ICICI Bank Ltd

ROE growth momentum to sustain

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Rui Wen LIM
Analyst
ruiwenlim@dbs.com

Company Overview

ICICI Bank Limited operates as a multinational bank, headquartered in Mumbai. The Bank offers a wide range of banking services including saving accounts, loans, debit, credit cards, insurance, investments, mortgages, and online banking services.

Investment Overview

Well-positioned through strong deposit franchise and stable asset quality. ICICI Bank has one of the strongest deposit franchises across the nation, which continues to allow ICICI Bank to benefit from lower deposit rates as well as a growing CASA franchise in a fragmented deposit market. Moreover, in the current cycle, ICICI Bank has started off with strong footing due to a continuous improvement in credit underwriting standards evinced by improving asset quality and better customer exposure relative to its banking peers, and strong provisions buffer.

Strong loan growth and ongoing digitisation continues to fuel growth runway. Loan book is expected to grow at 17-20% due to strong domestic loan demand, as unsecured consumer loans and SME lending continues to be main growth drivers. In the medium term, the bank's clear leadership in technology initiatives amidst industry peers will help fuel its growth runway, including growing digital transactions for corporate clients and ecosystems, digital sourcing for retail products amongst others.

Sustainable earnings delivery to drive rerating. We believe a consistent earnings growth delivery that ICICI has been demonstrating in the last few years will continue to drive ICICI's share price, as ROE continues to improve on structural asset quality and efficiency improvements.

Maintain BUY with revised TP of USD33.50, representing 3.0x FY26F P/B, as we raise cost of equity assumptions on the back of macroeconomic headwinds. The revised TP is 1S.D. above its 10-year historical average as we remain positive on ICICI Bank. The company is currently trading at 2.5x forward P/B, at a premium to Indian bank peers average, which we view as justified as we remain positive on its ROE growth trajectory.

Risks

Deterioration in asset quality, weaker than expected earnings due to slower loan growth in net interest margins.

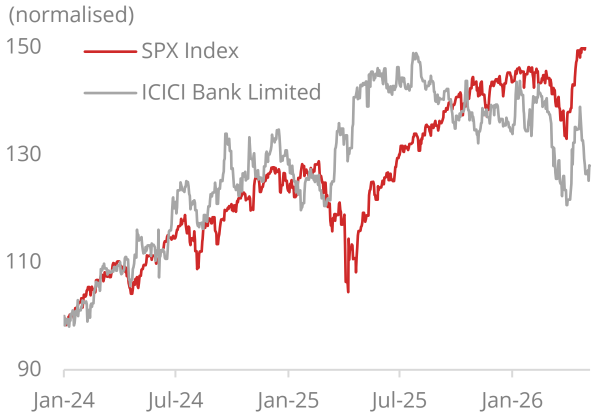
Key Financial Data

Bloomberg Ticker	IBN US
Sector	Banks
Share Price (USD)	26.10
DBS Rating	BUY
12-mth Target Price (USD)	33.50
Market Cap (USDbn)	93.54
Volume (mn shares)	5.90
Free float (%)	100.00
Dividend yield (%)	1.0
Fwd. P/E (x)	16.7
P/Book (x)	2.0
ROE (%)	2.2

Closing Price as of 11 May 2026

Source: Twelve Data, DBS, Visible Alpha

Indexed Share price vs Composite Index Performance



Source: S&P Cap IQ Pro

Financial Summary (INRmn)

FY Mar	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
Net Interest Income	743,057	811,644	880,752	1,004,059	1,157,839
% y/y	*19.6*	*9.2*	*8.5*	*14.1*	*15.3*
Non-Interest Income	229,578	285,067	307,576	343,595	391,003
% y/y	*15.8*	*24.2*	*7.9*	*11.4*	*13.8*
Operating Income	544,878	626,162	662,184	744,759	863,698
Pre-provision Profit	581,308	672,988	715,989	820,341	957,657
Pre-tax Profit	544,878	626,162	662,184	744,759	863,698
Net Profit	408,883	472,270	501,466	561,506	651,174
% y/y	*28.7*	*15.5*	*6.2*	*12.0*	*15.9*
Net Interest Margin	4.5	4.3	4.1	4.2	4.2
ROAE	18.6	17.8	15.9	15.6	15.8
ROA	2.4	2.4	2.2	2.2	2.3

Source: Company, DBS

Valuation Metrics

FY Mar	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
P/E (x)	22.9	19.8	18.7	16.7	14.4
P/B (x)	2.8	2.3	2.0	1.7	1.5
Dividend Yield (%)	0.8	0.9	1.0	1.1	1.2

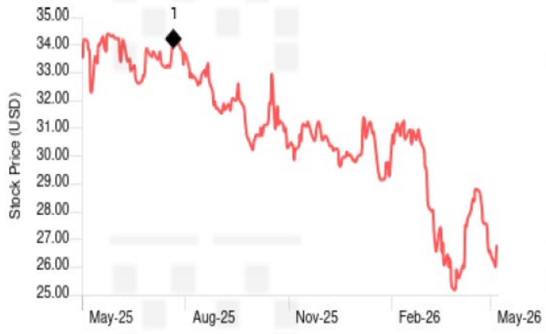
Source: Company, DBS

Credit & Cashflow Metrics

FY Mar	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
Loan-to-Deposit Ratio (%)	83.8	83.3	86.6	87.5	88.1
Net Loans / Total Assets (%)	64.5	64.2	66.2	67.3	67.9
Investment / Total Assets (%)	25.1	25.3	23.1	22.1	22.5
Cust . Dep./Int. Bear. Liab. (%)	91.8	92.9	93.5	93.7	94.0
NPL / Total Assets (%)	1.5	1.1	1.0	0.9	0.9
Provision Charge-Off Rate (%)	0.3	0.4	0.4	0.5	0.5
Total CAR (%)	16.3	16.6	17.2	17.4	17.5
Tier-1 CAR (%)	15.6	15.9	16.3	16.6	16.8

Source: Company, DBS

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	21 Jul'25	33.21	37.50	BUY

Source: DBS
Analyst: Rui Wen LIM

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**Share price appreciation + dividends*

Sources for all charts and tables are DBS unless otherwise specified.

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DBS REGIONAL RESEARCH OFFICES

HONG KONG
DBS Bank (Hong Kong) Ltd
Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE
DBS Bank Ltd
Contact: Andy Sim
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA
PT DBS Vickers Sekuritas (Indonesia)
Contact: William Simadiputra
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND
DBS Vickers Securities (Thailand) Co Ltd
Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: DBSVTresearch@dbs.com
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