

Yes Bank

BSE SENSEX	S&P CNX
16,996	5,127
Bloomberg	YES IN
Equity Shares (m)	347.1
52-Week Range (INR)	341/231
1,6,12 Rel.Perf.(%)	19/6/24
M.Cap. (INR b)	110.4
M.Cap. (USD b)	2.2

CMP: INR319

TP: INR400

Buy

Year End	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	13,635	4,777	14.1	37.5	-	91	-	-	1.6	20.3
3/11A	18,702	7,271	20.9	48.9	15.2	109	2.9	2.9	1.5	21.1
3/12E	24,567	9,794	28.2	34.7	11.3	133	2.4	2.4	1.5	23.3
3/13E	31,000	11,370	32.8	16.1	9.7	161	2.0	2.0	1.3	22.3

Yes Bank's (YES) 3QFY12 PAT grew 33% YoY to ~INR2.5b (v/s our estimate of INR2.4b). While operating income was in line with our estimate, lower provisions led to higher than est. PAT. Provisions were lower due to strong performance on asset quality. In percentage terms, GNPA and NNPA were flat QoQ at 20bp and 4bp, respectively.

- **Loan growth up QoQ; strong growth in customer assets:** Loans grew ~15% YoY (+ 5% QoQ) to INR359b. While YoY loan growth has been moderate, increased investment in credit substitutes led to strong customer asset growth of 28% YoY and 7% QoQ to INR437b. Investments grew 22% QoQ and 71% YoY to INR261b.
- **Strong CASA traction:** CASA traction was impressive (+22% QoQ and 46%YoY), led by strong growth in CA (+18% QoQ and 37% YoY) and SA deposits (+40% QoQ and 99% YoY). CASA ratio improved 160bp QoQ to 12.6%.
- **NIM down 10bp QoQ to 2.8%:** While yield on loans increased 20bp QoQ to 12.4%, the cost of funds increased 30bp QoQ (8.9%), leading to pressure on margins.
- **Fee income growth moderates:** Fee income growth moderated (flat QoQ, up 31% YoY) to INR2.1b. While growth in fees from transaction banking remained healthy at ~5% QoQ (+28% YoY), income from financial advisory declined 18% QoQ (+51% YoY) to INR806m.

Valuation and view: We expect EPS CAGR of ~25% over FY11-13 (without assuming a dilution), on the back of 45% EPS CAGR over FY08-11. We estimate EPS at INR28 for FY12 and at INR33 for FY13. BV will be INR133 in FY12 and INR161 in FY13. We expect RoA of 1.3%+ and RoE of 22%+. Maintain **Buy**.

YES Bank: Quarterly Performance

(INR Million)

	FY11				FY12				FY11	FY12E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	7,392	9,538	11,262	12,226	13,995	14,387	16,841	18,270	40,417	63,492
Interest Expense	4,771	6,406	8,030	8,741	10,454	10,530	12,565	13,702	27,948	47,250
Net Interest Income	2,621	3,132	3,232	3,485	3,542	3,856	4,276	4,568	12,469	16,242
% Change (Y-o-Y)	67.1	77.9	53.2	42.7	35.1	23.1	32.3	31.1	58.2	30.3
Other Income	1,438	1,310	1,617	1,868	1,653	2,141	2,114	2,417	6,233	8,325
Net Income	4,059	4,442	4,848	5,353	5,195	5,997	6,390	6,985	18,702	24,567
Operating Expenses	1,570	1,628	1,736	1,865	1,944	2,138	2,402	2,585	6,798	9,068
Operating Profit	2,490	2,814	3,113	3,488	3,251	3,859	3,988	4,400	11,904	15,499
% Change (Y-o-Y)	25.9	46.7	44.0	35.4	30.6	37.1	28.1	26.2	37.9	30.2
Other Provisions	126	174	250	433	15	379	224	317	982	935
Profit before Tax	2,364	2,640	2,863	3,055	3,236	3,481	3,765	4,083	10,922	14,564
Tax Provisions	800	877	952	1,021	1,075	1,130	1,224	1,340	3,650	4,770
Net Profit	1,564	1,763	1,911	2,034	2,161	2,350	2,541	2,742	7,271	9,794
% Change (Y-o-Y)	56.3	57.8	51.8	45.2	38.2	33.3	32.9	34.8	52.2	34.7
Deposit Growth (%)	97.1	106.6	79.0	71.4	44.1	10.2	18.9	20.0	71.4	20.0
Loan Growth (%)	107.2	86.2	66.3	54.8	26.1	12.7	15.3	16.5	54.8	16.5
CD Ratio (%)	86.8	75.8	78.9	74.8	76.0	77.6	76.4	72.6	74.8	72.6
Net Interest Margin (Reported,%)	3.1	3.0	2.8	2.8	2.8	2.9	2.8	2.8	2.9	2.6
Net Interest Margin (Cal, %)	3.0	3.1	2.8	2.8	2.7	2.9	2.9	2.8	2.7	2.6
Tax Rate (%)	33.9	33.2	33.2	33.4	33.2	32.5	32.5	32.8	33.4	32.8
Gross NPA (%)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

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: Above estimates (INR m)

Y/E March	3QFY12A	3QFY12E	Var. (%)	Comments
Net Interest Income	4,276	4,216	1	Margin decline 10bp QoQ
% Change (YoY)	32	30		
Other Income	2,114	2,155	-2	Fee income moderates
Net Income	6,390	6,371	0	
Operating Expenses	2,402	2,287	5	Rapid branch expansion leading to higher opex
Operating Profit	3,988	4,084	-2	
% Change (YoY)	28	31		
Other Provisions	224	450	-50	strong asset quality performance continues
Profit before Tax	3,765	3,634	4	
Tax Provisions	1,224	1,199	2	
Net Profit	2,541	2,435	4	Lower provisions leading to positive surprise
% Change (YoY)	33	27		

Source: Company/MOSL

Loan growth improves QoQ; Strong growth in customer assets: Reported loan grew 5% QoQ and ~15% YoY to INR359b. Share of C&IB increased to 63.4% from 61.4% in 2QFY12 whereas share of commercial banking declined 240bp QoQ to 21.4%. Management's focus on increasing granularity in its loan book and rapid increase in branch network resulted in share of branch banking increasing further to 15.2% as against 14.9% a quarter ago and 10.1% a year ago. While YoY loan growth has been moderate, increased investment in credit substitutes led to strong customer asset growth of 28% YoY and 7% QoQ to INR437b. Investments grew 22% QoQ and 71% YoY to INR261b.

CASA ratio +160bp QoQ to 12.6: Deposits grew ~7% QoQ and 19% YoY to INR469b. CASA traction was impressive (+22% QoQ and 46%YoY) led by strong growth in CA (+18% QoQ and 37% YoY) as well as SA Deposits (+40% QoQ and 99% YoY). High interest rate offered (7% - highest in the industry) and rapid branch network has led to strong growth in SA Deposits, however sustainability of the accretions of savings bank deposits is a key monitor able.

Fee income growth moderates: Non-interest income grew ~31% YoY (flat QoQ) to INR2.1b (marginally below est.). Income from financial advisory stood at INR806m (declined 18%QoQ, however remained strong at 51% YoY). Transaction banking fees grew 5% QoQ and 28% YoY to INR639m (v/s INR609m in 2QFY12 and INR498m in 3QFY11). Income from financial markets stood at INR483m v/s INR410m a quarter ago. Income from third party distribution grew 31%QoQ (+7.5% YoY) to INR187m (partly seasonal in nature).

Investing in the next phase of growth: During the quarter, YES added 26 branches, taking the 9MFY12 cumulative addition to 117 branches as against 64 branches in FY11. Overall branch network now stands at 331. Management targets to increase its branch network to ~350 branches by FY12. The continuous build up of branch network augurs well for improving its liability franchise and non-interest income. Bank added 299 employees during the quarter. Opex grew 38%YoY and 12% QoQ and cost to income ratio increased 200bp QoQ to 37.6%. Strong expansion in branch network will result in cost pressure; however management expects to maintain cost to income ratio in the range of 38%-40%.

Asset quality best amongst peers; restructured loans stable QoQ: GNPA in absolute terms increased 5% QoQ to INR721m as against INR688m a quarter ago. In % terms GNPA and NNPA was flat QoQ at 20bp and 4bp respectively - best in the industry. Overall restructured stood at INR1.8b (49bp of overall loans) - stable QoQ.

Valuation and view

Considering challenging macroeconomic scenario, management is conserving capital, focusing on higher end corporate and moderating its balance sheet growth. While YTD loan growth stood at ~4%, strong growth in credit substitutes (largely top rated corporate) stood at 14%. Management expects loan growth for FY12 to be 15%+, 4QFY12 to be driven by PSL segment.

Re-pricing of deposit and increased investment in credit substitutes led to 10bp QoQ decline in margins in 3QFY12. However, Yes Bank being predominantly a wholesale funded bank is likely to benefit from any trend reversal in interest rates. Further even in a tight liquidity condition and sharp increase in bulk deposit rate, bank's performance on keeping margins stable at 2.8%-3% is impressive and demonstrates the soundness of ALM and pricing power, providing comfort.

Branch network has increased to 331 (v/s 185 in 3QFY11) and will increase to ~350 by FY12. Improving branch network augurs well for CASA growth and non-interest income of the bank.

We expect EPS CAGR of ~25% over FY11-13 (without assuming a dilution), on the back of 45% EPS CAGR over FY08-11. We expect Yes Bank to report EPS of INR28 in FY12 and INR33 in FY13. BV will be INR133 in FY12 and INR161 in FY13. We expect RoA of 1.3%+ and RoE of 22%+. Maintain **Buy** with target price of INR400 (2.5x FY13 BV).

Concall highlights

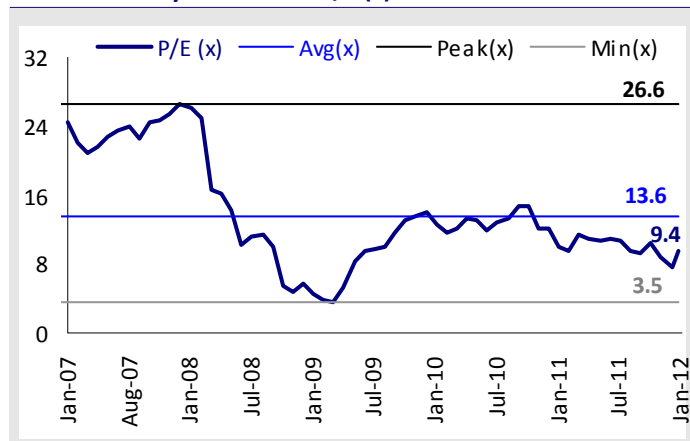
- On policy front, management expects RBI to cut policy rates by 100-150bp in CY12.
- De-regulation of saving deposit rate has been beneficial for Yes Bank and increase in interest rate is leading to strong traction in SA deposits. Mgmt expects saving deposit rate to be benchmarked to medium term rates of 3-5 years (large part of saving deposit is classified in bracket of medium-long term deposits). Management re-iterated its guidance of 30% CASA ratio by FY15.
- While higher rates have led to good traction in savings account balances, reduction of rate may lead to outflow of deposits which need to be watched.
- Recently bank improved its product offering in retail segment by launching auto loan, CV loan, LAP, LAS and home loan distribution in partnership with DHFL.
- In case of moderation in economic growth asset quality may come under pressure; however management expects it to be manageable.
- Exposure to kingfisher stood at INR620m. Mgmt mentioned that this loan is performing well and further it is not a part of consortium lending and it has sufficient collateral available on the same.
- Capital adequacy ratio stood at 16.5% with tier I at 9.7% (including 9MFY12 profits).

Our estimates largely remain unchanged (INR b)

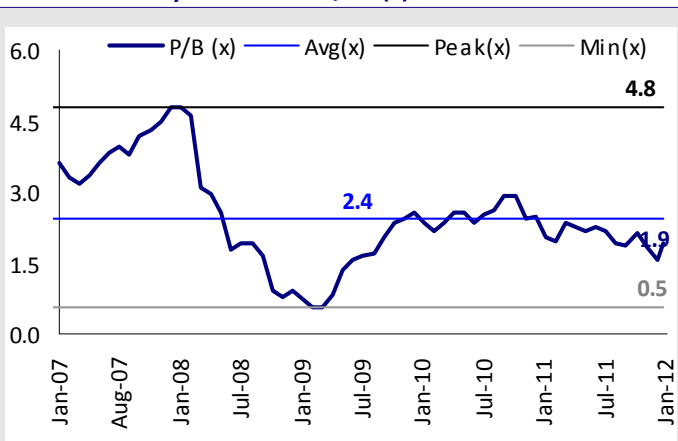
	Old Estimates		Revised Estimates		Change (%)	
	FY12	FY13	FY12	FY13	FY12	FY13
Net Interest Income	16.2	20.7	16.2	20.5	0.2	-1.0
Other Income	8.3	10.6	8.3	10.5	0.1	-1.0
Total Income	24.5	31.3	24.6	31.0	0.2	-1.0
Operating Expenses	9.1	12.0	9.1	11.6	0.0	-3.3
Operating Profits	15.5	19.3	15.5	19.4	0.3	0.4
Provisions	1.3	2.6	0.9	2.5	-30.1	-1.3
PBT	14.1	16.8	14.6	16.9	3.1	0.7
Tax	4.7	5.5	4.8	5.5	2.4	-0.1
PAT	9.5	11.3	9.8	11.4	3.5	1.1
Margins (%)	2.6	2.6	2.6	2.6		
Credit Cost (%)	0.3	0.4	0.2	0.5		
RoA (%)	1.4	1.3	1.5	1.3		
RoE (%)	22.6	22.2	23.3	22.3		

Source: MOSL

Yes Bank: One year forward P/E (x)

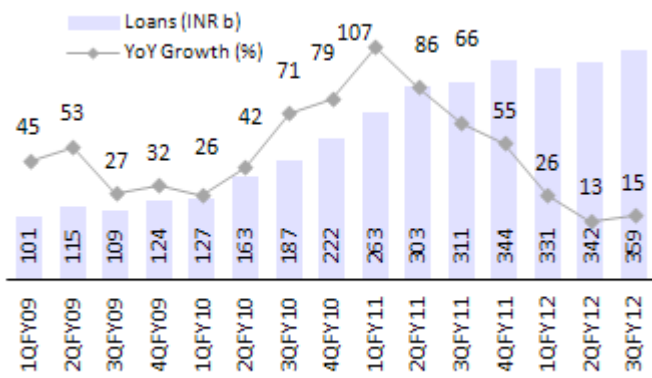


Yes Bank: One year forward P/BV (x)



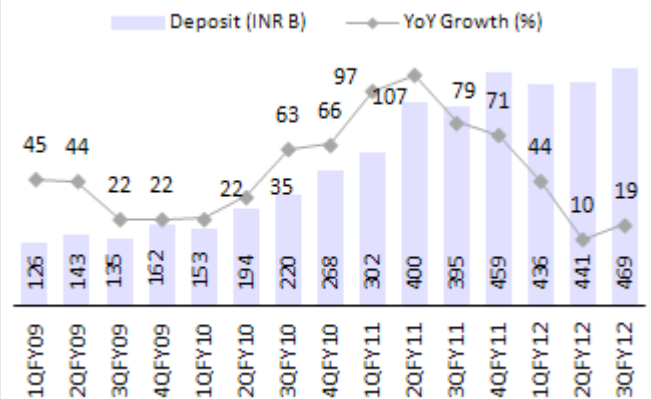
Quarterly trends

Loan growth improves QoQ....



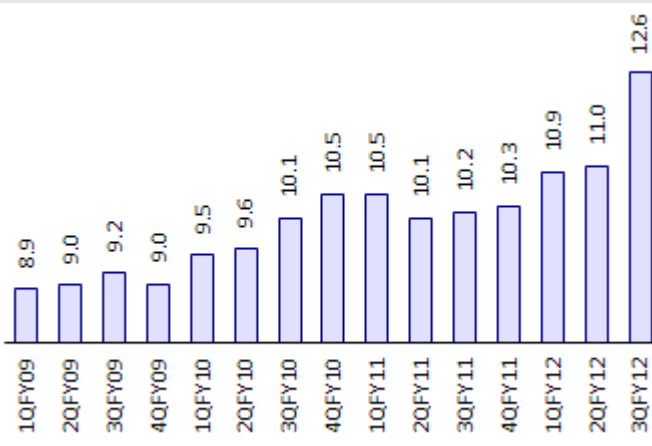
■ Increased investment in credit substitutes led to strong customer asset growth of 28% YoY and 7% QoQ

.... so as deposits growth



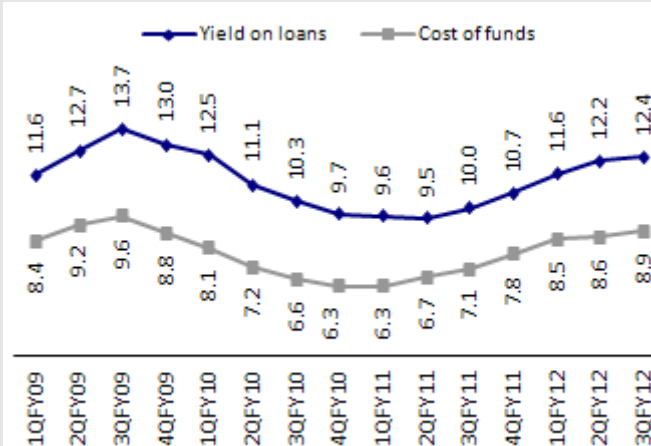
■ Deposits grew ~7% QoQ and 19% YoY

CASA improves 160bp QoQ - a positive surprise (%)



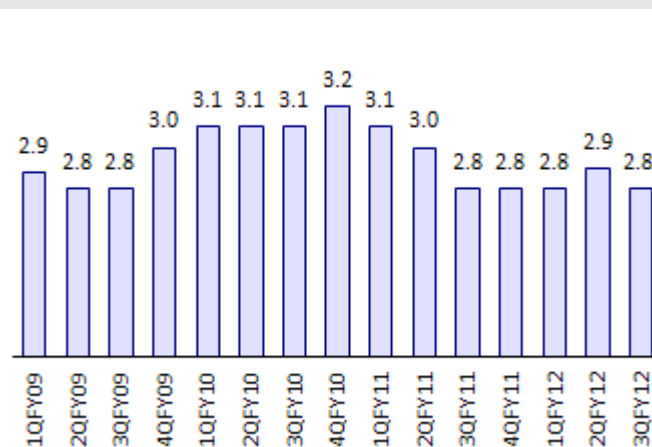
■ High savings interest rate offered (7%) and rapid branch network has led to strong growth in SA Deposits

Parallel movement in Yields and cost (%)



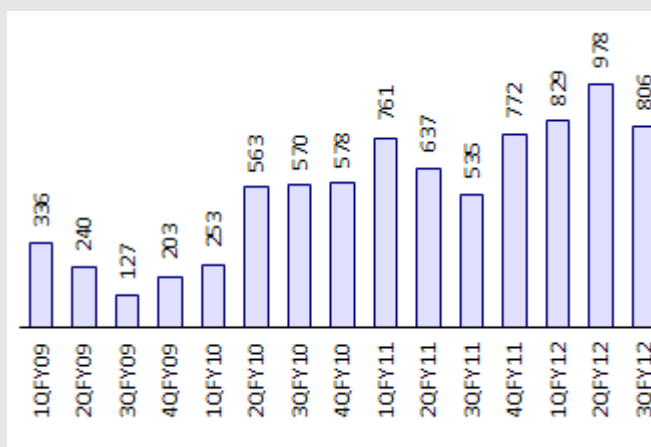
■ Yield on loans increased 20bp QoQ to 12.4%, cost of funds increased by 30bp QoQ to 8.9%

Margin decline 10bp QoQ (%)



■ 120bp QoQ decline in CD ratio and higher proportion of investment in credit substitutes led to decline in margins

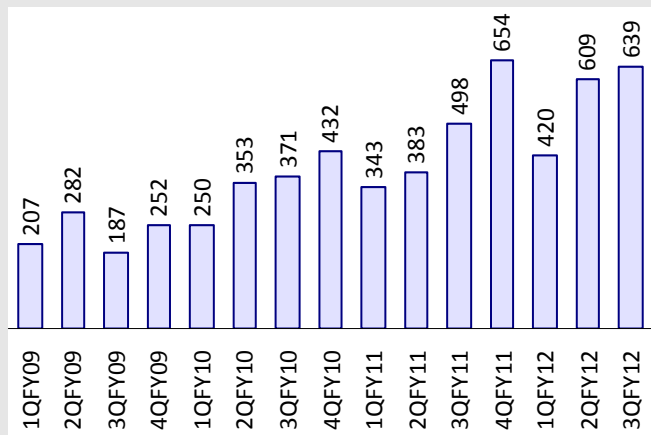
Income from financial advisory declines QoQ (INR m)



■ Income from financial advisory declined 18% QoQ (+51% YoY) to INR806m

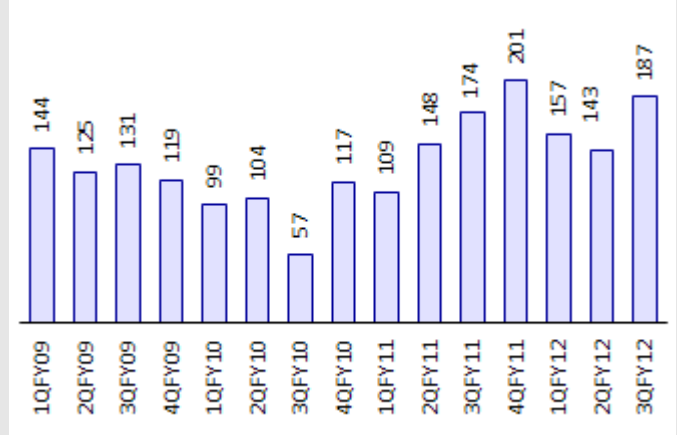
Quarterly trends (continued)

Transaction banking income remains healthy (INR m)



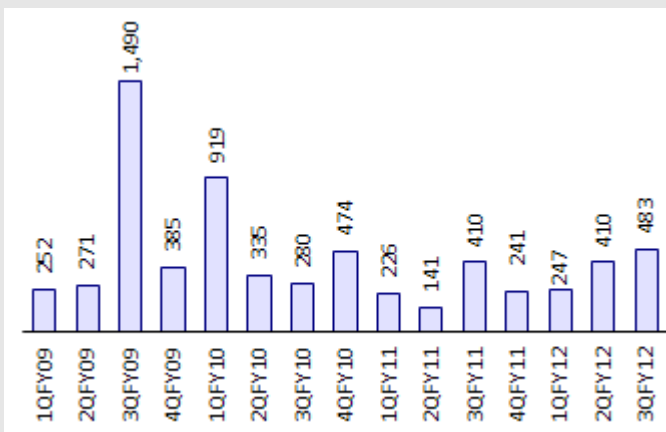
Transaction banking fees grew 5% QoQ and 28% YoY to INR639m

Retail fees picks up QoQ (INR m)



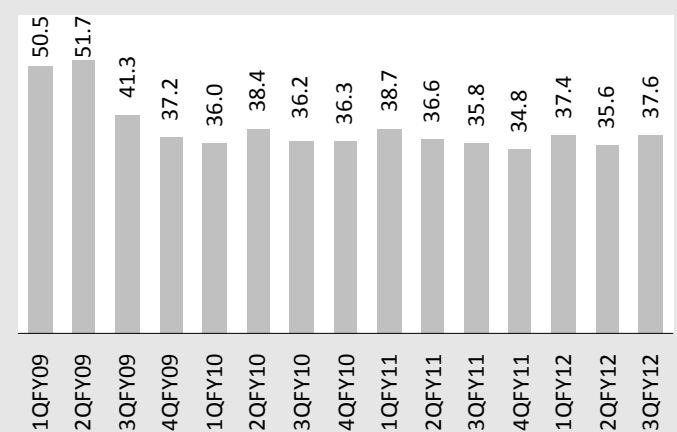
Income from third party distribution grew 31%QoQ (+7.5% YoY) to INR187m

Financial markets income (INR m)



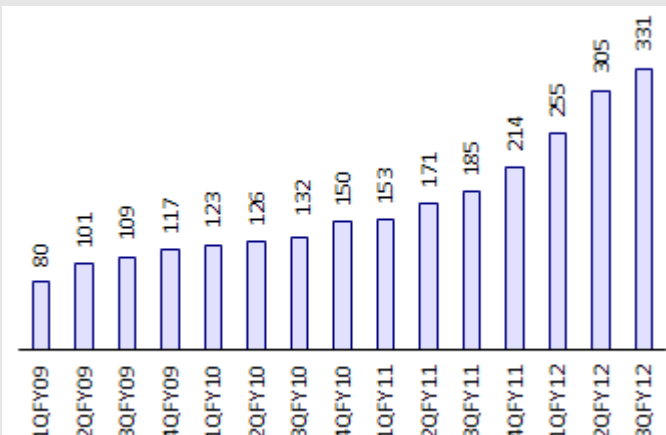
Financial market income grew 18% both on a QoQ and YoY basis

Cost to income ratio increases (%)



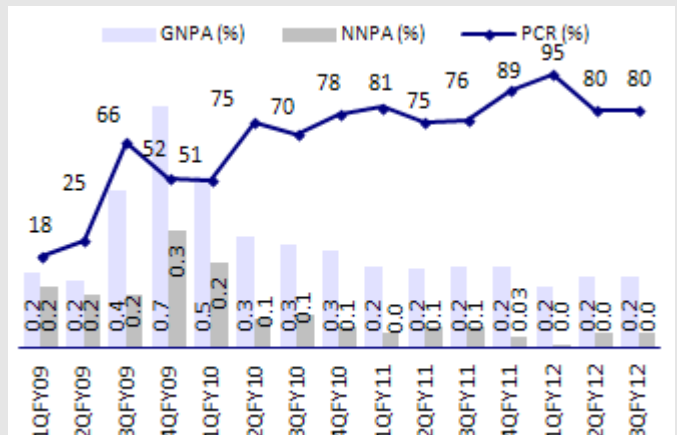
C/I increased 200bp led by strong expansion in branches. Management expects to maintain C/I at ~40%.

Branch expansion continues (nos)



In 3QFY12, 26 branches were added; Management targets to increase its branch network to ~350 by FY12

Asset quality remains one of the best in the industry



PCR remained stable QoQ; overall restructured stood at INR1.8b (stable QoQ)

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	2,621	3,132	3,232	3,485	3,542	3,856	4,276	11	32	8,984	11,674	30
Other Income	1,438	1,310	1,617	1,868	1,653	2,141	2,114	-1	31	4,365	5,908	35
Financial Markets	225	142	410	241	247	411	482	17	18	777	1,140	47
Financial Advisory	761	637	535	772	829	978	806	-18	51	1,933	2,613	35
Transaction banking	343	383	498	654	420	609	639	5	28	1,224	1,668	36
Branch Banking	109	148	174	201	157	143	187	31	7	431	487	13
Total Income	4,059	4,442	4,848	5,353	5,195	5,997	6,390	7	32	13,349	17,582	32
Operating Expenses	1,570	1,628	1,736	1,865	1,944	2,138	2,402	12	38	4,933	6,483	31
Employee	812	878	903	1,030	1,098	1,100	1,217	11	35	2,593	3,415	32
Others	758	750	833	835	846	1,038	1,185	14	42	2,340	3,069	31
Operating Profits	2,490	2,814	3,113	3,488	3,251	3,859	3,988	3	28	8,416	11,099	32
Provisions	126	174	250	433	15	379	224	-41	-10	550	617	12
PBT	2,364	2,640	2,863	3,055	3,236	3,481	3,765	8	32	7,867	10,481	33
Taxes	800	877	952	1,021	1,075	1,130	1,224	8	29	2,629	3,429	30
PAT	1,564	1,763	1,911	2,034	2,161	2,350	2,541	8	33	5,238	7,052	35
Asset Quality												
GNPA	597	677	728	805	560	688	721	5	-1			
NNPA	111	172	174	92	27	136	144	6	-17			
GNPA (%)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0	-3			
NNPA (%)	0.04	0.06	0.06	0.03	0.01	0.04	0.04	0	-2			
PCR (Calculated, %)	81	75	76	89	95	80	80					
Ratios (%)												
Non Int. to Total Income	35.4	29.5	33.3	34.9	31.8	35.7	33.1			32.7	101	
Cost to Income	38.7	36.6	35.8	34.8	37.4	35.6	37.6			37.0	111	
Tax Rate	33.9	33.2	33.2	33.4	33.2	32.5	32.5			33.4	98	
CASA (Reported)	10.5	10.1	10.2	10.3	10.9	11.0	12.6					
Loan/Deposit	86.8	75.8	78.9	74.8	76.0	77.6	76.4					
CAR	17.3	19.4	18.2	16.5	16.2	16.0	16.6					
Margins (%) - Reported												
Yield on loans	9.6	9.5	10.0	10.7	11.6	12.2	12.4	20	240			
Cost of funds	6.3	6.7	7.1	7.8	8.5	8.6	8.9	30	180			
Margins	3.1	3.0	2.8	2.8	2.8	2.9	2.8	-10	0			
Balance Sheet (INR B)												
Loans	263	303	311	344	331	342	359	5	15			
Investments	110	145	152	188	175	214	261	22	71			
Deposits	302	400	395	459	436	441	469	6	19			
CASA Deposits	32	41	40	48	48	48	59	22	46			
Loan Mix (% , Non PSL)												
C&IB	73.4	69.8	67.6	65.1	63.2	61.4	63.4	200	-420			
Commercial Banking	22.0	19.6	23.3	22.9	24.4	23.8	21.4	-240	-190			
Branch Banking	4.5	10.6	10.1	12.0	12.4	14.9	15.2	30	510			
Deposits Mix (%)												
CASA	10.5	10.1	10.2	10.3	10.9	11.0	12.6	160	240			
Branch Banking	12.1	9.8	13.5	13.2	16.3	17.6	18.1	50	460			
Corporate Banking	36.9	47.4	39.4	39.5	34.4	34.3	33.7	-60	-566			
Commercial Banking	7.1	7.3	8.0	7.5	8.9	8.3	6.2	-210	-180			
Govt Institutions	10.3	8.1	10.0	12.1	10.8	10.7	11.4	70	140			
Certificate of Deposits	13.7	11.2	12.7	10.9	13.4	12.3	11.5	-80	-120			
Institutional Deposits	9.4	6.1	6.3	6.4	5.4	5.8	6.5	70	20			

For %age change QoQ and YoY is bp

Source: Company/MOSL

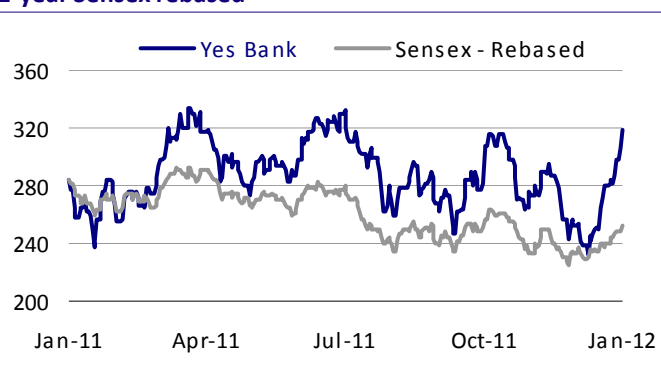
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	28.2	27.1	4.1
FY13	32.8	33.1	-0.9

Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	26.2	26.3	26.6
Domestic Inst	10.7	9.7	6.7
Foreign	49.9	50.7	54.0
Others	13.2	13.3	12.7

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
ICICIB*	Buy	886	20.4	53	61	12.5	10.6	1.7	1.5	1.4	1.4	13.4	14.1
HDFCB	Neutral	489	22.7	22	28	22.1	17.5	3.9	3.3	1.7	1.7	18.9	20.5
AXSB	Buy	1,032	8.5	97	112	10.6	9.2	2.0	1.7	1.5	1.5	19.9	19.5
KMB	Neutral	495	3.6	24	28	19.7	16.7	2.8	2.4	1.8	1.6	14.9	14.6
YES	Buy	319	2.2	28	33	11.3	9.7	2.4	2.0	1.5	1.3	23.3	22.3
IIB	Buy	284	2.6	17	21	16.6	13.6	3.0	2.5	1.6	1.5	19.3	20.1
VYSB	Buy	329	0.8	30	34	11.0	9.8	1.3	1.1	1.0	1.0	14.0	12.3
FB	Buy	392	1.3	43	50	9.0	7.8	1.2	1.1	1.3	1.3	13.8	14.5
JKBk	Buy	773	0.7	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			15.3	12.9	2.2	1.9				
SBIN (cons)*	Buy	2,041	25.9	211	240	9.2	8.1	1.3	1.1	0.8	0.8	15.6	16.1
PNB	Buy	1,003	6.4	158	184	6.4	5.5	1.3	1.1	1.2	1.2	22.7	22.0
BOI	Neutral	340	3.7	46	58	7.5	5.8	1.0	0.9	0.7	0.7	14.7	16.6
BOB	Neutral	800	6.3	111	127	7.2	6.3	1.3	1.1	1.1	1.0	20.0	19.6
CBK	Buy	473	4.2	80	89	5.9	5.3	1.0	0.9	1.0	0.9	18.2	17.5
UNBK	Buy	213	2.2	35	45	6.1	4.7	0.9	0.8	0.7	0.8	15.4	17.6
IOB	Neutral	94	1.2	22	18	4.3	5.2	0.6	0.6	0.7	0.5	15.6	12.0
OBC	Buy	253	1.5	41	49	6.2	5.1	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	420	1.2	98	104	4.3	4.0	0.8	0.7	0.9	0.8	18.8	17.4
ANDB	Buy	103	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	66	0.4	22	25	3.0	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	700	20.5	27	31	18.6	15.6	5.1	4.6	2.8	2.9	19.9	21.1
LICHF	Buy	256	2.4	18	27	14.3	9.6	2.5	2.1	1.5	1.8	18.9	24.0
DEWH	Buy	221	0.5	30	39	7.4	5.7	1.2	1.0	1.3	1.4	18.7	19.5
IDFC	Buy	126	3.7	10	11	12.2	11.7	1.4	1.2	3.1	2.7	13.7	12.6
RECL	Buy	189	3.7	28	35	6.9	5.4	1.3	1.1	3.0	3.1	20.0	22.4
POWF	Buy	163	3.7	18	29	9.2	5.7	1.1	0.9	2.1	2.8	13.2	17.7
SHTF	Buy	570	2.6	58	63	9.9	9.1	2.2	1.8	3.0	2.9	23.9	21.6
MMFS	Neutral	693	1.4	56	70	12.3	9.9	2.4	2.0	4.1	4.1	21.3	22.4
NBFC Aggregate			39			14.1	11.0	3.1	2.6				

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

Financials and Valuations

Income Statement					(INR Million)	
Y/E March	2008	2009	2010	2011	2012E	2013E
Interest Income	13,047	20,014	23,697	40,417	63,492	75,142
Interest Expense	9,741	14,921	15,818	27,948	47,250	54,644
Net Interest Income	3,306	5,093	7,880	12,469	16,242	20,498
Change (%)	92.9	54.1	54.7	58.2	30.3	26.2
Non Interest Income	3,607	4,369	5,755	6,233	8,325	10,501
Net Income	6,912	9,462	13,635	18,702	24,567	31,000
Change (%)	88.9	36.9	44.1	37.2	31.4	26.2
Operating Expenses	3,412	4,185	5,002	6,798	9,068	11,571
Pre Provision Profits	3,501	5,277	8,633	11,904	15,499	19,429
Change (%)	103.0	50.7	63.6	37.9	30.2	25.4
Provisions (excl tax)	436	617	1,368	982	935	2,522
PBT	3,065	4,659	7,265	10,922	14,564	16,907
Tax	1,065	1,621	2,487	3,650	4,770	5,537
Tax Rate (%)	34.7	34.8	34.2	33.4	32.8	32.8
PAT	2,000	3,038	4,777	7,271	9,794	11,370
Change (%)	111.9	51.9	57.2	52.2	34.7	16.1
Equity Dividend (Incl tax)	0	0	596	1,012	1,490	1,729
Core PPP*	2,910	3,790	7,647	11,904	15,049	18,829
Change (%)	79.9	30.3	101.8	55.7	26.4	25.1

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

Balance Sheet					(INR Million)	
Y/E March	2008	2009	2010	2011	2012E	2013E
Equity Share Capital	2,958	2,970	3,397	3,471	3,471	3,471
Reserves & Surplus	10,231	13,272	27,499	34,469	42,774	52,414
Net Worth	13,189	16,242	30,896	37,941	46,245	55,886
Deposits	132,732	161,694	267,986	459,389	551,267	689,084
Change (%)	61.5	21.8	65.7	71.4	20.0	25.0
of which CASA Dep	11,287	14,118	28,182	47,509	69,447	102,741
Change (%)	138.2	25.1	99.6	68.6	46.2	47.9
Borrowings	17,137	37,017	47,491	66,909	116,871	144,416
Other Liabilities & Prov.	6,767	14,055	17,453	25,831	44,155	61,366
Total Liabilities	169,825	229,008	363,825	590,070	758,539	950,752
Current Assets	16,276	19,227	26,732	34,960	44,697	61,945
Investments	50,937	71,170	102,099	188,288	263,604	329,505
Change (%)	65.8	39.7	43.5	84.4	40.0	25.0
Loans	94,303	124,031	221,931	343,636	400,336	480,404
Change (%)	49.9	31.5	78.9	54.8	16.5	20.0
Fixed Assets	1,012	1,311	1,155	1,324	1,807	1,948
Other Assets	7,297	13,269	11,907	21,861	48,094	76,951
Total Assets	169,825	229,008	363,825	590,070	758,539	950,752

Asset Quality					(%)	
GNPA (INR m)	106	849	602	805	877	2,753
NNPA (INR m)	85	412	130	92	180	504
GNPA Ratio	0.11	0.68	0.27	0.23	0.22	0.57
NNPA Ratio	0.09	0.33	0.06	0.03	0.05	0.10
PCR (Excl Tech. write off)	20.0	51.5	78.4	88.6	79.4	81.7

E: MOSL Estimates

Financials and Valuations

Ratios

Y/E March	2008	2009	2010	2011	2012E	2013E
Spreads Analysis (%)						
Avg. Yield-Earning Assets	9.7	10.7	8.4	8.8	10.0	9.6
Avg. Yield on loans	11.8	13.6	10.2	10.6	12.2	11.8
Avg. Yield on Investments	8.8	8.2	6.8	7.1	7.9	7.7
Avg. Cost-Int. Bear. Liab.	7.9	8.6	6.2	6.6	7.9	7.3
Avg. Cost of Deposits	7.9	8.3	5.8	6.3	7.8	7.3
Interest Spread	1.8	2.1	2.2	2.2	2.1	2.3
Net Interest Margin	2.5	2.7	2.8	2.7	2.6	2.6

Profitability Ratios (%)

RoE	19.0	20.6	20.3	21.1	23.3	22.3
RoA	1.4	1.5	1.6	1.5	1.5	1.3
Int. Expense/Int. Income	74.7	74.6	66.7	69.1	74.4	72.7
Fee Income/Net Income	43.6	30.5	35.0	33.3	32.1	31.9
Non Int. Inc./Net Income	52.2	46.2	42.2	33.3	33.9	33.9

Efficiency Ratios (%)

Cost/Income*	49.4	44.2	36.7	36.3	36.9	37.3
Empl. Cost/Op. Exps.	59.3	52.1	51.4	53.3	51.9	52.9
Busi. per Empl. (INR m)	59.1	96.0	127.8	164.5	160.7	161.1
NP per Empl. (INR lac)	6.3	11.4	15.7	18.5	17.9	17.3

* ex treasury

Asset-Liability Profile (%)

Loans/Deposit Ratio	71.0	76.7	82.8	74.8	72.6	69.7
CASA Ratio	8.5	8.7	10.5	10.3	12.6	14.9
Investment/Deposit Ratio	38.4	44.0	38.1	41.0	47.8	47.8
G-Sec/Investment Ratio	70.6	65.8	66.5	57.1	52.3	52.3
CAR	13.6	16.6	20.6	16.5	16.5	15.1
Tier 1	8.5	9.5	12.8	9.7	9.6	8.9

Valuation

Book Value (INR)	44.6	54.7	91.0	109.3	133.2	161.0
Change (%)	58.6	22.7	66.3	20.2	21.9	20.8
Price-BV (x)	7.2	5.8	3.5	2.9	2.4	2.0
Adjusted BV (INR)	44.4	53.8	90.7	109.1	132.9	160.0
Price-ABV (x)	7.2	5.9	3.5	2.9	2.4	2.0
EPS (INR)	6.8	10.2	14.1	20.9	28.2	32.8
Change (%)	100.6	51.3	37.5	48.9	34.7	16.1
Price-Earnings (x)	47.2	31.2	22.7	15.2	11.3	9.7
Dividend Per Share (INR)	0.0	0.0	1.5	2.5	3.7	4.3
Dividend Yield (%)	0.0	0.0	0.5	0.8	1.1	1.3

E: MOSL Estimates

N O T E S

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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