

ICICI Bank Limited

CMP : Rs 285.60

July 27, 2018

Stable core performance, sharply raises NPA provision coverage ratio

ICICI Bank reported net losses of Rs 119.55 crore for the quarter ended June 2018 (Q1FY2019), driven by sharp increase in provisions. However, the bank has substantially increased the provision coverage ratio for NPAs to 66.1% end June 2018 from 60.5% end March 2018 and 55.2% end June 2017.

The net interest margins of the bank was nearly stable at 3.19% and net interest income increased 9%, while the bank has posted healthy 16% growth in the core fee income in Q1FY2019. The net income of the bank has increased 11% supported by one-off revenues from sales of stake in life insurance subsidiary of Rs 1110 crore in Q1FY2019.

The business growth of the bank was stable at 12%, while the bank has improved loan growth to 11% end June 2018. The bank has maintained the CASA deposits ratio above 50% end June 2018.

On asset quality front, the fresh slippages of loans at Rs 4036 crore in Q1FY2019 was lowest in last 11 quarters. The bank has also exhibited strong NPA reduction in Q1FY2019.

Asset quality stable: Bank has exhibited decline in fresh slippages of advances, while NPA reductions from recoveries, upgradations and write-off was strong in Q1FY2019.

- Fresh slippages of loans stood at Rs 4036 crore in Q1FY2019 showing decline from Rs 15737 crore a quarter ago and Rs 4976 crore in the corresponding quarter last year.
- Fresh slippages ratio dipped to 3.13% (annualized percentage of advance) against 12.29% a quarter ago 4.29% in the corresponding quarter last year. Meanwhile, the recovery, upgradations and write-offs was strong to 3.59% (annualized percentage of advance) in the quarter ended June 2018.
- Slippages in the restructured advances book stood at Rs 80 crore in Q1FY2019.
- Net restructured assets fell to Rs 1413 crore from Rs 1553 crore on sequential basis.
- Overall stressed assets (Net NPA and restructured advances as a percentage of advances) eased to 4.96% at end June 2018 from 5.75% at end March 2018 and 5.96% at end June 2017.
- Retail NPA's increased 29% yoy and 1% qoq to Rs 5344 crore at end June 2018.
- Risk weighted assets (on balance sheet) stood at Rs 635593 crore at end June 2018, showing an increase of 3% over June 2017.

Business performance:

Stable business growth: Business of the bank increased at steady pace of 12% yoy to Rs 1063167 crore at end June 2018, supported by loans growth improving to 11% at Rs 516289 crore. Meanwhile, the deposits increased 12% to Rs 546878 crore at end June 2018.

Strong domestic loan growth: Domestic advance book grew at strong pace of 15% yoy to Rs 451753 crore, while the overseas advance book declined 10% at Rs 64536 crore at end June 2018.

Within the domestic loan book, the retail loan book continued to expand at strong pace of 20% yoy to Rs 296866 crore at end June 2018. SME loan book moved up 14% yoy at Rs 23749 crore, while corporate loan book rose 5% yoy to Rs 131137 crore end June 2018.

With the healthy growth, the share of retail book in the overall advance book improved to 57.5% at end June 2018 from 56.6% end March 2018 and 53.30% at end June 2017.

Strong CASA ratio: CASA deposits increased 16% yoy to Rs 276293 crore, while the term deposits moved up 9% to Rs 270585 crore at end June 2018.

INDEX DETAILS

SENSEX	37336.85
NIFTY (S&P CNX)	11278.35

SCRIP DETAILS

Industry	Banks
Mkt Cap (Rs in Crore)	188659.50
Book Value (Rs)	158.75
Free Float (%)	100.00
Avg Vol Weekly (NSE)	22887042
52 Week H/L (NSE)	365.65 / 256.00
Dividend Yield (%)	0.51
BSE Code	532174
NSE Code	ICICIBANK

SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	0.00	0.00
FII's	35.24	36.45
DII's	30.83	30.67
Others	33.93	32.88
Totals	100	100

Price Comparison with Sensex



CASA ratio of the bank improved to 50.52% at end June 2018 from 48.95% at end June 2017, but eased from 51.68% at end March 2018.

NIM of the bank eased to 3.19% in Q1FY2019 from 3.27% in the corresponding quarter last year. Domestic NIM eased to 3.54%, while international NIM was subdued at 0.30% in Q1FY2019.

Investment book rose 1% yoy to Rs 186360 crore at end June 2018, as SLR investment moved up 1% to Rs 133700 crore. The equity investments in subsidiaries declined 5% to Rs 9800 crore at end June 2018. SLR ratio of the bank has eased to 24.45% at end June 2018 from 27.30% a year ago.

Network expansion: Bank has the network of 4867 branches and 14394 ATMs at end June 2018.

Book Value per share has increased to Rs 159.02 per share at end June 2018. Adjusted book value (net of NNPA and 10% of restructured advances) stood at Rs 121.23 per share at end June 2018.

Quarterly Performance:

NII growth improves on stable margins: Bank has posted 9% increase in NII at Rs 6101.90 crore for the quarter ended June 2018. Interest income increased 9% to Rs 14722.36 crore, while interest expenses moved up 10% to Rs 8620.46 crore.

Equity asset sales income and strong core fee income adds to non-interest income: Other income improved 14% to Rs 3851.81 crore, The core fee income of the bank continued to rise at strong pace of 16% to Rs 2754 crore. The treasury income stood at Rs 766 crore in Q1FY2019 from Rs 858 crore in Q1FY2018. The treasury income was supported by gains of Rs 1110 crore on sale of shareholding in ICICI Prudential Life Insurance. The other income jumped 116% to Rs 331 crore.

Net total income moved up 11% to Rs 9953.71 crore in the quarter ended June 2018.

Expense ratio improves: Operating expenses of the bank rose 9% to Rs 4145.33 crore. The employee expenses were flat at Rs 1513.88 crore, while other operating expenses increased 15% to Rs 2631.45 crore in Q1FY2019. Expense ratio of the bank improved to 41.6% in Q1FY2019 from 42.26% in Q1FY2018.

Operating profit improved 12% to Rs 5808.38 crore in Q1FY2019.

Provisions zooms: Provisions and contingencies zoomed 129% to Rs 5971.29 crore in Q1FY2019 from Rs 2608.74 crore in Q1FY2018.

The pre tax losses came in at Rs 162.91 crore in Q1FY2019 over Q1FY2018.

The bank has written back provisions of Rs 43.36 crore, helping to reduce net loss to Rs 119.55 crore for the quarter ended June 2018.

Consolidated Performance:

Consolidated profit after tax dipped to mere Rs 5 crore for the quarter ended June 2018. The consolidated return on equity stood at 0.00% in quarter ended June 2018 compared to 9.90% in quarter ended June 2017.

Subsidiary Performance:

- ICICI Home Finance PAT dipped 89% to Rs 2 crore in Q1FY2019. Capital adequacy ratio stood at 22.50% against 25.90% at end June 2017. Net NPA declined to 1.89% at end June 2018 from 2.17% end June 2017.
- ICICI Life's profit after tax declined 31% to Rs 282 crore in Q1FY2019. AUM improved 13% yoy to Rs 142663 crore. Expense ratio has increased to 18% in Q1FY2019 against 14.20% in Q1FY2018. Value of New Business (VNB) Margins improved to 17.5% in FY2018 from 10.7% in FY2017.
- ICICI General recorded 14% increase in the Gross premium at Rs 3856 crore, while PAT jumped 35% to Rs 289 crore for Q1FY2019 from Rs 214 crore in Q1FY2018.
- Other domestic subsidiaries like ICICI securities Primary Dealership has reported net loss at Rs 36 crore, while the PAT of ICICI Pru AMC dipped 43% to Rs 80 crore in Q1FY2019. However, ICICI Securities reported 17% increased in PAT at Rs 134 crore for Q1FY2019, while ICICI Venture posted net profit of Rs 3 crore in Q1FY2019.
- ICICI Bank Canada's profit after tax increased 18% to Canadian Dollar 14 million in Q1FY2019. Loans increased 3% to Canadian Dollar 5727 million, while deposits moved up 22% to Canadian Dollar 3092.4 million at end June 2018. The capital adequacy ratio stood at 17.60% at end June 2018.
- ICICI Bank UK's profit after tax declined 10% to US\$ 1.8 million in Q1FY2019. Loans fell 1% to US\$ 2348.6 million, while deposits moved up 9% to US\$ 1768.5 million at end June 2018. The capital adequacy ratio stood at 16.40% at end June 2018.

Annual Financial Performance:

For the year ended March 2018 (FY2018), Bank posted 31% decline in net profit to Rs 6777.42 crore. The net interest income improved 6% to Rs 23025.84 crore, while non-interest income declined 11% to Rs 17419.63 crore in FY2018. The expense ratio increased 288 bps yoy to 29.93% in FY2018. The operating expenses increased 9% to Rs 12103.94 crore, while provision and contingencies moved up 11% to Rs 20906.98 crore in FY2018. The profit before tax declined 34% to Rs 7434.55 crore in FY2018. The effective tax rate declined 426 bps to 29.93%. Net profit fell 31% to Rs 6777.42 crore in FY2018.

Asset Quality Indicators: ICICI Bank

Particulars	1806	1803	1712	1709	1706	Variation	
						QoQ	YoY
Gross NPA (Rs Crore)	53464.94	54062.51	46038.7	44488.54	43147.64	-1	24
Net NPA (Rs Crore)	24170.09	27886.27	23810.25	24129.78	25306.21	-13	-4
% Gross NPA	8.81	8.84	7.82	7.87	7.99	-3	82
% Net NPA	4.19	4.77	4.2	4.43	4.86	-58	-67
% Provision Coverage Ratio	66.1	60.5	60.9	59.3	55.2	560	1090
% CRAR - Basel III	18.35	18.42	17.65	17.56	17.69	-7	66
% CRAR - Tier I Basel III	15.84	15.92	14.57	14.5	14.59	-8	125

ICICI Bank: Financial Results

Particulars	1806 (3)	1706 (3)	Var %	1803 (12)	1703 (12)	Var %
Interest Earned	14722.36	13459.13	9	54965.89	54156.28	1
Interest Expended	8620.46	7869.29	10	31940.05	32418.96	-1
Net Interest Income	6101.9	5589.84	9	23025.84	21737.32	6
Other Income	3851.81	3387.91	14	17419.63	19504.48	-11
Net Total Income	9953.71	8977.75	11	40445.47	41241.8	-2
Operating Expenses	4145.33	3794.44	9	12103.94	11155.06	9
Operating Profits	5808.38	5183.31	12	28341.53	30086.74	-6
Provisions & Contingencies	5971.29	2608.74	129	20906.98	18808.13	11
Profit Before Tax	-162.91	2574.57	PL	7434.55	11278.61	-34
Provision for tax	-43.36	525.57	LP	657.13	1477.52	-56
Net Profit	-119.55	2049	PL	6777.42	9801.09	-31
EPS*(Rs)	-0.74	12.74		10.54	15.25	

NOTES

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