

# Kotak Mahindra Bank

Estimate change



TP change



Rating change



|                       |               |
|-----------------------|---------------|
| Bloomberg             | KMB IN        |
| Equity Shares (m)     | 9948          |
| M.Cap.(INRb)/(USD\$)  | 4278.6 / 45.1 |
| 52-Week Range (INR)   | 453 / 345     |
| 1, 6, 12 Rel. Per (%) | 8/23/9        |
| 12M Avg Val (INR M)   | 7361          |

## Financials & Valuations (INR b)

| Y/E MARCH         | FY26  | FY27E | FY28E |
|-------------------|-------|-------|-------|
| NII               | 300.1 | 348.4 | 429.7 |
| OP                | 220.7 | 268.1 | 330.3 |
| NP                | 140.1 | 179.4 | 215.9 |
| Cons. NP          | 192.9 | 244.2 | 294.9 |
| NIM (%)           | 4.5   | 4.5   | 4.6   |
| EPS (INR)         | 14.1  | 18.0  | 21.7  |
| EPS Gr. (%)       | 8.3   | 28.1  | 20.3  |
| ABV. (INR)        | 132   | 149   | 169   |
| Cons. BV. (INR)   | 182   | 206   | 236   |
| <b>Ratios</b>     |       |       |       |
| RoA (%)           | 1.9   | 2.1   | 2.1   |
| RoE (%)           | 11.1  | 12.5  | 13.2  |
| Cons. RoE (%)     | 10.6  | 11.9  | 12.6  |
| <b>Valuations</b> |       |       |       |
| P/BV (X) (Cons.)  | 2.4   | 2.1   | 1.8   |
| P/ABV (X) (Adj)   | 2.1   | 1.9   | 1.6   |
| P/E(X) (Adj)      | 19.5  | 15.3  | 12.7  |

## Shareholding pattern (%)

| As On    | Sep-26 | Jun-26 | Sep-25 |
|----------|--------|--------|--------|
| Promoter | 25.9   | 25.9   | 25.9   |
| DII      | 38.5   | 37.7   | 32.0   |
| FII      | 24.7   | 25.2   | 29.8   |
| Others   | 10.9   | 11.2   | 12.4   |

FII Includes depository receipts

**CMP: INR430**

**TP: INR500 (+16%)**

**Buy**

## Steady quarter; growth outlook remains healthy

### RoA outlook robust at 2.0-2.1%

- Kotak Mahindra Bank (KMB) posted a standalone 2QFY27 PAT of INR42.1b (in line; up 29% YoY/2% QoQ), aided by healthy NII growth, partly offset by high provisioning. Consol PAT stood at INR56.4b (up 26% YoY/3% QoQ).
- NII grew 16% YoY/7% QoQ to INR84.6b (in line). NIMs declined 22bp QoQ to 4.31% (below est. of 4.43%), largely on account of strong FCNR (B) sourcing.
- Advances grew 25% YoY/13% QoQ to INR5.8t. Excl. FCNR (B) related and KMIL loans, growth was 19% YoY/8% QoQ, aided by growth in SME and corporate banking and some pickup in unsecured segments.
- Deposits grew by 23% YoY/14% QoQ, with CA book up 11% QoQ and SA book up 6% QoQ. CASA ratio declined by 210bp QoQ to 38.2%.
- Slippages declined to INR12.3b (down 7% QoQ). Credit cost moderated to 0.35% vs. 0.46% in 1QFY27. GNPA/NNPA ratios improved by 14bp/3bp QoQ at 1.04%/0.24%.
- **We upgrade our earnings estimates by 3%/7% for FY27/28E and estimate RoA/RoE of 2.07%/12.5% by FY27. Reiterate BUY with a revised TP of INR500 (2.0x Mar'28E ABV + SOTP of INR155).**

### NIMs down 22bp QoQ; CASA ratio drops to 38.2%

- Standalone PAT stood at INR42.1b (up 29% YoY/2% QoQ), aided by healthy NII growth offset by higher provisions. Consol PAT stood at INR56.4b (up 26% YoY/3% QoQ).
- NII grew 16% YoY/7% QoQ to INR84.6b (in line), led by strong FCNR (B) mobilization of INR553b. NIMs fell 22bp QoQ to 4.31% (below est. of 4.43%).
- Other income was up 23% YoY/down 4% QoQ, with additional fee income on advances on FCNR(B) deposits and continued treasury loss. Opex rose 14% YoY/3% QoQ to INR52.7b. PPOP rose 21% YoY/4% QoQ to INR63.8b (in line).
- Loan growth was robust at 25% YoY/13% QoQ to INR5.8t. Excl. FCNR (B) related and KMIL loans, growth was 19% YoY/8% QoQ, aided by growth in SME (10% QoQ) and corporate (7% QoQ excl. KMIL loans), while growth in unsecured segments and CV/CE inched up.
- Deposits grew by 23% YoY/14% QoQ, aided by FCNR(B) deposit mobilization of INR553b. CASA deposits grew 8% QoQ. As a result, CASA ratio fell to 38.2% (down 210bp QoQ). TD growth picked up by 32% YoY/18% QoQ.
- Fresh slippages fell to INR12.3b (down 25% YoY/down 7% QoQ) with asset quality improving across portfolios. GNPA/NNPA ratios declined to 1.04%/0.24%. PCR was stable at ~78%. SMA-2 loans increased to INR4.7b/8bp of loans. CAR/CET-1 ratios stood at 21.9%/21.4%. Credit costs declined to 0.35% as against 0.46% in 1Q.
- **Performance of subsidiaries:** Kotak Prime's net earnings fell 29% QoQ to INR2.5b, Kotak Life's PAT declined by 41% QoQ to INR2.0b. For Kotak Securities' reported PAT declined 35% QoQ to INR3.5b. Kotak AMC's PAT declined by 28% QoQ to INR4.0b.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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### Highlights from the management commentary

- FCNR(B) proceeds partly funded the KMIL loan book, repaid high-cost deposits and reduced IBPC borrowings, with the balance to be deployed over the coming quarters.
- NIM declined 22bp QoQ, with 15bp impact from FCNR(B) deposits and leverage, and the balance from day-count variations and IBPC repayment.
- The unsecured portfolio continued to report improving credit costs, while delinquencies in retail commercial vehicles stabilized.
- ~60% of the loan book is repo-linked, while floating-rate advances account for 65-70% of total advances.

### Valuation and view

KMB reported a steady quarter, marked by strong NII growth, which was partly offset by higher provisioning. NIMs declined 22bp QoQ owing to surplus liquidity on the balance sheet thanks to FCNR(B) deposits, though they are expected to improve after deployment of this liquidity and repo rate hike transmission. The unsecured portfolio has attained stability, and the bank expects credit costs to remain well contained going ahead. While overall advances growth was steady, SME lending picked up meaningfully on the back of higher ECLGS loans. Management reiterated its guidance of delivering loan growth at ~1.5-2.0x nominal GDP, supported by steady traction in retail and unsecured segments. On the regulatory front, the bank highlighted that the transition to ECL would have a limited impact of less than 2% on net worth, reinforcing visibility on asset quality. **We upgrade our earnings estimates by 3%/7% for FY27/28E and estimate RoA/RoE of 2.07%/12.5% by FY27. Reiterate BUY with a revised TP of INR500 (2.0x Mar'28E ABV + SoTP of INR155).**

### Quarterly Performance

| Y/E March                   | FY26         |             |              |              | FY27E        |              |              |              | (INRb)       |              |              |            |
|-----------------------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
|                             | 1Q           | 2Q          | 3Q           | 4Q           | 1Q           | 2Q           | 3QE          | 4QE          | FY26         | FY27E        | FY27E        | V/s        |
|                             |              |             |              |              |              |              |              |              |              |              | 2QE          | Our Est    |
| <b>Net Interest Income</b>  | <b>72.6</b>  | <b>73.1</b> | <b>75.6</b>  | <b>78.8</b>  | <b>79.3</b>  | <b>84.6</b>  | <b>89.5</b>  | <b>95.0</b>  | <b>300.1</b> | <b>348.4</b> | <b>83.3</b>  | <b>2%</b>  |
| % Change (Y-o-Y)            | 6.1          | 4.1         | 5.1          | 8.1          | 9.2          | 15.7         | 18.4         | 20.6         | 5.9          | 16.1         | 14.0         |            |
| Other Income                | 30.8         | 25.9        | 28.4         | 31.2         | 33.4         | 31.9         | 32.5         | 34.8         | 116.2        | 132.6        | 34.3         | -7%        |
| <b>Total Income</b>         | <b>103.4</b> | <b>99.0</b> | <b>104.0</b> | <b>109.9</b> | <b>112.7</b> | <b>116.5</b> | <b>122.0</b> | <b>129.8</b> | <b>416.3</b> | <b>481.0</b> | <b>117.7</b> | <b>-1%</b> |
| Operating Expenses          | 47.8         | 46.3        | 50.2         | 51.4         | 51.4         | 52.7         | 53.4         | 55.4         | 195.7        | 212.9        | 54.1         | -3%        |
| <b>Operating Profit</b>     | <b>55.6</b>  | <b>52.7</b> | <b>53.8</b>  | <b>58.6</b>  | <b>61.3</b>  | <b>63.8</b>  | <b>68.6</b>  | <b>74.4</b>  | <b>220.7</b> | <b>268.1</b> | <b>63.6</b>  | <b>0%</b>  |
| % Change (Y-o-Y)            | 5.9          | 3.3         | 3.8          | 7.0          | 10.2         | 21.1         | 27.5         | 27.1         | 5.0          | 21.5         | 20.7         |            |
| Provisions                  | 12.1         | 9.5         | 8.1          | 5.2          | 6.7          | 8.0          | 7.5          | 7.9          | 34.8         | 30.2         | 6.7          | 20%        |
| <b>Profit before Tax</b>    | <b>43.6</b>  | <b>43.2</b> | <b>45.7</b>  | <b>53.4</b>  | <b>54.6</b>  | <b>55.8</b>  | <b>61.1</b>  | <b>66.5</b>  | <b>185.9</b> | <b>238.0</b> | <b>56.9</b>  | <b>-2%</b> |
| Tax                         | 10.7         | 10.7        | 11.2         | 13.1         | 13.4         | 13.7         | 15.0         | 16.5         | 45.8         | 58.5         | 14.0         | -2%        |
| <b>Net Profit</b>           | <b>32.8</b>  | <b>32.5</b> | <b>34.5</b>  | <b>40.3</b>  | <b>41.2</b>  | <b>42.1</b>  | <b>46.0</b>  | <b>50.1</b>  | <b>140.1</b> | <b>179.4</b> | <b>42.9</b>  | <b>-2%</b> |
| % Change (Y-o-Y)            | -6.8         | -2.7        | 4.3          | 13.4         | 25.6         | 29.5         | 33.6         | 24.3         | 8.3          | 28.1         | 31.9         |            |
| <b>Operating Parameters</b> |              |             |              |              |              |              |              |              |              |              |              |            |
| Deposits (INRb)             | 5,128        | 5,288       | 5,426        | 5,725        | 5,728        | 6,515        | 6,594        | 6,984        | 5,725        | 6,984        | 6,211        |            |
| Loans (INRb)                | 4,448        | 4,627       | 4,807        | 4,960        | 5,122        | 5,773        | 5,879        | 6,185        | 4,960        | 6,185        | 5,526        |            |
| Deposit growth (%)          | 14.6         | 14.6        | 14.6         | 14.7         | 11.7         | 23.2         | 21.5         | 22.0         | 14.7         | 22.0         | 17.5         |            |
| Loan growth (%)             | 14.1         | 15.8        | 16.1         | 16.2         | 15.2         | 24.8         | 22.3         | 24.7         | 16.2         | 24.7         | 19.4         |            |
| <b>Asset Quality</b>        |              |             |              |              |              |              |              |              |              |              |              |            |
| Gross NPA (%)               | 1.48         | 1.39        | 1.30         | 1.20         | 1.18         | 1.04         | 1.02         | 0.97         | 1.20         | 0.97         | 1.07         |            |
| Net NPA (%)                 | 0.34         | 0.32        | 0.31         | 0.25         | 0.27         | 0.24         | 0.23         | 0.21         | 0.25         | 0.21         | 0.24         |            |
| PCR (%)                     | 76.9         | 77.0        | 76.3         | 79.0         | 77.8         | 77.5         | 77.9         | 78.6         | 79.0         | 78.6         | 78.0         |            |

E: MOFSL Estimates

### Quarterly snapshot

| Profit and Loss (INRb)           | FY26         |              |              |              | FY27         |              | Change (%)      |                 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|-----------------|
|                                  | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           | 2Q           | YoY             | QoQ             |
| <b>Net Interest Income</b>       | <b>72.6</b>  | <b>73.1</b>  | <b>75.6</b>  | <b>78.8</b>  | <b>79.3</b>  | <b>84.6</b>  | <b>15.7</b>     | <b>6.7</b>      |
| Other Income                     | 30.8         | 25.9         | 28.4         | 31.2         | 33.4         | 31.9         | 23.3            | -4.3            |
| <b>Total Income</b>              | <b>103.4</b> | <b>99.0</b>  | <b>104.0</b> | <b>109.9</b> | <b>112.7</b> | <b>116.5</b> | <b>17.7</b>     | <b>3.4</b>      |
| <b>Operating Expenses</b>        | <b>47.8</b>  | <b>46.3</b>  | <b>50.2</b>  | <b>51.4</b>  | <b>51.4</b>  | <b>52.7</b>  | <b>13.8</b>     | <b>2.6</b>      |
| Employee                         | 20.7         | 19.8         | 22.5         | 20.6         | 22.1         | 21.5         | 8.7             | -2.6            |
| Others                           | 27.1         | 26.5         | 27.8         | 30.8         | 29.2         | 31.2         | 17.6            | 6.6             |
| <b>Operating Profits</b>         | <b>55.6</b>  | <b>52.7</b>  | <b>53.8</b>  | <b>58.6</b>  | <b>61.3</b>  | <b>63.8</b>  | <b>21.1</b>     | <b>4.1</b>      |
| <b>Core PPOP</b>                 | <b>53.7</b>  | <b>54.0</b>  | <b>53.8</b>  | <b>58.0</b>  | <b>61.9</b>  | <b>64.2</b>  | <b>19.0</b>     | <b>3.7</b>      |
| Provisions                       | 12.1         | 9.5          | 8.1          | 5.2          | 6.7          | 8.0          | -15.2           | 20.3            |
| <b>PBT</b>                       | <b>43.6</b>  | <b>43.2</b>  | <b>45.7</b>  | <b>53.4</b>  | <b>54.6</b>  | <b>55.8</b>  | <b>29.1</b>     | <b>2.1</b>      |
| Taxes                            | 10.7         | 10.7         | 11.2         | 13.1         | 13.4         | 13.7         | 28.0            | 2.0             |
| <b>PAT</b>                       | <b>32.8</b>  | <b>32.5</b>  | <b>34.5</b>  | <b>40.3</b>  | <b>41.2</b>  | <b>42.1</b>  | <b>29.5</b>     | <b>2.2</b>      |
| <b>Balance Sheet (INR b)</b>     |              |              |              |              |              |              |                 |                 |
| <b>Loans</b>                     | <b>4,448</b> | <b>4,627</b> | <b>4,807</b> | <b>4,960</b> | <b>5,122</b> | <b>5,773</b> | <b>24.8</b>     | <b>12.7</b>     |
| <b>Deposits</b>                  | <b>5,128</b> | <b>5,288</b> | <b>5,426</b> | <b>5,725</b> | <b>5,728</b> | <b>6,515</b> | <b>23.2</b>     | <b>13.7</b>     |
| CASA Deposits                    | 2,096        | 2,238        | 2,242        | 2,477        | 2,310        | 2,491        | 11.3            | 7.8             |
| -Savings                         | 1,279        | 1,339        | 1,383        | 1,461        | 1,427        | 1,511        | 12.9            | 5.9             |
| -Current                         | 817          | 899          | 859          | 1,016        | 883          | 980          | 9.0             | 11.0            |
| <b>Asset Quality (INR b)</b>     |              |              |              |              |              |              |                 |                 |
| GNPA                             | 66.4         | 64.8         | 63.2         | 60.2         | 61.2         | 60.8         | -6.2            | -0.7            |
| NNPA                             | 15.3         | 14.9         | 15.0         | 12.6         | 13.6         | 13.7         | -8.3            | 0.7             |
| Slippages                        | 18.1         | 16.3         | 16.1         | 10.2         | 13.2         | 12.3         | -24.5           | -6.9            |
| <b>Asset Quality Ratios (%)</b>  | <b>1Q</b>    | <b>2Q</b>    | <b>3Q</b>    | <b>4Q</b>    | <b>1Q</b>    | <b>2Q</b>    | <b>YoY (bp)</b> | <b>QoQ (bp)</b> |
| GNPA                             | 1.5          | 1.4          | 1.3          | 1.2          | 1.2          | 1.0          | -35             | -14             |
| NNPA                             | 0.3          | 0.3          | 0.3          | 0.3          | 0.3          | 0.2          | -8              | -3              |
| Slippage                         | 1.7          | 1.5          | 1.4          | 0.9          | 1.0          | 1.7          | 19              | 66              |
| PCR (Exc TWO)                    | 76.9         | 77.0         | 76.3         | 79.0         | 77.8         | 77.5         | 53              | -30             |
| Credit Cost                      | 1.2          | 0.9          | 0.7          | 0.4          | 0.6          | 0.6          | -26             | 6               |
| <b>Business Ratios (%)</b>       |              |              |              |              |              |              |                 |                 |
| CASA                             | 40.9         | 42.3         | 41.3         | 43.3         | 40.3         | 38.2         | -410            | -210            |
| Loan / Deposit                   | 86.7         | 87.5         | 88.6         | 86.6         | 89.4         | 88.6         | 111             | -81             |
| Cost to Income                   | 46.2         | 46.8         | 48.3         | 46.7         | 45.6         | 45.2         | -156            | -35             |
| Cost to Assets                   | 3.0          | 2.8          | 2.9          | 2.8          | 2.8          | 2.7          | -15             | -13             |
| Other income/Total Income        | 29.8         | 26.2         | 27.3         | 28.4         | 29.6         | 27.4         | 125             | -222            |
| Tax Rate                         | 24.7         | 24.7         | 24.6         | 24.6         | 24.5         | 24.5         | -21             | -3              |
| <b>Capitalisation Ratios (%)</b> |              |              |              |              |              |              |                 |                 |
| Tier-1 (inc profit)              | 21.8         | 20.9         | 21.5         | 21.3         | 22.4         | 21.4         | 50              | -100            |
| - CET 1 (inc profit)             | 21.8         | 20.9         | 21.5         | 21.3         | 22.4         | 21.4         | 50              | -100            |
| CAR (inc profit)                 | 23.0         | 22.1         | 22.6         | 22.4         | 22.8         | 21.9         | -20             | -90             |
| <b>Profitability Ratios (%)</b>  |              |              |              |              |              |              |                 |                 |
| Yield on loans                   | 10.2         | 9.8          | 9.7          | 9.5          | 9.4          | 9.5          | -32             | 10              |
| Yield On Investments             | 6.7          | 6.1          | 6.0          | 6.1          | 5.7          | 6.2          | 8               | 47              |
| Yield on Funds                   | 9.4          | 9.0          | 8.9          | 8.9          | 8.7          | 9.0          | 0               | 32              |
| Cost of funds                    | 5.0          | 4.7          | 4.5          | 4.5          | 4.5          | 4.5          | -18             | 6               |
| Margins                          | 4.7          | 4.5          | 4.5          | 4.7          | 4.5          | 4.3          | -23             | -22             |
| <b>Other Details</b>             |              |              |              |              |              |              |                 |                 |
| Branches                         | 2,154        | 2,198        | 2,218        | 2,276        | 2,301        | 2,327        | 129             | 26              |
| ATM                              | 2,927        | 2,758        | 2,749        | 2,727        | 2,734        | 2,673        | -85             | -61             |

Source: Company, MOFSL

## Consolidated earnings snapshot (INR m)

| Y/E March                                    | FY26          |               |               |               | FY27          |               |
|----------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                              | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            |
| Kotak Bank                                   | 32,820        | 32,530        | 34,460        | 40,270        | 41,230        | 42,120        |
| Kotak Prime                                  | 2,720         | 2,460         | 0             | 2,400         | 3,540         | 2,510         |
| Kotak Securities                             | 4,650         | 3,450         | 4,310         | 4,000         | 5,330         | 3,480         |
| KMCC                                         | 890           | 600           | 980           | 1,030         | 890           | 800           |
| Kotak Life                                   | 3,270         | 490           | 1,620         | 900           | 3,360         | 1,980         |
| AMC & Trustee                                | 3,260         | 2,580         | 3,150         | 1,840         | 3,990         | 2,870         |
| Intl. subs                                   | 420           | 480           | 450           | 200           | 290           | 110           |
| KIL                                          | 1,070         | 1,200         | 870           | 1,150         | 1,130         | 1,350         |
| Others                                       | 570           | 990           | 650           | 630           | 1,690         | 1,400         |
| <b>Kotak Consol</b>                          | <b>49,670</b> | <b>44,780</b> | <b>46,490</b> | <b>52,420</b> | <b>61,450</b> | <b>56,620</b> |
| Minority/associate adjustments               | (4,950)       | (100)         | 250           | (40)          | (6,650)       | (170)         |
| <b>Kotak Consolidated PAT</b>                | <b>44,720</b> | <b>44,680</b> | <b>46,740</b> | <b>52,380</b> | <b>54,800</b> | <b>56,450</b> |
| <b>Contribution of bank in total profits</b> | <b>73%</b>    | <b>73%</b>    | <b>74%</b>    | <b>77%</b>    | <b>75%</b>    | <b>75%</b>    |

Source: Company, MOFSL



## Highlights from the management commentary

### Opening remarks

- The bank continued to witness encouraging traction across focus customer segments, with technology investments delivering tangible benefits.
- FCNR(B) deposits accounted for 9.7% of total deposits as of Jun'26, with the bank's market share in FCNR(B) significantly exceeding its overall deposit market share.
- FCNR(B) proceeds partly funded the KMIL loan book, repaid high-cost deposits and reduced IBPC borrowings, with the balance to be deployed over the coming quarters.
- Subsidiary investment income was impacted by quarter-end volatility in equity and bond markets, although underlying operating performance was healthy.
- Subsidiaries contributed 26% of consolidated PAT, while consolidated BVPS grew 6% YoY.

### Advances

- Advances grew 19% YoY/8% QoQ, excluding loans funded against FCNR(B) deposits and the KMIL loan book.
- Growth was driven by SME lending, supported by the ECLGS scheme, alongside corporate and retail advances. The bank sanctioned INR112b under ECLGS scheme.
- Unsecured loans accounted for 8.1% of the total loan book, with management maintaining a measured growth approach and focusing on improving customer quality.
- Launched hybrid home loan product, which witnessed strong customer interest, while the overall mortgage portfolio remained predominantly floating-rate.
- Gold loans continued to grow strongly, supported by increased process automation.
- Personal and business loans are offered to Solitaire, HNI customers alongside mass-affluent customers, with overdrafts targeting affluent customers and term loans catering to the mass-affluent segment.
- The bank continued to maintain a strong position in tractor financing even as it continues to monitor potential El Niño-related risks.

- The solitaire credit card is witnessing strong customer acceptance, brand recall and spending growth.
- Trade and supply-chain finance grew strongly, aided by automation investments to serve corporates and their vendors, dealers and other supply-chain partners.
- Custody balances remained subdued amid muted FII flows, although domestic business traction remained healthy.

### Deposits

- The bank repaid high-cost certificates of deposit during the quarter. The CASA ratio, excluding FCNR(B) deposits, improved to 41.8% from 40.3% in Jun'26.
- Partnerships with 12 entities across the Middle East and South Asia strengthened FCNR(B) mobilization, supported by streamlined onboarding processes that enabled the bank to capture a disproportionately high market share.

### Yields, cost and NIMs

- NIM declined 22bp QoQ, with 15bp impact from FCNR(B) deposits and leverage, and the balance from day-count variations and IBPC repayment.
- Going forward, NIM will reflect the full-quarter impact of FCNR(B) mobilization, partly offset by fund deployment and repo-rate transmission on floating-rate loans.
- Yields on the KMIL loan book are marginally higher than the bank's blended yield.
- ~60% of the loan book is repo-linked, while floating-rate advances account for 65-70% of total advances.

### Other income and opex

- Excluding processing fees on advances funded through FCNR(B) deposits, non-interest income grew 17% YoY, driven by higher FX gains, debt capital market syndication fees and stronger disbursement-linked fees.
- Corporate banking fee income grew 36% YoY, contributing 20% of total bank fee income.
- 1QFY27 non-interest income included INR5.70b of dividend income from subsidiaries.
- Excluding one-off costs related to borrowings by international branches, operating expenses were up 11% YoY/flat QoQ.
- Technology investments continued to deliver results, with UPI acquiring volumes growing 5x YoY and NACH market share improving by 300bp.
- Technology expenditure accounted for ~13% of total operating expenses.

### Asset quality and credit cost

- The unsecured portfolio continued to report improving credit costs, while delinquencies in retail commercial vehicles stabilized.
- Collection efficiency in the tractor finance portfolio improved significantly.
- Default rates in commercial vehicles and construction equipment declined, supported by improving collection efficiency.
- The one-time impact of the ECL transition is expected to be less than 2% of net worth.

### KMIL Transaction

- KMIL assets were transferred to the bank at the start of the quarter, with accrued interest recognized on the assets and standard provisions maintained against them.
- Cash received by KMIL was invested, with profits largely arising from investment income and the release of standard provisions.
- KMIL is expected to cease operating following the asset transfer and is repayment of its existing liabilities.

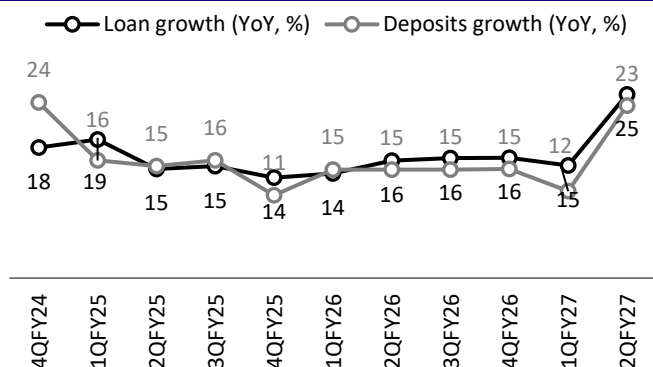
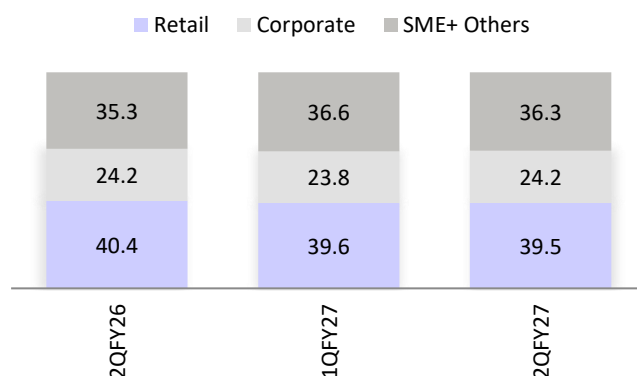
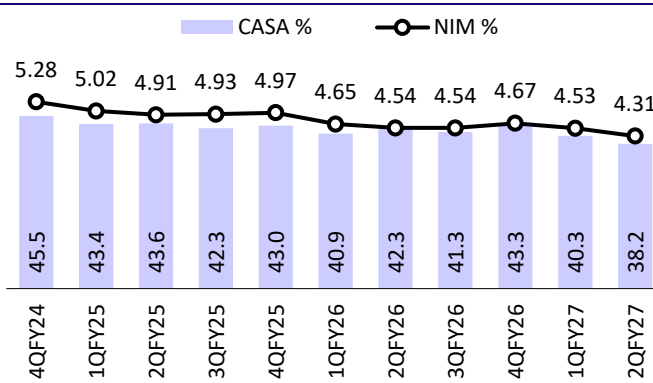
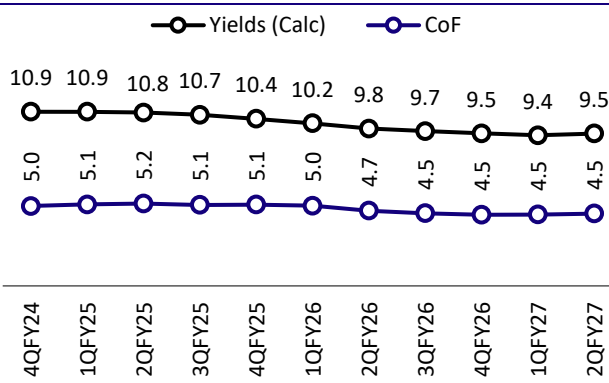
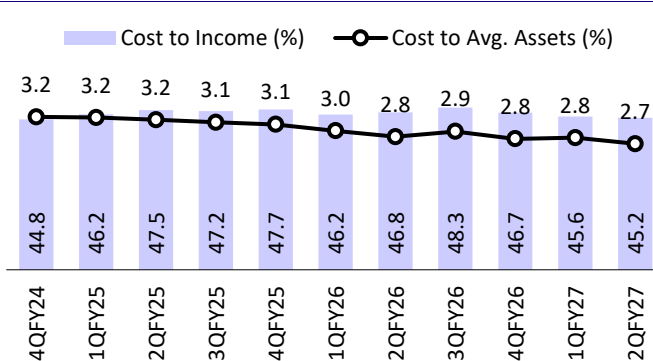
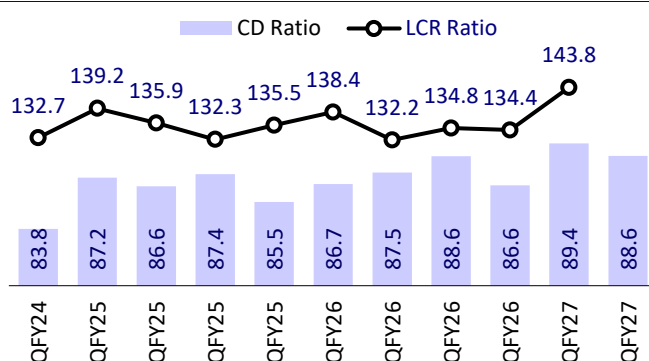
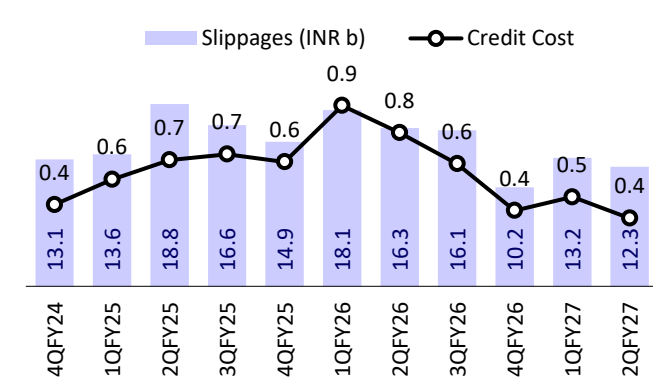
### Others

- Net worth stood at INR1,451b, including INR110b of MTM gains on select investments recognized in the AFS reserve and not routed through the P&L.
- Reported RoE stood at 11.65%; excluding the non-cash AFS reserve impact, RoE improved to 12.55%.
- The combined relationship value of the bank stood at INR13.6t across 90,000+ families.
- UPI issuer market share stood at 3.8%, above the bank's deposit market share. 13.3% of Kotak's UPI remittance transactions by volume were routed through its mobile applications.

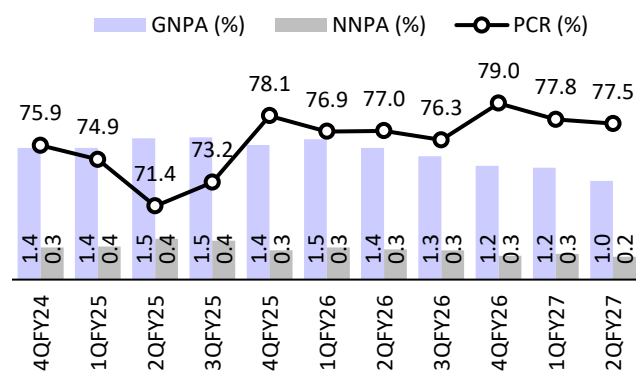
### Subsidiary performance

- Customer assets stood at INR6,993b, growing 21% YoY. Consolidated group net worth reached INR1,947b, with BVPS at INR196 and a 6-year CAGR of 16%.
- Cross-selling investment banking and institutional brokerage products contributed 109bp to corporate banking RoE.
- Kotak Prime: PAT grew 2% YoY. Customer assets grew 12% YoY, supporting continued business expansion.
- Kotak Securities: PAT grew 1% YoY. The retail broking business was rebranded as Kotak Neo.
- Kotak AMC: PAT grew by 11% YoY. AAUM grew 12% YoY, supporting steady profitability, with margins broadly tracking AUM growth.
- Kotak Life Insurance: PAT was down 41% QoQ. 2QFY26 was affected by GST-related factors, making YoY comparisons less meaningful.

## Story in charts

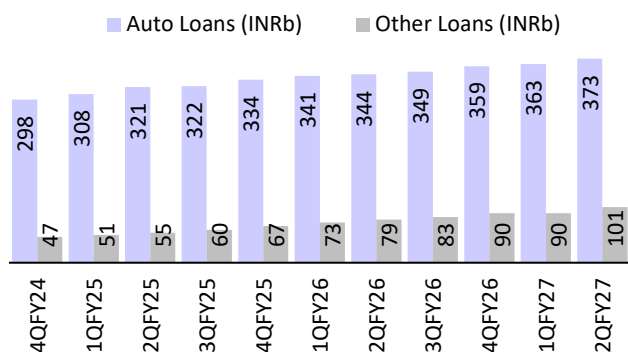
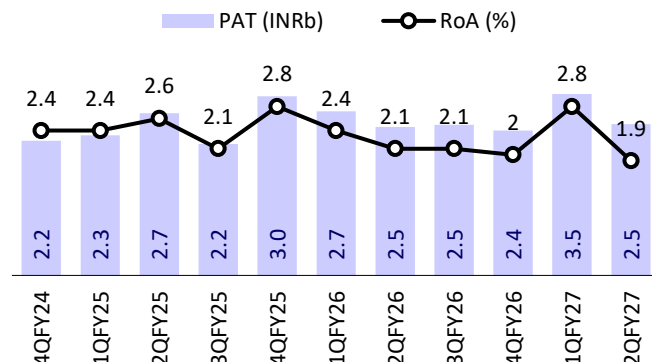
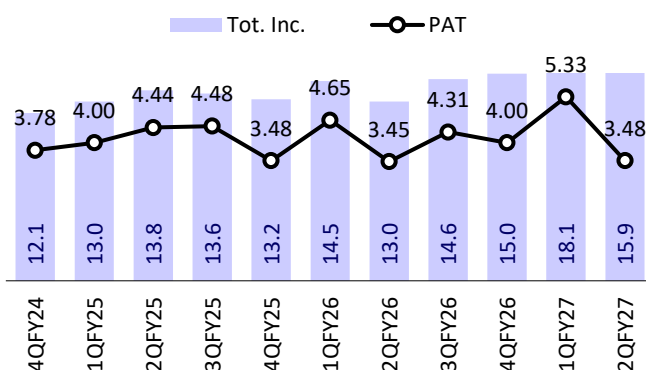
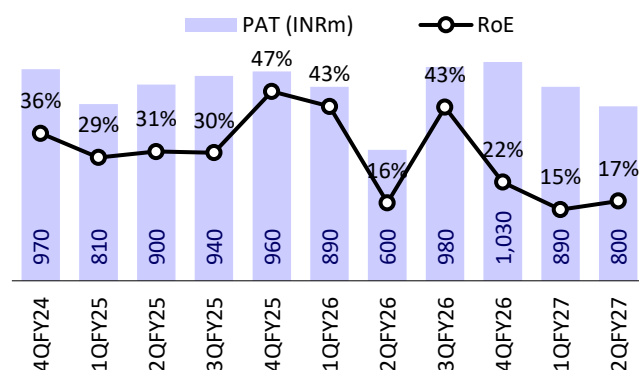
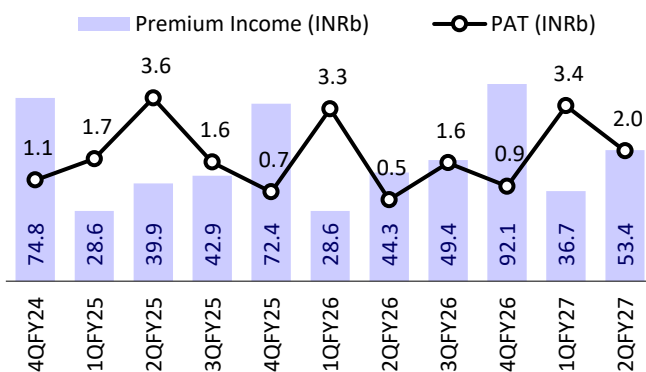
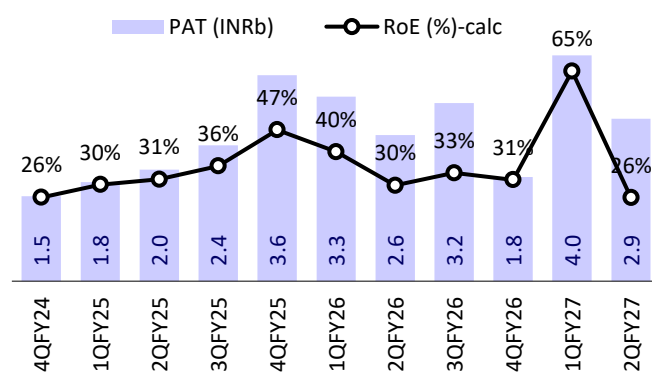
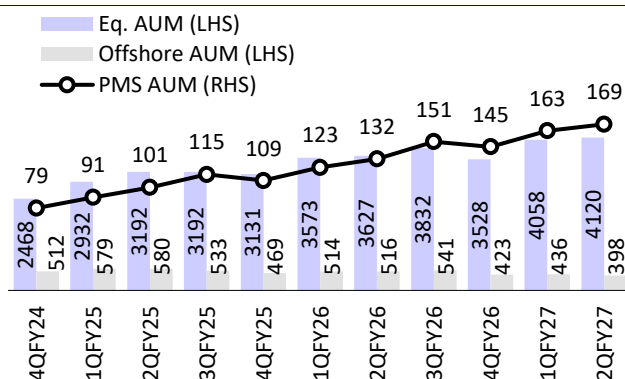
**Exhibit 1: Advances/deposits grew 25%/23% YoY**

**Exhibit 2: Non-corporate loan mix stood at 75.8%**

**Exhibit 3: NIMs were down 22bp QoQ at 4.31%**

**Exhibit 4: Yields increased to 9.52%; CoF rose to 4.52% in 2Q**

**Exhibit 5: C/I ratio declined by 35bp QoQ to 45.2%**

**Exhibit 6: C/D ratio decreased to 88.6% in 2QFY27**

**Exhibit 7: Slippages fell to INR12.3b; credit costs fell to 0.35%**


Source: MOFSL, Company

**Exhibit 8: GNPA/NNPA ratios down to 1.0%/0.2%**


Source: MOFSL, Company

## Subsidiaries' performances and consolidated earnings snapshot

**Exhibit 9: Kotak Prime: Auto loans up 8.4% YoY/2.7% QoQ**

**Exhibit 10: Kotak Prime: PAT fell to INR2.5b in 2QFY27**

**Exhibit 11: Kotak Securities: PAT down 35% QoQ to INR3.48b**

**Exhibit 12: Investment Banking: PAT fell to INR800m**

**Exhibit 13: Kotak Life Insurance: PAT declined to INR2.0b**

**Exhibit 14: Kotak AMC: PAT decreased to INR2.9b**

**Exhibit 15: Kotak AMC: AUM mix (INR b)**

**Exhibit 16: KMB: Consol. PAT details**

| KMB Group:                   | 2Q          | 2Q          | YoY         | 1Q          | QoQ          |
|------------------------------|-------------|-------------|-------------|-------------|--------------|
| Qtrly. Performance           | FY27        | FY26        | (%)         | FY27        | (%)          |
| Kotak Bank                   | 42.1        | 32.5        | 29.5        | 41.2        | 2.2          |
| Kotak Prime                  | 2.5         | 2.5         | 2.0         | 3.5         | (29.1)       |
| Kotak Securities             | 3.5         | 3.5         | 0.9         | 5.3         | (34.7)       |
| KMCC                         | 0.8         | 0.6         | 33.3        | 0.9         | (10.1)       |
| Kotak Life                   | 2.0         | 0.5         | 304.1       | 3.4         | (41.1)       |
| AMC & Trustee                | 2.9         | 2.6         | 11.2        | 4.0         | (28.1)       |
| Intl. subs                   | 0.1         | 0.5         | (77.1)      | 0.3         | (62.1)       |
| KIL                          | 1.4         | 1.2         | 12.5        | 1.1         | 19.5         |
| <b>Kotak Consol</b>          | <b>56.6</b> | <b>44.8</b> | <b>26.4</b> | <b>61.5</b> | <b>(7.9)</b> |
| Minority adjustments         | -0.2        | -0.1        | NA          | -6.7        | NA           |
| <b>Consol PAT (after MI)</b> | <b>56.5</b> | <b>44.7</b> | <b>26.3</b> | <b>54.8</b> | <b>3.0</b>   |

Source: MOFSL, Company

Source: MOFSL, Company

### Valuation and view - Reiterate BUY with a revised TP of INR500

- KMB reported a steady quarter, marked by strong NII growth, which was partly offset by higher provisioning.
- NIMs declined 22bp QoQ owing to surplus liquidity on the balance sheet thanks to FCNR(B) deposits, though they are expected to improve after deployment of this liquidity and repo rate hike transmission.
- The unsecured portfolio has attained stability, and the bank expects credit costs to remain well contained going ahead.
- While overall advances growth remained steady, SME lending picked up meaningfully on the back of higher ECLGS loans. Management reiterated its guidance of delivering loan growth at ~1.5-2.0x nominal GDP, supported by steady traction in retail and unsecured segments.
- On the regulatory front, the bank highlighted that the transition to ECL would have a limited impact of less than 2% on net worth, reinforcing visibility on asset quality.
- **We upgrade our earnings estimates by 3%/7% for FY27/28E and estimate RoA/RoE of 2.07%/12.5% by FY27. Reiterate BUY with a revised TP of INR500 (2.0x Mar'28E ABV + SOTP of INR155).**

#### Exhibit 17: We marginally upgrade our earnings estimates and expect KMB to deliver FY27E RoA/RoE of 2.07%/12.5%

| INR b                    | Old Est.     |              | Revised Est. |              | Change (%) /bps |            |
|--------------------------|--------------|--------------|--------------|--------------|-----------------|------------|
|                          | FY27         | FY28         | FY27         | FY28         | FY27            | FY28       |
| Net Interest Income      | 341.5        | 409.2        | 348.4        | 429.7        | 2.0             | 5.0        |
| Other Income             | 136.2        | 144.4        | 132.6        | 145.9        | -2.6            | 1.0        |
| <b>Total Income</b>      | <b>477.7</b> | <b>553.6</b> | <b>481.0</b> | <b>575.6</b> | <b>0.7</b>      | <b>4.0</b> |
| Operating Expenses       | 218.0        | 244.7        | 212.9        | 245.3        | -2.3            | 0.3        |
| <b>Operating Profits</b> | <b>259.8</b> | <b>308.9</b> | <b>268.1</b> | <b>330.3</b> | <b>3.2</b>      | <b>6.9</b> |
| Provisions               | 27.8         | 40.0         | 30.2         | 44.0         | 8.5             | 9.9        |
| <b>PBT</b>               | <b>232.0</b> | <b>268.8</b> | <b>238.0</b> | <b>286.3</b> | <b>2.6</b>      | <b>6.5</b> |
| Tax                      | 57.1         | 66.1         | 58.5         | 70.4         | 2.6             | 6.5        |
| <b>Standalone PAT</b>    | <b>174.9</b> | <b>202.7</b> | <b>179.4</b> | <b>215.9</b> | <b>2.6</b>      | <b>6.5</b> |
| Loans                    | 5,952        | 6,964        | 6,185        | 7,299        | 3.9             | 4.8        |
| Deposits                 | 6,698        | 7,702        | 6,984        | 8,059        | 4.3             | 4.6        |
| <b>Margins (%)</b>       | <b>4.46</b>  | <b>4.56</b>  | <b>4.47</b>  | <b>4.63</b>  | <b>2</b>        | <b>8</b>   |
| <b>RoA (%)</b>           | <b>2.05</b>  | <b>2.05</b>  | <b>2.07</b>  | <b>2.11</b>  | <b>2</b>        | <b>6</b>   |
| <b>Core RoE (%)</b>      | <b>12.2</b>  | <b>12.5</b>  | <b>12.5</b>  | <b>13.2</b>  | <b>30</b>       | <b>72</b>  |
| <b>EPS</b>               | <b>17.6</b>  | <b>20.4</b>  | <b>18.0</b>  | <b>21.7</b>  | <b>2.6</b>      | <b>6.5</b> |
| <b>BV</b>                | <b>153.3</b> | <b>173.3</b> | <b>153.7</b> | <b>175.1</b> | <b>0.3</b>      | <b>1.0</b> |
| <b>Consol BV</b>         | <b>206.0</b> | <b>234.0</b> | <b>206.4</b> | <b>235.8</b> | <b>0.2</b>      | <b>0.8</b> |

#### Exhibit 18: KMB – SOTP valuation based on Mar'28E

|                                                      | Stake (%) | Attributed Value (INR b) | Value (USD B) | INR per share | % to total | Rationale            |
|------------------------------------------------------|-----------|--------------------------|---------------|---------------|------------|----------------------|
| <b>Lending Business</b>                              |           | <b>3,863</b>             | <b>40.1</b>   | <b>389</b>    | <b>78</b>  |                      |
| Kotak Mahindra Bank                                  |           | 3,429                    | 35.6          | 345           | 69         | 2.0x Mar'28E NW      |
| Kotak Prime (Car and other loans)                    | 100%      | 331                      | 3.4           | 33            | 7          | 2.0x Mar'28E NW      |
| Kotak Investment Company (LAS)                       | 100%      | 103                      | 1.1           | 10            | 2          | 2.0x Mar'28E NW      |
| <b>Asset Management Business</b>                     |           | <b>493</b>               | <b>5.1</b>    | <b>50</b>     | <b>10</b>  | 5.5% of Mar'28E AUMs |
| Domestic Mutual Fund                                 | 100%      | 433                      | 4.5           | 44            | 9          |                      |
| Alternative Assets                                   | 100%      | 30                       | 0.3           | 3             | 1          |                      |
| Offshore Funds                                       | 100%      | 30                       | 0.3           | 3             | 1          |                      |
| <b>Capital Markets related Business</b>              |           | <b>473</b>               | <b>4.9</b>    | <b>48</b>     | <b>10</b>  |                      |
| Kotak Securities                                     | 100%      | 379                      | 3.9           | 38            | 8          | 16x Mar'28E PAT      |
| Kotak Investment Banking (KMCC)                      | 100%      | 95                       | 1.0           | 10            | 2          | 2.0x Mar'28E NW      |
| <b>Kotak Life Insurance</b>                          | 100%      | <b>507</b>               | <b>5.3</b>    | <b>51</b>     | <b>10</b>  | 2.0x Mar'28E EV      |
| <b>MCX</b>                                           | 3%        | <b>21</b>                | <b>0.2</b>    | <b>2</b>      | <b>0.4</b> | Based on CMP         |
| <b>Subs value @ 20% discount</b>                     |           | <b>1,526</b>             | <b>15.8</b>   | <b>155</b>    | <b>31</b>  |                      |
| <b>Target Value (Post 20% holding discount)</b>      |           | <b>4,955</b>             | <b>51.5</b>   | <b>500</b>    | <b>100</b> |                      |
| <b>- contribution of subs/associates to total PT</b> |           |                          |               | <b>31%</b>    |            |                      |

Source: Company, MOFSL

**Exhibit 19: One-year forward P/B ratio**

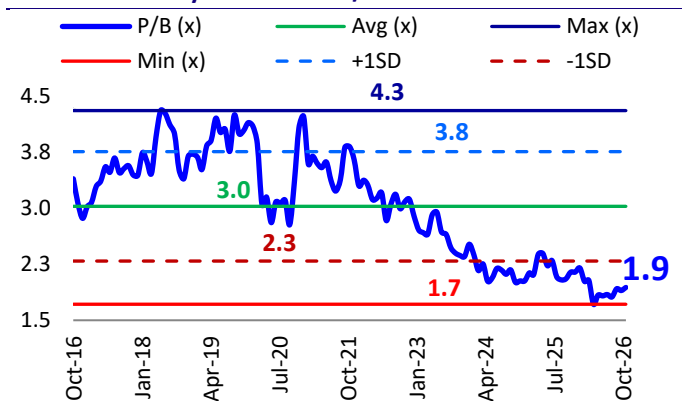


**Exhibit 20: One-year forward P/E ratio**

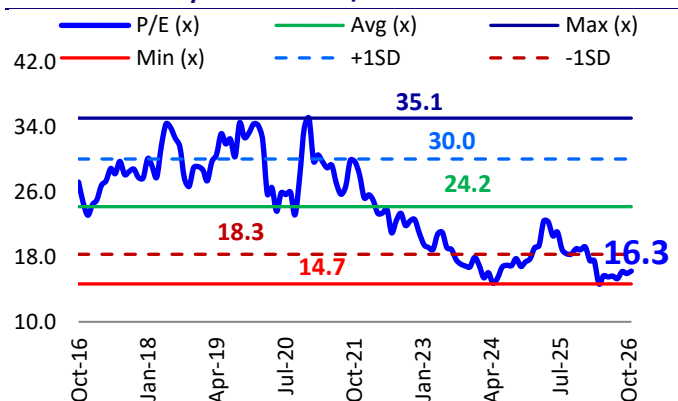


**Exhibit 21: DuPont Analysis – We estimate KMB to report an FY28 RoA/RoE of 2.11%/13.2%**

| Y/E March                     | FY23        | FY24        | FY25        | FY26        | FY27E       | FY28E       |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Interest Income               | 7.45        | 8.40        | 8.18        | 7.53        | 7.57        | 7.83        |
| Interest Expense              | 2.76        | 3.63        | 3.80        | 3.46        | 3.54        | 3.64        |
| <b>Net Interest Income</b>    | <b>4.69</b> | <b>4.77</b> | <b>4.38</b> | <b>4.06</b> | <b>4.02</b> | <b>4.20</b> |
| Fee income                    | 1.75        | 1.72        | 1.07        | 1.64        | 1.60        | 1.50        |
| Trading and others            | -0.21       | 0.17        | 0.70        | -0.06       | -0.07       | -0.07       |
| <b>Non-Interest income</b>    | <b>1.54</b> | <b>1.88</b> | <b>1.76</b> | <b>1.57</b> | <b>1.53</b> | <b>1.42</b> |
| <b>Total Income</b>           | <b>6.23</b> | <b>6.65</b> | <b>6.15</b> | <b>5.64</b> | <b>5.55</b> | <b>5.62</b> |
| <b>Operating Expenses</b>     | <b>3.00</b> | <b>3.06</b> | <b>2.90</b> | <b>2.65</b> | <b>2.46</b> | <b>2.40</b> |
| Employee cost                 | 1.21        | 1.26        | 1.22        | 1.14        | 1.04        | 1.01        |
| Others                        | 1.79        | 1.80        | 1.67        | 1.51        | 1.42        | 1.38        |
| <b>Operating Profits</b>      | <b>3.23</b> | <b>3.59</b> | <b>3.25</b> | <b>2.99</b> | <b>3.09</b> | <b>3.23</b> |
| <b>Core operating Profits</b> | <b>3.44</b> | <b>3.42</b> | <b>2.55</b> | <b>3.05</b> | <b>3.16</b> | <b>3.30</b> |
| <b>Provisions</b>             | <b>0.10</b> | <b>0.29</b> | <b>0.45</b> | <b>0.47</b> | <b>0.35</b> | <b>0.43</b> |
| <b>PBT</b>                    | <b>3.13</b> | <b>3.30</b> | <b>2.79</b> | <b>2.52</b> | <b>2.75</b> | <b>2.80</b> |
| Tax                           | 0.75        | 0.78        | 0.79        | 0.62        | 0.68        | 0.69        |
| <b>RoA</b>                    | <b>2.38</b> | <b>2.53</b> | <b>2.00</b> | <b>1.90</b> | <b>2.07</b> | <b>2.11</b> |
| Leverage (x)                  | 5.9         | 6.0         | 6.0         | 5.8         | 6.0         | 6.3         |
| <b>RoE</b>                    | <b>14.0</b> | <b>15.3</b> | <b>12.1</b> | <b>11.1</b> | <b>12.5</b> | <b>13.2</b> |

Source: Company, MOFSL

## Financials and valuations

| Income Statement             |              |              |              |              | (INRb)       |              |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Y/E March                    | FY23         | FY24         | FY25         | FY26         | FY27E        | FY28E        |
| Interest Income              | 342.5        | 458.0        | 529.2        | 555.6        | 655.5        | 802.1        |
| Interest Expense             | 127.0        | 198.1        | 245.8        | 255.5        | 307.1        | 372.4        |
| <b>Net Interest Income</b>   | <b>215.5</b> | <b>259.9</b> | <b>283.4</b> | <b>300.1</b> | <b>348.4</b> | <b>429.7</b> |
| -growth (%)                  | 28.1         | 20.6         | 9.0          | 5.9          | 16.1         | 23.3         |
| Non-Interest Income          | 70.8         | 102.7        | 114.2        | 116.2        | 132.6        | 145.9        |
| <b>Total Income</b>          | <b>286.3</b> | <b>362.7</b> | <b>397.6</b> | <b>416.3</b> | <b>481.0</b> | <b>575.6</b> |
| -growth (%)                  | 25.6         | 26.7         | 9.6          | 4.7          | 15.5         | 19.7         |
| Operating Expenses           | 137.9        | 166.8        | 187.5        | 195.7        | 212.9        | 245.3        |
| <b>Pre Provision Profits</b> | <b>148.5</b> | <b>195.9</b> | <b>210.1</b> | <b>220.7</b> | <b>268.1</b> | <b>330.3</b> |
| -growth (%)                  | 23.2         | 31.9         | 7.2          | 5.0          | 21.5         | 23.2         |
| <b>Core PPOp</b>             | <b>158.2</b> | <b>186.7</b> | <b>165.0</b> | <b>225.2</b> | <b>274.0</b> | <b>337.9</b> |
| -growth (%)                  | 21.9         | 18.0         | -11.6        | 36.4         | 21.7         | 23.3         |
| Provisions                   | 4.6          | 15.7         | 29.4         | 34.8         | 30.2         | 44.0         |
| <b>PBT</b>                   | <b>143.9</b> | <b>180.1</b> | <b>180.6</b> | <b>185.9</b> | <b>238.0</b> | <b>286.3</b> |
| Tax                          | 34.5         | 42.3         | 51.3         | 45.8         | 58.5         | 70.4         |
| Tax Rate (%)                 | 24.0         | 23.5         | 28.4         | 24.6         | 24.6         | 24.6         |
| <b>PAT</b>                   | <b>109.4</b> | <b>137.8</b> | <b>129.3</b> | <b>140.1</b> | <b>179.4</b> | <b>215.9</b> |
| -growth (%)                  | 27.6         | 26.0         | -6.2         | 8.3          | 28.1         | 20.3         |
| <b>Adjusted PAT</b>          | <b>109.4</b> | <b>137.8</b> | <b>129.3</b> | <b>140.1</b> | <b>179.4</b> | <b>215.9</b> |
| Change (%)                   | 27.6         | 26.0         | -6.2         | 8.3          | 28.1         | 20.3         |
| <b>Consolidated PAT</b>      | <b>149.3</b> | <b>182.1</b> | <b>221.3</b> | <b>192.9</b> | <b>244.2</b> | <b>294.9</b> |
| -growth (%)                  | 27.3         | 22.0         | 21.5         | -12.8        | 26.6         | 20.8         |

| Balance Sheet             |                |                |                |                |                |                 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Y/E March                 | FY23           | FY24           | FY25           | FY26           | FY27E          | FY28E           |
| Equity Share Capital      | 9.9            | 9.9            | 9.9            | 9.9            | 9.9            | 9.9             |
| Reserves & Surplus        | 820.3          | 957.2          | 1,162.5        | 1,343.2        | 1,518.9        | 1,731.3         |
| <b>Net Worth</b>          | <b>835.2</b>   | <b>967.2</b>   | <b>1,172.4</b> | <b>1,353.1</b> | <b>1,528.9</b> | <b>1,741.3</b>  |
| - Equity Net worth        | 830.2          | 967.2          | 1,172.4        | 1,353.1        | 1,528.9        | 1,741.3         |
| <b>Deposits</b>           | <b>3,631.0</b> | <b>4,489.5</b> | <b>4,990.6</b> | <b>5,724.6</b> | <b>6,984.0</b> | <b>8,059.5</b>  |
| -growth (%)               | 16.5           | 23.6           | 11.2           | 14.7           | 22.0           | 15.4            |
| <b>- CASA Dep</b>         | <b>1,918.2</b> | <b>2,043.0</b> | <b>2,144.2</b> | <b>2,477.2</b> | <b>2,779.6</b> | <b>3,328.6</b>  |
| -growth (%)               | 1.4            | 6.5            | 4.9            | 15.5           | 12.2           | 19.7            |
| Borrowings                | 234.2          | 283.7          | 484.4          | 324.8          | 459.3          | 529.9           |
| Other Liabilities & Prov. | 198.3          | 263.2          | 288.9          | 427.6          | 525.9          | 652.2           |
| <b>Total Liabilities</b>  | <b>4,898.6</b> | <b>6,003.6</b> | <b>6,936.2</b> | <b>7,830.0</b> | <b>9,498.1</b> | <b>10,982.9</b> |
| Current Assets            | 325.4          | 527.9          | 657.8          | 840.9          | 952.7          | 1,013.6         |
| <b>Investments</b>        | <b>1,214.0</b> | <b>1,554.0</b> | <b>1,819.1</b> | <b>1,725.4</b> | <b>2,053.2</b> | <b>2,361.1</b>  |
| -growth (%)               | 20.7           | 28.0           | 17.1           | -5.2           | 19.0           | 15.0            |
| <b>Loans</b>              | <b>3,198.6</b> | <b>3,760.8</b> | <b>4,269.1</b> | <b>4,960.1</b> | <b>6,185.2</b> | <b>7,298.6</b>  |
| -growth (%)               | 17.9           | 17.6           | 13.5           | 16.2           | 24.7           | 18.0            |
| Fixed Assets              | 19.2           | 21.6           | 23.6           | 23.9           | 28.4           | 33.3            |
| Other Assets              | 141.3          | 139.3          | 166.7          | 279.8          | 278.5          | 276.4           |
| <b>Total Assets</b>       | <b>4,898.6</b> | <b>6,003.6</b> | <b>6,936.2</b> | <b>7,830.0</b> | <b>9,498.1</b> | <b>10,982.9</b> |

| Asset Quality                  |      |      |      |       |       |       |
|--------------------------------|------|------|------|-------|-------|-------|
| Y/E MARCH                      | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| GNPA                           | 57.7 | 52.7 | 61.3 | 60.2  | 60.7  | 71.5  |
| NNPA                           | 11.9 | 12.7 | 13.4 | 12.6  | 13.0  | 15.8  |
| GNPA Ratio (%)                 | 1.78 | 1.39 | 1.42 | 1.20  | 0.97  | 0.97  |
| NNPA Ratio (%)                 | 0.37 | 0.34 | 0.31 | 0.25  | 0.21  | 0.22  |
| Slippage Ratio (%)             | 1.20 | 1.27 | 1.39 | 1.15  | 1.24  | 1.24  |
| Credit Cost (%)                | 0.17 | 0.43 | 0.64 | 0.69  | 0.48  | 0.60  |
| PCR (Excl Tech. write off) (%) | 79.3 | 75.9 | 78.1 | 79.0  | 78.6  | 77.9  |
| E: MOFSL Estimates             |      |      |      |       |       |       |

## Financials and valuations

### Ratios

| Y/E March                         | FY23       | FY24       | FY25       | FY26       | FY27E      | FY28E      |
|-----------------------------------|------------|------------|------------|------------|------------|------------|
| <b>Yield and Cost Ratios (%)</b>  |            |            |            |            |            |            |
| <b>Avg. Yield-Earning Assets</b>  | <b>8.0</b> | <b>9.1</b> | <b>9.0</b> | <b>8.3</b> | <b>8.4</b> | <b>8.7</b> |
| Avg. Yield on loans               | 9.1        | 10.2       | 10.1       | 9.3        | 9.3        | 9.5        |
| Avg. Yield on Investments         | 6.1        | 6.7        | 6.7        | 6.6        | 6.7        | 6.8        |
| <b>Avg. Cost-Int. Bear. Liab.</b> | <b>3.5</b> | <b>4.6</b> | <b>4.8</b> | <b>4.4</b> | <b>4.6</b> | <b>4.6</b> |
| Avg. Cost of Deposits             | 3.5        | 4.5        | 4.8        | 4.4        | 4.5        | 4.7        |
| <b>Interest Spread</b>            | <b>5.6</b> | <b>5.7</b> | <b>5.4</b> | <b>4.9</b> | <b>4.8</b> | <b>4.8</b> |
| <b>Net Interest Margin</b>        | <b>5.1</b> | <b>5.2</b> | <b>4.8</b> | <b>4.5</b> | <b>4.5</b> | <b>4.6</b> |

### Capitalisation Ratios (%)

|         |      |      |      |      |      |      |
|---------|------|------|------|------|------|------|
| CAR     | 21.8 | 20.5 | 22.3 | 22.4 | 20.4 | 19.7 |
| CET-1   | 20.6 | 19.2 | 21.1 | 21.3 | 19.4 | 18.8 |
| Tier I  | 20.6 | 19.2 | 21.1 | 21.3 | 19.4 | 18.8 |
| Tier II | 1.2  | 1.3  | 1.2  | 1.1  | 1.0  | 1.0  |

### Business Ratios (%)

|                            |      |      |      |      |      |      |
|----------------------------|------|------|------|------|------|------|
| Loans/Deposit Ratio        | 88.1 | 83.8 | 85.5 | 86.6 | 88.6 | 90.6 |
| CASA Ratio                 | 52.8 | 45.5 | 43.0 | 43.3 | 39.8 | 41.3 |
| Cost/Assets                | 2.8  | 2.8  | 2.7  | 2.5  | 2.2  | 2.2  |
| Cost/Total Income          | 48.1 | 46.0 | 47.2 | 47.0 | 44.3 | 42.6 |
| Cost/Core Income           | 46.6 | 47.2 | 53.2 | 46.5 | 43.7 | 42.1 |
| Int. Expense/Int.Income    | 37.1 | 43.2 | 46.4 | 46.0 | 46.9 | 46.4 |
| Fee Income/Total Income    | 28.1 | 25.8 | 17.4 | 29.0 | 28.8 | 26.7 |
| Non Int. Inc./Total Income | 24.7 | 28.3 | 28.7 | 27.9 | 27.6 | 25.3 |
| Empl. Cost/Total Expenses  | 40.2 | 41.3 | 42.2 | 42.9 | 42.3 | 42.2 |

### Efficiency Ratios (INRm)

|                                 |       |       |       |       |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|
| Employee per branch (in nos)    | 37.3  | 40.0  | 35.1  | 32.5  | 33.5  | 34.4  |
| Staff cost per employee (INR m) | 0.8   | 0.9   | 1.1   | 1.1   | 1.1   | 1.2   |
| CASA per branch                 | 1,078 | 1,049 | 998   | 1,088 | 1,174 | 1,352 |
| Deposits per branch             | 2,040 | 2,305 | 2,323 | 2,515 | 2,951 | 3,274 |
| Business per Employee           | 103   | 106   | 123   | 144   | 166   | 181   |
| Profit per Employee             | 1.6   | 1.8   | 1.7   | 1.9   | 2.3   | 2.5   |

### Profitability Ratios and Valuation

|                                 |      |      |      |       |      |      |
|---------------------------------|------|------|------|-------|------|------|
| RoE (%)                         | 14.1 | 15.3 | 12.1 | 11.1  | 12.5 | 13.2 |
| RoA (%)                         | 2.4  | 2.5  | 2.0  | 1.9   | 2.1  | 2.1  |
| Consolidated ROE (%)            | 13.3 | 14.0 | 14.1 | 10.6  | 11.9 | 12.6 |
| Consolidated ROA (%)            | 2.6  | 2.6  | 2.7  | 2.0   | 2.3  | 2.4  |
| RoRWA (%)                       | 2.9  | 3.0  | 2.5  | 2.3   | 2.4  | 2.5  |
| Book Value (INR)                | 84   | 97   | 118  | 136   | 154  | 175  |
| -growth (%)                     | 15.2 | 16.4 | 21.2 | 15.4  | 13.0 | 13.9 |
| Price-BV (x)                    | 3.3  | 2.8  | 2.3  | 2.0   | 1.8  | 1.6  |
| Adjusted BV (INR)               | 80   | 92   | 114  | 132   | 149  | 169  |
| -growth (%)                     | 16.4 | 16.3 | 22.9 | 16.0  | 12.9 | 13.8 |
| Price-ABV (x)                   | 3.5  | 3.0  | 2.4  | 2.1   | 1.9  | 1.6  |
| EPS (INR)                       | 11.0 | 13.9 | 13.0 | 14.1  | 18.0 | 21.7 |
| -growth (%)                     | 27.5 | 25.9 | -6.2 | 8.3   | 28.1 | 20.3 |
| Price-Earnings (x)              | 25.0 | 19.8 | 21.2 | 19.5  | 15.3 | 12.7 |
| Consolidated EPS (INR)          | 15.0 | 18.3 | 22.3 | 19.4  | 24.5 | 29.7 |
| Change (%)                      | 27.2 | 21.9 | 21.5 | -12.9 | 26.6 | 20.8 |
| Price-Consolidated Earnings (x) | 28.7 | 23.5 | 19.3 | 22.2  | 17.5 | 14.5 |
| Dividend Per Share (INR)        | 0.3  | 0.3  | 0.4  | 0.5   | 0.4  | 0.4  |
| Dividend Yield (%)              | 0.1  | 0.0  | 0.0  | 0.1   | 0.1  | 0.1  |

E: MOFSL Estimates

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| Explanation of Investment Rating |                                                                                              |
|----------------------------------|----------------------------------------------------------------------------------------------|
| Investment Rating                | Expected return (over 12-month)                                                              |
| BUY                              | >=15%                                                                                        |
| SELL                             | < - 10%                                                                                      |
| NEUTRAL                          | < - 10 % to 15%                                                                              |
| UNDER REVIEW                     | Rating may undergo a change                                                                  |
| NOT RATED                        | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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