SECTOR RATING: Equalweight

PL Capital
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Apr-Jun'26 Earnings Preview

Banks

July 07, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
Axis Bank	BUY	1,341	1,600
Bank of Baroda	Accumulate	248	290
Canara Bank	Accumulate	125	150
City Union Bank	BUY	228	310
DCB Bank	BUY	185	155
Federal Bank	Accumulate	332	300
HDFC Bank	Buy	829	1,100
ICICI Bank	Buy	1,415	1,825
IndusInd Bank	Accumulate	1,022	960
Karur Vysya Bank	BUY	304	345
Kotak Mahindra Bank	BUY	382	480
State Bank of India	Buy	1,038	1,200
Union Bank of India	Accumulate	161	200

Better loan growth; FCNR deposits to support liquidity

Quick Pointers

- Better loan growth QoQ, despite Q1 being generally soft
- NIM may normalize and see 4bps QoQ uptick
- Prefer KMB, ICICIB and SBI among our coverage universe

Banks under our coverage are likely to see a decent quarter since despite Q1 usually sees slightly lower loan growth QoQ, provisional numbers released by various banks suggest positive loan growth of 2.7% QoQ. This has been possible due to (1) better demand, (2) stretched working capital cycle, and (3) increasing inflation. NII growth would be better (+2.6% QoQ) than last quarter (1.5%) as Q4FY26 saw back-ended growth. Hence, calculated NIM might rise by 4bps QoQ to 3.10%. Deposit growth is expected to be 1.6% QoQ (+6.1% in Q4FY26). However, seasonality in terms of fees (partly offset by lower opex) and agri slippages might result in 13% QoQ higher provisions. Hence, core PAT may decline by 4.3% QoQ to INR698bn. SBI/AXSB/HDFCB may be positive outliers on core PPoP. Slippage ratio may increase QoQ by 34bps due to seasonality in agri. Bank PAT is expected to fall by 4.4% QoQ to INR781bn. Among our coverage universe, we prefer KMB, ICICIB & SBI. Commentary on FCNR deposits and likely stress, if any, from the US-Iran conflict would be key monitorables.

System growth to range at 17.5-18.0% YoY in Q1FY27: System credit grew by +17.4% YoY in May'26, which has been improving since May'25 led by better offtake in corporate services (incl. NBFCs), agri, gold and PL. Industry/services grew by 19.1%/18.7% YoY and large industries grew by +16.1% YoY (1.0% YoY in May'25), while agri growth was 14.9% YoY. NBFC growth improved to 33.6% vs. 3.9% YoY in Sep'25. Retail credit growth came in at 15.7% YoY (11.1% in May'25) driven by housing, gold, PL and vehicle loans. System credit could grow by 17.5-18.0% YoY and 2.5-3.0% QoQ in Jun'26 (0.3% in Jun'25); system deposits could grow by 12-12.5%. Coverage banks may see loan/deposits growth of 17.7%/12.3% YoY.

Margins may improve QoQ: We expect the benefit of back-ended loan growth in Q4FY26 to flow through in Q1FY27E; as a result, NIM (calc.) could increase by 4bps QoQ to 3.10% (-11bps QoQ in Q4FY26). Due to seasonality, fees could fall by 6.8% QoQ, which would partly be offset by 3% QoQ fall in opex. Core PPoP may come in at INR1.1trn (+0.7% QoQ). SBI, AXSB, CBK and HDFCB may be positive outliers.

Slippages may increase: Since Q1 generally sees higher stress in agri (mainly large banks), slippages ratio is expected to rise by 34bps QoQ to 1.29%. GNPA ratio is expected to be stable QoQ at 1.56% due to better loan growth. Provisions may slightly inch up by 5bps QoQ to 50bps.

Core PAT to decline QoQ: Core PAT for our banks is likely to decline by 4.3% QoQ to INR698bn mainly led by higher provisions and lower fees. Overall, PAT may fall to INR781bn (-4.4% QoQ).

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Top Picks

Kotak Mahindra Bank: KMB remains well positioned to sustain healthy double-digit credit growth over the medium term, anchored by SME and secured retail. Unsecured share may rise by 2-2.5%, which will support NIM. CET-1 is strong at 21.3% and LDR is comfortable at 87-88%. LCR at 134% would support growth in a tight credit cycle. DB consumer banking acquisition would be value accretive. We see core PAT CAGR of 17.4% over FY26-28E with core RoA/RoE for FY28E at 1.86%/11.4%. We retain 'BUY' with TP of INR480.

ICICI Bank: ICICIB's balance sheet profile is strong with (1) strong CET-1 at 16.4%, (2) healthy provision buffer at ~84bps of loans, (3) LDR controlled between 85% and 88%, and (4) adequate LCR at 126%. Growth resurgence post Q2FY26 should support performance, sustaining industry-leading profitability. We expect industry best-in-class core RoA of ~2.14% in FY28E. Core earnings CAGR over FY26-28E could be healthy at ~17%. We maintain 'BUY' with TP of INR1,800.

State Bank of India: With pick-up in credit growth likely to sustain in FY27, SBI is better placed than other PSUs due higher unsecured/NBFC exposure and could garner a healthy share in FCNR deposits. The bank has usually delivered better-than-system loan growth. SBI expects to improve loan yield in FY27 by slowing down corporate growth (guided at 12-13% vs. 16.6% in FY26) and focusing on better yielding accounts. Core earnings CAGR is expected at 15.5% over FY26-28E. We retain 'BUY' with TP at INR1,200.

Exhibit 1: Recommendation for PL coverage universe

Coverage Universe	CMP (INR)	MCap (INR bn)	New Rating	Old Rating	New PT (INR)	Old PT (INR)	*Upside (%)*	P/ABV (x)				RoE (%)			
								FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E
Axis Bank	1,341	4,168	BUY	BUY	1,600	1,600	*19.3%*	2.4	2.1	1.8	1.6	15.9	12.7	14.1	14.4
HDFC Bank	829	12,766	BUY	BUY	1,100	1,100	*32.6%*	2.6	2.3	2.1	1.9	14.3	14.0	14.1	14.6
ICICI Bank	1,415	10,131	BUY	BUY	1,825	1,825	*29.0%*	3.6	3.1	2.7	2.4	18.1	16.1	15.5	15.9
IndusInd Bank	1,022	796	ACCUMULATE	ACCUMULATE	960	960	*-6.1%*	1.3	1.3	1.2	1.1	4.2	1.4	5.7	8.2
Karur Vysya Bank	304	294	BUY	BUY	345	345	*13.4%*	2.5	2.1	1.8	1.5	17.7	19.3	17.6	17.3
Kotak Mahindra Bank	382	3,797	BUY	BUY	480	480	*25.8%*	3.3	2.8	2.5	2.3	15.4	11.1	11.4	11.9
Federal Bank	332	817	ACCUMULATE	ACCUMULATE	300	300	*-9.5%*	2.5	2.1	1.9	1.8	13.0	11.4	11.4	12.1
DCB Bank	185	60	BUY	BUY	155	155	*-16.2%*	1.2	1.0	0.9	0.8	12.1	12.5	12.5	13.4
City Union Bank	228	169	BUY	BUY	310	310	*36.0%*	1.9	1.7	1.5	1.3	12.6	13.2	13.9	14.6
Bank of Baroda	248	1,283	Accumulate	Accumulate	290	290	*17.0%*	1.1	0.9	0.9	0.8	16.7	14.8	10.7	11.4
Canara Bank	125	1,134	ACCUMULATE	ACCUMULATE	150	150	*20.0%*	1.3	1.1	1.0	0.9	19.9	19.1	15.4	14.9
State Bank of India	1,038	9,582	BUY	BUY	1,200	1,200	*15.6%*	2.4	2.0	1.7	1.5	18.6	17.3	15.4	15.4
Union Bank of India	161	1,230	Accumulate	Accumulate	200	200	*24.2%*	1.2	1.1	0.9	0.8	18.1	16.3	13.9	13.1

Source: Company, PL

Exhibit 2: Q1FY27 Banks Results Preview – NII could improve by 2.6% QoQ

(INR mn)	NII	YoY	QoQ	PPOP	YoY	QoQ	PAT	YoY	QoQ
HDFC Bank	3,40,348	*8.3%*	*2.9%*	2,55,536	*10.1%*	*0.9%*	1,66,908	*12.8%*	*-3.6%*
ICICI Bank	2,32,836	*9.6%*	*2.6%*	1,73,367	*10.1%*	*-0.2%*	1,23,169	*17.2%*	*-5.8%*
Axis Bank	1,46,846	*8.3%*	*1.6%*	1,07,820	*7.8%*	*2.2%*	63,852	*37.4%*	*-5.7%*
Kotak	79,918	*10.1%*	*1.5%*	54,154	*14.4%*	*-1.6%*	34,543	*30.1%*	*-8.2%*
IndusInd	43,900	*-1.5%*	*0.4%*	20,130	*-0.7%*	*-0.7%*	5,078	*133.9%*	*28.3%*
Federal	27,710	*18.6%*	*2.0%*	17,064	*19.4%*	*-5.6%*	10,227	*33.5%*	*-9.9%*
Karur Vysya Bank	13,802	*27.9%*	*3.2%*	10,331	*50.3%*	*-3.4%*	6,452	*49.4%*	*8.5%*
DCB Bank	6,590	*13.5%*	*0.6%*	2,984	*32.1%*	*-10.1%*	1,466	*80.1%*	*-25.0%*
City Union Bank	7,852	*25.6%*	*-0.1%*	4,760	*23.1%*	*-13.6%*	3,168	*24.6%*	*-6.0%*
SBI	4,59,439	*11.9%*	*3.5%*	2,85,356	*20.2%*	*8.8%*	1,77,812	*26.1%*	*2.8%*
BOB	1,16,122	*5.1%*	*0.6%*	70,340	*21.7%*	*-14.0%*	35,288	*27.8%*	*-4.0%*
Canara Bank	1,02,423	*13.7%*	*4.4%*	65,212	*24.2%*	*1.2%*	33,901	*52.5%*	*-20.5%*
Union	95,264	*4.5%*	*1.3%*	66,976	*16.3%*	*-4.2%*	41,529	*29.3%*	*-9.2%*
Total Banks	**16,73,051**	***9.5%***	***2.6%***	**11,34,030**	***14.6%***	***0.9%***	**7,03,395**	***24.2%***	***-4.2%***
Total Private Banks	**8,99,802**	***9.0%***	***2.3%***	**6,46,146**	***10.6%***	***0.1%***	**4,14,865**	***20.8%***	***-4.8%***
Total Public Banks	**7,73,248**	***10.1%***	***2.9%***	**4,87,885**	***20.4%***	***1.9%***	**2,88,530**	***29.4%***	***-3.2%***
(INR mn)	**Loans**	***YoY***	***QoQ***	**Margins**	***YoY***	***QoQ***	**Credit Cost**	***YoY***	***QoQ***
HDFC Bank	30,374	*15.6%*	*3.4%*	3.43%	*-12bps*	*4bps*	0.47%	*-172bps*	*12bps*
ICICI Bank	16,083	*17.9%*	*3.5%*	4.27%	*-15bps*	*5bps*	0.23%	*-30bps*	*20bps*
Axis Bank	12,619	*19.1%*	*2.3%*	3.52%	*-19bps*	*4bps*	0.72%	*-77bps*	*-42bps*
Kotak	5,122	*15.1%*	*3.3%*	4.48%	*-13bps*	*7bps*	0.63%	*-45bps*	*22bps*
IndusInd	3,262	*-2.3%*	*3.3%*	3.49%	*-5bps*	*2bps*	1.64%	*-44bps*	*-24bps*
Federal	2,699	*11.9%*	*2.0%*	3.13%	*23bps*	*2bps*	0.49%	*-17bps*	*-63bps*
Karur Vysya Bank	1,041	*17.0%*	*6.0%*	4.21%	*0bps*	*0bps*	0.66%	*0bps*	*0bps*
DCB Bank	612	*19.5%*	*2.0%*	3.30%	*-12bps*	*-1bps*	0.61%	*-29bps*	*15bps*
City Union Bank	669	*26.1%*	*1.5%*	3.67%	*19bps*	*-6bps*	0.45%	*-8bps*	*-28bps*
SBI	50,242	*19.7%*	*3.0%*	2.72%	*-4bps*	*4bps*	0.36%	*-9bps*	*12bps*
BOB	13,968	*17.7%*	*-0.9%*	2.56%	*-19bps*	*4bps*	0.63%	*-3bps*	*-26bps*
Canara Bank	12,749	*18.8%*	*4.5%*	2.29%	*1bps*	*3bps*	0.63%	*-25bps*	*30bps*
Union	10,706	*13.2%*	*1.6%*	2.62%	*0bps*	*0bps*	0.43%	*0bps*	*0bps*
Total Banks	**1,60,145**	***17.2%***	***2.8%***	**3.36%**	***-1bps***	***2bps***	**0.49%**	***-38bps***	***-3bps***
Total Private Banks	**72,480**	***15.7%***	***3.2%***	**3.72%**	***1bps***	***4bps***	**0.53%**	***-99bps***	***-1bps***
Total Public Banks	**87,665**	***18.4%***	***2.4%***	**2.55%**	***-6bps***	***-4bps***	**0.45%**	***-13bps***	***7bps***

Source: Company, PL

Exhibit 3: Asset quality to remain stable in Q1FY27E

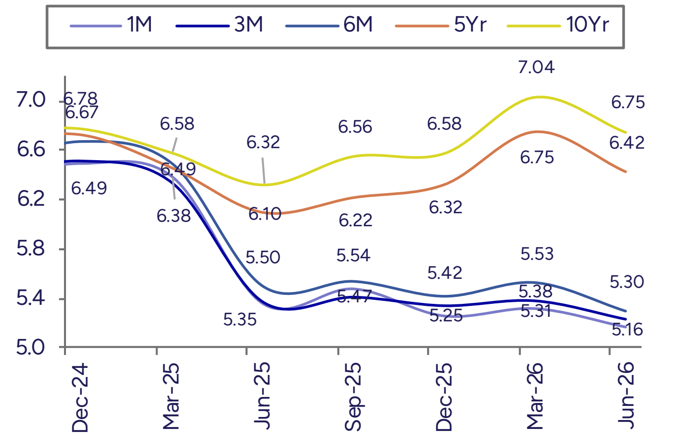
	Q4FY26			Q1FY27E		
	GNPA	NNPA	PCR	GNPA	NNPA	PCR
HDFCB	1.15%	0.38%	67.2%	1.19%	0.38%	68.0%
ICICIBC	1.47%	0.35%	76.3%	1.51%	0.37%	76.0%
Axis	1.29%	0.39%	70.2%	1.30%	0.38%	71.0%
KMB	1.20%	0.25%	79.0%	1.21%	0.24%	80.0%
IIB	3.43%	1.00%	71.4%	3.24%	0.93%	72.0%
SBI	1.49%	0.39%	74.4%	1.51%	0.38%	75.0%
BOB	1.89%	0.45%	76.7%	1.92%	0.47%	76.0%
CBK	1.84%	0.43%	77.1%	1.70%	0.40%	77.0%
UNBK	2.82%	0.48%	83.3%	2.70%	0.47%	83.0%
Federal	1.62%	0.20%	87.8%	1.64%	0.22%	87.0%
KVB	0.75%	0.19%	75.0%	0.72%	0.18%	75.0%
DCB	1.91%	0.68%	64.7%	1.81%	0.64%	65.0%
CUBK	2.45%	0.89%	64.3%	2.45%	0.87%	65.0%

Source: Company, PL

Exhibit 4: G-sec yields decrease to 6.69%

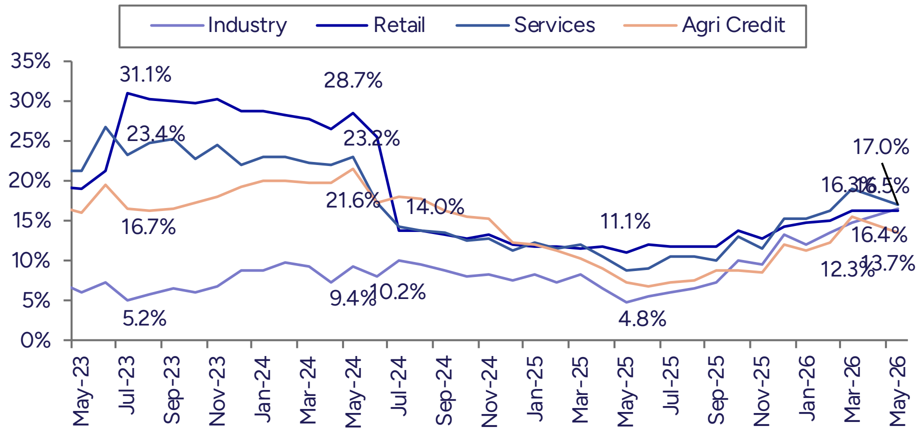
Source: Company, PL

Exhibit 5: G-sec yields moderate after recent surge



Source: Company, PL

Exhibit 6: Credit growth to pick up



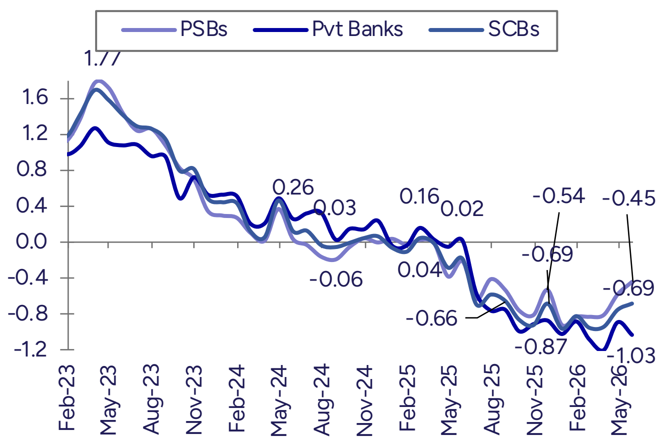
Source: Company, PL

Exhibit 7: MCLR rates increase in Q1FY27 amid repo hike expectations

Banks MCLR Profile	MCLR 1YR			% Change	
	Dec-25	Mar-26	Jun-26	3Months	6Months
HDFC Bank	8.45%	8.35%	8.40%	5bps	-5bps
Axis Bank	8.70%	8.80%	8.75%	-5bps	5bps
ICICI Bank	8.35%	8.35%	8.40%	5bps	5bps
KMB	8.40%	8.40%	8.40%	0bps	0bps
IndusInd Bank	10.05%	10.05%	10.10%	5bps	5bps
SBI	8.70%	8.70%	8.70%	0bps	0bps
Bank of Baroda	8.75%	8.70%	8.75%	5bps	0bps
Canara Bank	8.70%	8.70%	8.75%	5bps	5bps
Union Bank	8.60%	8.60%	8.75%	15bps	15bps
Federal	9.10%	9.10%	9.10%	0bps	0bps
PSBs – Median	8.78%	8.75%	8.75%	0bps	-3bps
Pvt – Median	9.20%	9.10%	9.25%	15bps	5bps

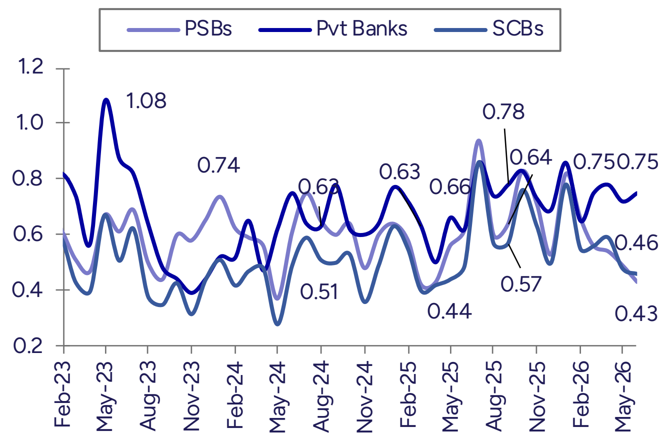
Source: Company, PL

Exhibit 8: Incr. lending rates decline amid rate cuts



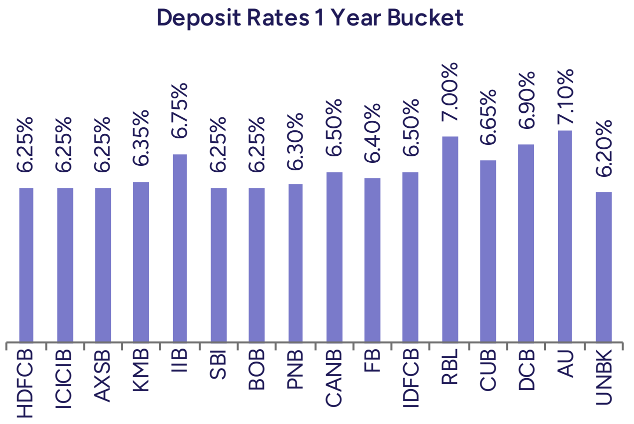
Source: RBI, PL

Exhibit 9: Difference between stock & fresh yields



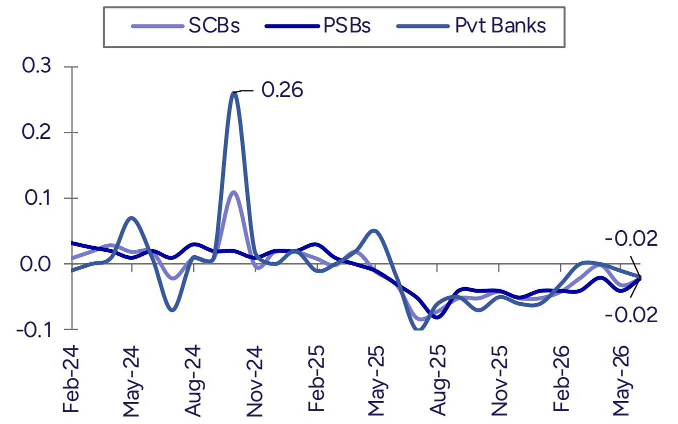
Source: RBI, PL

Exhibit 10: **Deposit rates increase due to repo hike expectations**



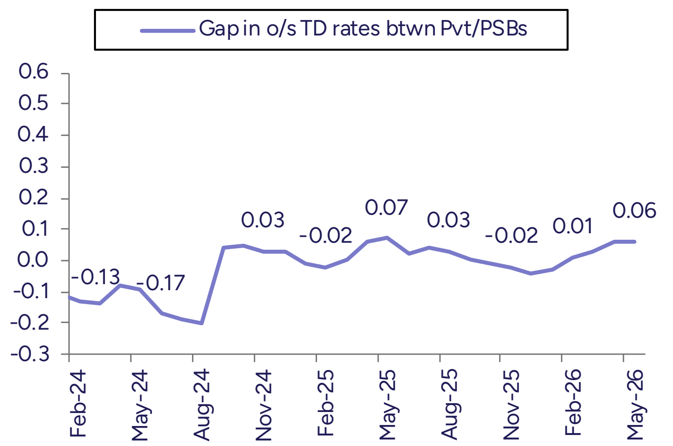
Source: RBI, PL

Exhibit 11: **O/S TD rates on YTD basis**



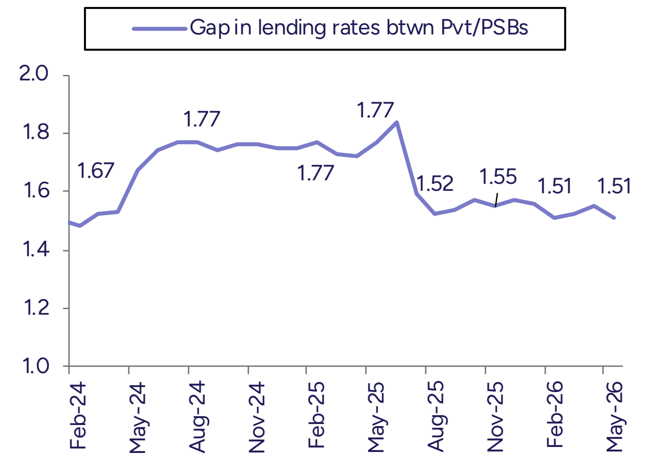
Source: RBI, PL

Exhibit 12: **TD rates higher for PVBs over PSBs**



Source: RBI, PL

Exhibit 13: **Stock lending rates for PVBs higher than PSBs**



Source: RBI, PL

Exhibit 14: **Q1FY27 Result Preview (INR mn) – Private Banks**

Company Name		Q1FY27	Q1FY26	YoY gr. (%)	Q4FY26	QoQ gr. (%)	Remarks
Axis Bank	NII (INR mn)	1,46,846	1,35,598	8.3	1,44,572	1.6	Loan growth may come in at 2.3% QoQ while NII is expected to grow by 1.6% QoQ. NIM is expected to improve by 4bps QoQ to 3.52%. Core PPoP is likely to increase by 2.2% QoQ. Provision costs are expected to decrease by 42bps QoQ.
	PPOP (INR mn)	1,07,820	1,00,032	7.8	1,05,524	2.2	
	Provisions (INR mn)	22,684	39,477	(42.5)	35,222	(35.6)	
	PAT (INR mn)	63,852	46,461	37.4	67,734	(5.7)	
	Loans (INR bn)	12,619	10,597	19.1	12,336	2.3	
	Margin (%)	3.52	3.71	-19bps	3.48	4bps	
	GNPA (%)	1.25	1.57	-32bps	1.23	2bps	
	Credit Cost (%)	0.72	1.49	-77bps	1.14	-42bps	
HDFC Bank	NII (INR mn)	3,40,348	3,14,380	8.3	3,30,816	2.9	Loan growth would be at 3.4% QoQ. NII could grow by 2.9% QoQ. Margins are expected to increase by 4bps QoQ to 3.43%. Core PPoP is likely to increase by 0.9% QoQ. Provision costs could increase by 12bps QoQ.
	PPOP (INR mn)	2,55,536	2,32,041	10.1	2,53,140	0.9	
	Provisions (INR mn)	35,920	1,44,416	(75.1)	26,096	37.6	
	PAT (INR mn)	1,66,908	1,47,915	12.8	1,73,222	(3.6)	
	Loans (INR bn)	30,374	26,284	15.6	29,372	3.4	
	Margin (%)	3.43	3.55	-12bps	3.39	4bps	
	GNPA (%)	1.19	1.40	-21bps	1.15	4bps	
	Credit Cost (%)	0.47	2.20	-172bps	0.36	12bps	
ICICI Bank	NII (INR mn)	2,32,836	2,12,435	9.6	2,26,891	2.6	Loan growth may come in at 3.5% QoQ. We expect NII growth of 2.6% QoQ. NIM is expected to improve by 5bps QoQ to 4.27%. GNPAs are expected to increase by 6bps QoQ while credit cost is likely to increase by 20bps QoQ.
	PPOP (INR mn)	1,73,367	1,57,499	10.1	1,73,791	(0.2)	
	Provisions (INR mn)	9,141	18,146	(49.6)	962	850.6	
	PAT (INR mn)	1,23,169	1,05,089	17.2	1,30,810	(5.8)	
	Loans (INR bn)	16,083	13,642	17.9	15,539	3.5	
	Margin (%)	4.27	4.42	-15bps	4.21	5bps	
	GNPA (%)	1.46	1.67	-21bps	1.40	6bps	
	Credit Cost (%)	0.23	0.53	-30bps	0.02	20bps	
IndusInd Bank	NII (INR mn)	43,900	44,548	(1.5)	43,715	0.4	Loan growth may come in at 3.3% QoQ while NII is expected to remain broadly stable at 0.4% QoQ. Margin is expected to improve by 2bps QoQ to 3.49%. Provisions are expected to decrease by 10.0% QoQ. Credit cost is likely to decrease by 24bps QoQ.
	PPOP (INR mn)	20,130	20,279	(0.7)	20,276	(0.7)	
	Provisions (INR mn)	13,359	17,378	(23.1)	14,843	(10.0)	
	PAT (INR mn)	5,078	2,171	133.9	3,959	28.3	
	Loans (INR bn)	3,262	3,337	(2.3)	3,159	3.3	
	Margin (%)	3.49	3.54	-5bps	3.47	2bps	
	GNPA (%)	3.24	3.64	-41bps	3.43	-19bps	
	Credit Cost (%)	1.64	2.08	-44bps	1.88	-24bps	
Kotak Mahindra Bank	NII (INR mn)	79,918	72,593	10.1	78,755	1.5	We expect loan growth to be at 3.3% QoQ. Margins are likely to increase by 7bps QoQ to 4.48%. Core PAT might decrease by 8.2% QoQ due to higher provisions. Asset quality may weaken with GNPA increasing by 1bp QoQ to 1.21%. Credit cost is expected to increase by 22bps QoQ.
	PPOP (INR mn)	54,154	47,327	14.4	55,062	(1.6)	
	Provisions (INR mn)	8,096	12,078	(33.0)	5,164	56.8	
	PAT (INR mn)	34,543	26,556	30.1	37,633	(8.2)	
	Loans (INR bn)	5,122	4,448	15.1	4,960	3.3	
	Margin (%)	4.48	4.61	-13bps	4.41	7bps	
	GNPA (%)	1.21	1.48	-27bps	1.20	1bps	
	Credit Cost (%)	0.63	1.09	-45bps	0.42	22bps	
Federal Bank	NII (INR mn)	27,710	23,368	18.6	27,166	2.0	NII is expected to grow by 2.0% QoQ. Loan growth would be 2.0% QoQ while NIM may improve by 2bps QoQ to 3.13%. Provisions are expected to decline by 55.0% QoQ. GNPA could increase by 3bps QoQ while credit cost could decline by 63bps QoQ.
	PPOP (INR mn)	17,064	14,293	19.4	18,085	(5.6)	
	Provisions (INR mn)	3,335	4,002	(16.7)	7,410	(55.0)	
	PAT (INR mn)	10,227	7,664	33.5	11,352	(9.9)	
	Loans (INR bn)	2,699	2,412	11.9	2,646	2.0	
	Margin (%)	3.13	2.90	23bps	3.11	2bps	
	GNPA (%)	1.64	1.91	-27bps	1.62	3bps	
	Credit Cost (%)	0.49	0.66	-17bps	1.12	-63bps	

Company Name		Q1FY27	Q1FY26	YoY gr. (%)	Q4FY26	QoQ gr. (%)	Remarks
Karur Vysya Bank	NII (INR mn)	13,802	10,794	27.9	13,371	3.2	Loan growth may come in at 6.0% QoQ with NII growth of 3.2% QoQ. Margins are expected to decline by 10bps QoQ to 4.21%. We expect credit cost to decrease by 39bps QoQ, while GNPA is expected to improve by 3bps QoQ to 0.72%.
	PPOP (INR mn)	10,331	6,873	50.3	10,693	(3.4)	
	Provisions (INR mn)	1,729	1,181	46.3	2,577	(32.9)	
	PAT (INR mn)	6,452	4,317	49.4	5,949	8.5	
	Loans (INR bn)	1,041	889	17.0	982	6.0	
	Margin (%)	4.21	3.81	40bps	4.31	-10bps	
	GNPA (%)	0.72	0.66	6bps	0.75	-3bps	
	Credit Cost (%)	0.66	0.53	13bps	1.05	-39bps	
DCB Bank	NII (INR mn)	6,590	5,804	13.5	6,552	0.6	Loan growth may come in at 2.0% QoQ with NII growth of 0.6% QoQ. Margins are expected to decline by 1bp QoQ to 3.30%. We expect credit cost to increase by 15bps QoQ, while GNPA is expected to remain stable at 2.45%.
	PPOP (INR mn)	2,984	2,259	32.1	3,321	(10.1)	
	Provisions (INR mn)	936	1,151	(18.7)	690	35.6	
	PAT (INR mn)	1,466	814	80.1	1,955	(25.0)	
	Loans (INR bn)	612	512	19.5	600	2.0	
	Margin (%)	3.30	3.42	-12bps	3.31	-1bps	
	GNPA (%)	2.45	2.98	-53bps	2.45	0bps	
	Credit Cost (%)	0.61	0.90	-29bps	0.46	15bps	
City Union Bank	NII (INR mn)	7,852	6,253	25.6	7,858	(0.1)	Loan growth could be 1.5% QoQ. We expect NII to decline marginally by 0.1% QoQ, while provisions are expected to decline by 37.5% QoQ. Margins might decline by 6bps QoQ to 3.67%. GNPA is expected to improve by 10bps QoQ. Credit cost is expected to decline by 28bps QoQ.
	PPOP (INR mn)	4,760	3,865	23.1	5,508	(13.6)	
	Provisions (INR mn)	750	700	7.1	1,200	(37.5)	
	PAT (INR mn)	3,168	2,542	24.6	3,371	(6.0)	
	Loans (INR bn)	669	530	26.1	659	1.5	
	Margin (%)	3.67	3.48	19bps	3.73	-6bps	
	GNPA (%)	1.81	2.99	-118bps	1.91	-10bps	
	Credit Cost (%)	0.45	0.53	-8bps	0.73	-28bps	

Source: Company, PL

Exhibit 15: Q1FY27 Result Preview (INR mn) – PSU Banks

Company Name		Q1FY27	Q1FY26	YoY gr. (%)	Q4FY26	QoQ gr. (%)	Remarks
State Bank of India	NII (INR mn)	4,59,439	4,10,725	11.9	4,43,800	3.5	NII is expected to increase by 3.5% QoQ with loan growth of 3.0% QoQ. Margins could improve by 4bps QoQ. Core PPoP is likely to increase by 8.8% QoQ. Provisions are expected to increase by 56.9% QoQ. Asset quality, in terms of GNPA, may weaken by 2bps QoQ, while credit cost is expected to increase by 12bps QoQ to 0.36%.
	PPOP (INR mn)	2,85,356	2,37,368	20.2	2,62,381	8.8	
	Provisions (INR mn)	45,069	47,592	(5.3)	28,722	56.9	
	PAT (INR mn)	1,77,812	1,41,018	26.1	1,72,908	2.8	
	Loans (INR bn)	50,242	41,962	19.7	48,779	3.0	
	Margin (%)	2.72	2.76	-4bps	2.68	4bps	
	GNPA (%)	1.51	1.83	-33bps	1.49	2bps	
	Credit Cost (%)	0.36	0.45	-9bps	0.24	12bps	
Bank of Baroda	NII (INR mn)	1,16,122	1,10,495	5.1	1,15,437	0.6	NII could inch up by 0.6% QoQ while loans are expected to decline by 0.9% QoQ. Margins could improve by 4bps QoQ to 2.56%. Core PAT could decline by 4.0% QoQ due to lower other income and higher provisions. GNPA could worsen by 2bps QoQ, while credit cost could decline by 26bps QoQ.
	PPOP (INR mn)	70,340	57,797	21.7	81,835	(14.0)	
	Provisions (INR mn)	22,000	19,669	11.8	31,505	(30.2)	
	PAT (INR mn)	35,288	27,618	27.8	36,741	(4.0)	
	Loans (INR bn)	13,968	11,866	17.7	14,091	(0.9)	
	Margin (%)	2.56	2.75	-19bps	2.52	4bps	
	GNPA (%)	1.92	2.28	-36bps	1.89	2bps	
	Credit Cost (%)	0.63	0.66	-3bps	0.89	-26bps	

Company Name		Q1FY27	Q1FY26	YoY gr. (%)	Q4FY26	QoQ gr. (%)	Remarks
Canara Bank	NII (INR mn)	1,02,423	90,088	*13.7*	98,080	*4.4*	NII could increase by 4.4% QoQ while loan growth is expected at 4.5% QoQ. Margins are likely to improve by 3bps QoQ to 2.29%. Core PAT could decline by 20.5% QoQ due to a sharp increase in provisions. GNPA could improve by 13bps QoQ, while credit cost could increase by 30bps QoQ.
	PPOP (INR mn)	65,212	52,521	*24.2*	64,460	*1.2*	
	Provisions (INR mn)	20,010	23,516	*(14.9)*	9,918	*101.8*	
	PAT (INR mn)	33,901	22,224	*52.5*	42,623	*(20.5)*	
	Loans (INR bn)	12,749	10,736	*18.8*	12,200	*4.5*	
	Margin (%)	*2.29*	*2.29*	*1bps*	*2.26*	*3bps*	
	GNPA (%)	*1.70*	*2.69*	*-99bps*	*1.84*	*-13bps*	
	Credit Cost (%)	*0.63*	*0.88*	*-25bps*	*0.33*	*30bps*	
Union Bank	NII (INR mn)	95,264	91,126	*4.5*	94,060	*1.3*	NII is expected to increase by 1.3% QoQ. Loan growth could come in at 1.6% QoQ. Margins could improve by 4bps QoQ to 2.62%. Core PPoP is expected to decline by 4.2% QoQ, primarily due to lower fee income. Provisions are expected to increase by 10.0% QoQ, resulting in a 9.2% QoQ decline in Core PAT. Asset quality, in terms of GNPA, is expected to improve by 12bps QoQ, while credit cost could increase by 3bps QoQ.
	PPOP (INR mn)	66,976	57,569	*16.3*	69,932	*(4.2)*	
	Provisions (INR mn)	11,605	16,645	*(30.3)*	10,550	*10.0*	
	PAT (INR mn)	41,529	32,116	*29.3*	45,746	*(9.2)*	
	Loans (INR bn)	10,706	9,461	*13.2*	10,533	*1.6*	
	Margin (%)	*2.62*	*2.64*	*-2bps*	*2.58*	*4bps*	
	GNPA (%)	*2.70*	*3.52*	*-82bps*	*2.82*	*-12bps*	
	Credit Cost (%)	*0.43*	*0.70*	*-27bps*	*0.40*	*3bps*	

Source: Company, PL

Exhibit 16: Change in Estimates

	Rating		Target Price			NII (INR bn)						PPoP (INR bn)						PAT (INR bn)					
						FY27E			FY28E			FY27E			FY28E			FY27E			FY28E		
	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	1,600	1,600	0.0%	643.6	645.0	-0.2%	738.5	734.8	0.5%	507.1	501.8	1.1%	590.7	576.7	2.4%	310.8	307.2	1.2%	366.7	357.5	2.6%
HDFC Bank	BUY	BUY	1,100	1,100	0.0%	1,483.5	1,480.2	0.2%	1,704.9	1,682.6	1.3%	1,241.1	1,225.0	1.3%	1,431.4	1,392.4	2.8%	836.2	824.9	1.4%	964.5	938.3	2.8%
ICICI Bank	BUY	BUY	1,825	1,825	0.0%	996.9	1,001.6	-0.5%	1,150.1	1,149.4	0.1%	809.9	811.8	-0.2%	947.1	943.4	0.4%	554.0	555.8	-0.3%	647.4	645.9	0.2%
IndusInd Bank	ACCUMULATE	ACCUMULATE	960	960	0.0%	183.2	186.1	-1.6%	203.6	208.1	-2.2%	97.9	96.5	1.4%	123.4	120.3	2.6%	38.4	37.6	2.2%	58.8	57.0	3.1%
Karur Vysya Bank	BUY	BUY	345	345	0.0%	55.8	54.9	1.7%	65.1	63.1	3.0%	43.6	42.4	2.7%	49.7	47.7	4.3%	27.0	26.5	2.2%	31.3	30.1	4.0%
Kotak Mahindra Bank	BUY	BUY	480	480	0.0%	338.2	340.5	-0.7%	388.1	388.8	-0.2%	253.6	254.5	-0.3%	294.0	291.9	0.7%	164.0	164.7	-0.5%	191.7	190.4	0.7%
Federal Bank	ACCUMULATE	ACCUMULATE	300	300	0.0%	118.0	118.3	-0.2%	136.4	136.3	0.1%	77.7	78.0	-0.4%	92.1	92.0	0.1%	47.7	48.0	-0.6%	57.1	57.1	0.0%
DCB Bank	BUY	BUY	155	155	0.0%	28.4	29.0	-1.9%	33.1	34.0	-2.5%	14.9	14.3	4.2%	18.1	16.9	6.7%	8.3	7.9	4.8%	10.1	9.4	7.9%
City Union Bank	BUY	BUY	310	310	0.0%	33.4	34.0	-1.7%	38.9	39.3	-1.1%	23.2	23.8	-2.4%	27.6	27.8	-0.6%	15.7	16.0	-1.7%	18.7	18.7	0.4%
Bank of Baroda	Accumulate	Accumulate	290	290	0.0%	511.2	509.0	0.4%	576.6	572.1	0.8%	321.0	304.4	5.5%	351.2	339.6	3.4%	160.0	164.3	-2.6%	186.0	182.9	1.7%
Canara Bank	ACCUMULATE	ACCUMULATE	150	150	0.0%	425.8	421.0	1.1%	480.0	471.1	1.9%	322.5	319.6	0.9%	352.3	349.4	0.8%	176.0	174.6	0.8%	191.7	191.2	0.3%
State Bank of India	BUY	BUY	1,200	1,200	0.0%	2,018.6	2,003.4	0.8%	2,309.9	2,285.2	1.1%	1,335.0	1,314.0	1.6%	1,520.7	1,488.7	2.1%	836.3	817.0	2.4%	946.8	924.6	2.4%
Union Bank of India	Accumulate	Accumulate	200	200	0.0%	397.1	389.6	1.9%	435.3	432.2	0.7%	295.9	281.1	5.3%	317.2	307.6	3.1%	178.4	171.7	3.9%	189.7	186.7	1.6%

Source: PL *C = Current / P = Previous*

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Axis Bank	BUY	1600	1366
2	Bank of Baroda	Accumulate	290	264
3	Canara Bank	Accumulate	150	129
4	Canara Robeco Asset Management Company	HOLD	280	252
5	City Union Bank	BUY	310	276
6	DCB Bank	BUY	155	182
7	Federal Bank	Accumulate	300	285
8	HDFC Asset Management Company	BUY	3020	2773
9	HDFC Bank	Buy	1100	800
10	ICICI Bank	Buy	1825	1347
11	ICICI Prudential Asset Management Company	BUY	3551	3295
12	IndusInd Bank	Accumulate	960	848
13	Karur Vysya Bank	BUY	345	314
14	Kotak Mahindra Bank	BUY	480	392
15	Nippon Life India Asset Management	BUY	1050	1208
16	Prudent Corporate Advisory Services	Accumulate	2875	3021
17	State Bank of India	Buy	1200	1019
18	Union Bank of India	Accumulate	200	180
19	UTI Asset Management Company	HOLD	975	992

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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