J.P.Morgan

Asia Pacific Equity Research
09 March 2010

Bank of India

High risks still warrant a discount

Initiation

Underweight

BOI.BO, BOI IN

Price: Rs346.90

Price Target: Rs340.00

- **We initiate coverage on Bank of India with a UW rating and PT of Rs340/share:** as profitability has dropped significantly post the 70% increase in gross NPAs in FY10. Though valuations have corrected and BOI has underperformed the PSU Banks Index, high bond risk and high slippages remain our near-term concerns.
- **Return ratios to normalise, but FY08-09 return ratios unlikely:** ROAs dipped below 0.8% as provisioning costs spiked and margins suffered in FY10. We expect ROAs to just inch up back to 1.0% from ~1.5% in FY09, in spite of the bounce back in profitability. Absence of treasury profits should offset some gain from lower provisioning costs and improvement in margins during FY10-12E.
- **Risk on near-term profitability high - 4Q10 could highlight this:** BOI has increased portfolio duration to 3.8yrs and earnings sensitivity to bond yields is higher than peers and with yields up ~40bps in this quarter, 4Q10 could highlight the risk. Also slippages from restructured book has been highest for BOI and with ~75% restructured book maturing over next 12 months, additional slippages remain a risk.
- **When would we turn more positive?** Bank of India has been de-rated and is trading at a 10%-20% discount to its peers. Significantly higher slippages than peers has led to the de-rating and only if provisioning costs normalize do we see re-rating again. Also any significant correction to ~Rs300/share (sub ~1.0x FY11E book) would provide an entry opportunity, in our view.
- **Underweight with a PT of Rs340/share**: Our Mar-11 PT of Rs340/share is based on 1.15 x FY11E book, which is ~15% discount to its peers. We think a discount is warranted, given asset quality issues and high bond risks but at ~1.0x FY11E book, the stock would more than factor in all negatives and offer an attractive entry opportunity. Our valuation is based on normalized ROE of 15% (ROA of 1.0%). A risk to our UW recommendation is faster-than-expected credit turnaround for BOI.

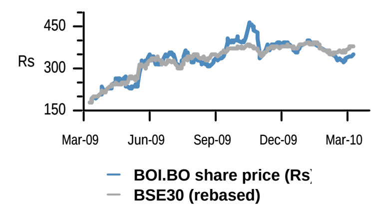
India
Banks

Adarsh Parasrampuria[AC]
(91-22) 6157-3576
adarsh.x.parasrampuria@jpmorgan.com
J.P. Morgan India Private Limited

Seshadri K Sen, CFA
(91-22) 6157-3575
seshadri.k.sen@jpmchase.com
J.P. Morgan India Private Limited

Sunil Garg
(852) 2800-8518
sunil.garg@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

Price Performance



	YTD	1m	3m	12m
Abs	-9.9%	2.0%	-11.7%	91.6%
Rel	-7.8%	-5.3%	-11.0%	-18.0%

Bank of India (Reuters: BOI.BO, Bloomberg: BOI IN)

Year-end Mar (Rs in mn)	FY08A	FY09A	FY10E	FY11E	FY12E
Operating Profit	33,350	47,107	41,390	53,297	65,414
Net Profit (Rs bn)	20,094	30,072	19,540	26,630	34,564
Cash EPS (Rs)	38.21	57.13	37.12	50.59	65.67
Fully Diluted EPS (Rs)	31.24	42.96	25.72	48.69	62.82
DPS (Rs)	4.00	8.00	5.57	7.59	9.85
EPS growth (%)	66.0%	49.5%	(35.0%)	36.3%	29.8%
ROE	27.6%	29.2%	15.5%	18.4%	20.3%
P/E	9.1	6.1	9.3	6.9	5.3
BVPS (Rs)	167.83	223.90	254.51	296.22	350.37
P/BV	2.1	1.5	1.4	1.2	1.0
Div. Yield	1.2%	2.3%	1.6%	2.2%	2.8%

52-wk range (Rs)	474.70 - 179.00
Market cap (Rs mn)	182,184
Market cap ($ mn)	3,994
Shares outstanding (mn)	525
Fiscal Year End	Mar
Price (Rs)	346.90
Date Of Price	08 Mar 10
Avg daily value (Rs mn)	163.1
Avg daily value ($ mn)	3.6
Avg daily vol (mn)	0.2
BSE30	17,103
Exchange Rate	45.62

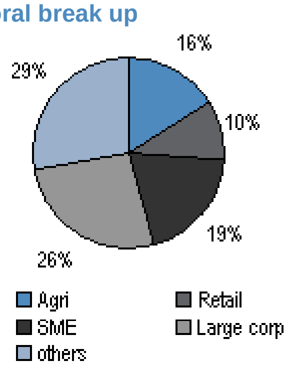
Source: Company data, Bloomberg, J.P. Morgan estimates.

See page 13 for analyst certification and important disclosures, including non-US analyst disclosures.

Company description

Bank of India is the third-largest public sector bank in the India, with a loan book size of US$35B, which grew at ~30% CAGR in FY06-09. It has a CASA of ~28% and is one among the public sector banks with a low cost to income. It has a gross NPA of 2.8%. BOI is headed by Mr.Misra who joined BOI in Aug-09 and was the ex-chairman of Oriental Bank of Commerce earlier.

Sectoral break up



Source: Company data.

EPS: J.P. Morgan vs. consensus

	J. P. Morgan	Consensus
FY10E	37.1	37.0
FY11E	50.6	49.6
FY12E	65.7	65.5

Source: Bloomberg, J.P. Morgan estimates.

P&L sensitivity metrics

	PPOP impact (%)	EPS impact (%)
NIMs		
Impact of each 25bps	5.0%	8.5%
Cost to Income		
Impact of each 100bps	2.0%	3.8%
Provisions/Assets		
Impact of each 25bps	0.0%	8.5%

Source: J.P. Morgan estimates

Price target and valuation analysis

Our PT is based on 1.15x FY11E book, single stage Gordon growth model with a terminal growth of 9.0%. Our normalized ROE for PNB is 15% (normalized ROA of ~1.0%) and cost of equity assumption is 14.1% with a risk free rate of 7.5%.

Risk free rate:	7.5%
Market risk premium:	6.0%
Beta:	1.1
Cost of Equity	14.1%
Growth between FY12-20E	10.5%
Terminal “g”:	5%
Target P/B (FY11 book)	1.15

At 1.15x FY11E book, we have valued Bank of India at a 10%-15% discount to BOB/SBI, which we have valued at 1.3x-1.5x FY11E book. We believe the discount is warranted, given bond risks and asset quality issues and provisioning expense needed to normalize for the discount valuations to narrow. A risk to our UW recommendation is faster-than-expected credit turnaround for BOI.

Adarsh Parasrampuria
(91-22) 6157-3576
adarsh.x.parasrampuria@jpmorgan.com

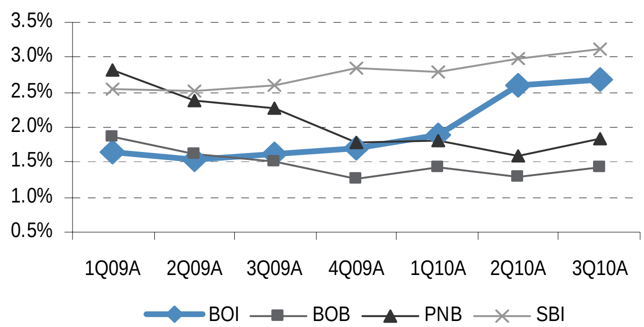
Investment Negatives

Significant deterioration in fundamentals in FY10

FY10 saw significant deterioration in fundamentals for Bank of India, where not only did asset quality deteriorate but also fee income contracted vs. growth shown by most peers and margin improvement was weaker than peers, leading to a contraction in ROE from ~25% in FY09 to <15% in FY10. ROAs are expected to dip to ~0.8% from 1.5% in FY09.

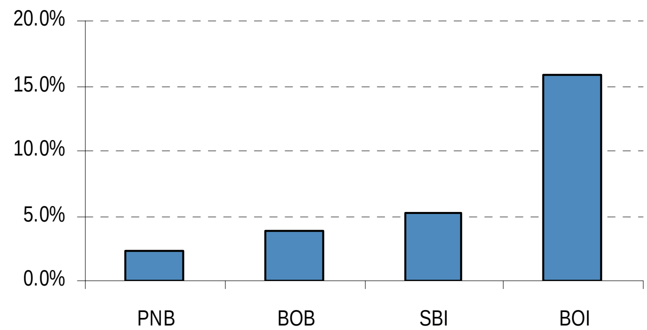
Significant deterioration in asset quality: The overall banking sector did show asset quality weakness but Bank of India's slippages were much larger than the industry. Gross NPAs increased by ~115bps over the last five quarters v/s 50-60bps larger PSU peers. Also slippage from its restructured book at ~16% is among the highest in the industry with just 2%-5% slippage for larger PSU peers.

Figure 1: Highest % increase in Gross NPAs



Source: Company data, J.P. Morgan.

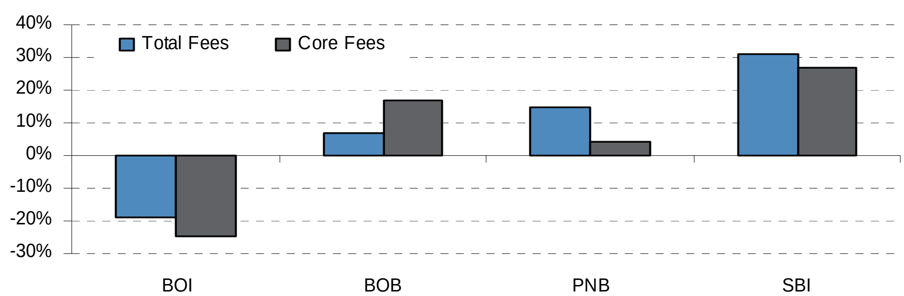
Figure 2: Highest slippage from restructured book



Source: Company data, J.P. Morgan.

Fee income contracted vs. growth for most peers: Core fee income (income ex/ treasury gains) for BOI has contracted by ~25% over the 9 months in FY10 vs. ~5%-25% growth shown by PNB, SBI, and BOB. This is due to ~50% drop in F/X income. Though we expect fee income growth to pick up for the sector, lower fee income has also impacted ROAs in FY10. The drop in fees indicates that a large proportion of BOIs fee income is linked to loan growth and this would revive only as and when loan growth picks up.

Figure 3: Core fee income contracted v/s growth for most other PSU banks

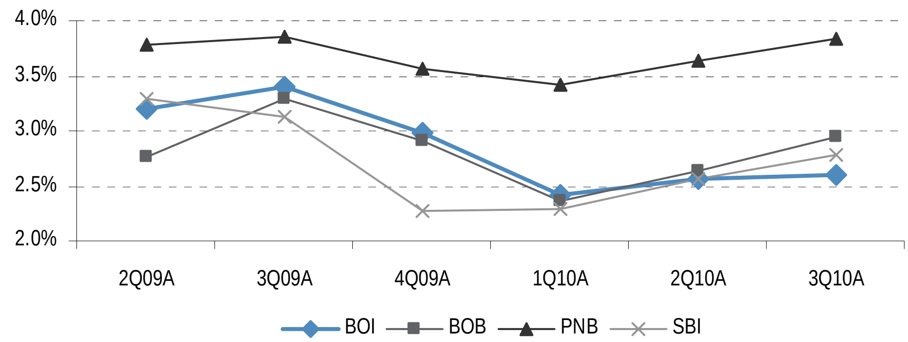


Source: Company data, J.P. Morgan.

Adarsh Parasrampuria
(91-22) 6157-3576
adarsh.x.parasrampuria@jpmorgan.com

Margin improved has also lagged peers: NIMs for PNB/BOB have recovered to 2Q09 levels in 3Q10 but for BOI margins are still down by ~60bps from 2Q09 levels as margins on its international business have dipped below 1% in 3Q10. But of all the negative factors, we see limited margin improvement as a concern. Margins are expected to improve with some deposit re-pricing expected and some improvement expected in the international business.

Figure 4: Margin improvement has also lagged peers



Source: Company data, J.P. Morgan

Profitability to normalize but FY08-09 return ratios unlikely

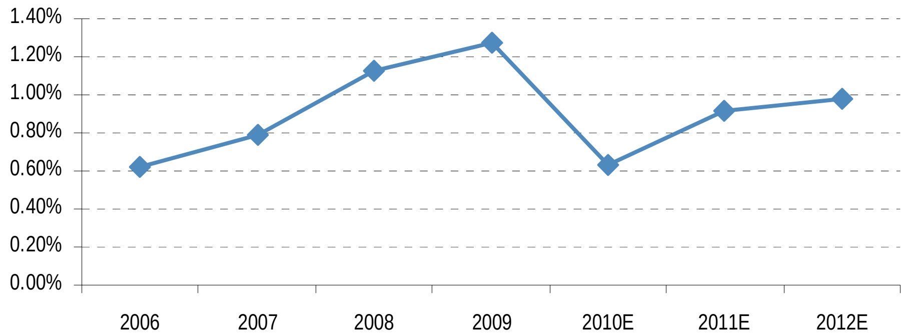
We expect net profit and return ratios to bounce back in FY11, with improvement in margins, positive fee income growth ,and lower provisioning expense in FY11 (vs. FY10). This should more than mitigate lower income from treasury and lead to an estimated 36% and 30% growth in FY11 and FY12 net profit. With ROAs expected to bounce back to >1%, ROE is expected to improve again from <15% in FY10 to ~18% in FY12.

We have assumed FY10 to be the worst for Bank of India in terms of credit costs. We factor in ~70bps of provisioning cost in FY11, down from ~100bps in FY10E. As ~16% of restructured book has already slipped into NPAs, we factor in lower slippage for Bank of India from the restructured book in FY11.

But FY08-09 return ratio not possible: Though profitability should bounce back and we estimate core ROAs to improve from 0.6% in FY10 to ~1.0% by FY12 ROAs will be much lower than in FY08-09 and this will prevent any significant re-rating in spite of the bounce back in expected profitability in FY11-12.

Adarsh Parasrampuria
(91-22) 6157-3576
adarsh.x.parasrampuria@jpmorgan.com

Figure 5: Profitability to bounce back but FY08-09 ROAs unlikely in the medium term (Core ROA)

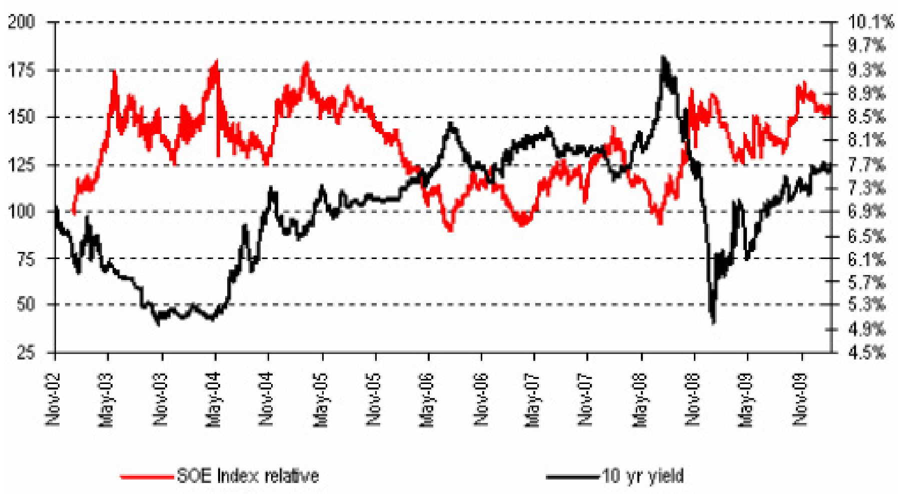


Source: Company data.

Bond risk also high

Yields have inched up over the last 6 months and we expect further increase in yields as system liquidity is absorbed and credit growth picks up. J.P. Morgan economics team expects a 75bps increase in the bank rate for CY10 and a further 75bps increase over CY11. Public sector banks have historically behaved as bond proxies and stock performance has been negatively correlated with yield changes.

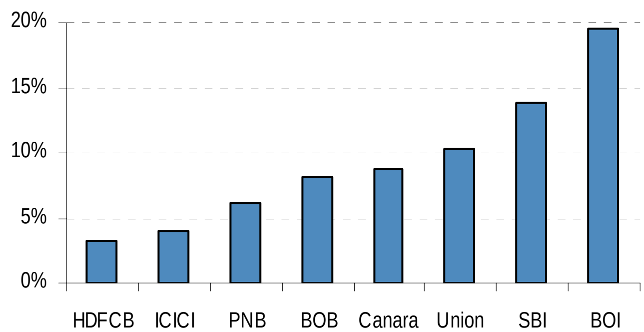
Figure 6: Public sector banks performance inversely linked to bond yields



Source: Company data, J.P. Morgan estimates.

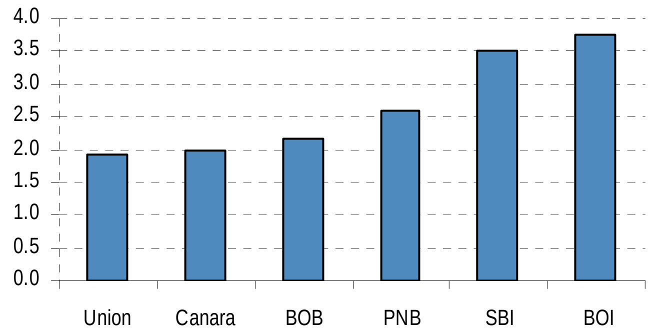
Bank of India's profitability is most sensitive to bond yields given highest duration of ~3.8yrs of its AFS book and ~30% of its investment book in AFS category. Bank of India intends to bring down its bond risk in 4Q10 but this would impact 4Q10 profitability as 3-5yr bond yields have already inched up ~30-40 bps in this quarter.

Figure 7: BOI: Impact of rising bond yields highest v/s peers (% impact on PBT for every 100nps increase in bond yields)



Source: Company data, J.P. Morgan estimates.

Figure 8: BOI: Highest duration of AFS book (yrs)

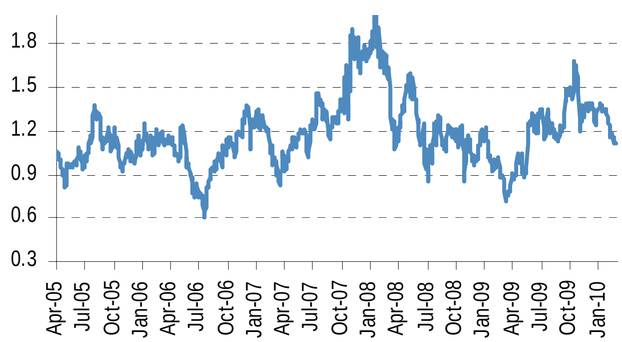


Source: Company data, J.P. Morgan estimates.

De-rating was warranted but when do we turn more positive?

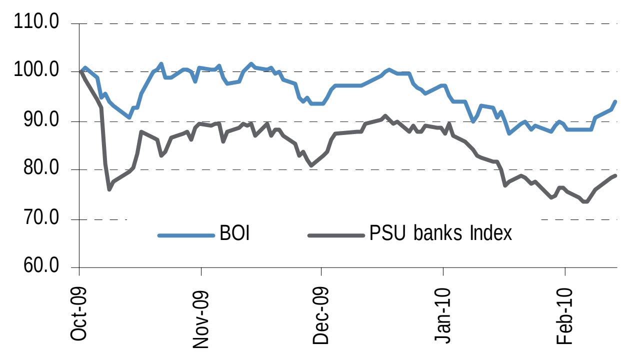
Bank of India has underperformed the Nifty PSU banks index by ~20% since the 2Q10 results. The de-rating in the valuations from ~1.6x 1 yr forward book to ~1.2x 1-yr forward book is warranted, in our view, as ROEs corrected to ~15% from ~27-29% in FY08-09. Bank of India currently trades at a ~15% discount to its peers (SBI/BOB) and we believe Bank of India would continue to trade at a discount to peers until credit costs normalize, in line with the peer group.

Figure 9: Bank of India one-year forward P/B



Source: Company data, J.P. Morgan.

Figure 10: Bank of India has underperformed the PSU index by ~20% since 2Q10 results



Source: Company data, J.P. Morgan.

4Q10 could be fundamentally weak, but could provide a good entry opportunity:

Valuations have come off their lows and given the bounce back in profitability and ~1.0% core ROAs expected over FY10-12, we believe BOI would look attractive at ~1.0x FY11E book (~Rs300/share). In spite of tick up in margins we expect 4Q10 to be a weak quarter as management expects slippages to continue for one more quarter

Adarsh Parasrampuria
(91-22) 6157-3576
adarsh.x.parasrampuria@jpmorgan.com

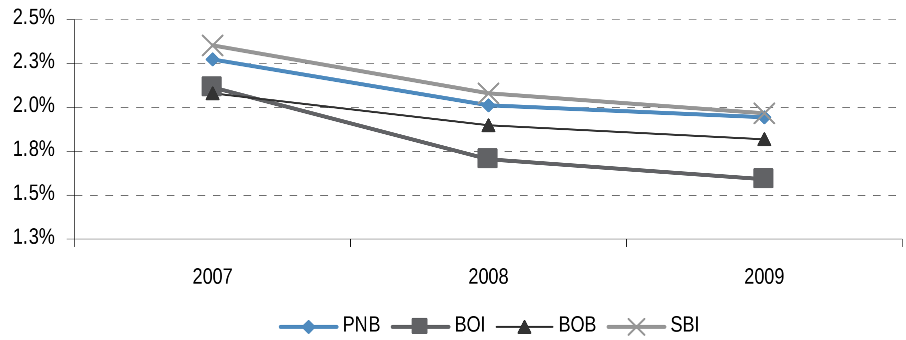
and high duration of AFS book would lead to bond losses and could impact stock performance. But <1.0x FY11 book valuations would factor in most of the negatives.

Investment Positives:

Profit growth to bounce back: Bank of India's profit growth is expected to bounce back with ~33% CAGR profit growth expected over FY10-12E post a ~35% fall in net profit in FY10. This would be led by higher net interest income as margins are expected to improve for the industry and lower provisioning costs. Though NPA provisioning is expected to remain elevated relative to peers, we factor in provisioning costs to come down from 95bps in FY10 to 60-70bps over FY10-12E.

Bank of India has been a cost leader: Bank of India has been a cost leader and cost/assets is lower than most peers. Bank of India's cost to asset is 1.6% vs. 1.8%-1.9% for most of its peers. Part of this is because of lower low cost deposit (CASA) share for BOI vs. peers but a lower cost is an advantage.

Figure 11: Bank of India: Opex/Assets lower vs. peers



Source: Company data, J.P. Morgan estimates.

Risks

Incremental slippages needs to be closely monitored: Though BOI's slippages did come off in 3Q10 from 2Q10, net slippages at ~1.1% is still higher than most peers and leading to high NPA provisioning expenses over FY10-11.We have factored in lower slippages going forward and better-than-expected improvement in slippages would be an upside risk to our numbers and UW recommendation.

Adarsh Parasrampuria
(91-22) 6157-3576
adarsh.x.parasrampuria@jpmorgan.com

PT and Valuations: Discount warranted but attractive below 1.0x book

Our Mar-11 PT of Rs340/share is based on 1.15 x FY11E book, which is ~15% discount to its peers. We believe a discount is warranted, given asset quality issues and high bond risks. While valuations have corrected and profitability is expected to improve from FY10E levels, FY08-09 profitability is unlikely and we expect ROAs to be ~.10% in FY11-12 vs. 1.3%-1.5% in FY08-09.

Gordon growth model (based on Normalized ROE): Our valuation is based on a single-stage Gordon growth model with a terminal growth of 9.0%. Our normalized ROE for BOI is 15% (normalized ROA of ~1.0%) and cost of equity assumption is 14.1% with a risk free rate of 7.5%.

Figure 12: Bank of India : We value at ~1.15x FY11 book, ~10%-15% discount to peers

Normalized ROE	
NII/assets	2.38%
Non Interest Income/Assets	0.80%
Opex/Assets	1.37%
LLP/Loans	-0.67%
Pre tax ROA	1.48%
Normalized ROA	1.01%
Normalized ROE	14.9%
Cost of Equity	14.1%
ROE	14.9%
Long Term growth	10.5%
Terminal Growth	5.0%
Fair P/B	1.15x
FY11 Adj. Book	297
Fair value	342
March-11 Price Target	340

Source: Company data, J.P. Morgan estimates.

Discount warranted: At 1.15x FY11E book, we value Bank of India at about a 15% discount to BOB/SBI, which we have valued at 1.3x-1.5x FY11 book. We believe the discount is warranted, given bond risks and asset quality issues and provisioning expense needed to normalize for the discount valuations to narrow.

Figure 13: Bank of India: We have valued BOI at ~15% discount to BOB/SBI

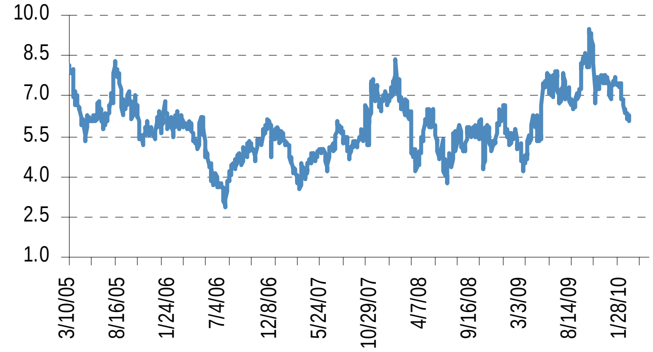
		P/B		
Bank	Price	FY10	FY11	Target
PNB	925	1.82	1.52	1.65
SBI	2065	1.59	1.39	1.42
SBI Adj for Subs		1.50	1.32	1.34
BOI	346	1.36	1.17	1.15
BOB	601	1.61	1.37	1.35
Average		1.57	1.35	1.37
Discount to average		14%	13%	16%

Source: Company data, J.P. Morgan estimates.

Figure 14: Bank of India : 1 yr Frd P/B

Source: Company data, J.P. Morgan estimates.

Figure 15: Bank of India : 1 yr Frd P/E



Source: Company data, J.P. Morgan estimates.

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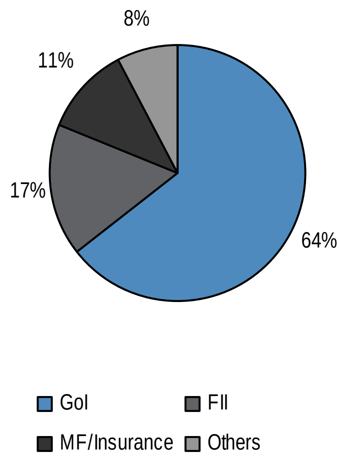
Company analysis

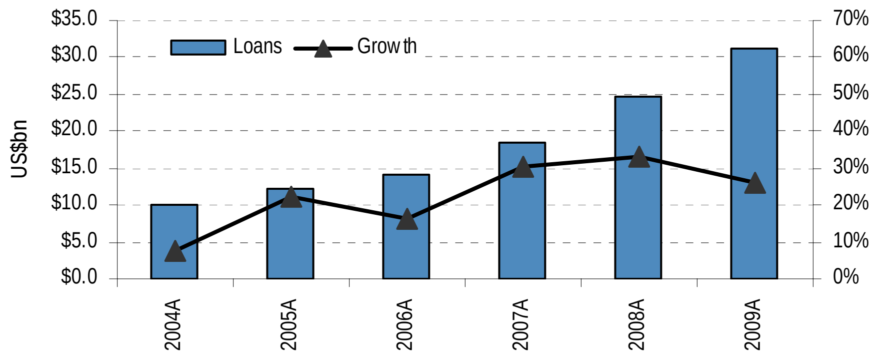
Bank of India is the third-largest public sector bank in the India, with a loan book size of US$35B, which grew at ~30% CAGR during FY06-09. It has a CASA of ~28% and is one among the public sector banks with a low cost to income. It has a gross NPA of 2.8%. BOI is headed by Mr. Misra, who joined BOI in Aug-09 and was the ex-chairman of Oriental Bank of Commerce previously.

Figure 16: BOI—Shareholding Pattern



Source: Company data, NSE.

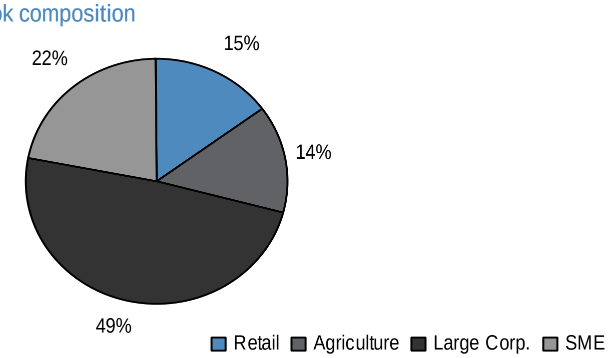
Figure 17: BOI—Loan book and growth



Source: Company data, J.P. Morgan.

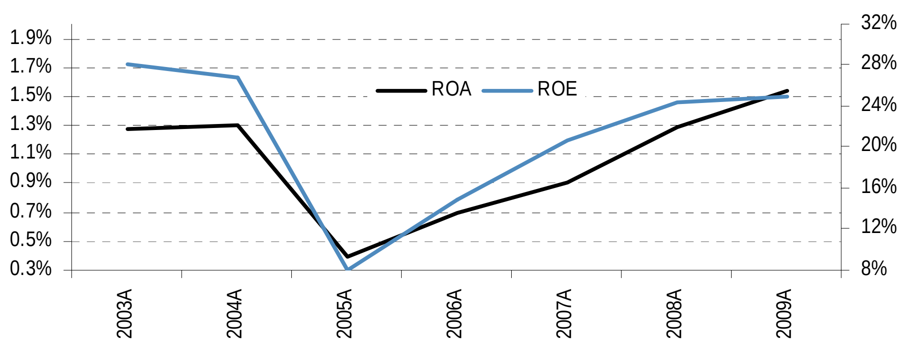
SBI's loan mix is ~49% Large corporates,22% in SME and 15% in Agri and SME each.

Figure 18: BOI—Loan book composition



Source: Company data.

Figure 19: BOI—ROA and ROE trends



Source: Company data, J.P. Morgan.

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(91-22) 6157-3576
adarsh.x.parasrampuria@jpmorgan.com

Bank of India: Summary of Financials

Income Statement					
Rs in billions, year end Mar	FY08	FY09	FY10E	FY11E	FY12E
NIM (as % of avg. assets)	2.7%	2.8%	2.5%	2.6%	2.6%
Earning assets/assets	97.6%	97.4%	97.1%	97.1%	97.3%
Margins (% of earning assets)	2.7%	2.7%	2.4%	2.5%	2.5%
Net Interest Income	42,293	54,989	58,387	70,998	85,789
Total Non-Interest Income	17,507	23,058	18,810	23,731	28,193
Fee Income	-	-	-	-	-
Dealing Income	-	-	-	-	-
Other Operating Income	-	-	-	-	-
Total operating revenues	60	78	77	95	114
Operating costs	-26,450	-30,940	-35,807	-41,432	-48,568
Pre-Prov. Profits	33,350	47,107	41,390	53,297	65,414
Provisions	-10,165	-12,924	-17,784	-13,948	-14,544
Other Inc/Exp.	3,662	7,461	6,000	1,000	1,500
Exceptionals	0	0	0	0	0
Disposals/ other income	-	-	-	-	-
Pre-tax	27	42	30	40	52
Tax	6,753	11,572	10,066	13,719	17,806
Minorities	-	-	-	-	-
Other Distbn.	-	-	-	-	-
Attributable Income	20,094	30,072	19,540	26,630	34,564

Per Share Data Rs	FY08	FY09	FY10E	FY11E	FY12E
EPS	38.21	57.13	37.12	50.59	65.67
DPS	4.00	8.00	5.57	7.59	9.85
Payout	10.5%	14.0%	15.0%	15.0%	15.0%
Book value	154.17	189.49	233.75	296.22	350.37
Fully Diluted Shares	525.91	526.35	526.35	526.35	526.35

Key Balance sheet Rs in billions	FY08	FY09	FY10E	FY11E	FY12E
Net Loans	1,163,948	1,463,350	1,709,962	2,041,290	2,432,471
LLR	14,592	17,128	26,107	34,285	42,466
Gross Loans	1,149,355	1,446,222	1,683,855	2,007,006	2,390,004
NPLs	19,313	24,710	43,511	55,298	65,333
Investments	67,873	78,457	85,314	94,004	104,007
Other earning assets	34,073	56,920	63,830	76,848	71,875
Avg. IEA	1,555,054	1,951,372	2,350,208	2,783,176	3,291,445
Goodwill	-	-	-	-	-
Assets	1,770,669	2,237,915	2,602,064	3,129,728	3,635,572
Deposits	1,500,120	1,897,085	2,211,077	2,667,426	3,116,778
Long-term bond funding	71,724	94,870	110,870	134,870	158,870
Other Borrowings	-	-	-	-	-
Avg. IBL	1,418,435	1,781,899	2,156,950	2,562,121	3,038,972
Avg. Assets	1,593,672	2,004,292	2,419,989	2,865,896	3,382,650
Common Equity	88,263	117,851	133,961	155,918	184,416
RWA	1,123,076	1,288,933	1,484,850	1,856,063	2,208,715
Avg. RWA	985,150	1,206,004	1,386,891	1,670,457	2,032,389

Growth Rates	FY08	FY09	FY10E	FY11E	FY12E
Loans	32.8%	25.8%	16.4%	19.2%	19.1%
Deposits	25.0%	30.5%	-1.1%	22.7%	20.3%
Assets	25.0%	26.4%	16.3%	20.3%	16.2%
Equity	53.6%	33.5%	13.7%	16.4%	18.3%
RWA	32.6%	14.8%	15.2%	25.0%	19.0%
Net Interest Income	22.9%	30.0%	6.2%	21.6%	20.8%
Non-Interest Income	30.4%	31.7%	-18.4%	26.2%	18.8%
of which Fee Grth	-	-	-	-	-
Revenues	25.1%	26.5%	16.6%	20.6%	16.8%
Costs	1.4%	17.0%	15.7%	15.7%	17.2%
Pre-Provision Profits	53.4%	41.3%	-12.1%	28.8%	22.7%
Loan Loss Provisions	17.9%	27.1%	37.6%	-21.6%	4.3%
Pre-Tax	-	-	-	-	-
Attributable Income	78.9%	49.7%	-35.0%	36.3%	29.8%
EPS	66.0%	49.5%	-35.0%	36.3%	29.8%
DPS	14.3%	100.0%	-30.4%	36.3%	29.8%

Balance Sheet Gearing	FY08	FY09	FY10E	FY11E	FY12E
Loan/deposit	76.6%	76.2%	76.2%	75.2%	76.7%
Investment/assets	3.8%	3.5%	3.3%	3.0%	2.9%
Loan/Assets	64.1%	63.9%	63.7%	63.0%	64.6%
Customer deposits/liab.	84.7%	84.8%	85.0%	85.2%	85.7%
LT debt/liabilities	4.1%	4.2%	4.3%	4.3%	4.4%

Asset Quality/Capital	FY08	FY09	FY10E	FY11E	FY12E
Loan loss reserves/loans	-1.3%	-1.2%	-1.6%	-1.7%	-1.8%
NPLs/loans	1.7%	1.7%	2.6%	2.8%	2.7%
Loan loss reserves/NPLs	0.0%	0.0%	0.0%	0.0%	0.0%
Growth in NPLs	-8.0%	27.9%	76.1%	27.1%	18.1%
Tier 1 Ratio	7.7%	9.0%	8.9%	8.3%	8.3%
Total CAR	12.1%	13.1%	13.1%	12.2%	12.0%

Du-Pont Analysis	FY08	FY09	FY10E	FY11E	FY12E
NIM (as % of avg. assets)	2.7%	2.8%	2.5%	2.6%	2.6%
Earning assets/assets	97.6%	97.4%	97.1%	97.1%	97.3%
Margins (as % of Avg. Assets)	2.7%	2.7%	2.4%	2.5%	2.5%
Non-Int. Rev./ Revenues	29.3%	29.5%	24.4%	25.1%	24.7%
Non IR/Avg. Assets	1.1%	1.2%	0.8%	0.8%	0.8%
Revenue/Assets	3.4%	3.5%	3.0%	3.0%	3.1%
Cost/Income	44.2%	39.6%	46.4%	43.7%	42.6%
Cost/Assets	1.7%	1.5%	1.5%	1.4%	1.4%
Pre-Provision ROA	5.0%	5.0%	4.4%	4.5%	4.6%
LLP/Loans	-0.9%	-0.9%	-1.0%	-0.7%	-0.6%
Loan/Assets	63.2%	64.8%	64.7%	64.4%	65.0%
Other Prov, Income/ Assets	0.2%	0.4%	0.2%	0.0%	0.0%
Operating ROA	2.1%	2.4%	1.7%	1.9%	1.9%
Pre-Tax ROA	4.7%	4.8%	4.0%	4.1%	4.2%
Tax rate	-	-	-	-	-
Minorities & Outside Distbn.	0.0%	0.0%	0.0%	0.0%	0.0%
ROA	1.3%	1.5%	0.8%	0.9%	1.0%
RORWA	2.0%	2.5%	1.4%	1.6%	1.7%
Equity/Assets	4.6%	5.1%	5.2%	5.1%	5.0%
ROE	27.6%	29.2%	15.5%	18.4%	20.3%

Source: Company reports and J.P. Morgan estimates.

Adarsh Parasrampuria
(91-22) 6157-3576
adarsh.x.parasrampuria@jpmorgan.com

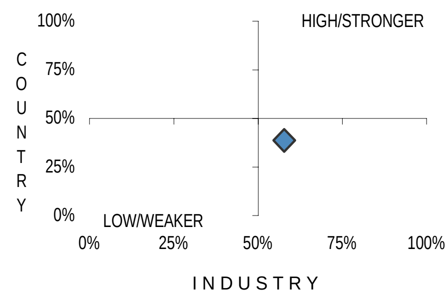
All Data As Of 08-Mar-10

Q-Snapshot: Bank of India

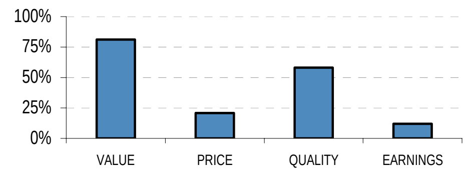
Quant Return Drivers (a Score >50% indicates company ranks 'above average')

Score 0% (worst) to 100% (best)	vs Country	vs Industry	Raw Value
Value			
P/E Vs Market (12mth fwd EPS)	94%	95%	0.4x
P/E Vs Sector (12mth fwd EPS)	88%	93%	0.5x
EPS Growth (forecast)	9%	11%	-2.5%
Value Score	81%	89%	
Price Momentum			
12 Month Price Momentum	12%	49%	79.9%
1 Month Price Reversion	77%	66%	2.0%
Momentum Score	21%	56%	
Quality			
Return On Equity (forecast)	59%	87%	19.6%
Earnings Risk (Variation in Consensus)	57%	60%	0.10
Quality Score	58%	86%	
Earnings & Sentiment			
Earnings Momentum 3mth (risk adjusted)	4%	2%	-168.6
1 Mth Change in Avg Recom.	17%	15%	-0.14
Net Revisions FY2 EPS	59%	50%	0%
Earnings & Sentiment Score	12%	5%	
COMPOSITE Q-SCORE* (0% To 100%)	39%	58%	

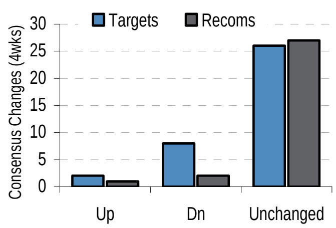
J.P. Morgan Composite Q-Score



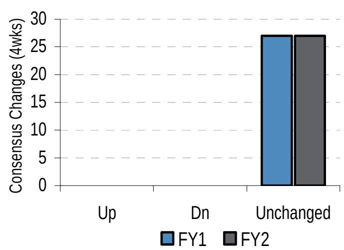
Quant Return Drivers Summary (vs Country)



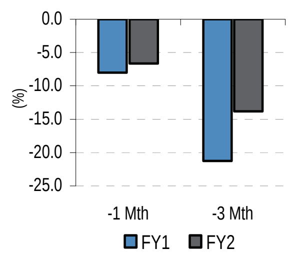
Targets & Recommendations**



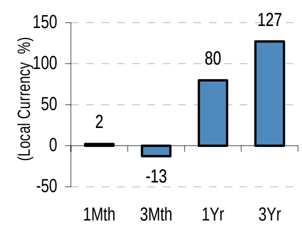
EPS Revisions**



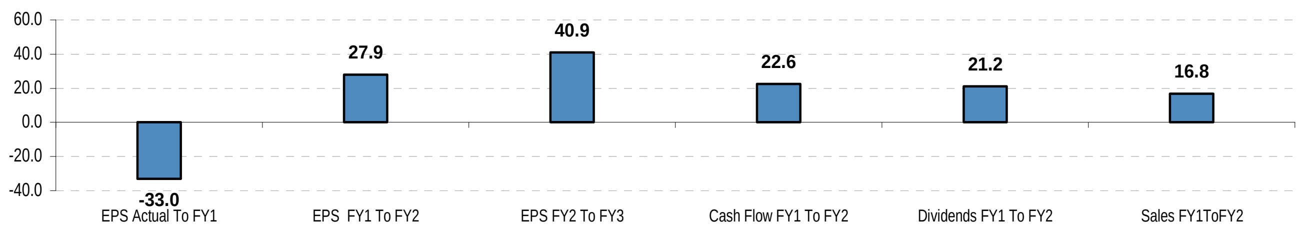
EPS Momentum (%)



Historical Total Return (%)



Consensus Growth Outlook (%)



Closest in Country by Size (Consensus. ADV = average daily value traded in US$m over the last 3 mths)

Code	Name	Industry	USD MCAP	ADV	PE FY1	Q-Score*
532822-IN	Idea Cellular Ltd.	Wireless Telecommunications	4,195	6.80	24.5	1%
500820-IN	Asian Paints (India) Ltd.	Industrial Specialties	4,103	1.59	25.2	87%
532432-IN	United Spirits Ltd.	Beverages: Alcoholic	4,085	14.22	46.1	10%
507878-IN	Unitech Ltd.	Real Estate Development	4,049	79.06	23.7	23%
500410-IN	ACC Ltd.	Construction Materials	3,972	8.69	14.7	9%
532149-IN	**Bank of India**	**Regional Banks**	**3,947**	**6.17**	**8.7**	**39%**
532483-IN	Canara Bank	Regional Banks	3,841	5.41	6.0	83%
500002-IN	ABB Ltd. (India)	Electrical Products	3,807	4.93	32.1	21%
500134-IN	Essar Oil Ltd.	Integrated Oil	3,672	12.80	61.0	7%
500425-IN	Ambuja Cements Ltd.	Construction Materials	3,630	5.61	14.7	21%
500049-IN	Bharat Electronics Ltd.	Aerospace & Defense	3,601	2.83	17.8	13%

Source: Factset, Thomson and J.P. Morgan Quantitative Research. For an explanation of the Q-Snapshot, please visit http://jpmorgan.hk.acrobat.com/qsnapshot/
Q-Snapshots are a product of J.P. Morgan's Global Quantitative Analysis team and provide quantitative metrics summarized in an overall company 'Q-Score.'
Q-Snapshots are based on consensus data and should not be considered as having a direct relationship with the J.P. Morgan analysts' recommendation.
* The Composite Q-Score is calculated by weighting and combining the 10 Quant return drivers shown. The higher the Q-Score the higher the one month expected return. On a 14 Year back-test the stocks with the highest Q-Scores have been shown (on average) to significantly outperform those stocks with the lowest Q-Scores in this universe. ** The number of up, down and unchanged target prices, recommendations or EPS forecasts that make up consensus.

Adarsh Parasrampuria
(91-22) 6157-3576
adarsh.x.parasrampuria@jpmorgan.com

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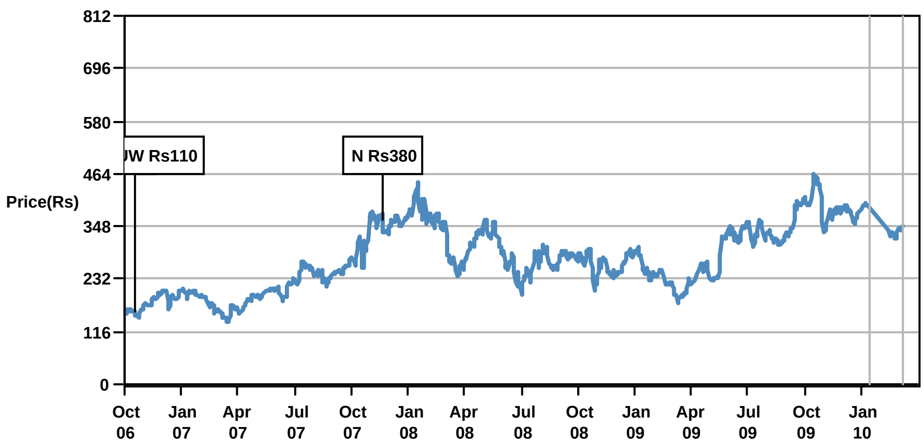
Bank of India (BOI.BO) Price Chart



Date	Rating	Share Price (Rs)	Price Target (Rs)
18-Oct-06	UW	162.05	110.00
21-Nov-07	N	363.25	380.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Break in coverage Jan 12, 2010 - Mar 08, 2010. This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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IB clients*	58%	57%	42%
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IB clients*	78%	73%	57%

*Percentage of investment banking clients in each rating category.
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