motilal oswal Financial Services

15 July 2026
1QFY27 Results Update | Sector: Financials

Union Bank of India

Estimate change	↑
TP change	⟷
Rating change	⟷

Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USDb)	1315.9 / 13.7
52-Week Range (INR)	205 / 125
1, 6, 12 Rel. Per (%)	0/2/22
12M Avg Val (INR M)	2505

Financials & Valuation (INR b)

Y/E March	FY26	FY27E	FY28E
NII	366.6	417.9	462.6
OP	286.2	331.7	371.6
NP	187.0	211.1	228.5
NIM (%)	2.5	2.7	2.8
EPS (INR)	24.5	27.7	29.9
EPS Gr. (%)	3.9	12.9	8.3
BV/Sh. (INR)	163	187	212
ABV/Sh. (INR)	158	181	205
RoA (%)	1.2	1.3	1.3
RoE (%)	16.3	16.2	15.3
Valuations			
P/E(X)	7.0	6.2	5.7
P/BV (X)	1.1	0.9	0.8
P/ABV (X)	1.1	1.0	0.8

Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	74.8	74.8	74.8
DII	11.5	11.9	11.6
FII	9.4	8.1	7.1
Others	4.4	5.2	6.5

CMP: INR172 TP: INR190 (+10%) Neutral

In-line revenue; low opex, provision drive earnings beat

NIMs improve 16bp QoQ to 2.80%

- Union Bank of India (UNBK) reported 1QFY27 PAT of INR53.3b (up 30% YoY/flat QoQ, 19% beat), led by lower opex intensity and lower-than-expected provisioning.
- NII improved by 10% YoY/7% QoQ to INR100.4b (in line), aided by strong NIMs (up 16bp QoQ to 2.80% vs. MOFSLe of 2.60%). NIM reflation was largely on the back of lower cost of deposits.
- Loan book grew 13.3% YoY/1.8% QoQ to INR10.7t, while deposits declined 1.8% QoQ (up 3.5% YoY). This led to the CD ratio rising to 83.6%. Management aims to grow its loan book 1% higher than the system while improving the margin trajectory.
- Fresh slippages rose 3% QoQ to INR21.5b vs. INR21b in 4QFY26. GNPA/NNPA ratios improved 17bp/1bp QoQ to 2.65%/0.47%. PCR was stable QoQ at 82.8%.
- **We raise our estimates by 5% and project FY27E RoA/RoE at 1.3%/15.3%. Retain Neutral with a TP of INR190 (0.9x Mar'28E ABV).**

LCR improves to 123%; CD ratio rises to 83.6%

- UNBK reported 1QFY27 PAT of INR53.3b (30% YoY, 19% beat). NII improved by 10% YoY/7% QoQ, with NIMs improving by 16bp QoQ to 2.80% (MOFSLe of 2.60%).
- Other income was down 15% QoQ (up 2.6% YoY) at INR46b amid healthy recoveries from NPAs and modest treasury profits.
- Opex declined 0.8% YoY/3.3% QoQ (6% lower than MOFSLe). C/I ratio, thus, declined to 45.3% (vs. 46.3% in 4Q). PPoP improved 15.8% YoY (up 0.6% QoQ) to INR80.0b (10% beat on MOFSLe).
- Advances growth was steady at 13.3% YoY/1.8% QoQ, led by strong growth in corporate (up 2.4% QoQ) and steady growth in the RAM segment (up 11.6% YoY/1.6% QoQ). Within retail, growth was led by VF (up 5.7% QoQ) and steady growth in housing (up 2.4% QoQ).
- Deposits grew 3.5% YoY/fell 1.8% QoQ to INR12.8t with a sharp drop in CA deposits. The CA book was down 12.0% QoQ (up 7.9% YoY), and the SA book was up 12.5% YoY/flat QoQ, leading to a stable CASA ratio of 35.1% (down 12bp QoQ). CD ratio picked up to 83.6% (up 296bp QoQ).
- Fresh slippages increased 3% QoQ to INR21.5b, while healthy recoveries and upgrades led to an improvement in the GNPA/NNPA ratios by 17bp/1bp QoQ to 2.65%/0.47%. PCR ratio was stable at 82.8%.
- The bank reported higher credit costs of 0.38% vs. 0.16% in 4QFY26 amid the creation of standard asset provisions of INR1b in 1Q. The bank expects additional ECL transition provisioning of INR60b, against which a management overlay of INR8b has already been made.

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Highlights from the management commentary

- Management expects further NIM improvement to be driven by a lower cost of funds while maintaining LDR and LCR at current levels.
- Under ECLGS, the bank expects cumulative disbursements of INR140-150b, of which INR100b has already been disbursed.
- The bank has mobilized USD106m of FCNR (B) deposits so far and targets USD1.5-2.0b (~ INR200b) in the current FCNR(B) window.
- The bank aims to reduce the bulk deposits as % of total deposits to 15% in the medium term from 19% currently.

Valuation and view

UNBK reported a steady quarter on the back of lower opex intensity and lower-than-expected provisioning, aided by NIM improvement. While loan growth was stable, deposit growth continued to lag loan growth, with the bank remaining cautious on bulk deposits, leading to an increase in LDR. Management has guided for loan growth to be 1% higher than systemic growth, with a continued focus on margin-accretive expansion. The bank has built a standard asset provision buffer of INR8b (including ~INR7b created in 4Q), while the estimated ECL transition impact stands at INR60b. Asset quality continued to improve overall, while credit costs normalized upward in 1Q. **We raise our estimates by 5% and project FY27E RoA/RoE at 1.3%/15.3%. We expect an 11.8% CAGR in loans over FY26-28. We reiterate our Neutral rating on the stock with a TP of INR190 (0.9x Mar'28E ABV).**

Quarterly Performance (INR b)

	FY26				FY27E				FY26	FY27E	FY27E	V/S our
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			1QE	Est
Interest Income	273.0	261.9	264.4	264.4	272.0	280.6	290.2	307.1	1,059.9	1,149.9	273	0%
Interest Expense	181.8	173.8	171.2	170.3	171.7	178.2	184.4	197.7	693.3	732.0	175	2%
Net Interest Income	**91.1**	**88.1**	**93.3**	**94.1**	**100.4**	**102.3**	**105.9**	**109.4**	**366.6**	**417.9**	**98.2**	**2%**
% Change (YoY)	-3.2	-2.6	0.9	-1.1	10.1	16.1	13.5	16.3	-1.5	14.0	7.8	
Other Income	44.9	50.0	45.4	54.1	46.0	48.2	50.0	55.9	194.3	200.2	44.7	3%
Total Income	**136.0**	**138.1**	**138.7**	**148.2**	**146.4**	**150.6**	**155.9**	**165.2**	**560.9**	**618.1**	**142.9**	**2%**
Operating Expenses	66.9	69.9	69.3	68.6	66.4	69.0	72.2	78.8	274.7	286.4	70.4	-6%
Operating Profit	**69.1**	**68.1**	**69.4**	**79.6**	**80.0**	**81.5**	**83.7**	**86.4**	**286.2**	**331.7**	**72.5**	**10%**
% Change (YoY)	-11.3	-16.0	-7.3	3.3	15.8	19.7	20.6	8.6	-7.9	15.9	4.9	
Provisions	16.6	14.0	3.2	10.5	9.8	13.7	15.7	16.9	44.4	56.1	13.9	-30%
Profit before Tax	**52.4**	**54.2**	**66.2**	**69.0**	**70.2**	**67.8**	**68.0**	**69.5**	**241.8**	**275.6**	**58.5**	**20%**
Tax	11.3	11.7	16.0	15.8	16.9	15.9	15.9	15.8	54.8	64.5	13.7	23%
Net Profit	**41.2**	**42.5**	**50.2**	**53.2**	**53.3**	**51.9**	**52.1**	**53.7**	**187.0**	**211.1**	**44.8**	**19%**
% Change (YoY)	11.9	-10.0	9.0	6.6	29.6	22.2	3.8	1.1	3.9	12.9	9.0	
Operating Parameters												
Deposit (INR b)	12,399	12,346	12,229	13,069	12,834	13,708	14,007	14,428	13,069	14,428	13,368	
Loan (INR b)	9,461	9,483	9,909	10,533	10,723	11,142	11,427	11,828	10,533	11,828	10,818	
Deposit Growth (%)	3.6	1.9	3.4	2.7	3.5	11.0	14.5	10.4	2.7	10.4	7.8	
Loan Growth (%)	7.7	5.7	7.7	10.5	13.3	17.5	15.3	12.3	10.5	12.3	14.3	
Asset Quality												
Gross NPA (%)	3.5	3.3	3.1	2.8	2.7	2.6	2.6	2.6	2.8	2.6	2.8	
Net NPA (%)	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.4	0.5	
PCR (%)	82.9	83.8	83.6	83.3	82.8	82.7	82.5	82.9	82.9	82.9	83.0	

E: MOFSL Estimates

Quarterly snapshot

INR b	FY26				FY27	Change (%)	
Profit and Loss	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**YoY**	**QoQ**
Interest Income	273.0	261.9	264.4	264.4	272.0	0	3
Interest Expenses	181.8	173.8	171.2	170.3	171.7	-6	1
Net Interest Income	**91.1**	**88.1**	**93.3**	**94.1**	**100.4**	**10**	**7**
Other Income	44.9	50.0	45.4	54.1	46.0	3	-15
Trading profits	14.2	10.7	9.0	6.4	6.5	-55	1
Total Income	**136.0**	**138.1**	**138.7**	**148.2**	**146.4**	**8**	**-1**
Operating Expenses	66.9	69.9	69.3	68.6	66.4	-1	-3
Employee	39.5	39.1	40.1	34.2	38.2	-3	11
Others	27.4	30.9	29.2	34.4	28.2	3	-18
Operating Profits	**69.1**	**68.1**	**69.4**	**79.6**	**80.0**	**16**	**1**
Core Operating Profits	**54.9**	**57.4**	**60.4**	**73.2**	**73.6**	**34**	**1**
Provisions	16.6	14.0	3.2	10.5	9.8	-41	-7
PBT	**52.4**	**54.2**	**66.2**	**69.0**	**70.2**	**34**	**2**
Taxes	11.3	11.7	16.0	15.8	16.9	50	7
PAT	**41.2**	**42.5**	**50.2**	**53.2**	**53.3**	**30**	**0**
Balance Sheet (INR b)							
Loans	9,461	9,483	9,909	10,533	10,723	13	2
Deposits	12,399	12,346	12,229	13,069	12,834	4	-2
CASA Deposits	4,030	4,019	4,151	4,601	4,503	12	-2
- Savings	3,345	3,388	3,473	3,760	3,763	13	0
- Current	686	630	678	841	740	8	-12
Loan mix (INR b)							
Retail	2,290.4	2,385.1	2,455.4	2,530.8	2,566.5	12	1
Agri	1,716.1	1,684.1	1,752.9	1,833.9	1,831.8	7	0
MSME	1,444.4	1,474.0	1,562.0	1,620.1	1,682.6	16	4
Large Corporate & others	3,930.1	3,879.7	4,036.8	4,424.7	4,530.3	15	2
Loan mix (%)							
Retail	24.4	25.3	25.0	24.3	24.2	-23	-13
Agri	18.3	17.9	17.9	17.6	17.3	-103	-35
MSME	15.4	15.6	15.9	15.6	15.9	46	29
Large Corporate & others	41.9	41.2	41.2	42.5	42.7	80	19
Asset Quality (INR b)							
GNPA	343.1	320.9	311.2	304.0	290.9	-15	-4
NNPA	58.7	52.1	51.0	50.7	50.2	-15	-1
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**YoY (bp)**	**QoQ (bp)**
GNPA	3.5	3.3	3.1	2.8	2.7	-87	-17
NNPA	0.6	0.6	0.5	0.5	0.5	-15	-1
PCR - (calc)	82.9	83.8	83.6	83.3	82.8	-13	-58
PCR (inc TWO)	94.7	95.1	95.1	95.0	95.1	40	2
Slippage Ratio	1.0	0.8	0.8	0.8	0.8	-16	-3
Business Ratios (%)							
CASA	32.5	32.6	34.0	35.2	35.1	258	-11
Loan/Deposit	76.3	76.8	81.0	80.6	83.6	725	296
Other Income/Total Income	33.0	36.2	32.7	36.5	31.4	-155	-508
Cost to Income	49.2	50.7	49.9	46.3	45.3	-386	-98
Cost to Asset	1.9	1.9	1.9	1.8	1.8	-10	-3
Tax Rate	21.5	21.6	24.2	23.0	24.1	255	111
Capitalisation Ratios (%)							
Tier-1	16.6	15.6	15.1	16.6	17.5	94	89
CET-1	15.3	14.4	13.9	15.7	16.4	108	69
Tier-2	1.7	1.5	1.4	1.5	0.9	-78	-53
CAR	18.3	17.1	16.5	18.1	18.5	16	36
RWA / Total Assets	47.8	50.2	51.5	49.6	52.0	425	241
LCR	131.7	127.3	123.6	113.8	121.3	-1,042	747
Profitability Ratios (%)							
Yield on Loans	8.5	8.3	8.3	8.0	7.9	-60	-8
Yield on Investments	6.9	6.8	6.8	6.8	6.8	-9	0
Cost of Deposits	5.5	5.5	5.3	5.2	5.1	-48	-18
Margins	2.76	2.67	2.76	2.64	2.80	4	16
Other Details							
Branches	8,649	8,655	8,671	8,697	8,700	51	3
ATMs	8,976	9,064	8,300	8,656	8,758	-218	102

CONFERENCE CALL

Highlights from the management commentary

Opening remarks

- The RBI and the government have taken proactive measures to better navigate the macroeconomic headwinds.
- The bank remains resilient, supported by five strategic pillars: operational efficiency, asset quality, robust growth, profitability, customer centricity and ease of working for employees.
- Structural changes in technology and operations continue to improve productivity, while Project Muskan is delivering encouraging benefits.
- Management is confident of sustaining CASA through focused efforts.
- The bank continues to improve portfolio quality by increasing exposure to borrowers with higher CIBIL scores.
- Deposit mobilization remains comfortable, with CASA and retail term deposits being the primary focus areas.
- Management aims to improve NIMs going forward rather than merely defend margins.

Advances and deposits

- CD ratio has increased to 83.6% from 80.6% in 4QFY26.
- Average CASA balances of ~INR240b and retail term deposits of ~INR170b were maintained during the quarter.
- The bank consciously reduced bulk deposits by ~INR180-200b during the quarter. Bulk deposits stood at ~INR1.39t as of 1QFY27.
- Share of bulk deposits has reduced from 27% to 19% a year back.
- The bank has mobilized USD106m of FCNR (B) deposits so far and targets USD1.5-2.0b (around INR200b) during the FCNR(B) window. No leverage has been raised under the current FCNR(B) window.
- Planning to raise overseas borrowings of USD200-300m.
- Corporate sanctions worth ~INR1t remain pending disbursement.
- Agriculture and MSME advances are expected to grow by 18-20%, supported by various government schemes.
- Gold loan growth moderated due to the impact of ~INR25b related to tighter compliance after the revised RBI guidelines.
- The bank is currently a seller of IBPC assets and has no plans to purchase or take IBPC exposure.

Yields, costs, and margins

- The cost of deposits declined by 18bp during the quarter, with the shedding of bulk deposits.
- NIM improved to 2.80% from 2.64% in 4QFY26 largely on the back of lower cost of deposits.
- Tier-II bonds worth ~INR25b were raised at ~9%, temporarily increasing funding costs.
- Domestic yield on advances stood at 8.01%, while global yield on advances was 7.90%.
- Repricing toward higher-yielding domestic assets has supported margins, while overseas yields remain relatively volatile.
- Management believes yields on advances have bottomed out.

Other income and opex

- PSLC income stood at INR2.17b during the quarter.
- SMF business is not dependent on the agriculture gold loan portfolio.
- Interest income on income-tax refunds was INR5.32b in 1QFY27 compared with INR5.62b in 4QFY26.

Asset quality

- MSME stress persists but remains manageable, supported by government guarantee schemes. Stress is largely confined to lower-ticket MSME accounts.
- Recovery quartering 4Qwas aided by one large security receipt (SC) recovery, while current recoveries in 1Q are largely through one-time settlements (OTS).
- Slippages remain well contained, with recoveries continuing to exceed fresh slippages.
- Under ECLGS, the bank expects cumulative disbursements of INR140-150b, of which INR100b has already been disbursed.
- Higher utilization of cash credit limits by corporates reflects liquidity management rather than stress.
- Around 140 MSME customer outreach programs were conducted across India to assess borrower-level stress and undertake corrective action.
- Do not expect any material impact from the Maharashtra farm loan waiver, as adequate provisions have already been made.

ECL provisioning

- Additional standard provisions of INR1b were created during the quarter.
- Total provisioning requirement under ECL is estimated at ~INR115b, of which INR55b has already been provided for and an overlay of INR8b has been created.
- Even if the full ECL transition impact is recognized in one year, CRAR is expected to remain comfortable at around 17.5%.
- SMA book declined by ~INR14b compared with Mar'26.

Miscellaneous

- AFS reserve improved to negative INR3.46b from negative INR8.0b in the previous quarter.
- LCR remains comfortable at 121% against the board-approved threshold of 107%, providing a buffer of ~INR420b.
- Revised LCR guidelines have provided liquidity benefits of INR40-50b and improved LCR by around 2.5-3%.
- Lower run-off factors for society and trust deposits have aided liquidity metrics.

Guidance

- Management aims to grow advances at around 1% above industry growth.
- Deposit growth to be 100-200bp lower than credit growth.
- Loan mix expected to be at 58%/42% for RAM/corporate segments.
- CD ratio is expected to remain comfortable in the 84-85% range.
- CASA balances are expected to be sustained at the current levels or marginally improve.
- Aims to reduce bulk deposits to 15% of overall mix.
- Management expects further NIM improvement to be driven by a lower cost of funds while maintaining comfortable LDR and LCR levels.

Story in charts

Exhibit 1: Loans grew 13.3% YoY (1.8% QoQ) to INR13.3t

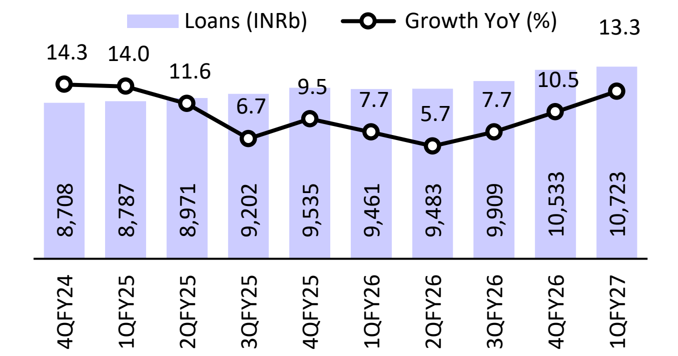


Exhibit 2: Deposits up 3.5% YoY (down 1.8% QoQ) to INR12.8t

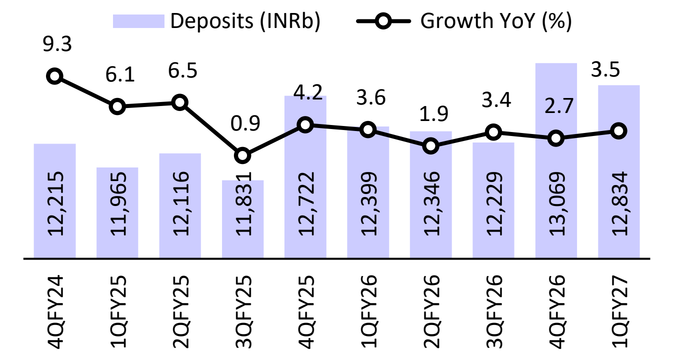


Exhibit 3: NIMs improved 16bp QoQ to 2.80%; CASA was flat at 35.1%

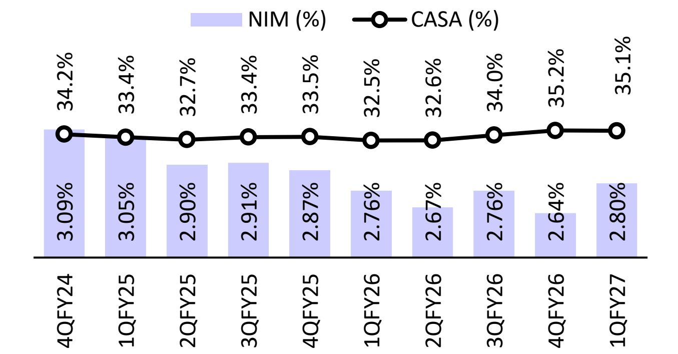


Exhibit 4: YoA declined 8bp QoQ to 7.90%; CoD declined by 18bp to 5.05%

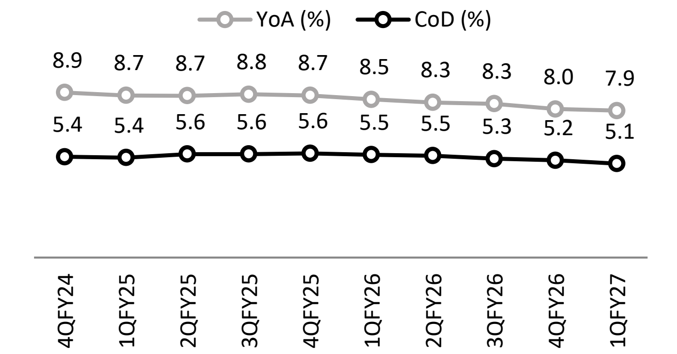


Exhibit 5: Loan mix as a % of domestic advances - 1QFY27

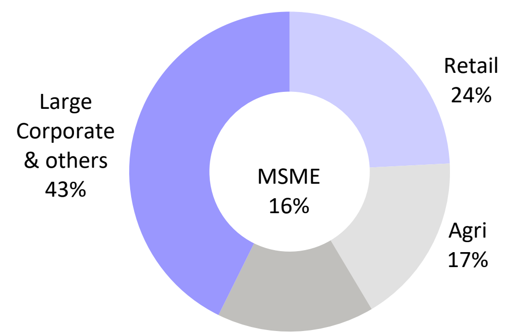


Exhibit 6: C/I ratio declined 98bp QoQ to 45.3%

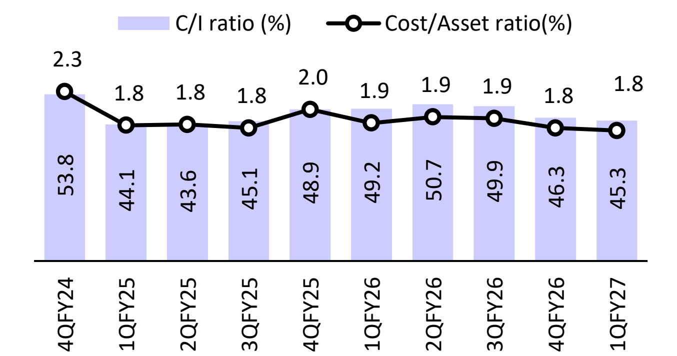
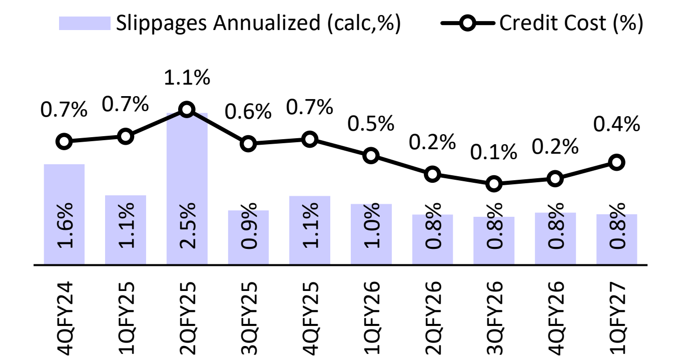
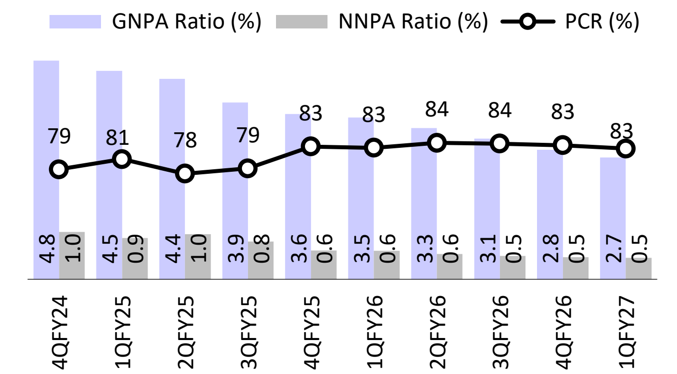


Exhibit 7: Credit costs inched up to 38bp in 1QFY27



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios improved 17bp/1bp QoQ



Source: MOFSL, Company

Valuation and view: Reiterate Neutral with a TP of INR190

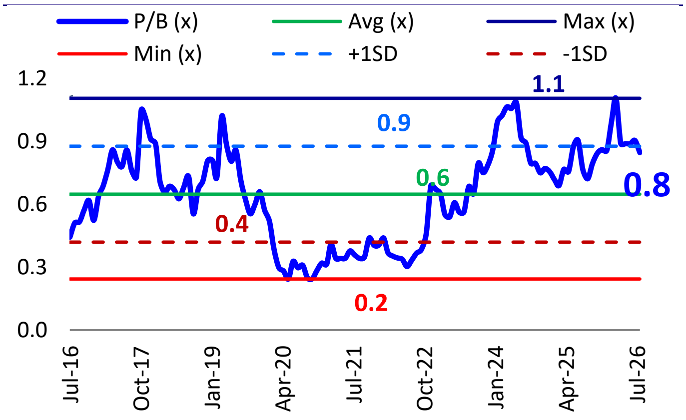
- UNBK reported a steady quarter on the back of lower opex intensity and lower-than-expected provisioning, aided by NIM improvement.
- While loan growth was stable, deposit growth continued to lag loan growth, with the bank remaining cautious on bulk deposits, leading to an increase in LDR.
- Management has guided for loan growth of 1% above systemic growth, with a continued focus on margin-accretive expansion.
- The bank has built a standard asset provision buffer of INR8b (including ~INR7b created in 4Q), while the estimated ECL transition impact stands at INR60b. Asset quality continued to improve overall, while credit costs normalized upward in 1Q.
- **We raise our estimates by 5% and project FY27E RoA/RoE at 1.3%/15.3%. We expect an 11.8% CAGR in loans over FY26-28. We reiterate our Neutral rating on the stock with a TP of INR190 (0.9x Mar'28E ABV).**

Exhibit 9: Summary of our earnings estimates

INR B	Old Est		Rev Est		Change %/bps	
	FY27	FY28	FY27	FY28	FY27	FY28
Net Interest Income	**412.0**	**455.1**	**417.9**	**462.6**	**1.4**	**1.7**
Other Income	202.1	223.3	200.2	221.2	-1.0	-1.0
Total Income	**614.1**	**678.5**	**618.1**	**683.8**	**0.7**	**0.8**
Operating Expenses	293.3	319.8	286.4	312.3	-2.4	-2.4
Operating Profits	**320.8**	**358.6**	**331.7**	**371.6**	**3.4**	**3.6**
Provisions	58.0	74.5	56.1	73.3	-3.2	-1.7
PBT	**262.8**	**284.1**	**275.6**	**298.3**	**4.9**	**5.0**
Tax	61.5	66.5	64.5	69.8	4.9	5.0
PAT	**201.3**	**217.6**	**211.1**	**228.5**	**4.9**	**5.0**
Loans	11,828	13,177	11,828	13,177	0.0	0.0
Deposits	14,428	15,943	14,428	15,943	0.0	0.0
Margins (%)	2.69	2.73	2.73	2.78	4	5
RoA (%)	**1.22**	**1.20**	**1.28**	**1.26**	**6**	**6**
RoE (%)	**15.5**	**14.7**	**16.2**	**15.3**	**69**	**58**
BV	**185**	**209**	**187**	**212**	**0.7**	**1.3**
ABV	180	202	181	205	0.8	1.3
EPS	26	29	28	30	4.9	5.0

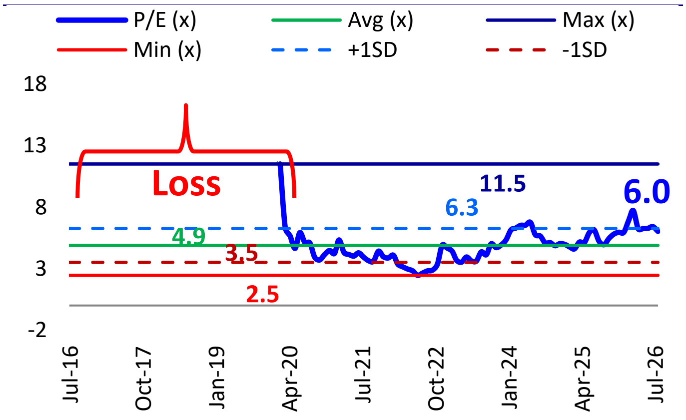
Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 12: DuPont Analysis

Y/E MARCH (%)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	6.01	6.54	7.47	7.32	6.91	6.98	6.94
Interest Expense	3.55	3.89	4.73	4.75	4.52	4.44	4.39
Net Interest Income	**2.46**	**2.65**	**2.74**	**2.57**	**2.39**	**2.54**	**2.55**
Fee income	0.82	1.10	1.06	1.14	1.07	1.01	0.99
Trading and others	0.29	0.09	0.14	0.23	0.19	0.20	0.22
Non-Interest Income	1.11	1.19	1.20	1.37	1.27	1.22	1.22
Total Income	**3.57**	**3.84**	**3.94**	**3.94**	**3.66**	**3.75**	**3.77**
Operating Expenses	**1.63**	**1.78**	**1.83**	**1.79**	**1.79**	**1.74**	**1.72**
Employees	0.90	1.00	1.08	1.01	1.00	0.97	0.97
Others	0.74	0.77	0.75	0.78	0.79	0.76	0.75
Operating Profits	**1.94**	**2.06**	**2.11**	**2.15**	**1.86**	**2.01**	**2.05**
Core Operating Profits	**1.64**	**1.98**	**1.97**	**1.92**	**1.67**	**1.81**	**1.82**
Provisions	1.18	1.08	0.51	0.53	0.29	0.34	0.40
PBT	**0.76**	**0.98**	**1.60**	**1.62**	**1.58**	**1.67**	**1.64**
Tax	0.30	0.30	0.58	0.38	0.36	0.39	0.38
RoA	**0.46**	**0.68**	**1.02**	**1.24**	**1.22**	**1.28**	**1.26**
Leverage (x)	18.02	17.88	16.34	14.54	13.40	12.62	12.18
RoE	**8.34**	**12.22**	**16.69**	**18.09**	**16.32**	**16.18**	**15.33**

Financials and valuations

Income Statement						(INRb)
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Interest Income	807.4	997.8	1,059.1	1,059.9	1,149.9	1,259.1
Interest Expense	479.8	632.1	687.0	693.3	732.0	796.5
Net Interest Income	**327.7**	**365.7**	**372.1**	**366.6**	**417.9**	**462.6**
- growth (%)	17.9	11.6	1.8	-1.5	14.0	10.7
Non-Interest Income	146.3	160.8	198.1	194.3	200.2	221.2
Total Income	**474.0**	**526.5**	**570.3**	**560.9**	**618.1**	**683.8**
- growth (%)	17.6	11.1	8.3	-1.6	10.2	10.6
Operating Expenses	219.3	244.4	259.4	274.7	286.4	312.3
Pre Provision Profits	**254.7**	**282.1**	**310.9**	**286.2**	**331.7**	**371.6**
- growth (%)	16.4	10.8	10.2	-7.9	15.9	12.0
Core PPP	**243.8**	**262.8**	**278.1**	**256.7**	**298.2**	**330.9**
- growth (%)	31.3	7.8	5.8	-7.7	16.2	11.0
Provisions (excl tax)	133.3	67.8	76.1	44.4	56.1	73.3
PBT	**121.4**	**214.3**	**234.8**	**241.8**	**275.6**	**298.3**
Tax	37.0	77.8	54.9	54.8	64.5	69.8
Tax Rate (%)	30.5	36.3	23.4	22.7	23.4	23.4
PAT	**84.3**	**136.5**	**179.9**	**187.0**	**211.1**	**228.5**
- growth (%)	61.2	61.8	31.8	3.9	12.9	8.3

Balance Sheet						
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**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	1,209.4	1,387.2	1,581.4
Net Worth	**783.3**	**969.7**	**1,129.8**	**1,285.7**	**1,463.5**	**1,657.7**
Deposits	**11,177.2**	**12,215.3**	**12,722.5**	**13,068.9**	**14,428.1**	**15,943.0**
- growth (%)	8.3	9.3	4.2	2.7	10.4	10.5
- CASA Dep	**3,940.6**	**4,101.3**	**4,263.3**	**4,600.8**	**4,948.8**	**5,468.5**
- growth (%)	4.5	4.1	3.9	7.9	7.6	10.5
Borrowings	431.4	269.5	648.4	771.9	714.8	748.1
Other Liabilities & Prov.	415.6	465.1	497.9	567.0	635.0	711.2
Total Liabilities	**12,807.5**	**13,919.6**	**14,998.6**	**15,693.5**	**17,241.5**	**19,060.0**
Current Assets	1,121.5	1,193.0	1,308.4	957.0	605.7	734.4
Investments	**3,393.0**	**3,379.0**	**3,543.8**	**3,302.4**	**3,401.4**	**3,571.5**
- growth (%)	-2.6	-0.4	4.9	-6.8	3.0	5.0
Loans	**7,618.5**	**8,707.8**	**9,535.1**	**10,532.8**	**11,828.3**	**13,176.7**
- growth (%)	15.3	14.3	9.5	10.5	12.3	11.4
Fixed Assets	88.3	92.2	97.8	116.1	106.8	112.1
Other Assets	586.3	547.5	513.4	785.3	1,299.3	1,465.3
Total Assets	**12,807.5**	**13,919.6**	**14,998.6**	**15,693.5**	**17,241.5**	**19,060.0**

Asset Quality						
GNPA	609.9	431.0	353.5	304.0	309.5	335.8
NNPA	133.6	93.1	59.7	52.0	52.9	66.8
Slippages	125.2	118.8	120.7	84.5	145.3	156.3
GNPA Ratio (%)	7.53	4.76	3.60	2.82	2.56	2.50
NNPA Ratio (%)	1.75	1.07	0.63	0.49	0.45	0.51
Slippage Ratio (%)	1.76	1.45	1.32	1.30	1.30	1.25
Credit Cost (%)	1.87	0.83	0.83	0.44	0.45	0.55
PCR (Excl Tech. write off) (%)	78.1	78.4	83.1	82.9	82.9	80.1

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	**6.9**	**7.9**	**7.7**	**7.3**	**7.5**	**7.6**
Avg. Yield on loans	8.0	8.8	8.7	8.0	8.0	8.1
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**	**5.3**	**5.1**	**5.1**	**5.0**
Avg. Cost of Deposits	4.1	5.0	5.2	5.1	5.0	4.9
Interest Spread	**2.6**	**2.6**	**2.3**	**2.2**	**2.5**	**2.6**
Net Interest Margin	**2.8**	**2.9**	**2.7**	**2.5**	**2.7**	**2.8**
Capitalisation Ratios (%)						
CAR	16.0	17.0	18.0	18.1	18.1	17.9
Tier I	13.9	15.0	16.3	16.6	16.8	16.8
CET-1	12.4	13.7	15.0	15.7	15.8	15.9
Tier II	2.1	2.0	1.8	1.5	1.3	1.1
Business and Efficiency Ratios (%)						
Loans/Deposit Ratio	68.2	71.3	74.9	80.6	82.0	82.6
CASA Ratio	35.3	33.6	33.5	35.2	34.3	34.3
Cost/Assets	1.7	1.8	1.7	1.8	1.7	1.6
Cost/Total Income	46.3	46.4	45.5	49.0	46.3	45.7
Cost/ Core Income	-2.1	-1.3	-0.8	-0.9	-0.9	-0.8
Int. Expense/Int.Income	59.4	63.3	64.9	65.4	63.7	63.3
Fee Income/Total Income	28.6	26.9	29.0	29.4	27.0	26.4
Non Int. Inc.Total Income	30.9	30.5	34.7	34.6	32.4	32.3
Empl. Cost/Total Expense	56.5	58.8	56.6	55.7	56.1	56.2
Efficiency Ratios (%)						
Employee per branch (in nos)	8.8	9.0	8.6	8.5	8.5	8.5
Staff cost per employee (INR m)	1.6	1.9	2.0	2.1	2.2	2.3
CASA per branch (INR m)	459.4	484.6	494.5	529.0	563.4	616.4
Deposits per branch (INR m)	1,303.2	1,443.2	1,475.8	1,502.7	1,642.5	1,797.0
Business per Employee (INR m)	248.6	275.8	301.2	319.4	351.8	386.4
Profit per Employee (INR m)	1.1	1.8	2.4	2.5	2.8	3.0
Profitability Ratios and Valuation (%)						
RoE	12.2	16.7	18.1	16.3	16.2	15.3
RoA	0.7	1.0	1.2	1.2	1.3	1.3
RoRWA	1.4	2.0	2.5	2.4	2.5	2.3
Book Value (INR)	110	123	144	163	187	212
- growth (%)	10.3	12.1	17.2	13.4	14.3	13.6
Price-BV (x)	1.6	1.4	1.2	1.1	0.9	0.8
Adjusted BV (INR)	94	112	136	158	181	205
Price-ABV (x)	1.8	1.5	1.3	1.1	1.0	0.8
EPS (INR)	12.3	18.9	23.6	24.5	27.7	29.9
- growth (%)	56.1	52.9	24.9	3.9	12.9	8.3
Price-Earnings (x)	13.9	9.1	7.3	7.0	6.2	5.7
Dividend Per Share (INR)	3.0	3.6	4.8	4.7	4.5	4.5
Dividend Yield (%)	1.7	2.1	2.8	2.8	2.6	2.6

E: MOFSL Estimates

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