

AU Small Finance Bank

Estimate change



TP change



Rating change



Bloomberg	AUBANK IN
Equity Shares (m)	746
M.Cap.(INRb)/(USD\$)	748.1 / 8.2
52-Week Range (INR)	1030 / 478
1, 6, 12 Rel. Per (%)	4/25/57
12M Avg Val (INR M)	2361

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	80.1	90.5	116.5
PPoP	45.8	51.8	64.7
PAT	21.1	26.3	36.5
NIM (%)	6.0	5.2	5.6
EPS (INR)	29.8	35.3	48.9
EPS Gr. (%)	33.9	18.3	38.6
BV/Sh. (INR)	229	262	309
ABV/Sh. (INR)	223	253	300

Ratios

RoA (%)	1.6	1.5	1.7
RoE (%)	14.3	14.4	17.1

Valuations

P/E(X)	33.6	28.4	20.5
P/BV (X)	4.4	3.8	3.2
P/ABV (X)	4.5	4.0	3.3

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	22.8	22.8	22.9
DII	31.3	31.9	21.8
FII	36.5	34.5	39.4
Others	9.5	10.8	16.0

FII Includes depository receipts

CMP: INR1,001

TP: INR1,250 (+25%)

Buy

An all-round performance

Earnings outlook robust; NIMs expand 25bp QoQ

- **AUBANK delivered a solid performance in 3QFY26, beating our estimates on many parameters even as the bank continued to invest well in the business to sustain superior growth over the long term.**
- 3Q PAT stood at INR6.7b, up 26% YoY (4% beat), led by robust NII and a sharp decline in provisions. NII came in at INR23.4b, up 16% YoY (3% beat). NIMs expanded 25bp QoQ to 5.7%.
- The bank delivered industry-leading business growth at 24% YoY and has guided for healthy growth of 22-25% over the coming years, aided by favorable macro and strong execution.
- Slippages declined 13% QoQ to INR7.9b in 3Q, aided by improved asset quality in MFI and unsecured. GNPA/NNPA ratios declined to 2.3%/0.88%. PCR declined marginally to 62% from 64% in 2QFY26.
- Provisions were lower at INR3.3b (20% below our est., down 31% QoQ). The bank reported a significantly lower credit cost of 19bp (9M credit cost at 83bp) and has reiterated full-year credit cost guidance of 1%.
- **We slightly raise our earnings estimates and expect a PAT CAGR of 35% over FY27-28E. AUBANK remains our top pick among mid-size private banks. Reiterate BUY with a TP of INR1,250 (3.7x Sep'27E BV).**

Strong growth outlook; asset quality stress firmly behind

- 3Q PAT rose 19% QoQ to INR6.7b (4% beat), aided sharp NIM expansion and contained credit cost.
- NII grew 15.7% YoY/9.2% QoQ to INR23.4b (3% beat), as NIMs expanded 25bp QoQ to 5.7%, led by CoF reduction, improved portfolio mix and surplus liquidity utilization.
- Provisions were lower at INR3.3b (20% lower than MOFSLe), while credit cost ratio declined to 19bp. PCR stood at 62.1% vs. 64.2% in 2QFY26.
- Other income came in at INR7.2b (in line, down 1.6% QoQ), aided by healthy fee income. Opex grew 28.8% YoY/12.3% QoQ to INR18.5b.
- Advances grew 24% YoY/6.7% QoQ, led by growth in commercial banking (9% QoQ) and retail secured (6% QoQ). MFI book grew by 2% QoQ aided by improving macro conditions, whereas digital unsecured book declined by 2.5% QoQ, as bank still remain cautious and strategies to grow in a year. Bank guides for 2.2-2.5x nominal GDP growth, translating to 22-25% growth in FY27E aided by favorable macro and strong execution.
- Deposit growth was strong at 23.3% YoY/4.5% QoQ. CD ratio expanded to 89% vs. 87% in 2Q. CASA mix was broadly stable at ~29%.
- Slippages declined 13% QoQ to INR7.9b in 3Q, aided by improved asset quality in MFI and unsecured. GNPA/NNPA ratios declined to 2.3%/0.88%. Credit cost stood lower at 19bp for 3Q (guidance at 1% for FY27E). PCR declined marginally to 62% from 64% in 2QFY26.

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Highlights from the management commentary

- In MFI, collection efficiency has improved to ~99%. Management reiterated guidance of ~1% credit cost on average assets for FY26.
- The bank continues to target a C/I ratio below 60%. Currently, investments in unsecured growth and southern market expansion are keeping C/I high.
- RoA is targeted at ~1.8%, with operating leverage expected to support profitability.
- Loan growth would remain at ~2.2-2.5x nominal GDP, translating into ~22-25% growth next year. MFI share would remain below 10% of assets.

Valuation and view

AUBANK delivered a robust quarter, driven by strong loan growth, meaningful NIM expansion, and a sharp reduction in credit costs. Margin expansion was aided by the ongoing shift toward a better-yielding asset mix, along with deposit repricing. Growth remains among the best in the industry, and with higher-yield segments poised to scale up, we remain optimistic about underlying business profitability. Opex edged up, though management continues to guide for a C/I ratio of less than 60%. Asset quality trends remain favorable, with stress easing and growth resuming in the unsecured portfolio. Considering NIM expansion, normalization in credit costs and pickup in business growth, we estimate AUBANK to deliver best-in-class earnings growth over the coming years. **We slightly raise our earnings estimates and expect a PAT CAGR of 35% over FY27-28E. AUBANK remains our top pick among mid-size private banks. Reiterate BUY with a TP of INR1,250 (3.7x Sep'27E BV).**

Quarterly performance

	FY25				FY26E				FY25	FY26E	FY26E	(INR b) v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Net Interest Income	19.2	19.7	20.2	20.9	20.4	21.4	23.4	25.2	80.1	90.5	23	2.7
% Change (Y-o-Y)	54.1	58.1	52.7	56.6	6.5	8.6	15.7	20.4	55.4	13.0	12.7	
Other Income	5.1	6.4	6.2	7.6	8.1	7.1	7.2	8.6	25.3	31.1	7	0.4
Total Income	24.3	26.1	26.4	28.5	28.6	28.6	30.7	33.8	105.4	121.6	30	2.1
Operating Expenses	14.8	14.8	14.4	15.6	15.4	16.5	18.5	19.4	59.6	69.8	17	7.1
Operating Profit	9.5	11.3	12.0	12.9	13.1	12.1	12.2	14.4	45.8	51.8	13	-4.6
% Change (Y-o-Y)	74.3	80.0	83.4	94.6	37.9	6.9	0.9	11.6	91.7	13.1	5.7	
Provisions	2.8	3.7	5.0	6.4	5.3	4.8	3.3	3.5	17.9	17.0	4	-19.8
Profit before Tax	6.7	7.6	7.0	6.6	7.8	7.3	8.8	10.9	27.9	34.8	9	2.6
Tax	1.7	1.9	1.7	1.5	2.0	1.7	2.2	2.7	6.8	8.5	2	-0.7
Net Profit	5.0	5.7	5.3	5.0	5.8	5.6	6.7	8.2	21.1	26.3	6	3.8
% Change (Y-o-Y)	29.9	42.1	40.8	35.9	15.6	(1.8)	26.3	62.6	41.7	24.8	21.8	
Operating Parameters												
Deposit (INR b)	972.9	1,096.9	1,122.6	1,242.7	1,277.0	1,325.1	1,384.2	1,492.5	1,242.7	1,492.5	1,393.5	
Loan (INR b)	896.5	948.4	995.6	1,070.9	1,098.3	1,157.0	1,234.2	1,317.2	1,070.9	1,317.2	1,217.3	
Deposit Growth (%)	40.4	44.8	40.1	42.5	31.3	20.8	23.3	20.1	42.5	20.1	24.1	
Loan Growth (%)	42.6	47.8	49.2	46.4	22.5	22.0	24.0	23.0	46.4	23.0	22.3	
Asset Quality												
GNPA (%)	1.8	2.0	2.3	2.3	2.5	2.4	2.3	2.3	2.3	2.3	2.4	
NNPA (%)	0.6	0.8	0.9	0.7	0.9	0.9	0.9	0.9	0.8	0.9	0.8	
PCR (%)	65.1	62.8	61.2	68.1	64.7	64.2	62.1	61.7	66.4	61.7	65.4	

Quarterly Snapshot

Profit and Loss (INR b)	FY25				FY26			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Net Interest Income	19.2	19.7	20.2	20.9	20.4	21.4	23.4	15.7	9.2
Other Income	5.1	6.4	6.2	7.6	8.1	7.1	7.2	17.0	1.6
Total Income	24.3	26.1	26.4	28.5	28.6	28.6	30.7	16.1	7.3
Operating Expenses	14.8	14.8	14.4	15.6	15.4	16.5	18.5	28.8	12.3
Employee	7.9	7.9	7.5	8.2	8.7	9.2	10.2	35.0	10.9
Others	6.9	7.0	6.8	7.4	6.8	7.3	0.0	-99.9	-99.9
Operating Profits	9.5	11.3	12.0	12.9	13.1	12.1	12.2	0.9	0.5
Provisions	2.8	3.7	5.0	6.4	5.3	4.8	3.3	-34.0	-31.1
PBT	6.7	7.6	7.0	6.6	7.8	7.3	8.8	25.7	21.3
Taxes	1.7	1.9	1.7	1.5	2.0	1.7	2.2	23.9	28.9
PAT	5.0	5.7	5.3	5.0	5.8	5.6	6.7	26.3	19.0
Balance Sheet (INRb)									
Loans	897	948	996	1,071	1,098	1,157	1,234	24.0	6.7
Deposits	973	1,097	1,123	1,243	1,277	1,325	1,384	23.3	4.5
CASA Deposits	320	355	344	363	372	390	399	16.1	2.5
- Savings	273	295	288	293	309	314	325	13.2	3.6
- Current	47	60	56	70	63	76	74	31.1	-2.1
Loan Mix (%) - New classification									
								Change (bp)	
Retail Secured Assets	66.0	65.8	66.6	66.2	66.9	67.3	67.6	98	24
Commercial Banking	18.9	19.8	20.3	20.7	20.8	20.7	21.4	106	65
Inclusive Banking	8.2	7.5	6.8	6.0	5.5	5.3	5.1	-173	-17
Digital unsecured	4.3	4.1	3.6	2.8	2.6	2.4	2.2	-141	-18
Others and SME	2.7	2.8	2.7	4.2	4.1	4.3	3.8	110	-54
Asset Quality (INR m)									
GNPA	16.1	19.0	23.4	24.8	27.5	28.4	28.8	23.3	1.6
NNPA	5.6	7.1	9.1	7.9	9.7	10.2	10.9	20.5	7.5
Slippages	5.4	7.4	9.6	8.9	10.3	9.1	7.9	-17.3	-12.9
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY(bp)	QoQ(bp)
GNPA (%)	1.78	1.98	2.31	2.28	2.47	2.41	2.30	-1	-11
NNPA (%)	0.63	0.75	0.91	0.74	0.88	0.88	0.88	-3	0
PCR (calc, %)	65.1	62.8	61.2	68.1	64.7	64.2	62.1	88	-207
PCR (inc TWO, %)	76.0	82.0	80.0	84.0	83.0	84.0	83.0	300	-100
Slippage Ratio (annualized)	2.8	3.7	3.8	3.3	4.6	3.8	3.2	-66	-65
Business Ratios (%)									
CASA (Reported)	33.0	32.0	30.6	29.2	29.2	29.4	29.0	-160	-40
Loan/Deposit	92.1	86.5	88.7	86.2	86.0	87.3	89.2	48	185
Othr Inc to Total Inc	21.0	24.4	23.4	26.6	28.4	24.9	23.6	20	-133
Cost to Income	60.8	56.7	54.4	54.7	54.0	57.7	60.3	597	269
Cost to Avg Assets	5.4	5.0	4.7	4.7	4.3	4.3	4.7	-4	34
Tax Rate	24.9	24.7	24.9	23.4	25.4	23.1	24.5	-37	144
Capitalisation ratios (%)									
Tier-1	19.5	17.4	16.9	18.1	17.5	16.9	17.1	20	20
- CET 1	19.5	17.4	16.9	18.1	17.5	16.9	17.1	20	20
CAR	20.8	18.5	18.0	20.1	19.4	18.8	19.0	100	20
LCR	117.0	112.0	115.0	116.0	123.0	119.0	118.0	300	-100
Profitability Ratios									
Yield on AUM	14.4	14.4	14.4	14.4	14.1	13.9	13.8	-60	-10
Cost of funds	7.0	7.0	7.1	7.1	7.1	6.8	6.8	-22	1
Margins	6.0	6.1	5.9	5.8	5.4	5.5	5.7	-20	20
RoA	1.6	1.7	1.5	1.4	1.5	1.4	1.6	10	20
Branches	637	630	617	616	615	661	690	73	29
ATM	695	688	674	677	678	707	742	68	35



Highlights from the management commentary

Opening Remarks

- System-wide credit growth has strengthened to ~14% YoY, although the deposit environment remains highly competitive.
- AUBANK continues to report one of the strongest deposit growth rates in the sector, with loan growth running at ~2.2x deposit growth.
- Unsecured loans increased by ~1% QoQ.
- NIM expanded by ~25bp QoQ.
- Three new executives have been inducted onto the board.
- The bank has received the Ministry of Finance's approval to increase the foreign investment cap from 49% to the maximum permissible level of 74%.
- Executive Director Mr. Uttam Tibrewal will be elevated to Deputy CEO, while Mr. Vivek will take charge as Chief Credit Officer (WTD & ED).
- Deposits grew 23% YoY and 4.5% QoQ, supported by a strong branch-led franchise; CASA ratio remained broadly stable.
- The bank further lowered savings account rates as of 12 Jan'26.
- AD1 business continues to scale well, with ~50% YoY growth.
- Advances grew 19% YoY; secured loans expanded by 23% YoY, while unsecured loans returned to growth (+1% QoQ), led by MFI.
- The Wheels segment witnessed strong momentum aided by GST rate cuts, while the Gold loan business continued to gain traction.
- Retail secured loans are expected to be the key beneficiary of network expansion in southern India.
- The bank reported a one-time impact of INR198m in 3Q due to labor code-related changes.
- Credit costs declined, driven by continued normalization in the unsecured portfolio.

Advances

- CD ratio increased to ~80%, excluding refinance, and ~89% including refinance.
- In unsecured lending, early signs of recovery are visible in MFI; this is the first month without book contraction. Management expects improved MFI growth, with strategic decisions to be taken in Apr'26.
- On credit cards, the bank plans to wait for ~12 months for portfolio recalibration and settlement. While work on the personal loan segment is ongoing, the base remains small; management expects the PL book to scale meaningfully over time.
- Loan growth outlook: AU aims to grow at ~2.2–2.5x nominal GDP, targeting 22–25% growth in the coming year. While MFI is showing green shoots, it will not exceed 10% of overall assets.
- In MBL, the bank remains focused, but given the already large base, growth is expected at ~17–18%, driven by southern markets and existing geographies.
- The southern market remains highly competitive, making expansion challenging; however, the bank plans to scale up presence over the next 12–18 months.
- Wheels business growth is expected to sustain at the current ~27% YoY run rate. The bank also aims to scale up the gold loan book significantly.
- If MFI recovery continues, book contraction should ease; overall asset mix is expected to remain broadly unchanged.
- MFI recovery is broad-based across the industry, with minimal overlap between MFI and gold loan customers. The gold loan portfolio was largely acquired through the Fincare merger.
- Despite a competitive environment, AUBANK expects to sustain growth at ~2.2–2.5x nominal GDP and believes it will continue to be among sector leaders.

Yields, cost and margins

- NIM expansion was driven by lower cost of funds, reduced surplus liquidity due to strong loan growth, and the CRR cut.
- Deposit ongoing repricing, with ~two quarters still remaining, the recent repo rate cut will impact ~30% of repo-linked loans, with effects visible from 4Q.
- Improved unsecured loan growth could support overall loan yields.
- Savings account rate reductions, including the cut implemented on 3 Oct'25, supported margin improvement.
- NIM remains largely a function of portfolio mix; the bank does not plan to materially alter its loan mix despite holding a universal banking license.
- The Dec'25 rate cut will be transmitted over ~four months; ~30% of the loan book is on fixed rates.

Asset Quality

- In MFI, the bank provides 50% at 90 DPD and an additional 15% for each subsequent month, following an open provisioning policy.

Credit Cost (Provisions)

- Seasonally, 3Q tends to see improvement in secured portfolios; in unsecured segments, credit costs continue to decline and are nearing normalized levels.
- In MFI, collection efficiency has improved to ~99%. Management reiterated guidance of ~1% credit cost on average assets for FY26.
- MFI credit costs, GNPA, and SMA balances are trending down, supported by lower slippages and higher PCR.
- ~83% of the MFI portfolio is currently under guarantee, expected to rise to ~95% by Mar'26; collection efficiency stands at ~99.7%.

Opex and Other Income

- The bank continues to target a cost-to-income ratio below 60%. Currently, investments in unsecured growth and southern market expansion are keeping C/I elevated.
- Technology initiatives are being leveraged to contain operating costs.
- Business volumes have increased, alongside higher headcount and touchpoints. The bank is also doubling penetration in the Wheels segment and increasing distribution intensity.

RoA

- The bank is confident of achieving RoA of 1.8% by FY27E. It expects operating leverage to play out.

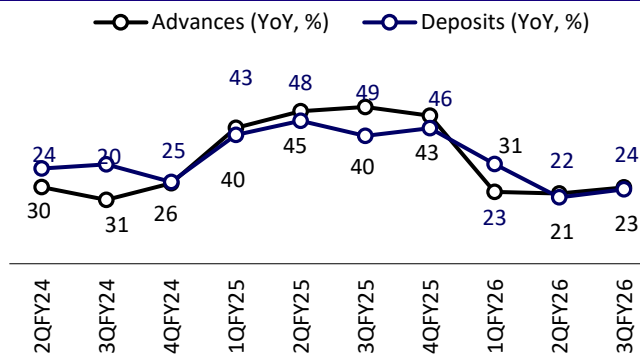
Others

- Risk weights on securitized assets have increased due to technical adjustments related to DTAs and credit adjustments; the impact is not considered material.

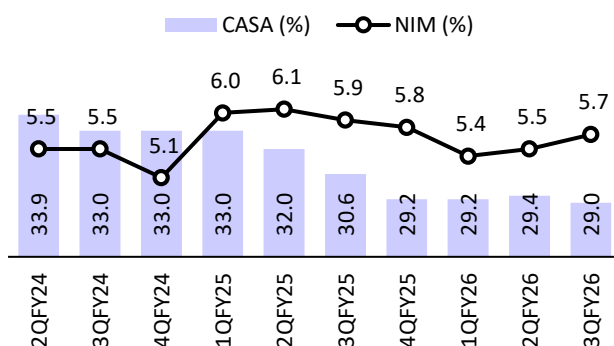
Guidance

- RoA targeted at ~1.8%, with operating leverage expected to support profitability.
- Loan growth to remain at ~2.2–2.5x nominal GDP, translating to ~22–25% growth next year; MFI share to remain below 10% of assets.
- Cost-to-income ratio targeted below 60%, though near-term investments in growth and geography expansion may keep it elevated.

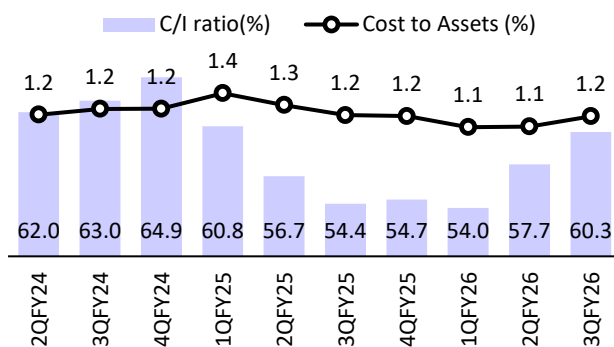
Story in charts

Exhibit 1: Advances/deposits grew 24%/23% YoY


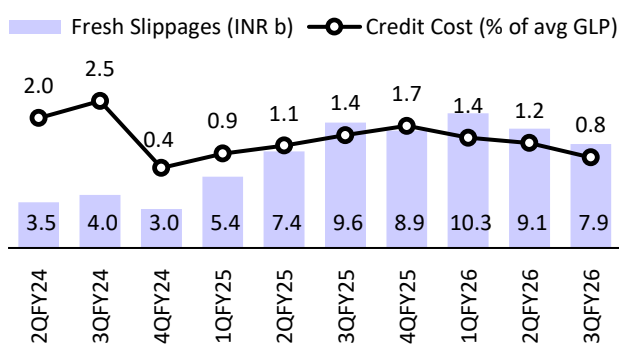
1Q-4QFY25 has a merger impact; Source: Company, MOFSL

Exhibit 3: Margin expanded 25bp QoQ to 5.7% in 2QFY26


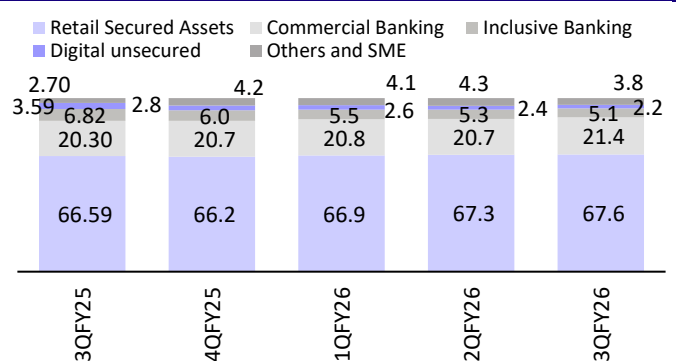
Source: Company, MOFSL

Exhibit 5: C/I ratio increased to 60.3% in 3QFY26


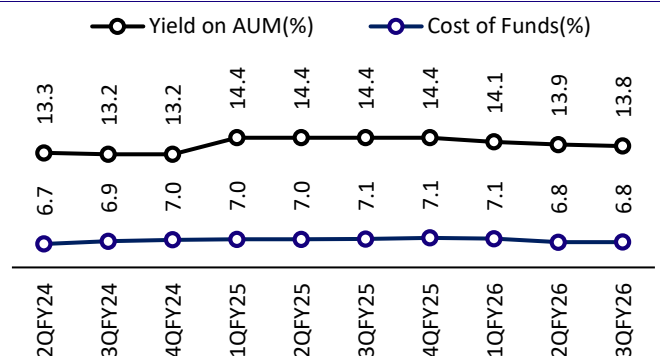
Source: Company, MOFSL

Exhibit 7: Credit costs declined to 0.8%, and slippages declined 13% QoQ


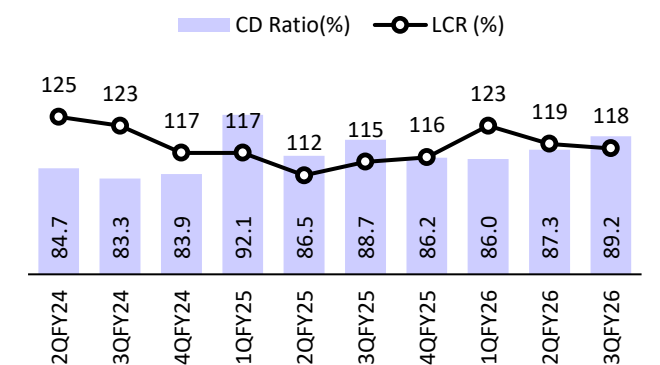
Source: Company, MOFSL

Exhibit 2: Trend in the mix of % of total advances


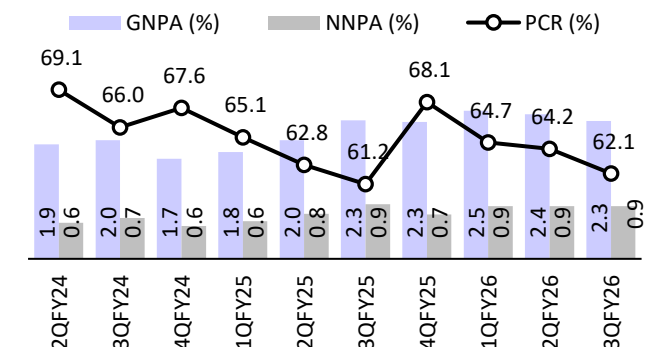
1QFY25 Numbers post-merger, Source: Company, MOFSL

Exhibit 4: Yield on gross advances declined to 13.8%


Source: Company, MOFSL

Exhibit 6: CD ratio increased to 89%; LCR at 118%


Source: Company, MOFSL

Exhibit 8: Asset quality ratios improved; PCR declined to 62.1%


Source: Company, MOFSL

Valuation and view: Reiterate BUY with a TP of INR1,250

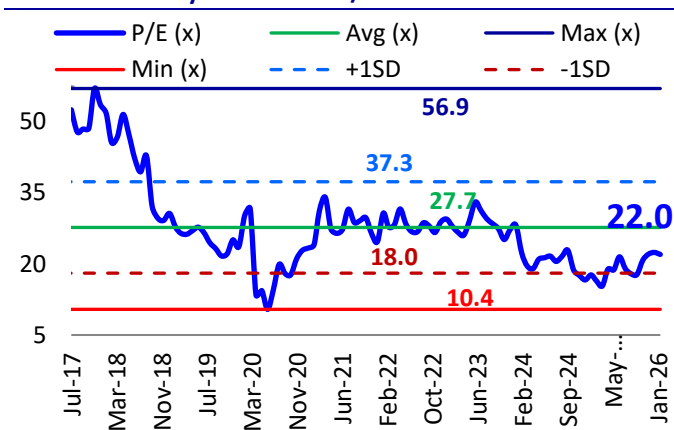
- AUBANK delivered a robust quarter, driven by strong loan growth, meaningful NIM expansion, and a reduction in credit costs. Margin expansion was aided by the ongoing shift toward a better-yielding asset mix, along with deposit repricing.
- Growth remains among the best in the industry, and with high-yield segments poised to scale up, we remain optimistic about underlying business profitability.
- Opex edged up, though management continues to guide for C/I ratio of below 60%. AQ trends remain favorable, with stress easing and growth resuming in the unsecured portfolio.
- Considering NIM expansion, normalization in credit cost and pick-up in business growth, we estimate AUBANK to deliver best-in-class earnings growth over the coming years.
- We slightly raise our earnings estimates and expect a PAT CAGR of 35% over FY27-28E. AUBANK remains our top pick amongst mid-size private banks; reiterate BUY with a TP of INR1,250 (3.7x Sep'27E BV).**

Exhibit 9: Revisions to our earnings estimates

INRb	Old Est.			New Est.			% / bp Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
NII	89.1	113.0	140.3	90.5	116.5	144.8	1.6	3.1	3.3
Other Income	30.8	35.4	43.2	31.1	36.0	43.3	0.8	1.7	0.0
Total Income	119.9	148.4	183.5	121.6	152.5	188.1	1.4	2.7	2.5
Opex	67.7	85.2	102.7	69.8	87.8	106.0	3.1	3.1	3.1
PPoP	52.2	63.3	80.8	51.8	64.7	82.1	-0.7	2.3	1.7
Provisions	17.7	16.0	18.3	17.0	16.2	18.7	-4.2	0.9	1.9
PBT	34.5	47.2	62.4	34.8	48.5	63.4	1.1	2.7	1.6
Tax	8.4	11.7	15.4	8.5	12.0	15.7	1.1	2.7	1.6
PAT	26.0	35.6	47.0	26.3	36.5	47.8	1.1	2.7	1.6
Loans	1,296	1,608	2,002	1,317	1,639	2,040	1.7	1.9	1.9
Deposits	1,496	1,840	2,275	1,492	1,836	2,269	-0.2	-0.2	-0.2
Margins (%)	5.1	5.4	5.4	5.2	5.6	5.6	9	17	18
Credit Cost (%)	1.4	1.0	1.0	1.4	1.0	1.0	-8	-1	0
RoA (%)	1.50	1.69	1.82	1.52	1.74	1.86	2	5	3
RoE (%)	14.2	16.7	18.5	14.4	17.1	18.7	14	40	18
EPS	35	48	63	35	49	64	1.1	2.7	1.6
BV	262	308	369	262	309	371	0.1	0.5	0.7

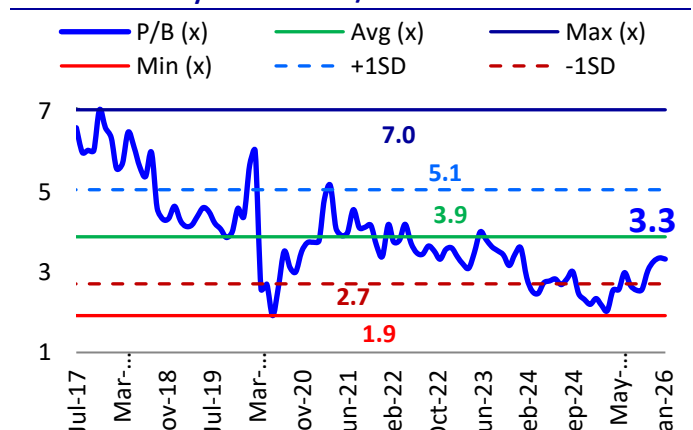
Source: MOFSL, Company

Exhibit 10: One-year forward P/E ratio



Source: Company, MOFSL

Exhibit 11: One-year forward P/B ratio



Source: Company, MOFSL

Exhibit 12: DuPont analysis - ROA to improve to 1.86% by FY28E

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	10.30	10.57	12.02	11.10	11.23	11.01
Interest Expense	4.75	5.41	6.03	5.87	5.68	5.39
Net Interest Income	5.56	5.17	6.00	5.22	5.55	5.62
Core Fee and Secu. Inc	1.35	1.65	1.71	1.57	1.49	1.45
Trading and others	-0.06	0.05	0.18	0.22	0.22	0.23
Non-Interest income	1.30	1.70	1.89	1.79	1.72	1.68
Total Income	6.85	6.87	7.89	7.02	7.27	7.30
Operating Expenses	4.32	4.47	4.46	4.03	4.19	4.12
- Employee cost	2.25	2.11	2.36	2.23	2.34	2.33
- Others	2.07	2.37	2.10	1.79	1.84	1.79
Operating Profits	2.54	2.39	3.43	2.99	3.08	3.19
Core operating Profits	2.59	2.34	3.25	2.77	2.86	2.96
Provisions	0.19	0.44	1.34	0.98	0.77	0.73
PBT	2.34	1.95	2.09	2.01	2.31	2.46
Tax	0.55	0.47	0.51	0.49	0.57	0.61
RoA	1.79	1.49	1.58	1.52	1.74	1.86
Leverage (x)	8.7	8.5	9.0	9.5	9.8	10.1
RoE	15.5	12.7	14.3	14.4	17.1	18.7

Source: MOFSL, Company

Financials and valuations

Income Statement						(INRb)
Y/E MARCH	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	82.1	105.5	160.6	192.3	235.5	283.5
Interest Expense	37.8	54.0	80.5	101.8	119.1	138.7
Net Interest income	44.3	51.6	80.1	90.5	116.5	144.8
- growth (%)	36.8	16.5	55.4	13.0	28.7	24.4
Other Income	10.3	17.0	25.3	31.1	36.0	43.3
Total Income	54.6	68.5	105.4	121.6	152.5	188.1
- growth (%)	29.1	25.5	53.7	15.4	25.4	23.3
Operating Expenses	34.4	44.6	59.6	69.8	87.8	106.0
- growth (%)	42.6	29.8	33.4	17.2	25.8	20.7
Operating Profits	20.2	23.9	45.8	51.8	64.7	82.1
- growth (%)	11.3	18.3	91.7	13.1	24.9	26.9
Core Operating Profits	20.6	23.4	43.5	47.9	60.0	76.3
- growth (%)	23.4	13.3	85.9	10.3	25.1	27.2
Total Provisions	1.5	4.4	17.9	17.0	16.2	18.7
% to operating income	7.7	18.4	39.1	32.8	25.0	22.7
PBT	18.6	19.5	27.9	34.8	48.5	63.4
Tax	4.4	4.6	6.8	8.5	12.0	15.7
<i>Tax Rate (%)</i>	<i>23.4</i>	<i>23.8</i>	<i>24.5</i>	<i>24.5</i>	<i>24.7</i>	<i>24.7</i>
PAT	14.3	14.9	21.1	26.3	36.5	47.8
- growth (%)	26.4	4.1	41.7	24.8	39.0	30.8

Balance Sheet						
Y/E MARCH	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	6.7	6.7	7.4	7.5	7.5	7.5
Reserves & Surplus	102.7	118.3	163.0	188.4	224.1	271.1
Equity Networth	109.3	125.0	170.4	195.9	231.6	278.6
Deposits	693.6	871.8	1,242.7	1,492.5	1,835.7	2,269.0
- growth (%)	31.9	25.7	42.5	20.1	23.0	23.6
of which CASA Dep	266.6	291.3	362.5	440.3	569.1	717.0
- growth (%)	36.0	9.3	24.5	21.4	29.3	26.0
Borrowings	63.0	54.8	116.6	138.8	167.9	206.5
Other liabilities	35.8	42.0	47.5	58.4	71.3	87.0
- growth (%)	19.6	17.6	13.0	23.0	22.0	22.0
Total Liabilities	902.2	1,094.3	1,578.5	1,886.8	2,307.8	2,842.3
Current Assets	94.3	63.8	94.7	102.6	113.0	124.6
Investments	200.7	271.3	378.5	454.2	551.4	676.5
- growth (%)	31.1	35.2	39.5	20.0	21.4	22.7
Loans	584.2	731.6	1,070.9	1,317.2	1,638.6	2,040.1
- growth (%)	26.7	25.2	46.4	23.0	24.4	24.5
Net Fixed Assets	7.4	8.5	9.1	10.0	11.0	11.9
Other assets	15.6	19.0	25.3	2.8	-6.3	-10.8
Total Assets	902.2	1,094.3	1,578.5	1,886.8	2,307.8	2,842.3

Asset Quality	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA (INR b)	9.8	12.4	24.8	29.8	34.9	41.3
NNPA (INR b)	2.9	4.4	8.3	11.4	12.3	13.6
Slippages (INR b)	12.4	17.0	40.0	31.0	35.5	42.3
GNPA Ratio (%)	1.7	1.7	2.3	2.26	2.13	2.02
NNPA Ratio (%)	0.5	0.6	0.8	0.87	0.75	0.67
Slippage Ratio (%)	2.4	2.6	4.4	2.6	2.4	2.3
Credit Cost (%)	0.3	0.6	1.9	1.4	1.0	1.0
PCR (Excl Tech. write off)	70.8	64.3	66.4	61.7	64.7	67.0

E: MOSL Estimates

Financials and valuations

Ratios

Y/E MARCH	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield - on IEA	11.7	11.7	13.0	11.9	11.8	11.5
Avg. Yield on loans	12.8	11.9	13.4	12.3	12.3	12.4
Avg. Cost of funds	5.6	6.4	7.0	6.8	6.6	6.2
Spreads	7.2	5.5	6.4	5.5	5.8	6.2
NIM (On total assets)	5.6	5.2	6.0	5.2	5.6	5.6
NIM (On IEA)	6.3	5.7	6.5	5.6	5.8	5.9
Capitalization Ratios (%)						
CAR	23.6	20.1	20.1	18.9	17.9	17.4
<i>Tier I</i>	21.8	18.8	18.1	17.5	16.9	16.6
<i>CET 1</i>	21.8	18.8	18.1	17.5	16.9	16.6
<i>Tier II</i>	1.8	1.3	1.9	1.4	1.1	0.8
Business Ratios (%)						
Loan/Deposit Ratio	84.2	83.9	86.2	88.3	89.3	89.9
CASA Ratio	38.4	33.4	29.2	29.5	31.0	31.6
Cost/Assets	4.3	4.5	4.5	4.0	4.2	4.1
Cost/Total Income	63.0	65.1	56.5	57.4	57.6	56.3
Cost/Core Income	62.5	65.6	57.8	59.3	59.4	58.1
Int. Expense/Int. Income	46.1	51.1	50.1	52.9	50.6	48.9
Fee Income/Total Income	19.8	24.0	21.4	22.4	20.5	19.9
Other Inc./Total Income	18.9	24.8	24.0	25.6	23.6	23.0
Efficiency Ratios (%)						
Employee per branch (in nos)	51.5	47.3	65.9	51.9	47.0	42.5
Staff cost per employee (INR m)	0.6	0.7	0.6	0.7	0.9	1.1
CASA per branch (INR m)	485	463	469	438	501	559
Deposits per branch (INR m)	1,261	1,386	1,608	1,485	1,617	1,768
Bus. Per Employee (INR m)	45	54	45	54	65	79
Profit per Employee (INR m)	0.5	0.5	0.4	0.5	0.7	0.9
Profitability and Valuations						
RoE	15.5	12.7	14.3	14.4	17.1	18.7
RoA (On bal Sheet)	1.8	1.5	1.6	1.5	1.7	1.9
RoRWA	2.9	2.3	2.3	2.4	2.7	2.9
Book Value (INR)	164.0	186.8	228.9	262.4	309.4	371.2
- growth (%)	38.2	13.9	22.6	14.6	17.9	20.0
Price-BV (x)	6.1	5.4	4.4	3.8	3.2	2.7
Adjusted BV (INR)	161.6	183.1	222.7	253.4	299.6	360.1
- growth (%)	38.5	13.3	21.7	13.8	18.2	20.2
Price-ABV (x)	6.2	5.5	4.5	4.0	3.3	2.8
EPS (INR)	22.0	22.2	29.8	35.3	48.9	63.7
- growth (%)	22.3	1.0	33.9	18.3	38.6	30.4
Price-Earnings (x)	45.4	45.0	33.6	28.4	20.5	15.7

E: MOFSL Estimates

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