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CLSA Names ICICI Bank, SBI, and HDFC Among Top Banking Picks for Robust Growth

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Global brokerage firm CLSA has identified ICICI Bank, State Bank of India (SBI), and HDFC Bank as its top investment picks in the Indian banking sector, highlighting their strong fundamentals, consistent performance, and growth potential. Bandhan Bank has also been featured among the promising mid-sized lenders.

In its latest banking sector outlook, CLSA reiterated its **Outperform** rating on **ICICI Bank**, assigning a target price of ₹1,700, representing an upside of nearly 19%. The firm noted ICICI's resilient asset quality, stable profitability, and minimal contraction in net interest margins despite macroeconomic pressures.

SBI also received an **Outperform** rating, with an upgraded target price of ₹310, up from ₹270. CLSA pointed to the public lender's robust retail deposit base, sound asset performance, and valuation advantage as key reasons for its inclusion.

HDFC Bank, the country's largest private-sector bank, retained its **Outperform** rating with a target price of ₹2,300. CLSA highlighted expected loan growth of around 11% for FY26, improvement in CASA (Current Account Savings Account) deposits, and a disciplined lending strategy that positions the bank for continued success.

Among mid-sized banks, **Bandhan Bank** was also given a positive outlook. While a specific price target was not mentioned, CLSA acknowledged Bandhan's ongoing transformation and its potential for long-term growth in the retail banking space.

- **ICICI Bank:** Target price of ₹1,700; Outperform rating; noted for margin stability and strong asset quality.
- **SBI:** Revised target price of ₹310; Outperform rating; seen as a deep value stock with stable fundamentals.
- **HDFC Bank:** Target price of ₹2,300; Outperform rating; projected to grow loans by 11% in FY26.
- **Bandhan Bank:** Positive mention among mid-caps; seen as a bank with evolving strength in retail banking.

The updated recommendations follow a mixed earnings season for Q4 FY25. While large private lenders demonstrated resilience, several public and mid-cap banks surpassed expectations. CLSA emphasized that valuations, especially among large-cap banks, remain attractive for long-term investors.