



Q3FY26 ICICI Bank Ltd.



ICICI Bank Ltd.
Q3FY26 delivered steady loan growth and stable margins, but profits fell on higher provisions.

CMP* INR 1,381	Target INR 1,559	Potential Upside 12.9%	Market Cap (INR Mn) INR 98,00,839	Recommendation ACCUMULATE	Sector Banking
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Result Highlights
Financial Performance

- Net Interest Income (NII) grew 7.7% YoY to INR 2,19,322 mn, with +1.9% QoQ uptick aided by lower interest expense. However, NII was below our estimates (INR 2,30,952 mn) implying a -5.0% surprise, despite NIM steady at 4.30% (flat QoQ, +5 bps YoY).
- Total income rose 6.8% YoY to INR 2,93,004 mn (+0.7% QoQ) but came in -4.8% below our estimates. Non-interest income at INR 73,682 mn was +4.2% YoY (-2.7% QoQ), indicating softer fee/other income traction in the quarter.
- PPOP stood largely flat sequentially at INR 1,73,560 mn (+2.8% YoY / +0.3% QoQ) but was meaningfully below estimates (-11.0% surprise), reflecting the combined impact of weaker income delivery and higher costs.
- Provisions spiked sharply to INR 25,556 mn (+179.6% QoQ / +108.3% YoY), which drove PBT down to INR 1,48,004 mn (-9.7% QoQ / -5.5% YoY; -15.2% vs est.). As a result, net profit declined to INR 1,13,179 mn (-8.4% QoQ / -4.0% YoY), with a -13.5% negative surprise versus our estimates (INR 1,30,871 mn). Annualized RoA moderated to 2.11% (vs 2.33% in Q2FY26 and 2.36% in Q3FY25), reflecting earnings drag from higher provisioning and cost pressures.
- Deposits expanded 9.2% YoY to INR 16,56,109 mn and grew 2.9% QoQ. CASA deposits increased 8.4% YoY to INR 6,67,590 mn (+1.3% QoQ), while the CASA ratio eased to 40.2% (down ~63 bps QoQ and ~27 bps YoY), indicating some moderation in low-cost deposit momentum versus last quarter. Advances rose 11.5% YoY to INR 14,66,153 mn and grew 4.1% QoQ, broadly in line with estimates (near-flat surprise), reflecting steady loan growth traction during the quarter.
- Asset quality stayed strong. GNPA ratio improved to 1.5% (vs 1.6% in Q2FY26 and 2.0% in Q3FY25), while NNPA ratio moderated to 0.37% (vs 0.39% and 0.42%, respectively). PCR remained healthy at 75.4% (up 40 bps QoQ, though lower YoY), indicating continued balance sheet resilience despite the quarter's higher provisioning.

Valuation and Outlook

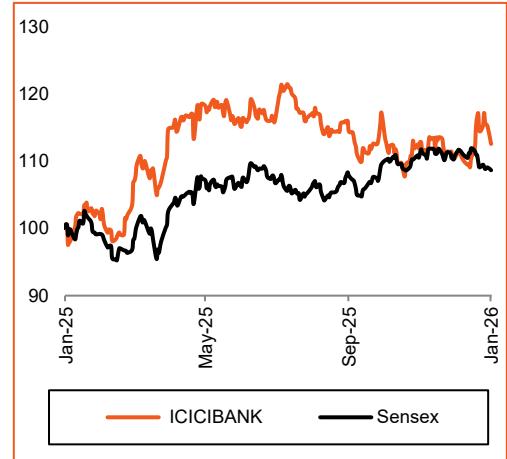
Near-term performance is likely to be shaped by the bank's ability to sustain deposit momentum and defend margins in a competitive funding environment, keeping NIMs range-bound despite steady loan growth. Operating leverage remains a key monitorable, as elevated cost-to-income implies profitability improvement will require tighter opex control and better fee-led income traction. Asset quality trends are supportive, and the higher provisioning in Q3 strengthens buffers, but it may keep earnings growth moderate until credit costs normalize and revenue delivery improves.

We value ICICI Bank's standalone business at INR 1,321 (based on 2.1x FY28E ABV), while we value its stake in the subsidiaries at INR 238 per share, implying a SOTP target of INR 1,559. Accordingly, we reiterate our **"ACCUMULATE"** rating on the stock.

KEY FINANCIALS

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
NII	7,43,057	8,11,647	8,86,892	10,60,597	12,18,377
PPOP	5,81,307	6,72,989	7,31,891	9,02,550	10,39,894
PAT	4,08,882	4,72,271	4,92,918	6,08,305	6,87,055
EPS (INR / Share)	58.2	66.9	69.2	85.4	96.5
NIM (%)	4.5%	4.3%	4.1%	4.3%	4.3%
Advances Growth YoY (%)	16.2%	13.3%	13.3%	15.0%	14.5%

Source: Company, DevenChoksey Research

SHARE PRICE PERFORMANCE

MARKET DATA

Shares outs (Mn)	7,136
Mkt Cap (INR Mn)	98,00,839
52 Week H/L (INR)	1,500/1,186

*Based on previous closing

Note: All the market data is as of previous closing

SHARE HOLDING PATTERN (%)

Particulars (%)	Dec-25	Sep-25	Jun-24
Promoters	n/a	n/a	n/a
FIIIs	43.9	45.5	46.7
DIIIs	46.7	45.1	43.9
Others	9.4	9.4	9.4
Total	100	100	100

14.3%

 NII CAGR
between FY25-27E

13.5%

 PAT CAGR
between FY25-27E

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Key Con-call Highlights:

Operating Performance & Financial Metrics

- Core operating profit increased 6.0% YoY / 2.5% QoQ to INR 175,130 mn. PBT (ex-treasury) was INR 149,570 mn (vs. INR 152,890 mn in Q3 FY25) and PAT was INR 113,180 mn (vs. INR 117,920 mn), largely impacted by RBI-directed additional standard asset provision of INR 12,830 mn; total provisions for the quarter were INR 25,560 mn.
- Management clarified that excluding the RBI-directed additional standard provision, PBT (ex-treasury) would have been INR 162,400 mn (+6.2% YoY) and PAT would have been INR 122,800 mn (+4.1% YoY), implying RoA ~2.3% and RoE ~15.5%.

Net Interest Income & Margins

- NII grew 7.7% YoY / 1.9% QoQ to INR 219,320 mn; NIM was stable at 4.30% (flat QoQ; +5 bps YoY). Cost of deposits improved to 4.55% (vs. 4.64% QoQ and 4.91% YoY). Domestic loan rate linkage: ~56% repo/external benchmarks, 13% MCLR/older benchmarks, 31% fixed-rate.

Balance Sheet & Growth

- Average deposits increased 8.7% YoY / 1.8% QoQ, while total deposits grew 9.2% YoY / 2.9% QoQ; average LCR was ~126%. Domestic advances grew 11.5% YoY / 4.0% QoQ. Retail loans rose 7.2% YoY / 1.9% QoQ; including non-fund, retail formed ~42.2% of the overall portfolio. Business banking grew 22.8% YoY / 4.7% QoQ, rural grew 4.9% YoY / 7.2% QoQ, and domestic corporate grew 5.6% YoY / 6.5% QoQ. Overseas loans remained modest at ~2.54% of the overall book.
- Product-level trends: mortgage grew 11.1% YoY / 3.2% QoQ; personal loans grew 2.4% YoY / 1.7% QoQ. Credit cards declined 3.5% YoY / 6.7% QoQ, which management attributed to higher festive spends in Q2 and repayments in Q3.

Strategic Focus & Execution

- The bank reiterated its focus on risk-calibrated profitable growth and market share gains across key segments while maintaining a strong balance sheet, prudent provisioning, and healthy capital. Distribution expansion continued with 7,385 branches as of December 31, 2025, up 402 branches in 9M FY26; technology spend was ~11% of opex (9M FY26).

Asset Quality & Credit Costs

- Asset quality remained steady with net NPA ratio at 0.37% (vs. 0.39% QoQ; 0.42% YoY). During the quarter, net additions to gross NPAs were INR 20,740 mn (excluding write-offs and sales). Provisioning coverage ratio was 75.4%, and the bank maintained contingency provisions of INR 131,000 mn (~0.9% of advances).
- Credit quality flow: gross NPA additions were INR 53,560 mn with recoveries/upgrades of INR 32,820 mn, resulting in net additions of INR 20,740 mn. Retail+rural GNPA additions were INR 42,770 mn; within this, Kisan Credit Card GNPA additions were INR 7,360 mn, with management noting seasonally higher additions typically occur in Q1 and Q3.

Fees, Costs & Operating Levers

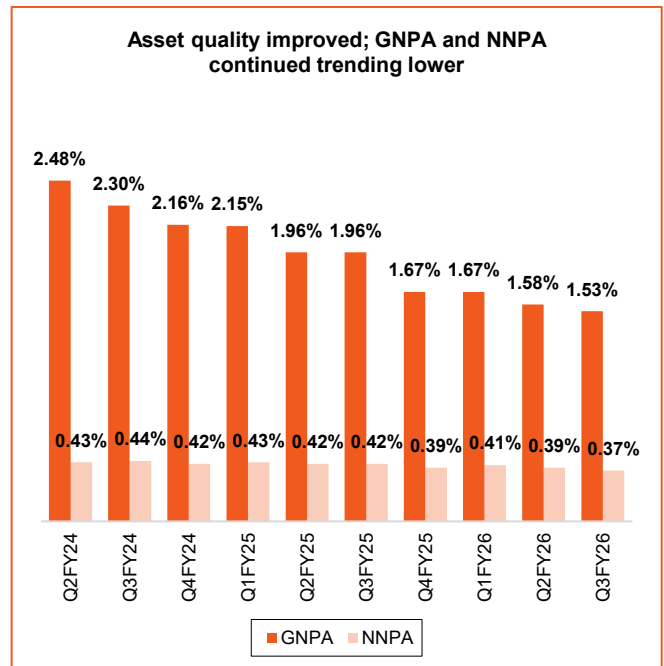
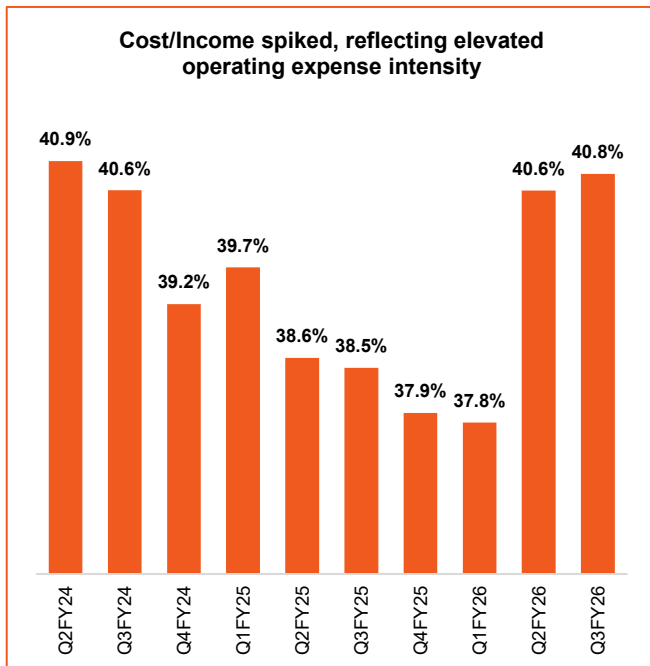
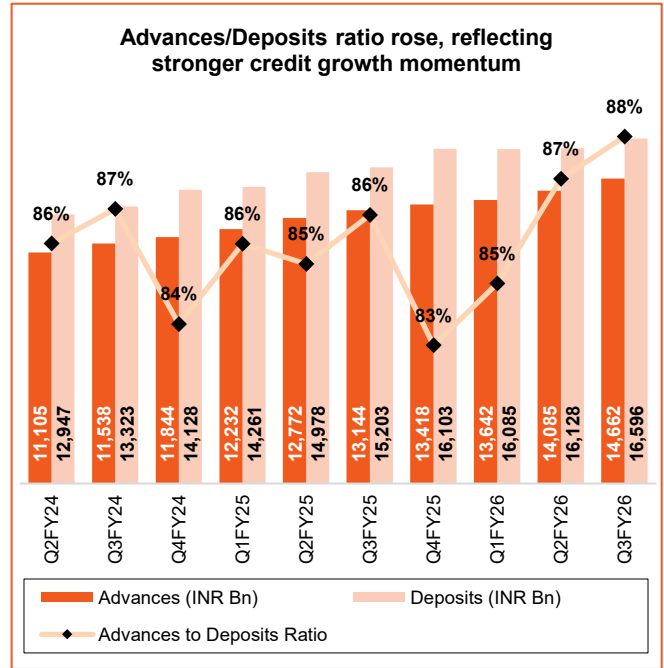
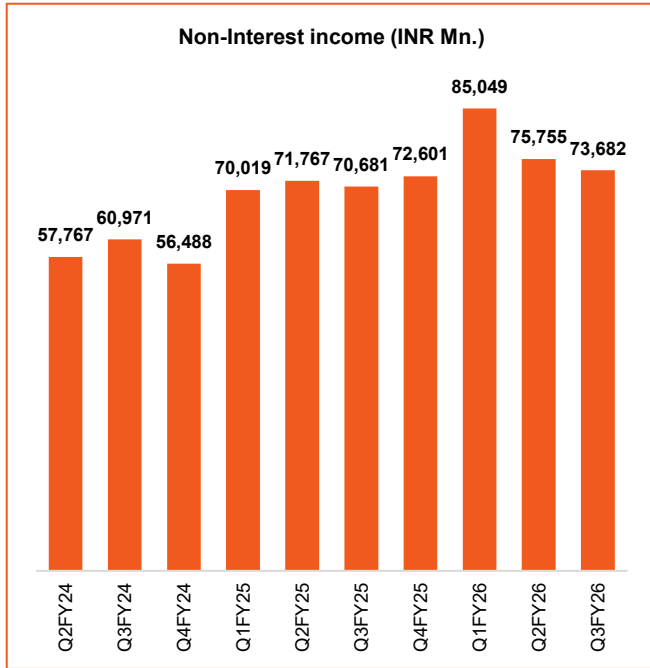
- Non-interest income (ex-treasury) grew 12.4% YoY / 2.3% QoQ to INR 75,250 mn. Fee income increased 6.3% YoY / 1.2% QoQ to INR 65,720 mn, with retail, rural and business banking fees contributing ~78% of total fees.
- Opex increased 13.2% YoY / 1.2% QoQ; employee costs included an estimated INR 1,450 mn provision pursuant to new Labour Codes.

RBI Supervisory Review: Additional Standard Asset Provision

- Following RBI's annual supervisory review, the bank was directed to create an additional standard asset provision of INR 12,830 mn for a portfolio of agricultural priority sector credit facilities where the terms were found not fully compliant with PSL classification requirements.
- Management stated there was no change in asset classification, borrower terms, or repayment behavior, and the bank will work to bring the portfolio into conformity; the additional provision would continue until loans are repaid or renewed in line with PSL guidelines.

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Story in Charts



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Result Snapshot

Particulars (INR in Mn)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Income Statement					
Interest income	4,19,658	4,17,580	4,12,998	0.5%	1.6%
Interest expense	2,00,336	2,02,285	2,09,292	-1.0%	-4.3%
Net interest income	2,19,322	2,15,295	2,03,706	1.9%	7.7%
Non-interest income	73,682	75,755	70,681	-2.7%	4.2%
Total income	2,93,004	2,91,050	2,74,387	0.7%	6.8%
Employee costs	44,218	43,418	39,291	1.8%	12.5%
Other operating expenses	75,226	74,652	66,231	0.8%	13.6%
Operating expenses	1,19,444	1,18,070	1,05,521	1.2%	13.2%
Pre-provision profit	1,73,560	1,72,980	1,68,866	0.3%	2.8%
Provisions	25,556	9,141	12,267	179.6%	108.3%
Profit before tax	1,48,004	1,63,839	1,56,599	-9.7%	-5.5%
Tax expense	34,825	40,250	38,675	-13.5%	-10.0%
Net profit	1,13,179	1,23,589	1,17,924	-8.4%	-4.0%
Balance sheet analysis					
Deposits	1,65,96,109	1,61,28,249	1,52,03,088	2.9%	9.2%
CASA Deposits	66,75,900	65,88,710	61,55,860	1.3%	8.4%
CASA (%)	40.2%	40.9%	40.5%	-63bps	-27bps
Advances	1,46,61,536	1,40,84,564	1,31,43,661	4.1%	11.5%
Total Assets	2,19,05,900	2,13,62,705	2,01,33,431	2.5%	8.8%
Capital adequacy ratio (%)	15.6%	15.8%	14.7%	-17bps	88bps
NIM (%)	4.30%	4.30%	4.25%	0bps	5bps
Asset quality					
Gross NPA	2,37,580	2,38,500	2,77,453	-0.4%	-14.4%
Net NPA	57,320	58,270	58,978	-1.6%	-2.8%
GNPA (%)	1.5%	1.6%	2.0%	-5bps	-43bps
NNPA (%)	0.37%	0.39%	0.42%	-2bps	-5bps
PCR (%)	75.9%	75.6%	78.7%	31bps	-287bps
Key ratios					
Cost to income ratio (%)	40.8%	40.6%	38.5%	20bps	231bps
C/D ratio (%)	88.3%	87.3%	86.5%	101bps	189bps
Annualized RoA (%)	2.09%	2.32%	2.36%	-23bps	-27bps

Source: Company, DevenChoksey Research

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Financials:

Exhibit 1: Profit & Loss Statement

NR Mn	FY25	FY 26E	FY27E	FY28E
Interest Income	16,32,640	17,20,231	19,99,594	23,05,186
Interest Expense	8,20,993	8,33,339	9,38,996	10,86,809
Net Interest Income	8,11,647	8,86,892	10,60,597	12,18,377
Non Interest income	2,85,067	3,14,709	3,48,744	4,03,197
Operating income	10,96,714	12,01,601	14,09,341	16,21,574
Operating Expense	4,23,724	4,69,710	5,06,791	5,81,681
PPOP	6,72,989	7,31,891	9,02,550	10,39,894
Provisions	46,826	79,445	91,476	1,23,820
PBT	6,26,163	6,52,446	8,11,074	9,16,073
Tax Expense	1,53,892	1,59,528	2,02,768	2,29,018
PAT	4,72,271	4,92,918	6,08,305	6,87,055
Diluted EPS (INR)	65.9	69.2	85.4	96.5

Exhibit 2: Balance Sheet

NR Mn	FY25	FY26E	FY27E	FY28E
Source of Funds				
Share capital	14,246	14,304	14,304	14,304
Reserves & Surplus	28,85,819	32,62,852	38,71,158	45,58,213
Networth	29,00,065	32,77,156	38,85,461	45,72,516
ESOP	20,698	24,988	24,988	24,988
Borrowings	12,35,383	15,97,019	18,30,281	21,00,268
Deposits	1,61,03,480	1,77,44,657	2,03,36,457	2,33,36,315
Other liabilities & provisions	9,22,774	11,25,869	13,69,943	17,07,632
Total Equity & Liabilities	2,11,82,400	2,37,69,688	2,74,47,131	3,17,41,720
Uses of Funds				
Balances w/ banks & others	18,55,620	17,74,466	20,33,646	23,33,631
Investments	50,47,567	59,44,460	70,16,078	84,01,073
Loans & advances	1,34,17,662	1,52,01,601	1,74,86,988	2,00,30,495
Fixed assets	1,28,387	1,36,369	1,38,869	1,41,369
Other assets	7,33,163	7,12,793	7,71,550	8,35,151
Total Assets	2,11,82,400	2,37,69,688	2,74,47,131	3,17,41,720

Source: Company, DevenChoksey Research

Exhibit 3: Key Ratios

Key Ratio	FY25	FY26E	FY27E	FY28E
Growth Rates				
Advances (%)	13.3%	13.3%	15.0%	14.5%
Deposits (%)	14.0%	10.2%	14.6%	14.8%
Total assets (%)	13.2%	12.2%	15.5%	15.6%
NII (%)	9.2%	9.3%	19.6%	14.9%
Pre-provisioning profit (%)	15.8%	8.8%	23.3%	15.2%
PAT (%)	15.5%	4.4%	23.4%	12.9%
B/S Ratios				
Credit/Deposit (%)	83.3%	85.7%	86.0%	85.8%
CASA (%)	41.8%	38.5%	38.4%	38.4%
Advances/Total assets (%)	63.3%	64.0%	63.7%	63.1%
Leverage - Total Assets to Equity	7.30	7.25	7.06	6.94
Operating efficiency				
Cost/income (%)	38.6%	39.1%	36.0%	35.9%
Opex/total assets (%)	2.0%	2.0%	1.8%	1.8%
Opex/total interest earning assets	2.2%	2.2%	2.0%	2.0%
Profitability				
NIM (%)	4.3%	4.1%	4.3%	4.3%
RoA (%)	2.4%	2.2%	2.4%	2.3%
RoE (%)	17.9%	16.0%	17.0%	16.2%
Asset quality				
Gross NPA (%)	1.67%	1.70%	1.75%	1.75%
Net NPA (%)	0.39%	0.43%	0.45%	0.46%
PCR (%)	76.3%	75.8%	75.7%	75.7%
Credit cost (%)	0.4%	0.4%	0.4%	0.5%
Per share data / Valuation				
EPS (INR)	66.9	69.2	85.41	96.47
BVPS (INR)	410.8	460.2	545.6	642.0
ABVPS (INR)	402.9	451.1	534.5	629.0
P/E (x)	20.1	21.2	17.2	15.2
P/BV (x)	3.3	3.2	2.7	2.3
P/ABV (x)	3.3	3.2	2.7	2.3

ICICI Bank Ltd.

ICICI Bank Ltd.				Rating Legend (Expected over a 12-month period)	
Date	CMP (INR)	TP (INR)	Recommendation	Our Rating	Upside
21-Jan-26	1,381	1,559	ACCUMULATE	Buy	More than 15%
20-Oct-25	1,390	1,593	ACCUMULATE	Accumulate	5% – 15%
22-Jul-25	1,466	1,776	BUY	Hold	0 – 5%
22-Apr-25	1,417	1,662	BUY	Reduce	-5% – 0
27-Jan-25	1,228	1,500	BUY	Sell	Less than – 5%
28-Oct-24	1,294	1,500	BUY		

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