

Union Bank of India

Estimate change



TP change



Rating change



CMP: INR109

TP: INR135 (+24%)

BUY

Modest operating performance; NIMs decline 15bp QoQ

Slippage ratio increases to 2.4%

- Union Bank of India (UNBK) reported 2QFY25 PAT of INR47.2b (34.4% YoY, 27% beat) driven by healthy other income and lower provisions (amid the reversal of standard assets provision).
- NII was flat YoY at INR90.5b (down 3.9% QoQ; 5% miss). NIMs moderated sharply by 15bp QoQ to 2.9% during the quarter.
- Loan book grew at 11.6% YoY/2.1% QoQ while deposits grew 9.2% YoY/1.5% QoQ. CD ratio, thus, increased slightly to 72.2%.
- Fresh slippages increased sharply to INR52.2b due to one large corporate account in the PSU sector. GNPA ratio declined 18bp QoQ to 4.36%, while NNPA ratio increased 8bp QoQ to 0.98%. PCR declined 255bp QoQ to 78.4%.
- We cut our earnings for FY26 estimate by 4.7% and estimate RoA/RoE of 1.1%/15.4% by FY26. **Reiterate BUY with a TP of INR135 (based on 0.9x FY26E ABV).**

Business growth modest; PCR declines slightly

- UNBK reported 34.4% YoY growth in PAT to INR47.2b (27% beat) driven by healthy other income and lower provisions (amid the reversal of standard assets provision). In 1HFY25, earnings grew 24% YoY to INR84b and we estimate 2HFY25 earnings to grow 4% YoY to INR72b.
- NII was flat YoY at INR90.5b (down 3.9% QoQ; 5% miss). NIMs moderated 15bp QoQ to 2.9% in 2QFY25 due to adjustment in penal charges.
- Other income grew 44.2% YoY (28% beat), backed by better recoveries from NPAs, and treasury gain stood at INR10.3b vs INR7b in 1QFY25. Total income, thus, grew 12% YoY to INR143.8b.
- Operating expenses grew 11.8% YoY to INR62.6b (in line). PPop grew 12.4% YoY to INR81b (7% beat). C/I ratio, thus, moderated 51bp QoQ to 43.6%.
- Advances grew 11.6% YoY/2.1% QoQ to INR8.97t. Retail book grew 14.3% YoY (5.5% QoQ), while corporate growth was muted. Within retail, home loan and education loan grew healthy at 4.3% QoQ and 6.5% QoQ, respectively. Deposit base grew (9.2% YoY/ 1.5% QoQ), with CASA ratio moderating 68bp QoQ to 32.7%.
- Fresh slippages increased sharply to INR52.2b vs INR23.2b in 1Q, up 98% YoY/125% QoQ, due to one large ticket size book that slipped. GNPA ratio declined 18bp QoQ to 4.36%, while NNPA ratio increased 8bp QoQ to 0.98%. PCR declined 255bp QoQ to 78.4%. SMA pool stood elevated at 0.83% (0.78% in 1QFY25).
- UNBK reversed the standard provisions of INR10.3b, out of which one large account had slipped and another was classified as SMA. SMA book increased to ~INR74.8b while restructured portfolio declined to 1.2%.

Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USD\$b)	833.9 / 9.9
52-Week Range (INR)	173 / 91
1, 6, 12 Rel. Per (%)	-6/-37/-17
12M Avg Val (INR M)	2714

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	365.7	372.8	415.9
OP	282.1	302.1	331.2
NP	136.5	155.6	170.7
NIM (%)	2.9	2.7	2.7
EPS (INR)	18.9	20.4	22.4
EPS Gr. (%)	52.9	8.0	9.7
BV/Sh. (INR)	123	139	157
ABV/Sh. (INR)	112	129	148
RoA (%)	1.0	1.1	1.1
RoE (%)	16.7	15.9	15.4

Valuations

P/E(X)	5.8	5.3	4.9
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	1.0	0.8	0.7

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	74.8	74.8	77.0
DII	11.2	11.4	12.7
FII	6.9	7.4	2.9
Others	7.1	6.5	7.4

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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.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- Loans are expected at ~11-13% YoY and Deposits at 9-11% YoY.
- Adjustments in penal charges and drop in dummy ledger recovery led to moderation in margins.
- 11bp drop in margins was due to penal interest. The impact of penal interest is expected to be higher in 3Q compared to 1Q..
- Slippages increased due to a single large ticket size account (PSU entity) that defaulted in the current quarter.

Valuation and view

UNBK reported a mixed quarter, wherein healthy other income and lower provisions led to earnings beat. However, margins moderated 15bp QoQ and slippages stood elevated. Deposit growth was flat, with CASA ratio moderating further. Loan growth was led by retail, with a CD ratio of 72.2%. The management has guided for NIMs in the range of 2.8-3%; however, penal charges will continue to impact margins. SMA book increased due to one large account that was transferred to SMA in the current quarter. Slippages were high due to one large account; nonetheless, healthy recoveries and a consistent decline in restructured assets (1.2%) provide a healthy outlook for asset quality. However, we remain watchful for slippages in subsequent quarters. We cut our earnings for FY26 estimate by 4.7% and estimate RoA/RoE of 1.1%/15.4% by FY26. **Reiterate BUY with a TP of INR135 (based on 0.9x FY26E ABV).**

Quarterly performance**(INR b)**

	FY24				FY25E				FY24	FY25E	FY24E	V/S our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE	Est
Net Interest Income	88.4	91.3	91.7	94.4	94.1	90.5	93.2	95.0	365.7	372.8	95.5	-5%
% Change (YoY)	16.6	9.9	6.3	14.4	6.5	-0.9	1.6	0.7	11.6	1.9	4.6	
Other Income	39.0	37.0	37.7	47.1	45.1	53.3	41.2	43.7	160.8	183.3	41.5	28%
Total Income	127.4	128.2	129.4	141.4	139.2	143.8	134.4	138.7	526.5	556.1	137.0	5%
Operating Expenses	55.6	56.0	56.6	76.1	61.4	62.6	63.5	66.6	244.4	254.1	61.5	2%
Operating Profit	71.8	72.2	72.8	65.3	77.9	81.1	70.9	72.2	282.1	302.1	75.5	7%
% Change (YoY)	31.8	9.8	9.9	-4.3	8.4	12.4	-2.6	10.5	10.8	7.1	4.6	
Provisions	20.1	17.7	17.5	12.6	27.6	17.1	22.9	23.1	67.8	90.7	22.6	-24%
Profit before Tax	51.7	54.5	55.3	52.7	50.3	64.0	48.1	49.0	214.3	211.4	52.9	21%
Tax	19.4	19.4	19.4	19.6	13.5	16.8	12.7	12.8	77.8	55.8	15.9	6%
Net Profit	32.4	35.1	35.9	33.1	36.8	47.2	35.3	36.3	136.5	155.6	37.0	27%
% Change (YoY)	107.7	90.0	59.9	19.0	13.7	34.4	-1.6	9.5	61.8	14.0	5.5	
Operating Parameters												
Deposit (INR b)	11,281	11,376	11,725	12,215	12,242	12,419	12,824	13,229	12,215	13,229	12,545	
Loan (INR b)	7,705	8,036	8,621	8,708	8,787	8,971	9,282	9,666	8,708	9,666	8,995	
Deposit Growth (%)	13.6	9.0	10.1	9.3	8.5	9.2	9.4	8.3	9.3	8.3	10.3	
Loan Growth (%)	13.9	10.5	14.0	14.3	14.0	11.6	7.7	11.0	14.3	11.0	11.9	
Asset Quality												
Gross NPA (%)	7.3	6.4	4.8	4.8	4.5	4.4	4.1	3.9	4.8	3.9	3.8	
Net NPA (%)	1.6	1.3	1.1	1.0	0.9	1.0	0.9	0.9	1.1	0.9	0.8	
PCR (%)	79.8	80.7	78.4	79.1	80.9	78.4	78.0	77.7	78.4	77.7	80.2	

E: MOFSL Estimates

Quarterly snapshot

INR b	FY24				FY25		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss								
Interest Income	234.8	245.9	253.6	263.5	263.6	267.1	9	1
Interest Expenses	146.4	154.6	161.9	169.1	169.5	176.6	14	4
Net Interest Income	88.4	91.3	91.7	94.4	94.1	90.5	-1	-4
Other Income	39.0	37.0	37.7	47.1	45.1	53.3	44	18
Trading profits	7.8	6.8	6.1	7.8	7.0	10.3	51	47
Total Income	127.4	128.2	129.4	141.4	139.2	143.8	12	3
Operating Expenses	55.6	56.0	56.6	76.1	61.4	62.6	12	2
Employee	31.8	30.9	32.8	48.3	35.7	35.6	15	0
Others	23.8	25.2	23.9	27.8	25.7	27.0	7	5
Operating Profits	71.8	72.2	72.8	65.3	77.9	81.1	12	4
Core Operating Profits	64.0	65.4	66.7	57.5	70.9	70.9	8	0
Provisions	20.1	17.7	17.5	12.6	27.6	17.1	-3	-38
PBT	51.7	54.5	55.3	52.7	50.3	64.0	17	27
Taxes	19.4	19.4	19.4	19.6	13.5	16.8	-13	24
PAT	32.4	35.1	35.9	33.1	36.8	47.2	34	28
Balance Sheet (INR b)								
Loans	7,705	8,036	8,621	8,708	8,787	8,971	12	2
Deposits	11,281	11,376	11,725	12,215	12,242	12,419	9	1
CASA Deposits	3,851	3,882	3,971	4,101	3,995	3,963	2	-1
- Savings	3,180	3,231	3,263	3,363	3,325	3,284	2	-1
- Current	671	651	708	738	669	679	4	1
Loan mix (INR b)								
Retail	1,623.7	1,682.6	1,734.5	1,774.9	1,823.2	1,923.8	14	6
Agri	1,536.2	1,655.1	1,775.8	1,838.3	1,889.4	1,919.1	16	2
MSME	1,277.5	1,338.2	1,367.5	1,357.5	1,369.5	1,408.4	5	3
Large Corporate & others	3,497.2	3,538.5	3,789.2	3,765.6	3,705.9	3,692.8	4	0
Loan mix (%)								
Retail	20.5	20.5	20.0	20.3	20.7	21.5	103	76
Agri	19.4	20.1	20.5	21.0	21.5	21.5	131	-4
MSME	16.1	16.3	15.8	15.5	15.6	15.7	-54	16
Large Corporate & others	44.1	43.1	43.7	43.1	42.2	41.3	-179	-88
Asset Quality (INR b)								
GNPA	601.0	540.1	432.6	431.0	414.2	405.0	-25	-2
NNPA	121.4	104.2	93.5	89.9	79.0	87.6	-16	11
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	YoY (bp)	QoQ (bp)
GNPA	7.3	6.4	4.8	4.8	4.5	4.4	-202	-18
NNPA	1.6	1.3	1.1	1.0	0.9	1.0	-32	8
PCR - (calc)	79.8	80.7	78.4	79.1	80.9	78.4	-233	-255
PCR (inc TWO)	90.9	92.0	92.5	92.7	93.5	92.8	76	-70
Slippage Ratio	1.7	1.4	1.3	1.5	1.1	2.2	79	110
Business Ratios (%)								
CASA	34.6	34.7	34.4	34.2	33.4	32.7	-194	-68
Loan/Deposit	68.3	70.6	73.5	71.3	71.8	72.2	159	46
Other Income/Total Income	30.6	28.8	29.2	33.3	32.4	37.1	824	467
Cost to Income	43.7	43.7	43.8	53.8	44.1	43.6	-12	-51
Cost to Asset	1.8	1.8	1.8	2.3	1.8	1.8	6	1
Tax Rate	37.5	35.6	35.1	37.2	26.9	26.3	-934	-59
Capitalisation Ratios (%)								
Tier-1	13.9	14.6	13.1	15.0	15.1	15.2	65	9
CET-1	12.3	13.1	11.7	13.7	13.8	13.9	83	7
Tier-2	2.1	2.1	2.0	2.0	1.9	1.9	-21	2
CAR	16.0	16.7	15.0	17.0	17.0	17.1	44	11
RWA/Total Assets	48.3	48.5	51.0	49.7	50.0	48.8	27	-126
LCR	166.2	144.6	125.8	131.9	138.5	144.1	-49	567
Profitability Ratios (%)								
Yield on Loans	8.4	8.8	8.8	8.9	8.7	8.7	-11	-2
Yield on Investments	6.7	6.7	6.7	6.8	6.9	6.9	20	1
Cost of Deposits	5.0	5.2	5.3	5.4	5.4	5.6	35	19
Margins	3.13	3.18	3.08	3.09	3.05	2.90	-28	-15
Other Details								
Branches	8,561	8,521	8,479	8,466	8,473	8,555	34	82
ATMs	10,195	10,013	9,889	8,982	9,342	9,124	-889	-218



Highlights from the management commentary

Opening remarks

- The bank's GNPA stood at 4.36% and is expected to reach below 4% by FY25.
- Its credit growth is outpacing the banking industry's deposits growth; however, the gap between the two has been narrowing, according to recent RBI data.
- NIM stood at 2.9%, which is within the guidance of 2.8-3.0% for FY25.
- CASA + retail TD forms 72% of overall deposits.
- Large ticket slippage from a major account led to higher slippages.
- The bank has introduced new initiatives targeting the CASA and RUSU sectors, identifying growth opportunities to drive traction.
- Both advances and deposits grew modest at 11.6% YoY and 9.2% YoY. The CD ratio was at 72.2%.
- The ratio of RAM loans to corporate loans in the bank's portfolio stood at 57:43.
- The bank's CAR is robust at 17.13%, with CET-1 ratio at 13.88%.
- In 2QFY25, RoA remained robust at 1.35%, accompanied by RoE of 19.1%.
- Strengthening its digital capabilities has facilitated profitable growth across various business segments for the bank.

Advances, deposits, and provisions

- The bank's CD ratio stood at 72.2% in 2QFY25. Average LCR stood at 144%.
- The advances growth was modest as the bank was not too aggressive on corporate loans, especially T-bill linked. The bank has built this book during a period of surplus liquidity but has now brought down the T-bill linked and NBFC book.
- The bank has introduced several special deposit schemes to garner more deposits and has added 34.8m CASA accounts.
- 47% of the book is linked to MCLR and ~43% is linked to EBLR.
- With a good MCLR book, the bank will be able to maintain its margins going forward.
- Except for core deposit CASA, retail deposits will be repriced as and when the contract expires.
- ~70% of the deposits are in a one-year range, after which it will come under repricing.
- In retail loans, home loans and vehicle loans experienced an average of 15% YoY growth; educational loans also experienced healthy growth.
- One new Security Receipts of INR20m has been added to the SR portfolio during the quarter. 100% provision has been made on the Book Value of SR.
- During the half year ended Sep'30, the bank made an additional provision of INR5.5b on Standard advances on a prudential basis.
- 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.
- Growth in the corporate book has moderated following the closure of low-yielding assets. Conversely, the RAM book has demonstrated robust growth, reflecting strategic adjustments.
- Consultants have been engaged to advise on strategies for promoting healthy deposit growth, highlighting a proactive approach to balance sheet management.
- The bank has done INR760b sanctions in the current quarter, with INR360b still pending for disbursement. If the capex cycle resumes, additional disbursements are expected.

Yield, cost, margins related

- Swap income in NII is INR7-7.5b in the current quarter.
- Adjustment in penal charges and drop in dummy ledger recovery led to moderation in margins.
- 11bp drop in margins was due to penal interest. The impact of penal interest is expected to be higher in 3Q compared to 1Q.
- The cost of deposits increased 35bp YoY due to slower growth in CASA and the bank's scheme to garner retail deposits.
- Interest reversal in the current quarter is ~INR350m.

Digital initiatives and investments

- The bank has taken various initiatives, such as creating a reconciliation department and opening a 24/7 cyber security platform to address digital and transaction fraud.
- The bank is creating its own digital platform and making 11-12 journeys on the digital side.
- The bank has also invested in analytics. It will continue to invest in IT infra. The bank aims to generate the majority of business through the digital platform.

Asset quality

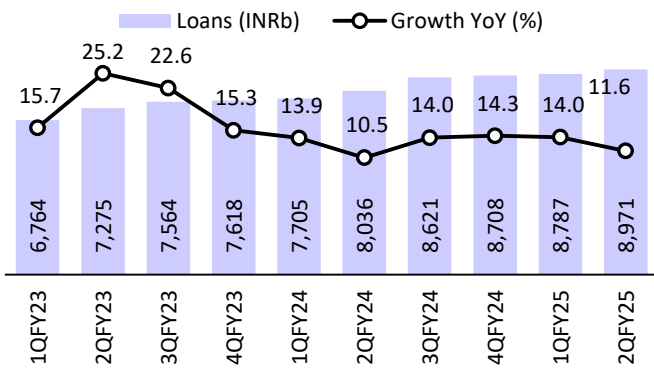
- Slippages increased due to a single large ticket size account (PSU entity) that defaulted in the current quarter.
- The bank made provisions for two accounts in the previous quarter, out of which one account that was not SMA has been classified as SMA in the current quarter.
- The bank earlier provided to the extent of 20% for the big account that has been slipped in the current quarter.
- Last quarter, the other account experienced weakness in other banks and, therefore, the bank has now transferred it to SMA.
- The bank expects healthy recovery from NARCL and NCLT. Recovery from TWO is also expected to be healthy. Additionally, the bank has performed well in SARFAESI.
- The bank does not require any additional provision in this quarter.
- Both the accounts (one is slipped and one is currently in SMA) are Central Government accounts.
- Credit cost is expected to be ~1% going forward.

FY25 guidance

- Loans growth will be 11-13% YoY and Deposits at 9-11% YoY.
- The bank guides FY25 NIM to be ~2.8-3%.
- Slippages will be ~INR115b while recoveries target will be INR160b.
- Guidance for GNPA stands at below 4%.

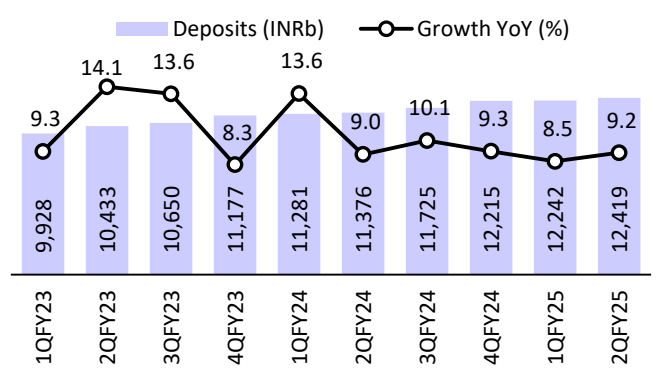
Story in charts

Exhibit 1: Loan book grew 11.6% YoY (2.1% QoQ) to INR 8.9t



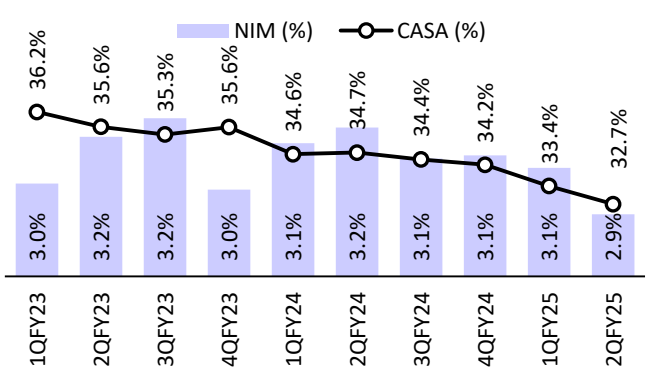
Source: MOFSL, Company

Exhibit 2: Deposits grew 9.2% YoY to INR12.4t



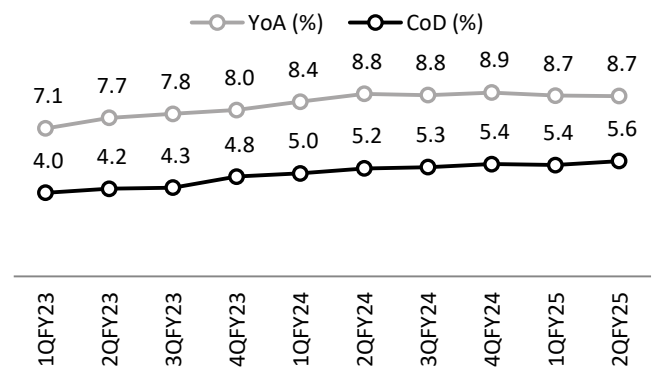
Source: MOFSL, Company

Exhibit 3: NIMs moderated 15bp QoQ to 2.9%



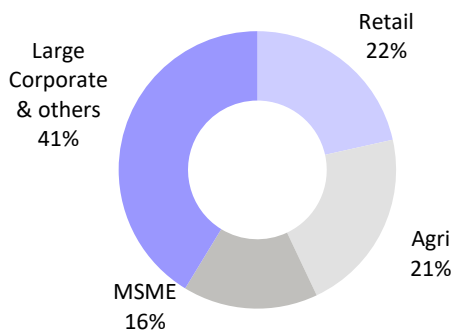
Source: MOFSL, Company

Exhibit 4: YoA stood at 8.7%; COD increased to 5.6%



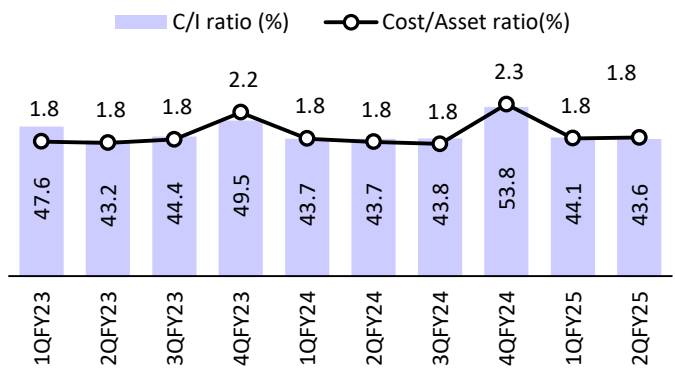
Source: MOFSL, Company

Exhibit 5: Loan mix as a % of domestic advances-2QFY25



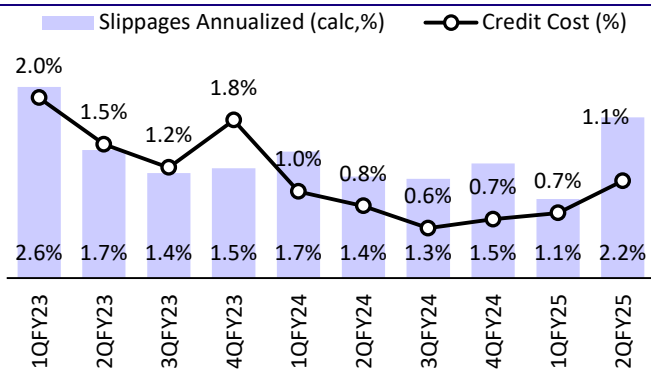
Source: MOFSL, Company

Exhibit 6: C/I ratio moderated to 43.6% vs. 44.1% in 1QFY25



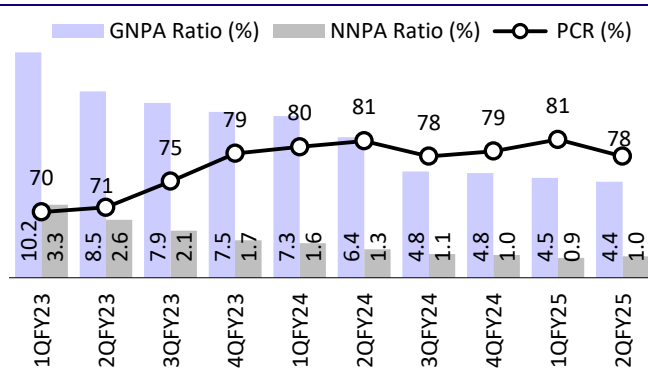
Source: MOFSL, Company

Exhibit 7: Credit cost increased to 1.1% in 2QFY25



Source: MOFSL, Company

Exhibit 8: GNPA ratio improved 18bp QoQ to 4.36%



Source: MOFSL, Company

Valuation and view: Reiterate BUY with a TP of INR135

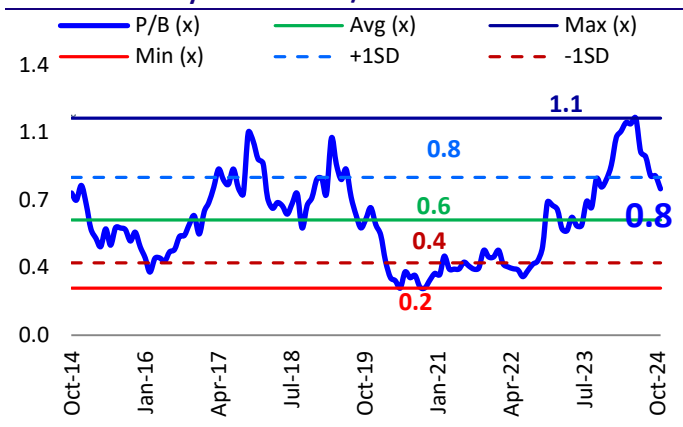
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- The management has guided for NIMs in the range of 2.8-3%. However, penal charges will continue to impact margins. SMA book increased due to one large account that has been transferred to SMA in the current quarter. Slippages were high due to one large account; nonetheless, healthy recoveries and a consistent decline in restructured assets (1.2%) provide a healthy outlook for asset quality. However, we remain watchful for slippages in subsequent quarters.
- We cut our earnings for FY26 estimate by 4.7% and estimate RoA/RoE of 1.1%/15.4% by FY26. Reiterate BUY with a TP of INR135 (based on 0.9x FY26E ABV).

Exhibit 9: Summary of our earnings estimates

INR b	Old Est		Rev Est		Change %/bps	
	FY25	FY26	FY25	FY26	FY25	FY26
Net Interest Income	389.9	422.3	372.8	415.9	-4.4	-1.5
Other Income	175.3	192.8	183.3	194.3	4.6	0.8
Total Income	565.2	615.1	556.1	610.2	-1.6	-0.8
Operating Expenses	254.1	277.5	254.1	279.0	0.0	0.5
Operating Profits	311.1	337.6	302.1	331.2	-2.9	-1.9
Provisions	97.1	95.4	90.7	100.5	-6.6	5.4
PBT	214.0	242.2	211.4	230.7	-1.2	-4.7
Tax	57.8	63.0	55.8	60.0	-3.4	-4.7
PAT	156.2	179.2	155.6	170.7	-0.4	-4.7
Loans	9,666	10,758	9,666	10,758	0.0	0.0
Deposits	13,315	14,526	13,229	14,433	-0.6	-0.6
Margins (%)	2.80	2.77	2.68	2.73	-12	-4
RoA (%)	1.1	1.1	1.1	1.1	0	-5
RoE (%)	16.0	16.1	15.9	15.4	-6	-70
BV	139	158	139	157	-0.1	-0.8
ABV	131	150	129	148	-1.4	-1.8
EPS	20	23	20	22	-0.4	-4.7

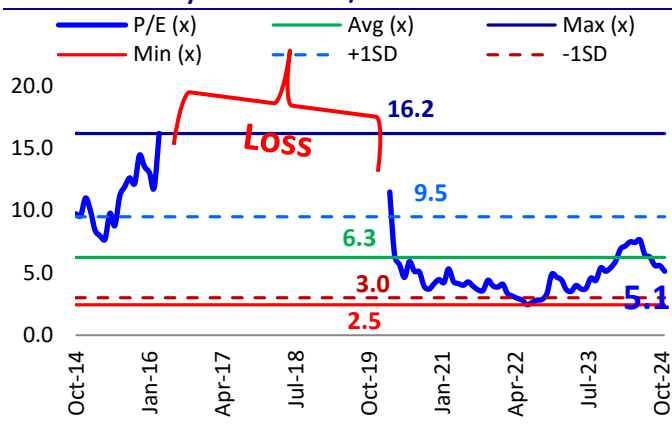
Source: MOFSL, Company

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 (%)	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	6.54	7.47	7.42	7.40	7.38
Interest Expense	3.89	4.73	4.86	4.78	4.70
Net Interest Income	2.65	2.74	2.56	2.62	2.68
Fee Income	1.10	1.06	1.09	1.05	1.03
Trading and Others	0.09	0.14	0.17	0.18	0.20
Non-interest Income	1.19	1.20	1.26	1.22	1.23
Total Income	3.84	3.94	3.82	3.84	3.91
Operating Expenses	1.78	1.83	1.75	1.76	1.78
Employees	1.00	1.08	1.02	1.03	1.03
Others	0.77	0.75	0.73	0.73	0.74
Operating Profits	2.06	2.11	2.08	2.09	2.13
Core Operating Profits	1.98	1.97	1.91	1.91	1.94
Provisions	1.08	0.51	0.62	0.63	0.66
PBT	0.98	1.60	1.45	1.45	1.47
Tax	0.30	0.58	0.38	0.38	0.38
RoA	0.68	1.02	1.07	1.07	1.09
Leverage (x)	17.88	16.34	14.91	14.35	13.88
RoE	12.22	16.69	15.94	15.43	15.13

Financials and valuations

Income Statement					(INRb)
Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	807.4	997.8	1,079.4	1,175.3	1,283.4
Interest Expense	479.8	632.1	706.6	759.4	817.7
Net Interest Income	327.7	365.7	372.8	415.9	465.7
- growth (%)	17.9	11.6	1.9	11.6	12.0
Non-interest Income	146.3	160.8	183.3	194.3	213.7
Total Income	474.0	526.5	556.1	610.2	679.4
- growth (%)	17.6	11.1	5.6	9.7	11.3
Operating Expenses	219.3	244.4	254.1	279.0	308.6
Pre Provision Profits	254.7	282.1	302.1	331.2	370.8
- growth (%)	16.4	10.8	7.1	9.7	12.0
Core PPP	243.8	262.8	277.8	303.0	336.7
- growth (%)	31.3	7.8	5.7	9.1	11.1
Provisions (excl tax)	133.3	67.8	90.7	100.5	114.9
PBT	121.4	214.3	211.4	230.7	255.9
Tax	37.0	77.8	55.8	60.0	66.5
Tax Rate (%)	30.5	36.3	26.4	26.0	26.0
PAT	84.3	136.5	155.6	170.7	189.4
- growth (%)	61.2	61.8	14.0	9.7	10.9

Balance Sheet

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	68.3	76.3	76.3	76.3	76.3
Reserves & Surplus	715.0	893.4	1,018.4	1,154.8	1,309.8
Net Worth	783.3	969.7	1,094.7	1,231.1	1,386.1
Deposits	11,177.2	12,215.3	13,229.2	14,433.0	15,775.3
- growth (%)	8.3	9.3	8.3	9.1	9.3
- CASA Dep	3,940.6	4,101.3	4,497.9	4,950.5	5,410.9
- growth (%)	4.5	4.1	9.7	10.1	9.3
Borrowings	431.4	269.5	330.6	342.6	355.8
Other Liabilities & Prov.	415.6	465.1	520.9	583.4	653.5
Total Liabilities	12,807.5	13,919.6	15,175.4	16,590.2	18,170.6
Current Assets	1,121.5	1,193.0	1,233.9	1,285.5	1,338.9
Investments	3,393.0	3,379.0	3,649.4	3,904.8	4,217.2
- growth (%)	-2.6	-0.4	8.0	7.0	8.0
Loans	7,618.5	8,707.8	9,665.6	10,757.8	11,941.2
- growth (%)	15.3	14.3	11.0	11.3	11.0
Fixed Assets	88.3	92.2	96.8	101.7	106.8
Other Assets	586.3	547.5	529.7	540.4	566.6
Total Assets	12,807.5	13,919.6	15,175.4	16,590.2	18,170.6

Asset Quality

GNPA	609.9	431.0	384.9	355.8	359.5
NNPA	133.6	93.1	85.9	78.1	76.0
Slippages	125.2	118.8	160.8	163.4	181.6
GNPA Ratio (%)	7.53	4.76	3.86	3.22	2.94
NNPA Ratio (%)	1.75	1.07	0.89	0.73	0.64
Slippage Ratio (%)	1.76	1.45	1.75	1.60	1.60
Credit Cost (%)	1.87	0.83	0.95	0.95	0.98
PCR (Excl Tech. write off) (%)	78.1	78.4	77.7	78.0	78.9

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Yield and Cost Ratios (%)					
Avg. Yield-Earning Assets	6.9	7.9	7.8	7.7	7.7
Avg. Yield on Loans	8.0	8.8	8.8	8.7	8.6
Avg. Yield on Investments	6.3	6.7	6.8	6.9	6.8
Avg. Cost-Int. Bear. Liab.	4.3	5.2	5.4	5.4	5.3
Avg. Cost of Deposits	4.1	5.0	5.4	5.4	5.3
Interest Spread	2.6	2.6	2.3	2.3	2.4
Net Interest Margin	2.8	2.9	2.7	2.7	2.8

Capitalisation Ratios (%)

CAR	16.0	16.9	17.2	17.0	16.8
Tier I	13.9	15.0	15.1	15.2	15.2
CET-1	12.4	13.7	13.8	13.8	13.9
Tier II	2.1	2.0	2.0	1.8	1.6

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	68.2	71.3	73.1	74.5	75.7
CASA Ratio	35.3	33.6	34.0	34.3	34.3
Cost/Assets	1.7	1.8	1.7	1.7	1.7
Cost/Total Income	46.3	46.4	45.7	45.7	45.4
Cost/ Core Income	-2.1	-1.3	-1.1	-1.0	-0.9
Int. Expense/Int. Income	59.4	63.3	65.5	64.6	63.7
Fee Income/Total Income	28.6	26.9	28.6	27.2	26.4
Non Int. Inc./Total Income	30.9	30.5	33.0	31.8	31.5
Empl. Cost/Total Expense	56.5	58.8	58.3	58.4	58.1

Efficiency Ratios (%)

Employee Per Branch (in nos)	8.8	9.0	9.0	9.0	9.0
Staff Cost Per Employee (INR m)	1.6	1.9	1.9	2.1	2.3
CASA Per Branch (INR m)	459.4	484.6	526.2	573.4	620.5
Deposits Per Branch (INR m)	1,303.2	1,443.2	1,547.5	1,671.6	1,809.0
Business Per Employee (INR m)	248.6	275.8	298.8	325.5	354.6
Profit Per Employee (INR m)	1.1	1.8	2.0	2.2	2.4

Profitability Ratios and Valuation (%)

RoE	12.2	16.7	15.9	15.4	15.1
RoA	0.7	1.0	1.1	1.1	1.1
RoRWA	1.4	2.0	2.1	2.1	2.0
Book Value (INR)	110	123	139	157	178
- growth (%)	10.3	12.1	13.3	12.8	12.9
Price-BV (x)	1.0	0.9	0.8	0.7	0.6
Adjusted BV (INR)	94	112	129	148	168
Price-ABV (x)	1.2	1.0	0.8	0.7	0.6
EPS (INR)	12.3	18.9	20.4	22.4	24.8
- growth (%)	56.1	52.9	8.0	9.7	10.9
Price-Earnings (x)	8.8	5.8	5.3	4.9	4.4
Dividend Per Share (INR)	3.0	3.6	4.0	4.5	4.5
Dividend Yield (%)	2.8	3.3	3.7	4.1	4.1

E: MOFSL Estimates

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