



Result Update – Q4FY26

“Robust Credit Momentum Drives Historic Profitability for the Bank in FY26”

Ajcon Global’s observations & views

1. FY26 net profit at a historic of Rs. 1,322 crore reflects genuine earnings momentum, though NIM at 2.55% remains structurally constrained by the bank’s persistently low CASA base and will be the key metric to watch as management targets 2.65–2.70% by FY27 end.
2. With guidance intact across all key metrics, the Bank eyes Rs. 4 lakh crore balance sheet by FY29, with RAM mix expansion, CASA mobilization, digital transformation and a Pan-India branch network buildout forming the core pillars of its growth roadmap.

Q4FY26 RESULT ANALYSIS

- 1) **Total Business** grew 5.67% QoQ and 14.94% YoY to Rs. 2,63,652 crore in Q4FY26 from Rs. 2,49,499 crore in Q3FY26 and Rs. 2,29,379 crore in Q4FY25.
- 2) **Total Deposits** increased 4.76% QoQ and 12.37% YoY to Rs. 1,45,829 crore compared with Rs. 1,39,202 crore in Q3FY26 and Rs. 1,29,774 crore in Q4FY25.
- 3) **Gross Advances** rose 6.82% QoQ and 18.29% YoY to Rs.1,17,823 crore, up from Rs. 1,10,297 crore in Q3FY26 and Rs. 99,605 crore in Q4FY25.
- 4) **Net Interest Income (NII)** fell by 1.12% QoQ and 13.10% YoY to Rs. 975 crore in Q4FY26, compared with Rs. 986 crore in Q3FY26 and Rs.1,122 crore in Q4FY25.
- 5) **Operating Profit** fell by 8.75% QoQ and 33.58% YoY to Rs. 542 crore, versus Rs. 594 crore in Q3FY26 and Rs. 816 crore in Q4FY25.
- 6) **Net Profit** increased 25.60% QoQ and 34.82% YoY to Rs. 422 crore in Q4FY26, compared with Rs. 336 crore in Q3FY26 and Rs. 313 crore in Q4FY25.
- 7) **Net Interest Margin (NIM)** was down to 2.49% in Q4FY26 from 2.59% in Q3FY26 and also lower than 3.19% in Q4FY25.
- 8) **Cost of Deposits** declined to 5.34% from 5.47% in Q3FY26 and 5.74% in Q4FY25. **Cost of Funds** eased to 5.44% from 5.58% in Q3FY26 and 5.85% in Q4FY25. **Yield on Advances** down to 8.05% from 8.39% in Q3FY26 and 9.69% in Q4FY25.

KEY FINANCIAL INDICATORS – Q4FY26

CMP (29.04.2026)	: Rs. 25.03
Face Value	: Rs. 10
Book value per share	: Rs. 16.83
Market Capitalisation	: Rs. 17,774 Cr.
Capital Adequacy Ratio	: 17.42%
C/D ratio	: 80.80%
CASA ratio	: 30.77%
Net Interest Margin (NIM)	: 2.49%
Cost / Income ratio	: 61.32%
Gross NPA	: 2.40%
Net NPA	: 0.79%
PCR	: 90.91%
Slippage ratio	: 0.33%
Credit cost	: 0.02%
Return on Assets (Annualised)	: 0.96%
Return on Equity (Annualised)	: 14.29%

- 9) **Non-Interest Income** fell 15.78% QoQ and 36.83% YoY to Rs. 427 crore in Q4FY26, compared with Rs.507 crore in Q3FY26 and Rs. 676 crore in Q4FY25.
- 10) **Fee-based Income** increased 21.93% QoQ and 28.81% YoY to Rs. 228 crore in Q4FY26, compared with Rs. 187 crore in Q3FY26 and Rs.177 crore in Q4FY25.
- 11) **Cost/Income ratio** increased to 61.32% in Q4FY26 against 60.21% in Q3FY26 and 54.61% in Q4FY25.
- 12) **Government-Guaranteed Advances** decreased to Rs. 12,925 crore in Q4FY26 from Rs.13,561 crore in Q3FY26.
- 13) **CASA ratio** dipped to 30.77% in Q4FY26 from 31.02% in Q3FY26 and 31.43% in Q4FY25.
- 14) **Credit-to-Deposit (C/D) Ratio** improved to 80.80% in Q4FY26 from 79.24% in Q3FY26 and 76.75% in Q4FY25.
- 15) **Return on assets (ROA)** increased to 0.96% in Q4FY26 from 0.79% in Q3FY26.
- 16) **Fresh Slippages** increased to Rs. 355 crore in Q4FY26 from Rs. 168 crore in Q3FY26 and Rs. 268 crore in Q4FY25, while Recovery and Upgradation improved to Rs. 523 crore in Q4FY26 from Rs.484 crore in Q3FY26.
- 17) **Gross NPA** improved to 2.40% in Q4FY26 from 2.60% in Q3FY26 and 3.38% in Q4FY25. Net NPA increased slightly to 0.79% in Q4FY26 from 0.74% in Q3FY26 but improved against 0.96% in Q4FY25.
- 18) **Credit Cost** fell to 0.02% in Q4FY26 from 0.05% in Q3FY26 and 0.34% in Q4FY25.
- 19) **Capital Adequacy Ratio (CAR)** improved sequentially to 17.42% from 16.83% in Q3FY26 and continued to remain similar to 17.41% in Q4FY25.
- 20) **Provision Coverage Ratio (PCR)** fell to 90.91% in Q4FY26 from 92.23% in Q3FY26 and 91.38% in Q4FY25.

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Management Comments:

- 21) In response to an analyst’s query on ECL norms, the CRO, Mr. Dheeraj, explained that the bank is well-prepared for the RBI’s guidelines, with model development largely in place and final calculations underway; the estimated impact of ₹600–800 crore will be spread over a five-year glide path and comfortably absorbed through capital buffers, with minimal impact on capital adequacy.
- 22) Talking about slippages and SMA trends, the MD & CEO, Mr. Swarup Kumar Saha, clarified that the rise in slippages was largely due to proactive recognition of stress in MSME and Agri segments, while overall asset quality remains stable; the sharp decline in SMA 2 and moderation in SMA levels (from 9% to 4.2% and 3% excluding state-backed accounts) reflect improving early stress indicators, though the bank remains watchful on MSME stress.
- 23) Mr. Saha acknowledged continued pressure on NIMs due to low CASA and the impact of the repo rate cycle but indicated that the worst of the rate cuts has been absorbed. Going forward, they expect a gradual improvement to 2.65–2.70% in FY27, driven by a higher mix of retail/agri/MSME lending, selective corporate exposure and a robust high yielding co-lending platform of over ₹10,000 crore.
- 24) In response to an analyst’s concern on global headwinds impacting MSME and retail, the MD & CEO highlighted a cautious stance with tighter underwriting, enhanced monitoring and decentralized operations to maintain resilience. Despite this, he indicated strong credit momentum with healthy MSME/retail growth, an expanding corporate pipeline (₹18,000 crore) and reiterated overall credit growth guidance of 16–18% supported by opportunities across infrastructure, renewables and agri segments.
- 25) Addressing the question on key focus areas going forward, Mr. Saha emphasized enhancing operational resilience (especially cybersecurity and risk controls), pursuing data-driven branch expansion for sustainable growth and accelerating digital transformation initiatives including the rollout of UnIC 2.0.
- 26) Mr. Ravi Mehra, Executive Director, highlighted active scaling of RAM through partnerships, with 85 builder tie-ups, 11 co-lending partners, OEM tie-ups with Mahindra & Mahindra and Maruti Suzuki (and plans for Hyundai Motor Company and Toyota Motor Corporation), alongside plans for digital tie-ups in the secondhand vehicle segment with platforms like Maruti True Value, Cars24 and Spinny to enhance portfolio profitability.
- 27) **The Bank has given the following guidance for FY27:**
 - Deposit Growth (YoY) – 13-14%
 - Advances Growth (YoY) – 16-18%
 - RAM % to Total Advances > 60%
 - Gross NPA < 2%
 - Net NPA < 0.65%
 - PCR 92-93%
 - Recovery & Upgradation > 1000cr
 - Credit Cost < 1%
 - Slippage Ratio < 1%