



Bank of India

BSE SENSEX 17,234	S&P CNX 5,205	CMP: INR353	TP: INR374	Neutral						
Bloomberg	BOI IN									
Equity Shares (m)	547.2									
52-Week Range (INR)	498/261									
1,6,12 Rel.Perf.(%)	20/-3/-13									
M.Cap. (INR b)	193.1									
M.Cap. (USD b)	3.9									
Year	Net Income (INR m)	PAT (INR m)	EPS (INR)	EPS Gr. (%)	P/E (X)	BV (INR)	P/BV (X)	P/ABV (X)	RoAA (%)	RoAE (%)
3/10A	83,725	17,410	33.1	-42.1	-	243	-	-	0.7	14.2
3/11A	104,525	24,887	45.5	37.4	7.8	292	1.2	1.3	0.8	17.3
3/12E	112,843	24,678	45.1	-0.8	7.8	327	1.1	1.3	0.7	14.6
3/13E	132,518	32,034	58.5	29.8	6.0	374	0.9	1.1	0.8	16.7

Bank of India (BOI) PAT grew 10% YoY in 3QFY12 to INR7.2b (in line with estimates). While slippages declined significantly to INR5.2b (v/s INR28.2b in 2QFY12) it was partially due to reclassification. Banks restructured loans of INR30.1b (130bp of overall loans) during the quarter which was disappointing. Key highlights:

- **Slippages decline significantly, partially due to change in reporting methodology:** For 9MFY12 slippages stood at INR50.2b v/s INR45b in 1HFY12. Implying slippages for 3QFY12 at INR5.2b. In 3QFY12, bank changed its methodology of reporting slippages from gross basis to net basis adjusted for which gross slippages would have been INR10b.
- **Loan growth improves led by international operation:** Global loans and deposits grew ~21% (7% QoQ) and 22% (3% QoQ) on a YoY basis. While domestic loans grew ~4% QoQ and 9% YoY, international loan book grew 17% QoQ and 65% YoY led by currency depreciation
- **Loans of INR30b restructured in 3QFY12:** The bank restructured loans of INR30b (~130bp of overall loans) in 3QFY12, of which INR7.8b (115bp of international loans) pertains to its international operations. Gross restructured book stood at ~INR137b (5.9% of overall loans), of which INR32.2b i.e. 24% slipped into NPAs.
- **Domestic margins improve 14bp QoQ:** Reported domestic margins improved 14bp QoQ to 2.9%, led by 260bp QoQ improvement in CD ratio. Domestic yield on funds was up 7bp QoQ, whereas cost of funds increased 21bp QoQ. Global NIM improved by 11bp QoQ to 2.55%.

Valuation and view: We expect RoA to be 0.7% in FY12 and improve to 0.8% in FY13, and RoE to be ~15% in FY12 and ~17% in FY13. The stock trades at 1.1x FY12E BV and 0.9x FY13E BV. Maintain **Neutral**.

Quarterly Performance

	FY11				FY12				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY11	FY12E
Interest Income	48,217	51,556	54,675	63,069	66,336	68,864	71,501	76,160	217,517	282,860
Interest Expense	30,813	33,795	34,806	39,996	47,926	49,825	50,826	54,278	139,410	202,854
Net Interest Income	17,405	17,761	19,869	23,073	18,410	19,039	20,676	21,882	78,107	80,006
% Change (Y-o-Y)	33.8	26.1	32.9	48.7	5.8	7.2	4.1	-5.2	35.7	2.4
Other Income	5,859	5,845	6,482	8,231	6,601	8,418	8,522	9,297	26,418	32,838
Net Income	23,264	23,606	26,351	31,304	25,011	27,457	29,197	31,179	104,525	112,843
Operating Expenses	9,158	9,810	12,464	19,251	11,051	11,942	11,878	12,845	50,682	47,716
Operating Profit	14,106	13,796	13,888	12,053	13,959	15,515	17,319	18,334	53,842	65,128
% Change (Y-o-Y)	29.0	14.4	22.9	-5.5	-1.0	12.5	24.7	52.1	14.4	21.0
Other Provisions	3,859	5,274	4,979	4,776	5,672	11,544	6,931	7,405	18,888	31,552
Profit before Tax	10,247	8,522	8,908	7,277	8,287	3,972	10,388	10,929	34,954	33,576
Tax Provisions	2,995	2,355	2,379	2,340	3,112	-940	3,227	3,499	10,067	8,898
Net Profit	7,251	6,168	6,530	4,936	5,175	4,911	7,162	7,430	24,887	24,678
% Change (Y-o-Y)	24.1	90.8	61.0	15.4	-28.6	-20.4	9.7	50.5	42.9	-0.8
Deposit Growth (%)	19.8	21.3	22.6	30.1	25.4	24.1	21.7	12.0	30.1	12.0
Loan Growth (%)	19.6	22.7	22.8	26.2	21.6	17.7	20.9	16.4	26.2	16.4
CD Ratio (%)	75.7	76.5	76.3	72.3	73.3	72.5	75.9	75.2	72.3	75.2
Net Int. Margin (Reported, %)	2.9	2.8	3.1	2.9	2.2	2.4	2.6		2.9	
Net Interest Margin (Cal, %)	2.7	2.7	2.9	3.1	2.3	2.4	2.5	2.5	2.8	2.4
Tax Rate (%)	29.2	27.6	26.7	32.2	37.6	-23.7	31.1	32.0	28.8	26.5
Gross NPA (%)	2.7	2.6	2.4	2.2	2.7	3.0	2.7	2.7	2.2	2.7

E: MOSL Estimates

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Quarterly performance: In-line with est. (INR m)

Y/E March	3QFY12A	3QFY12E	Var. (%)	Comments
Net Interest Income	20,676	20,927	-1	NIM largely inline with est.
% Change (Y-o-Y)	4	5		
Other Income	8,522	8,521	0	Healthy core fee income growth
Net Income	29,197	29,447	-1	
Operating Expenses	11,878	12,227	-3	
Operating Profit	17,319	17,220	1	In-line with est
% Change (Y-o-Y)	25	24		
Other Provisions	6,931	6,404	8	Higher MTM and NPV loss towards rest. loans leading to -ve surprise
Profit before Tax	10,388	10,816	-4	
Tax Provisions	3,227	3,623	-11	Tax Rate at 31% v/s est. of 34%
Net Profit	7,162	7,193	0	Higher provisions off-set by lower tax rate
% Change (Y-o-Y)	10	10		

Source: Company/MOSL

Slippages decline significantly - partially helped by change in reporting methodology:

For 9MFY12 slippage stood at INR50.2b as against INR45b in 1HFY12. Implying slippages for 3QFY12 at INR5.2b (annualized slippage ratio of 1.1%) as against INR28.2b in 2QFY12 and INR29b in FY11. Of the overall slippages INR5.1b was on account of one large account that slipped from restructured loan (overall INR5.9b slipped from restructured loan in 3QFY12).

During the quarter bank changed its methodology of reporting slippages from gross basis to net basis (i.e. netting off amount recovered from account slipped in the same period) which has partially led to lower slippages. Management clarified if the earlier accounting would have been followed then slippages would have been INR10b. Management further mentioned that transition to system based recognition of NPA enables it to monitor the account on daily basis and thereby recoveries from small accounts are expected to remain strong and asset quality to remain healthy.

GNPAs flattish QoQ: Gross NPAs absolute terms declined 2% QoQ to INR63.9b, whereas net NPA declined 4% QoQ to INR40.9b. In % terms GNPAs declined 28bp QoQ to ~2.74%, while NNPA declined 20bp QoQ to 1.78%. In % terms GNPA ratio declined across segment except services which reported an increase of 56bp QoQ (3.54% as against 2.98% a quarter ago). Agri. GNPA declined to 4.8% as against 5.2% a quarter ago. Large and mid corporate segment and retail segment reported a decline of 58bp and 108bp QoQ to 3.05% and 3.13% respectively. Overseas GNPA stood at INR7.9b as against 7.2b a quarter ago.

Restructured loan of INR30b during the quarter: In 3QFY12, bank restructured loans of INR30b (~130bp of overall loans); of which INR7.8b (115bp of international loans) belong to its international operation. Of the domestic restructured loan, major contribution came in from Telecom (~INR9.8b), engineering (INR5.7b - part of a telecom group which too was restructured during the quarter), entertainment (INR1.9b) and paper segment (INR1.1b). Gross restructured book stands at ~INR137b (5.9% of overall loans) of which INR32.2b i.e. 24% have slipped into NPA.

Credit cost at 60bp: Credit cost for the quarter declined to ~60bp as compared to 1.50bp in 2QFY12 and ~65bp in FY11. NPV loss on the restructured loan booked during the quarter stood at INR1.5b. MTM losses stood at INR1.2b as against INR1.5b a quarter ago and INR658m a year ago.

Domestic margins improve 14bp QoQ: Reported domestic margins improved 14bp QoQ to 2.9%, led by 260bp QoQ improvement in CD ratio. Domestic yield on funds was up 7bp QoQ, whereas cost of funds increased 21bp QoQ which contained margin expansion. Overseas NIM improved 18bp QoQ to ~1.4%. Resultantly, the global NIMs improved by 11bp QoQ to 2.55%. Management guided for global NIMs of 2.65%, domestic NIMs of 3% and overseas NIM of 1.4% going forward.

Lower yields and higher cost of deposits impacting margins (%)

	3QFY12			2QFY12			3QFY11		
	Global	Domestic	Foreign	Global	Domestic	Foreign	Global	Domestic	Foreign
Yield on loans	9.45	11.93	3.35	9.41	11.69	2.92	8.78	10.35	3.05
Cost of deposits	5.96	7.06	1.35	6.09	7.07	1.24	4.97	5.61	1.28
Yield on Investments	7.74	7.89	4.72	7.82	7.95	4.68	7.71	7.93	4.67
NIMs	2.55	2.91	1.38	2.44	2.77	1.20	3.09	3.49	1.45

Source: Company/MOSL

Loan growth improves led by international operation: Global loans and deposits grew ~21% (7% QoQ) and 22% (3% QoQ) on a YoY basis. While domestic loans grew ~4% QoQ and 9% YoY, international loan book grew 17% QoQ and 65% YoY led by currency depreciation. In 3QFY12, incremental contribution of international loan to overall loan stood at 61%. Adjusted for rupee depreciation international loan growth would have been much lower. Loan to infrastructure segment stood at INR254b (+20% QoQ and 26% YoY), however management mentioned that sharp jump in this segment is due to past sanction being disbursed during the quarter and also due to reclassification of loan. Loan to SEB stood INR65b (forming 4% of domestic loans)

CASA ratio improves QoQ: Domestic CASA deposits grew 13% YoY (+ 3% QoQ), led by strong pick-up in CA deposits (+14% QoQ and 10% YoY). Savings deposits growth was flat QoQ (+14.3% YoY). Reported domestic CASA ratio improved ~80bp QoQ to 32.4%.

Fee income picks up QoQ; Strong recoveries: Non-interest income was largely flat QoQ (+31% YoY) - in line with est. Core fee income grew 4% QoQ and 19% YoY to INR4.7b. During the quarter bank booked treasury gain of INR712m as against INR1.5b a quarter ago and INR592m a year ago. Recoveries from written off accounts stood at INR1.9b v/s INR876m a quarter ago and INR658m a year ago. Forex income stood at INR1.2b (as against INR1.5b a quarter ago).

Valuation and view

While core-operating performance remained healthy, significantly high restructuring during the quarter disappointed. Sequential improvement in margin and healthy fee income growth is a key positive. We model in NIM decline of ~40bp in FY12 v/s management guidance of 30bp and expect it to improve marginally (+5bp) in FY13. Fee income growth picked up during the quarter and we model in fee income growth of 15% over FY12/13 leading to operating profit CAGR of 21%+ over FY12/13.

While slippages declined significantly it was partially led by change in methodology of recognition of NPA, or else slippages would have been higher. However a key positive was lower net slippages during the quarter, led by strong recoveries from small value accounts. Volatile asset quality performance remains a biggest concern. On several past occasions, bank has disappointed on the asset quality performance v/s guidance thereby it needs to be watched. We model in slippage ratio of ~3.1% and 2% in FY12 and FY13 and credit cost of ~75bp and 90bp for FY12 and FY13.

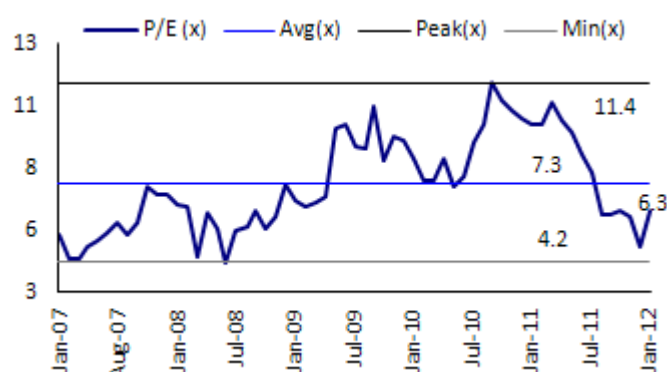
We expect RoA to be 0.7% for FY12 and improve to 0.8% for FY13 whereas RoE is expected to be ~15% and ~17% over FY12/13, EPS of INR45 in FY12 and INR58 in FY13. BV is expected to be INR327 in FY12 and INR374 in FY13. Stock trades at 1.1x BV FY12 and 0.9x BV FY13. Maintain **Neutral** with a target price of INR374 (1x P/BV).

Stress on asset quality leading to sharp downgrade in estimates (INR b)

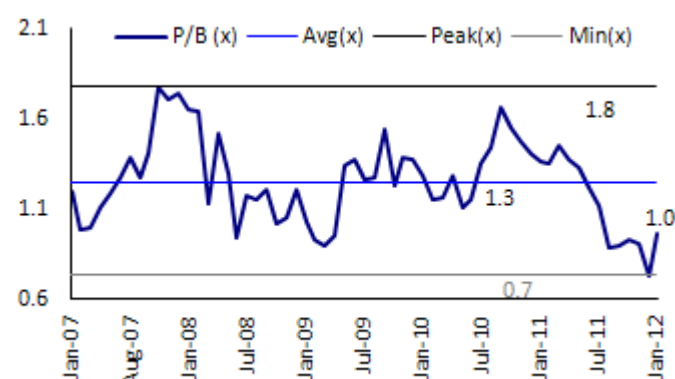
	Old Estimates		Rev. Estimates		Change (%)	
	FY12	FY13	FY12	FY13	FY12	FY13
Net Interest Income	80.7	92.2	80.0	94.8	-0.9	2.9
Other Income	33.1	37.5	32.8	37.7	-0.8	0.4
Total Income	113.8	129.7	112.8	132.5	-0.8	2.2
Operating Expenses	48.2	54.5	47.7	53.9	-1.0	-1.0
Operating Profits	65.6	75.2	65.1	78.6	-0.7	4.5
Provisions	30.9	29.8	31.6	32.8	2.1	10.3
PBT	34.7	45.5	33.6	45.8	-3.2	0.6
Tax	9.7	13.6	8.9	13.7	-8.4	0.6
PAT	25.0	31.8	24.7	32.0	-1.2	0.6
Margins (%)	2.4	2.3	2.4	2.5		
Credit Cost (%)	0.7	0.7	0.7	0.9		
RoA (%)	0.7	0.7	0.7	0.8		
RoE (%)	14.7	16.6	14.6	16.7		

Source: MOSL

Bank of India: One year forward P/E

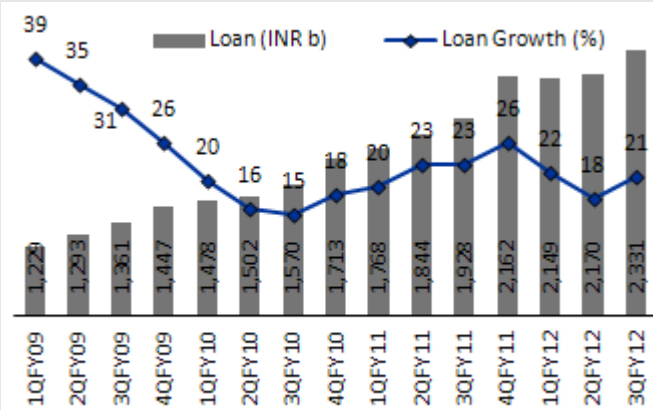


Bank of India: One year forward P/BV



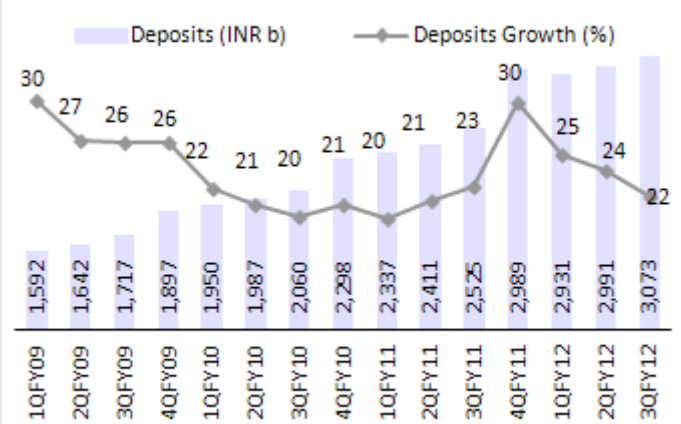
Quarterly trends

Loan growth driven by strong growth in overseas loan



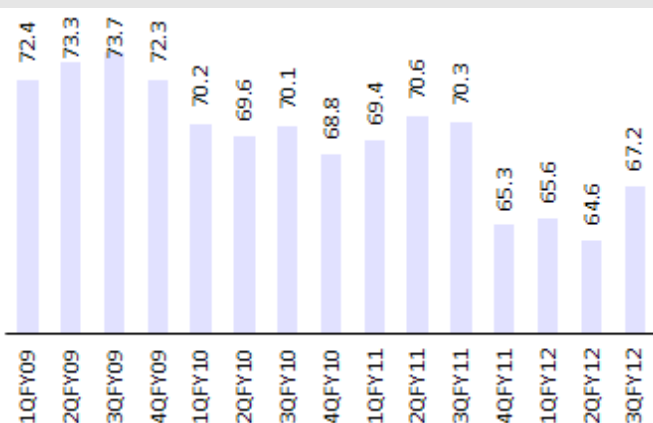
Domestic loans grew ~4% QoQ and 9% YoY

Deposit growth moderates



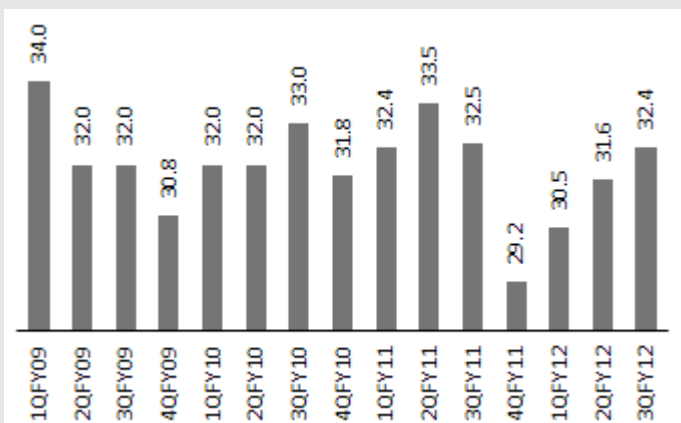
Global deposits grew 22% and 3% QoQ; whereas domestic deposits were flat QoQ and up 14% YoY

Domestic CD ratio improves; however remains low (%)



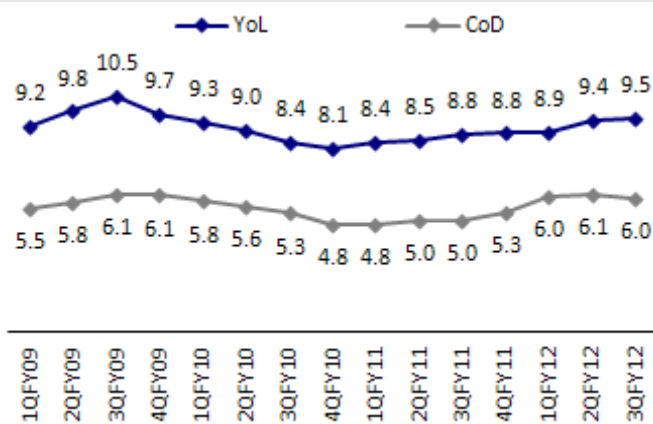
There remains excess liquidity on the balance sheet, with CD ratio at 67.2%

CASA improves QoQ (%)



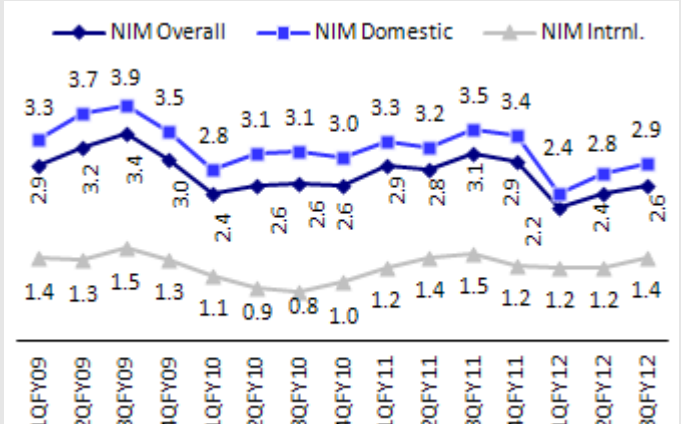
Domestic CASA deposits grew 13% YoY (+ 3% QoQ), led by strong pick-up in CA deposits (+14% QoQ and 10% YoY)

YoL up at 9.5%; CoD decline to 6% (%)



Global yield on loans was up just 4bp QoQ, while global cost of deposits declined 13bp QoQ

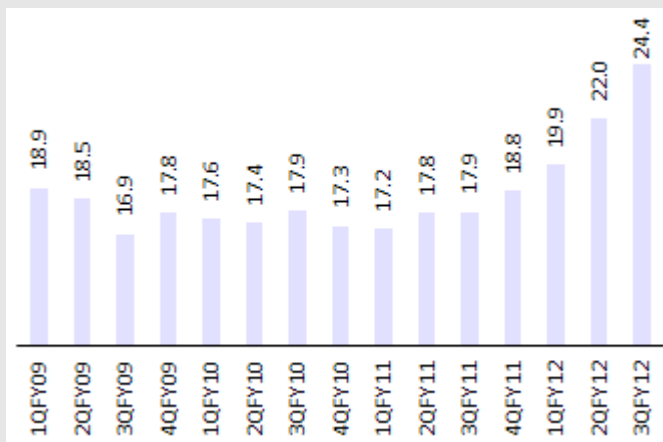
Margin improves QoQ (%)



Reported domestic margins improved 14bp QoQ to 2.9%, whereas overseas NIM was up 18bp QoQ

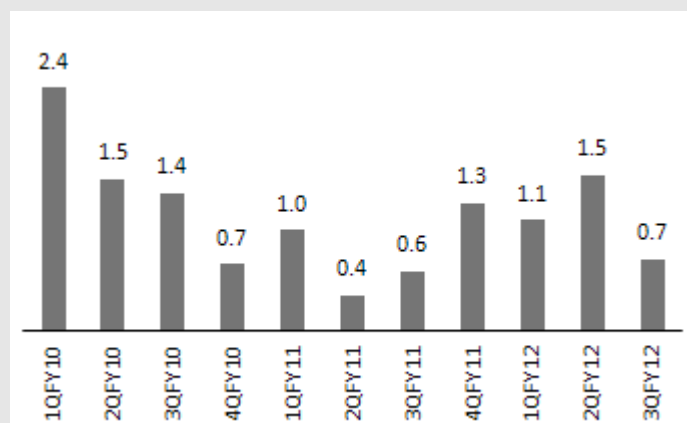
Quarterly trends

Share of international business improves further (%)



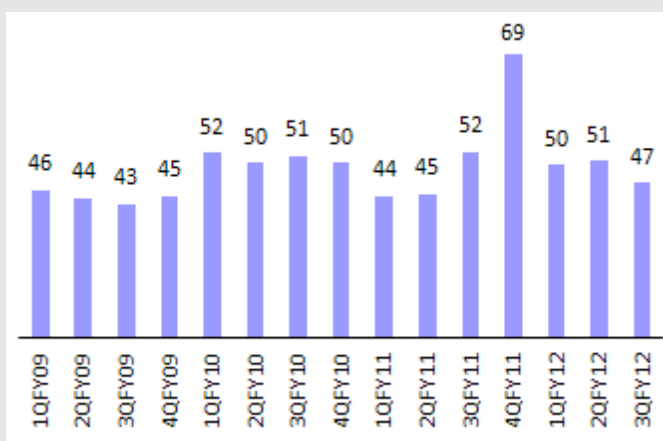
■ International loans grew 17% QoQ and 65% YoY partially helped by currency depreciation

Contribution of trading profits decline (INR b)



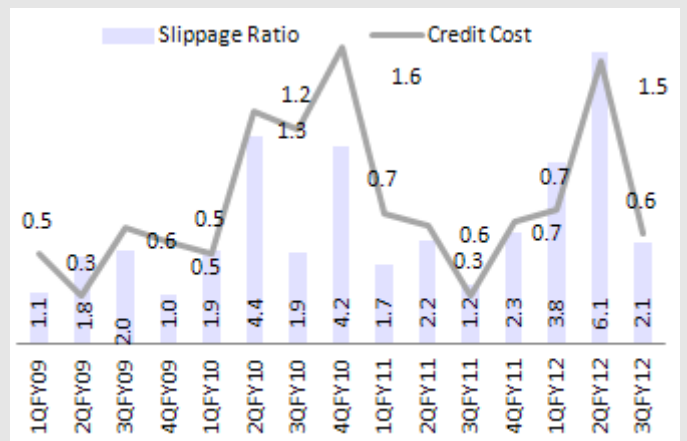
■ In 3QFY12, treasury gain stood at INR12m v/s INR1.5b a quarter ago and INR592m a year ago

Cost to core income declines QoQ (%)



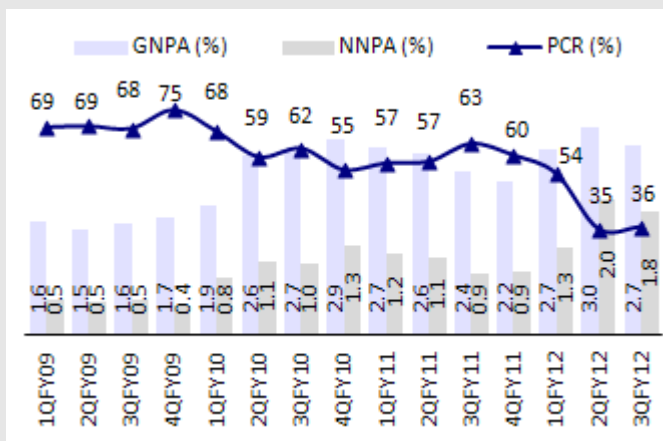
■ Though Cost to core income declines, it remains high as compared to peers

Slippages as well as credit cost decline QoQ (%)



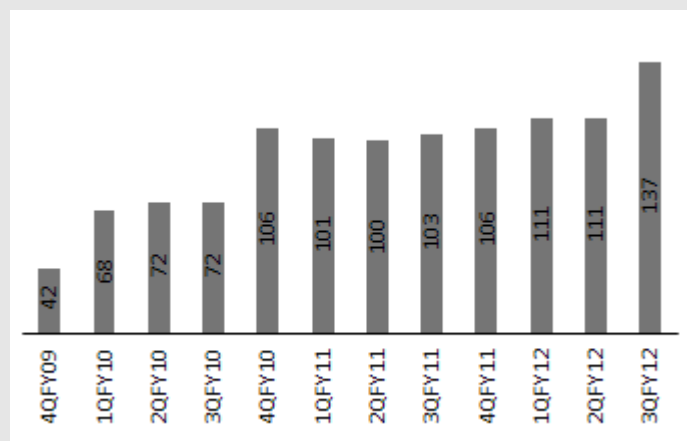
■ Reported slippages at INR5.2b led by accounting changes, adjusted for which slippages would be INR10b

Asset Quality improves QoQ



■ In % terms GNPA ratio declined across segment except services, which increased 56bp QoQ to 3.54%

INR30b loans restructured in 3QFY12 (INR b)



■ Of the INR30b additional restructuring done in 3QFY12, INR7.8b belong to international operation

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	17,405	17,761	19,869	23,073	18,410	19,039	20,676	9	4	55,034	58,124	6
Other Income	5,859	5,845	6,482	8,231	6,601	8,418	8,522	1	31	18,186	23,541	29
Trading profits	999	360	592	1,266	1,097	1,544	712	-54	20	1,951	3,353	72
Forex Income	1,309	1,111	1,271	1,334	1,471	1,483	1,239	-16	-3	3,691	4,193	14
Recoveries	369	301	658	919	312	876	1,858	112	182	1,328	3,046	129
Others (Non core)	3,182	4,073	3,961	4,712	3,721	4,515	4,713	4	19	11,216	12,949	15
Total Income	23,264	23,606	26,351	31,304	25,011	27,457	29,197	6	11	73,220	81,665	12
Operating Expenses	9,158	9,810	12,464	19,251	11,051	11,942	11,878	-1	-5	31,431	34,871	11
Employee	5,738	6,031	8,369	14,616	7,000	7,275	7,589	4	-9	20,138	21,864	9
Others	3,420	3,779	4,094	4,635	4,052	4,667	4,289	-8	5	11,293	13,007	15
Operating Profits	14,106	13,796	13,888	12,053	13,959	15,515	17,319	12	25	41,789	46,794	12
Provisions	3,859	5,274	4,979	4,776	5,672	11,544	6,931	-40	39	14,112	24,147	71
NPA provisions	3,078	2,863	1,236	3,367	3,880	8,240	3,330	-60	169	7,177	15,450	115
Provisions on Invst.	5	628	658	780	900	1,510	1,190	-21	81	1,291	3,600	179
Others	776	1,783	3,085	629	892	1,794	2,411	34	-22	5,644	5,097	-10
PBT	10,247	8,522	8,908	7,277	8,287	3,972	10,388	162	17	27,677	22,647	-18
Taxes	2,995	2,355	2,379	2,340	3,112	-940	3,227	N.A.	36	7,729	5,399	-30
PAT	7,251	6,168	6,530	4,936	5,175	4,911	7,162	46	10	19,949	17,248	-14
Ratios (%)												
Fees to Total Income	13.7	17.3	15.0	15.1	14.9	16.4	16.1			15.3	15.9	
Cost to Core Income	44.5	44.9	52.3	69.3	49.9	50.7	46.8			47.4	49	
Tax Rate	29.2	27.6	26.7	32.2	37.6	-23.7	31.1			27.9	24	
CASA Reported (Domestic)	32.4	33.5	32.5	29.2	30.5	31.6	32.4	77	-8			
Loan/Deposit	75.7	76.5	76.3	72.3	73.3	72.5	75.9	333	-46			
Domestic Loan/ Deposit	69.4	70.6	70.3	65.3	65.6	64.6	67.2	265	-307			
Margins Global (%)												
Yield on loans	8.4	8.5	8.8	8.8	8.9	9.4	9.5	4	67			
Yield On Investments	6.9	7.3	7.7	8.0	7.4	7.8	7.7	-8	3			
Cost of Deposits	4.8	5.0	5.0	5.3	6.0	6.1	6.0	-13	99			
Margins	2.9	2.8	3.1	2.9	2.2	2.4	2.6	11	-54			
Margins - Domestic (%)												
Yield on loans	9.9	10.0	10.4	10.7	10.8	11.7	11.9	24	158			
Yield On Investments	7.1	7.5	7.9	8.3	7.5	8.0	7.9	-6	-4			
Cost of Deposits	5.4	5.7	5.6	6.1	6.9	7.1	7.1	-1	145			
Margins	3.3	3.2	3.5	3.4	2.4	2.8	2.9	14	-58			
Margins - Overseas (%)												
Yield on loans	2.9	3.1	3.1	2.8	2.8	2.9	3.4	43	30			
Yield On Investments	4.0	4.2	4.7	4.7	4.7	4.7	4.7	4	5			
Cost of Deposits	1.3	1.3	1.3	1.2	1.2	1.2	1.4	11	7			
Margins	1.2	1.4	1.5	1.2	1.2	1.2	1.4	18	-7			

For %age change QoQ and YoY is bp

Source: Company/MOSL

Quarterly Snapshot

INR b	FY10				FY11				FY12			Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY
Balance Sheet (INR b)													
Balance Sheet	1,950	1,987	2,060	2,298	2,337	2,411	2,525	2,989	2,931	2,991	3,073	3	22
Domestic	1,660	1,699	1,751	1,966	2,007	2,048	2,147	2,530	2,456	2,445	2,443	0	14
International	290	288	309	332	330	362	378	459	475	545	629	15	66
Loans	1,478	1,502	1,570	1,713	1,768	1,844	1,928	2,162	2,149	2,170	2,331	7	21
Domestic	1,165	1,183	1,228	1,352	1,394	1,447	1,509	1,651	1,611	1,579	1,642	4	9
International	313	320	342	361	375	397	419	510	538	591	689	17	65
CASA Deposits	513	528	567	618	649	681	693	731	742	767	786	3	13
Savings	394	418	441	478	507	542	557	587	588	635	636	0	14
Current	119	109	126	141	142	139	136	144	153	131	150	14	10
Intl busi. as a % of total busi.	17.6	17.4	17.9	17.3	17.2	17.8	17.9	18.8	19.9	22.0	24.4	238	651
Domestic Investments Break Up													
SLR	467	536	598	577	579	576	606	679	658	681	661	-3	9
NON SLR	43	50	47	50	52	58	66	146	188	198	159	-20	140
HTM	366	440	461	458	490	461	475	534	530	560	544	-3	15
AFS	143	146	184	169	141	173	198	291	315	320	276	-14	40
Asset Quality													
GNPA	28	39	42	49	48	49	45	48	58	65	64	-2	41
NNPA	9	16	16	22	21	21	17	19	27	42	41	-4	147
GNPA (%)	1.9	2.6	2.7	2.9	2.7	2.6	2.4	2.2	2.7	3.0	2.7	-28	38
NNPA (%)	0.8	1.1	1.0	1.3	1.2	1.1	0.9	0.9	1.3	2.0	1.8	-20	90
PCR (Calculated, %)	67.6	59.1	61.9	54.8	57.0	57.5	63.4	59.6	53.6	35.2	35.9	73	-2,754
PCR (Reported, %)	74.6	72.0	69.9	65.5	68.3	70.0	74.5	72.2	66.8	59.1	60.9	174	-1,365
Movement in Gross NPA													
Opening	24.7	27.9	39.2	41.9	48.8	48.1	49.6	46.5	48.1	59.9	67.7		
Additions	5.9	14.1	6.5	15.0	6.2	8.2	4.8	10.0	16.8	28.2	10.2	-64	114
Deductions	2.8	2.8	2.4	7.7	6.9	6.7	7.8	6.7	5.1	20.4	11.6	-43	49
Of Which: Due to write Off	1.1	0.7	0.5	5.1	2.4	3.7	-0.4	3.1	1.5	16.0	2.6	-83	-810
Due to Upgradation	0.6	0.4	0.6	0.5	2.1	1.2	6.1	1.0	1.3	1.5	6.3	330	3
Due to Recoveries	1.1	1.7	1.4	2.1	2.4	1.9	2.1	2.6	2.3	3.0	2.7	-9	31
Closing	27.9	39.2	43.3	49.2	48.1	49.6	46.5	49.8	59.9	67.7	66.3	-2	42
Slippage Ratio (%)	1.9	4.4	1.9	4.2	1.7	2.2	1.2	2.3	3.8	6.1	2.1	-401	90
Credit Cost (%)	0.5	1.3	1.2	1.6	0.7	0.6	0.3	0.7	0.7	1.5	0.6	-93	33
Restructured loans (Global)	-	-	-	106	101	100	103	106	111	111	137	23	32
% to Loans	-	-	-	6.2	5.7	5.4	5.4	4.9	5.2	5.1	5.9	74	50
Total NPA from Restructured loans-	-	-	-	18	17	19	17	18	23	27	32	21	84
% to restructured Loans	-	-	-	16.6	17.0	19.2	16.9	17.0	21.1	24.0	23.6	-43	666

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	45.1	44.4	1.5
FY13	58.5	56.8	3.0

Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	65.9	65.9	64.5
Domestic Inst	11.9	12.4	12.2
Foreign	15.7	15.3	15.7
Others	6.6	6.5	7.6

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 BC *	Buy	888	20.5	53	61	12.6	10.6	1.7	1.5	1.4	1.4	13.4	14.1
HDFCB	Neutral	484	22.5	22	28	21.8	17.3	3.9	3.3	1.7	1.7	18.9	20.5
AXSB	Buy	1,076	8.8	97	112	11.1	9.6	2.0	1.7	1.5	1.5	19.9	19.5
KMB	Neutral	492	3.6	24	28	19.5	16.5	2.8	2.4	1.8	1.6	14.9	14.6
YES	Buy	326	2.3	28	33	11.6	10.0	2.4	2.0	1.5	1.3	23.3	22.3
IIB	Buy	288	2.7	17	21	16.8	13.8	3.0	2.6	1.6	1.5	19.3	20.1
VYSB	Buy	335	0.8	30	34	11.2	10.0	1.3	1.2	1.0	1.0	14.0	12.3
FB	Buy	403	1.4	43	50	9.3	8.0	1.2	1.1	1.3	1.3	13.8	14.5
JKBk	Buy	799	0.8	151	168	5.3	4.8	1.0	0.8	1.3	1.2	19.4	18.7
SIB	Buy	23	0.5	3	4	6.6	5.8	1.3	1.1	1.1	1.0	21.1	20.3
Private Aggregate			64			15.9	13.5	2.3	2.0				
SBIN (cons)*	Buy	2,043	25.9	211	240	9.2	8.1	1.3	1.1	0.8	0.8	15.6	16.1
PNB	Buy	971	6.2	158	184	6.1	5.3	1.3	1.1	1.3	1.2	24.3	22.0
BOI	Neutral	353	3.9	45	59	7.8	6.0	1.1	0.9	0.7	0.8	14.6	16.7
BOB	Neutral	760	6.0	122	133	6.2	5.7	1.3	1.1	1.1	1.1	20.4	20.2
CBK	Buy	464	4.1	73	89	6.4	5.2	1.0	0.9	0.9	0.9	16.7	17.7
UNBK	Buy	215	2.3	27	45	7.9	4.7	0.9	0.8	0.8	0.8	17.6	18.2
IOB	Neutral	88	1.1	22	18	4.1	4.9	0.6	0.6	0.7	0.5	15.6	12.0
OBC	Buy	258	1.5	41	49	6.3	5.2	0.7	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	414	1.2	98	104	4.2	4.0	0.7	0.7	0.9	0.8	18.8	17.4
ANDB	Buy	103	1.2	23	26	4.4	4.0	0.8	0.7	1.1	1.0	18.7	18.0
IDBI *	Neutral	101	2.0	20	21	3.8	3.6	0.5	0.5	0.7	0.7	14.5	14.1
DNB	Buy	68	0.5	22	25	3.1	2.7	0.6	0.5	0.9	0.9	17.9	18.4
Public Aggregate			58			7.7	6.6	1.2	1.0				
HDFC*	Neutral	699	20.5	27	31	18.6	15.5	5.1	4.6	2.8	2.9	26.6	28.8
LIC HF	Buy	252	2.4	18	27	14.1	9.4	2.5	2.1	1.5	1.8	18.9	24.0
DE WH	Buy	230	0.5	30	39	7.7	5.9	1.3	1.1	1.3	1.4	18.7	19.5
ID FC	Buy	131	3.8	10	11	12.7	12.2	1.5	1.3	3.1	2.7	13.7	12.6
RE CL	Buy	198	3.9	28	35	7.0	5.6	1.4	1.2	3.0	3.1	20.6	22.5
PO WF	Buy	168	3.9	18	29	9.4	5.8	1.1	1.0	2.1	2.8	13.2	17.7
SH TF	Buy	596	2.7	58	63	10.3	9.5	2.3	1.9	3.0	2.9	23.9	21.6
MM F S	Neutral	710	1.5	55	70	12.9	10.2	2.5	2.1	3.8	3.8	20.8	22.4
NBFC Aggregate			39			14.2	11.2	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	123,552	163,474	178,779	217,517	282,860	314,758
Interest Expense	81,260	108,485	121,220	139,410	202,854	219,941
Net Interest Income	42,292	54,989	57,559	78,107	80,006	94,817
Change (%)	22.9	30.0	4.7	35.7	2.4	18.5
Non Interest Income	21,169	30,519	26,166	26,418	32,838	37,701
Net Income	63,461	85,508	83,725	104,525	112,843	132,518
Change (%)	26.8	34.7	-2.1	24.8	8.0	17.4
Operating Expenses	26,450	30,940	36,678	50,682	47,716	53,928
Pre Provision Profits	37,012	54,568	47,047	53,842	65,128	78,590
Change (%)	54.5	47.4	-13.8	14.4	21.0	20.7
Provisions (excl tax)	10,165	12,920	22,109	18,888	31,552	32,828
PBT	26,847	41,648	24,938	34,954	33,576	45,762
Tax	6,753	11,571	7,528	10,067	8,898	13,729
Tax Rate (%)	25.2	27.8	30.2	28.8	26.5	30.0
PAT	20,094	30,077	17,410	24,887	24,678	32,034
Change (%)	78.9	49.7	-42.1	42.9	-0.8	29.8
Equity Dividend (Incl tax)	2,461	4,915	4,286	4,443	5,197	6,746
Core PPP*	30,509	44,565	38,974	48,377	56,378	68,590
Change (%)	51.9	46.1	-12.5	24.1	16.5	21.7

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

Balance Sheet					(INR Million)	
Y/E March	2008	2009	2010	2011	2012E	2013E
Equity Share Capital	5,259	5,259	5,259	5,472	5,472	5,472
Reserves & Surplus	100,635	129,690	137,041	167,435	186,816	212,003
Net Worth	105,894	134,949	142,300	172,907	192,288	217,475
Deposits	1,500,120	1,897,085	2,297,619	2,988,858	3,347,521	3,883,124
Change (%)	25.1	26.5	21.1	30.1	12.0	16.0
of which CASA Dep	459,116	507,752	639,631	759,676	866,884	1,008,415
Change (%)	18.9	10.6	26.0	18.8	14.1	16.3
Borrowings	121,184	156,732	223,999	220,214	263,799	302,239
Other Liabilities & Prov.	61,102	66,252	85,746	129,747	144,891	167,259
Total Liabilities	1,788,300	2,255,018	2,749,665	3,511,725	3,948,499	4,570,097
Current Assets	177,174	217,613	312,301	373,100	425,078	463,818
Investments	418,029	526,072	670,802	858,724	893,073	1,053,826
Change (%)	17.8	25.8	27.5	28.0	4.0	18.0
Loans	1,134,763	1,429,094	1,684,907	2,130,962	2,493,225	2,892,141
Change (%)	33.6	25.9	17.9	26.5	17.0	16.0
Fixed Assets	24,261	25,319	23,518	24,807	25,404	26,248
Other Assets	34,073	56,920	58,136	124,132	111,719	134,063
Total Assets	1,788,300	2,255,018	2,749,665	3,511,725	3,948,499	4,570,097

Asset quality	(%)					
GNPA (INR M)	19,309	24,709	48,827	48,116	67,618	76,054
NNPA (INR M)	5,920	6,282	22,075	19,450	44,687	39,890
GNPA Ratio	1.68	1.71	2.86	2.23	2.69	2.60
NNPA Ratio	0.52	0.44	1.31	0.91	1.79	1.38
PCR (Excl Tech. write off)	69.3	74.6	54.8	59.6	43.4	56.0
PCR (Incl Tech. Write off)			65.5	72.2	58.8	65.8

E: MOSL Estimates

Financials and Valuation

Ratios						
Y/E March	2008	2009	2010	2011	2012E	2013E
Spreads Analysis (%)						
Avg. Yield-Earning Assets	8.5	8.8	7.8	7.7	8.4	8.1
Avg. Yield on loans	9.3	9.8	8.4	8.1	8.7	8.4
Avg. Yield on Investments	6.8	7.1	7.5	6.8	8.2	8.1
Avg. Cost-Int. Bear. Liab.	5.5	5.9	5.3	4.9	5.9	5.6
Avg. Cost of Deposits	5.2	5.8	5.2	4.6	5.7	5.4
Interest Spread	2.9	2.9	2.5	2.8	2.5	2.5
Net Interest Margin	2.9	3.0	2.5	2.8	2.4	2.5
Profitability Ratios (%)						
RoE	27.6	29.2	14.2	17.3	14.6	16.7
RoA	1.3	1.5	0.7	0.8	0.7	0.8
Int. Expense/Int. Income	65.8	66.4	67.8	64.1	71.7	69.9
Fee Income/Net Income	23.1	24.0	21.6	20.0	21.3	20.9
Non Int. Inc./Net Income	33.4	35.7	31.3	25.3	29.1	28.4
Efficiency Ratios (%)						
Cost/Income*	44.2	39.6	47.2	50.0	44.0	42.5
Empl. Cost/Op. Exps.	62.6	62.6	62.6	68.6	61.9	61.3
Busi. per Empl. (INR m)	57.7	74.2	92.1	114.4	129.6	140.9
NP per Empl. (INR lac)	4.9	7.5	4.4	6.3	5.8	7.2
* ex treasury						
Asset-Liability Profile (%)						
Loans/Deposit Ratio	75.6	75.3	73.3	71.3	74.5	74.5
CASA Ratio	30.6	26.8	27.8	25.4	25.9	26.0
Investment/Deposit Ratio	27.9	27.7	29.2	28.7	26.7	27.1
G-Sec/Investment Ratio	80.8	82.1	85.5	78.8	85.7	84.2
CAR	12.0	13.0	12.9	12.2	10.9	10.2
Tier 1	7.7	8.9	8.5	8.3	7.7	7.4
Valuation						
Book Value (INR)	167.8	224.1	243.4	291.9	327.5	373.7
Change (%)	42.6	33.5	8.6	19.9	12.2	14.1
Price-BV (x)	2.1	1.6	1.4	1.2	1.1	0.9
Adjusted BV (INR)	160.5	216.3	216.1	268.8	274.4	326.3
Price-ABV (x)	2.2	1.6	1.6	1.3	1.3	1.1
EPS (INR)	38.2	57.2	33.1	45.5	45.1	58.5
Change (%)	66.0	49.7	-42.1	37.4	-0.8	29.8
Price-Earnings (x)	9.2	6.2	10.7	7.8	7.8	6.0
Dividend Per Share (INR)	4.0	8.0	7.0	7.0	8.1	10.5
Dividend Yield (%)	1.1	2.3	2.0	2.0	2.3	3.0
E: MOSL Estimates						

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