14 March 2016

Update | Sector: Financials

ICICI Bank

BSE Sensex	S&P CNX
24,718	7,510

CMP: INR214 | **TP: INR320 (+50%)** | **Buy**

Strong retail franchise; Robust capital level

Worst of asset quality risks factored in; Trades at 0.9x BV

ICICIBC has used the period of moderate macroeconomic activity to build a strong retail franchise. Its average CASA ratio is ~40%, domestic NIM has expanded to ~3.9%, and share of granular secured retail loans has risen to ~40%. Rising large corporate stress has kept corporate profitability under pressure; however, post the RBI asset quality review (AQR) reported numbers indicate that the situation is manageable. Valuations are factoring in too much pessimism, with retail book now trading at 1.2x FY17E BV (significantly lower than private retail lenders, assuming 0.6x for corporate book (average multiple for large PSBs). One-off gains from stake sale in subsidiaries will help in maintaining reasonable provision coverage. Core RoE and Tier I capital should remain healthy at ~14% and 12%+, respectively. Reiterate Buy.

Asset quality: Near term challenging; factored in valuations

While the overhang of legacy large corporate exposures remain, our sensitivity analysis suggests that ICICIBC's balance sheet is well protected against possible asset quality shocks (refer ex. 14/15). We expect credit costs for the system to remain high, led by RBI's focus on strengthening balance sheets, ICICIBC remains well placed in this situation due to (a) expected one-off capital gains from stake sales in subsidiaries, and (b) healthy core operating performance – ICICIBC has already recognized ~15% of corporate loans as stressed (v/s ~8% a year ago). Significant shift in the balance sheet has happened towards granular retail portfolio (44% of loans; 62bp NNPA). Incremental focus remains on retail and high quality corporate accounts (largely transaction banking and working capital loans), is comforting.

Strong undercurrent in retail business – growth engine for 1-2 years

ICICIBC has made significant progress in reviving the retail business since FY12. Strong traction in retail loan growth (22% CAGR over FY12-9MFY16), retail fees (now accounting for 65%+ of overall fee income) and retail liabilities (retail deposits now account for ~80% of overall deposits) has led to significant profitability improvement (17% of PBT in FY15 v/s 6% in FY12). We expect the strong traction in retail business to continue and multiples to get re-rated, as profitability improves further. Applying the PSU bank weighted average multiples on non-retail business, ICICIBC's retail business trades at 1.2x FY17E BV – 50% lower than other private retail lenders.

Past capital guzzlers now capital enablers; uniquely placed

During 2003-08, ICICIBC aggressively invested in insurance and overseas banking subsidiaries, which also impacted overall RoE (~20% in FY05 to 8% in FY09/10). Stake sale in insurance ventures (recently announced) would result in ~INR31b post tax gains in FY16 (55-60bp potential addition to tier-1 capital). ICICIBC has utilized INR12.5b (pre-tax for 4% stake sale in life insurance) to take care of high provision requirement in 3Q. We expect such one-off capital gains to be used to create contingency / specific provisions against large corporate stressed exposures, especially in metals / construction sector – one of the main concerns impacting stock performance, in our view.

Stock Info

Bloomberg	ICICIBC IN
Equity Shares (m)	5,813.1
M.Cap.(INR b)/(USD b)	1,244/18.8
52-Week Range (INR)	346/181
1, 6, 12 Rel. Per (%)	-1/-17/-22
Avg Val (INR m)	4,119
Free float (%)	100

Financial Snapshot (INR Billion)

Y/E Mar	2016E	2017E	2018E
NII	213.0	240.5	276.1
OP	241.1	243.7	282.3
NP	119.6	128.5	154.8
NIM (%)	3.5	3.5	3.5
EPS (INR)	20.6	22.2	26.7
EPS Gr (%)	7.0	7.5	20.5
BV/Sh (INR)*	130.8	146.6	165.7
ABV/Sh (INR)*	114.0	132.6	155.4
RoE (%)	14.3	13.4	14.4
RoA (%)	1.7	1.6	1.7
Div Payout(%)	30.2	30.2	30.2
Valuations			
AP/E (x)	7.0	6.0	4.4
AP/BV (x)	1.1	0.9	0.7
AP/ABV (x)	1.3	1.0	0.8
Div. Yield (%)	2.5	2.7	3.2

* BV adj for invt in susbdiaries

Please click here for Video Link

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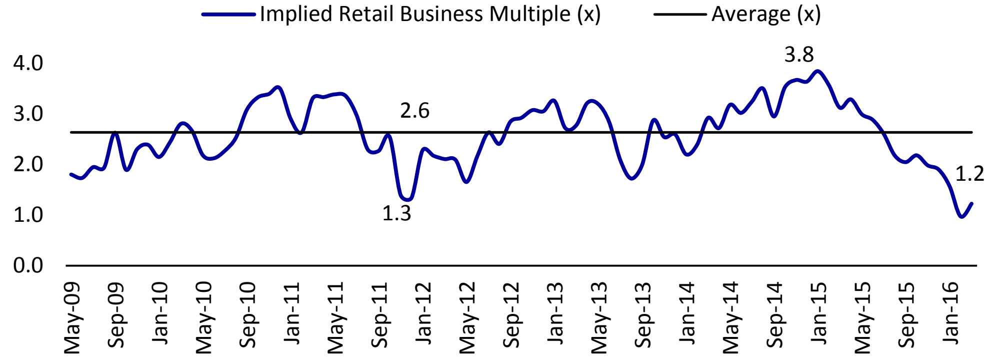
Please refer our report dated 27 July 2015

Retail business now trades at 1.2x P/BV – 50% discount to private peers

Robust core operating performance; valuations offer strong entry point

Structural improvement in liability and ALM profile has helped ICICIBC to report best-in-class domestic NIM of 3.8-3.9%, despite (a) build-up of low yielding secured retail loans, (b) corporate growth coming largely from high-rated accounts and transaction banking, and (c) declining interest rate scenario. Core PPP to average assets improved to 2.5-2.7% from 2.1-2.3% in FY10-13. Improvement in share of core revenues and operating leverage (core C/I ratio down ~300bp over FY12-16 despite falling share of international business) is driving strong core PPP CAGR of ~18% against 15% over FY12-16. While near term corporate asset quality challenges persist (market is pricing in corporate P/BV of 0.4x), increasing granularity of business led by retail and strong capitalization provides comfort. The stock trades at 1x FY17E BV, with core RoE of ~15%. Buy with an SOTP-based target price of INR320.

Exhibit 1: Strong retail franchise available at 1.2x P/BV (1yr forward)



Note: We assume 0.6x P/BV for corporate business – in line with large PSU banks. We also make an implied assumption that networth in non-retail and retail book is shared in proportion of loan book and there is no allocation towards investment book.

Source: MOSL, Company

Exhibit 2: ICICI Bank: SOTP FY17E

	Stake (%)	Total Value INR b	Total Value USD b	Value Per Share INR	% of Total Value	Rationale
ICICI Bank		**1,386**	**20.2**	**238**	**74.4**	Based on residual income model (1yr fwd.); Implied 1.5x FY17E Adj. BV; Core ROA of 1.5% and Core ROE of 14.5%
ICICI Pru Life Insurance	68	253	3.7	44	13.6	Based on deal value
ICICI Bank Canada	100	28	0.4	5	1.5	0.5x FY17E BV
ICICI Bank UK	100	17	0.2	3	0.9	0.5x FY17E BV
ICICI Home Finance	100	33	0.5	6	1.7	2x FY17E BV
ICICI Pru AMC	51	47	0.7	8	2.5	Valued at 4% of AUM exp in FY17
ICICI Securities	100	53	0.8	9	2.8	15x FY17E PAT
ICICI Lombard Gen. Ins	64	132	1.9	23	7.1	Based on deal value (4.5x PBV)
ICICI Ventures	100	10	0.1	2	0.5	10% FY17E AUMs
ICICI Sec. PD	100	14	0.2	2	0.7	1x FY17 Networth
Total Value of Ventures		**588**	**8.5**	**101**	**31.6**	
Less: 20% holding Discount		118	1.7	20	6	
Value of Key Ventures		**470**	**6.8**	**81**	**25.2**	
Target Price Post 20% Holdco. Disc.		**1,856**	**27.0**	**320**	**100**	
Current Value		1,243	18.5	214		
Upside - %		**49.3**	**49.3**	**49.3**		
Target Price w/o 20% Holdco. Disc.		**1,973**	**28.7**	**340**		
CMP (INR)		1,243	18.5	214		
Upside - %		**58.8**	**58.8**	**58.8**		

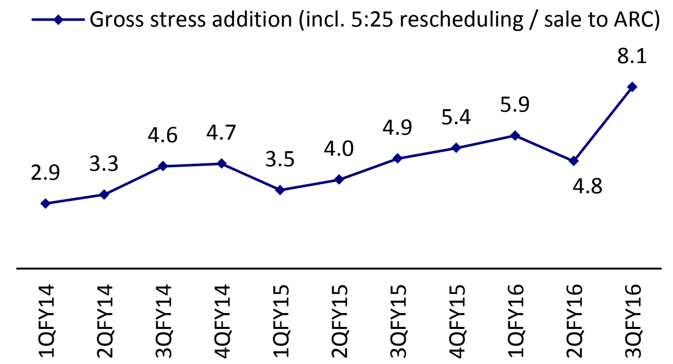
Source: MOSL

Asset quality – passed RBI litmus test without much dent on balance sheet

Healthy core operating profitability to take care of high credit costs

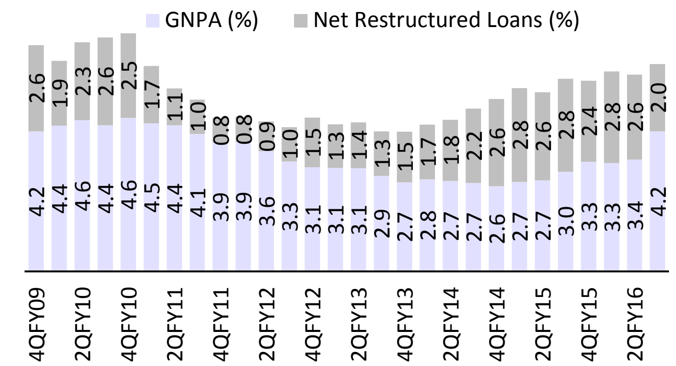
- **Overall corporate stress loans (including 5:25 rescheduling, SDR and sale to ARC) have doubled over two years to ~15%. Early recognition of stress caused by RBI AQR has also impacted reported ratios. Corporate stress level a year ago was ~10%. Including 4Q guided level; this could reach ~17%.**
- **Despite sharp rise in stress levels over the last two years in corporate business and build-up of retail business (lower spreads), core operating profit has remained in the range of 2.5-2.7% (2.7% as of 3QFY16), which is commendable. We believe strong core profitability will help to navigate higher credit cost.**
- **While near term asset quality situation remains challenging, especially in commodity-linked sectors, ICICIBC's balance sheet remains well protected against any severe asset quality shocks (please refer to our sensitivity test on ex. 15/16).**

Exhibit 3: Gross stress additions rose sharply in 3Q, led by RBI asset quality review



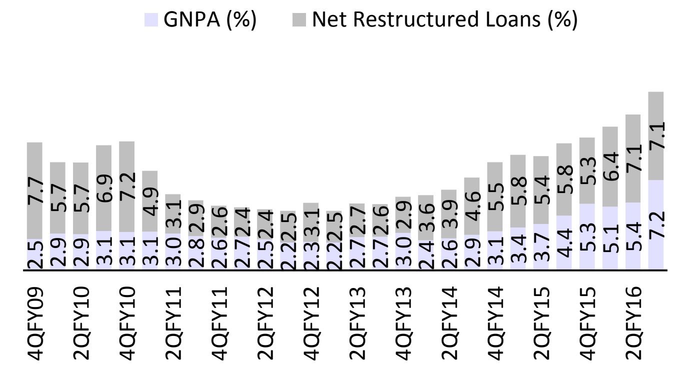
Source: Company, MOSL

Exhibit 4: Overall gross stressed loans increased just 20bp QoQ to 6.2%; including 5:25 refinancing +50bp QoQ



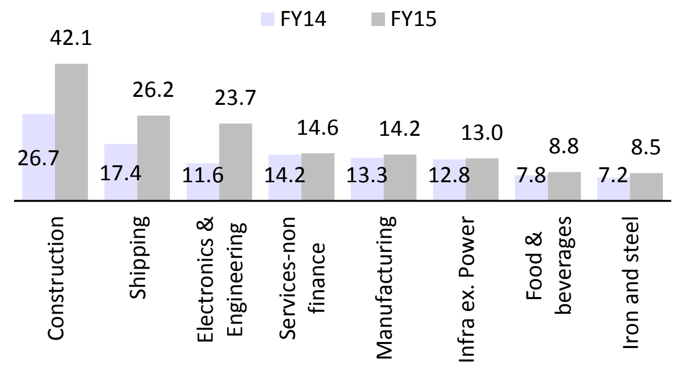
Source: Company, MOSL

Exhibit 5: Gross stressed loans in corporate segment now stand at ~15%



Source: Company, MOSL

Exhibit 6: Top 8 stressed sectors – concerns remain on Construction and Metals (% of sector total)

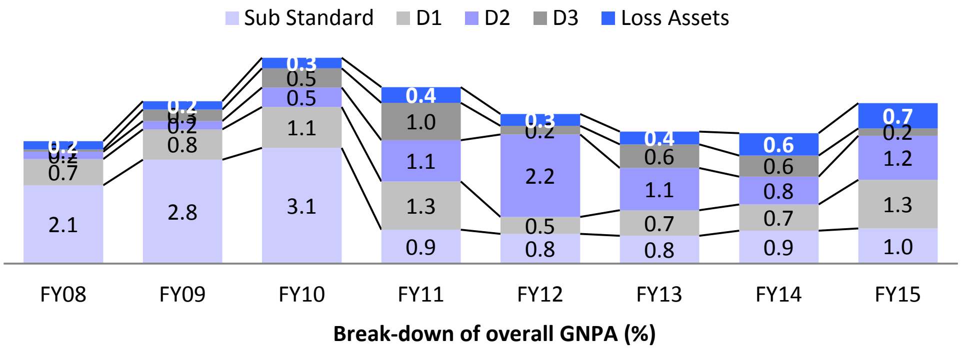


Note: We have taken standalone GNPA and consolidated standard restructured loans (1.1x standalone OSRL on avg.) to compute gross stressed loans. In our view, stress in Iron and Steel sector would have increased substantially in 9MFY16.

Source: Company, MOSL

Exhibit 7: Higher slippages over last 1-2 years have resulted in increasing proportion of D1/D2 assets; proportion of loss assets has also been increasing

Credit costs to remain elevated with ageing of NPAs



Source: MOSL, Company

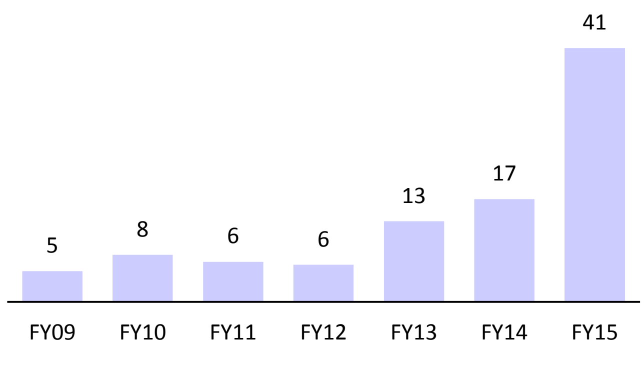
Large corporate asset quality remains a concern, but manageable

Total loans covered under RBI AQR at 2-3% of loans – marginally lower than system

System-wide large stressed exposures are well known. Considering asset cover and government actions (expected change in regulation for renegotiation of PPP contracts, Public utility bill, MIP in steel sector, coal production, UDAY for discoms, etc), we see lower probability of major negative surprises on this front. In our view, RBI AQR was the litmus test of the expected stress in the ensuing quarters. Overall stress addition for ICICIBC due to RBI AQR would be in the range of 2-3% of loans. This also includes partial early recognition of expected stress and relapse from restructured loans.

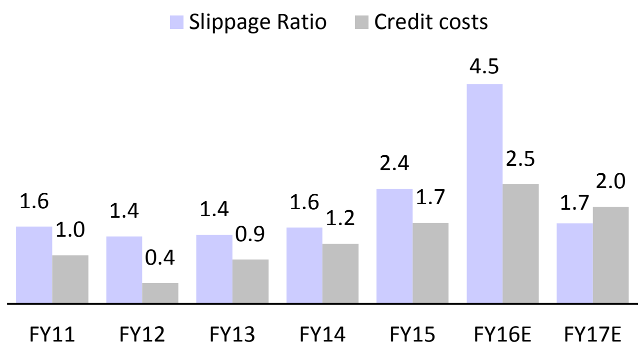
Recognized non-retail net stressed loans are at ~15% and could rise to ~17% by the end of FY16. Key sectors to monitor for ICICIBC are construction (although GoI's proactive actions in the road sector are comforting), metals (MIP to provide some relief) and power (GoI is trying to resolve problems – addition of transmission lines, no gas-based power sector exposure, renegotiation of PPP contracts, increase in coal availability are some of the positives).

Exhibit 8: Large corporate stress has been increasing; top-4 NPAs constitute 41% of overall GNPAs



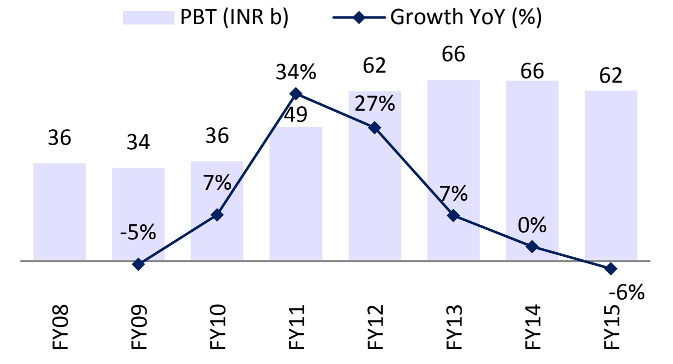
Source: Company, MOSL

Exhibit 9: This has led to increase in overall asset quality stress and impacted profitability (%)



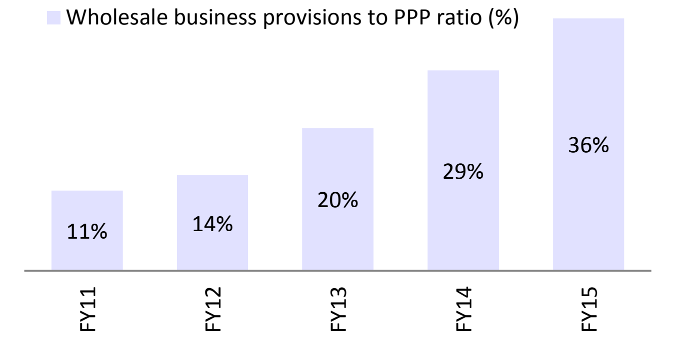
Source: Company, MOSL

Exhibit 10: Wholesale business PBT has remained flat since FY12…



Source: MOSL, Company

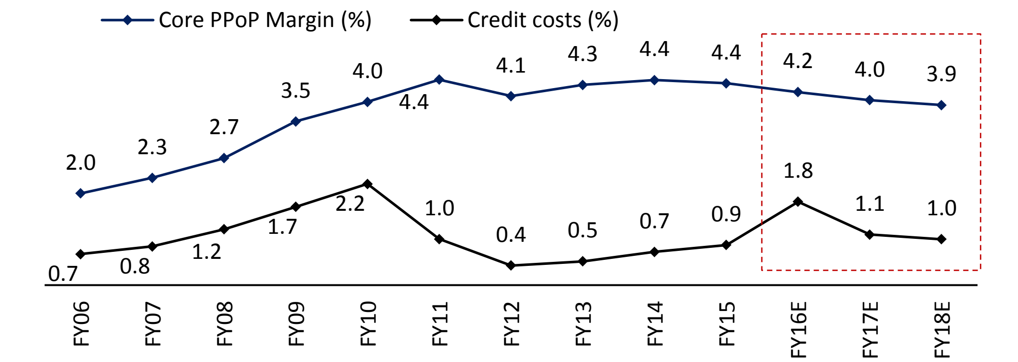
Exhibit 11: …impacted by significant increase in provisions



Source: MOSL, Company

Healthy core PPP will help to take care of credit cost without much dent on profitability. One off stake sale gain can be used to take care of contingency provisions

Exhibit 12: Overall, we expect healthy core PPoP margins to absorb 100bp+ credit costs and still deliver reasonable return ratios (as % of average loans)



Source: MOSL, Company

Sensitivity test: Overall situation manageable; credit cost to remain elevated

As of 9MFY16, gross non-retail stress loans stood at ~14.3%. In a stress scenario, if we assume 35% stress loans in the three major stress sectors (construction, infrastructure and iron & steel) and 10% stress in other corporate segment, then the overall non-retail stress loans increase to ~18% and blended stress loans including retail increase to ~10.5% v/s 7% currently. Our back-of-the-envelope calculation suggests that the balance sheet remains relatively well protected (15-20% impact on net worth).

Exhibit 13: Even under stressed scenario, overall gross stress loans are likely to remain below PSU bank average (v/s ~7% currently)

			Stressed Scenarios		
(%)	% of loans	FY15	I	II	III
Stressed sectors	21	13.0	35.0	45.0	55.0
Other non-retail	37	8.8	10.0	12.5	15.0
Retail	42	2.2	2.5	2.8	3.0
Gross Stressed Loans		**7.1**	**10.5**	**13.3**	**15.9**
Non-Retail Stressed Loans		**10.2**	**18.3**	**23.3**	**28.3**

Note: Stressed sectors include construction, infrastructure (including power) and iron & steel. We have assumed ~16% loan growth built in our numbers for FY16 while computing overall stressed loans.

Source: MOSL, Company

Based on the above computations, in exhibit 14, we highlight the movement of asset quality and potential impact on net worth. In our view, higher proportion of incremental slippages would be from the restructured book. The probability of overall (including retail) stressed loans including 5:25 rescheduling going beyond 10% remains low. Provisioning requirements in these scenarios are likely to be spread out over a period of time. Hence, near term profitability is likely to be less impacted by large corporate stressed exposures.

Gross stressed loan in worst case is expected to increase to 11% v/s ~7% currently

Exhibit 14: Even assuming severe stress in FY17, impact to book value is ~25%, which in our view, should be largely manageable

	Scenario 1 (Medium Stress)		Scenario 2 (Severe Stress)	
INR m	FY16	FY17	FY16	FY17
GNPA				
Opening	150,947	270,728	150,947	289,736
Fresh Slippages	174,385	74,322	184,073	90,088
---relapse from RL	35,838	28,072	38,825	33,390
Reduction	54,603	78,278	45,284	72,434
Closing	**270,728**	**266,773**	**289,736**	**307,390**
Slippage ratio (%)	4.5	1.7	4.8	2.0
Reductions / Opening GNPA (%)	36	29	30	25
OSRL				
Opening	119,460	112,287	119,460	111,301
Fresh addition	36,430	0	38,430	0
Relapse from RL	35,838	28,072	38,825	33,390
Reduction	7,765	7,299	7,765	6,122
Closing	**112,287**	**76,917**	**111,301**	**71,789**
Relapse from RL (%)	30.0	25.0	32.5	30.0
Reductions / Opening OSRL (%)	6.5	6.5	6.5	5.5
Stock of 5:25 rescheduling	**55,635**	**136,920**	**60,271**	**164,304**
% of loans	1.2	2.5	1.3	3.0
Stock of SRs outstanding	**9,390**	**15,390**	**11,390**	**21,390**
% of loans	0.2	0.3	0.2	0.4
Stock of SDR	**25,000**	**45,000**	**32,500**	**57,500**
% of loans	0.5	0.8	0.7	1.0
Gross stress additions	**266,450**	**155,608**	**282,774**	**194,121**
% of TTM loans	6.9	3.5	7.3	4.3
Overall Gross Stressed Loan	**473,041**	**541,000**	**505,198**	**622,373**
GNPA (%)	5.8	4.9	6.2	5.6
OSRL (%)	2.4	1.4	2.4	1.3
Stock of 5:25 (%)	1.2	2.5	1.3	3.0
SDR (%)	0.5	0.8	0.7	1.0
Gross stressed loans (%)	**10.0**	**9.6**	**10.7**	**11.0**
Implied Corporate stressed loan (%) #	**16.3**	**16.4**	**17.5**	**19.1**
Assuming 70% PCR on GNPA and 50% PCR on OSRL, SDR, SRs outstanding and 5:25 rescheduling				
Provision requirement	290,666	323,854	310,546	372,664
Provisions outstanding	131,847	150,454	131,847	150,454
Potential impact on Networth	**158,819**	**173,400**	**178,699**	**222,210**
% of Networth	21	20	24	26
Core P/BV	**1.1**	**0.9**		
Adj. Core P/BV	**1.3**	**1.1**	**1.3**	**1.1**

Note: GNPA assumptions in scenario 1 are based on our current estimates. # implied corporate stressed loans including everything excluding retail. Source: MOSL, Company

Steps taken by RBI/GOI to address the issues related to stalled infrastructure projects will be helpful in the ensuing quarters. In exhibit 15, even assuming the severe stressed loan scenario, corporate stressed loans increase to ~19% in FY17 i.e. on current loan book corporate stressed loans would be 22-23%. Impact on net-worth under this scenario would be ~25%.

Concentration risks remain key concern

The key risk for ICICIBC remains concentrated (largest single company exposure at ~3% of loans and ~15% of networth and single group exposure is ~7.5% of loans and ~39% of networth – data based on consolidated basis) exposure to large corporate construction/infrastructure. While many of these exposures are asset backed and hence, process of deleveraging is likely to prolong the overall asset recognition impact.

Exhibit 15: Assuming 5% incremental stressed loans and 50% PCR, impact to Networth is ~17%

		Incremental Stressed Loans (% of total loans)			
		2%	3%	4%	5%
PCR (Post Tax)	30%	-4	-5	-6	-7
	40%	-8	-9	-10	-12
	50%	-12	-13	-15	-17
	60%	-16	-18	-20	-22
	70%	-20	-22	-25	-27

Source: MOSL, Company

Exhibit 16: Worst case RoA (%) to be ~1.1%

		Incremental Stressed Loans (% of total loans)				
		1%	2%	3%	4%	5%
PCR (Post Tax)	30%	1.55	1.47	1.40	1.32	1.24
	40%	1.54	1.45	1.36	1.27	1.18
	50%	1.52	1.42	1.32	1.21	1.11
	60%	1.51	1.39	1.28	1.16	1.04
	70%	1.50	1.37	1.24	1.11	0.98

Note: We have assumed 9.3% (as calculated for FY16) yield on loans, required provisioning spread equally over three years and 30% tax rate.

Source: MOSL, Company

Exhibit 17: Impact on PAT growth (%)

		Incremental Stressed Loans (% of total loans)				
		1%	2%	3%	4%	5%
PCR (Post Tax)	30%	-5	-9	-14	-19	-24
	40%	-6	-11	-17	-22	-28
	50%	-6	-13	-19	-25	-32
	60%	-7	-14	-22	-29	-36
	70%	-8	-16	-24	-32	-40

Note: We have assumed 9.3% (as calculated for FY16) yield on loans, required provisioning spread equally over three years and 30% tax rate.

Source: MOSL, Company

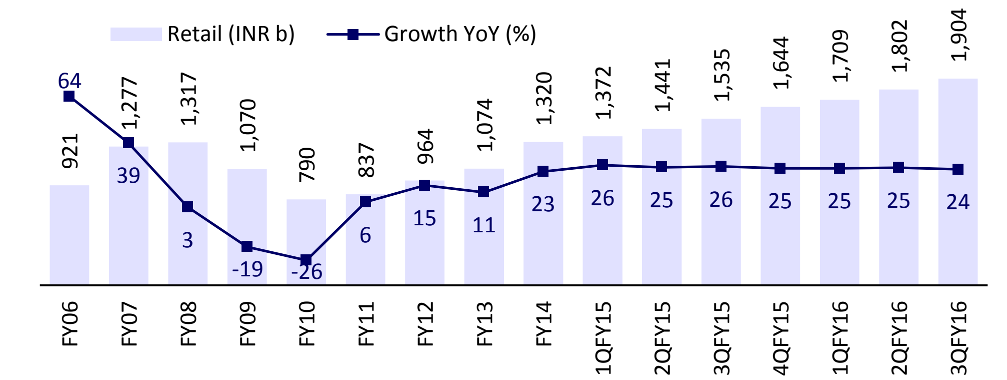
Retail providing much needed granularity to business

Sharp liability improvement leading to margin stability

- **From FY08-16, ICICIBC has invested aggressively in building branch network (17% CAGR) and employees (8% CAGR) base. This coupled with the focus on building granular retail business has provided much need stability to the business**
- **CASA ratio is up to 45% vs 26% reported in FY08, ALM mismatch is corrected and share of retail loans in overall loans has remained largely stable despite run down of unsecured personal loans (8% of loans in FY09 and ~3% as of 3QFY16)**
- **Despite higher competition and inflation, average cost per employees has remained largely stable (~3% CAGR) over FY08-16 – Partially helped by new addition at the Tier II and Tier III locations.**
- **Over the last eight quarters ICICIBC has reported retail loan growth of ~25% and we expect this to continue led by a) better branch/employee productivity b) higher cross sell c) strong growth in unsecured personal loan products**
- **Per branch sourcing of retail loans is on a lower side than the peer banks like AXSB and HDFCB. Expect for home loans (at par with AXSB), per branch sourcing of auto, unsecured personal loans etc has significant catch up to do vs peers.**

25% Growth in retail loans over last 8 quarters is commendable

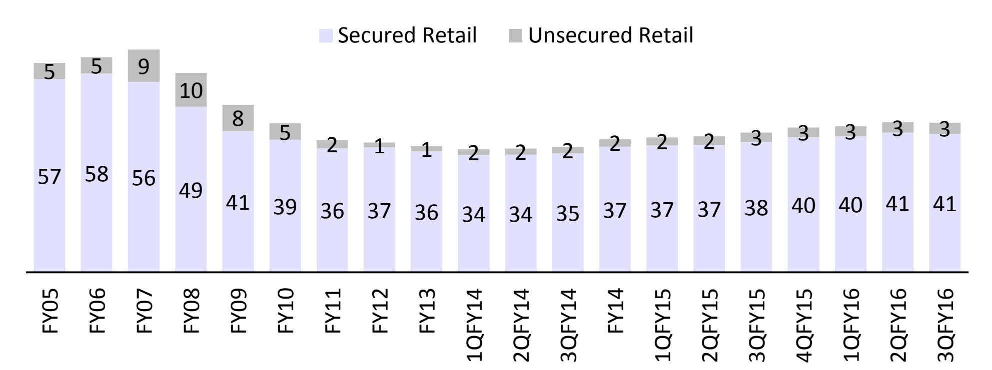
Exhibit 18: Strong sustained traction on retail lending front…



Source: MOSL, Company

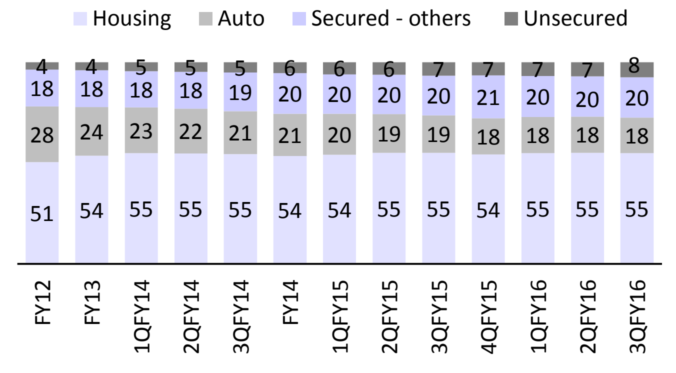
Share of unsecured loans in overall loans down to 3% vs 10% at the peak of cycle. With the strong customer base and rising risk appetite we expect this portfolio to be the key growth driver

Exhibit 19: …led by higher proportion of secured lending in the current cycle (% of overall loans)



Source: MOSL, Company

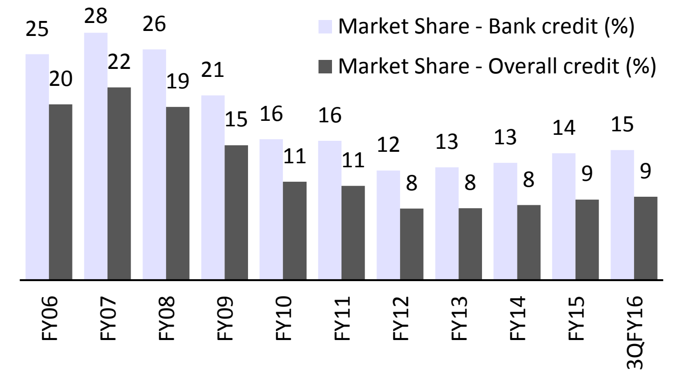
Exhibit 20: Housing continues to be the key driver of secured lending



Note: Retail loan mix prior to FY12 has been reclassified.

Source: Company Data, MOSL

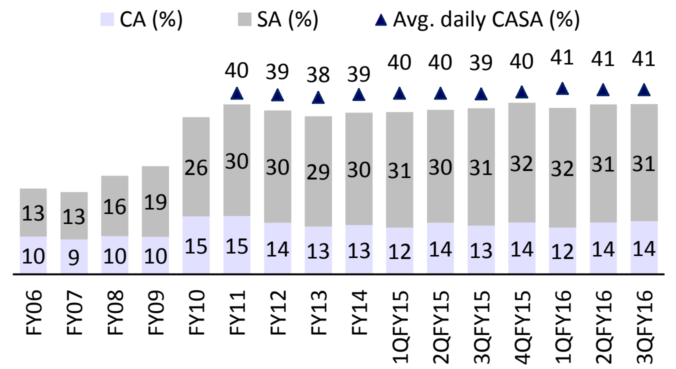
Exhibit 21: Gradual improvement in housing market share (%)



Note: Housing loans include some proportion of LAP business.

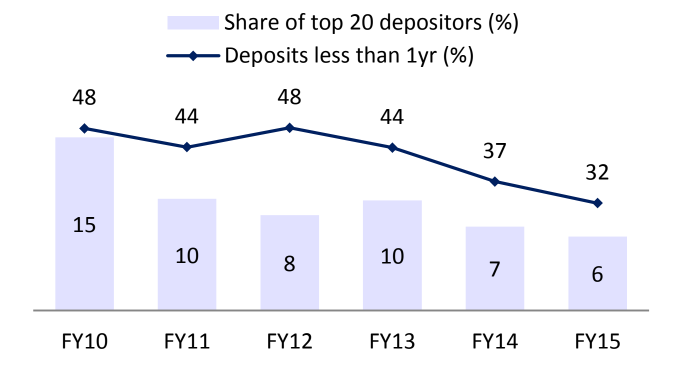
Source: Company Data, MOSL

Exhibit 22: Stable liability franchise with CASA close to all-time highs



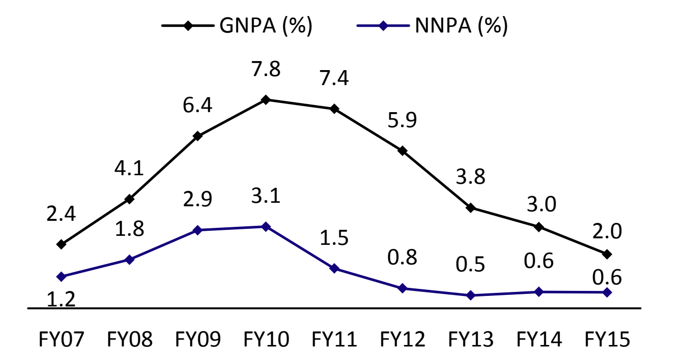
Source: MOSL, Company

Exhibit 23: Overall liability profile continues to get more granular



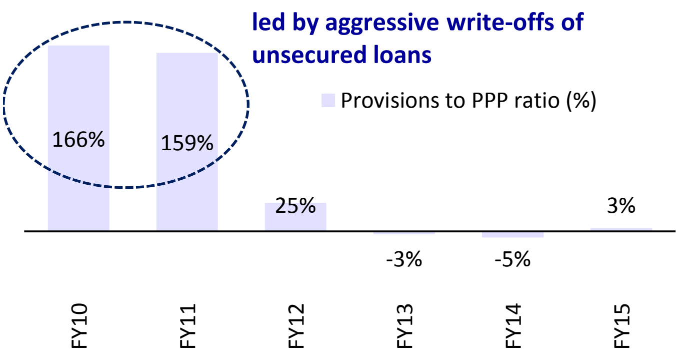
Source: MOSL, Company

Exhibit 24: While corporate asset quality pressures are at all-time highs; retail GNPA ratio is close to 2007 lows



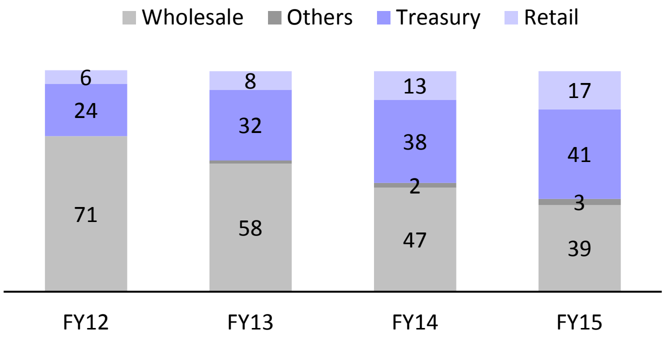
Source: MOSL, Company

Exhibit 25: This has led to very low provisioning costs for the retail segment



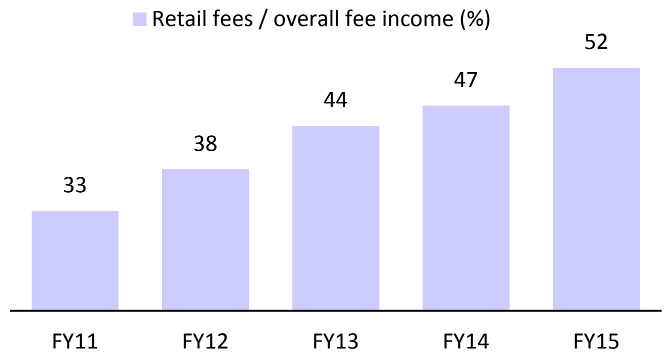
Source: MOSL, Company

Exhibit 26: Overall, retail segment now accounts for 17% of overall PBT v/s 6% in FY12



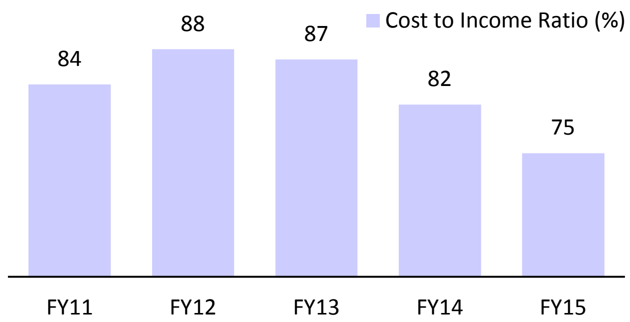
Source: MOSL, Company

Exhibit 27: Share of retail in fees has increased to ~65% (based on internal classification), led by higher cross selling and strong disbursement growth



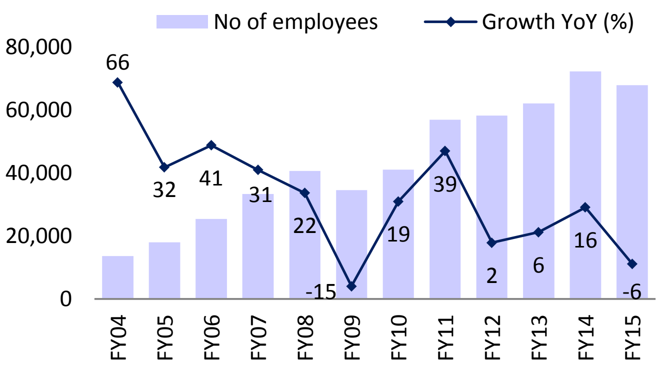
Note: The above chart data is based on regulatory segmental disclosures made in the annual report and is likely to be different v/s internal classification of management. Source: MOSL, Company

Exhibit 28: Healthy core revenue growth and controlled opex (despite strong disbursement growth and branch expansion) driving C/I ratio lower



Source: MOSL, Company

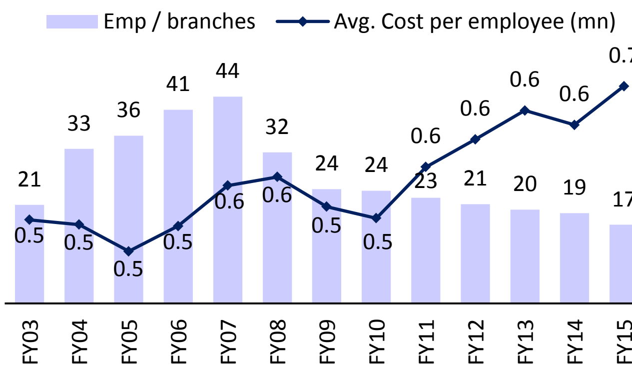
Exhibit 29: ICICI Bank's employee head count is down YoY for the first time since FY09



Source: MOSL, Company

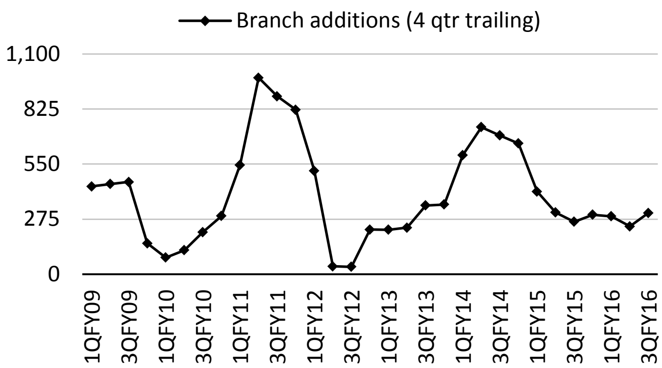
Note: Our segmental analysis is based on annual report disclosures; bank's internal segmental classification may differ.

Exhibit 30: Employees per branch declined sharply in FY15 even after adjusting for Touch Banking branches



Source: MOSL, Company

Exhibit 31: Branch additions have moderated since FY15 after sharp increase in FY14



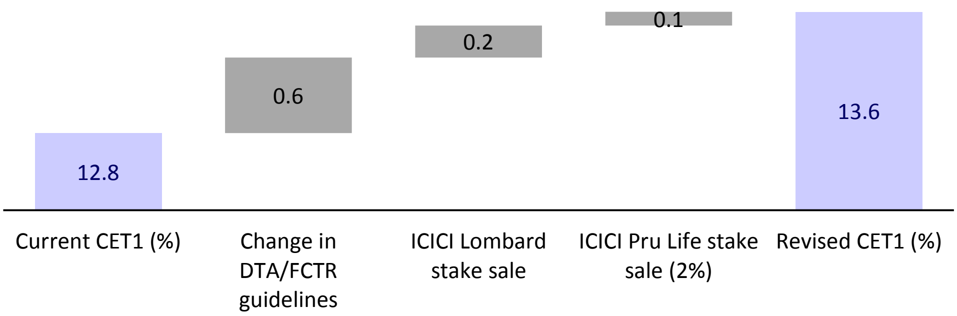
Source: MOSL, Company

Healthy capitalization – to capitalize on upcycle

Stake sales in subsidiaries to help provide against large stressed exposures

- **In 3QFY16, ICICIBC announced stake sale in ICICI Lombard (9%) and ICICI Prudential Life (6%) leading to ~INR31b post-tax gains (55-60bp of potential addition to CET1). We expect one-off stake sales gains to be used for improving balance sheet health / take care of higher provisioning requirement. In 3QFY16, partial stake sale gains in life insurance (INR12.5b pre-tax) were utilized for lumpy provisions caused by RBI AQR.**
- **Historically, subsidiaries have been significant capital guzzlers, leading to compression in overall profitability and return ratios. However, both the insurance ventures have turned profitable since FY13 while significant capital repatriation from foreign banking subsidiaries (INR25b-30b) has led to improved capital adequacy (Basel III CET1 ratio 12%+ since June 2013) and return ratios (core RoE at 15.2% in FY15 v/s 14.8% in FY13).**
- **We expect further USD150m-200m capital repatriation (especially from ICICI Canada) and stake sales especially in insurance subsidiaries to continue, which would lead to significant capital release and value unlocking.**
- **The total value of investment into various ventures works out to be ~INR588b v/s invested capital of ~INR110b**
- **Recent RBI guideline changes on allowing 75% of foreign currency translation reserve as part of CET1 capital is positive. Further, RBI has relaxed guidelines on deferred tax asset allowing it to be a part of CET1 capital. Both these changes are likely to have 50-60bp positive impact on CET1 ratio.**

Exhibit 32: CET1 ratio post recent guideline change / stake sale announcement is likely to improve by 80-90bp; however, we expect one-off stake sale gains to be used to improve provision coverage

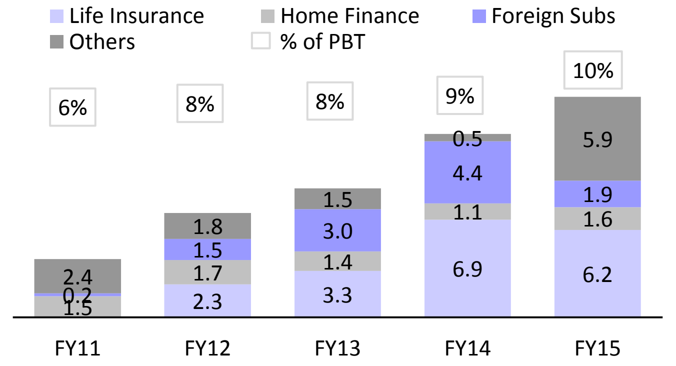


Note: We assume 10% effective capital gains tax post indexation benefits. ICICI Pru life 2% stake sale was announced in 9MFY16 however, yet to be booked Source: MOSL, Company

Investments in subs as a %age of networth has come down by 10 PPTS in last six years led by a) improved profitability of subs b) Capital repatriation of overseas subs c) healthy profitability at the standalone level

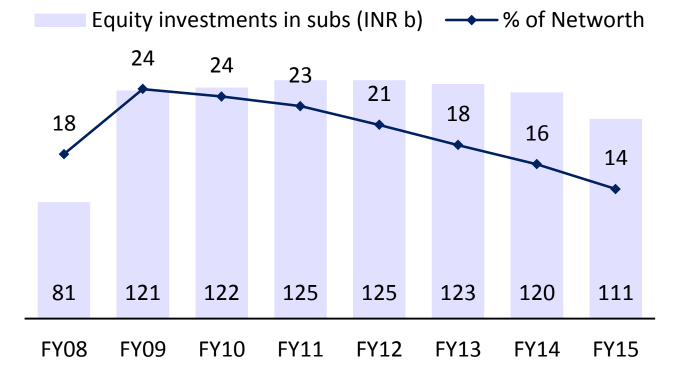
Historically, subsidiaries were significant capital guzzlers (24% of net worth in FY09); however, over the past 2-3 years, the management has focused on lowering capital consumption at subsidiaries via higher dividends (~10% of PBT in FY14-15) and repatriation of excess capital (~3% of PBT), shrinking the balance sheets to improve overall returns. We expect further USD150m-200m capital repatriation, especially from ICICI Canada, which has ~24% capital adequacy ratio as of December 2015.

Exhibit 33: Dividend from subsidiaries has been increasing…



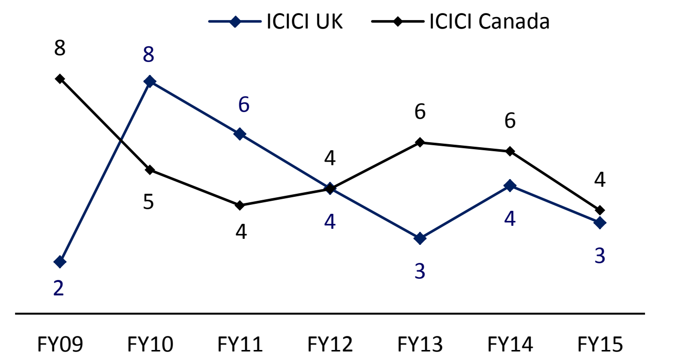
Dividend from foreign subs was lower in FY15 as ICICI Canada did $80m buyback Source: Company, MOSL

Exhibit 34: …while capital consumption has come down



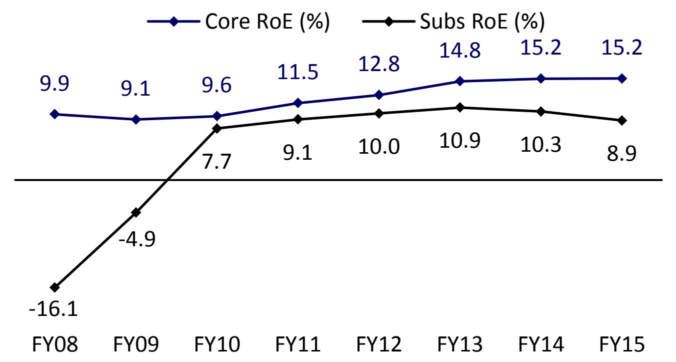
Source: Company, MOSL

Exhibit 35: Subdued returns at ICICI UK / ICICI Canada…



Source: Company, MOSL

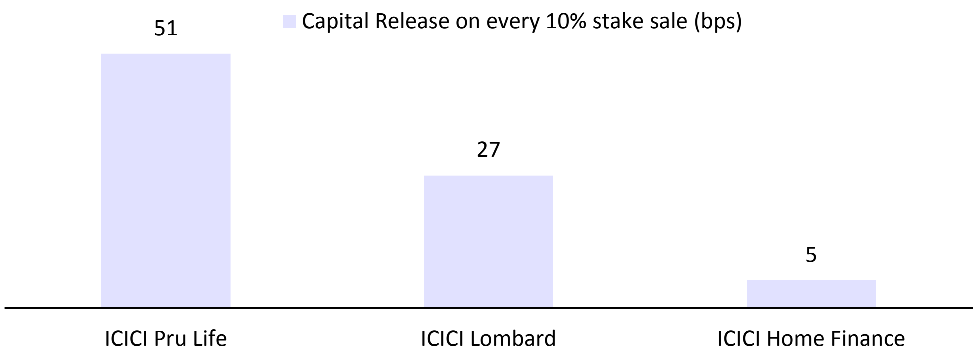
Exhibit 36: …still remain a key drag on overall performance



Note: Subsidiary RoE (%) has been computed by adding all subsidiary PAT including consolidation adjustment. Source: Company, MOSL

Overall, we expect ICICIBC to focus on capital repatriation and further reduce stakes in subsidiaries by FY19. This would lead to higher capital deployment in core operations.

Exhibit 37: Potential 10% stake sale in major non-banking subsidiaries could lead to 5-50bp further capital release



Note: We assume current RWA and recent transaction value in case of insurance subsidiaries and our SoTP value in case of ICICI Home Finance. Source: MOSL, Company

Valuation and view – our top pick in the banking space

Worst of asset quality risks factored in; retail book trades at 1.2x BV

Sharp improvement in liability side, adequate capitalization, buffer available to take care of credit cost and attractive valuations

- Factors driving our positive view are: (a) significant improvement in ALM (earlier, under its 'borrow short lend long' strategy, large part of the liability side was bulk), (b) strong increase in share of CASA deposits (22% in FY07 to 45% in 3QFY16), (c) lower reliance on corporate business (secured retail + SME now 45% of loans v/s 38% in FY12), (d) consolidation in overseas book (CAGR of 11% in INR terms and ~2% in USD terms), (e) continued value unlocking in subsidiaries, (f) healthy CET1 of 13%+, and (g) core RoE of 14-15%.

Structural improvement in ALM and liability, NIMs volatility to come down sharply

- Improvement in NIM (3.5% as of 9MFY16 v/s 2.2% in FY08) despite increasing competition within retail business, higher share of low risk corporate / retail loans in incremental growth, high stress addition in corporate book (leading to interest reversals) and falling interest rate scenario is commendable. Continued shift of loans from overseas to domestic operations should keep NIM largely intact, despite fall in rates/MCLR regime. We expect one time readjustment of 10-15bp in 4Q led by sharp rise in relapse from restructured loans in 2HFY16.

Granularity of the portfolio increasing; Share of high yielding retail loans to go up

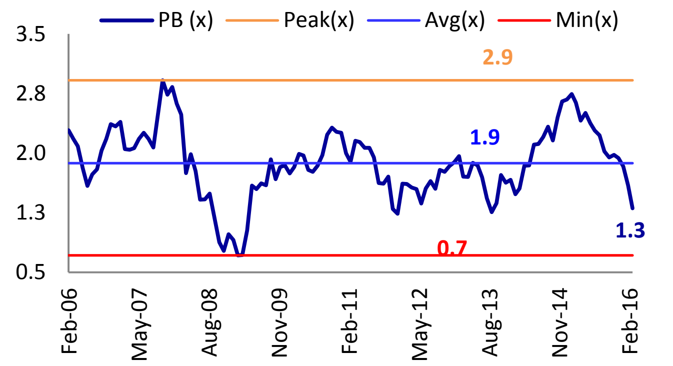
- Near term business growth will be driven by retail business and the share of high profit making products (mainly by cross-selling) like credit cards, personal loans and business banking is likely to go up. Within corporate loans, working capital and transaction banking related loans are likely to be the key drivers. Lower capex related demand and increasing pricing pressure on matured project loans (refinancing by competition at lower rate) remain a drag on corporate loan growth and profitability.

Retail asset quality well in control – One off capital gains to provide relief on provisioning for corporate loans

- Despite a challenging macro environment, ICICIBC is managing stress addition quite well, aided by strong retail asset quality (NNPA of 62bp) performance. Overall net stress loans remain manageable at 6.6% (~20% of net worth, post-tax). Legacy corporate exposures remain a concern however, these corporate are open for deleveraging and stake sale is encouraging. ICICIBC has already recognized ~15% of corporate loans as stress loans (GNPA+RL+5:25+SDR). Average PSBs have recognized ~30% of the corporate loans as stress as of now. ICICIBC may use one-off gains (like stake sale in strategic investments) to provide for legacy exposure. RBI/GOI regulations/actions to resolve asset quality stress should provide relief.

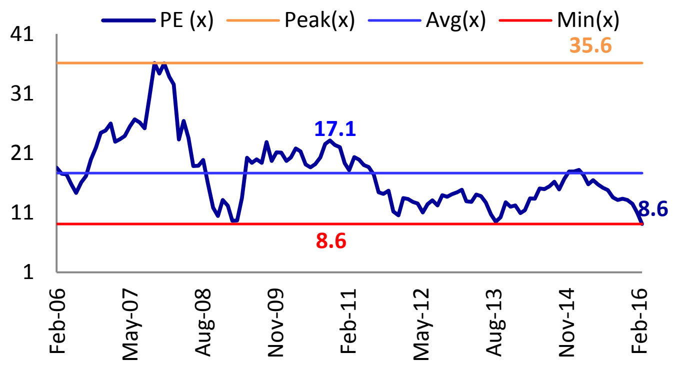
- **Key catalysts:** (a) improvement in growth environment and clear picture on interest rate and macro environment, (b) resolution of issues in the infrastructure and metals space, (c) value unlocking from strategic businesses. Buy with SOTP-based TP of INR320.

Exhibit 38: ICICI Bank – 1yr forward P/BV



Source: MOSL, Company

Exhibit 39: ICICI Bank – 1yr forward P/E



Source: MOSL, Company

Our target multiple of 1.5x on the core business is based on the residual income model, with key assumptions being: (a) cost of equity 14.5% (RF of 7.75%, beta of 1.28x), (b) average growth rate of 12% over FY18-35, and (c) terminal growth of 5%.

Exhibit 40: ICICI Bank: SOTP FY17E

	Stake (%)	Total Value INR b	Total Value USD b	Value Per Share INR	% of Total Value	Rationale
ICICI Bank		**1,386**	**20.2**	**238**	**74.4**	Based on residual income model (1yr fwd); Implied 1.5x FY17E Adj. BV; Core ROA of 1.5% and Core ROE of 14.5%
ICICI Pru Life Insurance	68	253	3.7	44	13.6	Based on deal value
ICICI Bank Canada	100	28	0.4	5	1.5	0.5x FY17E BV
ICICI Bank UK	100	17	0.2	3	0.9	0.5x FY17E BV
ICICI Home Finance	100	33	0.5	6	1.7	2x FY17E BV
ICICI Pru AMC	51	47	0.7	8	2.5	Valued at 4% of AUM exp in FY17
ICICI Securities	100	53	0.8	9	2.8	15x FY17E PAT
ICICI Lombard Gen. Ins	64	132	1.9	23	7.1	Based on deal value (4.5x PBV)
ICICI Ventures	100	10	0.1	2	0.5	10% FY17E AUMs
ICICI Sec. PD	100	14	0.2	2	0.7	1x FY17 Networth
Total Value of Ventures		**588**	**8.5**	**101**	**31.6**	
Less: 20% holding Discount		118	1.7	20	6	
Value of Key Ventures		**470**	**6.8**	**81**	**25.2**	
Target Price Post 20% Holdco. Disc.		**1,856**	**27.0**	**320**	**100**	
Current Value		1,243	18.5	214		
Upside - %				**49.6**		

Source: MOSL

Exhibit 41: DuPont analysis: Core PPoP to remain superior; loan growth key for healthy earnings growth

Y/E March	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16E	FY17E	FY18E
Net Interest Income	**2.15**	**2.19**	**2.34**	**2.40**	**2.70**	**2.91**	**3.07**	**3.10**	**3.05**	**3.02**
Core Fee Income	1.67	1.52	1.67	1.50	1.35	1.37	1.34	1.30	1.30	1.29
Fee to core Income	43.8	41.0	41.6	38.5	33.2	32.0	30.3	29.6	30.0	30.0
Core Income	**3.82**	**3.71**	**4.01**	**3.90**	**4.05**	**4.28**	**4.40**	**4.40**	**4.35**	**4.31**
Operating Expenses	**1.81**	**1.58**	**1.72**	**1.75**	**1.76**	**1.82**	**1.85**	**1.86**	**1.86**	**1.85**
Cost to Core Income	47.3	42.6	42.9	45.0	43.4	42.5	42.1	42.3	42.8	42.9
Employee cost	0.51	0.52	0.73	0.79	0.76	0.75	0.77	0.73	0.73	0.73
Others	1.30	1.06	0.99	0.97	1.00	1.08	1.09	1.13	1.13	1.12
Core operating Profits	**2.01**	**2.13**	**2.29**	**2.14**	**2.29**	**2.46**	**2.55**	**2.54**	**2.49**	**2.46**
Non Interest income	**1.95**	**2.01**	**1.73**	**1.68**	**1.63**	**1.84**	**1.96**	**2.27**	**1.90**	**1.92**
Trading and others	0.28	0.49	0.06	0.18	0.28	0.47	0.63	0.97	0.60	0.62
Operating Profits	**2.29**	**2.62**	**2.35**	**2.32**	**2.57**	**2.93**	**3.18**	**3.51**	**3.09**	**3.08**
Provisions	**0.98**	**1.18**	**0.59**	**0.35**	**0.35**	**0.46**	**0.63**	**1.16**	**0.78**	**0.68**
NPA	0.96	1.17	0.51	0.22	0.27	0.40	0.51	1.10	0.68	0.63
Others	0.01	0.01	0.08	0.13	0.08	0.07	0.12	0.06	0.10	0.06
PBT	**1.31**	**1.44**	**1.76**	**1.97**	**2.22**	**2.47**	**2.55**	**2.35**	**2.31**	**2.40**
Tax	0.35	0.36	0.42	0.52	0.60	0.73	0.75	0.61	0.68	0.71
Tax Rate	26.6	24.7	23.8	26.6	26.9	29.8	29.4	26.0	29.5	29.5
RoA	**0.96**	**1.08**	**1.34**	**1.44**	**1.62**	**1.73**	**1.80**	**1.74**	**1.63**	**1.69**
Less: Dividend from Subs	0.09	0.10	0.11	0.16	0.18	0.23	0.25	0.25	0.26	0.27
Core RoA (ex-income from subs)	**0.88**	**0.98**	**1.23**	**1.28**	**1.45**	**1.51**	**1.55**	**1.49**	**1.37**	**1.42**
Core Leverage	10.3	9.7	9.4	10.0	10.2	10.1	9.8	9.6	9.8	10.1
RoE	**9.1**	**9.6**	**11.5**	**12.8**	**14.8**	**15.2**	**15.2**	**14.3**	**13.4**	**14.4**

Source: MOSL, Company

Exhibit 42: Comparative DuPont analysis: Operating performance to drive stable RoA performance

Dupont analysis	ICICIBC		AXSB		YESB		HDFCB		IIB	
Average	FY13-15	FY16-18	FY12-15	FY16-18	FY12-15	FY16-18	FY12-15	FY16-18	FY12-15	FY16-18
Net Interest Income	**2.89**	**3.05**	**3.25**	**3.36**	**2.67**	**3.13**	**4.19**	**4.21**	**3.50**	**3.68**
Fee income	1.35	1.30	1.67	1.60	1.44	1.75	1.29	1.16	2.06	2.34
Fee to core Income	31.9	29.9	34.0	32.2	33.7	34.6	23.6	21.7	37.0	38.8
Core Income	**4.25**	**4.35**	**4.93**	**4.96**	**4.12**	**4.88**	**5.48**	**5.38**	**5.56**	**6.02**
Operating Expenses	**1.81**	**1.86**	**2.19**	**2.03**	**1.70**	**2.09**	**2.78**	**2.56**	**2.78**	**2.97**
Cost to Core Income	42.7	42.7	44.5	41.0	41.2	42.8	50.6	47.6	50.0	49.4
Employee cost	0.76	0.73	0.74	0.67	0.77	0.92	0.96	0.88	1.01	1.01
Employee to total exp	*41.8*	*39.4*	*33.7*	*32.9*	*45.6*	*44.2*	*34.7*	*34.5*	*36.3*	*34.1*
Others	1.05	1.13	1.45	1.37	0.93	1.17	1.81	1.68	1.77	1.96
Core Operating Profit	**2.43**	**2.50**	**2.74**	**2.93**	**2.42**	**2.79**	**2.70**	**2.82**	**2.78**	**3.05**
Trading and others	0.46	0.73	0.37	0.38	0.15	0.18	0.47	0.45	0.29	0.39
Operating Profit	**2.90**	**3.23**	**3.10**	**3.31**	**2.57**	**2.97**	**3.18**	**3.26**	**3.07**	**3.44**
Provisions	**0.48**	**0.87**	**0.56**	**0.75**	**0.29**	**0.34**	**0.40**	**0.42**	**0.46**	**0.53**
NPA	0.39	0.80	0.49	0.70	0.14	0.30	0.34	0.38	0.36	0.43
Others	0.09	0.07	0.07	0.05	0.16	0.05	0.06	0.04	0.10	0.10
PBT	**2.41**	**2.35**	**2.54**	**2.57**	**2.28**	**2.62**	**2.78**	**2.84**	**2.61**	**2.91**
Tax	0.69	0.67	0.83	0.87	0.71	0.83	0.91	0.96	0.87	0.95
Tax Rate	28.7	28.3	32.8	33.8	31.3	31.7	32.7	33.9	33.4	32.7
RoA	**1.72**	**1.69**	**1.70**	**1.70**	**1.57**	**1.79**	**1.87**	**1.88**	**1.74**	**1.96**
Less: Dividend from Subs	0.2	0.3	-	-	-	-	-	-	-	-
Core RoA	**1.50**	**1.43**	**1.70**	**1.70**	**1.57**	**1.79**	**1.87**	**1.88**	**1.74**	**1.96**
Leverage (x)	10.1	9.8	10.5	10.3	15.2	11.7	10.9	10.2	10.4	8.4
RoE	**15.1**	**14.0**	**17.9**	**17.4**	**23.7**	**21.0**	**20.3**	**19.1**	**18.1**	**16.5**

Source: MOSL, Company

Exhibit 43: Financials - Valuation metrics

	Rating	CMP	Mcap	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)	
		(INR)	(USDb)	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
ICICIBC*	Buy	214	18.8	22.2	26.7	6.5	5.0	147	166	0.99	0.80	1.39	1.44	13.4	14.4
HDFCB	Buy	1,028	39.1	58.9	70.9	17.4	14.5	330	385	3.11	2.67	1.88	1.86	19.2	19.8
AXSB	Buy	412	14.8	40.0	47.7	10.3	8.7	250	290	1.65	1.42	1.68	1.68	17.0	17.6
KMB*	Neutral	643	17.8	24.7	31.3	26.0	20.6	206	237	3.11	2.71	1.38	1.54	13.9	14.8
YES	Buy	800	5.1	75.9	94.0	10.5	8.5	388	463	2.06	1.73	1.82	1.84	21.2	22.1
IIB	Buy	927	8.3	49.8	62.8	18.6	14.8	336	390	2.76	2.38	1.98	2.01	15.8	17.3
DCBB	Under Review	76	0.3	6.9	7.7	11.0	9.9	68	75	1.12	1.01	0.93	0.85	10.8	10.8
FB	Neutral	49	1.3	4.7	5.7	10.2	8.4	52	56	0.94	0.87	0.83	0.87	9.5	10.7
JKBK	Neutral	62	0.5	18.0	21.6	3.5	2.9	152	168	0.41	0.37	1.02	1.07	12.4	13.5
SIB	Buy	17	0.4	3.1	3.7	5.7	4.7	31	34	0.56	0.52	0.58	0.61	10.3	11.4
Private Aggregate			**106.2**			**14.4**	**12.0**			**2.15**	**1.88**				
SBIN (cons)*	Buy	180	21.2	23.8	28.4	7.1	5.9	244	268	0.69	0.63	0.60	0.63	10.0	11.1
PNB	Neutral	82	2.4	15.3	20.1	5.4	4.1	217	235	0.38	0.35	0.43	0.51	7.3	8.9
BOI	Neutral	93	1.1	9.3	19.5	10.1	4.8	350	366	0.27	0.26	0.10	0.19	2.7	5.4
BOB	Buy	141	4.9	17.0	20.7	8.3	6.8	175	190	0.81	0.74	0.49	0.52	10.1	11.3
CBK	Neutral	182	1.5	44.7	53.6	4.1	3.4	584	625	0.31	0.29	0.38	0.41	7.9	8.9
UNBK	Buy	124	1.3	28.2	38.4	4.4	3.2	323	354	0.38	0.35	0.45	0.54	9.1	11.3
OBC	Neutral	88	0.4	25.0	32.2	3.5	2.7	458	483	0.19	0.18	0.29	0.33	5.6	6.8
INBK	Buy	101	0.7	21.1	27.4	4.8	3.7	290	311	0.35	0.32	0.45	0.51	7.5	9.1
CRPBK	Neutral	39	0.1	18.7	21.6	2.1	1.8	152	169	0.26	0.23	0.57	0.59	12.9	13.4
ANDB	Buy	52	0.5	22.8	27.9	2.3	1.9	196	216	0.27	0.24	0.62	0.65	12.2	13.6
IDBI	Neutral	65	1.9	5.6	6.9	11.6	9.5	137	142	0.48	0.46	0.28	0.31	4.2	4.9
DBNK	Neutral	28	0.2	10.0	15.6	2.8	1.8	128	141	0.22	0.20	0.38	0.53	8.0	11.6
Public Aggregate			**36.3**			**7.3**	**5.8**			**0.56**	**0.52**				
HDFC*	Buy	1,159	27.6	39	44	30.1	26.5	186	212	6.22	5.46	2.41	2.40	21.9	22.0
LICHF	Buy	462	3.5	42	49	11.0	9.3	216	255	2.14	1.81	1.54	1.51	21.2	21.0
DEWH	Buy	184	0.8	32	40	5.7	4.6	203	234	0.91	0.78	1.25	1.30	16.9	18.6
IHFL	Buy	646	4.2	68	82	9.6	7.9	302	336	2.14	1.92	3.85	3.69	23.6	25.7
GRHF	Buy	234	1.3	8	11	28.2	22.2	28	35	8.28	6.67	1.98	2.26	27.8	33.2
REPCO	Buy	591	0.6	33	42	18.1	14.1	181	218	3.27	2.71	2.16	2.10	19.7	21.0
RECL	Neutral	166	2.5	57	59	2.9	2.8	345	391	0.48	0.43	2.45	2.17	17.6	16.0
POWF	Neutral	167	3.3	42	43	4.0	3.9	310	341	0.54	0.49	2.07	1.85	14.1	13.2
SHTF	Buy	924	3.2	73	92	12.6	10.1	516	588	1.79	1.57	2.21	2.40	15.1	16.5
MMFS	Buy	229	2.0	13	17	17.2	13.5	118	130	1.94	1.76	1.94	2.24	11.8	13.5
BAF	Buy	6,390	5.2	303	372	21.1	17.2	1,620	1,932	3.94	3.31	3.02	2.84	20.3	21.0
MUTH	Buy	177	1.1	24	31	7.3	5.6	156	176	1.14	1.01	2.92	3.18	16.5	18.9
SKSM	Buy	527	1.0	34	46	15.4	11.5	142	177	3.72	2.98	5.25	5.46	27.5	28.8
NBFC Aggregate			**56.3**			**13.4**	**11.8**			**2.20**	**1.96**				

Source: MOSL, Company

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

Financials and valuations

Income Statement							(INR Million)
Y/E March	**2012**	**2013**	**2014**	**2015**	**2016E**	**2017E**	**2018E**
Interest Income	335,427	400,756	441,782	490,911	527,222	589,853	683,456
Interest Expended	228,085	262,092	277,026	300,515	314,190	349,389	407,317
Net Interest Income	**107,342**	**138,664**	**164,756**	**190,396**	**213,032**	**240,464**	**276,139**
Change (%)	19.0	29.2	18.8	15.6	11.9	12.9	14.8
Other Income	75,028	83,457	104,279	121,761	155,982	150,401	175,335
Net Income	**182,369**	**222,121**	**269,034**	**312,157**	**369,014**	**390,865**	**451,474**
Change (%)	16.4	21.8	21.1	16.0	18.2	5.9	15.5
Operating Exp.	78,504	90,129	103,089	114,958	127,927	147,116	169,184
Operating Profits	**103,865**	**131,992**	**165,946**	**197,199**	**241,087**	**243,749**	**282,290**
Change (%)	14.8	27.1	25.7	18.8	22.3	1.1	15.8
Provisions & Cont.	15,830	18,025	26,264	39,000	79,506	61,467	62,648
PBT	**88,034**	**113,967**	**139,682**	**158,199**	**161,581**	**182,282**	**219,642**
Tax	23,382	30,712	41,577	46,446	42,011	53,773	64,794
Tax Rate (%)	26.6	26.9	29.8	29.4	26.0	29.5	29.5
PAT	**64,653**	**83,255**	**98,105**	**111,754**	**119,570**	**128,509**	**154,848**
Change (%)	25.5	28.8	17.8	13.9	7.0	7.5	20.5
Dividend (Including Tax)	**21,228**	**25,996**	**28,336**	**31,729**	**34,197**	**36,754**	**44,286**
Core PPP*	**103,995**	**127,042**	**155,776**	**180,269**	**198,762**	**225,261**	**260,105**
Change (%)	12.3	22.2	22.6	15.7	10.3	13.3	15.5

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

Balance Sheet							(INR Million)
Y/E March	**2012**	**2013**	**2014**	**2015**	**2016E**	**2017E**	**2018E**
Share Capital	**15,028**	**15,036**	**15,050**	**15,097**	**15,097**	**15,097**	**15,097**
Equity Share Capital	11,528	11,536	11,550	11,597	11,597	11,597	11,597
Preference Capital	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Reserves & Surplus	**592,525**	**655,523**	**720,583**	**792,697**	**878,070**	**969,825**	**1,080,387**
Net Worth	**607,552**	**670,560**	**735,633**	**807,794**	**893,167**	**984,922**	**1,095,483**
Of which Equity Net Worth	604,052	667,060	732,133	804,294	889,667	981,422	1,091,983
Deposits	**2,555,000**	**2,926,136**	**3,319,137**	**3,615,627**	**4,265,436**	**5,225,118**	**6,241,114**
Change (%)	13.3	14.5	13.4	8.9	18.0	22.5	19.4
Of which CASA Deposits	**1,110,194**	**1,225,763**	**1,423,784**	**1,643,799**	**1,876,717**	**2,162,664**	**2,460,932**
Change (%)	9.2	10.4	16.2	15.5	14.2	15.2	13.8
Borrowings	1,398,149	1,449,915	1,544,091	1,720,673	1,795,339	1,901,523	2,023,076
Other Liabilities & Prov.	329,987	321,336	347,555	317,199	335,981	389,662	447,580
Total Liabilities	**4,890,688**	**5,367,947**	**5,946,416**	**6,461,293**	**7,289,923**	**8,501,225**	**9,807,253**
Current Assets	362,293	414,175	415,296	423,046	422,832	549,076	622,698
Investments	**1,595,600**	**1,713,936**	**1,770,218**	**1,581,292**	**1,699,889**	**1,869,878**	**2,056,866**
Change (%)	18.5	7.4	3.3	-10.7	7.5	10.0	10.0
Loans	**2,537,277**	**2,902,494**	**3,387,026**	**3,875,221**	**4,504,385**	**5,326,347**	**6,264,828**
Change (%)	17.3	14.4	16.7	14.4	16.2	18.2	17.6
Net Fixed Assets	**46,147**	**46,471**	**46,781**	**47,255**	**48,166**	**49,076**	**49,987**
Other Assets	349,371	290,871	327,094	534,479	614,651	706,848	812,875
Total Assets	**4,890,688**	**5,367,947**	**5,946,416**	**6,461,293**	**7,289,923**	**8,501,225**	**9,807,253**

Asset Quality							(%)
GNPA (INR m)	94,753	96,078	105,058	150,947	270,728	266,773	255,361
NNPA (INR m)	18,608	22,306	32,980	62,555	138,882	116,319	85,412
GNPA Ratio	3.6	3.2	3.0	3.8	5.8	4.9	4.0
NNPA Ratio	0.7	0.8	1.0	1.6	3.1	2.2	1.4
PCR (Excl Technical write off)	80.4	76.8	68.6	58.6	48.7	56.4	66.6

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2012	2013	2014	2015	2016E	2017E	2018E
Spreads Analysis (%)							
Avg. Yield - Earning Assets	**8.5**	**8.8**	**8.7**	**8.9**	**8.8**	**8.6**	**8.6**
Avg. Yield on loans	9.4	10.1	10.0	9.8	9.3	9.1	9.0
Avg. Yield on Investments	6.6	6.7	6.6	6.3	6.5	6.0	6.0
Avg. Cost-Int. Bear. Liab.	**5.6**	**5.7**	**5.5**	**5.5**	**5.1**	**5.0**	**5.0**
Avg. Cost of Deposits	5.9	6.2	5.7	5.9	5.3	5.1	5.2
Interest Spread	**2.8**	**3.0**	**3.2**	**3.5**	**3.6**	**3.6**	**3.5**
Net Interest Margin	**2.7**	**3.0**	**3.2**	**3.47**	**3.5**	**3.5**	**3.5**
Profitability Ratios (%)							
RoE	11.3	13.3	14.4	15.0	14.5	14.0	15.2
Adjusted RoE	12.8	14.8	15.2	15.2	14.3	13.4	14.4
RoA	1.4	1.62	1.73	1.80	1.74	1.63	1.69
Int. Expended/Int.Earned	68.0	65.4	62.7	61.2	59.6	59.2	59.6
Other Inc./Net Income	41.1	37.6	38.8	39.0	42.3	38.5	38.8
Efficiency Ratios (%)							
Op. Exps./Net Income*	43.0	41.5	39.8	38.9	39.2	39.5	39.4
Empl. Cost/Op. Exps.	44.8	43.2	40.9	41.3	39.4	39.4	39.4
Busi. per Empl. (INR m)	81.6	88.0	86.8	104.6	110.7	124.6	141.2
NP per Empl. (INR lac)	11.1	13.4	13.6	16.5	16.3	16.6	19.0
* ex treasury							
Asset-Liability Profile (%)							
Loan/Deposit Ratio	99.3	99.2	102.0	107.2	105.6	101.9	100.4
CASA Ratio %	43.5	41.9	42.9	45.5	44.0	41.4	39.4
Invest./Deposit Ratio	62.5	58.6	53.3	43.7	39.9	35.8	33.0
G-Sec/Invest. Ratio	54.5	53.9	53.8	66.8	71.2	77.2	82.1
CAR	18.5	18.7	17.7	17.0	16.7	15.9	15.5
Tier 1	12.7	12.8	12.8	12.8	12.8	12.4	12.2
Valuation							
Book Value (INR)	103.3	113.2	122.9	135.2	149.9	165.8	184.8
BV Growth (%)	7.9	9.6	8.5	10.0	10.9	10.6	11.5
Price-BV (x)	**2.1**	**1.9**	**1.7**	**1.6**	**1.4**	**1.3**	**1.2**
ABV (for Subsidaries) (INR)	81.7	91.9	102.1	116.1	130.8	146.6	165.7
ABV Growth (%)	10.2	12.5	11.1	13.7	12.7	12.1	13.0
Price-ABV (x)	**2.2**	**1.9**	**1.6**	**1.3**	**1.1**	**0.9**	**0.7**
ABV (for Subs Invst & NPA) (INR)	79.5	89.2	98.1	108.5	114.0	132.6	155.4
Adjusted Price-ABV (x)	**2.2**	**1.9**	**1.7**	**1.4**	**1.3**	**1.0**	**0.8**
EPS (INR)	11.2	14.4	17.0	19.3	20.6	22.2	26.7
EPS Growth (%)	25.4	28.7	17.7	13.5	7.0	7.5	20.5
Price-Earnings (x)	**19.1**	**14.8**	**12.6**	**11.1**	**10.4**	**9.6**	**8.0**
Adj. Price-Earnings (x)	**15.9**	**12.0**	**9.9**	**8.1**	**7.0**	**6.0**	**4.4**
Dividend Per Share (INR)	3.3	4.0	4.6	5.0	5.4	5.8	6.9
Dividend Yield (%)	**1.5**	**1.9**	**2.2**	**2.3**	**2.5**	**2.7**	**3.2**

E: MOSL Estimates

Corporate profile

Company description

Promoted by the erstwhile ICICI Ltd, ICICI Bank was incorporated in 1994. Currently, the bank is India's largest private sector bank, with an asset base of INR6.5t. ICICIBC through its subsidiaries has an established presence in life and general insurance, asset management, and equity broking segments. The bank has an established presence in the country with 4,156 branches and 13,372 ATMs.

Exhibit 46: Sensex rebased

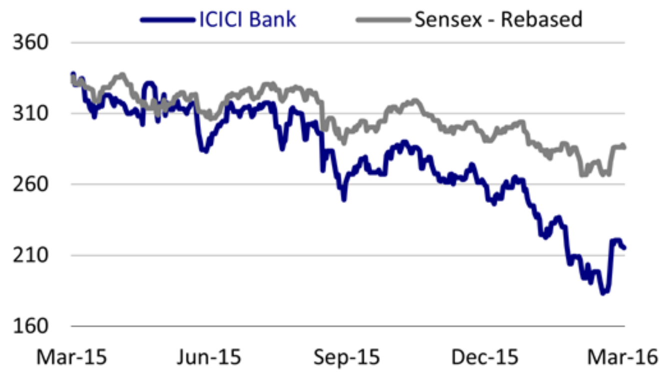


Exhibit 44: Shareholding pattern (%)

	Dec-15	Sep-15	Dec-14
Promoter	0.0	0.0	0.0
DII	24.5	23.7	21.5
FII	66.9	67.3	70.9
Others	8.7	9.0	7.7

Note: FII Includes depository receipts

Exhibit 45: Top holders

Holder Name	% Holding
Deutsche Bank Trust Company Americas	29.1
LIC of India	9.2
Dodge & Cox International Stock Fund	4.4
Europacific Growth Fund	2.2
Carmignac Gestion A/c Carmignac	1.6

Exhibit 46: Top management

Name	Designation
M K Sharma	Part Time Chairman
Chanda D Kochhar	Managing Director & CEO
N S Kannan	Executive Director
Rajiv Sabharwal	Executive Director
Krishnaswamy Ramkumar	Executive Director

Exhibit 47: Directors

Name	Name
M K Sharma	M S Ramachandran*
Chanda D Kochhar	Homi R Khusrokhan*
V Sridar*	N S Kannan
V K Sharma*	Rajiv Sabharwal
Tushaar Shah*	Krishnaswamy Ramkumar
Dileep Choksi*	Alok Tandon

*Independent

Exhibit 48: Auditors

Name	Type
BSR & Co LLP	Statutory
Parikh Parekh & Associates	Secretarial Audit

Exhibit 49: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY16	20.6	20.7	-0.6
FY17	22.2	22.0	0.8
FY18	26.7	25.9	3.0

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