

“Stable Asset Quality with good profitability helped the bank to create additional provision of Rs. 310 Crores to take care of any fallout of geo-political situation”

### Ajcon Global's observations & views

1. The Bank reported good business growth of 12.79% with stable core operating performance.
2. As regards the ECL provision, the final guidelines for which has just come out, the management was confident to absorb the impact within 6 to 9 months without any material impact on its profitability, inspite of 5 years window provided by RBI.
3. Management outlook remains cautious as the expected NIM pressure (3.10–3.25%) likely to weigh on near-term earnings momentum.

### Q4FY26 RESULT ANALYSIS:

- 1) **Total Business** rose by 4.55% QoQ at Rs. 1494839 Crores in Q4FY26 against Rs. 1429771 Crores in Q3FY26 also up by 12.79% YoY from Rs. 1325294 Crores in Q4FY25.
- 2) **Total Advances** increased by 4.42% QoQ at Rs. 667113 Crores in Q4FY26 against Rs. 638848 Crores in Q3FY26 and rose by 13.43% YoY from Rs. 588140 Crores in Q4FY25.
- 3) **Total Deposits** rose by 4.65% QoQ at Rs. 827726 Crores in Q4FY26 against Rs. 790923 Crores in Q3FY26 and increased by 12.29% YoY from Rs. 737154 Crores in Q4FY25.
- 4) **Net Interest Income** increased by 3.09% QoQ at Rs. 7109 Crores in Q4FY26 against Rs. 6896 Crores in Q3FY26 and rose by 11.27% YoY from Rs. 6389 Crores in Q4FY25.
- 5) **Operating Profit** rose by 5.21% QoQ at Rs. 5286 Crores in Q4FY26 against Rs. 5024 Crores in Q3FY26 and up by 5.32% YoY from Rs. 5019 Crores in Q4FY25.
- 6) **Net Profit** increased by 1.37% QoQ at Rs. 3103 Crores in Q4FY26 against Rs. 3061 Crores in Q3FY26. Also, rose by 4.97% YoY from Rs. 2956 Crores in Q4FY25.
- 7) **Net Interest Margin (NIM)** decreased to 3.23% in Q4FY26 against 3.28% in Q3FY26 also declined from 3.37% in Q4FY25.
- 8) **Cost of Deposits** declined to 4.83% in Q4FY26 against 4.93% in Q3FY26 and 5.10% in Q4FY25, respectively. **Cost of Funds** decreased to 4.88% in Q4FY26 against 5.00% in Q3FY26 and 5.21% in Q4FY25. **Yield on Advances** came down to 8.07% in Q4FY26 against 8.31% in Q3FY26 and 8.64% in Q4FY25, respectively.
- 9) **Cost/Income Ratio** decreased to 44.99% in Q4FY26 against 46.90% in Q3FY26 also down from 45.05% in Q4FY25.
- 10) **The Total Government guaranteed advances** came up to Rs. 27084 Crores in Q4FY26 against Rs. 24046 Crores in Q3FY26 and from Rs. 28356 Crores in Q4FY25.
- 11) **CASA ratio** increased to 39.67% Q4FY26 against 39.08% in Q3FY26 but declined from 40.17% in Q4FY25.
- 12) **C/D ratio** down to 80.60% in Q4FY26 against 80.77% in Q3FY26 but increased from 79.79% in Q4FY25.
- 13) **Return on Assets (ROA)** slipped to 1.28% in Q4FY26 against 1.30% in Q3FY26 and from 1.37% in Q4FY25.
- 14) **Fresh Slippages** increased to Rs.1355 Crores in Q4FY26 against Rs. 997 Crores in Q3FY26 but declined from Rs. 1393 Crores in Q4FY25. Total Recovery + Upgradation increased to Rs. 1499 Crore in Q4FY26 against Rs. 1453 Crore in Q3FY26 but down from Rs. 1782 Crores in Q4FY25, respectively.
- 15) **Gross NPA** improved to 1.98% in Q4FY26 against 2.23% in Q3FY26 and 3.09% in Q4FY25. Net NPAs remained same at 0.15% in Q4FY26.
- 16) **Credit Cost** increased to 0.47% in Q4FY26 from 0.21% in Q3FY26 but down from 0.81% in Q4FY25.
- 17) **Provision Coverage Ratio** remains steady at 98.28%.
- 18) **The Bank's Capital Adequacy ratio** improved to 17.93% in Q4FY26 against 16.58% in Q3FY26.

### KEY FINANCIAL INDICATORS – Q4FY26

CMP (30.04.2026)	: Rs. 851.85
Face Value	: Rs. 10
Book value per share	: Rs. 487.23
Market Capitalisation	: Rs. 1,14,478.47 Crs.
Capital Adequacy Ratio	: 17.93%
C/D ratio	: 80.60%
CASA ratio (Domestic)	: 39.67%
Net Interest Margin (NIM)	: 3.23%
Cost / Income ratio	: 44.99%
Gross NPA	: 1.98%
Net NPA	: 0.15%
PCR	: 98.28%
Slippage ratio	: 0.96%
Credit cost	: 0.47%
Return on Assets (Annualised)	: 1.28%
Return on Equity (Annualised)	: 18.98%



## Result Update

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### Management Comments

- 19) In his opening remarks, Shri. Binod Kumar, MD & CEO highlighted that asset quality remains stable with no visible stress, despite global uncertainties, with SMA 2 (>Rs.5 crore) at Rs.922 crore. The bank has taken a prudent provisioning buffer of Rs.310 crore to safeguard against potential geopolitical risks. Business momentum remains strong, with total sanctions growing 62% YoY to Rs.4.26 lakh crore, including Rs.1.31 trillion in corporate sanctions, indicating healthy credit demand.
- 20) He guided for moderation in recoveries (Rs.4,500–5,500 crore vs Rs.6,651 crore in FY26) amid a declining stressed asset pool, while maintaining AUC recovery guidance of Rs.1,200–1,500 crore. On margins, management expects NIM pressure (guidance: 3.10–3.25%) due to elevated cost of deposits, even as CASA initiatives and activation of 34 lakh in operative accounts (Rs.4,000 crore balances) support the liability franchise. While macro conditions remain supportive, management flagged recovery moderation and lower treasury income as key near-term challenges, although a higher-yielding investment book provides some cushion, he added.
- 21) Shri Ashutosh Choudhury, Executive Director, highlighted strong traction in the bank’s digital franchise, with digital business growing 63% YoY to Rs. 2.72 lakh crore, supported by rising mobile banking penetration (2.36 crore customers) and 15% growth in transaction volumes. Digital adoption remains robust, with 97% of retail and agri loan sourcing now executed through digital channels. He further added that the bank is scaling its digital ecosystem through 10+ AI/agent AI platforms in partnership with 160+ fintechs, alongside rollout of a retail CRM platform (with corporate integration underway) and continued enhancements to its UPI offering (IND UPI), aimed at improving customer engagement and operational efficiency.
- 22) In response to an analyst’s question on the impact of ECL guidelines, Shri. Binod Kumar stated that while the final guidelines may lead to a marginally higher impact than earlier estimates, the overall impact is expected to remain manageable. He emphasized that the bank has been proactively building buffers over the past few years amid a favourable asset quality cycle and is well-prepared for the transition. Management expects to absorb the impact within 1–3 quarters (broadly 6–9 months), without any material disruption to profitability or capital position.
- 23) Addressing the question on the rise in slippages and asset quality outlook, MD & CEO stated that the sequential increase in slippages to Rs.1,355 crore was largely seasonal and driven by year-end MOC adjustments (Rs.400–500 crore), rather than any underlying stress. He indicated that slippages are expected to normalize in subsequent quarters, barring any adverse macro developments.
- 24) On SMA trends, management highlighted a meaningful reduction in overall SMA levels to Rs.31,000 crore from Rs.45,000–46,000 crore, indicating improving asset quality, while the decline in SMA-2 was partly driven by classification-related factors. Despite geopolitical and tariff-related uncertainties, the bank does not observe any material stress build-up in the portfolio at present, he added.
- 25) In response to an analyst’s query on treasury performance, Mr. Kumar stated that while rising yields have led to some pressure on treasury income, the impact is expected to remain moderate and not severe, as the bank has retained higher-yielding securities in its portfolio. He added that the bank expects treasury income of Rs.1,000–1,200 crore for FY27, providing some cushion despite near-term volatility.
- 26) **The Bank has given the following conservative guidance for FY27:**  
**Deposits:**9%~11%, **Advances:**11%~13%, **CASA:**40%, **Credit Deposit Ratio:**~80%, **GNPA%:**1.50%~1.60%,  
**NNPA%:**0.15%~ 0.20%, **Recovery:**Rs.4500~Rs.5500Cr, **AUC:**Rs.1200~Rs.1500Cr, **NIM:**3.10%~3.25%, **RoA:**1.20%~1.30%,  
**Cost to Income Ratio:**~45%, **Credit Cost:**<1%, **Slippage Ratio:**<1%.