



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Result update@ Dalal & Broacha

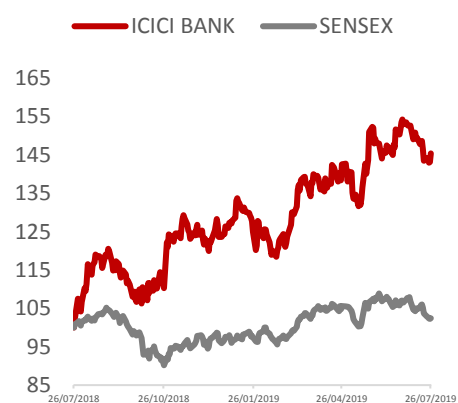
BUY

Current Price (Rs)	429
52 Week Range	443/283
Target Price (Rs)	479
Upside (%)	12

Key Share Data

Market Cap (Rs.bn)	2770
Market Cap (US\$ mn)	40237
No of o/s shares (mn)	6452
Face Value	2
Monthly Avg. vol (BSE+NSE) Nos'000	13563
BSE Code	532174
NSE Code	ICICIBANK
Bloomberg	ICICIBC:IN

Price performance



% Shareholding	Jun-19	Mar-19
DIIs	43.56	45.7
FIIIs	43.20	43.1
Others	13.24	11.2
Total	100	100

ICICI bank (ICICI) has registered a strong set of numbers for the quarter ended June 2019, with healthy loan growth, improved asset quality and better operating profit. Net profit for the quarter stood at Rs 1,908 Cr as against net loss of Rs 120 Cr in Q1FY19. Bank's NII came at Rs 7,737 Cr (up by 27% YoY/2% QoQ) due to healthy credit growth at 15% and stable margin (core NIM 3.6% vs 3.2 in Q1FY19). PPOP stood at Rs 6,288 Cr is up by 8.3% YoY/0.9% QoQ due to reduction in operating expenses. Management is looking to grow its core operating profit in a risk calibrated manner; focus on lending to higher rated corporates and maintaining limits on concentration risk. In Q1-2020, about 88.5% of the disbursements in the domestic & international corporate portfolio were to corporates rated A- and above. SME portfolio is relatively small and have scope to increase penetration; focusing on granular and collateralized lending. Management Committed to achieve a consolidated RoE of 15% by the quarter ended June 2020.

Asset quality improves; GNPA at 6.5%

Bank's Asset quality improved during the quarter, with GNPA stood at 6.49% Vs 6.70% QoQ, while NNPA stood at 1.77% Vs 2.06% QoQ. Slippages during the quarter stood at Rs 2,779 Cr Vs Rs 3,547 Cr in Q4FY19 & Rs 4,036 Cr in Q1FY19. Out of which, Corporate & SME lending slippages stood at Rs 1268 Cr (92% came from disclosed BB & below accounts). Bank's BB & below rated book continued to decline and stood at ~3.5% (vs.4.5% QoQ), while PCR further improved by ~342bps QoQ to 74% in Q1FY20. Management has guided for Credit Cost of 1.2-1.3% for the current Fiscal. Slippages will run at a normal rate of 2%. During the quarter, the retail portfolio saw gross NPA additions of Rs 1511 Cr (Which includes slippages of about Rs 450 Cr from the kisan credit card portfolio) and recoveries & upgrades of Rs 509 Cr. Bank continue to see higher NPA additions from kisan credit card portfolio in Q3 FY20 and in the Q1 and Q3FY21.

Healthy credit growth at 15% YoY

Bank's growth momentum continued as advances grew by 15% YoY & 1% QoQ driven by retail +22% & SME +23%, while corporate loan growth stood at 7% YoY & overseas loans declined 7% YoY. Retail contribution to total loans increased to 61.4% Vs 60.2% in Q4FY19. Within retail, housing & vehicle loans grew by 19.1% YoY & 17.6% YoY, while business banking, Credit cards & unsecured personal loans grew faster at 46.1% YoY, 32.9% YoY and 46.1% YoY.

Strong liability franchise; Deposit grew at 21%

Deposits +21% YoY/+1% QoQ to Rs 660732 Cr (Loan to deposit ratio stood at 90% Vs 84% in Q1 FY19). CASA grew by 8.2%YoY (-8% QoQ) to Rs 2,988.77 Cr. Bank's CASA ratio was 45.2% at June 30, 2019 compared to 49.6% at March 31, 2019 and 50.5% at June 30, 2018. Bank's total capital adequacy at June 30, 2019, was 16.19% and Tier-1 capital adequacy was 14.60% compared to minimum regulatory requirements of 11.08% & 9.08% respectively.

Valuation and outlook

With continues reduction in stress pool and revival in core operating profit, we believe ICICI is well positioned to tap the strong growth opportunities available in the banking space. We have maintained a 'Buy' rating on ICICI Bank with a price target of Rs 479, valuing the stock at 2x FY21E standalone P/ABV and ascribing a value of Rs 102 for subsidiaries.

Key Financials (Rs in Bn)

Year	NII	Growth (%)	PPOP	Growth (%)	PAT	Growth (%)	BVPS	P/B (X)
FY19	270	17	234	(5)	34	(50)	168	2.6
FY20E	322	19	281	20	137	308	185	2.3
FY21E	386	20	341	21	184	34	208	2.1



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<i>Rs Bn</i>	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20
Interest Earned	135	136	137	143	147	151	163	173	180
Interest Expended	79	79	80	82	86	87	94	97	102
NII	56	57	57	60	61	64	69	76	77
Other Income	34	52	32	57	39	32	39	36	34
Net Income	90	109	89	117	100	96	108	112	112
Opex	38	39	38	42	41	43	46	50	49
PPOP	52	70	51	75	58	52	61	62	63
Provisions	26	45	36	66	60	40	42	55	35
PBT	26	25	15	9	-2	13	19	8	28
Tax	5	4	-2	-1	0	3	3	-2	9
PAT	20	21	17	10	-1	9	16	10	19
Balance Sheet									
Net-worth	1006	1028	1045	1052	1053	1054	1072	1084	1,104
Deposits	4863	4986	5174	5610	5469	5587	6068	6529	6,607
Advances	4641	4828	5054	5124	5163	5445	5643	5866	5,924
Growth (%)									
NII	8.4	8.7	6.4	1.0	9.2	12.4	20.5	26.5	26.8
PPOP	-0.6	-34.3	-8.4	47.0	12.1	-24.9	21.5	-17.0	8.3
PAT	-8.2	-33.7	-32.4	-49.6	-105.8	-55.8	-2.8	-5.0	-
Deposits	14.7	11.0	11.2	14.5	12.5	12.0	17.3	16.4	20.8
Advances	-2.6	1.3	3.3	13.2	14.9	18.1	15.7	12.7	14.7
Ratios (%)									
GNPA	9	9	9	10	10	9	9	7	7
NNPA	5	5	5	5	5	4	3	2	2
PCR	41	46	48	48	55	59	68	71	74
CET1	14.0	13.7	13.7	14.4	14.4	14.0	13.7	13.6	13.2
CAR	17.7	17.6	17.7	18.4	18.4	17.8	17.1	16.9	16.2
Cost/Income	42.3	35.9	43.0	35.8	41.6	45.2	42.9	44.5	43.7
CD Ratio	95	97	98	91	94	97	93	90	90


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<i>P&L (Rs Bn)</i>	FY18	FY19	FY20	FY21
Interest Earned	550	634	745	885
Interest Expended	319	364	419	487
NII	230	270	326	398
Other Income	174	145	168	188
Net Income	404	415	494	586
Opex	157	181	209	240
PPOP	247	234	285	346
Provisions	173	197	88	84
PBT	74	38	197	262
Tax	7	4	57	76
PAT	68	34	140	187

<i>BS (Rs Bn)</i>	FY18	FY19	FY20	FY21
Capital	13	13	13	13
Reserves	1039	1071	1183	1332
Deposits	5610	6529	7506	8581
Borrowings	1829	1653	1785	1960
Other Liabilities	302	379	481	565
Total	8792	9645	10968	12451
Cash & Bank	842	803	855	846
Investments	2030	2077	2433	2820
Advances	5124	5866	6764	7846
Fixed Assets	79	79	82	82
Other Assets	717	819	834	858
Total	8792	9645	10968	12451

<i>Ratios (%)</i>	FY18	FY19	FY20	FY21
Growth				
NII	6	17	21	22
Operating profit	-7	-5	21	22
Net profit	-31	-50	315	34
Advances	10	14	15	16
Deposits	14	16	15	14
Returns				
ROA	0.8	0.4	1.4	1.6
ROE	7	3	12	15

<i>Ratios (%)</i>	FY18	FY19	FY20	FY21
Asset quality				
GNPA	9.9	7.5	5.3	4.1
NNPA	5.4	2.3	1.7	1.4
PCR	48	71	69	66
Per share (Rs)				
EPS	11	5	22	29
ABVPS	120	147	168	191
P/E	41	82	20	15
P/ABVPS	3.6	2.9	2.6	2.2



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