

Apr-Jun'25 Earnings Preview

Sequential movement in NII/NIM are monitorables

Banks under our coverage are likely to see a weak quarter due to seasonality as core earnings (ex-IIB) may fall by -2.6% QoQ/+2.0% YoY to Rs577bn (-2.4% QoQ in Q4FY25). Loan/deposit growth is expected at +1.0%/+0.6% QoQ and 10.6%/11.7% YoY (+3.7%/+5.0% QoQ in Q4FY25). LDR may rise sequentially by 26bps to 83.3%. While reported NIM might fall by 10-15bps QoQ owing to repo rate reduction, calculated NIM may remain flat QoQ at 3.32% vs 3.53% a year ago (-6bps QoQ in Q4FY25) due to (1) back-ended growth in Q4 (2) sharp increase in period end cash balances in Q4. Hence sequential NII growth would be a key monitorable in this quarter. Due to seasonality in case of PSU banks, fees might fall by 11.1% QoQ but grow by 15.1% YoY to Rs394.7bn, which would be partially offset by 5.9% QoQ fall in opex to Rs914bn (+11.2% YoY). Core PPOP may be Rs927bn (-1.5% QoQ/+3.4% YoY) due to weaker NII/fees. Slippage ratio may increase owing to rise in agri slippages (usually in Q1). Banks' PAT is expected to decrease by 5.3% QoQ but increase by 6.2% YoY to Rs673bn. Among our coverage, we prefer ICICIB and KMB.

- **System credit could grow ~10% YoY in Jun'25:** System credit (incl. HDFCL) grew by +8.8% YoY in May'25, which has been decelerating since Feb'24 led by slower offtake in NBFC, unsecured, agri and housing. Industry/services grew by 4.8%/8.7% YoY each and large industries grew by +1.0% YoY. Agri loans grew by +7.5% YoY. Within services, pace of NBFC credit accretion fell as growth reduced from 12.7% YoY in Jul'24 to -0.3% YoY in May'25. Retail credit growth is also slowing at 11.1% YoY (14.4% in Jul'24) driven by housing, gold and unsecured. System credit (incl. HDFC) could grow by ~10% YoY in Jun'25, while system deposits were up by 10.4% YoY as at 13th Jun'25. Coverage banks may see loan/deposits growth of 10.6%/11.7% YoY in Q1FY26.
- **Margins may improve:** Loan yields may decline due to repo rate cut which would be partly offset by fall in cost of funds owing to reduction in SA/TD rates. As a result, NIM (calc.) could remain flat QoQ at 3.32%. NII may increase by 0.4% QoQ compared to loan growth of +1.0%. Due to seasonality in case of PSUs, fees could fall by 11.1% QoQ that would be offset by 5.9% QoQ decline in opex. Core PPOP may come in at Rs927bn (-1.5% QoQ).
- **Slippages may increase though provisions might fall:** Since Q1 generally sees higher delinquencies due to stress in agri (mainly large banks), slippages are expected to rise. Slippage ratio is expected at 1.29% (vs 1.10% in Q4FY25). As a result, GNPA ratio is expected to come in at 1.88%. Provision costs could be stable at 56bps as SBI had reported higher credit costs in Q4FY25. PCR for coverage banks may remain stable at 75.1%.
- **Core PAT to improve QoQ:** Core PAT for our coverage banks is likely to be lower by 2.6% QoQ to Rs577bn due to higher margins and lower opex. PAT may fall to Rs673bn (-5.3% QoQ).
- **Large private banks:** Loan growth could come in at 1.1% QoQ and 8.6% YoY while deposit accretion may be 1.3% QoQ/14.3% YoY. NII may increase by 0.4% QoQ; NIM may slightly inch up 2bps QoQ to 3.91% (-10bps in Q4FY25).

July 7, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Axis Bank	BUY	1,175	1,500
HDFC Bank	BUY	1,987	2,125
ICICI Bank	BUY	1,436	1,700
IndusInd Bank	HOLD	854	780
Kotak Mahindra Bank	BUY	2,150	2,400
Federal Bank	BUY	215	220
DCB Bank	BUY	142	155
City Union Bank	BUY	219	210
Bank of Baroda	BUY	241	275
State Bank of India	BUY	807	960
Union Bank of India	BUY	152	160

Source: PL

Top Picks

ICICI Bank

Kotak Mahindra Bank

Gaurav Jani

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Aditya Modani

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Fees would fall by 3.2% QoQ, while opex may inch up by 1.9% QoQ. Core PPOP (ex-IIB) may come in at Rs543bn (-2.3% QoQ). Provisions are likely to increase by 9bps sequentially to 58bps due to agri slippages, while core PAT (ex-IIB) could fall by 5.5% QoQ at Rs352.1bn.

- **Public sector banks:** Loan growth is likely to be 0.8% QoQ compared to deposit growth of 0.2% QoQ. NII growth is expected of 0.3% QoQ, while NIM could increase by 1bp QoQ to 2.84% (-2bps in Q4FY25). Due to seasonality, fees/opex could fall by 22.7%/13.0% QoQ and core PPOP may decline by 0.3% QoQ to Rs365bn. Slippage ratio may rise by 29bps QoQ to 1%, while provisions may come in at 54bps. Core PAT is expected at Rs213.1bn (+3.1% QoQ).
- **Mid-cap banks:** Loan growth would be 1.3% QoQ, while NII growth may be 3.0% QoQ. NIM may rise by 1bp QoQ to 3.16%. Core PPOP could slightly fall by 0.4% QoQ to Rs19.1bn. Slippage ratio could fall by 5bps QoQ to 1.46%, while GNPA may come in at 2.22%. Core PAT may be Rs11.4bn (-10.1% QoQ) due to normalization of provisions in FB.

Top Picks:

- **ICICI Bank:** ICICIB remains the best performing bank due to earnings quality. Balance sheet is strong with CET-1 of ~16% and buffer provisions of 1%. While core PAT growth could be muted at 5.4% in FY26E due to NIM compression, once margins stabilize post FY26, core earnings growth could be strong at 16% YoY for FY27E. Core RoA at 2.1% for FY27 is the best-in-class. We maintain multiple at 2.9x on Mar'27 core ABV. Retain 'BUY' with TP at Rs1,700.
- **Kotak Mahindra Bank:** Lifting of RBI embargo could lead to better loan and deposit growth; bank also plans to increase share of unsecured loans from 10.5% to 15% which would cushion NIM. Core earnings growth is expected to be 18.3% YoY in FY27E with core RoA/RoE of 1.9%/11.5%. We keep multiple at 2.4x on Mar'27 core ABV. Retain 'BUY' with TP at Rs2,400.

Exhibit 2: Recommendation for PL coverage universe

Coverage Universe	CMP (Rs)	MCap (Rs B)	New Rating	Old Rating	New PT (Rs)	Old PT (Rs)	Upside (%)	P/ABV (x)				RoE (%)			
								FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E
Axis Bank	1,175	3,647	BUY	BUY	1,500	1,500	27.6%	2.5	2.1	1.8	1.6	18.0	15.9	14.1	14.3
HDFC Bank	1,987	15,223	BUY	BUY	2,125	2,125	6.9%	3.5	3.1	2.8	2.5	15.6	14.3	13.3	14.0
ICICI Bank	1,436	10,277	BUY	BUY	1,700	1,700	18.4%	4.4	3.6	3.2	2.8	18.9	18.0	15.9	16.0
IndusInd Bank	854	667	HOLD	HOLD	780	780	-8.7%	1.1	1.1	1.0	0.9	15.3	1.4	7.9	9.2
Kotak Mahindra Bank	2,150	4,235	BUY	BUY	2,400	2,400	11.6%	4.5	3.7	3.3	2.9	15.3	15.4	11.5	12.0
Federal Bank	215	529	BUY	BUY	220	220	2.3%	1.9	1.6	1.5	1.3	14.7	13.0	10.9	11.8
DCB Bank	142	45	BUY	BUY	155	155	9.0%	1.0	0.9	0.8	0.8	11.8	12.1	10.7	12.4
City Union Bank	219	161	BUY	BUY	210	210	-4.0%	2.2	1.8	1.6	1.5	12.8	12.6	12.0	12.9
Bank of Baroda	241	1,247	BUY	BUY	275	275	14.1%	1.2	1.0	0.9	0.8	17.8	16.4	11.4	12.2
State Bank of India	807	7,245	BUY	BUY	960	960	19.0%	2.2	1.8	1.6	1.4	20.4	18.6	15.5	15.0
Union Bank of India	152	1,169	BUY	BUY	160	160	5.1%	1.4	1.1	1.0	0.9	16.7	18.1	14.8	14.9

Source: Company, PL

Exhibit 3: Q1FY26 Banks Results Preview – NII could improve by 1.5% QoQ largely led by large private banks

Rs Million	NII	YoY	QoQ	PPOP	YoY	QoQ	PAT	YoY	QoQ
HDFC Bank	3,14,306	5.3%	0.2%	2,48,970	4.2%	-3.6%	1,64,222	1.5%	-2.9%
ICICI Bank	2,12,512	8.7%	0.8%	1,69,988	6.1%	-3.1%	1,16,491	5.3%	-6.9%
Axis Bank	1,38,298	2.8%	0.1%	1,11,249	10.1%	3.5%	67,431	11.7%	-5.3%
Kotak	73,486	7.4%	0.9%	51,700	-1.6%	-5.5%	33,319	-5.2%	-6.2%
IndusInd	44,974	-16.8%	47.5%	28,131	-28.4%	-695.4%	10,599	-50.8%	-147.4%
Federal	24,597	7.3%	3.5%	14,393	-4.1%	-1.8%	8,865	-12.2%	-13.9%
DCB Bank	5,692	14.6%	2.0%	2,633	28.2%	-13.8%	1,435	9.2%	-19.0%
City Union Bank	6,125	12.4%	2.0%	4,237	13.4%	-3.9%	2,735	3.4%	-5.0%
SBI	4,25,923	3.6%	-0.4%	3,00,929	13.8%	-3.8%	1,95,764	14.9%	5.0%
BOB	1,13,933	-1.8%	3.4%	69,630	-2.8%	-14.4%	37,465	-16.0%	-25.8%
Union	94,872	0.8%	-0.3%	80,515	3.4%	4.6%	45,277	NA	NA
Total Banks	13,59,847	3.7%	1.5%	10,01,860	5.6%	-0.6%	6,38,326	3.2%	1.2%
Total Private Banks	8,19,991	4.6%	2.3%	6,31,301	3.0%	2.9%	4,05,097	0.4%	2.9%
Total Public Banks	5,39,856	2.4%	0.4%	3,70,559	10.3%	-6.0%	2,33,229	8.5%	-1.6%
Rs Billion	Loans	YoY	QoQ	Margins	YoY	QoQ	Credit Cost	YoY	QoQ
HDFC Bank	26,291	6.7%	0.4%	3.56%	-15bps	3bps	0.50%	8bps	1bps
ICICI Bank	13,753	12.4%	2.5%	4.40%	-24bps	-2bps	0.43%	-1bps	16bps
Axis Bank	10,512	7.3%	1.0%	3.80%	-29bps	5bps	0.81%	-2bps	29bps
Kotak	4,354	11.7%	2.0%	4.63%	-41bps	0bps	0.67%	7bps	-18bps
IndusInd	3,345	-3.9%	-3.1%	3.61%	-98bps	118bps	1.67%	47bps	-113bps
Federal	2,372	7.4%	1.0%	3.07%	-18bps	1bps	0.42%	16bps	19bps
DCB Bank	523	24.0%	2.5%	3.34%	-17bps	1bps	0.54%	27bps	1bps
City Union Bank	529	16.1%	1.6%	3.42%	3bps	6bps	0.59%	24bps	-1bps
SBI	42,049	12.2%	1.0%	2.86%	-19bps	-2bps	0.43%	6bps	-19bps
BOB	12,071	15.2%	-0.2%	2.83%	-33bps	12bps	0.61%	22bps	9bps
Union	9,630	9.6%	1.0%	2.73%	0bps	0bps	0.77%	0bps	0bps
Total Banks	1,15,800	10.2%	0.8%	3.55%	-29bps	14bps	0.54%	6bps	-11bps
Total Private Banks	61,680	8.0%	0.9%	3.73%	-30bps	5bps	0.61%	6bps	2bps
Total Public Banks	54,120	12.8%	0.7%	2.85%	-26bps	-5bps	0.47%	10bps	-13bps

Source: Company, PL

Exhibit 4: GNPA expected to fall due to seasonality

	Q4FY25			Q1FY26E		
	GNPA	NNPA	PCR	GNPA	NNPA	PCR
HDFCB	1.33%	0.43%	67.9%	1.39%	0.42%	70.0%
ICICIBC	1.78%	0.42%	76.9%	1.81%	0.40%	78.0%
Axis	1.38%	0.35%	74.6%	1.43%	0.36%	75.0%
KMB	1.42%	0.31%	78.1%	1.44%	0.38%	74.0%
IIB	3.13%	0.95%	70.2%	3.35%	1.03%	70.0%
SBI	1.82%	0.47%	74.4%	1.88%	0.48%	75.0%
BOB	2.26%	0.58%	74.9%	2.24%	0.57%	75.0%
UNBK	3.60%	0.63%	83.1%	3.44%	0.71%	80.0%
Federal	1.84%	0.44%	76.2%	1.86%	0.45%	76.0%
DCB	2.99%	1.12%	63.2%	3.07%	1.10%	65.0%
CUBK	3.09%	1.25%	60.1%	3.01%	1.20%	61.0%

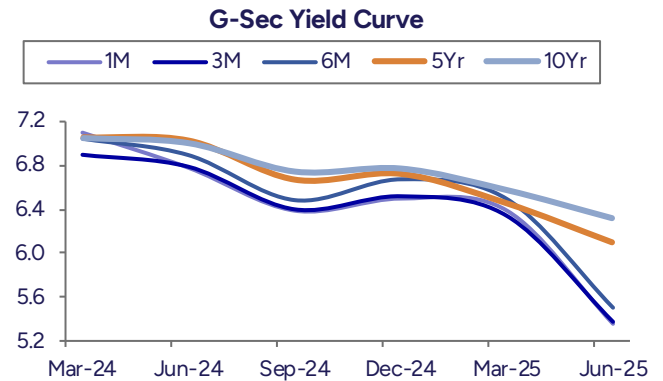
Source: Company, PL

Exhibit 5: G-sec yields have fallen to 6.29%



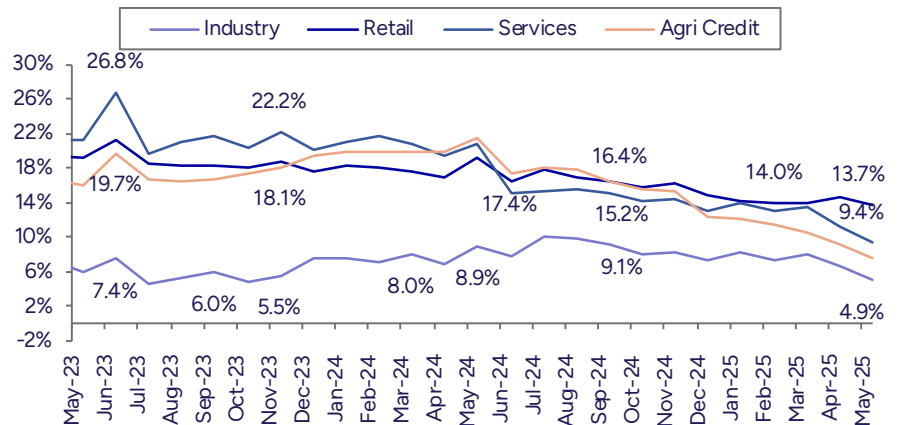
Source: PL

Exhibit 6: G-sec yields continue to fall



Source: PL

Exhibit 7: Credit growth continues to moderate

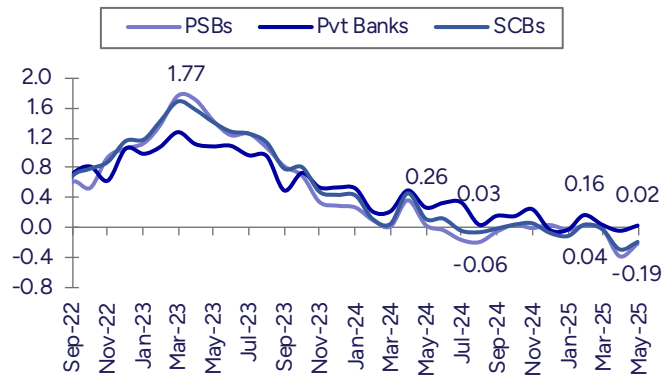


Source: RBI, PL

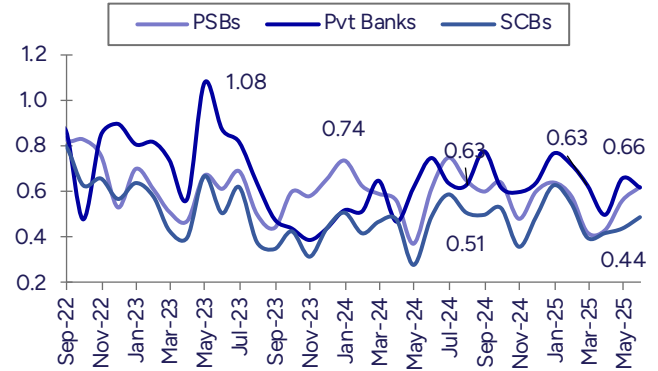
Exhibit 8: MCLR rates reducing due to rate cuts

Banks MCLR Profile	MCLR 1YR			% Change	
	Dec-24	Mar-25	Jun-25	3Months	6Months
HDFC Bank	9.45%	9.40%	9.05%	-5bps	-35bps
Axis Bank	9.45%	9.40%	8.90%	-5bps	-50bps
ICICI Bank	9.10%	9.10%	8.50%	0bps	-60bps
KMB	9.55%	9.55%	8.90%	0bps	-65bps
IndusInd Bank	10.55%	10.45%	10.30%	-10bps	-15bps
SBI	9.00%	9.00%	9.00%	0bps	0bps
Bank of Baroda	9.00%	9.00%	8.90%	0bps	-10bps
Union Bank	9.00%	9.00%	8.90%	0bps	-10bps
Federal	9.90%	9.90%	9.50%	0bps	-40bps
PSBs – Median	9.03%	9.08%	9.00%	5bps	-8bps
Pvt – Median	10.00%	10.00%	9.75%	0bps	-25bps

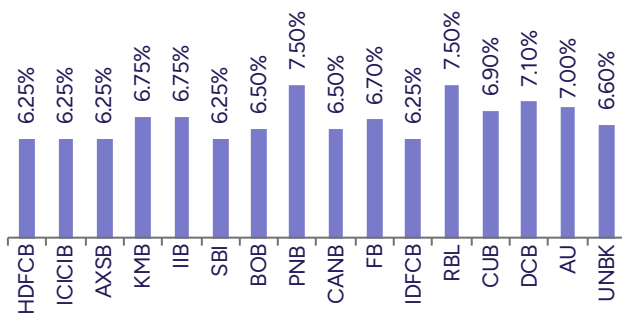
Source: RBI, PL

Exhibit 9: Incr. lending rates have stabilized


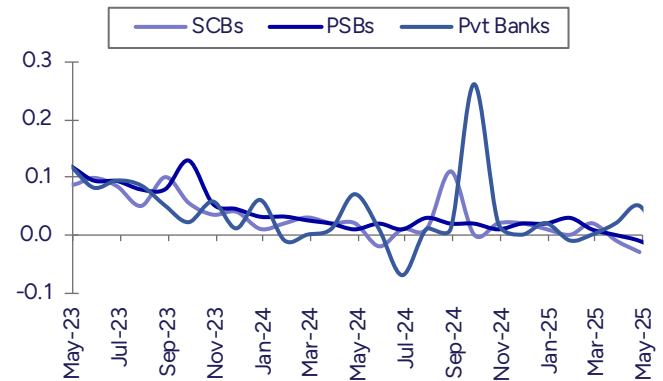
Source: RBI, PL

Exhibit 10: Difference between stock & fresh yields


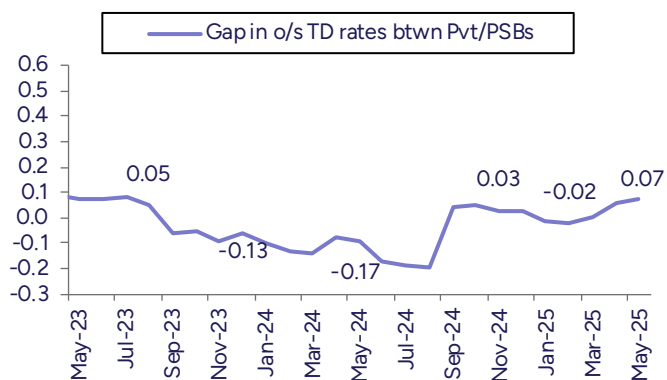
Source: RBI, PL

Exhibit 11: Deposit rates have fallen post rate cuts
Deposit Rates 1 Year Bucket


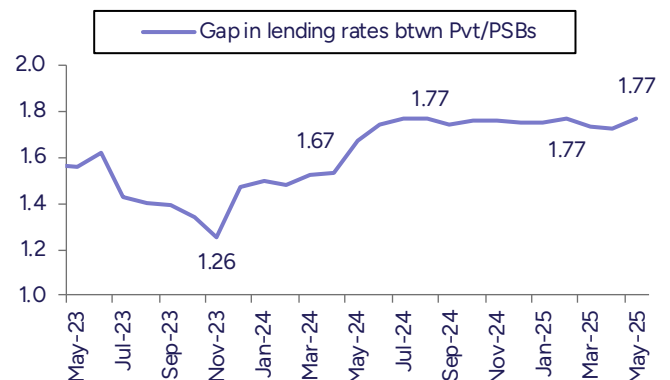
Source: Company, PL

Exhibit 12: O/S TD rates on YTD basis


Source: RBI, PL

Exhibit 13: TD rates higher for PSUs over PVB


Source: RBI, PL

Exhibit 14: Stock lending rates for pvt banks is higher than PSB


Source: RBI, PL

Exhibit 15: Q1FY26 Result Preview (Private Banks)

Company Name		Q1FY26E	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	Remark
Axis Bank	NII (Rs mn)	1,38,298	1,34,482	2.8	1,38,105	0.1	
	PPOP (Rs mn)	1,11,249	1,01,062	10.1	1,07,524	3.5	Loan growth may come in at 1.0% QoQ; NIM is expected to improve by 5bps QoQ to 3.80%
	Provisions (Rs mn)	21,341	20,393	4.6	13,594	57.0	
	PAT (Rs mn)	67,431	60,346	11.7	71,175	(5.3)	
	Loans (Rs bn)	10,512	9,801	7.3	10,408	1.0	PPoP is likely to improve QoQ due to increase in margins and better cost management. Provision costs to increase by 29bps QoQ.
	Margin (%)	3.80	4.09	-29bps	3.75	5bps	
	GNPA (%)	1.38	1.54	-16bps	1.28	10bps	
	Credit Cost (%)	0.81	0.83	-2bps	0.52	29bps	
HDFC Bank	NII (Rs mn)	3,14,306	2,98,371	5.3	3,13,658	0.2	Loan would be softer (vs deposit growth) at 0.4% QoQ due to focus on LDR. NII could grow by 0.2% QoQ. Margins may improve to 3.56% as due to better loan mix aiding loan yields and fall in cost of funds.
	PPOP (Rs mn)	2,48,970	2,38,846	4.2	2,58,367	(3.6)	
	Provisions (Rs mn)	32,888	26,021	26.4	31,931	3.0	
	PAT (Rs mn)	1,64,222	1,61,748	1.5	1,69,161	(2.9)	PPoP could fall by 3.6% due to higher opex and fall in other income.
	Loans (Rs bn)	26,291	24,635	6.7	26,196	0.4	
	Margin (%)	3.56	3.71	-15bps	3.53	3bps	Provisions could increase by 3.0% due to seasonality and prudent accounting practices.
	GNPA (%)	1.39	1.33	7bps	1.33	6bps	
	Credit Cost (%)	0.50	0.42	8bps	0.49	1bps	GNPAs could be increase to 1.39% due to fall in asset quality.
ICICI Bank	NII (Rs mn)	2,12,512	1,95,529	8.7	2,10,789	0.8	Loan growth momentum to continue and come in at 2.5%. We expect NII growth of 0.8% QoQ.
	PPOP (Rs mn)	1,69,988	1,60,248	6.1	1,75,503	(3.1)	
	Provisions (Rs mn)	14,667	13,322	10.1	8,907	64.7	
	PAT (Rs mn)	1,16,491	1,10,591	5.3	1,25,156	(6.9)	Margin may fall by 2bps due to fall in yields outpacing fall in cost of funds.
	Loans (Rs bn)	13,753	12,232	12.4	13,418	2.5	
	Margin (%)	4.40	4.64	-24bps	4.42	-2bps	GNPAs set to increase by 6bps QoQ and credit cost may increase by 16bps QoQ.
	GNPA (%)	1.73	2.15	-42bps	1.67	6bps	
	Credit Cost (%)	0.43	0.44	-1bps	0.27	16bps	
IndusInd Bank	NII (Rs mn)	44,974	54,076	(16.8)	30,483	47.5	Loan may degrow by 3.1% QoQ while NII may improve by 47.5% QoQ due to low base effect
	PPOP (Rs mn)	28,131	39,267	(28.4)	(4,725)	(695.4)	
	Provisions (Rs mn)	14,000	10,498	33.4	24,166	(42.1)	
	PAT (Rs mn)	10,599	21,522	(50.8)	(22,360)	(147.4)	Margin is expected to normalise to 3.61%.
	Loans (Rs bn)	3,345	3,479	(3.9)	3,450	(3.1)	
	Margin (%)	3.61	4.58	-98bps	2.43	118bps	Provisions are expected to decrease by 42.1% QoQ due to higher base effect
	GNPA (%)	3.35	2.02	133bps	3.13	21bps	
	Credit Cost (%)	1.67	1.21	47bps	2.80	-113bps	
Kotak Mahindra Bank	NII (Rs mn)	73,486	68,424	7.4	72,836	0.9	We expect loan growth to be at 2% QoQ. Margins could remain flat sequentially at 4.63%.
	PPOP (Rs mn)	51,700	52,541	(1.6)	54,722	(5.5)	
	Provisions (Rs mn)	7,275	5,785	25.8	9,094	(20.0)	
	PAT (Rs mn)	33,319	35,161	(5.2)	35,517	(6.2)	PAT may fall QoQ by 6.2% due higher opex and lower other income
	Loans (Rs bn)	4,354	3,900	11.7	4,269	2.0	
	Margin (%)	4.63	5.04	-41bps	4.63	0bps	Asset quality may deteriorate with GNPAs rising by 2bps QoQ. Credit costs to decrease by 18bps QoQ
	GNPA (%)	1.44	1.39	5bps	1.42	2bps	
	Credit Cost (%)	0.67	0.59	7bps	0.85	-18bps	
Federal Bank	NII (Rs mn)	24,597	22,920	7.3	23,774	3.5	NII growth could be 3.5% QoQ. Loan growth would be 1.0% QoQ while NIM may remain largely flat as fall in CoFs may be offset by fall in yields
	PPOP (Rs mn)	14,393	15,009	(4.1)	14,654	(1.8)	
	Provisions (Rs mn)	2,493	1,443	72.8	1,381	80.5	
	PAT (Rs mn)	8,865	10,095	(12.2)	10,302	(13.9)	PPoP to decrease by 1.8% due to lower other income. Provisions are expected to normalise.
	Loans (Rs bn)	2,372	2,208	7.4	2,348	1.0	
	Margin (%)	3.07	3.25	-18bps	3.06	1bps	Asset quality (GNPA) could increase by 2bps QoQ and credit cost to rise by 19bps
	GNPA (%)	1.86	2.11	-26bps	1.84	2bps	
	Credit Cost (%)	0.42	0.26	16bps	0.24	19bps	



Company Name		Q1FY26E	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	Remark
DCB Bank	NII (Rs mn)	5,692	4,966	14.6	5,580	2.0	
	PPOP (Rs mn)	2,633	2,054	28.2	3,054	(13.8)	Loan growth may come in at 2.5% QoQ with NII growth of 2.0% QoQ. Expect margins to improve QoQ by 1bps due to lower cost of funds. PPOP could fall by 13.8% QoQ due to increased opex and lower other income.
	Provisions (Rs mn)	701	284	147.1	672	4.3	
	PAT (Rs mn)	1,435	1,314	9.2	1,771	(19.0)	
	Loans (Rs bn)	523	422	24.0	510	2.5	
	Margin (%)	3.34	3.50	-17bps	3.33	1bps	We expect credit cost to increase by 1 bp while GNPA's are expected to fall to 3.07%.
	GNPA (%)	3.07	3.33	-26bps	2.99	8bps	
	Credit Cost (%)	0.54	0.27	27bps	0.53	1bps	
City Union Bank	NII (Rs mn)	6,125	5,452	12.4	6,003	2.0	Credit growth could be up by 1.6% QoQ. We expect NII to improve by 2.0% and PPOP to decline by 3.9% QoQ due to decline in other income and rise in opex.
	PPOP (Rs mn)	4,237	3,735	13.4	4,410	(3.9)	
	Provisions (Rs mn)	775	390	98.6	780	(0.7)	
	PAT (Rs mn)	2,735	2,645	3.4	2,880	(5.0)	Margins might improve by 6bps QoQ to 3.42% due to fall in CoFs.
	Loans (Rs bn)	529	456	16.1	521	1.6	
	Margin (%)	3.42	3.39	3bps	3.36	6bps	Provisions are expected to fall by 0.7% QoQ while GNPA might improve by 8bps QoQ. Credit cost expected to come in at 59bps.
	GNPA (%)	3.01	3.88	-87bps	3.09	-8bps	
	Credit Cost (%)	0.59	0.34	24bps	0.60	-1bps	

Source: Company, PL

Exhibit 16: Q1FY26 Result Preview (PSU Banks)

Company Name		Q1FY26E	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	Remark
State Bank of India	NII (Rs mn)	4,25,923	4,11,255	3.6	4,27,746	(0.4)	NII may fall by 0.4% QoQ with loan growth seen at 1.0%. Margins could fall slightly sequentially.
	PPOP (Rs mn)	3,00,929	2,64,486	13.8	3,12,860	(3.8)	
	Provisions (Rs mn)	45,057	34,494	30.6	64,417	(30.1)	PPoP to decline by 3.8% QoQ on account of seasonally lower other income partially offset by lower opex
	PAT (Rs mn)	1,95,764	1,70,352	14.9	1,86,426	5.0	
	Loans (Rs bn)	42,049	37,491	12.2	41,633	1.0	
	Margin (%)	2.86	3.06	-19bps	2.88	-2bps	Provisions are expected to normalise in Q1FY26 leading to rise in PAT by 5.0% QoQ. Asset quality in terms of GNPA to fall by 6 bps while credit cost is expected to fall by 19bps.
	GNPA (%)	1.88	2.21	-33bps	1.82	6bps	
	Credit Cost (%)	0.43	0.37	6bps	0.62	-19bps	
Bank of Baroda	NII (Rs mn)	1,13,933	1,16,001	(1.8)	1,10,196	3.4	NII could inch up by 3.4% QoQ while loan growth would come in at -0.2% QoQ. Margins could improve by 12bps to 2.83% due to better deposit/loan mix and rise in LDR.
	PPOP (Rs mn)	69,630	71,613	(2.8)	81,321	(14.4)	
	Provisions (Rs mn)	18,308	10,107	81.1	15,515	18.0	
	PAT (Rs mn)	37,465	44,582	(16.0)	50,477	(25.8)	PAT could see a sharp decline due to provisions going back to normalized levels.
	Loans (Rs bn)	12,071	10,479	15.2	12,096	(0.2)	
	Margin (%)	2.83	3.16	-33bps	2.71	12bps	GNPA could improve by 2bps QoQ while credit costs could increase by 9bps.
	GNPA (%)	2.24	2.88	-64bps	2.26	-2bps	
	Credit Cost (%)	0.61	0.39	22bps	0.51	9bps	
Union Bank of India	NII (Rs mn)	94,872	94,121	0.8	95,140	(0.3)	NII to fall by 0.3% QoQ. However, loan growth may be higher by 1.0% QoQ. Margins could fall slightly sequentially due to seasonality and rate cut
	PPOP (Rs mn)	80,515	77,853	3.4	77,001	4.6	
	Provisions (Rs mn)	18,492	27,558	(32.9)	15,439	19.8	PPoP to increase by 4.6% QoQ on account of fall in opex
	PAT (Rs mn)	45,277	36,789	23.1	49,849	(9.2)	
	Loans (Rs bn)	9,630	8,787	9.6	9,535	1.0	Provisions are expected to increase in Q1FY26 leading to further fall in PAT by 9.2% QoQ. Asset quality in terms of GNPA to improve by 16 bps while credit cost is expected to increase by 12bps.
	Margin (%)	2.73	2.94	-21bps	2.75	-2bps	
	GNPA (%)	3.44	4.54	-110bps	3.60	-16bps	
	Credit Cost (%)	0.77	1.25	-49bps	0.65	12bps	

Source: Company, PL

Exhibit 17: Change in Estimates

	Rating		Target Price			NII (Rs bn)						PPoP (Rs bn)						PAT (Rs bn)					
						FY26E			FY27E			FY26E			FY27E			FY26E			FY27E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Axis Bank	BUY	BUY	1,500	1,500	0.0%	571.8	575.6	-0.7%	639.1	643.4	-0.7%	450.5	452.6	-0.5%	517.0	519.8	-0.5%	271.7	274.1	-0.9%	318.2	319.1	-0.3%
HDFC Bank	BUY	BUY	2,125	2,125	0.0%	1,308.7	1,302.4	0.5%	1,499.7	1,493.1	0.4%	1,051.8	1,045.7	0.6%	1,220.5	1,214.3	0.5%	701.8	697.1	0.7%	819.9	815.2	0.6%
ICICI Bank	BUY	BUY	1,700	1,700	0.0%	877.4	882.7	-0.6%	1,009.0	1,011.5	-0.2%	716.0	721.2	-0.7%	830.1	832.6	-0.3%	490.7	494.6	-0.8%	565.3	570.1	-0.8%
IndusInd Bank	HOLD	HOLD	780	780	0.0%	189.8	192.6	-1.5%	214.5	218.6	-1.9%	121.0	123.8	-2.3%	139.0	143.1	-2.8%	52.6	54.6	-3.6%	65.9	68.5	-3.9%
Kotak Mahindra Bank	BUY	BUY	2,400	2,400	0.0%	307.3	310.1	-0.9%	356.6	358.9	-0.6%	219.7	222.4	-1.3%	255.3	257.6	-0.9%	142.4	145.2	-1.9%	167.2	170.1	-1.7%
Federal Bank	BUY	BUY	220	220	0.0%	102.4	103.3	-0.9%	118.7	119.8	-1.0%	61.6	62.6	-1.6%	73.3	74.4	-1.5%	38.5	39.2	-1.9%	45.9	46.7	-1.8%
DCB Bank	BUY	BUY	155	155	0.0%	24.2	24.2	0.0%	29.2	29.2	0.0%	11.0	11.0	0.0%	14.0	14.0	0.0%	6.1	6.1	0.0%	7.9	7.9	0.0%
City Union Bank	BUY	BUY	210	210	0.0%	26.0	26.0	0.2%	30.8	29.9	3.0%	18.3	18.4	-0.5%	22.2	20.9	6.0%	12.0	12.1	-0.8%	14.4	13.7	5.1%
Bank of Baroda	BUY	BUY	275	275	0.0%	484.8	490.5	-1.2%	553.8	556.2	-0.4%	293.4	296.1	-0.9%	341.4	337.3	1.2%	157.0	159.0	-1.2%	185.6	182.7	1.6%
State Bank of India	BUY	BUY	960	960	0.0%	1,790.7	1,815.5	-1.4%	2,046.7	2,069.1	-1.1%	1,105.8	1,129.6	-2.1%	1,225.6	1,238.9	-1.1%	684.5	702.2	-2.5%	748.9	758.7	-1.3%
Union Bank of India	BUY	BUY	160	160	0.0%	391.1	398.7	-1.9%	444.4	448.8	-1.0%	309.4	314.9	-1.7%	351.5	351.3	0.1%	168.7	172.7	-2.3%	192.1	191.9	0.1%

Source: Company, PL C=Current / P=Previous / Acc=Accumulate

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	2,072	2,038
2	Axis Bank	BUY	1,500	1,221
3	Bank of Baroda	BUY	275	234
4	Can Fin Homes	BUY	860	723
5	City Union Bank	BUY	210	191
6	DCB Bank	BUY	155	143
7	Federal Bank	BUY	220	208
8	HDFC Asset Management Company	BUY	4,600	4,218
9	HDFC Bank	BUY	2,125	1,965
10	ICICI Bank	BUY	1,700	1,427
11	IndusInd Bank	Hold	780	770
12	Kotak Mahindra Bank	BUY	2,400	2,170
13	LIC Housing Finance	BUY	725	621
14	Nippon Life India Asset Management	BUY	700	638
15	State Bank of India	BUY	960	796
16	Union Bank of India	BUY	160	143
17	UTI Asset Management Company	BUY	1,300	1,019

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Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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