

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	ICICIBC IN
Equity Shares (m)	7136
M.Cap.(INRb)/(USDb)	10175.1 / 118.1
52-Week Range (INR)	1472 / 1153
1, 6, 12 Rel. Per (%)	0/9/13
12M Avg Val (INR M)	16056

#### Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	812	886	1,041
OP	673	757	889
NP	472	517	601
NIM (%)	4.5	4.3	4.4
EPS (INR)	66.8	72.6	84.4
EPS Gr (%)	14.4	8.7	16.3
ABV/Sh (INR)	387	431	505
Cons. BV/Sh (INR)	427	506	598

#### Ratios

RoA (%)	2.4	2.3	2.3
RoE (%)	18.0	17.0	17.3

#### Valuations

P/BV (x) (Cons)	3.3	2.8	2.4
P/ABV (x)*	3.0	2.7	2.3
P/E (x)	21.4	19.7	16.9
Adj P/E (x)*	17.2	15.8	13.6

\*Adjusted for investment in subsidiaries

#### Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	0.0	0.0	0.0
DII	36.7	36.8	36.7
FII	55.9	55.8	55.6
Others	7.4	7.4	7.7

FII includes depository receipts

**CMP: INR1,426      TP: INR1,670 (+17%)**

**Buy**

#### Braving the headwinds!

##### Margins showed significant resilience; asset quality remains stable

- ICICI Bank's results epitomize the saying, "When the going gets tough, the tough get going." Over the past few years, irrespective of the sectoral challenges such as unsecured asset quality issues, systemic growth moderation, liability accretion or NIM headwinds, the bank has been able to deliver a stellar performance, beating Street expectations. During 1QFY26, the controlled NIM decline of 7bp (half of our estimate) was another solid beat in that series, compared to a double-digit contraction reported by many peers.
- The bank continues to focus on superior risk-adjusted returns, underpinned by prudent underwriting and strong credit discipline. 1Q PAT grew 15.5% YoY to INR127.6b (6% beat), aided by resilient margins, controlled opex and healthy treasury gains.
- NII rose 11% YoY/2% QoQ to INR216.3b (3% beat). NIM contracted by a marginal 7bp QoQ to 4.34%. Treasury gains stood at INR12.4b vs. INR2.4b in 4QFY25.
- Advances grew 11.5% YoY/1.7% QoQ, led by continued thrust in Business Banking (BB). Deposits were flat QoQ (up 12.8% YoY), while CASA mix stood at 41.2%. Average CASA ratio improved 30bp QoQ to 38.7%.
- Fresh slippages stood at INR62.5b (INR59.2b in 1QFY25, KCC slippages of INR7.67b this quarter). GNPA ratio was flat at 1.67%, while NNPA ratio inched up 2bp QoQ to 0.41%.
- We maintain our earnings estimates and expect FY27E RoA/RoE at 2.3%/17.3%. **ICICIBC remains our preferred BUY in the sector with a revised TP of INR1,670 (2.7x FY27E ABV).**

#### BB portfolio mix increases to 20% vs. 16% two years ago

- 1Q PAT grew 15.5% YoY/1.1% QoQ to INR127.7b (6% beat), aided by better NIMs, healthy other income and controlled opex.
- NII grew 11% YoY/2% QoQ to INR216.3b (3% beat). NIMs contracted marginally by 7bp QoQ to 4.34% (adjusted for a change in the NIM calculation methodology to 'no. of months' from 'no. of days' in 4Q, decline was limited at 4-6bp). Other income grew by a healthy 17% QoQ to INR85b (5% beat), led by strong treasury gains and healthy fee income.
- Opex rose 8.2% YoY/5.6% QoQ to INR113.9b (in line). C/I ratio thus declined to 37.8% (down 12bp QoQ). PPoP grew 17% YoY to INR187.5b (6% beat).
- On the business front, advances grew by 11.5% YoY/1.7% QoQ, led by faster growth in the BB segment at 29.7% YoY/3.7% QoQ, which now accounts for 20% of the book.
- Deposits stood flat QoQ (up 12.8% YoY). CASA ratio declined 63bp QoQ to 41.2%; however, average CASA mix improved 30bp QoQ to 38.7%.

- Fresh slippages came in at INR62.5b (INR59.2b in 1QFY25, KCC slippages of INR7.67b this quarter). GNPA ratio was flat at 1.67%, while NNPA ratio inched up 2bp QoQ to 0.41%. PCR declined by 101bp QoQ to 75.9%, while the contingency buffer was unchanged at INR131b (1.0% of loans).

### Highlights from the management commentary

- NIMs are expected to remain under pressure in 2Q due to cumulative repo rate cuts by the RBI. Margins in 3Q/4Q should show less volatility due to the revised methodology for NIM reporting (from number of days to number of months).
- NIM impact in 4QFY25 and 1QFY26 would have been only 4-6bp QoQ on a like-to-like basis.
- In PL and CC, the bank is confident about the quality of new originations and expects a pick-up in volumes. CC growth is expected to accelerate in the coming quarters.
- Wholesale deposit rates were higher than retail TD rates, and the bank's decision to reduce its wholesale deposit book contributed to a decline in CoF.

### Valuation and view

ICICIBC reported another strong performance in the challenging environment, driven by healthy NIMs, other income, contained opex and in-line provisions. The continued improvement in asset mix limited NIM compression, though the bank indicated further pressure on margins in 2Q as repricing happens fully. The bank's investment in technology has resulted in consistent productivity gains and steady improvement in cost ratios. Asset quality remains under control, while the bank continues to carry a contingency provisioning buffer of INR131b (1.0% of loans). We maintain our earnings estimates and expect FY27E RoA/RoE of 2.3%/17.3%. **ICICIBC remains our preferred BUY in the sector with a revised TP of INR1,670 (2.7x FY27E ABV).**

#### Quarterly performance (INR b)

	FY25				FY26E				FY25	FY26E	FY26	v/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	Est	
<b>Net Interest Income</b>	<b>195.5</b>	<b>200.5</b>	<b>203.7</b>	<b>211.9</b>	<b>216.3</b>	<b>209.2</b>	<b>222.5</b>	<b>238.3</b>	<b>811.6</b>	<b>886.3</b>	<b>209.2</b>	<b>3%</b>
% Change (YoY)	7.3	9.5	9.1	11.0	10.6	4.3	9.2	12.5	9.2	9.2	7.0	
Other Income	70.0	71.8	70.7	72.6	85.0	81.7	83.8	85.8	285.1	336.4	80.8	5%
<b>Total Income</b>	<b>265.5</b>	<b>272.2</b>	<b>274.4</b>	<b>284.5</b>	<b>301.4</b>	<b>290.9</b>	<b>306.2</b>	<b>324.2</b>	<b>1,096.7</b>	<b>1,222.7</b>	<b>290.0</b>	<b>4%</b>
Operating Expenses	105.3	105.0	105.5	107.9	113.9	115.1	116.9	119.9	423.7	465.8	112.7	1%
<b>Operating Profit</b>	<b>160.2</b>	<b>167.2</b>	<b>168.9</b>	<b>176.6</b>	<b>187.5</b>	<b>175.9</b>	<b>189.3</b>	<b>204.3</b>	<b>673.0</b>	<b>756.9</b>	<b>177.3</b>	<b>6%</b>
% Change (YoY)	13.3	17.5	14.7	17.5	17.0	5.2	12.1	15.6	15.8	12.5	10.6	
Provisions	13.3	12.3	12.3	8.9	18.1	16.4	18.8	16.1	46.8	69.6	17.9	2%
<b>Profit before Tax</b>	<b>146.9</b>	<b>154.9</b>	<b>156.6</b>	<b>167.7</b>	<b>169.3</b>	<b>159.4</b>	<b>170.5</b>	<b>188.1</b>	<b>626.2</b>	<b>687.3</b>	<b>159.4</b>	<b>6%</b>
Tax	36.3	37.4	38.7	41.4	41.6	39.4	42.1	47.3	153.9	170.5	39.4	6%
<b>Net Profit</b>	<b>110.6</b>	<b>117.5</b>	<b>117.9</b>	<b>126.3</b>	<b>127.7</b>	<b>120.1</b>	<b>128.4</b>	<b>140.8</b>	<b>472.3</b>	<b>516.9</b>	<b>120.0</b>	<b>6%</b>
% Change (YoY)	14.6	14.5	14.8	18.0	15.5	2.2	8.8	11.5	15.5	9.4	8.5	
<b>Operating Parameters</b>												
Deposit	14,261	14,978	15,203	16,103	16,085	16,838	17,263	18,036	16,103	18,036	15,978	1%
Loan	12,232	12,772	13,144	13,418	13,642	14,287	14,789	15,350	13,418	15,350	13,684	0%
Deposit Growth (%)	15.1	15.7	14.1	14.0	12.8	12.4	13.5	12.0	14.0	12.0	12.0	
Loan Growth (%)	15.7	15.0	13.9	13.3	11.5	11.9	12.5	14.4	13.3	14.4	11.9	
<b>Asset Quality</b>												
Gross NPA (%)	2.2	2.0	2.0	1.7	1.7	1.7	1.7	1.6	1.8	1.6	1.7	
Net NPA (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
PCR (%)	80.2	79.0	78.7	76.9	75.9	76.1	75.7	75.9	76.9	75.9	76.5	

Source: MOFSL estimate, Company

## Quarterly Snapshot

Profit and Loss (INRb)	FY25				FY26	Change (%)	
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Interest Income	390.0	405.4	413.0	424.3	429.5	10.1	1.2
Interest Expenses	194.4	204.9	209.3	212.4	213.1	9.6	0.4
<b>Net Interest Income</b>	<b>195.5</b>	<b>200.5</b>	<b>203.7</b>	<b>211.9</b>	<b>216.3</b>	<b>10.6</b>	<b>2.1</b>
Other Income	70.0	71.8	70.7	72.6	85.0	21.5	17.1
<b>Total Income</b>	<b>265.5</b>	<b>272.2</b>	<b>274.4</b>	<b>284.5</b>	<b>301.4</b>	<b>13.5</b>	<b>5.9</b>
Operating Expenses	105.3	105.0	105.5	107.9	113.9	8.2	5.6
Employee	43.7	41.4	39.3	41.1	47.4	8.5	15.5
Others	61.6	63.7	66.2	66.8	66.5	8.0	-0.5
<b>Operating Profits</b>	<b>160.2</b>	<b>167.2</b>	<b>168.9</b>	<b>176.6</b>	<b>187.5</b>	<b>17.0</b>	<b>6.1</b>
<b>Core PPoP</b>	<b>154.1</b>	<b>160.4</b>	<b>165.2</b>	<b>174.3</b>	<b>175.0</b>	<b>13.6</b>	<b>0.5</b>
Provisions	13.3	12.3	12.3	8.9	18.1	36.2	103.7
<b>PBT</b>	<b>146.9</b>	<b>154.9</b>	<b>156.6</b>	<b>167.7</b>	<b>169.3</b>	<b>15.2</b>	<b>0.9</b>
Taxes	36.3	37.4	38.7	41.4	41.6	14.6	0.5
<b>PAT</b>	<b>110.6</b>	<b>117.5</b>	<b>117.9</b>	<b>126.3</b>	<b>127.7</b>	<b>15.5</b>	<b>1.1</b>
<b>Consol Profit</b>	<b>117</b>	<b>129</b>	<b>129</b>	<b>135</b>	<b>136</b>	<b>15.9</b>	<b>0.4</b>
<b>Balance Sheet (INR b)</b>							
Loans	12,232	12,772	13,144	13,418	13,642	11.5	1.7
Deposits	14,261	14,978	15,203	16,103	16,085	12.8	-0.1
CASA Deposits	5,837	6,087	6,156	6,737	6,628	13.6	-1.6
-Savings	4,076	4,256	4,251	4,408	4,458	9.4	1.2
-Demand	1,760	1,831	1,904	2,330	2,170	23.3	-6.9
<b>Loan Mix (%)</b>						<b>Change (Bp)</b>	
Business banking	17.2	18.2	18.9	19.6	20.0	280	39
Corporate	21.0	21.1	21.4	20.8	20.2	-75	-63
Retail	61.4	60.5	59.6	59.3	58.5	-297	-82
International	2.8	2.7	2.4	2.3	2.4	-41	12
BRDS/IBPC	-2.4	-2.4	-2.2	-2.1	-1.1	133	93
<b>Asset Quality (INR b)</b>							
GNPA	287.2	271.2	277.5	241.7	247.3	-13.9	2.3
NNPA	56.8	56.9	59.0	55.9	59.7	5.0	6.8
Slippages	59.2	50.7	60.9	51.4	62.5	5.6	21.5
<b>Asset Quality Ratios (%)</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>YoY (Bp)</b>	<b>QoQ (BR)</b>
GNPA	2.15	1.97	1.96	1.67	1.67	-48	0
NNPA	0.43	0.42	0.42	0.39	0.41	-2	2
Slippage	2.1	1.7	2.0	1.6	2.0	-3	41
PCR (ex TWO)	80.2	79.0	78.7	76.9	75.9	-435	-101
Credit Cost	0.5	0.4	0.4	0.3	0.6	9	28
<b>Business Ratios (%)</b>							
CASA	40.9	40.6	40.5	41.8	41.2	28	-63
Dom. Loan/Deposit (Rep)	83.3	83.0	84.4	81.4	82.8	-58	135
Loan / Deposit	85.8	85.3	86.5	83.3	84.8	-96	149
Cost to Income	39.7	38.6	38.5	37.9	37.8	-185	-12
Other income/Total Income	26.4	26.4	25.8	25.5	28.2	185	270
Tax Rate	24.7	24.2	24.7	24.7	24.6	-14	-12
<b>Capitalisation Ratios (%)</b>							
Tier-1 (exc profit)	15.2	14.7	14.0	15.9	15.7	41	-29
- CET 1 (exc profit)	15.2	14.7	14.0	15.9	15.7	41	-29
CAR (exc profit)	16.0	15.4	14.7	16.6	16.3	35	-24
RWA / Total Assets	75.1	74.9	76.8	76.1	77.6	251	158
LCR	122.7	120.7	122.5	125.1	0.0	-12,271	-12,506
<b>Profitability Ratios (%)</b>							
Yield on loans	9.8	9.7	9.7	9.9	9.5	-27	-33
Cost of deposits	4.8	4.9	4.9	8.8	4.9	1	-397
Cost of funds	5.1	5.1	5.1	5.2	5.0	-3	-16
Margins	4.36	4.27	4.25	4.41	4.34	-2	-7
<b>Other Details</b>							
Branches	6,587	6,613	6,742	6,983	7,066	479.0	83.0
ATM	17,102	16,120	16,277	16,285	13,376	-3,726.0	-2,909.0



## Highlights from the management commentary

### Opening remarks

- Focus remains on growing PBT through a 360-degree approach.
- In 1Q, average deposits grew 3% QoQ. Average LCR stood at 128%.
- Domestic loans grew 1.5% QoQ. Retail loans grew 6.9% YoY and 0.5% QoQ. BB portfolio grew 29.7% YoY and 3.7% QoQ. Domestic corporate portfolio grew 7.5% YoY and declined 1.4% QoQ.
- Net NPA ratio was 0.41% in 1QFY26. Provisions stood at INR18.15b. PCR was 75.3% as of 1QFY26.
- Including 1Q profits, CET1 ratio was 16.31%.
- Gross slippages stood at INR62.45b (of which INR7.67b was due to the KCC portfolio). KCC faces seasonality in 1Q and 3Q.
- Standard, contingency and other provisions stood at INR226.64b (1.7% of advances).
- In 2Q, NIM would be impacted by repo rate cuts by the RBI.
- Employee expenses increased by 8.5% YoY, due to annual increments and promotions that happen during 1Q.
- Provisions were higher at INR18.15b (last year, they were lower at INR13.3b, included the impact of release of AIF-related provisions of INR3.89b). Provisions were higher amid the seasonality of the KCC impact.

### Advances and deposits

- Growth in better-yielding segments was driven by both demand and pricing factors, particularly amid pricing competition in the BB segment. The bank adopts a relationship-led approach here.
- It maintains a strong risk-reward balance in BB, supported by process discipline and credit underwriting focus.
- Lending to lower-rated segments (BBB and below) is managed in a highly calibrated manner.
- The BB book is expected to grow faster than the broader loan portfolio.
- The bank is gaining market share in CASA deposits. Competitive intensity and rate actions remain largely unchanged across peers. Focus remains on deepening customer wallet share and positioning as the primary banker.
- In PL and CC, the bank is confident about the quality of new originations and expects a pick-up in volumes. CC growth is expected to accelerate in the coming quarters.
- The BB segment, which is now INR2.7t (20% of the book) in size, is under constant monitoring. While asset quality remains stable, some normalization in credit costs is anticipated.

### Margins and yields

- Reported NIMs for 4QFY25 would have been lower without the change in day-count methodology. The 3Q and 4Q margins are expected to be less volatile compared to the prior year.
- The NIM impact in 4QFY25 and 1QFY26 would have been only 4-6bp QoQ on a like-to-like basis.
- Under the earlier method, NIMs typically were impacted later in the year. With the new calculation, this steep movement is expected to be smoother.

- There has been no deposit rate unwinding. The 25bp cut in SA rates in Apr'25 benefitted margins during the quarter. Retail TDs are expected to show further benefits.
- A reduction in high-cost wholesale deposits also led to a decline in CoF. The bank continues to raise wholesale deposits aggressively.
- The CoF decline is expected to continue in 2QFY26, although margin contraction due to repo rate cuts will also be more pronounced.
- The Feb'25 repo cut was largely reflected in NIMs, while Apr'25 cut had a partial impact; the Jun'25 cut was minor, with its effect expected in 2Q.
- Overall CoF declined by 15bp YoY.
- The CRR cut benefits will be visible in 3Q, likely providing some cushion to NIMs.
- Wholesale deposit rates were higher than retail TD rates, and the bank's decision to reduce its wholesale deposit book contributed to a decline in CoF.

### Asset quality

- Currently the credit cost can inch up a bit due to healthy growth in the BB segment, but any kind of major movement is not expected.

### Subsidiaries

- ICICI Pru Life reported VNB of INR4.57b in 1QFY26 vs. INR4.72b in 1QFY25. New business sum assured grew by 36% YoY in 1QFY26.
- ICICI Lombard's gross direct premium income (GDPI) grew to INR77.4b. Market share was at 9.8% as of 1QFY26.
- ICICI Securities grew by 15.4% YoY to INR8.55t. Its market share in MTF was 17% in 1QFY26.

### Guidance

- NIMs are expected to come under further pressure in 2Q due to cumulative repo rate cuts by the RBI.
- Margins in 3Q and 4Q should show less volatility due to the revised methodology for NIM reporting.
- In PL and CC, the bank is confident about the quality of new originations and expects a pick-up in volumes. CC growth is expected to accelerate in the coming quarters.
- The CRR cut benefits will be visible in 3Q, likely providing some cushion to NIMs.
- The decline in CoF is expected to continue in 2QFY26, although margin compression due to repo rate cuts will also be more pronounced.

NIMs declined 7bp QoQ to 4.34%

Domestic loan growth stood at ~12% YoY. BB portfolio grew 3.7% QoQ

### **Deposits up 13% YoY, NIM declines 7bp QoQ to 4.34%**

- Deposits grew 13% YoY (flat QoQ) to INR16.1t, with CASA down by 1.6% QoQ (up 13.6% YoY) and TDs up 1% QoQ at INR9.4t. CA deposits declined 6.9% QoQ (up 23.3% YoY), while SA deposits grew 9.4% YoY/1.2% QoQ. As a result, CASA mix declined to 41.2%, while average CASA mix improved to 38.7%.
- NIMs declined marginally by 7bp QoQ to 4.34%. The yield on advances declined by 33bp QoQ to 9.53%, while cost of funds too decreased by 16bp QoQ to 5.02%. The bank's overseas NIMs declined to 0.95% (down 6p QoQ).

### **Loan growth at 11.5% YoY (~1.7% QoQ); BB loans up 29.7% YoY**

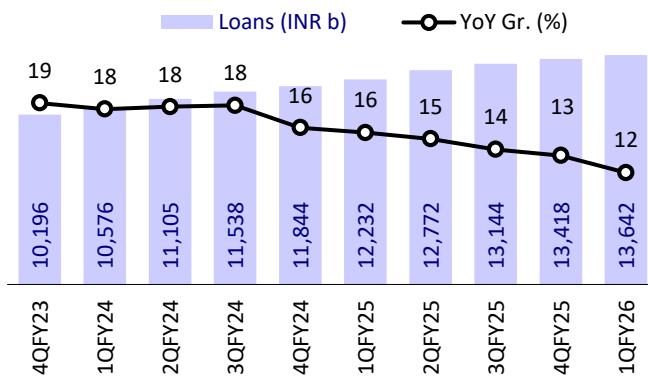
- The loan book grew 11.5% YoY/1.7% QoQ, led by healthy growth in BB at 3.7% QoQ (up 29.7% YoY), while retail and rural grew by 6.1% YoY (flat QoQ).
- Within retail, housing grew 1.9% QoQ. Credit cards declined by 5.4% QoQ, while PL declined by 1.3% QoQ. Thus, the unsecured mix declined to ~12.8% of total loans (vs. 13.3%). Corporate book declined by 1.4% QoQ.
- Domestic net advances grew 11.5% YoY/1.7% QoQ. Retail & Rural loans grew 6.1% YoY, while the BB portfolio saw healthy growth of 29.7% YoY/3.7% QoQ.

### **Asset quality remains steady with GNPA ratio flat; PCR declined to 75.9%**

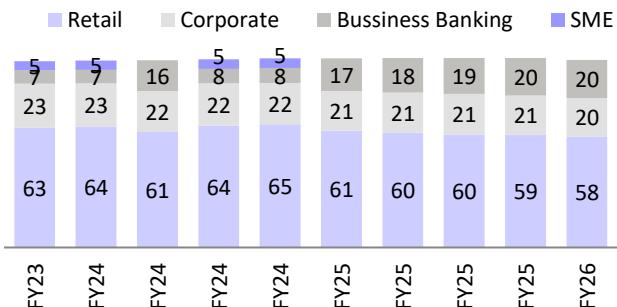
- Fresh slippages increased by 21.5% QoQ to INR62.5b. GNPA ratio was flat QoQ at 1.7%, while NNPA ratio increased by 2bp QoQ to 0.41%. PCR declined to 75.9%.

## Story in charts

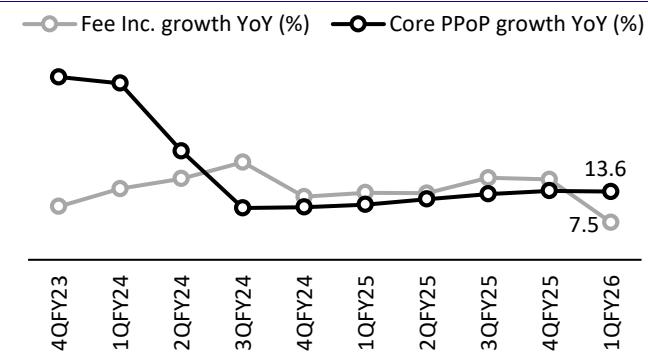
### Exhibit 1: Overall loan book grew 11.5% YoY (~1.7% QoQ)



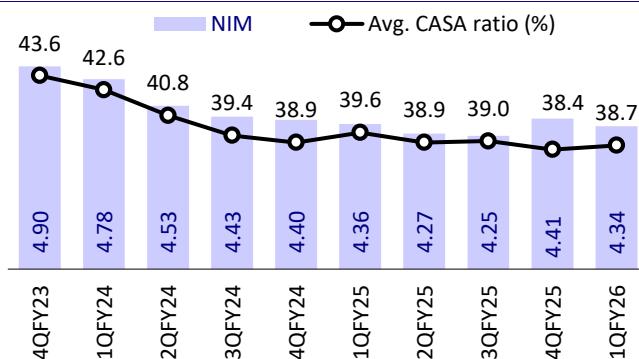
### Exhibit 2: Retail loans at 58% of total loans; BB rose to 20%



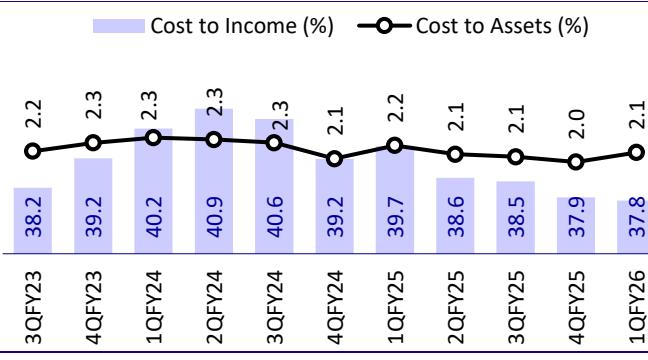
### Exhibit 3: Fee income up 7.5% YoY; Core PPoP up 13.6% YoY



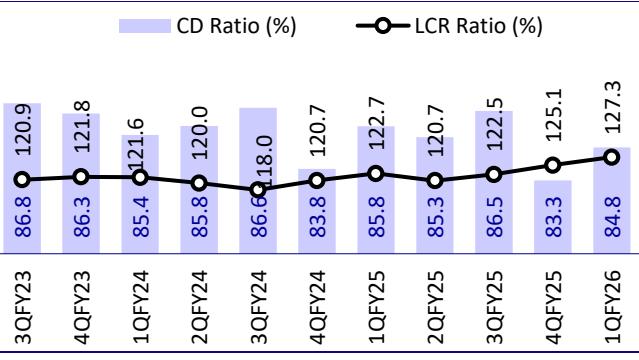
### Exhibit 4: NIM down 7bp at 4.34%; Avg CASA ratio at 38.7%



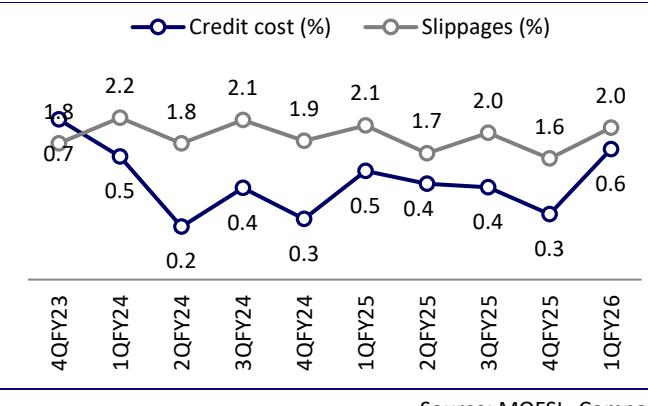
### Exhibit 5: C/I ratio was well under control at 37.8%



### Exhibit 6: Decline in deposits led to increase in CD ratio to 84.8%; LCR rose to 127.3% from 125.1% in 4QFY25

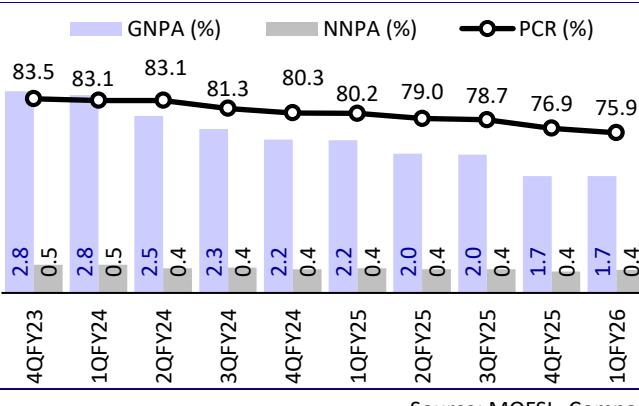


### Exhibit 7: Credit costs increased to 60bp



Source: MOFSL, Company

### Exhibit 8: GNPA ratio stood at 1.67%; NNPA at 0.41%



Source: MOFSL, Company

## Subsidiaries' performance and consolidated earnings snapshot

Exhibit 9: IPRU Life: AUM grew 4.9% QoQ to INR3.2t

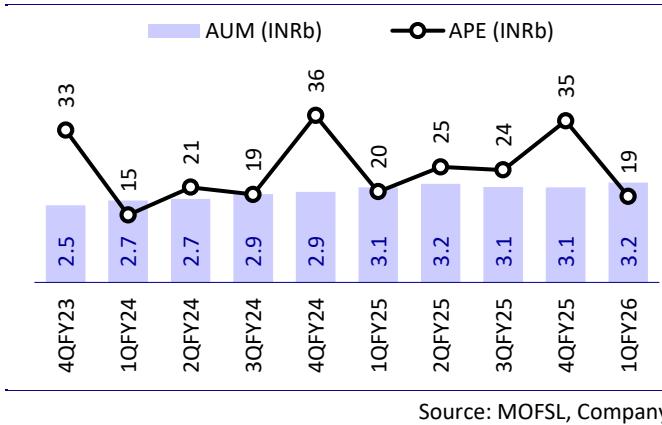


Exhibit 10: IPRU Life: 1Q PAT grew 34% YoY to INR3b

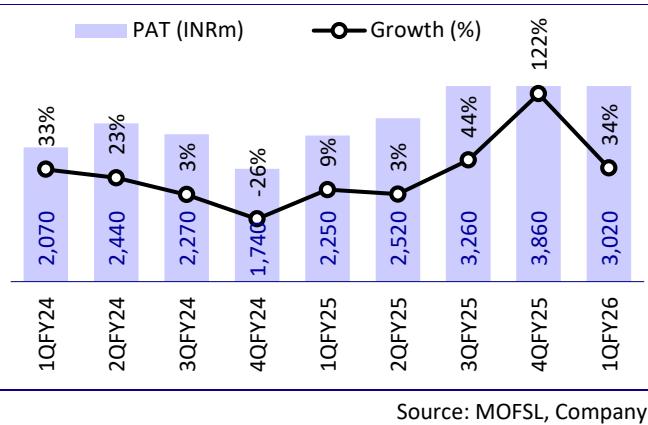


Exhibit 11: ICICI Lombard – PAT grew 30% YoY (up 46% YoY) to INR7.5b in 1QFY26

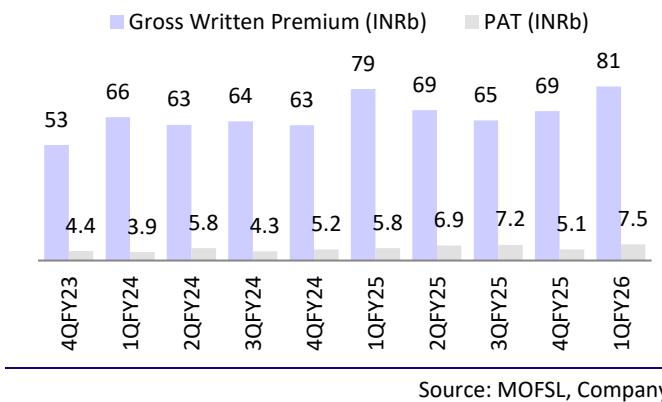


Exhibit 12: Combined ratio/RoAE stood at 103%/21%

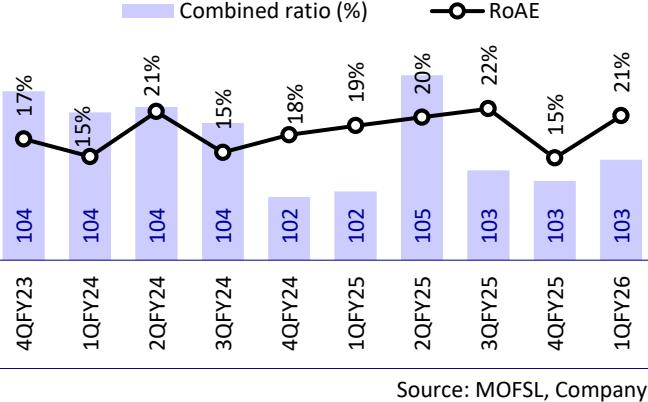


Exhibit 13: IPRU AMC – PAT grew by 13% QoQ (up 24% YoY) to INR7.8b in 1QFY26

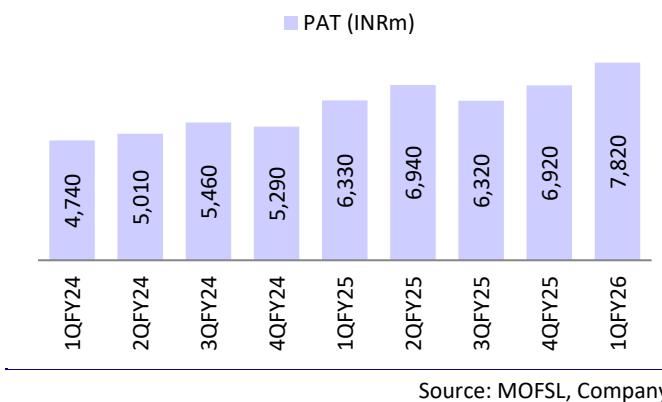
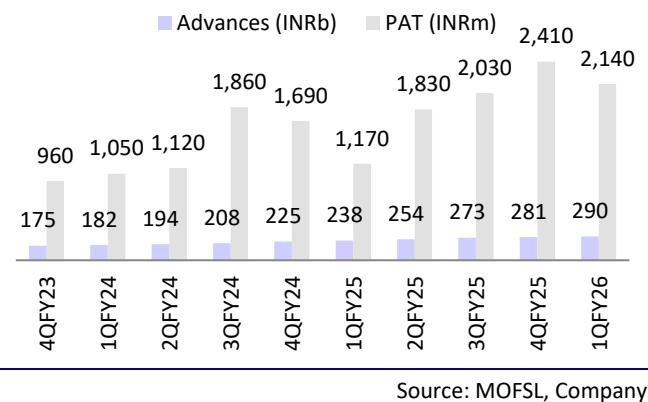
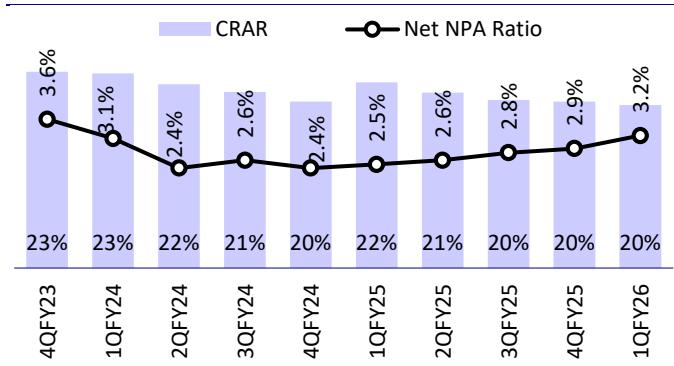


Exhibit 14: ICICI Home Finance – Advances grew 3.2% QoQ (22% YoY) to INR290b



**Exhibit 15: ICICI Home Finance – CRAR stood at 20% vs. 20% in 4QFY25, while NNPA ratio increased to 3.2%**



Source: MOFSL, Company

**Exhibit 16: Consolidated earnings table**

INR b	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)
Stand bank	110.6	126.3	127.7	15%	1%
ICICI Pru Life Insurance	2.3	3.9	3.0	0.3	-22%
ICICI Lombard GI	5.8	5.1	7.5	0.3	46%
ICICI Pru AMC	6.3	6.9	7.8	0.2	13%
ICICI Securities	5.3	3.8	3.9	-0.3	3%
ICICI Securities PD	1	1	4	399%	286%
ICICI Home Finance	1	2	2	83%	-11%
ICICI Ventures	0.0	0.0	0.0		
<b>Total Consol</b>	<b>117.0</b>	<b>135.0</b>	<b>135.6</b>	<b>16%</b>	<b>0%</b>

Source: MOFSL, Company

### Valuation and view

- ICICIBC reported another strong performance in the challenging environment, driven by healthy NIMs, other income, contained opex and inline provisions.
- The continued improvement in asset mix limited NIM compression, though the bank indicated further pressure on margins in 2Q as repricing happens fully. The bank's investment in technology has resulted in consistent productivity gains and steady improvement in cost ratios.
- Asset quality remains under control, while the bank continues to carry a contingency provisioning buffer of INR131b (1.0% of loans).
- We maintain our earnings estimates and expect FY27E RoA/RoE of 2.3%/17.3%. **ICICIBC remains our preferred BUY in the sector with a revised TP of INR1,670 (2.7x FY27E ABV).**

**Exhibit 17: Changes to our estimates**

INR b	Old Est.		Revised Est.		Introduced		Chg (%)/bps	
	FY26	FY27	FY26	FY27	FY28	FY26	FY27	
<b>Net Interest Income</b>	<b>879.1</b>	<b>1,042.6</b>	<b>886.3</b>	<b>1,040.6</b>	<b>1,236.8</b>	<b>0.8</b>	<b>-0.2</b>	
Other Income	327.8	372.7	336.4	373.4	421.9	2.6	0.2	
<b>Total Income</b>	<b>1,207.0</b>	<b>1,415.4</b>	<b>1,222.7</b>	<b>1,414.0</b>	<b>1,658.7</b>	<b>1.3</b>	<b>-0.1</b>	
Operating Expenses	465.8	522.1	465.8	524.8	598.1	0.0	0.5	
<b>Operating Profits</b>	<b>741.1</b>	<b>893.2</b>	<b>756.9</b>	<b>889.2</b>	<b>1,060.6</b>	<b>2.1</b>	<b>-0.5</b>	
Provisions	66.9	87.2	69.6	90.1	128.1	3.9	3.3	
<b>PBT</b>	<b>674.2</b>	<b>806.0</b>	<b>687.3</b>	<b>799.1</b>	<b>932.5</b>	<b>1.9</b>	<b>-0.9</b>	
Tax	167.2	199.9	170.5	198.2	231.3	1.9	-0.9	
<b>PAT</b>	<b>507.0</b>	<b>606.1</b>	<b>516.9</b>	<b>600.9</b>	<b>701.3</b>	<b>1.9</b>	<b>-0.9</b>	
Loans	15,403	17,868	15,350	17,775	20,708	-0.3	-0.5	
Deposits	18,165	20,799	18,036	20,633	23,749	-0.7	-0.8	
Margins	4.29	4.42	4.34	4.43	4.54	4	1	
Credit Cost	0.43	0.48	0.45	0.50	0.62	2	2	
<b>RoA (%)</b>	<b>2.24</b>	<b>2.35</b>	<b>2.29</b>	<b>2.34</b>	<b>2.37</b>	<b>5</b>	<b>(1)</b>	
<b>RoE (%)</b>	<b>16.7</b>	<b>17.5</b>	<b>17.0</b>	<b>17.3</b>	<b>17.3</b>	<b>30</b>	<b>(19)</b>	
EPS	71.2	85.1	72.6	84.4	98.5	1.9	-0.9	
BV	449.9	525.3	451.3	525.9	614.4	0.3	0.1	
ABV	429.6	504.7	430.5	505.4	595.9	0.2	0.1	

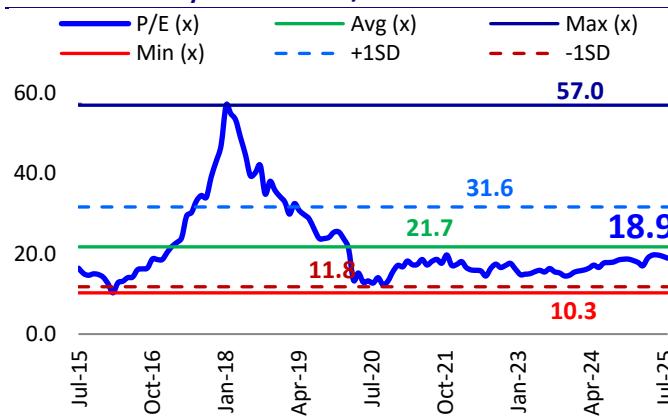
Source: MOFSL, Company

**Exhibit 18: SoTP-based target price**

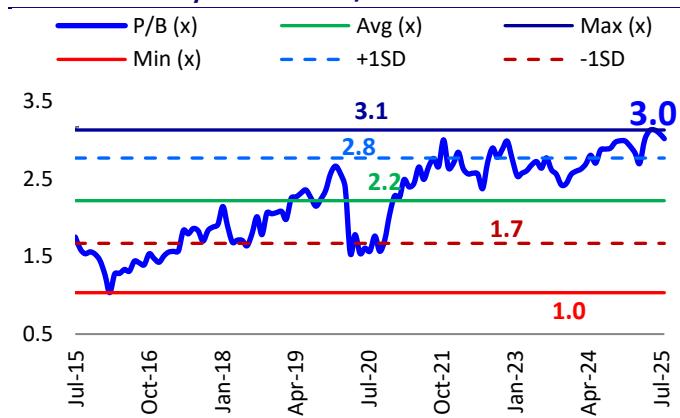
	Stake (%)	Total Value INR b	Value Per Share INR	% of Total Value	Rationale
<b>ICICI Bank</b>	<b>100</b>	<b>9,890</b>	<b>1,388</b>	<b>83.1</b>	<b>2.7x FY27E ABV</b>
ICICI Pru Life Insurance	51	629	88	5.3	2.0x FY27E EV
ICICI Lombard General Insurance	48	545	77	4.6	32x FY27E PAT
ICICI Pru AMC	51	725	102	6.1	35x FY27E PAT
ICICI Securities	100	420	59	3.5	16x FY27E PAT
Others (Ventures, Home Finance, PD, Overseas subs)	100	186	26	1.6	
<b>Total Value of Ventures</b>		<b>2,505</b>	<b>352</b>	<b>21.1</b>	
Less: 20% holding Discount		501	70	4.2	
<b>Value of Key Ventures (Post Holding Co. Disc)</b>		<b>2,004</b>	<b>281</b>	<b>16.9</b>	
<b>Target Price Post 20% Holding Co. Disc.</b>		<b>11,895</b>	<b>1,670</b>		

Source: MOFSL, Company

**Exhibit 19: One-year forward P/E**



**Exhibit 20: One-year forward P/B**



**Exhibit 21: DuPont Analysis – RoA to sustain at a healthy 2.3% by FY27E**

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	6.54	7.29	8.27	8.18	7.85	7.84	7.89
Interest Expense	2.95	3.14	3.97	4.12	3.92	3.78	3.71
<b>Net Interest Income</b>	<b>3.59</b>	<b>4.15</b>	<b>4.30</b>	<b>4.07</b>	<b>3.93</b>	<b>4.06</b>	<b>4.19</b>
Core Fee Income	1.04	1.19	1.15	1.11	1.22	1.27	1.22
Trading and others	0.36	0.13	0.18	0.32	0.27	0.18	0.20
<b>Non-Interest income</b>	<b>1.40</b>	<b>1.32</b>	<b>1.33</b>	<b>1.43</b>	<b>1.49</b>	<b>1.46</b>	<b>1.43</b>
<b>Total Income</b>	<b>5.00</b>	<b>5.47</b>	<b>5.63</b>	<b>5.50</b>	<b>5.43</b>	<b>5.51</b>	<b>5.61</b>
<b>Operating Expenses</b>	<b>2.02</b>	<b>2.19</b>	<b>2.26</b>	<b>2.12</b>	<b>2.07</b>	<b>2.05</b>	<b>2.02</b>
Employee cost	0.73	0.81	0.88	0.83	0.81	0.80	0.80
Others	1.29	1.39	1.39	1.29	1.26	1.24	1.23
<b>Operating Profits</b>	<b>2.97</b>	<b>3.28</b>	<b>3.36</b>	<b>3.37</b>	<b>3.36</b>	<b>3.47</b>	<b>3.59</b>
<b>Core operating Profits</b>	<b>2.61</b>	<b>3.14</b>	<b>3.18</b>	<b>3.05</b>	<b>3.09</b>	<b>3.28</b>	<b>3.39</b>
Provisions	0.65	0.45	0.21	0.23	0.31	0.35	0.43
<b>PBT</b>	<b>2.32</b>	<b>2.83</b>	<b>3.15</b>	<b>3.14</b>	<b>3.05</b>	<b>3.11</b>	<b>3.16</b>
Tax	0.55	0.70	0.79	0.77	0.76	0.77	0.78
<b>RoA</b>	<b>1.77</b>	<b>2.13</b>	<b>2.37</b>	<b>2.37</b>	<b>2.29</b>	<b>2.34</b>	<b>2.37</b>
Leverage	8.5	8.2	8.0	7.6	7.4	7.4	7.3
<b>RoE</b>	<b>15.0</b>	<b>17.5</b>	<b>18.9</b>	<b>18.0</b>	<b>17.0</b>	<b>17.3</b>	<b>17.3</b>
<b>Core RoE</b>	<b>15.9</b>	<b>18.4</b>	<b>19.8</b>	<b>18.8</b>	<b>17.6</b>	<b>17.9</b>	<b>17.8</b>

Source: MOFSL, Company

## Financials and valuations

Income Statement							(INR b)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	863.7	1,092.3	1,428.9	1,632.6	1,768.6	2,011.1	2,332.2
Interest Expended	389.1	471.0	685.9	821.0	882.2	970.5	1,095.4
<b>Net Interest Income</b>	<b>474.7</b>	<b>621.3</b>	<b>743.1</b>	<b>811.6</b>	<b>886.3</b>	<b>1,040.6</b>	<b>1,236.8</b>
-growth (%)	21.7	30.9	19.6	9.2	9.2	17.4	18.9
Other Income	185.2	198.3	229.6	285.1	336.4	373.4	421.9
<b>Total Income</b>	<b>659.8</b>	<b>819.6</b>	<b>972.6</b>	<b>1,096.7</b>	<b>1,222.7</b>	<b>1,414.0</b>	<b>1,658.7</b>
-growth (%)	13.8	24.2	18.7	12.8	11.5	15.6	17.3
Operating Exp.	267.3	328.7	391.3	423.7	465.8	524.8	598.1
<b>Operating Profits</b>	<b>392.5</b>	<b>490.9</b>	<b>581.3</b>	<b>673.0</b>	<b>756.9</b>	<b>889.2</b>	<b>1,060.6</b>
-growth (%)	7.8	25.1	18.4	15.8	12.5	17.5	19.3
<b>Core PPoP</b>	<b>385.5</b>	<b>490.4</b>	<b>573.2</b>	<b>663.9</b>	<b>746.7</b>	<b>877.8</b>	<b>1,047.9</b>
-growth (%)	23.5	27.2	16.9	15.8	12.5	17.6	19.4
Provisions	86.4	66.7	36.4	46.8	69.6	90.1	128.1
<b>PBT</b>	<b>306.1</b>	<b>424.2</b>	<b>544.9</b>	<b>626.2</b>	<b>687.3</b>	<b>799.1</b>	<b>932.5</b>
Tax	72.7	105.2	136.0	153.9	170.5	198.2	231.3
Tax Rate (%)	23.7	24.8	25.0	24.6	24.8	24.8	24.8
<b>PAT</b>	<b>233.4</b>	<b>319.0</b>	<b>408.9</b>	<b>472.3</b>	<b>516.9</b>	<b>600.9</b>	<b>701.3</b>
-growth (%)	44.1	36.7	28.2	15.5	9.4	16.3	16.7

### Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	13.9	14.0	14.0	14.2	14.2	14.2	14.2
Reserves & Surplus	1,688.6	1,985.6	2,355.9	2,885.8	3,217.2	3,749.0	4,379.1
<b>Net Worth</b>	<b>1,702.5</b>	<b>1,999.5</b>	<b>2,369.9</b>	<b>2,900.1</b>	<b>3,231.5</b>	<b>3,763.3</b>	<b>4,393.3</b>
<b>Deposits</b>	<b>10,645.7</b>	<b>11,808.4</b>	<b>14,128.2</b>	<b>16,103.5</b>	<b>18,035.9</b>	<b>20,633.1</b>	<b>23,748.7</b>
- CASA Deposits	5,184.4	5,412.6	5,958.7	6,360.9	7,214.4	8,438.9	10,021.9
Borrowings	1,072.3	1,193.3	1,249.7	1,235.4	1,559.2	1,819.5	2,106.0
Other Liabilities & Prov.	689.8	833.3	953.2	922.8	1,052.0	1,220.3	1,415.5
<b>Total Liabilities</b>	<b>14,110.3</b>	<b>15,834.5</b>	<b>18,701.1</b>	<b>21,161.7</b>	<b>23,878.6</b>	<b>27,436.1</b>	<b>31,663.5</b>
Current Assets	1,678.2	1,194.4	1,399.3	1,855.6	1,910.4	2,104.1	2,302.1
<b>Investments</b>	<b>3,102.4</b>	<b>3,623.3</b>	<b>4,619.4</b>	<b>5,047.6</b>	<b>5,718.9</b>	<b>6,588.2</b>	<b>7,668.6</b>
-growth (%)	10.3	16.8	27.5	9.3	13.3	15.2	16.4
<b>Loans</b>	<b>8,590.2</b>	<b>10,196.4</b>	<b>11,844.1</b>	<b>13,417.7</b>	<b>15,349.8</b>	<b>17,775.1</b>	<b>20,708.0</b>
-growth (%)	17.1	18.7	16.2	13.3	14.4	15.8	16.5
<b>Net Fixed Assets</b>	<b>93.7</b>	<b>96.0</b>	<b>108.6</b>	<b>128.4</b>	<b>130.2</b>	<b>140.6</b>	<b>151.9</b>
Other Assets	648.4	732.0	743.8	733.2	769.3	828.1	833.0
<b>Total Assets</b>	<b>14,113.0</b>	<b>15,842.1</b>	<b>18,715.1</b>	<b>21,182.4</b>	<b>23,878.6</b>	<b>27,436.1</b>	<b>31,663.5</b>

### Asset Quality

GNPA	332.9	299.9	273.1	244.0	251.0	278.8	318.5
NNPA	64.4	51.5	53.8	56.4	60.6	66.5	52.7
GNPA Ratio (%)	3.76	2.87	2.26	1.79	1.62	1.55	1.52
NNPA Ratio (%)	0.75	0.51	0.45	0.42	0.39	0.37	0.25
Slippage Ratio (%)	2.4	1.9	1.7	1.8	1.8	1.9	1.8
Credit Cost (%)	1.1	0.7	0.3	0.4	0.45	0.50	0.62
PCR (Excl Technical write off) (%)	80.6	82.8	80.3	76.9	75.9	76.2	83.5

E: MOSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Yield and Cost Ratios (%)</b>							
<b>Avg. Yield - Earning Assets</b>	<b>7.4</b>	<b>8.2</b>	<b>9.1</b>	<b>9.0</b>	<b>8.7</b>	<b>8.6</b>	<b>8.6</b>
Avg. Yield on loans	8.0	8.9	10.1	10.0	9.4	9.4	9.4
Avg. Yield on Investments	5.5	6.2	6.9	6.8	6.8	6.7	6.6
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>3.5</b>	<b>3.8</b>	<b>4.8</b>	<b>5.0</b>	<b>4.8</b>	<b>4.6</b>	<b>4.5</b>
Avg. Cost of Deposits	3.3	3.5	4.5	4.8	4.6	4.5	4.4
<b>Interest Spread</b>	<b>3.9</b>	<b>4.4</b>	<b>4.3</b>	<b>4.0</b>	<b>3.9</b>	<b>4.0</b>	<b>4.0</b>
<b>Net Interest Margin</b>	<b>4.07</b>	<b>4.67</b>	<b>4.75</b>	<b>4.50</b>	<b>4.34</b>	<b>4.43</b>	<b>4.54</b>
<b>Capitalisation Ratios (%)</b>							
CAR	18.9	18.3	16.3	16.9	17.1	17.1	16.9
Tier I	18.0	17.6	15.6	16.2	16.5	16.5	16.5
-CET-1	17.6	17.1	15.6	16.2	16.5	16.5	16.5
Tier II	0.9	0.7	0.7	0.7	0.6	0.5	0.4
<b>Business Ratios (%)</b>							
Loan/Deposit Ratio	80.7	86.3	83.8	83.3	85.1	86.1	87.2
CASA Ratio	48.7	45.8	42.2	39.5	40.0	40.9	42.2
Cost/Assets	1.9	2.1	2.1	2.0	2.0	1.9	1.9
Cost/Total Income	40.5	40.1	40.2	38.6	38.1	37.1	36.1
Cost/Core Income	41.0	40.1	40.6	39.0	38.4	37.4	36.3
Int. Expended/Int.Earned	45.0	43.1	48.0	50.3	49.9	48.3	47.0
Other Inc./Net Income	28.1	24.2	23.6	26.0	27.5	26.4	25.4
Empl. Cost/Op. Exps.	36.2	36.7	38.7	39.0	39.1	39.2	39.4
<b>Efficiency Ratios (INRm)</b>							
Employee per branch (in nos)	19.0	21.9	20.8	21.0	21.1	21.3	21.5
Staff cost per employee	0.9	0.9	1.1	1.1	1.1	1.2	1.2
CASA per branch	956.9	917.4	913.5	908.0	944.8	1,013.9	1,104.6
Deposits per branch	1,964.9	2,001.4	2,165.9	2,298.6	2,361.9	2,478.9	2,617.6
Business per Employee	186.7	170.6	191.1	201.1	206.8	216.3	227.6
Profit per Employee	2.3	2.5	3.0	3.2	3.2	3.4	3.6
<b>Valuation</b>							
	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
RoE (%)	15.0	17.5	18.9	18.0	17.0	17.3	17.3
Core RoE (%)	15.9	18.4	19.8	18.8	17.6	17.9	17.8
RoA (%)	1.8	2.1	2.4	2.4	2.3	2.3	2.4
RoRWA (%)	2.6	3.1	3.3	3.2	3.0	3.0	3.0
Book Value (INR)	242.8	285.0	337.0	407.7	451.3	525.9	614.4
-growth (%)	15.2	17.4	18.3	21.0	10.7	16.5	16.8
Price-BV (x)	<b>4.7</b>	<b>4.0</b>	<b>3.4</b>	<b>2.8</b>	<b>2.5</b>	<b>2.2</b>	<b>1.9</b>
Adjusted Book Value	224.0	267.1	315.0	386.5	430.5	505.4	595.9
-growth (%)	19.6	19.3	17.9	22.7	11.4	17.4	17.9
Adjusted Price-ABV (x)	<b>5.1</b>	<b>4.3</b>	<b>3.6</b>	<b>3.0</b>	<b>2.7</b>	<b>2.3</b>	<b>1.9</b>
Consol Book Value (INR)	262	306	363	427	506	598	689
-growth (%)	15.0	16.8	18.5	17.8	18.4	18.1	15.3
Price-Consol BV (x)	<b>5.4</b>	<b>4.7</b>	<b>3.9</b>	<b>3.3</b>	<b>2.8</b>	<b>2.4</b>	<b>2.1</b>
EPS (INR)	33.7	45.8	58.4	66.8	72.6	84.4	98.5
-growth (%)	39.2	36.0	27.5	14.4	8.7	16.3	16.7
Price-Earnings (x)	<b>42.4</b>	<b>31.2</b>	<b>24.4</b>	<b>21.4</b>	<b>19.7</b>	<b>16.9</b>	<b>14.5</b>
Adj. Price-Earnings (x)	<b>34.0</b>	<b>25.0</b>	<b>19.6</b>	<b>17.2</b>	<b>15.8</b>	<b>13.6</b>	<b>11.6</b>
Dividend Per Share (INR)	2.0	5.0	8.0	8.9	9.5	9.7	10.0
Dividend Yield (%)	<b>0.1</b>	<b>0.3</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>

E: MOSL Estimates

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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Rajani

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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