

Asset quality on a firm footing; growth steady

ICICI Bank reported a steady, in-line performance with PAT at INR 117.9 (+14.8% YoY) and robust return metrics (RoA/RoE at 2.36%/17.8%). Margins (calc.) witnessed a slight contraction to 4.08% (-6bps QoQ) primarily driven by seasonal slippages in the KCC portfolio and a marginal inch up in CoD (+3bps QoQ). As the sector contends with increasing delinquencies in unsecured portfolios, ICICIB continues to navigate these headwinds with credit costs remaining at benign levels of 0.38% (vs 0.39% QoQ). Mgmt. acknowledged that asset quality challenges in the unsecured segment are impacting the bank as well, however, their proactive measures such as tightening underwriting filters, focusing on ETB customers (~60% of the portfolio), and moderating growth in higher-risk segments (PL -1.3% QoQ, CC +2.8% QoQ) have been instrumental in preserving asset quality. Gross slippages saw a slight uptick sequentially to 1.88% (vs 2.02% YoY) driven by seasonality in the KCC portfolio (INR 7.14bnn vs 6.17bn YoY). Loan growth remained steady at (+13.9% YoY, +2.9% QoQ), however, deposit growth mirrored broader industry trends, growing (+1.5% QoQ, 14.1% YoY) as sector-wide deposit accretion remains a challenge. Despite an industry-wide slowdown, ICICI Bank continues to demonstrate strong resilience and remains one of our top picks in the banking sector. Bank's performance in 3QFY25 underscores its premium valuations, as it continues to outperform peers, even amidst the systemic concerns surrounding the unsecured segment and the broader liquidity crunch. We expect RoA/ROE of 2.25%/17.2% by FY27E. Maintain BUY with an SOTP based TP of INR 1,420 (valuing the core bank at 2.3x FY27E BVPS).

- Growth remains steady; in-line operating performance:** Advances grew by (+13.9% YoY, +2.9% QoQ) with business banking leading the pack at (+6.4% QoQ) followed by domestic corporate segment which grew by (+4.3% QoQ, +9.5% YoY), and retail segment (+1.4% QoQ, +9.4% YoY). Within retail segment growth was led by mortgage book (+2.1% QoQ, +11.4% YoY). Amid industry-wide asset quality pressures in the unsecured lending space, the bank prudently tightened its underwriting filters, resulting in a more cautious approach to growth in PL (-1.3% QoQ) and CC (+2.8% QoQ). Deposit growth remained somewhat subdued (+1.5% QoQ, 14.1% YoY) reflecting broader industry trends where deposit accretion continues to be a challenge. However, CASA ratio remained stable at a healthy 40.5%. Operating performance was steady and inline (+1% QoQ, +14.7% YoY, in-line JMFe) led by a) stable NII (+9.1% YoY, +1.6% QoQ) and b) healthy non-interest income (+15.9% YoY). Margins (calc.) witnessed a slight contraction to 4.08% (-6bps QoQ) primarily due to seasonal slippages in the KCC portfolio and a minor uptick in the CoD (+3bps QoQ).
- Asset quality holds in good stead:** While the sector continues to grapple with rising delinquencies in its unsecured portfolios, ICICI Bank stands out by maintaining its asset quality in an enviable position. GNPA/NNPA for the quarter stood at 2.08%/0.45% (+1bps QoQ/flat QoQ). Credit costs continue to be at benign levels of 0.38% (vs 0.39% QoQ). Mgmt. has time and again iterated that while asset quality may not remain at these exceptionally low levels indefinitely, any normalization should not be cause for concern.

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,420
Upside/(Downside)	17.4%
Previous Price Target	1,420
Change	0.0%

Key Data – ICICIB IN

Current Market Price	INR1,209
Market cap (bn)	INR8,537.7/US\$99.0
Free Float	92%
Shares in issue (mn)	6,949.8
Diluted share (mn)	
3-mon avg daily val (mn)	INR15,712.9/US\$182.3
52-week range	1,362/985
Sensex/Nifty	76,190/23,092
INR/US\$	86.2

Price Performance

%	1M	6M	12M
Absolute	-6.8	0.2	19.7
Relative*	-3.7	6.9	11.1

* To the BSE Sensex

Financial Summary

	(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Profit	3,18,965	4,08,883	4,56,175	5,20,603	5,86,135
Net Profit (YoY) (%)	36.7%	28.2%	11.6%	14.1%	12.6%
Assets (YoY) (%)	12.3%	18.2%	13.6%	14.2%	14.8%
ROA (%)	2.1%	2.4%	2.3%	2.3%	2.3%
ROE (%)	17.5%	19.0%	18.0%	17.7%	17.2%
EPS	45.7	58.2	65.0	74.1	83.5
EPS (YoY) (%)	36.0%	27.5%	11.6%	14.1%	12.6%
PE (x)	26.5	20.8	18.6	16.3	14.5
BV	282	333	390	450	518
BV (YoY) (%)	17.3%	18.1%	17.1%	15.4%	15.2%
P/BV (x)	4.29	3.63	3.10	2.69	2.33

Source: Company data, JM Financial. Note: Valuations as of 24/Jan/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Bank has been proactive in tightening its underwriting filters, which positions it well to manage potential shifts in asset quality. Gross slippages saw a slight inch up sequentially to 1.88% (vs 2.02% YoY) driven by seasonality in KCC portfolio (additions of INR 7.14bnn vs 6.17bn YoY). We build avg. credit cost of 0.56% over FY25E/27E.

- **Valuations and view:** Despite an industry-wide slowdown, ICICI Bank continues to demonstrate strong resilience and remains one of our top picks in the banking sector. The bank's performance in 3QFY25 underscores its premium valuations, as it continues to outperform peers, even amidst the systemic concerns surrounding the unsecured segment and the broader liquidity crunch. We expect RoA/ROE of 2.25%/17.2% by FY27E. Maintain BUY with an SOTP based TP of INR 1,420 (valuing the core bank at 2.3x FY27E BVPS).

ICICI Bank – 3Q25 Trends

Exhibit 1. ICICI Bank: 3Q25 Result summary					
Earnings Table (Rs. mn.)	3Q'24	2Q'25	3Q'25	YoY (%)	QoQ (%)
NII	1,86,786	2,00,480	2,03,706	9.1	1.6
Fee based Income	53,130	58,940	61,800	16.3	4.9
Trading Profits	1,230	6,800	3,710	201.6	(45.4)
Misc Income	6,611	6,027	5,171	(21.8)	(14.2)
Non-Interest income	60,971	71,767	70,681	15.9	(1.5)
Total Income	2,47,756	2,72,246	2,74,387	10.7	0.8
Employee Cost	38,127	41,361	39,291	3.1	(5.0)
Other Operating Expenses	62,393	63,653	66,231	6.2	4.0
Total Operating Expenses	1,00,520	1,05,015	1,05,521	5.0	0.5
Operating Profit	1,47,236	1,67,232	1,68,866	14.7	1.0
Total Provisions	10,494	12,331	12,267	16.9	(0.5)
PBT	1,36,743	1,54,901	1,56,599	14.5	1.1
Tax	34,027	37,442	38,675	13.7	3.3
PAT (Pre-Extraordinaries)	1,02,715	1,17,459	1,17,924	14.8	0.4
Extraordinaries (Net of Tax)	0	0	0		
Reported Profit	1,02,715	1,17,459	1,17,924	14.8	0.4
Balance sheet (Rs. bn.)					
Deposits	13,323	14,978	15,203	14.1	1.5
Net Advances	11,538	12,772	13,144	13.9	2.9
Total Assets	17,832	19,769	20,133	12.9	1.8
Low-cost Deposits (%)	39.6%	40.6%	40.5%	0.86	(0.15)
Loan-Deposit ratio (%)	86.6%	85.3%	86.5%	(0.15)	1.18
Key Ratios					
Credit Quality					
Gross NPAs (Rs. mn.)	2,87,746	2,71,212	2,77,453	(3.6)	2.3
Net NPAs (Rs. mn.)	53,785	56,851	58,978	9.7	3.7
Gross NPA (%)	2.44%	2.09%	2.08%	(0.37)	(0.01)
Net NPA (%)	0.47%	0.45%	0.45%	(0.02)	0.00
Coverage Ratio (%)	81.3%	79.0%	78.7%	(2.57)	(0.29)
Capital Adequacy					
Tier I (%)	13.94%	14.65%	14.04%	0.10	(0.61)
CAR (%)	14.61%	15.35%	14.71%	0.10	(0.64)
Du-pont Analysis					
NII / Assets (%)	4.26%	4.14%	4.08%	(0.18)	(0.06)
Non-Interest Inc. / Assets (%)	1.39%	1.48%	1.42%	0.03	(0.07)
Operating Cost / Assets (%)	2.29%	2.17%	2.12%	(0.18)	(0.06)
Operating Profits / Assets (%)	3.36%	3.46%	3.39%	0.02	(0.07)
Provisions / Assets (%)	0.24%	0.25%	0.25%	0.01	(0.01)
ROA (%)	2.35%	2.43%	2.36%	0.02	(0.06)

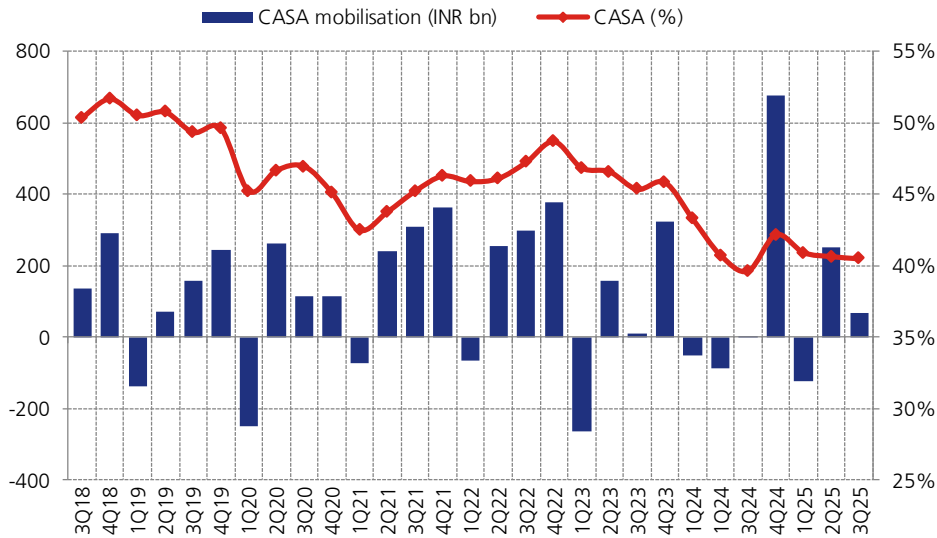
Source: Company, JM Financial

Exhibit 2. ICICI Bank: Deposit mix

Deposits Mix (Rs bn)	3Q'24	2Q'25	3Q'25	YoY (%)	QoQ (%)
Current	1,534	1,831	1,904	24.1%	4.0%
Saving	3,746	4,256	4,251	13.5%	-0.1%
Time	8,043	8,890	9,047	12.5%	1.8%
Total Deposits	13,323	14,978	15,203	14.1%	1.5%
Current	11.5%	12.2%	12.5%	1.0%	0.3%
Saving	28.1%	28.4%	28.0%	-0.2%	-0.5%
CASA	39.6%	40.6%	40.5%	0.9%	-0.2%
Time	60.4%	59.4%	59.5%	-0.9%	0.2%
Total	100%	100%	100%		

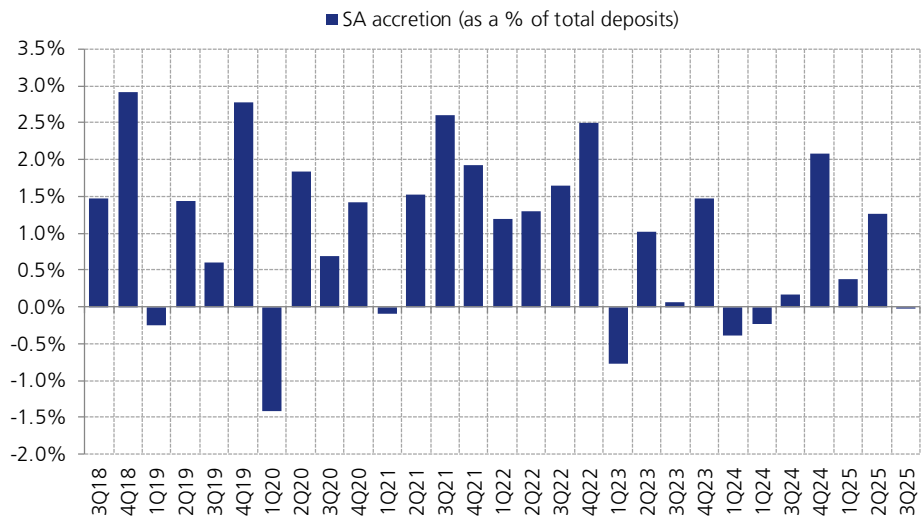
Source: JM Financial, Company

Exhibit 3. ICICI Bank: CASA Trends



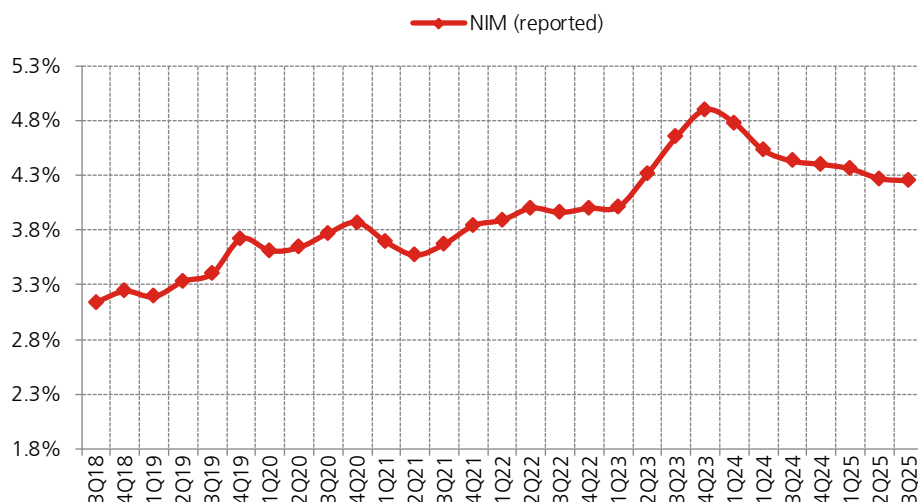
Source: Company, JM Financial

Exhibit 4. ICICI Bank: SA accretion



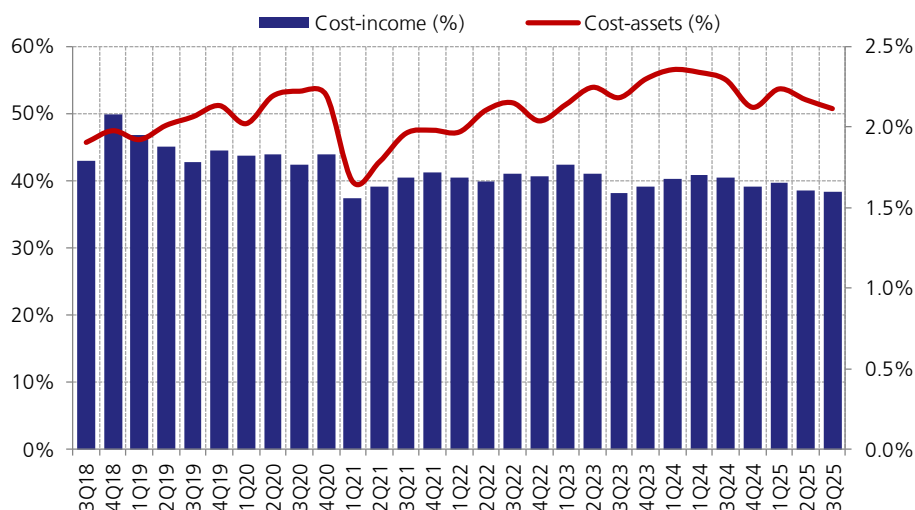
Source: Company, JM Financial

Exhibit 5. ICICI Bank: Reported Global NIM (%)



Source: Company, JM Financial

Exhibit 6. ICICI Bank: Cost ratios



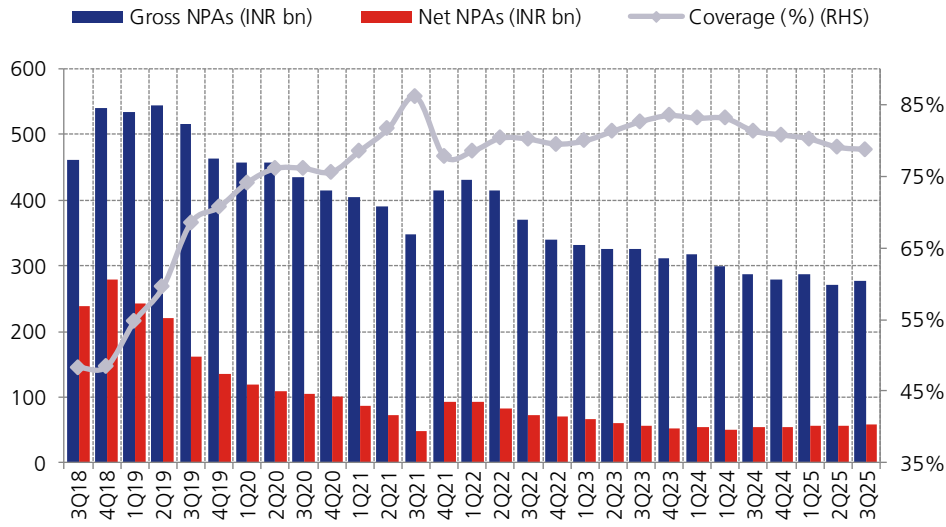
Source: Company, JM Financial

Exhibit 7. ICICI Bank: Trends in loan mix and margins

	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
Domestic loan mix (%)	95.0%	95.0%	95.2%	94.9%	96.0%	96.4%	96.7%	96.9%	96.7%	96.6%	97.2%	97.4%	97.4%	97.6%
Overseas loan mix (%)	5.0%	5.0%	4.8%	5.1%	4.0%	3.6%	3.3%	3.1%	3.3%	3.4%	2.8%	2.6%	2.6%	2.4%
Domestic NIM (%)	4.09%	4.06%	4.12%	4.14%	4.45%	4.79%	5.02%	4.88%	4.61%	4.52%	4.49%	4.44%	4.34%	4.32%
Overseas NIM (%)	0.26%	0.28%	0.35%	0.33%	0.51%	0.63%	1.03%	1.00%	1.56%	1.47%	1.21%	1.32%	1.22%	1.33%
Global NIM (%)	4.00%	3.96%	4.00%	4.01%	4.31%	4.65%	4.90%	4.78%	4.53%	4.43%	4.40%	4.36%	4.27%	4.25%

Source: Company, JM Financial

Exhibit 8. ICICI Bank: NPL trends



Source: Company, JM Financial

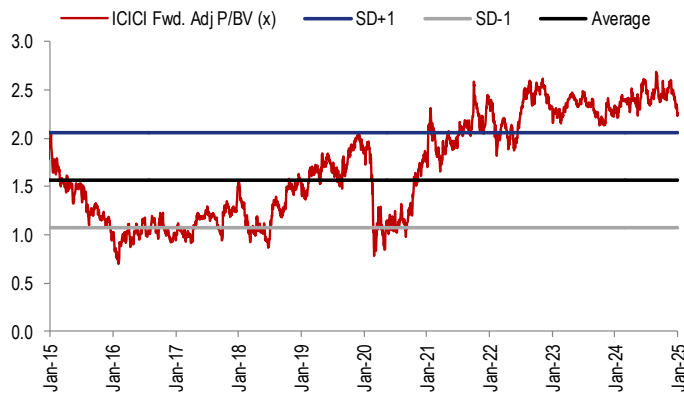
Valuation Summary

Exhibit 9. ICICI Bank: SOTP valuation summary

ICICI Bank SOTP	Holding (%)	Valuation Methodology	Value per share	Contribution to TP (%)
ICICI Bank - Parent	100.0%	2.3x FY27E fully adj BV	1,213	86%
ICICI Prudential Life	51.2%	Market cap post 20% holdco discount	50	4%
ICICI Prudential MF	51.3%	24x FY26E PAT post 20% holdco	72	5%
ICICI Bank UK	100.0%	1x FY24 book	4	0%
ICICI Bank Canada	100.0%	1x FY24 book	4	0%
ICICI HF	100.0%	1x FY24 book	4	0%
ICICI Lombard	51.3%	Market cap post 20% holdco discount	52	4%
ICICI Securities	74.7%	Market cap post 20% holdco discount	22	2%
ICICI Sec Primary Dealership	100.0%	15x FY24 PAT	9	1%
Less: Cost of investments			-13	-1%
Total (Rs.) – rounded off			1,420	100%

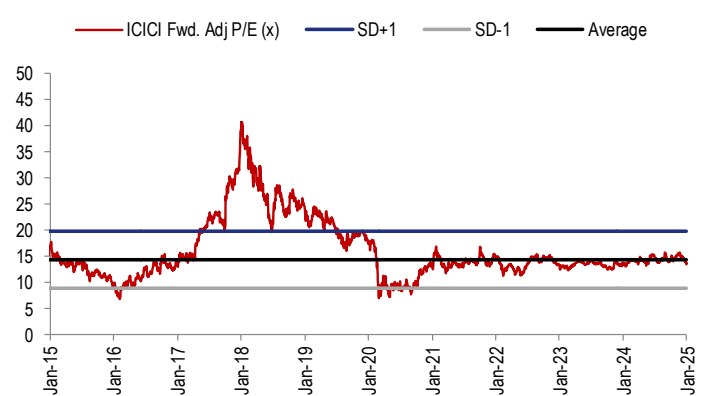
Source: Company, JM Financial

Exhibit 10. ICICI Bank (banking business) : One year fwd price to book (x)



Source: Bloomberg, JM Financial

Exhibit 11. ICICI Bank (banking business) : One year fwd Price to earnings (x)



Source: Bloomberg, JM Financial

Financial Tables (Standalone)

Profit & Loss						(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Interest Income	6,21,286	7,43,057	8,06,305	9,28,280	10,71,309	
Profit on Investments	441	8,129	17,000	5,000	5,000	
Exchange Income	30,279	29,989	35,372	42,333	47,368	
Fee & Other Income	1,67,595	1,91,460	2,26,109	2,62,340	3,04,104	
Non-Interest Income	1,98,314	2,29,578	2,78,481	3,09,673	3,56,472	
Total Income	8,19,600	9,72,635	10,84,787	12,37,953	14,27,781	
Operating Expenses	3,28,732	3,91,327	4,23,605	4,64,915	5,27,203	
Pre-provisioning Profits	4,90,868	5,81,308	6,61,181	7,73,039	9,00,579	
Loan-Loss Provisions	15,962	26,347	53,281	79,281	1,19,493	
Provisions on Investments	12,995	6,888	0	0	0	
Others Provisions	37,699	3,194	0	0	0	
Total Provisions	66,656	36,429	53,281	79,281	1,19,493	
PBT	4,24,212	5,44,878	6,07,901	6,93,757	7,81,086	
Tax	1,05,247	1,35,996	1,51,725	1,73,154	1,94,950	
PAT (Pre-Extraordinaries)	3,18,965	4,08,883	4,56,175	5,20,603	5,86,135	
Extra ordinaries (Net of Tax)	0	0	0	0	0	
Reported Profits	3,18,965	4,08,883	4,56,175	5,20,603	5,86,135	
Dividend paid	55,871	70,234	87,792	98,328	1,05,351	
Retained Profits	2,63,094	3,38,649	3,68,383	4,22,276	4,80,784	

Source: Company, JM Financial

Key Ratios					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Growth (YoY) (%)					
Deposits	10.9%	19.6%	13.5%	14.5%	15.0%
Advances	18.7%	16.2%	14.5%	15.0%	16.0%
Total Assets	12.3%	18.2%	13.6%	14.2%	14.8%
NII	30.9%	19.6%	8.5%	15.1%	15.4%
Non-interest Income	7.1%	15.8%	21.3%	11.2%	15.1%
Operating Expenses	23.0%	19.0%	8.2%	9.8%	13.4%
Operating Profits	25.1%	18.4%	13.7%	16.9%	16.5%
Core Operating profit	27.2%	16.9%	12.4%	19.2%	16.6%
Provisions	-22.9%	-45.3%	46.3%	48.8%	50.7%
Reported PAT	36.7%	28.2%	11.6%	14.1%	12.6%
Yields / Margins (%)					
Interest Spread	3.89%	3.86%	3.36%	3.32%	3.36%
NIM	4.38%	4.52%	4.17%	4.17%	4.20%
Profitability (%)					
Non-IR to Income	24.2%	23.6%	25.7%	25.0%	25.0%
Cost to Income	40.1%	40.2%	39.0%	37.6%	36.9%
ROA	2.13%	2.37%	2.29%	2.29%	2.25%
ROE	17.5%	19.0%	18.0%	17.7%	17.2%
Assets Quality (%)					
Slippages	2.15%	1.87%	1.92%	1.80%	1.80%
Gross NPA	2.87%	2.26%	1.79%	1.73%	1.71%
Net NPAs	0.51%	0.45%	0.36%	0.35%	0.35%
Provision Coverage	82.8%	80.3%	80.0%	80.0%	80.0%
Specific LLP	0.11%	0.13%	0.37%	0.49%	0.52%
Net NPAs / Networth	2.6%	2.3%	1.8%	1.7%	1.7%
Capital Adequacy (%)					
Tier I	17.60%	15.60%	16.30%	16.64%	16.84%
CAR	18.34%	16.33%	16.96%	17.24%	17.38%

Source: Company, JM Financial

Balance Sheet						(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Equity Capital	13,968	14,047	14,047	14,047	14,047	
Reserves & Surplus	19,85,577	23,55,893	27,24,276	31,46,552	36,27,336	
Deposits	1,18,08,407	1,41,28,250	1,60,35,563	1,83,60,720	2,11,14,828	
Borrowings	11,93,255	12,49,676	13,50,220	14,58,864	16,33,238	
Other Liabilities	8,33,251	9,53,227	10,96,211	12,60,643	14,49,740	
Total Liabilities	1,58,11,442	1,86,84,312	2,12,20,317	2,42,40,826	2,78,39,189	
Investments	36,23,297	46,19,423	52,93,035	59,99,271	68,33,570	
Net Advances	1,01,96,383	1,18,44,064	1,35,61,453	1,55,95,671	1,80,90,979	
Cash & Equivalents	11,94,383	13,99,260	19,12,099	21,31,361	23,87,683	
Fixed Assets	65,374	77,765	86,198	1,93,927	1,15,104	
Other Assets	7,32,005	7,43,801	3,67,532	3,20,596	4,11,855	
Total Assets	1,58,11,442	1,86,84,312	2,12,20,317	2,42,40,826	2,78,39,189	

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
NII / Assets	4.16%	4.31%	4.04%	4.08%	4.11%
Other Income / Assets	1.33%	1.33%	1.40%	1.36%	1.37%
Total Income / Assets	5.48%	5.64%	5.44%	5.45%	5.48%
Cost / Assets	2.20%	2.27%	2.12%	2.05%	2.02%
PBP / Assets	3.28%	3.37%	3.31%	3.40%	3.46%
Provisions / Assets	0.45%	0.21%	0.27%	0.35%	0.46%
PBT / Assets	2.84%	3.16%	3.05%	3.05%	3.00%
Tax rate	24.8%	25.0%	25.0%	25.0%	25.0%
ROA	2.13%	2.37%	2.29%	2.29%	2.25%
RoRWAs	3.26%	3.35%	3.11%	3.12%	3.06%
Leverage	8.0	8.0	7.7	7.7	7.6
ROE	17.5%	19.0%	18.0%	17.7%	17.2%

Source: Company, JM Financial

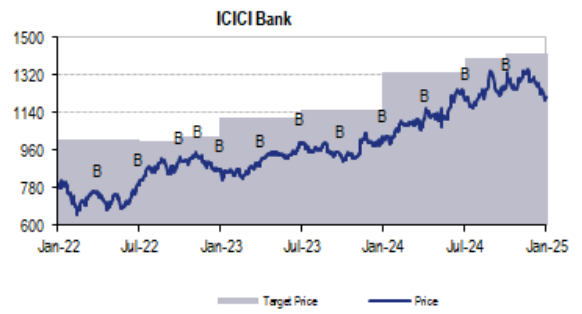
Valuations					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Shares in Issue	6,983.9	7,023.4	7,023.4	7,023.4	7,023.4
EPS (INR)	45.7	58.2	65.0	74.1	83.5
EPS (YoY) (%)	36.0%	27.5%	11.6%	14.1%	12.6%
PER (x)	26.5	20.8	18.6	16.3	14.5
BV (INR)	282	333	390	450	518
BV (YoY) (%)	17.3%	18.1%	17.1%	15.4%	15.2%
ABV (INR)	282	333	390	450	0
ABV (YoY) (%)	17.3%	18.1%	17.1%	15.4%	0.0%
P/BV (x)	4.29	3.63	3.10	2.69	2.33
P/ABV (x)	4.29	3.63	3.10	2.69	0.00
DPS (INR)	8.0	10.0	12.5	14.0	15.0
Div. yield (%)	0.7%	0.8%	1.0%	1.2%	1.2%

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
11-Jan-21	Buy	645	
31-Jan-21	Buy	660	2.3
25-Apr-21	Buy	740	12.1
10-Jun-21	Buy	740	0.0
25-Jul-21	Buy	760	2.7
23-Oct-21	Buy	1,010	32.9
6-Dec-21	Buy	1,010	0.0
23-Jan-22	Buy	1,010	0.0
24-Apr-22	Buy	1,010	0.0
23-Jul-22	Buy	1,000	-1.0
22-Oct-22	Buy	1,025	2.5
4-Dec-22	Buy	1,025	0.0
22-Jan-23	Buy	1,115	8.8
23-Apr-23	Buy	1,115	0.0
23-Jul-23	Buy	1,155	3.6
22-Oct-23	Buy	1,155	0.0
22-Jan-24	Buy	1,330	15.2
28-Apr-24	Buy	1,330	0.0
28-Jul-24	Buy	1,400	5.3
27-Oct-24	Buy	1,420	1.4

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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