

State Bank of India

Performance Highlights

Particulars (₹ cr)	1QFY12	4QFY11	% chg (qoq)	1QFY11	% chg (yoy)
NII	9,700	8,058	20.4	7,304	32.8
Pre-prov. profit	7,242	6,080	19.1	6,134	18.1
PAT	1,584	21	7,484.1	2,914	(45.7)

Source: Company, Angel Research

For 1QFY2012, SBI's standalone net profit declined by 45.7% yoy due to higher NPA as well as investment provisioning burden. Results on the PBT level were ~14% above our estimates; however, the bottom line was dented by high effective tax rate of 48.7%. Strong sequential expansion in NIM was the key positive highlight of the results. NII was well above our as well as street's expectations. However, fee income growth was rather muted and slippages remained elevated. **We maintain our Buy recommendation on the stock.**

NIM surprises positively; asset quality continues to disappoint: During 1QFY2012, the bank's business momentum moderated in-line with peers; net advances grew by 1.9% qoq (18.0% yoy) and deposits rose by 1.7% qoq (16.5% yoy). Growth in agricultural loans (25.7% yoy), mid-corporate loans (21.7% yoy) and SME loans (21.2% yoy) was healthy. Saving account deposits accretion was strong at 6.5% qoq (21.3% yoy), driving the 18.8% yoy increase in CASA deposits. CASA ratio stood healthy at 47.9%. The bank surprised positively by reporting a strong 55bp qoq expansion in reported NIM, driven by an 87bp qoq rise in yield on advances as compared to a 40bp qoq increase in cost of deposits. Re-pricing of higher cost deposits contracted in FY2009 and income tax refund of ~₹130cr also aided the margin expansion. The bank continued to disappoint on the asset-quality front, with the annualised gross slippages ratio remaining elevated at 3.3% (2.6% in 1QFY2011). Consequently, gross NPA ratio increased to 3.5% from 3.3% in 4QFY2011; however, net NPA ratio was stable sequentially at 1.61%. The bank's capital adequacy profile continues to be weak with tier-I CAR of 7.6%; however, management appeared confident of raising tier-I capital in FY2012 itself.

Outlook and valuation: The stock is trading at 1.4x FY2013E ABV (adjusting for value of subsidiaries). In our view, the present valuations provide a good entry point considering that the earnings growth outlook (42% EPS CAGR over FY2011-13E) is strong due to lower regulatory provisioning burden, going forward. Hence, we maintain our Buy view with a target price of ₹2,753.

Key financials

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
NII	23,671	32,526	40,375	46,691
% chg	13.4	37.4	24.1	15.6
Net profit	9,166	8,265	12,324	16,655
% chg	0.5	(9.8)	49.1	35.1
NIM (%)	2.5	3.0	3.2	3.2
EPS (₹)	144.4	130.1	194.1	262.3
P/E (x)	15.2	16.9	11.3	8.4
P/ABV (x)	2.3	2.4	2.0	1.7
RoA (%)	0.9	0.7	0.9	1.1
RoE (%)	15.7	13.3	18.9	22.0

Source: Company, Angel Research; Note: Price as on August 12, 2011

BUY

CMP	₹2,193
Target Price	₹2,753

Investment Period	12 Months
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Stock Info

Sector	Banking
Market Cap (₹ cr)	1,39,283
Beta	1.2
52 Week High / Low	3,515/2,123
Avg. Daily Volume	5,13,008
Face Value (₹)	10
BSE Sensex	16,840
Nifty	5,073
Reuters Code	SBI.BO
Bloomberg Code	SBIN@IN

Shareholding Pattern (%)

Promoters	59.4
MF / Banks / Indian FIs	17.4
FII / NRIs / OCBs	13.9
Indian Public / Others	9.3

Abs. (%)	3m	1yr	3yr
Sensex	(8.2)	(6.8)	8.6
SBI	(17.0)	(21.2)	37.7

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Exhibit 1: 1QFY2012 performance

Particulars (₹ cr)	1QFY12	4QFY11	% chg (qoq)	1QFY11	% chg (yoy)
Interest earned	24,197	21,721	11.4	18,452	31.1
- on Advances / Bills	18,256	16,257	12.3	13,422	36.0
- on investments	5,414	5,218	3.8	4,472	21.1
- on balance with RBI & others	166	87	91.2	138	20.6
- on others	361	160	125.7	420	(14.0)
Interest Expended	14,498	13,663	6.1	11,148	30.0
Net Interest Income	9,700	8,058	20.4	7,304	32.8
Other income	3,534	4,815	(26.6)	3,690	(4.2)
Other income excl. treasury	3,365	4,481	(24.9)	3,517	(4.3)
- Fee Income	2,633	3,731	(29.4)	2,410	9.3
- Treasury Income	169	335	(49.5)	173	(2.5)
- Forex Income	331	245	35.4	503	(34.1)
- Others	401	505	(20.5)	604	(33.6)
Operating income	13,234	12,874	2.8	10,994	20.4
Operating expenses	5,991	6,794	(11.8)	4,859	23.3
- Employee expenses	3,717	4,219	(11.9)	3,074	20.9
- Other Opex	2,274	2,575	(11.7)	1,785	27.4
Pre-provision Profit	7,242	6,080	19.1	6,134	18.1
Provisions & Contingencies	4,157	4,157	(0.0)	1,551	168.0
- Provisions for NPAs	2,782	3,264	(14.8)	1,733	60.5
- Provisions for Investments	1,048	304	244.2	(298)	-
- Provisions for Std. Assets	288	631	(54.4)	106	171.9
- Other Provisions	39	(43)	-	10	275.1
PBT	3,086	1,923	60.5	4,583	(32.7)
Provision for Tax	1,502	1,902	(21.0)	1,669	(10.0)
PAT	1,584	21	7,484.1	2,914	(45.7)
Effective Tax Rate (%)	48.7	98.9	(5,024)bp	36.4	1,227bp

Source: Company, Angel Research

Exhibit 2: 1QFY2012 Actual vs. Angel estimates

Particulars (₹ cr)	Actual	Estimates	Var (%)
Net interest income	9,700	8,637	12.3
Non-interest income	3,534	3,881	(8.9)
Operating income	13,234	12,519	5.7
Operating expenses	5,991	5,542	8.1
Pre-prov. profit	7,242	6,977	3.8
Provisions & cont.	4,157	4,270	(2.7)
PBT	3,086	2,707	14.0
Prov. for taxes	1,502	878	71.0
PAT	1,584	1,829	(13.4)

Source: Company, Angel Research

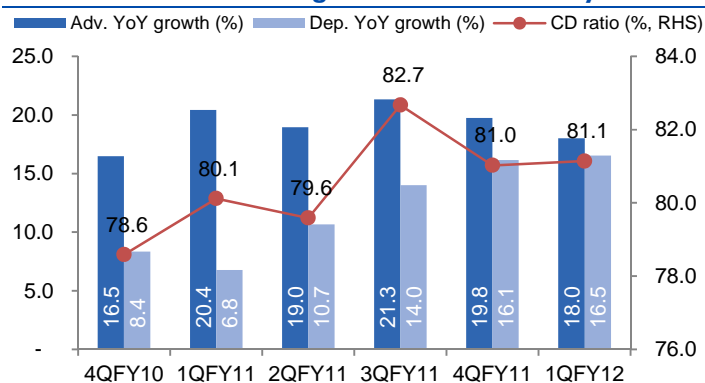
Exhibit 3: 1QFY2012 performance analysis

Particulars	1QFY12	4QFY11	% chg (qoq)	1QFY11	% chg (yoy)
Advances (₹ cr)	7,70,891	7,56,719	1.9	6,53,220	18.0
Deposits (₹ cr)	9,50,072	9,33,933	1.7	8,15,297	16.5
Credit-to-Deposit Ratio (%)	81.1	81.0	12bp	80.1	102bp
Current deposits (₹ cr)	85,971	1,07,059	(19.7)	78,427	9.6
Saving deposits (₹ cr)	3,44,387	3,23,394	6.5	2,83,959	21.3
CASA deposits (₹ cr)	4,30,358	4,30,453	(0.0)	3,62,386	18.8
Reported CASA ratio (%)	47.9	48.7	(77)bp	47.5	38bp
CAR (%)	11.6	12.0	(38)bp	13.5	(194)bp
Tier 1 CAR (%)	7.6	7.8	(17)bp	9.8	(219)bp
Profitability Ratios (%)					
Cost of deposits	5.7	5.3	40bp	5.3	39bp
Yield on advances	10.4	9.6	87bp	9.3	113bp
Reported NIM	3.6	3.1	55bp	3.2	44bp
Cost-to-income ratio	45.3	52.8	(750)bp	44.2	107bp
Asset quality					
Gross NPAs (₹ cr)	27,768	25,326	9.6	20,825	33.3
Gross NPAs (%)	3.5	3.3	24bp	3.1	38bp
Net NPAs (₹ cr)	12,435	12,347	0.7	11,074	12.3
Net NPAs (%)	1.6	1.6	(2)bp	1.7	(9)bp
Provision Coverage Ratio (%)	67.3	65.0	230bp	60.7	655bp
Slippage ratio (%)	3.3	3.6	(31)bp	2.6	68bp
Credit cost (%)	0.9	1.1	(21)bp	0.7	24bp

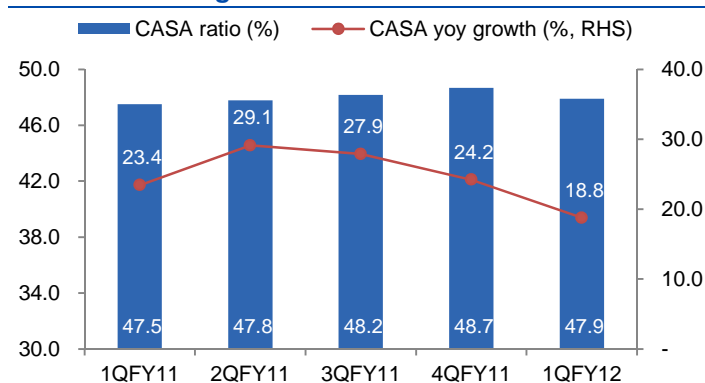
Source: Company, Angel Research

Business traction moderates

During 1QFY2012, the bank's net advances grew by 1.9% qoq and 18.0% yoy, underpinned by healthy 25.7% yoy growth in agricultural advances, 21.7% yoy growth in mid-corporate loans and 21.2% yoy growth in SME loans. Growth in retail loans stood at 17.7% yoy, led by auto (39.9% yoy), education (21.3% yoy) and home (20.4% yoy). The bank's loan book continues to be well diversified, with no segment accounting for more than 21% of the total loan book.

Exhibit 4: YoY advances growth below industry


Source: Company, Angel Research

Exhibit 5: CASA growth moderates


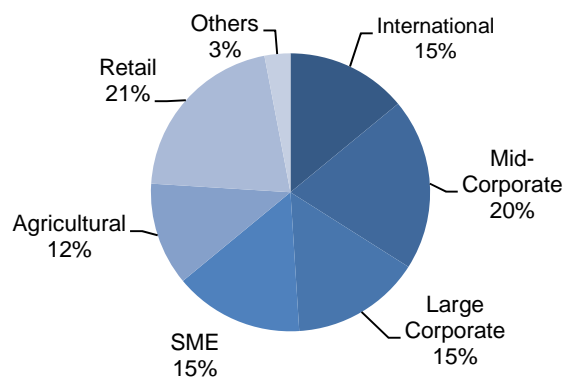
Source: Company, Angel Research

Exhibit 6: Segment-wise advances growth

Segment	(%)
Large corporate	19.4
Mid-corporate	21.7
SME	21.2
Agri	25.7
International	5.3
Home	20.4
Auto	39.9
Education	21.3
Overall advances	18.7

Source: Company, Angel Research

Exhibit 7: Well-diversified loan book



Source: Company, Angel Research

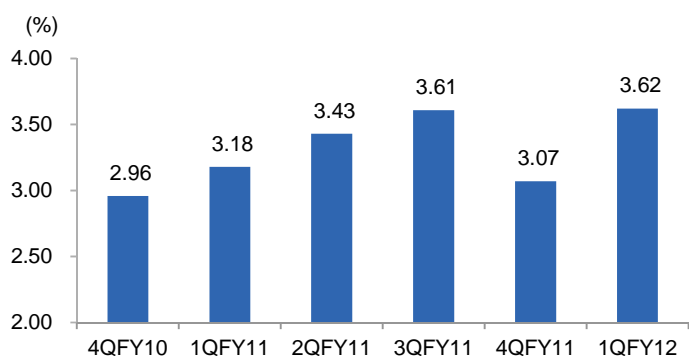
During the quarter, deposits accretion was rather moderate at 1.7% qoq. However, sequential traction in saving account deposits was healthy at 6.5%, which was offset by a 19.7% qoq decline in the volatile current account balances, leading to a flat CASA deposits base on a sequential basis. Even on a yoy basis, saving account deposits growth was healthy at 21.3%, driving CASA deposits growth of 18.8%. CASA ratio stood healthy at 47.9% (48.7% in 4QFY2011 and 47.5% in 1QFY2011).

Strong sequential expansion in NIM on higher yields

The bank surprised positively by reporting a strong 55bp qoq expansion in reported NIM, driven by an 87bp qoq rise in yield on advances as compared to a 40bp qoq increase in cost of deposits. Re-pricing of higher cost deposits contracted in FY2009 and income tax refund of ~₹130cr also aided the margin expansion. Domestic NIM improved by healthy 56bp qoq to 3.89%, while international NIM expanded by 35bp qoq to 1.66%.

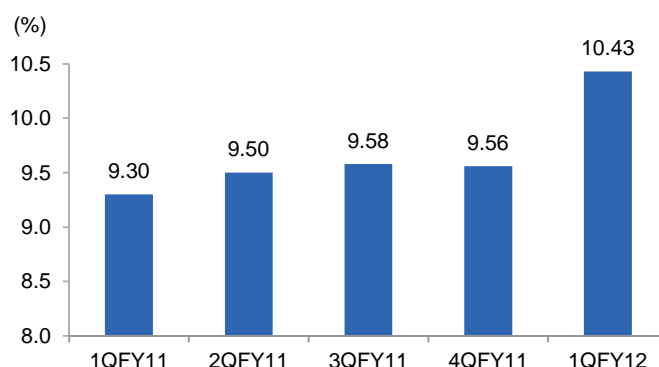
Management is confident of maintaining the bank's NIM in excess of 3.5% levels (3.3% in FY2011) for FY2012 on the back of re-pricing of advances. We have increased our NII estimates by 8–9% for FY2012 and FY2012 to factor in the better-than-expected NIM performance during the quarter and healthy traction in saving deposit accretion.

Exhibit 8: Reported NIM rises sharply by 55bp qoq...



Source: Company, Angel Research

Exhibit 9: ...primarily due to higher yield on advances



Source: Company, Angel Research

Muted non-interest income

Core CEB income growth was weak at 9.3% yoy, as the bank had recently stopped charging processing fees on certain retail loans. Also, management's focus seemed to be more on funded exposures rather than on non-funded exposures, which partly led to lower fee income. Overall non-interest income growth was weak with forex, dividend as well as miscellaneous income declining sharply.

Exhibit 10: Fee income growth disappoints

Particulars (₹ cr)	1QFY12	4QFY11	% chg (qoq)	1QFY11	% chg (yoy)
CEB	2,633	3,731	(29.4)	2,410	9.3
Treasury	169	335	(49.5)	173	(2.5)
Forex	331	245	35.4	503	(34.1)
Dividend	228	163	40.1	377	(39.6)
Others	173	342	(49.4)	227	(23.8)
Other income	3,534	4,815	(26.6)	3,690	(4.2)
Other income excl. treasury	3,365	4,481	(24.9)	3,517	(4.3)

Source: Company, Angel Research

Slippages remain elevated

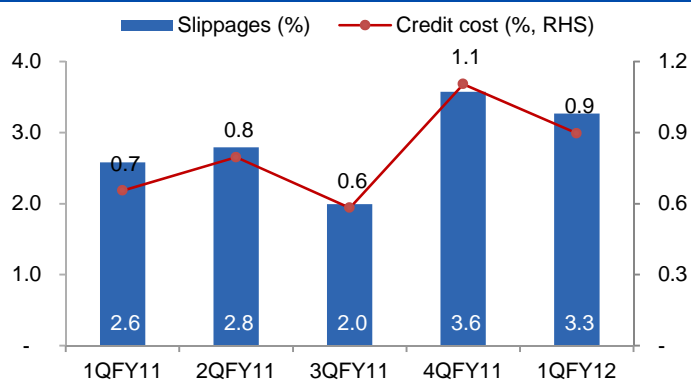
On the asset-quality front, the bank's annualised slippage ratio for the quarter remained at elevated levels of 3%+ levels (3.3%) as compared to 2.6% in 1QFY2011 and 2.8% in FY2011. Slippages were high despite the bank being already on system-based NPA recognition platform. Pressure on slippages was high from the SME, corporate as well as agri segments, with slippages from the SME segment rising from ₹1,423cr in 4QFY2011 to ₹1,961cr, corporate segment's slippages rising from ₹549cr in 1QFY2011 to ₹1,716cr and slippages from the agri segment increasing from ₹1,259cr in 4QFY2011 to ₹1,442cr. Amongst the corporate and SME segments' slippages, major industries contributing to higher slippages were infrastructure, metals, textiles and trading. Total slippages for the quarter amounted to ₹6,180cr compared to ₹5,645cr in 4QFY2011. Slippages from the restructured book during the quarter stood at ₹850cr, taking cumulative slippages to 17.2% of cumulative restructuring. However, due to aggressive recoveries and upgrades (₹3,076cr) during the quarter, the bank was able to contain the increase in gross NPA at 9.6% qoq.

For increasing the provision coverage ratio including technical write-offs to the RBI-mandated 70%, the bank provided ₹550cr during the quarter (equal amount will be provided in 2QFY2012 as well). Consequently, the bank's provision coverage ratio including technical write-offs improved to 67.3% from 65.0% as of 4QFY2011. PCR excluding technical write-offs also improved to 55.2% from 51.3% as of 4QFY2011.

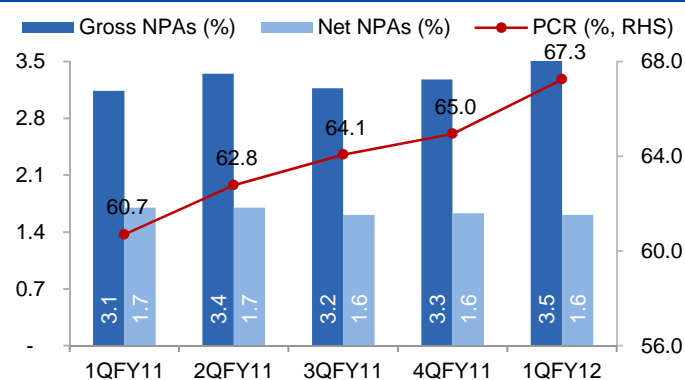
The bank's exposure to state government entities including state electricity boards is relatively lower at ~₹6,500cr with only ₹1,000cr-1,500cr exposure to state electricity distribution companies. Management indicated that it is not seeing any additional stress from this portfolio. However, management sounded cautious on the agricultural loans portfolio.

Management indicated that it does not have exposure to sovereign debt of currently troubled European countries. However, it has ~US\$350mn exposure to PIIGS countries, primarily in the form of trade financing.

Management did not provide guidance on gross slippages but indicated its confidence in containing net NPAs at 1.5% by FY2012-end from 1.61% as of 1QFY2012.

Exhibit 11: Slippages remain elevated


Source: Company, Angel Research

Exhibit 12: Gross NPAs rise above 3.5%


Source: Company, Angel Research

Credit costs for the quarter moderated from the high (1.1%) level of 4QFY2011 but remained elevated at 0.9%. The bank provided ~₹950cr for increased prudential provisioning requirements and ~₹288cr primarily for increased provisioning requirement on restructured advances. The bank had to take a hit of ₹1,048cr towards investment depreciation (~₹700cr on the G-Sec portfolio due to hardening of yields and ~₹300cr for the MTM hit on equity investments) as compared to a write-back of ₹298cr in 1QFY2011.

Exhibit 13: Break-up of provisioning expenses

Particulars (₹ cr)	1QFY12	4QFY11	% chg (qoq)	1QFY11	% chg (yoy)
NPA	2,782	3,264	(14.8)	1,733	60.5
Standard assets	288	631	(54.4)	106	171.9
Investments	1,048	304	244.2	(298)	-
Others	39	(43)	(191.5)	10	275.1
Total Provisions	4,157	4,157	(0.0)	1,551	168.0

Source: Company, Angel Research

Cost ratios normalise

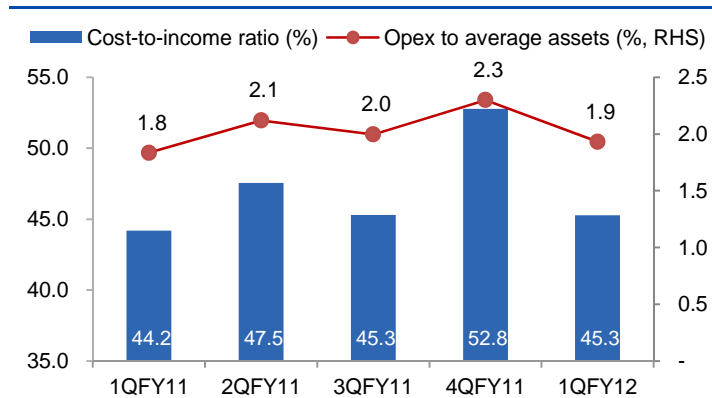
During the quarter, staff expenses rose by 20.9% yoy, primarily due to lower base effect and higher headcount. The bank is confident of maintaining a similar run-rate for employee expenses over the remaining quarters in FY2012. In 1QFY2011, the bank had written back excess wage revision provisions of ₹845cr. Other operating expenses rose by 27.4% yoy, partly due to addition of over 1,000 domestic branches and over 4,000 ATMs over the past one year.

Cost ratios for the bank normalised from the elevated 4QFY2011 levels. The cost-to-income ratio improved to 45.3% and the opex-to-average assets ratio declined to 1.9% during the quarter.

Exhibit 14: Opex growth trends

Particulars (₹ cr)	4QFY11	2QFY11	% chg (qoq)	3QFY10	% chg (yoy)
Payment to employees	2,964	3,318	(10.7)	1,451	104.3
Contrib. for employees	753	901	(16.4)	1,623	(53.6)
Total staff expenses (A)	3,717	4,219	(11.9)	3,074	20.9
Rent, taxes and lighting	453	503	(10.0)	388	16.9
Dep. on property	200	331	(39.7)	197	1.3
Others	1,621	1,740	(6.9)	1,200	35.0
Other opex (B)	2,274	2,575	(11.7)	1,785	27.4
Total opex (A)+(B)	5,991	6,794	(11.8)	4,859	23.3

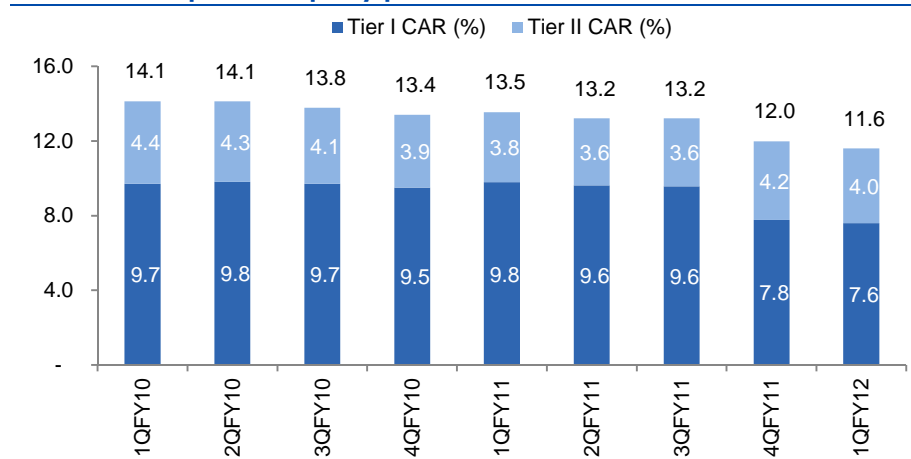
Source: Company, Angel Research

Exhibit 15: Cost ratios normalise


Source: Company, Angel Research

Capital adequacy remains weak; management confident of capital raising in FY2012

Adjustment of nearly ₹8,000cr in reserves on account of pension liability for earlier years in FY2011 had hampered the bank's overall capital adequacy position. Tier-I capital ratio declined further to 7.6%, well below the comfort level of 8%. This may raise concerns of capital constraint going forward, if the proposed rights issue does not go through soon enough. Management seemed confident of the rights issue going through in FY2012 itself.

Exhibit 16: Capital adequacy profile remains weak


Source: Company, Angel Research

Performance overview of subsidiaries

- SBI Life reported PAT of ₹144cr for 1QFY2012, registering growth of 26.8% yoy. According to management, SBI Life stood at the No. 1 position with a market share of 19.8% in private insurance business as of May 2011.
- SBI Capital Markets registered a sharp 46.5% yoy decline in PAT to ₹84cr during 1QFY2012, reflecting the poor capital market activity.
- SBI Cards and Payment Services posted PAT of ₹13cr as compared to PAT of ₹3cr in 1QFY2011.
- SBI DFHI recorded PAT of ₹5cr.
- SBI Funds Management's average quarterly AUM increased by 15% as compared to industry's growth of 6%, leading to improvement in market share to 6.44%.
- SBI Pension Fund's AUM grew by 53.4% yoy to ₹4,210cr.
- During 1QFY2012, the overall SBI Group recorded a 25.3% yoy decline in net profit to ₹2,512cr due to fall in SBI's profits.

Investment arguments

Improving savings market share

Until FY2007, the bank witnessed a significant decline in CASA market share with private sector banks pursuing aggressive branch expansion. However, the bank's market share of savings deposits has expanded substantially by 320bp to 25.5% during FY2007–11 (one of the few PSBs to do so), driven by relatively faster branch expansion (9.1% CAGR vs. 2–5% for most PSBs), leveraging its tremendous trust factor in the country. Even during FY2011, the bank added over 1,000 branches to further bolster its already strong branch network to 13,542 branches.

Strongest fee income among PSU banks

SBI has a relatively strong share of fee income, owing to its strong corporate and government business relationships. In FY2011, the bank continued its dominance with non-interest income/assets at 1.3% (the highest among PSU banks).

Regulatory provisioning burden likely to decline from 2HFY2012

During 1QFY2012, the bank provided for majority of the regulatory provisioning burden. The provision for recent hike in prudential provisioning requirements, hike in provision cover for restructured loans and half of the provision required for achieving the mandated 70% provision coverage ratio have been taken care of in 1QFY2012. In 2QFY2012, the bank is expected to provide ₹550cr towards the balance portion for achieving the 70% PCR. From 2HFY2012, we expect the regulatory provisioning burden to reduce considerably, which should lead to a better bottom-line trajectory for the bank.

Outlook and valuation

We expect SBI to outperform on account of its stronger core competitiveness and likelihood of credit and CASA market share gains, driven by strong capital adequacy and robust branch network of more than 13,500 branches. The bank's sustainable CASA ratio of 45%+ is expected to lead to relatively stronger earnings growth in a rising interest rate environment.

Due to strong CASA market share gains and high fee income, SBI's core RoEs have improved over the past few years and, unlike most other PSBs, actual FY2011 RoEs are below core levels due to low asset yields, providing scope for upside as yields normalise to sectoral averages. We believe, going forward, SBI has ample levers to deliver healthy operating income growth even in a rising interest rate environment as well as manage its provisioning requirements.

We have increased our NII estimates for FY2012–13 by 8–9%, which has been offset by higher opex and provisioning costs including higher tax rate. We have also increased our estimates for slippages from 2.6% to 3.0% for FY2012 and from 2.5% to 2.8% for FY2013. Overall, we have cut our earnings estimates by 3–4% for FY2012 and FY2013.

However, despite the above noted reduction, earnings growth trajectory for the bank is expected to be strong at a 42.0% CAGR over FY2011–13E. We expect provisioning burden to decline from 0.9% of average assets in FY2011 to 0.7% by FY2013E, thereby driving improvement in RoE to 22.0% from 13.3% in FY2011.

At the CMP, the stock is trading at 1.4x FY2013E ABV (adjusting for value of subsidiaries). In our view, the present valuation provides a good entry point considering the earnings growth outlook (expect a 42% EPS CAGR over FY2011–13) is strong due to lower regulatory provisioning burden, going forward. Hence, **we maintain our Buy recommendation on the stock with a target price of ₹2,753 (₹2,776).**

Exhibit 17: SOTP valuation summary

Particulars	Target multiple	Value/share (₹)
SBI	1.80x FY13E ABV	2,263
Associate Banks	1.10x FY13E ABV	297
Life Insurance	15.0x NBP	126
Others (AMC, Cap Mkt, Factors, Cards)		67
SOTP value		2,753

Source: Angel Research

Exhibit 18: Key assumptions

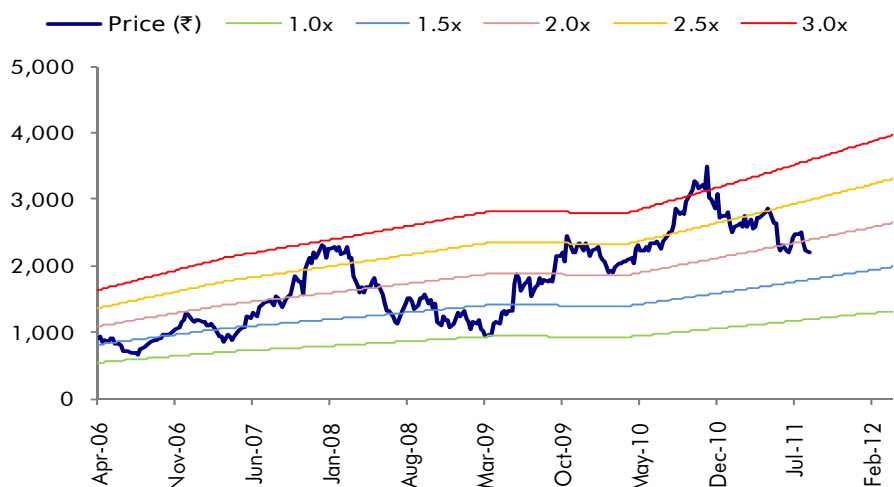
Particulars (%)	Earlier estimates		Revised estimates	
	FY2012	FY2013	FY2012	FY2013
Credit growth	16.0	16.0	16.0	16.0
Deposit growth	17.0	17.0	17.0	17.0
CASA ratio	50.7	52.0	50.7	52.0
NIMs	2.9	2.9	3.2	3.2
Other income growth	11.5	14.9	4.7	17.9
Growth in staff expenses	5.0	17.0	12.0	17.0
Growth in other expenses	17.0	17.0	18.0	17.0
Slippages	2.6	2.5	3.0	2.8
Treasury gain/(loss) (% of investments)	0.2	0.1	0.1	0.2

Source: Angel Research

Exhibit 19: Change in estimates

Particulars (₹ cr)	FY2012			FY2013		
	Earlier estimates	Revised estimates	Var. (%)	Earlier estimates	Revised estimates	Var. (%)
Net interest income	37,076	40,375	8.9	43,260	46,691	7.9
Non-interest income	17,643	16,579	(6.0)	20,245	19,512	(3.6)
Operating income	54,719	56,955	4.1	63,505	66,203	4.2
Operating expenses	25,190	26,289	4.4	29,473	30,759	4.4
Pre-prov profit	29,528	30,665	3.9	34,033	35,445	4.1
Provisions & cont.	10,675	11,912	11.6	8,800	10,994	24.9
PBT	18,853	18,754	(0.5)	25,233	24,451	(3.1)
Prov. for taxes	5,992	6,429	7.3	8,050	7,796	(3.2)
PAT	12,861	12,324	(4.2)	17,183	16,655	(3.1)

Source: Angel Research

Exhibit 20: P/ABV band


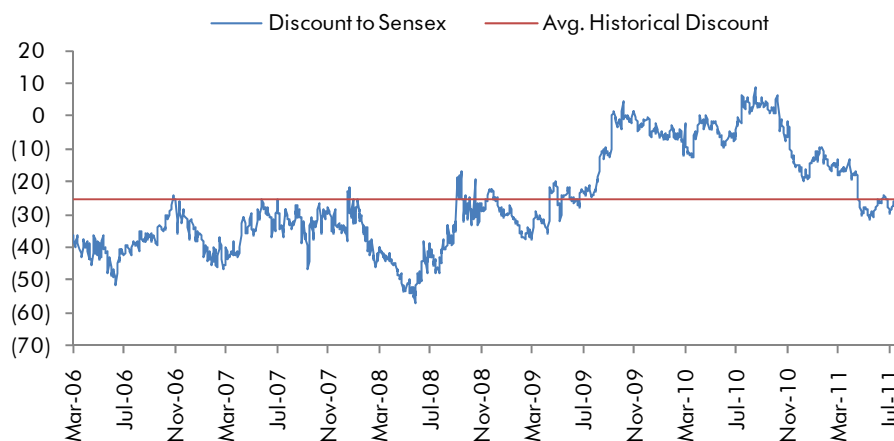
Source: Company, Angel Research

Exhibit 21: P/E band



Source: Company, Angel Research

Exhibit 22: Premium/Discount to Sensex



Source: Company, Angel Research

Exhibit 23: Angel EPS forecast vs. consensus

Year	Angel forecast	Bloomberg consensus	Var (%)
FY2012E	194.1	191.4	1.4
FY2013E	262.3	242.2	8.3

Source: Bloomberg, Angel Research

Exhibit 24: Recommendation summary

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2013E P/ABV (x)	FY2013E Tgt P/ABV (x)	FY2013E P/E (x)	FY2011-13E EPS CAGR (%)	FY2013E RoA (%)	FY2013E RoE (%)
AxisBk	Buy	1,209	1,648	36.3	1.9	2.7	10.0	20.9	1.5	21.0
FedBk	Accumulate	392	441	12.7	1.1	1.2	8.1	19.0	1.2	13.9
HDFCBk	Accumulate	468	519	10.9	3.2	3.5	16.3	30.5	1.7	20.9
ICICIBk*	Buy	940	1,281	36.3	1.7	2.3	13.3	25.8	1.5	16.0
SIB	Accumulate	22	24	10.8	1.1	1.3	6.8	11.6	0.9	17.2
YesBk	Buy	300	353	17.5	1.9	2.3	10.1	19.1	1.2	20.6
AllBk	Accumulate	190	201	5.5	0.9	1.0	5.3	9.2	0.9	17.8
AndhBk	Neutral	133	-	-	0.9	-	5.9	(0.6)	0.9	15.9
BOB	Buy	825	1,018	23.4	1.1	1.4	6.2	10.8	1.1	19.6
BOI	Buy	338	397	17.5	0.9	1.1	5.3	18.7	0.8	18.0
BOM	Accumulate	54	61	13.8	0.7	0.8	5.1	30.8	0.6	14.8
CanBk	Accumulate	451	490	8.8	0.9	1.0	5.2	(2.4)	0.9	17.2
CentBk	Neutral	110	-	-	0.8	-	5.3	(14.0)	0.5	14.4
CorpBk	Buy	457	566	23.9	0.7	0.9	4.5	2.7	0.8	17.0
DenaBk	Neutral	84	-	-	0.6	-	4.0	7.0	0.8	16.5
IDBI#	Neutral	118	-	-	0.8	-	5.5	13.0	0.7	14.3
IndBk	Accumulate	214	232	8.5	0.9	1.0	5.4	1.2	1.2	17.8
IOB	Accumulate	125	143	14.3	0.8	0.9	4.8	22.4	0.7	16.4
J&KBk	Accumulate	827	869	5.0	0.9	0.9	5.7	7.3	1.2	16.5
OBC	Accumulate	330	372	12.6	0.8	0.9	5.5	7.5	0.9	14.4
PNB	Accumulate	1,086	1,217	12.1	1.2	1.4	6.7	7.4	1.0	20.0
SBI*	Buy	2,193	2,753	25.5	1.7	2.1	8.4	42.0	1.1	22.0
SynBk	Buy	112	131	17.2	0.8	0.9	5.2	8.6	0.6	15.6
UcoBk	Neutral	77	-	-	1.0	-	4.5	16.0	0.6	17.0
UnionBk	Buy	272	313	15.3	1.0	1.2	5.8	20.0	0.8	17.9
UtdBk	Buy	88	103	17.3	0.7	0.9	5.2	13.2	0.6	14.1
VijBk	Neutral	61	-	-	0.8	-	6.6	61.9	0.4	11.7

Source: Company, Angel Research; Note: *Target multiples=SOTP Target Price/ABV (including subsidiaries), #Without adjusting for SASF

Income statement

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
Net Interest Income	17,021	20,873	23,671	32,526	40,375	46,691
- YoY Growth (%)	13.0	22.6	13.4	37.4	24.1	15.6
Other Income	9,398	12,691	14,968	15,825	16,579	19,512
- YoY Growth (%)	26.9	35.0	17.9	5.7	4.8	17.7
Operating Income	26,420	33,565	38,640	48,351	56,955	66,203
- YoY Growth (%)	17.6	27.0	15.1	25.1	17.8	16.2
Operating Expenses	12,609	15,649	20,319	23,015	26,289	30,759
- YoY Growth (%)	6.6	24.1	29.8	13.3	14.2	17.0
Pre - Provision Profit	13,811	17,916	18,321	25,336	30,665	35,445
- YoY Growth (%)	29.8	29.7	2.3	38.3	21.0	15.6
Prov. & Cont.	3,373	3,736	4,396	10,385	11,912	10,994
- YoY Growth (%)	11.8	10.8	17.7	136.2	14.7	(7.7)
Profit Before Tax	10,438	14,180	13,925	14,951	18,754	24,451
- YoY Growth (%)	36.9	35.8	(1.8)	7.4	25.4	30.4
Prov. for Taxation	3,709	5,058	4,759	6,686	6,429	7,796
- as a % of PBT	35.5	35.7	34.2	44.7	34.3	31.9
PAT	6,729	9,121	9,166	8,265	12,324	16,655
- YoY Growth (%)	48.2	35.5	0.5	(9.8)	49.1	35.1

Balance sheet

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
Share Capital	631	635	635	635	635	635
Reserves & Surplus	48,401	57,313	65,314	64,351	73,674	86,320
Deposits	537,404	742,073	804,116	933,933	1,092,701	1,278,461
- Growth (%)	23.4	38.1	8.4	16.1	17.0	17.0
Borrowings	51,727	53,714	71,031	79,945	92,930	108,728
Tier 2 Capital	21,289	30,344	31,980	39,624	45,964	53,318
Other Liab & Prov.	62,073	80,353	80,337	105,248	115,871	135,201
Total Liabilities	721,526	964,432	1,053,414	1,223,736	1,421,775	1,662,663
Cash balances	51,535	55,546	61,291	94,396	71,026	83,100
Bank balances	15,932	48,858	24,898	28,479	35,375	41,389
Investments	189,501	275,954	295,785	295,601	381,320	454,297
Advances	416,768	542,503	631,914	756,719	877,795	1,018,242
- Growth (%)	23.5	30.2	16.5	19.8	16.0	16.0
Fixed Assets	3,373	3,838	4,413	4,764	5,372	6,097
Other Assets	44,417	37,733	35,113	43,778	50,888	59,539
Total Assets	721,526	964,432	1,053,414	1,223,736	1,421,775	1,662,663
- Growth (%)	27.3	33.8	9.2	16.2	16.2	17.0

Ratio analysis

Y/E March	FY08	FY09	FY10	FY11	FY12E	FY13E
Profitability Ratios (%)						
NIMs	2.8	2.6	2.5	3.0	3.2	3.2
Cost to Income Ratio	47.7	46.6	52.6	47.6	46.2	46.5
RoA	1.0	1.1	0.9	0.7	0.9	1.1
RoE	18.1	18.2	15.7	13.3	18.9	22.0
B/S ratios (%)						
CASA Ratio	47.0	41.6	47.3	49.4	50.7	52.0
Credit/Deposit Ratio	77.6	73.1	78.6	81.0	80.3	79.6
CAR	13.5	13.2	12.4	11.1	11.0	11.1
- Tier I	9.1	8.7	8.7	7.2	7.0	7.0
Asset Quality (%)						
Gross NPAs	3.0	2.9	3.0	3.3	4.3	5.0
Net NPAs	1.8	1.8	1.7	1.6	1.7	1.8
Slippages	2.3	2.6	2.2	2.8	3.0	2.8
Loan Loss Prov./Avg. Assets	0.3	0.3	0.5	0.7	0.7	0.6
Provision Coverage	42.2	39.2	59.2	65.0	68.0	70.0
Per Share Data (₹)						
EPS	106.6	143.7	144.4	130.1	194.1	262.3
ABVPS	709.7	824.2	944.5	928.7	1,117.5	1,321.7
DPS	21.5	29.0	30.0	30.0	36.5	50.0
Valuation Ratios						
PER (x)	20.6	15.3	15.2	16.9	11.3	8.4
P/ABVPS (x)	3.1	2.7	2.3	2.4	2.0	1.7
Dividend Yield	1.0	1.3	1.4	1.4	1.7	2.3
DuPont Analysis (%)						
NII	2.7	2.5	2.4	2.9	3.1	3.0
(-) Prov. Exp.	0.5	0.4	0.4	0.9	0.9	0.7
Adj. NII	2.1	2.0	1.9	2.0	2.2	2.3
Treasury	0.3	0.3	0.2	0.1	0.0	0.0
Int. Sens. Inc.	2.4	2.4	2.1	2.0	2.2	2.4
Other Inc.	1.2	1.2	1.3	1.3	1.2	1.2
Op. Inc.	3.6	3.5	3.4	3.3	3.4	3.6
Opex	2.0	1.9	2.0	2.0	2.0	2.0
PBT	1.6	1.7	1.4	1.3	1.4	1.6
Taxes	0.6	0.6	0.5	0.6	0.5	0.5
RoA	1.0	1.1	0.9	0.7	0.9	1.1
Leverage (x)	17.5	17.2	17.7	19.1	20.9	20.8
RoE	18.1	18.2	15.7	13.3	18.9	22.0

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4. Broking relationship with company covered	No

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Ratings (Returns):	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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