



“Robust Business Momentum with Stable Asset Quality Amid Margin Pressure”

Ajcon Global’s observations & views:

1. The Bank delivered healthy business momentum in Q4FY26, supported by strong advances growth, improving RAM mix, stable NII growth and continued strengthening in asset quality metrics.
2. Earnings performance remained subdued due to MTM losses and lower treasury gains.
3. Strong capitalisation, prudent provision buffers, stable recoveries and healthy traction in gold loans and digital banking provide comfort on the bank’s medium-term growth and profitability outlook.

Q4FY26 RESULT ANALYSIS:

- 1) **Total Deposits** increased by 3.12% QoQ at Rs. 1568678 Crores in Q4FY26 against Rs. 1521268 Crores in Q3FY26 and also rose by 9.71% from Rs. 1429862 Crores in Q4FY25.
- 2) **Gross Advances** surged by 3.79% QoQ at Rs. 1237548 Crores in Q4FY26 against Rs. 1192326 Crores in Q3FY26 and also rose by 15.30% from Rs. 1073332 Crores in Q4FY25.
- 3) **Total Business** rose by 3.41% QoQ at Rs. 2806226 Crores in Q4FY26 against Rs. 2713594 Crores in Q3FY26 and also increased by 12.11% from Rs. 2503194 Crores in Q4FY25.
- 4) **Net Interest Income (NII)** expanded by 6.01% QoQ at Rs. 9808 Crores in Q4FY26 against Rs. 9252 Crores in Q3FY26 and also increased by 3.88% from Rs. 9442 Crores in Q4FY25.
- 5) **Operating Profit was** down by 25.89% QoQ at Rs. 6758 Crores in Q4FY26 against Rs. 9119 Crores in Q3FY26 and also decreased by 18.42% from Rs. 8284 Crores in Q4FY25.
- 6) **Net Profit** down by 12.59% QoQ at Rs. 4506 Crores in Q4FY26 against Rs. 5155 Crores in Q3FY26 and also decreased by 9.95% from Rs. 5004 Crores in Q4FY25.
- 7) **Net Interest Margin (NIM)** edged up to 2.54% in Q4FY26 against 2.45% in Q3FY26 and but declined from 2.73% in Q4FY25.
- 8) **Cost of Deposits** edged down to 5.54% (from 5.62% in Q3FY26), while **Cost of Funds** moderated to 5.09% (from 5.18% in Q3FY26). **Yield on Advances** reduced to 8.29% versus 8.34% in Q3FY26.
- 9) **Non-Interest Income** down by 38.94% QoQ at Rs. 4824 Crores in Q4FY26 against Rs. 7900 Crores in Q3FY26 and also decreased by 24.04% from Rs. 6351 Crores in Q4FY25.
- 10) **Treasury Income** down by 91.10% QoQ at Rs. 272 Crores in Q4FY26 against Rs. 3056 Crores in Q3FY26 and also decreased by 72.66% from Rs. 995 Crores in Q4FY25.
- 11) **Fee-Based Income** increased 7.99% QoQ at Rs. 2513 crore in Q4FY26 against Rs. 2327 Crores in Q3FY26 also up by 7.62% from Rs. 2335 Crores in Q4FY25.
- 12) **Cost-to-Income Ratio** increased to 53.81% compared to 46.83% in Q3FY26 also up from 47.55% in Q4FY25.
- 13) **Domestic CASA Ratio** increased marginally to 29.84% in Q3FY26 from 29.52% in Q3FY26.
- 14) **Credit-to-Deposit (C/D) Ratio** increased to 78.89%, in Q4FY26 against 78.38% in Q3FY26 and also rose from 75.07% in Q4FY25.
- 15) **Return on Assets (ROA)** down to 1.01% against 1.16% in Q3FY26 and also decreased from 1.25% in Q4FY25.
- 16) **Fresh Slippages** increased to Rs. 2771 crore from Rs. 1857 crore in Q3FY26 and also up from Rs. 2655 crore in Q4FY25. **Total Recoveries, including written-off accounts**, decreased to Rs. 2712 crore from Rs. 2904 crore in Q3FY26 and also, down from Rs. 3840 crore in Q4FY25.
- 17) **Gross NPA** improved to 1.84% from 2.08% in Q3FY26 and 2.94% in Q4FY25. Net NPA declined to 0.43% versus 0.45% in Q3FY26 and 0.70% in Q4FY25, respectively.
- 18) **Write-offs** increased to Rs. 3771 crore compared with Rs. 3120 crore in Q3FY26 and Rs. 5022 crore in Q4FY25, respectively.
- 19) **Credit Cost** moderated to 0.59% from 0.64% in Q3FY26 and also declined from 0.92% in Q4FY25.
- 20) **Provision Coverage Ratio (PCR)** improved to 94.21% in Q4FY26 compared with 94.19% in Q3FY26 and also improved from 92.70% in Q4FY25.
- 21) **Capital Adequacy Ratio (CAR)** stood at 17.04%, marginally rose than 16.50% in Q3FY26 and 16.33% in Q4FY25.

KEY FINANCIAL INDICATORS – Q4FY26

CMP (12.05.2026)	: Rs. 130.01
Face Value	: Rs. 2
Book value per share	: Rs. 114.05
Market Capitalisation (Cr)	: Rs. 1,18,145.23
Capital Adequacy Ratio	: 17.04%
C/D ratio	: 78.89%
Domestic CASA ratio	: 29.84%
Net Interest Margin (NIM)	: 2.54%
Cost / Income ratio	: 53.81%
Gross NPA	: 1.84%
Net NPA	: 0.43%
PCR	: 94.21%
Slippage ratio	: 0.24%
Credit cost	: 0.59%
Return on Assets	: 1.01%
Return on Equity	: 18.27%



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Management Comments

- 22) Responding to an analyst's query on profitability pressure and margin performance, Shri Hardeep Singh Ahluwalia, MD & CEO, highlighted that despite sequential decline in operating and net profit, the bank reported improvement in NII by ₹549 crore along with sequential NIM expansion, outperforming several peer banks. He clarified that the decline in profitability was largely attributable to the absence of one-time listing gains (₹1,930 crore) from Canara HSBC and Canara Robeco recorded in the previous quarter, along with MTM losses of ₹800 crore arising from geopolitical-led bond yield movements.
- 23) Shri Hardeep Singh Ahluwalia also highlighted that recovery performance remained broadly stable, with annual TW recoveries at ₹6,500 crore versus ₹6,800 crore in FY25. Management indicated that quarterly recovery fluctuations are largely dependent on timing of large-ticket resolutions, while the normalized quarterly recovery run-rate is expected to remain around ₹1,500–1,600 crore going forward.
- 24) Replying to an analyst query on ECL preparedness and provisioning impact, Shri. Ahluwalia stated that the bank remains well-positioned for ECL implementation, supported by industry-best SMA levels (2.75%), strong PCR (94.2%), and healthy capitalisation (CRAR 17.04%). He highlighted that the estimated ECL impact of ₹10,000 crore can be comfortably absorbed over four years through internal accruals, while continued decline in SMA levels despite strong credit growth reflects improving portfolio quality and prudent underwriting standards.
- 25) Answering to an analyst query on geopolitical risks, slippages and ECLGS-related opportunities, Shri. Hardeep Singh Ahluwalia stated that the bank has not witnessed any material stress build-up in the portfolio despite ongoing global uncertainties, with Q4FY26 slippages remaining broadly stable YoY at ₹2,771 crore. He highlighted that MSME slippages were moderately elevated but remained under control, while the bank has already operationalized ECLGS-related initiatives covering an eligible portfolio of ₹90,000 crore, with incremental exposure potential of ₹18,000–20,000 crore expected to support future credit growth.
- 26) Replying to an analyst on PSLC income outlook, Shri. Ahluwalia said that the bank expects PSLC income to remain broadly stable in FY27 at around ₹2,500 crore, supported by continued surplus in priority sector lending over regulatory requirements. He highlighted that the bank remains well-positioned to benefit from PSLC sales given its strong performance across mandated PSL segments.
- 27) On NIM outlook and margin trajectory, Shri. Hardeep Singh highlighted that the bank witnessed sequential NIM improvement of 9bps in Q4FY26, supported by strong advances growth, calibrated pricing discipline, higher share of RAM loans and conscious management of bulk deposit costs. He added that the bank continues to avoid low-yield corporate lending and expects NIMs to remain broadly stable in the 2.5%–2.6% range going forward.
- 28) Replying to an analyst on the gold loan portfolio composition and growth outlook, Shri. Hardeep Singh Ahluwalia stated that the bank's total gold loan portfolio stood at ₹2.45 lakh crore, of which agri gold loans accounted for ₹1.54 lakh crore and non-agri gold loans for ₹91,000 crore. He highlighted that the portfolio continues to witness healthy double-digit growth, supported by the bank's strong branch presence in South India, where customer preference for gold-backed borrowing remains high, providing sustained momentum to the secured loan franchise.
- 29) On cross-sell strategy and digital initiatives, Shri. Ahluwalia highlighted that the bank is strengthening customer engagement through ~3,000 relationship managers focused on improving wallet share and expanding product penetration across entire customer families. He also noted strong momentum in digital adoption, with digital transactions rising to ₹1,204 crore from ₹940 crore last year, supported by increasing customer traction on the bank's mobile platform, which currently ranks among the top-rated banking apps on the Google Play Store.
- 30) **The Bank has given the following guidance for FY27:**
Business Growth: 10%~11% **Deposits:**9%~10%, **Advances:**11%~12%, **CASA:**30~32%, **GNPA%:**1.50%, **NNPA%:**0.40%, **NIM:**2.50%~2.60%, **RoA:**1.01%~1.05%, **ROE:**16.50%, **Credit Cost:**0.75%, **Slippage Ratio:**0.80%, **PCR:**94.50%