

Bank of India

BSE SENSEX	S&P CNX
34,300	10,540
Bloomberg	BOI IN
Equity Shares (m)	1,055
M.Cap.(INRb)/(USD\$b)	286.5 / 4.4
52-Week Range (INR)	217 / 123
1, 6, 12 Rel. Per (%)	-10/-9/-13
Avg Val, INRm	859.0
Free float (%)	24.9

Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
NII	105.9	122.6	139.8
OP	76.0	87.7	98.3
NP	-23.9	2.3	7.4
EPS (INR)	-15.6	1.1	3.7
EPS Gr. (%)	5.5	-107.3	222.3
ROE (%)	-6.5	0.6	1.8
ROA (%)	-0.4	0.0	0.1
BV/Sh. (INR)	177	175	175
P/E(X)	-9.3	127.4	39.5
P/BV (X)	0.82	0.83	0.83

CMP: INR145 TP: INR150 (+5%)

Neutral

Weak operating performance; asset quality continues to deteriorate

- BOI reported a loss of INR23.4b, as provisions soared to INR4.9b (highest in seven quarters), led by elevated NPA provisions of INR4.4b (largely related to NCLT and divergence accounts) and elevated MTM provisions on investments. NII fell 14% QoQ (13% miss due to ~INR4b of interest reversals) and other income fell 39% QoQ on weak treasury gains (-92% YoY).
- Slippages increased sharply to INR183.3b (5.1% annualized slippage ratio). The bank reported FY17 GNPA/NNPA divergence of INR140.6b/INR97.1b, leading to a PAT divergence of INR62.5b. Out of the divergence of INR140.6b, INR94.1b was on account of SBLCs issued by other banks, for which the bank is not required to make any additional provision, and which the bank expects to recover in 4Q. Out of INR94.1b, the bank has so far realized INR47.5b by invoking SBLCs of other banks.
- NIM shrunk 27bp QoQ to 1.88% due to a 28bp impact from ~INR4b of interest reversals. Loan growth declined to 3.7%/2.6% QoQ/YoY; however, retail loans grew 15.8% YoY.
- Recoveries and upgradations increased to INR13.4b (v/s INR10.7b in the previous quarter). However, lower write-offs of INR20.4b, along with higher slippages, contributed to sequentially higher absolute GNPLs/NNPLs. OSRL book declined to INR106.3b (3% of loans) v/s INR118.2b in Q2.
- Other highlights:** a) In 3QFY18, the bank raised INR22.6b from GoI via preferential allotment. b) CASA deposits grew 2% QoQ, led by robust growth in CA deposits (+14% QoQ); reported CASA ratio rose 135bp QoQ to 40.4%.
- Valuation view:** Continued elevated net stress addition has kept asset quality under pressure. We expect high credit cost due to NCLT-related cases. We build in capital infusion of further INR9.2b from GoI, and cut FY18/19/20E PAT sharply to factor in high loan loss provisions. Return ratios are expected to be sub-optimal over FY18/FY19. Maintain **Neutral with a TP of INR150, based on 0.8x FY20 BV.**

Quarterly Performance

(INR Million)

	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	27,752	27,197	28,626	34,686	25,330	29,082	25,012	26,487	118,261	105,912
Other Income	12,384	20,106	17,693	17,540	16,110	17,064	10,412	13,980	67,723	57,565
Total Income	40,136	47,304	46,319	52,226	41,440	46,146	35,424	40,467	185,984	163,477
Operating Expenses	23,597	22,375	21,734	20,951	17,646	23,816	21,881	24,172	88,658	87,514
Operating Profit	16,539	24,928	24,584	31,275	23,794	22,331	13,543	16,295	97,326	75,963
Core Operating Profit	12,748	14,208	14,574	22,815	17,314	14,901	12,733	16,295	61,786	67,963
Provisions	27,702	22,962	23,026	47,362	22,453	19,533	48,997	20,058	121,052	111,041
Profit before Tax	-11,163	1,966	1,559	-16,087	1,342	2,798	-35,454	-3,764	-23,726	-35,078
Tax	-3,750	698	542	-5,632	464	1,007	-12,042	-654	-8,142	-11,225
Net Profit	-7,414	1,268	1,017	-10,455	877	1,791	-23,412	-3,109	-15,584	-23,853
Operating Parameters										
Deposit (INR b)	4,980	5,053	5,426	5,400	5,437	5,437	5,260	5,454	5,400	5,454
Loan (INR b)	3,639	3,633	3,602	3,665	3,640	3,645	3,509	3,741	3,665	3,741
Asset Quality										
Gross NPA (INR b)	518.7	522.6	517.8	520.4	510.2	493.1	642.5	587.2	520.4	587.2
Gross NPA (%)	13.4	13.5	13.4	13.2	13.1	12.6	16.9	15.7	13.2	15.7
Net NPA (INR b)	282.6	274.7	255.3	253.1	243.7	235.7	361.2	295.2	253.1	295.2
Net NPA (%)	7.8	7.6	7.1	6.9	6.7	6.5	10.3	7.9	6.9	7.9
PCR (%)	45.5	47.4	50.7	51.4	52.2	52.2	43.8	49.7	51.4	49.7

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Exhibit 1: Quarterly Snapshot

INR m	FY16				FY17				FY18			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Profit and Loss													
Net Interest Income	29,127	30,197	27,080	31,872	27,752	27,197	28,626	34,686	25,330	29,082	25,012	-13	-14
Other Income	8,406	7,781	10,473	8,836	12,384	20,106	17,693	17,540	16,110	17,064	10,412	-41	-39
Trading profits	1,790	1,190	3,580	930	3,790	10,720	10,010	8,460	6,480	7,430	810	-92	-89
Forex Income	1,270	1,240	2,680	1,420	3,950	3,890	2,710	1,220	3,590	3,120	2,750	1	-12
Recoveries	490	580	500	870	320	400	390	1,440	680	850	840	115	-1
Others (Non core)	4,856	4,771	3,713	5,616	4,324	5,096	4,583	6,420	5,360	5,664	6,012	31	6
Total Income	37,533	37,978	37,553	40,708	40,136	47,304	46,319	52,226	41,440	46,146	35,424	-24	-23
Operating Expenses	20,490	23,396	23,463	26,066	23,597	22,375	21,734	20,951	17,646	23,816	21,881	1	-8
Employee	11,194	12,782	13,052	16,544	12,884	13,950	13,188	13,944	9,217	12,691	11,828	-10	-7
Others	9,297	10,614	10,411	9,521	10,713	8,425	8,547	7,007	8,429	11,125	10,053	18	-10
Operating Profits	17,042	14,583	14,090	14,642	16,539	24,928	24,584	31,275	23,794	22,331	13,543	-45	-39
Core Operating Profits	15,252	13,393	10,510	13,712	12,748	14,208	14,574	22,815	17,314	14,901	12,733	-13	-15
Provisions	15,147	32,374	36,039	54,704	27,702	22,962	23,026	47,362	22,453	19,533	48,997	113	151
NPA provisions	21,190	30,360	35,060	54,420	24,530	21,900	25,460	44,835	21,560	18,670	43,731	72	134
Provisions on Invst.	200	670	1,300	1,340	-120	350	290	2,650	1,310	810	9,060	3,024	1,019
Others	-6,243	1,344	-321	-1,056	3,292	712	-2,724	-123	-417	53	-3,793	39	-7,257
PBT	1,895	-17,791	-21,950	-40,062	-11,163	1,966	1,559	-16,087	1,342	2,798	-35,454	NM	NM
Taxes	598	-6,529	-6,894	-4,191	-3,750	698	542	-5,632	464	1,007	-12,042	NM	NM
PAT	1,297	-11,262	-15,056	-35,871	-7,414	1,268	1,017	-10,455	877	1,791	-23,412	NM	NM
Balance Sheet													
Deposits (INR b)	5,083	5,252	5,288	5,130	4,980	5,053	5,426	5,400	5,437	5,437	5,260	-3	-3
Loans (INR b)	3,840	3,817	3,807	3,592	3,639	3,633	3,602	3,665	3,640	3,645	3,509	-3	-4
Asset Quality													
GNPA	269	299	365	499	519	523	518	520	510	493	642	24	30
NNPA	158	165	200	280	283	275	255	253	244	236	361	41	53
Slippages	65	58	94	168	62	40	32	69	40	21	183	471	756
Ratios (%)													Change (bps)
Asset Quality Ratios												YoY	QoQ
GNPA	6.8	7.6	9.2	13.1	13.4	13.5	13.4	13.2	13.1	12.6	16.9	355	431
NNPA	4.1	4.3	5.3	7.8	7.8	7.6	7.1	6.9	6.7	6.5	10.3	320	382
PCR (Cal)	41.3	44.9	45.3	43.9	45.5	47.4	50.7	51.4	52.2	52.2	43.8	-690	-842
PCR (Inc TWO,)	52.2	55.1	56.6	51.1	53.1	0.0	58.7	61.5	63.5	65.2	57.0	-175	-827
Credit Cost	2.2	3.2	3.8	5.9	2.7	2.4	2.5	4.9	2.4	2.1	4.9	234	284
Business Ratios													
Fees to Total Income	17.6	17.4	18.4	19.4	21.4	19.8	16.6	17.4	23.2	20.9	27.1	1,052	623
Cost to Core Income	57.3	63.6	69.1	65.5	64.9	61.2	59.9	47.9	50.5	61.5	63.2	335	170
Tax Rate	31.5	36.7	31.4	10.5	33.6	35.5	34.7	35.0	34.6	36.0	34.0	-78	-202
CASA Reported (Domestic)	31.7	31.2	32.3	34.2	35.3	35.8	40.9	39.8	39.1	39.0	40.4	-51	135
Loan/Deposit	75.5	72.7	72.0	70.0	73.1	71.9	66.4	67.9	66.9	67.0	66.7	34	-32
CAR	10.8	11.2	11.3	12.0	12.1	12.5	12.1	12.1	12.4	12.2	12.1	-6	-18
Tier I	8.2	8.7	7.9	9.0	9.0	9.4	9.1	8.9	9.0	8.9	8.8	-26	-4
Profitability Ratios													
RoA	0.1	-0.7	-0.9	-2.2	-0.5	0.0	0.1	-0.6	0.1	0.1	-1.4	-142	-147
RoE	0.4	-3.5	-4.7	-11.2	-2.3	0.4	0.3	-3.3	0.3	0.6	-7.2	-750	-775
Yield on loans	8.3	8.6	8.0	8.2	8.0	8.1	7.9	7.9	7.4	7.5	7.0	-92	-46
Yield On Investments	8.0	8.0	7.9	7.4	7.8	7.7	7.6	7.4	7.3	7.3	7.2	-35	-7
Cost of Deposits	5.5	5.3	5.2	5.0	4.9	4.9	4.8	4.8	4.7	4.6	4.5	-34	-8
Margins	2.1	2.3	2.0	2.1	2.2	2.2	2.2	2.4	2.0	2.2	1.9	-33	-27

Source: MOSL, Company

Exhibit 2: Actual vs Estimates

Y/E March	3QFY18A	3QFY18E	Var. (%)	Comments
Net Interest Income	25,012	28,675	-13	Steep interest reversals led to miss on NII
% Change (Y-o-Y)	-13	0		
Other Income	10,412	12,968	-20	Lower than expected other income due to treasury losses
Total Income	35,424	41,644	-15	
Operating Expenses	21,881	22,879	-4	
Operating Profit	13,543	18,765	-28	
% Change (Y-o-Y)	-45	-24		
Provisions	48,997	17,304	183	Continued elevated stress additions on account of divergence led to higher than estimated provisions
Profit before Tax	-35,454	1,461	NM	
Tax	-12,042	511	NM	
Net Profit	-23,412	950	NM	High Provision miss leads to PAT miss
% Change (Y-o-Y)	-2,402	-7		

Source: MOSL, Company

Other highlights

- Loan growth declined 2.6% QoQ and 3.7% YoY. Retail loans, however, increased 16% YoY with home loans, mortgage loans and auto loans growing 18%, 26% and 39% YoY respectively. The bank targets to improve the share of retail to 48% in coming years.
- Net slippages increased QoQ due to high divergence being reported. Bank reported FY17 GNPA/NNPA divergence of INR140.6b/INR97.1b, leading to a PAT divergence of INR62.5b. GNPA % increased 431bp QoQ to 16.9%, while NNPA % increased 382bp QoQ to 10.3%.
- Operating expenses declined 8% sequentially led by 7%/10% QoQ decline in employee/other expenses.
- Fee based income picked up this quarter to 9% QoQ
- CASA deposits grew 2% QoQ led by strong growth in CA deposits of 14% QoQ but flattish SA deposits. Overall CASA ratio improved ~ 135bp QoQ but declined 51bp YoY and stood at 40.4%.

Maintain Neutral with a target price of INR150 (0.8x March 20e BV).

Valuation and view

- Weak asset quality continues to put pressure on profitability for the bank. FY17 was the second year of consecutive loss. The bank has a large stock of written off accounts, and any significant recoveries could lead to large upgrade in earnings.
- We have sharply cut our estimates for FY18 to factor in high loan loss provisions, weak core earnings leave little scope to compensate for high credit cost especially on account of ageing of NPL portfolio and NCLT related cases. Hence, we expect credit costs to remain elevated in FY18/FY19. CET1 is also at the lower end of the peer range at 7.1%. This will hamper loan growth going forward.
- Our key concerns are (a) weak capital position (CET1 ~7.1%), and (b) subdued return ratios. Maintain **Neutral** with a target price of INR150 (0.8x March 20e BV).

Exhibit 3: We cut our FY18/19/20 estimates to factor in high credit costs

INR B	Old Est.			Revised Est.			Change (%)		
	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20
NII	118.7	129.3	143.1	105.9	122.6	139.8	-10.8	-5.2	-2.3
Other Income	59.2	60.3	64.8	57.6	60.4	63.5	-2.8	0.2	-2.1
Total Income	177.9	189.6	207.9	163.5	183.1	203.3	-8.1	-3.4	-2.2
Operating Exp.	90.6	98.9	108.1	87.5	95.4	105.0	-3.4	-3.5	-2.9
Operating Profits	87.3	90.7	99.8	76.0	87.7	98.3	-13.0	-3.3	-1.5
Provisions	81.5	74.1	67.8	111.0	84.5	88.1	36.2	14.0	29.9
PBT	5.8	16.6	32.0	-35.1	3.2	10.2	-704.8	-80.9	-68.1
Tax	2.0	5.7	11.0	-11.2	0.9	2.9	-661.3	-84.4	-74.0
PAT	3.8	10.9	21.0	-23.9	2.3	7.4	-727.7	-79.0	-65.0
Loans	3,928	4,383	4,892	3,741	4,115	4,526	-4.8	-6.1	-7.5
Deposits	5,751	6,390	7,099	5,454	5,782	6,186	-5.2	-9.5	-12.9
Margins (%)	1.96	2.01	1.98	1.79	1.94	2.02			
Credit Cost (%)	2.70	2.20	1.50	3.00	2.10	2.00			
RoA (%)	-0.31	-0.11	0.15	-0.37	0.03	0.10			
RoE (%)	-5.5	-1.9	3.0	-6.5	0.6	1.8			

Source: MOSL, Company

3QFY18 analyst meet highlights**Asset Quality Related**

- PCR on NCLT list 1 at 71% and that on list 2 is 50%.
- Metals PCR in list 1 is 60% and in list 2 is 40%
- Provided for 50% of divergence.
- INR47b of total SBLC divergence accounts already recovered in 4Q till date. More will be recovered.
- Within divergence accounts outside SBLC, about INR40b should be easily upgraded. Of that 2-3 accounts of INR12b-13b will be upgraded in 4Q.
- SBLC is exposure to a bank, not a borrower.
- Most of the SBLCs are issued by Indian banks, so no significant litigation outside India.
- Some accounts have already achieved DCCO. They will be upgraded.
- Power sector accounts for INR12b in divergence.
- SMA-2 book at INR110b, SR book at INR28b.
- INR50b of power sector GNPA, INR15b in other stressed pools.

Balance sheet and P&L related

- Interest reversal of INR3.7b, of which INR1.25b from divergence accounts.
- The bank is not looking to grow deposits because liquidity is sufficient and they intend to increase CD ratio.
- They are expecting power tariff to increase from INR3/MW to INR4.5/MW, hence not exiting power accounts.

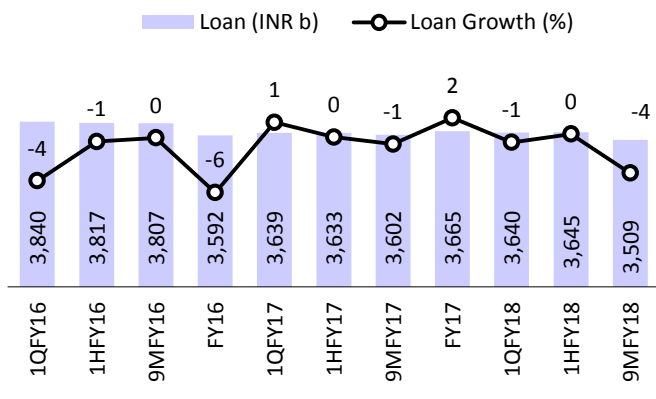
Exhibit 4: DuPont Analysis: Return ratios to remain subdued led by higher credit costs

Y/E MARCH	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Interest Income	7.62	7.39	7.29	6.80	6.36	5.94	6.21	6.37
Interest Expended	5.47	5.28	5.38	4.90	4.44	4.30	4.41	4.44
Net Interest Income	2.16	2.11	1.91	1.91	1.91	1.65	1.80	1.93
Fee income	0.59	0.53	0.49	0.43	0.52	0.77	0.77	0.76
Non Core Income	0.31	0.30	0.22	0.16	0.57	0.12	0.12	0.11
Non Interest income	0.90	0.84	0.70	0.59	1.10	0.89	0.89	0.87
Operating Expenses	1.27	1.31	1.36	1.52	1.43	1.36	1.40	1.45
Employee cost	0.75	0.78	0.84	0.87	0.87	0.71	0.73	0.75
Others	0.53	0.53	0.52	0.65	0.56	0.65	0.67	0.69
Operating Profits	1.78	1.64	1.26	0.98	1.57	1.18	1.29	1.35
Core Operating Profits	1.47	1.34	1.04	0.82	1.00	1.06	1.17	1.24
Provisions	1.06	0.95	0.96	2.25	1.96	1.73	1.24	1.21
NPA provisions	0.89	0.77	0.88	2.30	1.89	1.73	1.21	1.19
Other Provisions	0.17	0.18	0.08	-0.04	0.07	0.00	0.03	0.02
PBT	0.72	0.69	0.30	-1.27	-0.38	-0.55	0.05	0.14
Tax	0.06	0.16	0.01	-0.28	-0.13	-0.17	0.01	0.04
RoA	0.66	0.53	0.29	-0.99	-0.25	-0.37	0.03	0.10
Leverage (x)	18.7	19.1	19.4	19.7	20.0	17.9	16.6	17.8
RoE	12.3	10.1	5.6	-19.5	-5.0	-6.6	0.6	1.8

Source: MOSL, Company

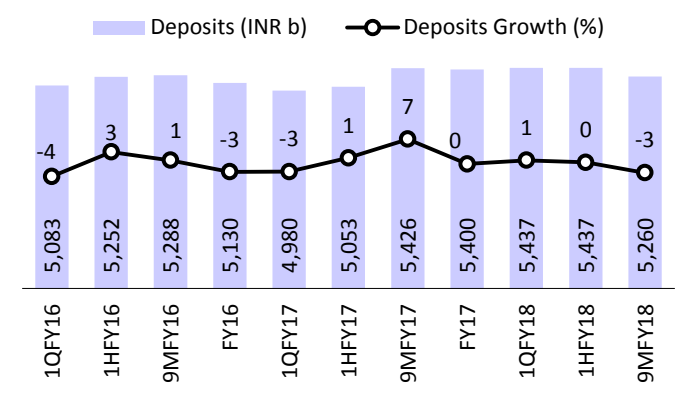
Story in charts

Exhibit 5: loan growth declined to 3% YoY



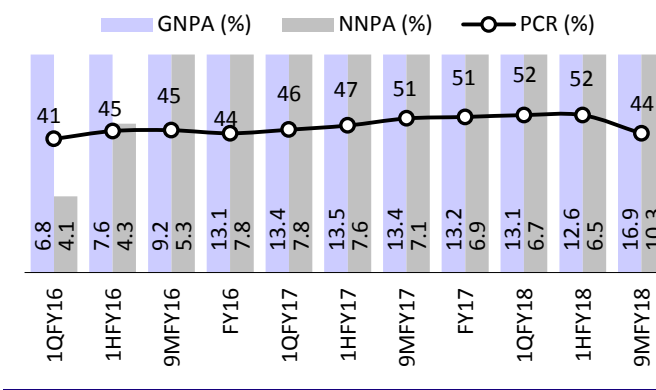
Source: MOSL, Company

Exhibit 6: Deposit growth declined to 3% YoY



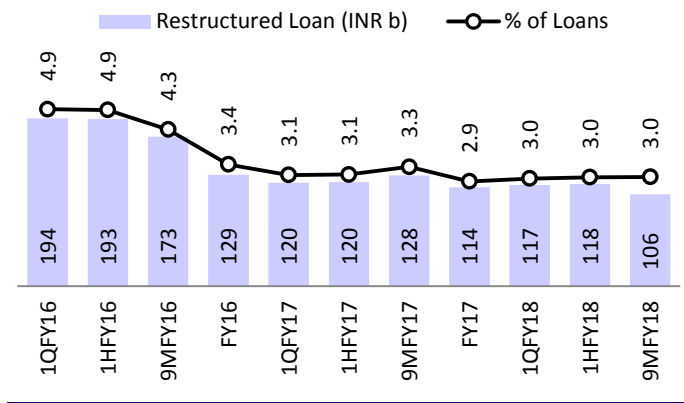
Source: MOSL, Company

Exhibit 7: GNPA increased sequentially due to high divergence



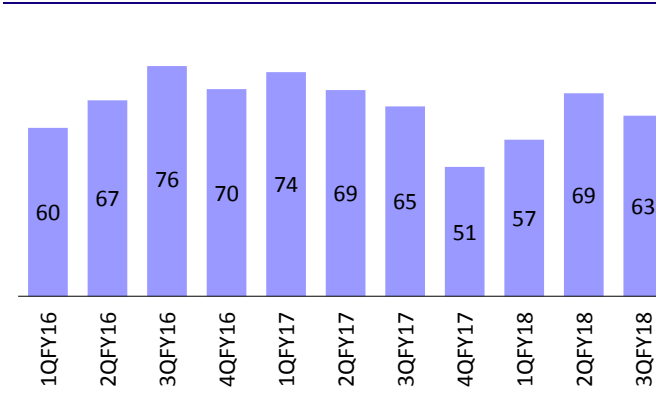
Source: MOSL, Company

Exhibit 8: Restructured book declined to 10%QoQ



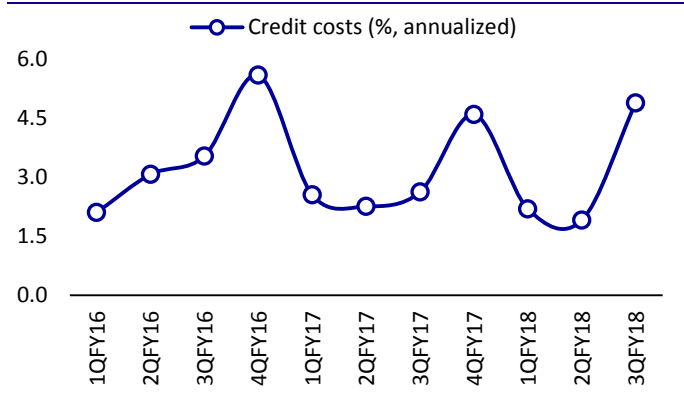
Source: MOSL, Company

Exhibit 9: cost to core income declined to ~530bp QoQ to 63.2%



Source: MOSL, Company

Exhibit 10: Credit costs increased substantially from 1.9% to 1.9%



Source: MOSL, Company

Financials and Valuations

Income statement						(INR m)		
Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Interest Income	319,089	379,101	434,647	417,965	392,909	3,82,367	4,22,628	4,62,585
Interest Expense	228,849	270,796	320,862	300,719	274,647	2,76,455	3,00,001	3,22,744
Net Interest Income	90,240	108,305	113,785	117,246	118,261	1,05,912	1,22,627	1,39,841
Change (%)	8.5	20.0	5.1	3.0	0.9	-10.4	15.8	14.0
Non Interest Income	37,660	42,918	41,979	36,525	67,723	57,565	60,443	63,465
Total Income	127,900	151,224	155,764	153,772	185,984	1,63,477	1,83,070	2,03,306
Change (%)	9.9	18.2	3.0	-1.3	20.9	-12.1	12.0	11.1
Operating Expenses	53,315	66,995	80,886	93,415	88,658	87,514	95,390	1,04,986
Pre Provision Profits	74,585	84,229	74,878	60,356	97,326	75,963	87,681	98,320
Change (%)	11.4	12.9	-11.1	-19.4	61.3	-22.0	15.4	12.1
Core PPP*	61,672	68,673	61,938	50,431	61,786	67,963	79,681	90,320
Change (%)	6.5	11.4	-9.8	-18.6	22.5	10.0	17.2	13.4
Provisions (excl tax)	44,508	48,779	56,927	138,264	121,052	1,11,041	84,509	88,099
PBT	30,077	35,451	17,951	-77,908	-23,726	-35,078	3,172	10,221
Tax	2,584	8,158	861	-17,016	-8,142	-11,225	888	2,862
Tax Rate (%)	8.6	23.0	4.8	21.8	34.3	32.0	28.0	28.0
PAT	27,493	27,293	17,089	-60,892	-15,584	-23,853	2,284	7,359
Change (%)	2.7	-0.7	-37.4	-456.3	-74.4	53.1	-109.6	222.3

Source: Company, MOSL

Balance Sheet						(INR million)		
Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Equity Share Capital	5,966	6,430	6,657	8,173	10,554	20,060	20,060	20,060
Reserves & Surplus	233,215	292,801	307,811	301,963	297,097	3,91,337	3,87,553	3,88,844
Net Worth	239,182	299,231	314,467	310,136	307,652	4,11,397	4,07,613	4,08,904
Of which Equity Network	239,182	299,231	314,467	310,136	307,652	4,11,397	4,07,613	4,08,904
Deposits	3,818,396	4,769,741	5,319,065	5,130,045	5,400,320	54,54,323	57,81,583	61,86,293
Change (%)	20.0	24.9	11.5	-3.6	5.3	1.0	6.0	7.0
of which CASA Dep	979,070	1,094,385	1,186,093	1,327,245	1,722,194	15,43,573	16,36,188	17,50,721
Change (%)	15.4	11.8	8.4	11.9	29.8	-10.4	6.0	7.0
Borrowings	353,676	484,275	400,572	510,831	394,057	5,76,541	6,44,704	7,24,586
Other Liabilities & Prov.	114,774	178,656	152,873	148,127	161,064	1,59,668	1,77,232	1,96,727
Total Liabilities	4,526,027	5,731,902	6,186,978	6,099,139	6,263,093	66,01,929	70,11,131	75,16,510
Current Assets	548,359	613,823	726,802	991,413	958,880	6,63,395	7,06,892	7,60,197
Investments	946,134	1,141,524	1,197,921	1,188,489	1,278,269	16,58,382	17,97,830	19,58,736
Change (%)	9.1	20.7	4.9	-0.8	7.6	29.7	8.4	9.0
Loans	2,893,675	3,707,335	4,020,255	3,591,890	3,664,817	37,40,666	41,14,732	45,26,205
Change (%)	16.3	28.1	8.4	-10.7	2.0	2.1	10.0	10.0
Fixed Assets	28,701	57,861	58,855	84,803	84,619	94,604	1,05,767	1,18,247
Other Assets	109,158	211,359	183,144	242,544	276,509	4,44,883	2,85,911	1,53,125
Total Assets	4,526,027	5,731,902	6,186,978	6,099,139	6,263,093	66,01,929	70,11,131	75,16,510

Source: Company, MOSL

Asset quality								
GNPA (INR M)	87,653	118,686	221,932	498,791	520,445	5,87,154	5,09,201	4,26,031
NNPA (INR M)	59,473	74,172	135,176	279,960	253,050	2,95,249	2,05,566	1,09,675
GNPA Ratio	3.01	3.16	5.40	13.09	13.24	15.70	12.38	9.41
NNPA Ratio	2.06	2.00	3.36	7.79	6.90	7.89	5.00	2.42
Slippage Ratio	2.97	3.04	4.49	8.58	5.66	7.00	2.50	2.20
Credit Cost	1.49	1.33	1.46	3.67	3.26	3.00	2.10	2.00
PCR (Excl Tech. write off)	32.1	37.5	39.1	43.9	51.4	49.7	59.6	74.3

Financials and Valuations

Ratios

Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Spreads Analysis (%)								
Avg. Yield-Earning Assets	8.3	8.0	7.9	7.5	7.1	6.5	6.7	6.7
Avg. Yield on loans	8.6	8.2	8.2	8.0	7.5	7.2	7.2	7.2
Avg. Yield on Investments	8.0	8.1	8.1	7.5	7.3	7.0	7.1	7.1
Avg. Cost-Int. Bear. Liab.	6.0	5.7	5.8	5.3	4.8	4.7	4.8	4.8
Avg. Cost of Deposits	5.8	5.5	5.7	5.2	4.6	4.6	4.6	4.6
Interest Spread	2.3	2.3	2.1	2.2	2.3	1.8	1.8	1.8
Net Interest Margin	2.3	2.3	2.1	2.1	2.1	1.8	1.9	2.0

Capitalisation Ratios (%)

CAR	11.0	10.0	10.7	12.4	12.1	15.4	14.2	13.2
Tier I	8.2	7.2	8.2	9.4	8.9	12.1	11.0	10.1
Tier II	2.8	2.7	2.6	3.0	3.2	3.3	3.2	3.1

Profitability and Valuation

RoE	13.6	11.8	6.7	-24.5	-6.7	-6.5	0.6	1.8
RoA	0.7	0.5	0.3	-1.0	-0.3	-0.4	0.0	0.1
RoRWA	1.1	0.9	0.5	-1.7	-0.4	-0.7	0.1	0.2
Book Value (INR)	362.4	381.7	398.0	283.4	223.5	176.7	174.9	175.5
Change (%)	11.0	5.3	4.3	-28.8	-21.1	-20.9	-1.1	0.4
Price-BV (x)	0.4	0.4	0.4	0.5	0.6	0.8	0.8	0.8
Adjusted BV (INR)	297.6	306.7	266.0	60.8	67.7	87.9	117.3	151.4
Price-ABV (x)	0.5	0.5	0.5	2.4	2.1	1.6	1.2	1.0
EPS (INR)	46.1	42.4	25.7	-74.5	-14.8	-15.6	1.1	3.7
Change (%)	-1.1	-7.9	-39.5	-390.2	-80.2	5.5	-107.3	222.3
Price-Earnings (x)	3.1	3.4	5.6	-1.9	-9.8	-9.3	127.4	39.5
Dividend Per Share (INR)	10.0	5.0	5.0	0.0	0.0	2.3	3.0	3.0
Dividend Yield (%)	6.9	3.4	3.4	0.0	0.0	1.6	2.1	2.1

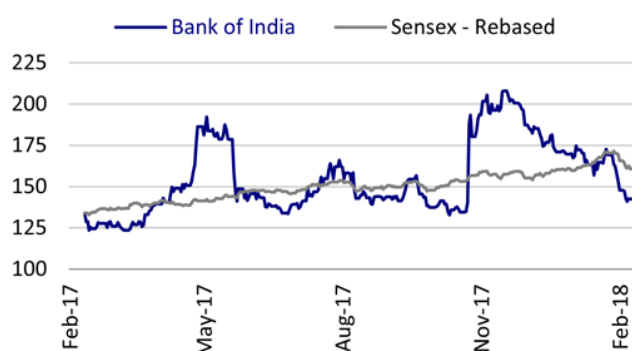
Source: Company, MOSL

Corporate profile

Company description

Bank of India, established in 1906, is one of the largest PSU banks in the country. The bank, headquartered in Mumbai, has an established presence in Western and Eastern regions of the country. As of June 30, 2016, the bank had 5,067 branches and 7,807 ATMs. The bank has presence in 5 overseas subsidiary banks in Indonesia, Tanzania, New Zealand, Uganda and Botswana. Government of India shareholding in the bank stood at ~70.1%.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Dec-17	Sep-17	Dec-16
Promoter	75.1	75.1	73.7
DII	15.9	16.5	16.3
FII	4.0	2.8	2.4
Others	4.9	5.6	7.5

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
LIC of India	12.9
Blackrock Global Funds-Asian Dragon Fund	1.4
HDFC Trustee Company Ltd-HDFC Top 200 Fund	1.1

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Gopalaraman Padmanabhan	Chairman (Non-Executive)
Melwyn Oswald Rego	Managing Director & CEO
R A Sankara Narayanan	Executive Director
Rajeev Bhatia	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Harvinder Singh	Neeraj Bhatia
SANJIV KUMAR ARORA	Veni Thapar
Girish Chandra Murmu	R Sebastian

*Independent

Exhibit 6: Auditors

Name	Type
B Rattan & Associates	Statutory
Banshi Jain & Associates	Statutory
G D Apte & Co	Statutory
Grover Lalla & Mehta	Statutory
NBS & Co	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	-15.6	1.5	-1175.9
FY19	1.1	9.3	-88.2
FY20	3.7	18.1	-79.6

Source: Bloomberg

Explanation of Investment Rating

Investment Rating

BUY	Expected return (over 12-month)
SELL	>=15%
NEUTRAL	< - 10%
UNDER REVIEW	> - 10 % to 15%
NOT RATED	Rating may undergo a change
	We have forward looking estimates for the stock but we refrain from assigning recommendation

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