



“Strong Credit growth and prudent management of resources results in a healthy profitability”

Ajcon Global's observations & views:

1. The Bank reported a healthy RoA of 1.38% and RoE of 17.21%, supported by a strong capital position and an average LCR of 120%, providing adequate liquidity and financial headroom to support business expansion.
2. The Bank has a robust sanctioned corporate credit pipeline of ₹1.2–1.25 lakh crore, largely focused on infrastructure, with an additional ₹64,000–68,000 crore of proposals under consideration. This supports healthy credit growth visibility over the medium term.
3. The estimated ECL impact of ₹5,500 crore, partly covered by an existing ₹1,000 crore provision buffer, remains a key monitorable, although management expects to absorb the impact through profitability over time.

Q2FY27 RESULT ANALYSIS

- 1) **Total Business** up 4.02% QoQ to Rs. 2475330 Crores in Q2FY27 against Rs. 2379697 Crores in Q1FY27 also rose by 12.01% YoY from Rs. 2209828 Crores in Q2FY26.
- 2) **Total Deposits** rose by 2.81% QoQ to Rs.1319455 Crores in Q2FY27 against Rs. 1283366 Crores in Q1FY27 also up 6.87% YoY from Rs. 1234621 Crores in Q2FY26.
- 3) **Total Advances** increased by 5.44% QoQ to Rs. 1155876 Crores in Q2FY27 against Rs. 1096331 Crores in Q1FY27 and by 18.53% YoY from Rs. 975207 Crores in Q2FY26.
- 4) **Net Interest Income** increased by 5.43% QoQ to Rs. 10,583 Crores in Q2FY27 against Rs. 10,037 Crores in Q1FY27 and also up by 20.09% YoY from Rs.8812 Crores in Q2FY26.
- 5) **Operating Profit** up by 1.31% QoQ at Rs. 8,108 Crores in Q2FY27 against Rs. 8,003 Crores in Q1FY27 and also up by 18.99% YoY from Rs. 6814 Crores in Q2FY26.
- 6) **Net Profit** increased by 3.84% QoQ to Rs. 5537 Crores in Q2FY27 against Rs. 5332 Crores in Q1FY27 and also up by 30.31% YoY from Rs.4249 Crores in Q2FY26.
- 7) **Net Interest Margin (NIM)** increased to 2.86% in Q2FY27 against 2.80% in Q1FY27 also up from 2.67% in Q2FY26.
- 8) **Cost of Deposits** declined to 5.01% in Q2FY27 against 5.05% in Q1FY27 and 5.48% in Q2FY26, respectively.
- 9) **Cost of Funds** declined to 4.34% in Q2FY27 against 4.37% in Q1FY27, also down from 4.73% in Q2FY26, respectively. **Yield on Advances** remained at 7.90% in Q2FY27.
- 10) **Total Non-Interest Income** went up by 1.04% QoQ at Rs.4651 Crores in Q2FY27 against Rs. 4603 Crores in Q1FY27 and was down by 6.90% YoY from Rs.4996 Crores in Q2FY26.
- 11) **Fee Based Income** decreased by 0.16% QoQ to Rs. 3210 Crores in Q2FY27 against Rs. 3215 Crores in Q1FY27 and up by 6.64% YoY from Rs.3010 Crores in Q2FY26.
- 12) **Cost/Income ratio** increased to 46.78% in Q2FY27 against 45.34% in Q1FY27 but down from 50.65% in Q2FY26, respectively.
- 13) **Domestic CASA ratio** down to 34.93% in Q2FY27 against 35.10% in Q1FY27 but up from 32.56% in Q2FY26, respectively.
- 14) **C/D ratio (Global)** increased to 88.13% in Q2FY27 against 86.10% in Q1FY27.
- 15) **Return on Assets (ROA)** remained same at 1.38% in Q2FY27.
- 16) **Fresh slippages** decreased to Rs. 1856 Crores in Q2FY27 against Rs. 2062 Crores in Q1FY27.
- 17) **Gross NPA ratio** improved to 2.42% in Q2FY27 against 2.65% in Q1FY27 and 3.29% in Q2FY26. Net NPAs ratio also slightly improved to 0.42% in Q2FY27 against 0.47% in Q1FY27 and 0.55% in Q2FY26, respectively.
- 18) **Credit cost** decreased to 0.21% in Q2FY27 against 0.38% in Q1FY27 also down from 0.22% in Q2FY26, respectively.
- 19) **The Bank's Capital Adequacy ratio** down to 17.94% in Q2FY27 against 18.46% in Q1FY27 but up from 17.07% in Q2FY26.
- 20) **Provision Coverage Ratio** remained at 95.20%.

KEY FINANCIAL INDICATORS – Q2FY27

CMP (21.10.2026)	: Rs. 182.00
Face Value	: Rs. 10
Book value per share	: Rs. 168.61
Market Capitalisation	: Rs. 1,38,931.62 Crs.
Capital Adequacy Ratio	: 17.94%
C/D ratio	: 88.13%
CASA ratio	: 34.93%
Net Interest Margin (NIM)	: 2.86%
Cost / Income ratio	: 46.78%
Gross NPA	: 2.42%
Net NPA	: 0.42%
PCR	: 95.20%
Slippage ratio	: 0.72%
Credit cost	: 0.21%
Return on Assets (Annualised)	: 1.38%
Return on Equity (Annualised)	: 17.21%

“Strong Credit Pipeline and Robust Asset Quality; ECL Impact Remains Monitorable”

Management Comments

- 21) In his opening remarks, MD & CEO Shri. Asheesh Pandey highlighted the sustained improvement in the Bank's business growth amid a supportive banking environment, driven by improved system liquidity. He reiterated the Bank's strategic focus on operational efficiency, asset quality, sustainable growth, profitability and customer-centricity, while aligning advances growth with the banking system and prioritising long-term business sustainability and ease of doing business.
- 22) On FCNR(B) deposits, he highlighted that the RBI's initiative would not only support dollar inflows and banking system liquidity but also strengthen the Bank's asset-liability management (ALM), as nearly 70% of these deposits have a five-year tenor, providing stable funding visibility over the next three to five years.
- 23) In response to an analyst's query on deposit growth and the elevated CD ratio, MD & CEO stated that deposit growth improved to 6.87%, with continued focus on CASA and retail term deposits. He highlighted that the domestic CD ratio of 84% remains comfortable, supported by a healthy LCR of 120% and strong capital adequacy. The Bank also mobilised USD 2.25 billion through the RBI's special FCNR(B) window, exceeding its USD 2 billion target.
- 24) Responding to questions on the ECL provisioning impact and the benefit of higher interest rates, Mr. Nitesh Ranjan, ED , stated that the Bank estimates an overall ECL impact of ₹5,500 crore, against which it has already built an additional provision buffer of ₹1,000 crore. He indicated that the estimated impact would be manageable, with quarterly profitability providing adequate absorption capacity. He further added that the benefit of higher interest rates on NIM could partly offset the impact of rising bond yields, although the overall effect would depend on evolving market conditions.
- 25) On the potential impact of drought conditions, Mr. Nitesh Ranjan stated that the Bank has not observed any adverse impact on recoveries, credit demand or its balance sheet so far. He noted that prolonged drought could affect the broader banking sector, but the Bank would monitor developments over the coming quarters and participate in government relief measures, including potential debt-relief initiatives, if introduced.
- 26) In response to an analyst's query on the absence of PSLC fee income during the quarter, Mr. Ranjan stated that the Bank prefers to maintain a comfortable surplus in priority sector lending before selling excess certificates. He added that PSLC sales, including those related to agriculture and small farmers, are undertaken based on portfolio assessment and market conditions, with scope for income generation in upcoming quarters.
- 27) Addressing an analyst's query on the Bank's bulk-deposit strategy, Shri. Pandey stated that the Bank aims to sustain deposit growth of around 7%, up from 2–3% in earlier periods, with priority given to CASA and retail term deposits. He clarified that bulk deposits (above ₹3 crore) will remain an additional funding source to support credit growth, while the Bank continues to reduce reliance on large single-party deposits of ₹2,000–5,000 crore and limit exposure to financial institutions.
- 28) In response to an analyst's query on the corporate credit growth outlook, management highlighted a strong sanctioned pipeline of ₹1.2–1.25 lakh crore, largely focused on infrastructure projects, expected to be disbursed over the next 18 months. Additionally, ₹64,000–68,000 crore of proposals are under consideration for sanction, reflecting healthy lending opportunities across sectors, including EV mobility. Management also noted that the Bank continues to undertake and distribute large corporate loans through underwriting and subsequent down sells.