



TM

Indian Banking Sector

05 January 2026

Sequential advances growth to be strong and NIMs to broadly stabilize

Bank Net Interest Margins (NIMs) are anticipated to remain largely stable in the third quarter. Although the yield on advances (YOA) continues to decline, the positive impact from prior term deposits' (TD) rate reductions is expected to become evident this quarter onwards. This, along with advantages from Cash Reserve Ratio (CRR) reductions, should help maintain steady margins. The profitability is expected to improve YoY led by (i) Sustained sequential advances growth, (ii) Higher fee income growth (iii) Lower credit costs. As expected, the healthy advances growth momentum has sustained while the stress in unsecured segment continues to moderate. Going forward, we expect (i) Growth momentum in advances to sustain, arising from (a) lower interest rates (b) benefits due to GST rate reduction (c) higher tax limits (ii) Net Interest Margins to see a dip in Q4 but improve from there on as cost of deposits is expected to trend lower with reprising of existing book (iii) normalisation of unsecured segment slippages, resulting in lower credit cost. We have a coverage on 12 banks (see the table on the left for bank-wise recommendation and target price) of which our top 5 picks are BOB, ICICIBC, UNBK, AXSB and HDFCB.

Sustained growth momentum in banking system level advances: As per reserve bank of India (RBI) data, banking system Advances expanded at a healthy rate of 4.5% QoQ and 11.7% YoY as of 12 Dec 2025. RBI's sectoral deployment of bank credit shows an uptick in industrial segment advances from 7.3% YoY in Sep 2025 to 9.6% in Nov 2025 led by Micro & Small segment which grew by 24.6% YoY. Growth in the large industry segment improved from 2.4% in Sep 2025 to 4.6% in Nov 2025. Advances growth in the services segment too improved from 10.2% in Sep 2025 to 11.7% in Nov 2025. Retail loan segment growth momentum improved to 12.8% in Nov 2025 versus 11.7% in Sep 2025. The credit card segment witnessed a further slowdown in YoY advances from 3.7% in Sep 2025 to 2.4% in Nov 2025 with an exception in the month of Oct-25. Growth in the vehicle loan segment picked up to 12.4% in Nov 2025 from 7.3% in Sep 2025. The growth in other personal loans too improved to 8.9% YoY in Nov 25 as against 7.8% in Sep-25. We estimate aggregate advances growth of 11.6% YoY and 3.2% QoQ **for our coverage universe**; KMB, BOM, BOB, INBK, BOI, SBIN and HDFCB are expected to outpace the YoY average growth of our coverage universe.

Deposit growth continues to lag advances growth: RBI WSS data of 12 Dec 2025 shows system-level deposit growth at 2.3% QoQ and 9.7% YoY. Deposit growth picked up marginally as compared to 9.5% reported in Sep 2025. Deposits YoY growth was higher than advances growth in 1HFY26 upto Aug-2025. However, with advances growth outpacing deposits growth the credit-deposit ratio has again been on uptrend and has increased to 81.1% in Dec 25 as compared to 80.3% In Sep 25. The banking system too has seen surplus liquidity since the start of FY26. This trend was briefly reversed at the start of Dec-25 but has been reversed since. The issuance of fresh certificate of deposits was up by 31% YoY during the quarter. **For our coverage universe**, we assume aggregate deposit growth of 9.4% YoY and 2.1% QoQ; we believe KMB, INBK, BOM, BOI, HDFCB, AXSB, BOB and SBIN could outpace the YoY average growth of our coverage universe average.

3QFY26 RESULT PREVIEW

Industry		Banking	
Banking coverage - rating and target price			
Company	Rating	CMP (Rs)	TP (Rs)
BOB	BUY	306	360
ICICIBC	BUY	1,356	1,590
UNBK	BUY	157	183
AXSB	BUY	1,269	1,475
HDFCB	BUY	1,000	1,160
SBIN	BUY	1,006	1,165
KMB	BUY	2,190	2,530
BOI	BUY	149	172
BOM	BUY	64	73
FED	HOLD	267	275
INBK	HOLD	861	880
IIB	HOLD	902	900

Source: Systematix Research

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Margins to broadly stabilise in 3Q as deposit repricing benefit and CRR cuts start to kick in: The yield on advances for private banks to be under pressure as the impact of 50 bps repo rate cut plays out with a lag effect. The PSBs will have some impact of 25bps repo rate cut announced in Dec-2025. The downward trend in 1-year MCLR has continued. Within the floating rate loans the share of EBLR linked loans stood at 47.2% for PSBs and 87.9% for PVBs. Within our 12 coverage banks AXSB has the highest share of EBLR linked loans in total advances at 65.3% followed by BOI at 60%. Most banks have reduced rates on both savings accounts and term deposits earlier in the cycle to protect their margins. While the savings account rate cuts had an immediate impact on the cost of funds, the benefits from term deposit rate reduction due to the lagged repricing of existing fixed-rate deposits are expected to become more visible from this quarter onward. The spread between outstanding WALR and WADTDR for 2M 3QFY26 over 2QFY26 was up by 1 bps for PSBs and 6bps for PVBs indicating a stability in margins. We expect margins to remain stable in 3QFY26 due to (i) Benefit of term deposits repricing kicking in (ii) benefit of CRR cut. **Overall, for our coverage universe, we expect NIMs to remain largely stable sequentially. Out of 12 banks in our universe, we expect NIMs to marginally decline for 5 banks ranging from -5bps to -1bp while we expect NIMs for 5 banks to improve marginally in the range of 5 bps to 1bp.**

Fee Income growth expected to improve sequentially, given the expected uptick in advances but trading gains to decline: Fee income is expected to witness an uptick with improvement in advances growth. Given that benchmark 10yr G-Sec yields on an average for the quarter have further improved by 10bps (in 3QFY26 vs 2QFY26) vs +10bps (in 2QFY26 vs 1QFY26), the quantum of trading gains are likely to decline further sequentially. The period end G-Sec yield is up marginally by 1bp from Sep'25 to Dec'25 (vs +25bps in Q2FY26).

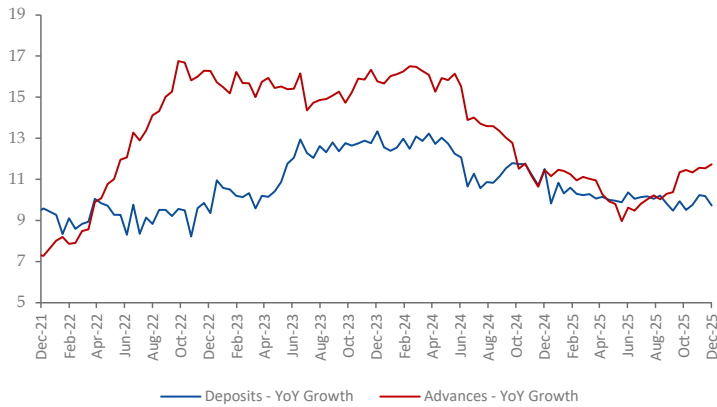
Total Operating Expenses growth expected to be stable sequentially: Business activities typically accelerate in 2Q following a seasonal lull in 1Q, resulting in an uptick in total operating expenses. For 3Q, activity levels are projected to remain stable. Further, any lag effect relating to annual appraisals would have been accounted for in 2Q. Thus, employee costs are expected to remain stable sequentially. Combining both these factors, the growth in total operating expenses is expected to largely remain flat sequentially.

Slippages could be marginally higher due to seasonally high agri slippages: The slippages in the unsecured loans segment which were elevated for the last few quarters witnessed some degree of stabilisation in 2QFY26. The slippages in MFI are expected to further witness some moderation. However, agriculture related loans could witness some spike in slippages since historically, 1Q and 3Q are seasonally weak quarters. Broadly slippages are expected to remain stable for most coverage banks barring a few exceptions. The healthy trend of recoveries and upgrades is also expected to continue in 3Q.

The aggregate profitability for our coverage universe is expected to improve YoY but remain stable sequentially: In Q3 except for IIB, BOI, UNBK and AXSB we expect the YoY profitability to increase for our coverage universe while remaining stable sequentially. A shift in the expected earnings growth momentum is being observed; while a YoY de-growth of -5.1% was anticipated on an overall basis in 2QFY26, an improvement of 3.7% is now expected for 3QFY26 for our coverage universe. This expected shift in momentum is driven by (1) Sustained YoY growth in advances along with QoQ stability in margins (2) improved fee income (3) Sequentially stable total operating expenses.

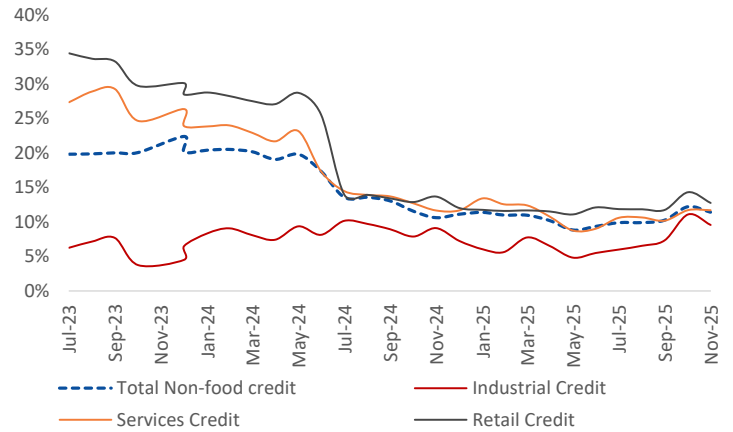
Growth and Margin Aspect Trends

Exhibit 1: Advances and Deposits YoY Growth (%)



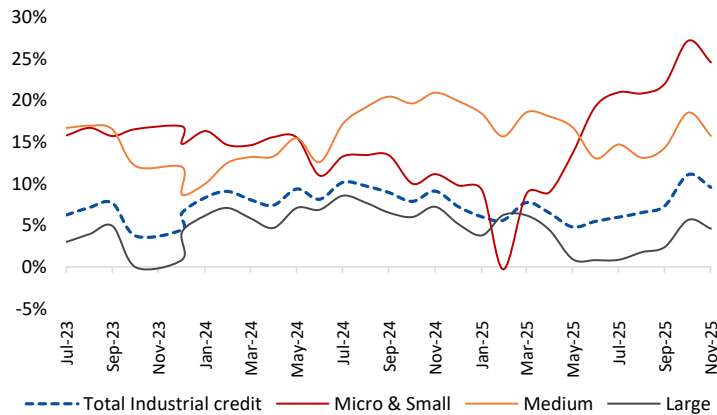
Source: RBI, Systematix Research

Exhibit 2: Non-Food Credit and Key Segments' YoY Growth (%)



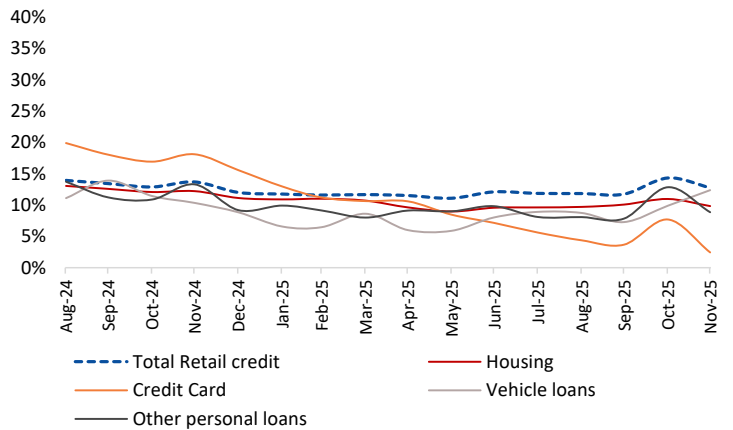
Source: RBI, Systematix Research

Exhibit 3: Industry and Key Segments' YoY growth (%)



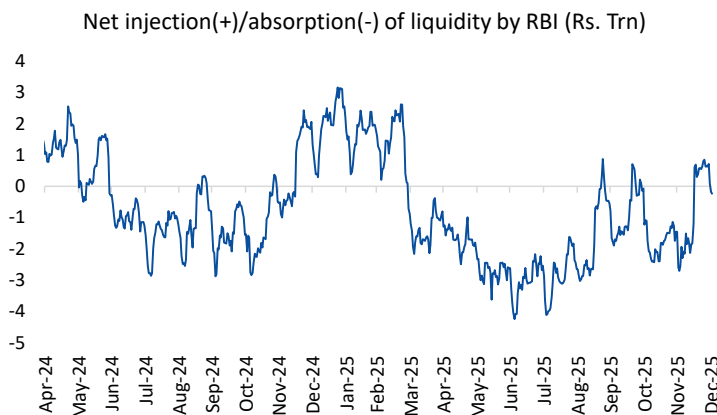
Source: RBI, Systematix Research

Exhibit 4: Retail and Key Segments YoY Growth (%)



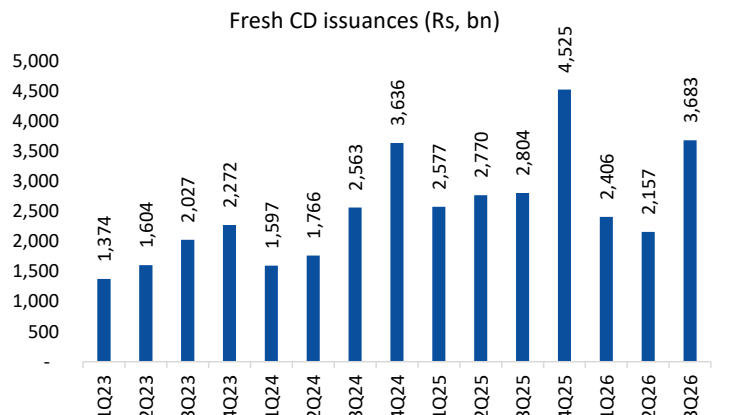
Source: RBI, Systematix Research

Exhibit 5: Banking System Liquidity (Rs Trn)



Source: CMIE, Systematix Research

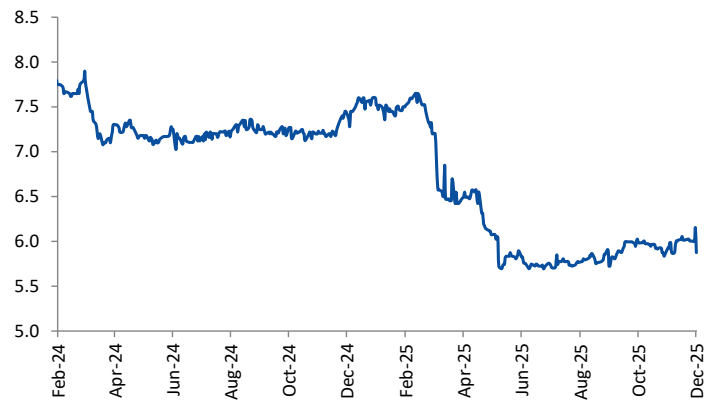
Exhibit 6: Fresh issuance of Certificate of Deposits (Rs bn)



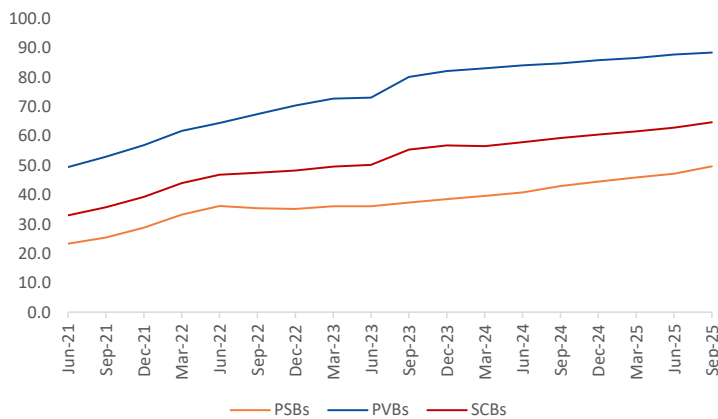
Source: RBI, Systematix Research

Exhibit 7: Commercial Paper Rates (%)

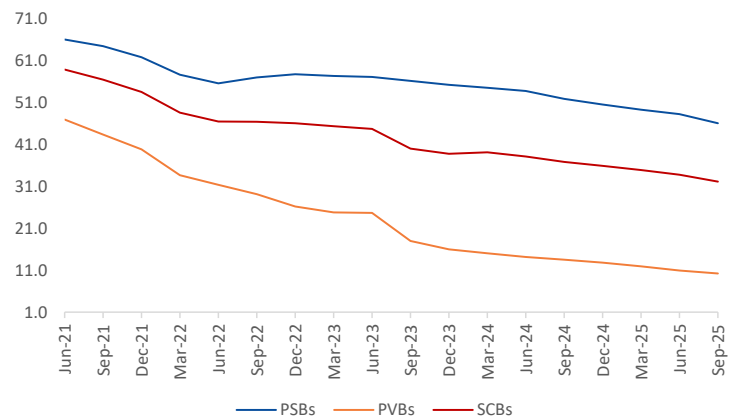
Source: Bloomberg, Systematic Research

Exhibit 8: CD Rates (%)

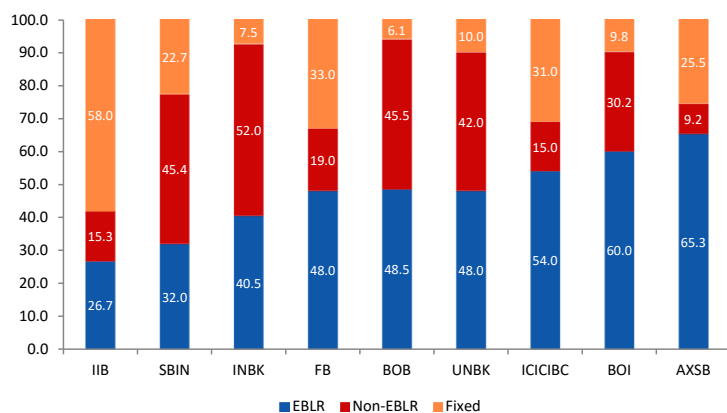
Source: Bloomberg, Systematic Research

Exhibit 9: Share of EBLR Linked Loans in Floating Rate Book (%)

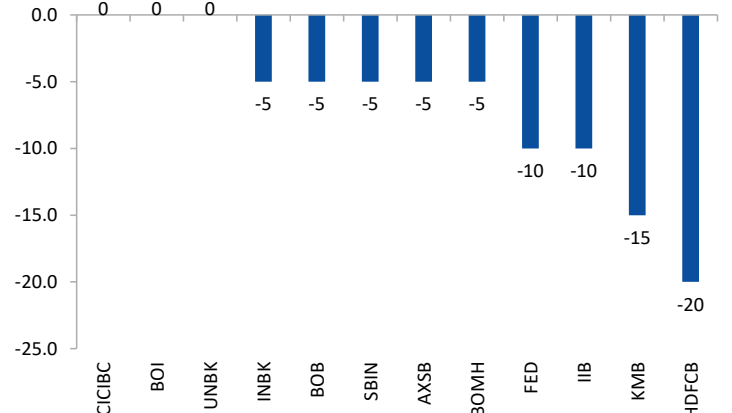
Source: RBI, Systematic Research

Exhibit 10: Share of MCLR Linked Loans in Floating Rate Book (%)

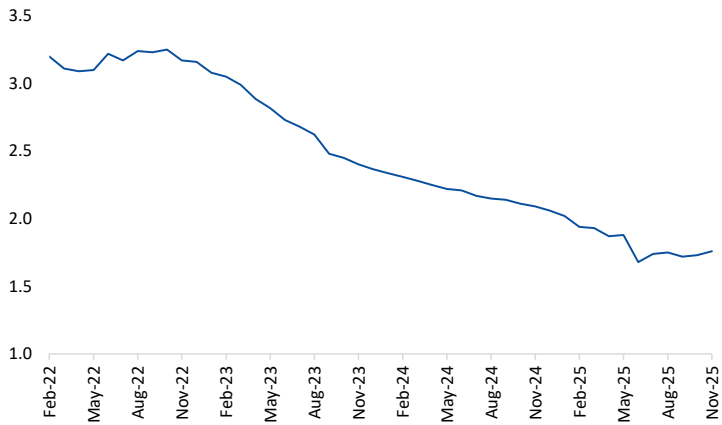
Source: RBI, Systematic Research

Exhibit 11: Bank-wise Loan Mix by Rate Category (%)

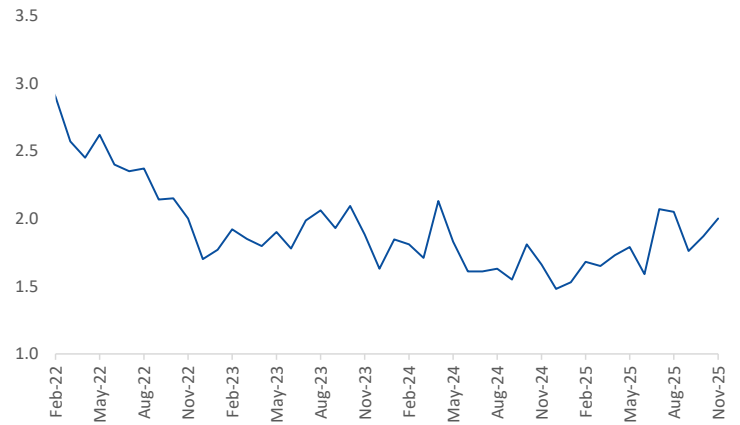
Source: Company, Systematic Research

Exhibit 12: QoQ Change in MCLR (Sep'25 to Dec'25) - bps.

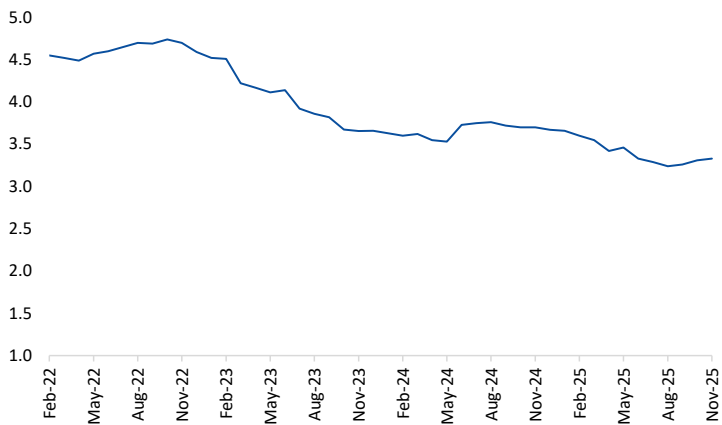
Source: Company, Systematic Research

Exhibit 13: Spreads* for PSBs on outstanding loans

Source: RBI, Systematix Research

Exhibit 14: Spreads* for PSBs for fresh loans

Source: RBI, Systematix Research

Exhibit 15: Spreads* for PVBs on outstanding loans

Source: Company, Systematix Research

Exhibit 16: Spreads* for PVBs for fresh loans

Source: Company, Systematix Research

*N.B.: Spreads are a difference of Weighted Average Lending Rate (WALR) and Weighted Average Domestic Term Deposit Rate (WADTDR).

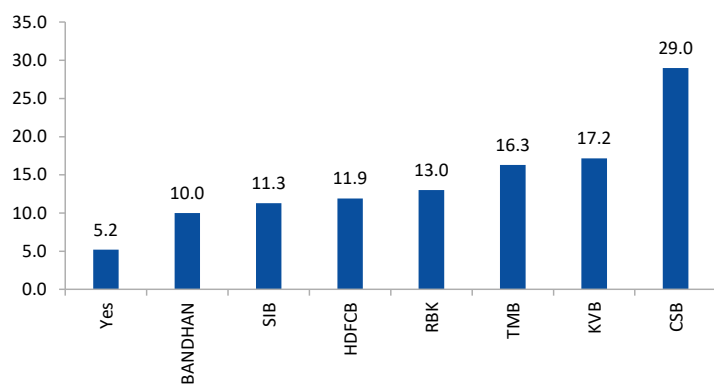
Provisional 3QFY26 Growth Data

Exhibit 17: Provisional Advances, Deposits and CASA for 3QFY26

Rs, bn.	Advances	QoQ (%)	YoY (%)	Deposits	QoQ (%)	YoY (%)	CASA (%)	QoQ (bps)	YoY (bps)
Private Sector Banks									
KVB	8,284	4.7	17.2	9,916	3.7	15.6	NA	NA	NA
HDFCB	28,445	2.7	11.9	28,595	2.1	11.5	33.6	-27	-43
CSB	3,721	1.1	29.0	4,046	1.0	21.0	NA	NA	NA
RBL	1,045	2.0	13.0	1,167	3.0	12.0	30.9	-100	-190
SIB	968	4.9	11.3	1,182	2.2	12.2	31.8	-2	60
BANDHAN	1,452	3.7	10.0	1,567	-0.9	11.1	27.3	-70	-447
TMB	508	8.0	16.3	567	2.3	12.5	27.9	59	50
Yes	2,575	3.9	5.2	2,925	-1.3	5.5	34.0	-30	-110
Public Sector Banks									
BOI	7,398	4.3	13.6	8,873	4.0	11.6	NA	NA	NA
UNBK	10,168	4.3	7.1	12,229	-1.0	3.4	34.0	139	55
BOB	13,439	5.1	14.6	15,467	3.1	10.3	NA	NA	NA
PNB	12,322	5.4	11.0	16,604	2.7	8.5	NA	NA	NA
INBK	6,400	2.9	14.5	7,900	1.8	12.5	39.0	178	56
UCO	2,430	5.2	16.3	3,100	1.6	10.7	38.4	30	44

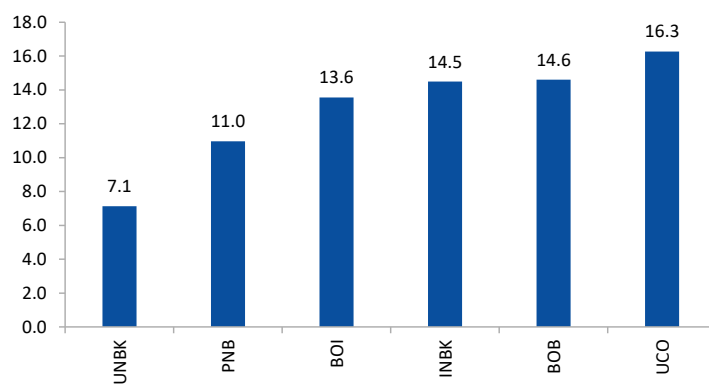
Source: Company, Systematix Research

Exhibit 18: Private Bank's YoY Advance Growth for 3QFY26



Source: Company, Systematix Research

Exhibit 19: PSU Bank's YoY Advances Growth for 3QFY26



Source: Company, Systematix Research

Bank-wise Preview for 3QFY26

Exhibit 20: Axis Bank - 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	1,39,763	1,37,446	1.7	1,36,059	2.7	The QoQ advances growth to be in line with the industry growth. The fall in YoA due interest income writebacks will not be completely off set by the fall in CoD, hence, NIM will witness a marginal contraction QoQ.
Other Income	67,218	66,246	1.5	59,722	12.6	Sequentially, fee income to be higher due to seasonality but treasury income to be lower due to hardening of average yields.
Total Income	2,06,981	2,03,691	1.6	1,95,781	5.7	
Operating expenses	97,388	99,566	-2.2	90,442	7.7	Due to lower one-off expense, operating expense is expected to be lower sequentially.
Operating profit	1,09,593	1,04,125	5.3	1,05,339	4.0	
Provisions	27,256	35,470	-23.2	21,556	26.4	Slippages are expected to remain elevated, driven by seasonally high agri slippages. The QoQ provisions are expected to de-grow due to a one-off provision expense of Rs 12.3bn in 2Q.
PAT	62,576	50,896	22.9	63,038	-0.7	

Source: Company, Systematix Research

Exhibit 21: Bank of Baroda – 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	1,21,894	1,19,536	2.0	1,14,169	6.8	The provisional QoQ advances growth of 5.1% was higher than the industry growth. The fall in YoA will not be completely off set by the fall in CoD, hence, NIM will witness a contraction QoQ.
Other Income	37,274	35,150	6.0	37,689	-1.1	Sequentially, fee income to be higher due to growth in business but treasury income to be almost similar.
Total Income	1,59,167	1,54,686	2.9	1,51,858	4.8	
Operating expenses	80,034	78,926	1.4	75,215	6.4	Total operating expense is expected to be in control and lag the advances growth on sequential basis.
Operating profit	79,133	75,760	4.5	76,642	3.2	
Provisions	13,527	12,325	9.8	10,823	25.0	Slippages are expected to increase sequentially due to higher agri slippages. Provisions are also expected to increase sequentially.
PAT	49,861	48,094	3.7	48,373	3.1	

Source: Company, Systematix Research

Exhibit 22: Bank of India - 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	60,334	59,138	2.0	60,703	-0.6	Provisional gross advances growth was at 4.3% QoQ. The fall in YoA will completely be off set by the fall in CoD, hence, NIM will be stable.
Other Income	21,135	22,198	-4.8	17,464	21.0	Sequentially, fee income to match advances growth but treasury income is expected to be lower due to hardening of average yields
Total Income	81,468	81,336	0.2	78,167	4.2	
Operating expenses	43,212	43,128	0.2	41,141	5.0	Employee expenses are expected to broadly grow in line with advances growth but other operating expense is expected to decline sequentially.
Operating profit	38,257	38,209	0.1	37,026	3.3	
Provisions	9,744	4,412	120.8	3,037	220.9	Slippages are expected to increase sequentially as upgrades were better in the previous quarter. Provisions are also expected to increase sequentially.
PAT	21,669	25,546	-15.2	25,167	-13.9	

Source: Company, Systematix Research

Exhibit 23: Bank of Maharashtra - 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	33,885	32,476	4.3	29,433	15.1	The QoQ advances growth to outpace industry growth. The fall in YoA will completely be offset by the fall in CoD, hence, NIMs to improve marginally.
Other Income	8,567	8,452	1.4	7,878	8.7	Sequentially, fee income to match advances growth and treasury income is expected to broadly remain stable
Total Income	42,451	40,928	3.7	37,311	13.8	
Operating expenses	15,576	15,186	2.6	14,280	9.1	Employee expenses are expected to broadly grow in line with advances growth, but other operating expense is expected to decline sequentially.
Operating profit	26,875	25,743	4.4	23,030	16.7	
Provisions	7,667	7,559	1.4	8,407	-8.8	Slippages are expected to increase sequentially due to seasonality. Provisions are also expected to marginally increase sequentially.
PAT	16,327	16,331	0.0	14,065	16.1	

Source: Company, Systematix Research

Exhibit 24: Federal Bank - 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	25,255	24,952	1.2	24,313	3.9	The QoQ advances growth to be lower than the industry growth. The fall in YoA will be completely off set by the fall in CoD, hence, NIM will remain stable QoQ
Other Income	10,706	10,822	-1.1	9,162	16.9	Sequentially, Fee income and other income to be broadly stable.
Total Income	35,961	35,774	0.5	33,475	7.4	
Operating expenses	19,348	19,332	0.1	17,781	8.8	Opex to be well in control with sequentially stable employee and other operating expense.
Operating profit	16,613	16,442	1.0	15,695	5.9	
Provisions	3,084	3,631	-15.1	2,923	5.5	Slippages are expected to decrease sequentially. Hence, provisions are also expected to be lower sequentially.
PAT	10,093	9,553	5.7	9,554	5.6	

Source: Company, Systematix Research

Exhibit 25: HDFC Bank - 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	3,26,068	3,15,515	3.3	3,06,533	6.4	The provisional gross advances growth was at 2.7% QoQ. The fall in YoA will be completely off set by the fall in CoD, hence, NIM will be marginally higher sequentially.
Other Income	1,23,060	1,43,500	-14.2	1,14,536	7.4	Sequentially, Fee income to be broadly stable but other income to be lower due to higher recoveries in Q2FY25.
Total Income	4,49,128	4,59,015	-2.2	4,21,068	6.7	
Operating expenses	1,79,692	1,79,779	0.0	1,71,064	5.0	Opex to be well in control with sequentially stable employee and other operating expense.
Operating profit	2,69,436	2,79,236	-3.5	2,50,004	7.8	
Provisions	27,821	35,005	-20.5	31,539	-11.8	Slippages are expected to increase marginally on sequential basis. However, provisions are also expected to be lower sequentially due to one-off higher provision in 2QFY26.
PAT	1,86,043	1,86,413	-0.2	1,67,355	11.2	

Source: Company, Systematix Research

Exhibit 26: ICICI Bank - 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	2,18,358	2,15,295	1.4	2,03,706	7.2	The QoQ advances growth to be lower than the industry growth. The fall in YoA will be completely off set by the fall in CoD, hence, NIM will be broadly stable QoQ.
Other Income	77,230	75,755	1.9	70,681	9.3	Sequentially, fee income to be higher with business growth but treasury income to be lower due to hardening of yields.
Total Income	2,95,587	2,91,050	1.6	2,74,387	7.7	
Operating expenses	1,17,005	1,18,070	-0.9	1,05,521	10.9	Both employee expense and Other opex is expected to be broadly stable QoQ.
Operating profit	1,78,582	1,72,980	3.2	1,68,866	5.8	
Provisions	14,271	9,141	56.1	12,267	16.3	Slippages are expected to increase sequentially, driven by seasonally high agri slippages. Hence, provisions are also expected to increase sequentially.
PAT	1,23,891	1,23,589	0.2	1,17,924	5.1	

Source: Company, Systematix Research

Exhibit 27: Indian Bank- 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	67,091	65,510	2.4	64,147	4.6	Provisional QoQ advances growth was at 2.9%. The fall in YoA will be completely off set by the fall in CoD, hence, NIM will be stable QoQ.
Other Income	24,532	24,866	-1.3	21,526	14.0	Sequentially, fee income to be higher due to growth in business but treasury income to be almost similar.
Total Income	91,623	90,376	1.4	85,673	6.9	
Operating expenses	41,373	42,011	-1.5	38,179	8.4	Total operating expense is expected to be in control and broadly similar on sequential basis.
Operating profit	50,250	48,365	3.9	47,494	5.8	
Provisions	7,661	7,386	3.7	10,591	-27.7	Slippages are expected to increase sequentially due to higher agri slippages. Provisions are also expected to increase sequentially.
PAT	31,516	30,182	4.4	28,524	10.5	

Source: Company, Systematix Research

Exhibit 28: IndusInd Bank- 3QFY26 preview

P&L (Rs, mn)	Q3 FY26E	Q2 FY26	QoQ (%)	Q3 FY25	YoY (%)	Result Expectations
Net Interest Income	44,027	44,094	-0.2	52,281	-15.8	The QoQ advances growth to be lower than the industry growth. The fall in YoA will be completely off set by the fall in CoD, hence, NIM will be broadly stable QoQ.
Other Income	16,772	16,480	1.8	23,502	-28.6	Sequentially, fee income to be broadly stable but non-fee other income is expected to be higher.
Total Income	60,799	60,573	0.4	75,783	-19.8	
Operating expenses	40,526	40,293	0.6	39,794	1.8	Total operating expense is expected to be in control and lag the advances growth on sequential basis.
Operating profit	20,273	20,280	0.0	35,989	-43.7	
Provisions	17,222	26,224	-34.3	17,436	-1.2	Slippages are expected to decrease sequentially, driven by lower MFI slippages. Hence, provisions are also expected to decrease sequentially.
PAT	2,288	-4,448	-151.4	14,013	-83.7	

Source: Company, Systematix Research

Exhibit 29: Kotak Mahindra Bank- 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	75,163	73,107	2.8	71,963	4.4	The QoQ advances growth to be higher than the industry growth. The fall in YoA will be completely off set by the fall in CoD, hence, NIM will be stable QoQ.
Other Income	28,603	25,892	10.5	26,228	9.1	Sequentially, fee income to be higher due to growth in business and treasury income to also be higher.
Total Income	1,03,766	98,999	4.8	98,191	5.7	
Operating expenses	48,821	46,317	5.4	46,380	5.3	Total operating expense is expected to be higher than advances growth on sequential basis.
Operating profit	54,944	52,683	4.3	51,810	6.0	
Provisions	9,427	9,474	-0.5	7,941	18.7	Slippages are expected to increase sequentially due to higher agri slippages. Provisions are also expected to be broadly stable.
PAT	34,320	32,533	5.5	33,048	3.8	

Source: Company, Systematix Research.

Exhibit 30: State Bank of India- 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	4,43,061	4,29,841	3.1	4,14,455	6.9	The QoQ advances growth to outpace industry growth. The fall in YoA will be completely off set by the fall in CoD, hence, NIMs are expected to remain stable QoQ.
Other Income	1,54,847	1,53,255	1.0	1,10,408	40.3	Sequentially, fee income be stable and non-fee other income to be higher aided by better recoveries.
Total Income	5,97,908	5,83,096	2.5	5,24,863	13.9	
Operating expenses	3,09,288	3,09,987	-0.2	2,89,355	6.9	Sequentially higher employee expenses has been netted off by lower other opex, leading to stable total opex.
Operating profit	2,88,620	2,73,109	5.7	2,35,508	22.6	
Provisions	49,989	54,001	-7.4	9,111	448.7	Slippages are expected to increase sequentially due to higher agri slippages, however provisions are expected to decrease sequentially.
PAT	1,81,360	2,01,597	-10.0	1,68,914	7.4	Significantly lower PAT QoQ is due to a one-off gain of Rs. 45.93 bn on account of gain on sale of Yes Bank's shares in 2QFY26.

Source: Company, Systematix Research

Exhibit 31: Union Bank of India- 3QFY26 preview

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	89,868	88,124	2.0	92,403	-2.7	The provisional gross advances growth was at 4.3% QoQ. The fall in YoA will be completely off set by the fall in CoD, hence, NIM are expected to improve marginally QoQ.
Other Income	48,894	49,958	-2.1	44,166	10.7	Sequentially, fee income to be higher due to growth in business but treasury income is expected to be lower due to hardening of Gsec Rates.
Total Income	1,38,762	1,38,082	0.5	1,36,568	1.6	
Operating expenses	67,276	69,942	-3.8	61,650	9.1	Total operating expense is expected to be in control and lag the advances growth on sequential basis.
Operating profit	71,486	68,140	4.9	74,918	-4.6	
Provisions	15,720	13,967	12.5	15,991	-1.7	Slippages are expected to increase sequentially due to higher agri slippages. Provisions are also expected to increase sequentially.
PAT	43,498	42,491	2.4	46,036	-5.5	

Source: Company, Systematix Research

Annual Estimates for Coverage Universe Banks

Exhibit 32: Coverage Bank's Estimates

Banks	Rating	CMP	Target	Upside	P/BV (x)				BVPS (Rs.)			
		Rs.	Rs.	%	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
BOB	BUY	306	360	17.7	1.2	1.1	0.9	0.8	240	268	302	342
ICICIBC	BUY	1,356	1,590	17.3	2.7	2.4	2.1	1.8	410	471	539	619
UNBK	BUY	157	183	16.6	1.1	1.0	0.9	0.8	137	154	173	194
AXSB	BUY	1,269	1,475	16.2	1.9	1.7	1.4	1.3	580	656	756	869
HDFCB	BUY	1,000	1,160	16.0	2.7	2.4	2.1	1.9	328	364	404	449
SBIN	BUY	1,006	1,165	15.8	1.6	1.3	1.2	1.0	436	515	592	682
KMB	BUY	2,190	2,530	15.5	2.4	2.1	1.9	1.7	590	655	737	835
BOI	BUY	149	172	15.2	1.0	0.9	0.8	0.7	152	168	187	210
BOM	BUY	64	73	14.3	1.9	1.6	1.3	1.2	34	41	47	55
FED	HOLD	267	275	3.2	1.8	1.7	1.5	1.3	136	151	168	188
INBK	HOLD	861	880	2.2	2.0	1.7	1.5	1.3	423	497	577	672
IIB	HOLD	902	900	-0.2	1.1	1.1	1.0	1.0	828	842	888	946

Banks	PE (x)				EPS (Rs.)				RoA (%)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
BOB	7.5	7.7	6.7	5.8	38	37	42	48	1.2	1.0	1.1	1.1
ICICIBC	16.8	15.6	14.1	12.3	66	72	79	91	2.4	2.3	2.3	2.4
UNBK	6.5	7.0	6.3	5.5	24	22	25	28	1.2	1.1	1.2	1.2
AXSB	12.8	14.3	10.8	9.5	85	77	101	115	1.7	1.4	1.7	1.7
HDFCB	19.7	18.1	16.1	14.3	44	48	54	61	1.8	1.8	1.9	1.9
SBIN	8.7	8.4	7.5	6.5	79	82	92	106	1.1	1.1	1.1	1.1
KMB	16.9	20.4	16.5	13.9	83	68	85	101	2.5	1.9	2.1	2.2
BOI	7.4	7.4	6.3	5.1	20	20	24	29	0.9	0.9	0.9	1.0
BOM	8.9	8.9	7.7	6.5	7	7	8	10	1.6	1.5	1.5	1.6
FED	15.2	15.7	13.4	11.8	16	16	19	21	1.2	1.1	1.2	1.2
INBK	10.6	9.4	8.5	7.3	81	91	101	119	1.3	1.3	1.3	1.4
IIB	26.6	65.2	19.7	15.3	34	14	46	59	0.5	0.2	0.7	0.8

Banks	RoE (%)				Advances Growth YoY (%)				Deposits Growth YoY (%)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
BOB	15.7	13.1	13.6	14.0	13.5	12.5	13.0	13.5	10.9	9.5	11.0	12.0
ICICIBC	17.8	16.3	15.7	15.7	13.3	12.0	13.0	13.5	14.0	9.0	11.5	12.0
UNBK	17.1	14.1	14.1	14.5	9.5	7.5	10.0	11.0	7.2	0.5	8.0	9.0
AXSB	15.9	12.4	14.4	14.1	7.8	11.5	12.5	13.5	9.8	11.0	12.0	13.0
HDFCB	14.3	13.9	14.0	14.2	5.4	10.0	12.0	13.0	14.1	12.0	13.0	14.0
SBIN	17.3	15.6	15.2	15.3	12.4	13.0	13.0	13.0	9.5	9.5	10.5	10.5
KMB	15.4	11.0	12.2	12.8	13.5	15.5	16.0	16.0	11.2	14.0	14.6	14.9
BOI	12.5	11.2	11.9	13.2	15.4	13.5	13.5	13.5	10.7	10.0	10.5	10.5
BOM	22.9	18.1	17.5	18.0	17.9	15.0	15.0	15.0	13.4	13.0	13.5	13.5
FED	13.0	11.1	11.7	11.9	12.1	8.5	11.0	12.0	12.3	7.5	10.1	11.1
INBK	17.1	16.6	16.1	16.6	10.9	13.0	13.0	13.0	7.1	11.0	10.0	10.0
IIB	4.2	1.7	5.3	6.4	0.5	-3.0	7.0	9.0	6.8	-5.0	6.1	7.8

Banks	NIM (%)				Cost/Income (%)				Total Credit Cost (%)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
BOB	3.08	2.92	3.03	3.09	47.9	50.1	48.6	48.1	0.5	0.5	0.6	0.6
ICICIBC	4.32	4.22	4.30	4.39	38.6	39.0	39.0	38.6	0.4	0.4	0.4	0.5
UNBK	2.91	2.70	2.92	3.03	45.5	50.2	48.5	47.2	0.8	0.7	0.7	0.7
AXSB	4.07	3.67	3.81	3.85	47.1	47.6	45.5	45.3	0.8	1.1	0.9	0.9
HDFCB	3.48	3.34	3.45	3.55	40.5	38.1	39.2	39.4	0.5	0.9	0.5	0.5
SBIN	3.09	2.95	3.12	3.19	51.6	52.1	50.6	49.6	0.4	0.5	0.5	0.5
KMB	4.96	4.63	4.75	4.85	43.4	47.2	46.9	46.6	0.7	0.9	0.6	0.6
BOI	2.8	2.6	2.8	3.0	50.8	53.3	51.0	49.1	0.7	0.5	0.6	0.6
BOM	4.00	3.75	3.92	4.02	38.4	38.6	38.1	38.1	1.1	0.8	0.7	0.7
FED	3.13	3.03	3.12	3.21	54.0	54.1	54.0	53.9	0.3	0.6	0.4	0.4
INBK	3.41	3.24	3.33	3.46	44.8	46.0	45.6	44.3	0.8	0.5	0.5	0.5
IIB	3.63	3.43	3.56	3.74	60.2	64.7	63.3	61.0	2.0	2.2	1.4	1.4

Source: Company, Systematix Research, Valuation multiples are calculated after excluding the subsidiaries/associates value from the current market price

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