

India

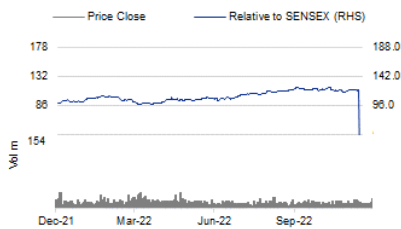
ADD (no change)

Consensus ratings*: Buy 53 Hold 2 Sell 0

Current price:	Rs931
Target price: ▲	Rs1,080
Previous target:	Rs1,000
Up/downside:	16.0%
InCred Research / Consensus:	-0.9%

Reuters:	
Bloomberg:	ICICIBC IN
Market cap:	US\$89,385m
	Rs6,490,680m
Average daily turnover:	US\$138.2m
	Rs10033.2m
Current shares o/s:	7,281.0m
Free float:	40.0%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.4	6.7	29.9
Relative (%)	(0.7)	0.5	19.2

Major shareholders	% held
LIC	7.9
SBI MF	5.9
ICICI Prudential MF	3.6

ICICI Bank

Tech-enabled customer-centric approach

- We attended ICICI Bank’s analyst day where its top management, along with business heads, elaborated the future strategy of the bank.
- ‘Customer 360’ & ‘Go-to-Market’ strategies are customer-centric, tech-enabled and decentralized decision-making approaches to gain market share.
- We appreciate the focus on maximizing risk-adjusted core operating profit via consumer-centric approach. Retain ADD with a higher target price of Rs1,080.

Customer 360 – a tech-enabled customer-centric approach

ICICI Bank has initiated Customer 360 strategy whereby the bank focuses on doing business as per customers’ requirements, instead of pushing specific products or services on asset as well as liability side. The idea is also to present an entire gamut of products and services offered by the bank to end-customers through various tech-enabled platforms for optimizing business opportunities. ICICI Bank has significantly invested in its technology platform to facilitate all customer segments - from corporate banking (supply chain solutions, employee management, etc.), small and medium enterprise banking (cash management, statutory solutions, etc.) to retail banking (instant credit, minimum documentation, etc.). Management stated that the bank is witnessing a decent growth in business volume/customer engagement through its Customer 360 initiative.

Go-to-market strategy, market share gains through decentralization

Under the ‘Go-to-market’ approach, ICICI Bank is gradually decentralizing the entire authorization and underwriting processes to business centres and branches to provide an individualistic approach to the entire business. Management enables the business work force to take decisions based on ground realities and demographics. The bank has placed state heads, zonal and city heads to take decisions based on customers’ requirements. The plan is to gain market share and maintain leadership position through a customer-centric approach.

Liability augmentation tricky as the rise in cost of funds is inevitable

ICICI Bank is focused on augmenting its liabilities by being tech savvy, improving customer experience and increasing its geographical presence. However, we feel the bank needs to raise interest rates for retail deposit growth momentum, which will lead to a rise in cost of funds. But we believe the rise in high-yield retail assets with low slippage will aid margins.

Outlook & valuation

We appreciate ICICI Bank’s consistent focus on delivering profitable growth along with a consumer-centric approach and focus on technology. We have increased our FY24F/25F earnings by ~1.9%/1.5%, respectively. We have arrived at a revised target price of Rs1,080 (Rs1,000 earlier), as we have valued the standalone bank at ~2.8x FY24F ABV and assigned Rs170/share for subsidiaries. Downside risks: Slowing growth, pressure on margins, and a rise in non-performing assets or NPAs.

Analyst(s)



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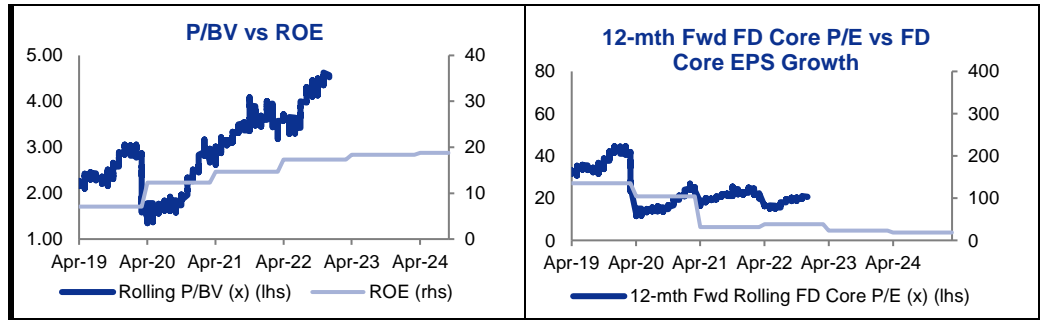
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Financial Summary

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Net Interest Income (Rsm)	389,921	474,663	604,238	727,229	868,628
Total Non-Interest Income (Rsm)	189,685	185,174	207,923	241,065	277,693
Operating Revenue (Rsm)	579,607	659,836	812,161	968,294	1,146,321
Total Provision Charges (Rsm)	(162,144)	(86,413)	(61,835)	(68,252)	(88,445)
Net Profit (Rsm)	161,954	233,396	316,628	388,584	461,715
Core EPS (Rs)	25.12	32.98	45.50	55.84	66.34
Core EPS Growth	104%	31%	38%	23%	19%
FD Core P/E (x)	37.04	28.22	20.45	16.67	14.03
DPS (Rs)	2.00	5.00	9.00	11.00	13.00
Dividend Yield	0.21%	0.54%	0.97%	1.18%	1.40%
BVPS (Rs)	212.8	205.9	205.9	238.5	277.3
P/BV (x)	4.37	4.52	4.52	3.90	3.36
ROE	12.3%	14.7%	17.3%	18.4%	18.8%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rsm)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Net Interest Income	389,921	474,663	604,238	727,229	868,628
Total Non-Interest Income	189,685	185,174	207,923	241,065	277,693
Operating Revenue	579,607	659,836	812,161	968,294	1,146,321
Total Non-Interest Expenses	(215,474)	(267,146)	(319,101)	(372,518)	(432,573)
Pre-provision Operating Profit	363,998	392,503	487,983	591,246	709,865
Total Provision Charges	(162,144)	(86,413)	(61,835)	(68,252)	(88,445)
Operating Profit After Provisions	201,854	306,090	426,148	522,994	621,420
Pretax Income/(Loss) from Assoc.					
Operating EBIT (incl Associates)	201,854	306,090	426,148	522,994	621,420
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	201,854	306,090	426,148	522,994	621,420
Exceptional Items					
Pre-tax Profit	201,854	306,090	426,148	522,994	621,420
Taxation	(39,900)	(72,694)	(109,520)	(134,409)	(159,705)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	161,954	233,396	316,628	388,584	461,715
Minority Interests					
Pref. & Special Div					
FX And Other Adj.					
Net Profit	161,954	233,396	316,628	388,584	461,715
Recurring Net Profit					

Balance Sheet Employment

(Rsm)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Gross Loans/Cust Deposits					
Avg Loans/Avg Deposits	81.0%	79.8%	82.6%	85.7%	88.0%
Avg Liquid Assets/Avg Assets	70.0%	71.7%	73.3%	74.1%	75.0%
Avg Liquid Assets/Avg IEAs	118.3%	118.9%	118.3%	115.0%	111.9%
Net Cust Loans/Assets					
Net Cust Loans/Broad Deposits					
Equity & Provns/Gross Cust Loans					
Asset Risk Weighting					
Provision Charge/Avg Cust Loans					
Provision Charge/Avg Assets					
Total Write Offs/Average Assets					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rsm)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Gross Loans	7,337,290	8,590,206	10,312,414	12,375,634	14,891,333
Liquid Assets & Invst. (Current)					
Other Int. Earning Assets					
Total Gross Int. Earning Assets	7,337,290	8,590,206	10,312,414	12,375,634	14,891,333
Total Provisions/Loan Loss Reserve					
Total Net Interest Earning Assets	7,337,290	8,590,206	10,312,414	12,375,634	14,891,333
Intangible Assets					
Other Non-Interest Earning Assets	734,112	648,398	667,847	693,098	722,920
Total Non-Interest Earning Assets	822,888	742,137	765,501	798,627	837,247
Cash And Marketable Securities	1,331,283	1,678,224	1,785,445	1,627,023	1,627,132
Long-term Investments	2,812,866	3,102,405	3,554,769	4,023,348	4,488,817
Total Assets	12,304,326	14,112,971	16,418,129	18,824,632	21,844,528
Customer Interest-Bearing Liabilities	9,325,222	10,645,716	12,231,383	14,229,433	16,751,492
Bank Deposits					
Interest Bearing Liabilities: Others	916,310	1,072,311	1,342,654	1,351,657	1,372,681
Total Interest-Bearing Liabilities	10,241,531	11,718,027	13,574,036	15,581,090	18,124,174
Banks Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	587,703	689,825	883,799	972,800	1,080,240
Total Liabilities	10,829,234	12,407,852	14,457,835	16,553,890	19,204,412
Shareholders Equity	1,475,092	1,705,120	1,960,294	2,270,743	2,640,116
Minority Interests					
Total Equity	1,475,092	1,705,120	1,960,294	2,270,743	2,640,116

Key Ratios					
	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Income Growth	17.2%	21.7%	27.3%	20.4%	19.4%
Operating Profit Growth	25.3%	7.8%	25.6%	20.8%	19.8%
Pretax Profit Growth	44%	52%	39%	23%	19%
Net Interest To Total Income	67.3%	71.9%	74.4%	75.1%	75.8%
Cost Of Funds	4.10%	3.54%	3.80%	3.99%	4.14%
Return On Interest Earning Assets	11.5%	10.8%	11.5%	11.5%	11.5%
Net Interest Spread	7.38%	7.30%	7.68%	7.55%	7.35%
Net Interest Margin (Avg Deposits)	4.58%	4.75%	5.28%	5.50%	5.61%
Net Interest Margin (Avg RWA)					
Provisions to Pre Prov. Operating Profit	45%	22%	13%	12%	12%
Interest Return On Average Assets	3.35%	3.59%	3.96%	4.13%	4.27%
Effective Tax Rate	19.8%	23.7%	25.7%	25.7%	25.7%
Net Dividend Payout Ratio					
Return On Average Assets	1.39%	1.77%	2.07%	2.21%	2.27%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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