

25<sup>th</sup> July 2023

CMP – ₹992/-

View – Buy

**Key Highlights – Q1FY24**

- Loan book grew 18.1% YoY and 3.7% QoQ to ₹10,576bn.
- Overall deposits increased by 17.9% YoY and 4.9% QoQ to ₹12,387bn.
- NIM expansion continues YoY although softened sequentially, growing to 4.8% in Q1FY24.
- The cost of funding rose 31bps sequentially.
- Stable asset quality with GNPA/NNPA stood at 2.76%/0.48% in Q1FY24.
- There were treasury gains of ₹2.5bn in Q1FY24 compared to ₹0.4bn in Q1FY23.

**Important Statistics**

<b>M.CAP (₹ tn)</b>	~₹6.98
<b>52 Week H/L (₹)</b>	1,008.70/780.10
<b>NSE Code</b>	ICICIBANK
<b>BSE Code</b>	532174
<b>Shareholding Pattern June'23</b>	
FII's	44.53%
DII	45.50%
Public	9.97%

**Q1FY24 Result Update**

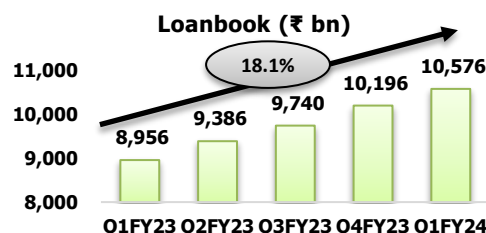
- **Advances**
  - ICICI Bank continues to grow its loan book in a calibrated manner. Total advances increased by 18.1% YoY and 3.7% sequentially to ₹10,576bn.
  - The Retail loan portfolio, which constitutes 54.3% of the total loan book, stood at ₹5,828bn, growing by 21.9% YoY and 4.5% sequentially.
  - The business banking portfolio witnessed growth of 30.4% YoY and 3.8% QoQ to ₹749bn.
  - The SME segment, comprising of borrowers with a turnover of less than ₹2.5bn, grew by 28.5% YoY and 5.0% QoQ to ₹506bn.

**Key Segmental numbers – Q1FY23**

	<b>YoY Growth</b>
Overall Domestic Advances	20.6%
Retail Loans	21.9%
Rural Loans	17.6%
Business Banking	30.4%
SME Loans	28.5%
Corporate Loans	19.3%
Overseas Loans	-29.5%

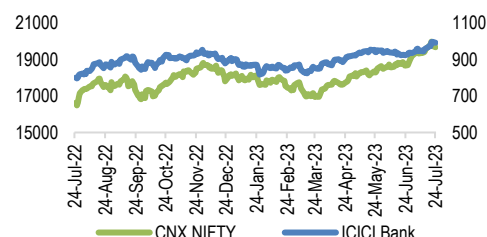
- **Deposits and Margins**
  - Overall deposits increased by 17.9% YoY and 4.9% QoQ to ₹12,387bn.
  - Average current account deposits increased by 14.8% YoY in Q1FY24 to ₹1,610bn while the average savings account deposits increased by 6.6% YoY to ₹3,752bn, thus leading to a CASA ratio of 42.6%.
  - Total term deposits increased by 25.8% YoY and 9.8% QoQ to ₹7,025bn at end-Q1FY24.
  - During Q1FY24, ICICI Bank added about 174 branches taking the total branch network to 6,074 while number of ATMs/cash recycling machines at stood at 16,731.

	<b>Q1FY24</b>	<b>Q1FY23</b>	<b>Q4FY23</b>
NIM	4.8%	4.0%	4.9%
CASA Ratio	42.6%	45.8%	43.6%
Cost of Deposits	4.3%	3.5%	4.0%
Cost to Income	40.2%	42.3%	39.2%



Source: Company, Way2Wealth

- **Operational performance**
  - The bank's core operating profit increased by 35.2% YoY to ₹138.9bn in Q1FY24.
  - The Bank's operating expenses increased by 25.9% YoY in Q1FY24 to ₹95.2bn led by 36.3% YoY rise in employee expenses. Operating costs are likely to remain elevated going forward as the lender plans to continue with its expansion strategy and invest in technological advancements.

**Relative Performance**


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### ➤ Asset Quality

- The declining trend in asset quality continues with GNPA coming in at 2.76% vs 3.41% in Q1FY23 and NNPA was at 0.48% vs 0.70% in Q1FY23.
- During the quarter, fresh slippages rose by 24% on a QoQ basis.
- The bank continued to hold contingency provisions of ₹131bn as on Jun 30, 2023.
- At end-Q1FY24, the bank continues to have a CET-1 ratio of 16.66%, a Tier 1 ratio of 16.00% and a total capital adequacy ratio of 16.71%.

	Q1FY24	Q1FY23	Q4FY23
GNPA ratio	2.76%	3.41%	2.81%
NNPA ratio	0.48%	0.70%	0.48%
PCR	82.4%	79.6%	82.8%
Fresh Slippages (₹ bn)	53	58	43

### View

ICICI Bank continued to report strong operational performance on all fronts with healthy growth in advances and deposits. While NIM softened marginally, the pressure may continue going forward in an anticipation of uptick in cost of funds. Asset quality remained stable during the quarter, with no contingent provisions, leading to a 40% YoY increase in bank's bottom line.

We believe the bank to post healthy margins as the focus remains on core operating profit growth coupled with stable asset quality.

At CMP of ₹992, the stock is being quoted at a P/ABV ~2.6x FY25E. On the back continued strong growth momentum in advances and healthy operational performance at the bank level, focus on expanding branch network and improving asset quality, we believe that there is significant upside in the stock and we re-iterate our stance to **Buy** the stock and **add on dips** for an **upside of about 12 to 14%**.

### Quarterly Performance

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View – **Buy**

(₹ Cr)								
Particulars	Q1FY24	Q1FY23	YoY	Q4FY23	QoQ	FY23	FY22	YoY
Interest income	333	237	41%	310	7%	1,092	864	26%
Interest expense	151	105	44%	134	13%	471	389	21%
Net interest income	182	132	38%	177	3%	621	475	31%
NIM	4.8%	4.0%	77 bps	4.9%	(12 bps)	4.5%	4.0%	52 bps
Non-interest income	52	46	12%	51	1%	199	176	13%
Fee income	48	42	14%	48	0%	180	157	15%
Dividend income from subsidiaries/associates	3	3	-16%	3	7%	18	18	-2%
Operating expense	95	76	26%	89	7%	329	267	23%
Core operating profit	139	103	35%	139	0%	491	383	28%
Total net provision	13	11	13%	16	-20%	67	86	-23%
Treasury income	3	0		(0)		(1)	9	
Profit before tax	128	92	40%	122	5%	424	306	39%
Provision for taxes	32	23	42%	31	4%	105	73	45%
Profit after tax	96	69	40%	91	6%	319	233	37%
Advances	10,576	8,956	18%	10,196	4%	10,196	8,590	19%
Deposits	12,387	10,503	18%	11,808	5%	11,808	10,646	11%
Net worth	2,110	1,779	19%	2,007	5%	2,007	1,705	18%
BVPS	302	256	18%	287	5%	287	245	17%
ROE	18.9%	15.9%	300 bps	18.9%	-	17.3%	14.8%	250 bps
ROAA	2.4%	2.0%	41 bps	2.4%	-	2.2%	1.8%	36 bps
NPM						29%	27%	218 bps
EPS						46	34	36%

Source: Company, Way2wealth

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**Disclosure of Interest Statement ICICI Bank Ltd. as on July 25, 2023**

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
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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