BUY
TP: Rs 1,771 | ▲ 27%

ICICI BANK

| Banking | 19 October 2026

Healthy performance; strong growth and pristine AQ

- **NIMs moderated on liability mix and overseas balance sheet expansion, Further near-term NIM moderation expected in Q3, will recover in Q4**
- **Asset quality strengthens with lower fresh slippages and better recoveries, including a chunky corporate recovery**
- **Maintain BUY. Revised SOTP-based TP to Rs 1,771 (from 1,784), set at 2.7x Sep'28E ABV**

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NIMs to further moderate in Q3 and pick up in Q4: ore operating profit: Grew 25.0% YoY to Rs 203.4 bn in Q2FY27. Opex rose 8.5% YoY / 1.9% QoQ, with employee costs up 3.5% YoY / non-employee expenses up 5.6% YoY, despite 145 branch additions in H1FY27 (network: 7,656). Tech spend remained at 11.2% of total opex. Higher FCNR-related funding costs were largely offset by processing fees. Retail, rural / business banking contributed ~75% of total fee income. Global NIM declined 18 bps QoQ / 12 bps YoY to 4.18%. Pressure stemmed from a higher share of low-yielding overseas assets due to FCNR deposits / a sharp rise in retail TD, diluting CASA. Around 57% of domestic advances are repo/EBLR linked. Management expects further NIM moderation in Q3FY27 due to the full impact of ~US$18 bn in FCNR inflows, followed by recovery from Q4FY27 as excess liquidity is deployed / funding mix normalizes.

AQ remains resilient: Gross slippages declined to Rs 48.3 bn (-12.9% QoQ) , with net additions at Rs 12 bn. GNPA improved 18 bps QoQ to 1.2%, aided by better recoveries, including a chunky corporate recovery. Improvement was driven by lower retail NPI formation, particularly in PL / CC, and negligible corporate stress. NNPA improved to 0.30% (-5 bps QoQ). Credit cost remained low at 20 bps. Contingency provisions stood at Rs131 bn (~0.7% of advances), with additional standard asset provisions of Rs12.8 bn on the agri PSL portfolio

Strong business growth: Advances grew 30.0% YoY / 12.0% QoQ (ex FCNR 24.1% YoY / 7.3% QoQ). Domestic corporate grew 30.6% YoY / 10.4% QoQ, BBG 33.8% YoY / 11.1% QoQ, retail & rural 14.8% YoY / 3.2% QoQ. Growth was driven by higher corporate working-capital utilisation, substitution of offshore borrowings / domestic bonds with bank credit, ECLGS drawdowns, while mortgages (+15.3% YoY) / PL (+16.6% YoY) maintained traction. The bank raised US$17 bn in FCNR(B) deposits under the RBI swap window.

Maintain BUY: ICICI bank is poised for robust growth, supported by healthy business momentum, resilient asset quality, NIM recovery from Q4FY27 / strong fee income traction. Maintain BUY with TP of Rs 1,771 at 2.7x Sep'28E ABV.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	ICICIBC IN/Rs 1,397
Market cap	US$ 105.4bn
Free float	100%
3M ADV	US$ 153.5mn
52wk high/low	Rs 1,480/Rs 1,188
Promoter/FPI/DII	0%/44%/47%

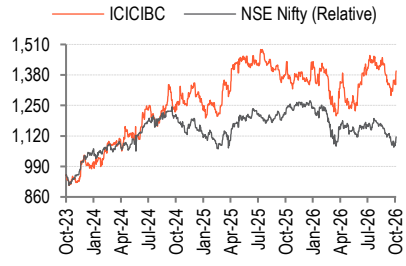
Source: NSE | Price as of 16 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
NII (Rs mn)	880,752	1,016,305	1,245,814
NII growth (%)	8.5	15.4	22.6
Adj. net profit (Rs mn)	501,466	577,256	707,947
EPS (Rs)	70.2	80.5	98.6
P/E (x)	19.9	17.4	14.2
P/BV (x)	3.0	2.6	2.3
ROA (%)	2.2	2.2	2.2
ROE (%)	15.9	16.0	17.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Income Statement							
Interest Income	3,21,837	3,25,201	3,33,589	3,52,136	3,82,611	18.9	8.7
Income on investments	84,595	82,169	82,035	83,762	90,363	6.8	7.9
Int. on bal. with RBI & inter-bank funds & Others	11,147	12,289	17,131	20,810	18,127	62.6	(12.9)
Interest income	**4,17,580**	**4,19,658**	**4,32,754**	**4,56,708**	**4,91,100**	**17.6**	**7.5**
Interest expense	2,02,285	2,00,336	2,02,963	2,12,864	2,37,713	17.5	11.7
Net interest income	**2,15,295**	**2,19,322**	**2,29,791**	**2,43,844**	**2,53,387**	**17.7**	**3.9**
Growth YoY (%)	7.4	7.7	8.4	12.7	17.7		
Non-interest income	**75,755**	**73,682**	**73,090**	**85,761**	**80,475**	**6.2**	**(6.2)**
Growth YoY (%)	5.6	4.2	0.7	0.8	6.2		
Total income	**2,91,050**	**2,93,004**	**3,02,881**	**3,29,604**	**3,33,862**	**14.7**	**1.3**
Growth YoY (%)	6.9	6.8	6.4	9.4	14.7		
Staff expenses	43,418	44,218	44,682	50,046	49,279	13.5	(1.5)
Other operating expenses	74,652	75,226	76,208	75,697	78,831	5.6	4.1
Operating expenses	**1,18,070**	**1,19,444**	**1,20,890**	**1,25,743**	**1,28,110**	**8.5**	**1.9**
Pre-Provisioning Profit (PPoP)	**1,72,980**	**1,73,560**	**1,81,991**	**2,03,861**	**2,05,752**	**18.9**	**0.9**
Growth YoY (%)	3.4	2.8	3.0	8.7	18.9		
Provisions	**9,141**	**25,556**	**962**	**12,605**	**8,507**	**(6.9)**	**(32.5)**
Growth YoY (%)	(25.9)	108.3	(89.2)	(30.5)	(6.9)		
PBT	**1,63,839**	**1,48,004**	**1,81,030**	**1,91,256**	**1,97,245**	**20.4**	**3.1**
Tax	40,250	34,825	44,013	43,211	48,815	**21.3**	13.0
PAT	**1,23,589**	**1,13,179**	**1,37,017**	**1,48,045**	**1,48,430**	**20.1**	**0.3**
Growth YoY (%)	5.2	(4.0)	8.5	15.9	20.1		
Per Share							
FV (Rs)	2.0	2.0	2.0	2.0	2.0		
EPS (Rs)	17.3	15.8	19.1	20.6	20.7	19.4	0.2
Book Value (Rs)	436	452	471	493	502	15.2	1.9

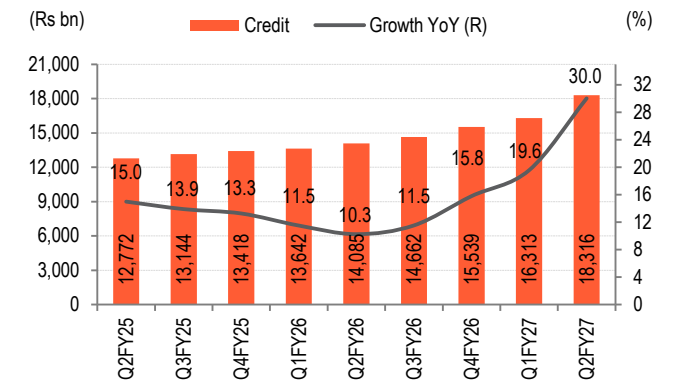
Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance sheet & other metrics

(Rs mn)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Deposits	**1,61,28,249**	**1,65,96,109**	**1,79,46,250**	**1,83,35,858**	**2,04,98,742**	**27.1**	**11.8**
Growth YoY (%)	7.7	9.2	11.4	14.0	27.1		
Advances	**1,40,84,564**	**1,46,61,536**	**1,55,38,929**	**1,63,12,597**	**1,83,15,799**	**30.0**	**12.3**
Growth YoY (%)	10.3	11.5	15.8	19.6	30.0		
Investment	49,95,920	49,46,421	49,22,173	53,85,343	55,74,942	11.6	3.5
Equity	31,14,425	32,31,331	33,73,714	35,34,912	36,05,925	15.8	2.0
Assets	2,13,62,705	2,19,05,900	2,37,25,310	2,43,24,260	2,72,52,865	27.6	12.0
Growth YoY (%)	8.1	8.8	12.0	14.5	27.6		
Yield (%)							
Yield on Funds	8.2	8.1	7.9	7.9	7.9	(27bps)	(2bps)
Cost of Funds	4.7	4.6	4.4	4.4	4.5	(18bps)	12bps
Spread	3.5	3.5	3.5	3.5	3.4	(10bps)	(14bps)
Net Interest Margin (Cal)	**4.2**	**4.2**	**4.2**	**4.2**	**4.1**	**(14bps)**	**(15bps)**
Ratios (%)							
Other Income / Net Income	26.0	25.1	24.1	26.0	24.1	(192bps)	(192bps)
Cost to Income ratio	40.6	40.8	39.9	38.1	38.4	(220bps)	22bps
CASA ratio	40.9	40.2	41.4	39.5	39.5	(135bps)	0bps
C/D ratio	87.3	88.3	86.6	89.0	89.4	202bps	39bps
Investment to Assets	23.4	22.6	20.7	22.1	20.5	(293bps)	(168bps)
Asset Quality							
GNPA	2,38,497	2,37,579	2,30,520	2,38,466	2,33,352	(2.2)	(2.1)
NNPA	58,270	57,320	54,590	59,083	57,062	(2.1)	(3.4)
Provision	1,80,227	1,80,259	1,75,930	1,79,383	1,76,290	(2.2)	(1.7)
GNPA (%)	1.6	1.5	1.4	1.4	1.2	(38bps)	(18bps)
NNPA (%)	0.4	0.4	0.3	0.4	0.3	(9bps)	(5bps)
Provision (%)	75.6	75.9	76.3	75.2	75.5	(2bps)	32bps
Others (nos)							
Branches	1,61,28,249	1,65,96,109	1,79,46,250	1,83,35,858	2,04,98,742	27.1	11.8
ATMs	7.7	9.2	11.4	14.0	27.1		

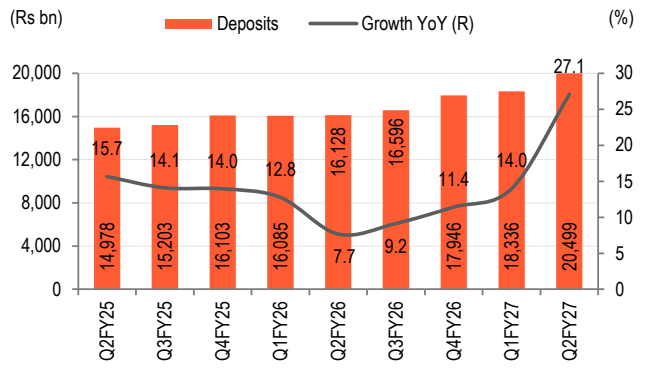
Source: Company, BOBCAPS Resear

Fig 3 – Credit growth strong 30% YoY



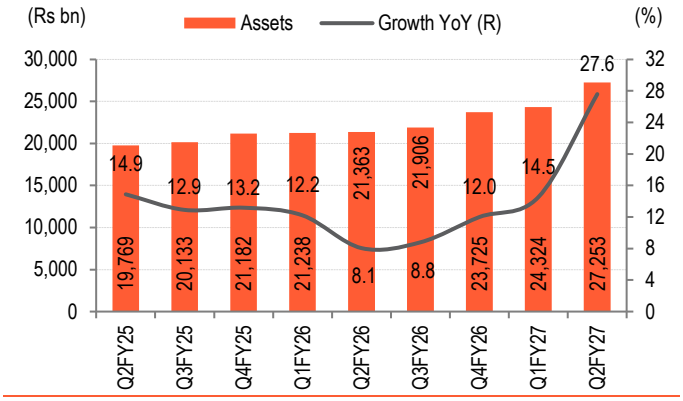
Source: Company, BOBCAPS Research

Fig 4 – Deposit growth strong at 27.1% YoY



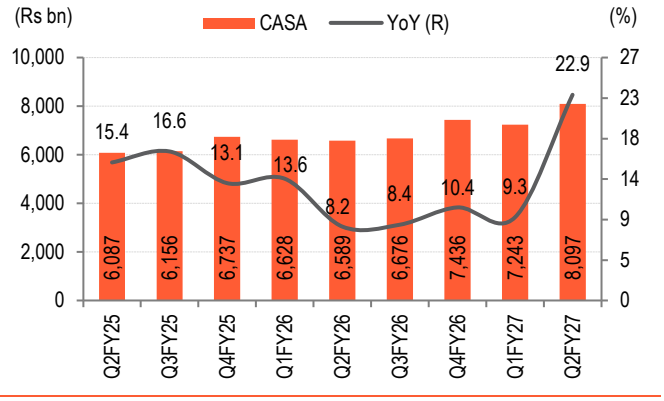
Source: Company, BOBCAPS Research

Fig 5 – Asset growth at 28% YoY



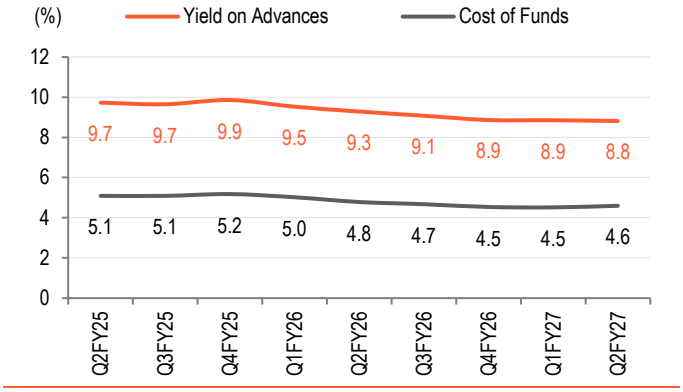
Source: Company, BOBCAPS Research

Fig 6 – CASA deposits grew by 23% YoY



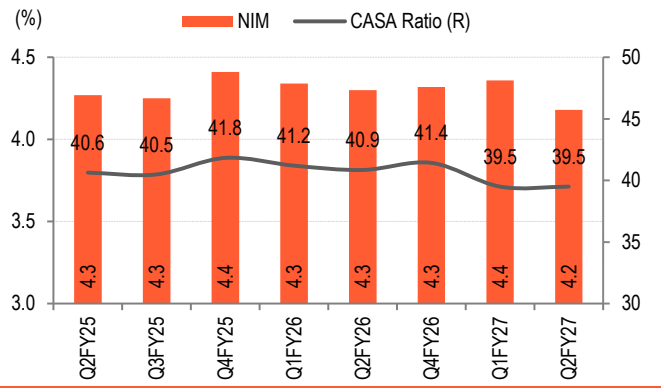
Source: Company, BOBCAPS Research

Fig 7 – Lending yields declined



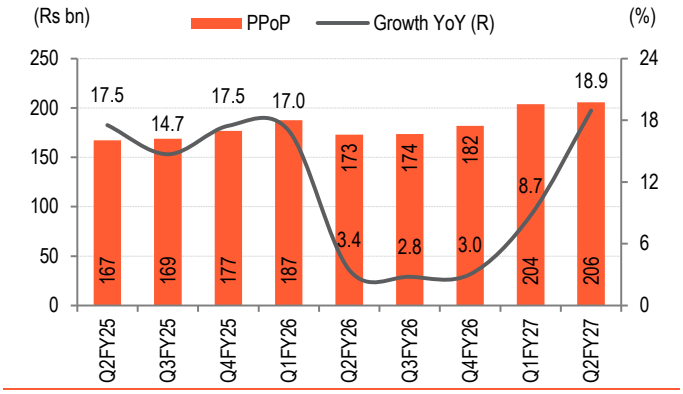
Source: Company, BOBCAPS Research

Fig 8 – … NIMs have bottomed out



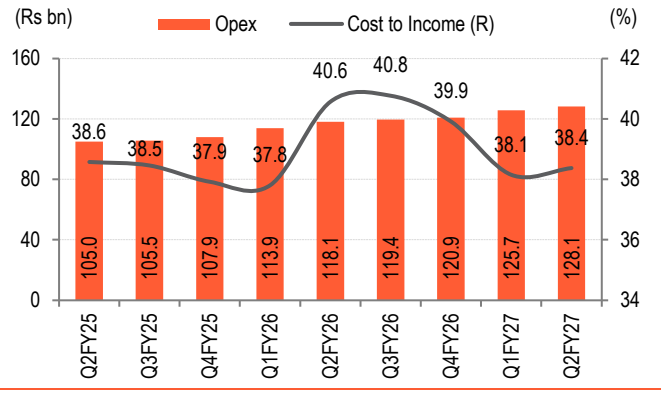
Source: Company, BOBCAPS Research

Fig 9 – PPOP grew YoY due to NII growth



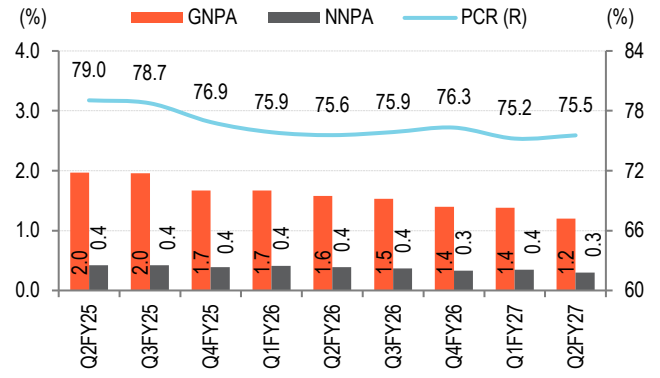
Source: Company, BOBCAPS Research

Fig 10 – C/I stable



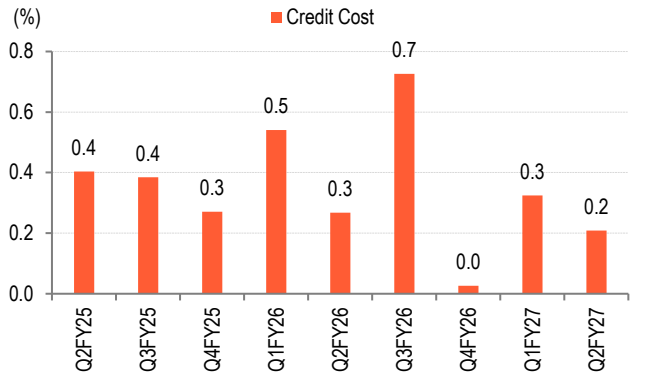
Source: Company, BOBCAPS Research

Fig 11 – Resilient asset quality metrics



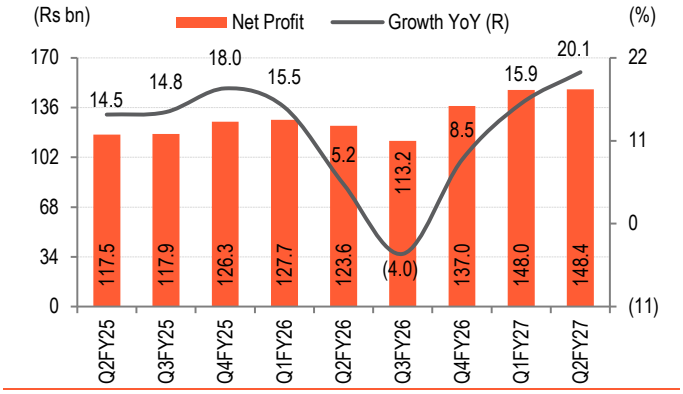
Source: Company, BOBCAPS Research

Fig 12 – Provisions were low on lower slippages and one chunky corporate recovery



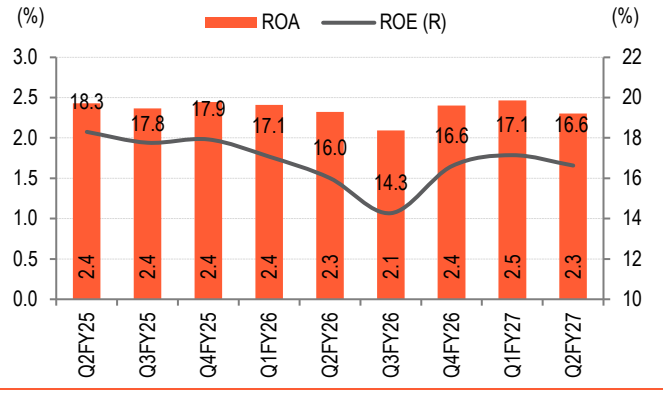
Source: Company, BOBCAPS Research

Fig 13 – PAT grew 20% YoY



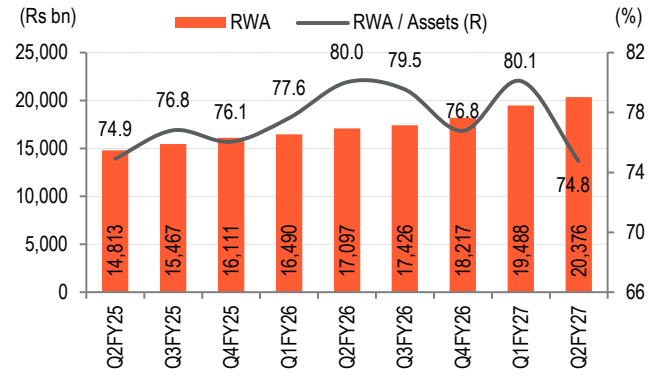
Source: Company, BOBCAPS Research

Fig 14 – ROA to improve from Q4



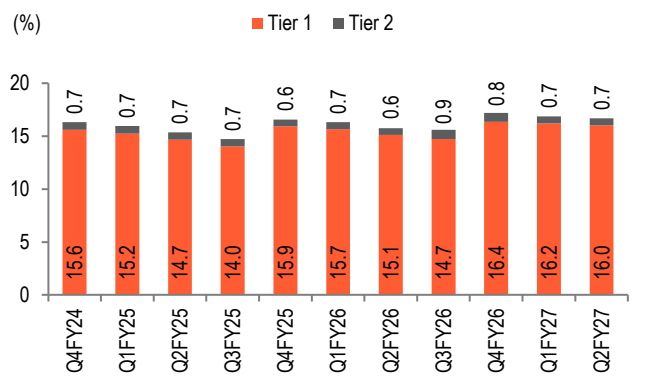
Source: Company, BOBCAPS Research

Fig 15 – RWA/ Asset declined



Source: Company, BOBCAPS Research

Fig 16 – CAR remains healthy to fund growth



Source: Company, BOBCAPS Research

Earnings Call Highlights

NIMs

- Global NIM declined to 4.18% in Q2FY27 vs. 4.36% in Q1FY27 / 4.30% in Q2FY26. Domestic NIM, excluding income-tax refund interest, stood at 4.32% vs. 4.36% in Q1FY27 / 4.37% in Q2FY26, remaining broadly stable QoQ after adjusting for the previous quarter's tax-refund benefit.
- Interest income from tax refunds contributed nil in Q2FY27 vs. 8 bps in Q1FY27 / nil in Q2FY26.
- NII grew 17.7% YoY / 3.9% QoQ to Rs 253.39 bn.
- Cost of deposits stood at 4.50% vs. 4.41% in Q1FY27 / 4.64% in Q2FY26.
- Margin compression was driven by a higher proportion of overseas branch assets due to FCNR(B) inflows / substantial sequential accretion in retail term deposits, which mathematically diluted the average CASA ratio.
- The bank mobilised ~US$17.7 bn in gross FCNR(B) deposits under the RBI swap facility during Q2FY27.
- The full average balance-sheet impact of FCNR(B) mobilisation is expected in Q3FY27, leading to further near-term NIM moderation, partly offset by the rate hike already implemented.
- Management expects margins to recover from Q4FY27 as funding-mix effects normalise / surplus liquidity is deployed over the next two quarters. The outlook assumes no further policy rate hikes.
- Loan mix: 57% linked to repo / other external benchmarks, 14% linked to MCLR / older benchmarks and 29% fixed-rate loans.
- Management prioritises sustainable earnings growth over short-term margin optimisation, viewing FCNR(B) mobilisation as a strategic liability opportunity to support medium-term growth.

Asset Quality

- Gross NPI additions declined 4.0% YoY to Rs 48.33 bn vs. Rs 50.34 bn in Q2FY26. Recoveries / upgrades remained stable at Rs 36.20 bn vs. Rs 36.48 bn in Q2FY26.
- Net NPI additions declined 12.5% YoY to Rs 12.13 bn vs. Rs 13.86 bn in Q2FY26. The net NPI ratio improved to 0.30% vs. 0.35% in Q1FY27 / 0.39% in Q2FY26.
- Technical write-offs stood at Rs 15.92 bn, while cash sales of NPIs were Rs 1.33 bn.
- Retail & rural: Gross NPI additions stood at Rs 37.09 bn vs. Rs 40.49 bn in Q2FY26. Recoveries / upgrades were Rs 26.04 bn vs. Rs 26.10 bn. Net additions declined 23.2% YoY to Rs 11.05 bn vs. Rs 14.39 bn, accounting for the bulk of consolidated net additions.
- Corporate & business banking: Gross NPI additions stood at Rs 11.24 bn vs. Rs 9.85 bn in Q2FY26. Recoveries / upgrades were Rs 10.16 bn vs. Rs 10.38 bn. Net

additions stood at Rs 1.08 bn vs. net deletions of Rs 0.53 bn in Q2FY26. Management noted negligible fresh corporate NPI formation / low business banking stress. Recoveries were supported by a relatively chunky corporate recovery.

- Total provisions stood at Rs 8.51 bn, equivalent to 4.1% of core operating profit / 0.2% of average advances, vs. Rs 9.14 bn in Q2FY26.
- PCR on NPIs stood at 75.0% as of September 30, 2026.
- The non-specific provision pool stood at Rs 238.15 bn (~1.3% of loans), including Rs 131.0 bn of contingency provisions (~0.7% of advances).
- Additional standard-asset provisions of Rs 12.83 bn remain against agricultural priority-sector loans, created in Q3FY26 following an RBI review. The review is ongoing, with resolution expected over the next two quarters.
- Fund-based standard restructured loans under resolution declined to Rs 11.85 bn vs. Rs 13.63 bn QoQ / Rs 16.24 bn YoY.
- Performing corporate borrowers internally rated BB and below stood at Rs 35.47 bn (~0.2% of advances) vs. Rs 34.85 bn QoQ / Rs 36.61 bn YoY.
- Non-fund-based outstanding to NPI borrowers stood at Rs 22.51 bn vs. Rs 22.07 bn QoQ / Rs 23.22 bn YoY.
- Management guided for normalised credit costs of ~50 bps of advances, adjusting for one-off corporate recoveries, standard-asset provisions on FCNR(B)-backed lending / KCC seasonality.

Advances

- Total loans, including international branches, grew 30.0% YoY / 12.0% QoQ. Excluding international loans against FCNR(B) deposits, growth stood at 24.1% YoY / 7.3% QoQ. The domestic loan portfolio grew 22.8% YoY / 6.8% QoQ.
- Overseas loans accounted for 7.8% of the total loan book. Retail & rural constituted 43% of total exposure, including non-fund-based exposure.
- Retail & rural advances grew 14.8% YoY / 3.2% QoQ, recovering from single-digit growth levels 3–4 quarters ago. Mortgages / personal loans returned to ~15% YoY growth.
- Business banking grew 33.8% YoY / 11.1% QoQ, driven by ECLGS drawdowns, new customer additions / higher working-capital demand.
- Domestic corporate advances grew 30.6% YoY / 10.4% QoQ, supported by capex financing, working-capital utilisation / substitution of bond-market and overseas borrowings with bank credit.
- Mortgages grew 15.3% YoY / 3.5% QoQ; vehicle loans grew 7.8% YoY / 1.4% QoQ; personal loans grew 16.6% YoY / 4.7% QoQ.
- Credit cards declined 9.7% YoY / 0.2% QoQ, impacted by the base effect / timing of festival spending.

- Gold loans grew 79.4% YoY / 4.5% QoQ, with sequential moderation reflecting realignment with revised RBI guidelines.
- NBFC/HFC exposure increased to Rs 1,033.78 bn vs. Rs 920.52 bn in Q1FY27, accounting for 4.3% of advances.
- The builder portfolio increased to Rs 788.52 bn vs. Rs 747.21 bn in Q1FY27, representing ~4% of loans. Only 0.5% of the portfolio was rated BB and below or classified as non-performing.

Deposits

- Total deposits grew 27.1% YoY / 11.8% QoQ, while average deposits grew 21.2% YoY / 8.0% QoQ.
- Period-end deposits excluding FCNR(B) grew 17.0% YoY / 3.1% QoQ.
- Average CASA grew 10.7% YoY / 1.4% QoQ. Retail savings remained healthy, while institutional / government savings balances continued to taper off.
- The bank mobilised ~US$17.7 bn in FCNR(B) deposits under the RBI swap facility. Of this, US$9.0 bn was deployed as loans against FCNR(B) deposits by ICICI Bank, US$3.6 bn as loans provided by partner banks and more than US$4.0 bn was placed by customers using their own resources.
- Average LCR remained healthy at ~126% in Q2FY27.
- Management noted that month-end LCR is less representative, as surplus liquidity was placed in safe non-HQLA instruments, including bank CDs, commercial paper / money-market funds.
- Retail Money-in-Bank (MIB), comprising CASA + retail term deposits, remained stable to slightly better QoQ.

Operating Expenses

- Total opex grew 8.5% YoY / 1.9% QoQ. Employee costs rose 3.5% YoY, while non-employee expenses increased 5.6% YoY.
- The bank added 145 branches in H1FY27, taking its network to 7,656 as of September 30, 2026. Technology expenses represented ~11.2% of total opex in H1FY27.
- Sequential opex growth was largely driven by wholesale borrowing, bond / loan costs incurred to support back-to-back lending against FCNR(B) deposits, broadly offset by processing fee income.
- The bank infused Rs 14.70 bn to acquire an additional 2.0% equity stake in ICICI Prudential Life Insurance during the quarter.

Other Income

- Non-interest income excluding treasury increased 12.5% YoY to Rs 82.77 bn.
- Fee income grew 20.1% YoY to Rs 77.95 bn. Retail, rural / business banking customers contributed ~75% of total fees. Fee income included one-off processing fees from FCNR(B) lending facilities, offsetting wholesale funding expenses.
- Treasury reported a loss of Rs 2.30 bn vs. a gain of Rs 1.50 bn in Q1FY27 / Rs 2.20 bn in Q2FY26 due to market-yield movements.

Fig 17 – Loan book trend

(Rs mn)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Corporate	27,84,440	29,64,520	30,55,400	32,66,310	35,47,710	27.4	8.6
SME + Business Banking	29,09,210	30,45,360	32,76,650	35,01,560	38,91,680	33.8	11.1
Retail	81,71,450	83,71,870	88,35,330	91,11,970	94,56,870	15.7	3.8
Domestic Loans	1,37,52,600	1,43,08,950	1,51,15,980	1,58,09,850	1,68,86,260	22.8	6.8
Overseas Loans	3,31,960	3,52,590	4,22,950	5,02,750	14,29,540	330.6	184.3
Total Loans	**1,40,84,560**	**1,46,61,540**	**1,55,38,930**	**1,63,12,600**	**1,83,15,800**	**30.0**	**12.3**

Source: Company, BOBCAPS Research

Fig 18 – Loan book distribution

	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Corporate	19.8	20.2	19.7	20.0	19.4	(40bps)	(65bps)
SME+ Business Banking	20.7	20.8	21.1	21.5	21.2	59bps	(22bps)
Retail	58.0	57.1	56.9	55.9	51.6	(638bps)	(423bps)
Domestic Loan	97.6	97.6	97.3	96.9	92.2	(545bps)	(472bps)
Overseas Loan	2.4	2.4	2.7	3.1	7.8	545bps	472bps
Total Loan	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**		

Source: Company, BOBCAPS Research

Fig 19 – Retail book trend

(Rs mn)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Mortgage	46,06,140	47,52,560	49,75,450	51,33,470	53,10,880	15.3	3.5
Auto Finance	6,15,550	6,21,300	6,29,860	6,37,690	6,45,070	4.8	1.2
Commercial Vehicle & Equipment	3,41,960	3,52,790	3,75,360	3,83,570	3,91,430	14.5	2.0
Personal Loans	12,16,550	12,37,550	13,02,470	13,55,200	14,19,050	16.6	4.7
Credit Cards	5,88,000	5,48,560	5,41,330	5,32,060	5,30,910	(9.7)	(0.2)
Others	20,490	21,670	24,780	24,010	2,77,370	1253.7	1055.2
Total Retail Loans	**73,93,840**	**75,37,980**	**78,51,570**	**80,66,000**	**85,74,710**	**16.0**	**6.3**

Source: Company, BOBCAPS Research

Fig 20 – Retail loan book distribution

(%)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Mortgage	32.7	32.4	32.0	31.5	29.0	(371bps)	(247bps)
Auto Finance	4.4	4.2	4.1	3.9	3.5	(85bps)	(39bps)
Commercial Vehicle & Equipment	2.4	2.4	2.4	2.4	2.1	(29bps)	(21bps)
Personal Loans	8.6	8.4	8.4	8.3	7.7	(89bps)	(56bps)
Credit Cards	4.2	3.7	3.5	3.3	2.9	(128bps)	(36bps)
Others	0.1	0.1	0.2	0.1	1.5	137bps	137bps
Total Retail Loans	**52.5**	**51.4**	**50.5**	**49.4**	**46.8**	**(568bps)**	**(263bps)**

Source: Company, BOBCAPS Research

Fig 21 – Trend in deposits

(Rs mn)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
CA Deposits	20,67,470	21,79,870	26,79,810	24,78,860	26,52,470	28.3	7.0
SA Deposits	45,21,240	44,96,030	47,56,060	47,63,700	47,56,040	5.2	(0.2)
CASA Deposits	65,88,710	66,75,900	74,35,870	72,42,560	74,08,510	12.4	2.3
Term Deposits	95,39,539	99,20,209	1,05,10,380	1,10,93,298	1,24,01,855	30.0	11.8
Total Deposits	**1,61,28,249**	**1,65,96,109**	**1,79,46,250**	**1,83,35,858**	**2,04,98,742**	**27.1**	**11.8**

Source: Company, BOBCAPS Research

Fig 22 – Deposit distribution

(%)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
CA Deposits	12.8	13.1	14.9	13.5	12.9	12bps	(58bps)
SA Deposits	28.0	27.1	26.5	26.0	23.2	(483bps)	(278bps)
CASA Deposits	40.9	40.2	41.4	39.5	36.1	(471bps)	(336bps)
Term Deposits	59.1	59.8	58.6	60.5	60.5	135bps	0bps
Total Deposits	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**		

Source: Company, BOBCAPS Research

Valuation Methodology

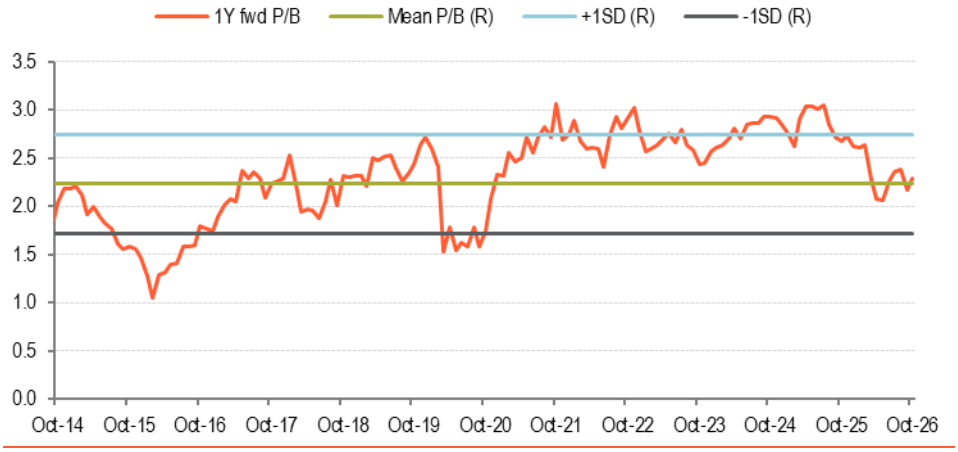
Maintain BUY: ICICI Bank is well-positioned for robust growth, supported by healthy business momentum, resilient asset quality, NIM recovery from Q4FY27 and strong fee income traction. We expect FY27E RoA/RoE of 2.2%/16% and maintain BUY with a revised TP of Rs 1,771 at 2.7x Sep'28E ABV (earlier Rs 1,784).

Fig 23 – Key operational assumptions

(%)	FY26	FY27E	FY28E	FY29E
Advances	15.8	30.0	17.0	17.0
Net Interest Income	8.5	15.4	22.6	18.5
PPOP	6.4	18.7	23.2	20.6
PAT	6.2	15.1	22.6	20.2
NIM	4.3	4.2	4.3	4.4
GNPA	1.4	1.3	1.3	1.3
CAR	17.2	16.4	16.1	16.1

Source: Company, BOBCAPS Research

Fig 24 – PB Band chart



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- Any sudden rise in delinquency in the mid-corporate and SME segments
- Inability to manage cost of funds, which may drag NIM as well as the overall profitability

Glossary

Glossary of Abbreviations			
AUCA	Advance Under Collection Account	**LDR**	Loan to Deposit Ratio
ARC	Asset Reconstruction Company	**MCLR**	Marginal Cost of Funds-based Lending Rate
BRDS	Bills Rediscounting Scheme	**MTM**	Mark to Market
CASA	Current Account and Savings Account	**NBFC**	Non-Banking Finance Company
CAR	Capital Adequacy Ratio	**NII**	Net Interest Income
CC	Credit Card	**NIM**	Net Interest Margin
CET1	Common Equity Tier 1	**NNPA**	Net Non-Performing Assets
CD	Credit-Deposit Ratio	**PCR**	Provision Coverage Ratio
C/I	Cost-Income Ratio	**PL**	Personal Loans
CRB	Commercial and Rural Banking	**PPOP**	Pre-Provision Operating Profit
CV	Commercial Vehicles	**PSU**	Public Sector Unit
EBLR	External Benchmark-based Lending Rate	**RWA**	Risk-weighted Assets
ECL	Expected Credit Loss	**SLR**	Statutory Liquidity Ratio
GNPA	Gross Non-Performing Assets	**SMA**	Special Mention Account
HFC	Housing Finance Company	**SME**	Small and Medium-sized Enterprises
IBPC	Interbank Participation Certificate	**TD**	Term Deposits
LCR	Liquidity Coverage Ratio		

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Net interest income	**811,644**	**880,752**	**1,016,305**	**1,245,814**	**1,476,364**
NII growth (%)	9.2	8.5	15.4	22.6	18.5
Non-interest income	285,067	307,576	381,415	447,657	524,927
Total income	1,096,711	1,188,328	1,397,720	1,693,470	2,001,291
Operating expenses	423,723	472,339	548,140	647,150	739,046
PPOP	672,988	715,989	849,580	1,046,320	1,262,245
PPOP growth (%)	15.8	6.4	18.7	23.2	20.6
Provisions	46,826	53,804	83,989	107,398	133,349
PBT	626,162	662,185	765,591	938,922	1,128,896
Tax	153,892	160,718	188,335	230,975	277,708
Reported net profit	**472,270**	**501,466**	**577,256**	**707,947**	**851,188**
Adjustments	0	0	0	0	0
Adjusted net profit	**472,270**	**501,466**	**577,256**	**707,947**	**851,188**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Equity capital	14,246	14,322	14,360	14,360	14,360
Reserves & surplus	2,906,517	3,359,392	3,837,726	4,424,355	5,129,678
Net worth	2,920,763	3,373,714	3,852,086	4,438,715	5,144,038
Deposits	16,103,480	17,946,250	21,722,000	25,088,000	28,985,000
Borrowings	1,235,383	1,249,941	2,908,000	2,947,000	3,154,000
Other liab. & provisions	922,774	1,155,405	1,137,340	1,857,827	2,318,821
Total liab. & equities	**21,182,400**	**23,725,310**	**29,619,426**	**34,331,542**	**39,601,860**
Cash & bank balance	1,855,620	2,303,352	2,683,426	3,166,542	3,657,860
Investments	5,047,567	4,922,173	5,719,000	6,456,000	7,155,000
Advances	13,417,662	15,538,929	20,201,000	23,635,000	27,653,000
Fixed & Other assets	861,551	960,856	1,016,000	1,074,000	1,136,000
Total assets	**21,182,400**	**23,725,310**	**29,619,426**	**34,331,542**	**39,601,860**
Deposit growth (%)	14.0	11.4	21.0	15.5	15.5
Advances growth (%)	13.3	15.8	30.0	17.0	17.0

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
EPS	66.8	70.2	80.5	98.6	118.5
Dividend per share	11.0	12.0	13.8	16.9	20.3
Book value per share	410.0	471.1	536.5	618.2	716.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
P/E	20.9	19.9	17.4	14.2	11.8
P/BV	3.4	3.0	2.6	2.3	1.9
Dividend yield (%)	0.8	0.9	1.0	1.2	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Net interest income	4.1	3.9	3.8	3.9	4.0
Non-interest income	1.4	1.4	1.4	1.4	1.4
Operating expenses	2.1	2.1	2.1	2.0	2.0
Pre-provisioning profit	3.4	3.2	3.2	3.3	3.4
Provisions	0.2	0.2	0.3	0.3	0.4
PBT	3.1	2.9	2.9	2.9	3.1
Tax	0.8	0.7	0.7	0.7	0.8
ROA	2.4	2.2	2.2	2.2	2.3
Leverage (x)	7.5	7.1	7.4	7.7	7.7
ROE	17.8	15.9	16.0	17.1	17.8

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Net interest income	9.2	8.5	15.4	22.6	18.5
Pre-provisioning profit	15.8	6.4	18.7	23.2	20.6
EPS	14.4	5.2	14.7	22.5	20.2
Profitability & Return ratios (%)					
Net interest margin	4.3	4.3	4.2	4.3	4.4
Fees / Avg. assets	0.2	0.2	0.3	0.3	0.3
Cost-Income	38.6	39.7	39.2	38.2	36.9
ROE	17.8	15.9	16.0	17.1	17.8
ROA	2.4	2.2	2.2	2.2	2.3
Asset quality (%)					
GNPA	1.7	1.4	1.3	1.3	1.3
NNPA	0.4	0.4	0.3	0.3	0.3
Slippage ratio	1.7	1.4	2.0	1.8	1.7
Credit cost	0.4	0.4	0.5	0.5	0.5
Provision coverage	76.2	75.8	76.9	77.3	77.5
Ratios (%)					
Credit-Deposit	83.3	86.6	93.0	94.2	95.4
Investment-Deposit	31.3	27.4	26.3	25.7	24.7
CAR	16.6	17.2	16.4	16.1	16.1
Tier-1	15.9	16.3	14.8	14.7	14.8

Source: Company, BOBCAPS Research

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BUY – Expected return >+15%

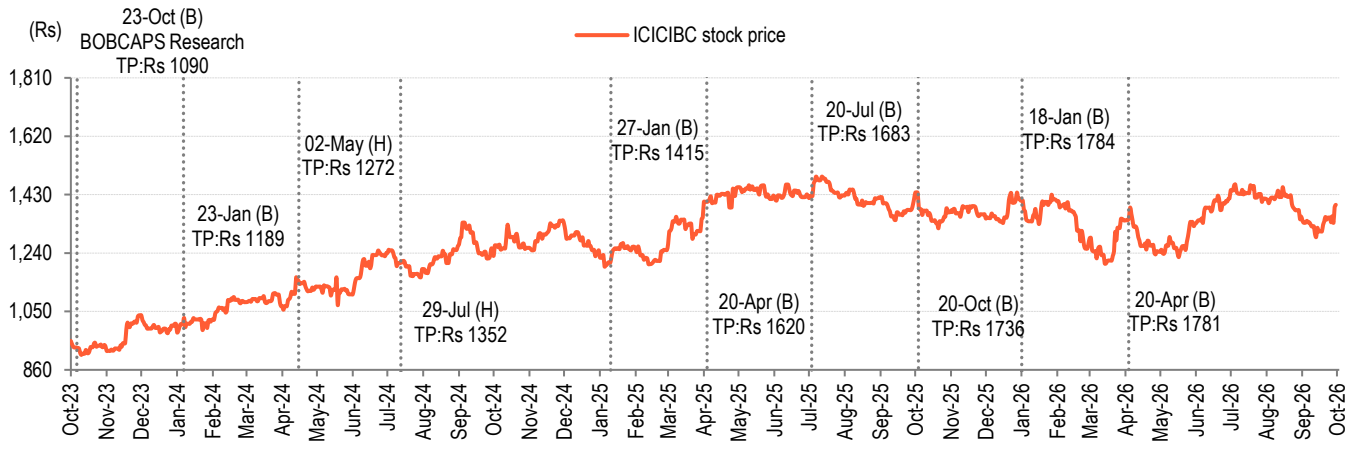
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