

Union Bank of India

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USDb)	1368.5 / 15.2
52-Week Range (INR)	181 / 102
1, 6, 12 Rel. Per (%)	19/20/62
12M Avg Val (INR M)	1789

Financials & Valuation (INR b)

Y/E March	FY25	FY26E	FY27E
NII	372.1	369.1	404.7
OP	310.9	279.0	306.0
NP	179.9	176.7	182.7
NIM (%)	2.7	2.6	2.7
EPS (INR)	23.6	23.1	23.9
EPS Gr. (%)	24.9	-1.8	3.4
BV/Sh. (INR)	144	161	181
ABV/Sh. (INR)	136	155	173
RoA (%)	1.2	1.2	1.2
RoE (%)	18.1	15.5	14.3

Valuations

P/E(X)	7.6	7.7	7.4
P/BV (X)	1.2	1.1	1.0
P/ABV (X)	1.3	1.2	1.0

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	74.8	74.8	74.8
DII	11.7	11.9	11.2
FII	7.9	7.7	6.9
Others	5.7	5.6	7.1

CMP: INR179

TP: INR180

Neutral

NIMs surprise positively; loan growth gaining traction

Lower credit costs lead to PAT beat

- Union Bank of India (UNBK) reported 3QFY26 PAT of INR50.2b (up 9% YoY/up 18% QoQ, 32% beat), led by NIMs expansion, and significantly lower-than-expected provisions.
- NII rose 0.9% YoY/5.9% QoQ to INR93.3b (6% beat), driven by a 9bp QoQ expansion in NIMs to 2.76% (vs. MOFSLe 2.65%). This was supported by a 14bp QoQ decline in CoF as well as healthy loan growth.
- Loan book expanded 7.7% YoY/4.5% QoQ to INR9.91t. Management expects stronger growth momentum in 4Q and remains comfortable with CD ratio expansion to ~82–83%.
- Fresh slippages declined 14% QoQ to INR18.5b vs INR21.5b in 2QFY26. GNPA/NNPA ratio improved 23bp/4bp QoQ to 3.06%/0.51%. PCR increased to 83.6%.
- **We increase our earnings estimate by 7.9%/6.4%/7.1% for FY26E/FY27E/FY28E earnings and estimate FY27E RoA/RoE at 1.17%/14.3%. We expect loans to post a 9% CAGR over FY25-27E. We reiterate our Neutral rating on the stock with a revised TP of INR180 (1.0x FY27E ABV).**

Asset quality improves; CD ratio rises to 81%

- UNBK reported 3QFY26 PAT of INR50.2b (18% QoQ, 32% beat). NII grew 0.9% YoY/5.9% QoQ, while NIMs expanded 9bp QoQ to 2.76%.
- Other income declined 9% QoQ (up 2.8% YoY) to INR45.4b (in line with MOFSLe), while the bank liquidated some MF investments in 3Q.
- Opex grew 12% YoY (down 1% QoQ; in line with MOFSLe), while the impact from labor laws stood minimal. C/I ratio, thus, declined to 49.9% (vs 50.7% in 2Q). PPoP declined 7% YoY (up 1.9% QoQ) to INR69.4b (8% beat on MOFSLe).
- Advances growth rebounded after a lackluster 1H growth at 0.5% YTD, (up 7.7% YoY/4.5% QoQ), led by traction in retail loans (up 21.7% YoY/2.9% QoQ) as well as agri (up 4.1% QoQ). Similarly, large corporates saw growth rebound at 4.1% QoQ. Within retail, growth was led by housing (up 3.8% QoQ) as well as VF (up 7.8% QoQ).
- Deposits declined 1% QoQ (up 3.4% YoY) to INR12.2t, as the bank consciously ran down its bulk deposits book by INR200b in 3Q. The CA book grew 7.5% QoQ (1.3% YoY) and the SA book grew 2.5% QoQ (5.8% YoY), leading the CASA ratio to improve to 34% (up 1.4% QoQ). CD ratio increased 4.2% QoQ to 81%.
- Fresh slippages declined 14% QoQ to INR18.5b, while healthy recoveries and upgrades led to an improvement in GNPA/NNPA ratio by 23bp/4bp QoQ to 3.06%/ 0.51%. PCR ratio stood stable at 83.6%.
- The bank reported significantly lower credit costs at 0.09% vs 0.22% in 2QFY26, amid improvement in asset quality.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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Highlights from the management commentary

- Provisions declined due to lower slippages and healthy recoveries, eliminating the need for additional provisioning.
- Deposit growth for 9MFY26 stood at 3.88%, while the CD ratio remains comfortable at ~81%. Deposit mobilization is not a constraint, and the bank has adequate headroom to increase the CD ratio.
- The bank has undertaken a detailed review and rationalization of its balance sheet. Around INR400b of bulk deposits have been consciously run down.
- Excess standard asset provisions remain adequate, and the bank will reassess the buffer once final regulatory guidelines are issued.

Valuation and view

UNBK reported a strong earnings beat, driven by an NIM expansion and lower credit costs. Loan growth regained momentum in 3Q after a subdued 1H, while deposit growth remained muted due to the bank's conscious run-down of bulk deposits. Management has guided for a stronger loan growth outlook going forward. Margins came in above expectations as the bank prioritized profitability over growth, allowing bulk deposits to continue declining. With the revival in loan growth gaining traction and visibility improving, the growth outlook has strengthened further. Asset quality metrics continued to improve, supported by lower slippages and controlled credit costs. **We increase our earnings estimate by 7.9%/6.4%/7.1% for FY26E/FY27E/FY28E earnings and estimate FY27E RoA/RoE at 1.17% / 14.3%. We expect loans to post a 9% CAGR over FY25-27E. We reiterate our Neutral rating on the stock with a revised TP of INR180 (1.0x FY27E ABV).**

Quarterly Performance

									(INR b)			
	FY25				FY26E				FY25	FY26E	FY26E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE	Est	
Interest Income	263.6	267.1	265.4	277.0	273.0	261.9	264.4	267.3	1,077.3	1,066.6	263	-0.7
Interest Expense	169.5	176.6	173.0	181.8	181.8	173.8	171.2	170.8	705.1	697.5	174	1.9
Net Interest Income	94.1	90.5	92.4	95.1	91.1	88.1	93.3	96.6	372.1	369.1	88.1	6%
% Change (YoY)	6.5	-0.9	0.8	0.8	-3.2	-2.6	0.9	1.5	1.8	-0.8	-4.7	
Other Income	45.1	53.3	44.2	55.6	44.9	50.0	45.4	50.0	198.1	190.2	45.6	-1%
Total Income	139.2	143.8	136.6	150.7	136.0	138.1	138.7	146.6	570.3	559.3	133.7	4%
Operating Expenses	61.4	62.6	61.7	73.7	66.9	69.9	69.3	74.2	259.4	280.3	69.5	0%
Operating Profit	77.9	81.1	74.9	77.0	69.1	68.1	69.4	72.3	310.9	279.0	64.2	8%
% Change (YoY)	8.4	12.4	2.9	17.9	-11.3	-16.0	-7.3	-6.1	10.2	-10.3	-14.3	
Provisions	27.6	17.1	16.0	15.4	16.6	14.0	3.2	15.7	76.1	49.5	14.8	-78%
Profit before Tax	50.3	64.0	58.9	61.6	52.4	54.2	66.2	56.6	234.8	229.5	49.4	34%
Tax	13.5	16.8	12.9	11.7	11.3	11.7	16.0	13.8	54.9	52.8	11.4	41%
Net Profit	36.8	47.2	46.0	49.8	41.2	42.5	50.2	42.9	179.9	176.7	38.1	32%
% Change (YoY)	13.7	34.4	28.2	50.6	11.9	-10.0	9.0	-14.0	31.8	-1.8	-17.3	
Operating Parameters												
Deposit (INR b)	11,965	12,116	11,831	12,722	12,399	12,346	12,229	12,493	12,722	12,493	12,529	
Loan (INR b)	8,787	8,971	9,202	9,535	9,461	9,483	9,909	10,336	9,535	10,336	9,669	
Deposit Growth (%)	6.1	6.5	0.9	4.2	3.6	1.9	3.4	-1.8	4.2	-1.8	3.0	
Loan Growth (%)	14.0	11.6	6.7	9.5	7.7	5.7	7.7	8.4	9.5	8.4	5.1	
Asset Quality												
Gross NPA (%)	4.5	4.4	3.9	3.6	3.5	3.3	3.1	2.9	3.6	2.9	3.1	
Net NPA (%)	0.9	1.0	0.8	0.6	0.6	0.6	0.5	0.5	0.6	0.5	0.5	
PCR (%)	80.9	78.4	79.3	83.1	82.9	83.8	83.6	83.6	82.6	83.6	83.5	

E: MOFSL Estimates

Quarterly Snapshot

INR b	FY25				FY26			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Interest Income	263.6	267.1	265.4	277.0	273.0	261.9	264.4	0	1
Interest Expenses	169.5	176.6	173.0	181.8	181.8	173.8	171.2	-1	-2
Net Interest Income	94.1	90.5	92.4	95.1	91.1	88.1	93.3	1	6
Other Income	45.1	53.3	44.2	55.6	44.9	50.0	45.4	3	-9
Trading profits	7.0	10.3	8.1	16.5	14.2	10.7	9.0	11	-16
Total Income	139.2	143.8	136.6	150.7	136.0	138.1	138.7	2	0
Operating Expenses	61.4	62.6	61.7	73.7	66.9	69.9	69.3	12	-1
Employee	35.7	35.6	34.7	40.7	39.5	39.1	40.1	16	3
Others	25.7	27.0	27.0	33.0	27.4	30.9	29.2	8	-5
Operating Profits	77.9	81.1	74.9	77.0	69.1	68.1	69.4	-7	2
Core Operating Profits	70.9	70.9	66.8	60.5	54.9	57.4	60.4	-10	5
Provisions	27.6	17.1	16.0	15.4	16.6	14.0	3.2	-80	-77
PBT	50.3	64.0	58.9	61.6	52.4	54.2	66.2	12	22
Taxes	13.5	16.8	12.9	11.7	11.3	11.7	16.0	24	37
PAT	36.8	47.2	46.0	49.8	41.2	42.5	50.2	9	18
Balance Sheet (INR b)									
Loans	8,787	8,971	9,202	9,535	9,461	9,483	9,909	8	4
Deposits	11,965	12,116	11,831	12,722	12,399	12,346	12,229	3	-1
CASA Deposits	3,995	3,963	3,953	4,263	4,030	4,019	4,151	5	3
-Savings	3,325	3,284	3,284	3,399	3,345	3,388	3,473	6	3
-Current	669	679	669	864	686	630	678	1	8
Loan mix (INR b)									
Retail	1,823.2	1,923.8	2,018.1	2,167.8	2,290.4	2,385.1	2,455.4	22	3
Agri	1,889.4	1,919.1	1,852.8	1,784.8	1,716.1	1,684.1	1,752.9	-5	4
MSME	1,369.5	1,408.4	1,304.4	1,364.2	1,444.4	1,474.0	1,562.0	20	6
Large Corporate & others	3,705.9	3,692.8	3,953.9	4,143.0	3,930.1	3,879.7	4,036.8	2	4
Loan mix (%)									
Retail	20.7	21.5	22.1	22.9	24.4	25.3	25.0	293	-27
Agri	21.5	21.5	20.3	18.9	18.3	17.9	17.9	-242	0
MSME	15.6	15.7	14.3	14.4	15.4	15.6	15.9	164	28
Large Corporate & others	42.2	41.3	43.3	43.8	41.9	41.2	41.2	-215	-1
Asset Quality (INR b)									
GNPA	414.2	405.0	365.5	353.5	343.1	320.9	311.2	-15	-3
NNPA	79.0	87.6	75.7	59.7	58.7	52.1	51.0	-33	-2
Asset Quality Ratios (%)									
GNPA	4.5	4.4	3.9	3.6	3.5	3.3	3.1	-79	-23
NNPA	0.9	1.0	0.8	0.6	0.6	0.6	0.5	-31	-4
PCR - (calc)	80.9	78.4	79.3	83.1	82.9	83.8	83.6	431	-16
PCR (inc TWO)	93.5	92.8	93.4	94.6	94.7	95.1	95.1	171	0
Slippage Ratio	1.1	2.5	0.9	1.1	1.0	0.9	0.8	-10	-7
Business Ratios (%)									
CASA	33.4	32.7	33.4	33.5	32.5	32.6	34.0	53	140
Loan/Deposit	73.4	74.0	77.8	74.9	76.3	76.8	81.0	325	422
Other Income/Total Income	32.4	37.1	32.3	36.9	33.0	36.2	32.7	40	-344
Cost to Income	44.1	43.6	45.1	48.9	49.2	50.7	49.9	481	-70
Cost to Asset	1.8	1.8	1.8	2.0	1.9	1.9	1.9	13	-2
Tax Rate	26.9	26.3	21.9	19.0	21.5	21.6	24.2	233	265
Capitalisation Ratios (%)									
Tier-1	15.1	15.2	14.9	16.3	16.6	15.6	15.1	17	-52
CET-1	13.8	13.9	13.6	15.0	15.3	14.4	13.9	35	-43
Tier-2	1.9	1.9	1.8	1.8	1.7	1.5	1.4	-40	-6
CAR	17.0	17.1	16.7	18.0	18.3	17.1	16.5	-23	-58
RWA / Total Assets	50.0	48.8	49.2	48.7	47.8	50.2	50.5	131	29
LCR	138.5	144.1	130.6	130.7	131.7	127.3			
Profitability Ratios (%)									
Yield on Loans	8.7	8.7	8.8	8.7	8.5	8.3	8.3	-51	-7
Yield on Investments	6.9	6.9	6.9	6.8	6.9	6.8	6.8	-9	5
Cost of Deposits	5.4	5.6	5.6	5.6	5.5	5.5	5.3	-25	-17
Margins	3.05	2.90	2.91	2.87	2.76	2.67	2.76	-15	9
Other Details									
Branches	8,473	8,555	8,574	8,621	8,649	8,655	8,671	97	16
ATMs	9,342	9,124	9,087	8,910	8,976	9,064	8,300	-787	-764



Highlights from the management commentary

Opening Remarks

- India remains in a “Goldilocks” phase, characterized by strong economic growth and low inflation.
- Government and regulatory reforms continue to provide structural support to growth.
- The bank has undertaken a detailed review and rationalization of its balance sheet. Around INR400b of bulk deposits have been consciously run down.
- The IBPC exposure of ~INR200b has been fully extinguished.
- Low-yielding loan exposures have been reduced, with a greater shift towards longer-tenure assets.
- The AAA–A rated portfolio now constitutes ~95% of the loan book.
- Management and the Board are now focused on driving growth in identified priority verticals.

Advances & deposits related

- ~38% of the loan book is linked to MCLR, with the balance linked to T-bill and EBLR benchmarks.
- The bank is witnessing an ongoing mix change within the corporate portfolio.
- Around INR300b of corporate exposures have been churned out; management expects improved growth momentum in 4Q, with loan growth aspirations aligned with industry levels and higher than 3Q.
- Deposit growth for 9MFY26 stood at 3.88%, while the CD ratio remains comfortable at ~81%. Deposit mobilization is not a constraint, and the bank has adequate headroom to increase the CD ratio.
- Both CD ratio and LCR are well within regulatory comfort levels. While ALM remains a focus area, the bank is prioritizing CASA mobilization. Deposits are not the sole funding source, with refinancing also available.
- Retail and MSME segments have seen some moderation, and the bank is focused on reviving growth in these segments. The corporate pipeline remains strong with healthy proposals in the pipeline.
- Gold loan book stands at ~INR940b, with incremental additions of ~INR20b during the quarter. Yields in this segment are ~8.85–9%.
- The agriculture loan book is ~INR480b, with LTVs at ~75% for non-agri gold loans and ~85% for agri gold loans.
- Domestic LDR of ~81% is considered comfortable, while international LDR is comforted at ~82–83%.

Yields, cost, and margins

- NIMs are expected to improve in FY27E, driven by an anticipated decline in cost of funds.
- While the immediate focus is on defending margins, management's long-term aspiration remains margin expansion.
- Term deposits worth ~INR1.5t are scheduled to mature in 4QFY26.

Other income and opex

- The bank has allocated ~INR16b towards technology investments, with ~80% of liability-side relationships now being onboarded digitally.
- PSLC income was strong last year; however, opportunities were limited in the current year. Management expects PSLC profitability to improve in the coming year.
- Treasury income was normalized during the quarter, with no one-off gains. It included income from mutual funds, MTM movements, and other treasury income.
- Operating expense growth has remained modest over the past two years. The bank has initiated investments in technology and infrastructure. It plans to open ~75 branches during the current year and ~200 branches in the next financial year.

Asset quality

- SMA-2 exposures (below INR50mn) stood at ~INR240-250b.
- Provisions declined due to lower slippages and healthy recoveries, eliminating the need for additional provisioning.
- Recoveries from the written-off pool were lower, reflecting reduced fresh slippages. Some recoveries were expected during the quarter.
- Standard asset provisions were made in the previous quarter and in 1QFY26; however, given low slippages and adequate PCR, no standard asset provisioning was required this quarter.
- Lower provisioning reflects an improved asset mix with a higher proportion of BBB and above-rated exposures. Management expects provisioning to sustain at similar run rates. Additionally, ~50% of the restructured book has already been classified as NPAs.
- The written-off pool continues to offer recovery potential. While some recoveries were anticipated in 3Q, management expects a larger share to materialize in 4Q.
- Excess standard asset provisions remain adequate, and the bank will reassess the buffer once final regulatory guidelines are issued.

Miscellaneous

- The estimated ECL impact is ~INR43b. Management does not expect any material increase in credit costs, as existing provisions are largely aligned with ECL requirements.
- The impact of labor codes on employee expenses is expected to be immaterial for PSU banks, with a maximum impact of ~INR100–150m. Gratuity provisions are already in place.
- Under the MSME export moratorium, ~78 proposals amounting to ~INR5b were received, of which 61 proposals aggregating ~INR2.17b have already been disbursed.
- No material provisions have been made for project finance exposures, and no significant costs are expected for existing projects.

Story in charts

Exhibit 1: Loans grew 7.7% YoY (4.5% QoQ) to INR9.9t

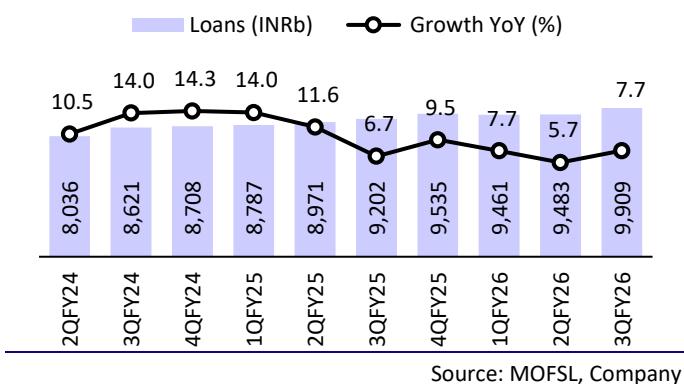


Exhibit 2: Deposits grew 3.4% YoY (-1.0% QoQ) to INR12.2t

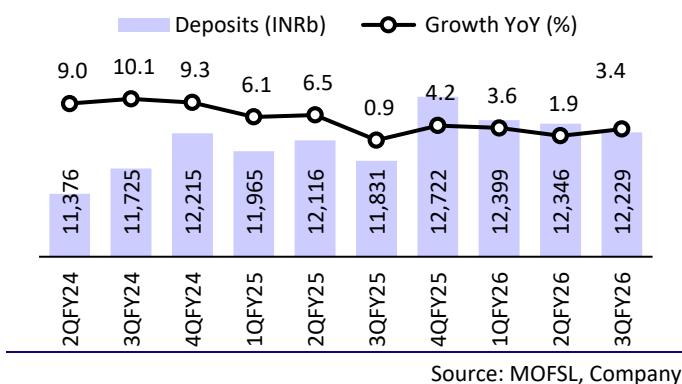


Exhibit 3: NIMs expanded 9bp QoQ to 2.76%; CASA improved to 34%

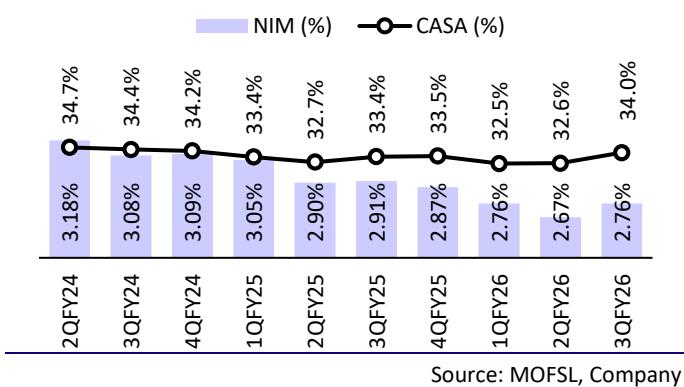


Exhibit 4: YoA declined 7bp QoQ to 8.27%; CoD declined to 5.31%

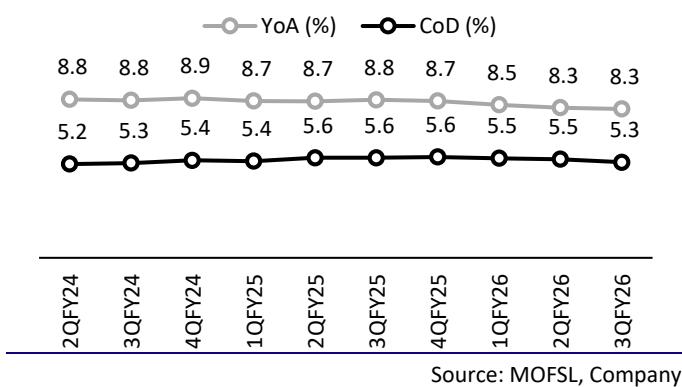


Exhibit 5: Loan mix as a % of domestic advances - 3QFY26

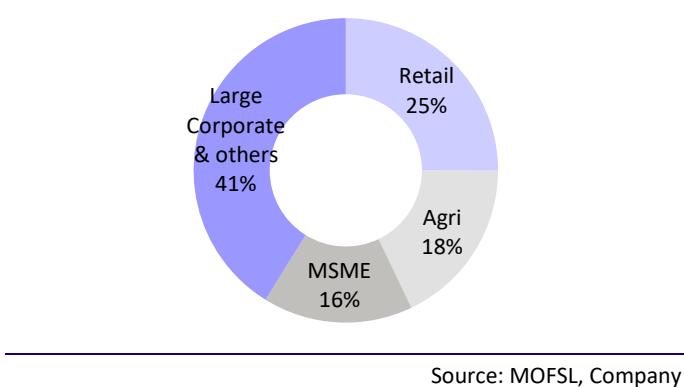


Exhibit 6: C/I ratio declined 70bp QoQ to 49.9%

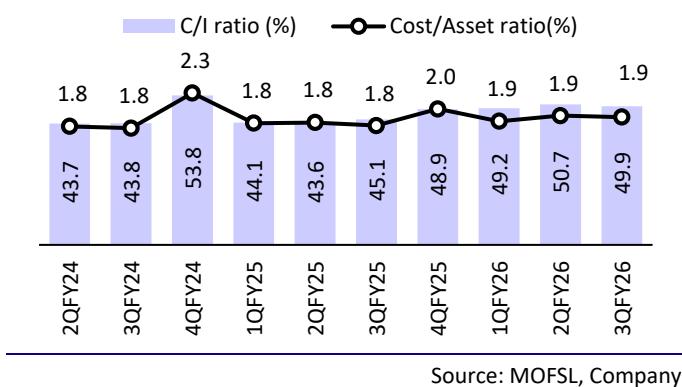


Exhibit 7: Credit costs declined to 9bp in 3QFY26

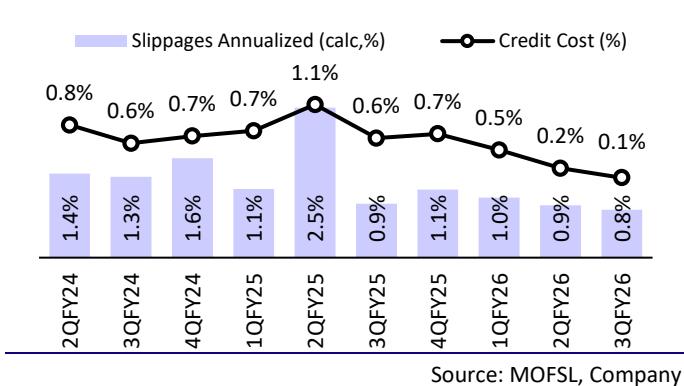
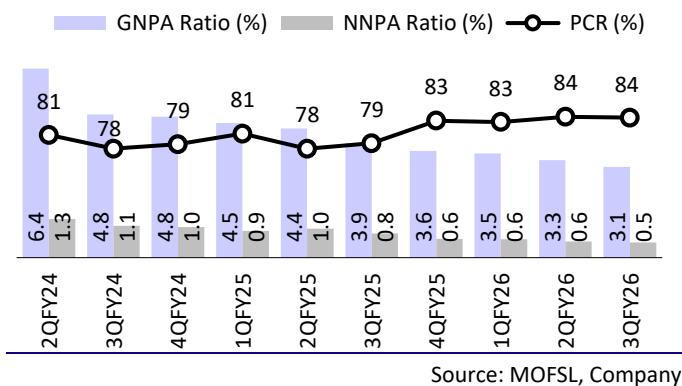


Exhibit 8: GNPA/NNPA ratio improved 23bp/4bp QoQ



Valuation and view: Reiterate Neutral with a TP of INR180

- UNBK reported a strong earnings beat, driven by NIM expansion and lower credit costs. Loan growth regained momentum in 3Q after a subdued 1H, while deposit growth remained muted due to the bank's conscious run-down of bulk deposits. Management has guided for a stronger loan growth outlook going forward.
- Margins came in above expectations as the bank prioritized profitability over growth, allowing bulk deposits to continue declining. With the revival of loan growth gaining traction and visibility improving, the growth outlook has strengthened further.
- Asset quality metrics continued to improve, supported by lower slippages and controlled credit costs.
- **We increase our earnings estimate by 7.9%/6.4%/7.1% for FY26E/FY27E/FY28E earnings and estimate FY27E RoA/RoE at 1.17% / 14.3%. We expect loans to post a 9% CAGR over FY25-27E. We reiterate our Neutral rating on the stock with a revised TP of INR180 (1.0x FY27E ABV).**

Exhibit 9: Summary of our earnings estimates

INR B	Old Est			Rev Est			Change %/bps		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Net Interest Income	359.5	397.8	451.4	369.1	404.7	455.9	2.7	1.7	1.0
Other Income	190.2	205.4	226.0	190.2	205.4	226.0	0.0	0.0	0.0
Total Income	549.7	603.2	677.4	559.3	610.1	681.8	1.7	1.2	0.7
Operating Expenses	280.3	306.3	336.5	280.3	304.1	331.6	0.0	-0.7	-1.5
Operating Profits	269.4	296.8	340.9	279.0	306.0	350.3	3.5	3.1	2.8
Provisions	59.1	72.7	89.3	49.5	67.5	80.8	-16.2	-7.0	-9.6
PBT	210.3	224.2	251.6	229.5	238.5	269.5	9.1	6.4	7.1
Tax	46.5	52.5	58.9	52.8	55.8	63.1	13.6	6.4	7.1
PAT	163.8	171.7	192.7	176.7	182.7	206.4	7.9	6.4	7.1
Loans	10,069	11,036	12,172	10,336	11,421	12,655	2.7	3.5	4.0
Deposits	13,438	14,621	15,951	12,493	13,530	14,762	-4.3	-4.7	-4.7
Margins (%)	2.44	2.52	2.62	2.57	2.71	2.80	13	19	18
RoA (%)	1.07	1.05	1.08	1.18	1.17	1.21	11	11	13
RoE (%)	14.4	13.6	13.7	15.5	14.3	14.3	105	66	66
BV	160	178	198	161	181	203	1.1	1.8	2.5
ABV	153	170	190	155	173	195	1.2	2.1	3.0
EPS	21	22	25	23	24	27	7.9	6.4	7.1

Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio

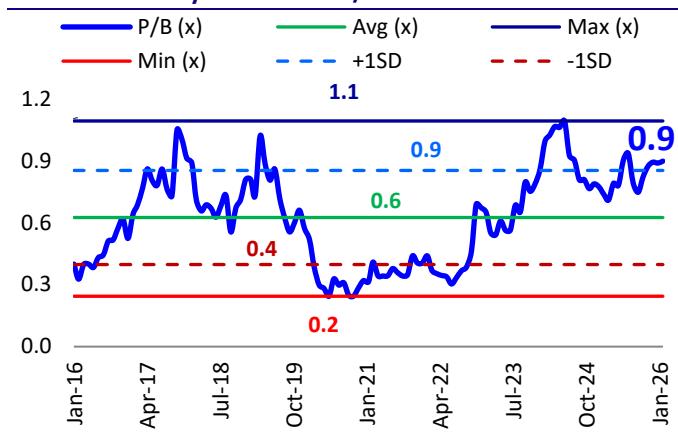


Exhibit 11: One-year forward P/E ratio

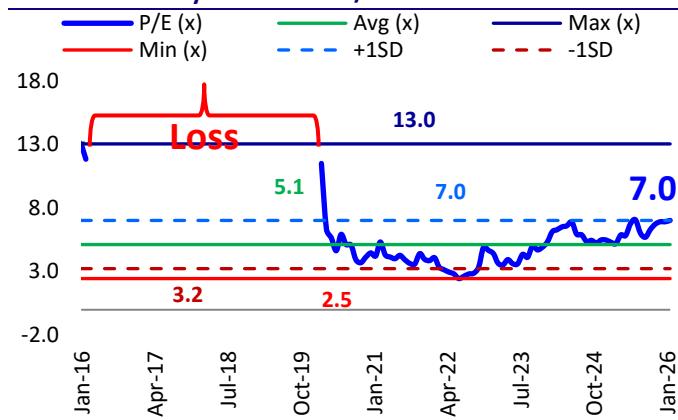


Exhibit 12: DuPont Analysis

Y/E MARCH (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	6.54	7.47	7.45	7.11	7.08	7.09
Interest Expense	3.89	4.73	4.88	4.65	4.49	4.41
Net Interest Income	2.65	2.74	2.57	2.46	2.59	2.68
Fee income	1.10	1.06	1.14	1.08	1.10	1.09
Trading and others	0.09	0.14	0.23	0.18	0.21	0.23
Non Interest Income	1.19	1.20	1.37	1.27	1.31	1.33
Total Income	3.84	3.94	3.94	3.73	3.90	4.00
Operating Expenses	1.78	1.83	1.79	1.87	1.94	1.95
Employees	1.00	1.08	1.01	1.06	1.10	1.11
Others	0.77	0.75	0.78	0.81	0.84	0.84
Operating Profits	2.06	2.11	2.15	1.86	1.96	2.06
Core Operating Profits	1.98	1.97	1.92	1.68	1.75	1.82
Provisions	1.08	0.51	0.53	0.33	0.43	0.47
PBT	0.98	1.60	1.62	1.53	1.53	1.58
Tax	0.30	0.58	0.38	0.35	0.36	0.37
RoA	0.68	1.02	1.24	1.18	1.17	1.21
Leverage (x)	17.88	16.34	14.54	13.15	12.21	11.82
RoE	12.22	16.69	18.09	15.49	14.26	14.32

Financials and valuations

Income Statement						(INRb)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	807.4	997.8	1,077.3	1,066.6	1,106.4	1,207.6
Interest Expense	479.8	632.1	705.1	697.5	701.7	751.8
Net Interest Income	327.7	365.7	372.1	369.1	404.7	455.9
- growth (%)	17.9	11.6	1.8	-0.8	9.6	12.6
Non Interest Income	146.3	160.8	198.1	190.2	205.4	226.0
Total Income	474.0	526.5	570.3	559.3	610.1	681.8
- growth (%)	17.6	11.1	8.3	-1.9	9.1	11.8
Operating Expenses	219.3	244.4	259.4	280.3	304.1	331.6
Pre Provision Profits	254.7	282.1	310.9	279.0	306.0	350.3
- growth (%)	16.4	10.8	10.2	-10.3	9.7	14.5
Core PPP	243.8	262.8	278.1	251.3	273.2	310.5
- growth (%)	31.3	7.8	5.8	-9.6	8.7	13.7
Provisions (excl tax)	133.3	67.8	76.1	49.5	67.5	80.8
PBT	121.4	214.3	234.8	229.5	238.5	269.5
Tax	37.0	77.8	54.9	52.8	55.8	63.1
Tax Rate (%)	30.5	36.3	23.4	23.0	23.4	23.4
PAT	84.3	136.5	179.9	176.7	182.7	206.4
- growth (%)	61.2	61.8	31.8	-1.8	3.4	13.0
Balance Sheet						
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	68.3	76.3	76.3	76.3	76.3	76.3
Reserves & Surplus	715.0	893.4	1,053.4	1,185.0	1,333.3	1,505.4
Net Worth	783.3	969.7	1,129.8	1,261.3	1,409.7	1,581.7
Deposits	11,177.2	12,215.3	12,722.5	12,493.5	13,530.4	14,761.7
- growth (%)	8.3	9.3	4.2	-1.8	8.3	9.1
- CASA Dep	3,940.6	4,101.3	4,263.3	4,285.3	4,640.9	5,063.3
- growth (%)	4.5	4.1	3.9	0.5	8.3	9.1
Borrowings	431.4	269.5	648.4	683.6	714.8	748.1
Other Liabilities & Prov.	415.6	465.1	497.9	557.6	624.6	699.5
Total Liabilities	12,807.5	13,919.6	14,998.6	14,996.1	16,279.5	17,791.0
Current Assets	1,121.5	1,193.0	1,313.3	553.4	569.8	682.4
Investments	3,393.0	3,379.0	3,543.8	3,437.5	3,540.6	3,717.7
- growth (%)	-2.6	-0.4	4.9	-3.0	3.0	5.0
Loans	7,618.5	8,707.8	9,535.1	10,336.1	11,421.4	12,654.9
- growth (%)	15.3	14.3	9.5	8.4	10.5	10.8
Fixed Assets	88.3	92.2	97.8	101.7	106.8	112.1
Other Assets	586.3	547.5	508.5	567.4	640.9	623.9
Total Assets	12,807.5	13,919.6	14,998.6	14,996.1	16,279.5	17,791.0
Asset Quality						
GNPA	609.9	431.0	353.5	309.5	326.9	348.3
NNPA	133.6	93.1	61.3	50.7	55.5	61.1
Slippages	125.2	118.8	120.7	129.2	156.7	168.5
GNPA Ratio (%)	7.53	4.76	3.60	2.92	2.80	2.69
NNPA Ratio (%)	1.75	1.07	0.64	0.49	0.49	0.48
Slippage Ratio (%)	1.76	1.45	1.32	1.30	1.44	1.40
Credit Cost (%)	1.87	0.83	0.83	0.48	0.59	0.64
PCR (Excl Tech. write off) (%)	78.1	78.4	82.6	83.6	83.0	82.4

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	6.9	7.9	7.8	7.4	7.4	7.4
Avg. Yield on loans	8.0	8.8	8.7	8.2	8.0	8.0
Avg. Yield on Investments	6.3	6.7	6.8	6.6	6.6	6.6
Avg. Cost-Int. Bear. Liab.	4.3	5.2	5.5	5.3	5.1	5.1
Avg. Cost of Deposits	4.1	5.0	5.3	5.2	5.1	5.0
Interest Spread	2.6	2.6	2.3	2.2	2.3	2.4
Net Interest Margin	2.8	2.9	2.7	2.6	2.7	2.8
Capitalisation Ratios (%)						
CAR	16.0	17.0	18.0	17.6	17.5	17.4
Tier I	13.9	15.0	16.3	15.8	15.9	15.9
CET-1	12.4	13.7	15.0	14.4	14.5	14.5
Tier II	2.1	2.0	1.8	1.8	1.6	1.4
Business and Efficiency Ratios (%)						
Loans/Deposit Ratio	68.2	71.3	74.9	82.7	84.4	85.7
CASA Ratio	35.3	33.6	33.5	34.3	34.3	34.3
Cost/Assets	1.7	1.8	1.7	1.9	1.9	1.9
Cost/Total Income	46.3	46.4	45.5	50.1	49.8	48.6
Cost/ Core Income	-2.1	-1.3	-0.8	-1.0	-0.9	-0.8
Int. Expense/Int.Income	59.4	63.3	65.5	65.4	63.4	62.3
Fee Income/Total Income	28.6	26.9	29.0	29.1	28.3	27.3
Non Int. Inc.Total Income	30.9	30.5	34.7	34.0	33.7	33.1
Empl. Cost/Total Expense	56.5	58.8	56.6	56.5	56.8	56.9
Efficiency Ratios (%)						
Employee per branch (in nos)	8.8	9.0	8.6	9.0	9.0	9.0
Staff cost per employee (INR m)	1.6	1.9	2.0	2.0	2.2	2.4
CASA per branch (INR m)	459.4	484.6	494.5	496.3	532.2	574.9
Deposits per branch (INR m)	1,303.2	1,443.2	1,475.8	1,447.0	1,551.6	1,676.0
Business per Employee (INR m)	248.6	275.8	301.2	295.0	319.2	347.3
Profit per Employee (INR m)	1.1	1.8	2.4	2.3	2.3	2.6
Profitability Ratios and Valuation (%)						
RoE	12.2	16.7	18.1	15.5	14.3	14.3
RoA	0.7	1.0	1.2	1.2	1.2	1.2
RoRWA	1.4	2.0	2.5	2.2	2.0	2.0
Book Value (INR)	110	123	144	161	181	203
- growth (%)	10.3	12.1	17.2	12.0	12.0	12.5
Price-BV (x)	1.6	1.4	1.2	1.1	1.0	0.9
Adjusted BV (INR)	94	112	136	155	173	195
Price-ABV (x)	1.9	1.6	1.3	1.2	1.0	0.9
EPS (INR)	12.3	18.9	23.6	23.1	23.9	27.0
- growth (%)	56.1	52.9	24.9	-1.8	3.4	13.0
Price-Earnings (x)	14.4	9.4	7.6	7.7	7.4	6.6
Dividend Per Share (INR)	3.0	3.6	4.8	4.5	4.5	4.5
Dividend Yield (%)	1.7	2.0	2.7	2.5	2.5	2.5

E: MOFSL Estimates

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822, IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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