

BUZZING

STOCK

Bank of India

CMP – Rs.241.00

Analyst

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Key Stock Data

Sensex	15,446
Nifty	4,476
Sector	Banks – Public Sector
Bloomberg	BOI@IN
Reuters	BOI.BO
No. of shares (m)	488
Market Cap (Rs m)	117,642
Market Cap (US\$ m)	2,876
52-week H/L	Rs.276.2/131.2

Shareholding Pattern (%)

Promoters	69.47
Mutual Funds	2.73
FII's	16.12
Corporate Bodies	0.85
Pubic & Others	10.83

Strong 1QFY08

Bank of India's 1QFY08 results were impressive again with a 51% YoY jump in net profit. The loan loss provisions were lower but were overall 18% higher YoY. The NIM's post-amortisation were sequentially lower 55bps at 2.7% and marginally lower YoY. Strong NII growth, good growth in other income, and lower operating expenses has boosted the operating income which has increased 45% YoY.

Expect strong performance in FY08

We expect the bank to keep up the performance with strong business growth, robust margins and good growth in fee income. Operating expenses in FY08 may show a modest growth as a major part of CBS expenses were booked by BoI in FY07. The bank maintains a large workforce, also given its substantial branch network and overseas operations and has presently more than 1,100 branches out of a total 2,845 (including extension counters) under CBS.

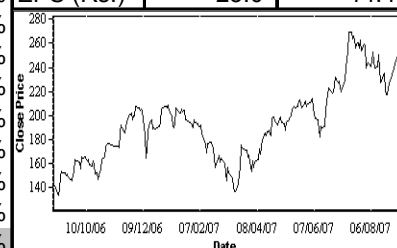
The bank has a good asset quality with GNPA's at 2.3% while NNPA's are at 0.69%. BoI has tried to maintain most of the retail portfolio collateralised. This gives comfort on the asset quality front going forward.

Valuations

At the CMP of Rs.241, the bank's FY07 ABV discounts it 2.3x. Given the pace of growth in bank's profitability, we can expect the bank's ABV to increase to Rs.130-Rs.135 in FY08. Bank of India's fair value therefore lies in the Rs.270-280 range.

Financial Snapshot

	Bank of India			Rs.m			Ratios		
	1QFY08	1QFY07	Chng (%)	FY07	FY06	Chng (%)		FY07	FY06
Interest Income	27,273	20,211	34.9%	91,803	70,287	30.6%	CD	70.8%	69.4%
Interest expended	17,800	12,566	41.7%	57,399	43,967	30.5%	CAR	11.6%	10.8%
NII	9,472	7,644	23.9%	34,405	26,320	30.7%	NIM	3.2%	3.0%
Other Income	3,812	3,107	22.7%	15,630	11,844	32.0%	RoA	0.1%	0.1%
Net Income	13,284	10,751	23.6%	50,034	38,164	31.1%	RoE	21.3%	15.4%
Operating expenses	6,506	6,075	7.1%	26,084	21,151	23.3%	BV (Rs.)	112.8	93.8
Payments to employees	4,134	3,685	12.2%	16,140	13,281	21.5%	EPS (Rs.)	23.0	14.4
Other expenses	2,372	2,389	-0.7%	9,944	7,870	26.4%			
Operating income	6,778	4,676	45.0%	23,950	17,012	40.8%			
Provisions and contg.	1,992	1,685	18.3%	8,621	7,856	9.7%			
NPA provisions	920	1,150	-20.0%	5,569	5,356	4.0%			
Other provisions	1,072	535	100.5%	3,053	2,500	22.1%			
PBT	4,786	2,991	60.0%	15,329	9,157	67.4%			
Taxes	1,634	904	80.7%	4,097	2,142	91.2%			
PAT	3,152	2,087	51.0%	11,232	7,014	60.1%			



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