

BSE SENSEX 19,151
S&P CNX 5,743

Rs1,084

Buy

		YEAR	NET INC.	PAT	EPS	EPS	P/E	API/E*	ABV*	API/ABV*	CORE	ROAA
		END	(RS M)	(RS M)	(RS)	GR. (₹)	(X)	(X)	(RS)	(X)	ROAE (₹)	(₹)
Bloomberg	ICICIBCIN	3/10A	155,920	40,250	36.1	6.9	30.0	24.2	349	2.5	9.7	1.1
Equity Shares (m)	1,150.8	3/11E	157,167	52,035	45.2	25.2	24.0	19.4	367	2.4	12.0	1.3
52-Week Range (Rs)	1,277/773	3/12E	188,203	66,014	57.4	26.9	18.9	14.8	404	2.1	14.1	1.5
1,6,12 Rel.Perf.(%)	1/13/15	3/13E	226,527	78,384	68.1	18.7	15.9	12.1	448	1.8	15.1	1.5
M.Cap. (Rs b)	1,247.5											
M.Cap. (US\$ b)	27.4											

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

ICICI Bank's 3QFY11 PAT grew 31% YoY to Rs14.4b (5% higher than our estimate of Rs13.7b). Operating profit was in line with our estimate, but lower provisions and tax rate led to higher than expected PAT. Key highlights are:

- NIM was stable QoQ at 2.6%, led by higher CD ratio. While domestic NIM was stable at 3%, international business NIM was up ~5bp QoQ at 0.85%. NII grew 12% YoY and 5% QoQ to Rs23.2b (3% higher than our estimate).
- Loan growth picked up further and grew 6.5% QoQ and 15%+ YoY. YTD loans grew 14%, driven by higher disbursements in the corporate segment. For FY11, the bank is targeting ~18% growth, translating into ~4% QoQ growth in 4QFY11 (to moderate from current levels, with moderation in some of the bulky corporate loans).
- CASA grew 23% YoY (declined 2% QoQ) to Rs962b. On an average daily basis, CASA ratio stood at 40.3%.
- Fee income grew 2% QoQ and 14% YoY to Rs16.3b, driven by higher income from corporate and international business. We expect fee income growth to be in line with asset growth.
- Provisions declined 28% QoQ to Rs4.6b (v/s our expectation of Rs5b), led by stable asset quality. In 2QFY11, the bank had made excess provision of Rs4b to reach 70% PCR. PCR increased to ~72% v/s 69% a quarter ago. Credit cost during the quarter stood at ~0.9% of loans v/s 1.4% a quarter ago and 1.55% in 1HFY11.

Valuation and view: We have upgraded our earnings estimates by ~2% for FY11/12 to factor in higher loan growth. We expect ICICI Bank to report EPS of Rs45 in FY11, Rs57 in FY12 and Rs68 in FY13. BV would be Rs514 in FY12 and Rs559 in FY13. Adjusted for the value of subsidiaries (Rs233/share for FY12 and Rs263/share for FY13, post 20% holding company discount), the stock trades at 14.8x FY12E and 12.1x FY13E EPS, and 2.1x FY12E and 1.8x FY13E ABV (adjusted for investment in subsidiaries). Maintain **Buy**.

QUARTERLY PERFORMANCE

(RS MILLION)

	FY10				FY11				FY10	FY11E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	71,334	66,569	60,896	58,270	58,125	63,091	66,960	71,650	257,069	259,826
Interest Expense	51,482	46,209	40,315	37,920	38,215	41,047	43,842	48,218	175,926	171,323
Net Interest Income	19,853	20,361	20,581	20,349	19,911	22,044	23,117	23,432	81,144	88,504
% Change (Y-o-Y)	-5.0	-5.2	3.4	-4.9	0.3	8.3	12.3	15.1	-3.0	9.1
Other Income	20,899	18,238	16,731	18,908	16,805	15,779	17,488	18,591	74,777	68,664
Net Income	40,751	38,599	37,312	39,258	36,716	37,823	40,605	42,023	155,920	157,167
Operating Expenses	15,460	14,245	13,624	15,269	14,835	15,704	17,179	17,802	58,598	65,520
Operating Profit	25,291	24,353	23,688	23,989	21,881	22,119	23,426	24,221	97,322	91,647
% Change (Y-o-Y)	47.5	6.6	-14.5	11.3	-13.5	-9.2	-1.1	1.0	9.0	-5.8
Other Provisions	13,237	10,713	10,022	9,898	7,978	6,411	4,643	4,596	43,869	23,628
Profit before Tax	12,055	13,640	13,667	14,091	13,903	15,708	18,783	19,625	53,453	68,019
Tax Provisions	3,273	3,239	2,656	4,036	3,643	3,345	4,413	4,583	13,203	15,984
Net Profit	8,782	10,401	11,011	10,056	10,260	12,363	14,370	15,042	40,250	52,035
% Change (Y-o-Y)	20.6	2.6	-13.4	35.2	16.8	18.9	30.5	49.6	7.1	29.3
Interest Exp/Interest Income (%)	72.2	69.4	66.2	65.1	65.7	65.1	65.5	67.3	68.4	65.9
Other Income/Net Income (%)	51.3	47.3	44.8	48.2	45.8	41.7	43.1	44.2	48.0	43.7
Cost/Income Ratio (%)	37.9	36.9	36.5	38.9	40.4	41.5	42.3	42.4	37.6	41.7
Provisions/Operating Profits (%)	52.3	44.0	42.3	41.3	36.5	29.0	19.8	19.0	45.1	25.8
Tax Rate (%)	27.1	23.7	19.4	28.6	26.2	21.3	23.5	23.4	24.7	23.5

E: MOSL Estimates

RESULTS ANALYSIS (RS M)								
	3QFY11	3QFY10	YOY GR. %	2QFY11	QOQ GR. %	FY10	FY11E	FY12E
Interest Income	66,960	60,896	10	63,091	6	257,069	259,826	315,439
Interest Expense	43,842	40,315	9	41,047	7	175,926	171,323	209,605
Net Interest Income (NII)	23,117	20,581	12	22,044	5	81,144	88,504	105,833
Other Income	17,488	16,731	5	15,779	11	74,777	68,664	82,370
- Fees	16,250	14,220	14	15,900	2	56,490	63,551	74,990
- Treasury Income (including MTM)	210	(260)	(181)	(1,440)	(115)	11,810	0	1,500
- Others	1,028	2,771	(63)	1,319	(22)	6,477	5,113	5,879
Net Income	40,605	37,312	9	37,823	7	155,920	157,167	188,203
Total Operating Costs	17,179	13,624	26	15,704	9	58,598	65,520	77,974
- Staff Costs	7,605	4,270	78	6,243	22	19,258	27,443	32,931
- Other Opex	9,575	9,354	2	9,461	1	39,340	38,078	45,043
Operating Profit	23,426	23,688	(1)	22,119	6	97,322	91,647	110,229
Provisions	4,643	10,022	(54)	6,411	(28)	43,869	23,628	22,211
PBT	18,783	13,667	37	15,708	20	53,453	68,019	88,018
Tax	4,413	2,656	66	3,345	32	13,203	15,984	22,005
Tax Payout %	23	19		21		25	24	25
PAT	14,370	11,010	31	12,363	16	40,250	52,035	66,014
Deposits	2,177,468	1,976,530	10	2,230,941	(2)	2,020,166	2,423,699	2,824,720
CASA Ratio %	44	40		44		42	39	39
Advances	2,066,920	1,792,690	15	1,942,007	6	1,812,056	2,124,623	2,550,005
- Retail Advances	790,000	806,711	(2)	781,000	1	831,190	824,090	970,119
- International Advances	504,329	466,099	8	487,444	3	451,367	530,356	609,909
Net NPA %	1.2	2.2		1.4		1.9	1.2	1.0
Yields on Advances %*	8.3	8.6		8.3		8.7	8.3	8.9
Cost of Funds %*	5.5	5.5		5.3		5.3	4.9	5.2
NIM %**	2.6	2.6		2.6		2.5	2.6	2.7
Tier I CAR %	13.7	14.2		13.8		14.4	13.0	12.2
Tier II CAR %	6.3	5.2		6.4		5.0	5.0	4.5
Branches	2,515	1,626		2,501		1,707	2,707	2,957

* Calculated, ** Reported, Net NPA for quarterly numbers are % of customer assets while annual number are as % of loans

Loan growth improves further; guidance of 18-20% loan growth maintained

Loans grew 6.4% QoQ and 15.3% YoY to Rs2.07t; the bank has started building up priority sector loans (PSL) to meet PSL targets. Rural loans grew 16% QoQ and 22% YoY to Rs153b. Corporate loans grew 17% QoQ and 65% YoY to Rs533b, driving overall loan growth. For the full year, the management is targeting 18% loan growth, which translates into 4QFY11 loan growth of 4% QoQ. Management has clarified that while retail disbursements remain strong (though some slowdown seen in mortgages), run-off of short-term loans given at the beginning of the year will impact overall growth. Management remains confident of overall loan growth of 20% in FY12.

Deposits increased 10% YoY (declined 2.5% QoQ) to Rs2.2t. CASA grew 23% YoY (declined 2% QoQ) to Rs962b. SA deposits grew 26% YoY (+2% QoQ), but CA deposits grew just 16% YoY (declined 9% QoQ). The last quarter included one-off float business (in 2QFY11, CA grew 24% QoQ). CASA ratio (calculated) increased to 44.2% in 3QFY11 v/s 44% at the end of 2QFY11. On an average daily basis, CASA ratio stood at 40.3% for 3QFY11 v/s 39.2% a quarter ago.

Margins stable QoQ

NII grew 5% QoQ and 12% YoY to Rs23.2b (5% higher than our estimate), driven by utilization of excess liquidity in the balance sheet and stable margins QoQ (despite increase in low yielding priority sector loans). Overall margins remained stable QoQ at 2.6%; domestic margins stood at 3% (stable QoQ) while margins on international business improved by ~5bp to 0.85%. Management has guided that structurally international margins will again go back to 125bp levels and domestic margins will be above 3% over the next 6-8 quarters. However, in the near-term, sharp rise in cost of deposits and increase in priority sector loans will put pressure on margins. We expect margins to remain stable/marginal decline in 4QFY11 and then rise by 10-15bp in FY12.

Fee income traction continues

Fee income grew 2% QoQ and 14% YoY, driven by higher income from corporate and international business. Management expects fee income growth to be in line with asset growth. Trading gains were Rs210m v/s a loss of Rs1.4b a quarter ago and Rs260m a year ago.

Opex increased sharply, led by employee expenses

Operating expenses increased 9% QoQ and 26% YoY to Rs17.2b. Employee expenses grew 22% QoQ and 78% YoY to Rs7.6b as the bank provided for bonus expenses in 3QFY11 and full impact of Bank of Rajasthan merger has been included. As a part of its 5C strategy, it expects to contain cost to income ratio at 40-42%. We believe the bank's focus on cutting excess operating cost has already yielded the desired results; for the next phase of growth, investment in people and brand building is a must. With pick-up in loan growth, other operating expenses are also likely to rise; we model in 20% opex growth over FY12/13.

Gross NPA flat QoQ, PCR at 70%+

GNPA was flat QoQ at Rs102b (retail GNPA of Rs67.1b v/s Rs68b a quarter ago). Retail NNPA ratio declined further to 1.8% v/s 2.2% a quarter ago and 3.4% a year ago. Even non-retail NNPA ratio is showing an encouraging trend, declining to 1.1% v/s 1.3% a quarter ago and 1.7% a year ago. Provisions have declined 28% QoQ to Rs4.6b (v/s our estimate of Rs5b), led by stable asset quality. In 2QFY11, the bank had made the excess provision of Rs4b to reach 70% PCR. PCR increased to ~72% v/s 69% a quarter ago.

Credit cost declines, driving RoA improvement

Credit cost during the quarter was ~0.9% v/s 1.4% a quarter ago and 1.55% in 1HFY11. RoA has improved to 1.47% v/s 1.31% a quarter ago, as credit cost has come down sharply. While opex to average assets is likely to increase, improving margins and growth in fee income and fall in credit cost will help ICICI Bank to maintain RoA at ~1.5%. Restructured assets remained stable QoQ at Rs25.6b (~1% of customer assets). During the quarter, Rs6b was added to restructured loans and same amount of loans came out of restructured loans.

Transfer of surplus in non-participating policyholders' funds led to sharp rise in insurance profits

For 9MFY11, ICICI Prudential Life APE declined ~8% YoY to Rs30.97b and NBAP margin stood at 18.7% v/s 19% a year ago. 3QFY11 included Rs3.84b (of 9MFY11) transfer of surplus in the non-participating policyholders' funds (now allowed on a quarterly basis v/s annually earlier). This helped the life insurance venture to report strong profits of Rs6.1b v/s Rs0.2b, a quarter ago. Excluding the transfer of funds, the company reported statutory profit of Rs2.3b v/s Rs0.2b a quarter ago. AUM grew 24% YoY and was flat QoQ at Rs663b.

Performance of overseas subsidiaries

ICICI UK's total assets declined 3% QoQ from USD7.2b to USD7.0b. ICICI UK's profits increased to ~USD10.9m during 3QFY11 v/s USD8.4m earned in 2QFY11. CAR stood at 21.2%. ICICI Canada's total assets declined 6% QoQ from CAD5b to CAD4.7b. Earnings were CAD10.7m in 3QFY11 v/s CAD7.6m in 2QFY11. CAR stood at 22.9%. The management stated that certain regulatory issues are impacting growth in Canada.

Valuation and view

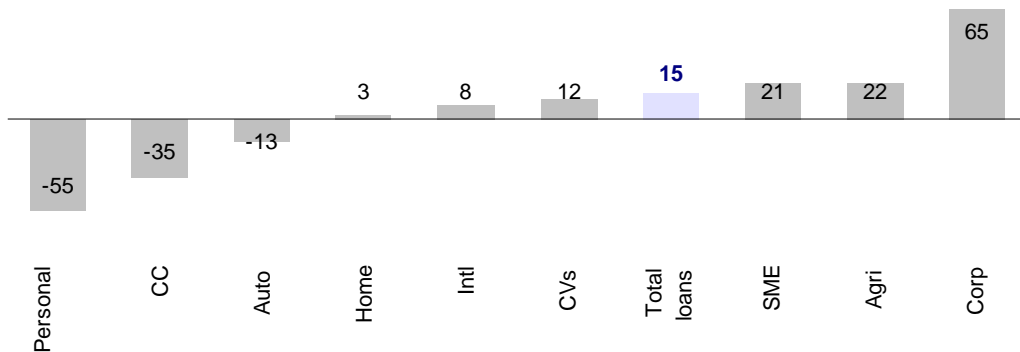
We have upgraded our earnings estimates by ~2% for FY11/12 to factor in higher loan growth. We expect ICICI Bank to report EPS of Rs45 in FY11, Rs57 in FY12 and Rs68 in FY13. BV would be Rs478 in FY11, Rs514 in FY12 and Rs559 in FY13. Adjusted for the value of subsidiaries (Rs233/share for FY12 and Rs263/share for FY13, post 20% holding company discount), the stock trades at 14.8x FY12E and 12.1x FY13E EPS, and 2.1x FY12E and 1.8x FY13E (adjusted for investment in subsidiaries). We expect ICICI Bank to report core RoE of 14% in FY12 and ~15% in FY13, with tier-I ratio strong at ~12%. Our FY13E SOTP value is Rs1,383 - an upside of 27.6%. Maintain **Buy**.

ICICI BANK: SOTP FY13E

	Total Value Rsb	Total Value USDb	Value Per Share Rs	% of Total Value	Rationale
ICICI Bank	1,290	28.3	1,121	90.2	2.5x FY12E BV ex Investment in key ventures
Key Ventures					
ICICI Pru Life Insurance (74% stake)	127	2.8	110	14.6	15x FY13E NBAP; 10% APE CAGR in FY10-13; NBAP Margin of 18%
ICICI Bank Canada (100% Subsidiary)	71	1.5	61	8.1	1.5x FY13E BV
ICICI Bank UK (100% Subsidiary)	45	1.0	39	5.1	1.5x FY13E BV
ICICI Home Finance (100% Subsidiary)	23	0.5	20	2.6	1.5x FY13E BV
ICICI Pru Asset Management (51% stake)	22	0.5	19	2.6	Valued at 4% of Total AUM exp in FY13
ICICI Securities	26	0.6	22	2.9	15x FY13E PAT
ICICI Lombard General Insurance (74% stake)	39	0.9	34	4.5	12x FY13E Economic PAT
ICICI Ventures	17	0.4	14	1.9	12% FY13E AUMs
ICICI Securities PD	9	0.2	7	1.0	1x FY13E BV
Total Value of Ventures	378	8.3	328	43.3	
Less: 20% holding Discount	76	1.7	66	9	
Value of Key Ventures	302	6.6	263	21.1	
Target Price Post 20% Holding Co. Disc.	1,592	34.9	1,383	182	
Current Value	1,247	27.4	1,084		
Upside - %	27.6	27.6	27.6		
Target Price w/o 20% Holding Co. Disc.	1,668	36.6	1,449		
CMP (Rs)	1,247	27	1,084		
Upside - %	33.7	33.7	33.7		

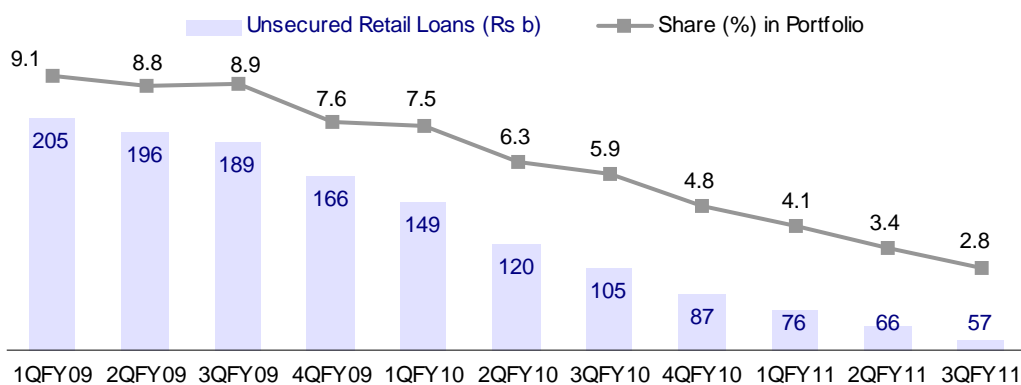
Category-wise YoY loan growth (%)

During the quarter, the bank started building up priority sector loans to meet PSL targets



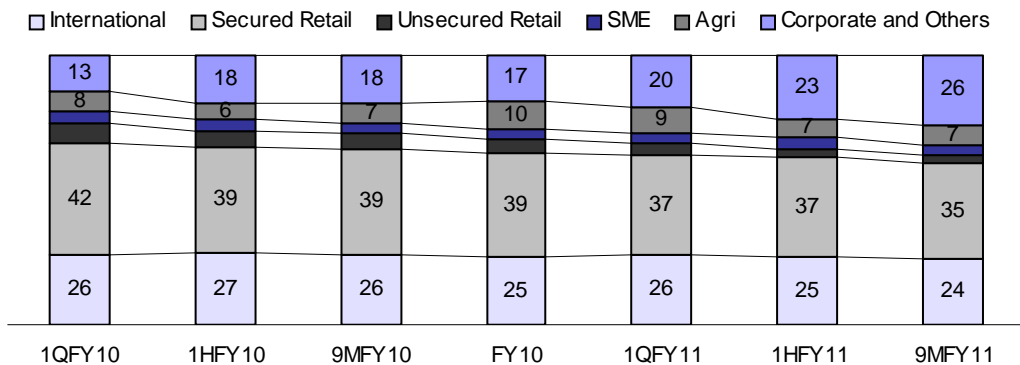
Sharp fall in share of unsecured retail loans

Consciously reducing the proportion of unsecured loan book



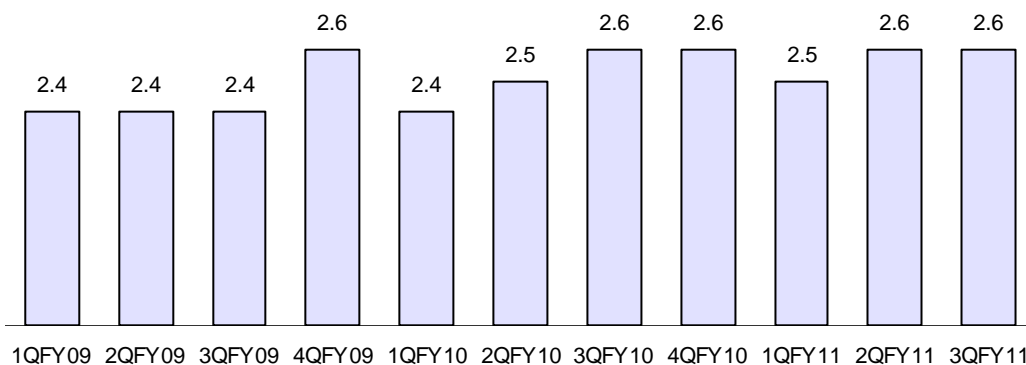
Loan book composition (%)

Increasing proportion of corporate loan book is set off by retail loans



Trend in margins (%)

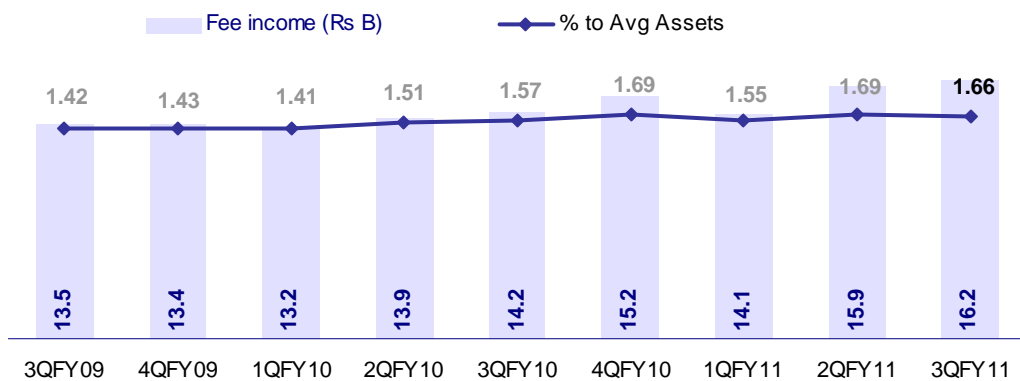
Overall NIM remained stable QoQ at 2.6%; domestic NIM was at 3% (stable QoQ), international business NIM was up ~5bp at 0.85%



Source: Company/MOSL

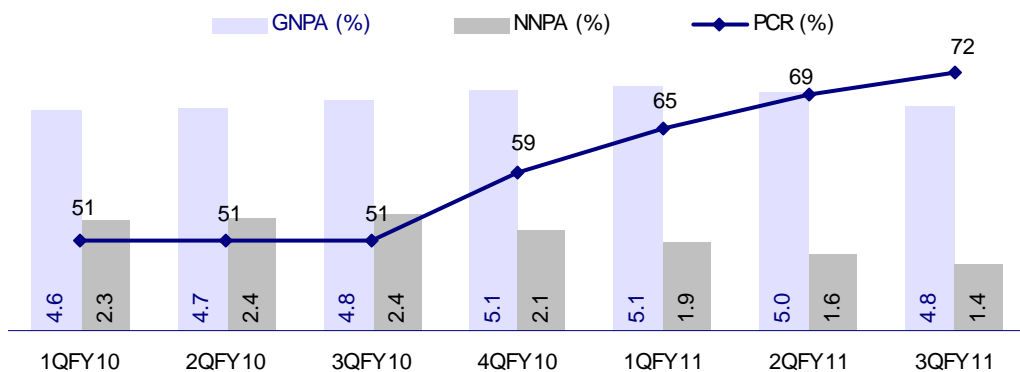
Fee income accelerated during the quarter

Fee income grew 2% QoQ and 14% YoY, driven by higher income from corporate and international business



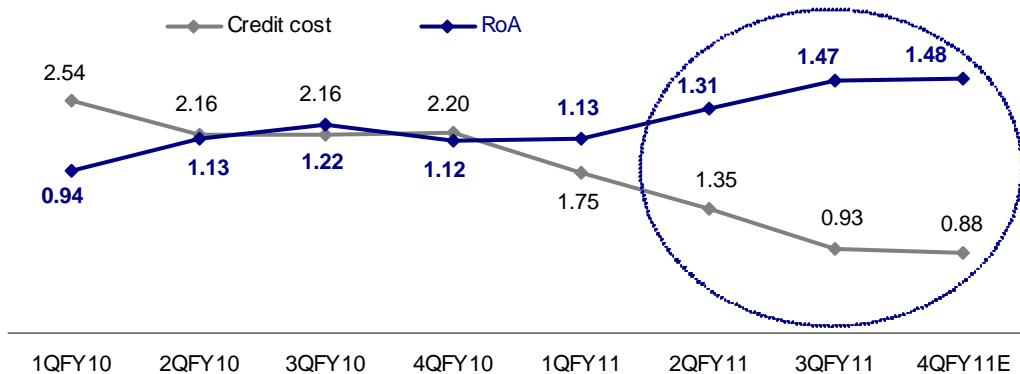
Trend in asset quality (%)

PCR improved further to 72% v/s 69% a quarter ago



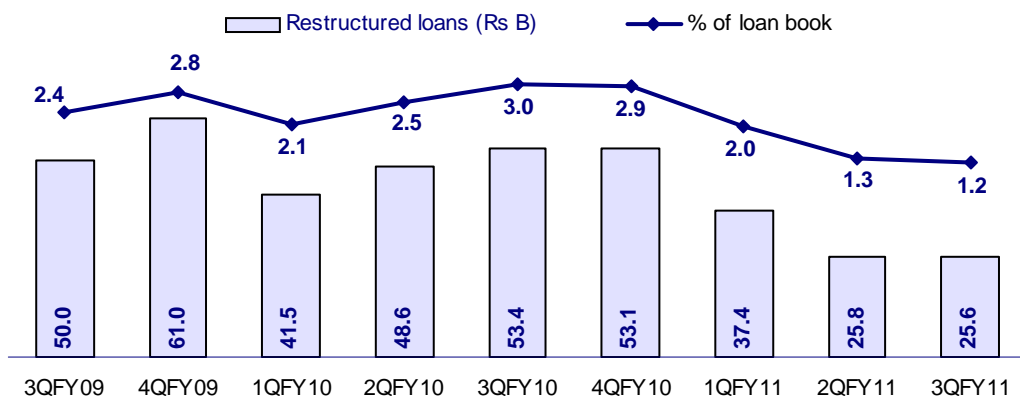
Trend in credit cost and RoA (%)

Decline in credit cost to keep RoA strong at ~1.5%



Trend in restructured loans

Restructured loans stable QoQ (~1.2% of customer assets)



Source: Company/MOSL

ICICI Bank: an investment profile

Company background

ICICI Bank is the second largest bank in India, with a balance sheet size of Rs3.9t and a wide geographical reach of 2,515 branches and 4,500+ ATMs. ICICI Bank, through its subsidiaries, is a leading player in insurance and asset management. Its strategic focus has changed from balance sheet growth and market share to improving profitability and return ratios.

Key investment arguments

- Improvement in loan growth, high CASA ratio at 40%, reduction in bulk deposits and improvement in international margins will lead to improved margins. We expect margins to increase by 15bp+ over FY11-13.
- Reduced exposure to unsecured retail loans (down to 2.8% of loan book from 10% in FY08), moderate loan growth in past and PCR at 70%+, will lead to lower credit cost in future, driving RoA improvement.
- Life insurance venture holds significant value. Increase in FDI limit in insurance would lead to potential unlocking of value for the company.

Key investment risks

- Loan growth revival is necessary to drive NII and margins higher from current levels.
- Sharp increase in bulk deposit rates may lead to margin moderation

Comparative valuations

		ICICI Bank*	HDFC Bank	Axis Bank
P/E (x)	FY11E	19.4	25.6	16.4
	FY12E	14.8	19.6	13.6
P/BV (x)	FY11E	2.4	4.0	2.9
	FY12E	2.1	3.4	2.4
RoE (%)	FY11E	12.0	16.6	18.9
	FY12E	14.1	18.7	19.5
RoA (%)	FY11E	1.3	1.6	1.6
	FY12E	1.5	1.7	1.6

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

Shareholding Pattern (%)

	Dec-10	Sep-10	Dec-09
Promoter	0.0	0.0	0.0
Domestic Inst	23.3	23.0	24.8
Foreign	67.4	67.6	66.1
Others	9.3	9.5	9.2

Recent developments

- ICICI Bank and Vodafone Essar announced a joint financial inclusion initiative under which both entities will offer a bouquet of financial products such as savings accounts, pre-paid instruments and credit products through a mobile phone based platform.

Valuation and view

- Adjusted for the value of subsidiaries (Rs233/share for FY12 and Rs263/share for FY13, post 20% holding company discount), the stock trades at 14.8x FY12E and 12.5x FY13E EPS, and 2.1x FY12E and 1.8x FY13E (adjusted for investment in subsidiaries). Our FY13E SOTP valuation is Rs1,383. Maintain **Buy**.

Sector view

- Loan growth remains strong. However, rising inflation and increasing interest rates are the near-term headwinds for the sector.
- Our economist expects current tightness in liquidity to start easing in 4QFY11, allaying the pressure of significant NIM compression.
- We believe that margins would start compressing, but gradually. With strong loan growth and high CD ratio, there is strong pricing power with banks.
- Banks with high CASA deposits and lower proportion of bulk deposits will be preferred bets.

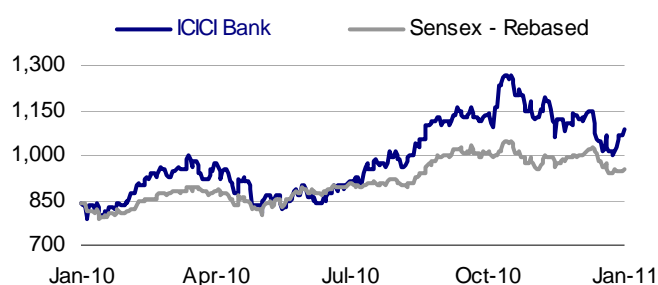
EPS: MOSL forecast v/s consensus (Rs)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY11	45.2	45.5	-0.6
FY12	57.4	57.6	-0.4

Target Price and Recommendation

Current Price (Rs)	Target Price (Rs)	Upside (%)	Reco.
1,084	1,383	27.6	Buy

Stock performance (1 year)



Financials and Valuation

INCOME STATEMENT						(Rs Million)
Y/E MARCH	2008	2009	2010	2011E	2012E	2013E
Interest Income	307,883	310,926	257,069	259,826	315,439	388,679
Interest Expended	234,842	227,259	175,926	171,323	209,605	261,447
Net Interest Income	73,041	83,666	81,144	88,504	105,833	127,233
<i>Change (%)</i>	<i>29.6</i>	<i>14.5</i>	<i>-3.0</i>	<i>9.1</i>	<i>19.6</i>	<i>20.2</i>
Other Income	88,108	76,037	74,777	68,664	82,370	99,294
Net Income	161,149	159,703	155,920	157,167	188,203	226,527
<i>Change (%)</i>	<i>28.3</i>	<i>-0.9</i>	<i>-2.4</i>	<i>0.8</i>	<i>19.7</i>	<i>20.4</i>
Operating Exp.	81,542	70,451	58,598	65,520	77,974	93,745
Operating Profits	79,607	89,252	97,322	91,647	110,229	132,782
<i>Change (%)</i>	<i>35.5</i>	<i>12.1</i>	<i>9.0</i>	<i>-5.8</i>	<i>20.3</i>	<i>20.5</i>
Provisions & Cont.	29,046	38,083	43,869	23,628	22,211	25,406
PBT	50,561	51,170	53,453	68,019	88,018	107,376
Tax	8,984	13,588	13,203	15,984	22,005	28,991
<i>Tax Rate (%)</i>	<i>17.8</i>	<i>26.6</i>	<i>24.7</i>	<i>23.5</i>	<i>25.0</i>	<i>27.0</i>
PAT	41,577	37,581	40,250	52,035	66,014	78,384
<i>Change (%)</i>	<i>33.7</i>	<i>-9.6</i>	<i>7.1</i>	<i>29.3</i>	<i>26.9</i>	<i>18.7</i>
Dividend (Including Tax)	14,320	13,764	15,020	18,851	24,236	26,929
Core PPP^a	71,457	84,822	85,512	91,647	108,729	130,532
<i>% Change</i>	<i>47.0</i>	<i>18.7</i>	<i>0.8</i>	<i>7.2</i>	<i>18.6</i>	<i>20.1</i>

^aCore PPP is (NII+Fee income-Opex)

BALANCE SHEET						(Rs Million)
Y/E MARCH	2008	2009	2010	2011E	2012E	2013E
Share Capital	14,627	14,633	14,649	15,008	15,008	15,008
Equity Share Capital	11,127	11,133	11,149	11,508	11,508	11,508
Preference Capital	3,500	3,500	3,500	3,500	3,500	3,500
Reserves & Surplus	453,575	484,197	505,035	538,219	579,996	631,451
Net Worth	468,202	498,830	519,684	553,227	595,004	646,459
<i>Of which Equity Networth</i>	<i>464,702</i>	<i>495,330</i>	<i>516,184</i>	<i>549,727</i>	<i>591,504</i>	<i>642,959</i>
Deposits	2,444,311	2,183,478	2,020,166	2,423,699	2,824,720	3,392,188
<i>Change (%)</i>	<i>6.0</i>	<i>-10.7</i>	<i>-7.5</i>	<i>20.0</i>	<i>16.5</i>	<i>20.1</i>
Of which CASA Deposits	637,806	626,678	842,158	952,983	1,109,483	1,312,626
<i>Change (%)</i>	<i>27.0</i>	<i>-1.7</i>	<i>34.4</i>	<i>13.2</i>	<i>16.4</i>	<i>18.3</i>
Borrowings	863,986	928,055	939,136	1,012,482	1,092,164	1,217,138
Other Liabilities & Prov.	221,452	182,647	155,012	190,175	234,554	290,273
Total Liabilities	3,997,951	3,793,010	3,633,997	4,179,583	4,746,441	5,546,058
Current Assets	380,411	299,666	388,737	415,099	388,558	407,100
Investments	1,114,543	1,030,583	1,208,928	1,390,267	1,529,294	1,758,688
<i>Change (%)</i>	<i>22.1</i>	<i>-7.5</i>	<i>17.3</i>	<i>15.0</i>	<i>10.0</i>	<i>15.0</i>
Loans	2,256,161	2,183,108	1,812,056	2,124,623	2,550,005	3,068,438
<i>Change (%)</i>	<i>15.2</i>	<i>-3.2</i>	<i>-17.0</i>	<i>17.2</i>	<i>20.0</i>	<i>20.3</i>
Net Fixed Assets	41,089	38,016	32,127	28,622	24,467	19,596
Other Assets	205,746	241,636	192,149	220,972	254,117	292,235
Total Assets	3,997,951	3,793,010	3,633,997	4,179,583	4,746,441	5,546,058

ASSET QUALITY						(%)
GNPA (Rs M)	77,452	96,493	94,807	100,794	102,425	107,397
NNPA (Rs M)	34,906	45,539	38,411	25,198	25,606	26,849
GNPA Ratio	3.37	4.32	5.07	4.58	3.90	3.41
NNPA Ratio	1.55	2.09	1.87	1.19	1.00	0.88
PCR (Excl Technical write off)	50.9	52.8	59.5	75.0	75.0	75.0
PCR (Incl Technical Write off)	50.9	52.8	59.5	75.0	75.0	75.0

E: MOSL Estimates

Financials and Valuation

RATIOS

Y/E MARCH	2008	2009	2010	2011E	2012E	2013E
Spreads Analysis (%)						
Avg. Yield - Earning Assets	9.5	9.2	7.9	7.7	8.1	8.5
Avg. Yield on loans	10.7	10.1	8.7	8.3	8.9	9.3
Avg. Yield on Investments	6.1	7.4	6.9	5.8	6.1	6.0
Avg. Cost-Int. Bear. Liab.	6.9	6.5	5.3	4.9	5.2	5.7
Avg. Cost of Deposits	7.2	6.8	5.5	5.1	5.5	6.0
Interest Spread	2.5	2.6	2.7	2.8	2.8	2.8
Net Interest Margin	2.2	2.5	2.5	2.6	2.7	2.8

Profitability Ratios (%)

RoE	11.7	7.8	8.0	9.8	11.6	12.7
Adjusted RoE	11.0	9.3	9.7	12.0	14.1	15.1
RoA	1.1	1.0	1.1	1.3	1.5	1.5
Int. Expended/Int. Earned	76.3	73.1	68.4	65.9	66.4	67.3
Other Inc./Net Income	54.7	47.6	48.0	43.7	43.8	43.8

Efficiency Ratios (%)

Op. Exps./Net Income*	53.3	45.4	40.7	41.7	41.8	41.8
Empl. Cost/Op. Exps.	25.5	28.0	32.9	41.9	42.2	42.2
Busi. per Empl. (Rs m)	110.2	131.0	116.3	79.4	85.0	94.9
NP per Empl. (Rs lac)	10.2	10.9	11.4	9.9	11.3	12.6

* ex treasury

Asset-Liability Profile (%)

Adv./Deposit Ratio	92.3	100.0	89.7	87.7	90.3	90.5
CASA Ratio %	26.1	28.7	41.7	39.3	39.3	38.7
Invest./Deposit Ratio	45.6	47.2	59.8	57.4	54.1	51.8
G-Sec/Invest. Ratio	67.6	61.5	56.6	49.8	56.3	57.8
CAR	14.0	15.5	19.4	17.9	16.7	15.3
<i>Tier 1</i>	<i>11.8</i>	<i>11.8</i>	<i>14.4</i>	<i>13.0</i>	<i>12.2</i>	<i>11.3</i>

VALUATION

Book Value (Rs)	417.6	444.9	463.0	477.7	514.0	558.7
<i>BV Growth (%)</i>	<i>54.5</i>	<i>6.5</i>	<i>4.1</i>	<i>3.2</i>	<i>7.6</i>	<i>8.7</i>
Price-BV (x)	2.6	2.4	2.3	2.3	2.1	1.9
ABV (for Subsidiaries) (Rs)	341.2	330.7	349.1	367.3	403.6	448.3
<i>ABV Growth (%)</i>	<i>51.6</i>	<i>-3.1</i>	<i>5.5</i>	<i>5.2</i>	<i>9.9</i>	<i>11.1</i>
Price-ABV (x)	2.7	2.8	2.5	2.4	2.1	1.8
ABV (for Subs Invest & NPA) (Rs)	320.8	304.2	326.7	353.1	389.2	433.2
Adjusted Price-ABV (x)	2.9	3.0	2.7	2.5	2.2	1.9
EPS (Rs)	37.4	33.8	36.1	45.2	57.4	68.1
<i>EPS Growth (%)</i>	<i>8.0</i>	<i>-9.7</i>	<i>6.9</i>	<i>25.2</i>	<i>26.9</i>	<i>18.7</i>
Price-Earnings (x)	29.0	32.1	30.0	24.0	18.9	15.9
Adj. Price-Earnings (x)	24.6	27.2	24.2	19.4	14.8	12.1
Dividend Per Share (Rs)	11.0	11.0	12.0	14.0	18.0	20.0
Dividend Yield (%)	1.0	1.0	1.1	1.3	1.7	1.8

E: MOSL Estimates



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