

ICICI Bank

Performance Highlights

Particulars (₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
NII	2,506	2,411	4.0	2,204	13.7
Pre-prov. profit	2,354	2,234	5.4	2,212	6.4
PAT	1,503	1,332	12.8	1,236	21.6

Source: Company, Angel Research

For 2QFY2012, ICICI Bank's standalone net profit grew by reasonable 21.6% yoy to ₹1,503cr, in-line with ours as well as street's estimates. Sequentially stable NIM and asset quality were the key highlights of the results. Continued reduction in NPA provisioning burden drove net profit growth. **We maintain our Buy recommendation on the stock.**

Stable NIM and asset quality: During 2QFY2012, the bank's business momentum picked up a bit as compared to the previous quarter, with advances growing by 6.0% qoq (up 20.5% yoy) and deposits increasing by 6.3% qoq (moderate 9.9% yoy growth). Saving account deposits growth was relatively better at 10.9% yoy. Period-end CASA ratio improved marginally to 42.1%. Reported NIM remained flat on a sequential as well as yoy basis at 2.6%, as higher yields were offset by higher funding costs. Domestic NIM compressed marginally by 10bp qoq to ~2.9%; however, international NIM improved by ~20bp qoq to 1.1%. Growth in fee income continued to be below expectations at 7.0% yoy. Employee expenses rose considerably by 35.0% yoy, primarily due to higher headcount. Provisioning expenses declined substantially by 50.3% yoy to ₹319cr on the back of reduced share of unsecured credit portfolio of the bank. Asset quality remained largely stable with annualized slippage ratio remaining within manageable limits at ~1.4%, gross NPAs remaining flat sequentially and net NPAs declining by 5.2% qoq. Provision coverage ratio (as per the RBI's guidelines) remained healthy at 78.2% in 2QFY2012 (76.9% in 1QFY2012).

Outlook and valuation: The bank's substantial branch expansion in the past 24 months is expected to sustain a far more favorable deposit mix going forward. Moreover, a lower risk balance sheet has driven down NPA provisioning costs, which we believe will enable RoE of 15.4% by FY2013E (with further upside from financial leverage). At the CMP, the bank's core banking business (after adjusting for subsidiaries) is trading at 1.8x FY2013E ABV (including subsidiaries, at 1.7x FY2013E ABV). We maintain Buy on the stock with a target price of ₹1,114.

Key financials

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
NII	8,114	9,017	10,289	12,538
% chg	(10.8)	11.1	14.1	21.9
Net profit	4,025	5,151	6,217	7,832
% chg	17.6	28.0	20.7	26.0
NIM (%)	2.4	2.6	2.5	2.6
EPS (₹)	36.1	44.7	54.0	68.0
P/E (x)	25.8	20.8	17.2	13.7
P/ABV (x)	2.1	1.9	1.8	1.7
RoA (%)	1.0	1.3	1.4	1.4
RoE (%)	9.7	11.7	13.3	15.4

Source: Company, Angel Research

BUY

CMP	₹931
Target Price	₹1,114

Investment Period	12 Months
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Stock Info

Sector	Banking
Market Cap (₹ cr)	1,07,226
Beta	1.4
52 Week High / Low	1,277/762
Avg. Daily Volume	4,75,246
Face Value (₹)	10
BSE Sensex	17,705
Nifty	5,327
Reuters Code	ICBK.BO
Bloomberg Code	ICICIBC@IN

Shareholding Pattern (%)

Promoters	-
MF / Banks / Indian FIs	25.1
FII / NRIs / OCBs	65.0
Indian Public / Others	9.9

Abs. (%)	3m	1yr	3yr
Sensex	(2.7)	(11.6)	95.8
ICICI Bank	(10.3)	(19.9)	169.1

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Exhibit 1: 2QFY2012 performance

Particulars (₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
Interest earned	8,158	7,619	7.1	6,309	29.3
- on Advances / Bills	5,381	4,935	9.0	3,949	36.2
- on investments	2,345	2,251	4.2	1,916	22.4
- on balance with RBI & others	115	114	1.3	82	40.1
- on others	317	319	(0.6)	362	(12.4)
Interest Expended	5,651	5,208	8.5	4,105	37.7
Net Interest Income	2,506	2,411	4.0	2,204	13.7
Other income	1,740	1,643	5.9	1,578	10.2
Other income excl. treasury	1,820	1,668	9.1	1,722	5.7
- Fee income	1,700	1,578	7.7	1,590	6.9
- Treasury income	(80)	(25)	220.0	(144)	(44.4)
- Other income	120	90	33.0	132	(9.4)
Operating income	4,246	4,054	4.7	3,782	12.3
Operating expenses	1,892	1,820	4.0	1,570	20.5
- Employee expenses	843	733	15.0	624	35.0
- Other Opex	1,050	1,087	(3.4)	946	10.9
Pre-provision Profit	2,354	2,234	5.4	2,212	6.4
Provisions & Contingencies	319	454	(29.8)	641	(50.3)
PBT	2,035	1,780	14.3	1,571	29.5
Provision for Tax	532	448	18.7	335	59.0
PAT	1,503	1,332	12.8	1,236	21.6
Effective Tax Rate (%)	26.1	25.2	97bp	21.3	483bp

Source: Company, Angel Research

Exhibit 2: 2QFY2012 – Actual vs. estimates

Particulars (₹ cr)	Actual	Estimates	Var. (%)
Net interest income	2,506	2,497	0.4
Other income	1,740	1,750	(0.6)
Operating income	4,246	4,248	(0.0)
Operating expenses	1,892	1,861	1.7
Pre-prov. profit	2,354	2,387	(1.4)
Provisions & cont.	319	379	(15.9)
PBT	2,035	2,008	1.4
Prov. for taxes	532	535	(0.6)
PAT	1,503	1,473	2.1

Source: Company, Angel Research

Exhibit 3: 2QFY2012 performance analysis

Particulars	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
Balance sheet					
Advances (₹ cr)	233,952	220,693	6.0	194,201	20.5
Deposits (₹ cr)	245,092	230,678	6.2	223,094	9.9
Credit-to-Deposit Ratio (%)	95.5	95.7	(22)bp	87.0	841bp
Current deposits (₹ cr)	32,997	29,796	10.7	34,857	(5.3)
Saving deposits (₹ cr)	70,149	66,858	4.9	63,248	10.9
CASA deposits (₹ cr)	103,146	96,654	6.7	98,105	5.1
CASA ratio (%)	42.1	41.9	18bp	44.0	(189)bp
CAR (%)	19.0	19.6	(58)bp	20.2	(121)bp
Tier 1 CAR (%)	13.1	13.4	(22)bp	13.8	(66)bp
Profitability Ratios (%)					
Reported NIM	2.6	2.6	-	2.6	-
Cost-to-income ratio	44.6	44.9	(33)bp	41.5	305bp
Asset quality					
Gross NPAs (₹ cr)	10,021	9,983	0.4	10,141	(1.2)
Gross NPAs (%)	4.1	4.4	(22)bp	5.0	(89)bp
Net NPAs (₹ cr)	2,184	2,303	(5.2)	3,145	(30.6)
Net NPAs (%)	0.9	1.0	(11)bp	1.6	(69)bp
Provision Coverage Ratio (%)	78.2	76.9	130bp	69.0	920bp
Provision exps. to avg. assets (%)	0.3	0.4	(14)bp	0.7	(38)bp

Source: Company, Angel Research

Business growth picks up; NIM sustained at 2.6%

During 2QFY2012, momentum in the bank's advances picked up a bit. Advances increased by 6.0% qoq (20.5% yoy). Sequential growth was aided by strong 19.8% qoq growth in overseas advances (partly on the back of INR depreciation) and traction in corporate loans, which grew by 8.2% qoq (21.5% yoy). Excluding the impact of exchange rate movement, growth in international advances stood at ~26% yoy. Rural loans declined by 6.5% qoq due to the seasonal nature of such loans. Loans of the SME and retail segments were more or less flat sequentially. However, on a yoy basis, the SME segment registered healthy 41.6% growth. Retail loans grew by muted 5.4% yoy, partly due to the bank's conscious strategy to reduce the share of unsecured personal loans. Personal loans came off by a sharp 38.2% qoq and 60.5% yoy, while credit card debt declined by 18.3% yoy. Consequently, the retail segment's contribution to the advances book came down to 35.0% as of 2QFY2012 from 40.0% as of 2QFY2011.

Deposits accretion also showed a bit of traction, registering growth of 6.2% qoq (a muted 9.9% yoy). CASA deposits growth was muted 5.1% yoy, which was dragged down by a 5.3% yoy decline in current account deposits. Saving account deposits growth was relatively better at 10.9% yoy. Though period-end CASA ratio improved marginally to 42.1%, average CASA ratio declined by ~200bp qoq to 38.3%.

Reported NIM remained flat both on a sequential and on a yoy basis at 2.6% as higher yields were offset by higher funding costs. Domestic NIM compressed marginally by 10bp qoq to ~2.9%; however, international NIM improved by ~20bp qoq to 1.1%, in-line with management's guidance.

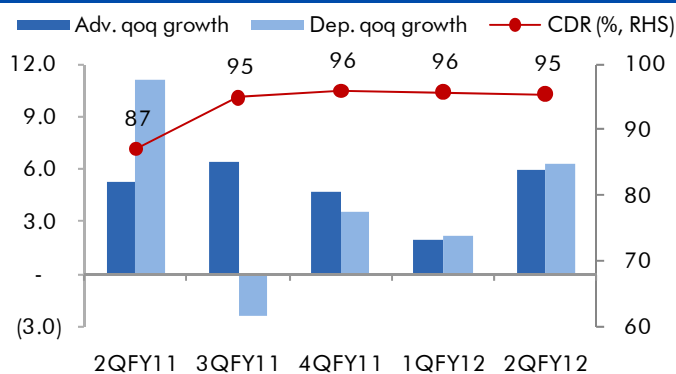
Going forward in FY2012, management expects global NIMs to sustain at 2.6% on the back of better CASA deposits accretion and improvement in overseas NIM from the present level of 1.1% to ~1.2% by the end of FY2012.

Exhibit 4: Muted growth in retail advances

Particulars (₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)	% to total
Rural	17,546	18,759	(6.5)	13,594	29.1	7.5
Overseas	66,910	55,835	19.8	48,550	37.8	28.6
Corporate	56,616	52,304	8.2	46,608	21.5	24.2
SME	10,996	11,035	(0.4)	7,768	41.6	4.7
Retail	81,883	82,760	(1.1)	77,680	5.4	35.0
- Housing	55,107	54,622	0.9	50,492	9.1	23.6
- Vehicle	20,716	21,435	(3.4)	18,643	11.1	8.9
- Personal	1,228	1,986	(38.2)	3,107	(60.5)	0.5
- Credit cards	2,538	2,648	(4.2)	3,107	(18.3)	1.1
- Other retail	2,293	2,069	10.8	2,330	(1.6)	1.0
Total Advances	233,952	220,693	6.0	194,201	20.5	100.0

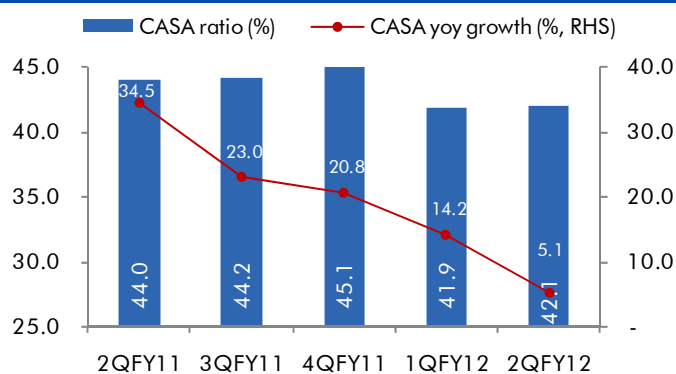
Source: Company, Angel Research

Exhibit 5: Business growth moderates



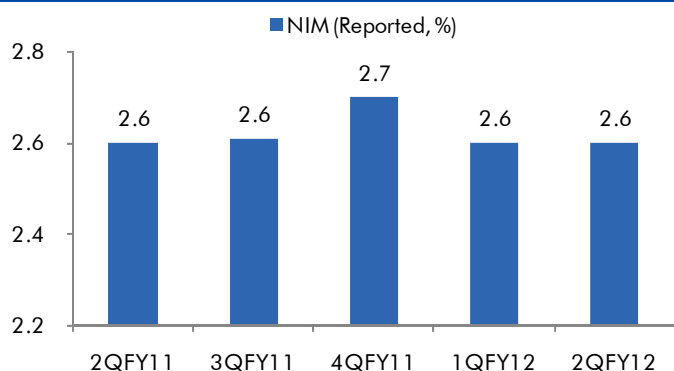
Source: Company, Angel Research

Exhibit 6: CASA growth moderates in-line with peers



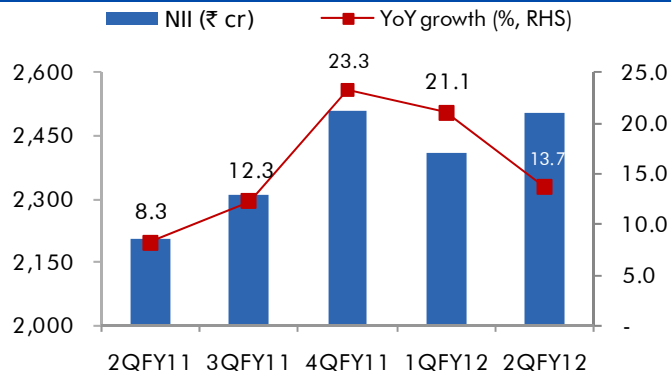
Source: Company, Angel Research

Exhibit 7: NIM declines 10bp qoq



Source: Company, Angel Research

Exhibit 8: NII growth remains healthy at 20.0%+ levels



Source: Company, Angel Research

Fee income growth moderates further

During 2QFY2012, other income rose by 10.2% yoy on the back of lower treasury losses and 6.9% yoy growth in fee income. Excluding treasury loss, other income registered muted growth of 5.7% yoy. Fee income growth was affected due to slower corporate capex project announcements and a lower number of financial closures of projects. The bank is witnessing traction in fees from the more granular transaction banking, forex and derivatives segments and remittance fees.

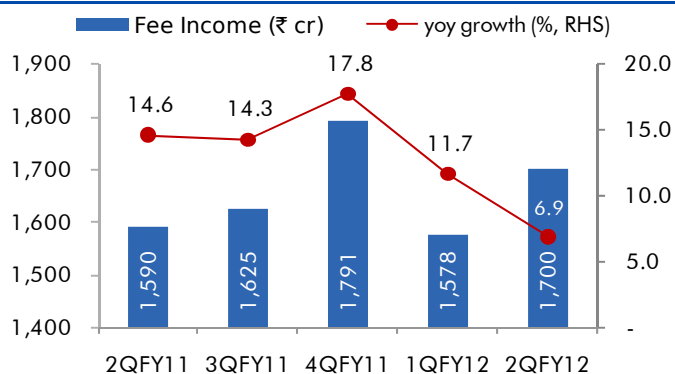
Management expects corporate fees to gain momentum once the traction comes back in corporate loan sanctions and new projects. Going forward, the bank is targeting fee income growth in-line with advances growth on the back of growth in corporate fees and pick-up in retail fees.

Exhibit 9: Overall fee income growth muted

Particulars (₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
Fee income	1,700	1,578	7.7	1,590	6.9
Treasury	(80)	(25)	220.0	(144)	(44.4)
Others	120	90	33.0	132	(9.4)
Other income	1,740	1,643	5.9	1,578	10.2
Other income excl. treasury	1,820	1,668	9.1	1,722	5.7

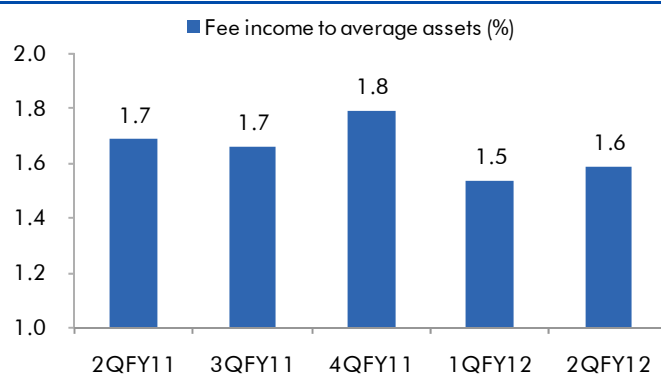
Source: Company, Angel Research

Exhibit 10: Fee income growth slows further



Source: Company, Angel Research

Exhibit 11: Still healthy share of fee income in RoA



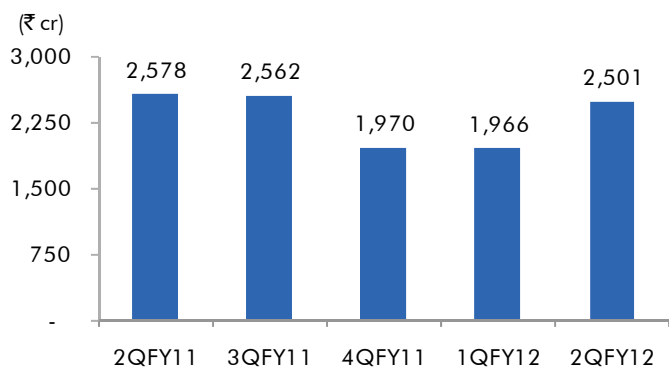
Source: Company, Angel Research

Asset quality continues to improve

The bank's asset quality continued to improve during 2QFY2012, with gross NPAs remaining flat sequentially and net NPAs declining by 5.2% qoq to ₹2,184cr. On a yoy basis, net NPAs dipped sharply by 30.6%. Sequentially, gross NPA ratio improved to 4.1% from 4.4% as of 1QFY2012, while net NPA ratio declined to 0.9% from 1.0% as of 1QFY2012. Provision coverage ratio (as per the RBI's guidelines) remained at healthy levels of 78.2% (76.9% in 1QFY2012).

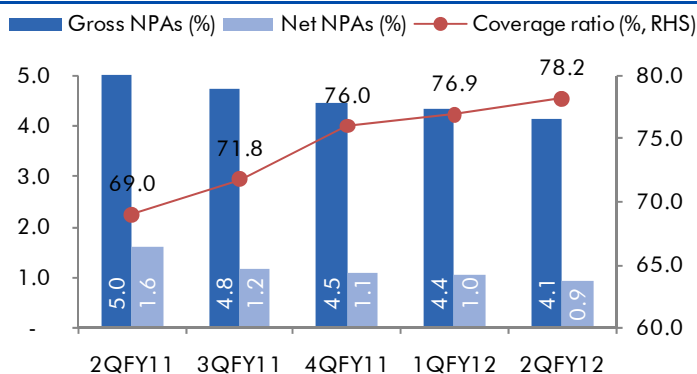
Annualized gross slippages ratio for the quarter was at ~1.4%, largely in-line with management's target of 1.2–1.3%. As guided in the 1QFY2012 results earnings call, the bank restructured advances of ~₹740cr, bulk of which were from the Micro Finance Institutions (MFI). Out of the bank's total exposure to MFIs of ~₹1,000cr, bulk of it has been either restructured or has slipped into NPAs.

Exhibit 12: Restructured loans rise on MFI restructuring



Source: Company, Angel Research

Exhibit 13: Declining NPAs with improving coverage



Source: Company, Angel Research

The bank's restructured loans increased to ₹2,501cr from ₹1,966cr as of 1QFY2012. The bank carried out gross restructuring of ~₹740cr during the quarter. Bulk of the restructuring carried out during the quarter pertained to MFIs.

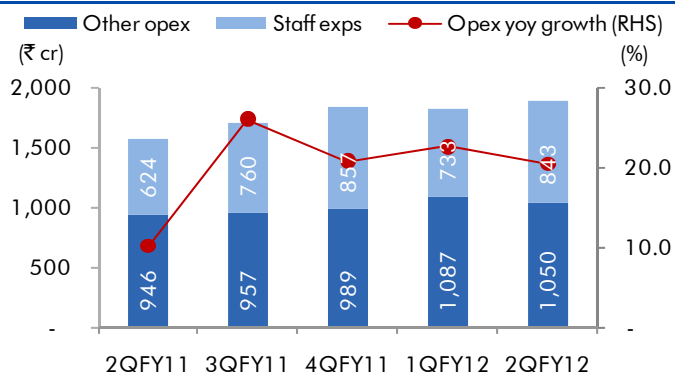
Provisioning expenses for the quarter declined considerably by 50.6% yoy to ₹319cr on the back of reduced share of unsecured loans in the retail loan book and excess standard assets provisioning pool (of ~₹1,500cr). The bank has sufficient buffer of standard assets provisions for the remainder of FY2012. Going forward, management expects the low provisioning expenses trend witnessed in 1HFY2012 to continue for the remaining FY2012.

Opex rises on higher employee costs

During 2QFY2012, operating expenses increased by 20.5% yoy on account of a sharp 35.0% rise in employee expenses. Employee expenses growth was higher primarily due to a ~24% increase in average number of employees from 48,360 as of 2QFY2011 to ~60,000 during 2QFY2012 and an average 11-12% wage inflation. The cost-to-income ratio remained flat sequentially at 44.6% (rose by ~300bp on a yoy basis) on the back of a relatively slower operating income growth. Operating expenses to average assets were sequentially stable at 1.8%.

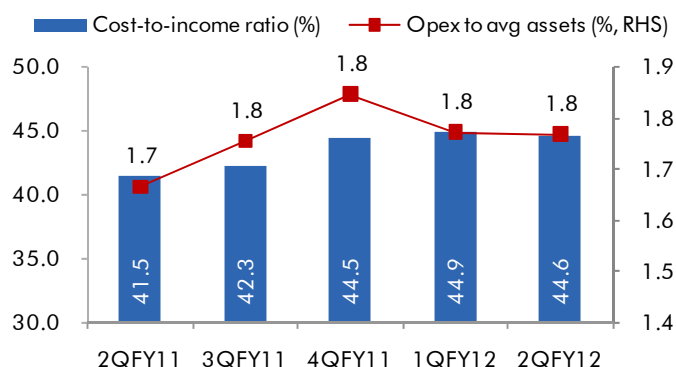
After a substantial rise in employee headcount over the past one year, the bank is not planning considerable employee additions over the next 3-4 quarters. Management is targeting to maintain the cost-to-income ratio close to 2QFY2012 levels of 44-45% for FY2012. Over a medium term, management expects the cost-to-income ratio to settle at 41-42% and the operating cost-to-average assets to stand at 1.7-1.8%.

Exhibit 14: Opex rises due to staff expenses...



Source: Company, Angel Research

Exhibit 15: ...leading to higher cost ratios

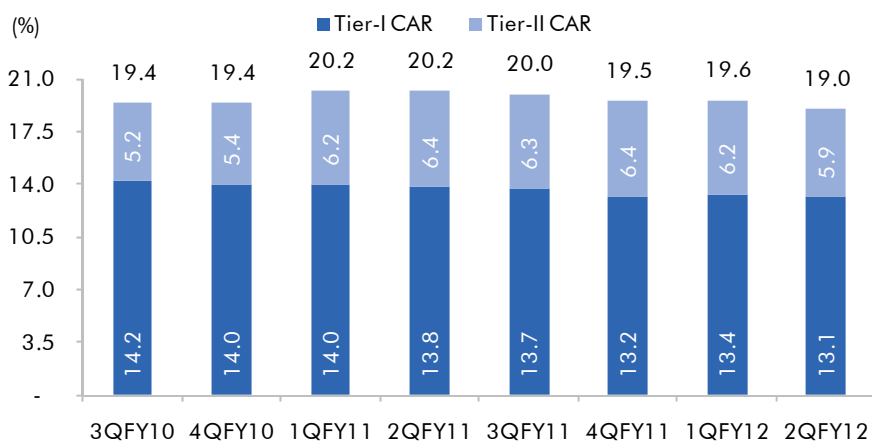


Source: Company, Angel Research

Strong capital adequacy

Driven by its large net worth, capital adequacy continued to be strong at 19.0%, comprising substantial (68%) tier-1 component of 13.1%.

Exhibit 16: Best-in-class capital adequacy

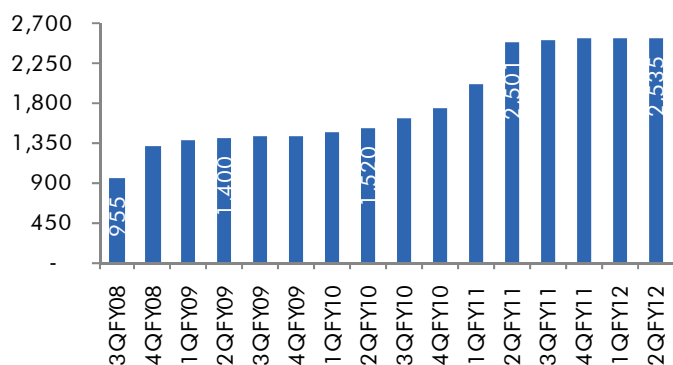


Source: Company, Angel Research

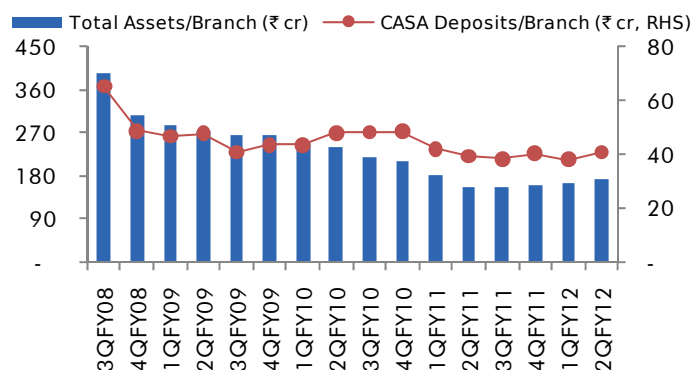
Under-leveraged branch network

With the merger of Bank of Rajasthan, the bank enjoys a strong pan-India network of 2,535 branches. The number of branches has grown at a strong pace over the past three years. This extensive network is under-leveraged as of now, as reflected in the falling CASA deposits/branch of ~₹41cr compared to ₹65cr as of 3QFY2008 and total assets/branch of ₹174cr compared to ₹394cr as of 3QFY2008.

The bank currently has 300-350 branch licenses, which it plans to utilize fully in 2HFY2012, to increase its branch network to 2,850-2,900 branches by the end of FY2012. Further, management is planning to take its branch network to ~4,000 branches over the next four years (FY2015) in a back-ended mode. Going forward, we expect the bank to leverage this network to grow its CASA market share.

Exhibit 17: Robust branch expansion


Source: Company, Angel Research

Exhibit 18: Under-leveraged branch network


Source: Company, Angel Research

Overview of performance of subsidiaries

- For 2QFY2012, consolidated net profit rose by healthy 43% yoy to ₹1,992cr.
- ICICI Prudential Life's overall market share for the period April to August 2011 was 5.7% and private market share was 14.9% based on new business retail weighted received premiums. ICICI Life's overall market share improved from 5.1% in 1QFY2012 to 6.4% for the period July to August 2011.
- ICICI Lombard General Insurance maintained its leadership position in the private sector with an overall market share of 9.6% up to August 2011.
- The overseas banking subsidiaries of the bank (viz. ICICI Bank Canada and ICICI Bank UK) continue to remain a drag on the overall consolidated profitability. Loan book of both these subsidiaries continued to contract as local regulatory provisions have turned against the bank's envisaged strategy. Both these subsidiaries continue to be over-capitalized with CAR exceeding by 29% in each of them.
- The bank has initiated dialogue with the Canadian regulator to see if part of the capital can be repatriated. However, in the short term, the bank expects the over-capitalized subsidiaries to remain a drag on RoEs.
- The exposure to Europe stands at a relatively lower US\$35mn due to a UK-based institution. The bank also has an exposure of ~US\$300mn (brought down from US\$600mn recently) in the form of investments, which is quite diversified in management's view and larger exposures are to banks in Asia Pacific and other domains.

Exhibit 19: Performance of subsidiaries

Subsidiary	Parameter	2QFY12	2QFY11	% chg
ICICI Bank UK	PAT (USD mn)	2.2	8.4	(73.8)
ICICI Bank Canada	PAT (CAD mn)	5.2	12.3	(57.7)
ICICI Bank Eurasia	PAT (USD mn)	2.2	-	-
ICICI Home Finance	PAT (₹ cr)	56	54	4.1
ICICI Prudential Life Insurance	APE (₹ cr)	736	1,344	(45.2)
	NBP (₹ cr)	118	254	(53.5)
	NBP margin (%)	16.0	18.9	(15.3)
	AuM (₹ cr)	64,849	65,484	(1.0)
ICICI Lombard Gen. Insurance	Gross Premium (₹ cr)	1,306	1,091	19.7
	PAT (₹ cr)	56	104	(46.2)
ICICI Securities	PAT (₹ cr)	16	29	(44.8)
ICICI Securities PD	PAT (₹ cr)	17	(2)	-
ICICI Venture	PAT (₹ cr)	3	22	(86.4)
ICICI Prudential AMC	PAT (₹ cr)	20	14	42.9

Source: Company, Angel Research

Investment arguments

Well positioned to garner strong market share gains in CASA deposits

In our view, the bank's substantial branch expansion from 955 branches at the end of 3QFY2008 to 2,535 branches by 2QFY2012 and strong capital adequacy, even without reckoning 1HFY2012 profits, at 19.0% (Tier-I at 13.1%) have positioned it to gain CASA and credit market share, respectively. In fact, the bank has begun gaining market share in savings accounts since FY2010. During FY2011, the bank improved its market share of savings deposits by 10bp over FY2010, capturing a substantial 5.8% incremental market share.

Improved deposit mix to lead to better NIM

The bank's strategic transformation is expected to drive significantly better balance sheet and earnings quality, taking RoEs from 9.7% in FY2010 to 15.4% in FY2013E. The distinguishing feature of the bank's performance in FY2010 was the improvement in CASA ratio to 42.1% (transformative considering that the ratio was as low as 22% at the end of FY2007 and 29% even as recently as FY2009). CASA ratio has remained healthy at 42.1% even in 2QFY2012. In light of this change in liability mix, even in a rising interest rate scenario, we expect the bank's NIM to remain largely stable in FY2012 and improve to ~2.6% by FY2013 on the back of improvement in international NIM from ~1.1% as of 2QFY2012 to ~1.2% over the next 2-3 quarters. Apart from the paradigm shift in the deposit mix reflected in its 42.1% CASA ratio, the bank has largely exited unattractive business segments such as small-ticket personal loans in the domestic segment and most non-India related exposures in its international business, focusing again on replacing wholesale funds with retail deposits in international subsidiaries as well.

Asset quality trends remain healthy

The bank's asset quality continues to show further improvement, with a declining trend in additions to gross as well as net NPAs. Even in 2QFY2012, annualized gross slippages ratio was comfortable at ~1.4% (same as that witnessed in 1QFY2012). Also, the bank has maintained a comfortable provision coverage ratio of 78.1%. The bank's restructured loans witnessed a bit of increase during 2QFY2012, but they were primarily on account of loans to the MFIs. We have factored in NPA provisions to decline by 27.6% in FY2012 over FY2011 levels and stabilize around these lower levels in FY2013.

We expect the reduction in risk profile of advances (and the consequent lower yield on advances) to result in a ~30bp decline in NPA provisioning costs by 2013E over FY2011, eventually reflecting in improved RoA from 1.0% to 1.4% over FY2010-13E, commensurate with the improvement in CASA ratio.

Valuations attractive

We have a positive view on ICICI Bank, given its market-leading businesses across the financial services spectrum. Moreover, we believe the bank is decisively executing a strategy of consolidation, which has resulted in an improved deposit and loan mix and should drive improved operating metrics over the medium term. The bank's substantial branch expansion in the past 24 months is expected to sustain a far more favorable deposit mix going forward. Moreover, a lower risk balance sheet has driven down NPA provisioning costs, which we believe will drive 20.7% yoy growth in net profit for FY2012 and enable RoE of 15.4% by FY2013E (with further upside from financial leverage).

We have tweaked our estimates to factor in slower business growth considering the slowdown in domestic economic environment and a consequent lower growth in fee income. We have largely maintained our estimates for FY2012 as well as FY2013 and expect the bank to record a healthy 23.3% earning CAGR over FY2011-13E.

At the CMP, the bank's core banking business (after adjusting ₹160/share towards value of the subsidiaries) is trading at 1.8x FY2013E ABV (including subsidiaries, the stock is trading at 1.7x FY2013E ABV). We value the bank's subsidiaries at ₹160/share and the core bank at ₹954/share (2.2x FY2012E ABV). **We maintain our Buy rating on the stock with a target price of ₹1,114, implying an upside of 19.7% from current levels.**

Exhibit 20: SOTP valuation summary

Particulars	Target multiple	Value/share (₹)
ICICI Bank	2.2x FY2013E ABV	954
Life Insurance	20.0x FY2013E NBP	68
General Insurance	15x FY2013E PAT	15
Others (Home Fin, AMC, VC, Securities Securities PD and Overseas subsidiaries)		77
SOTP value		1,114

Source: Angel Research

Exhibit 21: Key assumptions

Particulars (%)	Earlier estimates		Revised estimates	
	FY2012	FY2013	FY2012	FY2013
Credit growth	19.0	24.0	17.0	24.0
Deposit growth	22.0	24.0	20.0	24.0
CASA ratio	45.5	44.8	46.3	45.5
NIMs	2.5	2.6	2.5	2.6
Other income growth	14.1	26.9	10.6	27.6
Growth in staff expenses	16.3	23.0	18.5	19.6
Growth in other expenses	20.0	23.0	16.0	19.6
Slippages	1.5	1.5	1.5	1.5
Treasury gain/(loss) (% of investments)	(0.1)	0.1	(0.1)	0.1

Source: Angel Research

Exhibit 22: Change in estimates

Particulars (₹ cr)	FY2012			FY2013		
	Earlier estimates	Revised estimates	Var. (%)	Earlier estimates	Revised estimates	Var. (%)
NII	10,356	10,289	(0.6)	12,941	12,538	(3.1)
Non-interest income	7,528	7,307	(2.9)	9,504	9,270	(2.5)
Operating income	17,884	17,596	(1.6)	22,445	21,808	(2.8)
Operating expenses	7,835	7,746	(1.1)	9,637	9,261	(3.9)
Pre-prov. profit	10,049	9,850	(2.0)	12,808	12,548	(2.0)
Provisions & cont.	1,517	1,431	(5.7)	1,672	1,562	(6.6)
PBT	8,532	8,419	(1.3)	11,136	10,986	(1.3)
Prov. for taxes	2,274	2,202	(3.2)	3,199	3,154	(1.4)
PAT	6,258	6,217	(0.7)	7,937	7,832	(1.3)

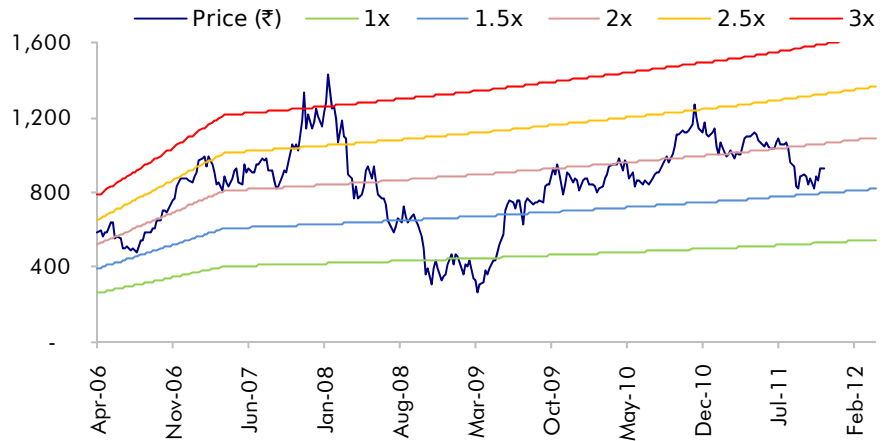
Source: Angel Research

Exhibit 23: Angel EPS forecast vs. consensus

Year (₹)	Angel forecast	Bloomberg consensus	Var. (%)
FY2012E	54.0	54.2	(0.3)
FY2013E	68.0	65.5	3.8

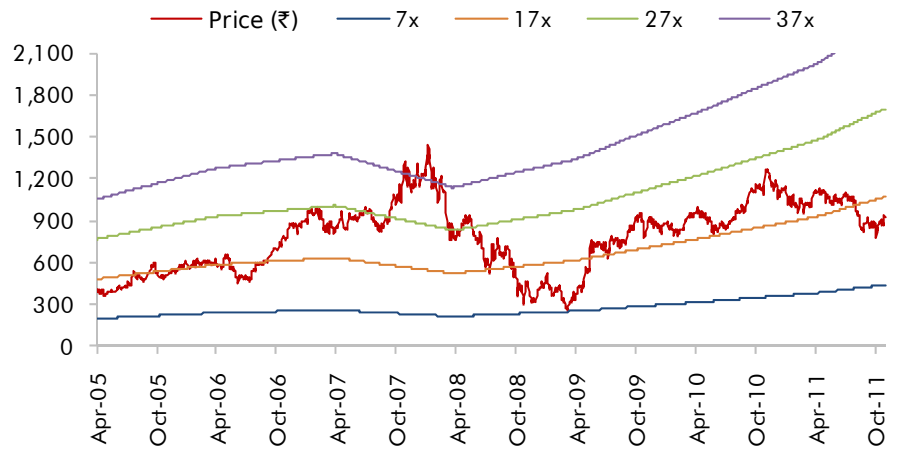
Source: Bloomberg, Angel Research

Exhibit 24: P/ABV band



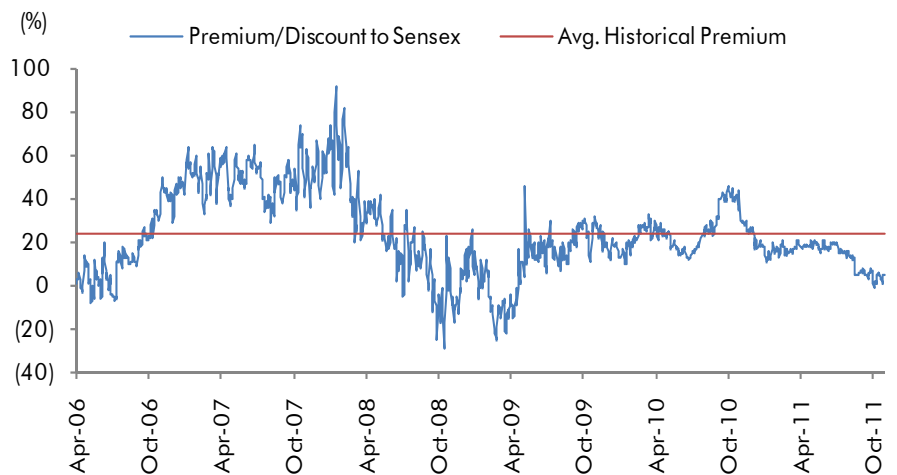
Source: Company, Angel Research

Exhibit 25: P/E band



Source: Company, Angel Research

Exhibit 26: ICICI Bank – Premium/Discount to the Sensex



Source: Bloomberg, Angel Research

Exhibit 27: Recommendation summary

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2013E P/ABV (x)	FY2013E Tgt P/ABV (x)	FY2013E P/E (x)	FY2011-13E EPS CAGR (%)	FY2013E RoA (%)	FY2013E RoE (%)
AxisBk	Buy	1,160	1,414	21.9	1.9	2.3	10.1	17.7	1.5	20.0
FedBk	Accumulate	415	444	7.1	1.1	1.2	8.5	19.5	1.2	14.0
HDFCBk	Neutral	489	-	-	3.3	-	17.0	30.5	1.7	20.9
ICICIBk*	Buy	931	1,114	19.7	1.7	2.0	13.7	23.3	1.4	15.4
SIB	Neutral	24	-	-	1.2	-	6.8	15.6	1.0	18.2
YesBk	Accumulate	315	347	10.5	2.0	2.2	10.4	19.9	1.3	20.8
AllBk	Accumulate	150	169	12.1	0.7	0.8	4.2	8.9	0.9	17.7
AndhBk	Neutral	119	-	-	0.8	-	5.3	(0.9)	0.9	15.8
BOB	Accumulate	772	881	14.2	1.1	1.2	5.5	14.2	1.2	20.7
BOI	Accumulate	332	362	9.1	0.9	1.0	5.5	15.2	0.7	17.1
BOM	Accumulate	51	55	8.1	0.7	0.7	4.4	38.1	0.6	16.5
CanBk	Neutral	469	-	-	0.9	-	5.5	(3.0)	0.9	17.2
CentBk	Reduce	108	99	(8.6)	0.8	0.7	5.4	(14.6)	0.5	14.2
CorpBk	Accumulate	427	483	13.2	0.7	0.8	4.3	1.5	0.8	16.6
DenaBk	Neutral	81	-	-	0.6	-	3.9	5.8	0.8	16.2
IDBI#	Neutral	117	-	-	0.8	-	5.5	12.3	0.7	14.0
IndBk	Neutral	217	-	-	0.9	-	5.6	0.2	1.1	17.4
IOB	Neutral	102	-	-	0.6	-	4.1	20.0	0.6	15.9
J&KBk	Neutral	841	-	-	0.9	-	5.8	6.7	1.2	16.4
OBC	Accumulate	290	314	8.3	0.7	0.7	5.1	5.4	0.8	13.9
PNB	Accumulate	977	1,085	11.1	1.1	1.3	6.1	7.2	1.0	20.0
SBI*	Buy	1,907	2,239	17.4	1.4	1.7	7.3	41.4	1.0	21.9
SynBk	Accumulate	108	123	13.6	0.7	0.8	4.7	11.8	0.7	16.3
UcoBk	Neutral	75	-	-	0.9	-	4.6	14.0	0.6	16.5
UnionBk	Accumulate	226	238	5.6	0.9	0.9	5.2	5.2	0.8	17.0
UtdBk	Accumulate	74	82	10.3	0.6	0.7	4.5	11.7	0.6	13.8
VijBk	Neutral	61	-	-	0.8	-	7.5	(3.2)	0.4	10.5

Source: Company, Angel Research; Note: *Target multiples=SOTP Target Price/ABV (including subsidiaries), #Without adjusting for SASF

Income statement

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
Net Interest Income	8,202	9,092	8,114	9,017	10,289	12,538
- YoY Growth (%)	23.6	10.9	(10.8)	11.1	14.1	21.9
Other Income	8,879	7,783	7,478	6,648	7,307	9,270
- YoY Growth (%)	27.5	(12.3)	(3.9)	(11.1)	9.9	26.9
Operating Income	17,081	16,875	15,592	15,665	17,596	21,808
- YoY Growth (%)	25.6	(1.2)	(7.6)	0.5	12.3	23.9
Operating Expenses	8,154	7,045	5,860	6,617	7,746	9,261
- YoY Growth (%)	21.9	(13.6)	(16.8)	12.9	17.1	19.6
Pre - Provision Profit	8,926	9,830	9,732	9,048	9,850	12,548
- YoY Growth (%)	29.2	10.1	(1.0)	(7.0)	8.9	27.4
Prov. & Cont.	3,870	5,048	4,390	2,290	1,431	1,562
- YoY Growth (%)	18.6	30.4	(13.0)	(47.8)	(37.5)	9.1
Profit Before Tax	5,056	4,782	5,342	6,758	8,419	10,986
- YoY Growth (%)	38.7	(5.4)	11.7	26.5	24.6	30.5
Prov. for Taxation	898	1,359	1,317	1,606	2,202	3,154
- as a % of PBT	17.8	28.4	24.7	23.8	26.2	28.7
PAT	4,158	3,423	4,025	5,151	6,217	7,832
- YoY Growth (%)	33.7	(17.7)	17.6	28.0	20.7	26.0

Balance sheet

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
Share Capital	1,463	1,463	1,465	1,502	1,502	1,502
- Equity	1,113	1,113	1,115	1,152	1,152	1,152
- Preference	350	350	350	350	350	350
Reserve & Surplus	45,358	48,420	50,503	53,939	57,411	61,854
Deposits	244,431	218,348	202,017	225,602	270,723	335,696
- Growth (%)	6.0	(10.7)	(7.5)	11.7	20.0	24.0
Borrowings	65,648	67,324	60,947	72,813	90,130	115,516
Tier 2 Capital	20,750	25,482	32,967	36,391	37,119	37,862
Other Liab. & Prov.	22,145	18,265	15,501	15,987	17,921	23,589
Total Liabilities	399,795	379,301	363,400	406,234	474,806	576,019
Cash Balances	29,378	17,536	27,514	20,907	20,304	21,820
Bank Balances	8,664	12,430	11,359	13,183	15,482	18,876
Investments	111,454	103,058	120,893	134,686	161,268	191,620
Advances	225,616	218,311	181,206	216,366	253,148	313,904
- Growth (%)	15.2	(3.2)	(17.0)	19.4	17.0	24.0
Fixed Assets	4,109	3,802	3,213	4,744	5,405	6,392
Other Assets	20,575	24,164	19,215	16,347	19,199	23,407
Total Assets	399,795	379,301	363,400	406,234	474,806	576,019
- Growth (%)	14.9	(6.3)	(4.4)	12.1	17.4	21.9

Ratio analysis

Y/E March	FY08	FY09	FY10	FY11	FY12E	FY13E
Profitability ratios (%)						
NIMs	2.4	2.6	2.4	2.6	2.5	2.6
Cost to Income Ratio	47.7	41.7	37.6	42.2	44.0	42.5
RoA	0.8	0.9	1.0	1.3	1.4	1.4
RoE	10.3	9.2	9.7	11.7	13.3	15.4
B/S ratios (%)						
CASA Ratio	26.1	28.7	41.7	45.1	46.3	45.5
Credit/Deposit Ratio	92.3	100.0	89.7	95.9	93.5	93.5
CAR	14.0	14.6	17.9	18.2	17.1	15.0
- Tier I	11.8	11.1	12.9	12.4	10.5	9.4
Asset Quality (%)						
Gross NPAs	3.6	4.3	5.1	4.5	4.5	4.3
Net NPAs	1.5	2.1	2.1	1.1	1.1	1.1
Slippages	1.9	2.2	1.5	1.5	1.5	1.5
Loan Loss Prov. /Avg. Assets	0.7	1.0	1.2	0.5	0.3	0.2
Provision Coverage	58.2	52.8	59.5	76.0	77.0	75.0
Per Share Data (₹)						
EPS	37.4	30.7	36.1	44.7	54.0	68.0
ABVPS (75% cover.)	405.0	425.7	449.8	478.3	508.4	547.0
DPS	11.0	11.0	12.0	14.0	18.0	22.5
Valuation Ratios						
PER (x)	24.9	30.3	25.8	20.8	17.2	13.7
P/ABVPS (x)	2.3	2.2	2.1	1.9	1.8	1.7
Dividend Yield	1.2	1.2	1.3	1.5	1.9	2.4
DuPont Analysis						
NII	2.2	2.4	2.3	2.4	2.4	2.4
(-) Prov. Exp.	1.1	1.3	1.2	0.6	0.3	0.3
Adj. NII	1.2	1.1	1.0	1.8	2.1	2.1
Treasury	0.2	0.5	0.2	(0.1)	(0.0)	0.0
Int. Sens. Inc.	1.4	1.5	1.2	1.7	2.0	2.2
Other Inc.	1.9	1.6	1.8	1.7	1.6	1.7
Op. Inc.	3.3	3.1	3.0	3.5	3.7	3.9
Opex	2.2	1.9	1.6	1.8	1.8	1.8
PBT	1.1	1.3	1.4	1.7	1.9	2.1
Taxes	0.2	0.4	0.4	0.4	0.5	0.6
RoA	0.8	0.9	1.0	1.3	1.4	1.4
Leverage	12.6	10.1	9.5	9.2	9.8	10.7
RoE	10.3	9.2	9.7	11.7	13.3	15.4

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1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	Yes
4. Broking relationship with company covered	No

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Ratings (Returns):	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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