

# Karur Vysya Bank (KVB IN)

**Q4FY26 Result Update**

May 08, 2026

Earnings quality remains in top quartile

## Key Data

KARU.BO | KVB IN

|                     |                          |
|---------------------|--------------------------|
| BSE Code            | 590003                   |
| NSE Code            | KARURVYSYA               |
| 52-W High / Low     | INR 343 / INR 166        |
| Face Value          | 2                        |
| Sensex / Nifty      | 77,845 / 24,327          |
| Market Cap          | INR 303 bn / \$ 3,215 mn |
| Shares Outstanding  | 966.36 mn                |
| 3M Avg. Daily Value | INR 1,058.23 mn          |

## Shareholding Pattern (%)

|                            |       |
|----------------------------|-------|
| Promoters                  | 2.07  |
| FIs                        | 19.25 |
| Mutual Funds               | 31    |
| Domestic Institutions      | 8.26  |
| Public & Others            | 39.42 |
| Promoter's Pledge (INR bn) | -     |

## Stock Performance (%)

|          | 1M   | 3M    | 6M   | 12M  |
|----------|------|-------|------|------|
| Absolute | 19.7 | (1.4) | 25.9 | 76.5 |
| Relative | 14.7 | 5.8   | 34.5 | 83.0 |

## Key Financials - Standalone

| Y/e Mar            | FY25   | FY26   | FY27E  | FY28E  |
|--------------------|--------|--------|--------|--------|
| NII (INR mn)       | 42,524 | 47,779 | 54,895 | 63,141 |
| NIM (%)            | 3.9    | 3.9    | 3.9    | 3.8    |
| Core PPOP (INR mn) | 29,852 | 34,740 | 39,086 | 44,331 |
| PAT (INR mn)       | 19,416 | 25,103 | 26,454 | 30,122 |
| Core PAT (INR mn)  | 17,714 | 20,551 | 23,934 | 27,602 |
| EPS (INR)          | 20.1   | 26.0   | 27.4   | 31.2   |
| Gr. (%)            | 20.9   | 29.2   | 5.4    | 13.9   |
| DPS (INR)          | 2.2    | 2.6    | 3.0    | 3.4    |
| Yield (%)          | 1.0    | 0.9    | 1.0    | 1.1    |
| RoAE (%)           | 17.7   | 19.3   | 17.2   | 16.7   |
| Core RoAE (%)      | 16.1   | 15.8   | 15.6   | 15.3   |
| RoAA (%)           | 1.7    | 2.0    | 1.8    | 1.8    |
| Core RoAA (%)      | 1.6    | 1.6    | 1.6    | 1.6    |
| P/BV (x)           | 1.5    | 2.0    | 1.7    | 1.6    |
| P/ABV (x)          | 1.5    | 2.0    | 1.7    | 1.6    |
| PE (x)             | 8.2    | 11.3   | 10.8   | 10.1   |
| CAR (%)            | 18.2   | 18.8   | 19.1   | 19.6   |

## Quick Pointers

- Healthy quarter owing to better revenue and opex
- While NIM has been better outlook is cautious
- Lower opex/provisions are levers to core PAT

KVB saw a strong quarter with higher core PAT due to beat on NII/NIM & TWO recovery and lower opex. Reported NIM was up 26bps QoQ to 4.25% led by (1) 16bps increase in loan yields (as fixed rate book was up from 23% to 29%) and (2) downward repricing of deposits. Superior core income allowed creation of buffer provisions of INR 1.6bn as KVB is cautious on the impact of the conflict; new ECL guidelines would not have a material effect. With core RoA of ~1.6% and core PAT CAGR of ~16%, we are optimistic on KVB given strong balance sheet and earnings quality. We assign a multiple at 1.7x on FY28 ABV and to arrive at a TP of INR 345. Give a 'BUY' rating.

**Core PAT beat due to higher NII/NIM, TWO recovery and lower opex:** NII was higher at INR 13.4bn as NIM (calc.) was better at 4.3%; reported NIM also increased by 26bps QoQ to 4.25%. Credit and deposit growth were in-line at 16.9%/13.3% YoY. CASA ratio was flat QoQ at 27%; LDR inched up by 70bps QoQ to 84.9%. Other income was higher at INR 6.2bn due to TWO recovery & treasury. Opex at INR 7.3bn was lower mainly due to staff cost at INR 3.4bn. Core PPOP at INR 10.9bn was a beat; PPOP was INR 12.5bn. Asset quality was a slight miss; GNPA at 0.75% was higher due to more gross slippages at INR 1.87bn; recoveries were steady at INR 670mn. Provisions were more at INR 2.6bn as additional buffer of INR 1.6bn was created. Core PAT was more at INR 6.1bn; PAT was INR 7.25bn.

**Loan growth was curtailed:** Credit growth was soft and moderated to 1.7% QoQ (4-6% QoQ in 9MFY26) due to a conscious decision to avoid unwarranted risk amid geopolitical tensions. Commercial/corporate segments saw muted growth; bank avoided some commercial accounts due to lower pricing. Growth continued in the gold portfolio (agri+non-agri) which was up 6.4% QoQ while LAP also grew by 9.1% QoQ. The gold portfolio is currently 30% of loans; it has an internal cap of 35%. Credit growth for FY27 is guided to be 1-2% above industry with momentum to continue in RAM; we are factoring a 15% CAGR in loans over FY26-28E.

**Positive surprise on NIM; guidance cautious:** Reported NIM at 4.25% (excluding 7bps of IT refund) was superior driven by (1) 16bps increase in loan yields supported by an increase in the fixed-rate loan book from 23% to 29% and (2) 9bps reduction in cost of funds due to deposit repricing. Management expects NIM for FY27 to range between 3.75-3.80% (FY26 3.97%), driven by likely increase in RTD rates and competitive pressure on loan yields led by a need to retain existing customers and acquire new ones amidst competitive pressure.

## Q4FY26 Conference Call highlights

### Balance sheet

- Overall advances growth moderated in Q4FY26 (1.7%) due to management's conscious decision to avoid unwarranted risk amid geopolitical tensions. FY27 credit growth to be 1-2% above industry, with growth dynamically allocated between retail and agri, balancing PSL requirements and risk-return considerations.
- Commercial (MSME) growth was muted in Q4FY26, due to conscious exits from weaker or low-pricing accounts amid geopolitical tensions. RM led model to strengthen MSME growth in FY27, focusing on acquiring new relationships, albeit with some margin trade-offs.
- Retail advances grew 3% QoQ/25% YoY, driven by enhanced branch and open market collaborations for mortgages business; Bank aims to further expand the established partnerships for affordable housing.
- Gold loan growth remains strong at 6.4% QoQ/26.6% YoY aided by sustained focus on TAT and customer engagement despite competitive pressures. Gold portfolio would be capped at 35% (currently ~30%).
- LTV for agri gold is 55.6% indicating sufficient margin. Bank remains vigilant in maintaining higher margins amid increasing gold prices by reinforcing monitoring mechanism.
- The bank avoided the vehicle loan segment due to long tenor lock-ins, higher delinquencies in fixed-rate loans, and impact of upfront dealer commissions on risk-adjusted returns.
- Corporate portfolio grew 12% YoY, driven by selective exposure to CRE, capital markets, and EPC segments, while moderating growth in Q4FY26 due to external uncertainties; Targeted RAM-Corporate mix of 80:20.
- Unsecured book remains contained at 1.8% of total advances; The Bank aims to gradually optimize risk-return profile through deliberately increasing RWA to 65% from current 55-58%.
- Deposit growth moderated in Q4FY26, due to front-loading of retail deposits in Q1 and avoiding of bulk deposits amid elevated CD rates, with an aim to optimize funding cost aided by RTD repricing
- LCR expected to be in 115-120% levels, with deposit growth to be mobilized in line with LCR requirements.
- Outlook for FY27 remains cautious amid West Asia impacting inflation and supply chains disruptions; bank plans to open 50 branches in FY27, largely front loaded in H1.

### Profit & loss

- NIM for Q4FY26 at 4.25% (excluding 7bps of IT refund) was up +26 bps QoQ driven by 9 bps reduction in COF and 16bps increase in asset yields as increase in fixed rated loans in portfolio mix led to better yields. NIM for FY26 at 3.97% exceeded guidance of ~3.9%.
- Margins are expected to moderate, reflecting higher RTD rates and compression in advance yields amid competitive pricing and efforts to retain key customer relationships; ROA guided to be 1.7-1.8%
- Treasury yields to increase by 15-20 bps through strategic rebalancing of the HTM portfolio.
- Staff cost declined sequentially by ~6% aided by lower pension obligations due to higher discount rates; Other opex grew by 2% QoQ, driven by higher rents, RM & DSA commissions, and technology costs; bank aims to maintain C/I ratio below 50%.

## Asset quality

- The Bank has made INR 1.63 bn of prudential provisions earmarked toward sectors potentially impacted by geopolitical tensions.
- Asset quality remains robust, with GNPA expected below 1.5% and NNPA below 1%, and slippages guided to remain below 1% of advances; Unsecured exposure remains tightly controlled.
- Slippages during the quarter were higher due to front-loaded recognition of few stressed accounts as NPA with an aim to improve recovery prospects.
- Management expects minimal transition impact due to ECL guidelines, supported by strong asset quality and prudential buffers built over the past three years.

### Exhibit 1 : Higher PAT due to TWO recovery and lower opex

| P&L Statement (Rs m)               | Q4FY26        | Q4FY25        | YoY gr. (%)   | Q4FY26E       | % Var.      | Q3FY26        | QoQ gr. (%) |
|------------------------------------|---------------|---------------|---------------|---------------|-------------|---------------|-------------|
| Interest Income                    | 28,820        | 25,159        | 14.5          | 28,008        | 2.9         | 27,942        | 3.1         |
| Interest Expended                  | 15,449        | 14,267        | 8.3           | 15,625        | (1.1)       | 15,549        | (0.6)       |
| <b>Net interest income (NII)</b>   | <b>13,371</b> | <b>10,893</b> | <b>22.8</b>   | <b>12,383</b> | <b>8.0</b>  | <b>12,393</b> | <b>7.9</b>  |
| Other income                       | 6,158         | 5,093         | 20.9          | 4,926         | 25.0        | 5,090         | 21.0        |
| -Fee income                        | 2,800         | 2,640         | 6.1           | 2,926         | (4.3)       | 2,660         | 5.3         |
| -Other non interest income         | 3,358         | 2,453         | 36.9          | 2,000         | 67.9        | 2,430         | 38.2        |
| <b>Total income</b>                | <b>19,529</b> | <b>15,986</b> | <b>22.2</b>   | <b>17,309</b> | <b>12.8</b> | <b>17,482</b> | <b>11.7</b> |
| Operating expenses                 | 7,278         | 7,636         | (4.7)         | 7,651         | (4.9)       | 7,429         | (2.0)       |
| -Staff expenses                    | 3,408         | 3,849         | (11.5)        | 3,741         | (8.9)       | 3,632         | (6.2)       |
| -Other expenses                    | 3,871         | 3,787         | 2.2           | 3,910         | (1.0)       | 3,796         | 2.0         |
| <b>Operating profit</b>            | <b>12,468</b> | <b>8,350</b>  | <b>49.3</b>   | <b>9,658</b>  | <b>29.1</b> | <b>10,053</b> | <b>24.0</b> |
| <b>Core Operating Profit</b>       | <b>10,693</b> | <b>7,716</b>  | <b>38.6</b>   | <b>8,908</b>  | <b>20.0</b> | <b>9,414</b>  | <b>13.6</b> |
| Total provisions                   | 2,577         | 1,614         | 59.6          | 1,452         | 77.5        | 1,048         | 145.9       |
| <b>Profit before tax</b>           | <b>9,891</b>  | <b>6,736</b>  | <b>46.8</b>   | <b>8,206</b>  | <b>20.5</b> | <b>9,006</b>  | <b>9.8</b>  |
| Tax                                | 2,641         | 1,602         | 64.9          | 2,052         | 28.8        | 2,106         | 25.4        |
| <b>Profit after tax</b>            | <b>7,250</b>  | <b>5,134</b>  | <b>41.2</b>   | <b>6,155</b>  | <b>17.8</b> | <b>6,900</b>  | <b>5.1</b>  |
| <b>Balance Sheet (Rs m)</b>        |               |               |               |               |             |               |             |
| Deposits                           | 11,56,657     | 10,20,780     | 13.3          | 11,56,660     | (0.0)       | 11,45,950     | 0.9         |
| Advances                           | 9,81,906      | 8,40,045      | 16.9          | 9,82,241      | (0.0)       | 9,65,420      | 1.7         |
| <b>Ratios (%)</b>                  |               |               |               |               |             |               |             |
| <b>NIM</b>                         | <b>4.3</b>    | <b>4.0</b>    | <b>30</b>     | <b>4.0</b>    | <b>33</b>   | <b>4.1</b>    | <b>24.9</b> |
| RoaA                               | 2.3           | 1.8           | 44            | 1.9           | 35          | 2.2           | 7           |
| RoaE                               | 22.3          | 18.7          | 358           | 19.0          | 332         | 22.2          | 8           |
| <b>Asset Quality</b>               |               |               |               |               |             |               |             |
| Gross NPL (Rs m)                   | 7,439         | 6,418         | 15.9          | 6,478         | 14.8        | 6,869         | 8.3         |
| Net NPL (Rs m)                     | 1,862         | 1,662         | 12.0          | 1,619         | 15.0        | 1,833         | 1.6         |
| <b>Gross NPL ratio</b>             | <b>0.75</b>   | <b>0.76</b>   | <b>(0.64)</b> | <b>0.66</b>   | <b>10</b>   | <b>0.71</b>   | <b>5</b>    |
| <b>Net NPL ratio</b>               | <b>0.19</b>   | <b>0.20</b>   | <b>(0.82)</b> | <b>0.16</b>   | <b>2</b>    | <b>0.19</b>   | <b>(0)</b>  |
| Coverage ratio (Calc)              | 75.0          | 74.1          | 87            | 75.0          | (3)         | 73.3          | 165         |
| <b>Business &amp; Other Ratios</b> |               |               |               |               |             |               |             |
| Low-cost deposit mix               | 26.9          | 27.3          | (36)          | 27.9          | (97)        | 27.2          | (32)        |
| Cost-income ratio                  | 37.3          | 47.8          | (1,050)       | 44.2          | (694)       | 42.5          | (522)       |
| Non int. inc / total income        | 31.5          | 31.9          | (33)          | 28.5          | 307         | 29.1          | 242         |
| Credit deposit ratio               | 84.9          | 82.3          | 260           | 84.9          | (3)         | 84.2          | 65          |
| Capital Adequacy Ratio             | 18.8          | 18.2          | 59            | -             | -           | 16.1          | 271         |
| Tier-I                             | 17.7          | 17.1          | 60            | -             | -           | 15.1          | 266         |

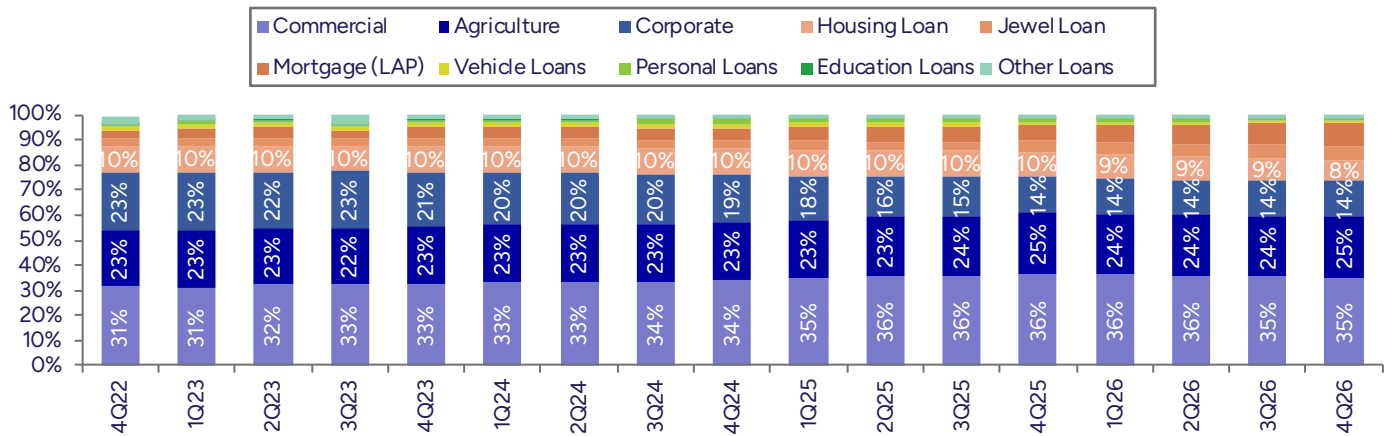
Source: Company, PL

Exhibit 2 : Agri / Mortgage loan grew 5% / 9% QoQ ; Muted growth in commercial and corporate

| Advances break-up (Rs mn) | Q4FY26          | Q4FY25          | YoY gr. (%) | Q3FY26          | QoQ gr. (%) |
|---------------------------|-----------------|-----------------|-------------|-----------------|-------------|
| Commercial                | 3,42,790        | 3,07,300        | 11.5        | 3,43,470        | (0.2)       |
| Agriculture               | 2,47,840        | 2,08,180        | 19.1        | 2,36,170        | 4.9         |
| Corporate                 | 1,34,940        | 1,20,470        | 12.0        | 1,36,640        | (1.2)       |
| Housing Loan              | 81,630          | 84,570          | (3.5)       | 82,530          | (1.1)       |
| Jewel Loan                | 55,600          | 34,550          | 60.9        | 53,140          | 4.6         |
| Mortgage (LAP)            | 92,220          | 54,990          | 67.7        | 84,510          | 9.1         |
| Vehicle Loans             | 8,160           | 10,270          | (20.5)      | 8,790           | (7.2)       |
| Personal Loans            | 10,510          | 10,820          | (2.9)       | 10,900          | (3.6)       |
| Education Loans           | 1,310           | 1,520           | (13.8)      | 1,330           | (1.5)       |
| Other Loans               | 12,540          | 12,240          | 2.5         | 13,040          | (3.8)       |
| <b>Total Advances</b>     | <b>9,87,540</b> | <b>8,44,910</b> | <b>16.9</b> | <b>9,70,520</b> | <b>1.8</b>  |

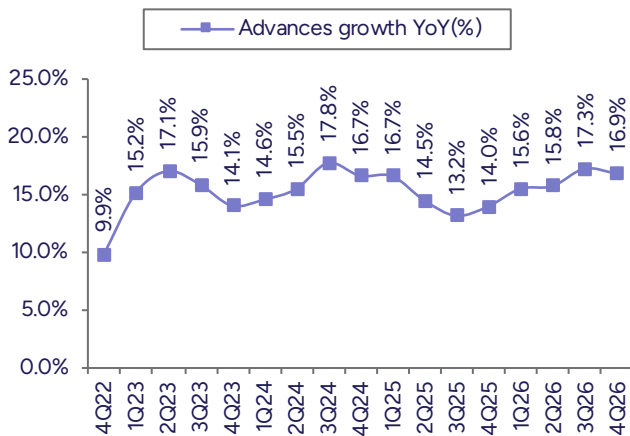
Source: Company, PL

Exhibit 3 : Commercial book maintained dominant share at 35%, share of agri loans increased to 25%



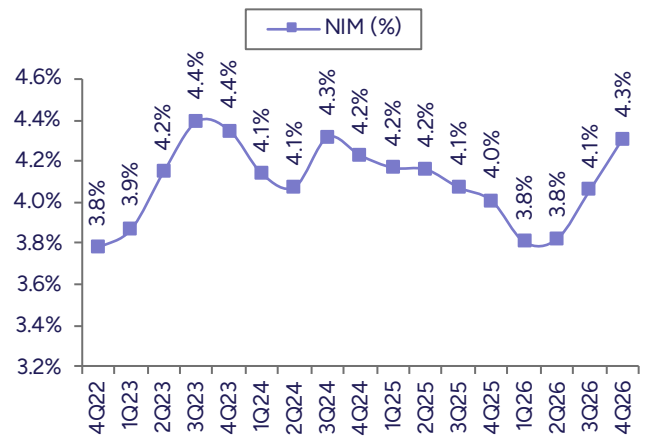
Source: Company, PL

Exhibit 4 : Advances growth at 16.9% YoY



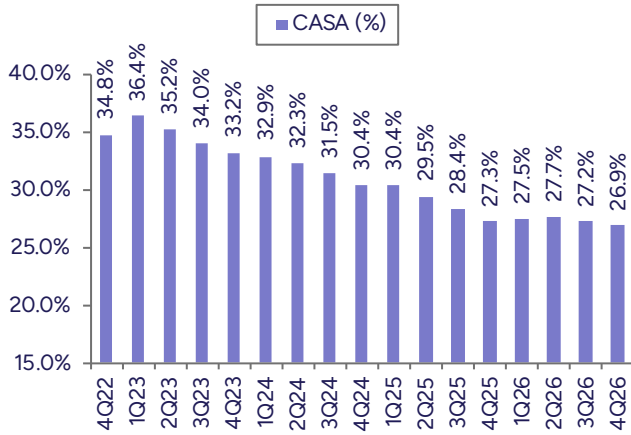
Source: Company, PL

Exhibit 5 : NIMs increased to 4.3%



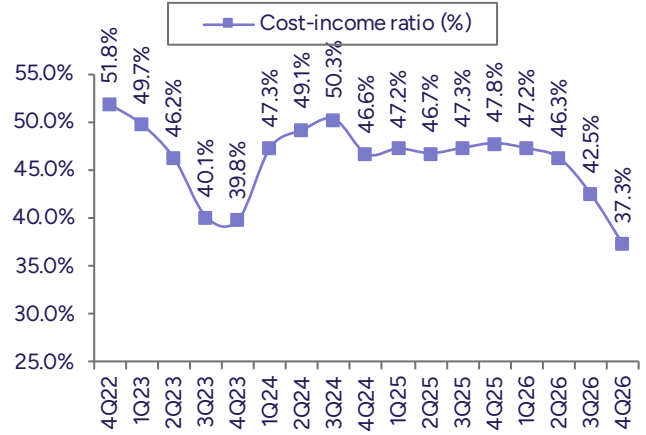
Source: Company, PL

Exhibit 6 : CASA mix decreased to 26.9%



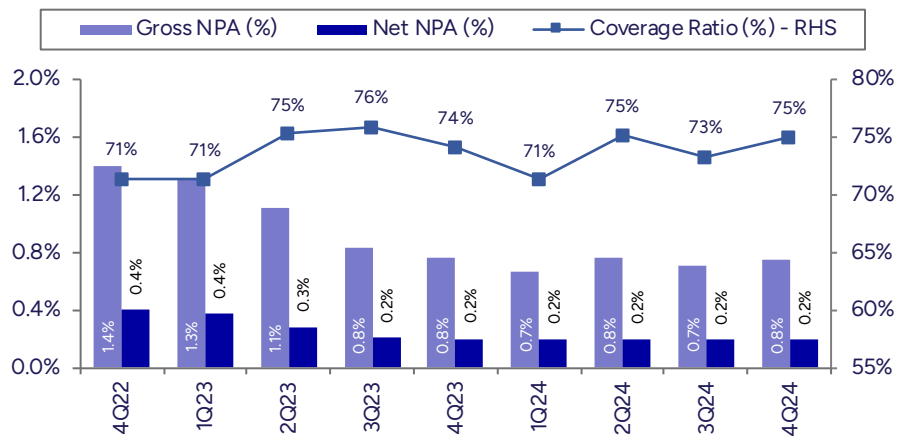
Source: PL, Company

Exhibit 7 : C/I decreased to 37.3%



Source: PL, Company

Exhibit 8 : GNPA increased QoQ to 0.8%, while PCR increased to 75%



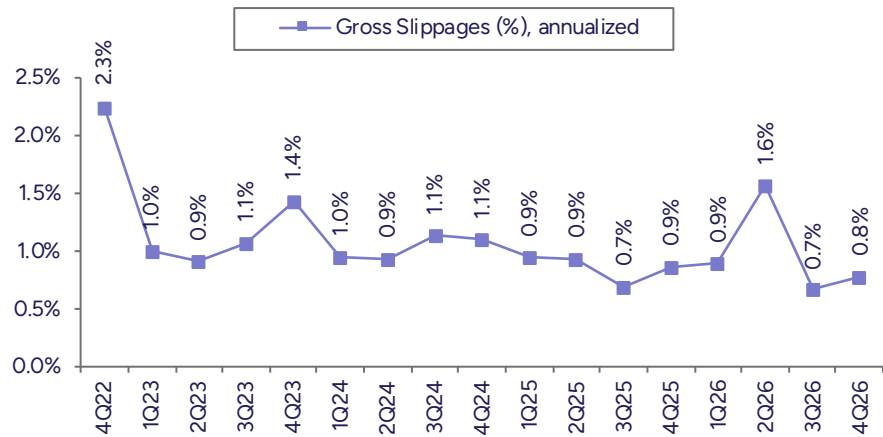
Source: Company, PL

Exhibit 9 : Slippages increased sequentially to 0.89%

| Movement in NPL | Q4FY26 | Q4FY25 | YoY gr. (%) | Q3FY26 | QoQ gr. (%) |
|-----------------|--------|--------|-------------|--------|-------------|
| Opening         | 6,870  | 6,920  | (0.7)       | 7,080  | (3.0)       |
| Additions       | 1,870  | 1,790  | 4.5         | 1,540  | 21.4        |
| Reductions      | 1,300  | 2,280  | (43.0)      | 1,750  | (25.7)      |
| Closing GNPA    | 7,440  | 6,430  | 15.7        | 6,870  | 8.3         |
| Slippages %     | 0.89   | 0.97   | (8)         | 0.73   | 16          |

Source: Company, PL

Exhibit 10 : Gross slippages (annualized) increased to 0.8%



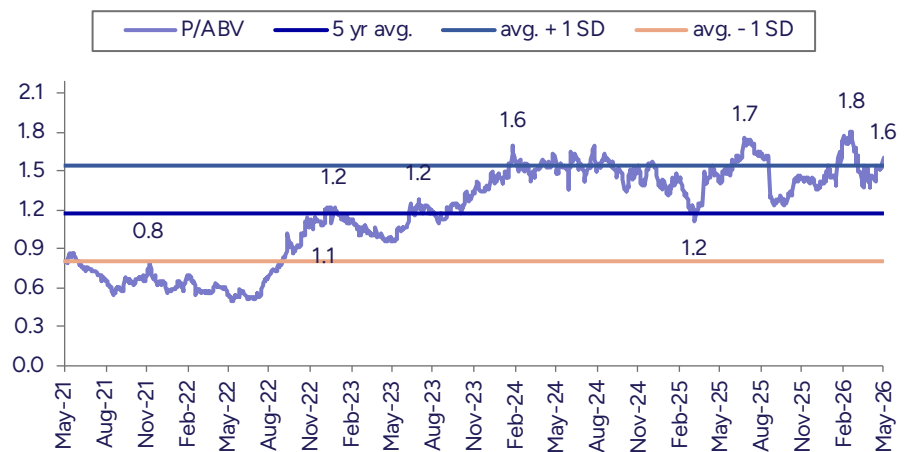
Source: Company, PL

Exhibit 11 : Return ratios to range around 16-17%

| Du-pont Analysis    | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---------------------|------|------|------|------|------|------|-------|-------|
| NII/Assets          | 3.3  | 3.5  | 3.9  | 3.9  | 3.8  | 3.7  | 3.7   | 3.7   |
| Other inc./Assets   | 1.1  | 1.0  | 1.4  | 1.7  | 1.6  | 1.6  | 1.4   | 1.3   |
| Net revenues/Assets | 4.4  | 4.5  | 5.3  | 5.6  | 5.4  | 5.4  | 5.2   | 5.1   |
| Opex/Assets         | 2.8  | 2.4  | 2.4  | 2.7  | 2.6  | 2.3  | 2.3   | 2.2   |
| Provisions/Assets   | 1.1  | 0.9  | 1.2  | 0.7  | 0.6  | 0.6  | 0.5   | 0.4   |
| Taxes/Assets        | 0.2  | 0.3  | 0.4  | 0.5  | 0.6  | 0.6  | 0.6   | 0.6   |
| ROA (%)             | 0.3  | 0.9  | 1.3  | 1.6  | 1.7  | 2.0  | 1.8   | 1.8   |
| ROE (%)             | 3.5  | 9.3  | 13.7 | 17.2 | 17.7 | 19.3 | 17.2  | 16.7  |

Source: Company, PL

Exhibit 12 : On one-year forward basis, KVB 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                 | 22,845           | 23,840           | 24,860           | 25,159           | 25,686           | 26,690           | 27,942           | 28,820           |
| Interest expended               | 12,602           | 13,241           | 14,072           | 14,267           | 14,892           | 15,468           | 15,549           | 15,449           |
| <b>Net Interest Income</b>      | <b>10,244</b>    | <b>10,600</b>    | <b>10,788</b>    | <b>10,893</b>    | <b>10,794</b>    | <b>11,222</b>    | <b>12,393</b>    | <b>13,371</b>    |
| Other income                    | 3,884            | 4,720            | 4,674            | 5,093            | 4,473            | 5,123            | 5,090            | 6,158            |
| <b>Fees</b>                     | <b>2,420</b>     | <b>2,320</b>     | <b>2,340</b>     | <b>2,640</b>     | <b>2,510</b>     | <b>2,530</b>     | <b>2,660</b>     | <b>2,800</b>     |
| Total Income                    | 14,127           | 15,320           | 15,462           | 15,986           | 15,266           | 16,345           | 17,482           | 19,529           |
| <b>Operating Expenses</b>       | <b>6,669</b>     | <b>7,157</b>     | <b>7,310</b>     | <b>7,636</b>     | <b>7,211</b>     | <b>7,561</b>     | <b>7,429</b>     | <b>7,278</b>     |
| Employees                       | 3,335            | 3,570            | 3,738            | 3,849            | 3,649            | 3,651            | 3,632            | 3,408            |
| Others                          | 3,334            | 3,587            | 3,571            | 3,787            | 3,562            | 3,910            | 3,796            | 3,871            |
| Operating profit                | 7,459            | 8,162            | 8,153            | 8,350            | 8,055            | 10,174           | 10,053           | 12,468           |
| <b>Core PPOp</b>                | <b>7,005</b>     | <b>7,562</b>     | <b>7,568</b>     | <b>7,716</b>     | <b>6,873</b>     | <b>7,761</b>     | <b>9,414</b>     | <b>10,693</b>    |
| Provisions                      | 1,329            | 1,798            | 1,474            | 1,614            | 1,181            | 2,744            | 1,048            | 2,577            |
| Profit before tax               | 6,129            | 6,364            | 6,678            | 6,736            | 6,874            | 7,430            | 9,006            | 9,891            |
| Taxes                           | 1,543            | 1,628            | 1,718            | 1,602            | 1,659            | 1,691            | 2,106            | 2,641            |
| Net Profit                      | 4,587            | 4,736            | 4,960            | 5,134            | 5,215            | 5,740            | 6,900            | 7,250            |
| <b>Core PAT</b>                 | <b>4,247</b>     | <b>4,289</b>     | <b>4,526</b>     | <b>4,651</b>     | <b>4,317</b>     | <b>3,875</b>     | <b>6,410</b>     | <b>5,949</b>     |
| <b>Balance Sheet (INR m)</b>    |                  |                  |                  |                  |                  |                  |                  |                  |
| Share capital                   | 1,610            | 1,610            | 1,610            | 1,610            | 1,610            | 1,933            | 1,930            | 1,933            |
| Reserves & surplus              | 104,240          | 107,397          | 112,310          | 117,685          | 122,850          | 126,031          | 132,800          | 139,145          |
| Deposits                        | 923,490          | 958,385          | 991,550          | 1,020,780        | 1,066,500        | 1,104,916        | 1,145,950        | 1,156,657        |
| Borrowings                      | 21,130           | 14,180           | 15,630           | 12,170           | 18,430           | 25,166           | 30,310           | 26,226           |
| Other liabilities               | 38,270           | 44,159           | 42,630           | 41,429           | 44,320           | 42,945           | 44,680           | 42,069           |
| <b>Total liabilities</b>        | <b>1,088,740</b> | <b>1,125,731</b> | <b>1,163,730</b> | <b>1,193,674</b> | <b>1,253,710</b> | <b>1,300,990</b> | <b>1,355,670</b> | <b>1,366,031</b> |
| Cash & bank                     | 54,290           | 56,873           | 53,870           | 78,067           | 72,660           | 62,058           | 51,170           | 53,026           |
| Investments                     | 226,570          | 232,138          | 249,600          | 238,313          | 254,000          | 278,237          | 297,820          | 290,199          |
| Advances                        | 769,650          | 796,188          | 823,020          | 840,045          | 889,440          | 921,849          | 965,420          | 981,906          |
| Fixed assets                    | 4,430            | 4,628            | 4,620            | 4,902            | 4,920            | 5,115            | 5,070            | 5,016            |
| Other assets                    | 33,800           | 35,904           | 32,620           | 32,347           | 32,690           | 33,732           | 36,190           | 35,883           |
| <b>Total assets</b>             | <b>1,088,740</b> | <b>1,125,731</b> | <b>1,163,730</b> | <b>1,193,674</b> | <b>1,253,710</b> | <b>1,300,990</b> | <b>1,355,670</b> | <b>1,366,031</b> |
| <b>Balance sheet ratios (%)</b> |                  |                  |                  |                  |                  |                  |                  |                  |
| Loan growth                     | 16.7             | 14.5             | 13.2             | 14.0             | 15.6             | 15.8             | 17.3             | 16.9             |
| Deposit growth                  | 14.4             | 15.4             | 15.7             | 14.5             | 15.5             | 15.3             | 15.6             | 13.3             |
| LDR                             | 83.3             | 83.1             | 83.0             | 82.3             | 83.4             | 83.4             | 84.2             | 84.9             |
| CASA                            | 30.4             | 29.5             | 28.4             | 27.3             | 27.5             | 27.7             | 27.2             | 26.9             |
| <b>Capital Adequacy (%)</b>     |                  |                  |                  |                  |                  |                  |                  |                  |
| CET-1                           | 15.6             | 15.4             | 15.0             | 17.1             | 16.3             | 15.6             | 15.1             | 17.7             |
| Tier-2                          | 0.9              | 0.9              | 0.9              | 1.1              | 1.0              | 1.0              | 1.0              | 1.0              |
| CRAR                            | 16.5             | 16.3             | 15.9             | 18.2             | 17.4             | 16.6             | 16.1             | 18.8             |
| <b>Profitability ratios (%)</b> |                  |                  |                  |                  |                  |                  |                  |                  |
| Yield on assets                 | 9.3              | 9.4              | 9.0              | 8.9              | 9.1              | 9.1              | 8.8              | 8.8              |
| Cost of funds                   | 5.7              | 5.8              | 5.9              | 5.9              | 5.9              | 5.9              | 5.7              | 5.6              |
| NIM                             | 4.2              | 4.2              | 4.0              | 3.9              | 3.8              | 3.8              | 3.8              | 3.9              |
| Fees/Assets                     | 1.0              | 0.9              | 0.9              | 0.9              | 0.9              | 0.8              | 0.8              | 0.9              |
| Cost/Income                     | 47.2             | 46.7             | 47.1             | 47.2             | 47.2             | 46.3             | 45.2             | 43.0             |
| Opex/avg assets                 | 0.6              | 0.6              | 0.6              | 0.6              | 0.6              | 0.6              | 0.6              | 0.5              |
| RoA                             | 1.8              | 1.8              | 1.7              | 1.7              | 1.8              | 1.9              | 1.9              | 2.0              |
| Core RoA                        | 1.7              | 1.6              | 1.7              | 1.7              | 1.5              | 1.3              | 2.0              | 1.9              |
| RoE                             | 18.6             | 18.4             | 18.2             | 17.7             | 17.9             | 18.9             | 19.1             | 19.3             |
| Core RoE                        | 17.4             | 17.1             | 17.3             | 16.9             | 15.0             | 13.1             | 20.6             | 18.3             |
| EPS (INR)                       | 22.8             | 23.5             | 23.7             | 24.1             | 25.9             | 23.8             | 24.7             | 26.0             |
| BVPS (INR)                      | 131.5            | 135.4            | 141.5            | 148.2            | 154.6            | 132.4            | 139.6            | 145.9            |
| ABVPS (INR)                     | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Asset quality ratios (%)</b> |                  |                  |                  |                  |                  |                  |                  |                  |
| GNPA                            | 1.3              | 1.1              | 0.8              | 0.8              | 0.7              | 0.8              | 0.7              | 0.8              |
| NNPA                            | 0.4              | 0.3              | 0.2              | 0.2              | 0.2              | 0.2              | 0.2              | 0.2              |
| Provision coverage              | 71.3             | 75.2             | 75.9             | 74.1             | 71.3             | 75.2             | 73.3             | 75.0             |
| Provision costs                 | 0.7              | 1.0              | 0.8              | 0.8              | 0.6              | 1.3              | 0.7              | 0.8              |
| Slippage                        | 0.9              | 1.0              | 0.8              | 1.0              | 1.0              | 1.7              | 0.7              | 0.9              |
| NNPA/Equity                     | 2.8              | 2.0              | 1.5              | 1.4              | 1.4              | 1.4              | 1.4              | 1.3              |

Source: Company, PL

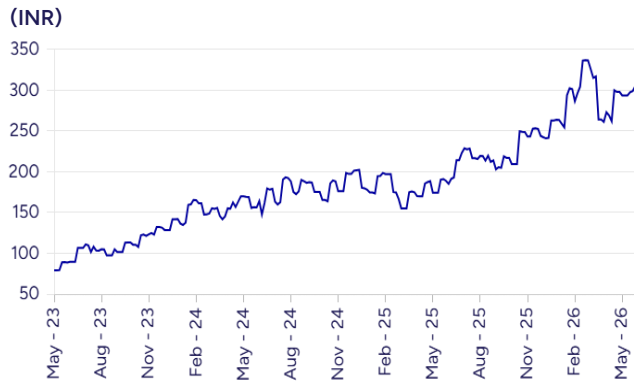
## Financials

| Y/e Mar                         | FY25          | FY26          | FY27E         | FY28E         |
|---------------------------------|---------------|---------------|---------------|---------------|
| <b>Income Statement (INR m)</b> |               |               |               |               |
| Interest earned                 | 96,705        | 109,137       | 123,927       | 140,946       |
| Interest expended               | 54,181        | 61,358        | 69,032        | 77,805        |
| <b>Net Interest Income</b>      | <b>42,524</b> | <b>47,779</b> | <b>54,895</b> | <b>63,141</b> |
| Other income                    | 18,371        | 20,843        | 20,926        | 22,599        |
| <b>Fees</b>                     | <b>9,270</b>  | <b>9,988</b>  | <b>11,379</b> | <b>12,962</b> |
| Net Total Income                | 60,895        | 68,622        | 75,822        | 85,740        |
| <b>Operating Expenses</b>       | <b>28,771</b> | <b>29,479</b> | <b>33,375</b> | <b>38,049</b> |
| Employees                       | 14,492        | 14,340        | 15,626        | 17,814        |
| Others                          | 14,280.0      | 15,139.0      | 17,749.6      | 20,235.0      |
| Operating profit                | 32,123        | 40,750        | 42,446        | 47,691        |
| <b>Core PPop</b>                | <b>29,852</b> | <b>34,740</b> | <b>39,086</b> | <b>44,331</b> |
| <b>Provisions</b>               | <b>6,216</b>  | <b>7,549</b>  | <b>7,174</b>  | <b>7,528</b>  |
| Profit before tax               | 25,907        | 33,200        | 35,272        | 40,163        |
| Taxes                           | 6,491.0       | 8,098.0       | 8,818.0       | 10,040.8      |
| Net Profit                      | 19,416        | 25,103        | 26,454        | 30,122        |
| <b>Core PAT</b>                 | <b>17,714</b> | <b>20,551</b> | <b>23,934</b> | <b>27,602</b> |
| <b>Growth Ratios (%)</b>        |               |               |               |               |
| Loans                           | 14.0          | 16.9          | 15.0          | 15.0          |
| Deposits                        | 14.5          | 13.3          | 14.8          | 15.0          |
| NII                             | 11.6          | 12.4          | 14.9          | 15.0          |
| Fees                            | 6.8           | 7.7           | 13.9          | 13.9          |
| Opex                            | 9.0           | 2.5           | 13.2          | 14.0          |
| Core PPop                       | 23.8          | 16.4          | 12.5          | 13.4          |
| Provisions                      | (14.7)        | 21.4          | (5.0)         | 4.9           |
| Core PAT                        | 37.8          | 16.0          | 16.5          | 15.3          |
| <b>Profitability Ratios (%)</b> |               |               |               |               |
| Yield on IEA                    | 8.9           | 8.8           | 8.7           | 8.6           |
| Cost of funds                   | 5.6           | 5.5           | 5.4           | 5.3           |
| <b>NIM</b>                      | <b>3.9</b>    | <b>3.9</b>    | <b>3.9</b>    | <b>3.8</b>    |
| Cost/Income                     | 47.2          | 43.0          | 44.0          | 44.4          |
| <b>Provision cost</b>           | <b>0.8</b>    | <b>0.8</b>    | <b>0.7</b>    | <b>0.6</b>    |
| Tax rate                        | 25.1          | 24.4          | 25.0          | 25.0          |
| <b>Core RoA</b>                 | <b>1.6</b>    | <b>1.6</b>    | <b>1.6</b>    | <b>1.6</b>    |
| <b>Core RoE</b>                 | <b>16.1</b>   | <b>15.8</b>   | <b>15.6</b>   | <b>15.3</b>   |
| <b>Du-pont (%)</b>              |               |               |               |               |
| Interest income                 | 8.6           | 8.5           | 8.4           | 8.3           |
| Interest expenses               | 4.8           | 4.8           | 4.7           | 4.6           |
| NII                             | 3.8           | 3.7           | 3.7           | 3.7           |
| Other income                    | 1.6           | 1.6           | 1.4           | 1.3           |
| <b>Fees/avg assets</b>          | <b>0.9</b>    | <b>0.8</b>    | <b>0.8</b>    | <b>0.8</b>    |
| <b>Total income</b>             | <b>5.4</b>    | <b>5.4</b>    | <b>5.2</b>    | <b>5.1</b>    |
| <b>Opex/avg assets</b>          | <b>2.6</b>    | <b>2.3</b>    | <b>2.3</b>    | <b>2.2</b>    |
| Staff cost                      | 1.3           | 1.1           | 1.1           | 1.1           |
| Other opex                      | 1.3           | 1.2           | 1.2           | 1.2           |
| <b>PPOP</b>                     | <b>2.9</b>    | <b>3.2</b>    | <b>2.9</b>    | <b>2.8</b>    |
| <b>Core PPop/avg assets</b>     | <b>2.7</b>    | <b>2.7</b>    | <b>2.7</b>    | <b>2.6</b>    |
| Provisions                      | 0.6           | 0.6           | 0.5           | 0.4           |
| <b>PBT</b>                      | <b>2.3</b>    | <b>2.6</b>    | <b>2.4</b>    | <b>2.4</b>    |
| Tax                             | 0.6           | 0.6           | 0.6           | 0.6           |
| <b>RoA</b>                      | <b>1.7</b>    | <b>2.0</b>    | <b>1.8</b>    | <b>1.8</b>    |
| <b>RoE</b>                      | <b>17.7</b>   | <b>19.3</b>   | <b>17.2</b>   | <b>16.7</b>   |

Source: Company, PL

| Y/e Mar                         | FY25             | FY26             | FY27E            | FY28E            |
|---------------------------------|------------------|------------------|------------------|------------------|
| <b>Balance Sheet (INR m)</b>    |                  |                  |                  |                  |
| Equity                          | 119,295          | 141,079          | 165,986          | 194,562          |
| Share capital                   | 1,932            | 1,933            | 1,933            | 1,933            |
| Deposits                        | 1,020,780        | 1,156,657        | 1,328,138        | 1,526,987        |
| Borrowings                      | 12,170           | 26,226           | 30,797           | 36,790           |
| Other Liabilities               | 41,429           | 42,069           | 47,718           | 54,125           |
| <b>Total liabilities</b>        | <b>1,193,674</b> | <b>1,366,031</b> | <b>1,572,639</b> | <b>1,812,464</b> |
| Cash with RBI                   | 73,542           | 51,544           | 56,066           | 61,887           |
| Balance with banks              | 4,525            | 1,483            | 1,782            | 2,609            |
| Investments                     | 238,313          | 290,199          | 338,675          | 395,490          |
| Advances                        | 840,045          | 981,906          | 1,128,917        | 1,297,939        |
| Fixed assets                    | 4,902            | 5,016            | 5,220            | 5,432            |
| Other assets                    | 32,347           | 35,883           | 41,978           | 49,109           |
| <b>Total assets</b>             | <b>1,193,674</b> | <b>1,366,031</b> | <b>1,572,639</b> | <b>1,812,464</b> |
| <b>Balance sheet ratios (%)</b> |                  |                  |                  |                  |
| LDR                             | 82.3             | 84.9             | 85.0             | 85.0             |
| CASA                            | 27.3             | 26.9             | 26.7             | 26.5             |
| Inv/NDTL                        | 22.2             | 23.7             | 24.1             | 24.4             |
| Borr/NDTL                       | 1.1              | 2.1              | 2.2              | 2.3              |
| Assets/equity (x)               | 10.0             | 9.7              | 9.5              | 9.3              |
| RWA/Loans                       | 78.9             | 77.1             | 76.4             | 75.8             |
| RWA/Total assets                | 55.5             | 55.4             | 54.9             | 54.3             |
| <b>Capital ratios (%)</b>       |                  |                  |                  |                  |
| CRAR                            | 18.2             | 18.8             | 19.1             | 19.6             |
| CET-1                           | 17.1             | 17.7             | 18.1             | 18.6             |
| AT-1                            | -                | -                | -                | -                |
| Tier-2                          | 1.1              | 1.0              | 1.0              | 1.0              |
| <b>Asset quality ratios (%)</b> |                  |                  |                  |                  |
| GNPA (INR mn)                   | 6,426            | 7,446            | 7,957            | 9,157            |
| NNPA (INR mn)                   | 1,662            | 1,862            | 1,988            | 2,288            |
| GNPA                            | 1.1              | 1.0              | 0.9              | 0.9              |
| NNPA                            | 0.2              | 0.2              | 0.2              | 0.2              |
| PCR                             | 74.1             | 75.0             | 75.0             | 75.0             |
| Slippage                        | 0.9              | 1.0              | 1.0              | 0.8              |
| NNPA / Equity                   | 1.4              | 1.3              | 1.2              | 1.2              |
| <b>Per share (INR)</b>          |                  |                  |                  |                  |
| EPS                             | 20.1             | 26.0             | 27.4             | 31.2             |
| DPS                             | 2.2              | 3.0              | 3.0              | 3.4              |
| BVPS                            | 123.5            | 145.9            | 171.7            | 201.3            |
| ABVPS                           | 121.4            | 143.7            | 169.4            | 198.6            |
| Core BVPS                       | -                | -                | -                | -                |
| Core ABVPS                      | -                | -                | -                | -                |
| <b>Valuation (x)</b>            |                  |                  |                  |                  |
| Price (INR)                     | 212.6            | 294.2            | 294.2            | 313.6            |
| P/E                             | 8.2              | 11.3             | 10.8             | 10.1             |
| P/BV                            | 1.5              | 2.0              | 1.7              | 1.6              |
| P/ABV                           | 1.5              | 2.0              | 1.7              | 1.6              |
| P/core BV                       | -                | -                | -                | -                |
| P/core ABV                      | -                | -                | -                | -                |

Source: Company, PL

**Price Chart**

**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                              | Accumulate | 300      | 285               |
| 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        | 480      | 383               |
| 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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