



“The Bank closed FY26 on a strong note, achieving key operational gains alongside improved profitability and a healthier balance sheet”

Ajcon Global’s observations & views

1. The Bank delivered a steady Q4FY26 with improved profitability, margin expansion and better asset quality, while strong CASA-led growth and the strategic stake by SMBC reinforce confidence in its sustainable growth outlook.
2. Management outlook suggests a shift towards sustainable growth, targeting 14–15% advances growth, improved RoA and medium-term NIM expansion. Overall, the Bank is well-positioned for gradual improvement in return ratios, with margins and retail growth as key monitories, supported by strategic backing from Sumitomo Mitsui Banking Corporation.

Q4FY26 RESULT ANALYSIS

- 1) **Total Business** expanded by 7.7% QoQ at Rs. 5,92,414 Crores in Q4FY26 against Rs. 5,49,975 Crores in Q3FY26 and also, Surged by 11.6% YoY from Rs. 5,30,713 Crores in Q4FY25.
- 2) **Total Deposits** marked a growth of 9.0% QoQ at Rs. 3,18,969 Crores in Q4FY26 against Rs. 2,92,524 Crores in Q3FY26 and also, grew by 12.1% YoY from Rs. 2,84,525 Crores in Q4FY25.
- 3) **Gross Advances** increased by 6.2% QoQ at Rs. 2,73,445 Crores in Q4FY26 against Rs. 2,57,451 Crores in Q3FY26 and rose by 11.1% YoY from Rs. 2,46,188 Crores in Q4FY25.
- 4) **Net Interest Income** increased by 7.0% QoQ at Rs. 2,638 Crores in Q4FY26 against Rs. 2,466 Crores in Q3FY26 and climbed by 15.9% YoY from Rs. 2,276 Crores in Q4FY25.
- 5) **Operating Profit** rose by 31.2% QoQ at Rs. 1,618 Crores in Q4FY26 against Rs. 1,234 Crores in Q3FY26 and also, increased by 23.1% YoY from Rs. 1,314 Crores in Q4FY25.
- 6) **Net Profit** increased by 12.3% QoQ at Rs. 1,068 Crores in Q4FY26 against Rs. 952 Crores in Q3FY26 and jumped by 44.7% YoY from Rs. 738 Crores in Q4FY25.f
- 7) **NIM** ticked up to 2.7% in Q4FY26 against 2.6% in Q3FY26 and from 2.5% in Q4FY25.
- 8) **Cost of deposits** moderated to 5.5% in Q4FY26 against 5.6% in Q3FY26 and from 6.1% in Q4FY25, respectively.
- 9) **Cost/Income ratio** improved to 63.0% in Q4FY26 against 66.1% in Q3FY26 and also, softened from 67.3% in Q4FY25.
- 10) **Cost of Funds** eased to 5.8% in Q4FY26 against 5.9% in Q3FY26 and 6.4% in Q4FY25, respectively.
- 11) **Total Non-Interest Income** increased by 6.0% QoQ at Rs. 1,730 Crores in Q4FY26 against Rs. 1,633 Crores in Q3FY26 and marginally declined by 0.5% YoY from Rs. 1,739 Crores in Q4FY25.
- 12) **Fee based income** scaled up by 7.2% QoQ at Rs. 1,648 Crores in Q4FY26 against Rs. 1,538 Crores in Q3FY26 and also, grew by 2.5% YoY from Rs. 1,608 Crores in Q4FY25.
- 13) **Treasury gains / Interest on Tax Refunds** decreased by 12.3% QoQ at Rs. 83 Crores in Q4FY26 against Rs. 95 Crores in Q3FY26 and also, slumped by 36.6% YoY from Rs. 131 Crores in Q4FY25.
- 14) **Yield on Advances** slipped to 9.2% in Q4FY26 against 9.3% in Q3FY26 and also, declined from 10.1% in Q4FY25.
- 15) **CASA ratio** improved to 35.1% in Q4FY26 against 34.0% in Q3FY26 and also, increased from 34.3% in Q4FY25, respectively.
- 16) **Credit/Deposit (C/D) ratio** edged lower to 85.7% in Q4FY26 against 88.0% in Q3FY26 and also, declined from 86.5% in Q4FY25.
- 17) **Return on assets (ROA)** surged to 1.0% in Q4FY26 against 0.9% in Q3FY26 and 0.7% in Q4FY25, respectively.
- 18) **Gross Slippages** marginally increased to Rs. 1,102 Crores in Q4FY26 against Rs. 1,050 Crores in Q3FY26, but decreased from Rs. 1,223 Crores in Q4FY25 (Including one intra-quarter account movement; excluding this, slippages are even lower at 1.4% of Advances).
- 19) **Gross NPA ratio** improved to 1.3% in Q4FY26 against 1.5% in Q3FY26 and 1.6% in Q4FY25. Net NPAs ratio also improved to 0.2% against 0.3% in Q3FY26 and 0.3% in Q4FY25, respectively.
- 20) **Net Credit cost** declined to 0.17% of Avg. assets in Q4FY26 against 0.30% in Q4FY25.
- 21) **Provision Coverage ratio** marginally increased to 89.6% in Q4FY26 against 89.9% in Q3FY26 and also, increased from 87.6% in Q4FY25.
- 22) **The Bank’s Capital Adequacy ratio** marginally dipped to 15.3% in Q4FY26 against 15.5% in Q3FY26 but and also, softened from 15.6% in Q4FY25.

KEY FINANCIAL INDICATORS – Q4FY26

CMP (20.04.2026)	: Rs. 19.84
Face Value	: Rs. 2
Book value per share	: Rs. 16.3
Market Capitalisation	: Rs.62,196 Crs.
Capital Adequacy Ratio	: 15.3%
C/D ratio	: 85.7%
CASA ratio	: 35.1%
Net Interest Margin	: 2.7%
Cost / Income ratio	: 63.0%
Gross NPA	: 1.3%
Net NPA	: 0.2%
PCR	: 89.6%
Slippage ratio	: 1.6%
Net Credit cost	: 0.17%
Return on Assets (Annualised)	: 1.0%
Return on Equity (Annualised)	: 8.4%



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Management Comments:

- 23) In his opening remarks, Mr. Vinay M. Tonse, the new MD & CEO of the Bank, highlighted that despite a volatile global backdrop, the bank delivered a steady improvement in FY26 performance, with net profit rising 44.5 % YoY and RoA improving to 0.80 %, reflecting continued progress on profitability and balance sheet strength. Margin expansion was supported by deposit repricing, CASA traction and lower high-cost borrowings, while fee income growth remained robust across segments.
- 24) Asset quality improved further with GNPA/NNPA at 1.3%/0.2%, aided by strong recoveries and disciplined underwriting. The bank also saw healthy growth in advances and deposits, with CASA ratio improving to 35.1%. Management reiterated its focus on balanced growth, strengthening the liability franchise, and sustaining operating efficiency and risk discipline going into FY27.
- 25) In response to an analyst’s question on growth outlook and CASA trends, Mr. Vinay Tonse indicated that deposit growth remained stable at 4% QoQ across CASA and term deposits, with CASA sustaining 11% YoY growth. While growth was earlier calibrated, momentum has improved in recent quarters and the bank now expects advances growth to align with industry at 14–15%, supported by broad-based traction across segments.
- 26) Responding to an analyst’s query on loan mix and segment growth, Mr. Niranjana Banodkar, CFO highlighted that growth is becoming more broad-based, with corporate (20%) and commercial (18%) segments remaining strong, while retail disbursement growth is currently >20% but expected to normalize, with overall retail book growth at 10–11%. The bank expects limited change in mix, maintaining broadly stable portfolio composition.
- 27) In response to a query raised by an analyst on margin outlook and RIDF run-down, Mr. Banodkar indicated that while RIDF reduction was more back-ended in FY26, it expects a further ₹6,500–9,000 crore reduction in FY27, which should continue to support margins, although the pace of expansion may normalize on a YoY basis.
- 28) In response to an analyst’s query on profitability trajectory (RoA and NIM), Mr. Niranjana said that having achieved 1% RoA in the quarter, the focus is now on sustaining and improving core RoA by 25–30bps, driven by margin expansion, cost discipline and fee growth, while gradually reducing reliance on one-off ARC recoveries (₹1,500 crore residual). Additionally, while refraining from near-term NIM guidance, management indicated a medium-term NIM target of 3.25–3.5%, supported by continued RIDF reduction, lower cost of deposits and an improving loan mix.