

Stable margins, strong capital base, and tech-led execution to accelerate growth trajectory in FY26

CMP: INR 1,407

Rating: Buy

Target Price: INR 1,722

Stock Info

BSE	532174
NSE	ICICIBANK
Bloomberg	ICICIBC IN
Reuters	ICBK.BO
Sector	Banks
Face Value (INR)	2
Equity Capital (INR Bn)	14
Mkt Cap (INR Bn)	10,019
52w H/L (INR)	1,409 / 1048
Avg Yearly Vol (in 000')	14,153

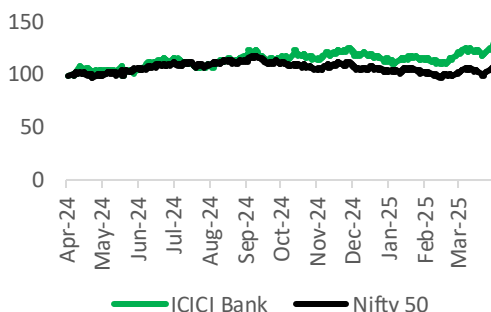
Shareholding Pattern %

(As on March, 2025)

Promoters	NIL
Public & Others	100

Stock Performance (%)	1m	3m	12m
ICICI Bank	7.39	14.79	29.45
Nifty 50	4.46	2.79	6.78

ICICI Bank Vs Nifty 50



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ICICI Bank's NII for Q4FY25 stood at INR 211.9 bn against our estimates of INR 203 bn, up by 4% QoQ and up by 11% YoY. PPOP came in at INR 176.6 bn vs the estimate of INR 167.5 bn, up 4.6% QoQ and 17.5% YoY. Provisions stood at INR 8.9 bn against our estimates of INR 12.9 bn decreasing by 27% QoQ and down by 33.1% YoY. PAT stood at INR 126.3 bn against our estimates of INR 116.4 bn up by 7% QoQ and up by 18% YoY. GNPA came at 1.67% down by 29 bps QoQ and 49 bps YoY, against our estimates of 2.40% while NNPA was at 0.39% against our estimates of 0.5 % down by 3 bps QoQ and 3 bps YoY. Deposits increased to INR 16,103.5 bn, up 5.9% QoQ and 14.0% YoY. Advances increased to INR 13,417.7 bn, up 2.1% QoQ and 13.3% YoY.

Balanced Loan Growth with Strategic Focus on Granular Segments: The bank delivered 13.9% YoY growth in its domestic loan book, with significant momentum in business banking (up 33.7%) and corporate segments (up 11.9%). While retail growth moderated at 8.9% YoY, it still forms 43.8% of the total portfolio, including non-fund exposures. Within retail, mortgages, credit cards, and personal loans continued to grow steadily. The bank's diversified loan mix and a high share of floating rate assets (~69%) make its book agile to rate cycles. This balanced growth strategy supports both profitability and risk mitigation.

Strong Capitalization and Ample Liquidity Cushion: With a Common Equity Tier-1 (CET-1) ratio of 15.94% and a total capital adequacy ratio of 16.55% post-dividend, the bank is well-capitalized to fund future growth without diluting shareholder value. Its average liquidity coverage ratio (LCR) of 126% ensures a healthy buffer in dynamic monetary conditions. Strong internal accruals continue to support capital generation, and management sees sufficient runway for organic growth through its existing franchise.

Healthy Asset Quality and Strong Provisioning Buffers: The bank continues to exhibit excellent asset quality metrics, underpinned by conservative provisioning and robust risk management. The net NPA ratio improved to 0.39% in March 2025, down from 0.42% a year ago, showcasing stable credit behavior across retail and corporate segments. Provisioning coverage ratio stood at 76.2%, while total provisions during the quarter were a modest 0.27% of average advances. The bank also holds a contingency buffer of INR 131 Bn (~1% of loans), offering additional comfort. This provisioning strategy enhances resilience against potential macro uncertainties and supports long-term asset quality stability.

Valuation & View: ICICI Bank delivered a strong Q4FY25 performance with 18% YoY profit growth and continued improvement in asset quality (net NPA at 0.39%). Loan growth remained healthy, especially in business banking and mortgages, while subsidiaries like ICICI Life, AMC, and Securities contributed solid profits. Backed by a strong capital base (CET1 at 15.94%), stable margins, and tech-led execution, the bank is well-positioned for risk-calibrated growth. **We maintain our Buy ratings on the stock with a revised target price of INR 1,722, based on SOTP basis with the bank valued at 2.2x FY27E P/ABV for the standalone bank (upgraded from earlier 2.0x P/ABV).**

Particulars (INR bn)	FY23	FY24	FY25	FY26e	FY27e
NII	621.3	743.1	811.6	1,038.8	1,132.4
PAT	319.0	408.9	472.3	487.4	490.8
BV (Rs)	286.3	337.4	407.1	459.5	535.5
ABV (Rs)	278.9	329.8	397.8	450.2	525.7
P/ABV (x)	4.3	3.7	3.0	2.7	2.3
ROE (%)	17.23%	18.72%	17.92%	15.79%	13.85%
ROA (%)	2.13%	2.37%	2.40%	2.22%	2.03%
PCR (%)	79.64%	78.45%	76.20%	74.24%	71.65%

Q4FY25 - Quarterly Performance (Standalone)

Income Statement (INR Bn.)	Q4FY25	Q3FY25	Q4FY24	Q-o-Q	Y-o-Y
Interest Income	424	413	379	2.7%	11.8%
Interest Expense	212	209	189	1.5%	12.6%
Net Interest Income	212	204	191	4.0%	11.0%
Non Interest Income	73	71	56	2.7%	28.5%
Total Income	285	274	247	3.7%	15.0%
Employee Costs	41	39	37	4.5%	10.3%
Other Operating Expenses	67	66	60	0.9%	11.7%
Operating Expenses	108	106	97	2.2%	11.2%
Pre-Provision Profit	177	169	150	4.6%	17.5%
Provisions	9	12	7	-27.4%	24.0%
Profit Before Tax	168	157	143	7.1%	17.1%
Tax Expense	41	39	36	7.1%	14.7%
Net Profit	126	118	107	7.1%	18.0%
Balance Sheet Analysis					
Deposits	16,103	15,203	14,128	5.9%	14.0%
CASA (%)	38.4%	39.0%	38.9%	-60bps	-50bps
Advances	13,418	13,144	11,844	2.1%	13.3%
Total Assets	21,182	20,133	18,715	5.2%	13.2%
Capital Adequacy Ratio (%)	16.33%	16.33%	16.33%	0bps	0bps
Spread Analysis					
Cost of Deposits (%)	5.00%	4.91%	4.82%	9bps	18bps
NIM (%)	4.41%	4.25%	4.40%	16bps	1bps
Asset Quality					
Gross NPA	2,41,660	2,77,450	2,79,620	-12.9%	-13.6%
Net NPA	55,890	58,980	53,780	-5.2%	3.9%
GNPA (%)	1.67%	1.96%	2.16%	-29bps	-49bps
NNPA (%)	0.39%	0.42%	0.42%	-3bps	-3bps
Key Ratios					
Cost to Income Ratio (%)	37.92%	38.46%	39.22%	-54bps	-130bps
C/D Ratio (%)	83.32%	86.45%	83.83%	-313bps	-51bps
RoA (%) (annualized)	2.49%	2.36%	2.37%	13bps	12bps

Source: Arianth Research, Company Filings

Key Concall Highlights**Guidance:**

- Focus remains on risk-calibrated growth, supported by strong capital, stable asset quality, and investment in technology and distribution
- Margins may see some pressure if rate cuts are significant, but the bank is managing spreads carefully and sees stable credit costs
- Business banking and retail to drive growth, with cautious optimism on unsecured products and confidence in franchise strength for long-term expansion

Key Highlights:

- Standalone PAT stood at INR 126.3 Bn, growing 18% YoY in Q4FY25
- Average Deposits grew 11.4% YoY and 1.9% QoQ
- Domestic loan portfolio was up 13.9% YoY and 2.2% QoQ
- Retail portfolio expanded by 8.9% YoY and 2.0% QoQ
- Business Banking showed significant growth at 33.7% YoY and 6.2% QoQ. Domestic Corporate portfolio grew 11.9% YoY, marginally down 0.4% QoQ
- Consolidated Capital Adequacy Ratio stood at 16.55% for Q4FY25, CET1 at 15.94%, including dividend impact
- The PCR on non-performing loans was 76.2% for Q4FY25
- The Mortgage portfolio growth was 11% YoY and 2.8% QoQ, Auto loans grew 4.6% YoY, 0.4% QoQ, Commercial Vehicle & Equipment loans grew 7% YoY, 2.9% QoQ, Personal loans up 4.2% YoY, 0.6% QoQ, Credit card loans up 11.7% YoY, 0.9% QoQ, Overseas loan portfolio formed 2.3% of the total loan book as on Q4FY25
- P&L and Margins: NII grew by 11% YoY in Q4FY25 to 211.93 Bn, NIM improved to 4.4% in Q4FY25 vs 4.25% in Q3FY25 and 4.4% in Q4FY24, Cost of Deposits increased to 5% in Q4FY25 vs 4.91% in Q3FY25.
- Operating Expenses rose 11.2% YoY, Employee expenses grew 10.3% YoY, Non-employee expenses were up 11.7% YoY
- Total Provisions for Q4FY25 were INR 8.91 Bn. Contingency provisions stood at INR 131 Bn for Q4FY25
- ICICI Life and AMC showed steady growth in profits; I-Sec delisted and became a wholly owned subsidiary
- PBT (ex-Treasury) rose 13.2% YoY and 8.1% QoQ to INR 165.34 Bn
- CASA pressure likely behind; focus is on total cost and availability of funding, not just ratio
- Liquidity in the system has improved, helping deposit growth; deposit rates may see some downward adjustments
- The recent 50 bps repo rate cut is expected to flow into deposit rates over time
- Movement in rate cards—either up or down—is expected to have an impact on margins; Higher rate card levels are likely going forward
- No segment-level yield guidance given, but focus remains on optimizing risk-adjusted profitability
- Focus remains on risk-adjusted PPOP for future loan growth
- Credit performance remains stable with a well-diversified and granular risk profile

Source: Arianth Research, Company Filings

Key Financials

Profit & Loss Statement (Rs. Bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest earned	1,092.3	1,428.9	1,632.6	1,703.4	1,874.3	2,099.9
Interest/Discount on advances/Bills	839.4	1,109.4	1,264.0	1,262.5	1,408.5	1,603.2
Income from Investment	208.9	286.3	329.8	403.3	426.3	456.6
Interest on Balances with RBI & Others	18.5	17.9	21.6	11.6	11.1	8.8
Others	25.5	15.2	17.2	25.8	28.4	31.3
Interest expended	471.0	685.9	821.0	664.5	742.0	819.0
Net Interest Income (NII)	621.3	743.1	811.6	1,038.8	1,132.4	1,281.0
Other income	198.3	229.6	285.1	278.8	314.1	355.0
Total income	819.6	972.6	1,096.7	1,317.7	1,446.4	1,635.9
Employee Expenses	120.6	151.4	165.4	164.8	189.5	217.9
Other Operating Expenses	208.1	239.9	258.3	350.4	427.5	521.6
Operating Expenses	328.7	391.3	423.7	515.2	617.0	739.5
Operating profit	490.9	581.3	673.0	802.4	829.4	896.4
Provisions	66.7	36.4	46.8	163.6	186.2	204.1
Profit Before Tax (PBT)	424.2	544.9	626.2	638.8	643.2	692.3
Provisions for taxes	105.2	136.0	153.9	151.4	152.5	164.1
PAT	319.0	408.9	472.3	487.4	490.8	528.3

Balance Sheet (INR Bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Assets						
Cash & bank balances	685	897	1,199	1,076	1,182	1,199
Bal. with banks and money at call & short notice	509	502	656	714	591	447
Advances	10,196	11,844	13,418	14,330	16,289	18,563
Investments	3,623	4,619	5,048	5,708	6,300	6,562
Fixed Assets	96	109	128	122	129	137
Other Assets	732	744	733	859	945	1,039
Total Assets	15,842	18,715	21,182	22,809	25,437	27,948
Equity & Liability						
Total Paid-Up Capital	14	14	14	14	14	14
Reserves & surplus	1,986	2,356	2,886	3,259	3,800	3,978
ESOPs	8	14	21	23	25	28
Deposits	11,808	14,128	16,103	16,552	18,185	19,980
Borrowings	1,193	1,250	1,235	1,646	1,866	2,131
Other liabilities & provisions	833	953	923	1,316	1,546	1,817
Total Liabilities	15,842	18,715	21,182	22,809	25,437	27,948

Source: Arianth Research, Company Filings

Ratios	FY23	FY24	FY25	FY26E	FY27E	FY28E
Growth rates						
Advances (%)	18.70%	16.16%	13.29%	6.80%	13.7%	14.0%
Deposits (%)	10.92%	19.65%	13.98%	2.78%	9.9%	9.9%
Total assets (%)	12.25%	18.1%	13.2%	7.7%	11.5%	0.0%
NII (%)	30.89%	19.60%	9.23%	27.99%	9.0%	13.1%
Pre-provisioning profit (%)	25.06%	18.42%	15.77%	19.24%	3.4%	8.1%
PAT (%)	36.66%	28.19%	15.50%	3.21%	0.7%	7.6%
Balance sheet ratios						
CASA (%)	45.84%	42.18%	47.50%	51.31%	51.69%	52.08%
Advances/Total assets (%)	64.36%	63.29%	63.34%	62.83%	64.04%	66.42%
Operating efficiency						
Cost/income (%)	40.11%	40.23%	38.64%	39.10%	42.66%	45.20%
Profitability						
NIM (%)	4.46%	4.70%	4.34%	4.94%	4.93%	5.04%
RoA (%)	2.13%	2.37%	2.40%	2.22%	2.03%	1.98%
RoE (%)	17.23%	18.72%	17.92%	15.79%	13.85%	13.53%
Asset quality						
Gross NPA (%)	2.81%	2.16%	1.67%	1.78%	1.52%	1.33%
Net NPA (%)	0.51%	0.42%	0.39%	0.46%	0.43%	0.42%
PCR (%)	79.64%	78.45%	76.20%	74.24%	71.65%	68.44%
Per share data / Valuation						
EPS (INR)	45.67	58.22	66.30	68.43	68.90	111.24
BVPS (INR)	286.31	337.44	407.14	459.48	535.54	840.76
ABVPS (INR)	278.93	329.78	397.80	450.25	525.68	824.38
P/E (x)	26.43	20.73	18.20	17.64	17.52	10.85
P/BV (x)	4.22	3.58	2.96	2.63	2.25	1.44
P/ABV (x)	4.33	3.66	3.03	2.68	2.30	1.46

Source: Arianth Research, Company Filings

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Stock Rating Scale**Absolute Return**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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