

## Punjab National Bank

### Performance Highlights

Particulars (₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
NII	3,453	3,115	10.8	2,977	16.0
Pre-prov. profit	2,528	2,474	2.2	2,100	20.4
PAT	1,205	1,105	9.0	1,075	12.1

Source: Company, Angel Research

For 2QFY2012, PNB posted modest net profit growth of 12.1% yoy to ₹1,205cr, well ahead of our estimate, on account of considerably better-than-expected NII and lower-than-expected provisioning expenses. The key positive takeaways from the results were the sequential improvement in NIM as well as slippages remaining under check despite completion of migration to system-based NPA recognition platform. **We maintain our Accumulate view on the stock.**

**Lower slippages but considerably higher restructuring:** For 2QFY2012, the bank's business momentum remained moderate, with advances growing by 19.3% yoy (up 2.5% qoq) and deposits increasing by 25.0% yoy (5.5% qoq). With the persistence of higher FD interest rates, growth in CASA deposits moderated further to 11.7% yoy. Consequently, reported CASA ratio declined by 100bp qoq and a sharp 420bp yoy to 37.1%. Reported NIM of the bank improved by 11bp qoq to 4.0% on the back of a 54bp increase in yield on advances. Fee income growth was muted as fresh loans declined considerably on a yoy basis. On the asset-quality front, the bank surprised positively with slippages rate coming in at the lowest in eight quarters at 1.6%, despite completion of migration to system-based NPA recognition platform. However, the bank proactively restructured loans of ~₹4,050cr during the quarter (₹4,563cr in 1HFY2012), which were considerably higher than the run-rate witnessed over the past few quarters. More than half of the restructured loans pertained to the power sector, including ₹1,750cr restructuring done for loan to Tamil Nadu SEB. Management indicated that almost all restructuring was in the form of extension of loan term and there was no sacrifice made on the interest rates. Provision coverage ratio (including technical write-offs) remained at healthy 75.1%. The bank made ₹110cr higher than the required provisions for investment depreciation considering the sharp spike in G-Sec yields post September 30, 2011.

**Outlook and valuation:** At the CMP, the stock is trading at 1.1x FY2013E ABV vs. its five-year range of 1.1-1.6x and median of 1.4x. We maintain our Accumulate recommendation on the stock with a target price of ₹1,106 (₹1,085).

#### Key financials

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
NII	8,478	11,807	13,821	15,929
% chg	20.6	39.3	17.1	15.3
Net profit	3,905	4,434	4,813	5,351
% chg	26.4	13.5	8.5	11.2
NIM (%)	3.2	3.6	3.4	3.3
EPS (₹)	123.9	139.9	151.9	168.9
P/E (x)	7.9	7.0	6.4	5.8
P/ABV (x)	1.9	1.6	1.3	1.1
RoA (%)	1.4	1.3	1.2	1.1
RoE (%)	26.6	24.4	21.9	20.6

Source: Company, Angel Research

## ACCUMULATE

CMP	₹979
Target Price	₹1,106

Investment Period	12 Months
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#### Stock Info

Sector	Banking
Market Cap (₹ cr)	31,000
Beta	0.9
52 Week High / Low	1,395/872
Avg. Daily Volume	35,559
Face Value (₹)	10
BSE Sensex	17,465
Nifty	5,258
Reuters Code	PNBK.BO
Bloomberg Code	PNB@IN

#### Shareholding Pattern (%)

Promoters	58.0
MF / Banks / Indian FIs	17.8
FII / NRIs / OCBs	18.8
Indian Public / Others	5.4

Abs. (%)	3m	1yr	3yr
Sensex	(3.6)	(14.2)	78.4
PNB	(10.5)	(25.5)	132.9

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**Exhibit 1: 2QFY2012 performance**

Particulars (₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
<b>Interest earned</b>	<b>8,952</b>	<b>8,315</b>	<b>7.7</b>	<b>6,455</b>	<b>38.7</b>
- on Advances / Bills	7,045	6,576	7.1	5,035	39.9
- on investments	1,852	1,686	9.9	1,397	32.6
- on balance with RBI & others	48	34	43.6	20	136.4
- on others	7	20	(67.2)	3	150.2
<b>Interest Expended</b>	<b>5,499</b>	<b>5,200</b>	<b>5.8</b>	<b>3,479</b>	<b>58.1</b>
<b>Net Interest Income</b>	<b>3,453</b>	<b>3,115</b>	<b>10.8</b>	<b>2,977</b>	<b>16.0</b>
<b>Other income</b>	<b>889</b>	<b>1,084</b>	<b>(18.0)</b>	<b>718</b>	<b>23.8</b>
Other income excl. treasury	784	910	(13.8)	658	19.1
- Fee Income	473	598	(20.9)	474	(0.2)
- Treasury Income incl. MF Div.	105	174	(39.7)	60	75.0
- Recov. from written off a/cs	80	109	(26.6)	89	(10.1)
- Others	231	203	13.9	95	142.4
<b>Operating income</b>	<b>4,341</b>	<b>4,199</b>	<b>3.4</b>	<b>3,695</b>	<b>17.5</b>
<b>Operating expenses</b>	<b>1,814</b>	<b>1,725</b>	<b>5.1</b>	<b>1,595</b>	<b>13.7</b>
- Employee expenses	1,240	1,213	2.3	1,113	11.4
- Other Opex	573	512	11.9	482	19.0
<b>Pre-provision Profit</b>	<b>2,528</b>	<b>2,474</b>	<b>2.2</b>	<b>2,100</b>	<b>20.4</b>
<b>Provisions &amp; contingencies</b>	<b>710</b>	<b>894</b>	<b>(20.5)</b>	<b>516</b>	<b>37.7</b>
- Provisions for NPAs	319	566	(43.6)	359	(11.1)
- Other Provisions	391	328	19.5	157	149.2
<b>PBT</b>	<b>1,817</b>	<b>1,580</b>	<b>15.0</b>	<b>1,584</b>	<b>14.7</b>
<b>Provision for Tax</b>	<b>612</b>	<b>475</b>	<b>28.8</b>	<b>510</b>	<b>20.2</b>
<b>PAT</b>	<b>1,205</b>	<b>1,105</b>	<b>9.0</b>	<b>1,075</b>	<b>12.1</b>
Effective Tax Rate (%)	33.7	30.1	362bp	32.2	153bp

Source: Company, Angel Research

**Exhibit 2: 2QFY2012 – Actual vs. Angel estimates**

Particulars (₹ cr)	Actual	Estimates	Var. (%)
Net interest income	3,453	3,167	9.0
Other income	889	933	(4.7)
<b>Operating income</b>	<b>4,341</b>	<b>4,100</b>	<b>5.9</b>
Operating expenses	1,814	1,756	3.3
<b>Pre-prov. profit</b>	<b>2,528</b>	<b>2,344</b>	<b>7.9</b>
Provisions & cont.	710	815	(12.8)
PBT	1,817	1,529	18.9
Prov. for taxes	612	496	23.5
<b>PAT</b>	<b>1,205</b>	<b>1,033</b>	<b>16.7</b>

Source: Company, Angel Research

**Exhibit 3: 2QFY2012 performance analysis**

Particulars	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
Advances (₹ cr)	249,020	242,908	2.5	208,764	19.3
Deposits (₹ cr)	341,783	324,097	5.5	273,394	25.0
Credit-to-Deposit Ratio (%)	72.9	74.9	(209)bp	76.4	(350)bp
Current deposits (₹ cr)	23,531	26,384	(10.8)	23,687	(0.7)
Saving deposits (₹ cr)	100,491	94,875	5.9	87,296	15.1
CASA deposits (₹ cr)	124,022	121,259	2.3	110,983	11.7
Reported CASA ratio (%)	37.1	38.1	(100)bp	41.3	(420)bp
CAR (%)	12.2	12.4	(17)bp	12.6	(37)bp
Tier 1 CAR (%)	8.4	8.5	(14)bp	8.0	33bp
<b>Profitability Ratios (%)</b>					
Cost of deposits	6.5	6.3	24bp	5.0	156bp
Yield on advances	11.9	11.4	54bp	10.6	137bp
Yield on investments	7.8	7.7	13bp	7.3	50bp
Yield on funds	9.0	8.7	31bp	8.2	86bp
Cost of funds	5.5	5.4	10bp	4.4	115bp
Reported NIM	4.0	3.8	11bp	4.1	(11)bp
Cost-to-income ratio	41.8	41.1	69bp	43.2	(139)bp
<b>Asset quality</b>					
Gross NPAs (₹ cr)	5,150	4,894	5.2	4,025	28.0
Gross NPAs (%)	2.1	2.0	5bp	1.9	14bp
Net NPAs (₹ cr)	2,089	2,091	(0.1)	1,426	46.5
Net NPAs (%)	0.8	0.9	(4)bp	0.7	15bp
Provision Coverage Ratio (%)	75.1	74.3	81bp	77.1	(205)bp
Slippage ratio (%)	1.6	1.9	(30)bp	2.0	(31)bp
Credit cost (%)	0.3	0.6	(27)bp	0.4	(13)bp

Source: Company, Angel Research

**Business growth moderates**

For 2QFY2012, the bank's business growth momentum remained moderate, in-line with peers. Advances increased by 19.3% yoy (up 2.5% qoq). On a yoy basis, advances growth was driven by loans to medium and large corporates (up 24.9% yoy) and overseas advances (up by robust 66.7% yoy). Even on a sequential basis, advances growth was primarily on the back of medium and large corporates and overseas advances. Growth of the retail segment's advances was muted at 2.4% qoq and 9.5% yoy. Overseas advances growth was partly aided by the recent sharp depreciation in the INR vis-à-vis the USD. However, share of overseas advances in the bank's loan book remained relatively small at 6.6%.

Among industrial advances, infrastructure credit continued to drive growth apart from loans to the metal and metal products sector. Infra loans grew by 23.5% yoy, in which the power sector's loans increased by 26.0% yoy. With strong growth in infra loans, its share in advances has risen to 14.5% in 2QFY2012 from 14.0% in 2QFY2011. Loans to the metal sector grew by healthy 44.8% yoy (9.4% qoq) and accounted for 21.0% of incremental loans over the past one year.

Deposits growth was healthy on a yoy basis at 25.0% (up 5.5% qoq). However, deposits growth on a yoy basis was largely driven by bulk deposits and certificate of deposits (CDs), which increased substantially by 45.9% yoy. This resulted in the share of bulk deposits to total deposits rising to 23.7% in 2QFY2012 from 20.3% in 2QFY2011.

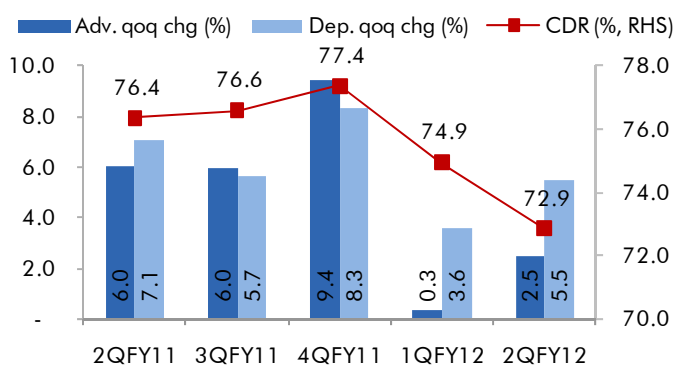
CASA deposits growth was relatively lower at 11.7% yoy due to a marginal 0.7% decline in current account deposits. Saving account deposit growth was reasonable at 15.1% yoy. Overall, reported CASA ratio declined by 100bp qoq and 420bp yoy to 37.1%.

#### Exhibit 4: MSME and retail loans show healthy traction yoy

Particulars (₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
Agri	35,076	34,153	2.7	32,274	8.7
Retail	24,732	24,154	2.4	22,596	9.5
MSME	27,643	27,336	1.1	23,472	17.8
Medium and large corporates	90,760	87,576	3.6	72,657	24.9
Comm. real estate	10,353	10,434	(0.8)	9,870	4.9
Services and others	42,415	42,482	(0.2)	36,644	15.7
<b>Domestic non-food credit</b>	<b>230,979</b>	<b>226,135</b>	<b>2.1</b>	<b>197,513</b>	<b>16.9</b>
Food credit	4,214	4,806	(12.3)	3,436	22.6
<b>Domestic credit</b>	<b>235,193</b>	<b>230,941</b>	<b>1.8</b>	<b>200,949</b>	<b>17.0</b>
Overseas advances	16,511	14,318	15.3	9,907	66.7
<b>Global gross credit</b>	<b>251,704</b>	<b>245,259</b>	<b>2.6</b>	<b>210,856</b>	<b>19.4</b>

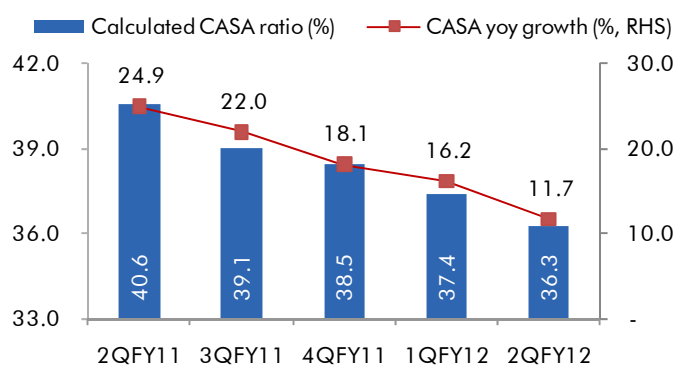
Source: Company, Angel Research

#### Exhibit 5: CD ratio comes off further



Source: Company, Angel Research

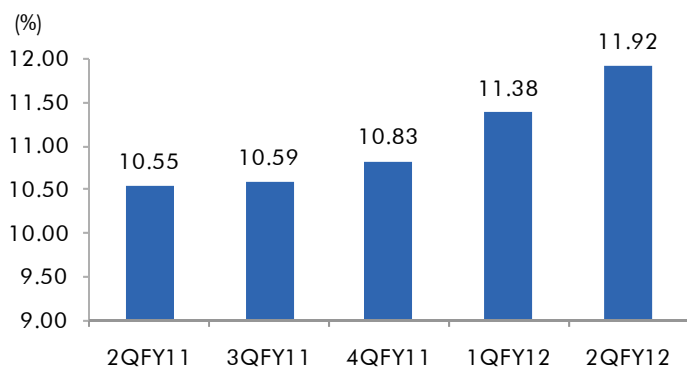
#### Exhibit 6: Moderation in CASA deposits growth continues



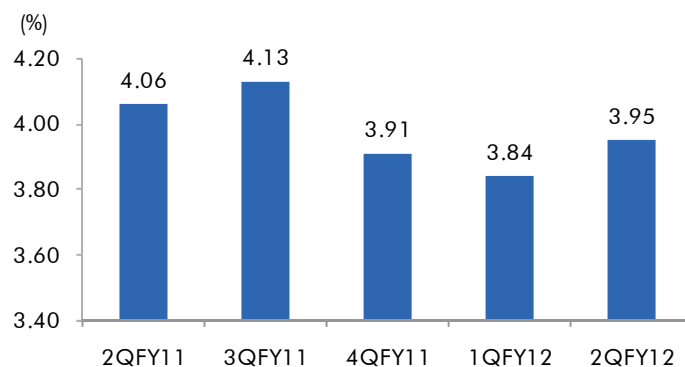
Source: Company, Angel Research

#### NIM improves on the back of better loan yields

The bank's reported NIM improved by 11bp qoq to 4.0% on the back of a sharp 54bp qoq rise in yield on advances. Cost of deposits increased by 24bp qoq due to a lower CASA ratio and higher share of bulk deposits. The bank was able to improve its NIM in spite of the 209bp qoq decline in credit-to-deposit ratio to 72.9% (76.4% in 2QFY2011).

**Exhibit 7: Better yield on advances...**


Source: Company, Angel Research

**Exhibit 8: ...leads to an 11bp qoq expansion in NIM**


Source: Company, Angel Research

### Fee income sluggish; Forex and treasury drive other income

Fee income growth was sluggish as fresh credit-linked fees (processing fees) declined by 27.4% yoy because of slower credit offtake. Even growth in LC/BG income was moderate at 12.4% yoy. On the other hand, income from bills and remittance increased by healthy 52.0% yoy and income from ATM operations rose by 33.4% yoy. Management is targeting to grow its fee income in-line with advances growth. Recoveries from written-off accounts were sluggish, declining by 10.1% yoy. Even income from investments (treasury+dividend from MFs) rose by healthy 75.0% yoy.

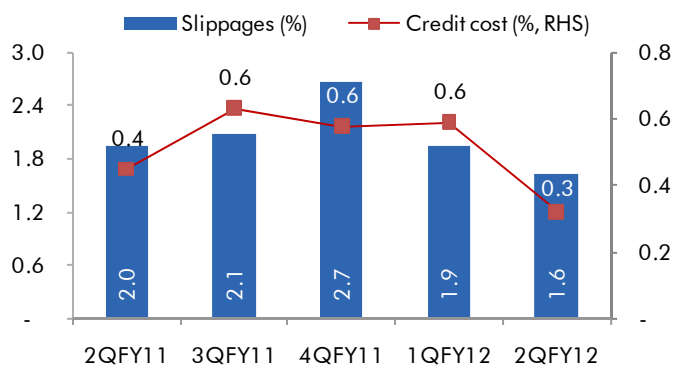
**Exhibit 9: Treasury and forex income drive other income growth**

Particulars (₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
CEB	473	598	(20.9)	474	(0.2)
Treasury incl. MF Dividend	105	174	(39.7)	60	75.0
Forex	133	131	1.5	31	329.0
Recoveries	80	109	(26.6)	89	(10.1)
Others	98	72	36.1	65	50.8
<b>Other income</b>	<b>889</b>	<b>1,084</b>	<b>(18.0)</b>	<b>719</b>	<b>23.6</b>
Other income excl. treasury	784	910	(13.8)	659	19.0

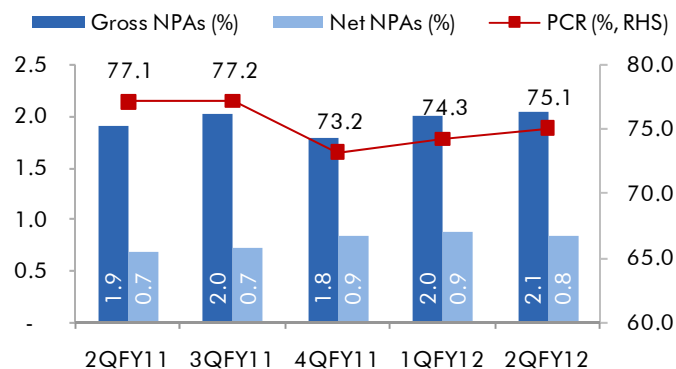
Source: Company, Angel Research

### Slippages rate declines; considerably higher restructuring

On the asset-quality front, the bank surprised positively with slippages rate declining to the lowest in eight quarters at 1.6% in spite of completion of the switchover to system-based NPA recognition system. Even credit costs halved sequentially to 30bp from 60bp witnessed in 1QFY2012. However, slippages were largely offset by stronger recoveries and higher upgradations. Consequently, the rise in gross NPAs was contained at 5.2% qoq. Net NPAs remained largely flat sequentially at ₹2,089cr as compared to ₹2,091cr in 1QFY2012. Provision coverage ratio (including technical write-offs) improved by 81bp qoq to healthy 75.1% (77.1% in 2QFY2011).

**Exhibit 10: Slippages rate declines to 8-quarter low**


Source: Company, Angel Research

**Exhibit 11: Largely stable asset quality**


Source: Company, Angel Research; Note: PCR including tech. write-offs

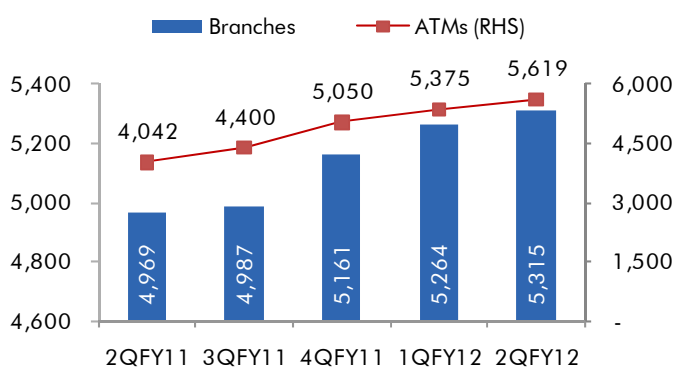
On the flip side, the bank restructured loans worth ₹4,051cr, which were considerably higher than the run-rate witnessed over the past few quarter. In fact, in 1QFY2012, the bank had restructured loans of just ~₹500cr. Majority of the loan restructuring was carried out for exposure to the power sector. Loans of ₹2,150cr to the power sector were restructured during 1HFY2012, out of which ₹1,750cr pertained to the Tamil Nadu SEB. Other major sectoral exposures, which were restructured in 1HFY2012 include iron and steel (₹650cr) and drilling (₹635cr).

Management indicated that there was no sacrifice made on the interest rates on almost all of the restructured loans during the quarter. The bank increased the tenure of the loan to Tamil Nadu SEB from one year to five years.

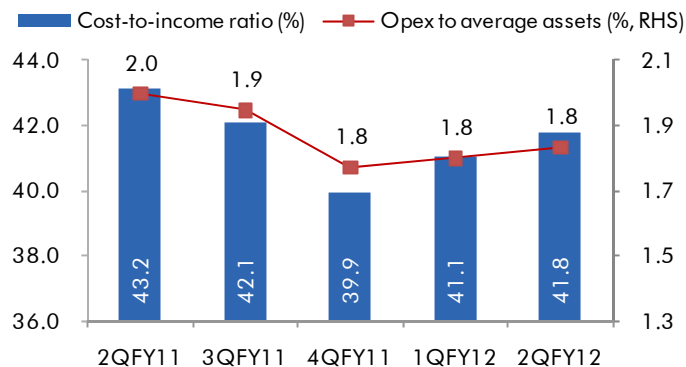
### Opex under control

Overall operating expenses for the bank were largely under control with the cost-to-income ratio remaining at sub-42% levels and opex-to-average assets remaining sequentially stable at 1.8%.

The bank continued with its modest network expansion by adding 51 branches in 2QFY2012 (154 in 1HFY2012). The bank also added 244 ATMs during 2QFY2012 (569 ATMs in 1HFY2012). As of 1HFY2012, the bank's network comprises 5,315 branches and 5,619 ATMs.

**Exhibit 12: Network expansion at steady pace**


Source: Company, Angel Research

**Exhibit 13: Cost ratios remain stable sequentially**


Source: Company, Angel Research

### **Comfortable capital adequacy**

Post the recent capital infusion in the bank by the central government, the government's shareholding in the bank has increased to 58%, which provides headroom of 7% for equity capital raising without any support from the government. The bank is not immediately looking to raise tier-I capital as it is adequately capitalized for now with tier-I CAR of 9.3% (including profits of 1HFY2012). The bank's total CAR stood at 12.2% at the end of 2QFY2012, with tier-I ratio of 8.4%.

### **Investment arguments**

#### **Strong CASA legacy, but losing market share**

PNB has a structural advantage of having relatively better CASA ratio of 37.1%, which is driven by strong rural and semi-urban presence, especially in North India (total of 5,315 branches and 5,619 ATMs). This should act as a strong cushion in the current higher interest rate environment, and we have accordingly factored in a relatively lower decline (~20bp) in calculated NIM in FY2012E to 3.4% from 3.6% in FY2011. That said, the bank is losing its market share like most other public sector banks on account of slow branch expansion and competition from private banks – savings market share declined by 50bp to 7.4% during FY2008-11.

### **Investment concerns**

#### **Persistent asset-quality pressures**

During FY2011, slippage ratio for the bank was the highest in the last four years at 2.3%. Provisions for NPAs had also more than doubled to ₹2,004cr (from ₹994cr in FY2010) to compensate for high slippages witnessed in FY2011. Even in 1HFY2012, though the slippage rate moderated, it was relatively higher than its peers at 1.8%.

Going forward, the completion of migration to the system-based NPA recognition platform is likely to reduce incremental slippages. Management expects the strong performance on the recoveries and upgradations front seen in 1HFY2012 to continue in 2HFY2012 as well.

However, taking into account the aggressive restructuring carried out in 2QFY2012 (1.6% of total loan book), the bank's relatively higher exposure to risky sectors and the overall deteriorating macroeconomic environment, we remain cautious on the incremental asset-quality pressures. Having said that, we believe it was a prudent step on the part of the management to carry out a proactive restructuring in case of accounts (especially power loans) where it was expecting some stress. More importantly, management indicated that it had not made any sacrifice on the interest rates on almost all of the loans restructured during the quarter and the restructuring was carried out only in the form of extension of loan term.

## Outlook and valuation

We have tweaked our estimates for factoring in better-than-expected NIM trajectory witnessed in 1HFY2012 and a slower fee income growth due to slower credit offtake. At the CMP, the stock is trading at 1.1x FY2013E ABV vs. its five-year range of 1.1-1.6x and median of 1.4x. **We maintain our Accumulate recommendation on the stock with a target price of ₹1,106 (₹1,085).**

### Exhibit 14: Key assumptions

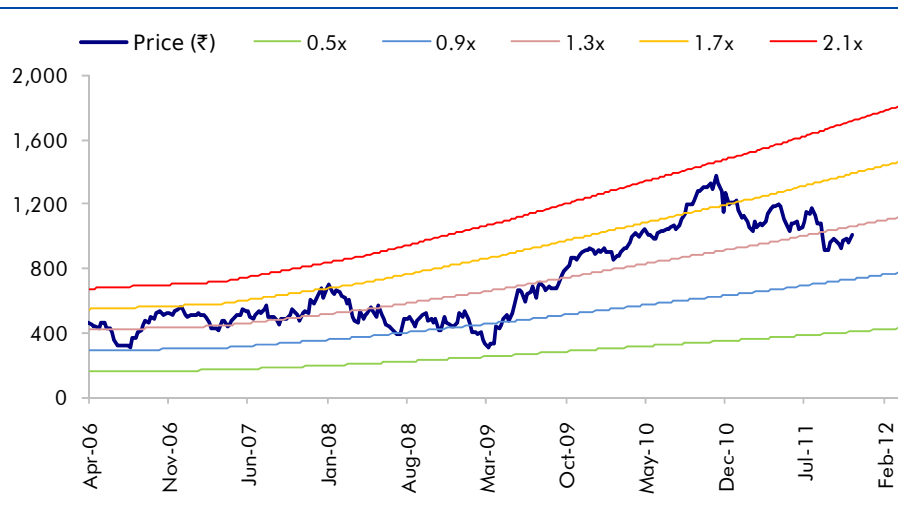
Particulars (%)	Earlier estimates		Revised estimates	
	FY2012	FY2013	FY2012	FY2013
Credit growth	16.0	19.0	16.0	19.0
Deposit growth	21.0	20.0	22.0	20.0
CASA ratio	36.6	35.1	36.3	34.8
NIMs	3.2	3.0	3.4	3.3
Other income growth	11.0	12.3	6.8	10.6
Growth in staff expenses	10.0	13.0	12.0	13.0
Growth in other expenses	15.0	15.0	19.0	15.0
Slippages	2.2	2.2	2.2	2.4
Treasury gain/(loss) (% of investments)	0.2	0.2	0.3	0.2

Source: Angel Research

### Exhibit 15: Change in estimates

Particulars (₹ cr)	FY2012			FY2013		
	Earlier estimates	Revised estimates	Var. (%)	Earlier estimates	Revised estimates	Var. (%)
NII	12,856	13,821	7.5	14,470	15,929	10.1
Non-interest income	4,011	3,857	(3.8)	4,504	4,268	(5.2)
<b>Operating income</b>	<b>16,867</b>	<b>17,678</b>	<b>4.8</b>	<b>18,974</b>	<b>20,197</b>	<b>6.4</b>
Operating expenses	7,096	7,261	2.3	8,062	8,250	2.3
<b>Pre-prov. profit</b>	<b>9,771</b>	<b>10,417</b>	<b>6.6</b>	<b>10,912</b>	<b>11,947</b>	<b>9.5</b>
Provisions & cont.	3,259	3,293	1.0	3,376	4,025	19.2
PBT	6,512	7,124	9.4	7,536	7,922	5.1
Prov. for taxes	2,113	2,311	9.4	2,445	2,570	5.1
<b>PAT</b>	<b>4,399</b>	<b>4,813</b>	<b>9.4</b>	<b>5,091</b>	<b>5,351</b>	<b>5.1</b>

Source: Angel Research

**Exhibit 16: P/ABV band**


Source: Company, Angel Research

**Exhibit 17: 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	1,128	1,414	25.4	1.8	2.3	9.9	17.7	1.5	20.0
FedBk	Accumulate	412	444	7.9	1.1	1.2	8.4	19.5	1.2	14.0
HDFCBk	Neutral	483	-	-	3.3	-	16.8	30.5	1.7	20.9
ICICIBk*	Buy	887	1,114	25.6	1.6	2.0	13.0	23.3	1.4	15.4
SIB	Neutral	23	-	-	1.1	-	6.8	15.6	1.0	18.2
YesBk	Buy	308	355	15.4	1.9	2.3	10.2	19.9	1.3	20.8
AIIBk	Neutral	161	-	-	0.8	-	4.5	8.9	0.9	17.7
AndhBk	Neutral	118	-	-	0.8	-	5.3	(0.9)	0.9	15.8
BOB	Accumulate	800	881	10.1	1.1	1.2	5.7	14.2	1.2	20.7
BOI	Accumulate	333	362	8.7	0.9	1.0	5.5	15.2	0.7	17.1
BOM	Accumulate	50	55	10.9	0.7	0.7	4.3	38.1	0.6	16.5
CanBk	Accumulate	482	510	5.9	0.9	1.0	5.6	(3.0)	0.9	17.2
CentBk	Neutral	101	-	-	0.7	-	5.0	(14.6)	0.5	14.2
CorpBk	Buy	428	498	16.3	0.7	0.8	4.4	1.5	0.8	16.6
DenaBk	Neutral	82	-	-	0.6	-	4.0	5.8	0.8	16.2
IDBI#	Neutral	115	-	-	0.7	-	5.4	12.3	0.7	14.0
IndBk	Neutral	215	-	-	0.9	-	5.5	0.2	1.1	17.4
IOB	Accumulate	100	107	7.3	0.6	0.7	4.0	20.0	0.6	15.9
J&KBk	Neutral	823	-	-	0.9	-	5.7	6.7	1.2	16.4
OBC	Accumulate	286	314	9.8	0.7	0.7	5.0	5.4	0.8	13.9
<b>PNB</b>	<b>Accumulate</b>	<b>979</b>	<b>1,106</b>	<b>13.0</b>	<b>1.1</b>	<b>1.3</b>	<b>5.8</b>	<b>9.9</b>	<b>1.1</b>	<b>20.6</b>
SBI*	Buy	1,909	2,239	17.3	1.4	1.7	7.3	41.4	1.0	21.9
SynBk	Buy	107	123	15.3	0.7	0.8	4.7	11.8	0.7	16.3
UcoBk	Neutral	74	-	-	0.9	-	4.6	14.0	0.6	16.5
UnionBk	Accumulate	225	238	5.8	0.9	0.9	5.1	5.2	0.8	17.0
UtdBk	Accumulate	71	82	14.8	0.6	0.7	4.3	11.7	0.6	13.8
VijBk	Neutral	60	-	-	0.8	-	7.3	(3.2)	0.4	10.5

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>5,534</b>	<b>7,031</b>	<b>8,478</b>	<b>11,807</b>	<b>13,821</b>	<b>15,929</b>
- YoY Growth (%)	0.4	27.0	20.6	39.3	17.1	15.3
<b>Other Income</b>	<b>1,998</b>	<b>2,920</b>	<b>3,610</b>	<b>3,613</b>	<b>3,857</b>	<b>4,268</b>
- YoY Growth (%)	15.4	46.2	23.6	0.1	6.8	10.6
<b>Operating Income</b>	<b>7,532</b>	<b>9,951</b>	<b>12,088</b>	<b>15,420</b>	<b>17,678</b>	<b>20,197</b>
- YoY Growth (%)	4.0	32.1	21.5	27.6	14.6	14.3
<b>Operating Expenses</b>	<b>3,525</b>	<b>4,206</b>	<b>4,762</b>	<b>6,364</b>	<b>7,261</b>	<b>8,250</b>
- YoY Growth (%)	6.0	19.3	13.2	33.6	14.1	13.6
<b>Pre - Provision Profit</b>	<b>4,006</b>	<b>5,744</b>	<b>7,326</b>	<b>9,056</b>	<b>10,417</b>	<b>11,947</b>
- YoY Growth (%)	2.2	43.4	27.5	23.6	15.0	14.7
<b>Prov. &amp; Cont.</b>	<b>710</b>	<b>981</b>	<b>1,422</b>	<b>2,492</b>	<b>3,293</b>	<b>4,025</b>
- YoY Growth (%)	(59.4)	38.1	44.9	75.3	32.1	22.2
<b>Profit Before Tax</b>	<b>3,296</b>	<b>4,763</b>	<b>5,905</b>	<b>6,564</b>	<b>7,124</b>	<b>7,922</b>
- YoY Growth (%)	52.0	44.5	24.0	11.2	8.5	11.2
<b>Prov. for Taxation</b>	<b>1,247</b>	<b>1,673</b>	<b>1,999</b>	<b>2,130</b>	<b>2,311</b>	<b>2,570</b>
- as a % of PBT	37.8	35.1	33.9	32.5	32.4	32.4
<b>PAT</b>	<b>2,049</b>	<b>3,091</b>	<b>3,905</b>	<b>4,434</b>	<b>4,813</b>	<b>5,351</b>
- YoY Growth (%)	33.0	50.9	26.4	13.5	8.5	11.2

**Balance sheet**

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
Share Capital	315	315	315	317	317	317
Reserve & Surplus	12,003	14,338	17,408	21,192	24,992	29,183
Deposits	166,457	209,761	249,330	312,899	381,736	458,084
- Growth (%)	19.0	26.0	18.9	25.5	22.0	20.0
Borrowings	5,447	4,374	8,572	20,399	23,806	28,499
Tier 2 Capital	6,165	8,085	10,690	11,190	12,981	15,447
Other Liab. & Prov.	8,633	10,045	10,318	12,328	14,676	17,361
<b>Total Liabilities</b>	<b>199,020</b>	<b>246,919</b>	<b>296,633</b>	<b>378,325</b>	<b>458,508</b>	<b>548,891</b>
Cash Balances	15,258	17,058	18,328	23,777	24,813	29,775
Bank Balances	3,573	4,355	5,146	5,914	11,463	13,722
Investments	53,992	63,385	77,724	95,162	127,728	154,966
Advances	119,502	154,703	186,601	242,107	280,844	334,204
- Growth (%)	23.7	29.5	20.6	29.7	16.0	19.0
Fixed Assets	2,316	2,397	2,513	3,106	3,651	4,239
Other Assets	4,381	5,020	6,320	8,259	10,010	11,983
<b>Total Assets</b>	<b>199,020</b>	<b>246,919</b>	<b>296,633</b>	<b>378,325</b>	<b>458,508</b>	<b>548,891</b>
- Growth (%)	22.5	24.1	20.1	27.5	21.2	19.7

**Ratio analysis**

Y/E March	FY08	FY09	FY10	FY11	FY12E	FY13E
<b>Profitability ratios (%)</b>						
NIMs	3.2	3.3	3.2	3.6	3.4	3.3
Cost to Income Ratio	46.8	42.3	39.4	41.3	41.1	40.8
RoA	1.1	1.4	1.4	1.3	1.2	1.1
RoE	19.6	25.8	26.6	24.4	21.9	20.6
<b>B/S ratios (%)</b>						
CASA Ratio	43.0	38.8	40.8	38.5	36.3	34.8
Credit/Deposit Ratio	71.8	73.8	74.8	77.4	73.6	73.0
CAR	13.0	11.7	13.0	11.5	12.2	12.1
- Tier I	8.5	7.5	8.4	7.8	8.3	8.1
<b>Asset Quality (%)</b>						
Gross NPAs	2.7	1.6	1.7	1.8	2.9	3.8
Net NPAs	0.6	0.2	0.5	0.8	1.0	1.2
Slippages	2.0	1.4	1.8	2.3	2.2	2.4
Loan Loss Prov. /Avg. Assets	0.2	0.4	0.4	0.6	0.7	0.7
Provision Coverage	77.3	89.5	81.2	73.2	75.0	75.0
<b>Per Share Data (₹)</b>						
EPS	65.0	98.0	123.9	139.9	151.9	168.9
ABVPS (75% cover.)	342.0	416.7	514.8	628.1	752.4	884.7
DPS	13.0	20.0	22.0	22.0	27.5	31.5
<b>Valuation Ratios</b>						
PER (x)	15.1	10.0	7.9	7.0	6.4	5.8
P/ABVPS (x)	2.9	2.3	1.9	1.6	1.3	1.1
Dividend Yield	1.3	2.0	2.2	2.2	2.8	3.2
<b>DuPont Analysis</b>						
NII	3.1	3.2	3.1	3.5	3.3	3.2
(-) Prov. Exp.	0.4	0.4	0.5	0.7	0.8	0.8
Adj. NII	2.7	2.7	2.6	2.8	2.5	2.4
Treasury	0.2	0.3	0.3	0.1	0.1	0.0
Int. Sens. Inc.	2.9	3.0	2.9	2.8	2.6	2.4
Other Inc.	0.9	1.0	1.0	1.0	0.9	0.8
Op. Inc.	3.8	4.0	3.9	3.8	3.4	3.2
Opex	2.0	1.9	1.8	1.9	1.7	1.6
PBT	1.8	2.1	2.2	1.9	1.7	1.6
Taxes	0.7	0.8	0.7	0.6	0.6	0.5
<b>RoA</b>	<b>1.1</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>
Leverage	17.3	18.6	18.5	18.6	19.1	19.4
<b>RoE</b>	<b>19.6</b>	<b>25.8</b>	<b>26.6</b>	<b>24.4</b>	<b>21.9</b>	<b>20.6</b>

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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

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