NIRMAL BANG
a relationship beyond broking

Q1FY15
Result Review
BANKING

Silky Jain - *Research Analyst* | Tel: 022 3926 8178
Email: silky.jain@nirmalbang.com

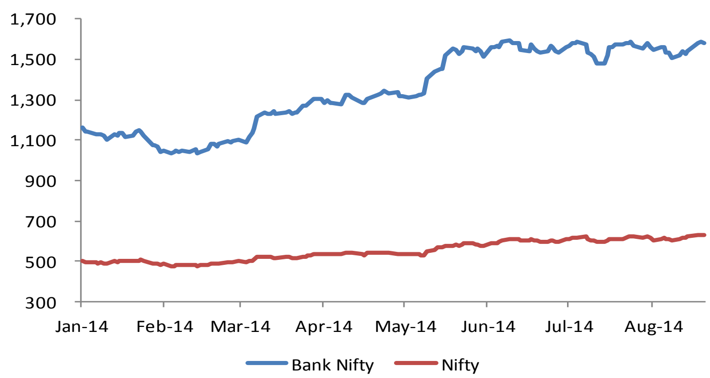
Banking Sector – Earnings Review

Q1FY15 performance analysis

The overall performance of the banking sector as a whole in Q1FY15 was not encouraging. However, most of it was already expected and therefore there was no negative surprise for the sector. While most of the private banks (barring few negative surprises) reported satisfactory performance, PSU banks continued to disappoint with no meaningful improvement in the bottom line performance. One noteworthy point which needs to be mentioned here is that the stress asset formation showed some respite as compared to levels seen in Q3 and Q4FY14. The sustained improvement in asset quality will be the key moniterable for the banking industry in the coming quarters.

Expectations/hopes of cyclical recovery in economic environment and implementation of reforms/ measures taken by the new government which is likely to ease the stress/concerns prevailing in the overall sector has resulted in rally in the banking sector. We have seen Bank Nifty has generated returns of 36.84% vs 24.34% returns generated by Sensex and 24.8% returns generated by Nifty since Jan 2014. Most of the banks are now trading above 2 year average P/BV.

Driven by positive commentary by most management, we saw that most of the PSU banks did not react sharply or had limited impact on stock price despite reporting lower than expected numbers on hopes that worst is getting over for the sector and things can only improve from here on.



Source: Bloomberg

We like Axis Bank, ICICI Bank, Indusind Bank, Federal Bank, Yes Bank within private space and SBI, Union Bank within PSU space.

Going forward: *What needs to be watched out for*

The banking sector had witnessed lots of headwinds in FY14 like increasing interest rate scenario, slowdown in credit growth, tightening of liquidity and persistent asset quality issues. Going forward, with a stable government in place, industrial capex is expected to see a modest pickup, supporting credit growth. Moreover, asset quality concerns are likely to ease ahead as revival in economic activity boosts cash flows.

Some concerns like continued addition in stressed book, cases of fraudulent practices adopted by some banks have come up in limelight and have shaken the banking industry as a whole. Despite these concerns we are encouraged by the various reforms taken by the government and followed by RBI which will help the overall banking industry in the longer term.

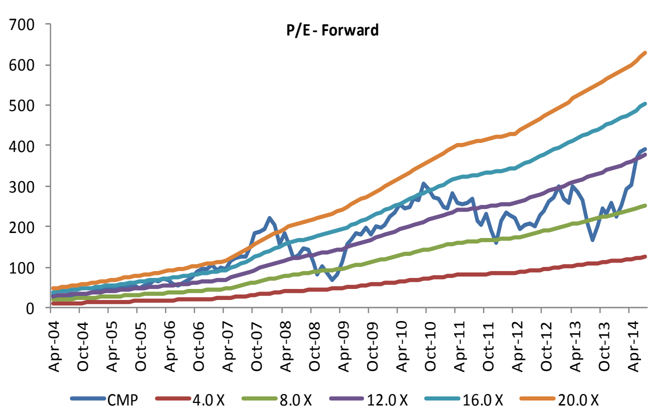
RBI has taken lot of steps like identifying stressed assets at early stages by formation of Joint Lender Forum (JLF) and norms for restructuring. These steps are directionally positive for the overall sector in the longer run. However, in the near term it is likely to lead to some more pain for the banks for 1 or 2 quarters after which the stress may subside. Near term performance of the banks lacks any major catalyst and we advise accumulate on dips strategy.

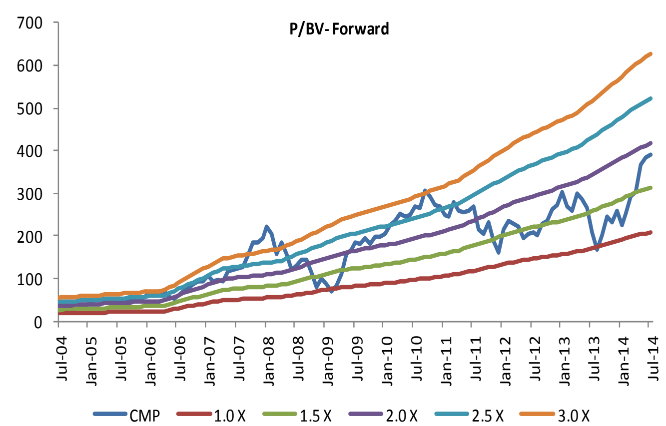
We believe that sustainability of lower stress addition will be the key factor which will lead to further re-rating of banks from current levels. Improvement in growth backed by economic recovery would lead to lower stress addition and thereby drive margin expansion and enhance the return ratios of the banks. We believe that in the long run, banks with strong fundamentals will continue to generate healthy returns and therefore recommend accumulating these stocks on any decline.

The quarter saw most of the banks witnessing an improvement in margins, CASA, higher incremental credit growth driven by retail and SME. Non-interest income – particularly core fee income continued to remain weak. Going forward, with softening of yields treasury income is expected to remain on the higher side. Addition to NPA continued for most of the banks indicating no improvement in near term. Gross NPA for most of the banks witnessed decline on account of sale of assets to Asset Reconstruction Companies. **Axis Bank, ICICI Bank, Indusind Bank, Federal Bank, Yes Bank** demonstrated healthy performance across most of the parameters amongst the private sector banks. Within PSU Banks space; Banks like **SBI, Union Bank** reported some improvement in performance.

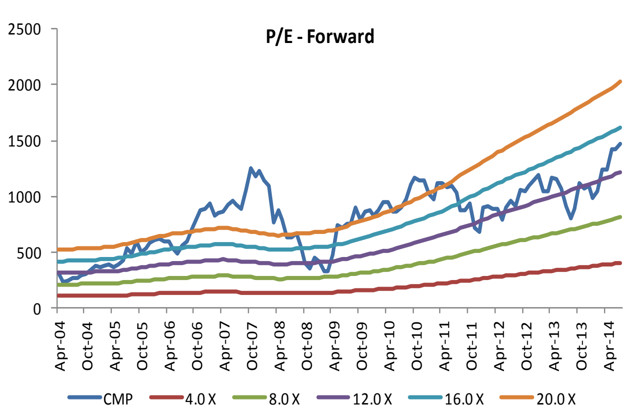
Valuation metrics of our recommendations

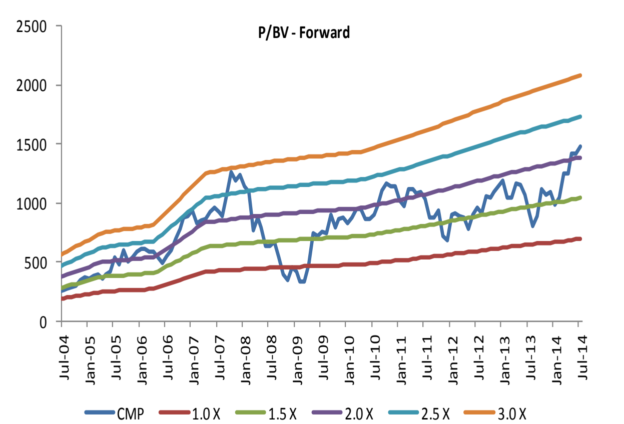
Axis Bank



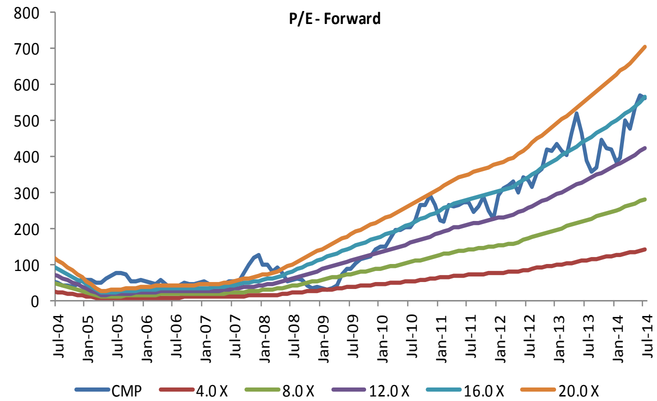


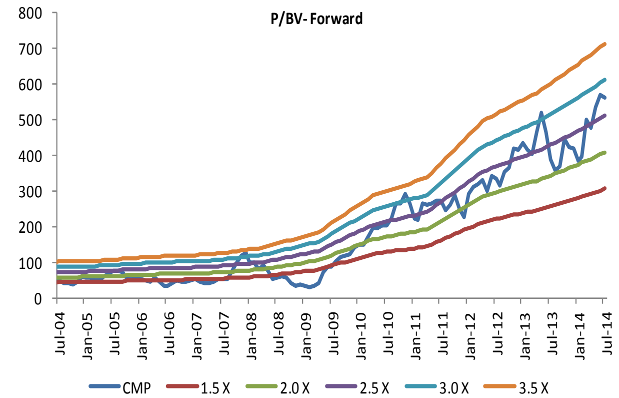
ICICI Bank



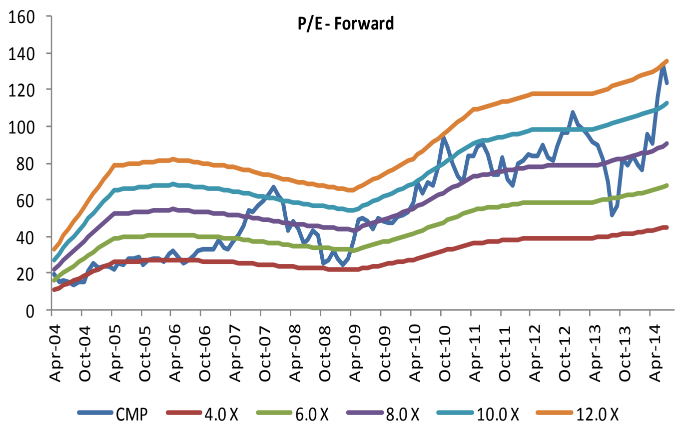


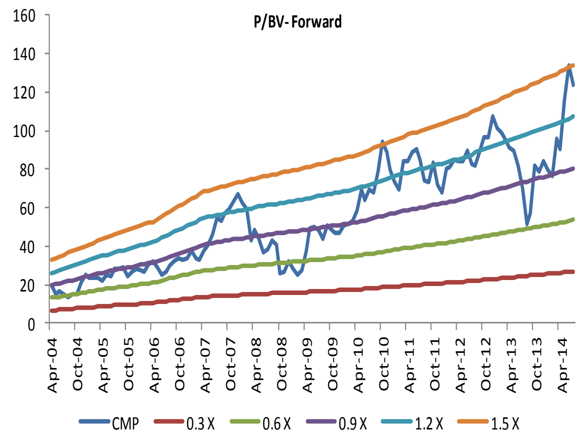
Indusind Bank



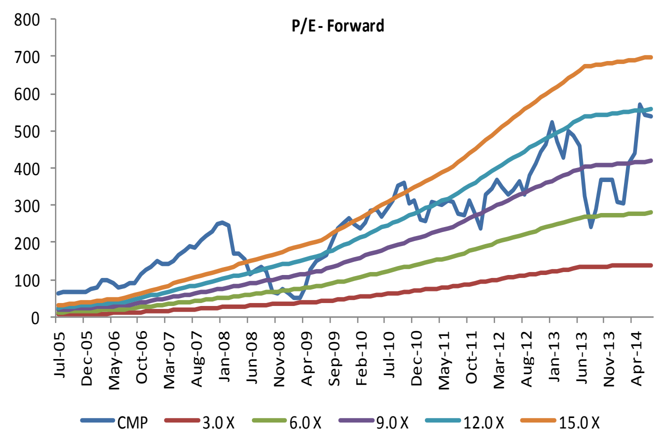


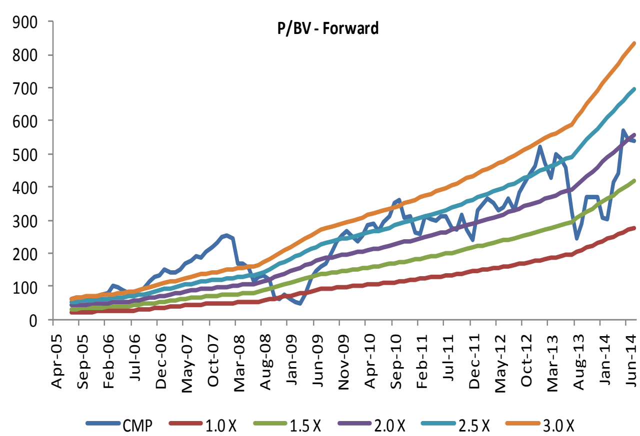
Federal Bank



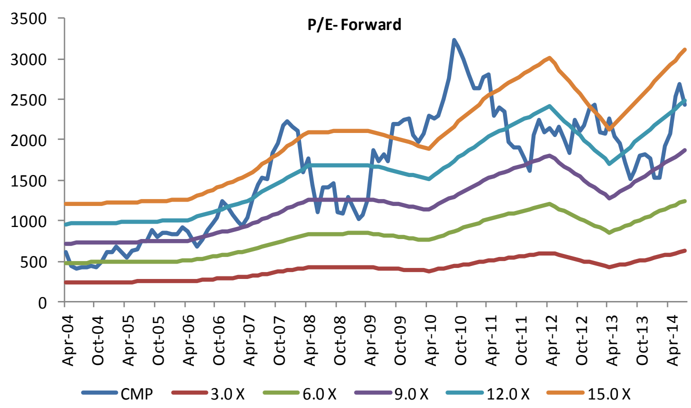


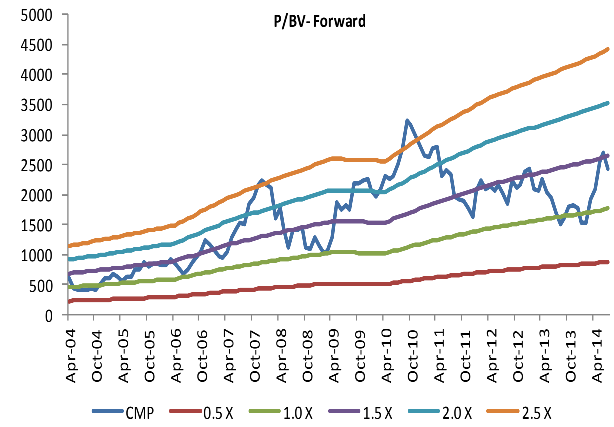
Yes Bank



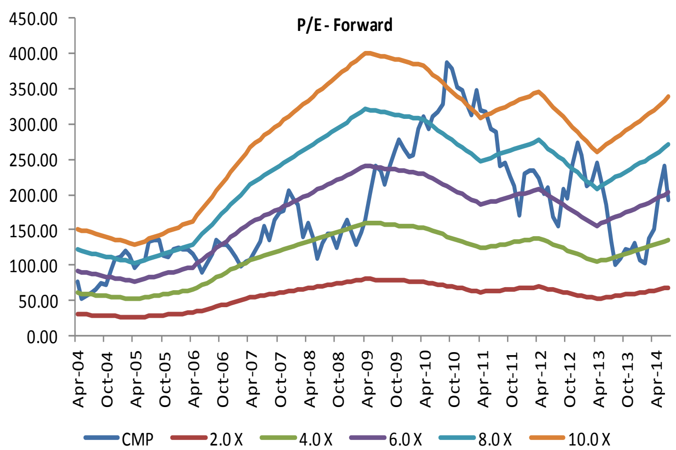


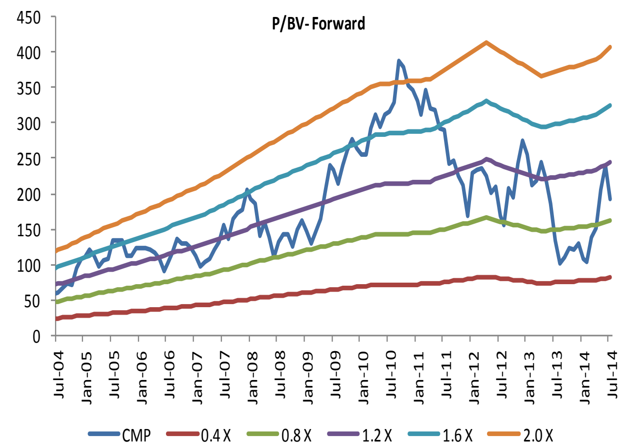
SBI





Union Bank of India





Source: Bloomberg, Capital Line, Nirmal Bang Research

Private Banks: Strong performance on most parameter..!!!

Private banks continued to demonstrate strong performance on most of the parameters.

Performance analysis:

- NIMs witnessed improvement for most of the banks. Improvement was driven by healthy growth in loan book, high Credit Deposit Ratio and stable cost of funds.
- Banks like ICICI and Axis Bank reported marginal improvement in NIMs while banks like ING Vysya and South Indian bank reported decline in margins. Yes Bank reported flat margins on QoQ basis. Jammu and Kashmir bank reported fall in margins on account of large interest reversals.
- Lower treasury gain opportunity and fee income, restricted revenue growth of most of the banks despite witnessing better performance on net interest income front. Treasury gains declined YoY while lower corporate activity led to moderation in fee income.
- Driven by lower provisions (and largely led by MTM reversals) most of the banks witnessed improvement in PAT levels on YoY basis in Q1FY15 as compared to last 2 quarters.
- Despite the stress continuing in the economy, most private sector banks restricted deterioration in their asset quality. Stress asset addition for most of the banks was under control and within guided lines.
- Cumulative fresh restructuring done by private banks witnessed decline in the quarter from levels seen in Q3 and Q4. Most of the banks reported slippages in line with earlier quarter and within stated management guidance. Federal Bank, Indusind Bank and Yes bank reported stable asset quality while ING Vysya and South Indian Bank surprised negatively. Jammu and Kashmir bank reported huge slippages which was from one account and was mentioned by management during the quarter.
- Corporate growth witnessed some uptick after witnessing slowdown for past 3-4 quarter. Federal bank reported sequential growth of 6.2% in corporate loan book and has also guided for optimistic growth going forward.
- CASA growth picked up in the quarter and banks reported slight improvement in CASA ratios as compared to last quarter.
- City Union Bank, South Indian Bank and KVB reported moderation in growth as a result of negligible growth in gold loans. These banks continue to focus on SME loans for incremental growth.
- Cautious growth approach with increasing share of retail segments has led to better optimization of capital. Tier I of Private Banks stands in comfortable range. Capital position of the private banks looks comfortable which will boost growth once economic revival is in sight.
- Provision coverage ratio remained strong at ~60-80% (excluding Karnataka Bank and Jammu and Kashmir). Further, large private banks are carrying floating provisions which provides cushion to the balance sheet as well as earning of the bank.
- The banks managed to keep the cost to income ratio under control with some banks showing a remarkable improvement owing to higher growth on income front.
- Banks like **Axis Bank and ICICI Bank** have stated that stressed asset addition seems to have peaked out which raises confidence in the overall private sector banks.
- Going forward with stabilization in the economy, we expect the private sector banks to rebound first led by improvement in margins, non interest income and stable asset quality.

We have seen a sharp appreciation in the stock prices of the banks on the back of revival in economy, easing liquidity conditions etc. We believe that consolidation in the banking sector will provide opportunity to enter in the stocks. In our view any correction from current levels should be taken as an opportunity to enter these stocks from a long term perspective. **We prefer Yes Bank, ICICI Bank, HDFC Bank, Axis Bank, Indusind Bank and Federal Bank within private space.**

Category I- Large private sector banks

	ICICI Bank	HDFC Bank	Axis Bank	Kotak	Indusind Bank	Yes Bank	ING Vysya
YTD performance	***40.6%***	***25.7%***	***54.5%***	***40.1%***	***35.3%***	***55.9%***	***3.3%***
Results Comment	**Marginally below**	**In line**	**In line**	**Below exp**	**In line**	**Marginally below**	**Below exp**
Advances	347,067	312,109	230,535	56,992	58,664	58,989	38,179
YoY growth	*15.2%*	*20.7%*	*16.3%*	*12.76%*	*24.0%*	*23.2%*	*16.0%*
Deposits	335,767	372,074	272,004	61,407	63,893	76,103	42,269
YoY growth	*15.3%*	*22.7%*	*14.1%*	*17.0%*	*15.0%*	*16.6%*	*3.0%*
CD ratio	*103.4%*	*83.9%*	*84.8%*	*92.8%*	*91.8%*	*77.5%*	*90.3%*
CASA	144,414	160,000	115,330	19,037	21,305	16,971	12,629
YoY growth in CASA	*14.8%*	*18.0%*	*14.0%*	*25.8%*	*28.0%*	*30.9%*	*-6.0%*
CASA ratio	43.0%	43.0%	42.4%	31.0%	33.3%	22.3%	30.0%
NIMs	3.4%	**4.4%**	3.9%	**5.0%**	3.7%	3.0%	3.4%
Other income % of total income	*38.8%*	*40.4%*	*33.8%*	28.5%	*41.9%*	*36.30%*	*33.00%*
Cost to income ratio	***38.4%***	*45.3%*	***42.1%***	*52.5%*	*45.6%*	*45.0%*	*54.5%*
Gross NPA	10,843	3,356	3,463	1,079	655	198	929
QoQ Increase in GNPA	*3.0%*	*12.0%*	*10.1%*	*1.8%*	*5.4%*	*13.2%*	*44.2%*
Gross NPA %	*3.05%*	***1.07%***	***1.34%***	1.88%	***1.11%***	***0.33%***	*2.39%*
Net NPA	3,429	1,007	1,114	560	196	43	332
Net NPA %	*0.99%*	***0.30%***	*0.44%*	*0.98%*	***0.33%***	***0.07%***	*0.87%*
Capital Adequacy Ratio	***17.0%***	*15.1%*	***16.1%***	***19.1%***	*13.1%*	***18.0%***	***15.2%***
Tier I	*12.2%*	*11.1%*	***12.6%***	***18.1%***	*12.1%*	***12.6%***	***13.3%***
Provision coverage ratio	*68.4%*	***70.0%***	*67.8%*	*N/A*	***70.1%***	***78.4%***	*64.3%*
Slippages	1195	N/A	626	N/A	163	115	542
Slippage ratio	*1.4%*	*N/A*	***1.1%***	*N/A*	***1.1%***	*0.8%*	*5.7%*
Restructured during the quarter	1400	N/A	480	N/A	N/A	NIL	30
O/S Restructured book	11,200	500	6,289	10	235	112	517
Restructured book as % of advances	*3.2%*	***0.2%***	*2.7%*	***0.02%***	***0.4%***	***0.19%***	*1.4%*
Gross NPA+Restructured book	22,043	3,856	9,752	1,089	890	310	1446
Gross NPA+Restructured book as % of adv	***6.4%***	***1.2%***	***4.2%***	***1.9%***	***1.5%***	***0.5%***	***3.8%***
RoE (Trailing)	13.4%	19.4%	**19.7%**	12.0%	16.5%	**15.3%**	8.8%
RoA	*1.83%*	***2.0%***	*1.78%*	***2.0%***	*1.90%*	1.60%	1.34%
P/E (Trailing)	*17.52*	*22.61*	*14.53*	*51.18*	*20.01*	*14.40*	*19.09*
P/ABV	*2.46*	*4.48*	*2.43*	*6.45*	*3.37*	*2.22*	*1.76*
P/ABV for 20% slippages from rest book	*2.54*	*4.49*	*2.51*	*6.45*	*3.39*	*2.22*	*1.79*
CMP	**1544**	**832**	**399**	**1016**	**568**	**575**	**630**

Source: Company data, Nirmal Bang Research

Our take: Prefer Axis Bank, ICICI Bank (good results and higher exposure to infra segment), HDFC Bank (relative underperformance compared to other banks) and Yes Bank (capital raising to augur well for growth) amongst the pack.

Category II- South Based Private sector banks and Other Banks

	Fed Bank	South Indian	KVB	Karnataka Bank	City Union	J&K Bank	DCB
YTD performance	***47.0%***	***44.7%***	***36.3%***	***14.4%***	***47.1%***	***3.3%***	***59.8%***
Results Comment	**Above exp**	**Below exp**	**In line**	**In line**	**In line**	**Below exp**	**In line**
Advances	45012	34,692	34,658	28,837	16,153	44,431	8,291
YoY growth	*9.1%*	*11.2%*	*11.9%*	*14.2%*	*5.0%*	*13.1%*	*28.1%*
Deposits	61,815	46,489	45,478	42,783	22,383	63,652	10,551
YoY growth	*8.5%*	*6.7%*	*8.8%*	*15.9%*	*9.0%*	*8.6%*	*26.8%*
CD ratio	*72.8%*	*74.6%*	*76.2%*	*67.4%*	*72.2%*	*69.8%*	*78.6%*
CASA	19,008	10,261	9,550	10,688	4,059	26,069	2,678
YoY growth in CASA	*15.2%*	*14.4%*	*22.1%*	*22.0%*	*22.0%*	*10.6%*	*17.1%*
CASA ratio	**30.7%**	22.1%	21.0%	25.0%	18.1%	41.0%	25.4%
NIMs	**3.3%**	2.8%	2.7%	2.3%	**3.3%**	**3.6%**	**3.7%**
Other income % of total income	*8.1%*	*26.0%*	*25.8%*	*31.8%*	33.8%	*17.0%*	*19.9%*
Cost to income ratio	*51.2%*	*52.2%*	*53.4%*	***41.6%***	***38.1%***	***41.8%***	*53.2%*
Gross NPA	1,016	517	451	999	308	1,888	149
QoQ Increase in GNPA	*-6.5%*	*19.6%*	*61.5%*	*19.5%*	*5.2%*	*141.0%*	*7.8%*
Gross NPA %	*2.2%*	***1.5%***	***1.3%***	*3.4%*	***1.9%***	*4.2%*	***1.8%***
Net NPA	304	311	182	681	204	968	80
Net NPA %	***0.7%***	***0.9%***	***0.5%***	2.4%	*1.3%*	*2.2%*	***1.0%***
Capital Adequacy Ratio	**15.2%**	10.7%	12.5%	12.97%	**14.5%**	12.9%	**13.6%**
Tier I	**14.6%**	10.5%	11.6%	10.52%	**14.0%**	11.5%	**12.8%**
Provision coverage ratio	***84.9%***	*62.5%*	*75.0%*	49.59%	*61.1%*	***55.1%***	***79.1%***
Slippages	224	97	205	266	370.4	1160	24
Slippage ratio	***2.0%***	*1.1%*	***2.4%***	*3.7%*	*9.2%*	***10.4%***	***1.2%***
Restructured during the quarter	88	96	158	N/A	N/A	6.28	N/A
Outstanding Restructured book	2,464	1,661	1,491	1,593	261	1,390	79
Restructured book as % of advances	5.5%	4.8%	4.3%	**5.5%**	1.6%	3.1%	1.0%
Gross NPA+Restructured book	3,480	2,178	1,942	2,592	570	3,278	228
Gross NPA+Restructured book as % of adv	***7.7%***	***6.3%***	***5.6%***	***9.0%***	***3.5%***	***7.4%***	***2.8%***
RoE (Trailing)	13.3%	**15.5%**	12.5%	10.7%	**19.1%**	**17.3%**	13.4%
RoA	*1.20%*	*0.93%*	*0.94%*	**1.02%**	**1.58%**	**0.72%**	1.39%
P/E (Trailing)	10.99	7.67	11.80	7.09	11.64	7.21	14.05
P/ABV	1.53	1.31	1.47	0.96	2.16	1.48	2.02
P/ABV for 20% slippages from rest book	1.65	1.46	1.71	1.10	2.22	1.57	1.99
CMP	**123**	**30**	**474**	**127**	**76**	**1494**	**86**

Source: Company data, Nirmal Bang Research

Comments:

Within South based banks, only Federal Bank reported an improvement in asset quality. Apart from the South based banks, DCB reported stable numbers while Jammu and Kashmir Bank reported dismal performance led by significant slippages during the quarter.

Our Take: Prefer Federal Bank (risk reward favorable with good results) and South Indian Bank (comparatively lower valuations).

PSU Banks: Stress addition bottoming out?

PSU Banks performance was broadly on similar lines as compared to previous quarters. Asset quality concerns continued leading to erosion of the profitability. Most of the banks commentary sounded positive and reinforced the faith that the asset quality cycle is on the verge of peaking out and things can only improve from here on. **Union Bank, SBI** were amongst the few banks which reported better than expected results or shown some improvement in the performance.

Performance analysis:

- Growth for the banks was driven by international book on the back of FCNR mobilization as well focus towards retail and SME loans.
- Bank of India and Canara bank reported growth above 20%.
- NIMs witnessed improvement for large public sector banks like BoB, PNB and Union bank as cost of funds remained stable for most of the quarter while smaller banks continued to witness pressure on margins as interest income reversals was high.
- Core fee income of the PSU banks continued to remain weak.
- 1QFY15 saw addition at both Gross and net NPA levels. Slippages were broadly stable on QoQ basis while fresh restructuring pace witnessed marginal decline. Fresh restructuring was largely in line with management guidelines. Further, management commentary from most banks indicated signs of healing economy, which shall further provide boost to asset quality and hence lower credit cost.
- Banks like PNB, Union Bank reported lower stress addition while Bank of Baroda and Canara bank reported an increase in slippages.
- Banks like SBI, Bank of India, Union Bank sold NPA to ARCs while the quantum was lower as compared to last quarter. PNB has not yet sold any asset to ARC.
- Slippages from the restructured book now stand at an average of 15% for most of the banks.
- Most of the banks saw stable provision coverage ratio. However, banks like SBI and BoB reported improvement in provision coverage ratio.
- Provisions on a whole witnessed increase as banks had to provide for un-hedged corporate book exposure.
- Tax rate was higher for most of the banks as compared to last year.
- Capitalization remains weak with core Tier I at less than 8% for most of the banks. Banks like **SBI, Bank of Baroda** have Tier I ratios above 9%.
- Weak capital position amid the implementation of stringent Basel III norms has been the key concern for the PSU Banks, as it has threatened frequent equity dilution.
- Improvement in growth coupled with favorable capital markets would lead to lower stress addition. This is likely to drive margin expansion and lower the credit cost for PSU Banks and thereby result in improvement in return ratios. In our view, PSU banks having higher exposure to mid corporate and SME cycle are best placed to leverage on improving macro-economic environment and better operating environment.
- **We prefer front liners like SBI, PNB and Union Bank within the PSU pack.**

Category III- PSU Banks Arranged as per Size of Advance Book (Large Banks)

	SBI	Bank of Baroda	Bank of India	PNB	Canara Bank	Union Bank of India
YTD performance	***41.4%***	***41.2%***	***23.3%***	***56.2%***	***39.9%***	***66.2%***
Results comment	**In line**	**Marginally below**	**Below exp**	**Marginally improved**	**Below exp**	**Above exp**
Advances	1,198,903	381,772	376,000	347,485	302,964	198,543
YoY growth	*13.0%*	*18.8%*	*23.0%*	*13.9%*	*21.2%*	*17.8%*
Deposits	1,418,915	551,649	500,875	444,920	428,976	271,558
YoY growth	*12.9%*	*18.1%*	*20.7%*	*12.1%*	*12.3%*	*9.5%*
CD ratio	*84.5%*	*69.2%*	*75.1%*	*78.1%*	*70.6%*	*73.1%*
CASA	579,132	138,632	105,590	163,642	98,343	86,572
YoY growth	*9.8%*	*17.30%*	*9.21%*	*10.1%*	*11.4%*	*9.4%*
CASA ratio	*43.5%*	*25.1%*	*21.1%*	*36.8%*	*22.9%*	*29.1%*
NIMs	**3.13%**	2.35%	2.16%	**3.42%**	2.42%	2.60%
Other income % of total income	24.3%	23.5%	*27.6%*	*22.0%*	*29.7%*	24.6%
Cost to income ratio	*49.8%*	***43.0%***	***44.5%***	***44.4%***	*48.1%*	51.2%
Gross NPA	60,434	12,087	12,532	19,603	8,160	10,232
QoQ Increase in GNPA	*-1.9%*	*1.8%*	*5.6%*	*3.8%*	*7.8%*	*7.0%*
Gross NPA %	*4.9%*	***3.1%***	***3.3%***	*5.5%*	***2.7%***	*4.3%*
Net NPA	31,884	6,021	8,042	10,464	6,150	5,764
Net NPA %	*2.7%*	***1.6%***	***2.1%***	*3.0%*	***2.0%***	*2.5%*
Capital Adequacy Ratio	**12.3%**	**12.5%**	10.0%	**11.5%**	10.2%	10.4%
Tier I	***9.6%***	***9.3%***	*7.3%*	***8.8%***	*7.4%*	*7.4%*
Provision coverage ratio	***62.7%***	***66.7%***	*58.1%*	*60.0%*	*60.1%*	*58.9%*
Slippages	9,932	1,881	3777	2,958	2,595	1274
Slippage ratio	**3.3%**	**2.0%**	4.0%	3.4%	3.4%	**2.6%**
Restructured during the quarter	3,598	986	1,630	1,452	1,358	465
Restructured book	42,236	26,339	10,602	34,012	24,000	11,967
Restructured book as % of advances	**3.5%**	6.9%	**2.8%**	9.8%	7.9%	6.0%
Gross NPA+Restructured book as % of adv	102,670	38,426	23,134	53,615	32,160	22,199
Gross NPA+Restructured book % of adv	***8.6%***	*10.1%*	***6.2%***	15.4%	*10.6%*	*11.2%*
RoE (Trailing)	9.04%	**13.1%**	**11.4%**	9.7%	9.8%	10.0%
RoA	*0.7%*	*0.8%*	*0.5%*	***1.0%***	*0.7%*	*0.8%*
P/E (Trailing)	16.75	8.20	7.23	10.05	7.30	7.62
P/ABV	2.05	1.28	1.29	1.37	0.95	1.12
P/ABV for 20% slippages from rest book	*2.27*	*1.55*	*1.51*	*1.87*	*1.28*	*1.38*
CMP	**2468**	**901**	**289**	**964**	**388**	**218**

Our take: Prefer Union Bank (Good Results) and SBI (higher beta play and proxy to economic recovery)

Category IV- PSU Banks Arranged as per Size of Advance Book (Mid-sized Banks)

	IDBI Bank	Central	IOB	Syndicate	UCO	OBC	Allahabad Bank
YTD performance	***21.4%***	***32.1%***	***27.5%***	***38.2%***	***34.8%***	***20.9%***	***32.2%***
Results Comment	**Below exp**	**In line**	**Below exp**	**Marginally below**	**In line**	**Marginally below**	**Improved QoQ**
Advances	184,581	186,047	177,309	176,442	147,101	138,314	138,961
YoY growth	*3.1%*	*6.5%*	*6.3%*	*18.1%*	*14.3%*	*8.1%*	*7.8%*
Deposits	210,343	240,782	221,879	214,863	201,814	186,547	183,270
YoY growth	*14.8%*	*4.3%*	*13.1%*	*17.7%*	*14.0%*	*5.8%*	*1.7%*
CD ratio	*87.8%*	*77.3%*	*79.9%*	*82.1%*	*72.9%*	*74.1%*	*75.8%*
CASA	44,109	79,476	54,367	55,430	59,517	44,903	57,821
YoY growth	*17.0%*	*7.15%*	*8.2%*	*8.4%*	*4.9%*	*7.3%*	*8.8%*
CASA ratio	21.0%	**33.0%**	24.5%	**29.6%**	**32.3%**	24.1%	**31.8%**
NIMs	1.70%	**2.9%**	2.24%	2.47%	2.56%	2.56%	**3.3%**
Other income % of total income	*28.6%*	*19.1%*	16.3%	25.3%	17.8%	**32.0%**	22.6%
Cost to income ratio	47.0%	56.8%	59.7%	43.9%	**33.4%**	**37.6%**	41.3%
Gross NPA	10,763	11,449	10,351	5,243	6,346	5,983	7,619
QoQ Increase in GNPA	*8.1%*	*-0.4%*	*14.7%*	*13.7%*	*-4.2%*	*6.5%*	*-5.6%*
Gross NPA %	*5.6%*	6.3%	5.0%	**3.0%**	4.3%	4.3%	5.5%
Net NPA	5,292	6,505	6,644	3,271	3,344	4,229	5,272
Net NPA %	*2.9%*	3.8%	3.2%	**1.9%**	2.3%	3.1%	3.9%
Capital Adequacy Ratio	11.8%	9.6%	10.6%	10.8%	**12.3%**	10.9%	10.0%
Tier I	*7.85%*	*7.12%*	*7.4%*	***8.5%***	***8.5%***	***8.9%***	*7.66%*
Provision coverage ratio	*51.5%*	51.5%	52.9%	**67.6%**	58.1%	59.1%	50.0%
Slippages	1088	1800	2649	1500	591.83	1431	1242
Slippage ratio	2.4%	3.9%	6.0%	3.4%	**1.6%**	4.1%	3.6%
Restructured during the quarter	*N/A*	912	2009.97	222	1715	876	1274
Restructured book	16,563	26,984	15318	10837	12,913	10,737	11,900
Restructured book as % of advances	9.0%	14.5%	8.6%	**6.1%**	8.8%	**7.8%**	8.6%
Gross NPA+Restructured book	27,326	38,433	25,669	16,080	19,259	16,720	19,519
Gross NPA+Rest book % of advances	14.8%	*20.7%*	*14.5%*	***9.1%***	*13.1%*	***12.1%***	*14.0%*
RoE (Trailing)	4.2%	-11.0%	5.0%	**15.3%**	**14.3%**	8.8%	8.0%
RoA	0.14%	0.27%	0.39%	**0.81%**	**0.90%**	0.68%	0.21%
P/E (Trailing)	13.92	-8.27	10.81	4.60	6.67	7.09	7.72
P/ABV	0.77	2.79	0.99	0.99	1.39	0.91	1.19
P/ABV for 20% slippages from rest book	*0.95*	*-4.19*	*1.59*	*1.35*	*2.15*	*1.21*	*2.04*
CMP	**80**	**67**	**65**	**128**	**100**	**272**	**124**

Source: Company data, Nirmal Bang Research

Category V: PSU Banks Arranged as per Size of Advance Book (Small sized Banks)

	Corp Bank	Indian Bank	Andhra bank	BoM	Vijaya	Dena Bank	United Bank
YTD performance	***30.5%***	***35.1%***	***22.5%***	***23.1%***	***18.4%***	***2.1%***	***50.0%***
Results comment	**Below exp**	**Below exp**	**Below exp**	**Below exp**	**Stable**	**Below exp**	**Flat QoQ**
Advances	136,294	117,653	114,188	88,835	77,091	75,351	67,640
YoY growth	*18.2%*	*7.7%*	*13.7%*	*7.0%*	*13.4%*	*16.0%*	*-5.4%*
Deposits	189,718	155,336	147,519	116,365	118,677	105,718	107,075
YoY growth	*16.4%*	*3.8%*	*17.2%*	*10.4%*	*12.6%*	*12.0%*	*-2.3%*
CD ratio	*71.8%*	*75.7%*	*77.4%*	*76.3%*	*65.0%*	*71.3%*	*63.2%*
CASA	34,896	43,301	34,712	39,576	22,722	28,770	41,214
YoY growth	12.1%	7.8%	14.8%	6.25%	14.5%	9.17%	0.0%
CASA ratio	18.4%	27.9%	23.5%	34.0%	19.1%	27.2%	38.5%
NIMs	1.93%	2.44%	2.14%	**2.70%**	1.87%	2.23%	**2.09%**
Other income % of total income	27.7%	16.70%	32.90%	17.20%	23.70%	19.1%	40.3%
Cost to income ratio	**46.6%**	*50.5%*	***47.7%***	*57.3%*	*58.70%*	*58.5%*	***42.50%***
Gross NPA	5,470	4,723	6,827	3,761	2,069	3,169	7,097
QoQ Increase in GNPA	*15.5%*	*3.5%*	*16.6%*	*31.5%*	*5.8%*	*21.1%*	*-16.7%*
Gross NPA %	***3.96%***	4.01%	6.0%	4.23%	**2.68%**	4.21%	*10.49%*
Net NPA	3,694	2,857	4,322	2,563	1,347	2,175	4,667
Net NPA %	*2.71%*	2.48%	3.9%	2.94%	**1.77%**	2.94%	*7.23%*
Capital Adequacy Ratio	***11.21%***	**13.28%**	10.26%	10.75%	10.46%	***11.16%***	9.80%
Tier I	*7.9%*	***10.7%***	*7.6%*	*7.42%*	*8.14%*	*7.44%*	6.62%
Provision coverage ratio	*52.2%*	**57.6%**	48.2%	49.7%	**63.8%**	54.0%	*53.2%*
Slippages	1315	941	2160	1202	561	674.2	1194
Slippage ratio	3.9%	**3.2%**	7.6%	5.4%	**2.9%**	3.6%	7.1%
Restructured during the quarter	538.6	1420	892.84	712	N/A	270	618
Restructured book	8,903	9,312	10,867	7,879	5,218	7,905	5219
Restructured book as % of advances	**6.5%**	7.9%	9.5%	8.9%	**6.8%**	10.5%	7.7%
Gross NPA+Restructured book	14,373	14,035	17,694	11,640	7,287	11,074	12,316
Gross NPA+Restructured book % of adv	***10.5%***	*11.9%*	*15.5%*	*13.1%*	***9.5%***	*14.7%*	*18.2%*
RoE (Trailing)	4.1%	8.9%	3.6%	4.1%	**9.2%**	6.9%	-31.3%
RoA	0.4%	**0.45%**	0.25%	0.35%	**0.49%**	0.27%	*0.22%*
P/E (Trailing)	13.64	6.78	14.39	15.64	7.38	7.45	-2.56
P/ABV	0.89	0.80	1.01	1.13	0.88	0.78	-4.71
P/ABV for 20% slippages from rest book	*1.23*	*1.01*	*2.00*	*2.19*	*1.15*	*1.25*	*-1.81*
CMP	**338**	**153**	**76**	**44**	**46**	**62**	**48**

Source: Company data, Nirmal Bang Research

Our take: Prefer Vijaya Bank (Stable performer) amongst the pack

NOTES

Nirmal Bang Research (Division of Nirmal Bang Securities PVT LTD)

B-2, 301/302, Marathon Innova,
Opp. Peninsula Corporate Park
Off. Ganpatrao Kadam Marg
Lower Parel (W), Mumbai-400013
Board No. : 91 22 3926 8000/8001
Fax. : 022 3926 8010