Financials: Banks

Year	Bank credit YoY%
FY13	13.6
FY14	13.9
FY15	12.2
FY16	10.2
FY17	4.7
FY18	9.4
FY19	13.3
FY20	6.1
FY21	5.6
FY22	8.6
FY23	15.0
FY24	16.3
FY25	11.0
FY26	16.1
15-Jun'26	17.7

1QFY27E earnings estimates (INR b)

PAT	1Q FY27E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	7.5	29.3	-9.7
AXSB	66.8	15.0	-5.6
BANDHAN	4.6	23.9	-13.7
DCBB	2.1	33.3	1.9
EQUITAS	1.6	-170.6	-25.8
FB	11.4	32.1	-9.6
HDFCB	192.3	5.9	0.0
ICICIBC	131.6	3.1	-3.9
IDFCFB	8.0	73.7	151.9
IIB	6.7	11.1	12.9
KMB	39.2	19.5	-2.6
RBK	1.8	-9.0	-20.7
Private Total	**473.6**	**10.1**	**-1.7**
PSU Banks			
BOB	51.7	13.8	-8.0
CBK	44.2	-7.1	-2.0
INBK	32.5	9.5	4.9
PNB	48.3	188.6	-7.5
SBIN	184.2	-3.9	-6.4
UNBK	44.8	9.0	-15.6
PSU Total	**405.8**	**9.0**	**-6.6**
Banks Total	**879.4**	**9.6**	**-4.0**
SBICARD	6.6	18.8	8.4
PAYTM	2.0	59.8	7.0

Are there upside risks to FY27E credit growth?

Private banks reported healthy traction in 1QFY27, while PSUs had a softer start

- **The RBI, in its fortnightly print, reported a 17.7% YoY systemic credit growth. This is reflected in 1QFY27 business updates across our coverage universe: a) Large private banks grew 16.2% YoY/3.1% QoQ, b) PSBs grew 15.1% YoY/1.7 QoQ, and c) Mid-sized banks grew 13.1% YoY/3.3% QoQ. Within our non-coverage universe, regional banks grew 19.3% YoY/4.7% QoQ, while smaller PSBs and SFBs reported a strong credit growth print.**
- **The growth distribution remains broad-based, with a strong pickup in the corporate and MSME segments alongside healthy growth trends in retail gold loans and vehicle loans while credit card growth remains muted. PSBs have been gaining incremental market share in credit and accounted for 52.9% of the loan mix as of Mar'26.**
- **Deposit growth across our coverage universe continued to lag behind credit growth. PSBs struggled with a growth of 10.0% YoY/0.5% QoQ, while large private banks delivered 14.1% YoY/3.1% QoQ growth. As a result, the systemic LDR increased shall further rise beyond the current~83.4% levels. Meanwhile, CASA ratios too declined ~150-300bp across several banks.**
- **The recent RBI relief measures for FCNR (B) Deposits are expected to facilitate deposit mobilization, with anticipated forex inflows of USD40-50b. This should help sustain growth momentum and support further reduction in wholesale funding costs.**
- **NIMs are expected to remain under pressure across the banking system, especially in 1HFY27, largely due to a rise in the cost of deposits, higher growth in the secured mix, and limited pricing power for banks. Baring IIB, FB, and DCBB, we expect margins to remain stable or contract across our banking universe in 1QFY27.**
- **We have increased our FY27 credit growth estimates for our banking coverage universe from 13.6% to 14.6%, with private banks expected to grow at 15.8% YoY and PSBs at 13.7% YoY. Our estimates are higher compared to the BBG consensus estimates of ~14.2%, and we believe there remains an upside risk to our estimates. However, we remain watchful of the evolving macro conditions, particularly the recent escalation in the West Asia crisis and crude prices.**
- **We expect the banking sector's earnings to rebound with ~15% CAGR over FY26-28, fueled by ~15% CAGR in net interest income (NII). Private banks, with an anticipated earnings CAGR of ~20%, are likely to outperform PSU banks, which are expected to post an earnings CAGR of ~10%. Our top ideas are ICICIBC, HDFCB, SBIN, AUBANK, and RBK.**

1QFY27 business updates: Healthy credit growth; deposit growth lags; CASA mix declines

Broader trends in 1QFY27 business updates, covering ~68% of the banking universe, indicate system credit growth of 16.5-17.5% YoY, marking the strongest growth trajectory in the past decade. Deposit growth trends, at an estimated 12.0-12.3% YoY, have lagged credit growth, leading to higher LDRs across most banks and intensifying competition. Additionally, the CASA mix has declined across the system, with the seasonality in Mar'26 tapering off.

- Large private banks (HDFCB, AXSB, and KMB) reported largely in-line numbers, with a credit growth of 16.2% YoY/3.1% QoQ and deposit growth of 15.3% YoY/2.0% QoQ. The CASA mix declined ~150-300bp across three banks.

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- PSU Banks (under coverage) largely missed estimates, reporting credit growth of 15.1% YoY/1.7% QoQ. Deposit growth was modest at 10.0% YoY/0.5% QoQ. In contrast, smaller PSBs outside our coverage universe posted strong growth, especially for CBOI and BOMH. Consequently, LDRs increased, especially across smaller PSBs.
- Mid-sized banks (under our coverage) reported a growth of 13.6% YoY/3.3% QoQ, indicating strong sequential improvement. Notably, RBK chose not to renew certain wholesale deposits in 1QFY27, given the excess liquidity position following the completion of the Emirates deal.
- Other regional banks and SFBs showcased healthy growth trends, with SFBs also witnessing a healthy deposit momentum.

Broad-based growth; Retail gold loans continue to surge while credit card growth remains muted

The credit growth trends demonstrate broad-based expansion, with surge in corporate and services sectors growing at 18.7% and 19.1% respectively in the month of May-26. There has been a meaningful increase in industry credit from mid-single digits in 1HFY26 to mid-teens from Dec'25, largely due to hardening of bond yields and higher working capital requirements by large and mid-corporate/ MSMEs. Bank credit to NBFCs has also thus seen a rapid surge over the past few months. The growth in the retail segment has been steady at 15.7%, largely led by continued surge in retail gold loan segment growing at 104% and vehicle loans growing at 17% while growth in the credit card segment continues to be muted.

Deposit mobilization lagging; FCNR(B) flows to provide some relief

Deposit growth at 12.0% YoY currently continues to lag credit growth. Deposit growth has remained in the 10-12% range since the start of CY26, leading to an all-time high LDR ratio of ~83.4%. However, the RBI's current easing measures on FCNR (B) deposits and overseas borrowings are likely to attract USD40-50b of forex flows, which translates to 1.5-1.8% of aggregate system deposits. These flows are likely to provide temporary relief from deposit mobilization pressures and liquidity crunch, with banks having multiple avenues to attract funding. We expect the deposit mobilization pace to gain further traction, supporting credit growth trends. We have built in a deposit growth of 13.8% YoY for FY27 across our banking universe.

NIMs to have a negative bias amid sticky cost of deposits and secured mix

NIMs are expected to have a negative bias for 1QFY27, with rates remaining flat over the last six months and the full impact of the previous rate cuts behind. With current growth being led by a pickup in wholesale and MSME credit, improving pricing power across these segments could remain challenging. Deposit rates have remained elevated and witnessed marginal increases across buckets in 1QFY27 (especially with mid-size banks). Additionally, a decline in CASA mix across the industry is likely to increase the cost of deposits for the system. While we estimate a negative bias on NIMs in the near term, we remain constructive on the medium-term outlook, supported by a potential easing in borrowing costs and possible rate hikes by the end of FY27. We have built in ~15% NII CAGR across our banking coverage for FY26-FY28.

Private banks likely to outshine PSBs

PSBs have been gaining incremental market share in credit and accounted for 52.9% of the loan mix as of Mar'26. We note that FY26 marks the second consecutive year in which PSBs have gained market share over private banks. However, going forward, we estimate private banks' growth to recover, and the segment will likely outpace PSBs. This will be led by higher participation of private banks in corporate credit, business banking, and MSME lending, along with a recovery in unsecured credit. We have modeled a growth of 15.8% YoY for private banks and 13.7% YoY for PSBs in our coverage universe for FY27. The C/D ratio for private banks in the MOFSL banking universe is likely to remain flat at 90% for FY27/FY28, while for PSBs, it is expected to increase to 82.1% in FY28 from 80.1% in FY26.

Macros turn favorable; healthy growth to boost sector performance

With twin forex swap facilities announced by the RBI and the West Asia crisis now receding, the overall macros are gradually turning favorable for the banking sector. The RBI swap window is likely to encourage foreign capital inflows and boost forex reserves, thus supporting the USD/INR exchange rate. Bond yields have eased to ~6.8% from over 7.0% a week ago due to the US-Iran peace announcement. Further, the tax relief measures for debt investments by FPIs have eased pressure on borrowing costs for the banks. Continued liquidity support by the RBI through OMO purchases and VRR auctions, combined with higher FCNR(B) deposits, is likely to enhance deposit mobilization for banks, serving as a catalyst to sustain loan growth momentum. We believe there remains an upside risk to our growth estimates, though we remain watchful of the evolving macro conditions, particularly the recent escalation in the West Asia crisis and crude prices.

Our view: Prefer ICICIBC, HDFCB, SBI, AUBANK, and RBK

- We expect credit growth to sustain at mid-to-high teen levels in the near term, supported by recent relief measures from the RBI, increased foreign flows, and continued RBI support for short-term and durable liquidity.
- Large private banks are well-placed to capitalize on the current favorable macros, having the ability to raise a larger share of FCNR (B) deposits backed by leverage and raise low-cost overseas borrowings. Any possible rate hikes in the near future will greatly benefit large private banks, as a higher proportion of their loans are linked to EBLR.
- FIIs have been on a selling spree recently, which has weighed on the stock performance of larger banks. However, RBI's recent measures, alongside the reduction in tax rates on capital gains from debt securities, should help curb currency depreciation and aid FX reserves.
- We have increased our FY27 credit growth estimates from 13.6% for our banking coverage universe to 14.6%, with PSBs expected to grow at 15.8% YoY and private banks at 13.7% YoY. Our estimates are higher compared to the BBG consensus estimates of ~14.2%, and we believe there is an upside risk to our estimates with the current growth trends.
- **We expect the banking sector's earnings to rebound with ~15% CAGR over FY26-28, fueled by ~15% CAGR in NII. Private banks, with an anticipated earnings CAGR of ~20%, are likely to outperform PSU banks, which are expected to post an earnings CAGR of ~10%. Our top ideas are ICICIBC, HDFCB, SBIN, AUBANK, and RBK.**

Estimate credit CAGR of 15.8% for private banks (vs 14.8% consensus) and 13.2% (vs 13.4% consensus) for PSBs under our coverage over FY26-28.

Exhibit 1: MOFSL banking coverage: Built in loan growth of 14.6% in FY27 as against the BBG consensus estimate of ~14.2% YoY

Advances (INRb)	Loan book				YoY	YoY	YoY	YoY
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Pvt banks								
AXSB	10,408	12,336	14,371	16,685	7.8	18.5	16.5	16.1
BANDHAN	1,320	1,501	1,729	2,018	9.0	13.7	15.2	16.7
DCBB	510	600	715	852	24.7	17.6	19.1	19.2
HDFCB	26,196	29,372	33,337	37,937	5.4	12.1	13.5	13.8
ICICIBC	13,418	15,539	18,243	21,235	13.3	15.8	17.4	16.4
IDFCFB	2,331	2,804	3,387	4,078	19.8	20.3	20.8	20.4
IIB	3,450	3,159	3,550	4,055	0.5	-8.4	12.4	14.2
KMB	4,269	4,960	5,788	6,772	13.5	16.2	16.7	17.0
FB	2,348	2,646	3,075	3,579	12.1	12.7	16.2	16.4
RBK	926	1,142	1,405	1,728	10.3	23.3	23.0	23.0
AUBANK	1,071	1,343	1,674	2,085	46.4	25.4	24.7	24.5
EQUITASB	362	428	504	600	16.9	18.1	18.0	19.0
Pvt Banks YoY (%)					**9.1**	**13.8**	**15.8**	**15.8**
Pvt Bank Consensus							**14.8**	**14.9**
PSU Banks								
BOB	12,096	14,091	16,120	18,135	13.5	16.5	14.4	12.5
CBK	10,492	11,815	13,762	15,289	12.6	12.6	12.8	11.1
INBK	5,711	6,549	7,433	8,370	10.9	14.7	13.5	12.6
PNB	10,775	12,253	13,883	15,646	15.3	13.7	13.3	12.7
SBIN	41,633	48,779	55,706	63,059	12.4	17.2	14.2	13.2
UNBK	9,535	10,533	11,828	13,177	9.5	10.5	12.3	11.4
PSU Banks YoY (%)					**12.5**	**15.3**	**13.7**	**12.6**
PSU Bank Consensus							**13.7**	**13.0**
Total Banks YoY (%)					**11.0**	**14.7**	**14.6**	**13.9**

Source: Company,Bloomberg, MOFSL

Private banks expected to gain incremental loan market share going forward.

Exhibit 2: Trend in advances market share (%) among select banks

Banks	Market Share (%)				
	FY24	FY25	FY26	FY27E	FY28E
Pvt banks					
AXSB	6.5	6.3	6.5	6.7	6.8
DCBB	0.3	0.3	0.3	0.3	0.3
HDFCB	16.7	15.9	15.6	15.4	15.4
ICICIBC	8.0	8.1	8.2	8.4	8.6
IIB	2.3	2.1	1.7	1.6	1.7
KMB	2.5	2.6	2.6	2.7	2.8
Yes Bank	1.5	1.5	1.4	1.4	1.4
FB	1.4	1.4	1.4	1.4	1.5
J&K Bank	0.6	0.6	0.6	0.6	0.6
RBK	0.6	0.6	0.6	0.7	0.7
SIB	0.5	0.5	0.5	0.5	0.5
IDFCB	1.3	1.4	1.5	1.6	1.7
Pvt banks Share	**42.3**	**41.4**	**41.1**	**41.4**	**42.0**
PSU Banks					
BOB	7.2	7.3	7.5	7.5	7.4
BOI	3.8	3.9	3.8	3.7	3.6
CBK	6.3	6.4	6.3	6.4	6.2
INBK	3.5	3.5	3.5	3.4	3.4
PNB	6.3	6.5	6.5	6.4	6.4
SBIN	24.9	25.2	25.8	25.8	25.7
UNBK	5.9	5.8	5.6	5.5	5.4
PSU Banks	**57.7**	**58.6**	**58.9**	**58.6**	**58.0**

Source: Company, MOFSL,

Exhibit 3: Business updates of banks under our coverage vs consensus

Credit growth largely in line for PVBs, while PSBs saw a softer start in credit and deposit growth after a strong 4Q.

INR b	Advances		Deposits		MOFSLe				Beat/Miss/ Inline	
					Advances		Deposits		Advances	Deposits
	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ		
HDFCB	15.4	3.4	14.7	2.1	14.5	2.4	14.5	1.9	Beat	Inline
KMB	*15.1*	*3.3*	11.7	0.1	15.4	3.5	14.8	2.9	Inline	Miss
AXSB	18.8	2.3	18.2	2.8	20.1	3.1	18.4	3.0	Miss	Inline
Large PVBs	**16.2**	**3.1**	**14.1**	**3.1**						
IIB	(2.3)	3.3	4.5	3.8	4.2	1.2	1.2	0.5	Beat	Beat
IDFCB	20.6	5.2	17.7	5.9	19.6	3.9	16.7	5.0	Beat	Inline
RBK	21.4	1.6	10.7	(10.2)	23.0	1.6	21.9	1.2	Inline	Miss
BANDHAN	16.4	0.8	6.6	(0.9)	20.2	2.9	10.4	2.7	Miss	Miss
AUBANK	25.8	3.2	23.5	3.3	28.9	5.4	25.7	5.1	Inline	Inline
EQUITASB	26.7	3.2	10.4	5.3	27.2	3.4	8.4	3.8	Inline	Beat
Mid-size Banks	**13.1**	**3.3**	**11.0**	**2.0**						
PNB	12.8	1.3	8.5	0.8	15.0	2.5	10.0	2.5	Miss	Miss
BOB	17.4	(0.9)	13.8	(0.9)	22.2	2.9	18.3	3.0	Miss	Miss
UNBK	12.5	1.6	3.5	(1.8)	14.3	2.7	7.8	2.3	Miss	Miss
INBK	14.0	2.7	13.3	1.8	15.1	2.7	13.9	2.5	Inline	Inline
CBK	18.0	4.5	11.7	2.8	12.8	2.6	9.3	2.3	Beat	Beat
PSBs	**15.1**	**1.7**	**10.0**	**0.5**						

Source: Company, MOFSL,

Exhibit 4: CASA % declined across most banks within the coverage, except IDFCB, AUBANK, and INBK

CASA ratios fell sharply across banks, with RBK and AXSB witnessing the highest decline of 440bp and 294bp, respectively.

Banks	4QFY26	1QFY27	bps
HDFCB	34.1	32.3	-180
AXSB	43.3	40.3	-294
KMB	39.6	38.0	-159
IIB	31.2	29.5	-170
IDFCB	49.8	50.8	100
RBK	33.6	29.2	-440
BANDHAN	29.3	29.4	9
UNBK	35.2	35.1	-11
INBK	39.1	39.6	54
AUBANK	28.4	28.8	40
EQUITASB	26.0	25.0	-100

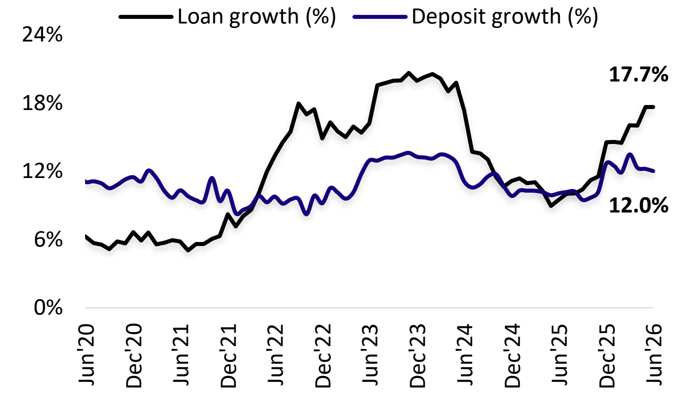
Source: Company, MOFSL,

Exhibit 5: Banks reporting 1QFY27 business updates account for 68% of the banking universe

BU 1QFY27	Advances			Deposits			LDR (bp)		
	1QFY27	YoY	QoQ	1QFY27	YoY	QoQ	1QFY27	YoY	QoQ
HDFCB	30,610	15.4	3.4	31,705	14.7	2.1	96.5	56	123
KMB	5,122	15.1	3.3	5,728	11.7	0.1	89.4	267	277
AXSB	12,729	18.8	2.3	13,729	18.2	2.8	92.7	44	-43
Large PVBs	**48,461**	**16.2**	**3.1**	**51,162**	**15.3**	**2.0**	**94.7**	**77**	**97**
IIB	3,262	(2.3)	3.3	4,150	4.5	3.8	78.6	-543	-38
YES	2,853	18.4	4.3	3,154	14.3	(1.1)	90.5	308	473
J&K	1,306	25.5	4.5	1,734	16.7	4.9	75.3	525	-29
IDFCB	3,055	20.6	5.2	3,119	17.7	5.9	98.0	238	-62
RBK	1,173	21.4	1.6	1,248	10.7	(10.2)	94.0	825	1096
BANDHAN	1,555	16.4	0.8	1,649	6.6	(0.9)	94.3	792	160
New age PVBs	**13,204**	**13.6**	**3.6**	**15,054**	**16.4**	**0.8**	**87.7**	**186**	**185**
CSB	409	24.0	1.2	454	26.4	2.6	90.0	-170	-124
KVB	1,047	17.1	6.0	1,226	14.9	6.0	85.4	159	1
SIB	1,044	17.0	4.1	1,258	11.4	2.0	83.0	398	168
KTK	866	16.6	3.9	1,104	6.9	1.5	78.4	649	181
TMB	573	27.0	7.4	644	19.7	4.4	89.0	508	248
DHLBK	158	26.5	4.3	194	17.2	4.1	81.4	597	20
Regional Banks	**4,096**	**19.3**	**4.7**	**4,880**	**13.7**	**3.3**	**83.9**	**390**	**111**
AUBANK	1,405	25.8	3.2	1,577	23.5	3.3	89.1	164	-6
EQUITAS	477	26.7	3.2	490	10.4	5.3	97.3	1,249	-191
UJJIVAN	429	28.9	5.5	483	25.1	5.8	88.8	262	-21
ESAF	232	27.4	3.5	269	18.6	4.2	86.2	594	-53
Capital	91	22.0	4.5	106	16.3	5.8	85.6	400	-108
Suryoday	144	32.5	8.4	146	29.4	4.6	98.2	234	346
SFB	**2,777**	**26.8**	**3.9**	**3,072**	**21.0**	**4.2**	**90.4**	**410**	**-27**
PVBs	**68,537**	**16.3**	**3.3**	**74,168**	**14.5**	**2.1**	**92.4**	**138**	**110**
CBK	12,932	18.0	4.5	16,126	11.7	2.8	80.2	426	130
PNB	12,750	12.8	1.3	17,248	8.5	0.8	73.9	283	37
BoB	14,174	17.4	(0.9)	16,338	13.8	(0.9)	86.8	267	1
UNBK	10,963	12.5	1.6	12,828	3.5	(1.8)	85.5	685	290
INBK	6,850	14.0	2.7	8,430	13.3	1.8	81.3	48	70
BOI	6,734	19.1	2.9	9,581	14.9	3.3	70.3	248	-28
BOMH	3,060	27.0	6.2	3,440	12.8	(1.9)	89.0	995	677
IDBI	2,590	22.2	2.1	3,254	9.6	(6.3)	79.6	822	655
UCO	2,730	12.1	3.9	3,320	11.2	1.4	82.2	66	201
CBOI	3,549	28.8	3.0	4,789	11.7	2.3	74.1	985	48
P&S	1,194	19.5	1.4	1,471	12.2	0.9	81.2	499	38
PSBs	**77,527**	**16.7**	**2.1**	**96,826**	**10.7**	**0.6**	**80.1**	**408**	**122**
Total	**1,46,064**	**16.5**	**2.7**	**1,70,994**	**12.3**	**1.2**	**85.4**	**304**	**121**

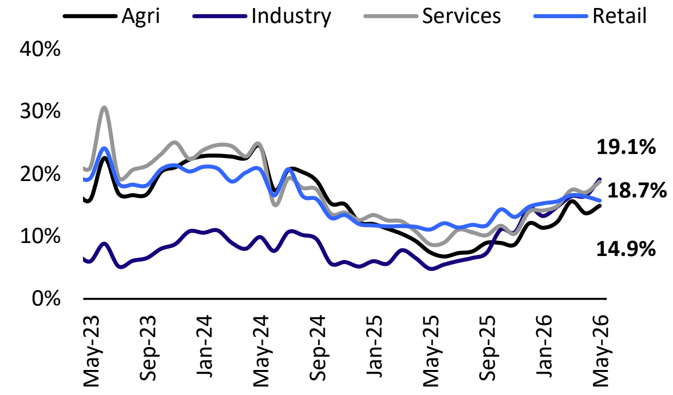
Source: Company, MOFSL

Exhibit 6: Loan growth improved to ~17.7% YoY as of Jun'26 vs. ~10% YoY in the same period last year



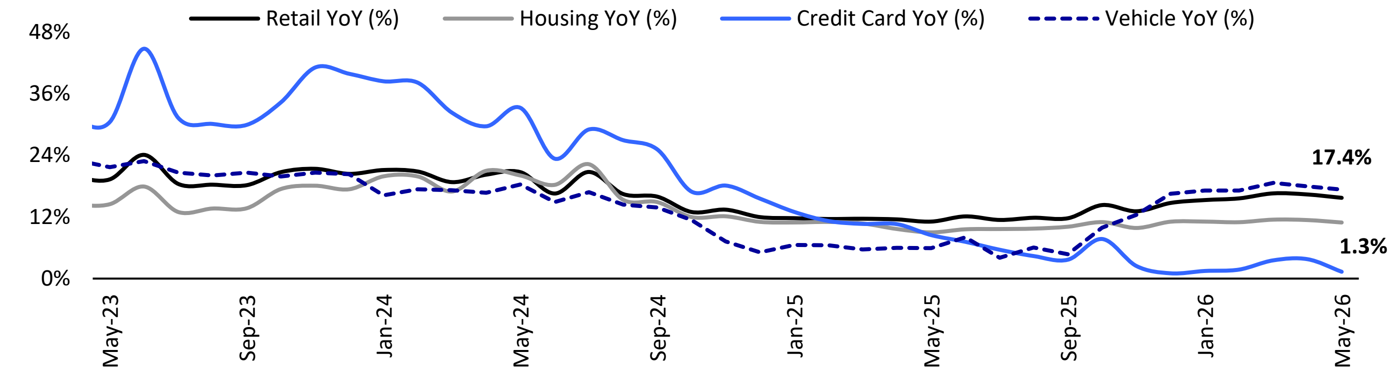
Source: RBI MOFSL

Exhibit 7: Growth has recovered across segments, aided by consumption as well as a push from PSU lenders



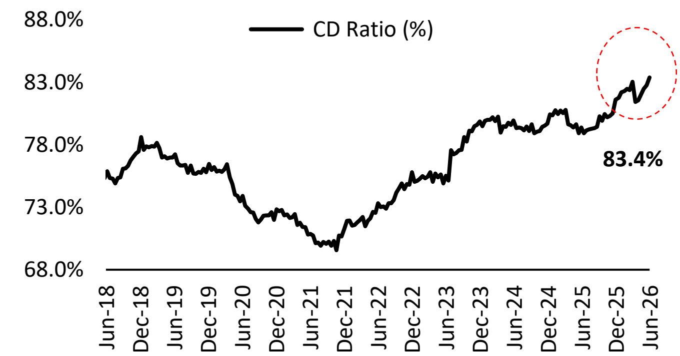
Source: RBI, MOFSL

Exhibit 8: Growth in the retail sub-segment has started gaining traction in recent months



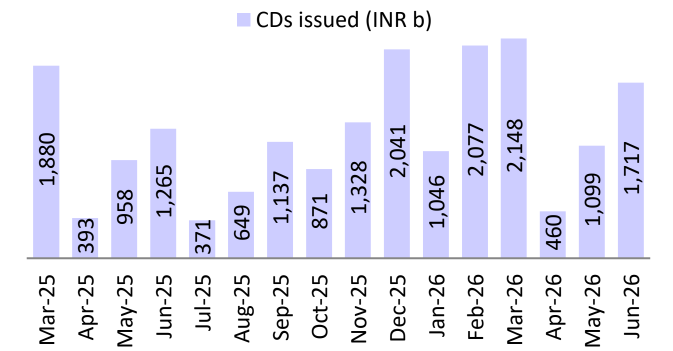
Source: RBI, MOFSL

Exhibit 9: CD ratio increased to ~83.4% in Jun'26



Source: RBI, MOFSL

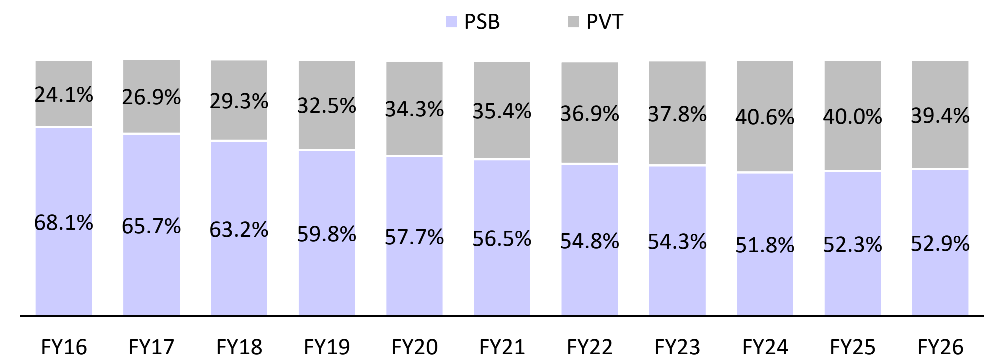
Exhibit 10: CD issuances picked up in Jun'26



Source: RBI, MOFSL

Exhibit 11: PSBs gained credit market share for two consecutive years

PSBs commanded a market share of 52.9% as of Mar'26, driven by a surge in retail loans.



Source: RBI, MOFSL

Exhibit 12: NIM outlook across banks; estimate margins to contract slightly for several banks in 1QFY27

NIM (%)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26	1Q27E	YoY change (bp)	QoQ change (bp)
AXSB	4.05	3.99	3.93	3.97	3.80	3.73	3.64	3.62	3.57	-23.0	-5.0
HDFCB	3.47	3.46	3.43	3.54	3.35	3.27	3.35	3.38	3.36	1.0	-2.0
ICICIBC	4.36	4.27	4.25	4.41	4.34	4.30	4.30	4.32	4.25	-9.0	-7.0
IDFCFB	6.22	6.18	6.04	5.95	5.71	5.59	5.76	5.93	5.81	10.0	-12.0
IIB	4.25	4.08	3.93	2.25	3.46	3.32	3.52	3.39	3.41	-5.0	2.0
KMB	5.02	4.91	4.93	4.97	4.65	4.54	4.54	4.67	4.53	-12.0	-14.0
FB	3.16	3.12	3.11	3.12	2.94	3.06	3.18	3.20*	3.24	30.0	4.0
BoB	3.18	3.10	2.94	2.98	2.91	2.96	2.79	2.89	2.80	-11.0	-9.0
CBK	2.90	2.86	2.71	2.73	2.55	2.50	2.45	2.54	2.57	2.0	3.0
PNB	3.07	2.92	2.93	2.81	2.70	2.60	2.52	2.47	2.51	-19.0	4.0
SBIN	3.22	3.14	3.01	2.99	2.90	2.97	2.98	2.81	2.84	-6.0	3.0
UNBK	3.05	2.90	2.91	2.87	2.76	2.67	2.76	2.64	2.60	-16.0	-4.0
INBK	3.44	3.39	3.45	3.37	3.23	3.23	3.28	3.23	3.20	-3.0	-3.0
AUBANK	6.00	6.05	5.90	5.80	5.40	5.50	5.70	5.96	5.83	43.0	-13.0
RBK	5.67	5.04	4.90	4.89	4.50	4.51	4.63	4.41	4.24	-26.0	-17.0
BANDHAN	7.60	7.40	6.90	6.70	6.40	5.80	5.90	6.20	6.10	-30.0	-10.0
DCBB	3.39	3.27	3.30	3.29	3.20	3.23	3.27	3.39	3.42	22.0	3.0
EQUITAS	7.97	7.69	7.39	7.13	6.55	6.29	6.72	7.29	7.15	60.0	-14.0

*4Q26 – Federal Bank reported NIMs of 3.74% (including interest on IT refund), Source: Company, MOFSL

Exhibit 13: AXSB, FB, KMB, ICICIBC, and HDFCB have higher EBLR/repo-linked loans; PSBs have greater linkage to MCLR (%)

<table>
<tr><th>Loans Mix (%) - 4QFY26</th><th>MCLR</th><th>EBLR</th><th>Repo Linked</th><th>Others (Fixed, base rate, foreign currency-floating)</th></tr>
<tr><td>HDFCB</td><td colspan="2">25</td><td>45</td><td>30</td></tr>
<tr><td>ICICIBC</td><td>13</td><td colspan="2">56</td><td>31</td></tr>
<tr><td>AXSB</td><td>6</td><td>3</td><td>61</td><td>30</td></tr>
<tr><td>KMB</td><td></td><td>60</td><td></td><td>40</td></tr>
<tr><td>FB</td><td>8</td><td colspan="2">46</td><td>46</td></tr>
<tr><td>RBL</td><td>5</td><td colspan="2">47</td><td>48</td></tr>
<tr><td>AUBANK</td><td>28</td><td colspan="2">4</td><td>68</td></tr>
<tr><td>Equitas</td><td></td><td colspan="2">20</td><td>80</td></tr>
<tr><td>CBK</td><td>45</td><td></td><td>50</td><td>5</td></tr>
<tr><td>INBK</td><td>46</td><td colspan="2">41</td><td>13</td></tr>
<tr><td>PNB</td><td>25</td><td>10</td><td>52</td><td>13</td></tr>
<tr><td>SBIN</td><td>50</td><td colspan="2">49</td><td>1</td></tr>
<tr><td>BOB</td><td>38</td><td></td><td>35</td><td>27</td></tr>
</table>

Source: Company, MOFSL

Exhibit 14: Estimate earnings CAGR of 15.3% over FY26-28, with PVBs at ~20.5% and PSBs at ~9.6% CAGR, against the BBG consensus estimates of 19.2% and 7.5%

INR b	Earnings Estimates				Growth YoY (%)			Consensus YoY%	
	FY25	FY26	FY27E	FY28E	FY26E	FY27E	FY28E	FY27E	FY28E
Private Banks									
AXSB	263.7	244.6	310.4	369.2	-7	25	25	26.9	19.0
BANDHAN	27.5	12.2	27.3	34.5	-55	123	37	122.8	26.7
DCBB	6.2	7.3	9.0	11.0	19	36	26	23.4	21.9
HDFCB	673.5	746.7	838.0	969.8	11	13	17	12.2	15.7
ICICIBC	472.3	501.5	568.6	656.2	6	14	16	13.4	15.4
IDFCFB	15.2	16.4	35.8	54.6	7	120	49	118.6	52.6
IIB	25.8	8.9	35.8	55.1	-65	265	68	302.9	53.7
KMB	164.5	140.1	166.7	195.1	8	20	21	19.0	17.0
FB	40.5	41.2	49.9	62.5	2	22	28	21.3	25.1
RBK	7.0	8.2	19.4	29.2	18	169	63	136.4	50.4
AUBANK	21.1	26.4	35.4	44.6	25	39	30	33.9	26.0
EQUITASB	1.5	1.0	7.1	9.9	-30	585	41	588.5	38.8
Total Pvt	**1,718.6**	**1,754.5**	**2,103.4**	**2,491.6**	**4.2**	**20.3**	**20.8**	**19.9**	**18.5**
PSU Banks									
BOB	195.8	200.2	201.4	227.9	2	12	9	0.6	13.2
CBK	170.3	191.9	187.8	206.5	13	3	15	-2.1	10.0
INBK	109.2	121.6	132.4	146.2	11	13	13	8.9	10.4
PNB	166.3	169.0	177.4	192.6	2	20	16	5.0	8.6
SBIN	709.0	800.3	836.3	956.9	13	3	12	4.5	14.4
UNBK	179.9	187.0	185.3	199.5	4	8	8	-0.9	7.7
Total PSU	**1,530.4**	**1,670.0**	**1,720.5**	**1929.7**	**9.1**	**7.2**	**12.1**	**3.0**	**12.2**
Total Banks	**3,249.0**	**3,424.4**	**3,823.9**	**4,421.3**	**6.6**	**13.9**	**16.8**	**11.7**	**15.6**

Source: Company, MOFSL

Exhibit 15: Banks' valuation matrix

Val summary	Rating	CMP (INR)	TP (INR)	Upside (%)	Mcap (INRb)	EPS (INR)			RoA (%)			RoE (%)			P/E (x)			P/ABV (x)		
						FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
Private Banks																				
ICICIBC*	Buy	1,382	1,750	27	9,890	70.2	79.9	92.8	2.2	2.2	2.3	16.1	16.1	16.3	16.4	13.8	11.9	2.2	2.2	1.9
HDFCB*	Buy	818	1,100	35	12,468	48.6	54.7	63.8	1.8	1.8	1.9	14.0	14.2	14.9	14.3	12.5	10.7	1.8	1.8	1.6
AXSB*	Neutral	1,299	1,500	15	4,076	78.8	98.6	123.3	1.4	1.5	1.6	12.7	14.2	15.6	15.1	11.7	9.3	1.6	1.6	1.4
BANDHAN	Buy	200	225	13	315	7.6	16.9	23.1	0.6	1.2	1.4	4.9	10.4	13.1	27.3	11.8	8.7	1.2	1.2	1.1
KMB*	Buy	377	470	25	3,683	14.1	16.9	20.5	1.9	2.0	2.1	11.1	12.4	13.9	15.9	13.0	10.7	1.7	1.7	1.4
IIB	Neutral	1,015	1,000	-1	774	11.4	41.6	69.8	0.2	0.6	0.9	1.4	4.9	7.8	88.5	24.4	14.5	1.2	1.2	1.1
FB	Buy	328	375	14	806	16.7	19.3	23.5	1.1	1.2	1.3	11.4	11.6	12.6	19.7	17.0	13.9	1.9	1.9	1.7
DCBB	Buy	186	235	26	58	22.7	30.9	38.9	0.9	1.0	1.0	12.5	15.0	16.6	8.2	6.0	4.8	0.9	0.9	0.8
IDFCFB	Neutral	79	85	7	669	2.1	4.2	6.2	0.4	0.8	1.0	3.9	7.4	10.3	39.5	19.0	12.8	1.4	1.4	1.3
EQUITASB	Buy	78	90	15	87	0.9	6.2	8.7	0.2	1.1	1.3	1.7	11.1	14.3	85.8	12.6	9.0	1.4	1.4	1.2
AUBANK	Buy	1,047	1,275	22	775	35.4	48.9	63.5	1.5	1.7	1.8	14.4	17.1	18.7	30.0	21.4	16.5	3.5	3.5	2.9
RBK	Buy	363	400	10	222	13.3	14.3	23.3	0.5	1.1	1.5	5.2	7.4	8.1	27.7	25.4	15.6	1.3	1.3	1.2
PSU Banks																				
SBIN*	Buy	1,022	1,300	27	9,398	88.2	89.5	100.5	1.1	1.0	1.0	17.3	15.4	15.5	7.8	7.5	6.7	1.1	1.1	1.0
PNB*	Buy	103	135	30	1,160	14.7	17.7	20.5	0.9	1.0	1.0	13.3	14.3	14.9	7.1	5.9	5.0	0.7	0.7	0.7
BOB	Neutral	245	300	23	1,245	38.7	43.2	46.9	1.1	1.0	1.0	14.7	14.9	14.7	6.5	5.7	5.2	0.8	0.8	0.8
CBK*	Buy	125	160	28	1,098	21.2	21.8	25.0	1.1	1.0	1.0	19.1	17.7	18.7	6.0	5.7	5.0	0.9	0.9	0.8
UNBK	Neutral	157	190	21	1,179	24.5	26.4	28.5	1.2	1.2	1.2	16.2	15.4	14.7	6.6	6.0	5.5	0.9	0.9	0.8
INBK	Buy	793	1,025	29	1,042	90.2	102.1	115.0	1.3	1.3	1.3	17.9	17.8	17.6	8.7	7.8	6.9	1.3	1.3	1.1
Payments & Fintech																				
SBI Cards	Neutral	588	700	19	560	22.8	31.2	38.4	3.3	4.2	4.4	14.7	17.4	18.1	26.5	18.8	15.3	3.7	3.1	2.6
						EPS (INR)			**PAT (INRb)**			**RoA (%)**			**RoE (%)**			**P/E (x)**		
One 97 Comm.	Neutral	1,263	1,300	3	808	10.9	15.1	27.1	5.1	9.9	18.1	3.1	4.0	7.0	4.5	6.1	10.7	9.3	8.0	6.5

Source: Bloomberg, MOFSL, * Adjusted for subsidiaries

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