

Federal Bank

BSE SENSEX
18,396S&P CNX
5,512

Rs350

Buy

| Bloomberg | FBIN | YEAR | NET INCOME | PAT | EPS | EPS | P/E | BY | PIBY | PIABY | ROAA | ROAE |
|---------------------|----------|-------|------------|--------|------|------------|------|------|------|-------|------|------|
| Equity Shares (m) | 171.0 | END | (RS M) | (RS M) | (RS) | GROWTH (%) | (X) | (RS) | (X) | (X) | (%) | (%) |
| 52-Week Range (Rs) | 501/240 | 3/10A | 19,417 | 4,645 | 27.2 | -7.2 | 12.9 | 272 | 1.3 | 1.3 | 1.1 | 10.3 |
| 1,6,12 Rel.Perf.(%) | -2/-3/28 | 3/11E | 22,621 | 5,656 | 33.1 | 21.8 | 10.6 | 299 | 1.2 | 1.2 | 1.2 | 11.5 |
| M.Cap. (Rs b) | 59.9 | 3/12E | 25,123 | 6,504 | 38.0 | 15.0 | 9.2 | 329 | 1.1 | 1.1 | 1.2 | 12.1 |
| M.Cap. (US\$ b) | 1.3 | 3/13E | 28,660 | 7,500 | 43.9 | 15.3 | 8.0 | 364 | 1.0 | 1.0 | 1.2 | 12.6 |

Federal Bank's 3QFY11 PAT grew 30% YoY to Rs1.43b (in line with our estimates) due to 17% YoY growth in NII (5% higher than expectations), supported by higher margins (up 26bp YoY) despite muted loan growth. While PBT declined 5% YoY to Rs2.1b, the normal tax rate (33% against 51% in 3QFY10), led to PAT growth of 30% YoY (in line with our estimates). Slippages disappointed with 9MFY11 annualized slippage ratio of ~4.5%. Key highlights:

- Loans grew 8% YoY and 2% QoQ to Rs282b and deposits grew 7% YoY and 2% QoQ to Rs369b. CD ratio was sequentially stable at 76.5%.
- Core retail deposits grew 11.4% YoY and 7.5% QoQ (forming ~80% deposits) and bulk deposits declined ~7% YoY (up 2.4% QoQ). The proportion of bulk deposits in overall deposits declined to 19.4% against 22.3% a year earlier. CASA deposits grew 22% YoY and 3% QoQ. CASA ratio remained stable sequentially at 29.6%.
- 3QFY11 margins contracted 13bp QoQ led by an increase in cost of deposits and decline in yield on loans. In the 9MFY11, the bank reported NIM of 4.28% against 3.69% a year earlier.
- The bank reported its second pension-related liability of Rs1.59b of which it provided Rs85m in 3QFY11 and Rs245m in 9MFY11. The bank plans to amortize the liability over five years.
- GNPAs in absolute terms increased 5% QoQ to Rs12b and NNPA increased 22% QoQ to Rs2.3b. Calculated PCR fell to 79% from 83% a quarter earlier and 81.4% a year earlier. Continued higher slippages of Rs3.2b in 3QFY11 (up from Rs2.6b in 2QFY11) and annualized slippage ratio of 4.8% for 3QFY11 and 4.5% for 9MFY11 is a concern.

Valuation and view: The bank's RoA will be strong at over 1.2% and RoE is likely to be in mid-teens as growth moderates. The stock trades at FY12E P/BV of 1.1x and P/BV of 1x FY13. Maintain **Buy** with a target price of Rs475 (1.3x FY13E BV of Rs364).

QUARTERLY PERFORMANCE

(RS MILLION)

| | FY10 | | | | FY11 | | | | FY10 | FY11E |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QE | | |
| Interest Income | 8,744 | 9,011 | 9,446 | 9,531 | 9,518 | 9,783 | 10,219 | 10,879 | 36,732 | 40,399 |
| Interest Expense | 5,843 | 5,711 | 5,635 | 5,435 | 5,385 | 5,400 | 5,746 | 6,480 | 22,624 | 23,011 |
| Net Interest Income | 2,901 | 3,300 | 3,811 | 4,097 | 4,133 | 4,384 | 4,473 | 4,399 | 14,108 | 17,388 |
| % Change (Y-o-Y) | 4.3 | -0.6 | -0.9 | 27.7 | 42.5 | 32.9 | 17.4 | 7.4 | 7.3 | 23.2 |
| Other Income | 1,474 | 1,364 | 1,165 | 1,306 | 1,099 | 1,440 | 1,217 | 1,477 | 5,309 | 5,233 |
| Net Income | 4,375 | 4,664 | 4,976 | 5,403 | 5,232 | 5,824 | 5,689 | 5,875 | 19,417 | 22,621 |
| Operating Expenses | 1,592 | 1,631 | 1,661 | 1,885 | 1,879 | 1,974 | 2,122 | 2,323 | 6,769 | 8,298 |
| Operating Profit | 2,783 | 3,032 | 3,315 | 3,518 | 3,353 | 3,850 | 3,567 | 3,553 | 12,648 | 14,323 |
| % Change (Y-o-Y) | 9.8 | 0.1 | -13.8 | 10.3 | 20.5 | 27.0 | 7.6 | 1.0 | 0.4 | 13.2 |
| Other Provisions | 520 | 1,501 | 1,053 | 979 | 1,334 | 1,703 | 1,424 | 1,293 | 4,053 | 5,753 |
| Profit before Tax | 2,263 | 1,531 | 2,262 | 2,539 | 2,020 | 2,147 | 2,143 | 2,260 | 8,595 | 8,570 |
| Tax Provisions | 900 | 520 | 1,160 | 1,370 | 701 | 743 | 712 | 757 | 3,950 | 2,914 |
| Net Profit | 1,364 | 1,011 | 1,103 | 1,169 | 1,319 | 1,404 | 1,431 | 1,503 | 4,645 | 5,656 |
| % Change (Y-o-Y) | 100.1 | -11.6 | -45.9 | 2.3 | -3.3 | 38.9 | 29.8 | 28.6 | -7.2 | 21.8 |
| Interest Exp/Interest Income (%) | 66.8 | 63.4 | 59.7 | 57.0 | 56.6 | 55.2 | 56.2 | 59.6 | 61.6 | 57.0 |
| Other Income/Net Income (%) | 33.7 | 29.3 | 23.4 | 24.2 | 21.0 | 24.7 | 21.4 | 25.1 | 27.3 | 23.1 |
| Cost/Income Ratio (%) | 36.4 | 35.0 | 33.4 | 34.9 | 35.9 | 33.9 | 37.3 | 39.5 | 34.9 | 36.7 |
| Provisions/Operating Profits (%) | 18.7 | 49.5 | 31.8 | 27.8 | 39.8 | 44.2 | 39.9 | 36.4 | 32.0 | 40.2 |
| Tax Rate (%) | 39.7 | 34.0 | 51.3 | 54.0 | 34.7 | 34.6 | 33.2 | 33.5 | 46.0 | 34.0 |

E: MOSL Estimates

RESULTS ANALYSIS (RS M)

| | 3QFY11 | 3QFY10 | YOY GR. % | 2QFY11 | QOQ GR. % | FY10 | FY11E | FY12E |
|----------------------------------|----------------|----------------|-------------|----------------|-------------|----------------|----------------|----------------|
| Interest Income | 10,219 | 9,446 | 8.2 | 9,783 | 4.5 | 36,732 | 40,399 | 46,553 |
| Interest Expense | 5,746 | 5,635 | 2.0 | 5,400 | 6.4 | 22,624 | 23,011 | 27,491 |
| Net Interest Income (NII) | 4,473 | 3,811 | 17.4 | 4,384 | 2.0 | 14,108 | 17,388 | 19,062 |
| Other Income | 1,217 | 1,165 | 4.5 | 1,440 | -15.5 | 5,309 | 5,233 | 6,060 |
| - Fees (including forex) | 742 | 747 | -0.7 | 831 | -10.8 | 2,955 | 3,281 | 3,833 |
| - Treasury Income | 82 | 166 | -50.5 | 141 | -41.8 | 1,077 | 475 | 600 |
| - Recovery from w/off | 393 | 252 | 56.1 | 468 | -16.0 | 1,277 | 1,477 | 1,627 |
| Net Income | 5,689 | 4,976 | 14.3 | 5,824 | -2.3 | 19,417 | 22,621 | 25,123 |
| Total Operating Costs | 2,122 | 1,661 | 27.8 | 1,974 | 7.5 | 6,769 | 8,298 | 9,512 |
| - Staff Costs | 1,198 | 874 | 37.1 | 1,208 | -0.8 | 3,661 | 4,759 | 5,473 |
| - Other Opex | 924 | 786 | 17.5 | 766 | 20.6 | 3,108 | 3,539 | 4,039 |
| Operating Profit | 3,567 | 3,315 | 7.6 | 3,850 | -7.3 | 12,648 | 14,323 | 15,611 |
| Provisions | 1,424 | 1,053 | 35.2 | 1,703 | -16.4 | 4,053 | 5,753 | 5,756 |
| PBT | 2,143 | 2,262 | -5.3 | 2,147 | -0.2 | 8,595 | 8,570 | 9,855 |
| Tax | 712 | 1,160 | -38.6 | 743 | -4.2 | 3,950 | 2,914 | 3,351 |
| Tax Rate (%) | 33 | 51 | | 35 | | 46 | 34 | 34 |
| PAT | 1,431 | 1,103 | 29.8 | 1,404 | 1.9 | 4,645 | 5,656 | 6,504 |
| Deposits | 369,135 | 345,873 | 6.7 | 361,160 | 2.2 | 360,580 | 396,637 | 468,032 |
| CASA Ratio (%) | 29.6 | 25.9 | | 29.4 | | 26.2 | 28.5 | 28.5 |
| Loans | 282,400 | 260,296 | 8.5 | 276,356 | 2.2 | 269,501 | 301,841 | 356,173 |
| Gross NPA % | 4.0 | 3.0 | | 3.8 | | 3.0 | 3.9 | 3.8 |
| Net NPA % | 0.8 | 0.6 | | 0.7 | | 0.5 | 0.8 | 0.7 |
| Yields on Advances %* | 11.1 | 11.4 | | 11.2 | | 11.6 | 11.1 | 11.1 |
| Cost of deposits %* | 6.0 | 6.5 | | 5.9 | | 6.4 | 5.9 | 6.1 |
| NIM %* | 4.3 | 4.1 | | 4.4 | | 3.7 | 4.1 | 4.0 |

* Reported numbers for Quarterly, Calculated for full year

Other highlights

- 3QFY11 fee income grew 10% YoY and declined 3% QoQ to Rs283m. Moderation in loan growth is leading to pressure on fees. In the 9MFY11, fees grew just 5% YoY to Rs850m.
- The bank reported recoveries from written off accounts of Rs393m from Rs252m a year earlier and Rs468m a quarter earlier. Trading profits declined to Rs82m against Rs1.7b a year earlier and Rs1.4b a quarter earlier.

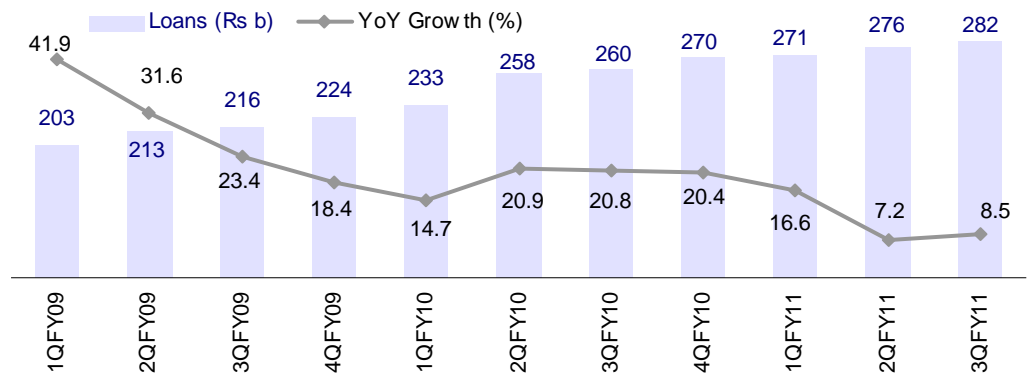
Valuation and view

- The key focus of the bank will be to improve the back-end processes to improve asset quality. Retail and SME are likely to be key growth drivers for the bank. It plans to scale up its branches to 1,000 branches in two years from 737 branches as on 3QFY11, which may result in some cost pressure.
- With a large balance sheet, capabilities and distribution strength in place, key focus will be on improving risk management systems and processes (to tackle NPA issues and ensure quality growth). In the near term, the management does not mind compromising growth for improved quality.

- While the bank's RoA will stay strong at over 1.2%, RoE is likely to remain in mid-teens as growth moderates. We estimate EPS of Rs33 in FY11, Rs38 in FY12 and Rs44 in FY13, EPS CAGR of 17% over FY10-13. BV is expected to be Rs299 in FY11, Rs329 in FY12 and Rs364 in FY13. The stock trades at FY12E P/BV of 1.1x and P/BV of 1x FY13E. Maintain **Buy** with a target price of Rs475 (1.3x FY13E BV of Rs364).

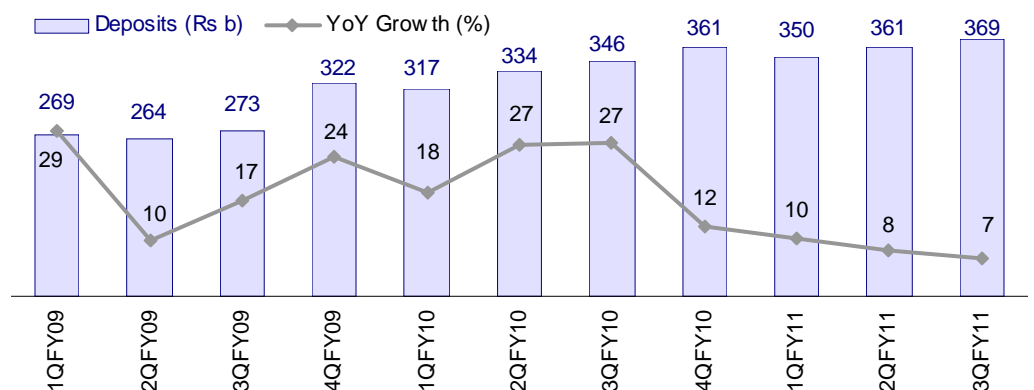
Trend in Loan book

Loan growth moderates YoY but management expects growth to pick up from 4Q FY11

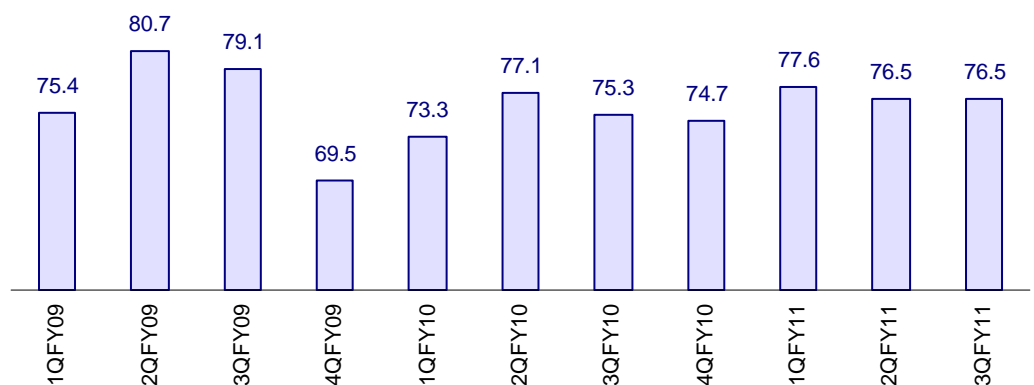


Trend in deposits

Focus is to strengthen liability franchise by increasing CASA & reducing bulk deposit



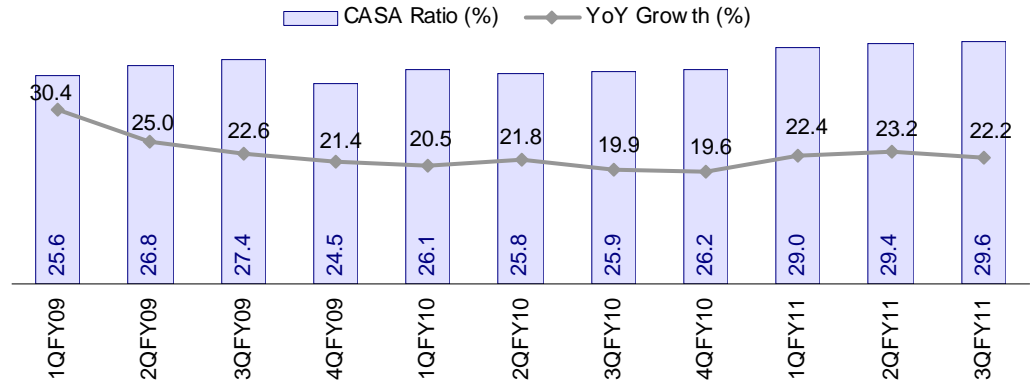
Trend in CD ratio (%)



Source: Company/MOSL

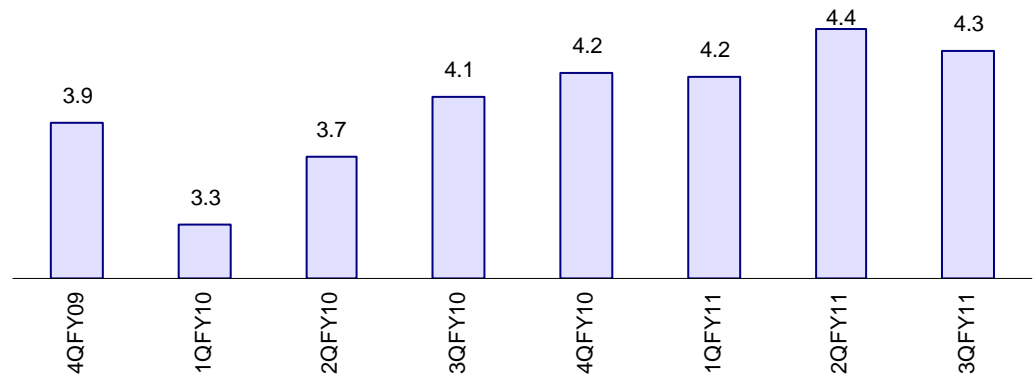
Trend in CASA

CASA growth outpaces overall deposits growth

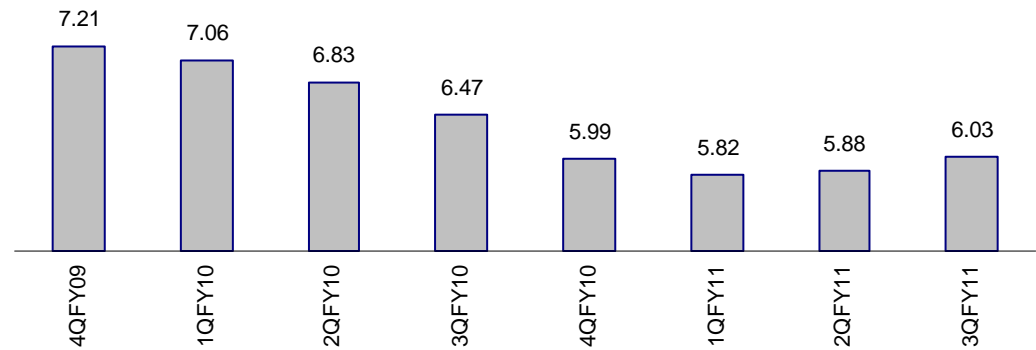


NIMs(%)

3QFY11 margins contracted 13bp QoQ led by an increase in the cost of deposits and decline in yield on loans



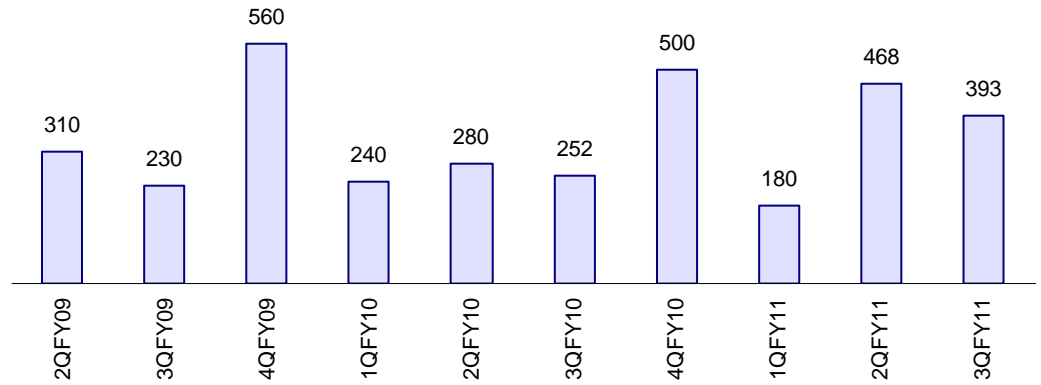
Cost of deposits (%)



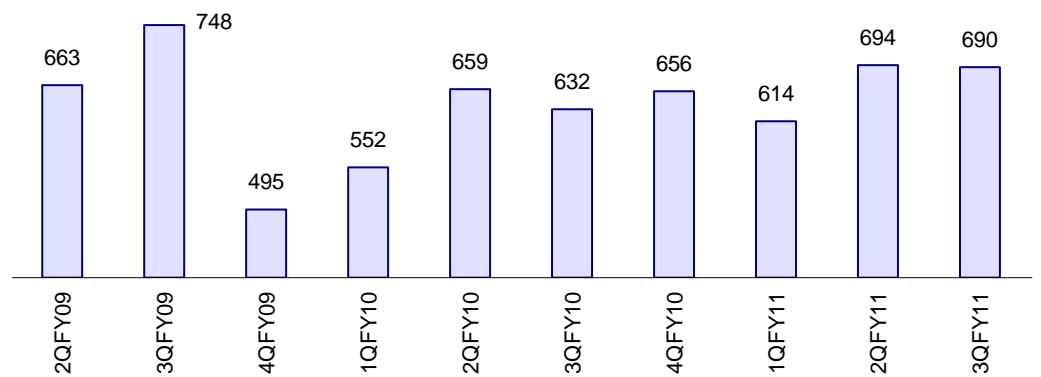
Source: Company/MOSL

Recoveries (Rs m)

Recoveries from written off accounts remained strong

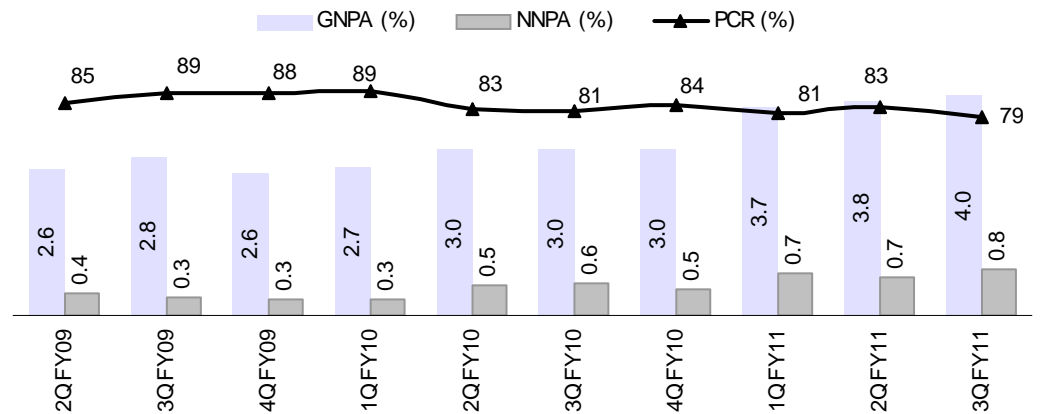


Fee income growth (%)



Trend in asset quality

Continued higher slippages remain a concern but management expects improvement from 4Q FY11



Source: Company/MOSL

Federal Bank: an investment profile

Company description

Federal Bank is a mid-sized Kerala-based bank, with a balance sheet size of ~Rs461b. The bank, which has 737 branches and more than 760 ATMs, caters to a large number of NRIs, whose deposits constitute ~26% of its retail deposits. The bank's operations were confined to Kerala until 1972, after which it expanded operations to all metropolitan centers.

Key investment arguments

- A strong share of low cost deposits (29% CASA and NRI deposits) and a high share of high yielding retail and SME loans will keep margins strong at ~4%.
- With a large balance sheet, capabilities and distribution in place, the bank's key focus is to improve risk management systems and processes to tackle NPA issues and have quality growth. Lower slippages and higher upgrades and recovery could deliver a positive surprise in FY12.
- CAR above ~16% is comfortable and with higher leverage in coming years RoE could expand substantially.

Key investment risk

- Increasing competition in Kerala with HDFC Bank acquiring CBoP and South Indian Bank becoming aggressive could lead to contraction in margins and a slow down in fee based income.

Recent developments

- The bank will infuse Rs250m fresh capital in its wholly owned subsidiary, Fedbank Financial Services Ltd.
- Federal Bank received RBI's approval to open 108 new branches in India.

Valuation and view

- We estimate EPS of Rs38 in FY12 and Rs44 in FY13, amounting to EPS CAGR of 17% over FY10-13. BV is expected to be Rs329 in FY12 and Rs364 in FY13.
- The stock trades at FY12E P/BV of 1.1x and P/BV of 1x FY13. Maintain **Buy** with a target price of Rs475 (1.3x FY13E BV of Rs364).

Sector view

- Loan growth is strong but rising inflation and increasing interest rates are near-term headwinds for the sector.
- Our economist expects the current tightness in liquidity to begin to ease in 4QFY11, allaying pressure of a significant NIM compression.
- We believe margins will compress gradually. With strong loan growth and a high CD ratio, banks have strong pricing power.
- Banks with high CASA deposits and a lower proportion of bulk deposits will be preferred bets.

Comparative valuations

| | | Federal Bank | SIB | J&K |
|----------|-------|--------------|------|------|
| P/E (x) | FY11E | 10.6 | 8.4 | 5.4 |
| | FY12E | 9.2 | 7.0 | 4.6 |
| P/BV (x) | FY11E | 1.2 | 1.4 | 1.0 |
| | FY12E | 1.1 | 1.2 | 0.8 |
| RoE (%) | FY11E | 11.5 | 17.4 | 19.5 |
| | FY12E | 12.1 | 18.2 | 19.9 |
| RoA (%) | FY11E | 1.2 | 1.0 | 1.4 |
| | FY12E | 1.2 | 0.9 | 1.4 |

Shareholding pattern (%)

| | Sep-10 | Jun-10 | Sep-09 |
|---------------|--------|--------|--------|
| Promoter | 0.0 | 0.0 | 0.0 |
| Domestic Inst | 23.7 | 23.3 | 25.3 |
| Foreign | 43.8 | 43.2 | 43.3 |
| Others | 32.6 | 33.5 | 31.5 |

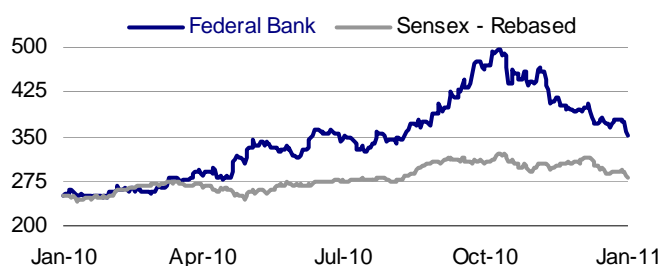
EPS: MOSL forecast v/s consensus (Rs)

| | MOSL Forecast | Consensus Forecast | Variation (%) |
|------|---------------|--------------------|---------------|
| FY11 | 33.1 | 34.0 | -2.5 |
| FY12 | 38.0 | 44.4 | -14.5 |

Target Price and Recommendation

| Current Price (Rs) | Target Price (Rs) | Upside (%) | Reco. |
|--------------------|-------------------|------------|-------|
| 350 | 475 | 35.7 | Buy |

Stock performance (1 year)



Financials and valuation

| INCOME STATEMENT | | | | | | (RS MILLION) |
|---|----------------|----------------|----------------|----------------|----------------|---------------------|
| Y/E MARCH | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
| Interest Income | 25,154 | 33,154 | 36,732 | 40,399 | 46,553 | 54,982 |
| Interest Expense | 16,474 | 19,999 | 22,624 | 23,011 | 27,491 | 33,280 |
| Net Interest Income | 8,680 | 13,155 | 14,108 | 17,388 | 19,062 | 21,702 |
| <i>Change (%)</i> | 21.1 | 51.5 | 7.3 | 23.2 | 9.6 | 13.9 |
| Non Interest Income | 3,947 | 5,158 | 5,309 | 5,233 | 6,060 | 6,958 |
| Net Income | 12,627 | 18,312 | 19,417 | 22,621 | 25,123 | 28,660 |
| <i>Change (%)</i> | 23.9 | 45.0 | 6.0 | 16.5 | 11.1 | 14.1 |
| Operating Expenses | 4,686 | 5,715 | 6,769 | 8,298 | 9,512 | 10,899 |
| Pre Provision Profits | 7,941 | 12,598 | 12,648 | 14,323 | 15,611 | 17,761 |
| <i>Change (%)</i> | 29.6 | 58.6 | 0.4 | 13.2 | 9.0 | 13.8 |
| Provisions (excl tax) | 2,940 | 4,668 | 4,053 | 5,753 | 5,756 | 6,397 |
| PBT | 5,002 | 7,930 | 8,595 | 8,570 | 9,855 | 11,364 |
| Tax | 1,321 | 2,925 | 3,950 | 2,914 | 3,351 | 3,864 |
| <i>Tax Rate (%)</i> | 26.4 | 36.9 | 46.0 | 34.0 | 34.0 | 34.0 |
| PAT | 3,680 | 5,005 | 4,645 | 5,656 | 6,504 | 7,500 |
| <i>Change (%)</i> | 25.7 | 36.0 | -7.2 | 21.8 | 15.0 | 15.3 |
| Equity Dividend (Incl tax) | 800 | 1,001 | 997 | 1,201 | 1,301 | 1,501 |
| Core PPP* | 7,191 | 11,768 | 11,571 | 13,848 | 15,011 | 17,061 |
| <i>Change (%)</i> | 27.6 | 63.7 | -1.7 | 19.7 | 8.4 | 13.7 |
| <i>*Core PPP is (Nil+Fee income-Opex)</i> | | | | | | |
| BALANCE SHEET | | | | | | (RS MILLION) |
| Y/E MARCH | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
| Equity Share Capital | 1,710 | 1,710 | 1,710 | 1,710 | 1,710 | 1,710 |
| Reserves & Surplus | 37,547 | 41,549 | 45,194 | 49,650 | 54,853 | 60,853 |
| Net Worth | 39,257 | 43,259 | 46,904 | 51,360 | 56,564 | 62,563 |
| Deposits | 259,134 | 321,982 | 360,580 | 396,637 | 468,032 | 552,278 |
| <i>Change (%)</i> | 20.1 | 24.3 | 12.0 | 10.0 | 18.0 | 18.0 |
| of which CASA Dep | 65,010 | 78,884 | 94,424 | 113,042 | 133,389 | 157,399 |
| <i>Change (%)</i> | 19.4 | 21.3 | 19.7 | 19.7 | 18.0 | 18.0 |
| Borrowings | 12,620 | 12,190 | 15,468 | 22,548 | 24,390 | 26,411 |
| Other Liabilities & Prov. | 14,054 | 11,078 | 13,804 | 17,256 | 21,570 | 26,962 |
| Total Liabilities | 325,064 | 388,509 | 436,756 | 487,801 | 570,555 | 668,214 |
| Current Assets | 27,454 | 34,371 | 27,234 | 36,065 | 41,845 | 49,272 |
| Investments | 100,266 | 121,190 | 130,546 | 137,074 | 157,635 | 181,280 |
| <i>Change (%)</i> | 42.6 | 20.9 | 7.7 | 5.0 | 15.0 | 15.0 |
| Loans | 189,047 | 223,919 | 269,501 | 301,841 | 356,173 | 420,284 |
| <i>Change (%)</i> | 26.9 | 18.4 | 20.4 | 12.0 | 18.0 | 18.0 |
| Fixed Assets | 2,328 | 2,808 | 2,898 | 2,956 | 3,064 | 3,172 |
| Other Assets | 5,969 | 6,221 | 6,577 | 9,865 | 11,838 | 14,206 |
| Total Assets | 325,064 | 388,509 | 436,756 | 487,801 | 570,555 | 668,214 |
| ASSET QUALITY | | | | | | (%) |
| GNPA (Rs M) | 4,686 | 5,896 | 8,214 | 12,128 | 14,054 | 16,307 |
| NNPA (Rs M) | 432 | 681 | 1,288 | 2,426 | 2,389 | 2,772 |
| GNPA Ratio | 2.42 | 2.57 | 2.97 | 3.89 | 3.82 | 3.76 |
| NNPA Ratio | 0.23 | 0.30 | 0.48 | 0.80 | 0.67 | 0.66 |
| PCR (Excl Tech. write off) | 90.2 | 87.3 | 91.8 | 80.0 | 83.0 | 83.0 |
| E: MOSL Estimates | | | | | | |

Financials and valuation

RATIOS

| Y/E MARCH | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
|------------------------------------|------------|-------------|------------|------------|------------|------------|
| Spreads Analysis (%) | | | | | | |
| Avg. Yield-Earning Assets | 9.6 | 10.2 | 9.6 | 9.5 | 9.7 | 9.7 |
| Avg. Yield on loans | 10.8 | 12.4 | 11.6 | 11.1 | 11.1 | 11.1 |
| Avg. Yield on Investments | 7.3 | 6.3 | 6.2 | 6.4 | 6.6 | 6.8 |
| Avg. Cost-Int. Bear. Liab. | 6.6 | 6.6 | 6.4 | 5.8 | 6.0 | 6.2 |
| Avg. Cost of Deposits | 6.4 | 6.4 | 6.4 | 5.9 | 6.1 | 6.3 |
| Interest Spread | 3.0 | 3.6 | 3.3 | 3.8 | 3.6 | 3.5 |
| Net Interest Margin | 3.3 | 4.0 | 3.7 | 4.1 | 4.0 | 3.8 |
| Profitability Ratios (%) | | | | | | |
| RoE | 13.6 | 12.1 | 10.3 | 11.5 | 12.1 | 12.6 |
| RoA | 1.3 | 1.4 | 1.1 | 1.2 | 1.2 | 1.2 |
| Int. Expense/Int. Income | 65.5 | 60.3 | 61.6 | 57.0 | 59.1 | 60.5 |
| Fee Income/Net Income | 25.3 | 23.6 | 21.8 | 21.0 | 21.7 | 21.8 |
| Non Int. Inc./Net Income | 31.3 | 28.2 | 27.3 | 23.1 | 24.1 | 24.3 |
| Efficiency Ratios (%) | | | | | | |
| Cost/Income* | 39.5 | 32.7 | 36.9 | 37.5 | 38.8 | 39.0 |
| Empl. Cost/Op. Exps. | 57.9 | 55.6 | 54.1 | 57.3 | 57.5 | 57.7 |
| Busi. per Empl. (Rs m) | 60.0 | 65.7 | 76.1 | 83.2 | 91.9 | 104.7 |
| NP per Empl. (Rs lac) | 5.4 | 6.6 | 6.0 | 7.1 | 7.9 | 8.7 |
| * ex treasury | | | | | | |
| Asset-Liability Profile (%) | | | | | | |
| Loans/Deposit Ratio | 73.0 | 69.5 | 74.7 | 76.1 | 76.1 | 76.1 |
| CASA Ratio | 25.1 | 24.5 | 26.2 | 28.5 | 28.5 | 28.5 |
| Investment/Deposit Ratio | 38.7 | 37.6 | 36.2 | 34.6 | 33.7 | 32.8 |
| G-Sec/Investment Ratio | 77.9 | 68.5 | 71.1 | 72.3 | 74.2 | 76.2 |
| CAR | 22.5 | 20.1 | 17.6 | 18.9 | 17.6 | 16.5 |
| <i>Tier 1</i> | 19.1 | 17.5 | 17.2 | 16.8 | 15.9 | 15.0 |
| VALUATION | | | | | | |
| Book Value (Rs) | 229.2 | 251.2 | 272.5 | 298.5 | 329.0 | 364.0 |
| <i>Change (%)</i> | 31.2 | 9.6 | 8.5 | 9.6 | 10.2 | 10.7 |
| Price-BV (x) | 1.5 | 1.4 | 1.3 | 1.2 | 1.1 | 1.0 |
| Adjusted BV (Rs) | 227.5 | 248.6 | 267.6 | 289.3 | 319.9 | 353.5 |
| Price-ABV (x) | 1.5 | 1.4 | 1.3 | 1.2 | 1.1 | 1.0 |
| EPS (Rs) | 21.5 | 29.3 | 27.2 | 33.1 | 38.0 | 43.9 |
| <i>Change (%)</i> | -37.1 | 36.0 | -7.2 | 21.8 | 15.0 | 15.3 |
| Price-Earnings (x) | 16.3 | 12.0 | 12.9 | 10.6 | 9.2 | 8.0 |
| Dividend Per Share (Rs) | 4.0 | 5.0 | 5.0 | 6.0 | 6.5 | 7.5 |
| Dividend Yield (%) | 1.1 | 1.4 | 1.4 | 1.7 | 1.9 | 2.1 |

E: MOSL Estimates

N O T E S



For more copies or other information, contact

Institutional: Navin Agarwal. **Retail:** Manish Shah

Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: reports@motiloswal.com

Motilal Oswal Securities Ltd, 3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021

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Disclosure of Interest Statement

Federal Bank

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|---|----|
| 1. Analyst ownership of the stock | No |
| 2. Group/Directors ownership of the stock | No |
| 3. Broking relationship with company covered | No |
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