

UNION BANK OF INDIA | Banking

...corporate recoveries to improve credit quality

LKP

Post amalgamation of Andhra Bank & Corporation Bank into Union Bank of India, UBI today is a leading PSU bank with a network of over 9200 branches and over 11600 ATMs. The bank's total business as of 2QFY22 stood at ₹15.5tn, comprising ₹9.1tn of deposits and ₹6.4tn of advances as of 30th September 2021. The bank has different lending verticals; retail, agriculture, MSME and corporate. The RAM (Retail, Agriculture, and MSME) contributes 60% of loan book while rest is corporate book.

2Q FY22 earnings has shown signs of recovery on the back of corporate recoveries, lower cost of funds and a healthy liability franchise. We expect UBI to emerge stronger by the end of this fiscal. The credit quality recovery in 2QFY22 was meaningful as absolute GNPA inched down (9% sequentially) driven by healthy recovery (DHFL) and write-offs. A healthy capital position (CET-1 of 10.4%) may keep the momentum going. Factoring ~7% advance growth, stable NIMs and lower credit cost; the bank may post 89% PAT growth in FY22E. An inexpensive valuation (0.35x FY24 Adj. BVPS) makes the stock rewarding factoring FY22/23 ROE of 8%/10%.

Investment Argument

Corporate recoveries to improve credit quality: While covid induced stress impacted the RAM segment, the first half of this fiscal has witnessed lower slippages and higher recoveries. Higher recovery/write-offs led to 96bps improvement in the GNPA ratio to 12.6% (as on 2QFY22). The overall restructuring pool for the bank stood at ₹214bn, 3.7% of loans with major contribution from Retail (45%) and corporate (30%).

Higher CASA traction to improve NIMs: The bank has maintained a cautious approach in credit off-take. However, the margins stood tall because of low cost deposits. Observing the annual trend of NIMs, we found gradual improvement in NIMs with consistent growth in CASA deposits. Moreover the CASA growth was marginally higher than overall deposit growth. On the back of moderate slippages, the interest reversal is likely to be at lower end. We estimate NIMs of 2.6% in FY22 v/s 2.2% in FY20. The yields on advances are likely to be stable at 11.7% with decreasing cost of funds at 4.4%.

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	1,14,368	2,46,884	2,91,223	3,16,828	3,44,654
PPOP	91,811	1,92,593	2,20,442	2,40,622	2,62,640
PAT	-28,978	29,060	54,963	83,246	1,11,785
Networth	3,37,856	6,44,767	7,13,471	8,17,528	9,57,259
Loans	31,50,494	59,09,829	62,64,418	67,02,928	72,39,162
Deposits	45,06,685	92,38,053	97,92,337	1,04,77,800	1,13,16,024

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIMs	2.2	2.5	2.6	2.7	2.7
C/I Ratio	45.0	46.5	46.7	46.7	46.7
GNPA Ratio	14.2	13.7	11.5	9.8	8.7
NNPA Ratio	5.5	4.6	4.2	3.9	3.3
ROA	-0.6	0.4	0.5	0.7	0.9
ROE	-10.6	6.4	7.7	10.2	11.7

Rating	Buy
Current Market Price (₹)	44
12 M Price Target (₹)	60
Potential upside (%)	36

Stock Data

FV (₹) :	10
Total Market Cap (₹ bn) :	301
Free Float Market Cap (₹ bn) :	51
52-Week High / Low (₹) :	27 / 55
2-Year High / Low (₹) :	23 / 60
1 Year Avg. Dly Traded Volume (in lakh)	186
BSE Code / NSE Symbol	532477 / UNIONBANK
Bloomberg :	UNBK IN

Shareholding Pattern (%)

	Sep-21	Jun-21	Mar-21	Dec-20
GOI	83.49	83.49	89.07	89.07
Insurance	5.34	5.34	3.39	3.52
FPIs	1.49	1.67	0.66	0.66
MFs	1.07	1.15	0.88	0.96
FI's / Banks	0.30	0.34	0.10	0.10
Others	8.31	8.01	5.90	5.69

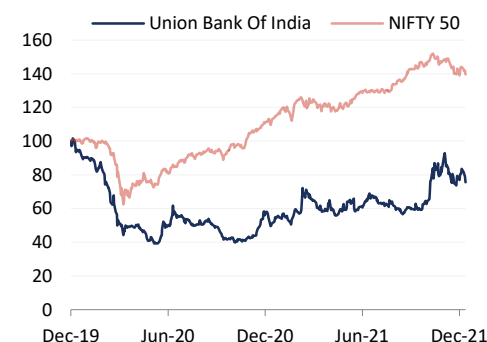
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
Union Bank	-7.0%	22.8%	15.7%	37.8%
Nifty 50	-5.1%	-3.4%	8.2%	23.6%

* To date / current date : December 17, 2021

Union Bank vs Nifty 50



Specific PCR stable at 67%. On the other hand, the overall SMA 2 ratio declined to 2.3% from 3.7% in the beginning of the year. A lower SMA pool and manageable restructuring indicates a lower stress formation. Management expects recoveries and upgrades of ₹60bn in 2HFY22, leading to a total of ₹160bn (2.7% of loans). This, coupled with the transfer of ₹80bn of identified accounts and ₹40bn worth of fraud accounts to NARCL (200bps of loans), should further bring down corporate/overall NPA. For FY22, management expects credit cost and delinquencies to be 2% and 2.5%, respectively. Hence, we estimate GNPA/NNPA of 8.7%/3.3% in FY24E from the current level of 12.6%/4.6%.

Credit to grow moderately; capital cushion satisfactory: Post amalgamation, we believe the credit growth to remain modest and estimate a CAGR of 7% for FY21-24E across all segments. The bank is well capitalised at CAR of 12.6% (Tier 1: 10.4%) as on FY21. With moderate credit growth and improving NIMs, the NII shall grow at a higher pace and so would PPOP. With lower credit cost for FY23/24E, we estimate a ROA/ROE of 0.7%/10% and 0.9%/12% for FY23/24E respectively.

Outlook and Valuation

Union bank reported healthy earnings, supported by recovery from the DHFL resolution as well as improvement in asset quality, aided by higher write-offs and strong recoveries/upgrades. However, loan growth to remain sluggish due to decline in corporate advances, while modest growth recovery is expected in the RAM segment. Overall, the management indicated asset quality would continue to improve, aided by moderation in the slippage trend and higher recoveries from stressed asset resolutions. Furthermore, SMA2 overdue declined to 2.3% of loans, while the restructured portfolio at 3.7% of loans. Thus, we estimate credit costs at 2.2%/1.9% for FY22/FY23E and ROA/ROE at 0.9%/11.7% by FY24E. We recommend BUY, with Target Price of ₹60 (0.4x FY24E ABV).

Corporate recoveries to improve credit quality: The peak of GNPA was in FY18 driven by corporate stress. Moreover, during the path of recovery, COVID has given setbacks. However, in 1HFY22, the lower slippages has acknowledged our argument of lower stress formation. Higher recovery/write-offs led to 96bps improvement in the GNPA ratio to 12.6% (as on 2QFY22). The overall restructuring pool for the bank stood at ₹214bn, 3.7% of loans with major contribution from Retail (45%) and corporate (30%). Specific PCR stable at 67%. On the other hand, the overall SMA 2 ratio declined to 2.3% from 3.7% in the beginning of the year. A lower SMA pool and manageable restructuring indicates a lower stress formation. Management expects recoveries and upgrades of ₹60bn in 2HFY22, leading to a total of ₹160bn (2.7% of loans). This, coupled with the transfer of ₹80bn of identified accounts and ₹40bn worth of fraud accounts to NARCL (200bps of loans), should further bring down corporate/overall NPA. For FY22, management expects credit cost and delinquencies to be 2% and 2.5%, respectively.

Exhibit 1: Asset Quality

Yr/end	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
GNPA (%)	4.1	5.0	8.7	11.2	15.7	15.0	14.2	13.7
NNPA (%)	2.3	2.7	5.3	6.6	8.4	6.9	5.5	4.6
GNPA Amount	95,637	1,30,309	2,41,709	3,37,123	4,93,699	4,87,292	4,90,853	8,97,882
NNPA Amount	53,403	69,190	1,40,259	1,88,321	2,43,263	2,03,324	1,73,031	2,72,805
PCR (%)	59.9	59.2	51.0	51.4	57.2	66.2	73.6	81.3
Movement of Gross NPA								
Opening Balance	63,138	95,637	1,30,309	2,41,709	3,37,123	4,93,699	4,87,292	9,71,925
Additions during the year	54,789	56,663	1,29,529	1,32,439	2,13,054	1,35,767	1,49,114	1,74,427
Reductions during the year	22,290	21,991	18,129	37,025	56,477	1,42,175	1,45,553	2,48,470
Closing balance	95,637	1,30,309	2,41,709	3,37,123	4,93,699	4,87,292	4,90,853	8,97,882
Movement of Net NPA								
Opening Balance	33,534	53,403	69,190	1,40,259	1,88,321	2,43,263	2,03,324	3,13,246
Additions during the year	32,733	29,101	82,978	72,120	78,693	21,413	30,973	1,44,066
Reductions during the year	12,864	13,314	11,909	24,058	23,751	61,352	61,265	1,84,507
Closing balance	53,403	69,190	1,40,259	1,88,321	2,43,263	2,03,324	1,73,031	2,72,805
Movement of Provisions for NPAs								
Opening Balance	29,605	42,235	61,119	1,01,450	1,48,802	2,50,436	2,83,967	6,55,358
Additions during the year	22,057	27,562	46,550	60,319	1,34,998	1,14,354	1,18,142	1,39,122
Reductions during the year	9,426	8,678	6,220	12,967	33,364	80,823	84,287	1,72,938
Closing balance	42,235	61,119	1,01,450	1,48,802	2,50,436	2,83,967	3,17,822	6,21,542

Source: Company, LKP Research

Exhibit 2: Asset Quality (Qtr)

Qtr/End	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
GNPA Amount	4,98,505	4,99,236	4,90,853	9,71,900	9,57,969	8,79,686	8,97,882	8,77,622	8,02,117
NNPA Amount	2,07,911	2,15,103	1,73,031	2,89,135	2,38,944	1,90,631	2,72,805	2,74,375	2,67,864
NNPA (%)	7.0	7.0	5.5	5.0	4.1	3.3	4.6	4.7	4.6
GNPA (%)	15.2	14.9	14.2	15.0	14.7	13.5	13.7	13.6	12.6
PCR (%)	74.3	67.4	73.6	79.9	83.2	86.2	81.3	81.4	81.8

Source: Company, LKP Research

Higher CASA traction to improve NIMs: The bank has maintained a cautious approach in credit off-take. However, the margins stood tall because of low cost deposits. Observing the annual trend of NIMs, we found the gradual improvement in NIMs with consistent growth in CASA deposits. Moreover the CASA growth was marginally higher than overall deposit growth. On the back of moderate slippages, the interest reversal is likely to be at lower end. With a marginal improvement in margins we estimate NIMs of 2.6% in FY22 v/s 2.2% in FY20. The yields on advances are likely to be stable at 11.7% with decreasing cost of funds at 4.4%.

Exhibit 3: Ratios

Yr/end	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Operational & Financial Ratios								
Earnings Per Share (₹)	27	28	20	8	-45	-17	-8	5
Adjusted Book Value (₹)	268	288	295	305	195	138	89	93
Margin Ratios								
Yield on Advances (%)	12.8	12.5	12.0	11.4	11.3	11.5	11.8	11.6
Yield on Investments (%)	8.3	9.3	9.5	9.6	8.1	7.6	7.9	7.3
Cost of Liabilities (%)	6.6	6.7	6.4	5.7	5.2	5.2	5.1	4.5
NIM (%)	2.3	2.3	2.2	2.1	2.0	2.2	2.2	2.5
Interest Spread	6.2	5.8	5.7	5.7	6.2	6.3	6.7	7.1
Performance Ratios								
ROA (%)	0.5	0.5	0.3	0.1	-1.1	-0.6	-0.6	0.4
ROE (%)	10.4	10.1	7.0	2.7	-24.0	-12.5	-10.6	6.4
Efficiency Ratios								
Cost Income Ratio	51.2	51.3	52.8	46.4	46.6	48.8	45.0	46.5
Core Cost Income Ratio	53.7	54.6	57.1	54.5	51.1	50.8	49.3	51.8
Operating Costs to Assets	1.5	1.6	1.6	1.4	1.4	1.5	1.4	1.6
CASA (%)	29.5	29.2	32.4	34.0	34.1	36.1	35.6	36.3

Source: Company, LKP Research

Exhibit 4: Balance Sheet (₹mn)

Yr/end	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Share Capital	7,413	6,358	6,874	6,874	11,686	17,630	34,228	64,068
Face Value	10	10	10	10	10	10	10	10
Share Warrants & Outstandings	-	-	-	5,410	-	-	-	-
Total Reserves	1,77,341	1,91,251	2,22,038	2,27,478	2,39,282	2,47,240	3,03,628	5,80,699
Deposits	29,76,756	31,68,699	34,27,200	37,58,990	40,85,016	41,59,153	45,06,685	92,38,053
YOY (%)		6	8	10	9	2	8	105
Demand Deposits	2,27,028	2,10,925	2,97,431	2,37,437	2,50,583	2,65,134	2,64,150	6,36,238
Savings Deposit	6,50,977	7,15,581	8,11,326	10,40,724	11,41,829	12,36,278	13,39,583	27,19,681
Term Deposits / Fixed Deposits	20,98,751	22,42,194	23,18,442	24,80,829	26,92,604	26,57,741	29,02,952	58,82,135
CASA Deposits	8,78,005	9,26,505	11,08,758	12,78,161	13,92,412	15,01,412	16,03,733	33,55,919
YOY (%)		6	20	15	9	8	7	109
Borrowings	2,93,166	3,53,600	3,09,574	4,12,259	4,56,808	4,28,638	5,24,863	5,18,371
Other Liabilities & Provisions	83,133	96,252	81,273	1,16,034	81,009	87,727	1,37,429	3,15,867
Total Liabilities	35,37,809	38,16,159	40,46,959	45,27,044	48,73,801	49,40,388	55,06,833	1,07,17,058
Cash and balance with Reserve Bank of India	1,84,197	1,50,631	1,56,047	1,65,204	2,10,165	2,07,965	2,01,183	3,78,805
Balances with banks and money at call	46,532	73,149	1,36,715	1,63,021	2,84,247	2,22,495	3,49,879	4,65,299
Investments	9,37,232	8,44,617	8,92,083	11,21,490	12,37,542	12,60,466	15,24,139	33,15,118
Advances	22,91,044	25,56,546	26,73,540	28,64,666	28,87,606	29,69,322	31,50,494	59,09,829
YOY (%)		12	5	7	1	3	6	88
Net Block	26,076	26,778	39,281	38,735	37,998	37,187	47,091	72,816
Capital Work in Progress	9	41	118	209	335	436	534	623
Other Assets	52,720	1,64,397	1,49,175	1,73,720	2,15,908	2,42,518	2,33,512	5,74,570
Total Assets	35,37,809	38,16,159	40,46,959	45,27,044	48,73,801	49,40,388	55,06,833	1,07,17,058
Book Value	268	288	295	305	195	138	89	93

Source: Company, LKP Research

Exhibit 5: Important Ratios (Qtr)

Qtr/End	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
CASA (%)	34	33	34	35	35	35	36	36	37
NIM %	2.4	3.2	2.3	2.5	2.8	3.0	2.8	3.1	3.0
ROA (%)	-1	0	-2	0	0	0	1	0	1
ROE (%)	-3.2	1.5	-7.4	0.5	0.8	1.1	2.1	1.7	2.2
BVPS	144	110	99	95	97	100	101	99	102

Source: Company, LKP Research

Exhibit 6: Balance Sheet (Qtr, ₹mn)

Qtr/End	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
Share Capital	17,630	34,228	34,228	64,068	64,068	64,068	64,068	68,348	68,348
Share Warrants & outstandings	1,17,680	-	-	-	-	-	-	-	-
Reserves and Surplus	2,36,349	3,42,407	3,03,628	5,47,513	5,59,415	5,76,098	5,80,699	6,08,271	6,27,292
Deposits	44,28,786	44,50,907	45,06,685	89,25,413	88,60,984	88,24,231	92,38,053	90,85,278	91,40,224
Borrowings	4,06,914	3,65,722	5,24,863	9,39,292	5,38,062	5,72,424	5,18,371	5,19,424	5,18,634
Other Liabilities & Provisions	1,12,604	1,06,244	1,37,429	2,80,171	2,48,793	2,96,637	3,15,867	3,68,052	2,64,441
Total Liabilities	53,19,963	52,99,508	55,06,833	1,07,56,457	1,02,71,322	1,03,33,458	1,07,17,058	1,06,49,372	1,06,18,939
Cash and balance with Reserve Bank of India	2,00,895	2,11,036	2,01,183	2,85,749	3,25,971	3,19,276	3,78,805	4,14,530	4,00,316
Balances with banks & money at call and short notice	1,70,341	1,35,012	3,49,879	7,68,486	3,32,418	3,23,911	4,65,299	3,20,056	5,31,887
Investments	16,87,142	16,02,661	15,24,139	32,65,322	32,43,207	32,51,969	33,15,118	33,89,594	32,94,316
Advances	29,79,144	30,75,657	31,50,494	58,17,172	57,90,299	58,28,948	59,09,829	58,45,961	58,09,711
Total Fixed Assets	-	37,268	47,625	72,840	72,815	73,220	73,439	71,754	71,317
Other Assets	2,44,809	2,37,874	2,33,512	5,46,888	5,06,611	5,36,133	5,74,570	6,07,477	5,11,392
Total Other Assets	2,44,809	2,37,874	2,33,512	5,46,888	5,06,611	5,36,133	5,74,570	6,07,477	5,11,392
Total Assets	53,19,963	52,99,508	55,06,833	1,07,56,457	1,02,71,322	1,03,33,458	1,07,17,058	1,06,49,372	1,06,18,939

Source: Company, LKP Research

Credit to grow moderately; capital cushion satisfactory: Post amalgamation, we believe the credit growth to remain modest and estimate a CAGR of 7% for FY21-24E across all segments. The bank is well capitalised at CAR of 12.6% (Tier 1: 10.4%) as on FY21. With moderate credit growth and improving NIMs, the NII shall grow at a higher pace and so would the PPOP. With lower credit cost for FY23/24E, we estimate a ROA/ROE of 0.7%/10% and 0.9%/12% for FY23/24E respectively.

Exhibit 7: Income Statement (₹mn)

Yr/end	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Interest Earned	2,93,494	3,20,840	3,21,988	3,26,600	3,27,480	3,40,667	3,72,311	6,87,673
Interest/Discount on advances/Bills	2,17,404	2,39,773	2,36,581	2,29,431	2,27,730	2,37,719	2,50,787	4,57,658
Interest on balances with RBI and other Inter-bank funds	1,785	6,760	8,161	8,805	11,394	12,013	12,003	21,132
Income on investments	72,705	71,830	75,351	86,951	87,800	90,033	1,05,729	2,05,737
Others	1,601	2,478	1,895	1,412	557	901	3,793	3,146
Interest Expended	2,14,701	2,36,401	2,38,857	2,37,566	2,34,433	2,38,517	2,57,944	4,40,789
Net Interest Income	78,793	84,439	83,131	89,033	93,047	1,02,149	1,14,368	2,46,884
Other Income	28,215	35,230	36,317	49,646	49,899	44,739	52,608	1,13,369
Total Operating Income	1,07,009	1,19,669	1,19,448	1,38,679	1,42,945	1,46,889	1,66,975	3,60,253
Operating Expenses	54,828	61,434	63,022	64,378	66,550	71,676	75,164	1,67,660
Employee Expenses	33,078	37,855	36,993	34,342	31,552	31,509	33,586	90,249
Other operating Expenses	21,750	23,579	26,029	30,036	34,997	40,167	41,578	77,411
PPOP	52,181	58,235	56,426	74,301	76,396	75,212	91,811	1,92,593
Provisions and Contingencies	31,511	30,401	38,772	70,879	1,42,807	1,14,479	1,32,088	1,68,599
Provision for investments	879	-376	1,493	6,304	15,600	-4,044	3,724	4,351
Provision for advances	2,547	1,271	-6,233	660	-2,357	-3,561	-168	819
Others Provisions	28,086	29,506	43,512	63,915	1,29,564	1,22,083	1,28,531	1,63,429
Profit Before Tax	20,670	27,834	17,654	3,422	-66,411	-39,267	-40,276	23,994
Taxes	3,708	10,017	4,138	-2,130	-13,938	-9,792	-11,299	-5,066
Profit After Tax	16,962	17,816	13,516	5,552	-52,474	-29,474	-28,978	29,060
EPS (₹)	27	28	20	8	-45	-17	-8	5

Source: Company, LKP Research

Exhibit 8: Capital Adequacy

Yr/end	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Total CAR (%)	10.8	10.2	10.6	11.8	11.5	11.8	12.8	12.6
Tier 1 (%)	7.5	7.5	8.1	9.0	9.1	9.5	10.8	10.4
Tier 2 (%)	3.3	2.7	2.4	2.8	2.4	2.3	2.1	2.2

Source: Company, LKP Research

Exhibit 9: Profit & Loss Account (Qtr, ₹mn)

Qtr/End	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
Interest Earned	94,134	96,307	92,894	1,84,288	1,77,762	1,70,873	1,54,751	1,71,342	1,67,057
Other Income	11,432	11,105	20,176	14,625	24,064	30,155	45,509	29,009	39,782
Total Income	1,05,566	1,07,412	1,13,070	1,98,913	2,01,826	2,01,028	2,00,260	2,00,351	2,06,840
Interest Expended	65,075	64,961	64,113	1,20,256	1,14,833	1,04,978	1,00,722	1,01,208	98,764
Operating Expenses	18,084	18,436	22,431	38,316	38,670	42,944	47,739	46,115	47,340
Payment To Provisions For Employees	7,583	8,656	10,136	20,866	20,791	24,151	24,440	28,237	26,447
Other Operating Expenses	10,502	9,780	12,295	17,450	17,869	18,793	23,299	17,878	20,893
Operating Profit before Prov.& Cont.	22,406	24,014	26,526	40,341	48,333	53,106	51,799	53,028	60,735
Exceptional Items	-	-	-25,100	-	-	-	-	-	-
Provisions and Contingencies	38,588	18,190	35,017	35,558	42,425	52,559	39,043	35,238	37,238
PBT	-16,181	5,825	-33,590	4,783	5,908	547	12,756	17,790	23,498
Tax	-4,245	79	-8,559	1,456	742	-6,721	-542	5,980	8,237
Profit After Tax	-11,936	5,746	-25,032	3,327	5,166	7,268	13,298	11,810	15,261

Source: Company, LKP Research

Annual Projection

Exhibit 10: Income Statement (₹mn)

Yr/end	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22 E	Mar-23 E	Mar-24 E
Interest Earned	2,93,494	3,20,840	3,21,988	3,26,600	3,27,480	3,40,667	3,72,311	6,87,673	7,52,614	8,12,823	8,77,849
Interest Expended	2,14,701	2,36,401	2,38,857	2,37,566	2,34,433	2,38,517	2,57,944	4,40,789	4,61,391	4,95,995	5,33,195
Net Interest Income	78,793	84,439	83,131	89,033	93,047	1,02,149	1,14,368	2,46,884	2,91,223	3,16,828	3,44,654
YoY (%)		7	-2	7	5	10	12	116	18	9	9
Other Income	28,215	35,230	36,317	49,646	49,899	44,739	52,608	1,13,369	1,24,705	1,37,176	1,50,894
Total Operating Income	1,07,009	1,19,669	1,19,448	1,38,679	1,42,945	1,46,889	1,66,975	3,60,253	4,15,928	4,54,004	4,95,548
Operating Expenses	54,828	61,434	63,022	64,378	66,550	71,676	75,164	1,67,660	1,95,486	2,13,382	2,32,907
PPOP	52,181	58,235	56,426	74,301	76,396	75,212	91,811	1,92,593	2,20,442	2,40,622	2,62,640
Provisions & Contingencies	31,511	30,401	38,772	70,879	1,42,807	1,14,479	1,32,088	1,68,599	1,51,739	1,36,565	1,22,908
Profit Before Tax	20,670	27,834	17,654	3,422	-66,411	-39,267	-40,276	23,994	68,703	1,04,057	1,39,732
Taxes	3,708	10,017	4,138	-2,130	-13,938	-9,792	-11,299	-5,066	13,741	20,811	27,946
Profit After Tax	16,962	17,816	13,516	5,552	-52,474	-29,474	-28,978	29,060	54,963	83,246	1,11,785
EPS (₹)	27	28	20	8	-45	-17	-8	5	9	13	17

Source: Company, LKP Research

Exhibit 11: Balance Sheet (₹mn)

Yr/end	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22 E	Mar-23 E	Mar-24 E
Share Capital	7,413	6,358	6,874	6,874	11,686	17,630	34,228	64,068	64,068	64,068	64,068
Face Value	10	10	10	10	10	10	10	10	10	10	10
Share Warrants & Outstandings	-	-	-	5,410	-	-	-	-	-	-	-
Total Reserves	1,77,341	1,91,251	2,22,038	2,27,478	2,39,282	2,47,240	3,03,628	5,80,699	6,49,402	7,53,459	8,93,191
Deposits	29,76,756	31,68,699	34,27,200	37,58,990	40,85,016	41,59,153	45,06,685	92,38,053	97,92,337	1,04,77,800	1,13,16,024
Borrowings	2,93,166	3,53,600	3,09,574	4,12,259	4,56,808	4,28,638	5,24,863	5,18,371	4,92,453	4,67,830	4,44,438
Other Liabilities & Provisions	83,133	96,252	81,273	1,16,034	81,009	87,727	1,37,429	3,15,867	3,15,898	3,15,930	3,15,961
Total Liabilities	35,37,809	38,16,159	40,46,959	45,27,044	48,73,801	49,40,388	55,06,833	1,07,17,058	1,13,14,158	1,20,79,087	1,30,33,683
Cash and balance with RBI	1,84,197	1,50,631	1,56,047	1,65,204	2,10,165	2,07,965	2,01,183	3,78,805	3,97,745	4,17,632	4,38,514
Balances with banks and money at call	46,532	73,149	1,36,715	1,63,021	2,84,247	2,22,495	3,49,879	4,65,299	4,88,564	5,12,992	5,38,642
Investments	9,37,232	8,44,617	8,92,083	11,21,490	12,37,542	12,60,466	15,24,139	33,15,118	34,80,874	36,89,726	39,48,007
Advances	22,91,044	25,56,546	26,73,540	28,64,666	28,87,606	29,69,322	31,50,494	59,09,829	62,64,418	67,02,928	72,39,162
YoY (%)		12	5	7	1	3	6	88	6	7	8
Net Block	26,076	26,778	39,281	38,735	37,998	37,187	47,091	72,816	76,457	80,279	84,293
Capital Work in Progress	9	41	118	209	335	436	534	623	654	687	721
Other Assets	52,720	1,64,397	1,49,175	1,73,720	2,15,908	2,42,518	2,33,512	5,74,570	6,05,446	6,74,843	7,84,344
Total Assets	35,37,809	38,16,159	40,46,959	45,27,044	48,73,801	49,40,388	55,06,833	1,07,17,058	1,13,14,158	1,20,79,087	1,30,33,683
BVPS (₹)	268	288	295	305	195	138	89	93	111	128	149

Source: Company, LKP Research

Exhibit 12: Asset Quality

Yr/end	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22 E	Mar-23 E	Mar-24 E
GNPA (%)	4.1	5.0	8.7	11.2	15.7	15.0	14.2	13.7	11.5	9.8	8.7
NNPA (%)	2.3	2.7	5.3	6.6	8.4	6.9	5.5	4.6	4.2	3.9	3.3
GNPA Amount	95,637	1,30,309	2,41,709	3,37,123	4,93,699	4,87,292	4,90,853	8,97,882	7,86,650	7,04,521	6,84,073
NNPA Amount	53,403	69,190	1,40,259	1,88,321	2,43,263	2,03,324	1,73,031	2,72,805	2,64,095	2,58,512	2,40,561
PCR (%)	59.9	59.2	51.0	51.4	57.2	66.2	73.6	81.3	66.4	63.3	64.8

Source: Company, LKP Research

Exhibit 13: Ratios

Yr/end	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22 E	Mar-23 E	Mar-24 E
Operational & Financial Ratios											
Earnings Per Share (₹)	27	28	20	8	-45	-17	-8	5	9	13	17
Book Value Per share (₹.)	268	288	295	305	195	138	89	93	111	128	149
Margin Ratios											
Yield on Advances (%)	12.8	12.5	12.0	11.4	11.3	11.5	11.8	11.6	11.7	11.7	11.7
Yield on Investments (%)	8.3	9.3	9.5	9.6	8.1	7.6	7.9	7.3	7.3	7.3	7.3
Cost of Liabilities (%)	6.6	6.7	6.4	5.7	5.2	5.2	5.1	4.5	4.4	4.4	4.4
NIM (%)	2.3	2.3	2.2	2.1	2.0	2.2	2.2	2.5	2.6	2.7	2.7
Interest Spread	6.2	5.8	5.7	5.7	6.2	6.3	6.7	7.1	7.3	7.3	7.3
Performance Ratios											
ROA (%)	0.5	0.5	0.3	0.1	-1.1	-0.6	-0.6	0.4	0.5	0.7	0.9
ROE (%)	10.4	10.1	7.0	2.7	-24.0	-12.5	-10.6	6.4	7.7	10.2	11.7
Efficiency Ratios											
Cost Income Ratio	51.2	51.3	52.8	46.4	46.6	48.8	45.0	46.5	46.7	46.7	46.7
Core Cost Income Ratio	53.7	54.6	57.1	54.5	51.1	50.8	49.3	51.8	51.7	51.7	51.7
Operating Costs to Assets	1.5	1.6	1.6	1.4	1.4	1.5	1.4	1.6	1.6	1.6	1.6
CASA (%)	29.5	29.2	32.4	34.0	34.1	36.1	35.6	36.3	36.5	37.0	38.0

Source: Company, LKP Research

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