

ICICI Bank (ICICIBC) - BUY

Company Update Q1FY27

Current Market Price (CMP) Rs.1322	Fair Value (FV) Rs.1800
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Rationale:

- We update our models to factor in the recent annual report and 20F releases.
- FY26 saw a recovery in loan growth and stable NIM, while credit costs showed no signs of stress.
- The period of maximum pressure on revenue growth is likely behind us, supporting a constructive FY27 outlook.
- External shocks remain a key risk for the sector for growth and asset quality.
- We like the franchise—a top idea. We maintain BUY. FV remains unchanged.

 Positives:

- In FY26 the bank continued to defend its best-in-class NIM profile, despite elevated funding cost pressures.
- Stable NIMs are more impressive than they appear, as most banks reported a marginal Compression.
- Asset quality metrics showed no stress visible in the unsecured loan portfolio, while the early buckets continue to point to a less worrisome FY27 as well.
- ICICI Bank’s superior liability franchise positions it favorably across a range of competitive, funding and rate-cycle outcomes.

 Negatives:

- Loan growth is broad-based, but retail loan growth is slower than the overall loan growth, with high-yielding loan products growing slower within retail.
- Capital market-related subsidiaries had a mixed performance.

(NIM: Net Interest Margin)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months