



EQUENTIS  
THINKING FUTURE

## Union Bank of India (Union Bank)

Independent Equity Research

17<sup>th</sup> January 2024

### Equentis Wealth Advisory Services Ltd

**Registered Office:** A-603, Marathon Futurex, N. M. Joshi Marg, Lower Parel – East, Mumbai – 400013 India

Type of Registration: Non-Individual, Registration No.: INA000003874, Validity: Dec 08, 2015 – Perpetual

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Bandra (East), Mumbai - 400051, Maharashtra | Tel : +91-22-26449000 / 40459000

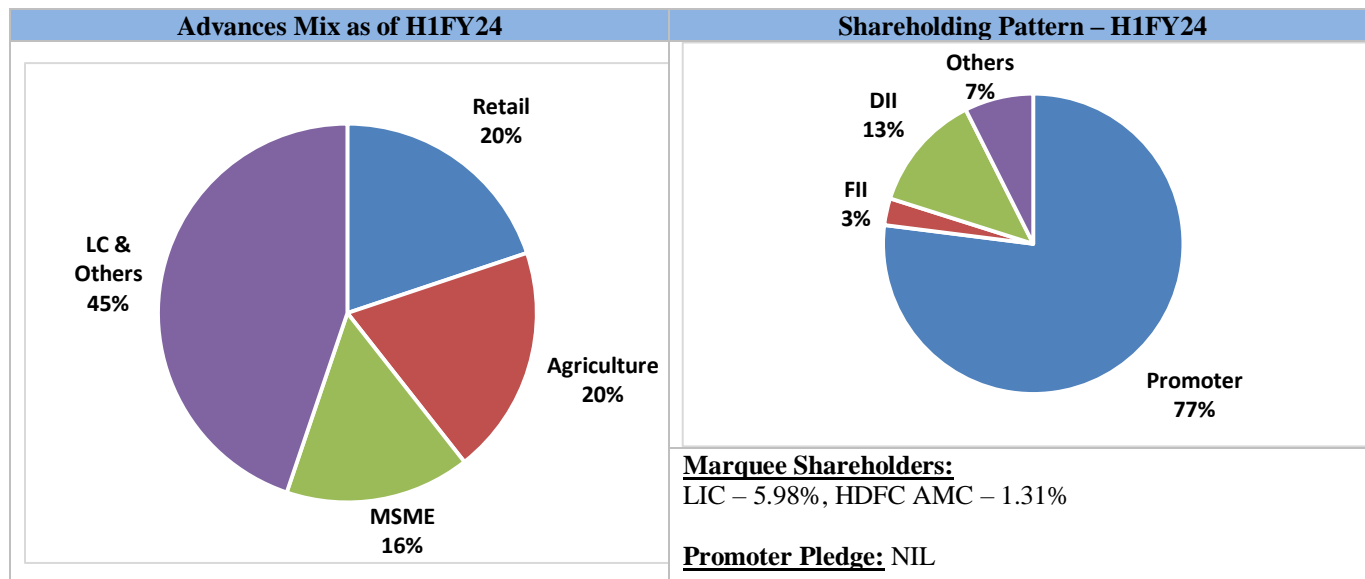
Website: [www.researchandraking.com](http://www.researchandraking.com) Email: [info@researchandraking.com](mailto:info@researchandraking.com)

## I. COMPANY BACKGROUND

- **About company-** Union Bank of India (Union Bank), FY23 Net Interest Income Rs. 327bn, Pre-Provision Profit Rs. 254bn and PAT Rs. 84bn) was registered as a limited company in 1919. In 1969, the bank was nationalized. In April'20 Andhra Bank and Corporation Bank was amalgamated into Union Bank.

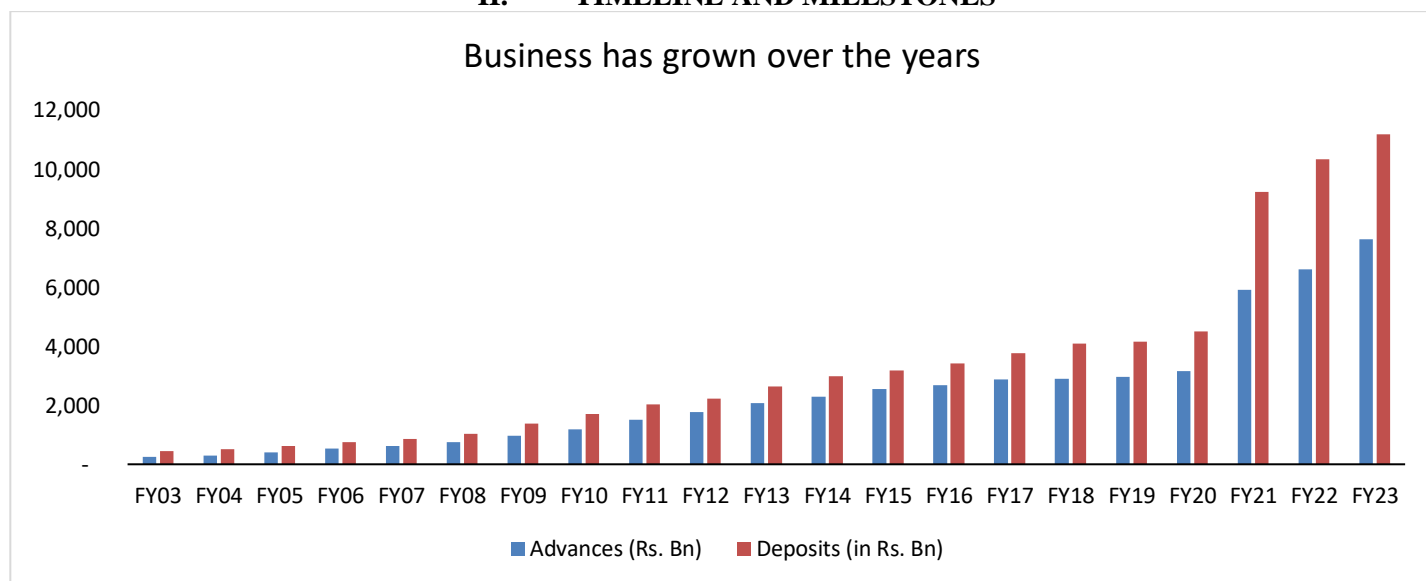
The bank has 8,500+ domestic branches and 10,000+ ATMs spread across rural, semi-urban, urban and metro areas. The bank has employee strength of 76,700+. Home Loans contribute the highest to retail advances at 49% as on H1FY24. Corporate advances contribute the highest to gross domestic advances at 45% which showcases Union Bank is predominantly a corporate focussed bank.

- **Advances Mix and Shareholding Pattern-**



## II. TIMELINE AND MILESTONES

Business has grown over the years



Note: FY21 onwards includes merged numbers

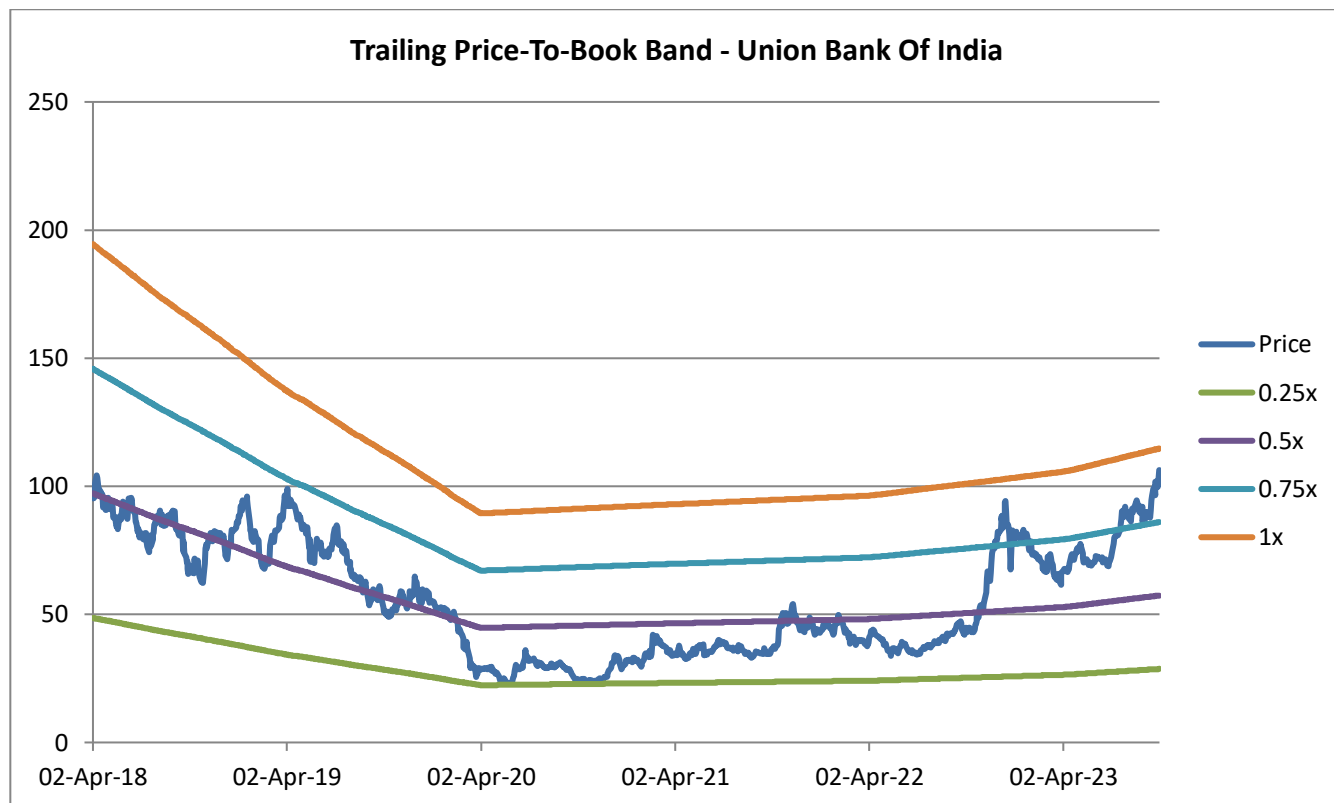
### III. KNOW YOUR MANAGEMENT TEAM

| Name                       | Position Held                 | Comments   |   |
|----------------------------|-------------------------------|--|---|
| <b>Ms. A. Manimekhalai</b> | MD and CEO                    | A Seasoned Banker with experience of more than 3 decades. Prior to joining Union bank she was an executive director at Canara Bank. She holds MBA from Bangalore University and Diploma in Human Resource management from NMIMS                      |    |
| <b>S. Varadarajan</b>      | <b>Non-Executive Chairman</b> | Joined the Bank in Nov'22. He last served at the Deputy MD of Axis Bank. He also worked as the MD and Head of Markets with J. P. Morgan, India and was also the CEO of J. P. Morgan Chase Bank in India.   |    |
| <b>Nitesh Ranjan</b>       | <b>Executive Director</b>     | Joined the bank in 2008 and become the ED in March'23. At the bank he held several important positions namely, Head of Treasury, operations and Strategy, Chief Investor Relations officer and Chief Economist                                       |    |
| <b>Nidhu Saxena</b>        | <b>Executive Director</b>     | Assumed the charge of ED in February'22. He has more than 25 years of banking experience. He has worked at Bank of Baroda and UCO Bank. At UCO Bank, he headed the verticals of Retail credit, MSME and Bancassurance                                |    |
| <b>Ramasubramanian S.</b>  | <b>Executive Director</b>     | Assumed the office as ED in Nov'22. He has 25 years of experience in various facets of banking like corporate credit, MSME/Retail Credit, international credit and forex.  |   |
| <b>Sanjay Rudra</b>        | <b>Executive Director</b>     | Assumed office as ED in Oct'23. Prior to joining the bank he was the General manager and Chief Risk Officer of Bank of Maharashtra. He has three decades of rich experience in Credit, Priority, MSME and Integrated Risk Management Department      |  |
| <b>Sameer Shukla</b>       | <b>Director</b>               | IAS officer and currently Joint Secretary in the DFS, MoF, GoI. Prior to this, he has worked in the Ministry of Information and Broadcasting Ministry of Steel, GoI  |  |
| <b>Prakash Baliarsingh</b> | <b>Director</b>               | RBI Nominee with effect from July'23. He was Chief General Manager of Department of Regulations, Reserve Bank of India. He was a career central banker having rich experience of more than 3 decade with various department of Reserve Bank of India |  |

## I. COMPANY AND INDUSTRY OVERVIEW

| <p><b>Industry level Debt/Equity at a decade low</b></p>  | <p><b>Consolidated Debt/Equity</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr><td>2013</td><td>1.2</td></tr> <tr><td>2014</td><td>1.2</td></tr> <tr><td>2015</td><td>1.3</td></tr> <tr><td>2016</td><td>1.2</td></tr> <tr><td>2017</td><td>1.2</td></tr> <tr><td>2018</td><td>1.2</td></tr> <tr><td>2019</td><td>1.3</td></tr> <tr><td>2020</td><td>1.4</td></tr> <tr><td>2021</td><td>1.2</td></tr> <tr><td>2022</td><td>1.1</td></tr> </tbody> </table> <p>Source: ACE Equity Note: NSE 500 companies (ex. Banks)</p>   | Year        | Ratio                        | 2013        | 1.2  | 2014   | 1.2  | 2015   | 1.3   | 2016   | 1.2   | 2017   | 1.2   | 2018   | 1.2   | 2019   | 1.3   | 2020   | 1.4   | 2021   | 1.2     | 2022   | 1.1  | <ul style="list-style-type: none"> <li>The consolidated D/E ratio of NSE 500 companies (ex. Banks) has witnessed a sharp improvement since FY20 from 1.4x to 1.1x.</li> <li>The Corporate balance sheets are much stronger with consolidated D/E ratio at a decade low.</li> <li>The improvement in the corporate cycle is driving higher Upgrade/Downgrade ratio thus the GNPA ratio of Large Industries has seen sharp improvement from peak levels</li> </ul> |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
|---|--|-------------|------------------------------|-------------|------|--------|------|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|--------|---------|--------|------|--|-------|--------|-------|--------|--|--------|------|--------|------|--------|------|--------|------|---|------|--------|------|--------|------|--------|------|--|
| Year  | Ratio  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2013  | 1.2  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2014  | 1.2  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2015  | 1.3  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2016  | 1.2  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2017  | 1.2  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2018  | 1.2  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2019  | 1.3  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2020  | 1.4  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2021  | 1.2  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2022  | 1.1  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| <p><b>RAM share rises – focus on granular loan book</b></p>                                       | <p><b>RAM Advances Share %</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Share %</th> </tr> </thead> <tbody> <tr><td>FY17</td><td>49%</td></tr> <tr><td>FY18</td><td>51%</td></tr> <tr><td>FY19</td><td>53%</td></tr> <tr><td>FY20</td><td>51%</td></tr> <tr><td>FY21</td><td>54%</td></tr> <tr><td>FY22</td><td>53%</td></tr> <tr><td>FY23</td><td>54%</td></tr> <tr><td>H1FY24</td><td>55%</td></tr> </tbody> </table> <p><b>RWA to Gross Advances</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr><td>FY17</td><td>97%</td></tr> <tr><td>FY18</td><td>91%</td></tr> <tr><td>FY19</td><td>86%</td></tr> <tr><td>FY20</td><td>82%</td></tr> <tr><td>FY21</td><td>84%</td></tr> <tr><td>FY22</td><td>76%</td></tr> <tr><td>FY23</td><td>71%</td></tr> <tr><td>H1FY24</td><td>70%</td></tr> </tbody> </table> <p>Source: Company presentations</p>  | Year        | Share %                      | FY17        | 49%  | FY18   | 51%  | FY19   | 53%   | FY20   | 51%   | FY21   | 54%   | FY22   | 53%   | FY23   | 54%   | H1FY24 | 55%   | Year   | Ratio % | FY17   | 97%  | FY18   | 91%   | FY19   | 86%   | FY20   | 82%  | FY21   | 84%  | FY22   | 76%  | FY23   | 71%  | H1FY24 | 70%  | <ul style="list-style-type: none"> <li>Union bank has focused on building a granular book. The RAM (Retail, Agri and MSME) advances share has risen over the years and currently it stands at 55%</li> <li>The bank is transitioning towards safer assets which is evident from the decline RWA to Gross advances ratio. It has decline from peak of 97% to 70% presently.</li> </ul> |      |        |      |        |      |        |      |  |
| Year  | Share %  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY17  | 49%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY18  | 51%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY19  | 53%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY20  | 51%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY21  | 54%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY22  | 53%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY23  | 54%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| H1FY24  | 55%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| Year  | Ratio %  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY17  | 97%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY18  | 91%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY19  | 86%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY20  | 82%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY21  | 84%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY22  | 76%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY23  | 71%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| H1FY24  | 70%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| <p><b>Union Bank's declining slippages, GNPA and credit costs</b></p>                             | <p><b>Slippages, Credit Cost and GNPA</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Slippages Ratio</th> <th>Credit Cost</th> <th>GNPA</th> </tr> </thead> <tbody> <tr><td>FY17</td><td>4.8%</td><td>1.7%</td><td>11.2%</td></tr> <tr><td>FY18</td><td>7.4%</td><td>3.2%</td><td>15.7%</td></tr> <tr><td>FY19</td><td>4.6%</td><td>2.5%</td><td>15.0%</td></tr> <tr><td>FY20</td><td>8.2%</td><td>2.2%</td><td>14.6%</td></tr> <tr><td>FY21</td><td>3.9%</td><td>2.2%</td><td>13.7%</td></tr> <tr><td>FY22</td><td>3.4%</td><td>1.2%</td><td>11.1%</td></tr> <tr><td>FY23</td><td>1.6%</td><td>1%</td><td>7.5%</td></tr> <tr><td>H1FY24</td><td>1.4%</td><td>0.6%</td><td>6.4%</td></tr> </tbody> </table> <p>Source: Company presentations</p>  | Year        | Slippages Ratio              | Credit Cost | GNPA | FY17   | 4.8% | 1.7%   | 11.2% | FY18   | 7.4%  | 3.2%   | 15.7% | FY19   | 4.6%  | 2.5%   | 15.0% | FY20   | 8.2%  | 2.2%   | 14.6%   | FY21   | 3.9% | 2.2%   | 13.7% | FY22   | 3.4%  | 1.2%   | 11.1%  | FY23   | 1.6% | 1%     | 7.5% | H1FY24 | 1.4% | 0.6%   | 6.4% | <ul style="list-style-type: none"> <li>The bank's slippages has declined to 1.4% presently from the peak of 8.2% in FY20.</li> <li>GNPA has decline to 6.4% from the peak of 15.7% and Credit cost has decline to 0.6% from 3.2%</li> <li>PCR at 80% and improvement in lending to high rated corporates has generally witnessed contained NPA and credit costs.</li> </ul>           |      |        |      |        |      |        |      |  |
| Year  | Slippages Ratio  | Credit Cost | GNPA                         |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY17  | 4.8%   | 1.7%        | 11.2%                        |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY18  | 7.4%   | 3.2%        | 15.7%                        |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY19  | 4.6%   | 2.5%        | 15.0%                        |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY20  | 8.2%   | 2.2%        | 14.6%                        |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY21  | 3.9%   | 2.2%        | 13.7%                        |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY22  | 3.4%   | 1.2%        | 11.1%                        |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY23  | 1.6%   | 1%          | 7.5%                         |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| H1FY24  | 1.4%   | 0.6%        | 6.4%                         |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| <p><b>Improving RoA Trajectory with 1%+ RoA since 2 quarters</b></p>                              | <p><b>RoA Trajectory</b></p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>RoA</th> </tr> </thead> <tbody> <tr><td>2QFY19</td><td>0.1%</td></tr> <tr><td>3QFY19</td><td>0.1%</td></tr> <tr><td>4QFY19</td><td>-2.8%</td></tr> <tr><td>1QFY20</td><td>-0.9%</td></tr> <tr><td>2QFY20</td><td>0.2%</td></tr> <tr><td>3QFY20</td><td>0.4%</td></tr> <tr><td>4QFY20</td><td>0.0%</td></tr> <tr><td>1QFY21</td><td>0.2%</td></tr> <tr><td>2QFY21</td><td>0.2%</td></tr> <tr><td>3QFY21</td><td>0.3%</td></tr> <tr><td>4QFY21</td><td>0.5%</td></tr> <tr><td>1QFY22</td><td>0.4%</td></tr> <tr><td>2QFY22</td><td>0.6%</td></tr> <tr><td>3QFY22</td><td>0.4%</td></tr> <tr><td>4QFY22</td><td>0.5%</td></tr> <tr><td>1QFY23</td><td>0.6%</td></tr> <tr><td>2QFY23</td><td>0.7%</td></tr> <tr><td>3QFY23</td><td>0.9%</td></tr> <tr><td>4QFY23</td><td>1.0%</td></tr> <tr><td>1QFY24</td><td>1.0%</td></tr> <tr><td>2QFY24</td><td>1.1%</td></tr> </tbody> </table> <p>Source: Company presentations</p> | Quarter     | RoA                          | 2QFY19      | 0.1% | 3QFY19 | 0.1% | 4QFY19 | -2.8% | 1QFY20 | -0.9% | 2QFY20 | 0.2%  | 3QFY20 | 0.4%  | 4QFY20 | 0.0%  | 1QFY21 | 0.2%  | 2QFY21 | 0.2%    | 3QFY21 | 0.3% | 4QFY21   | 0.5%  | 1QFY22 | 0.4%  | 2QFY22 | 0.6%   | 3QFY22 | 0.4% | 4QFY22 | 0.5% | 1QFY23 | 0.6% | 2QFY23 | 0.7% | 3QFY23  | 0.9% | 4QFY23 | 1.0% | 1QFY24 | 1.0% | 2QFY24 | 1.1% | <ul style="list-style-type: none"> <li>The bank's margins have been improving over the years. Along with margins, stable Cost to income ratio and improving asset quality has helped improve the RoA trajectory.</li> <li>RoA for the past 2 quarters has been above the 1% mark.</li> </ul> |
| Quarter   | RoA  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2QFY19  | 0.1%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 3QFY19  | 0.1%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 4QFY19  | -2.8%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 1QFY20  | -0.9%  |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2QFY20  | 0.2%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 3QFY20  | 0.4%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 4QFY20  | 0.0%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 1QFY21  | 0.2%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2QFY21  | 0.2%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 3QFY21  | 0.3%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 4QFY21  | 0.5%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 1QFY22  | 0.4%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2QFY22  | 0.6%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 3QFY22  | 0.4%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 4QFY22  | 0.5%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 1QFY23  | 0.6%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2QFY23  | 0.7%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 3QFY23  | 0.9%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 4QFY23  | 1.0%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 1QFY24  | 1.0%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| 2QFY24  | 1.1%   |             |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| <p><b>Strong capital position – Rs. 5,000cr QIP done in Aug '23 further augments position</b></p> | <p><b>CAR and Tier 1</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Capital Adequacy Ratio (CAR)</th> <th>Tier 1</th> </tr> </thead> <tbody> <tr><td>FY17</td><td>11.8%</td><td>9.0%</td></tr> <tr><td>FY18</td><td>11.5%</td><td>9.0%</td></tr> <tr><td>FY19</td><td>11.8%</td><td>9.5%</td></tr> <tr><td>FY20</td><td>12.8%</td><td>10.8%</td></tr> <tr><td>FY21</td><td>12.6%</td><td>10.4%</td></tr> <tr><td>FY22</td><td>14.5%</td><td>12.2%</td></tr> <tr><td>FY23</td><td>16.0%</td><td>13.9%</td></tr> <tr><td>H1FY24</td><td>16.7%</td><td>14.6%</td></tr> </tbody> </table> <p>Source: Company presentations</p>  | Year        | Capital Adequacy Ratio (CAR) | Tier 1      | FY17 | 11.8%  | 9.0% | FY18   | 11.5% | 9.0%   | FY19  | 11.8%  | 9.5%  | FY20   | 12.8% | 10.8%  | FY21  | 12.6%  | 10.4% | FY22   | 14.5%   | 12.2%  | FY23 | 16.0%  | 13.9% | H1FY24 | 16.7% | 14.6%  | <ul style="list-style-type: none"> <li>In August'23 the bank completed QIP of Rs. 5000 Cr. This further augmented their capital position.</li> <li>As of H1FY24, the capital adequacy ratio of the bank stands at 16.7% with Tier-1 at 14.6%.</li> </ul> |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| Year  | Capital Adequacy Ratio (CAR)   | Tier 1      |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY17  | 11.8%  | 9.0%        |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY18  | 11.5%  | 9.0%        |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY19  | 11.8%  | 9.5%        |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY20  | 12.8%  | 10.8%       |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY21  | 12.6%  | 10.4%       |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY22  | 14.5%  | 12.2%       |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| FY23  | 16.0%  | 13.9%       |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |
| H1FY24  | 16.7%  | 14.6%       |                              |             |      |        |      |        |       |        |       |        |       |        |       |        |       |        |       |        |         |        |      |  |       |        |       |        |  |        |      |        |      |        |      |        |      |   |      |        |      |        |      |        |      |  |

## II. VALUATION



## III. KEY MONITORABLES

- ✓ As stated by the management in its conference call, CAR was impacted by 60bps due to the RBI guidelines on risk weights. A lower CAR reduces the ability of a bank to lend.
- ✓ As stated by the management in its conference call, shift to Ind-AS is likely to see an impact in terms of ECL provisioning. A higher provisioning could lead to lower profitability for the bank.

#### IV. FINANCIAL SUMMARY

| <b>Profit &amp; Loss (Rs. Mn.)</b>   | <b>FY20</b>      | <b>FY21</b>        | <b>FY22</b>        | <b>FY23</b>        | <b>CAGR 3 yr</b> |
|--------------------------------------|------------------|--------------------|--------------------|--------------------|------------------|
|                                      |                  |                    |                    |                    | <b>FY20-23</b>   |
| Net Interest Income (NII)            | 1,14,368         | 2,46,884           | 2,77,865           | 3,27,653           | 42%              |
| YoY                                  | 12%              | 116%               | 13%                | 18%                |                  |
| Other Income                         | 52,608           | 1,11,689           | 1,25,248           | 1,46,331           | 41%              |
| Total Income                         | 1,66,975         | 3,58,573           | 4,03,113           | 4,73,985           | 42%              |
| YoY                                  | 14%              | 115%               | 12%                | 18%                |                  |
| Pre-Provisioning Operating Profits   | 91,811           | 1,90,913           | 2,18,732           | 2,54,672           | 41%              |
| YoY                                  | 22%              | 108%               | 15%                | 16%                |                  |
| Provisions & Contingencies           | 1,06,988         | 1,66,919           | 1,32,938           | 1,33,294           | 8%               |
| PAT                                  | (3,878)          | 29,060             | 52,321             | 84,333             | NA               |
| YoY                                  | -87%             | -849%              | 80%                | 61%                |                  |
| <b>Balance Sheet as at (Rs. Mn.)</b> | <b>FY20</b>      | <b>FY21</b>        | <b>FY22</b>        | <b>FY23</b>        | <b>CAGR 3 yr</b> |
|                                      |                  |                    |                    |                    | <b>FY20-23</b>   |
| <b>Networth</b>                      | <b>3,37,857</b>  | <b>6,44,767</b>    | <b>7,05,761</b>    | <b>7,83,342</b>    | 32%              |
| Deposits                             | 45,06,685        | 92,38,053          | 1,03,23,926        | 1,11,77,163        | 35%              |
| Loans                                | 31,50,494        | 59,09,829          | 66,10,047          | 76,18,455          | 34%              |
| <b>TOTAL ASSETS</b>                  | <b>55,06,833</b> | <b>1,07,17,058</b> | <b>1,18,75,911</b> | <b>1,28,07,525</b> | 32%              |
| <b>Key Financial Ratios</b>          |                  |                    |                    |                    |                  |
| NIM                                  | 2.3%             | 3.2%               | 2.6%               | 2.8%               | 2.9%             |
| Cost to Income Ratio                 | 45.0%            | 46.8%              | 45.7%              | 46.3%              | 46.3%            |
| RoA                                  | -0.1%            | 0.4%               | 0.5%               | 0.7%               | 0.5%             |
| RoE                                  | -1.3%            | 5.9%               | 7.7%               | 11.3%              | 8.3%             |
| EPS (Rs)                             | (1.1)            | 4.5                | 7.7                | 12.3               | NA               |
| BVPS (Rs)                            | 89               | 93                 | 96                 | 106                | 6%               |

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