



“Business growth has been a major challenge for the bank this year so far, however, the new MD & CEO’s optimistic views inspire confidence”

Ajcon Global’s observations & views:

1. The Bank reported a de growth in business as the conscious reduction in high-cost bulk deposits weighed on deposit growth. However, the NIMs are expected to bottom out and show improvement in H2FY26 as liquidity conditions ease.
2. With the return of Shri Asheesh Pandey (A Unionite) as MD & CEO, the Bank is expected to witness a turnaround in performance driven by its strategic focus on improving margins, strengthening the retail and RAM portfolio and enhancing profitability through selective, higher-yielding Corporate lending, positioning it to achieve business growth in line with or rather ahead of the system.

Q2FY26 RESULT ANALYSIS

- 1) **Total business** fell by 0.21% QoQ to Rs. 2209828 Crores in Q2FY26 against Rs. 2214422 Crores in Q1FY26 and rose by 3.24% YoY from Rs. 2140435 Crores in Q2FY25.
- 2) **Total deposits** fell by 0.43% QoQ to Rs.1234621 Crores in Q2FY26 against Rs.1239933 Crores in Q1FY26 and rose 1.90% YoY from Rs. 1211603 Crores in Q2FY25.
- 3) **Total Advances** rose marginally by 0.07% QoQ to Rs. 975207 Crores in Q2FY26 against Rs. 974489 Crores in Q1FY26 and rose by 4.99% YoY from Rs. 928832 Crores in Q2FY25.
- 4) **Net Interest Income** decreased by 3.30% QoQ to Rs. 8812 Crores in Q2FY26 against Rs. 9113 Crores in Q1FY26 and was down by 2.60% YoY from Rs.9047 Crores in Q2FY25.
- 5) **Operating profit** fell by 1.37% QoQ at Rs. 6814 Crores in Q2FY26 against Rs.6909 Crores in Q1FY26 and it was down by 16.01% YoY from Rs. 8113 Crores in Q2FY25.
- 6) **Net Profit** increased by 3.25% QoQ to Rs. 4249 Crores in Q2FY26 against Rs.4116 Crores in Q1FY26 and it decreased by 9.97% YoY from Rs.4720 Crores in Q2FY25.
- 7) **Net Interest Margin (NIM)** declined to 2.67% in Q2FY26 against 2.76% in Q1FY26 and 2.90% in Q2FY25, respectively.

KEY FINANCIAL INDICATORS – Q2FY26

CMP (31.10.2025)	: Rs. 148.67
Face Value	: Rs. 10
Book value per share	: Rs. 147.69
Market Capitalisation	: Rs. 1,13,435 Crs.
Capital Adequacy Ratio	: 17.07%
C/D ratio	: 79.67%
CASA ratio	: 32.56%
Net Interest Margin (NIM)	: 2.67%
Cost / Income ratio	: 50.65%
Gross NPA	: 3.29%
Net NPA	: 0.55%
PCR	: 95.13%
Slippage ratio	: 0.91%
Credit cost	: 0.22%
Return on Assets (Annualised)	: 1.16%
Return on Equity (Annualised)	: 15.08%

- 8) **Cost of deposits** declined to 5.48% in Q2FY26 against 5.53% in Q1FY26 and 5.56% in Q2FY25, respectively.
- 9) **Cost of Funds** declined to 4.86% in Q2FY26 against 4.89% in Q1FY26 and 5.04% in Q2FY25, respectively. **Yield on Advances** declined to 8.34% in Q2FY26 against 8.50% in Q1FY26 and 8.70% in Q2FY25, respectively.
- 10) **Total Non-Interest Income** went up by 11.37% QoQ at Rs.4996 Crores in Q2FY26 against Rs.4486 Crores in Q1FY26 and was down by 6.24% YoY from Rs.5328 Crores in Q2FY25.
- 11) **Fee based income** increased by 10.14% QoQ to Rs. 2443 Crores in Q2FY26 against Rs.2219 Crores in Q1FY26 and fell by 4.68% YoY from Rs.2563 Crores in Q2FY25.
- 12) **Cost/Income ratio** increased to 50.65% in Q2FY26 against 49.19% in Q1FY26 and 43.56% in Q2FY25, respectively.
- 13) **Domestic CASA ratio** grew to 32.56% in Q2FY26 against 32.52% in Q1FY26 and slightly fell from 32.72% in Q2FY25, respectively.
- 14) **C/D ratio (Global)** slightly rose to 79.67% in Q2FY26 against 79.17% in Q1FY26 and 76.80% in Q2FY25, respectively.
- 15) **Return on Assets (ROA)** increased to 1.16% Q2FY26 against 1.11% in Q1FY26 and fell from 1.35% in Q2FY25, respectively.
- 16) **Fresh slippages** decreased to Rs. 1985 Crores in Q2FY26 against Rs.2199 Crores in Q1FY26 and Rs.4946 Crores in Q2FY25.
- 17) **Gross NPA ratio** improved to 3.29% in Q2FY26 against 3.52% in Q1FY26 and 4.36% in Q2FY25. Net NPAs ratio also improved to 0.55% in Q2FY26 against 0.62% in Q1FY26 and 0.98% in Q2FY25, respectively.
- 18) **Credit cost** declined to 0.22% in Q2FY26 against 0.47% in Q1FY26 and 1.09% in Q2FY25, respectively.
- 19) **The Bank's Capital Adequacy ratio** fell to 17.07% in Q2FY26 against 18.30% in Q1FY26 and 17.13% in Q2FY25, respectively.
- 20) **Provision Coverage Ratio** increased to 95.13% in Q2FY26 against 94.65% in Q1FY26 and 92.79% in Q2FY25, respectively.

“Business growth has been a major challenge for the bank this year so far, however, the new MD & CEO’s optimistic views inspire confidence”

Management Comments

- 21) In his opening remarks, MD & CEO Shri Asheesh Pandey, who took over the office recently, stated that the Bank has consciously curtailed high-cost bulk deposits to protect margins, while retail term deposits and CASA together grew by Rs.1.03 lakh crore year-on-year. He added that the Bank is strategically enhancing its retail focus with a 75:25 retail-to-bulk deposit mix and aims to increase the RAM share to 58% from 55% currently, while selectively improving yields within the Corporate portfolio without compromising asset quality.
- 22) In response to an analyst query about the Bank’s growth trajectory, Shri Asheesh Pandey, stated that while loan growth had been relatively muted in recent quarters due to the conscious trade-off between growth and margins, the Bank aims to align with industry loan growth of around 11–12% from next quarter onwards and gradually outpace it, driven primarily by strong traction in the RAM segments while pursuing selective, higher-yielding corporate lending and maintaining the credit-deposit ratio in the range of 78.5–80%.
- 23) The MD & CEO also highlighted that while the impact of reducing 21.85% of high-cost bulk deposits and shifting towards CASA and retail term deposits will be fully reflected in the cost of deposit in the coming quarter, the temporary decline in yield on advances is due to the presence of some low-yielding assets and higher deployment in treasury; however, margins are expected to remain protected and improve gradually as the portfolio mix realigns.
- 24) While addressing an analyst’s concern on provisioning, the CFO Mr. Avinash Prabhu explained that the Rs. 880 crore standard asset provisioning during the quarter was made partly to further align with the upcoming ECL framework and partly as a prudent, conservative measure on selected exposures. Transition to ECL framework is expected to have minimal impact and credit cost is expected to remain stable, added Shri Asheesh Pandey.
- 25) Talking about bulky upgrades in the quarter, the MD & CEO stated that a large account of around Rs. 600 crore was upgraded during the quarter, resulting in provisioning reversal, while recovery interest contributions remained steady at ₹400–500 crore per quarter.
- 26) In response to another query on NIM outlook, Shri Asheesh Pandey indicated that the sequential NIM decline is narrowing and is expected to bottom out in Q2FY26, with improvement likely in H2FY26 as the impact of rate cuts stabilizes and CRR reduction enhances liquidity.
- 27) Lower treasury gains in Q2 were due to bond yield movements and the absence of large OMOs, while performance is expected to improve in H2FY26 amid a benign rate outlook and enhanced liquidity conditions, stated the Shri Abhijit Basak CGM, Treasury.
- 28) Replying to an analyst’s query, the MD & CEO stated that the bank is going to undertake a detailed exercise for next 2-3 months to plan its business strategies for next 3/5/10 years.