

### Poised to deliver historical high RoA levels

AUBANK's results exceeded our expectations, driven by strong cost control and a sequential improvement of over 600bps in provision coverage. Looking ahead, we expect AUBANK to deliver robust book value growth of 18% CAGR over FY25–FY27E, alongside an attractive return profile with RoA expected to reach 1.85% by FY27. Our positive outlook is supported by multiple factors: (1) Merger synergies: The integration of Fincare is already translating into tangible benefits, as reflected in the disciplined growth of operating expenses; (2) Cross-sell potential: Management has articulated a clear long-term strategy to leverage cross-selling opportunities arising from the merger; (3) Asset quality improvement: The pressure from the unsecured portfolio is easing, with early signs of a recovery in the MFI cycle (turnaround expected from 2QFY26) and the CGFMU cover providing a buffer against future MFI-related credit costs. Moreover, the scaling down of the credit card portfolio has further reduced asset quality risks. We reiterate our BUY rating on AUBANK with a revised target price of Rs772 (earlier Rs748).

#### Stable performance in tough macro environment

NII for the quarter stood at Rs20.9bn, marginally ahead of our estimate of Rs20.3bn (a beat of 2.8%), largely driven by lower interest expenses. Opex came in at Rs15.6bn, slightly better than our estimate of Rs15.8 billion. CTI ratio was marginally higher sequentially at 54.7% compared to 54.4% in 3QFY25, but better than our expectation of 57%. As a result, PPOP at Rs12.9bn exceeded our projection of Rs11.9bn. Credit costs were elevated at Rs6.35bn versus our estimate of Rs5.69bn, leading to sequential improvement in provision coverage by over 600bps. PAT for the quarter came in at Rs5.0bn, ahead of our expectation of Rs4.7bn..

#### Lower CTI came as a pleasant surprise

CTI for FY25 improved to 56.3% vs 63.6% in FY24, primarily driven by reduced employee costs resulting from merger synergies. Additionally, cross-selling opportunities within the existing infrastructure are expected to enhance synergies and support further improvement in CTI over the medium term. Over the next two years, the management has guided for clocking CTI below 55% levels.

#### Strengthening Balance Sheet driven by improved slippages and robust provisioning

The bank's slippages improved sequentially across both secured and unsecured portfolios, with slippages print at 3.62% in Q4FY25 from 4.06% in Q3FY25. However, there was a surge in credit costs to Rs6.35bn vs. Rs5.01bn in 3QFY25. Non-OD CE improved to 99.2% in March (99.4% ex Karnataka) - strong number for MFI book which has declined QoQ. Resultantly, in MFI, slippages are expected to stabilize in the medium term. However, credit cost in MFI is anticipated to remain elevated in near term. Overall credit cost guidance, stands at 75-85bps on total average assets as long term average.

#### Reiterate BUY with TP of Rs772

Over the last five years, AUBANK stock has traded at a mean P/ABV multiple of ~4x on a one-year forward basis. However, it has delivered negligible returns, primarily due to a significant de-rating of multiples. Further, the bank delivered 20% BV CAGR during the same period. Currently, the stock is trading at a deeply discounted level of mean minus 2SD, reflecting overly pessimistic market sentiment. We reiterate AUBANK to **BUY** with a revised target of Rs772, based on 2.5x FY27E P/ABV (average of mean -1 and -2 SD). The bank is well-positioned to deliver sustainable 18% BV CAGR, making it an attractive investment.

#### Financial and valuation summary

YE Mar (Rs mn)	4QFY25A	4QFY24A	YoY (%)	3QFY25A	QoQ (%)	FY25A	FY26E	FY27E
NII	20,939	13,370	56.6	20,227	3.5	80,115	98,358	1,30,276
PPoP	12,923	6,642	94.6	12,049	7.3	46,170	57,847	75,413
Provisions	6,351	1,325	379.3	5,017	26.6	18,290	17,476	21,514
Net profit	5,037	4,475	12.5	5,284	(4.7)	21,059	30,212	40,336
Loan growth (%)	46.4	25.2		49.2		46.4	22.8	23.6
NIM (%)	5.7	5.3		5.9		6.4	6.1	6.5
Cost/income (%)	54.7	64.9		54.4		56.3	55.4	55.4
GNPA (%)	2.3	1.7		2.3		2.3	2.5	2.9
RoA (%)	1.5	1.8		1.7		1.6	1.7	1.9
RoE (%)	13.6	15.2		14.7		14.2	16.2	18.3
P/ABV (x)						2.8	2.4	2.0

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

#### Market Data

Bloomberg:	AUBANK IN
52 week H/L:	755/478
Market cap:	Rs457.0bn
Shares Outstanding:	744.5mn
Free float:	70.0%
Avg. daily vol. 3mth:	36,37,866

Source: Bloomberg

#### Changes in the report

Rating:	Unchanged
Target price:	Rs772; Changed by 3.2%
ABV:	FY26E;258.0 FY27E; 309.0

Source: Centrum Broking

#### Shareholding pattern

	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	22.9	22.9	22.9	22.9
FIIs	35.6	39.3	40.7	39.6
DIIIs	27.2	21.8	20.1	18.4
Public/other	14.3	16.0	16.3	19.1

Source: BSE

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q4FY25	Actual Q4FY25	Variance (%)
NII	20,364	20,939	2.8%
PPOP	11,938	12,923	8.2%
Provision	5,687	6,351	11.7%
PAT	4,669	5,037	7.9%

Source: Bloomberg, Centrum Broking



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## Thesis Snapshot

### Estimate revision

YE Mar (Rs mn)	FY26E New	FY26E Old	% chg	FY27E New	FY27E Old	% chg
NII	98,358	96,447	2.0%	1,30,276	1,20,298	8.3%
PPoP	57,847	56,096	3.1%	75,413	69,208	9.0%
PAT	30,212	28,999	4.2%	40,336	36,172	11.5%

Source: Centrum Broking

### AU Small Finance Bank versus NIFTY Midcap 100

	1m	6m	1 year
AUBANK IN	13.1	(3.9)	1.0
NIFTY Midcap 100	4.9	(3.2)	10.8

Source: Bloomberg, NSE

### Key assumptions

Y/E Mar	FY26E	FY27E
AUM Growth	22.8	23.6
NII growth	22.8	32.5
Other Inc./Assets	1.8	1.8
Opex/Assets	4.1	4.3
Provision Cost	1.5	1.4

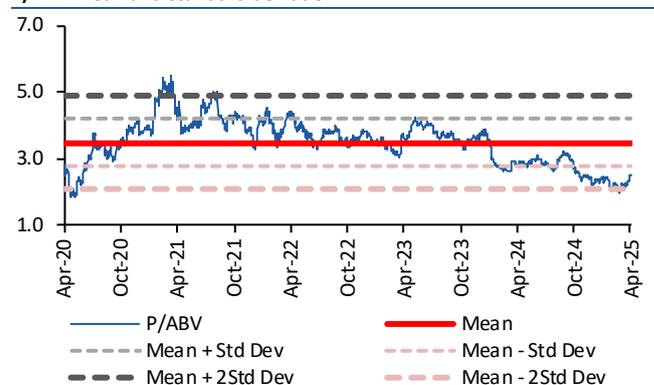
Source: Centrum Broking

### Valuation

Over the last five years, AUBANK stock has traded at a mean P/ABV multiple of ~4x on a one-year forward basis. However, it has delivered negligible returns, primarily due to a significant de-rating of multiples. Further, the bank delivered 20% BV CAGR during the same period. Currently, the stock is trading at a deeply discounted level of mean minus 2SD, reflecting overly pessimistic market sentiment. We reiterate AUBANK to BUY with a revised target of Rs772, based on 2.5x FY27E P/ABV (average of mean -1 and -2 SD).

Valuation	Rs/share
FY27E ABV (Rs)	309
Ascribed P/BV (x)	2.5
<b>Target Price (Rs)</b>	<b>772</b>
Upside to CMP	26%

### P/ABV mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

Company	EPS (Rs)				ABVPS (Rs)				RoAA (%)				RoAE (%)			
	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E
SURYODAY	20.3	18.0	23.1	30.2	165.0	148.8	195.1	228.2	1.9	1.4	1.6	1.6	12.7	10.0	11.5	13.3
EQSFB	7.0	2.0	7.7	10.2	49.4	50.8	57.3	66.1	2.0	0.5	1.5	1.7	14.4	3.8	13.5	15.7
UJJIVANS	6.6	3.7	5.1	5.6	28.4	30.1	33.8	38.2	3.5	1.7	2.0	1.9	26.1	12.2	15.1	14.7
Average	11.3	7.9	12.0	15.3	81.0	76.5	95.4	110.8	2.5	1.2	1.7	1.7	17.7	8.7	13.4	14.6
<b>AUBANK</b>	<b>22.9</b>	<b>28.3</b>	<b>40.6</b>	<b>54.2</b>	<b>181.8</b>	<b>220.8</b>	<b>258.0</b>	<b>309.0</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>	<b>1.9</b>	<b>13.0</b>	<b>14.2</b>	<b>16.2</b>	<b>18.3</b>

Company	CMP (Rs)	Rating	TP (Rs)	Mcap (Rsbn)	CAGR (FY24-27E)				P/E (x)				P/BV (x)			
					AUM	NII	Opex	PPoP	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E
SURYODAY	137	Buy	183	14.5	20.9	21.0	23.1	13.4	6.7	7.6	5.9	4.5	0.6	0.6	0.5	0.5
EQSFB	68	Buy	99	77.8	19.1	16.7	15.6	20.0	9.7	34.0	8.9	6.7	1.1	1.1	0.9	0.8
UJJIVANS	44	Buy	59	85.7	15.8	13.4	20.0	1.7	6.7	12.0	8.7	7.9	1.2	1.1	1.0	0.9
Average					18.6	17.0	19.6	11.7	7.7	17.9	7.8	6.4	1.0	0.9	0.8	0.7
<b>AUBANK</b>	<b>614</b>	<b>Buy</b>	<b>772</b>	<b>454.5</b>	<b>30.0</b>	<b>36.0</b>	<b>28.0</b>	<b>46.0</b>	<b>26.9</b>	<b>21.8</b>	<b>15.2</b>	<b>11.4</b>	<b>3.4</b>	<b>2.8</b>	<b>2.4</b>	<b>2.0</b>

Source: Company, Centrum Broking

**Exhibit 1: Key Parameters**

CoF	Reported			Calculated		
	3QFY25	4QFY25	QoQ change (bps)	3QFY25	4QFY25	QoQ change (bps)
AUSFB	7.0	7.07	nm	6.9	6.7	(20bps)
NIMs	Reported			Calculated		
	3QFY25	4QFY25	QoQ change (bps)	3QFY25	4QFY25	QoQ change (bps)
AUSFB	5.9	5.8	(10bps)	5.9	5.7	(20bps)
B/S	LD Ratio	Dep. Growth	Borr/Liab			
AUSFB	86.0	42.5	7.4			

Source: Company, Centrum Broking

**Exhibit 2: Key conference call takeaways and metrics**

Centrum Quarterly Monitor	Q3FY25	Q4FY25	Our Comments
<b>Margins and Profitability</b>	<ul style="list-style-type: none"> <li>Margins impacted by tight liquidity; CoF marginally increased; peak TD rates raised by 10 bps.</li> <li>CTI expected to improve to &lt;55% over two years, with cross-sell synergies driving efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Over the next two years CTI - &lt;55% by FY27 (FY25 – 57% CTI).</li> <li>Going forward, most of the disbursement will be under CGFMU with target to have &gt;75% book under coverage</li> </ul>	<ul style="list-style-type: none"> <li>We bake in marginal decline in NIMs as share of higher yielding book (MFI and CC) takes a back seat.</li> <li>However, tight control over opex and lower provisions to drive the profitability over FY25-27.</li> </ul>
<b>Asset quality</b>	<ul style="list-style-type: none"> <li>MFI credit costs to remain elevated for the next few quarters.</li> <li>Other secured portfolio is performing well with no visible signs of stress.</li> </ul>	<ul style="list-style-type: none"> <li>As of now, next year lever is on credit cost (upturn in unsecured book) and challenge is on NIMs (30% floating book given repo rate cuts)</li> <li>On Wheels: Tractor seen good momentum, even used vehicle segment has picked and rest all vehicles were decent. New car was flattish. Small CV operators CE have improved.</li> </ul>	<ul style="list-style-type: none"> <li>We bake in slightly higher slippages vs. its historical trends given increased share of unsecured book.</li> <li>CGFMU cover is expected to boost asset quality in FY27.</li> </ul>
<b>Outlook and guidance</b>	<ul style="list-style-type: none"> <li>Loan book growth guidance reduced to 20%; deposit growth expected at 23-24%.</li> <li>FY26 growth guidance withheld amid macro uncertainty; MFI turnaround signs emerging, but clarity awaited.</li> </ul>	<ul style="list-style-type: none"> <li>No specific guidance for FY26.</li> <li>Endeavour to deliver 1.8% by FY27 (FY25 – 1.5% RoA).</li> <li>Estimated Credit cost for FY26 - MFI – 3% and CC - normalize at 7% in medium term.</li> </ul>	<ul style="list-style-type: none"> <li>Core product profile is expected to deliver healthy growth.</li> <li>We bake in over ~20% CAGR for loan and deposits.</li> </ul>

Source: Centrum Broking

## Earnings concall KTAs

### Opening remarks

- Deposit +11% QoQ.
- Loan Book +7.6% QoQ.
- Bank is increasing its CGFMU cover - ~36% of total MFI portfolio covered under CGFMU.
- ~49% of FY25 MFI disbursements and ~100% of Q4 disbursement is covered by CGFMU
- Going forward, most of the disbursement will be under CGFMU with target to have >75% book under coverage
- Non-OD collection efficiency improved to 99.2% in March (99.4% ex Karnataka) - strong number for MFI book which has declined QoQ.
- GNPA at 4.4% and SMA book at 3.7% as on 4QFY25 vs. GNPA of 4.1% and SMA book of 4.4% as of 3QFY25.
- ~16% of portfolio is affected by MFIN 2.0 guidelines (~13% loans has >3 lenders and remainder have total unsecured exposure >2 Lacs)
- Universal license decision is expected in this calendar year.

### Guidance

- No specific guidance for FY26.
- Estimated Credit cost for FY26 - MFI – 3% and CC - normalize at 7% in medium term.
- High RoA assets to contribute 72-75% by FY27 (FY25 - ~73% Loan Portfolio is High RoA assets)
- Over the next two years CTI - <55% by FY27 (FY25 – 57% CTI).
- Endeavour to deliver 1.8% by FY27 (FY25 – 1.5% RoA).

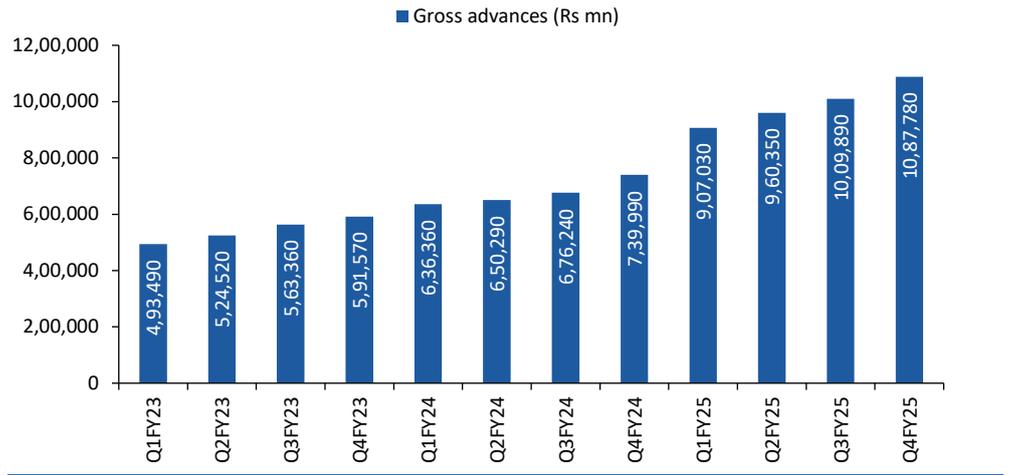
### Advances and Deposits

- On deposits front, bank is not planning to cut rates aggressively (like larger peers) given lower CASA numbers – have already taken 25bps cut recently.
- Growth to be ~2x that of nominal GDP number.
- On Wheels: Tractor seen good momentum, even used vehicle segment has picked and rest all vehicles were decent. New car was flattish. Small CV operators CE have improved.

### Margins and Asset quality

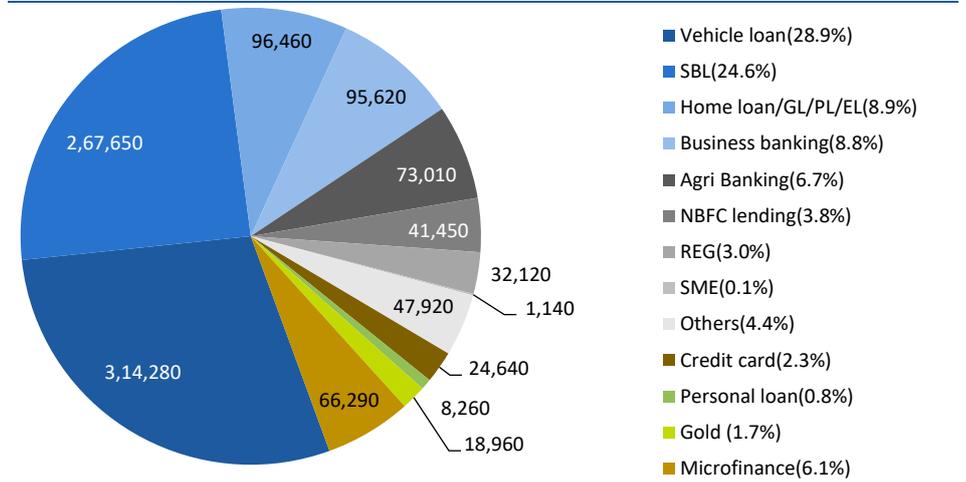
- As of now, next year lever is on credit cost (upturn in unsecured book) and challenge is on NIMs (30% floating book given repo rate cuts).
- Credit cost at 75-85bps on total average assets as long term average – higher end number for FY26.
- Bank is PSL compliant in SMF and economic weaker section for FY25.

**Exhibit 3: Exhibit 4: Advances trend**



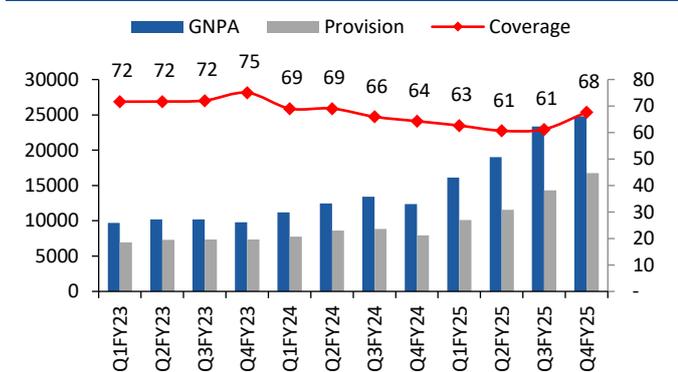
Source: Company, Centrum Broking

**Exhibit 4: Segment-wise AUM breakup (Rs mn)**



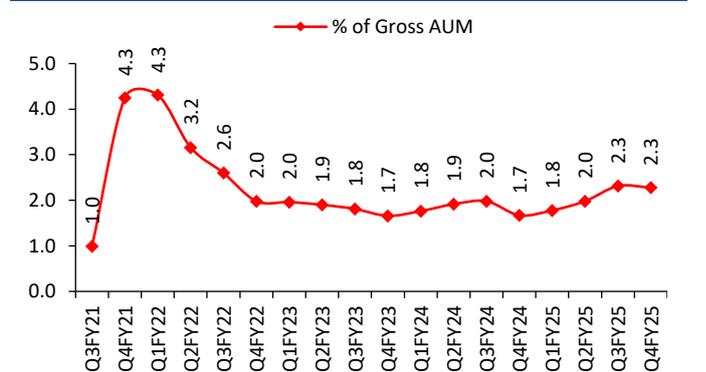
Source: Company, Centrum Broking

**Exhibit 5: Uptick in Coverage ratio**



Source: Company, Centrum Broking

**Exhibit 6: GNPA deteriorating due to stress in MFI**



Source: Company, Centrum Broking

**Exhibit 7: Quarterly Financials Snapshot**

Rs mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Income statement</b>												
Interest earned	18,202	19,923	21,181	22,749	24,583	25,311	27,358	28,295	37,690	39,106	41,135	42,706
Interest expended	8,442	9,089	9,653	10,616	12,121	12,821	14,109	14,925	18,485	19,363	20,908	21,767
Net Interest Income	9,760	10,833	11,527	12,132	12,462	12,490	13,249	13,370	19,206	19,744	20,227	20,939
Other income	1,592	2,474	2,949	3,331	3,151	4,255	4,497	5,556	5,457	6,380	6,184	7,607
<b>Total Income</b>	<b>11,352</b>	<b>13,307</b>	<b>14,476</b>	<b>15,463</b>	<b>15,613</b>	<b>16,744</b>	<b>17,746</b>	<b>18,926</b>	<b>24,662</b>	<b>26,123</b>	<b>26,411</b>	<b>28,546</b>
<b>Operating Expenses</b>												
Employees	3,940	4,513	4,652	4,825	5,070	5,120	5,287	5,559	7,901	7,855	7,547	8,175
Others	3,471	3,806	4,267	4,928	5,082	5,147	5,887	6,726	6,880	6,951	6,815	7,449
Operating profit	3,941	4,988	5,557	5,709	5,460	6,477	6,571	6,642	9,881	11,318	12,049	12,923
Provisions	384	430	326	409	330	1,143	1,589	1,325	3,192	3,730	5,017	6,351
Profit before tax	3,557	4,558	5,231	5,300	5,131	5,334	4,981	5,316	6,689	7,588	7,032	6,571
Taxes	878	1,132	1,302	1,054	1,262	1,315	1,229	841	1,663	1,876	1,748	1,535
<b>Net Profit</b>	<b>2,679</b>	<b>3,426</b>	<b>3,928</b>	<b>4,246</b>	<b>3,869</b>	<b>4,018</b>	<b>3,752</b>	<b>4,475</b>	<b>5,026</b>	<b>5,712</b>	<b>5,284</b>	<b>5,037</b>
<b>Balance sheet</b>												
Shareholders funds	77,889	1,00,759	1,05,400	1,09,773	1,13,790	1,17,627	1,21,670	1,25,595	1,55,160	1,60,412	1,66,020	1,71,663
Borrowings	61,166	66,951	61,910	62,987	76,370	53,441	54,140	54,794	89,310	87,771	99,880	1,16,599
Deposits	5,46,310	5,83,354	6,11,010	6,93,650	6,93,150	7,57,429	8,01,200	8,71,821	9,72,900	10,96,931	11,22,600	12,42,685
Other liabilities	25,041	27,332	28,710	35,751	32,520	31,277	34,750	42,046	42,050	43,177	41,950	47,509
<b>Total liabilities</b>	<b>7,10,406</b>	<b>7,78,397</b>	<b>8,07,030</b>	<b>9,02,161</b>	<b>9,15,830</b>	<b>9,59,774</b>	<b>10,11,760</b>	<b>10,94,257</b>	<b>12,59,420</b>	<b>13,88,291</b>	<b>14,30,450</b>	<b>15,78,456</b>
Cash & bank	33,260	39,485	38,250	94,252	49,360	62,573	51,550	63,763	56,080	85,058	62,310	94,664
Advances	4,86,540	5,17,431	5,56,010	5,84,215	6,28,610	6,41,685	6,67,400	7,31,627	8,96,520	9,48,382	9,95,590	10,70,925
Investments	1,72,270	2,02,202	1,92,700	2,00,720	2,16,270	2,32,199	2,67,140	2,71,334	2,73,150	3,18,608	3,36,130	3,78,475
Fixed assets	6,510	6,814	7,110	7,401	7,260	7,574	8,070	8,516	9,110	9,199	9,140	9,125
Other assets	11,820	12,847	12,960	15,573	14,330	15,743	17,600	19,017	24,560	27,044	27,270	25,268
<b>Total assets</b>	<b>7,10,400</b>	<b>7,78,779</b>	<b>8,07,030</b>	<b>9,02,161</b>	<b>9,15,830</b>	<b>9,59,774</b>	<b>10,11,760</b>	<b>10,94,257</b>	<b>12,59,420</b>	<b>13,88,292</b>	<b>14,30,440</b>	<b>15,78,457</b>
<b>Balance sheet (%)</b>												
Loan growth	36.9	38.0	34.1	23.7	26.9	24.0	20.0	25.1	42.5	47.7	49.3	47.0
Deposit growth	47.6	49.4	38.0	31.9	26.9	29.8	31.1	25.7	40.4	44.8	40.1	42.5
Loans / Deposits	89.1	88.7	91.0	84.2	90.7	84.7	83.3	84.9	93.2	87.5	90.0	87.5
Investment / Deposits	31.5	34.7	31.5	28.9	31.2	30.7	33.3	31.1	28.1	29.0	29.9	30.5
<b>Capital Adequacy</b>												
Tier-1	18.4	21.3	20.0	21.8	19.9	21.0	19.4	18.8	19.5	18.7	18.8	18.1
Tier-2	1.0	2.1	2.0	1.8	1.6	1.4	2.1	1.3	1.3	1.1	1.1	2.0
CRAR	19.4	23.4	22.0	23.6	21.5	22.4	21.5	20.1	20.8	19.8	19.9	20.1
<b>Profitability (%)</b>												
Yield on assets	12.2	13.1	12.5	12.6	12.4	12.5	12.4	12.5	14.3	12.2	12.0	11.7
Cost of funds	6.5	6.4	6.2	5.6	7.0	6.8	6.8	6.4	8.1	6.7	6.5	6.2
NIM	6.6	7.1	6.8	6.7	6.3	6.2	6.0	5.9	7.3	6.2	5.9	5.7
Other income / Assets	0.2	0.3	0.4	0.4	0.3	0.5	0.5	0.5	0.5	0.5	0.4	0.5
Cost / Income	65.3	62.5	61.6	63.1	65.0	61.3	63.0	64.9	59.9	56.7	54.4	54.7
Employees	34.7	33.9	32.1	31.2	32.5	30.6	29.8	29.4	32.0	30.1	28.6	28.6
Others	30.6	28.6	29.5	31.9	32.6	30.7	33.2	35.5	27.9	26.6	25.8	26.1
Cost / Assets	4.8	5.1	5.1	4.9	5.0	4.7	4.9	4.9	5.4	4.5	4.1	4.2
RoA	1.8	2.1	2.3	2.1	1.9	1.8	1.7	1.5	1.8	1.7	1.5	1.3
RoE	15.0	16.3	17.8	18.4	16.1	14.7	13.2	12.6	14.9	16.4	14.7	13.6
<b>Asset quality (%)</b>												
GNPA	2.0	1.9	1.8	1.7	1.8	1.9	2.0	1.7	1.8	2.0	2.3	2.3
NNPA	0.6	0.6	0.5	0.4	0.5	0.6	0.7	0.6	0.63	0.75	0.90	0.74
PCR	71.7	71.7	72.1	75.0	69.0	69.1	66.0	67.6	65.1	60.7	61.2	67.7
Credit Cost	0.4	0.4	0.3	0.3	0.2	0.8	1.0	0.8	1.7	1.6	2.1	2.5

Source: Company, Centrum Broking

**Exhibit 8: ROAE Tree of AUBank**

ROAE Tree	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25A	FY26E	FY27E
Total Assets	1,88,328	3,26,228	4,21,431	5,15,913	6,90,778	9,02,161	10,94,257	15,78,457	19,29,165	24,31,275
Average total assets	1,43,070	2,57,278	3,73,829	4,68,672	6,03,345	7,96,470	9,98,209	13,36,357	17,53,811	21,80,220
Equity	22,812	31,629	43,768	62,752	75,140	1,09,773	1,25,595	1,71,663	2,01,130	2,40,721
Average Equity	21,344	27,220	37,699	53,260	68,946	92,457	1,17,684	1,48,629	1,86,396	2,20,926
Interest Income on term loans/ Average total assets	8.7%	9.2%	9.1%	8.4%	8.1%	8.6%	8.5%	10.0%	9.4%	9.6%
Income on investments/money with RBI/other banks / Average total assets	1.2%	1.4%	1.7%	1.8%	1.4%	1.6%	1.7%	1.7%	1.6%	1.7%
Non-Interest Income/ Average total assets	2.7%	1.8%	1.9%	3.0%	1.6%	1.3%	1.7%	1.9%	1.8%	1.8%
<b>Total Income/ Average total assets</b>	<b>12.6%</b>	<b>12.4%</b>	<b>12.7%</b>	<b>13.3%</b>	<b>11.2%</b>	<b>11.5%</b>	<b>11.9%</b>	<b>13.6%</b>	<b>12.8%</b>	<b>13.0%</b>
Interest on Deposits, borrowings and debt securities / Average total assets	5.8%	6.2%	6.4%	5.5%	4.5%	4.7%	5.4%	5.5%	5.2%	5.2%
<b>Net Interest Income / Average total assets</b>	<b>6.6%</b>	<b>5.2%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>5.4%</b>	<b>5.6%</b>	<b>4.7%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>6.0%</b>
<b>Net Total Income/ Average total assets</b>	<b>9.3%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>8.1%</b>	<b>7.0%</b>	<b>6.9%</b>	<b>6.5%</b>	<b>7.9%</b>	<b>7.4%</b>	<b>7.7%</b>
Operating Expenses / Average total assets	5.3%	4.2%	3.8%	3.5%	4.0%	4.3%	4.4%	4.5%	4.1%	4.3%
<b>PPOP/Average total assets</b>	<b>4.0%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>4.6%</b>	<b>3.0%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>3.5%</b>	<b>3.3%</b>	<b>3.5%</b>
Provision Cost / Average total assets	0.9%	0.6%	0.8%	1.4%	0.6%	0.19%	0.44%	1.4%	1.0%	1.0%
<b>Profit before tax / Average total assets</b>	<b>3.1%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>3.1%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>2.0%</b>	<b>2.1%</b>	<b>2.3%</b>	<b>2.5%</b>
Tax expense/ Average total assets	1.1%	0.8%	0.3%	0.6%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
One-time tax adjustment/Average Total Assets	0.0%	0.0%	0.2%	1.2%	0.0%	-0.1%	0.1%	0.0%	0.0%	0.0%
<b>RoAA</b>	<b>2.0%</b>	<b>1.5%</b>	<b>1.9%</b>	<b>1.3%</b>	<b>1.9%</b>	<b>1.8%</b>	<b>1.5%</b>	<b>1.6%</b>	<b>1.72%</b>	<b>1.85%</b>
Leverage (Average total assets/average Equity or average Net-worth)	6.70	9.45	9.92	8.80	8.75	8.61	8.48	8.99	9.41	9.87
<b>RoAE</b>	<b>13.7%</b>	<b>14.0%</b>	<b>19.1%</b>	<b>11.6%</b>	<b>16.4%</b>	<b>15.9%</b>	<b>13.0%</b>	<b>14.2%</b>	<b>16.2%</b>	<b>18.3%</b>

Source: Centrum Broking, Company Data

P&L					
YE Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest earned	59,217	1,05,547	1,60,637	1,98,294	2,53,198
Interest expended	82,054	53,976	80,521	99,936	1,22,921
<b>Net Interest Income</b>	<b>26,876</b>	<b>51,571</b>	<b>80,115</b>	<b>98,358</b>	<b>1,30,276</b>
Other income	37,801	17,459	25,627	31,408	38,631
<b>Total Income</b>	<b>32,341</b>	<b>69,030</b>	<b>1,05,742</b>	<b>1,29,766</b>	<b>1,68,908</b>
<b>Operating Expenses</b>	<b>44,253</b>	<b>44,648</b>	<b>59,572</b>	<b>71,919</b>	<b>93,495</b>
Employees	9,937	21,037	31,478	37,631	48,920
Others	10,345	23,611	28,094	34,288	44,575
<b>PPoP</b>	<b>42,278</b>	<b>24,382</b>	<b>46,170</b>	<b>57,847</b>	<b>75,413</b>
Provisions	54,597	4,388	18,290	17,476	21,514
<b>Profit before tax</b>	<b>24,128</b>	<b>19,994</b>	<b>27,880</b>	<b>40,371</b>	<b>53,899</b>
Taxes	34,403	4,647	6,821	10,159	13,563
<b>Net Profit</b>	<b>13,789</b>	<b>15,346</b>	<b>21,059</b>	<b>30,212</b>	<b>40,336</b>

Ratios					
YE Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Growth (%)</b>					
Loans	26.7	25.2	46.4	22.8	23.6
Deposits	31.9	25.7	42.5	23.0	25.1
RWA growth	33.2	31.3	45.1	24.3	28.1
NII	36.8	16.5	55.4	22.8	32.5
Other income	4.1	68.8	46.8	22.6	23.0
Opex	42.6	29.8	33.4	20.7	30.0
PPoP	11.3	20.7	89.4	25.3	30.4
Provisions	(57.1)	183.3	316.8	(4.5)	23.1
Net profit	26.4	7.5	37.2	43.5	33.5
<b>Profitability (%)</b>					
Yield on assets	11.2	11.6	12.8	12.2	12.6
Cost of funds	5.6	6.4	7.0	6.6	6.5
NIM	6.0	5.6	6.4	6.1	6.5
Other income / Total inc.	18.9	25.3	24.2	24.2	22.9
Other inc. / avg assets	1.3	1.7	1.9	1.8	1.8
Cost/Income	63.0	64.7	56.3	55.4	55.4
Employee	32.8	30.5	29.8	29.0	29.0
Other	30.2	34.2	26.6	26.4	26.4
Opex/ Avg assets	4.3	4.5	4.5	4.1	4.3
Provisioning cost	0.3	0.7	2.0	1.4	1.4
Tax rate	23.4	23.2	24.5	25.2	25.2
RoE	15.4	13.0	14.2	16.2	18.3
RoA	1.8	1.5	1.6	1.7	1.9
RoRWA	3.4	2.7	2.7	2.9	3.1
<b>Du-pont (%)</b>					
Interest income	10.3	10.6	12.0	11.3	11.6
Interest expenses	4.7	5.4	6.0	5.7	5.6
<b>NII</b>	<b>5.6</b>	<b>5.2</b>	<b>6.0</b>	<b>5.6</b>	<b>6.0</b>
Other income	1.3	1.7	1.9	1.8	1.8
<b>Total income</b>	<b>11.4</b>	<b>11.8</b>	<b>13.6</b>	<b>12.8</b>	<b>13.0</b>
Operating expenses	4.3	4.5	4.5	4.1	4.3
Employee	2.3	2.1	2.4	2.1	2.2
Other	2.1	2.4	2.1	2.0	2.0
<b>PPOP</b>	<b>2.5</b>	<b>2.4</b>	<b>3.5</b>	<b>3.3</b>	<b>3.5</b>
Provisions	0.2	0.4	1.4	1.0	1.0
<b>PBT</b>	<b>2.3</b>	<b>1.9</b>	<b>2.1</b>	<b>2.3</b>	<b>2.5</b>
Tax	0.5	0.5	0.5	0.6	0.6
<b>RoA</b>	<b>1.8</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>	<b>1.9</b>

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Share capital	7,108	7,319	8,688	8,688	8,688
Reserves & surplus	102,666	118,276	1,62,975	1,92,443	2,32,034
Deposits	693,650	871,821	12,42,685	15,28,667	19,12,425
Borrowings	62,987	54,794	1,16,599	1,40,946	1,91,813
Other Liabilities	35,571	42,046	47,509	58,422	86,316
<b>Total liabilities</b>	<b>9,02,161</b>	<b>10,94,257</b>	<b>15,78,457</b>	<b>19,29,165</b>	<b>24,31,275</b>
Cash balances with RBI	89,161	46,380	86,046	1,20,490	1,52,994
Balances with banks	5,091	17,383	8,617	22,212	38,249
Investments	200,720	271,334	3,78,475	4,22,631	5,54,603
Advances	584,215	731,627	10,70,925	13,14,654	16,25,562
Fixed Assets	7,401	8,516	9,125	10,489	12,057
Other Assets	15,573	19,017	25,268	38,691	47,811
<b>Total assets</b>	<b>9,02,161</b>	<b>10,94,257</b>	<b>15,78,457</b>	<b>19,29,165</b>	<b>24,31,275</b>

Ratios					
YE Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Balance Sheet (%)</b>					
Loans / Deposits	84.2	83.9	86.2	86.0	85.0
Investments / Deposits	28.9	31.1	30.5	27.6	29.0
CASA	38.4	33.4	30.8	28.0	28.0
Assets/equity (x)	8.2	8.7	9.2	9.6	10.1
RWA / Total assets	53.8	58.2	58.5	59.5	60.5
<b>Capital ratios (%)</b>					
CET-1	21.8	18.8	18.1	17.1	16.0
Tier-1	21.8	18.8	18.1	17.1	16.0
Tier-2	1.8	1.3	2.0	1.6	1.3
CRAR	23.6	20.1	20.1	18.7	17.3
<b>Asset quality ratios (%)</b>					
GNPA (Rs mn)	9,813	12,374	24,780	33,236	47,791
NNPA (Rs mn)	2,862	4,420	8,010	10,377	12,569
GNPA	1.7	1.8	2.3	2.5	2.9
NNPA	0.4	0.5	0.7	0.8	0.8
PCR	0.7	0.7	67.7	68.8	73.7
Slippage	2.6	2.9	3.4	2.8	3.2
NNPA / Equity	2.6	3.5	4.7	5.2	5.2
<b>Per share</b>					
EPS	21.4	22.9	28.3	40.6	54.2
BVPS	164.6	187.7	230.6	270.1	323.3
ABVPS	160.8	181.8	220.8	258.0	309.0
<b>Valuation (x)</b>					
P/E	28.8	26.9	21.8	15.2	11.4
P/BV	3.7	3.3	2.7	2.3	1.9
P/ABV	3.8	3.4	2.8	2.4	2.0

Source: Company, Centrum Broking

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#### AU Small Finance Bank



Source: Bloomberg

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SEBI Registration No. INH000001469

Mutual Fund Distributor

AMFI REGN No. ARN- 147569

Website: www.centrumbroking.com

Investor Grievance Email ID: investor.grievances@centrum.co.in

**Compliance Officer Details:**

Chintan Madiya

(022) 4215 9000/9815; Email ID: compliance@centrum.co.in

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