

## Indian Overseas Bank

### Performance Highlights

Particulars (₹ cr)	1QFY12	4QFY11	% chg (qoq)	1QFY11	% chg (yoy)
<b>NII</b>	<b>1,188</b>	<b>1,215</b>	<b>(2.3)</b>	<b>906</b>	<b>31.0</b>
Pre-prov. profit	803	977	(17.8)	464	73.0
<b>PAT</b>	<b>206</b>	<b>434</b>	<b>(52.7)</b>	<b>200</b>	<b>2.6</b>

Source: Company, Angel Research

For 1QFY2012, Indian Overseas Bank (IOB) reported a weak set of results, registering muted growth of 2.6% yoy in its net profit to ₹206cr, considerably below our as well as street's estimates. Even muted profit growth was aided by a favourable base (as the bank had charged of ₹82cr towards exceptional items in 1QFY2011). **We maintain our Accumulate view on the stock.**

**Strong business growth; but with higher slippages and NIM compression:** During 1QFY2012, the bank's business growth continued to be healthy, with advances growing by healthy 6.5% qoq (up 43.6% yoy) and deposits increasing by 4.1% qoq (up 38.1% yoy). The bank's profitability in 1QFY2012 was also aided by lower tax rate (20.2% vs. 27% in 1QFY2011) due to write-back of ₹100cr of excess provisions and the bank not charging off ~₹21cr towards amortisation of the merger deficit. CASA ratio dipped by 264bp qoq to 27.6%. The reducing share of CASA deposits and the higher interest rate environment resulted in a sharp 78bp rise in cost of deposits, which was not fully compensated by the 61bp qoq increase in yield on advances, resulting in NIM compression of 31bp qoq to 2.9%. Fee income rose by healthy 29.9% yoy and recoveries picked up strongly. Slippages ratio for the quarter moderated from the high 4.3% of 4QFY2011 but remained relatively high at 1.7%. The bank is yet to migrate accounts below ₹50lakhs (~20% of loan book) to system-based NPA recognition platform, which is likely to keep slippages high in 2QFY2012 as well. Provision coverage ratio (including technical write-offs) improved to 73.5% during the quarter.

**Outlook and valuation:** We maintain our positive view on the stock, considering the improvement in RoEs expected going forward. However, a flagging asset quality remains the biggest risk to the bank's ability to deliver sustained performance in the future. At the CMP, the stock is trading at moderate valuations, in our view, of 0.84x FY2013E P/ABV. We maintain our Accumulate rating on the stock with a target price of ₹155, valuing the stock at 0.95x FY2013E ABV.

#### Key financials

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
<b>NII</b>	<b>3,114</b>	<b>4,208</b>	<b>4,912</b>	<b>5,515</b>
% chg	8.5	35.1	16.7	12.3
<b>Net profit</b>	<b>707</b>	<b>1,073</b>	<b>1,299</b>	<b>1,608</b>
% chg	(46.7)	51.7	21.1	23.8
NIM (%)	2.6	2.8	2.5	2.4
<b>EPS (₹)</b>	<b>13.0</b>	<b>17.3</b>	<b>21.0</b>	<b>26.0</b>
P/E (x)	10.6	7.9	6.5	5.3
P/ABV (x)	1.4	1.1	1.0	0.8
RoA (%)	0.6	0.7	0.6	0.7
RoE (%)	11.5	14.8	15.0	16.4

Source: Company, Angel Research

## ACCUMULATE

CMP	₹137
Target Price	₹155

Investment Period	12 Months
-------------------	-----------

#### Stock Info

Sector	Banking
Market Cap (₹ cr)	8,501
Beta	1.3
52 Week High / Low	176/105
Avg. Daily Volume	180,664
Face Value (₹)	10
BSE Sensex	18,314
Nifty	5,517
Reuters Code	IOBK.BO
Bloomberg Code	IOB@IN

#### Shareholding Pattern (%)

Promoters	65.9
MF / Banks / Indian Fls	13.5
FII / NRIs / OCBs	6.8
Indian Public / Others	13.8

Abs. (%)	3m	1yr	3yr
Sensex	(4.3)	2.5	27.6
IOB	(10.0)	20.0	62.6

#### Vaibhav Agrawal

022 – 3935 7800 Ext: 6808

vaibhav.agrawal@angelbroking.com

#### Shrinivas Bhutda

022 – 3935 7800 Ext: 6845

shrinivas.bhutda@angelbroking.com

#### Varun Varma

022 – 3935 7800 Ext: 6847

varun.varma@angelbroking.com

**Exhibit 1: 1QFY2012 performance**

Particulars (₹ cr)	1QFY12	4QFY11	% chg (qoq)	1QFY11	% chg (yoy)
<b>Interest earned</b>	<b>3,993</b>	<b>3,532</b>	<b>13.0</b>	<b>2,668</b>	<b>49.7</b>
- on Advances / Bills	3,009	2,616	15.0	1,944	54.8
- on investments	893	823	8.5	668	33.8
- on balance with RBI & others	90	68	33.5	56	61.7
- on others	-	25	(100.0)	-	-
<b>Interest Expended</b>	<b>2,805</b>	<b>2,317</b>	<b>21.1</b>	<b>1,761</b>	<b>59.3</b>
<b>Net Interest Income</b>	<b>1,188</b>	<b>1,215</b>	<b>(2.3)</b>	<b>906</b>	<b>31.0</b>
<b>Other income</b>	<b>339</b>	<b>384</b>	<b>(11.8)</b>	<b>215</b>	<b>57.9</b>
Other income excl. treasury	354	354	0.1	227	56.1
- Fee Income	178	228	(21.8)	137	29.9
- Treasury Income	(15)	30	(150.1)	(12)	24.5
- Recov. from written off a/cs	100	46	116.3	27	269.9
- Others	77	80	(4.6)	63	21.7
<b>Operating income</b>	<b>1,527</b>	<b>1,600</b>	<b>(4.6)</b>	<b>1,121</b>	<b>36.2</b>
<b>Operating expenses</b>	<b>724</b>	<b>623</b>	<b>16.3</b>	<b>657</b>	<b>10.2</b>
- Employee expenses	502	363	38.5	474	5.9
- Other Opex	222	260	(14.7)	183	21.4
<b>Pre-provision Profit</b>	<b>803</b>	<b>977</b>	<b>(17.8)</b>	<b>464</b>	<b>73.0</b>
<b>Provisions &amp; Contingencies</b>	<b>545</b>	<b>446</b>	<b>22.2</b>	<b>77</b>	<b>609.2</b>
- Provisions for NPAs	436	305	42.9	154	183.5
- Provisions for Investments	53	42	28.1	(98)	(154.7)
- Other Provisions	56	100	(43.6)	21	170.8
<b>PBT</b>	<b>258</b>	<b>531</b>	<b>(51.5)</b>	<b>387</b>	<b>(33.4)</b>
<b>Exceptional items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>(100.0)</b>
<b>Provision for Tax</b>	<b>52</b>	<b>97</b>	<b>(46.1)</b>	<b>104</b>	<b>(50.1)</b>
<b>PAT</b>	<b>206</b>	<b>434</b>	<b>(52.7)</b>	<b>200</b>	<b>2.6</b>
Effective Tax Rate (%)	20.2	18.2	201bp	27.0	(678)bp

Source: Company, Angel Research

**Exhibit 2: Actual vs. Angel estimates**

Particulars (₹ cr)	Actual	Estimates	Variation (%)
NII	1,188	1,276	(6.9)
Non-Interest Income	339	329	3.1
<b>Operating Income</b>	<b>1,527</b>	<b>1,605</b>	<b>(4.9)</b>
Operating Expenses	724	644	12.4
<b>Pre-Prov. Profit</b>	<b>803</b>	<b>961</b>	<b>(16.5)</b>
Provisions & Cont.	545	526	3.6
PBT	258	435	(40.8)
Prov. for Taxes	52	141	(63.1)
<b>PAT</b>	<b>206</b>	<b>294</b>	<b>(30.0)</b>

Source: Company, Angel Research

**Exhibit 3: 1QFY2012 performance**

Particulars (₹ cr)	1QFY12	4QFY11	% chg (qoq)	1QFY11	% chg (yoy)
Advances (₹ cr)	119,148	111,833	6.5	82,951	43.6
Deposits (₹ cr)	151,173	145,229	4.1	109,461	38.1
Credit-to-Deposit Ratio (%)	78.8	77.0	181bp	75.8	303bp
Current deposits (₹ cr)	9,179	11,806	(22.3)	7,427	23.6
Saving deposits (₹ cr)	32,488	32,056	1.3	28,830	12.7
CASA deposits (₹ cr)	41,666	43,861	(5.0)	36,256	14.9
CASA ratio (%)	27.6	30.2	(264)bp	33.1	(556)bp
CAR (%)	13.4	14.6	(117)bp	14.2	(81)bp
Tier 1 CAR (%)	7.5	8.2	(64)bp	8.3	(74)bp
<b>Profitability Ratios (%)</b>					
Cost of deposits	6.8	6.0	78bp	5.6	113bp
Yield on advances	10.5	9.9	61bp	9.7	76bp
Yield on investments	7.3	7.2	5bp	7.1	20bp
Yield on funds	9.6	9.2	39bp	8.7	92bp
Cost of funds	6.8	6.1	69bp	5.8	103bp
Reported NIM	2.9	3.2	(31)bp	2.9	(9)bp
Cost-to-income ratio	47.4	38.9	850bp	58.6	(1119)bp
<b>Asset quality</b>					
Gross NPAs (₹ cr)	3,292	3,090	6.5	3,571	(7.8)
Gross NPAs (%)	2.8	2.7	4bp	4.3	(154)bp
Net NPAs (₹ cr)	1,258	1,328	(5.3)	1,794	(29.9)
Net NPAs (%)	1.1	1.2	(11)bp	2.2	(113)bp
Provision Coverage Ratio (%)	73.5	70.5	305bp	57.9	1565bp
Slippage ratio (%)	1.7	4.3	(259)bp	1.8	(2)bp
NPA to avg. assets (%)	1.0	0.7	23bp	0.4	57bp

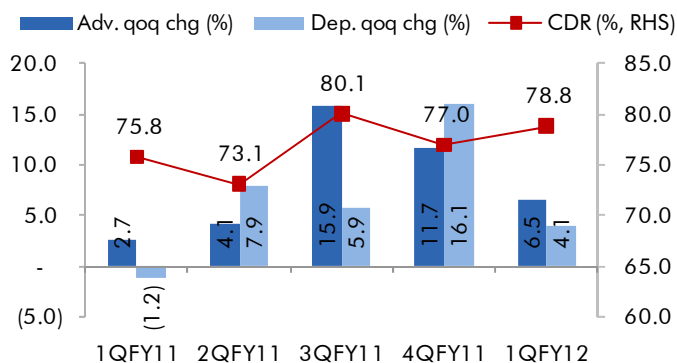
Source: Company, Angel Research

**Healthy business growth continues; NIM compress 31bp qoq**

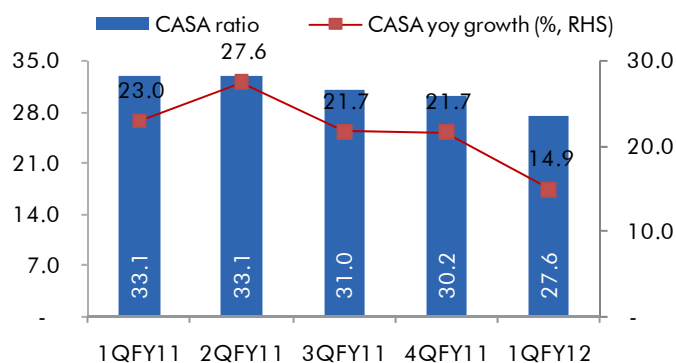
During 1QFY2012, the bank managed to buck the trend of witnessing sequential moderation in business growth. Advances grew by healthy 6.5% qoq (up 43.6% yoy) and deposits increased by 4.1% qoq (up 38.1% yoy). As a consequence, the credit-to-deposit ratio expanded by 181bp qoq and 303bp to 78.8%, thereby cushioning the decline in NIM to an extent. Growth in advances was driven by retail loans (up 9.6% qoq), agricultural loans (up 7.0% qoq) and SME loans (up 30.9% yoy).

On the deposits side, the widening differential between saving account interest rate and FD interest rate resulted in further moderation in CASA deposits growth. CASA deposits growth rate stood at 14.9% yoy, driven by 23.6% yoy growth in the more volatile current account deposits. Consequently, the CASA ratio, as of 1QFY2012, dipped by 264bp qoq and 556bp yoy to 27.6%.

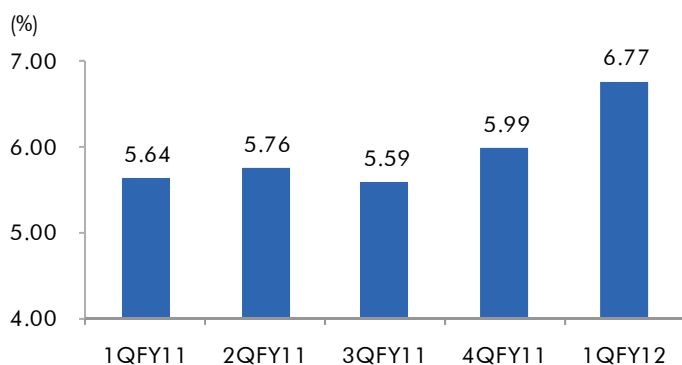
The reducing share of CASA deposits and the higher interest rate scenario across the system resulted in a sharp 78bp rise in cost of deposits to 6.8%. The qoq rise in yield on advances (61bp) could not fully offset the impact of cost of deposits, resulting in NIM compression of 31bp qoq to 2.9%. The muted 5bp qoq rise in yield on investments also partly contributed to NIM pressure.

**Exhibit 4: Strong sequential business growth**


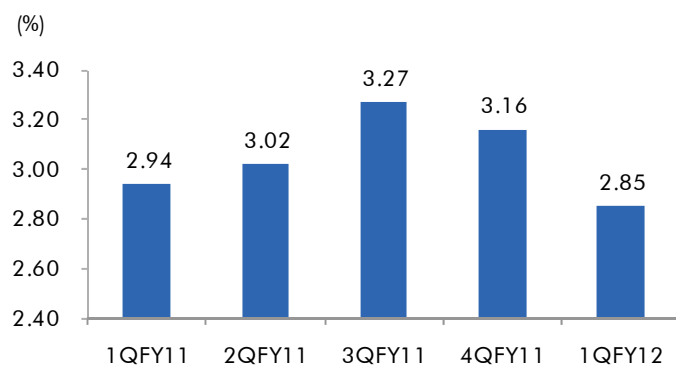
Source: Company, Angel Research

**Exhibit 5: Stable CASA deposits growth**


Source: Company, Angel Research

**Exhibit 6: Cost of deposits rises sharply by 78bp qoq...**


Source: Company, Angel Research

**Exhibit 7: ...leading to a 31bp dip in reported NIM**


Source: Company, Angel Research

### Healthy fee income growth; recoveries show strong traction

Fee income growth was healthy at 29.9% yoy to ₹178cr. Recoveries from written-off accounts surprised by registering a 269.9% yoy and 116.3% qoq increase to ₹100cr. Overall other income growth was strong at 57.8% yoy.

**Exhibit 8: Break-up of non-interest income**

Particulars (₹ cr)	1QFY12	4QFY11	% chg (qoq)	1QFY11	% chg (yoy)
Fee income	178	228	(21.8)	137	29.9
Treasury	(15)	30	-	(12)	24.5
Recoveries from written-off a/c	100	46	116.3	27	269.9
Others	77	80	(4.6)	63	21.6
<b>Other income</b>	<b>339</b>	<b>385</b>	<b>(11.8)</b>	<b>215</b>	<b>57.8</b>
Other income excl. treasury	354	354	0.1	227	56.0

Source: Company, Angel Research

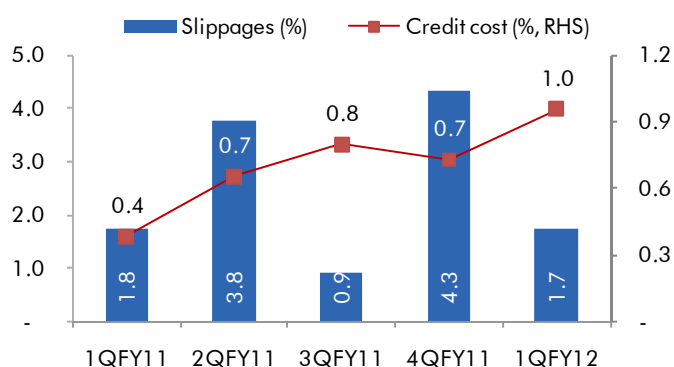
### Slippages down from 4QFY2011 levels but remain high

On the asset quality front, gross slippages remained high, though they were lower than 4QFY2011 levels. The annualised slippage ratio for the quarter came in at 1.7%, as compared to 4.3% in 4QFY2011 and 1.8% in 1QFY2011. The bank is yet to migrate the accounts below ₹50lakhs (~20% of the loan book) to

system-based NPA recognition platform, which could result in substantially higher slippages in 2QFY2012, as has been witnessed in case of other banks. However, management is hopeful of strong recoveries (guidance of ~₹250cr for 2QFY2012) to partly offset the expected rise in slippages. Recoveries from gross NPAs declined considerably to ₹102cr, as compared to ₹361cr in 1QFY2011 and ₹381cr in 4QFY2011. The provision coverage ratio (including technical write offs) improved to 73.5% from 70.5% in 4QFY2011. The bank's exposure to the power sector stood at ~7% of the loan book, while exposure to state electricity boards (SEBs) stood at ~₹4,800cr (~4% of advances).

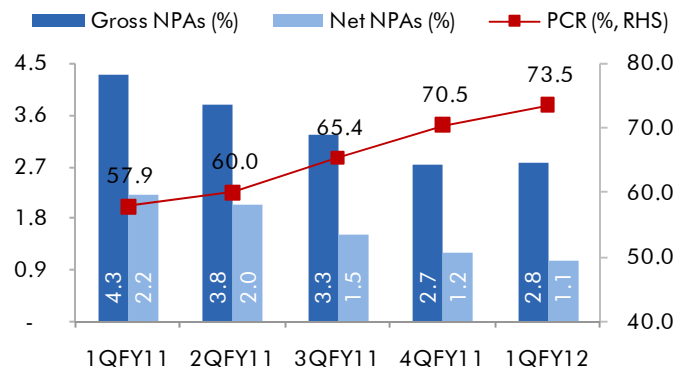
The bank made provisions for NPA amounting to ₹395cr during the quarter (₹305cr in 4QFY2011). Of the NPA provisions, ₹145cr was required towards the recent hike in regulatory provisioning requirements. In addition, the bank provided ₹41cr towards the counter-cyclical provisioning buffer as mandated by the RBI. The bank will have to provide an additional sum of ₹290cr towards the buffer during the remaining three quarters of FY2012.

**Exhibit 9: Slippage ratio of 4.3% in 1QFY2012**



Source: Company, Angel Research

**Exhibit 10: Higher deductions leading to lower NPA ratios**



Source: Company, Angel Research

### Opex rises on higher employee benefit-related provisions

Operating expenses increased substantially by 16.3% qoq due to a 38.5% qoq increase in employee expenses. However, in 4QFY2011, the bank had written back some of the accelerated provisions, which had aided in keeping the employee costs lower. On a yoy basis, operating expenses rose moderately by 10.2% to ₹724cr. Consequently, the cost-to-income ratio rose to 47.4% in 1QFY2012 from 38.9% in 4QFY2011.

The bank had opened ~200 branches in FY2011 to 2,184 and plans to open 400 more branches each in FY2012 and FY2013. The bank also plans to open 2,000 ATMs and hire ~3,500 people in FY2012.

### Weak capital adequacy

The bank's capital adequacy profile, especially tier-I CAR, looks weak. Total CAR of the bank stood at 13.4%, with tier-I CAR of 7.5% as of 1QFY2012. The bank has already taken approvals from shareholders for raising capital. However, the mode of capital raising and the amount are still being contemplated. Management does not see an immediate need for capital raising, given the moderating credit demand.

## Investment arguments

### Pace in business, but with its share of pain

The pace of business growth picked up in 2HFY2011 and even continued in the usually lean first quarter (1QFY2012). Going by management's indication, growth momentum is likely to continue in FY2012 as well. The double-digit sequential growth witnessed in advances as well as deposits in 4QFY2011 was marred by high slippages. Even in 1QFY2012, though slippages rate moderated, it remained relatively high at 1.7%.

Slippage ratio for the entire FY2011 stood at 2.7%. Based on the rate at which the bank is looking to grow, we expect similar levels of slippages in FY2012 (2.6%) and FY2013 (2.4%). The migration of accounts below ₹50lakhs (~20% of loan book) to system-based NPA recognition platform is also expected to keep slippages high.

### Outlook and valuation

The bank had faced substantial asset quality issues in FY2010 due to which RoEs were depressed to 11.5%. From this low base, we expect improvement in RoE to drive 22.4% CAGR in earnings over FY2011-13E. That said, in the near-term, further asset quality pressures due to migration to system-based NPA recognition platform cannot be ruled out. At the CMP, the stock is trading at moderate valuations, in our view, of 0.84x FY2013E P/ABV. **Hence, we maintain our Accumulate rating on the stock with a target price of ₹155**, valuing the stock at 0.95x FY2013E ABV.

#### Exhibit 11: Key assumptions

Particulars (%)	Earlier estimates		Revised estimates	
	FY2012	FY2013	FY2012	FY2013
Credit growth	20.0	17.0	22.0	17.0
Deposit growth	23.0	17.0	24.0	18.0
CASA ratio	27.7	26.3	27.5	25.9
NIMs	2.7	2.4	2.5	2.4
Other income growth	14.3	14.7	12.1	19.9
Growth in staff expenses	2.5	15.0	15.0	15.0
Growth in other expenses	15.0	15.0	15.0	15.0
Slippages	2.6	2.4	2.6	2.4
Treasury gain/(loss) (% of investments)	0.1	0.1	0.1	0.1

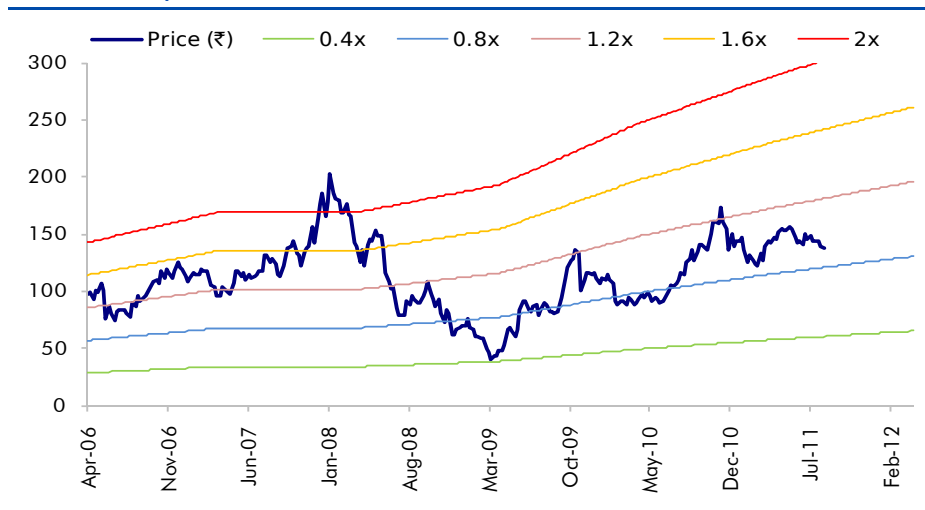
Source: Angel Research

**Exhibit 12: Change in estimates**

Particulars (₹ cr)	FY2012			FY2013		
	Earlier estimates	Revised estimates	Var. (%)	Earlier estimates	Revised estimates	Var. (%)
NII	5,096	4,912	(3.6)	5,426	5,515	1.6
Non-interest income	1,400	1,373	(1.9)	1,605	1,647	2.6
<b>Operating income</b>	<b>6,496</b>	<b>6,285</b>	<b>(3.2)</b>	<b>7,031</b>	<b>7,161</b>	<b>1.9</b>
Operating expenses	2,741	2,958	7.9	3,152	3,402	7.9
<b>Pre-prov. profit</b>	<b>3,755</b>	<b>3,326</b>	<b>(11.4)</b>	<b>3,879</b>	<b>3,759</b>	<b>(3.1)</b>
Provisions & cont.	1,697	1,523	(10.3)	1,458	1,379	(5.4)
PBT	2,058	1,804	(12.4)	2,421	2,380	(1.7)
Prov. for taxes	668	505	(24.4)	786	772	(1.7)
<b>PAT</b>	<b>1,391</b>	<b>1,299</b>	<b>(6.6)</b>	<b>1,636</b>	<b>1,608</b>	<b>(1.7)</b>

Source: Angel Research

**Exhibit 13: P/ABV band**



Source: Company; Angel Research

**Exhibit 14: Recommendation summary**

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2013E P/ABV (x)	FY2013E Tgt P/ABV (x)	FY2013E P/E (x)	FY2011-13E EPS CAGR (%)	FY2013E RoA (%)	FY2013E RoE (%)
AxisBk	Buy	1,352	1,648	21.9	2.2	2.7	11.2	20.9	1.5	21.0
FedBk	Buy	420	483	15.0	1.1	1.3	8.5	20.2	1.3	14.1
HDFCBk	Accumulate	488	519	6.4	3.3	3.5	17.0	30.5	1.7	20.9
ICICIBk*	Buy	1,044	1,324	26.9	1.9	2.4	14.8	25.8	1.5	16.0
SIB	Accumulate	24	26	10.7	1.2	1.4	7.3	11.6	0.9	17.2
YesBk	Accumulate	317	353	11.3	2.0	2.3	10.7	19.1	1.2	20.6
AllBk	Neutral	202	-	-	1.0	-	5.7	9.2	0.9	17.8
AndhBk	Accumulate	138	145	5.2	0.9	1.0	5.7	3.1	1.0	16.8
BOB	Buy	877	1,018	16.1	1.2	1.4	6.6	10.8	1.1	19.6
BOI	Accumulate	383	434	13.3	1.1	1.2	6.0	18.7	0.8	18.0
CanBk	Accumulate	453	516	13.9	0.9	1.0	5.2	(2.4)	0.9	17.2
CentBk	Neutral	116	-	-	0.8	-	5.3	(10.9)	0.5	15.1
CorpBk	Buy	496	608	22.5	0.8	1.0	4.6	6.1	0.9	17.9
DenaBk	Accumulate	85	96	12.8	0.6	0.7	4.2	5.1	0.8	15.7
IDBI#	Neutral	129	-	-	0.8	-	5.9	14.3	0.7	14.5
IndBk	Accumulate	223	255	14.2	0.9	1.0	4.7	10.4	1.4	20.4
<b>IOB</b>	<b>Accumulate</b>	<b>137</b>	<b>155</b>	<b>12.8</b>	<b>0.8</b>	<b>1.0</b>	<b>5.3</b>	<b>22.4</b>	<b>0.7</b>	<b>16.4</b>
J&KBk	Neutral	887	-	-	0.9	-	5.9	8.8	1.2	17.0
OBC	Accumulate	350	383	9.4	0.8	0.9	5.9	7.5	0.9	14.4
PNB	Accumulate	1,119	1,217	8.8	1.3	1.4	6.9	7.4	1.0	20.0
SBI*	Buy	2,344	2,845	21.4	1.8	2.1	8.7	44.2	1.1	22.6
SynBk	Buy	120	139	15.9	0.8	0.9	5.0	14.6	0.7	17.0
UcoBk	Neutral	84	-	-	1.0	-	4.9	16.5	0.6	17.1
UnionBk	Accumulate	285	327	14.9	1.0	1.2	6.0	20.0	0.8	17.9
UtdBk	Buy	93	107	15.0	0.8	0.9	6.2	6.1	0.5	12.5
VijBk	Neutral	64	-	-	0.8	-	6.2	8.6	0.5	12.8

Source: Company, Angel Research; Note: \*Target multiples=SOTP Target Price/ABV (including subsidiaries), #Without adjusting for SASF

**Income statement**

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
<b>Net Interest Income</b>	<b>2,679</b>	<b>2,870</b>	<b>3,114</b>	<b>4,208</b>	<b>4,912</b>	<b>5,515</b>
- YoY Growth (%)	4.6	7.1	8.5	35.1	16.7	12.3
<b>Other Income</b>	<b>1,075</b>	<b>1,713</b>	<b>1,197</b>	<b>1,225</b>	<b>1,373</b>	<b>1,647</b>
- YoY Growth (%)	24.7	59.3	(30.2)	2.4	12.1	19.9
<b>Operating Income</b>	<b>3,755</b>	<b>4,583</b>	<b>4,311</b>	<b>5,433</b>	<b>6,285</b>	<b>7,161</b>
- YoY Growth (%)	9.7	22.0	(5.9)	26.0	15.7	13.9
<b>Operating Expenses</b>	<b>1,485</b>	<b>1,942</b>	<b>2,466</b>	<b>2,573</b>	<b>2,958</b>	<b>3,402</b>
- YoY Growth (%)	7.0	30.7	27.0	4.3	15.0	15.0
<b>Pre - Provision Profit</b>	<b>2,270</b>	<b>2,641</b>	<b>1,845</b>	<b>2,861</b>	<b>3,326</b>	<b>3,759</b>
- YoY Growth (%)	11.5	16.4	(30.2)	55.1	16.3	13.0
<b>Prov. &amp; Cont.</b>	<b>615</b>	<b>687</b>	<b>866</b>	<b>1,268</b>	<b>1,523</b>	<b>1,379</b>
- YoY Growth (%)	(7.2)	11.7	26.1	46.5	20.0	(9.4)
<b>Profit Before Tax</b>	<b>1,655</b>	<b>1,954</b>	<b>979</b>	<b>1,592</b>	<b>1,804</b>	<b>2,380</b>
- YoY Growth (%)	20.5	18.1	(49.9)	62.7	13.3	31.9
<b>Prov. for Taxation</b>	<b>452</b>	<b>629</b>	<b>272</b>	<b>520</b>	<b>505</b>	<b>772</b>
- as a % of PBT	27.3	32.2	27.8	32.6	28.0	32.4
<b>PAT</b>	<b>1,202</b>	<b>1,326</b>	<b>707</b>	<b>1,073</b>	<b>1,299</b>	<b>1,608</b>
- YoY Growth (%)	19.2	10.3	(46.7)	51.7	21.1	23.8

**Balance sheet**

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
Share Capital	545	545	545	619	619	619
Reserves & Surplus	4,312	6,606	6,980	8,706	9,717	10,965
Deposits	84,326	100,116	110,795	145,229	180,084	212,499
- Growth (%)	22.7	18.7	10.7	31.1	24.0	18.0
Borrowings	6,354	6,548	4,111	12,517	15,474	18,203
Tier 2 Capital	2,837	3,946	4,871	6,838	8,343	9,761
Other Liab. & Prov.	3,487	3,312	3,795	4,875	6,776	7,950
<b>Total Liabilities</b>	<b>101,860</b>	<b>121,073</b>	<b>131,097</b>	<b>178,784</b>	<b>221,012</b>	<b>259,997</b>
Cash Balances	9,124	5,940	7,666	10,011	11,705	13,812
Bank Balances	1,217	4,981	2,158	2,008	4,420	5,200
Investments	28,475	31,215	37,651	48,610	60,697	72,304
Advances	60,424	74,885	79,004	111,833	136,436	159,630
- Growth (%)	28.4	23.9	5.5	41.6	22.0	17.0
Fixed Assets	559	1,710	1,700	1,681	2,016	2,300
Other Assets	2,061	2,341	2,918	4,641	5,737	6,749
<b>Total Assets</b>	<b>101,860</b>	<b>121,073</b>	<b>131,097</b>	<b>178,784</b>	<b>221,012</b>	<b>259,997</b>
- Growth (%)	23.8	18.9	8.3	36.4	23.6	17.6

**Ratio analysis**

Y/E March	FY08	FY09	FY10	FY11	FY12E	FY13E
<b>Profitability ratios (%)</b>						
NIMs	3.0	2.7	2.6	2.8	2.5	2.4
Cost to Income Ratio	39.6	42.4	57.2	47.3	47.1	47.5
RoA	1.3	1.2	0.6	0.7	0.6	0.7
RoE	27.9	24.8	11.5	14.8	15.0	16.4
<b>B/S ratios (%)</b>						
CASA Ratio	33.5	30.3	32.5	30.2	27.5	25.9
Credit/Deposit Ratio	71.7	74.8	71.3	77.0	75.8	75.1
CAR	12.0	11.8	13.6	13.5	14.0	13.7
- Tier I	7.9	7.0	8.0	7.6	7.6	7.2
<b>Asset Quality (%)</b>						
Gross NPAs	1.6	2.5	4.5	2.7	3.5	4.1
Net NPAs	0.6	1.3	2.5	1.2	1.4	1.5
Slippages	1.4	3.7	4.1	2.7	2.6	2.4
Loan Loss Prov./Avg. Assets	0.1	0.3	0.7	0.7	0.6	0.5
Provision Coverage	63.6	48.0	54.0	70.5	71.0	71.0
<b>Per Share Data (₹)</b>						
EPS	22.1	24.3	13.0	17.3	21.0	26.0
ABVPS	85.0	99.5	96.5	123.0	144.1	163.2
DPS	3.2	4.5	3.5	5.0	4.0	5.0
<b>Valuation Ratios</b>						
PER (x)	6.2	5.6	10.6	7.9	6.5	5.3
P/ABVPS (x)	1.6	1.4	1.4	1.1	1.0	0.8
Dividend Yield	2.3	3.3	2.6	3.6	2.9	3.6
<b>DuPont Analysis (%)</b>						
NII	2.9	2.6	2.5	2.7	2.5	2.3
(-) Prov. Exp.	0.7	0.6	0.7	0.8	0.8	0.6
Adj. NII	2.2	2.0	1.8	1.9	1.7	1.7
Treasury	0.2	0.6	0.2	0.1	(0.0)	0.0
Int. Sens. Inc.	2.5	2.5	2.0	2.0	1.7	1.8
Other Inc.	0.9	1.0	0.7	0.7	0.7	0.7
Op. Inc.	3.4	3.5	2.7	2.7	2.4	2.4
Opex	1.6	1.7	2.0	1.7	1.5	1.4
PBT	1.8	1.8	0.8	1.0	0.9	1.0
Taxes	0.5	0.6	0.2	0.3	0.3	0.3
<b>RoA</b>	<b>1.3</b>	<b>1.2</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>
Leverage (x)	21.4	20.9	20.5	21.4	23.1	24.5
<b>RoE</b>	<b>27.9</b>	<b>24.8</b>	<b>11.5</b>	<b>14.8</b>	<b>15.0</b>	<b>16.4</b>

Research Team Tel: 022 - 39357800

 E-mail: [research@angelbroking.com](mailto:research@angelbroking.com)

 Website: [www.angelbroking.com](http://www.angelbroking.com)

## DISCLAIMER

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Angel Broking Limited, its affiliates, directors, its proprietary trading and investment businesses may, from time to time, make investment decisions that are inconsistent with or contradictory to the recommendations expressed herein. The views contained in this document are those of the analyst, and the company may or may not subscribe to all the views expressed within.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Limited endeavours to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Angel Broking Limited and its affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.

Neither Angel Broking Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

**Note: Please refer to the important 'Stock Holding Disclosure' report on the Angel website (Research Section). Also, please refer to the latest update on respective stocks for the disclosure status in respect of those stocks. Angel Broking Limited and its affiliates may have investment positions in the stocks recommended in this report.**

Disclosure of Interest Statement	Indian Overseas Bank
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

*Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors*

<b>Ratings (Returns):</b>	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
---------------------------	------------------------------------	---	--------------------