

BUY

TP: Rs 1,736 | ▲ 21%

ICICI BANK

| Banking

| 20 October 2025

PAT beat on lower provisions; robust AQ & return profile

- PAT beat estimates largely due to significant decline in provisions; healthy return profile
- Steady performance with rise in CD ratio; asset quality remains resilient
- Maintain BUY. Raise SOTP-based TP to Rs 1,736 (from Rs 1,683), set at 2.8x Sep'27E ABV

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PAT beat estimates largely due to significant decline in provisions; healthy return profile: PPOP came in at Rs 173bn in Q2FY26 and was marginally higher by 1.7% vs our estimates. While NII was in line with our estimates (+0.3%), other income was 6.9% higher. Further, NIMs were down by 4bps QoQ to 4.3% vs our estimate of 11bps QoQ decline. Margins for Q2FY26 indicate the benefit from the reduction in deposit rates and borrowing cost as well as the impact of repricing of external benchmark-linked loans (55% of loans). Management expects margins to be range-bound for the next couple of quarters. Credit costs declined by 50% QoQ to Rs 9.1bn, resulting in net profit of Rs 123.6bn, beating our estimates by 7%. Credit costs were lower, supported by QoQ decline in slippage and higher upgrades. Return profile remains healthy with RoA/ RoE of 2.3%/16%.

Asset quality remains resilient: The absolute level of GNPA declined to Rs 238.5bn (-4% QoQ) on account of lower slippages (19% QoQ) and higher upgrades (+14% QoQ). As a result, GNPA ratio improved to 1.58% (-9bps QoQ). Corporate and business banking segments (high growth) accounted for 40.4% of the total loans, but were only 20% of total slippages in Q2FY26, indicating strong asset quality. The bank holds contingent provision of Rs 131bn or 0.9% of net advances.

Steady performance with rise in CD ratio: ICICIBC advances growth (+10.3% YoY) was largely in line with system levels. Credit growth was largely led by the business banking segment (+25% YoY) in Q2FY26. Further, retail book grew by 7% YoY and accounted for 52.5% of net advances, as of Q2FY26 (54.3% as of Q2FY25). However, deposit growth was relatively lower at 7.7% YoY resulting in a rise in CD ratio to 87.3% (+2.1% YoY; 2.5% QoQ). We expect loans to grow at ~15% CAGR in FY25-FY28E.

Maintain BUY: ICICIBC is well on track for robust performance, driven by healthy credit growth, stable credit costs and a sustainable business model. RoA is likely to be ~2.3% and RoE of 16.5-16.8% in FY26-FY28E. Given ICICIBC's improved performance, we have revised SOTP-based TP to Rs 1,736 (earlier Rs 1,683) and roll over valuation to 2.8x Sep'27E ABV.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ICICIBC IN/Rs 1,437
Market cap	US\$ 116.3bn
Free float	100%
3M ADV	US\$ 159.1mn
52wk high/low	Rs 1,500/Rs 1,186
Promoter/FPI/DII	0%/46%/45%

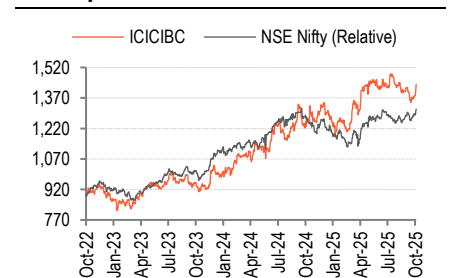
Source: NSE | Price as of 17 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	8,11,644	8,94,640	10,56,454
NII growth (%)	9.2	10.2	18.1
Adj. net profit (Rs mn)	4,72,270	5,16,139	5,94,987
EPS (Rs)	66.8	72.5	83.5
Consensus EPS (Rs)	66.8	71.4	81.4
P/E (x)	21.5	19.8	17.2
P/BV (x)	3.5	3.1	2.7
ROA (%)	2.4	2.3	2.3
ROE (%)	17.8	16.5	16.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

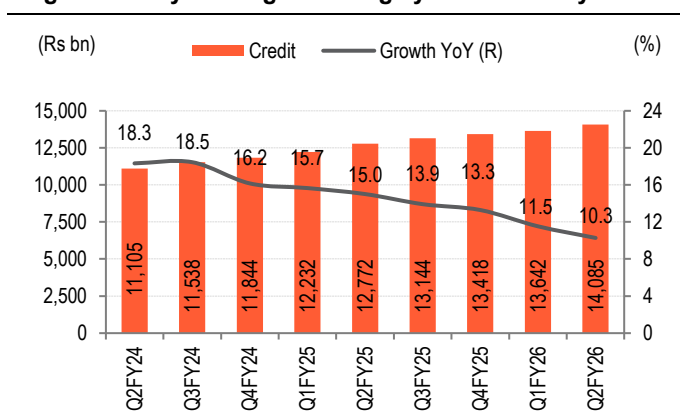
(Rs mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Income Statement							
Interest Income	3,14,265	3,20,484	3,28,213	3,25,429	3,21,837	2.4	(1.1)
Income on investments	83,113	83,021	82,102	87,128	84,595	1.8	(2.9)
Int. on bal. with RBI & inter-bank funds & Others	7,996	9,493	13,993	16,912	11,147	39.4	(34.1)
Interest income	4,05,374	4,12,998	4,24,308	4,29,469	4,17,580	3.0	(2.8)
Interest expense	2,04,894	2,09,292	2,12,379	2,13,125	2,02,285	(1.3)	(5.1)
Net interest income	2,00,480	2,03,706	2,11,929	2,16,345	2,15,295	7.4	(0.5)
Growth YoY (%)	9.5	9.1	11.0	10.6	7.4		
Non-interest income	71,767	70,681	72,601	85,049	75,755	5.6	(10.9)
Growth YoY (%)	24.2	15.9	28.5	21.5	5.6		
Total income	2,72,246	2,74,387	2,84,530	3,01,394	2,91,050	6.9	(3.4)
Growth YoY (%)	13.0	10.7	15.0	13.5	6.9		
Staff expenses	41,361	39,291	41,052	47,431	43,418	5.0	(8.5)
Other operating expenses	63,653	66,231	66,836	66,504	74,652	17.3	12.3
Operating expenses	1,05,015	1,05,521	1,07,888	1,13,935	1,18,070	12.4	3.6
Pre-Provisioning Profit (PPoP)	1,67,232	1,68,866	1,76,643	1,87,458	1,72,980	3.4	(7.7)
Growth YoY (%)	17.5	14.7	17.5	17.0	3.4		
Provisions	12,331	12,267	8,907	18,146	9,141	(25.9)	(49.6)
Growth YoY (%)	111.6	16.9	24.0	36.2	(25.9)		
PBT	1,54,901	1,56,599	1,67,736	1,69,313	1,63,839	5.8	(3.2)
Tax	37,442	38,675	41,440	41,631	40,250	7.5	(3.3)
PAT	1,17,459	1,17,924	1,26,296	1,27,682	1,23,589	5.2	(3.2)
Growth YoY (%)	14.5	14.8	18.0	15.5	5.2		
Per Share							
FV (Rs)	2.0	2.0	2.0	2.0	2.0	-	-
EPS (Rs)	16.7	16.7	17.9	17.9	17.3	3.8	(3.4)
Book Value (Rs)	368	385	410	429	436	18.4	1.6

Source: Company, BOBCAPS Research

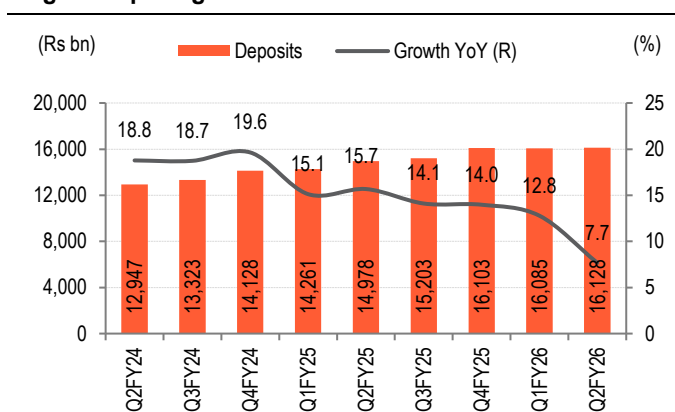
Fig 2 – Quarterly snapshot: Balance sheet & other metrics

(Rs mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Deposits	1,49,77,607	1,52,03,088	1,61,03,480	1,60,85,173	1,61,28,249	7.7	0.3
Growth YoY (%)	15.7	14.1	14.0	12.8	7.7		
Advances	1,27,72,404	1,31,43,661	1,34,17,662	1,36,41,571	1,40,84,564	10.3	3.2
Growth YoY (%)	15.0	13.9	13.3	11.5	10.3		
Investment	47,90,985	47,19,783	50,47,567	50,77,066	49,95,920	4.3	(1.6)
Equity	25,95,400	27,16,429	29,20,763	30,63,205	31,14,425	20.0	1.7
Assets	1,97,68,582	2,01,33,431	2,11,82,400	2,12,38,390	2,13,62,705	8.1	0.6
Growth YoY (%)	14.9	12.9	13.2	12.2	8.1		
Yield (%)							
Yield on Funds	8.76	8.64	8.57	8.44	8.19	(57bps)	(26bps)
Cost of Funds	5.17	5.12	5.02	4.93	4.69	(48bps)	(24bps)
Spread	3.59	3.52	3.54	3.52	3.50	(9bps)	(2bps)
Net Interest Margin (Cal)	4.33	4.26	4.28	4.25	4.22	(11bps)	(3bps)
Ratios (%)							
Other Income / Net Income	26.4	25.8	25.5	28.2	26.0	(33bps)	(219bps)
Cost to Income ratio	38.6	38.5	37.9	37.8	40.6	199bps	276bps
CASA ratio	40.6	40.5	41.8	41.2	40.9	21bps	(35bps)
C/D ratio	85.3	86.5	83.3	84.8	87.3	205bps	252bps
Investment to Assets	24.2	23.4	23.8	23.9	23.4	(85bps)	(52bps)
Asset Quality							
GNPA	2,71,212	2,77,453	2,41,662	2,47,327	2,38,497	(12.1)	(3.6)
NNPA	56,851	58,978	55,894	59,711	58,270	2.5	(2.4)
Provision	2,14,360	2,18,476	1,85,768	1,87,616	1,80,227	(15.9)	(3.9)
GNPA (%)	1.97	1.96	1.67	1.67	1.58	(39bps)	(9bps)
NNPA (%)	0.42	0.42	0.39	0.41	0.39	(3bps)	(2bps)
Provision (%)	79.0	78.7	76.9	75.9	75.6	(347bps)	(29bps)
Others (nos)							
Branches	6,613	6,742	6,983	7,066	7,246	633	180
ATMs	16,120	16,277	16,285	13,376	10,610	(5,510)	(2,766)

Source: Company, BOBCAPS Research

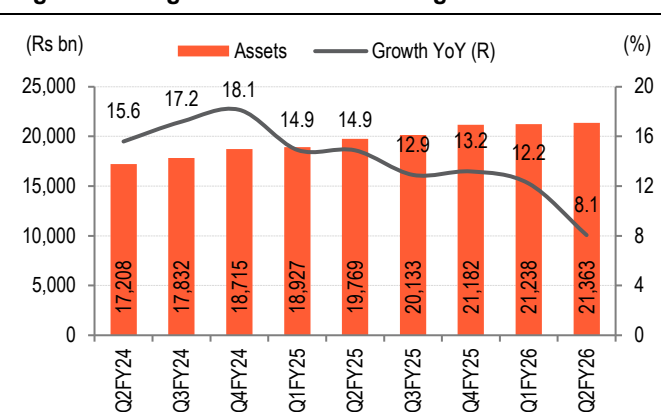
Fig 3 – Steady credit growth largely in line with system


Source: Company, BOBCAPS Research

Fig 4 – Deposit growth moderates to 7.7% YoY


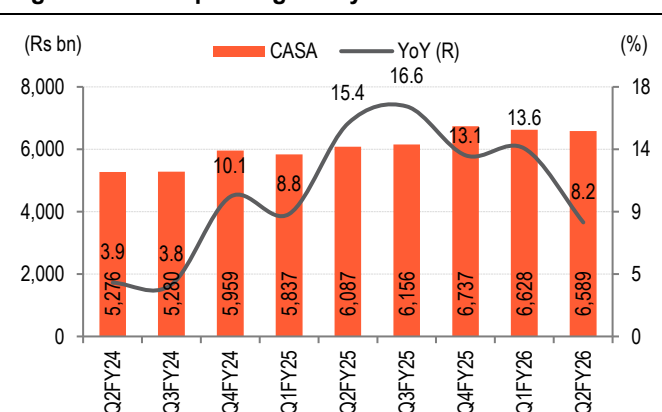
Source: Company, BOBCAPS Research

Fig 5 – Asset growth at 8% YoY on higher base



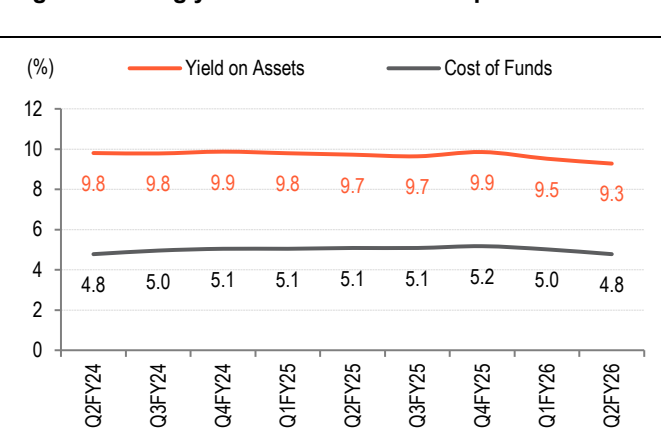
Source: Company, BOBCAPS Research

Fig 6 – CASA deposits grew by 8.2% YoY



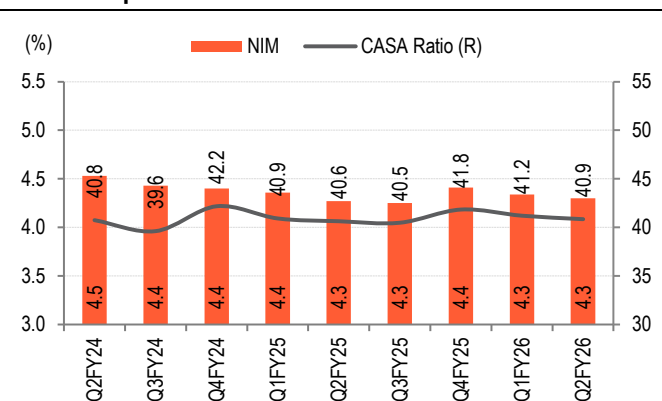
Source: Company, BOBCAPS Research

Fig 7 – Lending yields declined due to repo rate cuts...



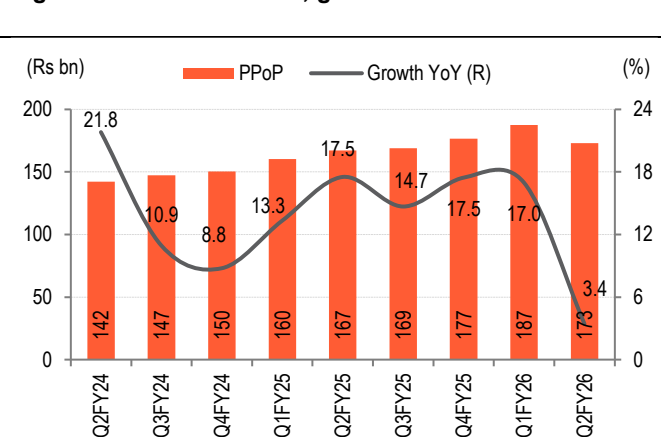
Source: Company, BOBCAPS Research

Fig 8 – ...however, CoF repriced faster, leading to lower NIMs compression



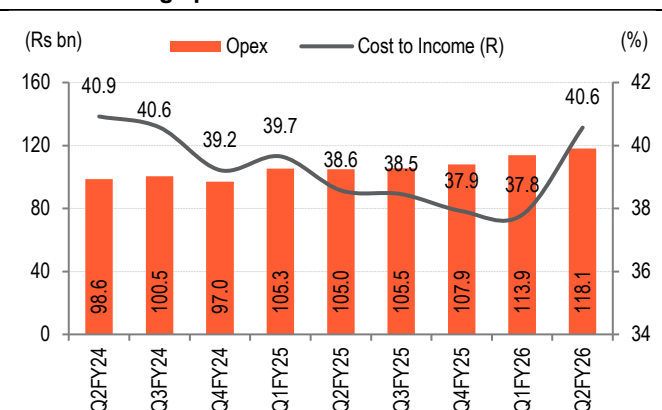
Source: Company, BOBCAPS Research

Fig 9 – PPOP at Rs 173bn; growth slows down



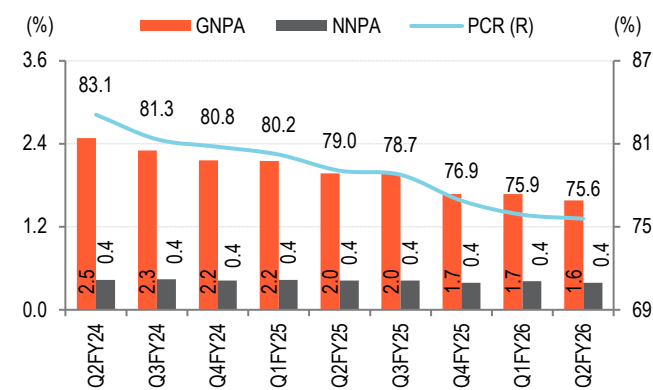
Source: Company, BOBCAPS Research

Fig 10 – Opex increased largely due to higher technology and marketing spends linked to festive season



Source: Company, BOBCAPS Research

Fig 11 – Strong asset quality metrics



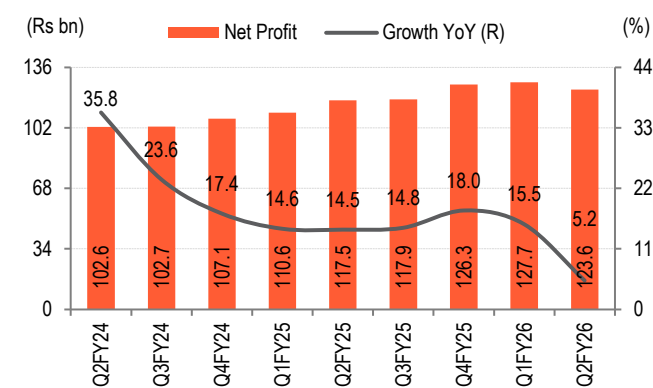
Source: Company, BOBCAPS Research

Fig 12 – Credit cost normalizes



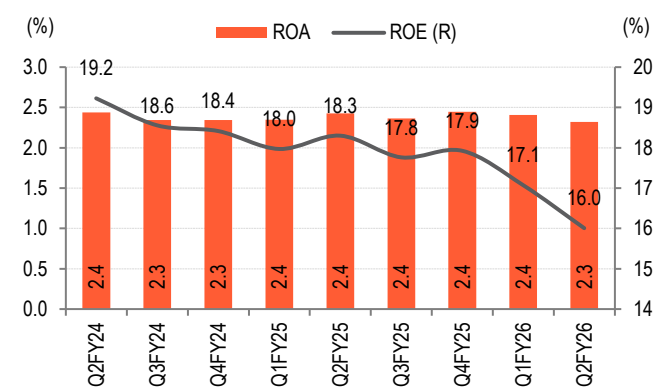
Source: Company, BOBCAPS Research

Fig 13 – PAT growth supported by lower credit cost



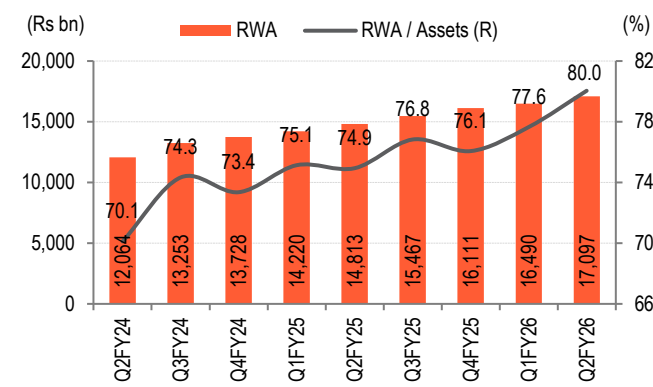
Source: Company, BOBCAPS Research

Fig 14 – ROA-ROE matrix reflects durable profitability



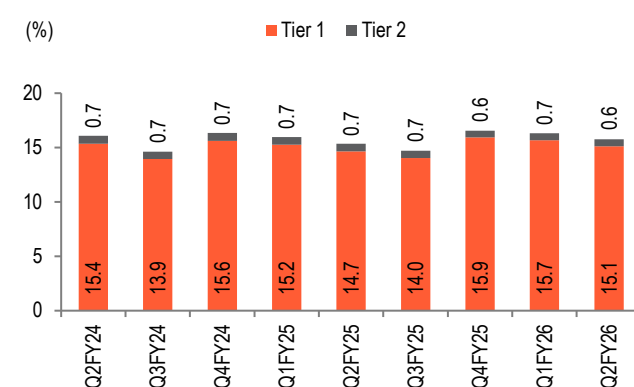
Source: Company, BOBCAPS Research

Fig 15 – RWA/ Asset increasing



Source: Company, BOBCAPS Research

Fig 16 – CAR remained healthy to fund growth



Source: Company, BOBCAPS Research

Earnings Call Highlights

Operating performance

- NII came in at Rs 215.3bn, up 7% YoY and flat QoQ, driven by steady loan growth and lower cost of funds. Net Interest Margin (NIM) stood at 4.30%, marginally down 4 bps QoQ, mainly reflecting the repricing impact of repo rate and EBLR linked loans in Q2FY26.
- Cost of deposits decreased 21 bps QoQ to 4.64%, supported by favourable deposit mix and moderation in borrowing costs.
- Operating expenses rose 12.4% YoY and 3.6% QoQ, largely due to higher technology and marketing expenses linked to festive season campaigns. Because of this, the cost-to-income ratio increased to ~40.6%.
- PPOP (ex-treasury) increased 6.5% YoY to Rs 170.8bn, supported by stable core income and healthy non-interest income growth.
- Provisions dropped sharply to Rs 9.1 bn vs Rs 18.1bn in Q1 FY26, reflecting lower slippages and higher upgrades. The bank's credit cost remained stable at about 40 bps for H1 FY26.
- Profit after tax (PAT) stood at Rs 123.6bn, up 5.2% YoY, driven by healthy operating profit and lower credit costs.

Asset quality

- Gross slippages moderated to Rs 50.3bn during Q2 FY26, down from Rs 62.5bn in Q1FY26, reflecting easing stress across retail and rural segments after seasonal spikes in Q1.
- Recoveries and upgrades remained robust, supported by retail and SME segments. Write-offs were broadly stable on a QoQ basis at about Rs 23bn.
- Gross NPA ratio improved to 1.58% (from 1.67% in Q1FY26), while the Net NPA ratio improved to 0.39% (from 0.41% in Q1FY26).
- PCR continued to be robust around 75%, maintaining healthy loss coverage across portfolios. The bank continues to carry Rs 131bn of contingent provisions, providing additional balance sheet strength.
- The builder portfolio, including construction finance, lease rental discounting, term loans, and working capital, remained stable at approximately Rs 634bn, reflecting prudent underwriting and steady asset quality in the commercial real estate segment. About 1.3% of the builder portfolio was either rated BB & below or was classified as non-performing.

Loans

- ICICI Bank's loan portfolio showed balanced growth in Q2FY26, with the domestic loan book growing 10.6% YoY and 3.3% sequentially.

- **Retail loans:** Retail loans grew 6.6% YoY and 2.6% QoQ, forming around 52% of the total portfolio, with mortgages driving growth. Asset quality in retail improved due to disciplined underwriting and portfolio actions.
- **Business banking:** grew 24.8% YoY and 6.5% QoQ.
- **Corporate loans:** grew moderately by 3.5% YoY and 1% QoQ; growth is expected to remain subdued as corporates are well-funded, with the bank focusing on risk-calibrated lending and transaction banking flows.
- **Rural loans:** declined 1% YoY but grew sequentially by 0.8%, affected by seasonal Kisan Credit Card portfolio trends.

Deposits

- Average deposits grew by 9.1% YoY and 1.6% sequentially as of Sep'25. Total deposits increased by 7.7% YoY and 0.3% sequentially.
- **LDR:** Rise in LDR to ~87% reflects system-wide liquidity normalisation vs aggressive lending. Management remains comfortable with the current ratios, citing robust CASA momentum, adequate deposit growth capacity, and sustainable funding mix to support future loan growth.
- **CASA Deposits:** CASA deposits rose 8.2% YoY, healthy growth driven by expanded distribution and digital platforms. Business banking CASA contribution was notably healthy, supported by growing transaction banking and SME customer relationships.
- **Deposit Mix:** The bank continues to optimise deposit mix to support loan growth and margin stability, balancing wholesale and retail deposit sources strategically.
- **Liquidity:** Average Liquidity Coverage Ratio (LCR) stood at a comfortable 127%, ensuring strong liquidity buffers.
- The bank plans to sustain growth in CASA through targeted segment focus, robust digital engagement, and deepening corporate and retail synergies via multi-channel platforms. Deposit repricing and competitive dynamics are expected to keep margins range-bound in coming quarters.

NIM

- NIM stood at 4.30% (vs 4.34% QoQ), with domestic NIM at 4.37%. Sequential dip was because of the absence of the Rs 3.61bn tax refund benefit in Q1.
- **Margin Drivers:** Funding cost improved (cost of deposits down to 4.64% from 4.85%) and one-time item from Q1 led to a marginal contraction.
- **Outlook:** Margins expected to remain range-bound, supported by liquidity and repricing benefits, though KCC-related nonaccruals and competitive pressures could weigh on Q3.

Fig 17 – Loan book trend

(Rs mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Corporate	26,90,290	28,06,800	27,96,510	27,57,320	27,84,440	3.5	1.0
SME + Business Banking	23,30,250	24,80,480	26,33,670	27,30,830	29,09,210	24.8	6.5
Retail	69,35,070	70,32,650	71,72,230	72,05,400	73,93,840	6.6	2.6
Rural	7,87,890	7,94,960	7,83,400	7,71,510	7,77,610	(1.3)	0.8
Domestic Loans	1,24,30,900	1,28,27,780	1,31,09,810	1,33,11,960	1,37,52,600	10.6	3.3
Overseas Loans	3,41,500	3,15,880	3,07,850	3,29,610	3,31,960	(2.8)	0.7
Total Loans	1,27,72,400	1,31,43,660	1,34,17,660	1,36,41,570	1,40,84,560	10.3	3.2
Total Loans (Reported)	1,27,72,404	1,31,43,661	1,34,17,662	1,36,41,571	1,40,84,564	10.3	3.2

Source: Company, BOBCAPS Research

Fig 18 – Loan book distribution

(%)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Corporate	21.1	21.4	20.8	20.2	19.8	(129bps)	(44bps)
SME + Business Banking	18.2	18.9	19.6	20.0	20.7	241bps	64bps
Retail	54.3	53.5	53.5	52.8	52.5	(180bps)	(32bps)
Rural	6.2	6.0	5.8	5.7	5.5	(65bps)	(13bps)
Domestic Loans	97.3	97.6	97.7	97.6	97.6	32bps	6bps
Overseas Loans	2.7	2.4	2.3	2.4	2.4	(32bps)	(6bps)
Total Loans	100.0	100.0	100.0	100.0	100.0		

Source: Company, BOBCAPS Research

Fig 19 – Retail book trend

(Rs mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Mortgage	41,91,050	42,77,450	43,95,840	44,78,850	46,06,140	9.9	2.8
Auto Finance	6,06,870	6,17,080	6,19,440	6,15,310	6,15,550	1.4	0.0
Commercial Vehicle & Equipment	3,21,340	3,26,930	3,36,320	3,40,180	3,41,960	6.4	0.5
Two wheelers	14,980	12,240	9,670	7,240	5,150	(65.6)	(28.9)
Personal Loans	12,25,010	12,08,630	12,15,550	12,00,100	12,16,550	(0.7)	1.4
Credit Cards	5,52,810	5,68,470	5,73,410	5,42,550	5,88,000	6.4	8.4
Others	23,010	21,850	22,000	21,170	20,490	(11.0)	(3.2)
Total Retail Loans	69,35,070	70,32,650	71,72,230	72,05,400	73,93,840	6.6	2.6

Source: Company, BOBCAPS Research

Fig 20 – Retail loan book distribution

(%)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Mortgage	32.8	32.5	32.8	32.8	32.7	(11bps)	(13bps)
Auto Finance	4.8	4.7	4.6	4.5	4.4	(38bps)	(14bps)
Commercial Vehicle & Equipment	2.5	2.5	2.5	2.5	2.4	(9bps)	(7bps)
Two wheelers	0.1	0.1	0.1	0.1	0.0	(8bps)	(2bps)
Personal Loans	9.6	9.2	9.1	8.8	8.6	(95bps)	(16bps)
Credit Cards	4.3	4.3	4.3	4.0	4.2	(15bps)	20bps
Others	0.2	0.2	0.2	0.2	0.1	(3bps)	(1bps)
Total Retail Loans	54.3	53.5	53.5	52.8	52.5	(180bps)	(32bps)

Source: Company, BOBCAPS Research

Fig 21 – Trend in deposits

(Rs mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
CA Deposits	18,30,900	19,04,380	23,29,570	21,69,710	20,67,470	12.9	(4.7)
SA Deposits	42,56,330	42,51,480	44,07,720	44,58,420	45,21,240	6.2	1.4
CASA Deposits	60,87,230	61,55,860	67,37,290	66,28,130	65,88,710	8.2	(0.6)
Term Deposits	88,90,377	90,47,228	93,66,190	94,57,043	95,39,539	7.3	0.9
Total Deposits	1,49,77,607	1,52,03,088	1,61,03,480	1,60,85,173	1,61,28,249	7.7	0.3

Source: Company, BOBCAPS Research

Fig 22 – Deposit distribution

(%)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
CA Deposits	12.2	12.5	14.5	13.5	12.8	59bps	(67bps)
SA Deposits	28.4	28.0	27.4	27.7	28.0	(38bps)	32bps
CASA Deposits	40.6	40.5	41.8	41.2	40.9	21bps	(35bps)
Term Deposits	59.4	59.5	58.2	58.8	59.1	(21bps)	35bps
Total Deposits	100.0	100.0	100.0	100.0	100.0		

Source: Company, BOBCAPS Research

Valuation Methodology

Maintain BUY: ICICIB is well on track for robust performance, driven by healthy credit growth, stable credit costs and a sustainable business model. RoA is likely to be ~2.3% and RoE of 16.5-16.8% in FY26-FY28E. Given ICICIB's improved performance, we have revised SOTP-based TP to Rs 1,736 (earlier Rs 1,683) and roll over valuation to 2.8x Sep'27E ABV.

Fig 23 – Actuals vs BOBCAP estimates

(Rs mn)	Q2FY26A	Q2FY26E	Actual vs. Estimates
Loan	1,40,84,564	1,41,77,369	(0.7)
Deposits	1,61,28,249	1,67,00,031	(3.4)
Assets	2,13,62,705	2,20,37,074	(3.1)
NII	2,15,295	2,14,708	0.3
PPOP	1,72,980	1,70,085	1.7
Provision	9,141	15,648	(41.6)
PAT	1,23,589	1,15,828	6.7

Source: Company, BOBCAPS Research

Fig 24 – Revised estimates

Key Parameters (Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Loan	1,52,96,134	1,75,90,554	2,02,64,319	1,53,63,223	1,77,29,159	2,04,94,908	(0.4)	(0.8)	(1.1)
Deposits	1,81,96,933	2,08,90,079	2,40,23,590	1,85,99,520	2,15,75,443	2,50,05,938	(2.2)	(3.2)	(3.9)
Assets	2,41,49,908	2,77,54,034	3,19,35,696	2,43,05,414	2,81,35,467	3,25,40,496	(0.6)	(1.4)	(1.9)
NII	8,94,640	10,56,454	12,35,589	8,90,956	10,50,097	12,31,400	0.4	0.6	0.3
PPOP	7,37,993	8,65,094	10,06,343	7,52,024	8,82,673	10,38,497	(1.9)	(2.0)	(3.1)
Provision	58,863	82,217	96,530	71,952	87,695	1,08,939	(18.2)	(6.2)	(11.4)
PAT	5,16,139	5,94,987	6,91,458	5,16,855	6,04,183	7,06,465	(0.1)	(1.5)	(2.1)

Source: Company, BOBCAPS Research

Fig 25 – Key operational assumptions

(%)	FY25	FY26E	FY27E	FY28E
Advances	13.3	14.0	15.0	15.2
Net Interest Income	9.2	10.2	18.1	17.0
PPOP	15.8	9.7	17.2	16.3
PAT	15.5	9.3	15.3	16.2
NIM	4.3	4.2	4.3	4.4
GNPA	1.7	1.8	1.9	2.0
CAR	16.6	17.0	17.4	17.5

Source: Company, BOBCAPS Research

Fig 26 – Valuation summary

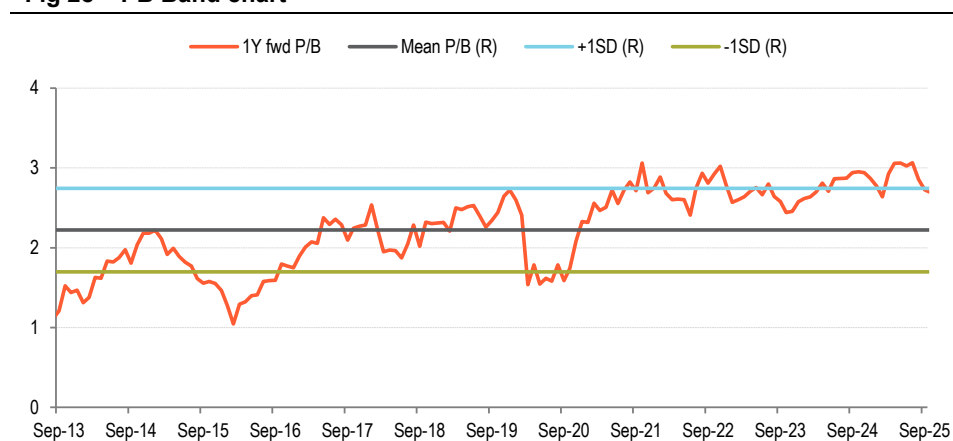
Business	Valuation	Holdings (%)	Value (Rs/Sh)
ICICI Bank	2.8x Sep'27E ABV	100	1,480
ICICI Prudential Life	Market cap	51	52
ICICI Lombard General	Market cap	51.37	61
ICICI Securities	15x FY27E PAT	100	37
ICICI Prudential AMC	14.7% of AUM	51	91
ICICI Home Finance	1.5x FY27E P/B	100	8
ICICI Bank CANADA & UK		100	8
Total			1,736

Source: Company, BOBCAPS Research

Fig 27 – Key valuation assumptions

Gordon growth model	(%)
Return on Equity (RoE)	16.0
Cost of Equity (Ke)	11.5
Growth (Period 1)	12.9
Growth (Long Term)	6.6
Initial High Growth Period (yrs)	11.8
Dividend Payout (Period 1)	19.0
Dividend Payout (Long Term)	58.4
Factor 1	2.4
Factor 2	14.8
Justified P/BV (x)	2.8

Source: Company, BOBCAPS Research

Fig 28 – PB Band chart

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- any sudden rise in delinquency in the mid-corporate and SME segments
- inability to manage cost of funds, which may drag NIM as well as overall profitability

Glossary

Glossary of Abbreviations			
AUCA	Advance Under Collection Account	LDR	Loan to Deposit Ratio
ARC	Asset Reconstruction Company	MCLR	Marginal Cost of Funds-based Lending Rate
BRDS	Bills Rediscounting Scheme	MTM	Mark to Market
CASA	Current Account and Savings Account	NBFC	Non-Banking Finance Company
CAR	Capital Adequacy Ratio	NII	Net Interest Income
CC	Credit Card	NIM	Net Interest Margin
CET1	Common Equity Tier 1	NNPA	Net Non-Performing Assets
CD	Credit-Deposit Ratio	PCR	Provision Coverage Ratio
C/I	Cost-Income Ratio	PL	Personal Loans
CRB	Commercial and Rural Banking	PPOP	Pre-Provision Operating Profit
CV	Commercial Vehicles	PSU	Public Sector Unit
EBLR	External Benchmark-based Lending Rate	RWA	Risk-weighted Assets
ECL	Expected Credit Loss	SLR	Statutory Liquidity Ratio
GNPA	Gross Non-Performing Assets	SMA	Special Mention Account
HFC	Housing Finance Company	SME	Small and Medium-sized Enterprises
IBPC	Interbank Participation Certificate	TD	Term Deposits
LCR	Liquidity Coverage Ratio		

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	7,43,057	8,11,644	8,94,640	10,56,454	12,35,589
NII growth (%)	19.6	9.2	10.2	18.1	17.0
Non-interest income	2,29,578	2,85,067	3,12,793	3,51,649	4,02,906
Total income	9,72,635	10,96,711	12,07,433	14,08,103	16,38,494
Operating expenses	3,91,327	4,23,723	4,69,440	5,43,009	6,32,152
PPOP	5,81,308	6,72,988	7,37,993	8,65,094	10,06,343
PPOP growth (%)	18.4	15.8	9.7	17.2	16.3
Provisions	36,429	46,826	58,863	82,217	96,530
PBT	5,44,878	6,26,162	6,79,130	7,82,877	9,09,813
Tax	1,35,996	1,53,892	1,62,991	1,87,890	2,18,355
Reported net profit	4,08,883	4,72,270	5,16,139	5,94,987	6,91,458
Adjustments	0	0	0	0	0
Adjusted net profit	4,08,883	4,72,270	5,16,139	5,94,987	6,91,458

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	14,047	14,246	14,246	14,246	14,246
Reserves & surplus	23,69,946	29,06,517	33,33,364	38,24,823	43,94,584
Net worth	23,83,993	29,20,763	33,47,610	38,39,069	44,08,830
Deposits	1,41,28,250	1,61,03,480	1,81,96,933	2,08,90,079	2,40,23,590
Borrowings	12,49,676	12,35,383	14,20,690	16,05,380	18,14,079
Other liab. & provisions	9,53,227	9,22,774	11,84,676	14,19,507	16,89,197
Total liab. & equities	1,87,15,146	2,11,82,400	2,41,49,908	2,77,54,034	3,19,35,696
Cash & bank balance	13,99,260	18,55,620	15,43,519	18,76,177	21,55,856
Investments	46,19,423	50,47,567	61,34,777	69,90,771	80,23,299
Advances	1,18,44,064	1,34,17,662	1,52,96,134	1,75,90,554	2,02,64,319
Fixed & Other assets	8,52,399	8,61,551	11,75,479	12,96,532	14,92,222
Total assets	1,87,15,146	2,11,82,400	2,41,49,908	2,77,54,034	3,19,35,696
Deposit growth (%)	19.6	14.0	13.0	14.8	15.0
Advances growth (%)	16.2	13.3	14.0	15.0	15.2

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	58.4	66.8	72.5	83.5	97.1
Dividend per share	10.0	11.0	12.5	14.5	17.1
Book value per share	339.4	410.0	470.0	539.0	619.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	24.6	21.5	19.8	17.2	14.8
P/BV	4.2	3.5	3.1	2.7	2.3
Dividend yield (%)	0.7	0.8	0.9	1.0	1.2

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	4.3	4.1	3.9	4.1	4.1
Non-interest income	1.3	1.4	1.4	1.4	1.4
Operating expenses	2.3	2.1	2.1	2.1	2.1
Pre-provisioning profit	3.4	3.4	3.3	3.3	3.4
Provisions	0.2	0.2	0.3	0.3	0.3
PBT	3.2	3.1	3.0	3.0	3.0
Tax	0.8	0.8	0.7	0.7	0.7
ROA	2.4	2.4	2.3	2.3	2.3
Leverage (x)	7.9	7.5	7.2	7.2	7.2
ROE	18.6	17.8	16.5	16.6	16.8

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Net interest income	19.6	9.2	10.2	18.1	17.0
Pre-provisioning profit	18.4	15.8	9.7	17.2	16.3
EPS	27.5	14.4	8.5	15.3	16.2
Profitability & Return ratios (%)					
Net interest margin	4.5	4.3	4.2	4.3	4.4
Fees / Avg. assets	0.2	0.2	0.2	0.2	0.2
Cost-Income	40.2	38.6	38.9	38.6	38.6
ROE	18.6	17.8	16.5	16.6	16.8
ROA	2.4	2.4	2.3	2.3	2.3
Asset quality (%)					
GNPA	2.3	1.7	1.8	1.9	2.0
NNPA	0.5	0.4	0.4	0.4	0.5
Slippage ratio	1.9	1.7	2.2	2.4	2.6
Credit cost	0.3	0.4	0.4	0.5	0.5
Provision coverage	80.3	76.3	77.3	77.8	78.0
Ratios (%)					
Credit-Deposit	83.8	83.3	84.1	84.2	84.4
Investment-Deposit	32.7	31.3	33.7	33.5	33.4
CAR	16.3	16.6	17.0	17.4	17.5
Tier-1	15.6	15.9	16.4	16.7	16.9

Source: Company, BOBCAPS Research

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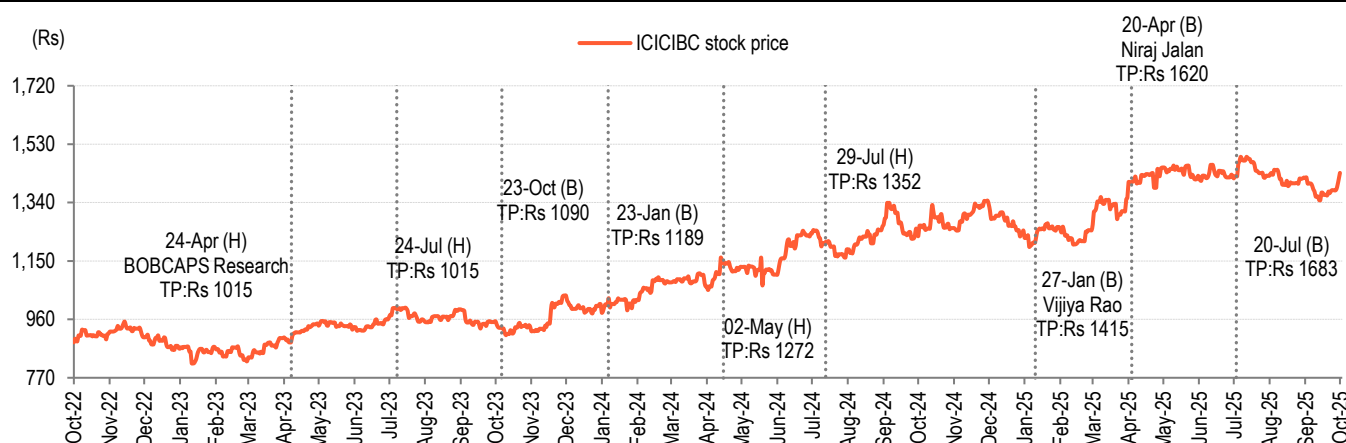
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HOLD – Expected return from -6% to +15%
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Note: Recommendation structure changed with effect from 21 June 2021

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Ratings and Target Price (3-year history): ICICI BANK (ICICIB IN)



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