

INDUSTRY	BANKS
CMP (as on 23 May 16)	Rs 103
Target Price	Rs 120
Nifty	7,731
Sensex	25,230
KEY STOCK DATA	
Bloomberg	CUBK IN
No. of Shares (mn)	598
MCap (Rs bn) / (\$ mn)	62/913
6m avg traded value (Rs mn)	48
STOCK PERFORMANCE (%)	
52 Week high / low	Rs 106/77
	3M 6M 12M
Absolute (%)	24.9 14.6 3.5
Relative (%)	17.1 16.8 13.2
SHAREHOLDING PATTERN (%)	
Promoters	-
FIs & Local MFs	9.58
FIIIs	38.25
Public & Others	52.17
Source : BSE	

Darpin Shah
darpin.shah@hdfcsec.com
+91-22-6171-7328

Parul Gulati
parul.gulati@hdfcsec.com
+91-22-6639-3035

Siji Philip
siji.philip@hdfcsec.com
+91-22-6171-7324

Stress peaked, growth reviving

We think stress has peaked out at City Union Bank. Its core SME lending franchise is intact, while declining SMA-II and restructured books indicate improving asset quality. 4Q slippages rose to 2.5% ann. owing to a large steel a/c (Rs 690mn). Net stressed book declined to 2.5% vs. 3.1% QoQ.

Core earnings (+29%) were driven by a 10-quarter high loan growth and NIM expansion of 14bps QoQ. PPOP grew 25% with controlled opex and steady non-interest income. Despite higher provisions (22% YoY) APAT growth (+27% YoY) was impressive. Wage negotiations (~Rs 400mn p.a.) will restrict oplev in the near term (core C/I fell 290 bps over FY16).

CUB's growth outlook is picking up as macros improve, PSBs are weak and capital remains adequate. It is arguably the finest run regional bank in India. Maintain BUY with a TP of Rs 120 (2.0x Mar-18 ABV of Rs 60).

Financial Summary

(Rs mn)	4QFY16	4QFY15	YoY (%)	3QFY16	QoQ (%)	FY15	FY16P	FY17E	FY18E
Net Interest Income	2,645	2,047	29.2%	2,529	4.6%	8,074	9,810	11,108	12,838
PPOP	2,240	1,788	25.3%	2,069	8.3%	6,927	8,333	9,283	10,633
APAT	1,122	882	27.3%	1,131	-0.7%	3,841	4,447	4,919	5,749
EPS (Rs)	1.9	1.5	26.9%	1.9	-0.7%	6.4	7.4	8.2	9.6
RoAE (%) (ex revaluations)						16.7	15.5	15.1	15.6
RoAA (%)						1.49	1.50	1.46	1.46
Adj. BVPS (Rs)						41.3	45.6	52.0	59.8
P/ABV (x)						2.50	2.26	1.98	1.73
P/E (x)						16.0	13.9	12.6	10.7

Source: Company, HDFC sec Inst Research

Highlights of the quarter

- CUB's std. restructured book declined ~35% QoQ to Rs 2bn (96bps) as one steel AC of Rs 690mn slipped into NPAs. It restructured 30 a/cs of Rs 184mn in retail and the SME segment, which were impacted during the Chennai floods. With a higher relapse, slippages were elevated at Rs 1.27bn (2.5% ann.). GNPA's (Rs 5.1bn; 2.4%) jumped 11% QoQ owing to lower reductions and no ARC sale.
- CUB's net stressed book declined to 2.5% vs. 3.1% QoQ. The SMA-II book, too, dropped to ~Rs 9.4bn (4.4%) vs. Rs 10.3bn (5.5%) in 3Q.
- Loan growth was at a 10-quarter high of 17%, driven by agri (16% share), MSME (34%) and corporate (6%). Adjusted for cash credit fluctuations and a decline in gold loans (-17% YoY), loans grew ~15% and 23% YoY respectively.

Five Quarters At A Glance

Rs mn	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16	YoY Growth	QoQ Growth
Net Interest Income	2,047	2,236	2,401	2,529	2,645	29.2%	4.6%
Non-interest Income	1,055	1,049	945	1,033	1,073	1.7%	3.8%
Treasury Income	421	312	289	308	351	-16.6%	14.0%
Operating Income	3,101	3,285	3,346	3,562	3,717	19.9%	4.4%
Operating Expenses	1,313	1,314	1,294	1,493	1,477	12.5%	-1.1%
Pre-Provision Profits	1,788	1,972	2,052	2,069	2,240	25.3%	8.3%
Other Provisions	581	451	499	648	708	21.8%	9.2%
PBT	1,207	1,521	1,553	1,421	1,532	27.0%	7.9%
Provision For Tax	325	405	475	290	410	26.2%	41.4%
Excep. Items	(109)	-	-	-	-	NA	NA
APAT	882	1,116	1,078	1,131	1,122	27.3%	-0.7%
Balance Sheet items/ratios							
Deposits	241	251	256	260	272	12.8%	4.6%
CASA %	19.2	18.9	19.5	18.8	20.4	114 bps	160 bps
Advances	181	179	188	194	213	17.5%	9.7%
CD Ratio (%)	75.1	71.3	73.3	74.6	78.3	312 bps	362 bps
CAR (%)	16.5	15.7	15.1	14.6	15.6	-94 bps	95 bps
Tier I (%)	16.0	15.3	14.7	14.2	15.1	-94 bps	92 bps
Profitability							
Yield On Advances (%)	13.1	13.0	13.0	12.7	12.6	-47 bps	-8 bps
Cost Of Deposits (%)	8.1	7.9	7.7	7.5	7.4	-75 bps	-9 bps
NIM (%)	3.4	3.6	3.7	3.8	4.0	56 bps	14 bps
Cost-Income Ratio (%)	42.3	40.0	38.7	41.9	39.7	-261 bps	-219 bps
Tax Rate (%)	26.9	26.6	30.6	20.4	26.8	-17 bps	634 bps
Asset quality							
Gross NPA (Rs mn)	3,358	3,594	3,983	4,599	5,120	52.5%	11.3%
Net NPA (Rs mn)	2,328	2,343	2,559	2,868	3,232	38.8%	12.7%
Gross NPAs (%)	1.9	2.0	2.1	2.4	2.4	55 bps	4 bps
Net NPAs (%)	1.3	1.3	1.4	1.5	1.5	23 bps	4 bps
Delinquency Ratio (%)	2.5	1.7	2.1	2.6	2.5	3 bps	-14 bps
Coverage Ratio Calc. (%)	30.7	34.8	35.7	37.6	36.9	620 bps	-75 bps
Coverage Ratio Reported (%)	58.0	61.0	61.0	61.0	60.0	200 bps	-100 bps

Change In Estimates

(Rs mn)	FY17E			FY18E		
	Old	New	Change	Old	New	Change
NII	10,894	11,108	2.0%	12,501	12,838	2.7%
PPOP	9,182	9,283	1.1%	10,539	10,633	0.9%
PAT	5,045	4,919	-2.5%	5,899	5,749	-2.5%
Adj. BVPS (Rs)	52.6	52.0	-1.0%	60.1	59.8	-0.6%

Source: HDFC sec Inst Research

NII growth led by higher loan growth and NIM expansion

Staff cost declined ~17% QoQ; in 3Q, CUB provided Rs 150mn Diwali ex-gratia; other opex jumped 10% QoQ

Non-tax provisions up as they include Rs 92mn towards food credit

Reported PAT grew ~1 3%

CASA grew ~19/14% YoY/QoQ led by strong SA growth of 22/12%

Agri grew 24% QoQ; Gold loans declined ~18% YoY; ex-gold, loans grew ~23%

NIM improved on account of healthy loan growth and lower COF

Net Stressed book stood at ~2.5% Restructured 30 ACs of Rs 184mn affected in the Chennai floods. O/S std. restructured book stood at 96bps

Slippages include relapse of Rs 690mn (1 AC) from the steel sector

Loan book driven by agri (16% share) up 11/24% YoY/QoQ

MSME grew ~20% YoY to form ~34% of loans

Gold loan de-grew ~18% YoY to <10% of loans

Ex-gold book, loans grew ~23%

Ex-cash credit fluctuations, loans grew ~15-16%

Deposit YoY growth led by steady CASA growth of 20% YoY

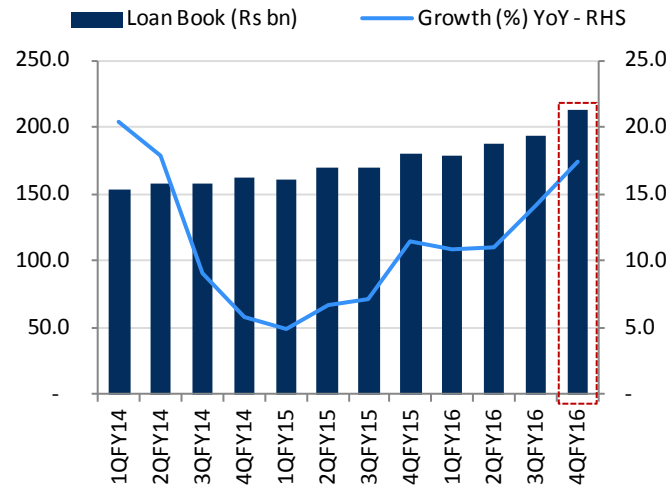
CD ratio improved to 78% (+360bps QoQ)

Loan growth at a 10-quarter high; CASA improves QoQ

- CUB's loan book grew ~17% YoY (10-quarter high) led by agri (11/24% YoY/QoQ, 16% of loans) and MSME (20/5% YoY/QoQ, 34% of loans). The bank's trader segment grew ~18/11% YoY/QoQ to form ~18% of loans.
- After eight quarters of decline or <10% growth, large corporate loans jumped ~27/12% YoY/QoQ (~7% of loans). Excluding the fluctuations in the cash credit segment (65% of loans), the management hinted at loan growth of ~15-16%.

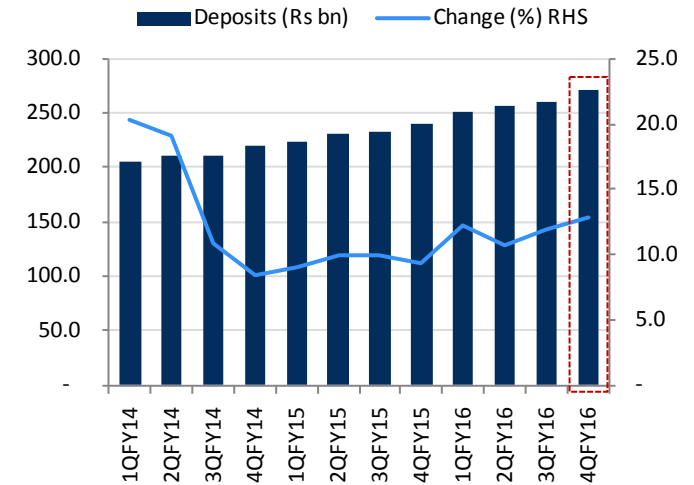
- Gold loans were flat QoQ (down ~18% YoY), forming a mere ~9.6% of loans vs. 14% in FY15 and 18% in FY14. Ex-gold, the bank's loans grew ~23% YoY. With a healthy B/S, weak PSBs and improving macros, **we have factored in loan CAGR of 17% over FY16-18E.**
- Deposits grew 13% YoY led by strong growth in CASA (+19/14% YoY/QoQ). SA grew ~22/12% YoY/QoQ, while CA grew ~15/16% YoY/QoQ. **CASA ratio jumped ~160bps to 20.4% QoQ.**

Loans Growth At A 10-quarter High



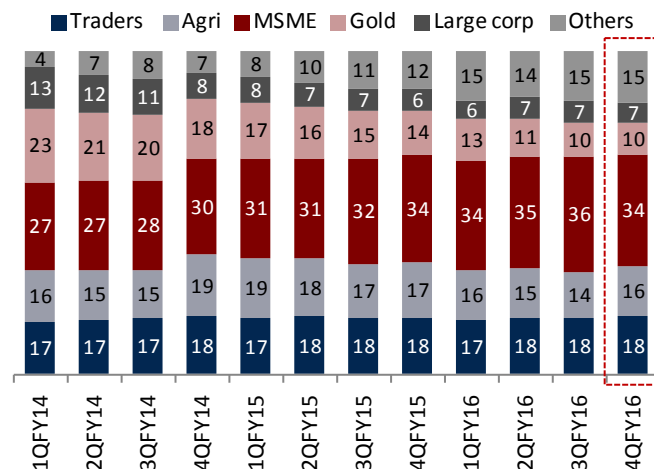
Source: Company, HDFC sec Inst Research

Deposits Growth Picks UP



Source: Company, HDFC sec Inst Research

Loan Mix: Sharp Rise in Agri Book

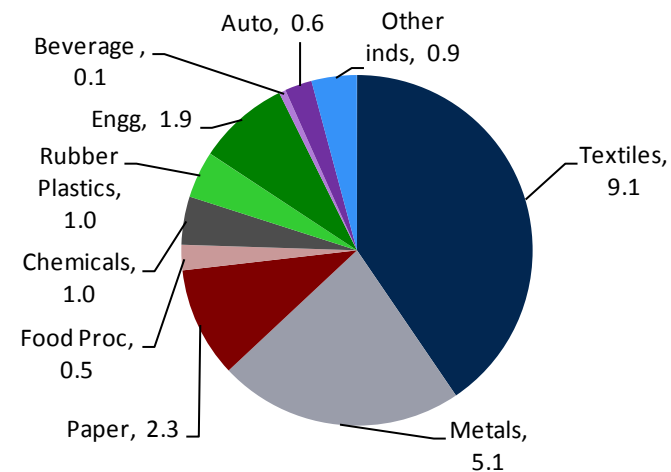


Source: Company, HDFC sec Inst Research

NIM improves to ~4%

- CUB's NIM jumped to ~4% (+56/14bps YoY/QoQ) with an uptick in loan growth, increasing CD ratio and rising share of low-cost deposits.
- Yield on advances declined 47/8bps YoY/QoQ to 12.59% on base rate reduction and relatively higher slippages. The cost of funds came down 68/14bps YoY/QoQ to 6.5%.
- We believe it will be difficult for CUB to sustain NIM at the current levels given (1) There is no impact of fund raising, (2) Shift to MCLR and (3) Systematic decline in interest rates. The management guided for sustainable NIM at 3.4-

Industry-wise Break-up



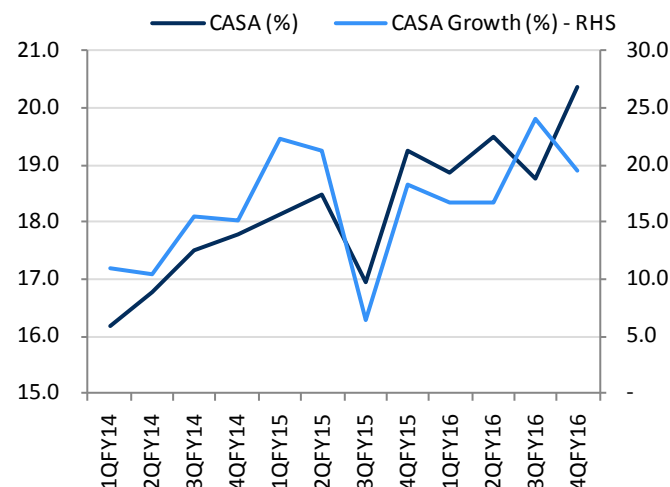
Source: Company, HDFC sec Inst Research

3.6%. We have factored in NIM of ~3.6% over FY16-18E.

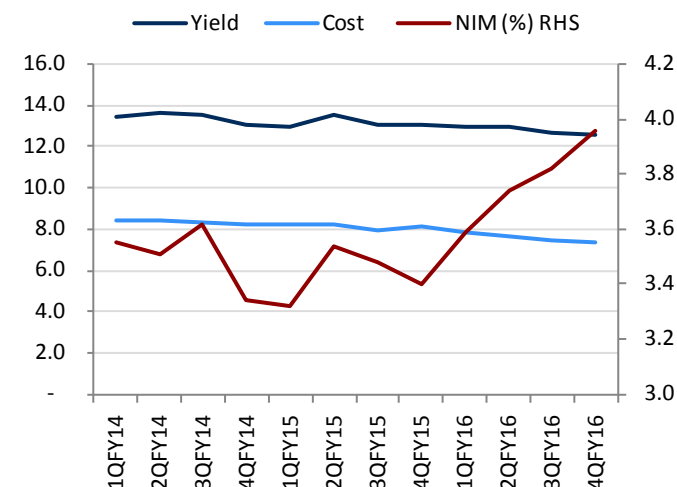
- Better NIM and 17% loan growth led to strong NII growth of 29% YoY to Rs 2.64bn. Non-interest income +2/4% was subdued led by fee income (+2/8% YoY/QoQ). However, treasury income jumped ~14% QoQ to Rs 351mn, while recovery and miscellaneous income rose ~75% YoY.
- Non-interest income % of total income at 29% was healthy and above southern peers, providing some cushion to ROAA.

NIM jumped to ~4% largely on loan growth pick-up and strong CASA performance

Cost of deposits declined faster by 9bps QoQ, while yields declined 8bps QoQ

CASA Grew 20% YoY; CASA Ratio Up 160BPS QoQ


Source: Bank, HDFC sec Inst Research

NIM Healthy At ~4.0%, Topping Out!


Source: Bank, HDFC sec Inst Research

Non-interest Income

Rs mn	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
Fees	473.0	404.0	395.0	471.0	495.0	510.0	433.0	529.0	520.0	548.0	499.0	538.0
YoY	18.0	(2.2)	(9.2)	(1.5)	4.7	26.2	9.6	12.3	5.1	7.5	15.2	1.7
% of Loans	1.2	1.0	1.0	1.2	1.2	1.2	1.0	1.2	1.2	1.2	1.0	1.0
Treasury Gains	148.0	125.0	134.0	149.0	223.0	249.0	400.0	421.0	312.0	289.0	308.0	351.0
Others	168.0	38.6	60.8	232.2	389.0	142.5	144.9	104.7	216.9	108.2	226.1	183.6
Total	789.0	567.6	589.8	852.2	1,107.0	901.5	977.9	1,054.7	1,048.9	945.2	1,033.1	1,072.6
YoY	25.8	(12.0)	(10.5)	5.8	40.3	58.8	65.8	23.8	(5.2)	4.8	5.7	1.7
% Of Total Income	29.6	23.0	23.0	31.6	37.2	30.4	31.8	34.0	31.9	28.2	29.0	28.9

Source: Bank

C-I ratio maintained YoY

- CUB's core C-I ratio declined to ~44% (down 510bps YoY and 200bps QoQ) with controlled opex growth, despite adding ~50 branches (34 in 4Q).
- Opex grew 12.5% YoY (flat QoQ) to Rs 1.5bn. Sequentially, staff cost declined ~17% as in 3Q CUB provided Rs 150mn towards Diwali ex-gratia. However, with the expected wage negotiation, the management guided for an

additional Rs 400mn additional impact in FY17, thus, affecting the C-I ratio.

- Non-tax provisions rose 22/9% YoY/QoQ with additional provisions of Rs 92mn (7.5%) towards food credit.
- We have factored in non-tax provisions of 107bps over FY16-18E vs. 118bps in FY16.

Fee income grew 8% QoQ, but was flat YoY; treasury gains jumped ~14% QoQ

CI ratio maintained in the 39-45% range

Staff costs declined 17% QoQ as in 3Q CUB provided Diwali ex-gratia of Rs 150mn

Wage negotiation will have an impact of Rs 400mn p.a.

Provided Rs 92mn, i.e., 7.5%, of its O/S exposure of Rs 1.22bn to the Punjab govt.

Relapse of Rs 690mn led to elevated slippages of Rs 1.27bn (2.5% ann.)

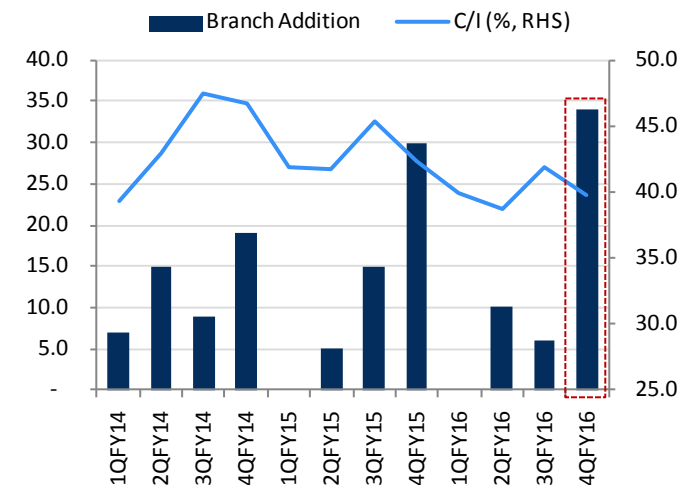
G/NNPAs stood at 2.4/1.53%

No sale to ARC during the quarter; O/S SR stood at Rs 3.7bn (1.8% of loans)

Restructured O/S stood at Rs 2.0bn (96bps of loans) in 37 ACs

During the quarter, CUB restructured 30 ACs worth Rs 184mn affected by the Chennai floods

C-I Improves QoQ

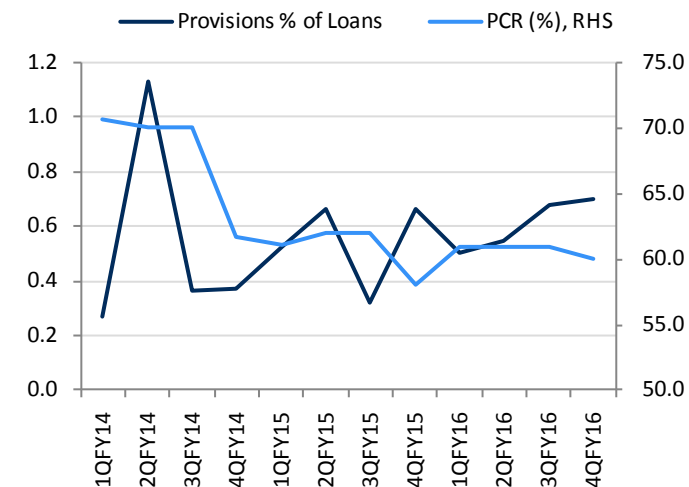


Source: Bank, HDFC sec Inst Research

Lower stress on asset quality

- CUB's overall net stressed book (restructured + NNPAs) declined to ~2.5% vs. 3.1% QoQ. This was largely owing to a 35% QoQ decline in the restructured book to Rs 2.0bn (96bps vs. 1.6% QoQ) with relapse in one steel AC of Rs 690mn. CUB restructured 30 ACs of Rs 184mn affected by the Chennai floods.
- Slippages were elevated at Rs 1.27bn (i.e. 2.5% ann.) of ~54% owing to a relapse in the restructured book (one steel AC of Rs 690mn).

Provisions Cost Stable QoQ



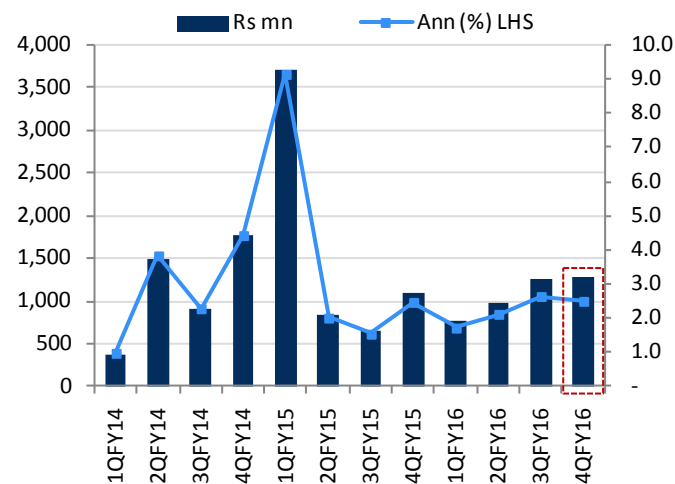
Source: Bank, HDFC sec Inst Research

G/NNPAs increased 11/13% to Rs 5.1/3.2bn to form 2.4/1.5%. PCR was marginally lower at 60%.

- Sequentially, SMA-II declined to ~Rs 9.4bn (4.4%) vs. Rs 10.3bn (5.5%) in 3Q.
- With a large proportion of iron and steel exposure already impaired, coupled with lower restructured assets, the management guided for lower slippages (1.7%-2%) in FY17. However, we have factored in higher slippages (avg. ~1.7% over FY16-18E) and expect a positive surprise.

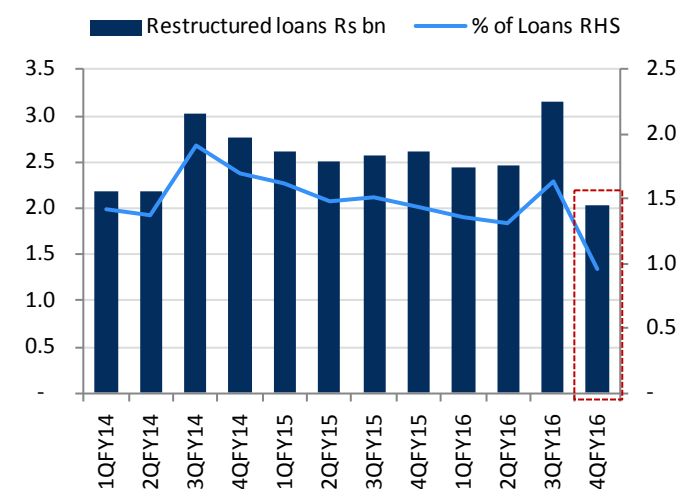
Restructured book remains lower vs. peers

Elevated Slippages



Source : Bank

Restructured Book (%) Dips To 96bps



Source : Bank

Asset Quality Movement

(Rs mn)	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
Opening	1,731	1,922	2,632	2,689	2,931	3,083	3,379	3,607	3,358	3,594	3,983	4,599
Slippages	379	1,499	907	1,776	3,704	834	655	1,086	776	976	1,264	1,274
% Avg. Loan Ann.	1.0	3.8	2.3	4.4	9.2	2.0	1.5	2.5	1.7	2.1	2.6	2.5
Upgrades	16	63	39	50	14	68	60	85	88	116	245	97
Recoveries	161	256	552	887	3,173	152	311	512	193	194	155	192
Write-Offs	12	470	259	597	365	319	56	738	259	277	248	464
Closing	1,921	2,632	2,689	2,931	3,083	3,378	3,607	3,358	3,594	3,983	4,599	5,120
QoQ %	11.0	37.0	2.2	9.0	5.2	9.6	6.8	(6.9)	7.0	10.8	15.5	11.3

Source: Bank

Peer Valuations

BANK	MCap (Rs bn)	CMP (Rs)	Rating	TP (Rs)	ABV (Rs)			P/E (x)			P/ABV (x)			ROAE (%)			ROAA (%)		
					FY16E	FY17E	FY18E	FY16E	FY17E	FY18E	FY16E	FY17E	FY18E	FY16E	FY17E	FY18E	FY16E	FY17E	FY18E
AXSB	1,159	487	NEU	477	213	234	265	14.1	13.9	11.8	2.29	2.08	1.84	16.8	14.7	15.3	1.67	1.45	1.44
CUB	62	103	BUY	120	46	52	60	13.9	12.6	10.7	2.26	1.98	1.73	15.5	15.1	15.6	1.50	1.46	1.46
DCBB	25	88	BUY	107	58	63	72	12.9	14.1	11.2	1.53	1.40	1.23	11.9	9.7	10.9	1.10	0.83	0.84
FB	85	50	BUY	55	41	44	50	17.9	13.1	10.1	1.19	1.13	1.00	6.0	7.8	9.5	0.55	0.66	0.74
ICICIBC #	1,286	221	BUY	274	113	124	140	10.1	8.3	6.9	1.50	1.34	1.13	10.8	11.7	11.9	1.42	1.52	1.53
IIB	628	1,056	BUY	1,073	285	329	383	27.5	21.2	16.6	3.70	3.21	2.76	16.6	16.0	17.6	1.84	1.89	1.93
KMB#	1,289	703	BUY	761	120	134	152	51.7	33.7	27.0	4.91	4.26	3.62	11.0	12.3	13.6	1.41	1.50	1.54
BOB	305	132	BUY	170	82	88	121	-5.6	14.1	8.3	1.61	1.49	1.09	-14.0	5.5	8.8	-0.78	0.31	0.47
OBC	23	78	BUY	95	135	125	160	17.3	6.0	3.6	0.58	0.62	0.49	1.1	3.1	5.0	0.07	0.18	0.29
SBIN #	1,307	168	BUY	218	110	115	132	7.8	6.5	4.9	1.00	0.97	0.81	8.7	9.6	11.3	0.51	0.57	0.65
UNBK	72	105	BUY	128	96	114	161	5.4	4.4	3.0	1.10	0.92	0.66	6.9	7.7	10.3	0.34	0.39	0.51

Source: Company, HDFC sec Inst Research, # Adjusted for subsidiaries value

Income Statement

(Rs mn)	FY14	FY15	FY16P	FY17E	FY18E
Interest Earned	25,459	26,989	29,442	33,042	38,099
Interest Expended	17,865	18,915	19,632	21,934	25,261
Net Interest Income	7,594	8,074	9,810	11,108	12,838
Other Income	2,799	4,041	4,100	4,521	5,008
<i>Fee Income (CEB)</i>	<i>401</i>	<i>430</i>	<i>468</i>	<i>534</i>	<i>612</i>
<i>Treasury Income</i>	<i>228</i>	<i>603</i>	<i>633</i>	<i>570</i>	<i>500</i>
Total Income	10,392	12,115	13,910	15,629	17,845
Total Operating Exp	4,583	5,188	5,577	6,347	7,212
<i>Employee Expense</i>	<i>1,856</i>	<i>2,103</i>	<i>2,132</i>	<i>2,475</i>	<i>2,824</i>
PPOP	5,810	6,927	8,333	9,283	10,633
Provisions & Contingencies	1,674	1,825	2,306	2,507	2,757
<i>Prov. for NPAs</i>	<i>1,554</i>	<i>1,720</i>	<i>2,073</i>	<i>2,507</i>	<i>2,757</i>
PBT	4,136	5,101	6,027	6,776	7,876
Provision for Tax	665	1,260	1,580	1,857	2,127
Exp. Item	0	-109	0	0	0
Reported PAT	3,471	3,950	4,447	4,919	5,749
Adj. PAT	3,471	3,841	4,447	4,919	5,749

Source: Bank, HDFC sec Inst Research

Balance Sheet

(Rs mn)	FY14	FY15	FY16P	FY17E	FY18E
SOURCES OF FUNDS					
Share Capital	543	597	598	598	598
Reserves	19,707	26,359	29,922	33,908	38,567
Shareholders' Funds	20,249	26,955	30,520	34,506	39,165
<i>Savings</i>	<i>24,754</i>	<i>29,626</i>	<i>36,133</i>	<i>42,938</i>	<i>50,406</i>
<i>Current</i>	<i>14,420</i>	<i>16,681</i>	<i>19,192</i>	<i>21,545</i>	<i>24,004</i>
<i>Term Deposit</i>	<i>180,995</i>	<i>194,443</i>	<i>216,256</i>	<i>249,943</i>	<i>295,898</i>
Total Deposits	220,169	240,750	271,581	314,426	370,308
Borrowings	3,050	1,688	1,125	2,186	2,557
Other Liabilities & Provs.	6,470	9,318	9,293	10,576	12,111
Total Liabilities	249,938	278,711	312,520	361,695	424,140
APPLICATION OF FUNDS					
Cash & Bank Balance	21,796	25,368	26,001	30,606	35,309
Investments	59,536	58,707	63,245	73,189	85,822
G-Secs	53,190	54,875	59,050	68,366	80,516
Advances	160,968	179,655	210,569	244,260	288,227
Fixed Assets	1,830	2,104	2,176	2,284	2,399
Other Assets	5,809	12,878	10,530	11,355	12,384
Total Assets	249,938	278,711	312,520	361,695	424,140

Source: Bank, HDFC sec Inst Research

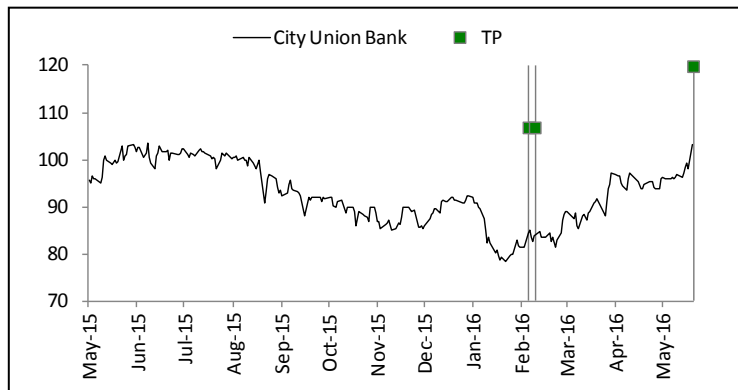
Key Ratios

	FY14	FY15	FY16P	FY17E	FY18E
VALUATION RATIOS					
EPS (Rs)	6.4	6.4	7.4	8.2	9.6
Earnings Growth (%)	7.8	10.7	15.8	10.6	16.9
BVPS (Rs)	37.3	45.2	51.0	57.7	65.5
Adj. BVPS (Rs)	33.7	41.3	45.6	52.0	59.8
ROAA (%)	1.4	1.5	1.5	1.5	1.5
ROAE (%)	18.9	16.7	15.5	15.1	15.6
P/E (x)	16.1	16.0	13.9	12.6	10.7
P/ABV (x)	3.1	2.5	2.3	2.0	1.7
P/PPOP (x)	9.6	8.9	7.4	6.7	5.8
Dividend Yield (%)	1.0	1.1	1.2	1.3	1.5
PROFITABILITY					
Yield On Advances (%)	13.3	12.7	12.1	11.9	11.7
Yield On Investment (%)	7.8	8.3	8.9	8.7	8.6
Cost Of Funds (%)	8.3	8.1	7.6	7.4	7.3
Cost of Deposits (%)	8.2	8.0	7.5	7.4	7.3
Core Spread (%)	5.1	4.6	4.5	4.4	4.3
NIM (%)	3.4	3.3	3.6	3.6	3.6
OPERATING EFFICIENCY					
Cost/Avg. Asset Ratio (%)	1.9	2.0	1.9	1.9	1.8
Cost-Income Ratio (Excl Treasury)	45.1	45.1	42.0	42.1	41.6
BALANCE SHEET STRUCTURE					
Loan Growth (%)	5.6	11.6	17.2	16.0	18.0
Deposit Growth (%)	8.4	9.3	12.8	15.8	17.8
C/D Ratio (%)	73.1	74.6	77.5	77.7	77.8
Equity/Assets (%)	8.1	9.7	9.8	9.5	9.2
Equity/Advances (%)	12.6	15.0	14.5	14.1	13.6
CASA (%)	17.8	19.2	20.4	20.5	20.1
Capital Adequacy Ratio (CAR, %)	15.1	16.5	15.6	14.9	14.2
W/w Tier I CAR (%)	14.5	16.0	15.1	14.5	13.9

	FY14	FY15	FY16P	FY17E	FY18E
ASSET QUALITY					
Gross NPLs (Rsm)	2,931	3,358	5,120	5,606	6,162
Net NPLs (Rsm)	1,973	2,328	3,231	3,382	3,403
Gross NPLs (%)	1.81	1.86	2.41	2.27	2.12
Net NPLs (%)	1.23	1.30	1.53	1.38	1.18
Coverage Ratio (%)	61.7	58.0	60.0	64.7	69.1
Provision/Avg. Loans (%)	0.95	0.97	1.02	1.06	0.99
ROAA TREE					
Net Interest Income	3.17%	3.05%	3.32%	3.30%	3.27%
Non-interest Income	1.17%	1.53%	1.39%	1.34%	1.27%
Treasury Income	0.10%	0.23%	0.21%	0.17%	0.13%
Operating Cost	1.91%	1.96%	1.89%	1.88%	1.84%
Provisions	0.70%	0.69%	0.78%	0.74%	0.70%
<i>Provisions For NPAs</i>	<i>0.62%</i>	<i>0.62%</i>	<i>0.67%</i>	<i>0.72%</i>	<i>0.67%</i>
Tax	0.28%	0.48%	0.53%	0.55%	0.54%
ROAA	1.45%	1.45%	1.50%	1.46%	1.46%
Leverage (x)	13.1	11.2	10.3	10.4	10.7
ROAE	18.9%	16.3%	15.5%	15.1%	15.6%

Source: Bank, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
8-Feb-16	84	BUY	107
15-Feb-16	84	BUY	107
24-May-16	103	BUY	120

Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

Disclosure:

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Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board : +91-22-6171 7330 www.hdfcsec.com