

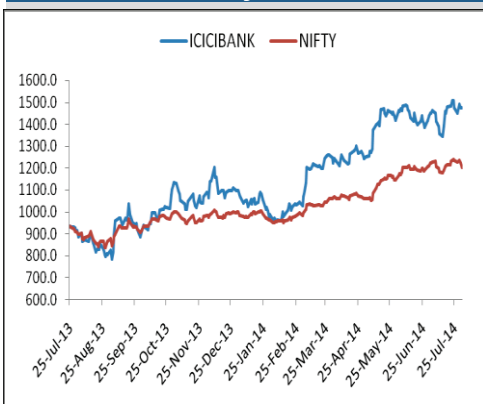
Result update	BUY
CMP	1476
Target Price	1600
Previous Target Price	1340
Upside	8
Change from Previous	19

Market Data	
BSE Code	532174
NSE Symbol	ICICIBANK
52wk Range H/L	1590/758
Mkt Capital (Rs Cr)	170729
Average Daily Volume	41 cr
Nifty	7603

Stock Performance			
	1M	1yr	YTD
Absolute	1.7	57.8	57.8
Rel.to Nifty	3.2	29.2	29.2

Share Holding Pattern-%			
	Current	4QFY13	3QFY1
Promoters	-	-	-
FII	39.9	38.4	37.6
DII	23.2	24.6	25.1
Others	39.9	37.0	37.4

ICICI Bank Vs Nifty



Profitability growth of 17% YoY was led by healthy NII growth, supportive non interest income and flat provisions and contingencies. Asset quality of the bank was remained flat at sequential basis with healthy PCR. Loan grew handsomely supported by retail and oversea segment while CASA was remained comfortable at 40%+ level. We raised our price target to Rs.1600/shares from earlier of Rs.1340 on the back of expansion of return ratios led by healthy growth in P/L and balance sheet. Our target price implied 2.25 times of one year expected book for FY15E.

Profit growth of 17% YoY was led by healthy NII growth, supportive non interest income and flat provisions and contingencies

Profitability growth of 17% YoY to Rs.2655 cr better than our expectation was led by improvement of operating as well as financial metrics. Healthy NII growth was on account of margin expansion along with supportive non- interest income which helped bank to registered revenue growth of 16.4% YoY to Rs.7342 cr. Controlled operating expenses with flat provisions and contingencies led by stable asset quality was the one of key positives during the quarter. Healthy profit growth was the result of expanding in return ratios as ROA increased to 1.81% from 1.67% in last quarter and ROE up by 100 bps YoY to 14% from 12.9%. Consequently we expand its valuation multiple to 2.25 times of one year forward book from earlier of 2 times.

Healthy loan growth along with margin expansion led NII growth

During quarter bank's NII grew by 17.6% YoY led by margin expansion of 13 bps YoY, healthy loan growth at 15.2% YoY, and stable CD ratio (103.4% vs 103.5% in 1QFY14). Margin expansion was led higher loan yield which was supported by retail advances. Retail advances shares in overall advances increased to 39% from 36% in last quarter. Further non- interest income which was grown by 14.7% YoY supported by lease income had increased overall revenue growth to 16.5% YoY. Fee income reported sluggish growth at 8% YoY and its share in non-interest income declined to 68% from 72% in last quarter. Lease income which has although 18.5% contribution in other income registered growth of 83% YoY.

Financials

					Rs, Cr
	2011	2012	2013	2014	2015E
NII	10739	10734	13866	16476	20623
Total Income	42252	18237	22212	26904	32459
PPP	10950	10386	13199	16595	19962
Net Profit	6093	6465	8325	9812	11764
EPS	52.9	56.0	72.2	85.0	101.9

(Source: Company/Eastwind)

CI ratio flat, operating leverage remained stable

Operating cost increased by 12.6% led by composition of both cost i.e. employee cost and other operating cost registered growth of 14.5% and 12.6% YoY respectively. Cost Income ratio declined by 100 bps to 38.5% from 39.5% in last quarter was due to healthy revenue growth. Operating leverage was remained stable at 2% which is indicated stable cost with increment of balance sheet. Operating profit registered growth of 18.4% YoY led by healthy revenue growth and stable cost.

Stable asset quality; healthy PCR

Provisions and contingencies were stable at sequential basis largely due to stable asset quality and was stand at Rs.726 cr versus Rs.713 cr in previous quarter. In asset quality term, gross NPA deteriorated by 4% sequentially to Rs.110014 cr while provisions were up by 4% to Rs.7527 cr against Rs.7256 cr. Lower loan loss provisions made net NPA further increased to 5% in absolute term. GNPA in percentage to total advances, stood at 3.10% versus 3.05% in previous quarter and net NPA slightly deteriorated to 1.0% from 0.97% sequentially. Due to lower provisions, PCR without technical write-off was declined by 33 bps QoQ to 68.4% from 68.8% in 4QFY14. Fresh slippages during the quarter were Rs.10554 cr versus Rs.10448 cr and in percentage term it stood at 1% from 1.5% in previous quarter.

Healthy loan growth led by retail and overseas loan, CASA remained high at 40%+

During quarter bank reported loan growth of 15.2% YoY added by retail and overseas loan growth of 27% and 10% YoY respectively. Domestic corporate advances continued to report sluggish growth due to slowdown in economy. Most of corporate demanded working capital loan rather than capex loan due to which banks reported muted corporate loan in these days. In retail segment, housing loan which constituted more than 50% of loan grew by 25% YoY. Deposits grew by 15% supported from CASA growth of 15% YoY to Rs.1444 bn. Saving and current deposits during the quarter registered growth of 16% and 13% YoY in absolute term while in percentage to total deposits it stood at 43% versus 43.2% in last quarter. Term deposits reported growth of 16% YoY to Rs.1914 bn.

Margin improved by 3 bps sequentially led by stable cost of fund and asset yield

Margin at sequential basis was remained flat at 3.40% from 3.35% which was due to flat yield on loan (9.8% versus 9.9% in 4QFY14). Cost of fund was increased slightly to 8.7% from 8.6% in previous quarter despite of stable low cost deposits franchise. Investment yield was increased by 34 bps to 7% from 6.7% in previous quarter. Bank management guided margin of 3.3-3.4% in rest of the years. We model NIM at 3.3% in FY15E.

ICICI BANK

Quarterly Result	1QFY15	4QFY14	1QFY14	% YoY	% QoQ	1QFY15E	Variation
Interest/discount on advances / bills	8392	8272	7196	16.6	1.5	8376	-0.2
Income on investments	2977	2911	2885	3.2	2.3	2985	0.3
Interest on balances with Reserve Bank of India	49	62	58	-14.6	-20.0	66	33.9
Others	348	245	283	23.2	42.2	264	-24.2
Total Interest Income	11767	11489	10421	12.9	2.4	11690	-0.7
Others Income	2850	2976	2484	14.7	-4.2	2959	3.8
Total Income	14617	14465	12905	13.3	1.0	14649	0.2
Interest Expended	7275	7133	6600	10.2	2.0	7276	0.0
NII	4492	4357	3820	17.6	3.1	4415	-1.7
Other Income	2850	2976	2484	14.7	-4.2	2959	3.8
Total Income	7342	7333	6305	16.4	0.1	7374	0.4
Employee	1247	1262	1089	14.5	-1.2	1372	10.0
Other Expenses	1578	1617	1401	12.6	-2.4	1676	6.2
Operating Expenses	2825	2879	2491	13.4	-1.9	3048	7.9
PPP(Rs Cr)	4517	4453	3814	18.4	1.4	4326	-4.2
Provisions	726	713	593	22.4	1.8	789	8.7
PBT	3791	3740	3221	17.7	1.4	3537	-6.7
Tax	1135	1088	947	19.9	4.4	1167	2.8
Net Profit	2655	2652	2274	16.8	0.1	2370	-10.8
Balance Sheet							
Net Worth	75899	73213	70079	8.3	3.7		
Deposits	335767	331914	291185	15.3	1.2		
Borrowings	145946	154759	155920	-6.4	-5.7		
Investment	170153	177022	174625	-2.6	-3.9		
Loan	347067	338703	301370	15.2	2.5		
Asset Quality							
GNPA (Rs Cr)	11001	10554	10009	9.9	4.2		
NPA (Rs Cr)	3474	3298	2463	41.1	5.3		
% GNPA	3.1	3.1	3.2				
% NPA	1.0	1.0	0.8				
PCR(w/o technical write-off)(%)	68.4	68.8	75.4				

Source: Company/Eastwind

ICICI BANK

Yearly Result	2013	2014	2015E	2016E
Interest/discount on advances / bills	27341	31428	37481	41514
Income on investments	11009	11557	13219	14976
Interest on balances with Reserve Bank of India	543	200	264	299
Others	1182	993	1055	1196
Total Interest Income	40076	44178	52019	57984
Others Income	8346	10428	11836	13249
Total Income	48421	54606	63855	71234
Interest Expended	26209	27703	31397	35991
NII	13866	16476	20623	21993
Other Income	8346	10428	11836	13249
Total Income	22212	26903	32459	35242
Employee	3893	4220	5623	6185
Other Expenses	5120	6089	6873	7559
Operating Expenses	9013	10309	12497	13744
PPP(Rs Cr)	13199	16595	19962	21498
Provisions	1803	2626	3156	3312
PBT	11397	13968	16806	18185
Tax	3071	4158	5042	5456
Net Profit	8325	9810	11764	12730
Balance Sheet				
Equity Capital	1154	1155	1155	1155
Reserve & Surplus	65552	72058	81195	91269
Net Worth	66706	73213	82350	92424
Deposits	292614	331914	373770	423429
Borrowings	145341	154759	175892	199261
Other liabilities and provisions	32134	34756	65936	70252
Total Liability	536795	594642	697948	785366
Cash in hand	19053	21822	35728	40475
Money at call & money with RBI	22365	19708	21986	24908
Investment	171394	177022	203375	230395
Advances	290249	338703	394535	441641
Fixed Assets	4647	4678	5497	6227
Others Assets	29087	32709	36827	41720
Total Assets	536795	594642	697948	785366
Eastwind Calculation				
Yield on Advances	9.4	9.3	9.5	9.4
Yield on Investments	6.7	6.8	6.5	6.5
Cost of deposits	5.8	8.3	8.4	8.5
Cost of Borrowings	6.4	6.4	6.4	6.4
Cost of fund	6.0	5.7	5.9	5.9
Valuation				
Book Value	578	634	713	800
P/BV	1.5	2.2	2.0	1.8
P/E	9.4	7.1	8.3	8.9

Source: Company/Eastwind