

Current	Previous
CMP : Rs.90	
Rating : BUY	Rating : NR
Target : 105	Target : NR

(NR-Not Rated)

STOCK INFO

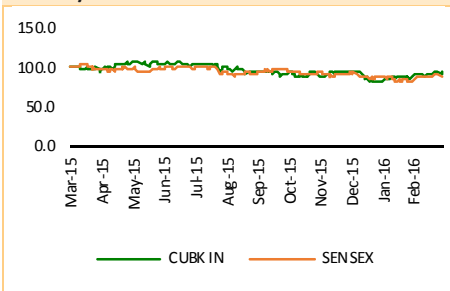
INDEX	
BSE	532210
NSE	CUB
Bloomberg	CUBK IN EQUITY
Reuters	CTBK.NS
Sector	BFSI
Face Value (Rs)	1
Equity Capital (Rs mn)	598
Mkt Cap (Rs mn)	54,017
52w H/L (Rs)	106 / 77
Avg Daily Vol (BSE+NSE)	524,653

SHAREHOLDING PATTERN	%
(as on Dec. 2015)	
Promoters	-
FII's	36.2
DII's	11.1
Public & Others	52.7

STOCK PERFORMANCE (%)	3m	6m	12m
CUBK	(0.7)	(1.0)	(5.7)
SENSEX	(4.6)	(3.5)	(9.4)

Source: Bloomberg, IndiaNivesh Research

CUBK v/s SENSEX



Source: Bloomberg, IndiaNivesh Research

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Company Background

City Union Bank (CUB), founded and incorporated in 1904, is old private sector bank headquartered in Kumbakonam, Tamil Nadu. Currently bank has 500 branches and loan book of Rs 194 bn with significant presence in southern states of India. 68% of branches are located in Tamil Nadu followed by 12% in AP and Telangana. Key business area for CUB is providing short term financing to MSME, retail and wholesale traders.

Investment Rationale

Play on MSME financing, regional focus along with expertise in MSME to maintain growth momentum:

CUB with expertise in MSME financing and strong understanding of local markets (ie Tamil Nadu) has taken an advantage of growing MSME sector. CUB, as a business strategy, has focused on short term MSME advances which have led to consistent 20%+ yoy growth in MSME segment. Further the MSME book now constitutes 35.8% to total loan book as against 27% in FY12. We expect loan growth of 15% CAGR for FY15-18E as against management guidance of 12-15% for FY16 and 15-18% for FY17.

NIMs to remain healthy, short term lending ensure faster repricing and least impact on NIMs:

Key positive about CUB which differentiates it from other regional banks is 1) short term loans ensures faster re-repricing and 2) 90% of loans are floating rate basis which minimize margin impact in case of change in interest rates. Further 95% of accounts are such where CUB is the sole banker which helps in both 1) maintaining yield on loans and 2) maintaining asset quality.

Granularity in loan book, focus on working capital financing and lowest Corporate exposure bodes well on asset quality:

Asset book of CUB is granular where in large corporate book is having an average ticket size of ~Rs 39 mn and this book now constitute only 6.6% of loan book down from 16% in FY12. Even MSME ticket size is very low at Rs 3 mn and around 65% of book is short term financing which is upto 1 year and remaining 35% is 2-5 years. Further in 95% of cases, CUB is the sole banker to these MSMEs. This along with lower ticket size (granular loan book) ensures better asset quality. **Moreover CUB is the only bank where in 5/25 financing, AQR NPAs and SDR is completely nil.** Since CUB's strategy is focusing on MSME business and less on Corporate segment, restructured book and stressed assets ratio for CUB is one of the lowest compared to closest peers.

Better earnings visibility, strong return profiles amongst peers:

Unlike other regional banks, CUB is better in terms of earnings visibility due to least Corporate exposure and lower ticket size in Corporate segment. This along with better margins is likely to deliver 16% CAGR in both NII and earnings leading to best in class ROE of 17% and ROA of 1.5%. Further return profile of CUB is best amongst all small and regional banks.

Valuation and Recommendation

CUB's strategy of consciously decelerating loan growth, moving away from large Corporate loans and focusing on core area of MSME financing has played well in recent slowdown. This is clearly visible in premium valuations of CUB compared to small and regional private banks. 1) Better understanding of cash flow of local businesses in southern markets (specially TN), 2) Nil 5/25 financing, 3) zero AQR slippages has been key positive for CUB. At CMP of Rs 90, CUB is trading at P/ABV of 1.7x and 1.5x for FY17E and FY18E respectively. We initiate coverage on CUB with BUY and target price of Rs 105, valuing it at 1.7x FY18E ABV.

YE March (Rs mn)	NII	Net Profit	EPS (Rs)	BV (Rs)	ABV (Rs)	ROE (%)	ROA (%)	P/BV (x)	P/ABV (x)
FY15	8074	3950	6.6	45.2	41.3	16.7	1.5	2.0	2.2
FY16E	9601	4380	7.3	50.9	45.5	15.3	1.5	1.8	2.0
FY17E	10919	5026	8.4	57.8	52.2	15.5	1.5	1.6	1.7
FY18E	12500	6135	10.3	66.3	60.0	16.5	1.5	1.4	1.5

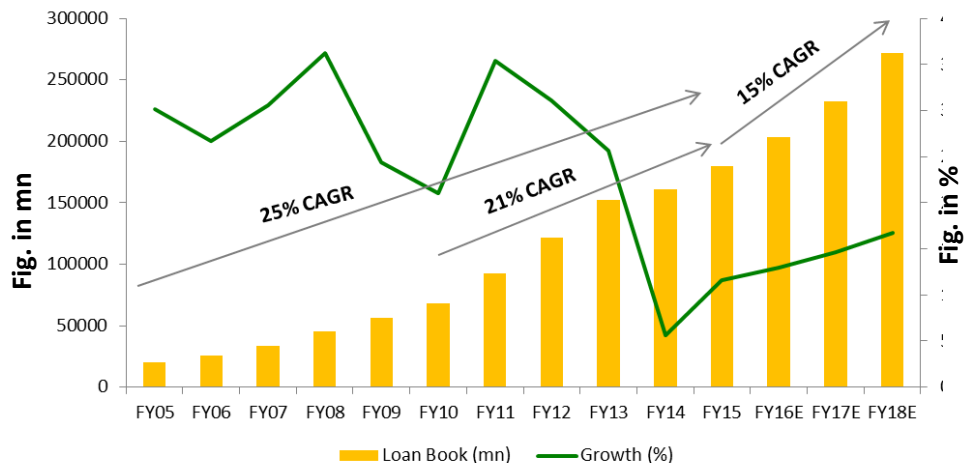
Source: IndiaNivesh Research

Investment Rationale

Play on MSME financing, regional focus along with expertise in MSME to maintain growth momentum:

As per Ministry of MSME FY15 Annual Report, share of MSME sector in India's GDP is projected at 37.5% which is higher than 35.1% in FY07. Further report states that there are 48.9 mn (vs 36.2 mn in FY07) total working MSME enterprises and market value of Fixed assets of Rs 13.6 tn (Rs 8.8 tn in FY07) providing employment to 111 mn (80.5 mn in FY07). CUB with expertise in MSME financing and strong understanding of local markets (ie Tamil Nadu) has taken an advantage of growing MSME sector. CUB, as a business strategy, has focused on short term MSME advances which have led to consistent 20%+ yoy growth in this segment. Further the MSME book now constitutes 35.8% to total loan book as against 27% in FY12. While MSME sector (like Corporate) is also linked with performance of economy, better understanding of cash flow of MSME businesses, linguistic benefit (specially in TN) and short term working capital financing (less risky compared to long term consortium financing) bodes well for CUB specially in home region.

Loan Book (Rs mn) / Loan growth (%)



Source: Company, IndiaNivesh Research

Loan growth of CUB was healthy in last 1 decade at CAGR of 25% yoy which has slowed to 21% in FY10-15 mainly due to slowdown in economy. However consciously, CUB has slowed its loan book to 6% and 12% yoy in FY14 and FY15 respectively. Lower growth was led by Bank's strategy of de-risking the assets wherein the Corporate loan book has consistently de grown from Rs 20.8 bn in FY13 to Rs 11.2 bn in FY15. Subsequently MSME segment for CUB has done well and now constitute 35.8% as against 27% in FY12. Loan growth has further moderated to 11% in Q1FY16, however picked up to 12% yoy in Q2FY16 and 14% yoy in Q3FY16.

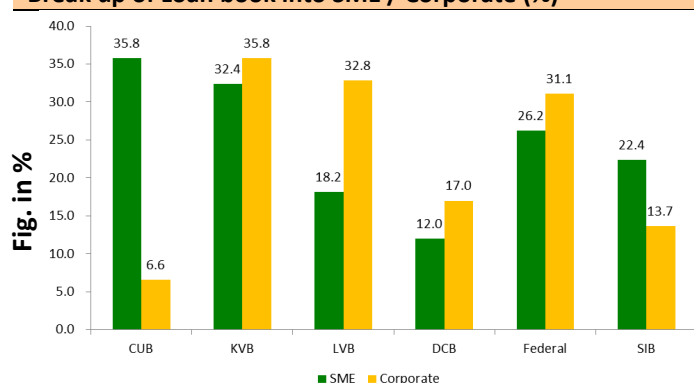
While most of the regional and small private banks have maintained loan growth CAGR at healthy pace in FY10-15, MSME loan growth for CUB was higher at +20% consistently from last 10-12 quarters. However unlike other small and regional banks, CUB's corporate book is lowest at 6.6% compared to 14-36% for others. We expect loan growth of 15% CAGR for FY15-18E as against management guidance of 12-15% for FY16 and 15-18% for FY17.

Loan book (Rs mn) - Peer Comparison

	FY10	FY11	FY12	FY13	FY14	FY15	% CAGR	Q3FY15	% y o y
CUB	68335	92555	121375	152461	160968	179655	21.3	193744	14.2
KVB	134470	178145	239492	294801	339921	361089	21.8	378720	5.9
LVB	62775	80944	101887	117028	128892	163520	21.1	141932	11.8
DCB	34597	42817	52844	65861	81402	104651	24.8	117362	23.7
Federal	255690	328950	388120	451950	441570	519530	15.2	535380	9.9
SIB	158229	204887	272807	318155	362299	373916	18.8	406010	9.7
Total	714096	928298	1176525	1400256	1515052	1702362	19.0	1773148	13.0

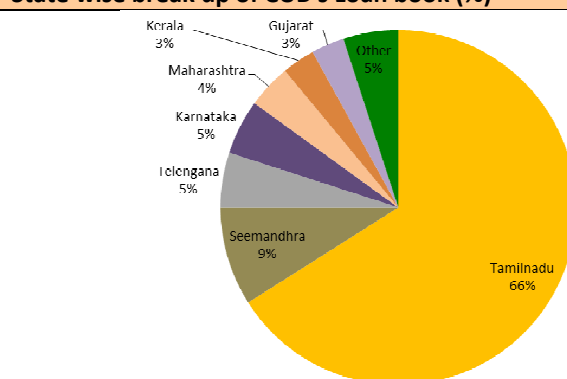
Source: Company, IndiaNivesh Research

Break up of Loan book into SME / Corporate (%)



Source: Company, IndiaNivesh Research

State wise break up of CUB's Loan book (%)

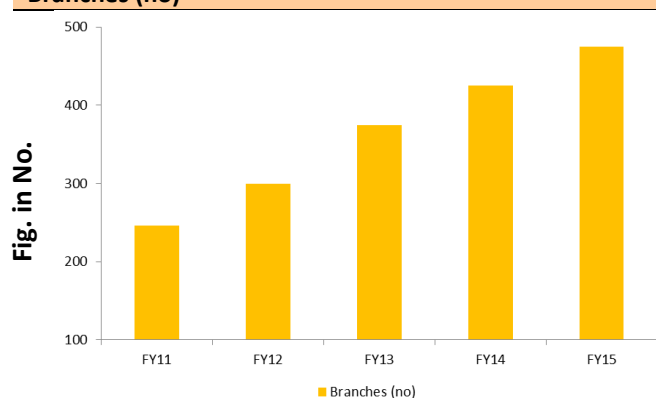


Source: Company, IndiaNivesh Research

... doubled branch network since FY11, further penetration in small towns in TN to help sustain growth:

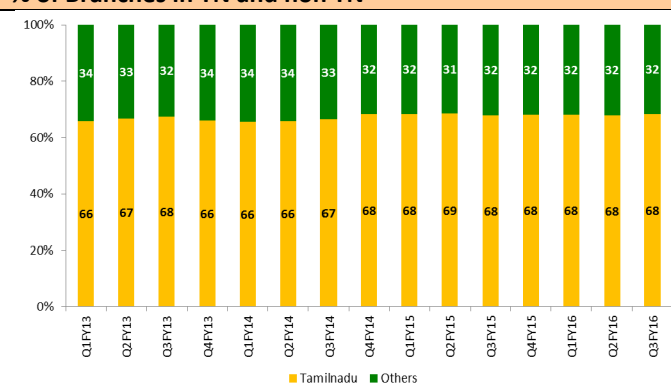
Strong growth with further penetration in MSME segment was led by doubling of branch network to 491 since FY11. As per disclosures on BSE, it has opened 500th branch in current quarter and management specified that it will reach 525 by end of FY16. 50% of new branches are likely to be opened in TN and remaining in other southern markets and other parts of the country. Moreover we believe Bank's strategy of opening 50% incremental branches in home regional (TN) is right move mainly because 1) bank has strong hold in southern markets specially TN, 2) it takes maximum 1 year for branch in TN to break as against 1-2 years in other southern states and 2-5 years in other states of the country and 3) focus on penetrating deep in under penetrated markets in TN is likely to help CUB to build sustainable business over longer term specially in current competitive environment.

Branches (no)



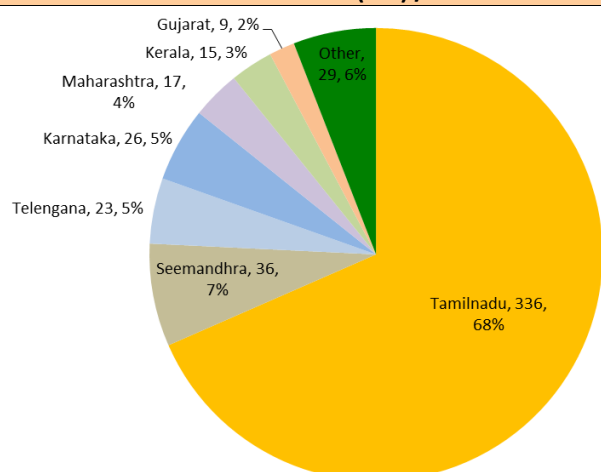
Source: Company, IndiaNivesh Research

% of Branches in TN and non TN



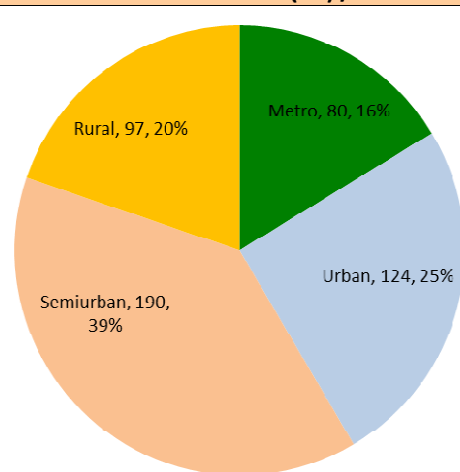
Source: Company, IndiaNivesh Research

State wise Branch Concentration (no.) / % of total



Source: Company, IndiaNivesh Research

Region wise Branch Concentration (no.) / % of total



Source: Company, IndiaNivesh Research

As of now, 80% of branches of CUB are in 3 states, TN, AP and Telangana as against 74-75% for closest peers KVB and LVB. Based on our interaction with management, 50% of incremental branches are likely to be opened in TN itself which will make CUB largest bank in TN State.

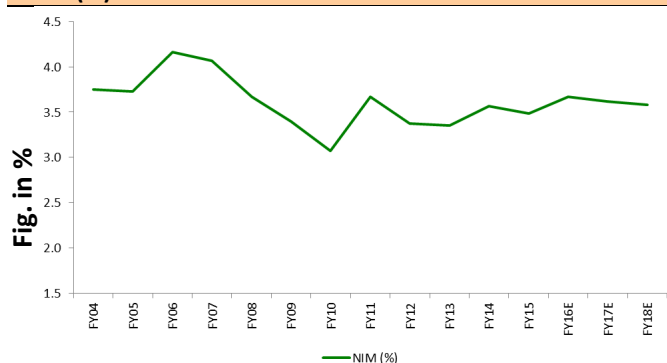
	Total Branches (no)	Branches (no)				% of total			
		TN	Tel + AP	Kerala	Mah	TN	Tel + AP	Kerala	Mah
CUB	491	336	59	15	17	68	12	3	3
KVB	659	352	139	15	233	53	21	2	35
LVB	400	234	63	9	26	59	16	2	7
Federal	1252	137	34	600	103	11	3	48	8
DCB	160	6	18	1	38	4	11	1	24
SIB	822	NA	NA	444	NA	NA	NA	54	NA

Source: Company, IndiaNivesh Research

NIMs to remain healthy, short term lending ensure faster repricing and least impact on NIMs:

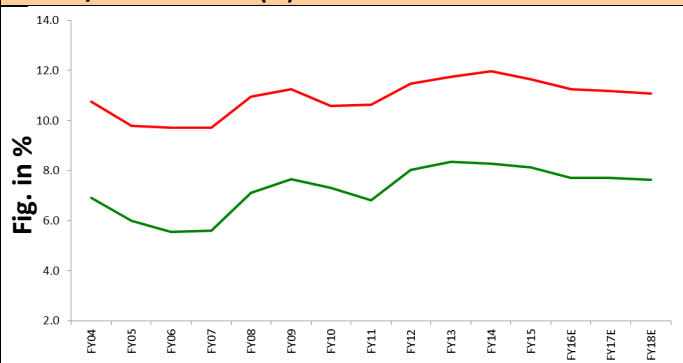
Key positive about CUB which differentiates it from other regional banks is 1) short term loans ensures faster re-repricing and 2) 90% of loans are floating rate basis which minimize margin impact in case of change in interest rates. Further 95% of accounts are such where CUB is the sole banker which helps in both 1) maintaining yield on loans and 2) less impact on asset quality.

NIM (%)



Source: Company, IndiaNivesh Research

Yields / Cost of Funds (%)



Source: Company, IndiaNivesh Research

NIM (%)	FY10	FY11	FY12	FY13	FY14	FY15	Q3FY16
CUB	3.1	3.7	3.4	3.4	3.6	3.5	3.8
KVB	3.2	3.2	3.2	3.2	3.2	3.2	3.5
LVB	3.0	3.5	2.8	2.6	2.8	2.6	2.8
DCB	2.7	3.1	3.2	3.2	3.4	3.8	4.1
Federal	3.8	4.0	3.8	3.3	3.4	3.3	3.2

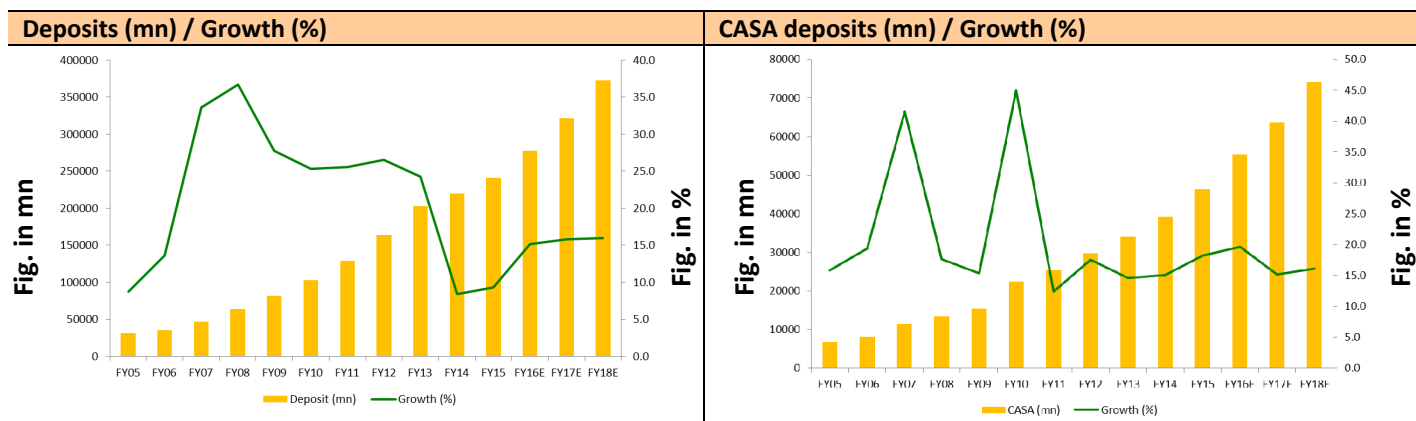
Source: Company, IndiaNivesh Research

...CASA ratio is lower than peers, likely to remain at current levels:

Despite lower CASA ratio, CUB's NIM is highest amongst regional banks and second amongst listed small banks. Higher margins are mainly due to reasons stated above while lower CASA (specifically CA) is due to less corporate business. While on CA front, CUB is facing strong competition from large private banks (as per management largely Axis and HDFC Bank), it was successful in gaining market from PSBs (like IOB) on SA front.

CASA (%)	FY10	FY11	FY12	FY13	FY14	FY15	Q3FY15
CUB	21.9	19.6	18.2	16.8	17.8	19.2	18.8
KVB	17.0	16.2	16.2	17.0	17.0	20.4	23.4
LVB	18.2	18.8	14.9	14.5	14.2	16.7	17.1
DCB	35.4	35.2	32.1	27.2	25.0	23.4	22.8
Federal	26.2	26.9	27.5	27.2	31.2	30.8	32.1
SIB	23.1	21.5	19.7	18.6	20.7	20.6	23.0

Source: Company, IndiaNivesh Research



Source: Company, IndiaNivesh Research

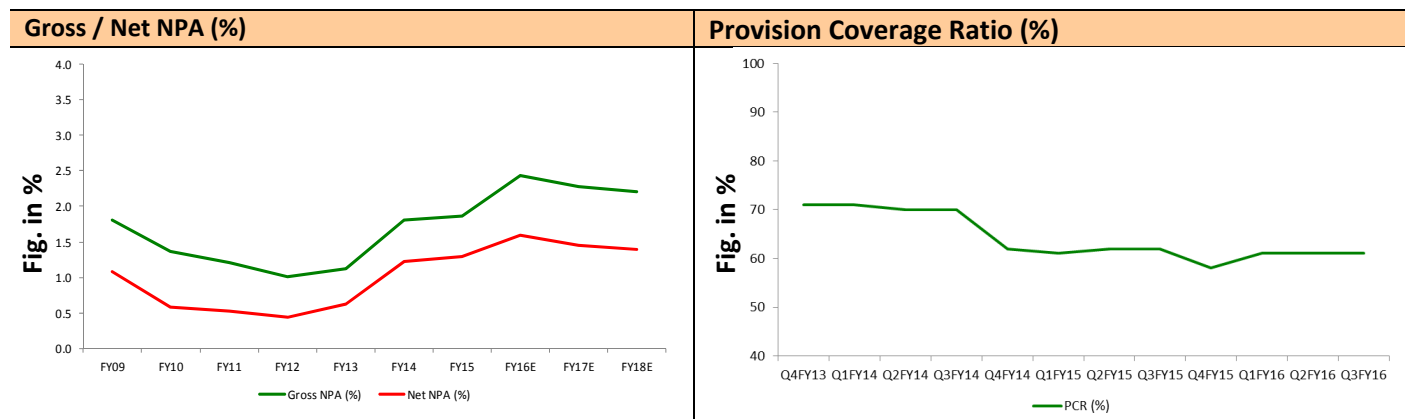
Source: Company, IndiaNivesh Research

Granularity in loan book, focus on working capital financing and lowest Corporate exposure bodes well on asset quality:

Asset book of CUB is granular where in large corporate book is at an average ticket size of ~Rs 39 mn (bank has ~322 corporate clients) and this book now constitute only 6.6% of loan book down from 16% in FY12. Even MSME ticket size is very low at Rs 3 mn and around 65% of book is short term financing which is upto 1 year and remaining 35% is 2-5 years. Further in 95% of cases, CUB is the sole banker to these MSMEs. This along with lower ticket size (granular loan book) ensures better asset quality. **Moreover CUB is the only bank where in 5/25 financing, AQR NPAs and SDR is completely nil.**

Like other Banks, CUB has also witnessed problem on asset quality front, though not significantly, wherein the Gross and Net NPA increased to 2.4% and 1.5% in Q3FY16 from 1.9% and 1.3% in FY15 respectively. Fresh slippages for CUB was higher in FY14 at Rs 4.6 bn which has marginally come down to Rs 4.2 bn in FY15 reflecting 2.8% in FY14 and 2.4% in FY15 in % terms. In 9MFY16, CUB has reported fresh slippages of Rs 3 bn and management expects another Rs 1-1.25 bn in Q4FY16. We have built in

fresh slippages for Q4FY16 on higher end of management guidance. Further management has guided for fresh slippage ratio of 1.5-2% for FY17. There are only 3 watchful accounts combined worth of Rs 1.95 bn which were restructured earlier and not performing as per the expectation. These 3 account belongs to food processing (Rs 650 mn), Iron & steel (Rs 700 mn) and Paper (Rs 600 mn) Industry.



Source: Company, IndiaNivesh Research

Source: Company, IndiaNivesh Research

	CUB		KVB		LVB		DCB		Federal		SIB	
	Gross NPA (%)	Net NPA (%)	Gross NPA (%)	Net NPA (%)	Gross NPA (%)	Net NPA (%)	Gross NPA (%)	Net NPA (%)	Gross NPA (%)	Net NPA (%)	Gross NPA (%)	Net NPA (%)
FY11	1.2	0.5	1.3	0.1	1.9	0.9	5.9	1.0	3.5	0.6	1.1	0.3
FY12	1.0	0.4	1.3	0.3	3.0	1.7	4.4	0.6	3.4	0.5	1.0	0.3
FY13	1.1	0.6	1.0	0.4	3.9	2.4	3.2	0.8	3.4	1.0	1.4	0.8
FY14	1.8	1.2	0.8	0.4	4.2	3.4	1.7	0.9	2.5	0.7	1.2	0.8
FY15	1.9	1.3	1.9	0.8	2.8	1.9	1.8	1.0	2.0	0.7	1.7	1.0
Q1FY16	2.0	1.3	1.9	0.9	2.7	1.7	2.0	1.2	2.6	1.0	1.9	1.2
Q2FY16	2.1	1.4	2.0	1.0	1.9	1.0	2.0	1.2	2.9	1.3	2.2	1.4
Q3FY16	2.4	1.5	1.9	0.9	1.8	0.8	2.0	1.1	3.2	1.7	2.8	1.8
Average	1.7	1.0	1.6	0.5	2.8	1.7	2.9	1.0	2.9	0.8	1.6	0.9

Source: Company, Capitaline, IndiaNivesh Research

... one of the lowest restructured book and stressed assets:

Since CUB's strategy is focusing on MSME business and less on Corporate segment, restructured book for CUB is one of the lowest compared to other small and regional lenders (lowest in regional banks and second lowest in all small banks if we include DCB). Also stressed assets now form 4% of loan book vs 2.4-10.4% for most of the peers. However amongst regional banks, CUB's stressed assets ratio is best. Further as per management, recent floods in Chennai has not impacted in Q3FY16 but likely to impact in Q4FY16 for which RBI has allowed them to consider the NPA on back of floods as restructured (~Rs 250-350 mn).

Restructured Book (as % of loan book)

	CUB	KVB	LVB	DCB	Federal	SIB
FY13	1.5	3.7	5.5	1.1	5.0	4.5
FY14	1.7	4.1	6.9	1.0	5.6	4.5
FY15	1.4	5.4	8.0	0.7	5.2	5.5
Q1FY16	1.4	5.3	7.9	0.5	5.1	5.7
Q2FY16	1.3	6.0	7.6	0.4	4.6	5.1
Q3FY16	1.6	5.4	8.6	0.4	4.0	4.8

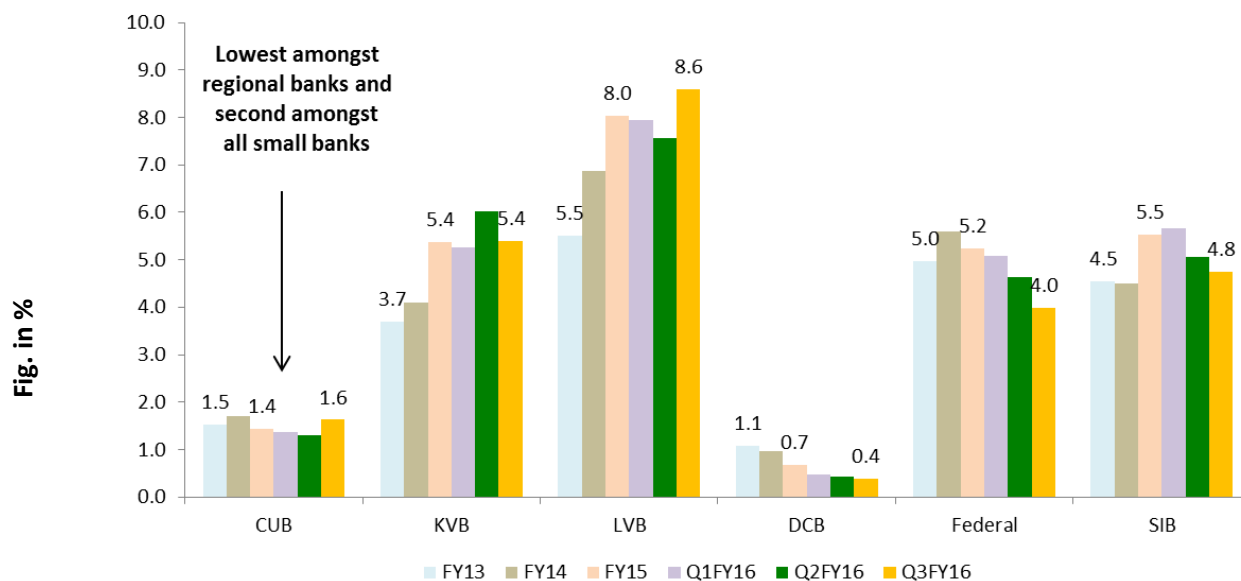
Source: Company, Capitaline, IndiaNivesh Research

Stressed Assets Ratio (%)

	CUB	KVB	LVB	DCB	Federal	SIB
FY13	2.7	4.7	9.4	4.3	8.4	5.9
FY14	3.5	4.9	11.1	2.7	8.1	5.7
FY15	3.3	7.2	10.8	2.4	7.3	7.2
Q1FY16	3.4	7.2	10.7	2.4	7.7	7.5
Q2FY16	3.4	8.0	9.4	2.4	7.5	7.3
Q3FY16	4.0	7.3	10.4	2.4	7.1	7.5

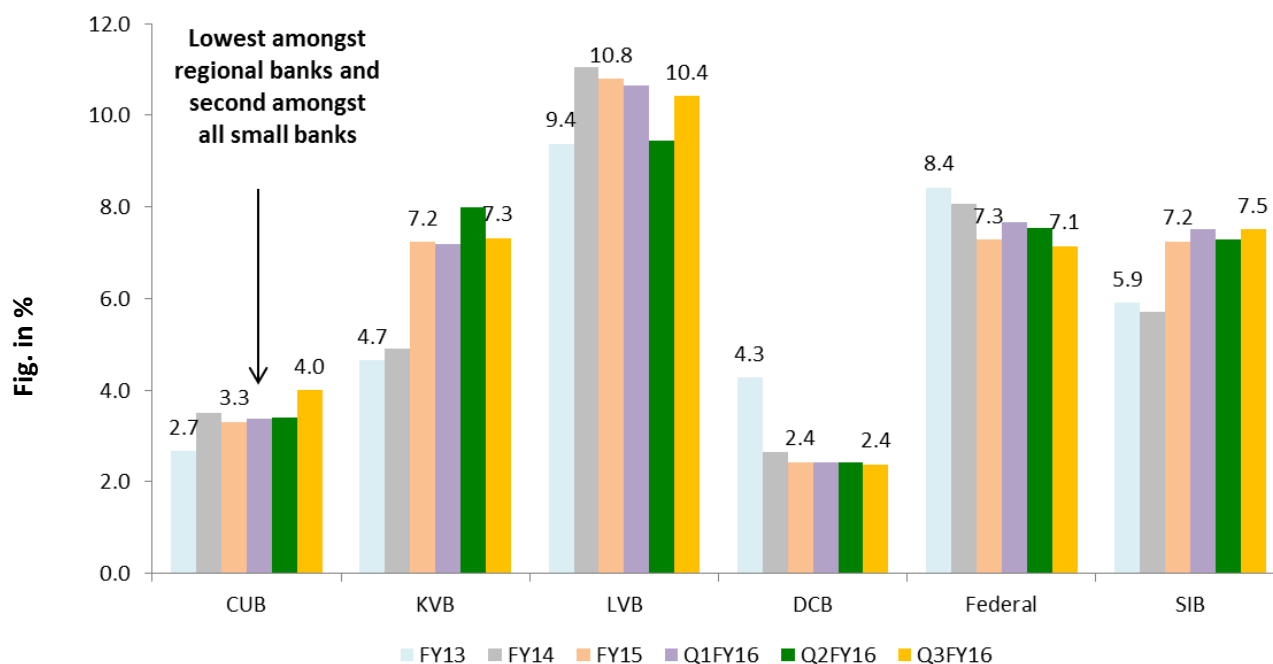
Source: Company, Capitaline, IndiaNivesh Research

Restructured Book (as % of loan book)



Source: Company, IndiaNivesh Research

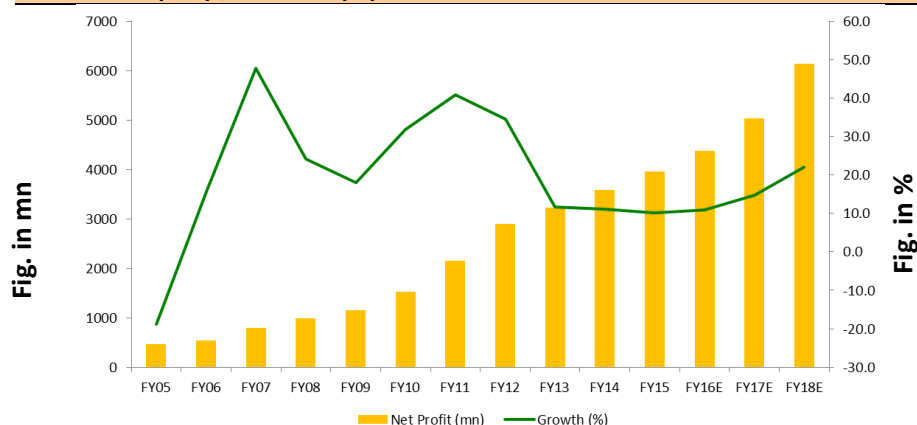
Stressed Assets Ratio (%)



Source: Company, IndiaNivesh Research

Better earnings visibility, strong return profiles amongst peers:

Unlike other regional banks, CUB is better in terms of earnings visibility due to least Corporate exposure and lower ticket size in Corporate segment. This along with better margins is likely to deliver 16% CAGR in both NII and earnings leading to best in class ROE of 17% and ROA of 1.5%. Further return profile of CUB is best amongst all small and regional banks.

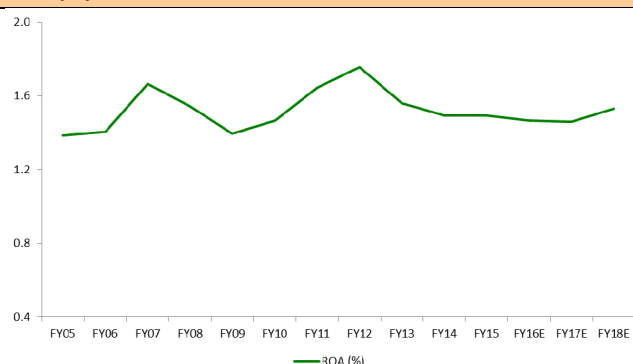
Net Profit (mn) / Growth (%)

Source: Company, IndiaNivesh Research

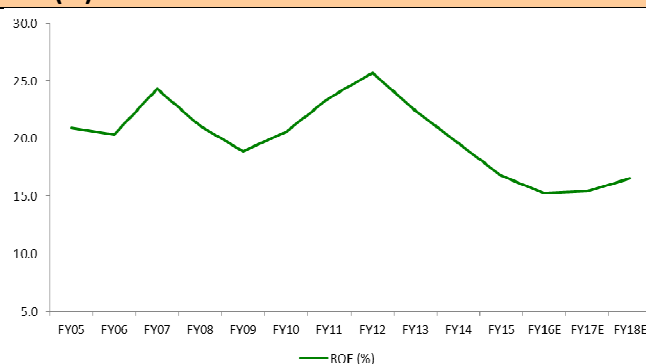
Dupont Analysis

(Rs mn)	FY13	FY14	FY15	FY16E	FY17E	FY18E
NII (%)	3.0	3.2	3.1	3.2	3.2	3.1
Non Int Inc (%)	1.3	1.3	1.6	1.4	1.4	1.3
Operating Inc (%)	4.3	4.4	4.6	4.6	4.5	4.5
Operating Exp (%)	1.8	2.0	2.0	1.9	1.9	1.8
Pre Provision profit (%)	2.5	2.4	2.7	2.7	2.6	2.6
Provision (%)	0.6	0.7	0.7	0.8	0.7	0.6
ROA (%)	1.6	1.5	1.5	1.5	1.5	1.5
Avg total Assets / Avg equity (x)	14.3	13.1	11.2	10.4	10.6	10.8
ROE (%)	22.4	19.6	16.7	15.3	15.5	16.5
Avg total assets (Rs mn)	206639	239855	264325	298558	344439	400629
Avg Equity (Rs mn)	14419	18328	23602	28714	32517	37126

Source: IndiaNivesh Research

ROA (%)

Source: Company, IndiaNivesh Research

ROE (%)

Source: Company, IndiaNivesh Research

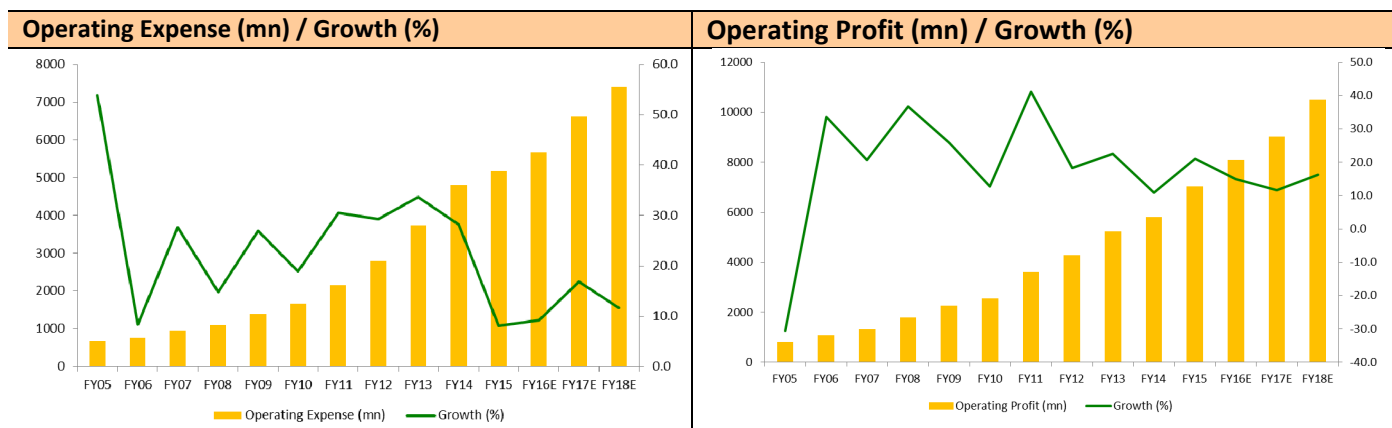
ROE / ROA (%) - Peer Comparison

	ROE (%)							ROA (%)						
	FY10	FY11	FY12	FY13	FY14	FY15	Average	FY10	FY11	FY12	FY13	FY14	FY15	Average
CUB	20.6	23.5	25.7	22.4	19.6	16.7	21.4	1.5	1.6	1.8	1.6	1.5	1.5	1.6
KVB	22.6	22.3	20.8	19.0	13.4	14.1	18.7	1.7	1.7	1.5	1.3	0.9	1.0	1.3
LVB	5.1	12.4	11.6	9.3	5.8	10.1	9.0	0.3	0.9	0.7	0.5	0.3	0.6	0.6
DCB	-13.1	3.4	6.4	10.2	13.1	12.0	5.4	-1.3	0.3	0.6	0.9	1.2	1.2	0.5
Federal	10.3	12.0	14.4	13.9	12.6	13.7	12.8	1.1	1.2	1.4	1.3	1.1	1.3	1.2
SIB	16.8	17.6	20.0	19.4	15.9	8.8	16.4	1.0	1.0	1.1	1.1	1.0	0.5	1.0

Source: Company, IndiaNivesh Research

...opex to remain high in FY17E and improve in FY18E, stable provisioning expense to support earnings growth:

While operating expense was well controlled in 9MFY16 with modest growth of 6% yoy and likely to remain under control for FY16E at 9% yoy, we expect it to be higher in FY17E (up 17% yoy) mainly due to expected wage increase. Hence cost to income ratio is likely to inch up to 42.3% in FY17E from 41.2% in FY16E. However it is likely to come back to similar level of ~41% by FY18E. Despite this, earnings growth at 16% remains healthy thanks to provisioning expense which is likely to stabilize.



Source: Company, IndiaNivesh Research

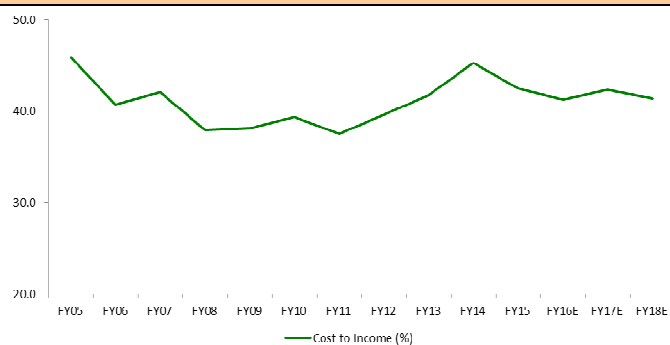
Source: Company, IndiaNivesh Research

Operating Profit as % of Avg assets

	CUB	KVB	LVB	DCB	Federal	SIB
FY05	2.4	2.7	1.4	0.0	2.5	1.8
FY06	2.9	2.7	0.9	-0.5	2.4	1.5
FY07	2.8	2.7	1.4	0.9	2.7	2.0
FY08	2.8	2.5	1.5	1.7	2.7	1.8
FY09	2.7	2.6	1.5	1.1	3.5	1.9
FY10	2.5	2.4	1.8	0.8	3.1	1.8
FY11	2.8	2.4	2.3	1.3	3.0	1.8
FY12	2.6	2.2	1.6	1.0	2.7	1.8
FY13	2.5	2.0	1.5	1.3	2.2	1.8
FY14	2.4	1.7	1.6	1.6	2.0	1.7
FY15	2.7	1.9	1.7	1.9	2.1	1.5

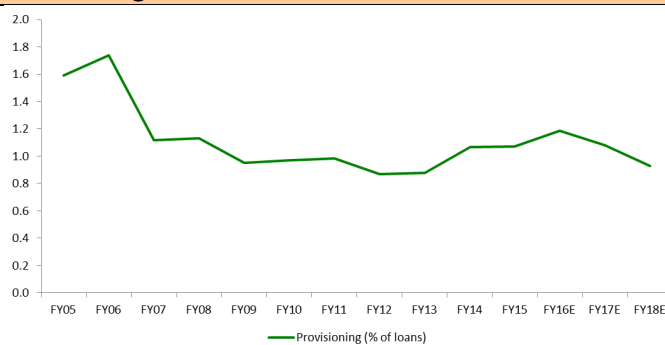
Source: Company, Capitaline, IndiaNivesh Research

Cost to Income (%)



Source: Company, IndiaNivesh Research

Provisioning as % of loans



Source: Company, IndiaNivesh Research

Comfortable capital adequacy:

Capital adequacy for CUB is comfortable at 14.6% and tier I capital at 14.2% which is much higher than regulatory requirements. We believe CUB is well placed on capital adequacy and can deliver 15% CAGR in loan book without additional capital.

Risks and concerns:

Lower growth than expected: We expect loan growth of 15% over FY15-18E largely led by higher growth in MSME. While our assumptions are base case, any major change in our assumptions will pose risk to our earnings estimates.

Significant deterioration in asset quality: Asset quality of CUB is better compared to other private sector banks. We expect slippage rate of 2.1% for FY16E and 1.8% for FY17E. We believe Gross and Net NPAs are likely to be at 2.3% and 1.4% for FY17E. Any major deviation from our assumptions will pose risk to our ABV.

Valuation:

CUB's strategy of consciously decelerating loan growth, moving away from large Corporate loans and focusing on core area of MSME financing has played well in recent slowdown. This is clearly visible in premium valuations of CUB compared to other small and regional private banks. Moreover we drive comfort and prefer the businesses wherein the asset mix is granular in nature which minimize the risk profile even if macros deteriorate further. 1) Better understanding of cash flow of local businesses in southern markets (specially TN), 2) Nil 5/25 financing, 3) zero AQR slippages has been key positive for CUB. We have continuously highlighted companies (largely NBFCs like Capital First and Bajaj Finance) which are more retail / MSME driven having lower ticket size (atleast compared to banks) as top picks. We believe CUB too qualify for similar investment theme but in banking model. At CMP of Rs 90, CUB is trading at P/ABV of 1.7x and 1.5x for FY17E and FY18E respectively. We initiate coverage on CUB with BUY and target price of Rs 105, valuing it at 1.7x FY18E ABV.

Financial Statements:

Income Statement (Rs mn)	FY14	FY15	FY16E	FY17E	FY18E
Interest Income	25,459	26,989	29,444	33,716	38,674
Interest Expense	(17,866)	(18,915)	(19,843)	(22,797)	(26,175)
Net Interest Income	7,594	8,074	9,601	10,919	12,500
Non Interest Income	3,012	4,150	4,160	4,742	5,401
Net Income	10,606	12,224	13,762	15,660	17,901
Operating Expenses	(4,796)	(5,188)	(5,670)	(6,626)	(7,400)
Total Income	28,471	31,139	33,604	38,457	44,075
Pre Provision Profits	5,810	7,035	8,092	9,035	10,501
Provisions (excl tax)	(1,674)	(1,825)	(2,272)	(2,356)	(2,348)
Profit Before Tax	4,136	5,210	5,820	6,679	8,152
Tax	(551)	(1,260)	(1,440)	(1,653)	(2,018)
Net Profit	3,584	3,950	4,380	5,026	6,135

Source: Company, IndiaNivesh Research

Balance Sheet (Rs mn)	FY14	FY15	FY16E	FY17E	FY18E
Liabilities					
Capital	543	597	598	598	598
Reserves & Surplus	19,707	26,359	29,874	33,964	39,091
Borrowings	3,050	1,688	1,828	2,097	2,447
Deposits	220,169	240,750	274,021	317,919	368,858
Other Liabilities and Provisions	6,470	9,318	12,083	15,895	19,790
Total Liabilities	249,938	278,711	318,404	370,473	430,784
Assets					
Fixed Assets	1,830	2,104	2,380	2,657	2,934
Investments	59,536	63,653	77,395	89,794	104,181
Advances	160,968	179,655	203,152	233,002	271,909
Other Assets	5,809	7,932	12,066	15,952	18,034
Cash & Bank Balances	21,796	25,368	23,411	29,069	33,727
Total Assets	249,938	278,711	318,404	370,473	430,785

Source: Company, IndiaNivesh Research

Valuation Ratios	FY14	FY15	FY16E	FY17E	FY18E
Earning Per Share (Rs)	6.0	6.6	7.3	8.4	10.3
Book Value Per Share (Rs)	34.0	45.2	50.9	57.8	66.3
Adj Book Value Per Share (Rs)	30.7	41.3	45.5	52.2	60.0
Dividend Per Share (Rs)	0.9	1.1	1.2	1.3	1.4
P/E (x)	15.0	13.6	12.3	10.7	8.8
P/BV (x)	2.7	2.0	1.8	1.6	1.4
P/ABV (x)	2.9	2.2	2.0	1.7	1.5
Earnings (%)					
RoA	1.5	1.5	1.5	1.5	1.5
RoE	19.6	16.7	15.3	15.5	16.5
Growth Ratios (%)					
Advances	5.6	11.6	13.1	14.7	16.7
Deposits	8.4	9.3	13.8	16.0	16.0
NII	21.7	6.3	18.9	13.7	14.5
PPP	11.0	21.1	15.0	11.6	16.2
Net Profit	11.0	10.2	10.9	14.8	22.1
Asset Quality (%)					
GNPA	1.8	1.9	2.4	2.3	2.2
NNPA	1.2	1.3	1.6	1.4	1.4
Spreads (%)					
Yield on Funds	12.0	11.6	11.2	11.2	11.1
Cost of Funds	8.3	8.1	7.7	7.7	7.6
NIM	3.6	3.5	3.7	3.6	3.6
Capital (%)					
CAR	15.0	16.5	14.8	14.5	14.0
Tier I	14.4	16.0	14.3	14.2	13.7
Other Ratios (%)					
CASA	17.8	19.2	19.0	19.1	19.1
Cost/Income	45.2	42.4	41.2	42.3	41.3

Source: Company, IndiaNivesh Research

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