

CMP : Rs.931

Reco : BUY

Target : Rs.1,104

STOCK INFO

BSE	532174
NSE	ICICIBANK
Bloomberg	ICICIBC IN
Reuters	ICBK.BO
Sector	Banking-Private
Face Value (Rs)	10
Equity Capital (Rs Mn)	11522
Mkt Cap (Rs Mn)	1,072,680
52w H/L (Rs)	1277/814
Avg Daily Vol (Bse+Nse)	4,255,391

SHAREHOLDING PATTERN

	%
<i>(as on 30th Sep. 2011)</i>	
FII	38.2
DII	25.2
Others	36.6

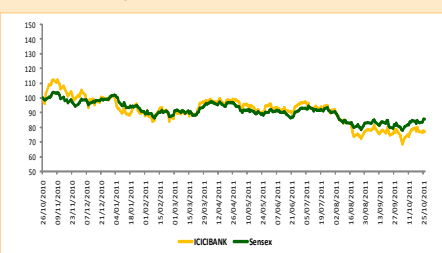
Source: BSE

STOCK PERFORMANCE (%)

	1m	3m	12m
ICICIBANK	2	-18	-23
Sensex	8	-8	-15

Source: Capitaline; IndiaNivesh Research

ICICI BANK v/s BSE SENSEX



Source: Capitaline; IndiaNivesh Research

Daljeet S. Kohli
Head of Research

Mobile: +91 77383 93371, 99205 94087

Tel: +91 22 66188826

daljeet.kohli@indianivesh.in

Yogesh Hotwani
Research Analyst

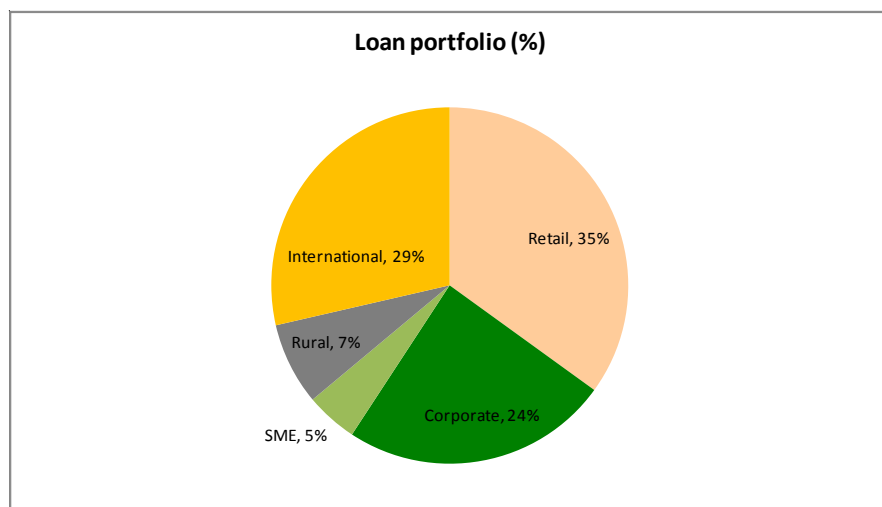
Mobile: +91 77383 93411

Tel: +91 22 66188831

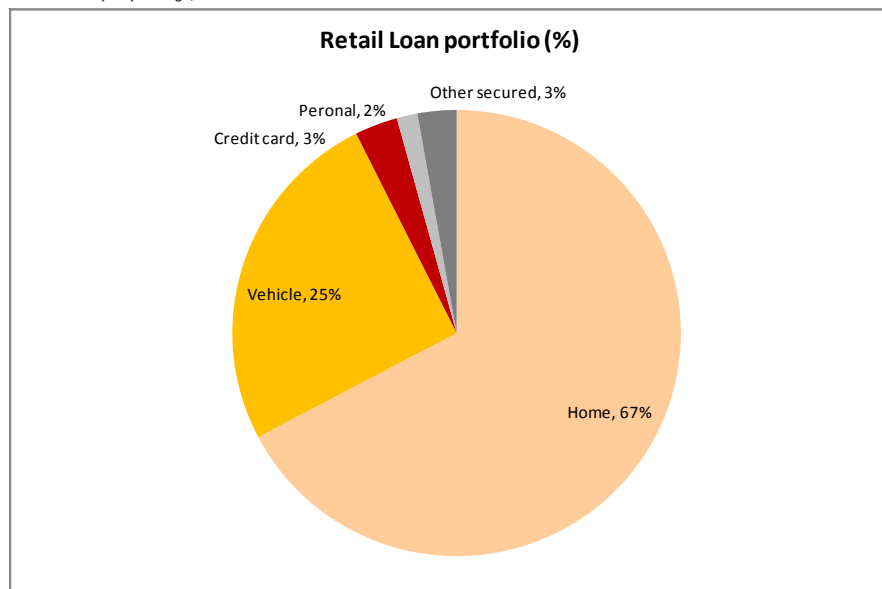
yogesh.hotwani@indianivesh.in

Concall update (in continuation with first cut analysis released on 31st October 2011.

Bank's loan book growth of 21% yoy was driven by 37% yoy growth in international advances (29% of the total loan book) mainly on account of depreciation of rupee. However excluding impact of rupee depreciation, overseas advances grew by 26% yoy. Retail advances forms the 35% of the total advances. Further 93% of the retail book constitute of Home and vehicle loan which are secured in nature. Retail loan book was marginally down by 1% QoQ at Rs 819 bn. Exposure to power sector was 7% amounted to Rs 1638 bn. Out of this exposure, 50% is under implementation phase and remaining half constitute commissioning projects. Further ~35% of the total power exposure is for working capital which is very short term in nature.



Source: Company Filings; IndiaNivesh Research



Source: Company Filings; IndiaNivesh Research

- Provision expense was down by 50% yoy from Rs 6.4 bn in Q2FY11 to Rs 3.2 bn in Q2FY12 mainly due to improving asset quality and conservative loan growth. Credit cost (ann) was at 56 bps. Fresh slippages stood at 0.36% amounted to Rs 7.87 bn. Further the bank has restructured accounts of micro finance companies amounted to Rs 25 bn.

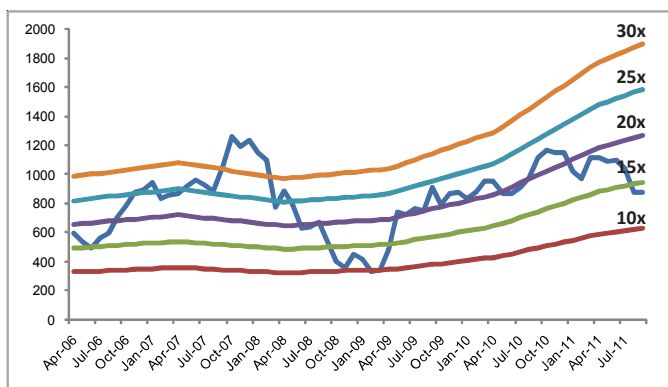
- Net NPA on consolidated basis has come down to 0.8% in Q2FY12 from 0.91% in Q1FY11 and 1.37% in Q2FY11.
- Bank has reported a RoAE and RoAA (cons) of 13.7% and 1.41% as compared to 12% and 1.29% in Q2FY11 respectively.

Subsidiaries

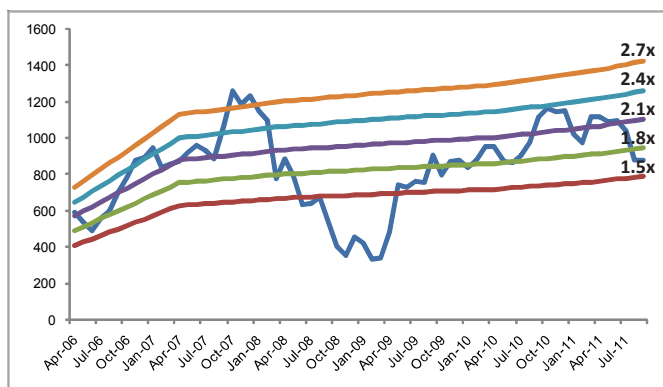
- ICICI bank UK reported a Net profit of USD 2.2 mn as compared to USD 8.4 mn in Q2FY11. Capital adequacy ratio stood at 29.8%. ICICI bank Canada reported a Net profit of CAD 5.2 mn, down from CAD 12.3 mn in Q2FY11. Capital adequacy ratio stood at 29.3%. ICICI bank Eurasia reported a Net profit of USD 2.2 mn with capital adequacy of 30.6%.
- ICICI home finance reported a Net profit of Rs 561 mn vs Rs 539 mn in Q2FY11. Capital adequacy of the company stood at 25.5% with Net NPA of 1.3%.
- ICICI life's AUM was marginally down by 1% at Rs 649 bn as compared to Rs 655 bn in Q2FY11. Renewal premium increased to Rs 23.1 bn as compared to Rs 22.6 bn in Q2FY11 while new premium was at Rs 11 bn, down from Rs 16.1 in Q2FY11. New business profit margins were 16% down from 19% in Q2FY11 mainly due to increase in expenses. Expense ratio was up 20.4% as compared to 19.4% in Q2FY11.
- ICICI General's Gross premium income was up from Rs 10.9 bn to Rs 13.1 bn. Net profit of the company declined from Rs 1.04 bn in Q2FY11 to Rs 0.56 bn in Q2FY12.
- ICICI securities Net profit was down 44% at Rs 160 mn as compared to Rs 290 mn in Q2FY11. ICICI securities primary reported a Net profit of Rs 530 mn as compared to loss of Rs 20 mn in Q2FY11. ICICI venture's Net profit declined significantly from Rs 220 mn in Q2FY11 to Rs 30 mn in Q2FY12. ICICI Pru Asset management's Net profit grew by 40% yoy at Rs 200 mn as compared to Rs 140 mn in Q2FY11.

Valuation

- Bank is targeting a very conservative credit growth of 18% yoy with domestic advances growth of ~17% and international of ~23% for FY12E. Further the bank is finding difficult to improve the CASA from current levels however, confident to maintain it 38-40%. NIMs are expected to remain stable given the saving rate deregulations. Cost to impact ratio is expected to stabilize at ~42% for FY12E.
- At CMP of Rs 931, based on street estimates, the stock is trading at P/BV of 1.8x and 1.7x for FY12E and FY13E. We maintain the BUY on the stock with the target price of Rs 1104.



Source: Bloomberg; IndiaNivesh Research



Source: Bloomberg; IndiaNivesh Research

Q2FY12 - Rs mn	Q2FY12	Q2FY11	% YoY	Q1FY12	% QoQ	H1FY12	H1FY11	% YoY
Interest Income	81576	63091	29.3	76185	7.1	157761	121216	30.1
Interest on advances	53807	39492	36.2	49351	9.0	103159	77277	33.5
Income on Investments	23450	19161	22.4	22510	4.2	45960	35747	28.6
Other Interest	4319	4438	-2.7	4324	-0.1	8643	8193	5.5
Interest Expense	56512	41047	37.7	52076	8.5	108588	79262	37.0
Net Interest Income	25064	22044	13.7	24109	4.0	49174	41954	17.2
Non Interest Income	17396	15779	10.2	16429	5.9	33824	32584	3.8
Net Income	42460	37823	12.3	40538	4.7	82998	74539	11.3
Total Income	98972	78870	25.5	92614	6.9	191586	153801	24.6
Total Expenses	18922	15704	20.5	18198	4.0	37120	30539	21.6
Operating/Pre Provisioning Profit	23538	22119	6.4	22340	5.4	45878	44000	4.3
Provisions	3188	6411	-50.3	4539	-29.8	7727	14390	-46.3
Profit Before Tax	20350	15708	29.5	17802	14.3	38151	29611	28.8
Tax	5318	3345	59.0	4480	18.7	9797	6988	40.2
Net Profit	15032	12363	21.6	13322	12.8	28354	22623	25.3
EPS (Rs)	12.0	10.9	10.0	11.6	3.8	24.6	20.1	22.3
Book Value (Rs)	508	469	8.3	490	3.7	508	469	8.3
Advances	2339522	1942010	20.5	2206930	6.0			
Deposits	2450917	2230940	9.9	2306780	6.2			
Total Business	4790439	4172950	14.8	4513710	6.1			
Investments	1476849	1362755	8.4	1395560	5.8			
Asset	4407252	3899980	13.0	4152153	6.1			
Gross NPA	100213	101412	-1.2	99828	0.4			
Net NPA	21838	31452	-30.6	23025	-5.2			

Key Ratios (%)	bps			bps	
NIM	2.60	2.60	0	2.60	0
Cost of Funds	6.36	5.33	103	6.13	23
Yield on Advances	9.47	8.35	112	9.03	43
Yield on Investments	6.53	5.81	72	6.57	-4
Yield on Funds	8.80	7.86	94	8.57	23
Cost to Income Ratio	44.6	41.5	305	44.9	-33
CASA	42.1	44.0	-190	41.9	20
CAR	19.0	20.2	-124	19.6	-58
Tier I Capital	13.1	13.8	-70	13.4	-26
Credit to Deposit	95.5	87.0	841	95.7	-22
GNPA	4.14	5.03	-89	4.36	-22
NNPA	0.93	1.62	-69	1.04	-11
Provision Coverage Ratio	78.2	69.0	920	76.9	130
ROE	10.5	9.3	119	9.6	90
ROA	1.41	1.31	10	1.29	12

Source: Company Filings; IndiaNivesh Research



Trust.....we earn it.

IndiaNivesh Securities Private Limited

601 & 602, Sukh Sagar, N. S. Patkar Marg, Girgaum Chowpatty, Mumbai 400 007.

Tel: (022) 66188800 / Fax: (022) 66188899

e-mail: research@indianivesh.in | Website: www.indianivesh.in

Disclaimer: This document has been prepared by IndiaNivesh Securities Private Limited (IndiaNivesh), for use by the recipient as information only and is not for circulation or public distribution. This document is not to be reproduced, copied, redistributed or published or made available to others, in whole or in part without prior permission from us. This document is not to be construed as an offer to sell or the solicitation of an offer to buy any security. Recipients of this document should be aware that past performance is not necessarily a guide for future performance and price and value of investments can go up or down. The suitability or otherwise of any investments will depend upon the recipients particular circumstances. The information contained in this document has been obtained from sources that are considered as reliable though its accuracy or completeness has not been verified by IndiaNivesh independently and cannot be guaranteed. Neither IndiaNivesh nor any of its affiliates, its directors or its employees accepts any responsibility or whatever nature for the information, statements and opinion given, made available or expressed herein or for any omission or for any liability arising from the use of this document. Opinions expressed are our current opinions as of the date appearing on this material only. **IndiaNivesh directors and its clients may have holdings in the stocks mentioned in the report.**

To unsubscribe please send a mail to mail@indianivesh.in

[Home](#)