Canara Bank (CBK IN)

Q1FY27 Result Update

July 28, 2026

☑ Estimate Change | ■ Target | ☑ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		ACCUMULATE	
Target Price	150		150	
NII (INR. mn)	433,102	486,169	425,752	479,996
% Chng.	*1.7*	*1.3*		
Op. Profit (INR mn)	329,343	351,881	322,492	352,286
% Chng.	*2.1*	*(0.1)*		
EPS (INR)	20.0	20.8	19.4	21.1
% Chng.	*3.1*	*(1.4)*		

Key Data

Key Data	CNBK.BO | CBK IN
BSE Code	532483
NSE Code	CBK IN
52-W High / Low	INR 162 / INR 103
Face Value	2
Sensex / Nifty	76,836 / 23,996
Market Cap	INR 1,154 bn / $ 12,038 mn
Shares Outstanding	9070.65 mn
3M Avg. Daily Value	INR 3,977.73 mn

Shareholding Pattern (%)

Promoters	62.93
FIIs	14.24
Mutual Funds	5.01
Domestic Institution	5.89
Public & Others	11.93
Promoters Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(1.3)	(9.4)	(17.7)	14.9
Relative	(1.0)	(8.9)	(12.4)	21.8

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
NII (INR mn)	370,720	372,102	433,102	486,169
NIM (%)	*2.4*	*2.1*	*2.2*	*2.2*
Core PPOP (INR mn)	254,599	238,375	270,538	300,564
PAT (INR mn)	170,267	191,867	181,848	189,500
Core PAT (INR mn)	125,641	121,141	137,892	151,012
EPS (INR)	18.8	21.2	20.0	20.9
Gr. (%)	*17.0*	*12.7*	*(5.2)*	*4.2*
DPS (INR)	4.0	5.0	4.0	4.2
Yield (%)	*3.8*	*3.3*	*3.2*	*3.3*
RoAE (%)	*19.9*	*19.1*	*15.9*	*14.6*
Core RoAE (%)	*14.9*	*12.3*	*12.2*	*11.8*
RoAA (%)	*1.1*	*1.1*	*0.9*	*0.8*
Core RoAA (%)	*0.8*	*0.7*	*0.7*	*0.7*
P/BV (x)	1.0	1.1	0.9	0.8
P/ABV (x)	1.1	1.1	1.0	0.9
PE (x)	5.6	5.9	6.3	6.1
CAR (%)	*16.3*	*15.7*	*17.9*	*18.7*

Comfort on NIM/LDR may cushion earnings

Quick Pointers

- Core PPoP miss offset by better asset quality
- NIM guided to be at 2.5-2.6% in FY27; we raise NIM by 5bps
- Upgrade to 'BUY' due to NIM trigger; ECL impact to be lesser

CBK saw steady quarter as core revenue (NII+fees) was in-line and net slippage was lesser at 24bps (PLe 64bps). Loan growth at 4.7% QoQ was superior to peers and was broad based. While reported NIM at 2.5% has been lowest among peers; it has likely bottomed out as incremental lending is happening at higher than avg. yields while there is more scope to reduce deposit cost. One-time ECL impact could be ~10% of equity which the bank would absorb over 2 years (RBI allows 5 years); sustainable impact was guided at <10bps. LDR is comfortable at ~79%. We maintain multiple at 1.0x on Mar'28 ABV and keep TP at INR 150. Upgrade to 'BUY' from 'ACCUMULATE'.

Core revenue in-line. Miss core PPoP; asset quality improves: NII was INR 102.2bn (PLe INR 102.4bn) with loan growth and NIM (calc.) meeting expectations at 19.0% YoY & 2.30%. Reported NIM was down 2bps QoQ to 2.52%. Deposit accretion was 9.8% YoY (PLe 9.9%). LDR increased to 79.3% (77.8% in Q4'26). Other income was higher at INR 67.3bn (PLe INR 56.6bn) due to treasury; TWO recovery was 14% lower. Opex was 3.4% above PLe due to higher staff cost and other opex. Core PPoP at INR 60.3bn was 7.5% below PLe. Asset quality improved as GNPA was down 27bps QoQ to 1.57% (PLe 1.70%). Slippage was lower at INR 18bn (PLe INR 27.1bn); recoveries were better at INR 11.5bn (PLe INR 9.9bn). Provisions were in-line at INR 20.8bn (PLe INR 20bn). Core PAT was 13.6% below PLe at INR 29.3bn; PAT was INR 48.6bn.

Loan growth was broad based: Loan growth was healthy at 4.7% QoQ led by: corporate 4.3%, retail 7.7% and SME 7%. Advances of INR 180bn are eligible under ECLGS 5.0, of which INR 100bn have been disbursed; INR 50-60bn would be disbursed in upcoming quarters. Gold portfolio is INR 2.6trn, split between INR 1.5trn agri gold & INR 1.1trn in retail gold, with LTV of 60-65%. Bank expects to mobilize around USD 2.5bn through FCNR(B), ECB and OFCB during FY27 having already secured USD 775mn. Management had guided credit growth of 11-12% for FY27 in Q4'27, which the bank can surpass.

NIM has likely bottomed out: Incremental lending is happening at yields better than average, which could support NII/NIM while bulk deposit repricing remains favorable, with maturing deposit cost at ~30bps higher than fresh mobilization every month. Hence NIM may have bottomed; we raise NIM for FY27/28E by 5bps. Bank maintains NIM guidance of 2.5-2.6%. One-time ECL impact may be INR 120bn which the bank would absorb over 2 years (RBI allows 5 years); sustainable impact was guided at <10bps.

Quarter Summary

Y/e Mar	Q1'27E	Q1'27A	% Var.	Q1'26A	YoY gr. (%)
NII (INR mn)	1,02,423	1,02,153	-0.3	90,088	13.4
Margin (%)	*2.3*	*2.3*	*1 bps*	*2.3*	*2 bps*
Core PPoP (INR mn)	65,212	60,326	*-7.5*	52,521	*14.9*
Core PAT (INR mn)	33,901	29,276	*-13.6*	22,224	*31.7*

Source: Company, PL

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Q1FY27 Conference Call Highlights

Balance sheet

- Management indicated that around INR 180bn of advances are eligible under ECLGS 5.0, of which INR 110bn has already been sanctioned and INR 100bn disbursed. Another INR 50-60bn of incremental disbursements are expected, supporting loan growth over the coming quarters.
- Gold portfolio is INR 2.6trn, split between INR 1.5trn agri gold & INR 1.1trn in retail gold, with LTV of 60-65%.
- Bank expects to mobilize around USD 2.5bn through FCNR(B), ECB and OFCB during FY27 having already secured USD 775mn. These borrowings carry a funding cost of around 6.5%, benefit from CRR/SLR exemptions and are expected to reduce the overall cost of funds.
- Bulk deposit repricing remains favourable, with the cost of maturing bulk deposits currently running ~29–30bps higher than fresh bulk deposit mobilization every month.
- Liability strategy remains focused on improving the deposit mix by increasing individual savings accounts and retail term deposits, while gradually replacing high-cost bulk deposits with lower-cost retail deposits.

Profit & loss

- As per the bank, the cumulative impact of the 100bps repo rate cut has now fully played out. Incremental lending is being booked at better than average yields, which should support NII and margins going forward. The bank maintains a NIM guidance of 2.50% to 2.60%, with aspirations to further improve it beyond 2.60%,
- Treasury income fell sharply YoY to INR 6.5bn (INR 16.2bn in Q1'26), reflecting absence of RBI OMO arbitrage opportunities and hardening of bond yields.
- Non-interest income was supported by robust PSLC fee of INR 19.5bn, which is seasonally strongest in the first quarter and is unlikely to be replicated across all quarters.
- Total provisions increased QoQ primarily due to higher employee-related provisions, including around INR 3bn towards performance linked Incentive, along with higher tax-related provisions.

Asset quality

- Gross slippages were INR 17.8bn in Q1FY27, largely driven by Agriculture ~INR7.3bn and MSME ~INR6.9bn. Management highlighted that quarterly slippage remained at 0.15% (0.6% annualized).
- The increase in SMA-2 accounts during Q1'27 was attributed to a few large government-guaranteed consortium accounts moving between SMA-1 and SMA-2 due to payment timing. Management clarified that these accounts have since normalized and do not indicate stress in the corporate book.
- Bank estimates incremental provision requirement under ECL at ~INR100bn, excluding MTM adjustments. Including MTM impact, total requirement could be around INR 120bn. Steady-state impact of ECL on credit cost could to be limited, estimating an increase of around 10bps or lower.
- Management clarified that no specific floating provisions have been created for ECL. However, the existing standard asset provisions, ~95% PCR and strong capital buffers provide adequate cushion for transition.
- The bank intends to absorb the ECL impact over two years, significantly ahead of the RBI's five-year transition period. ECL implementation remains on track, with PD, LGD and EAD models already in place. A dry run is planned by October, and management does not foresee any implementation challenges.

Exhibit 1: Quarterly Estimates

(INR mn)	Q1FY27	YoY gr. (%)	Q2FY27E	YoY gr. (%)	Q3FY27E	YoY gr. (%)	Q4FY27E	YoY gr. (%)
NII	1,02,153	13.4	1,07,764	17.9	1,10,086	19.0	1,13,383	15.6
Core PPoP	60,326	14.9	69,401	13.3	69,786	16.1	71,308	10.6
NIM (%)	2.3	1.6 bps	2.4	10.3 bps	2.3	11.1 bps	2.3	7.6 bps
Core PAT	29,276	31.7	35,754	23.7	35,974	30.1	37,195	(12.7)

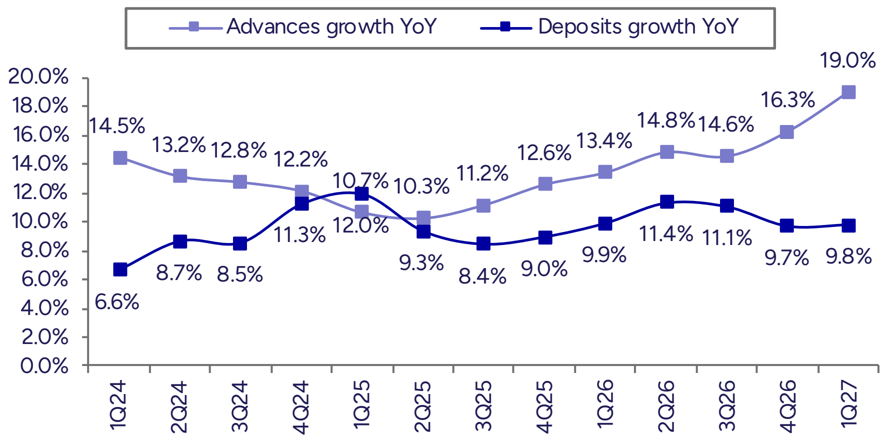
Source: Company, PL

Exhibit 2: PAT at 48.6bn driven by higher other income partly offset by increase in operating expenses

P&L (Rs mn)	Q1FY27	Q1FY26	YoY gr. (%)	Q1FY27E	% Var.	Q4FY26	QoQ gr. (%)
Interest income	3,29,570	3,10,028	6.3	3,32,593	(0.9)	3,18,379	3.5
Interest expense	2,27,418	2,19,941	3.4	2,30,169	(1.2)	2,20,299	3.2
Net interest income (NII)	**1,02,153**	**90,088**	**13.4**	**1,02,423**	**(0.3)**	**98,080**	**4.2**
Other Income	67,272	70,605	(4.7)	56,622	18.8	48,244	39.4
- Fee income	27,430	25,990	5.5	27,122	1.1	28,670	(4.3)
- Other non-interest income	39,842	44,615	(10.7)	29,500	35.1	19,574	103.6
Total income	**1,69,425**	**1,60,692**	**5.4**	**1,59,046**	**6.5**	**1,46,323**	**15.8**
Operating expenses	83,066	75,157	10.5	80,334	3.4	78,750	5.5
-Staff expenses	50,915	47,955	6.2	49,334	3.2	47,436	7.3
-Other expenses	32,151	27,201	18.2	31,000	3.7	31,313	2.7
Operating profit	**86,359**	**85,536**	**1.0**	**78,712**	**9.7**	**67,574**	**27.8**
Core operating profit	60,326	52,521	14.9	65,212	(7.5)	64,460	(6.4)
Total provisions	20,800	23,516	(11.5)	20,010	3.9	9,918	109.7
Profit before tax	**65,558**	**62,020**	**5.7**	**58,701**	**11.7**	**57,656**	**13.7**
Tax	17,000	14,500	17.2	14,675	15.8	12,600	34.9
Profit after tax	**48,558**	**47,520**	**2.2**	**44,026**	**10.3**	**45,056**	**7.8**
Balance Sheet (Rs mn)							
Deposits	1,61,16,849	1,46,76,553	9.8	1,61,26,040	(0.1)	1,56,86,782	2.7
Advances	1,27,76,797	1,07,35,762	19.0	1,27,48,969	0.2	1,22,00,175	4.7
Ratios (calc %)							
RoaA	1.1	1.2	-10.4 bps	1.0	10.6 bps	1.0	5.2 bps
RoaE	17.4	19.3	-190.5 bps	15.8	153.3 bps	16.9	48.1 bps
NIM	2.3	2.3	1.6 bps	2.3	1.1 bps	2.3	3.8 bps
Yield on Advances	8.4	9.0	-55.9 bps	8.5	-6.5 bps	8.4	-4.5 bps
Cost of Funds	5.4	5.9	-44.8 bps	5.5	-2.4 bps	5.4	3.8 bps
Asset Quality							
Gross NPL (Rs m)	2,03,543	2,95,184	(31.0)	2,20,079	(7.5)	2,27,400	(10.5)
Net NPL (Rs m)	46,530	67,652	(31.2)	50,618	(8.1)	52,094	(10.7)
Gross NPL ratio	1.6	2.7	-112.2 bps	1.7	-13.4 bps	1.8	-26.8 bps
Net NPL ratio	0.4	0.6	-27.0 bps	0.4	-3.7 bps	0.4	-6.7 bps
Coverage ratio	77.1	77.1	5.9 bps	77.0	14.0 bps	77.1	4.9 bps
Business & Other Ratios (%)							
Low-cost deposit mix	27.2	27.0	19.0 bps	26.5	68.0 bps	27.3	-18.1 bps
Cost-income ratio	49.0	46.8	225.8 bps	50.5	-148.2 bps	53.8	-479.0 bps
Non int. inc / total income	39.7	43.9	-423.2 bps	35.6	410.5 bps	33.0	673.6 bps
Credit deposit ratio	79.3	73.1	612.7 bps	79.1	21.8 bps	77.8	150.2 bps
CAR	17.2	16.5	65.0 bps	-	-	17.0	13.0 bps
Tier-I	15.0	14.6	42.0 bps	-	-	14.6	41.0 bps

Source: Company, PL

Exhibit 3: **Advances growth increased to 19.0% YoY; Deposit growth increased to 9.8%**



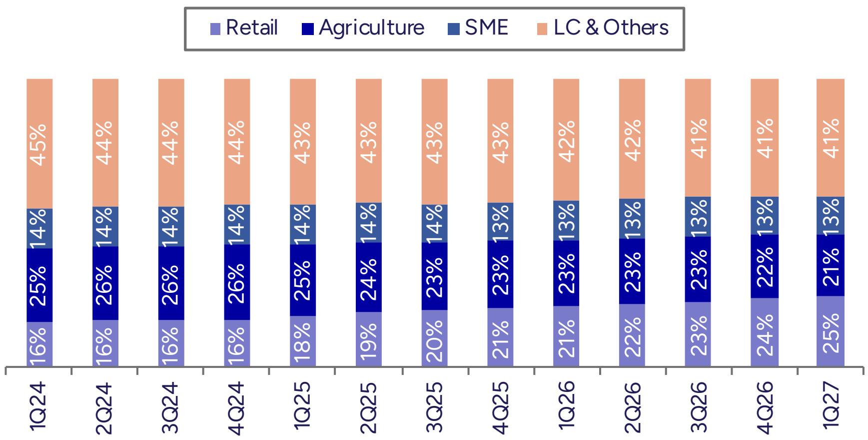
Source: Company, PL

Exhibit 4: **Sequential growth of 4.5% driven by International and Retail**

Loan Book Details (Rs mn)	Q1FY27	Q1FY26	*YoY gr. (%)*	Q4FY26	*QoQ gr. (%)*
Gross Advances	**1,29,33,810**	**1,09,63,290**	***18.0***	**1,23,75,480**	***4.5***
Large Corporates	52,87,060	46,54,290	*13.6*	50,70,280	*4.3*
SME	16,88,150	14,66,460	*15.1*	15,78,310	*7.0*
Agri	27,59,670	24,88,360	*10.9*	27,57,770	*0.1*
International	8,62,940	6,41,870	*34.4*	7,64,050	*12.9*
Retail	31,98,930	23,54,180	*35.9*	29,69,120	*7.7*

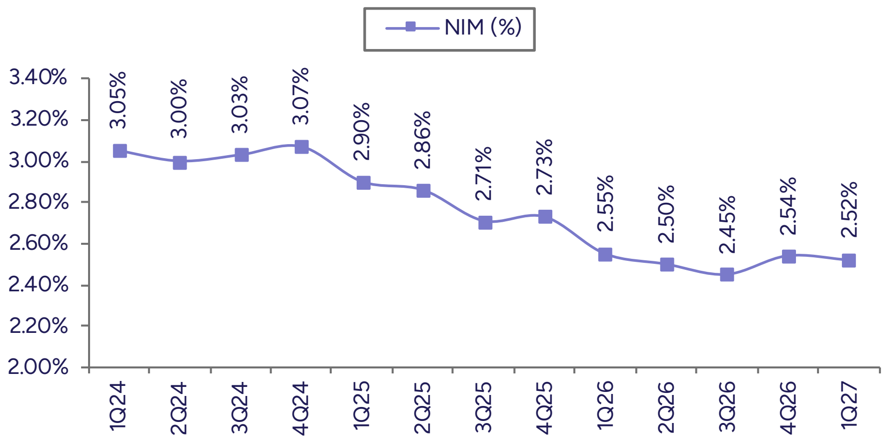
Source: Company, PL

Exhibit 5: **Retail:corporate mix came in at 59:41**



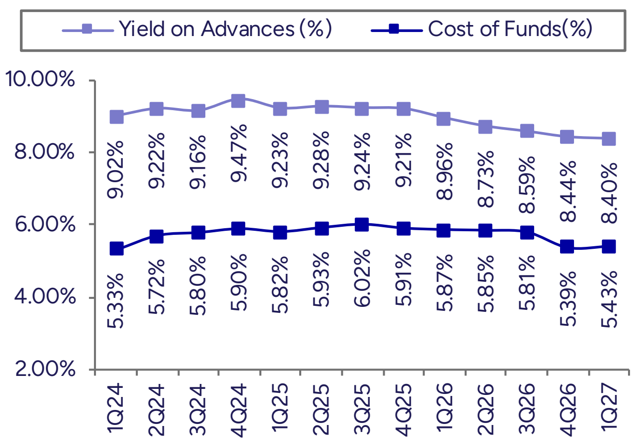
Source: Company, PL

Exhibit 6: NIMs decreased by 2bps QoQ to 2.52%



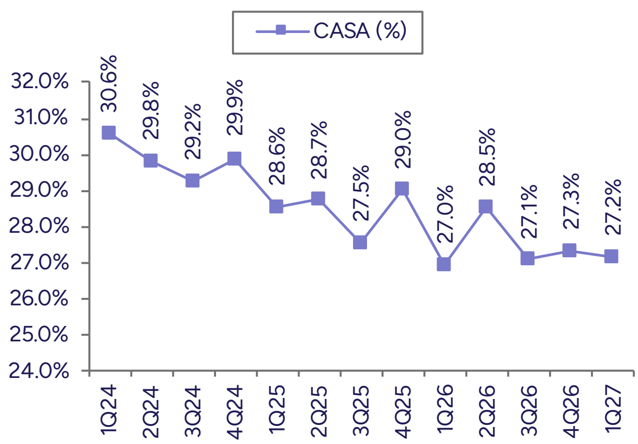
Source: Company, PL

Exhibit 7: Yield on advances fell to 8.40%; Cost of funds rose to 5.43%



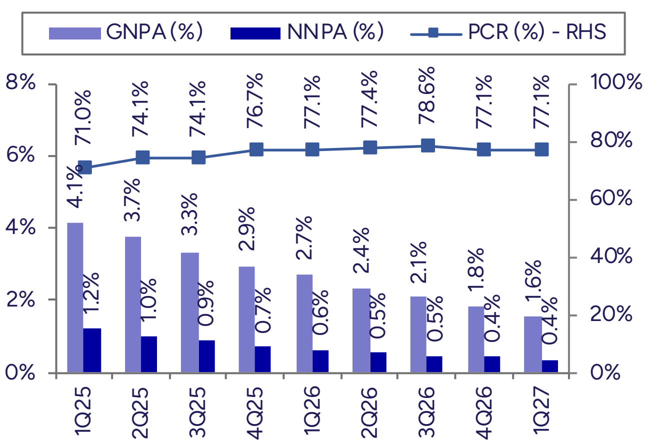
Source: Company, PL

Exhibit 8: CASA ratio stable at 27.2%



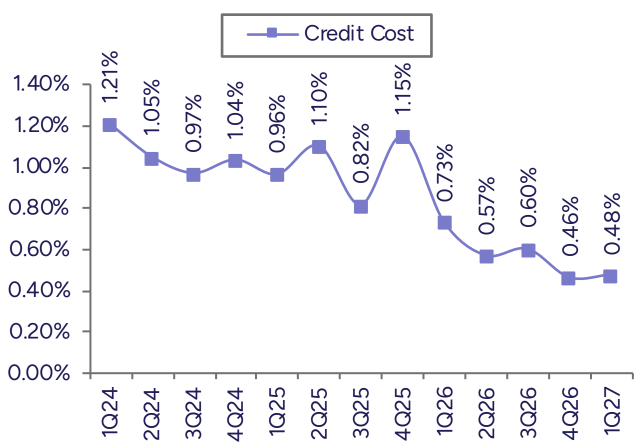
Source: Company, PL

Exhibit 9: GNPA/NNPA improved to 1.6%/0.4%



Source: Company, PL

Exhibit 10: Credit cost increased to 0.48%



Source: Company, PL

Exhibit 11: Slippages were lower at 18bn, recoveries at 6.2bn; overall asset quality was improved

(INR mn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26	1Q27
Additions	34,280	29,870	31,760	34,000	33,370	23,450	24,640	27,020	21,660	21,020	18,990	28,000	18,010
Slippages (%)	1.8	1.6	1.7	1.8	1.5	1.1	1.1	1.1	0.9	0.8	0.7	1.0	0.6
Recovery	11,270	11,980	9,580	9,290	7,800	11,880	7,800	7,910	5,050	5,800	5,950	7,680	6,240
Upgradation	8,000	6,710	5,160	5,200	4,950	6,590	4,600	4,200	5,580	5,370	3,910	3,540	5,270
Write offs	19,340	28,890	39,360	30,670	23,116	31,210	38,960	50,220	31,150	34,630	31,200	37,710	30,360
Gross NPAs	**4,57,270**	**4,39,560**	**4,17,220**	**4,06,060**	**4,03,564**	**3,77,334**	**3,50,614**	**3,15,304**	**2,95,184**	**2,70,404**	**2,48,334**	**2,27,404**	**2,03,544**
Gross NPA Ratio	5.2	4.8	4.4	4.2	4.1	3.7	3.3	2.9	2.7	2.4	2.1	1.8	1.6
Net NPAs	**1,34,614**	**1,25,540**	**1,21,759**	**1,18,228**	**1,17,018**	**97,774**	**90,811**	**73,533**	**67,652**	**61,132**	**53,223**	**52,094**	**46,530**
Net NPA Ratio	1.6	1.4	1.3	1.3	1.2	1.0	0.9	0.7	0.6	0.5	0.5	0.4	0.4
PCR	**70.6**	**71.4**	**70.8**	**70.9**	**71.0**	**74.1**	**74.1**	**76.7**	**77.1**	**77.4**	**78.6**	**77.1**	**77.1**
NPAs breakup													
MSME	1,22,950	1,20,760	1,14,930	1,12,340	1,13,650	1,07,130	99,950	79,150	78,360	79,850	72,080	73,210	70,790
Retail	20,820	20,000	22,980	22,470	22,490	20,670	20,490	21,890	18,110	17,170	13,510	12,230	11,570
Agriculture	74,360	74,290	80,990	85,410	88,150	90,220	89,700	83,750	80,110	74,860	69,540	62,960	56,950
Corporate	2,39,140	2,24,510	1,98,320	1,85,830	1,79,270	1,59,310	1,40,470	1,30,510	1,18,600	98,520	93,200	79,000	64,230

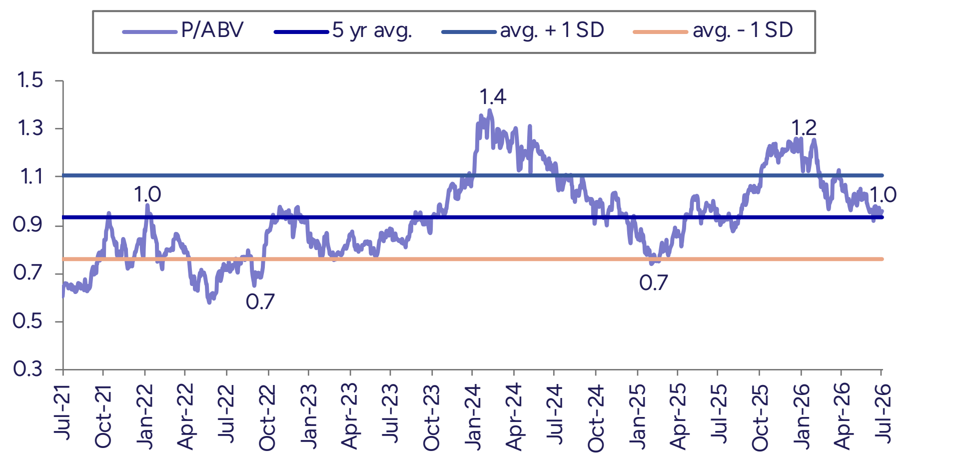
Source: Company, PL

Exhibit 12: Return ratios to remain at ~15-15.5%

RoA decomposition (%)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Interest Income/Assets	2.2	2.4	2.6	2.3	2.1	2.2	2.2
Other Income/Assets	1.4	1.5	1.3	1.4	1.5	1.3	1.2
Net revenues/Assets	**3.6**	**3.9**	**3.9**	**3.7**	**3.6**	**3.5**	**3.4**
Operating Expense/Assets	1.7	1.7	1.8	1.8	1.7	1.7	1.7
Provisions/Assets	1.2	1.1	0.7	0.6	0.5	0.4	0.4
Taxes/Assets	0.3	0.3	0.4	0.4	0.3	0.3	0.3
ROA	**0.5**	**0.8**	**1.0**	**1.1**	**1.1**	**1.0**	**0.9**
ROE	**10.5**	**17.1**	**20.2**	**19.9**	**19.1**	**17.3**	**15.2**

Source: Company, PL

Exhibit 13: One-year forward P/ABV trades at 1.0x



Source: Company, PL

Quarterly Financials

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Income Statement (INR m)								
Interest earned	297,401	303,116	310,020	310,028	315,439	319,816	318,379	329,570
Interest expended	204,249	211,630	215,601	219,941	224,027	227,293	220,299	227,418
Net Interest Income	**93,152**	**91,486**	**94,419**	**90,088**	**91,412**	**92,523**	**98,080**	**102,153**
Other income	49,810	58,022	63,508	70,605	70,538	78,994	48,244	67,272
Fees	**26,090**	**24,130**	**26,110**	**25,990**	**29,130**	**27,410**	**28,670**	**27,430**
Total Income	142,962	149,507	157,927	160,692	161,950	171,517	146,323	169,425
Operating Expenses	**66,424**	**71,141**	**75,090**	**75,157**	**76,069**	**80,322**	**78,750**	**83,066**
Employees	43,632	44,805	47,828	47,955	48,223	49,046	47,436	50,915
Others	22,792	26,336	27,262	27,201	27,847	31,276	31,313	32,151
Operating profit	76,538	78,366	82,837	85,536	85,881	91,195	67,574	86,359
Core PPoP	**64,728**	**64,555**	**70,149**	**52,521**	**61,273**	**60,121**	**64,460**	**60,326**
Provisions	**22,513**	**23,983**	**18,317**	**23,516**	**23,542**	**24,144**	**9,918**	**20,800**
Profit before tax	54,025	54,384	64,520	62,020	62,340	67,051	57,656	65,558
Taxes	13,880	13,342	14,493	14,500	14,600	15,500	12,600	17,000
Net Profit	40,145	41,042	50,027	47,520	47,740	51,551	45,056	48,558
Core PAT	**31,370**	**30,619**	**40,189**	**22,224**	**28,895**	**27,661**	**42,623**	**29,276**
Balance Sheet (INR m)								
Share capital	18,141	18,141	18,141	18,141	18,141	18,141	18,141	18,141
Reserves & surplus	952,621	964,077	980,860	1,026,406	1,064,767	1,114,251	1,115,685	1,172,336
Deposits	13,473,467	13,694,647	14,298,622	14,676,553	15,002,810	15,212,683	15,686,782	16,116,849
Borrowings	947,822	924,928	1,166,861	1,196,689	1,187,715	1,479,024	1,552,877	1,536,989
Other liabilities	365,028	324,690	382,372	358,544	375,416	399,469	458,535	435,202
Total liabilities	**15,757,079**	**15,926,483**	**16,846,856**	**17,276,334**	**17,648,849**	**18,223,568**	**18,832,019**	**19,279,517**
Cash & bank	1,626,320	1,404,301	2,053,402	2,050,716	1,911,960	2,024,243	2,063,033	1,968,288
Investments	3,729,450	3,793,721	3,821,794	3,973,234	3,946,109	3,947,364	4,034,146	4,000,768
Advances	9,840,412	10,237,269	10,491,550	10,735,762	11,301,139	11,728,157	12,200,175	12,776,797
Fixed assets	122,488	98,477	102,152	101,271	101,479	103,418	105,704	105,368
Other assets	438,410	392,716	377,959	415,351	388,162	420,386	428,961	428,295
Total assets	**15,757,079**	**15,926,483**	**16,846,856**	**17,276,334**	**17,648,849**	**18,223,568**	**18,832,019**	**19,279,517**
Balance sheet ratios (%)								
Loan growth	10.3	11.2	12.6	13.4	14.8	14.6	16.3	19.0
Deposit growth	9.3	8.4	9.0	9.9	11.4	11.1	9.7	9.8
LDR	73.0	74.8	73.4	73.1	75.3	77.1	77.8	79.3
CASA	28.7	27.5	29.0	27.0	28.5	27.1	27.3	27.2
Capital Adequacy (%)								
CET-1	12.0	12.0	12.0	12.3	12.2	12.4	12.4	12.9
Tier-2	1.9	1.9	2.0	1.9	1.9	2.0	2.5	2.2
CRAR	16.6	16.4	16.3	16.5	17.0	17.0	17.0	17.2
Profitability ratios (%)								
Yield on assets	8.1	8.0	7.8	7.9	7.7	7.6	7.3	7.4
Cost of funds	5.9	6.0	5.9	5.9	5.9	5.8	5.4	5.4
NIM	2.6	2.5	2.4	2.3	2.2	2.2	2.1	2.3
Fees/Assets	0.6	0.6	0.6	0.5	0.6	0.5	0.6	0.5
Cost/Income	46.5	47.6	47.5	46.8	47.0	46.8	53.8	49.0
Opex/avg assets	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4
RoA	1.0	1.0	1.1	1.1	1.1	1.2	1.1	1.1
Core RoA	0.8	0.8	1.0	0.5	0.7	0.6	1.0	0.6
RoE	17.2	17.3	18.2	18.1	18.1	18.6	18.0	17.3
Core RoE	14.1	13.4	17.2	9.0	11.3	10.5	16.0	10.5
EPS (INR)	16.9	17.4	18.8	19.7	20.5	21.7	21.2	21.3
BVPS (INR)	107.0	108.3	110.1	115.2	119.4	124.8	125.0	131.2
ABVPS (INR)	-	-	-	-	-	-	-	-
Asset quality ratios (%)								
GNPA	3.7	3.3	2.9	2.7	2.4	2.1	1.8	1.6
NNPA	1.0	0.9	1.0	0.6	0.5	0.5	0.4	0.4
Provision coverage	74.1	74.1	76.7	77.1	77.4	78.6	77.1	77.1
Provision costs	1.0	1.0	0.7	0.9	0.9	0.9	0.3	0.7
Slippage	1.1	1.1	1.1	0.9	0.8	0.7	1.0	0.6
NNPA/Equity	10.1	9.2	7.4	6.5	5.6	4.7	4.6	3.9

Source: Company, PL

Financials

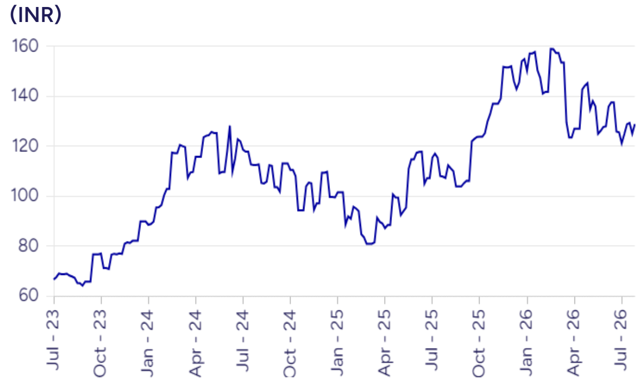
Y/e Mar	FY25	FY26	FY27E	FY28E
Income Statement (INR m)				
Interest earned	1,197,551	1,263,662	1,379,727	1,567,387
Interest expended	826,831	891,559	946,624	1,081,219
Net Interest Income	**370,720**	**372,102**	**433,102**	**486,169**
Other income	224,528	268,380	241,750	249,342
Fees	**96,945**	**111,200**	**124,135**	**138,025**
Net Total Income	595,248	640,483	674,852	735,511
Operating Expenses	**281,345**	**310,297**	**345,509**	**383,629**
Employees	178,561	192,660	211,442	234,803
Others	102,784.1	117,638.0	134,066.9	148,825.9
Operating profit	313,903	330,186	329,343	351,881
Core PPoP	**254,599**	**238,375**	**270,538**	**300,564**
Provisions	**87,636**	**81,119**	**86,064**	**99,214**
Profit before tax	226,267	249,067	243,279	252,667
Taxes	56,000.0	57,200.0	61,430.1	63,166.8
Net Profit	170,267	191,867	181,848	189,500
Core PAT	**125,641**	**121,141**	**137,892**	**151,012**
Growth Ratios (%)				
Loans	12.6	16.3	15.0	13.0
Deposits	9.0	9.7	11.0	9.2
NII	1.4	0.4	16.4	12.3
Fees	18.5	14.7	11.6	11.2
Opex	7.7	10.3	11.3	11.0
Core PPoP	3.5	(6.4)	13.5	11.1
Provisions	(9.7)	(7.4)	6.1	15.3
Core PAT	14.3	(3.6)	13.8	9.5
Profitability Ratios (%)				
Yield on IEA	7.8	7.3	7.1	7.2
Cost of funds	5.7	5.5	5.2	5.3
NIM	**2.4**	**2.1**	**2.2**	**2.2**
Cost/Income	47.3	48.4	51.2	52.2
Provision cost	**0.9**	**0.7**	**0.7**	**0.7**
Tax rate	24.7	23.0	25.3	25.0
Core RoA	**0.8**	**0.7**	**0.7**	**0.7**
Core RoE	**14.9**	**12.3**	**12.2**	**11.8**
Du-pont (%)				
Interest income	**7.5**	**7.1**	**6.9**	**7.0**
Interest expenses	**5.2**	**5.0**	**4.7**	**4.8**
NII	**2.3**	**2.1**	**2.2**	**2.2**
Other income	1.4	1.5	1.2	1.1
Fees/avg assets	**0.6**	**0.6**	**0.6**	**0.6**
Total income	**3.7**	**3.6**	**3.4**	**3.3**
Opex/avg assets	**1.8**	**1.7**	**1.7**	**1.7**
Staff cost	1.1	1.1	1.1	1.1
Other opex	0.6	0.7	0.7	0.7
PPOP	**2.0**	**1.9**	**1.7**	**1.6**
Core PPoP/avg assets	**1.6**	**1.3**	**1.4**	**1.3**
Provisions	0.6	0.5	0.4	0.4
PBT	**1.4**	**1.4**	**1.2**	**1.1**
Tax	0.4	0.3	0.3	0.3
RoA	**1.1**	**1.1**	**0.9**	**0.8**
RoE	**19.9**	**19.1**	**15.9**	**14.6**

Source: Company, PL

Y/e Mar	FY25	FY26	FY27E	FY28E
Balance Sheet (INR m)				
Equity	999,001	1,133,826	1,287,397	1,438,998
Share capital	18,141	18,141	18,141	18,141
Deposits	14,298,622	15,686,782	17,406,177	19,005,241
Borrowings	1,166,861	1,552,877	1,899,095	2,624,461
Other Liabilities	382,372	458,535	461,840	499,910
Total liabilities	**16,846,856**	**18,832,019**	**21,054,508**	**23,568,610**
Cash with RBI	899,986	540,539	559,169	629,350
Balance with banks	1,153,416	1,522,494	1,568,566	1,731,404
Investments	3,821,794	4,034,146	4,320,824	4,717,768
Advances	10,491,550	12,200,175	14,029,378	15,850,371
Fixed assets	102,151	105,704	108,561	112,969
Other assets	377,959	428,961	468,010	526,749
Total assets	**16,846,856**	**18,832,019**	**21,054,508**	**23,568,610**
Balance sheet ratios (%)				
LDR	73.4	77.8	81.0	84.0
CASA	29.0	27.3	28.2	28.8
Inv/NDTL	24.1	22.8	21.9	21.3
Borr/NDTL	7.4	8.8	9.6	11.9
Assets/equity (x)	16.9	16.6	16.4	16.4
RWA/Loans	70.6	67.4	65.0	63.9
RWA/Total assets	43.9	43.6	43.3	43.0
Capital ratios (%)				
CRAR	16.3	15.7	17.9	18.7
CET-1	12.0	11.5	11.7	11.8
AT-1	2.3	1.7	1.5	1.4
Tier-2	2.0	2.5	4.6	5.5
Asset quality ratios (%)				
GNPA (INR mn)	315,310	227,410	175,642	157,658
NNPA (INR mn)	73,530	52,094	39,708	35,572
GNPA	2.9	1.8	1.2	1.0
NNPA	0.7	0.4	0.3	0.2
PCR	76.7	77.1	77.4	77.4
Slippage	0.9	0.9	0.7	0.7
NNPA / Equity	7.4	4.6	3.1	2.5
Per share (INR)				
EPS	18.8	21.2	20.0	20.9
DPS	4.0	5.0	4.0	4.2
BVPS	103.0	117.9	134.8	151.5
ABVPS	94.9	112.1	130.4	147.6
Valuation (x)				
Price (INR)	106.0	126.0	127.3	127.3
P/E	5.6	5.9	6.3	6.1
P/BV	1.0	1.1	0.9	0.8
P/ABV	1.1	1.1	1.0	0.9

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Jul-26	Accumulate	150	125
2	12-May-26	Accumulate	150	129
3	10-Apr-26	Hold	160	138
4	19-Feb-26	Hold	160	152
5	30-Jan-26	Hold	160	150
6	08-Jan-26	Hold	160	153

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Axis Bank	BUY	1550	1329
2	Bank of Baroda	Accumulate	290	248
3	Canara Bank	Accumulate	150	125
4	Canara Robeco Asset Management Company	HOLD	285	267
5	City Union Bank	BUY	310	228
6	DCB Bank	BUY	155	185
7	Federal Bank	Accumulate	345	349
8	HDFC Asset Management Company	BUY	3040	2729
9	HDFC Bank	BUY	1040	820
10	ICICI Bank	BUY	1850	1444
11	ICICI Prudential Asset Management Company	BUY	3550	3206
12	Indian Bank	BUY	1000	843
13	IndusInd Bank	Accumulate	1150	1069
14	Karur Vysya Bank	BUY	345	301
15	Kotak Mahindra Bank	BUY	480	390
16	Nippon Life India Asset Management	Buy	1225	1148
17	Prudent Corporate Advisory Services	Accumulate	2875	3021
18	State Bank of India	BUY	1200	1038
19	Union Bank of India	Accumulate	190	172
20	UTI Asset Management Company	Hold	975	904

PL's Recommendation Nomenclature (Absolute Performance)

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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