

# Federal Bank (FB IN)

**Q4FY26 Result Update**

April 30, 2026

Estimate Change |  Target |  Reco.

## Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		BUY	
Target Price	300		275	
NII (INR. mn)	118,320	136,300	122,258	140,423
% Chng.	(3.2)	(2.9)		
Op. Profit (INR mn)	77,956	91,970	81,181	94,094
% Chng.	(4.0)	(2.3)		
EPS (INR)	19.4	20.8	20.2	21.2
% Chng.	(4.0)	(1.9)		

## Key Data

FED.BO | FB IN

BSE Code	500469
NSE Code	FEDERALBNK
52-W High / Low	INR 302 / INR 182
Face Value	2
Sensex / Nifty	77,496 / 24,178
Market Cap	INR 702 bn / \$ 7,396 mn
Shares Outstanding	2463.63 mn
3M Avg. Daily Value	INR 2,398.64 mn

## Shareholding Pattern (%)

Promoters	-
FIIs	25.54
Mutual Funds	37.52
Domestic Institutions	12.19
Public & Others	24.75
Promoters Pledge (INR bn)	-

## Stock Performance (%)

	1M	3M	6M	12M
Absolute	5.7	(1.0)	21.2	40.0
Relative	0.4	5.5	32.9	45.0

## Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
NII (INR mn)	94,680	102,014	118,320	136,300
NIM (%)	3.0	2.9	3.0	3.1
Core PPOP (INR mn)	54,919	62,288	74,006	87,620
PAT (INR mn)	40,519	41,173	47,993	57,098
Core PAT (INR mn)	35,920	37,203	45,050	53,858
EPS (INR)	16.5	16.7	19.5	20.9
Gr. (%)	8.0	1.3	16.6	7.1
DPS (INR)	1.2	1.3	1.7	1.9
Yield (%)	0.6	0.5	0.6	0.7
RoAE (%)	13.0	11.4	11.5	11.5
Core RoAE (%)	12.1	10.8	11.2	11.2
RoAA (%)	1.2	1.1	1.2	1.2
Core RoAA (%)	1.1	1.0	1.1	1.2
P/BV (x)	1.4	1.8	1.6	1.4
P/ABV (x)	1.4	1.8	1.6	1.5
PE (x)	11.3	17.0	14.6	13.7
CAR (%)	16.4	17.2	17.7	19.2

## RoA delta to be driven by asset/liability mix

### Quick Pointers

- Core PPOP beat of 9.5% due to better fees & TWO recovery
- CASA momentum continues; ratio is up 270bps YoY to ~33%
- PCR shored up to ~88%; downside risks to provisions

FB saw a decent quarter as core PPOP beat PLe by 9.5% due to better fees and TWO recovery. Interest on IT refund of INR 4.6bn was used to shore up PCR QoQ from 76% to 87.8% against likely ECL requirement; credit cost guidance of 50-60bps would be reassessed. We are factoring provisions of 48bps, but there are downside risks. While loan growth was a tad lower; recalibration is progressing well with targeted segments of CoB, gold, unsecured and LAP seeing good growth. Liability mix too is being refined with higher share of CASA/RTD. We tweak multiple on Mar'28 ABV to 1.5x from 1.4x and raise TP to INR 300 from INR 275. Change rating to 'ACCUMULATE' from 'BUY'.

**Decent quarter; core PPOP beat due to higher fees/lower opex:** NII was in-line at INR 27.2bn with NIM meeting expectations at 3.11%; reported NIM was up 2bps QoQ to 3.20%. Loan growth was a miss at 12.7% YoY (PLe 14%). Deposit accretion was largely in-line at 10.7% YoY (Ple 11%). LDR decreased to 84.3% (85.8% QoQ). CASA ratio increased to 32.9% (32.1% in Q3'26). Other income came in at INR 11.45bn (PLe INR 11.1bn); fees and TWO recovery were higher. Opex at INR 20.4bn was 1.9% below PLe led by lower staff cost partly offset by higher other opex. Core PPOP at INR 18.1bn was 9.5% above PLe; PPOP was INR 22.7bn. Asset quality was steady; GNPA was 1.6% (PLe 1.6%) as net slippages were in-line. Provisions were higher. Core PAT was 14% above PLe at INR 11.35bn; PAT was INR 12.6bn.

**Loan portfolio recalibration and CASA momentum continues:** Credit growth was lower at 3.5% QoQ (PLe 4.8%) due to corporate (0.4%) and BuB (-0.9%). However, the bank continues on its path of re-calibration; there was healthy QoQ offtake in CoB (5.9%), LAP (7.7%) gold (9.0%), CV/CE (8.5%) and unsecured (PL+CC+MFI) growth has picked up to 4.2% (2.5% in Q3'26). Deposit growth was lower than system due to fall in wholesale deposits; however, RTD and CASA accretion has been higher. Bank continues to restructure its deposit profile, focusing on quality over quantum, with CASA and RTD becoming core drivers of liability growth.

**IT refund allows increasing PCR:** Provisions jumped QoQ to INR 7.4bn (PLe INR 3.1bn) as interest on IT refund of INR 4.6bn was used to shore up PCR to 87.8% from 76%. Management suggested that this has been partly done against likely requirement of ECL, and credit cost guidance of 50-60bps would be reassessed. We trim provisions for FY27/28E by 2bps each to 48bps.

### Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
NII (INR mn)	27,137	27,166	0.1	23,774	14.3
Margin (%)	3.1	3.1	-0.1 bps	3.1	4.8 bps
Core PPOP (INR mn)	16,524	18,085	9.4	14,194	27.5
Core PAT (INR mn)	9,968	11,352	13.9	9,938	14.2

Source: Company, PL

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## Q4FY26 Concall Highlights

### Balance sheet

- Management highlighted a deliberate shift towards granular and retail liabilities, with reduced reliance on high-value deposits, improving stability of the funding base.
- The bank continues to restructure its deposit profile, focusing on quality over quantum, with CASA and retail deposits becoming the core drivers of liability growth; management indicated that this shift is structural in nature.
- Deposit growth was lower than system growth due to decline in wholesale deposits; however, retail term deposits and CASA have increased, which are relatively lower-cost compared to wholesale deposits, and this is beneficial for the bank.
- Management clarified that balance sheet growth is not solely driven by NRE deposits, with resident CASA and term deposits growing faster, indicating better domestic franchise traction and improved granularity.
- Management highlighted that gold loan portfolio continues to see strong traction, supported by favourable environment and its secured nature.

### Profit & loss

- NIM expansion during the quarter was supported by declining cost of funds, indicating benefits of improved liability mix and better pricing discipline. Management clarified that NIM performance is a combination of both rate and mix benefits.
- Deposit repricing benefits are still flowing through, and are expected to continue in H1FY27
- Management highlighted that both NIM and RoA have reverted to pre-rate cut levels
- Margins are expected to remain stable to mildly positive, supported by liability repricing and improved mix.
- Fee income continues to be a key earnings lever, with management highlighting diversified fee streams and improved quality of income, reducing dependence on interest income.
- Management highlighted that Q4'26 earnings include one-offs of INR 4.6bn (interest on tax refund) and INR 1.15bn (tax provision reversal) with the balance adjusted in the balance sheet, entire INR 15bn refund accounted for in Q4'26.
- Core earnings momentum was driven by strong operating execution, with management highlighting that performance is a result of structural balance sheet changes rather than cyclical tailwinds
- Cost discipline remains strong, with operating leverage kicking in, as reflected in improving cost ratios and scalable operating model.

### Asset quality

- Management broadly maintained a through-cycle credit cost guidance of ~50–60 bps. On Expected Credit Loss (ECL), management indicated that current credit cost guidance may be reassessed
- Management reiterated that underwriting standards remain tight, and credit costs are expected to remain within a controlled and sustainable range.

## Exhibit 1 : PAT was higher due to higher Fee income and lower staff expenses

P&L Statement (Rs m)	Q4FY26	Q4Y25	YoY gr. (%)	Q4FY26E	% Var.	Q3FY26	QoQ gr. (%)
Interest Income	69,431	66,484	4.4	70,179	(1.1)	68,675	1.1
Interest Expended	42,265	42,709	(1.0)	43,042	(1.8)	42,148	0.3
<b>Net interest income (NII)</b>	<b>27,166</b>	<b>23,774</b>	<b>14.3</b>	<b>27,137</b>	<b>0.1</b>	<b>26,527</b>	<b>2.4</b>
Other income	11,450	10,060	13.8	11,088	3.3	11,003	4.1
-Fee income	9,910	8,000	23.9	9,408	5.3	8,960	10.6
-Other non-interest income	1,540	2,060	(25.2)	1,680	(8.4)	2,043	(24.6)
<b>Total income</b>	<b>38,616</b>	<b>33,834</b>	<b>14.1</b>	<b>38,225</b>	<b>1.0</b>	<b>37,530</b>	<b>2.9</b>
Operating expenses	20,412	19,180	6.4	20,802	(1.9)	20,237	0.9
-Staff expenses	7,757	7,838	(1.0)	8,699	(10.8)	8,487	(8.6)
-Other expenses	12,655	11,342	11.6	12,103	4.6	11,750	7.7
<b>Operating profit</b>	<b>18,204</b>	<b>14,654</b>	<b>24.2</b>	<b>17,424</b>	<b>4.5</b>	<b>17,293</b>	<b>5.3</b>
<b>Core Operating Profit</b>	<b>18,085</b>	<b>14,185</b>	<b>27.5</b>	<b>16,524</b>	<b>9.4</b>	<b>16,030</b>	<b>12.8</b>
Total provisions	7,410	1,381	436.6	3,144	135.7	3,324	122.9
<b>Profit before tax</b>	<b>10,794</b>	<b>13,273</b>	<b>(18.7)</b>	<b>14,280</b>	<b>(24.4)</b>	<b>13,970</b>	<b>(22.7)</b>
Tax	2,763	2,971	(7.0)	7,464	(63.0)	3,557	(22.3)
<b>Profit after tax</b>	<b>8,031</b>	<b>10,302</b>	<b>(22.0)</b>	<b>6,816</b>	<b>17.8</b>	<b>10,412</b>	<b>(22.9)</b>
<b>Balance Sheet (INR m)</b>							
Deposits	31,39,094	28,36,475	10.7	31,49,512	(0.3)	29,77,960	5.4
Advances	26,45,944	23,48,364	12.7	26,77,085	(1.2)	25,55,690	3.5
<b>Ratios (%)</b>							
NIM – Calc.	3.1	3.1	4.8	3.1	(0.1)	3.2	(4.6)
RoA – Calc.	1.4	1.3	11.4	2.4	(101.3)	1.2	18.9
RoE – Calc.	14.0	13.2	78.2	24.4	(1,040.5)	12.2	179.1
<b>Asset Quality</b>							
Gross NPL (INB mn)	43,353	43,755	(0.9)	44,449	(2.5)	44,469	(2.5)
Net NPL (INR m)	5,293	10,404	(49.1)	11,112	(52.4)	10,680	(50.4)
Gross NPL ratio	1.62	1.84	(22.2)	1.6	(2.5)	1.72	(10.5)
Net NPL ratio	0.20	0.44	(24.3)	0.4	(21.5)	0.42	(21.8)
Coverage ratio (Calc)	87.8	76.2	1,156.9	75.0	1,279.2	76.0	1,181.0
<b>Business &amp; Other Ratios</b>							
			<i>Change in bps</i>		<i>Change in bps</i>		<i>Change in bps</i>
Low-cost deposit mix	32.9	30.2	270.3			32.1	86.8
Cost-income ratio	52.9	56.7	(383.0)	54.4	(156.0)	53.9	(106.3)
Non int. inc / total income	29.6	29.7	(8.2)	29.0	64.3	29.3	33.2
Credit deposit ratio	84.3	82.8	149.8	85.0	(71.0)	85.8	(153.0)
CAR	17.3	16.4	84.9			15.2	205.0
Tier-I	15.9	15.0	89.3			13.9	205.0

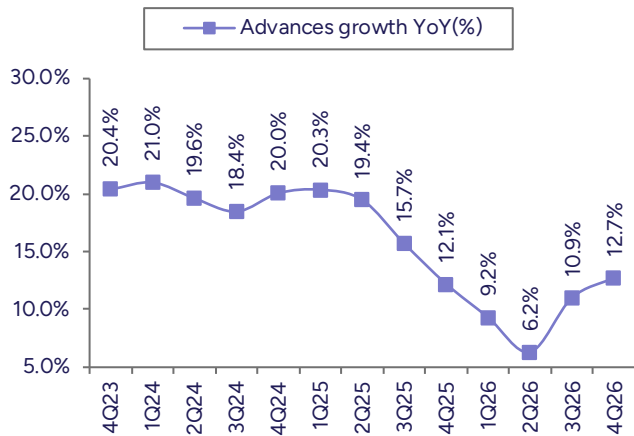
Source: Company, PL

Exhibit 2 : Gross loan growth at 10.3% YoY

Advances break-up (Rs m)	Q4FY26	Q4FY25	YoY gr. (%)	Q3FY26	QoQ gr. (%)
<b>Gross Advances</b>					
Retail	7,01,180	6,92,680	1.2	6,91,860	1.3
SME	5,00,420	4,26,860	17.2	4,85,580	3.1
CV/CE	57,970	46,440	24.8	53,430	8.5
Corporate	9,53,670	8,81,150	8.2	9,49,430	0.4
<b>Total</b>	<b>27,25,320</b>	<b>24,70,760</b>	<b>10.3</b>	<b>26,57,220</b>	<b>2.6</b>
<b>Retail Loans break-up</b>					
Housing	3,61,280	3,66,170	(1.3)	3,60,040	0.3
LAP	81,070	71,750	13.0	75,280	7.7
Auto	87,780	86,050	2.0	86,190	1.8
Personal	37,820	37,890	(0.2)	36,680	3.1
Others	1,33,230	1,31,490	1.3	1,33,670	(0.3)

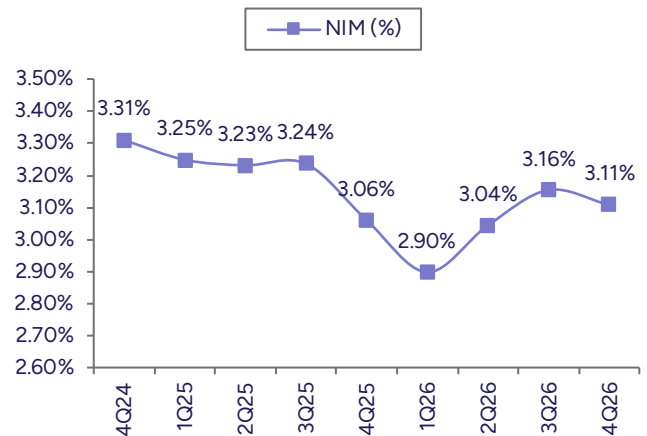
Source: Company, PL

Exhibit 3 : Loan growth was higher at 12.7%YoY



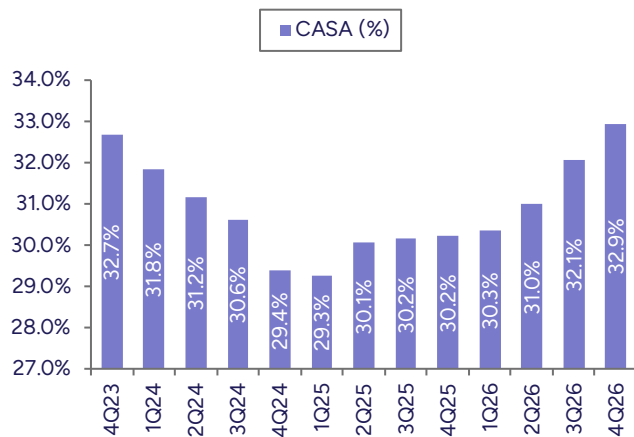
Source: Company, PL

Exhibit 4 : NIM decreased from 3.16% to 3.11%



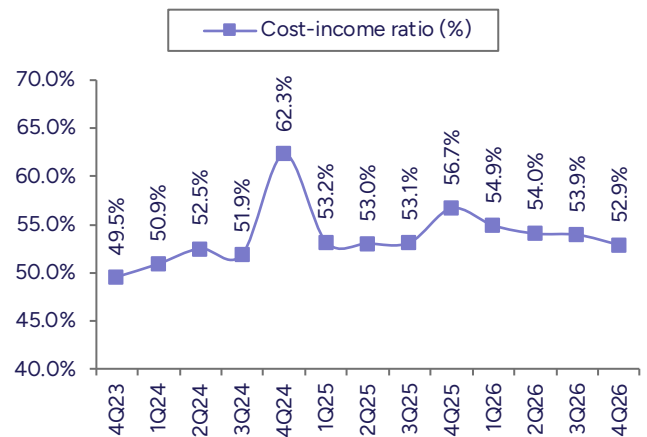
Source: Company, PL

Exhibit 5 : CASA ratio increased to 32.9%



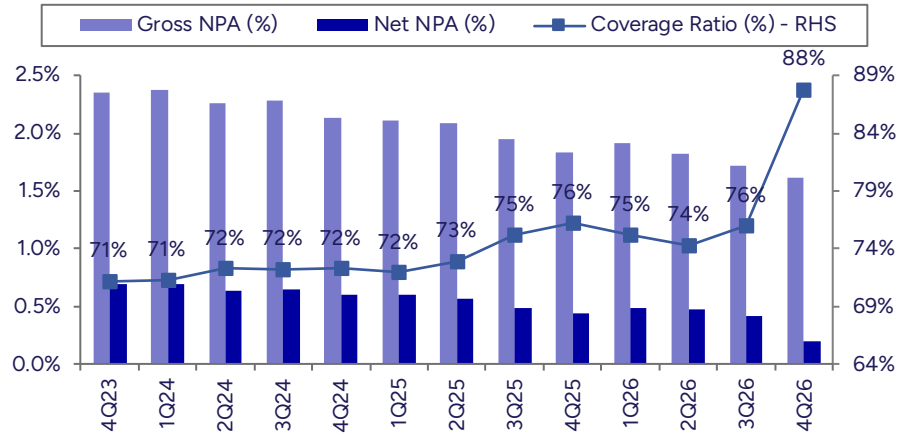
Source: Company, PL

Exhibit 6 : C/I was flat QoQ 52.9%



Source: Company, PL

Exhibit 7 : GNPA improved QoQ at 1.62% & NNPA at 0.20%; PCR increased to 88%



Source: Company, PL

Exhibit 8 : Fresh slippages reduced QoQ; write-offs were higher

Movement of NPL	Q4FY26	Q4FY25	YoY gr. (%)	Q3FY26	QoQ gr. (%)
Opening	44,463	45,525	(2.3)	45,319	(1.9)
Additions	4,830	4,920	(1.8)	4,430	9.0
Reduction	5,940	6,690	(11.2)	5,280	12.5
Closing	43,353	43,755	(0.9)	44,469	(2.5)
Slippages (%)	0.82	0.94	(11.7)	0.75	6.8

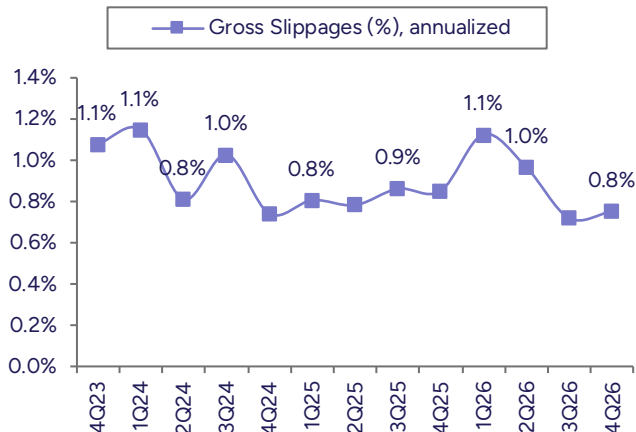
Segmental fresh slippages:

Retail	2,210	2,260	(2.2)	2,080	6.3
Agri	1,380	1,710	(19.3)	1,530	(9.8)
SME	1,150	860	33.7	740	55.4
Corporate	-	260	(100.0)	-	-

Retail (% annualized)	0.95	1.07	(12.7)	1.03	(8.7)
SME (% annualized)	0.74	0.69	4.6	0.76	(2.2)

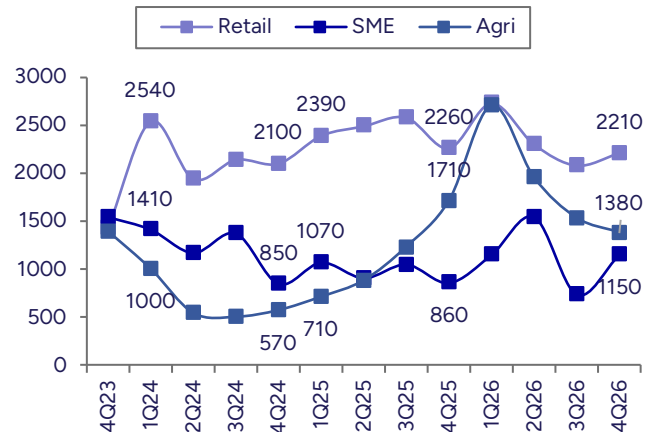
Source: Company, PL

Exhibit 9 : Slippages increased QoQ to 0.8%



Source: Company, PL

Exhibit 10 : Slippages went up QoQ



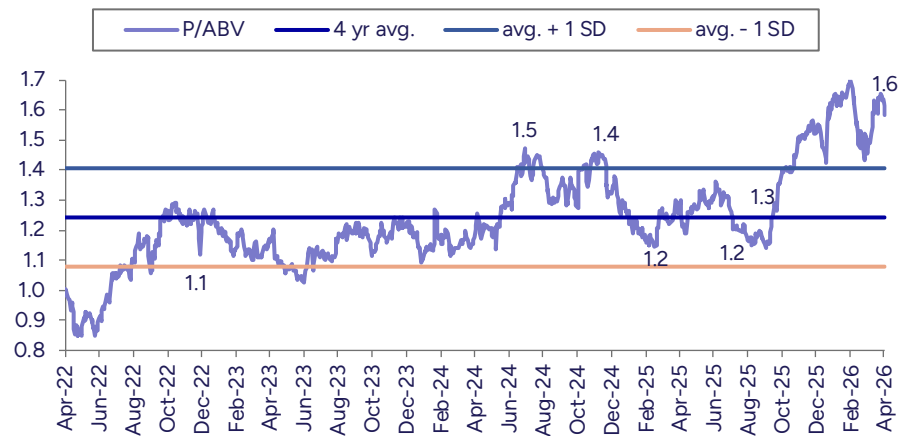
Source: Company, PL

Exhibit 11 : Return ratios to be around 11.5% in FY27-28E

DuPont Analysis	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
NII/Assets	2.9	2.8	3.0	2.9	2.9	2.8	2.9	2.9
Other inc./Assets	1.0	1.0	1.0	1.1	1.2	1.2	1.2	1.2
<b>Net revenues/Assets</b>	<b>3.9</b>	<b>3.8</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.1</b>	<b>4.1</b>
Opex/Assets	1.9	2.0	2.0	2.2	2.2	2.1	2.2	2.1
Provisions/Assets	0.9	0.6	0.3	0.1	0.2	0.5	0.3	0.3
Taxes/Assets	0.3	0.3	0.4	0.4	0.4	0.3	0.4	0.4
<b>ROA (%)</b>	<b>0.8</b>	<b>0.9</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>
<b>ROE (%)</b>	<b>10.4</b>	<b>10.8</b>	<b>14.9</b>	<b>14.7</b>	<b>13.0</b>	<b>11.4</b>	<b>11.5</b>	<b>11.5</b>

Source: Company, PL

Exhibit 12 : One-year forward P/ABV trades at 1.6x



Source: Company, PL

## Quarterly Financials

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
<b>Income Statement (INR m)</b>								
Interest earned	63,309	65,773	68,087	66,484	66,866	67,422	68,675	69,431
Interest expended	40,389	42,101	43,774	42,709	43,498	42,469	42,148	42,265
<b>Net Interest Income</b>	<b>22,920</b>	<b>23,672</b>	<b>24,313</b>	<b>23,774</b>	<b>23,368</b>	<b>24,952</b>	<b>26,527</b>	<b>27,166</b>
Other income	9,152	9,640	9,162	10,060	11,130	10,822	11,003	11,450
<b>Fees</b>	<b>6,520</b>	<b>7,840</b>	<b>7,560</b>	<b>8,000</b>	<b>7,860</b>	<b>8,860</b>	<b>8,960</b>	<b>9,910</b>
Total Income	32,072	33,312	33,475	33,834	34,498	35,774	37,530	38,616
<b>Operating Expenses</b>	<b>17,063</b>	<b>17,658</b>	<b>17,781</b>	<b>19,180</b>	<b>18,935</b>	<b>19,332</b>	<b>20,237</b>	<b>20,412</b>
Employees	7,380	7,777	7,832	7,838	7,976	8,034	8,487	7,757
Others	9,682	9,882	9,949	11,342	10,959	11,298	11,750	12,655
Operating profit	15,009	15,654	15,695	14,654	15,563	16,442	17,293	22,764
<b>Core PPOp</b>	<b>14,659</b>	<b>14,814</b>	<b>14,695</b>	<b>14,194</b>	<b>14,293</b>	<b>15,312</b>	<b>16,033</b>	<b>18,085</b>
Provisions	1,443	1,584	2,923	1,381	4,002	3,631	3,324	7,410
Profit before tax	13,566	14,070	12,771	13,273	11,561	12,811	13,970	15,354
Taxes	3,471	3,503	3,217	2,971	2,944	3,258	3,557	2,763
Net Profit	10,095	10,567	9,554	10,302	8,618	9,553	10,412	12,591
<b>Core PAT</b>	<b>9,835</b>	<b>9,936</b>	<b>8,805</b>	<b>9,938</b>	<b>7,664</b>	<b>8,716</b>	<b>9,471</b>	<b>11,352</b>
<b>Balance Sheet (INR m)</b>								
Share capital	4,900	4,905	4,910	4,912	4,910	4,919	4,920	4,929
Reserves & surplus	300,750	309,661	318,430	329,295	339,280	345,635	355,910	382,122
Deposits	2,660,650	2,691,066	2,663,750	2,836,475	2,874,360	2,889,196	2,977,960	3,139,094
Borrowings	217,100	237,486	286,900	237,263	197,760	179,675	163,310	211,591
Other liabilities	96,320	112,313	125,050	82,104	116,660	141,377	164,810	137,479
<b>Total liabilities</b>	<b>3,279,720</b>	<b>3,355,430</b>	<b>3,399,040</b>	<b>3,490,048</b>	<b>3,532,970</b>	<b>3,560,802</b>	<b>3,666,910</b>	<b>3,875,215</b>
Cash & bank	248,620	228,669	261,720	308,592	256,560	228,620	221,050	257,276
Investments	638,320	646,619	664,410	662,456	685,010	703,469	718,890	766,762
Advances	2,208,070	2,303,122	2,303,700	2,348,364	2,412,040	2,446,571	2,555,690	2,645,944
Fixed assets	10,790	10,951	14,630	14,783	14,630	14,532	14,680	14,725
Other assets	173,920	166,069	154,590	155,853	164,740	167,610	156,600	190,508
<b>Total assets</b>	<b>3,279,720</b>	<b>3,355,430</b>	<b>3,399,050</b>	<b>3,490,048</b>	<b>3,532,980</b>	<b>3,560,802</b>	<b>3,666,910</b>	<b>3,875,215</b>
<b>Balance sheet ratios (%)</b>								
Loan growth	5.4	4.3	-	1.9	2.7	1.4	4.5	3.5
Deposit growth	5.4	1.1	(1.0)	6.5	1.3	0.5	3.1	5.4
LDR	83.0	85.6	86.5	82.8	83.9	84.7	85.8	84.3
CASA	29.3	30.1	30.2	30.2	30.3	31.0	32.1	32.9
<b>Capital Adequacy (%)</b>								
CET-1	14.2	13.8	13.8	15.0	14.7	14.4	13.9	15.9
Tier-2	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.3
CRAR	15.6	15.2	15.2	16.4	16.0	15.7	16.0	17.3
<b>Profitability ratios (%)</b>								
Yield on assets	8.5	8.4	8.5	8.1	8.0	8.0	8.0	7.8
Cost of funds	6.1	6.2	6.3	5.9	5.8	5.7	5.5	5.3
NIM	2.9	2.9	2.9	2.8	2.7	2.8	2.9	2.9
Fees/Assets	0.9	1.0	1.0	1.0	0.9	1.0	1.0	1.1
Cost/Income	53.2	53.0	53.1	56.7	54.9	54.0	53.9	52.9
Opex/avg assets	0.5	0.5	0.5	0.6	0.5	0.5	0.6	0.5
RoA	1.3	1.4	1.2	1.3	1.0	1.1	1.2	1.4
Core RoA	1.2	1.2	1.0	1.1	0.9	1.0	1.0	1.2
RoE	15.3	14.7	12.6	13.2	10.6	11.5	12.2	14.0
Core RoE	12.9	12.6	10.9	11.9	8.9	9.9	10.5	11.7
EPS (INR)	4.1	4.3	3.9	4.2	3.5	3.9	4.2	5.1
BVPS (INR)	124.8	128.3	131.7	136.1	140.2	142.5	146.7	157.1
ABVPS (INR)	1.3	1.3	1.2	1.2	0.9	0.9	1.0	1.1
<b>Asset quality ratios (%)</b>								
GNPA	2.1	2.1	2.0	1.8	1.9	1.8	1.7	1.6
NNPA	0.6	0.6	0.5	0.4	0.5	0.5	0.4	0.2
Provision coverage	71.9	72.9	75.2	76.2	75.2	74.3	76.0	87.8
Provision costs	0.3	0.3	0.5	0.2	0.7	0.6	0.5	1.2
Slippage	0.8	0.8	1.0	0.9	1.1	1.0	0.8	0.8
NNPA/Equity	4.4	4.2	3.5	3.1	3.4	3.3	3.0	1.4

Source: Company, PL

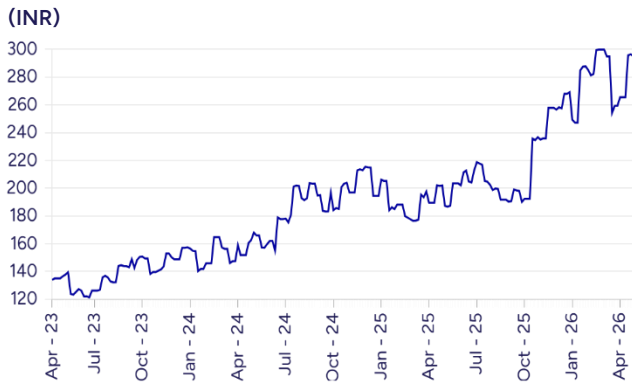
## Financials

Y/e Mar	FY25	FY26	FY27E	FY28E
<b>Income Statement (INR m)</b>				
Interest earned	263,653	272,394	292,210	328,944
Interest expended	168,973	170,380	173,890	192,644
<b>Net Interest Income</b>	<b>94,680</b>	<b>102,014</b>	<b>118,320</b>	<b>136,300</b>
Other income	38,012	44,404	48,040	54,663
<b>Fees</b>	<b>27,978</b>	<b>33,230</b>	<b>38,380</b>	<b>44,289</b>
<i>Net Total Income</i>	<i>132,692.5</i>	<i>146,418.0</i>	<i>166,359.7</i>	<i>190,963.7</i>
<b>Operating Expenses</b>	<b>71,681</b>	<b>78,916</b>	<b>88,404</b>	<b>98,994</b>
Employees	30,883	32,254	34,075	38,352
Others	40,798.3	46,662.0	54,328.8	60,642.4
Operating profit	61,011	67,502	77,956	91,970
<b>Core PPOP</b>	<b>54,919</b>	<b>62,288</b>	<b>74,006</b>	<b>87,620</b>
<b>Provisions</b>	<b>7,331</b>	<b>18,367</b>	<b>13,536</b>	<b>15,327</b>
Profit before tax	53,681	53,695	64,420	76,642
Taxes	13,162.0	12,523.0	16,427.2	19,543.8
Net Profit	40,519	41,173	47,993	57,098
<b>Core PAT</b>	<b>35,920</b>	<b>37,203</b>	<b>45,050</b>	<b>53,858</b>
<b>Growth Ratios (%)</b>				
Loans	12.1	12.7	13.0	13.0
Deposits	12.3	10.7	12.0	13.0
NII	14.2	7.7	16.0	15.2
Fees	24.9	18.8	15.5	15.4
Opex	11.8	10.1	12.0	12.0
Core PPOP	22.6	13.4	18.8	18.4
Provisions	273.8	150.5	(26.3)	13.2
Core PAT	6.9	3.6	21.1	19.5
<b>Profitability Ratios (%)</b>				
Yield on IEA	8.5	7.8	7.5	7.5
Cost of funds	5.8	5.3	4.9	4.9
<b>NIM</b>	<b>3.0</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>
Cost/Income	54.0	53.9	53.1	51.8
<b>Provision cost</b>	<b>0.3</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>
Tax rate	24.5	23.3	26.0	26.0
<b>Core RoA</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>
<b>Core RoE</b>	<b>12.1</b>	<b>10.8</b>	<b>11.2</b>	<b>11.2</b>
<b>Du-pont (%)</b>				
Interest income	8.0	7.4	7.1	7.1
Interest expenses	5.1	4.6	4.2	4.2
NII	2.9	2.8	2.9	2.9
Other income	1.2	1.2	1.2	1.2
<b>Fees/avg assets</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Total income</b>	<b>4.0</b>	<b>4.0</b>	<b>4.1</b>	<b>4.1</b>
<b>Opex/avg assets</b>	<b>2.2</b>	<b>2.1</b>	<b>2.2</b>	<b>2.1</b>
Staff cost	0.9	0.9	0.8	0.8
Other opex	1.2	1.3	1.3	1.3
<b>PPOP</b>	<b>1.9</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>
<b>Core PPOP/avg assets</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>
Provisions	0.2	0.5	0.3	0.3
<b>PBT</b>	<b>1.6</b>	<b>1.3</b>	<b>1.6</b>	<b>1.7</b>
Tax	0.4	0.3	0.4	0.4
<b>RoA</b>	<b>1.2</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>
<b>RoE</b>	<b>13.0</b>	<b>11.4</b>	<b>11.5</b>	<b>11.5</b>

Source: Company, PL

Y/e Mar	FY25	FY26	FY27E	FY28E
<b>Balance Sheet (INR m)</b>				
Equity	334,206	387,051	446,456	544,889
Share capital	4,912	4,929	4,929	5,475
Deposits	2,836,475	3,139,094	3,516,190	3,971,759
Borrowings	237,263	211,591	201,416	216,863
Other Liabilities	82,104	137,479	160,831	188,150
<b>Total liabilities</b>	<b>3,490,048</b>	<b>3,875,215</b>	<b>4,324,892</b>	<b>4,921,660</b>
Cash with RBI	203,544	155,662	175,199	197,188
Balance with banks	105,048	101,614	114,368	128,722
Investments	662,456	766,762	843,886	992,940
Advances	2,348,364	2,645,944	2,988,761	3,375,995
Fixed assets	14,783	14,725	15,323	15,945
Other assets	155,853	190,508	187,356	210,871
<b>Total assets</b>	<b>3,490,048</b>	<b>3,875,215</b>	<b>4,324,892</b>	<b>4,921,660</b>
<b>Balance sheet ratios (%)</b>				
LDR	82.8	84.3	85.0	85.0
CASA	30.5	32.9	33.4	34.0
Inv/NDTL	21.0	22.0	21.8	22.7
Borr/NDTL	7.5	6.1	5.2	5.0
Assets/equity (x)	10.4	10.0	9.7	9.0
RWA/Loans	89.5	87.4	86.6	85.9
RWA/Total assets	60.2	59.6	59.9	58.9
<b>Capital ratios (%)</b>				
CRAR	16.4	17.2	17.7	19.2
CET-1	15.0	15.9	16.4	17.9
AT-1	-	-	-	-
Tier-2	1.4	1.3	2.0	2.0
<b>Asset quality ratios (%)</b>				
GNPA (INR mn)	43,755	43,355	44,775	48,424
NNPA (INR mn)	10,404	5,293	6,717	8,717
GNPA	1.8	1.6	1.5	1.4
NNPA	0.4	0.2	0.2	0.3
PCR	76.2	87.8	85.0	82.0
Slippage	0.9	0.9	0.9	0.9
NNPA / Equity	3.1	1.4	1.5	1.6
<b>Per share (INR)</b>				
EPS	16.5	16.7	19.5	20.9
DPS	1.2	1.3	1.7	1.9
BVPS	136.1	157.0	181.1	199.0
ABVPS	131.9	154.9	178.4	195.9
Core BVPS	-	-	-	-
Core ABVPS	-	-	-	-
<b>Valuation (x)</b>				
Price (INR)	186.2	284.0	284.8	284.8
P/E	11.3	17.0	14.6	13.7
P/BV	1.4	1.8	1.6	1.4
P/ABV	1.4	1.8	1.6	1.5
P/core BV	-	-	-	-
P/core ABV	-	-	-	-

Source: Company, PL

**Price Chart**

**Recommendation History**

No.	Date	Rating	TP (INR)	Share Price (INR)
1	10-Apr-26	BUY	275	283
2	19-Feb-26	BUY	275	291
3	17-Jan-26	BUY	275	270
4	08-Jan-26	BUY	250	259
5	24-Oct-25	BUY	250	227
6	19-Oct-25	BUY	235	213
7	07-Oct-25	BUY	220	199
8	02-Aug-25	BUY	220	196
9	07-Jul-25	BUY	220	215
10	23-Jun-25	BUY	220	208

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Axis Bank	BUY	1600	1366
2	Bank of Baroda	Accumulate	320	274
3	Canara Bank	Hold	160	138
4	Canara Robeco Asset Management Company	Hold	280	268
5	City Union Bank	BUY	310	276
6	DCB Bank	BUY	155	182
7	Federal Bank	BUY	275	283
8	HDFC Asset Management Company	Buy	3000	2662
9	HDFC Bank	Buy	1100	800
10	ICICI Bank	Buy	1825	1347
11	ICICI Prudential Asset Management Company	Buy	3585	3354
12	IndusInd Bank	Accumulate	960	848
13	Kotak Mahindra Bank	BUY	500	372
14	Nippon Life India Asset Management	BUY	1050	990
15	Prudent Corporate Advisory Services	Buy	2600	2344
16	State Bank of India	BUY	1280	1041
17	Union Bank of India	Accumulate	200	180
18	UTI Asset Management Company	Hold	975	925

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>BUY</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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