

ICICI Bank (ICICIBC IN)

FUNDAMENTAL VIEW ¹

As of 27 Mar 2025

- 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.

RISKS & CATALYSTS

As of 27 Mar 2025

- India banking system liquidity is tight and so the Indian banks have moderated their loan growth to minimize the impact 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.
- The RBI has commenced the rate cutting cycle with a 25 bp reduction in February, and we do anticipate more rate cuts to come through which will feed through to lower NIMs over the coming quarters.
- We are cautious about Indian unsecured retail and microfinance given a stretched urban middle and lower-middle class consumer with high inflation and interest costs, and economic activity in India has slowed as we had anticipated. ICICI's earlier prudence towards the segment than peers however is keeping asset quality well controlled. We are watchful though 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.

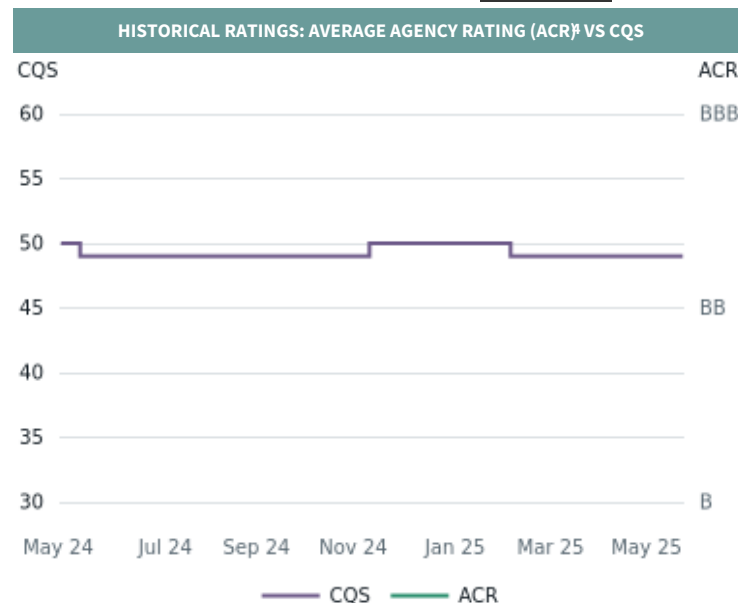
CREDIT QUALITY SCORE (CQS) ²

As of 07 May 2025

CURRENT CQS



CQS OUTLOOK ³



KEY METRICS

As of 27 Mar 2025

INR BN	FY21	FY22	FY23	FY24	9M25
NIM	3.69%	3.96%	4.48%	4.53%	4.29%
ROAA	1.39%	1.77%	2.13%	2.37%	2.37%
ROAE	12.3%	14.7%	17.2%	18.7%	18.2%
Equity/Assets	12.0%	12.1%	12.6%	12.7%	13.4%
CET1 Ratio	16.7%	17.3%	16.9%	15.4%	13.9%
Gross NPA Ratio	4.96%	3.60%	2.81%	2.16%	1.96%
Provisions/Loans	2.05%	0.97%	0.65%	0.30%	0.37%
PPP ROA	3.13%	2.97%	3.28%	3.36%	3.41%

BUSINESS DESCRIPTION

As of 27 Mar 2025

- 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 52% of its loan book, corporates are at 21%, while rural and business banking & SMEs are at 6% and 19% respectively, and overseas (which is being de-emphasised) consists of just 2% at F3Q25.
- 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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