

Rating: BUY | CMP: Rs179 | TP: Rs200

January 15, 2026

## Q3FY26 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

| Rating             | Current  |          | Previous |          |
|--------------------|----------|----------|----------|----------|
|                    | FY27E    | FY28E    | FY27E    | FY28E    |
| Target Price       | BUY 200  |          | BUY 160  |          |
| NII (Rs. m)        | 4,02,136 | 4,49,958 | 3,99,339 | 4,44,615 |
| % Chng.            | 0.7      | 1.2      |          |          |
| Op. Profit (Rs. m) | 3,05,592 | 3,39,497 | 2,92,779 | 3,25,355 |
| % Chng.            | 4.4      | 4.3      |          |          |
| EPS (Rs.)          | 23.3     | 25.9     | 21.2     | 23.6     |
| % Chng.            | 10.0     | 9.6      |          |          |

### Key Financials - Standalone

| Y/e Mar           | FY25     | FY26E    | FY27E    | FY28E    |
|-------------------|----------|----------|----------|----------|
| NII (Rs m)        | 3,72,137 | 3,67,520 | 4,02,136 | 4,49,958 |
| Op. Profit (Rs m) | 3,10,900 | 2,75,760 | 3,05,592 | 3,39,497 |
| PAT (Rs m)        | 1,79,871 | 1,73,950 | 1,77,889 | 1,97,910 |
| EPS (Rs.)         | 23.6     | 22.8     | 23.3     | 25.9     |
| Gr. (%)           | 31.8     | (3.3)    | 2.3      | 11.3     |
| DPS (Rs.)         | 4.8      | 4.6      | 4.7      | 5.2      |
| Yield (%)         | 2.6      | 2.5      | 2.6      | 2.9      |
| NIM (%)           | 2.7      | 2.5      | 2.6      | 2.6      |
| RoAE (%)          | 18.1     | 15.2     | 13.9     | 13.6     |
| RoAA (%)          | 1.2      | 1.1      | 1.1      | 1.1      |
| P/BV (x)          | 1.3      | 1.1      | 1.0      | 0.9      |
| P/ABV (x)         | 1.3      | 1.2      | 1.0      | 0.9      |
| PE (x)            | 7.6      | 7.9      | 7.7      | 6.9      |
| CAR (%)           | 18.0     | 26.2     | 26.7     | 27.3     |

### Key Data

|                     | UNBK.BO   UNBK IN      |
|---------------------|------------------------|
| 52-W High / Low     | Rs.181 / Rs.102        |
| Sensex / Nifty      | 83,383 / 25,666        |
| Market Cap          | Rs.1,368bn/ \$ 15,156m |
| Shares Outstanding  | 7,634m                 |
| 3M Avg. Daily Value | Rs.2068.04m            |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 74.76 |
| Foreign                 | 7.86  |
| Domestic Institution    | 3.76  |
| Public & Others         | 7.95  |
| Promoter Pledge (Rs bn) | 5.67  |

### Stock Performance (%)

|          | 1M   | 6M   | 12M  |
|----------|------|------|------|
| Absolute | 17.4 | 21.9 | 72.2 |
| Relative | 20.0 | 20.3 | 58.0 |

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## Strong quarter; consistency in loan growth a key

### Quick Pointers:

- Core PAT beat due to better NII and lower provisions
- For FY27/28E, we lower provisions by 8-11bps (core PAT upgrade of ~2.5%).

**UNBK saw a strong quarter; as NIM/asset quality were better leading to a 32% beat on core PAT. CRR cut/better liquidity management drove rise in reported NIM by 9bps QoQ to 2.76%. However, due to repo cut and catch up in deposit growth, NIM may fall and bottom out in Q4FY26E. Gross slippage ratio was lower at 84bps (PLe 1.1%) while recovery was healthier resulting in negative net slippage that led to lower standard asset and loan loss provisions. Transition impact of ECL is estimated at Rs42-43bn and bank does not expect material effect as bank has enough PCR buffer while 95% of corporate book is rated BBB & above. We lower provisions over FY25-28E by 8-11bps leading to core PAT upgrade of ~2.5%. Consistency in loan growth/NIM remain key monitorables while asset quality remains strong. We tweak multiple to 1.0x from 0.9x and raise TP to Rs200 from Rs160 as we roll forward to Mar'27 ABV. Retain 'BUY.'**

- Core PAT beat aided by better NII/asset quality:** NII was higher by 2.6% at Rs93bn (PLe Rs91bn); NIM (calc.) was 2.71% (PLe 2.63%); reported NIM was up by 9bps QoQ to 2.76% due to liquidity utilisation. Loan/deposit growth were in-line at 7.7% YoY and 3.4% YoY. CASA ratio inched up to 33.9% (32.5% in Q2'26); LDR rose to 81% (76.8% in Q2'26). Other inc. was lower at Rs45.4bn (PLe Rs46.7bn) due to miss on fees, treasury/TWO recovery. Opex at Rs69.3bn was largely in-line; higher staff cost was offset by lower other opex. Core PPoP at Rs58.4bn was 1.2% ahead of PLe; PPoP was Rs69.4bn. While GNPA was in-line at 3.06% (PLe 3.07%) net slippage was lower. Gross slippage was Rs18.5bn (PLe Rs25.2bn); recoveries accelerated to Rs12.1bn (PLe Rs7.2bn). Provisions were lower at Rs3.2bn (PLe Rs14.4bn) due to lesser standard asset provision. Core PAT was 32.3% above PLe at Rs41.8bn; PAT was Rs50.2bn.
- Loan growth picks up:** Credit growth increased to 4.5% QoQ (avg. -0.3% in last 2 quarters) and was broad based led by corporate (incl. overseas) at 4.9%, SME 6.0% and agri 4.1%; retail growth was a bit lower at 2.9%. Bank targets RAM share to increase from current level of 55% to 58% given better yields, ability to bring CASA and other cross-selling opportunities. Bank is confident of aligning with system credit growth on a YoY basis; we are factoring a 10% CAGR in loans over FY26-28E. Deposit growth moderated as bulk deposits further reduced by 9.6% QoQ (12% decline in Q2FY26). Deposits maturing in Q4FY26 are at Rs1.5trn. Bank is comfortable at overall LDR of 81%.
- NIM enhanced QoQ; outlook better:** Reported NIM increased by 9bps QoQ as bank managed liquidity well in Q3FY26 as i) Rs400bn of bulk deposits were shed which were priced higher; this reduced LCR requirement ii) IBPC of Rs200bn from last quarter was shed iii) Rs100bn of low yielding portfolio was shifted to long term iv) investment book contracted by Rs150bn QoQ. However, due to repo cut and deposit growth catch-up in Q4FY26E, NIM may contract and bottom-out in Q4FY26.

**Exhibit 1: PAT beat led by higher NII and lower provisions**

| P&L (Rs mn)                      | Q3FY26          | Q3FY25          | YoY gr. (%)  | Q3FY26E         | % Var.      | Q2FY26          | QoQ gr. (%) |
|----------------------------------|-----------------|-----------------|--------------|-----------------|-------------|-----------------|-------------|
| Interest income                  | 2,64,434        | 2,69,579        | (1.9)        | 2,64,852        | (0.2)       | 2,61,906        | 1.0         |
| Interest expense                 | 1,71,155        | 1,77,177        | (3.4)        | 1,73,939        | (1.6)       | 1,73,782        | (1.5)       |
| <b>Net interest income (NII)</b> | <b>93,279</b>   | <b>92,403</b>   | <b>0.9</b>   | <b>90,913</b>   | <b>2.6</b>  | <b>88,124</b>   | <b>5.9</b>  |
| -Fee income                      | 27,700          | 25,740          | 7.6          | 28,310          | (2.2)       | 26,820          | 3.3         |
| -Other income                    | 17,711          | 18,426          | (3.9)        | 18,340          | (3.4)       | 23,138          | (23.5)      |
| <b>Total income</b>              | <b>1,38,690</b> | <b>1,36,568</b> | <b>1.6</b>   | <b>1,37,562</b> | <b>0.8</b>  | <b>1,38,082</b> | <b>0.4</b>  |
| Operating expenses               | 69,274          | 61,650          | 12.4         | 69,798          | (0.8)       | 69,942          | (1.0)       |
| -Staff expenses                  | 40,111          | 34,678          | 15.7         | 39,868          | 0.6         | 39,087          | 2.6         |
| -Other expenses                  | 29,163          | 26,972          | 8.1          | 29,930          | (2.6)       | 30,856          | (5.5)       |
| Operating profit                 | <b>69,416</b>   | <b>74,918</b>   | <b>(7.3)</b> | <b>67,764</b>   | <b>2.4</b>  | <b>68,140</b>   | <b>1.9</b>  |
| Core operating profit            | 58,376          | 66,703          | (12.5)       | 57,674          | 1.2         | 54,131          | 7.8         |
| Total provisions                 | 3,222           | 15,991          | (79.8)       | 14,386          | (77.6)      | 13,967          | (76.9)      |
| <b>Profit before tax</b>         | <b>66,194</b>   | <b>58,928</b>   | <b>12.3</b>  | <b>53,378</b>   | <b>24.0</b> | <b>54,172</b>   | <b>22.2</b> |
| Tax                              | 16,026          | 12,891          | 24.3         | 14,412          | 11.2        | 11,681          | 37.2        |
| <b>Profit after tax</b>          | <b>50,168</b>   | <b>46,036</b>   | <b>9.0</b>   | <b>38,966</b>   | <b>28.7</b> | <b>42,491</b>   | <b>18.1</b> |

**Balance Sheet (Rs bn)**

|          |             |             |     |             |       |             |       |
|----------|-------------|-------------|-----|-------------|-------|-------------|-------|
| Deposits | 1,22,28,559 | 1,18,26,221 | 3.4 | 1,22,28,560 | (0.0) | 1,23,46,209 | (1.0) |
| Advances | 99,08,650   | 92,01,782   | 7.7 | 98,87,827   | 0.2   | 94,83,311   | 4.5   |

**Ratios (calc %)**

|                   |            |            |            |            |          |            |           |
|-------------------|------------|------------|------------|------------|----------|------------|-----------|
| RoaA              | 1.4        | 1.3        | 5          | 1.1        | 31       | 1.2        | 21        |
| RoaE              | 16.9       | 18.0       | (107)      | 13.2       |          | 14.9       | 200       |
| <b>NIM</b>        | <b>2.7</b> | <b>2.8</b> | <b>(9)</b> | <b>2.6</b> | <b>8</b> | <b>2.6</b> | <b>16</b> |
| Yield on Advances | 8.3        | 9.0        | (64)       | 8.3        | (2)      | 8.5        | (18)      |
| Cost of Funds     | 5.4        | 5.8        | (40)       | 5.4        | (7)      | 5.4        | (4)       |

**Asset Quality**

|                        |            |            |             |            |            |            |             |
|------------------------|------------|------------|-------------|------------|------------|------------|-------------|
| Gross NPL (Rs m)       | 3,11,209   | 3,65,543   | (14.9)      | 3,11,306   | (0.0)      | 3,20,851   | (3.0)       |
| Net NPL (Rs m)         | 51,022     | 75,684     | (32.6)      | 52,922     | (3.6)      | 52,094     | (2.1)       |
| <b>Gross NPL ratio</b> | <b>3.1</b> | <b>3.9</b> | <b>(79)</b> | <b>3.1</b> | <b>(1)</b> | <b>3.3</b> | <b>(23)</b> |
| <b>Net NPL ratio</b>   | <b>0.5</b> | <b>0.8</b> | <b>(31)</b> | <b>0.5</b> | <b>(3)</b> | <b>0.5</b> | <b>(4)</b>  |
| Coverage ratio         | 83.6       | 79.3       | 431         | 83.0       | 61         | 83.8       | (16)        |

**Business & Other Ratios**

|                             |      |      |      |      |       |      |       |
|-----------------------------|------|------|------|------|-------|------|-------|
| Low-cost deposit mix        | 33.9 | 33.4 | 52   | 33.9 |       | 32.5 | 140   |
| Cost-income ratio           | 49.9 | 45.1 | 481  | 50.7 | (79)  | 50.7 | (70)  |
| Non int. inc / total income | 32.7 | 32.3 | 40   | 33.9 | (117) | 36.2 | (344) |
| Credit deposit ratio        | 81.0 | 77.8 | 322  | 80.9 | 17    | 76.8 | 422   |
| CAR                         | 16.5 | 16.7 | (23) | -    |       | 17.1 | (58)  |
| Tier-I                      | 15.0 | 14.9 | 15   | -    |       | 15.6 | (54)  |

Source: Company, PL

## Q3FY26 Concall Highlights

### Assets/Liabilities

- Bank took few steps to manage liquidity in Q3FY26 i) Bank has shed Rs400bn of bulk deposits which were at a higher cost which has allowed to reduce LCR requirement. ii) IBPC of Rs200bn from last quarter has been shed in Q3FY26. iii) Rs100bn of low yielding portfolio has been shifted to long term iv) investment book contraction of Rs150bn.
- Gold loan portfolio was Rs840bn with 9M yield at 8.85%-9%. Agri portfolio stood at Rs480bn. The LTV for agri stood at 85% and for non-agri at 75%.
- Bank is confident of aligning with system credit growth on a YoY basis.
- Bank received 78 proposals worth Rs5bn due to moratorium announced by RBI for exporters.
- Deposits maturing in Q4FY26 are at Rs1.5trn.
- Bank is comfortable at domestic LDR of 81% and global LDR 82-83%.

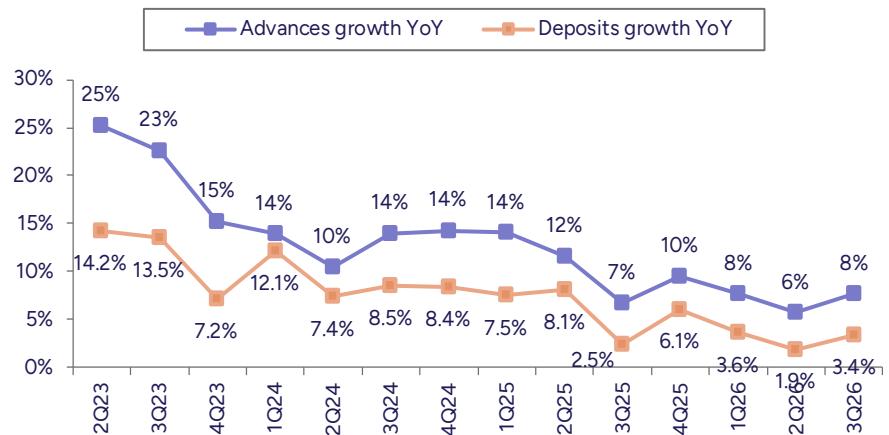
### Profit & Loss

- Other interest income was higher QoQ due to RIDF interest of Rs1.98bn.
- NIMs are expected to increase in FY27 as deposit repricing happens. Bank intends to defend the NIMs at 2.76% for FY26.
- PSLC income was lower in Q3FY26 due to lesser opportunities.
- For the labour code impact, bank expects an impact of Rs100-150mn.
- Bank has launched project muskaan where 300 processes are identified which will be simplified to serve the customers. Once the digital infrastructure platform is out to use at 60-70% capacity, management expects good cost cutting along with risk mitigation.
- Bank plans to open 75 branches in FY26 and 200 branches going forward.

### Asset Quality

- The standard assets provision requirement was down QoQ as bank had an adequate release from recoveries towards provisions from fresh slippages.
- The transition impact from ECL is estimated at Rs42-43bn. Bank does not expect material impact on credit costs on account of ECL as they have enough buffer in terms of PCR and 95% of corporate book is above BBB rated.
- Bank is concentrating on TWO recovery of small and mid accounts.

Exhibit 2: Advances growth increased to 8% YoY



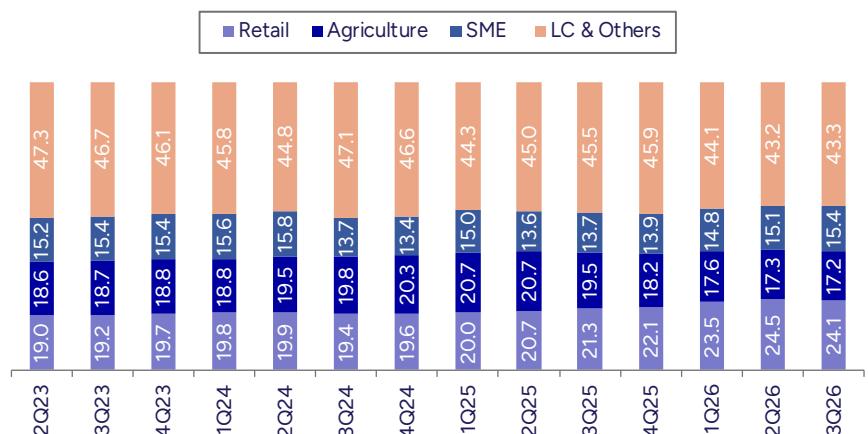
Source: Company, PL

Exhibit 3: Sequential growth of 4.3% led by corporate & SME loan book

| Loan break up (Rs bn) | Q3FY26             | Q3FY25           | YoY gr. (%) | Q2FY26      | QoQ gr. (%)      |            |
|-----------------------|--------------------|------------------|-------------|-------------|------------------|------------|
| <b>Gross Advances</b> | <b>1,01,68,840</b> | <b>94,91,640</b> |             | <b>7.1</b>  | <b>97,52,070</b> | <b>4.3</b> |
| Large Corporates      | 43,98,460          | 43,16,310        |             | 1.9         | 42,09,010        | 4.5        |
| SME                   | 15,62,030          | 13,04,370        |             | 19.8        | 14,73,950        | 6.0        |
| Agri                  | 17,52,940          | 18,52,840        | (5.4)       | 16,84,050   | 4.1              |            |
| International         | 3,61,650           | 3,62,370         | (0.2)       | 3,29,340    | 9.8              |            |
| <b>Retail</b>         | <b>24,55,410</b>   | <b>20,18,120</b> |             | <b>21.7</b> | <b>23,85,060</b> | <b>2.9</b> |
| Home                  | 12,21,400          | 10,85,970        |             | 12          | 11,75,460        | 4          |
| Auto                  | 2,63,410           | 2,18,210         |             | 21          | 2,44,290         | 8          |
| Education             | 1,78,000           | 1,53,190         |             | 16          | 1,74,930         | 2          |
| Other Retail          | 7,92,600           | 4,47,150         |             | 77          | 7,90,380         | 0          |

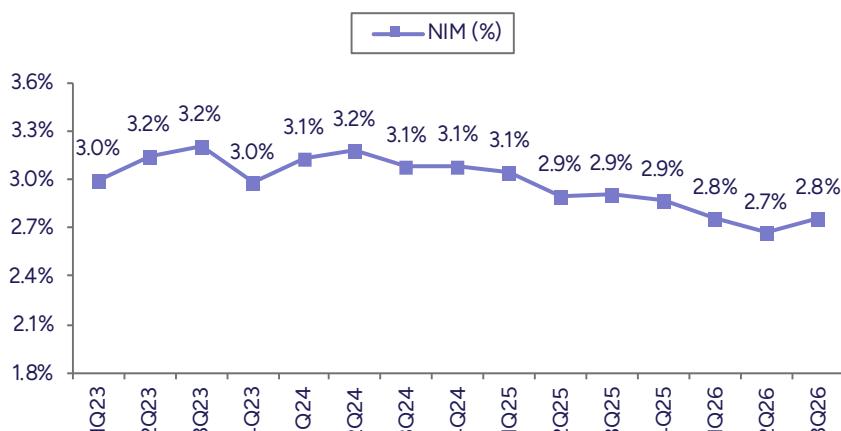
Source: Company, PL

Exhibit 4: Retail:corporate mix came in at 57:43



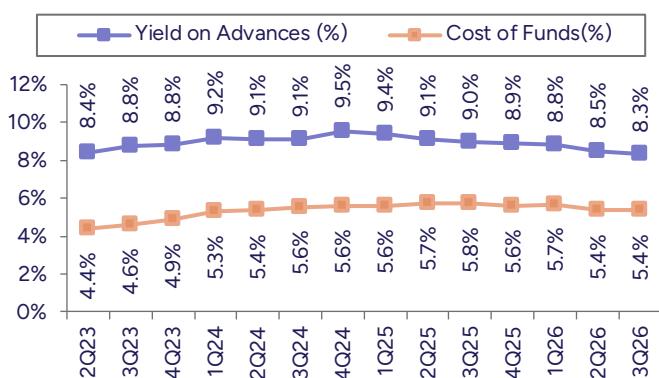
Source: PL, Company

Exhibit 5: NIMs increased by 9bps QoQ to 2.76%



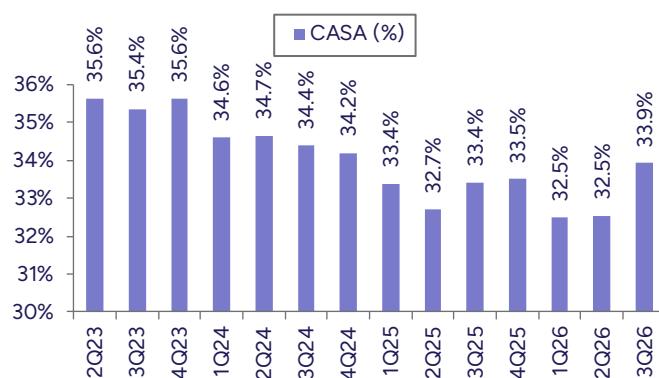
Source: Company, PL

Exhibit 6: Yield on advances fell due to repo rate cut



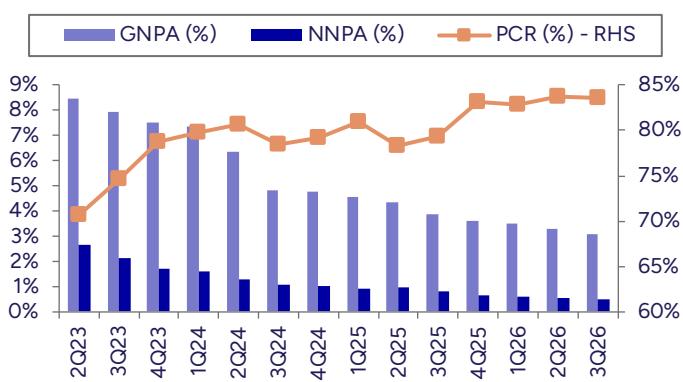
Source: Company, PL

Exhibit 7: CASA ratio increased to 33.9%



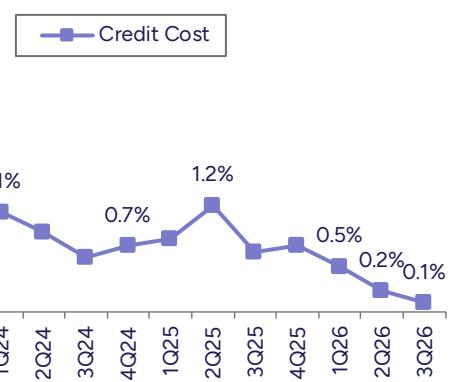
Source: Company, PL

Exhibit 8: GNPA/NNPA improved to 3.10%/0.5%



Source: Company, PL

Exhibit 9: Credit cost decreased to 0.1%



Source: Company, PL

**Exhibit 10: Slippages came in at Rs18.5bn, while overall asset quality has improved**

| (Rs mn)           | 3Q23           | 4Q23           | 1Q24           | 2Q24           | 3Q24           | 4Q24           | 1Q25           | 2Q25           | 3Q25           | 4Q25           | 1Q26            | 2Q26            | 3Q26            |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Additions         | 25,670         | 27,940         | 32,410         | 26,320         | 26,810         | 33,230         | 23,180         | 52,190         | 19,690         | 25,670         | 23,450          | 21,510          | 18,530          |
| Slippages (%)     | 1.6%           | 1.8%           | 1.8%           | 1.5%           | 1.5%           | 1.9%           | 1.1%           | 2.6%           | 1.0%           | 1.3%           | 1.0%            | 0.9%            | 0.8%            |
| Recovery          | 17,020         | 19,340         | 11,660         | 17,220         | 27,250         | 16,760         | 12,000         | 9,770          | 11,300         | 16,170         | 7,900           | 11,130          | 12,120          |
| Upgradation       | 12,370         | 9,640          | 10,010         | 9,840          | 13,880         | 8,400          | 6,070          | 10,070         | 7,250          | 9,240          | 5,190           | 10,630          | 4,820           |
| Write offs        | 12,490         | 26,787         | 19,576         | 60,175         | 93,184         | 9,712          | 21,858         | 41,590         | 40,590         | 12,300         | 20,760          | 22,010          | 11,240          |
| <b>Gross NPAs</b> | <b>637,702</b> | <b>609,873</b> | <b>601,037</b> | <b>540,123</b> | <b>432,619</b> | <b>430,977</b> | <b>414,229</b> | <b>404,989</b> | <b>365,543</b> | <b>353,504</b> | <b>3,43,113</b> | <b>3,20,851</b> | <b>3,11,209</b> |
| Gross NPA Ratio   | 7.93           | 7.53           | 7.34           | 6.38           | 4.83           | 4.76           | 4.54           | 4.36           | 3.85           | 3.60           | 3.52            | 3.29            | 3.06            |
| <b>Net NPAs</b>   | <b>161,951</b> | <b>129,274</b> | <b>121,379</b> | <b>104,210</b> | <b>93,512</b>  | <b>89,899</b>  | <b>79,020</b>  | <b>87,586</b>  | <b>75,684</b>  | <b>59,693</b>  | <b>58,739</b>   | <b>52,094</b>   | <b>51,022</b>   |
| Net NPA Ratio     | 2.14           | 1.70           | 1.58           | 1.30           | 1.08           | 1.03           | 0.90           | 0.98           | 0.82           | 0.63           | 0.62            | 0.55            | 0.51            |
| <b>PCR</b>        | <b>74.6%</b>   | <b>78.8%</b>   | <b>79.8%</b>   | <b>80.7%</b>   | <b>78.4%</b>   | <b>79.1%</b>   | <b>80.9%</b>   | <b>78.4%</b>   | <b>79.3%</b>   | <b>83.1%</b>   | <b>82.9%</b>    | <b>83.8%</b>    | <b>83.6%</b>    |
| NPAs breakup      |                |                |                |                |                |                |                |                |                |                |                 |                 |                 |
| MSME              | 191,310        | 166,040        | 156,520        | 154,890        | 140,950        | 111,990        | 115,020        | 115,620        | 102,490        | 57,640         | 63,480          | 65,230          | 66,260          |
| Retail            | 46,940         | 48,480         | 46,930         | 48,800         | 46,880         | 39,300         | 41,640         | 43,910         | 37,880         | 31,460         | 27,160          | 26,880          | 26,710          |
| Agriculture       | 160,990        | 161,920        | 156,070        | 152,450        | 147,930        | 151,250        | 156,450        | 153,510        | 148,730        | 143,580        | 1,44,520        | 1,43,270        | 1,41,630        |
| Others            | 254,670        | 261,260        | 250,350        | 244,900        | 204,360        | 130,080        | 117,870        | 101,190        | 115,880        | 120,820        | 1,07,950        | 85,470          | 76,610          |

Source: Company, PL

**Exhibit 11: Return ratios to remain at ~14%**

| RoA decomposition (%)      | FY22       | FY23        | FY24        | FY25        | FY26E       | FY27E       | FY28E       |
|----------------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Interest Income/Assets | 2.5        | 2.7         | 2.7         | 2.6         | 2.4         | 2.5         | 2.5         |
| Other Income/Assets        | 1.1        | 1.2         | 1.2         | 1.4         | 1.2         | 1.3         | 1.3         |
| <b>Net revenues/Assets</b> | <b>3.6</b> | <b>3.8</b>  | <b>3.9</b>  | <b>3.9</b>  | <b>3.6</b>  | <b>3.8</b>  | <b>3.8</b>  |
| Operating Expense/Assets   | 1.6        | 1.8         | 1.8         | 1.8         | 1.8         | 1.9         | 1.9         |
| Provisions/Assets          | 1.2        | 1.1         | 0.5         | 0.5         | 0.3         | 0.4         | 0.4         |
| Taxes/Assets               | 0.3        | 0.3         | 0.6         | 0.4         | 0.4         | 0.4         | 0.4         |
| <b>ROA</b>                 | <b>0.5</b> | <b>0.7</b>  | <b>1.0</b>  | <b>1.2</b>  | <b>1.1</b>  | <b>1.1</b>  | <b>1.1</b>  |
| <b>ROE</b>                 | <b>8.3</b> | <b>12.2</b> | <b>16.7</b> | <b>18.1</b> | <b>15.2</b> | <b>13.9</b> | <b>13.6</b> |

Source: Company Data, PL Research

**Exhibit 12: One-year forward P/ABV trades at 1.2x**



Source: Company, PL

**Income Statement (Rs. m)**

| Y/e Mar                    | FY25            | FY26E           | FY27E           | FY28E           |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| Int. Earned from Adv.      | 7,90,669        | 8,00,347        | 8,28,044        | 8,98,986        |
| Int. Earned from invt.     | 2,31,842        | 2,28,052        | 2,32,012        | 2,49,548        |
| Others                     | 3,865           | 4,821           | 4,400           | 4,400           |
| Total Interest Income      | 10,77,260       | 10,72,708       | 10,95,369       | 11,82,248       |
| Interest Expenses          | 7,05,123        | 7,05,188        | 6,93,233        | 7,32,290        |
| <b>Net Interest Income</b> | <b>3,72,137</b> | <b>3,67,520</b> | <b>4,02,136</b> | <b>4,49,958</b> |
| Growth(%)                  | 1.8             | (1.2)           | 9.4             | 11.9            |
| Non Interest Income        | 1,98,129        | 1,88,476        | 2,11,735        | 2,28,608        |
| Net Total Income           | 5,70,266        | 5,55,996        | 6,13,871        | 6,78,566        |
| Growth(%)                  | 8.3             | (2.5)           | 10.4            | 10.5            |
| Employee Expenses          | 1,46,676        | 1,61,575        | 1,81,564        | 2,00,808        |
| Other Expenses             | 1,12,689        | 1,18,661        | 1,26,715        | 1,38,261        |
| Operating Expenses         | 2,59,365        | 2,80,236        | 3,08,279        | 3,39,069        |
| <b>Operating Profit</b>    | <b>3,10,900</b> | <b>2,75,760</b> | <b>3,05,592</b> | <b>3,39,497</b> |
| Growth(%)                  | 10.2            | (11.3)          | 10.8            | 11.1            |
| NPA Provision              | 73,085          | 39,905          | 52,761          | 58,647          |
| Total Provisions           | 76,110          | 47,971          | 61,909          | 68,387          |
| <b>PBT</b>                 | <b>2,34,791</b> | <b>2,27,789</b> | <b>2,43,683</b> | <b>2,71,110</b> |
| Tax Provision              | 54,919          | 53,839          | 65,794          | 73,200          |
| Effective tax rate (%)     | 23.4            | 23.6            | 27.0            | 27.0            |
| <b>PAT</b>                 | <b>1,79,871</b> | <b>1,73,950</b> | <b>1,77,889</b> | <b>1,97,910</b> |
| Growth(%)                  | 31.8            | (3.3)           | 2.3             | 11.3            |

**Quarterly Financials (Rs. m)**

| Y/e Mar                    | Q4FY25             | Q1FY26             | Q2FY26             | Q3FY26             |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| Interest Income            | 2,76,952           | 2,72,956           | 2,61,906           | 2,64,434           |
| Interest Expenses          | 1,81,812           | 1,81,830           | 1,73,782           | 1,71,155           |
| <b>Net Interest Income</b> | <b>95,140</b>      | <b>91,126</b>      | <b>88,124</b>      | <b>93,279</b>      |
| YoY growth (%)             | 0.8                | (3.2)              | (2.6)              | 0.9                |
| CEB                        | 24,880             | 22,190             | 24,430             | 24,500             |
| Treasury                   | -                  | -                  | -                  | -                  |
| Non Interest Income        | 55,591             | 44,858             | 49,958             | 45,411             |
| <b>Total Income</b>        | <b>3,32,543</b>    | <b>3,17,813</b>    | <b>3,11,864</b>    | <b>3,09,845</b>    |
| Employee Expenses          | 40,691             | 39,459             | 39,087             | 40,111             |
| Other expenses             | 33,039             | 27,438             | 30,856             | 29,163             |
| Operating Expenses         | 73,730             | 66,897             | 69,942             | 69,274             |
| <b>Operating Profit</b>    | <b>77,001</b>      | <b>69,087</b>      | <b>68,140</b>      | <b>69,416</b>      |
| YoY growth (%)             | 17.9               | (11.3)             | (16.0)             | (7.3)              |
| Core Operating Profits     | 58,441             | 57,569             | 54,131             | 58,376             |
| NPA Provision              | 16,758             | 11,529             | 5,260              | 2,351              |
| Others Provisions          | 15,439             | 16,645             | 13,967             | 3,222              |
| Total Provisions           | 15,439             | 16,645             | 13,967             | 3,222              |
| <b>Profit Before Tax</b>   | <b>61,562</b>      | <b>52,442</b>      | <b>54,172</b>      | <b>66,194</b>      |
| Tax                        | 11,713             | 11,286             | 11,681             | 16,026             |
| <b>PAT</b>                 | <b>49,849</b>      | <b>41,155</b>      | <b>42,491</b>      | <b>50,168</b>      |
| YoY growth (%)             | 50.6               | 11.9               | (10.0)             | 9.0                |
| <b>Deposits</b>            | <b>1,27,22,470</b> | <b>1,23,99,326</b> | <b>1,23,46,209</b> | <b>1,22,28,559</b> |
| YoY growth (%)             | 6.1                | 3.6                | 1.9                | 3.4                |
| <b>Advances</b>            | <b>95,35,133</b>   | <b>94,60,521</b>   | <b>94,83,311</b>   | <b>99,08,650</b>   |
| YoY growth (%)             | 9.5                | 7.7                | 5.7                | 7.7                |

**Key Ratios**

| Y/e Mar                   | FY25 | FY26E | FY27E | FY28E |
|---------------------------|------|-------|-------|-------|
| CMP (Rs)                  | 179  | 179   | 179   | 179   |
| EPS (Rs)                  | 23.6 | 22.8  | 23.3  | 25.9  |
| Book Value (Rs)           | 141  | 159   | 177   | 203   |
| Adj. BV (Rs)              | 133  | 152   | 171   | 197   |
| P/E (x)                   | 7.6  | 7.9   | 7.7   | 6.9   |
| P/BV (x)                  | 1.3  | 1.1   | 1.0   | 0.9   |
| P/ABV (x)                 | 1.3  | 1.2   | 1.0   | 0.9   |
| DPS (Rs)                  | 4.8  | 4.6   | 4.7   | 5.2   |
| Dividend Payout Ratio (%) | 20.2 | 20.0  | 20.0  | 20.0  |
| Dividend Yield (%)        | 2.6  | 2.5   | 2.6   | 2.9   |

**Efficiency**

| Y/e Mar                    | FY25  | FY26E | FY27E | FY28E |
|----------------------------|-------|-------|-------|-------|
| Cost-Income Ratio (%)      | 45.5  | 50.4  | 50.2  | 50.0  |
| C-D Ratio (%)              | 74.9  | 80.5  | 80.5  | 80.5  |
| Business per Emp. (Rs m)   | 301   | 300   | 325   | 357   |
| Profit per Emp. (Rs lacs)  | 24    | 23    | 23    | 25    |
| Business per Branch (Rs m) | 2,626 | 2,725 | 2,994 | 3,289 |
| Profit per Branch (Rs m)   | 21    | 20    | 21    | 23    |

**Du-Pont**

| Y/e Mar            | FY25  | FY26E | FY27E | FY28E |
|--------------------|-------|-------|-------|-------|
| NII                | 2.57  | 2.41  | 2.46  | 2.50  |
| Total Income       | 3.94  | 3.64  | 3.76  | 3.77  |
| Operating Expenses | 1.79  | 1.83  | 1.89  | 1.88  |
| PPoP               | 2.15  | 1.81  | 1.87  | 1.89  |
| Total provisions   | 0.53  | 0.31  | 0.38  | 0.38  |
| RoAA               | 1.24  | 1.14  | 1.09  | 1.10  |
| RoAE               | 18.09 | 15.22 | 13.87 | 13.62 |

**Asset Quality**

| Y/e Mar                    | FY25     | FY26E    | FY27E    | FY28E    |
|----------------------------|----------|----------|----------|----------|
| Gross NPAs (Rs m)          | 3,53,506 | 3,00,684 | 2,83,691 | 2,76,536 |
| Net NPAs (Rs m)            | 59,693   | 51,115   | 48,226   | 47,010   |
| Gr. NPAs to Gross Adv. (%) | 3.6      | 2.8      | 2.4      | 2.2      |
| Net NPAs to Net Adv. (%)   | 0.6      | 0.5      | 0.4      | 0.4      |
| NPA Coverage %             | 83.1     | 83.0     | 83.0     | 83.0     |

**Profitability (%)**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---------|------|-------|-------|-------|
| NIM     | 2.7  | 2.5   | 2.6   | 2.6   |
| RoAA    | 1.2  | 1.1   | 1.1   | 1.1   |
| RoAE    | 18.1 | 15.2  | 13.9  | 13.6  |
| Tier I  | 16.2 | 16.6  | 17.1  | 18.0  |
| CRAR    | 18.0 | 26.2  | 26.7  | 27.3  |

Source: Company Data, PL Research

Source: Company Data, PL Research

Price Chart



Recommendation History

| No. | Date      | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1   | 08-Jan-26 | BUY    | 160      | 166               |
| 2   | 31-Oct-25 | BUY    | 160      | 142               |
| 3   | 07-Oct-25 | BUY    | 150      | 139               |
| 4   | 21-Jul-25 | BUY    | 150      | 146               |
| 5   | 07-Jul-25 | BUY    | 160      | 152               |
| 6   | 23-Jun-25 | BUY    | 160      | 143               |
| 7   | 10-May-25 | BUY    | 145      | 123               |
| 8   | 08-Apr-25 | BUY    | 140      | 119               |
| 9   | 20-Mar-25 | BUY    | 140      | 120               |

Analyst Coverage Universe

| Sr. No. | Company Name                              | Rating     | TP (Rs) | Share Price (Rs) |
|---------|---|------------|---------|------------------|
| 1       | Axis Bank                                 | BUY        | 1,425   | 1,296            |
| 2       | Bank of Baroda                            | BUY        | 300     | 308              |
| 3       | Canara Bank                               | Hold       | 160     | 153              |
| 4       | Canara Robeco Asset Management Company    | BUY        | 325     | 311              |
| 5       | City Union Bank                           | BUY        | 265     | 291              |
| 6       | DCB Bank                                  | BUY        | 155     | 182              |
| 7       | Federal Bank                              | BUY        | 250     | 259              |
| 8       | HDFC Asset Management Company             | BUY        | 2,950   | 2,631            |
| 9       | HDFC Bank                                 | BUY        | 1,150   | 949              |
| 10      | ICICI Bank                                | BUY        | 1,800   | 1,428            |
| 11      | ICICI Prudential Asset Management Company | BUY        | 3,000   | 2,696            |
| 12      | IndusInd Bank                             | Hold       | 840     | 898              |
| 13      | Kotak Mahindra Bank                       | BUY        | 2,480   | 2,144            |
| 14      | Nippon Life India Asset Management        | BUY        | 930     | 893              |
| 15      | State Bank of India                       | BUY        | 1,100   | 1,007            |
| 16      | Union Bank of India                       | BUY        | 160     | 166              |
| 17      | UTI Asset Management Company              | Accumulate | 1,250   | 1,135            |

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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