

# AU Small Finance Bank

India | Banking & Financials | Result Update



21 January 2026

## Stronger undertones, valuations rich

AU Small Finance Bank (AUBANK IN) posted a strong Q3FY26, driven by better revenue momentum (NII beat) and curtailed credit cost. Q3 was characterized by: a) better NIM outcomes (lower funding costs), b) better loan growth and thus, improved NII growth (up 9% QoQ), c) higher opex (up 12% QoQ, as AUBANK continued to invest) feeding into flat core PPOp and d) better asset quality outcomes, with slippages restricted to ~2.6% (3.1% QoQ) and lower credit cost at sub-20bps (Q2FY26 at 30bps). AUBANK sounded confident of sustaining momentum directionally, hinting at better FY27.

We believe Q3 performance had stronger undertones, and sustained momentum will be crucial to drive further re-rating. Given better-than-expected growth, we raise our target multiple to 2.7x (from 2.3x), which with roll forward to December '27E leads to raised TP of INR 955 (from INR 786). That said, the stock has rallied sharply (15% in past three months), suggesting most positives to be priced in and limited/no room for disappointment. Thus, **we maintain Reduce**.

**Growth strong, NIMs better:** NIMs improved 25bps QoQ to ~5.7% (higher than our estimates), given funding cost benefits and CRR benefits. AUBANK has further taken deposit rate actions, which essentially would cushion NIM impact and it is likely to have bottomed out (*sans* any rate cuts). Loan growth outcomes were stronger, and with the unsecured segment likely to see traction hereon (QoQ growth has already picked up), AUBANK anticipates better growth momentum with focus on the retail segment. Opex growth was higher (~12% QoQ), and we shall monitor this, especially as AUBANK transitions towards a universal bank license. Overall, AUBANK generated stated RoA (annualized) of 1.6%, and maintained 1.8% FY27 RoA target, with most of the benefit coming in credit cost, which, we believe, will remain volatile in the immediate term (await some more quarters for trends to be established).

**Asset quality outcomes better than anticipated, durability key:** Slippages were curtailed at INR 7.9bn, at ~2.6%, down ~13% QoQ, led by lower slippage trends across most segments. AUBANK sounded confident of sustaining momentum, with further improvement in the unsecured segment, hinting at lower credit cost outcomes for the full year FY26 and sustained improvement in FY27. While a strong quarter, volatility in the past few quarters keeps us guarded and we await further datapoints to call this a trend.

**Maintain Reduce with raised TP of INR 955:** Q3FY26 was a better quarter with stronger undercurrents. Given better-than-expected growth, we raise our target multiple to 2.7x (from 2.3x), and increase our TP to INR 955 (from INR 786) as we roll forward to December '27E.. The discussions may be hinged on growth outcome, durability of asset quality outcome and transition to a universal bank license. AUBANK has a reasonable step-down from earlier cycle RoA delivery and faces some headwinds as it grows into the big league, which will take time. The stock has recently rallied sharply, which renders risk-reward unfavorable as AUBANK wades through challenges given limited scope for maneuverability. **Maintain Reduce**.

### Key Financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
PPoP (INR mn)	25,150	45,807	51,607	63,130	75,797
YoY (%)	24.5	82.1	12.7	22.3	20.1
NP (INR mn)	15,347	21,059	25,636	33,438	41,785
YoY (%)	7.5	37.2	21.7	30.4	25.0
EPS (INR)	22.9	28.3	34.4	44.9	56.1
YoY (%)	6.9	23.3	21.7	32.0	24.5
P/PPoP (x)	29.8	16.3	14.4	12.0	10.0
RoAE (%)	13.0	14.2	13.9	15.7	16.7
RoAA (%)	1.7	1.6	1.5	1.7	1.7
P/E (x)	43.7	35.4	29.1	22.3	17.8
P/ABV (x)	5.5	4.5	3.9	3.4	2.9

Note: Pricing as on 20 January 2026; Source: Company, Elara Securities Estimate

Rating: **Reduce**

Target Price: **INR 955**

Upside/Downside: **-5%**

CMP: **INR 1,001**

As on 20 January 2026

#### Key data

Bloomberg	AUBANK IN
Reuters Code	AUFI.NS
Shares outstanding (mn)	747
Market cap (INR bn/USD mn)	748/8,223
EV (INR bn/USD mn)	0/0
ADTV 3M (INR mn/USD mn)	2,510/28
52 week high/low	1,030/478
Free float (%)	75

Note: as on 20 January 2026; Source: Bloomberg

#### Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Promoter	22.9	22.9	22.8	22.8
% Pledge	0.0	0.0	0.0	0.0
FII	39.2	37.7	34.5	36.5
DII	27.4	28.9	31.9	31.3
Others	10.5	10.6	10.8	9.5

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(2.4)	1.1	8.1
AU Small Finance Bank	15.7	26.0	65.2
NSE Mid-cap	(2.6)	(0.9)	6.1
NSE Small-cap	(9.2)	(12.9)	(7.4)

Source: Bloomberg

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## Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Net interest income</b>	<b>51,571</b>	<b>80,116</b>	<b>90,525</b>	<b>110,979</b>	<b>133,201</b>
Fee income	11,723	14,888	18,163	22,613	27,407
Trading profits	520	2,350	5,000	5,000	5,000
Non-interest income	17,459	25,263	31,269	34,908	40,577
Net operating revenue	69,030	105,379	121,794	145,887	173,779
Operating expenses	43,880	59,572	70,188	82,757	97,982
<b>Pre-provisioning operating profit</b>	<b>25,150</b>	<b>45,807</b>	<b>51,607</b>	<b>63,130</b>	<b>75,797</b>
Total provisions	4,387	17,926	17,667	18,861	20,477
Profit before tax	20,762	27,881	33,940	44,269	55,320
Tax	4,647	6,821	8,304	10,831	13,535
Minorities/exceptionals	768	-	-	-	-
<b>Profit after tax</b>	<b>15,347</b>	<b>21,059</b>	<b>25,636</b>	<b>33,438</b>	<b>41,785</b>
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Customer loans	731,627	1,070,925	1,296,890	1,575,721	1,906,623
Investments	271,334	378,475	422,921	501,713	592,961
Cash & bank balances	63,763	94,664	75,151	91,548	111,064
Fixed assets	8,516	9,125	13,535	13,960	13,628
Other assets	19,017	25,268	27,334	29,308	35,533
<b>Total Assets</b>	<b>1,094,257</b>	<b>1,578,457</b>	<b>1,835,830</b>	<b>2,212,250</b>	<b>2,659,809</b>
Net worth	125,595	171,663	196,434	229,006	269,926
Deposits	871,821	1,242,686	1,472,582	1,796,550	2,182,809
Borrowings	54,794	116,599	124,216	138,174	151,521
Other liabilities	42,047	47,509	42,598	48,519	55,554
<b>Total Liabilities</b>	<b>1,094,257</b>	<b>1,578,457</b>	<b>1,835,830</b>	<b>2,212,250</b>	<b>2,659,809</b>
Key operating ratios (%)	FY24	FY25	FY26E	FY27E	FY28E
Lending yield	12.8	14.8	13.1	13.1	12.9
Cost of Funds	6.1	6.8	6.2	6.1	6.0
Spreads	4.7	5.5	4.9	5.1	5.1
Net interest margin	5.3	6.1	5.4	5.6	5.6
CASA Ratio	33.4	29.2	29.1	31.2	33.0
Non-interest income / operating income	25.3	24.0	25.7	23.9	23.4
Cost/income	63.6	56.5	57.6	56.7	56.4
Operating expense/avg assets	(4.5)	(4.6)	(4.2)	(4.2)	(4.1)
Credit costs / avg loans	(0.5)	(1.4)	(1.1)	(1.0)	(0.9)
Effective tax rate	22.4	24.5	24.5	24.5	24.5
Loan deposit ratio	83.9	86.2	88.1	87.7	87.3
ROA decomposition (%)	FY24	FY25	FY26E	FY27E	FY28E
NII /Assets	5.3	6.1	5.4	5.6	5.6
Fees/Assets	1.2	1.1	1.1	1.1	1.1
Invst profits/Assets	0.1	0.2	0.3	0.3	0.2
Net revenues/Assets	7.0	7.9	7.0	7.1	7.1
Opex /Assets	(4.5)	(4.6)	(4.2)	(4.2)	(4.1)
Provisions/Assets	(0.5)	(1.4)	(1.1)	(1.0)	(0.9)
Taxes/Assets	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)
Total costs/Assets	(5.4)	(6.5)	(5.8)	(5.7)	(5.5)
ROA	1.7	1.6	1.5	1.7	1.7
Equity/Assets	12.1	11.4	11.0	10.7	10.4
ROAE	13.7	14.2	13.9	15.7	16.7
Key financial ratios (%)	FY24	FY25	FY26E	FY27E	FY28E
Tier I Capital adequacy	18.8	18.0	18.2	17.6	17.2
Gross NPL	1.7	2.3	2.3	2.1	2.1
Net NPL	0.5	0.7	0.8	0.7	0.7
Slippage ratio	2.3	4.2	3.3	2.1	2.2
Per share data (INR)					
EPS	23	28	34	45	56
BVPS	188	231	264	308	363
Adj- BVPS	183	223	254	297	349
Valuation (x)					
P/BV	5.3	4.3	3.8	3.3	2.8
P/ABV	5.5	4.5	3.9	3.4	2.9
P/E	43.7	35.4	29.1	22.3	17.8

Note: Pricing as on 20 January 2026; Source: Company, Elara Securities Estimate

## Conference call highlights

- ▶ System level growth has strengthened to 14.4% YoY, driven by robust auto sales, healthy MSME demand and a pick-up in commercial and corporate activity.
- ▶ Deposits were extremely competitive in Q3 with tight liquidity.
- ▶ India enters 2026 on a stronger footing than a year ago, supported by a normal monsoon, accommodative regulatory environment, prudent fiscal discipline and policies streamlined through GST cuts, labor reforms and monetary easing. This favorable macro setup combined with low inflation augurs well for credit demand despite global uncertainties.

### Business momentum

#### Deposits

- ▶ Deposits grew 23% YoY and loan portfolio grew 19.3% YoY.
- ▶ CASA deposits grew 16% YoY and CASA ratio remained stable at 29%.
- ▶ New CASA acquisition grew 30% YoY.
- ▶ CD Ratio expanded to 89% in Q3FY26 from 87% in Q2FY26, while without refinance, it stood at 82%.

#### Assets

- ▶ AUBANK aims to grow the loan book to 2.25-2.5x of nominal GDP even in FY27.
- ▶ In the next 2-3 years, business model of the bank would continue to remain the same and so would the asset mix.
- ▶ Retail secured assets stood at INR 830bn, forming 68% of the total loan portfolio, up grew 21% YoY. AUBANK will be the main beneficiary of expanded distribution in Southern markets.
  - ▶ **Wheels business** forms ~35% of GLP at INR 430bn. This segment grew 54.5% YoY. This growth was led by GST cuts and new car sales leading to growth of 27% YoY to reach INR 437bn. AUBANK expects that growth of 25% YoY would continue in this segment.
  - ▶ **Mortgages:** This portfolio stood at INR 410bn (growing 13% YoY). AUBANK is working to increase the growth rate in this segment through distribution, expansion and improvement in productivity in the southern markets. MBL will grow 15-16% YoY in FY26 and 17-18% YoY in FY27 and in the longer run, the growth would be 20% YoY.
  - ▶ **Gold loans:** Gold loan business grew strongly by 52% YoY from a low base to reach INR 30bn. There is minimal overlap between gold loans and MFI customer base.
- ▶ **Commercial banking:** This segment forms 21% of GLP with stable asset quality. This book is largely self-funded with 8% contribution to deposits and 7% to overall CASA. The business banking segment provides a yield of 10%+.
- ▶ **Unsecured lending trends :** This segment is nearing the end of credit cycle.
  - ▶ MFI has started to turnaround by growing 2% QoQ. The SMA pool reduced to 1.9% from 2.9% in Q2FY26 and 83% of the book is covered under CGFMU scheme and by Mar '26, 95% would be covered. Green shoots are visible in this segment as collecting efficiency has improved.
  - ▶ Credit cards & personal loans declined 27% YoY and 4% QoQ. AUBANK is optimistic as credit cost continues to optimise. Expect the book to return to growth in next FY27. AUBANK endeavours to take one more year to settle down the credit card business before the segment starts growing, while PL book's share would increase in the portfolio in the next year.
- ▶ Southern markets are overcrowded as of now. AUBANK is addressing this concern it and would take 12-18months for this to settle

#### Asset quality

- ▶ Improvement in slippages was led by normalization in the unsecured businesses and seasonal recovery in secured assets.
- ▶ The decline in credit cost is due to normalization in the unsecured business, enhancing CGFMU coverage and strengthening recovery secured assets
- ▶ Management reiterated its guidance on credit cost for FY26 at 1%.
- ▶ MFI is 100% provided by 180DPD.

#### Changes in governance

- ▶ AUBANK inducted three new non-executive Independent Directors – Mr. N. S. Venkatesh, Mr. Satyajit Dwivedi and Mr. Phani Shankar

#### ▶ Succession planning

- ▶ Mr. Uttam Tibrewal, ED and Deputy CEO will continue in his capacity of Deputy CEO and remains responsible for leading key business verticals, including Retail Assets and Liabilities.
- ▶ Mr. Vivek Tripathi, Chief Credit Officer will be appointed as WTD (Executive Director) with effect from 19 April 2026 and will continue to provide enterprise-wide stewardship of AUBANK's credit architecture, unifying Credit, Policy & Underwriting, Portfolio Management, Collections, Legal, Vigilance, and Fraud Control under a single governance framework
- ▶ AUBANK received approval from the government of India to increase foreign investment limit in the paid-up capital of the bank from 49% to maximum permissible limit of 74%.

#### Cost, margins, and other highlights

- ▶ Margins expanded to 5.7% (up 25bps QoQ) led by sharp decline in COF (down by 22bps), CRR cut and lower surplus liquidity, which was partially offset by declining yield on assets.
- ▶ SA rate was cut in Oct '25 and a further rate cut was undertaken on 12 January 2026.
- ▶ Term deposit repricing would take two more quarters to reflect the entire transmission.
- ▶ Impact of Dec '25 repo rate cut will reflect in yield on assets in Q4FY26.
- ▶ AUBANK launched a new offering – Exclusive banking program for CA in partnership with ICAI, M-Circle for women.
- ▶ AUBANK added 100 new touchpoints, including 27 new deposit branches to take the total touchpoints to 2,726.
- ▶ The bank has added 66 new fully fledged liability branches this year and is on track to take new branch addition tally to 80 for the year, mostly in urban areas.
- ▶ Wealth and forex are gaining traction, with wealth management business catering to 25mn customers with an AUM of INR 19bn.
- ▶ AD-1 business continues to scale well, with steady growth in volumes and transactions.
- ▶ Opex/avg assets dropped to 4.1% YTD versus 4.4% in last year.
- ▶ Over the past eight years, AUBANK has invested 8-10% of its opex in technology.
- ▶ Opex increase was led by a rise in headcount, touchpoints, volume-led growth and labour code.
- ▶ C/I would remain in the range of 56-57% in FY27.
- ▶ Regarding capital adequacy, there was change in the calculation methodology, thus the increase in RWA is a technical adjust.
- ▶ For FY28, RoA guidance would be 1.8%.

## Exhibit 1: AUBANK reported PAT of ~INR 6.7bn (up 19% QoQ), led by better NII growth

(INR mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
NII	13,249	13,370	19,206	19,743	20,227	20,939	20,447	21,444	23,413
Other income	4,497	5,556	5,093	6,380	6,184	7,607	8,106	7,126	7,238
Net revenue	17,746	18,926	24,299	26,123	26,411	28,546	28,553	28,570	30,650
Opex	11,175	12,285	14,781	14,806	14,362	15,623	15,431	16,473	18,498
PPoP	6,571	6,642	9,517	11,317	12,049	12,923	13,122	12,097	12,153
Provisions	1,589	1,325	2,828	3,730	5,017	6,351	5,333	4,808	3,311
PAT	3,752	3,707	5,026	5,711	5,284	5,037	6,255	5,609	6,676
<b>YoY (%)</b>									
NII	14.9	10.2	54.1	58.1	52.7	56.6	6.5	8.6	15.7
Other Income	52.5	66.8	61.6	49.9	37.5	36.9	59.2	11.7	17.0
Net revenue	22.6	22.4	55.6	56.0	48.8	50.8	17.5	9.4	16.1
Opex	25.3	26.0	45.6	44.2	28.5	27.2	4.4	11.3	28.8
PPoP	18.2	16.3	74.3	74.7	83.4	94.6	37.9	6.9	0.9
Provisions	387.0	224.2	757.6	226.3	215.6	379.3	88.5	28.9	(34.0)
PAT	(4.5)	(12.7)	29.9	42.1	40.8	35.9	24.5	(1.8)	26.3
<b>QoQ (%)</b>									
NII	6.1	0.9	43.6	2.8	2.5	3.5	(2.4)	4.9	9.2
Other Income	5.7	23.6	(8.3)	25.3	(3.1)	23.0	6.6	(12.1)	1.6
Net revenue	6.0	6.7	28.4	7.5	1.1	8.1	0.0	0.1	7.3
Opex	8.8	9.9	20.3	0.2	(3.0)	8.8	(1.2)	6.8	12.3
PPoP	1.4	1.1	43.3	18.9	6.5	7.2	1.5	(7.8)	0.5
Provisions	39.0	(16.6)	113.5	31.9	34.5	26.6	(16.0)	(9.8)	(31.1)
PAT	(6.6)	(1.2)	35.6	13.6	(7.5)	(4.7)	24.2	(10.3)	19.0

Source: Company, Elara Securities Research

## Exhibit 2: Commercial banking and retail secured assets led loan momentum

Particulars (INR mn)	INR mn			Growth		% Share		
	Q3FY26	Q2FY26	Q3FY25	YoY (%)	QoQ (%)	Q3FY26	Q2FY26	Q3FY25
Retail Assets	972,090	921,000	838,710	15.9	5.5	74.8	75.0	77.0
<b>Secured</b>	877,730	827,350	725,340	21.0	6.1	67.6	67.3	66.6
Wheels	437,000	406,000	343,000	27.4	7.6	33.6	33.0	31.5
Mortgage Backed Loans	411,000	398,000	362,000	13.5	3.3	31.6	32.4	33.2
MBL	334,000	322,000	290,000	15.2	3.7	25.7	26.2	26.6
HL	77,000	76,000	72,000	6.9	1.3	5.9	6.2	6.6
Gold loans	30,000	23,000	20,000	50.0	30.4	2.3	1.9	1.8
<b>Unsecured loans</b>	94,360	93,650	113,370	(16.8)	0.8	7.3	7.6	10.4
MFI	66,060	64,580	74,260	(11.0)	2.3	5.1	5.3	6.8
Credit Cards	22,000	22,580	29,850	(26.3)	(2.6)	1.7	1.8	2.7
Personal loans	6,300	6,490	9,260	(32.0)	(2.9)	0.5	0.5	0.9
<b>Commercial banking</b>	277,430	254,460	221,080	25.5	9.0	21.4	20.7	20.3
Business Banking	111,000	103,000	89,000	24.7	7.8	8.5	8.4	8.2
Agri Banking	77,000	73,000	66,000	16.7	5.5	5.9	5.9	6.1
EEFI	56,000	49,000	43,000	30.2	14.3	4.3	4.0	3.9
REG	42,000	38,000	26,000	61.5	10.5	3.2	3.1	2.4
<b>Others</b>	49,400	53,310	29,420	67.9	(7.3)	3.8	4.3	2.7
<b>Gross advances</b>	1,298,920	1,228,770	1,089,210	19.3	5.7	100.0	100.0	100.0

Source: Company, Elara Securities Research

## Exhibit 3: Deposits grew by 23.3% YoY and 4.5% QoQ; CASA ratio declined by ~50bps to 28.9%

(In mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Deposits	801,200	871,821	972,900	1,096,931	1,122,600	1,242,685	1,276,960	1,325,092	1,384,150
-YoY (%)	31.1	25.7	40.4	44.8	40.1	42.5	31.3	20.8	23.3
-QoQ (%)	5.8	8.8	11.6	12.7	2.3	10.7	2.8	3.8	4.5
CA	38,310	53,380	47,360	59,810	56,440	69,970	63,000	76,000	74,000
-YoY (%)	35.9	45.1	46.2	29.0	47.3	31.1	33.0	27.1	31.1
-QoQ (%)	(17.4)	39.3	(11.3)	26.3	(5.6)	24.0	(10.0)	20.6	(2.6)
SA	226,150	237,880	272,990	295,400	287,580	292,560	309,000	314,000	325,400
-YoY (%)	10	4	30	40	27	23	13	6	13
-QoQ (%)	7.5	5.2	14.8	8.2	(2.6)	1.7	5.6	1.6	3.6
CASA ratio	33.0	33.4	32.9	32.4	30.6	29.2	29.2	29.4	28.9

Source: Company, Elara Securities Research

## Exhibit 4: NIM improved ~25bps QoQ, led by improvement in cost of funds

(%) - Reported	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Yield on advances	13.20	13.20	14.40	14.40	14.40	14.40	14.10	13.90	13.80
Cost of funds	6.90	7.00	7.00	7.00	7.00	7.10	7.08	6.80	6.61
Spreads	6.30	6.20	7.40	7.40	7.40	7.30	7.02	7.10	7.19
NIM	5.50	5.10	6.00	6.10	5.90	5.80	5.40	5.50	5.70

Source: Company, Elara Securities Research

## Exhibit 5: Slippages moderated with improvement in collections; credit cost declined sharply

INR mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Opening GNPA	12,450	13,400	14,370	16,130	19,020	23,360	24,780	27,520	28,360
Additions	4,030	2,960	5,430	7,360	9,560	8,940	10,270	9,080	7,910
Reductions	3,080	3,990	3,670	4,470	5,220	7,520	7,530	8,240	7,460
Closing GNPA	13,400	12,370	16,130	19,020	23,360	24,780	27,520	28,360	28,810
GNPL (%)	2.0	1.7	1.8	2.0	2.3	2.3	2.5	2.4	2.3
NNPL (%)	0.7	0.6	0.6	0.8	0.9	0.7	0.9	0.9	0.9
PCR (%)	66.0	67.6	65.1	62.8	61.2	68.1	64.7	64.2	62.1
Slippages as % of lagged loans	2.5	1.8	2.9	3.0	4.0	3.5	3.8	3.3	2.7
Credit cost (%)	1.0	0.8	1.5	1.7	2.1	2.6	2.0	1.8	1.1

Source: Company, Elara Securities Research

## Exhibit 6: Coverage on stress loans at ~58%

INR mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
GNPA	13,397	12,374	16,132	19,017	23,355	24,770	27,513	28,353	28,805
Restructured loans	5,332	4,931	4,314	4,201	3,268	3,471	3,529	2,458	2,598
<b>Total stress book (INR mn)</b>	<b>18,729</b>	<b>17,305</b>	<b>20,446</b>	<b>23,218</b>	<b>26,623</b>	<b>28,241</b>	<b>31,042</b>	<b>30,811</b>	<b>31,403</b>
GNPA (%)	2.0	1.7	1.8	2.0	2.3	2.3	2.5	2.4	2.3
Restructured loans (%)	0.7	0.6	0.4	0.4	0.3	0.3	0.3	0.2	0.2
<b>Total stress book (%)</b>	<b>2.7</b>	<b>2.3</b>	<b>2.2</b>	<b>2.4</b>	<b>2.6</b>	<b>2.6</b>	<b>2.8</b>	<b>2.6</b>	<b>2.5</b>
<b>Provisions (INR mn)</b>									
Std. restructuring provision	4,680	700	640	600	550	510	470	430	410
NPA provision	13,400	7,950	10,100	11,540	13,890	16,450	17,390	17,790	17,480
Contingency provision	0	0	170	170	170	170	170	170	170
Floating Provisions	0	410	410	410	410	410	410	410	410
Standard Assets	0	2,380	2,910	3,100	3,210	3,490	3,580	3,770	4,070
<b>Total Provisions</b>	<b>18,080</b>	<b>11,440</b>	<b>14,230</b>	<b>15,820</b>	<b>18,230</b>	<b>21,030</b>	<b>22,020</b>	<b>22,570</b>	<b>22,540</b>
<b>Coverage on stress loans (%)</b>	<b>96.5</b>	<b>50.0</b>	<b>53.4</b>	<b>53.0</b>	<b>54.9</b>	<b>60.7</b>	<b>58.1</b>	<b>59.7</b>	<b>57.5</b>

Source: Company, Elara Securities Research

**Exhibit 7: Q3FY26 results highlights**

INR mn	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Interest income	47,275	41,135	14.9	45,113	4.8
Interest expenses	23,862	20,908	14.1	23,669	0.8
Net interest income	23,413	20,227	15.7	21,444	9.2
Other income	7,238	6,184	17.0	7,126	1.6
Operating expenses	18,498	14,362	28.8	16,473	12.3
Staff expense	10,190	7,547	35.0	9,187	10.9
Other opex	8,307	6,815	21.9	7,286	14.0
Pre prov op profit (PPP)	12,153	12,049	0.9	12,097	0.5
Provisions	3,311	5,017	(34.0)	4,808	(31.1)
Profit before tax	8,842	7,032	25.7	7,289	21.3
Provision for tax	2,165	1,748	23.9	1,680	28.9
Profit after tax	6,676	5,284	26.3	5,609	19.0
EPS (INR)	8.9	8.9	8.9	8.9	8.9
<b>Ratios (%)</b>					
NII / GII	76.4	76.6		75.1	
Cost - income	8.9	7.1		7.5	
Provisions / PPOP	27.2	41.6		39.7	
Tax rate	0.1	0.1		0.1	
<b>Balance sheet</b>					
Advances	1,234	996	24.0	1,157	6.7
Deposits	1,384	1,123	23.3	1,325	4.5
CD ratio (%)	89.2	88.7		87.3	
<b>Asset quality</b>					
Gross NPA	28,805	23,355	23	28,353	2
Gross NPAs (%)	2.3	2.3	-1bps	2.4	-11bps
Net NPA	10,915	9,056	21	10,157	7
Net NPA(%)	0.9	0.9	-3bps	0.9	0bps
Provision coverage (%)	62.1	61.2	88bps	64.2	-207bps

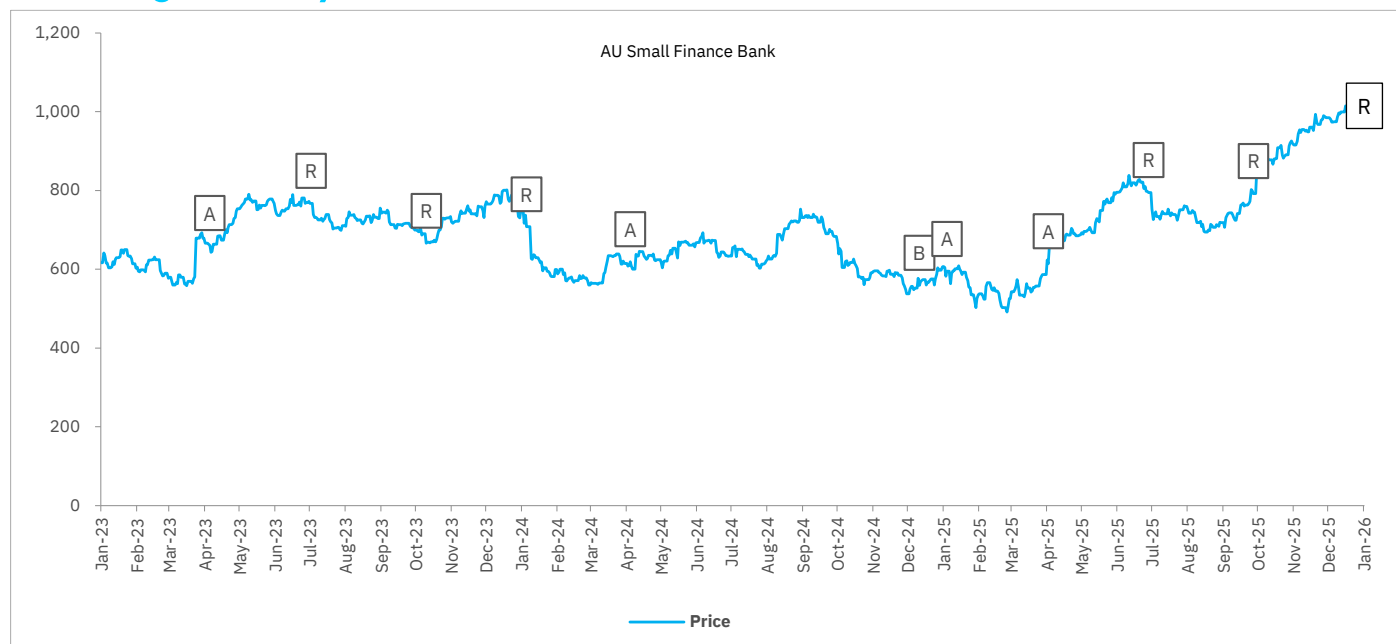
Source: Company, Elara Securities Research

**Exhibit 8: Change in estimates**

INR mn	Revised estimates			Old estimates			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net interest income	90,525	110,979	133,201	89,618	111,834	134,162	1.0	(0.8)	(0.7)
Operating profit	51,607	63,130	75,797	52,130	62,320	74,609	(1.0)	1.3	1.6
Net profit	25,636	33,438	41,785	25,623	33,817	42,088	0.0	(1.1)	(0.7)
<b>TP (INR)</b>	<b>955</b>			<b>786</b>			<b>21</b>		

Source: Elara Securities Estimate

## Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
25-Apr-2023	Accumulate	695	660
22-Jul-2023	Reduce	730	767
30-Oct-2023	Reduce	645	666
25-Jan-2024	Reduce	680	708
24-Apr-2024	Accumulate	680	619
31-Dec-2024	Buy	650	559
24-Jan-2025	Accumulate	650	595
22-Apr-2025	Accumulate	680	614
18-Jul-2025	Reduce	756	795
17-Oct-2025	Reduce	786	792
20-Jan-2026	Reduce	955	1001

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<b>ACCUMULATE (A)</b>	Absolute Return +5% to +20%
<b>REDUCE (R)</b>	Absolute Return -5% to +5%
<b>SELL (S)</b>	Absolute Return < -5%

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