

**Key Highlights – Q2FY24**

- Loan book grew 18.3% YoY and 5.0% QoQ to ₹11,105bn.
- Overall deposits increased by 18.8% YoY and 4.5% QoQ to ₹12,947bn.
- During the quarter, NIM compression of 25bps was observed on sequential basis to 4.5%.
- Yield on advances moderated by 10bps while the cost of funding rose 18bps sequentially.
- Asset quality improvement continued as GNPA/NNPA fell to 2.48%/0.43%.
- In Q2FY24, fresh slippages fell 12% QoQ to ₹47bn.

**Important Statistics**

<b>M.CAP (₹ tn)</b>	₹6.39
<b>52 Week H/L (₹)</b>	1,008.70/796.00
<b>NSE Code</b>	ICICIBANK
<b>BSE Code</b>	532174

<b>Shareholding Pattern</b>	<b>Sep'23</b>
FII's	44.39%
DII	45.78%
Public	9.84%

**Q2FY24 Result Update**

**Advances**

- ICICI Bank continues its strong and all-inclusive growth momentum with total advances increasing by 18.3% YoY and 5% sequentially to ₹11,105bn.
- Retail segment remains the key driver of the healthy loan book growth, which increased by 21.4% YoY and 5.5% sequentially stood at ₹6,149bn.
- The business banking portfolio witnessed growth of 30.3% YoY and 10.6% QoQ to ₹828bn.
- The SME segment, comprising of borrowers with a turnover of less than ₹2.5bn, grew by 29.4% YoY and 7.2% QoQ to ₹543bn.

**Deposits and Margins**

- Overall deposits increased by 18.8% YoY and 4.5% QoQ to ₹12,947bn.
- Current account deposits increased by 6.8% YoY in Q2FY24 to ₹1,553bn while the savings account deposits increased by 2.7% YoY to ₹3,723bn, thus leading to a CASA ratio of 40.8% (fell by ~180bps QoQ)
- Total term deposits increased by 31.8% YoY and 9.2% QoQ to ₹7,671bn by end-Q2FY24.
- During Q1FY24, ICICI Bank added about 174 branches taking the total branch network to 6,248 while number of ATMs/cash recycling machines at stood at 16,921.

**Operational performance**

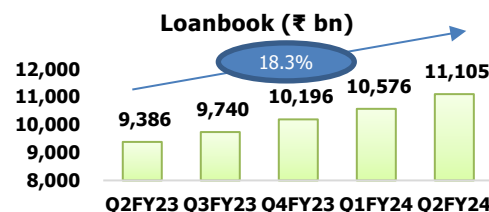
- The bank's core operating profit increased by 21.7% YoY to ₹143bn in Q2FY24.
- The Bank's operating expenses increased by 20.8% YoY in Q2FY24 to ₹98.6bn led by 29% YoY rise in employee expenses. Despite focus on branch expansion and adoption of 'Customer 360' initiatives, cost to income ratio has remained fairly stable at 40.9%.

**Key Segmental numbers – Q2FY24**

<b>Loan Portfolio</b>	<b>YoY Growth</b>
Overall Domestic Advances	19.3%
Retail Loans	21.4%
Rural Loans	17.3%
Business Banking	30.3%
SME Loans	29.4%
Corporate Loans	15.3%
Overseas Loans	-4.4%

Source: Company, Way2wealth

<b>Key Ratios</b>	<b>Q2FY23</b>	<b>Q1FY24</b>	<b>Q2FY24</b>
NIM	4.3%	4.8%	4.5%
CASA Ratio	45.0%	42.6%	40.8%
Cost of Deposits	3.6%	4.3%	4.5%
Cost to Income	41.1%	40.2%	40.9%



Source: Company, Way2wealth

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30<sup>th</sup> October 2023

CMP – ₹913/-

View – **Buy**

➤ **Asset Quality**

- The improving trend in asset quality continues with GNPA coming in at 2.48% falling in Q2FY23 while NNPA contracted by 18bps YoY/ 5bps QoQ to 0.43% in Q2FY23.
- During the quarter, fresh slippages declined by 12% on QoQ basis to ₹47bn.
- The bank continued to hold contingency provisions of ₹131bn as on Sep 30, 2023.
- At end-Q2FY24, the bank holds a CET-1 ratio of 15.15%, a Tier 1 ratio of 15.23% and a total capital adequacy ratio of 15.94%.

Asset Quality	Q2FY23	Q1FY24	Q2FY24
GNPA ratio	3.2%	2.8%	2.5%
NNPA ratio	0.6%	0.5%	0.4%
PCR	80.6%	82.4%	82.6%
Fresh Slippages (₹ bn)	44	53	47

Source: Company, Way2wealth

**View**

ICICI Bank has been maintaining consistency in posting strong quarterly performance for couple years now, driven by loan book growth spread across business segments. Key focus on implementing 360-degree customer-centric approach bodes well for the bank in improving its retail profile of the business, including the unsecured segment. While growth in the unsecured segment remains well under control, no signs of any adverse trends in delinquencies have been observed, which is supportive to the improving asset quality trajectory. Falling provisions leading to rising profitability is instrumental in expansion of return ratios.

Strong growth in term deposits, catalyzed by higher interest rates, resulting in rising cost of deposits may pressure net interest margins for couple of quarters. However, this phenomenon is consistent with the industry trends and my partially offset by the growth in high yielding unsecured book.

At CMP of ₹913, the stock is being quoted at a P/ABV ~2.1x FY25E. On the back consistent strong performance in-terms of growth in advances, healthy operational parameters, asset quality improvement and focus on branch network expansion, customer centric approach, as well as given the underperformance by the bank for considerable time-frame, we believe these levels could act as strong support to the stock, and thus to generate good returns over the medium term we re-iterate our stance to **Buy** the stock and **add on dips**.

30<sup>th</sup> October 2023

CMP – ₹913/-

 View – **Buy**
**Quarterly Performance**

(₹ bn)

Particulars	Q2FY24	Q2FY23	YoY Chng	Q1FY24	QoQ Chng	FY23	FY22	YoY Chng
Net interest earned	349	260	34%	333	5%	1,092	864	26%
Net interest expensed	166	112	48%	151	10%	471	389	21%
Net interest income	183	148	24%	182	0%	621	475	31%
NIM	4.5%	4.3%	22 bps	4.8%	-25 bps	4.5%	4.0%	52 bps
Non-interest income	59	51	14%	52	13%	199	176	13%
Fee income	52	45	16%	48	7%	180	157	15%
Dividend income from subsidiaries/associates	6	6	0%	3	123%	18	18	-2%
Operating expense	99	82	20.8%	95	3%	329	267	23%
Core operating profit	143	118	22%	139	3%	491	383	28%
Total net provision	6	16	-65%	13	-55%	67	86	-23%
Treasury income	(1)	(1)		3		(1)	9	
Profit before tax	136	100	36%	128	6%	424	306	39%
Provision for taxes	34	25	37%	32	6%	105	73	45%
Profit after tax	103	76	36%	96	6%	319	233	37%
Advances	11,105	9,386	18.3%	10,576	5.0%	10,196	8,590	19%
Deposits	12,947	10,900	18.8%	12,387	4.5%	11,808	10,646	11%
Net worth	1,825	2,160	-16%	2,110	-13%	2,007	1,705	18%
BVPS	309	262	18%	302	2%	287	245	17%
ROE	19.1%	16.6%	250 bps	18.9%	20 bps	17.3%	14.8%	250 bps
ROAA	2.4%	2.1%	35 bps	2.4%	2 bps	2.2%	1.8%	32 bps
NPM	29%	29%	35 bps	29%	44 bps	29%	27%	218 bps
EPS	14	11	35%	14	6%	46	34	36%

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
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