

Union Bank of India

Estimate change	
TP change	
Rating change	

Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USDb)	1118 / 13
52-Week Range (INR)	159 / 101
1, 6, 12 Rel. Per (%)	1/27/4
12M Avg Val (INR M)	1624

Financials & Valuation (INR b)

Y/E March	FY25	FY26E	FY27E
NII	372.1	377.4	428.7
OP	310.9	288.7	328.7
NP	179.9	165.3	188.8
NIM (%)	2.7	2.5	2.6
EPS (INR)	23.6	21.7	24.7
EPS Gr. (%)	24.9	-8.1	14.2
BV/Sh. (INR)	144	160	180
ABV/Sh. (INR)	136	152	171
RoA (%)	1.2	1.1	1.1
RoE (%)	18.1	14.6	14.8
Valuations			
P/E(X)	6.2	6.8	5.9
P/BV (X)	1.0	0.9	0.8
P/ABV (X)	1.1	1.0	0.9

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	74.8	74.8	74.8
DII	11.6	11.9	12.6
FII	7.1	6.5	6.8
Others	6.5	6.9	5.9

CMP: INR146 TP: INR155 (+6%) Downgrade to Neutral

Earnings in line; downgrade to neutral on weak business growth and NIM pressures

Margin contracts 11bp QoQ

- Union Bank of India (UNBK) reported 1QFY26 PAT of INR41.2b (11.9% YoY growth, in line), supported by a lower tax rate.
- NII declined 3.2% YoY to INR91.1b (in line). NIM contracted 11bp QoQ to 2.76% amid a decline in lending yields, led by loan repricing.
- Loan book grew 7.7% YoY/declined 0.8% QoQ to INR9.46t, while deposits grew 3.6% YoY/declined 2.5% QoQ. CD ratio, thus, increased 135bp QoQ to 76.3%.
- Fresh slippages increased 1.2% YoY to INR23.5b from INR23.2b in 1QFY25. GNPA/NNPA ratio improved by 8bp QoQ/1bp QoQ to 3.52%/0.62%. PCR ratio stood at 82.9%.
- We cut our FY26/FY27E earnings by -7.5%/-2.5% and estimate FY27 RoA/RoE at 1.1%/14.8%. UNBK's stock has delivered ~20% return in recent months and now trades broadly at par with peers. Given the absence of near-term triggers, continued pressure on margins, and weak business growth, we downgrade our rating to Neutral while keeping the TP unchanged at INR155 (0.9x FY27E ABV).**

Asset quality improves; CD ratio increases to 76.3%

- UNBK reported 1QFY26 PAT of INR41.2b (11.9% YoY, in line). NII declined 3.2% YoY to INR91.1b (down 4.2% QoQ, in line). NIM declined 11bp QoQ to 2.76%.
- Other income declined 0.5% YoY and 19.3% QoQ to INR44.9b (4.5% lower than MOFSLe), primarily due to the absence of PSLC income, although treasury gains stood at INR14.2b (INR16.5b in 4QFY25).
- Opex grew 9% YoY to INR66.9b (in line). C/I ratio increased 28bp QoQ to 49.2%. PPoP, thus, declined 11.3% YoY/ 10.3% QoQ to INR69b (7% miss).
- Business growth declined 3.4% QoQ, with advances rising 7.7% YoY/ declining 0.8% QoQ to INR9.46t. Within this, retail witnessed healthy growth of 25.6% YoY/ 5.7% QoQ and MSME witnessed 5.9% QoQ growth, while large corporate and agri segments declined 5.1% and 3.9% QoQ, respectively.
- Deposits grew 3.6% YoY but declined 2.5% QoQ to INR12.4t, led by a reduction in CASA and bulk deposits. CASA ratio decreased 100bp QoQ to 32.5%, while CD ratio increased 350bp QoQ to 76.3%.
- Fresh slippages increased 1.2% YoY to INR23.5b amid higher slippages from the retail as well as SME segments, while healthy recoveries and upgrades led to an improvement in the GNPA/NNPA ratio by 8bp QoQ/ 1bp QoQ to 3.52%/ 0.62%. PCR ratio stood at 82.9%.

Highlights from the management commentary

- NIM contracted 11bp QoQ, with a further 20-25bp moderation expected in the coming quarters. Management believes NIM will bottom out around 2.60% and improve thereafter.
- Recovery efforts are active, and management expects visible results from the next quarter.
- CASA dipped sharply QoQ due to temporary March-end corporate flows. The bank is actively addressing this by deploying 1,500 relationship managers to target 300-400 high-value clients and rebuild its deposit franchise.
- Loan growth was driven by a 25% YoY growth in retail and 18% YoY growth in MSME. The bank continues to avoid high-risk, low-margin lending to sustain profitability. The gold loan book expanded further, reflecting its focus on secured, high-yield segments.

Valuation and view

UNBK reported in-line earnings, supported by a lower tax rate, although PPoP missed our estimates. Business growth remained sluggish, with muted QoQ trends in both advances and deposits, while the CASA mix declined. Asset quality ratios continued to improve, driven by controlled slippages resulting in in-line provisions. **We cut our FY26/FY27E earnings by -7.5%/-2.5% and estimate FY27 RoA/RoE at 1.1%/14.8%. UNBK's stock has delivered ~20% return in recent months and now trades broadly at par with peers. Given the absence of near-term triggers, continued pressure on margins, and weak business growth, we downgrade our rating to Neutral while keeping the TP unchanged at INR155 (0.9x FY27E ABV).**

Quarterly Performance

									(INR b)			
	FY25				FY26E				FY25	FY26E	FY26E	V/S our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		Est
Net Interest Income	94.1	90.5	92.4	95.1	91.1	89.4	94.7	102.1	372.1	377.4	92.7	-2%
% Change (YoY)	6.5	-0.9	0.8	0.8	-3.2	-1.2	2.5	7.4	1.8	1.4	-1.5	
Other Income	45.1	53.3	44.2	55.6	44.9	43.7	45.9	53.8	198.1	188.2	47.0	-5%
Total Income	139.2	143.8	136.6	150.7	136.0	133.1	140.6	155.9	570.3	565.6	139.7	-3%
Operating Expenses	61.4	62.6	61.7	73.7	66.9	67.7	67.4	74.9	259.4	276.9	65.4	2%
Operating Profit	77.9	81.1	74.9	77.0	69.1	65.4	73.2	81.1	310.9	288.7	74.4	-7%
% Change (YoY)	8.4	12.4	2.9	17.9	-11.3	-19.4	-2.3	5.3	10.2	-7.1	-4.5	
Provisions	27.6	17.1	16.0	15.4	16.6	16.2	17.7	17.1	76.1	67.7	16.1	4%
Profit before Tax	50.3	64.0	58.9	61.6	52.4	49.1	55.5	63.9	234.8	221.0	58.3	-10%
Tax	13.5	16.8	12.9	11.7	11.3	14.7	16.7	13.0	54.9	55.7	17.5	-35%
Net Profit	36.8	47.2	46.0	49.8	41.2	34.4	38.9	50.9	179.9	165.3	40.8	1%
% Change (YoY)	13.7	34.4	28.2	50.6	11.9	-27.1	-15.6	2.1	31.8	-8.1	10.9	
Operating Parameters												
Deposit (INR b)	11,965	12,419	12,166	12,722	12,399	13,543	13,830	14,158	13,097	14,158	13,382	
Loan (INR b)	8,787	8,971	9,202	9,535	9,461	9,936	10,193	10,489	9,535	10,489	9,783	
Deposit Growth (%)	6.1	9.2	3.8	4.2	3.6	9.0	13.7	8.1	7.2	8.1	9.3	
Loan Growth (%)	14.0	11.6	6.7	9.5	7.7	10.8	10.8	10.0	9.5	10.0	11.3	
Asset Quality												
Gross NPA (%)	4.5	4.4	3.9	3.6	3.5	3.3	3.2	3.2	3.6	3.2	3.5	
Net NPA (%)	0.9	1.0	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	
PCR (%)	80.9	78.4	79.3	83.1	82.9	82.5	82.3	82.6	82.6	82.6	82.7	

Quarterly Snapshot

INR b	FY25				FY26E		Change (%)	
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ	
Interest Income	263.6	267.1	269.6	277.0	273.0	4	-1	
Interest Expenses	169.5	176.6	177.2	181.8	181.8	7	0	
Net Interest Income	94.1	90.5	92.4	95.1	91.1	-3	-4	
Other Income	45.1	53.3	44.2	55.6	44.9	-1	-19	
Trading profits	7.0	10.3	8.1	16.5	14.2	103	-14	
Total Income	139.2	143.8	136.6	150.7	136.0	-2	-10	
Operating Expenses	61.4	62.6	61.7	73.7	66.9	9	-9	
Employee	35.7	35.6	34.7	40.7	39.5	11	-3	
Others	25.7	27.0	27.0	33.0	27.4	7	-17	
Operating Profits	77.9	81.1	74.9	77.0	69.1	-11	-10	
Core Operating Profits	70.9	70.9	66.8	60.5	54.9	-23	-9	
Provisions	27.6	17.1	16.0	15.4	16.6	-40	8	
PBT	50.3	64.0	58.9	61.6	52.4	4	-15	
Taxes	13.5	16.8	12.9	11.7	11.3	-16	-4	
PAT	36.8	47.2	46.0	49.8	41.2	12	-17	
Balance Sheet (INR b)								
Loans	8,787	8,971	9,202	9,535	9,461	8	-1	
Deposits	11,965	12,419	12,166	12,722	12,399	4	-3	
CASA Deposits	3,995	3,963	3,953	4,263	4,030	1	-5	
- Savings	3,325	3,284	3,284	3,399	3,345	1	-2	
- Current	669	679	669	864	686	2	-21	
Loan mix (INR b)								
Retail	1,823.2	1,923.8	2,018.1	2,167.8	2,290.4	26	6	
Agri	1,889.4	1,919.1	1,852.8	1,784.8	1,716.1	-9	-4	
MSME	1,369.5	1,408.4	1,304.4	1,364.2	1,444.4	5	6	
Large Corporate & others	3,705.9	3,692.8	3,953.9	4,143.0	3,930.1	6	-5	
Loan mix (%)								
Retail	20.7	21.5	22.1	22.9	24.4	367	150	
Agri	21.5	21.5	20.3	18.9	18.3	-321	-57	
MSME	15.6	15.7	14.3	14.4	15.4	-19	98	
Large Corporate & others	42.2	41.3	43.3	43.8	41.9	-28	-190	
Asset Quality (INR b)								
GNPA	414.2	405.0	365.5	353.5	343.1	-17	-3	
NNPA	79.0	87.6	75.7	59.7	58.7	-26	-2	
Asset Quality Ratios (%)								
GNPA	4.5	4.4	3.9	3.6	3.5	-102	-8	
NNPA	0.9	1.0	0.8	0.6	0.6	-28	-1	
PCR - (calc)	80.9	78.4	79.3	83.1	82.9	196	-23	
PCR (inc TWO)	93.5	92.8	93.4	94.6	94.7	116	4	
Slippage Ratio	1.1	2.5	0.9	1.1	1.0	-14	-13	
Business Ratios (%)								
CASA	33.4	32.7	33.4	33.5	32.5	-88	-100	
Loan/Deposit	73.4	72.2	75.6	74.9	76.3	286	135	
Other Income/Total Income	32.4	37.1	32.3	36.9	33.0	60	-389	
Cost to Income	44.1	43.6	45.1	48.9	49.2	512	28	
Cost to Asset	1.8	1.8	1.8	2.0	1.9	3	-18	
Tax Rate	26.9	26.3	21.9	19.0	21.5	-533	250	
Capitalisation Ratios (%)								
Tier-1	15.1	15.2	14.9	16.3	16.6	145	33	
CET-1	13.8	13.9	13.6	15.0	15.3	149	32	
Tier-2	1.9	1.9	1.8	1.8	1.7	-17	-5	
CAR	17.0	17.1	16.7	18.0	18.3	128	28	
RWA / Total Assets	50.0	48.8	49.2	48.7	47.8	-226	-93	
LCR	138.5	144.1	130.6	130.7	131.7	-673	105	
Profitability Ratios (%)								
Yield on Loans	8.7	8.7	8.8	8.7	8.5	-22	-22	
Yield on Investments	6.9	6.9	6.9	6.8	6.6	-29	-24	

INR b	FY25				FY26E		Change (%)	
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ	
Cost of Deposits	5.4	5.6	5.6	5.6	5.5	16	-7	
Margins	3.05	2.90	2.91	2.87	2.76	-29	-11	
Other Details								
Branches	8,473	8,555	8,574	8,621	8,649	176	28	
ATMs	9,342	9,124	9,087	8,910	8,976	-366	66	



Highlights from the management commentary

Opening remarks

- The global environment remains uncertain due to evolving trade dynamics; however, India's macroeconomic fundamentals are quite strong, making it the fastest-growing economy globally.
- The bank continues to maintain a stable CD ratio of 76% and aims to operate at the same level.
- ROA continues to remain above 1%.
- CRAR remains strong, supporting the bank's future growth plans.
- The bank continues to invest in digital banking initiatives and HR-related enhancements.
- For the quarter ended 4QFY25, UNBK secured the third position among public sector banks under the EASE (PSB reforms) program.

Advances & deposits related

- As of 1QFY26, RAM book grew 10.3% YoY, with the MSME segment growing 18% YoY.
- Within RAM, the retail segment alone grew 25% YoY. Ram is expected to grow in double digits in FY26.
- The bank continues to build advances cautiously, focusing on sustainable and profitable growth rather than volumes.
- There is INR200b pipeline of loans ready for sanctioning.
- The gold loan book stood at INR837b as of 1QFY26, up from INR 780b in 1QFY25.
- Deposit growth moderated, mainly due to a reduction in bulk deposits.
- 20% of retail term deposits have been repriced as part of the deposit cost optimization.
- The bank noted a sharp decline in CASA balances in 1QFY26 compared to Mar'25 due to some corporate one-time flows in 4QFY25. Excluding Mar'25, CASA has shown stable growth in other quarters.
- CASA's decline has been a key concern, which the bank has been addressing over the past 1.5 years. Around 1,500 relationship managers have been assigned to 300-400 high-value clients to improve CASA, with growth in CASA deposits expected in upcoming quarters.
- 48% of the book is linked to EBLR, which reprices within 2-3 days. 42% is MCLR-linked and the balance 10% is linked to others.

Yields, costs, and margins

- NIM moderated 11bp QoQ in 1QFY26. The bank expects 20-25bp moderation in NIM for FY26 over Mar'25 levels.
- The rate cut in June led to a 22bp reduction in yield on advances. Further decline in yields is limited to ~20bp.
- SA deposit rates were reduced by 25bp in Jun'25.
- Management sees potential for further deposit rate reductions if market conditions remain supportive.
- NIM is expected to bottom out around 2.60-2.65%, from where an upward movement is expected.
- C/I ratio increased due to the changing interest rate environment. The bank expects C/I ratio to return to a lower range as the environment stabilizes.
- The digital transformation budget for FY26 is INR15b, up from INR10b in FY25.

Other income

- Treasury income was significantly high in Mar'25, largely due to the write-back of SR provisioning. Excluding the SR impact, treasury income has continued to perform well in 1QFY26.
- No PSLC certificate income was booked in 1QFY26. The bank may consider booking PSLC income in the coming quarters if market conditions are favorable, though it is expected to be lower than peer banks and less than what was booked in FY25.

Asset quality

- A marginal reduction was seen in GNPA and NNPA, staying within the guided range.
- Credit cost declined to 47bp for 1QFY26, continuing its downward trend.
- Slippages have been consistently declining over the past few quarters.
- In 1QFY26, gross recoveries outpaced slippages.
- While the MSME segment saw a slight increase in slippages, there were no large accounts contributing to this, and the overall rise was nominal.
- SMA accounts increased from INR38.4b in 4QFY25 to INR49.2b in 1QFY26. However, many of these accounts have shown historical recovery trends, and management is confident of good recoveries in upcoming quarters.
- Standard asset provisioning of INR4.5b was made in 1QFY26, primarily related to ICA accounts and not linked to any private borrowers.

Miscellaneous

- Outstanding AFS reserve stood at INR15b.
- The bank remains focused on profitable growth, with a continued ROA guidance of >1% for FY26.
- Management emphasized that the current operating environment in 1QFY26 was marked by a sharp reduction in interest rates.
- The bank maintains a strong focus on improving both top-line and bottom-line performance.

Story in charts

Exhibit 1: Loan grew 7.7% YoY (down 0.8% QoQ) to INR9.5t

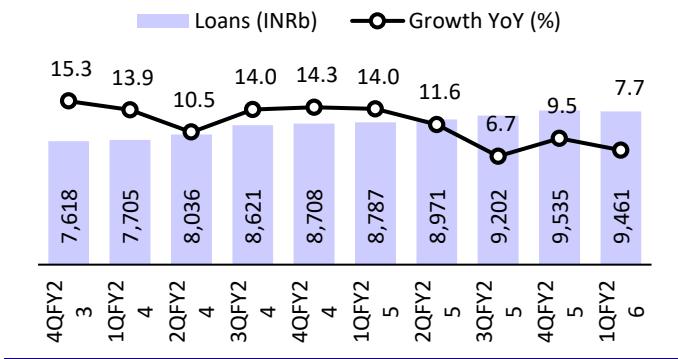


Exhibit 2: Deposits grew 3.6% QoQ (-2.5% YoY) to INR12.4t

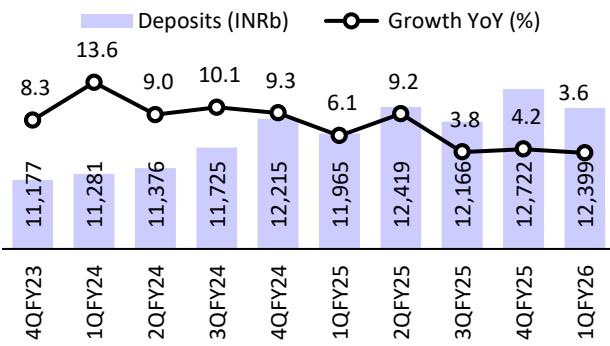
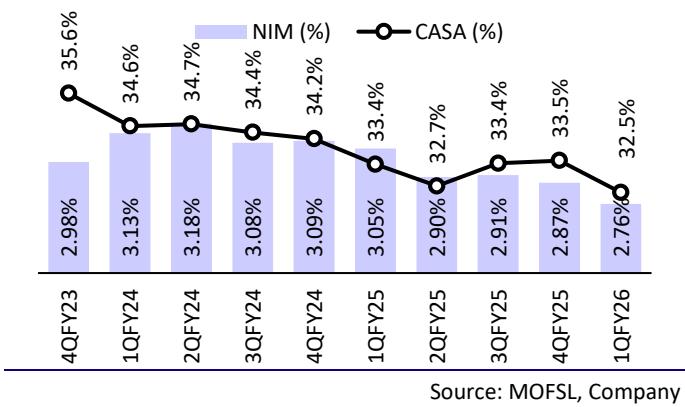
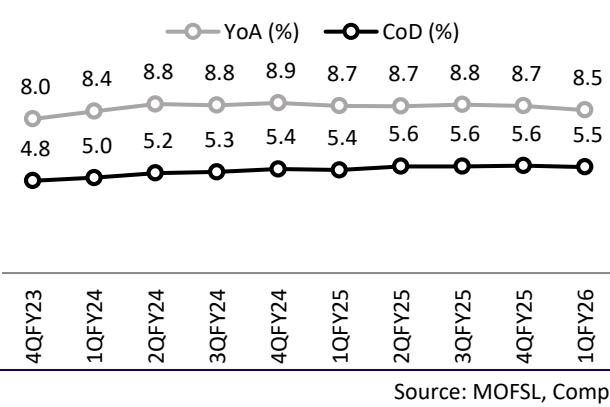


Exhibit 3: NIM contracted 11bp QoQ to 2.76%; CASA declined to 32.5%



Source: MOFSL, Company

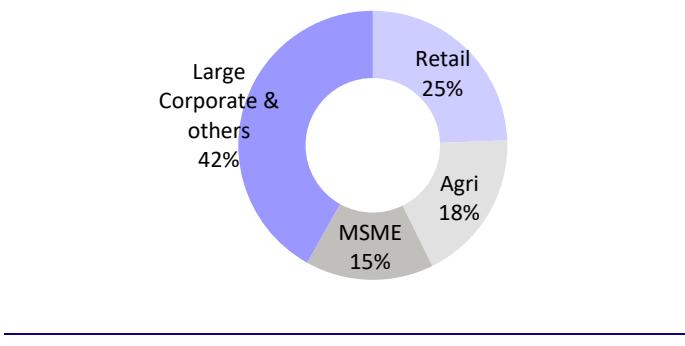
Exhibit 4: YoA declined 22bp QoQ to 8.5%; CoD slightly improved to 5.5%



Source: MOFSL, Company

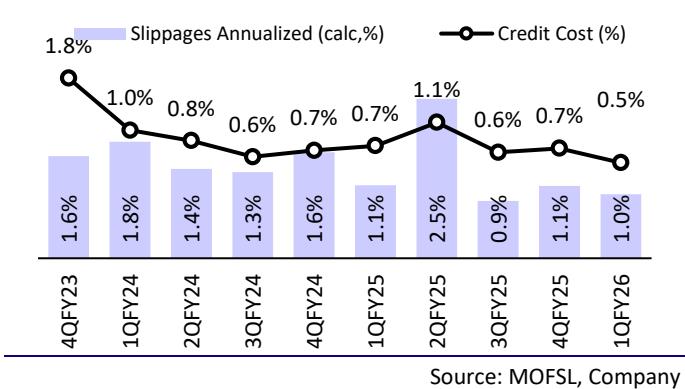
Source: MOFSL, Company

Exhibit 5: Loan mix as a % of domestic advances - 1QFY26



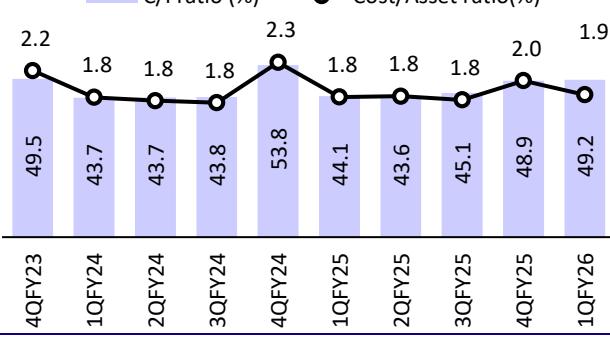
Source: MOFSL, Company

Exhibit 7: Credit cost well under control at 47bp in 1QFY26



Source: MOFSL, Company

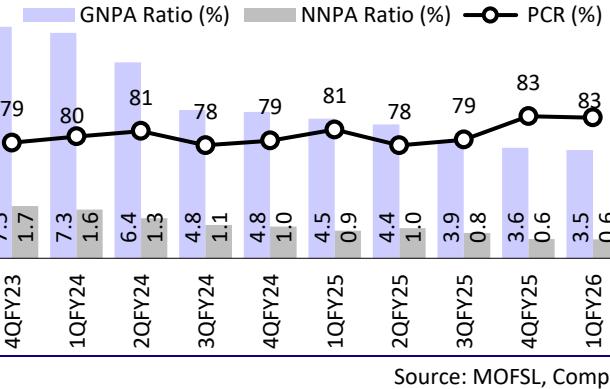
Exhibit 6: C/I ratio increased 28bp QoQ to 49.2%



Source: MOFSL, Company

Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratio improved 8bp/1bp QoQ



Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Downgrade to Neutral with TP of INR155

UNBK reported in-line earnings, supported by a lower tax rate, although PPoP missed our estimates. Business growth remained sluggish, with muted QoQ trends in both advances and deposits, while the CASA mix declined. Asset quality ratios continued to improve, driven by controlled slippages resulting in in-line provisions. **We cut our FY26/FY27E earnings by -7.5%/-2.5% and estimate FY27 RoA/RoE at 1.1%/14.8%. UNBK's stock has delivered ~20% return in recent months and now trades broadly at par with peers. Given the absence of near-term triggers, continued pressure on margins, and weak business growth, we downgrade our rating to Neutral while keeping the TP unchanged at INR155 (0.9x FY27E ABV).**

Exhibit 9: Summary of our earnings estimates

INR B	Old Est		Rev Est		Change %/bps	
	FY26	FY27	FY26	FY27	FY26	FY27
Net Interest Income	386.6	431.6	377.4	428.7	-2.4	-0.7
Other Income	194.2	207.8	188.2	201.4	-3.1	-3.1
Total Income	580.8	639.3	565.6	630.1	-2.6	-1.4
Operating Expenses	273.4	299.2	276.9	301.4	1.2	0.7
Operating Profits	307.3	340.1	288.7	328.7	-6.1	-3.4
Provisions	68.4	81.2	67.7	76.2	-1.0	-6.1
PBT	238.9	258.9	221.0	252.5	-7.5	-2.5
Tax	60.2	65.2	55.7	63.6	-7.5	-2.5
PAT	178.7	193.7	165.3	188.8	-7.5	-2.5
Loans	10,527	11,664	10,489	11,579	-0.4	-0.7
Deposits	14,237	15,554	14,158	15,475	-0.6	-0.5
Margins (%)	2.57	2.62	2.51	2.61	-6	-1
RoA (%)	1.14	1.13	1.06	1.10	-8	-2
RoE (%)	15.7	15.0	14.6	14.8	-109	-19
BV	162	182	160	180	-1.1	-1.3
ABV	154	174	152	171	-1.2	-1.7
EPS	23	25	22	25	-7.5	-2.5

Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio

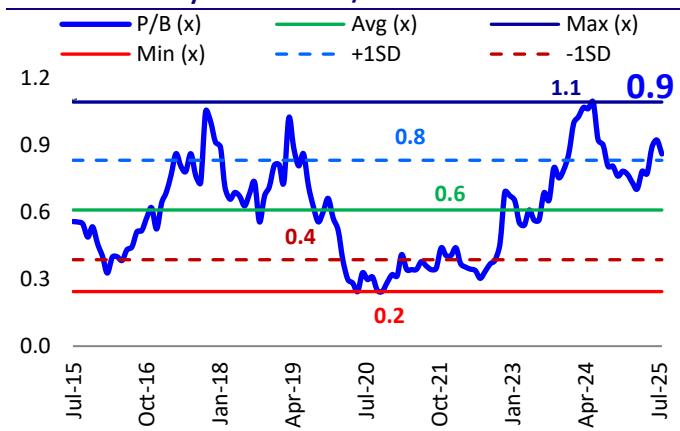


Exhibit 11: One-year forward P/E ratio

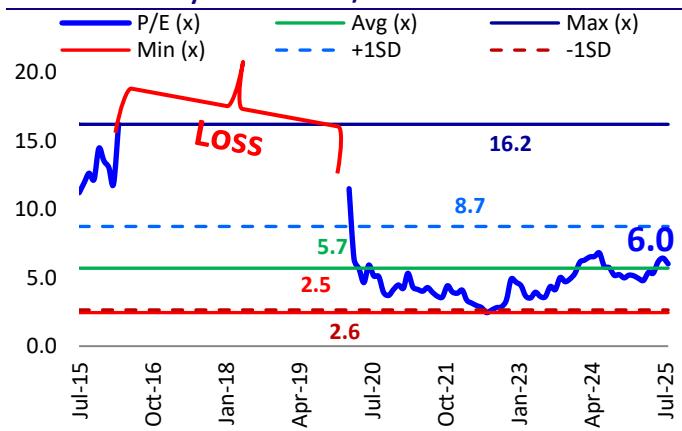


Exhibit 12: DuPont analysis

Y/E MARCH (%)	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	6.01	6.54	7.47	7.45	6.96	6.91
Interest Expense	3.55	3.89	4.73	4.88	4.55	4.40
Net Interest Income	2.46	2.65	2.74	2.57	2.41	2.51
Fee income	0.82	1.10	1.06	1.14	1.03	0.99
Trading and others	0.29	0.09	0.14	0.23	0.17	0.19
Non Interest Income	1.11	1.19	1.20	1.37	1.20	1.18
Total Income	3.57	3.84	3.94	3.94	3.61	3.69
Operating Expenses	1.63	1.78	1.83	1.79	1.77	1.76
Employees	0.90	1.00	1.08	1.01	1.01	1.01
Others	0.74	0.77	0.75	0.78	0.76	0.75
Operating Profits	1.94	2.06	2.11	2.15	1.84	1.92
Core Operating Profits	1.64	1.98	1.97	1.92	1.67	1.73
Provisions	1.18	1.08	0.51	0.53	0.43	0.45
PBT	0.76	0.98	1.60	1.62	1.41	1.48
Tax	0.30	0.30	0.58	0.38	0.36	0.37
RoA	0.46	0.68	1.02	1.24	1.06	1.10
Leverage (x)	18.02	17.88	16.34	14.54	13.79	13.43
RoE	8.34	12.22	16.69	18.09	14.56	14.84

Financials and valuations

Income Statement							(INRb)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	679.4	807.4	997.8	1,077.3	1,090.3	1,181.4	1,289.5
Interest Expense	401.6	479.8	632.1	705.1	713.0	752.6	804.1
Net Interest Income	277.9	327.7	365.7	372.1	377.4	428.7	485.4
- growth (%)	12.5	17.9	11.6	1.8	1.4	13.6	13.2
Non Interest Income	125.2	146.3	160.8	198.1	188.2	201.4	221.5
Total Income	403.1	474.0	526.5	570.3	565.6	630.1	706.9
- growth (%)	10.6	17.6	11.1	8.3	-0.8	11.4	12.2
Operating Expenses	184.4	219.3	244.4	259.4	276.9	301.4	329.9
Pre Provision Profits	218.7	254.7	282.1	310.9	288.7	328.7	377.1
- growth (%)	11.2	16.4	10.8	10.2	-7.1	13.8	14.7
Core PPP	185.7	243.8	262.8	278.1	261.4	296.5	338.1
- growth (%)	19.0	31.3	7.8	5.8	-6.0	13.4	14.1
Provisions (excl tax)	132.9	133.3	67.8	76.1	67.7	76.2	92.8
PBT	85.8	121.4	214.3	234.8	221.0	252.5	284.3
Tax	33.5	37.0	77.8	54.9	55.7	63.6	71.6
Tax Rate (%)	39.0	30.5	36.3	23.4	25.2	25.2	25.2
PAT	52.3	84.3	136.5	179.9	165.3	188.8	212.6
- growth (%)	80.0	61.2	61.8	31.8	-8.1	14.2	12.6

Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	68.3	68.3	76.3	76.3	76.3	76.3	76.3
Reserves & Surplus	637.4	715.0	893.4	1,053.4	1,173.6	1,328.1	1,506.4
Net Worth	705.8	783.3	969.7	1,129.8	1,250.0	1,404.5	1,582.7
Deposits	10,323.9	11,177.2	12,215.3	13,097.5	14,158.4	15,475.1	16,945.3
- growth (%)	11.8	8.3	9.3	7.2	8.1	9.3	9.5
- CASA Dep	3,771.9	3,940.6	4,101.3	4,263.3	4,856.3	5,308.0	5,812.2
- growth (%)	12.4	4.5	4.1	3.9	13.9	9.3	9.5
Borrowings	511.8	431.4	269.5	273.4	351.1	362.3	374.4
Other Liabilities & Prov.	334.4	415.6	465.1	497.9	557.6	624.6	699.5
Total Liabilities	11,875.9	12,807.5	13,919.6	14,998.6	16,317.1	17,866.5	19,601.9
Current Assets	1,195.0	1,121.5	1,193.0	1,313.3	1,349.4	1,425.4	1,524.1
Investments	3,485.1	3,393.0	3,379.0	3,543.8	3,862.8	4,214.3	4,593.6
- growth (%)	5.1	-2.6	-0.4	4.9	9.0	9.1	9.0
Loans	6,610.0	7,618.5	8,707.8	9,535.1	10,488.6	11,579.5	12,818.5
- growth (%)	11.8	15.3	14.3	9.5	10.0	10.4	10.7
Fixed Assets	71.9	88.3	92.2	97.8	101.7	106.8	112.1
Other Assets	513.9	586.3	547.5	508.5	514.6	540.6	553.7
Total Assets	11,875.9	12,807.5	13,919.6	14,998.6	16,317.1	17,866.5	19,601.9

Asset Quality

GNPA	795.9	609.9	431.0	353.5	341.7	346.8	361.5
NNPA	249.3	133.6	93.1	61.3	59.6	65.8	68.1
Slippages	228.8	125.2	118.8	120.7	140.2	158.9	170.8
GNPA Ratio (%)	11.12	7.53	4.76	3.60	3.17	2.92	2.76
NNPA Ratio (%)	3.77	1.75	1.07	0.64	0.57	0.57	0.53
Slippage Ratio (%)	3.65	1.76	1.45	1.32	1.40	1.44	1.40
Credit Cost (%)	2.12	1.87	0.83	0.83	0.65	0.66	0.73
PCR (Excl Tech. write off) (%)	68.7	78.1	78.4	82.6	82.6	81.0	81.2

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	6.4	6.9	7.9	7.8	7.2	7.2	7.1
Avg. Yield on loans	7.2	8.0	8.8	8.7	8.1	8.0	8.0
Avg. Yield on Investments	5.9	6.3	6.7	6.8	6.7	6.6	6.6
Avg. Cost-Int. Bear. Liab.	3.9	4.3	5.2	5.5	5.1	5.0	4.9
Avg. Cost of Deposits	3.8	4.1	5.0	5.2	5.1	4.9	4.8
Interest Spread	2.5	2.6	2.6	2.3	2.1	2.2	2.3
Net Interest Margin	2.6	2.8	2.9	2.7	2.5	2.6	2.7
Capitalisation Ratios (%)							
CAR	14.5	16.0	17.0	18.0	17.4	17.2	17.1
Tier I	12.2	13.9	15.0	16.3	15.6	15.7	15.7
CET-1	10.6	12.4	13.7	15.0	14.2	14.2	14.3
Tier II	2.3	2.1	2.0	1.8	1.8	1.6	1.4
Business and Efficiency Ratios (%)							
Loans/Deposit Ratio	64.0	68.2	71.3	72.8	74.1	74.8	75.6
CASA Ratio	36.5	35.3	33.6	32.6	34.3	34.3	34.3
Cost/Assets	1.6	1.7	1.8	1.7	1.7	1.7	1.7
Cost/Total Income	45.7	46.3	46.4	45.5	49.0	47.8	46.7
Cost/ Core Income	-0.6	-2.1	-1.3	-0.8	-1.0	-1.0	-0.9
Int. Expense/Int.Income	59.1	59.4	63.3	65.5	65.4	63.7	62.4
Fee Income/Total Income	22.9	28.6	26.9	29.0	28.4	26.9	25.8
Non Int. Inc.Total Income	31.1	30.9	30.5	34.7	33.3	32.0	31.3
Empl. Cost/Total Expense	54.9	56.5	58.8	56.6	57.2	57.3	57.2
Efficiency Ratios (%)							
Employee per branch (in nos)	8.5	8.8	9.0	8.6	9.0	9.0	9.0
Staff cost per employee (INR m)	1.3	1.6	1.9	2.0	2.0	2.2	2.4
CASA per branch (INR m)	425.1	459.4	484.6	494.5	562.5	608.7	659.9
Deposits per branch (INR m)	1,163.5	1,303.2	1,443.2	1,519.3	1,639.9	1,774.6	1,924.0
Business per Employee (INR m)	225.2	248.6	275.8	306.3	318.5	346.1	377.0
Profit per Employee (INR m)	0.7	1.1	1.8	2.4	2.1	2.4	2.7

Profitability Ratios and Valuation (%)

RoE	8.3	12.2	16.7	18.1	14.6	14.8	14.8
RoA	0.5	0.7	1.0	1.2	1.1	1.10	1.1
RoRWA	1.0	1.4	2.0	2.5	2.0	2.1	2.1
Book Value (INR)	99	110	123	144	160	180	203
- growth (%)	3.1	10.3	12.1	17.2	10.9	12.7	13.0
Price-BV (x)	1.5	1.3	1.2	1.0	0.9	0.8	0.7
Adjusted BV (INR)	72	94	112	136	152	171	194
Price-ABV (x)	2.0	1.6	1.3	1.1	1.0	0.9	0.8
EPS (INR)	7.9	12.3	18.9	23.6	21.7	24.7	27.9
- growth (%)	74.2	56.1	52.9	24.9	-8.1	14.2	12.6
Price-Earnings (x)	18.5	11.9	7.8	6.2	6.8	5.9	5.3
Dividend Per Share (INR)	1.9	3.0	3.6	4.8	4.5	4.5	4.5
Dividend Yield (%)	1.3	2.0	2.5	3.2	3.1	3.1	3.1

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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