

1<sup>st</sup> August 2024

CMP – ₹1,216/-

View – Buy

**Key Highlights – Q1FY25**

- Loan book grew +15.7% YoY and +3.3% QoQ to ₹12,232bn.
- Overall deposits increased by +15.1% YoY and +0.9% QoQ to ₹14,262bn.
- During the quarter, NIM compression was negligible sequentially as the company maintained it at ~4.4%.
- While cost of funds remained stable for the bank sequentially at 5.1%, yield on advances moderated by ~8bps QoQ to 9.8%.
- Asset quality remained stable with GNPA and NNPA coming in at 2.15% and 0.43% respectively.
- **Retail loans to grow at a gradual rate of 20% YoY in FY25.**

**Important Statistics**

<b>Nifty</b>	24,951
<b>Sensex</b>	81,741
<b>M.CAP (₹ tn)</b>	₹8.54
<b>52 Week H/L (₹)</b>	1,258/899
<b>NSE Code</b>	ICICIBANK
<b>BSE Code</b>	532174
<b>Bloomberg Code</b>	ICICIB:IN

**Shareholding Pattern**

Jun'24

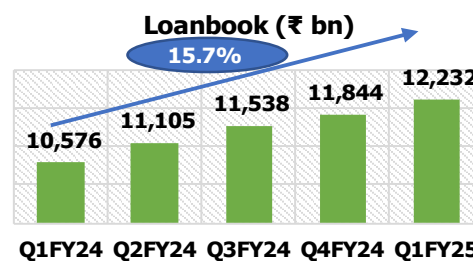
FII's	45.48%
DII	44.97%
Public & Others	9.55%

**Q1FY25 Result Update**

**Advances**

- ICICI Bank loan book growth was robust in a cyclically weak quarter with total advances increasing +15.7% YoY and 3.3% sequentially to ₹12,232bn.
- Business Banking segment grew at a healthy +35.6% YoY/ +8.9% QoQ to ₹1,014bn.
- Retail segment growth was moderated to +17.1% YoY and +2.4% QoQ to ₹6,823bn. Management remains cautious on loan book expansion in this segment and guided for a 20% YoY growth in FY25.
- In retail, credit card business grew at +31.3% YoY/ +4.2% QoQ to ₹535bn. While some refinements related to this product are being undertaken, management aims to grow this portfolio at a healthy rate going forward.

**Key Segmental numbers – Q1FY25**



Source: Company, Way2wealth

Loan Portfolio	YoY Growth %
Overall Advances	15.7%
Retail Loans	17.1%
Rural Loans	16.9%
Business Banking	35.6%
SME Loans	23.5%
Corporate Loans	10.3%
Overseas Loans	7.1%

(₹ bn)	Q1FY25	Q1FY24	% YoY Chng	Q4FY24	% QoQ Chng	% Share (Q1FY25)
<b>Mortgages</b>	<b>4,060</b>	<b>3,556</b>	<b>14%</b>	<b>3,959</b>	<b>3%</b>	<b>60%</b>
Vehicle Loans	941	830	13%	926	2%	14%
Auto Finance	602	525	15%	592	2%	9%
CV and Equipment	321	282	14%	314	2%	5%
2W Loans	18	23	-25%	20	-12%	0%
<b>Personal Loans</b>	<b>1,184</b>	<b>948</b>	<b>25%</b>	<b>1,167</b>	<b>1%</b>	<b>17%</b>
<b>Credit Cards</b>	<b>535</b>	<b>407</b>	<b>31%</b>	<b>513</b>	<b>4%</b>	<b>8%</b>
Others	104	86	21%	97	7%	2%
Dealer funding loans	82	66	23%	74	11%	1%
Loan against shares	22	20	12%	23	-3%	0%
Total Retail Loans	6,823	5,828	17%	6,663	2%	-

Source: Company, Way2wealth

**Deposits**

- Overall deposits increased by +15.1% YoY and +0.9% QoQ to ₹14,261bn.
- Current deposits increased by +9.3% YoY but fell -9.1% QoQ in Q1FY25 to ₹1,760bn while the savings account deposits increased by +8.6% YoY and +1.3% QoQ to ₹4,076bn, thus leading to a avg. CASA ratio of 39.6% down -300bps YoY and up +70bps QoQ.
- Total term deposits increased by +19.9% YoY and +3.1% QoQ to ₹8,425bn by end-Q1FY25.

**Relative Performance**

Return (%)	1 Yr	3Yr	5 Yr
<b>ICICI Bank</b>	<b>23%</b>	<b>74%</b>	<b>189%</b>
<b>Nifty 50</b>	27%	59%	128%
<b>Sensex</b>	23%	56%	121%

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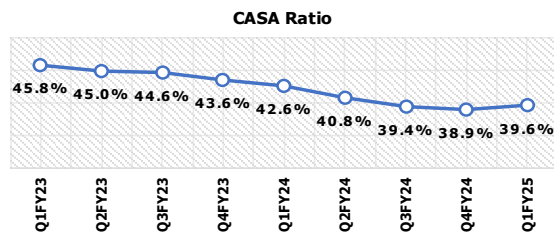
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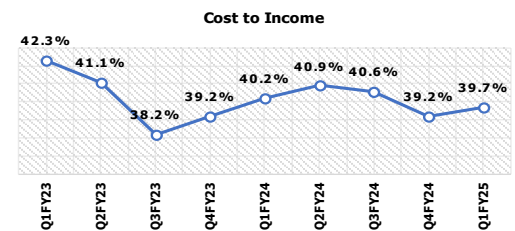
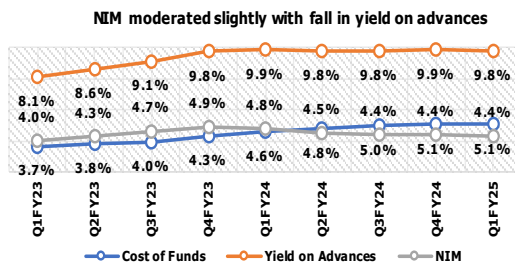
(₹ bn)	Q1FY25	Q1FY24	% YoY Chng	Q4FY24	% QoQ Chng	% Share (Q1FY25)
Current Deposits	1,760	1,610	9%	1,936	-9%	12%
Savings Deposits	4,076	3,752	9%	4,023	1%	29%
<b>CASA Deposits</b>	<b>5,837</b>	<b>5,362</b>	<b>9%</b>	<b>5,959</b>	<b>-2%</b>	<b>41%</b>
Term Deposits	8,425	7,025	20%	8,170	3%	59%
<b>Total Deposits</b>	<b>14,262</b>	<b>12,387</b>	<b>15%</b>	<b>14,128</b>	<b>1%</b>	-

Source: Company, Way2wealth (CASA Ratio based on Avg. Deposits)



**Operational performance**

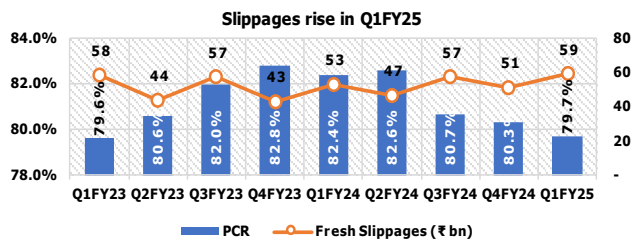
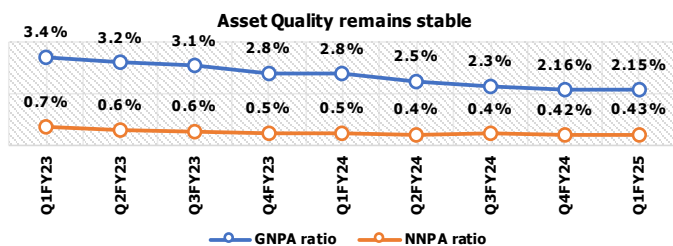
- Net interest income rose +7% YoY/+2% QoQ to ₹196bn with NIM coming at 4.4% moderating -42bps YoY/-4bps QoQ.
- Interest income for the quarter rose +17% YoY/ +3% QoQ to ₹390bn. Yields on advances declined 8bps QoQ to 9.8%, impacted by non-accrual of kisan credit card.
- Interest expense grew at +29% YoY/ +3% QoQ to ₹194bn, with cost of funds of remaining largely stable sequentially at 5.05%.
- During Q1FY25, operating expenses grew by +11% YoY/+9% QoQ to ₹105bn, incorporating first quarter seasonality owing to employee increments. Resulting in the bank's core operating profit increasing by +11% YoY /+1% QoQ to ₹154bn.
- Provisions during the quarter rose +3% YoY/+86% QoQ to ₹13bn, incorporating ~₹4bn impact due to reversal of AIF-related provisions.
- Healthy treasury gains of ₹6bn on account of implementation related to change in investment accounting policies improved PBT, which stood at ₹147bn, up +14% YoY/ +3% QoQ.
- Profit after tax was up +15% YoY/+3% QoQ to ₹111bn.
- ICICI Bank added 64 branches during the quarter taking the total branch network to 6,587 while some ATMs were closed falling total number to 17,102 by 1QFY25 from 17,190 in 4QFY24.



Source: Company, Way2wealth

**Asset Quality**

- Asset quality remained stable during the quarter with GNPA and NNPA coming in at 2.15% and 0.43%.
- Owing to seasonality of the quarter, fresh slippages rose 15% on QoQ basis to ₹59bn. Retail slippages increased to 3% in Q1FY24 from 2.7% in Q4FY24.
- The bank continued to hold contingency provisions of ₹131bn as on Jun 30, 2024. At end-Q1FY25, the bank holds a CET-1 ratio of 15.24%, and a total capital adequacy ratio of 15.96%.



Source: Company, Way2wealth


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 View – **Buy**
**View**

ICICI Bank Ltd. continued to post an all-round, industry leading performance during the quarter. Supported by bank's strong franchise and wide branch distribution network, robust growth in advances was reported in a cyclically weak quarter. Unlike some of other large private bank peers, ICICI Bank was able to grow its deposit base at a modest pace amid intensified competition for deposits. Bank's long-term LDR has been in low to mid-80's range and management remains comfortable in maintaining these levels.

On operational front, although NIMs have moderated to some extent, stable cost of funds provides the necessary cushioning and focus on high-yield assets such as credit card portfolio may support fall in yield by offsetting slowdown in retail loan book to some extent. Asset quality concerns in retail book arose few quarters back are being dealt by the management cautiously with refinement of products underway, which would keep NPA levels in check as seen in this quarter.

Overall, we remain bullish on the bank's ability to navigate through tight situations of the industry and expect it to continue delivering best-in-class performance. **At CMP of ₹1,216, the stock is trading at a P/BV ~2.8x FY26E and we maintain our recommendation to Buy the stock.**

**Quarterly Performance**

(₹ bn)

Particulars	Q1FY25	Q1FY24	YoY Chng	Q4FY24	QoQ Chng	FY24	FY23	YoY Chng
Net interest earned	390	333	17%	379	3%	1,429	1,092	31%
Net interest expensed	194	151	29%	189	3%	686	471	46%
Net interest income	196	182	7%	191	2%	743	621	20%
NIM	4.4%	4.8%	-42 bps	4.4%	-4 bps	4.5%	4.5%	5 bps
Non-interest income	64	52	23%	59	8%	229	199	15%
Fee income	55	48	13%	54	1%	208	180	16%
Dividend income from subsidiaries/associates	9	3	207%	5	85%	21	18	16%
Operating expense	105	95	10.6%	97	8.5%	391	329	19%
Core operating profit	154	139	11.0%	153	0.6%	581	491	18%
Total net provision	13	13	3%	7	86%	36	67	-45%
Treasury income	6	3		(3)		0	(1)	
Profit before tax	147	128	14%	143	3%	545	424	28%
Provision for taxes	36	32	14%	36	1%	136	105	29%
Profit after tax	111	96	15%	107	3%	409	319	28%
Advances	12,232	10,576	15.7%	11,844	3.3%	11,844	10,196	16%
Deposits	14,262	12,387	15.1%	14,128	0.9%	14,128	11,808	20%
BVPS	361	302	20%	340	6%	340	287	18%
ROE	18.0%	18.9%	-90 bps	18.5%	-50 bps	18.7%	17.3%	140 bps
ROAA	2.4%	2.4%	-3 bps	2.4%	bps	2.4%	2.2%	21 bps
EPS	15	14	14%	15	3%	57	45	28%

Source: Company, Way2wealth



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Name of the Security	ICICI Bank Ltd.
Name of the analyst	Prasad Hase
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
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