



Union Bank of India

| | |
|-------------------|--------------|
| STOCK INFO. | BLOOMBERG |
| BSE Sensex: 8,510 | UNBK IN |
| | REUTERS CODE |
| S&P CNX: 2,524 | UNBK.BO |

27 October 2008

Buy

Previous Recommendation: Buy

Rs121

| | | YEAR | NET INCOME | PAT | EPS | EPS | P/E | P/BV | CAR | ROE | ROA | P/ABV |
|---------------------|----------|-------|------------|--------|------|------------|-----|------|------|------|------|-------|
| | | END | (RS M) | (RS M) | (RS) | GROWTH (%) | (X) | (X) | (%) | (%) | (%) | (X) |
| Equity Shares (m) | 505.1 | 3/07A | 34,767 | 8,454 | 16.7 | 25.3 | 7.3 | 1.3 | 12.8 | 19.2 | 0.88 | 1.4 |
| 52-Week Range | 235/96 | 3/08A | 41,733 | 13,870 | 27.5 | 64.1 | 4.4 | 1.1 | 12.5 | 26.8 | 1.22 | 1.1 |
| 1,6,12 Rel.Perf.(%) | 19/27/31 | 3/09E | 48,316 | 15,397 | 30.5 | 11.0 | 4.0 | 0.9 | 11.5 | 24.7 | 1.12 | 0.9 |
| M.Cap. (Rs b) | 61.3 | 3/10E | 56,208 | 18,053 | 35.7 | 17.3 | 3.4 | 0.7 | 10.7 | 23.9 | 1.08 | 0.8 |
| M.Cap. (US\$ b) | 1.2 | | | | | | | | | | | |

Union Bank of India's 2QFY09 results were significantly higher than our estimates on the core operating performance.

Key highlights:

- NII grew 49% YoY to Rs9.8b on the back of the strong improvement in margins and 26% YoY growth in loans.
- NIMs improved 38bp QoQ and 52bp YoY to 3.01%
- Loans grew 26% YoY to Rs850b and deposits were up 22% YoY to Rs1,159b. The share of bulk deposits increased to 17% from 15% in 1QFY09.
- The bank provided Rs600m for the likely wage increase, which led to the 15% YoY growth in employee expenses. Other operating cost increased 66% YoY due to (a) significant branch additions during the quarter and (b) provision of Rs400m for the brand rebuilding exercise
- Asset quality stable - GNPA ratio at 1.9% with provision coverage ratio of 93%. CRAR under Basel II at 11.8%.

We are impressed by the core operating performance in 2QFY09 and expect the strong trend to continue. NII growth, cost of funds and margin movements are encouraging. Asset quality has improved significantly and would enable lower provisions ahead. We are upgrading our estimates by 5% for FY09 and FY10. We expect the bank to report EPS of Rs31 and Rs36 in FY09 and FY10. We expect BV to be Rs135 in FY09 and Rs164 in FY10. The stock is trading at 4x FY09E EPS and 0.9x FY09E BV. RoE would remain strong at 24%+ over next two years. Maintain **Buy**.

| | QUARTERLY PERFORMANCE | | | | | | | | | | (RS MILLION) | |
|--------------------------------------|-----------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--|
| | FY08 | | | | FY09 | | | | FY08 | FY09E | | |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | | |
| Interest Income | 20,741 | 22,384 | 24,227 | 25,664 | 25,332 | 28,313 | 29,870 | 31,230 | 93,016 | 114,745 | | |
| Interest Expense | 13,399 | 15,820 | 16,705 | 17,685 | 17,232 | 18,560 | 20,230 | 21,451 | 63,609 | 77,473 | | |
| Net Interest Income | 7,342 | 6,564 | 7,522 | 7,979 | 8,100 | 9,753 | 9,640 | 9,779 | 29,406 | 37,272 | | |
| % Change (Y-o-Y) | 15.7 | 4.6 | 9.7 | -5.3 | 10.3 | 48.6 | 28.2 | 22.6 | 11.6 | 26.7 | | |
| Other Income | 2,150 | 2,873 | 3,838 | 3,467 | 2,217 | 2,833 | 2,988 | 3,006 | 12,327 | 11,043 | | |
| Net Income | 9,492 | 9,436 | 11,359 | 11,446 | 10,317 | 12,586 | 12,628 | 12,785 | 41,733 | 48,316 | | |
| Operating Expenses | 4,241 | 4,153 | 4,997 | 2,539 | 4,157 | 5,589 | 4,611 | 4,664 | 15,930 | 19,020 | | |
| Operating Profit | 5,251 | 5,283 | 6,362 | 8,907 | 6,160 | 6,997 | 8,018 | 8,120 | 25,803 | 29,295 | | |
| % Change (Y-o-Y) | 35.5 | 35.8 | 36.6 | 17.4 | 17.3 | 32.4 | 26.0 | -8.8 | 29.0 | 13.5 | | |
| Other Provisions | 1,554 | 976 | 1,150 | 3,520 | 2,957 | 2,033 | 1,500 | 810 | 7,199 | 7,300 | | |
| Profit before Tax | 3,697 | 4,308 | 5,212 | 5,387 | 3,203 | 4,965 | 6,518 | 7,310 | 18,604 | 21,995 | | |
| Tax Provisions | 1,450 | 1,550 | 1,564 | 170 | 920 | 1,350 | 2,281 | 2,047 | 4,734 | 6,599 | | |
| Net Profit | 2,247 | 2,758 | 3,648 | 5,217 | 2,283 | 3,615 | 4,237 | 5,263 | 13,870 | 15,397 | | |
| % Change (Y-o-Y) | 34.8 | 42.0 | 42.4 | 128.7 | 1.6 | 31.1 | 16.1 | 0.9 | 64.1 | 11.0 | | |
| Interest Expense/Interest Income (%) | 64.6 | 70.7 | 69.0 | 68.9 | 68.0 | 65.6 | 67.7 | 68.7 | 68.4 | 67.5 | | |
| Other Income/Net Income (%) | 22.6 | 30.4 | 33.8 | 30.3 | 21.5 | 22.5 | 23.7 | 23.5 | 29.5 | 22.9 | | |
| Cost to Income Ratio (%) | 44.7 | 44.0 | 44.0 | 22.2 | 40.3 | 44.4 | 36.5 | 36.5 | 38.2 | 39.4 | | |
| Provisions/Operating Profits (%) | 29.6 | 18.5 | 18.1 | 39.5 | 48.0 | 29.0 | 18.7 | 10.0 | 27.9 | 24.9 | | |
| Tax Rate (%) | 39.2 | 36.0 | 30.0 | 3.2 | 28.7 | 27.2 | 35.0 | 28.0 | 25.4 | 30.0 | | |

E: MOST Estimates

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RESULTS ANALYSIS (RS M)

| | 2QFY09 | 2QFY08 | YOY GR. % | 1QFY09 | QOQ GR. % | FY07 | FY08 | FY09E |
|----------------------------------|------------------|----------------|-----------|------------------|-----------|----------------|------------------|------------------|
| Interest Income | 28,313 | 22,384 | 26 | 25,332 | 12 | 72,272 | 93,016 | 114,745 |
| Interest Expense | 18,560 | 15,820 | 17 | 17,232 | 8 | 45,920 | 63,609 | 77,473 |
| Net Interest Income (NII) | 9,753 | 6,564 | 49 | 8,100 | 20 | 26,352 | 29,406 | 37,272 |
| Other Income | 2,833 | 2,873 | (1) | 2,217 | 28 | 8,415 | 12,327 | 11,043 |
| - Fees and others | 2,573 | 1,743 | 48 | 1,917 | 34 | 6,029 | 7,659 | 9,043 |
| - Trading Profits | (380) | 600 | (163) | 80 | (575) | 1,085 | 2,898 | 500 |
| - Recovery from w/off | 640 | 530 | 21 | 220 | 191 | 1,301 | 1,770 | 1,500 |
| Net Income | 12,586 | 9,436 | 33 | 10,317 | 22 | 34,767 | 41,733 | 48,316 |
| Total Operating Costs | 5,589 | 4,153 | 35 | 4,157 | 34 | 14,759 | 15,930 | 19,020 |
| - Staff Costs | 2,916 | 2,546 | 15 | 2,247 | 30 | 8,737 | 8,453 | 10,120 |
| - Other Opex | 2,672 | 1,607 | 66 | 1,910 | 40 | 6,022 | 7,477 | 8,901 |
| Operating Profit | 6,997 | 5,283 | 32 | 6,160 | 14 | 20,008 | 25,803 | 29,295 |
| Provisions | 2,033 | 976 | 108 | 2,957 | (31) | 6,204 | 7,199 | 7,300 |
| - NPAs | 1,600 | 856 | 87 | (510) | (414) | 3,300 | 5,852 | 2,500 |
| - Others | 433 | 120 | 261 | 3,467 | (88) | 2,904 | 1,347 | 4,800 |
| PBT | 4,965 | 4,308 | 15 | 3,203 | 55 | 13,804 | 18,604 | 21,995 |
| Tax | 1,350 | 1,550 | (13) | 920 | 47 | 5,350 | 4,734 | 6,599 |
| Tax payout % | 27 | 36 | | 29 | | 39 | 25 | 30 |
| PAT | 3,615 | 2,758 | 31 | 2,283 | 58 | 8,454 | 13,870 | 15,397 |
| Deposits | 1,159,390 | 948,040 | 22 | 1,072,480 | 8 | 851,802 | 1,038,586 | 1,277,461 |
| CASA Ratio % | 33 | 33 | | 35 | | 34 | 35 | 35 |
| Advances | 849,905 | 673,720 | 26 | 758,100 | 12 | 623,864 | 743,483 | 907,049 |
| - Retail Advances | 93,240 | 71,630 | 30 | 81,910 | 14 | | | |
| - SME | 138,840 | 105,630 | 31 | 126,300 | 10 | | | |
| Gross NPA % | 1.9 | 2.4 | | 2.1 | | 2.9 | 2.2 | 1.9 |
| Net NPA % | 0.1 | 0.7 | | 0.2 | | 1.0 | 0.2 | 0.3 |
| Yields on Advances %* | 10.7 | 10.2 | | 10.1 | | 8.8 | 9.8 | 10.3 |
| Cost of Funds % * | 5.7 | 5.8 | | 5.6 | | 5.5 | 6.4 | 6.4 |
| NIM %** | 3.0 | 2.5 | | 2.6 | | 2.9 | 2.7 | 2.8 |
| Tier I CAR % | 7.6 | 7.4 | | 6.9 | | 7.8 | 7.5 | 7.0 |
| Tier II CAR % | 4.9 | 4.2 | | 4.4 | | 5.0 | 5.1 | 4.5 |
| Branches | 2,483 | 2,384 | | 2,373 | | 2,206 | 2,361 | 2,561 |

* Reported-Cumulative, **Reported-Quarterly

Highlights

Strong NII growth supported by margin improvement and buoyant loan growth: NII grew 49% YoY and 20% QoQ to Rs9.8b due strong improvement in NIMs to 3.01% (up 38bp QoQ and 52bp YoY) and strong growth in loans (Up 26% YoY). Strong margin improvement was on the back of 125bp PLR increase in 1HFY09 and fall in the cost of funds on a YoY basis (due to higher reliance on core deposits). Yield on loans improved by 103bp QoQ and 23bp YoY to 11.2%. Cost of funds fell 28bp YoY to 5.74% (up 14bp QoQ) and cost of deposits fell 16bp YoY to 6.25% (up 19bp QoQ). In 2QFY08, the bank had earned miscellaneous 'other' interest income of Rs263m, adjusting for which NII grew 55% YoY.

Business growth accelerates in the quarter: During the quarter, business growth accelerated with QoQ loan growth of 12% to Rs850b (up 26% YoY) and deposit growth of 8% to Rs1,159b (up 22% YoY). Core deposit growth remained strong at 26% YoY (up 7% QoQ) to Rs967b. CASA deposits grew at the healthy rate of 25% YoY and 3% QoQ to ~Rs384b. CASA ratio was 33.1% in 2QFY09 v/s 34.8% in 1QFY09 and 32.5% in 2QFY08.

The share of bulk deposits increased to 17% from 15% in 1QFY09 however, they were down from 19% in 2QFY08. In the quarter, the bank increased bulk deposits by ~Rs28b. Management clarified that spreads on these incremental bulk deposits would remain at ~3% and these deposits have a duration of ~6 months. The bank continues to focus on Retail (up 30% YoY), SME (up 31% YoY) and the Agriculture sector (up 36% YoY) to grow the loan book. Incremental CD ratio in the quarter was 100%+. The CD ratio has increased to 73.3% in 2QFY09 v/s 70.7% in 1QFY09 and 71.1% in 2QFY08.

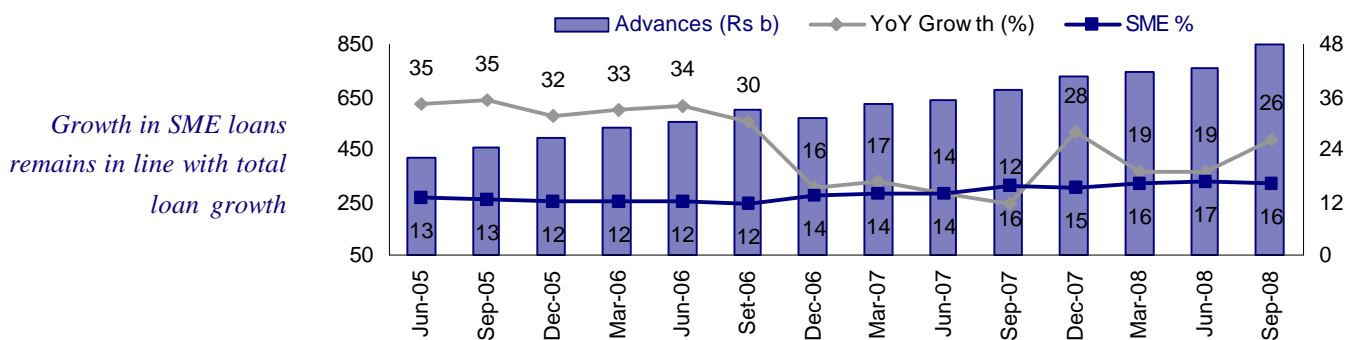
Operating profits higher than estimates despite higher provisions for operating expenses: The bank reported 32% YoY growth in operating profit (v/s our estimate of 24% YoY) despite the higher than expected growth in operating expenses. Other income remained flat YoY to Rs2.8b despite Rs380m losses in securities trading (v/s Rs810m trading profits in 2QFY08). Recoveries from written-off accounts were Rs640m v/s Rs530m in 2QFY08. Other income (ex-treasury and recoveries) grew 48% YoY to Rs3.2b. Operating expenses grew 35% YoY to Rs5.6b (v/s our estimate of Rs4.5b), as the bank provided Rs600m for the likely wage increase in the quarter. Employee expenses were up 15% YoY to Rs2.9b. Other operating expenditure also increased significantly by 66% YoY to Rs2.7b as the bank has opened 110 branches during the quarter and provided Rs400m for the brand rebuilding exercise.

Provisions higher than estimates: The bank made total provisions of Rs2.03b v/s our estimate of Rs1.5b. On the back of strong growth in operating profit and MTM reversal on the bond portfolio, the bank made higher NPA provisions of Rs1.6b. The bank reversed the MTM provisions of Rs540m in the quarter. The bank had also made standard assets provisions of Rs800m (of this, Rs490m is higher than the regulatory requirement).

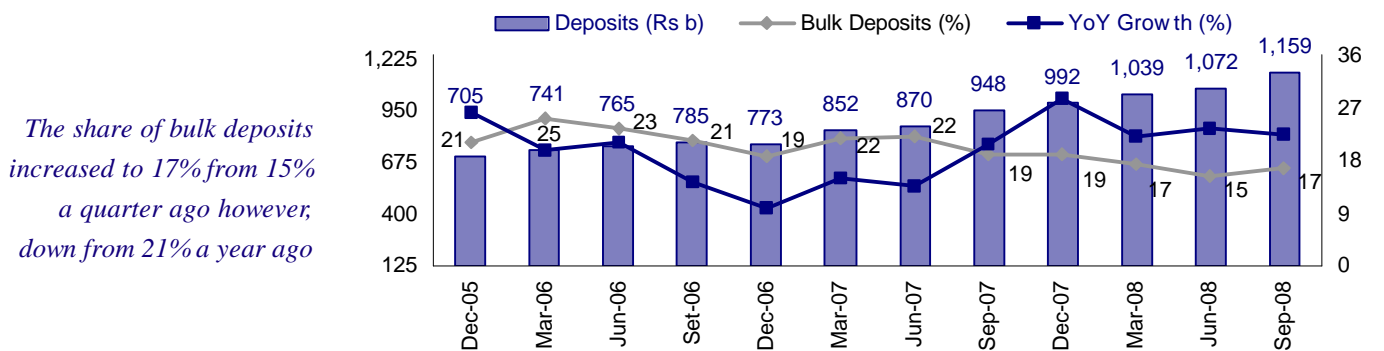
Asset quality remains robust: Asset quality has remained strong with the gross NPA ratio of 1.93% (down 15bp QoQ and 49bp YoY) and net NPA ratio of 0.14% (down 1bp QoQ and 51bp YoY). In absolute terms, gross and net NPAs increased 6% QoQ to Rs16.7b and Rs1.2b respectively. Provision coverage ratio remained stable at ~93%. During 1HFY09, the slippage ratio was contained at 1.15% and management is confident of controlling the slippage ratio at below 1.25%. in FY09 (v/s 1.22% in FY08). Higher provision coverage would enable the bank to keep its NPA provisions lower during FY09 and thus report profit growth despite a sharp drop in treasury profits.

We are impressed by the core operating performance in 2QFY09 and expect the strong trend to continue. NII growth, cost of funds and margin movements are encouraging. Asset quality has improved significantly and would enable lower provisions ahead. We are upgrading our estimates by 5% for FY09 and FY10. We expect the bank to report EPS of Rs31 and Rs36 in FY09 and FY10. We expect BV to be Rs135 in FY09 and Rs164 in FY10. The stock is trading at 4x FY09E EPS and 0.9x FY09E BV. RoE would remain strong at 24%+ over next two years. **Maintain Buy.**

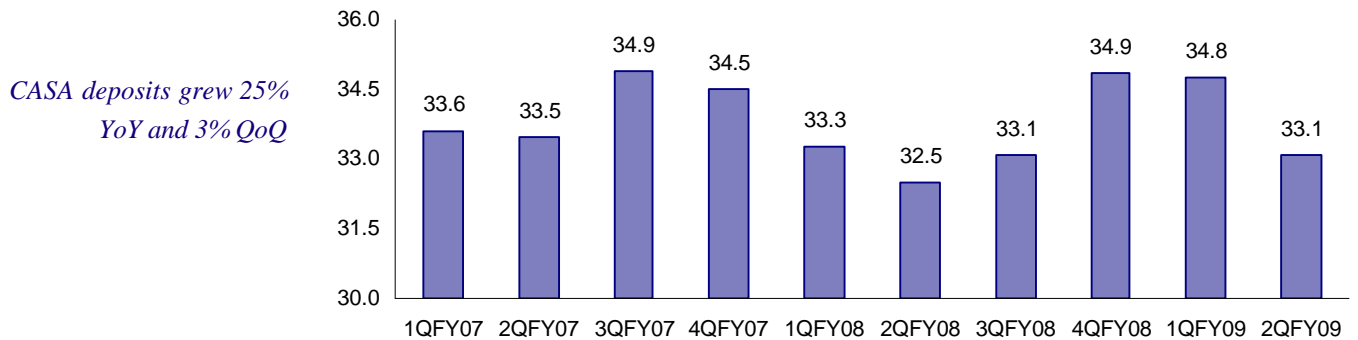
LOAN GROWTH ACCELERATES IN THE QUARTER



CORE DEPOSITS GROWING AT A RAPID PACE



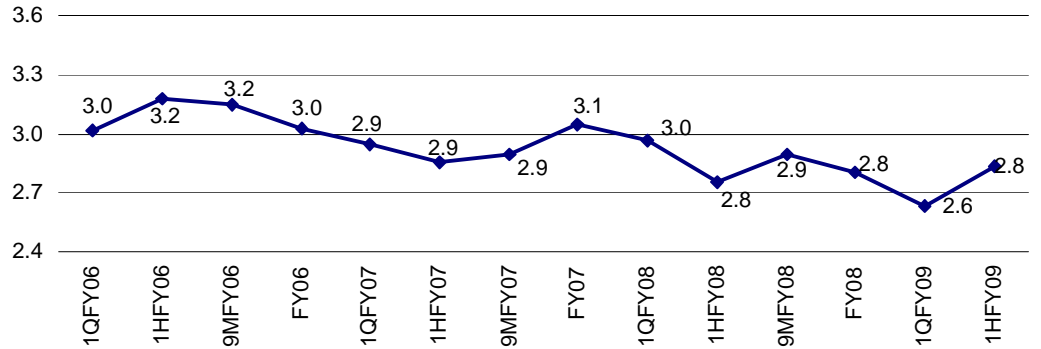
CASA RATIO UP 59BP YOY HOWEVER, DOWN 166BP QOQ



Source: Company/MOSL

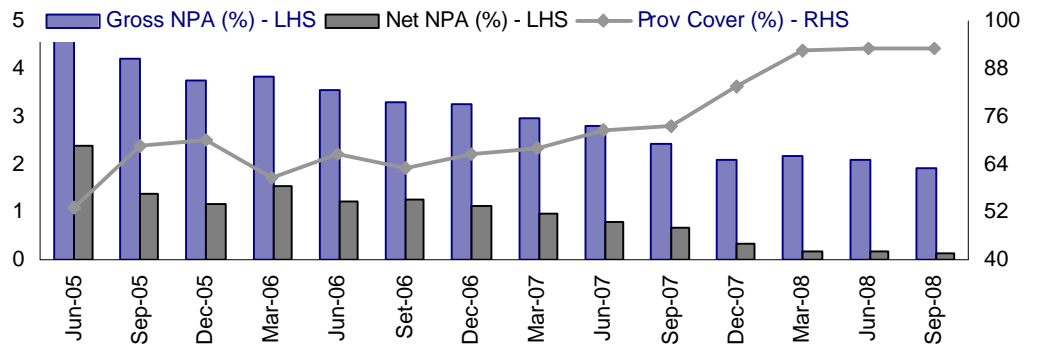
STRONG IMPROVEMENT IN MARGINS (%)

Focus on growing high yielding loans, contained cost of funds, leads to higher margin



ASSET QUALITY TRENDS

Net NPA at 0.2% with the provision coverage of 93% - one of the best in PSU banks



Source: Company/Motilal Oswal Securities

Union Bank of India: an investment profile

Company description

Union Bank is amongst the large state-owned banks with a balance sheet size of over Rs1t. While the bank is based in western India, its branch network of over 2,484 branches and ~1,275 ATMs is well spread countrywide. All branches of the bank are on the CBS platform

Key investment arguments

- ✍ Improved focus on margins and profitability
- ✍ Well spread branch network across India
- ✍ Strong and expanding technology platform to ensure robust fee income going forward

Key investments risks

- ✍ Management's inability to increase asset growth without losing margins
- ✍ Reversal of asset quality, if any, will require higher provisioning thereby impacting profitability

Recent developments

- ✍ Union Bank, launched Wealth Management services to its HNI clients under tie-up with M/S Wealth Advisors (north and south India) and M/S Edelweiss Securities Ltd (east and west India)
- ✍ Bank has opened its full fledged overseas branch at Hong Kong in August 2008.

Valuation and view

- ✍ We expect earnings to grow 11% in FY09 and 17% in FY10. Stronger momentum in core earnings will result in better valuations for the stock.
- ✍ The stock is trading at 0.9x FY09E BV of Rs135 and 4x FY09E EPS of Rs30.5.

Sector view

- ✍ YTD loan growth of 29% and deposit growth of 24%
- ✍ Concerns on macro economic factors like rising inflation, higher interest rates, slowing economic growth remain concerns in mid term
- ✍ Selective buying with favor for banks with higher earnings visibility from core operations.

COMPARATIVE VALUATIONS

| | | UBI | BOB | BOI |
|-----------|-------|------|------|------|
| P/E (x) | FY09E | 4.0 | 6.2 | 4.1 |
| | FY10E | 3.4 | 5.2 | 3.8 |
| P/ABV (x) | FY09E | 0.9 | 1.0 | 1.0 |
| | FY10E | 0.8 | 0.9 | 0.9 |
| RoE (%) | FY09E | 24.7 | 16.0 | 26.5 |
| | FY10E | 23.9 | 16.8 | 23.5 |
| RoA (%) | FY09E | 1.1 | 0.8 | 1.3 |
| | FY10E | 1.1 | 0.8 | 1.2 |

SHAREHOLDING PATTERN (%)

| | SEP-08 | JUN-08 | SEP-07 |
|---------------|--------|--------|--------|
| Promoter | 55.4 | 55.4 | 55.4 |
| Domestic Inst | 11.9 | 11.3 | 11.5 |
| Foreign | 19.4 | 18.7 | 19.7 |
| Others | 13.4 | 14.5 | 13.4 |

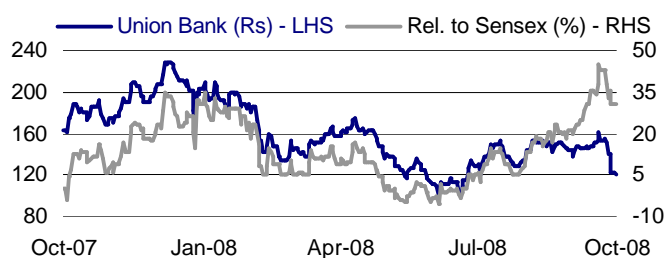
EPS: MOST FORECAST VS CONSENSUS (RS)

| | MOST FORECAST | CONSENSUS FORECAST | VARIATION (%) |
|------|---------------|--------------------|---------------|
| FY09 | 30.5 | 27.8 | 9.7 |
| FY10 | 35.7 | 32.6 | 9.4 |

TARGET PRICE AND RECOMMENDATION

| CURRENT PRICE (RS) | TARGET PRICE (RS) | UPSIDE (%) | RECO. |
|--------------------|-------------------|------------|-------|
| 121 | 225 | 86 | Buy |

STOCK PERFORMANCE (1 YEAR)



| INCOME STATEMENT | | | | | | (RS MILLION) |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------------|
| Y/E MARCH | 2006 | 2007 | 2008 | 2009E | 2010E | |
| Interest Income | 57,332 | 72,272 | 93,016 | 114,745 | 138,954 | |
| Interest Expended | 34,894 | 45,920 | 63,609 | 77,473 | 95,302 | |
| Net Interest Income | 22,437 | 26,352 | 29,406 | 37,272 | 43,652 | |
| <i>Change (%)</i> | 8.7 | 17.4 | 11.6 | 26.7 | 17.1 | |
| Other Income | 6,251 | 8,415 | 12,327 | 11,043 | 12,557 | |
| Net Income | 28,688 | 34,767 | 41,733 | 48,316 | 56,208 | |
| <i>Change (%)</i> | 1.3 | 21.2 | 20.0 | 15.8 | 16.3 | |
| Operating Expenses | 14,024 | 14,759 | 15,930 | 19,020 | 21,459 | |
| Operating Income | 14,664 | 20,008 | 25,803 | 29,295 | 34,749 | |
| <i>Change (%)</i> | -6.8 | 36.4 | 29.0 | 13.5 | 18.6 | |
| Other Provisions | 5,724 | 6,204 | 7,199 | 7,300 | 8,200 | |
| PBT | 8,940 | 13,804 | 18,604 | 21,995 | 26,549 | |
| Tax | 2,195 | 5,350 | 4,734 | 6,599 | 8,496 | |
| <i>Tax Rate (%)</i> | 24.5 | 38.8 | 25.4 | 30.0 | 32.0 | |
| PAT | 6,745 | 8,454 | 13,870 | 15,397 | 18,053 | |
| <i>Change (%)</i> | -6.2 | 25.3 | 64.1 | 11.0 | 17.3 | |
| Proposed Dividend | 2,020 | 1,768 | 2,020 | 2,778 | 3,283 | |

| BALANCE SHEET | | | | | | (RS MILLION) |
|---------------------------|----------------|------------------|------------------|------------------|------------------|---------------------|
| Y/E MARCH | 2006 | 2007 | 2008 | 2009E | 2010E | |
| Capital | 5,051 | 5,051 | 5,051 | 5,051 | 5,051 | |
| Reserves & Surplus | 40,530 | 46,848 | 68,420 | 80,566 | 94,778 | |
| Net Worth | 45,581 | 51,899 | 73,471 | 85,618 | 99,829 | |
| Deposits | 740,943 | 851,802 | 1,038,586 | 1,277,461 | 1,558,503 | |
| <i>Change (%)</i> | 19.8 | 15.0 | 21.9 | 23.0 | 22.0 | |
| Borrowings | 39,745 | 42,155 | 47,605 | 54,746 | 60,220 | |
| Other Liabilities & Prov. | 64,992 | 80,923 | 81,064 | 93,224 | 102,546 | |
| Total Liabilities | 891,261 | 1,026,779 | 1,240,727 | 1,511,049 | 1,821,099 | |
| Current Assets | 63,905 | 84,264 | 100,973 | 127,062 | 157,605 | |
| Investments | 259,175 | 279,818 | 338,226 | 412,636 | 503,416 | |
| <i>Change (%)</i> | 13.7 | 8.0 | 20.9 | 22.0 | 22.0 | |
| Advances | 533,800 | 623,864 | 743,483 | 907,049 | 1,088,459 | |
| <i>Change (%)</i> | 33.1 | 16.9 | 19.2 | 22.0 | 20.0 | |
| Net Fixed Assets | 8,104 | 8,250 | 22,004 | 22,854 | 23,954 | |
| Other Assets | 26,275 | 30,582 | 36,041 | 41,447 | 47,664 | |
| Total Assets | 891,258 | 1,026,779 | 1,240,727 | 1,511,049 | 1,821,099 | |

| ASSUMPTIONS | | | | | | (%) |
|---------------------------|------|------|------|------|------|------------|
| Deposit Growth | 19.8 | 15.0 | 21.9 | 23.0 | 22.0 | |
| Advances Growth | 33.1 | 16.9 | 19.2 | 22.0 | 20.0 | |
| Investments Growth | 13.7 | 8.0 | 20.9 | 22.0 | 22.0 | |
| Provisions Coverage Ratio | 60.3 | 67.9 | 92.3 | 84.3 | 88.0 | |
| Dividend | 40.0 | 35.0 | 40.0 | 55.0 | 65.0 | |

E: Most Estimates

RATIOS

| Y/E MARCH | 2006 | 2007 | 2008 | 2009E | 2010E |
|-----------------------------|------|------|------|-------|-------|
| Spreads Analysis (%) | | | | | |
| Avg. Yield - Earning Assets | 7.4 | 7.9 | 8.6 | 8.8 | 8.8 |
| Avg. Cost-Int. Bear. Liab. | 4.9 | 5.5 | 6.4 | 6.4 | 6.5 |
| Interest Spread | 2.5 | 2.4 | 2.2 | 2.4 | 2.3 |
| Net Interest Margin | 2.9 | 2.9 | 2.7 | 2.8 | 2.8 |

Profitability Ratios (%)

| | | | | | |
|---------------------------|------|------|------|------|------|
| RoE | 18.7 | 19.2 | 26.8 | 24.7 | 23.9 |
| RoA | 0.8 | 0.9 | 12 | 11 | 11 |
| Int. Expended/Int. Earned | 60.9 | 63.5 | 68.4 | 67.5 | 68.6 |
| Other Inc./Net Income | 21.8 | 24.2 | 29.5 | 22.9 | 22.3 |

Efficiency Ratios (%)

| | | | | | |
|------------------------|------|------|------|------|------|
| Op. Exps./Net Income* | 50.6 | 43.8 | 41.0 | 39.8 | 38.9 |
| Empl. Cost/Op. Exps. | 61.8 | 59.2 | 53.1 | 53.2 | 50.6 |
| Busi. per Empl. (Rs m) | 45.1 | 53.0 | 63.3 | 74.2 | 89.9 |
| NP per Empl. (Rs lac) | 2.7 | 3.3 | 5.4 | 5.8 | 6.7 |

* Ex Treasury

Asset-Liability Profile (%)

| | | | | | |
|-----------------------|------|------|------|------|------|
| Adv./Deposit Ratio | 72.0 | 73.2 | 71.6 | 71.0 | 69.8 |
| CASA Ratio | 32.4 | 34.5 | 34.9 | 34.5 | 34.0 |
| Invest./Deposit Ratio | 35.0 | 32.9 | 32.6 | 32.3 | 32.3 |
| G-Sec/Invest. Ratio | 78.3 | 81.9 | 83.4 | 83.6 | 83.6 |
| Gross NPAs to Adv. | 3.8 | 2.9 | 2.2 | 1.9 | 1.8 |
| Net NPAs to Adv. | 1.6 | 1.0 | 0.2 | 0.3 | 0.2 |
| CAR | 11.4 | 12.8 | 12.5 | 11.5 | 10.7 |
| Tier 1 | 7.3 | 7.8 | 7.5 | 7.0 | 6.7 |

VALUATION

| | | | | | |
|--------------------|-------|------|-------|-------|-------|
| Book Value (Rs) | 81.0 | 93.7 | 111.3 | 135.4 | 163.5 |
| Price-BV (x) | 1.5 | 1.3 | 1.1 | 0.9 | 0.7 |
| Adjusted BV (Rs) | 70.3 | 86.0 | 109.7 | 131.8 | 160.4 |
| Price-ABV (x) | 1.7 | 1.4 | 1.1 | 0.9 | 0.8 |
| EPS (Rs) | 13.4 | 16.7 | 27.5 | 30.5 | 35.7 |
| EPS Growth (%) | -14.5 | 25.3 | 64.1 | 11.0 | 17.3 |
| Price-Earnings (x) | 9.1 | 7.3 | 4.4 | 4.0 | 3.4 |
| OPS (Rs) | 29.0 | 39.6 | 51.1 | 58.0 | 68.8 |
| OPS Growth (%) | -15.1 | 36.4 | 29.0 | 13.5 | 18.6 |
| Price-OP (x) | 4.2 | 3.1 | 2.4 | 2.1 | 1.8 |

E: Most Estimates

N O T E S



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Disclosure of Interest Statement

Union Bank of India

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|---|----|
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