

Retail Equity Research

ICICI Bank Ltd.

BUY

Sector: Banking

18th November, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 1,568
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	ICICIB:IN	84,673	ICICIBANK	532174	12 Months
				CMP	Rs. 1,372
				Return	+14%

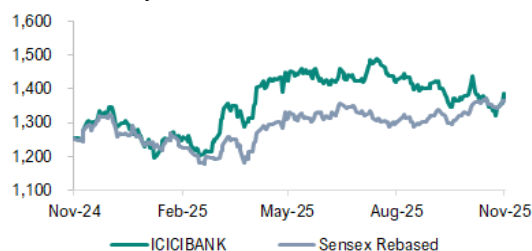
Data as of: 18-Nov-2025, 16:00 hrs

Company Data			
Market Cap (Rs. cr)	980,374		
52 Week High — Low (Rs.)	1,494 - 1,187		
Outstanding Shares (cr)	714.4		
Free Float (%)	99.6		
Dividend Yield (%)	0.8		
6m average volume (cr.)	1.1		
Beta	1.0		
Face value (Rs.)	2.0		

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	-	-	-
FII's	45.8	46.8	45.6
MFs/Insti	44.8	43.9	45.1
Public	7.8	7.7	7.8
Others	1.6	1.7	1.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-3.9%	-3.7%	9.3%
Absolute Sensex	4.9%	4.0%	9.0%
Relative Return	-8.8%	-7.7%	0.3%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Net Interest Income	81,164	91,602	106,770
Growth (%)	9.2	12.9	16.6
NIM (%)	4.4	4.4	4.5
Pre-Provision Profit	67,299	76,229	85,753
Net Profit	47,227	52,255	57,923
Growth (%)	15.5	10.6	10.8
Adj. EPS	66.3	73.1	81.1
Growth (%)	13.2	10.3	10.8
BVPS	410.1	475.6	544.4
P/E	20.3	18.8	16.9
P/B	3.3	2.9	2.5
RoE (%)	17.9	16.7	16.0
RoA (%)	2.4	2.3	2.3

Loan growth picks up; optimistic outlook

ICICI Bank has a pan-India footprint. It specializes in retail and corporate banking as well as foreign exchange (forex) and treasury operations. ICICI Bank also offers investment banking, insurance and financial services.

- ICICI Bank's standalone interest income rose 3.0% YoY to Rs. 41,758cr in Q2FY26, primarily driven by a 10.3% YoY increase in total advances.
- Interest expenses fell 1.3% YoY to Rs. 20,228cr as the cost of deposits dropped to 4.64% (-20 bps YoY). Consequently, net interest income grew 7.4% YoY to Rs. 21,529cr.
- Net interest margin (NIM) expanded 3 bps YoY to 4.3%, influenced by lower deposit rates and cost of borrowing, combined with the beneficial effects of repricing external benchmark-linked loans and investments.
- Pre-provision operating profit (PPOP) soared 3.4% YoY to Rs. 17,298cr, fuelled by an increase in the total income (+3.4% YoY), offsetting the impact of elevated operating expenses (+17.3% YoY).
- Reported PAT rose 5.2% YoY to Rs. 12,359cr owing to decreased provisions and contingencies in Q2FY26 (-25.9% YoY, -49.6% QoQ). Provisions declined sequentially because of seasonal trends in the Kisan Credit Card (KCC) business and the overall healthy asset quality across segments.

Outlook & Valuation

ICICI Bank delivered a satisfactory performance in Q2FY26 supported by healthy loan growth and resilient margin, amid a competitive environment. The bank highlighted continued traction across retail and business banking segments. Asset quality was stable, with prudent provisioning and strong capital buffers ensuring balance-sheet resilience. Its strategic focus on risk-calibrated profitable growth positions the bank for long-term scalability. Stable asset quality, better unsecured cohort and smother regulatory transitions are expected to strengthen future performance. **Hence, we upgrade our rating on stock from HOLD to BUY, based on sum-of-the-parts (SOTP) valuation, with a revised target price of Rs 1,568.**

Quarterly Financials Standalone

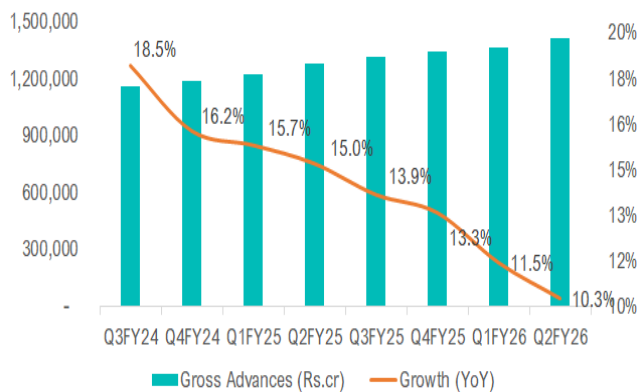
Rs.cr	Q2FY26	Q2FY25	YoY Growth (%)	Q1FY26	QoQ Growth (%)	H1FY26	H1FY25	YoY Growth (%)
Net Interest Income	21,529	20,048	7.4	21,634	-0.5	43,164	39,601	9.0
Total Income	49,333	47,714	3.4	51,452	-4.1	100,785	93,712	7.5
Total Expenditure	32,036	30,991	3.4	32,706	-2.0	64,742	60,964	6.2
Pre-Provision Profit	17,298	16,723	3.4	18,746	-7.7	36,044	32,748	10.1
PBT	16,384	15,490	5.8	16,931	-3.2	33,315	30,183	10.4
Rep. PAT	12,359	11,746	5.2	12,768	-3.2	25,127	22,805	10.2
Adj PAT	12,359	11,746	5.2	12,768	-3.2	25,127	22,805	10.2
EPS (Rs.)	17.3	16.7	3.8	17.9	-3.4	35.2	32.4	8.7



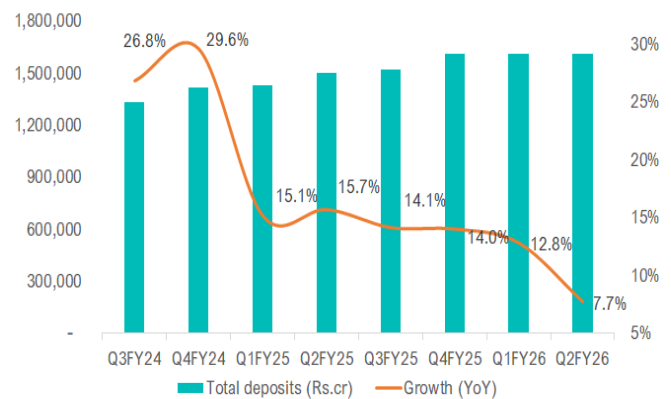
Key Highlights

- Loan growth has picked up, particularly in retail and business banking, as the bank's advances grew 10.3% YoY to Rs. 1,408,456cr, with retail loans increasing 6.6% and the business banking book expanding 24.8%, while domestic corporate and other loans grew 3.5% YoY. However, rural loans decreased 1.3 YoY%.
- As of September 30, the bank's total deposits increased 7.7% YoY to Rs. 1,612,825cr, supported by a 7.3% growth in term deposits, 6.2% in savings deposits and 12.9% in current deposits.
- The bank aims to leverage its distribution and platforms to expand its transaction banking business and deepen corporate relationships. This, along with synergies from ICICI Direct, is expected to drive sustained growth in CASA (current account and savings account) deposits.
- The bank expects its margin to remain stable or range-bound over the next two quarters and anticipates benefiting from further deposit repricing and the full impact of the Cash Reserve Ratio (CRR) cut in Q3FY26. However, this quarter may also see an increase in non-accruals due to the KCC season, which could offset some of the positives.
- ICICI Bank aims to maintain a risk-adjusted PPOP growth path, where profitability and growth are synchronized rather than prioritizing one over the other, all within a sustainable framework.

Gross Advances



Total Deposits



(Sum-Of-The-Part) SOTP Valuation

Particulars	Basis	Multiple	% holding	Value (Rs. cr.)	Value/share (Rs.)
ICICI Bank	FY27E ABV	2.5x	100.00%	972,330	1,361
Life Insurance	Geojit TP		50.98%	51,272	72
General Insurance	Geojit TP		51.37%	57,176	80
Securities	FY27E EPS	16.0x	74.34%	24,489	34
ICICI Prudential AMC	FY27E EPS	16.0x	51.00%	26,171	37
Others	FY27E EPS	12.0x	100.00%	25,844	36
Total value of subsidiaries				184,951	259
(20% holding discount)				-36,990	-52
Total Value				1,120,290	1,568

Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Interest Income	93,589	109,659	91,602	106,770	-2.1	-2.6
Net Interest Margin	4.4	4.4	4.4	4.5	0bps	0bps
Pre-Provision Profit	80,727	94,817	76,229	85,753	-5.6	-9.6
Net Profit	55,553	63,461	52,255	57,923	-5.9	-8.7
EPS	78.0	89.1	73.1	81.1	-6.2	-9.0



Standalone Financials

Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest Income	109,231	142,891	163,264	183,422	212,124
Interest Expense	47,103	68,585	82,099	91,820	105,354
Net Interest	62,129	74,306	81,164	91,602	106,770
% Change	30.9	19.6	9.2	12.9	16.6
Non-Interest Income	19,831	22,958	28,507	32,026	37,038
Net Income	81,960	97,263	109,671	123,628	143,808
Total Income	129,063	165,849	191,770	215,448	249,162
Operating Ex-	32,873	39,133	42,372	47,399	58,055
Total Expenditure	79,976	107,718	124,472	139,219	163,408
Pre-Provisioning Profit	49,087	58,131	67,299	76,229	85,753
Provisions	6,666	3,643	4,683	6,556	8,522
Profit Before Tax	42,421	54,488	62,616	69,674	77,231
Tax	10,525	13,600	15,389	17,418	19,308
<i>Tax Rate (%)</i>	<i>24.8</i>	<i>25.0</i>	<i>24.6</i>	<i>25.0</i>	<i>25.0</i>
Minority Interests	-	-	-	-	-
Net Profit	31,897	40,888	47,227	52,255	57,923
% Change	36.7	28.2	15.5	10.6	10.8
Adj.	-	-	-	-	-
Adj. Net Profit	31,897	40,888	47,227	52,255	57,923
No. of Shares (cr)	696.6	698.3	712.2	714.4	714.4
Adj. EPS (Rs.)	44.9	58.6	66.3	73.1	81.1
% Change	36.1	30.4	13.2	10.3	10.8
DPS	8.0	10.0	11.0	12.2	13.5

Balance Sheet

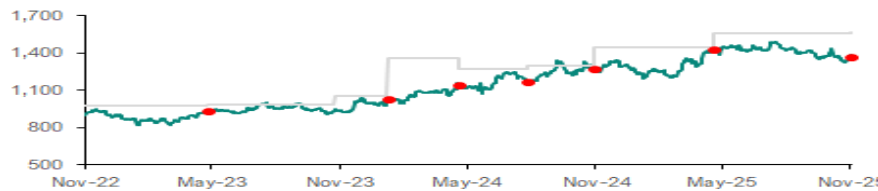
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash & Balances	68,526	89,712	119,928	89,946	97,142
Investments	362,330	461,942	504,757	529,995	577,694
Advances	1,019,638	1,184,406	1,341,766	1,596,702	1,832,215
Fixed Assets	9,600	10,860	12,839	14,893	16,177
Other Assets	124,113	124,594	138,950	150,604	169,880
Total Assets	1,584,207	1,871,515	2,118,240	2,382,139	2,693,108
Capital	1,397	1,405	1,425	1,429	1,429
Reserves & Surplus	198,558	235,589	288,582	335,986	385,186
Deposits	1,180,841	1,412,825	1,610,348	1,827,745	2,083,629
Borrowings	119,325	124,968	123,538	111,184	108,961
Other Liabilities	84,086	96,728	94,347	105,795	113,903
Total Liabilities	1,584,207	1,871,515	2,118,240	2,382,139	2,693,108
BVPS	287.4	341.4	410.1	475.6	544.4
Adj. BVPS	280.0	333.7	402.3	468.1	537.4
% Change	19.0	19.2	20.5	16.4	14.8

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Valuation					
P/E (x)	19.5	18.7	20.3	18.8	16.9
P/BV (x)	3.1	3.2	3.3	2.9	2.5
Div. Yield (%)	0.9	0.9	0.8	0.9	1.0
Profitability & Return (%)					
Yield on Advances	8.9	10.1	10.0	10.1	10.2
Cost of Deposits	3.8	4.8	5.0	5.0	5.1
Spread	5.1	5.2	5.0	5.1	5.1
NIM (calculated)	4.5	4.7	4.4	4.4	4.5
ROE	17.2	18.7	17.9	16.7	16.0
ROA	2.1	2.4	2.4	2.3	2.3
Capital Adequacy (%)					
CAR	18.3	16.3	16.6	17.4	17.6
Tier I	17.6	15.6	15.9	16.9	17.2
Tier II	0.7	0.7	0.6	0.5	0.4
Asset Quality (%)					
GNPA	2.8	2.2	1.7	1.6	1.4
NNPA	0.5	0.4	0.4	0.4	0.3
Operating Ratios (%)					
Credit/Deposit	86.3	83.8	83.3	87.4	87.9
Cost/Income	40.1	40.2	38.6	38.3	40.4
CASA	45.8	42.2	41.8	41.1	41.2



Recommendation Summary - (Last 3 years)



Dates	Rating	Target
08-May-23	HOLD	983
04-Nov-23	BUY	1,054
23-Jan-24	BUY	1,362
03-May-24	BUY	1,274
08-Aug-24	BUY	1,301
12-Nov-24	BUY	1,450
05-May-25	HOLD	1,563
18-Nov-25	BUY	1,568

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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