

CMP : INR1,064

Nifty	5,471
Sensex	18,241

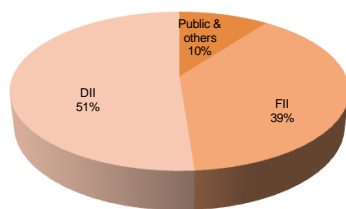
Stock data

Sector	BFSI
Reuters Code	ICBK.BO
Bloomberg Code	ICICIBC IN
Market Cap (INRbn)	1,212
Market Cap (USDbn)	27.2
Avg 3m daily t/o (USDmn)	909

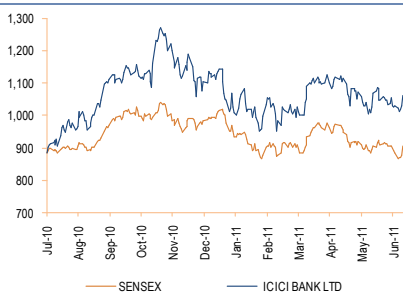
Stock performance (%)

52-week high / low	INR1279/830		
	1M	3M	12M
Absolute (%)	3.7	0.3	15.9
Relative (%)	3.1	1.7	16.8

Shareholding pattern



Sensex & stock movement


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We met the management of ICICI Bank. Key takeaways:

- ICICI Bank expects advance growth to be inline with system growth of 19-20% for FY12. While retail loans growth is expected to be muted at 15-16%, corporate loan growth is likely to compensate with over 20% growth. Foreign loan book should expand at similar levels (i.e. 19-20%).
- Expansion in CASA ratio seems difficult given the current interest rate scenario and wholesale deposits comprise 40% of total deposits part of which would get repriced at much higher rate. Hence the bank is witnessing pressure on cost of deposits due to rising rates, but the management is confident to maintaining NIMs around 2.6% levels.
- MFI portfolio has declined from ~INR25bn in Sep'10 to INR10bn currently. Out of this around INR2.5bn is securitized portfolio. Part of the term loan portfolio may undergoing restructuring (mostly towards Andhra based MFIs). Additional standard asset provision is not expected on restructured book as the bank already holds excess provisions in books.
- Life insurance premium growth is expected to remain under pressure till Sept'11. NBAP margins currently stand at 15-16% which the bank aims to maintain by cutting operating costs by ~30%. No additional capital infusion is expected this year as the company is already making accounting profits.
- Fee income is expected to be in-line with balance sheet growth although some slowdown is likely in equity related businesses. The bank is a big player in the NRI remittance market and has not witnessed any slowdown post the recent political turmoil in Middle East.
- The Bank of Rajasthan (BoR) merger has been completed. Corrective action is being taken to improve the productivity of urban and non-Rajasthan branches of BoR. The performance of the general insurance business has been in line with expectations, barring higher provisioning for third party motor pool in Q4FY11. Though tariffs have been revised by 68%, general insurance companies may still face pressures in this segment.

Catalysts

- Maintenance of strong CASA franchise along with robust growth in domestic and foreign loan book.
- Continued traction in fee income due to robust technological platform along with unlocking of value of subsidiaries.

Risk

- Higher than expected slippage or lower NIMs because of high proportion of wholesale deposits in funding mix.

Valuations

The stock currently trades at 2.3x FY11 consolidated P/ABV and 21x FY11 Consolidated EPS. Presently we do not have a rating on the stock.

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