

ICICI Bank (ICICIBC) - BUY

Q4FY26 Result Update

Current Market Price (CMP) Rs.1,256	Fair Value (FV) Rs.1,800
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Rationale:

- ICICI Bank delivered 8% yoy earnings growth in Q4FY26 led by a sharp yoy decline in provisions.
- Headline loan growth (16% yoy) and deposit growth (11% yoy) have improved, but operating profit growth was weak (3% yoy).
- Asset quality indicators stayed stable.
- As a sector leader, ICICI Bank has to deal with elevated expectations that are challenging to meet.
- We like balance sheet resilience over growth. Retain BUY with an FV of Rs1,800 (unchanged).

👍 Positives:

- Gross Non Performing Loans (NPL) ratio declined ~10 bps qoq to 1.4%, while Net NPL ratio was flat qoq at 0.4%.
- Net slippage ratio stood at 0.3% (against 0.6% in Q3FY26 and 0.4% in Q4FY25).
- Growth in on-book advances stood at 16% yoy, while total advances (including BRDS/IBPS) stood at 14% yoy
- Deposit growth improves (quarterly average balances up 11% yoy).
- Overall reported Net Interest Margin (NIM) was flat qoq at 4.3%. Management indicated that it expects NIM to be broadly around current level over the near term.
- Subsidiary performance continues to be stable overall.

👎 Negatives:

- Management indicated that the conflict in West Asia has clouded the outlook for credit growth in the banking system.
- The sluggishness in savings a/c deposits has been due to decline in institutional savings.



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