

Union Bank of India

Estimate change



TP change



Rating change



Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USDb)	1086.4 / 12.2
52-Week Range (INR)	159 / 101
1, 6, 12 Rel. Per (%)	-2/7/16
12M Avg Val (INR M)	1628

Financials & Valuation (INR b)

Y/E March	FY25	FY26E	FY27E
NII	372.1	364.8	412.5
OP	310.9	278.7	313.9
NP	179.9	166.7	183.3
NIM (%)	2.7	2.5	2.6
EPS (INR)	23.6	21.8	24.0
EPS Gr. (%)	24.9	-7.3	9.9
BV/Sh. (INR)	144	160	180
ABV/Sh. (INR)	136	153	171
RoA (%)	1.2	1.1	1.1
RoE (%)	18.1	14.7	14.4

Valuations

P/E(X)	6.0	6.5	5.9
P/BV (X)	1.0	0.9	0.8
P/ABV (X)	1.0	0.9	0.8

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: INR142
TP: INR155 (+9%)
Neutral
NII in line; business growth remains tepid
Margin contracts 9bp QoQ

- Union Bank of India (UNBK) reported 2QFY26 PAT of INR42.5b (down 10% YoY/ up 3% QoQ, 20% beat), backed by better other income (amid interest on tax refund), lower provisions, and lower tax rate.
- NII declined 2.6% YoY and 3.3% QoQ to INR88.1b (largely in line with MOFSLe). NIMs stood at 2.67% (down 9bp QoQ, vs our est of 2.67%).
- Loan book grew 5.7% YoY/0.2% QoQ to INR9.48t, while deposits grew 1.9% YoY/ declined 0.4% QoQ. CD ratio increased to 76.8% (up 51bp QoQ).
- Fresh slippages declined 8% QoQ to INR21.5b from INR23.5b in 1QFY26. GNPA/NNPA ratio improved 23bp/7bp QoQ to 3.29%/0.55%. PCR increased to 83.8%.
- **We increase our earnings estimate slightly by 3%/2.5% for FY26/FY27E earnings and estimate FY27E RoA/RoE at 1.1%/14.4%. We expect loans to post a 9% CAGR over FY25-27E. We reiterate our neutral rating on the stock with a revised TP of INR155 (0.9x FY27E ABV).**

Asset quality improves; IT refund drives earnings beat

- UNBK reported 2QFY26 PAT of INR42.5b (3.2% QoQ, 20% beat). NII declined 2.6% YoY/ 3.3% QoQ; NIMs contracted 9bp QoQ to 2.67%.
- Other income increased 11% QoQ (down 6% YoY) to INR49.9b (9% higher than MOFSLe), amid HIGHER fee income and interest refund on income tax.
- Opex grew 12% YoY/4.6% QoQ to INR69.9b (in line). C/I ratio increased 146bp QoQ to 50.7%. PPop declined 16% YoY/1.4% QoQ to INR68b (5% beat on MOFSLe).
- Business growth was sub-par yet again, with advances standing flat QoQ (up 5.7% YoY) at INR9.48t. Of this, retail grew faster at 24% YoY/4% QoQ and MSME grew 4.7% YoY/2% QoQ, while large corporate and agri segments continued to decline 1.3% QoQ and 1.9% QoQ, respectively.
- Deposits grew 1.9% YoY/declined 0.4% QoQ to INR12.3t, led by a reduction in CA as well as bulk deposits. CASA grew 1.4% YoY/declined 0.3% QoQ. As a result, CASA ratio stood stable at 32.6%, while CD ratio increased to 76.8% (up 51bp QoQ).
- Deposits grew 1.3% YoY and declined 5.3% QoQ to INR12.4t, led by a reduction in CASA and bulk deposits. CASA ratio decreased 100bp QoQ to 32.5%, while CD ratio increased 350bp QoQ to 76.3%.
- Fresh slippages declined 8.3% QoQ to INR21.5b, while healthy recoveries and upgrades led to an improvement in the GNPA/NNPA ratio by 23bp QoQ/7bp QoQ to 3.29%/0.55%. PCR ratio increased to 83.8%.

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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

- The bank aims to achieve growth above the system level going forward and has already identified and addressed the root causes behind the slower deposit growth.
- The sequential contraction in NIMs has been narrowing, with stabilization expected from 3Q onwards and an improving trend likely from 4Q.
- PSLC sales are expected to resume by 4QFY26 or early FY27, at a similar quantum as in FY25.

Valuation and view

UNBK reported an earnings beat, led by healthy other income, lower tax rate, and lower provisions. However, business growth remained tepid, with muted QoQ trends in both advances and deposits, while CASA growth stood flat. NIMs were broadly in line with our expectations, as management has recently prioritized margins over growth, leading to a reduction in bulk deposits during 1HFY26. With business growth being sub-par for the past two quarters, the bank aims to revive momentum. Asset quality ratios continue to improve, led by controlled slippages and in-line provisions. **We increase our earnings estimate slightly by 3%/ 2.5% for FY26/FY27E earnings and estimate FY27E RoA/RoE at 1.1%/14.4%. We expect loans to post a 9% CAGR over FY25-27E. We reiterate our Neutral rating on the stock with a revised TP of INR155 (0.9x FY27E ABV).**

Quarterly Performance

	FY25				FY26E				(INR b)			
	1Q	2Q	3Q	4Q	1Q	2QA	3QE	4QE	FY25	FY26E	FY26E V/S our	Est
Net Interest Income	94.1	90.5	92.4	95.1	91.1	88.1	90.8	94.7	372.1	364.8	86.8	2%
% Change (YoY)	6.5	-0.9	0.8	0.8	-3.2	-2.6	-1.7	-0.4	1.8	-2.0	-4.1	
Other Income	45.1	53.3	44.2	55.6	44.9	50.0	46.6	52.8	198.1	194.2	45.7	9%
Total Income	139.2	143.8	136.6	150.7	136.0	138.1	137.4	147.5	570.3	559.0	132.5	4%
Operating Expenses	61.4	62.6	61.7	73.7	66.9	69.9	68.4	75.1	259.4	280.3	67.7	3%
Operating Profit	77.9	81.1	74.9	77.0	69.1	68.1	69.0	72.4	310.9	278.7	64.8	5%
% Change (YoY)	8.4	12.4	2.9	17.9	-11.3	-16.0	-7.9	-6.0	10.2	-10.4	-20.1	
Provisions	27.6	17.1	16.0	15.4	16.6	14.0	16.1	15.3	76.1	62.1	14.4	-3%
Profit before Tax	50.3	64.0	58.9	61.6	52.4	54.2	52.9	57.1	234.8	216.6	50.4	7%
Tax	13.5	16.8	12.9	11.7	11.3	11.7	13.2	13.6	54.9	49.8	15.1	-23%
Net Profit	36.8	47.2	46.0	49.8	41.2	42.5	39.7	43.4	179.9	166.7	35.3	20%
% Change (YoY)	13.7	34.4	28.2	50.6	11.9	-10.0	-13.9	-12.9	31.8	-7.3	-25.2	
Operating Parameters												
Deposit (INR b)	11,965	12,116	12,166	12,722	12,399	12,346	13,583	13,844	13,097	13,844	12,815	
Loan (INR b)	8,787	8,971	9,202	9,535	9,461	9,483	10,012	10,269	9,535	10,269	9,727	
Deposit Growth (%)	6.1	6.5	3.8	4.2	3.6	1.9	11.6	8.8	7.2	5.7	3.2	
Loan Growth (%)	14.0	11.6	6.7	9.5	7.7	5.7	8.8	7.7	9.5	7.7	8.4	
Asset Quality												
Gross NPA (%)	4.5	4.4	3.9	3.6	3.5	3.3	3.0	3.0	3.6	3.0	3.4	
Net NPA (%)	0.9	1.0	0.8	0.6	0.6	0.6	0.5	0.5	0.6	0.5	0.6	
PCR (%)	80.9	78.4	79.3	83.1	82.9	83.8	83.5	83.2	82.6	83.2	82.5	

Quarterly Snapshot

INR b	FY25				FY26E		Change (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Interest Income	263.6	267.1	269.6	277.0	273.0	266.5	0	-2
Interest Expenses	169.5	176.6	177.2	181.8	181.8	178.4	1	-2
Net Interest Income	94.1	90.5	92.4	95.1	91.1	88.1	-3	-3
Other Income	45.1	53.3	44.2	55.6	44.9	50.0	-6	11
Trading profits	7.0	10.3	8.1	16.5	14.2	10.7	5	-24
Total Income	139.2	143.8	136.6	150.7	136.0	138.1	-4	2
Operating Expenses	61.4	62.6	61.7	73.7	66.9	69.9	12	5
Employee	35.7	35.6	34.7	40.7	39.5	39.1	10	-1
Others	25.7	27.0	27.0	33.0	27.4	30.9	14	12
Operating Profits	77.9	81.1	74.9	77.0	69.1	68.1	-16	-1
Core Operating Profits	70.9	70.9	66.8	60.5	54.9	57.4	-19	5
Provisions	27.6	17.1	16.0	15.4	16.6	14.0	-18	-16
PBT	50.3	64.0	58.9	61.6	52.4	54.2	-15	3
Taxes	13.5	16.8	12.9	11.7	11.3	11.7	-31	4
PAT	36.8	47.2	46.0	49.8	41.2	42.5	-10	3
Balance Sheet (INR b)								
Loans	8,787	8,971	9,202	9,535	9,461	9,483	6	0
Deposits	11,965	12,116	12,166	12,722	12,399	12,346	2	0
CASA Deposits	3,995	3,963	3,953	4,263	4,030	4,019	1	0
- Savings	3,325	3,284	3,284	3,399	3,345	3,388	3	1
- Current	669	679	669	864	686	630	-7	-8
Loan mix (INR b)								
Retail	1,823.2	1,923.8	2,018.1	2,167.8	2,290.4	2,385.1	24	4
Agri	1,889.4	1,919.1	1,852.8	1,784.8	1,716.1	1,684.1	-12	-2
MSME	1,369.5	1,408.4	1,304.4	1,364.2	1,444.4	1,474.0	5	2
Large Corporate & others	3,705.9	3,692.8	3,953.9	4,143.0	3,930.1	3,879.7	5	-1
Loan mix (%)								
Retail	20.7	21.5	22.1	22.9	24.4	25.3	380	90
Agri	21.5	21.5	20.3	18.9	18.3	17.9	-358	-42
MSME	15.6	15.7	14.3	14.4	15.4	15.6	-10	25
Large Corporate & others	42.2	41.3	43.3	43.8	41.9	41.2	-11	-72
Asset Quality (INR b)								
GNPA	414.2	405.0	365.5	353.5	343.1	320.9	-21	-6
NNPA	79.0	87.6	75.7	59.7	58.7	52.1	-41	-11
Asset Quality Ratios (%)								
	1Q	2Q	3Q	4Q	1Q	2Q	YoY (BT)	QoQ (BT)
GNPA	4.5	4.4	3.9	3.6	3.5	3.3	-107	-23
NNPA	0.9	1.0	0.8	0.6	0.6	0.6	-43	-7
PCR - (calc)	80.9	78.4	79.3	83.1	82.9	83.8	539	88
PCR (inc TWO)	93.5	92.8	93.4	94.6	94.7	95.1	234	48
Slippage Ratio	1.1	2.5	0.9	1.1	1.0	0.8	-162	-15
Business Ratios (%)								
CASA	33.4	32.7	33.4	33.5	32.5	32.6	-16	4
Loan/Deposit	73.4	74.0	75.6	74.9	76.3	76.8	277	51
Other Income/Total Income	32.4	37.1	32.3	36.9	33.0	36.2	-88	319
Cost to Income	44.1	43.6	45.1	48.9	49.2	50.7	709	146
Cost to Asset	1.8	1.8	1.8	2.0	1.9	1.9	10	8
Tax Rate	26.9	26.3	21.9	19.0	21.5	21.6	-470	4
Capitalisation Ratios (%)								
Tier-1	15.1	15.2	14.9	16.3	16.6	15.6	36	-100
CET-1	13.8	13.9	13.6	15.0	15.3	14.4	49	-93
Tier-2	1.9	1.9	1.8	1.8	1.7	1.5	-42	-23
CAR	17.0	17.1	16.7	18.0	18.3	17.1	-6	-123
RWA / Total Assets	50.0	48.8	49.2	48.7	47.8	50.2	147	247
LCR	138.5	144.1	130.6	130.7	131.7	127.3	-1,679	-439
Profitability Ratios (%)								
Yield on Loans	8.7	8.7	8.8	8.7	8.5	8.3	-36	-16
Yield on Investments	6.9	6.9	6.9	6.8	6.9	6.8	-13	-10
Cost of Deposits	5.4	5.6	5.6	5.6	5.5	5.5	-8	-5
Margins	3.05	2.90	2.91	2.87	2.76	2.67	-23	-9
Other Details								
Branches	8,473	8,555	8,574	8,621	8,649	8,655	100	6
ATMs	9,342	9,124	9,087	8,910	8,976	9,064	-60	88



Highlights from the management commentary

Opening Remarks

- Global situation is volatile, but the domestic activity continues to be healthy.
- Credit cost stood at 22bp; it was 109bp in 2QFY25.
- Recoveries in 1H surpassed slippages.
- NIMs stood at 2.67%, while other income was robust.
- The bank has curtailed high-cost bulk deposits, which has provided solid support to margins.
- The bank reduced bulk deposits but retail + CASA growth remains healthy.
- The bank aims to grow the RAM segment to 58% from the current level of 55%.

Advances & deposits related

- The growth has been muted, and the bank has played on the cost.
- The bank has been looking to increase the retail CASA rather than bulk deposits. It aims for CD ratio of 78-80%.
- It is cautious about NIMs and aims for 9-10% growth.
- It will be looking at system-level loan growth and aims to grow better than the system QoQ. It has already discussed the root cause of reason on the slower deposits growth.
- The bank will be focusing on the RAM segment with the goal of bringing it to 58%.
- The bank is already working on new products to focus on loan growth.

Yields, cost, and margins

- The sequential decline in NIMs has been coming down, and stabilization is expected from 3Q onwards, along with an improving trend from 4Q.
- The bank has reduced 21.85% of bulk deposits, and this has been replaced by CASA and retail deposits.
- An interest reversal of INR4–5b occurs each quarter as part of the regular process, with no one-offs involved.

Other income and opex

- The bank did not undertake any PSLC sales this quarter as it continues to meet PSL targets internally.
- PSLC sales may resume by 4QFY26 or early FY27, at a similar quantum to FY25.
- The treasury depends on the rate outlook going ahead.
- Investment depreciation was mainly from the trading book.
- The duration of the HTM book declined, primarily due to the sale of shares in one stock and subsequent redemption.
- Opex growth has been in line with the trend, and expenses in 2HFY25 were slightly higher. However, this has now been largely in track with opex growth.

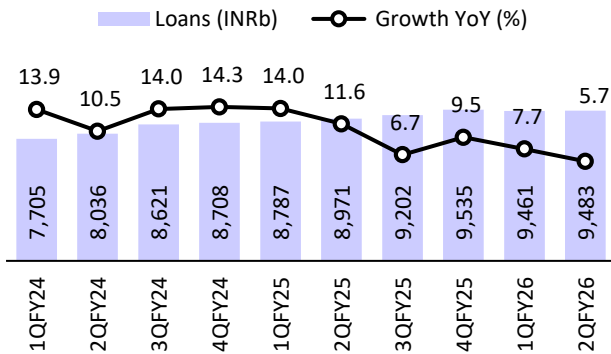
Asset quality

- There is INR1.33b of standard asset provision, and the bank has also taken higher standard provisions of INR8.82b amid ECL migration as well as accelerated provision in some accounts.
- One account amounting to INR6b was upgraded during the quarter, with corresponding provisions made accordingly.
- The bank has made a standard asset provision amid regulatory requirement or as a prudent measure. SMA-0 is not a matter of concern and remains under control.
- RWA is rising mainly due to a rise in the credit risk weight.

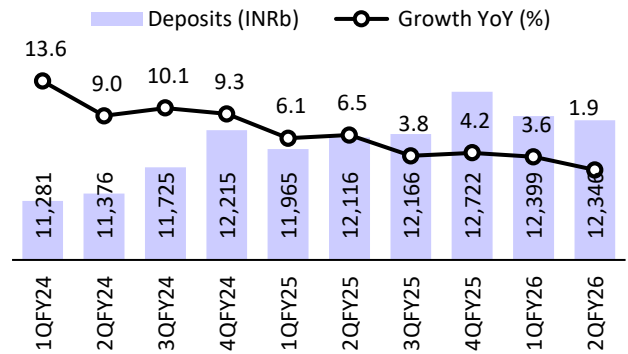
Miscellaneous

- The bank submits ECL reports to the RBI every six months. Under the new framework, the credit cost trajectory would have been largely similar.

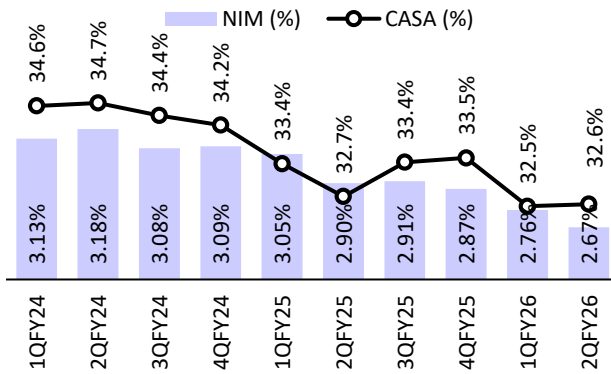
Story in charts

Exhibit 1: Loans grew 5.7% YoY (0.2% QoQ) to INR9.5t


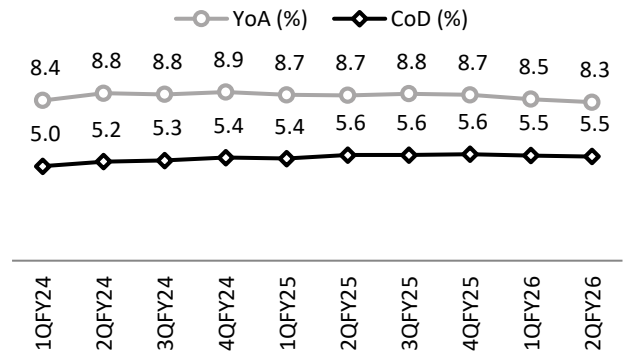
Source: MOFSL, Company

Exhibit 2: Deposits grew 1.9% YoY (-0.4% QoQ) to INR12.3t


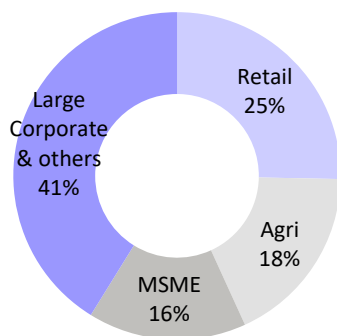
Source: MOFSL, Company

Exhibit 3: NIMs contracted 9bp QoQ to 2.67%; CASA improved to 32.6%


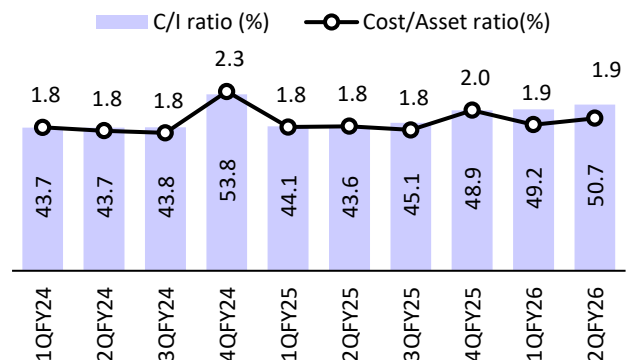
Source: MOFSL, Company

Exhibit 4: YoA declined 16bp QoQ to 8.3%; CoD declined to 5.48%


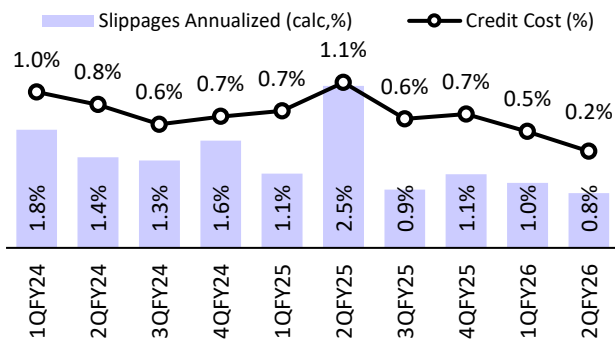
Source: MOFSL, Company

Exhibit 5: Loan mix as a % of domestic advances - 2QFY26


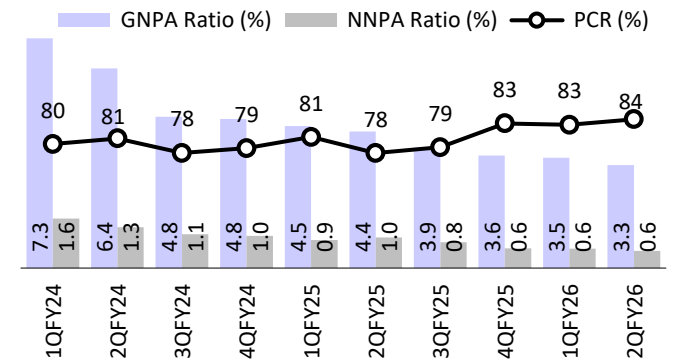
Source: MOFSL, Company

Exhibit 6: C/I ratio increased 146bp QoQ to 50.7%


Source: MOFSL, Company

Exhibit 7: Credit cost declined 25bp in 2QFY26


Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratio improved 23bp/7bp QoQ


Source: MOFSL, Company

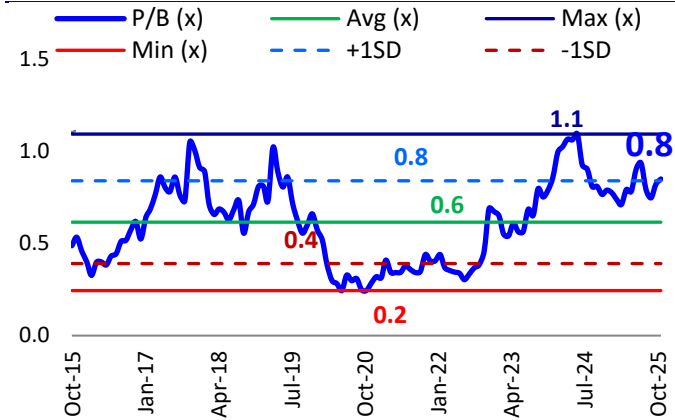
Valuation and view: Reiterate Neutral with a TP of INR155

- UNBK reported an earnings beat, led by healthy other income, lower tax rate, and lower provisions. However, business growth remained tepid, with muted QoQ trends in both advances and deposits growth, while CASA growth stood flat.
- NIMs stood broadly in line with our expectations, as management has recently prioritized margins over growth, leading to a reduction in bulk deposits during 1HFY26.
- With business growth remaining sub-par for the past two quarters, the bank aims for recovery in momentum. Asset quality ratios continue to improve, led by controlled slippages and in-line provisions.
- **We increase our earnings estimate slightly by 3%/ 2.5% for FY26/FY27E earnings and estimate FY27E RoA/RoE at 1.1%/14.4%. We expect loans to post a 9% CAGR over FY25-27E. We reiterate our Neutral rating on the stock with a revised TP of INR155 (0.9x FY27E ABV).**

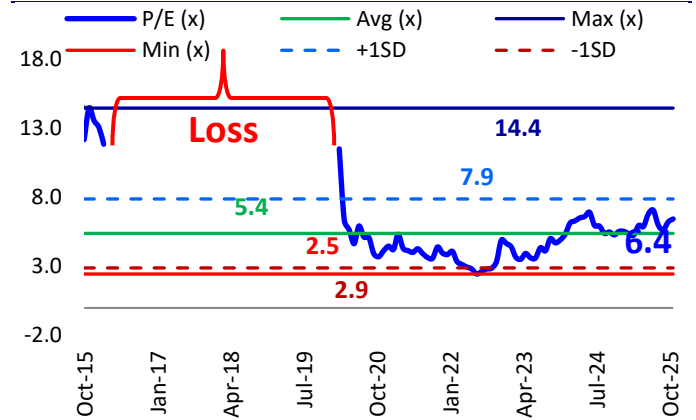
Exhibit 9: Summary of our earnings estimates

INR B	Old Est			Rev Est			Change %/bps		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Net Interest Income	369.1	414.1	477.6	364.8	412.5	473.8	-1.2	-0.4	-0.8
Other Income	188.2	201.4	221.5	194.2	207.8	228.5	3.2	3.2	3.2
Total Income	557.3	615.5	699.2	559.0	620.3	702.4	0.3	0.8	0.5
Operating Expenses	276.9	301.4	329.9	280.3	306.3	336.5	1.3	1.6	2.0
Operating Profits	280.5	314.1	369.3	278.7	313.9	365.9	-0.6	0.0	-0.9
Provisions	64.4	75.1	91.5	62.1	74.6	92.1	-3.6	-0.6	0.7
PBT	216.0	239.0	277.8	216.6	239.3	273.8	0.2	0.1	-1.4
Tax	54.4	60.2	70.0	49.8	56.0	64.1	-8.5	-7.0	-8.5
PAT	161.6	178.8	207.8	166.7	183.3	209.7	3.2	2.5	0.9
Loans	10,336	11,411	12,632	10,269	11,337	12,550	-0.6	-0.6	-0.6
Deposits	14,041	15,346	16,804	13,844	15,132	16,569	-1.4	-1.4	-1.4
Margins (%)	2.47	2.55	2.67	2.46	2.57	2.69	-1	2	2
RoA (%)	1.04	1.05	1.12	1.08	1.09	1.14	4	4	2
RoE (%)	14.3	14.1	14.6	14.7	14.4	14.6	42	28	3
BV	159	178	201	160	180	202	0.4	0.7	0.8
ABV	151	170	192	153	171	194	1.0	1.1	0.8
EPS	21	23	27	22	24	27	3.2	2.5	0.9

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	FY26E	FY27E	FY28E
Interest Income	6.01	6.54	7.47	7.45	6.90	6.85	6.86
Interest Expense	3.55	3.89	4.73	4.88	4.55	4.39	4.28
Net Interest Income	2.46	2.65	2.74	2.57	2.35	2.46	2.58
Fee income	0.82	1.10	1.06	1.14	1.07	1.04	1.03
Trading and others	0.29	0.09	0.14	0.23	0.18	0.20	0.22
Non Interest Income	1.11	1.19	1.20	1.37	1.25	1.24	1.24
Total Income	3.57	3.84	3.94	3.94	3.61	3.70	3.82
Operating Expenses	1.63	1.78	1.83	1.79	1.81	1.83	1.83
Employees	0.90	1.00	1.08	1.01	1.02	1.03	1.03
Others	0.74	0.77	0.75	0.78	0.79	0.80	0.80
Operating Profits	1.94	2.06	2.11	2.15	1.80	1.87	1.99
Core Operating Profits	1.64	1.98	1.97	1.92	1.62	1.67	1.77
Provisions	1.18	1.08	0.51	0.53	0.40	0.45	0.50
PBT	0.76	0.98	1.60	1.62	1.40	1.43	1.49
Tax	0.30	0.30	0.58	0.38	0.32	0.33	0.35
RoA	0.46	0.68	1.02	1.24	1.08	1.09	1.14
Leverage (x)	18.02	17.88	16.34	14.54	13.65	13.18	12.81
RoE	8.34	12.22	16.69	18.09	14.68	14.42	14.63

Financials and valuations

Income Statement

(INRb)

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	807.4	997.8	1,077.3	1,069.8	1,148.8	1,260.5
Interest Expense	479.8	632.1	705.1	705.0	736.3	786.6
Net Interest Income	327.7	365.7	372.1	364.8	412.5	473.8
- growth (%)	17.9	11.6	1.8	-2.0	13.1	14.9
Non Interest Income	146.3	160.8	198.1	194.2	207.8	228.5
Total Income	474.0	526.5	570.3	559.0	620.3	702.4
- growth (%)	17.6	11.1	8.3	-2.0	11.0	13.2
Operating Expenses	219.3	244.4	259.4	280.3	306.3	336.5
Pre Provision Profits	254.7	282.1	310.9	278.7	313.9	365.9
- growth (%)	16.4	10.8	10.2	-10.4	12.7	16.5
Core PPP	243.8	262.8	278.1	250.4	280.7	325.7
- growth (%)	31.3	7.8	5.8	-9.9	12.1	16.0
Provisions (excl tax)	133.3	67.8	76.1	62.1	74.6	92.1
PBT	121.4	214.3	234.8	216.6	239.3	273.8
Tax	37.0	77.8	54.9	49.8	56.0	64.1
Tax Rate (%)	30.5	36.3	23.4	23.0	23.4	23.4
PAT	84.3	136.5	179.9	166.7	183.3	209.7
- growth (%)	61.2	61.8	31.8	-7.3	9.9	14.4

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	1,175.1	1,324.0	1,499.4
Net Worth	783.3	969.7	1,129.8	1,251.4	1,400.4	1,575.8
Deposits	11,177.2	12,215.3	13,097.5	13,844.1	15,131.5	16,569.0
- growth (%)	8.3	9.3	7.2	5.7	9.3	9.5
- CASA Dep	3,940.6	4,101.3	4,263.3	4,748.5	5,190.1	5,683.2
- growth (%)	4.5	4.1	3.9	11.4	9.3	9.5
Borrowings	431.4	269.5	273.4	349.9	361.0	373.1
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	16,003.0	17,517.5	19,217.4
Current Assets	1,121.5	1,193.0	1,313.3	1,291.6	1,363.3	1,457.0
Investments	3,393.0	3,379.0	3,543.8	3,795.4	4,110.4	4,455.7
- growth (%)	-2.6	-0.4	4.9	7.1	8.3	8.4
Loans	7,618.5	8,707.8	9,535.1	10,269.3	11,337.3	12,550.4
- growth (%)	15.3	14.3	9.5	7.7	10.4	10.7
Fixed Assets	88.3	92.2	97.8	101.7	106.8	112.1
Other Assets	586.3	547.5	508.5	544.9	599.6	642.1
Total Assets	12,807.5	13,919.6	14,998.6	16,003.0	17,517.5	19,217.4

Asset Quality

GNPA	609.9	431.0	353.5	312.6	327.5	347.3
NNPA	133.6	93.1	61.3	52.5	59.7	67.5
Slippages	125.2	118.8	120.7	128.7	155.6	167.2
GNPA Ratio (%)	7.53	4.76	3.60	2.97	2.82	2.71
NNPA Ratio (%)	1.75	1.07	0.64	0.51	0.53	0.54
Slippage Ratio (%)	1.76	1.45	1.32	1.30	1.44	1.40
Credit Cost (%)	1.87	0.83	0.83	0.61	0.66	0.74
PCR (Excl Tech. write off) (%)	78.1	78.4	82.6	83.2	81.8	80.6

E: MOSL 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	7.2	7.1	7.1
Avg. Yield on loans	8.0	8.8	8.7	8.0	8.0	8.0
Avg. Yield on Investments	6.3	6.7	6.8	6.7	6.6	6.6
Avg. Cost-Int. Bear. Liab.	4.3	5.2	5.5	5.1	5.0	4.9
Avg. Cost of Deposits	4.1	5.0	5.2	5.1	4.9	4.8
Interest Spread	2.6	2.6	2.3	2.1	2.2	2.3
Net Interest Margin	2.8	2.9	2.7	2.5	2.6	2.7

Capitalisation Ratios (%)

CAR	16.0	17.0	18.0	17.4	17.2	17.0
Tier I	13.9	15.0	16.3	15.7	15.6	15.6
CET-1	12.4	13.7	15.0	14.2	14.2	14.2
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	72.8	74.2	74.9	75.7
CASA Ratio	35.3	33.6	32.6	34.3	34.3	34.3
Cost/Assets	1.7	1.8	1.7	1.8	1.7	1.8
Cost/Total Income	46.3	46.4	45.5	50.1	49.4	47.9
Cost/ Core Income	-2.1	-1.3	-0.8	-1.0	-0.9	-0.9
Int. Expense/Int.Income	59.4	63.3	65.5	65.9	64.1	62.4
Fee Income/Total Income	28.6	26.9	29.0	29.7	28.1	26.8
Non Int. Inc.Total Income	30.9	30.5	34.7	34.7	33.5	32.5
Empl. Cost/Total Expense	56.5	58.8	56.6	56.5	56.4	56.1

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	550.0	595.2	645.3
Deposits per branch (INR m)	1,303.2	1,443.2	1,519.3	1,603.4	1,735.2	1,881.2
Business per Employee (INR m)	248.6	275.8	306.3	311.6	338.6	368.8
Profit per Employee (INR m)	1.1	1.8	2.4	2.2	2.3	2.7

Profitability Ratios and Valuation (%)

RoE	12.2	16.7	18.1	14.7	14.4	14.6
RoA	0.7	1.0	1.2	1.1	1.1	1.1
RoRWA	1.4	2.0	2.5	2.0	2.0	2.0
Book Value (INR)	110	123	144	160	180	202
- growth (%)	10.3	12.1	17.2	11.1	12.2	12.8
Price-BV (x)	1.3	1.2	1.0	0.9	0.8	0.7
Adjusted BV (INR)	94	112	136	153	171	194
Price-ABV (x)	1.5	1.3	1.0	0.9	0.8	0.7
EPS (INR)	12.3	18.9	23.6	21.8	24.0	27.5
- growth (%)	56.1	52.9	24.9	-7.3	9.9	14.4
Price-Earnings (x)	11.5	7.5	6.0	6.5	5.9	5.2
Dividend Per Share (INR)	3.0	3.6	4.8	4.5	4.5	4.5
Dividend Yield (%)	2.1	2.5	3.3	3.2	3.2	3.2

E: MOFSL Estimates

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