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29 November 2011

India

Financial services

Bank	Reco	Mkt Cap (US\$m)
SBI	U-PF	23,027
HDFC Bank	BUY	20,926
ICICI Bank	BUY	17,635
Axis Bank	BUY	8,284
PNB	U-PF	5,952
BoB	O-PF	5,922
Canara	U-PF	4,128
BoI	U-PF	3,734
IDFC	BUY	3,390
Union	U-PF	2,375
OBC	U-PF	1,645
Yes Bank	O-PF	1,467
Corp Bk	U-PF	1,076
J & K Bk	BUY	748

Bank	Price target	% earnings change	
		FY12	FY13
SBI	1,640	-6%	-13%
HDFC Bank	520	0%	-4%
ICICI Bank	970	-2%	-5%
Axis Bank	1,150	-1%	-5%
PNB	930	0%	-8%
BoB	830	-3%	-7%
Canara	470	-3%	-9%
BoI	280	-5%	-14%
IDFC	135	-5%	-8%
Union	200	-6%	-10%
OBC	250	0%	-5%
Yes Bank	310	-1%	-6%
Corp Bk	400	-3%	-16%
J & K Bk	860	-3%	-3%

Risks seep into FY13

India's capex cycle is facing multiple headwinds which will adversely impact loan and fee growth. We expect banking sector's credit growth to moderate to 16% over FY12-13. A fall in share of capex-linked loans will hit fees harder which will impact private banks more. Asset quality faces headwinds from slower growth and we forecast a three-fold rise in Gross NPAs by FY14. However, trends will be divergent and banks with higher exposure to risky segments and restructured loans (mostly PSUs) will see higher NPLs. We lower FY12-13 sector estimates by 3%-9%; ICICI and HDFC Bank remain our top picks and we remain U-WT on most PSU Banks. We also cut recommendation on Yes Bank to O-PF.

Slower investment cycle will affect loan growth and fee growth

- India's slower economic growth, near policy paralysis and gaps in execution of infrastructure projects will adversely affect banking sector's credit growth.
- We therefore believe that the growth in India's bank credit is likely to slow from 21% in FY11 to ~16% in FY12 & FY13.
- However, we do not see a major collapse in loan growth as a large share of loans is towards working capital, which will grow in line with nominal GDP.
- Additionally, banks may also benefit from market share gains in foreign currency lending to Indian corporates as global banks are turning risk averse and are focussing on capital conservation.
- Margins are likely to be stable as banks are focussed on profitability which was evident in 2Q results whereby most banks saw QoQ improvement in margins.
- While credit growth may still be healthy, fall in share of longer-term / project loans will affect banks' fee growth (these are fee intensive products); this will be a bigger risk for earnings of SBI, Axis and ICICI Bank.

Delinquencies will rise and PSU banks are more vulnerable

- Asset quality will face pressures from (1) slowdown in economic growth, (2) high interest rates and (3) Sector-specific concerns, especially for SMEs.
- We however expect asset quality pressures to be manageable as a) corporate leverage is low, (2) capacity utilisation is healthy, (3) loan growth multiplier has averaged 1x in past two years v/s 1.7x over FY07-08
- We are building in three-fold rise in absolute gross NPL (Gross NPA ratio to rise from 2.4% in Mar-11 to 4.6% by Mar-14); loan loss provisioning estimated to grow at a cagr of 34% over FY11-13 (from 80bps in FY11 to 110bps in FY13)
- However like 2Q, where private banks reported a 30% drop in loan loss charge and PSU banks reported a 42% increase (fig 19), we expect asset quality trends to continue to be divergent.
- Asset quality pressures will be higher for banks with (1) lenient underwriting standards, (2) higher exposure to risky sectors- SME, power, real estate, textiles etc and (3) higher share of restructured loans.

Lowering earnings and target prices; prefer quality over value

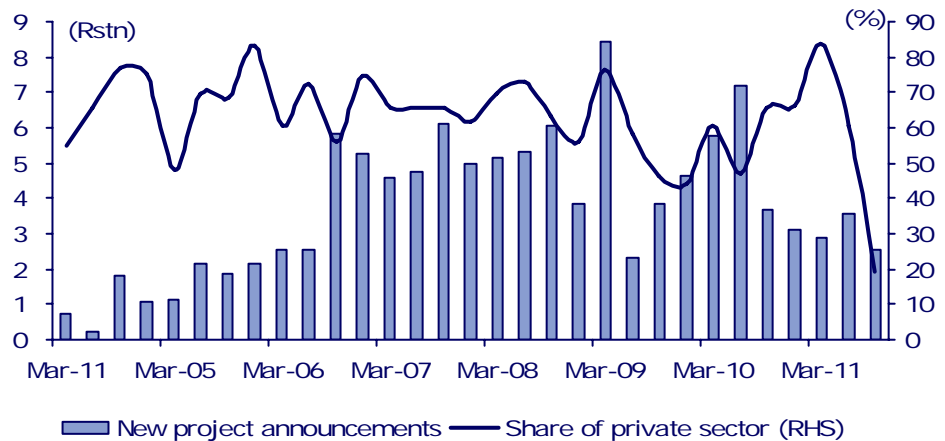
- We lower sector earning estimates for banks by 3% for FY12 and 9% for FY13 on the back of a cut in loan growth and fee growth as well as higher loan loss provisioning; we have also lowered our target prices.
- Our sensitivity analysis indicates (1) 10bps higher LLP will impact FY13 earnings by 2-7% and (2) 1% higher gross NPLs will impact FY13 adjusted BVPS by 7-39%; banks with higher leverage and low ROA are more vulnerable.
- We prefer banks with well capitalised balance sheet, stronger liability franchise and higher ROA with ICICI Bank and HDFC Bank being our top picks.
- We remain underweight on SBI and most other PSU Banks; BOB is our only positive recommendation in the PSU space.
- Downgrade Yes bank to O-PF as upside to price target is 11%.

Slower investment cycle will affect loan and fee growth

India's slower economic growth, near policy paralysis and gaps in execution of infrastructure projects will adversely affect banking sector's credit growth. We therefore believe that the growth in India's bank credit is likely to slow from 21% in FY11 to 16% in FY12 and FY13. However, we do not see a major collapse as ~40% of loans are for working capital needs which grow in line with corporate sales growth. Additionally, banks may also benefit from market share gains in foreign currency lending to Indian corporates as the global banks are turning risk averse and focussed on capital conservation; rupee depreciation would also boost reported loan growth, although will have no impact on profitability.

Figure 1

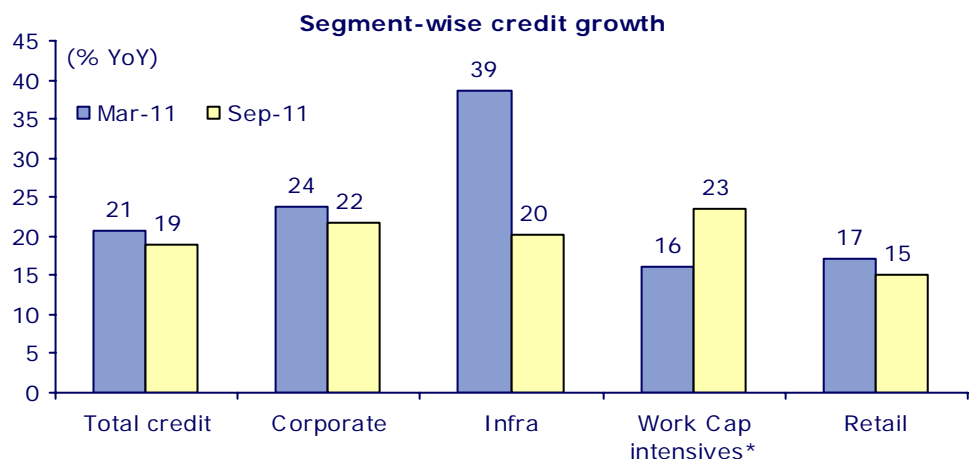
Investment in new projects has declined sharply



Source: CMIE, CLSA Asia-Pacific Markets

Figure 2

Sharp slowdown in infra-loans...



* Working capital intensives include Metals, Food, Textiles and Petroleum sectors. Source: RBI, CLSA Asia-Pacific Markets

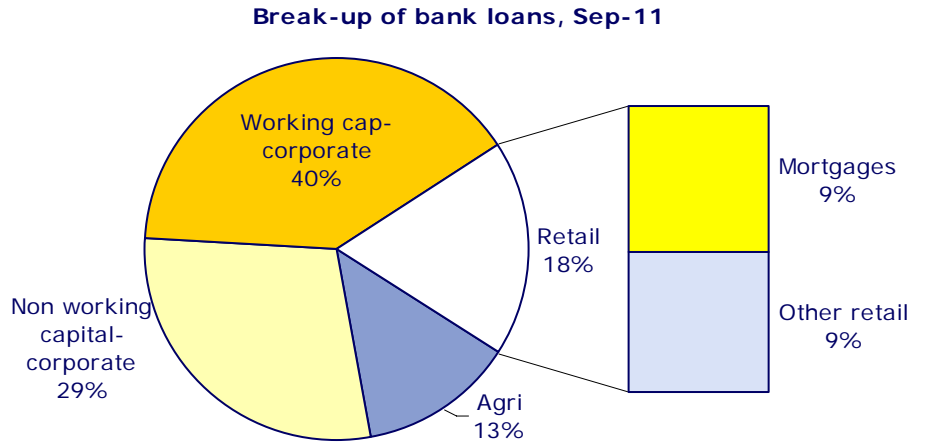
A slowdown in the capex cycle...

... is reflected in the sharp slowdown in infra-loans that form 15% of total loans

However, working capital loans, which account for ~40% of total bank credit ...

Figure 3

Corporate sector forms ~70% of bank credit

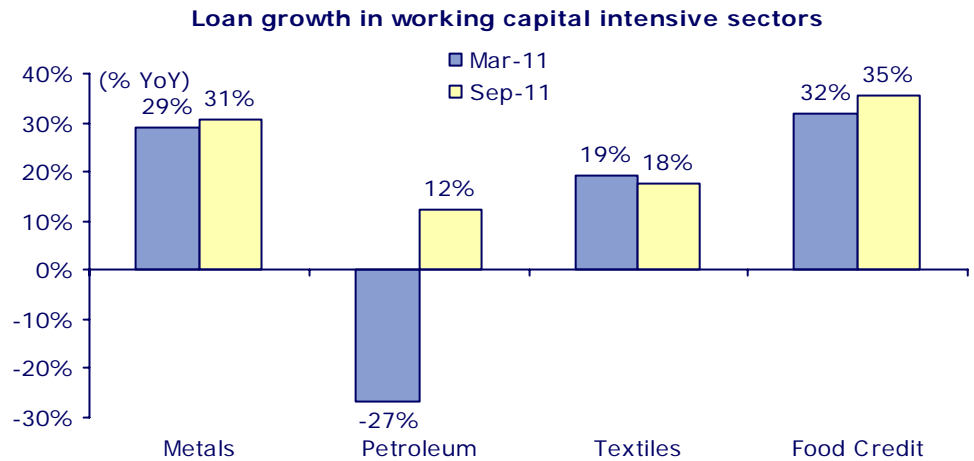


Source: IBA, RBI, CLSA Asia-Pacific Markets

... have seen an uptick in growth ...

Figure 4

Working Capital intensive sectors have seen healthy loan growth



Source: RBI, CLSA Asia-Pacific Markets

.. due to sharp rise in commodity prices.

Figure 5

Crude oil price is up 26% YoY

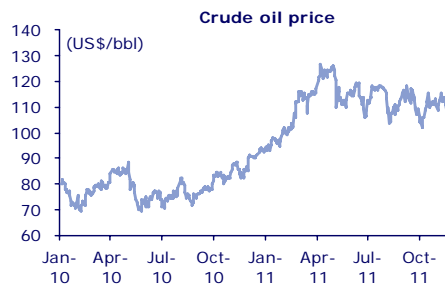


Figure 6

Steel price is up 4% YoY



Source: Bloomberg, CLSA Asia-Pacific Markets

Additionally, sharp depreciation in rupee will boost growth in international loans.

High demand for working capital loans and growth in international loans will support credit growth in FY12-13.

Margins have bottomed and are expected to remain stable

Figure 7

Sharp rupee depreciation has boosted reported loan growth in 2QFY12

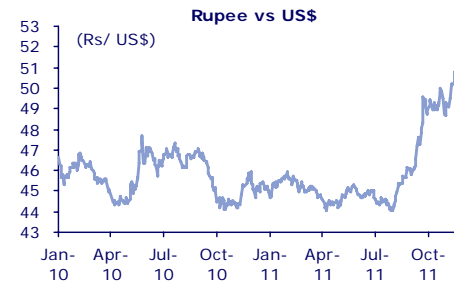
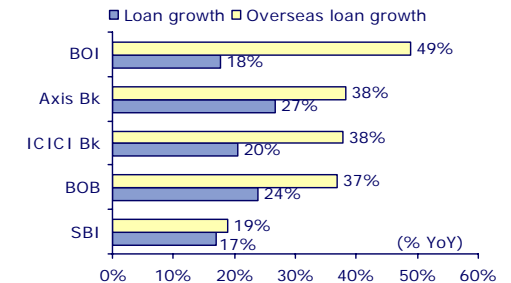


Figure 8

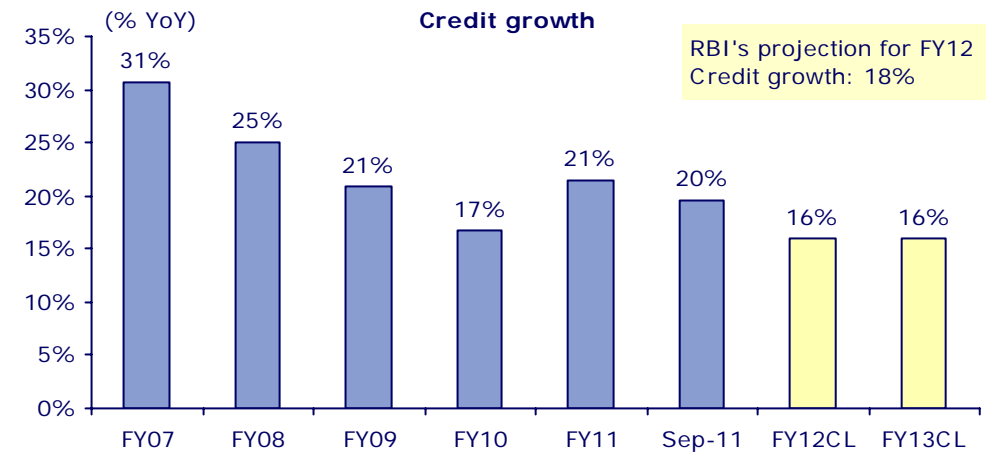
Sharp rupee depreciation has boosted reported loan growth in 2QFY12



Source: Bloomberg, CLSA Asia-Pacific Markets

Figure 9

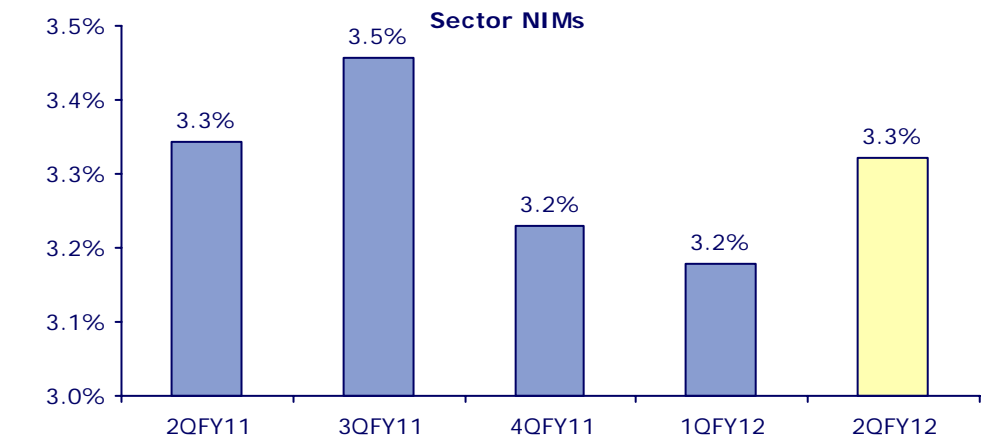
Growth in credit will moderate to 16% in FY12-13



Source: RBI, CLSA Asia-Pacific Markets

Figure 10

Sector NIMs for banks have gone up on the back of...



Source: CLSA Asia-Pacific Markets

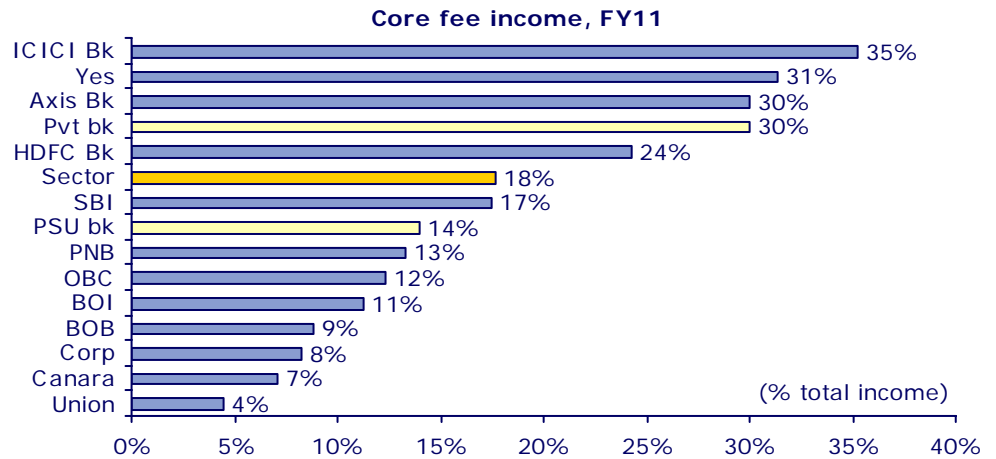
Changing loan mix will however impact fee growth, especially for banks with higher share of credit origination linked fees

We expect asset quality pressures and a rise in delinquencies...

... which we are building in through a three-fold rise in Gross NPLs by FY14.

Figure 11

Private banks have a larger share of core fee income



Source: CLSA Asia-Pacific Markets

Delinquencies will rise and PSU banks are more vulnerable

While asset quality will face pressures from a slowdown in economic growth and high interest rates, we expect these pressures to be manageable as (1) corporate leverage is manageable, (2) capacity utilisation is still healthy, (3) post 2008, the loan growth has not been very aggressive.

We are however building in a three-fold rise in NPL by FY14, estimating the gross NPL ratio to rise from 2.4% in Mar-11 to 4.6% by Mar-14. Loan loss charges are likely to rise from 80bps of loan in FY11 to 110bps of loan in FY13 (peak asset quality pressure) before moderating to 100bps for FY14.

We however do expect the trends to continue to be divergent between private and PSU banks, reflecting the a) lenient underwriting standards, (2) exposure to risky sectors- SME, power, real estate, textiles etc and (3) share of restructured loans.

This trend was visible in 2Q results too where private banks reported a drop in their gross NPL while PSU banks reported 44% rise in their gross NPL; the divergence in loan loss charges was even more stark with private banks reporting a 30% drop in absolute loan loss charges while PSU banks reported a 42% rise in their loan loss charges.

The magnitude of divergence may come off, however the trend is likely to continue for the next 4-6 quarters as earnings of PSU banks remain more susceptible to asset quality pressures.

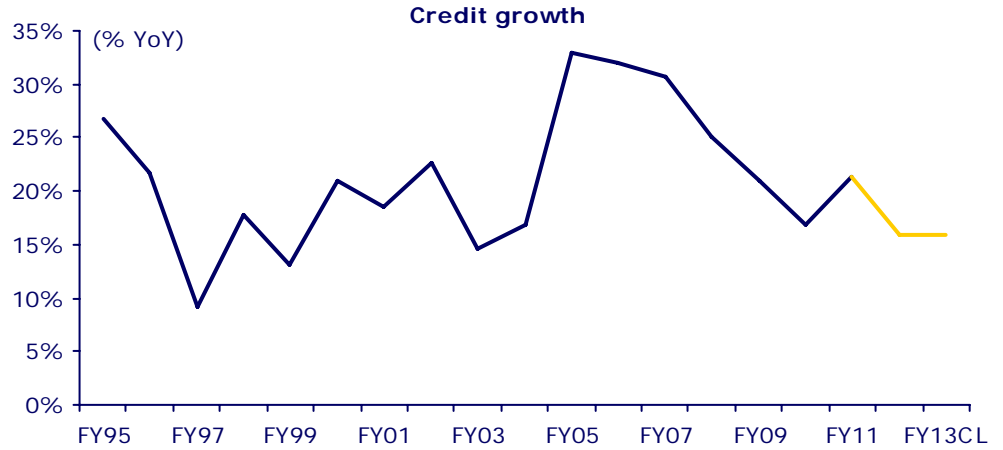
Sector credit to moderate to 16% in FY12-13

Asset quality pressures should be manageable as corporate debt is at manageable levels...

...capacity utilisation is still at healthy levels...

Figure 12

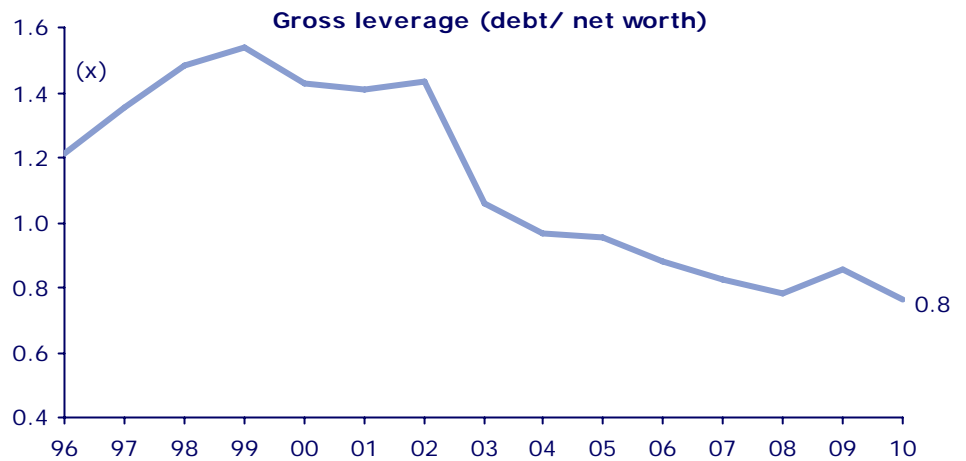
Banking sector credit growth



Source: RBI, CLSA Asia-Pacific Markets

Figure 13

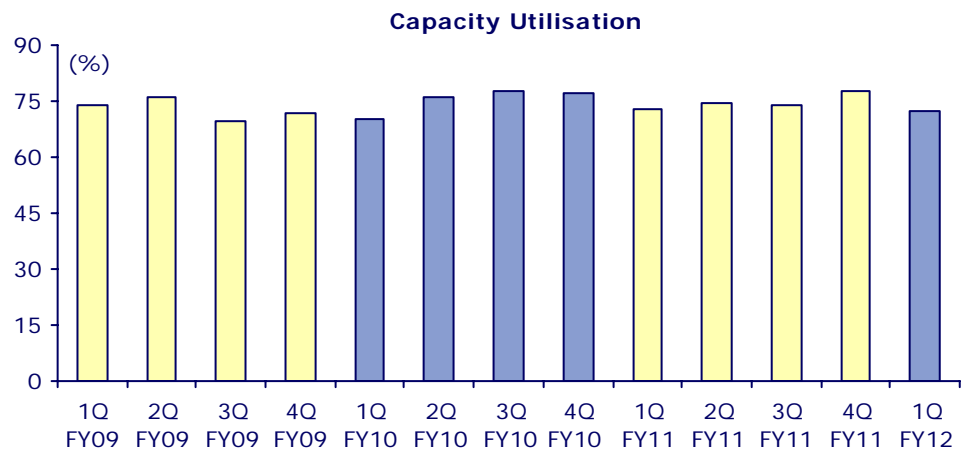
Corporate debt is low and at manageable levels



Source: CMIE, CLSA Asia-Pacific Markets

Figure 14

Capacity utilisation is still healthy

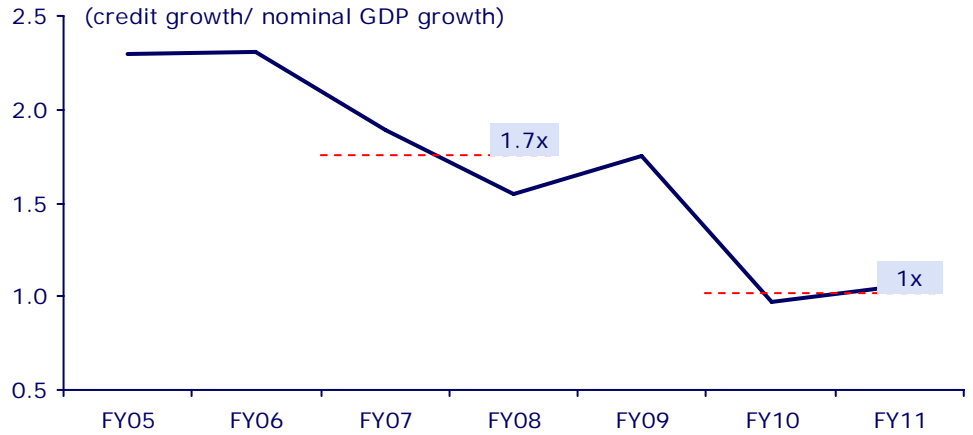


Source: RBI, CLSA Asia-Pacific Markets

...and Credit growth / nominal GDP growth multiplier has significantly come down from pre-crisis levels.

Figure 15

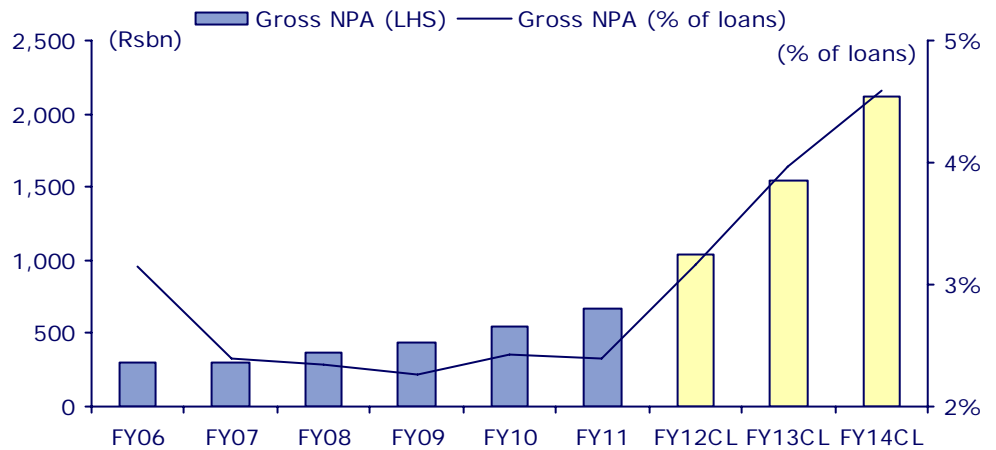
Credit growth/GDP growth multiplier has come down since 2008



Source: RBI, CLSA Asia-Pacific Markets

Figure 16

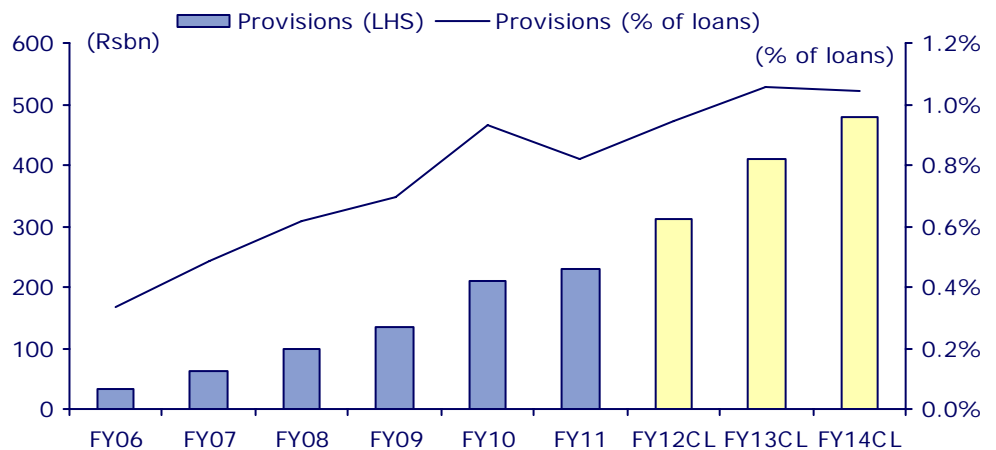
Gross NPAs to rise from 2.4% in Mar-11 to 4.6% by Mar-14CL



Source: CLSA Asia-Pacific Markets

Figure 17

Loan loss provisions for banks are expected to go up...



Source: CLSA Asia-Pacific Markets

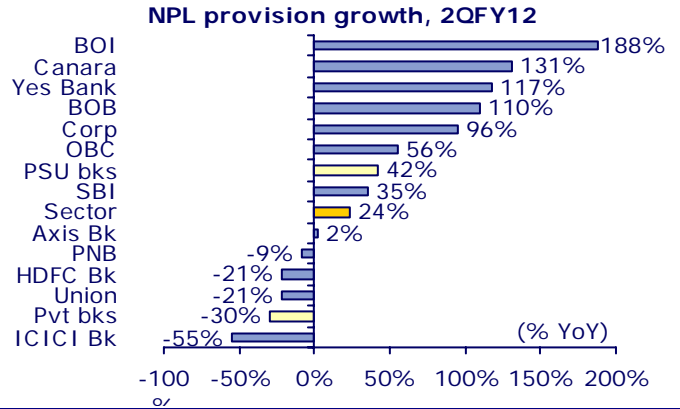
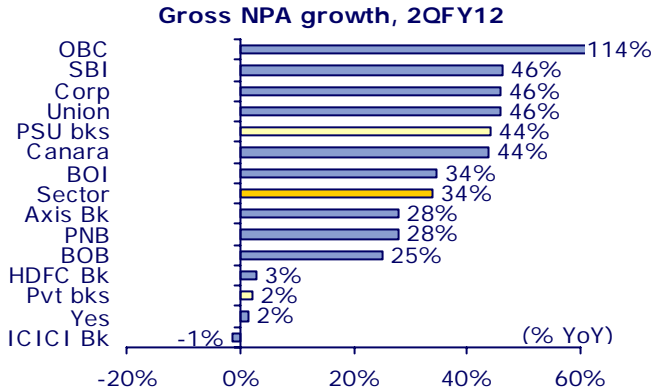
We are building in a three-fold rise in Gross NPLs over FY11-14...

...and expect loan loss provisioning to grow at 28% Cagr over FY11-14

Figure 18

Figure 19

As in 2QFY12, we expect divergent trends in asset quality among banks

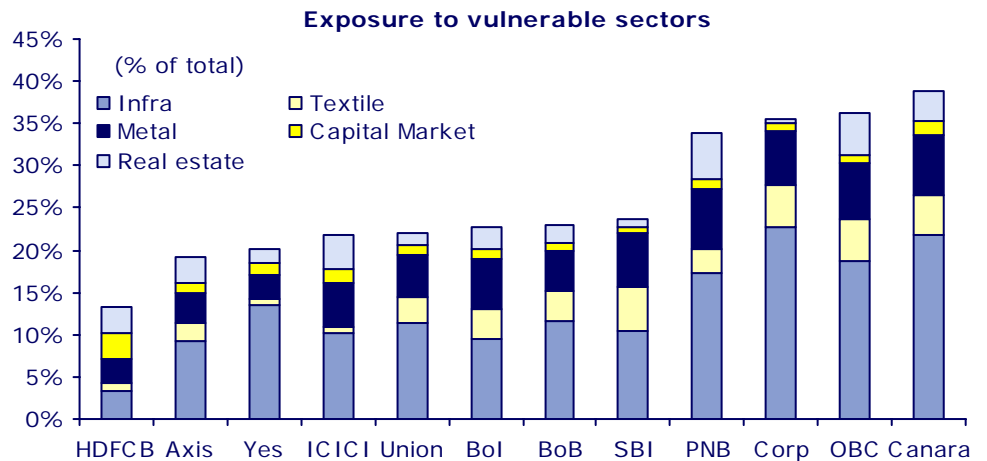


Source: CLSA Asia-Pacific Markets

Asset quality pressures will be higher for banks having higher exposure to risky sectors and...

Figure 20

Exposure to risky sectors as on Mar-11

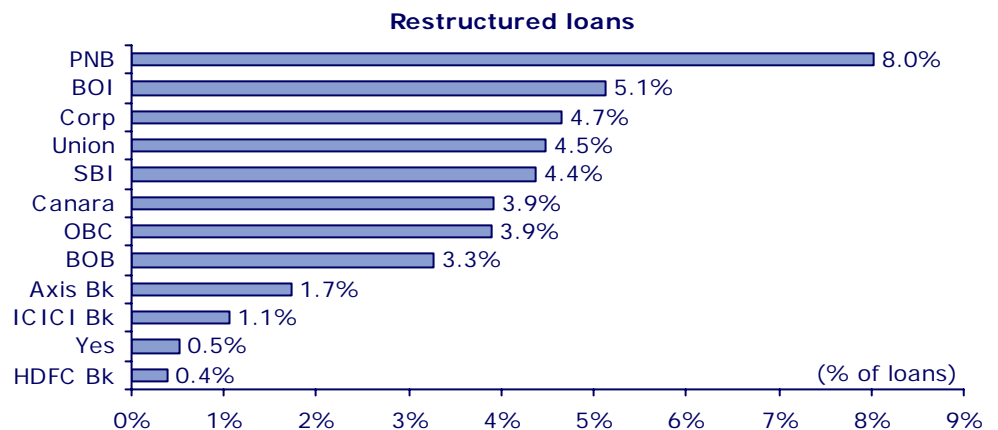


Source: CLSA Asia-Pacific Markets

...higher share of restructured loans

Figure 21

Share of restructure loans as on Sep-11



Source: CLSA Asia-Pacific Markets

Cutting earnings and target prices; prefer quality over value

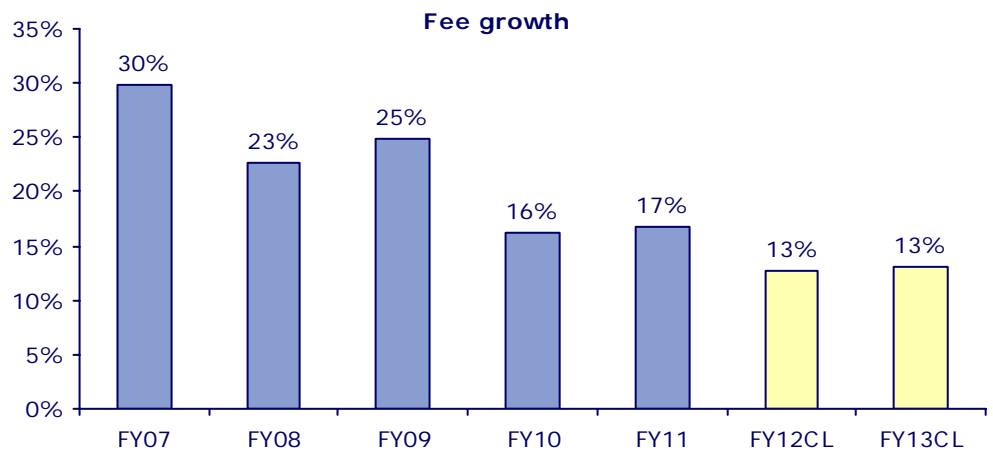
We lower sector earning estimates by 3% for FY12 and 9% for FY13 factoring in a) cut in loan growth, b) lower fee revenues and c) higher loan loss charges. FY12 consolidated earnings growth is estimated to be 15%, higher mainly due to the base effect of SBI (largest bank- reported a 99% drop in profits in 4Q11); excluding SBI, earnings growth is estimated at 11% for FY12 and 14% for FY13.

Sensitivity to asset quality - (1) 10bps higher LLP will impact FY13 earnings by 2-7% and (2) 100bps increase in Gross NPL ratio will impact FY13 adjusted BVPS by 7-39%; impact will be higher for those with low ROA and higher leverage.

We lower target prices by 0-15% on the back of cut in earning estimates. We prefer banks with well capitalised balance sheet, stronger liability franchise and higher ROA with ICICI Bank and HDFC Bank being our top picks. We remain underweight on SBI and most other PSU Banks; BOB is our only positive recommendation in the PSU space. We downgrade Yes bank to O-PF as we see limited upside to our current target price.

Figure 22

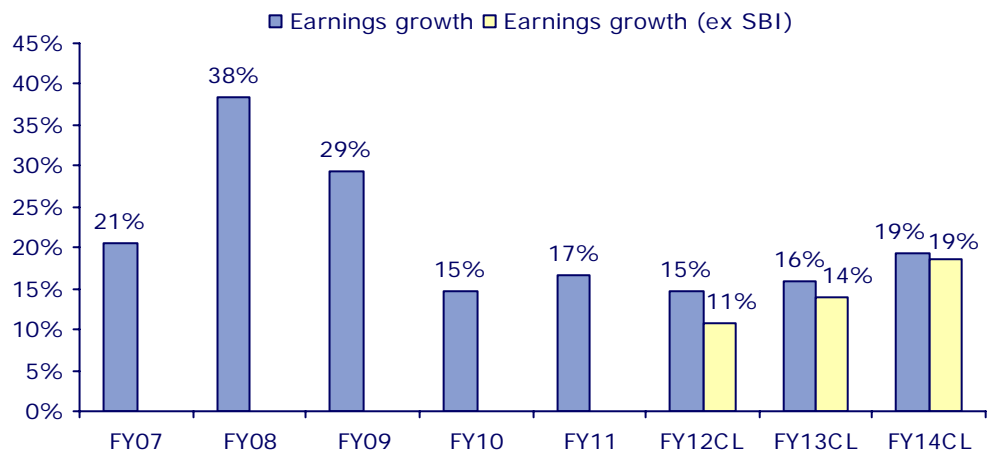
Fee growth to moderate over FY12-13



Source: CLSA Asia-Pacific Markets

Figure 23

Earnings growth forecasts for FY12-14



Source: CLSA Asia-Pacific Markets

Expect fee growth to moderate on the back off lower credit origination linked fees.

We expect earnings to grow at 15% in FY12 largely due to base effect of SBI.

Ex-SBI, earnings are expected to grow at 11% in FY12

Figure 24

Earnings sensitivity to higher loan loss provisioning

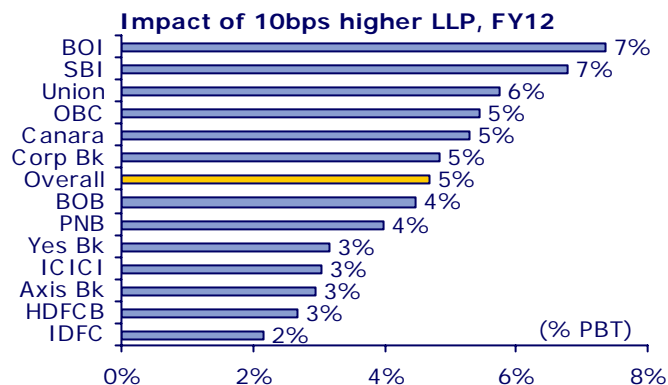
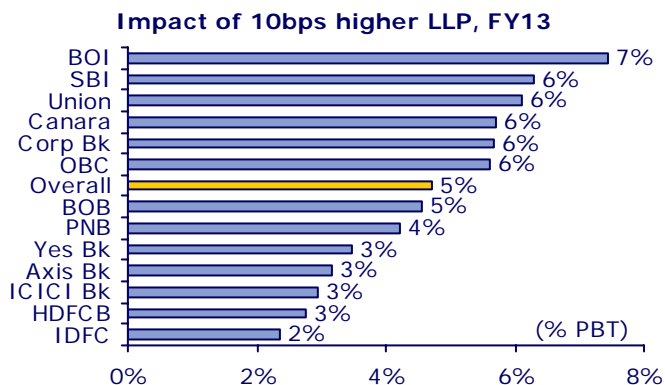


Figure 25

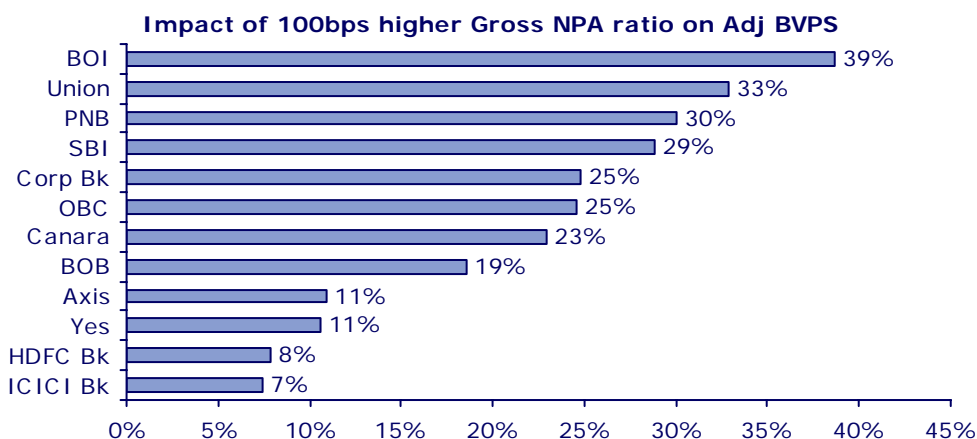


Source: CLSA Asia-Pacific Markets

BOI, PNB and Union Bank are most vulnerable to rise in NPL provisions

Figure 26

Private banks are less sensitive to higher NPL provisions relative to PSU banks



Source: CLSA Asia-Pacific Markets

Figure 27

Recommendation summary

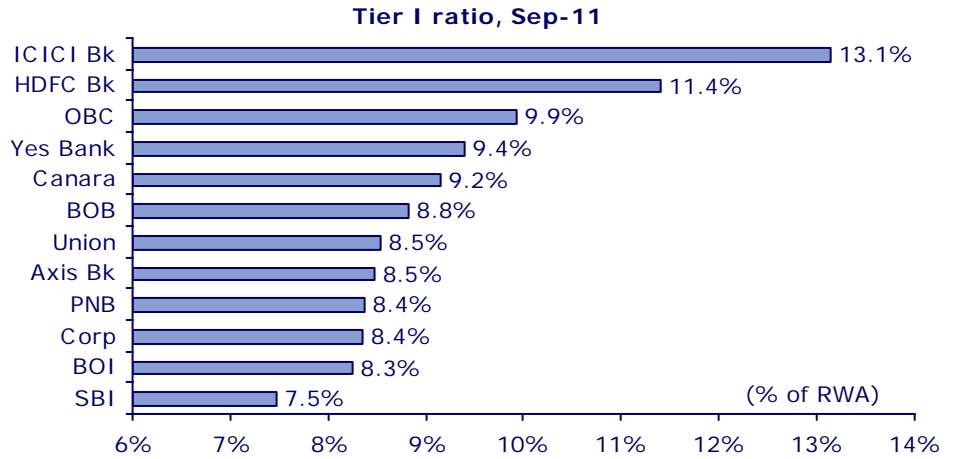
	Old estimates		New estimates		% Change		Recommendation		
	FY12	FY13	FY12	FY13	FY12	FY13	Old	New	Target
PSU banks									
SBI	143,678	186,838	135,628	163,454	-6%	-13%	U-PF	U-PF	1,640
PNB	48,664	58,151	48,815	53,634	0%	-8%	U-PF	U-PF	930
BoI	27,147	32,635	25,873	28,227	-5%	-14%	U-PF	U-PF	280
BoB	45,790	55,287	44,507	51,677	-3%	-7%	O-PF	O-PF	830
Union	22,821	25,886	21,476	23,191	-6%	-10%	U-PF	U-PF	200
Canara	39,317	45,274	38,184	41,176	-3%	-9%	U-PF	U-PF	470
Corp Bank	15,356	17,543	14,955	14,723	-3%	-16%	U-PF	U-PF	400
OBC	14,674	17,275	14,675	16,443	0%	-5%	U-PF	U-PF	250
Private									
ICICI Bank	62,700	77,896	61,590	74,274	-2%	-5%	BUY	BUY	970
HDFC Bank	50,895	63,302	50,776	60,804	0%	-4%	BUY	BUY	520
Axis Bank	40,481	48,753	39,891	46,400	-1%	-5%	BUY	BUY	1,150
Yes Bank	9,128	11,226	9,065	10,511	-1%	-6%	BUY	O-PF	310
J & K	7,348	8,302	7,144	8,060	-3%	-3%	BUY	BUY	860
IDFC	15,402	17,584	14,693	16,178	-5%	-8%	BUY	BUY	135

Source: CLSA Asia-Pacific Markets

We prefer banks having well capitalised balance sheets...

Figure 28

Private banks have well capitalised balance sheets

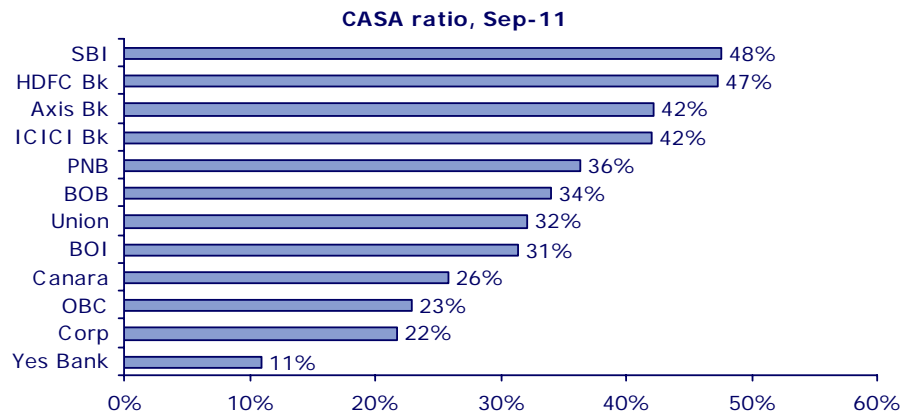


Source: CLSA Asia-Pacific Markets

... strong liability franchise...

Figure 29

Banks with strong liability franchise are placed better

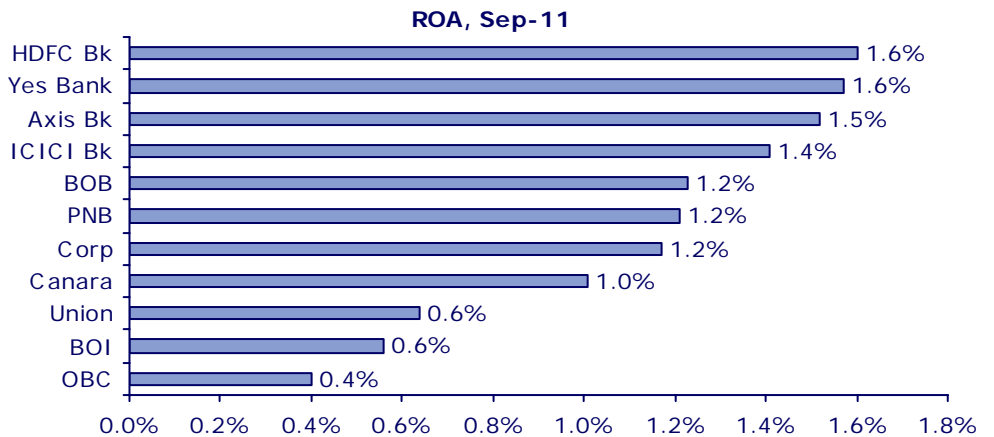


Source: CLSA Asia-Pacific Markets

... and high profitability.

Figure 30

Private banks generate higher ROA relative to PSU banks



Source: CLSA Asia-Pacific Markets

Appendix 1: Valuation Ranges

Figure 31

Indian banks trade below average PE...

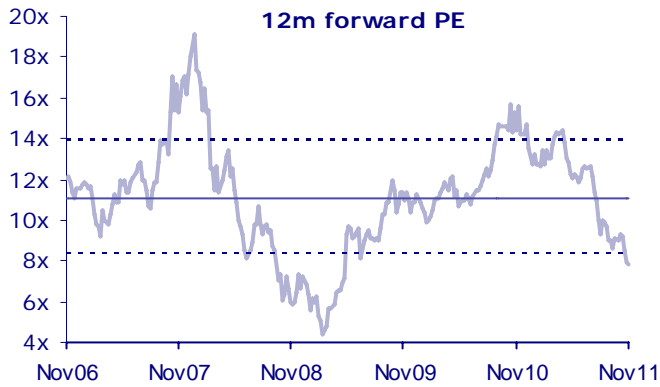
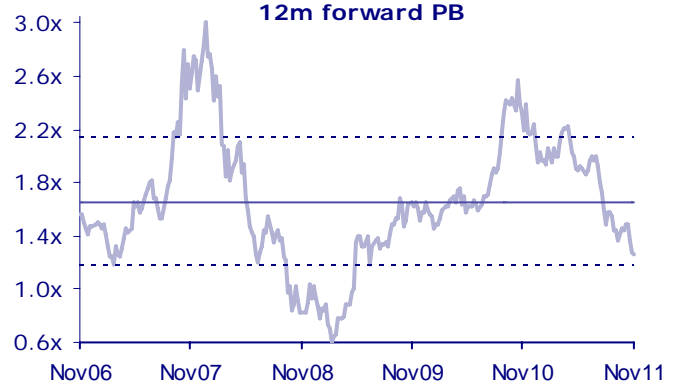


Figure 32

... and below average PB as well

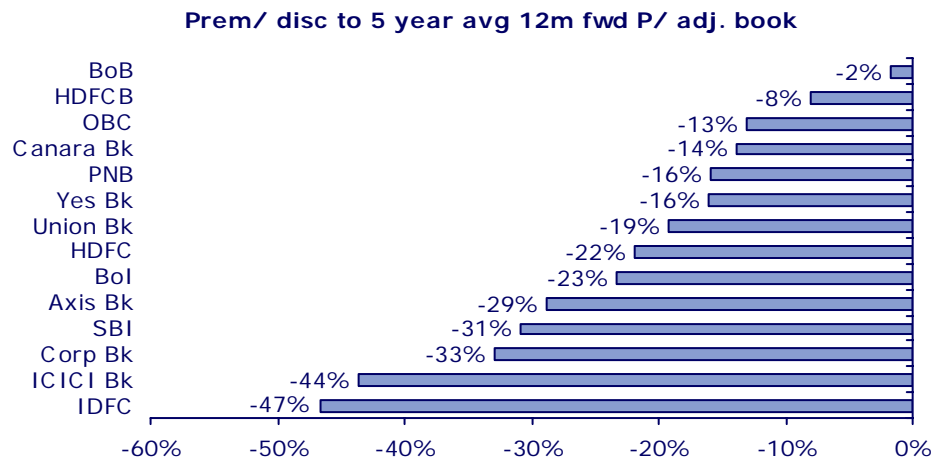


Source: CLSA Asia-Pacific Markets

ICICI and IDFC are trading ~45% discount to average valuations

Figure 33

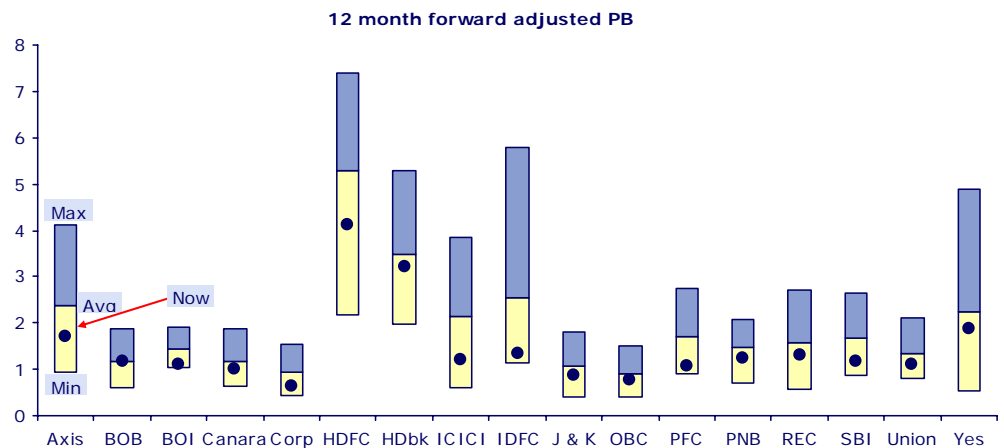
Premium discount to five year average valuations



Source: CLSA Asia-Pacific Markets

Figure 34

Range of bank-wise 12m forward adjusted PB



Source: CLSA Asia-Pacific Markets

	SBI	ICICI Bk	HDFC Bk	Axis Bank	PNB	BoI	BoB	Union	Canara	Corp Bk	J & K	OBC	HDFC	IDFC	Yes	PFC	REC
Mkt Price	1,777	750	441	989	921	335	741	222	457	356	755	276	645	114	280	169	193
Recommendation	U-PF	BUY	BUY	BUY	U-PF	U-PF	O-PF	U-PF	U-PF	U-PF	BUY	U-PF	BUY	BUY	O-PF	U-PF	U-PF
Price Target	1,640	970	520	1,150	920	280	830	190	460	400	860	250	760	135	310	160	170
Market Cap. (US\$m)	23,027	17,635	20,926	8,284	5,952	3,734	5,922	2,375	4,128	1,076	748	1,645	19,318	3,390	1,986	3,961	3,882
Avg. trading (US\$m)	320	177	78	115	17	10	15	11	12	1	0	7	76	34	36	5	6
FY10																	
BVPS (Rs)	1,309	463	94	396	562	271	415	206	358	403	621	300	106	54	91	116	112
Price/ book (x)	1.4	1.6	4.7	2.5	1.6	1.2	1.8	1.1	1.3	0.9	1.2	0.9	6.1	2.1	3.1	1.5	1.7
Adjusted BVPS (Rs)	1,099	314	92	386	484	202	362	155	262	389	607	263	52	48	91	115	112
Value of subsidiary (Rs/ share)	103	154											152	7			
Price/ adjusted book (x)	1.5	1.9	4.8	2.6	1.9	1.7	2.0	1.4	1.7	0.9	1.2	1.0	9.6	2.2	3.1	1.5	1.7
FY11																	
BVPS (Rs)	1,315	478	109	463	679	316	536	241	452	482	717	348	118	71	109	132	130
Price/ book (x)	1.4	1.6	4.0	2.1	1.4	1.1	1.4	0.9	1.0	0.7	1.1	0.8	5.5	1.6	2.6	1.3	1.5
Adjusted BVPS (Rs)	1,067	344	108	453	568	257	484	177	352	455	705	318	65	67	109	130	129
Value of subsidiary (Rs/ share)	119	192											187	8			
Price/ adjusted book (x)	1.6	1.6	4.1	2.2	1.6	1.3	1.5	1.3	1.3	0.8	1.1	0.9	7.0	1.6	2.6	1.3	1.5
FY12																	
BVPS (Rs)	1,509	513	126	538	798	355	630	269	523	560	833	351	130	82	132	155	145
Price/ book (x)	1.2	1.5	3.5	1.8	1.2	0.9	1.2	0.8	0.9	0.6	0.9	0.8	5.0	1.4	2.1	1.1	1.3
Adjusted BVPS (Rs)	1,264	376	124	523	687	244	574	184	413	517	799	322	79	78	131	149	140
Value of subsidiary (Rs/ share)	137	240											231	9			
Price/ adjusted book (x)	1.3	1.4	3.5	1.9	1.3	1.4	1.3	1.2	1.1	0.7	0.9	0.9	5.3	1.3	2.1	1.1	1.4
FY13																	
BVPS (Rs)	1,770	557	147	629	939	402	743	301	605	655	965	339	164	90	161	173	165
Price/ book (x)	1.0	1.3	3.0	1.6	1.0	0.8	1.0	0.7	0.8	0.5	0.8	0.8	3.9	1.3	1.7	1.0	1.2
Adjusted BVPS (Rs)	1,473	415	144	606	817	270	676	206	459	580	907	312	114	87	158	160	153
Value of subsidiary (Rs/ share)	157	288											244	9			
Price/ adjusted book (x)	1.1	1.1	3.1	1.6	1.1	1.2	1.1	1.1	1.0	0.6	0.8	0.9	3.5	1.2	1.8	1.1	1.3
PER (x) - adj for subs																	
FY11	9.9	12.5	26.1	12.0	6.6	7.4	6.8	5.6	5.0	3.7	6.0	5.4	19.0	13.0	13.4	7.4	7.4
FY12CL	7.2	9.4	20.1	10.0	6.0	6.7	6.3	5.1	5.1	3.3	5.0	5.5	14.8	10.3	10.7	8.0	7.0
FY13CL	5.5	6.8	16.2	8.3	5.0	5.6	5.2	4.5	4.5	2.9	4.4	4.7	12.2	8.9	8.7	6.4	6.2
PB (x)																	
FY11	1.4	1.6	4.0	2.1	1.4	1.1	1.4	0.9	1.0	0.7	1.1	0.8	5.5	1.6	2.6	1.3	1.5
FY12CL	1.2	1.5	3.5	1.8	1.2	0.9	1.2	0.8	0.9	0.6	0.9	0.8	5.0	1.4	2.1	1.1	1.3
FY13CL	1.2	1.3	3.0	1.6	1.0	0.8	1.0	0.7	0.8	0.5	0.8	0.8	3.9	1.3	1.7	1.0	1.2
EPS (Rs)																	
FY10	185	36	13	62	124	33	84	41	74	82	106	45	20	8	14	21	24
FY11	168	45	17	83	140	46	108	40	91	95	127	52	24	9	21	23	26
FY12CL	226	54	22	99	154	50	117	44	89	107	152	50	28	10	26	21	27
FY13CL	294	68	27	119	184	60	141	49	102	122	171	59	33	12	32	26	31
Core RoE (%)																	
FY10	15%	11%	16%	19%	24%	13%	22%	22%	22%	22%	18%	15%	30%	19%	22%	19%	27%
FY11	13%	13%	17%	19%	23%	16%	24%	18%	23%	22%	19%	16%	37%	17%	23%	18%	22%
FY12CL	17%	14%	19%	20%	21%	15%	20%	17%	18%	20%	20%	13%	36%	15%	23%	14%	20%
FY13CL	19%	16%	20%	20%	21%	16%	21%	17%	18%	20%	19%	14%	33%	15%	23%	16%	20%
RoA (%)																	
FY10	0.9%	1.1%	1.5%	1.5%	1.4%	0.7%	1.2%	1.2%	1.2%	1.2%	1.3%	0.9%	2.6%	3.2%	1.7%	3.1%	3.7%
FY11	0.7%	1.3%	1.6%	1.6%	1.3%	0.8%	1.3%	1.0%	1.3%	1.1%	1.3%	1.0%	2.8%	3.0%	1.6%	2.8%	3.3%
FY12CL	0.9%	1.4%	1.7%	1.5%	1.2%	0.7%	1.2%	0.9%	1.1%	1.0%	1.3%	0.8%	2.7%	2.9%	1.4%	2.4%	2.8%
FY13CL	1.0%	1.5%	1.7%	1.4%	1.2%	0.7%	1.2%	0.9%	1.1%	1.0%	1.3%	0.9%	2.8%	2.8%	1.4%	2.5%	2.7%
Tier 1 Capital (%)																	
FY10	9.5%	14.0%	13.3%	11.2%	9.2%	8.5%	9.2%	7.9%	8.5%	9.3%	12.8%	9.3%	12.8%	17.2%	12.9%	17.1%	15.5%
FY11	7.8%	13.2%	12.2%	9.4%	8.4%	8.3%	10.0%	8.4%	10.9%	8.7%	11.3%	10.2%	12.6%	21.9%	9.7%	15.3%	16.9%
FY12CL	7.4%	11.9%	11.4%	8.2%	8.3%	8.0%	9.6%	8.0%	10.6%	8.4%	11.2%	10.0%	12.8%	21.0%	8.6%	16.8%	15.0%
FY13CL	7.6%	11.3%	10.7%	7.6%	8.2%	7.7%	9.5%	7.9%	10.7%	8.3%	11.1%	9.5%	14.9%	19.0%	7.9%	15.5%	14.2%
Gross NPLs (% of loans)																	
FY10	3.0%	5.2%	1.4%	1.3%	1.7%	2.9%	1.4%	2.2%	1.5%	1.0%	1.9%	1.7%	0.8%	0.3%	0.3%	0.0%	0.0%

	SBI	ICICI Bk	HDFC Bk	Axis Bank	PNB	BoI	BoB	Union	Canara	Corp Bk	J & K	OBC	HDFC	IDFC	Yes	PFC	REC	
FY11	3.3%	4.6%	1.0%	1.1%	1.8%	2.2%	1.4%	2.4%	1.4%	0.9%	1.9%	2.0%	0.8%	0.2%	0.2%	0.2%	0.0%	
FY12CL	3.8%	4.6%	1.1%	1.2%	2.2%	3.0%	1.6%	3.3%	1.6%	1.3%	2.0%	3.0%	0.8%	0.4%	0.5%	0.6%	0.8%	
FY13CL	4.2%	4.7%	1.1%	1.4%	2.7%	3.3%	1.8%	3.8%	2.2%	2.0%	2.2%	4.4%	0.8%	0.6%	0.7%	1.2%	1.5%	
Restructured loans (% loans)	4.4%	1.1%	0.4%	1.7%	8.0%	5.1%	3.3%	4.5%	3.9%	4.7%	7.8%	3.9%	0.0%	0.0%	0.5%	0.0%	0.0%	
Net NPLs (% of loans)																		
FY10	1.7%	2.1%	0.3%	0.4%	0.5%	1.3%	0.3%	0.8%	1.1%	0.3%	0.3%	0.9%	0.1%	-1.5%	0.1%	0.0%	0.0%	
FY11	1.6%	1.1%	0.2%	0.3%	0.8%	0.9%	0.3%	1.2%	1.1%	0.5%	0.2%	1.0%	-0.2%	-1.4%	0.0%	0.2%	0.0%	
FY12CL	1.4%	1.1%	0.2%	0.4%	0.7%	1.9%	0.4%	1.8%	1.1%	0.6%	0.5%	1.7%	-0.3%	-1.5%	0.1%	0.4%	0.5%	
FY13CL	1.5%	1.1%	0.2%	0.4%	0.7%	2.1%	0.4%	1.9%	1.5%	0.9%	0.7%	2.6%	-0.2%	-1.4%	0.1%	0.8%	1.0%	
Coverage ratio																		
FY10	44%	59%	78%	68%	69%	55%	75%	64%	31%	70%	85%	50%	84%	590%	78%	54%	92%	
FY11	51%	76%	83%	74%	53%	60%	75%	50%	24%	50%	89%	51%	124%	776%	89%	16%	92%	
FY12CL	63%	77%	85%	71%	67%	35%	77%	48%	30%	55%	75%	44%	141%	511%	80%	26%	28%	
FY13CL	66%	78%	81%	70%	73%	38%	76%	52%	30%	55%	67%	40%	131%	335%	80%	31%	31%	
Provisions as a % of loans																		
FY10	0.8%	2.4%	1.5%	1.4%	0.7%	1.1%	0.6%	0.6%	0.9%	0.6%	0.7%	0.8%	0.1%	0.4%	0.6%	0.0%	0.0%	
FY11	1.3%	0.9%	0.5%	0.8%	1.0%	0.7%	0.6%	0.9%	0.6%	0.7%	0.5%	1.2%	0.1%	0.4%	0.3%	0.0%	0.0%	
FY12CL	1.4%	0.7%	1.0%	0.8%	1.1%	0.9%	0.7%	1.2%	0.7%	0.8%	0.4%	1.2%	0.1%	0.5%	0.5%	0.1%	0.2%	
FY13CL	1.2%	0.8%	1.0%	0.8%	1.1%	0.9%	0.7%	1.2%	0.7%	0.9%	0.4%	1.2%	0.1%	0.5%	0.5%	0.2%	0.3%	
Equity/Assets (%)																		
FY10	6.3%	14.2%	9.7%	8.9%	6.0%	5.2%	5.4%	8.7%	5.5%	5.2%	7.1%	6.0%	13.0%	20.1%	8.5%	15.6%	15.9%	
FY11	5.3%	13.6%	9.1%	7.8%	5.7%	4.9%	5.9%	8.4%	6.0%	5.0%	6.9%	6.9%	12.4%	21.1%	6.4%	14.5%	14.8%	
FY12CL	5.3%	12.8%	8.6%	7.3%	5.6%	4.8%	5.8%	8.1%	5.9%	4.8%	6.9%	6.6%	11.7%	21.9%	6.1%	16.1%	13.7%	
FY13CL	5.4%	11.7%	8.1%	7.0%	5.6%	4.6%	5.7%	7.8%	5.8%	4.8%	7.0%	6.3%	13.1%	19.7%	5.7%	15.5%	13.5%	
Loan growth																		
FY10	16%	-17%	27%	28%	21%	18%	22%	24%	23%	30%	10%	22%	15%	22%	79%	24%	29%	
FY11	20%	19%	27%	36%	30%	26%	31%	27%	25%	37%	14%	15%	20%	50%	55%	25%	24%	
FY12CL	17%	18%	26%	26%	19%	17%	21%	16%	19%	17%	18%	17%	18%	15%	25%	22%	21%	
FY13CL	17%	21%	25%	25%	19%	18%	21%	16%	17%	17%	18%	16%	18%	25%	30%	17%	16%	
Deposit growth																		
FY10	8%	-7%	17%	20%	19%	21%	25%	23%	26%	25%	13%	22%	19%	NA	66%	NA	NA	
FY11	16%	12%	25%	34%	25%	30%	27%	19%	25%	26%	20%	16%	7%	NA	71%	NA	NA	
FY12CL	17%	16%	24%	28%	19%	15%	19%	13%	17%	17%	17%	15%	19%	NA	29%	NA	NA	
FY13CL	19%	23%	26%	24%	18%	17%	21%	15%	17%	17%	14%	16%	16%	NA	30%	NA	NA	
Loan/ deposit ratio																		
FY10	79%	61%	75%	74%	75%	73%	73%	70%	72%	68%	62%	69%	NA	NA	83%	NA	NA	
FY11	81%	65%	77%	75%	77%	71%	75%	75%	72%	74%	59%	69%	NA	NA	75%	NA	NA	
FY12CL	81%	66%	78%	74%	77%	73%	76%	77%	74%	75%	59%	70%	NA	NA	72%	NA	NA	
FY13CL	80%	67%	77%	75%	77%	73%	76%	78%	74%	75%	61%	70%	NA	NA	72%	NA	NA	
CASA ratio																		
FY10	47%	42%	52%	47%	41%	28%	30%	32%	29%	29%	41%	25%	NA	NA	11%	NA	NA	
FY11	49%	45%	53%	41%	38%	25%	29%	32%	28%	26%	40%	25%	NA	NA	10%	NA	NA	
FY12CL	49%	44%	51%	40%	37%	25%	28%	32%	28%	26%	40%	24%	NA	NA	10%	NA	NA	
FY13CL	48%	44%	49%	40%	36%	25%	26%	31%	27%	25%	40%	25%	NA	NA	12%	NA	NA	
NIM (%)																		
FY10	2.6%	2.6%	4.3%	3.3%	3.5%	2.4%	2.6%	2.6%	2.6%	2.1%	2.8%	2.6%	3.6%	3.4%	3.0%	4.1%	4.4%	
FY11	3.2%	2.6%	4.3%	3.4%	3.9%	2.6%	3.0%	3.2%	2.9%	2.5%	3.4%	3.1%	3.9%	4.2%	2.9%	3.9%	4.5%	
FY12CL	3.6%	2.6%	4.3%	3.3%	3.7%	2.3%	2.9%	3.1%	2.4%	2.4%	3.3%	2.9%	4.0%	3.8%	2.8%	3.7%	4.2%	
FY13CL	3.6%	2.8%	4.2%	3.3%	3.6%	2.4%	2.8%	0.0%	2.4%	2.4%	3.3%	2.8%	4.1%	3.8%	2.8%	3.7%	4.1%	
C-I Ratio (%)																		
FY10	72%	39%	49%	45%	42%	47%	47%	45%	45%	45%	42%	46%	8%	27%	40%	6%	6%	
FY11	61%	42%	48%	44%	42%	50%	41%	51%	42%	40%	42%	37%	8%	22%	35%	6%	7%	
FY12CL	58%	44%	48%	45%	40%	45%	36%	44%	41%	39%	42%	38%	7%	23%	37%	6%	8%	
FY13CL	58%	43%	47%	45%	40%	44%	35%	45%	40%	39%	42%	40%	7%	24%	39%	6%	8%	
Fees income growth																		
FY10	28%	5%	19%	20%	19%	-14%	15%	3%	21%	44%	9%	27%	102%	61%	68%	-4%	14%	
FY11	16%	8%	21%	29%	21%	15%	20%	18%	21%	17%	8%	17%	-5%	-1%	55%	223%	6%	
FY12CL	10%	14%	20%	24%	16%	15%	14%	10%	14%	14%	8%	27%	15%	-20%	20%	-14%	23%	
FY13CL	14%	18%	21%	22%	13%	15%	13%	12%	14%	14%	8%	13%	15%	33%	25%	16%	19%	
Dividend Yield																		
FY11	1.7%	1.9%	0.7%	1.4%	2.4%	2.1%	2.2%	3.6%	2.4%	5.4%	3.4%	3.8%	1.4%	1.8%	0.9%	3.1%	3.9%	

Appendix 3: Break-up of bank loans

Figure 35

Key trends in sector credit- growth and share

	Amount Rsbm	Share % of loans	Growth % YoY
Gross Bank Credit	38,626	100%	19%
Food Credit	657	2%	35%
Non-food Credit	37,969	98%	19%
Agriculture & Allied Activities	4,338	11%	8%
Industry	17,422	45%	23%
By size			
Micro & Small	2,430	6%	14%
Medium	1,957	5%	32%
Large	13,035	34%	24%
By key sectors			
Textiles	1,455	4%	18%
Petroleum etc	641	2%	12%
Chemicals	967	3%	9%
Basic Metal & Metal Product	2,302	6%	31%
Infrastructure	5,650	15%	20%
Power	3,008	8%	32%
Telecommunications	900	2%	-10%
Roads	1,035	3%	32%
Other Infrastructure	707	2%	11%
Services	9,124	24%	19%
Transport Operators	668	2%	24%
Trade	1,862	5%	9%
Commercial Real Estate	1,145	3%	13%
NBFCs	1,838	5%	46%
Other Services	1,900	5%	-10%
Personal Loans	7,085	18%	15%
Housing	3,669	9%	16%
Loans on deposits	604	2%	18%
Loans against shares	32	0%	24%
Credit Card	189	0%	2%
Education	483	1%	18%
Auto	840	2%	19%

Source: RBI, CLSA Asia-Pacific Markets

Appendix 4: Bank-wise exposure to key sectors

Figure 36

Bank-wise exposure to key sectors

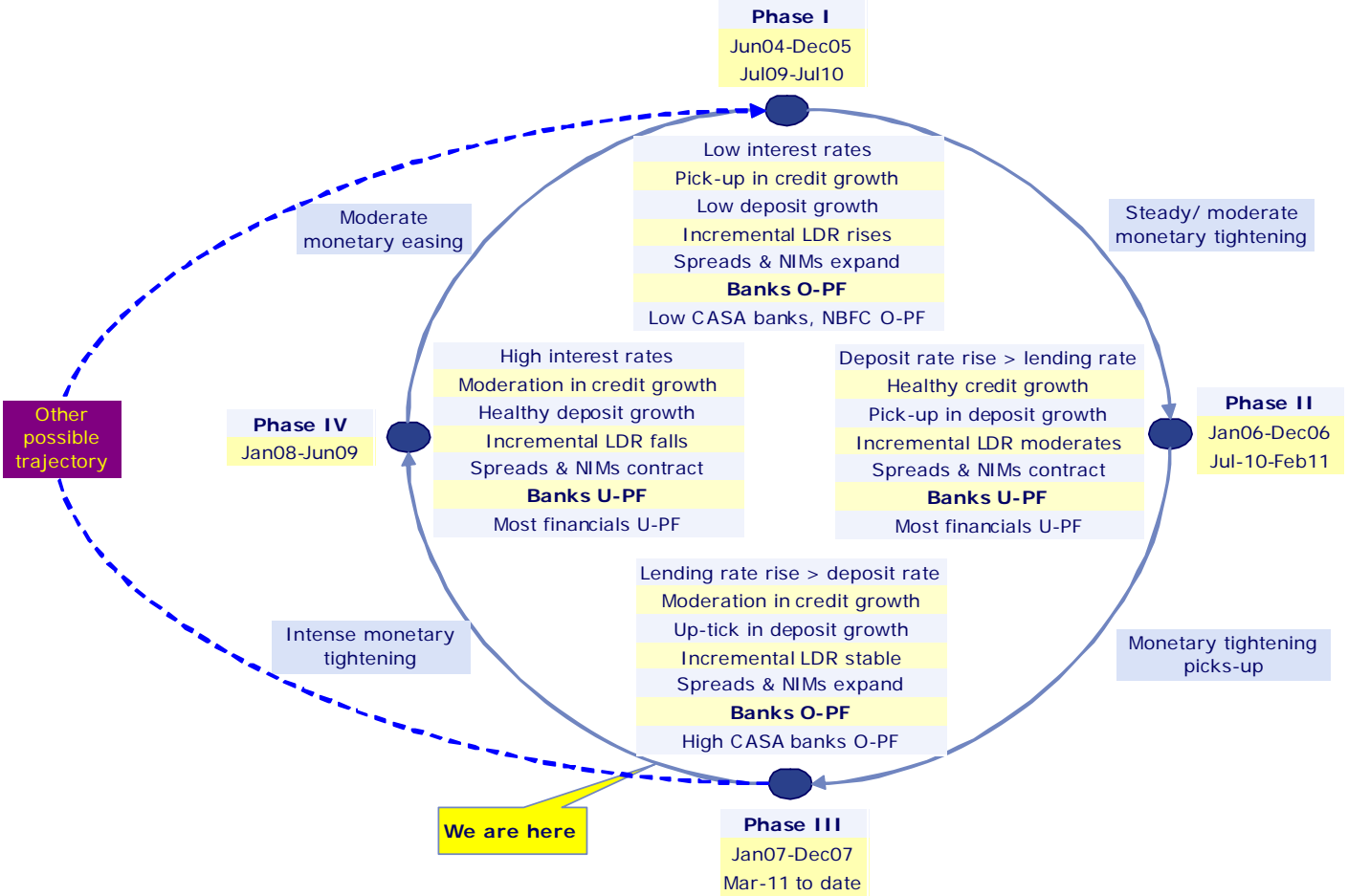
	Axis	BoB	BoI	Corp	Canara	HDFC Bk	ICICI	OBC	PNB	SBI	Union	Yes
Iron & Steel	3.1%	3.5%	4.7%	5.6%	5.4%	2.2%	3.7%	5.7%	6.5%	4.9%	4.1%	2.9%
Metals	0.5%	1.1%	1.2%	1.4%	1.0%	0.6%	1.6%	0.9%	0.6%	1.5%	0.8%	0.0%
Engineering	1.6%	2.3%	0.9%	3.8%	3.1%	1.4%	2.2%	1.9%	2.4%	2.7%	0.8%	2.1%
Textiles	1.9%	3.7%	3.6%	4.8%	4.9%	1.0%	0.8%	4.8%	2.7%	5.2%	3.2%	0.8%
Food processing	1.4%	0.9%	0.3%	2.1%	1.9%	2.0%	3.2%	1.9%	1.6%	1.9%	1.4%	3.8%
Chemicals	3.6%	2.2%	2.0%	2.8%	1.7%	3.1%	1.3%	0.9%	1.2%	3.2%	1.8%	3.6%
Construction	0.3%	1.6%	0.8%	0.2%	1.8%	0.9%	1.8%	0.3%	1.6%	1.3%	1.8%	2.6%
Petroleum	0.2%	1.5%	0.4%	5.9%	2.0%	1.5%	4.7%	0.9%	1.4%	2.1%	2.1%	0.3%
Infrastructure	9.3%	11.6%	9.4%	21.8%	22.7%	3.3%	10.1%	18.8%	17.4%	10.4%	11.3%	13.4%
Power	2.9%	6.1%	3.4%	10.6%	13.3%	2.1%	5.0%	10.9%	9.4%	4.1%	6.9%	4.8%
Telecom	2.6%	2.2%	-	1.8%	4.4%	1.2%	-	2.2%	3.4%	2.1%	-	5.3%
Roads and ports	1.6%	2.1%	-	5.3%	3.4%	-	-	3.0%	2.7%	2.5%	-	1.3%
Other Infra	2.3%	1.2%	6.0%	4.1%	1.6%	-	5.1%	2.8%	1.8%	1.6%	4.4%	2.0%
NBFCs and trading	6.6%	7.0%	-	-	-	12.6%	11.4%	5.0%	7.5%	6.6%	8.1%	8.8%
<i>Retail loans (% of loans)</i>	19.5%	14.2%	7.7%	18.0%	14.9%	50.1%	38.7%	12.7%	9.8%	21.3%	10.6%	1.0%
<i>Real Estate</i>	3.1%	2.2%	2.6%	3.6%	0.4%	3.2%	4.0%	5.0%	5.4%	0.9%	1.4%	1.7%
<i>Capital Market</i>	1.2%	1.0%	1.2%	1.6%	1.0%	3.0%	1.7%	1.1%	1.3%	0.7%	1.2%	1.3%

Source: RBI, CLSA Asia-Pacific Markets

Appendix 5: Interest rate cycle in India

Figure 37

Cycle of credit and deposit growth, interest rates and margins



Source: CLSA Asia-Pacific Markets

Appendix 6: Company financials
Axis Bank

Figure 38

Summary P&L

Year to March (Rsm)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest Income	116,380	151,548	204,979	262,681	326,651
Interest expense	66,335	85,918	123,633	160,859	201,094
Net interest income	50,045	65,630	81,346	101,821	125,557
Other income	39,458	46,321	55,268	64,443	79,023
-Fee income	30,333	39,210	48,731	57,503	71,639
-Treasury Gains	7,140	3,663	2,500	2,500	2,500
-Other income	1,983	3,440	4,037	4,440	4,884
Total income	89,503	111,951	136,613	166,264	204,580
Operating expenses	37,097	47,794	59,811	73,353	89,927
-Employee Expenses	12,558	16,139	20,012	24,415	29,786
-Others	24,539	31,655	39,799	48,938	60,141
Pre-provision Profit	52,406	64,157	76,802	92,912	114,653
Total Provision	13,892	12,800	16,361	22,609	29,039
- Provision for NPL	14,135	9,702	13,407	20,393	26,323
- Provision for Invest.	-222	993	1,500	500	500
PBT	38,514	51,356	60,441	70,302	85,614
Provision for Tax	13,368	17,472	20,550	23,903	29,109
PAT	25,145	33,885	39,891	46,400	56,505

Source: CLSA Asia-Pacific Markets

Figure 39

Summary balance sheet

As at March	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	152,064	214,087	282,061	347,478	426,626
Advances	1,043,431	1,424,078	1,787,607	2,216,633	2,770,792
Investments	559,748	719,916	855,853	1,026,204	1,235,906
-G-Secs	341,959	441,550	551,937	689,921	862,401
Fixed assets	12,224	22,731	28,414	35,518	44,397
Current assets	39,011	46,321	55,585	66,703	80,043
Total Assets	1,806,479	2,427,134	3,009,522	3,692,535	4,557,764
Equity Capital	4,052	4,105	4,105	4,105	4,105
Reserves & Surplus	156,394	185,883	216,439	251,982	295,264
Shareholders' funds	160,446	189,988	220,545	256,087	299,370
Deposits	1,413,002	1,892,378	2,414,218	2,974,328	3,695,146
- Demand deposits	660,295	777,674	965,102	1,177,425	1,449,017
- Term deposits	752,707	1,114,704	1,449,115	1,796,903	2,246,129
Borrowings	171,696	262,679	338,938	426,299	527,427
- Subordinated debt	71,558	69,932	99,932	129,932	159,932
Current liabilities	61,335	82,089	35,821	35,821	35,821
Total Liabilities	1,806,479	2,427,134	3,009,522	3,692,535	4,557,764

Source: CLSA Asia-Pacific Markets

 Expect 24% Cagr in NII
 over FY11-14CL

 Profits to grow at 19%
 Cagr over FY11-14CL

 Loans to grow at 25%
 Cagr over FY11-14CL

Expect 18% Cagr in NII
over FY11-14CL

Profits to grow at 12%
Cagr over FY11-14CL

Loans to grow at 20%
Cagr over FY11-14CL

Bank of Baroda

Figure 40

Summary P&L

Year to March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	166,983	218,859	285,074	342,137	411,043
Interest expense	107,589	130,837	181,917	220,602	265,488
Net interest income	59,395	88,023	103,156	121,535	145,555
Other income	28,064	28,092	27,220	28,941	31,946
- Fee income	12,833	15,354	16,889	18,578	21,549
- Treasury Gains	7,232	4,437	2,000	2,000	2,000
- Other income	7,999	8,301	8,331	8,362	8,397
Total income	87,458	116,114	130,376	150,475	177,501
Operating expenses	38,106	46,298	46,837	53,524	62,909
- Employee Expenses	23,509	29,168	26,535	28,950	33,502
Pre-provision Profit	49,353	69,816	83,540	96,951	114,592
Total Provision	6,972	13,313	21,725	25,178	30,761
- Provision for NPL	9,555	10,506	15,218	22,855	27,655
- Provision for Investments	-3,807	90	4,286	0	0
- Provision for std. assets	1,066	2,239	1,921	1,992	2,743
- Others	159	478	300	330	363
PBT	42,381	56,503	61,815	71,774	83,832
Provision for Tax	11,797	14,086	17,308	20,097	23,473
PAT	30,583	42,417	44,507	51,677	60,359

Source: CLSA Asia-Pacific Markets

Figure 41

Summary balance sheet

As at March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	354,671	499,341	557,883	672,174	811,054
Advances	1,750,353	2,286,764	2,766,984	3,265,041	3,950,700
Investments	611,824	712,606	843,593	1,004,115	1,199,073
- G-Secs	494,425	592,889	711,467	867,990	1,058,948
Fixed assets	22,848	22,997	23,457	23,926	24,405
Current assets	43,472	62,264	65,377	68,646	72,078
Total Assets	2,783,167	3,583,972	4,257,294	5,033,902	6,057,310
Equity Capital	3,643	3,915	3,915	3,915	3,915
Reserves & Surplus	147,421	206,016	241,570	282,983	331,483
Shareholders' funds	151,064	209,931	245,485	286,899	335,398
Deposits	2,412,619	3,054,395	3,643,265	4,321,554	5,230,164
- Demand deposits	714,675	875,887	1,007,270	1,158,361	1,339,436
- Term deposits	1,697,944	2,178,508	2,635,995	3,163,193	3,890,728
Borrowings	133,501	223,079	262,320	308,603	363,216
- Subordinated debt	85,372	107,487	123,610	142,152	163,474
Current liabilities	85,983	96,567	106,224	116,846	128,531
Total Liabilities	2,783,167	3,583,972	4,257,294	5,033,902	6,057,310

Source: CLSA Asia-Pacific Markets

Bank of India

Figure 42

Summary P&L

Year to March (Rsmn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	178,780	217,517	273,185	322,530	377,457
-Interest on Advances	131,032	155,002	198,840	235,348	275,357
-Income on Investments	44,643	51,717	64,252	75,662	88,579
-Interest on bank balances	3,105	10,798	10,093	11,520	13,521
Interest expense	121,220	139,410	191,792	229,741	269,078
Net interest income	57,559	78,107	81,393	92,789	108,379
Other income	26,166	26,418	30,133	32,324	36,443
- Fee income	14,683	16,835	18,619	20,594	23,923
- Treasury Gains	5,936	3,218	4,500	4,000	4,000
- Other income	5,547	6,364	7,014	7,730	8,521
Total income	83,726	104,525	111,525	125,113	144,823
Operating expenses	36,678	50,682	48,488	54,043	61,059
-Employee Expenses	22,961	34,754	29,791	32,259	36,036
Pre-provision Profit	47,048	53,842	63,037	71,070	83,763
Total Provision	22,109	18,886	29,219	31,866	37,113
-Provision for NPL	18,093	12,733	20,444	29,171	34,130
- Provision for Investments	2,435	1,369	4,326	0	0
- Provision for Std. assets	313	1,496	1,449	1,695	1,984
- Others	1,270	3,288	3,000	1,000	1,000
PBT	24,938	34,957	33,818	39,204	46,650
Provision for Tax	7,528	10,067	7,945	10,977	13,062
PAT	17,411	24,890	25,873	28,227	33,588

Source: CLSA Asia-Pacific Markets

Figure 43

Summary balance sheet

As at March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	312,301	373,100	400,589	468,759	544,655
Advances	1,684,907	2,130,962	2,493,225	2,917,074	3,412,976
Investments	670,802	858,724	1,003,653	1,158,122	1,337,056
-G-Secs	568,693	673,433	794,651	921,795	1,069,282
Fixed assets	23,518	24,807	26,792	28,935	31,250
Current assets	58,136	124,132	134,063	144,788	156,371
Total Assets	2,749,665	3,511,725	4,058,322	4,717,679	5,482,308
Equity Capital	5,252	5,465	5,465	5,465	5,465
Reserves & Surplus	137,048	167,442	187,455	209,540	236,165
Shareholders' funds	142,300	172,907	192,920	215,005	241,630
Deposits	2,297,619	2,988,858	3,451,882	4,012,721	4,657,818
- Demand deposits	639,631	759,676	866,031	987,276	1,133,174
- Term deposits	1,657,989	2,229,182	2,585,851	3,025,445	3,524,644
Borrowings	223,999	220,214	270,799	332,959	410,167
- Subordinated debt	83,204	91,598	103,598	115,598	127,598
Current liabilities	85,746	129,747	142,722	156,994	172,693
Total Liabilities	2,749,665	3,511,725	4,058,322	4,717,679	5,482,308

Source: CLSA Asia-Pacific Markets

 Expect 12% Cagr in NII
 over FY11-14CL

 Profits to grow at 11%
 Cagr over FY11-14CL

 Loans to grow at 17%
 Cagr over FY11-14CL

Canara Bank

Figure 44

Summary P&L

Year to March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	187,520	230,640	299,536	354,884	412,063
- Interest on Advances	139,464	170,518	230,325	273,063	316,753
- Income on Investments	45,780	57,880	65,386	77,565	90,332
- Interest on bk balances	2,275	2,242	3,825	4,256	4,978
Interest expense	130,714	152,407	219,069	259,600	301,405
Net interest income	56,805	78,233	80,467	95,284	110,658
Other income	30,008	28,270	30,295	32,874	37,266
- Fee income	9,391	11,372	12,811	14,093	16,726
- Treasury Gains	8,724	2,363	1,500	1,200	1,200
- Other income	11,893	14,535	15,983	17,582	19,340
Total income	86,814	106,503	110,762	128,158	147,925
Operating expenses	34,776	44,193	44,982	51,607	58,749
- Employee Expenses	21,937	29,548	28,191	32,353	36,992
Pre Provisions Profit	52,038	62,309	65,779	76,551	89,176
Total Provisions	13,823	12,051	18,049	25,081	29,094
- Provision for NPL	14,262	10,012	16,434	23,463	27,217
- Provision for Invests	-1,857	1,666	0	0	0
- Provisions on std. assets	918	1,843	1,615	1,618	1,877
- Others	501	-1,470	0	0	0
PBT	38,215	50,259	47,730	51,470	60,082
Tax	8,000	10,000	9,546	10,294	12,016
PAT	30,215	40,259	38,184	41,176	48,065

Source: CLSA Asia-Pacific Markets

Figure 45

Summary balance sheet

As at March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	196,532	307,081	321,314	373,880	424,471
Advances	1,693,346	2,124,672	2,528,359	2,932,897	3,402,160
Investments	696,770	836,999	979,289	1,145,768	1,329,091
- G-Secs	627,804	711,493	877,410	1,062,643	1,260,807
Fixed assets	28,594	28,444	30,720	33,177	35,831
Current assets	35,275	63,592	69,951	76,946	84,640
Total Assets	2,650,517	3,360,788	3,929,633	4,562,668	5,276,195
Equity Capital	4,100	4,430	4,430	4,430	4,430
Reserves & Surplus	142,618	195,968	226,402	259,355	298,039
Shareholders' funds	146,718	200,398	230,832	263,785	302,469
Deposits	2,346,514	2,939,727	3,433,399	3,985,573	4,608,832
- Demand deposits	682,613	831,171	955,847	1,099,224	1,275,099
- Term deposits	1,663,901	2,108,556	2,477,553	2,886,349	3,333,733
Borrowings	84,406	142,616	177,989	215,409	255,244
- Subordinated debt	62,788	79,436	103,436	127,436	151,436
Current liabilities	72,879	78,046	87,412	97,901	109,650
Total Liabilities	2,650,517	3,360,788	3,929,633	4,562,668	5,276,195

Source: CLSA Asia-Pacific Markets

 Expect 12% Cagr in NII
 over FY11-14CL

 Profits to grow at 6%
 Cagr over FY11-14CL

 Loans to grow at 17%
 Cagr over FY11-14CL

Corporation Bank

Figure 46

Summary P&L

Year to March (Rsmn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	69,877	91,352	117,722	137,234	158,543
Interest expense	50,843	61,955	84,830	99,880	115,767
Net interest income	19,033	29,397	32,892	37,355	42,776
Other income	14,934	13,244	13,489	14,538	16,594
- Fee income	3,956	4,609	5,162	5,679	6,530
- Treasury profits	6,157	2,095	1,000	800	800
- Other income	4,820	6,540	7,327	8,059	9,264
Total income	33,967	42,641	46,381	51,893	59,371
Operating expenses	12,600	16,417	18,256	21,321	24,767
- Employee Expenses	6,317	8,949	9,414	10,744	12,286
Pre-provision Profit	21,367	26,224	28,125	30,572	34,603
Total Provisions	4,684	6,888	7,354	10,123	11,743
Provision - NPL	3,453	5,478	6,549	9,269	10,752
Provision - Investments	619	797	250	250	250
Provisions - std. assets	395	725	556	604	741
Others	218	-113	0	0	0
PBT	16,683	19,336	20,771	20,448	22,860
Tax	4,921	5,204	5,816	5,726	6,401
Net Income	11,762	14,133	14,955	14,723	16,459

Source: CLSA Asia-Pacific Markets

Figure 47

Summary balance sheet

Year to March (Rsmn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	107,919	103,925	121,741	140,906	162,083
Advances	632,026	868,504	1,007,465	1,158,584	1,343,958
Investments	345,226	434,527	500,295	576,679	665,470
- G-Secs	247,917	280,901	331,464	391,127	461,530
Fixed assets	2,927	3,310	3,410	3,410	3,410
Current assets	28,575	24,819	26,060	27,363	28,731
Total assets	1,116,673	1,435,086	1,658,971	1,906,943	2,203,652
Equity Capital	1,434	1,481	1,434	1,434	1,434
Reserves and Surplus	56,314	69,897	78,518	90,002	102,840
Shareholders funds	57,749	71,378	79,953	91,437	104,275
Deposits	927,337	1,167,475	1,354,042	1,557,478	1,803,329
- Demand deposits	264,782	302,969	342,570	389,228	442,317
- Term deposits	662,554	864,506	1,011,472	1,168,250	1,361,011
Borrowings	50,275	113,654	131,838	152,933	177,402
Subordinated debt	40,500	46,000	52,900	60,835	69,960
Current liabilities	40,812	36,579	40,237	44,261	48,687
Total liabilities	1,116,673	1,435,086	1,658,971	1,906,943	2,203,652

Source: CLSA Asia-Pacific Markets

 Expect 13% Cagr in NII
 over FY11-14CL

 Profits to grow at 5%
 Cagr over FY11-14CL

 Loans to grow at 16%
 Cagr over FY11-14CL

HDFC Bank

Figure 48

Summary P&L

Year to March (Rsmn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	161,727	199,282	255,007	321,804	404,977
-Interest on Advances	120,983	150,850	196,079	248,513	313,735
-Income on Investments	39,813	46,754	56,831	70,669	87,966
Interest expense	77,863	93,851	126,818	164,054	210,192
Net interest income	83,864	105,431	128,189	157,750	194,786
Other income	39,861	43,041	53,030	62,517	77,040
-Fee income	36,291	43,831	52,664	62,041	76,452
- Treasury Gains	3,481	-837	300	400	500
- Other income	89	47	66	76	88
Total income	123,725	148,472	181,219	220,267	271,826
Operating expenses	59,398	71,529	87,350	104,876	125,022
-Employee Expenses	22,892	28,360	34,883	42,558	51,069
-Others	36,506	43,169	52,467	62,318	73,953
Pre-provision Profit	64,327	76,943	93,868	115,391	146,804
Total Provision	21,436	18,750	19,198	25,973	34,448
-Provision for NPL	19,389	7,630	19,198	25,973	34,448
PBT	42,891	58,192	74,670	89,418	112,355
Provision for Tax	13,404	18,929	23,895	28,614	35,954
PAT	29,487	39,264	50,776	60,804	76,402

Source: CLSA Asia-Pacific Markets

Figure 49

Summary balance sheet

As at March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	299,424	296,688	314,399	388,745	498,604
Advances	1,258,306	1,599,827	1,999,783	2,479,731	3,124,461
Investments	586,076	709,294	869,339	1,066,805	1,310,657
-G-Secs	510,504	536,518	670,647	838,309	1,047,886
Fixed assets	21,228	21,707	24,962	28,707	33,013
Current assets	59,551	146,011	167,912	193,099	222,064
Total Assets	2,224,586	2,773,526	3,376,396	4,157,088	5,188,799
Equity Capital	4,577	4,652	4,652	4,652	4,652
Reserves & Surplus	210,618	249,111	288,006	334,582	393,105
Shareholders' funds	215,196	253,764	292,658	339,234	397,757
ESOP & warrants	29	29	29	29	29
Deposits	1,674,044	2,085,864	2,576,210	3,222,883	4,091,938
- Demand deposits	871,039	1,099,083	1,303,262	1,568,051	1,940,656
- Term deposits	803,006	986,781	1,272,948	1,654,832	2,151,282
Borrowings	65,626	70,010	77,836	86,610	96,459
Subordinated debt	63,531	73,931	78,931	83,931	88,931
Current liabilities	206,159	289,929	350,732	424,401	513,685
Total Liabilities	2,224,586	2,773,526	3,376,396	4,157,088	5,188,799

Source: CLSA Asia-Pacific Markets

 Expect 23% Cagr in NII
 over FY11-14CL

 Profits to grow at 25%
 Cagr over FY11-14CL

 Loans to grow at 25%
 Cagr over FY11-14CL

ICICI Bank

Figure 50

Summary P&L

Year to March (Rsmn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	257,069	259,741	310,461	374,261	445,263
-Interest on Advances	173,727	164,248	206,679	250,616	299,730
-Income on Investments	64,664	79,052	91,739	104,881	122,909
-Interest on bank balances	18,679	16,441	12,043	18,764	22,624
Interest expense	175,926	169,572	203,399	238,927	283,249
Net interest income	81,144	90,169	107,062	135,334	162,014
Other income	74,777	66,479	76,246	89,793	107,135
-Fee income	59,369	64,315	72,859	83,788	99,940
- Treasury Gains	7,316	-2,434	-1,000	1,000	1,500
- Other income	8,091	4,598	4,386	5,005	5,695
Total income	155,920	156,648	183,308	225,127	269,149
Operating expenses	58,598	66,172	80,938	96,382	114,333
-Employee Expenses	19,258	28,169	36,620	45,043	54,952
-Others	39,340	38,003	44,317	51,339	59,381
Pre-provision profit	97,322	90,475	102,370	128,745	154,816
Provisions	43,869	22,868	18,000	27,000	33,000
Provision - NPL	43,622	19,769	18,000	27,000	33,000
PBT	53,453	67,607	84,370	101,745	121,816
Tax	13,203	16,093	22,780	27,471	32,890
Net Income	40,250	51,514	61,590	74,274	88,925

Source: CLSA Asia-Pacific Markets

Figure 51

Summary balance sheet

As at March (Rsbn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	389	341	349	415	501
Advances	1,812	2,164	2,558	3,004	3,636
Investments	1,209	1,347	1,477	1,666	1,916
-G-Secs	684	641	731	877	1,079
Fixed assets	32	47	51	54	57
Current assets	192	163	196	235	282
Total Assets	3,634	4,062	4,631	5,375	6,393
Equity Capital	11	12	12	12	12
Reserves & Surplus	505	539	578	625	682
Shareholders' funds	516	551	590	637	693
Preference Capital	4	4	4	4	4
Deposits	2,020	2,256	2,625	3,135	3,859
- Demand deposits	842	1,016	1,162	1,379	1,682
- Term deposits	1,178	1,240	1,463	1,755	2,176
Borrowings	939	1,092	1,224	1,378	1,566
Current liabilities	155	160	189	223	272
Total Liabilities	3,634	4,062	4,631	5,375	6,393

Source: CLSA Asia-Pacific Markets

Expect 22% Cagr in NII over FY11-14CL

Profits to grow at 20% Cagr over FY11-14CL

Loans to grow at 19% Cagr over FY11-14CL

IDFC

Figure 52

Summary P&L

Income Statement (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	29,047	39,538	51,601	61,760	75,458
Interest expense	19,535	23,875	33,562	40,526	49,799
Net interest income	9,512	15,663	18,039	21,234	25,658
Other income	11,580	9,792	10,241	10,839	12,356
- Fee income	6,890	6,840	5,169	6,686	7,773
- Income on Treasury book - debt	960	1,440	1,872	2,153	2,583
- Profit on Sale of Investments	2,610	1,910	3,200	2,000	2,000
Total income	21,092	25,455	28,280	32,073	38,015
Operating expenses	5,526	5,321	6,237	7,427	8,846
Pre-provision Profit	15,566	20,135	22,043	24,646	29,169
Total Provision	1,283	2,346	1,957	2,529	2,892
- Provision for NPL	1,062	1,546	1,957	2,529	2,892
- Provision for Investments	220	799	0	0	0
PBT	14,284	17,788	20,086	22,117	26,277
Provision for Tax	3,666	4,998	5,423	5,971	7,095
PAT (pre-minority)	10,618	12,791	14,663	16,145	19,183
Minority interest	(5)	(26)	(29)	(32)	(39)
PAT (post-minority)	10,623	12,817	14,693	16,178	19,221

Source: CLSA Asia-Pacific Markets

Figure 53

Summary balance sheet

Balance Sheet (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	2,715	11,049	12,197	14,612	17,783
Advances	250,311	376,523	432,989	518,686	637,547
Investments	46,554	69,611	80,545	94,860	112,065
Fixed assets	16,011	16,107	16,207	16,307	16,407
Current assets	32,497	19,861	20,978	22,164	23,422
Total Assets	348,088	493,152	562,917	666,629	807,224
Equity Capital	13,006	14,609	15,087	15,087	15,087
Reserves & Surplus	56,893	89,434	107,480	119,238	133,399
Shareholders' funds	69,900	104,043	122,567	134,325	148,485
Minority interest & ESOPs	267	8,443	14	(19)	(57)
Borrowings	258,939	356,539	411,803	498,282	617,869
Subordinated debt	6,500	6,500	6,500	6,500	6,500
Current liabilities	12,483	17,626	22,033	27,541	34,427
Total Liabilities	348,088	493,152	562,917	666,629	807,224

Source: CLSA Asia-Pacific Markets

 Expect 18% Cagr in NII
 over FY11-14CL

 Profits to grow at 14%
 Cagr over FY11-14CL

 Loans to grow at 19%
 Cagr over FY11-14CL

J&K Bank

Figure 54

Summary P&L

P&L Year to March (Rsmn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	30,569	37,131	45,405	53,140	61,313
Interest expense	19,375	21,695	27,755	32,815	37,725
Net interest income	11,193	15,437	17,650	20,324	23,588
Other income	4,162	3,648	3,356	3,850	4,187
- Fee income	1,183	1,460	1,695	1,949	2,242
- Treasury Gains	1,734	924	600	800	800
Total income	15,356	19,084	21,007	24,174	27,775
Operating expenses	5,774	7,589	8,500	9,775	11,241
Pre-provision Profit	9,582	11,495	12,507	14,399	16,534
Total Provision	1,666	2,151	1,682	2,187	2,977
-Provision for NPL	1,801	1,530	1,532	2,037	2,827
- Provision for Investments	(388)	410	0	0	0
- Generic Provisions	253	210	150	150	150
PBT	7,916	9,344	10,824	12,213	13,557
Provision for Tax	2,792	3,192	3,680	4,152	4,609
PAT	5,124	6,152	7,144	8,060	8,948

Source: CLSA Asia-Pacific Markets

Figure 55

Summary balance sheet

BS- As at March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	46,142	35,488	50,714	57,080	61,483
Advances	230,572	261,936	309,085	363,672	428,165
Investments	139,562	196,958	215,543	235,036	257,648
Fixed assets	2,041	3,938	4,331	4,765	5,241
Current assets	7,150	6,762	7,776	8,942	10,284
Total Assets	425,468	505,082	587,449	669,496	762,822
Equity Capital	485	485	485	485	485
Reserves & Surplus	29,620	34,302	39,774	45,949	52,802
Shareholders' funds	30,105	34,787	40,259	46,433	53,287
Deposits	372,372	446,759	521,301	594,585	678,209
- Demand deposits	151,532	180,867	210,207	239,937	273,911
- Term deposits	220,840	265,892	311,094	354,647	404,298
Borrowings	11,002	11,047	12,151	13,366	14,703
Current liabilities	11,990	12,489	13,738	15,111	16,623
Total Liabilities	425,468	505,082	587,449	669,496	762,822

Source: CLSA Asia-Pacific Markets

 Expect 15% Cagr in NII
 over FY11-14CL

 Profits to grow at 13%
 Cagr over FY11-14CL

 Loans to grow at 18%
 Cagr over FY11-14CL

Oriental Bank of Commerce

Figure 56

Summary P&L

Year to March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	102,571	120,878	144,056	166,875	192,331
Interest expense	73,497	79,103	100,108	116,325	133,727
Net interest income	29,074	41,775	43,949	50,550	58,603
Other income	12,000	9,601	11,968	12,282	13,742
- Fee income	6,480	7,582	8,683	9,697	11,157
- Treasury gains	4,236	754	1,700	1,000	1,000
- Other income	1,284	1,265	1,585	1,585	1,585
Total income	41,075	51,376	55,916	62,833	72,346
Operating expenses	16,860	18,925	21,734	25,154	29,118
- Employee Expenses	9,713	10,485	11,860	13,678	15,824
Pre-provision profit	24,215	32,451	34,183	37,678	43,227
Total provisions	8,176	12,065	13,801	14,841	17,052
- Provision for NPL	6,146	10,700	10,013	14,074	16,185
- Provision for investments	-5	963	2,674	0	0
- Provision for std. assets	320	350	614	668	768
- Others	1,716	53	500	100	100
PBT	16,039	20,386	20,382	22,837	26,175
Tax	4,692	5,339	5,707	6,394	7,329
PAT	11,347	15,047	14,675	16,443	18,846

Source: CLSA Asia-Pacific Markets

Figure 57

Summary balance sheet

As at March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	145,999	190,887	198,433	226,683	261,190
Advances	834,893	959,082	1,112,535	1,279,416	1,471,328
Investments	357,853	420,748	483,801	557,139	642,456
- G-Secs	327,530	365,997	424,557	492,486	571,284
Fixed assets	13,940	13,978	14,128	14,278	14,428
Current assets	21,624	28,739	27,302	25,937	24,640
Total Assets	1,374,310	1,613,434	1,836,198	2,103,452	2,414,041
Equity Capital	2,505	2,918	2,918	2,918	2,918
Reserves and Surplus	79,874	108,054	118,513	129,446	143,423
Shareholders funds	82,379	110,971	121,431	132,364	146,341
Deposits	1,202,576	1,390,543	1,588,880	1,829,419	2,108,192
- Demand deposits	300,229	341,480	382,458	436,002	505,762
- Term deposits	902,347	1,049,063	1,206,422	1,393,417	1,602,430
Borrowings	23,370	25,892	28,481	31,329	34,462
Subordinated debt	25,500	30,500	33,550	36,905	40,596
Current liabilities	40,484	55,528	63,857	73,435	84,451
Total Liabilities	1,374,310	1,613,434	1,836,198	2,103,452	2,414,041

Source: CLSA Asia-Pacific Markets

 Expect 12% Cagr in NII
 over FY11-14CL

 Profits to grow at 8%
 Cagr over FY11-14CL

 Loans to grow at 15%
 Cagr over FY11-14CL

Punjab National Bank

Figure 58

Summary P&L

Year to March	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	214,669	269,865	346,752	411,046	481,317
- Interest on Advances	167,013	211,045	273,070	322,153	378,366
- Income on Investments	45,767	56,375	71,198	85,290	99,037
- Interest on bank balances	1,889	2,444	2,484	3,603	3,914
Interest expense	129,440	151,791	209,693	250,758	294,336
Net interest income	85,229	118,073	137,059	160,287	186,982
Other income	35,653	36,126	36,221	39,575	44,621
- Fee income	19,957	24,239	26,663	29,987	35,002
- Treasury Gains	8,033	2,992	1,500	1,500	1,500
- Other income	7,662	8,895	8,058	8,087	8,119
Total income	120,882	154,199	173,280	199,862	231,603
Operating expenses	47,619	63,642	71,292	82,187	95,107
- Employee Expenses	31,211	44,611	48,381	55,378	64,148
Pre-provision Profit	73,263	90,557	101,988	117,675	136,496
Total Provision	14,215	24,920	30,773	39,429	46,572
- Provision for NPL	12,250	20,750	24,057	37,027	43,691
- Provision for Investments	684	1,475	4,779	0	0
- Provision for Std. assets	593	2,593	1,637	1,903	2,380
- Others	688	102	300	500	500
PBT	59,048	65,637	71,216	78,245	89,924
Provision for Tax	19,994	21,302	22,401	24,612	28,285
PAT	39,054	44,335	48,815	53,634	61,639

Source: CLSA Asia-Pacific Markets

Figure 59

Summary balance sheet

As at March (Rsm)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	234,736	296,912	345,941	392,999	469,355
Advances	1,866,012	2,421,067	2,830,286	3,305,954	3,901,026
Investments	777,245	951,623	1,142,428	1,329,734	1,540,897
- G-Secs	659,704	795,017	985,821	1,173,127	1,384,290
Fixed assets	25,135	31,056	34,162	37,578	41,335
Current assets	63,201	82,594	86,724	91,060	95,613
Total Assets	2,966,328	3,783,252	4,439,540	5,157,325	6,048,226
Equity Capital	3,153	3,168	3,168	3,168	3,168
Reserves & Surplus	174,076	211,917	249,804	289,998	335,046
Shareholders' funds	177,229	215,086	252,972	293,166	338,215
Deposits	2,493,298	3,128,987	3,689,815	4,301,540	5,071,924
- Demand deposits	1,018,500	1,203,250	1,359,673	1,563,624	1,813,803
- Term deposits	1,474,798	1,925,737	2,330,142	2,737,917	3,258,121
Borrowings	192,624	315,897	358,677	407,973	464,884
Subordinated debt	106,903	111,903	134,284	161,140	193,368
Current liabilities	-3,726	11,380	3,793	-6,495	-20,165
Total Liabilities	2,966,328	3,783,252	4,439,540	5,157,325	6,048,226

Source: CLSA Asia-Pacific Markets

 Expect 17% Cagr in NII
 over FY11-14CL

 Profits to grow at 12%
 Cagr over FY11-14CL

 Loans to grow at 17%
 Cagr over FY11-14CL

State Bank of India

Figure 60

Summary P&L

Year to March (Rs bn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	1,001	1,136	1,404	1,649	1,931
Interest expense	666	681	848	1,007	1,182
Net interest income	334	456	556	642	749
Other income	307	343	371	414	474
- Treasury profits	49	31	26	28	29
Total income	642	799	927	1,056	1,224
Operating expenses	424	465	528	608	697
Pre-provision Profit	218	334	399	449	527
Total Provisions	31	135	174	178	199
Provision - NPL	64	121	147	173	196
Provision - Investments	(44)	9	26	5	2
PBT	187	199	225	271	328
Tax	67	87	83	100	121
Net Income (after minority interest)	117	107	136	163	198

Source: CLSA Asia-Pacific Markets

Figure 61

Summary balance sheet

As at March (Rs bn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	1,119	1,553	1,700	1,987	2,297
Advances	8,695	10,064	11,775	13,659	15,947
Investments	4,127	4,191	4,660	5,410	6,273
Fixed assets	60	65	70	76	82
Current assets	500	606	636	668	702
Total assets	14,501	16,479	18,841	21,800	25,301
Equity Capital	6.35	6.35	6.35	6.35	6.35
Reserves and Surplus	825	828	943	1,085	1,258
Shareholders funds	831	835	950	1,091	1,265
Minority Interest	26	30	36	44	53
Deposits	11,165	12,556	14,619	17,219	20,290
- Demand deposits	4,762	5,638	6,548	7,634	8,903
- Term deposits	6,402	6,918	8,072	9,584	11,387
Borrowings	848	987	940	913	906
Subordinated debt	373	437	527	617	707
Current liabilities	1,258	1,634	1,768	1,916	2,080
Total liabilities	14,501	16,479	18,841	21,800	25,301

Source: CLSA Asia-Pacific Markets

 Expect 18% Cagr in NII
 over FY11-14CL

 Profits to grow at 23%
 Cagr over FY11-14CL

 Loans to grow at 17%
 Cagr over FY11-14CL

Union Bank of India

Figure 62

Summary P&L

Income Statement (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	133,027	164,526	201,067	232,739	267,832
<i>Interest expense</i>	<i>91,103</i>	<i>102,364</i>	<i>130,560</i>	<i>151,915</i>	<i>174,621</i>
Net interest income	41,924	62,162	70,507	80,824	93,210
Other income	19,747	20,388	21,249	22,990	25,207
- Fee income	6,744	7,940	8,660	9,542	10,815
- <i>Treasury Gains</i>	<i>5,728</i>	<i>4,644</i>	<i>4,000</i>	<i>4,000</i>	<i>4,000</i>
- <i>Other Gains</i>	<i>7,275</i>	<i>7,804</i>	<i>8,589</i>	<i>9,448</i>	<i>10,393</i>
Total income	61,672	82,550	91,757	103,814	118,418
Operating expenses	25,078	39,500	39,204	45,149	52,096
-Employee Expenses	13,545	25,997	23,807	27,366	31,567
- <i>Others</i>	<i>11,533</i>	<i>13,503</i>	<i>15,397</i>	<i>17,782</i>	<i>20,529</i>
Pre-provision Profit	36,593	43,050	52,553	58,665	66,322
Total Provision	8,264	13,516	22,305	26,002	30,231
- <i>Provision for NPL</i>	<i>6,989</i>	<i>11,877</i>	<i>20,836</i>	<i>24,960</i>	<i>28,953</i>
- <i>Provision for Investments</i>	<i>-1,173</i>	<i>267</i>	<i>563</i>	<i>0</i>	<i>0</i>
- <i>Provisions for std. assets</i>	<i>210</i>	<i>1,485</i>	<i>906</i>	<i>1,042</i>	<i>1,278</i>
- <i>Others</i>	<i>2,239</i>	<i>-113</i>	<i>0</i>	<i>0</i>	<i>0</i>
PBT	28,329	29,534	30,248	32,663	36,091
Provision for Tax	7,580	8,735	8,772	9,472	10,466
PAT	20,749	20,799	21,476	23,191	25,624

Source: CLSA Asia-Pacific Markets

Figure 63

Summary balance sheet

Balance Sheet (Rs bn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	158	201	177	201	227
Advances	1,193	1,510	1,736	1,997	2,316
Investments	544	584	664	751	850
- <i>G-Secs</i>	<i>427</i>	<i>464</i>	<i>538</i>	<i>619</i>	<i>712</i>
Fixed assets	23	23	22	21	20
Current assets	34	42	48	56	64
Total Assets	1,952	2,360	2,648	3,025	3,477
Equity Capital	5	5	5	5	5
Reserves & Surplus	99	121	134	148	164
Shareholders' funds	104	127	140	154	169
Deposits	1,700	2,025	2,264	2,584	2,969
- <i>Demand deposits</i>	<i>540</i>	<i>643</i>	<i>716</i>	<i>812</i>	<i>932</i>
- <i>Term deposits</i>	<i>1,161</i>	<i>1,382</i>	<i>1,547</i>	<i>1,772</i>	<i>2,037</i>
Borrowings	31	72	79	87	96
<i>Subordinated debt</i>	<i>61</i>	<i>62</i>	<i>77</i>	<i>97</i>	<i>121</i>
Current liabilities	55	74	88	104	122
Total Liabilities	1,952	2,360	2,648	3,025	3,477

Source: CLSA Asia-Pacific Markets

 Expect 14% Cagr in NII
 over FY11-14CL

 Profits to grow at 7%
 Cagr over FY11-14CL

 Loans to grow at 15%
 Cagr over FY11-14CL

Yes Bank

Figure 64

Summary P&L

Year to March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Interest income	23,697	40,417	58,769	76,392	98,049
Interest expense	15,818	27,948	41,823	54,184	70,128
Net interest income	7,880	12,469	16,946	22,208	27,921
Other income	5,755	6,233	8,012	9,614	11,974
- Fee income	3,791	5,870	7,044	8,452	10,481
- Treasury gains	986	(464)	0	0	0
Total income	13,635	18,702	24,958	31,822	39,895
Operating expenses	5,002	6,798	9,376	12,658	16,455
Pre-provision profit	8,633	11,904	15,582	19,164	23,440
Total provisions	1,368	982	2,051	3,476	4,055
- Provision for NPL	1,265	914	2,051	3,476	4,055
PBT	7,265	10,922	13,531	15,689	19,385
Tax	2,487	3,650	4,465	5,177	6,397
PAT	4,777	7,271	9,065	10,511	12,988

Source: CLSA Asia-Pacific Markets

Figure 65

Summary balance sheet

As at March (Rs mn)	FY10	FY11	FY12CL	FY13CL	FY14CL
Cash balances	26,732	34,960	49,638	64,290	84,848
Advances	221,931	343,636	428,228	546,158	709,103
Investments	102,099	188,288	249,858	317,465	403,306
Fixed assets	1,155	1,324	1,722	2,238	2,909
Total Assets	363,825	590,070	757,865	967,097	1,244,501
<i>Equity Capital</i>	3,397	3,471	3,471	3,471	3,471
<i>Reserves and Surplus</i>	27,499	34,469	42,368	51,480	62,788
Shareholders funds	30,896	37,941	45,840	54,952	66,260
Deposits	267,986	459,389	593,087	761,250	992,267
- Demand deposits	28,182	47,509	61,761	86,466	121,796
- Term deposits	239,804	411,881	531,326	674,784	870,471
Borrowings	28,223	38,163	49,611	64,495	83,843
Subordinated debt	19,268	28,746	35,746	42,746	49,746
Current liabilities	17,453	25,831	33,580	43,654	52,385
Total Liabilities	363,825	590,070	757,865	967,097	1,244,501

Source: CLSA Asia-Pacific Markets

Expect 31% Cagr in NII over FY11-14CL

Profits to grow at 21% Cagr over FY11-14CL

Loans to grow at 27% Cagr over FY11-14CL

Key to CLSA investment rankings: BUY = Expected to outperform the local market by >10%; O-PF = Expected to outperform the local market by 0-10%; U-PF = Expected to underperform the local market by 0-10%; SELL = Expected to underperform the local market by >10%. Performance is defined as 12-month total return (including dividends).

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