

Result Update

“While Operating Profit was impacted by lower fee-based and treasury income, Net Profit improved supported by reduced provisioning”

Ajcon Global's observations & views:

1. Earnings growth remained modest, with net profit improving primarily due to lower provisioning, partially offsetting pressure on operating profit from lower treasury income and margin compression following the December repo rate cut.
2. Credit growth visibility remains strong, with FY26 guidance of 11–13% supported by a healthy ₹75,000 crore corporate loan pipeline, offering potential upside.

Q3FY26 RESULT ANALYSIS

- 1) **Global Deposits** surged by 3.12% QoQ at Rs. 15,46,749 crores in Q3FY26 against Rs. 15,00,012 crores in Q2FY26 and also, increased by 10.25% YoY from Rs. 14,02,909 crores in Q3FY25.
- 2) **Global Advances** increased by 5.17% QoQ at Rs. 13,44,904 crores in Q3FY26 against Rs. 12,78,847 crores in Q2FY26 and also, grew by 14.65% YoY from Rs. 11,73,034 crores in Q3FY25.
- 3) **Total Business** surged by 4.06% QoQ at Rs. 28,91,653 crores in Q3FY26 against Rs. 27,78,859 crores in Q2FY26 and also increased by 12.26% YoY from Rs. 25,75,943 crores in Q3FY25.
- 4) **Net Interest Income** down by 1.29% QoQ at Rs. 11,800 crores in Q3FY26 against Rs. 11,954 crores in Q2FY26 but went marginally up by 0.1% YoY from Rs. 11,786 crores in Q3FY25.
- 5) **Operating Profit** declined by 2.63% QoQ at Rs. 7,377 crores in Q3FY26 against Rs. 7,576 crores in Q2FY26 and also decreased by 3.74% YoY from Rs. 7,664 crores in Q3FY25.
- 6) **Net Profit** increased by 5.12% QoQ at Rs. 5,055 crores in Q3FY26 against Rs. 4,809 crores in Q2FY26 also up by 4.51% YoY from Rs. 4,837 crores in Q3FY25.
- 7) **Net Interest Margin (NIM)** down to 2.79% in Q3FY26 against 2.96% in Q2FY26 also decreased from 3.04% in Q3FY25.
- 8) **Global Cost of Deposit** reduced to 4.75% in Q3FY26 against 4.91% in Q2FY26 and 5.08% in Q3FY25. **The global yield on Advances** declined to 7.56% in Q3FY26 against 7.81% in Q2FY26 and 8.35% in Q3FY25, respectively.
- 9) **Total Non- Interest Income** increased by 2.42% QoQ at Rs. 3,600 crores in Q3FY26 against Rs. 3,515 crores in Q2FY26 and also decreased by 5.9% YoY from Rs. 3,400 crores in Q3FY25.
- 10) **Fee-Based Income** decreased by 4.58% QoQ at Rs. 1,708 crores in Q3FY26 against Rs. 1,790 crores in Q2FY26 and also inched down by 1.4% YoY from Rs. 1,732 crores in Q3FY25.
- 11) **Treasury Income** decreased by 0.55% QoQ at Rs. 1,080 crores in Q3FY26 against Rs. 1,086 crores in Q2FY26 but increased by 15.4% YoY from Rs. 936 crores in Q3FY25.
- 12) **Cost/Income Ratio** rose to 52.10% in Q3FY26 against 51.02% in Q2FY26 also up from 49.53% in Q3FY25.
- 13) **CASA ratio** marginally increased to 38.45% in Q3FY26 against 38.42% in Q2FY26 but decreased from 39.33% in Q3FY25.
- 14) **Return on assets (ROA)** marginally increased to 1.09% in Q3FY26 against 1.07% in Q2FY26 and decreased from 1.15% in Q3FY25.
- 15) **Fresh Slippages** increased to Rs. 2,676 crores in Q3FY26 against Rs. 2,669 crores in Q2FY26 and also, up from Rs. 2,503 crores in Q3FY25. **Recovery + Upgradation** down to Rs. 1,756 crores in Q3FY26 against Rs. 1,897 crores in Q2FY26 and also, decreased from Rs. 1,821 crores in Q3FY25.
- 16) **Gross NPA Ratio** improved to 2.04% in Q3FY26 against 2.16% in Q2FY26 and 2.43% in Q3FY25. Net NPA ratio remains same at 0.57% in Q3FY26.
- 17) **Credit Cost** reduced to 0.17% in Q3FY26 against 0.29% in Q2FY26 and 0.30% in Q3FY25, respectively.
- 18) **Provision Coverage Ratio** marginally decreased to 92.73% in Q3FY26 against 93.21% in Q2FY26 and 93.51% in Q3FY25, respectively.

KEY FINANCIAL INDICATORS – Q3FY26

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|-------------------------------|-----------------------|
| CMP (30.01.2026) | : Rs. 299.40 |
| Face Value | : Rs. 2.00 |
| Book value per share | : Rs. 250.08 |
| Market Capitalisation | : Rs. 1,55,140.87Crs. |
| Capital Adequacy Ratio | : 15.29% |
| CASA ratio (Domestic) | : 38.45% |
| Net Interest Margin (Global) | : 2.79% |
| Cost / Income ratio | : 52.10% |
| Gross NPA | : 2.04% |
| Net NPA | : 0.57% |
| PCR | : 92.73% |
| Slippage ratio | : 0.86% |
| Credit cost | : 0.17% |
| Return on Assets (Annualised) | : 1.09% |
| Return on Equity (Annualised) | : 15.59% |

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Management Comments

- 19) In his opening remarks, Dr. Debadatta Chand, MD & CEO, highlighted that the quarter's profit growth was entirely driven by core operations, with no one-off items, resulting in a 4.5% YoY increase in net profit. He also noted a strong improvement in fundamentals, with book value rising to Rs.250 from ₹180 over two years, RoA sustained above 1% for 14 consecutive quarters, and net profit exceeding Rs.4,000 crore for 12 straight quarters, including three quarters above ₹5,000 crore in the last six quarters.
- 20) Speaking on FY26 guidance, Mr. Chand reaffirmed the Bank's full-year NIM guidance of 2.85%–3.00%, with the Q4 exit expected to be above 2.85%. He noted a positive revision in credit cost guidance to below 0.60%, with slippages guided at 1.0%–1.25%. Advances growth guidance was maintained at 11%–13%, with management expecting to surpass 13% by March 2026, while deposit growth is guided at 9%–11%. He further stated that the Bank is targeting an LCR of around 120% and a domestic CD ratio of 82%–84%, and expects normalized written-off recoveries of Rs.700–750 crore per quarter, with no one-off income in current earnings.
- 21) In response to an analyst's query on NII and NIM, the MD & CEO stated that the Bank delivered a robust core NII of Rs.11,800 crore, fully driven by operating performance with no one-off income. He explained that NII growth has been largely stable due to repricing on both assets and liabilities amid elevated funding costs, while nine-month NIM stood at 2.80%, comfortably within the guided range of 2.80–3.00%, with only a marginal impact from tax refunds.
- 22) In response to an analyst's query on LCR and CD ratio trends, Mr. Chand stated that the Bank remains comfortable operating with a domestic CD ratio in the range of 82%–84%, while the global CD ratio typically remains higher at around 86%–88%. He emphasized that liquidity comfort is primarily assessed through the LCR, with a targeted level of around 120%. While LCR moderated to 116% during the quarter from 120% previously, management clarified that this remains healthy and was partly influenced by the sale of Rs.28,000 crore of investments to optimize yields. The Bank expects the LCR to move back towards the targeted 120% level going forward.
- 23) Responding to an analyst's query on the ECL transition, Mr. Debadatta Chand stated that the Bank is well positioned, supported by strong asset quality, low slippages, and adequate provisioning, including floating provisions of around Rs.1,000 crore. Based on internal pro-forma estimates under the draft ECL norms, he indicated that the one-time impact on CRAR is likely to be limited to approximately 0.6–0.7%, spread over five years, while the incremental annual impact on credit cost is expected to be around 18 bps well within the Bank's revised credit cost guidance of below 0.60%.
- 24) On the new labor code, the Bank does not expect any material impact, particularly on gratuity, as current employment practices already assume a minimum five-year tenure and adequate provisions have been made. The estimated impact is minimal at around Rs.8–9 crore, and the rules are still in the process of being finalized.