



ICICI Bank

BSE SENSEX	S&P CNX	CMP: INR902	TP: INR1,100	Buy
17,194	5,199			
Bloomberg	ICICIBC IN			
Equity Shares (m)	1,151.8			
52-Week Range (Rs)	1,277/762			
1,6,12 Rel.Perf.(%)	-1/-9/-8			
M.Cap. (INR b)	1,072.3			
M.Cap. (USD b)	22.0			

* Price adjusted for value of key ventures and BV adjusted for investments in those key ventures

ICICI Bank (ICICIBC) 3QFY12 PAT grew 20% YoY and 15% QoQ to INR17.3b (10% above est. of INR15.8b) driven by lower than expected operating expenses, provisioning expenses and higher other income due to maiden dividend of INR1.5b from life insurance subsidiary. Adjusting for dividend, PAT was in line. **Key highlights:**

- **Margins improve QoQ:** NIM improved by ~10bp QoQ to 2.7%. International margins improved substantially (~30bp QoQ) to 1.4%, while the domestic margins improved to 2.98% from 2.92% in 2QFY12.
- **Loan growth remains healthy:** Loans grew ~5% QoQ and ~19% YoY to INR2.46t. Domestic loans grew 6% QoQ and 13% YoY led by strong growth in corporate loan segment (up 22% YoY and 15% QoQ). Growth in international loan book on reported basis was 38% YoY; however, adjusting for currency impact, growth was 16% YoY.
- **Average CASA ratio improves:** The calculated CASA ratio improved to 43.6% from 42.1% in 2QFY12 on account of strong 21% QoQ increase in CA deposits (due to availability of float for NHA1 bonds issue) and 5% QoQ increase in SA deposits. Average CASA ratio improved to 39% from 38.3% in 2QFY12.
- **Asset quality improves:** Asset quality improved sequentially with absolute GNPA's declining by 3% QoQ. Gross slippages during the quarter were INR8.77b. Credit cost stood at ~58bp largely stable on a QoQ basis. Net restructured loans increased to INR30b from INR25b in 2QFY12.

Valuation and view: After a period of consolidation over the past two years, focus has shifted to loan growth with corporate and secured retail loans being key drivers. Over FY12/13, domestic business growth will be in-line with industry average while CASA ratio will remain at ~40%. Stable/improving margins, control over cost-to-income ratio and fall in credit costs will ensure RoA of ~1.5% over FY12/13. Maintain **Buy**.

ICICI Bank : Quarterly Performance

	(INR Million)									
	FY11				FY12				FY11	FY12E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	58,125	63,091	66,960	71,565	76,185	81,576	85,919	90,623	259,741	334,304
Interest Expense	38,215	41,047	43,842	46,467	52,076	56,512	58,799	62,280	169,572	229,666
Net Interest Income	19,911	22,044	23,117	25,097	24,109	25,064	27,120	28,344	90,169	104,638
% Change (YoY)	0.3	8.3	12.3	23.3	21.1	13.7	17.3	12.9	11.1	16.0
Other Income	16,805	15,779	17,488	16,407	16,429	17,396	18,919	21,601	66,479	74,344
Net Income	36,716	37,823	40,605	41,504	40,538	42,460	46,039	49,945	156,648	178,982
Operating Expenses	14,835	15,704	17,179	18,455	18,200	18,922	19,168	21,212	66,172	77,502
Operating Profit	21,881	22,119	23,426	23,049	22,338	23,537	26,871	28,733	90,475	101,480
% Change (YoY)	-13.5	-9.2	-1.1	-3.9	2.1	6.4	14.7	24.7	-7.0	12.2
Other Provisions	7,978	6,411	4,643	3,836	4,539	3,188	3,411	4,266	22,868	15,403
Profit before Tax	13,903	15,708	18,783	19,213	17,800	20,350	23,460	24,468	67,607	86,077
Tax Provisions	3,643	3,345	4,413	4,692	4,480	5,318	6,179	6,619	16,093	22,595
Net Profit	10,260	12,363	14,370	14,521	13,320	15,032	17,281	17,849	51,514	63,482
% Change (YoY)	16.8	18.9	30.5	44.4	29.8	21.6	20.3	22.9	28.0	23.2
Deposit Growth (%)	-4.4	12.8	10.2	11.7	14.8	9.9	19.7	19.7	11.7	19.7
Loan Growth (%)	-6.9	1.8	15.3	19.4	19.7	20.5	19.1	19.0	19.4	18.8
Net Interest Margin (Reported,%)	2.5	2.6	2.6	2.7	2.6	2.6	2.7		2.6	
Net Interest Margin (Cal, %)	2.3	2.5	2.5	2.7	2.5	2.5	2.5	2.6	2.7	2.6
Gross NPA (%)	5.1	5.0	4.8	4.5	4.4	4.1	3.8	3.7	4.5	3.7

E: MOSL Estimates

Alpesh Mehta (Alpesh.Mehta@MotilalOswal.com) + 91 22 3982 5415

Sohail Halai (Sohail.Halai@MotilalOswal.com)+ 91 22 3982 5430

Quarterly performance v/s our estimates and reasons for deviation (INR m)

Y/E March	3QFY12A	3QFY12E	% Var.	Comments
Net Interest Income	27,120	26,715	2	NII growth was in line with est. NIMs improve 10bp QoQ
% Change (YoY)	17	16		
Other Income	18,919	19,240	-2	Fee Income muted; Dividend inc. from insurance sub. boosted other inc.
Net Income	46,039	45,955	0	
Operating Expenses	19,168	20,438	-6	Tight leash on opex led to lower than est. opex
Operating Profit	26,871	25,516	5	
% Change (YoY)	15	9		
Other Provisions	3,411	4,197	-19	Lower prov. on restructured loans led to lower prov.
Profit before Tax	23,460	21,320	10	
Tax Provisions	6,179	5,543	11	
Net Profit	17,281	15,777	10	Dividend inc. and lower opex and prov. boosted bottomline
% Change (YoY)	20	10		

Source: Company/MOSL

Margins improve QoQ to 2.7%

Reported margins improved by ~10bp QoQ to 2.7% from 2.61% in 2QFY12. International margins improved substantially (~30bp QoQ) to 1.4% from 1.09% in 2QFY12, while domestic margins improved to 2.98% from 2.92% in 2QFY12. Margins in the overseas business have rebounded to ~1.4% levels from ~0.9% levels a few quarters ago. Management has guided for blended margins of 2.7% for 4QFY12. We model in largely stable margins for FY12 and an improvement of ~7bp for FY13.

Loan growth healthy at 19% YoY

Loans grew ~5% QoQ and ~19% YoY to INR2.46t. Domestic loans grew 6% QoQ and 13% YoY led by strong growth in corporate loan segment (up 22% YoY and 15% QoQ). International loans based on the reported numbers grew by 38% YoY, however, adjusting for currency move, growth in the international loan book stood at 16% YoY. SME loan portfolio expanded by 33% YoY and 5% QoQ, while agri loans grew 14% YoY and remained flat QoQ. Growth in the retail loan portfolio continues to remain tepid with retail book growing by 4.3% YoY and 0.6% QoQ. Growth across segments (housing - up 5.7% YoY; auto loans - 7.8% YoY) remained muted. The unsecured retail loan portfolio continued to run down as it declined by 39% YoY and 8% QoQ to INR34.6b.

Calculated CASA up ~150bp to 43.6%; Average CASA improve ~70bp QoQ

Deposits during the quarter grew at a healthy pace by 6% QoQ and 20% YoY to INR2.6t. Notably, the calculated CASA ratio improved to 43.6% from 42.1% in 2QFY12. The improvement in CASA ratio could be attributed to a strong 21% QoQ increase in CA deposits (due to availability of float for the NHAI bonds issue) and 5% QoQ increase in SA deposits. Average CASA ratio for the quarter improved to 39% from 38.3% in 2QFY12. The management targets to close the year with an average CASA ratio of 40%.

Fee income performance remains muted

Fee income performance remained muted with fee income growing by 5% YoY and flat QoQ to INR17b. The YoY moderation in fee income growth was due to slowdown in project sanctions and lower syndication business. The management remains positive about improving fee income performance in FY13 with double digit growth driven by pickup in overall activity levels and a lower base of FY12. Other non-interest income increased substantially to INR2.56b v/s INR1.2b in 2QFY12 and INR1.0b in 3QFY11 on account of maiden dividend from the life insurance subsidiary to the tune of INR1.5b.

The dividend from the life insurance subsidiary is for the 1HFY12 period and will now accrue on a quarterly basis with a lag. Trading loss for the quarter was at INR650m as compared with INR800m.

Opex up 12% YoY; Cost to Core Income ratio at 42%

Opex grew 11.6% YoY and marginally by 1.3% QoQ. Bank of Rajasthan was merged on 12th August 2010 and hence the numbers now become comparable on a YoY basis. The core cost to income ratio adjusted for the one off dividend income from the life insurance subsidiary stood at 42.4% (as against ~41% currently) v/s 43.7% in 2QFY12. The management is aiming at 41% cost to income ratio in FY13, which would also help the bank improve profitability.

Asset quality remained healthy

Asset quality improved sequentially with GNPA's in absolute term declining by 4.5% YoY and 3% QoQ and in % terms GNPA and NNPA contracted by ~30bp and 10bp respectively. Gross slippages during the quarter were INR8.77b and up-gradation and recoveries remained strong at INR6.96b. Credit cost stood at ~58bp largely stable on a QoQ basis. Management has maintained its guidance for credit cost of 0.7% for FY12 including provisions for restructured loans.

Net restructured loans increased to INR30b (from INR25.0b in 2QFY12), while gross restructured loans were INR8.0b during the quarter. Restructured loans as a %age of customer assets stood at 1.03% vs 0.9% a quarter ago. ICICIBC has exposure of INR13b towards pending CDR cases, which could come up for restructuring in 4QFY12. Management does not see any stress on asset quality however, expects outstanding pool of restructuring to increase.

Adequately capitalized, Tier I ratio at 13.1%

ICICIBC remains well capitalized with overall CAR of 18.9% and Tier I ratio at 13.1%. As loan growth is likely to remain at ~18% and earnings momentum to be strong (~18% CAGR over FY11-13), we expect bank to maintain superior Tier I ratio.

Performance of subsidiaries

- ICICI UK's total assets declined ~6% QoQ from USD5.1b to USD4.8b. ICICI UK's profits increased multi-fold to ~USD7.7m vs USD2.2m in 2QFY12. CAR stood at 29.4%.
- ICICI Canada's total assets stood at CAD5.3b, up 12.8% YoY and 3.9% QoQ. Earnings were CAD6.6m v/s CAD5.2m in 2QFY12. CAR stood at 31.6%.
- ICICI Life Insurance reported profit of INR3.67b v/s INR3.5b in 2QFY12 and INR6.14b during the year ago quarter. The steep YoY decline in profits could be attributed to transfer of surplus in the non-participating policyholder's funds to the tune of INR3.8b during 3QFY11.

Valuation and view:

After a period of consolidation over the past two years, focus has shifted to loan growth with corporate and secured retail loans being key drivers. Over FY12/13, domestic business growth will be in-line with industry average while CASA ratio will remain at ~40%. Stable/improving margins, control over cost-to-income ratio (management guidance of ~42% for FY12 and ~41% for FY13) and a fall in credit costs (1% in FY11; management guidance of 0.7% for FY12) will ensure RoA of ~1.5% over FY12/13. Strong CAR of 19% with tier-I ratio of ~13.1% is a strong positive.

We expect ICICI Bank to report EPS of INR55 in FY12, INR62 in FY13. BV would be INR512 in FY12 and INR551 in FY13. ABV (adj for investment in subs) would be INR393 in FY12 and INR432 in FY13. We expect core RoE to improve to ~14% by FY12/13 (vs 10% in FY10). Adjusted for subs value at INR240/share (post 20% holding company discount), stock trades at 1.5x AP/ABV FY13 and 10.6x AP/EPS. Maintain **Buy** with a target price of INR1,100.

We upgrade our earnings estimates by ~ 4% for FY12 (INR b)

	Old Estimates		Rev. Estimates		Change (%)	
	FY12	FY13	FY12	FY13	FY12	FY13
Net Interest Income	104.2	126.8	104.6	125.5	0.4	-1.0
Other Income	74.6	87.6	74.3	90.7	-0.3	3.5
Total Income	178.8	214.4	179.0	216.2	0.1	0.8
Operating Expenses	79.8	95.3	77.5	92.3	-2.8	-3.1
Operating Profits	99.0	119.1	101.5	123.9	2.5	4.0
Provisions	16.6	24.5	15.4	26.9	-6.9	9.8
PBT	82.5	94.6	86.1	96.9	4.3	2.5
Tax	21.4	24.6	22.6	25.2	5.3	2.5
PAT	61.0	70.0	63.5	71.7	4.0	2.5
Loans	2,565	3,004	2,576	3,019	0.4	0.5
Deposits	2,689	3,093	2,701	3,140	0.4	1.5
Margins (%)	2.6	2.8	2.6	2.7		
Credit Cost (%)	0.7	0.9	0.7	0.9		
RoA (%)	1.4	1.4	1.5	1.4		
RoE (%)	13.4	14.1	13.8	14.3		

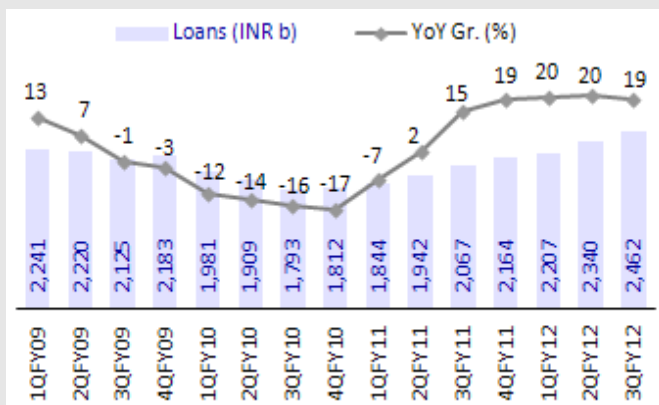
Source: MOSL

ICICI BANK: SOTP FY13E

	Total Value	Total Value	Value Per	% of Total	
	INR b	USD b	Share INR	Value	Rationale
ICICI Bank	995	20.1	864	78.3	2x FY13E BV ex Investment in key ventures
Key Ventures					
ICICI Pru Life Insurance (74% stake)	105	2.1	91	8.3	15x FY13E NBAP; 15% APE CAGR in FY11-13; NBAP Margin of 18%
ICICI Bank Canada (100% Subsidiary)	63	1.3	55	5.0	1.5x FY13E BV
ICICI Bank UK (100% Subsidiary)	48	1.0	42	3.8	1.5x FY13E BV
ICICI Home Finance (100% Subsidiary)	30	0.6	26	2.4	2x FY13E BV
ICICI Pru Asset Management (51% stake)	22	0.5	19	1.8	Valued at 4% of Total AUM exp in FY13
ICICI Securities	9	0.2	7	0.7	12x FY13E PAT
ICICI Lombard General Insurance (74% st)	41	0.8	36	3.3	2x FY13 Network
ICICI Ventures	13	0.3	12	1.1	12% FY13E AUMs
ICICI Securities PD	13	0.3	11	1.0	1.5x FY13E BV
Total Value of Ventures	345	7.0	300	27.2	
Less: 20% holding Discount	69	1.4	60	5	
Value of Key Ventures	276	5.6	240	21.7	
Target Price Post 20% Holding Co. Disc.	1,272	25.7	1,104	100	
Current Value	1,039	21.0	902		
Upside - %	22.4	22.4	22.4		
Target Price w/o 20% Holding Co. Disc.	1,341	27.1	1,164		
CMP (INR)	1,039	21.0	902		
Upside - %	29.0	29.0	29.0		

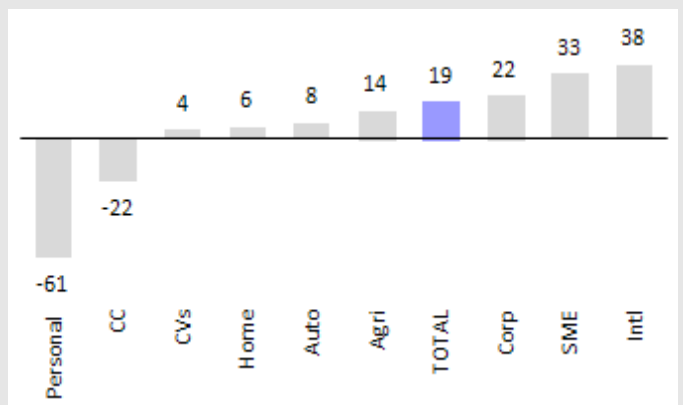
Quarterly trends

Loans grew 19% and 5% QoQ



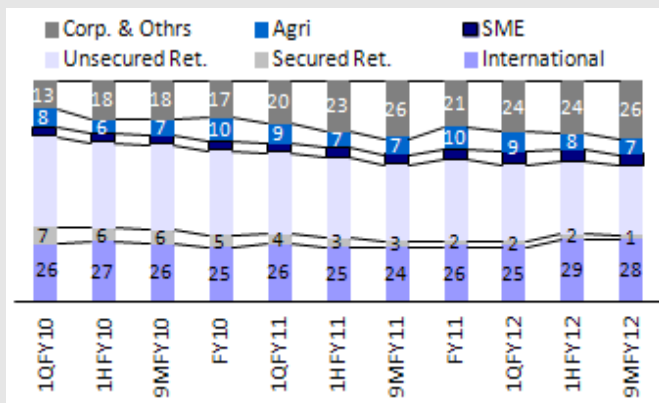
Loans grew ~5% QoQ and ~19% YoY with domestic loans growing at 13% YoY

Intl. loan growth adj. for currency was 16% YoY (%)



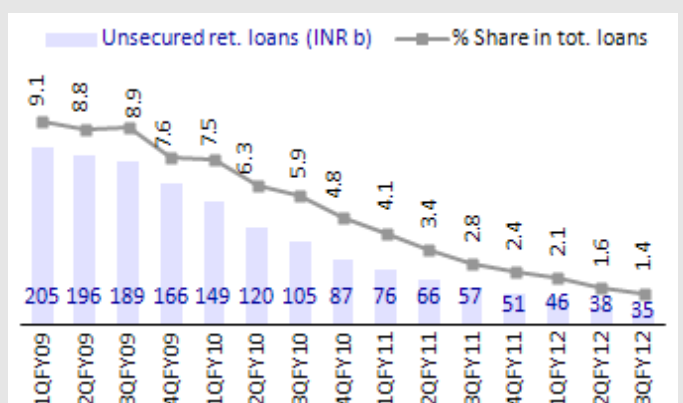
Domestic Corp. loans grew 22% YoY; International loans grew 38% YoY (and 16% YoY adj. for currency impact)

Share of corporate book increases QoQ (%)



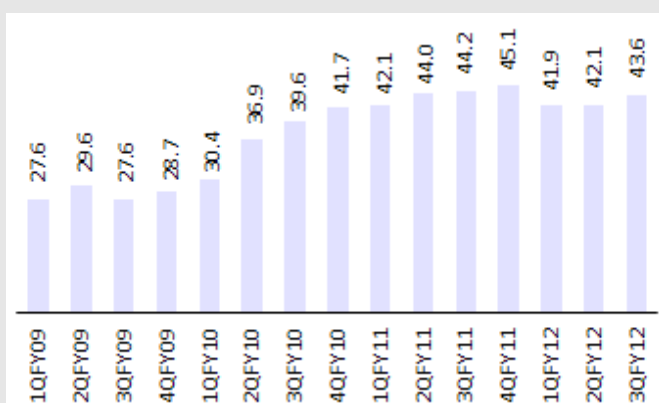
3QFY12 loan growth was driven by corporate and International loans

Share of unsecured retail loans continues to fall



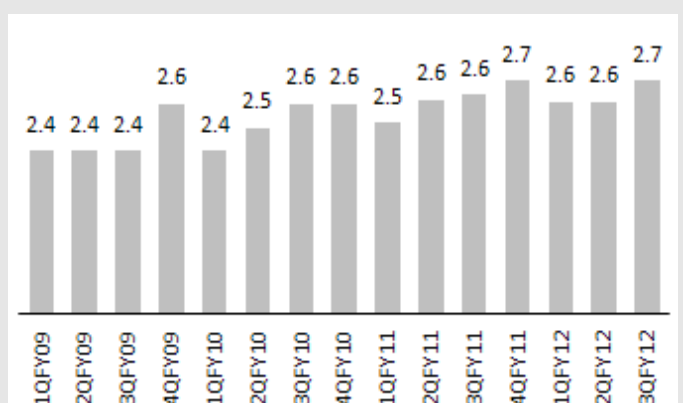
Unsecured retail loans continued to decline and is now at 1.4% of total loans

CASA ratio improves QoQ; (%)



On average daily basis, CASA ratio improved by ~70bp QoQ to 39%

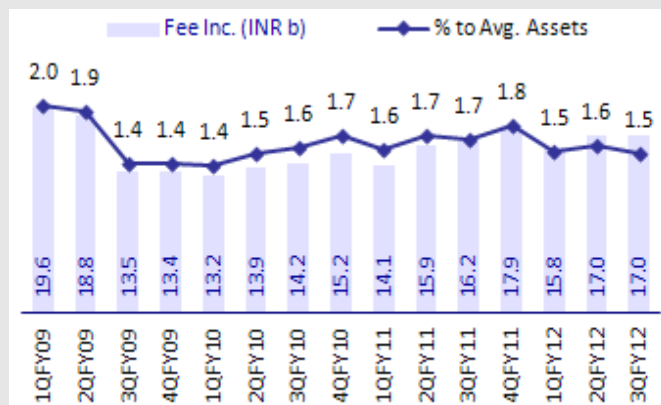
Margins stable QoQ (%)



Steep improvement in international NIM boosted overall margins

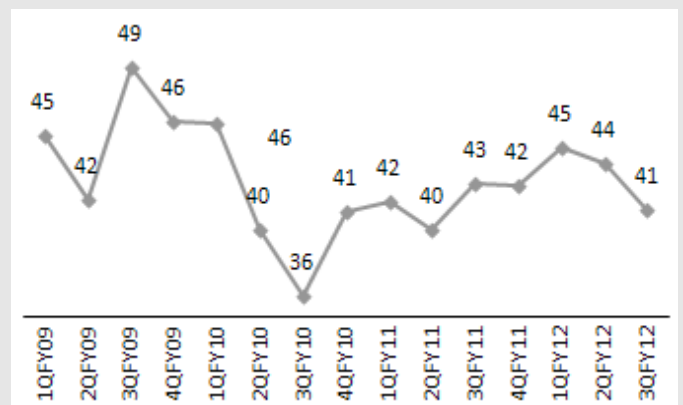
Quarterly trends (continued)

Fee income remains flattish QoQ



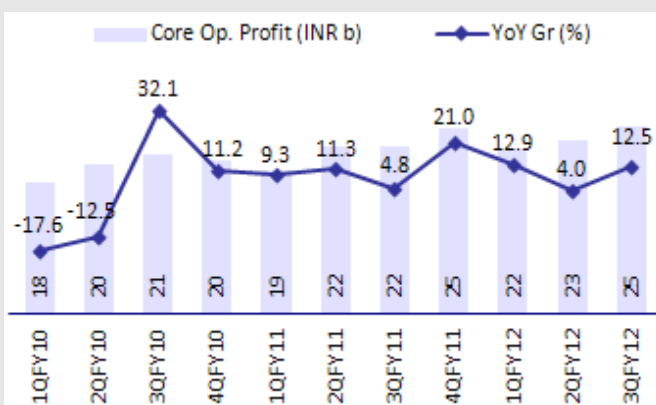
■ Moderation in fee income growth was led by slowdown in projects loans and lower syndication business

Cost to core income declines QoQ (%)



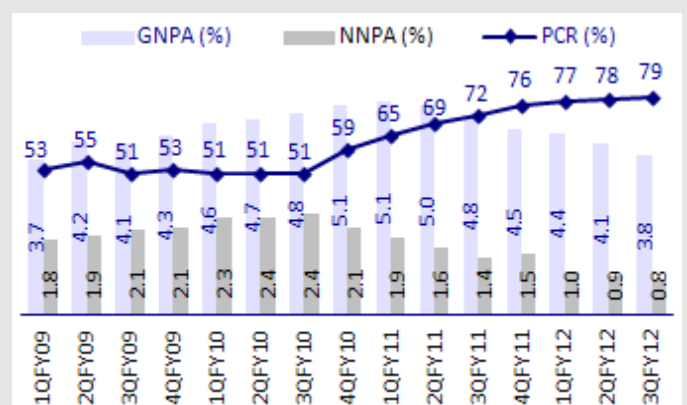
■ Core cost to income ratio adjusted for the one off dividend income from subs stood at ~42% (v/s ~41% currently)

Moderate fees leading to slower growth in Core PPP



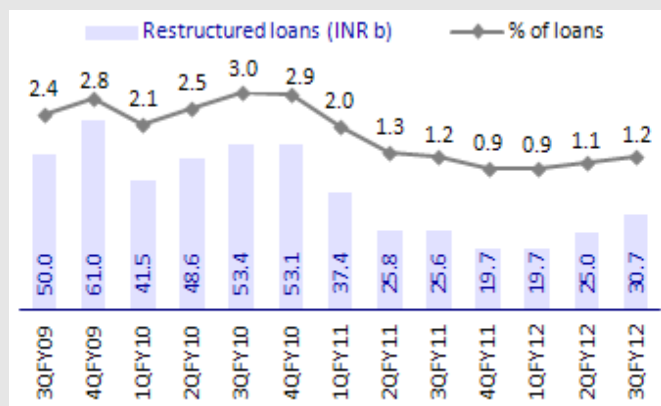
■ Dividend income from the insurance subsidiary boosted operating profit

Improvement in coverage ratio continues



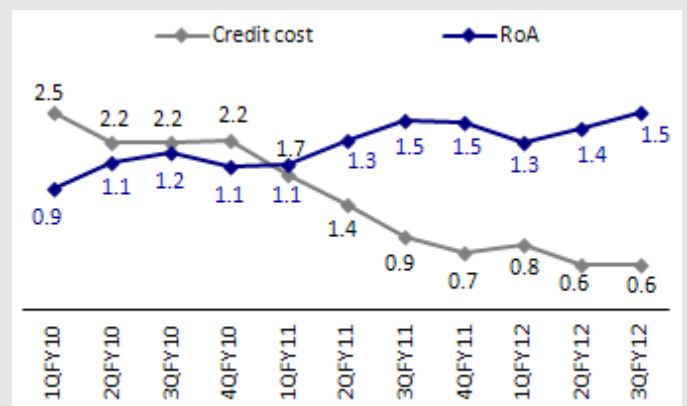
■ Gross slippages stood at INR8.77b; up-gradation and recoveries were strong at INR6.96b

Restructured loans inc. due to corporate debt restructuring



■ Restructured loans increased on a QoQ basis largely on account of higher corporate debt restructuring

Lower credit cost driving RoA higher (%)



■ Management has maintained the guidance of 0.7% credit cost for FY12

Quarterly Snapshot (INR m)

	FY11				FY12			Variation (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY	9M FY11	9M FY12	YoY Gr (%)
Profit and Loss												
Net Interest Income	19,911	22,044	23,117	25,097	24,109	25,064	27,120	8	17	65,072	76,294	17
Other Income	16,805	15,779	17,488	16,407	16,429	17,396	18,919	9	8	50,072	52,743	5
Trading profits	1,040	-1,440	210	-1,960	-250	-800	-650	-19	N.M.	-190	-1,700	N.M.
Fee Income	14,130	15,900	16,250	17,910	15,780	17,000	17,010	0	5	46,280	49,790	8
Miscellaneous Inc.	1,635	1,319	1,028	457	899	1,196	2,559	114	149	3,982	4,653	17
Total Income	36,716	37,823	40,605	41,504	40,538	42,460	46,039	8	13	115,144	129,037	12
Operating Expenses	14,835	15,704	17,179	18,455	18,200	18,922	19,168	1	12	47,718	56,290	18
Employee	5,756	6,243	7,605	8,566	7,329	8,427	8,366	-1	10	19,603	24,122	23
Others	9,079	9,461	9,575	9,889	10,871	10,495	10,802	3	13	28,115	32,168	14
Operating Profits	21,881	22,119	23,426	23,049	22,338	23,537	26,871	14	15	67,426	72,747	8
Provisions	7,978	6,411	4,643	3,836	4,539	3,188	3,411	7	-27	19,032	11,138	-41
PBT	13,903	15,708	18,783	19,213	17,800	20,350	23,460	15	25	48,394	61,609	27
Taxes	3,643	3,345	4,413	4,692	4,480	5,318	6,179	16	40	11,401	15,976	40
PAT	10,260	12,363	14,370	14,521	13,320	15,032	17,281	15	20	36,993	45,633	23
Asset Quality												
GNPA	99,770	102,330	102,300	101,140	100,620	101,070	98,200	-3	-4	102,300	98,200	-4
NNPA	35,140	31,920	28,730	24,590	23,510	22,360	20,820	-7	-28	28,730	20,820	-28
GNPA (%)	4.5	4.4	4.1	3.9	3.9	3.6	3.3	-31	-83	4	3	-83
NNPA (%)	1.6	1.4	1.2	0.9	0.9	0.8	0.7	-10	-46	1	1	-46
PCR (Calculated, %)	65	69	72	76	77	78	79	92	688	72	79	688
GNPA - Retail	66,300	67,990	67,140	66,350	63,580	63,170	61,700	-2	-8	67,140	61,700	-8
NNPA - Retail	19,860	17,120	14,300	12,490	11,180	9,760	8,320	-15	-42	14,300	8,320	-42
Restructured loans	37,370	25,780	25,620	19,700	19,660	25,010	30,700	23	20	25,620	30,700	20
% to Loans	2.0	1.3	1.2	0.9	0.9	1.1	1.2	18	1	1	1	1
Ratios (%)												
Fees to Total Income	38.5	42.0	40.0	43.2	38.9	40.0	36.9			40.2	38.6	
Cost to Core Income	43.6	41.4	43.6	42.9	45.6	45.0	43.4			42.9	44.6	
Tax Rate	26.2	21.3	23.5	24.4	25.2	26.1	26.3			23.6	25.9	
CASA	42.1	44.0	44.2	45.1	41.9	42.1	43.6					
Dom. Loan/Deposit (Rep)	71.0	68.0	75.0	75.0	75.5	72.3	71.1					
Loan / Deposit	91.8	87.0	94.9	95.9	95.7	95.5	94.5					
CAR	20.2	20.2	20.0	19.5	19.6	19.0	18.9					
Tier I	14.0	13.8	13.7	13.2	13.4	13.1	13.1					
RoA (cal)	1.1	1.3	1.5	1.5	1.3	1.4	1.5					
Margins - Cal (%)												
Yield on loans	8.3	8.3	8.3	8.6	9.0	9.5	9.5	1	117	8.3	9.3	
Yield On Investments	5.3	5.8	6.3	6.6	6.6	6.5	6.6	12	36	5.8	6.6	
Yield on Funds	6.8	7.1	7.3	7.6	7.8	8.0	8.1	3	79	7.1	8.0	
Cost of funds	5.2	5.3	5.5	5.7	6.1	6.4	6.3	-8	82	5.3	6.3	
Margins	2.3	2.5	2.5	2.7	2.5	2.5	2.5	8	3	2.4	2.5	
Margins - Reported	2.5	2.6	2.6	2.7	2.6	2.6	2.7	9	6	2.6	2.6	

For %age change QoQ and YoY is bps

Source: Company/MOSL

Quarterly Snapshot (INR b)

	FY10				FY11				FY12			Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY
Balance Sheet													
Loans	1,981	1,909	1,793	1,812	1,844	1,942	2,067	2,164	2,207	2,340	2,462	5	19
Investments	1,142	1,200	1,234	1,209	1,276	1,363	1,337	1,347	1,396	1,477	1,498	1	12
Customer Assets	2,131	2,081	2,016	2,086	2,169	2,330	2,477	2,616	2,584	2,795	2,974	6	20
Deposits	2,102	1,978	1,977	2,020	2,009	2,231	2,177	2,256	2,307	2,451	2,606	6	20
Borrowings	909	998	915	939	946	967	1,050	1,092	1,137	1,210	1,219	1	16
Total Assets	3,674	3,664	3,562	3,634	3,640	3,900	3,929	4,062	4,152	4,407	4,593	4	17
Deposits Break Up													
CASA Deposits	640	729	782	842	846	981	962	1,016	966	1,031	1,135	10	18
% to total Deposits	30	37	40	42	42	44	44	45	42	42	44		
Savings	445	493	511	530	565	632	646	669	669	701	735	5	14
% to total Deposits	21	25	26	26	28	28	30	30	29	29	28		
Current	195	236	272	312	281	349	316	348	298	330	400	21	27
% to total Deposits	9	12	14	15	14	16	15	15	13	13	15		
Term Deposits	1,463	1,249	1,194	1,178	1,163	1,250	1,215	1,240	1,340	1,419	1,471	4	21
% to total Deposits	70	63	60	58	58	56	56	55	58	58	56		
Loan Break Up													
Agriculture	158	115	125	181	166	132	153	210	188	175	175	0	14
SME Loans	79	76	72	72	74	85	87	104	110	110	116	5	33
Corporate Loans	258	344	323	315	362	456	533	461	524	566	650	15	22
Retail Loans	971	859	807	790	763	781	790	837	827	819	824	1	4
of which													
Housing	541	490	484	474	473	504	517	539	546	551	547	-1	6
Personal Loans	81	62	56	47	38	31	25	23	20	12	10	-20	-61
Credit Cards	68	58	48	40	38	34	32	28	26	25	25	-3	-22
Others	282	249	218	229	214	212	216	247	235	230	242	5	12
International Loans	515	515	466	453	479	487	504	552	558	669	697	4	38
Loan Mix (%)													
Agriculture	8	6	7	10	9	7	7	10	9	8	7		
SME Loans	4	4	4	4	4	4	4	5	5	5	5		
Corporate Loans	13	18	18	17	20	23	26	21	24	24	26		
Retails	49	45	45	44	41	40	38	39	37	35	33		
International Loans	26	27	26	25	26	25	24	26	25	29	28		
Subsidiaries PAT (INR m)													
I Sec	140	380	370	340	250	290	350	240	100	160	180	13	-49
I Sec PD	670	0	160	20	340	-20	40	170	230	170	490	188	N.M
I Venture	160	140	90	120	110	220	380	30	50	0	530	N.M	39
Pru AMC	190	480	400	210	320	140	70	200	250	200	220	10	N.M
ICICI Home Finance	270	280	440	620	572	539	497	720	704	561	670	19	35
ICIC Life Insurance	-360	-690	70	3,560	-1,160	150	6,140	2,950	3,390	3,500	3,670	5	-40
ICICI General Insurance	380	510	430	120	330	1,040	730	-2,900	400	1,010	-800	N.M	N.M
Consol Profit	10,350	11,450	11,480	13,420	10,910	13,950	20,390	15,680	16,670	19,920	21,740	9	7

Source: Company/MOSL

Stock Info

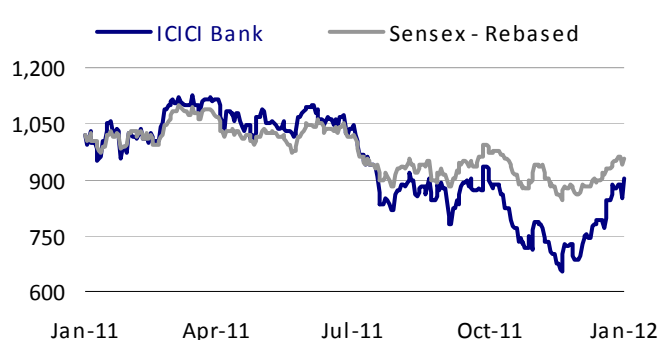
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	55.1	53.9	2.2
FY13	62.3	63.4	-1.7

Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	0.0	0.0	0.0
Domestic Inst	27.8	25.1	23.3
Foreign	61.8	65.0	67.4
Others	10.4	9.9	9.3

1-year Sensex rebased



Financials: Valuation Matrix

	Rating	CMP (INR)	Mkt. Cap (USDb)	EPS (INR)		P/E (x)		P/BV (x)		RoA (%)		RoE (%)	
				FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13
ICICIBCB*	Buy	902	20.8	55	62	12.4	10.6	1.7	1.5	1.5	1.4	13.8	14.3
HDFCB	Neutral	491	22.8	22	28	22.2	17.6	3.9	3.3	1.7	1.7	18.9	20.5
AXSB	Buy	1,074	8.8	97	112	11.1	9.6	2.0	1.7	1.5	1.5	19.9	19.5
KMB	Neutral	498	3.7	24	28	19.8	16.8	2.8	2.4	1.8	1.6	14.9	14.6
YES	Buy	330	2.3	28	33	11.7	10.1	2.5	2.0	1.5	1.3	23.3	22.3
IIB	Buy	292	2.7	17	21	17.0	13.9	3.1	2.6	1.6	1.5	19.3	20.1
VYSB	Buy	335	0.8	30	34	11.2	10.0	1.3	1.2	1.0	1.0	14.0	12.3
FB	Buy	400	1.4	43	50	9.2	7.9	1.2	1.1	1.3	1.3	13.8	14.5
JKBk	Buy	830	0.8	151	168	5.5	5.0	1.0	0.9	1.3	1.2	19.4	18.7
SIB	Buy	23	0.5	3	4	6.7	5.9	1.3	1.1	1.1	1.0	21.1	20.3
Private Aggregate			65			15.9	13.5	2.3	2.0				
SBIN (cons)*	Buy	2,061	26.2	211	240	9.3	8.2	1.3	1.2	0.8	0.8	15.6	16.1
PNB	Buy	940	6.0	155	181	6.1	5.2	1.2	1.0	1.2	1.2	22.3	21.7
BOI	Neutral	344	3.8	45	59	7.6	5.9	1.1	0.9	0.7	0.8	14.6	16.7
BOB	Neutral	753	5.9	122	133	6.2	5.7	1.2	1.1	1.1	1.1	20.4	20.2
CBK	Buy	471	4.2	73	89	6.5	5.3	1.0	0.9	0.9	0.9	16.7	17.7
UNBK	Buy	229	2.4	27	45	8.4	5.0	1.0	0.9	0.8	0.8	17.6	18.2
IOB	Neutral	88	1.1	22	18	4.0	4.8	0.6	0.6	0.7	0.5	15.6	12.0
OBC	Buy	256	1.5	42	50	6.1	5.2	0.7	0.6	0.7	0.7	11.4	12.4
INBK	Buy	221	1.9	44	48	5.0	4.6	1.0	0.9	1.4	1.3	21.6	20.0
CRPDK	Neutral	414	1.2	98	104	4.2	4.0	0.7	0.7	0.9	0.8	18.8	17.4
ANDB	Buy	102	1.1	23	26	4.4	4.0	0.8	0.7	1.1	1.0	18.7	18.0
IDBI *	Neutral	101	2.0	20	21	3.9	3.6	0.5	0.5	0.7	0.7	14.5	14.1
DNB	Buy	68	0.5	22	25	3.1	2.7	0.6	0.5	0.9	0.9	17.9	18.4
Public Aggregate			58			7.7	6.6	1.2	1.0				
HDFC*	Neutral	697	20.4	27	31	18.5	15.5	5.1	4.6	2.8	2.9	26.6	28.8
LICHF	Buy	250	2.4	19	28	12.9	9.1	2.4	2.0	1.6	1.8	20.3	24.3
DEWH	Buy	235	0.5	30	39	7.9	6.0	1.3	1.1	1.3	1.4	18.7	19.5
IDFC	Buy	133	3.9	10	11	12.9	12.3	1.5	1.3	3.1	2.7	13.7	12.6
RECL	Buy	190	3.8	28	35	6.7	5.4	1.3	1.1	3.0	3.1	20.6	22.5
POWF	Buy	170	3.9	18	29	9.5	5.9	1.1	1.0	2.1	2.8	13.2	17.7
SHTF	Buy	584	2.6	58	63	10.1	9.3	2.2	1.8	3.0	2.9	23.9	21.6
MMFS	Neutral	707	1.4	55	70	12.9	10.1	2.5	2.1	3.8	3.8	20.8	22.4
NBFC Aggregate			39			14.1	11.1	3.2	2.7				

* Multiples adj. for value of key ventures/Investments; For ICICI Bank, HDFC Ltd BV is adjusted for investments in subsidiaries

Financials and Valuation

Income Statement						(INR Million)
Y/E March	2008	2009	2010	2011	2012E	2013E
Interest Income	307,883	310,926	257,069	259,741	334,304	385,889
Interest Expended	234,842	227,259	175,926	169,572	229,666	260,392
Net Interest Income	73,041	83,666	81,144	90,169	104,638	125,497
Change (%)	29.6	14.5	-3.0	11.1	16.0	19.9
Other Income	88,108	76,037	74,777	66,479	74,344	90,700
Net Income	161,149	159,703	155,920	156,648	178,982	216,197
Change (%)	28.3	-0.9	-2.4	0.5	14.3	20.8
Operating Exp.	81,542	70,451	58,598	66,172	77,502	92,333
Operating Profits	79,607	89,252	97,322	90,475	101,480	123,864
Change (%)	35.5	12.1	9.0	-7.0	12.2	22.1
Provisions & Cont.	29,046	38,083	43,869	22,868	15,403	26,947
PBT	50,561	51,170	53,453	67,607	86,077	96,916
Tax	8,984	13,588	13,203	16,093	22,595	25,198
Tax Rate (%)	17.8	26.6	24.7	23.8	26.3	26.0
PAT	41,577	37,581	40,250	51,514	63,482	71,718
Change (%)	33.7	-9.6	7.1	28.0	23.2	13.0
Dividend (Including Tax)	12,239	13,764	15,020	18,170	24,257	26,953
Core PPP*	71,457	84,822	85,512	92,625	102,980	120,364
Change (%)	47.0	18.7	0.8	8.3	11.2	16.9

*Core PPP is (NII+Fee income-Opex)

Balance Sheet						(INR Million)
Y/E March	2008	2009	2010	2011	2012E	2013E
Share Capital	14,627	14,633	14,649	15,018	15,018	15,018
Equity Share Capital	11,127	11,133	11,149	11,518	11,518	11,518
Preference Capital	3,500	3,500	3,500	3,500	3,500	3,500
Reserves & Surplus	453,575	484,197	505,035	539,391	578,616	623,381
Net Worth	468,202	498,830	519,684	554,409	593,634	638,399
Of which Equity Net Worth	464,702	495,330	516,184	550,909	590,134	634,899
Deposits	2,444,311	2,183,478	2,020,166	2,256,021	2,700,568	3,140,497
Change (%)	6.0	-10.7	-7.5	11.7	19.7	16.3
Of which CASA Deposits	637,806	626,678	842,158	1,016,465	1,175,621	1,355,238
Change (%)	27.0	-1.7	34.4	20.7	15.7	15.3
Borrowings	863,986	928,055	939,136	1,092,043	1,237,870	1,507,057
Other Liabilities & Prov.	221,452	182,647	155,012	159,864	167,117	184,121
Total Liabilities	3,997,951	3,793,010	3,633,997	4,062,337	4,699,189	5,470,074
Current Assets	380,411	299,666	388,737	340,901	327,399	400,754
Investments	1,114,543	1,030,583	1,208,928	1,346,860	1,548,889	1,781,222
Change (%)	22.1	-7.5	17.3	11.4	15.0	15.0
Loans	2,256,161	2,183,108	1,812,056	2,163,659	2,575,757	3,018,776
Change (%)	15.2	-3.2	-17.0	19.4	19.0	17.2
Net Fixed Assets	41,089	38,016	32,127	47,443	50,975	53,536
Other Assets	205,746	241,636	192,149	163,475	196,170	215,787
Total Assets	3,997,951	3,793,010	3,633,997	4,062,337	4,699,189	5,470,074

Asset Quality						(%)
GNPA (INR m)	77,452	96,493	94,807	100,343	97,875	112,680
NNPA (INR m)	34,906	45,539	38,411	24,074	19,703	23,332
GNPA Ratio	3.37	4.32	5.07	4.48	3.69	3.63
NNPA Ratio	1.55	2.09	2.12	1.11	0.76	0.77
PCR (Excl Technical write off)	50.9	52.8	59.5	76.0	79.9	79.3

E: MOSL Estimates

Financials and Valuation

Ratios						
Y/E March	2008	2009	2010	2011	2012E	2013E
Spreads Analysis (%)						
Avg. Yield - Earning Assets	9.5	9.2	7.9	7.7	8.5	8.4
Avg. Yield on loans	10.7	10.1	8.7	8.3	9.3	9.1
Avg. Yield on Investments	7.4	6.9	5.8	6.2	6.7	6.7
Avg. Cost-Int. Bear. Liab.	6.9	6.5	5.2	4.8	5.7	5.6
Avg. Cost of Deposits	7.2	6.8	5.5	4.7	6.0	5.8
Interest Spread	2.5	2.6	2.7	2.9	2.7	2.8
Net Interest Margin	2.2	2.5	2.5	2.7	2.6	2.7
Profitability Ratios (%)						
RoE	11.7	7.8	8.0	9.7	11.1	11.7
Adjusted RoE	11.0	9.3	10.1	12.2	13.8	14.3
RoA	1.1	1.0	1.1	1.3	1.5	1.4
Int. Expended/Int.Earned	76.3	73.1	68.4	65.3	68.7	67.5
Other Inc./Net Income	54.7	47.6	48.0	42.4	41.5	42.0
Efficiency Ratios (%)						
Op. Exps./Net Income*	53.3	45.4	40.7	41.7	42.9	43.4
Empl. Cost/Op. Exps.	25.5	28.0	32.9	42.6	43.6	44.7
Busi. per Empl. (INR m)	110.2	131.0	99.8	72.4	88.3	97.2
NP per Empl. (INR lac)	10.2	10.9	9.8	9.0	11.6	12.2
* ex treasury						
Asset-Liability Profile (%)						
Loan/Deposit Ratio	92.3	100.0	89.7	95.9	95.4	96.1
CASA Ratio %	26.1	28.7	41.7	45.1	43.5	43.2
Invest./Deposit Ratio	45.6	47.2	59.8	59.7	57.4	56.7
G-Sec/Invest. Ratio	67.6	61.5	56.6	47.6	50.3	51.4
CAR	14.0	15.5	19.4	19.5	17.7	16.0
Tier 1	11.8	11.8	14.4	13.2	12.1	11.1
Valuation						
Book Value (INR)	417.6	444.9	463.0	478.3	512.3	551.2
BV Growth (%)	54.5	6.5	4.1	3.3	7.1	7.6
Price-BV (x)	2.2	2.0	1.9	1.9	1.8	1.6
ABV (for Subsidiaries) (INR)	341.2	330.7	348.0	364.7	393.2	432.1
ABV Growth (%)	51.6	-3.1	5.2	4.8	7.8	9.9
Price-ABV (x)	2.1	2.2	1.9	1.9	1.7	1.5
ABV (for Subs Invst & NPA) (INR)	320.8	304.2	325.6	351.1	382.1	418.9
Adjusted Price-ABV (x)	2.3	2.4	2.1	2.0	1.8	1.6
EPS (INR)	37.4	33.8	36.1	44.7	55.1	62.3
EPS Growth (%)	8.0	-9.7	6.9	23.9	23.2	13.0
Price-Earnings (x)	24.1	26.7	25.0	20.2	16.4	14.5
Adj. Price-Earnings (x)	19.6	21.7	18.7	15.6	12.4	10.6
Dividend Per Share (INR)	11.0	11.0	12.0	14.0	18.0	20.0
Dividend Yield (%)	1.2	1.2	1.3	1.6	2.0	2.2
E: MOSL Estimates						

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Motilal Oswal Securities Ltd

3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021

Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: reports@motilaloswal.com