



South Indian Bank

BSE SENSEX	S&P CNX	CMP: INR23	TP: INR27	Buy						
17,025	5,118									
Bloomberg	SIB IN									
Equity Shares (m)	1130.1									
52-Week Range (INR)	30/17									
1,6,12 Rel.Perf.(%)	-1/13/2									
M.Cap. (INR b)	26.4									
M.Cap. (USD b)	0.5									
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	7,768	2,338	2.1	20.0	-	13.0	-	-	1.0	17.0
3/11A	9,878	2,926	2.6	25.2	9.0	15.0	1.6	1.6	1.0	18.5
3/12E	12,190	3,673	3.3	25.5	7.2	17.5	1.3	1.4	1.0	20.0
3/13E	14,270	4,343	3.8	18.2	6.1	20.5	1.1	1.2	0.9	20.2

South Indian Bank (SIB) reported 2QFY12 PAT of INR950m, up 23% YoY (14% higher than our estimate) led by higher than estimated NII. Sharp improvement in NIM of 40bp QoQ led to NII growth of 31% YoY (up 26% QoQ) to INR2.6b (21% above our estimate). Lower-than-expected non-interest income (INR531m against our estimate of INR568m) and higher-than-expected opex of INR1.5b partially negated the impact of higher NII.

- Loans grew 5% QoQ and 30% YoY to INR230b, while deposits grew 4% QoQ and 32% YoY to INR330b. CD ratio improved marginally to 70.7% v/s 70% in 1QFY12.
- Reported NII grew 26% QoQ to INR2.6b (higher than our estimate of INR2.1b). Margins for 1HFY12 stood at 2.97%. Derived margins improved 40bp QoQ to 3.17%. While the cost of deposits increased marginally by 12bp QoQ to 7.72%, yield on loans improved 72bp QoQ to 12.47%, leading to higher margins.
- In absolute terms, GNPA declined 3% QoQ while in percentage terms GNPA declined by 8bp to 0.99%. Provision coverage (excluding technical write offs) improved to ~75% v/s 73% in 1QFY12.
- CASA grew 4% QoQ and 18% YoY to INR70.4b.
- Non-interest income grew 18% YoY to INR531m against our estimate of INR568m. Fee income growth moderated to 3% YoY (up 10% QoQ) to INR350m. Income from forex increased to INR68m from INR49m in 1QFY12.

Valuation and view: With increasing presence, healthy growth and robust asset quality, SIB is well positioned to reap the benefits of strong economic growth. We expect SIB to report EPS of INR3.3 and BV of INR17.5 in FY12, and EPS of INR3.8 and BV of INR20.5 in FY13. We expect SIB to sustain RoA at 0.9%+ and RoE to be ~20% in FY12 and FY13. The stock trades at P/BV 1.3x FY12E BV and 1.1x of its FY13E BV. Maintain **Buy** with the target price of INR27.

SIB: Quarterly Performance

	FY11				FY12				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY11	FY12E
Interest Income	5,401	5,795	6,227	7,037	7,687	8,773	9,274	9,936	24,460	35,669
Interest Expense	3,728	3,822	4,179	4,821	5,638	6,185	6,655	7,263	16,549	25,740
Net Interest Income	1,674	1,973	2,048	2,216	2,050	2,588	2,619	2,673	7,911	9,930
% Change (YoY)	9.8	19.4	19.2	181.0	22.5	31.1	27.9	20.6	39.2	25.5
Other Income	417	449	497	605	516	531	580	634	1,967	2,261
Net Income	2,090	2,422	2,545	2,821	2,566	3,119	3,199	3,307	9,878	12,190
% Change (YoY)	0.3	5.0	18.4	129.9	22.8	28.8	25.7	17.2	27.2	23.4
Operating Expenses	1,046	1,174	1,116	1,289	1,135	1,455	1,421	1,430	4,625	5,441
Operating Profit	1,044	1,248	1,429	1,532	1,431	1,663	1,778	1,877	5,253	6,749
% Change (YoY)	-2.3	-6.8	20.9	196.9	37.1	33.3	24.4	22.5	27.9	28.5
Other Provisions	167	68	298	264	208	238	340	397	798	1,184
Profit Before Tax	877	1,180	1,130	1,268	1,223	1,425	1,437	1,479	4,455	5,565
Tax Provisions	293	410	377	450	398	476	503	515	1,529	1,892
Net Profit	584	770	754	818	825	950	934	964	2,926	3,673
% Change (YoY)	-2.8	6.1	20.7	111.7	41.2	23.3	24.0	17.9	25.2	25.5
Deposit Growth (%)	25.1	27.3	30.8	29.2	35.5	31.8	28.5	26.0	29.2	26.0
Loan Growth (%)	32.7	35.7	29.2	29.5	31.7	29.9	28.4	28.0	29.5	28.0
CD Ratio (%)	72.4	71.9	71.1	70.0	70.0	70.7	70.9	70.7	70.0	70.7
Net Interest Margin (Reported, %)	2.8	3.2	3.1	3.2	2.8	3.2			3.1	
Net Interest Margin (Cal, %)	2.8	3.2	3.1	3.1	2.7	3.3	3.1	3.0	3.0	2.9
Tax Rate (%)	33.4	34.7	33.3	35.5	32.6	33.4	35.0	34.8	34.3	34.0
Gross NPA	1.3	1.3	1.3	1.1	1.1	1.0	1.1	1.2	1.1	1.2

E: MOSL Estimates

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

Y/E March	2QFY12A	2QFY12E	Var. (%)	Comments
Net Interest Income	2,588	2,138	21	Margin increase of ~40bp QoQ - a positive surprise
% Change (YoY)	31	8		
Other Income	531	568	-7	Fees disappoints
Net Income	3,119	2,706	15	
Operating Expenses	1,455	1,208	20	Opex significantly above est
Operating Profit	1,663	1,498	11	
% Change (YoY)	33	20		
Other Provisions	238	240	-1	Higher MTM leading to inline provisions
Profit before Tax	1,425	1,258	13	
Tax Provisions	476	428	11	
Net Profit	950	830	14	Margin expansion leading to positive surprise
% Change (YoY)	23	8		

Source: Company/MOSL

Business growth remains strong: Loans grew 5% QoQ and 30% YoY to INR230b, while deposits grew 4% QoQ and 32% YoY to INR330b. CD ratio improved marginally to 70.7% from 70% in 1QFY12. Incremental CD ratio was 84.5%. Management has guided for loan growth of ~27% and deposit growth of ~21% (above the industry average) for FY12. SIB expects to maintain its CD ratio at ~72%. CASA grew 4% QoQ and 18% YoY to INR70.4b. While SA deposits grew 18% YoY (up 5% QoQ), CA deposits grew 17% YoY (but declined 4% QoQ). Calculated CASA fell ~17bp QoQ to 21.3%.

Strong improvement in margins (40bp QoQ) boost NII growth: NII grew 26% QoQ to INR2.6b (higher than our estimate of INR2.1b). 1HFY12 margins stood at 2.97%. Derived margins improved 40bp QoQ to 3.17%. While cost of deposits increased marginally by 12bp QoQ to 7.72%, yield on loans improved 72bp to 12.47% leading to higher margins. Since May 2011, the bank increased its base rate and PLR by ~90bp leading to a sharp improvement in yield on loans. Yield on investments improved to 6.77% v/s 6.69% a quarter ago. The management intends to maintain margins at 3% in FY12.

Asset quality improves QoQ: In absolute terms, GNPA declined 3% QoQ and in percentage terms GNPA declined by 8bp to 0.99%. NNPA, in percentage terms, declined by 4bp to 0.25% (down 8% QoQ in absolute terms). Provision coverage (excluding technical write offs) improved to ~75% from 73% in 1QFY12. Provisions for 2QFY12 were in line with our estimate, at INR238m. During the quarter, the bank restructured loans worth INR810m (~0.4% of loan book) largely pertaining to micro finance segment. The management does not foresee stress on its asset quality.

Non-interest income lower than our estimate, though up 18% YoY: Non-interest income grew 18% YoY to INR531m against our estimate of INR568m. Fee income growth moderated to 3% YoY (up 10% QoQ) to INR350m. Income from forex increased to INR68m from INR49m in 1QFY12. Treasury gains declined to INR113m from INR149m in 1QFY12 and INR62m in 2QFY11.

Other highlights: (1) SIB continues to have strong capitalization, with CAR at 13.5% and tier-I CAR at ~10.8%; (2) Contingent liability due to disputed income tax liability was ~INR1.2b for which no provision has been made.

Valuation and view

SIB has been growing at a healthy rate with stable/improving operating parameters. Margins improved sharply in 2QFY12. Consistent and improving performance on asset quality increases our comfort. Recently the bank passed a resolution allowing it to raise equity of INR10b through a QIP, which could provide further cushion to margins. However we are not factoring in a dilution in our estimates.

With increasing presence, healthy growth and robust asset quality, we believe SIB is well positioned to reap the benefits of strong economic growth. Key risks are: (1) lower share of fee income, (2) higher reliance on gold loans and (3) slippages and credit cost being at its lowest level in past three years, have an upside risk.

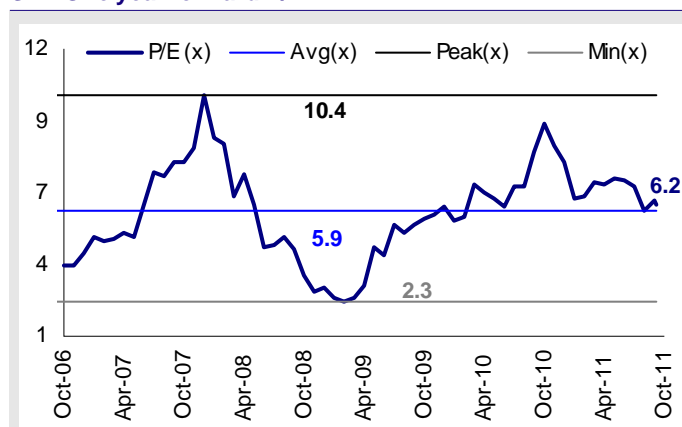
We expect SIB to post EPS of INR3.3 and BV of INR17.5 in FY12, EPS of INR3.8 and BV of INR20.5 in FY13. We expect SIB to sustain RoA at 0.9%+ and RoE at ~20% in FY12 and FY13. The stock trades at P/BV 1.3x FY12E BV and 1.1x of its FY13E BV. Maintain **Buy** with a target price of INR27 (a 14% upside).

We upgrade earning estimates by 5%+ to foster in higher than expected NII growth (INR b)

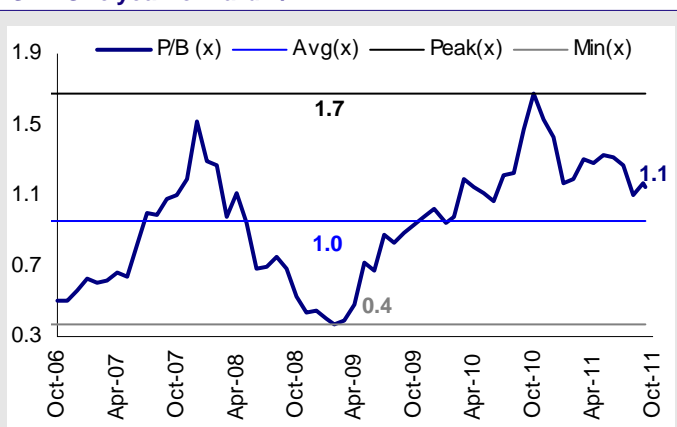
	Old Estimates		Revised Estimates		Change (%)	
	FY12	FY13	FY12	FY13	FY12	FY13
Net Interest Income	8.9	10.9	9.9	11.7	12.1	7.3
Other Income	2.4	2.8	2.3	2.6	-6.2	-5.8
Total Income	11.3	13.6	12.2	14.3	8.2	4.6
Operating Expenses	5.0	5.8	5.4	6.2	8.7	7.0
Operating Profits	6.3	7.8	6.7	8.0	7.7	2.9
Provisions	1.1	1.4	1.2	1.5	10.3	0.7
PBT	5.2	6.4	5.6	6.6	7.1	3.4
Tax	1.8	2.2	1.9	2.2	7.1	3.4
PAT	3.4	4.2	3.7	4.3	7.1	3.4
Loans	260	325	262	328	0.8	0.8
Deposits	374	464	374	464	0.0	0.0
RoA	0.9	0.9	1.0	0.9		
RoE	18.7	19.8	20.0	20.2		

Source: Company/MOSL

SIB: One year forward P/E

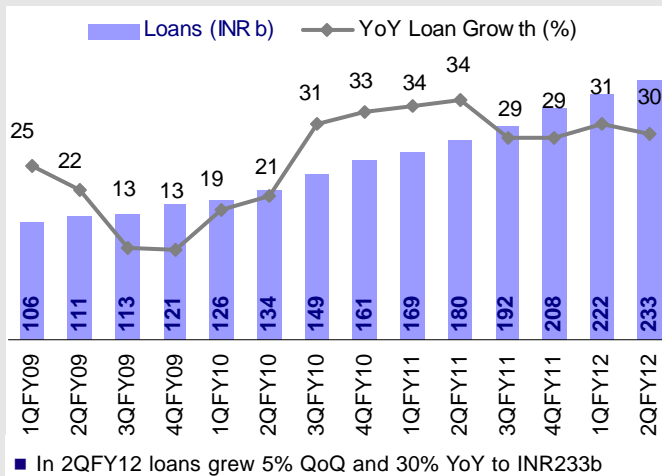


SIB: One year forward P/BV

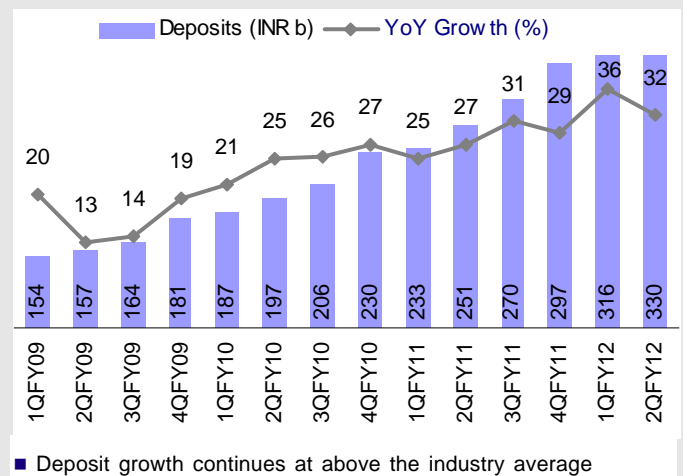


Quarterly trends

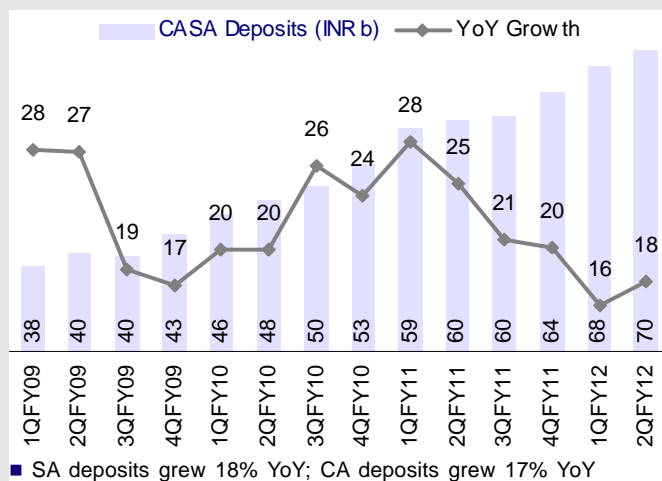
Strong loan growth



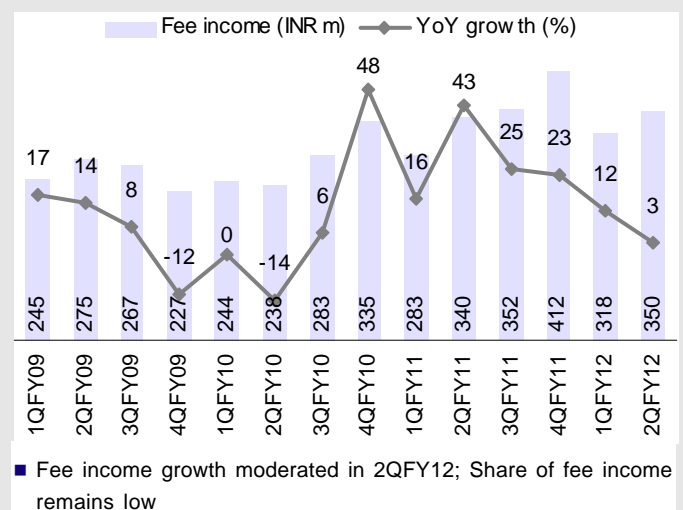
Deposit growth remain strong



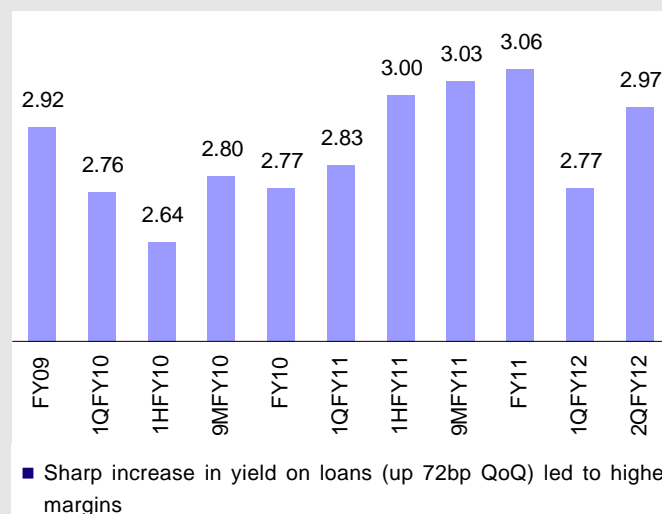
Trend in CASA deposits



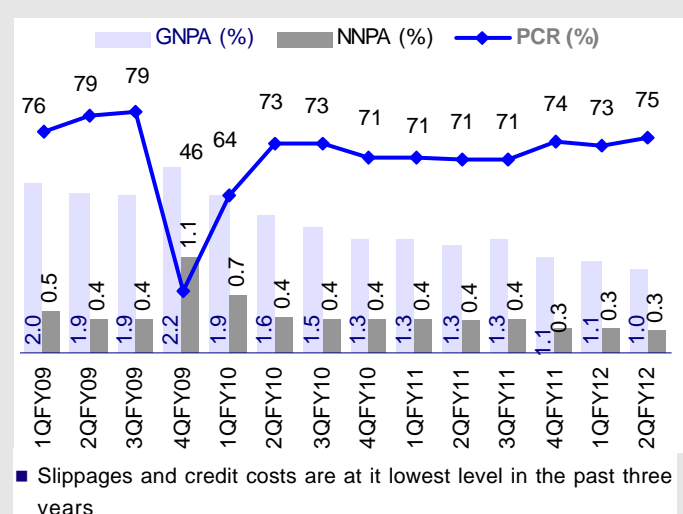
Fee income growth moderates



Margins improve sharply QoQ



Asset quality remains healthy



Quarterly Snapshot

	FY11				FY12		Variation (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY	1HFY11	1HFY12	YoY Gr (%)
Profit and Loss (INR m)											
Interest Income	5,401	5,795	6,227	7,037	7,687	8,773	14	51	11,196	16,460	47
Loans	4,211	4,556	4,966	5,567	6,100	7,019	15	54	8,767	13,119	50
Investment	1,096	1,164	1,232	1,324	1,440	1,515	5	30	2,260	2,956	31
Others	94	75	29	147	147	238	62	218	169	385	128
Interest Expenses	3,728	3,822	4,179	4,821	5,638	6,185	10	62	7,550	11,822	57
Net Interest Income	1,674	1,973	2,048	2,216	2,050	2,588	26	31	3,647	4,637	27
Other Income	417	449	497	605	516	531	3	18	865	1,047	21
Trading profits	92	62	97	139	149	113	-24	82	154	262	70
Forex Income	41	46	48	55	49	68	37	46	88	117	34
Fee income	283	340	352	412	318	350	10	3	623	668	7
Total Income	2,090	2,422	2,545	2,821	2,566	3,119	22	29	4,512	5,685	26
Operating Expenses	1,046	1,174	1,116	1,289	1,135	1,455	28	24	2,220	2,590	17
Employee	675	774	691	759	690	877	27	13	1,449	1,568	8
Others	372	400	426	530	444	578	30	45	771	1,022	33
Operating Profits	1,044	1,248	1,429	1,532	1,431	1,663	16	33	2,292	3,095	35
Provisions	167	68	298	264	208	238	14	250	235	447	90
PBT	877	1,180	1,130	1,268	1,223	1,425	17	21	2,057	2,648	29
Taxes	293	410	377	450	398	476	19	16	703	874	24
PAT	584	770	754	818	825	950	15	23	1,354	1,774	31
Asset Quality											
GNPA	2,231	2,277	2,536	2,303	2,364	2,305	-3	1	2,277	2,305	1
NNPA	648	671	743	600	635	583	-8	-13	671	583	-13
GNPA (%)	1.3	1.3	1.3	1.1	1.1	1.0	-8	-28	1.3	1.0	-28
NNPA (%)	0.4	0.4	0.4	0.3	0.3	0.3	-4	-13	0.4	0.3	-13
PCR (Calculated, %)	71	71	71	74	73	75					
Credit Cost (%)	0.27	0.03	0.42	-0.08	0.05	0.00					
Ratios (%)											
Non Int. to Total Income	19.9	18.5	19.5	21.4	20.1	17.0			19.2	18.4	
Cost to Core Income	53.5	50.7	46.5	49.1	47.9	49.5			49.2	45.6	
Tax Rate	33.4	34.7	33.3	35.5	32.6	33.4			34.2	33.0	
Loan/Deposit	72.4	71.9	71.1	70.0	70.0	70.7					
CASA Reported	25.1	23.9	22.4	21.5	21.5	21.3					
CAR	16.0	15.9	14.9	14.0	13.5	13.5					
Tier I	13.1	13.1	12.3	11.3	10.9	10.8					
Cumulative Margins (%) - Reported											
Yield on loans	10.8	10.6	10.7	10.9	11.8	12.1	36	150	10.69	11.93	124
Yield on Investments	6.1	6.3	6.4	6.4	6.7	6.7	4	44	6.20	6.71	52
Cost of Deposits	6.4	6.3	6.4	6.6	7.6	7.7	6	132	6.39	7.63	125
Margins	2.8	3.0	3.0	3.1	2.8	3.0	20	-3	2.92	2.87	-4
Balance Sheet (INR B)											
Gross Advances	169	180	192	208	222	233	5	30			
Deposits	233	251	270	297	316	330	4	32			
CASA Deposits	59	60	60	64	68	70	4	18			
Savings Account	47	49	50	52	55	58	5	18			
Current Account	11	11	11	12	13	13	-4	17			
NRE Deposits	38	37	37	39	40	40	0	7			
As a % to total deposits	16.1	14.7	13.7	13.1	12.5	12.0	-54	-273			

Source: Company/MOSL

Stock Info

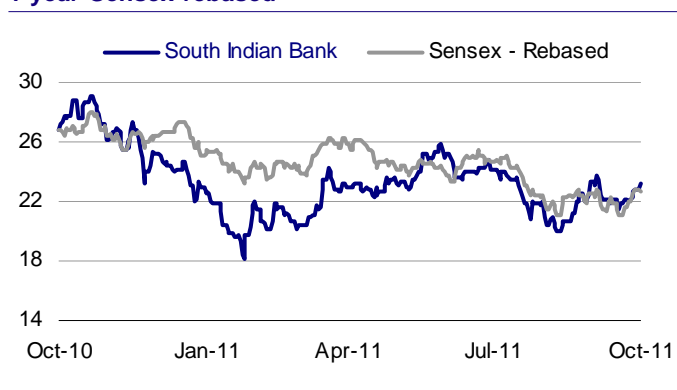
EPS: MOSL forecast v/s consensus (Rs)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	3.3	2.9	10.4
FY13	3.8	3.6	8.0

Shareholding pattern (%)

	Jun-11	Mar-11	Jun-10
Promoter	0.0	0.0	0.0
Domestic Inst	9.6	10.5	11.3
Foreign	38.8	36.2	40.3
Others	51.6	53.4	48.4

1-year Sensex rebased



Banking: 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
ICICI*	Buy	898	20.9	56	66	12.2	10.0	1.7	1.5	1.5	1.5	14.1	15.1
HDFCB	Neutral	478	22.5	22	28	21.5	17.3	3.8	3.2	1.7	1.7	18.9	20.2
Axis	Buy	1,120	9.3	99	115	11.3	9.7	2.1	1.8	1.5	1.5	19.7	19.5
Kotak	Neutral	472	3.5	23	27	19.4	16.4	2.6	2.2	2.2	2.1	15.5	15.7
Yes	Buy	289	2.0	27	33	10.8	8.7	2.2	1.8	1.4	1.3	22.2	22.6
Indusind	Buy	270	2.5	16	20	16.7	13.3	2.8	2.4	1.5	1.5	18.2	19.6
ING Vysya	Buy	314	0.8	29	34	11.0	9.3	1.2	1.1	1.0	1.0	13.5	12.4
Federal	Buy	386	1.3	41	46	9.4	8.4	1.2	1.1	1.3	1.2	13.2	13.4
J&K Bk	Buy	809	0.8	156	179	5.2	4.5	1.0	0.8	1.4	1.3	20.0	19.8
SIB	Buy	23	0.5	3	4	7.2	6.0	1.3	1.1	1.0	0.9	20.0	20.2
Private Aggregate			64			15.1	12.7	2.2	1.9				
SBI (cons)*	Buy	1,892	24.3	220	269	8.2	6.7	1.2	1.1	0.8	0.9	15.7	17.1
PNB	Buy	971	6.2	168	200	5.8	4.9	1.3	1.0	1.3	1.3	24.0	23.5
BOI	Neutral	339	3.7	52	65	6.5	5.2	1.0	0.9	0.7	0.8	16.6	18.2
BoB	Neutral	759	6.0	112	130	6.8	5.8	1.3	1.1	1.1	1.1	20.2	20.0
Canara	Buy	457	4.1	80	95	5.7	4.8	1.0	0.8	1.0	1.0	18.2	18.5
Union	Buy	250	2.7	51	61	4.9	4.1	1.0	0.8	1.1	1.1	22.2	22.3
IOB	UR	99	1.2	22	25	4.5	4.0	0.7	0.6	0.7	0.7	15.8	16.1
OBC	Buy	305	1.8	53	69	5.7	4.5	0.8	0.7	0.9	1.0	14.4	16.4
Indian Bk Corporation	Buy	209	1.8	44	52	4.7	4.0	1.0	0.8	1.4	1.4	21.5	21.4
Andhra Bk	Buy	121	1.4	26	28	4.6	4.3	0.9	0.8	1.2	1.1	21.1	19.5
IDBI *	Neutral	106	2.1	19	21	4.3	3.9	0.6	0.5	0.7	0.7	13.7	14.0
Dena Bank	Buy	76	0.5	20	24	4.3	3.5	0.6	0.5	0.9	0.9	17.9	18.4
Public Aggregate			57			7.1	5.9	1.1	1.0				
HDFC*	Neutral	673	19.9	28	32	17.2	14.3	4.8	4.4	2.8	2.8	27.1	29.4
LICHF	Buy	237	2.3	23	28	10.1	8.4	2.2	1.9	2.0	1.9	24.2	24.3
DHFL	Buy	223	0.5	36	43	6.3	5.2	1.2	1.0	1.6	1.5	22.0	20.6
IDFC	Neutral	124	3.7	9.7	11.7	12.7	10.6	1.4	1.2	2.8	2.8	12.9	13.7
REC	Buy	174	3.5	29	35	6.0	4.9	1.2	1.0	3.1	3.1	20.9	22.0
PFC	Buy	146	3.4	22	27	6.6	5.3	0.9	0.8	2.6	2.6	16.2	16.6
STF	Buy	608	2.8	61	71	9.9	8.6	2.3	1.8	3.1	3.0	25.3	23.5
MMFSL	Neutral	635	1.3	58	70	10.9	9.1	2.2	1.9	4.4	4.3	22.0	22.3
NBFC Aggregate			37			12.4	10.3	3.0	2.5				

* Multiples adjusted 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	2008	2009	2010	2011	2012E	2013E
Interest Income	12,912	16,869	19,357	24,460	35,669	45,263
Interest Expense	9,151	11,640	13,674	16,549	25,740	33,602
Net Interest Income	3,761	5,229	5,683	7,911	9,930	11,661
<i>Change (%)</i>	7.7	39.0	8.7	39.2	25.5	17.4
Non Interest Income	1,426	1,643	2,085	1,967	2,261	2,609
Net Income	5,187	6,872	7,768	9,878	12,190	14,270
<i>Change (%)</i>	15.8	32.5	13.0	27.2	23.4	17.1
Operating Expenses	2,481	3,285	3,662	4,625	5,441	6,235
Pre Provision Profits	2,707	3,587	4,106	5,253	6,749	8,035
<i>Change (%)</i>	18.2	32.5	14.5	27.9	28.5	19.1
Provisions (excl tax)	389	573	433	798	1,184	1,455
PBT	2,318	3,014	3,673	4,455	5,565	6,580
Tax	801	1,066	1,336	1,529	1,892	2,237
<i>Tax Rate (%)</i>	34.6	35.4	36.4	34.3	34.0	34.0
PAT	1,516	1,948	2,338	2,926	3,673	4,343
<i>Change (%)</i>	86.5	28.4	20.0	25.2	25.5	18.2
Profits Post EO	1,489	1,948	2,338	2,926	3,673	4,343
<i>Change (%)</i>	43.0	30.8	20.0	25.2	25.5	18.2
Equity Dividend (Incl tax)	317	397	529	661	816	965
Core PPP*	2,391	3,233	3,326	4,859	6,249	7,485
<i>Change (%)</i>	8.6	35.2	2.9	46.1	28.6	19.8

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

Balance Sheet					(INR Million)	
Y/E MARCH	2008	2009	2010	2011	2012E	2013E
Equity Share Capital	904	1,130	1,130	1,130	1,130	1,130
Reserves & Surplus	10,706	11,910	13,723	17,343	20,199	23,577
Net Worth	11,610	13,040	14,853	18,473	21,329	24,707
<i>Of which Equity Network</i>	11,610	13,040	14,853	18,473	21,329	24,707
Deposits	151,561	180,923	230,115	297,211	374,486	464,362
<i>Change (%)</i>	23.8	19.4	27.2	29.2	26.0	24.0
of which CASA Dep	36,488	43,052	53,233	64,041	76,609	91,647
<i>Change (%)</i>	24.5	18.0	23.6	20.3	19.6	19.6
Borrowings	1,826	4,120	3,310	2,903	4,983	5,849
Other Liabilities & Prov.	5,902	5,711	7,063	9,615	10,382	11,570
Total Liabilities	170,899	203,794	255,340	328,202	411,179	506,488
Current Assets	17,026	20,359	19,877	24,661	34,888	42,736
Investments	45,722	60,752	71,556	89,238	103,516	124,219
<i>Change (%)</i>	33.3	32.9	17.8	24.7	16.0	20.0
Loans	104,537	118,479	158,229	204,887	262,256	327,820
<i>Change (%)</i>	32.0	13.3	33.6	29.5	28.0	25.0
Fixed Assets	1,128	1,363	1,525	3,568	3,795	3,980
Other Assets	2,486	2,841	4,153	5,847	6,725	7,733
Total Assets	170,899	203,794	255,340	328,202	411,179	506,488

Asset Quality						
GNPA (Rs M)	1,885	2,606	2,110	2,303	3,216	4,816
NNPA (Rs M)	340	1,343	616	719	868	1,300
GNPA Ratio	1.78	2.18	1.32	1.12	1.22	1.45
NNPA Ratio	0.32	1.13	0.39	0.35	0.33	0.40
PCR (Excl Tech. write off)	82.0	48.5	70.8	68.8	73.0	73.0

E: MOSL Estimates

Financials and Valuation

Ratios

Y/E MARCH	2008	2009	2010	2011E	2012E	2013E
Spreads Analysis (%)						
Avg. Yield-Earning Assets	9.1	9.7	9.1	9.1	10.6	10.8
Avg. Yield on loans	10.5	11.4	11.0	10.6	12.4	12.6
Avg. Yield on Investments	6.8	6.7	5.7	6.0	6.4	6.6
Avg. Cost-Int. Bear. Liab.	6.6	6.9	6.5	6.2	7.6	7.9
Avg. Cost of Deposits	6.5	6.8	6.5	6.1	7.5	7.9
Interest Spread	2.5	2.8	2.6	2.9	3.0	2.9
Net Interest Margin	2.7	3.0	2.7	3.0	2.9	2.8

Profitability Ratios (%)

RoE	16.1	15.9	17.0	18.5	20.0	20.2
RoA	1.0	1.0	1.0	1.0	1.0	0.9
Int. Expense/Int. Income	70.9	69.0	70.6	67.7	72.2	74.2
Fee Income/Net Income	21.4	18.8	16.8	15.9	14.4	14.4
Non Int. Inc./Net Income	27.5	23.9	26.8	19.9	18.5	18.3

Efficiency Ratios (%)

Cost/Income*	50.9	50.4	52.4	48.8	46.5	45.4
Empl. Cost/Op. Exps.	59.0	65.2	61.8	62.7	61.9	61.8
Busi. per Empl. (Rs m)	54.2	61.4	70.8	79.2	98.1	114.8
NP per Empl. (Rs lac)	3.5	4.3	4.8	5.2	6.3	7.0

* ex treasury

Asset-Liability Profile (%)

Loans/Deposit Ratio	69.0	65.5	68.8	68.9	70.0	70.6
CASA Ratio	24.1	23.8	23.1	21.5	20.5	19.7
Investment/Deposit Ratio	30.2	33.6	31.1	30.0	27.6	26.8
G-Sec/Investment Ratio	79.1	67.0	78.8	76.2	86.8	89.7
CAR	13.8	14.8	15.4	14.0	12.2	10.9
<i>Tier 1</i>	<i>12.1</i>	<i>13.2</i>	<i>12.4</i>	<i>11.3</i>	<i>10.1</i>	<i>9.2</i>

VALUATION

Book Value (INR)	12.8	11.4	13.0	15.0	17.5	20.5
Change (%)	24.9	-11.4	14.1	15.6	16.8	17.0
Price-BV (x)	1.8	2.1	1.8	1.6	1.3	1.1
Adjusted BV (INR)	12.6	10.6	12.6	14.6	17.0	19.8
Price-ABV (x)	1.9	2.2	1.8	1.6	1.4	1.2
EPS (INR)	1.6	1.7	2.1	2.6	3.3	3.8
Change (%)	11.4	4.6	20.0	25.2	25.5	18.2
Price-Earnings (x)	14.2	13.5	11.3	9.0	7.2	6.1
Dividend Per Share (INR)	0.3	0.3	0.4	0.5	0.6	0.7
Dividend Yield (%)	1.3	1.3	1.7	2.1	2.6	3.1

E: MOSL Estimates

N O T E S

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