

AU Small Finance Bank | ADD

Strong numbers but largely priced in

AU Small Finance Bank delivered strong Q3FY26 with PAT growth of ~26%/19% YoY/QoQ; +3% JMFe. This was driven by margin expansion and sharp moderation in credit costs, while loan growth remained healthy at 24%/7% YoY/QoQ. NIM expanded by 25bps QoQ aided by a ~22 bps QoQ decline in CoF, which more than offset mild pressure on asset yields. Credit costs (as % of avg. assets) fell by ~40bps QoQ, reflecting improvement in unsecured segments (PL/CC/MFI). Deposit growth was strong at +23% YoY, supporting balance sheet momentum, though CASA ratio remained broadly stable. Overall, the quarter reinforces the trend of risk normalisation and improving earnings visibility, but growth engines outside secured lending are still in a recovery phase. At current valuations of 2.8x FY28 P/BV, the stock factors in much of this recovery, and sustained growth revival. We broadly maintain our EPS estimates and forecast avg. RoA/RoE of 1.7%/17% over FY27E/28E. We value the bank at 2.9xFY28 P/BV with a revised TP of INR 1,060. Maintain ADD.

- Secured asset growth steady, unsecured recovery in early phase:** Net advances grew by 24%/7% YoY/QoQ, led primarily by secured retail assets and commercial banking. Vehicle finance, mortgages and MSME lending remained the key contributors, ensuring stable balance sheet expansion. Gold loans also continued to scale from a low base. In contrast, unsecured portfolios are still in stabilisation mode: MFI reported marginal QoQ growth after multiple weak quarters, while credit cards and personal loans remain subdued. Deposit growth at +23%/5% YoY/QoQ provided comfortable funding support, though CASA ratio stayed broadly flat at 29%. Management targets overall loan growth at ~2.25–2.5x nominal GDP, implying ~20–22% growth. **We build in average loan growth of ~21% over FY27E/28E.**
- Margin-led improvement, operating leverage still awaited:** NII growth was supported by a ~25 bps QoQ expansion in NIM to ~5.7%, driven by a sharp 22bps fall in CoF as high-cost term deposits repriced and liquidity normalised. Asset yields softened marginally, but liability-side benefits more than compensated. Opex stayed elevated due to branch expansion (100 branches added in Q3), manpower addition and technology investments, leading to elevated C/I ratio of 60.3%. Management expects a stable NIM outlook driven by term deposit repricing over the next 2 quarters, transmission of repo cuts, and mix improvement. Management also reiterated long-term RoA aspiration of ~1.8%, driven by operating leverage, margin stability, and improving asset quality.
- Credit cycle firmly past the worst:** Asset quality trends were the strongest part of the quarter. Credit cost dropped sharply by 41bps QoQ to 0.78% of avg assets. MFI collections remained strong, supported by higher CGFMU coverage (83% of MFI book). Credit card and personal loan stress peaked, with incremental slippages stabilising. Calc. gross/net slippages declined by 58bps/52bps QoQ to 2.8%/1.4%. Management reiterated its credit cost guidance for FY26 at ~1% of average assets, supported by normalization in unsecured portfolios and expanding CGFMU coverage in MFI. **We build average credit costs of ~0.86% over FY27E/28E.**
- Valuation:** Stable margins, normalised credit costs and improving earnings visibility support the investment case, but growth remains secured-led, CASA improvement is limited, and operating leverage is still to be demonstrated. However, at current valuations of 2.8x FY28 P/BV, the stock factors in much of the near-term recovery, and sustained growth revival. **We broadly maintain our estimates and forecast avg. RoA/RoE of 1.7%/17% over FY27E/28E. We value the bank at 2.9x FY28 P/BV with a revised TP of INR 1,060. Maintain ADD.**



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Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	1,060
Upside/(Downside)	5.9%
Previous Price Target	1,050
Change	1.0%

Key Data – AUBANK IN

Current Market Price	INR1,001
Market cap (bn)	INR748.1/US\$8.2
Free Float	73%
Shares in issue (mn)	744.5
Diluted share (mn)	
3-mon avg daily val (mn)	INR2,509.6/US\$27.6
52-week range	1,030/478
Sensex/Nifty	82,180/25,233
INR/US\$	91.0

Price Performance

%	1M	6M	12M
Absolute	1.6	26.0	65.2
Relative*	5.0	25.3	55.0

* To the BSE Sensex

Financial Summary					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit	14,758	21,059	25,316	35,457	42,728
Net Profit (YoY) (%)	7.5%	9.0%	20.2%	40.1%	20.5%
Assets (YoY) (%)	21.3%	24.6%	16.5%	21.7%	21.8%
ROA (%)	1.5%	1.5%	1.5%	1.7%	1.7%
ROE (%)	13.0%	13.1%	13.8%	16.6%	17.1%
EPS	22.9	28.3	34.0	47.6	57.4
EPS (YoY) (%)	5.7%	8.7%	20.2%	40.1%	20.5%
PE (x)	43.6	35.4	29.4	21.0	17.4
BV	188	231	263	309	364
BV (YoY) (%)	14.0%	14.2%	14.2%	17.4%	17.8%
P/BV (x)	5.33	4.34	3.80	3.24	2.75

Source: Company data, JM Financial. Note: Valuations as of 20/Jan/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

AU Small Finance Bank: 3QFY26 Conference call KTA

Guidance

- Credit cost guidance for FY26 remains unchanged at ~1% of average assets, supported by normalization in unsecured portfolios and expanding CGFMU coverage in MFI.
- NIM outlook remains stable, driven by continued term deposit repricing over the next 2 quarters, partial transmission of repo cuts on the asset book, and mix improvement.
- No explicit margin guidance, but management highlighted three key drivers: deposit repricing, CRR benefit/liquidity normalization, and asset mix shift.
- Cost-to-income ratio expected to remain below 60% structurally, with management comfortable in the 56-57% range over the medium term.
- Long-term RoA aspiration of ~1.8% reiterated, driven by operating leverage, margin stability, and improving asset quality.
- Overall loan growth targeted at ~2.25-2.5x nominal GDP, implying ~20-22% growth in a normal macro environment.

Growth

- Loan growth continues to be led by secured retail assets, especially vehicle finance, mortgages, and gold loans, with southern market expansion acting as a key medium-term catalyst.
- Unsecured portfolios are stabilizing: MFI has returned to quarterly growth, while credit cards and personal loans are in the final phase of portfolio clean-up before growth resumes.
- MFI growth will be approached cautiously, with one more year focused on portfolio stabilization before meaningful scaling.
- Credit card business to remain conservative for another year as underwriting, sourcing, and portfolio behavior normalize.
- Personal loans are being rebuilt with STP journeys, stronger analytics, and sharper risk filters, expected to show better traction in FY27.
- Commercial banking growth remains broad-based across MSME, renewable energy, NBFCs, and transaction banking, with no major strategy change.
- Gold loans are a structural growth opportunity from a very low base and expected to contribute meaningfully to incremental growth.

Profitability

- Margin expansion was driven by a combination of lower cost of funds, CRR benefit, and reduced surplus liquidity, despite asset yield pressure.
- Deposit repricing benefits will continue to flow for at least two more quarters as high-cost term deposits roll off.
- Repo cut impact on asset yields will play out mainly in Q4, affecting ~30% of the floating-rate loan book.
- Opex growth reflects investments in branch expansion, manpower, and business scale-up, which management sees as "down payment for future growth."
- Technology and AI adoption is expected to structurally improve cost efficiency and operating leverage over the next 12-24 months.
- Digital banking remains loss-making, but management expects it to stabilize over the next year as scale improves.

Asset quality

- MFI asset quality has normalized sharply, driven by improved collection efficiency, declining SMA pools, and rising CGFMU coverage.
- 83% of the MFI book is now covered under CGFMU, with new disbursements almost fully guaranteed, significantly reducing incremental credit risk.
- Credit card portfolio has peaked in stress and is now in a stable zone, with credit costs expected to remain near normalized levels.
- Seasonal strength in secured retail portfolios continues to support overall asset quality.
- Improvement in recoveries and utilization of excess provisions contributed to lower credit costs in the quarter.
- Management expects credit cost volatility to remain limited unless a major macro or political disruption occurs.

Others

- Stable deposit ratio (CASA + retail TD + granular non-callable deposits) continues to remain ~80%, indicating no structural shift towards bulk funding.
- CD ratio excluding refinance remains around 80%, which management considers the true measure of balance sheet prudence.
- Strong focus on deposit franchise quality rather than aggressive pricing; service, product depth, and cross-sell remain the core strategy.
- AI is being embedded across underwriting, collections, fraud monitoring, call centers, HR training, and decision systems, with over 60% of alerts already auto-decisioned.
- Competitive intensity acknowledged, but management remains confident of sustaining above-system growth through execution rather than price-led expansion.

Key trends: 3QFY26

Exhibit 1. AU SFB: Result summary

(INR bn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)	3QFY26E	A/E (%)
Interest Income	41.1	45.1	47.3	15%	5%	46.5	2%
Interest Expenses	20.9	23.7	23.9	14%	1%	24.0	0%
Net Interest Income	20.2	21.4	23.4	16%	9%	22.5	4%
Total non-Interest income	6.2	7.1	7.2	17%	2%	7.6	-4%
Total Income	26.4	28.6	30.7	16%	7%	30.1	2%
Opex	14.4	16.5	18.5	29%	12%	17.2	7%
Operating Profit	12.0	12.1	12.2	1%	0%	12.8	-5%
Core Operating Profit	11.6	11.3	11.9	3%	5%	11.8	1%
Provisions	5.0	4.8	3.3	-34%	-31%	4.2	-21%
PBT	7.0	7.3	8.8	26%	21%	8.6	2%
Tax	1.7	1.7	2.2	24%	29%	2.2	0%
PAT	5.3	5.6	6.7	26%	19%	6.5	3%
NIM calc (%)	5.5%	5.1%	5.4%	(7) bps	28 bps	5.3%	11 bps
Loan (INR bn)	996	1,157	1,234	24%	7%	1,215	2%
Deposit (INR bn)	1,123	1,325	1,384	23%	4%	1,358	2%
Credit-deposit ratio (%)	89%	87%	89%	48 bps	185 bps	89%	(28) bps
Gross NPA (INR bn)	23.4	28.4	28.8	23%	2%	29.2	-1%
Net NPA (INRbn)	9.1	10.2	10.9	21%	7%	10.8	1%
Credit cost (%)- as % loans	2.1%	1.7%	1.1%	(96) bps	(60) bps	1.4%	(31) bps
PCR %	61%	64%	62%	88 bps	(207) bps	63%	(88) bps
Gross Slippages (INR bn)	9.6	9.1	7.9	-17%	-13%	8.8	-10.11%
Net Slippages (INR bn)	6.9	5.2	4.0	-42%	-23%	4.8	-17.29%
Gross slippages ratio (%)	4.1%	3.3%	2.8%	(130) bps	(58) bps	3.1%	(31) bps
Net slippages ratio (%)	2.9%	1.9%	1.4%	(153) bps	(52) bps	1.7%	(29) bps
ROAA (%)	1.5%	1.4%	1.6%	7 bps	20 bps	1.5%	4 bps
ROAE (%)	13.0%	12.4%	14.3%	133 bps	186 bps	13.8%	43 bps

Source: Company, JM Financial

Exhibit 2. AU SFB: Gross advances composition

Total Loan Portfolio Composition (INR bn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)
Retail Assets	836.2	917.8	969.5	16%	6%
- Wheels	343.4	406.0	437.0	27%	8%
- Mortgage-Backed loans	362.3	398.0	411.0	13%	3%
MBL	267.0	322.0	334.0	25%	4%
HL	95.3	76.0	77.0	-19%	1%
- Gold Loans	19.7	23.0	30.0	52%	30%
- Microfinance	71.7	61.7	63.2	-12%	2%
- Credit cards	29.9	22.6	22.0	-26%	-3%
- Personal Loans	9.3	6.5	6.3	-32%	-3%
Commercial Banking	223.6	263.0	286.0	28%	9%
Business Banking	89.4	103.0	111.0	24%	8%
Agri Banking	69.0	73.0	77.0	12%	5%
EEFI	38.8	49.0	56.0	44%	14%
Real Estate Group (REG)	26.4	38.0	42.0	59%	11%
- Others	28.1	48.0	43.5	55%	-9%
- SME (rundown)	1.4	-	-	NA	NA
Total Loan Portfolio	1,089.2	1,228.8	1,299.0	19%	6%
AUM mix (%)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)
Retail Assets	76.8%	74.7%	74.6%	(213) bps	(6) bps
- Wheels	31.5%	33.0%	33.6%	212 bps	60 bps
- Mortgage-Backed loans	33.3%	32.4%	31.6%	(162) bps	(75) bps
MBL	24.5%	26.2%	25.7%	120 bps	(49) bps
HL	8.7%	6.2%	5.9%	(282) bps	(26) bps
- Gold Loans	1.8%	1.9%	2.3%	50 bps	44 bps
- Microfinance	6.6%	5.0%	4.9%	(172) bps	(16) bps
- Credit cards	2.7%	1.8%	1.7%	(105) bps	(14) bps
- Personal Loans	0.9%	0.5%	0.5%	(37) bps	(4) bps
Commercial Banking	20.5%	21.4%	22.0%	149 bps	61 bps
Business Banking	8.2%	8.4%	8.5%	34 bps	16 bps
Agri Banking	6.3%	5.9%	5.9%	(41) bps	(1) bps
EEFI	3.6%	4.0%	4.3%	75 bps	32 bps
Real Estate Group (REG)	2.4%	3.1%	3.2%	81 bps	14 bps
- Others	2.6%	3.9%	3.3%	77 bps	(56) bps
- SME (rundown)	0.1%	0.0%	0.0%	(12) bps	0 bps
Total Loan Portfolio	100.0%	100.0%	100.0%		

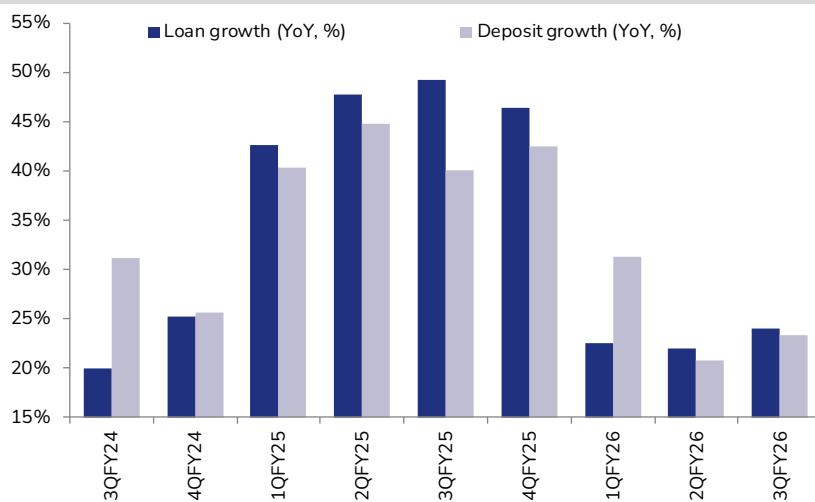
Source: Company, JM Financial

Exhibit 3. AU SFB: Deposit composition

Deposits Composition (INR bn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)
Current	56.4	75.6	74.0	31%	-2%
Saving	287.6	314.0	325.4	13%	4%
CASA	344.0	389.6	399.4	16%	3%
Time Deposits	733.7	882.4	927.0	26%	5%
Total Deposits (ex-CDs)	1,077.7	1,272.0	1,326.4	23%	4%
Certificate of Deposits	44.9	53.0	57.7	28%	9%
Total Deposits	1,122.6	1,325.0	1,384.1	23%	4%
Deposit Mix (%)					
Current	5.2%	5.9%	5.6%	34 bps	(37) bps
Saving	26.7%	24.7%	24.5%	(215) bps	(15) bps
CASA	31.9%	30.6%	30.1%	(181) bps	(52) bps
Time Deposits	68.1%	69.4%	69.9%	181 bps	52 bps
Total Deposits (ex-CDs)	100.0%	100.0%	100.0%	0 bps	0 bps

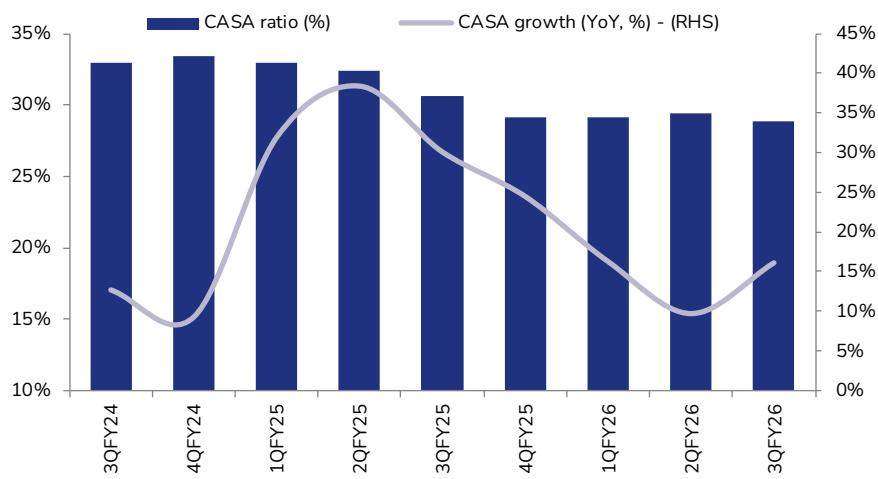
Source: Company, JM Financial

Exhibit 4. AU SFB: Loan & deposit growth (YoY %)



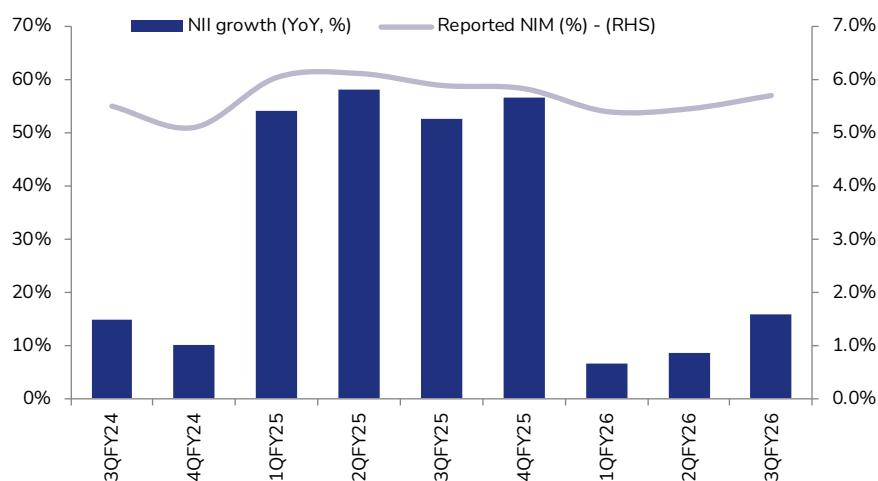
Source: Company, JM Financial

Exhibit 5. AU SFB: Trends in CASA



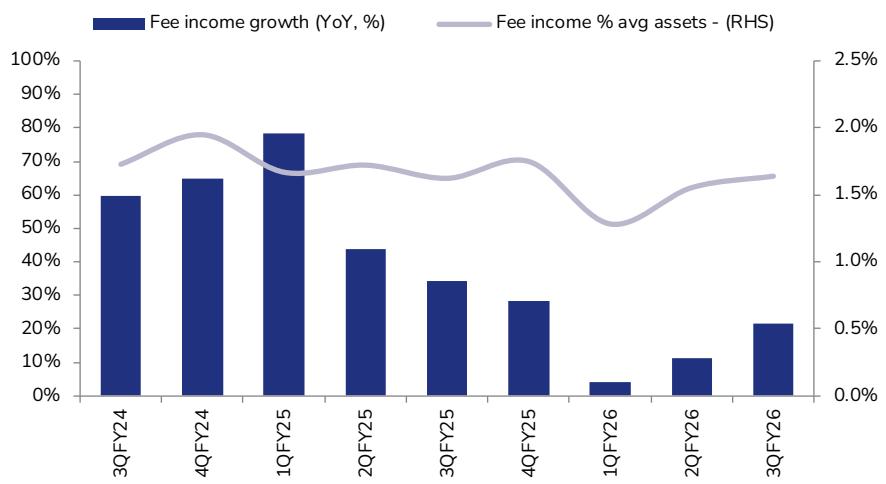
Source: Company, JM Financial

Exhibit 6. AU SFB: Trend in NII and NIMs



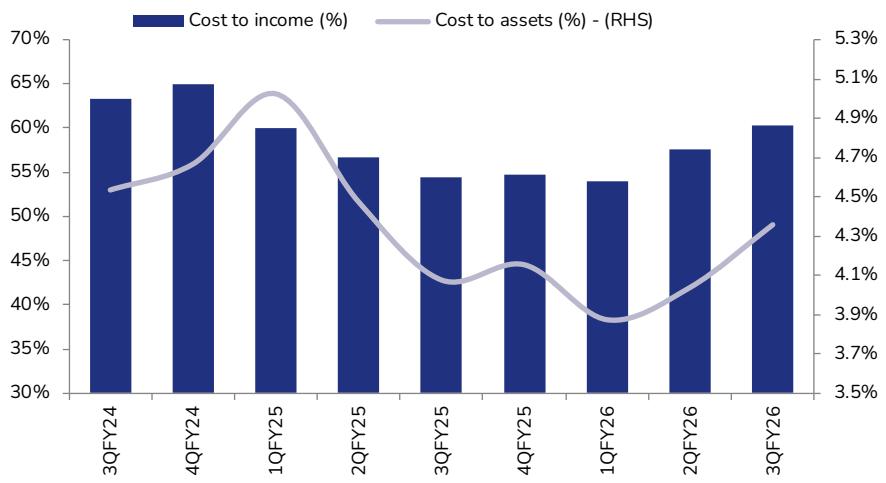
Source: Company, JM Financial

Exhibit 7. AU SFB: Trends in fee income



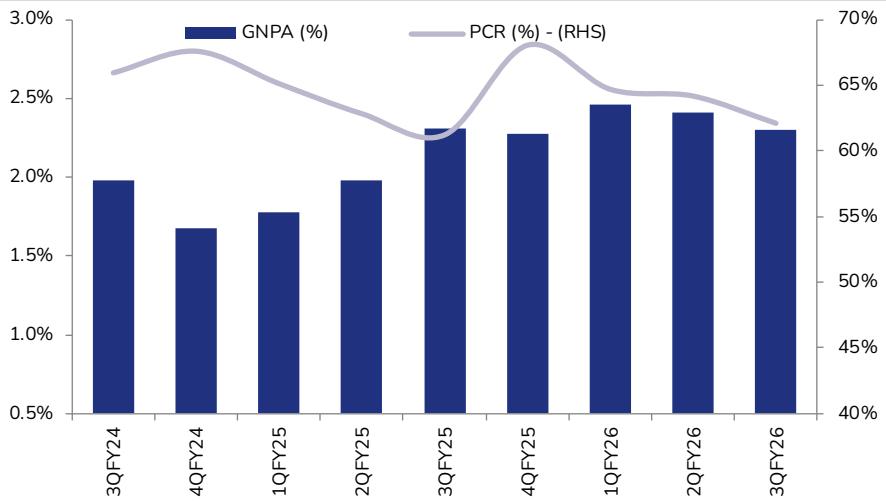
Source: Company, JM Financial, Note: Fee income % of avg assets is annualized.

Exhibit 8. AU SFB: Trends in Cost ratios



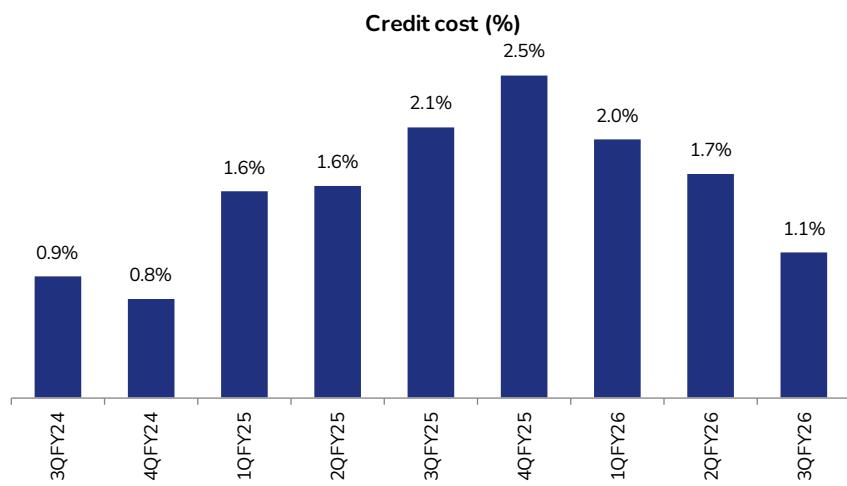
Source: Company, JM Financial, Note: Cost to assets is annualized.

Exhibit 9. AU SFB: Trends in asset quality



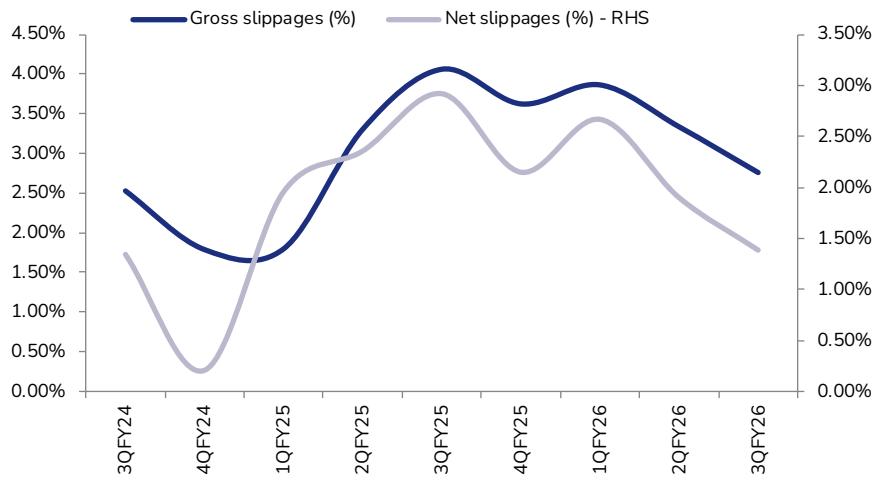
Source: Company, JM Financial

Exhibit 10. AU SFB: Trends in Credit costs



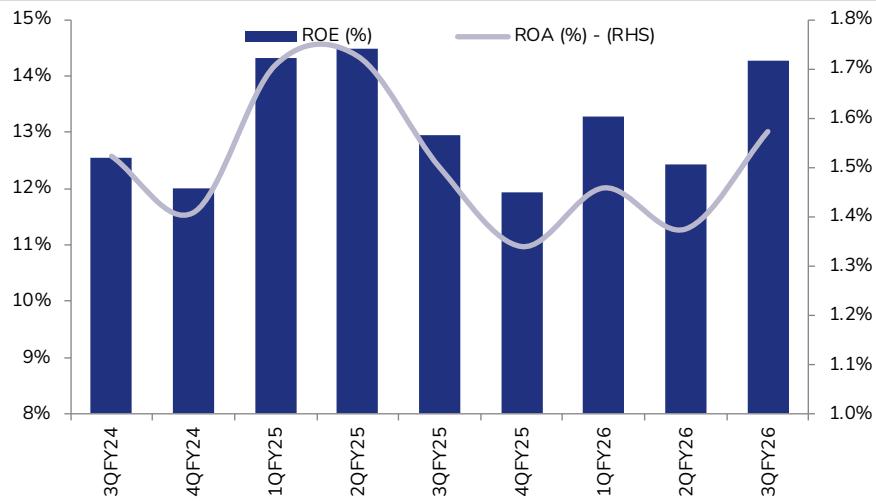
Source: Company, JM Financial, Note: Credit cost is annualized

Exhibit 11. AU SFB: Trends in slippages



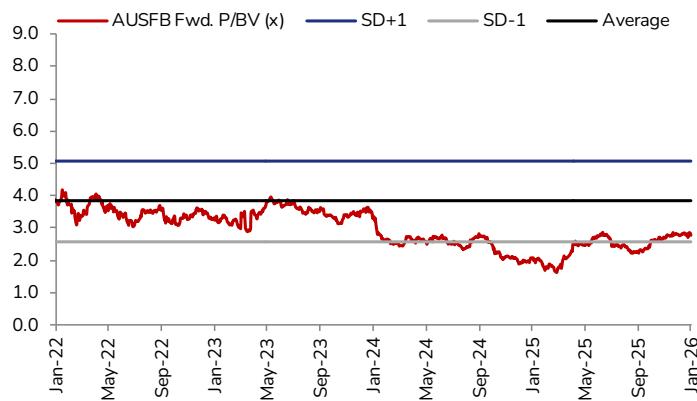
Source: Company, JM Financial, Note: gross/net slippages are annualized

Exhibit 12. AU SFB: Trends in return metrics



Source: Company, JM Financial

Exhibit 13. AU SFB: One year forward P/B chart



Source: Company, JM Financial

Exhibit 14. AU SFB: One year forward P/E chart



Source: Company, JM Financial

Change in estimates

Exhibit 15. AU Small Finance Bank: Old estimates vs. new estimates (Standalone)

	New Estimates			Old Estimates			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Target price (INR)			1,060			1,050			1%
Assumptions									
YoY loan growth	22.5%	21.3%	19.9%	21.6%	20.5%	20.2%	83 bps	84 bps	(34) bps
Net interest margins (calculated)	5.42%	5.78%	5.68%	5.18%	5.37%	5.41%	23 bps	40 bps	27 bps
Fee income to asset	1.50%	1.53%	1.53%	1.46%	1.47%	1.49%	4 bps	6 bps	4 bps
Cost to assets	4.10%	4.17%	4.06%	3.89%	3.99%	4.00%	21 bps	17 bps	5 bps
Credit cost	1.46%	1.19%	1.25%	1.57%	1.19%	1.11%	(11) bps	(0) bps	14 bps
Outputs (INR bn)									
Loans	1,311	1,591	1,907	1,302	1,569	1,886	1%	1%	1%
Deposits	1,514	1,833	2,135	1,529	1,820	2,187	-1%	1%	-2%
Assets	1,839	2,238	2,725	1,928	2,322	2,789	-5%	-4%	-2%
NII	90.5	115.3	138.0	89.0	111.9	135.6	2%	3%	2%
Other income	30.4	33.9	41.2	31.3	37.1	42.2	-3%	-9%	-2%
Opex	70.1	84.9	100.7	68.2	84.8	102.3	3%	0%	-2%
Operating profit	50.9	64.2	78.4	52.1	64.1	75.4	-2%	0%	4%
Provisions	17.3	17.3	21.8	18.6	17.1	19.1	-7%	1%	14%
Net Profit	25.3	35.5	42.7	25.3	35.5	42.5	0%	0%	1%
EPS (INR)	34.0	47.6	57.4	34.0	47.6	57.0	0 bps	0 bps	0 bps
Tax rate (%)	25%	25%	25%	25%	25%	25%	0 bps	0 bps	0 bps
ROA (%)	1.5%	1.7%	1.7%	1.4%	1.7%	1.7%	4 bps	7 bps	6 bps
ROE (%)	13.8%	16.6%	17.1%	13.8%	16.6%	17.0%	0 bps	(0) bps	10 bps

Source: Company, JM Financial

Financial Tables (Standalone)

Profit & Loss (INR mn)						Balance Sheet (INR mn)									
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E				
Net Interest Income	51,571	80,116	90,547	115,255	138,005	Equity Capital	6,692	7,445	7,445	7,445	7,445				
Profit on Investments	504	2,352	4,100	1,800	2,000	Reserves & Surplus	118,904	164,218	188,521	222,560	263,579				
Exchange Income	1	364	0	0	0	Deposits	871,821	1,242,685	1,514,264	1,833,426	2,135,379				
Fee & Other Income	16,225	22,219	25,552	31,174	38,032	Borrowings	54,794	116,599	113,977	138,000	185,685				
Non-Interest Income	17,459	25,263	30,403	33,890	41,150	Other Liabilities	42,046	47,509	14,380	36,799	133,138				
Total Income	69,030	105,379	120,951	149,145	179,155	Total Liabilities	1,094,257	1,578,457	1,838,587	2,238,230	2,725,226				
Operating Expenses	44,648	59,572	70,087	84,903	100,737	Investments	271,334	378,475	417,073	479,516	575,709				
Pre-provisioning Profits	24,382	45,807	50,864	64,242	78,418	Net Advances	731,627	1,070,925	1,311,398	1,591,078	1,907,131				
Loan-Loss Provisions	5,386	17,810	17,333	17,279	21,824	Cash & Equivalents	63,763	94,664	70,690	119,879	185,049				
Provisions on Investments	0	0	0	0	0	Fixed Assets	8,516	9,125	11,150	13,506	16,215				
Others Provisions	-998	116	0	0	0	Other Assets	19,017	25,268	28,276	34,251	41,122				
Total Provisions	4,387	17,926	17,333	17,279	21,824	Total Assets	1,094,257	1,578,457	1,838,587	2,238,230	2,725,226				
PBT	19,994	27,881	33,531	46,963	56,594	Source: Company, JM Financial									
Tax	4,647	6,821	8,215	11,506	13,866										
PAT (Pre-Extraordinaries)	15,347	21,059	25,316	35,457	42,728										
Extra ordinaries (Net of Tax)	-590	0	0	0	0										
Reported Profits	14,758	21,059	25,316	35,457	42,728										
Dividend paid	783	745	1,013	1,418	1,709										
Retained Profits	13,975	20,315	24,303	34,039	41,019										
Source: Company, JM Financial															
Key Ratios															
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	Dupont Analysis									
Growth (YoY) (%)						Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E				
Deposits	25.7%	27.2%	21.9%	21.1%	16.5%	NII / Assets	5.17%	5.63%	5.30%	5.65%	5.56%				
Advances	25.2%	25.2%	22.5%	21.3%	19.9%	Other Income / Assets	1.75%	1.78%	1.78%	1.66%	1.66%				
Total Assets	21.3%	24.6%	16.5%	21.7%	21.8%	Total Income / Assets	6.92%	7.41%	7.08%	7.32%	7.22%				
NII	16.5%	17.7%	13.0%	27.3%	19.7%	Cost / Assets	4.47%	4.19%	4.10%	4.17%	4.06%				
Non-interest Income	68.8%	20.9%	20.3%	11.5%	21.4%	PBP / Assets	2.44%	3.22%	2.98%	3.15%	3.16%				
Operating Expenses	29.8%	3.6%	17.7%	21.1%	18.7%	Provisions / Assets	0.44%	1.26%	1.01%	0.85%	0.88%				
Operating Profits	20.7%	45.6%	11.0%	26.3%	22.1%	PBT / Assets	2.00%	1.96%	1.96%	2.30%	2.28%				
Core Operating profit	17.5%	48.9%	7.6%	33.7%	22.4%	Tax rate	23.2%	24.5%	24.5%	24.5%	24.5%				
Provisions	183.4%	195.9%	-3.3%	-0.3%	26.3%	ROA	1.54%	1.48%	1.48%	1.74%	1.72%				
Reported PAT	7.5%	9.0%	20.2%	40.1%	20.5%	RoRWAs	2.84%	2.67%	2.60%	3.05%	3.02%				
Yields / Margins (%)						Leverage	8.5	8.9	9.3	9.6	9.9				
Interest Spread	3.75%	4.27%	4.25%	4.67%	4.45%	ROE	13.0%	13.1%	13.8%	16.6%	17.1%				
NIM	5.30%	5.77%	5.42%	5.78%	5.68%	Source: Company, JM Financial									
Profitability (%)						Valuations									
Non-IR to Income	25.3%	24.0%	25.1%	22.7%	23.0%	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E				
Cost to Income	64.7%	56.5%	57.9%	56.9%	56.2%	Shares in Issue	669.2	744.5	744.5	744.5	744.5				
ROA	1.54%	1.48%	1.48%	1.74%	1.72%	EPS (INR)	22.9	28.3	34.0	47.6	57.4				
ROE	13.0%	13.1%	13.8%	16.6%	17.1%	EPS (YoY) (%)	5.7%	8.7%	20.2%	40.1%	20.5%				
Assets Quality (%)						PER (x)	43.6	35.4	29.4	21.0	17.4				
Slippages	2.92%	4.70%	3.25%	2.60%	2.80%	BV (INR)	188	231	263	309	364				
Gross NPA	1.67%	2.28%	2.13%	1.91%	2.21%	BV (YoY) (%)	14.0%	14.2%	14.2%	17.4%	17.8%				
Net NPAs	0.55%	0.74%	0.82%	0.75%	0.90%	ABV (INR)	0	0	0	0	0				
Provision Coverage	67.6%	68.1%	62.0%	61.0%	60.0%	ABV (YoY) (%)	0.0%	0.0%	0.0%	0.0%	0.0%				
Specific LLP	0.71%	1.62%	1.29%	1.03%	1.10%	P/BV (x)	5.33	4.34	3.80	3.24	2.75				
Net NPAs / Networth	3.2%	4.6%	5.5%	5.2%	6.3%	P/ABV (x)	0.00	0.00	0.00	0.00	0.00				
Capital Adequacy (%)						DPS (INR)	1.2	1.0	1.4	1.9	2.3				
Tier I	18.80%	18.14%	17.89%	17.36%	16.90%	Div. yield (%)	0.1%	0.1%	0.1%	0.2%	0.2%				
CAR	20.06%	20.06%	19.54%	18.71%	18.01%	Source: Company, JM Financial									

Source: Company, JM Financial

History of Recommendation and Target Price

Recommendation History

Date	Recommendation	Target Price	% Chg.
8-Aug-21	Buy	700	
1-Nov-21	Hold	700	0.0
28-Jan-22	Hold	700	0.0
10-Mar-22	Hold	700	0.0
26-Apr-22	Hold	713	1.8
20-Jul-22	Hold	650	-8.8
20-Oct-22	Hold	650	0.0
19-Jan-23	Hold	700	7.7
26-Apr-23	Hold	725	3.6
23-Jul-23	Hold	725	0.0
29-Jan-24	Hold	725	0.0
19-Mar-24	Buy	675	-6.9
25-Apr-24	Buy	675	0.0
26-Jul-24	Buy	675	0.0
23-Oct-24	Buy	710	5.2
26-Jan-25	Buy	650	-8.5
23-Apr-25	Hold	580	-10.8
21-Jul-25	Hold	710	22.4
8-Aug-25	Hold	710	0.0
19-Oct-25	Add	870	22.5

AU Small Finance Bank



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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