

# Strong top line drives earnings


**Merrill Lynch**

Rajeev Varma >>  
Research Analyst  
DSP Merrill Lynch (India)  
rajeev\_varma@ml.com

+91 22 6632 8666

## 4QFY07 net up 40% led by strong top line, rising fees

UTI Bank's 4QFY07 net income grew 40%yoy to Rs2.1bn, higher than estimates, led by strong operating profit growth (+63%yoy). Top line grew 48%yoy as loan growth sustained at +65%yoy led by corporate credit demand. Key highlights of results were a) margin expansion of 6bps qoq to 3.06% driven by increasing share of CASA and b) 59%yoy growth in fee income led by both retail (distribution of life insurance products, credit cards and rising client base) and corporate fees.

## Operating efficiency improves; Asset quality a mixed bag

Despite the aggressive network expansion of UTI Bank the opex grew 41%yoy, as the higher opex in the previous few quarters seems to be normalizing. Asset quality was a mixed bag: gross NPL declined 11%qoq to <1% of advances, net NPLs were however flat qoq in absolute terms (0.6% of advances) as the bank seems to have reversed some floating provisions to minimize the impact of additional provision of Rs681mn on account of recent increase in standard provisioning on certain retail loans to 2% from 1% earlier. Tier 1 capital has declined to <6.5% and the bank is likely to raise fresh capital in next 12 months.

## Maintain Buy with PO of Rs600

We are maintaining our earnings growth forecast at 30% CAGR through FY09 (changed by <1%) after factoring in moderation in loan growth and sharper rise in credit costs in sync with our view of an uptick in the NPL cycle. We believe UTI Bank, trading at 3.4x FY08E adj book, could sustain its multiple given its strong earnings trajectory supported by rising ROE (24% in FY08). Hence one year from now we think it could trade at 3.3x FY09E adj book, underpinning our PO of Rs600. Sharp rise in NPL is the key risk to our PO.

## Estimates (Mar)

(Rs)	2005A	2006A	2007E	2008E	2009E
Net Income (Adjusted - mn)	3,346	4,852	6,590	8,685	11,143
EPS	13.24	17.57	23.65	31.16	39.98
EPS Change (YoY)	9.8%	32.7%	34.6%	31.8%	28.3%
Dividend / Share	3.21	3.50	4.50	4.50	5.00
GDR EPS (US\$)	0.295	0.397	0.544	0.743	0.954
GDR Dividend / Share (US\$)	0.071	.081	.107	0.107	0.119

## Valuation (Mar)

	2005A	2006A	2007E	2008E	2009E
P/E	35.2x	26.5x	19.7x	14.9x	11.7x
Dividend Yield	0.688%	0.751%	0.966%	0.966%	1.07%
Pre-exceptional PE	35.18x	26.52x	19.70x	14.95x	11.65x
Price / Book	5.39x	4.52x	3.83x	3.15x	2.55x
RoE / PB	3.50x	4.07x	5.50x	7.34x	9.48x
Price / Pre-Provision Profit	19.71x	11.95x	8.78x	6.67x	5.16x

## Stock Data

Price (Common / GDR)	Rs465.80 / US\$11.30
Price Objective	Rs600.00 / US\$13.50
Date Established	12-Jan-2007 / 12-Jan-2007
Investment Opinion	C-1-7 / C-1-7
Volatility Risk	HIGH / HIGH
52-Week Range	Rs221.50-Rs615.00
Market Value (mn)	US\$3,096
Shares Outstanding (mn)	278.7 / 278.7
Average Daily Volume	178,513
ML Symbol / Exchange	UTBKF / BSE
ML Symbol / Exchange	UTIBY / LIN
Bloomberg / Reuters	UTIB IN / UTBK.BO
ROE (2007E)	21.0%
Total Dbt to Cap (Mar-2006A)	NA
Est. 5-Yr EPS / DPS Growth	30.0% / 20.0%
Free Float	50.0%



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*iQprofile*<sup>SM</sup> **UTI Bank**

Key Income Statement Data (Mar)	2005A	2006A	2007E	2008E	2009E
<b>(Rs Millions)</b>					
Net Interest Income	7,312	10,782	15,671	22,192	29,481
Net Fee Income	3,305	4,889	6,600	9,042	12,026
Securities Gains / (Losses)	(113.41)	1,298	1,857	1,200	700.00
Other Income	966.44	1,109	1,644	2,109	2,707
<b>Total Non-Interest Income</b>	<b>4,158</b>	<b>7,296</b>	<b>10,101</b>	<b>12,351</b>	<b>15,433</b>
Total Operating Income	11,470	18,079	25,772	34,544	44,914
Operating Expenses	(5,814)	(8,141)	(12,146)	(16,521)	(21,559)
<b>Pre-Provision Profit</b>	<b>5,656</b>	<b>9,938</b>	<b>13,626</b>	<b>18,023</b>	<b>23,355</b>
Provisions Expense	(161.60)	(1,718)	(1,418)	(3,273)	(4,698)
<b>Operating Profit</b>	<b>5,495</b>	<b>8,220</b>	<b>12,208</b>	<b>14,750</b>	<b>18,657</b>
Non-Operating Income	(456.50)	(905.60)	(2,245)	(1,650)	(1,850)
<b>Pre-Tax Income</b>	<b>5,038</b>	<b>7,314</b>	<b>9,962</b>	<b>13,100</b>	<b>16,807</b>
Net Income to Comm S/Hold.	3,346	4,852	6,590	8,685	11,143
<b>Adjusted Net Income (Operating)</b>	<b>3,346</b>	<b>4,852</b>	<b>6,590</b>	<b>8,685</b>	<b>11,143</b>

**Key Balance Sheet Data**

Total Assets	377,437	497,311	710,691	961,822	1,242,817
Average Interest Earning Assets	289,863	413,177	579,015	809,760	1,076,677
<b>Weighted Risk Assets</b>	<b>237,995</b>	<b>385,985</b>	<b>577,751</b>	<b>777,535</b>	<b>1,016,586</b>
Total Gross Customer Loans	156,029	223,124	376,054	528,083	709,355
Total Customer Deposits	317,120	401,135	587,860	799,674	1,039,576
<b>Tier 1 Capital</b>	<b>21,110</b>	<b>28,022</b>	<b>33,933</b>	<b>41,238</b>	<b>50,848</b>
Tangible Equity	21,110	28,022	33,933	41,238	50,848
<b>Common Shareholders' Equity</b>	<b>24,082</b>	<b>28,722</b>	<b>33,933</b>	<b>41,238</b>	<b>50,848</b>

**Key Metrics**

Net Interest Margin	2.52%	2.61%	2.71%	2.74%	2.74%
<b>Tier 1 Ratio</b>	<b>8.9%</b>	<b>7.3%</b>	<b>5.9%</b>	<b>5.3%</b>	<b>5.0%</b>
Effective Tax Rate	33.6%	33.7%	33.8%	33.7%	33.7%
Loan / Assets Ratio	41.3%	44.9%	52.9%	54.9%	57.1%
<b>Loan / Deposit Ratio</b>	<b>49.2%</b>	<b>55.6%</b>	<b>64.0%</b>	<b>66.0%</b>	<b>68.2%</b>
Oper Leverage (Inc Growth - Cost Growth)	-34.9%	17.6%	-6.6%	-2.0%	-0.5%
Gearing (Assets / Equity)	15.7x	17.3x	20.9x	23.3x	24.4x
Tangible Common Equity / Assets	5.6%	5.6%	4.8%	4.3%	4.1%
Tangible Common Equity / WRAs	8.9%	7.3%	5.9%	5.3%	5.0%
Revenue Growth	3.8%	57.6%	42.6%	34.0%	30.0%
Operating Expense Growth	38.7%	40.0%	49.2%	36.0%	30.5%
Provisions Expense Growth	-93.6%	963.2%	-17.5%	130.8%	43.6%
Operating Revenue / Average Assets	3.7%	4.1%	4.3%	4.1%	4.1%
Operating Expenses / Average Assets	1.9%	1.9%	2.0%	2.0%	2.0%
<b>Pre-Provision ROA</b>	<b>1.8%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.1%</b>
ROA	1.1%	1.1%	1.1%	1.0%	1.0%
<b>Pre-Provision ROE</b>	<b>31.9%</b>	<b>37.6%</b>	<b>43.5%</b>	<b>48.0%</b>	<b>50.7%</b>
ROE	18.9%	18.4%	21.0%	23.1%	24.2%
RoTE	15.8%	17.3%	19.4%	21.1%	21.9%
RoWRAs	1.4%	1.3%	1.1%	1.1%	1.1%
Dividend Payout Ratio	26.2%	22.1%	20.9%	15.9%	13.8%
<b>Efficiency Ratio (Cost / Income Ratio)</b>	<b>50.2%</b>	<b>48.5%</b>	<b>50.8%</b>	<b>49.5%</b>	<b>48.8%</b>
<b>Total Non-Interest Inc / Operating Inc</b>	<b>36%</b>	<b>40%</b>	<b>39%</b>	<b>36%</b>	<b>34%</b>
Market-Related Revenue / Total Revenues	3.3%	12.0%	11.4%	7.6%	5.6%
Provisioning Burden as % of PPP	2.9%	17.3%	10.4%	18.2%	20.1%
NPLs plus Foreclosed Real Estate / Loans	1.4%	1.0%	0.7%	0.3%	0%
<b>Loan Loss Reserves / NPLs</b>	<b>43.4%</b>	<b>71.9%</b>	<b>57.2%</b>	<b>321.9%</b>	<b>22,648.1%</b>
Loan Loss Reserves / Total Loans	0.6%	0.7%	0.4%	0.9%	1.4%
Provisions Expense / Average Loans	0.1%	0.9%	0.5%	0.7%	0.8%

**Other Metrics**

Income / Employee	2.41	2.76	2.58	4.08	4.85
(Operating Expenses) / Employee	1.22	1.24	1.22	1.95	2.33
Pre-Provision Profit / Employee	1.19	1.52	1.37	2.13	2.52
Net Profit / Employee	0.703	0.740	0.660	1.03	1.20

**Company Description**

UTI Bank, promoted in 1994, is a new generation private sector bank, with a balance sheet size of Rs375bn. It has built a reasonable retail infrastructure, with 340 branches and a wide product range. The bank is poised to leverage on its multi-channel, technology-driven retail network. Well placed in a rising interest rate scenario.

**Stock Data**

Shares / GDR	1.00
Price to Book Value	3.8x

## 4QFY07 Results snapshot

UTI Bank's 4QFY07 net income grew 40%yoy to Rs2.1bn, significantly ahead of ML estimates of 26%yoy growth, led by a better top line, rising fees and improving operating efficiency levels.

### Strong loan growth + margin improvement drives top line

Top line (net interest income) grew 48%yoy led by volume growth (+65%yoy despite the hike in lending rates) and margin expansion of 6bps qoq to 3.06%. UTI Bank, with a relatively lower exposure to retail (v/s other private sector banks) was less impacted by moderation in consumer credit demand and sustained its strong loan growth with increasing corporate credit demand. Margin expansion was led by increasing proportion of low cost demand deposits, as an aggressive expansion of the distribution network (added 80 branches in 4QFY07 to take the total to 561 branches and 2,341 ATMS) drove a sharp increase in retail client base.

### Fee revenues too strong at 59% yoy

Fee income growth of 59%yoy was also higher than estimated as UTI Bank gained traction on distribution of life insurance products (it has recently entered into a tie-up with Metlife insurance company to distribute life insurance products) and also the launch of credit card business (in 3QFY07) started contributing to the fee revenues.

Improvement in operating efficiency (C/I ratio was down 400bpsyoy to 47%) was somewhat surprising as the bank expanded its distribution network and still managed to contain its opex growth to around 40%yoy.

### Improvement in asset quality partly offset by lower NPL provisions

Asset quality improvement was a mixed bag; while the 11%qoq decline in gross NPL (now down to <1% of advances) was positive the Net NPLs were flat qoq (0.6% of advances) in absolute terms as the bank seems to have reversed some floating provisions to minimize the impact of the one time additional provision of Rs681mn on account of the recent RBI directive requiring banks to increase standard provisioning on certain retail loans to 2% from 1% earlier.

Table 1: 4QFY07 Result update

Quarter Ended Mar (Rs mn)	4QFY06	4QFY07	yoy growth	4QFY07 Mle	Remarks
Interest earned	8,327	13,668	64%	13,069	Despite the hike in lending rates loan growth sustained at +65%yoy; also driven by corporate credit demand
Interest Expended	5,198	9,025	74%	8,693	
<b>Net Interest Income</b>	<b>3,129</b>	<b>4,642</b>	<b>48%</b>	<b>4,376</b>	The key positive was margin expansion of 6bps qoq to 3.06%, which was driven by rising lending rates and improving CASA (led by aggressive expansion of distribution network- UTI bank opened 80 branches in 4QFY07).
Other income	2,281	3,011	32%	3,047	
- Fee income	1,624	2,579	59%	2,447	Another encouraging aspect of the result; 59%yoy growth in fees led by retail fees, income from distribution of life insurance and launch of credit card business
- Treasury income	657	432	-34%	600	Treasury gains positively surprised us and were driven by the buoyant equity markets
Operating income	5,409	7,653	41%	7,423	
<b>Total Operating expenses</b>	<b>2,429</b>	<b>3,430</b>	<b>41%</b>	<b>3,788</b>	Opex growth moderated as the bank seems to be leveraging from its expanded distribution network
Employee expenses	625	889	42%	1,050	
Other Operating expenses	1,804	2,541	41%	2,738	
<b>Operating profit</b>	<b>2,981</b>	<b>4,223</b>	<b>42%</b>	<b>3,635</b>	
					UTI Bank provided Rs680mn to increase standard provisions on certain retail loans to 2% (from 1%) in line with a recent RBI directive; actual NPL provisions were lower than estimates, resulting in improvement in net NPLs being lower than improvement in gross NPLs
Provisions and contingencies	682	1,065	56%	900	
PBT	2,299	3,158	37%	2,735	
Provision for Tax	782	1,039	33%	821	
<b>PAT</b>	<b>1,517</b>	<b>2,119</b>	<b>40%</b>	<b>1,914</b>	Net income was significantly higher than estimates on the back of stronger top line, higher fees and better operating efficiency levels
PPP (ex treasury)	2,324	3,791	63%	3,035	

Source: Company Reports, ML Research Estimates

## Earnings to grow 32% in FY08E; 28% in FY09E

We have tweaked our earnings estimates by <1% for FY08 and FY09 despite stronger 4QFY07 results as we have now factored in a slightly sharper moderation in loan growth for UTI Bank to around 37% for FY07 (v/s 45% earlier) and 32% for FY09 (v/s 38% earlier). We still expect earnings to grow at a CAGR of 30% over FY07-09, led by

1. Strong loan growth of 30-40%p.a. largely led by sustained demand for corporate credit and +30% in retail owing to the lower base and sustained buoyancy in non-mortgage retail demand. 70% of the bank's loan portfolio is still comprising corporate loans.
2. Margins are expected to expand by 6-8 bps through FY09 to 2.8% by FY09, driven by a) rising loan yields; and b) improving investment yields.
3. Fee income is estimated to grow +30% CAGR as the bank continues to leverage its expanding retail franchise and also launches new products

### Factored in lower treasury; high NPL provisions

We have, however, factored in a 40% decline in treasury gains and have also factored in higher NPL provisioning building in 40-50% increase in fresh slippages in sync with our view that the asset quality cycle could see an upturn in 12 months. Gross NPLs (as a % of advances) are estimated to increase to 1.4% by FY09; net NPLs are however estimated to decline to become almost negligible by FY09 as the bank continues to make aggressive provisions. Credit costs are estimated to rise significantly from <40bps to around 70bps by FY09.

### Likely to raise capital over the next 12 months

UTI Bank's tier I capital has declined <6.5% in Mar-07, and based on our current projections we expect it to decline to <5.5% by FY08 and hence expect the bank is likely to raise capital within the next 12 months. We have, however, not factored in any impact of implementation of the Basle II norms, which could, result in some savings on tier I capital due to lower risk weights on retail lending.

## Reiterate Buy; PO of Rs600

UTI Bank, trading at 3.4x FY08E adj book, could, in our view, sustain its current multiple going forward, given

1. Strong earnings trajectory of +30% with improved visibility as the bank expands distribution and also penetrates into the smaller towns, including all district headquarters, a key strategy adopted by UTI Bank.
2. Expanding distribution network that should help it enhance its share of low cost deposits, positively impacting its margins (key investor concern) and also generate stronger fee revenues by leveraging on its widening customer base.
3. ROE expanding to +23% by FY08 (not factoring in the capital dilution – post dilution the sustainable ROE, in our view, would be 18-20%)

Hence one year from now we think it could trade at 3.3-3.5x FY09E adj book (15-20% discount to HDFC Bank), implying a price range of Rs600-640, underpinning our PO of Rs600, at the lower end of the valuation range. Sharp rise in NPL is the key risk to our PO.

**Table 2: Income Statement**

Year to March	FY05A	FY06	FY07E	FY08E	FY09E
Interest Income	19,242	28,888	45,604	64,934	86,838
Interest expense	11,930	18,106	29,933	42,742	57,357
<b>Net interest income</b>	<b>7,312</b>	<b>10,782</b>	<b>15,671</b>	<b>22,192</b>	<b>29,481</b>
Other income	4,158	7,296	10,101	12,351	15,433
- <i>Treasury Gains</i>	(113)	1,298	1,857	1,200	700
<b>Total income</b>	<b>11,470</b>	<b>18,079</b>	<b>25,772</b>	<b>34,544</b>	<b>44,914</b>
Operating expenses	5,814	8,141	12,146	16,521	21,559
<b>Pre-provision Profit</b>	<b>5,656</b>	<b>9,938</b>	<b>13,626</b>	<b>18,023</b>	<b>23,355</b>
Total Provision	618	2,624	3,664	4,923	6,548
- <i>Provision for NPL</i>	162	1,718	1,418	3,273	4,698
- <i>Provision for Investments</i>	483	910	2,245	1,650	1,850
<b>PBT</b>	<b>5,038</b>	<b>7,314</b>	<b>9,962</b>	<b>13,100</b>	<b>16,807</b>
Provision for Tax	1,692	2,462	3,372	4,415	5,664
<b>PAT</b>	<b>3,346</b>	<b>4,852</b>	<b>6,590</b>	<b>8,685</b>	<b>11,143</b>

Source: Company Reports, ML Research Estimates

**Table 3: Balance Sheet**

As at March	FY05	FY06	FY07E	FY08E	FY09E
Cash balances	52,760	36,418	38,190	65,780	83,310
Advances	156,029	223,124	368,760	511,800	684,904
Investments	142,749	215,274	268,970	342,442	424,385
Fixed assets	5,184	5,677	6,238	6,238	6,438
Current assets	20,714	16,818	28,532	35,562	43,782
<b>Total Assets</b>	<b>377,437</b>	<b>497,311</b>	<b>710,691</b>	<b>961,822</b>	<b>1,242,817</b>
Equity Capital	2,738	2,787	2,787	2,787	2,787
Reserves & Surplus	21,344	25,935	31,146	38,451	48,061
<b>Shareholders' funds</b>	<b>24,082</b>	<b>28,722</b>	<b>33,933</b>	<b>41,238</b>	<b>50,848</b>
ESOPs	134	134	134	134	134
<b>Deposits</b>	<b>317,120</b>	<b>401,135</b>	<b>587,860</b>	<b>799,674</b>	<b>1,039,576</b>
- Demand deposits	120,457	160,355	234,300	322,368	419,078
- Term deposits	196,663	240,780	353,560	477,306	620,498
Borrowings	25,700	44,695	65,419	91,679	116,438
- Subordinated debt	7,886	17,886	27,886	42,886	57,886
Current liabilities	10,401	22,624	23,345	29,096	35,821
<b>Total Liabilities</b>	<b>377,437</b>	<b>497,311</b>	<b>710,691</b>	<b>961,822</b>	<b>1,242,817</b>

Source: Company Reports, ML Research Estimates

**Table 4: Key Ratios**

Key Ratios	FY05	FY06	FY07E	FY08E	FY09E
EPS	13.24	17.57	23.65	31.16	39.98
<i>Earnings growth</i>	2%	42%	36%	32%	28%
CEPS	15.2	20.7	27.8	36.3	46.4
PPP / Share	23.6	39.0	53.0	69.8	90.3
BV/share	88.0	103.1	121.8	148.0	182.5
Adjusted BV / Share	80.0	95.2	112.2	142.6	182.3
ROAA	1.1%	1.1%	1.1%	1.0%	1.0%
ROAE	18.9%	18.4%	21.0%	23.1%	24.2%
NIM	2.5%	2.61%	2.72%	2.78%	2.79%
Gross NPLs	2.0%	1.7%	1.1%	1.2%	1.4%
Net NPLs	1.4%	1.0%	0.7%	0.3%	0.0%
Coverage	30%	42%	36%	76%	100%
Capital Adequacy Ratio	12.7%	11.1%	11.6%	10.8%	10.7%
- Tier I CAR	8.9%	7.3%	6.4%	5.3%	5.0%
C/D ratio	49%	56%	63%	64%	66%
Cost-Income ratio (Excl Treasury)	50%	48.5%	50.8%	49.5%	48.8%
Other Inc (Excl treasury) / Total Inc (Excl Treasury)	18.2%	17.2%	15.3%	14.7%	14.5%
Cost Asset Ratio	1.5%	1.6%	1.7%	1.7%	1.7%
Loan Growth	67%	43%	65%	39%	34%
Equity / Assets	6.4%	5.8%	4.8%	4.3%	4.1%
Equity / Loans	15.4%	12.9%	9.2%	8.1%	7.4%
Provision/ Loans	0.10%	0.77%	0.38%	0.64%	0.69%
CASA	38%	40%	40%	40%	40%
Tax rates	34%	34%	34%	34%	34%
Yield on Advances	7.8%	8.1%	9.1%	9.4%	9.4%
Yield on Investments	7.1%	7.2%	7.2%	7.4%	7.4%
Cost of Funds	4.2%	4.6%	5.4%	5.5%	5.6%
Divid per share	3.2	3.5	4.5	4.5	5.0
Divid. Payout	26%	22%	21%	16%	14%
Dividend Yield	0.7%	0.7%	0.9%	0.9%	1.0%
P/E	35.2	26.5	20.30	15.40	12.01
P/ PPP	20.3	12.3	9.1	6.9	5.3
P/ABV	6.00	5.04	4.28	3.37	2.63

Source: Company Reports, ML Research Estimates

## Price Objective Basis & Risk

UTI Bank, trading at 3.4x FY08E adj book could, in our view, sustain its current multiple going forward, given its strong earnings trajectory and rising ROE.

Hence one year from now we think it could trade at 3.3-3.5x FY09E adj book (15-20% discount to HDFC Bank), implying a price range of Rs600-640, underpinning our PO of Rs600, at the lower end of the valuation range. Sharp rise in NPL is the key risk to our PO

## Analyst Certification

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18 April 2007

## *iQmethod*<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### Numerator

NOPAT = (EBIT + Interest Income) \* (1 - Tax Rate) + Goodwill

Amortization

Net Income

Operating Profit

Expected 5-Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

### Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt, Less Cash &amp; Equivalents

EBIT

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price \* Current Shares + Minority Equity + Net Debt + Sales

Other LT Liabilities

Enterprise Value

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap. = Current Share Price \* Current Basic Shares

Basic EBIT + Depreciation + Amortization

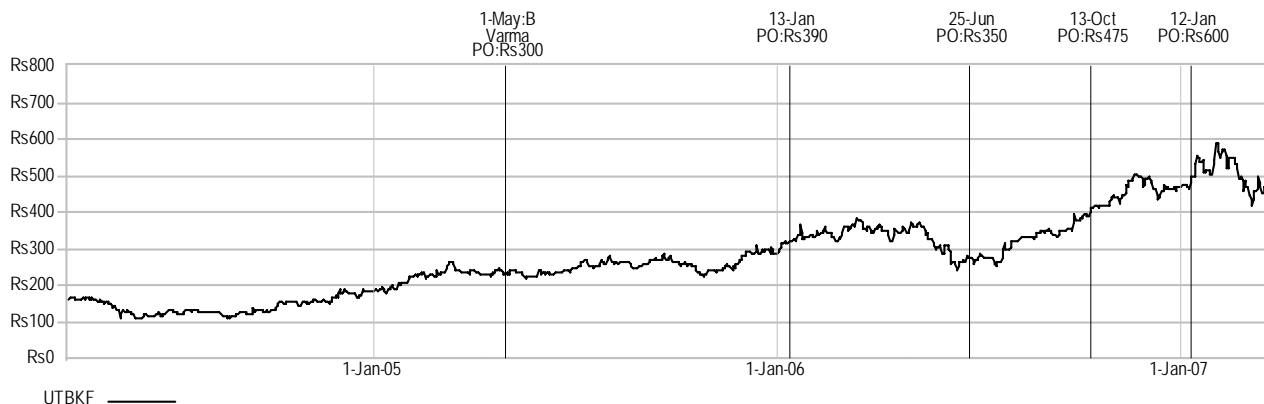
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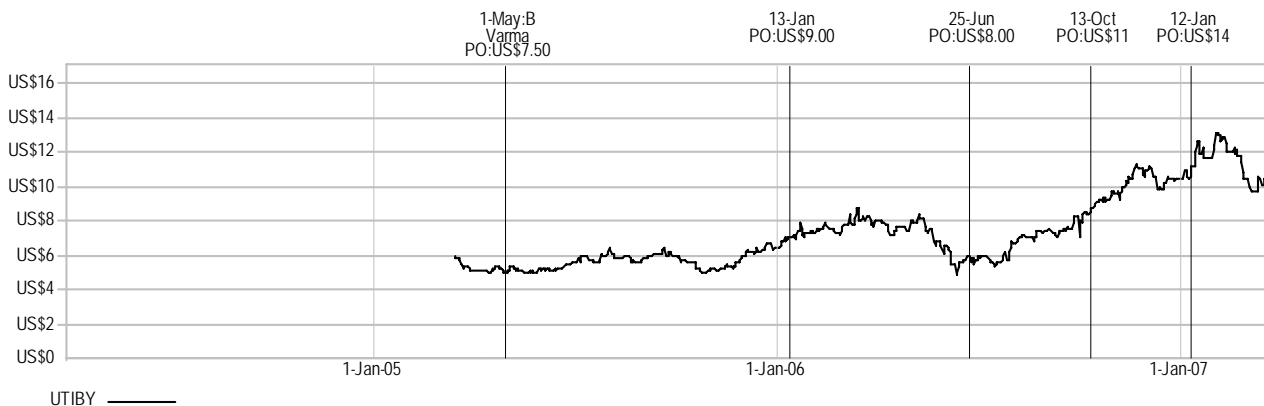
### UTBKF Price Chart



B : Buy, N : Neutral, S : Sell, PO : Price objective, NA : No longer valid

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark Grey shading indicates the security is restricted with the opinion suspended. Light Grey shading indicates the security is under review with the opinion withdrawn. Chart current as of March 31, 2007 or such later date as indicated.

### UTIBY Price Chart



B : Buy, N : Neutral, S : Sell, PO : Price objective, NA : No longer valid

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark Grey shading indicates the security is restricted with the opinion suspended. Light Grey shading indicates the security is under review with the opinion withdrawn. Chart current as of March 31, 2007 or such later date as indicated.

### Investment Rating Distribution: Banks Group (as of 31 Mar 2007)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	119	44.57%	Buy	49	52.13%
Neutral	122	45.69%	Neutral	57	54.81%
Sell	26	9.74%	Sell	14	58.33%

### Investment Rating Distribution: Global Group (as of 31 Mar 2007)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1562	45.16%	Buy	415	30.09%
Neutral	1615	46.69%	Neutral	446	30.65%
Sell	282	8.15%	Sell	49	19.76%

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