

**Q2FY14 Result Update**

12 Nov 2013

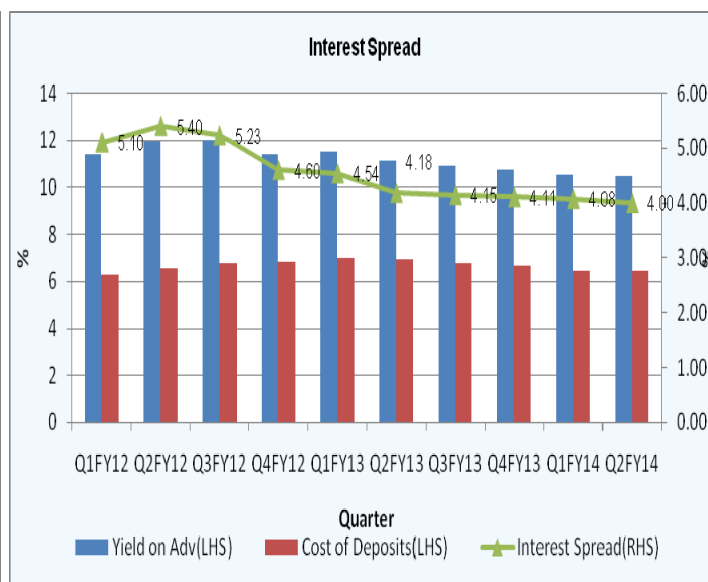
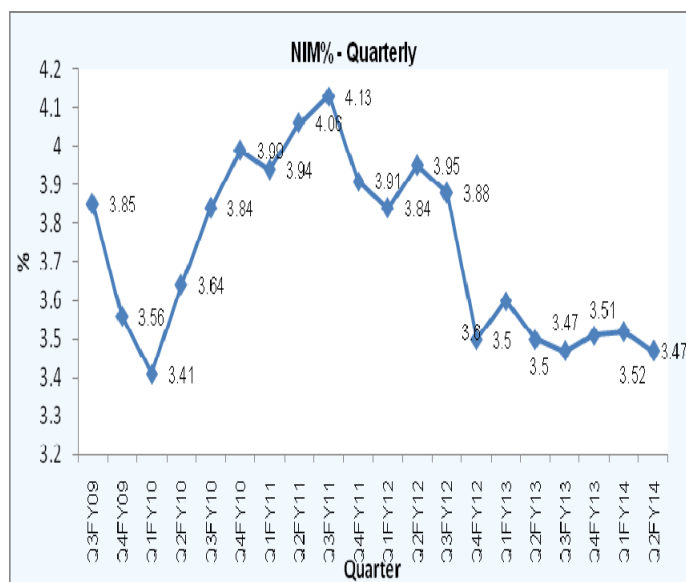
| HDFC Scrip Code | Industry | CMP       | Recommended Action                                      | Time Horizon |
|-----------------|----------|-----------|---|--------------|
| PUNNATEQNR      | Banks    | Rs 518.10 | Buy in the band of Rs 443-Rs 480 for a target of Rs 554 | 1 quarter    |

\*applicable till next quarter results are announced

PNB Q2FY14 results continued to disappoint as PAT de-grew 52.6% y-o-y to Rs 505.5 cr. Elevated provisioning of Rs 1898.7 cr resulted in profit de-growth. NPA provisioning accounted for Rs 1005 cr, provision for investment depreciation Rs 443 cr and provision for standard assets, including restructured assets, Rs 434 crore. Asset quality continued to deteriorate as absolute GNPA increased by Rs 1435.6 cr q-o-q to Rs 16526.3 cr while NNPA increased by Rs 549 cr q-o-q to Rs 9609 cr. Fresh slippages were at an elevated level of Rs 3050 cr in Q2FY14 and were granular in nature.

**NIMs largely steady at 3.47%; Loan growth slows down**

Net Interest Income (NII) in Q2FY14 grew 10.1% y-o-y and 2.8% q-o-q to Rs 4,015.5 cr. NIMs have come down marginally to 3.47% in Q2FY14 compared to 3.52% in Q1FY14 and 3.5% in Q2FY13. Even so, PNB has been able to maintain its NIMs in the 3.3% to 4% band over the last 24 quarters and has amongst the highest NIMs in the public sector space. It has lowered its margin guidance from 3.35% to 3.25%. Cost of funds have almost been maintained at 5.27% in Q2FY14 compared to 5.28% in Q1FY14 and 5.86% in Q2FY13. Interest spreads have been coming down in the last one year and stood at 4% in Q2FY14. Over the last year corresponding quarter, interest spreads fell with fall in yield on advances by 65 bps while cost of deposits has declined 47 bps.



(Source: Company, HDFC sec)

Total business of PNB as on September 2014 stood at Rs 7,19,551, up 3.5% y-o-y. Market share in deposits have come down from 5.58% in Q2FY13 to 5.07% in Q2FY14 while advances share have come down from 5.43% to 4.94% y-o-y. Overseas advances have kept the pace and gone up 20.2% y-o-y while domestic advances have gone up 5.6% y-o-y to Rs 289,349 cr. Among domestic advances, agriculture was almost flattish with a 1.6% growth y-o-y while retail loans have gone up 14.6% y-o-y. In the retail segment housing loans have gone up 15.3% y-o-y while car loans have gone up 9.6% y-o-y. Gold loan portfolio rose by 17.7% to Rs.1218 cr.

| Advances - Sectoral Deployment         | Q2FY14        | Q2FY13        | % chg        | Q1FY14        | % chg        |
|--|---------------|---------------|--------------|---------------|--------------|
| <b>Overseas Advances</b>               | <b>32190</b>  | <b>26772</b>  | <b>20.2%</b> | <b>33310</b>  | <b>-3.4%</b> |
| <b>Domestic Gross Advances</b>         | <b>289349</b> | <b>274101</b> | <b>5.6%</b>  | <b>278301</b> | <b>4.0%</b>  |
| Food Credit                            | 6318          | 5723          | 10.4%        | 6933          | -8.9%        |
| Non Food Gross Bank Credit             | 283031        | 268378        | 5.5%         | 271368        | 4.3%         |
| <b>Of which Agriculture and allied</b> | <b>40947</b>  | <b>40291</b>  | <b>1.6%</b>  | <b>36858</b>  | <b>11.1%</b> |
| Industry                               | 133348        | 124188        | 7.4%         | 129569        | 2.9%         |
| -MSME                                  | 36482         | 30701         | 18.8%        | 32432         | 12.5%        |
| -Large Industry                        | 96866         | 93487         | 3.6%         | 97137         | -0.3%        |
| Retail Loans                           | 34226         | 29870         | 14.6%        | 31573         | 8.4%         |
| -Housing/Mortgage Loans                | 15332         | 13303         | 15.3%        | 14749         | 4.0%         |
| -Car/Vehicle                           | 2901          | 2646          | 9.6%         | 2906          | -0.2%        |
| -Education Loans                       | 3776          | 3548          | 6.4%         | 3616          | 4.4%         |
| -Other Retail Loans                    | 12217         | 10373         | 17.8%        | 10301         | 18.6%        |
| Commercial Real Estate                 | 8453          | 9473          | -10.8%       | 8475          | -0.3%        |

|  |        |        |       |        |      |
|--|--------|--------|-------|--------|------|
| <b>-Lease Rental Services &amp; Others</b> | 5504   | 5523   | -0.3% | 5247   | 4.9% |
| <b>Global Gross Advances</b>               | 321539 | 300873 | 6.9%  | 311611 | 3.2% |

(Source: Company, HDFC sec)

Share of loans given to Agriculture stood at 14.2% of domestic gross advances compared to 14.7% in Q2FY13. Industry loans have risen from 45.3% in Q2FY13 to 46.1% in Q2FY14 (power sector is 11.3% of advances). Share of retail loans have gone up from 10.9% in Q2FY13 to 11.8% in Q2FY14. Overseas advances have gone up from 8.9% in Q2FY13 to 10% as on Sep 2013.

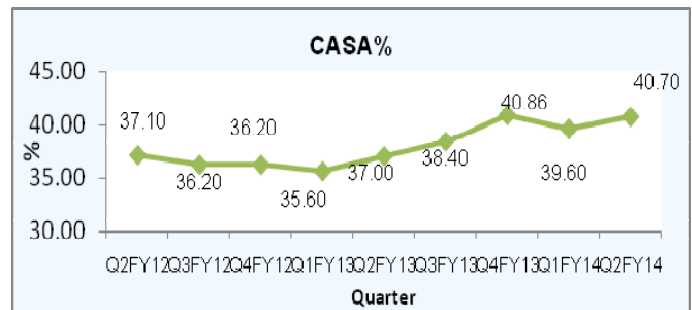
| Advances Mix (%)                | Q2FY14        | Q2FY13        | Q1FY14        |
|---------------------------------|---------------|---------------|---------------|
| Overseas Advances               | 10.0%         | 8.9%          | 10.7%         |
| Domestic Gross Advances         | 90.0%         | 91.1%         | 89.3%         |
| Food Credit                     | 2.2%          | 2.1%          | 2.5%          |
| Non Food Gross Bank Credit      | 97.8%         | 97.9%         | 97.5%         |
| Of which Agriculture and allied | 14.2%         | 14.7%         | 13.2%         |
| Industry                        | 46.1%         | 45.3%         | 46.6%         |
| -MSME                           | 12.6%         | 11.2%         | 11.7%         |
| -Large Industry                 | 33.5%         | 34.1%         | 34.9%         |
| Retail Loans                    | 11.8%         | 10.9%         | 11.3%         |
| -Housing/Mortgage Loans         | 5.3%          | 4.9%          | 5.3%          |
| -Car/Vehicle                    | 1.0%          | 1.0%          | 1.0%          |
| -Education Loans                | 1.3%          | 1.3%          | 1.3%          |
| -Other Retail Loans             | 4.2%          | 3.8%          | 3.7%          |
| Commercial Real Estate          | 2.9%          | 3.5%          | 3.0%          |
| -Lease Rental                   | 1.9%          | 2.0%          | 1.9%          |
| Services & Others               | 18.8%         | 19.3%         | 19.7%         |
| <b>Global Gross Advances</b>    | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

(Source: Company, HDFC sec)

#### CASA up to 40.7%; Credit deposit ratio improves

Deposits as on Sep 2013 have gone up 1.2% to Rs 4,05,699 cr. Credit Deposit Ratio has increased from 73.56% in Q2FY13 to 77.36% in Q2FY14. While savings deposits have gone up 12.8% y-o-y, current deposits have come down 6.7% y-o-y to Rs 26,175 cr.

| Deposits                | Q2FY14 | Q2FY13 | Q1FY14 |
|-------------------------|--------|--------|--------|
| Total Deposits          | 405699 | 400747 | 396828 |
| Core Deposit            | 367501 | 298607 | 361874 |
| Core Deposit to Total % | 90.58  | 74.51  | 91.19  |
| SB Deposit              | 130207 | 115389 | 123228 |
| Current deposit         | 26175  | 28040  | 26718  |
| CASA Deposit            | 156382 | 143429 | 149947 |
| Share of CASA %         | 40.7   | 37     | 39.6   |



#### Core non-interest income up y-o-y, cost to income ratio rises

PNB's core non-interest income has gone up by 14.1% y-o-y and down 14.1% q-o-q to Rs 783 cr. Insurance business has gone up from Rs 7 cr to 13 cr y-o-y. LC/LG income has come down from Rs 181 cr to Rs 178 cr y-o-y. Processing fees has gone up 18.6% y-o-y.

| Fee Based Income                | Q2FY14     | Q2FY13     | % chg        | Q1FY14     | %chg          |
|---------------------------------|------------|------------|--------------|------------|---------------|
| Processing Fees                 | 102        | 86         | 18.6%        | 266        | -61.7%        |
| LC/LG Income                    | 178        | 181        | -1.7%        | 179        | -0.6%         |
| Bills and Remittance            | 107        | 96         | 11.5%        | 96         | 11.5%         |
| Incidental Charges              | 43         | 30         | 43.3%        | 30         | 43.3%         |
| ATM Operations                  | 87         | 76         | 14.5%        | 81         | 7.4%          |
| Insurance Business              | 13         | 7          | 85.7%        | 14         | -7.1%         |
| Misc. Income                    | 91         | 83         | 9.6%         | 84         | 8.3%          |
| Exchange Profit                 | 161        | 128        | 25.8%        | 162        | -0.6%         |
| <b>Core Non Interest Income</b> | <b>783</b> | <b>686</b> | <b>14.1%</b> | <b>911</b> | <b>-14.1%</b> |

(Source: Company, HDFC sec)

Trading profit fell from Rs.284 cr in Q1FY14 to Rs.53 cr in Q2FY14. Operating expenses (excluding provisions) have gone up 17.7% y-o-y and 4.6% q-o-q. Employee expenses have gone up 16.3% y-o-y to Rs 1658.7 cr. Cost to income ratio has gone up to 48.4, up from 44.4 in Q2FY13 and 43.3 in Q1FY14.

Provisions (excluding tax) have gone up 77.0% y-o-y and 78% q-o-q to Rs 1898.7 cr. Net provisions towards NPAs have come down 11.8% y-o-y and are up 48.9% q-o-q to Rs 1005 cr.

| Provisions and Contingencies      | Q2FY14      | Q2FY13      | % chg        | Q1FY14      | % chg        |
|-----------------------------------|-------------|-------------|--------------|-------------|--------------|
| Provisions for Dep on Invt        | 443         | -14         | NC           | 92          | 381.5%       |
| Net Provision towards NPAs        | 1005        | 1140        | -11.8%       | 675         | 48.9%        |
| Provision towards Standard Assets | 434         | -4          | NC           | 283         | 53.4%        |
| Others                            | 17          | -49         | NC           | 17          | 0.0%         |
| Provisions excluding Tax          | 1899        | 1073        | 77.0%        | 1067        | 78.0%        |
| Tax Provisions                    | 131         | 393         | -66.7%       | 632         | -79.3%       |
| <b>Total Provisions</b>           | <b>2030</b> | <b>1466</b> | <b>38.5%</b> | <b>1699</b> | <b>19.5%</b> |

(Source: Company, HDFC sec)

### Asset quality continues to disappoint

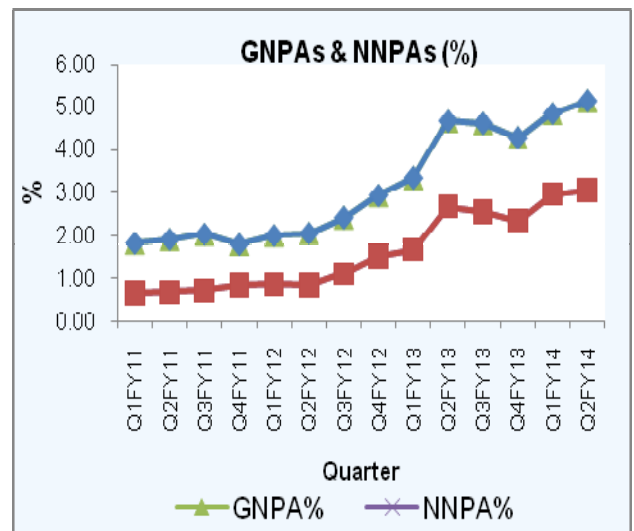
Absolute GNPA increased by Rs 1435.6 cr q-o-q to Rs15090.6 cr while NNPA increased by Rs 549 cr q-o-q to Rs 9609 cr. Fresh slippages were at an elevated level of Rs 3050 cr in Q2FY14 and were seen across sectors including services - Rs 684 cr, iron and steel - Rs 188 cr, construction - Rs 153 cr, agri - Rs 144 cr etc. The total stressed assets (NNPA + restructured assets) constitute a staggering 14.2 % (Rs 44425 cr) of credit.

Out of restructured standard accounts of Rs.41219 cr, a sum of Rs.5451 cr slipped into NPAs (13.22%).

Fresh restructuring to the tune of Rs 2768 cr took place in Q2FY14. Of the total outstanding restructured assets worth Rs 34816 cr (11% of total credit), industry constitutes 89.6%. The major sectors within the industry include power (Rs 13328 cr), iron & steel (Rs 4944 cr), aviation (Rs 1611 cr) and textiles (Rs 1485 cr).

With respect to the SEB financial restructuring plan (FRP), PNB may witness a reduction of Rs 3000 cr from its restructured book. As per FRP for Uttar Pradesh and Rajasthan SEB, part of the restructured book will be converted to bonds, which will be issued by the state government. Due to this, PNB is expected to benefit with a reduction of ~Rs 3000 cr on its restructured book (~Rs 2000 cr from Uttar Pradesh SEB and ~Rs 1000 cr from Rajasthan SEB).

| NPA (Rs in cr)               | Sep -13 | Sep -12 | Mar -13 |
|------------------------------|---------|---------|---------|
| NPA at beginning of the year | 13466   | 8720    | 8720    |
| Cash Recovery                | 1474    | 955     | 1942    |
| Up-gradation                 | 567     | 1004    | 962     |
| Write Off                    | 872     | 50      | 997     |
| Total Reduction              | 2913    | 2009    | 3901    |
| Fresh Additions              | 5973    | 7313    | 8647    |
| Fresh Slippages              | 5280    | 6875    | 7809    |
| Debits in existing NPAs      | 693     | 438     | 838     |
| Gross NPA                    | 16526   | 14024   | 13466   |
| Eligible Deductions          | 6917    | 6140    | 6229    |
| Net NPAs (Closing balance)   | 9609    | 7883    | 7237    |
| Recovery in w-off Debt a/c's | 154     | 146     | 421     |



(Source: Company, HDFC sec)

### Other highlights

- Capital adequacy ratio of the bank stood at 12.32% under Basel II (Tier-1 Capital: 9.48%)
- Investments at end of Sep 2013 stood at Rs 132,787 up 2.8% y-o-y. Of the total investments, HTM was 72.3% at Rs 96017 cr, AFS stood at Rs 36307 cr at 27.3% and HFT constituted 0.35% at Rs 463 cr. High duration AFS bond book could add further near term volatility.

| Investments (Rs in cr)              | Q2FY14 | Q2FY13 | Q1FY14 |
|-------------------------------------|--------|--------|--------|
| Gross Investment                    | 132787 | 129176 | 132872 |
| HTM                                 | 96017  | 93863  | 86525  |
| AFS                                 | 36307  | 33468  | 45626  |
| HFT                                 | 463    | 1845   | 721    |
| Duration (AFS)                      | 4.01   | 3.85   | 4.89   |
| Modified Duration (AFS)             | 3.77   | 3.66   | 4.82   |
| Duration (Total Portfolio)          | 4.85   | 4.79   | 5.02   |
| Modified Duration (Total Portfolio) | 4.62   | 4.59   | 4.82   |
| Net Demand & Time Liabilities       | 398969 | 376876 | 386632 |
| SLR %                               | 27.03  | 30.06  | 29.23  |
| HTM to SLR %                        | 84.49  | 85.14  | 75.54  |
| HTM to Gross Investment %           | 72.31  | 72.66  | 65.12  |

(Source: Company, HDFC sec)

- ROA has come down to 1% as on Sep 2013 compared to 1.04% as on June 2014. RONW has fallen to 10.76% in Q2FY14 compared to 16.12% last year.
- PNB's branch network stands at 6019 with 6577 ATMs. It has added 90 new branches during Q1FY14.

### Concerns

- After slight improvement in Q4FY13, Q2FY14 has seen further deterioration with increase in NNPA's to 3.07% from 2.98% q-o-q. Any deterioration in the coming quarters may pose further risks to the asset quality.
- PNB's exposure to the power sector (11.3% of advances) could result in higher NPAs even though the management expects the restructuring done so far should suffice for the coming quarters.
- The bank is growing rapidly on the international front and plans to continue its growth globally. Although it is a positive sign, there is a concern of losses (NPA, translation etc) that could be reported by the bank in the future quarters. Further spreads in countries abroad may not be as healthy as in India and asset quality concerns could continue to weigh in overseas branches.
- Share of CASA has improved slightly to 40.7% in Q2FY14 from 39.6% in Q1FY14. Any deterioration will adversely impact margins of the bank in the coming quarters.
- Profits of the banks could get impacted if cost to income ratio of the bank rises in the coming quarters (has gone up 48.4% in Q2FY14 from 43.35% in Q1FY14). Employee costs are a key monitorable.
- Provision coverage ratio has gone up to 55.27% in Q2FY14 up from 54.67% in Q1FY14 and still remains lower than 62% in FY12, 73% in FY11 and 80% in FY10.
- After steadying in Q2FY12 NIMs have been steadily falling. Though PNB has not raised savings deposit rates so far post RBI deregulation, any movement on this front could impact PNB's margins unfavorably with more than 32% of deposits from savings accounts.
- The recent increase of CAR requirements as per Basel III could result in need for further capital infusion by the bank which could exert pressure on its ROE and be an overhang on the stock. During FY13 bank has allotted 1,42,94,713 equity shares to Govt. of India of Rs 10/- each at a premium of Rs. 863.05 per share as determined by the Board in terms of the Chapter VII of the SEBI Regulations 2009 as amended from time to time (the "SEBI ICDR Regulations") on preferential basis. Consequently the Government share holding as on 31.03.2013 is 57.87% as compared to 56.10% before preferential allotment.

### Outlook & Valuation

PNB is India's second largest state owned bank based in North India with total business of Rs 7,19,551 cr and more than 6000 branches. PNB has been amongst the fastest growing state owned banks and is ahead of most PSUs banks in terms of technology. With a strong presence in North India it could gain from significant traction in the agriculture sector. It also has a strong presence in the Indo Gangetic plains, which helps the bank lend more to the MSME sector. CASA deposits at 40.7% have resulted in lower cost of funds for the bank. However, continued disappointing performance on the asset quality front over the last few quarters has put a dampener on the company's operational performance.

PNB Q2FY14 results continued to disappoint as PAT de-grew 52.6% y-o-y to Rs 505.5 cr. Elevated provisioning of Rs 1898.7 cr resulted in profit de-growth. NPA provisioning accounted for Rs 1005 cr, provision for investment depreciation Rs 443 cr and provision for standard assets, including restructured assets, Rs 434 cr. Asset quality continued to deteriorate as absolute GNPA

### Retail Research

increased by Rs 1435.6 cr q-o-q to Rs 16526.3 cr while NNPA increased by Rs 549 cr q-o-q to Rs 9609 cr. Fresh slippages were at an elevated level of Rs 3050 cr in Q2FY14 and were granular in nature.

We are revising our FY14 estimates given the muted outlook on loan growth and rising NPAs. We expect FY15 to be similar in terms of asset quality though there could be an improvement in net interest income. The Bank continues to be highly leveraged to economic conditions as the management maintains. So to expect that the worst is behind PNB in terms of asset quality would be a little too early. PNB has made gains on reducing its share of wholesale deposits (which should be margin-supportive); but fee growth is negative, balance-sheet growth is slightly slackening, asset concentration remains high and restructuring assets continue to pile up.

PNB remains a cyclical play on the economy as in a reviving economy; its key negative of NPA would get addressed to some extent. With elevated credit costs (for NPAs) and possible implementation of dynamic provisions, the return ratios would remain subdued for the medium term.

In our Q1FY14 result Update dated July 30,2013, we had recommended investors to exit the stock on rises to Rs.610 – 648 band (0.80-0.85x FY14E ABV). Post the issue of our report the stock made a high of Rs 599 on 5<sup>th</sup> Nov 2013 and a low of Rs 400 on 4<sup>th</sup> Sep 2013.

In the near term, given the weak macro environment and cautious outlook for the sector, stocks such as PNB may undershoot fair value estimates. Given the current scenario of heightened uncertainty on interest, currency market, credit growth and asset quality, PNB could underperform for some more time.

We feel existing investors could look to buy the stock in the band of Rs 443 –Rs 480(0.60-0.65FY15E ABV) for a price target of Rs 554 (0.75x FY15E ABV) in the next one quarter.

#### Quick Estimates

| Particulars ( Rs cr)       | FY10    | FY11     | FY12    | FY13     | FY14E    | FY14RE   | FY15E    |
|----------------------------|---------|----------|---------|----------|----------|----------|----------|
| <b>Net Interest Income</b> | 8522.89 | 11807.34 | 13414.4 | 14856.51 | 16936.42 | 15970.75 | 17440.06 |
| <i>% growth</i>            | 18.35   | 38.54    | 13.61   | 10.75    | 14.00    | 6.98     | 9.20     |
| <b>PBT</b>                 | 5599.14 | 6563.72  | 7037.00 | 5921.79  | 7106.15  | 5832.96  | 6649.58  |
| <i>% growth</i>            | 13.87   | 17.23    | 7.21    | -15.85   | 20.00    | -1.52    | 14.00    |
| <b>PAT</b>                 | 3599.71 | 4433.5   | 4884.2  | 4747.67  | 5459.82  | 4083.00  | 4654.62  |
| <i>% growth</i>            | 12.49   | 23.16    | 10.17   | -2.80    | 15.00    | -16.28   | 14.00    |
| <b>EPS</b>                 | 114.17  | 139.94   | 144.0   | 134.32   | 154.46   | 115.51   | 131.68   |
| <i>% growth</i>            | 12.49   | 22.57    | 2.90    | -6.73    | 15.00    | -16.28   | 14.00    |
| <b>Book Value</b>          | 514.78  | 632.49   | 777.41  | 924.46   | 1043.84  | 967.38   | 1066.89  |
| <i>% growth</i>            | 23.53   | 22.87    | 22.91   | 19.01    | 12.91    | 8.62     | 10.29    |
| <b>Adj. Book Value</b>     | 501     | 596.85   | 645.8   | 719.7    | 762.69   | 673.91   | 738.21   |
| <i>% growth</i>            | 22.68   | 19.13    | 8.19    | 11.56    | 5.97     | -0.80    | 9.54     |

(E: Estimates, OE: Original Estimates, RE: Revised Estimates; Source: HDFC sec Estimates)

#### Quarterly Financials – Standalone

| Particulars (Rs in cr)                        | Q2FY14         | Q2FY13         | % Chg | Q1FY14         | % Chg | H1FY14         | H1FY13         | % Chg |
|---|----------------|----------------|-------|----------------|-------|----------------|----------------|-------|
| <b>Interest Earned</b>                        |                |                |       |                |       |                |                |       |
| <b>Interest/Discount on Advances/Bills</b>    | 8022.8         | 7982.7         | 0.5   | 7874.7         | 1.9   | 15898          | 16172          | -1.7  |
| <b>Interest on Investment</b>                 | 2568.3         | 2321.6         | 10.6  | 2439.3         | 5.3   | 5008           | 4618           | 8.4   |
| <b>Interest on bal. with RBI</b>              | 100.9          | 56.0           | 80.3  | 78.6           | 28.4  | 179            | 114            | 57.7  |
| <b>Other Interest</b>                         | 41.5           | 67.7           | -38.7 | 11.9           | 247.9 | 53             | 79             | -32.2 |
| <b>INTEREST EARNED</b>                        | <b>10733.5</b> | <b>10428.0</b> | 2.9   | <b>10404.5</b> | 3.2   | <b>21138.1</b> | <b>20982.0</b> | 0.7   |
| <b>Other Income</b>                           | 899.3          | 907.2          | -0.9  | 1342.1         | -33.0 | 2241.38        | 2075.19        | 8.0   |
| <b>Total Income</b>                           | <b>11632.8</b> | <b>11335.2</b> | 2.6   | <b>11746.6</b> | -1.0  | <b>23379.4</b> | <b>23057.1</b> | 1.4   |
| <b>Operating Expenses</b>                     |                |                |       |                |       |                |                |       |
| <b>Payments to / Provisions for employees</b> | 1658.7         | 1426.3         | 16.3  | 1615.9         | 2.6   | 3274.6         | 2846.0         | 15.1  |
| <b>Other operating expenses</b>               | 721.3          | 595.6          | 21.1  | 659.8          | 9.3   | 1381.2         | 1196.2         | 15.5  |
| <b>Tot Ops Exp</b>                            | 2380.0         | 2021.9         | 17.7  | 2275.8         | 4.6   | 4655.8         | 4042.1         | 15.2  |
| <b>Interest Expended</b>                      | 6718.0         | 6780.4         | -0.9  | 6497.0         | 3.4   | 13215.0        | 13641.3        | -3.1  |
| <b>TOTAL EXPENSES</b>                         | <b>9098.0</b>  | <b>8802.3</b>  | 3.4   | <b>8772.8</b>  | 3.7   | <b>17870.8</b> | <b>17683.4</b> | 1.1   |
| <b>Net Interest Income</b>                    | <b>4015.5</b>  | <b>3647.6</b>  | 10.1  | <b>3907.5</b>  | 2.8   | <b>7923.1</b>  | <b>7340.7</b>  | 7.9   |

|  |              |               |              |               |              |               |               |              |
|--|--------------|---------------|--------------|---------------|--------------|---------------|---------------|--------------|
| Operating Profit Before Prov. & Cont.  | 2534.8       | 2532.9        | 0.1          | 2973.8        | -14.8        | 5508.6        | 5373.8        | 2.5          |
| Provisions & Contingencies             | 1898.73      | 1073.83       | 76.8         | 1066.5        | 78.0         | 2965.2        | 2106.3        | 40.8         |
| Provision for Taxes                    | 130.62       | 393.45        | -66.8        | 632           | -79.3        | 762.62        | 956.18        | -20.2        |
| <b>Net Profit</b>                      | <b>505.5</b> | <b>1065.6</b> | <b>-52.6</b> | <b>1275.3</b> | <b>-60.4</b> | <b>1780.8</b> | <b>2311.3</b> | <b>-23.0</b> |
| EPS                                    | 14.3         | 30.1          | -52.6        | 36.1          | -60.4        | 50.4          | 65.4          | -23.0        |
| Equity                                 | 353.47       | 353.47        | 0.0          | 353.47        | 0.0          | 353.47        | 353.47        | 0.0          |
| PATM(%)                                | 4.7          | 10.2          | -53.9        | 12.3          | -61.6        | 8.4           | 11.0          | -23.5        |
| Capital Adequacy Ratio as per Basel II | <b>12.32</b> | <b>11.73</b>  | <b>0.0</b>   | <b>12.44</b>  | <b>-1.0</b>  | <b>12.32</b>  | <b>11.73</b>  | <b>0.0</b>   |
| Gross Non Performing Assets            | 15090.6      | 15090.6       | 0.0          | 15090.6       | 0.0          | 15090.6       | 15090.6       | 0.0          |
| Net Non Performing Assets              | 9060.0       | 9060.0        | 0.0          | 9060.0        | 0.0          | 9060.0        | 9060.0        | 0.0          |
| (%) Gross Non Performing Assets        | 5.14         | 4.66          | 10.3         | 4.84          | 6.19835      | 4.84          | 4.84          |              |
| (%) Net Non Performing Assets          | 3.07         | 2.69          | 14.1         | 2.98          | 3.02013      | 2.98          | 2.98          |              |

### Segmental

| Segmental Revenue            | Q2FY14         | Q2FY13         | % Chg      | Q1FY14         | % Chg       | H1FY14         | H1FY13         | % Chg      |
|------------------------------|----------------|----------------|------------|----------------|-------------|----------------|----------------|------------|
| Treasury                     | 2807.4         | 2543.3         | 10.4       | 2869.4         | -2.2        | 5676.8         | 5042.5         | 12.6       |
| Corporate/Wholesale Banking  | 5525.5         | 5776.2         | 0.0        | 5498.0         | 0.5         | 11023.5        | 11148.5        | 0.0        |
| Retail Banking               | 3196.8         | 2848.5         | 12.2       | 3181.2         | 0.5         | 6378.0         | 6499.3         | -1.9       |
| Other Banking Business       | 103.1          | 167.2          | 0.0        | 198.0          | -47.9       | 301.1          | 366.8          | 0.0        |
| <b>Total Segment Revenue</b> | <b>11632.8</b> | <b>11335.2</b> | <b>2.6</b> | <b>11746.6</b> | <b>-1.0</b> | <b>23379.4</b> | <b>23057.1</b> | <b>1.4</b> |

### Segment Results after Prov & Before Tax

|                              |               |               |            |               |              |               |               |            |
|------------------------------|---------------|---------------|------------|---------------|--------------|---------------|---------------|------------|
| Treasury                     | 248.9         | 218.1         | 14.2       | 413.8         | -39.8        | 622.7         | 500.2         | 24.5       |
| Corporate/Wholesale Banking  | 1592.1        | 1662.9        | -4.3       | 1753.5        | -9.2         | 3345.6        | 3295.6        | 1.5        |
| Retail Banking               | 921.1         | 811.7         | 13.5       | 1014.6        | -9.2         | 1935.7        | 1921.2        | 0.8        |
| Other Banking Business       | 28.3          | 47.8          | 0.0        | 63.2          | -55.3        | 91.4          | 108.4         | 0.0        |
| <b>Total Segment Results</b> | <b>2790.3</b> | <b>2740.4</b> | <b>1.8</b> | <b>3245.1</b> | <b>-14.0</b> | <b>5995.4</b> | <b>5825.4</b> | <b>2.9</b> |

### Revenue Mix (%)

|                             |       |       |  |       |  |       |       |  |
|-----------------------------|-------|-------|--|-------|--|-------|-------|--|
| Treasury                    | 24.1% | 22.4% |  | 24.4% |  | 24.3% | 21.9% |  |
| Corporate/Wholesale Banking | 47.5% | 51.0% |  | 46.8% |  | 47.2% | 48.4% |  |
| Retail Banking              | 27.5% | 25.1% |  | 27.1% |  | 27.3% | 28.2% |  |
| Other Banking Business      | 0.9%  | 1.5%  |  | 1.7%  |  | 1.3%  | 1.6%  |  |

### Capital Employed

|                             |                |                |             |                |            |                |                |             |
|-----------------------------|----------------|----------------|-------------|----------------|------------|----------------|----------------|-------------|
| Treasury                    | 8694.3         | 8151.2         | 6.7         | 8896.6         | -2.3       | 8694.3         | 8151.2         | 6.7         |
| Corporate/Wholesale Banking | 15343.2        | 13014.2        | 17.9        | 15390.3        | -0.3       | 15343.2        | 13014.2        | 17.9        |
| Retail Banking              | 6676.6         | 5442.3         | 22.7        | 6466.4         | 3.3        | 6676.6         | 5442.3         | 22.7        |
| Other Banking Business      | 421.3          | 368.2          | 14.4        | 417.0          | 1.0        | 421.3          | 368.2          | 0.0         |
| Unallocated                 | 3370.3         | 3136.6         | 7.5         | 2780.8         | 21.2       | 3370.3         | 3136.6         | 7.5         |
| <b>Total</b>                | <b>34505.6</b> | <b>30112.5</b> | <b>14.6</b> | <b>33951.1</b> | <b>1.6</b> | <b>34505.6</b> | <b>30112.5</b> | <b>14.6</b> |

(Source: Company, HDFC sec)

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