

ICICI Bank

Performance Highlights

Particulars (₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)
NII	3,371	3,193	5.6	2,506	34.5
Pre-prov. profit	3,193	2,949	8.3	2,354	35.7
PAT	1,956	1,815	7.8	1,503	30.1

Source: Company, Angel Research

ICICI Bank reported a strong performance for 2QFY2013, with a 30.1% growth in net profit, which was slightly above our estimates. The growth in earnings came largely on account of a solid operating performance, with 35.7% yoy higher pre provisioning profits. **We maintain our Buy rating on the stock.**

Overall NIMs flattish sequentially; Slippages higher for 2QFY2013: During 2QFY2013, the advances of the bank increased by 17.6% yoy (2.5% qoq), aided by a strong 38.5% yoy (16.8% qoq) growth in the corporate book and a 25.1% yoy growth (3.3% qoq decline) in the small and medium enterprise (SME) book. Deposits accretion remained moderate with a growth of 14.8% yoy. The growth in current account – savings account (CASA) deposits, in line with industry trends, was moderate at 10.9% yoy. While savings bank deposits increased by 14.9% yoy, the current account deposits managed to grow only by a muted 2.4% yoy. The reported overall NIM remained flat sequentially at 3.0%, mainly on account of lower international NIMs (1.2% compared to 1.6% in 1QFY2013) despite a 10bp qoq improvement in domestic NIMs. During 2QFY2013, the non-interest income excluding treasury for the bank increased by a muted 2.8% yoy to ₹1,871cr, on the back of continued trends of moderation in the fee income. The bank registered a treasury gain of ₹172cr compared to a loss of ₹80cr in 2QFY2012 on account of proprietary trading gains and nil losses on its security receipt portfolio. During 2QY2013, the annualized slippages ratio for the bank stood at 1.9%, compared to 1.4% in 1QFY2013 and 1.5% in 2QFY2012. The slippages for the quarter stood at ₹1,220cr, of which ₹500cr was on account of the Deccan Chronicle account.

Outlook and valuation: The bank's substantial branch expansion in the past three to four years 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 a 21.7% CAGR in net profit over FY2012-14E and enable a RoE of 15.7% by FY2014E (with further upside from financial leverage). At the current market price, the bank's core banking business (after adjusting ₹153/share towards value of the subsidiaries) is trading at 1.8x FY2014E ABV (including subsidiaries, the stock is trading at 1.7x FY2014E ABV). We value the bank's subsidiaries at ₹153/share and the core bank at ₹1,117/share (2.2x FY2014E ABV). **We maintain our Buy rating on the stock with a target price of ₹1,270.**

Key financials (Standalone)

Y/E March (₹ cr)	FY2011	FY2012	FY2013E	FY2014E
NII	9,017	10,734	13,870	16,651
% chg	11.1	19.0	29.2	20.1
Net profit	5,151	6,465	7,982	9,577
% chg	40.9	25.5	23.5	20.0
NIM (%)	2.6	2.7	3.0	3.0
EPS (₹)	44.7	56.1	69.2	83.1
P/E (x)	24.1	19.2	15.6	13.0
P/ABV (x)	2.3	2.1	1.9	1.7
RoA (%)	1.3	1.3	1.4	1.5
RoE (%)	11.7	12.8	14.2	15.7

Source: Company, Angel Research

BUY

CMP	₹1,078
Target Price	₹1,270

Investment Period	12 Months
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Stock Info

Sector	Banking
Market Cap (₹ cr)	123,950
Beta	1.3
52 Week High / Low	1102/641
Avg. Daily Volume	430946
Face Value (₹)	10
BSE Sensex	18,624
Nifty	5,664
Reuters Code	ICBK.BO
Bloomberg Code	ICICIBC@IN

Shareholding Pattern (%)

Promoters	-
MF / Banks / Indian FIs	25.4
FII / NRIs / OCBs	36.6
Indian Public / Others	38.1

Abs. (%)	3m	1yr	3yr
Sensex	8.6	7.7	11.3
ICICI Bank	28.6	23.7	21.1

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Exhibit 1: 2QFY2013 performance (Standalone)

Particulars (₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)	1HFY13	1HFY12	% chg (yoy)
Interest earned	9,546	9,175	4.0	7,619	25.3	33,543	25,974	29.1
- on Advances / Bills	6,456	6,128	5.3	4,935	30.8	22,130	16,425	34.7
- on investments	2,702	2,615	3.3	2,251	20.0	9,684	7,905	22.5
- on balance with RBI & others	124	128	(3.4)	114	8.6	491	367	33.9
- on others	264	303	(12.8)	319	(17.0)	1,238	1,277	(3.1)
Interest Expended	6,353	6,070	4.7	5,208	22.0	22,809	16,957	34.5
Net Interest Income	3,193	3,105	2.8	2,411	32.4	10,734	9,017	19.0
Other income	1,880	2,228	(15.6)	1,643	14.4	7,503	6,648	12.9
Other income excl. treasury	1,901	2,070	(8.2)	1,668	14.0	7,515	6,863	9.5
- Fee income	1,647	1,728	(4.7)	1,578	4.4	6,707	6,419	4.5
- Treasury income	(21)	158	(113.3)	(25)	(16.0)	(12)	(215)	(94.4)
- Other income	254	342	(25.9)	90	182.5	808	444	82.1
Operating income	5,073	5,333	(4.9)	4,054	25.1	18,237	15,665	16.4
Operating expenses	2,124	2,222	(4.4)	1,820	16.7	7,850	6,617	18.6
- Employee expenses	987	1,103	(10.5)	733	34.7	3,515	2,817	24.8
- Other Opex	1,137	1,119	1.6	1,087	4.6	4,335	3,800	14.1
Pre-provision Profit	2,949	3,112	(5.2)	2,234	32.0	10,386	9,048	14.8
Provisions & Contingencies	466	469	(0.7)	454	2.6	1,583	2,287	(30.8)
PBT	2,483	2,642	(6.0)	1,780	39.5	8,803	6,761	30.2
Provision for Tax	668	741	(9.7)	448	49.2	2,338	1,609	45.3
PAT	1,815	1,902	(4.6)	1,332	36.2	6,465	5,151	45.3
Effective Tax Rate (%)	26.9	28.0	(111)bp	25.2	175bp	26.6	23.8	276bp

Source: Company, Angel Research

Exhibit 2: 2QFY2013 – Actual vs estimates

Particulars (₹ cr)	Actual	Estimates	Var. (%)
Net interest income	3,371	3,303	2.1
Other income	2,043	2,033	0.5
Operating income	5,414	5,336	1.5
Operating expenses	2,221	2,242	(1.0)
Pre-prov. profit	3,193	3,093	3.2
Provisions & cont.	508	484	4.9
PBT	2,685	2,609	2.9
Prov. for taxes	729	741	(1.6)
PAT	1,956	1,868	4.7

Source: Company, Angel Research

Exhibit 3: 2QFY2013 performance analysis (Standalone)

Particulars	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)
Balance sheet					
Advances (₹ cr)	275,076	268,430	2.5	233,952	17.6
Deposits (₹ cr)	281,438	267,794	5.1	245,092	14.8
Credit-to-Deposit Ratio (%)	97.7	100.2	(250)bp	95.5	228bp
Current deposits (₹ cr)	33,800	30,754	9.9	32,997	2.4
Saving deposits (₹ cr)	80,618	77,923	3.5	70,149	14.9
CASA deposits (₹ cr)	114,418	108,677	5.3	103,146	10.9
CASA ratio (%)	40.7	40.6	7bp	42.1	(143)bp
CAR (%)	18.3	18.5	(26)bp	19.0	(71)bp
Tier 1 CAR (%)	12.8	12.8	5bp	13.1	(31)bp
Profitability Ratios (%)					
Reported NIM	3.0	3.0	(1)bp	2.7	26bp
Cost-to-income ratio	41.0	41.9	(84)bp	44.6	(355)bp
Asset quality					
Gross NPAs (₹ cr)	10,036	9,817	2.2	10,021	0.2
Gross NPAs (%)	3.5	3.5	0bp	4.1	(60)bp
Net NPAs (₹ cr)	2,134	1,905	12.0	2,184	(2.3)
Net NPAs (%)	0.8	0.7	7bp	0.9	(15)bp
Provision Coverage Ratio (%)	78.7	80.6	(190)bp	78.2	50bp
Provision exps. to avg. assets (%)	0.4	0.4	3bp	0.3	12bp

Source: Company, Angel Research

Overall margins remain stable

During 2QFY2013, the advances of the bank increased by 17.6% yoy (2.5% qoq), aided by a strong 38.5% yoy (16.8% qoq) growth in the corporate book and a 25.1% yoy growth (3.3% qoq decline) in the SME book. The increase in the corporate portfolio was partly due to maturities of inter-bank participation certificates issued in the previous quarters (adjusted growth at 27% yoy).

Overseas loans declined by 5.6% qoq on account of rupee appreciation during the quarter. In dollar terms the overseas book was flat on a sequential basis. Rural segment loan growth was muted at 6.6% yoy (down by 9.5% qoq).

The growth in the retail portfolio remained moderate at 13.9% yoy, especially considering the growth in this segment for other private sector banks. The retail advances as a proportion of the overall loan book came at 33.9% as of 2QFY2013 compared to 35.0% as of 2QFY2012 and 34.0% as of 1QFY2013.

Deposits accretion remained moderate with a growth of 14.8% yoy. The growth in CASA deposits, in line with industry trends, was moderate at 10.9% yoy. While savings bank deposits increased by 14.9% yoy, the current account deposits managed to grow only by a muted 2.4% yoy. The CASA ratio as of 2QFY2013 stood at 40.7%, lower than 42.1% as in 2QFY2012. The average CASA during the quarter was 37.5%. The management has guided for an improvement in the average CASA balances to 38-40% for FY2013.

The reported overall NIM remained flat sequentially at 3.0%, mainly on account of lower international NIMs (1.2% compared to 1.6% in 1QFY2013) despite a 10bp

qoq improvement in domestic NIMs. The qoq decline in international NIMs was primarily on account of the excess liquidity maintained in the international business to meet bond redemptions, pending deployment of the proceeds of the recent foreign currency bond issuances and upfront expenses on these bond issuances taken during the current quarter.

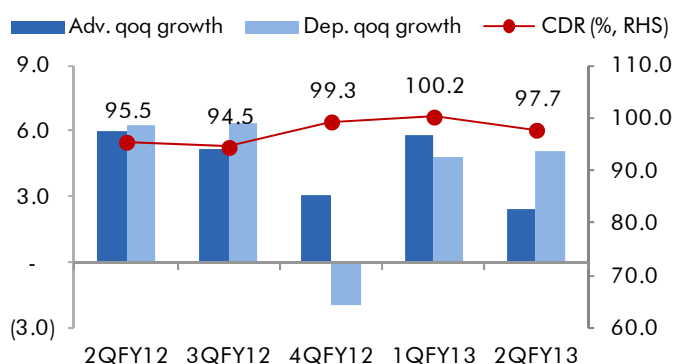
Going ahead, the management expects the bank's domestic loan book to grow by ~20% in FY2013 mainly driven by a growth in the retail portfolio and continued off-take out of the past project sanctions and working capital demand in the corporate segment. The management expects international NIMs to pick up once again from here and move towards the 1.5% mark for the coming quarters. Also the bank has a clear strategy of focusing on margins rather than chasing balance sheet growth and hence has guided for a healthy overall margin of 3.0% for FY2013.

Exhibit 4: Corporate book driving loan growth

Particulars (₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)	% to total
Rural	18,705	20,669	(9.5)	17,546	6.6	6.8
Overseas	70,970	75,160	(5.6)	66,910	6.1	25.8
Corporate	78,397	67,107	16.8	56,616	38.5	28.5
SME	13,754	14,227	(3.3)	10,996	25.1	5.0
Retail	93,251	91,266	2.2	81,883	13.9	33.9
- Housing	61,359	59,506	3.1	55,107	11.3	22.3
- Vehicle	25,644	25,828	(0.7)	20,716	23.8	9.3
- Personal	933	1,004	(7.1)	1,228	(24.1)	0.3
- Credit cards	2,611	2,555	2.2	2,538	2.9	0.9
- Other retail	2,704	2,373	14.0	2,293	17.9	1.0
Total Advances	275,076	268,430	2.5	233,952	17.6	100.0

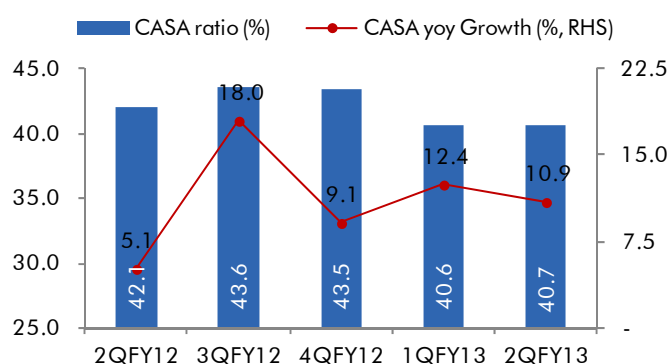
Source: Company, Angel Research

Exhibit 5: Trend in business growth

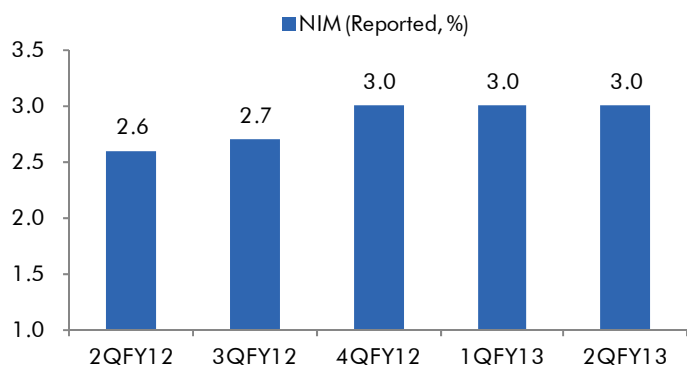


Source: Company, Angel Research

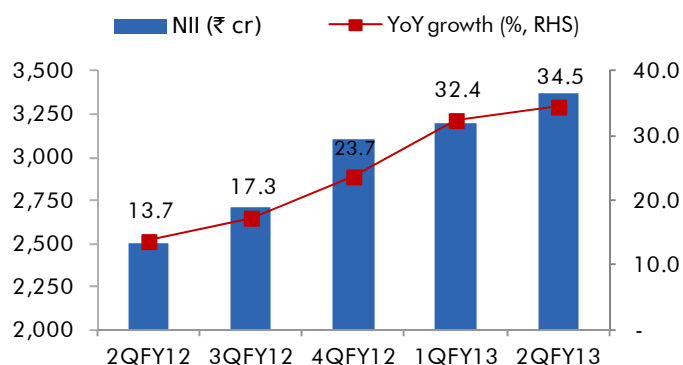
Exhibit 6: CASA ratio declines on subdued CA deposits



Source: Company, Angel Research

Exhibit 7: Reported overall NIMs stable


Source: Company, Angel Research

Exhibit 8: Increasing NII growth


Source: Company, Angel Research

Fee income moderation continues

During 2QFY2013, the non-interest income for the bank excluding treasury increased by a muted 2.8% yoy to ₹1,871cr, on back of continued trends of moderation in the fee income. The bank earns ~50% of its fee income from its retail asset franchise, while 40% comes from the corporate segment. The bank's retail asset growth has been on the lower side and hence the retail fee income has remained subdued for the bank. A decline in corporate activities due to a sluggish economic growth environment has led to slowness in the corporate fee segment as well.

The bank registered a treasury gain of ₹172cr compared to a loss of ₹80cr in 2QFY2012 on account of proprietary trading gains and nil losses on its security receipt portfolio. The management does not expect any significant losses on the bank's security receipt portfolio going forward. Other income of the bank increased to ₹162cr, higher than the ₹120cr in 2QFY2012, primarily on account of higher dividend received from the subsidiaries (no dividend payout by ICICI life in 2QFY2012).

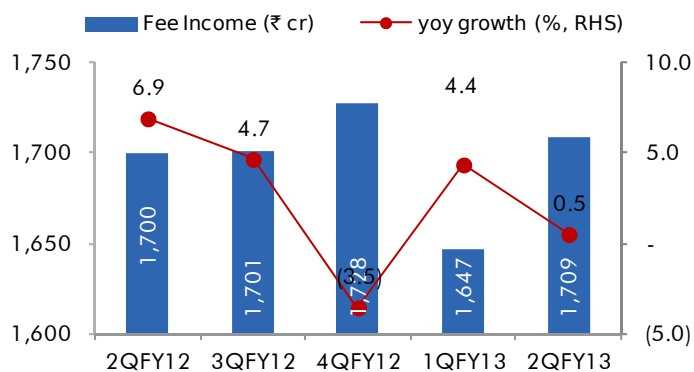
As per the management the bank is starting to witness traction in granular fee income streams such as transaction banking and retail asset fees. However, overall the management has still guided for a subdued fee income during FY2013 and as such improving fee income performance in the coming quarters remains an endeavor for the management.

Exhibit 9: Treasury income strong for 2QFY2013

Particulars (₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)
Fee income	1,709	1,647	3.8	1,700	0.5
Treasury	172	(21)	-	(80)	-
Others	162	254	(36.2)	120	35.5
Other income	2,043	1,880	8.7	1,740	17.4
Other income excl. treasury	1,871	1,901	(1.6)	1,820	2.8

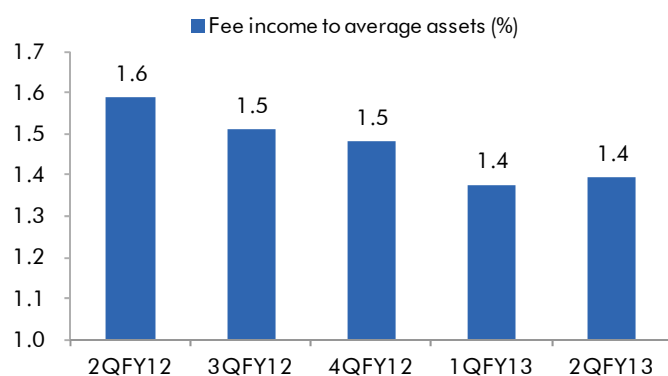
Source: Company, Angel Research

Exhibit 10: Fee income moderation continues



Source: Company, Angel Research

Exhibit 11: Still healthy share of fee income in RoA



Source: Company, Angel Research

Slippages higher on account of a large media account

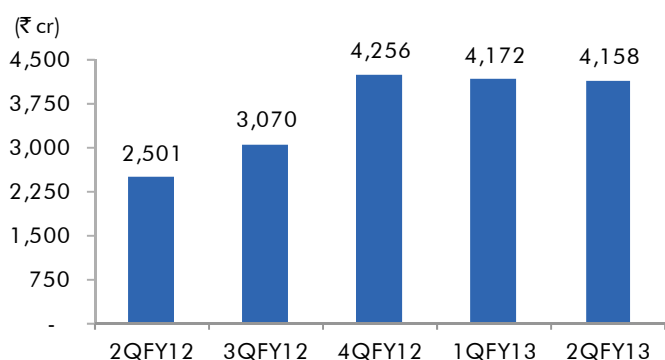
During 2QY2013, the annualized slippages ratio for the bank stood at 1.9%, compared to 1.4% in 1QFY2013 and 1.5% in 2QFY2012. The slippages for the quarter stood at ₹1,220cr, of which ₹500cr was on account of the Deccan Chronicle account. The bank provided 85% (₹425cr) of the loan exposure to this account in 2QFY2012 and hence does not accept any material impact on the provisioning expenses from this account going forward.

Despite heavy provisioning on the Deccan Chronicle account, the bank's provisioning expenses were contained at ₹508cr for 2QFY2012 due to near zero incremental general provisioning and better than anticipated recoveries and upgrades of NPAs on the retail side.

As of 2QFY2013 the gross NPA ratio stands at 3.5% (3.5% in 1QFY2013), while the net NPA ratio stands at 0.8% (0.7% in 1QFY2013). The PCR for the bank as of 2QFY2013 stands healthy at 78.7%.

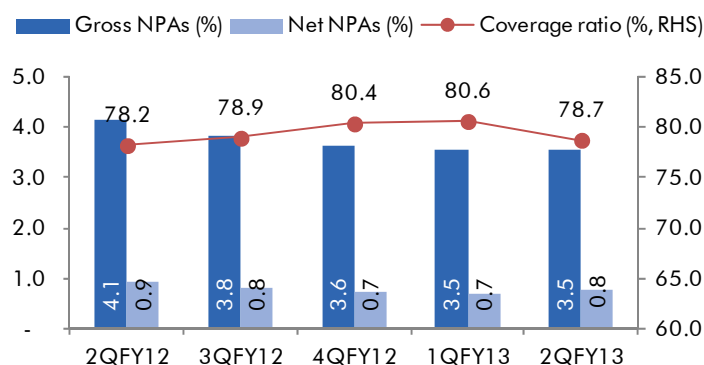
The bank restructured an additional ~₹139cr worth of accounts during the quarter. The restructured book of the bank as of 2QFY2013 stands at ₹4,158cr. The management expects the restructuring pipeline to be ~₹500cr. Further, they have maintained their guidance for credit cost (including standard asset provisioning) to be 75bp for FY2013.

Exhibit 12: O/s Restructured book trends



Source: Company, Angel Research

Exhibit 13: Asset quality trends



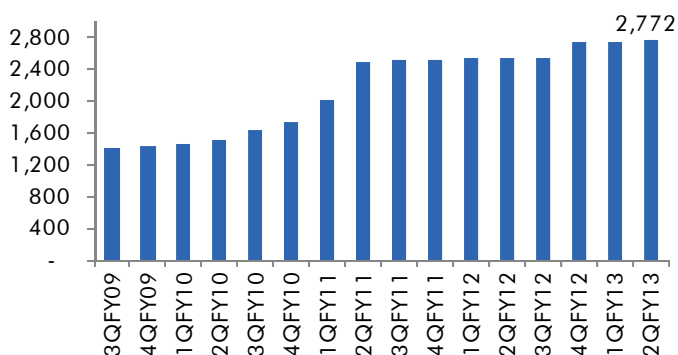
Source: Company, Angel Research

Under-leveraged branch network

The number of branches for the bank has almost doubled over the past three years. The branch network improvement was partly aided by the merger with the Bank of Rajasthan. This extensive pan India network of 2,772 branches as of 2QFY2013 is under-leveraged, as reflected in the falling CASA deposits/branch of ~₹41cr compared to ₹65cr as of 3QFY2008 and the total assets/branch of ₹179cr compared to ₹394cr as of 3QFY2008.

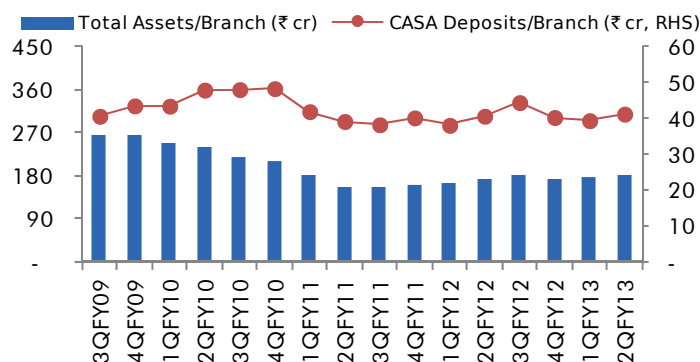
The management plans to add 200-250 branches in the current year. Going forward, we expect the bank to leverage this network to further grow its CASA market share.

Exhibit 14: Strong branch network...



Source: Company, Angel Research

Exhibit 15: Room for improvement in business per branch



Source: Company, Angel Research

Overview of performance of subsidiaries

- The consolidated net profit for 2QFY2013 rose by a healthy 20.0% yoy to ₹2,390cr.
- The consolidated reported RoE for 2QFY2013 improved to 14.8% from 13.7% in 2QFY2012. The overseas subsidiaries of the bank (viz ICICI Bank Canada and ICICI Bank UK) remain over capitalized, reflecting bank's strategy of consolidating their operations (CAR in excess of 33% in both). Profitability wise, both witnessed a strong performance with ICICI Bank UK reporting a profit growth of 95.5% and ICICI Bank Canada reporting a profit growth of 134.6%.
- ICICI Prudential Life reported a PAT of ₹396cr for 2QFY2013, registering a growth of 13.8% yoy and maintained its leadership position with a market share of 5.8% (April-August 2012) based on new retail weighted received premium. The bank has been receiving dividend from ICICI Life from 3QFY2012 and the dividends are expected to recur in the forthcoming quarters as well.
- ICICI Lombard General Insurance reported a PAT of ₹101cr for 2QFY2013 compared to ₹56cr in 2QFY2012.
- ICICI Home Finance reported a PAT of ₹53cr for 2QFY2013, which was lower by 4.9% on a yoy basis.
- The 2QFY2013 performance of other smaller subsidiaries was healthy, apart from ICICI Securities. ICICI Securities reported a PAT decline of ₹55.6% yoy to ₹8cr. ICICI Venture doubled its PAT on a yoy basis to ₹6cr, while ICICI Securities PD registered a strong 58.8% yoy growth in its PAT. The performance of ICICI AMC was reasonably healthy, as its reported PAT grew by 15.0% yoy.

Exhibit 16: Performance of subsidiaries

Subsidiary	Parameter	2QFY13	2QFY12	% chg
ICICI Bank UK	PAT (USD mn)	4.3	2.2	95.5
ICICI Bank Canada	PAT (CAD mn)	12.2	5.2	134.6
ICICI Bank Eurasia	PAT (USD mn)	2.0	2.2	(9.1)
ICICI Home Finance	PAT (₹ cr)	53	56	(4.9)
ICICI Prudential Life Insurance	APE (₹ cr)	781	738	5.8
	NBP (₹ cr)	131	95	37.9
	NBP margin (%)	15.0	16.0	(6.3)
	AuM (₹ cr)	73,521	64,849	13.4
	PAT (₹ cr)	396	350	13.8
ICICI Lombard Gen. Insurance	Gross Premium (₹ cr)	1,517	1,306	16.2
	PAT (₹ cr)	101	56	80.4
ICICI Securities	PAT (₹ cr)	8	18	(55.6)
ICICI Securities PD	PAT (₹ cr)	27	17	58.8
ICICI Venture	PAT (₹ cr)	6	3	100.0
ICICI Prudential AMC	PAT (₹ cr)	23	20	15.0

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 2,772 branches by 2QFY2013, and strong capital adequacy, at 18.3% (Tier-I at 12.8%) have positioned it to gain both CASA and credit market share, respectively. In fact, the bank has again been gaining market share in savings accounts since FY2010. Over FY2010-12, the bank improved its market share of savings deposits by 14bp, capturing a substantial 5.6% incremental market share.

Improved deposit mix to lead to better NIM

The bank's strategic transformation has expectedly resulted in a significantly better balance sheet and earnings quality. The distinguishing feature of the bank's performance in FY2010 was the improvement in the CASA ratio to above 42.1% (transformative considering that the ratio was as low as 22% at the end of FY2007 and 29% even as recently as FY2009). The CASA ratio has remained healthy at 40.7% even in 2QFY2013. Apart from the paradigm shift in the deposit mix reflected in its 40.7% 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.

Asset quality trends remain healthy

The bank's asset quality continues to show further improvement, with a stable to declining trend in additions to gross as well as net NPAs. The slippage ratio of the bank has remained comfortable so far. For 2QFY2013 the annualized gross slippages ratio was higher at ~1.9% due to ₹500cr worth of exposure to Deccan Chronicle being classified as NPA. Also, the bank has maintained a comfortable provision coverage ratio of 78.7% as of 2QFY2013. The restructured book has remained stable over FY2013 and for 2QFY2013 was lower than the levels witnessed as of FY2012 end.

The reduction in risk profile of advances has expectedly resulted in a commensurate decline in NPA provisioning costs and reflected in improved RoA from 1.0% in FY2010 to 1.3% in FY2012. Further, the management expects to improve its RoA to 1.7% by FY2014E.

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 three to four years 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 a 21.7% CAGR in net profit over FY2012-14E and enable a RoE of 15.7% by FY2014E (with further upside from financial leverage).

At the current market price, the bank's core banking business (after adjusting ₹153/share towards value of the subsidiaries) is trading at 1.8x FY2014E ABV (including subsidiaries, the stock is trading at 1.7x FY2014E ABV). We value the bank's subsidiaries at ₹153/share and the core bank at ₹1,117/share (2.2x FY2014E ABV). **We maintain our Buy rating on the stock with a target price of ₹1,270.**

Exhibit 17: SOTP valuation summary

Particulars	Target multiple	Value/share (₹)
ICICI Bank	2.2x FY2014E ABV	1,117
Life Insurance	16.0x FY2014E NBP	76
General Insurance	10x FY2012 PAT	14
Others (Home Fin, AMC, VC, Securities Securities PD and Overseas subsidiaries)		64
SOTP value		1,270

Source: Angel Research

Exhibit 18: Key assumptions

Particulars (%)	Earlier estimates		Revised estimates	
	FY2013	FY2014	FY2013	FY2014
Credit growth	20.0	22.0	18.0	22.0
Deposit growth	16.0	22.0	16.0	22.0
CASA ratio	43.1	42.5	42.2	41.5
NIMs	2.9	3.0	3.0	3.0
Other income growth	14.2	21.5	10.0	20.1
Growth in staff expenses	21.0	21.0	19.0	20.0
Growth in other expenses	17.0	17.0	17.0	17.0
Slippages	1.5	1.6	1.6	1.7
Treasury gain/(loss) (% of investments)	80.0	77.0	77.5	75.0

Source: Angel Research

Exhibit 19: Change in estimates

Particulars (₹ cr)	FY2013			FY2014		
	Earlier estimates	Revised estimates	Var. (%)	Earlier estimates	Revised estimates	Var. (%)
NII	13,653	13,870	1.6	16,408	16,651	1.5
Non-interest income	8,650	8,401	(2.9)	10,447	10,039	(3.9)
Operating income	22,304	22,271	(0.1)	26,855	26,690	(0.6)
Operating expenses	9,326	9,255	(0.8)	11,081	10,954	(1.1)
Pre-prov. profit	12,978	13,015	0.3	15,774	15,736	(0.2)
Provisions & cont.	1,937	2,023	4.4	2,285	2,440	6.8
PBT	11,041	10,992	(0.4)	13,488	13,296	(1.4)
Prov. for taxes	3,137	3,011	(4.0)	4,033	3,720	(7.8)
PAT	7,904	7,982	1.0	9,456	9,577	1.3

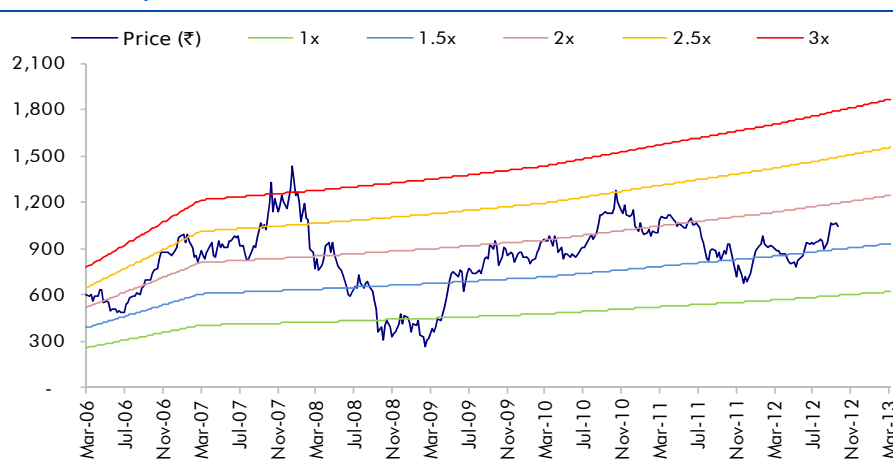
Source: Angel Research

Exhibit 20: Angel EPS forecast vs consensus

Year (₹)	Angel forecast	Bloomberg consensus	Var. (%)
FY2013E	69.2	67.6	2.4
FY2014E	83.1	79.7	4.3

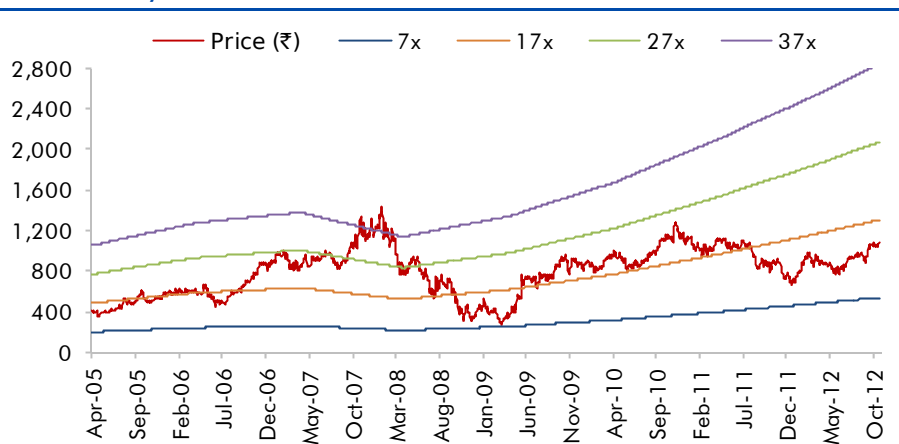
Source: Bloomberg, Angel Research

Exhibit 21: P/ABV band

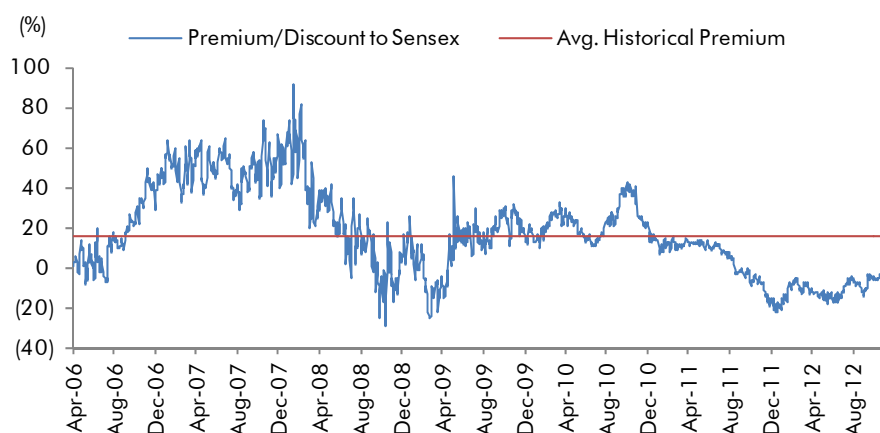


Source: Company, Angel Research

Exhibit 22: P/E band



Source: Company, Angel Research

Exhibit 23: ICICI Bank – Premium/Discount to the Sensex


Source: Bloomberg, Angel Research

Exhibit 24: Recommendation summary

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2014E P/ABV (x)	FY2014E Tgt. P/ABV (x)	FY2014E P/E (x)	FY2012-14E EPS CAGR (%)	FY2014E RoA (%)	FY2014E RoE (%)
AxisBk	Buy	1,231	1,476	20	1.7	2.0	8.9	16.0	1.6	20.2
FedBk	Neutral	488	-	-	1.2	-	9.4	6.7	1.1	13.3
HDFCBk	Neutral	637	-	-	3.6	-	17.7	27.9	1.9	22.0
ICICIBk*	Buy	1,078	1,270	18	1.7	2.0	13.0	21.7	1.5	15.7
SIB	Accumulate	22	25	13	0.9	1.1	5.7	4.2	0.9	16.9
YesBk	Buy	413	492	19	2.1	2.5	9.8	23.5	1.5	23.5
AllBk	Neutral	135	-	-	0.5	-	3.6	(0.4)	0.9	15.7
AndhBk	Reduce	108	97	(10)	0.7	0.6	4.4	1.0	0.9	15.3
BOB	Accumulate	761	860	13	0.9	1.0	5.5	6.4	1.0	17.0
BOI	Accumulate	287	319	11	0.7	0.8	4.2	20.8	0.8	16.3
BOM	Neutral	53	-	-	0.7	-	4.4	38.9	0.7	16.1
CanBk	Accumulate	424	449	6	0.8	0.8	5.0	7.2	0.9	15.3
CentBk	Neutral	71	-	-	0.7	-	3.4	100.1	0.6	14.7
CorpBk	Accumulate	405	447	10	0.7	0.7	4.0	(2.2)	0.8	15.1
DenaBk	Neutral	106	-	-	0.7	-	4.4	3.1	0.8	15.9
IDBI#	Accumulate	96	108	13	0.6	0.7	4.2	20.1	0.9	14.4
IndBk	Neutral	178	-	-	0.6	-	4.3	2.8	1.1	16.3
IOB	Neutral	75	-	-	0.5	-	3.7	24.5	0.6	13.3
J&KBk	Neutral	1,149	-	-	1.0	-	6.1	6.5	1.3	17.7
OBC	Neutral	309	-	-	0.7	-	4.7	29.0	0.9	14.4
PNB	Accumulate	749	843	13	0.8	0.9	4.6	6.8	1.0	17.3
SBI*	Accumulate	2,173	2,353	8	1.4	1.5	8.4	21.7	1.0	17.7
SynBk	Neutral	119	-	-	0.7	-	4.4	11.5	0.7	16.6
UcoBk	Neutral	76	-	-	0.8	-	4.6	7.9	0.6	14.4
UnionBk	Accumulate	206	226	10	0.7	0.8	4.4	19.8	0.8	16.3
UtdBk	Buy	65	78	19	0.5	0.6	2.9	20.7	0.7	16.2
VijBk	Neutral	55	-	-	0.7	-	4.8	12.1	0.5	13.0

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

Company Background

ICICI Bank is India's largest private sector bank, with a 5.5% market share in credit. The bank has a pan-India extensive network of 2,750+ branches and 9,350+ ATMs as well as large overseas presence (overseas loans comprise 27% of total loans). The bank also has market-leading subsidiaries in life insurance, general insurance and asset management.

Income statement (Standalone)

Y/E March (₹ cr)	FY09	FY10	FY11	FY12	FY13E	FY14E
Net Interest Income	9,092	8,114	9,017	10,734	13,870	16,651
- YoY Growth (%)	10.9	(10.8)	11.1	19.0	29.2	20.1
Other Income	7,783	7,108	6,648	7,503	8,401	10,039
- YoY Growth (%)	(12.3)	(8.7)	(6.5)	12.9	12.0	19.5
Operating Income	16,875	15,223	15,665	18,237	22,271	26,690
- YoY Growth (%)	(1.2)	(9.8)	2.9	16.4	22.1	19.8
Operating Expenses	7,045	5,860	6,617	7,850	9,255	10,954
- YoY Growth (%)	(13.6)	(16.8)	12.9	18.6	17.9	18.4
Pre - Provision Profit	9,830	9,363	9,048	10,386	13,015	15,736
- YoY Growth (%)	10.1	(4.7)	(3.4)	14.8	25.3	20.9
Prov. & Cont.	5,048	4,390	2,290	1,589	2,023	2,440
- YoY Growth (%)	30.4	(13.0)	(47.8)	(30.6)	27.3	20.6
Profit Before Tax	4,782	4,973	6,758	8,797	10,992	13,296
- YoY Growth (%)	(5.4)	4.0	35.9	30.2	25.0	21.0
Prov. for Taxation	1,359	1,317	1,606	2,332	3,011	3,720
- as a % of PBT	28.4	26.5	23.8	26.5	27.4	28.0
PAT	3,423	3,656	5,151	6,465	7,982	9,577
- YoY Growth (%)	(17.7)	6.8	40.9	25.5	23.5	20.0

Balance sheet (Standalone)

Y/E March (₹ cr)	FY09	FY10	FY11	FY12	FY13E	FY14E
Share Capital	1,463	1,465	1,502	1,503	1,503	1,503
- Equity	1,113	1,115	1,152	1,153	1,153	1,153
- Preference	350	350	350	350	350	350
Reserve & Surplus	48,420	50,503	53,939	59,252	64,469	70,701
Deposits	218,348	202,017	225,602	255,500	296,380	361,584
- Growth (%)	(10.7)	(7.5)	11.7	13.3	16.0	22.0
Borrowings	67,324	63,447	72,813	102,200	125,738	152,541
Tier 2 Capital	25,482	30,467	36,391	37,615	36,674	35,757
Other Liab. & Prov.	18,265	15,501	15,987	17,577	20,030	23,624
Total Liabilities	379,301	363,400	406,234	473,647	544,795	645,710
Cash Balances	17,536	27,514	20,907	20,461	20,006	21,695
Bank Balances	12,430	11,359	13,183	15,768	18,172	21,589
Investments	103,058	120,893	134,686	159,560	179,570	204,494
Advances	218,311	181,206	216,366	253,728	299,399	365,266
- Growth (%)	(3.2)	(17.0)	19.4	17.3	18.0	22.0
Fixed Assets	3,802	3,213	4,744	4,615	5,159	5,945
Other Assets	24,164	19,215	16,347	19,515	22,490	26,720
Total Assets	379,301	363,400	406,234	473,647	544,795	645,710
- Growth (%)	(6.3)	(4.4)	12.1	17.1	15.2	18.8

Ratio analysis (Standalone)

Y/E March	FY09	FY10	FY11	FY12	FY13E	FY14E
Profitability ratios (%)						
NIMs	2.6	2.4	2.6	2.7	3.0	3.0
Cost to Income Ratio	41.7	38.5	42.2	43.0	41.6	41.0
RoA	0.9	1.0	1.3	1.3	1.4	1.5
RoE	9.2	9.7	11.7	12.8	14.2	15.7
B/S ratios (%)						
CASA Ratio	28.7	41.7	45.1	43.5	42.2	41.5
Credit/Deposit Ratio	100.0	89.7	95.9	99.3	101.0	101.0
CAR	15.5	19.4	19.5	18.5	18.0	15.9
- Tier I	11.8	14.0	13.2	12.7	11.8	10.8
Asset Quality (%)						
Gross NPAs	4.3	5.1	4.5	3.6	3.7	3.9
Net NPAs	2.1	2.1	1.1	0.7	0.9	1.1
Slippages	2.2	1.5	1.5	1.3	1.6	1.7
Loan Loss Prov. /Avg. Assets	1.0	1.2	0.5	0.2	0.4	0.4
Provision Coverage	52.8	59.5	76.0	80.4	77.5	75.0
Per Share Data (₹)						
EPS	30.7	32.8	44.7	56.1	69.2	83.1
ABVPS (75% cover.)	425.7	449.8	478.3	524.0	569.3	622.0
DPS	11.0	12.0	14.0	16.5	21.5	26.0
Valuation Ratios						
PER (x)	35.1	32.9	24.1	19.2	15.6	13.0
P/ABVPS (x)	2.5	2.4	2.3	2.1	1.9	1.7
Dividend Yield	1.0	1.1	1.3	1.5	2.0	2.4
DuPont Analysis						
NII	2.4	2.3	2.4	2.5	2.8	2.9
(-) Prov. Exp.	1.3	1.2	0.6	0.4	0.4	0.4
Adj. NII	1.1	1.0	1.8	2.1	2.4	2.4
Treasury	0.5	0.2	(0.1)	(0.0)	0.0	0.0
Int. Sens. Inc.	1.5	1.2	1.7	2.1	2.4	2.5
Other Inc.	1.6	1.8	1.7	1.6	1.5	1.5
Op. Inc.	3.1	3.0	3.5	3.7	3.9	4.0
Opex	1.9	1.6	1.8	1.8	1.9	1.9
PBT	1.3	1.4	1.7	1.9	2.0	2.1
Taxes	0.4	0.4	0.4	0.5	0.6	0.6
RoA	0.9	1.0	1.3	1.3	1.4	1.5
Leverage	10.1	9.5	9.2	9.6	10.0	10.7
RoE	9.2	9.7	11.7	12.8	14.2	15.7

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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	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

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