REDUCE AU Small Finance Bank

Strong 3Q; watch on cost and valuations

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BFSI - Banks ▸ Result Update ▸ **January 21, 2026** | **CMP (Rs): 1,001 | TP (Rs): 875**

After a soft Q2, AU SFB bounced back in Q3 and reported nearly in-line PAT at Rs6.7bn/1.6% RoA. This was mainly due to better growth/margin and lower provisions, partly offset by higher opex (C/I ratio at a high of 60%), as it transitions toward becoming a retail-heavy Universal Bank. Overall asset quality is trending well, with GNPA ratio steadily moderating to 2.3%, benefiting from contained slippage and strong credit growth. However, specific PCR has now slipped to a low of 62% to support profitability, which is slightly disappointing, more so in view of the ensuing ECL implementation in AU. We largely retain our earnings estimates for FY26-28E, with our RoA assumptions steadily improving to 1.5-1.7%, but managing operational cost will be key to sustaining the momentum. We retain REDUCE and TP of Rs875, as current valuations (3.4x/2.9x FY27E/FY28E ABV) are running ahead of fundamentals.

Growth improves and so does margin

AU SFB has accelerated its credit growth to 24% YoY (AUM growth at 19% YoY from 17% in 2Q) with meaningful contribution from the wheels segment, in turn benefiting from the recent GST rate cut. Though overall unsecured loan growth remains subdued, MFI portfolio has started to turn the corner. However, deposit growth lagged and, thus, LDR expanded to a high of 89%. Moreover, CASA growth remains relatively moderate; hence, the bank remains heavily dependent on bulk TD growth to fund its credit quest. However, it managed to report 20bps QoQ improvement in NIM on the back of the reduction in CoF, benefiting from SA rate and CRR cut. The management expects margin trajectory to improve in the medium term, but for a potential rate cut in Q4.

Unsecured loan stress eases a bit; specific PCR slips further

Fresh slippage moderated to Rs7.9bn/3.2% of loans, given the easing stress in unsecured loans and seasonal recovery in secured assets. Within unsecured retail loans, the management indicates that incremental stress in the MFI portfolio is easing and thus should further drive down slippage. However, overall specific PCR slipped further to a low of 62%, which is slightly disappointing. The management claims that rising CGFMU cover in the inclusive banking segment provides comfort on trimming the specific PCR – we believe this may not be the right approach given the track record of claims with CGFMU.

We retain REDUCE with unchanged TP of Rs875

We believe the bank's plan to transition toward secured loans and elevated operational cost in the run up to its transition into a Universal Bank could limit RoA to 1.5-1.7% over FY26-28E, while valuations are running ahead of fundamentals. Thus, we retain REDUCE with unchanged TP of Rs875, based on 2.5x Dec-27E ABV. Key risks to our rating/estimates: faster-than-expected growth and margin/asset quality turnaround, coupled with lower operational burn in its transition into a Universal Bank.

AU Small Finance Bank: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net profit	15,347	21,059	25,690	34,156	45,319
Loan growth (%)	25.2	53.3	21.0	25.0	25.0
NII growth (%)	16.5	55.4	12.3	25.2	25.0
NIM (%)	5.3	6.2	5.3	5.5	5.5
PPOP growth (%)	20.7	87.9	11.9	27.4	28.2
Adj. EPS (Rs)	22.9	28.3	34.4	45.7	60.7
Adj. EPS growth (%)	7.1	23.3	21.6	33.0	32.7
Adj. BV (INR)	183.2	222.6	250.6	293.1	349.6
Adj. BVPS growth (%)	13.5	21.5	12.6	17.0	19.3
RoA (%)	1.5	1.6	1.5	1.6	1.7
RoE (%)	12.7	13.8	13.6	15.7	17.7
P/E (x)	43.7	35.4	29.1	21.9	16.5
P/ABV (x)	5.5	4.5	4.0	3.4	2.9

Source: Company, Emkay Research

Target Price – 12M	Sep-26
Change in TP (%)	-
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(12.6)

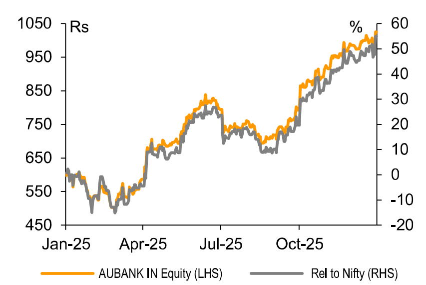
Stock Data	AUBANK IN
52-week High (Rs)	1,030
52-week Low (Rs)	478
Shares outstanding (mn)	747.2
Market-cap (Rs bn)	748
Market-cap (USD mn)	8,223
Net-debt, FY26E (Rs mn)	NA
ADTV-3M (mn shares)	2.8
ADTV-3M (Rs mn)	2,509.6
ADTV-3M (USD mn)	27.6
Free float (%)	75.2
Nifty-50	25,232.5
INR/USD	91.0

Shareholding,Dec-25	
Promoters (%)	22.8
FPIs/MFs (%)	36.5/31.3

Price Performance

(%)	1M	3M	12M
Absolute	1.6	15.7	65.2
Rel. to Nifty	4.6	18.5	52.9

1-Year share price trend (Rs)



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Key concall takeaways

Advances

- Growth in the secured retail segment is being driven by enhanced distribution, market expansion, and improved productivity in southern markets, making this segment the key beneficiary of the bank's expanded presence in the region.
- The digital unsecured portfolio, including credit cards and personal loans, declined 27% YoY, but new card issuance strengthened to 48,000 in Q3 vs 27,000 in Q2, and growth is expected to resume next year.
- MFI portfolio has stabilized and even shown marginal growth, marking the first month without degrowth. With strong recovery, branch coverage, and guarantee frameworks in place, the segment is expected to perform better next year.
- The credit card business will take another year to stabilize fully, as the management aims to avoid past mistakes and ensure a solid foundation before scaling.
- The bank aims to maintain a loan-to-nominal GDP ratio of 2.25–2.5x, translating to overall loan growth of around 20–22% this year, supported by scale and favorable market conditions, with similar growth expected next year.
- The MBL mortgage business, including micro and affordable housing loans, is expected to grow ~15–16% this year, with a target of 17–18% next year, supported by southern markets, existing branches, and new product lines, with long-term growth potential of around 20%.
- The bank plans to scale its existing segments—vehicle finance, mortgage, gold loans, and commercial banking—pan-India, without fundamental changes to the business model over the next 3–5 years.
- The asset mix is expected to be largely unchanged, with 67% in retail secured, Wheels continuing to grow at ~27%, and gold loans expanding from a low base with ~16% yields. MFI degrowth will slow, but overall, the business model, segments, and geographies will remain consistent over the next 2–3 years.
- The bank is seeing a sustainable rise in its low-cost granular deposits, with new CASA account acquisition up 30% YoY over 9M and crossing 100k per month in Dec-25, helping reduce cost of funds driven by TD repricing and October savings rate cuts. Ongoing term deposit repricing drove the deposit changes, with full repricing expected to take 12–18 months.
- The bank's margins are largely stable, supported by a 70% fixed-rate book, with limited impact expected from recent rate cuts; yields are being maintained across vehicle financing, gold loans, and other key businesses, while MFI and commercial banking growth will influence overall mix.
- Margin expansion was driven by a decline in cost of funds, benefits from the CRR cut, and lower surplus liquidity due to strong loan growth, while asset yields have moderated.
- Key factors impacting future margins include ongoing repricing of the term deposit book (expected to continue into Q1 FY27), incomplete transmission of recent rate cuts on deposits, and the effect of the latest repo cut on the variable asset book (~30% of loans), with mix improvements in MFI and credit cards likely to support margins further.
- The Dec-25 rate cut will be transmitted gradually over four months, with December being the first month, and the remaining impact reflected in Q4 as three months fall in the next quarter.

Asset quality

- Secured retail assets typically see seasonal improvement in H2, with Q3 benefiting from the festive season through higher collection efficiency and NPA reversals, a trend expected to continue in Q4.

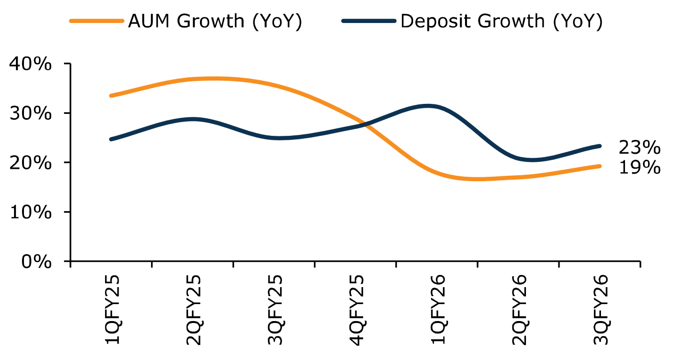
- Credit card slippages and credit costs have peaked and are now near normalization, with microfinance and credit card portfolios expected to be stable in the coming quarters.
- Collection efficiencies in microfinance continue to improve, with Dec-25 exit correction efficiency at 99.5% and the SMA pool reducing from 2.9% to 1.9%. Coverage under the CGFMU Guarantee Scheme now protects ~83% of the portfolio, supporting confidence in achieving FY26 credit cost at around 1%.
- The full-year credit cost guidance remains at 100bps of average assets.

Other highlights

- Governance was strengthened with the appointment of three new independent directors. The bank also received approval to raise the foreign investment limit from 49% to 74%, supporting long-term capital and growth plans.
- The management's guidance remains for the C/I to stay below 60%. The bank aims to maintain it at around 56–57% next year, despite additional staffing for retail expansion and new products.
- The key drivers for C/I are a 20% QoQ rise in disbursements, business volumes, and credit card issuances, along with increased headcount and expanded touchpoints. Furthermore, the bank increased expenses to expand distribution, double Wheels penetration, hire sales and collection staff, open 80 new branches, and boost sales intensity in existing branches. Additionally, seasonal promotion costs contributed to higher expenses this quarter.
- AU SFB continues to invest 8–10% of opex annually in technology.
- The bank can sustainably deliver an ROA of 1.8%, but as it is only 35 quarters in, it will take a few more quarters to complete initial investments and scale the franchise. For FY27, the bank continues to target 1.8% ROA.

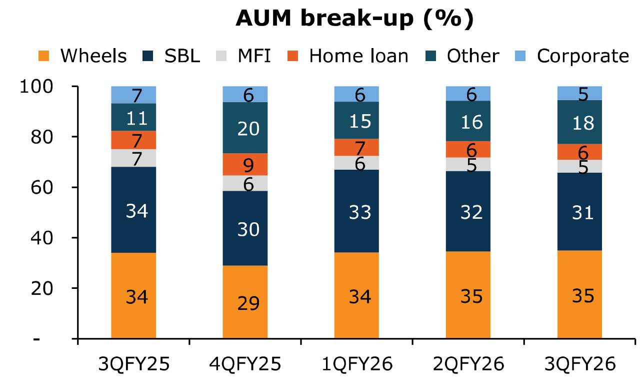
Story in charts

Exhibit 1: AUM growth accelerated, with meaningful contribution coming in from the wheels segment; Deposit growth remained healthy, mainly due to sharp growth in TDs



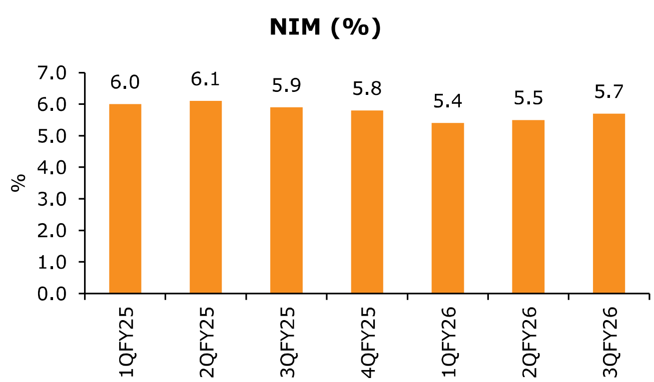
Source: Company, Emkay Research; Note: The figures are adjusted for the Fincare merger impact

Exhibit 2: The AUM mix remains dominated by retail secured assets; IF (inclusive finance) share is now lower, at ~5%



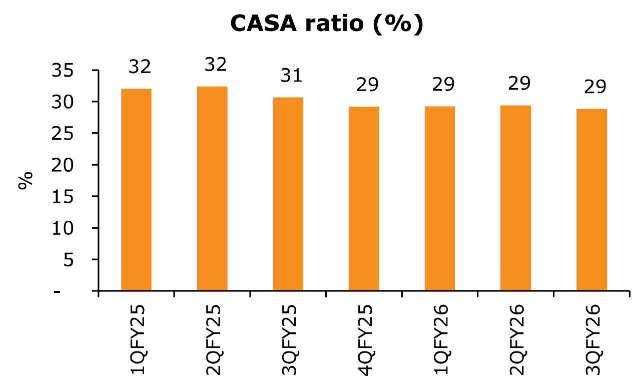
Source: Company, Emkay Research; Note: The bank has revised its AUM mix as of Q1FY25

Exhibit 3: Margin expansion was driven by a decline in cost of funds, benefits from the CRR cut, and lower surplus liquidity due to strong loan growth



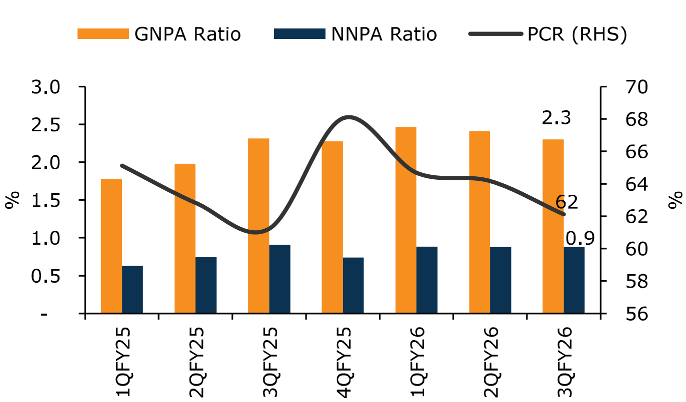
Source: Company, Emkay Research; Note: The numbers here reflect the Fincare merger impact from Q1FY25

Exhibit 4: CASA ratio stable QoQ



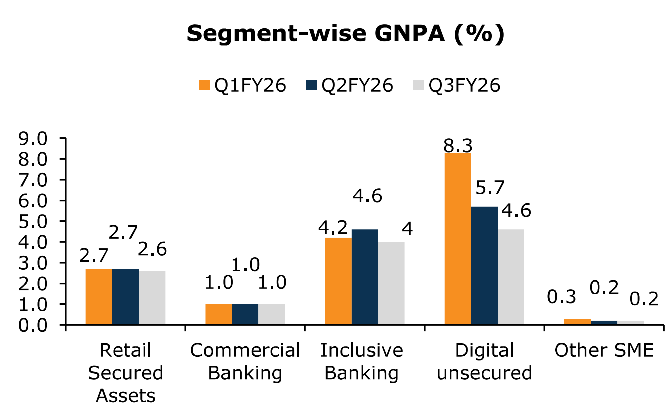
Source: Company, Emkay Research; Note: The numbers here reflect the Fincare merger impact Q1FY25 onward

Exhibit 5: Headline asset quality with GNPA ratio down by 11bps QoQ mainly due to contained slippages…



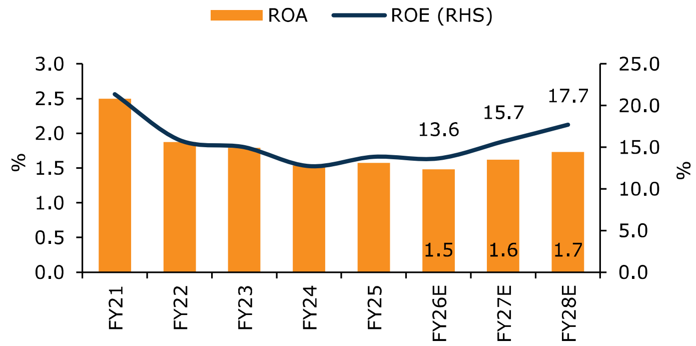
Source: Company, Emkay Research

Exhibit 6: … as stress in unsecured loans including Cards & MFI eases



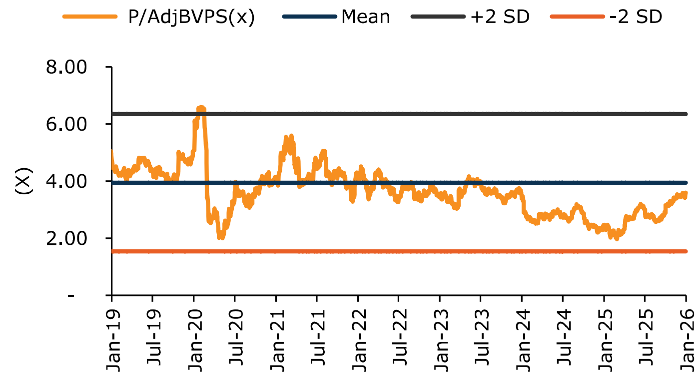
Source: Company, Emkay Research

Exhibit 7: The bank's shift to secured loans and higher operational costs during its Universal Bank transition may cap RoA at 1.5-1.7% over FY26–28E



Source: Company, Emkay Research

Exhibit 8: The stock trades near its mean valuation



Source: Company, Emkay Research

Exhibit 9: Actuals vs Estimates (Q3FY26)

(Rs mn)	Actuals	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	30,651	30,619	26,929	0%	14%	Lower other income led to an in-line print.
PPOP	12,153	13,416	12,073	-9%	1%	Flat net income and higher opex led to a miss.
PAT	6,677	6,537	5,285	2%	26%	Lower PPoP partly offset by lower provisions led to a miss.

Source: Emkay Research

Exhibit 10: Quarterly summary

(Rs mn)	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	YoY (%)	QoQ (%)	FY25	FY26E	YoY (%)
Interest Earned	41,135	42,706	43,784	45,113	47,275	15	5	160,637	187,181	17
Interest Expenses	20,908	21,767	23,338	23,669	23,862	14	1	80,521	97,196	21
Net Interest Income	20,227	20,939	20,447	21,444	23,413	16	9	80,116	89,985	12
Global NIMs (reported)	5.9	5.8	5.4	5.5	5.7	-20bps	20bps	6.2	5.3	-83bps
Non-interest Income	6,184	7,607	8,106	7,126	7,238	17	2	25,263	30,137	19
Operating Expenses	14,362	15,623	15,431	16,473	18,498	29	12	59,572	68,857	16
Pre-Provisioning Profit	12,049	12,923	13,122	12,097	12,153	1	0	45,806	51,265	12
Provision & Contingencies	5,017	6,351	5,333	4,808	3,311	-34	-31	17,926	17,149	-4
PBT	7,032	6,571	7,789	7,289	8,842	26	21	27,880	34,116	22
Income Tax Expense (Gain)	1,748	1,535	1,980	1,680	2,165	24	29	6,821	8,427	24
Net Profit/(Loss)	5,284	5,037	5,809	5,609	6,677	26	19	21,059	25,690	22
Gross NPA (%)	2.31	2.28	2.47	2.41	2.30	-1bps	-11bps	2.28	2.16	-11bps
Net NPA (%)	0.91	0.74	0.88	0.88	0.88	-3bps	0bps	0.74	0.88	14bps
Deposits (Rs bn)	1,123	1,243	1,277	1,325	1,384	23	4	1,243	1,506	21
Net Advances (Rs bn)	996	1,071	1,098	1,157	1,234	24	7	1,071	1,333	24

Source: Company, Emkay Research

Exhibit 11: Revision in estimates

Y/E Mar (Rs mn)	FY26E			FY27E			FY28E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Net income	120,416	120,122	-0.2%	148,495	148,497	0.0%	183,281	183,682	0.2%
PPOP	52,902	51,265	-3.1%	67,058	65,332	-2.6%	85,407	83,759	-1.9%
PAT	25,673	25,690	0.1%	34,083	34,156	0.2%	45,322	45,319	0.0%
EPS (Rs)	34.4	34.4	-0.1%	45.7	45.7	0.1%	60.7	60.7	-0.2%
BV (Rs)	262.6	262.3	-0.1%	305.3	305.0	-0.1%	362.0	361.6	-0.1%

Source: Emkay Research

Exhibit 12: Key assumptions

(%)	FY25	FY26E	FY27E	FY28E
AUM Growth	53.3	21.0	25.0	25.0
Deposit Growth	40.4	21.2	25.3	26.0
NIM	6.2	5.3	5.5	5.5
GNPA	2.3	2.2	2.0	1.9
Credit Cost	1.9	1.4	1.3	1.3

Source: Emkay Research

Exhibit 13: Key ratios and trends

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Loans (Rs mn)	**780,387**	**855,207**	**896,520**	**948,382**	**995,590**	**1,070,925**	**1,098,340**	**1,157,050**	**1,234,200**
Growth YoY (%)	23.0	27.4	23.4	*27.1*	27.6	*25.2*	*22.5*	*22.0*	*24.0*
Growth QoQ (%)	4.6	9.6	4.8	*5.8*	5.0	*7.6*	*2.6*	*5.3*	*6.7*
Composition (%)									
Corporate	24	24	19	20	21	21	21	21	22
Retail and Treasury	76	76	81	80	79	79	79	79	78
Liability Profile									
Deposits (Rs mn)	**898,540**	**977,031**	**972,900**	**1,096,931**	**1,122,600**	**1,242,685**	**1,276,960**	**1,325,092**	**1,384,150**
Growth YoY (%)	31.3	26.2	24.6	*28.8*	24.9	*27.2*	*31.3*	*20.8*	*23.3*
Growth QoQ (%)	5.5	8.7	(0.4)	12.7	2.3	10.7	*2.8*	*3.8*	*4.5*
CASA (%)	29.4	29.8	32.0	32.4	30.6	29.2	29.2	29.4	28.9
CA (%)	4.5	4.1	4.2	5.5	4.9	5.6	5.0	5.7	5.3
SA (%)	25.0	25.7	27.9	26.9	25.7	23.5	24.3	23.7	23.5
No of Branches	1,049	1,133	2,414	2,408	2,400	2,456	2,505	2,626	2,726
NIM (%)	5.5	5.1	6.0	6.1	5.9	5.8	5.4	5.5	5.7
Asset Quality									
GNPA (%)	2.0	1.7	1.8	2.0	2.3	2.3	2.5	2.4	2.3
NNPA (%)	0.7	0.5	0.6	0.7	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 (Rs mn)	4,030	2,960	5,430	7,360	9,560	8,940	10,270	9,080	7,910
Slippages – Annualized (%)	2.5	1.8	3.0	3.9	4.9	4.2	4.6	3.8	3.2
CAR (%)	**20.8**	**20.1**	**20.1**	**18.5**	**18.0**	**20.1**	**19.4**	**18.8**	**19.0**
Tier I (%)	**19.1**	**18.8**	**18.9**	**17.4**	**16.9**	**18.1**	**17.5**	**16.9**	**17.1**
ROE Tree									
NII (%)	5.4	5.1	6.5	6.0	5.7	5.6	5.1	5.3	5.5
Other Income (Ex-Treasury; %)	1.8	2.1	1.8	1.7	1.6	1.8	1.3	1.6	1.6
Opex (%)	4.5	4.7	5.0	4.5	4.1	4.2	3.9	4.0	4.4
PPOP (%)	2.7	2.5	3.4	3.4	3.4	3.4	3.3	3.0	2.9
Provisioning Cost (%)	0.6	0.5	1.1	1.1	1.4	1.7	1.3	1.2	0.8
PBT (%)	2.0	2.0	2.3	2.3	2.0	1.7	2.0	1.8	2.1
Tax (%)	0.5	0.3	0.6	0.6	0.5	0.4	0.5	0.4	0.5
ROA (%)	**1.5**	**1.4**	**1.7**	**1.7**	**1.5**	**1.3**	**1.5**	**1.4**	**1.6**
ROE (%)	**12.5**	**12.0**	**14.3**	**14.5**	**13.0**	**11.9**	**13.3**	**12.4**	**14.3**

Source: Company, Emkay Research; Note: Advances and Deposit figures for the past years are adjusted for the merger impact

AU Small Finance Bank: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	105,547	160,637	187,181	223,522	269,108
Interest Expense	53,976	80,521	97,196	110,822	128,246
Net interest income	**51,571**	**80,116**	**89,985**	**112,700**	**140,862**
NII growth (%)	16.5	55.4	12.3	25.2	25.0
Other income	17,458	25,263	30,137	35,797	42,820
Total Income	**69,029**	**105,379**	**120,122**	**148,497**	**183,682**
Operating expenses	44,647	59,572	68,857	83,165	99,924
PPOP	**24,382**	**45,806**	**51,265**	**65,332**	**83,759**
PPOP growth (%)	20.7	87.9	11.9	27.4	28.2
Core PPOP	**23,864**	**43,456**	**46,800**	**61,090**	**80,153**
Provisions & contingencies	4,388	17,926	17,149	19,669	23,172
PBT	**19,994**	**27,880**	**34,116**	**45,663**	**60,586**
Extraordinary items	0	0	0	0	0
Tax expense	4,647	6,821	8,427	11,507	15,268
Minority interest	0	0	0	0	0
Income from JV/Associates	-	-	-	-	-
Reported PAT	**15,347**	**21,059**	**25,690**	**34,156**	**45,319**
PAT growth (%)	7.5	37.2	22.0	33.0	32.7
Adjusted PAT	**15,347**	**21,059**	**25,690**	**34,156**	**45,319**
Diluted EPS (Rs)	**22.9**	**28.3**	**34.4**	**45.7**	**60.7**
Diluted EPS growth (%)	7.1	23.3	21.6	33.0	32.7
DPS (Rs)	**1.0**	**2.0**	**2.5**	**3.0**	**4.0**
Dividend payout (%)	**4.4**	**7.1**	**7.3**	**6.6**	**6.6**
Effective tax rate (%)	23.2	24.5	24.7	25.2	25.2
Net interest margins (%)	5.3	6.2	5.3	5.5	5.5
Cost-income ratio (%)	64.7	56.5	57.3	56.0	54.4
Shares outstanding (mn)	669.2	744.5	747.2	747.2	747.2

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	6,692	7,445	7,472	7,472	7,472
Reserves & surplus	118,903	164,218	188,497	220,411	262,741
Net worth	**125,595**	**171,663**	**195,969**	**227,883**	**270,213**
Deposits	871,821	1,242,685	1,506,498	1,887,495	2,378,235
Borrowings	54,794	116,599	123,141	120,576	118,781
Interest bearing liab.	**926,615**	**1,359,284**	**1,629,639**	**2,008,071**	**2,497,016**
Other liabilities & prov.	42,046	47,509	63,273	97,712	132,380
Total liabilities & equity	**1,094,256**	**1,578,457**	**1,888,881**	**2,333,666**	**2,899,609**
Net advances	731,627	1,070,925	1,332,818	1,662,522	2,078,152
Investments	271,334	378,475	435,276	525,261	640,548
Cash, other balances	63,763	94,664	81,482	100,404	124,851
Interest earning assets	**1,066,723**	**1,544,064**	**1,849,576**	**2,288,186**	**2,843,551**
Fixed assets	8,516	9,125	12,921	16,657	21,388
Other assets	19,017	25,268	26,384	28,823	34,669
Total assets	**1,094,256**	**1,578,457**	**1,888,881**	**2,333,666**	**2,899,609**
BVPS (Rs)	187.7	230.6	262.3	305.0	361.6
Adj. BVPS (INR)	183.2	222.6	250.6	293.1	349.6
Gross advances	665,575	913,882	1,219,068	1,517,454	1,895,397
Credit to deposit (%)	83.9	86.2	88.5	88.1	87.4
CASA ratio (%)	34.4	29.2	28.1	28.3	29.4
Cost of deposits (%)	6.3	6.8	6.2	5.9	5.5
Loans-to-Assets (%)	66.9	67.8	70.6	71.2	71.7
Net advances growth (%)	25.2	53.3	21.0	25.0	25.0
Deposit growth (%)	27.6	40.4	21.2	25.3	26.0
Book value growth (%)	14.0	22.8	13.8	16.3	18.6

Source: Company, Emkay Research

Asset quality and other metrics

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Asset quality					
Gross NPLs	12,363	24,770	29,229	33,893	40,128
Net NPLs	4,006	7,913	11,692	11,863	12,038
GNPA ratio (%)	1.7	2.3	2.2	2.0	1.9
NNPA ratio (%)	0.5	0.7	0.9	0.7	0.6
Provision coverage (%)	67.6	68.1	60.0	65.0	70.0
Gross slippages	13,650	31,290	34,300	35,875	41,563
Gross slippage ratio (%)	1.8	2.7	2.5	2.1	1.9
LLP ratio (%)	0.8	1.9	1.4	1.3	1.3
NNPA to networth (%)	3.1	4.5	5.8	5.1	4.3
Capital adequacy					
Total CAR (%)	20.4	20.1	19.9	18.8	18.0
Tier-1 (%)	19.1	18.1	18.5	17.5	16.7
CET-1 (%)	19.1	18.1	18.5	17.5	16.7
RWA-to-Total Assets (%)	58.5	55.0	55.0	55.0	55.0
Miscellaneous					
Total income growth (%)	33.1	51.1	16.9	19.3	20.3
Opex growth (%)	29.8	33.4	15.6	20.8	20.2
Core PPOP growth (%)	15.6	82.1	7.7	30.5	31.2
PPOP margin (%)	19.8	24.6	23.6	25.2	26.9
PAT/PPOP (%)	62.9	46.0	50.1	52.3	54.1
LLP-to-Core PPOP (%)	18.4	41.3	36.6	32.2	28.9
Yield on advances (%)	13.0	14.4	12.5	12.3	11.9
Cost of funds (%)	6.5	7.0	6.5	6.1	5.7

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	43.7	35.4	29.1	21.9	16.5
P/B (x)	5.3	4.3	3.8	3.3	2.8
P/ABV (x)	5.5	4.5	4.0	3.4	2.9
P/PPOP (x)	30.7	16.3	14.6	11.5	8.9
Dividend yield (%)	0.1	0.2	0.2	0.3	0.4
DuPont-RoE split (%)					
NII/avg assets	5.2	6.0	5.2	5.3	5.4
Other income	1.7	1.9	1.7	1.7	1.6
Fee income	1.7	1.7	1.5	1.5	1.5
Opex	4.5	4.5	4.0	3.9	3.8
PPOP	**2.4**	**3.4**	**3.0**	**3.1**	**3.2**
Core PPOP	2.4	3.3	2.7	2.9	3.1
Provisions	0.4	1.3	1.0	0.9	0.9
Tax expense	0.5	0.5	0.5	0.5	0.6
RoA (%)	**1.5**	**1.6**	**1.5**	**1.6**	**1.7**
Leverage ratio (x)	8.3	8.8	9.2	9.7	10.5
RoE (%)	**12.7**	**13.8**	**13.6**	**15.7**	**17.7**

Quarterly data

Rs mn	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
NII	20,227	20,939	20,447	21,444	23,413
NIM (%)	5.9	5.8	5.4	5.5	5.7
PPOP	12,049	12,923	13,122	12,097	12,153
PAT	5,284	5,037	5,809	5,609	6,677
EPS (Rs)	7.1	6.8	7.8	7.5	9.0

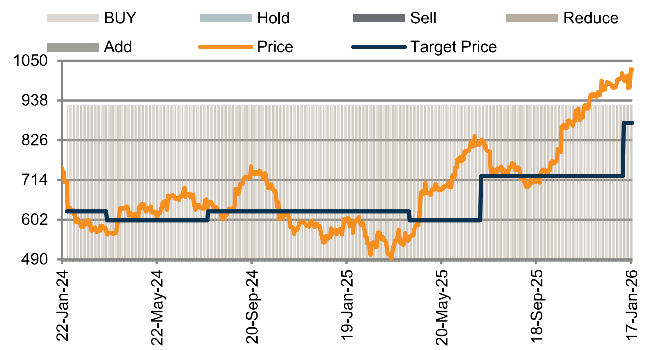
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
07-Jan-26	1,005	875	Reduce	Anand Dama
19-Oct-25	792	725	Reduce	Anand Dama
08-Aug-25	739	725	Reduce	Anand Dama
20-Jul-25	795	725	Reduce	Anand Dama
09-Jul-25	826	725	Reduce	Anand Dama
07-Jul-25	814	600	Reduce	Anand Dama
23-Apr-25	665	600	Reduce	Anand Dama
09-Apr-25	554	600	Reduce	Anand Dama
25-Jan-25	595	625	Reduce	Anand Dama
23-Oct-24	652	625	Reduce	Anand Dama
26-Jul-24	650	625	Reduce	Anand Dama
26-Apr-24	600	600	Reduce	Anand Dama
19-Mar-24	560	600	Reduce	Anand Dama
28-Jan-24	708	625	Reduce	Anand Dama

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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