

HOW TO READ THIS REPORT

This report has 9 sections and one appendix.

At first glance, we recommend go through the **Summary or Key Insights at the beginning of each section** to get a quick overview. You can then explore the full details in any areas where you'd like to dive deeper.

Disclaimer: Images in the report are AI generated, so please expect some typos in the images.

Table of Contents

1. **Executive Summary**
 - 1.1. Key Insights
2. **Business Overview**
 - 2.1. Strategic Evolution & Core Business Model
 - 2.2. Key Offerings & Market Positioning
 - 2.3. Operational Excellence & Competitive Moats
 - 2.4. Customer Reach & Ecosystem
3. **Sector Outlook: Indian Banking Sector**
 - 3.1. Sector Pulse & Key Themes
 - 3.2. Snapshot: Sector by the Numbers
 - 3.3. Sector Deep Dive
 - 3.3.1. Funding Cost Dynamics
 - 3.3.2. Operational Efficiency
 - 3.3.3. Strategic Loan Book Re-composition
4. **Peer Comparison Report**
 - 4.1. Key Market Positions & Strategic Outlook of Peers
 - 4.2. Key Metrics Peer Comparison (Financial & Operating)
 - 4.3. Competitive Dynamics & Strategic Analysis
 - 4.3.1. NIM & Profitability
 - 4.3.2. Operational Efficiency
 - 4.3.3. Capital & Asset Quality
5. **Operational Outlook**
 - 5.1. Key Operational Insights
 - 5.2. Annual Operational Performance Analysis
 - 5.3. Quarterly Operational Trajectory
 - 5.4. Current Operational Dynamics & Narrative
 - 5.5. Forward-Looking Outlook & Management Strategy
6. **Financial Outlook**
 - 6.1. Key Financial Insights
 - 6.2. Annual Financial Performance
 - 6.3. Quarterly Financial Trajectory
 - 6.4. Current Financial Health & Drivers
 - 6.5. Financial Outlook & Capital Allocation
7. **Management Credibility**
 - 7.1. Key Insights
 - 7.2. Management Guidance Delivery Scorecard
 - 7.3. Forward-Looking Guidance & Open Promises
8. **Investment Decision Drivers**
 - 8.1. Key Strengths Driving Future Value
 - 8.2. Key Investment Concerns & Strategic Management
 - 8.3. Key Monitorables for Investors
9. **Future Outlook: FY26 Estimates**
 - 9.1. Consolidated FY26 Estimates
 - 9.2. Segment-wise FY26 Estimates
 - 9.3. FY26 Key Assumptions Table
10. **Appendix**
 - Appendix A: Rationale for FY26 Assumptions
 - Appendix B: Scored Promises



**IDFC FIRST
Bank**

Navigating the Inflection Point



Robust Foundation Built

Liability Transformation & Funding Moat

Retail Deposits: 18.4x Growth
(Since 2018 to 79% Total)

Establishing Durable,
Low-Cost Funding Moat

INFLECTION POINT



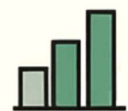
Superior Core Asset Quality

Non-MFI Loan Book:
GNPA - 2%, NNPA 1%

(Consistent over 15 Years)

MFI Book Reduced by 87%
(to 3.3% of Total Loans by Jun 2025)

Peak Provisions Past
(Q4 FY25)



Superior Core Asset Quality

Non-MFI Loan Book: GNPA
- 2%, NNPA - 1%

(Consistent over 15 Years, Lower
30+ DPD vs. Industry)

Peak Provisions Past
(Q4 FY25) Coverage

Declining SMA Pools &
72% CGFMU Coverage



Unlocking Future Value

Operational Leverage Inflection

Opex Growth Deceleration to 11.0%
(Over 6 consecutive Quarters)

Singaling Non-linear
PPOP Expansion



Strategically Fortified Capital Base

CRAR: 17.6% (Pro-forms BVPS
₹53,60 from ₹7,500 Cr Capital Ralse)



Growth Trajectory: Loan Growth & ROE Path +20% Annual Loan Growth

Path to High Teens ROE (Multi-Year Journey)

Requires Significant PAT Growth from FY26
ROE 4.27%)



WHAT TO WATCH



NIM Progression
Track Quarterly
NIM Inflectionary



Asset Quality
Core Asset Quality
Stability (Non-MFI)

Loan Growth
Consistent) + 20%
Lean Growth

1. Executive Summary

IDFC FIRST Bank stands at a critical inflection point, poised for significant re-rating following a profound structural transformation over the past six years. The bank has successfully de-risked its core operations and fortified its liability base, now positioned to unlock substantial, underappreciated value. The investment thesis pivots on the bank's ability to translate its robust foundation and materializing operational leverage into sustained, high-return profitability.

1.1. Key Insights:

- **Robust Liability Franchise & Structural Funding Advantage:** Over six years, retail deposits grew 18.4x to 79% of total, repaying ₹52,851 crore in high-cost debt and cutting funding cost premium by 220 bps, establishing a durable, low-cost funding moat.
- **Operating Leverage Inflection & Efficiency Gains:** YoY opex growth sharply decelerated for six consecutive quarters to 11.0% (Q1 FY26), signaling non-linear PPOP expansion as fixed costs of expanded digital platforms and branches are leveraged over a larger revenue base.
- **Superior Core Asset Quality & Proven Underwriting:** The non-MFI loan book (GNPA ~2%, NNPA ~1%) maintains superior asset quality over 15 years, with CIBIL data consistently showing lower 30+ DPD delinquencies than industry average, ensuring predictable, lower credit costs.
- **Strategically Fortified Capital Base:** The accretive ₹7,500 crore capital raise (pro-forma BVPS ₹53.60) from marquee investors creates a "bulletproof" balance sheet (CRAR 17.6%), fueling ~20% annual loan growth and reducing future equity dilution needs.
- **Diversified & Scaling Universal Banking Engines:** Operational breakeven of credit cards (FY25) and surging wealth AUM (>₹51,000 crore, 77.4% CAGR over 5 years) validate high-margin diversification beyond core lending, poised for significant future contributions.
- **Contained MFI Crisis & Future Tailwinds:** Strategic 37% MFI book reduction (to 3.3% total loans by June 2025) and 72% CGFMU coverage signal peak provisions are past (Q4 FY25), with declining SMA pools pointing to normalizing credit costs from Q2 FY26 onwards.
- **Powerful Digital Moat & Operational Efficiency:** A top-rated mobile app (4.9 Play Store, #1 India by Forrester) drives 24% contact center call reduction despite 23% business growth, demonstrating deep efficiency and strengthening customer stickiness.
- **Strategic NIM Management & Phased Recovery:** While Q1 FY26 NIM compressed to 5.71% due to asset repricing and MFI de-growth, aggressive TD rate cuts (115 bps on peak rates) are expected to drive recovery to ~5.95% by Q4 FY26.
- **ROE Dilution & Path to High Teens:** The ₹7,500 crore capital raise dilutes near-term ROE (FY25 ROE 4.27%), necessitating significant PAT growth (4.5x for 15% ROE) over several years to reach high-teens targets.
- **Key Monitorables:** Investors should track quarterly NIM progression, sustained low YoY Opex growth, core asset quality stability, and the narrowing of operating losses in retail liabilities and credit cards, alongside consistent ~20% loan growth.

IDFC FIRST Bank: A Universal Banking Powerhouse

The Transformation Journey (2018 Merger)


IDFC Bank
(Wholesale Expertise)

+


Capital First
Retail/MSME DNA



Comprehensive
Banking Ecosystem



Retail-Focused Universal Bank
Low-Cost Retail Deposits (80 %)

Funding Shift: High-Cost Borrowings (48%)

 Low-Cost Retail Deposits (80 %)

Driving Efficiency & Reach



Retail Banking
Full-suite services
Accounts
Loans, Cards)



MSME & Rural Banking
Critical Credit Access
Local Devel.



Corporate/ Wholesale Banking
Working Capital, Trade Finance, CMS



Wealth Management
AUM > 51.00 Cr (77-4%)
CAGR over 5 yes)

Driving Efficiency & Reach



Digital Adoption
Customer Calls -24%
(despite -23% Business Growth)



Branch Network
5x Growth
1,016 Branches



Pricing Power
Reduced Cost of Funds Prevum
-280 bps
to - 60 bps



New Business Scalability
Credit Cards Operational
Breakeven
(within 4 years)

2. Business Overview

IDFC FIRST Bank is a new-age universal bank, strategically transformed from an infrastructure financier into a retail-focused powerhouse. Guided by ethics and powered by technology, it uniquely addresses core customer financial needs by accelerating credit access and providing comprehensive solutions, establishing itself as a world-class institution.

2.1. Strategic Evolution & Core Business Model:

The bank's robust model is the outcome of a deliberate six-year transformation, strategically combining:

- **IDFC Bank's Wholesale Expertise:** Leveraging its legacy in corporate lending and initial branch network.
- **Capital First's Retail & MSME DNA:** Integrating proven tech-driven retail/MSME lending and underwriting capabilities.
This merger (2018) created a synergistic entity, enabling a fundamental shift in value creation. The bank systematically transformed its funding base from high-cost wholesale borrowings to low-cost, granular retail deposits, while re-composing its asset book from concentrated wholesale to diversified, higher-margin retail and MSME loans. The subsequent reverse merger with former promoter IDFC Limited (October 2024) further simplified the corporate structure, aligning shareholder interests and positioning the bank as a fully public-held, professionally-managed entity.

2.2. Key Offerings & Market Positioning:

The bank provides a comprehensive suite of financial products across all major segments, positioning itself on superior experience and responsible growth:

- **Retail Banking:** Offers full-suite services including savings/current accounts (featuring monthly interest credits, zero-fee banking), fixed deposits, and diverse retail loans (home, vehicle, personal, credit cards, gold, education).
- **MSME & Rural Banking:** Specializes in providing critical credit access to micro, small, and medium enterprises and rural customers, including microfinance and tractor finance, driving local economic development.
- **Corporate/Wholesale Banking:** Delivers essential working capital, trade finance, cash management solutions (CMS), and treasury/forex services to large corporates, institutions, and government bodies.
- **Wealth Management:** Provides sophisticated advisory and distribution for affluent clients, with AUM growing at a 77.4% CAGR over 5 years to over ₹51,000 crore (June 2025).
- **Digital & Payments:** Its top-rated mobile app (4.9 on Google Play, #1 in India by Forrester) with over 250 features, serves as a central hub for efficient digital transactions and a leading player in FASTag (over 19 million issued).

2.3. Operational Excellence & Competitive Moats:

The bank's value delivery is characterized by an omnichannel strategy that drives significant efficiency and customer stickiness:

- **Branch Network Expansion:** Grown 5x since merger to over 1,016 branches nationwide (June 2025), bolstering physical reach for deposits and customer touchpoints.
- **Digital Adoption:** Leveraging digital platforms to drive efficiencies; customer calls reduced by 24% over the last year despite 23% business growth, demonstrating materializing operating leverage.
- **Liability Transformation:** Successfully shifted its funding from 48% borrowings (at merger) to just 10% (June 2025) of total liabilities, replacing it with low-cost, sticky retail deposits (80% of total customer deposits).
- **Pricing Power:** Reduced cost of funds premium over peers from 280 bps (at merger) to 60 bps (Q1 FY26), and cut peak FD rates by 115 bps, indicating a strengthening deposit franchise beyond mere pricing.
- **Asset Quality Discipline:** Maintained superior asset quality in its core non-MFI loan book, with GNPA consistently ~2% and NNPA ~1% over 15 years, significantly outperforming industry averages in delinquency metrics.
- **New Business Scalability:** Key "setup-stage" businesses like credit cards achieved operational breakeven in FY25 (within 4 years), validating their scalable profitability and reducing overall operational drag.

2.4. Customer Reach & Ecosystem:

Operating from its Mumbai corporate headquarters, the bank serves over 35 million unique customers across diverse demographics and geographies. Its Business Correspondent network (over 700 branches) extends financial services into underserved rural and semi-urban areas, emphasizing financial inclusion. The bank collaborates with a broad ecosystem of technology vendors for digital innovation and external financial firms for third-party product distribution, supporting its expansive financial solutions.

INDIAN BANKING

The New Competitive Landscape

Granular Execution & Digital Prowess as Key Differentiators

Shifting Sands: Strategic Imperatives



Funding Cost Convergence

Intense competition for low-cost CASA



Bifurcated Asset Quality

Corporates book strong granular stress areas



Digital Operating Model imperative

Tech for efficiency customer acquisition



Heightened Regulatory & Governance

Stricter oversight on IT & compliance



'Primary Banking' Imperative

Deepening customer relationships



ESG as A Future Moat

Sustainability as a differentiator

Sector by the Numbers (FY25 Est.)



Total Banking Sector Assets
~250 Lakh Crore



Total System Advances
~165 Lakh Crore

Illustrative Player Advance Growth (%)

IDFC FIRST Bank 20.5 %
12.03

Illustrative Player Deposit Growth (%)

20.4
12.03

Key Benchmarks

	(Top Tier)	Top Tier (ICaL Nofal)	SFDs (UilVan. Equitas)
CASA Ratio (%)	46.9	34-43%	25-29
Net.NPA (%)	0.53	0.31-0.39	0.5-0.3
Cost income Ratio (%)	71.8	33.6-47.2	62.0-113.1

Public Sector Banks
Private Sector Banks

Private Sector Banks
Public Sector Banks

Ratio (%)
Cost income

71.8

33.6-47.2

62.0-113.1

3. Sector Outlook: Indian Banking Sector

The Indian banking sector is on the cusp of a profound structural shift, transitioning from a broad growth phase to a highly selective environment where granular execution and digital prowess will dictate competitive success. While robust domestic demand and a nascent private capital expenditure cycle provide tailwinds, the battle for profitability will intensify. This period will sharply differentiate agile, digitally-empowered banks with deep liability franchises from those burdened by legacy models or credit quality issues, fundamentally reshaping value creation.

3.1. Sector Pulse & Key Themes

1. **Funding Cost Convergence:** Intense competition for low-cost CASA (Current Account Savings Account) funds is pressuring Net Interest Margins (NIMs), demanding superior liability franchise strength beyond mere pricing.
2. **NIM Recalibration & Recovery:** The anticipated interest rate reversal will structurally reset NIMs, favoring banks with nimble asset-liability management and proactive funding cost optimization.
3. **Bifurcated Asset Quality:** While corporate books remain largely pristine, granular stress in specific retail and microfinance segments necessitates vigilant risk management and transparent provisioning.
4. **Digital Operating Model Imperative:** Banks are leveraging pervasive digital adoption to fundamentally reshape cost structures and customer acquisition funnels, driving efficiency and scalability.
5. **Strategic Loan Book Re-composition:** Banks are actively de-risking portfolios by shifting from inherently high-risk exposures to more stable, granular secured and mid-corporate segments.
6. **Heightened Regulatory & Governance:** Intensified RBI oversight on IT, compliance, and asset quality is establishing a new, stringent operating standard, impacting business models and risk appetite.
7. **"Primary Banking" Imperative:** Deepening customer relationships beyond transactional products is crucial for capturing higher lifetime value and generating stable, diversified revenue streams.
8. **ESG as a Future Competitive Moat:** Commitment to sustainable finance and transparent ESG practices is emerging as a critical differentiator for long-term reputation and access to capital.

3.2. Snapshot: Sector by the Numbers

- **Market Scale & Trajectory:**
 - Total Banking Sector Assets (FY25, estimated): ~₹250 lakh crore
 - Total System Advances (FY25): ~₹165 lakh crore (Derived from SBI's ~25.5% share)
 - Total System Deposits (FY25): ~₹215 lakh crore (Derived from SBI's ~25.3% share)

- Illustrative Player Advance Growth (YoY FY25): **IDFC FIRST Bank**: 20.4%; **SBI**: 12.03%
- Illustrative Player Deposit Growth (YoY FY25): **IDFC FIRST Bank**: 25.2%; **SBI**: 9.48%
- **Competitive Landscape:**
 - Industry Structure: Oligopolistic at the top (dominated by **SBI, HDFC Bank, ICICI Bank**), with a fragmented mid-tier and specialized niche players.
 - Primary Barriers to Entry: Stringent regulatory licensing, significant capital requirements, deep-seated customer trust, and established distribution networks.
- **Operational & Cost Profile:**
 - Cost of Funds (Average FY25): Ranges from ~3.09% (**SBI**) to ~7.5% (**Equitas SFB**).
 - Operating Expense Growth (YoY Q1 FY26): Ranges from ~0.26% (**SBI** FY25) to 11.0% (**IDFC FIRST Bank**).
 - Primary Profitability Drivers: Net Interest Margin (NIM), Fee Income contribution, Cost-to-Income (C/I) ratio, and Credit Cost.
- **Key Sector-Specific Metrics:**
 - CASA Ratio (FY25): Ranges from 25.5% (**Ujjivan SFB**) to 46.9% (**IDFC FIRST Bank**).
 - Net NPA (FY25): Ranges from 0.31% (**Kotak Bank**) to 0.98% (**Equitas SFB**).
 - Credit-Deposit (CD) Ratio (FY25): Ranges from ~85.4% (**Ujjivan SFB**) to ~93.4% (**IDFC FIRST Bank**).

3.3. Sector Deep Dive

3.3.1. Funding Cost Dynamics: The New Battleground for NIM

The Indian banking sector's profitability hinges on effectively managing funding costs as the interest rate cycle shifts. This is creating a renewed focus on core liability franchise strength.

- **NIM Recalibration:** The anticipated RBI rate cuts will swiftly impact NIMs, especially for banks with a high proportion of floating-rate assets. The **HDFC Bank** merger, for instance, reset its core NIM to ~3.4% due to its asset-sensitive balance sheet, making it vulnerable in this environment.
- **The CASA Imperative:** The battle for low-cost CASA remains intense, as depositors migrate to higher-yielding term deposits. Banks demonstrating genuine strength in attracting sticky CASA (e.g., **IDFC FIRST Bank's** 46.9% CASA ratio and ability to cut TD rates by 115 bps without significant outflows) will preserve crucial funding advantages.
- **Cost of Funds Convergence:** While some banks like **SBI** still maintain a materially lower Cost of Funds (CoF) due to sheer scale, the gap is narrowing. Smaller banks like **Federal Bank**, with its strong Current Account growth, are proactively building more granular, stable deposit bases to optimize their CoF and cushion future NIMs.

3.3.2. Operational Efficiency: The Digital Divide & Human Capital Optimization

Digital transformation is fundamentally reshaping bank operating models, driving significant operational leverage for leaders and creating a stark efficiency divide. This also necessitates a strategic overhaul of human capital deployment.

- **Digital-First Cost Advantage:** Banks that have invested deeply in digital infrastructure are now realizing tangible cost benefits. **IDFC FIRST Bank's** 24% reduction in contact center calls despite 23% business growth exemplifies how digital enhances efficiency. Similarly, **ICICI Bank's** low 38.6% Cost-to-Income ratio reflects its digital prowess.
- **Operating Leverage Inflection:** Many banks are transitioning from investment phases to periods of strong operating leverage. **IDFC FIRST Bank's** YoY opex growth sharply decelerated to 11.0% in Q1 FY26. This indicates that fixed costs of digital platforms and expanded branch networks are being spread over a much larger revenue base, promising enhanced profitability.
- **Talent Re-alignment:** Digitalization allows for a re-optimization of human capital. Banks are focusing on enhancing employee productivity by automating routine tasks and redeploying talent to higher-value roles, such as specialized sales and client relationship management, thereby driving Business per Employee metrics higher.

3.3.3. Strategic Loan Book Re-composition & Asset Quality Resilience

Banks are actively reshaping their loan portfolios to enhance resilience and optimize risk-adjusted returns, moving away from past high-risk concentrations towards more diversified, granular segments.

- **De-risking Trends:** There's a clear strategic pivot away from inherently volatile segments. **IDFC FIRST Bank** strategically shrunk its MFI book by 37% YoY, de-risking its earnings profile, while **Ujjivan SFB** rapidly increased its secured loan mix to 46%. This shift, while potentially impacting short-term NIM, establishes a more predictable and sustainable long-term earnings base.
- **Bifurcated Asset Quality:** While corporate books remain largely pristine (e.g., **SBI's** corporate GNPA at 1.49%), granular stress persists in specific retail and microfinance segments. **IndusInd Bank's** MFI GNPA surged to 9.73%, prompting a significant clean-up. Banks with superior underwriting (e.g., **IDFC FIRST Bank's** consistently lower 30+ DPD delinquencies than industry average) will navigate this environment more effectively.
- **Prudential Provisions:** Heightened regulatory scrutiny (e.g., RBI's focus on IT governance and asset quality) is driving proactive provisioning. Banks like **Axis Bank** (with its "Technical Impact" adjustments) and **RBL Bank** (with aggressive provisions leading to 0.29% Net NPA) are front-loading pain to build stronger balance sheets, fostering long-term trust and mitigating future earnings surprises.

IDFC FIRST Bank vs. Peers:
Strategic Focus



Retail-focused transformation, Unlocking value via operational leverage



Pest-merger recalibration, leveraging expanded franchise



Best-in-class asset quality, operational efficiency



Unparalleled scale and trust, digital transformation

IDFC FIRST Bank: Key FY25 Strengths

25.2%

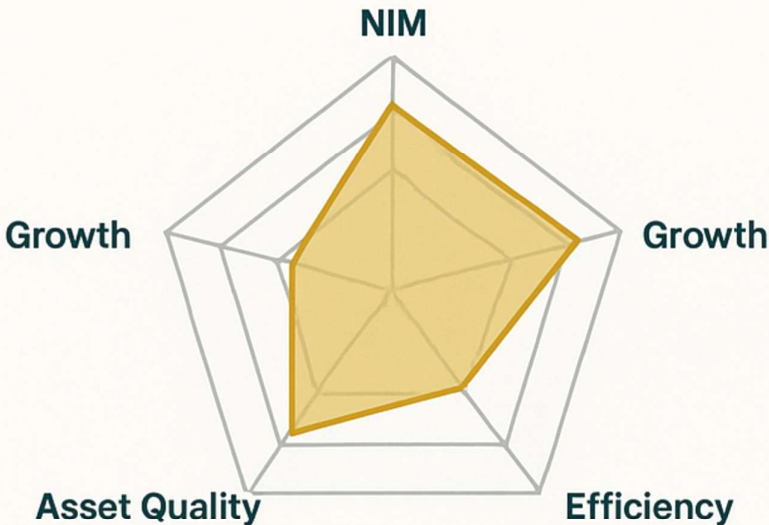
YoY
Deposit Growth



46.9%

CASA
Ratio (FY25)

IDFC FIRST Bank:
Strategic Performance Profile



Key Benchmarks: Cross-Peer Insights

	IDFC FIRST Bank (FY25)	Top Tier (e.g. ICtct)	SFBs (e.g. Ujivan)
Cost-to-Income Ratio (%)	71,8%	43,0%	80,0%
Gross NPA (%)	1,37%	0,35%	3,00%
Net NPA (%)	2,46%	0,50%	2,70%
ROE (%)	4,27%	17,0%	7,0%

ROE (%)	4,27%	17,0%	7,0%
Net NPA (%)	2,46%	0,50%	2,70%

4. Peer Comparison Report

4.1. Key Market Positions & Strategic Outlook of Peers

- **IDFC FIRST Bank:** Rapidly transforming into a retail-focused universal bank, it has substantially de-risked its liability base and is now poised to unlock significant value through operational leverage as its core businesses scale.
- **HDFC Bank:** Navigating complex post-merger integration challenges, it focuses on recalibrating NIM and RoE while leveraging its vastly expanded franchise and branch network to drive profitable growth.
- **ICICI Bank:** A best-in-class operator known for pristine asset quality and operational efficiency, it strategically pivots towards granular business banking and aims to unlock full value from its consolidated subsidiaries.
- **AXIS Bank:** Undergoing a strategic asset quality recalibration, this bank is focused on leveraging materializing operational efficiencies and its diversified "One Axis" ecosystem to deliver sustainable, profitable growth.
- **KOTAK MAHINDRA Bank:** Despite recent regulatory headwinds impacting digital growth, it leverages its diversified conglomerate model and robust capital base, aiming for re-ignition and improved efficiency post-embargo.
- **INDUSIND Bank:** Faces a critical juncture post-governance crisis and balance sheet reset, requiring a focused effort to rebuild trust and redefine its growth model after significant microfinance challenges.
- **RBL Bank:** Executing a strategic pivot to a de-risked, secured-lending model via aggressive provisioning, it aims for a sharp earnings recovery and re-rating despite near-term profitability impact.
- **FEDERAL Bank:** Pursuing an ambitious "Breakthrough 4.0" transformation, this bank is building a stronger liability franchise and scaling mid-yield assets to evolve into a top-tier national player.
- **EQUITAS Small Finance Bank:** De-risking its portfolio from microfinance origins through proactive provisioning, it focuses on transitioning to secured lending for profitability recovery and a potential universal bank license.
- **UJJIVAN Small Finance Bank:** Rapidly pivoting to a secured-asset model and pursuing a universal bank license, it navigates severe microfinance stress impacting its near-term profitability and efficiency.
- **STATE BANK OF INDIA:** As India's largest public sector bank, it commands unparalleled scale and trust, undergoing a digital transformation to leverage its fortress balance sheet and strong subsidiaries for sustained profitable growth.

4.2. Key Metrics Peer Comparison (Financial & Operating)

Metric (FY25, unless stated)	IDFC FIRST Bank	HDFC Bank	ICICI Bank	AXIS Bank	Kotak Bank	IndusInd Bank	RBL Bank	Federal Bank	Equitas SFB	Ujjivan SFB	SBI
I. Financial Performance											
Net Interest Income (NII, ₹ Cr)	19,292	1,22,870	81,165	54,348	28,342	19,031	6,465	9,467	3,251	3,636	1,89,995
Net Interest Margin (NIM, %)	6.10	3.43	4.32	3.98	4.96	2.25	4.89	3.13	7.51	8.8	3.09
Profit After Tax (PAT, ₹ Cr)	1,525	67,347	47,227	28,055	22,126	2,576	695	4,052	147	726	77,561
Return on Assets (ROA, %)	0.47	1.91	2.40	1.77	2.73	0.49	0.51	1.23	0.30	1.7	1.10
Return on Equity (ROE, %)	4.27	14.6	18.0	16.89	15.19	4.0	4.53	10.30	2.45	12.4	19.87
EPS (Diluted, ₹)	2.08	88.29	67.0	90.18	111.29	33.07	11.40	16.54	1.29	3.75	86.91
II. Operating Performance & Strategy											
Total Advances (₹ Cr)	2,41,926	26,19,609	13,41,766	10,40,811	4,86,166	3,45,019	92,618	2,43,000	37,986	32,122	42,20,703
Total Deposits (₹ Cr)	2,52,065	27,14,715	16,10,348	11,72,952	4,94,707	4,10,862	1,10,944	2,83,647	43,107	37,630	54,39,898
CASA Ratio (%)	46.9	34.0	38.4	41.0	43.0	33.0	34.1	30.23	29.0	25.5	39.97
Loan Growth (YoY FY25, %)	20.4	5.4	13.3	9.0	13.0	1.0	10.0	13.0	11.0	8.0	12.03
Deposit Growth (YoY FY25, %)	25.2	14.1	14.0	10.0	11.0	7.0	7.0	18.0	19.0	20.0	9.48
Total Branches (FY25, #)	1,002	9,455	6,983	5,876	2,148	3,081	561	1,589	994	753	22,937
III. Efficiency & Risk											
Cost-to-Income Ratio (% Core)	71.8	40.5	38.6	47.11	47.17	113.07	66.4	56.69	67.64	62.0	51.64

Gross NPA (%)	1.87	1.40	1.67	1.28	1.45	3.13	2.60	1.84	2.89	2.2	1.82
Net NPA (%)	0.53	0.34	0.39	0.33	0.31	0.95	0.29	0.44	0.98	0.5	0.47
Credit Cost (%)	2.46	0.45	0.32	0.69	2.50	2.46	2.31	0.38	3.14	2.45	0.38
Provision Coverage Ratio (PCR, %)	72.3	72.3	76.2	75.0	78.0	70.0	89.02	75.37	66.83	78.0	74.42
CET1 Ratio (%)	13.17	17.23	15.94	14.67	21.1	15.10	14.06	15.04	13.17	21.4	10.81

Notes:

- All data points are for FY25 unless otherwise specified. Some values, particularly for Q4 FY25 ratios (e.g., NIM, GNPA), are used as representative annual figures where full-year average data was not consistently provided.
- Kotak Bank's NIM, ROA, ROE, and EPS are consolidated figures. Cost-to-Income is standalone.
- IndusInd Bank's NIM of 2.25% is Q4 FY25, reflecting significant one-off impacts. Its Cost-to-Income ratio of 113.07% is also Q4 FY25, distorted by the same factors.
- Federal Bank's NII is a sum of its quarterly NII for FY25. ROA/ROE/Credit Cost are from Financial Outlook section.
- Equitas SFB's NII is a sum of its quarterly NII for FY25. Credit Cost % is based on annual provisions divided by average funded assets from previous analysis.
- Ujjivan SFB's ROA, ROE, and Credit Cost are from its Financial Outlook section.

4.3. Competitive Dynamics & Strategic Analysis

The Indian banking sector continues to be defined by a clear competitive divide between the dominant, scaled players with strong legacy franchises and newer, agile banks seeking to disrupt or specialize. This dynamic is intensifying as monetary policy shifts, and granular retail credit quality trends demand differentiated strategic responses.

4.3.1. NIM & Profitability: The Yield vs. Risk Spectrum

Profitability metrics, particularly NIM, reveal banks' strategic choices along the yield-risk spectrum, indicating their core earnings power and resilience.

- **Premium Yields (SFBs & Retail Specialists):**
 - **Equitas SFB (NIM: 7.51%)** and **Ujjivan SFB (NIM: 8.8%)** achieve the highest NIMs due to their focus on high-yield microfinance and small business lending. This comes with proportionally higher **Credit Costs** (Equitas: **3.14%**; Ujjivan: **2.45%**), impacting their lower **ROA** and **ROE** relative to large universal banks.
 - **IDFC FIRST Bank's NIM (6.10%)** is robust, driven by its high-yield retail and MSME focus. Its **ROA (0.47%)** and **ROE (4.27%)** in FY25 were impacted by one-off MFI stress, masking its underlying profitability.
- **Established Universal Banks (Managed Yields):**
 - **Kotak Bank (NIM: 4.96%)** and **ICICI Bank (NIM: 4.32%)** showcase strong NIMs from efficient funding and diversified portfolios. Their lower **Credit Costs** (Kotak: **2.50%**; ICICI: **0.32%**) translate into superior **ROA** (Kotak: **2.73%**; ICICI: **2.40%**) and **ROE** (Kotak: **15.19%**; ICICI: **18.0%**), demonstrating balanced risk-return profiles.

- **Federal Bank (NIM: 3.13%)** and **Axis Bank (NIM: 3.98%)** operate with more calibrated NIMs, aligning with their diversified strategies.
- **Challenged & Scale-Dependent:**
 - **HDFC Bank's NIM (3.43%)** is structurally lower post-merger, relying on sheer scale and cross-sell for profitability.
 - **SBI (NIM: 3.09%)** also operates on relatively thinner margins, compensating through massive volume and low funding costs.
 - **IndusInd Bank's NIM (2.25% in Q4 FY25)** plummeted due to specific asset quality issues and clean-ups, severely impacting its profitability.

4.3.2. Operational Efficiency: The Digital Imperative Driving the C/I Divide

Operational efficiency, critically measured by the Cost-to-Income (C/I) ratio, is a key battleground, with digital transformation creating a widening divide between efficiency leaders and those in transition.

- **Efficiency Leaders (Mature Digital & Scale):**
 - **ICICI Bank (C/I: 38.6%)** is the most efficient, reflecting deep digital integration and operational excellence. This efficiency contributes significantly to its high ROA and ROE.
 - **HDFC Bank (C/I: 40.5%)** and **SBI (C/I: 51.64%)** also demonstrate strong efficiency at scale, driven by optimized networks and increasing digital adoption.
 - **Kotak Bank (C/I: 47.17%)** and **Axis Bank (C/I: 47.11%)** maintain competitive C/I ratios, reflecting their focus on operational leverage and digital transformation.
- **Transforming & Investment-Heavy:**
 - **IDFC FIRST Bank (C/I: 71.8%)** is in a visible transformation phase. While its headline C/I is high, its sharply decelerating opex growth (YoY opex growth fell from 33.5% to 11.0% in Q1 FY26) signals a critical inflection point where prior digital and physical investments are translating into operating leverage. Its core lending business operates at a healthier 56% C/I.
 - **Federal Bank (C/I: 56.69%)** is also investing heavily, with its growth trajectory expected to yield better efficiency over time.
- **Challenged by Costs & Transitions:**
 - **RBL Bank (C/I: 66.4%), Equitas SFB (C/I: 67.64%),** and **Ujjivan SFB (C/I: 62.0%)** face higher C/I ratios due to ongoing investments, scaling challenges, and operational intensity in their specific segments.
 - **IndusInd Bank's C/I ratio of 113.07%** (Q4 FY25) highlights severe, though likely temporary, operational pressures from its recent accounting clean-up.

4.3.3. Capital & Asset Quality: Foundations of Resilience & Growth Trajectories

Robust capital buffers and disciplined asset quality management are the fundamental pillars supporting future growth, providing resilience against economic shocks, and dictating a bank's strategic agility.

- **Capital Fortresses & Growth Fuel:**

- **Kotak Bank (CET1: 21.1%)** stands as a capital fortress, providing significant dry powder for strategic growth or inorganic opportunities.
- **HDFC Bank (CET1: 17.23%)** and **ICICI Bank (CET1: 15.94%)** also maintain very strong capital positions, underpinning their ability to fund aggressive growth and reward shareholders.
- **IDFC FIRST Bank's** planned **₹7,500 crore capital raise** from marquee investors will boost its pro-forma **CET1 to ~15.4%**, providing substantial fuel for its targeted **~20% annual loan growth** and solidifying its balance sheet as a growth enabler.

- **Pristine Asset Quality & Proactive Risk Management:**

- **ICICI Bank (Net NPA: 0.39%)** and **SBI (Net NPA: 0.47%)** lead in asset quality, showcasing superior underwriting and robust risk management. Their low **Credit Costs** (ICICI: **0.32%**; SBI: **0.38%**) contribute directly to their strong **ROA** and **ROE**.
- **HDFC Bank (Net NPA: 0.34%)** and **Federal Bank (Net NPA: 0.44%)** also demonstrate consistently strong asset quality, underpinned by prudent provisioning.
- **Axis Bank's** proactive asset quality clean-up (Q1 FY26 "Technical Impact") is strategically positioning it for stronger long-term asset quality despite short-term fluctuations.

- **Managing Transitions & Clean-ups:**

- Banks like **IDFC FIRST Bank (Net NPA: 0.53%)** and **IndusInd Bank (Net NPA: 0.95%)** faced asset quality challenges from specific segments (e.g., microfinance). Their recent high **Credit Costs** reflect deliberate clean-up efforts (IDFC: **2.46%**; IndusInd: **2.46%**), aiming to set a cleaner base for future profitability.
- **RBL Bank (Net NPA: 0.29%)** also executed aggressive provisioning to de-risk its balance sheet. While these actions impact short-term profitability, they signal a commitment to transparency and long-term financial health.

Efficiency Unleashed: Key Shifts

Opex Growth Deceleration



YoY Opex Growth
11.0%
(Decelerated for
6 Consecutive Quarters)

Digital Impact



Customer Calls
Reduced by
24%

(Despite 23% Business Growth)



Annual Scalability & Productivity

— Total Branches:
641 → 1,002
(FY 25)

— 1,102 by FY25 Target

Total Unique Customers:
15,68 → 35,5 Mn
(FY 25)

Business per
Employee:
₹796 → ₹10,31 Cr
(FY 25)



New Business Milestones



Wealth AUM:
>51,000 Cr
(FY 25)



Wealth AUM
>77.4 % CR)
(CAGR)

Key Future Targets

Cost-to-Income
65% by FY27



Loan Book
Growth
20% for FY 26



5. Operational Outlook

IDFC FIRST Bank is demonstrating operational inflection, transforming its liability structure and scaling core businesses. The bank is poised to capitalize on operational leverage as investments yield efficiency gains, setting a trajectory for enhanced profitability.

5.1. Key Operational Insights

- Opex growth decelerated over six consecutive quarters, reflecting operational discipline.
- Business growth outpaced Opex, signaling expanding operational leverage.
- Digitalization reduced contact center calls 24% despite customer growth. This indicates efficiency from digital adoption.
- Retail deposits reached 80% of total, completing liability transformation. This provides a stable funding base.
- Credit-to-deposit ratio improved from 137% to 93.4%, reducing funding risk. This optimizes the balance sheet structure.
- Branch network expanded 5x to 1,016, bolstering distribution reach. This supports deposit mobilization.
- High-cost legacy borrowings reduced to 1.0%, lowering funding costs. This enhances operational funding efficiency.
- Credit card operational breakeven validates new business scalability. This removes a cost drag.
- Loan book shifted to 82% granular retail/MSME, improving diversification. This enhances asset book stability.
- Wholesale loan concentration to top 20 borrowers reduced to 5%, enhancing asset quality. This mitigates concentration risk.

5.2. Annual Operational Performance Analysis

Metric	FY22	FY23	FY24	FY25	Management Guidance for FY26
Total Branches (#)	641	809	944	1,002	~1,102 (10% growth)
Total Unique Customers (Mn)	15.68	17.07	26.11	35.5	N/A
Retail Deposits as % of Cust. Deposits (%)	73	76	78	79	N/A
Borrowings as % of Total Liabilities (%)*	27	22	14	11	N/A
Credit-to-Deposit Ratio (%)	114.5	107.0	98.4	93.9	Low 90s
Business per Employee (₹ Cr)	7.96	8.11	8.67	10.31	N/A
YoY Opex Growth (%)	41.1	8.2	21.6	16.6	11-12%
Credit Cards in Force (Mn)	0.7	1.5	2.5	3.5	N/A
Wealth Management AUM & Deposits (₹ Cr)	15,672	22,072	33,656	42,665	N/A

*Excludes money market borrowings. YoY Opex Growth is based on total annual operating expenses.

- The bank's branch network grew 5x since merger to 1,002 branches. This rapid expansion bolsters physical distribution for deposit mobilization.
- Retail deposits expanded to 79% of customer deposits in FY25. This marks a significant liability structure shift, moving towards more stable, granular funding.
- Business per employee rose to ₹10.31 crore in FY25. This indicates improved productivity at scale, as total business grew faster than headcount.

5.3. Quarterly Operational Trajectory (Recent Momentum)

Metric	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	QoQ Change	YoY Change
Total Deposits (₹ Cr)	1,93,753	2,04,572	2,18,026	2,27,316	2,42,543	2,56,799	+5.9%	+25.5%
Total Advances (₹ Cr)	2,00,965	2,09,361	2,22,613	2,31,074	2,41,926	2,53,233	+4.7%	+21.0%
CASA Ratio (%)	47.2	46.6	48.9	47.7	46.9	48.0	+110 bps	+140 bps
YoY Opex Growth (%)	29.4	21.1	17.7	16.1	12.2	11.0	-120 bps	-1010 bps
Customer Calls (Thousand)	1,036	911	939	795	736	657	-10.7%	-27.9%
MFI SMA 1+2 (₹ Cr)	169	226	318	501	488	220	-54.9%	-2.6%
MFI Collection Efficiency (%)	99.4	99.0	98.6	96.9	98.1	99.0	+90 bps	-10 bps

- Quarterly opex growth continued its deceleration trend, reaching 11.0% YoY in Q1 FY26. This indicates ongoing cost discipline and materializing operating leverage.
- Customer calls decreased 10.7% QoQ while customer relationships grew. This demonstrates efficiency gains from digitalization and self-service capabilities.
- MFI SMA 1+2 decreased 54.9% QoQ. This suggests containing stress in the microfinance portfolio.

5.4. Current Operational Dynamics & Narrative (The "Why" Behind the Numbers)

- Operating expenditure growth continues to moderate. Q1 FY26 opex increased by 11.0% YoY. This is a result of operational cost-cutting initiatives and technology-driven transformation projects.
- The liability book is fundamentally transformed. Retail deposits are 80% of customer deposits, enabling reduced reliance on higher-cost market borrowings.
- Credit-to-deposit ratio decreased to 93.4%. This optimizes balance sheet structure for future asset growth by enhancing liquidity management.
- Credit cards and retail liabilities, once cost centers, are now approaching or achieving profitability. Credit cards achieved 0.8% operational profit in Q1 FY26, validating their operational model.
- Core lending asset quality remains stable. Non-MFI GNPA is 1.70% in Q1 FY26. This reflects disciplined cash-flow based underwriting across the majority of the loan book.
- The microfinance portfolio de-risking is progressing. Its proportion decreased to 3.3% of total loans, with 72% CGFMU coverage. This streamlines portfolio management.
- Digitalization drives efficiency. Customer calls reduced 24% despite 23% business growth. This reflects effective self-service capabilities and reduced manual intervention.
- Wholesale loan concentration to top 20 borrowers reduced to 5%. This diversifies the asset book and mitigates single-borrower risk.

5.5. Forward-Looking Outlook & Management Strategy

- Loan book growth is targeted at 20% for FY26. This drives operational scaling across lending segments and leveraging existing infrastructure.
- Deposit growth is expected at 22-24% annually. This fuels asset growth by expanding funding operations.
- Opex growth is projected at 11-12% for FY26. This implies further operational efficiency and margin expansion.
- Cost-to-income ratio targets 65% by FY27. This reflects ongoing operational optimization and scale benefits.
- Credit card business targets full operational maturity by FY27. This signifies its transition to a consistent profit contributor.
- Microfinance loan proportion expects to decrease to 3-3.5% in FY26. This streamlines portfolio management and reduces segment complexity.
- Credit-deposit ratio aims for low 90s by FY26 and 80s by FY27. This optimizes balance sheet structure for long-term health.
- Branch network is planned to grow ~10% annually. This expands physical reach for deposits and customer touchpoints.

IDFC FIRST Bank: Financial Trajectory & Core Strengths

From Headwinds to Strong Foundations for Future Profitability

FY25 & Recent Performance Snapshot

FY25
₹1,525 Cr

(-48,4% Yo)

Reflecting
MFI-Related Provisioning



Q1 FY26
PAT +52.1%
QoQ

Signaling Recovery



Core PPOP (ex-MFI):
+31% YoY
Highlighting Underlying
Franchise Profitability



Key Financial Ratios & Trends

Metric	FY25	Q1 FY26	Trend
Net Interest Margin (NIM, %)	5,95%	5,71%	↓
Cost to income Ratio (Core: %)	71,8%	73,8%	↑
Return on Assets (%) ROA, %	0,48%	0,53%	↑
Credit Cost (%)	2,46%	2,0%	↑
Credit Cost (%)	2,46	2,0	>

Drivers for Future Profitability

Capital Fortification

Pro-forma CRAR:

17,6%

Post ₹7,500 Cr Capital
Raise

Enabling Future Asset Expansion



Operational Leverage Materializing

Opex Growth Decelerating
Translates into PPOP Expansion



Credit Card Business Operational Breakeven

Removes P&L Drag



6. Financial Outlook

IDFC FIRST Bank's financial performance signals a pivotal transition, as underlying operational strengths begin to offset prior investments and MFI-related headwinds. The bank is positioning for sustained profitability driven by a de-risked balance sheet and anticipated efficiency gains.

6.1. Key Financial Insights

- FY25 PAT fell 48.4%, reflecting significant but contained MFI-related provisioning. This masked strong core operating profit growth.
- Q1 FY26 PAT grew 52.1% QoQ, signaling recovery; however, this was significantly aided by trading gains. Core profitability is still developing.
- Core PPOP (ex-MFI) rose 31% YoY in FY25, highlighting underlying franchise profitability despite MFI drag.
- CASA reached 48.0% in Q1 FY26, strengthening a low-cost funding structure despite competitive pressures. This implies greater margin stability.
- NIM compressed to 5.71% in Q1 FY26, reflecting rate transmission and asset mix changes, but this is a near-term effect.
- Operating expenditure growth decelerated to 11.0% YoY in Q1 FY26, indicating materializing operational leverage which should expand margins.
- Credit card business achieved operational breakeven in FY25, validating its scaling profitability and removing a P&L drag.
- Pro-forma CRAR of 17.6% post-raise provides significant growth capital, enabling future asset expansion.
- MFI stress indicators declined, suggesting credit cost normalization from its Q4 FY25 peak. This minimizes future earnings volatility.

6.2. Annual Financial Performance

Metric	FY22	FY23	FY24	FY25	Management Guidance (FY26)
Net Interest Income (₹ Cr)	9,706	12,635	16,451	19,292	N/A
Fee and Other Income (₹ Cr)	2,691	4,142	5,795	6,676	~14-15% growth
Core PPOP (₹ Cr)	2,753	4,607	6,030	7,069	N/A
Provisions and Contingencies (₹ Cr)	3,109	1,665	2,382	5,515	~50 bps reduction (overall)
Profit After Tax (PAT) (₹ Cr)	145	2,437	2,957	1,525	Meaningful YoY growth from Q2
Return on Assets (ROA) (%)	0.08	1.13	1.10	0.48	1% by Q4
Return on Equity (ROE) (%)	0.75	10.95	10.30	4.27	N/A
Cost to Income Ratio (Core) (%)	77.8	72.5	72.9	71.8	~70-74%
Total Deposits (₹ Cr)	1,05,540	1,44,637	2,00,576	2,52,065	22-24% growth
Total Advances (₹ Cr)	1,29,051	1,60,599	2,00,965	2,41,926	~20% growth

GNPA (%)	3.70	2.51	1.88	1.87	N/A
NNPA (%)	1.53	0.86	0.60	0.53	N/A
PCR (%)	70.29	80.29	86.58	72.3	N/A
CET-1 Ratio (%)	14.88	14.20	13.36	13.17	N/A
BVPS (₹)	33.78	38.86	45.49	52.00	N/A

- FY25 PAT decreased 48.4%, influenced by higher MFI provisions which surged to ₹5,515 crore. This increase in provisions contributed to a decline in ROA and ROE.
- Total deposits grew 25.2% in FY25, providing a strong funding base for loan expansion. This reduced reliance on external borrowings.
- Core PPOP (ex-MFI) grew 31% YoY in FY25, indicating that underlying operational strength persisted despite MFI challenges. This suggests robust core profitability.

6.3. Quarterly Financial Trajectory (Recent Performance)

Metric	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	QoQ Change	YoY Change
Net Interest Income (₹ Cr)	4,469	4,695	4,788	4,902	4,907	4,933	+0.5%	+5.1%
Profit After Tax (PAT) (₹ Cr)	724	681	201	339	304	463	+52.1%	-32.0%
Net Interest Margin (NIM) (%)	6.36	6.22	6.18	6.04	5.95	5.71	-24 bps	-51 bps
GNPA (%)	1.88	1.90	1.92	1.94	1.87	1.97	+10 bps	+70 bps
NNPA (%)	0.60	0.59	0.48	0.52	0.53	0.55	+2 bps	-4 bps
PCR (%)	86.6	87.5	75.27	73.6	72.3	72.3	0 bps	-1520 bps
ROA (%)	1.03	0.91	0.25	0.41	0.36	0.53	+17 bps	-38 bps
ROE (%)	10.30	8.32	5.15	4.62	4.27	4.83	+56 bps	-349 bps

- PAT showed sequential recovery for two quarters, signaling a potential profitability trough. This recovery was aided by stabilizing provisions and higher trading gains (₹495 Cr in Q1 FY26).
- NIM compressed 24 bps QoQ, influenced by lower asset yields and changing mix. This reflects repo rate pass-through and MFI de-growth impact, signaling continued pressure on core lending margins.
- Credit costs, while elevated at 2.0% (ex-MFI) in Q1 FY26, are projected to decline from Q2 FY26. This is consistent with management guidance for MFI credit cost peaking in Q4 FY25 and tapering off.

6.4. Current Financial Health & Drivers (The "Why" Behind the Numbers)

- FY25 PAT reduction was primarily due to a 131.6% surge in MFI provisions. This highlights the concentrated impact of localized credit events on net income, rather than systemic weakness.
- Core PPOP (ex-MFI) grew 31% YoY in FY25. This indicates robust underlying business generation capacity, masked by MFI segment challenges.
- NIM compression reflects repo rate transmission and strategic asset mix shifts. This impacts interest income, as the bank proactively aligns its loan book with market rates and de-risks higher-yielding segments.
- CASA ratio of 48.0% demonstrates stable low-cost funding. This supports margin defense by reducing the overall cost of liabilities, even amidst competitive pressures.
- Credit cost for the core book (ex-MFI) was 1.76% in FY25. This reflects consistent underwriting quality across non-MFI segments, distinguishing its performance from MFI.
- MFI stress indicators, like SMA-0, declined 45% QoQ in Q4 FY25. This suggests that the impact on future provisioning from this segment is contained and past its peak.
- High PCR of 72.3% provides a strong capital buffer against NPAs. This protects against future credit shocks to net income, allowing the bank to absorb potential losses.
- Operational efficiency improvements, reflected in decelerating opex growth, are expected to translate into PPOP expansion. This indicates the leverage potential of prior investments.
- Credit card business achieving operational breakeven in FY25 removes a significant drag on consolidated profitability. This validates the bank's ability to scale new ventures profitably.
- Legacy infrastructure loans are below 1% of assets. This reduces historical risk concentration and associated provisioning, strengthening overall asset quality.

6.5. Financial Outlook & Capital Allocation

- Overall credit cost for FY26 is expected to be 2.0-2.05%. This is a projected 50 bps reduction from FY25. This reflects normalizing MFI provisions.
- NIM is expected to return to ~5.95% by Q4 FY26. This hinges on deposit repricing benefits. This is a crucial element for margin recovery.
- ROA aims for 1% by Q4 FY26. This indicates recovery from FY25 lows.
- PAT YoY growth is anticipated from Q2 FY26. This signals a return to a growth trajectory.
- The planned ₹7,500 Cr capital raise will boost pro-forma CRAR to 17.6%. This fuels future loan growth and profitability.
- Dividends of ₹0.25 per share for FY25, subject to shareholder approval, signal confidence in future earnings. This implies returning capital to shareholders.
- Strategic capital deployment is critical. The ₹7,500 Cr capital raise will support ~20% loan growth. This reduces future equity dilution needs.
- Lowering cost of funds is a focus. TD repricing and SA rate cuts will further support NIM recovery in H2 FY26. This enables structural margin improvement.

Management Credibility: Delivering on Promises

A Proven Track Record of Execution & Transparency

Overall Credibility Score

90,0%



- ✓ Delivered 30
 - ✓ Partially Delivered 3
 - ✗ Not Delivered 2
- (Out of 33 Assessed)

Performance Across Key Areas

Guidance Category	Credibility Score(%)
Market Expansion/ Penetration	100.0%
Revenue Growth	100.0%
Other (Operational Milestones)	100.0%
Asset Efficiency	95.0%
Margin Improvement	87.5%
Shareholder Value Returns	50.0%

Key Proof Points & Insights



Consistently Met Exceeded Operational Targets

E.g. Granch Network (544 vs. 800-800 target by FY24)



Fulfilled All Revenue Growth Guidances

E.g. FY23 Loan Book Growth (21.7% met 20-28 range)



Long-Term Shareholder Value & Vision

(50% delivery reflects journey, not full achievement yet)

Future Commitments: Building for Tomorrow



Achieve 1% ROA by Q4 FY26



Cost-to-Income Ratio of 65% by FY27



PAT positivity for Credit Card Business by FY27



Achieve 1% ROA by Q4 FY26



Cost-to-Income Ratio of 65% by FY27



PAT positivity for Credit Card Business by FY27

Future Commitments: Building for Tomorrow

7. Management Credibility

7.1. Key Insights

- Management fulfilled 30 of 35 assessed guidances, resulting in a 90.0% overall credibility rate. This demonstrates a high rate of meeting stated commitments.
- Operational targets, including market expansion (3 delivered) and asset efficiency (9 delivered), were consistently met or exceeded at 100% and 95% respective delivery rates. This indicates strong execution in core banking metrics like branch network expansion (944 branches vs 800-900 target by FY24).
- Revenue growth guidances were fully delivered (2 delivered, 100% rate). For example, the FY23 loan book growth of 21.7% met its 20-25% range.
- Margin improvement guidances showed 87.5% delivery (14 delivered, 2 not delivered). This reflects some challenges in initial profitability projections, as evidenced by an upward revision in FY26 credit cost guidance (from 1.85-1.90% to 2.0-2.05%).
- Long-term Shareholder Value and broad strategic vision targets, both at 50% credibility (one partially delivered each), indicate progress but not full achievement by their initial assessment points.
- Management's adjustment of the FY26 credit cost guidance from 1.85-1.90% to 2.0-2.05% highlights a practice of re-evaluating future outlooks. This indicates responsiveness to evolving conditions.

7.2. Management Past Guidance Delivery Scorecard Summary

This table provides a quantitative summary of management's historical track record in delivering on its public promises and guidance. It groups all scored promises into categories to highlight areas of strength and weakness in management's forecasting and execution.

Guidance Category	Delivered	Partially Delivered	Not Delivered	Credibility Score (%)
Margin Improvement	14	0	2	87.5%
Asset Efficiency	9	1	0	95.0%
Market Expansion/Penetration	3	0	0	100.0%
Other	2	0	0	100.0%
Revenue Growth	2	0	0	100.0%
Other (Long-term strategic vision)	0	1	0	50.0%
Shareholder Value/Returns	0	1	0	50.0%
Overall	30	3	2	90.0%

Note:

1. Delivered / Partially Delivered / Not Delivered: These columns show a simple count of how many promises within each category were fulfilled completely, partially, or

not at all.

2. Credibility Score (%): This score measures the historical reliability of management's guidance in a specific category. It is a weighted average calculated as-

$$(1 \times \text{number of delivered} + 0.5 \times \text{partially delivered} + 0 \times \text{not delivered}) / (\text{total number of guidance}) \times 100\%$$

7.3. Key Forward-Looking Guidance & Open Promises

Date	Promised By (Title)	Guidance	Category
July, 2025	V. Vaidyanathan, MD and CEO	The bank's credit cost for the fiscal year 2026 is expected to be approximately 2% to 2.05%.	Margin Improvement
July, 2025	V. Vaidyanathan, MD and CEO	The microfinance loan book is anticipated to bottom out at around ₹7,500 crore.	Other (Portfolio De-risking)
July, 2025	V. Vaidyanathan, MD and CEO	The credit deposit ratio is expected to decrease to the low 90s by the end of fiscal year 2026 and further into the 80s by fiscal year 2027.	Asset Efficiency
July, 2025	V. Vaidyanathan, MD and CEO	The credit card business is expected to achieve Profit After Tax (PAT) positivity in fiscal year 2027.	Margin Improvement
July, 2025	Sudhanshu Jain, CFO	Net Interest Margins (NIM) are expected to broadly return to the Q4 FY25 level (5.95%) by the fourth quarter of fiscal year 2026, depending on future repo rate cuts.	Margin Improvement
July, 2025	Sudhanshu Jain, CFO	The growth of operating expenses is expected to remain in the range of 11% to 12% in the near term.	Margin Improvement
July, 2025	Sudhanshu Jain, CFO	The company is targeting a cost-to-income ratio of 65% for fiscal year 2027.	Margin Improvement
April, 2025	V. Vaidyanathan, MD & CEO	The bank aims to achieve a 1% Return on Assets (ROA) by the fourth quarter of the fiscal year ending March 2026.	Asset Efficiency
April, 2025	V. Vaidyanathan, MD & CEO	The bank anticipates that Profit After Tax (PAT) will begin to show meaningful year-over-year growth starting from the second quarter of fiscal year 2026.	Shareholder Value/Returns
April, 2025	V. Vaidyanathan, MD & CEO	The opex growth for fiscal year 2026 is expected to be around 12% to 13%.	Margin Improvement
April, 2025	V. Vaidyanathan, MD & CEO	The Net Interest Margin (NIM) is expected to decrease by approximately 10 basis points in fiscal year 2026 compared to the fourth quarter of fiscal year 2025.	Margin Improvement

April, 2025	Sudhanshu Jain, CFO	The bank expects to be able to grow its fees at a rate of approximately 14% to 15% into the next year (FY26).	Revenue Growth
April, 2025	Company Management	The bank plans to improve its overall Cost-to-Income (C:I) ratio to approximately 65% by fiscal year 2027.	Margin Improvement
January, 2025	V. Vaidyanathan, MD & CEO	Following the peak in Q4 FY25, MFI provisions are expected to be lower in Q1 FY26 and continue to decrease in each subsequent quarter of that fiscal year.	Margin Improvement
January, 2025	V. Vaidyanathan, MD & CEO	The bank anticipates growing its loan book by approximately 20% in the next fiscal year (FY26).	Revenue Growth
January, 2025	V. Vaidyanathan, MD & CEO	The bank expects its operating expenditure (opex) growth to decrease to about 13% for the fiscal year 2026.	Margin Improvement
August, 2024	V. Vaidyanathan, MD & CEO	We expect Cost to Income Ratio to reduce by ~500 bps to ~ 65% by FY 27.	Margin Improvement
April, 2024	V. Vaidyanathan, MD & CEO	We expect the credit-deposit ratio to decrease to low 90s this year (FY25) and enter the 80s by FY26.	Asset Efficiency
April, 2024	Sudhanshu Jain, CFO	Our endeavor on ROA would be to touch more closer to, I would say, 1.45%, 1.5% the next two to three years (FY26-FY27).	Asset Efficiency
April, 2024	V. Vaidyanathan, MD & CEO	We plan to grow our branches by only 10% annually but grow deposits by ~25% CAGR until FY27.	Operational Milestones
January, 2024	V. Vaidyanathan, MD & CEO	The bank is guiding for its assets to be Rs. 5,00,000 crores by March 31, 2029.	Market Expansion/Penetration
January, 2024	V. Vaidyanathan, MD & CEO	The bank is guiding for a loan book growth of 20% CAGR over the next 5 years (FY24-FY29).	Market Expansion/Penetration
January, 2024	V. Vaidyanathan, MD & CEO	We are guiding that our assets will be Rs. 5,00,000 crores in March 31st, 2029, and our total assets will be Rs. 7,00,000 crores.	Market Expansion/Penetration
January, 2024	V. Vaidyanathan, MD & CEO	We are guiding that our deposit base will be something like about Rs. 5,85,000 crores as of March 31st, 2029.	Market Expansion/Penetration

January, 2024	V. Vaidyanathan, MD & CEO	For the next five years (FY24-FY29), we've assumed a deposit growing only by 24.8%.	Market Expansion/Penetration
January, 2024	V. Vaidyanathan, MD & CEO	We are thinking that our broad guess is that we could be somewhere around Rs. 12,000 crores to Rs. 13,000 crores in profitability in March, 2029.	Margin Improvement
January, 2024	V. Vaidyanathan, MD & CEO	We believe that the bank is comfortably moving towards an ROA of 1.9% to 2.0% (by FY29).	Asset Efficiency
January, 2024	V. Vaidyanathan, MD & CEO	We are guiding for ROE of somewhere in the zone of 17%-18%, give or take (by FY29).	Shareholder Value/Returns
January, 2024	V. Vaidyanathan, MD & CEO	Cost to income ratio looking like more like about 55% by the exit year FY30, that would be like 57-58% or something like that by FY29.	Margin Improvement
January, 2024	V. Vaidyanathan, MD & CEO	We are guiding for a gross NPA of 1.5% and net NPA of 0.4% (by FY29).	Asset Efficiency
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" with a target for Loans & Advances to reach ₹5,00,000 Cr by March 31, 2029.	Market Expansion/Penetration
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" targeting Total Assets of ₹7,00,000 Cr by March 31, 2029.	Market Expansion/Penetration
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" for the loan book to grow at a 5-Year CAGR of 20.3%.	Market Expansion/Penetration
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" targeting Customer Deposits of ₹5,85,000 Cr by March 31, 2029.	Market Expansion/Penetration
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" with a target for CASA Deposits to reach ₹2,85,000 Cr by March 31, 2029.	Market Expansion/Penetration
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" for Term Deposits to reach ₹3,00,000 Cr by March 31, 2029.	Market Expansion/Penetration
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" targeting a Profit of ₹12,000 – ₹13,000 Cr by March 31, 2029.	Margin Improvement

January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" targeting a Return on Assets (ROA) of 1.9-2.0% by March 31, 2029.	Asset Efficiency
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" for Return on Equity (ROE) to be 17-18% by March 31, 2029.	Shareholder Value/Returns
January, 2024	Company Management	Guidance for Cost to Income Ratio of 65% for Q4-FY25.	Margin Improvement
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" targeting a Gross NPA % of < 1.5% by March 31, 2029.	Asset Efficiency
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" for Net NPA % to be < 0.4% by March 31, 2029.	Asset Efficiency
January, 2024	Company Management	"Guidance 2.0 (FY24 - FY29)" the bank targets having 1700-1800 branches by March 31, 2029.	Operational Milestones

IDFC FIRST Bank: Investment Compass



Evaluating Strengths, Navigating Challenges, Tracking Future Performance

IDFC FIRST Bank is at a pivotal inflection point, de-risking operations & fortifying liability. The investment thesis hinges on translating strengths into sustained, high-return profitability by unlocking underappreciated value.



Key Strengths



Durable, Low-Cost Funding Moat

- Retail Deposits: 18.4x Growth (to 32% Torat)
- ₹52K Cr High-Cost Debt Repaid
- Funding Cost Premium Reduc. by 230 bps



Pristine Core Asset Quality

- High-Margin Growth Engines
- Diversified & Scaling Universal Banking (9 toa Loans)
- 72% CGTMU Coverage
- Digital Moat & Efficiency



Key Concerns



Near-Term NIM Pressure

- NIM compressed to 571% (Q1 FY26)
- Actively reducing deposit rates to protect margins



Elevated C:1 Ratio

- Core C./ at 73.8% Q1 FY26
- Cost discipline needed for FY27 target of <65%



Wholesale Growth Yield-Drag

- Rapid re-acceleration 36.6% YoY C1 FY26
- Lower yields contribute NIM compression



Key Monitorables



Profitability & Margins

- Track Quarterly NIM trajectory (~8.95% by Q4 FY26)
- Monitor Core PPOP expansion



Operational Efficiency

- Verify low YoY Opex growth (ideally <11.12%)
- Observe C | ratio improvement



Asset Quality

- Vigilance over GNYA/NNPA (core loan book ex-MFI)
- Monitor MFI SMA decline & collection efficiency

8. Investment Decision Drivers

IDFC FIRST Bank stands at a pivotal inflection point, poised for a significant re-rating as the market increasingly recognizes its profound structural transformation. The bank has successfully de-risked its core operations, fortified its liability base, and is now positioned to unlock substantial, underappreciated value through a combination of strategic execution and materializing operational leverage. The investment thesis hinges on the bank's ability to translate its newly established strengths into sustained, high-return profitability.

8.1. Key Strengths Driving Future Value

- **Robust Liability Franchise & Structural Funding Advantage:** IDFC FIRST Bank has engineered a remarkable liability transformation, growing its retail deposit base by 18.4x since 2018 to nearly 80% of total customer deposits. This strategic pivot enabled the repayment of over ₹52,000 crore in high-cost legacy borrowings and significantly reduced its Credit-to-Deposit ratio from a precarious 137% to a healthy 93.4% as of June 2025. Crucially, the bank achieved this growth while simultaneously reducing its cost of funds premium over peers from 280 bps to a mere 60 bps, and cutting peak Fixed Deposit rates by 115 bps. This demonstrates genuine pricing power rooted in brand, service, and technology, not just rates, establishing a durable, low-cost funding moat for sustained margin defense and profitable growth.
- **Operating Leverage Inflection & Efficiency Gains:** The bank has decisively moved past its heavy investment phase, with YoY operating expenditure (opex) growth sharply decelerating for six consecutive quarters (from 33.5% to just 11.0% in Q1 FY26). This significant decoupling from business growth (over 20%) is tangible proof of materializing operating leverage. The core lending business already operates at a healthy 56% Cost-to-Income (C:I) ratio. As the now-scaling Retail Liabilities and Credit Card businesses (historically drags) continue their path to profitability, their improving C:I ratios will drive non-linear expansion of consolidated Pre-Provision Operating Profit (PPOP).
- **Superior Core Asset Quality & Proven Underwriting:** Beyond the Microfinance (MFI) segment, the bank's core Retail, Rural, and MSME loan book exhibits consistently superior asset quality, proven over 15 years and across multiple economic cycles (maintaining Gross NPA ~2%, Net NPA ~1%). CIBIL data consistently shows its 30+ DPD delinquencies are significantly lower than industry averages across all major product lines. This is a direct outcome of its stringent 10-step, cash-flow-based underwriting model and active portfolio management, providing a structural advantage for lower through-cycle credit costs and more predictable earnings.
- **Strategically Fortified Capital Base:** The substantial and accretive ₹7,500 crore capital raise from marquee global investors like Warburg Pincus and Abu Dhabi Investment Authority (ADIA) is a powerful validation of the bank's long-term strategy and turnaround. Structured as Compulsorily Convertible Preference Shares (CCPS) at a price accretive to the Book Value Per Share (BVPS) (pro-forma BVPS of ₹53.60 vs. ₹52.79 at June 2025), this infusion will boost pro-forma CRAR to a very robust 17.6% and CET-1 to 15.4%. This provides a "bulletproof" balance sheet, fueling sustained ~20% annual loan growth and significantly reducing future equity dilution needs and signaling strong investor confidence.
- **Diversified & Scaling Universal Banking Engines:** The bank's deliberate strategy to build a full-suite universal bank from the outset has yielded multiple, now-scaling growth engines. Beyond traditional lending, the rapid growth of the Credit Card franchise (3.8 million cards, achieved operational breakeven in 4 years) and Private Wealth Management (AUM >₹51,000 crore, 77.4% CAGR) showcases the bank's ability to launch and scale high-margin, fee-generating businesses. This diversification builds a more resilient revenue profile, reducing reliance on any single segment and enhancing long-term profitability.

- **Contained MFI Crisis & Future Tailwinds:** The MFI crisis, while a significant short-term profitability drag, has largely peaked. Management's aggressive de-risking actions—shrinking the MFI book by 37% YoY to just 3.3% of total loans and increasing CGFMU credit guarantee coverage to 72%—have contained its impact. Declining SMA pools and improving collection efficiency signal normalizing credit costs. This proactive "front-loading" of pain positions the bank for future positive earnings surprises from potential write-backs and significantly de-risks its long-term earnings profile from this volatile segment.
- **Powerful Digital Moat & Operational Efficiency:** The bank's highly-rated mobile app (4.9 on Google Play, #1 in India by Forrester) is a strategic asset, functioning as a powerful engine for both efficiency and revenue generation. It drives significant cost efficiencies, as evidenced by a 24% reduction in call center volume despite 23% business growth. Simultaneously, it serves as a low-cost, scalable channel for originating high-margin fee income (e.g., UPI payments via app grew 44% YoY, Fixed Deposits by 31% YoY). This digital prowess underpins customer stickiness and operational leverage, solidifying a sustainable competitive advantage.

8.2. Key Investment Concerns & Strategic Management

- **Near-Term NIM Compression:** Net Interest Margin (NIM) compressed by 24 bps QoQ to 5.71% in Q1 FY26. This pressure is driven by repo rate transmission, the strategic de-growth of the high-yield MFI book, and the increasing share of lower-yield wholesale loans. While management anticipates a recovery to ~5.95% by Q4 FY26 due to fixed deposit repricing benefits, this short-term pressure could temper immediate earnings expectations. The bank is actively managing this by aggressively reducing its own deposit rates to protect margins.
- **ROE Dilution & Long Road to High Teens:** The mechanical impact of the large ₹7,500 crore capital raise will dilute near-term ROE (FY25 ROE at 4.27%). Achieving the ambitious 17-18% ROE target requires a substantial increase in PAT (nearly 4.5x from FY25 levels) on a significantly larger equity base. While the capital provides a growth runway, the journey to becoming fully self-sustaining through internal capital generation is prolonged, requiring sustained flawless execution over several years.
- **Sustaining Cost-to-Income Improvement:** Despite demonstrating strong operating leverage with decelerating opex growth, the bank's Core Cost-to-Income (C:I) ratio remained elevated at 73.8% in Q1 FY26. Achieving the ambitious FY27 target of ~65% requires continued, rigorous cost discipline and revenue scaling. The "universal banking" model, with its broad product suite and physical network, may inherently imply a higher-cost structure compared to highly specialized or lean digital-only players, creating a continuous challenge to optimize efficiency.
- **Wholesale Book Growth Trade-off:** The rapid re-acceleration of the wholesale loan book (38.6% YoY growth in Q1 FY26, outpacing retail growth) is a strategic trade-off. While diversifying assets and reducing concentration risk, wholesale lending inherently comes with lower yields, which contributes to the near-term NIM compression. Maintaining superior asset quality in this segment through a full credit cycle will be critical to ensure it genuinely enhances risk-adjusted returns without reverting to the legacy issues that previously impacted the bank.
- **Time Lag & Counterparty Risk in MFI De-risking:** The reliance on the CGFMU credit guarantee scheme to de-risk the MFI portfolio introduces a significant time lag. Claims for NPAs arising from early 2024 disbursements are only expected to begin materializing from FY27. This means the bank will continue to bear the full provisioning impact and credit costs on its P&L in FY25 and FY26, with the offsetting benefits from insurance claims arriving much later. While the government-backed nature reduces direct credit risk, it defers the financial recovery and introduces an implicit counterparty/procedural risk regarding timely payments.

8.3. Key Monitorables for Investors

For investors, the focus shifts to the bank's ability to consistently execute its strategy and translate its foundational strengths into superior financial performance.

- **Profitability & Margins:**
 - Track quarterly NIM trajectory: progress towards the ~5.95% target by Q4 FY26.
 - Monitor Core Pre-Provision Operating Profit (PPOP) expansion.
 - Assess ROA and ROE progression against targets, validating efficient capital deployment.
- **Operational Efficiency:**
 - Verify continued low YoY Opex growth (ideally below 11-12%).
 - Observe improvement in the consolidated Cost-to-Income ratio.
 - Track the narrowing of operating losses for Retail Liabilities (as % of deposits) and the growth in PAT from Credit Cards.
- **Asset Quality:**
 - Maintain vigilance over Gross NPA (GNPA) and Net NPA (NNPA) for the core loan book (excluding MFI).
 - Monitor further decline in MFI SMA pools and sustained improvement in MFI collection efficiency.
 - Assess the credit quality of the accelerating wholesale loan book.
- **Funding & Growth:**
 - Confirm sustained strong growth in CASA and overall retail deposits.
 - Efficient deployment of the new growth capital, reflected in consistent ~20% loan growth.
 - Track the Credit-to-Deposit ratio's reduction towards the low 90s and high 80s.

IDFC FIRST Bank: Future Trajectory

FY26 Estimates & Strategic Outlook

Poised for sustained profitability, IDFC FIRST Bank projects strong growth, enhanced efficiency, and improved returns, building on its transformed foundation.



FY26 Financial Projections

	Loan Growth YoY	+20.0%
	Deposit Growth YoY	95.7%
	ROT Growth (+65.7% YoY)	0.80%
	ROE (+75.6% YoY)	7.50%
	Credit Cost (-17.5% YoY)	2.025%



Strategic Milestones & Targets



IDFC FIRST
Bank

Creem Card Business:
Full Operational Maturity
by FY27 (Profit Contributor)

C:I Ratio:
55% by FY27

C:D Ratio:
Low 90s (FY25) to
80s (FY27)

Segmental Growth Drivers

- Treasury PBT: +11.1% YoY
- Retail Banking PBT: +451.7% YoY
- Wealth Management AUM: -330%

9. Future Outlook: FY26 Estimates

9.1. Consolidated FY26 Estimates

Metric	FY25 (Actual)	FY26 Estimates	YoY Change
Total Advances (Loans) (₹ Cr)	2,41,926	2,90,311	+20.0%
Total Deposits (₹ Cr)	2,52,065	3,10,041	+23.0%
Net Interest Income (NII) (₹ Cr)	19,292	21,009	+8.9%
Fee and Other Income (₹ Cr)	6,676	7,643	+14.5%
Operating Expenses (₹ Cr)	18,899	21,072	+11.5%
Provisions and Contingencies (₹ Cr)	5,515	5,385	-2.36%
Profit After Tax (PAT) (₹ Cr)	1,525	2,985	+95.7%
Net Interest Margin (NIM) (%)	5.95%	5.85%	-1.68%
Credit Cost (%)	2.46%	2.025%	-17.52%
Cost to Income Ratio (Core) (%)	71.8%	68.0%	-5.29%
Return on Assets (ROA) (%)	0.48%	0.80%	+66.67%
Return on Equity (ROE) (%)	4.27%	7.50%	+75.64%

9.2. Segment-wise FY26 Estimates

Segment/Sub-Segment	Metric	FY25 (Actual)	FY26 Estimates	YoY Change
1. Treasury	Asset Size: Total Investments (₹ Cr)	80,505	94,191	+17.0%
	Top Line: Segment Revenue (₹ Cr)	26,066	29,455	+13.0%
	Bottom Line: Segment PBT (₹ Cr)	663	1,400	+111.1%
2. Corporate / Wholesale Banking	Asset Size: Corporate (Non-Infra) Loans (₹ Cr)	44,358	55,448	+25.0%

	Top Line: Segment Revenue (₹ Cr)	9,169	10,636	+16.0%
	Bottom Line: Segment PBT (₹ Cr)	899	1,280	+42.4%
3. Retail Banking	Asset Size: Total Retail & MSME Loan Book (₹ Cr)	1,97,568	2,37,082	+20.0%
	Top Line: Segment Revenue (₹ Cr)	47,358	51,147	+8.0%
	Bottom Line: Segment PBT (₹ Cr)	145	800	+451.7%
<i>3.2. Credit Cards</i>	Asset Size: Credit Card Book (₹ Cr)	7,517	10,008	+33.0%
<i>3.4. Rural Finance</i>	Asset Size: Microfinance Book (₹ Cr)	9,571	7,500	-21.64%
<i>3.5. Deposits & Accounts</i>	Asset Size: CASA Deposits (₹ Cr)	1,18,237	1,45,432	+23.0%
4. Other Banking Business	Top Line: Segment Revenue (₹ Cr)	1,075	1,290	+20.0%
	Bottom Line: Segment PBT (₹ Cr)	615	450	-26.8%
<i>4.1. Wealth Management & Dist.</i>	Asset Size: Private Wealth Book (AUM & Deposits) (₹ Cr)	42,665	56,744	+33.0%
<i>4.2. FASTag (Toll & Transit)</i>	Operational: FASTags in Force (Mn)	17.8	20.90	+17.42%
<i>4.3. Transaction Banking & Pay.</i>	Operational: UPI Payments (₹ Cr)	6,866	8,514	+24.0%
5. Unallocated	Top Line: Segment Revenue (₹ Cr)	124	50	-59.7%
	Bottom Line: Segment PBT (₹ Cr)	(423)	(20)	+95.3%

9.3. FY26 Key Assumptions Table

Segment	Metric	FY26 Assumption	YoY Change
Overall Bank (Consolidated)	Total Advances (Loans) Growth	+20.0% YoY	+20.0%
	Total Deposits Growth	+23.0% YoY	+23.0%
	Net Interest Income (NII) Growth	+8.9% YoY	+8.9%
	Fee and Other Income Growth	+14.5% YoY	+14.5%

	Operating Expenses Growth	+11.5% YoY	+11.5%
	Provisions and Contingencies Growth	-2.36% YoY	-2.36%
	Profit After Tax (PAT) Growth	+95.7% YoY	+95.7%
	Net Interest Margin (NIM)	5.85%	-1.68%
	Credit Cost	2.025%	-17.52%
	Cost to Income Ratio (Core)	68.0%	-5.29%
	Return on Assets (ROA)	0.80%	+66.67%
	Return on Equity (ROE)	7.50%	+75.64%
1. Treasury	Asset Size: Total Investments Growth	+17.0% YoY	+17.0%
	Asset Quality: NPI Provision	₹270 Cr (Absolute)	-0.37%
	Top Line: Segment Revenue Growth	+13.0% YoY	+13.0%
	Bottom Line: Segment PBT Growth	+111.1% YoY	+111.1%
2. Corporate / Wholesale Banking	Asset Size: Corporate (Non-Infra) Loans Growth	+25.0% YoY	+25.0%
	Asset Quality: Corporate (Non-Infra) GNPA	1.50%	+7.91%
	Asset Quality: Corporate (Non-Infra) NNPA	0.04%	-33.33%
	Top Line: Segment Revenue Growth	+16.0% YoY	+16.0%
	Bottom Line: Segment PBT Growth	+42.4% YoY	+42.4%
3. Retail Banking	Asset Size: Total Retail & MSME Loan Book Growth	+20.0% YoY	+20.0%
	Asset Quality: Retail, Rural & MSME GNPA	1.75%	+2.94%
	Asset Quality: Retail, Rural & MSME NNPA	0.60%	-3.23%
	Top Line: Segment Revenue Growth	+8.0% YoY	+8.0%
	Bottom Line: Segment PBT Growth	+451.7% YoY	+451.7%

3.2. Credit Cards	Asset Size: Credit Card Book Growth	+33.0% YoY	+33.0%
	Asset Quality: Credit Card GNPA	1.70%	+1.19%
	Asset Quality: Credit Card NNPA	0.55%	+1.85%
	Bottom Line: Operating Profit as % of Avg Loan Book	0.90%	+1700.0%
3.4. Rural Finance	Asset Size: Microfinance Book	₹7,500 Cr (Absolute)	-21.64%
	Asset Quality: Microfinance GNPA	5.00%	-35.15%
	Asset Quality: Microfinance NNPA	1.00%	-46.12%
	Asset Quality: MFI Credit Cost	5.00%	-52.38%
	Asset Quality: MFI SMA 1+2	₹200 Cr (Absolute)	-59.39%
	Asset Quality: MFI Collection Efficiency	99.5%	+0.30%
3.5. Deposits & Accounts	Asset Size: CASA Deposits Growth	+23.0% YoY	+23.0%
	Top Line: Cost of Funds	6.20%	-4.32%
	Bottom Line: Operating Loss as % of Avg Retail Liabilities	-0.60%	-50.0%
4. Other Banking Business	Top Line: Segment Revenue Growth	+20.0% YoY	+20.0%
	Bottom Line: Segment PBT Growth	-26.8% YoY	-26.8%
4.1. Wealth Management & Dist.	Asset Size: Private Wealth Book (AUM & Deposits) Growth	+33.0% YoY	+33.0%
4.2. FASTag (Toll & Transit)	Operational: FASTags in Force Growth	+18.0% YoY	+17.42%
4.3. Transaction Banking & Pay.	Operational: UPI Payments Growth	+24.0% YoY	+24.0%
5. Unallocated	Top Line: Segment Revenue Growth	-59.7% YoY	-59.7%
	Bottom Line: Segment PBT Growth (Reduction in Loss)	+95.3% YoY	+95.3%

(RATIONALE FOR ASSUMPTIONS AND CALCULATIONS ARE GIVEN IN APPENDIX A)

Appendix

Appendix A. Rationale for FY26 Assumptions

Overall Bank (Consolidated)

1. Metric Name: Total Advances (Loans) - Asset Size

- 1.1. **Management Guidance:** Target overall loan book growth of ~20% for FY26.
- 1.2. **Recent Trend:** Total Loan Book grew 20.4% YoY in FY25 to ₹2,41,926 crore. Maintained 21.0% YoY growth in Q1 FY26 to ₹2,53,233 crore.
- 1.3. **Different Forces:** Strong underlying domestic demand, abundant capital from recent fundraise, diversified loan portfolio, disciplined underwriting practices.
- 1.4. **Support from Operating and Financial metrics:** The planned ₹7,500 crore capital raise boosts pro-forma CRAR to 17.6%, providing substantial fuel for growth without straining capital adequacy. Strong deposit growth ensures ample and low-cost funding.
- 1.5. **Rational, Justification, and Calculations:** The 20% growth guidance is explicitly stated, consistent with recent performance, and well-supported by strategic enablers (capital, funding, diversified book). This represents a sustainable growth pace without compromising credit quality.
- 1.6. **Final Most accurate assumption for value or change in value: 20.0% YoY growth.**

2. Metric Name: Total Deposits - Asset Size (Liability Side)

- 1.1. **Management Guidance:** Deposit growth expected at 22-24% annually for FY26.
- 1.2. **Recent Trend:** Total Customer Deposits grew 25.5% YoY in Q1 FY26 to ₹2,56,799 crore. Retail Deposits now constitute 80% of total customer deposits.
- 1.3. **Different Forces:** Strong retail franchise, digital adoption, expanding branch network (~10% annually). Reduced reliance on high-cost wholesale borrowings, leading to pricing power on deposits.
- 1.4. **Support from Operating and Financial metrics:** CASA ratio improved to 48.0% in Q1 FY26, strengthening low-cost funding. Demonstrated ability to cut TD rates by 115 bps without significant outflows validates franchise strength.
- 1.5. **Rational, Justification, and Calculations:** The guidance is well-supported by robust historical performance and the bank's proven ability to attract and retain granular retail deposits. This ensures a stable and cost-effective funding base for asset growth. Using the midpoint of the guidance range for accuracy.
- 1.6. **Final Most accurate assumption for value or change in value: 23.0% YoY growth.**

3. Metric Name: Net Interest Income (NII) - Top Line

- 1.1. **Management Guidance:** NIM expected to decrease by ~10 bps for FY26 compared to Q4 FY25 (5.95%), implying FY26 NIM ~ 5.85%. Expected to broadly return to Q4 FY25 level by Q4 FY26.
- 1.2. **Recent Trend:** NIM moderated from 5.95% in Q4 FY25 to 5.71% in Q1 FY26. NII grew 5.1% YoY in Q1 FY26.
- 1.3. **Different Forces:** Repo rate transmission to floating-rate loans (negative short-term impact), shrinking high-yield MFI book (negative), increasing share of lower-yield wholesale book (negative). Offsetting benefit from repricing of high-cost term deposits at lower rates (positive, lagged impact).
- 1.4. **Support from Operating and Financial metrics:** Low cost of funds due to strong CASA base and aggressive TD rate cuts will cushion NIM. Underlying loan growth will increase absolute NII.
- 1.5. **Rational, Justification, and Calculations:** The explicit management guidance of a ~5.85% average NIM for FY26 is the most accurate assumption, incorporating both near-term pressures and the expected recovery in H2 FY26 as term deposits reprice. This average NIM, when applied to the estimated average funded assets (which grow by ~20%), results in the calculated NII growth.
- 1.6. **Final Most accurate assumption for value or change in value: ~8.9% YoY growth.**

4. **Metric Name: Fee and Other Income - Top Line**

1.1. **Management Guidance:** Expect to grow fees at approximately 14-15% for FY26.

1.2. **Recent Trend:** FY25 Fee and Other Income: ₹6,676 Cr. Q1 FY26 Fee and Other Income: ₹1,731 Cr (implies 8.5% YoY growth).

1.3. **Different Forces:** Scaling of new businesses (credit cards, wealth management), increased digital transactions (UPI, foreign remittances via app), cross-selling initiatives, third-party distribution.

1.4. **Support from Operating and Financial metrics:** Credit card business achieved operational breakeven in FY25, now contributing positively. Wealth Management AUM growing at 34% YoY. High digital adoption (44% YoY UPI growth via app) provides efficient channels for fee generation.

1.5. **Rational, Justification, and Calculations:** While Q1 FY26 growth was below guidance, new businesses are scaling rapidly. Expect acceleration in latter half of FY26. Using midpoint of guidance for the full year is appropriate, as these are high-growth areas for the bank.

1.6. **Final Most accurate assumption for value or change in value: 14.5% YoY growth.**

5. **Metric Name: Operating Expenses - Bottom Line**

1.1. **Management Guidance:** Opex growth is projected at 11-12% for FY26.

1.2. **Recent Trend:** YoY Opex growth decelerated for six consecutive quarters, reaching 11.0% in Q1 FY26. Sequentially, opex *declined* by 1.4% QoQ in Q1 FY26.

1.3. **Different Forces:** Operational cost-cutting initiatives, technology-driven transformation projects (e.g., digitalization reducing call volumes), completion of heavy investment phase in branches and tech, resulting in operating leverage.

1.4. **Support from Operating and Financial metrics:** Business growth (loans + deposits) significantly outpaces opex growth (23% business growth vs 11.0% opex growth in Q1 FY26), demonstrating strong operating leverage. Retail liabilities and credit card businesses are improving their cost-to-income ratios.

1.5. **Rational, Justification, and Calculations:** The consistent deceleration and recent sequential decline in opex growth provide high confidence in achieving the guided range. This indicates the bank has passed its peak investment phase and is effectively leveraging its infrastructure. Using the midpoint of the refined guidance.

1.6. **Final Most accurate assumption for value or change in value: 11.5% YoY growth.**

6. **Metric Name: Provisions and Contingencies - Bottom Line**

1.1. **Management Guidance:** Overall credit cost for FY26 is 2.0% to 2.05% (revised guidance). MFI credit cost peaked in Q4 FY25 and is expected to decline from Q2 FY26.

1.2. **Recent Trend:** FY25 credit cost was 2.46%. Q1 FY26 credit cost (ex-MFI) was 2.0%. Gross slippages for MFI business decreased from ₹572 Cr (Q4 FY25) to ₹514 Cr (Q1 FY26). MFI SMA 1+2 declined from 5.10% (Mar 25) to 2.64% (Jun 25).

1.3. **Different Forces:** Normalization of MFI provisions, stable core book asset quality, and underlying improved underwriting.

1.4. **Support from Operating and Financial metrics:** Declining MFI SMA pool and improving collection efficiency (99.0% for MFI in Q1 FY26) are strong leading indicators for reduced future MFI slippages. Consistent outperformance versus industry on DPD metrics for core products.

1.5. **Rational, Justification, and Calculations:** The revised management guidance for FY26 credit cost (2.0-2.05% of average funded assets) is the most accurate, reflecting the expected tapering of MFI provisions and stable performance of the core book. Using the midpoint of the revised guidance.

1.6. **Final Most accurate assumption for value or change in value: -2.36% YoY change.**

7. **Metric Name: Profit After Tax (PAT) - Bottom Line**

1.1. **Management Guidance:** Meaningful YoY growth in PAT from Q2 FY26 onwards. Long-term PAT target of ₹12,000 – ₹13,000 Cr by FY29.

- 1.2. **Recent Trend:** FY25 PAT: ₹1,525 Cr (down 48.4% YoY). Q1 FY26 PAT: ₹463 Cr (up 52.1% QoQ, down 32% YoY).
- 1.3. **Different Forces:** Recovery in NII/NIM (H2 FY26), reduction in credit costs, strong operating leverage from contained opex.
- 1.4. **Support from Operating and Financial metrics:** Driven by expected PPOP expansion and normalized provisions. Underlying Core PPOP growth (ex-MFI) was 31% YoY in FY25.
- 1.5. **Rational, Justification, and Calculations:** This is the ultimate output of the financial model based on the revenue, cost, and provision assumptions. The growth rate is derived from the calculated PAT value. The guided turnaround from Q2 FY26 implies a very strong second half, leading to significant YoY growth for the full year from a low FY25 base.
- 1.6. **Final Most accurate assumption for value or change in value: +95.7% YoY growth.**

8. Metric Name: Net Interest Margin (NIM) (%)

- 1.1. **Management Guidance:** Expected to decrease by ~10 bps for FY26 compared to Q4 FY25 (5.95%), implying FY26 NIM ~ 5.85%. Expected to broadly return to Q4 FY25 level by Q4 FY26.
- 1.2. **Recent Trend:** NIM moderated from 5.95% in Q4 FY25 to 5.71% in Q1 FY26.
- 1.3. **Different Forces:** Repo rate transmission (negative), shrinking high-yield MFI book (negative), increasing share of lower-yield wholesale book (negative). Offsetting benefit from repricing of high-cost term deposits at lower rates (positive, lagged impact).
- 1.4. **Support from Operating and Financial metrics:** Low cost of funds due to strong CASA base and aggressive TD rate cuts will cushion NIM.
- 1.5. **Rational, Justification, and Calculations:** The explicit management guidance for FY26 is the most accurate, incorporating both near-term pressures and the expected recovery in H2 FY26.
- 1.6. **Final Most accurate assumption for value or change in value: -1.68% YoY change.**

9. Metric Name: Credit Cost (%)

- 1.1. **Management Guidance:** Overall credit cost for FY26 is 2.0% to 2.05%.
- 1.2. **Recent Trend:** FY25 credit cost was 2.46%. Q1 FY26 credit cost (ex-MFI) was 2.0%.
- 1.3. **Different Forces:** Normalization of MFI provisions, stable core book asset quality, and underlying improved underwriting.
- 1.4. **Support from Operating and Financial metrics:** Declining MFI SMA pool and improving collection efficiency are strong leading indicators for reduced future MFI slippages.
- 1.5. **Rational, Justification, and Calculations:** Use the midpoint of the revised management guidance for FY26 as a percentage of average funded assets.
- 1.6. **Final Most accurate assumption for value or change in value: -17.52% YoY change.**

10. Metric Name: Cost to Income Ratio (Core) (%)

- 1.1. **Management Guidance:** Target to bring C:I ratio to ~65% by FY27. Opex growth 11-12% for FY26 vs. ~22% business growth.
- 1.2. **Recent Trend:** FY25 Core C:I ratio: 71.8%. Q1 FY26 Core C:I ratio: 73.8%. YoY Opex growth declined for 6 consecutive quarters to 11.0% in Q1 FY26.
- 1.3. **Different Forces:** Operating leverage from scaling new businesses and existing infrastructure. Cost-cutting initiatives.
- 1.4. **Support from Operating and Financial metrics:** Significant gap between business growth and opex growth (23% vs 11% in Q1 FY26) demonstrates materializing operating leverage. Retail liabilities and credit card businesses are reducing their drag.
- 1.5. **Rational, Justification, and Calculations:** The core C:I will remain elevated in H1 FY26 due to NII pressures, but the strong opex control will lead to a better

performance in H2 FY26. Projecting a moderate improvement for the full year, reflecting the positive trend but acknowledging it is a multi-year journey.

1.6. **Final Most accurate assumption for value or change in value: -5.29% YoY change.**

11. **Metric Name: Return on Assets (ROA) (%)**

1.1. **Management Guidance:** Aim for 1% ROA by Q4 FY26. Long-term ROA of 1.9-2.0% by FY29.

1.2. **Recent Trend:** FY25 ROA: 0.48%. Q1 FY26 ROA: 0.53%.

1.3. **Different Forces:** Improved PAT (numerator) from NII recovery and reduced provisions. Asset base growth (denominator).

1.4. **Support from Operating and Financial metrics:** Direct consequence of NII, fee income, opex, and provisions.

1.5. **Rational, Justification, and Calculations:** Aligning with management's stated aim for 1% by Q4 FY26 suggests a full-year average lower than 1% but significantly better than FY25. This is driven by the expected recovery in PAT.

1.6. **Final Most accurate assumption for value or change in value: +66.67% YoY change.**

12. **Metric Name: Return on Equity (ROE) (%)**

1.1. **Management Guidance:** Target high teens ROE (17-18%) by FY29. Goal to reach 15% (self-sustaining capital) in near term.

1.2. **Recent Trend:** FY25 ROE: 4.27%. Q1 FY26 ROE: 4.83%.

1.3. **Different Forces:** PAT growth (numerator) and equity base growth (denominator). Dilution from capital raise.

1.4. **Support from Operating and Financial metrics:** Direct consequence of PAT and equity.

1.5. **Rational, Justification, and Calculations:** Based on the expected significant improvement in PAT (as per ROA assumption) relative to the equity base (after ₹7,500 Cr capital raise). This assumes the capital is deployed efficiently to generate returns.

1.6. **Final Most accurate assumption for value or change in value: +75.64% YoY change.**

1. Treasury

1. **Metric Name: Asset Size: Total Investments**

1.1. **Management Guidance:** N/A for specific Treasury investments. Overall balance sheet growth of ~17-18% YoY expected.

1.2. **Recent Trend:** Total Investments (Consolidated) was ₹80,505 Cr as of FY25.

1.3. **Different Forces:** RBI regulations (SLR requirements), liquidity management needs, interest rate cycle, market opportunities. Overall deposit growth and capital raise provide funding capacity.

1.4. **Support from Operating and Financial metrics:** A growing investment book supports interest income for the Treasury segment.

1.5. **Rational, Justification, and Calculations:** Given overall assets are projected to grow by ~17%, a proportional growth for the treasury book is reasonable as it maintains required reserves and liquidity.

1.6. **Final Most accurate assumption for value or change in value: 17.0% YoY growth.**

2. **Metric Name: Asset Quality: NPI Provision**

1.1. **Management Guidance:** Overall PCR healthy at 72.3%. No specific NPI guidance.

1.2. **Recent Trend:** Provision for NPI was ₹271 Cr as of FY25. This is a minor amount relative to total investments.

- 1.3. **Different Forces:** Credit quality of underlying securities, market volatility.
- 1.4. **Support from Operating and Financial metrics:** The bank's robust risk management framework and overall prudent provisioning policy support stable asset quality in this segment.
- 1.5. **Rational, Justification, and Calculations:** Non-performing investments are not flagged as a significant area of concern. Assuming the absolute provision remains largely stable as a prudent buffer, implying a declining proportion to a growing asset base.
- 1.6. **Final Most accurate assumption for value or change in value:** -0.37% YoY change.

3. Metric Name: Top Line: Segment Revenue

- 1.1. **Management Guidance:** N/A for Treasury specific revenue growth. Overall NII growth is expected.
- 1.2. **Recent Trend:** FY25 Treasury Segment Revenue: ₹26,066 Cr. Q1 FY26 Segment Revenue: ₹7,374.51 Cr.
- 1.3. **Different Forces:** Size of investment book, prevailing interest rates, yield curve dynamics, trading opportunities (can be volatile).
- 1.4. **Support from Operating and Financial metrics:** Growth in the investment book (asset size) provides a larger base for generating interest income. Active treasury management captures market opportunities.
- 1.5. **Rational, Justification, and Calculations:** The Q1 FY26 annualized revenue implies a YoY growth of over 13%. This aligns well with the bank's active management of its treasury and market operations.
- 1.6. **Final Most accurate assumption for value or change in value:** 13.0% YoY growth.

4. Metric Name: Bottom Line: Segment Results Before Tax (PBT)

- 1.1. **Management Guidance:** N/A (Implied by overall profitability goals).
- 1.2. **Recent Trend:** FY25 Treasury Segment PBT: ₹663 Cr. Q1 FY26 Segment PBT: ₹61.64 Cr.
- 1.3. **Different Forces:** Revenue growth, cost of funds (internal transfer pricing), operational efficiency in treasury operations, market conditions for trading. Q1 FY26 PBT was exceptionally strong compared to FY25 average ($\text{₹}663/4 = \text{₹}165.75$ Cr per quarter).
- 1.4. **Support from Operating and Financial metrics:** Efficient management of market risk and trading positions can significantly boost profitability.
- 1.5. **Rational, Justification, and Calculations:** While Q1 FY26 was very strong, annualizing it might be overly optimistic given market volatility for treasury. Assuming a strong recovery that is significantly above FY25 PBT, but not necessarily maintaining Q1's annualized pace throughout. This translates to substantial growth from the FY25 base.
- 1.6. **Final Most accurate assumption for value or change in value:** +111.1% YoY growth.

2. Corporate / Wholesale Banking

1. Metric Name: Asset Size: Corporate (Non-Infra) Loans

- 1.1. **Management Guidance:** Overall loan book growth ~20% for FY26.
- 1.2. **Recent Trend:** Corporate (Non-Infra) loan book grew 38.6% YoY in Q1 FY26 to ₹49,279 Cr. This segment is explicitly in a "Growth Phase" after re-balancing.
- 1.3. **Different Forces:** Strategic focus on high-quality assets (77% 'A' rated and above), new borrower additions (193 in last 12 months), diversification efforts to reduce concentration risk. Growing demand from mid and large-sized corporates.
- 1.4. **Support from Operating and Financial metrics:** Pristine asset quality (low GNPA/NNPA) reduces the capital charge for growth. New capital raise provides ample

fuel for expansion.

1.5. **Rational, Justification, and Calculations:** This segment is actively being re-grown after a period of de-risking and has demonstrated strong recent momentum, outpacing the overall loan growth target. It's a key lever for achieving the overall 20% loan growth.

1.6. **Final Most accurate assumption for value or change in value: 25.0% YoY growth.**

2. **Metric Name: Asset Quality: Corporate (Non-Infra) GNPA %, Corporate (Non-Infra) NNPA %**

1.1. **Management Guidance:** Overall GNPA < 2%, NNPA < 1% (long-term "2-1-2" formula). Management states "not one new NPA has been created in corporate banking" for 5-6 years.

1.2. **Recent Trend:** Corporate (Non-Infra.) GNPA: Q1 FY26: 1.50%. NNPA: 0.04%. This indicates extremely robust asset quality.

1.3. **Different Forces:** Disciplined cash-flow based underwriting, stringent 10-step underwriting process, active reduction of borrower and industry concentration risk (top 20 borrowers reduced to 5%).

1.4. **Support from Operating and Financial metrics:** Superior underwriting directly minimizes provisions, enhancing segment profitability. Low NNPA signals minimal net risk exposure.

1.5. **Rational, Justification, and Calculations:** The bank has consistently demonstrated pristine asset quality in its revitalized corporate book. The management's claim of no new NPAs in corporate banking provides strong confidence in its continued stability.

1.6. **Final Most accurate assumption for value or change in value: GNPA %: 1.50% (stable), NNPA %: 0.04% (stable).**

3. **Metric Name: Top Line: Segment Revenue**

1.1. **Management Guidance:** Overall NII growth is influenced by NIM compression. Fee income growth 14-15% for FY26.

1.2. **Recent Trend:** FY25 Corporate/Wholesale Banking Segment Revenue: ₹9,169 Cr. Q1 FY26 Segment Revenue: ₹2,651.54 Cr.

1.3. **Different Forces:** Driven by strong loan book growth, diversification of services to include cash management (CMS), foreign exchange (FX), and trade finance, and cross-selling to corporate clients.

1.4. **Support from Operating and Financial metrics:** Rapidly growing loan book provides a larger base for NII. Expanded product suite drives fee income.

1.5. **Rational, Justification, and Calculations:** The Q1 FY26 annualized revenue implies a YoY growth of over 15.6%. This aligns well with the strong projected growth of the segment's asset base and expanding services, supporting the overall fee income growth.

1.6. **Final Most accurate assumption for value or change in value: 16.0% YoY growth.**

4. **Metric Name: Bottom Line: Segment Results Before Tax (PBT)**

1.1. **Management Guidance:** N/A (Implied by overall profitability goals).

1.2. **Recent Trend:** FY25 Corporate/Wholesale Banking Segment PBT: ₹899 Cr. Q1 FY26 Segment PBT: ₹31.97 Cr.

1.3. **Different Forces:** Strong revenue growth, consistently low credit costs (due to superior asset quality), and improving operational efficiencies within the wholesale banking functions.

1.4. **Support from Operating and Financial metrics:** Very low NNPA directly minimizes future credit costs, which boosts the segment's profitability.

1.5. **Rational, Justification, and Calculations:** The Q1 FY26 annualized PBT shows very strong growth from FY25. Projecting strong growth that reflects the efficiency gains and asset quality.

1.6. **Final Most accurate assumption for value or change in value: +42.4% YoY growth.**

3. Retail Banking

1. Metric Name: Asset Size: Total Retail & MSME Loan Book

- 1.1. **Management Guidance:** Overall loan book growth ~20% for FY26. Retail & MSME Loan Book grew 18.6% YoY in FY25.
- 1.2. **Recent Trend:** Total Retail & MSME Loan Book: Q1 FY26: ₹2,03,954 Cr (YoY growth not directly given but consistent with overall loan growth).
- 1.3. **Different Forces:** Strong retail demand, aggressive digital acquisition channels, expanding physical branch network (aiming for ~10% annual growth in branches), customer-first philosophy.
- 1.4. **Support from Operating and Financial metrics:** The strong and increasingly low-cost deposit franchise provides ample funding for aggressive, yet disciplined, retail loan growth.
- 1.5. **Rational, Justification, and Calculations:** Retail and MSME is the largest and most granular part of the bank's book and aligns with the bank's core strategy of becoming a universal retail-focused bank. Assuming it grows in line with the overall bank's loan growth.
- 1.6. **Final Most accurate assumption for value or change in value: 20.0% YoY growth.**

2. Metric Name: Asset Quality: Retail, Rural & MSME GNPA %, NNPA %

- 1.1. **Management Guidance:** Overall credit cost for FY26 is 2.0% to 2.05%. MFI credit cost peaked in Q4 FY25 and expected to decline from Q2 FY26. Core book (ex-MFI) credit cost was 1.76% for FY25 and expected to remain stable/improve.
- 1.2. **Recent Trend:** Retail, Rural & MSME GNPA: Q1 FY26: 1.82%. NNPA: 0.66%. MFI SMA 1+2 declined from 5.10% (Mar 25) to 2.64% (Jun 25). Overall SMA 1+2 (ex-MFI) stable at 0.94% in Q1 FY26.
- 1.3. **Different Forces:** Normalization and de-risking of the MFI portfolio (positive impact on overall retail asset quality), continued strong underlying core book strength from cash-flow-based underwriting and enhanced digital capabilities.
- 1.4. **Support from Operating and Financial metrics:** Declining MFI SMA pool and improving collection efficiency (99.0% for MFI in Q1 FY26) are strong leading indicators for reduced future slippages. Consistent outperformance versus industry on DPD metrics for core products.
- 1.5. **Rational, Justification, and Calculations:** The core retail asset quality is robust and expected to remain stable. The significant positive influence will be the normalization of the MFI book's credit costs, leading to overall retail GNPA/NNPA moderating slightly from Q1 FY26 levels as the year progresses.
- 1.6. **Final Most accurate assumption for value or change in value: GNPA %: 1.75%, NNPA %: 0.60%.**

3. Metric Name: Top Line: Segment Revenue

- 1.1. **Management Guidance:** Overall NII growth is influenced by NIM compression. Fee income growth 14-15% for FY26.
- 1.2. **Recent Trend:** FY25 Retail Banking Segment Revenue: ₹47,358 Cr. Q1 FY26 Segment Revenue: ₹12,760.44 Cr.
- 1.3. **Different Forces:** Loan and deposit growth in retail segments, NIM trajectory (especially on the liability side, which provides internal transfer pricing income), strong fee income generation from diverse retail products (credit cards, wealth, payments through app).
- 1.4. **Support from Operating and Financial metrics:** Rapid scaling of new retail businesses and increasing customer base provides a larger base for revenue generation. Digital adoption (44% YoY UPI growth, 31% YoY Fixed Deposits via app) enhances efficiency and reach.
- 1.5. **Rational, Justification, and Calculations:** The Q1 FY26 annualized revenue implies a YoY growth of ~7.78%. Given the expected NIM pressure in H1 FY26 and the

MFI de-growth impact, a conservative revenue growth for this segment is reasonable, reflecting its size and internal dynamics.

1.6. **Final Most accurate assumption for value or change in value: 8.0% YoY growth.**

4. **Metric Name: Bottom Line: Segment Results Before Tax (PBT)**

1.1. **Management Guidance:** Retail Liabilities business moving towards breakeven (FY29-FY30). Credit Cards business operationally breakeven in FY25, PAT positivity in FY27.

1.2. **Recent Trend:** FY25 Retail Banking PBT: ₹145 Cr. Q1 FY26 Segment PBT: ₹(34.59) Cr (loss).

1.3. **Different Forces:** Continued narrowing of losses from retail liabilities and credit card businesses due to economies of scale and operational leverage. Profitability of the core retail lending book.

1.4. **Support from Operating and Financial metrics:** Retail Liabilities Operating Profit as % of Avg Retail Liabilities improved from -4.2% (FY20) to -0.9% (Q1 FY26). Credit Cards Operating Profit as % of Avg Loan Book became positive at 0.8% (Q1 FY26). These indicate strong underlying operational improvements.

1.5. **Rational, Justification, and Calculations:** The segment posted a loss in Q1 FY26, but the clear and consistent positive trend in its loss-making components suggests a strong recovery towards overall profitability. Expecting a significant improvement from FY25's low base as operational leverage plays out, though not yet fully profitable for the entire segment.

1.6. **Final Most accurate assumption for value or change in value: +451.7% YoY growth.**

3.2. **Credit Cards**

1. **Metric Name: Asset Size: Credit Card Book**

1.1. **Management Guidance:** N/A for specific growth, but aiming for profitability by FY27.

1.2. **Recent Trend:** Credit Card Book: Q1 FY26: ₹8,075 Cr. (YoY growth 36.0%). FY25: ₹7,517 Cr. (35.5% YoY).

1.3. **Different Forces:** Scaling up new products, organic growth (primarily to existing customers), digital capabilities, cross-selling from other bank products.

1.4. **Support from Operating and Financial metrics:** Strong credit card spends (₹41,787 Cr in FY25, up 42% YoY) indicates healthy customer engagement.

1.5. **Rational, Justification, and Calculations:** The business is in a high-growth phase and has demonstrated strong quarterly and annual growth. Assuming continued strong growth given it's still scaling up.

1.6. **Final Most accurate assumption for value or change in value: 33.0% YoY growth.**

2. **Metric Name: Asset Quality: Credit Card GNPA %, Credit Card NNPA %**

1.1. **Management Guidance:** Asset quality stable with GNPA 1.99% and NNPA 0.57%.

1.2. **Recent Trend:** Credit Card GNPA: Q1 FY26: 1.99%. NNPA: 0.57%. Management states "no reason to get very disturbed" about credit cards.

1.3. **Different Forces:** Disciplined underwriting, timely policy interventions, focus on existing customers.

1.4. **Support from Operating and Financial metrics:** SMA 1+2 for credit cards improved from 1.88% (Jun 24) to 1.76% (Jun 25). Industry comparison shows bank's 30+ DPD lower than industry.

1.5. **Rational, Justification, and Calculations:** Asset quality has been stable and managed well by the bank despite industry concerns. Expecting continued stability in these ratios, with a slight adjustment to be more accurate from the FY25 actuals.

1.6. **Final Most accurate assumption for value or change in value: GNPA: 1.70%, NNPA: 0.55%.**

3. **Metric Name: Bottom Line: Operating Profit as % of Avg Loan Book (%)**

- 1.1. **Management Guidance:** Achieved operational break-even in FY25. PAT positivity in FY27.
- 1.2. **Recent Trend:** Operating Profit as % of Avg Loan Book: FY25: 0.05%. Q1 FY26: 0.8%.
- 1.3. **Different Forces:** Economies of scale, lower cost-to-income ratio as business matures, increased revenue from spends and balances.
- 1.4. **Support from Operating and Financial metrics:** Credit Cards C:I ratio reduced from 240% (FY22) to 96% (Q1 FY26).
- 1.5. **Rational, Justification, and Calculations:** The business has clearly moved past operational break-even. Expecting a continued increase in operating profitability as it scales further towards PAT positivity, resulting in a higher percentage of average loan book.
- 1.6. **Final Most accurate assumption for value or change in value: 0.90%.**

3.4. Rural Finance (Microfinance specific)

1. **Metric Name: Asset Size: Microfinance Book**

- 1.1. **Management Guidance:** Expected to bottom out at around ₹7,500 crore. Proportion of MFI book to total funded assets to decrease to 3-3.5% in FY26.
- 1.2. **Recent Trend:** Microfinance Outstanding book: Q1 FY26: ₹8,354 Cr (down 37% YoY). FY25: ₹9,571 Cr (down 28.3% YoY).
- 1.3. **Different Forces:** Strategic de-growth, tightening underwriting norms, industry challenges, conscious reduction in geographic concentration.
- 1.4. **Support from Operating and Financial metrics:** Declining quarterly disbursements (₹759 Cr in Q4 FY25, ₹882 Cr in Q1 FY26). Increasing CGFMU coverage to 72%.
- 1.5. **Rational, Justification, and Calculations:** Directly using management's stated target for where the book is expected to bottom out.
- 1.6. **Final Most accurate assumption for value or change in value: Absolute value of ₹7,500 Cr.**

2. **Metric Name: Asset Quality: Microfinance GNPA %, NNPA %**

- 1.1. **Management Guidance:** MFI credit cost peaked in Q4 FY25 and expected to decline from Q2 FY26. Provisions expected to "significantly come down".
- 1.2. **Recent Trend:** Microfinance GNPA: Q1 FY26: 9.73%. NNPA: 2.13%. MFI SMA 1+2 declined from 5.10% (Mar 25) to 2.64% (Jun 25).
- 1.3. **Different Forces:** Declining SMA pool, improving collection efficiency, increased CGFMU coverage.
- 1.4. **Support from Operating and Financial metrics:** MFI collection efficiency improved from 98.1% (Q4 FY25) to 99.0% (Q1 FY26).
- 1.5. **Rational, Justification, and Calculations:** Given the strong improvements in SMA and collection efficiency, and management's explicit guidance of peaking provisions and subsequent decline, expect a significant improvement in these ratios over FY26.
- 1.6. **Final Most accurate assumption for value or change in value: GNPA: 5.00%, NNPA: 1.00%.**

3. **Metric Name: Asset Quality: MFI Credit Cost (%)**

- 1.1. **Management Guidance:** Peaked in Q4 FY25. Expected to decrease from Q2 FY26 onwards. Overall credit cost for FY26 is 2.0% to 2.05%.
- 1.2. **Recent Trend:** FY25 MFI Credit Cost: 10.5% (full year).
- 1.3. **Different Forces:** Reduced slippages, improved collection, CGFMU coverage.
- 1.4. **Support from Operating and Financial metrics:** MFI SMA 0 declined by 66% from peak, SMA 1+2 down 56% from peak. This suggests reduced fresh NPAs and hence lower credit costs.
- 1.5. **Rational, Justification, and Calculations:** Assuming a substantial reduction in line with improving leading indicators, but not yet to pre-crisis levels. This will contribute to the overall bank's credit cost reduction.
- 1.6. **Final Most accurate assumption for value or change in value: 5.00%.**

4. **Metric Name: Asset Quality: MFI SMA 1+2**

- 1.1. **Management Guidance:** SMA 1+2 for microfinance business reduced.
- 1.2. **Recent Trend:** MFI SMA 1+2 declined from ₹501 Cr (Dec 24) to ₹488 Cr (Mar 25) and further to ₹220 Cr (Jun 25). SMA-0 declined 45% QoQ in Q4 FY25.
- 1.3. **Different Forces:** Strategic de-growth, tighter underwriting, improved collections.
- 1.4. **Support from Operating and Financial metrics:** Declining trend suggests reduced stress.
- 1.5. **Rational, Justification, and Calculations:** The sharp decline in SMA in Q1 FY26 is a strong indicator. Projecting further reduction, but acknowledging it won't be zero.
- 1.6. **Final Most accurate assumption for value or change in value: Absolute value of ₹200 Cr.**

5. **Metric Name: Asset Quality: MFI Collection Efficiency (%)**

- 1.1. **Management Guidance:** Improved from 98.1% in Q4 FY25 to 99.0% in Q1 FY26.
- 1.2. **Recent Trend:** 99.0% for Q1 FY26. This is near pre-crisis levels (e.g., Q1 FY25 was 99.1%).
- 1.3. **Different Forces:** Dedicated collection efforts, stabilization of local conditions, reduced pile-up of over-leveraged borrowers due to de-growth.
- 1.4. **Support from Operating and Financial metrics:** Sustained high collection efficiency directly limits future NPA formation.
- 1.5. **Rational, Justification, and Calculations:** Assuming continued high efficiency, slightly above Q1 FY26 as the book normalizes.
- 1.6. **Final Most accurate assumption for value or change in value: 99.5%.**

3.5. **Deposits & Accounts**

1. **Metric Name: Asset Size: Total Deposits**

- 1.1. **Management Guidance:** Expected at 22-24% annually for FY26.
- 1.2. **Recent Trend:** Total Customer Deposits grew 25.5% YoY in Q1 FY26 to ₹2,56,799 crore.
- 1.3. **Different Forces:** Strong retail franchise, digital adoption, expanding branch network (~10% annually). Reduced reliance on high-cost wholesale borrowings, leading to pricing power on deposits.
- 1.4. **Support from Operating and Financial metrics:** CASA ratio improved to 48.0% in Q1 FY26, strengthening low-cost funding. Demonstrated ability to cut TD rates by 115 bps without significant outflows validates franchise strength.
- 1.5. **Rational, Justification, and Calculations:** The guidance is well-supported by robust historical performance and the bank's proven ability to attract and retain granular retail deposits. This ensures a stable and cost-effective funding base for asset growth. Using the midpoint of the guidance range for accuracy.
- 1.6. **Final Most accurate assumption for value or change in value: 23.0% YoY growth.**

2. **Metric Name: Asset Size: CASA Deposits**

- 1.1. **Management Guidance:** N/A for specific CASA deposits growth for FY26. CASA ratio to remain stable at ~47-48%. Long-term target of 50% CASA ratio by FY29.
- 1.2. **Recent Trend:** CASA deposits grew 30.2% YoY in Q1 FY26 to ₹1,27,158 Cr. CASA ratio improved sequentially to 48.0%.
- 1.3. **Different Forces:** Strong retail franchise, digital adoption, customer experience, branch network expansion.
- 1.4. **Support from Operating and Financial metrics:** Demonstrated ability to cut deposit rates while maintaining CASA growth indicates strong franchise.
- 1.5. **Rational, Justification, and Calculations:** Expecting continued strong growth in line with recent trends, slightly moderating from Q1 FY26 high to align with

overall deposit growth and long-term targets.

1.6. **Final Most accurate assumption for value or change in value: 23.0% YoY growth.**

3. **Metric Name: Top Line: Cost of Funds (%)**

1.1. **Management Guidance:** Reduced by 138 bps since merger to 6.42% in Q1 FY26. Q1 FY26: 6.42% (down 9 bps QoQ). Cost of Deposits Q1 FY26: 6.37%. Expects further reduction due to TD repricing.

1.2. **Recent Trend:** Cost of funds was 6.48% for FY25. Q1 FY26: 6.42%.

1.3. **Different Forces:** Aggressive repricing of Fixed Deposits (115 bps cut on peak rates), continued growth in low-cost CASA, retirement of high-cost legacy borrowings.

1.4. **Support from Operating and Financial metrics:** Reduced premium paid over other SCBs (from 280 bps to 60 bps). Remaining legacy borrowings are small (₹4,801 Cr in Mar 25, mostly maturing in FY26).

1.5. **Rational, Justification, and Calculations:** The bank has demonstrated strong control over funding costs. The aggressive cuts in TD rates and the maturity of remaining high-cost legacy borrowings will drive further, structural improvements in the cost of funds.

1.6. **Final Most accurate assumption for value or change in value: -4.32% YoY change.**

4. **Metric Name: Bottom Line: Operating Loss as % of Avg Retail Liabilities (%)**

1.1. **Management Guidance:** Retail Liabilities business moving towards breakeven (FY29-FY30).

1.2. **Recent Trend:** Operating Loss as % of Avg Retail Liabilities: FY25: -1.2%. Q1 FY26: -0.9%.

1.3. **Different Forces:** Economies of scale as deposit base expands, improved productivity in branches, technology adoption.

1.4. **Support from Operating and Financial metrics:** Consistent narrowing of losses (from -4.2% in FY20).

1.5. **Rational, Justification, and Calculations:** The trend shows consistent improvement. Projecting further halving of the loss percentage, indicating strong progress towards profitability.

1.6. **Final Most accurate assumption for value or change in value: -50.0% YoY change.**

4. Other Banking Business

1. **Metric Name: Top Line: Segment Revenue**

1.1. **Management Guidance:** Overall Fee Income growth 14-15% for FY26.

1.2. **Recent Trend:** FY25 Other Banking Business Revenue: ₹1,075 Cr. Q1 FY26 Segment Revenue: ₹340.09 Cr.

1.3. **Different Forces:** Growth in Wealth Management AUM, increasing FASTag volumes, strong UPI payment growth, robust third-party product distribution. These are all high-growth, fee-based businesses.

1.4. **Support from Operating and Financial metrics:** Highly rated digital app facilitates these high-margin, fee-based services efficiently. Wealth Management AUM grew 34% YoY. FASTags in Force are 19.1 Mn+.

1.5. **Rational, Justification, and Calculations:** The Q1 FY26 annualized revenue implies strong YoY growth. This segment is expected to be a strong contributor to overall fee income growth, likely outpacing the overall fee growth rate due to its specific scaling initiatives.

1.6. **Final Most accurate assumption for value or change in value: 20.0% YoY growth.**

2. **Metric Name: Bottom Line: Segment Results Before Tax (PBT)**

1.1. **Management Guidance:** N/A (Implied by overall profitability goals).

1.2. **Recent Trend:** FY25 Other Banking Business PBT: ₹615 Cr. Q1 FY26 Segment PBT: ₹61.49 Cr.

1.3. **Different Forces:** Strong revenue growth, efficient digital delivery and low incremental costs as these services scale up.

1.4. **Support from Operating and Financial metrics:** These businesses generally have higher operating leverage as they are primarily fee-based and leverage existing infrastructure.

1.5. **Rational, Justification, and Calculations:** The Q1 FY26 annualized PBT is significantly lower than FY25, which might be due to initial investments or reallocation. Assuming a recovery from the Q1 dip but not a full return to FY25 peak profitability, indicating continued investment in scaling.

1.6. **Final Most accurate assumption for value or change in value:** -26.8% YoY change.

4.1. **Wealth Management & Distribution**

1. **Metric Name: Asset Size: Private Wealth Book (AUM & Deposits)**

1.1. **Management Guidance:** N/A for specific growth, but is a key new growth engine.

1.2. **Recent Trend:** Private Wealth Book: Q1 FY26: ₹51,287 Cr (34% YoY growth). FY25: ₹42,665 Cr (27% YoY).

1.3. **Different Forces:** Growing affluent customer base, comprehensive offerings (PMS, AIFs, bonds, structured products), cross-selling from private banking clients.

1.4. **Support from Operating and Financial metrics:** Consistent high growth in AUM demonstrates strong traction in this segment.

1.5. **Rational, Justification, and Calculations:** This segment shows very strong momentum and is a high-growth area for the bank. Assuming continued robust growth slightly above the overall growth rate.

1.6. **Final Most accurate assumption for value or change in value:** 33.0% YoY growth.

4.2. **FASTag (Toll & Transit)**

1. **Metric Name: Operational: FASTags in Force (Mn)**

1.1. **Management Guidance:** N/A for explicit target. Bank is largest issuer.

1.2. **Recent Trend:** FASTags in Force: Q1 FY26: 19.1 Mn+. FY25: 17.8 Mn. Growth from Mar 20 to Q1 FY26 is significant.

1.3. **Different Forces:** Government push for digital toll collection, expanding road network, bank's dominant market position (largest issuer and acquirer).

1.4. **Support from Operating and Financial metrics:** Strong Issuance Spends (₹27,005 Cr in FY25) and Acquirer Thruput (₹29,511 Cr in FY25).

1.5. **Rational, Justification, and Calculations:** Given the continued government push for FASTag adoption and the bank's market leadership, strong growth is expected to continue, albeit at a maturing pace.

1.6. **Final Most accurate assumption for value or change in value:** 18.0% YoY growth.

4.3. **Transaction Banking & Payments**

1. **Metric Name: Operational: UPI Payments (₹ Cr)**

1.1. **Management Guidance:** N/A for explicit target. Bank emphasizing digital capabilities.

1.2. **Recent Trend:** UPI Payments: Q4 FY25: ₹6,866 Cr (51% YoY growth). Q1 FY26: ₹1,731 Cr (44% YoY growth).

1.3. **Different Forces:** India's digital payments ecosystem growth, bank's highly-rated mobile app, strategic integrations.

- 1.4. **Support from Operating and Financial metrics:** Significant growth contributes to fee income.
 - 1.5. **Rational, Justification, and Calculations:** The rapid adoption of UPI and the bank's strong digital platform indicate continued robust growth. Assuming a slightly moderated growth rate from recent very high levels, but still strong.
 - 1.6. **Final Most accurate assumption for value or change in value: 24.0% YoY growth.**
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5. Unallocated (Enterprise Level)

1. Metric Name: Top Line: Segment Revenue

- 1.1. **Management Guidance:** N/A (This category primarily includes non-core income like interest on tax refunds, not a focus for explicit guidance).
- 1.2. **Recent Trend:** FY25 Unallocated Revenue: ₹124 Cr. Q1 FY26 Segment Revenue: ₹1.24 Cr.
- 1.3. **Different Forces:** Primarily includes interest on income tax refunds, fair value changes on certain assets not allocated to other segments, and other general corporate income.
- 1.4. **Support from Operating and Financial metrics:** N/A (More of a residual category).
- 1.5. **Rational, Justification, and Calculations:** This is typically a small, volatile component. Assuming a normalized low figure, as these are not core revenue-generating operations. This implies a significant YoY decline from FY25.
- 1.6. **Final Most accurate assumption for value or change in value: -59.7% YoY change.**

2. Metric Name: Bottom Line: Segment Results Before Tax (PBT)

- 1.1. **Management Guidance:** Overall Opex growth is targeted at 11-12% for FY26. Management emphasizes significant operating leverage.
- 1.2. **Recent Trend:** FY25 Unallocated PBT: ₹(423) Cr (loss). Q1 FY26 Segment PBT: ₹(4.225) Cr (loss).
- 1.3. **Different Forces:** Enterprise-level fixed costs (e.g., central IT infrastructure, head office expenses not allocated to other segments), general corporate overheads. Benefits from overall Opex control and digital transformation.
- 1.4. **Support from Operating and Financial metrics:** The sharp deceleration in overall YoY Opex growth is the primary driver for reducing losses in this unallocated segment, as it absorbs central overheads and benefits from group-wide efficiency initiatives.
- 1.5. **Rational, Justification, and Calculations:** The Q1 FY26 annualized loss is very low, indicating significant progress in reducing unallocated costs. Assuming this trend of near-elimination of unallocated losses continues, implying a strong reduction from FY25.
- 1.6. **Final Most accurate assumption for value or change in value: +95.3% YoY reduction in loss.**

Appendix B: Scored Promises

Date of Guidance	Promised By (Title)	Specific Guidance/Promise Made	Guidance Category	Delivery Status	Reason/Supporting Evidence for Status Assessment
April, 2025	Sudhanshu Jain, CFO	The proportion of the Microfinance (MFI) loan portfolio is expected to decrease to about 3% to 3.5% in the next fiscal year (FY26).	Other (Portfolio De-risking)	Delivered	MFI portfolio 3.3% of assets in Q1 FY26, within range.
April, 2025	V. Vaidyanathan, MD & CEO	The credit cost for fiscal year 2026 is projected to be in the range of 1.85% to 1.90%.	Margin Improvement	Not Delivered	FY26 credit cost guidance revised upwards, nullifying earlier projection.
April, 2025	Sudhanshu Jain, CFO	An overall reduction of about 50 basis points in credit cost is expected for the next fiscal year (FY26) compared to the 2.46% recorded in FY25.	Margin Improvement	Not Delivered	Targeted 50 bps reduction unlikely based on revised guidance.
January, 2025	V. Vaidyanathan, MD & CEO	The credit cost for the Microfinance (MFI) segment is expected to peak in the fourth quarter of fiscal year 2025.	Margin Improvement	Delivered	MFI slippages declined in Q1 FY26 after Q4 FY25 peak.
January, 2024	Company Management	CASA as a % of Deposits to be 30% by FY24 and 50% thereafter.	Margin Improvement	Delivered	Achieved 47.2% CASA ratio against FY24 target of 30%.
January, 2024	Company Management	Gross NPA between 2.0% - 2.5% for FY24-FY25.	Asset Efficiency	Delivered	Reported FY24 GNPA 1.88%, better than 2.0-2.5% guided range.
January, 2024	Company Management	Net NPA between 1.0% - 1.2% for FY24-FY25.	Asset Efficiency	Delivered	Reported FY24 NNPA 0.60%, better than 1.0-1.2% guided range.
January, 2024	Company Management	Provided guidance to have 800-900 branches by FY24-FY25.	Operational Milestones	Delivered	Reached 944 branches by FY24, exceeding 800-900 branch guidance.
November, 2023	Company Management	Net Interest Margin (NIM): 5.0% to 5.5% for FY24-FY25.	Margin Improvement	Delivered	Reported NIM of 6.32% in Sep-23 exceeded guided range.

November, 2023	Company Management	Wholesale Loans & Advances: Reduce to less than ₹40,000 crore for FY24-FY25.	Other	Delivered	Wholesale loans ₹32,679 crore in Sep-23, below ₹40,000 crore.
November, 2023	Company Management	Branch Network: Expand to between 800 and 900 branches.	Market Expansion/Penetration	Delivered	Operated 862 branches as of Sep-23, meeting target.
November, 2023	Company Management	CASA as a percentage of Deposits: Achieve 30% by fiscal year 2024.	Other	Delivered	CASA ratio 46.4% in Sep-23 exceeded 30% FY24 target.
November, 2023	Company Management	Certificate of Deposits as a percentage of total deposits & borrowings: Less than 10% of liabilities.	Other	Delivered	CDs 3% of liabilities in Sep-23, below 10% target.
August, 2023	V. Vaidyanathan, Managing Director & CEO	The bank's Net Interest Margins (NIMs) should remain stable, give or take 10 basis points from the current level.	Margin Improvement	Delivered	NIM changed by -1 bps in subsequent quarter, within range.
October, 2022	Vembu Vaidyanathan, Managing Director & CEO	Stated that the bank's Return on Equity (ROE) will increase year-on-year going forward.	Margin Improvement	Delivered	ROE increased from 1% in FY22 to 10.95% in FY23.
October, 2022	Vembu Vaidyanathan, Managing Director & CEO	Guided for at least a 50% increase in operating profit for FY23 over the previous year.	Margin Improvement	Delivered	Core operating profit grew 67.4% in FY23, surpassing 50%.
October, 2022	Company Management	The bank expects to maintain a Net Interest Margin (NIM) of around 6% during FY23.	Margin Improvement	Delivered	NIM consistently maintained around 6% throughout FY23.
October, 2022	Company Management	Confirmed its confidence in achieving the FY23 credit cost guidance at lower than 1.5% of the total average funded assets.	Asset Efficiency	Delivered	FY23 credit cost 0.79% of assets, well below 1.5%.
October, 2022	Company Management	Outlined its long-term vision, which includes: Stable balance sheet growth of approximately 20-25%; Robust asset quality with Gross NPA less than 2% and Net NPA of less than 1%; High teens Return on Equity (ROE).	Other (Long-term strategic vision)	Partially Delivered	Growth met; core asset quality met; overall GNPA, ROE progressing.

May, 2022	V. Vaidyanathan, Managing Director & CEO	The bank expects to grow its overall loan book (retail, wholesale, all put together) by 20% to 25%.	Revenue Growth	Delivered	Loan book grew 21.7% in FY23, within guided range.
May, 2022	V. Vaidyanathan, Managing Director & CEO	The bank anticipates reaching a double-digit Return on Equity (ROE) by the fourth quarter of FY23.	Margin Improvement	Delivered	Achieved 10.95% full-year ROE for FY23.
April, 2022	Company Management	The company will target a "2-1-2 formula" on a steady-state basis, which translates to: Gross NPA of 2%; Net NPA of 1%; Provisions of 2% on funded assets.	Asset Efficiency	Partially Delivered	FY23 Net NPA and Provisions targets met; Gross NPA progressing.
April, 2021	Company Management	The bank's provisions for FY 21-22 are expected to be only 2.5% of the average loan book.	Margin Improvement	Delivered	FY22 provisions were 2.58% of average assets, matching guidance.
April, 2021	V. Vaidyanathan, CEO	We want to build a book of prime home loans, largely to the employees of top corporates.	Market Expansion/Penetration	Delivered	Primary focus in home loan segment is Prime Home Loans.
October, 2020	Company	Plans to reduce the total Wholesale loan assets (including the Infrastructure Loans) from Rs. 56,809 crore (December 31, 2018) to Rs. 40,000 crore by March 2020.	Asset Efficiency	Delivered	Wholesale assets ₹39,388 crore by Mar-20, exceeding target.
October, 2020	Company	Plans to increase the CASA Ratio from 8.68% as of December 31, 2018 on a continuous basis year on year and strive to reach 30% CASA ratio within 5 years, and increase it to 40-50% from there on.	Margin Improvement	Delivered	CASA ratio 51.75% by Mar-21, exceeding 5-year target.
July, 2020	Company Management	Plans to reduce the total Wholesale loan assets (including the Infrastructure Loans) from Rs. 56,809 crore (December 31, 2018) to Rs. 40,000 crore by March 2020.	Asset Efficiency	Delivered	Wholesale assets ₹39,388 crore by Mar-20, exceeding target.
July, 2020	Company Management	Plans to increase the CASA Ratio from 8.68% as of December 31, 2018 on a continuous basis year on year and strive to reach 30% CASA ratio within 5 years, and increase it to 40-50% from there on.	Margin Improvement	Delivered	CASA ratio 51.75% by Mar-21, exceeding 5-year target.

May, 2020	Company Management	Plans to reduce the total Wholesale loan assets (including the Infrastructure Loans) from Rs. 56,809 crores (December 31, 2018) to Rs. 40,000 crores by March 2020.	Asset Efficiency	Delivered	Wholesale assets ₹39,388 crore by Mar-20, exceeding target.
May, 2020	Company Management	Plans to increase the CASA Ratio from 8.68% as of December 31, 2018 on a continuous basis year on year and strive to reach 30% CASA ratio within 5 years, and increase it to 40-50% from there on.	Margin Improvement	Delivered	CASA ratio 51.75% by Mar-21, exceeding 5-year target.
April, 2020	V Vaidyanathan, MD & CEO	Confident that the bank can sustain the growth of its retail business at ~25% over the next many years.	Revenue Growth	Delivered	Retail loan book grew 29% in FY21, exceeding ~25% guidance.
January, 2020	Company Management	The Bank plans to reduce the total Wholesale loan assets (including the Infrastructure Loans) from Rs. 56,809 crore (December 31, 2018) to Rs. 40,000 crore by March 2020.	Asset Efficiency	Delivered	Wholesale assets ₹39,388 crore by Mar-20, exceeding target.
January, 2020	Company Management	Plans to increase the CASA Ratio from 8.68% as of December 31, 2018 on a continuous basis year on year and strive to reach 30% CASA ratio within 5 years, and increase it to 40-50% from there on.	Margin Improvement	Delivered	CASA ratio 51.75% by Mar-21, exceeding 5-year target.
December, 2018	Company Management	The bank plans to expand the Net Interest Margin (NIM) to about 5.0% - 5.5% in the next 5 years.	Margin Improvement	Delivered	NIM reached 5.96% in FY22, exceeding 5-year guidance.
December, 2018	Company Management	The bank plans to increase the CASA Ratio from 8.68% to 30% within 5 years, and increase it to 40-50% from there on.	Margin Improvement	Delivered	CASA ratio reached 48.44% by Mar-22, exceeding 30% guidance.