



“The Bank Crosses ₹30 Lakh Crore milestone in Total Business, with Robust Credit Growth and Resilient Asset Quality”

Ajcon Global's observations & views:

1. The Bank delivered a strong business performance, supported by robust credit growth, resilient asset quality, and stable margins, while maintaining comfortable capital buffers despite the potential impact of higher yields and ECL transition provisioning.
2. Management's focus on replacing high-cost bulk deposits with lower-cost FCNR deposits, sustaining retail and corporate credit growth, and improving recoveries is expected to support margin stability and earnings momentum.

Q2FY27 RESULT ANALYSIS:

- 1) **Total Deposits** increased by 5.31% QoQ at Rs. 1697305 Crores in Q2FY27 against Rs. 1611685 Crores in Q1FY27 and also rose by 13.13% from Rs. 1500281 Crores in Q2FY26.
- 2) **Gross Advances** expanded by 6.32% QoQ at Rs. 1375060 Crores in Q2FY27 against Rs. 1293381 Crores in Q1FY27 and also rose by 19.46% from Rs. 1151041 Crores in Q2FY26.
- 3) **Total Business** rose by 5.76% QoQ at Rs. 3072365 Crores in Q2FY27 against Rs. 2905066 Crores in Q1FY27 and also jumped by 15.88% from Rs. 2651322 Crores in Q2FY26.
- 4) **Net Interest Income (NII)** surged by 7.73% QoQ at Rs. 11,005 Crores in Q2FY27 against Rs. 10215 Crores in Q1FY27 and also increased by 20.39% from Rs. 9141 Crores in Q2FY26.
- 5) **Operating Profit** was up by 1.41% QoQ at Rs. 8758 Crores in Q2FY27 against Rs. 8636 Crores in Q1FY27 and also increased by 1.98% from Rs. 8588 Crores in Q2FY26.
- 6) **Net Profit** rose by 6.57% QoQ at Rs. 5175 Crores in Q2FY27 against Rs. 4856 Crores in Q1FY27 and also increased by 8.40% from Rs. 4774 Crores in Q2FY26.
- 7) **Net Interest Margin (NIM)** improved marginally to 2.55% in Q2FY27 against 2.52% in Q1FY27 and 2.50% in Q2FY26, respectively.
- 8) **Cost of Deposits** remained stable at 5.27% (against 5.27% in Q1FY27), while **Cost of Funds** also rose slightly to 4.88% (from 4.87% in Q1FY27). **Yield on Advances** increased to 8.03% versus 8.00% in Q1FY27.
- 9) **Non-Interest Income** fell by 14.20% QoQ at Rs. 5772 Crores in Q2FY27 against Rs. 6727 Crores in Q1FY27 and also fell by 18.17% from Rs. 7054 Crores in Q2FY26.
- 10) **Treasury Income** declined by 52.79% QoQ to Rs. 499 Crores in Q2FY27 against Rs. 1057 Crores in Q1FY27 and also decreased by 68.48% from Rs. 1583 Crores in Q2FY26.
- 11) **Fee-Based Income** increased by 17.63% QoQ to Rs. 2755 Crores in Q2FY27 against Rs. 2342 Crores in Q1FY27 and was also up by 6.54% from Rs. 2586 Crores in Q2FY26.
- 12) **Cost-to-Income Ratio** dipped to 47.80% compared to 49.03% in Q1FY27 but went up from 46.97% in Q2FY26.
- 13) **Domestic CASA Ratio** marginally declined to 29.00% in Q2FY27 from 29.70% in Q1FY27.
- 14) **Credit-to-Deposit (C/D) Ratio** rose to 81.01%, in Q2FY27 against 80.25% in Q1FY27 and also increased from 76.72% in Q2FY26.
- 15) **Return on Assets (ROA)** improved slightly to 1.05% against 1.04% in Q1FY27 but declined from 1.10% in Q2FY26.
- 16) **Fresh Slippages** increased to Rs. 1844 Crores from Rs. 1781 Crores in Q1FY27 but decreased from Rs. 2031 Crores in Q2FY26. **Total Recoveries, including written-off accounts**, increased to Rs. 2277 Crores from Rs. 2203 Crores in Q1FY27 but decreased from Rs. 2555 Crores in Q2FY26.
- 17) **Gross NPA** improved to 1.33 % from 1.57% in Q1FY27 and 2.35% in Q2FY26, respectively. Net NPA declined to 0.30% versus 0.36% in Q1FY27 and 0.54% in Q2FY26, respectively.
- 18) **Write-offs** declined to Rs. 2800 Crores compared with Rs. 3036 Crores in Q1FY27 and from Rs. 3463 Crores in Q2FY26, respectively.
- 19) **Credit Cost** moderated to 0.47% from 0.49% in Q1FY27 and also dropped from 0.68% in Q2FY26.
- 20) **Provision Coverage Ratio (PCR)** slightly improved to 95.34% in Q2FY27 compared with 94.76% in Q1FY27 and also improved from 93.59% in Q2FY26.
- 21) **Capital Adequacy Ratio (CAR)** inched up to 17.19% from 17.17% in Q1FY27 and 16.20% in Q2FY26, respectively.

KEY FINANCIAL INDICATORS – Q2FY27

CMP (15.10.2026)	: Rs. 117.12
Face Value	: Rs. 2
Book value per share	: Rs. 124.56
Market Capitalisation (Crs)	: Rs. 1,06,235.47
Capital Adequacy Ratio	: 17.19%
C/D ratio	: 81.01 %
Domestic CASA ratio	: 29.00%
Net Interest Margin (NIM)	: 2.53%
Cost / Income ratio	: 47.80%
Gross NPA	: 1.33%
Net NPA	: 0.30%
PCR	: 95.34%
Slippage ratio	: 0.15%
Credit cost	: 0.47%
Return on Assets	: 1.05%
Return on Equity	: 18.47%



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Management Comments

- 22) In response to an analyst's query on loan yields and margin outlook, Mr. Brajesh Kumar Singh, MD & CEO, stated that corporate loan yield improved to 7.72% from 7.68% in Q1FY27, while gold loan yield increased to 9.10% from 8.96%; he expects the bank to sustain its NIM at 2.55%, supported by the repricing of 53% of its repo-linked loan book post the 25 bps rate hike, MCLR repricing and strong retail lending growth, subject to the repricing of deposits and advances.
- 23) Replying to an analyst's query on bulk deposits and FCNR(B) mobilisation, Mr. Hardeep Singh Ahluwalia, Executive Director, stated that FCNR(B) deposits replaced bulk deposits, helping reduce the cost of deposits by approximately 100 bps, while also generating savings of 22–23 bps on CRR and SLR costs; he added that bulk deposits and certificates of deposit (CDs) would have been ₹30,000–35,000 crore higher without FCNR(B) mobilisation.
- 24) Regarding AFS reserves and mark-to-market losses, Mr. Singh, informed that approximately 80% of the investment book is classified as HTM and 20% as AFS/FVTPL. He added, the bank incurred an AFS loss of approximately ₹1,300 crore during the quarter, which was adjusted against AFS reserves without impacting the P&L, while FVTPL related mark-to-market losses were approximately ₹600 crore compared to last quarter, due to 44 basis points hardening of yield in this quarter.
- 25) Addressing concerns over drought-related recoveries, the MD & CEO, mentioned that the bank's exposure to drought-affected areas is approximately ₹13,900 crore, primarily in parts of Karnataka and Maharashtra, with restructuring, moratoriums and other relief measures to be implemented through the SLBC; he does not anticipate significant asset quality stress, citing overall stress (including SMA-0) of 2.42%, quarterly slippages of 0.15% and stress of just 0.30% in loans above ₹5 crore.
- 26) Answering an analyst's query on business outlook and guidance, Mr. Singh, highlighted that the bank aims to outperform its existing guidance rather than revise it, supported by robust retail credit demand, with housing loans growing 17–18%, overall retail loans 21% and vehicle loans 25%; he expects business momentum to remain strong, backed by a ₹47,000–50,000 crore corporate pipeline, particularly across power, renewables, battery storage, data centres and infrastructure.
- 27) In response to an analyst's query on recovery from written-off accounts, the MD & CEO, stated that recoveries continue to exceed fresh slippages, with quarterly slippages at 0.15%; however, the written-off pool is gradually shrinking, with gross written-off advances at 1.33% or approximately ₹18,000 crore, which may moderate absolute recovery levels over time.
- 28) Commenting on subsidiary performance, Mr. Brajesh Kumar Singh, highlighted that its subsidiaries and JVs are performing well and contributing to the bank's financial strength; following the listings of Canara HSBC Life Insurance and Canara Robeco AMC, the bank has completed the deal to sell Canbank Factors, expecting to realise approximately 4x its original investment of ₹14 crore.
- 29) In response to an analyst's query on the ECL transition, the MD & CEO, estimated a one-time provision impact of ₹12,000–15,000 crore, including an additional ₹2,000–3,000 crore potential mark-to-market impact on the investment book due to hardening yields; he expects the impact to remain manageable given the bank's 17.19% CRAR, 12.80% CET1 ratio and 95.34% PCR, while improving asset quality and credit costs below 0.5% are expected to partly offset any incremental provisioning impact.
- 30) Replying to an analyst's query on SMA accounts, Mr. Singh, stated that total SMA-0/1/2 exposure across all ticket sizes stood at 2.42% (₹33,340 crore), comprising SMA-0 at 0.99%, SMA-1 at 0.53% and SMA-2 at 0.90%; for loans above ₹5 crore, total SMA exposure was 0.51% (₹7,043 crore), with SMA-0 at 0.21%, SMA-1 at 0.09% and SMA-2 at 0.21%.