

## ICICI Bank

*Growth reaccelerates; core PPop sustains; retain BUY*

After a subdued growth of 10.3%-13.9% y/y over the last five quarters, the bank's loan growth accelerated to 15.8% y/y, driven by business banking/rural loans and pick-up in mortgages. NIM was sequentially stable, as improvement in cost of funds was better than decline in yields. Asset quality improved both on q/q and y/y basis with net slippages of 0.32%. RoE sustained above 15%. We continue to prefer ICICI Bank over HDFC Bank, as we expect growth/margin delta over HDFC Bank to continue given better liquidity position (higher LCR and cash and investments). Thus, we maintain BUY rating on ICICI Bank with TP of Rs1,716, valuing its core bank at 2.5x FY28e P/ABV and assigning Rs242/share to subsidiaries.

**Broad-based acceleration in credit; liquidity aided sustained growth:** After remaining rangebound at 10.3%-13.9% over the past five quarters due to weak traction in retail and rural segments, the bank's credit growth rebounded to 15.8% y/y. It saw a broad-based recovery across segments in Q4FY26, led by improved momentum in mortgages within retail and sharp pickup in rural loans, particularly gold loans. With a stronger liquidity position (higher LCR, and cash and investments), ICICI Bank appears to be well-placed vs. HDFC Bank to sustain higher credit growth over the medium-term. We estimate credit growth to sustain at ~15% over FY27-28e.

**Expected to sustain 15%+ RoE though FY27/28:** NIM improved 2bps q/q to 4.32% with a sharper 14bps q/q decline in cost of funds vs. 9bps q/q decline in yields supporting margin expansion despite 176bps q/q rise in LDR. We expect margin to remain rangebound, as lower yields are likely to be offset by further easing in cost of funds. Fee income growth of 7.5% y/y lagged overall loan growth, impacted by weaker traction in cards and payments. Opex growth at 12.1% y/y trailed business growth, with management guiding for continued trend in FY27. Provisions declined sharply during the quarter, aided by recoveries in corporate accounts. Overall, stable margin, controlled opex and moderate credit cost should keep profitability healthy, with RoE likely to remain sustainably above 15% through FY27/28.

**Asset quality continues to improve:** Asset quality continued to improve with gross and net slippages improving on y/y and q/q basis, led by better trend across corporate/business banking as well as retail and rural segments. Thus, GNPA/NNPA ratios improved by 13bps/4bps q/q. The bank also maintains a strong provisioning buffer of Rs227bn (~1.5% of loans) as additional provisioning.

**Valuation:** We maintain BUY rating on ICICI Bank with an SOTP-based TP of Rs1,716, valuing its core bank at 2.5x FY28e P/ABV and assigning Rs242/share to subsidiaries.

**Key Risks:** Lumpy slippages in corporate book and lower-than-expected credit growth.

Rating: **BUY**

Target Price (12-mth): Rs.1,716

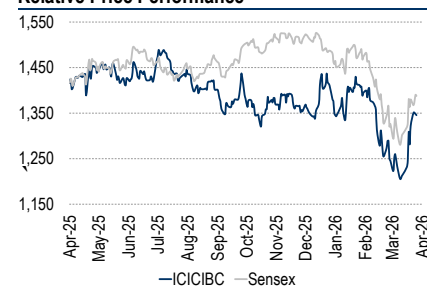
Share Price: Rs.1,347

Key Data	ICICIB IN / ICBK.BO
52-week high / low	Rs1500 / 1188
Sensex / Nifty	78481 / 24351
Market cap	Rs10273bn
Shares outstanding	7161m

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	-	-	-
- of which, Pledged	-	-	-
Free float	100.0	100.0	100.0
- Foreign institutions	43.9	45.6	46.8
- Domestic institutions	46.7	45.1	43.9
- Public	9.4	9.4	9.3

Estimates Revision (%)	FY27e	FY28e
Net interest income	1.4	2.2
Pre-provisioning profit	0.3	0.7
PAT	1.1	0.4

### Relative Price Performance



Source: Bloomberg

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## Quick Glance – Financials and Valuations

**Fig 1 – Income Statement (Rs bn)**

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Net interest income	743	812	881	997	1,128
<i>NII growth (%)</i>	19.6	9.2	8.5	13.2	13.1
Non-interest income	230	285	308	335	369
Income	973	1,097	1,188	1,332	1,497
<i>Income growth (%)</i>	18.7	12.8	8.4	12.1	12.3
Operating expenses	391	424	472	527	587
PPoP	581	673	716	806	909
<i>PPoP growth (%)</i>	18.4	15.8	6.4	12.5	12.9
Provisions	36	47	54	80	100
PBT	545	626	662	726	810
Tax	136	154	161	178	199
PAT	409	472	501	547	610
<i>PAT growth (%)</i>	28.2	15.5	6.2	9.1	11.6
EPS (Rs)	58.2	66.3	69.8	76.2	85.0
DPS (Rs)	10.0	11.0	12.0	13.0	14.0

Source: Company, Anand Rathi Research

**Fig 2 – Balance sheet (Rs bn)**

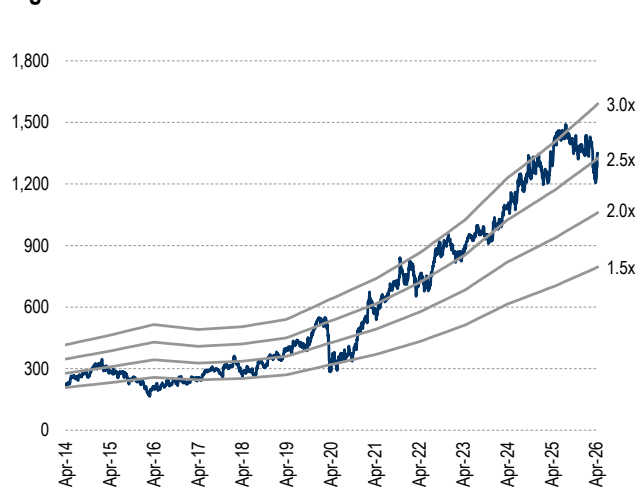
Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Share capital	14	14	14	14	14
Reserves & surplus	2,370	2,907	3,359	3,813	4,323
Deposits	14,128	16,103	17,946	20,243	22,794
Borrowings	1,250	1,235	1,250	1,275	1,300
Other liabilities & Prov.	953	923	1,155	1,390	1,687
<b>Total liabilities</b>	<b>18,715</b>	<b>21,182</b>	<b>23,725</b>	<b>26,736</b>	<b>30,119</b>
Advances	11,844	13,418	15,539	17,870	20,514
Investments	4,619	5,048	4,922	5,414	5,956
Cash & bank balances	1,399	1,856	2,303	2,419	2,539
Fixed & other assets	852	862	961	1,033	1,109
<b>Total assets</b>	<b>18,715</b>	<b>21,182</b>	<b>23,725</b>	<b>26,736</b>	<b>30,119</b>
No. of shares (m)	7,023	7,123	7,181	7,181	7,181
<i>Deposits growth (%)</i>	19.6	14.0	11.4	12.8	12.6
<i>Advances growth (%)</i>	16.2	13.3	15.8	15.0	14.8

Source: Company, Anand Rathi Research

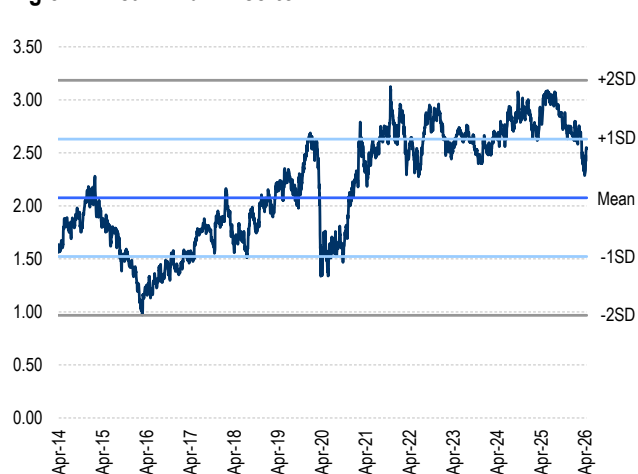
**Fig 3 – Ratio Analysis**

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
NIM	4.7	4.5	4.3	4.3	4.3
Cost-income	40.2	38.6	39.7	39.5	39.2
RoA	2.4	2.4	2.2	2.2	2.1
RoE	18.6	17.8	15.9	15.2	15.0
DPS (₹)	10.0	11.0	12.0	13.0	14.0
Credit-deposit	83.8	83.3	86.6	88.3	90.0
Gross NPA	2.3	1.7	1.4	1.8	1.8
Net NPA	0.5	0.4	0.3	0.5	0.5
Provision coverage	80.3	76.2	76.3	75.0	75.0
BV (₹)	339.4	410.0	469.8	533.0	604.0
CRAR (%)	16.3	16.6	17.2	17.2	17.3
- Tier 1	15.6	15.9	16.3	16.5	16.7
P / E (x)	19.0	16.7	15.8	14.5	13.0
P / BV (x)	3.3	2.7	2.4	2.1	1.8
P / ABV (x)	3.3	2.7	2.4	2.1	1.9

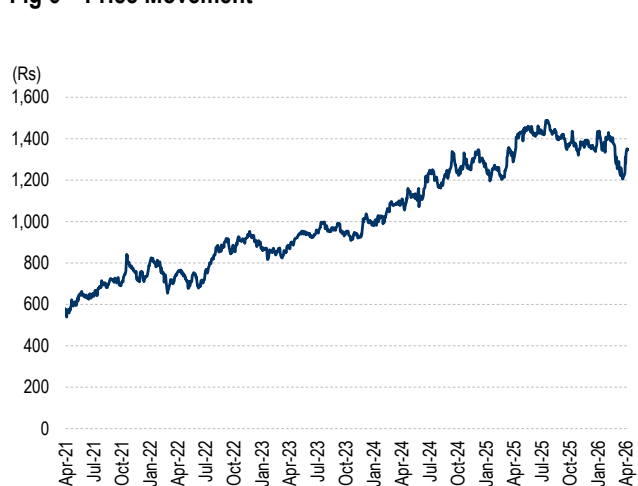
Source: Company, Anand Rathi Research

**Fig 4 – Price-to-Book Band**


Source: Bloomberg

**Fig 5 – 1-Year Fwd. Price-to-BV**


Source: Company, Anand Rathi Research

**Fig 6 – Price Movement**


Source: Bloomberg

## Key Highlights

### Quarterly Snapshot

Fig 7 – Income Statement

(Rs bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Interest income	413	424	429	418	420	433
Interest expense	209	212	213	202	200	203
<b>NII</b>	<b>204</b>	<b>212</b>	<b>216</b>	<b>215</b>	<b>219</b>	<b>230</b>
<i>y/y growth (%)</i>	9.1	11.0	10.6	7.4	7.7	8.4
Non-interest income	71	73	85	76	74	73
<b>Total Income</b>	<b>274</b>	<b>285</b>	<b>301</b>	<b>291</b>	<b>293</b>	<b>303</b>
<i>y/y growth (%)</i>	10.7	15.0	13.5	6.9	6.8	6.4
Operating expenses	106	108	114	118	119	121
<i>of which, staff costs</i>	39	41	47	43	44	45
<b>PPoP</b>	<b>169</b>	<b>177</b>	<b>187</b>	<b>173</b>	<b>174</b>	<b>182</b>
<i>y/y growth (%)</i>	14.7	17.5	17.0	3.4	2.8	3.0
Total provisions	12	9	18	9	26	1
<b>PBT</b>	<b>157</b>	<b>168</b>	<b>169</b>	<b>164</b>	<b>148</b>	<b>181</b>
Tax	39	41	42	40	35	44
<b>PAT</b>	<b>118</b>	<b>126</b>	<b>128</b>	<b>124</b>	<b>113</b>	<b>137</b>
<i>y/y growth (%)</i>	14.8	18.0	15.5	5.2	-4.0	8.5

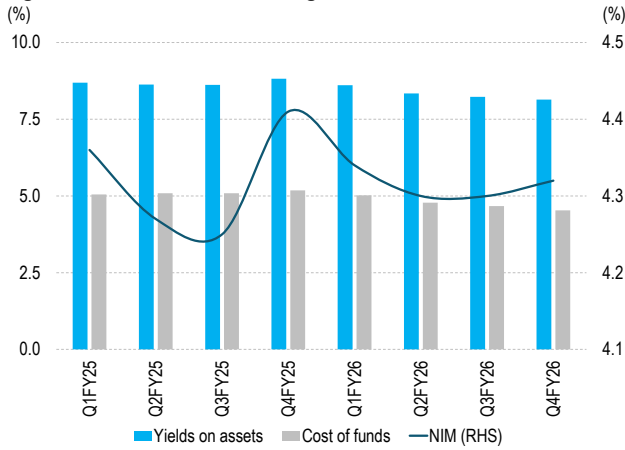
Source: Company, Anand Rathi Research

Fig 8 – Balance Sheet

(Rs bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Equity capital	14	14	14	14	14	14
Reserves & Surplus	2,702	2,907	3,049	3,100	3,217	3,359
Deposits	15,203	16,103	16,085	16,128	16,596	17,946
Borrowings	1,277	1,235	1,171	1,118	1,123	1,250
Other liabilities	937	923	919	1,002	955	1,155
<b>Total liabilities</b>	<b>20,133</b>	<b>21,182</b>	<b>21,238</b>	<b>21,363</b>	<b>21,906</b>	<b>23,725</b>
<i>y/y deposits growth (%)</i>	14.1	14.0	12.8	7.7	9.2	11.4
<i>q/q deposits growth (%)</i>	1.5	5.9	(0.1)	0.3	2.9	8.1
Cash and cash balances	1,434	1,856	1,646	1,367	1,463	2,303
Advances	13,144	13,418	13,642	14,085	14,662	15,539
Investments	4,720	5,048	5,077	4,996	4,946	4,922
Other assets	836	862	874	915	835	961
<b>Total assets</b>	<b>20,133</b>	<b>21,182</b>	<b>21,238</b>	<b>21,363</b>	<b>21,906</b>	<b>23,725</b>
<i>y/y advances growth (%)</i>	13.9	13.3	11.5	10.3	11.5	15.8
<i>q/q advances growth (%)</i>	2.9	2.1	1.7	3.2	4.1	6.0

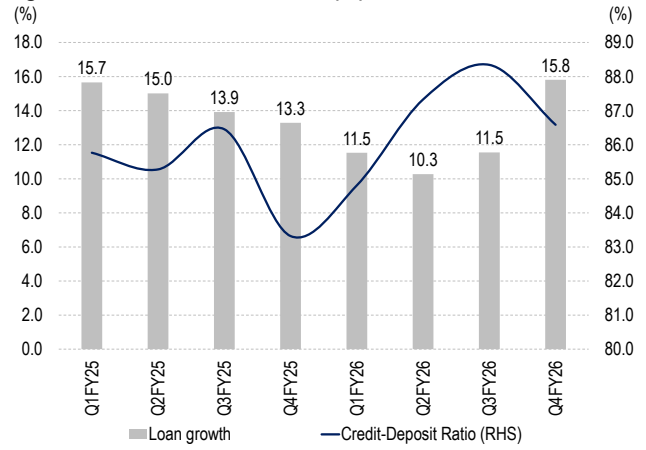
Source: Company, Anand Rathi Research

**Fig 9 – Yields, Costs and Margin**



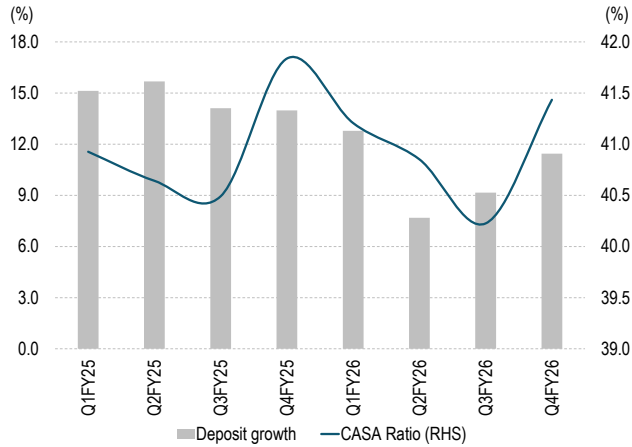
Source: Company, Anand Rathi Research

**Fig 10 – Credit Growth vs. LDR (%)**



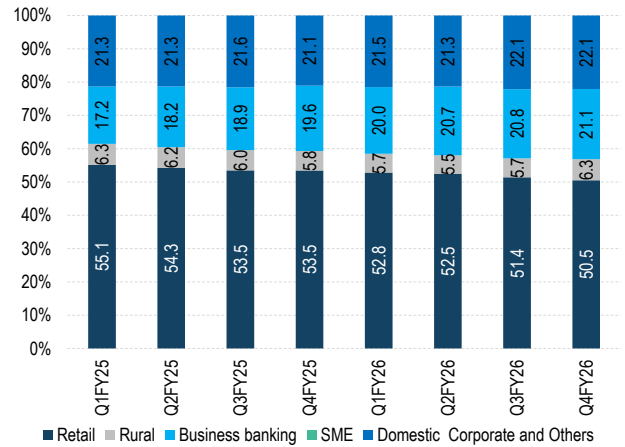
Source: Company, Anand Rathi Research

**Fig 11 – Deposit Growth vs. CASA Growth**



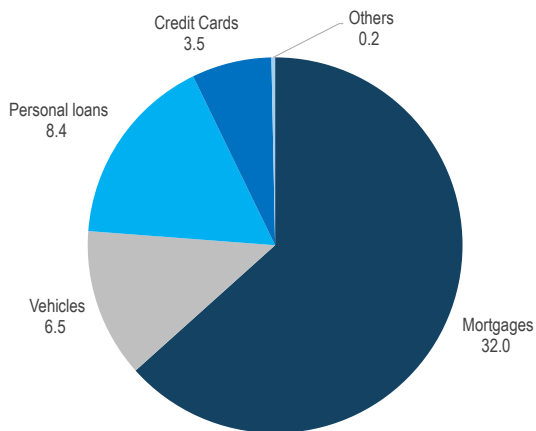
Source: Company, Anand Rathi Research

**Fig 12 – Advances Break-up (%)**



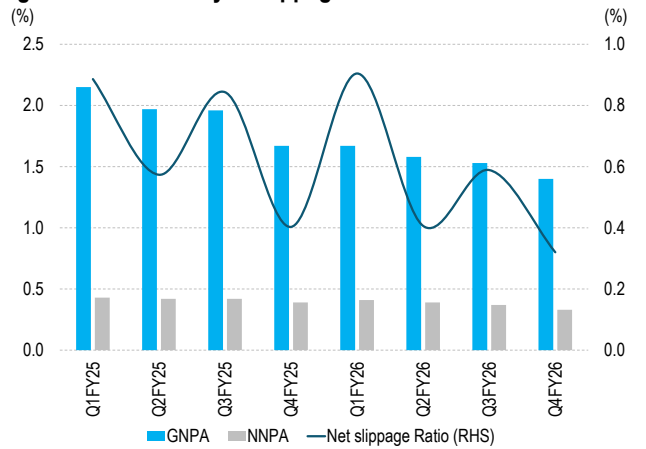
Source: Company, Anand Rathi Research

**Fig 13 – Retail Advances Break-up (%)**



Source: Company, Anand Rathi Research

**Fig 14 – Asset Quality & Slippage Trends**



Source: Company, Anand Rathi Research

## Valuation

We maintain BUY rating on ICICI Bank with an SOTP-based 12-month TP of Rs1,716, valuing it at 2.5x FY28e P/ABV and Rs242/share to subsidiaries.

**Fig 15 – DuPont Analysis**

(Rs bn)	FY24	FY25	FY26	FY27e	FY28e
Interest Income/Assets	8.3	8.2	7.6	7.6	7.6
Interest Expense/Assets	4.0	4.1	3.6	3.6	3.7
Net interest income/Assets	4.3	4.1	3.9	4.0	4.0
Non-interest income/Assets	1.3	1.4	1.4	1.3	1.3
Net revenues/Assets	5.6	5.5	5.3	5.3	5.3
Operating expense/Assets	2.3	2.1	2.1	2.1	2.1
PPoP/Assets	3.4	3.4	3.2	3.2	3.2
Provision/Assets	0.2	0.2	0.2	0.3	0.4
Taxes/Assets	0.8	0.8	0.7	0.7	0.7
RoA	2.4	2.4	2.2	2.2	2.1
RoAE	18.6	17.8	15.9	15.2	15.0

Source: Company, Anand Rathi Research

**Fig 16 – Change in Estimates**

(Rs bn)	FY27e			FY28e		
	New	Old	Change (%)	New	Old	Change (%)
Net interest income	997	983	1.4	1,128	1,103	2.2
Pre-provisioning profit	806	803	0.3	909	903	0.7
PAT	547	541	1.1	610	608	0.4

Source: Anand Rathi Research

### Key Risks

- Lumpy slippages in corporate book.
- Lower-than-expected credit growth.

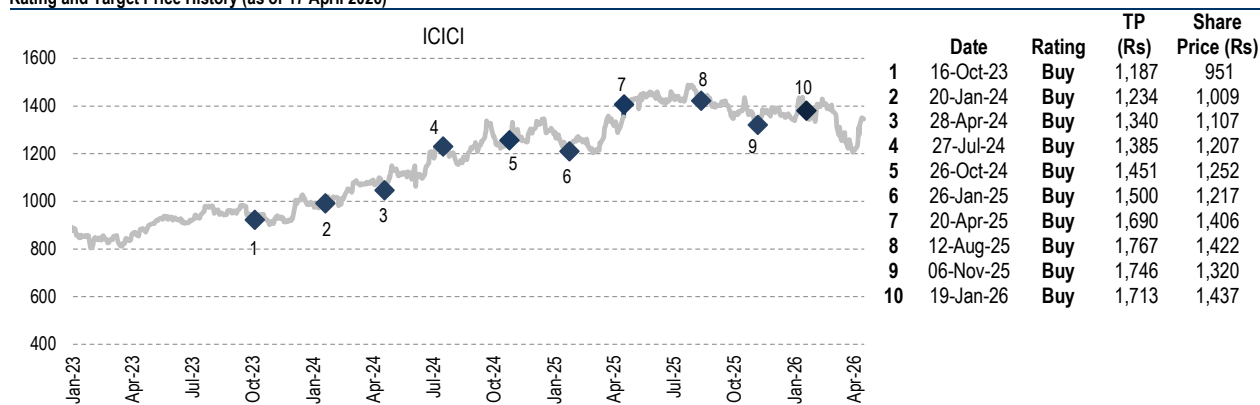
## Appendix

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