

City Union Bank (CUBK IN)

Q2FY27 Result Update

October 29, 2026

☒ Estimate Change | ☐ Target | ☐ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	BUY		BUY	
Target Price	250		250	
NII (INR. mn)	40,547	47,300	39,815	46,284
% Chng.	1.8	2.2		
Op. Profit (INR mn)	28,051	32,482	27,951	32,420
% Chng.	0.4	0.2		
EPS (INR)	19.2	22.2	19.2	22.3
% Chng.	-	(0.4)		

Key Data

CTBK.BO | CUBK IN

BSE Code	532210
NSE Code	CUB
52-W High / Low	INR 248 / INR 168
Face Value	1
Sensex / Nifty	73,246 / 22,699
Market Cap	INR 213 bn / \$ 2,237 mn
Shares Outstanding	990.79 mn
3M Avg. Daily Value	INR 728.69 mn

Shareholding Pattern (%)

Promoters	-
Foreign	17.40
Mutual Funds	37.32
Domestic Institution	10.67
Public & Others	34.61
Promoters Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(0.5)	(9.7)	4.0	19.8
Relative	(1.1)	(5.4)	9.2	38.4

Key Financials - Standalone

Y/e Mar	FY26	FY27E	FY28E	FY29E
NII (INR mn)	28,298	35,314	40,547	47,300
NIM (%)	3.4	3.5	3.4	3.4
Core PPOP (INR mn)	19,391	24,418	26,789	30,911
PAT (INR mn)	13,262	16,945	18,995	21,953
Core PAT (INR mn)	12,666	16,098	18,012	20,728
EPS (INR)	13.4	17.1	19.2	22.2
Gr. (%)	17.7	27.8	12.1	15.6
DPS (INR)	2.0	2.2	2.5	2.9
Yield (%)	1.2	1.0	1.2	1.3
RoAE (%)	13.2	15.0	14.7	14.8
Core RoAE (%)	12.6	14.3	14.0	14.0
RoAA (%)	1.5	1.6	1.5	1.5
Core RoAA (%)	1.5	1.5	1.5	1.4
P/BV (x)	1.6	1.8	1.5	1.3
P/ABV (x)	1.7	1.8	1.6	1.4
PE (x)	12.9	12.6	11.2	9.7
CAR (%)	21.9	21.0	20.9	20.8

Loan CAGR over FY27-29E could be between 16-20%

Quick Pointers

- Core PPOP beat of 11.4% due to better NII fees and ARC sale
- Guidance of growing 2-3% above the system maintained
- No material change in core PAT; see core RoA of ~1.5%

CUB saw a good quarter with core PAT beating PLe by 3.7% led by better NII/fees; other income included ARC sale of INR1.07bn which provided cushion against higher opex and allowed to create contingent provision of INR0.5bn. Bank reiterated guidance of growing loans 2-3% above industry; we are factoring loan CAGR of 17% over FY26-28E. Portfolio mix was guided to be: gold at 31-32% (currently 30%), MSME at 55-60% and secured retail 10%. One-time ECL impact has been lowered from 60-65bps to 40-45bps due to improved portfolio quality. We keep multiple at 1.7x on Sep'28 ABV and maintain TP at INR250. Retain 'BUY'.

Higher TWO recovery cushions higher opex/contingent provisions: NII was a 3% beat at INR8.7bn (PLe INR8.5bn). NIM (calc.) was ahead at 3.85% (PLe 3.76%); reported NIM was up 9bps QoQ to 3.87%. Loan/deposit growth was 330/100bps more at 26.6%/20.7% YoY. Other income was higher at INR3.5bn (PLe INR2.6bn) due to rise in TWO recovery and fees. Opex at INR5.6bn was 9.2% above PLe led by increase in staff cost and other opex. Core PPOP at INR6.2bn was 11.4% above PLe; PPOP was INR6.6bn. GNPA was lower at 1.4% (PLe 1.6%) due to lower slippage at INR1.75bn, better recovery at INR1.80bn and higher write-off. Provisions were INR1.2bn (PLe INR0.9bn) which included contingent provisions of INR500mn. Core PAT was 3.7% above PLe at INR3.9bn; PAT was INR4.2bn.

Loan growth momentum continues: Management reiterated guidance of loans growing 2-3% above industry, led by MSME, gold and secured retail. With LDR at 85-86%, deposit growth is to stay aligned with credit growth. Gold loans stood at INR217bn (~30% of credit), with bank aiming to cap the share at 31-32%. Gold portfolio is concentrated in South India (~96%), with the remaining 4% from other regions. Bank does not see any challenges in the gold loans; while revised framework permits LTV of 85%/80%/75% for consumption loans of up to INR0.25mn, INR0.25-0.5mn and >INR0.5mn, bank generally maintains an initial LTV of 60-65%.

NII surprises again; cost of funds to be watched: Reported NIM improved by 9bps QoQ to 3.87% supported by a 4bps QoQ fall in cost of funds to 4.74% and higher investment yield, while cost of deposits was flat at 5.56%. Deposit cost is expected to rise by 10bps in Q3FY27, offset by asset-side repricing (EBLR and gold). NIM guidance for FY27 was raised to 3.85-3.95% (3.65-3.75% guided in Q1FY27), supported by EBLR repricing and by better liability side costing.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	% Var.	Q2'26A	YoY gr. (%)
NII (INR mn)	8,461	8,728	3.2	6,665	31.0
Margin (%)	3.78	3.87	9bps	3.63	15 bps
Core PPOP (INR mn)	5,603	6,243	11.4	4,490	39.0
Core PAT (INR mn)	3,739	3,878	3.7	3,114	24.5

Source: Company, PL

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Q2FY27 Conference Call highlights

Balance sheet

- Management reiterated guidance of advances growing 2-3% above industry, led by MSME, gold and secured retail. Deposit growth is to stay aligned with credit growth.
- While the revised gold-loan framework permits LTVs of 85%, 80% and 75% for consumption loans of up to INR0.25mn, INR0.25-0.5mn and above INR0.5mn, the bank generally maintains an initial LTV of 60-65%.
- Gold loans stood at INR217bn (~30% of the loan book), with bank aiming to cap the share at 31-32%. The portfolio remains concentrated in South India (~96%), with the remaining 4% from other regions. Gold loan SMA stood at INR1.7bn (0.24% of gold advances), while GNPA was INR950mn, of which only INR2mn had proceeded to auction.
- 99% of the gold book is bullet, agri loans are bullet aligned to the harvest cycle and consumption loans are also predominantly bullet. No difference in behaviour seen between bullet and non-bullet loans.
- SME utilization improved to 71-72% from 69% in Q1FY27.
- Loan book mix by pricing: EBLR-55%, MCLR-12%, fixed-33%. Entire gold book (~INR200bn+) is fixed rate.
- Average ticket size per account in gold stands at INR0.19mn for agricultural loans & ~INR0.3mn for non-agri loans. Customers can hold up to 20 accounts. Ticket sizes in unbanked rural markets are typically INR30,000-40,000, compared with up to INR0.2mn in semi-urban markets.
- Average retail loan ticket size is ~INR7-8mn excluding Mumbai and Delhi, and ~INR12.5mn including them.
- Under the RBI's FCNR(B) swap window, the bank mobilised USD69mn (of which USD15mn from new-to-bank customers), fully swapped into rupee with RBI and deployed in domestic loans.

Profit & loss

- NIM guidance for FY27 raised to 3.85-3.95% for H2FY27 (3.65-3.75% guided in Q1FY27), supported by EBLR repricing and by a better liability side pricing.
- NIM improved to 3.87% in Q2 from 3.78% in Q1, supported by a 4bps QoQ decline in cost of funds to 4.74% and higher investment yields, while cost of deposits was flat at 5.56%.
- Deposit cost is expected to rise ~10bps next quarter, offset by asset-side repricing (EBLR and gold) so NIM guidance is maintained.
- Agri gold yields are ~100bps lower than non-agri. Blended rate on gold loans is ~10.8%.
- The bank exited its ~INR8.5bn mutual fund investments in Q2 and redeployed the proceeds into interest earning investments, increasing the yield on investments to 6.56% from 6.42%. Consequently, ~INR120mn of income shifted from other income to interest income from August.
- Treasury income declined to INR360mn from INR520mn in Q1, partly due to above reclassification. Bond MTM movements were accounted for through the AFS reserve, with no MTM loss recognised in the P&L.
- Other income growth (35% YoY) was mainly driven by ARC sale of TWO. ARC consideration was INR1.31bn, of which INR1.07bn was booked in other income and INR0.26bn as NPS recoveries. CUB also sold excess agri PSLC for INR96mn.

- Opex grew 24% YoY, driven by the annual wage hike in July and a higher leave encashment/actuarial provision of INR320mn in Q2FY27 (usually INR30–50mn per quarter). Management is not expecting further hikes this year and guided for quarterly employee costs of INR2.7–2.8bn going forward.
- A contingent provision of INR500mn was made for unforeseen economic uncertainties; management intends to keep building this buffer in the coming quarters to strengthen the balance sheet.
- Tax rate was 23-24% in Q1 and Q2'27, the blended rate for FY27 is expected at 22-23%.
- ROA guided to be around 1.60-1.65% and cost-to-income at 45-47% for FY27.

Asset quality

- Gold SMA stood at ~INR1.73bn (stated as 0.24% of gold advances) and gross NPA at only ~INR95mn, of which only INR2mn went for auction. Balance was repaid by borrowers within ~45 days of NPA.
- SMA-0 at 1.23%, SMA-1 at 0.64% and SMA-2 at 0.67% of gross advances (total SMA 2.53%).
- Outstanding TWO book after the sale 9bn. Recoveries were INR3.17bn (INR1.80bn from NPA and INR1.37bn from TWO) exceeded slippages of INR1.75bn, resulting in negative credit cost.
- Incremental ECL provision requirement stood at INR2.99bn as of 30th Sep'26, down from INR4.45bn in Mar'25, reflecting portfolio improvement. After INR300mn already provided, the remaining INR2.7bn will be adjusted through capital, with a 40-45bps impact and no P&L impact.

Exhibit 1: Quarterly Estimates

(INRmn)	Q1FY27	YoY gr. (%)	Q2FY27	YoY gr. (%)	Q3FY27E	YoY gr. (%)	Q4FY27E	YoY gr. (%)
NII	8,201	31.2	8,728	30.9	8,940	18.9	9,445	20.2
Core PPOP	5,282	36.6	6,243	39.1	5,937	20.7	6,323	14.8
NIM (%)	3.8	34 bps	3.8	28 bps	3.8	-12 bps	3.7	-3 bps
Core PAT	3,427	34.8	3,878	24.5	4,004	27.0	4,302	27.6

Source: Company, PL

Exhibit 2: PAT beat due to higher NII/Other income

P&L Statement (Rs m)	Q2FY27	Q2FY26	YoY gr. (%)	Q2FY27E	% Var.	Q1FY27	QoQ gr. (%)
Interest Income	20,923	16,531	26.6	20,709	1.0	19,850	5.4
Interest Expended	12,195	9,866	23.6	12,249	(0.4)	11,649	4.7
Net interest income (NII)	8,728	6,665	30.9	8,461	3.2	8,201	6.4
Other income	3,502	2,591	35.1	2,588	35.3	2,436	43.8
-Fee income	1,520	1,346	12.9	1,472	3.3	1,402	8.4
-Other non interest income	1,982	1,245	59.2	1,116	77.6	1,034	91.7
Total income	12,230	9,257	32.1	11,049	10.7	10,637	15.0
Operating expenses	5,621	4,551	23.5	5,146	9.2	4,832	16.3
-Staff expenses	2,803	2,244	24.9	2,488	12.7	2,347	19.4
-Other expenses	2,817	2,307	22.1	2,658	6.0	2,484	13.4
Operating profit	6,609	4,706	40.4	5,903	12.0	5,806	13.8
Core Operating Profit	6,243	4,490	39.1	5,603	11.4	5,282	18.2
Total provisions	1,200	570	110.5	870	37.9	780	53.8
Profit before tax	5,409	4,136	30.8	5,033	7.5	5,026	7.6
Tax	1,250	850	47.1	1,057	18.3	1,200	4.2
Profit after tax	4,159	3,286	26.6	3,976	4.6	3,826	8.7
Balance Sheet (Rs m)							
Deposits	8,38,931	6,94,860	20.7	8,32,030	0.8	7,93,423	5.7
Advances	7,17,427	5,66,809	26.6	6,98,905	2.7	6,68,809	7.3
Ratios (%)							
NIM	3.8	3.6	28 bps	3.8	9 bps	3.8	2 bps
RoaA	1.8	1.7	8 bps	1.7	7 bps	1.7	5 bps
RoaE	15.8	14.0	178 bps	14.9	83 bps	14.7	103 bps
Asset Quality							
Gross NPL (Rs m)	10,430	13,932	(25.1)	11,431	(8.8)	11,697	(10.8)
Net NPL (Rs m)	3,442	5,129	(32.9)	4,001	(14.0)	4,052	(15.1)
Gross NPL ratio	1.4	2.4	-98 bps	1.6	-18 bps	2	-29 bps
Net NPL ratio	0.5	0.9	-43 bps	0.6	-9 bps	1	-13 bps
Coverage ratio (Calc)	67.0	63.2	381 bps	65	200 bps	65	164 bps
Business & Other Ratios							
Low-cost deposit mix	26.6	28.1	-148 bps	26.2	40 bps	26.6	6 bps
Cost-income ratio	46.0	49.2	-320 bps	46.6	-62 bps	45.4	54 bps
Non int. inc / total income	28.6	28.0	64 bps	23.4	521 bps	22.9	574 bps
Credit deposit ratio	85.5	81.6	395 bps	84.0	152 bps	84.3	122 bps
Capital Adequacy Ratio	21.3	21.7	-42 bps	-	-	21.7	-47 bps
Tier-I	20.4	20.7	-28 bps	-	-	21.0	-54 bps

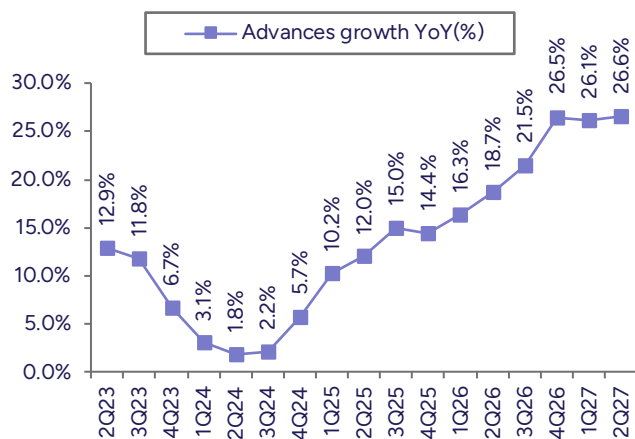
Source: Company, PL

Exhibit 3: Large Industries/Services and MSME loans increased by 45.7%/12.3% sequentially

Advances break-up (Rs mn)	Q2FY27	Q2FY26	YoY gr. (%)	Q1FY27	QoQ gr. (%)
Agriculture (including JL)	1,19,374	90,374	32.1	1,08,434	10.1
M S M E	2,80,844	2,30,876	21.6	2,50,042	12.3
Retail (excluding Non Agri JL)	67,414	65,736	2.6	65,184	3.4
Non Agri Gold Loans	1,15,733	81,541	41.9	1,07,413	7.7
Commercial Real Estate	41,636	30,325	37.3	49,408	(15.7)
N B F C	16,301	14,412	13.1	17,372	(6.2)
Loans to Business Enterprises	19,837	20,556	(3.5)	21,886	(9.4)
Large Industries / Services	22,605	16,000	41.3	15,512	45.7
All other Loans	40,671	25,792	57.7	31,737	28.2
Total Advances	7,24,415	5,75,612	25.9	6,66,988	8.6

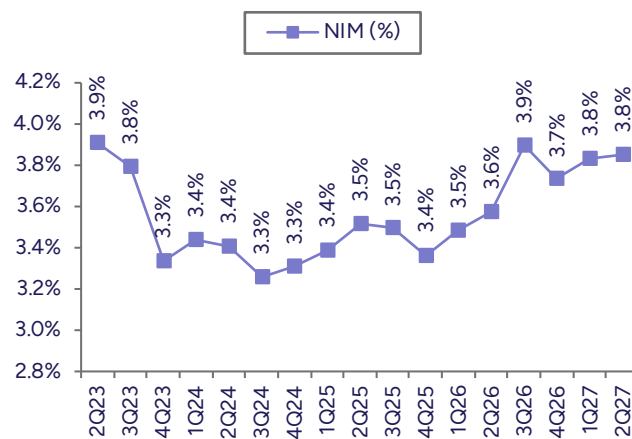
Source: Company, PL

Exhibit 4: Advances growth at 26.6% YoY



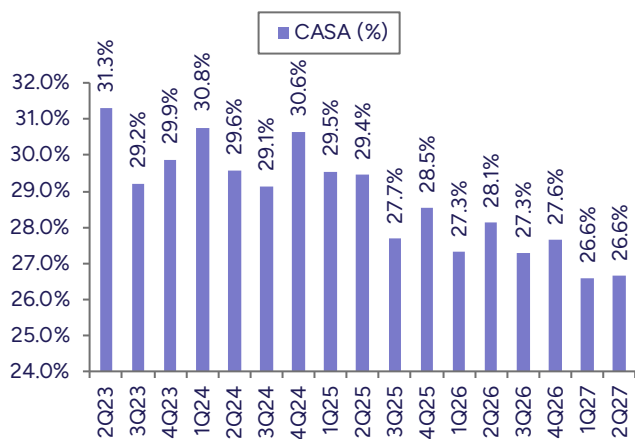
Source: Company, PL

Exhibit 5: NIM stable at around 3.8%



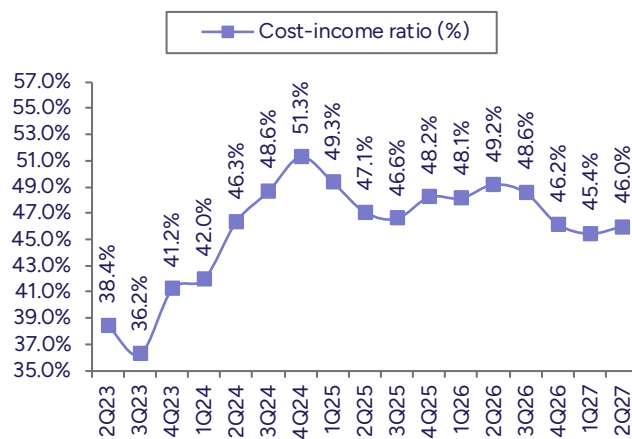
Source: Company, PL

Exhibit 6: CASA mix stable at 26.6%



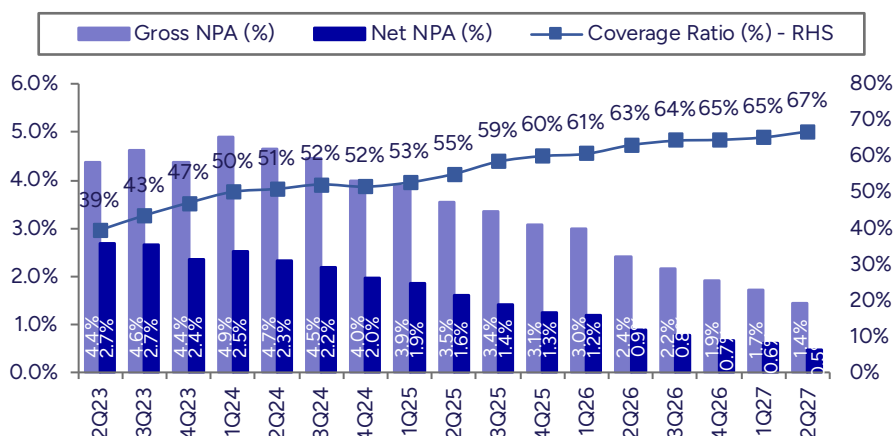
Source: Company, PL

Exhibit 7: C/I increased to 46.0%



Source: Company, PL

Exhibit 8: GNPA fell QoQ to 1.4%, while PCR increased to 67%



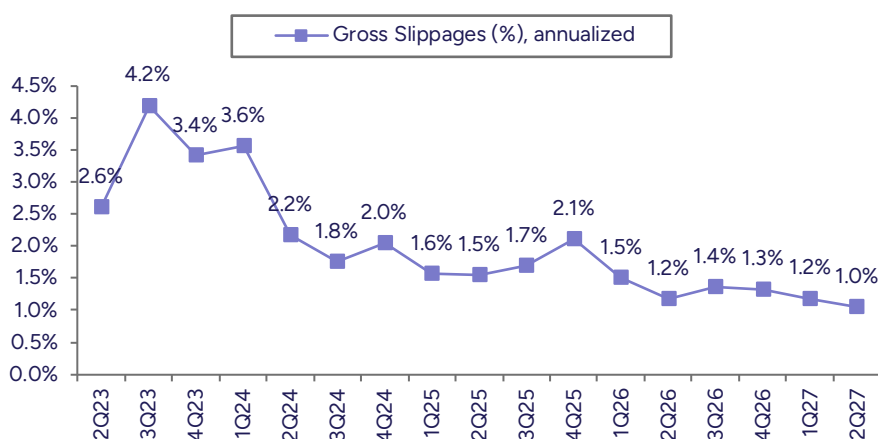
Source: Company, PL

Exhibit 9: Slippage decreased sequentially by 13.5%

Movement of NPL	Q2FY27	Q2FY26	YoY gr. (%)	Q1FY27	QoQ gr. (%)
Opening	11,697	16,170	(27.7)	12,731	(8.1)
Additions	1,751	1,565	11.9	1,950	(10.2)
Reduction	3,018	3,803	(20.6)	2,984	1.1
Closing	10,430	13,932	(25.1)	11,697	(10.8)
Slippages (%)	1.19	1.28	(9.5)	1.32	(13.5)

Source: Company, PL

Exhibit 10: Gross slippages (annualized) decreased to 1.0%



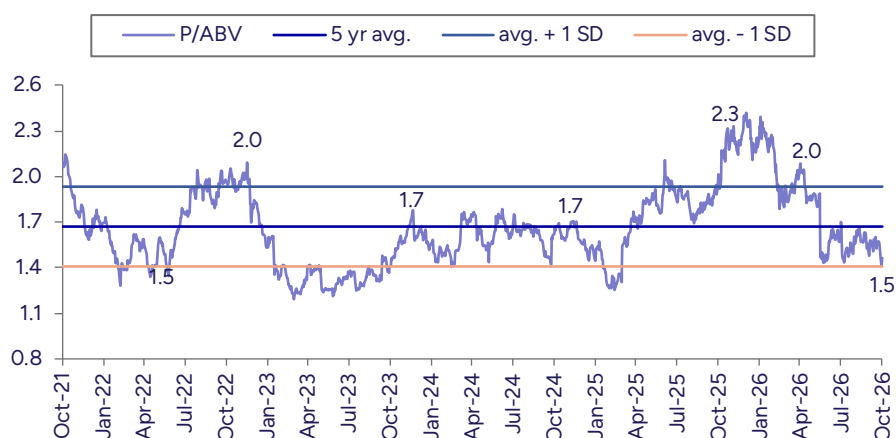
Source: Company, PL

Exhibit 11: Return ratios to range around 14.5-15%

Du-pont Analysis	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
NII/Assets	3.3	3.4	3.1	3.1	3.2	3.4	3.3	3.3
Other inc./Assets	1.3	1.3	1.1	1.2	1.2	1.1	1.0	0.9
Net revenues/Assets	4.7	4.6	4.2	4.3	4.4	4.5	4.3	4.2
Opex/Assets	1.9	1.8	2.0	2.1	2.1	2.0	2.0	1.9
Provisions/Assets	1.1	1.0	0.4	0.4	0.4	0.3	0.3	0.3
Taxes/Assets	0.4	0.4	0.3	0.4	0.4	0.5	0.4	0.4
ROA (%)	1.3	1.5	1.5	1.5	1.5	1.6	1.5	1.5
ROE (%)	12.2	13.4	12.8	12.6	13.2	15.0	14.7	14.8

Source: Company, PL

Exhibit 12: On one-year forward basis, CUBK trades at 1.5x



Source: Company, PL

Quarterly Financials

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Income Statement (INR m)								
Interest earned	14,787	15,327	16,053	16,531	17,557	18,556	19,850	20,923
Interest expended	8,910	9,324	9,800	9,866	10,035	10,698	11,649	12,195
Net Interest Income	5,877	6,003	6,253	6,665	7,522	7,858	8,201	8,728
Other income	2,284	2,512	2,439	2,591	2,453	2,905	2,436	3,502
Fees	1,114	1,491	1,226	1,346	1,538	1,737	1,402	1,520
Total Income	8,161	8,515	8,692	9,257	9,975	10,763	10,637	12,230
Operating Expenses	3,801	4,106	4,182	4,551	4,844	4,967	4,832	5,621
Employees	1,785	1,965	2,006	2,244	2,302	2,346	2,347	2,803
Others	2,016	2,140	2,176	2,307	2,541	2,621	2,484	2,817
Operating profit	4,360	4,410	4,509	4,706	5,132	5,796	5,806	6,609
Core PPOp	4,182	4,147	3,865	4,490	4,919	5,508	5,282	6,243
Provisions	750	780	700	570	960	1,200	780	1,200
Profit before tax	3,610	3,630	3,809	4,136	4,172	4,596	5,026	5,409
Taxes	750	750	750	850	850	1,000	1,200	1,250
Net Profit	2,860	2,880	3,059	3,286	3,322	3,596	3,826	4,159
Core PAT	2,719	2,672	2,542	3,114	3,152	3,371	3,427	3,878
Balance Sheet (INR m)								
Share capital	741	741	741	741	742	743	991	991
Reserves & surplus	90,885	93,925	96,942	98,519	101,898	104,906	109,179	110,934
Deposits	582,713	635,260	657,344	694,860	705,159	783,080	793,423	838,931
Borrowings	33,268	21,694	17,460	21,827	45,158	53,268	51,703	52,804
Other liabilities	25,468	24,612	25,508	28,076	28,345	28,248	28,590	30,964
Total liabilities	733,075	776,232	797,995	844,024	881,302	970,244	983,886	1,034,624
Cash & bank	46,887	52,905	60,750	69,529	69,111	89,271	83,347	83,254
Investments	159,815	173,361	174,658	175,187	175,256	189,869	195,766	202,038
Advances	494,178	520,813	530,378	566,809	600,413	658,752	668,809	717,427
Fixed assets	2,967	3,223	3,751	3,880	4,168	4,685	4,755	5,505
Other assets	29,228	25,929	28,458	28,619	32,354	27,667	31,209	26,400
Total assets	733,075	776,232	797,995	844,024	881,302	970,244	983,886	1,034,624
Balance sheet ratios (%)								
Loan growth	15.0	14.4	16.3	18.7	21.5	26.5	26.1	26.6
Deposit growth	10.5	14.1	19.8	21.1	21.0	23.3	20.7	20.7
LDR	84.8	82.0	80.7	81.6	85.1	84.1	84.3	85.5
CASA	27.7	28.5	27.3	28.1	27.3	27.6	26.6	26.6
Capital Adequacy (%)								
CET-1	21.3	22.7	22.1	20.7	19.2	20.8	21.0	20.4
Tier-2	1.0	1.1	1.0	1.0	0.9	1.1	0.8	0.8
CRAR	22.3	23.8	23.1	21.7	20.1	21.9	21.7	21.3
Profitability ratios (%)								
Yield on assets	8.6	8.5	8.5	8.4	8.5	8.3	8.4	8.6
Cost of funds	5.8	5.6	6.2	6.0	5.8	5.4	6.1	5.9
NIM	3.3	3.2	3.2	3.2	3.5	3.4	3.4	3.5
Fees/Assets	0.6	0.8	0.7	0.7	0.8	0.8	0.6	0.6
Cost/Income	46.6	48.2	48.1	49.2	48.6	46.2	45.4	46.0
Opex/avg assets	0.5	0.5	0.5	0.6	0.6	0.5	0.5	0.6
RoA	1.6	1.5	1.6	1.6	1.6	1.5	1.7	1.7
Core RoA	1.5	1.4	1.4	1.6	1.6	1.5	1.5	1.7
RoE	12.9	12.6	13.1	13.2	13.3	13.2	14.7	14.8
Core RoE	12.6	12.0	11.0	13.2	13.0	13.5	13.2	14.7
EPS (INR)	30.1	30.3	33.0	35.5	34.7	35.7	30.9	33.6
BVPS (INR)	123.7	127.8	131.8	133.9	138.3	142.2	111.2	113.0
ABVPS (INR)	-	-	-	-	-	-	-	-
Asset quality ratios (%)								
GNPA	3.4	3.1	3.0	2.4	2.2	1.9	1.7	1.4
NNPA	1.4	1.3	1.2	0.9	0.8	0.7	0.6	0.5
Provision coverage	58.6	60.1	60.8	63.2	64.4	64.7	65.4	67.0
Provision costs	0.6	0.6	0.6	0.4	0.7	0.8	0.5	0.7
Slippage	1.8	2.3	1.6	1.3	1.6	1.6	1.3	1.2
NNPA/Equity	7.7	6.9	6.5	5.2	4.6	4.3	3.7	3.1

Source: Company, PL

Financials

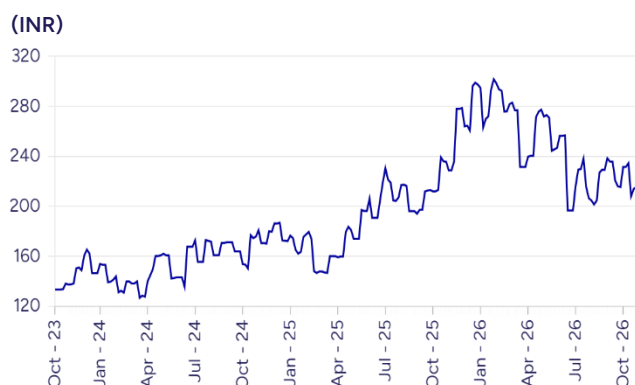
Y/e Mar	FY26	FY27E	FY28E	FY29E
Income Statement (INR m)				
Interest earned	68,698	85,898	102,716	120,557
Interest expended	40,399	50,584	62,169	73,256
Net Interest Income	28,298	35,314	40,547	47,300
Other income	10,388	11,663	11,965	13,067
Fees	5,847	6,289	6,751	7,157
Net Total Income	38,687	46,977	52,512	60,368
Operating Expenses	18,544	21,459	24,462	27,886
Employees	8,898	10,706	12,502	14,353
Others	9,646	10,753	11,960	13,533
Operating profit	20,142	25,518	28,051	32,482
Core PPOP	19,391	24,418	26,789	30,911
Provisions	3,430	3,521	3,697	4,337
Profit before tax	16,712	21,996	24,353	28,145
Taxes	3,450	5,051	5,358	6,192
Net Profit	13,262	16,945	18,995	21,953
Core PAT	12,666	16,098	18,012	20,728
Growth Ratios (%)				
Loans	26.5	20.0	17.0	17.0
Deposits	23.3	18.0	17.0	17.0
NII	22.2	24.8	14.8	16.7
Fees	25.5	7.5	7.3	6.0
Opex	20.8	15.7	14.0	14.0
Core PPOP	18.9	25.9	9.7	15.4
Provisions	30.9	2.7	5.0	17.3
Core PAT	16.7	27.1	11.9	15.1
Profitability Ratios (%)				
Yield on IEA	8.2	8.4	8.6	8.7
Cost of funds	5.4	5.6	5.8	5.9
NIM	3.4	3.5	3.4	3.4
Cost/Income	47.9	45.7	46.6	46.2
Provision cost	0.6	0.5	0.4	0.4
Tax rate	20.6	23.0	22.0	22.0
Core RoA	1.5	1.5	1.5	1.4
Core RoE	12.6	14.3	14.0	14.0
Du-pont (%)				
Interest income	7.9	8.2	8.4	8.4
Interest expenses	4.6	4.8	5.1	5.1
NII	3.2	3.4	3.3	3.3
Other income	1.2	1.1	1.0	0.9
Fees/avg assets	0.7	0.7	0.6	0.6
Total income	4.4	4.5	4.3	4.2
Opex/avg assets	2.1	2.0	2.0	1.9
Staff cost	1.0	1.0	1.0	1.0
Other opex	1.1	1.0	1.0	0.9
PPOP	2.3	2.4	2.3	2.3
Core PPOP/avg assets	2.2	2.3	2.2	2.2
Provisions	0.4	0.3	0.3	0.3
PBT	1.9	2.1	2.0	2.0
Tax	0.4	0.5	0.4	0.4
RoA	1.5	1.6	1.5	1.5
RoE	13.2	15.0	14.7	14.8

Source: Company, PL

Y/e Mar	FY26	FY27E	FY28E	FY29E
Balance Sheet (INR m)				
Equity	105,649	120,141	137,651	158,118
Share capital	743	991	991	991
Deposits	783,080	924,222	1,081,297	1,265,067
Borrowings	53,268	59,783	64,986	76,776
Other Liabilities	28,248	32,850	36,973	41,613
Total liabilities	970,244	1,136,996	1,320,906	1,541,575
Cash with RBI	62,673	41,620	45,051	48,764
Balance with banks	26,597	44,998	48,707	52,722
Investments	189,869	226,434	264,918	316,267
Advances	658,752	790,210	924,509	1,081,632
Fixed assets	4,685	5,728	6,200	6,711
Other assets	27,667	28,007	31,522	35,479
Total assets	970,244	1,136,996	1,320,906	1,541,575
Balance sheet ratios (%)				
LDR	84.1	85.5	85.5	85.5
CASA	27.6	26.4	25.8	25.3
Inv/NDTL	22.0	22.3	22.4	22.9
Borr/NDTL	6.2	5.9	5.5	5.5
Assets/equity (x)	9.2	9.5	9.6	9.7
RWA/Loans	73.8	72.6	71.3	70.1
RWA/Total assets	50.1	50.4	49.9	49.2
Capital ratios (%)				
CRAR	21.9	21.0	20.9	20.8
CET-1	20.8	20.0	19.9	19.9
AT-1	-	-	-	-
Tier-2	1.1	1.0	1.0	0.9
Asset quality ratios (%)				
GNPA (INR mn)	12,731	9,411	9,147	10,043
NNPA (INR mn)	4,494	3,106	3,019	3,314
GNPA	1.9	1.2	1.0	0.9
NNPA	0.7	0.4	0.3	0.3
PCR	64.7	67.0	67.0	67.0
Slippage	1.4	1.1	1.0	1.0
NNPA / Equity	4.3	2.6	2.2	2.1
Per share (INR)				
EPS	13.4	17.1	19.2	22.2
DPS	2.0	2.2	2.5	2.9
BVPS	107.5	121.3	138.9	159.6
ABVPS	102.1	118.1	135.9	156.2
Core BVPS	-	-	-	-
Core ABVPS	-	-	-	-
Valuation (x)				
Price (INR)	172.1	215.0	215.0	215.0
P/E	12.9	12.6	11.2	9.7
P/BV	1.6	1.8	1.5	1.3
P/ABV	1.7	1.8	1.6	1.4
P/core BV	-	-	-	-
P/core ABV	-	-	-	-

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Oct-26	BUY	250	224
2	29-Jul-26	BUY	250	229
3	07-Jul-26	BUY	233	171
4	28-Apr-26	BUY	310	276
5	10-Apr-26	BUY	310	252
6	19-Feb-26	BUY	233	215
7	03-Feb-26	BUY	310	285
8	08-Jan-26	BUY	199	218
9	04-Nov-25	BUY	265	236
10	07-Oct-25	BUY	184	164

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Aditya Birla Sun Life AMC	BUY	1200	950
2	Axis Bank	BUY	1600	1290
3	Bank of Baroda	Accumulate	280	233
4	Canara Bank	BUY	160	125
5	Canara Robeco Asset Management Company	HOLD	285	225
6	City Union Bank	BUY	250	224
7	DCB Bank	BUY	215	201
8	Federal Bank	BUY	400	338
9	HDFC Asset Management Company	BUY	2850	2415
10	HDFC Bank	BUY	950	729
11	ICICI Bank	BUY	1900	1397
12	ICICI Prudential Asset Management Company	BUY	3420	2969
13	Indian Bank	BUY	1000	835
14	IndusInd Bank	BUY	1100	835
15	Karur Vysya Bank	BUY	380	346
16	Kotak Mahindra Bank	BUY	510	431
17	Nippon Life India Asset Management	BUY	1200	976
18	Prudent Corporate Advisory Services	Accumulate	3175	3200
19	State Bank of India	BUY	1200	959
20	Union Bank of India	Accumulate	200	181
21	UTI Asset Management Company	HOLD	975	888

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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