

**BUY**

TP: Rs 1,620 | ▲ 15%

ICICI BANK

| Banking

| 20 April 2025

### Steady performer with improving asset quality

- **Steady credit growth at 13% YoY, largely led by the Business Banking segment. Higher NIMs and lower provisions aided PAT**
- **Asset quality improved on a sequential basis, supported by lower slippages and higher sale of NPAs**
- **Maintain BUY. Raise SOTP-based TP to Rs 1,620 (from Rs 1,415), set at 2.8x FY27E ABV**

Niraj Jalan | Vijiya Rao  
research@bobcaps.in

**Steady performance:** ICICIBank witnessed steady credit growth of 13% YoY (+2% QoQ), largely led by Business Banking (+6% QoQ) growth in FY25. Growth in business banking was mainly driven by investments in credit systems and digital offerings. Further, retail book grew by 9% YoY (+2% QoQ) and accounted for 53.5% of net advances as of FY25 (55.6% as of FY24). We expect loans to grow at ~15% CAGR in FY25-FY28E. Deposits grew 14% YoY (+6% QoQ) mainly driven by growth in TDs (+15% YoY; +4% QoQ) CASA deposits grew by 13% YoY and 9% QoQ, leading to CASA ratio of 41.8% (-0.3% YoY; +1.3% QoQ).

**NIMs improved sequentially:** NIMs improved by 16bps QoQ to 4.41% in Q4FY25. The improvement was mainly driven by a rise in lending yields by 21bps QoQ due to lower interest reversal on Kisan Credit Card (KCC), coupled with 2bps impact of interest on income tax refund. With the onset of repo rate cut, NIMs are likely to be impacted in the near term, but will largely remain in a narrow range. Other income up 29% YoY on higher treasury (gain of Rs 2.4bn vs a loss of Rs 2.8bn in Q4).

**Asset quality improved:** GNPA ratio declined by 29bps QoQ to 1.67% in Q4 FY25. GNPA improvement was mainly driven by: a) lower slippages of Rs51.4bn or slippage ratio of 1.7% in Q4 FY25 from Rs60.9bn or 2.1% in Q3 FY25 b) higher sale of NPAs of Rs27.9bn in Q4 FY25 vs Rs 0.6bn in Q3 FY25. PCR declined 1.9% QoQ to 76.9%, while NNPA improved marginally 3bps QoQ to 0.39%. Further, credit cost improved to 27bps in Q4 FY25 vs 38bps in Q3 FY25, mainly driven by write-back on portfolio sales coupled with lower KCC provisions.

**Lower credit cost aided PAT:** Provisions came in lower at Rs 8.9bn vs our estimate of Rs 11.7bn for Q4 FY2025. This largely led to higher PAT vs our estimates.

**Maintain BUY:** ICICIBank is well on track for robust performance, driven by healthy credit growth, stable credit costs and a sustainable business model. RoA is likely to be in the 2.3-2.4% range and RoE 16.7-17.8% in FY25-FY28E. Given ICICIBank's improved performance, we raise our SOTP-based TP to Rs 1,620 from Rs 1,415 set at 2.8x FY27E ABV.

### Key changes

Target	Rating
▲	◀▶

Ticker/Price	ICICIB IN/Rs 1,407
Market cap	US\$ 117.4bn
Free float	100%
3M ADV	US\$ 175.7mn
52wk high/low	Rs 1,409/Rs 1,048
Promoter/FPI/DII	0%/46%/45%

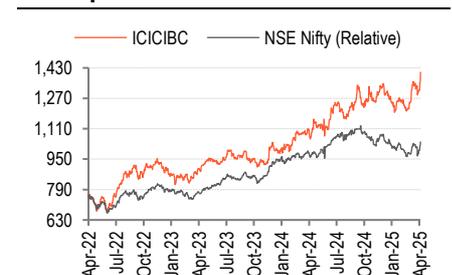
Source: NSE | Price as of 17 Apr 2025

### Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	8,11,644	8,90,956	10,55,845
NII growth (%)	9.2	9.8	18.5
Adj. net profit (Rs mn)	4,72,270	5,22,323	6,06,037
EPS (Rs)	66.8	73.3	85.1
Consensus EPS (Rs)	68.0	74.5	85.0
P/E (x)	21.1	19.2	16.5
P/BV (x)	3.4	3.0	2.6
ROA (%)	2.4	2.3	2.3
ROE (%)	17.8	16.7	16.8

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



**Fig 1 – Quarterly snapshot: Income statement**

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
<b>Income Statement</b>							
Interest Income	2,94,234	3,01,085	3,14,265	3,20,484	3,28,213	11.5	2.4
Income on investments	77,820	81,566	83,113	83,021	82,102	5.5	(1.1)
Int. on bal. with RBI & inter-bank funds & Others	7,430	7,307	7,996	9,493	13,993	88.3	47.4
<b>Interest income</b>	<b>3,79,484</b>	<b>3,89,958</b>	<b>4,05,374</b>	<b>4,12,998</b>	<b>4,24,308</b>	<b>11.8</b>	<b>2.7</b>
Interest expense	1,88,556	1,94,429	2,04,894	2,09,292	2,12,379	12.6	1.5
<b>Net interest income</b>	<b>1,90,928</b>	<b>1,95,529</b>	<b>2,00,480</b>	<b>2,03,706</b>	<b>2,11,929</b>	<b>11.0</b>	<b>4.0</b>
Growth YoY (%)	8.1%	7.3%	9.5%	9.1%	11.0%		
<b>Non-interest income</b>	<b>56,488</b>	<b>70,019</b>	<b>71,767</b>	<b>70,681</b>	<b>72,601</b>	<b>28.5</b>	<b>2.7</b>
Growth YoY (%)	11.0%	28.8%	24.2%	15.9%	28.5%		
<b>Total income</b>	<b>2,47,416</b>	<b>2,65,548</b>	<b>2,72,246</b>	<b>2,74,387</b>	<b>2,84,530</b>	<b>15.0</b>	<b>3.7</b>
Growth YoY (%)	8.7%	12.2%	13.0%	10.7%	15.0%		
Staff expenses	37,202	43,705	41,361	39,291	41,052	10.3	4.5
Other operating expenses	59,826	61,595	63,653	66,231	66,836	11.7	0.9
<b>Operating expenses</b>	<b>97,028</b>	<b>1,05,300</b>	<b>1,05,015</b>	<b>1,05,521</b>	<b>1,07,888</b>	<b>11.2</b>	<b>2.2</b>
<b>Pre-Provisioning Profit (PPoP)</b>	<b>1,50,388</b>	<b>1,60,248</b>	<b>1,67,232</b>	<b>1,68,866</b>	<b>1,76,643</b>	<b>17.5</b>	<b>4.6</b>
Growth YoY (%)	8.8%	13.3%	17.5%	14.7%	17.5%		
<b>Provisions</b>	<b>7,185</b>	<b>13,322</b>	<b>12,331</b>	<b>12,267</b>	<b>8,907</b>	<b>24.0</b>	<b>(27.4)</b>
Growth YoY (%)	-55.6%	3.1%	111.6%	16.9%	24.0%		
<b>PBT</b>	<b>1,43,203</b>	<b>1,46,927</b>	<b>1,54,901</b>	<b>1,56,599</b>	<b>1,67,736</b>	<b>17.1</b>	<b>7.1</b>
Tax	36,127	36,336	37,442	38,675	41,440	14.7	7.1
<b>PAT</b>	<b>1,07,075</b>	<b>1,10,591</b>	<b>1,17,459</b>	<b>1,17,924</b>	<b>1,26,296</b>	<b>18.0</b>	<b>7.1</b>
Growth YoY (%)	17.4%	14.6%	14.5%	14.8%	18.0%		
<b>Per Share</b>							
FV (Rs)	2.0	2.0	2.0	2.0	2.0		
EPS (Rs)	15.3	15.7	16.7	16.7	17.7	16.2	6.0
Book Value (Rs)	339	361	368	385	410	20.8	6.6

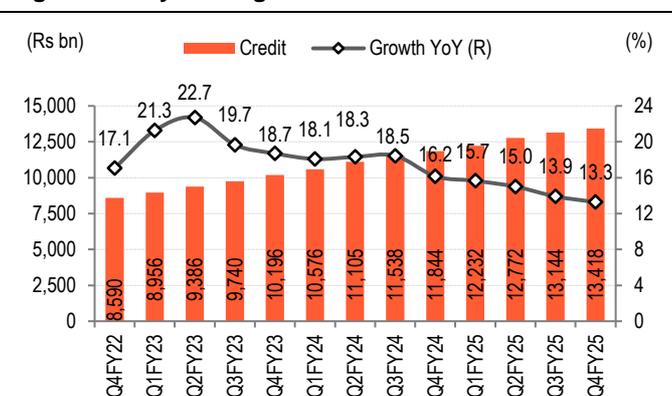
Source: Company, BOBCAPS Research

**Fig 2 – Quarterly snapshot: Balance sheet & other metrics**

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
<b>Deposits</b>	<b>1,41,28,250</b>	<b>1,42,61,495</b>	<b>1,49,77,607</b>	<b>1,52,03,088</b>	<b>1,61,03,480</b>	<b>14.0</b>	<b>5.9</b>
Growth YoY (%)	19.6	15.1	15.7	14.1	14.0		
<b>Advances</b>	<b>1,18,44,064</b>	<b>1,22,31,543</b>	<b>1,27,72,404</b>	<b>1,31,43,661</b>	<b>1,34,17,662</b>	<b>13.3</b>	<b>2.1</b>
Growth YoY (%)	16.2	15.7	15.0	13.9	13.3		
Investment	46,19,423	47,52,556	47,90,985	47,19,783	50,47,567	9.3	6.9
Equity	23,83,993	25,39,945	25,95,400	27,16,429	29,20,763	22.5	7.5
Assets	1,87,15,146	1,89,26,971	1,97,68,582	2,01,33,431	2,11,82,400	13.2	5.2
Growth YoY (%)	18.1	14.9	14.9	12.9	13.2		
<b>Yield (%)</b>							
Yield on Funds	8.73	8.68	8.76	8.64	8.57	(17bps)	(7bps)
Cost of Funds	5.03	5.04	5.17	5.12	5.02	(1bps)	(10bps)
Spread	3.70	3.63	3.59	3.52	3.54	(16bps)	2bps
<b>Net Interest Margin (Cal)</b>	<b>4.39</b>	<b>4.35</b>	<b>4.33</b>	<b>4.26</b>	<b>4.28</b>	<b>(11bps)</b>	<b>2bps</b>
<b>Ratios (%)</b>							
Other Income / Net Income	22.8	26.4	26.4	25.8	25.5	268bps	(24bps)
Cost to Income ratio	39.2	39.7	38.6	38.5	37.9	(130bps)	(54bps)
CASA ratio	42.2	40.9	40.6	40.5	41.8	(34bps)	135bps
C/D ratio	83.8	85.8	85.3	86.5	83.3	(51bps)	(313bps)
Investment to Assets	24.7	25.1	24.2	23.4	23.8	(85bps)	39bps
<b>Assets Quality</b>							
<b>GNPA</b>	<b>2,79,617</b>	<b>2,87,186</b>	<b>2,71,212</b>	<b>2,77,453</b>	<b>2,41,662</b>	<b>(13.6)</b>	<b>(12.9)</b>
<b>NNPA</b>	<b>53,778</b>	<b>56,848</b>	<b>56,851</b>	<b>58,978</b>	<b>55,894</b>	<b>3.9</b>	<b>(5.2)</b>
Provision	2,25,839	2,30,338	2,14,360	2,18,476	1,85,768	(17.7)	(15.0)
GNPA (%)	2.16	2.15	1.97	1.96	1.67	(49bps)	(29bps)
NNPA (%)	0.42	0.43	0.42	0.42	0.39	(3bps)	(3bps)
Provision (%)	80.8	80.2	79.0	78.7	76.9	(390bps)	(187bps)
<b>Others (nos)</b>							
Branches	6,523	6,587	6,613	6,742	6,983	460	241
ATMs	17,190	17,102	16,120	16,277	16,285	(905)	8

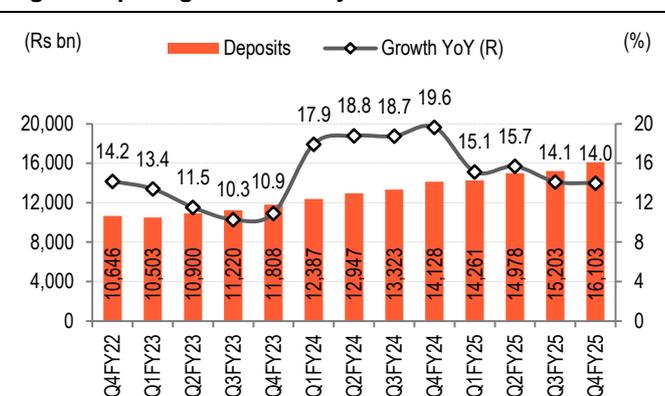
Source: Company, BOBCAPS Research

**Fig 3 – Steady credit growth at 13% YoY**



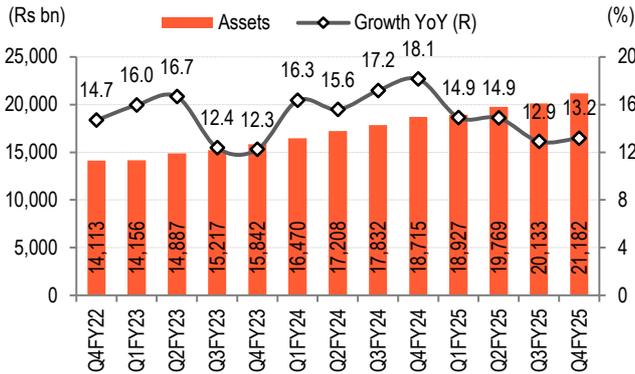
Source: Company, BOBCAPS Research

**Fig 4 – Deposit growth rises by 14% YoY**



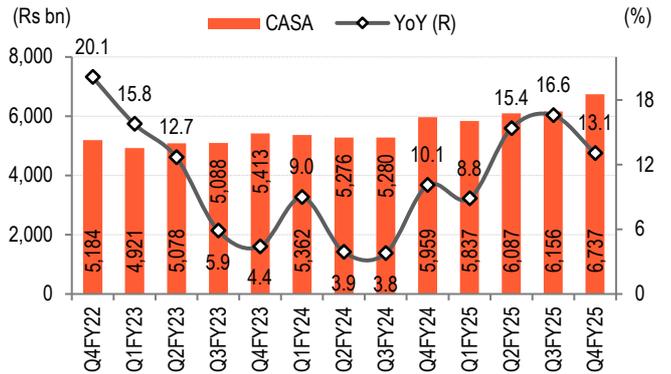
Source: Company, BOBCAPS Research

**Fig 5 – Asset growth at 13% YoY on higher base**



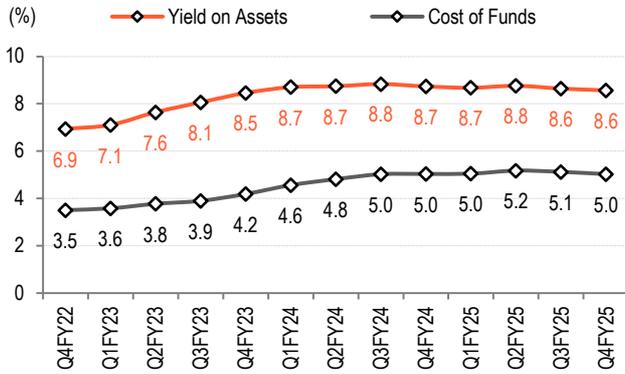
Source: Company, BOBCAPS Research

**Fig 6 – CASA deposits grew by 13% YoY and 9% QoQ**



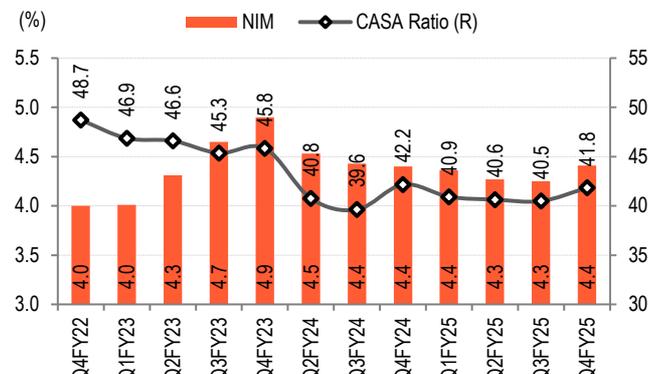
Source: Company, BOBCAPS Research

**Fig 7 – Lending yields increased by 21bps QoQ due to lower interest reversal on KCC...**



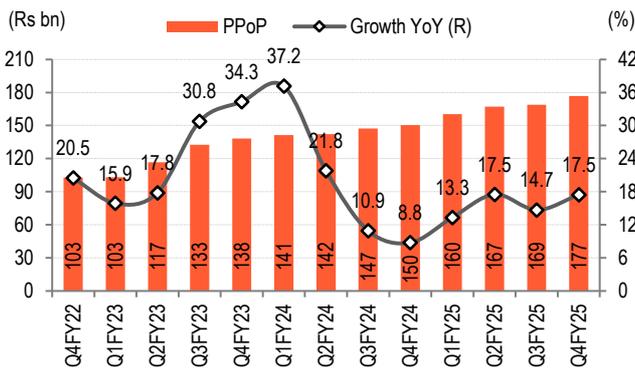
Source: Company, BOBCAPS Research

**Fig 8 – ...leading to NIMs improvement by 16bps QoQ**



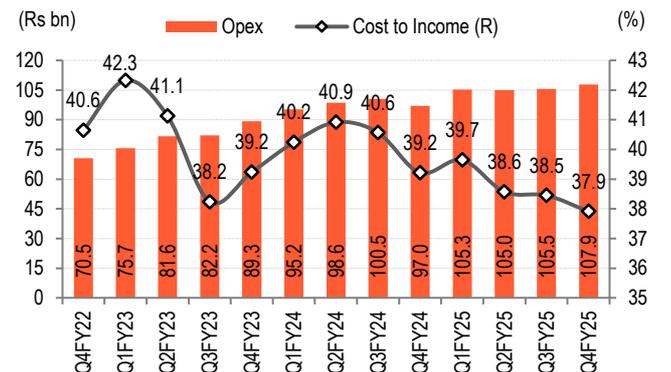
Source: Company, BOBCAPS Research

**Fig 9 – PPOP at Rs. 177 Bn; grows 17.5% YoY**



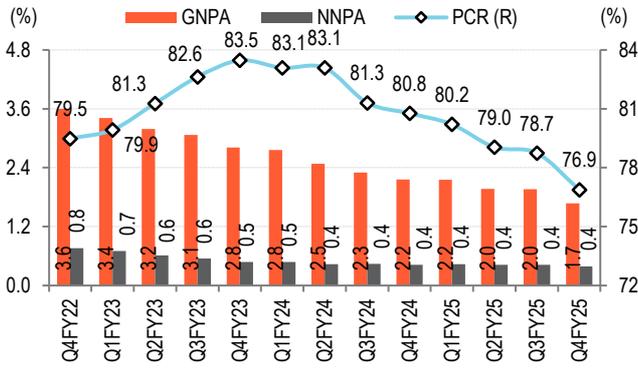
Source: Company, BOBCAPS Research

**Fig 10 – C/I ratio decreased 130bps YoY**



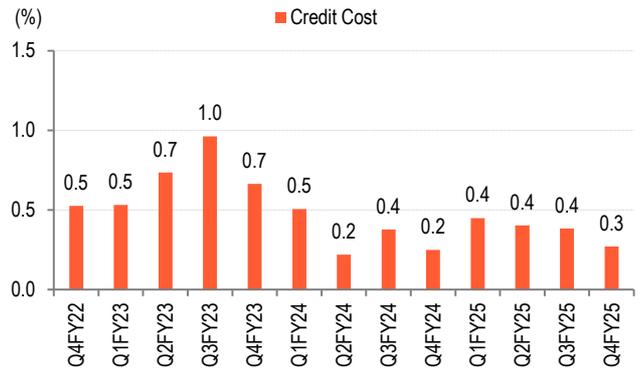
Source: Company, BOBCAPS Research

**Fig 11 – Sustained Improvement in asset quality mainly driven by lower slippages**



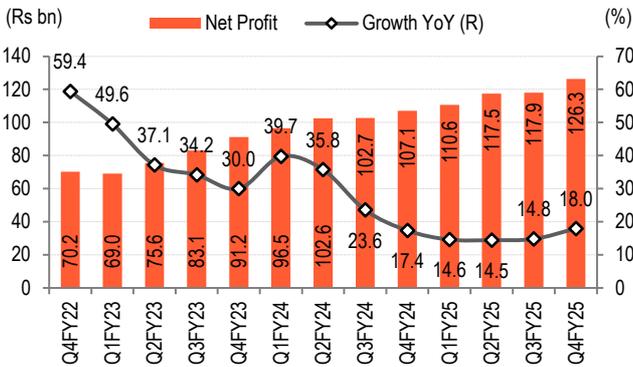
Source: Company, BOBCAPS Research

**Fig 12 – Credit Cost eases to 0.3%**



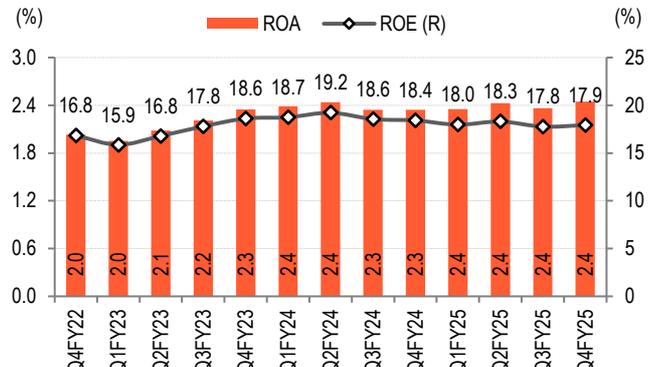
Source: Company, BOBCAPS Research

**Fig 13 – PAT grew 18% YoY, led by lower provisions & higher non-interest income**



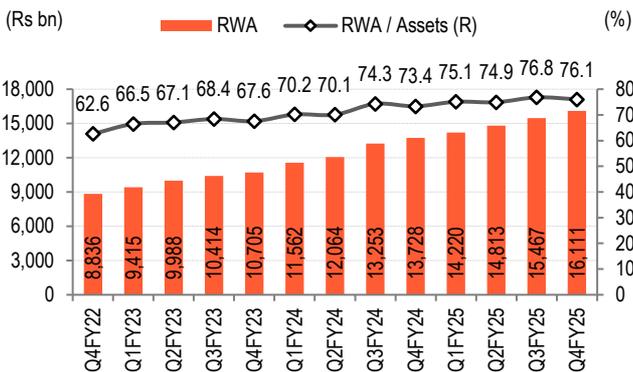
Source: Company, BOBCAPS Research

**Fig 14 – ROA-ROE matrix reflects durable profitability**



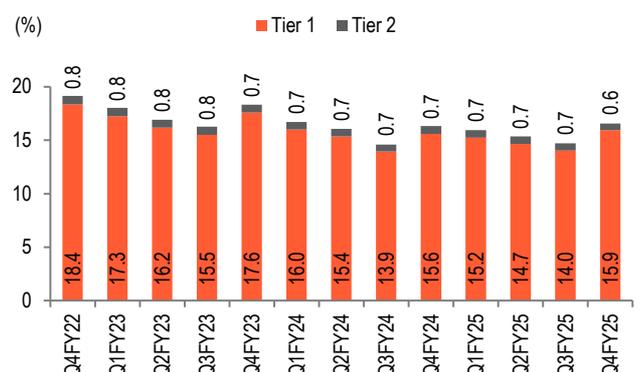
Source: Company, BOBCAPS Research

**Fig 15 – RWA increased largely in line with advances growth**



Source: Company, BOBCAPS Research

**Fig 16 – CAR remained healthy to fund growth**



Source: Company, BOBCAPS Research

## Earnings call highlights

### Operating performance

- NII came in at Rs 211.9 bn, up 11% YoY and 4% QoQ, above our estimates by 0.5%. NIMs expanded by 16bps QoQ to 4.41% in Q4FY25. This was primarily on account of rise in lending yield by 21bps QoQ on lower interest reversal on KCC, coupled with income tax refund. Cost of deposits up by 9bps QoQ to 5%.
- Operating expenses stable sequentially and were up 11% YoY. However, cost-to-income ratio declined by 54bps QoQ to 37.9% in Q4 FY25, given higher rise in operating income by 4% QoQ.
- PPOP increase by 17% YoY and 5% QoQ to Rs 177 bn.
- Provisions came in at Rs 8.9bn vs our estimate of Rs 11.7bn and lower sequentially. This led to higher PAT vs our estimates.
- PAT came in at Rs 126.2bn, up 18% YoY and 7% QoQ.

### Asset quality

- ICICIBC's slippages declined to Rs 51.4bn during Q4FY25 vs Rs 60.9bn in Q3, mainly due to fall in slippages in the retail & rural (Rs 43.4bn vs Rs 53bn in Q3). Slippages in corporate & business banking (Rs 8bn vs Rs 7.8bn in Q3) remained high. Write-off during the quarter increased to Rs 21.2bn vs Rs 20.1bn in Q3FY25. Also, the sale of NPAs increased to Rs 27.9 bn in Q4FY25 vs Rs. 0.6bn in Q3. Decrease in slippages & sale of NPAs led to improvement in asset quality.
- GNPA ratio declined by 29bps QoQ to 1.67%, while NNPA declined at 0.39%. PCR declined 187bps QoQ to 76.9%.
- Net Investment in security receipts of ARCs was nil as of March 2025.
- Credit cost stands at 27bps for Q4FY25 vs 38bps in Q3FY25.
- Total provisions stood at Rs 226bn, including contingent provisions of Rs 131bn, which provide an additional cushion towards the mandated requirement.
- Builder portfolio including construction finance, lease rental, discounting, term loans and working capital was Rs 616.2.bn at Q4 vs Rs 586.4bn in Q3.
- Recoveries stood at Rs 38.2bn vs Rs 33.9 bn in Q3FY25; out of which retail recoveries were Rs 30.4bn.
- The bank informed that slippages have largely stabilised in the unsecured loans and is expected to trend down from H2 FY26.

### Loans

- During Q4, advances grew by 13% YoY and 2% QoQ. This was mainly led by the business banking portfolio.

- Domestic book grew 14% YoY and 2% QoQ. Retail book saw a growth of 9% YoY and 2% QoQ. Retail book now constitutes to 53.5% of the total loan book.
- Personal loans and credit card portfolio growth remained muted at 1% QoQ.
- PL and credit card together constituted 13.3% of the total book vs 13.5% in Q3FY25.
- Overseas book declined 8% YoY and 3% QoQ in Q4FY25.

### Deposits

- Deposits increased 14% YoY (6% QoQ) in Q4FY25, led by strong growth in term deposits at 15% YoY (4% QoQ); whereas low-cost CASA grew 9% QoQ and 13% YoY. This resulted in CASA ratio up sequentially by 1.3% QoQ to 41.8% in Q4FY25.
- Average current account deposits increased by 11.4% YoY and 1.9% sequentially in Q4. Average savings account deposits increased by 10.1% YoY and 0.2% sequentially.

### NIM

- Domestic NIMs saw a marginal increase of 16bps to 4.48% vs. 4.32% in Q3FY25, while international NIMs declined by 32bps QoQ to 1.01%.
- Of the total domestic loan book, 53% is linked to the repo rate, 15% to MCLR and other rates, 1% to EBLR and the balance 31% is fixed rate book.

**Fig 17 – Loan book trend**

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Corporate	24,98,500	25,63,770	26,90,290	28,06,800	27,96,510	11.9	(0.4)
SME + Business Banking	19,70,400	21,05,590	23,30,250	24,80,480	26,33,670	33.7	6.2
Retail	65,88,520	67,41,380	69,35,070	70,32,650	71,72,230	8.9	2.0
Rural	7,45,670	7,74,630	7,87,890	7,94,960	7,83,400	5.1	(1.5)
Domestic Loans	1,15,09,550	1,18,85,860	1,24,30,900	1,28,27,780	1,31,09,810	13.9	2.2
Overseas Loans	3,34,510	3,45,670	3,41,500	3,15,880	3,07,850	(8.0)	(2.5)
<b>Total Loans</b>	<b>1,18,44,060</b>	<b>1,22,31,530</b>	<b>1,27,72,400</b>	<b>1,31,43,660</b>	<b>1,34,17,660</b>	<b>13.3</b>	<b>2.1</b>
<b>Total Loans (Reported)</b>	<b>1,18,44,064</b>	<b>1,22,31,543</b>	<b>1,27,72,404</b>	<b>1,31,43,661</b>	<b>1,34,17,662</b>	<b>13.3</b>	<b>2.1</b>

Source: Company, BOBCAPS Research

**Fig 18 – Loan book distribution**

(%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Corporate	21.1	21.0	21.1	21.4	20.8	(25bps)	(51bps)
SME + Business Banking	16.6	17.2	18.2	18.9	19.6	299.2	76bps
Retail	55.6	55.1	54.3	53.5	53.5	(217.4)	(5bps)
Rural	6.3	6.3	6.2	6.0	5.8	(45.7)	(21bps)
Domestic Loans	97.2	97.2	97.3	97.6	97.7	53.0	11bps
Overseas Loans	2.8	2.8	2.7	2.4	2.3	(53.0)	(11bps)
<b>Total Loans</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>0bps</b>

Source: Company, BOBCAPS Research

**Fig 19 – Retail book trend**

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Mortgage	39,59,210	40,59,960	41,91,050	42,77,450	43,95,840	11.0	2.8
Auto Finance	5,92,190	6,02,040	6,06,870	6,17,080	6,19,440	4.6	0.4
Commercial Vehicle & Equipment	3,14,260	3,21,180	3,21,340	3,26,930	3,36,320	7.0	2.9
Two wheelers	19,900	17,500	14,980	12,240	9,670	(51.4)	(21.0)
Personal Loans	11,66,770	11,83,770	12,25,010	12,08,630	12,15,550	4.2	0.6
Credit Cards	5,13,210	5,34,720	5,52,810	5,68,470	5,73,410	11.7	0.9
Others	22,980	1,04,260	23,010	21,850	22,000	(4.3)	0.7
<b>Total Retail Loans</b>	<b>65,88,520</b>	<b>68,23,430</b>	<b>69,35,070</b>	<b>70,32,650</b>	<b>71,72,230</b>	<b>8.9</b>	<b>2.0</b>

Source: Company, BOBCAPS Research

**Fig 20 – Retail loan book distribution**

(%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Mortgage	33.4	33.2	32.8	32.5	32.8	(67bps)	22bps
Auto Finance	5.0	4.9	4.8	4.7	4.6	(38bps)	(8bps)
Commercial Vehicle & Equipment	2.7	2.6	2.5	2.5	2.5	(15bps)	2bps
Two wheelers	0.2	0.1	0.1	0.1	0.1	(10bps)	(2bps)
Personal Loans	9.9	9.7	9.6	9.2	9.1	(79bps)	(14bps)
Credit Cards	4.3	4.4	4.3	4.3	4.3	(6bps)	(5bps)
Others	0.2	0.9	0.2	0.2	0.2	(3bps)	(0bps)
<b>Total Retail Loans</b>	<b>55.6</b>	<b>55.8</b>	<b>54.3</b>	<b>53.5</b>	<b>53.5</b>	<b>(217bps)</b>	<b>(5bps)</b>

Source: Company, BOBCAPS Research

**Fig 21 – Trend in deposits**

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
CA Deposits	19,35,720	17,60,280	18,30,900	19,04,380	23,29,570	20.3	22.3
SA Deposits	40,23,000	40,76,430	42,56,330	42,51,480	44,07,720	9.6	3.7
CASA Deposits	59,58,720	58,36,710	60,87,230	61,55,860	67,37,290	13.1	9.4
Term Deposits	81,69,530	84,24,785	88,90,377	90,47,228	93,66,190	14.6	3.5
<b>Total Deposits</b>	<b>1,41,28,250</b>	<b>1,42,61,495</b>	<b>1,49,77,607</b>	<b>1,52,03,088</b>	<b>1,61,03,480</b>	<b>14.0</b>	<b>5.9</b>

Source: Company, BOBCAPS Research

**Fig 22 – Deposit distribution**

(%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
CA Deposits	13.7	12.3	12.2	12.5	14.5	77bps	194bps
SA Deposits	28.5	28.6	28.4	28.0	27.4	(110bps)	(59bps)
CASA Deposits	42.2	40.9	40.6	40.5	41.8	(34bps)	135bps
Term Deposits	57.8	59.1	59.4	59.5	58.2	34bps	(135bps)
<b>Total Deposits</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

Source: Company, BOBCAPS Research

## Valuation methodology

**Maintain BUY:** ICICIBC is well on track for robust performance, supported by healthy advances growth, stable credit costs and overall sustainable business model. We expect loans to grow at ~15% CAGR in FY25-FY28E. We expect RoA to be in the 2.3-2.4% range and RoE 16.7-17.8% in FY25-FY28E. Given ICICIBC's sturdy and improved performance, we raise our SOTP-based TP to Rs 1,620 from Rs 1,415 set at 2.8x FY27E ABV.

**Fig 23 – Actuals vs BOBCAP estimates**

(Rs mn)	Q4FY25A	Q4FY25E	Actual vs. Estimates
Loan	1,34,17,662	1,35,37,765	(0.9)
Deposits	1,61,03,480	1,57,52,998	2.2
Assets	2,11,82,400	2,11,68,496	0.1
NII	2,11,929	2,10,977	0.5
PPOP	1,76,643	1,73,192	2.0
Provision	8,907	11,673	(23.7)
PAT	1,26,296	1,20,816	4.5

Source: Company, BOBCAPS Research

**Fig 24 – Key operational assumptions**

(%)	FY25	FY26E	FY27E	FY28E
Advances	13.3	14.5	15.4	15.6
Net Interest Income	9.2	9.8	18.5	17.8
PPOP	15.8	11.7	18.1	18.2
PAT	28.9	10.6	16.0	17.3
NIM	4.3	4.1	4.3	4.3
GNPA	2.3	1.7	1.9	2.0
CAR	16.6	16.9	17.2	17.3

Source: Company, BOBCAPS Research

**Fig 25 – Valuation summary**

Business	Valuation	Holdings (%)	Value (Rs/Sh)
ICICI Bank	2.8x FY27E ABV	100	1,378
ICICI Prudential Life	Market cap	51.03	53
ICICI Lombard General	Market cap	51.55	55
ICICI Securities	15x FY27E PAT	100	41
ICICI Prudential AMC	7.5% of AUM	51	79
ICICI Home Finance	1.5x FY27E P/B	100	8
ICICI Bank CANADA & UK	-	100	8
<b>Total</b>	-		<b>1,620</b>

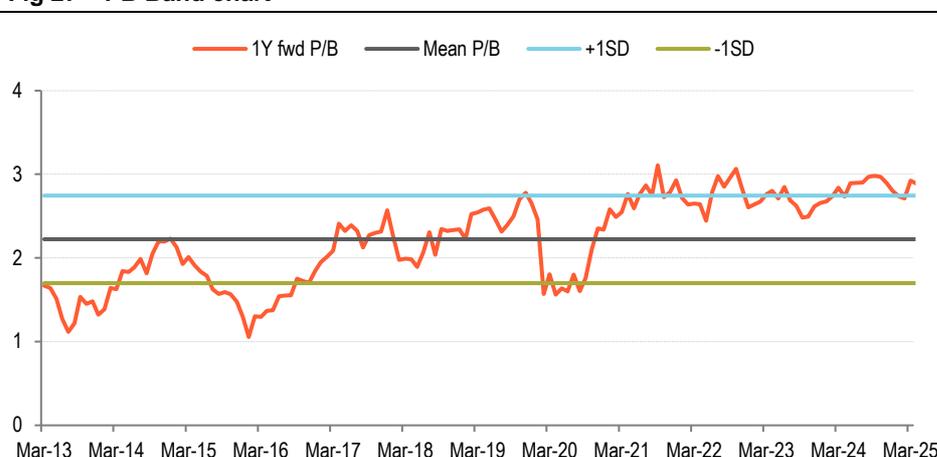
Source: Company, BOBCAPS Research

**Fig 26 – Key valuation assumptions**

Gordon growth model	(%)
Return on Equity (RoE)	17.1
Cost of Equity (Ke)	12.3
Growth (Period 1)	13.9
Growth (Long Term)	7.1
Initial High Growth Period (yrs)	11.8
Dividend Payout (Period 1)	19.0
Dividend Payout (Long Term)	58.4
Factor 1	2.4
Factor 2	14.1
Justified P/BV (x)	2.8

Source: Company, BOBCAPS Research

**Fig 27 – PB Band chart**



Source: Company, BOBCAPS Research

## Glossary

Glossary of Abbreviations			
<b>AUCA</b>	Advance Under Collection Account	<b>LDR</b>	Loan to Deposit Ratio
<b>ARC</b>	Asset Reconstruction Company	<b>MCLR</b>	Marginal Cost of Funds-based Lending Rate
<b>BRDS</b>	Bills Rediscounting Scheme	<b>MTM</b>	Mark to Market
<b>CASA</b>	Current Account and Savings Account	<b>NBFC</b>	Non-Banking Finance Company
<b>CAR</b>	Capital Adequacy Ratio	<b>NII</b>	Net Interest Income
<b>CC</b>	Credit Card	<b>NIM</b>	Net Interest Margin
<b>CET1</b>	Common Equity Tier 1	<b>NNPA</b>	Net Non-Performing Assets
<b>CD</b>	Credit-Deposit Ratio	<b>PCR</b>	Provision Coverage Ratio
<b>C/I</b>	Cost-Income Ratio	<b>PL</b>	Personal Loans
<b>CRB</b>	Commercial and Rural Banking	<b>PPOP</b>	Pre-Provision Operating Profit
<b>CV</b>	Commercial Vehicles	<b>PSU</b>	Public Sector Unit
<b>EBLR</b>	External Benchmark-based Lending Rate	<b>RWA</b>	Risk-weighted Assets
<b>ECL</b>	Expected Credit Loss	<b>SLR</b>	Statutory Liquidity Ratio
<b>GNPA</b>	Gross Non-Performing Assets	<b>SMA</b>	Special Mention Account
<b>HFC</b>	Housing Finance Company	<b>SME</b>	Small and Medium-sized Enterprises
<b>IBPC</b>	Interbank Participation Certificate	<b>TD</b>	Term Deposits
<b>LCR</b>	Liquidity Coverage Ratio		

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Net interest income</b>	<b>7,43,057</b>	<b>8,11,644</b>	<b>8,90,956</b>	<b>10,55,845</b>	<b>12,43,325</b>
NilI growth (%)	19.6	9.2	9.8	18.5	17.8
Non-interest income	2,29,578	2,85,067	3,29,787	3,64,464	4,21,698
Total income	9,72,635	10,96,711	12,20,742	14,20,309	16,65,023
Operating expenses	3,91,327	4,23,723	4,68,718	5,31,888	6,14,600
PPOP	5,81,308	6,72,988	7,52,024	8,88,421	10,50,423
PPOP growth (%)	18.4	15.8	11.7	18.1	18.2
Provisions	63,411	46,826	64,757	91,004	1,14,672
PBT	5,17,897	6,26,162	6,87,268	7,97,417	9,35,751
Tax	1,51,485	1,53,892	1,64,944	1,91,380	2,24,580
<b>Reported net profit</b>	<b>3,66,412</b>	<b>4,72,270</b>	<b>5,22,323</b>	<b>6,06,037</b>	<b>7,11,171</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>3,66,412</b>	<b>4,72,270</b>	<b>5,22,323</b>	<b>6,06,037</b>	<b>7,11,171</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	14,047	14,246	14,246	14,246	14,246
Reserves & surplus	23,69,946	29,06,517	33,39,001	38,40,799	44,29,649
Net worth	23,83,993	29,20,763	33,53,247	38,55,045	44,43,895
Deposits	1,41,28,250	1,61,03,480	1,85,99,520	2,15,75,443	2,50,05,938
Borrowings	12,49,676	12,35,383	14,20,690	16,05,380	18,14,079
Other liab. & provisions	9,53,227	9,22,774	9,31,958	10,99,599	12,76,584
<b>Total liab. &amp; equities</b>	<b>1,87,15,146</b>	<b>2,11,82,400</b>	<b>2,43,05,414</b>	<b>2,81,35,467</b>	<b>3,25,40,496</b>
Cash & bank balance	13,99,260	18,55,620	15,61,635	19,28,398	22,35,906
Investments	46,19,423	50,47,567	62,01,606	71,71,371	83,00,139
Advances	1,18,44,064	1,34,17,662	1,53,63,223	1,77,29,159	2,04,94,908
Fixed & Other assets	8,52,399	8,61,551	11,78,951	13,06,539	15,09,543
<b>Total assets</b>	<b>1,87,15,146</b>	<b>2,11,82,400</b>	<b>2,43,05,414</b>	<b>2,81,35,467</b>	<b>3,25,40,496</b>
Deposit growth (%)	19.6	14.0	15.5	16.0	15.9
Advances growth (%)	16.2	13.3	14.5	15.4	15.6

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	52.3	66.8	73.3	85.1	99.8
Dividend per share	10.0	11.0	12.6	14.6	17.2
Book value per share	339.4	410.0	470.8	541.2	623.9

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	26.9	21.1	19.2	16.5	14.1
P/BV	4.1	3.4	3.0	2.6	2.3
Dividend yield (%)	0.7	0.8	0.9	1.0	1.2

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	4.3	4.1	3.9	4.0	4.1
Non-interest income	1.3	1.4	1.5	1.4	1.4
Operating expenses	2.3	2.1	2.1	2.0	2.0
Pre-provisioning profit	3.4	3.4	3.3	3.4	3.5
Provisions	0.4	0.2	0.3	0.3	0.4
PBT	3.0	3.1	3.0	3.0	3.1
Tax	0.9	0.8	0.7	0.7	0.7
ROA	2.1	2.4	2.3	2.3	2.3
Leverage (x)	7.9	7.5	7.3	7.3	7.3
ROE	16.7	17.8	16.7	16.8	17.1

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Net interest income	19.6	9.2	9.8	18.5	17.8
Pre-provisioning profit	18.4	15.8	11.7	18.1	18.2
EPS	14.3	27.6	9.8	16.0	17.3
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	4.5	4.3	4.1	4.3	4.3
Fees / Avg. assets	0.2	0.2	0.2	0.3	0.3
Cost-Income	40.2	38.6	38.4	37.4	36.9
ROE	16.7	17.8	16.7	16.8	17.1
ROA	2.1	2.4	2.3	2.3	2.3
<b>Asset quality (%)</b>					
GNPA	2.3	1.7	1.9	2.0	2.2
NNPA	0.5	0.4	0.4	0.5	0.5
Slippage ratio	1.9	1.9	2.2	2.4	2.6
Credit cost	0.6	0.4	0.5	0.6	0.6
Provision coverage	80.3	76.9	77.3	77.8	78.0
<b>Ratios (%)</b>					
Credit-Deposit	83.8	83.3	82.6	82.2	82.0
Investment-Deposit	32.7	31.3	33.3	33.2	33.2
CAR	16.3	16.6	16.9	17.2	17.3
Tier-1	15.6	15.9	16.3	16.6	16.7

Source: Company, BOBCAPS Research

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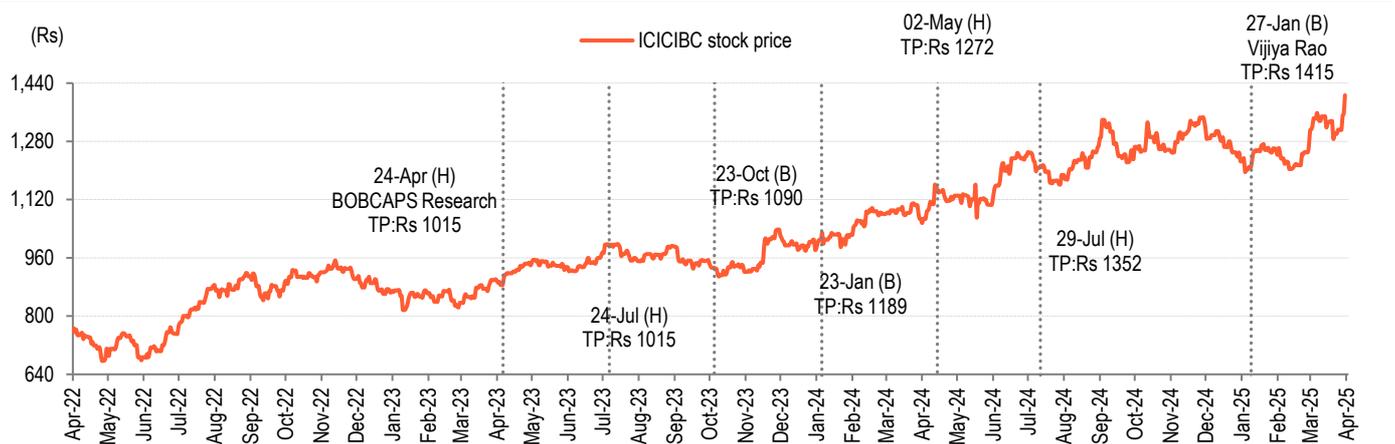
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**HOLD** – Expected return from -6% to +15%  
**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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### Ratings and Target Price (3-year history): ICICI BANK (ICICIB IN)



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