19 October 2026
2QFY27 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)	1379.4 / 14.5
52-Week Range (INR)	205 / 137
1, 6, 12 Rel. Per (%)	4/2/43
12M Avg Val (INR M)	2700

Financials & Valuation (INR b)

Y/E March	FY26	FY27E	FY28E
NII	366.6	427.1	499.2
OP	286.2	328.6	380.9
NP	187.0	217.0	239.0
NIM (%)	2.5	2.7	2.8
EPS (INR)	24.5	28.4	31.3
EPS Gr. (%)	3.9	16.1	10.1
BV/Sh. (INR)	163	189	215
ABV/Sh. (INR)	158	183	208
RoA (%)	1.2	1.3	1.3
RoE (%)	16.3	16.5	15.8
Valuations			
P/E(X)	7.4	6.4	5.8
P/BV (X)	1.1	1.0	0.8
P/ABV (X)	1.1	1.0	0.9

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	74.8	74.8	74.8
DII	12.0	11.5	11.9
FII	8.6	9.4	7.7
Others	4.6	4.4	5.6

CMP: INR181 **TP: INR200 (+11%)** **Neutral**

Strong NII and lower provisions drive earnings beat

NIMs improve 6bp QoQ to 2.86%

- Union Bank of India (UNBK) reported 2QFY27 PAT of INR55.4b (up 30% YoY/4% QoQ, 11% beat), led by strong NII growth and lower provisioning.
- NII improved by 20% YoY/5% QoQ to INR105.8b (8% above est.), aided by strong NIMs (up 6bp QoQ to 2.86% vs. est. 2.68%). NIM uptick was largely driven by lower cost of deposits.
- Loan book grew 19.4% YoY/5.6% QoQ to INR11.3t, while deposits grew 6.9% YoY/2.8% QoQ. As a result, the CD ratio rose to 85.8%. Management retains its guidance of growing the loan book in line with industry trends.
- Fresh slippages declined by 11.5% QoQ to INR19.1b vs. INR21.6b in 1QFY27. GNPA/NNPA ratios improved 23bp/5bp QoQ to 2.42%/0.42%. PCR was stable QoQ at 82.9%.
- **We raise our FY27E earnings by 5%, factoring in the improving earnings trajectory, and project FY27E RoA/RoE at 1.3%/16.5%. Retain Neutral with a TP of INR200 (1.0x Mar'28E ABV).**

Business growth picking up; CD ratio rises to 85.8%

- UNBK reported 2QFY27 PAT of INR55.4b (30% YoY, 11% beat), driven by strong NII growth and lower provisioning. NII improved by 20% YoY/5% QoQ, with NIMs improving by 6bp QoQ to 2.86% (est. 2.68%).
- Other income rose 1% QoQ/fell 7% YoY to INR46.5b amid flat core fee income.
- Opex rose 2% QoQ/7% YoY (4% higher than MOFSLe). C/I ratio, thus, rose to 46.8% (vs. 45.3% in 1Q). PPoP improved 19% YoY (1% QoQ) to INR81.1b (6% beat).
- Advances growth was healthy at 19.4% YoY/5.6% QoQ to INR11.3t, led by strong growth in MSME (7.2% QoQ), corporate (3.8% QoQ) and steady growth in the RAM segment (14.7% YoY/4.5% QoQ). Within retail, growth was led by VF (up 5.2% QoQ) and steady growth in housing (+3.7% QoQ).
- Deposits grew 6.9% YoY/2.8% QoQ to INR13.2t, with a sharp uptick in CA deposits (10% QoQ). CASA ratio came in at 34.9% (down 17bp QoQ). CD ratio picked up to 85.8% (up 230bp QoQ).
- Fresh slippages declined 11.5% QoQ to INR19.1b, while healthy recoveries and upgrades led to an improvement in GNPA/NNPA ratios by 23bp/5bp QoQ to 2.42%/0.42%. PCR ratio was stable at 82.9%.
- Credit costs came in at 0.21% vs. 0.38% in 1QFY27, with the bank creating INR2b of additional standard asset provision. The bank expects ECL transition provisioning of INR55b, against which INR10b management overlay is already made.

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Highlights from the management commentary

- The bank mobilized USD2.25b under the FCNR(B) scheme, with 70% leverage on these deposits.
- The estimated one-time ECL transition impact stands at ~INR55b, out of which provisions of ~INR10b have already been created.
- Management reiterated its FY27 target of ~INR30b in recoveries in technical write-offs and INR100-120b in total recoveries, with recoveries expected to exceed slippages.
- The bank has guided for loan growth in line with system credit and expects to maintain domestic CD ratio in the range of 80-84%.

Valuation and view

UNBK reported a healthy quarter on the back of strong NII and lower-than-expected provisioning as NIMs improved 6bp QoQ. Loan growth was healthy, led by RAM segment even as deposit growth continued to lag loan growth. Though the bank remains cautious on bulk deposits, leading to LDR inching up further. Management has guided for loan growth in line with systemic growth, with a continued focus on margin-accretive expansion. The bank has built a standard asset provision buffer of INR10b (including ~INR2b created in 2Q), while the estimated ECL transition impact stands at INR55b. Asset quality continued to improve overall, with credit costs and slippages contained. **We raise our FY27E earnings by 5%, factoring in an improving earnings trajectory, and project FY27E RoA/RoE at 1.3%/16.5%. Retain Neutral with a TP of INR200 (1.0x Mar'28E ABV).**

Quarterly Performance **(INR b)**

	FY26				FY27E				FY26	FY27E	FY27E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Interest Income	**91.1**	**88.1**	**93.3**	**94.1**	**100.4**	**105.8**	**107.6**	**113.3**	**366.6**	**427.1**	**98.3**	**8%**
% Change (YoY)	-3.2	-2.6	0.9	-1.1	10.1	20.1	15.3	20.5	-1.5	16.5	11.6	
Other Income	44.9	50.0	45.4	54.1	46.0	46.5	45.1	50.9	194.3	188.5	46.9	-1%
Total Income	**136.0**	**138.1**	**138.7**	**148.2**	**146.4**	**152.3**	**152.6**	**164.3**	**560.9**	**615.6**	**145.2**	**5%**
Operating Expenses	66.9	69.9	69.3	68.6	66.4	71.3	72.9	76.5	274.7	287.1	68.8	4%
Operating Profit	**69.1**	**68.1**	**69.4**	**79.6**	**80.0**	**81.1**	**79.7**	**87.8**	**286.2**	**328.6**	**76.4**	**6%**
% Change (YoY)	-11.3	-16.0	-7.3	3.3	15.8	19.0	14.8	10.3	-7.9	14.8	12.1	
Provisions	16.6	14.0	3.2	10.5	9.8	7.0	10.3	18.2	44.4	45.3	11.0	-36%
Profit before Tax	**52.4**	**54.2**	**66.2**	**69.0**	**70.2**	**74.1**	**69.4**	**69.5**	**241.8**	**283.3**	**65.4**	**13%**
Tax	11.3	11.7	16.0	15.8	16.9	18.7	16.2	14.4	54.8	66.3	15.3	22%
Net Profit	**41.2**	**42.5**	**50.2**	**53.2**	**53.3**	**55.4**	**53.2**	**55.1**	**187.0**	**217.0**	**50.1**	**11%**
% Change (YoY)	11.9	-10.0	9.0	6.6	29.6	30.3	6.0	3.7	3.9	16.1	17.9	
Operating Parameters												
Deposit (INR b)	12,399	12,346	12,229	13,069	12,834	13,195	13,709	14,350	13,069	14,350	13,194	
Loan (INR b)	9,461	9,483	9,909	10,533	10,723	11,327	11,665	12,081	10,533	12,081	11,280	
Deposit Growth (%)	3.6	1.9	3.4	2.7	3.5	6.9	12.1	9.8	2.7	9.8	6.9	
Loan Growth (%)	7.7	5.7	7.7	10.5	13.3	19.4	17.7	14.7	10.5	14.7	18.9	
Asset Quality												
Gross NPA (%)	3.5	3.3	3.1	2.8	2.7	2.4	2.3	2.5	2.8	2.5	2.6	
Net NPA (%)	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	
PCR (%)	82.9	83.8	83.6	83.3	82.8	82.9	82.5	81.3	82.9	81.3	82.7	

E: MOFSL Estimates

Quarterly Snapshot

INR b	FY26				FY27		Change (%)	
Profit and Loss	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**YoY**	**QoQ**
Net Interest Income	**91.1**	**88.1**	**93.3**	**94.1**	**100.4**	**105.8**	**20.1**	**5.4**
Other Income	44.9	50.0	45.4	54.1	46.0	46.5	-6.9	1.0
Total Income	**136.0**	**138.1**	**138.7**	**148.2**	**146.4**	**152.3**	**10.3**	**4.1**
Operating Expenses	66.9	69.9	69.3	68.6	66.4	71.3	1.9	7.4
Employee	39.5	39.1	40.1	34.2	38.2	39.4	0.9	3.4
Others	27.4	30.9	29.2	34.4	28.2	31.8	3.1	12.7
Operating Profits	**69.1**	**68.1**	**69.4**	**79.6**	**80.0**	**81.1**	**19.0**	**1.3**
Core Operating Profits	**54.9**	**57.4**	**60.4**	**73.2**	**73.6**	**74.1**	**29.0**	**0.7**
Provisions	16.6	14.0	3.2	10.5	9.8	7.0	-49.8	-28.5
PBT	**52.4**	**54.2**	**66.2**	**69.0**	**70.2**	**74.1**	**36.7**	**5.5**
Taxes	11.3	11.7	16.0	15.8	16.9	18.7	60.1	10.6
PAT	**41.2**	**42.5**	**50.2**	**53.2**	**53.3**	**55.4**	**30.3**	**3.8**
Balance Sheet (INR b)								
Loans	9,461	9,483	9,909	10,533	10,723	11,327	19.4	5.6
Deposits	12,399	12,346	12,229	13,069	12,834	13,195	6.9	2.8
CASA Deposits	4,030	4,019	4,151	4,601	4,503	4,607	14.7	2.3
- Savings	3,345	3,388	3,473	3,760	3,763	3,791	11.9	0.7
- Current	686	630	678	841	740	816	29.5	10.3
Loan mix (%)								
Retail	24.4	25.3	25.0	24.3	24.2	24.0	-132	-19
Agri	18.3	17.9	17.9	17.6	17.3	17.2	-71	-10
MSME	15.4	15.6	15.9	15.6	15.9	16.3	67	46
Large Corporate & others	41.9	41.2	41.2	42.5	42.7	42.5	135	-17
Asset Quality (INR b)								
GNPA	343.1	320.9	311.2	304.0	290.9	279.2	-13.0	-4.0
NNPA	58.7	52.1	51.0	50.7	50.2	47.7	-8.5	-5.0
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**YoY (bp)**	**QoQ (bp)**
GNPA	3.52	3.29	3.06	2.82	2.65	2.42	-87	-23
NNPA	0.62	0.55	0.51	0.48	0.47	0.42	-13	-5
PCR (calc)	82.9	83.8	83.6	83.3	82.8	82.9	-85	16
PCR (inc TWO)	94.7	95.1	95.1	95.0	95.1	95.2	7	15
Slippage Ratio	1.0	0.8	0.8	0.8	0.8	0.6	-18	-19
Business Ratios (%)								
CASA	32.5	32.6	34.0	35.2	35.1	34.9	237	-17
Loan/Deposit	76.3	76.8	81.0	80.6	83.6	85.8	904	230
Other Income/Total Income	33.0	36.2	32.7	36.5	31.4	30.5	-565	-91
Cost to Income	49.2	50.7	49.9	46.3	45.3	46.8	-387	144
Cost to Asset	1.9	1.9	1.9	1.8	1.8	1.9	-9	10
Tax Rate	21.5	21.6	24.2	23.0	24.1	25.2	368	117
Capitalisation Ratios (%)								
Tier-1	16.6	15.6	15.1	16.6	17.5	16.8	124	-70
CET-1	15.3	14.4	13.9	15.7	16.4	16.1	168	-33
Tier-2	1.7	1.5	1.4	1.5	0.9	1.1	-37	18
CAR	18.3	17.1	16.5	18.1	18.5	17.9	87	-52
RWA / Total Assets	47.8	50.2	51.5	49.6	50.4	51.8	159	140
LCR	131.7	127.3	123.6	113.8	121.3	120.0	-733	-130
Profitability Ratios (%)								
Yield on Loans	8.5	8.3	8.3	8.0	7.9	7.9	-44	0
Yield on Investments	6.9	6.8	6.8	6.8	6.8	6.8	1	0
Cost of Deposits	5.5	5.5	5.3	5.2	5.1	5.0	-47	-4
Margins	2.76	2.67	2.76	2.64	2.80	2.86	19	6
Other Details								
Branches	8,649	8,655.0	8,671	8,697	8,700	8,713	58.0	13.0
ATMs	8,976	9,064.0	8,300	8,656	8,758	8,815	-249.0	57.0

Highlights from the management commentary

Opening remarks

- Management aims to improve NIMs going forward rather than merely defend margins. The banking sector continues to demonstrate resilience despite geopolitical headwinds, supported by healthy credit and deposit growth.
- RBI measures to attract dollar flows, including FCNR(B) and ECB-related initiatives, have supported banking system liquidity.
- Business growth continues to gain traction, supported by focused deposit mobilization and healthy credit demand.
- Core RoA, excluding recoveries from technically written-off accounts and treasury income, improved 43bp YoY to 1.03%.
- Reported RoA and RoE stood at 1.38% and 17.21%, respectively.
- CASA ratio remained broadly stable at ~35%.
- Management expects the rate hike cycle to be constructive for the bank.
- The bank continues to strengthen data architecture and workforce capabilities while balancing technology adoption with human oversight.

Advances and deposits

- Adjusting for the rundown of INR330b of IBPC and certain low-yielding assets, underlying credit growth stood at ~20-21%.
- Deposit growth was 7% YoY, supported by greater emphasis on CASA and retail term deposits.
- Management prioritizes LCR and NSFR alongside business growth to maintain comfortable liquidity.
- The bank considers a domestic CD ratio of 80-85% comfortable and will mobilize funding accordingly.
- Retail savings and retail term deposits remain the preferred funding sources, with bulk deposits being a lower priority.
- Within bulk deposits, the bank prefers non-financial institutions and has reduced reliance on large-ticket deposits of INR30-40b.
- Savings deposit mobilization is focused on premium savings and salary accounts, alongside opportunities in government accounts.
- Retail and institutional deposits constitute ~75% and ~25% of savings balances, respectively.
- The large corporate credit pipeline stands at ~INR1.2t.
- Gold loan growth remained calibrated, reflecting the bank's conscious decision to maintain LTVs below market levels.
- Retail gold loan stands at 35% of total gold book, while agri gold loan book stands at 55%.

FCNR (B), yields and margins

- The bank mobilized USD2.25b under the FCNR(B) scheme, with ~70% leverage.
- Management indicated a spread of ~40bp on leveraged portion of FCNR(B) deposits.
- Repo-linked loans constitute ~53-55% of the loan book, supporting asset repricing in a rising rate environment.

Asset quality and ECL

- The estimated one-time ECL transition impact stands at ~INR55b, out of which provisions of ~INR10b have already been created.
- Management indicated an estimated impact of ~ 70bp on CET1 owing to ECL transition, based on the bank's current risk-weighted assets.
- Management referred to an RWA base of ~INR8t while discussing the ECL transition impact.
- Assessment of the HTM-related impact under the ECL transition remains underway.
- Underwriting quality continues to improve, with ongoing portfolio analysis supporting credit risk assessment.
- Around 94-95% of exposures >INR250m carried strong external ratings, while the share of retail borrowers with CIC scores above 700 continued to improve.
- No drought-related asset quality impact was observed during the quarter. Management remains watchful of industry-wide implications and expects to participate in government relief initiatives.
- Management reiterated its full-year target of ~INR30b in technical write-offs and INR100-120b in total recoveries, with recoveries expected to exceed slippages.

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 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

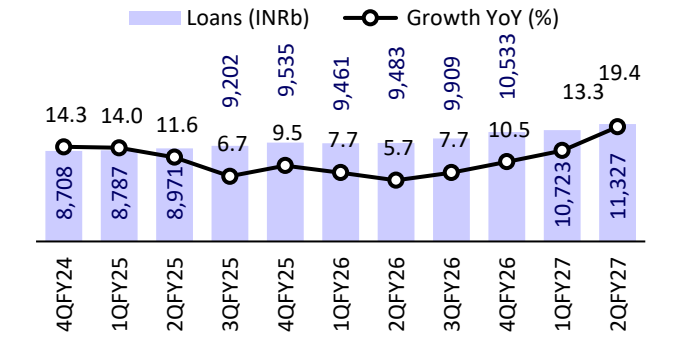
- The bank is building technology and human capabilities to participate in M&A financing.
- Management indicated openness to long-term financing opportunities across nuclear power, infrastructure and data centers, including lease rental discounting structures.
- Despite surplus priority-sector assets, the bank maintained a comfortable buffer before pursuing additional PSLC sales.

Guidance

- Credit growth is expected to broadly track system growth.
- Domestic CD ratio is expected to remain within the comfortable range of 80-84%.
- Funding requirements will be met through deposits and suitable instruments, including infrastructure bonds, green bonds and Tier-I/Tier-II issuances, while maintaining comfortable liquidity ratios.
- CASA and retail term deposits will remain the key focus areas for liability mobilization.

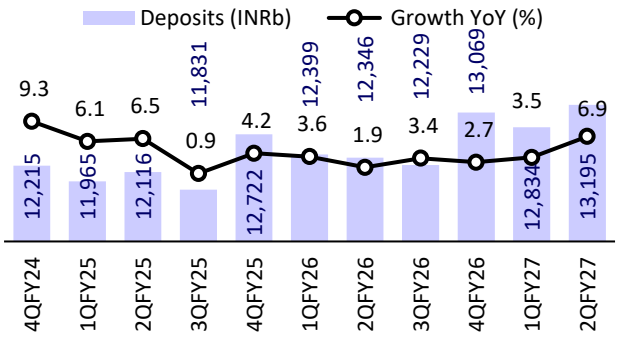
Story in charts

Exhibit 1: Loans grew 19.4% YoY (5.6% QoQ) to INR11.3t



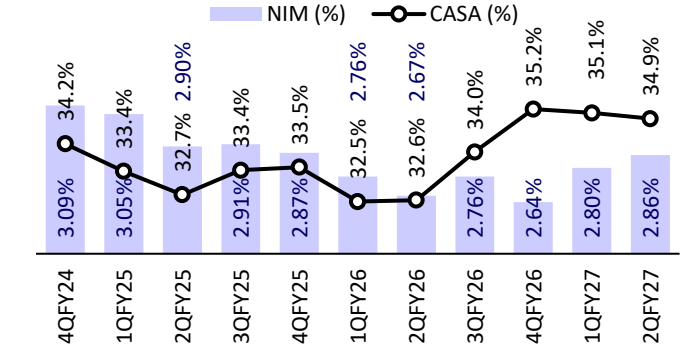
Source: MOFSL, Company

Exhibit 2: Deposits up 6.9% YoY (2.8% QoQ) to INR13.2t



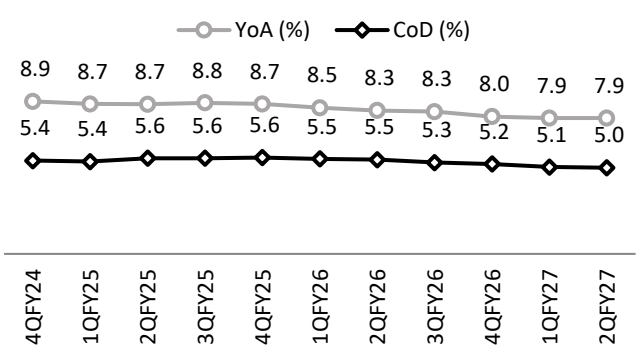
Source: MOFSL, Company

Exhibit 3: NIMs improved 6bp QoQ to 2.86%; CASA declined to 34.9%



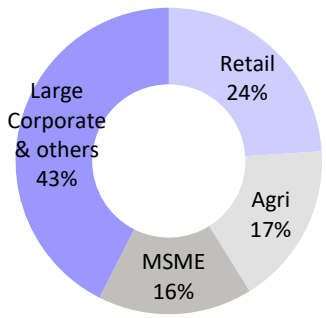
Source: MOFSL, Company

Exhibit 4: YoA was flat QoQ at 7.90%; CoD declined by 4bp to 5.01%



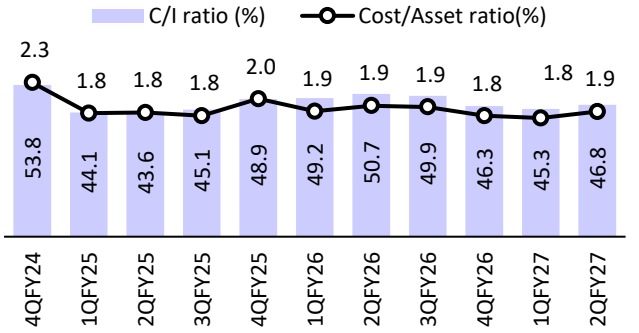
Source: MOFSL, Company

Exhibit 5: Loan mix as a % of domestic advances - 2QFY27



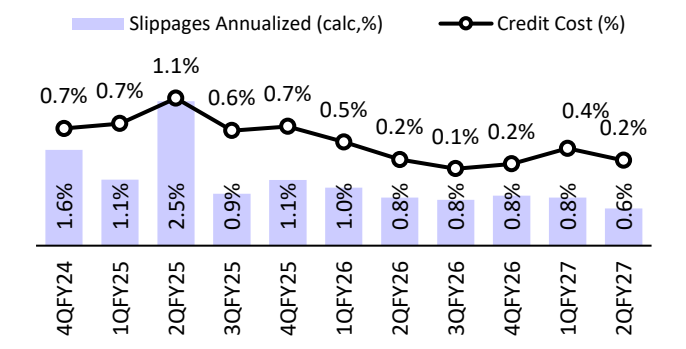
Source: MOFSL, Company

Exhibit 6: C/I ratio increased 144bp QoQ to 46.8%



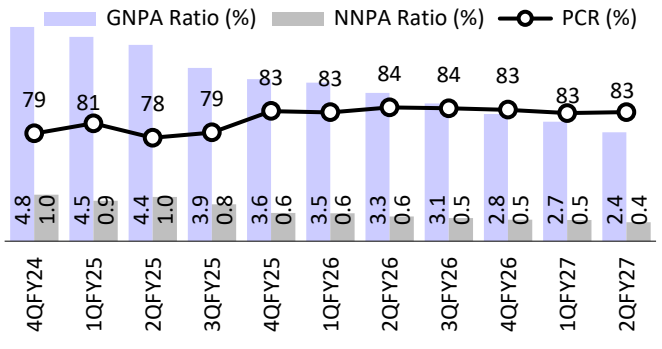
Source: MOFSL, Company

Exhibit 7: Credit costs declined to 17bp in 2QFY27



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios improved 23bp/5bp QoQ



Source: MOFSL, Company

Valuation and view: Reiterate Neutral with a TP of INR200

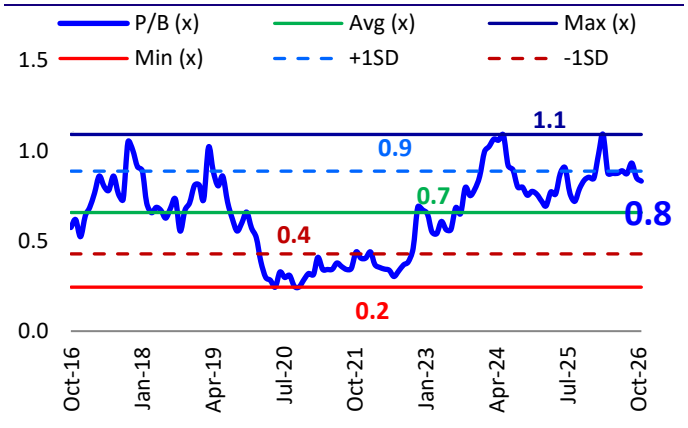
- UNBK reported a healthy quarter on the back of strong NII and lower-than-expected provisioning as NIMs improved 6bp QoQ.
- Loan growth was healthy, led by RAM segment even as deposit growth continued to lag loan growth, with the bank remaining cautious on bulk deposits, leading to LDR inching up further.
- Management has guided for loan growth in line with systemic growth, with a continued focus on margin-accretive expansion.
- The bank has built a standard asset provision buffer of INR10b (including ~INR2b created in 2Q), while the estimated ECL transition impact stands at INR55b. Asset quality continued to improve overall, with credit costs and slippages contained.
- **We raise our FY27E earnings by 5%, factoring in an improving earnings trajectory, and project FY27E RoA/RoE at 1.3%/16.5%. Retain Neutral with a TP of INR200 (1.0x 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	**411.6**	**488.6**	**427.1**	**499.2**	**3.8**	**2.2**
Other Income	190.5	201.9	188.5	197.9	-1.0	-2.0
Total Income	**602.1**	**690.5**	**615.6**	**697.2**	**2.3**	**1.0**
Operating Expenses	281.8	310.4	287.1	316.2	1.9	1.9
Operating Profits	**320.3**	**380.0**	**328.6**	**380.9**	**2.6**	**0.2**
Provisions	50.5	73.5	45.3	69.0	-10.3	-6.2
PBT	**269.8**	**306.5**	**283.3**	**311.9**	**5.0**	**1.8**
Tax	63.1	71.7	66.3	73.0	5.0	1.8
PAT	**206.7**	**234.8**	**217.0**	**239.0**	**5.0**	**1.8**
Loans	11,986	13,485	12,081	13,591	0.8	0.8
Deposits	14,350	15,785	14,350	15,785	0.0	0.0
Margins (%)	2.63	2.80	2.72	2.84	9	4
RoA (%)	**1.26**	**1.30**	**1.32**	**1.32**	**6**	**2**
RoE (%)	**15.8**	**15.7**	**16.5**	**15.8**	**72**	**15**
BV	**187**	**213**	**189**	**215**	**0.7**	**0.9**
ABV	182	206	183	208	0.5	0.5
EPS	27	31	28	31	5.0	1.8

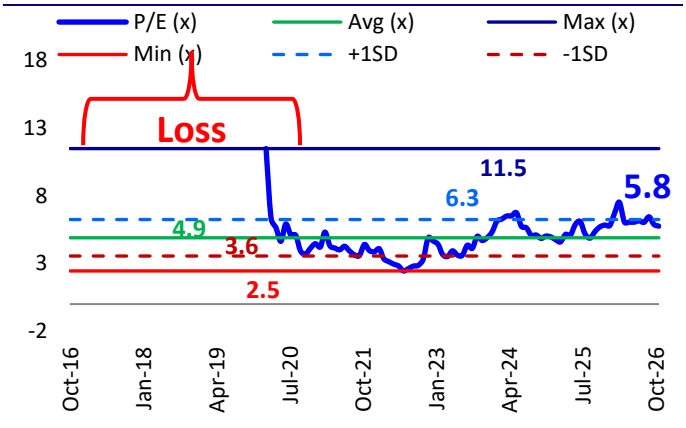
Source: MOFSL, Company

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 – We estimate FY27E RoA at 1.32%

Y/E MARCH (%)	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	6.54	7.47	7.32	6.91	7.08	7.29
Interest Expense	3.89	4.73	4.75	4.52	4.48	4.52
Net Interest Income	**2.65**	**2.74**	**2.57**	**2.39**	**2.60**	**2.76**
Fee income	1.10	1.06	1.14	1.07	0.95	0.89
Trading and others	0.09	0.14	0.23	0.19	0.19	0.20
Non-Interest Income	1.19	1.20	1.37	1.27	1.15	1.10
Total Income	**3.84**	**3.94**	**3.94**	**3.66**	**3.74**	**3.86**
Operating Expenses	**1.78**	**1.83**	**1.79**	**1.79**	**1.75**	**1.75**
Employees	1.00	1.08	1.01	1.00	0.98	0.98
Others	0.77	0.75	0.78	0.79	0.77	0.77
Operating Profits	**2.06**	**2.11**	**2.15**	**1.86**	**2.00**	**2.11**
Core Operating Profits	**1.98**	**1.97**	**1.92**	**1.67**	**1.81**	**1.91**
Provisions	1.08	0.51	0.53	0.29	0.28	0.38
PBT	**0.98**	**1.60**	**1.62**	**1.58**	**1.72**	**1.73**
Tax	0.30	0.58	0.38	0.36	0.40	0.40
RoA	**0.68**	**1.02**	**1.24**	**1.22**	**1.32**	**1.32**
Leverage (x)	17.88	16.34	14.54	13.40	12.52	11.97
RoE	**12.2**	**16.7**	**18.1**	**16.3**	**16.5**	**15.8**

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	1,164.1	1,316.0
Interest Expense	479.8	632.1	687.0	693.3	736.9	816.8
Net Interest Income	**327.7**	**365.7**	**372.1**	**366.6**	**427.1**	**499.2**
- growth (%)	17.9	11.6	1.8	-1.5	16.5	16.9
Non-Interest Income	146.3	160.8	198.1	194.3	188.5	197.9
Total Income	**474.0**	**526.5**	**570.3**	**560.9**	**615.6**	**697.2**
- growth (%)	17.6	11.1	8.3	-1.6	9.7	13.2
Operating Expenses	219.3	244.4	259.4	274.7	287.1	316.2
Pre-Provision Profits	**254.7**	**282.1**	**310.9**	**286.2**	**328.6**	**380.9**
- growth (%)	16.4	10.8	10.2	-7.9	14.8	15.9
Core PPP	**243.8**	**262.8**	**278.1**	**256.7**	**297.1**	**344.6**
- growth (%)	31.3	7.8	5.8	-7.7	15.7	16.0
Provisions (excl tax)	133.3	67.8	76.1	44.4	45.3	69.0
PBT	**121.4**	**214.3**	**234.8**	**241.8**	**283.3**	**311.9**
Tax	37.0	77.8	54.9	54.8	66.3	73.0
Tax Rate (%)	30.5	36.3	23.4	22.7	23.4	23.4
PAT	**84.3**	**136.5**	**179.9**	**187.0**	**217.0**	**239.0**
- growth (%)	61.2	61.8	31.8	3.9	16.1	10.1

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	1,403.4	1,602.7
Net Worth	**783.3**	**969.7**	**1,129.8**	**1,285.7**	**1,479.7**	**1,679.0**
Deposits	**11,177.2**	**12,215.3**	**12,722.5**	**13,068.9**	**14,349.7**	**15,784.6**
- growth (%)	8.3	9.3	4.2	2.7	9.8	10.0
- CASA Dep	**3,940.6**	**4,101.3**	**4,263.3**	**4,600.8**	**4,850.2**	**5,477.3**
- growth (%)	4.5	4.1	3.9	7.9	5.4	12.9
Borrowings	431.4	269.5	648.4	771.9	730.5	754.4
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**	**17,194.9**	**18,929.2**
Current Assets	1,121.5	1,193.0	1,308.4	957.0	950.1	1,042.0
Investments	**3,393.0**	**3,379.0**	**3,543.8**	**3,302.4**	**3,632.6**	**3,814.2**
- growth (%)	-2.6	-0.4	4.9	-6.8	10.0	5.0
Loans	**7,618.5**	**8,707.8**	**9,535.1**	**10,532.8**	**12,081.1**	**13,591.2**
- growth (%)	15.3	14.3	9.5	10.5	14.7	12.5
Fixed Assets	88.3	92.2	97.8	116.1	121.9	128.0
Other Assets	586.3	547.5	513.4	785.3	409.3	353.8
Total Assets	**12,807.5**	**13,919.6**	**14,998.6**	**15,693.5**	**17,194.9**	**18,929.2**

Asset Quality						
GNPA	609.9	431.0	353.5	304.0	305.1	328.2
NNPA	133.6	93.1	59.7	52.0	57.1	69.8
Slippages	125.2	118.8	120.7	84.5	147.0	160.5
GNPA Ratio (%)	7.5	4.8	3.6	2.8	2.5	2.4
NNPA Ratio (%)	1.8	1.1	0.6	0.5	0.5	0.5
Slippage Ratio (%)	1.8	1.5	1.3	1.3	1.3	1.3
Credit Cost (%)	1.9	0.8	0.8	0.4	0.4	0.5
PCR (Excl Tech. write off) (%)	78.1	78.4	83.1	82.9	81.3	78.7

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**	**7.4**	**7.5**
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	6.7	6.7
Avg. Cost-Int. Bear. Liab.	**4.3**	**5.2**	**5.3**	**5.1**	**5.1**	**5.2**
Avg. Cost of Deposits	4.1	5.0	5.2	5.1	5.0	5.1
Interest Spread	**2.6**	**2.6**	**2.3**	**2.2**	**2.3**	**2.3**
Net Interest Margin	**2.8**	**2.9**	**2.7**	**2.5**	**2.7**	**2.8**
Capitalization Ratios (%)						
CAR	16.0	17.0	18.0	18.1	18.1	18.2
Tier I	13.9	15.0	16.3	16.6	16.8	17.0
CET-1	12.4	13.7	15.0	15.7	15.9	16.1
Tier II	2.1	2.0	1.8	1.5	1.3	1.2
Business and Efficiency Ratios (%)						
Loans/Deposit Ratio	68.2	71.3	74.9	80.6	84.2	86.1
CASA Ratio	35.3	33.6	33.5	35.2	33.8	34.7
Cost/Assets	1.7	1.8	1.7	1.8	1.7	1.7
Cost/Total Income	46.3	46.4	45.5	49.0	46.6	45.4
Cost/ Core Income	-2.1	-1.3	-0.8	-0.9	-0.9	-0.9
Int. Expense/Int. Income	59.4	63.3	64.9	65.4	63.3	62.1
Fee Income/Total Income	28.6	26.9	29.0	29.4	25.5	23.2
Non-Int. Inc/Total Income	30.9	30.5	34.7	34.6	30.6	28.4
Empl. Cost/Total Expense	56.5	58.8	56.6	55.7	55.9	55.8
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	552.2	617.4
Deposits per branch (INR m)	1,303.2	1,443.2	1,475.8	1,502.7	1,633.6	1,779.2
Business per Employee (INR m)	248.6	275.8	301.2	319.4	354.2	389.8
Profit per Employee (INR m)	1.1	1.8	2.4	2.5	2.9	3.2
Profitability Ratios and Valuation (%)						
RoE	12.2	16.7	18.1	16.3	16.5	15.8
RoA	0.7	1.0	1.2	1.2	1.3	1.3
RoRWA	1.4	2.0	2.5	2.4	2.5	2.5
Book Value (INR)	110	123	144	163	189	215
- growth (%)	10.3	12.1	17.2	13.4	15.6	13.8
Price-BV (x)	1.6	1.5	1.3	1.1	1.0	0.8
Adjusted BV (INR)	94	112	136	158	183	208
Price-ABV (x)	1.9	1.6	1.3	1.1	1.0	0.9
EPS (INR)	12.3	18.9	23.6	24.5	28.4	31.3
- growth (%)	56.1	52.9	24.9	3.9	16.1	10.1
Price-Earnings (x)	14.6	9.6	7.7	7.4	6.4	5.8
Dividend Per Share (INR)	3.0	3.6	4.8	4.7	5.0	5.2
Dividend Yield (%)	1.7	2.0	2.6	2.6	2.8	2.9

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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