


Steady Quarter; Ready to Resume Growth Momentum!
Est. Vs. Actual for Q1FY26: NII – BEAT; PPOP – BEAT; PAT – BEAT
Changes in Estimates post Q1FY26
FY26E/FY27E (in %): NII -2.4/-2.1; PPOP -1.0/-0.8; PAT -1.1/-0.8
Recommendation Rationale

- NIM Compression Lower on Changed Methodology:** The bank has changed its NIM computation methodology, wherein it has changed its convention of computation of margins and other return ratios from the actual number of days to the number of months. While the change in methodology is unlikely to have a meaningful impact on the reported NIMs, it evens out any quarterly volatility due to differences in days in a quarter. Resultantly, the NIM compression during the quarter was at 7bps, despite a sharp 33bps contraction in yields and a marginal 3/16bps QoQ drop in CoD/CoF, respectively. Currently, ~53% of the portfolio is EBLR-linked, 15% MCLR-linked, 1% to other benchmarks, and 31% is fixed rate. The management highlighted that the impact of the rate transmission would be sharper in Q2; however, this impact would be partially offset by the deposit rate actions (SA rate cut taken in May-Jun'25 and gradual TD repricing) taken by the bank. **We expect NIMs to remain range-bound between 4.2-4.3% over FY25-28E, with near-term challenges on margins persisting.**
- Growth Momentum to Pick-up:** The decline in the AA-rated (highly rated) has been a function of fine pricing and demand. As against this, the growth in the BBB-book has been in a calibrated manner with tight origination controls and limits in place. The bank remains optimistic about the business banking segment picking up meaningfully and expects growth in this segment to outpace overall growth for the bank. The sluggish growth in the vehicle finance portfolio is owing to pricing competition and slower growth in the asset class. The management has highlighted that the bank is comfortable in resuming and accelerating growth in the unsecured segments – Personal loans and Credit cards, as it remains comfortable with the asset quality metrics in terms of originations over the last 12-15 months. **We expect ICICIB to deliver a healthy 15% CAGR credit growth over FY25-28E.**
- No Challenges on Asset Quality:** In Q1FY26, slippages were elevated owing to the seasonally higher KCC slippages. Apart from this, asset quality continues to remain benign across most segments, with the bank exercising tight control and continuous monitoring of its portfolio. The bank does not expect any major challenges to asset quality. **Resultantly, we pencil-in credit costs of 50-55bps over FY26-28E.**

Sector Outlook: Positive

Company Outlook: We expect the bank to continue to deliver a strong performance over the medium term, enabling a consistent RoA/RoE delivery of 2.3-2.4%/16-17% over FY26-28E. This would be supported by (1) Strong business growth while maintaining a steady C-D Ratio, (2) Focus on strengthening fee income profile, (3) Range-bound Opex ratios with no aggressive investments in sight, (4) Pristine asset quality metrics, and (5) Adequate capitalisation.

Current Valuation: 2.75x FY27E ABV; Earlier Valuation: 2.75x FY27E ABV

Current TP: Rs 1,650/share; Earlier TP: Rs 1,650/share

Recommendation: We maintain our **BUY** recommendation on the stock.

Alternative BUY Ideas from our Sector Coverage

HDFC Bank (TP – Rs 2,300/share)

Financial Performance:

- Operating Performance:** ICICIB reported a healthy credit growth of 12/2% YoY/QoQ, in line with our expectations. Domestic advances grew by 12/1.5% YoY/QoQ. Retail book grew by 7/1% YoY/QoQ, Business Banking grew by 30/4% YoY/QoQ. The domestic corporate book grew by 7.5/-1% YoY/QoQ. Deposit growth was flat QoQ and stood at 13% YoY. C-D Ratio stood at 83.3% vs 85.8/83.3% YoY/QoQ.
- Financial Performance:** NII grew by 11/2% YoY/QoQ. Margins contracted by 7bps vs expectations of ~15bps. NIMs stood at 4.34% vs 4.41% QoQ. Non-interest income growth was strong at 21/17% YoY/QoQ, led by strong treasury gain of Rs 12.4 Bn (vs gain of Rs 2.4 Bn QoQ) and fee income growth of ~7.5% YoY. Opex growth was higher at 8/6% YoY/QoQ. Owing to healthy top-line growth, C-I Ratio remained stable at 37.8% vs 39.7/37.9% YoY/QoQ. PPOP grew by 17/6% YoY/QoQ. Provisions were marginally (+36/104% YoY/QoQ). Credit costs (calc.) stood at 54bps vs 44/27bps YoY/QoQ. PAT grew by 15/1% YoY/QoQ.
- Asset Quality:** GNPA/NNPA remained stable at 1.67/0.41%, flat QoQ. Slippages during the quarter were lower QoQ. Slippage ratio was at 1.8% vs 2% QoQ. The bank wrote off loans of Rs 23.6 Bn. PCR stood at 75.3% vs 76.2% QoQ.

Key Financials (Standalone)

(Rs Bn)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Interest Income	216	+2.1	+10.6	209	+3.6
PPOP	187	+6.1	+17.0	172	+8.8
Net Profit	128	+1.1	+15.5	117	+9.2
NNPA (%)	0.4	-	-2 bps	0.4	+1 bps
RoA (%)	2.4	0 bps	+6 bps	2.2	+20 bps

Source: Company, Axis Securities Research

 (CMP as of 18th July, 2025)

CMP (Rs)	1,427
Upside /Downside (%)	16%
High/Low (Rs)	1,471/1,153
Market cap (Cr)	10,18,646
Avg. daily vol. (6m) Shrs.	1,11,23,679
No. of shares (Cr)	714.1

Shareholding (%)

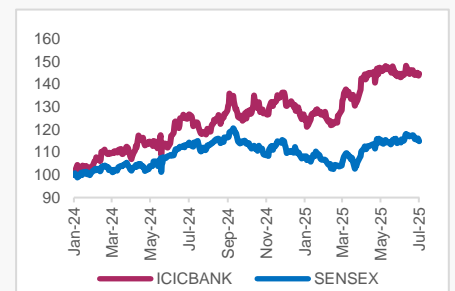
	Sep-24	Dec-24	Mar-25
Promoter	0.0	0.0	0.0
FIs	44.8	45.7	45.8
MFs / UTI	37.3	41.2	41.1
Others	17.9	13.1	13.1

Financial & Valuations

Y/E Mar (Rs Bn)	FY26E	FY27E	FY28E
NII	888	1,034	1,192
PPOP	749	880	1,017
Net Profit	508	599	692
EPS (Rs)	71.3	84.1	97.2
ABV (Rs)	445.3	514.3	593.8
P/ABV (x)	3.2	2.8	2.4
RoA (%)	2.2	2.3	2.4
NNPA (%)	0.4	0.4	0.4

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
NII	-2.4	-2.1
PPOP	-1.0	-0.8
PAT	-1.1	-0.8

Relative Performance


Source: AceEquity, Axis Securities Research

Dnyanada Vaidya
Research Analyst

Email: dnyanada.vaidya@axissecurities.in

Pranav Nawale
Research Associate

Email: pranav.nawale@axissecurities.in

Outlook

We factor in healthy business growth and expect the pace of earnings growth to remain healthy. We factor in Advances/Deposits/NII/Earnings growth of 15/15/14/14% CAGR over FY25-28E. We broadly maintain our earnings estimates while making minor tweaks of ~2% to our NII estimates over FY26-27E.

Valuation & Recommendation

We **reiterate our BUY recommendation**, valuing the stock at 2.75x FY27E ABV (vs current valuation of 2.7x FY27E ABV), its core book (The core book trades at ~2.4x FY27E ABV) and a subsidiary value of Rs 236/share, to arrive at an unchanged target price of Rs 1,650/share. **The TP implies an upside of 16% from the CMP.**

Key Risks to Our Estimates and TP

- The key risk to our estimates remains a slowdown in overall credit momentum, which could potentially derail earnings momentum for the bank.

SOTP Valuation

	Per Share Value	Multiple
ICICI Bank Parent	1,414	2.75x FY27E ABV
Subsidiaries		
ICICI Pru Life	84	1.9x FY27E EV
ICICI Lombard	75	34x FY27E EPS
ICICI AMC	79	28x FY27E EPS
ICICI Securities	41	15x FY27E PAT
Others	16	(ICICI UK, Canada, Ventures, Home Finance, etc.)
Total Val of Sub.	295	
Less: 20% holding discount	59	
Net Value of Sub.	236	
Total Value	1,650	
CMP	1,427	
Potential Upside	16%	

Source: Company, Axis Securities Research

Change in Estimates

	Revised			Old			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
NII	888	1,034	1,192	910	1,056	-	-2.4	-2.1	-
PBP	749	880	1,017	756	887	-	-1.0	-0.8	-
Provisions	71	82	94	71	82	-	-0.4	-0.9	-
PAT	508	599	692	514	603	-	-1.1	-0.8	-

Source: Axis Securities Research

Results Review (Standalone)
(Rs Bn)

	Q1FY26	Q1FY25	% YoY	Q4FY25	% QoQ
Net Interest Income	216	196	10.6	212	2.1
Non-Interest Income	85	70	21.5	73	17.1
Operating expenses	114	105	8.2	108	5.6
Staff Cost	47	44	8.5	41	15.5
Pre-provision profits	187	160	17.0	177	6.1
Provisions and contingencies	18	13	36.2	9	103.7
PBT	169	147	15.2	168	0.9
Provision for Tax	42	36	14.6	41	0.5
PAT	128	111	15.5	126	1.1
Advances	13,642	12,232	11.5	13,418	1.7
<i>Retail</i>	7,205	6,741	6.9	7,172	0.5
<i>Rural</i>	772	775	-0.4	783	-1.5
<i>Business Banking</i>	2,731	2,106	29.7	2,634	3.7
<i>Domestic Corporate</i>	2,757	2,564	7.5	2,797	-1.4
<i>Overseas</i>	330	346	-4.6	308	7.1
Deposits	16,085	14,261	12.8	16103	-0.1
CASA Ratio	41.2	40.9	28 bps	41.8	-63 bps
CD Ratio (%)	84.8	85.8	-96 bps	83.3	149 bps
CAR (%)	16.3	16.6	-32 bps	16.6	-24 bps
Tier I (%)	15.7	15.9	-27 bps	15.9	-29 bps
Reported NIM (%)	4.3	4.4	-2 bps	4.4	-7 bps
Core Cost-to-Income (%)	37.8	39.7	-185 bps	37.9	-12 bps
Gross NPA (%)	1.7	2.2	-48 bps	1.7	0 bps
Net NPA (%)	0.4	0.4	-2 bps	0.4	2 bps
Coverage Ratio (%)	78.2	79.7	-150 bps	76.2	200 bps

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Bn)

Y/E March	FY25	FY26E	FY27E	FY28E
Net Interest Income	812	888	1,034	1,192
Other Income	285	334	373	413
Total Income	1,097	1,221	1,407	1,605
Total Operating Expense	424	473	528	589
PPOP	673	749	880	1,017
Provisions & Contingencies	47	71	82	94
PBT	626	677	798	923
Provision for Tax	154	169	200	231
PAT	472	508	599	692

Source: Company, Axis Securities Research

Balance Sheet

(Rs Bn)

Y/E March	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS				
Share Capital	14	14	14	14
Reserves	2,907	3,331	3,831	4,408
Shareholder's Funds	2,921	3,345	3,846	4,422
Total Deposits	16,103	18,382	21,115	24,274
Borrowings	17,339	19,508	22,098	25,455
Other Liabilities & Provisions	923	1,041	1,182	1,361
Total Liabilities	21,182	23,895	27,125	31,237
APPLICATION OF FUNDS				
Cash & Bank Balance	1,856	1,751	1,905	2,190
Investments	5,048	5,890	6,555	7,536
Advances	13,418	15,306	17,589	20,272
Fixed Assets & Other Assets	862	948	1,076	1,239
Total Assets	21,182	23,895	27,125	31,237

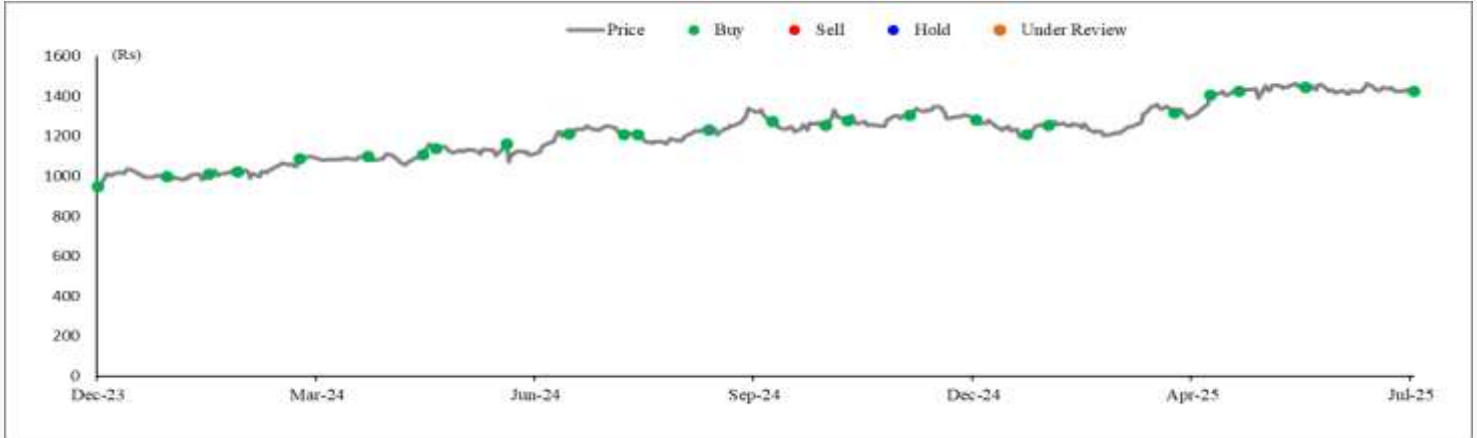
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY25	FY26E	FY27E	FY28E
VALUATION RATIOS				
EPS	66.3	71.3	84.1	97.2
Earnings Growth (%)	13.9	7.6	17.8	15.6
BVPS	410.0	469.7	539.9	620.8
Adj. BVPS	385.8	445.3	514.3	593.8
ROAA (%)	2.3	2.2	2.3	2.4
ROAE (%)	17.8	16.2	16.7	16.7
P/E (x)	21.5	20.0	17.0	14.7
P/ABV (x)	3.7	3.2	2.8	2.4
PROFITABILITY				
NIM (%)	4.3	4.2	4.3	4.3
Cost-Income Ratio	38.6	38.7	37.5	36.7
BALANCE SHEET STRUCTURE RATIOS				
Loan Growth (%)	13.3	14.1	14.9	15.3
Deposit Growth (%)	14.0	14.2	14.9	15.0
C/D Ratio (%)	83.3	83.3	83.3	83.5
Equity/Assets (%)	13.8	14.0	14.2	14.2
Equity/Advances (%)	21.8	21.9	21.9	21.8
CAR	17.2	17.6	17.4	17.2
CAR Tier I	16.6	17.0	16.9	16.9
ASSET QUALITY				
Gross NPLs (%)	1.8	1.6	1.7	1.7
Net NPLs (%)	0.4	0.4	0.4	0.4
Coverage Ratio (%)	76.9	77.0	77.0	77.0
Credit Costs	0.4	0.5	0.5	0.5
ROAA TREE				
Net Interest Income	4.1	3.9	4.1	4.1
Non-Interest Income	1.4	1.5	1.5	1.4
Operating Cost	2.1	2.1	2.1	2.0
Provisions	0.2	0.3	0.3	0.3
Tax	0.8	0.8	0.8	0.8
ROAA	2.3	2.2	2.3	2.4
Leverage (x)	7.5	7.2	7.1	7.1
ROAE	17.8	16.2	16.7	16.7

Source: Company, Axis Securities Research

ICICI Bank Price Chart and Recommendation History



Date	Reco	TP	Research
03-Jan-24	BUY	1,250	Top Picks
24-Jan-24	BUY	1,250	Result Update
01-Feb-24	BUY	1,250	Top Picks
01-Mar-24	BUY	1,250	Top Picks
01-Apr-24	BUY	1,250	Top Picks
29-Apr-24	BUY	1,325	Result Update
03-May-24	BUY	1,325	Top Picks
01-Jun-24	BUY	1,325	Top Picks
01-Jul-24	BUY	1,325	Top Picks
29-Jul-24	BUY	1,425	Result Update
01-Aug-24	BUY	1,425	Top Picks
02-Sep-24	BUY	1,425	Top Picks
01-Oct-24	BUY	1,425	Top Picks
28-Oct-24	BUY	1,550	Result Update
03-Nov-24	BUY	1,550	Top Picks
01-Dec-24	BUY	1,550	Top Picks
01-Jan-25	BUY	1,550	Top Picks
27-Jan-25	BUY	1,500	Result Update
03-Mar-25	BUY	1,500	Top Picks
03-Feb-25	BUY	1,500	Top Picks
01-Apr-25	BUY	1,500	Top Picks
21-Apr-25	BUY	1,650	Result Update
02-May-25	BUY	1,650	Top Picks
01-Jun-25	BUY	1,650	Top Picks
21-Jul-25	BUY	1,650	Result Update

Source: Axis Securities Research

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Compliance Officer Details: Name – Mr. Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Arium Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

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