



## ICICI Bank

STOCK INFO.	BLOOMBERG
BSE Sensex: 8,510	ICICIB IN
	REUTERS CODE
S&P CNX: 2,524	ICBK.BO

27 October 2008

Buy

Previous Recommendation: Buy

Rs316

Equity Shares (m)	1,112.7
52-Week Range	1,465/305
1,6,12 Rel.Perf.(%)	-9/-15/-18
M.Cap. (Rs b)	351.6
M.Cap. (US\$ b)	7.0

YEAR	NET INCOME	PAT	EPS	EPS	P/E	AP/E*	P/BV	AP/ABV*	CAR	ROE	ROA
END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(X)	(X)	(%)	(%)	(%)
3/07A	125,650	31,102	34.6	21.2	9.1	4.5	1.2	0.6	13.1	13.4	1.0
3/08A	161,149	41,577	37.4	8.0	8.5	4.1	0.8	0.4	14.0	11.7	1.1
3/09E	170,633	38,836	34.9	-6.6	9.1	4.4	0.7	0.4	11.8	8.2	0.9
3/10E	200,943	46,578	41.9	19.9	7.5	3.4	0.7	0.3	10.4	9.3	1.0

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

ICICI Bank's NII grew 20% YoY in 2QFY09 (in line with exp) driven by stable margins on the back of slower loan growth (7%), lower term deposits (8% decline), and higher CASA growth at 16%. CASA ratio improved to 30%. PAT was flat in 2QFY09 to Rs10.1b.

- Loan growth has been slowing down - grew 7% YoY (parent book). However, consolidated loans grew 16%. Retail loan book has declined 6% YoY in 2QFY09, while retail disbursements declined 29% YoY (incl. ICICI home finance).
- Fee growth at 26% YoY is impressive. Opex is down 12% YoY and 9% QoQ. Management attributes this to a) lower sourcing costs and b) cost rationalization measures including lower staff increments in FY09. Employee expenses have declined 6% YoY.
- Net NPA ratio increased to 1.83% from 1.74% a quarter ago. While NPAs continue to increase, incremental NPA addition is stabilizing. Gross NPAs have increased by ~Rs12b and net NPAs by ~Rs2b.
- UK subsidiary has taken a hit of ~US\$90m through the P&L and ~US\$40m through the reserves in 1HFY09. It has reported a loss of US\$35.5m in 1HFY09 on a asset book of US\$8.7b

**Reducing target price; maintain Buy:** We are reducing our target multiple of ICICI Bank to 1x FY10E ABV given its subdued core RoE (<12%) for the next couple of years. We are reducing our target valuations for all its subsidiaries due to lower expected growth. Adjusted for value of subs at Rs175/share, the stock trades at 0.4x FY09E BV. Maintain **Buy** with a revised target price of Rs581, an 84% upside.

Y/E MARCH	(RS MILLION)									
	FY08				FY09				FY08	FY09E
	1Q	2Q	3Q	4Q	1QA	2Q	3QE	4QE		
Interest Income	73,308	75,165	79,118	80,293	78,918	78,350	83,834	104,682	307,883	345,784
Interest Expense	58,519	57,305	59,521	59,498	58,021	56,874	61,139	81,269	234,842	257,302
<b>Net Interest Income</b>	<b>14,790</b>	<b>17,860</b>	<b>19,597</b>	<b>20,795</b>	<b>20,898</b>	<b>21,476</b>	<b>22,695</b>	<b>23,413</b>	<b>73,041</b>	<b>88,481</b>
Y-o-Y Growth (%)	22.4	33.9	32.0	29.3	41.3	20.2	15.8	12.6	29.6	21.1
Other Income	19,506	20,719	24,266	23,617	15,382	18,773	23,053	24,944	88,108	82,152
<b>Net Income</b>	<b>34,295</b>	<b>38,579</b>	<b>43,863</b>	<b>44,411</b>	<b>36,279</b>	<b>40,250</b>	<b>45,748</b>	<b>48,356</b>	<b>161,149</b>	<b>170,633</b>
Operating Expenses	19,053	19,708	21,276	21,505	19,136	17,400	20,010	22,418	81,542	78,965
<b>Operating Profit</b>	<b>15,242</b>	<b>18,871</b>	<b>22,587</b>	<b>22,907</b>	<b>17,144</b>	<b>22,849</b>	<b>25,737</b>	<b>25,938</b>	<b>79,607</b>	<b>91,668</b>
Y-o-Y Growth (%)	58.0	37.8	28.9	28.1	12.5	21.1	13.9	13.2	35.5	15.2
Provisions and Contingencies	5,523	6,445	7,603	9,475	7,925	9,235	10,644	13,427	29,046	41,232
<b>Profit before Tax</b>	<b>9,720</b>	<b>12,427</b>	<b>14,984</b>	<b>13,432</b>	<b>9,219</b>	<b>13,614</b>	<b>15,093</b>	<b>12,511</b>	<b>50,561</b>	<b>50,436</b>
Provision for Taxes	1,969	2,401	2,681	1,933	1,935	3,472	3,773	2,420	8,984	11,600
<b>Net Profit</b>	<b>7,751</b>	<b>10,026</b>	<b>12,303</b>	<b>11,498</b>	<b>7,283</b>	<b>10,142</b>	<b>11,320</b>	<b>10,091</b>	<b>41,577</b>	<b>38,836</b>
Y-o-Y Growth (%)	25.1	32.7	35.2	39.4	-6.0	1.2	-8.0	-12.2	33.7	-6.6
Int Exp/ Int Earned (%)	79.8	76.2	75.2	74.1	73.5	72.6	72.9	77.6	76.3	74.4
Other Income / Net Income (%)	56.9	53.7	55.3	53.2	42.4	46.6	50.4	51.6	54.7	48.1
Cost to Income Ratio (%)	55.6	51.1	48.5	48.4	52.7	43.2	43.7	46.4	50.6	46.3
Provisions/Operating Profit (%)	36.2	34.2	33.7	41.4	46.2	40.4	41.4	51.8	36.5	45.0
Tax Rate (%)	20.3	19.3	17.9	14.4	21.0	25.5	25.0	19.3	17.8	23.0

E: MOST Estimates

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## RESULTS ANALYSIS (RS M)

	2QFY09	2QFY08	YOY GR. %	1QFY09	QOQ GR. %	FY07	FY08	FY09E
Interest Income	78,350	75,165	4	78,918	(1)	219,956	307,883	345,784
Interest Expense	56,874	57,305	(1)	58,021	(2)	163,585	234,842	257,302
<b>Net Interest Income (NII)</b>	<b>21,476</b>	<b>17,860</b>	<b>20</b>	<b>20,898</b>	<b>3</b>	<b>56,371</b>	<b>73,041</b>	<b>88,481</b>
Other Income	18,773	20,719	(9)	15,382	22	69,279	88,108	82,152
- Fees	18,760	14,860	26	19,580	(4)	49,748	57,155	76,126
- Treasury Income (including MTM)	(1,530)	1,750	(187)	(5,940)	(74)	10,802	18,121	4,000
- Others	1,543	4,109	(62)	1,742	(11)	8,729	12,831	2,026
<b>Net Income</b>	<b>40,250</b>	<b>38,579</b>	<b>4</b>	<b>36,279</b>	<b>11</b>	<b>125,650</b>	<b>161,149</b>	<b>170,633</b>
Total Operating Costs	17,400	19,708	(12)	19,136	(9)	66,906	81,542	78,965
- Staff Costs	4,881	5,199	(6)	5,232	(7)	16,167	20,789	21,796
- Other Opex	12,520	14,509	(14)	13,904	(10)	50,738	60,753	57,169
<b>Operating Profit</b>	<b>22,849</b>	<b>18,871</b>	<b>21</b>	<b>17,144</b>	<b>33</b>	<b>58,744</b>	<b>79,607</b>	<b>91,668</b>
Provisions	9,235	6,445	43	7,925	17	22,294	29,046	41,232
- NPAs (includes contingencies)	8,680	5,660	53	8,225	6	14,564	26,833	39,483
- Others	555	785	(29)	(300)	(285)	7,729	2,213	1,749
<b>PBT</b>	<b>13,614</b>	<b>12,427</b>	<b>10</b>	<b>9,219</b>	<b>48</b>	<b>36,450</b>	<b>50,561</b>	<b>50,436</b>
Tax	3,472	2,400	45	1,935	79	5,348	8,984	11,600
Tax payout %	26	19		21		15	18	23
<b>PAT</b>	<b>10,142</b>	<b>10,027</b>	<b>1</b>	<b>7,283</b>	<b>39</b>	<b>31,102</b>	<b>41,577</b>	<b>38,836</b>
<b>EPS</b>	<b>6.5</b>	<b>8.6</b>	<b>(24)</b>	<b>10.3</b>	<b>(37)</b>	<b>35</b>	<b>37</b>	<b>35</b>
<b>Deposits</b>	<b>2,234,020</b>	<b>2,283,066</b>	<b>(2)</b>	<b>2,344,608</b>	<b>(5)</b>	<b>2,305,100</b>	<b>2,444,311</b>	<b>2,688,742</b>
<b>CASA Ratio %</b>	<b>30</b>	<b>25</b>		<b>28</b>		<b>22</b>	<b>26</b>	<b>29</b>
<b>Advances</b>	<b>2,219,850</b>	<b>2,071,211</b>	<b>7</b>	<b>2,241,459</b>	<b>(1)</b>	<b>1,958,656</b>	<b>2,256,161</b>	<b>2,488,167</b>
- Retail Advances	1,225,000	1,310,140	(6)	1,277,632	(4)	1,276,890	1,316,630	1,382,462
- International Advances	577,161	369,940	56	537,950	7	244,100	477,460	596,825
<b>Net NPA %</b>	<b>1.8</b>	<b>1.4</b>		<b>1.7</b>		<b>1.0</b>	<b>1.5</b>	<b>1.9</b>
Yields on Advances %*	10.2	11.0		10.2		9.4	10.7	10.7
Cost of Funds %*	7.0	7.6		7.0		6.35	7.43	7.37
<b>NIM %**</b>	<b>2.4</b>	<b>2.2</b>		<b>2.4</b>		<b>2.19</b>	<b>2.22</b>	<b>2.35</b>
Tier I CAR %	11.0	13.0		11.4		8.3	11.8	10.8
Tier II CAR %	3.0	3.8		2.1		4.8	2.2	1.0
<b>Branches#</b>	<b>1,400.0</b>	<b>950.0</b>		<b>1,388.0</b>		<b>755.0</b>	<b>1,262.0</b>	<b>1,425.0</b>
ATMs	4,530	3,600		4,233		3,271	3,950	

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

## Highlights

**Balance sheet growth: Significant slow down:** Loan growth has been slowing down every quarter for ICICI Bank - grew by 7% YoY (parent book). However, consolidated loans grew 16%. Growth has been higher in ICICI Bank Canada and ICICI Home Finance. Retail loan book has declined 6% YoY in 2QFY09, while retail disbursements declined 29% YoY (including housing finance subsidiary). Slowdown in retail has been offset by strong growth of 55% YoY in international loan book and this book now accounts for 26% of loans v/s 18% a year ago.

Deposits declined 2% YoY as the bank has been moderating its overall growth. International and housing finance subs growth has been met by borrowings. CASA deposits grew by 16% YoY driven by 23% growth in savings deposits. However, current accounts have been flat YoY. CASA % has increased to 30%. Term deposits declined 8% YoY and 7% QoQ. The management has a target for CASA to increase to 33-35% by FY10 and reducing the reliance on high cost bulk deposits. However, this is a long drawn process and intermittent pressure on profits is inevitable, in our view.

**Fee income growth strong at 26%; treasury losses at Rs1.5b:** Other income declined 9% YoY in 2QFY09. Fee income growth is strong at 27% YoY, aided by corporate and international fees. During 2QFY09, ICICI Bank took a MTM hit of Rs1.5b on its investment book.

**Asset quality worsening:** Gross NPAs increased by 11% QoQ. However, reported net NPAs increased by 5% QoQ. Incremental addition to gross NPAs is at Rs12b. ICICI Bank has made Rs8.7b of provisions towards NPAs during the quarter. NPA addition seems to be stabilizing and is expected to moderate going forward. While provisioning levels are expected to remain high, we do not expect any large increases in NPL provisioning in future quarters. We believe that ICICI Bank has been ahead of the curve and has a relatively better seasoned portfolio compared to its peers. We do not expect NPAs to worsen substantially from current levels.

**Opex declines despite fast distribution expansion:** Opex declined 12% YoY and 9% QoQ despite addition of 450 branches and 930 ATMs during the last 12 months. Staff costs declined by 6% YoY and 7% QoQ in 2QFY09. Direct marketing expenses declined sharply by 62% YoY and 36% QoQ as retail business slowed down significantly. Excluding DMA expenses, overheads grew by mere 4%. Management attributes this to a) lower sourcing costs and b) its costs rationalization measures including lower staff increments in FY09.

**Key concerns - international book and deposit mix:** The concerns on the international book continue for ICICI Bank, as the spreads have widened significantly in October and ICICI Bank might have to resort to further MTMs in 3QFY09 if the current trend prevails. With wholesale deposits at ~50% of total deposits, we believe that repricing of these would work against ICICI Bank. Thus, while we expect margins to improve for the banking sector (due to CRR relief and better pricing power), we expect margins for ICICI Bank to remain flat. Also, given the current news flows emanating for the bank, it would be challenging for ICICI Bank to grow its retail deposits aggressively.

**ICICI Pru Life growth slows down significantly:** ICICI Prudential Life retail new WRP (Weighted received premium) grew by mere 8% to Rs14.7b in 2QFY09. In 1HFY09, retail WNRP growth is 22%. NBAP increased by 20% YoY to Rs5.22b with a NBAP margin of 18.9% in 1HFY09. Considering the state of capital markets, we expect insurance

growth to significantly slow down in coming months. We have reduced our new sales growth expectations for ICICI Pru Life from ~35% earlier to 15% in FY09.

**Reducing target price; maintain Buy:** In light of the current environment, we have reduced our estimates for ICICI Bank's subsidiaries significantly. We are now expecting the life insurance venture to grow by 15% in FY09 and remain flat in FY10 in terms of new sales. We are also reducing our P/NBAP multiple to 12x from 15x earlier. Overall, for the subs, we now assign a value of Rs175 per share (post 20% holding company discount). We are also reducing the P/B multiple for ICICI to 1x (from 1.5x earlier), given the lower RoE it would be generating over the next couple of fiscals.

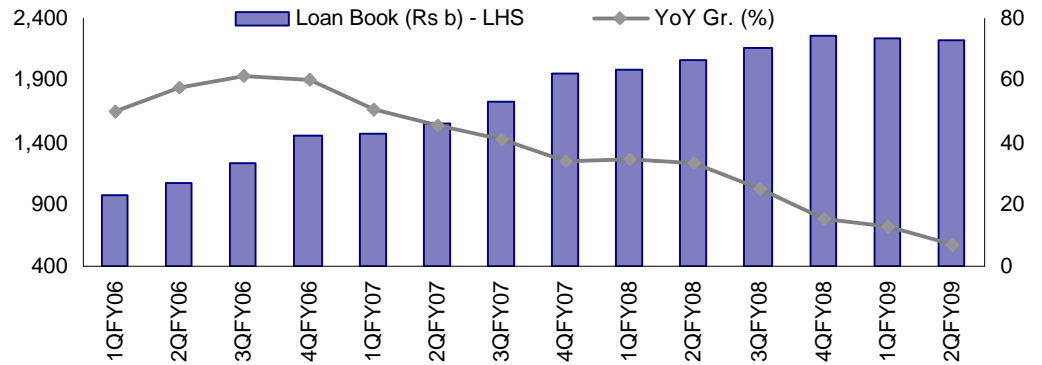
Adjusted for the value of subsidiaries, ICICI trades at 0.4x FY09E Adjusted BV and 0.3x FY10E Adjusted BV (BV adjusted for investments in key ventures) – 4.4x FY09E EPS and 3.4x FY10 EPS. We cut our target price to Rs581 based on 1.0x FY10E ABV adjusted for investments in key subsidiaries (cutting valuation multiple for core lending business). **Maintain Buy** with a revised price target of Rs581.

#### SOTP FY10E Based

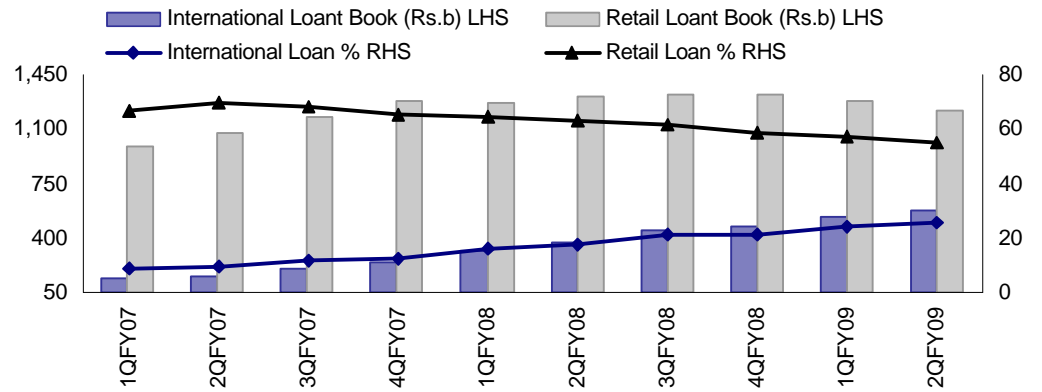
	Total Value Rsb	Total Value USDb	Value Per Share Rs	% of Total Value	Rationale
ICICI Bank	452.1	9.0	406	69.9	1x FY10E BV ex Investment in key ventures
<b>Key Ventures</b>					
ICICI Pru Life Insurance (74% stake)	128.7	2.6	116	19.9	12x FY10E NBAP; 8% CAGR in APE in FY08-10E; NBAP Margin of 18%
ICICI Bank UK (100% Subsidiary)	27.0	0.5	24	4.2	1x FY10E BV
ICICI Bank Canada (100% Subsidiary)	17.0	0.3	15	2.6	1x FY10E BV
ICICI Home Finance (100% Subsidiary)	14.8	0.3	13	2.3	1.5x FY10E BV
ICICI Securities	10.8	0.2	10	1.7	10x FY10E PAT
ICICI Ventures	16.3	0.3	15	2.5	15x FY10E PAT/10% FY10E AUMs
ICICI Lombard General Insurance (74% stake)	10.7	0.2	10	1.7	12x FY10E PAT
ICICI Pru Asset Management (51% stake)	17.5	0.3	16	2.7	Valued at 5% of Total AUM exp in FY10
<b>Total Value of Ventures</b>	<b>242.8</b>	<b>4.8</b>	<b>218.2</b>	<b>37.6</b>	
Less: 20% holding Discount	48.6	1.0	44		
<b>Value of Key Ventures</b>	<b>194.2</b>	<b>3.9</b>	<b>174.6</b>	<b>30.1</b>	
<b>Target Price Post 20% Holding Co. Disc.</b>	<b>646.4</b>	<b>12.9</b>	<b>581</b>	<b>100</b>	
Current Value	351.6	7.0	316		
<b>Upside - %</b>	<b>83.8</b>	<b>83.8</b>	<b>83.8</b>		

A CONSCIOUS SLOWDOWN IN LOAN BOOK GROWTH

*Loan Book growth continues to remain slow*

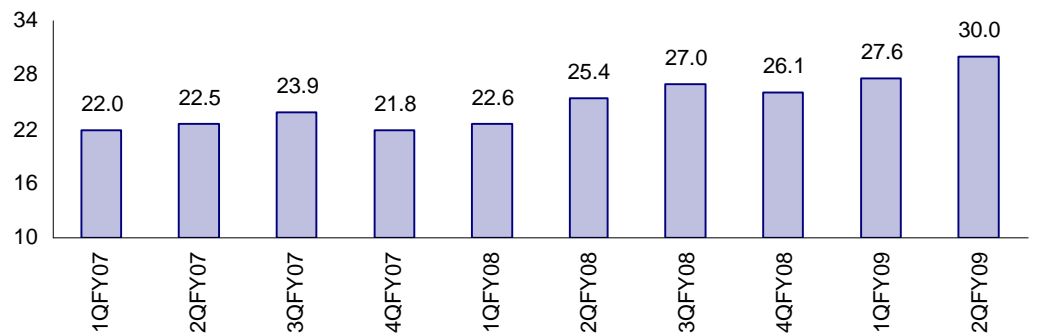


INTERNATIONAL LOANS DRIVING GROWTH

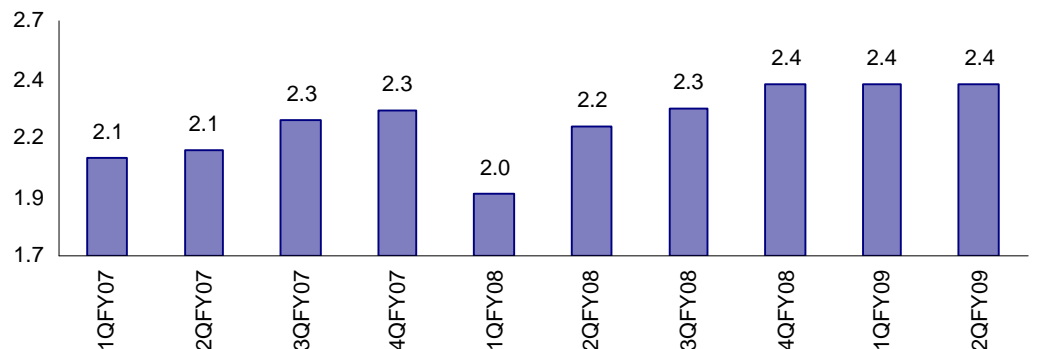


CASA RATIO IMPROVING

*Shedding of bulk deposits is leading to improvement in CASA ratio*

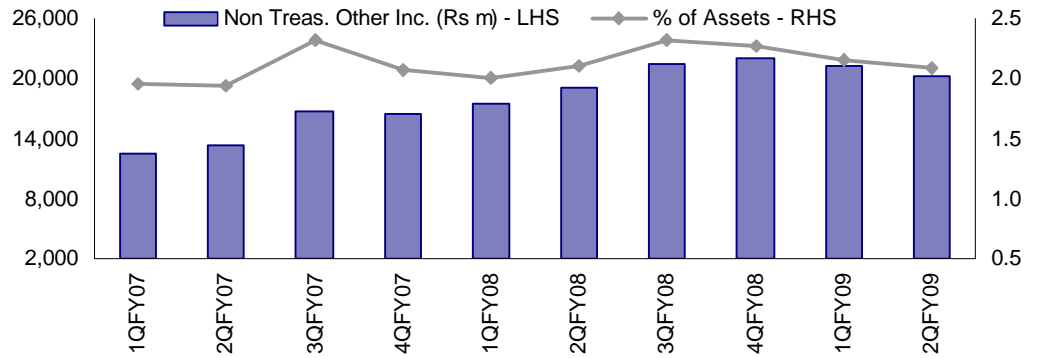


MARGINS FLAT QOQ DESPITE LOWER ASSET GROWTH



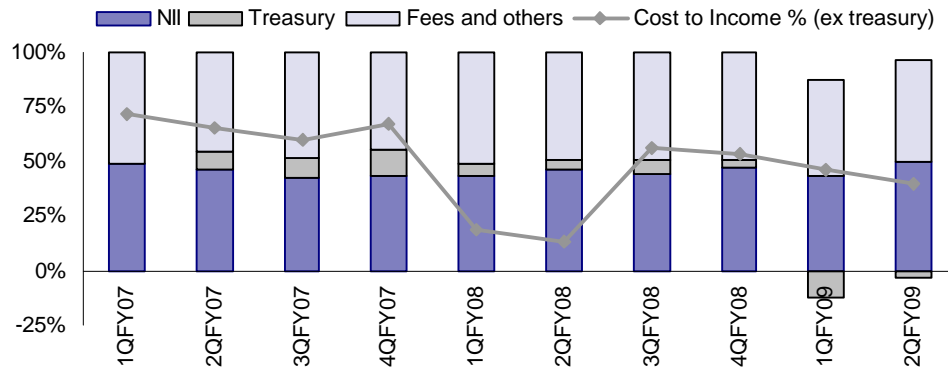
Source: Company/Motilal Oswal Securities

FEE INCOME GROWTH SUSTAINED AT 26%+

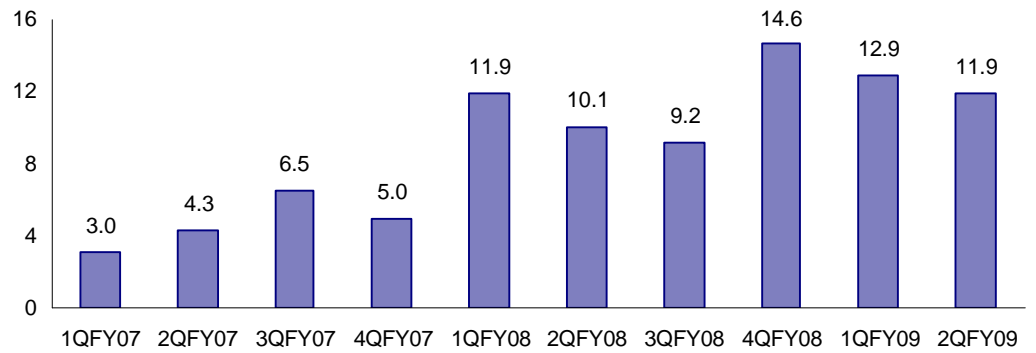


INCOME COMPOSITION AND OPEX COST STRUCTURE

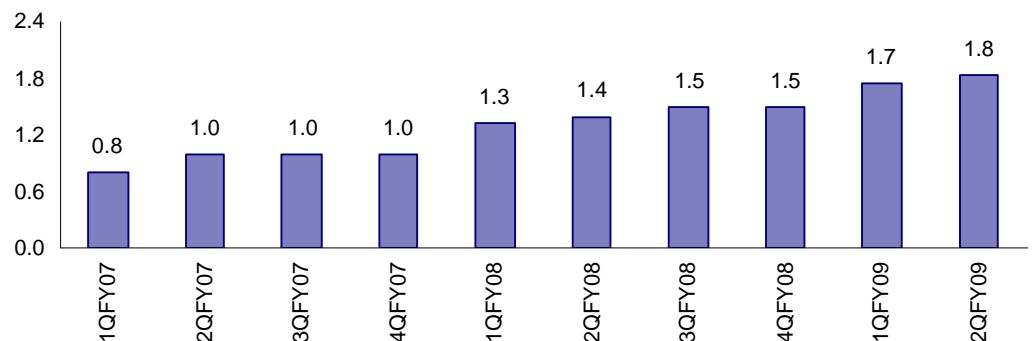
*Strict cost control leading to improvement in efficiencies*



QUARTERLY ADDITION TO GROSS NPAS (RS B)



NPAS CONTINUE TO RISE (NET NPA %)



Source: Company/Motilal Oswal Securities

## ICICI Bank: an investment profile

### Company background

ICICI Bank was incorporated in 1994 under the leadership of the erstwhile ICICI Ltd. Bank of Madura was merged with it during 2001. In 2002, the entity underwent a reverse merger with its promoter ICICI Ltd. and emerged as the largest private sector bank in India. This was followed by a fundamental shift in the business profile from project and corporate businesses to retail loans. The bank has a balance sheet size of Rs4t and a wide geographical reach with 1,388 branches and about 4,233 ATMs across the country.

### Key investment arguments

- ✍ Modest loan growth with improving margin would result in significant net interest income growth; fee income is expected to remain buoyant
- ✍ Subsidiaries hold significant values

### Key investment risks

- ✍ NPAs have been increasing over the last few quarters and have reached 1.7% (net) as on June 2008
- ✍ NIM and CASA ratio continue to be one of the lowest in the industry

### Recent developments

- ✍ Completed Rs200b follow on offering
- ✍ Amalgamated Sangli Bank with itself

### Valuation and view

- ✍ Improvement in CASA and margins, high fee income and reduction in net NPAs will be the key triggers to watch out for.
- ✍ We value subsidiaries at Rs175 (FY10 basis). Adjusted for this value, the stock trades at 0.9x FY10E BV (adjusted for investments in key ventures) and 7.5x FY10E EPS.
- ✍ We maintain **Buy** with a target price of Rs581, an upside of 84%.

### Sector view

- ✍ YTD loan growth of 29% and deposit growth of 24%
- ✍ Concerns on macro economic factors like rising inflation, higher interest rates, slowing economic growth remain concerns in mid term
- ✍ Selective buying with favor for banks with higher earnings visibility from core operations.

#### COMPARATIVE VALUATIONS

		ICICI BANK*	HDFC BANK	AXIS BANK
P/E (x)	FY09E	4.4	18.5	15.4
	FY10E	3.4	14.8	11.7
P/BV (x)	FY09E	0.4	2.8	2.2
	FY10E	0.3	2.1	1.9
RoE (%)	FY09E	9.1	15.6	15.1
	FY10E	10.6	16.6	17.5
RoA (%)	FY09E	0.9	1.3	1.1
	FY10E	1.0	1.4	1.1

\* Valuations adjusted for Rs175 per share of subs

#### SHAREHOLDING PATTERN (%)

	SEP-08	JUN-08	SEP-07
Promoter	0.0	0.0	0.0
Domestic Inst	19.5	17.5	16.0
Foreign	65.6	68.3	70.3
Others	14.8	14.2	13.7

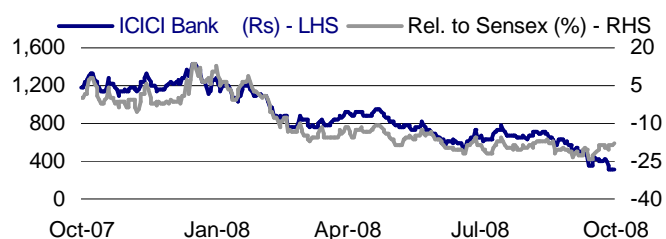
#### EPS: MOST FORECAST VS CONSENSUS (RS)

	MOST FORECAST	CONSENSUS FORECAST	VARIATION (%)
FY09	34.9	38.5	-9.4
FY10	41.9	46.5	-9.8

#### TARGET PRICE AND RECOMMENDATION

CURRENT PRICE (RS)	TARGET PRICE (RS)	UPSIDE (%)	RECO.
316	581	83.8	Buy

#### STOCK PERFORMANCE (1 YEAR)



<b>INCOME STATEMENT</b>					<b>(Rs Million)</b>
<b>Y/E MARCH</b>	<b>2007</b>	<b>2008</b>	<b>2009E</b>	<b>2010E</b>	
Interest Income	219,956	307,883	345,784	395,746	
Interest Expended	163,585	234,842	257,302	295,630	
<b>Net Interest Income</b>	<b>56,371</b>	<b>73,041</b>	<b>88,481</b>	<b>100,116</b>	
<i>Change (%)</i>	44.3	29.6	21.1	13.1	
Other Income	69,279	88,108	82,152	100,827	
<b>Net Income</b>	<b>125,650</b>	<b>161,149</b>	<b>170,633</b>	<b>200,943</b>	
<i>Change (%)</i>	41.3	28.3	5.9	17.8	
Operating Exp.	66,906	81,542	78,965	86,977	
<b>Operating Income</b>	<b>58,744</b>	<b>79,607</b>	<b>91,668</b>	<b>113,966</b>	
<i>Change (%)</i>	51.1	35.5	15.2	24.3	
Provisions & Cont.	22,294	29,046	41,232	51,862	
<b>PBT</b>	<b>36,450</b>	<b>50,561</b>	<b>50,436</b>	<b>62,104</b>	
Tax	5,348	8,984	11,600	15,526	
<i>Tax Rate (%)</i>	14.7	17.8	23.0	25.0	
<b>PAT</b>	<b>31,102</b>	<b>41,577</b>	<b>38,836</b>	<b>46,578</b>	
<i>Change (%)</i>	22.4	33.7	-6.6	19.9	
Proposed Dividend	8,993	12,239	13,352	15,578	

<b>BALANCE SHEET</b>					<b>(Rs Million)</b>
<b>Y/E MARCH</b>	<b>2007</b>	<b>2008</b>	<b>2009E</b>	<b>2010E</b>	
Capital	8,993	11,127	11,127	11,127	
Preference Capital	3,500	3,500	3,500	3,500	
Reserves & Surplus	234,139	453,575	476,789	505,141	
<b>Net Worth</b>	<b>246,633</b>	<b>468,202</b>	<b>491,416</b>	<b>519,768</b>	
<b>Deposits</b>	<b>2,305,100</b>	<b>2,444,311</b>	<b>2,688,742</b>	<b>3,011,391</b>	
<i>Change (%)</i>	39.6	6.0	10.0	12.0	
Borrowings	706,613	863,986	986,628	1,126,169	
Other Liabilities & Prov.	188,235	221,452	281,244	357,180	
<b>Total Liabilities</b>	<b>3,446,581</b>	<b>3,997,951</b>	<b>4,448,030</b>	<b>5,014,508</b>	
Current Assets	371,213	380,411	386,853	460,957	
Investments	912,578	1,114,543	1,281,725	1,473,984	
<i>Change (%)</i>	27.5	22.1	15.0	15.0	
<b>Advances</b>	<b>1,958,656</b>	<b>2,256,161</b>	<b>2,488,167</b>	<b>2,736,104</b>	
<i>Change (%)</i>	34.0	15.2	10.3	10.0	
<b>Net Fixed Assets</b>	<b>39,234</b>	<b>41,089</b>	<b>44,389</b>	<b>47,189</b>	
Other Assets	164,899	205,746	246,896	296,275	
<b>Total Assets</b>	<b>3,446,581</b>	<b>3,997,951</b>	<b>4,448,030</b>	<b>5,014,508</b>	

<b>ASSUMPTIONS</b>					<b>(%)</b>
Deposit Growth	39.6	6.0	10.0	12.0	
Advances Growth	34.0	15.2	10.3	10.0	
Investments Growth	27.5	22.1	15.0	15.0	
Provisions Coverage Ratio	51.7	53.9	59.3	68.8	
Dividend	100.0	110.0	120.0	140.0	

E: Most Estimates



**RATIOS**

Y/E MARCH	2007	2008	2009E	2010E
<b>Spreads Analysis (%)</b>				
Avg. Yield - Earning Assets	7.9	8.9	8.8	9.0
Avg. Cost-Int. Bear. Liab.	6.4	7.4	7.4	7.6
Interest Spread	16	14	14	15
Net Interest Margin	2.0	2.1	2.3	2.3

**Profitability Ratios (%)**

RoE	13.4	11.7	8.2	9.3
Adjusted RoE	15.3	12.9	9.1	10.6
RoA	10	1.1	0.9	10
Int. Expended/Int. Earned	74.4	76.3	74.4	74.7
Other Inc./Net Income	55.1	54.7	48.1	50.2

**Efficiency Ratios (%)**

Op. Exps./Net Income*	48.1	49.9	42.7	39.7
Empl. Cost/Op. Exps.	24.2	25.5	27.6	27.2
Busi. per Empl. (Rs m)	110.7	110.7	120.5	121.4
NP per Empl. (Rs lac)	9.3	10.3	9.5	10.4

\* ex treasury

**Asset-Liability Profile (%)**

Adv./Deposit Ratio	85.0	92.3	92.5	90.9
CASA Ratio %	21.8	26.1	29.0	30.5
Invest./Deposit Ratio	39.6	45.6	47.7	48.9
G-Sec/Invest. Ratio	73.8	67.6	62.9	61.3
Gross NPAs to Adv.	2.1	3.3	4.5	5.4
Net NPAs to Adv.	1.0	1.5	1.9	1.8
CAR	13.1	14.0	11.8	10.4
Tier 1	8.3	11.8	10.8	9.4

**VALUATION**

Book Value (Rs)	270	418	439	464
Price-BV (x)	12	0.8	0.7	0.7
Adjusted BV (Rs)	256	397	411	436
Price-ABV (x)	12	0.8	0.8	0.7
BV Ex Invsts in key ventues(Rs)	248	379	387	406
Adjusted Price-ABV (x)	0.6	0.4	0.4	0.3
EPS (Rs)	34.6	37.4	34.9	41.9
EPS Growth (%)	21.2	8.0	-6.6	19.9
Price-Earnings (x)	9.1	8.5	9.1	7.5
Adj. Price-Earnings (x)	4.5	4.1	4.4	3.4

E: MOST Estimates



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