

Oct-Dec'25 Earnings Preview

January 8, 2026

Top Picks

State Bank of India

ICICI Bank

Kotak Mahindra Bank

Rate cut impact to be offset by CRR cuts

Banks under our coverage are likely to see a steady quarter; core earnings (ex-IIB) may increase by 0.9% QoQ to Rs606bn (+7.1% QoQ in Q2FY26) as core PPoP might inch up by 1.6% QoQ. Loan momentum is expected to sustain; we see 3.6% QoQ growth (4.1% in Q2'26) while deposit accretion could continue to be soft at 2.4% QoQ (2.1% in Q2'26). LDR may rise sequentially by 100bps to 85.0% due to CRR cut of 100bps over Sep-Nov'25. Hence, calculated NIM might be flat by QoQ at 3.14%; repo rate cut of 25bps would be offset by CRR fall. NIMs might bottom out for the sector in Q3/Q4FY26. Fees may rise by 0.8% QoQ to Rs440.9bn, which would be offset by 2.0% QoQ rise in opex to Rs1.03trn. Core PPoP may be Rs1.0trn (+1.6% QoQ) due to 2.6% rise in NII. Due to higher loan growth and no impact of labour code on staff cost, PSU banks could see an operationally better quarter vs private banks (except ICICIB). Gross slippage ratio might increase by 20bps QoQ to 1.2% as Q3 generally sees a spike in agri slippages. Banks' PAT is expected to decrease by 5.7% QoQ to Rs705bn. Among our coverage universe, we prefer SBI, ICICIB and KMB.

- **System growth could be 12.5-13.0% YoY in Dec'25:** System credit (incl. HDFCL) grew by +11.4% YoY in Nov'25, which has improved since May'25 mainly led by better offtake in agri, corporate and services (incl. NBFCs). Industry/services grew by 9.6%/11.7% YoY each and large industries grew by +4.6% YoY (1.0% YoY in May'25) while agri growth was +8.7% YoY. Within services, NBFC accretion is improving as growth rose from -0.3% YoY in May'25 to 9.5% YoY in Nov'25. Retail credit growth came in at 12.8% YoY (11.1% in May'25) driven by housing, gold, PL and vehicle loans. System credit (incl. HDFC) could grow by 12.5-13.0% YoY in Dec'25, while system deposit accretion could be 10.5-11.0%. Coverage banks may see loan growth/deposits growth of 12.6%/10.5% YoY each in Q3FY26.
- **Margins may remain flat QoQ:** Loan yields may further decline due to additional rate cut which would be offset by fall in cost of funds and CRR cuts in Q2FY26. As a result, NIM (calc.) could remain flat QoQ to 3.14%. NII may increase by 2.6% QoQ compared to loan growth of +3.6%. Fees could increase slightly by 0.8% QoQ that would be offset by 2.0% QoQ rise in opex. Core PPoP may come inch up by 1.6% QoQ.
- **Slippages might elevate due to agri stress:** Since Q3 generally sees higher delinquencies due to agri stress (mainly large banks), slippages are expected to increase QoQ. Slippage ratio may rise to 1.2% from 1.0% in Q2'26. However due to base effect led by higher loan growth for PSU banks, GNPA ratio could improve by 4bps QoQ to 1.77%. Provision costs may reduce by 4bps QoQ to 57bps. PCR for coverage banks may remain stable at 75%.
- **Core PAT to improve QoQ:** Core PAT for our coverage banks is likely to increase by 0.9% QoQ to Rs605.6bn. Core PAT for ICICIB may be impacted due to higher provisions on account of agri slippages. Overall PAT may fall to Rs705.3bn (-5.7% QoQ).

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Top Picks:

- **State Bank of India:** With pick-up in credit growth likely to sustain in Q4FY26 and FY27, SBI is better placed than other PSUs due higher unsecured/NBFC exposure. Bank has usually delivered better than system loan growth and recent capital raise of Rs250bn may further credit accretion. Due to higher contingent provision buffer compared to other PSUs, SBI is better placed to navigate the transition to ECL. Core earnings CAGR could be strong at 19% over FY26-28E. Stock is currently valued at 1.2x on Sept'27 core ABV; we maintain multiple of 1.3x and retain 'BUY' with TP at Rs1,100.
- **ICICI Bank:** ICICI Bank balance sheet profile is strong since (1) CET-1 is adequate at 16% (2) Provision buffer is healthy at ~90bps of loans (3) LDR is controlled between 85-87% and (4) LCR is adequate at 127%. Once margins stabilize post FY26, core earnings CAGR over FY26-28E could be healthy at ~16%. Likely core RoA/RoE for FY27E at 2.1%/15.6% is one of the best in class. Stock is currently trading at 2.0x on Sep'27E core ABV. We maintain multiple at 2.9x with TP of Rs1,800 on Sep'27 core ABV. Retain 'BUY'
- **Kotak Mahindra Bank:** KMB remains well positioned to sustain healthy double digit credit growth over the medium term, anchored by SME, secured retail and pick-up in unsecured (ex-MFI) as stress is easing. Core earnings CAGR is expected to be 19% over FY26-28E with core RoA/RoE of 1.9%/11.5%. We keep multiple at 2.3x with TP at Rs2,480 on Sept'27 core ABV. Retain 'BUY'.

Exhibit 1: 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	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Axis Bank	1,296	4,020	BUY	BUY	1,425	1,425	10.0%	2.3	2.0	1.8	1.5	15.9	12.7	14.2	14.1
HDFC Bank	949	14,581	BUY	BUY	1,150	1,150	21.2%	3.0	2.7	2.4	2.2	14.3	14.4	14.3	14.6
ICICI Bank	1,428	10,201	BUY	BUY	1,800	1,800	26.1%	3.6	3.2	2.8	2.4	18.1	16.3	15.7	16.1
IndusInd Bank	898	699	HOLD	HOLD	840	840	-6.4%	1.1	1.1	1.1	1.0	4.2	0.7	6.0	8.5
Kotak Mahindra Bank	2,144	4,264	BUY	BUY	2,480	2,480	15.7%	3.7	3.3	2.9	2.6	15.4	11.0	11.7	12.1
Federal Bank	259	636	BUY	BUY	250	250	-3.3%	2.0	1.8	1.5	1.4	13.0	10.9	12.0	11.9
DCB Bank	182	57	BUY	BUY	155	155	-14.6%	1.2	1.1	0.9	0.8	12.1	12.3	12.4	13.1
City Union Bank	291	216	BUY	BUY	265	265	-8.9%	2.4	2.2	1.9	1.7	12.6	12.3	12.4	13.2
Bank of Baroda	308	1,596	BUY	BUY	300	300	-2.7%	1.3	1.2	1.1	1.0	16.7	11.5	11.4	11.7
Canara Bank	153	1,387	HOLD	NA	160	NA	4.6%	1.6	1.3	1.2	1.0	19.9	18.3	15.1	15.3
State Bank of India	1,007	9,297	BUY	BUY	1,100	1,100	9.2%	2.3	1.9	1.7	1.5	18.6	15.7	14.4	14.6
Union Bank of India	166	1,270	BUY	BUY	160	160	-3.8%	1.3	1.1	1.0	0.9	18.1	14.2	12.8	12.7

Source: Company, PL

Exhibit 2: Q3FY26 Banks Results Preview – NII could improve by 2.6% QoQ largely led by PSUs

Rs Million	NII	YoY	QoQ	PPOP	YoY	QoQ	PAT	YoY	QoQ
HDFC Bank	3,22,430	5.2%	2.2%	2,81,113	12.4%	0.7%	1,87,042	11.8%	0.3%
ICICI Bank	2,20,516	8.3%	2.4%	1,77,599	5.2%	2.7%	1,21,544	3.1%	-1.7%
Axis Bank	1,38,607	1.9%	0.8%	1,04,749	-0.6%	0.6%	62,812	-0.4%	23.4%
Kotak	74,758	3.9%	2.3%	54,899	6.0%	4.2%	34,566	4.6%	6.2%
IndusInd	44,411	-15.1%	0.7%	21,178	-41.2%	4.4%	133	-99.0%	-103.0%
Federal	25,453	4.7%	2.0%	16,039	2.2%	-2.5%	9,677	1.3%	1.3%
DCB Bank	6,162	13.5%	3.3%	2,979	9.9%	-2.0%	1,675	10.6%	-8.9%
City Union Bank	6,939	18.1%	4.1%	4,264	-2.2%	-9.4%	2,815	-1.6%	-14.3%
SBI	4,45,555	7.5%	3.7%	2,72,756	15.8%	-14.5%	1,64,676	-2.5%	-18.3%
BOB	1,14,498	0.3%	2.4%	64,140	-16.3%	-15.3%	35,126	-27.4%	-27.0%
Canara Bank	93,595	2.3%	2.4%	90,081	14.9%	4.9%	46,373	13.0%	-2.9%
Union	90,913	-1.6%	3.2%	67,764	-9.5%	-0.6%	38,966	-15.4%	-8.3%
Total Banks	15,83,836	4.3%	2.6%	11,57,560	5.2%	-3.7%	7,05,405	-1.2%	-5.1%
Total Private Banks	8,39,276	4.1%	2.0%	6,62,819	4.4%	1.4%	4,20,264	2.7%	4.1%
Total Public Banks	7,44,560	4.5%	3.2%	4,94,741	6.3%	-9.9%	2,85,141	-6.3%	-16.1%
Rs Billion	Loans	YoY	QoQ	Margins	YoY	QoQ	Credit Cost	YoY	QoQ
HDFC Bank	28,211	12.0%	2.7%	3.48%	-10bps	1bps	0.50%	0bps	-1bps
ICICI Bank	14,578	10.9%	3.5%	4.38%	-12bps	1bps	0.43%	5bps	17bps
Axis Bank	11,580	14.1%	3.7%	3.58%	-34bps	-6bps	0.73%	-12bps	-55bps
Kotak	4,802	16.0%	3.8%	4.53%	-47bps	0bps	0.73%	-3bps	-9bps
IndusInd	3,188	-13.1%	-2.2%	3.60%	-68bps	8bps	2.63%	73bps	-58bps
Federal	2,520	9.4%	3.0%	3.04%	-20bps	-1bps	0.48%	-2bps	-11bps
DCB Bank	551	15.3%	4.0%	3.35%	-11bps	-1bps	0.53%	-4bps	7bps
City Union Bank	593	20.0%	4.6%	3.61%	12bps	4bps	0.47%	-13bps	7bps
SBI	45,144	12.7%	3.5%	2.79%	-7bps	0bps	0.44%	35bps	-5bps
BOB	13,224	14.9%	5.1%	2.62%	-29bps	-4bps	0.48%	11bps	9bps
Canara Bank	11,753	14.8%	4.0%	2.26%	-22bps	0bps	0.96%	2bps	13bps
Union	9,888	7.5%	4.3%	2.63%	0bps	0bps	0.58%	0bps	0bps
Total Banks	1,46,032	11.9%	3.5%	3.32%	-22bps	1bps	0.59%	16bps	-10bps
Total Private Banks	66,024	10.9%	2.9%	3.70%	-24bps	1bps	0.64%	0bps	-11bps
Total Public Banks	80,009	12.7%	3.9%	2.57%	-19bps	-1bps	0.54%	21bps	0bps

Source: Company, PL

Exhibit 3: GNPA to improve due to base effect led by higher loan growth

	Q2FY26			Q3FY26E		
	GNPA	NNPA	PCR	GNPA	NNPA	PCR
HDFCB	1.36%	0.41%	70.0%	1.24%	0.42%	66.6%
ICICIBC	1.73%	0.38%	78.0%	1.67%	0.41%	75.6%
Axis	1.62%	0.44%	73.0%	1.53%	0.46%	70.5%
KMB	1.45%	0.37%	75.0%	1.39%	0.32%	77.0%
IIB	3.60%	1.04%	71.8%	3.62%	1.04%	72.0%
SBI	1.77%	0.45%	75.0%	1.73%	0.42%	75.8%
BOB	2.13%	0.54%	75.0%	2.16%	0.57%	74.1%
CBK	2.35%	0.54%	77.4%	2.35%	0.54%	77.4%
UNBK	3.43%	0.64%	82.0%	3.29%	0.55%	83.8%
Federal	1.90%	0.48%	75.0%	1.83%	0.48%	74.3%
DCB	2.99%	1.19%	61.0%	2.91%	1.21%	59.2%
CUBK	2.64%	1.03%	61.5%	2.42%	0.90%	63.2%

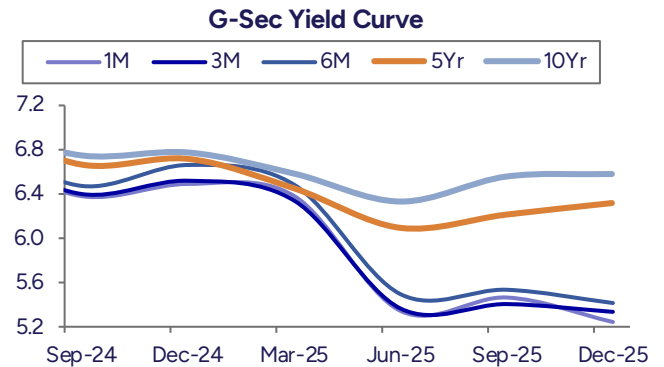
Source: Company, PL

Exhibit 4: G-sec yields have increased to 6.62%



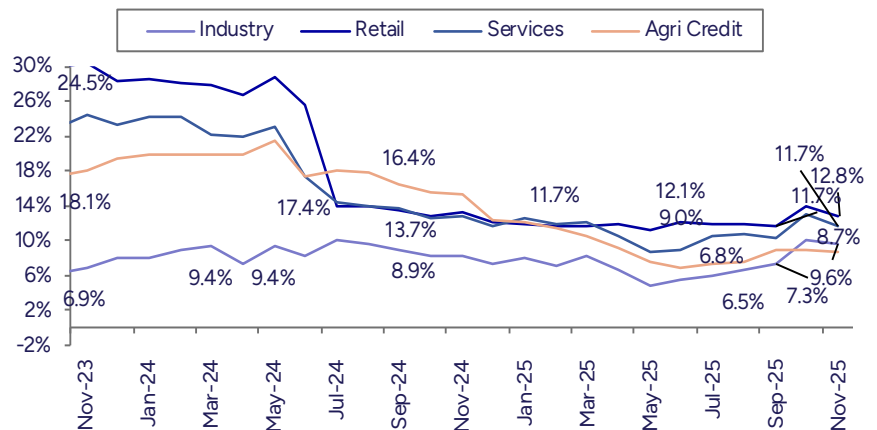
Source: PL

Exhibit 5: G-sec yields for 10-yr are on an increasing trend



Source: PL

Exhibit 6: Credit growth expected to pickup



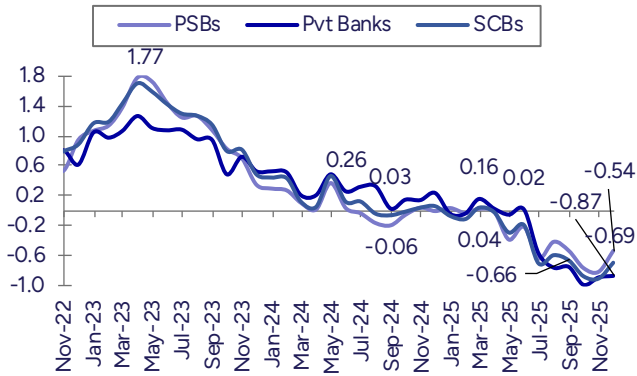
Source: RBI, PL

Exhibit 7: MCLR rates reducing due to rate cuts

Banks MCLR Profile	MCLR 1YR			% Change	
	Jun-25	Sep-25	Dec-25	3Months	6Months
HDFC Bank	9.05%	8.65%	8.45%	-20bps	-60bps
Axis Bank	8.90%	8.75%	8.70%	-5bps	-20bps
ICICI Bank	8.50%	8.35%	8.35%	0bps	-15bps
KMB	8.90%	8.55%	8.40%	-15bps	-50bps
IndusInd Bank	10.30%	10.15%	10.05%	-10bps	-25bps
SBI	9.00%	8.75%	8.70%	-5bps	-30bps
Bank of Baroda	8.90%	8.80%	8.75%	-5bps	-15bps
Canara Bank	8.80%	8.75%	8.70%	-5bps	-10bps
Union Bank	8.90%	8.60%	8.60%	0bps	-30bps
Federal	9.50%	9.20%	9.10%	-10bps	-40bps
PSBs – Median	9.00%	8.83%	8.83%	0bps	-18bps
Pvt – Median	9.75%	9.45%	9.45%	0bps	-30bps

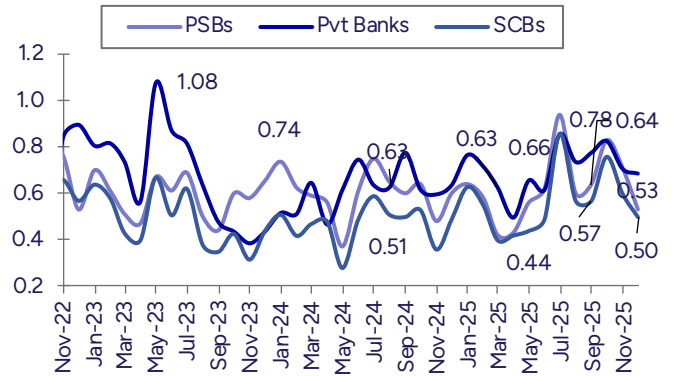
Source: RBI, PL

Exhibit 8: Incr. lending rates have declined amid rate cuts



Source: RBI, PL

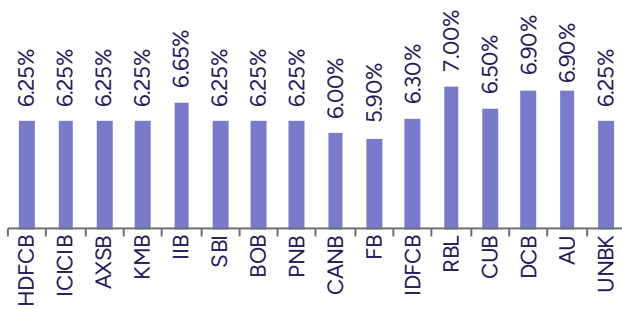
Exhibit 9: Difference between stock & fresh yields



Source: RBI, PL

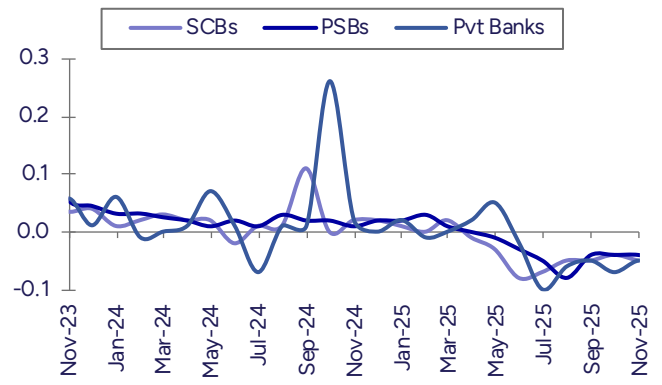
Exhibit 10: Deposit rates have fallen post rate cuts

Deposit Rates 1 Year Bucket



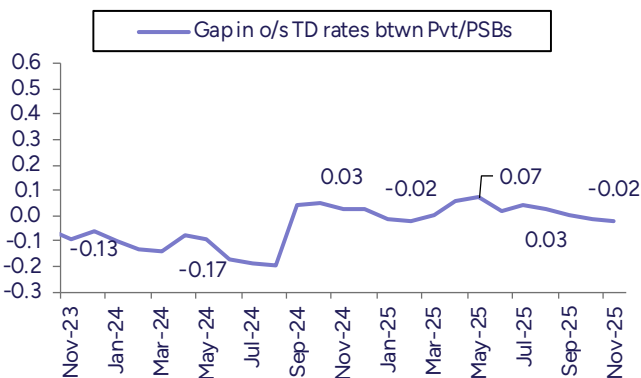
Source: Company, PL

Exhibit 11: O/S TD rates on YTD basis



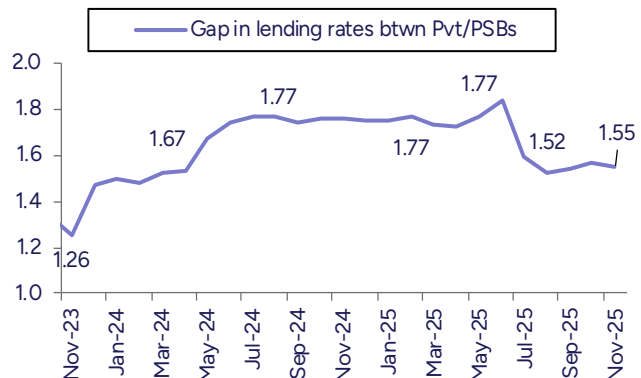
Source: RBI, PL

Exhibit 12: TD rates higher for PSBs over PVBs



Source: RBI, PL

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



Source: RBI, PL

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Company Initiation

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII (Rs m)	3,70,720	3,72,405	4,28,810	4,87,393
Op. Profit (Rs m)	3,13,903	3,35,713	3,26,560	3,71,214
PAT (Rs m)	1,70,273	1,85,063	1,75,074	2,00,170
EPS (Rs.)	18.8	20.4	19.3	22.1
Gr. (%)	17.0	8.7	(5.4)	14.3
DPS (Rs.)	4.0	4.1	3.9	4.4
Yield (%)	2.6	2.7	2.5	2.9
NIM (%)	2.4	2.2	2.2	2.3
RoAE (%)	19.9	18.3	15.1	15.3
RoAA (%)	1.1	1.0	0.9	0.9
P/BV (x)	1.5	1.3	1.1	1.0
P/ABV (x)	1.6	1.3	1.2	1.0
PE (x)	8.1	7.5	7.9	6.9
CAR (%)	16.3	15.9	16.8	15.8

Key Data

CNBK.BO | CBK IN

52-W High / Low	Rs.158 / Rs.79
Sensex / Nifty	84,961 / 26,141
Market Cap	Rs.1,387bn/ \$ 15,436m
Shares Outstanding	9,071m
3M Avg. Daily Value	Rs.4289.05m

Shareholding Pattern (%)

Promoter's	63.97
Foreign	9.97
Domestic Institution	17.95
Public & Others	8.11
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.9	33.8	56.3
Relative	3.8	31.4	43.8

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GNPA to further decline but lower NIM a concern

CBK has seen a sustained improvement in earnings quality over FY22-25 driven by material reduction in stress translating to decline in provisions from 210bps to 88bps which resulted in core RoA enhancing to 79bps in FY25 from 22bps in FY22. Due to controlled stress accretion for PSU banks, there is further scope for GNPA reduction; for CBK we expect it to decline from 2.4% in Q2'26 to 1.4% in Q4'28. We are watchful of likely provision requirements that may emanate from ECL transition. Expect a loan/deposit CAGR of 12% over FY25-28E while RAM share is targeted to reach 60% over medium term. We are a bit concerned due to NIM fall over FY24 to FY26E (2.7% to 2.2%) which is driving a core RoA of 0.7% that is lower to peers (0.8-0.9%). Valuation of 1.0x on FY28 ABV is expensive, suggesting only a 3% discount to SBI. We assign a multiple of 1.1x on FY28 ABV to arrive at a TP of Rs160 and give a 'HOLD' rating to the stock.

- Increasing share of higher yielding RAM:** RAM segment is growing at a faster pace resulting in a steady increase in its share from ~55% in Q2'23 to ~58% in Q2'26. Bank is actively pursuing a strategic initiative to adjust its loan portfolio composition, targeting a 60:40 ratio between RAM and corporate over the medium term. MSME/corporate is guided to grow by 15%/10% YoY in FY26. Pick-up in agri credit post May'25 due to RBI relaxation would support credit growth. We see an overall loan/deposit CAGR of 12% each, over FY26-28E with LDR of ~74%. To achieve its CASA guidance of 32%, bank launched TruEdge, targeting deposits from NGOs, societies, and pilgrim centers.
- GNPA reduction to outpace peers:** Over FY22-25, GNPA materially reduced from 7.5% to 2.9% due to lower slippages/higher recoveries with provisions falling from 210bps to 88bps. We expect GNPA to further reduce from 2.4% in Q2'26 to 1.4% by Q4'28E. To protect asset quality, bank is mainly expanding its unsecured portfolio by giving loans only to pensioners and salaried class who receive their pension or salary through CBK thereby excluding any non-bank or non-salaried customers. Bank intends to strengthen the PCR in Q3FY26 funded by gains from listings of its two subsidiaries.
- NIMs to stabilize before trending upwards:** Margins are likely to soften in H2FY26 following an additional RBI rate cut of 25bps before recovering thereafter due to i) repricing of deposits leading to reduced CoFs ii) shedding of low yielding advances leading to better lending yields iii) favorable outlook on CASA. Over FY23-25, fee to assets ratio has been consistently maintained at a level of ~60bps also led by support from PSLC fees; this momentum is expected to continue. Opex intensity is also expected to remain steady over FY25-28E, which would cushion earnings.
- Q3FY26 preview expectations:** Loan/deposit growth may be 4.0%/3.3% QoQ with NII growth of 2.4% QoQ. CASA ratio could be steady QoQ at 28%. Repo cut of 25bps could be offset by CRR reduction of 100bps in Q2FY26 resulting in slight LDR increase. We expect NIM (calc.) to be steady QoQ at 2.3%. Core PPOp could fall by 5.2% QoQ due to lower fees and increase in opex. Due to stake sale gains we expect CBK to increase PCR by ~200bps to 79% which may lead to rise in provisions QoQ to 103bps from 89bps.

Income Statement (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Int. Earned from Adv.	8,77,893	9,30,486	10,13,126	11,23,681
Int. Earned from invt.	2,45,956	2,53,421	2,67,584	2,95,034
Others	27,087	26,128	25,903	28,039
Total Interest Income	11,97,551	12,68,684	13,66,974	15,07,850
Interest Expenses	8,26,831	8,96,279	9,38,164	10,20,457
Net Interest Income	3,70,720	3,72,405	4,28,810	4,87,393
Growth(%)	1.4	0.5	15.1	13.7
Non Interest Income	2,24,528	2,74,370	2,46,894	2,71,999
Net Total Income	5,95,248	6,46,775	6,75,704	7,59,393
Growth(%)	11.4	8.5	4.6	10.3
Employee Expenses	1,78,561	1,97,503	2,21,823	2,47,597
Other Expenses	1,02,784	1,13,559	1,27,322	1,40,582
Operating Expenses	2,81,345	3,11,062	3,49,144	3,88,179
Operating Profit	3,13,903	3,35,713	3,26,560	3,71,214
Growth(%)	6.7	6.9	(2.7)	13.7
NPA Provision	95,860	73,756	83,246	93,228
Total Provisions	87,630	91,615	93,128	1,04,320
PBT	2,26,273	2,44,098	2,33,432	2,66,893
Tax Provision	56,000	59,034	58,358	66,723
Effective tax rate (%)	24.7	24.2	25.0	25.0
PAT	1,70,273	1,85,063	1,75,074	2,00,170
Growth(%)	17.0	8.7	(5.4)	14.3

Balance Sheet (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Face value	2	2	2	2
No. of equity shares	9,071	9,071	9,071	9,071
Equity	18,141	18,141	18,141	18,141
Networth	9,99,001	11,54,205	12,92,267	14,55,424
Growth(%)	14.9	15.5	12.0	12.6
Adj. Networth to NNPA's	73,530	52,548	46,837	44,776
Deposits	1,45,68,832	1,63,80,111	1,84,18,758	2,06,27,508
Growth(%)	11.0	12.4	12.4	12.0
CASA Deposits	41,50,504	45,89,479	51,09,119	56,90,431
% of total deposits	28.5	28.0	27.7	27.6
Total Liabilities	1,68,28,496	1,86,37,031	2,08,72,189	2,33,90,617
Net Advances	1,04,91,550	1,21,70,423	1,36,29,881	1,52,64,356
Growth(%)	12.6	16.0	12.0	12.0
Investments	38,03,434	42,30,433	47,56,947	53,63,152
Total Assets	1,68,28,496	1,86,37,031	2,08,72,189	2,33,90,617
Growth (%)	12.8	10.7	12.0	12.1

Asset Quality

Y/e Mar	FY25	FY26E	FY27E	FY28E
Gross NPAs (Rs m)	3,15,310	2,50,233	2,23,170	2,13,355
Net NPAs (Rs m)	73,530	52,548	46,837	44,776
Gr. NPAs to Gross Adv.(%)	2.9	2.0	1.6	1.4
Net NPAs to Net Adv. (%)	0.7	0.4	0.3	0.3
NPA Coverage %	76.7	79.0	79.0	79.0

Profitability (%)

Y/e Mar	FY25	FY26E	FY27E	FY28E
NIM	2.4	2.2	2.2	2.3
RoAA	1.1	1.0	0.9	0.9
RoAE	19.9	18.3	15.1	15.3
Tier I	14.4	13.4	13.3	13.3
CRAR	16.3	15.9	16.8	15.8

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26E
Interest Income	3,10,020	3,10,028	3,15,439	3,18,035
Interest Expenses	2,15,601	2,19,941	2,24,027	2,24,440
Net Interest Income	94,419	90,088	91,412	93,595
YoY growth (%)	(1.4)	(1.7)	(1.9)	2.3
CEB	23,350	22,230	25,860	24,567
Treasury	-	-	-	-
Non Interest Income	63,508	70,605	70,538	74,837
Total Income	3,73,528	3,80,633	3,85,977	3,92,872
Employee Expenses	47,828	47,955	48,223	49,669
Other expenses	27,262	27,201	27,847	28,682
Operating Expenses	75,090	75,157	76,069	78,351
Operating Profit	82,837	85,536	85,881	90,081
YoY growth (%)	12.1	12.3	12.2	14.9
Core Operating Profits	75,727	69,366	73,711	84,081
NPA Provision	28,460	18,450	15,040	-
Others Provisions	18,317	23,516	23,542	28,250
Total Provisions	18,317	23,516	23,542	28,250
Profit Before Tax	64,520	62,020	62,340	61,831
Tax	14,493	14,500	14,600	15,458
PAT	50,027	47,520	47,740	46,373
YoY growth (%)	33.1	21.7	18.9	13.0
Deposits	1,45,68,832	1,46,76,553	1,52,79,219	1,57,76,087
YoY growth (%)	11.0	9.9	13.4	15.2
Advances	1,04,91,550	1,07,35,762	1,13,01,139	1,17,53,184
YoY growth (%)	12.6	13.4	14.8	14.8

Key Ratios

Y/e Mar	FY25	FY26E	FY27E	FY28E
CMP (Rs)	153	153	153	153
EPS (Rs)	18.8	20.4	19.3	22.1
Book Value (Rs)	103	120	135	153
Adj. BV (Rs)	95	114	130	148
P/E (x)	8.1	7.5	7.9	6.9
P/BV (x)	1.5	1.3	1.1	1.0
P/ABV (x)	1.6	1.3	1.2	1.0
DPS (Rs)	4.0	4.1	3.9	4.4
Dividend Payout Ratio (%)	21.3	20.0	20.0	20.0
Dividend Yield (%)	2.6	2.7	2.5	2.9

Efficiency

Y/e Mar	FY25	FY26E	FY27E	FY28E
Cost-Income Ratio (%)	47.3	48.1	51.7	51.1
C-D Ratio (%)	72.0	74.3	74.0	74.0
Business per Emp. (Rs m)	308	337	378	422
Profit per Emp. (Rs lacs)	21	22	21	24
Business per Branch (Rs m)	2,544	2,896	3,247	3,633
Profit per Branch (Rs m)	17	19	18	20

Du-Pont

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII	2.34	2.10	2.17	2.20
Total Income	3.75	3.65	3.42	3.43
Operating Expenses	1.77	1.75	1.77	1.75
PPoP	1.98	1.89	1.65	1.68
Total provisions	0.55	0.52	0.47	0.47
RoAA	1.07	1.04	0.89	0.90
RoAE	14.90	10.76	11.71	12.16

Source: Company Data, PL Research

Exhibit 14: Q3FY26 Result Preview (Private Banks)

Company Name		Q3FY26E	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	Remark
Axis Bank	NII (Rs mn)	1,38,607	1,36,059	1.9	1,37,446	0.8	
	PPOP (Rs mn)	1,04,749	1,05,339	(0.6)	1,04,125	0.6	
	Provisions (Rs mn)	21,000	21,556	(2.6)	35,470	(40.8)	Loan growth may come in at 3.7% QoQ; NIM is expected to decline by 6bps QoQ to 3.63%
	PAT (Rs mn)	62,812	63,038	(0.4)	50,896	23.4	
	Loans (Rs bn)	11,580	10,146	14.1	11,167	3.7	PPoP is likely to increase marginally QoQ .
	Margin (%)	3.58	3.91	-34bps	3.63	-6bps	Provision costs to decrease by 55bps QoQ.
	GNPA (%)	1.50	1.46	4bps	1.46	4bps	
	Credit Cost (%)	0.73	0.85	-12bps	1.27	-55bps	
HDFC Bank	NII (Rs mn)	3,22,430	3,06,533	5.2	3,15,515	2.2	
	PPOP (Rs mn)	2,81,113	2,50,004	12.4	2,79,236	0.7	Loan growth would be at 2.7% QoQ. NII could grow by 2.2% QoQ. Margins may remain flat at 3.48%.
	Provisions (Rs mn)	35,005	31,539	11.0	35,005	-	
	PAT (Rs mn)	1,87,042	1,67,355	11.8	1,86,413	0.3	PPoP could remain flat QoQ due to NII & fees getting offset with higher opex.
	Loans (Rs bn)	28,211	25,182	12.0	27,464	2.7	
	Margin (%)	3.48	3.58	-10bps	3.48	1bps	Provisions could remain flat QoQ.
	GNPA (%)	1.28	1.42	-13bps	1.24	4bps	GNPAs likely to woosen to 1.28% due to agri slippages.
	Credit Cost (%)	0.50	0.50	0bps	0.51	-1bps	
ICICI Bank	NII (Rs mn)	2,20,516	2,03,706	8.3	2,15,295	2.4	Loan growth momentum to continue and come in at 3.5%. We expect NII growth of 2.4% QoQ.
	PPOP (Rs mn)	1,77,599	1,68,866	5.2	1,72,980	2.7	
	Provisions (Rs mn)	15,540	12,267	26.7	9,141	70.0	
	PAT (Rs mn)	1,21,544	1,17,924	3.1	1,23,589	(1.7)	Margin may remain flat as reduction in loan yields would be offset with reduction in SA/TD rates.
	Loans (Rs bn)	14,578	13,144	10.9	14,085	3.5	
	Margin (%)	4.38	4.50	-12bps	4.37	1bps	
	GNPA (%)	1.63	1.99	-36bps	1.58	5bps	GNPAs could worsen by 5bps QoQ and credit cost may increase by 17bps QoQ.
	Credit Cost (%)	0.43	0.37	5bps	0.26	17bps	
IndusInd Bank	NII (Rs mn)	44,411	52,281	(15.1)	44,094	0.7	
	PPOP (Rs mn)	21,178	35,989	(41.2)	20,280	4.4	Margin is expected to increase by 8bps QoQ to 3.60%.
	Provisions (Rs mn)	21,000	17,436	20.4	26,224	(19.9)	
	PAT (Rs mn)	133	14,013	(99.0)	(4,448)	(103.0)	Provisions are expected to decrease by 20.0% QoQ due to higher base effect
	Loans (Rs bn)	3,188	3,669	(13.1)	3,259	(2.2)	
	Margin (%)	3.60	4.28	-68bps	3.51	8bps	GNPA to worsen by 2bps sequentially. Credit cost would decrease by 58bps QoQ.
	GNPA (%)	3.62	2.25	137bps	3.60	2bps	
	Credit Cost (%)	2.63	1.90	73bps	3.22	-58bps	
Kotak Mahindra Bank	NII (Rs mn)	74,758	71,963	3.9	73,107	2.3	We expect loan growth to be at 3.8% QoQ. Margins could be flat QoQ to 4.53%.
	PPOP (Rs mn)	54,899	51,810	6.0	52,683	4.2	
	Provisions (Rs mn)	8,811	7,941	11.0	9,474	(7.0)	
	PAT (Rs mn)	34,566	33,048	4.6	32,533	6.2	PAT might be up 6.2% QoQ due lower credit cost.
	Loans (Rs bn)	4,802	4,138	16.0	4,627	3.8	
	Margin (%)	4.53	5.00	-47bps	4.52	0bps	Asset quality may worsen with GNPAs increasinf by 2bps QoQ.
	GNPA (%)	1.41	1.50	-9bps	1.39	2bps	Credit costs to decrease by 9bps QoQ
	Credit Cost (%)	0.73	0.77	-3bps	0.82	-9bps	
Federal Bank	NII (Rs mn)	25,453	24,313	4.7	24,952	2.0	NII to grow at 2% QoQ. Loan growth would be 3% QoQ while NIM may decline by 1bp QoQ to 3.04%.
	PPOP (Rs mn)	16,039	15,695	2.2	16,442	(2.5)	
	Provisions (Rs mn)	3,050	2,923	4.3	3,631	(16.0)	
	PAT (Rs mn)	9,677	9,554	1.3	9,553	1.3	PPoP to decrease by 2.5% due to lower other income. Provisions are expected to come down by 16% QoQ.
	Loans (Rs bn)	2,520	2,304	9.4	2,447	3.0	
	Margin (%)	3.04	3.24	-20bps	3.04	-1bps	
	GNPA (%)	1.76	1.95	-19bps	1.83	-6bps	Asset quality (GNPA) could improve by 6bps QoQ and credit cost could decline by 11bps
	Credit Cost (%)	0.48	0.51	-2bps	0.59	-11bps	



Company Name		Q3FY26E	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	Remark
DCB Bank	NII (Rs mn)	6,162	5,429	13.5	5,962	3.3	
	PPOP (Rs mn)	2,979	2,711	9.9	3,039	(2.0)	Loan growth may come in at 4.0% QoQ with NII growth of 3.3% QoQ. Expect margins to decline marginally QoQ. PPOP could fall by 2.0% QoQ due to higher opex.
	Provisions (Rs mn)	725	672	7.9	605	19.8	
	PAT (Rs mn)	1,675	1,514	10.6	1,839	(8.9)	
	Loans (Rs bn)	551	478	15.3	530	4.0	We expect credit cost to increase by 7bps while GNPA's are expected to be down by 3bps to 2.88%.
	Margin (%)	3.35	3.45	-11bps	3.36	-1bps	
	GNPA (%)	2.88	3.11	-23bps	2.91	-3bps	
	Credit Cost (%)	0.53	0.56	-4bps	0.46	7bps	
City Union Bank	NII (Rs mn)	6,939	5,877	18.1	6,665	4.1	Loan growth could be up by 4.6% QoQ. We expect NII to improve by 4.1% and PPOP to decline by 9.4% QoQ due to decline in other income.
	PPOP (Rs mn)	4,264	4,360	(2.2)	4,706	(9.4)	
	Provisions (Rs mn)	700	750	(6.7)	570	22.8	
	PAT (Rs mn)	2,815	2,860	(1.6)	3,286	(14.3)	Margins might improve by 4bps QoQ to 3.61%.
	Loans (Rs bn)	593	494	20.0	567	4.6	
	Margin (%)	3.61	3.49	12bps	3.57	4bps	Provisions are expected to increase by 23% QoQ while GNPA might improve by 21bps QoQ. Credit cost expected to come in at 47bps.
	GNPA (%)	2.21	3.36	-115bps	2.42	-21bps	
	Credit Cost (%)	0.47	0.61	-13bps	0.40	7bps	

Source: Company, PL

Exhibit 15: Q3FY25 Result Preview (PSU Banks)

Company Name		Q3FY26E	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	Remark
State Bank of India	NII (Rs mn)	4,45,555	4,14,455	7.5	4,29,841	3.7	NII is expected to be up by 3.7% QoQ with loan growth seen at 3.5%. Margins could remain flat sequentially.
	PPOP (Rs mn)	2,72,756	2,35,508	15.8	3,19,044	(14.5)	
	Provisions (Rs mn)	50,221	9,111	451.2	54,001	(7.0)	PPoP to decline by 14.5% QoQ on account of lower other income.
	PAT (Rs mn)	1,64,676	1,68,914	(2.5)	2,01,599	(18.3)	
	Loans (Rs bn)	45,144	40,046	12.7	43,617	3.5	Provisions are expected to decline by 7bps QoQ.
	Margin (%)	2.79	2.85	-7bps	2.79	0bps	
	GNPA (%)	1.70	2.07	-37bps	1.73	-3bps	Asset quality in terms of GNPA to improve by 3 bps while credit cost is expected to fall by 5bps.
	Credit Cost (%)	0.44	0.09	35bps	0.50	-5bps	
Bank of Baroda	NII (Rs mn)	1,14,498	1,14,169	0.3	1,11,836	2.4	NII could inch up by 2.4% QoQ while loan growth would come in at 5.1% QoQ. Margins could decline by 4bps to 2.62%.
	PPOP (Rs mn)	64,140	76,642	(16.3)	75,760	(15.3)	
	Provisions (Rs mn)	16,022	10,823	48.0	12,325	30.0	
	PAT (Rs mn)	35,126	48,373	(27.4)	48,094	(27.0)	PAT could see a decline of 27% due to decline in other income and higher provisions.
	Loans (Rs bn)	13,224	11,513	14.9	12,583	5.1	
	Margin (%)	2.62	2.91	-29bps	2.66	-4bps	GNPA could improve by 11bps QoQ while credit costs could increase by 9bps.
	GNPA (%)	2.05	2.43	-38bps	2.16	-11bps	
	Credit Cost (%)	0.48	0.38	11bps	0.39	9bps	
Canara Bank	NII (Rs mn)	93,595	91,486	2.3	91,412	2.4	NII could inch up by 2.4% QoQ while loan growth would come in at 4% QoQ. Margins could remain flat QoQ.
	PPOP (Rs mn)	90,081	78,366	14.9	85,881	4.9	
	Provisions (Rs mn)	28,250	23,983	17.8	23,542	20.0	
	PAT (Rs mn)	46,373	41,042	13.0	47,740	(2.9)	PAT could see a decline of 2.9%.
	Loans (Rs bn)	11,753	10,237	14.8	11,301	4.0	
	Margin (%)	2.26	2.48	-22bps	2.26	0bps	GNPA could improve by 18bps QoQ while credit costs could increase by 13bps.
	GNPA (%)	2.17	3.34	-117bps	2.35	-18bps	
	Credit Cost (%)	0.96	0.94	2bps	0.83	13bps	

Company Name	Q3FY26E	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	Remark
Union Bank of India	NII (Rs mn)	90,913	92,403	(1.6)	88,124	3.2
	PPOP (Rs mn)	67,764	74,918	(9.5)	68,140	(0.6)
	Provisions (Rs mn)	14,386	15,991	(10.0)	13,967	3.0
	PAT (Rs mn)	38,966	46,036	(15.4)	42,491	(8.3)
	Loans (Rs bn)	9,888	9,202	7.5	9,483	4.3
	Margin (%)	2.63	2.80	-17bps	2.55	7bps
	GNPA (%)	3.07	3.85	-78bps	3.29	-22bps
	Credit Cost (%)	0.58	0.70	-11bps	0.59	-1bps

Source: Company, PL

Exhibit 16: Change in Estimates

	Rating		Target Price			NII (Rs bn)						PPoP (Rs bn)						PAT (Rs 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	1,425	1,425	0.0%	639.2	641.8	-0.4%	726.7	729.7	-0.4%	497.9	510.4	-2.5%	566.5	580.8	-2.5%	312.0	316.7	-1.5%	355.2	362.5	-2.0%
HDFC Bank	BUY	BUY	1,150	1,150	0.0%	1,497.0	1,517.5	-1.4%	1,709.0	1,731.5	-1.3%	1,233.9	1,265.1	-2.5%	1,403.7	1,441.9	-2.6%	832.5	852.3	-2.3%	948.1	963.5	-1.6%
ICICI Bank	BUY	BUY	1,800	1,800	0.0%	992.3	995.8	-0.4%	1,145.2	1,140.4	0.4%	808.0	819.3	-1.4%	945.7	944.1	0.2%	550.9	553.7	-0.5%	646.0	639.3	1.0%
IndusInd Bank	HOLD	HOLD	840	840	0.0%	196.0	204.2	-4.0%	226.1	239.8	-5.7%	100.3	108.5	-7.5%	125.9	139.6	-9.8%	40.2	43.7	-8.1%	61.0	68.7	-11.3%
Kotak Mahindra Bank	BUY	BUY	2,480	2,480	0.0%	344.2	352.0	-2.2%	401.4	408.0	-1.6%	251.8	259.0	-2.8%	290.4	295.8	-1.8%	163.5	165.9	-1.4%	189.8	191.3	-0.8%
Federal Bank	BUY	BUY	250	250	0.0%	117.7	118.7	-0.8%	136.0	137.1	-0.8%	77.9	78.8	-1.1%	92.0	92.2	-0.2%	47.7	48.3	-1.3%	56.7	56.8	-0.3%
DCB Bank	BUY	BUY	155	155	0.0%	28.6	29.0	-1.3%	33.6	33.9	-1.0%	14.1	13.8	2.0%	16.8	16.8	-0.3%	8.0	7.7	3.8%	9.6	9.5	1.3%
City Union Bank	BUY	BUY	265	265	0.0%	32.5	32.5	0.1%	38.0	37.3	2.0%	20.5	21.8	-6.0%	24.6	24.9	-1.1%	13.7	14.7	-7.3%	16.3	16.5	-1.0%
Bank of Baroda	BUY	BUY	300	300	0.0%	538.0	541.9	-0.7%	609.2	609.0	0.0%	324.2	329.8	-1.7%	363.0	364.7	-0.5%	170.9	176.1	-2.9%	192.1	195.3	-1.6%
Canara Bank	Hold	NA	160	NA	NA	428.8	NA	NA	487.4	NA	NA	326.6	NA	NA	371.2	NA	NA	175.1	NA	NA	200.2	NA	NA
State Bank of India	BUY	BUY	1,100	1,100	0.0%	2,036.0	2,064.0	-1.4%	2,313.0	2,351.3	-1.6%	1,279.8	1,303.6	-1.8%	1,461.4	1,479.5	-1.2%	793.1	809.2	-2.0%	906.8	918.5	-1.3%
Union Bank of India	BUY	BUY	160	160	0.0%	399.3	407.5	-2.0%	444.6	453.5	-2.0%	292.8	294.7	-0.7%	325.4	322.4	0.9%	161.7	161.8	-0.1%	180.5	176.9	2.0%

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

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	BUY	1,425	1,170
2	Bank of Baroda	BUY	300	278
3	Canara Robeco Asset Management Company	BUY	350	317
4	City Union Bank	BUY	265	236
5	DCB Bank	BUY	155	132
6	Federal Bank	BUY	250	227
7	HDFC Asset Management Company	BUY	6,175	5,764
8	HDFC Bank	BUY	1,150	1,003
9	ICICI Bank	BUY	1,800	1,437
10	ICICI Prudential Asset Management Company	BUY	3,000	2,165
11	IndusInd Bank	Hold	840	751
12	Kotak Mahindra Bank	BUY	2,480	2,187
13	Nippon Life India Asset Management	BUY	930	875
14	State Bank of India	BUY	1,100	958
15	Union Bank of India	BUY	160	142
16	UTI Asset Management Company	Accumulate	1,400	1,339

PL's Recommendation Nomenclature

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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