

Bank of Baroda

SENSEX 17,077	S&P CNX 5,158	CMP: INR790	TP: INR1,000	Neutral								
Bloomberg	BOB IN	Year	Net Income	PAT	EPS	EPS	P/E	BV	P/BV	P/ABV	RoAA	RoAE
Equity Shares (m)	392.8	End	(INR m)	(INR m)	(INR)	Gr. (%)	(X)	(INR)	(X)	(X)	(%)	(%)
52-Week Range (INR)	1,007/630	3/10A	87,458	30,583	83.7	37.3	-	383	-	-	1.2	23.8
1,6,12 Rel.Perf.(%)	9/-4/1	3/11A	116,114	42,417	108.0	29.1	7.3	508	1.6	1.6	1.3	25.0
M.Cap. (INR b)	310.3	3/12E	138,916	48,045	122.3	13.3	6.5	606	1.3	1.4	1.2	21.9
M.Cap. (USD b)	6.2	3/13E	163,112	52,281	133.1	8.8	5.9	713	1.1	1.2	1.1	20.2

Bank of Baroda's 3QFY12 PAT grew 21% YoY to INR12.9b. While provisions at INR8.4b were significantly higher than our estimate of INR4.8b, strong growth in treasury (INR3.9b v/s INR848m in 3QFY11) and forex income (INR2.4b v/s ~INR1.5b in 2QFY12 and 3QFY11) led to higher than estimated PAT.

- **Slippages at INR9.5b:** Slippages during the quarter stood at INR9.5b (annualized slippage ratio of 1.8% v/s 1.2% in 2QFY12), of which INR3b was on account of the aviation sector. Gross NPAs increased 14% QoQ to INR39b, whereas net NPAs increased 18% QoQ to INR13.2b.
- **Restructured loans of INR21.2b during the quarter:** In 3QFY12, bank restructured loans of INR21.2b (~120bp of domestic loans), led by the large corporate segment. Total outstanding domestic restructured book stands at ~INR99.5b (5.5% of domestic loans), of which ~12.7% has turned into NPAs.
- **Domestic margins decline 16bp QoQ:** Reported domestic margins were 3.51% v/s 3.67% a quarter ago. While cost of deposits increased 6bp QoQ, yield on loans declined 13bp QoQ, leading to margin decline.
- **Business growth improved; domestic CASA ratio at 34% - flat QoQ:** Overall loans grew ~9% QoQ and 26% YoY to INR2.6t. Global deposits grew 24% YoY and 6% QoQ. Global and domestic CASA deposit grew at ~16% YoY.

Valuation and view: We expect the bank to report an EPS of INR122 for FY12 and INR133 for FY13. BV is expected to be INR606 in FY12 and INR713 in FY13. The stock trades at 1.3x FY12E BV and 1.1x FY13E BV. We believe credit cost is at its best and room for positive surprise is limited. Maintain **Neutral**.

Bank of Baroda: Quarterly Performance

									(INR Million)	
	FY11				FY12				FY11	FY12E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	47,270	51,587	56,662	63,342	66,318	72,514	76,720	80,739	218,859	296,290
Interest Expense	28,690	31,205	33,739	37,203	43,346	46,845	50,165	52,441	130,837	192,797
Net Interest Income	18,580	20,381	22,923	26,139	22,972	25,669	26,555	28,297	88,023	103,493
% Change (YoY)	54.2	46.8	43.2	49.8	23.6	25.9	15.8	8.3	48.2	17.6
Other Income	6,172	6,813	6,762	8,345	6,409	7,343	11,493	10,177	28,092	35,423
Net Income	24,752	27,194	29,684	34,484	29,380	33,013	38,048	38,475	116,114	138,916
Operating Expenses	9,474	10,627	11,172	15,026	11,198	11,743	12,097	13,326	46,298	48,364
Operating Profit	15,279	16,567	18,512	19,458	18,183	21,270	25,952	25,148	69,816	90,552
% Change (YoY)	51.3	60.6	46.3	19.5	19.0	28.4	40.2	29.2	41.5	29.7
Other Provisions	2,513	1,855	3,041	5,904	3,911	4,834	8,367	6,246	13,313	23,357
Profit before Tax	12,765	14,713	15,471	13,554	14,272	16,436	17,585	18,903	56,503	67,195
Tax Provisions	4,174	4,520	4,783	611	3,944	4,775	4,686	5,746	14,086	19,151
Net Profit	8,592	10,193	10,689	12,944	10,328	11,661	12,899	13,157	42,417	48,045
% Change (YoY)	25.4	60.7	28.4	42.8	20.2	14.4	20.7	1.7	38.7	13.3
Deposit Growth (%)	28.2	30.0	30.9	26.6	22.9	22.1	24.0	24.0	26.6	24.0
Loan Growth (%)	30.7	29.6	32.7	30.6	25.2	23.9	25.8	24.0	30.6	24.0
CD Ratio (%)	72.9	71.6	73.6	74.9	74.2	72.6	74.6	74.9	74.9	74.9
Net Interest Margin (Reported, %)	2.9	3.0	3.2	3.1	2.9	3.1	3.0		3.1	
Net Interest Margin (Calculated, %)	2.8	2.9	3.1	3.3	2.7	2.9	2.9	2.9	3.0	2.8
Tax Rate (%)	32.7	30.7	30.9	4.5	27.6	29.1	26.6	30.4	24.9	28.5
Gross NPA (%)	1.4	1.4	1.3	1.4	1.5	1.4	1.5	1.4	1.4	1.4

E: MOSL Estimates

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

Y/E March	3QFY12A	3QFY12E	Variation (%)	Comments
Net Interest Income	26,555	27,011	-2	Domestic margin decline 16bp QoQ - a negative surprise
% Change (Y-o-Y)	16	18		
Other Income	11,493	8,103	42	Strong trading gains and forex leading to +ve surprise
Net Income	38,048	35,114	8	
Operating Expenses	12,097	12,220	-1	
Operating Profit	25,952	22,894	13	Higher non-interest income led to higher than est. operating profit
% Change (Y-o-Y)	40	24		
Other Provisions	8,367	4,728	77	Higher slippages, provisions towards restructured loan and MTM losses led to -ve surprise
Profit before Tax	17,585	18,165	-3	
Tax Provisions	4,686	5,904	-21	Tax rate lower at 27% v/s est. 33%
Net Profit	12,899	12,262	5	Strong non-interest income growth partially off-set by higher provisions
% Change (Y-o-Y)	21	15		

Source: Company/MOSL

Slippages at INR9.5b v/s 5.8b a quarter ago: Gross Slippages during the quarter stood at INR9.5b (annualized slippage ratio stood at ~1.8% v/s 1.2% a quarter ago) – of which aviation segment accounted for INR3b. Management mentioned that slippages were broad based and it does not expect significant pressure to arise from the same. Recoveries and up-gradation improved QoQ and stood at INR3b v/s INR1.9b in 2QFY12. During the quarter bank wrote off INR1.5b as against INR4.2b. Credit cost (including provisions on restructured loans) during the quarter stood at 81bp v/s 51bp a quarter ago. PCR (cal) declined marginally to 66% v/s 67% a quarter ago, however, PCR including technical write-off stood at ~80.5%.

GNPAs up 14% QoQ: Gross NPAs absolute terms increased 14% QoQ to INR39b, whereas net NPA increased 18% QoQ to INR13.2b. In % terms GNPAs increased 7bp QoQ to ~1.5%, while NNPA was up 4bp QoQ to 51bp. In % terms GNPA ratio declined across segment except SME which reported a marginal increase (3.09% as against 3.06% a quarter ago). Agri. GNPA declined to 4% as against 4.6% a quarter ago. Large and mid corporate segment and retail segment reported a marginal decline of 2-3bp QoQ.

Restructured loan of INR21.2b during the quarter: Additional restructuring of INR21.2b (~120bp of domestic loans) was done during the quarter, led by large corporate (o/s restructured loan to large corporate increased to INR64.7b as against INR45.5b in 2QFY12). Total outstanding domestic restructured book stands at ~INR99.5b (5.5% of domestic loan). Cumulative ~12.7% of the restructured loans has turned into NPA. Of the overall restructured loans, large corporate formed ~65% (52% in 2QFY12), SME formed ~20%, Retail ~6% and Agriculture loans ~9%. During the quarter bank provided INR1.5 towards restructured loan.

Domestic margins decline 16bp QoQ: Reported domestic margins stood at 3.51% v/s 3.67% a quarter ago. While cost of deposits increased 6bp QoQ, yield on loans declined 13bp QoQ leading to margin decline. Overseas NIM improved 22bp QoQ to 1.64% and resultant, the global NIMs declined by 9bp QoQ to ~3%. Management re-iterated its guidance of maintaining margins at ~3%.

Trading gains and forex drives non-interest income: Overall non-interest income grew 57% QoQ and 70% YoY to INR11.5b (significantly above est. of INR8.1) led by strong gains in trading and forex related income. Trading gains stood at INR3.9b v/s INR102m a quarter ago and INR850m a year ago driving profitability. Management mentioned that booking of gains of ~INR3b on account of sale of liquid MF led to higher trading profits. Forex income stood at INR2.4b v/s INR1.5b a quarter and year ago. Core fee income grew 18% YoY, however was flat sequentially – a disappointment. Recoveries from written off account stood at INR711m as against INR1.2b a quarter ago and INR615m a year ago.

Business growth improved led by strong growth in overseas loans: Overall loans grew ~9% QoQ and 26% YoY to INR2.6t. However, of this, the domestic loans grew by ~7% QoQ and 19% YoY. On the other hand the overseas loan portfolio grew by 15% QoQ and 46% YoY, forming 48% of incremental loans. Strong growth in overseas loans was on account of sharp currency depreciation. Adjusting for which, the overseas loan growth came in at ~26% YoY. Global deposits grew by 24% YoY and 6% QoQ, of which domestic deposits grew by 18.4% YoY and ~4% QoQ, while overseas deposits grew 43% YoY and ~12% QoQ. Global CD ratio improved to 74.6% v/s 72.6% in 2QFY12. Meanwhile, Domestic CD ratio stood at 70.7% v/s 69% a quarter ago.

Domestic CASA ratio remains flat sequentially: Global CASA deposit growth was moderate at 15.6% YoY, in line with the similar 15% YoY growth seen in the domestic CASA deposits. Domestic SA deposits grew 5% QoQ and 17% YoY, domestic CA deposits grew 7% YoY and 3% QoQ. Domestic CASA ratio was stable QoQ at 34%.

Valuation and view

We expect the bank to report EPS of INR122 for FY12, INR133 for FY13. BV is expected to be INR606 in FY12 and INR713 in FY13. Stock trades at 1.3x FY12E BV and 1.1x FY13E BV. We believe credit cost is at its best and room for positive surprise is limited. Maintain **Neutral** with a target price of INR1,000 (1.4x FY13E BV).

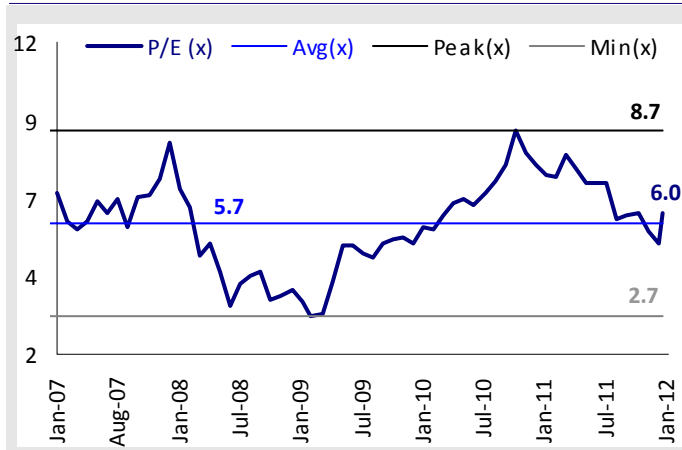
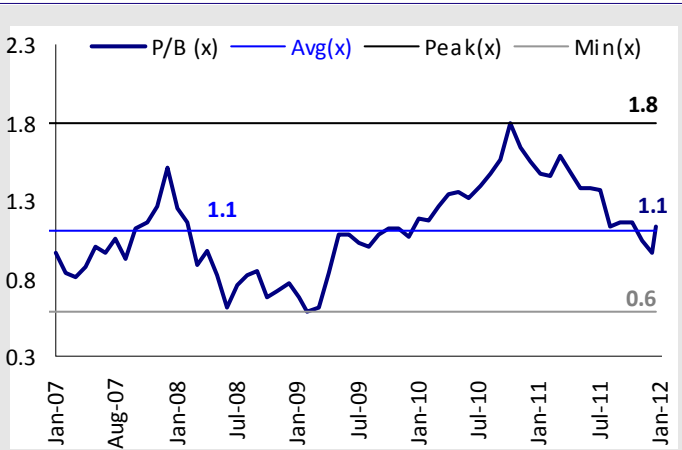
Analysts meet highlights

- Strong presence in industrial growth areas is leading to healthy loan demand. Bank consciously moderated its retail loan book (+4% YoY) in adverse environment, however growth in housing segment remains healthy (+3% QoQ and 15% YoY).
- While contribution of global business has increased to 28.6% led by sharp currency depreciation, management expects it to be in the range of 24-26%.
- In 3QFY12, it provided INR2.2b towards depreciation on investment, largely on equity. Break-even yield for investment portfolio stood at 8.55%, thereby no MTM impact on bond portfolio.
- CAR (excluding 9M profit stood at) 13.45% of which Tier I was at 9.3% (up 50bp QoQ). Management mentioned that improved efficiency (increasing number of rated customers), and liquidation of investment in MF has helped release of capital leading to higher Tier I. Including 9M profit Tier I ratio would have been higher by further 70bp.
- Management expects to receive capital of INR6.8b from the government in FY12, however it is not currently factored in our estimates.

We upgrade our earnings estimates to account for strong non-interest income growth (INR b)

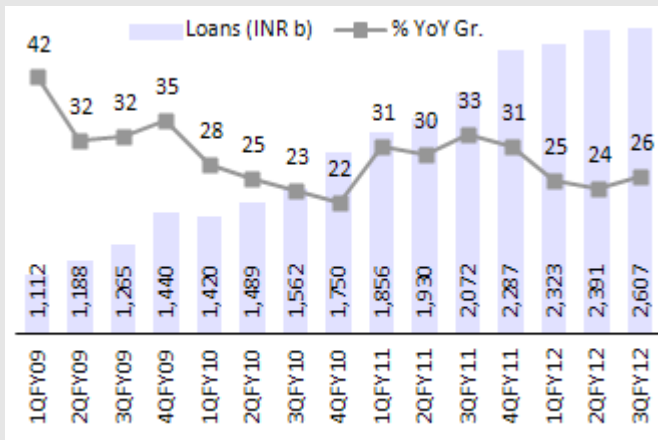
	Old Estimates		Rev. Estimates		Change (%)	
	FY12	FY13	FY12	FY13	FY12	FY13
Net Interest Income	103.9	121.5	103.5	125.3	-0.4	3.1
Other Income	30.9	35.4	35.4	37.8	14.7	6.9
Total Income	134.8	156.9	138.9	163.1	3.1	4.0
Operating Expenses	48.4	53.1	48.4	54.7	0.0	3.2
Operating Profits	86.4	103.8	90.6	108.4	4.8	4.4
Provisions	22.0	29.9	23.4	30.9	6.3	3.4
PBT	64.5	73.9	67.2	77.5	4.2	4.8
Tax	21.0	24.0	19.2	25.2	-8.6	4.8
PAT	43.5	49.9	48.0	52.3	10.4	4.8
Margins (%)	2.8	2.8	2.8	2.8		
Credit Cost (%)	0.5	0.8	0.6	0.8		
RoA (%)	1.1	1.0	1.2	1.1		
RoE (%)	20.0	19.6	21.9	20.2		

Source: MOSL

Bank of Baroda: One year forward P/E**Bank of Baroda: One year forward P/BV**

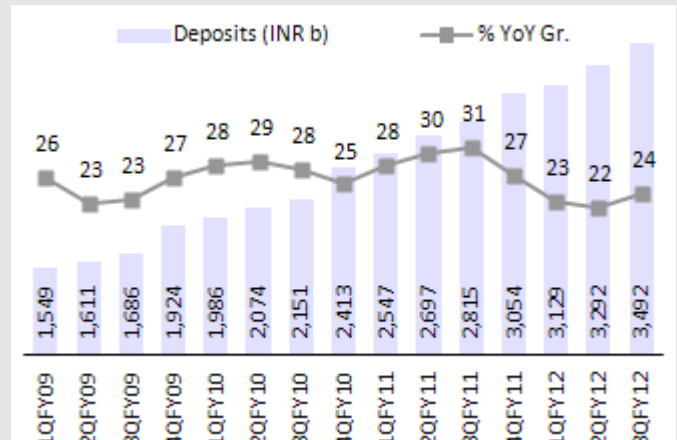
Quarterly trends

Loan growth improves...



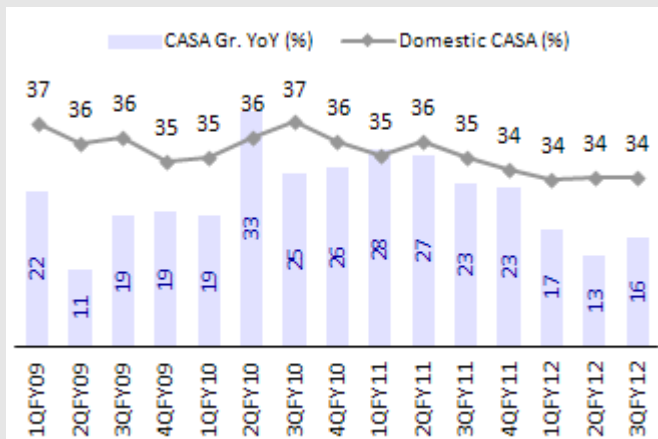
■ Domestic loans grew by ~7% QoQ whereas overseas loan portfolio grew by 15% QoQ

...so does deposit growth



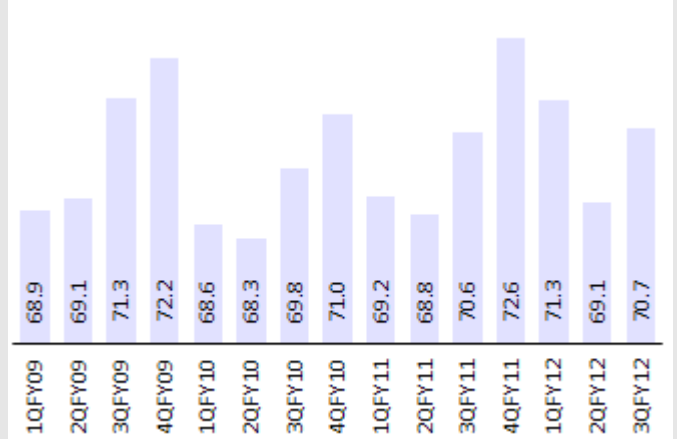
■ Domestic deposits grew 4% QoQ whereas international deposits grew ~12% QoQ

Domestic CASA ratio remains flat sequentially



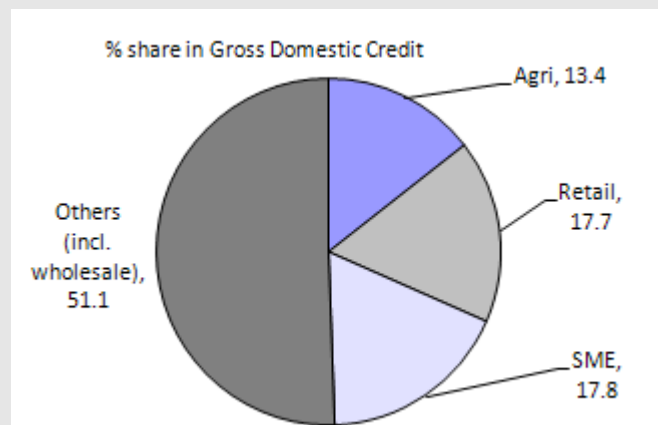
■ Domestic SA deposits grew 5% QoQ and 17% YoY, domestic CA deposits grew 7% YoY and 3% QoQ

Domestic CD ratio improves QoQ (%)



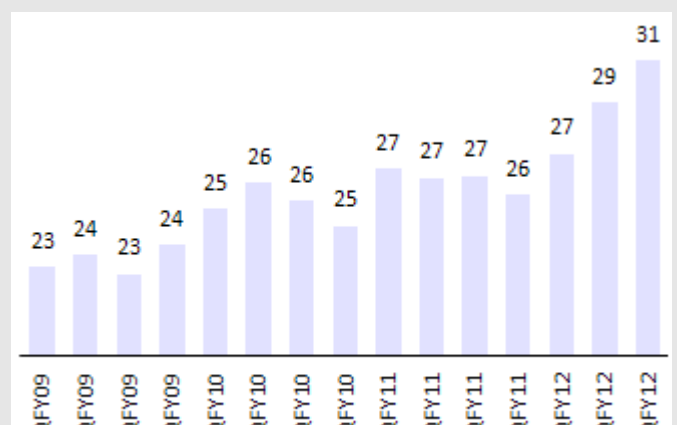
■ Overall CD ratio stood at 74.6% asset growth of 28% YoY and 7% QoQ

Share of overseas and agri. segment increase QoQ



■ Of the domestic loans, Agriculture segment was major growth driver sequentially (+ 14.7% QoQ)

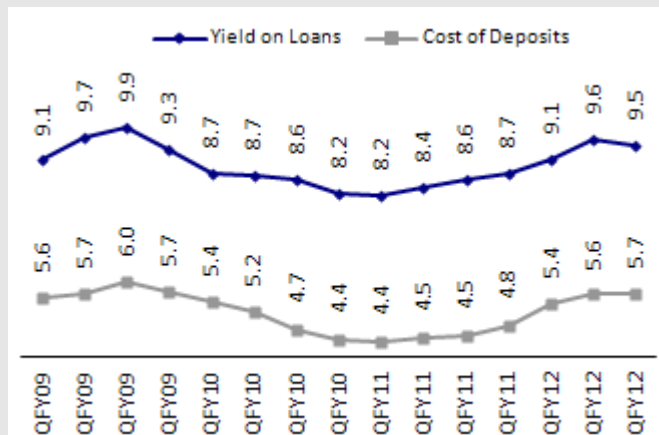
Overseas loans forms 31% of total loans and 48% of incr. loans



■ Overseas loan portfolio grew by 15% QoQ and 46% YoY led by sharp currency depreciation

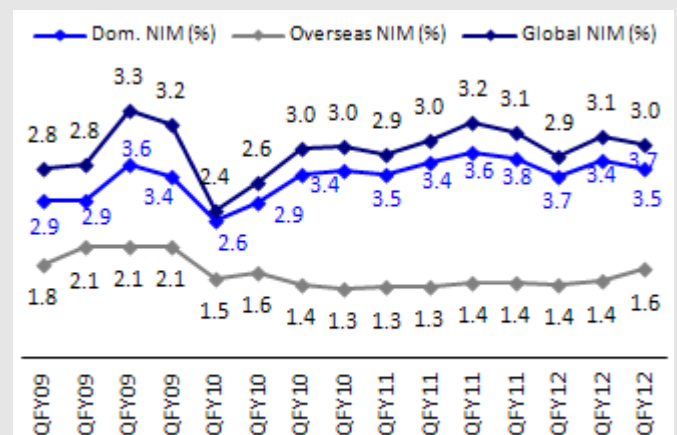
Quarterly trends (continued)

Global yield on loans declined 19bp QoQ (%)



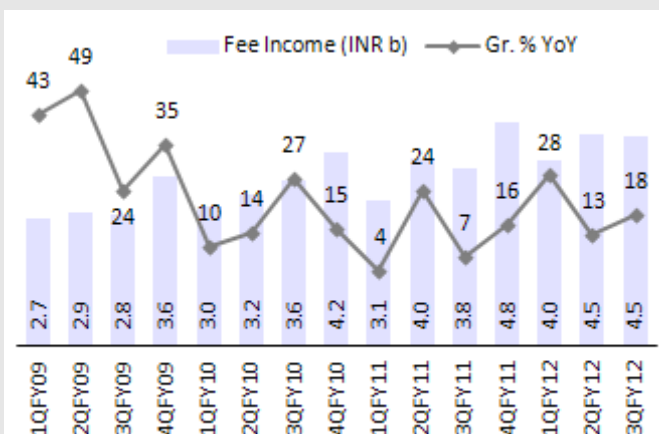
■ While yield on loan declined 13bp QoQ, cost of deposits were up 6bp QoQ

Domestic margin declines 16bp QoQ



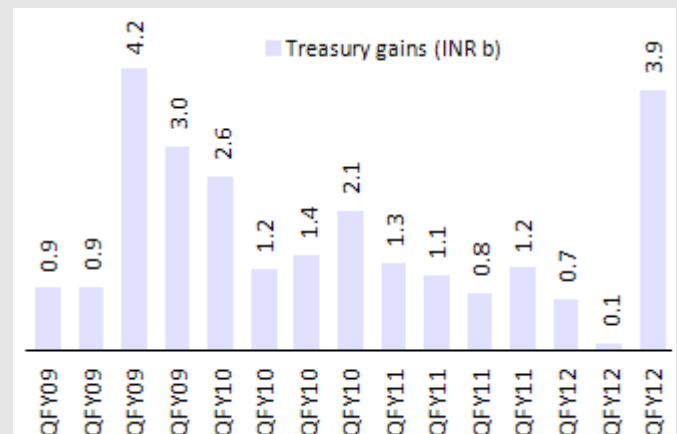
■ Management maintains its guidance to maintain global NIM at 3%

Core fee income growth flattish QoQ



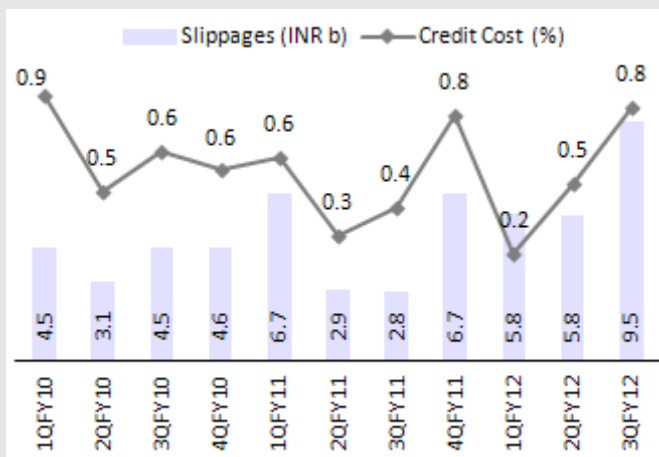
■ Core fee income grew 18% YoY, however was flat sequentially - a disappointment

Sharp improvement in trading gains (INR b)



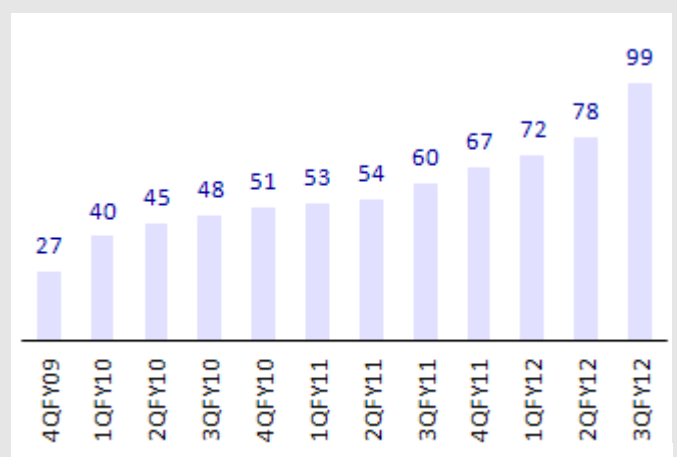
■ Trading gains stood at INR3.9b v/s INR102m in 2QFY12 and INR850m in 3QFY11 driving profitability

Slippages increase QoQ



■ Annualized slippage ratio stood at ~1.8% v/s 1.2% a quarter ago

INR21.2b restructured in 3QFY12 (INR b)



■ Additional restructuring in 3QFY12 constituted ~120bp of domestic loans led by large corporates

Quarterly Snapshot

	FY11				FY12			Variation (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY	9M FY11	9M FY12	YoY Gr (%)
Profit and Loss (INR m)												
Net Interest Income	18,580	20,381	22,923	26,139	22,972	25,669	26,555	3	16	61,884	75,196	22
Other Income	6,172	6,813	6,762	8,345	6,409	7,343	11,493	57	70	19,747	25,245	28
Trading profits	1,279	1,101	848	1,209	740	102	3,855	N.A.	N.A.	3,228	4,697	45
Forex Income	1,216	1,000	1,471	1,461	1,400	1,473	2,407	63	64	3,687	5,281	43
Recoveries	561	692	615	859	288	1,220	711	-42	16	1,868	2,219	19
Others (Non core)	3,116	4,020	3,828	4,817	3,981	4,549	4,520	-1	18	10,964	13,049	19
Total Income	24,752	27,194	29,684	34,484	29,380	33,013	38,048	15	28	81,631	100,441	23
Operating Expenses	9,474	10,627	11,172	15,026	11,198	11,743	12,097	3	8	31,273	35,037	12
Employee	5,767	6,562	6,942	9,897	6,454	6,466	6,740	4	-3	19,271	19,660	2
Others	3,706	4,065	4,230	5,129	4,744	5,277	5,356	2	27	12,002	15,377	28
Operating Profits	15,279	16,567	18,512	19,458	18,183	21,270	25,952	22	40	50,358	65,404	30
Provisions	2,513	1,855	3,041	5,904	3,911	4,834	8,367	73	175	7,409	17,111	131
NPA provisions	2,775	1,423	2,064	4,244	1,320	2,981	5,089	71	147	6,262	9,390	50
Provisions on Invst.	-589	-201	535	346	1,385	1,651	2,241	36	319	-256	5,278	N.A.
Others	327	633	442	1,314	1,206	201	1,037	N.A.	135	1,402	2,444	74
PBT	12,765	14,713	15,471	13,554	14,272	16,436	17,585	7	14	42,949	48,293	12
Taxes	4,174	4,520	4,783	611	3,944	4,775	4,686	-2	-2	13,476	13,405	-1
PAT	8,592	10,193	10,689	12,944	10,328	11,661	12,899	11	21	29,473	34,888	18
Ratios (%)												
Fees to Total Income	12.6	14.8	12.9	14.0	13.5	13.8	11.9			13.4	13.0	
Cost to Core Income	43.7	43.6	41.8	48.5	41.5	38.9	38.9			42.9	39.7	
Tax Rate	32.7	30.7	30.9	4.5	27.6	29.1	26.6			31.4	27.8	
CASA Reported	35.2	35.9	35.1	34.4	33.9	34.0	34.1					
Loan/Deposit	72.9	71.6	73.6	74.9	74.2	72.6	74.6					
Domestic Loan/ Deposit	69.2	68.8	70.6	72.6	71.3	69.1	70.7					
CAR	13.3	13.2	12.5	14.5	13.1	12.7	13.5					
Tier I	8.2	8.2	7.7	10.0	9.1	8.8	9.3					
Margins Global (%)												
Yield on loans	8.2	8.4	8.6	8.7	9.1	9.6	9.5	-19	87	8.4	9.4	12
Yield On Investments	6.7	7.1	7.4	7.5	7.5	7.6	7.7	9	28	7.0	7.6	8
Cost of Deposits	4.4	4.5	4.5	4.8	5.4	5.6	5.7	4	112	4.5	5.5	24
Margins	2.9	3.0	3.2	3.1	2.9	3.1	3.0	-8	-21	3.0	3.0	-2
Margins - Domestic (%)												
Yield on loans	9.8	10.2	10.3	10.7	11.2	12.1	12.0	-13	167	10.1	11.8	169
Yield On Investments	6.8	7.2	7.6	7.6	7.6	7.7	7.8	7	23	7.2	7.7	49
Cost of Deposits	5.1	5.3	5.3	5.6	6.4	6.8	6.9	6	163	5.2	6.7	151
Margins	3.4	3.6	3.8	3.7	3.4	3.7	3.5	-16	-31	3.6	3.5	-10
Margins - Overseas (%)												
Yield on loans	3.7	3.8	3.7	3.5	3.4	3.4	3.6	23	-10	3.7	3.5	-26
Yield On Investments	3.7	3.7	3.9	4.3	4.9	4.2	4.9	66	105	3.8	4.7	91
Cost of Deposits	2.0	2.0	1.9	1.8	1.8	1.8	2.0	14	2	2.0	1.9	-11
Margins	1.3	1.3	1.4	1.4	1.4	1.4	1.6	22	24	1.3	1.5	13
Franchise												
Branches	3,106	3,202	3,259	3,364	3,409	3,492	3,691	199	432			
ATM	1,372	1,443	1,512	1,561	1,657	1,800	1,838	38	326			

Source: Company/MOSL, For %age change QoQ and YoY is bps

Quarterly Snapshot (Contd..)

INR b	FY11				FY12			Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY
Balance sheet									
Deposits	2,547	2,697	2,815	3,054	3,129	3,292	3,492	6	24
Domestic	1,962	2,060	2,154	2,333	2,365	2,447	2,550	4	18
Overseas	585	637	661	721	764	845	942	12	42
Loans	1,856	1,930	2,072	2,287	2,323	2,391	2,607	9	26
Domestic	1,357	1,417	1,520	1,694	1,686	1,690	1,802	7	19
Overseas	499	512	552	593	637	701	804	15	46
CASA	748	798	820	876	872	902	948	5	16
Domestic	691	739	756	802	802	833	868	4	15
Overseas	57	59	64	74	70	69	80	15	26
Savings Deposits	561	593	615	645	657	685	718	5	17
Domestic	548	580	601	630	642	670	702	5	17
Overseas	13	14	14	15	15	15	17	9	16
Current Deposits	187	205	205	231	216	216	230	6	12
Domestic	143	160	155	172	161	162	167	3	7
Overseas	44	45	49	59	55	54	63	17	28
Loan Break Up									
Retail Loans	250	272	296	324	309	299	310	4	5
of which Housing	108	113	119	125	129	133	137	3	15
Agriculture	211	216	231	245	232	226	259	15	12
SME	216	235	253	274	284	301	321	7	27
Others	1,179	1,207	1,292	1,443	1,498	1,565	1,716	10	33
Asset Quality									
GNPA	26.6	27.2	27.7	31.5	34.3	34.0	39.0	14	41
NNPA	7.2	7.3	7.4	7.9	10.2	11.2	13.3	18	78
GNPA (%)	1.4	1.4	1.3	1.4	1.5	1.4	1.5	7	16
NNPA (%)	0.4	0.4	0.4	0.4	0.4	0.5	0.5	4	15
PCR (Calculated, %)	73.0	73.1	73.1	74.9	70.1	67.1	66.0	-115	-716
PCR (Reported, %)	85.7	85.6	85.5	85.0	82.5	82.0	80.5	-146	-494
Movement in NPA									
Opening	24.0	26.6	27.2	27.6	31.4	34.1	33.9		
Additions	6.7	2.9	2.8	6.7	5.8	5.8	9.5	64	245
Deductions	4.1	2.3	2.4	2.8	3.1	6.1	4.6	-24	93
Of Which: Due to write Off	1.6	0.9	1.2	1.3	1.1	4.2	1.6	-63	28
Due to Upgradation	1.1	0.4	0.1	0.5	0.7	0.4	1.7	293	N.A.
Due to Recoveries	1.4	1.0	1.1	1.1	1.3	1.5	1.4	-4	30
Closing	26.6	27.2	27.6	31.4	34.1	33.9	38.8	15	41
Slippage Ratio (%)	1.9	0.8	0.7	1.5	1.3	1.2	1.8	63	113
Credit Cost (%)	0.6	0.3	0.4	0.8	0.2	0.5	0.8	31	40
Restructured loans	52.8	54.3	60.5	67.1	71.7	78.3	99.5	27	64
% to Loans	2.8	2.8	2.9	2.9	3.1	3.3	3.8	54	90

Source: Company/MOSL

Stock Info

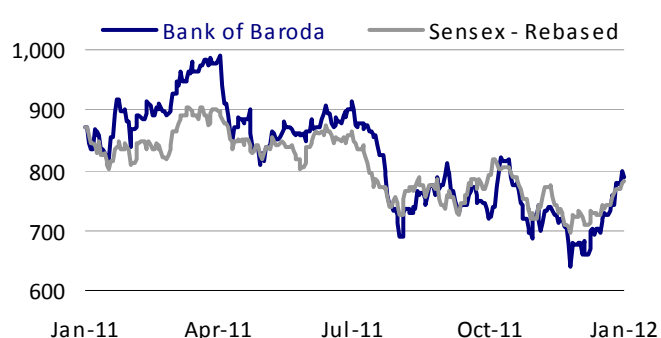
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	122.3	119.6	2.3
FY13	133.1	138.6	-4.0

Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	57.0	57.0	53.8
Domestic Inst	17.2	16.8	16.6
Foreign	14.1	14.9	18.8
Others	11.7	11.4	10.9

1-year Sensex rebased



Financials: Valuation Matrix

	Rating	CMP (INR)	Mkt. Cap (USDb)	EPS (INR)		P/E (x)		P/BV (x)		RoA (%)		RoE (%)	
				FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13
ICICIBCB*	Buy	879	20.2	53	61	12.4	10.4	1.7	1.5	1.4	1.4	13.4	14.1
HDFCB	Neutral	490	22.8	22	28	22.1	17.6	3.9	3.3	1.7	1.7	18.9	20.5
AXSB	Buy	1,060	8.7	97	112	10.9	9.5	2.0	1.7	1.5	1.5	19.9	19.5
KMB	Neutral	494	3.6	24	28	19.6	16.6	2.8	2.4	1.8	1.6	14.9	14.6
YES	Buy	328	2.3	27	32	12.0	10.1	2.5	2.1	1.4	1.3	22.6	22.2
IIB	Buy	295	2.7	17	21	17.2	14.1	3.1	2.6	1.6	1.5	19.3	20.1
VYSB	Buy	338	0.8	30	34	11.3	10.1	1.3	1.2	1.0	1.0	14.0	12.3
FB	Buy	410	1.4	43	50	9.5	8.2	1.3	1.1	1.3	1.3	13.8	14.5
JKBk	Buy	775	0.8	151	168	5.1	4.6	0.9	0.8	1.3	1.2	19.4	18.7
SIB	Buy	23	0.5	3	4	6.7	5.9	1.3	1.1	1.1	1.0	21.1	20.3
Private Aggregate			64			15.4	13.0	2.2	1.9				
SBIN (cons)*	Buy	2,057	26.1	211	240	9.3	8.2	1.3	1.1	0.8	0.8	15.6	16.1
PNB	Buy	1,000	6.3	158	184	6.3	5.4	1.3	1.1	1.2	1.2	22.7	22.0
BOI	Neutral	342	3.7	46	58	7.5	5.9	1.0	0.9	0.7	0.7	14.7	16.6
BOB	Neutral	790	6.2	122	133	6.5	5.9	1.3	1.1	1.2	1.1	21.9	20.2
CBK	Buy	480	4.3	80	89	6.0	5.4	1.0	0.9	1.0	0.9	18.2	17.5
UNBK	Buy	207	2.2	27	45	7.6	4.6	0.9	0.8	0.6	0.8	12.2	18.2
IOB	Neutral	91	1.1	22	18	4.2	5.0	0.6	0.6	0.7	0.5	15.6	12.0
OBC	Buy	248	1.4	41	49	6.1	5.0	0.6	0.6	0.7	0.7	11.2	12.3
INBK	Buy	218	1.9	40	47	5.4	4.7	1.0	0.9	1.3	1.3	19.8	19.6
CRPBK	Neutral	417	1.2	98	104	4.3	4.0	0.7	0.7	0.9	0.8	18.8	17.4
ANDB	Buy	104	1.2	23	26	4.5	4.0	0.8	0.7	1.1	1.0	18.7	18.0
IDBI *	Neutral	102	2.0	20	21	3.9	3.6	0.5	0.5	0.7	0.7	14.5	14.1
DNB	Buy	67	0.4	22	25	3.1	2.6	0.5	0.5	0.9	0.9	17.9	18.4
Public Aggregate			58			7.7	6.7	1.2	1.0				
HDFC*	Neutral	708	20.8	27	31	18.9	15.8	5.2	4.7	2.8	2.9	19.9	21.1
LICHF	Buy	257	2.4	18	27	14.3	9.6	2.5	2.1	1.5	1.8	18.9	24.0
DEWH	Buy	230	0.5	30	39	7.7	5.9	1.3	1.1	1.3	1.4	18.7	19.5
IDFC	Buy	129	3.8	10	11	12.5	12.0	1.4	1.3	3.1	2.7	13.7	12.6
RECL	Buy	197	3.9	28	35	7.2	5.7	1.4	1.2	3.0	3.1	20.0	22.4
POWF	Buy	169	3.9	18	29	9.5	5.9	1.1	1.0	2.1	2.8	13.2	17.7
SHTF	Buy	583	2.6	58	63	10.1	9.3	2.2	1.8	3.0	2.9	23.9	21.6
MMFS	Neutral	714	1.5	56	70	12.7	10.2	2.5	2.1	4.1	4.1	21.3	22.4
NBFC Aggregate			39			14.3	11.3	3.2	2.7				

* Multiples adj. 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	118,135	150,916	166,983	218,859	296,290	352,274
Interest Expense	79,017	99,682	107,589	130,837	192,797	226,980
Net Interest Income	39,118	51,234	59,395	88,023	103,493	125,294
Change (%)	9.3	31.0	15.9	48.2	17.6	21.1
Non Interest Income	20,510	27,577	28,064	28,092	35,423	37,818
Net Income	59,628	78,811	87,458	116,114	138,916	163,112
Change (%)	20.2	32.2	11.0	32.8	19.6	17.4
Operating Expenses	30,343	35,761	38,106	46,298	48,364	54,736
Pre Provision Profits	29,286	43,050	49,353	69,816	90,552	108,376
Change (%)	21.3	47.0	14.6	41.5	29.7	19.7
Provisions (excl tax)	7,214	9,621	6,972	13,313	23,357	30,923
PBT	22,072	33,429	42,381	56,503	67,195	77,453
Tax	7,716	11,157	11,797	14,086	19,151	25,172
Tax Rate (%)	35.0	33.4	27.8	24.9	28.5	32.5
PAT	14,355	22,272	30,583	42,417	48,045	52,281
Change (%)	39.8	55.1	37.3	38.7	13.3	8.8
Equity Dividend (Incl tax)	3,421	3,836	6,393	7,534	9,556	10,399
Core PPP*	20,330	31,418	39,118	62,653	81,052	100,376
Change (%)	0.6	54.5	24.5	60.2	29.4	23.8

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

Balance Sheet		(INR Million)				
Y/E March	2008	2009	2010	2011	2012E	2013E
Equity Share Capital	3,655	3,655	3,655	3,928	3,928	3,928
Reserves & Surplus	106,784	125,142	147,409	206,003	243,696	284,783
Net Worth	110,439	128,797	151,064	209,931	247,624	288,711
Deposits	1,520,351	1,923,970	2,412,619	3,054,395	3,787,450	4,620,688
Change (%)	21.7	26.5	25.4	26.6	24.0	22.0
of which CASA Dep	474,720	569,385	714,675	875,887	1,002,148	1,152,470
Change (%)	14.5	19.9	25.5	22.6	14.4	15.0
Borrowings	93,498	127,679	133,501	223,079	255,891	293,866
Other Liabilities & Prov.	71,717	86,277	85,983	96,567	135,569	157,677
Total Liabilities	1,796,005	2,266,722	2,783,167	3,583,972	4,426,534	5,360,942
Current Assets	223,003	240,871	354,671	499,341	611,401	726,312
Investments	438,701	524,459	611,824	712,606	869,380	1,043,256
Change (%)	25.5	19.5	16.7	16.5	22.0	20.0
Loans	1,067,013	1,432,514	1,750,353	2,286,764	2,835,587	3,459,416
Change (%)	27.6	34.3	22.2	30.6	24.0	22.0
Fixed Assets	24,270	23,097	22,848	22,997	22,997	22,997
Other Assets	43,018	45,781	43,472	62,264	87,170	108,962
Total Assets	1,796,005	2,266,722	2,783,167	3,583,972	4,426,534	5,360,942

Asset Quality		(%)				
GNPA (INR m)	19,814	18,429	24,007	31,525	40,652	59,187
NNPA (INR m)	4,936	4,490	6,023	7,909	12,949	17,305
GNPA Ratio	1.83	1.27	1.36	1.36	1.42	1.69
NNPA Ratio	0.46	0.31	0.34	0.35	0.46	0.50
PCR (Excl Tech. write off)	73.6	74.5	74.9	74.9	68.1	70.8
PCR (Incl Tech. Write off)			87.0	85.0	81.4	80.4

E: MOSL Estimates

Financials and valuation

Ratios

Y/E March	2008	2009	2010	2011	2012E	2013E
Spreads Analysis (%)						
Avg. Yield-Earning Assets	7.9	8.1	7.1	7.4	8.0	7.8
Avg. Yield on loans	8.8	9.0	7.9	8.0	8.8	8.6
Avg. Yield on Investments	6.9	6.9	6.4	7.2	7.9	7.5
Avg. Cost-Int. Bear. Liab.	5.4	5.4	4.7	4.5	5.3	5.1
Avg. Cost of Deposits	5.3	5.3	4.6	4.3	5.2	5.0
Interest Spread	2.4	2.7	2.5	2.9	2.8	2.7
Net Interest Margin	2.6	2.7	2.5	3.0	2.8	2.8

Profitability Ratios (%)

RoE	15.8	20.8	23.8	25.0	21.9	20.2
RoA	0.9	1.1	1.2	1.3	1.2	1.1
Int. Expense/Int. Income	66.9	66.1	64.4	59.8	65.1	64.4
Fee Income/Net Income	16.3	14.7	18.2	15.4	15.1	15.9
Non Int. Inc./Net Income	34.4	35.0	32.1	24.2	25.5	23.2

Efficiency Ratios (%)

Cost/Income*	55.9	51.2	47.5	41.5	36.5	34.6
Empl. Cost/Op. Exps.	62.7	65.7	61.7	63.0	54.7	50.8
Busi. per Empl. (Rs m)	63.5	80.7	96.5	118.7	138.8	159.7
NP per Empl. (Rs lac)	0.4	0.6	0.8	1.1	1.1	1.1

* ex treasury

Asset-Liability Profile (%)

Loans/Deposit Ratio	70.2	74.5	72.5	74.9	74.9	74.9
CASA Ratio	31.2	29.6	29.6	28.7	26.5	24.9
Investment/Deposit Ratio	28.9	27.3	25.4	23.3	23.0	22.6
G-Sec/Investment Ratio	79.1	78.4	82.1	84.0	86.5	88.0
CAR	12.9	14.1	14.4	14.5	12.6	11.1
Tier 1	7.6	8.5	9.2	10.0	9.0	8.2

Valuation

Book Value (INR)	266.5	318.7	383.1	508.4	606.4	713.0
Change (%)	16.1	19.6	20.2	32.7	19.3	17.6
Price-BV (x)	3.0	2.5	2.1	1.6	1.3	1.1
Adjusted BV (INR)	257.7	310.7	372.4	495.3	585.0	684.4
Price-ABV (x)	3.1	2.5	2.1	1.6	1.4	1.2
EPS (INR)	39.3	60.9	83.7	108.0	122.3	133.1
Change (%)	39.8	55.1	37.3	29.1	13.3	8.8
Price-Earnings (x)	20.1	13.0	9.4	7.3	6.5	5.9
Dividend Per Share (INR)	8.0	9.0	15.0	16.5	20.8	22.6
Dividend Yield (%)	1.0	1.1	1.9	2.1	2.6	2.9

E: MOSL Estimates

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