

We view 2QFY27 as a one-off quarter, with significant FCNR(B) mobilization driving system loan growth of 18% yoy through leverage, while deposit growth accelerated to 17% yoy as of 15-Sep-26. We expect overall system growth to trend down to ~16% in FY27. Excluding FCNR(B) leverage, organic loan growth is trending better across banks. Our discussions suggest that incremental FCNR(B) funds will be used to retire high-cost liabilities and be partly deployed into investments and gradually into loans, with banks likely to take 2 quarters to fully absorb the liquidity. NIMs may remain compressed in 2Q due to the FCNR(B)-led inflow but should gradually recover in 2H as banks retire high-cost liabilities, deploy liquidity into loans, and benefit from the recent rate hike (particularly banks with high floating-rate loans). Asset quality remains benign, though we remain watchful of external risks, including El Niño and drought. We expect our banking coverage universe to report 25.4% yoy profit growth, led by 24.6% growth for PVBs and 26.2% for PSBs, driven by 12.5% yoy NII growth, 17.2% PPOP growth, and an 8.7% decline in provisions. SBI, BOB, and INBK are likely to see higher other income, supported by gains from stake sales, while treasury gains should remain muted amid elevated yields. We view clarity on MD/CEO succession at HDFCB and KMB positively. We prefer KMB and HDFCB among large PVBs; KVB, RBL, and FB among SMID PVBs; UJJIVANS among SFBs; and SBI and INBK among PSBs.

Strong business growth, driven by FCNR(B) mobilization

Overall system credit growth remains strong, at 18.1% yoy as of 15-Sep-26, led by sustained retail momentum and healthy MSME and corporate growth, and aided by FCNR leverage, as reflected in 43% yoy growth in advances against FDs. Deposit growth also accelerated to 17.3% yoy from 12% in Jun-26, primarily driven by strong FCNR(B) deposit mobilization, resulting in a moderation in the LDR to ~81% from 83% earlier. A similar trend is visible across bank business updates, with PVBs/PSBs reporting healthy loan growth of >15% yoy; for deposits, growth for PVBs remains healthy at >15%, while for PSBs, it jumped to >10% yoy. We expect loan growth to remain strong, with PVBs likely to report 21% yoy/~8% qoq growth, PSBs ~19% yoy/~6% qoq, and SFBs ~30% yoy/~7% yoy, supported by FCNR leverage through overseas branches/GIFT City, while organic loan growth also remains healthy across banks. Deposit growth is also expected to remain healthy, with PVBs likely to report 20% yoy/~7.5% qoq growth and PSBs to clock 12.4% yoy/~5% qoq growth, supported by strong FCNR(B) mobilization. However, our discussions with banks suggest that these incremental FCNR(B) funds will be used to retire high-cost liabilities, partly deployed into investments and gradually deployed toward loans. Overall, banks are likely to take around two quarters to fully absorb the incremental liquidity.

Margins to compress on FCNR(B)-led liquidity inflow

With significant liquidity mobilized through FCNR(B) deposits and leverage against the same, bank NIMs are likely to witness compression in 2Q. However, we suggest focusing on NII growth for the quarter. Further, the recent 25bps rate hike should benefit banks with a higher proportion of floating-rate loans, largely PVBs, relative to fixed-rate lenders. We expect margins to gradually recover, supported by the retirement of high-cost liabilities and deployment of excess liquidity toward loans. We expect margins across our coverage universe to decline by 1–32bps qoq, with large PVBs seeing 7–32bps compression; IIB is likely to witness the sharpest decline of 32bps. For SMID PVBs, we expect margins to remain flat to decline by 31bps, with IDFCB likely to see a 31bps compression, while RBL's margin is expected to improve by 52bps, aided by the full-quarter impact of NBD Capital infusion. For PSBs, we expect margin compression in the range of 1–9bps qoq.

Asset quality remains benign, with decline in slippages, controlled credit costs

Fresh stress formation continues to ease across unsecured retail portfolios, including MFI, personal loans, and credit cards, while we expect slippages to decline qoq, supporting further improvement in asset quality. Management commentary suggests no material impact on MSME portfolios from external factors such as El Niño and geopolitical conflicts so far. However, we remain watchful of the broader macro environment, external events, and the evolving drought situation.

Avinash Singh

avinash.singh@emkayglobal.com
+91-22-66121327

Nikhil Vaishnav

nikhil.vaishnav@emkayglobal.com
+91-22-66242485

Aman Mehta

aman.mehta@emkayglobal.com
+91-22-66121275

This report is intended for Team White Marquee Solutions (team-emkay@whitemarquesolutions.com)

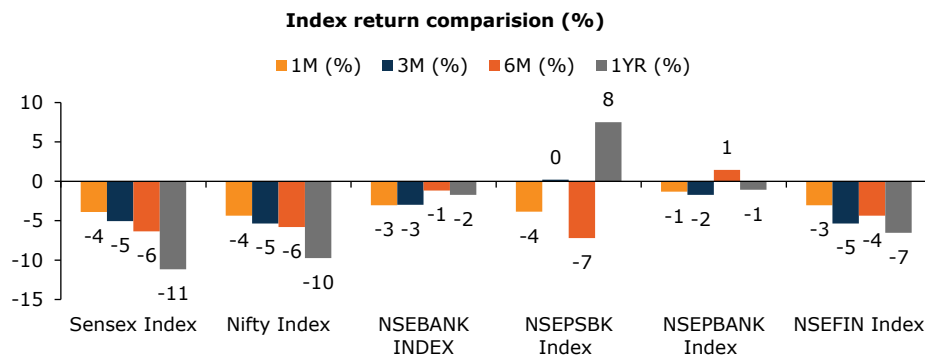
Story in charts

Exhibit 1: Summary of financial estimates (2QFY27E)

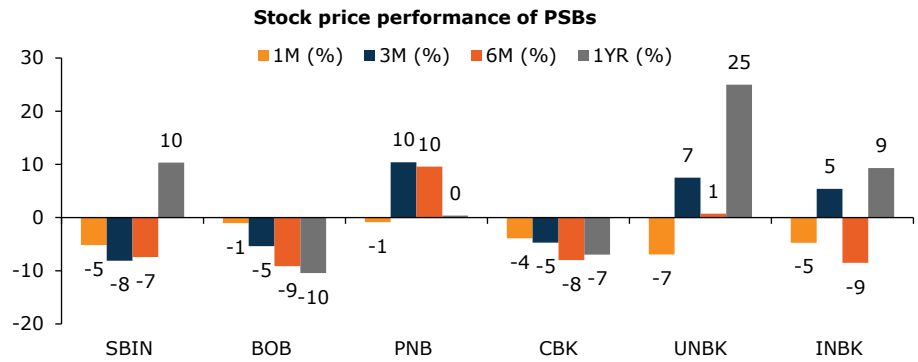
Banks	NII			PPOP			PAT		
(Rs mn)	2QFY27E	yoy (%)	qoq (%)	2QFY27E	yoy (%)	qoq (%)	2QFY27E	yoy (%)	qoq (%)
Large Private									
Axis Bank	150,160	9.3	2.5	117,823	13.2	1.1	71,580	40.6	0.6
HDFC Bank	339,396	7.6	1.2	283,577	1.6	0.7	192,457	3.2	1.0
ICICI Bank	252,797	17.4	3.7	207,466	19.9	1.8	147,429	19.3	(0.4)
IIB	44,991	2.0	(4.0)	25,104	22.6	(9.5)	9,078	NA	(12.5)
Kotak Bank	81,942	12.1	3.4	63,462	20.5	3.5	42,496	30.6	3.1
Yes Bank	28,314	23.1	1.6	16,116	24.3	(5.4)	10,962	67.5	2.4
Subtotal	897,599	11.0	2.0	713,548	11.1	0.8	474,002	19.8	0.4
Small-Mid Private									
City Union Bank	8,465	27.0	3.2	5,976	27.0	2.9	3,931	19.6	2.8
Karnataka Bank	9,769	34.2	4.1	6,346	44.2	9.3	4,381	37.3	4.6
Federal Bank	30,586	22.6	3.8	20,726	26.1	9.2	12,885	34.9	9.5
Karur Vysya Bank	14,571	15.5	2.4	11,945	17.4	9.0	7,658	33.4	1.3
RBL Bank	20,950	35.1	26.6	12,494	71.5	35.4	5,020	181.2	97.9
IDFC First	61,855	21.0	3.6	25,254	34.3	(1.1)	9,941	182.2	(7.5)
Subtotal	146,197	23.7	6.3	82,741	33.9	8.5	43,816	61.8	7.8
New Age/SFBs									
AU Bank	28,347	32.2	5.2	15,667	29.5	9.1	8,750	56.0	9.9
Bandhan	29,903	15.5	2.4	14,086	7.5	3.7	5,300	373.8	5.7
Equitas SFB	10,703	38.3	4.0	4,249	76.6	5.0	1,949	707.7	6.2
Ujjivan SFB	12,303	33.5	3.6	6,101	54.4	11.3	3,226	165.0	1.9
Subtotal	81,256	26.4	3.7	40,103	27.1	7.0	19,226	134.9	6.9
PSBs									
BOB	127,506	6.7	1.8	84,852	12.0	4.4	52,389	8.9	309.8
Canara Bank	106,604	16.6	4.4	89,306	4.0	3.4	50,345	5.5	3.7
Indian Bank	77,235	17.9	3.9	58,537	21.0	5.3	35,833	18.7	9.5
PNB	115,335	10.2	6.8	77,870	7.7	3.6	52,263	6.6	(0.5)
SBI	474,049	10.3	0.9	364,933	33.6	8.8	229,586	47.5	8.7
Union Bank	101,077	14.7	0.7	81,528	19.6	1.9	50,511	18.9	(5.3)
Subtotal	1,001,807	11.4	2.2	757,025	21.4	6.1	470,927	26.2	14.5
Total	2,126,860	12.5	2.5	1,593,418	17.2	3.8	1,007,970	25.4	7.0

Source: Emkay Research

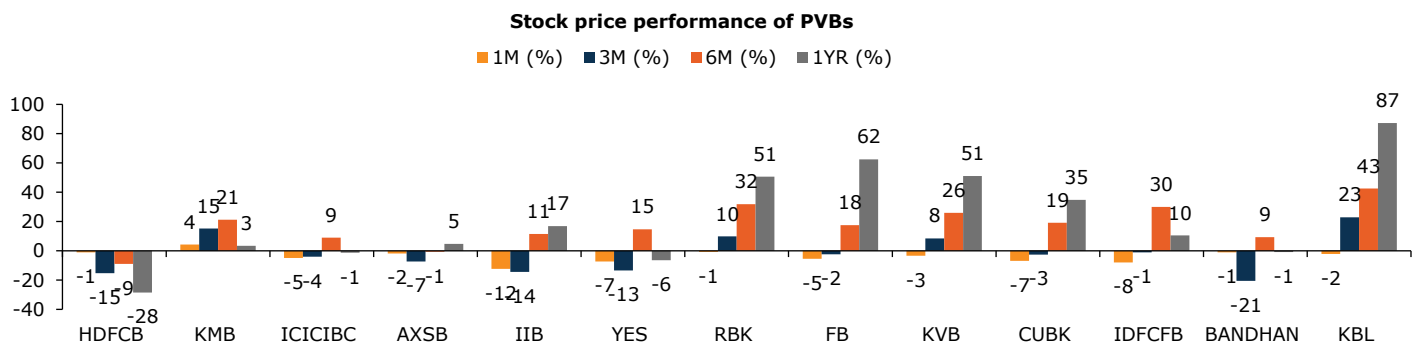
Exhibit 2: Bank Nifty, especially PSU Banks Nifty, continued to perform better than private banks over the past 1 year due to FII selling in private banks, underweight positioning in PSBs



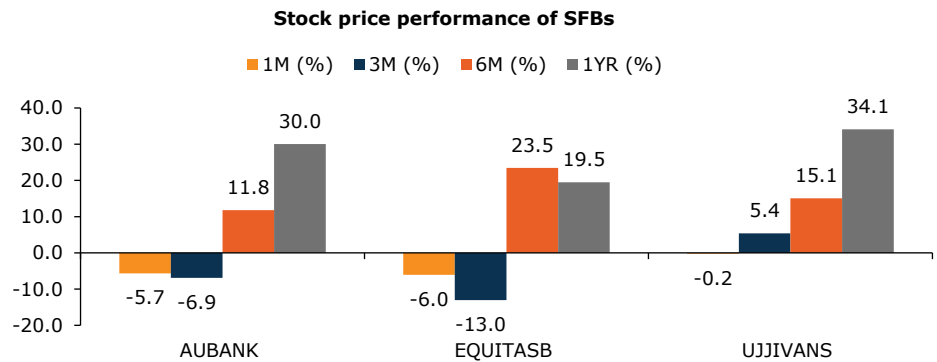
Source: Bloomberg, Emkay Research

Exhibit 3: PSBs like SBIN, BOB, CBK, INBK have corrected over the past 6M

Source: Bloomberg, Emkay Research

Exhibit 4: Small- and mid-cap private banks have outperformed large-cap banks over the last 1 year

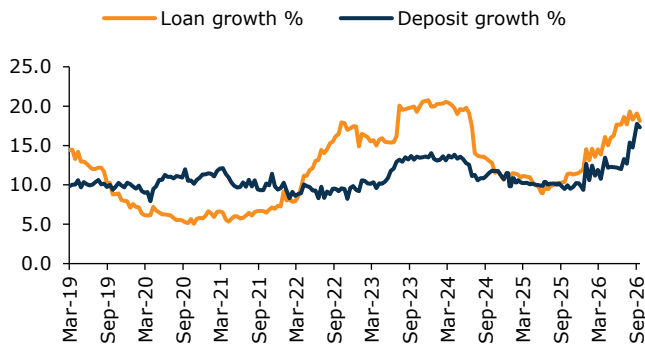
Source: Bloomberg, Emkay Research

Exhibit 5: All SFBs have been outliers over 6M/1Y

Source: Bloomberg, Emkay Research

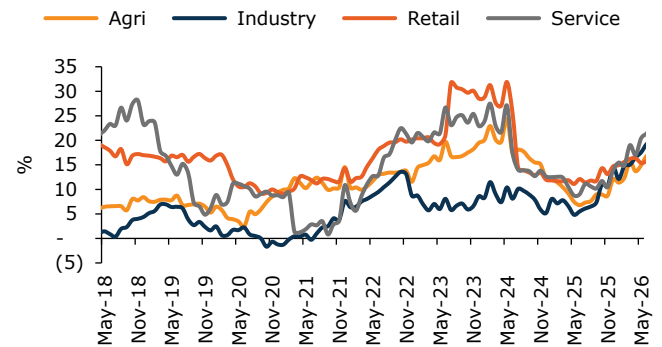
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 6: System credit and deposit growth accelerates on FCNR-led liquidity as of 15-Sep-26, but growth is expected to normalize by FY27



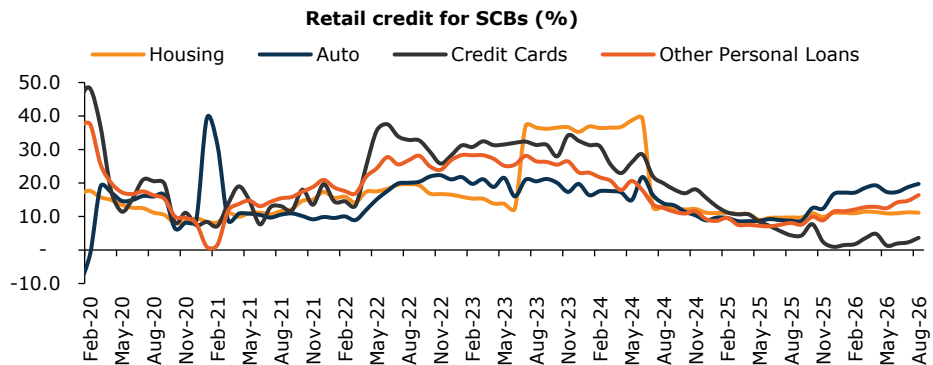
Source: RBI, Emkay Research; Note: Credit and deposit growth show a dip from Jul-24 due to the e-HDFCL impact being negated (one year since the merger)

Exhibit 7: Credit growth was seen across segments



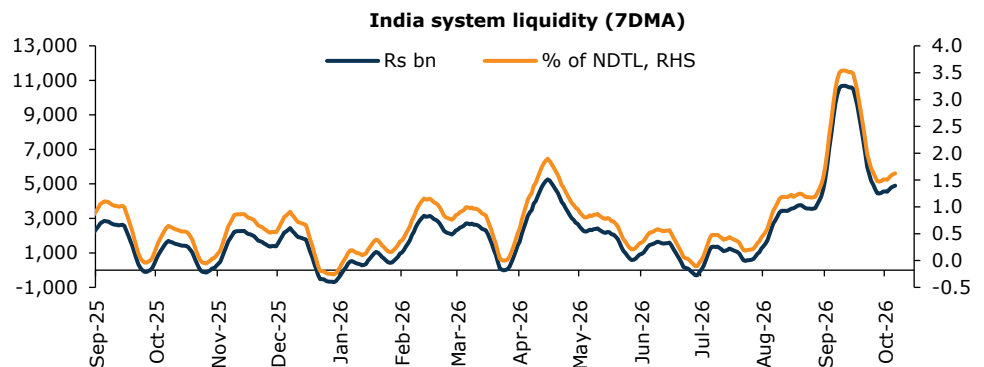
Source: Company, Emkay Research

Exhibit 8: Within retail, growth led by VF, gold loans, and other PLs



Source: RBI, Emkay Research

Exhibit 9: FCNR inflows drive a sharp rise in system liquidity



Source: Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Exhibit 10: Business updates

Bank (Rs bn)	Loans	yoy %	qoq %	Deposits	yoy %	qoq %
HDFCB	32,195	16.3	5.2	33,275	18.8	4.9
PNB	13,427	14.8	5.5	17,771	9.9	3.0
BOB	15,124	18.3	5.8	17,513	16.7	6.2
CBK	13,737	19.4	6.2	16,972	13.1	5.3
AXISB	13,846	22.7	8.8	14,521	20.7	5.8
Union	11,559	18.5	5.4	13,195	6.9	2.8
BOI	8,540	20.4	7.1	10,376	21.6	8.3
Indian	7,230	16.6	5.5	8,730	12.4	3.4
KMB	5,771	24.7	12.7	6,515	23.2	13.7
IIB	3,624	11.2	11.1	4,290	10.1	3.4
YES	3,097	23.8	8.6	3,541	19.5	12.3
UCO	2,880	24.7	5.5	3,490	14.1	5.1
IDFC FIRSTB	3,139	29.9	13.7	3,237	17	3.8
J&K Bank	1,340	23.7	6.9	1,770	16.3	6.9
Bandhan	1,583	13.1	1.8	1,727	9.2	4.7
AU SFB	1,503	27.9	7.0	1,705	28.6	8.1
RBL Bank	1,434	40	22	1,563	34	25
Punjab & Sind	1,260	19.4	NA	1,530	13.0	NA
SIB	1,095	18.7	9.2	1,373	18.7	11.3
KVB	1,116	20.3	6.6	1,281	16.0	4.5
KBL	920	24.9	6.2	1,151	12.0	4.3
TMB	607	29.4	6.0	695	25.5	8.0
EQUITASB	507	29.6	6.4	525	19.0	7.2
UJJIVANS	457	32.1	6.5	506	29.2	5.2
CSB Bank	424	22.0	3.7	469	18.0	3.2
ESAF SFB	239	25.1	3.1	285	24.3	5.7
Dhanlaxmi Bank	160	22.3	5.4	206	20.2	10.2
Capital SFB	98	23.4	7.0	108	16.2	4.5

Source: Company, Emkay Research

Exhibit 11: Business updates (ex-FCNR) saw good traction

Bank	Loans (Rs bn)	yoy %	qoq %	Deposits (Rs bn)	yoy %	qoq %
HDFCB	32,195	14.3	3.4	33,275	14.8	1.5
AXSB	13,846	18.8	5.3	14,521	17	2.6
KMB	5,771	21.2	9.5	6,515	12.7	4.1
IIB	3,624	6.1	6	4,290	1.5	-4.7
YES	3,097	17.7	3.3	3,541	13.2	6.5
IDFCFB	3,139	20.4	5.4	3,237	17	3.8
RBL	1,434	30	13	1,563	NA	NA

Source: Company, Emkay Research; Note: Figures for KMB and IIB are calculated,

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Exhibit 12: CASA ratio has declined due to elevated TD share due to FCNR(B) deposits

Bank	CASA ratio (%)	qoq (bps)	yoy (bps)
IDFC FIRSTB	51.3	50	120
J&K Bank	42.0	5	-338
Indian	39.3	-45	41
KMB	38.2	-209	-409
AXISB	36.5	-153	-333
Union	34.9	-17	237
Karnataka Bank	31.8	-61	80
HDFCB	31.6	-72	-226
SIB	31.6	-143	-31
YES	30.0	-269	-370
AU SFB	29.5	70	10
IIB	28.0	-140	-270
KVB	27.5	-3	-13
RBL Bank	27.2	-200	-470
Bandhan	26.7	-269	-126
Ujjivan SFB	26.0	-90	-150
ESAF SFB	23.3	-5	-307
CSB Bank	19.0	-45	-221

Source: Company, Emkay Research

Exhibit 13: FCNR deposits mobilized by banks

Banks (Rs mn)	FCNR(B) o/s as on 31-Aug-26	% of respective bank deposits (1QFY27)	(%) of total deposits	Bank market share (%)
BoB	760,000	4.7	0.3	6.2
CBK	552,103	3.4	0.2	6.1
AXSB	1,018,000	7.4	0.4	5.2
BANDHAN	3,000	0.2	0.0	0.6
CUBK	8,000	1.0	0.0	0.3
HDFCB	1,103,400	3.5	0.4	11.9
ICICIBC	1,702,000	9.3	0.6	6.9
IDFCFB	339,750	10.9	0.1	1.2
IIB	336,270	8.1	0.1	1.6
KVB	6,500	0.5	0.0	0.5
KMB	553,440	9.7	0.2	2.2
RBK	324,720	26.0	0.1	0.5
AUBANK	20,000	1.4	0.0	0.5
EQUITASB	10,000	2.2	0.0	0.2
UJJIVANS	5,000	1.2	0.0	0.2

Source: Company, Emkay Research; HDFCB, ICICIBC, AXSB, IDFCFB, IIB, KMB & RBL FCNRB nos are reported and for rest of the banks is expected.

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 14: LDR trends across banks

(%)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
AXSB	91.2	92.8	91.9	92.3	91.9
HDFCB	95.1	98.0	98.7	94.6	95.8
ICICIB	84.8	87.3	88.3	86.6	89.0
IIB	84.0	83.6	80.6	79.0	78.7
KMB	86.7	87.5	88.6	86.6	89.4
YES	87.4	84.5	88.0	85.7	90.4
CUB	80.7	81.6	86.4	84.1	84.3
KBL	70.4	70.2	72.7	75.2	77.1
FB	83.9	84.7	85.8	84.3	86.7
KVB	83.4	83.4	84.2	84.9	84.9
RBL	83.8	86.2	86.1	82.2	93.1
IDFCB	92.0	92.9	92.7	95.2	94.4
AUBANK	86.0	87.3	89.2	88.0	87.9
Bandhan	83.1	85.1	90.0	90.2	92.0
EQUITASB	78.3	82.4	91.2	91.9	91.3
UJJIVANS	84.2	86.2	85.8	87.1	87.2
BOB	82.7	83.9	85.7	85.5	85.4
CBK	74.4	74.0	77.1	77.8	79.3
INBK	78.5	77.9	79.1	79.1	79.7
PNB	68.7	70.1	72.0	71.6	72.0
SBI	76.7	78.0	81.2	81.6	83.1
UNBK	76.3	76.8	81.0	80.6	83.6

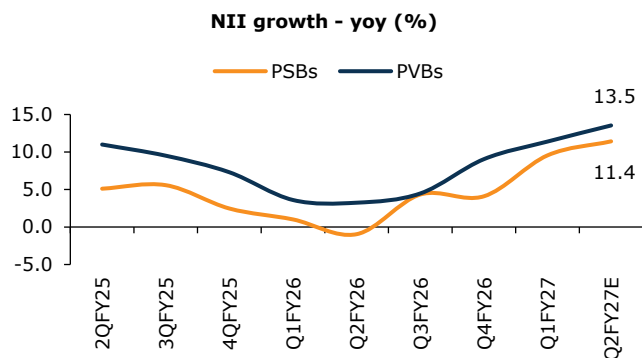
Source: Emkay Research

Exhibit 15: LCR trends across banks

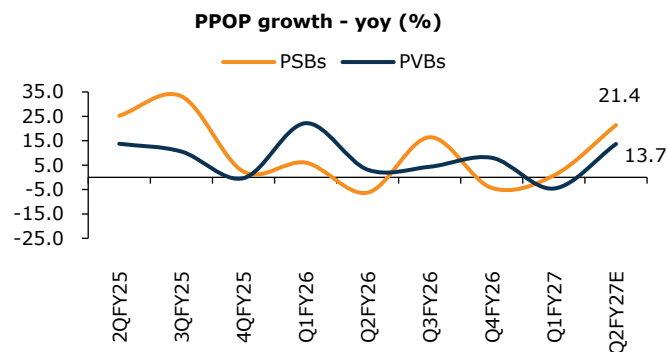
(%)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
AXSB	119	119	116	117	119
HDFCB	124	120	116	114	115
ICICIB	127	125	125	124	122
IIB	141	132	122	118	127
KMB	138	132	135	134	144
YES	136	125	124	119	138
CUB	129	116	112	121	155
KBL	201	188	187	165	169
FB	132	130	124	120	117
KVB	135	133	134	125	124
RBL	152	127	125	130	133
IDFCB	118	115	115	114	116
AUBANK	123	119	118	119	119
Bandhan	200	168	161	136	134
EQUITASB	180	171	137	138	143
UJJIVANS	150	157	160	138	132
BOB	127	124	126	127	126
CBK	144	132	126	117	115
INBK	137	129	127	123	127
PNB	148	142	130	126	141
SBI	138	143	138	124	126
UNBK	132	127	124	114	121

Source: Emkay Research

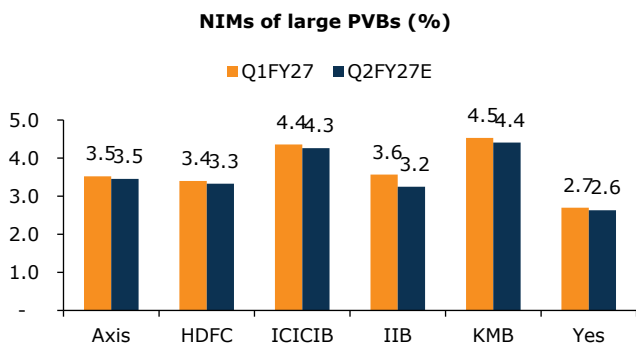
This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Exhibit 16: NII to pick up sequentially due to better loan growth...

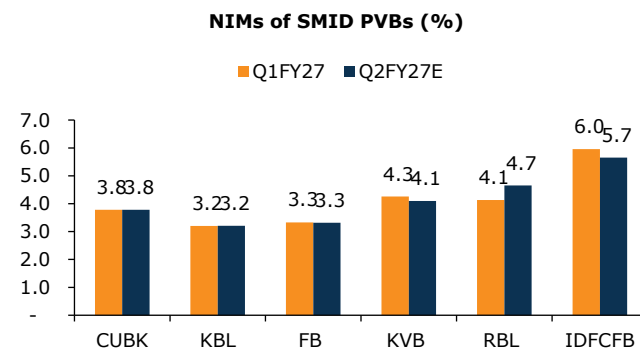
Source: Company, Emkay Research

Exhibit 17: ...while with better other income and controlled opex, PPOP growth should improve in 2Q

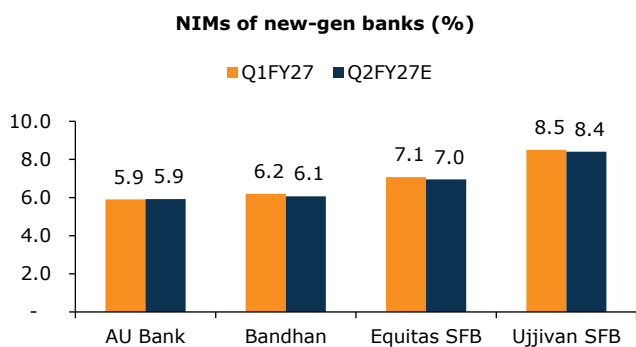
Source: Company, Emkay Research

Exhibit 18: Large PVBs may see contraction in NIM due to FCNR flows...

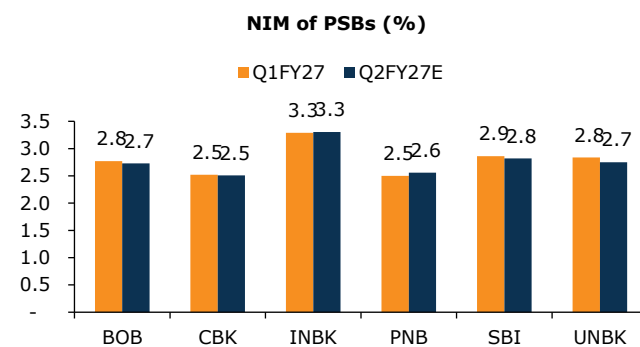
Source: Company, Emkay Research

Exhibit 19: ...as well as for SMID PVBs

Source: Company, Emkay Research

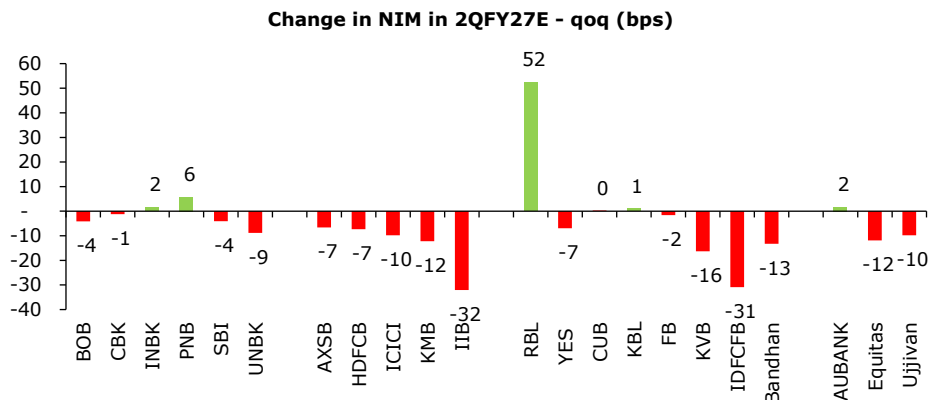
Exhibit 20: Margins of new-gen banks largely to remain stable to marginal decline QoQ

Source: Company, Emkay Research

Exhibit 21: PSBs' margin to be largely stable for CBK, INBK, PNB due to lower FCNR(B) flows

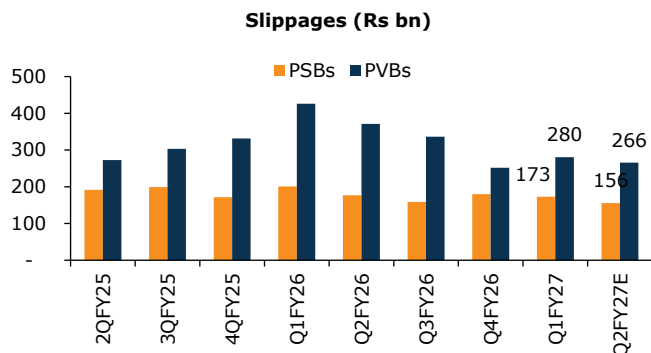
Source: Company, Emkay Research

Exhibit 22: FCNR inflows to compress bank NIMs, with recovery expected in 2H as liquidity is deployed; RBL margin expected to expand by 52bps due to full benefit of NBD Capital infusion



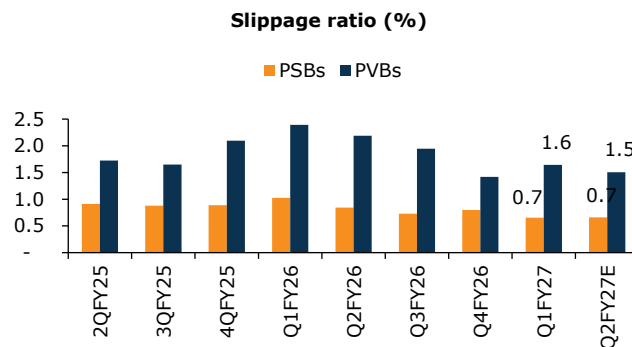
Source: Emkay Research

Exhibit 23: Overall slippages to moderate as PSBs are likely to witness lower agri slippages; for PVBs, slippages expected to be contained as unsecured retail stress eases...



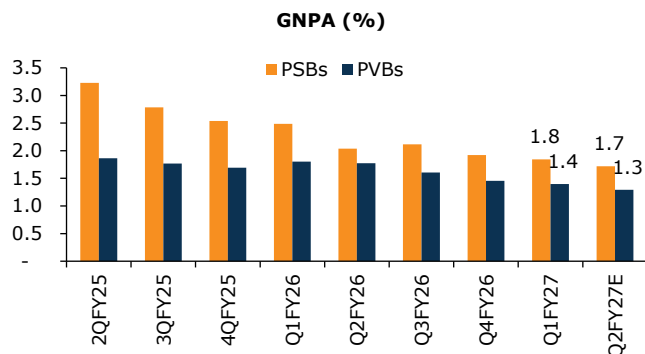
Source: Company, Emkay Research

Exhibit 24: ...as well as slippage ratio



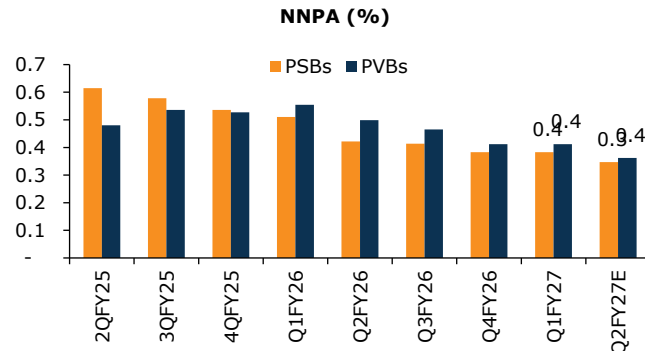
Source: Company, Emkay Research

Exhibit 25: GNPA ratio is expected to improve owing to a moderation in slippages and better recoveries/write-offs...

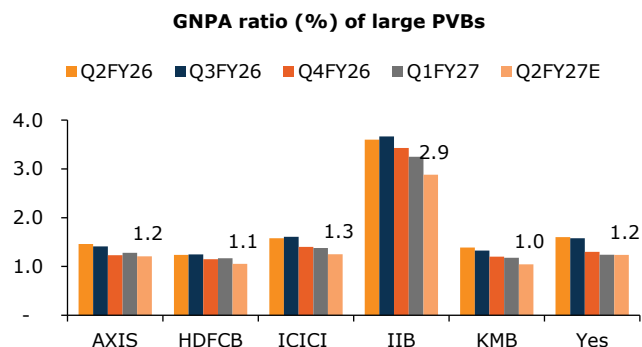


Source: Company, Emkay Research

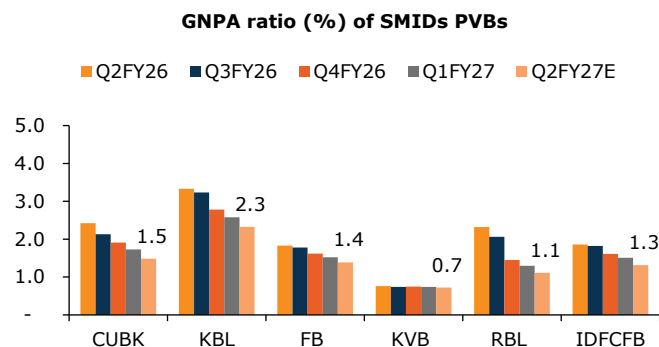
Exhibit 26: ...as well as for NNPA ratio



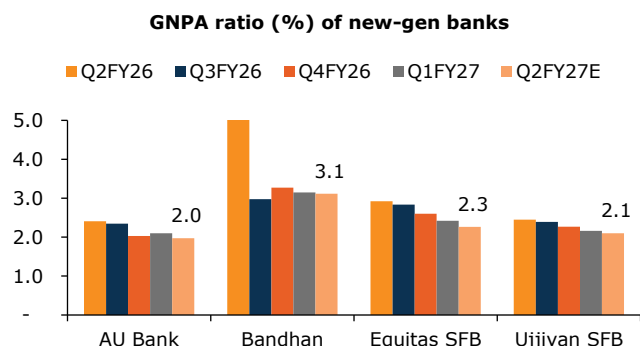
Source: Company, Emkay Research

Exhibit 27: GNPA ratio for large PVBs expected to improve qoq...

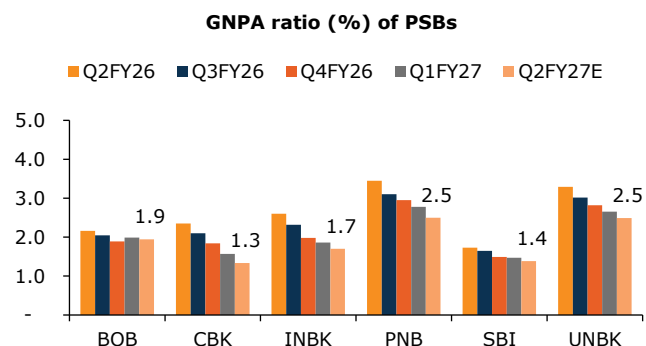
Source: Company, Emkay Research

Exhibit 28: ...as well as for SMID PVBs

Source: Company, Emkay Research

Exhibit 29: With MFI stress eases, SFBs' GNPA to improve qoq

Source: Company, Emkay Research

Exhibit 30: Lower slippages and better recoveries to improve PSBs' GNPA ratio

Source: Company, Emkay Research

Exhibit 31: Profitability is expected to improve, led by better credit growth, flat/slight drop in margins, and lower credit costs, partly offset by lower treasury gains

(Rs bn)	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27E	yoy (%)	qoq (%)
NII	1,890	1,957	1,999	2,076	2,127	12.5	2.5
Non-interest Income	789	825	785	799	887	12.4	11.1
Total Net Income	2,679	2,782	2,784	2,875	3,014	12.5	4.9
PPOP	1,359	1,431	1,405	1,536	1,593	17.2	3.8
LLP	285	252	221	231	260	(8.7)	12.6
PAT	804	896	943	942	1,008	25.4	7.0
PAT – PVBs	431	452	508	531	537	24.6	1.2
PAT – PSBs	373	444	434	411	471	26.2	14.5

Source: Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquessolutions)

Exhibit 32: Valuation summary for banks under our coverage

Company	Reco	TP (Rs)	Market cap	ROA (%)			ROE (%)			P/ABV (x)			ABV (Rs)			EPS (Rs)		
			(Rs bn)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Large PVBs																		
AXIS	BUY	1,600	3,877	1.5	1.5	1.6	13.4	14.4	14.9	1.6	1.4	1.2	716	825	954	95	116	138
HDFCB	BUY	1,050	10,674	1.8	1.8	2.0	13.7	14.8	16.3	1.5	1.3	1.2	389	434	492	53	63	78
ICICIB	BUY	1,785	9,684	2.3	2.2	2.1	16.8	15.8	15.7	2.0	1.8	1.6	518	591	673	84	91	102
IIB	BUY	1,200	673	0.8	1.0	1.2	6.8	9.1	10.9	1.2	1.1	1.0	719	783	871	58	85	111
KMB	ADD	460	4,327	2.0	2.0	2.0	11.8	12.5	12.9	1.9	1.7	1.5	148	167	189	17	20	24
YES	SELL	20	642	0.9	1.2	1.3	9.0	11.9	13.1	1.2	1.0	0.9	18	20	22	2	2	3
Small-mid PVBs																		
CUBK	BUY	300	218	1.5	1.7	1.6	13.9	15.9	16.3	1.4	1.2	1.0	157	181	210	21	28	33
KBL	ADD	325	121	1.4	1.3	1.4	13.8	13.7	14.1	0.9	0.8	0.7	365	417	478	51	58	68
FB	BUY	400	793	1.3	1.4	1.4	13.4	13.8	14.4	1.8	1.6	1.4	175	197	225	22	25	31
KVB	BUY	390	318	2.0	1.8	1.7	19.4	17.5	16.6	1.9	1.6	1.4	171	200	231	31	33	36
RBL	BUY	430	622	0.9	1.3	1.5	10.8	15.6	16.7	1.4	1.2	1.0	290	335	390	30	50	62
IDFC	ADD	90	677	1.0	1.0	1.1	9.0	10.3	11.9	1.3	1.2	1.1	59	66	73	5	7	8
New age PVBs/SFBs																		
AU SFB	Reduce	950	733	1.7	1.7	1.7	16.5	17.4	18.9	3.3	2.8	2.3	298	354	424	49	60	77
BANDHAN	BUY	240	251	1.0	1.2	1.5	8.5	11.1	14.0	1.0	0.9	0.8	163	180	204	14	20	28
EQUITAS	ADD	75	76	1.2	1.3	1.5	12.1	14.2	17.3	1.2	1.0	0.9	57	65	76	7	9	13
UJJIVAN	BUY	85	122	2.0	1.9	2.0	17.4	17.7	18.9	1.5	1.3	1.1	40	48	57	7	8	10
PSBs																		
BOB	BUY	300	1,210	0.9	1.0	1.0	12.4	13.0	13.6	0.7	0.7	0.6	316	351	391	39	45	52
CANARA	BUY	150	1,064	1.0	1.0	1.0	17.3	16.9	16.5	0.9	0.8	0.7	131	151	173	22	25	27
INDIAN	BUY	1,000	1,088	1.3	1.2	1.2	17.9	16.5	16.0	1.3	1.2	1.0	608	694	791	102	109	120
PNB	BUY	135	1,325	1.0	1.0	1.0	14.8	15.5	15.4	0.9	0.8	0.7	124	141	159	18	21	24
SBI	BUY	1,350	8,677	1.1	1.1	1.1	16.3	15.8	15.6	1.0	0.9	0.8	593	678	775	96	107	120
UNBK	Reduce	180	1,309	1.3	1.1	1.1	16.1	14.7	14.2	1.0	0.9	0.9	176	199	224	27	28	31

Source: Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 33: Change in estimates

	Change in EPS									Change in TP		
	FY27E			FY28E			FY29E			Earlier	Revised	% chg
	Earlier	Revised	% chg	Earlier	Revised	% chg	Earlier	Revised	% chg			
Large PVBs												
AXIS	102	95	-7.3%	127	116	-8.2%	153	138	-9.4%	-	-	-
HDFCB	56	53	-5.6%	65	63	-2.3%	79	78	-1.5%	1,225	1,050	-14.3%
ICICIB	77	84	9.1%	87	91	4.7%	100	102	2.8%	-	-	-
IIB	61	58	-4.6%	87	85	-2.2%	123	111	-9.8%	-	-	-
KMB	17	17	3.1%	19	20	4.1%	23	24	3.6%	430	460	7.0%
YES	2	2	1.9%	2	2	20.1%	2	3	23.1%	-	-	-
Small-Mid PVBs												
CUBK	22	21	-3.6%	26	28	7.1%	30	33	7.7%	350	300	-14.3%
KBL	38	51	35.4%	42	58	37.1%	49	68	38.7%	280	325	16.1%
FB	22	22	1.7%	25	25	-1.0%	32	31	-3.4%	-	-	-
KVB	28	31	9.9%	31	33	7.2%	34	36	6.4%	-	-	-
RBL	29	30	4.2%	41	50	22.0%	51	62	21.2%	-	-	-
IDFCB	4	5	27.1%	7	7	0.6%	9	8	-3.8%	85	90	5.9%
New Age PVBs/SFBs												
AU Bank	49	49	-0.7%	61	60	-2.4%	80	77	-3.3%	-	-	-
BANDHAN	14	14	1.9%	20	20	0.0%	28	28	-0.5%	-	-	-
EQUITAS	4	7	81.3%	9	9	4.8%	13	13	-2.3%	-	-	-
UJJIVAN	6	7	13.5%	8	8	4.3%	10	10	0.7%	-	-	-
PSBs												
BOB	40	39	-2.7%	46	45	-2.0%	53	52	-1.7%	350	300	-14.3%
CANARA	22	22	0.1%	24	25	2.9%	25	27	7.9%	160	150	-6.3%
INBK	92	102	10.9%	104	109	4.3%	111	120	8.4%	-	-	-
PNB	17	18	7.9%	18	21	18.6%	19	24	24.3%	-	-	-
SBIN	89	96	8.1%	104	107	3.1%	117	120	2.0%	-	-	-
UNBK	21	27	30.2%	22	28	28.6%	23	31	34.4%	160	180	12.5%

Source: Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

2QFY27E preview summary

Exhibit 34: Our coverage universe – 2QFY27E preview summary...

Banks	NII (Rs mn)			PPOP (Rs mn)			Provisions (Rs mn)			Net profit (Rs mn)		
	2QFY27E	qoq (%)	yoy (%)	2QFY27E	qoq (%)	yoy (%)	2QFY27E	qoq (%)	yoy (%)	2QFY27E	qoq (%)	yoy (%)
PSBs												
BOB	127,506	1.8	6.7	84,852	4.4	12.0	15,000	133.3	21.7	52,389	309.8	8.9
Canara	106,604	4.4	16.6	89,306	3.4	4.0	22,000	5.8	-6.5	50,345	3.7	5.5
Indian	77,235	3.9	17.9	58,537	5.3	21.0	12,000	0.4	62.5	35,833	9.5	18.7
PNB	115,335	6.8	10.2	77,870	3.6	7.7	8,000	47.8	24.4	52,263	-0.5	6.6
SBI	474,049	0.9	10.3	364,933	8.8	33.6	58,000	14.9	7.4	229,586	8.7	47.5
Union	101,077	0.7	14.7	81,528	1.9	19.6	14,000	42.9	0.2	50,511	-5.3	18.9
Total PSBs	1,001,807	2.2	11.4	757,025	6.1	21.4	129,000	23.0	9.6	470,927	14.5	26.2
PVBs												
AXSB	150,160	2.5	9.3	117,823	1.1	13.2	22,000	-1.0	-38.0	71,580	0.6	40.6
HDFCB	339,396	1.2	7.6	283,577	0.7	1.6	32,000	4.6	-8.6	192,457	1.0	3.2
ICICI	252,797	3.7	17.4	207,466	1.8	19.9	16,000	26.9	75.0	147,429	-0.4	19.3
KMB	81,942	3.4	12.1	63,462	3.5	20.5	6,800	1.8	-28.2	42,496	3.1	30.6
IndusInd	44,991	-4.0	2.0	25,104	-9.5	22.6	13,000	-6.1	-50.6	9,078	-12.5	na
RBL	20,950	26.6	35.1	12,494	35.4	71.5	5,800	-3.2	16.1	5,020	97.9	181.2
YES	28,314	1.6	23.1	16,116	-5.4	24.3	1,500	-62.0	-64.2	10,962	2.4	67.5
CUB	8,465	3.2	27.0	5,976	2.9	27.0	1,000	28.2	75.4	3,931	2.8	19.6
KBL	9,769	4.1	34.2	6,346	9.3	44.2	800	178.7	298.6	4,381	4.6	37.3
Federal	30,586	3.8	22.6	20,726	9.2	26.1	3,500	10.2	-3.6	12,885	9.5	34.9
KVB	14,571	2.4	15.5	11,945	9.0	17.4	2,000	121.5	-27.1	7,658	1.3	33.4
AUBANK	28,347	5.2	32.2	15,667	9.1	29.5	4,000	7.7	-16.8	8,750	9.9	56.0
IDFC First	61,855	3.6	21.0	25,254	-1.1	34.3	12,000	4.9	-17.3	9,941	-7.5	182.2
Bandhan	29,903	2.4	15.5	14,086	3.7	7.5	7,000	2.6	-39.3	5,300	5.7	373.8
Equitas	10,703	4.0	38.3	4,249	5.0	76.6	1,650	2.7	-20.3	1,949	6.2	707.7
Ujjivan	12,303	3.6	33.5	6,101	11.3	54.4	1,800	41.4	-23.4	3,226	1.9	165.0
Total PVBs	1,125,052	2.7	13.5	836,393	1.8	13.7	130,850	3.9	-21.7	537,044	1.2	24.6
Total Banks	2,126,860	2.5	12.5	1,593,418	3.8	17.2	259,850	12.6	-8.7	1,007,970	7.0	25.4

Source: Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquessolutions)

Exhibit 35: Continued...Our coverage universe – 2QFY27E preview summary

Banks	Loan Book (Rs bn)			Deposits (Rs bn)			LDR (%)	
	2QFY27E	qoq (%)	yoy (%)	2QFY27E	qoq (%)	yoy (%)	2QFY27E	1QFY27
PSBs								
BOB	14,903	6.8	18.4	17,513	7.2	16.7	85.1	85.4
Canara	13,596	6.4	20.3	16,972	5.3	11.1	80.1	79.3
Indian	7,116	5.7	17.6	8,730	3.4	12.4	81.5	79.7
PNB	13,427	8.2	18.4	17,771	3.0	9.9	75.6	72.0
SBI	51,905	4.0	19.0	63,466	5.7	13.5	81.8	83.1
Union	11,559	7.8	21.9	13,195	2.8	6.9	87.6	83.6
Total PSBs	112,506	5.6	19.2	137,646	5.0	12.4	81.7	81.3
PVBs								
AXSB	13,728	8.8	22.9	14,521	5.8	20.7	94.5	91.9
HDFCB	31,966	5.2	16.4	33,275	4.9	18.8	96.1	95.8
ICICI	17,747	8.8	26.0	20,322	10.8	26.0	87.3	89.0
KMB	5,771	12.7	24.7	6,515	13.7	23.2	88.6	89.4
IndusInd	3,624	11.1	11.2	4,290	3.4	10.1	84.5	78.7
RBL	1,422	22.3	41.4	1,563	25.2	34.0	91.0	93.1
YES	3,097	8.6	23.8	3,541	12.3	19.5	87.5	90.4
CUB	714	6.8	26.0	841	6.0	21.0	84.9	84.3
KBL	906	6.5	25.6	1,151	4.3	12.0	78.7	77.1
Federal	2,936	5.8	20.0	3,351	4.7	16.0	87.6	86.7
KVB	1,116	7.2	21.0	1,281	4.5	16.0	87.1	84.9
AUBANK	1,484	7.1	28.2	1,705	8.1	28.6	87.1	87.9
IDFC First	3,356	13.9	30.5	3,486	11.8	25.9	96.3	94.4
Bandhan	1,548	2.1	15.0	1,727	4.7	9.2	89.7	92.0
Equitas	477	6.7	31.3	528	7.9	19.8	90.4	91.3
Ujjivan	449	6.9	32.8	506	5.2	29.2	88.6	87.2
Total PVBs	90,340	7.9	21.2	98,604	7.5	20.7	91.6	91.3
Total Banks	202,845	6.6	20.1	236,250	6.1	15.7	85.9	85.4

Source: Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquessolutions)

Exhibit 36: Continued...Our coverage universe – 2QFY27E preview summary

Banks	NIM (%)			GNPA (%)			Slippages (Rs mn)	
	2QFY27E	qoq (bps)	yoy (bps)	2QFY27E	qoq (bps)	yoy (bps)	2QFY27E	%
PSBs								
BOB	2.7%	-4	-23	1.9	(5)	(22)	32,000	1.0
Canara	2.5%	-1	1	1.3	(23)	(101)	20,000	0.7
Indian	3.3%	2	8	1.7	(16)	(90)	13,500	0.9
PNB	2.6%	6	-4	2.5	(28)	(95)	20,000	0.7
SBI	2.8%	-4	-15	1.4	(9)	(35)	50,000	0.5
Union	2.7%	-9	8	2.5	(16)	(80)	20,000	0.8
Total PSBs				1.7	(14)	(56)	155,500	0.7
PVBs								
AXSB	3.5%	-7	-28	1.2	(7)	(25)	51,000	1.8
HDFCB	3.3%	-7	-7	1.1	(11)	(18)	75,000	1.1
ICICI	4.3%	-10	-4	1.3	(13)	(33)	50,000	1.4
KMB	4.4%	-12	-13	1.0	(13)	(34)	13,500	1.2
IndusInd	3.2%	-32	-7	2.9	(37)	(72)	17,500	1.9
RBL	4.7%	52	14	1.1	(18)	(121)	8,800	2.5
YES	2.6%	-7	13	1.2	(0)	(36)	12,000	1.9
CUB	3.8%	0	15	1.5	(25)	(94)	2,000	1.4
KBL	3.2%	1	49	2.3	(25)	(100)	2,000	1.1
Federal	3.3%	-2	25	1.4	(13)	(44)	4,400	0.7
KVB	4.1%	-16	33	0.7	(2)	(4)	1,650	0.7
AUBANK	5.9%	2	42	2.0	(13)	(44)	8,500	2.9
IDFC First	5.7%	-31	6	1.3	(19)	(54)	18,000	2.8
Bandhan	6.1%	-13	27	3.1	(4)	(190)	10,000	3.0
Equitas	7.0%	-12	66	2.3	(16)	(66)	4,100	4.5
Ujjivan	8.4%	-10	50	2.1	(6)	(35)	1,800	1.6
Total PVBs				1.3	(14)	(38)	280,250	1.5
Total Banks				1.5	(14)	(49)	435,750	1.0

Source: Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquessolutions)

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

This report is intended for Team White Marque Solutions (team.emkay@whitemarquessolutions.com)

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons¹ may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of October 08, 2026
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report

Disclosure of previous investment recommendation produced:

- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of October 08, 2026
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the October 08, 2026
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

This report is intended for Team White Marque Solutions (team.emkay@whitemarquessolutions)

OTHER DISCLAIMERS AND DISCLOSURES:**Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) :-**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.

CHIRAG
UTTAM
JAIN

Digitally signed
by CHIRAG

UTTAM JAIN

Date: 2026.10.08

20:47:41 +05'30'

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions.com)