

“Strong Operating Performance; Growth Outlook Strengthens”

Ajcon Global's observations & views

1. **The Bank delivered healthy profitability, supported by robust NII growth and higher other income, including gains from the NSE listing. However, elevated ECL-related provisioning moderated the potential upside in profitability.**
2. **Management raised FY27 deposit growth guidance to 11–12% and advances growth guidance to 13–14%, supported by a ₹63,000 crore corporate credit pipeline and improving CASA mobilisation and digital initiatives.**

Q2FY27 RESULT ANALYSIS

- 1) **Total Business** rose by 4.37% QoQ at Rs. 1596018 Crores in Q2FY27 against Rs. 1529201 Crores in Q1FY27 also up by 14.22% YoY from Rs. 1397270 Crores in Q2FY26.
- 2) **Total Advances** increased by 5.46% QoQ at Rs. 721982 Crores in Q2FY27 against Rs. 684623 Crores in Q1FY27 and rose by 16.39% YoY from Rs. 620324 Crores in Q2FY26.
- 3) **Total Deposits** rose by 3.49% QoQ at Rs. 874036 Crores in Q2FY27 against Rs. 844578 Crores in Q1FY27 and increased by 12.50% YoY from Rs. 776946 Crores in Q2FY26.
- 4) **Net Interest Income** increased by 3.82% QoQ at Rs. 7719 Crores in Q2FY27 against Rs. 7435 Crores in Q1FY27 and rose by 17.83% YoY from Rs. 6551 Crores in Q2FY26.
- 5) **Operating Profit** rose by 27.58% QoQ at Rs. 7090 Crores in Q2FY27 against Rs. 5557 Crores in Q1FY27 and up by 46.58% YoY from Rs. 4837 Crores in Q2FY26.
- 6) **Net Profit** increased by 5.77% QoQ at Rs. 3462 Crores in Q2FY27 against Rs. 3273 Crores in Q1FY27. Also, rose by 14.71% YoY from Rs. 3018 Crores in Q2FY26.
- 7) **Net Interest Margin (NIM)** increased to 3.31% in Q2FY27 against 3.29% in Q1FY27.
- 8) **Cost of Deposits** rose to 4.89% in Q2FY27 against 4.80% in Q1FY27 but down from 5.01% in Q2FY26, respectively. **Yield on Advances** came up to 8.17% in Q2FY27 against 8.09% in Q1FY27 but declined from 8.40% in Q2FY26, respectively.
- 9) **The Cost-to-Income ratio** decreased to 39.25% in Q2FY27, from 44.80% in Q1FY27 and 46.48% in Q2FY26 — a decline both sequentially and YoY.
- 10) **The Total Government guaranteed advances** down to Rs. 21061 Crores in Q2FY27 against Rs. 21877 Crores in Q1FY27 and from Rs. 24958 Crores in Q2FY26.
- 11) **The CASA ratio** marginally down to 39.36% in Q2FY27, from 39.73% in Q1FY27 but up 38.87% in Q2FY26.
- 12) **C/D ratio** increased to 82.60% in Q2FY27 against 81.06% in Q1FY27 also from 79.84% in Q2FY26.
- 13) **Return on Assets (ROA)** remained same at 1.31% in Q2FY27.
- 14) **Fresh Slippages** decreased to Rs. 1136 Crores in Q2FY27 against Rs. 1250 Crores in Q1FY27 but marginally up from Rs. 1132 Crores in Q2FY26. Total Recovery + Upgradation decreased to Rs. 1547 Crore in Q2FY27 against Rs. 1885 Crore in Q1FY27 and from Rs. 1641 Crores in Q2FY26, respectively.
- 15) **Gross NPA** improved to 1.61% in Q2FY27 against 1.86% in Q1FY27 and 2.60% in Q2FY26. Net NPAs remained at 0.14% in Q2FY27.
- 16) **Credit Cost** marginally decreased to 0.22% in Q2FY27 from 0.23% in Q1FY27 also from 0.26% in Q2FY26.
- 17) **Provision Coverage Ratio** remains same at 98.22%.
- 18) **The Bank's Capital Adequacy Ratio** declined to 16.21% in Q2FY27, from 17.58% in Q1FY27.

KEY FINANCIAL INDICATORS – Q2FY27

CMP (16.10.2026)	: Rs. 854.10
Face Value	: Rs. 10.00
Book value per share	: Rs. 535.00
Market Capitalisation	: Rs.1,15,044.19 Crs.
Capital Adequacy Ratio	: 16.21%
C/D ratio	: 82.60%
CASA ratio (Domestic)	: 39.36%
Net Interest Margin (NIM)	: 3.31%
Cost / Income ratio	: 39.25%
Gross NPA	: 1.61%
Net NPA	: 0.14%
PCR	: 98.22%
Slippage ratio	: 0.69%
Credit cost	: 0.23%
Return on Assets (Annualised)	: 1.31%
Return on Equity (Annualised)	: 19.66%

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Management Comments

- 19) In his opening remarks, Shri. Binod Kumar, MD & CEO, highlighted that the Bank delivered strong operating performance, supported by healthy growth in net profit, operating profit and NII, along with higher other income, including gains from the NSE listing. He noted that the NSE-related gains included ₹252 crore booked and ₹1,134 crore recognised through mark-to-market (MTM).
- 20) Management raised FY27 deposit growth guidance to 11–12% and advances growth guidance to 13–14%. The Bank has a strong corporate credit pipeline of ₹63,000 crore, of which ₹30,000 crore has been sanctioned but is yet to be disbursed, ₹10,000 crore has received in-principle approval and the remaining ₹23,000 crore is under discussion or preliminary evaluation. Shri. Binod Kumar also said that improving traction from CASA and digital initiatives, while asset quality remained stable, with no significant stress observed in large SMA accounts.
- 21) On Digital Initiatives, Mr. Ashutosh Choudhury, ED, highlighted the launch of TARA (Trusted AI Relationship Assistance), a voice-based conversational banking solution designed to simplify transactions and enhance customer engagement, alongside Smart Wealth AI-powered Personal Finance Management (PFM), which provides expenditure and investment analysis, with future phases expected to offer personalised financial insights. He added that the Bank’s digital business grew 18% YoY, supported by these initiatives.
- 22) In response to a question on higher provisioning and the increase in miscellaneous income, Shri. Binod Kumar stated that the Bank made an additional provision of ₹1,500 crore towards the Expected Credit Loss (ECL) framework during the quarter, taking cumulative ECL provisions to ₹2,500 crore against the estimated total impact of ₹3,500 crore. He explained that the Bank decided to strengthen its provisioning buffer while profitability remained strong. Regarding the increase in miscellaneous income, he clarified that it was primarily driven by ₹271 crore of interest received on an income tax refund, which is a non-recurring item and may not continue in subsequent quarters.
- 23) Addressing the question on the treasury income outlook, the MD & CEO stated that treasury income is expected to remain muted going forward, as the Bank has not relied on significant treasury profits in its earnings strategy. However, he indicated that the impact of hardening bond yields on the Bank’s profitability is expected to be limited, as it has not booked substantial gains on higher-yielding securities. He added that forex income could provide some support, although its outlook would depend on the impact of recently introduced RBI guidelines.
- 24) In response to an analyst’s query on deposit and advances growth outlook and the impact of the 25 bps repo rate hike on NIM, Mr. Kumar, stated that the Bank expects to sustain deposit growth of around 12%, supported by broad-based mobilisation rather than significant reliance on FCNR deposits. While advances growth of 16.39% during the quarter was partly driven by loans against FCNR deposits, management expects to achieve 14–15% growth going forward. On margins, he highlighted that the benefit of the repo rate hike has already started accruing on externally benchmark-linked loans, with NIM expected to improve by 6–7 bps during the quarter as repricing benefits materialise.
- 25) On ECGLS disbursements and the potential impact of drought, Shri. Binod Kumar stated that the Bank had sanctioned approximately ₹8,000 crore and disbursed around ₹7,000 crore across 31,000 accounts under the scheme. He clarified that a revival of ECGLS was not expected specifically to address drought-related concerns, although repayment deferments could be considered. However, the Bank’s exposure to states where drought has been declared remains minimal, at less than ₹1,000 crore.