

INDUSTRY	BANKS
CMP (as on 22 Dec 2014)	Rs 146
Target Price	Rs 177
Nifty	8,324
Sensex	27,702

KEY STOCK DATA

Bloomberg/Reuters	FB IN/FED.BO
No. of Shares (mn)	855
MCap (Rs bn) / (\$ mn)	125/1,973
6m avg traded value (Rs mn)	619

STOCK PERFORMANCE (%)

52 Week high / low	Rs 153 / 72		
	3M	6M	12M
Absolute (%)	15.7	15.1	74.4
Relative (%)	12.3	4.4	43.1

SHAREHOLDING PATTERN (%)

Promoters	-
FIs & Local MFs	27.05
FIIIs	37.65
Public & Others	35.30

Source : BSE

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Growth momentum to continue

Our interaction with Federal Bank (FB) management corroborates our positive stance on the stock. FB trades at 1.3x FY17E ABV (Rs 111) with RoAs/RoEs of 1.3/~15%. We retain FB as a top pick within mid-tier PVT banks as we see a case for an expansion in both earnings and multiple. Maintain a BUY rating with a TP of Rs 177.

Following are the meeting highlights: (1) Steady loan growth of 20% driven by SME & Retail loans (2) Strong traction in saving deposits continue thus leading to a stable CASA of ~31% (3) NIMs to remain stable; however with an expected reduction in the base rate (in 4Q), NIMs might marginally compress (4) No major asset quality shocks within the corporate book and slippages remain on a declining trend within retail/SME segments (5) Two major CDR accounts (steel sector) of Rs 2.4bn remain under the watch list. (6) Expected to add 60-70branches/year.

- **Granular growth to continue** : FB continues to build a granular B/S with continued traction in small ticket SME & Retail loans and Saving deposits. Management maintained its stance of ~20% book growth driven by SME (24% of total loans) and Retail loans (32% of total loans). Despite strong sanctions, the bank's Corp loan book (33%) is yet to witness a demand pickup. FB's gold loan book grew ~9% QoQ in 2QFY15 to Rs 68.5bn (14.1% of loans) and is now expected to grow steadily and form ~15% of total loans. **With continued traction in the SME/retail book and lower base in the Corp book, we factor 20% loan CAGR over FY14-17E.** On the liability side, FB continues to witness a strong traction in the saving deposits, thus leading to a stable CASA

proportion (~31%). As on Sept-14, the bank's retail TD and CASA proportion stood at ~95%+ (+1000bps over FY13).

- **NIMs to be stable** : FB management continues to guide for steady NIMs of 3.2-3.3%, despite strong traction in SME/Retail loans and SB deposits. **We sense the conservative NIM guidance is in light of the expected pickup in the low yielding corp book and the likely base rate (10.2%) reduction in 4Q. We have factored NIMs of 3.35% over FY15-17E vs. 3.3/3.2.**
- **No negative surprise on asset quality** : FB management seemed very positive on further slowing asset impairment in the coming quarters. Management expects no major asset quality shocks within the corporate book and expects slippages in the retail/SME segments to decline. **We have factored slippages of ~1.0% over FY15-17E vs. 1.2/2.0% in FY14/13.** However management hinted that two major CDR accounts (steel sector) of Rs 2.4bn remain under the watch list. **As on Sept-14, FB's restructured book stood at Rs 24bn (5.5% of loans; 2.7% ex SEBs).**

FINANCIAL SUMMARY

YE Mar (Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
Net interest income	19,747	22,286	24,540	29,123	35,120
PPP	14,546	14,804	16,568	20,016	24,489
PAT	8,382	8,389	9,890	12,207	14,686
EPS (Rs)	9.8	9.8	11.6	14.3	17.2
EPS growth (%)	7.9	0.1	17.9	23.4	20.3
RoAE (%)	13.9	12.6	13.5	14.9	15.9
RoAA (%)	1.27	1.15	1.24	1.31	1.32
Adj BVPS (Rs)	69.2	77.4	86.3	97.5	110.5
P/E (x)	14.9	14.9	12.6	10.2	8.5
P / ABV	2.11	1.89	1.69	1.50	1.32

Source: Company, HDFC sec Inst Research

FIVE QUARTER AT A GLANCE

(Rs mn)	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	YoY Growth	QoQ Growth
Net Interest Income	5,484	5,456	6,251	5,642	6,058	10.5%	7.4%
Non Interest Income	1,434	1,563	1,784	1,565	1,959	36.6%	25.1%
Treasury Income	70	180	400	400	420	502.6%	5.0%
Operating Income	6,918	7,018	8,035	7,208	8,017	15.9%	11.2%
Operating Expenses	3,378	3,709	3,835	3,692	3,919	16.0%	6.1%
Pre Provision Profits	3,539	3,309	4,200	3,515	4,098	15.8%	16.6%
Provisions and Contingencies	110	(177)	550	221	457	316.3%	107.0%
NPA Provisions	(457)	105	240	540	660	NA	22.2%
PBT	3,429	3,486	3,650	3,295	3,641	6.2%	10.5%
Provision for Tax	1,171	1,185	877	1,092	1,238	5.7%	13.3%
PAT	2,258	2,301	2,773	2,202	2,403	6.4%	9.1%
Other Details							
Balance Sheet items/ratios							
Deposits (Rs bn)	568	577	597	618	646	13.7%	4.4%
CASA Deposits (Rs bn)	175	175	184	190	197	13.1%	3.8%
Advances (Rs bn)	422	416	434	450	485	14.8%	7.7%
CD Ratio (%)	74.3	72.1	72.7	72.8	75.1	73 bps	225 bps
CAR (%)	15.4	14.8	15.1	15.2	14.5	-90 bps	-71 bps
Tier I (%)	14.6	14.2	14.6	14.6	13.9	-79 bps	-71 bps
Profitability							
Yield on Advances (%)	12.1	12.1	11.6	11.8	11.7	-46 bps	-9 bps
Cost of deposits (%)	7.9	8.0	7.9	7.7	7.9	9 bps	21 bps
NIM (%)	3.3	3.2	3.6	3.3	3.4	5 bps	10 bps
Cost-Income Ratio (%)	48.8	52.9	47.7	51.2	48.9	5 bps	-234 bps
Tax Rate (%)	34.2	34.0	24.0	33.2	34.0	-16 bps	84 bps
Asset quality							
Gross NPA (Rs bn)	14.7	12.0	10.9	10.2	10.3	-29.7%	1.4%
Net NPA (Rs bn)	4.1	3.6	3.2	3.0	3.2	-22.6%	4.8%
Gross NPAs (%)	3.4	2.8	2.5	2.2	2.1	-129 bps	-12 bps
Net NPAs (%)	1.0	0.9	0.7	0.7	0.7	-32 bps	-2 bps
Delinquency Ratio (%)	1.4	1.4	1.8	1.7	1.5	6 bps	-15 bps
Coverage Ratio (%)	71.9	70.3	70.4	70.1	69.1	-283 bps	-99 bps
Coverage Ratio reported (%)	81.2	83.3	84.1	83.0	85.1	390 bps	213 bps

In-line with estimate, driven by 15% YoY loan growth and 5bps NIM improvement

Higher than expected, led by better fee income (+14% YoY)

Jump in provision owing to base effect

Steady growth in SA (+13% YoY) enabled in maintaining CASA at ~31%

Growth across business vertical; QoQ high growth seen in retail & corporate

Excl. int. income on IT refund (Rs 270mn) NIM would have been flat QoQ

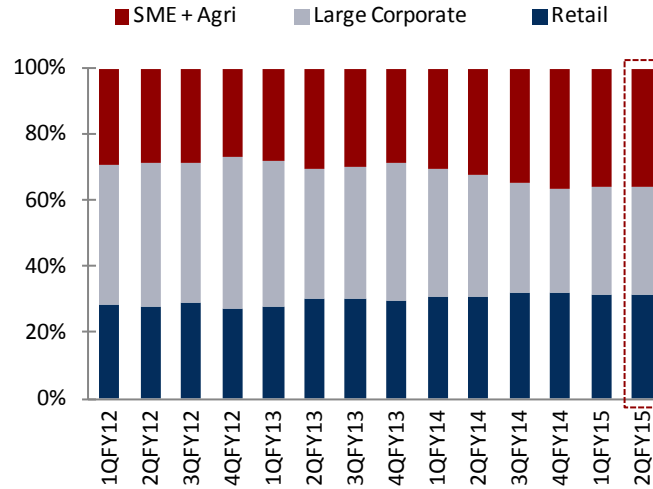
SME (Rs 4.5bn) contribute major chunk followed by retail (Rs 2.4bn) and corporate (Rs 2.1bn)

Asset quality performance was better than expected with 'nil' slippages in corporate book

Source: Bank, HDFC sec Inst Research

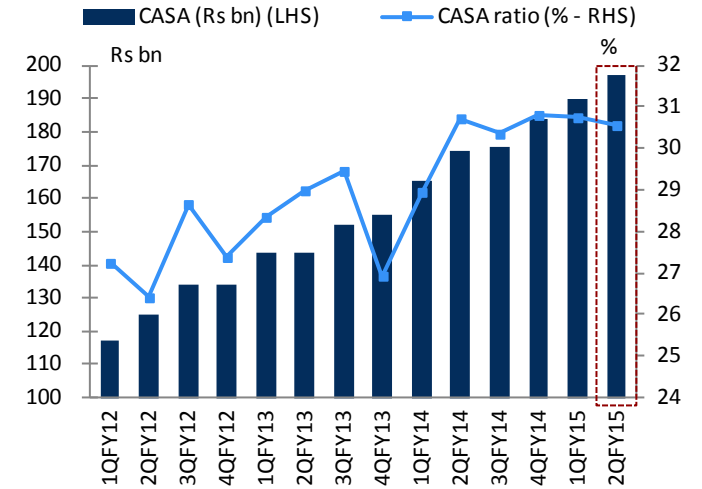
Key quarterly charts

Well balanced loan mix

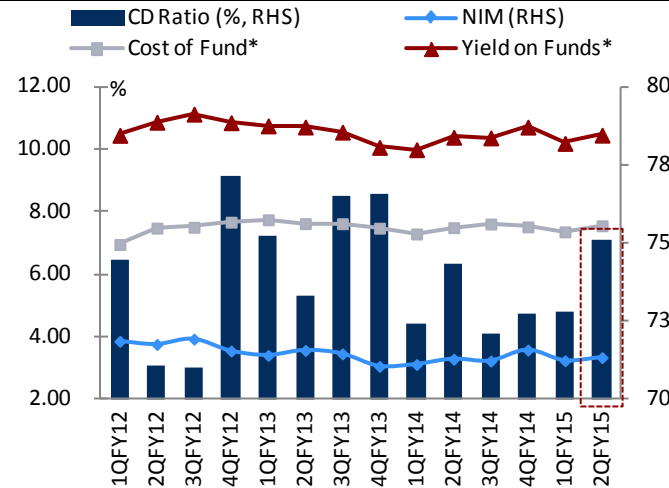


Source : Company, HDFC sec Inst Research

CASA ratio continues to improve

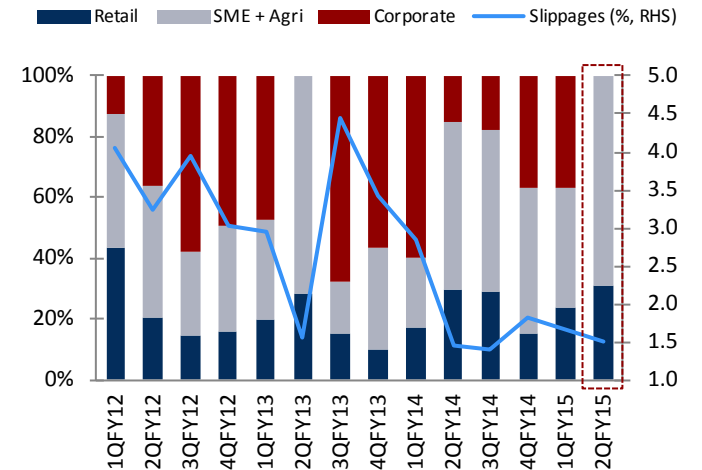


NIM stabilized at ~3.3%



Source : Company, HDFC sec Inst Research

Steady improvement in slippages ratio



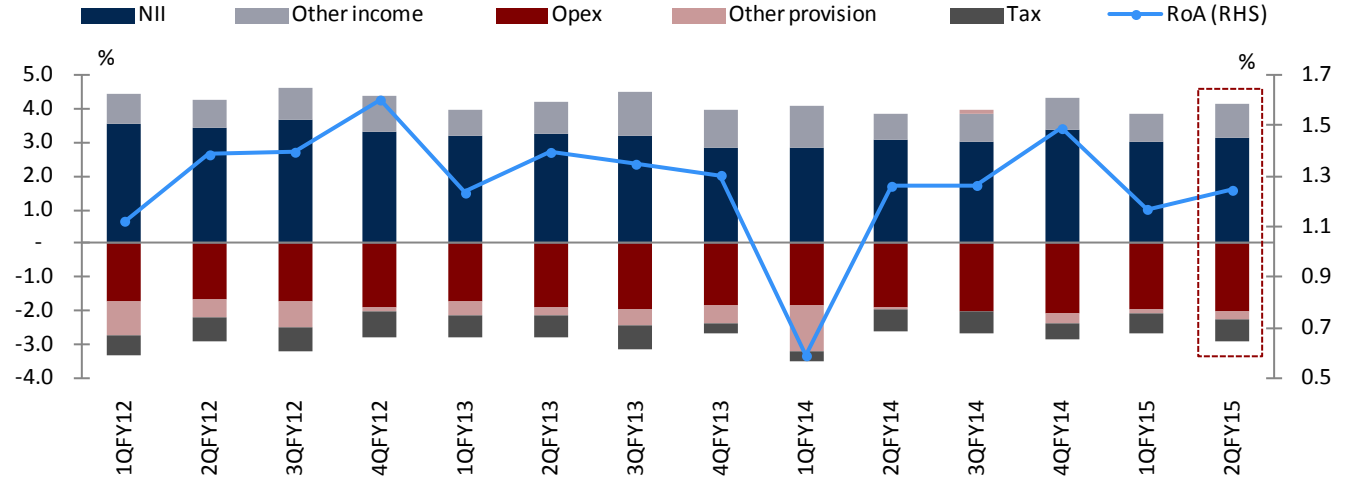
PEER COMPARISON: RoA TREE

	FY12	FY13	FY14	FY15E	FY16E	FY17E
NII % Assets						
CUB	3.03	3.02	3.17	3.12	3.18	3.17
SIB	2.79	2.84	2.67	2.50	2.53	2.58
FB	3.49	3.00	3.06	3.07	3.13	3.17
DCB	2.83	2.85	3.04	3.59	3.44	3.39
KVB	2.79	2.75	2.61	2.61	2.63	2.66
Other income % Assets						
CUB	1.26	1.32	1.26	1.43	1.44	1.34
SIB	0.68	0.74	0.70	0.75	0.74	0.71
FB	0.95	1.01	0.95	0.96	0.97	0.91
DCB	1.25	1.17	1.15	1.11	1.15	1.12
KVB	1.06	1.07	1.15	0.98	1.00	1.02
Opex % Assets						
CUB	1.70	1.81	2.00	2.00	2.00	1.96
SIB	1.69	1.70	1.69	1.67	1.63	1.61
FB	1.75	1.80	1.98	1.96	1.95	1.86
DCB	3.04	2.76	2.64	2.67	2.60	2.50
KVB	1.64	1.81	2.06	1.99	1.97	1.96
Provisions % Assets						
CUB	0.51	0.58	0.70	0.72	0.64	0.57
SIB	0.22	0.43	0.30	0.66	0.59	0.54
FB	0.60	0.40	0.37	0.24	0.21	0.25
DCB	0.36	0.24	0.30	0.43	0.35	0.30
KVB	0.28	0.29	0.90	0.52	0.45	0.40
RoAA						
CUB	1.70	1.56	1.45	1.43	1.53	1.56
SIB	1.10	1.11	0.97	0.64	0.73	0.80
FB	1.39	1.27	1.15	1.24	1.31	1.32
DCB	0.68	1.02	1.25	1.32	1.28	1.33
KVB	1.52	1.30	0.87	0.83	0.92	0.99

KVB: First cut estimate

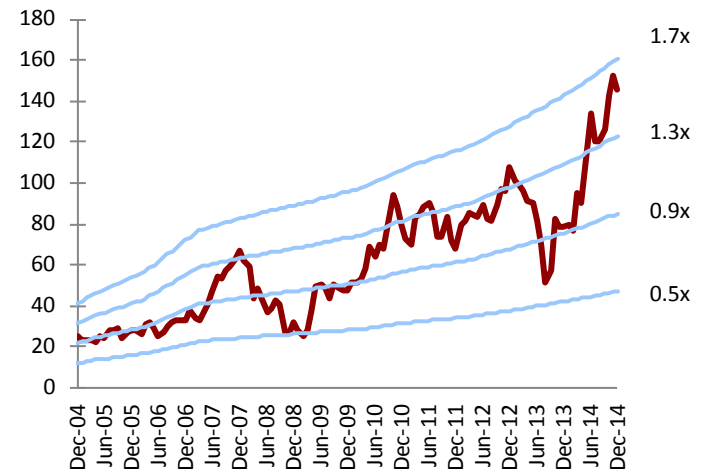
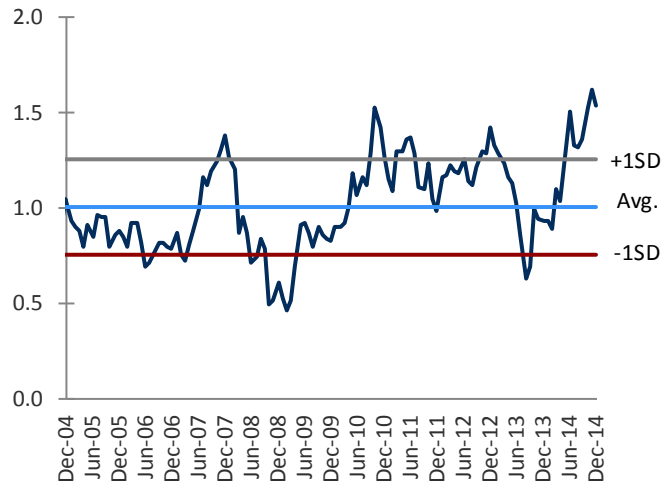
Source : Company, HDFC sec Inst Research

RoA Tree (% avg. assets)



Source : Company, HDFC sec Inst Research

P/ABV band chart



Source : Company, HDFC sec Inst Research

PEER COMPARISON: BALANCE SHEET

	FY12	FY13	FY14	FY15E	FY16E	FY17E
Loan growth (%)						
CUB	31.1	25.6	5.6	10.0	18.0	22.5
SIB	33.1	16.6	13.9	13.2	16.4	18.4
FB	18.2	16.8	(1.5)	19.0	20.5	22.0
DCB	23.4	24.6	23.6	23.8	24.9	23.1
KVB	34.4	23.1	15.3	12.5	15.0	17.5
CD ratio %						
CUB	74.3	75.1	73.1	73.4	73.6	73.4
SIB	74.7	71.9	76.3	75.2	75.9	76.2
FB	77.2	76.5	72.7	75.2	75.8	76.2
DCB	83.4	78.7	78.8	81.4	83.9	83.8
KVB	74.6	76.3	77.7	77.8	77.9	77.6
CASA %						
CUB	18.2	16.8	17.8	19.4	19.8	19.7
SIB	19.7	18.6	20.7	20.6	20.8	20.7
FB	27.5	27.2	31.2	31.0	31.3	31.2
DCB	32.1	27.2	25.0	24.3	23.8	23.3
KVB	19.2	19.2	20.5	21.5	22.0	22.0
Leverage (x)						
CUB	14.6	14.3	13.1	11.2	10.6	11.0
SIB	19.7	18.4	17.2	17.3	18.0	18.7
FB	10.4	10.9	10.9	10.9	11.4	12.0
DCB	10.9	10.7	11.2	10.3	10.0	10.6
KVB	13.7	14.6	15.3	14.6	14.2	15.2
Tier I %						
CUB	11.7	13.3	14.5	17.8	17.3	16.3
SIB	11.5	12.1	10.8	10.5	10.0	9.5
FB	15.9	14.1	14.6	14.2	13.8	13.4
DCB	13.8	12.6	12.9	14.6	13.6	12.8
KVB	13.1	13.1	11.6	13.2	12.5	11.8

KVB: First cut estimate

Source : Company, HDFC sec Inst Research

PEER COMPARISON: PL STATEMENT

	FY12	FY13	FY14	FY15E	FY16E	FY17E
NIM						
CUB	3.3	3.3	3.4	3.4	3.4	3.4
SIB	3.0	3.0	2.8	2.7	2.7	2.8
FB	3.8	3.2	3.3	3.3	3.4	3.4
DCB	3.0	3.0	3.2	3.7	3.5	3.5
KVB	3.0	3.0	2.8	2.9	2.9	2.9
Other income % Total Income						
CUB	29.3	30.5	28.4	31.5	31.1	29.7
SIB	19.5	20.7	20.8	23.0	22.5	21.5
FB	21.4	25.2	23.7	23.9	23.7	22.3
DCB	30.6	29.2	27.3	23.7	25.0	24.9
KVB	27.6	28.1	30.5	27.3	27.6	27.7
C/I ratio %						
CUB	39.6	41.7	45.2	43.9	43.2	43.3
SIB	48.7	47.5	50.0	51.4	50.0	49.0
FB	39.4	44.9	49.3	48.6	47.6	45.8
DCB	74.5	68.6	62.9	56.7	56.5	55.5
KVB	42.7	47.3	54.7	55.4	54.3	53.3
Non tax provision % PPOP						
CUB	19.6	23.0	28.8	28.0	24.4	22.1
SIB	12.2	22.7	17.6	42.0	36.1	32.4
FB	22.4	17.9	18.1	11.6	9.7	11.2
DCB	34.3	19.1	19.5	21.4	17.5	14.9
KVB	12.9	14.5	52.8	32.8	27.1	23.5
PAT growth %						
CUB	30.3	14.9	7.8	8.8	23.2	21.5
SIB	37.3	25.1	1.0	(17.1)	16.6	25.7
FB	32.3	7.9	0.1	17.9	23.4	20.3
DCB	157.1	85.3	48.3	23.6	16.4	25.2
KVB	20.7	9.7	(21.9)	5.7	25.2	23.8

KVB: First cut estimate

Source : Company, HDFC sec Inst Research

PEER COMPARISON: ASSET QUALITY AND BUSINESS EFFICIENCY

	FY12	FY13	FY14	FY15E	FY16E	FY17E
GNPA %						
CUB	1.0	1.1	1.8	2.0	1.6	1.3
SIB	1.0	1.4	1.4	1.5	1.3	1.0
FB	3.4	3.4	3.4	2.1	1.8	1.6
DCB	4.4	3.2	1.7	1.7	1.4	1.3
KVB	1.3	1.0	0.8	1.4	1.3	1.1
NNPA %						
CUB	0.4	0.6	1.2	1.3	1.0	0.8
SIB	0.3	0.8	0.8	0.8	0.6	0.5
FB	0.5	1.0	1.0	0.6	0.5	0.5
DCB	0.6	0.8	0.9	1.0	0.7	0.6
KVB	0.1	0.4	0.6	0.7	0.7	0.6
PCR %						
CUB	56.3	44.3	32.7	36.7	36.7	40.5
SIB	71.4	42.5	34.9	43.0	52.4	51.5
FB	84.7	72.2	70.4	70.2	71.6	71.4
DCB	87.5	77.1	46.5	42.8	49.7	52.1
KVB	75.5	62.0	49.9	49.6	52.6	53.4
Business per Empl Rs mn						
CUB	85	94	90	88	94	106
SIB	108	119	118	127	140	154
FB	101	101	99	108	119	135
DCB	57	67	69	77	85	94
KVB	99	101	106	112	120	128
Business per Branch Rs mn						
CUB	949	948	897	837	896	1,008
SIB	911	1,014	1,043	1,120	1,225	1,371
FB	913	922	879	964	1,071	1,212
DCB	1,383	1,590	1,420	1,360	1,414	1,477
KVB	1,243	1,237	1,359	1,405	1,441	1,532
CASA per branch Rs mn						
CUB	99	91	92	94	102	115
SIB	103	110	122	131	145	161
FB	142	142	159	170	191	215
DCB	242	242	199	182	183	187
KVB	136	135	157	170	178	190

KVB: First cut estimate

Source : Company, HDFC sec Inst Research

PEER VALUATIONS

Banks	CMP (Rs)	Mcap (Rs bn)	Reco	ABV (Rs)			P/E (x)			P/ABV (x)			ROAE (%)			ROAA (%)		
				FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E
AXSB	498	1,176	BUY	183	214	249	15.9	13.7	11.6	2.72	2.33	2.00	17.9	17.8	18.1	1.77	1.75	1.75
DCBB	113	32	BUY	53	61	70	16.9	14.5	11.6	2.13	1.85	1.61	13.7	12.8	14.1	1.32	1.28	1.33
FB	146	125	BUY	86	98	111	12.6	10.2	8.5	1.69	1.50	1.32	13.5	14.9	15.9	1.24	1.31	1.32
ICICIBC #	359	2,080	BUY	112	128	147	15.3	13.0	11.0	2.77	2.36	2.00	15.7	15.9	16.1	1.89	1.91	1.92
IIB	778	409	BUY	188	225	271	22.6	17.4	13.8	4.13	3.46	2.87	19.3	21.2	22.3	1.86	1.95	1.95
VYSB	851	161	BUY	390	431	483	22.3	16.8	13.1	2.18	1.97	1.76	9.9	12.1	13.9	1.12	1.27	1.38
YES	741	307	NEU	279	325	381	15.4	12.6	10.4	2.66	2.28	1.95	21.3	19.3	20.1	1.64	1.61	1.58
ALBK	126	69	NEU	125	146	171	7.6	5.4	4.4	1.00	0.86	0.74	7.9	10.3	11.5	0.39	0.50	0.55
BOB	1,055	455	BUY	738	841	969	8.9	7.5	6.3	1.43	1.26	1.09	13.9	14.7	15.5	0.73	0.76	0.78
BOI	291	187	NEU	300	343	398	6.0	4.8	4.3	0.97	0.85	0.73	11.4	12.7	12.8	0.50	0.53	0.50
CBK	438	202	NEU	408	458	521	6.7	5.8	4.9	1.07	0.96	0.84	12.0	12.5	13.5	0.57	0.57	0.58
OBC	319	96	BUY	306	356	416	6.8	5.5	4.7	1.04	0.90	0.77	10.5	11.8	12.7	0.61	0.68	0.72
PNB	223	404	BUY	141	176	215	9.8	7.7	6.1	1.58	1.27	1.04	11.4	13.1	14.5	0.70	0.78	0.84
SBIN #	308	2,297	BUY	124	144	167	13.3	10.5	8.4	2.09	1.72	1.44	12.4	13.5	14.7	0.76	0.81	0.87
UNBK	228	145	NEU	192	226	265	7.3	5.7	4.6	1.19	1.01	0.86	11.2	12.9	14.3	0.54	0.62	0.66

Source : Company, HDFC sec Inst Research, Note : # Adj. for subsidiary

INCOME STATEMENT

(Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
Interest Earned	61,676	69,461	74,850	87,281	103,828
Interest Expended	41,929	47,175	50,310	58,158	68,708
Net Interest Income	19,747	22,286	24,540	29,123	35,120
Other Income	6,644	6,938	7,706	9,067	10,053
<i>Fee Income (CEB)</i>	<i>3,047</i>	<i>3,338</i>	<i>3,714</i>	<i>4,398</i>	<i>5,327</i>
<i>Treasury Income</i>	<i>2,058</i>	<i>1,562</i>	<i>1,750</i>	<i>2,100</i>	<i>1,800</i>
Total Income	26,391	29,225	32,246	38,190	45,173
Total Operating Exp	11,845	14,421	15,679	18,173	20,684
<i>Employee Expense</i>	<i>6,315</i>	<i>7,715</i>	<i>8,619</i>	<i>10,102</i>	<i>11,393</i>
PPOP	14,546	14,804	16,568	20,016	24,489
Provisions & Contingencies	2,608	2,684	1,916	1,932	2,732
<i>Prov. for NPAs (incl. std prov.)</i>	<i>2,386</i>	<i>2,409</i>	<i>2,388</i>	<i>2,512</i>	<i>2,732</i>
PBT	11,938	12,120	14,652	18,084	21,757
Provision for Tax	3,556	3,731	4,762	5,877	7,071
PAT	8,382	8,389	9,890	12,207	14,686

Source: Bank, HDFC sec Inst Research

BALANCE SHEET

(Rs mn)	FY13	FY14	FY15E	FY16E	FY17E
SOURCES OF FUNDS					
Share Capital	1,711	1,711	1,711	1,711	1,711
Reserves	61,936	67,795	75,443	84,910	96,407
Shareholder's Funds	63,647	69,506	77,154	86,620	98,118
Savings	127,432	152,843	177,296	216,299	263,884
Current	29,089	33,796	35,486	40,808	46,930
Term Deposit	419,627	410,674	474,329	564,451	685,808
Total Deposits	576,149	597,313	687,110	821,559	996,622
Borrowings	51,870	56,880	62,559	71,499	80,083
Other Liabilities & Provisions	18,664	22,243	25,666	29,743	34,478
Total Liabilities	710,329	745,941	852,490	1,009,421	1,209,300
APPLICATION OF FUNDS					
Cash & Bank Balance	37,200	45,294	46,362	52,947	59,726
Investments	211,546	241,179	260,903	301,153	352,052
<i>G-Secs</i>	<i>145,751</i>	<i>158,231</i>	<i>171,778</i>	<i>205,390</i>	<i>249,155</i>
Advances	440,967	434,361	516,890	622,852	759,879
Fixed Assets	3,999	4,250	4,474	4,749	5,073
Other Assets	16,618	20,859	23,861	27,720	32,570
Total Assets	710,329	745,941	852,490	1,009,421	1,209,300

Source: Bank, HDFC sec Inst Research

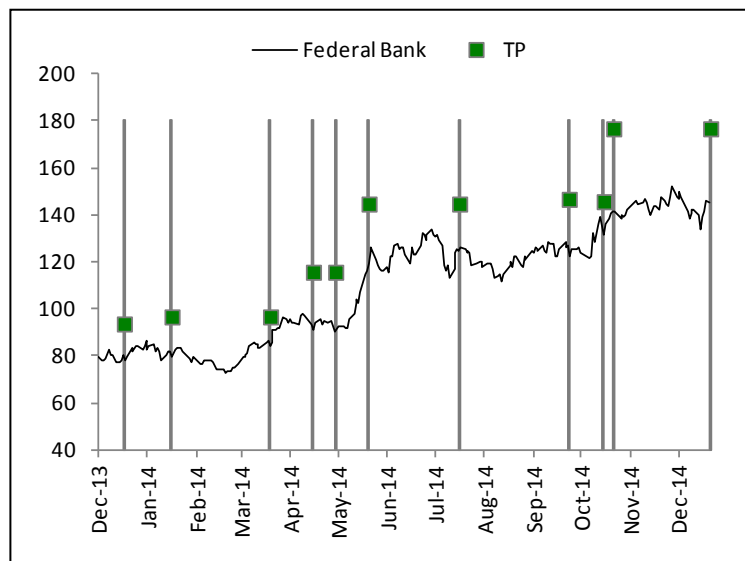
KEY RATIOS

	FY13	FY14	FY15E	FY16E	FY17E
Valuation Ratios					
EPS	9.8	9.8	11.6	14.3	17.2
Earnings Growth (%)	7.9	0.1	17.9	23.4	20.3
BVPS (ex reval.)	74.4	81.2	90.1	101.2	114.7
Adj. BVPS (ex reval. & 100% cover)	69.2	77.4	86.3	97.5	110.5
ROAA (%)	1.27	1.15	1.24	1.31	1.32
ROAE (%) (ex revaluations)	13.9	12.6	13.5	14.9	15.9
P/E (x)	14.9	14.9	12.6	10.2	8.5
P/ABV (x)	2.1	1.9	1.7	1.50	1.32
P/PPOP (x)	8.6	8.4	7.5	6.2	5.1
Dividend Yield (%)	1.2	1.4	1.5	1.9	2.2
Profitability					
Yield on Advances (%)	11.3	11.4	11.5	11.4	11.3
Yield on Investments (%)	7.6	7.8	7.6	7.6	7.5
Cost of funds (%)	7.2	7.4	7.2	7.1	7.0
Core spread (%)	7.2	7.2	7.0	6.9	6.8
NIM (%)	4.1	4.1	4.3	4.3	4.3
Operating Efficiency					
Cost/Avg. Asset Ratio (%)	1.8	2.0	2.0	2.0	1.9
Cost-Income Ratio (Excl Treasury)	48.7	52.1	51.4	50.4	47.7
Balance Sheet Structure Ratios					
Loan Growth (%)	16.8	(1.5)	19.0	20.5	22.0
Deposit Growth (%)	17.7	3.7	15.0	19.6	21.3
C/D Ratio (%)	76.5	72.7	75.2	75.8	76.2
Equity/Assets (%)	9.0	9.3	9.1	8.6	8.1
Equity/Loans (%)	14.4	16.0	14.9	13.9	12.9
CASA (%)	27.2	31.2	31.0	31.3	31.2
Total Capital Adequacy Ratio	14.7	15.1	14.7	14.2	13.7
Tier I	14.1	14.6	14.2	13.8	13.4

	FY13	FY14	FY15E	FY16E	FY17E
Asset Quality					
Gross NPLs (Rsm)	15,540	10,874	10,941	11,005	12,204
Net NPLs (Rsm)	4,319	3,216	3,264	3,122	3,488
Gross NPLs (%)	3.4	3.4	2.1	1.8	1.6
Net NPLs (%)	1.0	1.0	0.6	0.5	0.5
Coverage Ratio (%)	72.2	70.4	70.2	71.6	71.4
Provision/Avg. Loans (%)	0.46	0.52	0.46	0.39	0.34
RoAA Tree					
Net Interest Income	3.00%	3.06%	3.07%	3.13%	3.17%
Non Interest Income	1.01%	0.95%	0.96%	0.97%	0.91%
Treasury Income	0.31%	0.21%	0.22%	0.23%	0.16%
Operating Cost	1.80%	1.98%	1.96%	1.95%	1.86%
Provisions	0.40%	0.37%	0.24%	0.21%	0.25%
Provisions for NPAs	0.29%	0.31%	0.27%	0.24%	0.21%
Tax	0.54%	0.51%	0.60%	0.63%	0.64%
ROAA	1.27%	1.15%	1.24%	1.31%	1.32%
Leverage (x)	10.91	10.94	10.90	11.37	12.01
ROAE	13.89%	12.60%	13.49%	14.91%	15.90%

Source: Bank, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
19-Dec-13	80	BUY	94
17-Jan-14	80	BUY	97
20-Mar-14	86	BUY	97
16-Apr-14	93	BUY	116
30-Apr-14	90	BUY	116
22-May-14	119	BUY	145
17-Jul-14	124	BUY	145
24-Sep-14	127	BUY	147
17-Oct-14	132	BUY	146
22-Oct-14	141	BUY	177
22-Dec-14	146	BUY	177

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:

We, Darpin Shah, MBA & Shivraj Gupta, MBA, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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