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ING Vysya Bank Ltd (IVBL) is one of the emerging banks of India, engaged in providing a range of banking and financial services. With over 80 years of operating experience in the industry, the bank currently serves over 2 million Indian consumers. With 520 branches and 13 counters, 28 satellite offices and 431 ATM's nationwide, the bank has rapidly expanded its distribution footprint and has created a national brand presence through several innovative marketing campaigns.

### Investor's Rationale

#### Q3FY'12 net up by 44.0% YoY

IVBL results were broadly in line with expectations. Net profit of the bank in Q3FY12 increased 3.6% QoQ and 44.0% YoY at ₹1.2 billion on account of higher net interest income and lower cost to income ratio. Although the banks Gross NPAs increased marginally on an absolute basis, asset quality remained fairly stable. Also, Net interest income (NII) grew by 31.6% YoY (6.6% QoQ) to ₹3.2 billion moderately due to increase in yield on advances.

#### Surprise improvement in NIMs

Net Interest Margin (NIM) of the bank stood at 3.5% in Q3FY'12 as compared to 3.4% in Q2FY'12 and 3.1% in Q3FY'11, led by increase in yield on advances by 29bps better than increase in cost of deposits by 6bps in Q3FY'12. Also, credit-deposit ratio improved to 83% from 81% QoQ supported the improvement in margins.

#### Asset quality remains healthy

Asset quality improved as GNPA% stood at 2.0% in quarter under review against 2.66% a year ago and stable on sequential basis. The bank reported an increase in provisions mainly on account of provisions for standard assets and MFI buyout pool where the bank has adopted a conservative approach and has fully provided for the entire buyout pool. Going forward the bank does not expect any major stress on its asset quality. Provision coverage ratio has improved to 85.0% in Q3FY'12 as against 76.4% in Q3FY'11.

#### Strong loan growth continues

Advances grew by 23% on a YoY basis to ₹262.9 billion aided by traction in wholesale and business banking segment. On a sequential basis the bank witnessed growth of 8.4%. While current deposits grew by 6% QoQ (21% YoY) while saving deposits remained flat QoQ (up 6% YoY) as against 3% QoQ growth in total deposits. Thus, CASA ratio remained stable at 33.6% QoQ.

#### Market Data

CMP (₹)	329
Target Price	378
Stop Loss	315
Duration	Mid-term
52-week High-Low (₹)	374.4/275.0
Rise from 52WL (%)	19.6
Correction from 52WH (%)	12.1
Beta	1.03
1 year Average Volume (mn)	0.2
Stock Return (%)	3M- 7.5 6M- 10.5 9M- (4.2)
Market Cap (₹bn)	49.3
Enterprise Value (₹bn)	132.9

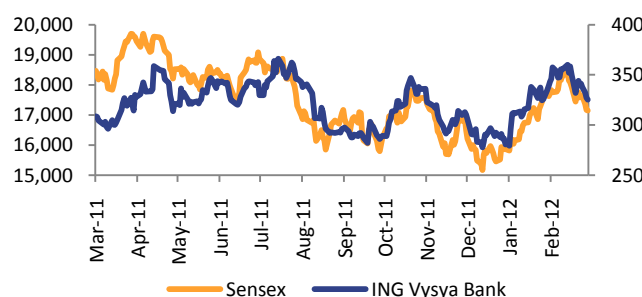
#### Shareholding Pattern

	Dec'11	Sep'11	Chg
Promoters (%)	43.8	43.9	(0.1)
FII (%)	25.2	25.2	0.1
DII (%)	12.8	13.1	(0.3)
Public & Others (%)	18.2	17.9	0.3

#### Quarterly Performance

(₹ bn)	Q3 FY'12	Q3 FY'11	Q2 FY'12	%Y-o-Y Change	%Q-o-Q Change
Total income	11.6	8.6	10.9	35.4	6.0
Op. expense	2.8	2.5	2.7	11.4	2.0
Net profit	1.2	0.8	1.1	44.0	3.6
NII	3.2	2.5	3.0	31.6	6.6
NIM (%)	3.5	3.1	3.4	40bps	10bps
Gross NPA (%)	2.0	2.7	2.0	70bps	-
EPS	7.9	6.8	7.6	16.7	3.7

#### One Year Price Chart





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