



ORIENTAL BANK OF COMMERCE  
Medium Risk Medium Return  
Financial Highlights

CMP Rs.175 (FV 10)  
Date: 21 July 2009

(Rs. Crore)	Q1 FY09	Q1 FY10	% Change	Q4 09	% Q-o-Q	FY 09	FY 10E	% Change
Interest on Advances	1389	1786	28.6	1708	4.6	6520	7889	21.0
Income on Investments	541	574	6.1	536	7.1	2141	2450	14.4
Intt. On RBI bal.	21	44	109.5	78	-43.3	169	175	3.6
Other Interest	0	0		26	-100.0	27	31	15.7
Total Interest Income	1951	2404	23.2	2348	2.4	8856	10545	19.1
Other Income	208	392	88.5	341	14.9	1071	1184	10.5
Total Income	2159	2796	29.5	2689	4.0	9928	11729	18.1
Interest Expenses	1507	1920	27.4	1888	1.7	6860	8163	19.0
Operating Expenses	298	359	20.5	263	36.5	1383	1521	10.0
PBT	354	517	46.0	538	-4.0	1685	2044	21.3
Tax	-74	108	-245.9	264	-59.1	255	375	47.3
Provisions	207	152	-26.6	78	94.1	525	615	17.2
Net Profit	221	257	16.3	196	31.2	905	1054	16.4
Equity (FV 10)	250.5	250.5	0.0	250.5	0.0	250.5	250.5	0.0
EPS (Rs./Sh)	8.82	10.26	16.3	7.82	31.2	36.14	42.08	16.4
NII	444	484	9.0	460	5	1997	2382	19.3
NIM(%)	2.23	2.21		2.21		2.4	2.5	
Return on Assets (%)	0.92	0.9		0.99		0.88	1	
CAR (%)	12.24	12.93		12.98		12.93	12.9	
Gross NPA (%)	2.18	1.61		1.53		1.53	1.5	
Net NPA (%)	0.96	0.71		0.65		0.65	0.6	
PE @ Rs.175	19.8	17.1		22.4		4.8	4.2	

**\*\*Note: In Q1 FY 09, tax provision was Rs.73 Crore and Rs.147 Crore Tax write back. Thus net inflow of Rs.74 Crore under Tax head.**

## Highlights

- Apparently bank has given flat results in Q1 FY10 compared to Q1 FY09. However, its Pre-Tax profits have increased from Rs.146 Crore in Q1 FY09 to Rs.366 Crore in Q1 FY10.
- There is good growth in Other income from Rs.208 Crore in Q1 FY09 to Rs.392 Crore in Q1 FY10. Also its higher compared to Rs.341 Crore in Q4 FY09.
- Bank's net profit has grown 16.3% Y-o-Y and 31.2% on Q-o-Q basis.
- Bank's Total interest income has grown 23.2% Y-o-Y basis and 2.4% Q-o-Q basis.
- Its interest costs have risen sharply from Rs.1507 Crore in Q1 FY09 to Rs.1920 Crore in Q1 FY10. However, it has grown just 1.7% from Rs.1888 Crore in Q4 FY09. As bank is focusing on improving its CASA and opening new branches in under banked areas.
- NII have grown from Rs.444 Crore in Q1 FY09 to Rs.484 Crore in Q1 FY10 (Rs.460 Crore in Q4 FY09).

- There is sharp rise in Operating Expenses. One time expense of Rs.35 Crore paid to employees has also contributed to this rise.
- There is marginal slippage in NPA from previous quarter. GNPA have increased from Rs.1058 Crore in Q4 FY09 to Rs.1148 Crore (Rs.1223 Crore in Q1 FY09). Net NPA have increased from Rs.442 Crore in Q4 FY09 to Rs.503 Crore in Q1 FY10 (Rs.530 Crore in Q1 FY09).
- We keep FY10 estimates unchanged.

## Valuation & Recommendations

OBC is likely to post an EPS of Rs.42 in FY10. At CMP Rs.175, it trades at 4.2 forward PE based on FY10 earnings. It is at 40% discount to its FY10 Book Value of Rs.300. We had recommended the scrip at Rs.170 and Investors should continue to HOLD.

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