

BSE SENSEX 17,705
S&P CNX 5,327

CMP: INR931

TP: INR1,125

Buy

	ICICIBCN	YEAR	NET INC.	PAT	EPS	EPS	P/E	AP/E*	ABY*	AP/ABY*	CORE	ROAA
		END	(INR M)	(INR M)	(INR)	GR. (%)	(X)	(X)	(INR)	(X)	ROAE (%)	(%)
Bloomberg	ICICIBCN	3/10A	155,920	40,250	36.1	6.9	-	-	348	-	10.1	1.1
Equity Shares (m)	1,151.8	3/11A	156,648	51,514	44.7	23.9	20.8	16.2	365	2.0	12.2	1.3
52-Week Range (Rs)	1,277/762	3/12E	180,280	63,086	54.8	22.5	17.0	12.9	398	1.8	13.9	1.4
1,6,12 Rel.Perf.(%)	-1/-9/-8	3/13E	218,562	74,536	64.7	18.1	14.4	10.6	440	1.6	14.9	1.5
M.Cap. (INR b)	1,072.3											
M.Cap. (USD b)	22.0											

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

ICICI Bank's (ICICIBCN) 2QFY12 PAT grew 22% YoY to INR15b (against our estimate of INR14.5b). While NII was in line with estimates, lower provisions due to strong asset quality led to the outperformance. Non-interest income was 9% lower than expected due to continued pressure on fees (up 7% YoY). Overall operating profits were in line with estimates.

- **Margin flat QoQ:** Reported NIM was sequentially stable at 2.6%. Domestic margins were 2.9% (down 10bp QoQ). NII grew 14% YoY to INR25b (in line with our estimate). For FY12, management guided for blended margins of 2.6% (stable YoY), however international margins are expected to improve to 1.2% by 4QFY12 from 1.09%.
- **Loan growth of 6% QoQ, 20% YoY:** Loans grew ~6% QoQ (3.5% adjusted for rupee depreciation) and ~20% YoY (17.6% adjusted for rupee depreciation) to INR2.4t, led by the corporate segment (up 8% QoQ) and the international loan book (up 20% QoQ). International loan book formed 83.5% of the incremental growth during the quarter.
- **Asset quality sequentially stable:** GNPA in absolute terms was flat QoQ. Gross slippage was INR7.9b (annualized slippage ratio of 1.6%) however up-gradation and recoveries were strong at INR6.7b. The management does not see any stress on asset quality and expects to contain slippages at similar levels. We model slippage ratio of 1.6% and 1.75% in FY12 and FY13 respectively.

Valuation and view: After consolidation over the past two years, focus has shifted to loan growth with corporate and secured retail loans being key drivers. Over FY12 and FY13, domestic business growth will be in line with the industry average and CASA ratio will remain at ~40%. Stable/improving margins, control over cost-to-income ratio and a fall in credit costs will ensure RoA of ~1.5% over FY12 and FY13. Maintain **Buy**.

ICICI Bank : Quarterly Performance

(INR Million)

	FY11				FY12				FY11	FY12E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	58,125	63,091	66,960	71,565	76,185	81,576	87,438	93,671	259,741	338,871
Interest Expense	38,215	41,047	43,842	46,467	52,076	56,512	60,750	65,418	169,572	234,756
Net Interest Income	19,911	22,044	23,117	25,097	24,109	25,064	26,688	28,254	90,169	104,115
% Change (YoY)	0.3	8.3	12.3	23.3	21.1	13.7	15.4	12.6	11.1	15.5
Other Income	16,805	15,779	17,488	16,407	16,429	17,396	19,910	22,430	66,479	76,165
Net Income	36,716	37,823	40,605	41,504	40,538	42,460	46,598	50,684	156,648	180,280
Operating Expenses	14,835	15,704	17,179	18,455	18,200	18,922	20,270	21,676	66,172	79,067
Operating Profit	21,881	22,119	23,426	23,049	22,338	23,537	26,328	29,008	90,475	101,212
% Change (YoY)	-13.5	-9.2	-1.1	-3.9	2.1	6.4	12.4	25.9	-7.0	11.9
Other Provisions	7,978	6,411	4,643	3,836	4,539	3,188	3,897	4,337	22,868	15,960
Profit before Tax	13,903	15,708	18,783	19,213	17,800	20,350	22,431	24,671	67,607	85,252
Tax Provisions	3,643	3,345	4,413	4,692	4,480	5,318	5,832	6,536	16,093	22,165
Net Profit	10,260	12,363	14,370	14,521	13,320	15,032	16,599	18,135	51,514	63,086
% Change (YoY)	16.8	18.9	30.5	44.4	29.8	21.6	15.5	24.9	28.0	22.5
Deposit Growth (%)	-4.4	12.8	10.2	11.7	14.8	9.9	17.1	19.2	11.7	19.2
Loan Growth (%)	-6.9	1.8	15.3	19.4	19.7	20.5	18.8	18.6	19.4	18.6
CD Ratio (%)	91.8	87.0	94.9	95.9	95.7	95.5	96.4	95.4	95.9	95.4
Net Interest Margin (Reported, %)	2.5	2.6	2.6	2.7	2.6	2.6			2.6	
Net Interest Margin (Cal, %)	2.3	2.5	2.5	2.7	2.5	2.5	2.5	2.6	2.7	2.6
Tax Rate (%)	26.2	21.3	23.5	24.4	25.2	26.1	26.0	26.5	23.8	26.0
Gross NPA (%)	5.1	5.0	4.8	4.5	4.4	4.1	4.1	4.0	4.5	4.0

E: MOSL Estimates

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

Y/E March	2QFY12A	2QFY12E	% Var.	Comments
Net Interest Income	25,064	24,811	1	NII inline with est, margin stable QoQ
% Change (YoY)	14	13		
Other Income	17,396	19,108	-9	Fee income growth moderates
Net Income	42,460	43,919	-3	
Operating Expenses	18,922	19,593	-3	
Operating Profit	23,537	24,325	-3	Lower non-interest income compensated by lower than est. opex
% Change (YoY)	6	10		
Other Provisions	3,188	4,784	-33	Asset quality continues to show strong improvement
Profit before Tax	20,350	19,542	4	
Tax Provisions	5,318	5,081	5	
Net Profit	15,032	14,461	4	Lower provisions leads to +ve surprise
% Change (YoY)	22	17		

Source: Company/MOSL

Margin flat QoQ: Reported NIM was stable QoQ at 2.6%. Domestic margins stood at 2.9% (down 10bp QoQ). International margins stood at 1.09% (up 14bp QoQ). NII grew 14% YoY to INR25b (in line with our estimate). For FY12, management guided for blended margins of 2.6% (stable YoY), however international margins are expected to improve to 1.2% by 4QFY12 from 1.09%. However, structural improvement in the liability profile, strong asset quality and a higher international spread could lead to positive surprise. We model largely stable margins for FY12 and to improve 10bp for FY13.

Loan growth 6% QoQ, 20% YoY: Loans grew ~6% QoQ (3.5% adjusted for rupee depreciation) and ~20% YoY (17.6% adjusted for rupee depreciation) to INR2.4t led by the corporate segment (up 8% QoQ) and FY12 international loan book (up 20% QoQ and 37% YoY). However strong growth in the international segment was partially driven by the rupee depreciation, adjusted for which, loan growth was ~10% QoQ. The international loan book formed 83.5% of the incremental growth in 2QFY12. Retail loans were largely flat QoQ, led by ~19% decline in unsecured personal loans and 4% decline in CV loans.

CASA growth moderates to 5% YoY; savings up 11% YoY: CASA grew 5% YoY and 7% QoQ to INR1.03t. In 2QFY11 ICICIBC merged the operations of Bank of Rajasthan, and thus on a higher base, growth is moderate. SA deposits grew 11% YoY (up 5% QoQ) and CA deposits were down 5% YoY (but up 11% QoQ). While calculated CASA was largely stable at 42.1%, on an average daily basis, CASA ratio declined 170bp QoQ to 38.3%. The management has guided for CASA ratio of 38-40% for FY12.

Fee income growth moderates further: Fee income grew 7% YoY (but improved to ~8% QoQ) to INR17b. Moderation in fee income growth was led by a slowdown in project loans and lower syndication business. ICICIBC reported a trading loss of ~INR800m against INR250m in 1QFY12 and INR1.44b in 2QFY11. Reported operating profit grew 6% YoY and after adjustment for trading income and lease income, core operating profit grew 4% YoY to INR23.1t.

Opex up 20% YoY, cost to core income ratio 44%: Opex grew 20% YoY (up 4% QoQ), led by higher employee expenses (up 35% YoY and up 15% QoQ). Bank of Rajasthan was merged on 12 August 2010. 2QFY12 cost-to-core-income ratio was 43.7% (against 44.6% in 1QFY12). While pressure on core income will keep cost-to-core-income under pressure in the near term, management expects its long-term sustainable cost-to-core-income ratio to be 40-42%.

Asset quality sequentially stable: GNPA in absolute terms was flat QoQ. Gross slippage was INR7.9b (annualized slippage ratio of 1.6%), but upgradation and recoveries were strong at INR6.7b. Retail GNPA's were flat QoQ at INR63.2b, whereas retail NNPA ratio declined further to 1.2% from 1.4% in 1QFY12 and 2.2% in 2QFY11. Non-retail NNPA declined marginally by 6bp to 0.8%. Restructured loans increased sequentially to INR25b (from INR19.7b in 1QFY12) largely due to the MFI portfolio. Restructured loans as a percentage of customer assets was 90bp against 75bp in 1QFY12. The management does not see stress on asset quality and expects to contain slippages at similar levels. We model slippage ratio of 1.6% in FY12 and 1.75% in FY13.

Disclosures on ICICIBC's power sector exposure: (1) The power sector accounts for ~5% of loans and ~7% of overall exposure, (2) 50% of the exposure is for projects in which commercial operations have started, (3) one-third of the exposure is for working capital financing, (4) out of the term loan facility (two-thirds of the exposure) 65% have PPA in place, (5) a large part of the exposure is for thermal projects of which 45-50% have captive mines, and (6) on the overall book, the average PLF is 61% and 1.54x DSCR.

Adequately capitalized, tier-I ratio at 13.1%: Capitalization remains strong with tier-I ratio at 13.1%. As loan growth is likely to remain at ~19% and earnings momentum to be strong (~19% CAGR over FY11-13), we expect ICICIBC to maintain superior tier-I ratio of 12%+ by FY12. Any release of capital from subsidiaries in FY12-13 will further help the bank's capital ratios. In 2QFY12 the bank had additions of net worth of INR21b due to (a) foreign currency fluctuation reserves of INR6b and (b) profits of INR15b.

Performance of subsidiaries: ICICI UK's total assets declined ~15% QoQ from USD6b to USD5.1b. ICICI UK's 2QFY12 profits declined to ~USD2.2m from USD5m in 1QFY12 and USD8.4m in 2QFY11. CAR was 29.8%. ICICI Canada's total assets were CAD5.1b (flat QoQ). Earnings were CAD5.2m in 2QFY12 against CAD12.3m in 1QFY12. CAR was 29.3%. ICICI Life Insurance posted profit of INR3.5b v/s INR150m in 2QFY11 and profit of INR3.4b in 1QFY12.

Valuation and view: Structural improvement in RoA 1.5%; Buy with target price of INR1,125

After consolidation over the past two years, the bank's focus has shifted to loan growth with corporate and secured retail loans being key drivers. Over FY12 and FY13, domestic business growth will be in line with the industry average and CASA ratio will remain at ~40%. Stable/improving margins, control over cost-to-income ratio (management guidance of ~42% for FY12) and a fall in credit costs (1% in FY11; management guidance of

0.7%) will ensure RoA of ~1.5% over FY12 and FY13. Strong CAR of 19% with tier-I ratio of ~13.1% will ensure dilution-free growth.

We expect ICICIBC to report EPS of INR55 in FY12 and INR65 in FY13. BV would be INR512 in FY12 and INR553 in FY13. ABV (adjusted for investment in subsidiaries) would be INR398 in FY12 and INR440 in FY13. We expect core RoE to improve to ~14% by FY12 and ~15% in FY13 (from 10% in FY10). Adjusted for subsidiaries value of INR244/share (post 20% holding company discount), the stock trades at 1.6x AP/ABV FY13E and 10.6x AP/EPS. Maintain **Buy** with a target price of INR1,125.

We largely maintain our earnings estimate (INR b)

	Old Estimates		Rev. Estimates		Change (%)	
	FY12	FY13	FY12	FY13	FY12	FY13
Net Interest Income	107.2	131.1	104.1	127.1	-2.9	-3.1
Other Income	80.8	98.4	76.2	91.5	-5.8	-7.0
Total Income	188.0	229.5	180.3	218.6	-4.1	-4.8
Operating Expenses	80.6	97.0	79.1	93.0	-1.9	-4.2
Operating Profits	107.4	132.5	101.2	125.6	-5.8	-5.2
Provisions	20.7	28.3	16.0	23.5	-23.0	-17.0
PBT	86.7	104.2	85.3	102.1	-1.7	-2.0
Tax	22.5	28.1	22.2	27.6	-1.7	-2.0
PAT	64.2	76.1	63.1	74.5	-1.7	-2.0
Loans	2,534	3,048	2,565	3,059	1.2	0.4
Deposits	2,663	3,211	2,689	3,187	1.0	-0.8
Margins (%)	2.7	2.8	2.6	2.7		
Credit Cost (%)	0.9	1.0	0.7	0.8		
RoA (%)	1.5	1.5	1.4	1.5		
RoE (%)	14.1	15.1	13.9	14.9		

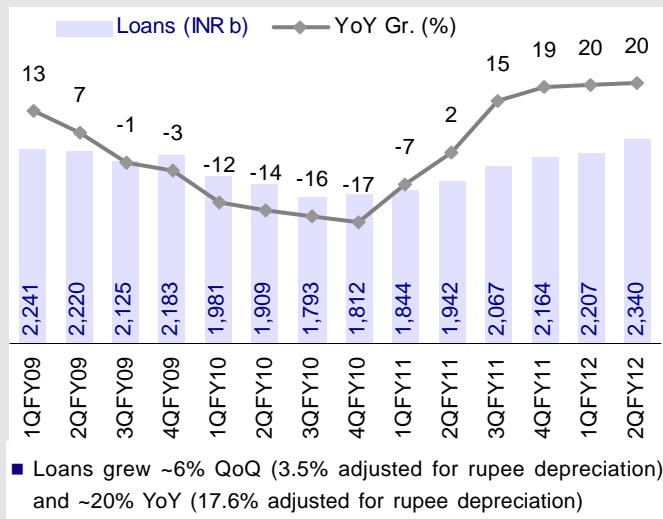
Source: MOSL

ICICI BANK: SOTP FY13E

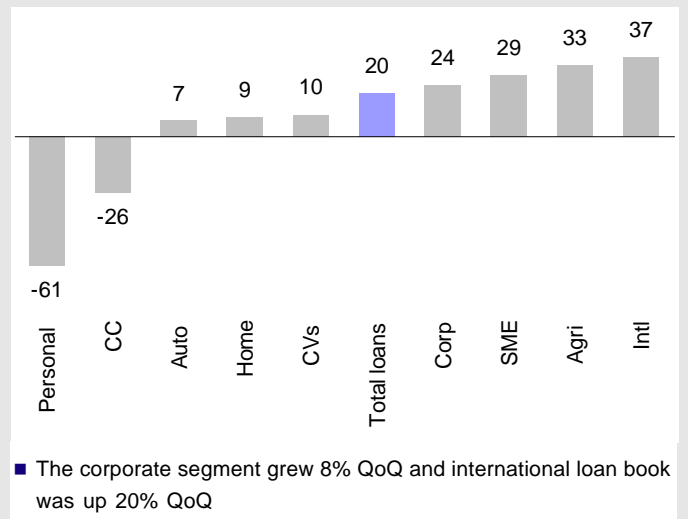
	Total Value INR b	Total Value USD b	Value Per Share INR	% of Total Value	Rationale
ICICI Bank	1,013	20.8	880	78.3	2x FY13E BV ex Investment in key ventures
Key Ventures					
ICICI Pru Life Insurance (74% stake)	112	2.3	97	8.7	16x FY13E NBAP; 15% APE CAGR in FY11-13; NBAP Margin of 18%
ICICI Bank Canada (100% Subsidiary)	63	1.3	55	4.9	1.5x FY13E BV
ICICI Bank UK (100% Subsidiary)	48	1.0	42	3.7	1.5x FY13E BV
ICICI Home Finance (100% Subsidiary)	30	0.6	26	2.3	2x FY13E BV
ICICI Pru Asset Management (51% stake)	22	0.5	19	1.7	Valued at 4% of Total AUM exp in FY13
ICICI Securities	8	0.2	7	0.6	12x FY13E PAT
ICICI Lombard General Insurance (74% stake)	41	0.8	36	3.2	2x FY13 Netw orth
ICICI Ventures	13	0.3	12	1.0	12% FY13E AUMs
ICICI Securities PD	13	0.3	11	1.0	1.5x FY13E BV
Total Value of Ventures	352	7.2	305	27.2	
Less: 20% holding Discount	70	1.4	61	5	
Value of Key Ventures	281	5.8	244	21.7	
Target Price Post 20% Holding Co. Disc.	1,294	26.6	1,124	100	
Current Value	1,072	22.0	931		
Upside - %	20.7	20.7	20.7		
Target Price w/o 20% Holding Co. Disc.	1,365	28.0	1,185		
CMP (INR)	1,072	22.0	931		
Upside - %	27.3	27.3	27.3		

Quarterly trends

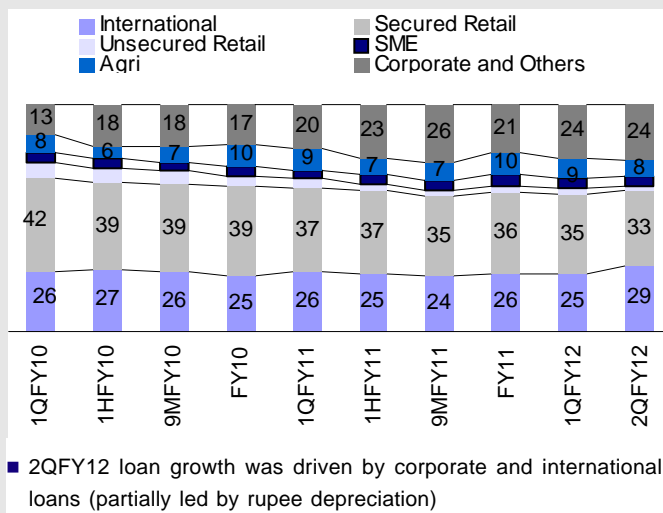
Loans growth in line with industry average



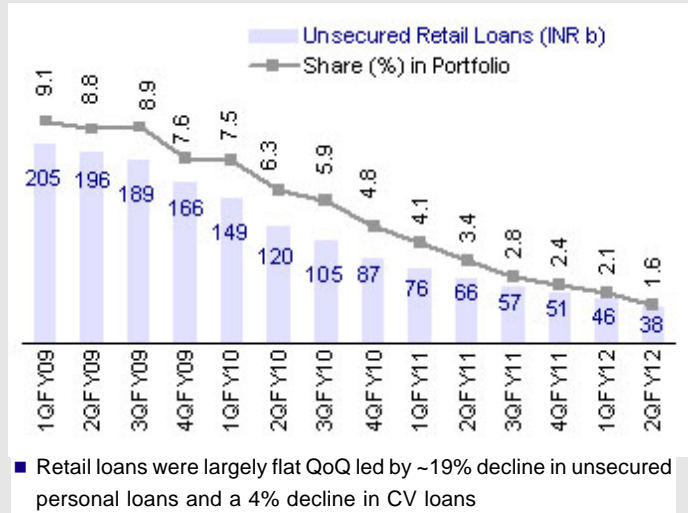
Strong growth in corporate and international book (%)



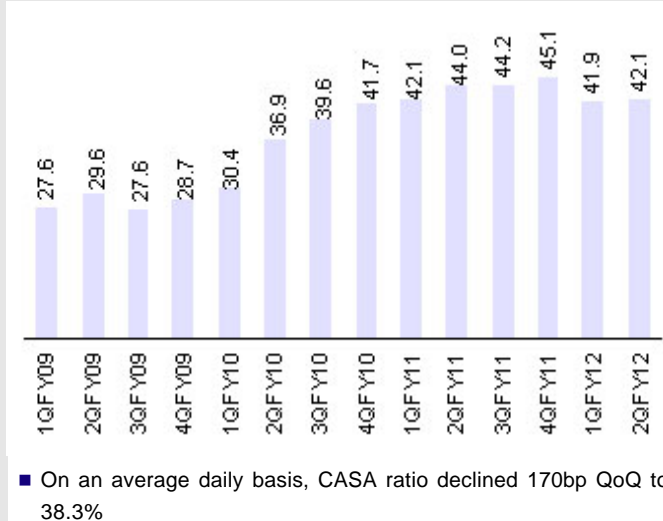
International share increases QoQ (%)



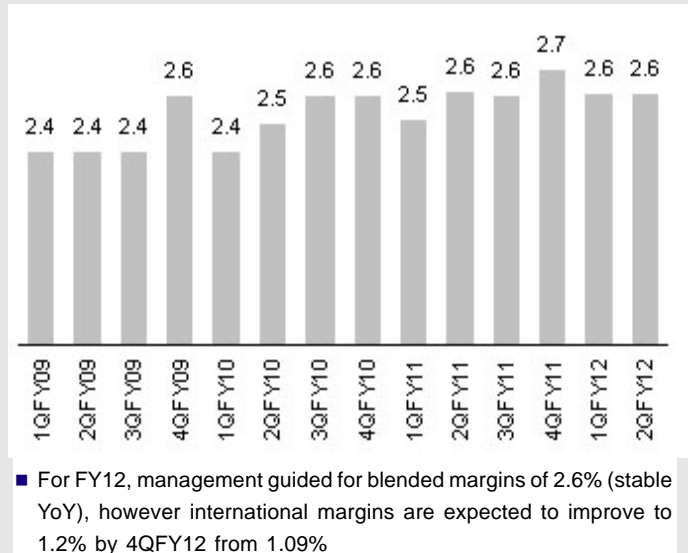
Sharp fall in share of unsecured retail loans



CASA ratio (cal) stable QoQ; (%)

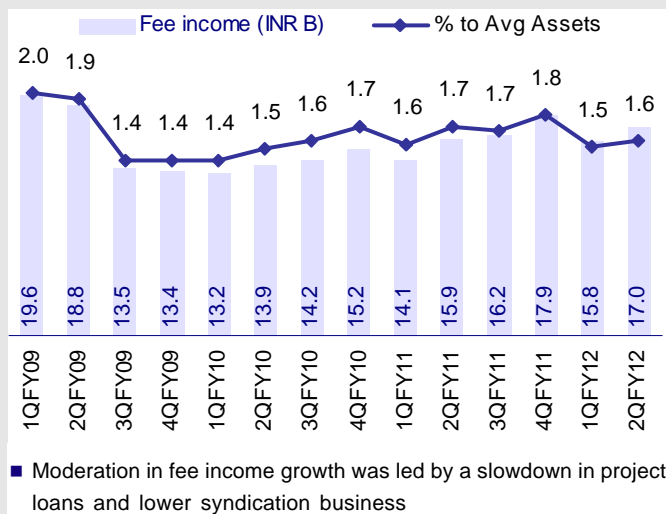


Margins stable QoQ (%)

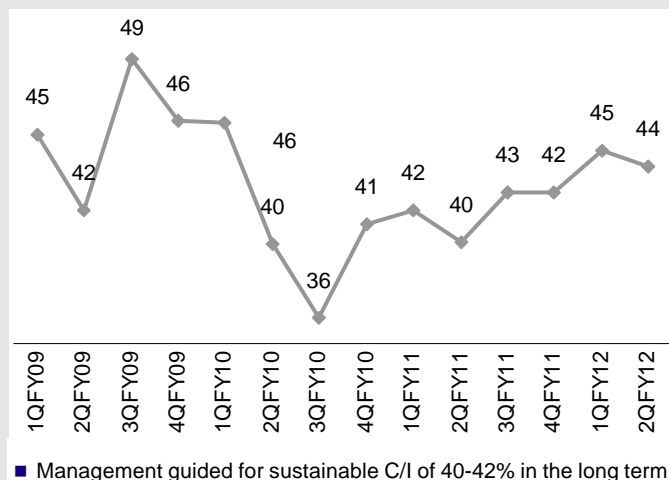


Quarterly trends (continued)

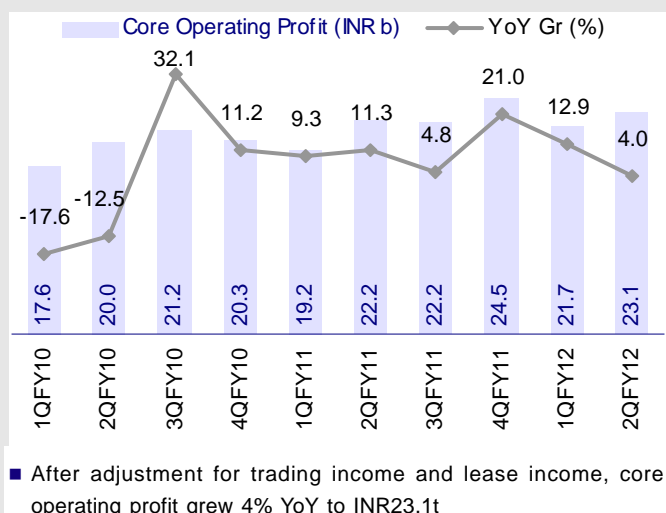
Fee income picks up QoQ but moderates YoY



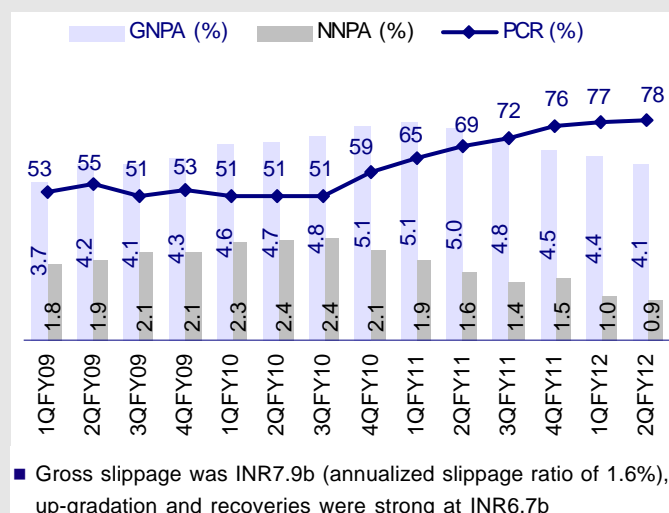
Cost to core income increases QoQ (%)



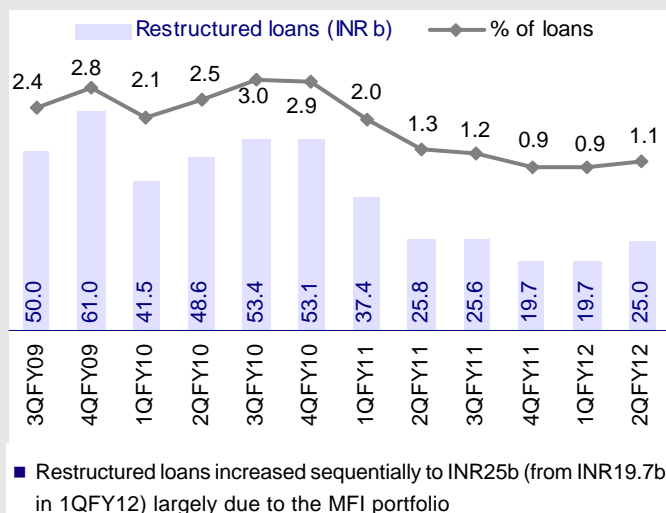
Core PPP moderates



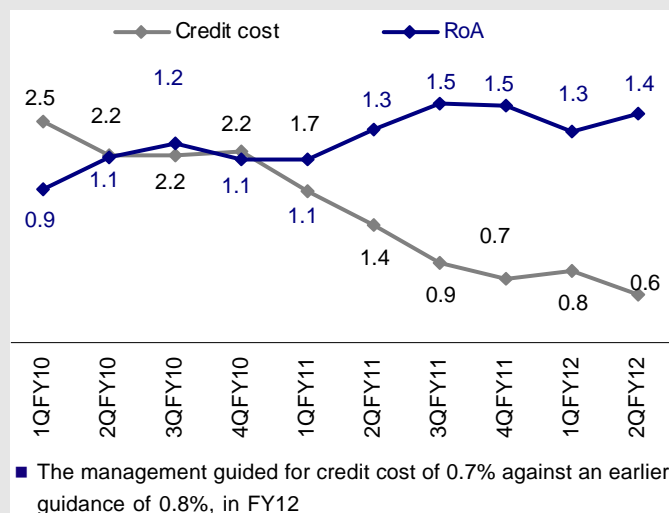
Improvement in coverage ratio continues



Restructured loans increase QoQ



Lower credit cost drives RoA higher (%)



Quarterly Snapshot

	FY11				FY12		Variation (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY	1HFY11	1HFY12	YoY Gr (%)
Profit and Loss (INR m)											
Net Interest Income	19,911	22,044	23,117	25,097	24,109	25,064	4	14	41,954	49,174	17
Other Income	16,805	15,779	17,488	16,407	16,429	17,396	6	10	32,584	33,824	4
Trading profits	1,040	-1,440	210	-1,960	-250	-800	NA	NA	-400	-1,050	163
Fee Income	14,130	15,900	16,250	17,910	15,780	17,000	8	7	30,030	32,780	9
Miscellaneous Income	1,635	1,319	1,028	457	899	1,196	33	-9	2,954	2,094	-29
Total Income	36,716	37,823	40,605	41,504	40,538	42,460	5	12	74,539	82,998	11
Operating Expenses	14,835	15,704	17,179	18,455	18,200	18,922	4	20	30,539	37,122	22
Employee	5,756	6,243	7,605	8,566	7,329	8,427	15	35	11,999	15,756	31
Others	9,079	9,461	9,575	9,889	10,871	10,495	-3	11	18,540	21,367	15
Operating Profits	21,881	22,119	23,426	23,049	22,338	23,537	5	6	44,000	45,876	4
Provisions	7,978	6,411	4,643	3,836	4,539	3,188	-30	-50	14,390	7,727	-46
PBT	13,903	15,708	18,783	19,213	17,800	20,350	14	30	29,611	38,149	29
Taxes	3,643	3,345	4,413	4,692	4,480	5,318	19	59	6,988	9,797	40
PAT	10,260	12,363	14,370	14,521	13,320	15,032	13	22	22,623	28,352	25
Asset Quality											
GNPA	99,770	102,330	102,300	101,140	100,620	101,070	0	-1	102,330	101,070	-1
NNPA	35,140	31,920	28,730	24,590	23,510	22,360	-5	-30	31,920	22,360	-30
GNPA (%)	4.5	4.4	4.1	3.9	3.9	3.6	-28	-78	4	4	-78
NNPA (%)	1.6	1.4	1.2	0.9	0.9	0.8	-11	-57	1	1	-57
PCR (Calculated, %)	65	69	72	76	77	78	124	907	69	78	907
GNPA - Retail	66,300	67,990	67,140	66,350	63,580	63,170	-1	-7	67,990	63,170	-7
NNPA - Retail	19,860	17,120	14,300	12,490	11,180	9,760	-13	-43	17,120	9,760	-43
Restructured loans	37,370	25,780	25,620	19,700	19,660	25,010	27	-3	25,780	25,010	-3
% to Loans	2.0	1.3	1.2	0.9	0.9	1.1	18	-26	1	1	-26
Ratios (%)											
Fees to Total Income	38.5	42.0	40.0	43.2	38.9	40.0			40.3	39.5	
Cost to Core Income	43.6	41.4	43.6	42.9	45.6	45.0			42.4	45.3	
Tax Rate	26.2	21.3	23.5	24.4	25.2	26.1			23.6	25.7	
CASA	42.1	44.0	44.2	45.1	41.9	42.1					
Dom. Loan/Deposit (Rep)	71.0	68.0	75.0	75.0	75.5	72.3					
Loan / Deposit	91.8	87.0	94.9	95.9	95.7	95.5					
CAR	20.2	20.2	20.0	19.5	19.6	19.0					
Tier I	14.0	13.8	13.7	13.2	13.4	13.1					
RoA (cal)	1.1	1.3	1.5	1.5	1.3	1.4					
Margins - Cal (%)											
Yield on loans	8.3	8.3	8.3	8.6	9.0	9.5	43	112	8.3	9.3	
Yield On Investments	5.3	5.8	6.3	6.6	6.6	6.5	-4	72	5.6	6.5	
Yield on Funds	6.8	7.1	7.3	7.6	7.8	8.0	22	90	7.0	7.9	
Cost of funds	5.2	5.3	5.5	5.7	6.1	6.4	23	103	5.3	6.2	
Margins	2.3	2.5	2.5	2.7	2.5	2.5	-1	-3	2.4	2.5	
Margins - Reported	2.5	2.6	2.6	2.7	2.6	2.6	0	-1	2.6	2.6	

For %age change QoQ and YoY is bp

Source: Company/MOSL

Quarterly Snapshot (Continued)

	FY10				FY11				FY12		Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Balance Sheet (INR b)												
Loans	1,981	1,909	1,793	1,812	1,844	1,942	2,067	2,164	2,207	2,340	6	20
Investments	1,142	1,200	1,234	1,209	1,276	1,363	1,337	1,347	1,396	1,477	6	8
Customer Assets	2,131	2,081	2,016	2,086	2,169	2,330	2,477	2,616	2,584	2,795	8	20
Deposits	2,102	1,978	1,977	2,020	2,009	2,231	2,177	2,256	2,307	2,451	6	10
Borrowings	909	998	915	939	946	967	1,050	1,092	1,137	1,210	6	25
Total Assets	3,674	3,664	3,562	3,634	3,640	3,900	3,929	4,062	4,152	4,407	6	13
Deposits Break Up												
CASA Deposits	640	729	782	842	846	981	962	1,016	966	1,031	7	5
% to total Deposits	30	37	40	42	42	44	44	45	42	42		
Savings	445	493	511	530	565	632	646	669	669	701	5	11
% to total Deposits	21	25	26	26	28	28	30	30	29	29		
Current	195	236	272	312	281	349	316	348	298	330	11	-5
% to total Deposits	9	12	14	15	14	16	15	15	13	13		
Term Deposits	1,463	1,249	1,194	1,178	1,163	1,250	1,215	1,240	1,340	1,419	6	14
% to total Deposits	70	63	60	58	58	56	56	55	58	58		
Loan Break Up												
Agriculture	158	115	125	181	166	132	153	210	188	175	-6	33
SME Loans	79	76	72	72	74	85	87	104	110	110	0	29
Corporate Loans	258	344	323	326	369	456	533	461	523	566	8	24
Retail Loans	971	859	807	790	763	781	790	837	827	819	-1	5
of which												
Housing	541	490	484	474	473	504	517	539	546	551	1	9
Personal Loans	81	62	56	47	38	31	25	23	20	12	-38	-61
Credit Cards	68	58	48	40	38	34	32	28	26	25	-4	-26
Others	282	249	218	229	214	212	216	247	235	230	-2	9
International Loans	515	515	466	453	479	487	504	552	558	669	20	37
Loan Mix (%)												
Agriculture	8	6	7	10	9	7	7	10	9	8		
SME Loans	4	4	4	4	4	4	4	5	5	5		
Corporate Loans	13	18	18	18	20	24	26	21	24	24		
Retails	49	45	45	44	41	40	38	39	37	35		
International Loans	26	27	26	24	26	25	24	26	25	29		
Subsidiaries PAT (INR m)												
I Sec	140	380	370	340	250	290	350	240	100	160		
I Sec PD	670	0	160	20	340	-20	40	170	230	170		
I Venture	160	140	90	120	110	220	380	30	50	0		
Pru AMC	190	480	400	210	320	140	60	200	250	200		
ICICI Home Finance	270	280	440	620	572	539	499	720	704	561		
ICIC Life Insurance	-360	-690	70	3,560	-1,160	150	6,140	2,950	3,390	3,500		
ICICI General Insurance	380	510	430	120	330	1,040	730	-2,900	400	560		
Others	118	-51	-1,490	-1,626	-112	-772	-2,179	-251	-1,774	-263		
Subsidiaries PAT	1,568	1,049	470	3,364	650	1,587	6,020	1,159	3,350	4,888		
ICICI Bank	8,782	10,401	11,010	10,056	10,260	12,363	14,370	14,521	13,320	15,032		
Consol Profit	10,350	11,450	11,480	13,420	10,910	13,950	20,390	15,680	16,670	19,920		

For %age change QoQ and YoY is bp

Source: Company/MOSL

Stock Info

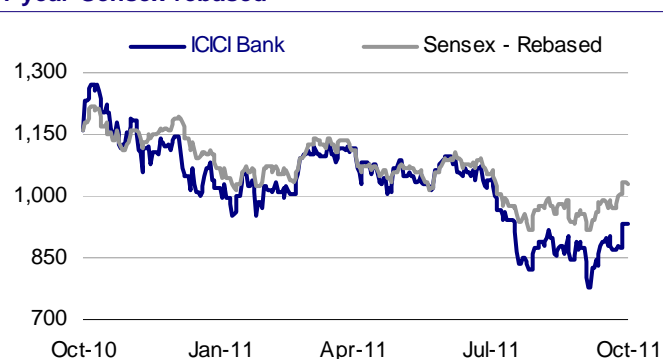
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	54.8	54.2	1.1
FY13	64.7	65.1	-0.6

Shareholding pattern (%)

	Sep-11	Jun-11	Sep-10
Promoter	0.0	0.0	0.0
Domestic Inst	25.1	24.9	23.0
Foreign	65.0	65.5	67.6
Others	9.9	9.6	9.5

1-year Sensex rebased



Financials: Valuation Matrix

	Rating	CMP (INR)	Mkt. Cap (USD b)	EPS (INR)		P/E (x)		P/BV (x)		RoA (%)		RoE (%)	
				FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13
ICICI*	Buy	931	21.7	55	65	12.9	10.6	1.8	1.6	1.4	1.5	13.9	14.9
HDFCB	Neutral	489	23.0	22	28	22.0	17.6	3.9	3.3	1.6	1.7	18.9	20.3
Axis	Buy	1,160	9.6	97	114	12.0	10.2	2.2	1.9	1.5	1.5	19.9	19.9
Kotak	Neutral	511	3.8	22	27	21.8	18.1	2.8	2.4	2.1	2.1	15.0	15.7
Yes	Buy	315	2.2	27	33	11.7	9.5	2.4	2.0	1.4	1.4	22.3	22.7
Indusind	Buy	287	2.7	17	21	17.4	13.9	3.0	2.6	1.5	1.5	18.6	19.9
ING Vysya	Buy	337	0.8	29	34	11.7	10.0	1.3	1.2	1.0	1.0	13.5	12.4
Federal	Buy	415	1.4	45	51	9.3	8.2	1.3	1.1	1.3	1.3	14.2	14.5
J&K Bk	Buy	841	0.8	156	179	5.4	4.7	1.0	0.9	1.4	1.3	20.0	19.8
SIB	Buy	24	0.5	3	4	7.3	6.1	1.3	1.2	1.0	0.9	20.0	20.2
Private Aggregate			67			15.7	13.1	2.3	2.0				
SBI (cons)*	Buy	1,907	24.5	220	269	8.3	6.7	1.3	1.1	0.8	0.9	15.7	17.1
PNB	Buy	977	6.2	168	200	5.8	4.9	1.3	1.0	1.3	1.3	24.0	23.5
BOI	Neutral	332	3.7	52	65	6.4	5.1	1.0	0.9	0.7	0.8	16.6	18.2
BoB	Neutral	772	6.1	118	136	6.5	5.7	1.3	1.1	1.2	1.1	21.3	20.7
Canara	Buy	469	4.2	80	96	5.9	4.9	1.0	0.8	1.0	1.0	18.2	18.7
Union	Buy	226	2.4	40	49	5.7	4.6	0.9	0.8	0.8	0.9	17.6	18.7
IOB	UR	102	1.3	22	25	4.6	4.1	0.7	0.6	0.7	0.7	15.8	16.1
OBC	Buy	290	1.7	42	54	7.0	5.4	0.8	0.7	0.7	0.8	11.4	13.4
Indian Bk Corporation	Buy	217	1.9	44	52	4.9	4.2	1.0	0.8	1.4	1.4	21.5	21.4
Andhra Bk	Buy	119	1.3	26	28	4.5	4.2	0.9	0.8	1.2	1.1	21.1	19.5
IDBI *	Neutral	117	2.3	20	21	4.7	4.3	0.6	0.6	0.7	0.7	14.5	14.1
Dena Bank	Buy	81	0.5	22	25	4.3	3.5	0.7	0.6	0.9	0.9	17.9	18.4
Public Aggregate			57			7.2	6.1	1.1	1.0				
HDFC*	Neutral	687	20.4	28	32	17.7	14.8	5.0	4.5	2.8	2.8	27.1	29.4
LICHF	Buy	234	2.2	23	28	10.0	8.2	2.2	1.8	2.0	1.9	24.2	24.3
DHFL	Buy	228	0.5	30	39	7.7	5.8	1.2	1.0	1.4	1.4	18.7	19.6
IDFC	Neutral	132	3.9	9.7	11.7	13.6	11.3	1.5	1.3	2.8	2.8	12.9	13.7
REC	Buy	180	3.6	29	35	6.2	5.1	1.2	1.0	3.1	3.1	20.9	22.0
PFC	Buy	150	3.5	22	27	6.8	5.5	1.0	0.9	2.6	2.6	16.2	16.6
STF	Buy	611	2.8	61	71	9.9	8.7	2.3	1.9	3.1	3.0	25.3	23.5
MMFSL	Neutral	674	1.4	56	70	12.0	9.7	2.4	2.0	4.1	4.1	21.3	22.4
NBFC Aggregate			38			12.8	10.6	3.1	2.6				

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

Financials and Valuation

Income Statement		(INR Million)					
Y/E March	2008	2009	2010	2011	2012E	2013E	
Interest Income	307,883	310,926	257,069	259,741	338,871	412,336	
Interest Expended	234,842	227,259	175,926	169,572	234,756	285,251	
Net Interest Income	73,041	83,666	81,144	90,169	104,115	127,085	
Change (%)	29.6	14.5	-3.0	11.1	15.5	22.1	
Other Income	88,108	76,037	74,777	66,479	76,165	91,477	
Net Income	161,149	159,703	155,920	156,648	180,280	218,562	
Change (%)	28.3	-0.9	-2.4	0.5	15.1	21.2	
Operating Exp.	81,542	70,451	58,598	66,172	79,067	92,972	
Operating Profits	79,607	89,252	97,322	90,475	101,212	125,590	
Change (%)	35.5	12.1	9.0	-7.0	11.9	24.1	
Provisions & Cont.	29,046	38,083	43,869	22,868	15,960	23,487	
PBT	50,561	51,170	53,453	67,607	85,252	102,104	
Tax	8,984	13,588	13,203	16,093	22,165	27,568	
Tax Rate (%)	17.8	26.6	24.7	23.8	26.0	27.0	
PAT	41,577	37,581	40,250	51,514	63,086	74,536	
Change (%)	33.7	-9.6	7.1	28.0	22.5	18.1	
Dividend (Including Tax)	12,239	13,764	15,020	18,170	24,257	26,953	
Core PPP*	71,457	84,822	85,512	92,625	101,712	124,340	
Change (%)	47.0	18.7	0.8	8.3	9.8	22.2	

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

Balance Sheet		(INR Million)					
Y/E March	2008	2009	2010	2011	2012E	2013E	
Share Capital	14,627	14,633	14,649	15,018	15,018	15,018	
Equity Share Capital	11,127	11,133	11,149	11,518	11,518	11,518	
Preference Capital	3,500	3,500	3,500	3,500	3,500	3,500	
Reserves & Surplus	453,575	484,197	505,035	539,391	578,220	625,803	
Net Worth	468,202	498,830	519,684	554,409	593,238	640,821	
Of which Equity Net Worth	464,702	495,330	516,184	550,909	589,738	637,321	
Deposits	2,444,311	2,183,478	2,020,166	2,256,021	2,688,941	3,186,767	
Change (%)	6.0	-10.7	-7.5	11.7	19.2	18.5	
Of which CASA Deposits	637,806	626,678	842,158	1,016,465	1,184,980	1,383,721	
Change (%)	27.0	-1.7	34.4	20.7	16.6	16.8	
Borrowings	863,986	928,055	939,136	1,092,043	1,237,870	1,507,057	
Other Liabilities & Prov.	221,452	182,647	155,012	159,864	174,370	191,316	
Total Liabilities	3,997,951	3,793,010	3,633,997	4,062,337	4,694,420	5,525,960	
Current Assets	380,411	299,666	388,737	340,901	349,378	434,069	
Investments	1,114,543	1,030,583	1,208,928	1,346,860	1,548,889	1,781,222	
Change (%)	22.1	-7.5	17.3	11.4	15.0	15.0	
Loans	2,256,161	2,183,108	1,812,056	2,163,659	2,565,356	3,059,329	
Change (%)	15.2	-3.2	-17.0	19.4	18.6	19.3	
Net Fixed Assets	41,089	38,016	32,127	47,443	50,975	53,536	
Other Assets	205,746	241,636	192,149	163,475	179,822	197,804	
Total Assets	3,997,951	3,793,010	3,633,997	4,062,337	4,694,420	5,525,960	

Asset Quality		(%)					
GNPA (INR m)	77,452	96,493	94,807	100,343	106,875	121,800	
NNPA (INR m)	34,906	45,539	38,411	24,074	23,513	26,796	
GNPA Ratio	3.37	4.32	5.07	4.48	4.03	3.86	
NNPA Ratio	1.55	2.09	2.12	1.11	0.92	0.88	
PCR (Excl Technical write off)	50.9	52.8	59.5	76.0	78.0	78.0	
PCR (Incl Technical Write off)	50.9	52.8	59.5	76.0	78.0	78.0	

E: MOSL Estimates

Financials and Valuation

Ratios

Y/E March	2008	2009	2010	2011	2012E	2013E
Spreads Analysis (%)						
Avg. Yield - Earning Assets	9.5	9.2	7.9	7.7	8.6	8.9
Avg. Yield on loans	10.7	10.1	8.7	8.3	9.5	9.8
Avg. Yield on Investments	7.4	6.9	5.8	6.2	6.6	7.0
Avg. Cost-Int. Bear. Liab.	6.9	6.5	5.2	4.8	5.8	6.1
Avg. Cost of Deposits	7.2	6.8	5.5	4.7	6.2	6.4
Interest Spread	2.5	2.6	2.7	2.9	2.7	2.8
Net Interest Margin	2.2	2.5	2.5	2.7	2.6	2.7

Profitability Ratios (%)

RoE	11.7	7.8	8.0	9.7	11.1	12.1
Adjusted RoE	11.0	9.3	10.1	12.2	13.9	14.9
RoA	1.1	1.0	1.1	1.3	1.4	1.5
Int. Expended/Int. Earned	76.3	73.1	68.4	65.3	69.3	69.2
Other Inc./Net Income	54.7	47.6	48.0	42.4	42.2	41.9

Efficiency Ratios (%)

Op. Exps./Net Income*	53.3	45.4	40.7	41.7	43.7	42.8
Empl. Cost/Op. Exps.	25.5	28.0	32.9	42.6	44.5	45.4
Busi. per Empl. (INR m)	110.2	131.0	99.8	72.4	88.1	97.7
NP per Empl. (INR lac)	10.2	10.9	9.8	9.0	11.5	12.7

* ex treasury

Asset-Liability Profile (%)

Loan/Deposit Ratio	92.3	100.0	89.7	95.9	95.4	96.0
CASA Ratio %	26.1	28.7	41.7	45.1	44.1	43.4
Invest./Deposit Ratio	45.6	47.2	59.8	59.7	57.6	55.9
G-Sec/Invest. Ratio	67.6	61.5	56.6	47.6	51.2	52.1
CAR	14.0	15.5	19.4	19.5	17.7	15.9
Tier 1	11.8	11.8	14.4	13.2	12.1	11.0

Valuation

Book Value (INR)	417.6	444.9	463.0	478.3	512.0	553.3
BV Growth (%)	54.5	6.5	4.1	3.3	7.0	8.1
Price-BV (x)	2.2	2.1	2.0	1.9	1.8	1.7
ABV (for Subsidiaries) (INR)	341.2	330.7	348.0	364.7	398.5	439.8
ABV Growth (%)	51.6	-3.1	5.2	4.8	9.3	10.4
Price-ABV (x)	2.2	2.3	2.0	2.0	1.8	1.6
ABV (for Subs Invest & NPA) (INR)	320.8	304.2	325.6	351.1	385.2	424.7
Adjusted Price-ABV (x)	2.4	2.5	2.1	2.1	1.8	1.6
EPS (INR)	37.4	33.8	36.1	44.7	54.8	64.7
EPS Growth (%)	8.0	-9.7	6.9	23.9	22.5	18.1
Price-Earnings (x)	24.9	27.6	25.8	20.8	17.0	14.4
Adj. Price-Earnings (x)	20.2	22.4	19.4	16.2	12.9	10.6
Dividend Per Share (INR)	11.0	11.0	12.0	14.0	18.0	20.0
Dividend Yield (%)	1.2	1.2	1.3	1.5	1.9	2.1

E: MOSL Estimates

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