Arihant Capital
Generating Wealth

Q1FY27 - Result Update
20th July 2026

ICICI Bank Ltd.

Strong Execution Supports Sustainable Long-Term Growth

CMP: INR 1,442

Rating: Accumulate

Target Price: INR 1,635

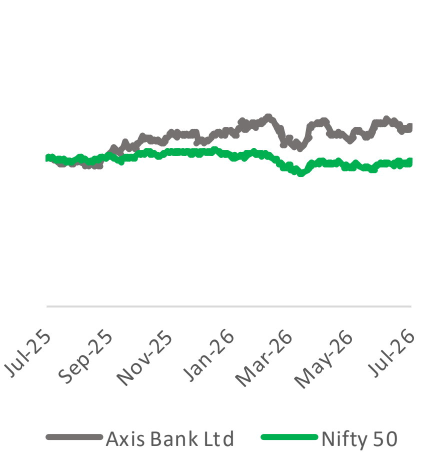
Stock Info	
BSE	532174
NSE	ICICIBANK
Bloomberg	ICICIBC IN
Reuters	ICBK.BO
Sector	Banks
Face Value (INR)	2
Equity Capital (INR Bn)	14
Mkt Cap (INR Bn)	10,344
52w H/L (INR)	1,494/ 1,188
Avg Yearly Vol (in 000')	11,000

Shareholding Pattern %
(As on June, 2026)

Promoters	NIL
Public & Others	100

Stock Performance (%)	3m	6m	12m
ICICI Bank	7.1%	4.6%	1.3%
Nifty 50	0.7%	-4.9%	2.5%

ICICI Bank Vs Nifty 50



Abhishek Jain
abhishek.jain@arihantcapital.com

ICICI Bank delivered a strong Q1FY27 performance, with NII, PPOP and PAT exceeding our estimates, supported by healthy business growth and resilient operating performance. Net Interest Income (NII) grew 12.7% YoY and 6.1% QoQ to INR 243.84 Bn (vs. our estimate of INR 237.93 Bn), while PPOP increased 8.8% YoY and 12.0% QoQ to INR 203.86 Bn (vs. our estimate of INR 190.74 Bn). PAT came in at INR 148.05 Bn, up 15.9% YoY and 8.1% QoQ, ahead of our estimate of INR 135.85 Bn. Provisions stood at INR 12.60 Bn, higher than our estimate of INR 9.62 Bn, though they declined 30.5% YoY. Asset quality remained healthy, with GNPA improving to 1.38% (down 2 bps QoQ and 29 bps YoY), while NNPA stood at 0.35% (up 2 bps QoQ but down 6 bps YoY). Business momentum remained strong, with advances rising 19.6% YoY and 5.0% QoQ to INR 16,312.60 Bn, while deposits increased 14.0% YoY and 2.2% QoQ to INR 18,335.86 Bn, broadly in line with our estimate

Strong Business Momentum Across Key Segments: ICICI Bank continued to deliver healthy business growth in Q1FY27, with total advances increasing 19.6% YoY to INR 17,509 Bn, driven by strong momentum across business banking (+28.2% YoY), rural (+35.4% YoY) and domestic corporate lending (+18.5% YoY). Deposits also remained healthy, growing 14.0% YoY to INR 18,336 Bn, while the bank added 97 branches during the quarter, taking its network to 7,608 branches. The diversified growth across retail, corporate and MSME segments reflects improving credit demand and the strength of the bank's franchise. The broad-based growth across retail, business banking and corporate lending, coupled with disciplined underwriting, should enable the bank to sustain healthy loan growth while maintaining profitability and asset quality.

Stable Margins Support Healthy Earnings Growth: ICICI Bank reported another quarter of healthy operating performance, with NII increasing 12.7% YoY to INR 243.8 Bn, while core operating profit grew 15.6% YoY to INR 202.4 Bn and PAT increased 15.9% YoY to INR 148.1 Bn. Reported NIM improved to 4.36%, supported by lower funding costs, with the cost of deposits declining to 4.41% from 4.85% a year ago. Fee income also remained strong, growing 23.5% YoY to INR 72.9 Bn. The bank expects margins to remain broadly stable under the current interest rate environment, reflecting the strength of its liability franchise and disciplined balance sheet management. This should support healthy earnings growth even as loan growth accelerates.

Strong Asset Quality Supports Sustainable Growth: ICICI Bank continues to maintain one of the strongest asset quality profiles among large private sector banks. Net NPA remained low at 0.35%, while the bank carries contingency provisions of INR 131 Bn and total provisioning buffers of INR 229.6 Bn (1.4% of loans), providing significant protection against any future stress. The bank also maintained a healthy CET1 ratio of 16.19% and total capital adequacy of 16.84%, providing ample capital to support future business growth. With a well-diversified corporate portfolio, conservative underwriting standards and strong provision buffers, we believe ICICI Bank is well positioned to deliver sustainable growth while maintaining industry-leading asset quality and sustainable earnings growth over the medium term.

Valuation & View: The bank will continue to focus on gaining market share while maintaining its disciplined underwriting standards, strong balance sheet, healthy capital position and prudent provisioning. Net interest margins expect to remain broadly range-bound under the current interest rate environment, although FCNR(B) deposit mobilisation could have a marginal impact on margins over time while supporting incremental loan growth and overall earnings. The bank also expects continued opportunities in international lending, business banking and corporate credit, while remaining selective on risk and maintaining stable asset quality and sustainable returns. It also expects to complete the validation process for the agricultural portfolio remediation over the coming months.**We maintain our Accumulate rating on the stock with a revised target price of INR 1,635, valuing the standalone bank at 2.24x FY29E P/ABV.**

Particulars (INR bn)	FY25	FY26	FY27e	FY28e	FY29e
NII	812	881	1,001	1,172	1,359
PAT	472	501	568	668	786
BV (Rs)	407	467	538	630	739
ABV (Rs)	399	460	530	622	730
P/ABV (x)	3.4	2.9	2.5	2.2	1.8
ROE (%)	17.9	16.1	15.8	16.0	16.0
ROA (%)	2.4	2.2	2.2	2.3	2.4
PCR (%)	76.2	75.8	75.7	75.7	75.9

Q1FY27 - Quarterly Performance (Standalone)

Income Statement (INR Bn.)	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	Y-o-Y
Interest Income	457	433	429	5.5%	6.3%
Interest Expense	213	203	213	4.9%	-0.1%
Net Interest Income	**244**	**230**	**216**	**6.1%**	**12.7%**
Non Interest Income	86	73	85	17.3%	0.8%
Total Income	**330**	**303**	**301**	**8.8%**	**9.4%**
Employee Costs	50	45	47	12.0%	5.5%
Other Operating Expenses	76	76	67	-0.7%	13.8%
Operating Expenses	126	121	114	4.0%	10.4%
Pre-Provision Profit	**204**	**182**	**187**	**12.0%**	**8.7%**
Provisions	13	1	18	1210.8%	-30.5%
Profit Before Tax	**191**	**181**	**169**	**5.6%**	**13.0%**
Tax Expense	43	44	42	-1.8%	3.8%
Net Profit	**148**	**137**	**128**	**8.0%**	**15.9%**
Balance Sheet Analysis					
Deposits	18,336	17,946	16,085	2.2%	14.0%
CASA (%)	39.5%	41.4%	41.2%	-193bps	-171bps
Advances	16,313	15,539	13,642	5.0%	19.6%
Total Assets	24,324	23,725	21,238	2.5%	14.5%
Capital Adequacy Ratio (%)	16.84%	17.18%	16.97%	-34bps	-13bps
Spread Analysis					
Cost of Deposits (%)	4.41%	4.43%	4.85%	-2bps	-44bps
NIM (%)	4.36%	4.32%	4.34%	4bps	2bps
Asset Quality					
Gross NPA	238,466	230,520	247,330	3.4%	-3.6%
Net NPA	59,083	54,590	59,710	8.2%	-1.1%
GNPA (%)	1.38%	1.40%	1.67%	-2bps	-29bps
NNPA (%)	0.35%	0.33%	0.41%	2bps	-6bps
Key Ratios					
Cost to Income Ratio (%)	38.15%	39.91%	37.80%	-176bps	35bps
C/D Ratio (%)	88.97%	86.59%	84.81%	238bps	416bps
RoA (%) (annualized)	2.49%	2.40%	2.44%	9bps	5bps

Source: Arihant Research, Company Filings

Q1FY27 Concall Highlights

Business Performance

- Overall loan book (including international portfolio) grew 19.6% YoY and 5.0% QoQ to INR 16,313 Bn; healthy credit demand across retail, corporate and business banking segments.
- Domestic loan portfolio increased 18.8% YoY and 4.6% QoQ to INR 15,810 Bn, while overseas loans accounted for only 3.1% of the total loan book.
- Retail loan portfolio grew 12.0% YoY and 2.7% QoQ to INR 8,067 Bn, with retail exposure (including non-fund based) contributing 41.1% of the total portfolio.
- Rural portfolio, including gold loans, registered strong growth of 35.4% YoY and 6.2% QoQ to INR 1,044 Bn, supported by continued expansion in secured lending.
- Business Banking portfolio remained the fastest-growing segment with 28.2% YoY and 6.9% QoQ growth to INR 3,502 Bn, while domestic corporate loans grew 18.5% YoY and 6.9% QoQ to INR 3,266 Bn

Retail Segment Performance

- Mortgage portfolio expanded 14.6% YoY and 3.2% QoQ to INR 5,133 Bn; sustained demand in housing finance.
- Personal loan portfolio grew 12.9% YoY and 4.0% QoQ to INR 1,355 Bn.
- Auto loans recorded modest growth of 3.6% YoY and 1.2% QoQ to INR 638 Bn, while commercial vehicle & equipment finance increased 12.8% YoY and 2.2% to INR 384 Bn.
- Credit card receivables declined 1.9% YoY and 1.7% QoQ to INR 532 Bn, primarily due to lower revolver balances despite stable portfolio quality.

Deposits and Funding

- Total deposits increased 14.0% YoY and 2.2% QoQ to INR 18,336 Bn, while average deposits also grew 14.0% YoY and 6.1% QoQ.
- Average CASA deposits increased 12.1% YoY and 4.7% QoQ, supporting stable funding costs.
- Average LCR remained comfortable at 124%, providing ample liquidity.
- Management expects FCNR(B) deposit mobilisation to provide incremental funding and loan growth opportunities while remaining cost competitive versus wholesale borrowings.

Asset Quality

- Gross NPA additions reduced to INR 55.52 Bn from INR 62.45 Bn in Q1FY26.
- Net additions to Gross NPAs declined to INR 27.07 Bn versus INR 30.34 Bn in Q1FY26.
- Net NPA ratio stood at 0.35%, remaining among the lowest in the sector despite seasonal agricultural slippages.
- PCR remained healthy at 74.7%, while the bank continued to maintain contingency provisions of INR 131 Bn (0.8% of advances).
- Normalized credit cost remains ~50 bps, although reported credit cost for the quarter was 32 bps due to recoveries.

Margins and Profitability

- NIM stood at 4.36%, or 4.28% excluding tax refund benefits, remaining stable despite the interest rate cycle.
- NIMs expect to remain broadly range-bound, assuming no major policy rate changes, although FCNR(B) mobilisation could have a modest impact over time.
- Non-interest income excluding treasury grew 16.0% YoY, while fee income increased 23.5% YoY, supported by stronger business activity across retail, business banking and corporate segments.

Corporate and Business Banking

- Outstanding loans to NBFCs and HFCs increased to INR 920.5 Bn, representing 4.5% of advances.
- Builder finance portfolio increased to INR 747.2 Bn and represented 4.3% of the total loan book, with only 0.7% of the portfolio internally rated BB or below / NPA.
- Recent corporate loan growth has been driven by a combination of working capital demand, funding substitution from bond markets and continued corporate investment activity.

Subsidiaries

- ICICI Prudential Life reported VNB margin of 26.7% in Q1FY27 versus 24.7% in FY26, reflecting improving product mix.
- ICICI AMC reported PAT of INR 9.65 Bn, while ICICI Securities reported consolidated PAT of INR 4.19 Bn.

Other Highlight

- CET1 ratio remained strong at 16.19%, while total Capital Adequacy Ratio stood at 16.84%; sufficient capacity for future growth.
- Branch network expanded by 97 branches during the quarter to 7,608 branches.
- Technology expenditure accounted for 11.4% of operating expenses; continued investment in digital capabilities.
- Total provisions other than specific NPAs stood at INR 229.6 Bn (1.4% of loans).
- The bank continues to hold an additional INR 12.83 Bn provision on the agricultural priority sector portfolio as directed by RBI.
- The company is working on validation of the agricultural portfolio remediation and expects the process to be completed over the coming months before considering any provision write-back.
- On ECL implementation, management expects any transition impact to be comfortably absorbed by existing provisioning buffers, while ongoing provisions may increase because of Stage-2 provisioning.

Key Financials

Profit & Loss Statement (Rs. Bn)	FY25	FY26	FY27E	FY28E	FY29E
INTEREST EARNED	**1,633**	**1,699**	**1,906**	**2,187**	**2,507**
Interest/Discount on advances/Bills	1,264	1,306	1,462	1,682	1,924
Income from Investment	330	336	396	457	531
Interest on Balances with RBI & Others	22	29	17	13	13
Others	17	29	32	35	38
INTEREST EXPENDED	**821**	**819**	**906**	**1,016**	**1,148**
Net Interest Income (NII)	**812**	**881**	**1,001**	**1,172**	**1,359**
OTHER INCOME	285	308	341	390	448
TOTAL INCOME	**1,097**	**1,188**	**1,342**	**1,562**	**1,807**
Employee Expenses	165	180	184	207	232
Other Operating Expenses	237	293	338	385	441
Operating Expenses	424	472	522	592	673
OPERATING PROFIT	**673**	**716**	**820**	**970**	**1,134**
PROVISIONS	47	54	75	95	103
Profit Before Tax (PBT)	**626**	**662**	**744**	**875**	**1,030**
PROVISIONS FOR TAXES	154	161	176	207	244
PAT	**472**	**501**	**568**	**668**	**786**

Balance Sheet (INR Bn)	FY25	FY26	FY27E	FY28E	FY29E
Assets					
Cash & Bank balances	1,199	1,210	1,190	1,494	1,525
Bal. with banks and money at call & short notice	656	1,093	874	700	840
Advances	13,418	15,539	18,098	21,060	24,533
Investments	5,048	4,922	5,651	6,384	7,236
Fixed Assets	128	139	144	153	162
Other Assets	733	822	887	976	1,073
TOTAL ASSETS	**21,182**	**23,725**	**26,845**	**30,767**	**35,370**
Equity & Liability					
Total Paid-Up Capital	14	14	14	14	14
RESERVES & SURPLUS	2,886	3,333	3,838	4,497	5,275
ESOPs	21	27	30	32	36
DEPOSITS	16,103	17,946	20,242	23,076	26,385
BORROWINGS	1,235	1,250	1,447	1,651	1,901
OTHER LIABILITIES & PROVISIONS	923	1,155	1,274	1,497	1,759
TOTAL LIABILITIES	**21,182**	**23,725**	**26,845**	**30,767**	**35,370**

Source: Arihant Research, Company Filings

Ratios	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth rates						
Advances (%)	16.2%	13.3%	15.8%	16.5%	16.4%	16.5%
Deposits (%)	19.6%	14.0%	11.4%	12.8%	14.0%	14.3%
Total assets (%)	18.1%	13.2%	12.0%	13.1%	14.6%	15.0%
NII (%)	19.6%	9.2%	8.5%	13.6%	17.1%	16.0%
Pre-provisioning profit (%)	18.4%	15.8%	6.4%	14.5%	18.4%	16.8%
PAT (%)	28.2%	15.5%	6.2%	13.3%	17.6%	17.7%
Balance sheet ratios						
CASA (%)	42.2%	41.8%	41.4%	41.8%	42.9%	44.0%
Advances/Total assets (%)	63.3%	63.3%	65.5%	67.4%	68.4%	69.4%
Operating efficiency						
Cost/income (%)	40.2%	38.6%	39.7%	38.9%	37.9%	37.2%
Profitability						
NIM (%)	4.55%	4.29%	4.22%	4.29%	4.35%	4.37%
RoA (%)	2.37%	2.37%	2.23%	2.25%	2.32%	2.38%
RoE (%)	18.7%	17.9%	16.1%	15.8%	16.0%	16.0%
Asset quality						
Gross NPA (%)	2.16%	1.67%	1.40%	1.28%	1.28%	1.28%
Net NPA (%)	0.42%	0.39%	0.33%	0.32%	0.29%	0.26%
PCR (%)	80.31%	76.24%	75.77%	75.68%	75.69%	75.93%
Per share data / Valuation						
EPS (INR)	58.2	66.3	70.0	79.3	93.3	109.8
BVPS (INR)	337.4	407.1	467.4	537.9	630.0	738.6
ABVPS (INR)	329.8	399.3	459.7	529.9	621.6	729.7
P/E (x)	23.1	20.3	19.2	17.0	14.4	12.3
P/BV (x)	4.0	3.3	2.9	2.5	2.1	1.8
P/ABV (x)	4.1	3.4	2.9	2.5	2.2	1.8

Source: Arihant Research, Company Filings

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	6 Lad Colony,
Andheri Ghatkopar Link Road	Y.N. Road,
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 4217100/101
Tel: (91-22) 42254800	CIN: L66120MP1992PLC007182

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%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	**SMS: 'Arihant' to 56677**	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800