood at Rs770.68bn (vs. Rs 784.84bn in 3QFY24) and constituted ~6.5% of overall advances as on 31st Mar'24.
- Builder portfolio (construction finance, lease rental discounting, term loans and working capital) constituted ~4.1% of the overall portfolio as on 31st Mar'24. ~2.7% (vs. 3.1% QoQ) of the builder portfolio as on 31st Mar'24 was either internally rated BB & below or classified as non-performing.
- Within the rating of Corporate and SME portfolio (A- & above proportion was down from 73.5% in FY23 to 67.7% in FY24), change in portfolio mix was driven by: (a) growth in Business Banking type of portfolio (which gets mapped into BBB rating kind of level) and credit Performance of the portfolio in terms of net additions has been very strong and so does not worry the bank from the credit quality perspective. (b) secondly, on the corporate loan side, the bank has been reducing highly rated, finely priced exposures (including the NBFCs space where capital charge has been increased).
- In terms of lending rate, there has been some moderation in terms of competitive intensity QoQ. The bank would be watchful on the same in year to come.
- Corporate Loan growth has been ~10% or lower double digit. The bank is open to credit growth in the segment and has strong corporate relationships and strong funnel for business. Over the last few years, on account of lending rates and way the bank looked at profitability on some pockets it has let it go. Going forward, the bank would look for opportunities; as long as the opportunities passes the bank's risk parameter, it is ready for it.
- There is nothing on the top-up loan side from the regulator that the bank needs to look for.

Asset Quality:

- NNPA stood at 0.42% as on 31st Mar'24 (vs. 0.44% in 3QFY24 and 0.48% in 4QFY24).
- In 4QFY24, there was net addition of Rs12.21bn (vs. Rs3.63bn in 3QFY24) excluding write offs and sales. Higher net additions during the quarter were on account of higher recoveries & upgrades from Corporate and SME portfolios during 3QFY24.
- Net additions comprised Rs 17.11bn from Retail, Rural and Business Banking and net deletion of Rs 4.90bn from Corporate and SME portfolio.
- Gross Additions in 4QFY24 stood at Rs51.39bn (vs. Rs 57.14bn in 3QFY24) comprising Rs 49.28bn (vs. Rs 54.82bn in 3QFY24) from Retail, Rural and Business Banking portfolio and Rs2.11bn (vs. Rs 2.32bn in 3QFY24) from Corporate and SME portfolio.

- Recoveries & Upgrades (ex. write-offs) in 4QFY24 stood at Rs 39.18bn (vs. Rs 53.51bn in 3QFY24), comprising Rs 32.17bn (vs. Rs 31.80bn in 3QFY24) from Retail, Rural and Business Banking portfolio and Rs 7.01bn (vs. Rs 21.71bn in 3QFY24) from Corporate and SME portfolio.
- Write-Offs in 4QFY24 stood at Rs17.07bn, including the sale of GNPA's of Rs3.27bn (vs. Rs 0.36bn in 3QFY24).
- Sale of GNPA comprised Rs0.21bn in cash and Rs0.64bn in Security Receipt. As the assets were completely provided for, the bank holds provision against the SRs.
- Total Provisions in 4QFY24 stood at Rs 7.18bn (0.47% of core operating profit and 0.24% of average advances).
- Total provisions in FY24 declined by 45.3% YoY and stood at Rs36.43bn.
- As on 31st Mar'24, total provisions other than specific provisions on fund-based outstanding to borrowers classified as non-performing stood at Rs 234.59bn (2% of loans).
- Provision Coverage Ratio as on 31st Mar'24 stood at 80.3%. In addition, the bank continues to hold contingency provisions of Rs 131bn (~1.1% of total loans as on 31st Mar'24).
- Non-Fund based exposure to borrowers classified as non-performing stood at Rs 36.71bn (vs. Rs 36.94bn in 3QFY24). Bank holds provisions of Rs 20.9bn against the same.
- Total exposure to fund based outstanding to standard borrowers under resolution (under various regulations) declined to Rs 30.59bn (~0.3% of total loan portfolio as on 31st Mar'24). The portfolio comprised Rs 25.45bn from Retail, Rural and Business Banking portfolio and Rs 5.14bn from Corporate and SME portfolio. Bank holds provision of Rs 9.75bn on such accounts (higher than RBI requirements).
- Have been focused on organizing business across micro market and ecosystem and the bank believes their headroom for growth is within the same.
- Out of the AIF provision of Rs 6.3bn made in 3QFY24, Rs1.2bn was reversed.
- Credit Cost was sub-40bps for 4QFY24, even after adjusting the same for seasonality, the same would be less than 50bps. The same might normalize upward slightly but not materially.

Capital Adequacy:

- Average LCR in 4QFY24 stood at 123%.
- After reckoning the impact of proposed dividend, the capital position of the bank stood strong with CET 1 at 15.6% and CAR of 16.33% as on 31st Mar'24.

Others:

- During 4QFY24, the bank purchased equity shares of ICICI Lombard General Insurance through secondary market transaction. The company has now become the subsidiary of ICICI Bank.
- PAT for ICICI Lombard General Insurance for FY24 stood at Rs 19.19bn (vs. 17.29bn in 4QFY23) and was up by 11% YoY. Excluding the impact of reversal of tax provision (in 2QFY23), PAT grew by 19.8% in FY24. PAT for 4QFY24 stood at 5.2bn (vs. Rs 4.37bn in 4QFY23).
- 17,000 credit cards which had been issued over the last few days while mapping through the digital channel were mapped incorrectly. As soon as the issue was identified, the bank took corrective action to resolve the same (blocked the cards and issued new cards).

Quarterly Income Statement							
(INR mn)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	YoY (%)	QoQ (%)
Interest Inc. on Advances	241,995	258,442	271,189	285,575	294,234	21.6	3.0
Interest Inc. on Investments	58,398	66,180	70,203	72,107	77,820	33.3	7.9
Others	9,819	8,655	7,812	9,264	7,430	-24.3	-19.8
Total Interest Inc.	310,211	333,276	349,204	366,946	379,484	22.3	3.4
Interest Expended	133,543	151,012	166,125	180,160	188,556	41.2	4.7
NII	176,668	182,265	183,079	186,786	190,928	8.1	2.2
Total Non-interest Income	50,878	54,353	57,767	60,971	56,488	11.0	-7.4
Total Net Income	227,545	236,617	240,846	247,756	247,416	8.7	-0.1
Payments to / Prov. for employees	34,010	38,837	37,254	38,127	37,202	9.4	-2.4
Other operating expenses	55,272	56,389	61,299	62,393	59,826	8.2	-4.1
Total Operating Exp.	89,282	95,226	98,553	100,520	97,028	8.7	-3.5
Operating Profit	138,264	141,391	142,293	147,236	150,388	8.8	2.1
Total Provisions	16,198	12,924	5,826	10,494	7,185	-55.6	-31.5
PBT	122,066	128,467	136,466	136,743	143,203	17.3	4.7
Tax Provision	30,847	31,985	33,856	34,027	36,127	17.1	6.2
Net Profit	91,219	96,482	102,610	102,715	107,075	17.4	4.2
EPS	13.1	13.9	14.7	14.8	15.4	17.4	4.2
Key Ratios							
(%)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	YoY (bps)	QoQ (bps)
NIM	4.90	4.78	4.53	4.43	4.40	-50 bps	-3 bps
CAR	18.3	16.7	16.1	14.6	16.3	-201 bps	172 bps
Tier I	17.6	16.0	15.4	13.9	15.6	-200 bps	166 bps
ROA	2.35	2.39	2.44	2.35	2.34	-1 bps	-1 bps
CD Ratio	86.3	85.4	85.8	86.6	83.8	-252 bps	-277 bps
Asset Quality							
(INR mn)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	YoY (%)	QoQ (%)
GNPA	311,837	318,224	298,369	287,746	279,617	-10.3	-2.8
NNPA	51,551	53,818	50,465	53,785	53,778	4.3	0.0
						YoY (bps)	QoQ (bps)
GNPA (in %)	2.81	2.76	2.48	2.30	2.16	-65 bps	-14 bps
NNPA (in %)	0.48	0.48	0.43	0.44	0.42	-6 bps	-2 bps
PCR (%) (Excl. Technical Write-offs)	83.5	83.1	83.1	81.3	80.8	-271 bps	-55 bps

Balance Sheet Details							
(INR mn)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	YoY (%)	QoQ (%)
Net Advances	10,196,383	10,575,826	11,105,421	11,537,710	11,844,064	16.2	2.7
Savings Deposits	3,797,760	3,751,930	3,723,260	3,745,840	4,023,000	5.9	7.4
Current Deposits	1,614,860	1,610,330	1,553,040	1,534,110	1,935,720	19.9	26.2
CASA Deposits	5,412,620	5,362,260	5,276,300	5,279,950	5,958,720	10.1	12.9
Term Deposits	6,395,790	7,025,110	7,671,120	8,043,195	8,169,530	27.7	1.6
Total Deposits	11,808,407	12,387,366	12,947,417	13,323,145	14,128,250	19.6	6.0
CASA (%)	45.8	43.3	40.8	39.6	42.2	-367 bps	255 bps

Source: Company, Nirmal Bang Institutional Equities Research

Quarterly Du-pont (%)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
NII	4.6	4.5	4.3	4.3	4.2
Non-interest income	1.3	1.3	1.4	1.4	1.2
Total income	5.9	5.9	5.7	5.7	5.4
Opex	2.3	2.4	2.3	2.3	2.1
PPOP	3.6	3.5	3.4	3.4	3.3
Provision	0.4	0.3	0.1	0.2	0.2
PBT	3.1	3.2	3.2	3.1	3.1
Tax	0.8	0.8	0.8	0.8	0.8
ROA	2.3	2.4	2.4	2.3	2.3
Leverage(x)	7.9	7.8	7.9	7.9	7.9
ROE	18.6	18.7	19.2	18.6	18.4

Source: Company, Nirmal Bang Institutional Equities Research

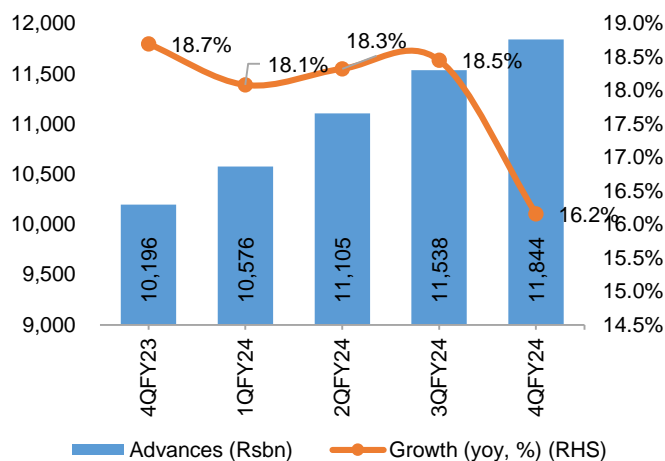
Calculation of March 2026E ABV

Particulars	Amount (Rs mn)
March 2026E Network	3166349.8
March 2026E NNPA	61756.0
Revaluation Reserves	30624.6
Cost of Investment in Subsidiaries	88613.0
March 2026E Network	2985356.1
ABV (Rs)	425.1

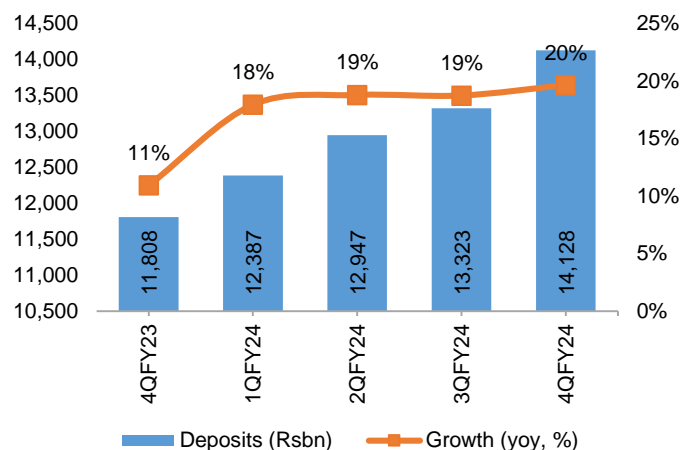
SOTP Valuation

Entity	Valuation methodology	Holding	Value per share (INR)
ICICI Bank - Standalone banking business / Parent	2.7x Mar' 26 ABVE	100.0%	1,148
ICICI Prudential Life Insurance	2x FY26E EV	51.2%	78
ICICI Lombard General Insurance	Current MCAP	47.9%	56
ICICI Prudential AMC	25x FY24 EPS	51.0%	37
ICICI Securities	Current MCAP	74.8%	25
ICICI Home Finance	1x BV	100.0%	3
ICICI Bank UK Plc	1x BV	100.0%	5
ICICI Bank Canada	1x BV	100.0%	5
Holding co. discount (%)			20%
Value of subs (INR per share)			167
Value of total (INR per share)			1,315

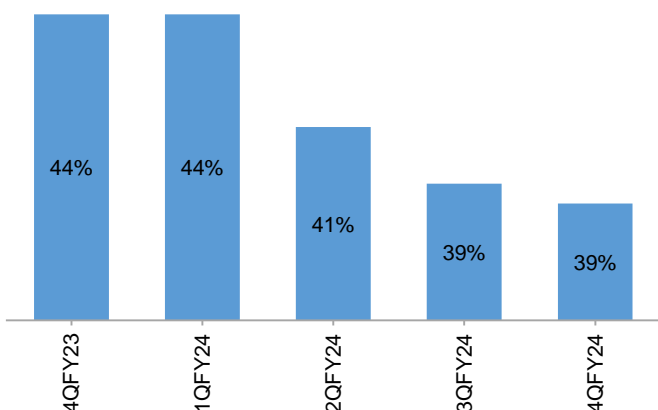
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 1: Advances (Rs bn), Growth (YoY, %)


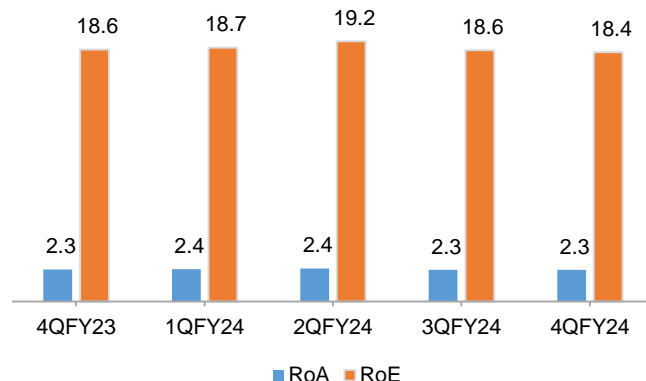
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Deposits (Rs bn), Growth (YoY, %)


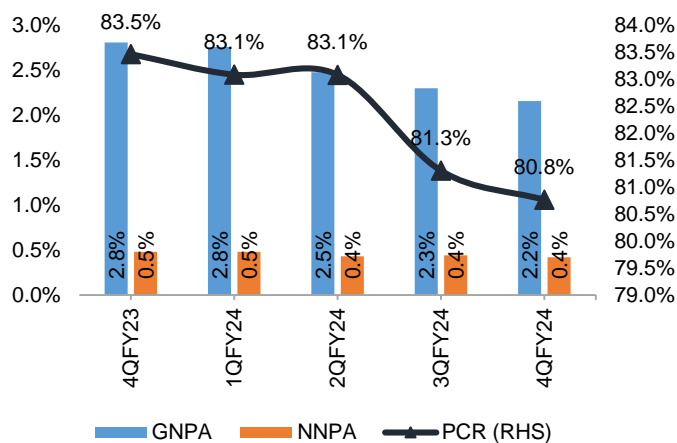
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: CASA ratio (average) (%)


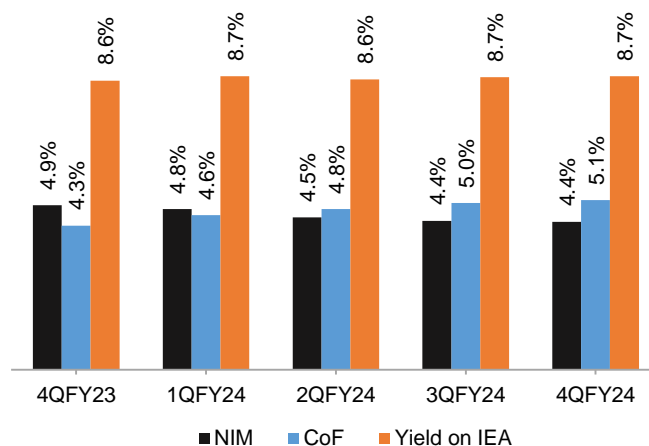
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: RoA and RoE (%)


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Asset quality metrics (%)


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Key financial metrics (%)


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Financial summary

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Net interest income	4,74,661	6,21,286	7,43,057	8,41,474	9,87,226
Pre-provisioning operating profit	3,92,503	4,90,868	5,81,308	6,68,701	7,87,773
PAT	2,33,395	3,18,965	4,08,883	4,53,612	5,24,334
EPS (Rs)	34	46	58	65	75
BV (Rs)	245	287	339	391	451
P/E	33.0	24.2	19.0	17.1	14.8
P/BV	4.8	4.0	3.4	2.9	2.5
Gross NPAs (%)	3.8	2.9	2.3	2.2	2.1
Net NPAs (%)	0.8	0.5	0.5	0.4	0.4
RoA (%)	1.8	2.1	2.4	2.2	2.2
RoE (%)	14.7	17.2	18.6	17.7	17.7

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Actual performance versus our estimates

(Rsmn)	4QFY24	NBIE estimates	Devi. (%)	Bloomberg estimates	Devi. (%)
Net interest income	190,928	190,632	0.2	-	-
Pre-Provisioning Operating Profit	150,388	149,574	0.5	167,008	(10.0)
PAT	107,075	100,480	6.6	111,909	(4.3)

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 9: Change in our estimates

(Rs mn)	Revised Estimate		Earlier Estimate		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY24E	FY25E
Net Interest Income (Rs mn)	8,41,474	9,87,226	8,29,140	9,54,493	1.5	3.4
NIMs	4.4	4.4	4.3	4.3	6 bps	10 bps
Operating Profit (Rs mn)	6,68,701	7,87,773	6,62,595	7,63,473	0.9	3.2
PAT (Rs mn)	4,53,612	5,24,334	4,36,299	4,91,621	4.0	6.7
Loan Book (Rs bn)	13,783	16,016	14,020	16,126	(1.7)	(0.7)
ABVPS (Rs)	379	438	363.0	418.0	4.3	4.7

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: One-year forward P/ABV



Source: Company, Nirmal Bang Institutional Equities Research

Financials

Exhibit 11: Income statement

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Interest Income	8,63,745	10,92,313	14,28,909	16,43,811	19,11,685
Interest expense	3,89,085	4,71,027	6,85,852	8,02,337	9,24,460
Net interest income	4,74,661	6,21,286	7,43,057	8,41,474	9,87,226
Fees & Other Income	1,85,175	1,98,314	2,29,578	2,64,214	3,04,438
Net Revenue	6,59,836	8,19,600	9,72,635	11,05,688	12,91,664
Operating Expense	2,67,333	3,28,732	3,91,327	4,36,987	5,03,891
-Employee Exp	96,727	1,20,599	1,51,420	1,73,730	2,00,336
-Other Exp	1,70,606	2,08,133	2,39,907	2,63,258	3,03,555
Pre-Provisioning Operating Profit	3,92,503	4,90,868	5,81,308	6,68,701	7,87,773
Provisions	86,414	66,656	36,429	62,040	86,528
PBT	3,06,089	4,24,212	5,44,878	6,06,661	7,01,245
Taxes	72,694	1,05,247	1,35,996	1,53,049	1,76,911
PAT	2,33,395	3,18,965	4,08,883	4,53,612	5,24,334

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Balance sheet

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Equity Capital	13,900	13,968	14,047	14,047	14,047
Reserves & Surplus	16,91,220	19,93,186	23,69,946	27,32,836	31,52,303
Shareholder's Funds	17,05,120	20,07,154	23,83,993	27,46,883	31,66,350
Deposits	1,06,45,716	1,18,08,407	1,41,28,250	1,66,04,839	1,93,26,088
Borrowings	10,72,314	11,93,255	12,49,676	14,60,990	17,08,036
Other liabilities	6,89,828	8,33,251	9,53,227	8,52,257	8,20,890
Total liabilities	1,41,12,977	1,58,42,067	1,87,15,146	2,16,64,969	2,50,21,364
Cash/Equivalent	16,78,224	11,94,383	13,99,260	16,44,541	19,14,053
Advances	85,90,204	1,01,96,383	1,18,44,064	1,37,82,676	1,60,15,819
Investments	31,02,410	36,23,297	46,19,423	53,50,742	61,68,466
Fixed Assets	93,738	95,998	1,08,598	1,13,008	1,17,597
Other assets	6,48,401	7,32,005	7,43,801	7,74,002	8,05,430
Total assets	1,41,12,977	1,58,42,067	1,87,15,146	2,16,64,969	2,50,21,364

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Key ratios

Y/E March	FY22	FY23	FY24	FY25E	FY26E
Growth (%)					
NII growth	21.7	30.9	19.6	13.2	17.3
Pre-provision profit growth	7.8	25.1	18.4	15.0	17.8
PAT growth	44.1	36.7	28.2	10.9	15.6
Business (%)					
Deposit growth	14.2	10.9	19.6	17.5	16.4
Advance growth	17.1	18.7	16.2	16.4	16.2
CD	80.7	86.3	83.8	83.0	82.9
CASA	48.7	45.8	42.2	43.2	44.2
Operating efficiency (%)					
Cost-to-income	40.5	40.1	40.2	39.5	39.0
Cost-to-assets	2.0	2.2	2.3	2.2	2.2
Spreads (%)					
Yield on advances	8.0	8.9	10.1	10.0	10.0
Yield on investments	5.5	6.2	6.9	6.7	6.6
Cost of deposits	3.3	3.5	4.0	4.1	4.1
Yield on assets	7.0	7.7	8.7	8.5	8.5
Cost of funds	3.5	3.8	4.8	4.8	4.7
NIMs	3.8	4.4	4.5	4.4	4.4
Capital adequacy (%)					
Tier I	18.3	17.6	15.6	17.7	17.7
Tier II	0.8	0.7	0.7	0.2	0.2
Total CAR	19.2	18.3	16.3	18.0	17.9
Asset Quality (%)					
Gross NPA	3.8	2.9	2.3	2.2	2.1
Net NPA	0.8	0.5	0.5	0.4	0.4
Provision coverage	78.5	82.4	80.4	81.2	81.9
Slippage	2.5	2.1	2.0	1.9	1.8
Credit-cost	1.1	0.7	0.3	0.5	0.6
Return (%)					
ROE	14.7	17.2	18.6	17.7	17.7
ROA	1.8	2.1	2.4	2.2	2.2
RORWA	2.8	3.3	3.3	3.1	3.2
Per share					
EPS	34	46	58	65	75
BV	245	287	339	391	451
ABV	231	276	327	379	438
Valuation					
P/E	33.0	24.2	19.0	17.1	14.8
P/BV	4.8	4.0	3.4	2.9	2.5
P/ABV	4.8	4.0	3.4	2.9	2.5

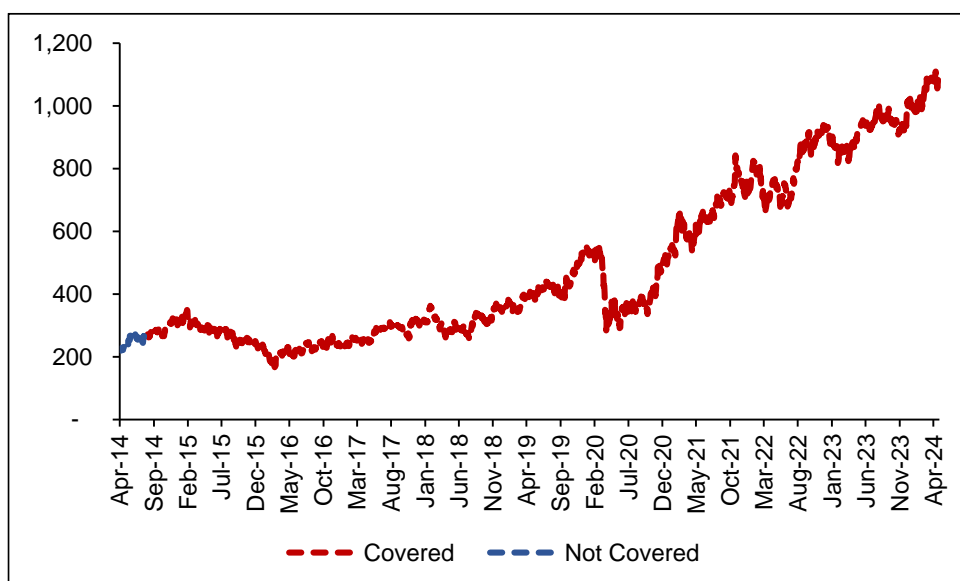
Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
1 August 2014	Buy	1,473	1,700
8 October 2014	Buy	1,427	1,700
31 October 2014	Buy	1,605	1,840
2 February 2015	Buy	360	422*
28 April 2015	Buy	305	380
3 August 2015	Buy	301	380
2 November 2015	Buy	277	380
29 January 2016	Buy	232	290
2 May 2016	Buy	238	280
1 August 2016	Buy	262	305
8 November 2016	Buy	278	340
1 February 2017	Buy	268	335
14 February 2017	Buy	281	350
4 May 2017	Buy	273	340
28 July 2017	Buy	309	360
30 October 2017	Buy	309	356
31 January 2018	Buy	353	424
8 May 2018	Buy	289	409
30 July 2018	Buy	293	414
9 October 2018	Buy	311	411
29 October 2018	Buy	316	411
13 December 2018	Buy	345	448
31 January 2019	Buy	366	460
8 April 2019	Buy	391	462
7 May 2019	Buy	401	483
8 July 2019	Buy	436	523
29 July 2019	Buy	416	529
27 September 2019	Buy	449	565
7 October 2019	Buy	414	563
29 October 2019	Buy	469	584
8 January 2020	Buy	526	605
27 January 2020	Buy	534	625
27 March 2020	Buy	331	527
9 April 2020	Buy	319	527
11 May 2020	Buy	331	489
9 July 2020	Buy	369	524
27 July 2020	Buy	381	520
23 September 2020	Buy	355	549
7 October 2020	Buy	381	544
2 November 2020	Buy	390	548
26 November 2020	Buy	473	568
07 December 2020	Buy	502	590
08 January 2021	Buy	541	636
31 January 2021	Buy	537	626
21 February 2021	Buy	624	748
25 April 2021	Buy	570	784
25 July 2021	Buy	676	803
26 September 2021	Buy	723	870

24 October 2021	Buy	758	886
23 January 2022	Buy	804	977
22 February 2022	Buy	751	1,090
24 April 2022	Buy	747	1,068
24 July 2022	Buy	800	1,079
19 September 2022	Buy	911	1,147
24 October 2022	Buy	907	1,144
23 January 2023	Buy	870	1,171
19 February 2023	Buy	862	1,171
22 March 2023	Buy	860	1,161
23 April 2023	Buy	884	1,154
23 July 2023	Buy	1,000	1,268
23 October 2023	Buy	932	1,298
23 January 2024	Buy	1,008	1,264
28 April 2024	Buy	1,107	1,315

Rating track graph



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BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

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