

RECOMMENDATION SNAPSHOT				
*CMP	Target	Potential Upside	MCap (Rsbn)	Recommendation
Rs1382	Rs1690	22%	9921	Accumulate

*as on 19th Oct, 2026

About the Company:

ICICI Bank Limited (ICICI) is one of India's leading private sector bank, with well-diversified portfolio offering a wide range of banking and financial services. Apart from banking services; it offers life and general insurance, asset management, securities broking and private equity services through its specialized subsidiaries. The core business consists of commercial banking operations for Indian corporates and retail customers. Products and services include loan products, fee and commission-based products and services, deposit products, foreign exchange and derivatives products to India's leading corporations, mid-sized companies and SME's. Other offerings include agriculture and rural banking products.

Results: Quick Glance:

- The standalone **Net Interest Income** (NII) for the quarter came in at Rs253.39bn as compared to Rs215.29bn in Q2FY26; a growth of 17.6%
- **Net Interest Margin** (NIM) for the quarter stood at 4.18% compared with 4.36% in June quarter and 4.30% in Q2FY26
- The Net Profit for the quarter stood at Rs148.43bn as compared to Rs123.59bn in Q2FY26, growth of 20.1%
- Capital Adequacy Ratio- Base III for the quarter stands at 16.68%
- Gross NPA for the quarter stood at 1.20% v/s 1.38% in Q1FY27 and 1.58% in Q2FY26
- Net NPA for the quarter stood at 0.30% v/s 0.35% in Q1FY27 and 0.39% in Q2FY26

Financials:

Performance (Q2FY27)						
Q/E (Rs bn)	Q2FY27	Q2FY26	Y-o-Y	Q1FY27	Q-o-Q	Comments
Interest Earned (A)	491.10	417.58	17.61%	456.71	7.53%	
Interest Expense (B)	237.71	202.28	17.51%	212.86	11.67%	
Net Interest Income (C) =(A)-(B)	253.39	215.29	17.69%	243.84	3.91%	Backed by the 30% jump seen in the loan portfolio
Fees and Other Income (D)	80.47	75.76	6.23%	85.76	(6.16%)	There was a treasury loss of Rs2.3bn reported v/s a gain of Rs1.5bn in Q1FY27
Total Income (E) =(A)+(D)	571.57	493.33	15.86%	542.47	5.37%	
Net Income (F)=(E)-(B)	333.86	291.05	14.71%	329.60	1.29%	
Employee Cost	49.28	43.42	13.50%	50.05	(1.53%)	
Other Operating Expenses	78.83	74.65	5.60%	75.70	4.14%	
Total Operating Expenses	128.11	118.07	8.50%	125.74	1.88%	Led by cost of raising bonds to fund the FCNR (B) leverage largely offset by the banks fee income
Operating Profit/PPOP	205.75	172.98	18.95%	203.86	0.93%	
Provisions & Contingencies	8.51	9.14	(6.94%)	12.60	(32.51%)	The lower provisions supported the profit growth during the quarter
Profit Before Tax (PBT)	197.25	163.84	20.39%	191.26	3.13%	
Tax	48.82	40.25	21.28%	43.21	12.97%	
Profit After Tax (PAT)	148.43	123.59	20.10%	148.05	0.26%	Driven by NII growth as well as opex contained at 9% y-o-y growth

Financials (contd.):

Balance Sheet items/Key Ratios						
Q/E (Rs in 'bn)	Q2FY27	Q2FY26	Y-o-Y	Q1FY27	Q-o-Q	Comments
Advances (Rs bn)	18315.80	14084.56	30.04%	16312.60	12.28%	Continued traction in business banking and domestic corporate portfolio
Deposits (Rs bn)	20498.74	16128.25	27.10%	18335.86	11.80%	Boosted by the USD18bn FCNR deposit mobilization
CASA (%)	35.80	39.20	(340bps)	38.10	(230bps)	
Book Value per share (Rs)	502.30	436.00	15.21%	492.80	1.93%	
CD Ratio(%)	84.00	86.30	(230bps)	87.50	(350bps)	
Capital Adequacy Ratio-Basel III (%)	16.68	15.76	92bps	16.84	(16bps)	Helped maintain strong asset quality
Tier-I (%)	16.01	16.35	(34bps)	16.19	(18bps)	
Profitability						
Yield on Advances (%)	8.82	9.29	(47bps)	8.86	(4bps)	
Cost of Funds (%)	4.59	4.78	(60bps)	4.51	(33bps)	
NIM (%)	4.18	4.30	(12bps)	4.36	(18bps)	Dragged by the FCNR (B) deposits; expected to put pressure in Q3 as well; improvement expected by Q4 onwards
Cost/Income (%)	38.40	40.60	(220bps)	38.10	30bps	
Tax Rate (%)	24.8%	24.6%	-	22.6%	2bps	
Return on Assets (%)	2.26	2.33	(7bps)	2.49	(23bps)	
Return on Equity (%)	16.60	16.00	60bps	17.10	(50bps)	
Gross NPA (Rs bn)	233.35	238.50	(2.16%)	238.47	(2.15%)	Gross NPA w/o stood at Rs15920mn during the quarter
Net NPA (Rs bn)	57.06	58.27	(2.07%)	59.08	(3.42%)	
Gross NPA (%)	1.20	1.58	(38bps)	1.38	(18bps)	Aided by better write offs
Net NPA (%)	0.30	0.39	(9bps)	0.35	(5bps)	
Provision Coverage Ratio (%)	75.00	75.00	-	74.70	30bps	Contingency buffer remained stable at Rs131bn

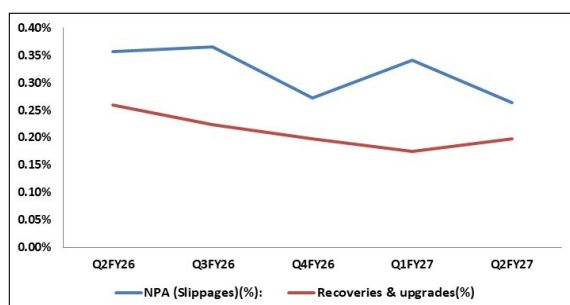
Conference Call Highlights:

- The Bank had a network of 7,656 branches (145 added in H1FY27) and 12,143 ATMs as on Sept'26
- Fee income increased by 20.1% on a y-o-y basis to Rs77.95bn (USD813mn) in Q2FY27 from Rs64.91bn (USD677mn) in Q2FY26. Fees from retail, rural and business banking customers constituted about 75% of total fees in Q2FY27
- 0.5% of the builder portfolio was internally rated BB and below or NPA by the bank as on 30th Sept 2026
- The non-interest income, excluding treasury, increased by 12.5% on a y-o-y basis to Rs82.77bn (USD864mn) in Q2FY27 from Rs73.56bn (USD768mn) in Q2FY26
- The NII reported a growth of ~17.7% on a y-o-y basis. NIMs stood at 4.18% as compared to 4.36% in Q1FY27
- There was a treasury loss of Rs2300mn (USD24mn) in Q2FY27 as compared to gain of Rs1510mn (USD16mn) in Q1FY27 and Rs2200mn (USD23mn) in Q2FY26 primarily reflecting market movements
- The operating expenses increased by 8.5% on a y-o-y basis to Rs128.11bn
- Total loans grew by 30.0% on a y-o-y basis and 12.3% q-o-q. Within the domestic loan book, retail loans grew by 14.8%. Out of this, mortgage loans are at Rs5310.88bn

Conference Call Highlights (contd.):

- NIM declined 18bps q-o-q to 4.18%; excluding the interest on IT refund in Q1FY27, the decline was 10bps q-o-q
- Of the total domestic loan, the interest rate for about 57% of loans are linked to repo rate, ~14% are linked to MCLR and other older benchmark and the remaining 29% of loans have fixed interest
- Asset quality:** There was a net addition of Rs12.13bn to the gross NPAs in Q2FY27. The total provisions during the quarter were Rs238.15bn. The contingency provision stood at Rs131bn as at Sept'26. The provision coverage ratio on NPAs stood at 75%
- Fund based outstanding to all borrowers under resolution was Rs11.85bn
- Management expects broad-based growth across retail and corporate portfolios, with deployment guided by risk-adjusted returns
- Gross non-performing asset ratio stood at 1.20% against 1.58% in Q1FY27. Net NPA ratio for the quarter stood at 0.30%. The gross NPA additions from the Retail and Rural portfolios were Rs48.33bn in Q2FY27 compared to Rs50.34bn in Q2FY26. During the quarter there were w/offs related to gross NPA amounting to Rs15.92bn and sale of NPAs amounting to Rs1.33bn
- On its agricultural portfolio, the bank said the necessary review and remediation exercise has been completed. It added that provisions made on the agri portfolio could be reversed over the next two quarters, subject to approval from the RBI
- The CET-1 ratio stood at 16.01% and total capital adequacy ratio at 16.68% as on 30th Sept 2026
- The dividend income during the quarter from the subsidiaries was Rs4.63bn v/s Rs8.10bn in Q2FY26
- The bank purchased 2% additional shareholding in ICICI Life Insurance Ltd for consideration of Rs14,700mn (USD153mn)
- Focus remains on growing PBT (ex-treasury) through a 360-degree customer centric approach
- Credit card advances declined 9.7% y-o-y, owing to the build-up towards end of September that should reflect in Q3FY27
- The bank reiterated a calibrated approach to growth, supported by the strength of the franchise and access to lending opportunities. The bank has also approved borrowing through bonds, notes or offshore certificates of deposit in overseas markets for a revised limit of up to USD2.5bn

Exhibit 1: Asset Quality and Profitability Trends



Source: Q2FY27 Press Release, Progressive Research

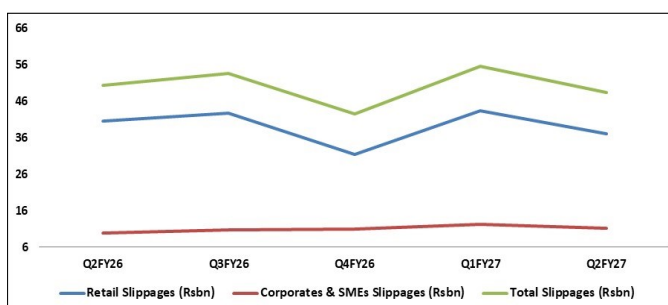
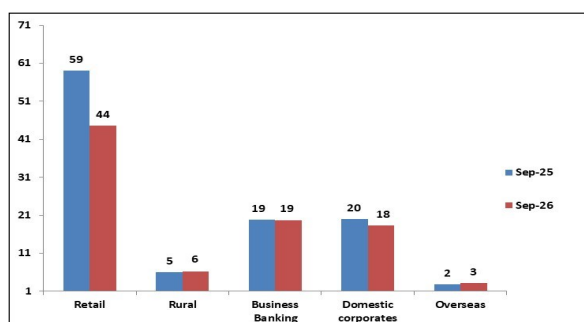
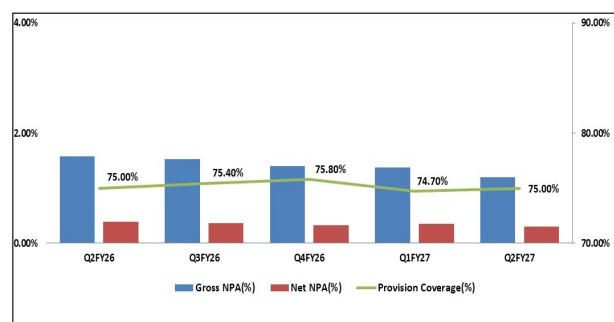


Exhibit 2: Bifurcation of Loan Book (Rs bn)



Source: Q2FY27 Press Release, Progressive Research

Exhibit 3: GNPA, NNPA and PCR (%)



Source: Q2FY27 Press Release, Progressive Research

Outlook and Recommendations:

It was yet another strong quarter delivered by the bank with credit growth of 30% y-o-y and 12% q-o-q basis, exceptional business growth, strong core profits coupled with robust asset quality metrics. Growth in deposits is attributed to the FCNR deposit mobilization (USD18bn); excluding FCNR (B) the growth came in at 24% y-o-y while deposits grew by 17% y-o-y. The profits came in line with expectations at Rs148bn for the quarter. It remained flat on q-o-q basis, but grew by 20% y-o-y led by the NII growth of 18% y-o-y and opex contained at 9% y-o-y growth. Growth in profitability was led by robust loan growth, strong operating profits and lower provisioning. The fee income rose 20.1% to Rs77,950mn, with fees from retail, rural and business banking customers accounting for approx. 75% of the total. The NIMs declined to 4.18% v/s 4.36% q-o-q, dragged largely by FCNR (B) deposits. This is expected to put pressure on NIMs in Q3 as well (as the full impact of FCNR (B) is seen); after which gradual improvement is chalked in on account of favourable BS mix and the repo rate hikes. The bank said the benefit from interest on tax refunds was negligible during Q2, compared with 8bps in the preceding quarter. The bank's total advances increased 30% y-o-y and 12.3% sequentially. The retail and rural loan portfolio grew 14.8% y-o-y, while the business banking portfolio expanded 33.8%. The domestic corporate portfolio registered growth of 30.6%. In terms of the asset quality, the GNPA/NNPA declined to an all-time low of 1.20%/0.30% (1.38%/0.35% q-o-q) aided by better write offs. The PCR improved marginally to 75.0%. Gross slippages eased to Rs48.3bn, while slippage ratio also eased to 1.19% v/s 1.43% q-o-q. Recoveries/upgrades came in at Rs36.2bn bringing net additions down to Rs12.1bn v/s Rs27.07bn q-o-q. The Management continues to guide for normalized credit cost of 50bps. Slippages and credit cost improve sequentially to 1.19%/0.2% after a seasonally weak quarter. The provisions were lower than expected reflecting strong asset quality and sustained lower slippages, while the bank maintains its conservative credit cost guidance of 50bps. The bank has maintained the growth momentum with consistent delivery across the key operating metrics. Despite the FCNR-driven margin hiccup, the operating performance is expected to remain healthy, supported by robust loan growth, strong fee income growth, and contained opex growth. We continue to maintain a positive view on the bank with an Accumulate rating and maintaining the target of Rs1690.

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