

ICICI Bank (ICICIBC IN)

FUNDAMENTAL VIEW ¹

As of 18 Dec 2024

- ICICI Bank is one of the leading private banks in India and has a good diversified business model, with well regarded life and general insurance subsidiaries.
- Under its previous CEO, the bank suffered setbacks from sizeable bad debt problems in FY17/18, but the situation has since stabilised following a leadership change and the bank has done well ever since.
- The bank's Baa3(sta)/BBB-(pos)/BB+(sta) ratings make it a cross-over credit but we assess fallen angel risk to be low.

RISKS & CATALYSTS

As of 18 Dec 2024

- The Indian banks are moderating their loan growth to minimize the impact of the tight system liquidity environment on NIMs and returns, and as the RBI has guided banks to align their loan and deposit growth. ICICI however has continued to deliver both relatively strong loan and deposit growth momentum, while maintaining its leading LDR and profitability, in testament to its strong franchise.
- We are cautious about Indian unsecured retail given a stretched urban middle and lower-middle class consumer with high inflation and interest costs, and economic activity in India has been slower than anticipated. ICICI's earlier prudence towards the segment than peers however is keeping asset quality well controlled. We are though watchful of the MSME and business banking segments where growth has been brisk.
- Leadership and governance issues under the previous CEO Ms. Chanda Kochhar have been dealt with well, since her replacement in Oct-18.

CREDIT QUALITY SCORE (CQS)²

As of 24 Dec 2024

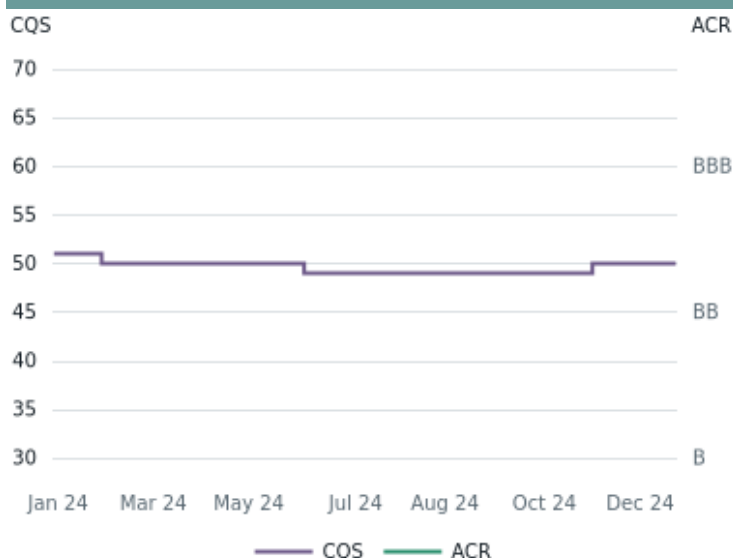
CURRENT CQS

50

CQS OUTLOOK ³

NEGATIVE STABLE POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR)⁴ VS CQS



KEY METRICS

As of 18 Dec 2024

INR BN	FY21	FY22	FY23	FY24	1H25
NIM	3.69%	3.96%	4.48%	4.53%	4.31%
ROAA	1.39%	1.77%	2.13%	2.37%	2.37%
ROAE	12.3%	14.7%	17.2%	18.7%	18.3%
Equity/Assets	12.0%	12.1%	12.6%	12.7%	13.0%
CET1 Ratio	16.7%	17.3%	16.9%	15.4%	14.4%
Gross NPA Ratio	4.96%	3.60%	2.81%	2.16%	1.97%
Provisions/Loans	2.05%	0.97%	0.65%	0.30%	0.38%
PPP ROA	3.13%	2.97%	3.28%	3.36%	3.40%

BUSINESS DESCRIPTION

As of 18 Dec 2024

- The original Industrial Credit and Investment Corporation of India (ICICI) was established in 1955 by the World Bank, the Government of India and representatives of Indian industry as a financial institution to provide Indian businesses with medium and long-term project financing.
- In 1994, ICICI established a commercial banking subsidiary, ICICI Bank as India's financial sector opened up, and in 2002 ICICI merged with ICICI Bank, keeping the latter's name.
- Retail now accounts for 53% of its loan book, corporates are at 20%, while rural and business banking & SMEs are at 6% and 18% respectively, and overseas (which is being de-emphasised) consists of just 3% at F1H25.
- The bank has well regarded life insurance (ICICI Prudential) and general insurance (ICICI Lombard) businesses.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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