SMIFS LIMITED
LEGACY | TRUST | GROWTH

Q1FY27 Result Update | Banks | 27 July 2026

Canara Bank

Healthy underlying performance; RoA Sustainability Around 1% Visible

Canara Bank reported 1QFY27 net profit of ₹49bn (11% above our estimate of Rs. 44bn), up +7.8%QoQ / +2.2% YoY. The sequential improvement was driven by (i) Higher net interest income (NII) (ii) Higher other income. The advances grew at a healthy rate of +4.7% QoQ/ +19% YoY while the deposits grew +2.7% QoQ/ +11.6% YoY. The bank has sanctioned ~Rs. 110bn (~Rs. 100bn disbursed) under ECLGS 5.0. The net interest margins (NIM) declined -2bps QoQ/ -3bps YoY to 2.52%. A sequential decline of -27bps in cost of deposits (CoD) was fully offset by a corresponding decline of -29bps in yield on advances (YoA). The management opined that both the CoD and the YoA have largely stabilised and the endeavour will be to improve both going forward to support margins. The bank is aiming to reduce its reliance on bulk deposits in favour of retail deposits going forward and mobilisation under the ongoing FCNR (B) window should aid the bank. We expect the margin to gradually improve hereon and cross 2.6% by the end of FY28. The gross annualised slippage ratio stood at 0.52%, down -35 bps QoQ/ -23bps YoY. The gross slippages stood at Rs. 18bn while the recoveries and upgrades came in at Rs. 11.5bn resulting in net addition of Rs.6.5bn. The management estimates the transition to ECL to impact the bank's CRAR in the range of ~120-125bps translating to ~Rs.100bn of additional provisions. The bank does not intend to fully use the glide path provided by the RBI but instead make the required provisions in 2 years from the date of transition. On a run-rate basis, the management estimates the impact to be restricted to lower than 10bps on credit costs. We have marginally revised our estimates based on the margin and asset quality outlook and expect the bank to sustain ~1% ROA. We have moved the basis of our valuation to adjusted book value (ABV) and maintain our ACCUMULATE rating on the stock with an unchanged target price of Rs. 145. We value the standalone bank at ~0.9x FY28E ABV of Rs. 146 per share and assign a value of Rs. 8 per share to subsidiaries and associates.

Slight dip in margins though outlook remains constructive: The NIM declined marginally by 2 bps sequentially (-3bps YoY). The decline was primarily driven by a fall of 29bps in YoA which mostly offset the 27bps sequential decline in CoD. The deposit repricing has largely been completed, and the full impact of the repo rate cut has been absorbed due to which cost of deposits and yields have largely stabilised. Going forward, the management is aiming to improve both in order to protect and improve margins. The bank intends to reduce its reliance on bulk deposits and replace the same with retail deposits to lower the CoD going forward. The management has maintained its NIM guidance in the range of ~2.5-2.6% for FY27. We expect the NIM to gradually improve hereon and cross the 2.6% mark by the end of FY28E.

Asset Quality remains benign. The gross annualised slippage ratio stood at 0.52%, down 35 bps QoQ/ 23bps YoY. The gross slippages stood at Rs. 18bn while the recoveries and upgrades came in at Rs. 11.5bn resulting in net addition of Rs.6.5bn. The GNPA improved by 27bps QoQ/ 112bps YoY to 1.57% and the management has guided for the same to further improve to ~1.5% levels. The NNPA also improved by 7bps QoQ/ 27bps YoY to 0.36%. The management estimates an adverse impact of ~120-125bps in the bank's CRAR on transition to ECL amounting to ~Rs. 100bn incremental provisions. The management intends to provide the same in a span of two years from the transition date and not fully utilise the glide path provided by RBI. On a run-rate basis, it expects the impact on credit costs to be restricted to less than 10bps. We expect the asset quality to remain healthy going forward with credit costs and slippages remaining under control.

Robust loan growth momentum expected to continue. The bank reported robust advances growth of +4.7% QoQ/ +19% YoY. The sequential domestic growth was led by retail segment (+7.7%) followed by MSME (+7%) while the agri sector grew marginally by 0.1%. The domestic corporate segment grew by +4.3% QoQ. The share of the RAM segment in the overall advances mix has improved by 100bps YoY to 59% compared to 58% in 1QFY26. Within the retail segment, growth was primarily driven by other retail loans (+12% QoQ) followed by auto and home loans which grew by 4.8% and 3.4% respectively on a sequential basis. The bank has sanctioned ~Rs. 110bn under the ECLGS 5.0 out of which Rs.100bn has been disbursed. Further potential under the same is ~Rs. 50-60bn but the management does not estimate the same to be fully utilised.... ***Continued on page 2***

Y/E Mar (Rs bn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Net Interest Income	102	90	13.4%	98	4.2%	102	0.4%
Other Income	67	71	-4.7%	48	39.4%	54	23.6%
Operating Income	**169**	**161**	**5.4%**	**146**	**15.8%**	**156**	**8.5%**
Opex	83	75	10.5%	79	5.5%	80	3.6%
Pre Provisions Profit	**86**	**86**	**1.0%**	**68**	**27.8%**	**76**	**13.7%**
Provisions	21	24	-11.5%	10	109.7%	18	13.0%
PBT	**66**	**62**	**5.7%**	**58**	**13.7%**	**58**	**13.9%**
Tax	17	15	17.2%	13	34.9%	14	23.0%
PAT	**49**	**48**	**2.2%**	**45**	**7.8%**	**44**	**11.0%**
NIM	2.52%	2.55%	(3)bps	2.54%	(2)bps	2.55%	(3)bps
Loans	12,777	10,736	19.0%	12,200	4.7%		
Deposits	16,117	14,438	11.6%	15,687	2.7%		
GNPA (%)	1.57	2.69	(112)bps	1.84	(27)bps		
NNPA (%)	0.36	0.63	(27)bps	0.43	(7)bps		
Credit Costs (bps)	67	89	(22)bps	33	33bps	58	8bps

Source: Company, SMIFS Research;

Rating: **ACCUMULATE**	Upside: **14%**
Current Price: **127**	Target Price: **145**

|Earlier recommendation

Previous Rating:	ACCUMULATE
Previous Target Price:	145

|Market data

Bloomberg:	CBK: IN
52-week H/L (Rs):	162.9/103.5
Mcap (Rs bn/USD bn):	1,154.2/ 12.0
Shares outstanding (Mn):	9,070.7
Free float:	37.1%
Face Value (Rs):	2

Source: NSE, SMIFS Research

|Shareholding pattern (%)

	Jun-26	Mar-26	Dec-25	Sep-25
Promoter	62.93	62.93	62.93	62.93
FIIs	12.68	14.24	14.61	11.89
DIIs	11.91	10.91	10.47	12.23
Public/others	12.48	11.93	11.98	12.92

|Pro. Pledging

Pledging	-	-	-	-

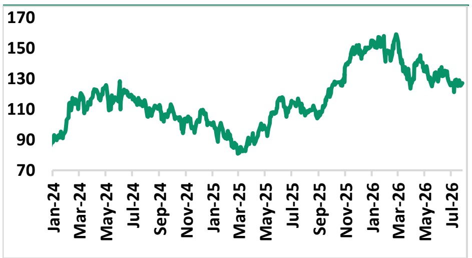
Source: BSE

|Price performance (%) *

	1M	3M	12M	36M
Nifty 500	0.2%	1.5%	0.6%	36.9%
Nifty Banks	-1.9%	1.5%	1.0%	25.0%
CBK	-1.3%	-9.4%	14.9%	84.5%

*as on 27th June 2026; Source: NSE, SMIFS Research

|Price Performance



Source: NSE, SMIFS Research

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(Rs b)	Op. Income	% YoY	PPOP	% YoY	PAT	% YoY	P/E	P/B (x)	ROA (%)	ROE(%)
FY24	555	11%	294	6%	146	37%	7.4	1.2	1.0%	18.1%
FY25	595	7%	314	7%	170	17%	6.4	1.1	1.1%	18.2%
FY26	640	8%	330	5%	192	13%	5.6	1.0	1.1%	18.0%
FY27E	687	7%	361	9%	200	4%	5.4	0.8	1.0%	16.5%
FY28E	768	12%	409	13%	230	15%	4.7	0.7	1.0%	16.6%

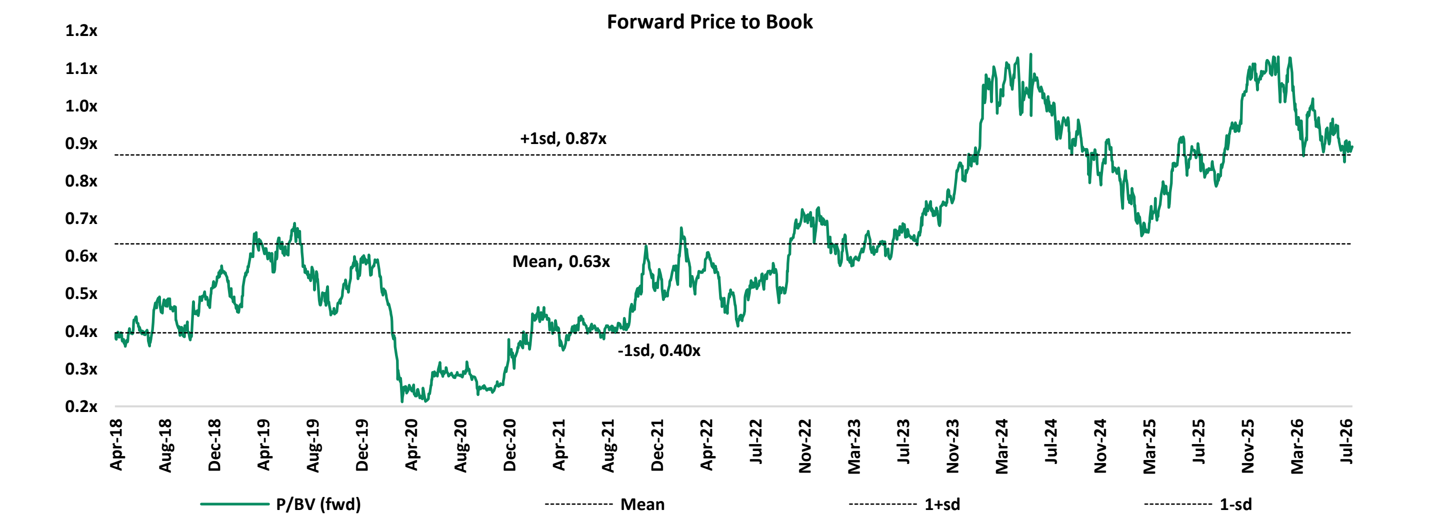
Source: Company, SMIFS Research Estimates. PPOP = Pre- Provision Operating Profit

We expect the advances growth momentum to remain healthy going forward. The deposits grew by +2.7% QoQ/ 11.6% YoY to Rs. 16,117bn. The CASA deposits grew by 2.1% QoQ (+10.6% YoY) while the term deposits grew by +2.7% QoQ. The domestic CASA ratio declined by -14bps QoQ (+14bps YoY) to 29.7%. The bank has set a target to mobilise ~$2.3-2.5bn via the FCNR (B) and NRE channels. The bank has mobilised ~$775mn until date and expects to cross the $1bn mark by the end of Jul-26 under the FCNR (B) scheme.

Valuation and Outlook

We maintain our ACCUMULATE rating with an unchanged target price of Rs. 145. We have marginally revised our earnings and margin estimates while expecting the asset quality to remain healthy. We expect the bank to sustain ~1% ROA going forward. We have moved the basis of our valuations to ABV. We currently value the standalone bank at ~0.9x its FY28E ABV of Rs. 146 per share for RoE profile of 16.5%/16.6% for FY27/FY28E. Further, we assign a value of Rs. 8 per share to its subsidiaries and associates.

Fig 1: Forward Price to book vs ROE



Source: Company, SMIFS Research Estimates

Minor change to earnings. We have marginally decreased our profitability assumptions post factoring in slightly lower than previously anticipated margin. For FY28E, we have revised our NII assumptions slightly upwards by ~0.6% but have reduced our other income assumptions downwards by -4%. We have slightly revised our credit costs assumptions downwards (~1bp) for FY28E while keeping it at similar levels for FY27E. We have factored in the improved asset quality and have revised our GNPA estimates downwards for FY27E while keeping it unchanged for FY28E.

Fig 2: Change in Estimates

Rs Bn	FY27E			FY28E		
	Current	Previous	% chg.	Current	Previous	% chg.
Net Interest Income	432	442	-2.2%	513	510	0.6%
Other Income	256	252	1.5%	255	266	-3.9%
Operating Income	**687**	**693**	**-0.9%**	**768**	**775**	**-0.9%**
Opex	326	332	-1.7%	359	365	-1.7%
Pre Provisions Profit	**361**	**361**	**-0.1%**	**409**	**410**	**-0.3%**
Provisions	94	94	-0.4%	103	104	-1.3%
PBT	**267**	**267**	**0.0%**	**306**	**306**	**0.1%**
Tax	67	66	1.6%	76	75	0.9%
PAT	**200**	**201**	**-0.5%**	**230**	**230**	**-0.2%**
NIM	2.58%	2.60%	(2)bps	2.62%	2.63%	(1)bps
Loans	13,908	13,908	0.0%	15,994	15,994	0.0%
Loans growth (% yoy)	14.0%	14.0%	0.0%	15.0%	15.0%	0.0%
Deposits	17,569	17,597	-0.2%	19,853	19,923	-0.3%
Deposit growth (% yoy)	12.0%	12.2%	-0.2%	13.0%	13.2%	-0.2%
GNPA (%)	1.54%	1.61%	(7)bps	1.28%	1.28%	0bps
NNPA (%)	0.37%	0.37%	0bps	0.33%	0.30%	4bps
Credit costs (bps)	72	72	(0)bps	69	70	(1)bps

Source: SMIFS Research Estimates

Risks to our call:

[1] Higher than anticipated credit costs, resulting in lower returns

[2] Lower than expected NIM expansion due to reduced deposit repricing and higher competition.

[3] Softer than expected loan growth due to weakness in key segments

Analyst Call highlights

Margins

- The full impact of repo rate cuts on YoA has been absorbed and yields have largely stabilised. On the liability side, deposit repricing has also played out and cost of deposits has stabilised. The bank expects to protect and grow margins from here.
- The bank is seeing marginal improvement in corporate lending pricing and is able to do incremental lending at slightly higher rates.
- Blended cost of bulk deposits sits at ~6.5%, and the strategy is to replace these with retail and FCNR inflows.
- NIM guidance for FY27 is maintained at 2.5-2.6%.
- The MD's one of key focus areas is improving efficiency of the bank.
- Average LCR for Q1 FY27 stood at 119% with the bank comfortable operating at around 110%.
- Interest on IT refund was Rs. 2.47 bn this quarter versus Rs. 6.19 bn in Q1 FY26. Interest in written off accounts stood at Rs. 2.58 bn.
- The CRR/SLR dispensation on FCNR deposits provides an additional saving, with that the FCNR (B) will cost ~6.25%.

Asset Quality

- The SMA movement during the quarter was driven by 3-4 large government-guaranteed accounts that keep oscillating between SMA 0, 1, and 2.
- One govt guaranteed account moved from SMA 1 to SMA 2 but has since corrected to SMA 0. Another account entered SMA 0 on last day of the quarter but has been regularized. Hence, the management opined that there are no stress signals as such.
- ECL transition impact is estimated at ~120-125 bps on CRAR. The bank plans to provide for it over two years rather than using the full glide path provided by RBI.
- The management expects the run-rate impact on credit costs post transition to ECL to be less than 10bps.
- Slippage breakup: agriculture at Rs. 7.27 bn, MSME at Rs. 6.97 bn, retail at Rs. 3.26 bn, and gold loans at Rs. 0.2-0.3 bn.
- LTV on agricultural gold loans is in the 60-65% range.

Other Income

- Treasury income was softer as yields have hardened and the RBI is not conducting OMOs, removing the arbitrage opportunity that was available in Q1 FY26.
- PSLC income was strong in Q1 but is seasonal and concentrated in 1H. The bank does not expect meaningful PSLC contribution in 2H.
- Fee-based income declined sequentially, attributed to seasonality rather than any structural issue.

Advances

- ECLGS sanctions stand at over Rs. 110 bn with more than Rs. 100 bn already disbursed. The bank sees a further 50-60 bn of potential, though not all eligible borrowers are expected to avail.
- Corporate book quality continues to improve with 86% now rated A and above. The bank is able to command better pricing in this segment and expects the trend to hold.
- The credit pipeline stands at ~Rs. 500 bn across ~92 accounts, split between 45 accounts sanctioned but undisbursed (~Rs. 180 bn) and 47 accounts sanctioned and disbursable (~Rs. 30 bn).

Deposits

- The bank is targeting ~$2.3-2.5 billion inflows under FCNR(B) and NRE channels, which should help reduce reliance on bulk deposits.
- The bank had set a July target of $750 million for FCNR. The bank has raised $775 million till date and will aim to cross $1 billion in Jul-26.
- The bank is seeing a month-over-month gap of 29-30 bps in its favour between bulk deposits flowing out and flowing in, with last month's bulk cost at 6.58%.

Opex

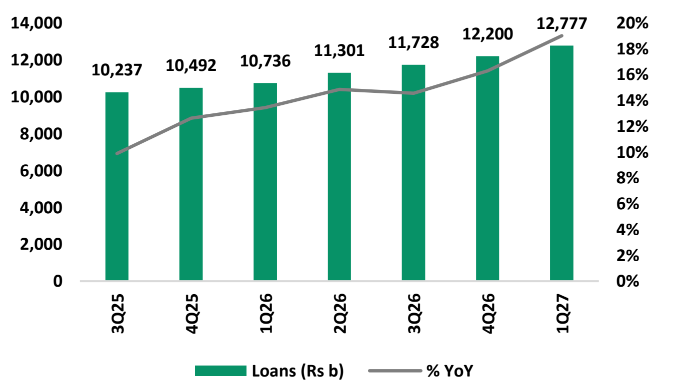
- On provisioning, the increase is driven by income tax provision and employee costs. The bank made provisions amounting to Rs. 3bn pertaining to staff PLI.
- Of the 250 branches target for FY27, 34 have already been opened. Total network stands at 10,131 branches.
- The bank has earmarked over Rs. 30 bn (~8% of total cost) for digital spend, with a substantial portion directed towards AI.

Other Aspects

- Subsidiaries are contributing meaningfully and management expects ~Rs. 3.2 bn of subsidiary profit flowing to the parent this year.

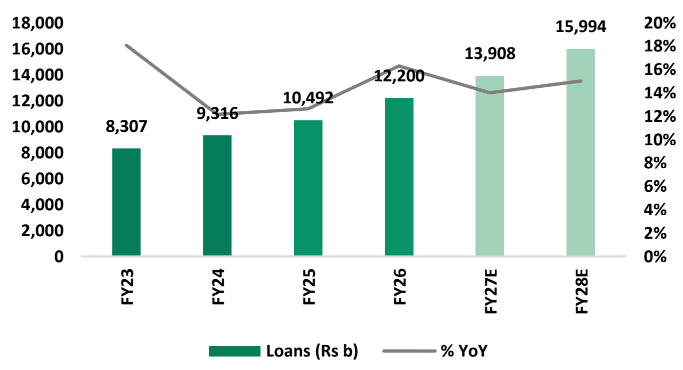
Key Charts

Fig 3: Loan growth remained robust at in 1QFY27



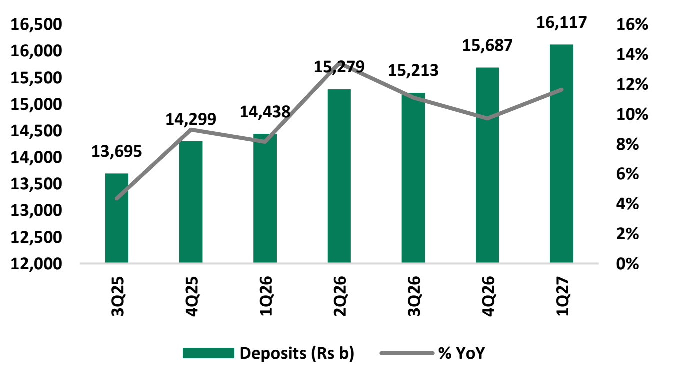
Source: Company, SMIFS Research

Fig 4: Going forward, we expect loans growth to remain healthy



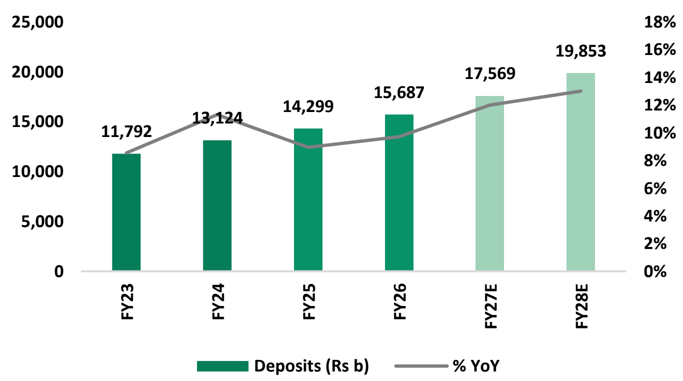
Source: Company, SMIFS Research

Fig 5: Deposit growth remained healthy at in 1Q27, led by TD growth of 2.7% QoQ



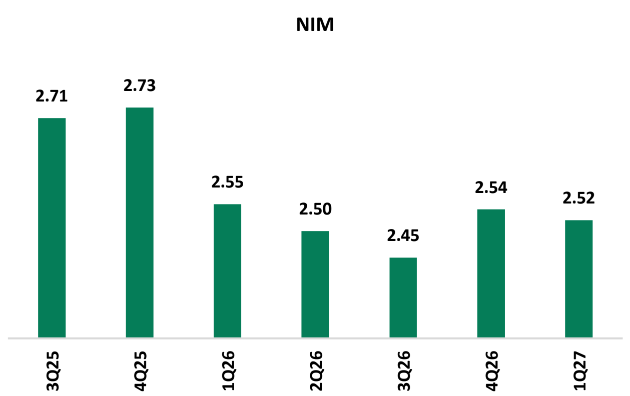
Source: Company, SMIFS Research

Fig 6: We expect it to remain healthy



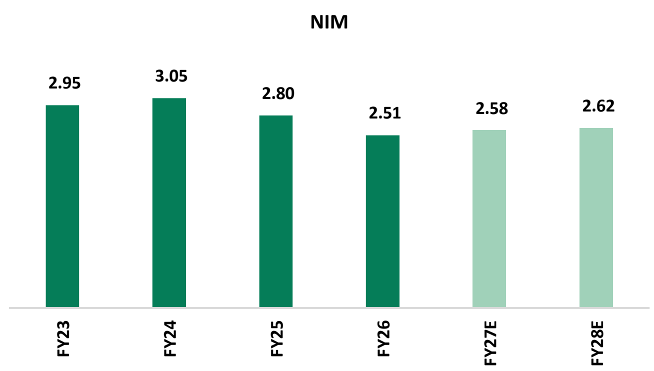
Source: Company, SMIFS Research

Fig 7: NIM declined marginally by 2bps QoQ to 2.52% in 1Q27



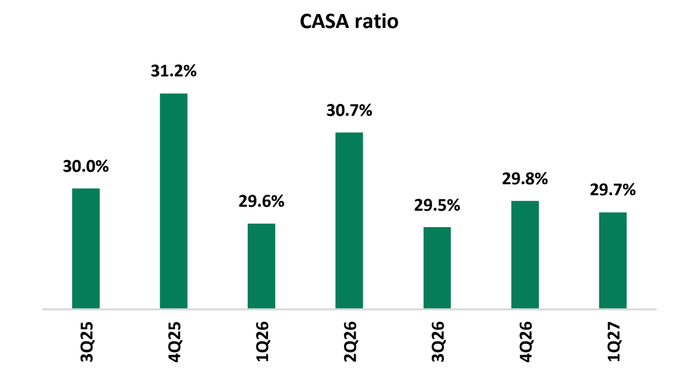
Source: Company, SMIFS Research

Fig 8: We expect margins to gradually improve and cross 2.6% by FY28E



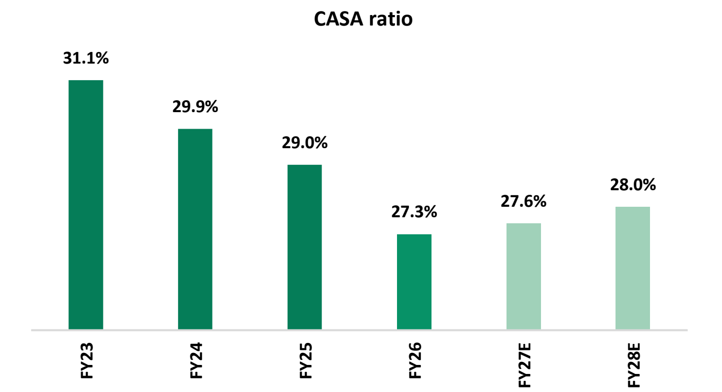
Source: Company, SMIFS Research

Fig 9: CASA ratio (domestic) declined 14bps QoQ to 29.7% in 1Q27, though still up 14bps YoY



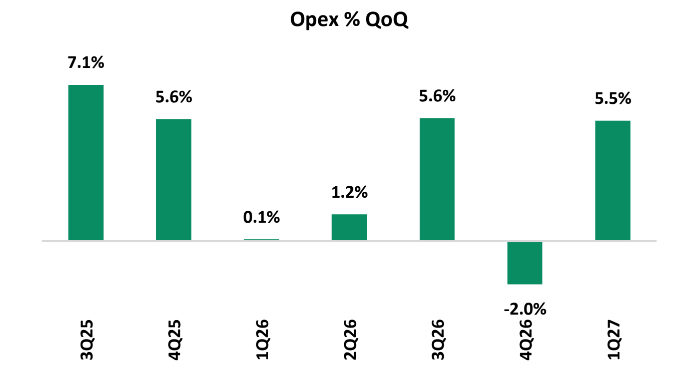
Source: Company, SMIFS Research

Fig 10: We expect overall CASA ratio to stabilize and gradually improve toward 28% by FY28E



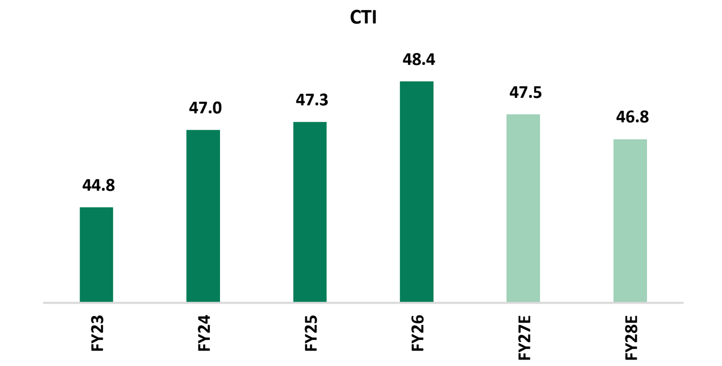
Source: Company, SMIFS Research

Fig 11: Opex rose 5.5% QoQ in 1Q27, reversing the prior quarter's decline



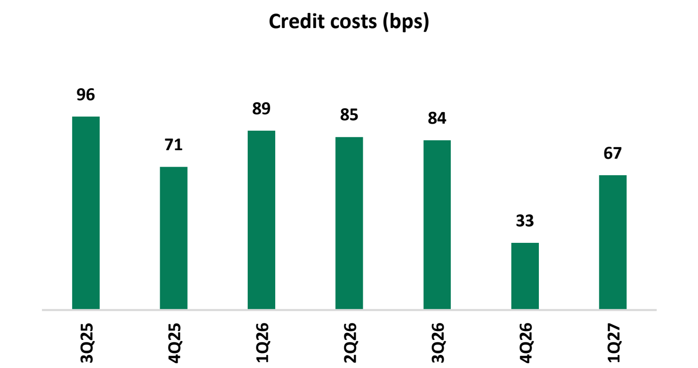
Source: Company, SMIFS Research

Fig 12: Going forward, we expect opex to remain disciplined.



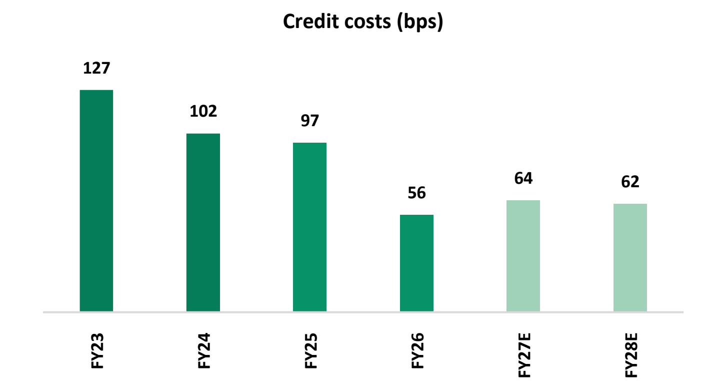
Source: Company, SMIFS Research

Fig 13: Credit costs rose to 67bps in 1Q27 from an unusually low 33bps in 4Q26;



Source: Company, SMIFS Research

Fig 14: Asset quality environment to remain favourable



Source: Company, SMIFS Research

Financial Statements

Fig 15: Canara Bank Income Statement, Balance Sheet and Key Figures on Quarterly Basis

Income Statement					
INR bn	1Q26	2Q26	3Q26	4Q26	1Q27
Interest Income	310	315	320	318	330
Interest Expense	220	224	227	220	227
Net Interest Income	**90**	**91**	**93**	**98**	**102**
Non-Interest Income	71	71	79	48	67
Operating Income	**161**	**162**	**172**	**146**	**169**
Employee expenses	48	48	49	47	51
Other expenses	27	28	31	31	32
Operating expenses	**75**	**76**	**80**	**79**	**83**
Operating profit	**86**	**86**	**91**	**68**	**86**
Provisions	24	24	24	10	21
PBT	**62**	**62**	**67**	**58**	**66**
Tax	15	15	16	13	17
PAT	**48**	**48**	**52**	**45**	**49**
Basic EPS (₹)	5.2	5.3	5.7	5.0	5.4

Growth % qoq					
	1Q26	2Q26	3Q26	4Q26	1Q27
Interest Income	0.0%	1.7%	1.4%	-0.4%	3.5%
Interest Expense	2.0%	1.9%	1.5%	-3.1%	3.2%
Net Interest Income	**-4.6%**	**1.5%**	**1.2%**	**6.0%**	**4.2%**
Non-Interest Income	11.2%	-0.1%	12.0%	-38.9%	39.4%
Operating Income	**1.8%**	**0.8%**	**5.9%**	**-14.7%**	**15.8%**
Employee expenses	0.3%	0.6%	1.7%	-3.3%	7.3%
Other expenses	-0.2%	2.4%	12.3%	0.1%	2.7%
Operating expenses	**0.1%**	**1.2%**	**5.6%**	**-2.0%**	**5.5%**
Operating profit	**3.3%**	**0.4%**	**6.2%**	**-25.9%**	**27.8%**
Provisions	28.4%	0.1%	2.6%	-58.9%	109.7%
PBT	**-3.9%**	**0.5%**	**7.6%**	**-14.0%**	**13.7%**
Tax	0.0%	0.7%	6.2%	-18.7%	34.9%
PAT	**-5.0%**	**0.5%**	**8.0%**	**-12.6%**	**7.8%**
Basic EPS (₹)	-5.0%	0.5%	8.0%	-12.6%	7.8%

Balance Sheet					
INR bn	1Q26	2Q26	3Q26	4Q26	1Q27
Cash and balances	2,051	1,912	2,024	2,063	1,968
Investments	3,990	3,946	3,947	4,034	4,001
Advances	10,736	11,301	11,728	12,200	12,777
Fixed Assets	101	101	103	106	105
Other Assets	426	388	420	429	428
Total Assets	**17,304**	**17,649**	**18,224**	**18,832**	**19,280**
Capital	18	18	18	18	18
Reserves and Surplus	1,026	1,065	1,114	1,116	1,172
Total Equity	**1,045**	**1,083**	**1,132**	**1,134**	**1,190**
Deposits	14,438	15,279	15,213	15,687	16,117
Borrowings	1,435	911	1,479	1,553	1,537
Other Liabilities	386	375	399	459	435
Total Liabilities and Equity	**17,304**	**17,649**	**18,224**	**18,832**	**19,280**
BVPS (₹)	115	119	125	125	131

Growth % qoq					
	1Q26	2Q26	3Q26	4Q26	1Q27
Cash and balances	-0.1%	-6.8%	5.9%	1.9%	-4.6%
Investments	4.4%	-1.1%	0.0%	2.2%	-0.8%
Advances	2.3%	5.3%	3.8%	4.0%	4.7%
Fixed Assets	-0.9%	0.2%	1.9%	2.2%	-0.3%
Other Assets	12.8%	-9.0%	8.3%	2.0%	-0.2%
Total Assets	**2.7%**	**2.0%**	**3.3%**	**3.3%**	**2.4%**
Capital	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves and Surplus	4.6%	3.7%	4.6%	0.1%	5.1%
Total Equity	**4.6%**	**3.7%**	**4.6%**	**0.1%**	**5.0%**
Deposits	1.0%	5.8%	-0.4%	3.1%	2.7%
Borrowings	23.0%	-36.5%	62.3%	5.0%	-1.0%
Other Liabilities	1.0%	-2.8%	6.4%	14.8%	-5.1%
Total Liabilities and Equity	**2.7%**	**2.0%**	**3.3%**	**3.3%**	**2.4%**
BVPS (₹)	4.6%	3.7%	4.6%	0.1%	5.0%

Ratios & Key Figures					
%	1Q26	2Q26	3Q26	4Q26	1Q27
CD and CASA Ratio					
CASA Ratio (Domestic)	29.6%	30.7%	29.5%	29.8%	29.7%
CD Ratio (LDR)	74.4%	74.0%	77.1%	77.8%	79.3%
Margins					
Reported NIM	2.55%	2.50%	2.45%	2.54%	2.52%
Calculated NIMs	2.28%	2.24%	2.20%	2.24%	2.27%
Calc. Yield on Advances	8.5%	8.4%	8.2%	8.0%	7.9%
Calc. Cost of funds	5.5%	5.5%	5.4%	5.1%	5.1%
P&L Ratios					
Core fees % Non-II	31.5%	36.7%	29.5%	52.1%	34.8%
Non-II Ratio	43.9%	43.6%	46.1%	33.0%	39.7%
Staff costs % opex	63.8%	63.4%	61.1%	60.2%	61.3%
CTI	46.8%	46.8%	46.8%	53.8%	49.0%
Tax Rate	23.4%	23.4%	23.1%	21.9%	25.9%

Ratios & Key Figures					
%	1Q26	2Q26	3Q26	4Q26	1Q27
Capital Ratios					
Tier 1 Ratio	14.6%	14.3%	14.6%	14.6%	15.0%
Capital Adequacy Ratio (%)	16.5%	16.2%	16.5%	17.0%	17.2%
RWA % Assets	43.7%	44.3%	44.2%	44.0%	44.2%
Asset Quality					
Gross NPA Ratio	2.7%	2.4%	2.1%	1.8%	1.6%
Net NPA Ratio	0.6%	0.5%	0.5%	0.4%	0.4%
Slippage ratio	0.8%	0.8%	0.6%	0.7%	0.6%
Credit costs (% avg loans)	0.89%	0.85%	0.84%	0.33%	0.67%
Returns					
ROA	1.1%	1.1%	1.2%	1.0%	1.0%
ROE	21.1%	20.0%	20.7%	18.3%	18.3%

Source: Company, SMIFS Research;

Fig 16: Canara Bank Income Statement, Balance Sheet and Key Figures on Annual Basis

Income Statement					
INR bn	FY24	FY25	FY26	FY27E	FY28E
Interest Income	1,087	1,198	1,264	1,420	1,619
Interest Expense	-721	-827	-892	-989	-1106
Net Interest Income	**366**	**371**	**372**	**432**	**513**
Non-Interest Income	190	225	268	256	255
Operating Income	**555**	**595**	**640**	**687**	**768**
Employee expenses	164	179	193	204	226
Other expenses	97	103	118	123	133
Operating expenses	**-261**	**-281**	**-310**	**-326**	**-359**
Operating profit	**294**	**314**	**330**	**361**	**409**
Provisions	-97	-88	-81	-94	-103
PBT	**197**	**226**	**249**	**267**	**306**
Tax	-52	-56	-57	-67	-76
PAT	**146**	**170**	**192**	**200**	**230**
Basic EPS (₹)	16.0	18.8	21.2	22.1	25.4
DPS (₹)	16.1	20.0	21.0	22.8	26.0
Payout Ratio	20.1%	21.3%	19.9%	20.7%	20.5%

Growth % YoY					
	FY24	FY25	FY26	FY27E	FY28E
Interest Income	28.7%	10.2%	5.5%	12.4%	13.9%
Interest Expense	36.1%	14.6%	7.8%	10.9%	11.8%
Net Interest Income	**16.3%**	**1.4%**	**0.4%**	**16.0%**	**18.8%**
Non-Interest Income	1.1%	18.4%	19.5%	-4.8%	-0.2%
Operating Income	**10.6%**	**7.2%**	**7.6%**	**7.3%**	**11.7%**
Employee expenses	19.6%	8.7%	7.9%	5.7%	11.0%
Other expenses	10.8%	6.1%	14.5%	4.3%	8.4%
Operating expenses	**16.2%**	**7.7%**	**10.3%**	**5.2%**	**10.1%**
Operating profit	**6.1%**	**6.7%**	**5.2%**	**9.3%**	**13.3%**
Provisions	-28.3%	-9.7%	-7.4%	15.9%	9.7%
PBT	**39.0%**	**14.8%**	**10.1%**	**7.2%**	**14.5%**
Tax	44.3%	8.7%	2.1%	16.7%	13.6%
PAT	**37.3%**	**17.0%**	**12.7%**	**4.4%**	**14.9%**
Basic EPS (₹)	37.3%	17.0%	12.7%	4.4%	14.9%
DPS (₹)	34.5%	23.9%	5.0%	8.8%	13.7%
Payout Ratio	-0.4%	1.2%	-1.5%	0.8%	-0.2%

Balance Sheet					
INR bn	FY24	FY25	FY26	FY27E	FY28E
Cash and balances	1,508	2,053	2,063	2,156	2,319
Investments	3,575	3,822	4,034	4,417	4,815
Advances	9,316	10,492	12,200	13,908	15,994
Fixed Assets	122	102	106	116	128
Other Assets	395	378	429	472	510
Total Assets	**14,915**	**16,847**	**18,832**	**21,069**	**23,766**
Capital	18	18	18	18	18
Reserves and Surplus	851	981	1,116	1,274	1,457
Total Equity	**870**	**999**	**1,134**	**1,293**	**1,475**
Deposits	13,124	14,299	15,687	17,569	19,853
Borrowings	576	1,167	1,553	1,669	1,786
Other Liabilities	346	382	459	538	651
Total Liab and Equity	**14,915**	**16,847**	**18,832**	**21,069**	**23,766**
BVPS (₹)	96	110	125	143	163
Adj BVPS (₹)	66	90	109	126	146

Growth % YoY					
	FY24	FY25	FY26	FY27E	FY28E
Cash and balances	6.6%	36.2%	0.5%	4.5%	7.6%
Investments	12.0%	6.9%	5.6%	9.5%	9.0%
Advances	12.2%	12.6%	16.3%	14.0%	15.0%
Fixed Assets	19.5%	-16.5%	3.5%	10.0%	10.0%
Other Assets	-11.0%	-4.3%	13.5%	10.0%	8.0%
Total Assets	**10.8%**	**12.9%**	**11.8%**	**11.9%**	**12.8%**
Capital	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves and Surplus	18.6%	15.2%	13.7%	14.2%	14.3%
Total Equity	**18.1%**	**14.9%**	**13.5%**	**14.0%**	**14.1%**
Deposits	11.3%	9.0%	9.7%	12.0%	13.0%
Borrowings	-0.9%	102.6%	33.1%	7.5%	7.0%
Other Liabilities	-0.5%	10.4%	19.9%	17.4%	21.0%
Total Liabilities and Equity	**10.8%**	**12.9%**	**11.8%**	**11.9%**	**12.8%**
BVPS (₹)	18.1%	14.9%	13.5%	14.0%	14.1%
Adj BVPS (₹)	31.7%	34.6%	21.6%	16.1%	15.9%

Ratios & Key Figures					
%	FY24	FY25	FY26	FY27E	FY28E
CD and CASA Ratio					
CASA Ratio	29.9%	29.0%	27.3%	27.6%	28.0%
CD Ratio (LDR)	71.0%	73.4%	77.8%	79.2%	80.6%
Margins					
Reported NIM	3.05%	2.80%	2.51%	2.58%	2.62%
Calculated NIMs	2.80%	2.52%	2.24%	2.31%	2.43%
Calc. Yield on Advances	8.9%	8.9%	8.2%	8.2%	8.3%
Calc. Cost of funds	5.5%	5.7%	5.5%	5.4%	5.4%
P&L Ratios					
Core fees % Non-II	47.0%	47.3%	48.4%	47.5%	46.8%
Non-II Ratio	34.2%	37.7%	41.9%	37.2%	33.2%
Staff costs % opex	62.9%	63.5%	62.1%	62.4%	63.0%
CTI	47.0%	47.3%	48.4%	47.5%	46.8%
Tax Rate	26.1%	24.7%	23.0%	25.0%	24.8%
Capital Ratios					
Tier 1 Ratio	14.0%	14.4%	14.6%	14.4%	14.3%
CRAR (%)	16.3%	16.3%	17.0%	16.8%	16.6%
RWA % Assets	44.9%	43.9%	44.0%	43.6%	43.7%

Ratios & Key Figures					
%	FY24	FY25	FY26	FY27E	FY28E
Asset Quality					
Gross NPA Ratio	4.2%	2.9%	1.8%	1.5%	1.3%
Net NPA Ratio	1.3%	0.7%	0.4%	0.4%	0.3%
Slippage ratio	1.2%	0.9%	0.6%	0.7%	0.7%
Credit costs (% avg loans)	1.10%	0.88%	0.71%	0.72%	0.69%
Returns					
ROA	1.0%	1.1%	1.1%	1.0%	1.0%
ROE	18.1%	18.2%	18.0%	16.5%	16.6%
Valuation					
P/B	1.24x	1.08x	0.95x	0.84x	0.73x
P/ABV	1.79x	1.33x	1.09x	0.94x	0.81x
P/E	7.4x	6.4x	5.6x	5.4x	4.7x

Source: Company, SMIFS Research

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