



06th November 2024

CMP – ₹1,296.70/-

View – Buy

Key Highlights – Q2FY25

- Loan book grew +15.0% YoY and +4.4% QoQ to ₹12,772bn.
- Overall deposits increased by +15.7% YoY and +5.0% QoQ to ₹14,978bn.
- During the quarter, bank reported a marginal NIM compression of ~9bps to ~4.3%.
- While cost of funds remained largely stable sequentially at 5.1%, yield on advances moderated by ~7bps QoQ to 9.7%.
- Asset quality improved notably with GNPA and NNPA coming in at 1.97% and 0.42% respectively.
- Retail loans to grow at a gradual rate of 20% YoY in FY25.

Important Statistics

Nifty	24,213
Sensex	79,477
M.CAP (₹ tn)	₹9.20
52 Week H/L (₹)	1,362/913
NSE Code	ICICIBANK
BSE Code	532174
Bloomberg Code	ICICIB:IN

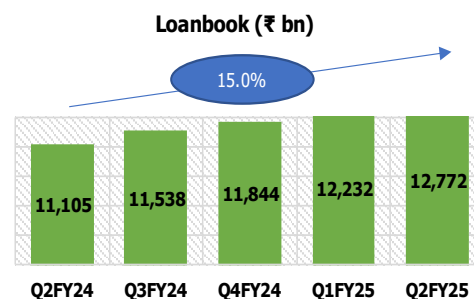
Shareholding Pattern		Sep'24
FIIIs		46.22%
DII		44.44%
Public & Others		9.34%

Q2FY25 Result Update

Advances

- ICICI Bank loan book growth was robust amid challenging environment, total advances rose by +15.0% YoY and 4.4% sequentially to ₹12,772bn.
- Retail segment growth was moderated to +14.2% YoY and +2.9% QoQ to ₹6,935bn. Personal Loan disbursements have seen a moderation in past few quarters, which may continue for couple of next quarters. Cards division is seeing healthy traction and offers large addressable market.
- Business Banking segment incorporating SME business grew at a strong +30.0% YoY/ +10.7% QoQ to ₹2,330bn.
- Corporate lending book witnessed +11.8% YoY/ +4.9% growth to ₹2,690bn.

Key Segmental numbers – Q2FY25



Source: Company, Way2wealth

Loan Portfolio	YoY Growth %
Overall Advances	15.0%
Retail Loans	14.2%
Rural Loans	16.5%
Business Banking	30.0%
Corporate Loans	11.8%
Overseas Loans	-6.0%

(₹ bn)	Q2FY25	Q2FY24	% YoY Chng	Q1FY25	% QoQ Chng	% Share (Q2FY25)
Mortgages	4,191	3,704	13%	4,060	3%	60%
Vehicle Loans	943	870	8%	941	0%	14%
Auto Finance	607	554	10%	602	1%	9%
CV and Equipment	321	295	9%	321	0%	5%
2W Loans	15	22	-32%	18	-14%	0%
Personal Loans	1,225	1,044	17%	1,184	3%	18%
Credit Cards	553	432	28%	535	3%	8%
Loan against shares	23	21	11%	22	4%	0%
Total Retail Loans	6,935	6,071	14%	6,741	3%	-

Source: Company, Way2wealth

Deposits

- Overall deposits increased by +15.7% YoY and +5.0% QoQ to ₹14,978bn.
- Current deposits increased by +17.9% YoY/ +4.0% QoQ in Q2FY25 to ₹1,831bn while the savings account deposits increased by +14.3% YoY/ +4.4% QoQ to ₹4,256bn, thus leading to a avg. CASA ratio of 38.9% down -185bps YoY and -70bps QoQ.
- Total term deposits increased by +15.9% YoY and +5.5% QoQ to ₹8,890bn by end-Q2FY25.

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
ICICI Bank	37%	67%	165%
Nifty 50	26%	37%	105%
Sensex	24%	34%	99%

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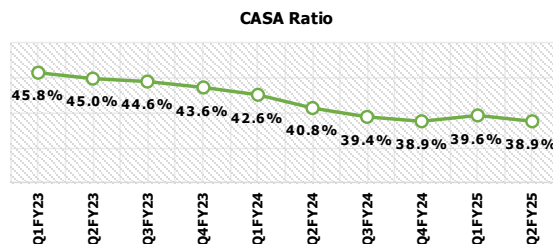
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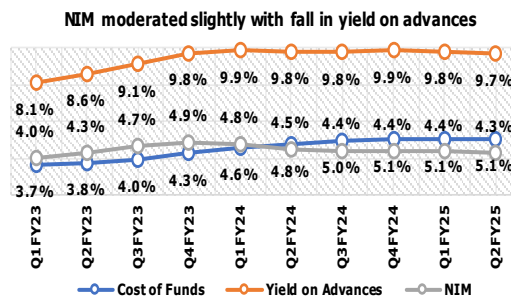
(₹ bn)	Q2FY25	Q2FY24	% YoY Chng	Q1FY25	% QoQ Chng	% Share (Q2FY25)
Current Deposits	1,831	1,553	18%	1,760	4%	12%
Savings Deposits	4,256	3,723	14%	4,076	4%	28%
CASA Deposits	6,087	5,276	15%	5,837	4%	41%
Term Deposits	8,890	7,671	16%	8,425	6%	59%
Total Deposits	14,978	12,947	16%	14,262	5%	-

Source: Company, Way2wealth



➤ **Operational performance**

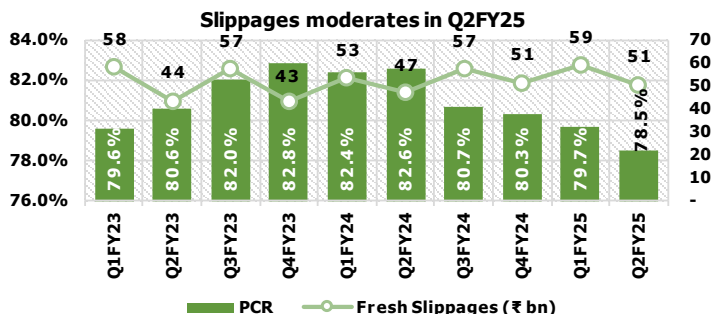
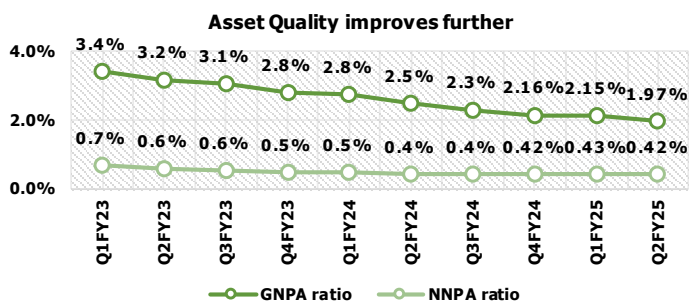
- Net interest income rose +10% YoY/+3% QoQ to ₹200bn with NIM coming at 4.3% moderating -26bps YoY/-9bps QoQ.
- Interest income for the quarter rose +16% YoY/ +4% QoQ to ₹405bn. Yields on advances declined 7bps QoQ to 9.7%.
- Interest expense grew at +23% YoY/ +5% QoQ to ₹205bn, with cost of funds of remaining largely stable sequentially at 5.09%.
- During Q2FY25, operating expenses grew by +7% YoY but remained flat QoQ at ₹105bn, with cost to income ratio falling to 38.6% down from 39.7% in previous quarter. Resulting in the bank's core operating profit increasing by +12% YoY /+4% QoQ to ₹160bn.
- Provisions during the quarter rose +112% YoY but fell -7% QoQ to ₹12bn.
- Healthy treasury gains of ₹7bn on account of positive gains from MTM adjustments owing to FVTPL and gains of fixed-income portfolio. This led to PBT rising by +14% YoY/+5% QoQ to ₹155bn
- ICICI Bank added 26 branches during the quarter taking the total branch network to 6,613 while some ATMs were closed falling total number to 16,120 by 2QFY25 from 17,102 in 1QFY25.



Source: Company, Way2wealth

➤ **Asset Quality**

- Asset quality improved further during the quarter with GNPA and NNPA coming in at 1.97% and 0.42%.
- Fresh slippages fell by -14% sequentially (+8% YoY) to ₹51bn. Delinquencies in the Credit Card and Personal Loan portfolio have inched up, however, bank is focusing on tightening the underwriting measures.
- The bank continued to hold contingency provisions of ₹131bn as on Sep 30, 2024. At end-Q2FY25, the bank holds a CET-1 ratio of 14.65%, and a total capital adequacy ratio of 15.35%.



Source: Company, Way2wealth

View

ICICI Bank Ltd. posted robust performance by continuing on its strong growth momentum, holding onto healthy asset quality and maintaining operating expenses well within limits. Amid heightened competition for deposit mobilization and in a quest for maintaining / improving LDR, in a situation wherein peers are struggling to maintain deposit growth at par with loan book growth, ICICI Bank's strong 15.7% YoY/5.0% QoQ ahead of 15.0% YoY/4.4% QoQ advances growth is indicative of the bank's strong deposit franchise developed through continuous improvement in digital platforms and simplification of processes.

Management's timely action of slowing down on unsecured retail lending leaves little room for any concerns on the asset quality front. On the operational front, total expenses remained unchanged leading to further improvement in cost to income ratio to 38.6%. Although opex expected to increase to some extent in H2FY25, improvement in asset quality based lower credit cost may offset it, acting as a key driver for healthy bottom-line profitability improvement in upcoming quarters. Although, NIMs may remain under pressure, management aims to keep it largely stable.

Although, the bank continues to post industry leading performance in several quarters in a row, its relative underperformance offers significant value at current levels. We remain bullish on the bank's ability to post healthy earnings growth going forward as well and hence recommend investors to Buy this stock, **at CMP of ₹1,296.7, trading at a P/BV ~2.5x FY26E.**

Quarterly Performance

Particulars	Q2FY25	Q2FY24	YoY Chng	Q1FY25	QoQ Chng	1HFY25	1HFY24	YoY Chng
Net interest earned	405	349	16%	390	4%	795	682	17%
Net interest expensed	205	166	23%	194	5%	399	317	26%
Net interest income	200	183	10%	196	3%	396	365	8%
NIM	4.3%	4.5%	-26 bps	4.4%	-9 bps	4.3%	4.7%	-34 bps
Non-interest income	65	59	11%	64	2%	129	110	17%
Fee income	59	52	13%	55	7%	114	100	13%
Dividend income from subsidiaries/associates	5	6	-17%	9	-39%	14	9	53%
Operating expense	105	99	6.6%	105	-0.3%	210	194	9%
Core operating profit	160	143	12.1%	154	4.1%	315	282	12%
Total net provision	12	6	112%	13	-7%	26	19	37%
Treasury income	7	(1)		6		13	2	
Profit before tax	155	136	14%	147	5%	302	265	14%
Provision for taxes	37	34	11%	36	3%	74	66	12%
Profit after tax	117	103	14%	111	6%	228	199	15%
Advances	12,772	11,105	15.0%	12,232	4.4%	12,772	11,105	15%
Deposits	14,978	12,947	15.7%	14,262	5.0%	14,978	12,947	16%
BVPS	368	309	19%	361	2%	368	309	19%
ROE	18.1%	19.1%	-100 bps	18.0%	10 bps	18.1%	19.0%	-90 bps
ROAA	2.4%	2.4%	-2 bps	2.4%	3 bps	2.4%	2.4%	-2 bps
EPS	16	14	14%	15	6%	32	28	14%

Source: Company, Way2wealth



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Disclosure of Interest Statement ICICI Bank Ltd. as on November 06, 2024

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
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