

BUY**TP: Rs 1,784 | ▲ 26%****ICICI BANK**

| Banking

| 18 January 2026

AQ remains resilient with healthy return profile

- PAT missed estimates, largely due to additional standard asset provision; healthy return profile**
- Steady performance with increase in CD ratio; asset quality remains resilient**
- Maintain BUY. Raise SOTP-based TP to Rs 1,784 (from Rs 1,736), set at 2.8x Dec'27E ABV**

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PAT missed estimates, largely on additional standard asset provision: PAT came in 8.8% lower vs our estimates at Rs 113.2bn (-4% YoY) in Q3FY26. This was mainly due to RBI's direction in its annual supervisory review to provide additional standard asset provision of Rs 12.8bn related to agri-PSL portfolio of Rs 200-250bn, as it was not fully compliant with the regulatory requirements for PSL. However, there is no change in asset classification or repayment behaviour of these borrowers. ICICIBC will work to bring this portfolio into conformity with PSL requirement, else will buy PSLCs or deposit in RIDF. Excluding this, PAT would have been up by 6.9% YoY and 1.6% above estimates. Further, NIMs were flat QoQ at 4.3% vs our estimate of 3bps QoQ improvement. NIMs were mainly supported by deposit repricing and CRR cut. Management expects NIMs to be range-bound in the near term. Return profile remains healthy with RoA/ RoE of 2.1%/14.3%.

Asset quality remains resilient: Absolute level of GNPA declined to Rs 237.6bn (-0.4% QoQ), mainly due to negative net slippages of Rs 920mn. As a result, GNPA ratio improved to 1.53% (-5bps QoQ). Corporate and business banking segments (high growth) accounted for 41% of total loans but were only 20% of total slippages in Q3FY26 — indicating strong AQ. The bank holds contingent provision of Rs 131bn or 0.9% of net advances.

Steady performance with increase in CD ratio: ICICIBC advances grew by 11.5% YoY, largely led by the business banking segment (+22.8% YoY). Retail grew by 7.2% YoY and accounted for 51.4% of net loans, as of Q3FY26 (53.5% as of Q3FY25). However, deposit growth was relatively lower at 9.2% YoY resulting in CD ratio increasing to 88.3% (+1.9% YoY). We expect loan growth of ~14.6% CAGR in FY25-FY28E.

Maintain BUY: ICICIBC is well on track for robust performance, driven by healthy credit growth and resilient AQ. RoA is likely to be ~2.3% and RoE of 16.0-16.6% in FY26-FY28E. Also, Board approved the re-appointment of Mr. Bakhshi (MD & CEO) until Oct'28, subject to approvals. We have revised SOTP-based TP to Rs 1,784 (earlier Rs 1,736) and roll over valuation to 2.8x Dec'27E ABV (3Y avg. - 2.8x).

Key changes

	Target	Rating
	▲	◀ ▶

Ticker/Price	ICICIBC IN/Rs 1,411
Market cap	US\$ 111.1bn
Free float	100%
3M ADV	US\$ 170.4mn
52wk high/low	Rs 1,500/Rs 1,186
Promoter/FPI/DII	0%/44%/47%

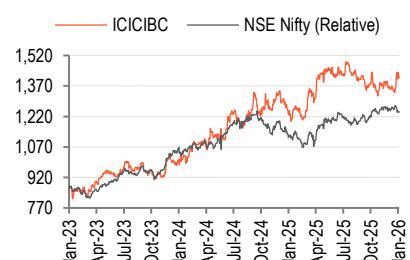
Source: NSE | Price as of 16 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	8,11,644	8,81,264	10,36,550
NII growth (%)	9.2	8.6	17.6
Adj. net profit (Rs mn)	4,72,270	4,99,843	5,84,855
EPS (Rs)	66.8	70.0	81.8
Consensus EPS (Rs)	66.8	71.5	80.5
P/E (x)	21.1	20.1	17.3
P/BV (x)	3.4	3.0	2.6
ROA (%)	2.4	2.2	2.3
ROE (%)	17.8	16.0	16.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

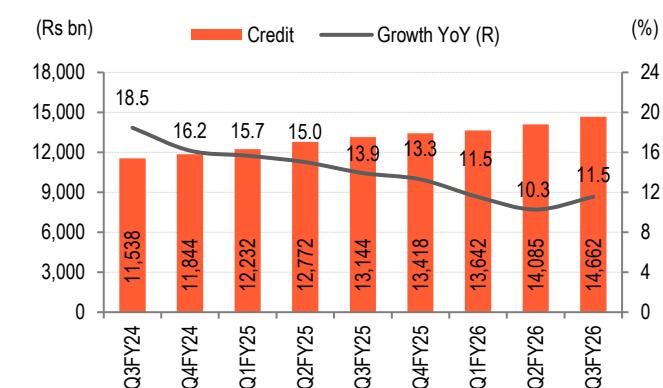
(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Income Statement							
Interest Income	3,20,484	3,28,213	3,25,429	3,21,837	3,25,201	1.5	1.0
Income on investments	83,021	82,102	87,128	84,595	82,169	(1.0)	(2.9)
Int. on bal. with RBI & inter-bank funds & Others	9,493	13,993	16,912	11,147	12,289	29.5	10.2
Interest income	4,12,998	4,24,308	4,29,469	4,17,580	4,19,658	1.6	0.5
Interest expense	2,09,292	2,12,379	2,13,125	2,02,285	2,00,336	(4.3)	(1.0)
Net interest income	2,03,706	2,11,929	2,16,345	2,15,295	2,19,322	7.7	1.9
Growth YoY (%)	9.1	11.0	10.6	7.4	7.7		
Non-interest income	70,681	72,601	85,049	75,755	73,682	4.2	(2.7)
Growth YoY (%)	15.9	28.5	21.5	5.6	4.2		
Total income	2,74,387	2,84,530	3,01,394	2,91,050	2,93,004	6.8	0.7
Growth YoY (%)	10.7	15.0	13.5	6.9	6.8		
Staff expenses	39,291	41,052	47,431	43,418	44,218	12.5	1.8
Other operating expenses	66,231	66,836	66,504	74,652	75,226	13.6	0.8
Operating expenses	1,05,521	1,07,888	1,13,935	1,18,070	1,19,444	13.2	1.2
Pre-Provisioning Profit (PPoP)	1,68,866	1,76,643	1,87,458	1,72,980	1,73,560	2.8	0.3
Growth YoY (%)	14.7	17.5	17.0	3.4	2.8		
Provisions	12,267	8,907	18,146	9,141	25,556	108.3	179.6
Growth YoY (%)	16.9	24.0	36.2	(25.9)	108.3		
PBT	1,56,599	1,67,736	1,69,313	1,63,839	1,48,004	(5.5)	(9.7)
Tax	38,675	41,440	41,631	40,250	34,825	(10.0)	(13.5)
PAT	1,17,924	1,26,296	1,27,682	1,23,589	1,13,179	(4.0)	(8.4)
Growth YoY (%)	14.8	18.0	15.5	5.2	(4.0)		
Per Share							
FV (Rs)	2.0	2.0	2.0	2.0	2.0		
EPS (Rs)	16.7	17.9	17.9	17.3	15.8	(5.3)	(8.5)
Book Value (Rs)	385	410	429	436	452	17.4	3.7

Source: Company, BOBCAPS Research

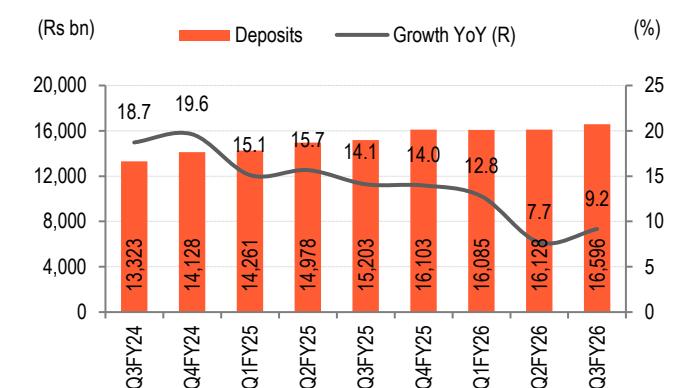
Fig 2 – Quarterly snapshot: Balance sheet & other metrics

(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Deposits	1,52,03,088	1,61,03,480	1,60,85,173	1,61,28,249	1,65,96,109	9.2	2.9
Growth YoY (%)	14.1	14.0	12.8	7.7	9.2		
Advances	1,31,43,661	1,34,17,662	1,36,41,571	1,40,84,564	1,46,61,536	11.5	4.1
Growth YoY (%)	13.9	13.3	11.5	10.3	11.5		
Investment	47,19,783	50,47,567	50,77,066	49,95,920	49,46,421	4.8	(1.0)
Equity	27,16,429	29,20,763	30,63,205	31,14,425	32,31,331	19.0	3.8
Assets	2,01,33,431	2,11,82,400	2,12,38,390	2,13,62,705	2,19,05,900	8.8	2.5
Growth YoY (%)	12.9	13.2	12.2	8.1	8.8		
Yield (%)							
Yield on Funds	8.6	8.6	8.4	8.2	8.1	(56bps)	(10bps)
Cost of Funds	5.1	5.0	4.9	4.7	4.6	(54bps)	(11bps)
Spread	3.5	3.5	3.5	3.5	3.5	(2bps)	1bps
Net Interest Margin (Cal)	4.3	4.3	4.3	4.2	4.2	(4bps)	1bps
Ratios (%)							
Other Income / Net Income	25.8	25.5	28.2	26.0	25.1	(61bps)	(88bps)
Cost to Income ratio	38.5	37.9	37.8	40.6	40.8	231bps	20bps
CASA ratio	40.5	41.8	41.2	40.9	40.2	(27bps)	(63bps)
C/D ratio	86.5	83.3	84.8	87.3	88.3	189bps	101bps
Investment to Assets	23.4	23.8	23.9	23.4	22.6	(86bps)	(81bps)
Asset Quality							
GNPA	2,77,453	2,41,662	2,47,327	2,38,497	2,37,579	(14.4)	(0.4)
NNPA	58,978	55,894	59,711	58,270	57,320	(2.8)	(1.6)
Provision	2,18,476	1,85,768	1,87,616	1,80,227	1,80,259	(17.5)	0.0
GNPA (%)	2.0	1.7	1.7	1.6	1.5	(43bps)	(5bps)
NNPA (%)	0.4	0.4	0.4	0.4	0.4	(5bps)	(2bps)
Provision (%)	78.7	76.9	75.9	75.6	75.9	(287bps)	31bps
Others (nos)							
Branches	6,742	6,983	7,066	7,246	7,385	643	139
ATMs	16,277	16,285	13,376	10,610	11,983	(4,294)	1,373

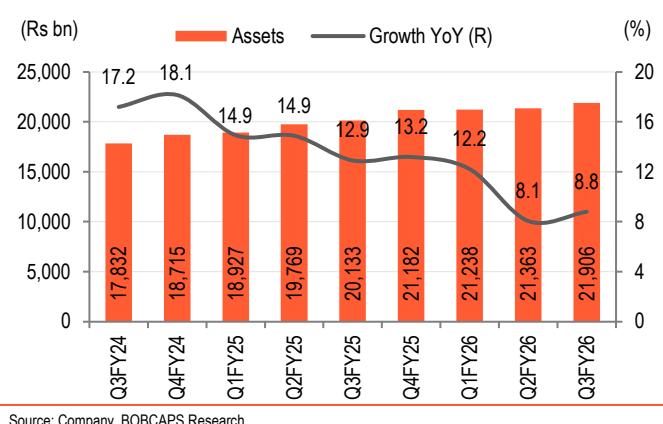
Source: Company, BOBCAPS Research

Fig 3 – Credit growth healthy at 11.5% YoY

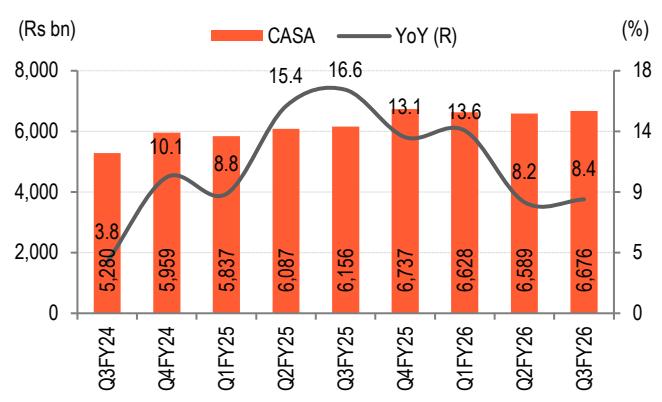
Source: Company, BOBCAPS Research

Fig 4 – Deposit growth improves to 9.2% YoY

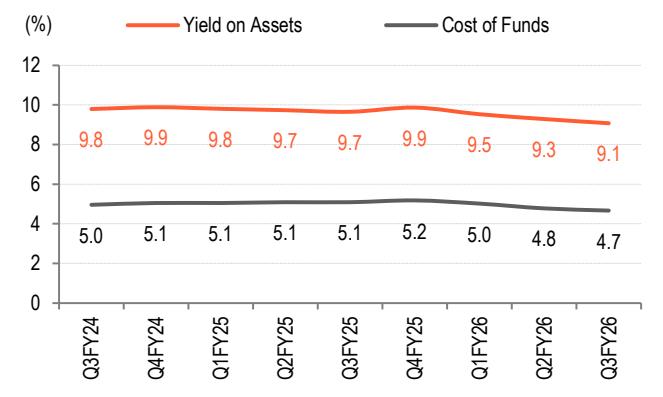
Source: Company, BOBCAPS Research

Fig 5 – Asset growth at 8.8% YoY on higher base

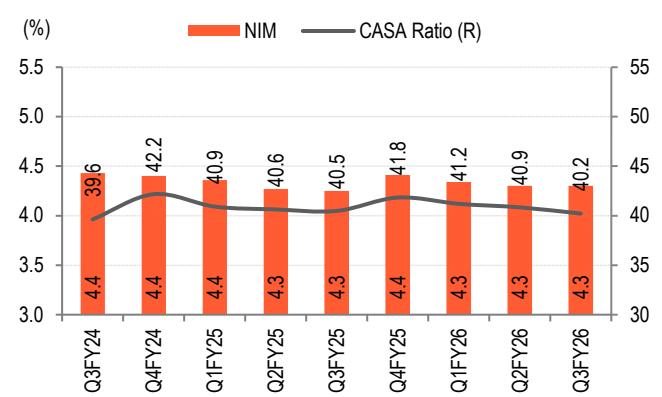
Source: Company, BOBCAPS Research

Fig 6 – CASA deposits grew by 8.4% YoY

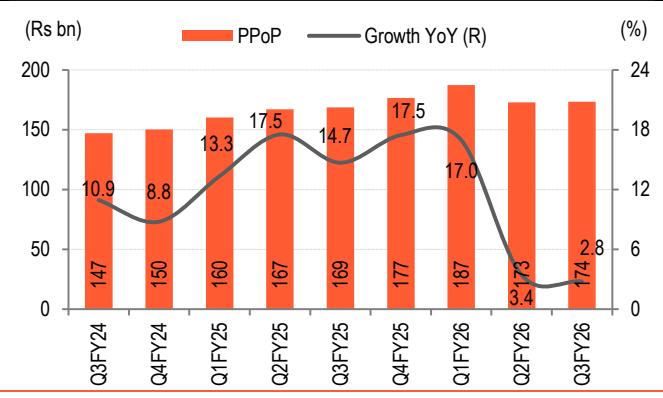
Source: Company, BOBCAPS Research

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

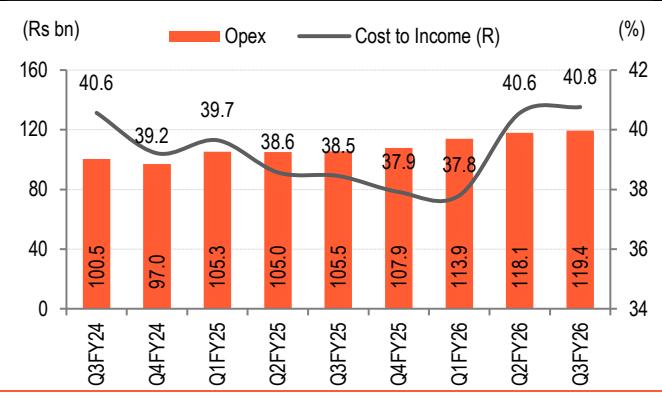
Source: Company, BOBCAPS Research

Fig 8 – ...however, CRR cuts & CoF repricing aided NIMs

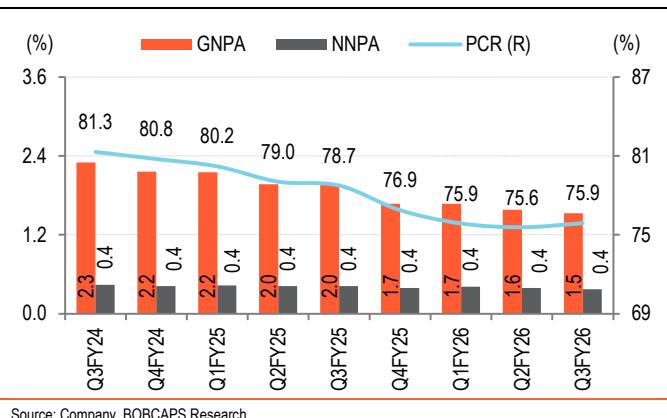
Source: Company, BOBCAPS Research

Fig 9 – PPoP at Rs 174bn; growth slows down

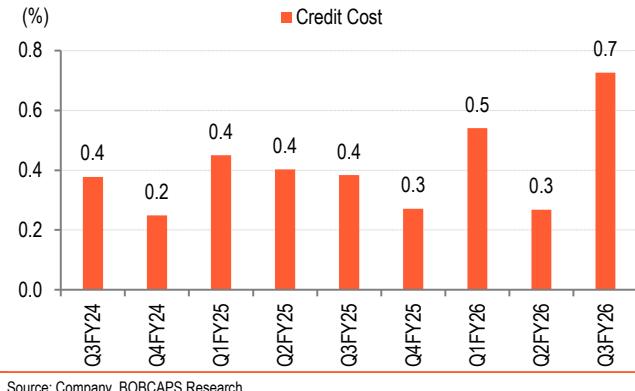
Source: Company, BOBCAPS Research

Fig 10 – Opex increased due to provision made for new labor codes

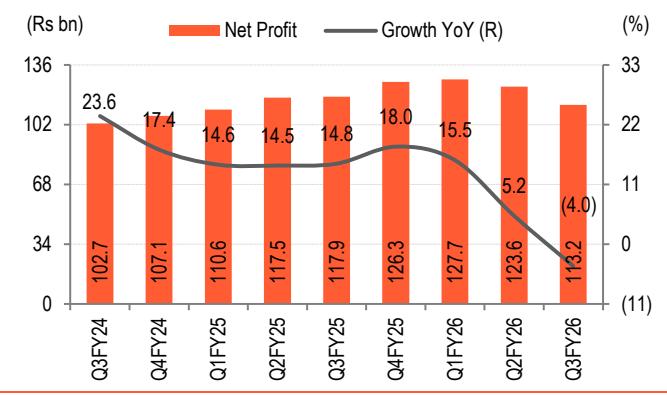
Source: Company, BOBCAPS Research

Fig 11 – Resilient asset quality metrics

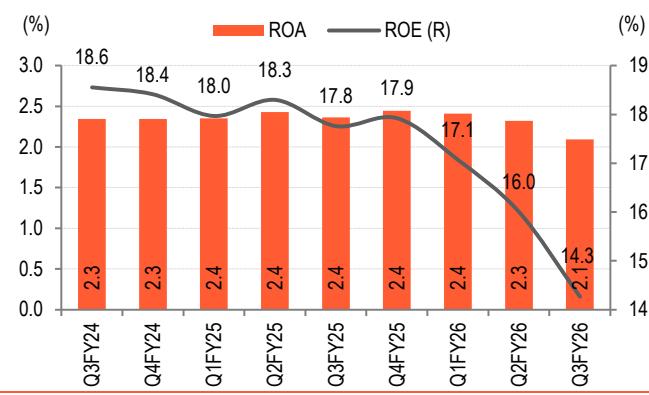
Source: Company, BOBCAPS Research

Fig 12 – Credit cost rose given RBI-mandated Rs 12.83bn additional provision on agri-PSL portfolio

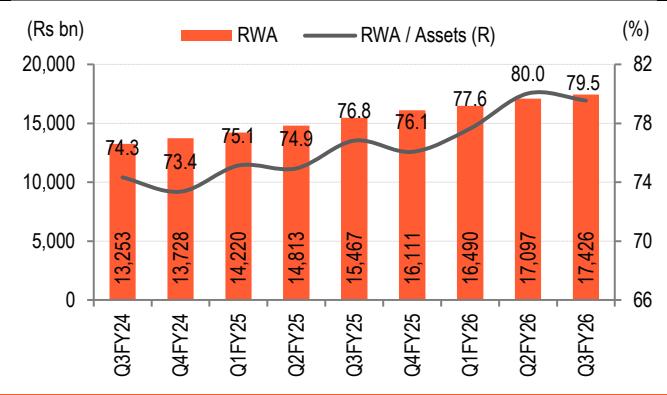
Source: Company, BOBCAPS Research

Fig 13 – PAT lower on account of higher provisions

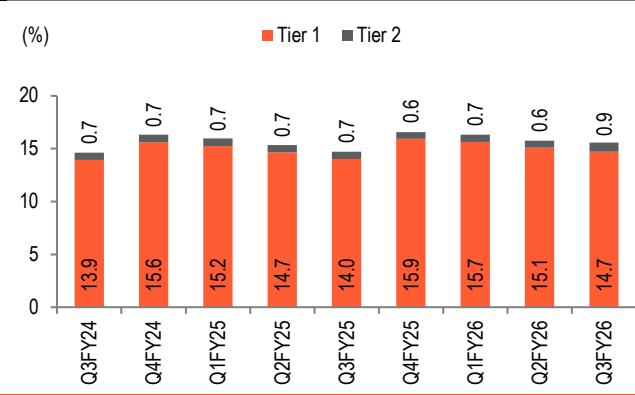
Source: Company, BOBCAPS Research

Fig 14 – ROA remains healthy

Source: Company, BOBCAPS Research

Fig 15 – RWA/ Asset declined marginally

Source: Company, BOBCAPS Research

Fig 16 – CAR remains healthy to fund growth

Source: Company, BOBCAPS Research

Earnings Call Highlights

Operating performance

- NII came in at Rs 219.3bn, up 8% YoY and 2% QoQ, driven by steady loan growth and lower cost of funds. Net interest margin (NIM) stood at 4.30% (flat QoQ).
- Cost of deposits decreased 9bps QoQ to 4.55%, supported by favourable deposit mix and moderation in borrowing costs.
- Operating expenses rose 13.2% YoY and 1.2% QoQ, due to Rs 1.45bn provision for new labor codes. Because of this, cost-to-income ratio increased 20bps QoQ to ~40.8%.
- PPoP (ex-treasury) increased 6% YoY to Rs 175.1bn, supported by stable core income and healthy non-interest income growth.
- Provisions shot up 108% YoY to 25.6bn in Q3FY26, as the bank had to make Rs 12.83bn additional provision on Rs 200-250bn agri-PSL portfolio as loan terms did not fully meet RBI rules. No change in AQ or borrower payments. Excluding this — provisions would have been at Rs 12.73bn vs Rs 12.27bn in Q3FY25. This additional standard asset provision will continue until the loans are repaid or renewed in conformity with the PSL classification guidelines.

Asset quality

- Gross slippages rose to Rs 53.6 bn in Q3FY26 (vs Rs 50.3 bn in Q2FY26), driven by seasonal stress in retail and rural portfolios.
- Recoveries/upgrades at Rs 32.82bn, with Rs 20.46 bn write-offs and Rs 1.20 bn NPA sale in Q3FY26.
- Gross NPA ratio improved to 1.53% (from 1.58% in Q2FY26), while net NPA ratio improved to 0.37% (from 0.39% in Q2FY26).
- PCR continued to be robust around 75.4%, maintaining healthy coverage across portfolios. The bank continues to carry Rs 131bn of contingent provisions, providing additional balance sheet strength.
- Builder portfolio, including construction finance, lease rental discounting, term loans, and working capital, remained stable in Q3FY26, reflecting prudent underwriting and steady asset quality in the commercial real estate segment. About 1.1% of the builder portfolio was either rated BB & below or classified as non-performing.

Loans

- ICICI Bank's loan portfolio showed balanced growth in Q3FY26, with the domestic loan book growing 11.5% YoY and 4% sequentially.
- **Retail loans:** grew 7.2% YoY and 1.9% QoQ, forming around ~51.4% of the total portfolio, with mortgages driving growth.
- **Corporate loans:** grew moderately by 5.6% YoY and 6.5% QoQ; the bank selectively participates in corporate lending with strong franchise ties, despite

intense price competition. Management is comfortable with internal ratings as external benchmark settling boosts pricing confidence.

- **Unsecured portfolio:** Credit card advances declined by 6.7% QoQ in Q3FY26. Management stated that the sequential decline in the credit card was owing to the highest spends towards the previous quarter's end, which resulted in high sequential book growth in that quarter, as also witnessed repayments in the current quarter.

Deposits

- Average deposits grew by 8.7% YoY and 1.8% sequentially as of Dec'25. Total deposits rose by 9.2% YoY and 2.9% sequentially.
- **LDR:** Rise in LDR to ~88% was also due to CRR cut. Management views LDR as a function of the bank's liability structure and capital levels. Given their healthy capital position, management is comfortable at this level and expects marginal moderation in near term.
- **CASA deposits:** CASA deposits rose 8.4% YoY, healthy growth driven by healthy retail savings and TD due to expanded distribution and digital platforms. However, SA growth (-1% QoQ) tempered by lower institutional balances (govt/depts, <15% of avg savings base), down in absolute terms over 2Q.
- **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 126%, ensuring strong liquidity buffers.

NIMs

- NIM stood at 4.30% (flat QoQ), with domestic NIM at 4.38%.
- **Margin Drivers:** NIMs supported by deposit cost down to 4.55% (from 4.64% last quarter) and CRR cut. However, offset by higher seasonal KCC NPA non-accrual, yield on advances down 21bps QoQ to 9.08% (lagged repo/MCLR cuts).
- **Outlook:** NIM is expected to remain range bound from its current level of 4.30% in the near term.

Others

- The tenure of Mr. Sandeep Bakhshi (Managing Director & CEO) was till October 3, 2026. Board approved the re-appointment of Mr. Sandeep Bakhshi for a further 2Y period with effect from October 4, 2026 to October 3, 2028, subject to the approval of RBI, shareholders, and other such approvals as may be required.

Fig 17 – Loan book trend

(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Corporate	28,06,800	27,96,510	27,57,320	27,84,440	29,64,520	5.6	6.5
SME + Business Banking	24,80,480	26,33,670	27,30,830	29,09,210	30,45,360	22.8	4.7
Retail	70,32,650	71,72,230	72,05,400	73,93,840	75,37,980	7.2	1.9
Rural	7,94,960	7,83,400	7,71,510	7,77,610	8,33,890	4.9	7.2
Domestic Loans	1,28,27,780	1,31,09,810	1,33,11,960	1,37,52,600	1,43,08,950	11.5	4.0
Overseas Loans	3,15,880	3,07,850	3,29,610	3,31,960	3,52,590	11.6	6.2
Total Loans	1,31,43,660	1,34,17,660	1,36,41,570	1,40,84,560	1,46,61,540	11.5	4.1

Source: Company, BOBCAPS Research

Fig 18 – Loan book distribution

(%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Corporate	21.4	20.8	20.2	19.8	20.2	(114bps)	45bps
SME + Business Banking	18.9	19.6	20.0	20.7	20.8	190bps	12bps
Retail	53.5	53.5	52.8	52.5	51.4	(209bps)	(108bps)
Rural	6.0	5.8	5.7	5.5	5.7	(36bps)	17bps
Domestic Loans	97.6	97.7	97.6	97.6	97.6	(0bps)	(5bps)
Overseas Loans	2.4	2.3	2.4	2.4	2.4	0bps	5bps
Total Loans	100.0	100.0	100.0	100.0	100.0		

Source: Company, BOBCAPS Research

Fig 19 – Retail book trend

(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Mortgage	42,77,450	43,95,840	44,78,850	46,06,140	47,52,560	11.1	3.2
Auto Finance	6,17,080	6,19,440	6,15,310	6,15,550	6,21,300	0.7	0.9
Commercial Vehicle & Equipment	3,26,930	3,36,320	3,40,180	3,41,960	3,52,790	7.9	3.2
Two wheelers	12,240	9,670	7,240	5,150	-		
Personal Loans	12,08,630	12,15,550	12,00,100	12,16,550	12,37,550	2.4	1.7
Credit Cards	5,68,470	5,73,410	5,42,550	5,88,000	5,48,560	(3.5)	(6.7)
Others	21,850	22,000	21,170	20,490	21,670	(0.8)	5.8
Total Retail Loans	70,32,650	71,72,230	72,05,400	73,93,840	75,34,430	7.1	1.9

Source: Company, BOBCAPS Research

Fig 20 – Retail loan book distribution

(%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Mortgage	32.5	32.8	32.8	32.7	32.4	(13bps)	(29bps)
Auto Finance	4.7	4.6	4.5	4.4	4.2	(46bps)	(13bps)
Commercial Vehicle & Equipment	2.5	2.5	2.5	2.4	2.4	(8bps)	(2bps)
Two wheelers	0.1	0.1	0.1	0.0	-	(9bps)	(4bps)
Personal Loans	9.2	9.1	8.8	8.6	8.4	(75bps)	(20bps)
Credit Cards	4.3	4.3	4.0	4.2	3.7	(58bps)	(43bps)
Others	0.2	0.2	0.2	0.1	0.1	(2bps)	0bps
Total Retail Loans	53.5	53.5	52.8	52.5	51.4	(212bps)	(111bps)

Source: Company, BOBCAPS Research

Fig 21 – Trend in deposits

(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
CA Deposits	19,04,380	23,29,570	21,69,710	20,67,470	21,79,870	14.5	5.4
SA Deposits	42,51,480	44,07,720	44,58,420	45,21,240	44,96,030	5.8	(0.6)
CASA Deposits	61,55,860	67,37,290	66,28,130	65,88,710	66,75,900	8.4	1.3
Term Deposits	90,47,228	93,66,190	94,57,043	95,39,539	99,20,209	9.6	4.0
Total Deposits	1,52,03,088	1,61,03,480	1,60,85,173	1,61,28,249	1,65,96,109	9.2	2.9

Source: Company, BOBCAPS Research

Fig 22 – Deposit distribution

(%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
CA Deposits	12.5	14.5	13.5	12.8	13.1	61bps	32bps
SA Deposits	28.0	27.4	27.7	28.0	27.1	(87bps)	(94bps)
CASA Deposits	40.5	41.8	41.2	40.9	40.2	(27bps)	(63bps)
Term Deposits	59.5	58.2	58.8	59.1	59.8	27bps	63bps
Total Deposits	100.0	100.0	100.0	100.0	100.0		

Source: Company, BOBCAPS Research

Valuation Methodology

Maintain BUY: ICICIBC is well on track for a robust performance, driven by healthy credit growth, resilient AQ and a sustainable business model. RoA is likely be ~2.3% and RoE of 16.0-16.6% in FY26-FY28E. Also, Board approved re-appointment of Mr. Bakhshi (MD & CEO) until Oct'28, subject to various approvals. Given ICICIBC's healthy performance, we have revised SOTP-based TP to Rs 1,784 (earlier Rs 1,736) and roll over valuation to 2.8x Dec'27E ABV (3Y average P/ABV of 2.8x).

Fig 23 – Actuals vs BOBCAP estimates

(Rs mn)	Q3FY26A	Q3FY26E	Actual vs. Estimates
Loan	1,46,61,536	1,48,26,049	(1.1)
Deposits	1,65,96,109	1,69,36,239	(2.0)
Assets	2,19,05,900	2,23,79,857	(2.1)
NII	2,19,322	2,21,943	(1.2)
PPOP	1,73,560	1,80,106	(3.6)
Provision	25,556	15,539	64.5
PAT	1,13,179	1,24,083	(8.8)

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	1,52,29,046	1,75,13,403	2,01,75,440	1,52,96,134	1,75,90,554	2,02,64,319	(0.4)	(0.4)	(0.4)
Deposits	1,80,35,898	2,07,05,211	2,38,10,992	1,81,96,933	2,08,90,079	2,40,23,590	(0.9)	(0.9)	(0.9)
Assets	2,34,41,909	2,68,89,725	3,09,35,757	2,41,49,908	2,77,54,034	3,19,35,696	(2.9)	(3.1)	(3.1)
NII	8,81,264	10,36,550	12,19,621	8,94,640	10,56,454	12,35,589	(1.5)	(1.9)	(1.3)
PPOP	7,25,765	8,52,615	9,95,207	7,37,993	8,65,094	10,06,343	(1.7)	(1.4)	(1.1)
Provision	62,843	76,945	94,222	58,863	82,217	96,530	6.8	(6.4)	(2.4)
PAT	4,99,843	5,84,855	6,79,342	5,16,139	5,94,987	6,91,458	(3.2)	(1.7)	(1.8)
ABV (Rs)	460.2	526.0	603.3	461.0	528.4	605.9	(0.2)	(0.5)	(0.4)

Source: Company, BOBCAPS Research

Fig 25 – Key operational assumptions

(%)	FY25	FY26E	FY27E	FY28E
Advances	13.3	13.5	15.0	15.2
Net Interest Income	9.2	8.6	17.6	17.7
PPOP	15.8	7.8	17.5	16.7
PAT	15.5	5.8	17.0	16.2
NIM	4.3	4.2	4.4	4.5
GNPA	1.7	1.5	1.5	1.4
CAR	16.6	17.2	17.4	17.6

Source: Company, BOBCAPS Research

Fig 26 – Valuation summary

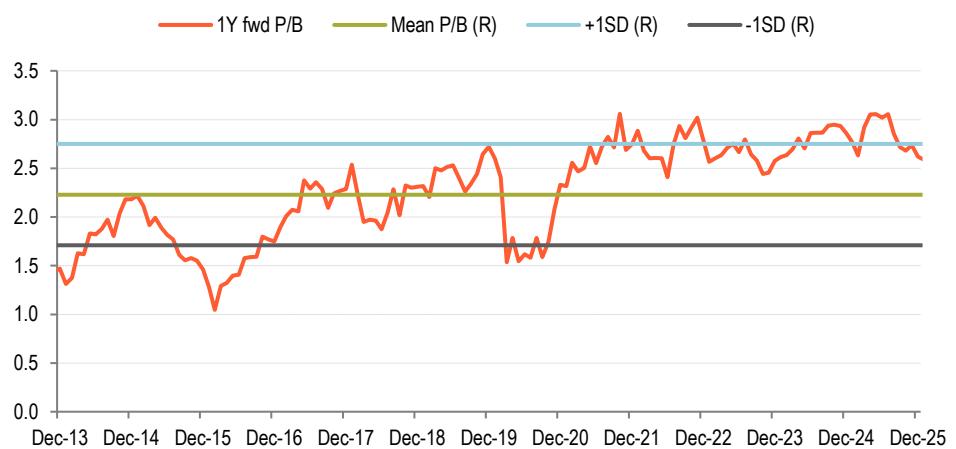
Business	Valuation	Holdings (%)	Value (Rs/Sh)
ICICI Bank	2.8x Dec'27E ABV	100	1,515
ICICI Prudential Life	Market cap	51	60
ICICI Lombard General	Market cap	51	57
ICICI Securities	15x FY27E PAT	100	37
ICICI Prudential AMC	14.7% of AUM	53	100
ICICI Home Finance	1.5x FY27E P/B	100	8
ICICI Bank CANADA & UK		100	8
Total			1,784

Source: Company, BOBCAPS Research

Fig 27 – Key valuation assumptions

Gordon growth model	(%)
Return on Equity (RoE)	15.9
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	8,81,264	10,36,550	12,19,621
NII growth (%)	19.6	9.2	8.6	17.6	17.7
Non-interest income	2,29,578	2,85,067	3,14,601	3,59,871	4,04,778
Total income	9,72,635	10,96,711	11,95,866	13,96,422	16,24,399
Operating expenses	3,91,327	4,23,723	4,70,100	5,43,807	6,29,193
PPOP	5,81,308	6,72,988	7,25,765	8,52,615	9,95,207
PPOP growth (%)	18.4	15.8	7.8	17.5	16.7
Provisions	36,429	46,826	62,843	76,945	94,222
PBT	5,44,878	6,26,162	6,62,922	7,75,670	9,00,985
Tax	1,35,996	1,53,892	1,63,079	1,90,815	2,21,642
Reported net profit	4,08,883	4,72,270	4,99,843	5,84,855	6,79,342
Adjustments	0	0	0	0	0
Adjusted net profit	4,08,883	4,72,270	4,99,843	5,84,855	6,79,342

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	14,047	14,246	14,304	14,304	14,304
Reserves & surplus	23,69,946	29,06,517	33,24,177	38,07,268	43,67,046
Net worth	23,83,993	29,20,763	33,38,481	38,21,571	43,81,349
Deposits	1,41,28,250	1,61,03,480	1,80,35,898	2,07,05,211	2,38,10,992
Borrowings	12,49,676	12,35,383	12,84,798	13,55,462	14,57,121
Other liab. & provisions	9,53,227	9,22,774	7,82,732	10,07,481	12,86,294
Total liab. & equities	1,87,15,146	2,11,82,400	2,34,41,909	2,68,89,725	3,09,35,757
Cash & bank balance	13,99,260	18,55,620	15,36,272	18,59,573	21,36,778
Investments	46,19,423	50,47,567	57,18,891	64,55,493	73,83,291
Advances	1,18,44,064	1,34,17,662	1,52,29,046	1,75,13,403	2,01,75,440
Fixed & Other assets	8,52,399	8,61,551	9,57,700	10,61,255	12,40,249
Total assets	1,87,15,146	2,11,82,400	2,34,41,909	2,68,89,725	3,09,35,757
Deposit growth (%)	19.6	14.0	12.0	14.8	15.0
Advances growth (%)	16.2	13.3	13.5	15.0	15.2

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	58.4	66.8	70.0	81.8	95.0
Dividend per share	10.0	11.0	12.1	14.2	16.7
Book value per share	339.4	410.0	466.8	534.4	612.6

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	24.2	21.1	20.1	17.3	14.9
P/BV	4.2	3.4	3.0	2.6	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	4.2
Non-interest income	1.3	1.4	1.4	1.4	1.4
Operating expenses	2.3	2.1	2.1	2.2	2.2
Pre-provisioning profit	3.4	3.4	3.3	3.4	3.4
Provisions	0.2	0.2	0.3	0.3	0.3
PBT	3.2	3.1	3.0	3.1	3.1
Tax	0.8	0.8	0.7	0.8	0.8
ROA	2.4	2.4	2.2	2.3	2.3
Leverage (x)	7.9	7.5	7.1	7.0	7.0
ROE	18.6	17.8	16.0	16.3	16.6

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Net interest income	19.6	9.2	8.6	17.6	17.7
Pre-provisioning profit	18.4	15.8	7.8	17.5	16.7
EPS	27.5	14.4	4.9	16.8	16.2
Profitability & Return ratios (%)					
Net interest margin	4.5	4.3	4.2	4.4	4.5
Fees / Avg. assets	0.2	0.2	0.2	0.3	0.3
Cost-Income	40.2	38.6	39.3	38.9	38.7
ROE	18.6	17.8	16.0	16.3	16.6
ROA	2.4	2.4	2.2	2.3	2.3
Asset quality (%)					
GNPA	2.3	1.7	1.5	1.5	1.4
NNPA	0.5	0.4	0.4	0.3	0.3
Slippage ratio	1.9	1.7	1.7	1.9	1.8
Credit cost	0.3	0.4	0.4	0.5	0.5
Provision coverage	80.3	76.3	76.5	76.9	77.3
Ratios (%)					
Credit-Deposit	83.8	83.3	84.4	84.6	84.7
Investment-Deposit	32.7	31.3	31.7	31.2	31.0
CAR	16.3	16.6	17.2	17.4	17.6
Tier-1	15.6	15.9	16.6	16.9	17.1

Source: Company, BOBCAPS Research

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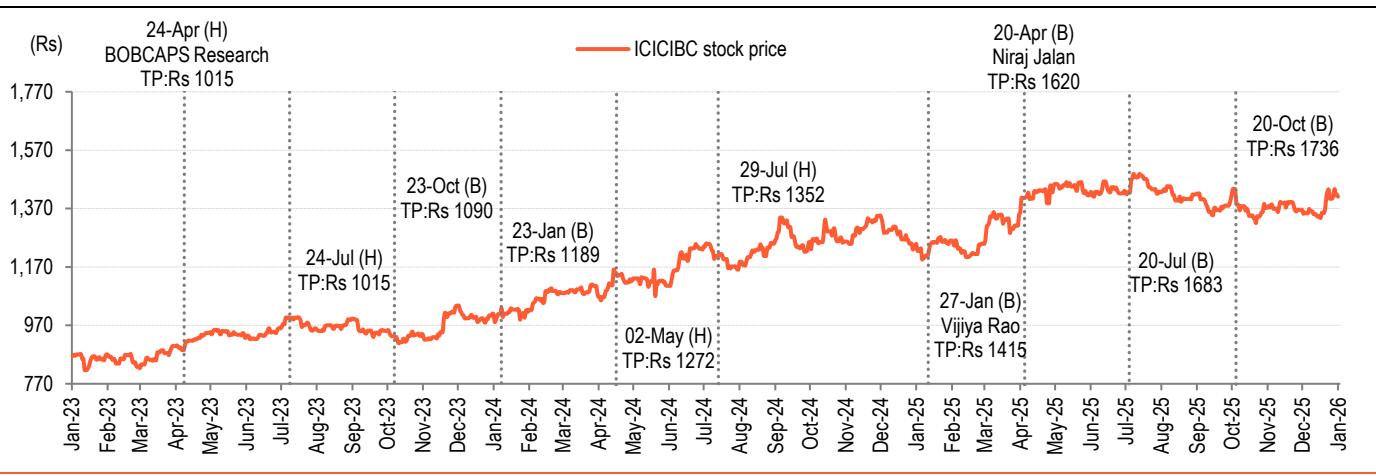
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