**BUY**
**TP: Rs 522 | ⮝ 21%**

# KOTAK MAHINDRA BANK

Banking | 25 October 2026

## Unsecured AQ stabilized, unsecured lending to scale gradually

- **Unsecured lending to scale gradually; Q2 NIM compression expected to be recouped through FCNR deposit deployment and rate hikes.**
- **Loan growth robust 19% YoY ex FCNR and KMIL portfolio; guidance maintained of growing advances 1.5-2x nominal GDP growth**
- **Maintain BUY with revised TP of Rs 522 (vs Rs 518), set at 2.2x Sep'28E ABV**

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**NIMs impacted QoQ due to FCNR pressure and higher TD mix:** PAT grew by 29.5% YoY Rs 42.1bn (+2.2% QoQ). KMIL transferred its eligible corporate and real-estate loan portfolio of ~Rs 96bn to the bank in early July, as required by RBI, with employees and servicing also moving to the bank. KMIL is exiting lending and repaying liabilities. The transferred book's yield was marginally higher than the bank's existing yield with spread of ~3%, contributing interest income to Q2FY27 NII. KMIL received cash for the assets and invested the proceeds; its PBT includes investment income and release of standard provisions. KMIL NII has been booked in bank's NII.Standard provisioning shifted to the bank, with 1% required on relevant real-estate exposures vs 0.4% at KMIL. The portfolio remains below 2% of the bank's loan book. FCNR pressure drove a 22bp QoQ NIM decline to 4.3%, while cost of funds stood at 4.52% vs 4.46% in Q1, reflecting a higher TD mix. Full FCNR impact to weigh on Q3FY27 NIMs, partly offset by deployment to loans; repo-rate transmission to help lift NIMs in Q4 as 60% book repo linked.

**Business growth remains strong:** Credit growth stood at 25% YoY/13% QoQ, with core growth excluding FCNR and KMIL portfolio transfer at 19% YoY/8% QoQ, driven by Corporates, SME and select retail segments. Deposit growth accelerated to 23% YoY/14% QoQ, (13% YoY ex FCNR) led by FCNR mobilization of Rs 553bn, partly utilized to fund KMIL portfolio acquisition and reduce IBPCs. CASA ratio declined to 38.2% from 40.3% in Q1; ex-FCNR CASA improved to 41.8%.

**AQ improved:** Fresh slippages moderated to Rs 12.3bn (1.1% of loans), coupled with higher recoveries and write-offs led to lowering GNPA to 1% (-14bps QoQ). Credit cost improved to 0.35% from 0.46% in Q1, with unsecured lending asset quality improving and CV/CE delinquencies stabilizing. Tractor collections improved with no visible delinquency impact. ECL impact is estimated at ~2% of net worth,

**Maintain BUY:** FCNR deployment towards credit and rate hikes to support margin recovery over 2–3 quarters. Improving unsecured portfolio AQ and sustained growth, RoA/RoE improvement under new management should drive re-rating, with FY27E RoA/RoE of 2.1%/12.3%. Maintain BUY.

### Key changes

| Target | Rating |
|---|---|
| ▲ | ◀ ▶ |

| | |
|---|---|
| Ticker/Price | KMB IN/Rs 431 |
| Market cap | US$ 45.1bn |
| Free float | 74% |
| 3M ADV | US$ 70.6mn |
| 52wk high/low | Rs 453/Rs 346 |
| Promoter/FPI/DII | 26%/29%/36% |

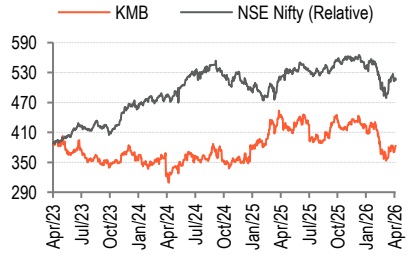
Source: NSE | Price as of 23 Oct 2026

### Key financials

| Y/E 31 Mar | FY26A | FY27E | FY28E |
|---|---|---|---|
| NII (Rs mn) | 300,101 | 349,045 | 430,960 |
| NII growth (%) | 5.9 | 16.3 | 23.5 |
| Adj. net profit (Rs mn) | 140,077 | 177,695 | 220,237 |
| EPS (Rs) | 14.1 | 17.9 | 22.1 |
| P/E (x) | 30.6 | 24.1 | 19.4 |
| P/BV (x) | 3.2 | 2.8 | 2.5 |
| ROA (%) | 1.9 | 2.1 | 2.1 |
| ROE (%) | 11.1 | 12.4 | 13.5 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

**Fig 1 – Quarterly snapshot: Income statement**

| (Rs mn) | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 | Q2FY27 | YoY (%) | QoQ (%) |
|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | |
| Interest Income | 1,06,051 | 1,08,270 | 1,10,084 | 1,12,712 | 1,23,822 | 16.8 | 9.86 |
| Income on investments | 26,614 | 26,232 | 26,818 | 26,731 | 29,011 | 9.0 | 8.53 |
| Int. on bal. with RBI & inter-bank funds & Others | 3,829 | 4,531 | 4,845 | 5,331 | 6,644 | 73.5 | 24.63 |
| **Interest income** | **1,36,494** | **1,39,033** | **1,41,748** | **1,44,775** | **1,59,477** | **16.8** | **10.16** |
| Interest expense | 63,387 | 63,387 | 62,993 | 65,491 | 74,888 | 18.1 | 14.35 |
| **Net interest income** | **73,107** | **75,646** | **78,755** | **79,284** | **84,590** | 15.7 | 6.69 |
| Growth YoY (%) | 4.1 | 5.1 | 8.1 | 9.2 | 15.7 | - | - |
| **Non-interest income** | **25,892** | **28,378** | **31,163** | **33,382** | **31,936** | **23.3** | **-4.33** |
| Growth YoY (%) | (3.5) | 8.2 | (2.1) | 8.4 | 23.3 | - | - |
| **Total income** | **98,999** | **1,04,024** | **1,09,918** | **1,12,666** | **1,16,525** | **17.7** | **3.43** |
| Growth YoY (%) | 2.0 | 5.9 | 5.0 | 9.0 | 17.7 | - | - |
| Staff expenses | 19,795 | 22,458 | 20,999 | 22,103 | 21,518 | 8.7 | -2.65 |
| Other operating expenses | 26,521 | 27,768 | 30,367 | 29,250 | 31,185 | 17.6 | 6.62 |
| Operating expenses | 46,317 | 50,226 | 51,366 | 51,353 | 52,703 | 13.8 | 2.63 |
| **Pre-Provisioning Profit (PPoP)** | **52,683** | **53,798** | **58,552** | **61,314** | **63,822** | **21.1** | **4.09** |
| Growth YoY (%) | 3.3 | 3.8 | 7.0 | 10.2 | 21.1 | - | - |
| Provisions | 9,474 | 8,096 | 5,164 | 6,681 | 8,036 | (15.2) | 20.27 |
| Growth YoY (%) | 43.5 | 1.9 | (43.2) | (44.7) | (15.2) | - | - |
| Exceptional Item | - | - | - | - | - | | |
| **PBT** | **43,209** | **45,702** | **53,387** | **54,632** | **55,786** | **29.1** | **2.11** |
| Tax | 10,675 | 11,241 | 13,122 | 13,403 | 13,667 | 28.0 | 1.97 |
| **PAT** | **32,533** | **34,461** | **40,265** | **41,230** | **42,120** | **29.5** | **2.16** |
| Growth YoY (%) | (2.7) | 4.3 | 13.4 | 25.6 | 29.5 | - | - |
| **Per Share** | | | | | | | |
| FV (Rs) | 1 | 1 | 1 | 1 | 1 | | |
| EPS (Rs) | 3.3 | 3.5 | 4.0 | 4.2 | 4.2 | 29.3 | 1.93 |
| Book Value (Rs) | 126.0 | 131.7 | 136.0 | 141.7 | 148.0 | 17.5 | 4.48 |

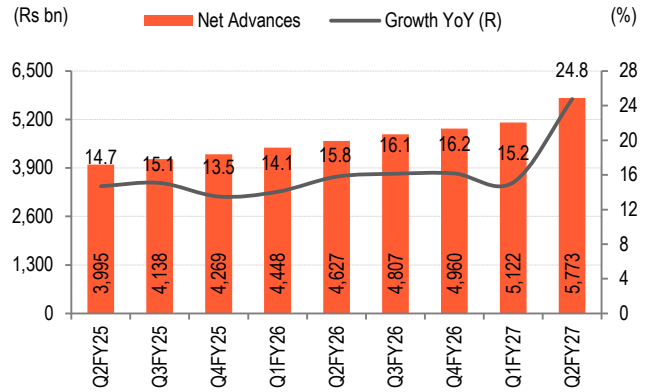
Source: Company, BOBCAPS Research

**Fig 2 – Quarterly snapshot: Balance sheet & other metrics**

| (Rs mn) | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 | Q2FY27 | YoY (%) | QoQ (%) |
|---|---|---|---|---|---|---|---|
| **Deposits** | **52,87,760** | **54,26,380** | **57,24,561** | **57,28,200** | **65,14,910** | **23.2** | **13.73** |
| Growth YoY (%) | 14.6 | 14.6 | 14.7 | 11.7 | 23.2 | | |
| **Advances** | **46,26,876** | **48,06,730** | **49,60,092** | **51,22,490** | **57,72,947** | **24.8** | **12.70** |
| Growth YoY (%) | 15.8 | 16.1 | 16.2 | 15.2 | 24.8 | | |
| Investment | 17,29,942 | 18,71,490 | 17,25,354 | 19,18,520 | 20,20,346 | 16.8 | 5.31 |
| Equity | 12,52,576 | 13,09,630 | 13,53,117 | 14,09,240 | 14,72,572 | 17.6 | 4.49 |
| Assets | 70,69,669 | 73,04,860 | 78,30,028 | 77,50,730 | 88,67,574 | 25.4 | 14.41 |
| Growth YoY (%) | 13.4 | 14.7 | 12.9 | 12.5 | 25.4 | | |
| **Yield (%)** | | | | | | | |
| Yield on Funds | 8.05 | 7.97 | 7.75 | 7.71 | 7.93 | (13bps) | 22bps |
| Cost of Funds | 4.67 | 4.52 | 4.29 | 4.35 | 4.59 | (8bps) | 24bps |
| Spread | 3.39 | 3.45 | 3.46 | 3.36 | 3.34 | (5bps) | (2bps) |
| **Net Interest Margin** | **4.54** | **4.54** | **4.67** | **4.53** | **4.31** | **(23bps)** | **(22bps)** |
| **Ratios (%)** | | | | | | | |
| Other Income / Net Income | 26.2 | 27.3 | 28.4 | 29.6 | 27.4 | 125bps | (222bps) |
| Cost to Income ratio | 46.8 | 48.3 | 46.7 | 45.6 | 45.2 | (156bps) | (35bps) |
| CASA ratio | 42.3 | 41.3 | 43.3 | 40.3 | 38.2 | (409bps) | (209bps) |
| C/D ratio | 87.5 | 88.6 | 86.6 | 89.4 | 88.6 | 111bps | (81bps) |
| Investment to Assets | 24.5 | 25.6 | 22.0 | 24.8 | 22.8 | (169bps) | (197bps) |
| **Assets Quality** | | | | | | | |
| GNPA | 64,796 | 63,198 | 60,178 | 61,218 | 60,810 | (6.2) | -0.67 |
| NNPA | 14,910 | 14,969 | 12,625 | 13,576 | 13,669 | (8.3) | 0.69 |
| Provision | 49,886 | 48,230 | 47,553 | 47,643 | 47,140 | (5.5) | -1.05 |
| GNPA (%) | 1.39 | 1.30 | 1.20 | 1.18 | 1.04 | (35bps) | (14bps) |
| NNPA (%) | 0.32 | 0.31 | 0.25 | 0.27 | 0.24 | (8bps) | (3bps) |
| Provision Coverage Ratio (%) | 76.99 | 76.31 | 79.02 | 77.82 | 77.52 | 53bps | (30bps) |

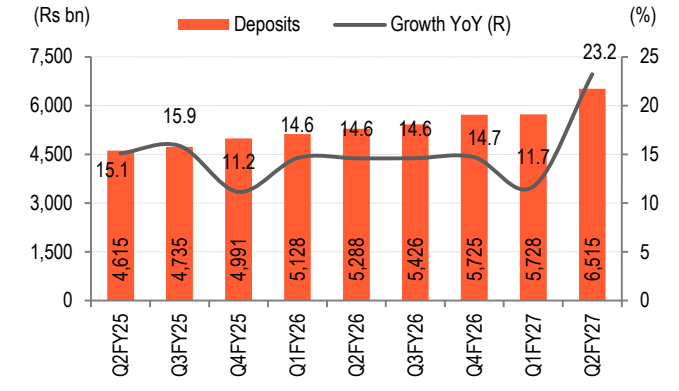
Source: Company, BOBCAPS Research

**Fig 3 – Loan growth robust ex FCNR and KMIL portfolio 19% YoY**



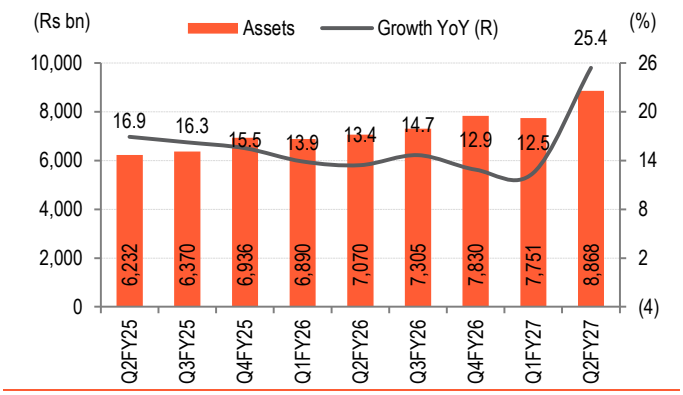

Source: Company, BOBCAPS Research

**Fig 4 – Deposits grew 23% YoY/ex FCNR 13% YoY**



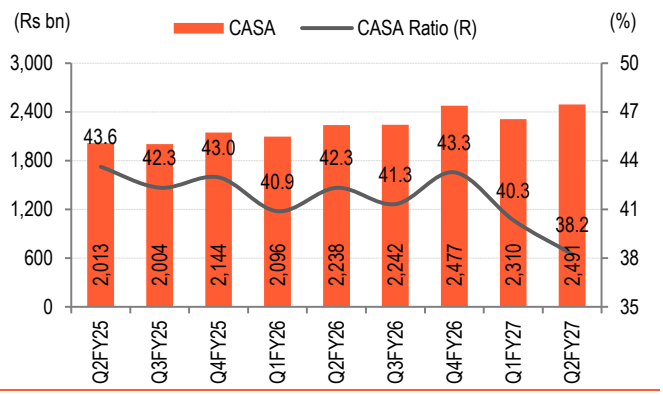

Source: Company, BOBCAPS Research | TDs: Term Deposits

**Fig 5 – Asset base growing steadily**



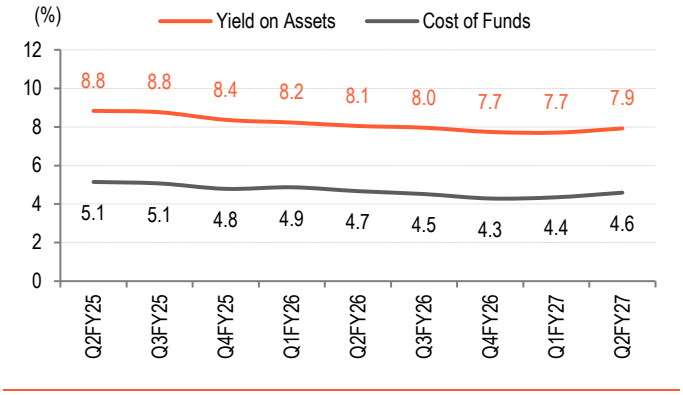

Source: Company, BOBCAPS Research

**Fig 6 – CASA ratio declined on QoQ basis/ex FCNR CASA would have been 41.8%**



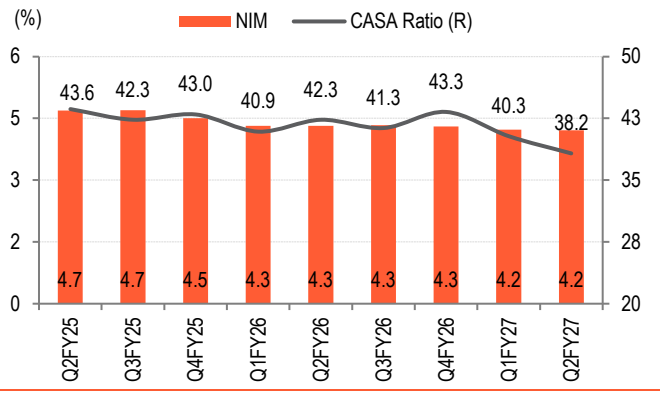

Source: Company, BOBCAPS Research

**Fig 7 – Yield falls due to decline in unsecured segments…**



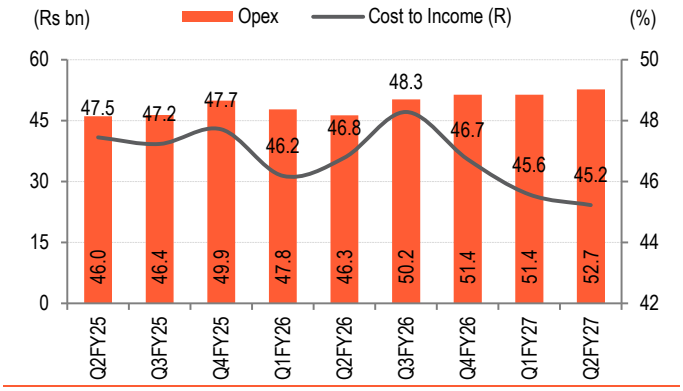

Source: Company, BOBCAPS Research

**Fig 8 – …NIMs affected due to FCNR mobilization**



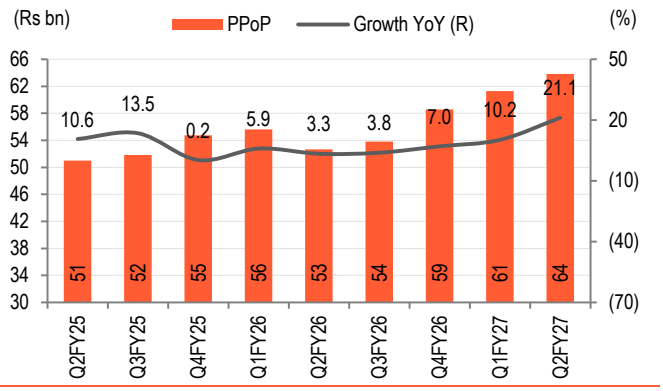

Source: Company, BOBCAPS Research

**Fig 9 – C/I ratio improved QoQ**



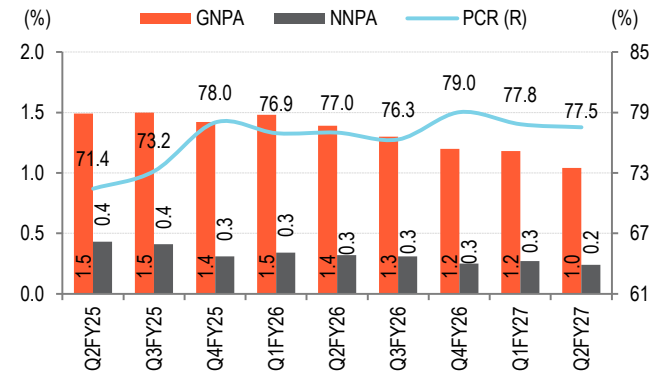

Source: Company, BOBCAPS Research

**Fig 10 – PPOP grew 21% YoY**



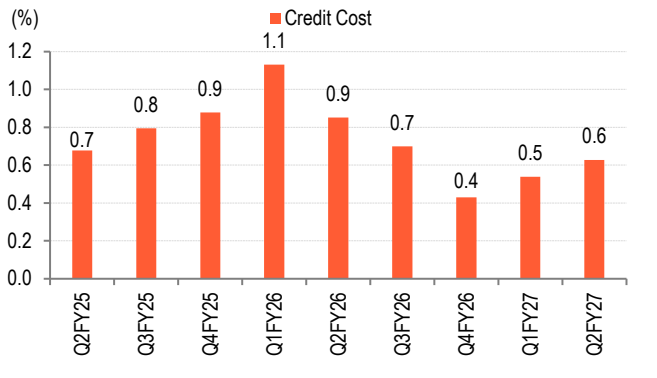

Source: Company, BOBCAPS Research

**Fig 11 – Asset quality improved**



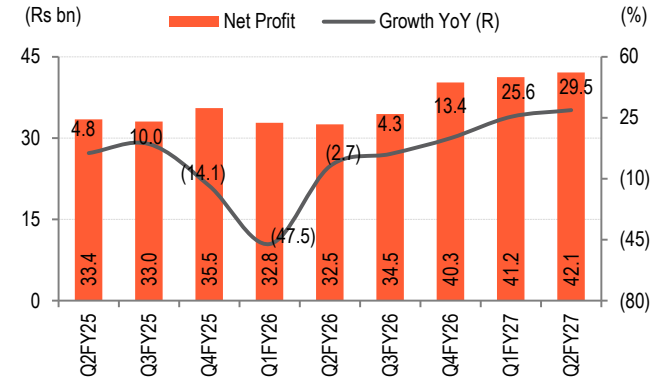

Source: Company, BOBCAPS Research

**Fig 12 – Calculated credit cost inched up on QoQ basis**



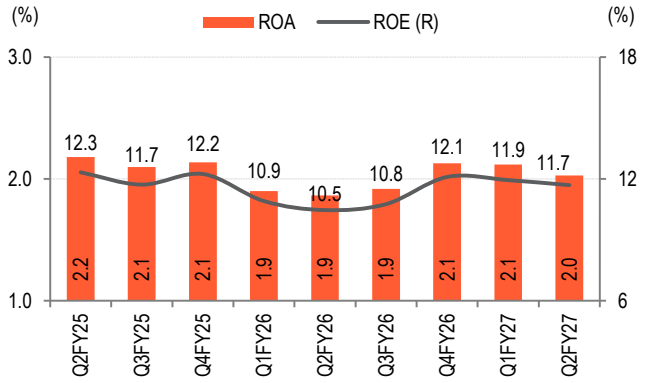

Source: Company, BOBCAPS Research

**Fig 13 – PAT grew 29.5% YoY**




Source: Company, BOBCAPS Research

**Fig 14 – Return ratios impacted this quarter due to higher credit cost and NIM compression**




Source: Company, BOBCAPS Research

## Earnings Call Highlights

### 1.Advances

- Advances grew 25% YoY / 13% QoQ. Excluding loans against FCNR deposits and the KMIL portfolio transfer, core advances grew 19% YoY / 8% QoQ.
- Growth was broad-based across SME, corporate banking and retail, with SME benefiting from the ECLGS scheme.
- Corporate banking loans grew 25% YoY / 15% QoQ; excluding the KMIL transfer, growth was 17% YoY / 7% QoQ.
- Corporate credit substitutes grew 44% YoY / 2% QoQ. Combined corporate loans and credit substitutes grew 29% YoY / 11% QoQ.
- Unsecured retail advances accounted for 8.1% of the loan book and increased by Rs 17.3bn, compared with Rs 7.07bn in Q1FY27. Growth was led by microfinance, credit cards, personal loans and business loans.
- Personal and business loans grew 9% YoY / 4% QoQ; retail microcredit grew 18% YoY / 5% QoQ; tractor loans grew 11% YoY / 3% QoQ.
- The mortgage portfolio grew 14% YoY / 4% QoQ. Credit cards grew 8.9% YoY / 8.3% QoQ, while the card portfolio grew 7% YoY / 4% QoQ.
- The bank reported good traction in commercial vehicle and construction equipment financing.
- Management is rebuilding unsecured lending gradually across personal loans, business loans, credit cards and retail microcredit. It will focus on existing customers, risk-adjusted growth, cross-selling and low acquisition costs rather than aggressive expansion.
- Earlier personal-loan growth volatility was partly due to the run-down of an inorganic portfolio, which is now largely complete. Management expects growth to become steadier.
- The bank is expanding relationships with affluent, mass-affluent and self-employed customers, including term-loan and overdraft offerings, while integrating SME businesses to deepen overall customer relationships.
- SME remains a strategic priority, with Rs 112bn of ECLGS credit sanctioned. Agri-SME, business banking and corporate SME have been integrated to improve productivity, standardisation, automation and customer journeys.
- Trade and supply-chain finance continued to grow, supported by automation and services for corporate customers and their vendors, dealers and supply-chain partners.
- GIFT City remains a strategic channel for global banking services, including lending, trade finance, acquisition finance, securities services, deposits and investments.

- Management reiterated its guidance of growing advances at 1.5–2.0x nominal GDP growth, while maintaining responsible and profitable lending.
- Remaining FCNR liquidity is expected to be deployed into customer assets over the next few quarters, in addition to core growth funded by deposits.
- Unsecured growth will be gradual and measured, with credit costs kept within the bank's risk appetite

### 2. Deposit

- The bank mobilized USD5.78bn ( Rs 553.4bn) under the FCNR programme, equivalent to 9.7% of its June 2026 deposit base and significantly above the mobilization implied by its deposit market share.
- Mobilization was supported by automation, digitization and improved customer journeys in non-resident banking. The bank signed 12 partner banks across the Middle East and South Asia, with streamlined processes helping it capture a disproportionately high share of flows.
- FCNR mobilization strengthened the liability franchise through longer-tenure, fixed-rate funding. Proceeds were used to fund the KMIL loan-book transfer, reduce relatively high-cost deposits and repay INR98bn of IBPC borrowings.
- The bank extended INR161bn of loans against FCNR deposits during the quarter. Remaining proceeds are yet to be fully deployed and will support incremental customer-asset growth over the next few quarters, in addition to growth funded by the core deposit franchise.
- FCNR deposits and related advances accounted for 15bp of the 22bp sequential NIM decline. The balance was attributable to quarter-specific day-count variation and repayment of IBPC borrowings.

### 3. KMIL loan-book transfer

- KMIL transferred its eligible loan portfolio of ~INR96bn to the bank at the beginning of July, following the RBI's requirement that the same lending activity should not be carried out through multiple legal entities. The portfolio comprised corporate and real-estate loans.
- The transfer has been completed operationally with employees moving to the bank and loan servicing now being undertaken by the bank. Customer contracts remain unchanged while KMIL is no longer anticipated to operate as a lending entity and is in the process of repaying its liabilities.
- Interest income on the transferred portfolio has been recognized in the bank's Q2FY27 NII. Management indicated that the portfolio's yield was marginally higher than the bank's existing lending yield with a spread of ~3% on the KMIL book.
- KMIL received cash against transferred assets and invested the proceeds in accordance with its risk appetite. Its reported PBT includes income earned on these investments and the release of standard provisions previously held against the transferred loans.

- The transfer has resulted in the relevant standard-asset provisioning requirement moving to the bank, where the standard provision on the relevant real-estate exposures is 1% compared with 0.4% at KMIL. Management clarified that there is no overlap in provisioning at the consolidated level.
- The transferred portfolio has contributed to reported advances and NII although its size remains relatively small at less than 2% of the bank's loan book. The larger growth opportunity lies in deploying the remaining FCNR (B) liquidity into customer assets over the coming quarters.

### 4. Margins

- Excluding FCNR deposits, CASA improved to 41.8% from 40.3% in Q1FY27. Regular term deposits, excluding FCNR, grew 15% YoY on an average basis, while the bank also repaid high-cost certificates of deposit.
- NIM stood at 4.31%, down 22bps QoQ.
- FCNR deposits and related advances contributed 15bps to the sequential NIM decline. The remaining impact came from quarter-specific day-count variation and repayment of IBPC borrowings..
- Cost of funds stood at 4.52%, reflecting the higher term-deposit share following FCNR mobilisation.
- The bank extended Rs 161bn of loans against FCNR deposits during the quarter. Deployment of the remaining funds into customer assets is expected to support future growth.
- Management is managing deployment timing to strengthen the franchise and benefit from the higher interest-rate cycle. The bank’s loan book is approximately 65–70% floating-rate, with roughly 60% linked to the repo rate as of September 2026
- The full-quarter impact of FCNR mobilization is expected in Q3FY27, partly offset by progressive deployment into customer assets. Repo-rate transmission on floating-rate advances will further weigh on margins, with the full impact expected in Q4FY27.

### 5. Profitability and operating expenses

- Standalone PAT grew 29% YoY to Rs 42.12bn.
- NII grew 16% YoY; non-interest income grew 23% YoY as reported. Excluding processing fees on advances against FCNR deposits, non-interest income grew 17% YoY.
- Operating profit increased 21% YoY / 4% QoQ.
- Cost-to-income ratio improved to 45.2%, down 160bps YoY.
- Operating expenses increased 14% YoY / 3% QoQ. Excluding one-time costs related to borrowing by international branches, expenses grew 11% YoY and were flat QoQ.

- Cost-to-assets declined to 2.4% from 2.66% in Q1FY27, with improvement over the preceding six quarters.
- Non-interest income grew 17% YoY, excluding processing fees on advances against FCNR deposits, supported by higher foreign-exchange gains, debt capital market syndication fees and increased disbursements across businesses.
- The bank will continue investing in customer acquisition, technology and brand-building while rationalizing fixed overheads and manual processes. Technology accounts for approximately 13% of operating expenses and remains an investment priority.
- Standalone RoA was 1.92%, up 4bps YoY. RoE was 11.65%, or 12.55% after adjusting for the non-cash AFS reserve gain.
- Net worth stood at Rs 1,459.84bn, including Rs 109.58bn of mark-to-market gains on select investments recorded through the AFS reserve and not routed through the P&L.
- Capital adequacy stood at 21.9%, including CET1 of 21.4%.
- Consolidated PAT grew 26% YoY / 3% QoQ to Rs 56.45bn. Subsidiaries contributed 26% of consolidated PAT; quarter-end market volatility affected their investment income.

### 6. Asset quality and credit costs

- GNPA declined to 1.04% from 1.18% in Q1FY27. NNPA improved to 0.24% from 0.27%. Provision coverage ratio remained above 78%. Credit cost improved to 0.35% from 0.46% in Q1FY27 and 0.79% in Q2FY26. Slippage ratio declined to 0.85% from 1.03% QoQ.
- Management attributed the improvement to stronger underwriting and collection capabilities.
- The unsecured portfolio continued to show improving credit costs and delinquencies; retail CV delinquencies stabilised.
- Tractor collection efficiency improved, with no visible impact on delinquencies as of Q2FY27. However, management remains watchful of El Niño risks and the approximately 13% rainfall deficit during the monsoon.
- Credit costs in unsecured lending are now within management's risk appetite, supporting a gradual rebuilding of personal loans, business loans, credit cards and retail microcredit.
- In CV/CE financing, default rates declined over the past couple of quarters and collection efficiency improved. Investment in collection infrastructure is intended to support growth while preserving underwriting discipline.
- Retail microcredit growth is supported by underwriting and credit-guarantee schemes

### 7. ECL impact

- Management expects the one-time ECL transition impact to be below 2% of net worth. Earlier estimate of 12–15bps, not yet confirmed and subject to regulatory clarity expected in Q3FY27.

### 8. Guidance

- Management reiterated advances growth guidance of 1.5–2.0x nominal GDP growth, with incremental liquidity supporting growth over the coming quarters while maintaining responsible and profitable lending.
- Remaining FCNR deposits will be deployed into customer assets over the next few quarters, depending on franchise priorities and the interest-rate environment.
- The full-quarter impact of FCNR mobilisation is expected in Q3FY27, partly offset by progressive deployment into customer assets. Repo-rate transmission on floating-rate advances will further weigh on margins, with the full impact expected in Q4FY27.

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## Valuation Methodology

FCNR deployment into loans and rate hikes are expected to support margin recovery over the next 2–3 quarters. Improving unsecured portfolio asset quality, sustained growth and better RoA/RoE under the new management could drive re-rating. We believe that the bank can deliver RoA/RoE of 2.1%/12.3% in FY27. Maintain BUY with revised SOTP-based TP of Rs 522 (vs. Rs 518), valuing the bank at 2.2x Sep'28E ABV.

**Fig 15 – Key operational assumptions**

| (%) | FY26 | FY27e | FY28e | FY29e |
|---|---|---|---|---|
| Advances Growth | 16.2 | 22.6 | 23.0 | 24.0 |
| Net Interest Income Growth | 5.9 | 16.3 | 23.5 | 24.0 |
| PPoP Growth | 5.0 | 19.7 | 26.0 | 25.1 |
| PAT Growth | (14.8) | 26.9 | 23.9 | 22.3 |
| NIM | 4.6 | 4.2 | 4.3 | 4.4 |
| GNPA | 1.2 | 1.1 | 1.0 | 1.0 |
| CAR | 22.4 | 21.3 | 20.0 | 18.8 |

Source: Company, BOBCAPS Research

**Fig 16 – PB Band chart**




Source: Company, BOBCAPS Research

## Key Risks

**Key downside risks to our estimates:**

- NIMs likely to decline due to TD rates increasing
- Unsecured lending as a share of net advances continues to decline, falling to 8.1% in Q2FY27 from 8.8% in Q1FY27 and 9.2% in Q2FY26. Despite management's commentary on stabilizing AQ in unsecured, and its commitment to gradually grow the unsecured portfolio is given every quarter, the declining share raises concerns over growth execution and could weigh on lending yields.

## Glossary

| Glossary of Abbreviations | | | |
|---|---|---|---|
| **AFS** | Available For Sale | **ICRR** | Incremental Cash Reserve Ratio |
| **AUCA** | Advance Under Collection Account | **LAP** | Loans against Property |
| **ARC** | Asset Reconstruction Company | **LCR** | Liquidity Coverage Ratio |
| **BRDS** | Bills Rediscounting Scheme | **MCLR** | Marginal Cost of Funds-based Lending Rate |
| **CASA** | Current Account and Savings Account | **MTM** | Mark to Market |
| **CAR** | Capital Adequacy Ratio | **NII** | Net Interest Income |
| **CET1** | Common Equity Tier 1 | **NIM** | Net Interest Margin |
| **CD** | Credit-Deposit Ratio | **NNPA** | Net Non-Performing Assets |
| **C/I** | Cost-Income Ratio | **PCR** | Provision Coverage Ratio |
| **CRB** | Commercial and Rural Banking | **PPOP** | Pre-Provision Operating Profit |
| **EBLR** | External Benchmark-based Lending Rate | **PSU** | Public Sector Unit |
| **ECL** | Expected Credit Loss | **RWA** | Risk-weighted Assets |
| **GNPA** | Gross Non-Performing Assets | **SLR** | Statutory Liquidity Ratio |
| **HFT** | Held for Trading | **SMA** | Special Mention Account |
| **IBPC** | Interbank Participation Certificate | **SME** | Small and Medium-sized Enterprises |

# Financials

**Income Statement**

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Net interest income** | **283,418** | **300,101** | **349,045** | **430,960** | **534,551** |
| NII growth (%) | 9.0 | 5.9 | 16.3 | 23.5 | 24.0 |
| Non-interest income | 114,412 | 116,233 | 129,620 | 147,164 | 166,880 |
| Total income | 397,830 | 416,334 | 478,665 | 578,124 | 701,431 |
| Operating expenses | 187,764 | 195,665 | 214,435 | 245,126 | 284,969 |
| PPOP | 210,066 | 220,669 | 264,230 | 332,998 | 416,462 |
| PPOP growth (%) | 7.2 | 5.0 | 19.7 | 26.0 | 25.1 |
| Provisions | 29,424 | 34,812 | 27,303 | 39,349 | 57,185 |
| PBT | 215,841 | 185,857 | 236,927 | 293,649 | 359,277 |
| Tax | 51,340 | 45,780 | 59,232 | 73,412 | 89,819 |
| **Reported net profit** | **164,501** | **140,077** | **177,695** | **220,237** | **269,458** |
| Adjustments | 0 | 0 | 0 | 0 | 0 |
| **Adjusted net profit** | **164,501** | **140,077** | **177,695** | **220,237** | **269,458** |

**Balance Sheet**

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Equity capital | 9,941 | 9,947 | 9,948 | 9,948 | 9,948 |
| Reserves & surplus | 1,162,458 | 1,343,171 | 1,512,953 | 1,723,059 | 1,980,122 |
| Net worth | 1,172,399 | 1,353,117 | 1,522,901 | 1,733,007 | 1,990,070 |
| Deposits | 4,990,551 | 5,724,561 | 6,801,983 | 8,212,890 | 10,046,923 |
| Borrowings | 484,428 | 324,750 | 519,600 | 493,620 | 468,939 |
| Other liab. & provisions | 288,864 | 427,599 | 591,676 | 879,522 | 1,211,853 |
| **Total liab. & equities** | **6,936,242** | **7,830,028** | **9,436,160** | **11,319,039** | **13,717,785** |
| Cash & bank balance | 657,792 | 840,889 | 805,374 | 914,184 | 1,051,586 |
| Investments | 1,819,074 | 1,725,354 | 2,206,508 | 2,540,024 | 2,959,655 |
| Advances | 4,269,092 | 4,960,092 | 6,082,218 | 7,484,147 | 9,281,614 |
| Fixed & Other assets | 190,284 | 303,692 | 342,060 | 380,684 | 424,930 |
| **Total assets** | **6,936,242** | **7,830,028** | **9,436,160** | **11,319,039** | **13,717,785** |
| Deposit growth (%) | 11.2 | 14.7 | 18.8 | 20.7 | 22.3 |
| Advances growth (%) | 13.5 | 16.2 | 22.6 | 23.0 | 24.0 |

**Per Share**

| Y/E 31 Mar (Rs) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| EPS | 16.5 | 14.1 | 17.9 | 22.1 | 27.1 |
| Dividend per share | 0.5 | 0.7 | 0.8 | 1.0 | 1.2 |
| Book value per share | 117.9 | 136.0 | 153.1 | 174.2 | 200.0 |

**Valuations Ratios**

| Y/E 31 Mar (x) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| P/E | 26.0 | 30.6 | 24.1 | 19.4 | 15.9 |
| P/BV | 3.7 | 3.2 | 2.8 | 2.5 | 2.2 |
| Dividend yield (%) | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 |

**DuPont Analysis**

| Y/E 31 Mar (%) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Net interest income | 4.4 | 4.1 | 4.0 | 4.2 | 4.3 |
| Non-interest income | 1.8 | 1.6 | 1.5 | 1.4 | 1.3 |
| Operating expenses | 2.9 | 2.7 | 2.5 | 2.4 | 2.3 |
| Pre-provisioning profit | 3.2 | 3.0 | 3.1 | 3.2 | 3.3 |
| Provisions | 0.5 | 0.5 | 0.3 | 0.4 | 0.5 |
| PBT | 3.3 | 2.5 | 2.7 | 2.8 | 2.9 |
| Tax | 0.8 | 0.6 | 0.7 | 0.7 | 0.7 |
| ROA | 2.5 | 1.9 | 2.1 | 2.1 | 2.2 |
| Leverage (x) | 6.0 | 5.8 | 6.0 | 6.4 | 6.7 |
| ROE | 15.4 | 11.1 | 12.4 | 13.5 | 14.5 |

**Ratio Analysis**

| Y/E 31 Mar | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **YoY growth (%)** | | | | | |
| Net interest income | 9.0 | 5.9 | 16.3 | 23.5 | 24.0 |
| Pre-provisioning profit | 7.2 | 5.0 | 19.7 | 26.0 | 25.1 |
| EPS | 19.3 | (14.9) | 26.8 | 23.9 | 22.3 |
| **Profitability & Return ratios (%)** | | | | | |
| Net interest margin | 5.0 | 4.6 | 4.2 | 4.3 | 4.4 |
| Fees / Avg. assets | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 |
| Cost-Income | 47.2 | 47.0 | 44.8 | 42.4 | 40.6 |
| ROE | 15.4 | 11.1 | 12.4 | 13.5 | 14.5 |
| ROA | 2.5 | 1.9 | 2.1 | 2.1 | 2.2 |
| **Asset quality (%)** | | | | | |
| GNPA | 1.4 | 1.2 | 1.1 | 1.0 | 1.0 |
| NNPA | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 |
| Slippage ratio | 1.7 | 1.4 | 1.4 | 1.4 | 1.4 |
| Credit cost | 0.7 | 0.8 | 0.5 | 0.6 | 0.7 |
| Provision coverage | 77.9 | 78.8 | 78.8 | 78.8 | 78.8 |
| **Ratios (%)** | | | | | |
| Credit-Deposit | 85.5 | 86.6 | 89.4 | 91.1 | 92.4 |
| Investment-Deposit | 36.5 | 30.1 | 32.4 | 30.9 | 29.5 |
| CAR | 22.3 | 22.4 | 21.3 | 20.0 | 18.8 |
| Tier-1 | 21.1 | 21.3 | 19.9 | 18.9 | 17.9 |

Source: Company, BOBCAPS Research

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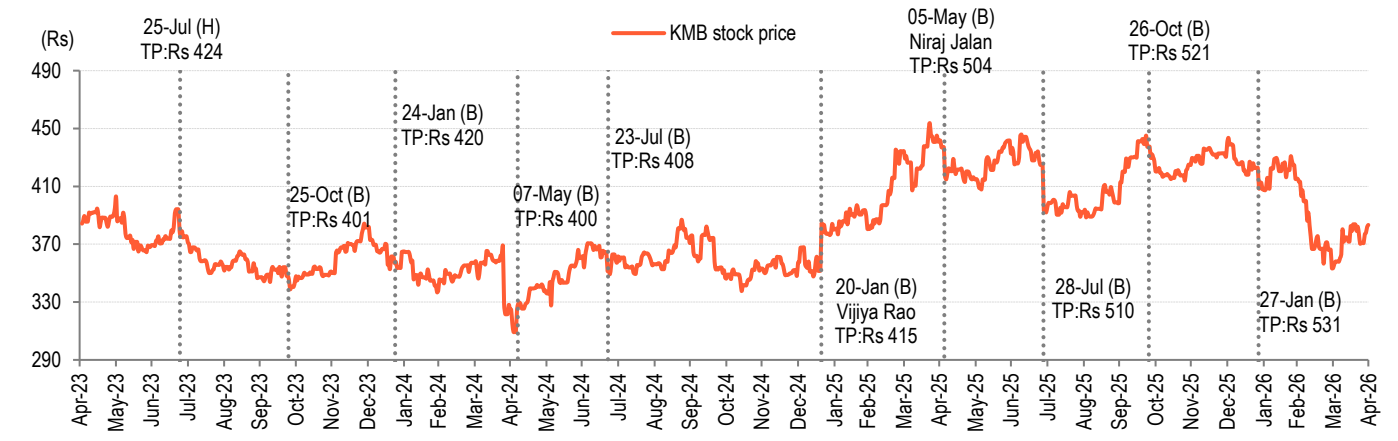
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