

## 3QFY26 RESULT PREVIEW

Industry	Banking
<b>Banking coverage - rating and target price</b>	
Company	Rating
BOB	BUY
ICICIBC	BUY
UNBK	BUY
AXSB	BUY
HDFCB	BUY
SBIN	BUY
KMB	BUY
BOI	BUY
BOM	BUY
FED	HOLD
INBK	HOLD
IIB	HOLD

Source: Systematix Research

## 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 repricing 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.

**Siddharth Rajpurohit**  
siddharthrajpurohit@systematixgroup.in  
+91 22 6704 8065

**Rishit Savla**  
rishitsavla@systematixgroup.in  
+91 22 6704 8036

**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).

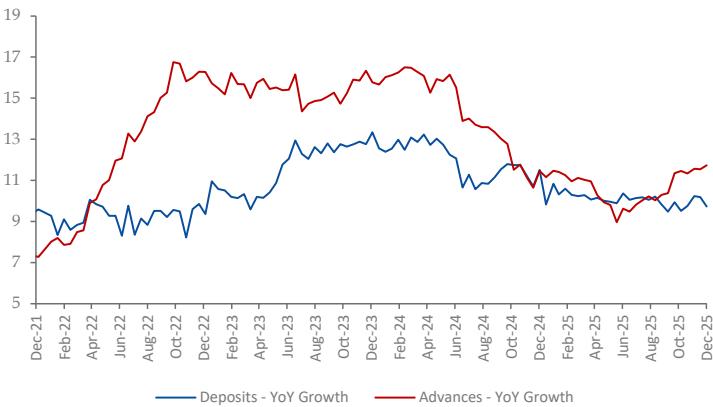
**Total Operating Expenses growth expected to be stable sequentially:** Business activities typically accelerate in 2Q following a seasonal lull in 1Q, resulting in an uptick in total operating expenses. For 3Q, activity levels are projected to remain stable. Further, any lag effect relating to annual 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.

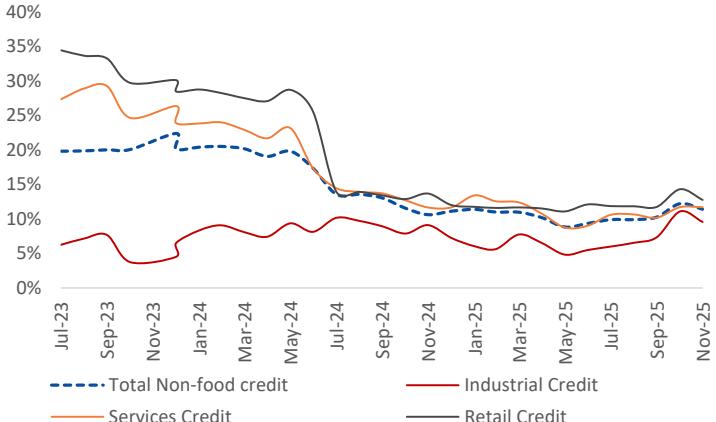
## Growth and Margin Aspect Trends

Exhibit 1: Advances and Deposits YoY Growth (%)



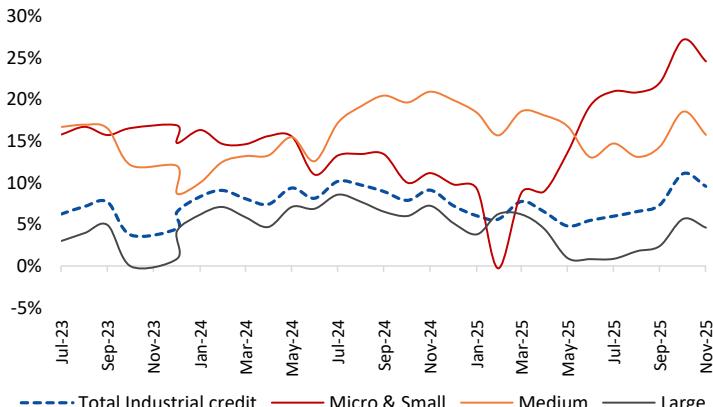
Source: RBI, Systematix Research

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



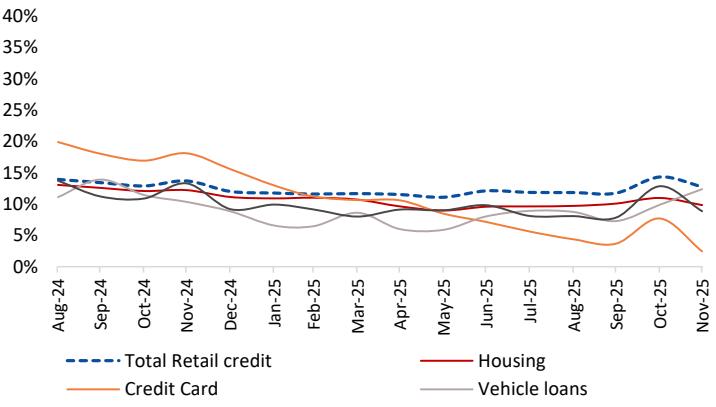
Source: RBI, Systematix Research

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



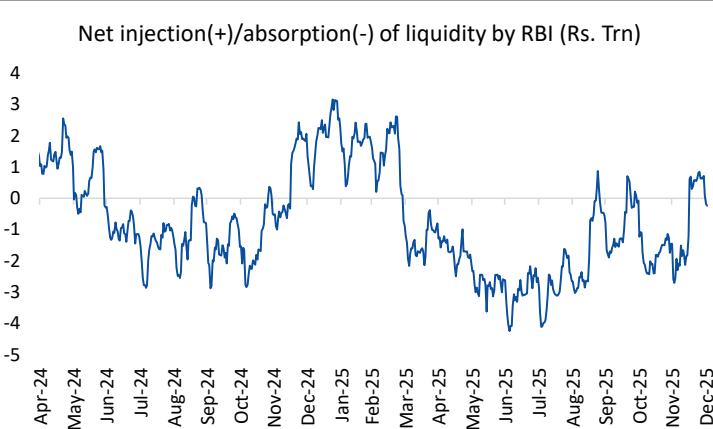
Source: RBI, Systematix Research

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



Source: RBI, Systematix Research

Exhibit 5: Banking System Liquidity (Rs Trn)

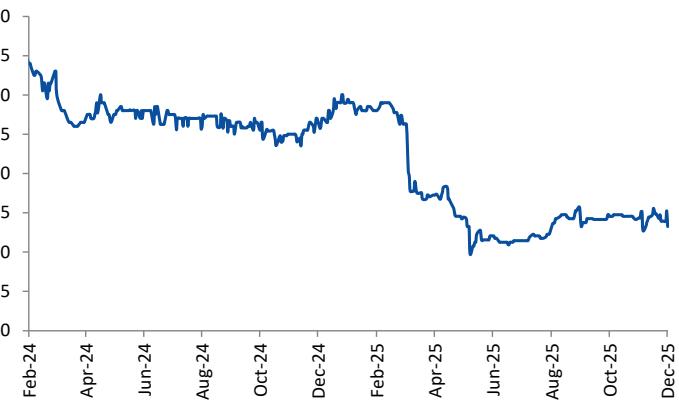


Source: CMIE, Systematix Research

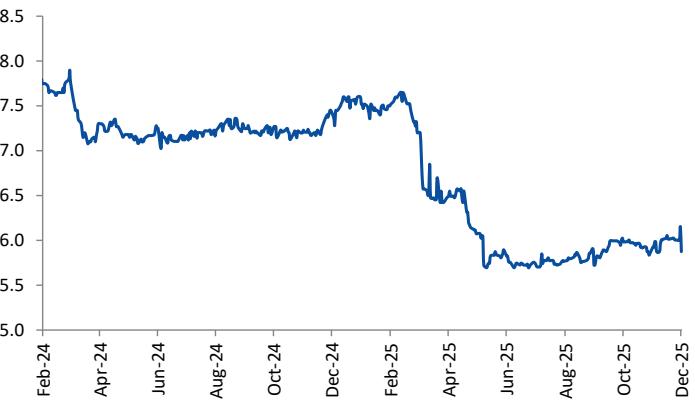
Fresh CD issuances (Rs, bn)



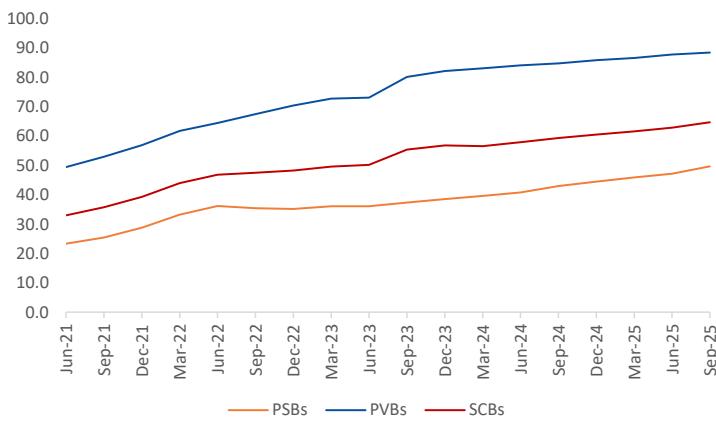
Source: RBI, Systematix Research

**Exhibit 7: Commercial Paper Rates (%)**

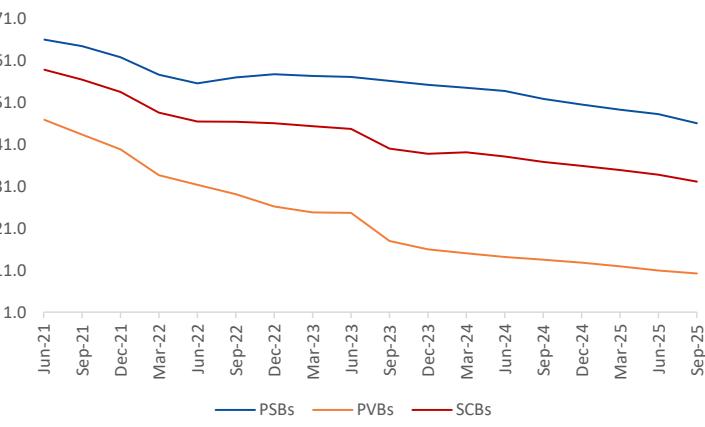
Source: Bloomberg, Systematix Research

**Exhibit 8: CD Rates (%)**

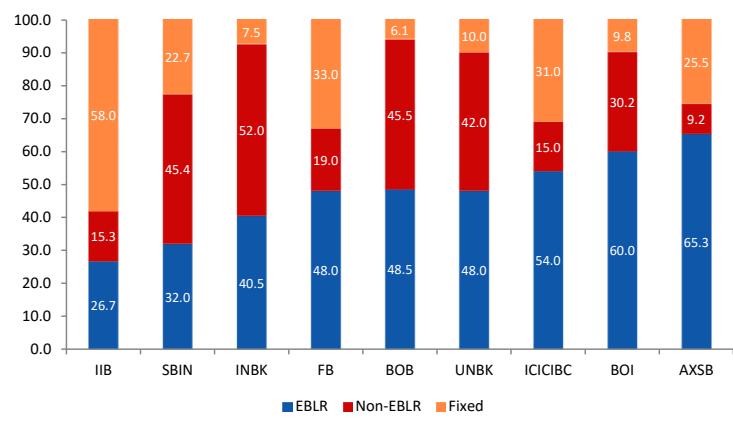
Source: Bloomberg, Systematix Research

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

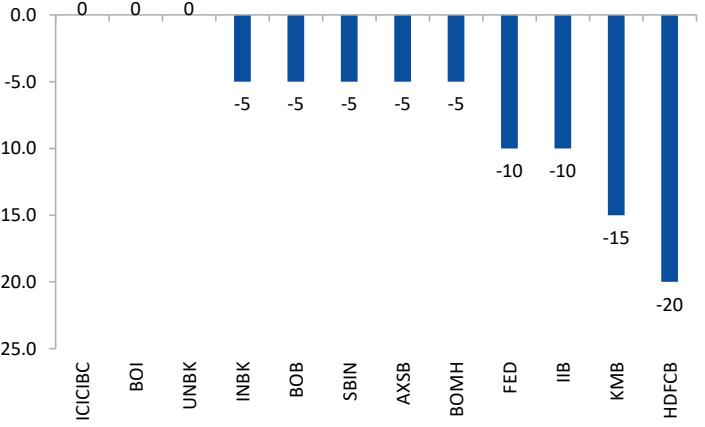
Source: RBI, Systematix Research

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

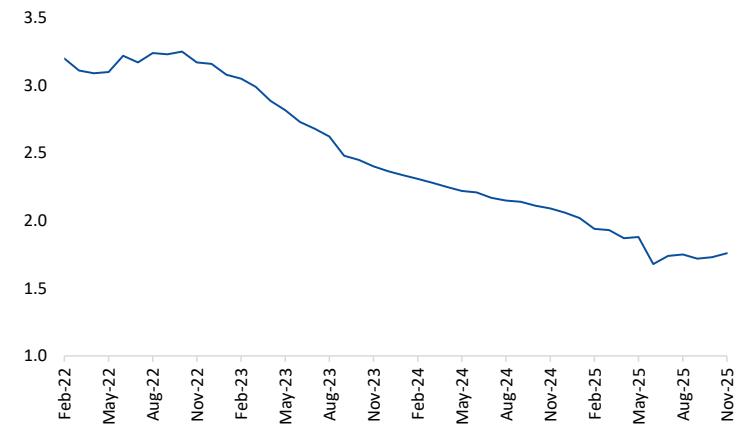
Source: RBI, Systematix Research

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

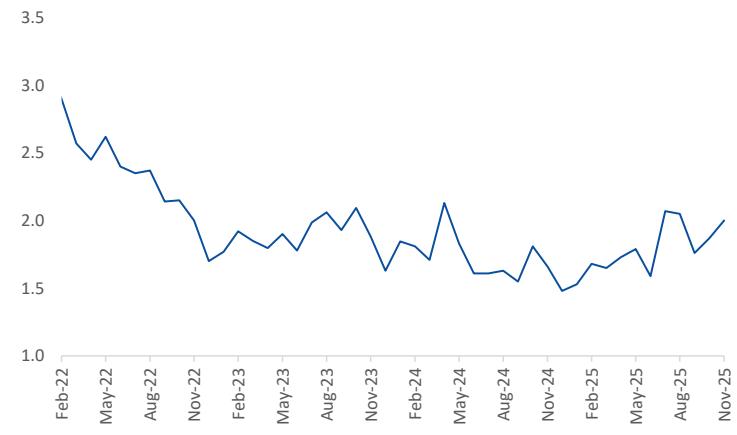
Source: Company, Systematix Research

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

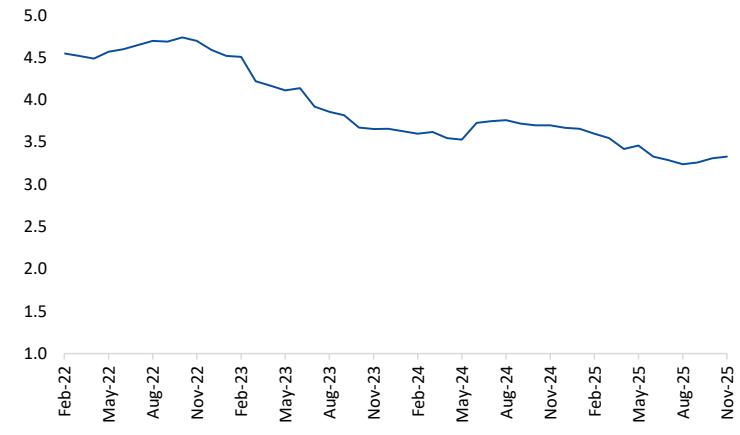
Source: Company, Systematix Research

**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

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

**Exhibit 16: Spreads\* for PVBs for fresh loans**

Source: Company, Systematix Research

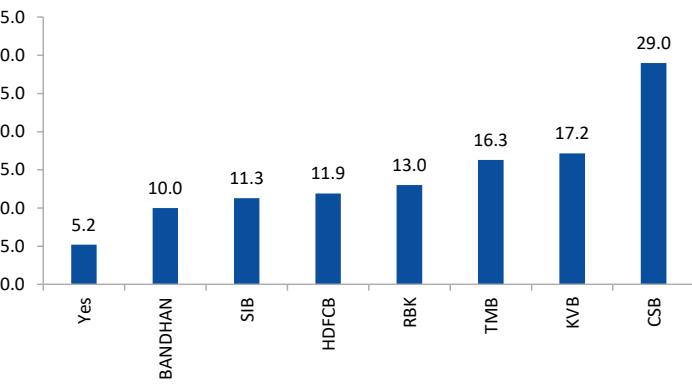
## Provisional 3QFY26 Growth Data

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

Rs. bn.	Advances	QoQ (%)	YoY (%)	Deposits	QoQ (%)	YoY (%)	CASA (%)	QoQ (bps)	YoY (bps)
<b>Private Sector Banks</b>									
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
<b>Public Sector Banks</b>									
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

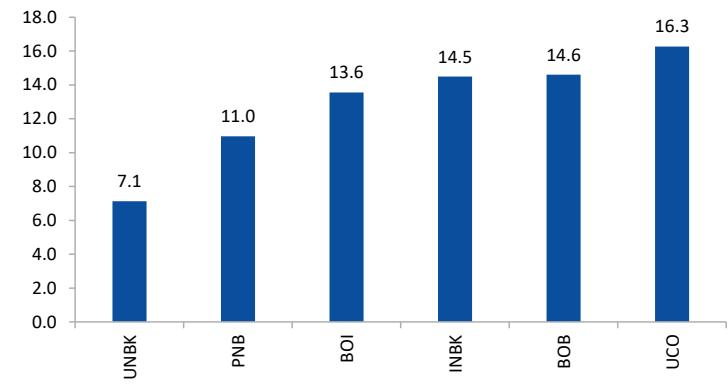
Source: Company, Systematix Research

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 to interest income writebacks will not be completely offset 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 offset 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 offset 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	<b>33,885</b>	<b>32,476</b>	<b>4.3</b>	<b>29,433</b>	<b>15.1</b>	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
<b>Total Income</b>	<b>42,451</b>	<b>40,928</b>	<b>3.7</b>	<b>37,311</b>	<b>13.8</b>	
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.
<b>Operating profit</b>	<b>26,875</b>	<b>25,743</b>	<b>4.4</b>	<b>23,030</b>	<b>16.7</b>	
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.
<b>PAT</b>	<b>16,327</b>	<b>16,331</b>	<b>0.0</b>	<b>14,065</b>	<b>16.1</b>	

Source: Company, Systematix Research

**Exhibit 24: Federal Bank - 3QFY26 preview**

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	<b>25,255</b>	<b>24,952</b>	<b>1.2</b>	<b>24,313</b>	<b>3.9</b>	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.
<b>Total Income</b>	<b>35,961</b>	<b>35,774</b>	<b>0.5</b>	<b>33,475</b>	<b>7.4</b>	
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.
<b>Operating profit</b>	<b>16,613</b>	<b>16,442</b>	<b>1.0</b>	<b>15,695</b>	<b>5.9</b>	
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.
<b>PAT</b>	<b>10,093</b>	<b>9,553</b>	<b>5.7</b>	<b>9,554</b>	<b>5.6</b>	

Source: Company, Systematix Research

**Exhibit 25: HDFC Bank - 3QFY26 preview**

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	<b>3,26,068</b>	<b>3,15,515</b>	<b>3.3</b>	<b>3,06,533</b>	<b>6.4</b>	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.
<b>Total Income</b>	<b>4,49,128</b>	<b>4,59,015</b>	<b>-2.2</b>	<b>4,21,068</b>	<b>6.7</b>	
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.
<b>Operating profit</b>	<b>2,69,436</b>	<b>2,79,236</b>	<b>-3.5</b>	<b>2,50,004</b>	<b>7.8</b>	
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.
<b>PAT</b>	<b>1,86,043</b>	<b>1,86,413</b>	<b>-0.2</b>	<b>1,67,355</b>	<b>11.2</b>	

Source: Company, Systematix Research

**Exhibit 26: ICICI Bank - 3QFY26 preview**

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	<b>2,18,358</b>	<b>2,15,295</b>	<b>1.4</b>	<b>2,03,706</b>	<b>7.2</b>	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.
<b>Total Income</b>	<b>2,95,587</b>	<b>2,91,050</b>	<b>1.6</b>	<b>2,74,387</b>	<b>7.7</b>	
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.
<b>Operating profit</b>	<b>1,78,582</b>	<b>1,72,980</b>	<b>3.2</b>	<b>1,68,866</b>	<b>5.8</b>	
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.
<b>PAT</b>	<b>1,23,891</b>	<b>1,23,589</b>	<b>0.2</b>	<b>1,17,924</b>	<b>5.1</b>	

Source: Company, Systematix Research

**Exhibit 27: Indian Bank- 3QFY26 preview**

P&L (Rs, mn)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	Result Expectations
Net Interest Income	<b>67,091</b>	<b>65,510</b>	<b>2.4</b>	<b>64,147</b>	<b>4.6</b>	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.
<b>Total Income</b>	<b>91,623</b>	<b>90,376</b>	<b>1.4</b>	<b>85,673</b>	<b>6.9</b>	
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.
<b>Operating profit</b>	<b>50,250</b>	<b>48,365</b>	<b>3.9</b>	<b>47,494</b>	<b>5.8</b>	
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.
<b>PAT</b>	<b>31,516</b>	<b>30,182</b>	<b>4.4</b>	<b>28,524</b>	<b>10.5</b>	

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	<b>44,027</b>	<b>44,094</b>	<b>-0.2</b>	<b>52,281</b>	<b>-15.8</b>	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.
<b>Total Income</b>	<b>60,799</b>	<b>60,573</b>	<b>0.4</b>	<b>75,783</b>	<b>-19.8</b>	
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.
<b>Operating profit</b>	<b>20,273</b>	<b>20,280</b>	<b>0.0</b>	<b>35,989</b>	<b>-43.7</b>	
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.
<b>PAT</b>	<b>2,288</b>	<b>-4,448</b>	<b>-151.4</b>	<b>14,013</b>	<b>-83.7</b>	

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

## DISCLOSURES/APPENDIX

## I. ANALYST CERTIFICATION

I, **Siddharth Rajpurohit, Rishit Savla**; hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

## I. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

1. The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
2. The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
4. The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
5. The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
6. SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
7. The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
8. The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
9. Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

10. There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

## STOCK RATINGS

**BUY (B):** The stock's total return is expected to exceed 15% over the next 12 months.

**HOLD (H):** The stock's total return is expected to be within -15% to +15% over the next 12 months.

**SELL (S):** The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

**NOT RATED (NR):** The analyst has no recommendation on the stock under review.

## INDUSTRY VIEWS

**ATTRACTIVE (AT):** Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

**NEUTRAL (NL):** Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

**CAUTIOUS (CS):** Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

## II. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

**SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.**

Registration granted by SEBI to SSSIL and certification from NISM to the analyst in no way guarantee performance of SSSIL or to provide any assurance of returns to investors.



#### Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: [www.systematixgroup.in](http://www.systematixgroup.in)

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917