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Industry View
Attractive

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India Financial Services

Quick Comment – Indian Banks' Exposure to Dubai

Following the last two days events there have been quite a few questions raised on Indian banks exposure to Dubai – Banks have not disclosed single party exposures. Based on available data, BoB seems to have the biggest exposure to Dubai – this could cause the stock to come under some pressure in the near term. However, we have maintain our OW on BoB given that fundamentally we believe earnings progression will be strong.

Among Indian banks, the following have some presence in Dubai:

1. Bank of Baroda has the biggest presence with eight branches in UAE (of which two are in Dubai). Its total loan book (as of December 31, 2008) in the UAE was US\$1.7bn (6.5% of total group loans). However, not all of this is in Dubai.

According to an article in *Gulf News*, it had also participated in a syndicated loan to Dubai World – BoB's exposure in this syndication is US\$200mn, (<http://gulfnews.com/business/banking/bank-of-baroda-eyes-uae-growth-1.502185>) – around 25% of earnings and 6% of book value. The UAE operations contributed AED162mn to BoB's profits in CY2008 – around 12% of BoB's earnings.

We are seeking further clarity on the exact exposure from management. We maintain our Overweight call on the stock.

2. SBI has a branch but it is new, given that it got a banking license in Dubai in only September 2009.

3. Bank of India has a representative office in Dubai.

4. ICICI and Axis have a branch each. ICICI has said that its exposure in Dubai is only to Indian entities with businesses in Dubai and, hence, the impact is likely to be negligible, if any.

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
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Equal-weight/Hold	1082	46%	318	46%	29%
Not-Rated/Hold	26	1%	3	0%	12%
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Total	2,375		685		

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Industry Coverage: India Financial Services

Company (Ticker)	Rating (as of)	Price (11/26/2009)
Anil Agarwal		
AXIS Bank (AXBK.BO)	U (03/31/2008)	Rs999.65
HDFC (HDFC.BO)	O (10/13/2009)	Rs2,755.5
HDFC Bank (HDBK.BO)	E (10/18/2006)	Rs1,758.7
ICICI Bank (ICBK.BO)	E (03/10/2008)	Rs865.5
IDFC (IDFC.BO)	O (09/16/2005)	Rs166.6
State Bank of India (SBI.BO)	O (08/14/2009)	Rs2,252.95
Mansi Shah		
IDBI (IDBI.BO)	U (10/21/2005)	Rs121.3
Mihir Sheth		
Bank of Baroda (BOB.BO)	O (08/28/2009)	Rs546.75
Bank of India (BOI.BO)	O (11/30/2006)	Rs390.1
Canara Bank (CNBK.BO)	E (03/03/2008)	Rs382.4
Corporation Bank (CRBK.BO)	E (03/03/2008)	Rs442.9
Kotak Mahindra Bank (KTKM.BO)	U (08/21/2006)	Rs784.75
Oriental Bank of Commerce (ORBC.BO)	O (02/25/2009)	Rs274.05
Punjab National Bank (PNBK.BO)	O (08/28/2009)	Rs915.25
Reliance Capital (RLCP.BO)	E (08/20/2008)	Rs826.8
Union Bank of India (UNBK.BO)	O (08/28/2009)	Rs271.25
Yes Bank (YESB.BO)	O (10/20/2009)	Rs249.85

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