

23 January 2026

India | Equity Research | Results Update

## Bandhan Bank

Banking

### Slippages, SMA, stress formation and disbursement improve in EEB; valuations inexpensive

Bandhan Bank (Bandhan) reported muted Q3FY26 PAT of INR 2.1bn (RoA of 0.4%), pulled down by elevated provisioning, though there was a sharp improvement in reported gross NPA. MFI disbursement increased QoQ as well as YoY, but portfolio de-grew 3% QoQ due to massive ARC sale. Despite stable spreads, NIM improved ~10bps to 5.9% QoQ, aided by better LDR and CRR benefits. GNPA improved sharply by ~32% QoQ with the ratio improving ~170bps QoQ. Net NPA ratio improved 38bps QoQ to 99bps. PCR, however, dipped ~300bps QoQ to ~71%. CET 1 stood strong at 17%. The bank has made a substantial progress in mix change with the secured book's share now at ~57% (vs. 49% YoY). NIM seems to have bottomed out and has tailwinds from favourable seasonality. Upgrade to **BUY** (from Hold) with an unchanged TP of INR 175.

### TP unchanged; upgrade to BUY on inexpensive valuations

MFI slippages improved QoQ but remain elevated at ~7.5% annualised. Importantly, SMA pool, after two quarters of rise, eased QoQ. The fresh stress formation has also come down substantially, as reflected in X-bucket collection of 99.6% for Nov-Dec'25. Current valuations at below trailing book seem to be adequately factoring in the uncertainties surrounding the impending state assembly elections in its key states (West Bengal, Assam).

We cut FY26E PAT factoring in the Q3FY26 miss, mainly due to higher credit cost, though GNPA improvement was much better. We see the bank delivering sizeable delta on RoA from 0.6% in FY26E to ~1.2% for FY27E, driven by easing credit costs. Our TP remains unchanged at INR 175 as we value the stock at ~0.9x FY28E ABV (vs. ~1x FY27E ABV). Basis current upside, we upgrade the stock to **BUY** (from *Hold*). Key risk: Higher-than-expected stress impacting RoA.

### Business growth soft; secured mix now at ~57%

EEB disbursement increased 3% QoQ and is now up YoY (+16%) as well. EEB book, however, declined 3% QoQ (-11% YoY) due to bulky write-offs and ARC sale. Adjusted for the sale of NPA to ARC, EEB growth would have been 2% QoQ. Retail assets continued their strong growth momentum and jumped 11% QoQ/ 57% YoY. Housing growth was a bit soft at 2% QoQ (10% YoY). Secured mix has now reached ~56.7%, up 180bps QoQ/ 780bps YoY.

### Financial Summary

Y/E March	FY25A	FY26E	FY27E	FY28E
NII (INR bn)	114.9	110.6	128.8	147.7
Op. profit (INR bn)	73.9	59.3	69.3	78.8
Net Profit (INR bn)	27.5	11.7	28.7	33.1
EPS (INR)	17.0	7.3	17.8	20.6
EPS % change YoY	23.1	(57.3)	144.4	15.6
ABV (INR)	144.9	152.9	170.2	189.6
P/BV (x)	0.9	0.9	0.8	0.7
P/ABV (x)	1.0	0.9	0.8	0.8
Return on Assets (%)	1.5	0.6	1.2	1.2
Return on Equity (%)	11.9	4.7	10.6	11.1

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#### Market Data

Market Cap (INR)	229bn
Market Cap (USD)	2,505mn
Bloomberg Code	BANDHAN IN
Reuters Code	BANH BO
52-week Range (INR)	192 /128
Free Float (%)	55.0
ADTV-3M (mn) (USD)	13.7

Price Performance (%)	3m	6m	12m
Absolute	(14.2)	(21.3)	(6.0)
Relative to Sensex	(11.7)	(21.4)	(13.7)

ESG Score	2023	2024	Change
ESG score	77.8	76.4	(1.4)
Environment	53.6	56.9	3.3
Social	75.6	74.1	(1.5)
Governance	89.1	87.6	(1.5)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
EPS	(55)	(16)

#### Previous Reports

30-12-2025: [Q3FY26 Banking Preview](#)

31-10-2025: [Q2FY26 results review](#)

Deposits growth was soft at 11% YoY and -1% QoQ. SA balances sustained YoY decline for fourth consecutive quarter. CA growth, however, was strong. CASA ratio dipped to 27.3% vs. 28% QoQ and 31.7% YoY. Term deposits growth was strong at 18% YoY. Within TD, bulk deposits declined 6% QoQ while retail TD jumped 4% QoQ.

### **Spreads stable but NIM sees an uptick; PPOP remains soft**

Yields on advances moderated 20bps QoQ to 11.9%. Cost of funds also moderated ~20bps QoQ to 6.7%, leading to stable spreads. NIM, however, improved ~10bps QoQ to 5.9% (still down 100bps YoY), aided by an uptick in LDR, CRR benefits and lower slippages. NII increased 4% QoQ but remains in negative growth trajectory YoY. Other income grew ~26% QoQ, while opex growth remained muted (2% YoY and 6% QoQ). Operating earnings grew 10% QoQ, though declined YoY as base quarter had lumpy one-off income of INR 5.4bn as claims from CGFMU and INR 520mn as claims received from the Assam government.

### **Sharp improvement in headline gross NPA ratio due to ARC sale**

During the quarter, Bandhan completed ARC sale transactions; unsecured NPA 180dpd portfolio worth INR 32bn was sold at INR 5.7bn or 18% rate. Bandhan's share in SR was 47%. The bank has received INR 3.03bn in cash, which, as per our understanding, has been earmarked as recovery in movement of NPA. The bank also sold written-off NPA portfolio of INR 37bn at INR 3.3bn or 9%. Bandhan received INR 1.26bn in cash (went to other income). The share of Bandhan in SR was 62%.

Headline gross NPA declined 32% QoQ, led by a massive ARC sale and write-off. GNPA ratio improved ~170bps QoQ to 3.3%. Net NPA improved 38bps QoQ to 0.99%. PCR, however, declined ~300bps QoQ to 71%.

### **Slippages ease but remain elevated; SMA pool also improves QoQ**

Gross slippages in EEB segment improved to INR 9.42bn vs. INR 11.18bn QoQ. Recoveries in EEB segment were INR 1.13bn. Reported collection efficiency remained steady QoQ at 98.2% but management highlighted that collection efficiency during Nov-Dec'25 improved to 99.6%.

SMA 1 and SMA 2 increased QoQ, though SMA 0 improved QoQ. Overall SMA declined 8% QoQ to INR 23.1bn. As a % of EEB book, overall SMA pool declined to 4.6% (vs. 4.8% QoQ). The calculated inflow into SMA pool seems to have improved to INR 6.4bn vs. INR 12-14bn in the last five quarters. There is some re-statement of SMA number across states.

From the month of Dec'25, the bank has started the option to EEB individual customer for fortnight and monthly repayment vs. weekly so far. The entire transition could take around one year. Repayment for SBAL remains monthly. The bank has expanded the tenure option to fresh customers (or to same customer upon renewal). It now offers tenure of 12m, 18m, 24m and 36 months (vs. 12m and 24m). It has kept exit FY27 credit cost guidance unchanged at 1.6-1.7% for overall bank and 2.5-3% for EEB book.

## Q3FY26 conference call highlights

### Asset Quality

- EEB slippages have improved to INR 9.42bn vs. INR 11.18bn QoQ. Net slippages have also improved to INR 8.29bn vs. INR 9.9bn QoQ.
- The X-bucket collection efficiency for Nov-Dec'25 has risen to 99.6%.
- There is some re-statement of SMA number across states. However, overall SMA 0+1+2 has improved to INR 23.1bn vs. INR 25bn QoQ.
- No concerns on news flow regarding the immigrant situation. The collection efficiency in the impacted district has been strong.
- From Dec'25, the bank has started the option to EEB individual customer for fortnight and monthly repayment vs. weekly so far. The entire transition could take around one year. Repayment for SBAL remains monthly.
- The bank has expanded the tenure option to fresh customers (or to same customer upon renewal). It now offers tenure of 12m, 18m, 24m and 36 months (vs. 12m and 24m).
- The bank has kept exit FY27 credit cost guidance unchanged at 1.6-1.7% for overall bank and 2.5-3% for EEB book.

### Business Outlook

- **Deposits:** While aggregate deposits grew 11% YoY / -1% QoQ, management indicated strong growth in granular deposits; retail deposit (TD + CASA) grew 17% YoY; retail TD grew 27% YoY. Lower CASA growth was attributed to systematic slowdown in CASA. Sequential decline in deposits was due to planned reduction in bulk deposits.
- **Advances:** Adjusted for NPA sale transaction, advances grew 12% YoY driven by 32% growth in wholesale advances, 17% growth in retail secured advances while housing advances grew at a steady rate of 10% YoY. Non-EEB advances grew 25% YoY and share of non-EEB advances increased to 65%.
- **Yields:** MFI yields are stable at 22%; wholesale book yields stand at 9%. Secured retail yields stand at 10%.

### Others

- Exit of audit executive is purely due to personal reasons; there are no concerns as such.
- Onboarded Razorpay as payment gateway partner.
- CET 1 stands strong at 17%.
- One-time impact of INR 1.2bn due to new labour code.
- RBI supervision is over; there is no divergence on PSL.

## Q2FY26 conference call highlights

### NIM, yields, COD

- Full impact of 75bps repo rate cut led to sharp decline in NIM. Slippages have also impacted margins.
- Reduction in TD rates shall take some time. Q4FY26 will likely see major benefit coming out of reduction in TD rates.
- NIM has bottomed and there would be some improvement starting next quarter. FY26 NIM guidance at 6%.
- Bandhan has reduced its MCLR rate by ~200bps. The bank has normalised its MCLR rate in line with other banks, as Bandhan's MCLR calculation was earlier different than peers.

### Asset Quality

- MFI recovery was expected during this quarter; however, bank expects stress may persist for next ~1-2 months.
- Impact of new guardrail implementation is prolonging stress. It would take 1-2 more quarters to see meaningful decline in 3+ lender exposure. Once the industry stabilises, bank shall look to onboard new customers.
- SMA 1 and 2 are witnessing encouraging signs.
- SMA 0 was impacted because of holidays towards the end of quarter. There was also some accounting change made, resulting in ballooning of SMA-0. Adjusted for these holidays, SMA 0 is stable.
- The bank was unable to collect INR 6.5bn from 8% of its customers who have weekly installments – because of the holidays. It has regularised INR 3.5bn out of the INR 6.5bn, as of now.
- Credit cost guidance: Should reach 2.5% in the next 2-3 years.
- In the eastern region – WB, Assam, Bihar are the areas where the bank is growing its book. Parts of Odisha and Madhya Pradesh are also improving, Karnataka and Tamil Nady are the states where growth is not happening.
- No material RBI supervisory remarks have come.
- Bihar elections: No major parties have inserted loan waivers in their manifesto. There has been no material change in collections in Bihar. The bank is also actively educating customers who are demanding loan waivers that this is not a sustainable practice.
- Maharashtra AQ is stable.
- MFI gross slippages: INR 11.18 vs. INR 10.89bn QoQ; net slippages: INR 9.84bn.
- Within wholesale, ABG (unsecured business banking) has seen higher GNPA% because the book is de-growing.

**Exhibit 1: Q3FY26 result review**

	Q3FY25	Q3FY26	YoY (%)	Q2FY26	QoQ (%)
<b>Financial Highlights (INR mn)</b>					
Interest Earned	54,787	54,312	(0.9)	53,538	1.4
Interest Expended	26,484	27,429	3.6	27,653	(0.8)
<b>Net Interest Income</b>	<b>28,303</b>	<b>26,883</b>	<b>(5.0)</b>	<b>25,886</b>	<b>3.9</b>
Other Income	10,959	6,910	(36.9)	5,464	26.5
Total Income	65,746	61,222	(6.9)	59,003	3.8
<b>Total Net Income</b>	<b>39,261</b>	<b>33,793</b>	<b>(13.9)</b>	<b>31,350</b>	<b>7.8</b>
Staff Expenses	12,274	11,335	(7.6)	10,773	5.2
Other operating expenses	6,774	8,008	18.2	7,474	7.2
<b>Operating Profit</b>	<b>20,214</b>	<b>14,450</b>	<b>(28.5)</b>	<b>13,104</b>	<b>10.3</b>
Provision & Contingencies	13,760	11,546	(16.1)	11,526	0.2
Provision for tax	2,189	848	(61.3)	459	84.6
<b>Reported Profit</b>	<b>4,265</b>	<b>2,056</b>	<b>(51.8)</b>	<b>1,119</b>	<b>83.8</b>
<b>Other Highlights (INR bn)</b>					
Advances	1,274	1,411	10.8	1,346	4.8
Deposits	1,410	1,567	11.1	1,581	-0.9
Gross NPA	61.8	48.0	-22.2	70.2	-31.5
Gross NPA (%)	4.7	3.3	-135 bps	5.0	-169 bps
Net NPA	16.4	14.0	-14.3	18.4	-23.9
Net NPA (%)	1.3	1.0	-29 bps	1.4	-38 bps
Provision Coverage (%)	73.5	70.8	-269 bps	73.7	-290 bps

Source: Company data, I-Sec research

**Exhibit 2: Stress details**

(INR bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Gross NPAs	41.0	47.2	47.5	49.4	30.1
SMA 2	6.5	5.1	4.8	3.9	4.1
<b>GNPAs + SMA 2</b>	<b>47.5</b>	<b>52.3</b>	<b>52.3</b>	<b>53.3</b>	<b>34.2</b>
% of loans	8.5	9.3	9.9	10.3	6.8
SMA 1	6.6	5.2	5.3	5.3	5.7
<b>GNPAs + SMA 1+2</b>	<b>54</b>	<b>58</b>	<b>58</b>	<b>59</b>	<b>40</b>
% of loans	9.6	10.2	10.9	11.3	8.0
SMA 0	8.1	8.6	10.2	15.8	13.3
% of loans	1.4	1.5	1.9	3.1	2.7
<b>SMA 1+2</b>	<b>13.1</b>	<b>10.3</b>	<b>10.1</b>	<b>9.2</b>	<b>9.8</b>
% of loans	2.3	1.8	1.9	1.8	2.0
<b>SMA 0+1+2</b>	<b>21.2</b>	<b>18.9</b>	<b>20.3</b>	<b>25.0</b>	<b>23.1</b>
% of loans	3.8	3.3	3.8	4.8	4.6

Source: Company data, I-Sec research

**Exhibit 3: Movement of NPA for EEB**

(INR bn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Opening	36.20	42.60	41.00	47.20	47.5	49.40
<b>Addition</b>	<b>7.52</b>	<b>11.96</b>	<b>13.94</b>	<b>10.89</b>	<b>11.18</b>	<b>9.42</b>
Reduction	1.12	13.56	7.74	10.59	9.28	28.72
of which Recovery + Upgrades	1.12	NA	NA	1.09	1.29	1.13
of which Write-off	0.00	NA	NA	9.50	8.0	27.59
<b>Closing GNPAs</b>	<b>42.60</b>	<b>41.00</b>	<b>47.20</b>	<b>47.50</b>	<b>49.4</b>	<b>30.10</b>

Source: Company data, I-Sec research

**Exhibit 4: Bandhan's MFI slippages decline QoQ**

MFI book details	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
<b>MFI Slippages (INR mn)</b>					
RBL	5,360	4,720	3,180	2,350	1,570
BANDHAN	11,960	13,940	10,890	11,180	9,420
IDFCFB	4,370	5,720	5,140	2,490	NA
IIB	6,950	35,090	8,880	10,830	NA
<b>MFI AUM (INR mn)</b>					
RBL	65,320	57,520	54,350	58,850	66,920
BANDHAN	5,61,200	5,65,400	5,28,100	5,17,300	5,00,800
IDFCFB	1,09,970	95,710	83,540	73,060	NA
IIB	3,25,640	3,09,090	2,84,080	2,13,210	NA
<b>Slippages (%) - Annualised</b>					
RBL	33	33	23	16	9
BANDHAN	9	10	8	9	8
IDFCFB	16	24	25	14	NA
IIB	9	45	13	20	NA

Source: Company data, I-Sec research

**Exhibit 5: New stress formation in MFI loans – Bandhan is comparable**

MFI SMA 0+1+2	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
RBL	5,450	3,770	2,920	2,060	1,250
BANDHAN	21,200	18,900	20,300	25,000	23,100
IDFCFB	7,760	6,400	3,150	2,090	NA
IIB* (SMA1+2)	6,513	7,109	6,250	4,691	NA
<b>New SMA additions (INR mn)</b>					
RBL	4,650	3,040	2,330	1,490	760
BANDHAN	13,360	11,640	12,290	15,880	7,520
IDFCFB	6,280	4,360	1,890	1,430	NA
IIB*	6,918	35,686	8,021	9,271	NA
<b>Flow rate (%) - Annualized</b>					
RBL	28	21	17	10	5
BANDHAN	10	8	9	12	6
IDFCFB	23	18	9	8	NA
IIB*	8	46	11	17	NA

Source: I-Sec research

Note: For IIB, SMA0 is not available and hence the calculation is not comparable to that extent

**Exhibit 6: Collection efficiency trend**

Collection efficiency (%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (bps)	QoQ (bps)
Including NPA	93	93.1	92.5	91.8	94.3	130	250
Excluding NPA	97.4	97.8	97.7	97.5	98	60	50
Including arrears	108.1	109.5	109.4	110.5	109.8	170	(70)
<b>State level collection efficiency (%)</b>							
West Bengal	98.8	98.7	98.2	98.1	98.3	(50)	20
Assam	99.2	99.4	99.2	99.0	99.6	40	60
Rest of India	96.3	97.0	97.0	97.3	98.0	170	70
<b>Total</b>	97.4	97.8	97.6	97.8	98.2	80	40

Source: I-Sec research, Company data

## Exhibit 7: Loan book details

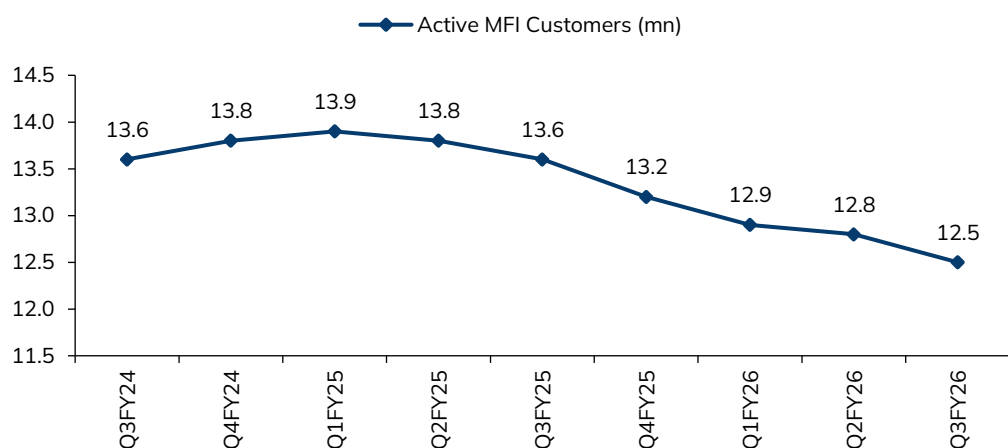
Particulars (INR mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY % chg	QoQ % chg
Micro Loans	5,76,000	6,22,400	6,19,100	5,92,900	5,61,200	5,65,400	5,28,100	5,17,300	5,00,800	-10.8	-3.2
Mortgages	2,88,500	2,99,200	2,83,300	3,16,300	3,26,400	3,21,100	3,26,600	3,30,600	3,37,500	3.4	2.1
Retail	44,900	55,800	62,300	75,100	87,600	1,10,200	1,11,000	1,24,300	1,37,600	57.1	10.7
FIG	1,06,500	1,28,100	1,38,600	1,56,300	1,59,200	1,60,000	1,67,900	1,80,600	2,13,900	34.4	18.4
MMG/BBG/SEL	1,43,500	1,41,700	1,42,100	1,66,000	1,85,800	2,03,400	2,02,700	2,27,700	2,42,400	30.5	6.5
<b>Total AUM</b>	<b>11,59,400</b>	<b>12,47,200</b>	<b>12,45,400</b>	<b>13,06,600</b>	<b>13,20,200</b>	<b>13,60,100</b>	<b>13,36,300</b>	<b>13,80,500</b>	<b>14,32,200</b>	<b>8.5</b>	<b>3.7</b>
YoY % change	18.6	14.3	20.7	21.4	13.9	9.1	7.3	5.7	8.5		
QoQ % change	7.7	7.6	-0.1	4.9	1.0	3.0	-1.7	3.3	3.7		

Loan mix (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (bps)	QoQ (bps)
Micro Loans	49.7	49.9	49.7	45.4	42.5	41.6	39.5	37.5	35.0	(754)	(250)
Mortgages	24.9	24.0	22.7	24.2	24.7	23.6	24.4	23.9	23.6	(116)	(38)
Retail	3.9	4.5	5.0	5.7	6.6	8.1	8.3	9.0	9.6	297	60
FIG	9.2	10.3	11.1	12.0	12.1	11.8	12.6	13.1	14.9	288	185
MMG/BBG/SEL	12.4	11.4	11.4	12.7	14.1	15.0	15.2	16.5	16.9	285	43

Source: Company data, I-Sec research

## Exhibit 8: Active MFI borrowers (mn)



Source: I-Sec research, Company data

## Exhibit 9: Deposits and CASA

Particulars (INR mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Deposits	11,74,200	13,52,020	13,32,100	14,25,095	14,10,000	15,12,125	15,46,700	15,80,746	15,67,200
YoY % change	14.8	25.1	22.8	27.2	20.1	11.8	16.1	10.9	11.1
QoQ % change	4.8	15.1	-1.5	7.0	-1.1	7.2	2.3	2.2	-0.9

CASA Deposits	4,24,100	5,01,500	4,44,560	4,72,800	4,47,400	4,74,400	4,18,600	4,42,100	4,27,300
YoY % change	14.0	18.1	13.8	9.4	5.5	-5.4	-5.8	-6.5	-4.5
QoQ % change	-1.8	18.3	-11.4	6.4	-5.4	6.0	-11.8	5.6	-3.3
CASA Ratio (%)	36.1	37.1	33.4	33.2	31.7	31.4	27.1	28.0	27.3

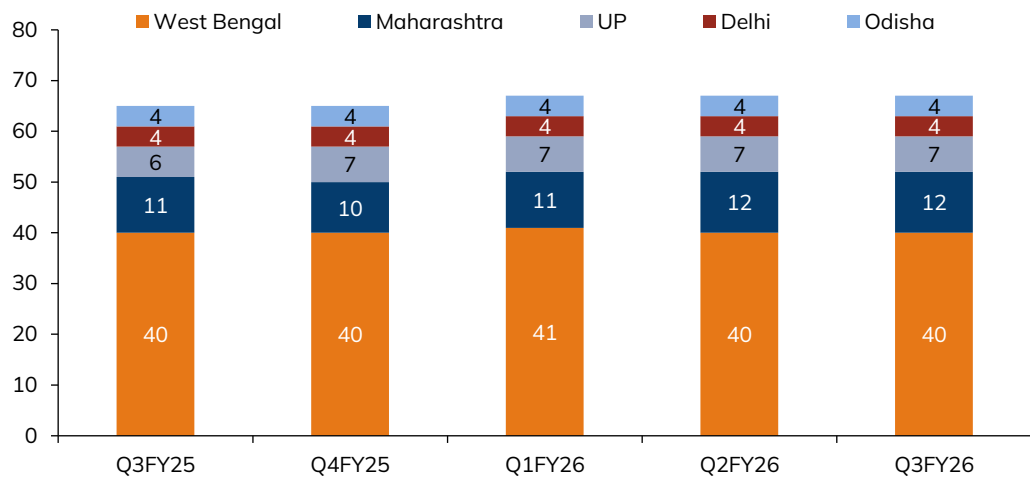
  

Term Deposits	7,50,100	8,50,520	8,87,540	9,52,295	9,62,600	10,37,725	11,28,100	11,38,646	11,39,900
YoY % change	15.3	29.6	27.9	38.3	28.3	22.0	27.1	19.6	18.4
QoQ % change	8.9	13.4	4.4	7.3	1.1	7.8	8.7	0.9	0.1

Source: Company data, I-Sec research



Exhibit 10: State-wise deposit breakup (%)



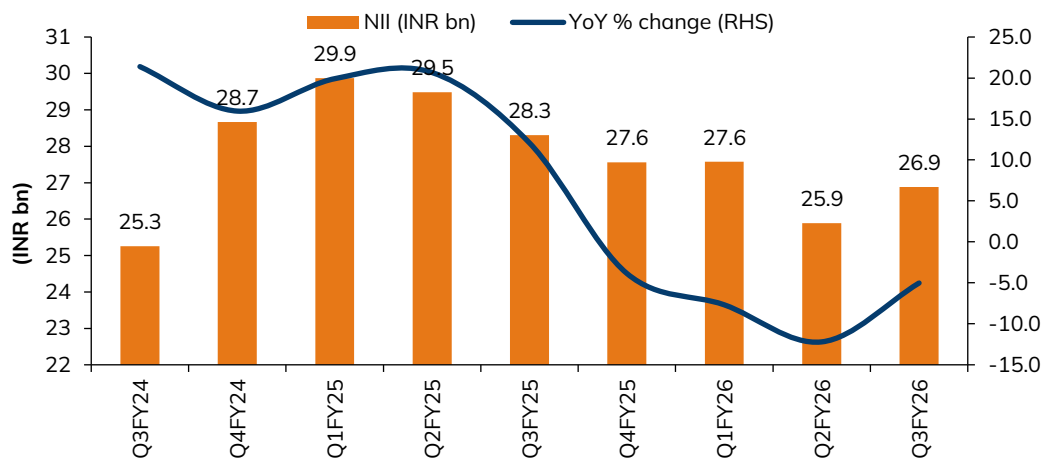
Source: I-Sec research, Company data

Exhibit 11: Yields and NIM (%)

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (bps)	QoQ (bps)
Yield	13.4	13.8	13.9	13.7	13.3	13.1	12.7	12.1	11.9	(140)	(20)
Cost of funds	6.6	6.9	7.0	7.0	7.1	7.2	7.0	6.9	6.7	(40)	(20)
NIMs	7.2	7.6	7.6	7.4	6.9	6.7	6.4	5.8	5.9	(100)	10

Source: Company data, I-Sec research

Exhibit 12: NII trajectory



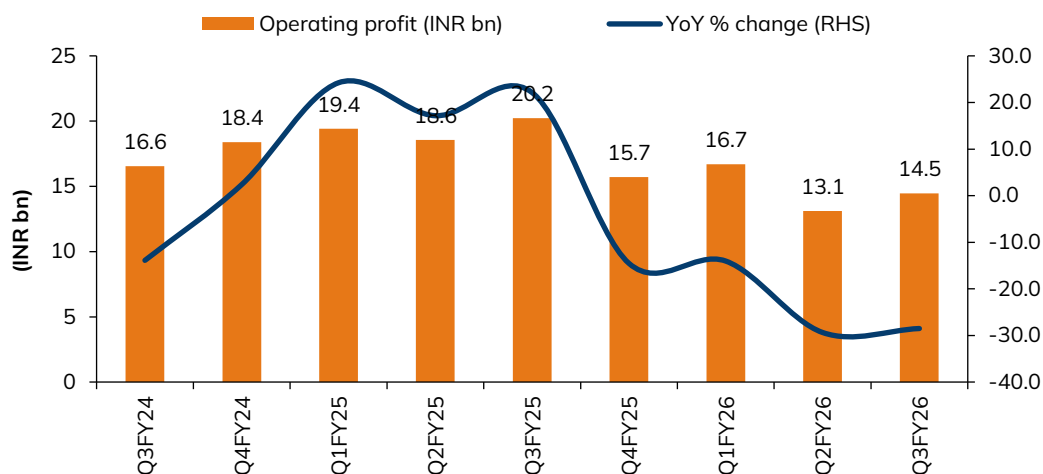
Source: Company data, I-Sec research

Exhibit 13: Non-interest income breakup

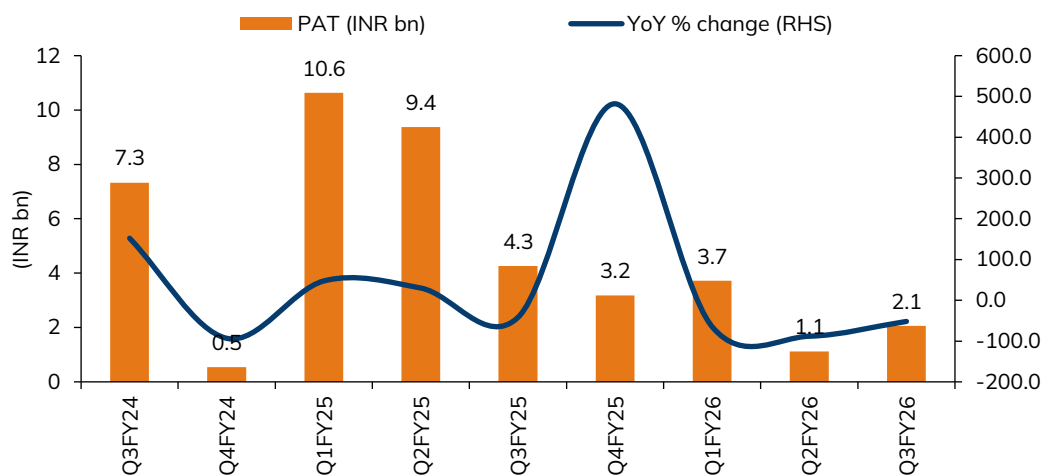
Non-interest income (INR mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Mix (%)	YoY % chg	QoQ % chg
Processing fees	1,928	2,403	1,698	1,937	2,148	31	11.4	10.9
TPD	946	1,594	838	1,234	1,275	18	34.8	3.3
Release of prov	418	695	372	269	264	4	-36.8	-1.9
Collection Fees	205	153	130	65	125	2	-39.0	92.3
Card Charges	220	220	186	NA	NA	-	NA	NA
Bad Debt Recover	250	765	200	274	213	3	-14.8	-22.3
Others	7,150	1,166	3,835	1,685	2,885	42	-59.7	71.2
<b>Total</b>	<b>11,117</b>	<b>6,996</b>	<b>7,259</b>	<b>5,464</b>	<b>6,910</b>	<b>100</b>	<b>-37.8</b>	<b>26.5</b>

Source: I-Sec research, Company data



**Exhibit 14: Operating profit trajectory**

Source: Company data, I-Sec research

**Exhibit 15: PAT trajectory**

Source: Company data, I-Sec research

**Exhibit 16: Shareholding pattern**

%	Jun'25	Sep'25	Dec'25
Promoters	40.9	40.3	39.7
Institutional investors	40.9	41.3	41.1
MFs and others	7.8	9.0	11.8
FIs/Banks	1.2	1.2	1.4
Insurance	7.5	7.6	5.5
FIIIs	24.3	23.4	22.3
Others	18.2	18.4	19.2

Source: Bloomberg, I-Sec research

**Exhibit 17: Price chart**

Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 18: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Interest income	2,19,482	2,20,910	2,49,159	2,82,004
Interest expense	1,04,576	1,10,281	1,20,407	1,34,338
<b>Net interest income</b>	<b>1,14,906</b>	<b>1,10,629</b>	<b>1,28,752</b>	<b>1,47,666</b>
Non-interest income	29,666	27,302	30,298	35,469
<b>Operating income</b>	<b>1,44,572</b>	<b>1,37,931</b>	<b>1,59,050</b>	<b>1,83,135</b>
Operating expense	70,685	78,594	89,780	1,04,356
Staff expense	43,610	46,565	52,901	60,509
<b>Operating profit</b>	<b>73,887</b>	<b>59,337</b>	<b>69,270</b>	<b>78,779</b>
<b>Core operating profit</b>	<b>69,672</b>	<b>55,337</b>	<b>65,770</b>	<b>75,279</b>
Provisions & Contingencies	37,654	43,898	30,933	34,468
<b>Pre-tax profit</b>	<b>36,233</b>	<b>15,439</b>	<b>38,337</b>	<b>44,311</b>
Tax (current + deferred)	8,780	3,705	9,661	11,166
<b>Net Profit</b>	<b>27,453</b>	<b>11,733</b>	<b>28,676</b>	<b>33,145</b>
<b>Adjusted net profit</b>	<b>27,453</b>	<b>11,733</b>	<b>28,676</b>	<b>33,145</b>

Source Company data, I-Sec research

### Exhibit 19: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Cash and balance with RBI/Banks	95,694	1,25,681	1,44,317	1,42,151
Investments	4,07,123	4,29,931	4,75,520	5,32,768
Advances	13,19,873	14,99,155	17,00,877	19,22,437
Fixed assets	11,804	16,673	18,417	20,236
Other assets	80,269	1,15,556	1,68,124	2,45,878
<b>Total assets</b>	<b>19,14,763</b>	<b>21,86,997</b>	<b>25,07,256</b>	<b>28,63,470</b>
Deposits	15,12,125	16,72,914	19,26,896	22,20,929
Borrowings	1,11,385	1,22,523	1,34,776	1,48,253
Other liabilities and provisions	45,203	1,34,949	1,63,165	1,82,039
Share capital	16,110	16,110	16,110	16,110
Reserve & surplus	2,29,940	2,40,500	2,66,309	2,96,139
<b>Total equity &amp; liabilities</b>	<b>19,14,763</b>	<b>21,86,997</b>	<b>25,07,256</b>	<b>28,63,470</b>
% Growth	7.7	14.2	14.6	14.2

Source Company data, I-Sec research

### Exhibit 20: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>No. of shares and per share data</b>				
No. of shares (mn)	1,611	1,611	1,611	1,611
Adjusted EPS	17.0	7.3	17.8	20.6
Book Value per share	153	159	175	194
Adjusted BVPS	145	153	170	190
<b>Valuation ratio</b>				
PER (x)	8.4	19.6	8.0	6.9
Price/ Book (x)	0.9	0.9	0.8	0.7
Price/ Adjusted book (x)	1.0	0.9	0.8	0.8
Dividend Yield (%)	1.1	0.5	1.2	1.4
<b>Profitability ratios (%)</b>				
Yield on advances	15.3	13.5	13.5	13.5
Yields on Assets	11.9	10.8	10.6	10.5
Cost of deposits	6.7	6.4	6.2	6.1
Cost of funds	5.7	5.4	5.1	5.0
NIMs	7.0	6.0	6.2	6.3
Cost/Income	48.9	57.0	56.4	57.0
<b>Dupont Analysis (as % of Avg Assets)</b>				
Interest Income	11.9	10.8	10.6	10.5
Interest expended	5.7	5.4	5.1	5.0
<b>Net Interest Income</b>	<b>6.2</b>	<b>5.4</b>	<b>5.5</b>	<b>5.5</b>
Non-interest income	1.6	1.3	1.3	1.3
Trading gains	0.2	0.2	0.1	0.1
Fee income	1.4	1.1	1.1	1.2
<b>Total Income</b>	<b>7.8</b>	<b>6.7</b>	<b>6.8</b>	<b>6.8</b>
<b>Total Cost</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>
Staff costs	2.4	2.3	2.3	2.3
Non-staff costs	1.5	1.6	1.6	1.6
<b>Operating Profit</b>	<b>4.0</b>	<b>2.9</b>	<b>3.0</b>	<b>2.9</b>
Core Operating Profit	3.8	2.7	2.8	2.8
Non-tax Provisions	2.0	2.1	1.3	1.3
<b>PBT</b>	<b>2.0</b>	<b>0.8</b>	<b>1.6</b>	<b>1.7</b>
Tax Provisions	0.5	0.2	0.4	0.4
<b>Return on Assets (%)</b>	<b>1.5</b>	<b>0.6</b>	<b>1.2</b>	<b>1.2</b>
Leverage (x)	8.0	8.2	8.7	9.0
<b>Return on Equity (%)</b>	<b>11.9</b>	<b>4.7</b>	<b>10.6</b>	<b>11.1</b>
<b>Asset quality ratios (%)</b>				
Gross NPA	4.7	3.2	2.5	2.3
Net NPA	1.3	0.9	0.6	0.5
PCR	73.7	72.0	75.0	80.0
Gross Slippages	4.4	4.3	3.1	2.7
LLP / Avg loans	2.9	3.2	2.0	1.9
Total provisions / Avg loans	3.0	3.1	1.9	1.9
Net NPA / Networth	6.9	5.3	3.9	2.9
<b>Capitalisation ratios (%)</b>				
Core Equity Tier 1	17.9	16.5	15.5	15.0
Tier 1 cap. adequacy	17.9	16.5	15.5	15.0
Total cap. adequacy	18.7	17.3	16.1	15.6

Source Company data, I-Sec research

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