INVasset Corporate Insights

ICICI Bank

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Banking on Growth: ICICI Bank's Strategic Endeavors and Financial Fortitude in FY24

Overview of ICICI Bank: ICICI Bank stands as the second-largest private sector bank in India, boasting a diverse array of financial products and services targeted at retail, SME, and corporate customers. With a substantial footprint, the bank operates through 6,371 branches and 17,037 ATMs nationwide. 30% of these branches are strategically situated in metropolitan areas, enhancing accessibility and convenience for a significant portion of its customer base.

Financial Health Indicators: For the fiscal year 9MFY24, ICICI Bank has demonstrated robust financial health with a Capital Adequacy Ratio of 16.03%, a Net Interest Margin of 4.57%, and remarkably low Gross and Net NPA rates of 2.30% and 0.44%, respectively. These metrics not only reflect the bank's efficient asset management but also its prudent risk assessment practices, positioning it as a resilient player in the banking sector.

Composition of the Loan Book: The bank's loan portfolio reveals a strategic emphasis on retail lending, which constitutes 54.3% of the total loan book. This segment is primarily driven by mortgage loans, personal loans, and vehicle financing, indicating a strong focus on consumer banking. The remaining portions of the loan book are distributed among corporates, SMEs, rural banking, and international markets, showcasing a balanced and diversified lending strategy.

Dominance in the Retail Sector: Within the retail segment, mortgage loans dominate, making up 59.8% of the retail book. This includes home loans, top-up loans, office premises loans, and loans against property. The average ticket size for a home loan stands at ₹35 lakhs, illustrating the bank's significant penetration in the housing finance market.

Credit Card Operations: ICICI Bank has issued approximately 1.65 crore credit cards, with a substantial number being co-branded cards in partnership with major entities like Amazon. The digital processing of these cards marks a shift towards modern banking practices, with 80% of card sanctions facilitated through digital and physical assistance, reflecting the bank's adaptability to consumer preferences and technological advancements.

Leadership in Digital Payments: The bank exhibits strong performance in digital payments, holding a 19.7% market share in UPI P2M transactions by value as of December 2023, and a dominant 28.8% in electronic toll collections in Q3FY24. These figures underscore ICICI Bank's capability to leverage digital platforms effectively, ensuring convenience and efficiency in transaction processing.

International Operations and Expansion: ICICI Bank's global presence is marked by branches and subsidiaries in key financial hubs across continents, including the US, Singapore, and the UK. This international network supports the bank's global operations and facilitates cross-border financial services, thereby enhancing its competitive edge in the international banking arena.

Stock Data	
CMP (10-05-2024)	1,117
52 Week High/Low	1,170/899
Face Value	2.00
Market Cap (In Crs)	7,84,871
Enterprise Value (In Crs)	20,48,309
NSE	ICICIBANK
BSE	532174
Bloomberg	ICICIBC:IN
Sector	BANKS – PRIVATE SECTOR

Shareholding Pattern (in %)		
	MAR 24	DEC 23
Promoter	0.00	0.00
FII	44.77	43.65
DII	45.10	46.00
Government	0.28	0.27
Public	9.84	10.09

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.06	13.43	20.54
ICICI BANK	1.26	19.67	19.07

Key Ratios	
P/E	17.7
P/S	4.92
P/B	3.64
Debt To Equity	6.53
ROE	20.6%
ROCE	8.37%
Dividend Yield	0.71%

Q4 FY 24 Result Update

Q4 FY24 Result Comparison (In Rs Cr)					
	Q4 FY24	Q3 FY24	Q4 FY23	QOQ	YOY
Revenue	42,607	40,865	34,439	4.26%	23.72%
Other Income	24,802	18,874	19,735	31.41%	25.68%
Expenses	30,604	24,929	25,959	22.76%	17.89%
Interest Expense	20,424	19,409	14,479	5.23%	41.06%
Net Profit	12,200	11,515	10,236	5.95%	19.19%
EPS	16.62	15.76	14.11	5.46%	17.79%

Result Highlights

Navigating Growth: A Comprehensive Analysis of Q4 FY24 Financial Triumphs

Q4 FY24 Performance Overview: In Q4 FY24, ICICI Bank reported a significant rise in revenue, reaching ₹42,607 crore, marking a 4.26% increase quarter-over-quarter (QOQ) and a robust 23.72% growth year-over-year (YOY). This substantial growth in revenue is complemented by an impressive increase in other income, which surged to ₹24,802 crore, up 31.41% QOQ and 25.68% YOY. These figures highlight ICICI Bank's strong financial performance and enhanced revenue-generating capabilities compared to both the previous quarter and the same quarter last year.

Expense Management and Profitability: ICICI Bank's expenses also saw a substantial rise, totaling ₹30,604 crore in Q4 FY24, which represents a 22.76% increase QOQ and a 17.89% rise YOY. Despite this increase in expenses, ICICI Bank successfully maintained its profitability. The net profit for the quarter stood at ₹12,200 crore, up 5.95% QOQ and 19.19% YOY. This indicates effective cost management strategies that have allowed ICICI Bank to enhance its profit margins amidst rising expenses.

Interest Expense Dynamics: Interest expenses for Q4 FY24 were reported at ₹20,224 crore, showing an increase of 5.23% QOQ and 41.06% YOY. The significant annual increase in interest expenses highlights ICICI Bank's expanding cost of borrowing, which may be attributed to higher interest rates or an increase in borrowing volume. Despite this rise, ICICI Bank has managed to keep its profitability intact, suggesting efficient financial management and possibly a better yield on its investments.

Earnings Per Share (EPS) Growth: The Earnings Per Share (EPS) for Q4 FY24 stood at 16.62, which marks a 5.46% increase over the previous quarter and a 17.79% improvement over the same quarter last year. This growth in EPS is a positive indicator for shareholders, reflecting ICICI Bank's ability to generate incremental value on a per-share basis amidst broader market challenges and opportunities.

Comparative Analysis with Previous Quarters: When comparing Q4 FY24 to Q3 FY24, there is a clear trend of growth across all key financial metrics. The sequential increase in revenue, other income, and net profit demonstrates ICICI Bank's ability to sustain and build upon its financial performance. This trend is crucial for stakeholders as it indicates not just recovery but also a potential for long-term growth.

Strategic Insights and Future Outlook: The financial results from Q4 FY24 offer several insights into ICICI Bank's strategic positioning and future direction. The consistent growth in revenue and other income suggests a strong market position and an effective strategy for capitalizing on market opportunities. Looking forward, ICICI Bank appears well-prepared to handle potential increases in interest expenses and maintain profitability. Stakeholders can be cautiously optimistic about ICICI Bank's trajectory based on its demonstrated ability to manage costs and enhance shareholder value.

Concall Highlights

Robust Growth Across Financial Metrics in Q4 Fy24: In Q4 FY24, ICICI Bank showcased remarkable financial growth, with a notable 19.2% year-over-year increase in pre-tax profits excluding treasury, reaching ₹146.02 billion. This period also saw core operating profits rise by 10.5% year-over-year to ₹153.20 billion, while provisions were maintained at a prudent level of ₹7.18 billion, indicating strong risk management. On the deposits front, ICICI Bank achieved a 19.6% year-over-year growth in total deposits and an impressive 27.7% increase in term deposits. The advances sector was equally robust, with domestic loans expanding by 16.8% year-over-year, retail loans by 19.4%, and the SME portfolio by an exceptional 24.6%. This comprehensive growth across earnings, deposits, and loan advances highlights ICICI Bank's strong market position and operational efficiency.

Strengthening Financial Stability and Rewarding Shareholders in Q4 Fy24: In Q4 FY24, ICICI Bank demonstrated significant improvements in financial health and profitability. The Net NPA ratio saw a reduction to 0.42% from 0.44% in the previous quarter, reflecting effective asset quality management. Furthermore, the provision coverage ratio remained robust at 80.3%, ensuring strong risk preparedness. Impressively, the profit after tax surged by 17.4% year-over-year to ₹107.08 billion, with an annual increase to ₹408.88 billion, underscoring ICICI Bank's successful financial strategies. Additionally, the Board has proposed a dividend of ₹10 per share, highlighting their confidence in ICICI Bank's stability and commitment to shareholder value. The financial period closed with a solid Common Equity Tier 1 ratio of 15.60%, ensuring a strong capital buffer for future growth and investment opportunities.

Comprehensive Financial Performance Analysis in Fy2024: Throughout FY2024, ICICI Bank demonstrated strong financial metrics across various key ratios, underscoring its operational efficiency and market robustness. The net interest margin (NIM) improved from 4.48% in FY2023 to 4.53% in FY2024, reflecting better management of interest-related earnings versus expenses. Cost of deposits increased slightly to 4.61%, indicating higher interest rates paid on deposits, yet ICICI Bank maintained a stable cost-to-income ratio of 40.2%, ensuring operational efficiency. The provisions to core operating profit ratio decreased significantly to 6.34%, highlighting effective risk management. Notably, the return on average assets and equity remained consistent, demonstrating sustainable profitability. The book value increased to ₹339.5, a sign of ICICI Bank's growing intrinsic value, while the weighted average EPS rose to ₹58.4, directly benefiting shareholders by reflecting higher earnings per share.

Segment-wise Financial Performance Analysis in Fy2024: In FY2024, ICICI Bank demonstrated a robust performance across different business segments, significantly contributing to a total profit before tax (PBT) of ₹544.88 billion. The retail segment emerged as a major contributor, registering a PBT of ₹188.49 billion, showcasing a remarkable growth trajectory compared to the previous fiscal year. The wholesale division also performed strongly, with a PBT of ₹199.72 billion, slightly outpacing the retail sector. The treasury operations, while lower in comparison, still posted a solid PBT of ₹148.99 billion. Other segments collectively added ₹7.68 billion to the PBT. This diversified performance underscores ICICI Bank's strategic effectiveness in managing multiple revenue streams and its ability to optimize performance across various sectors, ensuring overall financial health and sustained growth.

Impressive Growth in Deposits for Fy2024: ICICI Bank has demonstrated a strong performance in its deposit growth for FY2024, with total deposits rising by 19.6% year-over-year to ₹14,128.25 billion. This growth is primarily driven by a substantial 27.7% increase in term deposits, reflecting heightened depositor confidence and an effective deposit mobilization strategy. The CASA (Current Account Savings Account) deposits also grew significantly, with the current accounts increasing by 19.9% and savings accounts by 5.9%. This resulted in an overall CASA growth of 10.1%, totaling ₹5,958.72 billion. These figures indicate a robust liquidity position and a strengthening of the bank's core deposit base, positioning it well for future lending opportunities and financial stability. The strategic focus on both current and savings accounts suggests an effective balance of growth and sustainability in customer relationships and financial management.

Diverse Growth Across Loan Segments in Fy2024: ICICI Bank's loan portfolio saw significant expansion across various segments in FY2024, highlighting its robust lending strategy. The total domestic loan book grew by 18.0% year-over-year to ₹11,803.09 billion, with the retail loans segment leading this growth at a 19.4% increase, resulting in ₹6,662.61 billion. This segment now constitutes 54.9% of the total loan portfolio, underscoring its pivotal role in ICICI Bank's lending activities. Additionally, business banking and SME loans exhibited impressive growth rates of 29.3% and 24.6%, respectively, indicating strong support for business activities and entrepreneurial ventures. Even the rural loans segment grew by 17.2%, reaching over ₹1 trillion, reflecting ICICI Bank's commitment to diverse geographic and demographic markets. This strategic expansion across various loan categories has not only broadened ICICI Bank's market reach but also fortified its financial foundation against potential sector-specific risks.

Dynamic Expansion in the Retail Loan Portfolio: ICICI Bank's retail loan portfolio has shown robust growth across various categories as of March 31, 2024. Total retail loans expanded by 19.4% year-over-year, reaching ₹6,662.61 billion. The mortgages sector remains the largest, growing by 14.9% and comprising 59.4% of the retail portfolio, indicating strong demand in the housing market. Remarkable growth was seen in personal loans and credit cards, which increased by 32.5% and 35.6%, respectively. This surge reflects a growing consumer confidence and higher spending patterns. The vehicle loans sector also saw significant increases, especially in auto finance, which grew by 19.2%. Despite a slight decline in two-wheeler loans, the overall vehicle loans grew by 16.6%, demonstrating ICICI Bank's ability to adapt and capitalize on consumer financing needs across multiple sectors. This diversified growth within the retail sector underscores ICICI Bank's strategic positioning to meet varied consumer financial needs effectively.

Strengthened Asset Quality and NPA Management in Fy2024: In FY2024, ICICI Bank has shown notable improvement in managing non-performing assets (NPAs), demonstrating its commitment to maintaining robust asset quality. Gross NPAs decreased to ₹279.62 billion from ₹311.84 billion a year earlier, reflecting a significant reduction in bad loans. This reduction led to a lower gross NPA ratio of 2.16%, down from 2.81% in the previous year. Net NPAs remained stable at ₹53.78 billion, supported by a slight decrease in the net NPA ratio to 0.42%. The provision coverage ratio, although slightly reduced to 80.3%, still indicates a strong buffer against potential losses. These improvements underscore ICICI Bank's effective risk management strategies and its ability to sustain a healthy credit environment amidst challenging market conditions. This trend is further supported by a meticulous approach to provisioning and asset recovery, contributing to the overall financial stability of the institution.

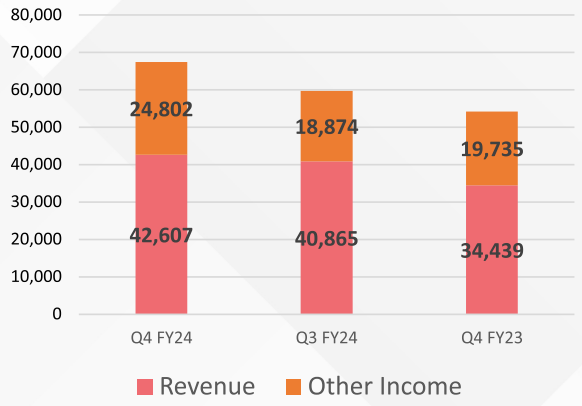
Comprehensive Analysis of Diverse Loan Portfolio as of March 2024: As of March 31, 2024, ICICI Bank's loan portfolio showcases a diversified and granular approach, reflecting strategic financial management across various sectors. Mortgages, making up 32.6% of the portfolio, remain the dominant sector, underlining ICICI Bank's strong footing in the housing finance market. Retail loans constitute a significant 54.9% of the total portfolio, indicating ICICI Bank's focus on consumer-based lending. The composition includes auto finance (2.8%), personal loans (5.0%), and credit cards (4.9%), which collectively cater to diverse consumer needs. Notably, the SME segment represents 8.3%, emphasizing the bank's support for small and medium enterprises. Meanwhile, corporate loans and overseas books account for 4.2% and 0.8% respectively, suggesting a cautious yet important engagement with larger businesses and international markets. This balanced loan distribution strategy not only mitigates risk but also ensures stable growth across multiple revenue streams.

Strategic Diversification in the Mortgage Portfolio: ICICI Bank's mortgage portfolio illustrates a well-balanced and strategic approach, encapsulating approximately 69% in home loans, with top-up loans and loans against property constituting 6% and 19% respectively. This diversification is a testament to the bank's robust evaluation processes, focusing on comprehensive cash flow assessments and adherence to strict legal and technical standards for each property mortgaged. Remarkably, about 85% of the mortgage customers have pre-existing relationships with the bank, highlighting strong customer loyalty and trust. The mortgage segment demonstrates conservative lending practices, particularly in the loan against property category, which operates under a conservative loan-to-value ratio of about 40%, ensuring risk mitigation. Additionally, the implementation of iLens, an end-to-end retail lending solution, streamlines the loan lifecycle from sourcing to disbursement, further enhancing operational efficiency and customer satisfaction. This holistic approach not only secures the bank's position in the market but also supports sustainable growth.

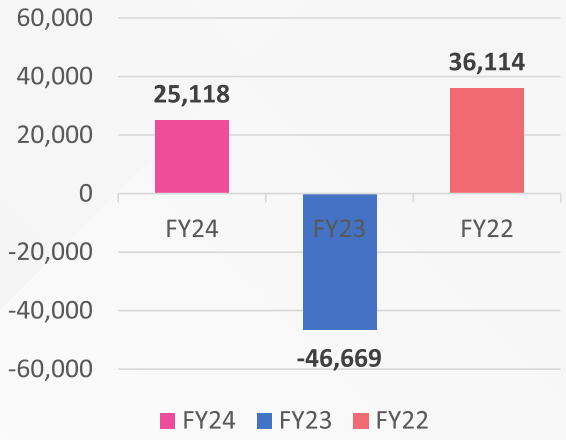
Strategic Focus in Overseas Portfolio Management as of March 2024: As of March 31, 2024, the bank's overseas branches reported a total outstanding of USD 3.11 billion, with a substantial 91% of this portfolio comprising Indian corporates and their subsidiaries and joint ventures. This demonstrates the bank's strategic emphasis on supporting Indian businesses abroad, enhancing their global competitiveness. Meanwhile, the remaining portions of the portfolio include 6% linked to non-India companies with Indian operations and a smaller fraction (3%) spread across companies owned by NRIs/PIOs and other non-India linked firms. Notably, the overseas non-India linked corporate portfolio saw a reduction of 10.1% year-on-year, amounting to approximately USD 31 million.

ICICI Bank's Commitment to Environmental, Social, and Governance Excellence: ICICI Bank has demonstrated a strong commitment to Environmental, Social, and Governance (ESG) principles, integrating sustainability into its core operations. The bank has significantly enhanced its internal tools for assessing climate risks and borrower sustainability, particularly in sectors that are hard to abate. A notable achievement in 2024 is the increase in renewable energy usage, which now accounts for 30% of the bank's total energy consumption, up from 9% the previous year. Additionally, the bank extends its social responsibilities by providing credit facilities to approximately 1.1 million women through self-help group loans and prioritizing employee well-being and ESG capacity building. On the governance front, ICICI Bank ensures strict oversight through its Risk Committee and conducts extensive digital awareness campaigns focused on cybersecurity and fraud prevention.

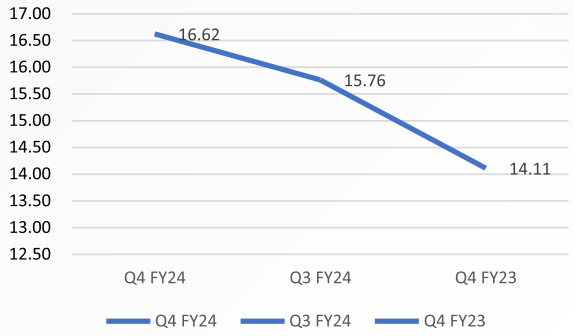
Revenue & Other Income (In Cr)



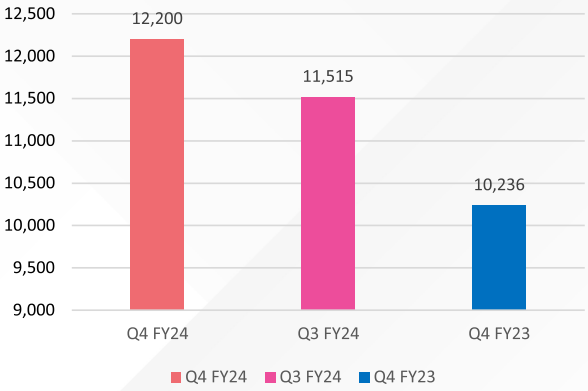
Cashflow(In Cr)



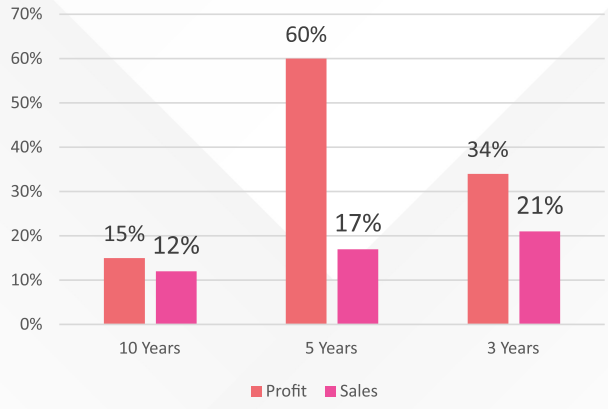
EPS



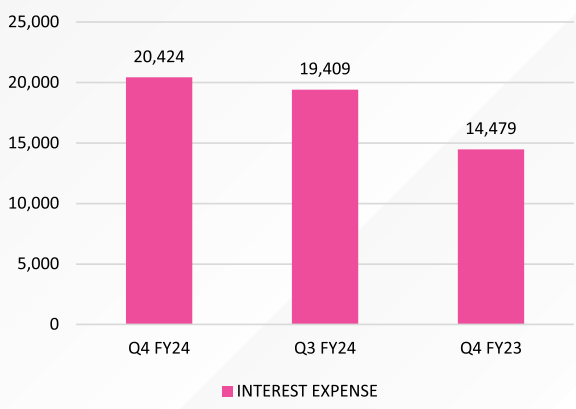
PAT (In Cr)



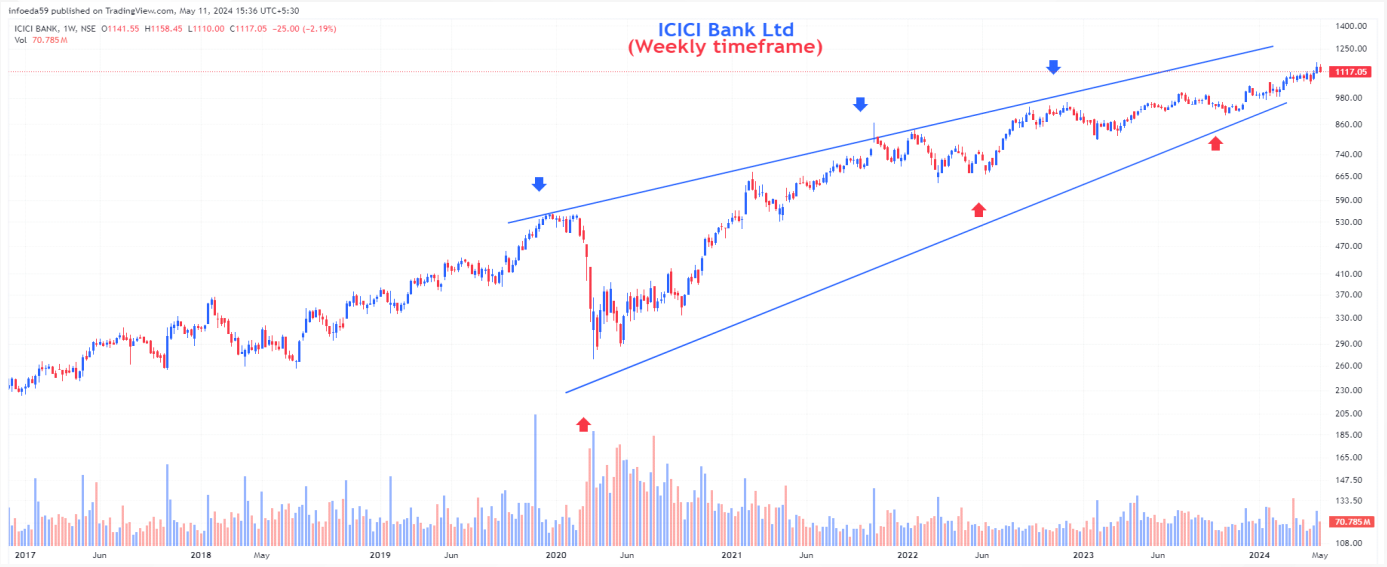
Compounded Growth (In %)



Interest expense (In Cr)



Technical Outlook



The weekly chart of ICICI Bank Ltd reveals a steady long-term upward trend, indicating robust bullish momentum over several years. This trend is characterized by higher highs and higher lows, suggesting a strong performance. The volume has remained relatively consistent, with spikes corresponding to significant price movements, emphasizing key moments of trading interest. The red arrows indicate short-lived corrections within the overall bullish trend, which have not breached the lower boundary of the ascending channel, thus preserving the uptrend integrity. The current price is approaching the upper trend line, suggesting potential resistance or a pivotal moment for the stock. If the trend continues, the stock may test and possibly exceed previous highs, but a reversal at this upper boundary could lead to a pullback towards the channel's lower support levels.

The moving averages of ICICI Bank indicate a generally bullish trend as both Simple Moving Averages (SMAs) and Exponential Moving Averages (EMAs) across different time frames trend upwards. Short-term averages are particularly high, suggesting strong recent performance, though all averages consistently rise above earlier longer-term values. This aligns with a positive outlook, reinforcing a stable upward trajectory in ICICI Bank's stock.

The Relative Strength Index (RSI) readings for ICICI Bank show moderate to strong bullish momentum, with a daily RSI of 53.19 indicating a stable market sentiment and a weekly RSI of 63.56 suggesting stronger bullish trends over the longer term. This indicates sustained buying interest and positive investor sentiment.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	1126.8	1123.5
10	1133.4	1123.5
20	1110.2	1114.7
50	1093.1	1090.8
100	1052.3	1059.0
200	1005.6	1016.1

Pivot Levels : FIBONACCI		
R1 1126.6	Pivot 1119.33	S1 1109.8
R2 1136.2		S2 1102.5
R3 1143.5		S3 1092.9

	Daily	Weekly
Relative Strength Index (RSI)	53.19	63.56

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