

DEEP DIVE
ICICI Bank



ICICI Bank

Well-placed to retain sector leadership

ICICI Bank (ICICIB) has under-performed during 9MFY26 in terms of credit growth, succession overhang, and partly on asset quality, translating to muted shareholder returns. We argue that the bank's deposit mobilisation is unlikely to be a growth constraint, as ICICIB is placed comfortably on LCR and loan-deposit ratio (LDR). ICICIB's credit growth is likely to continue being led by the business banking (MSMEs) segment, with a gradual uptick in the unsecured segments. Asset quality has been benign on the back of strong recoveries, even as gross slippages remain relatively elevated. ICICIB's superior tech capabilities, coupled with distribution expansion, are likely to help sustain operating efficiencies. We resume coverage with a BUY, and a revised SOTP-based TP of INR1,700 (standalone bank at 2.7x Sep-27 ABVPS). ICICIB is our top pick in the banking universe.

- Granular deposit franchise; pace of mobilisation remains key:** ICICIB has been gradually improving deposit granularity (RSBD/total deposits: 61%), while gaining market share in current account balances, even while garnering institutional SA has been a challenge, thus translating into low cost of funds (9MFY26: 4.8%). While ICICIB has lagged its peers with respect to deposit mobilisation (3% YTD) in the current fiscal, we believe the mobilisation shall pick up from here on and shall be sufficient to support credit growth.
- Well-placed to accelerate growth:** With a relatively comfortable LDR (88%) and LCR (126%), coupled with stability in lending rates and early signs of pick-up in credit growth in Q3FY26 (4% QoQ), we believe ICICIB is likely to get back to growing above system levels (15% loan CAGR from FY25-FY28E). Business banking is likely to be a loan growth driver, along with an uptick in unsecured credit, even as there has been a pick-up in corporate credit recently.
- Asset quality improving but not yet best-in-class:** While gradually reducing, gross slippages continue to be elevated compared to peers, even as net slippages and credit costs are benign on the back of strong retail recoveries. We expect the impact of additional provisioning owing to mis-tagging of agri PSL to be gradually reversed. Going forward, with higher MSME exposure and uptick in unsecured credit, we build in ~45bps credit cost for FY26-FY28E.
- Sustenance of operating efficiencies key to retain sector leadership:** With a first mover advantage in digital adoption and continued investments in tech and distribution, ICICIB is likely to see operating leverage gains. Growth pick-up and NIM reflation (deposit re-pricing and change in loan mix) shall drive RoAs/RoEs to 2.3%/16% on a sustainable basis.

Financial Summary (Standalone)

(INR bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
NII	621.3	743.1	811.6	877.9	1,029.4	1,184.9
PPOP	490.9	581.3	673.0	721.1	845.8	983.3
PAT	319.0	399.4	472.3	493.8	577.2	658.3
EPS (INR)	45.7	56.9	66.3	69.3	81.0	92.4
ROAE (%)	17.2	18.2	17.8	15.8	16.2	16.1
ROAA (%)	2.1	2.3	2.4	2.2	2.3	2.3
ABVPS (INR)	270.2	317.9	376.7	428.9	489.0	556.1
P/ABV (x)	5.2	4.4	3.7	3.3	2.9	2.5
P/E (x)	30.8	24.7	21.2	20.3	17.3	15.2

Source: Company, HSIE Research

BUY

CMP (as on 17 Feb 2026) INR 1,405

Target Price INR 1,700

NIFTY 25,725

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,540	INR 1,700
EPS %	FY26E	FY27E
	-3.7%	-1.9%

KEY STOCK DATA

Bloomberg code	ICICIB IN
No. of Shares (mn)	7,155
MCap (INR bn) / (\$ mn)	10,072/1,11,067
6m avg traded value (INR mn)	16,793
52 Week high / low	INR 1,500/1,200

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.1	(1.4)	12.5
Relative (%)	3.8	(4.9)	2.7

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	0.0	0.0
FIs & Local MFs	45.3	47.0
FPIs	45.6	43.9
Public & Others	9.1	9.1
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Annual Report Dashboard

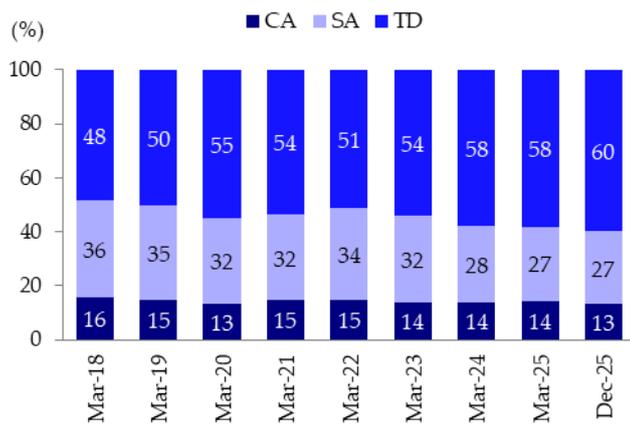
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Concentration metrics											
% Share of Top 20 advances	34.5%	30.2%	25.3%	26.6%	21.9%	11.0%	13.8%	11.8%	10.3%	8.6%	8.9%
% Share of Top 20 exposures	15.9%	14.3%	12.6%	14.0%	11.9%	11.5%	14.5%	12.3%	10.2%	8.9%	9.2%
% Share of Top 20 depositors	6.4%	7.3%	7.0%	6.2%	5.7%	4.9%	5.4%	5.3%	3.5%	3.4%	4.2%
% Share of Top 20 NPAs	NA	NA	NA	NA	NA	NA	35.7%	42.3%	42.7%	34.4%	25.8%
Sector-wise Advances (% of sector advances)											
Priority Sector	2.1%	2.2%	2.2%	2.2%	1.9%	2.3%	3.4%	2.7%	1.9%	1.8%	1.8%
Industrial credit	3.2%	3.3%	3.0%	1.9%	1.1%	1.1%	1.6%	1.4%	0.8%	0.8%	0.7%
Credit for services	1.7%	2.0%	1.6%	2.1%	1.7%	3.1%	5.3%	2.1%	1.2%	1.1%	1.1%
Agricultural credit	3.0%	3.1%	3.1%	3.1%	3.7%	4.2%	4.3%	5.3%	4.6%	4.3%	4.5%
Personal loans	1.3%	1.2%	1.2%	1.0%	1.3%	1.5%	3.4%	2.2%	1.6%	1.9%	1.9%
Non-Priority Sector	4.2%	6.8%	10.6%	11.5%	9.5%	7.5%	6.0%	4.2%	3.2%	2.5%	1.7%
Industrial credit	4.8%	10.3%	19.8%	25.5%	21.3%	15.8%	13.3%	10.9%	9.3%	7.3%	3.9%
Credit for services	5.9%	7.2%	7.3%	6.8%	5.7%	6.8%	4.2%	2.5%	2.0%	1.6%	1.0%
Agricultural credit	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Personal loans	1.3%	1.0%	0.9%	1.3%	1.3%	1.5%	2.6%	1.5%	1.3%	1.3%	1.3%
GNPA Mix %											
Sub standard	22.0%	15.7%	34.1%	15.3%	13.2%	16.2%	31.1%	26.1%	23.6%	32.3%	40.2%
Doubtful 1	30.4%	30.9%	31.7%	40.8%	11.0%	17.7%	11.4%	12.4%	15.4%	10.6%	13.3%
Doubtful 2	27.4%	38.7%	26.6%	34.0%	56.1%	35.7%	12.7%	16.4%	14.1%	13.2%	10.2%
Doubtful 3	4.7%	3.5%	2.7%	7.2%	14.2%	20.4%	33.8%	24.7%	9.5%	10.2%	8.3%
Loss	15.6%	11.2%	4.9%	2.8%	5.5%	10.1%	10.9%	20.5%	37.4%	33.7%	28.0%
Bancassurance - % of Total Fee	10%	10%	14%	14%	12%	9%	9%	7%	5%	5%	5%
PSLC Bought - % of previous year loans	NA	NA	NA	NA	NA	6.5%	5.5%	9.7%	8.3%	10.8%	10.0%
PSLC Sold - % of previous year loans	NA	NA	NA	NA	NA	6.7%	6.5%	13.8%	8.6%	8.6%	10.4%
Operational Risk											
Frauds reported (#)	NA	NA	3,359	2,938	2,131	2,817	1,549	5,678	6,642	29,993	13,528
Amount involved in frauds (INR mn)	NA	NA	4,211	5,896	23,165	94,729	118,386	31,001	3,854	8,166	6,305
Provision for fraud (INR mn)	NA	NA	585	2,088	12,208	10,833	26,693	3,730	1,571	2,424	2,299
Provision for fraud (% of PPOP)	NA	NA	0.2%	0.8%	5.2%	3.9%	7.3%	1.0%	0.3%	0.4%	0.3%
Ticket size of frauds (INR mn)	NA	NA	1.3	2.0	10.9	33.6	76.4	5.5	0.6	0.3	0.5
Real Estate Exposure (% of RE Exposure)											
Secured by residential mortgage	66%	70%	72%	72%	72%	71%	73%	76%	75%	74%	71%
Individual housing loans	12%	11%	10%	9%	12%	11%	11%	10%	9%	8%	6%
Secured by commercial mortgage	25%	21%	19%	18%	18%	20%	18%	19%	20%	22%	24%
Exposure to NHBs and HFCs	6%	7%	7%	9%	8%	8%	8%	4%	4%	3%	2%
LCR Disclosures											
LCR %	NA	NA	NA	109%	127%	122%	135%	127%	122%	123%	123%
RSBD (% of total deposits on bank's BS)	NA	NA	NA	55%	55%	56%	59%	57%	58%	57%	55%

Source: Company, HSIE Research

Best-in-class liabilities franchise

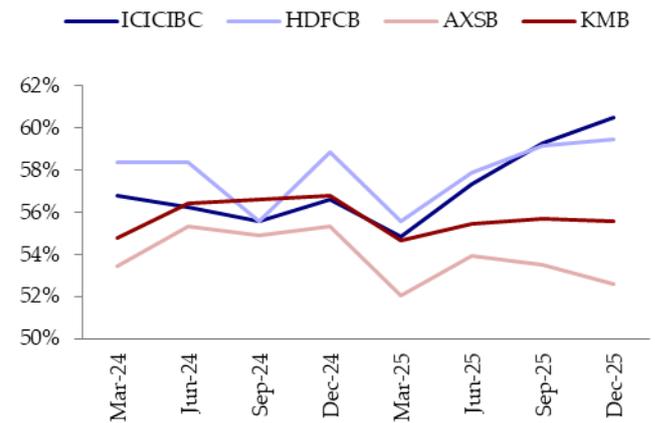
- Upping the quality of deposits in a tough environment:** ICICIBC has consistently been improving the quality of its deposit franchise while gaining steady market share, especially in current account balances. The deposit granularity has improved on the back of strong traction in business banking and SME segments along with superior tech stack. The granularity in deposits (RSBD/total deposits) has improved to 61% as of Dec-25 (FY24: 57%) alongside low concentration of top 20 depositors (4.2%) on the back of consistent pick-up in individual savings, term deposits, and current account balances, even as garnering institutional SA has been a challenge.

Exhibit 1: Deposit mix – SA mix has gradually reduced



Source: Company, HSIE Research

Exhibit 2: RSBD/Total Deposits: Granularity of deposits improved significantly

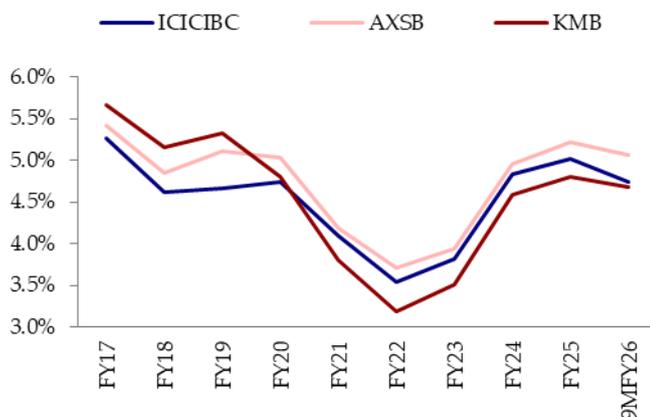


Source: Company, HSIE Research

Note: HDFC securities is a subsidiary of HDFC Bank

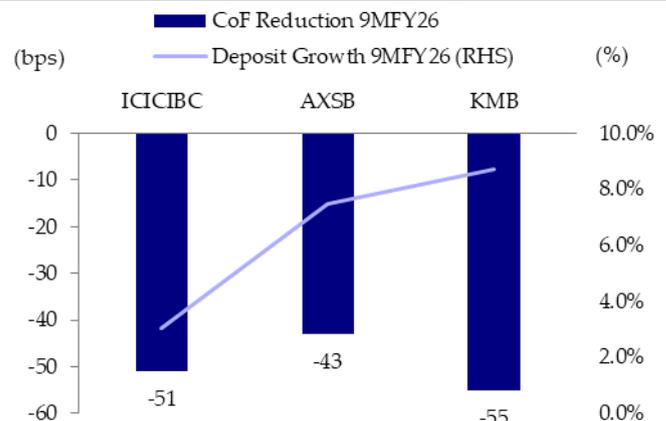
- Low cost of funds; but deposit accretion slower during 9MFY26:** ICICIBC has been able to consistently attract low-cost deposits, leading to best-in-class cost of funds profile. However, during 9MFY26, ICICI Bank has seen the least deposit accretion (3.1%) compared to peers, making the ask rate for Q4FY26 relatively steep.

Exhibit 3: CoF (calculated) - the lowest amongst peers



Source: Company, HSIE Research

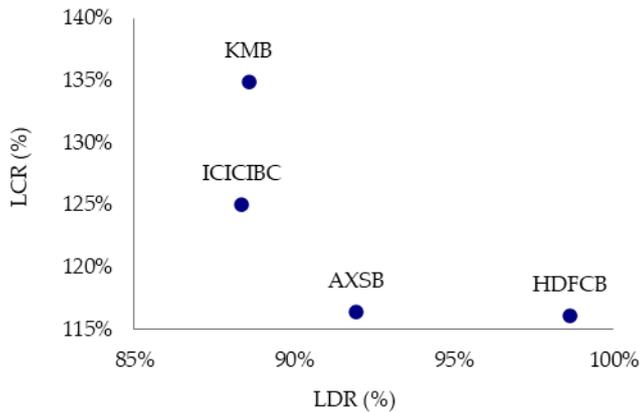
Exhibit 4: Deposit growth has lagged peers in 9MFY26



Source: Company, HSIE Research

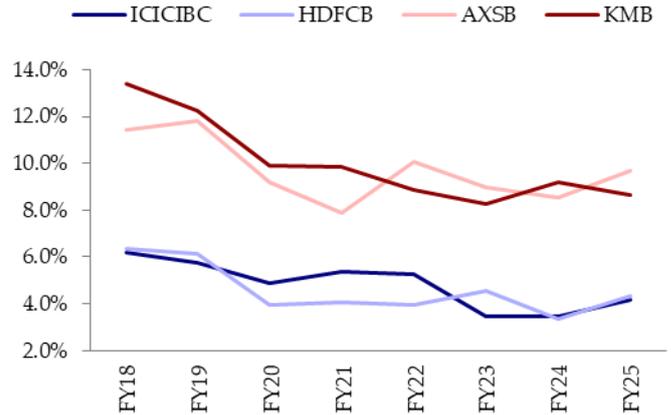
- Comfortable on LCR and loan-to-deposit ratio; TD repricing to aid cost of funds:**
 Going forward, given that the bank is comfortable in terms of LDR as well as LCR ratio, we believe that deposit mobilisation is unlikely to be a growth constraint. We built in a Deposit CAGR of 13% for FY26-FY28E largely driven by retail TDs with CASA expected to trend lower alongside industry trends. With 30-35% deposits yet to re-price, the cost of funds are expected to trend lower between FY25-FY27E by ~60bps (9MFY26 ~50 bps).

Exhibit 5: LDR and LCR (Dec-25)- Most comfortable compared to peers



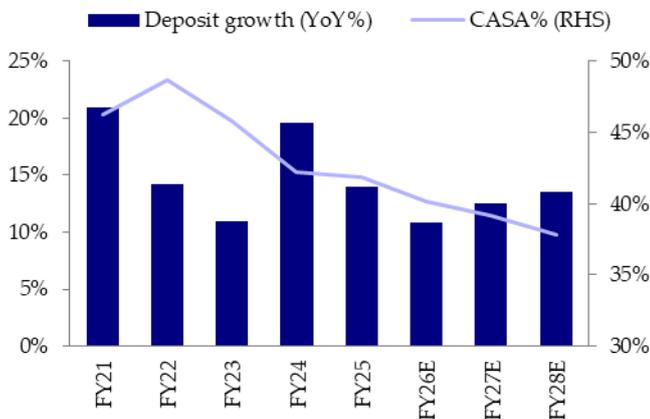
Source: Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 6: Top 20 Deposit concentration – Continues to be amongst the lowest in the industry



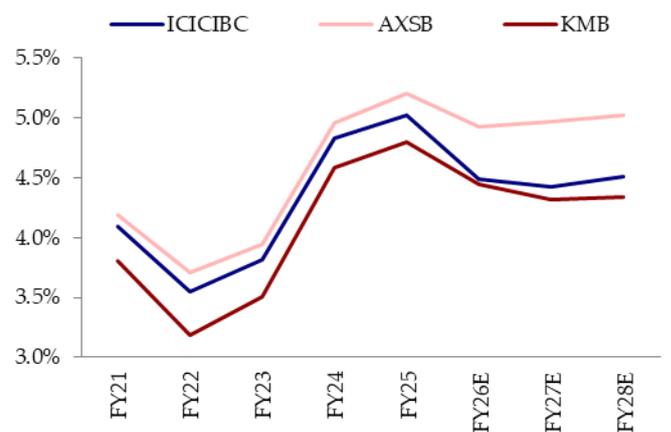
Source: Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 7: Deposit volumes to pick up; CASA % to trend lower



Source: Company, HSIE Research

Exhibit 8: Cost of funds – To trend lower for FY26-FY27E

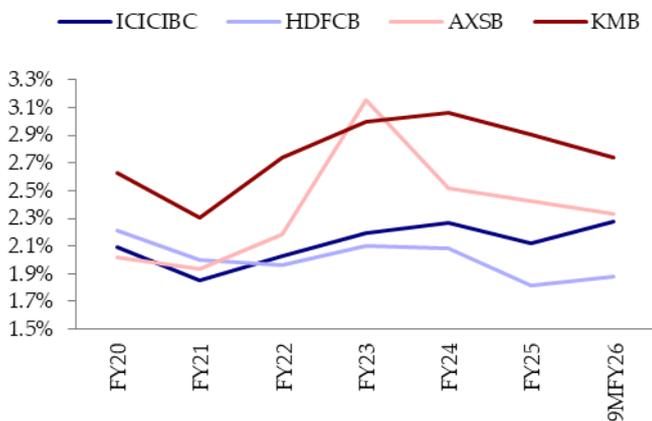


Source: Company, HSIE Research

Targeting steady efficiency and productivity gains

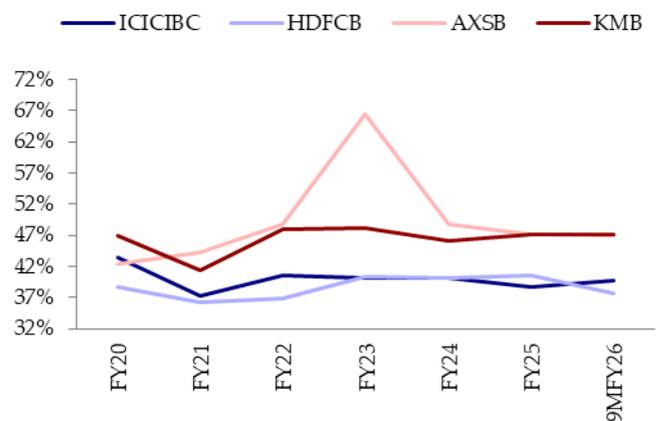
- Superior tech capabilities drive sustainable operating efficiencies:** Superior tech capabilities and digital stack have been a major competitive moat for ICICIBC, driving throughput gains. The bank has extensively focused on simplification of its products and services (reduced product variants to 600 from 1k), seamless customer experience (enhancing usability of the iMobile app and re-designing the net banking website), improving customer relationship management (iCRM - unified platforms for employees giving 360° view of customer relationship), tightening cybersecurity framework and leveraging digital public infrastructure. Continuous investments and upgradations in digital capabilities have resulted in best-in-class operating ratios (cost-to-income < 40%) and operating profits (core PPOP/average assets at 3.3%) for the bank.

Exhibit 9: Opex to assets - Marginal increase with investments in tech and distribution



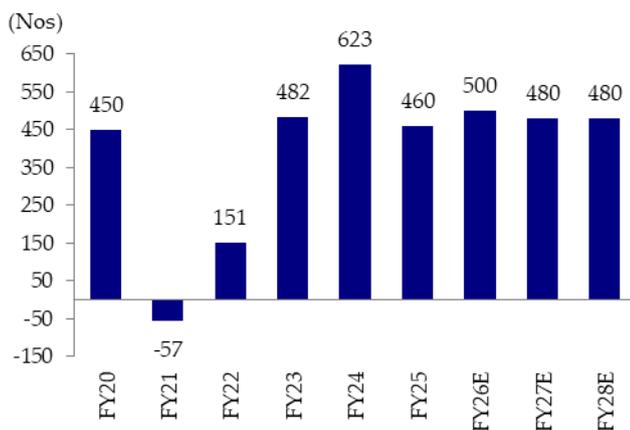
Source: Company, HSIE Research
Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 10: Cost to income - Consistently amongst the best in the industry



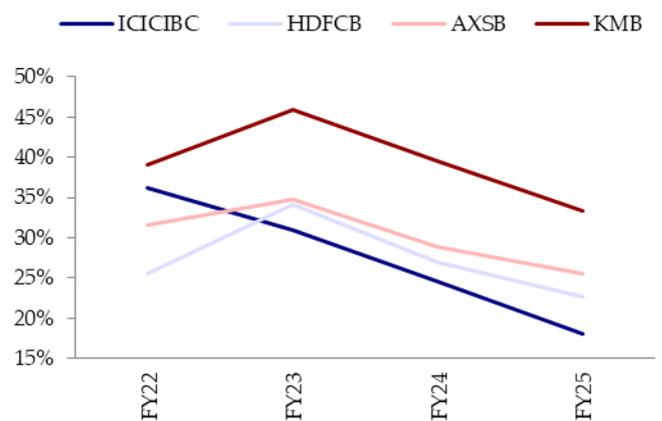
Source: Company, HSIE Research
Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 11: Net branch additions - Steadily expanding distribution while improving efficiency



Source: Company, HSIE Research

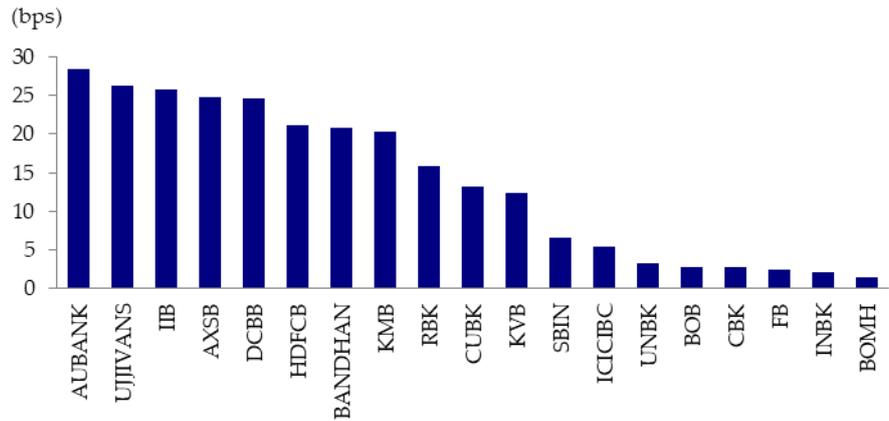
Exhibit 12: Employee attrition - Low employee attrition aiding in scaling retail franchise



Source: Company, HSIE Research
Note: HDFC securities is a subsidiary of HDFC Bank

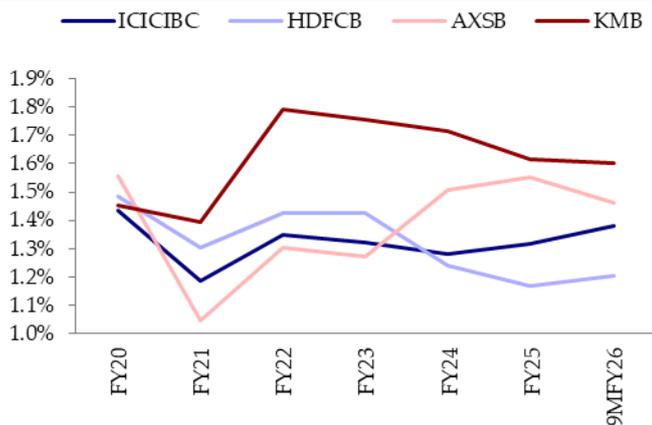
- Relatively lower dependence on bancassurance income:** Given the recent RBI guidelines on curbing mis-selling of third-party products (effective July 1, 2026), we believe that bancassurance income could moderate for banks, on account of greater customer awareness and tighter regulatory scrutiny. While private banks have a larger contribution (20-25bps) to RoAs from bancassurance income, ICICIBC has a significantly lower dependence (~5bps), auguring well for the sustainability of its non-interest income.

Exhibit 13: Bancassurance income as a % of average assets (FY25)



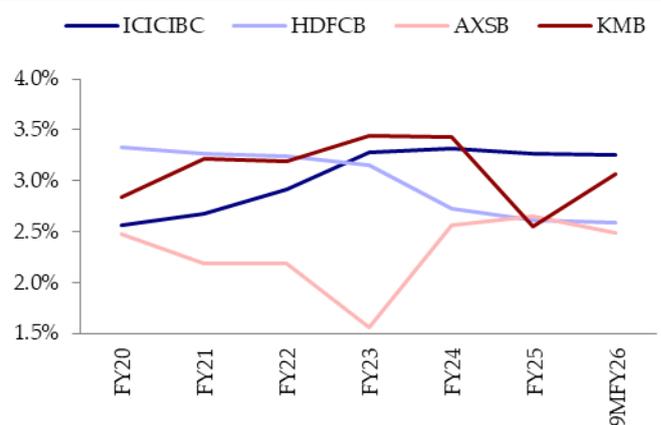
Source: Company, HSIE Research

Exhibit 14: Gradual improvement in core fee to assets



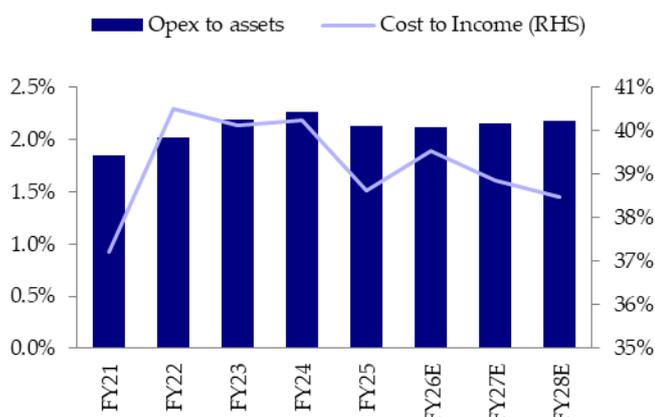
Source: Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 15: Core PPOP- Steady trajectory



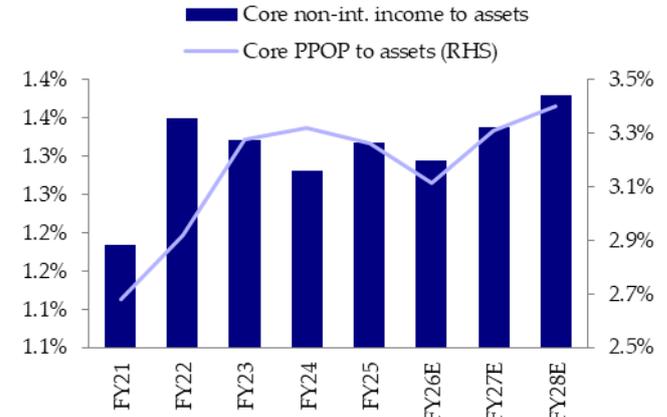
Source: Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 16: To sustain current efficiency levels



Source: Company, HSIE Research

Exhibit 17: Core earnings to remain strong

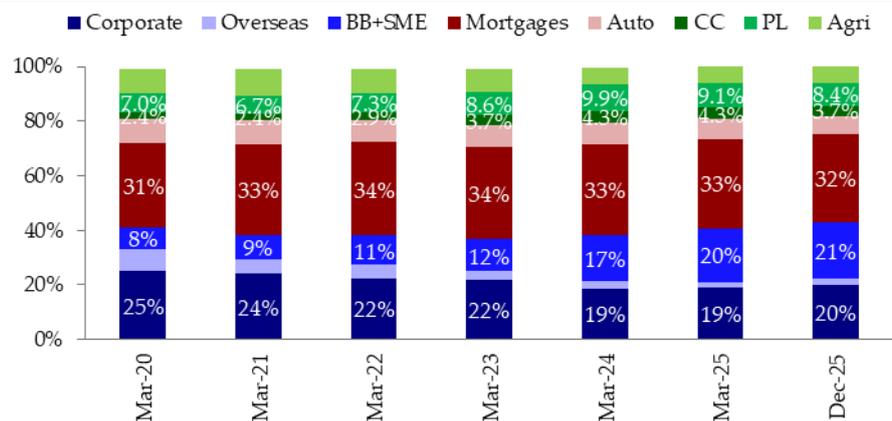


Source: Company, HSIE Research

Concentrated growth; gradually diversifying

- Business banking/MSME driving growth; gradual pick-up in corporate:** Over the past few years, ICICIBank has rapidly scaled its MSME/ business banking segments, concomitantly reducing its corporate and overseas book exposure. The Bank has been able to build a niche with MSME customers on the back of simplified product propositions, tech upgradations and high customer engagement. ICICIBank had also scaled its unsecured portfolio (credit cards + personal loans) between FY22-FY24 with a better quality of portfolio compared to AXSB and KMB, before scaling it down in the last two years owing to overleveraging in those asset classes. Within mortgages the growth in home loans has moderated with pick up LAP and non-residential loans. Corporate growth has picked up in the past couple of quarters with proportion of A- and above book reducing.
- While the bank has been comfortably growing above system for past 4 years, its loan growth in 9MFY26 (9.3%) has been relatively weaker compared to system with slower growth in unsecured, auto loans and mortgages and cautious slowdown in a rate cut environment. Going forward, we build in a loan CAGR of 15% for FY25-FY26E with some uptick in unsecured credit and comfortable LDR.

Exhibit 18: Loan mix – Scaled the MSME/Business Banking book rapidly



Source: Company, HSIE Research

Exhibit 19: Outpacing in BB/MSME segments

	3 Year CAGR			Loan mix		
	ICICIBank	HDFCB	AXSB	ICICIBank	HDFCB	AXSB
Corporate	13%	11%	14%	20%	26%	32%
MSME/BB	37%	23%	22%	21%	15%	18%
Mortgages #	13%	72%	10%	32%	30%	22%
PL	15%	9%	16%	8%	7%	7%
CC #	17%	11%	29%	4%	4%	4%
Agri	0%	19%	16%	6%	10%	8%
Auto	10%	10%	7%	7%	6%	5%
Total Loans	15%	#23%	15%	100%	100%	100%

Source: Company, HSIE Research,

Note 1: HDFCB Post merger Mortgages have grown at a CAGR of 10% CAGR; HDFCB excluding mortgage book have a loan growth CAGR of 13%

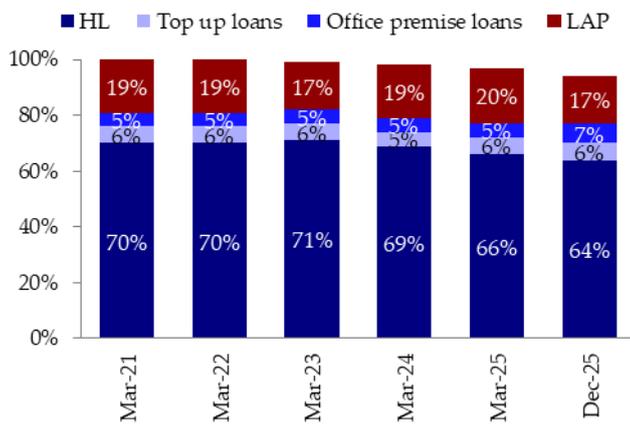
Note 2: AXSB's CC book post-merger has grown the CC book at a 13% CAGR; AXSB excluding credit card book has grown at 14.5% CAGR

Note 3: ICICIBank had reclassified part of its Agri and retail book in the business banking segment

Note 4: HDFC securities is a subsidiary of HDFC Bank

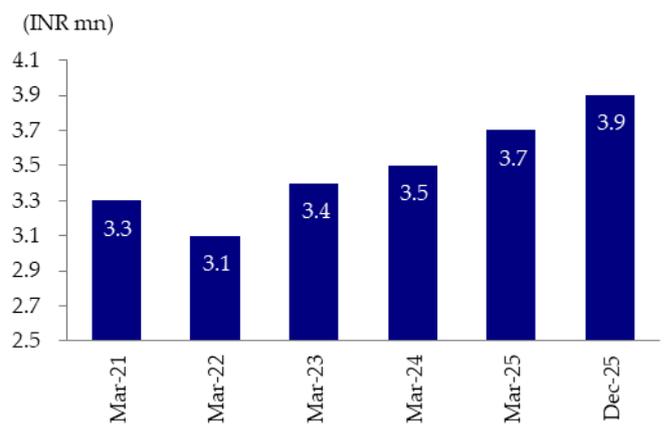
- Non-HL driving growth in mortgages:** The mortgages book has grown at a CAGR of 13% in the last 3 years. The growth has primarily been led by LAP (3-yr CAGR: 13%) and commercial property loans (3-yr CAGR: 19%), while the growth in home loans (3-yr CAGR: 9%) has lagged owing to intense competition from PSU banks. The proportion of ETB customers has increased over the period to 90% currently (FY22: 75%) as ICICIBC has shifted towards higher in-house sourcing. The LTV for HL and LAP has been steady at 60% and 40% respectively. Going forward, we believe the growth shall continue to be driven by LAP and commercial property segments, with PSU banks being competitive in pricing in the HL space.

Exhibit 20: Mortgages: LAP, commercial loans growing



Source: Company, HSIE Research

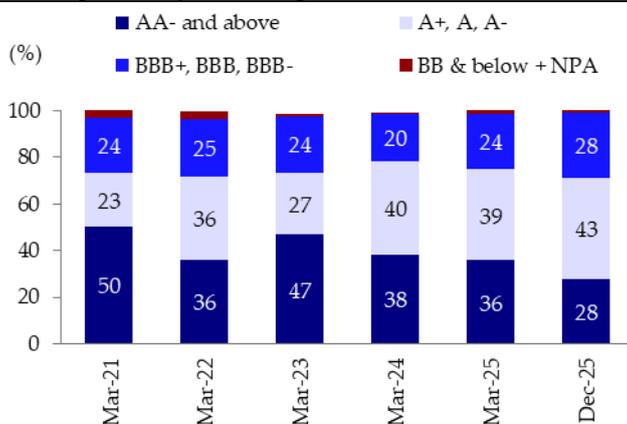
Exhibit 21: Home Loans - Rising Average Ticket Size



Source: Company, HSIE Research;

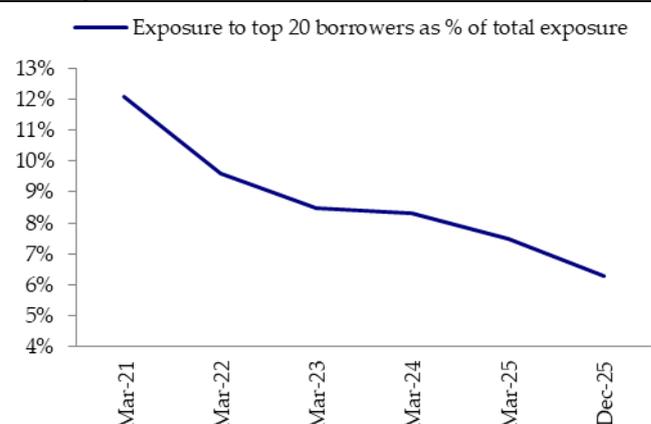
- Pick-up in wholesale credit; moderately down the risk curve:** ICICIBC has been steadily reducing its overall corporate exposure in the past 5 years, especially the legacy overseas corporate exposure which had elevated stress. The bank has over a period reduced concentration of exposures as well. While there has been an uptick in domestic corporate in the recent times, the exposure below A- increased to 28% (FY22: 19%). The bank has also been scaling its builder portfolio at a 24% CAGR in the past 3 years (2% of gross credit exposure as on Dec-25). While the shift in corporate loan mix towards lower-rated borrowers augurs well in terms of pricing, going forward, the asset quality in the corporate book remains a key monitorable.

Exhibit 22: Corporate book ratings – A- and above share gradually reducing



Source: Company, HSIE Research

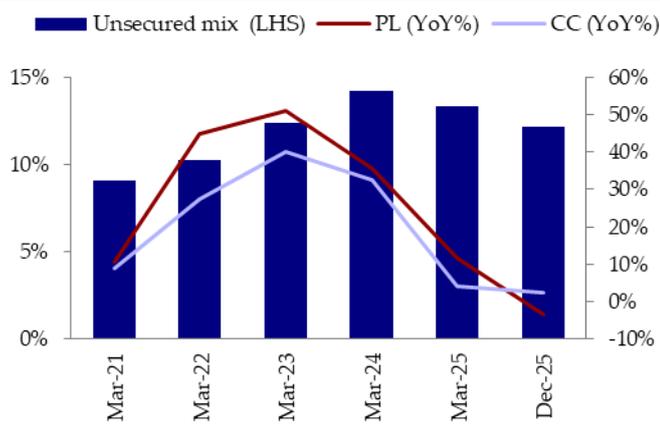
Exhibit 23: Top 20 borrower concentration reducing steadily



Source: Company, HSIE Research

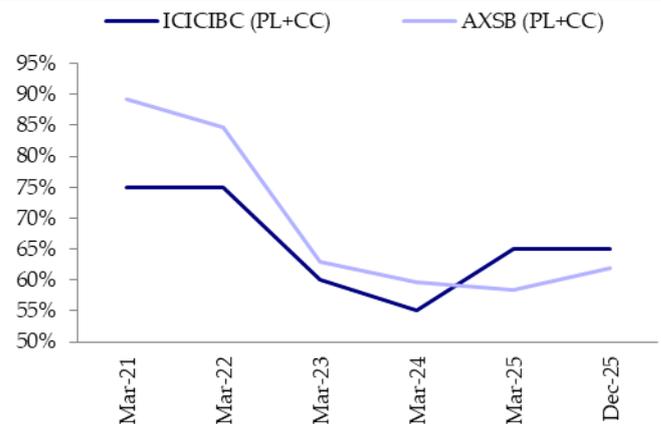
- **Slowdown in unsecured; credit quality better than peers:** The unsecured book witnessed a major slowdown post the increase in risk weights by RBI (Nov-23). Overleveraging in these segments led to tighter filters across the industry eventually leading to slowdown in growth. ICICIBC has been losing CIF market share and spends market share in the recent times with a calibrated approach.
- Compared to AXSB and KMB, which also scaled their unsecured books between FY22 to FY25, ICICIBC built a better quality of unsecured folio leading to lower uptick in credit costs compared to industry and peers. While there was some uptick in outstanding book and spends in the credit card book in the festive season, we believe growth in the receivables book shall be calibrated with higher risk filters and lower proportion of revolvers.

Exhibit 24: Unsecured growth tapered down



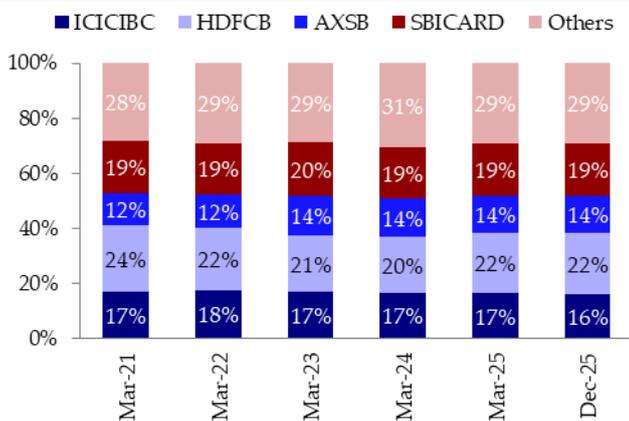
Source: Company, HSIE Research

Exhibit 25: ETB mix (PL + CC) – Increasing ETB mix



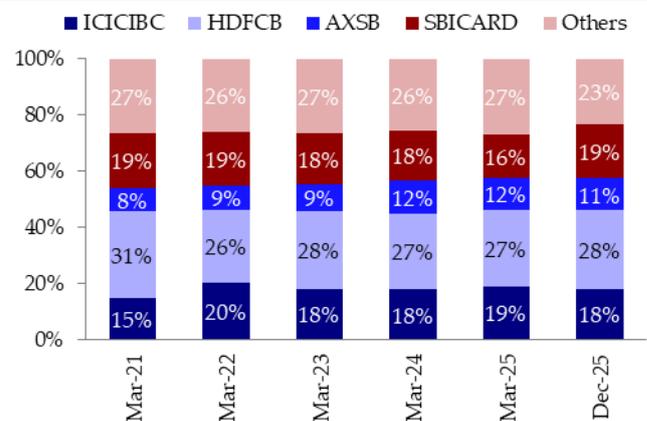
Source: Company, HSIE Research

Exhibit 26: CIF Market share: Losing market share to HDFCB



Source: Company, HSIE Research,
Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 27: Losing spends market share to SBICARD



Source: Company, HSIE Research,
Note: HDFC securities is a subsidiary of HDFC Bank

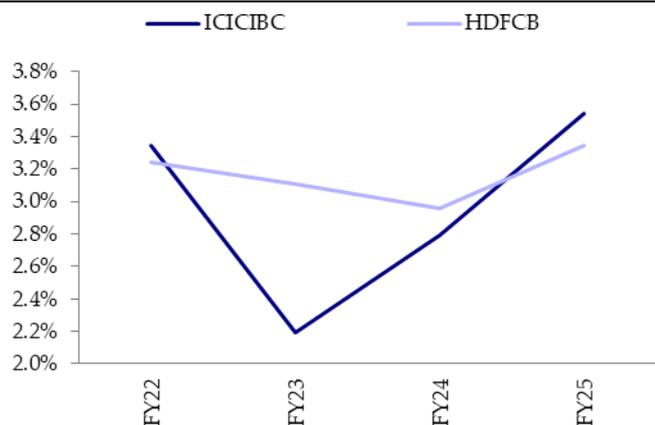
Exhibit 28: Monthly spends per card – Consistently above industry average

('000)	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
HDFCB	21.7	19.7	24.3	21.6	21.4	21.0	21.8	21.6	24.1	24.4	21.8	22.3
ICICIBC	19.8	17.1	20.2	19.2	18.9	18.4	20.1	19.0	22.9	21.5	18.4	19.8
SBICARD	14.2	12.7	15.6	14.1	15.4	14.5	15.3	15.5	19.0	18.5	15.6	18.3
AXSB	13.7	12.8	15.7	14.2	15.0	14.5	15.1	14.3	16.9	15.8	13.2	14.9
KMB	14.0	12.0	14.0	12.5	13.0	12.7	13.5	12.3	13.4	14.3	12.9	13.8
Industry	17.0	15.3	18.4	16.7	17.1	16.5	17.4	17.1	19.2	18.8	16.5	17.7

Source: RBI, HSIE Research; Note: HDFC securities is a subsidiary of HDFC Bank

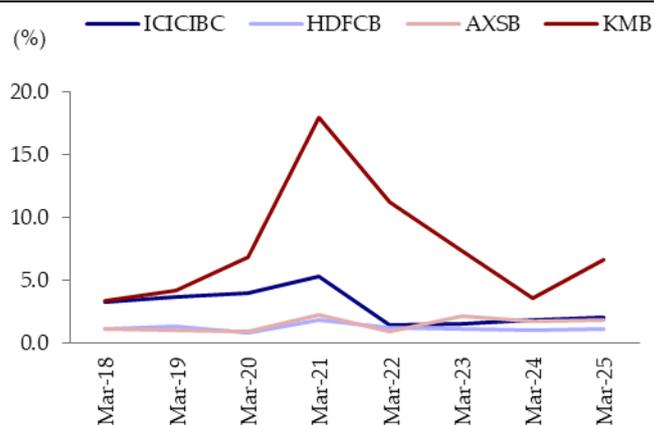
ICICI Bank: Deep Dive

Exhibit 29: Credit costs unsecured loans - Inched up in FY25 but remain best-in-class



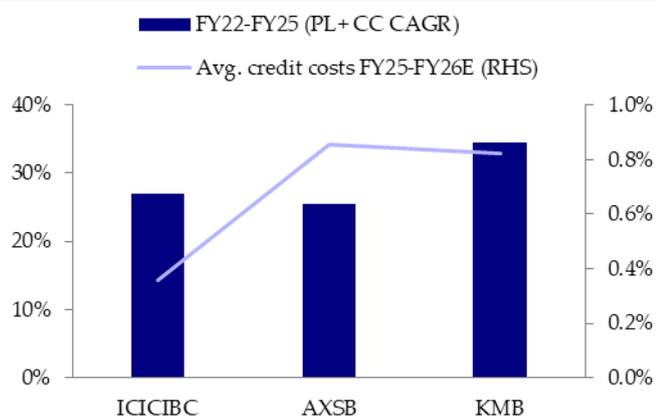
Source: Company, 20F, HSIE Research,
Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 30: Credit cards GNPA - Large write-offs in FY22



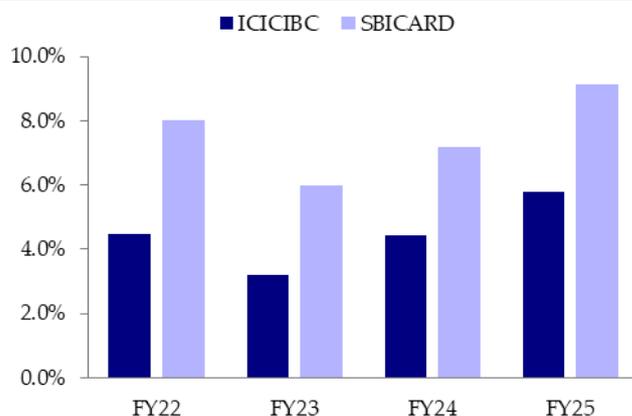
Source: RBI, HSIE Research,
Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 31: Credit quality (credit costs) significantly better than AXSB and KMB in unsecured book



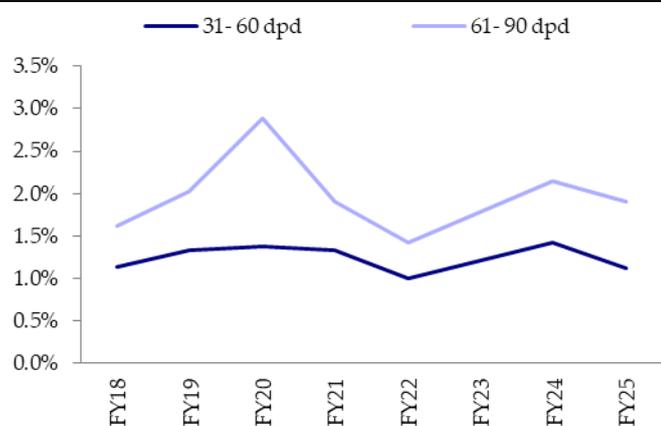
Source: Company, HSIE Research

Exhibit 32: Credit cards (credit costs) - Far below a specialized cards entity



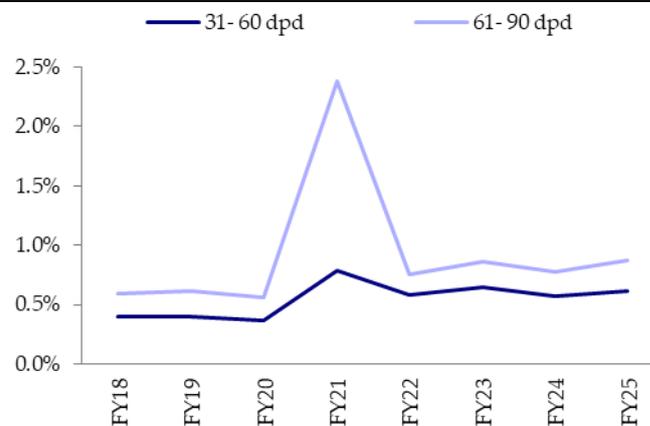
Source: Company, HSIE Research

Exhibit 33: ICICIBC: Credit cards dpd movement



Source: Company, 20F, HSIE Research

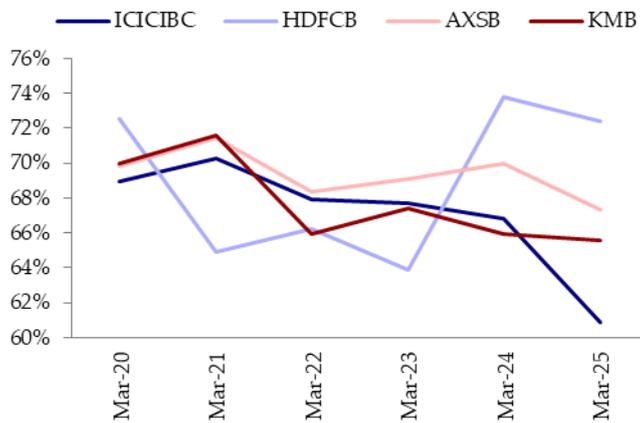
Exhibit 34: ICICIBC: Other unsecured loans dpd movement



Source: Company, 20F, HSIE Research

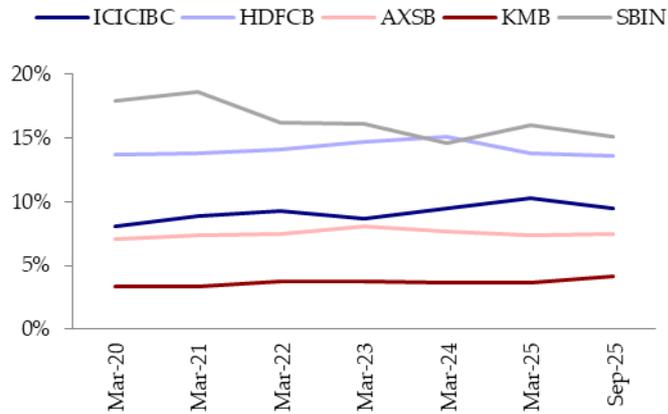
- Carving a niche in business banking (BB) segment:** ICICIBC has made significant inroads with MSME borrowers by leveraging its distribution and digital platforms, thus scaling its BB book (T/O <INR7.5 bn). With ~70% of this portfolio (by value) having a ticket size < INR0.1bn, ICICIBC has built granularity, thus moving towards a higher mix of overdraft loans (FY25: 36%; FY21: 25% of loans), leading to a shorter asset duration. While this is higher yielding and helps in better cross-sell of liabilities, we believe this portfolio is relatively more prone to asset quality cycles.

Exhibit 35: Term loans as a % of total advances



Source: Company, HSIE Research
Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 36: CA market share – Uptick in recent times

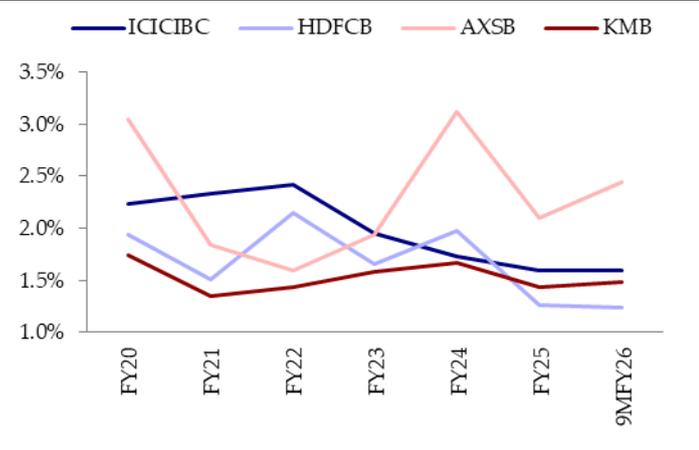


Source: Company, HSIE Research
Note: HDFC securities is a subsidiary of HDFC Bank

Scope of improvement in asset quality

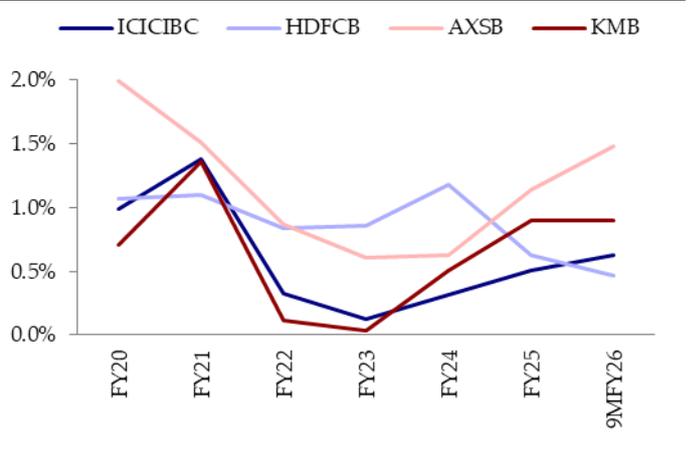
- Asset quality improving, but still not best-in-class:** ICICIB's gross slippages have been reducing steadily; however, are still higher compared to its peers. A strong and steady recovery run-rate is leading to net slippages in line with the peers and translating into lower credit costs. Given the concentrated growth in business banking segments along with expectations of pick up in unsecured credit, we believe gross slippages and credit costs shall marginally inch up from current levels. The recovery and upgrade run-rate remains key monitorable going forward to keep the net slippages and credit costs in check.

Exhibit 37: Gross slippages



Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

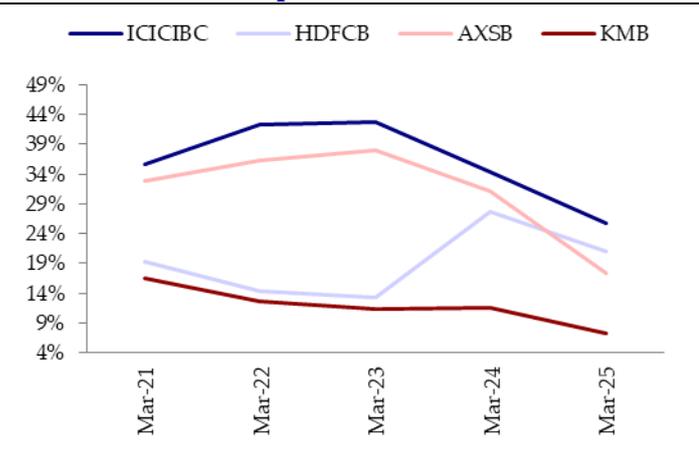
Exhibit 38: Net slippages



Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

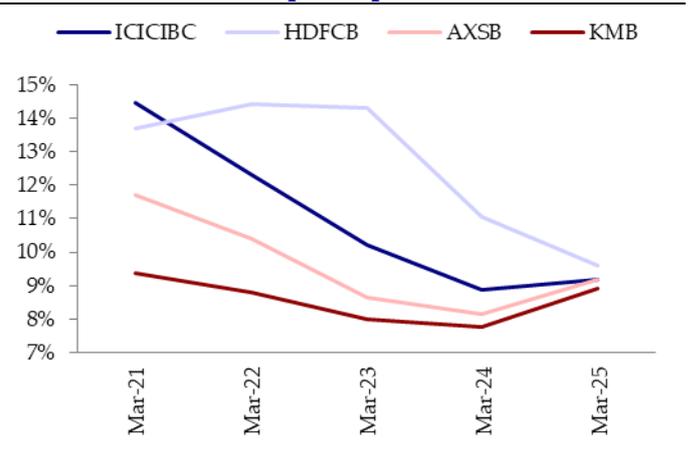
- NPA concentration still high:** While ICICIB has gradually reduced its top 20 NPA concentration (FY25: 26%), this remains higher compared to its peers, indicative of higher proportion of wholesale NPAs. The exposure concentration, however, is similar for large private banks at around 9-10%.

Exhibit 39: Share of top 20 NPAs



Company, HSIE Research,
 Note: HDFC securities is a subsidiary of HDFC Bank

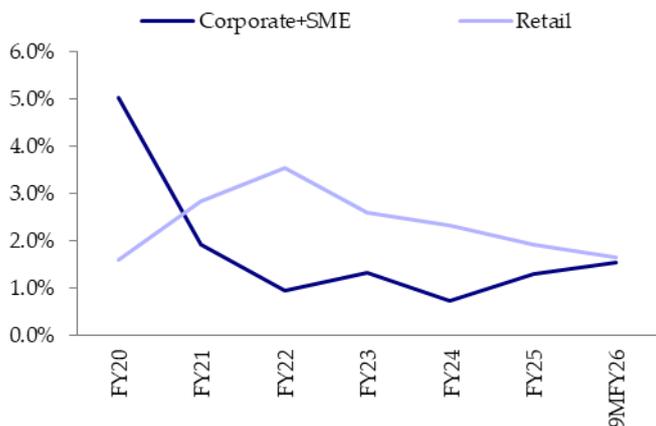
Exhibit 40: Share of top 20 exposures



Company, HSIE Research, Note
 HDFC securities is a subsidiary of HDFC Bank

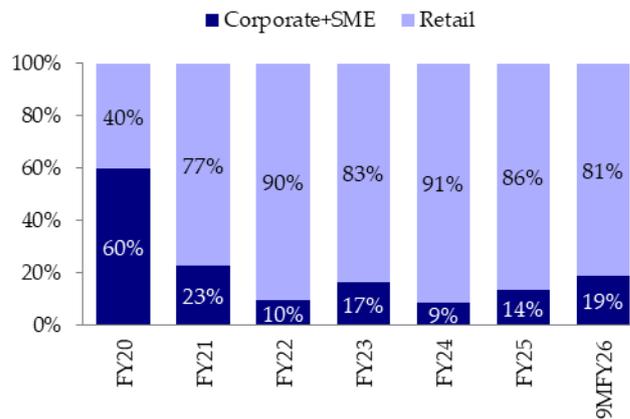
- Healthy retail recovery run-rate:** The elevated gross slippages across segments are largely offset by a healthy retail recovery run-rate is ensuring that the net slippages are lower. While there has been some uptick in corporate and SME recoveries in the past 3 years, which are generally lumpy and non-consistent in nature, a strong retail recovery run-rate has ensured consistently low credit costs for the bank. The retail recoveries have lowered to ~1% of loans (from peak of ~2%) in the past two years, and thus remain a key monitorable to maintain current level of provisioning requirements.

Exhibit 41: Segment-wise Gross slippages



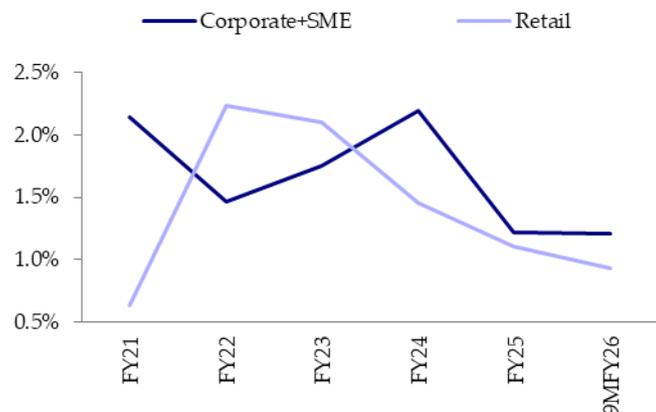
Company, HSIE Research

Exhibit 42: Gross slippage mix – Slippages largely retail



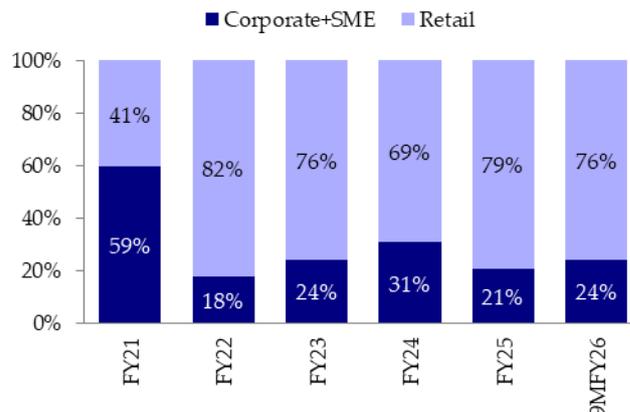
Company, HSIE Research

Exhibit 43: Upgrades and Recoveries - Segment wise



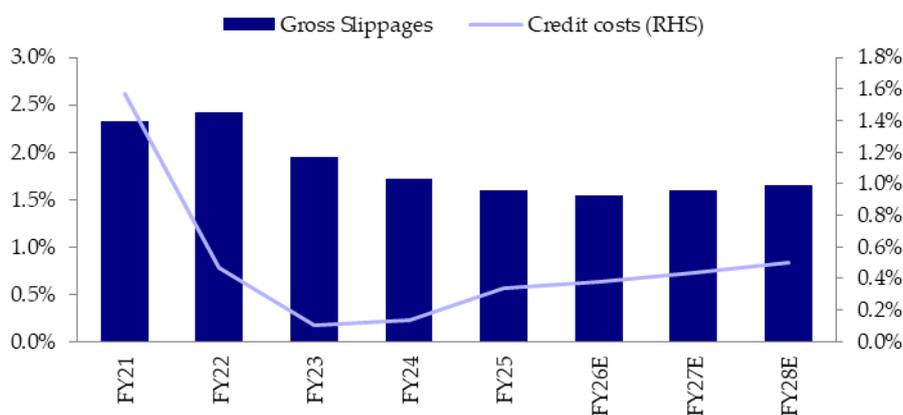
Company, HSIE Research

Exhibit 44: Upgrades and Recoveries mix - Retail recoveries strong and consistent



Company, HSIE Research

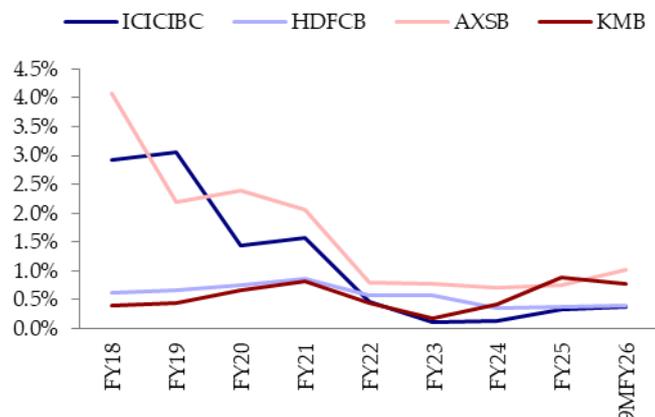
Exhibit 45: Gross slippages and Credit costs to inch upwards for ICICIBC



Source: Company, HSIE Research

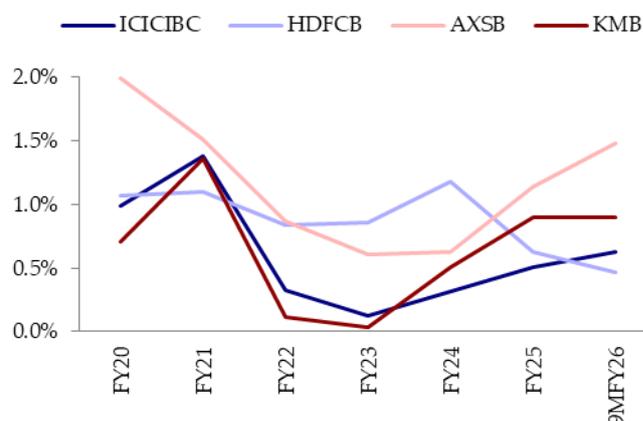
- Credit costs converged with peers; write-off policies in line with peers:** Over the last few years on the back of consistent improvement in quality of portfolio and strong recoveries, ICICIBC has been able to converge its credit costs with HDFCB. The write-off policies have been stringent with write-offs as a % of opening GNPA trending upwards despite lower delinquency trends. The bank still carries a high written off pool, with recoveries from TWO (as a % of loans) lower than peers.

Exhibit 46: Credit costs



Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

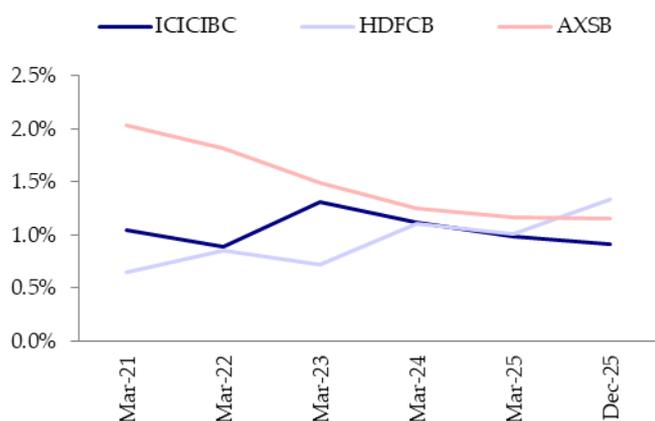
Exhibit 47: Write-offs as a % of opening GNPA



Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

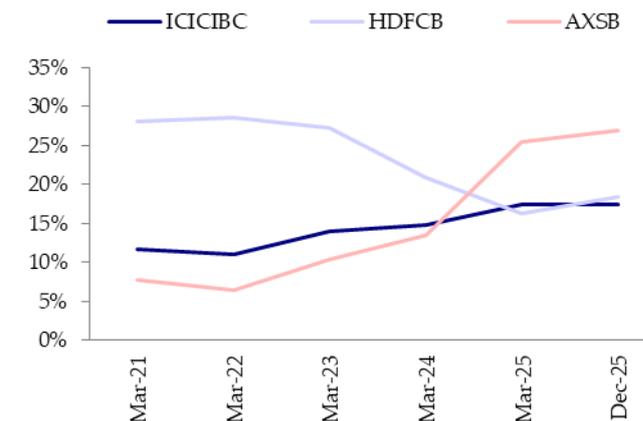
- Provisioning buffers adequate but lower than peers:** ICICIBC has adequate surplus provisions on the balance sheet, although a tad lower than its peers. The loss given default for the ICICIBC is higher compared to its peers as D3+Loss in the GNPA mix is 37% v/s ~20% for HDFCB and AXSB and hence, the margin of safety (Excess PCR over mandated PCR) is low for the bank vis a vis peers. Going forward, it is critical for the bank to improve its GNPA ageing.

Exhibit 48: Surplus provisions (% of advances) - In-line with peers



Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

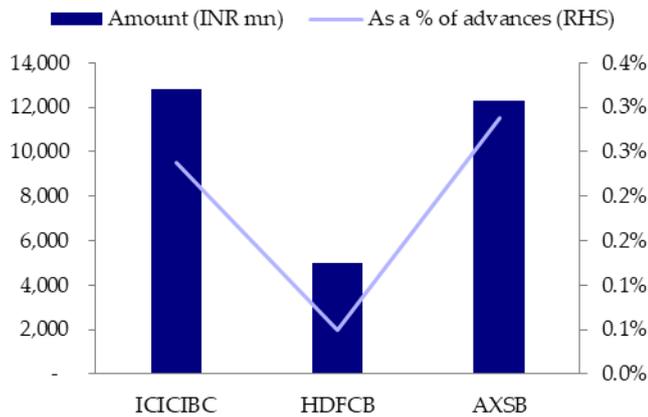
Exhibit 49: Margin of safety - Excess PCR over mandated PCR



Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

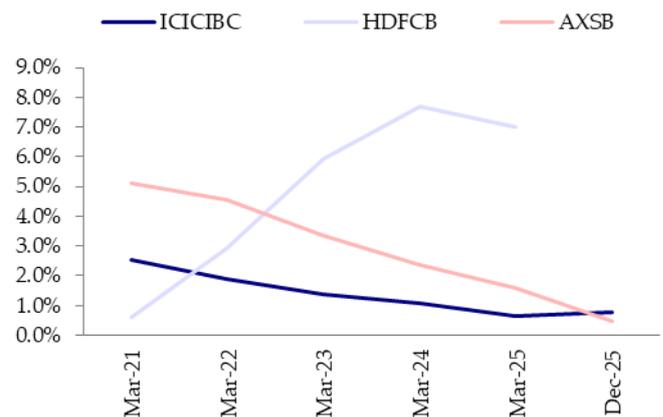
- PSL misclassification impact to gradually reverse:** The regulator directed the three largest private banks to make additional standard asset provisioning owing to misclassification of certain agri product loans as PSL. The impact of the same was significantly high for ICICIBC and AXSB. This additional standard asset provision will continue until the loans are repaid or renewed in conformity with PSL classification guidelines for ICICIBC. This is unlike for AXSB, wherein the standard provision shall be reversed will be written back to the P&L when all loans are repaid or by Mar-28, whichever is earlier, given the product line is discontinued.

Exhibit 50: Additional standard asset provision on PSL mis-tagging



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 Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 51: RIDF bonds as a % of total assets



Company, HSIE Research
 Note: HDFC securities is a subsidiary of HDFC Bank

Large Banks Dashboard

Q3FY26	Units	SBIN	HDFCB	ICICIB	AXSB	KMB
Net advances	INR trn	46.3	28.2	14.7	11.6	4.8
Deposits	INR trn	57.0	28.6	16.6	12.6	5.4
% QoQ						
Net advances	%	6.1%	2.7%	4.1%	3.8%	3.9%
Deposits	%	2.0%	2.1%	2.9%	4.8%	2.6%
Average deposits	%	NA	1.5%	1.8%	5.1%	3.0%
NII	%	5.1%	3.4%	1.9%	3.9%	3.5%
% YoY						
Net advances	%	16%	12%	12%	14%	16%
Deposits	%	9%	12%	9%	15%	15%
Average deposits	%	NA	12%	9%	12%	15%
NII	%	9%	6%	8%	5%	5%
Core PPOP	%	33%	5%	6%	6%	5%
Liabilities						
Cost of funds (calculated)	%	4.9%	5.3%	4.6%	5.0%	4.5%
Cost of funds (QoQ)	bps	-9 bps	-21 bps	-11 bps	-3 bps	-15 bps
CASA ratio	%	38%	34%	40%	39%	41%
Δ CASA Ratio (QoQ)	bps	-46 bps	-27 bps	-63 bps	-69 bps	-101 bps
C/D ratio	%	81%	99%	88%	92%	89%
Δ C/D Ratio (QoQ)	bps	317	63	101	-86	108
SA/Branch	INR	789	688	609	525	623
Branches (YTD)	No.	188	161	402	234	70
% of loan book						
Domestic corporate	%	28%	26%	20%	32%	23%
Business Banking/SME	%	13%	15%	21%	18%	18%
Mortgages	%	19%	30%	32%	22%	29%
PL + CC	%	8%	11%	12%	11%	9%
Operating ratios						
Yield on advances (cal)	%	7.9%	8.6%	9.1%	8.8%	9.2%
Yield on advances (cal) (QoQ)	bps	-13 bps	-21 bps	-24 bps	-13 bps	-17 bps
NIM (reported)	%	3.0%	3.4%	4.3%	3.6%	4.5%
Δ NIM (QoQ)	bps	2 bps	8 bps	0 bps	-9 bps	0 bps
C/I ratio	%	48%	41%	41%	47%	48%
Opex to Assets	%	1.7%	1.9%	2.3%	2.2%	2.8%
Asset Quality						
GNPA %	%	1.6%	1.2%	1.5%	1.4%	1.3%
PCR %	%	76%	66%	76%	70%	76%
Gross slippages %	%	0.4%	1.2%	1.5%	2.1%	1.4%
Net slippages %	%	0.2%	0.6%	0.8%	1.1%	0.7%
Gross credit costs %	%	0.3%	0.6%	NA	1.0%	NA
Credit cost (net of recoveries)	%	0.1%	0.4%	0.4%	0.8%	0.63%
RoA Tree (%) - Avg Assets Q3FY26						
Interest Income	%	6.9%	7.6%	7.8%	7.5%	7.7%
Interest Expenses	%	4.4%	4.4%	3.7%	4.2%	3.5%
NII	%	2.6%	3.2%	4.1%	3.3%	4.2%
Other income	%	1.0%	1.3%	1.4%	1.5%	1.6%
Total Income	%	3.6%	4.5%	5.4%	4.8%	5.8%
Opex	%	1.7%	1.9%	2.2%	2.2%	2.8%
PPOP	%	1.9%	2.7%	3.2%	2.5%	3.0%
Provisions	%	0.3%	0.3%	0.5%	0.5%	0.5%
PBT	%	1.6%	2.4%	2.7%	2.0%	2.5%
RoA	%	1.2%	1.8%	2.1%	1.5%	1.9%
Leverage	x	14.1	7.6	6.8	8.8	5.6
RoE	%	16.8%	14.0%	14.3%	13.3%	10.8%

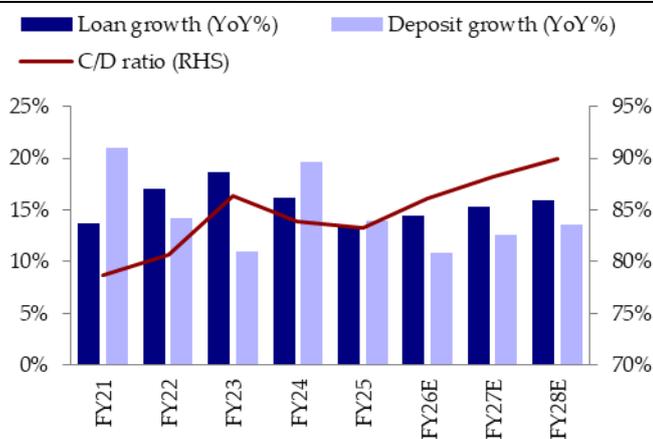
Source: Company, HSIE Research

Note: HDFC securities is a subsidiary of HDFC Bank

Favourable risk reward

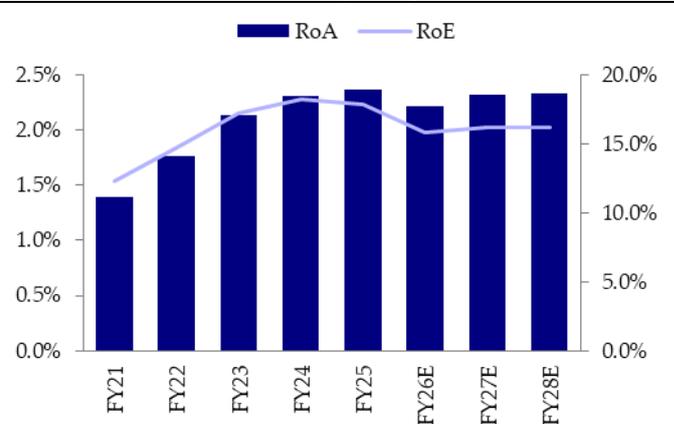
- Growth and margins to pick up; slippages and credit costs to trend upwards:** Given the comfortable LDR (88%) and LCR (126%) ratios, stability in lending rates and early signs of pick-up in credit growth in Q3FY26, we believe ICICIB shall get back to growing above system levels (Loan FY25-FY28E CAGR: 15%). NIMs are expected to reflate in FY27 on the back of deposit re-pricing (30-35% of deposits yet to be re-priced) and gradual uptick in unsecured credit. Slippages and credit costs are likely to trend upwards, with a gradual pick-up in unsecured credit and slowdown in recovery run-rate.
- Operating efficiencies to sustain:** We believe ICICIB's superior tech capabilities, coupled with network expansion, shall help the bank to sustain operating efficiencies. With a muted performance on the exchange in the past 6 months, ICICIB is currently dislocated and shall continue to sustain a premium over other large banks with sustainable credit growth of 15% and superior medium-term RoAs/RoEs of 2.3%/16%.

Exhibit 52: Loan and Deposit Growth



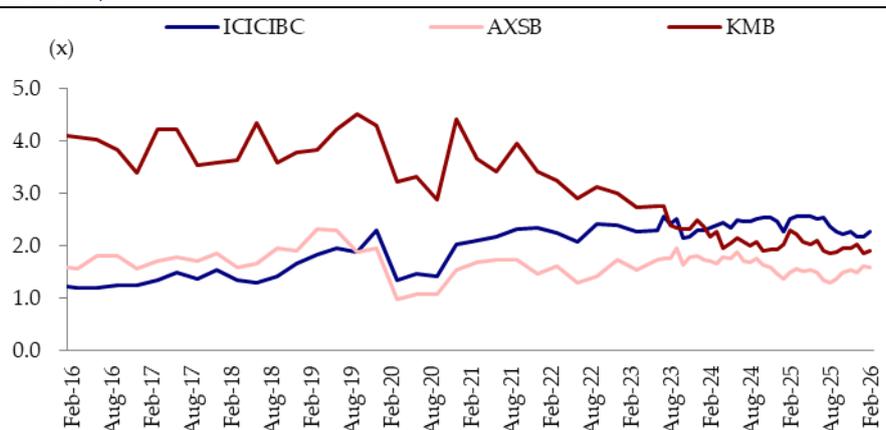
Company, HSIE Research

Exhibit 53: RoA and RoE trajectory



Company, HSIE Research

Exhibit 54: ICICIB deserves a higher premium for its quality of earnings (1yr forward P/B)



Source: Bloomberg, HSIE Research

- **Subsidiary Valuations:** The subsidiaries contribute 16% to our overall SOTP for ICICIB. We carry an ADD rating on ICICI Prudential Life (IPRU) with a TP of INR670 (implied 1.5x Sep-27E EV, a ~25% discount to our implied valuation for SBILIFE) as IPRU remains a growth laggard. We carry a BUY rating on ICICI Lombard General Insurance (ICICIGI) with a TP of INR2,210 (32x Sep-27E EPS) on the back of sustained dominance in core businesses (motor and commercial lines), likely tailwinds from easing competitive pressures, and capability building the retail health business. ICICI Prudential AMC is valued at the current market price.
- We resume coverage on ICICIB with a BUY, and a revised SOTP-based TP of INR1,700 (standalone bank at 2.7x Sep-27 ABVPS). ICICIB is our top pick in the banking universe.

Exhibit 55: Sum-of-the-parts (SOTP) valuation

SOTP Valuation	Value (INR mn)	Per Share	Multiple
ICICI Bank	10,193,976	1,431	2.7x Sep ABVPS (RI Based)
ICICI Prudential Life	494,434	69	1.5x Sep-27E EV
ICICI Lombard General Insurance	566,386	80	32x Sep-27E EPS
ICICI Securities	287,762	40	12x Sep-27 BVPS
ICICI Prudential AMC	758,105	106	Current market price
ICICI Securities Primary Dealership	52,356	7	1.8x Sep-27 BVPS
ICICI Home Finance	77,727	11	1.3x Sep-27 BVPS
ICICI Bank UK	15,893	2	0.5x Sep-27 BVPS
ICICI Bank Canada	19,926	3	0.5x Sep-27 BVPS
ICICI Ventures	3,997	1	1x Sep-27 BVPS
Total Value of Subs	2,276,586	320	
Less: Holding company discount	363,785	51	
Overall	12,106,776	1,700	

Source: Company, HSIE Research

Exhibit 56: Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	15,364	15,429	-0.4%	17,715	17,909	-1.1%
NIM (%)	4.3	4.4	-9 bps	4.5	4.5	0 bps
NII	877.9	885.7	-0.9%	1,029.4	1,034.7	-0.5%
PPOP	721.1	749.9	-3.9%	845.8	875.9	-3.4%
PAT	493.8	512.8	-3.7%	577.2	588.2	-1.9%
Adj. BVPS (INR)	428.9	444.9	-3.6%	489.0	511.0	-4.3%

Source: Company, HSIE Research

Financials

Income Statement

(INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	1,092,313	1,428,909	1,632,638	1,694,413	1,926,271	2,218,437
Interest Expenses	471,027	685,852	820,993	816,513	896,915	1,033,499
Net Interest Income	621,286	743,057	811,644	877,900	1,029,356	1,184,938
Non-Interest income	198,314	229,578	285,067	314,903	353,804	413,180
Total income	819,600	972,635	1,096,711	1,192,803	1,383,160	1,598,118
Operating Expenses	328,732	391,327	423,724	471,745	537,400	614,806
Operating Profit	490,868	581,308	672,988	721,057	845,760	983,311
Provisions	66,656	45,877	46,826	67,071	76,205	105,530
PBT	424,213	535,430	626,162	653,987	769,554	877,782
Tax	105,247	135,996	153,892	160,227	192,389	219,445
PAT	318,965	399,435	472,270	493,760	577,166	658,336

Source: Company, HSIE Research

Balance Sheet

(INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share capital	13,968	14,047	14,246	14,246	14,246	14,246
Reserves	1,985,577	2,355,893	2,885,819	3,294,103	3,771,548	4,315,918
Net worth	2,007,154	2,383,993	2,920,763	3,329,048	3,806,493	4,350,862
Deposits	11,808,405	14,128,250	16,103,481	17,844,795	20,088,871	22,809,039
Borrowings	1,193,253	1,249,676	1,235,383	1,214,098	1,359,352	1,557,726
Other Liabilities	833,248	953,227	922,774	1,037,331	1,174,731	1,352,132
Total Liabilities & Equity	15,842,060	18,715,146	21,182,401	23,425,272	26,429,447	30,069,759
Cash balance	1,194,381	1,399,260	1,855,620	1,621,626	1,468,974	1,279,669
Investments	3,623,297	4,619,783	5,047,567	5,524,557	6,207,525	7,079,617
Advances	10,196,383	11,844,064	13,417,662	15,363,760	17,715,130	20,527,602
Fixed assets	95,998	108,598	128,387	134,807	141,547	148,624
Other assets	732,005	743,801	733,163	780,522	896,271	1,034,247
Total Assets	15,842,060	18,715,146	21,182,401	23,425,272	26,429,447	30,069,759

Source: Company, HSIE Research

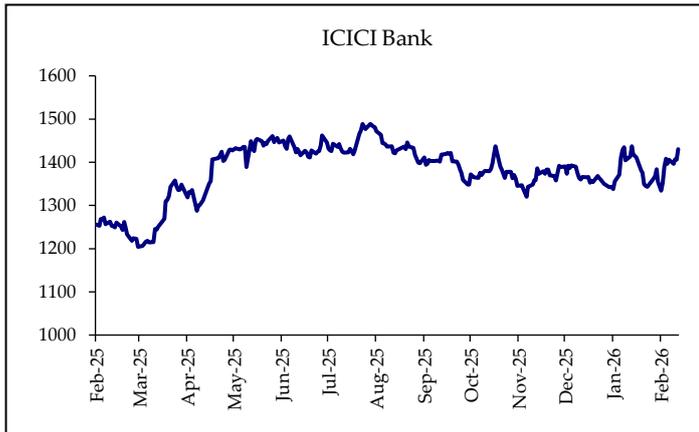
Key Ratios

	FY23	FY24	FY25	FY26E	FY27E	FY28E
VALUATION RATIOS						
EPS (INR)	46	57	66	69	81	92
Earnings Growth (%)	37%	25%	18%	5%	17%	14%
BVPS	278	326	410	467	534	611
Adj. BVPS	270	317.9	377	429	489	556
ROAA (%)	2.1%	2.3%	2.4%	2.2%	2.3%	2.3%
ROAE (%)	17.2%	18.2%	17.8%	15.8%	16.2%	16.1%
P/E (x)	31	25	21	20	17	15
P/ABV (x)	5.2	4.4	3.7	3.3	2.9	2.5
P/PPOP (x)	20.0	16.9	14.6	13.6	11.6	10.0
PROFITABILITY (%)						
Yield on loans	8.9%	10.1%	10.0%	9.1%	9.1%	9.2%
Cost of Funds	3.8%	4.8%	5.0%	4.5%	4.4%	4.5%
Cost of Deposits	3.5%	4.5%	4.5%	4.3%	4.2%	4.2%
Spread	5.5%	5.6%	5.5%	4.8%	4.9%	5.0%
NIM	4.6%	4.7%	4.5%	4.3%	4.5%	4.5%

	FY23	FY24	FY25	FY26E	FY27E	FY28E
OPERATING EFFICIENCY						
Cost to average assets	2.2%	2.3%	2.1%	2.1%	2.2%	2.2%
Cost-income	40.1%	40.2%	38.6%	39.5%	38.9%	38.5%
BALANCE SHEET STRUCTURE RATIOS						
Loan Growth (%)	18.7%	16.2%	13.3%	14.5%	15.3%	15.9%
Deposits Growth (%)	10.9%	19.6%	14.0%	10.8%	12.6%	13.5%
C/D ratio	86.3%	83.8%	83.3%	86.1%	88.2%	90.0%
Equity/Assets (%)	12.7%	12.7%	13.8%	14.2%	14.4%	14.5%
Equity/Loans (%)	19.7%	20.1%	21.8%	21.7%	21.5%	21.2%
CASA %	45.8%	42.2%	41.8%	40.2%	39.1%	37.8%
CRAR (%)	18.3%	17.1%	17.2%	16.9%	17.2%	17.2%
Tier I (%)	17.6%	16.3%	16.6%	16.4%	16.7%	16.8%
Asset quality						
Gross NPA	299,860	273,138	235,230	232,880	267,695	338,108
Net NPA	51,500	53,777	55,893	56,048	61,482	75,670
PCR	82.8%	80.3%	76.2%	75.9%	77.0%	77.6%
GNPA %	2.9%	2.27%	1.7%	1.5%	1.5%	1.6%
NNPA %	0.5%	0.5%	0.4%	0.4%	0.3%	0.4%
Slippages	1.9%	1.7%	1.6%	1.6%	1.6%	1.7%
Credit costs	0.1%	0.1%	0.3%	0.4%	0.4%	0.5%
ROAA Tree						
Net Interest Income	4.1%	4.3%	4.1%	3.9%	4.1%	4.2%
Non-Interest Income	1.3%	1.3%	1.4%	1.4%	1.4%	1.5%
Operating Cost	2.2%	2.3%	2.1%	2.1%	2.2%	2.2%
Provisions	0.4%	0.3%	0.2%	0.3%	0.3%	0.4%
Tax	0.7%	0.8%	0.8%	0.7%	0.8%	0.8%
ROAA	2.1%	2.3%	2.4%	2.2%	2.3%	2.3%
Leverage (x)	8.1	7.9	7.5	7.1	7.0	6.9
ROAE	17.2%	18.2%	17.8%	15.8%	16.2%	16.1%

Source: Company, HSIE Research

Price history



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

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