ANANDRATHI

India I Equities

Financials

Result Update

Change in Estimates ☑ Target ☑ Reco ☐

19 July 2026

ICICI Bank

Growth accelerates, NIM strengthens; maintain BUY

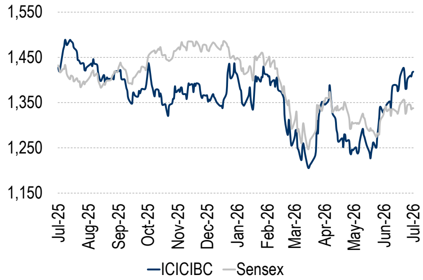
Rating: **BUY**
Target Price (12-mth): Rs.1,746
Share Price: Rs.1,444

Key Data	ICICIBC IN / ICBK.BO
52-week high / low	Rs1500 / 1188
Sensex / Nifty	78151 / 24334
Market cap	Rs10362bn
Shares outstanding	7174m

Shareholding Pattern (%)	Jun'26	Mar'26	Dec'25
Promoters	-	-	-
- of which, Pledged	-	-	-
Free float	100.0	100.0	100.0
- Foreign institutions	49.8	34.5	43.9
- Domestic institutions	42.3	40.0	46.7
- Public	7.9	25.6	9.4

Estimates Revision (%)	FY27e	FY28e
Net interest income	0.4	2.1
Pre-provisioning profit	0.4	2.7
PAT	0.5	2.8

Relative Price Performance



Source: Bloomberg

ICICI Bank saw marked acceleration in credit growth to 19.9% y/y in Q1FY27 (from 15.8% y/y in 4Q), with broad-based traction across segments. Despite faster growth, NIM witnessed sequential expansion, while other large private banks reported contraction. Asset quality remained resilient despite Q1 being a seasonally weak quarter, with a credit cost of 32bps, the lowest among peers. Overall, loan growth of 19.9% and RoE of 17% remain well ahead of peers. We continue to prefer ICICI Bank over HDFC Bank, as its superior liquidity position should support a sustained growth and margin advantage over the medium-term. Stable margin, healthy fee income, improved operating leverage and moderate credit cost should keep its RoE sustainably above 15% over FY27-28e. We maintain our BUY rating with an SOTP-based TP of Rs1,746, valuing the core bank at 2.5x FY28e P/ABV and assigning Rs225/share to subsidiaries.

Broad-based credit acceleration; liquidity aided sustained growth: Loan growth improved to 19.6% y/y in Q1FY27 (from 15.8% in Q4FY26), led by Rural (up 35.4% y/y), Business (up 28.2% y/y) and Corporate Banking (up 22.1% y/y). Growth momentum remained broad-based, with Retail Banking recovering to 12% y/y after five quarters of single-digit growth. Domestic corporate growth was driven by higher WC demand, shift away from bond market borrowing and higher NBFC funding requirement. Aided by a stronger liquidity position (higher LCR and surplus cash/ investments), the bank appears to be better placed than HDFC Bank to sustain superior credit growth over the medium-term. We expect loan growth to remain healthy at ~16% over FY27-28e.

Margin surprises; profitability outlook remains strong: NIM expanded 4bps q/q to 4.36% (up 1bps adjusted for I-T refund), driven by a sharp improvement in LDR along with stable yields and CoF. We expect margin to remain broadly stable, as CoF pressure is likely to be offset by better yields. Fee income growth improved to 23.5% y/y, aided by higher business volume and a favourable base, while opex/assets improved 3bps q/q to 2.09%. Credit cost remained benign, aided by recoveries, with the management reiterating its normalised 50bps guidance. Overall, stable margin, controlled opex and a moderate credit cost should keep profitability healthy, while RoE is likely to remain sustainably above 15% over FY27-28e.

Asset quality remains healthy: Despite seasonally higher agri slippages, asset quality remained resilient, with gross/net slippages coming in at 143/70bps (vs. 186/90bps in Q1FY26 & 116/32bps in Q4FY26). The bank continues to maintain additional provisioning buffer of Rs230bn (~1.4% of loans), which the management expects to largely absorb the impact of upcoming ECL transition.

Valuation: We maintain BUY rating on ICICI Bank with an SOTP-based TP of Rs1,746, valuing its core bank at 2.5x FY28e P/ABV and assigning Rs225/share to subsidiaries.

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

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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	1,001	1,152
NII growth (%)	19.6	9.2	8.5	13.6	15.1
Non-interest income	230	285	308	335	369
Income	973	1,097	1,188	1,336	1,521
Income growth (%)	18.7	12.8	8.4	12.4	13.8
Operating expenses	391	424	472	527	587
PPoP	581	673	716	810	934
PPoP growth (%)	18.4	15.8	6.4	13.1	15.3
Provisions	36	47	54	81	102
PBT	545	626	662	729	832
Tax	136	154	161	179	205
PAT	409	472	501	549	627
PAT growth (%)	28.2	15.5	6.2	9.6	14.2
EPS (Rs)	58.2	66.3	69.8	76.5	87.4
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	3,816	4,342
Deposits	14,128	16,103	17,946	20,459	23,221
Borrowings	1,250	1,235	1,250	1,312	1,378
Other liabilities & Prov.	953	923	1,155	1,473	1,881
Total liabilities	**18,715**	**21,182**	**23,725**	**27,074**	**30,836**
Advances	11,844	13,418	15,539	18,103	20,999
Investments	4,619	5,048	4,922	5,513	6,174
Cash & bank balances	1,399	1,856	2,303	2,419	2,539
Fixed & other assets	852	862	961	1,040	1,123
Total assets	**18,715**	**21,182**	**23,725**	**27,074**	**30,836**
No. of shares (m)	7,023	7,123	7,181	7,181	7,181
Deposits growth (%)	19.6	14.0	11.4	14.0	13.5
Advances growth (%)	16.2	13.3	15.8	16.5	16.0

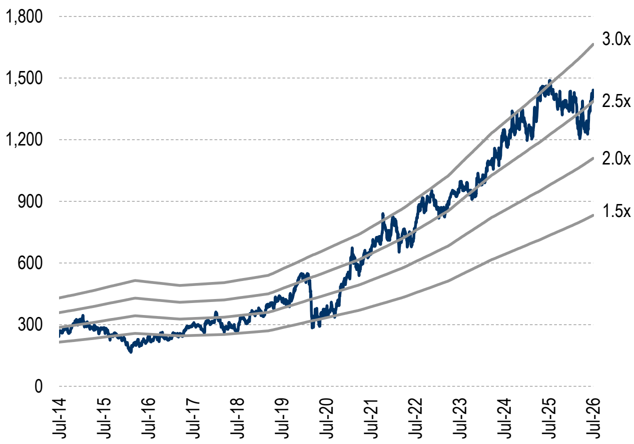
Source: Company, Anand Rathi Research

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	39.4	38.6
RoA	2.4	2.4	2.2	2.2	2.2
RoE	18.6	17.8	15.9	15.3	15.3
DPS (Rs)	10.0	11.0	12.0	13.0	14.0
Credit-deposit	83.8	83.3	86.6	88.5	90.4
Gross NPA	2.3	1.7	1.4	1.5	1.5
Net NPA	0.5	0.4	0.3	0.4	0.4
Provision coverage	80.3	76.2	76.3	75.0	75.0
BV (Rs)	339.4	410.0	469.8	533.3	606.7
CRAR (%)	16.3	16.6	17.2	17.0	17.0
- Tier 1	15.6	15.9	16.3	16.3	16.4
P / E (x)	20.9	18.4	17.4	15.9	13.9
P / BV (x)	3.6	3.0	2.6	2.3	2.0
P / ABV (x)	3.6	3.0	2.6	2.3	2.0

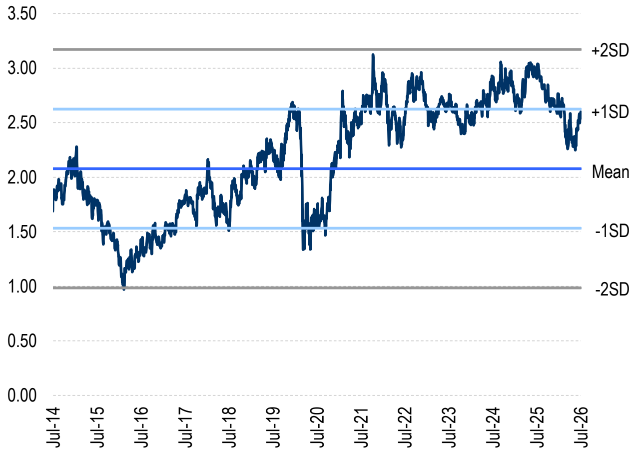
Source: Company, Anand Rathi Research

Fig 4 – Price-to-Book Band



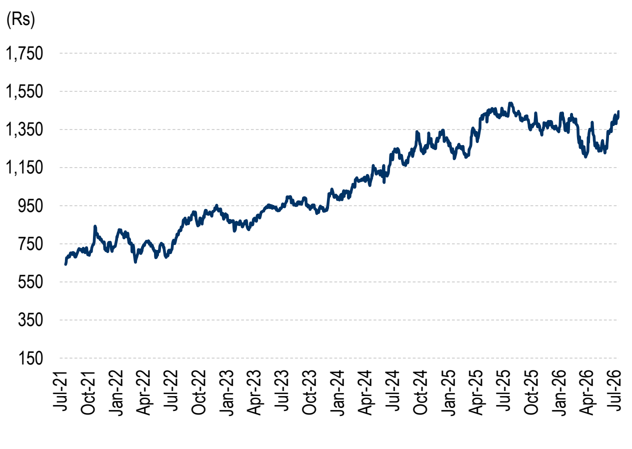
Source: Bloomberg

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)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Interest income	424	429	418	420	433	457
Interest expense	212	213	202	200	203	213
NII	**212**	**216**	**215**	**219**	**230**	**244**
y/y growth (%)	11.0	10.6	7.4	7.7	8.4	12.7
Non-interest income	73	85	76	74	73	86
Total Income	**285**	**301**	**291**	**293**	**303**	**330**
y/y growth (%)	15.0	13.5	6.9	6.8	6.4	9.4
Operating expenses	108	114	118	119	121	126
of which, staff costs	41	47	43	44	45	50
PPoP	**177**	**187**	**173**	**174**	**182**	**204**
y/y growth (%)	17.5	17.0	3.4	2.8	3.0	8.7
Total provisions	9	18	9	26	1	13
PBT	**168**	**169**	**164**	**148**	**181**	**191**
Tax	41	42	40	35	44	43
PAT	**126**	**128**	**124**	**113**	**137**	**148**
y/y growth (%)	18.0	15.5	5.2	-4.0	8.5	15.9

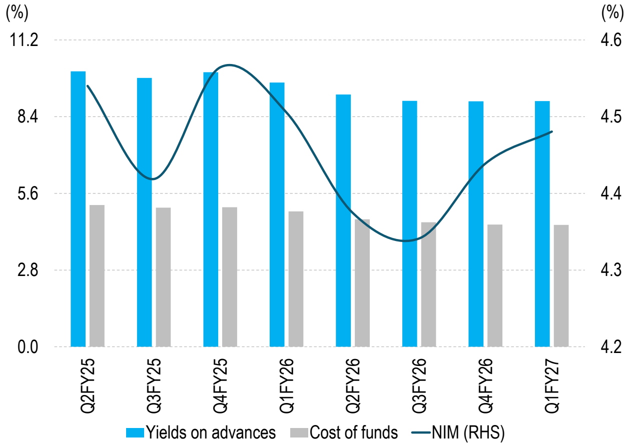
Source: Company, Anand Rathi Research

Fig 8 – Balance Sheet

(Rs bn)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Equity capital	14	14	14	14	14	14
Reserves & Surplus	2,907	3,049	3,100	3,217	3,359	3,521
Deposits	16,103	16,085	16,128	16,596	17,946	18,336
Borrowings	1,235	1,171	1,118	1,123	1,250	1,263
Other liabilities	923	919	1,002	955	1,155	1,191
Total liabilities	**21,182**	**21,238**	**21,363**	**21,906**	**23,725**	**24,324**
y/y deposits growth (%)	14.0	12.8	7.7	9.2	11.4	14.0
q/q deposits growth (%)	5.9	(0.1)	0.3	2.9	8.1	2.2
Cash and cash balances	1,856	1,646	1,367	1,463	2,303	1,630
Advances	13,418	13,642	14,085	14,662	15,539	16,313
Investments	5,048	5,077	4,996	4,946	4,922	5,385
Other assets	862	874	915	835	961	996
Total assets	**21,182**	**21,238**	**21,363**	**21,906**	**23,725**	**24,324**
y/y advances growth (%)	13.3	11.5	10.3	11.5	15.8	19.6
q/q advances growth (%)	2.1	1.7	3.2	4.1	6.0	5.0

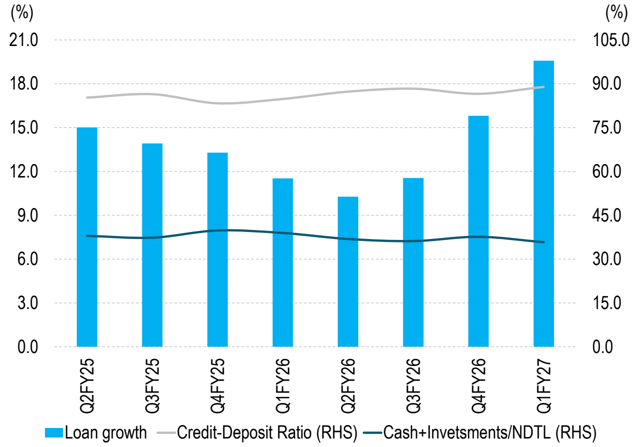
Source: Company, Anand Rathi Research

Fig 9 – Yields, Cost and Margin



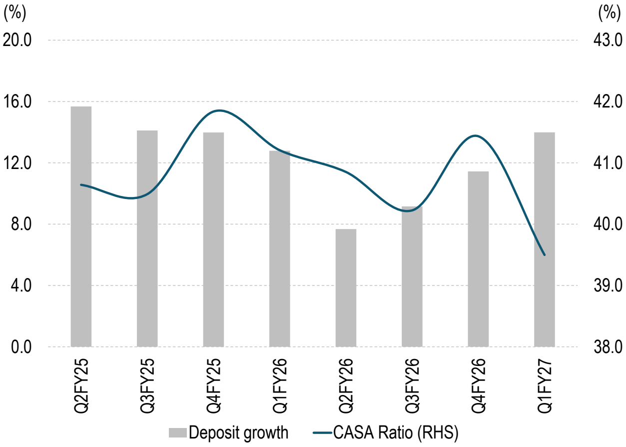
Source: Company, Anand Rathi Research

Fig 10 – Credit Growth vs. LDR (%)



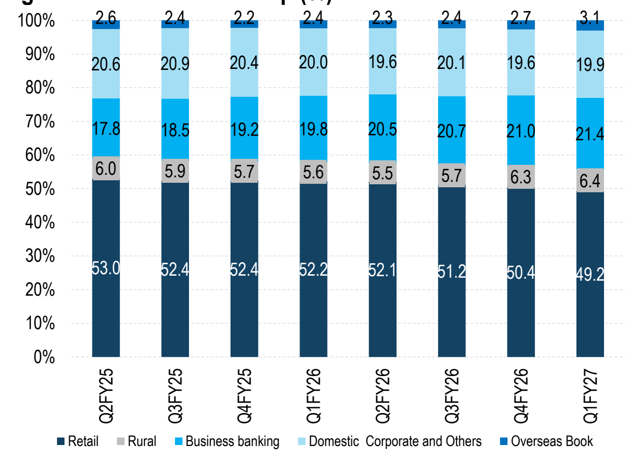
Source: Company, Anand Rathi Research

Fig 11 – Deposit Growth vs. CASA Growth



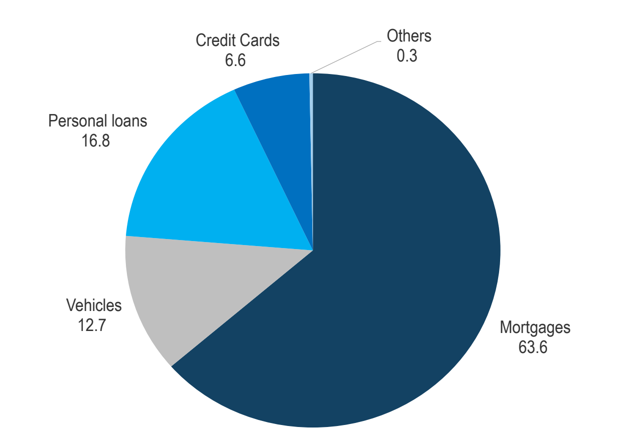
Source: Company, Anand Rathi Research

Fig 12 – Advances Break-up (%)



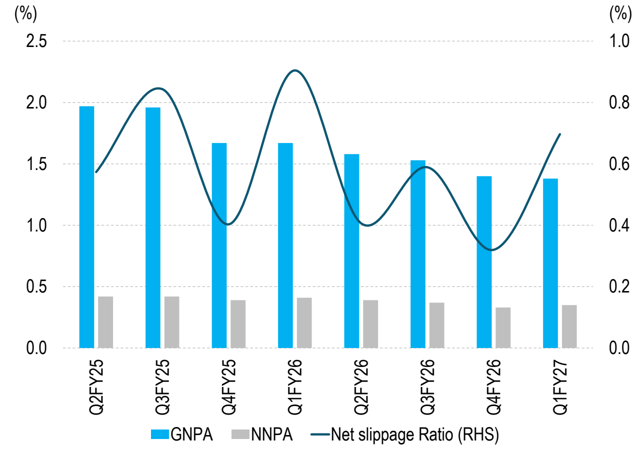
Source: Company, Anand Rathi Research

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 TP of Rs1,746, valuing its core bank at 2.5x FY28e P/ABV and assigning Rs225/share to subsidiaries.

Fig 15 – DuPont Analysis

(Rs bn)	FY24	FY25	FY26	FY27e	FY28e
Interest Income/Assets	8.3	8.2	7.6	7.5	7.6
Interest Expense/Assets	4.0	4.1	3.6	3.6	3.6
Net interest income/Assets	4.3	4.1	3.9	3.9	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	2.0
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	2.2
RoAE	18.6	17.8	15.9	15.3	15.3

Source: Company, Anand Rathi Research

Fig 16 – Change in Estimates

(Rs bn)	FY27e			FY28e		
	New	Old	Change (%)	New	Old	Change (%)
Net interest income	1,001	997	0.4	1,152	1,128	2.1
Pre-provisioning profit	810	806	0.4	934	909	2.7
PAT	549	547	0.5	627	610	2.8

Source: Anand Rathi Research

Key Risks

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

Appendix

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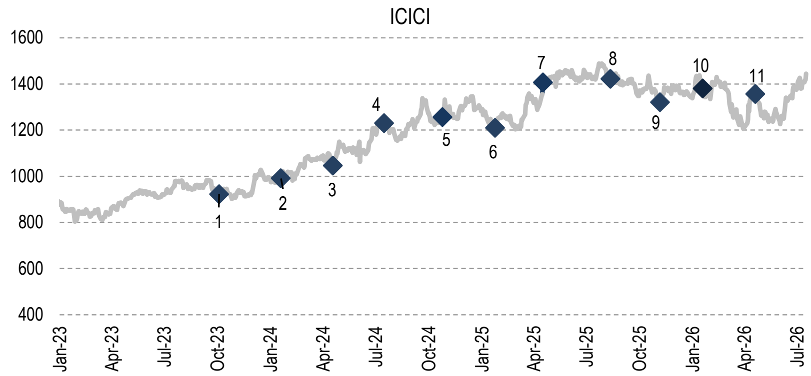

	Date	Rating	TP (Rs)	Share Price (Rs)
1	16-Oct-23	**Buy**	1,187	951
2	20-Jan-24	**Buy**	1,234	1,009
3	28-Apr-24	**Buy**	1,340	1,107
4	27-Jul-24	**Buy**	1,385	1,207
5	26-Oct-24	**Buy**	1,451	1,252
6	26-Jan-25	**Buy**	1,500	1,217
7	20-Apr-25	**Buy**	1,690	1,406
8	12-Aug-25	**Buy**	1,767	1,422
9	6-Nov-25	**Buy**	1,746	1,320
10	19-Jan-26	**Buy**	1,713	1,437
11	20-Apr-26	**Buy**	1,716	1,347

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