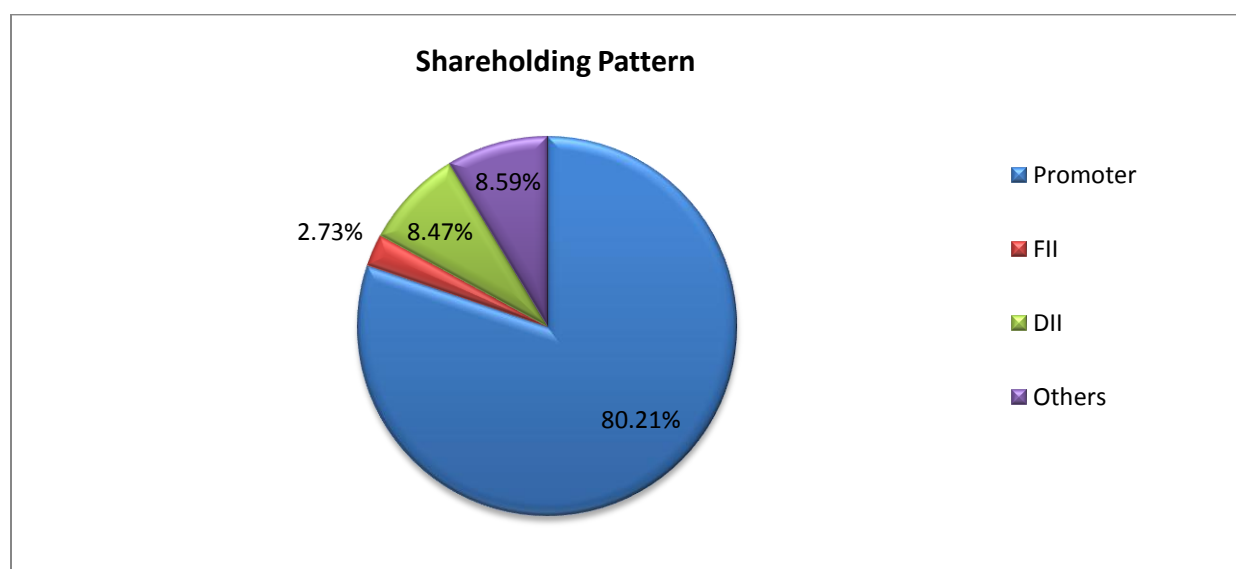




BSE Code	532885
BSE Group / Index	A / SENSEX
CMP	Rs. 102.85
Market Capitalization	Rs.6650 Cr
Face Value	Rs.10
EPS (TTM)	Rs. 16.41
Book Value per Share	Rs. 106.10
52 Wk High (BSE)	Rs. 211.94 (8 th November, 2010)
52 Wk Low (BSE)	Rs.95.15 (26 th August, 2011)



Public holding more than 1% of the Total No. of Shares (as of Sep, 2011)

Sl. No.	Name of the Shareholder	No. of Shares	Shares as % of Total No. of Shares
1	Life Insurance Corporation of India	23,814,662	3.68
2	LIC of India - Market Plus	14,948,599	2.31
	Total	38,763,261	5.99



Q2 FY12 – Result Highlights:

(Rs in Cr except Eps)

Particulars	Q2 FY12	Q1 FY12	QoQ (%)	Q2 FY11	YoY (%)	H1 FY12	H1 FY11	YoY (%)
Interest Earned	4909.63	4558.27	7.71	3644.39	34.72	9467.90	7055.21	34.20
Other Income	324.42	281.87	15.10	245.45	32.17	606.29	492.60	23.08
Total Income	5234.05	4840.14	8.14	3889.84	34.56	10074.19	7547.81	33.47
Interest Expended	3513.49	3227.92	8.85	2297.52	52.93	6741.41	4589.98	46.87
Operating Expenses (i)+(ii)	923.87	820.58	12.59	814.35	13.45	1744.45	1512.45	15.34
i) Employee Cost	646.61	587.52	10.06	536.94	20.43	1234.13	1018.41	21.18
ii) Other operating Expenses	277.26	233.06	18.97	277.41	-0.05	510.32	494.04	3.30
Total Expenditure	4437.36	4048.50	9.61	3111.97	42.59	8485.86	6102.43	39.06
Operating Profit before Provisions and Contingencies	796.69	791.64	0.64	777.87	2.42	1588.33	1445.38	9.89
Provisions & Contingencies	430.83	392.73	9.70	240.48	79.15	823.58	436.27	88.78
Exceptional Items	0.00	0.00		0.00		0.00	0.00	
Profit from Ordinary Activities before Tax	365.86	398.91	-8.29	537.39	-31.92	764.75	1009.11	-24.22
Tax Expenses	121.61	118.13	2.95	158.01	-23.04	239.74	292.92	-18.16
Net Profit from Ordinary Activities after Tax	244.25	280.78	-13.01	379.38	-35.62	525.03	716.19	-26.69
Extraordinary items	0.00	0.00		0.00		0.00	0.00	
Net Profit	244.25	280.78	-13.01	379.38	-35.62	525.03	716.19	-26.69
EPS	3.21	3.87		7.19		7.08	13.57	



Balance Sheet

(Rs in Cr)

BALANCE SHEET	As at 30-Sep-11	As at 30-Sep-10
<i>Capital & Liabilities</i>		
Capital	2263.61	2021.14
Reserves and Surplus	9590.80	6620.44
Deposits	188286.46	167812.55
Borrowings	11283.05	8320.41
Other Liabilities and Provisions	7014.58	6040.77
TOTAL	218438.50	190815.31
<i>ASSETS</i>		
Cash and Balances with RBI	11652.24	12456.60
Balances with Banks	1358.81	1824.72
Investments	62869.58	50895.48
Advances	128234.74	113737.34
Fixed Assets	2388.27	2382.10
Other Assets	11934.86	9519.07
TOTAL	218438.50	190815.31



Performance Highlights

(Rs. cr)

Parameters	Q2 FY12	Q2 FY11	YoY Growth (%)	FY 2011
Total Business	318754	283561	12.41	310763
Total Deposits	188286	167813	12.2	179356
Total Loans and Advances	130468	115748	12.72	131407
Investments	63236	51150	23.63	54847

Segment-wise Deposit

(Rs. cr)

Deposits	HY 12	HY 11	Y-o-Y Growth (%)	Q1 FY12	Q-o-Q Growth (%)	FY 11
Current	12717	12763	-0.36	12686	0.24	15431
Savings	49071	45027	8.89	47867	2.52	47645
Total CASA	61788	57790	6.92	60553	2.04	63076
Term	126498	110023	14.97	125332	0.93	116280
Total Deposits	188286	167813	12.2	185885	1.29	179356
CASA %	32.82	34.44	-	32.57	-	35.17

Key Performance Indicators

(Rs. cr)

Particulars	HY 12	HY 11	Q2 FY11	Q1 FY12	FY 11
Return on Average Assets (%)	0.51	0.82	0.46	0.39	0.7
Earnings per Share	7.08	13.57	3.21	3.87	22.88
Return on Equity	12.46	23.05	11.59	13.75	19.8

**Stressed Asset Management**

(Rs. cr)

NPAs	HY 12	HY 11	Q1 FY11-12
Gross NPAs	3840	2634	2883
Gross NPAs as a % of Gross Advances	2.94	2.28	2.29
Net NPA	1755	776	1082
Net NPA as a % of Net Advances	1.37	0.68	0.87

Key Highlights:

- Total business of the bank has increased 12.4% to touch Rs. 3.19 lakh crore at end September 2011 from earlier. Total deposits grew 12.2% to Rs. 1.88 lakh crore, while total advances improved 12.7% to Rs. 1.30 lakh crore as at end September 2011 on y-o-y basis.
- Gross income for the quarter ended September 2011 increased 34.6% to Rs. 5234 crore, while gross expenses jumped 42.6% to Rs. 4438 crore. So, operating profit rose 2.5% to Rs. 796 crore. Due to sharp 79.2% jump in provision and contingencies to Rs. 430.83 crore, the net profit dipped 35.6% to Rs. 244 crore for the quarter ended September 2011.
- CASA deposits grew by 6.9% to Rs. 61788 crore at end of September 2011 against Rs. 57790 crore at end of September 2010. CASA deposits stood at 32.8% of total deposits at end September 2011 against 34.44% in the corresponding previous year. On the other hand, term deposits grew by 14.97% to Rs. 126498 crore at end September 2011 from year earlier.
- The net interest income or the difference between interest earned and expended too rose at a slower pace nearly by 4% to Rs 1,396 crore.
- CBI's gross NPA ratio stood at 2.94% compared with 2.29% in April-June quarter. Net NPA ratio rise from 0.87% to 1.37% quarter-on-quarter.



- Provisions and contingencies increased to Rs 431 crore as against Rs 240 crore a year back. This has dented bank's profit margin.
- CBI's September quarter net interest margin (NIM) stood at 3%. The bank is deliberating over revising its savings rate. It is exploring different product innovations.
- Capital Adequacy Ratio (CRAR) as per Basel II stood at 12.76% as on 30 September 2011 compared to 11.65% as on 30 September 2010. Tier-I capital has increased to 7.88% at end September 2011, while Tier II capital has declined 4.88% from 6.08% and 5.57% at end September 2010

Central Bank of India's 2QFY12 PAT declined 36% YoY to Rs 244 Cr due to slowdown in advances growth and more provisioning towards NPAs. Asset quality has deteriorated significantly and there were high slippages in this quarter. The reason for higher NPAs is bank's movement from manual to system based recognition for NPAs.

However, migration towards system based recognition of NPA is better from long term view. The downside from current price levels looks limited

We believe Q3FY12 could be better since management aims to reduce the proportion of high-cost deposits to below 30% of overall deposits by FY2012.

There is no major change in our guidance.

The 9 month potential upside from current price levels is Rs 127/-.

**Disclaimer:****Analyst Holding: Yes****Recommended to Clients: Yes****Relationship with Management: No**

Persons into whose possession this document may come are required to observe these restrictions. This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients and Associates of arm research. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed. Neither arm research, nor any person connected with it, accepts any liability arising from the use of this document. The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement 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. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor 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. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. No part of this material may be duplicated in any form and/or redistributed without arm research's prior written consent.

Contact us: research@armresearch.in**pr@armresearch.in****Tel No: 022- 26394073/97**