

Oriental Bank of Commerce

BSE SENSEX	S&P CNX	CMP: INR256	TP: INR420	Buy						
17,194	5,199									
Bloomberg	OBC IN									
Equity Shares (m)	291.8									
52-Week Range (INR)	406/190									
1,6,12 Rel. Perf.(%)	19/-21/-16									
M.Cap. (INR b)	74.7									
M.Cap. (USD b)	1.5									
Year	Net Income	PAT	EPS	EPS	P/E	BV	P/BV	P/ABV	RoAA	RoAE
End	(INR m)	(INR m)	(INR)	Gr. (%)	(X)	(INR)	(X)	(X)	(%)	(%)
3/10A	41,075	11,347	45.3	25.3	-	292	-	-	0.9	16.5
3/11A	51,376	15,029	51.5	13.7	5.0	350	0.7	0.8	1.0	17.1
3/12E	55,612	12,191	41.8	-18.9	6.1	382	0.7	0.8	0.7	11.4
3/13E	66,397	14,463	49.6	18.6	5.2	420	0.6	0.7	0.7	12.4

Oriental Bank of Commerce (OBC) reported a PAT of INR3.5b for 3QFY12, 11% higher than our estimate. While operating profit was in-line, lower tax rate (~21% v/s our estimate of 32.5%) led to higher than estimated PAT.

- **NIM up 26bp QoQ:** Reported NIM improved 26bp QoQ to ~2.9%. In 2QFY12, OBC had reversed INR1.4b of interest income on account of higher slippages; adjusted for this, NII was largely stable QoQ.
- **Net slippages decline sharply - a positive:** Gross slippages remained at an elevated INR7b (annualized slippage ratio of 3.1%). However, as a result of strong recoveries and upgradation of INR5.1b (as against INR2.4b in 2QFY12), net slippages stood at just INR1.8b (net slippage ratio of 80bp v/s 5.8% in 2QFY12).
- **Restructured loan of INR22b:** In 3QFY12 bank restructured loan of INR22b (~200bp of overall loans) of which INR9b was towards Uttar Haryana SEB and INR6b towards GTL. Bank took an NPV hit of ~INR1.4b on loan restructured in 3QFY12. Management expects further restructuring of INR30b of which INR15b is towards loans which are already pending in CDR and INR15b towards Air India.
- **Loan growth remains healthy; CASA ratio declines further:** Loans grew 5% QoQ and ~22% YoY to INR1.1t, whereas deposits grew ~4% QoQ and 21% YoY to ~INR1.6t. CASA ratio declined to 22.3% v/s 22.9% in 2QFY12.

Valuation and view: We expect OBC to report an EPS of INR41.8 for FY12 and INR49.6 for FY13. BV is likely to be INR382 in FY12 and INR420 in FY13. We expect RoA of 0.7% and RoE of 11.4% and 12.4% over FY12/13. The stock trades at 0.7x FY12E BV and 0.6x FY13E BV. Maintain **Buy**.

Quarterly Performance

Y/E March	(INR Million)								FY11	FY12E
	FY11				FY12					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	28,308	29,919	30,328	32,323	35,967	38,011	41,965	43,799	120,878	159,742
Interest Expense	17,736	19,148	20,029	22,190	25,782	28,116	30,566	32,076	79,103	116,541
Net Interest Income	10,572	10,771	10,299	10,134	10,185	9,895	11,399	11,723	41,775	43,201
% Change (YoY)	118.4	92.0	18.0	2.4	-3.7	-8.1	10.7	15.7	43.7	3.4
Other Income	2,147	2,141	2,314	2,998	3,238	2,774	2,953	3,446	9,601	12,411
Net Income	12,720	12,912	12,613	13,132	13,423	12,669	14,352	15,168	51,376	55,612
Operating Expenses	4,497	4,853	4,873	4,702	5,408	5,087	6,081	6,007	18,925	22,582
Operating Profit	8,223	8,060	7,739	8,430	8,016	7,582	8,271	9,161	32,451	33,030
% Change (YoY)	59.1	59.6	24.3	8.5	-2.5	-5.9	6.9	8.7	34.0	1.8
Other Provisions	2,280	2,263	1,918	5,605	3,143	4,853	3,809	4,055	12,065	15,860
Profit before Tax	5,943	5,796	5,822	2,825	4,873	2,729	4,462	5,106	20,386	17,170
Tax Provisions	2,310	1,820	1,739	-512	1,324	1,051	920	1,684	5,357	4,979
Net Profit	3,633	3,977	4,083	3,337	3,549	1,677	3,542	3,422	15,029	12,191
% Change (YoY)	41.1	46.8	41.1	5.2	-2.3	-57.8	-13.2	2.6	32.4	-18.9
Deposit Growth (%)	19.8	16.6	16.8	15.6	17.5	18.9	20.8	17.5	15.6	17.5
Loan Growth (%)	20.3	14.3	15.6	15.0	14.1	20.8	21.9	21.0	15.0	21.0
CD Ratio (%)	70.0	69.6	70.2	69.6	67.9	70.7	70.9	71.7	69.6	71.7
Net Interest Margin (Reported, ⁹)	3.3	3.3	3.1	3.0	2.9	2.6	2.9		3.2	
Net Interest Margin (Cal,%)	3.3	3.2	3.0	2.8	2.7	2.6	2.8	2.8	3.1	2.7
Tax Rate (%)	38.9	31.4	29.9	-18.1	27.2	38.5	20.6	33.0	26.3	29.0
Gross NPA (%)	1.7	1.7	1.9	2.0	2.1	3.0	2.9	2.8	2.0	2.8

E: MOSL Estimates

Alpesh Mehta (Alpesh.Mehta@MotilalOswal.com) + 91 22 3982 5415

Sohail Halai (Sohail.Halai@motilalosal.com)+ 91 22 3982 5430

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

Y/E March	3QFY12A	3QFY12E	Var (%)	Comments
Net Interest Income	11,399	11,040	3	Margin improve 26bp QoQ
% Change (YoY)	11	7		
Other Income	2,953	3,012	-2	Fee income growth moderates
Net Income	14,352	14,052	2	
Operating Expenses	6,081	5,706	7	Opex higher than est. led by higher employee exp.
Operating Profit	8,271	8,346	-1	In-line with estimates
% Change (YoY)	7	8		
Other Provisions	3,809	3,611	5	Provisions higher than est. led by higher MTM and provisions towards rest. loans
Profit before Tax	4,462	4,735	-6	
Tax Provisions	920	1,539	-40	Tax rate at 21% v/s. est of 32.5%
Net Profit	3,542	3,196	11	Lower tax rate led to higher than est. PAT
% Change (YoY)	-13	-22		

Source: Company/MOSL

Margin up 26bp QoQ: Reported margins improved 26bp QoQ to ~2.9%. In 2QFY12, OBC had reversed INR1.4b of interest income on account of higher slippages adjusted for which NII was largely flattish QoQ. CoD increased 22bp QoQ, whereas yield on loan was up 58bp (aided by lower interest income reversal) leading to margin expansion. Management has guided for margins of ~2.9% going forward.

Net slippages decline sharply, a positive: Gross slippages remained at an elevated level of INR7b (annualized slippage ratio of 3.1%), however strong recoveries and upgradation of INR5.1b (as against INR2.4b in 2QFY12 and INR4.1b in FY11) was a positive surprise as a result of which net slippages stood at just INR1.8b (net slippage ratio of 80bp v/s. 5.8% in 2QFY12 and 1.5% in 3QFY11). Management specified that of the total slippages, INR3.4b emanated from agriculture portfolio and INR1.6b from retail segment besides slippages from other segments. Write-off during the quarter stood at INR635m as against INR1.9b in 2QFY12 and INR808m in 3QFY11.

Asset Quality largely stable QoQ: In absolute terms, GNPA and NNPA were up 4% QoQ. In % terms GNPA stood at ~2.9% (down 3bp QoQ) whereas NNPA stood at 1.90 (flat QoQ). Management has guided to contain GNPA and NNPA below 3% and 2% respectively. PCR (calc) was stable at 36%, and PCR including technical write-off stood at 63.2% (largely stable QoQ).

Restructured loan of INR22b in 3QFY12: During the quarter, bank restructured loan of INR22b (~200bp of overall loans) of which INR9b was towards Uttar Haryana SEB and INR6b towards GTL. Management mentioned that it had not taken any NPV hit on restructuring of Uttar Haryana SEB, which is a positive. On the rest of the loan restructured during the quarter bank took a NPV hit of ~INR1.4b (~11% of fresh restructuring). Going forward management expects further restructuring of INR30b of which INR15b is towards loans which are already pending in CDR and INR15b is towards Air India. Gross restructured loan book stood at INR76b whereas o/s restructured loan book (net of repayment/settlement) stood at INR61b (5.5% of overall loan).

Exposure to power segment: OBC's exposure to power segment stood at INR135.4b (12.2% of overall loans) of which generation segment stood at INR77b, distribution INR46b and rest to transmission segment. Exposure to Rajasthan SEB stood at INR22b (of which INR19b is towards distribution), Haryana at INR15b (of which INR11b towards distribution) and Uttar Pradesh at ~INR12b (of which INR8.6b is towards distribution).

Credit cost at ~40bp: Lower net slippages led to containment of credit cost which stood at just 40bp as compared to ~140bp in 2QFY12 and 105bp in FY11. During the quarter, bank made MTM provision of INR903m as against INR801m in 2QFY12 and nil in 3QFY11.

Loan growth remains healthy: Loans grew 5% QoQ and ~22% YoY to INR1.1t, whereas deposits grew ~4% QoQ and 21% YoY to ~INR1.6t. Incremental loan growth was driven by strong growth in SME (+7.3% QoQ, 23% YoY) and agriculture segment (+7.6% QoQ, 26% YoY). While large corporate grew 4% QoQ (26% YoY), mid-corporate segment was up 3.5% QoQ (+11% YoY). The only segment to have reported muted loan growth was retail which was flattish both QoQ and YoY. Management has guided for loan growth of 18-20% for FY12, implying 4QFY12 loan growth of 4-6% QoQ.

CASA ratio declines further: CASA growth moderated further to 2% QoQ (+7% YoY) led by lower CA deposits (flattish QoQ and declined 8% YoY). SA deposit grew 3% QoQ and 13% YoY to INR263b. CASA ratio declined further to 22.3% as against 22.9% a quarter ago.

Fee income growth moderates: Fee income growth moderated to 12% YoY (down 13% QoQ). While processing fee and incidental charges grew 40% YoY, it declined 14% QoQ to INR808m, LCs and BGs related fee income grew 19% YoY and 10% QoQ to INR642m. Trading profits stood at INR365m as compared to INR183m a quarter ago and INR314m a year ago. Recoveries from written-off accounts stood at INR299m v/s INR260m in 2QFY12 and INR159m in 3QFY11.

Opex 7% above estimates: Opex grew 25% YoY and 20% QoQ to INR6.1b (v/s est of INR5.7b). Strong growth in opex was led by 27% QoQ and YoY growth in employee expense to INR3.5b. In 9MFY12, bank added 1,810 employees which could partially explain the sharp increase in employee expense. Cost to core income ratio for the quarter stood at ~44% v/s 42% a quarter ago and 40% a year ago.

Valuation and view

In 3QFY12, NIM improved 26bp QoQ, a positive surprise, led by higher yield on loan (partially aided by lower interest income reversal on slippages) and containment of cost of deposits. On back of higher proportion of deposits at preferential rate, fall in bulk deposit rates and improvement in asset quality, margins could surprise positively. For FY12, management has guided for margins of 2.8%+ v/s 3.2% in FY11. We model in margin decline of ~35bp in FY12 and expect it to improve ~10bp in FY13.

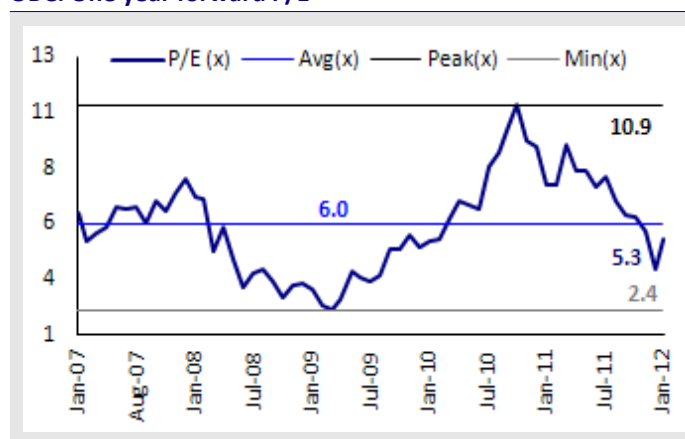
While slippages during the quarter were at an elevated level of INR7b (annualized slippage ratio of 3.1%), strong recoveries and upgradation contained NPA. Expected further restructuring of INR30b over next couple of quarters remains a concern, but is largely priced in, in our view.

We expect the bank to report EPS of INR41.8 for FY12, INR49.6 for FY13. BV is expected to be INR382 in FY12 and INR420 in FY13. Bank is expected to report RoA of 0.7% and RoE of 11.4% and 12.4% over FY12/13. On the back of higher proportion of wholesale business, bank has one of the lowest cost to income ratios in the industry, which remains its key strength. The stock trades at 0.7x FY12E BV and 0.6x FY13E BV. Maintain **Buy** with a target price of INR420 (1x FY13E BV).

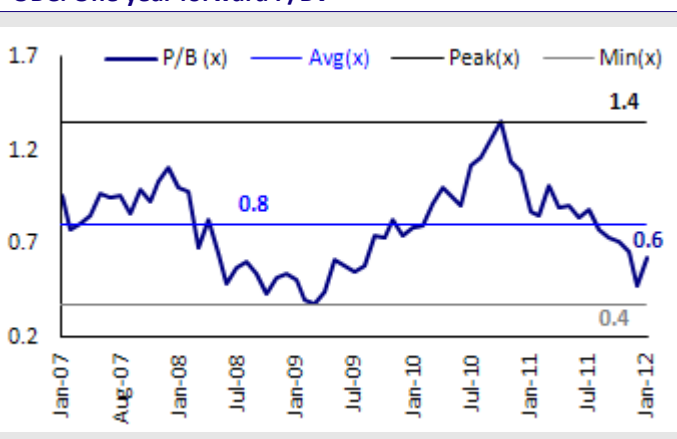
We upgrade our earnings est to factor in lower tax rate for FY12 (INR b)

	Old Estimates		Revised Est		Change (%)	
	FY12	FY13	FY12	FY13	FY12	FY13
Net Interest Income	42.7	49.4	43.2	52.3	1.1	5.9
Other Income	12.9	14.7	12.4	14.1	-3.5	-4.2
Total Income	55.6	64.1	55.6	66.4	0.1	3.6
Operating Expenses	22.4	25.5	22.6	26.2	0.7	2.4
Operating Profits	33.1	38.6	33.0	40.2	-0.3	4.4
Provisions	15.6	17.2	15.9	18.8	1.8	9.3
PBT	17.5	21.3	17.2	21.4	-2.2	0.4
Tax	5.6	6.9	5.0	7.0	-11.3	0.4
PAT	11.9	14.4	12.2	14.5	2.2	0.4
Margins (%)	2.7	2.6	2.7	2.8		
Credit Cost (%)	0.8	0.9	0.7	1.0		
RoA (%)	0.7	0.7	0.7	0.7		
RoE (%)	11.2	12.3	11.4	12.4		

OBC: One year forward P/E



OBC: One year forward P/BV



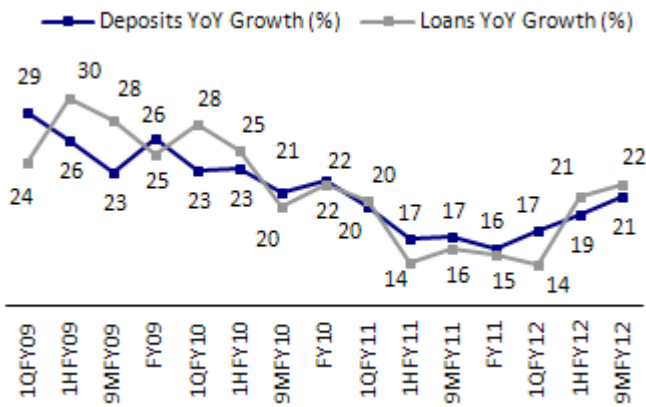
Quarterly Snapshot

	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	10,572	10,771	10,299	10,134	10,185	9,895	11,399	15	11	31,642	31,478	-1
Other Income	2,147	2,141	2,314	2,998	3,238	2,774	2,953	6	28	6,602	8,965	36
Trading profits	170	8	314	262	717	183	365	100	16	492	1,265	157
Forex Income	249	272	335	378	479	392	481	23	44	855	1,352	58
Recoveries	160	183	159	574	390	260	299	15	88	502	949	69
Fee income	1,406	1,650	1,494	1,800	1,470	1,921	1,675	-13	12	4,549	5,065	11
Others	162	29	12	-15	183	18	133	N.A.	N.A.	203	334	65
Total Income	12,720	12,912	12,613	13,132	13,423	12,669	14,352	13	14	38,245	40,443	6
Operating Expenses	4,497	4,853	4,873	4,702	5,408	5,087	6,081	20	25	14,223	16,575	17
Employee	2,531	2,764	2,771	2,418	3,196	2,783	3,532	27	27	8,066	9,511	18
Others	1,966	2,089	2,103	2,284	2,212	2,304	2,549	11	21	6,157	7,064	15
Operating Profits	8,223	8,060	7,739	8,430	8,016	7,582	8,271	9	7	24,022	23,869	-1
Provisions	2,280	2,263	1,918	5,605	3,143	4,853	3,809	-22	99	6,460	11,805	83
PBT	5,943	5,796	5,822	2,825	4,873	2,729	4,462	64	-23	17,561	12,064	-31
Taxes	2,310	1,820	1,739	-512	1,324	1,051	920	-12	-47	5,869	3,295	-44
PAT	3,633	3,977	4,083	3,337	3,549	1,677	3,542	111	-13	11,692	8,769	-25
Asset Quality												
GNPA	14,951	14,569	17,641	19,205	20,348	31,111	32,322	4	83			
NNPA	6,159	6,066	8,161	9,382	10,592	19,783	20,616	4	153			
GNPA (%)	1.7	1.7	1.9	2.0	2.1	3.0	2.9	-3	98			
NNPA (%)	0.7	0.7	0.9	0.9	1.1	1.9	1.9	-1	98			
PCR (Calculated, %)	59	58	54	51	48	36	36					
Slippages	1,144	3,188	4,738	6,490	3,780	15,033	6,988	-54	48	9,070	25,802	184
Slippage Ratio (%)	0.6	1.7	2.4	3.1	1.8	6.9	3.1	-379	67			
Prov. for NPA in qtr	1,436	2,196	1,781	3,931	1,354	3,422	1,011	-70	-43	5,413	5,787	7
Credit Cost (%)	0.7	1.0	0.8	1.7	0.6	1.4	0.4	-98	-42			
Gr. restructured loans	53,184	52,575	51,331	52,698	48,366	53,919	75,983	41	48			
% to Loans	6.2	6.0	5.7	5.4	5	5.1	6.9	176	121			
Ratios (%)												
Fees to Total Income	12.3	13.0	11.9	13.6	12.3	15.3	12.6			12.4	13.4	
Cost to Core Income	37.0	39.0	41.3	39.5	45.7	43.0	46.0			39.1	44.9	
Tax Rate	38.9	31.4	29.9	-18.1	27.2	38.5	20.6			33.4	27.3	
CASA Reported	24.3	25.4	25.2	24.6	23.4	22.9	0.0					
Loan/Deposit	70.0	69.6	70.2	69.6	67.9	70.7	70.9					
CAR	12.4	12.8	12.4	14.2	13.6	12.6	12.1					
Margins Reported (%)												
Yield on loans	10.0	10.3	10.3	10.6	11.4	11.7	12.2	58	192			
Yield On Investments	7.2	7.3	7.3	7.1	7.4	7.5	7.6	11	26			
Cost of Deposits	5.6	5.9	6.1	6.5	7.2	7.6	7.9	22	177			
Spreads	3.0	3.0	2.8	2.7	2.5	2.4	2.6	23	-21			
NIM Quarterly	3.3	3.3	3.1	3.0	2.9	2.6	2.9	26	-20			
Balance sheet (INR b)												
Deposits	1,231	1,258	1,293	1,391	1,446	1,496	1,562	4	21			
of which CASA Deposits	300	319	326	341	338	342	348	2	7			
Current Deposits	92	93	93	94	89	86	85	-1	-8			
Savings Deposits	208	227	233	248	249	256	263	3	13			
Gross Advances	861	875	908	968	982	1,057	1,107	5	22			

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

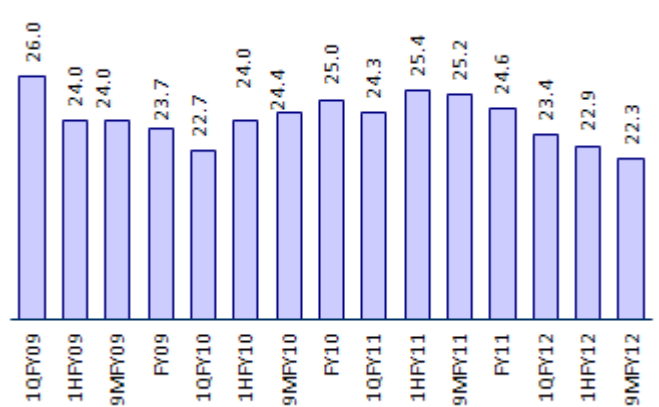
Quarterly trends

Loan and deposit growth remains healthy



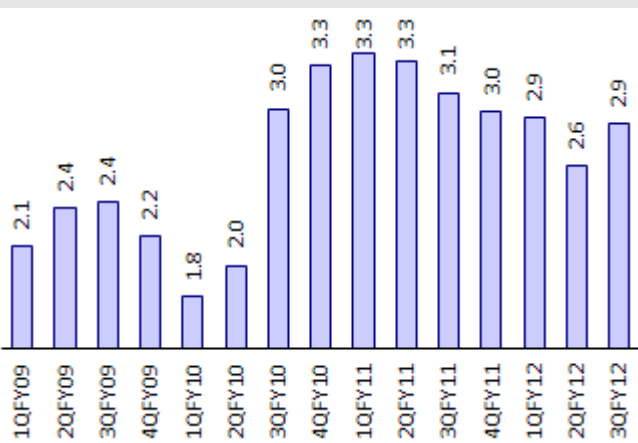
■ Management guided for loan and deposit growth of 18-20% for FY12

CASA ratio declines QoQ (%)



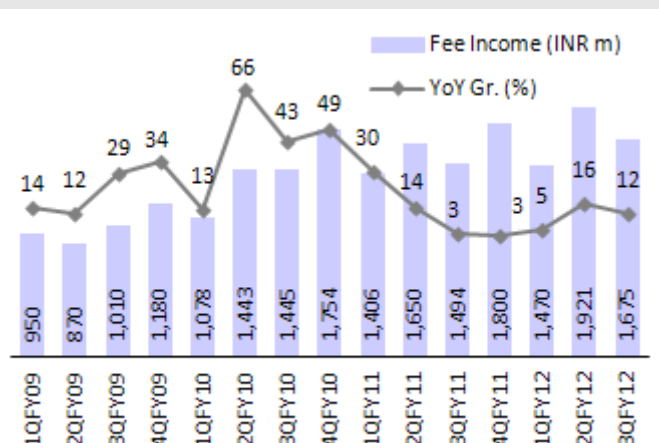
■ CASA growth moderated to 2% QoQ (+7% YoY) led by lower CA deposits (flattish QoQ and declined 8% YoY)

Margins improve 26bp QoQ - a positive surprise (%)



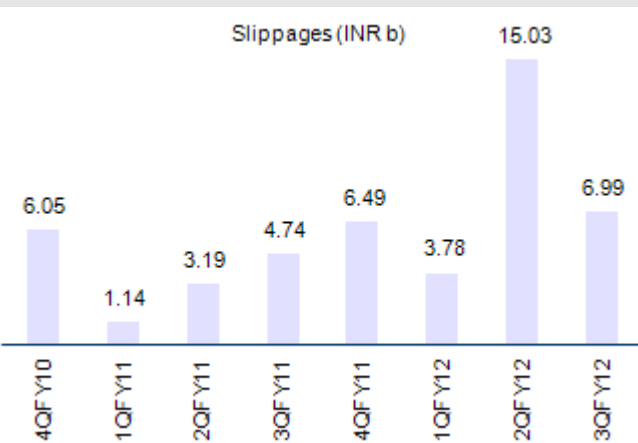
■ Increase in yield on loan by 58bp aided by lower interest income reversal led to margin expansion

Fee income growth moderates - a disappointment (%)



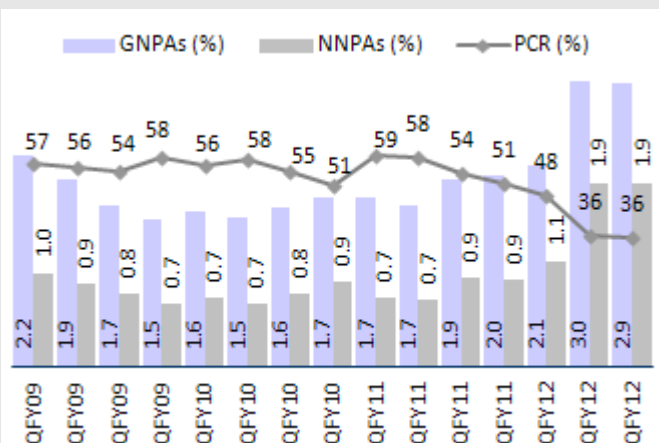
■ Fee income growth moderated to 12% YoY (down 13% QoQ)

Annualized slippage ratio at 3.1%



■ Net slippages stood at just INR1.8b led by strong recoveries and up gradation of INR5.1b

Asset quality remains healthy



■ GNPA and NNPA up 4% QoQ

Stock Info

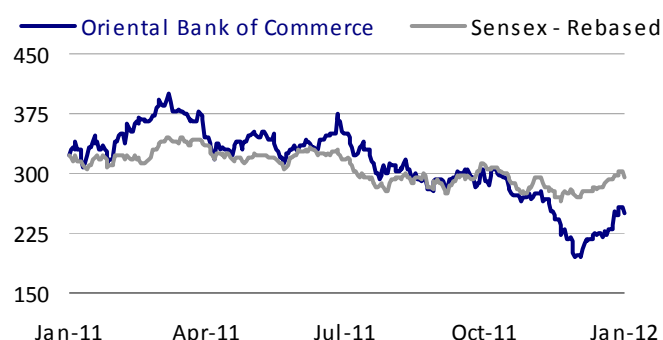
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	41.8	42.6	-1.9
FY13	49.6	55.0	-10.9

Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	58.0	58.0	51.1
Domestic Inst	25.0	25.4	25.5
Foreign	9.9	9.9	16.8
Others	7.1	6.7	6.7

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
ICICIB*	Buy	902	20.8	53	61	12.8	10.8	1.7	1.5	1.4	1.4	13.4	14.1
HDFCB	Neutral	491	22.8	22	28	22.2	17.6	3.9	3.3	1.7	1.7	18.9	20.5
AXSB	Buy	1,074	8.8	97	112	11.1	9.6	2.0	1.7	1.5	1.5	19.9	19.5
KMB	Neutral	498	3.7	24	28	19.8	16.8	2.8	2.4	1.8	1.6	14.9	14.6
YES	Buy	330	2.3	28	33	11.7	10.1	2.5	2.0	1.5	1.3	23.3	22.3
IIB	Buy	292	2.7	17	21	17.0	13.9	3.1	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	400	1.4	43	50	9.2	7.9	1.2	1.1	1.3	1.3	13.8	14.5
JKBk	Buy	830	0.8	151	168	5.5	5.0	1.0	0.9	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			65			16.1	13.6	2.3	2.0				
SBIN (cons)*	Buy	2,061	26.2	211	240	9.3	8.2	1.3	1.2	0.8	0.8	15.6	16.1
PNB	Buy	940	6.0	158	184	6.0	5.1	1.2	1.0	1.3	1.2	24.3	22.0
BOI	Neutral	344	3.8	45	59	7.6	5.9	1.1	0.9	0.7	0.8	14.6	16.7
BOB	Neutral	753	5.9	122	133	6.2	5.7	1.2	1.1	1.1	1.1	20.4	20.2
CBK	Buy	471	4.2	73	89	6.5	5.3	1.0	0.9	0.9	0.9	16.7	17.7
UNBK	Buy	229	2.4	27	45	8.4	5.0	1.0	0.9	0.8	0.8	17.6	18.2
IOB	Neutral	88	1.1	22	18	4.0	4.8	0.6	0.6	0.7	0.5	15.6	12.0
OBC	Buy	256	1.5	42	50	6.1	5.2	0.7	0.6	0.7	0.7	11.4	12.4
INBK	Buy	221	1.9	44	48	5.0	4.6	1.0	0.9	1.4	1.3	21.6	20.0
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	102	1.1	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	3.9	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	697	20.4	27	31	18.5	15.5	5.1	4.6	2.8	2.9	26.6	28.8
LICHF	Buy	250	2.4	19	28	12.9	9.1	2.4	2.0	1.6	1.8	20.3	24.3
DEWH	Buy	235	0.5	30	39	7.9	6.0	1.3	1.1	1.3	1.4	18.7	19.5
IDFC	Buy	133	3.9	10	11	12.9	12.3	1.5	1.3	3.1	2.7	13.7	12.6
RECL	Buy	190	3.8	28	35	6.7	5.4	1.3	1.1	3.0	3.1	20.6	22.5
POWF	Buy	170	3.9	18	29	9.5	5.9	1.1	1.0	2.1	2.8	13.2	17.7
SHTF	Buy	584	2.6	58	63	10.1	9.3	2.2	1.8	3.0	2.9	23.9	21.6
MMFS	Neutral	707	1.4	55	70	12.9	10.1	2.5	2.1	3.8	3.8	20.8	22.4
NBFC Aggregate			39			14.1	11.1	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	2009	2010	2011	2012E	2013E
Interest Income	88,565	102,571	120,878	159,742	186,389
Interest Expense	68,600	73,497	79,103	116,541	134,084
Net Interest Income	19,965	29,074	41,775	43,201	52,305
Change (%)	19.5	45.6	43.7	3.4	21.1
Non Interest Income	10,713	12,000	9,601	12,411	14,092
Net Income	30,678	41,075	51,376	55,612	66,397
Change (%)	33.5	33.9	25.1	8.2	19.4
Operating Expenses	13,828	16,860	18,925	22,582	26,150
Pre Provision Profits	16,850	24,215	32,451	33,030	40,246
Change (%)	38.2	43.7	34.0	1.8	21.8
Provisions (excl tax)	5,255	8,176	12,065	15,860	18,820
PBT	11,595	16,039	20,386	17,170	21,426
Tax	2,540	4,692	5,357	4,979	6,963
Tax Rate (%)	21.9	29.3	26.3	29.0	32.5
PAT	9,054	11,347	15,029	12,191	14,463
Change (%)	7.7	25.3	32.4	-18.9	18.6
Equity Dividend (Incl tax)	2,140	2,667	3,527	2,853	3,384
Core PPP*	12,036	19,980	31,698	31,280	37,996
Change (%)	13.0	66.0	58.7	-1.3	21.5
*Core PPP is (NII+Fee income-Opex)					
Balance Sheet				(INR Million)	
Y/E March	2009	2010	2011	2012E	2013E
Equity Share Capital	2,505	2,505	2,918	2,918	2,918
Reserves & Surplus	71,529	79,874	108,054	117,082	127,850
Net Worth	74,034	82,379	110,971	119,999	130,767
Deposits	983,688	1,202,576	1,390,543	1,633,888	1,927,987
Change (%)	26.3	22.3	15.6	17.5	18.0
of which CASA Dep	233,562	300,229	341,480	364,132	410,060
Change (%)	7.5	28.5	13.7	6.6	12.6
Borrowings	27,220	48,870	56,392	88,381	105,057
Other Liabilities & Prov.	40,883	40,484	55,528	62,799	73,017
Total Liabilities	1,125,826	1,374,310	1,613,434	1,905,067	2,236,829
Current Assets	122,251	145,999	190,887	203,640	245,131
Investments	284,890	357,853	420,748	483,860	556,439
Change (%)	18.9	25.6	17.6	15.0	15.0
Loans	685,004	834,893	959,082	1,160,489	1,369,378
Change (%)	25.5	21.9	14.9	21.0	18.0
Fixed Assets	13,839	13,940	13,978	13,969	14,152
Other Assets	19,843	21,624	28,739	43,108	51,729
Total Assets	1,125,826	1,374,310	1,613,434	1,905,067	2,236,829
Asset Quality				(%)	
GNPA (INR m)	10,581	14,688	19,205	32,391	39,868
NNPA (INR m)	4,424	7,238	9,382	20,736	22,064
GNPA Ratio	1.53	1.74	1.98	2.76	2.87
NNPA Ratio	0.65	0.87	0.98	1.79	1.61
PCR (Excl Tech. write off)	56.2	49.6	50.7	36.0	44.7
PCR (Incl Tech. Write off)	0.0	76.7	76.8	62.0	65.3
E: MOSL Estimates					

Financials and Valuation

Ratios					
Y/E March	2009	2010	2011	2012E	2013E
Spreads Analysis (%)					
Avg. Yield-Earning Assets	9.6	9.0	8.8	9.9	9.9
Avg. Yield on loans	10.6	10.0	10.0	11.5	11.4
Avg. Yield on Investments	8.2	7.7	7.1	7.3	7.1
Avg. Cost-Int. Bear. Liab.	7.5	6.5	5.9	7.4	7.1
Avg. Cost of Deposits	7.4	6.4	5.8	7.4	7.3
Interest Spread	2.1	2.5	3.0	2.6	2.7
Net Interest Margin	2.2	2.5	3.1	2.7	2.8
Profitability Ratios (%)					
RoE	14.8	16.5	17.1	11.4	12.4
RoA	0.9	0.9	1.0	0.7	0.7
Int. Expense/Int.Income	77.5	71.7	65.4	73.0	71.9
Fee Income/Net Income	19.2	18.9	17.2	19.2	17.8
Non Int. Inc./Net Income	34.9	29.2	18.7	22.3	21.2
Efficiency Ratios (%)					
Cost/Income*	53.5	45.8	37.4	41.9	40.8
Empl. Cost/Op. Exps.	54.7	57.6	55.4	55.7	54.7
Busi. per Empl. (INR m)	102.1	120.7	132.0	145.9	163.3
NP per Empl. (INR lac)	0.6	0.7	0.9	0.7	0.8
* ex treasury					
Asset-Liability Profile (%)					
Loans/Deposit Ratio	69.6	69.4	69.0	71.0	71.0
CASA Ratio	23.7	25.0	24.6	22.3	21.3
Investment/Deposit Ratio	29.0	29.8	30.3	29.6	28.9
G-Sec/Investment Ratio	88.0	91.9	87.2	87.8	86.6
CAR	13.0	12.5	14.2	12.9	12.5
Tier 1	9.1	9.3	11.2	9.7	9.0
Valuation					
Book Value (INR)	257.5	292.2	350.0	382.0	419.9
Change (%)	11.7	13.5	19.8	9.1	9.9
Price-BV (x)	1.0	0.9	0.7	0.7	0.6
Adjusted BV (INR)	246.1	273.4	329.1	335.8	370.8
Price-ABV (x)	1.0	0.9	0.8	0.8	0.7
EPS (INR)	36.1	45.3	51.5	41.8	49.6
Change (%)	7.7	25.3	13.7	-18.9	18.6
Price-Earnings (x)	7.1	5.7	5.0	6.1	5.2
Dividend Per Share (INR)	7.3	9.1	10.4	8.4	9.9
Dividend Yield (%)	2.9	3.6	4.1	3.3	3.9
E: MOSL Estimates					

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Motilal Oswal Securities Ltd

3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021
Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: reports@motilaloswal.com