

Union Bank of India

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USDb)	844 / 9.8
52-Week Range (INR)	173 / 101
1, 6, 12 Rel. Per (%)	-3/-9/-29
12M Avg Val (INR M)	2362

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	365.7	372.3	401.8
OP	282.1	310.3	332.7
NP	136.5	171.0	174.1
NIM (%)	2.9	2.7	2.7
EPS (INR)	18.9	22.4	22.8
EPS Gr. (%)	52.9	18.7	1.8
BV/Sh. (INR)	123	141	160
ABV/Sh. (INR)	112	132	151
RoA (%)	1.0	1.2	1.1
RoE (%)	16.7	17.4	15.5

Valuations

P/E(X)	5.9	5.0	4.9
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	1.0	0.8	0.7

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	74.8	74.8	77.0
DII	11.9	11.2	12.3
FII	6.5	6.9	4.0
Others	6.9	7.1	6.8

CMP: INR111 TP: INR135 (+22%) Buy

Robust other income drives earnings

Asset quality improves; CD ratio rises to 75.6%

- Union Bank of India (UNBK) reported 3QFY25 PAT of INR46b (28.2% YoY, 27% beat), led by lower provisions and higher-than-expected other income.
- NII grew 0.8% YoY to INR92.4b (up 2.1% QoQ; inline). NIMs expanded slightly, 1bp QoQ to 2.91%, during the quarter.
- Loan book grew at 6.7% YoY/2.6% QoQ while deposits grew 3.8% YoY/declined 2% QoQ; CD ratio thus increased to 75.6%.
- Fresh slippages improved to INR19.7b from INR52.2b in 2Q, down 27% YoY/62% QoQ. GNPA/NNPA ratios improved 51bp/16bp QoQ to 3.85%/0.82%, respectively. PCR ratio increased to 79.3%.
- We increase our earnings estimate for FY26/27 by 5.9%/3.5%, factoring in lower credit costs and higher other income, and estimate RoA/RoE of 1.1%/15.5% by FY26. **Reiterate BUY with a TP of INR135 (based on 0.8x Sep'26E ABV).**

Business growth modest; NIMs remain broadly stable

- UNBK reported 3QFY25 PAT of INR46b (28.2% YoY, 27% beat), led by lower provisions and higher-than-expected other income. In 9mFY25, earnings grew 25.8% YoY to INR130b and we estimate 4QFY25 earnings to grow 23.7% YoY to INR41b.
- NII grew 0.8% YoY to INR92.4b (up 2.1% QoQ; inline). NIMs expanded slightly, 1bp QoQ to 2.91%, during the quarter.
- Other income grew 17% YoY to INR44.2b (6% higher than MOFSLe). Total income, thus, grew 5.5% YoY to INR136.6b (inline).
- Opex increased 8.8% YoY to INR61.6b (down 1.6% QoQ, inline). Provisions came in at INR16b (22% lower than MOFSLe). As a result, the overall C/I ratio increased 158bp QoQ to 45.1%. PPop, thus, grew 2.9% YoY to INR75b (7% beat).
- Business growth was modest, with advances growing at 6.7% YoY/2.6% QoQ to INR9.2t. Retail book grew 16.4% YoY (4.9% QoQ) and commercial book grew 4.3% YoY (1.9% QoQ). MSME book declined 7.4% QoQ whereas agri book de-grew by 3.5% QoQ.
- Deposits grew 3.8% YoY/declined 2% QoQ as the bank has shed ~INR300b of bulk deposits. CD ratio, thus, increased to 75.6%. CASA ratio improved 71bp QoQ to 33.4%.
- Fresh slippages improved to INR19.7b from INR52.2b in 2Q, down 27% YoY/62% QoQ. GNPA/NNPA ratios improved 51bp/16bp QoQ to 3.85%/0.82%, respectively. PCR ratio increased to 79.3%. SMA pool stood at 0.83%.

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

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- The bank has maintained its guidance of FY25 NIM at ~2.8-3%.
- MSME growth has been muted, primarily due to many INR 50b of MSME loans being upgraded to the mid-corporate segment and INR120b being declassified due to the unavailability of URN numbers. Additionally, agri growth was affected by state government waivers.
- The bank has a pipeline of INR750b in sanction limits, of which INR360b is pending disbursements and INR397b is awaiting sanction.
- Unsecured personal loans stood at INR128b, with a GNPA of ~1.8% in the personal loan segment.

Valuation and view

UNBK reported a steady quarter, driven by healthy other income and lower provisions, leading to an earnings beat. Margins expanded slightly by 1bp QoQ. Business growth was modest, with deposits declining sequentially due to the shed of bulk deposits; however, the CASA ratio showed improvement. Management continues to guide for NIMs in the range of 2.8-3%. There has been an improvement in overall asset quality ratios, with lower slippages leading GNPA/NNPA ratios to improve by 51bp/16bp QoQ. Credit costs were also well under control at 63bp during the quarter. We increase our earnings estimate for FY26/27 by 5.9%/3.5%, factoring in lower credit costs and higher other income, and estimate an RoA/RoE of 1.1%/15.5% by FY26. **Reiterate BUY with a TP of INR135 (based on 0.8x Sep'26E ABV).**

Quarterly performance

(INR b)

	FY24				FY25E				FY24	FY25E	FY25E V/S our	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
Net Interest Income	88.4	91.3	91.7	94.4	94.1	90.5	92.4	95.3	365.7	372.3	91.8	1%
% Change (YoY)	16.6	9.9	6.3	14.4	6.5	-0.9	0.8	1.0	11.6	1.8	0.2	
Other Income	39.0	37.0	37.7	47.1	45.1	53.3	44.2	47.2	160.8	189.7	41.6	6%
Total Income	127.4	128.2	129.4	141.4	139.2	143.8	136.6	142.5	526.5	562.0	133.4	2%
Operating Expenses	55.6	56.0	56.6	76.1	61.4	62.6	61.7	66.1	244.4	251.7	63.4	-3%
Operating Profit	71.8	72.2	72.8	65.3	77.9	81.1	74.9	76.4	282.1	310.3	70.0	7%
% Change (YoY)	31.8	9.8	9.9	-4.3	8.4	12.4	2.9	16.9	10.8	10.0	-3.8	
Provisions	20.1	17.7	17.5	12.6	27.6	17.1	16.0	19.5	67.8	80.2	20.5	-22%
Profit before Tax	51.7	54.5	55.3	52.7	50.3	64.0	58.9	56.9	214.3	230.1	49.5	19%
Tax	19.4	19.4	19.4	19.6	13.5	16.8	12.9	15.9	77.8	59.1	13.1	-2%
Net Profit	32.4	35.1	35.9	33.1	36.8	47.2	46.0	41.0	136.5	171.0	36.4	27%
% Change (YoY)	107.7	90.0	59.9	19.0	13.7	34.4	28.2	23.7	61.8	25.3	1.4	
Operating Parameters												
Deposit (INR b)	11,281	11,376	11,725	12,215	12,242	12,419	12,166	12,631	12,215	12,631	12,783	
Loan (INR b)	7,705	8,036	8,621	8,708	8,787	8,971	9,202	9,483	8,708	9,483	9,205	
Deposit Growth (%)	13.6	9.0	10.1	9.3	8.5	9.2	3.8	3.4	9.3	3.4	9.0	
Loan Growth (%)	13.9	10.5	14.0	14.3	14.0	11.6	6.7	8.9	14.3	8.9	6.8	
Asset Quality												
Gross NPA (%)	7.3	6.4	4.8	4.8	4.5	4.4	3.9	3.7	4.8	3.7	4.1	
Net NPA (%)	1.6	1.3	1.1	1.0	0.9	1.0	0.8	0.8	1.1	0.8	0.9	
PCR (%)	79.8	80.7	78.4	79.1	80.9	78.4	79.3	79.4	78.4	79.4	78.0	

E: MOFSL Estimates

Quarterly snapshot

INR b	FY24				FY25			Change (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Interest Income	234.8	245.9	253.6	263.5	263.6	267.1	269.6	6	1
Interest Expenses	146.4	154.6	161.9	169.1	169.5	176.6	177.2	9	0
Net Interest Income	88.4	91.3	91.7	94.4	94.1	90.5	92.4	1	2
Other Income	39.0	37.0	37.7	47.1	45.1	53.3	44.2	17	-17
Trading profits	7.8	6.8	6.1	7.8	7.0	10.3	8.1	33	-21
Total Income	127.4	128.2	129.4	141.4	139.2	143.8	136.6	6	-5
Operating Expenses	55.6	56.0	56.6	76.1	61.4	62.6	61.7	9	-2
Employee	31.8	30.9	32.8	48.3	35.7	35.6	34.7	6	-3
Others	23.8	25.2	23.9	27.8	25.7	27.0	27.0	13	0
Operating Profits	71.8	72.2	72.8	65.3	77.9	81.1	74.9	3	-8
Core Operating Profits	64.0	65.4	66.7	57.5	70.9	70.9	66.8	0	-6
Provisions	20.1	17.7	17.5	12.6	27.6	17.1	16.0	-9	-7
PBT	51.7	54.5	55.3	52.7	50.3	64.0	58.9	7	-8
Taxes	19.4	19.4	19.4	19.6	13.5	16.8	12.9	-34	-23
PAT	32.4	35.1	35.9	33.1	36.8	47.2	46.0	28	-2
Balance Sheet (INR b)									
Loans	7,705	8,036	8,621	8,708	8,787	8,971	9,202	7	3
Deposits	11,281	11,376	11,725	12,215	12,242	12,419	12,166	4	-2
CASA Deposits	3,851	3,882	3,971	4,101	3,995	3,963	3,953	0	0
- Savings	3,180	3,231	3,263	3,363	3,325	3,284	3,284	1	0
- Current	671	651	708	738	669	679	669	-5	-1
Loan mix (INR b)									
Retail	1,623.7	1,682.6	1,734.5	1,774.9	1,823.2	1,923.8	2,018.1	16	5
Agri	1,536.2	1,655.1	1,775.8	1,838.3	1,889.4	1,919.1	1,852.8	4	-3
MSME	1,277.5	1,338.2	1,367.5	1,357.5	1,369.5	1,408.4	1,304.4	-5	-7
Large Corporate & others	3,497.2	3,538.5	3,789.2	3,765.6	3,705.9	3,692.8	3,953.9	4	7
Loan mix (%)									
Retail	20.5	20.5	20.0	20.3	20.7	21.5	22.1	209	60
Agri	19.4	20.1	20.5	21.0	21.5	21.5	20.3	-19	-116
MSME	16.1	16.3	15.8	15.5	15.6	15.7	14.3	-149	-146
Large Corporate & others	44.1	43.1	43.7	43.1	42.2	41.3	43.3	-41	202
Asset Quality (INR b)									
GNPA	601.0	540.1	432.6	431.0	414.2	405.0	365.5	-16	-10
NNPA	121.4	104.2	93.5	89.9	79.0	87.6	75.7	-19	-14
Asset Quality Ratios (%)									
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY (BQ)	QoQ (BQ)
GNPA	7.3	6.4	4.8	4.8	4.5	4.4	3.9	-98	-51
NNPA	1.6	1.3	1.1	1.0	0.9	1.0	0.8	-26	-16
PCR - (calc)	79.8	80.7	78.4	79.1	80.9	78.4	79.3	91	92
PCR (inc TWO)	90.9	92.0	92.5	92.7	93.5	92.8	93.4	88	63
Slippage Ratio	1.7	1.4	1.3	1.5	1.1	2.2	0.8	-55	-141
Business Ratios (%)									
CASA	34.6	34.7	34.4	34.2	33.4	32.7	33.4	-97	71
Loan/Deposit	68.3	70.6	73.5	71.3	71.8	72.2	75.6	211	340
Other Income/Total Income	30.6	28.8	29.2	33.3	32.4	37.1	32.3	318	-472
Cost to Income	43.7	43.7	43.8	53.8	44.1	43.6	45.1	137	158
Cost to Asset	1.8	1.8	1.8	2.3	1.8	1.8	1.8	4	-5
Tax Rate	37.5	35.6	35.1	37.2	26.9	26.3	21.9	-1,320	-438
Capitalisation Ratios (%)									
Tier-1	13.9	14.6	13.1	15.0	15.1	15.2	14.9	183	-33
CET-1	12.3	13.1	11.7	13.7	13.8	13.9	13.6	188	-29
Tier-2	2.1	2.1	2.0	2.0	1.9	1.9	1.8	-14	-8
CAR	16.0	16.7	15.0	17.0	17.0	17.1	16.7	169	-41
RWA / Total Assets	48.3	48.5	51.0	49.7	50.0	48.8	49.2	-175	45
LCR	166.2	144.6	125.8	131.9	138.5	144.1	130.6	479	-1,351
Profitability Ratios (%)									
Yield on Loans	8.4	8.8	8.8	8.9	8.7	8.7	8.8	3	8
Yield on Investments	6.7	6.7	6.7	6.8	6.9	6.9	6.9	18	1
Cost of Deposits	5.0	5.2	5.3	5.4	5.4	5.6	5.6	29	0
Margins	3.13	3.18	3.08	3.09	3.05	2.90	2.91	-17	1
Other Details									
Branches	8,561	8,521	8,479	8,466	8,473	8,555	8,574	95	19
ATMs	10,195	10,013	9,889	8,982	9,342	9,124	9,087	-802	-37



Highlights from the management commentary

Opening remarks

- The bank achieved its 3QFY25 guidance of maintaining a GNPA ratio below 4% by Mar'25. The GNPA ratio for 3QFY25 stood at 3.85%.
- Moderating urban demand, volatility in the Indian rupee, and liquidity challenges have been putting pressure on the banking sector.
- NIM stood at 2.94% for 9mFY25, which is within the guidance of 2.8-3.0% for FY25.
- CASA + retail TD forms 74% of overall deposits.
- While profitability and asset quality were in line with the bank's guidance, business growth remained modest.
- Deposits growth was modest as the bank deliberately reduced its high-cost bulk deposits.
- The bank is well on track to consistently achieve better recoveries than slippages.
- Both advances and deposits grew modestly at 6.7% YoY and 3.8% YoY. The CD ratio stands at 75.6%.
- The ratio of RAM loans to corporate loans in the bank's portfolio stands at 55:45.
- The bank's CAR stood at 16.72%, with the CET-1 ratio at 13.59%.
- In 3QFY25, RoA stood at 1.30%, accompanied by RoE of 17.75%.
- Strengthening its digital capabilities has enabled the bank to achieve profitable growth across various business segments.

Advances, deposits, and provisions

- The bank's CD ratio stood at 75.6% in 3QFY25. The average LCR stood at 130.61%.
- The bank has shed more than INR300b in bulk deposits to improve the cost of deposits and ensure that NIM is not impacted.
- The bank is focused on sustainable growth, with an emphasis on long-term value creation.
- There has been a slowdown in the economy. Normal GDP growth is driving credit growth.
- Yesterday, the RBI notified an easing of liquidity, which is expected to boost the bank's overall growth.
- The growth of average advances remained at 10-10.5%. Most of the bank's book is now at MCLR pricing.
- The bank has seen good growth in retail deposits during 9mFY25, which grew at an average of ~8% YoY, and it expects this growth to continue.
- The bank is also exploring alternate sources of funding, and some CASA growth is expected going forward.
- MSME growth has been muted, primarily due to a major portion of INR50b of the MSME book being upgraded to the mid-corporate segment and ~INR120b being declassified due to the unavailability of URN numbers.
- Agri growth was muted due to state governments offering waivers.
- The bank has reduced its bulk deposits to ~25.02% in the current quarter and aims to maintain the ~25% level going forward.
- Under new draft guidelines, the bank's LCR will remain well above the regulatory requirement.

- The bank has intensified its focus on CASA growth by targeting New-To-Bank (NTB) clients. Premium branches dedicated exclusively to CASA clients have been established to enhance service and retention.
- The gold loan book is currently at INR810b, of which INR600b is agri gold loan book.
- Additionally, the bank has opened a large number of gold loan accounts in the past few quarters.
- Unsecured personal loans stood at INR128b, with YoY growth declining in the personal loan portfolio.

Yield, costs, and margins

- Core fee income grew 26% YoY and the bank expects this growth to continue. Additionally, the bank is generating healthy other income alongside the NII.
- Liquidity tightness and the sell-down of bulk deposits have led the bank to limit its arbitrage activities. However, as liquidity improves, the bank plans to increase its arbitrage income, which is ~1.8b lower than the last quarter.
- DTA stood at INR21.75b. On average, the effective tax rate is 24-25%.
- NIM stood at 3.91%, as the bank has maintained its cost of deposits, and the yield on advances grew 8bp QoQ.
- The reversal in interest income from NPLs was very low in the current quarter.

Digital initiatives and investments

- The bank has launched a platform with 7 journeys, and 17 more journeys are already in the pipeline. ~INR188b in business has been generated through 15+ lending journeys.
- ~103,694 digital savings accounts have been opened as of 3QFY25, and ~1,112k customers were onboarded.
- The bank is investing in creating its own digital platform.
- Additionally, the bank has made investments in analytics and aims to generate the majority of its business through digital channels.

Asset quality

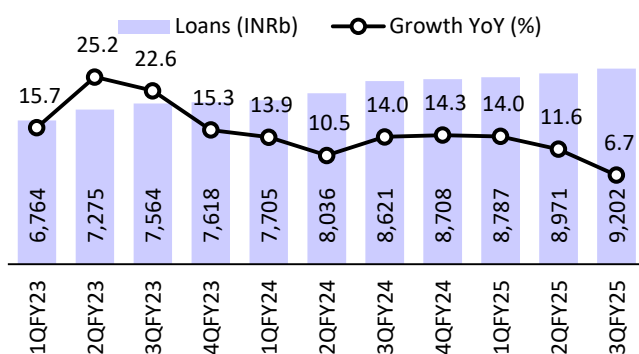
- Recovery from NCLT accounts stood at INR2.94b, with full recovery of INR3.45b on a cash basis.
- The SMA book moderated as the bank had classified one large account in SMA in the previous quarter, which has now been recovered.
- With respect to interest income accrual, recovery was lower at INR17.38b in 9mFY25, and the bank is actively working on improving this.
- The bank has a pipeline of INR750b in sanction limits, of which INR360b is pending disbursements and INR397b is awaiting sanction.
- Exposure still remains, but the overdue from the SMA-2 lumpy account from the previous quarter has been fully recovered.
- GNPA in the personal loan segment stands at 1.8%.
- SMA 1 & 2 for MSME stands at INR99b, with INR35b in SMA 1 and INR46b in SMA 2.

FY25 guidance

- The bank continues to guide for FY25 NIM in the range of ~2.8-3%.
- Slippages are expected to be ~INR115b, while the recovery target is set at INR160b.
- The guidance for GNPA is expected to remain below 4%.

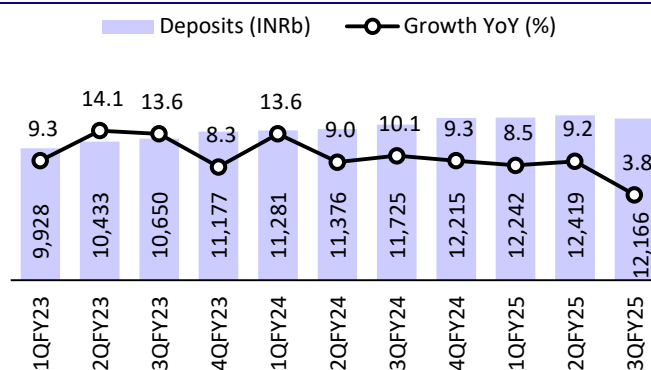
Story in charts

Exhibit 1: Loan grew 6.7% YoY/2.6% QoQ to INR9,202b



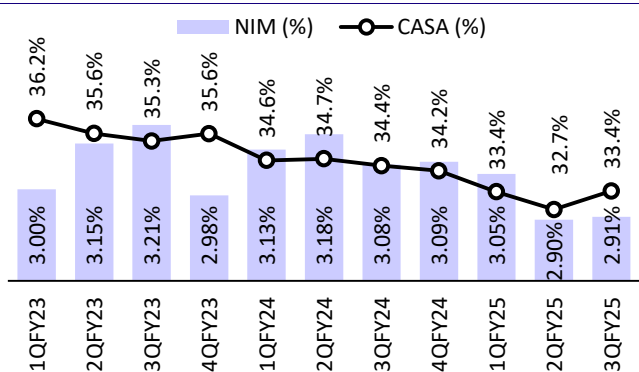
Source: MOFSL, Company

Exhibit 2: Deposits declined 2% QoQ (up 3.8% YoY) to INR12.2t



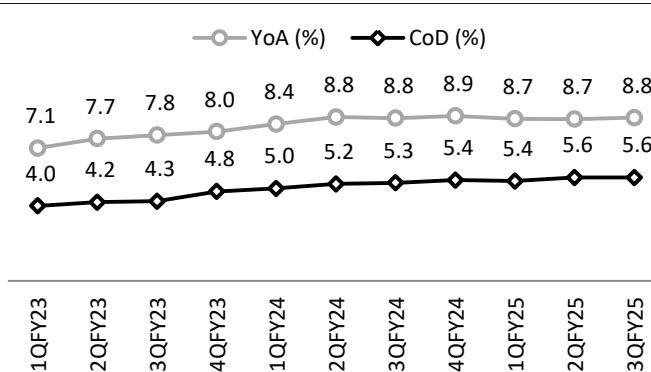
Source: MOFSL, Company

Exhibit 3: NIMs expanded slightly 1bp QoQ to 2.91%



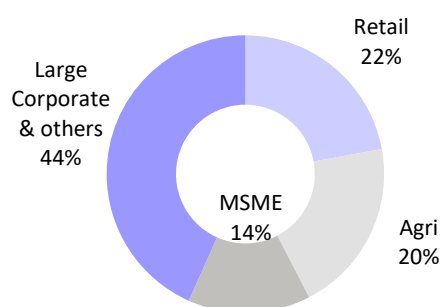
Source: MOFSL, Company

Exhibit 4: YoA increased 8bp QoQ to 8.8%; CoD stood at 5.6%



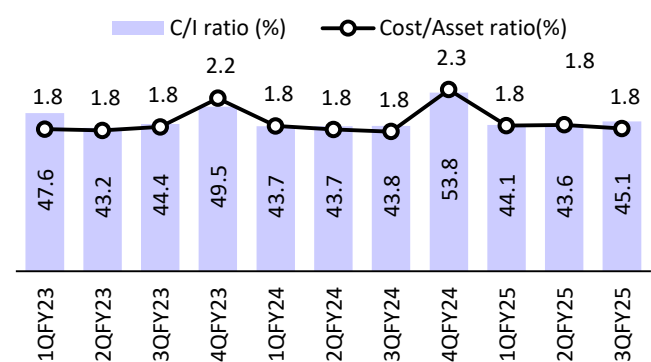
Source: MOFSL, Company

Exhibit 5: Loan mix as a % of domestic advances - 3QFY25



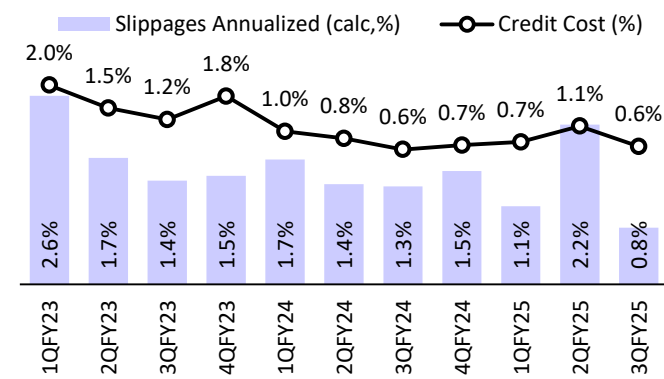
Source: MOFSL, Company

Exhibit 6: C/I ratio increased 158bp QoQ to 45.1%



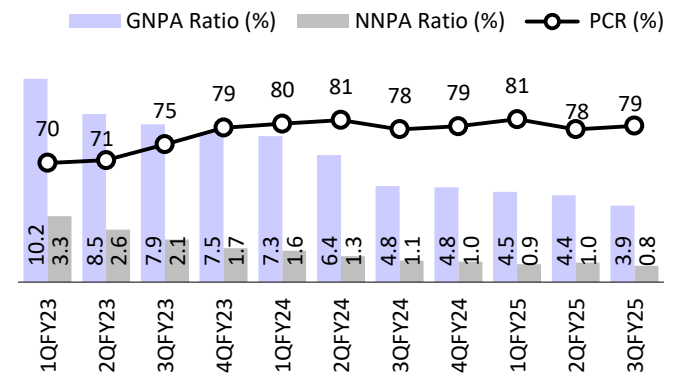
Source: MOFSL, Company

Exhibit 7: Credit cost well under control at 63bp in 3QFY25



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratio improved 51bp/16bp QoQ



Source: MOFSL, Company

Valuation and view: Maintain BUY with TP of INR135

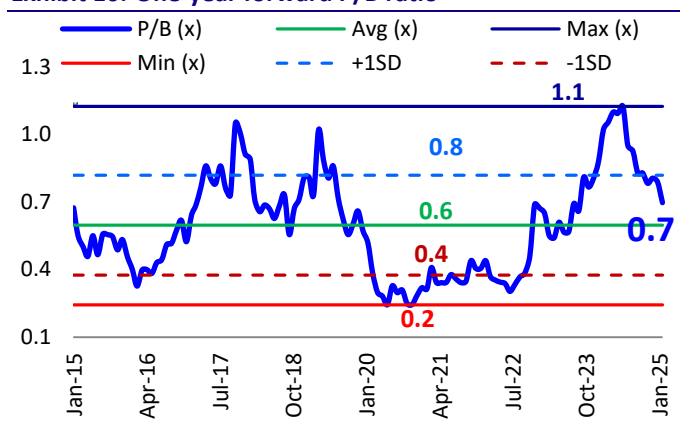
- UNBK reported a steady quarter driven by healthy other income and lower provisions, leading to an earnings beat. Margins expanded slightly by 1bp QoQ. Business growth was modest, with deposits declining sequentially due to the shed of bulk deposits; however, the CASA ratio showed improvement.
- Management continues to guide for NIMs in the range of 2.8-3%. There has been an improvement in overall asset quality ratios, with lower slippages leading GNPA/NNPA ratios to improve 51bp/16bp QoQ. Credit cost was also well under control at 63bp during the quarter.
- We increase our earnings estimate for FY26/27 by 5.9%/3.5%, factoring in lower credit costs and higher other income, and estimate RoA/RoE of 1.1%/15.5% by FY26. **Reiterate BUY with a TP of INR135 (based on 0.8x Sep'26E ABV).**

Exhibit 9: Summary of our earnings estimates

INR B	Old Est			Rev Est			Change %/bps		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Net Interest Income	369.7	398.7	440.9	372.3	401.8	437.7	0.7	0.8	-0.7
Other Income	184.9	199.7	219.7	189.7	204.9	225.4	2.6	2.6	2.6
Total Income	554.7	598.4	660.6	562.0	606.7	663.1	1.3	1.4	0.4
Operating Expenses	254.1	276.5	303.7	251.7	274.0	300.9	-0.9	-0.9	-0.9
Operating Profits	300.6	321.9	356.9	310.3	332.7	362.2	3.2	3.4	1.5
Provisions	85.6	99.8	114.1	80.2	97.5	110.8	-6.3	-2.4	-2.8
PBT	215.0	222.1	242.8	230.1	235.2	251.4	7.0	5.9	3.5
Tax	56.8	57.7	63.1	59.1	61.2	65.4	4.2	5.9	3.5
PAT	158.3	164.3	179.7	171.0	174.1	186.0	8.0	5.9	3.5
Loans	9,596	10,680	11,855	9,483	10,403	11,516	-1.2	-2.6	-2.9
Deposits	13,229	14,433	15,775	12,631	13,780	15,075	-4.5	-4.5	-4.4
Margins (%)	2.67	2.63	2.65	2.73	2.74	2.73	7	11	7
RoA (%)	1.1	1.0	1.0	1.2	1.1	1.1	11	11	8
RoE (%)	16.2	14.9	14.4	17.4	15.5	14.7	119	63	21
BV	140	157	176	141	160	180	1.2	1.9	2.1
ABV	129	147	166	132	151	170	2.3	2.5	2.3
EPS	21	22	24	22	23	24	8.0	5.9	3.5

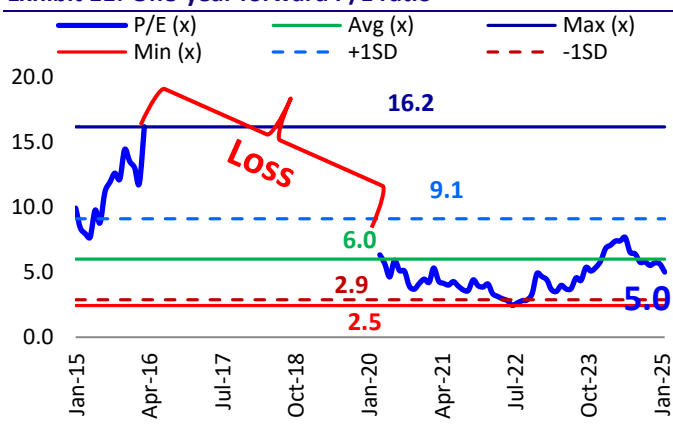
Source: MOFSL, Company

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	FY25E	FY26E	FY27E
Interest Income	6.01	6.54	7.47	7.47	7.42	7.33
Interest Expense	3.55	3.89	4.73	4.86	4.78	4.70
Net Interest Income	2.46	2.65	2.74	2.61	2.64	2.62
Fee income	0.82	1.10	1.06	1.16	1.15	1.14
Trading and others	0.29	0.09	0.14	0.18	0.20	0.22
Non Interest Income	1.11	1.19	1.20	1.33	1.35	1.35
Total Income	3.57	3.84	3.94	3.95	3.98	3.98
Operating Expenses	1.63	1.78	1.83	1.77	1.80	1.80
Employees	0.90	1.00	1.08	1.02	1.04	1.04
Others	0.74	0.77	0.75	0.75	0.76	0.77
Operating Profits	1.94	2.06	2.11	2.18	2.18	2.17
Core Operating Profits	1.64	1.98	1.97	2.00	1.99	1.96
Provisions	1.18	1.08	0.51	0.56	0.64	0.66
PBT	0.76	0.98	1.60	1.62	1.54	1.51
Tax	0.30	0.30	0.58	0.42	0.40	0.39
RoA	0.46	0.68	1.02	1.20	1.14	1.12
Leverage (x)	18.02	17.88	16.34	14.48	13.56	13.14
RoE	8.34	12.22	16.69	17.39	15.49	14.66

Financials and valuations

Income Statement						(INRb)
Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	679.4	807.4	997.8	1,064.1	1,130.5	1,221.8
Interest Expense	401.6	479.8	632.1	691.9	728.7	784.1
Net Interest Income	277.9	327.7	365.7	372.3	401.8	437.7
- growth (%)	12.5	17.9	11.6	1.8	7.9	8.9
Non Interest Income	125.2	146.3	160.8	189.7	204.9	225.4
Total Income	403.1	474.0	526.5	562.0	606.7	663.1
- growth (%)	10.6	17.6	11.1	6.7	8.0	9.3
Operating Expenses	184.4	219.3	244.4	251.7	274.0	300.9
Pre Provision Profits	218.7	254.7	282.1	310.3	332.7	362.2
- growth (%)	11.2	16.4	10.8	10.0	7.2	8.9
Core PPP	185.7	243.8	262.8	285.2	302.9	326.2
- growth (%)	19.0	31.3	7.8	8.5	6.2	7.7
Provisions (excl tax)	132.9	133.3	67.8	80.2	97.5	110.8
PBT	85.8	121.4	214.3	230.1	235.2	251.4
Tax	33.5	37.0	77.8	59.1	61.2	65.4
Tax Rate (%)	39.0	30.5	36.3	25.7	26.0	26.0
PAT	52.3	84.3	136.5	171.0	174.1	186.0
- growth (%)	80.0	61.2	61.8	25.3	1.8	6.9

Balance Sheet

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	68.3	68.3	76.3	76.3	76.3	76.3
Reserves & Surplus	637.4	715.0	893.4	1,033.8	1,173.5	1,325.2
Net Worth	705.8	783.3	969.7	1,110.1	1,249.9	1,401.5
Deposits	10,323.9	11,177.2	12,215.3	12,630.6	13,780.0	15,075.3
- growth (%)	11.8	8.3	9.3	3.4	9.1	9.4
- CASA Dep	3,771.9	3,940.6	4,101.3	4,294.4	4,726.5	5,170.8
- growth (%)	12.4	4.5	4.1	4.7	10.1	9.4
Borrowings	511.8	431.4	269.5	338.2	351.1	365.1
Other Liabilities & Prov.	334.4	415.6	465.1	474.4	531.4	595.1
Total Liabilities	11,875.9	12,807.5	13,919.6	14,553.3	15,912.2	17,437.1
Current Assets	1,195.0	1,121.5	1,193.0	1,011.6	1,158.7	1,250.7
Investments	3,485.1	3,393.0	3,379.0	3,507.4	3,753.0	4,053.2
- growth (%)	5.1	-2.6	-0.4	3.8	7.0	8.0
Loans	6,610.0	7,618.5	8,707.8	9,482.8	10,402.6	11,515.7
- growth (%)	11.8	15.3	14.3	8.9	9.7	10.7
Fixed Assets	71.9	88.3	92.2	96.8	101.7	106.8
Other Assets	513.9	586.3	547.5	454.7	496.3	510.8
Total Assets	11,875.9	12,807.5	13,919.6	14,553.3	15,912.2	17,437.1

Asset Quality

GNPA	795.9	609.9	431.0	366.0	342.1	346.4
NNPA	249.3	133.6	93.1	75.5	72.4	77.0
Slippages	228.8	125.2	118.8	159.2	159.1	175.3
GNPA Ratio (%)	11.12	7.53	4.76	3.75	3.21	2.94
NNPA Ratio (%)	3.77	1.75	1.07	0.80	0.70	0.67
Slippage Ratio (%)	3.65	1.76	1.45	1.75	1.60	1.60
Credit Cost (%)	2.12	1.87	0.83	0.85	0.95	0.98
PCR (Excl Tech. write off) (%)	68.7	78.1	78.4	79.4	78.8	77.8

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	6.4	6.9	7.9	7.8	7.7	7.6
Avg. Yield on loans	7.2	8.0	8.8	8.8	8.6	8.5
Avg. Yield on Investments	5.9	6.3	6.7	6.8	6.9	6.8
Avg. Cost-Int. Bear. Liab.	3.9	4.3	5.2	5.4	5.4	5.3
Avg. Cost of Deposits	3.8	4.1	5.0	5.4	5.4	5.3
Interest Spread	2.5	2.6	2.6	2.4	2.3	2.3
Net Interest Margin	2.6	2.8	2.9	2.7	2.7	2.7

Capitalisation Ratios (%)

CAR	14.5	16.0	16.9	18.3	18.1	17.9
Tier I	12.2	13.9	15.0	16.2	16.2	16.2
CET-1	10.6	12.4	13.7	14.7	14.8	14.8
Tier II	2.3	2.1	2.0	2.1	1.9	1.7

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	64.0	68.2	71.3	75.1	75.5	76.4
CASA Ratio	36.5	35.3	33.6	34.0	34.3	34.3
Cost/Assets	1.6	1.7	1.8	1.7	1.7	1.7
Cost/Total Income	45.7	46.3	46.4	44.8	45.2	45.4
Cost/ Core Income	-0.6	-2.1	-1.3	-1.0	-0.9	-0.9
Int. Expense/Int.Income	59.1	59.4	63.3	65.0	64.5	64.2
Fee Income/Total Income	22.9	28.6	26.9	29.3	28.9	28.6
Non Int. Inc.Total Income	31.1	30.9	30.5	33.8	33.8	34.0
Empl. Cost/Total Expense	54.9	56.5	58.8	57.7	57.8	57.5

Efficiency Ratios (%)

Employee per branch (in nos)	8.5	8.8	9.0	9.0	9.0	9.0
Staff cost per employee (INR m)	1.3	1.6	1.9	1.9	2.0	2.2
CASA per branch (INR m)	425.1	459.4	484.6	502.3	547.4	593.0
Deposits per branch (INR m)	1,163.5	1,303.2	1,443.2	1,477.5	1,596.0	1,728.7
Business per Employee (INR m)	225.2	248.6	275.8	288.6	312.5	340.2
Profit per Employee (INR m)	0.7	1.1	1.8	2.2	2.2	2.4

Profitability Ratios and Valuation (%)

RoE	8.3	12.2	16.7	17.4	15.5	14.7
RoA	0.5	0.7	1.0	1.2	1.1	1.1
RoRWA	1.0	1.4	2.0	2.4	2.2	2.1
Book Value (INR)	99	110	123	141	160	180
- growth (%)	3.1	10.3	12.1	15.0	12.9	12.4
Price-BV (x)	1.1	1.0	0.9	0.8	0.7	0.6
Adjusted BV (INR)	72	94	112	132	151	170
Price-ABV (x)	1.5	1.2	1.0	0.8	0.7	0.7
EPS (INR)	7.9	12.3	18.9	22.4	22.8	24.4
- growth (%)	74.2	56.1	52.9	18.7	1.8	6.9
Price-Earnings (x)	14.0	9.0	5.9	5.0	4.9	4.6
Dividend Per Share (INR)	1.9	3.0	3.6	4.0	4.5	4.5
Dividend Yield (%)	1.7	2.7	3.2	3.6	4.1	4.1

E: MOFSL Estimates

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www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

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

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 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.