INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **Canara Bank:** Canara Bank's (CBK) Q2FY27 earnings were in line with our estimates, owing to healthy core operating performance, with strong NII growth (+20% YoY) and lower opex offsetting the sharp fall in treasury gains. Loan growth (+6% QoQ) was strong, led by the corporate and overseas book. Deposit growth (+5% QoQ) was led by FCNR mobilization, although the CASA ratio moderated further to 26.4% (-71bps QoQ). Asset quality continued to organically improve, with GNPA/NNPA at 1.3%/0.3% and slippages steady (~58bps). We continue to flag higher dependence on non-core sources of income (recovery from written-off accounts and trading gains), and a weak deposit franchise. We lift our FY27E/FY28E earnings marginally and introduce our FY29E forecasts, subject to revision post the change in accounting regime. We maintain ADD on CBK, with a revised SOTP-based TP of INR175 (standalone bank at 1.0x Sep-28 ABVPS).
- **ICICI Lombard General Insurance:** ICICI Lombard (ICICIGI) reported NEP growth of steady 18%, while PAT showcased a staggering 15% YoY increase, mainly due to rise in investment income, which surged by 28% to ~INR16bn. Having sufficiently provided towards the Hon. Supreme Court judgement in Q1FY27, the management felt no incremental reserving was required during the quarter under review. ICICIGI continues to witness market share moderation in most of its core businesses, as the insurer lost ~46bps from Apr-Aug 2026; however, the company gained 23bps market share in health business on GDPI basis. We build in NEP growth of 12%/11%, with PAT growth of -12%/32% and elevation in COR to 107.5%/104.6% for FY27E/FY28E. We maintain BUY with a revised TP of INR2,000 (implying 30.5x Sept-28E P/E) on the back of sustained dominance in core businesses.

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Canara Bank

Core engine fires; treasury takes a back seat

Canara Bank's (CBK) Q2FY27 earnings were in line with our estimates, owing to healthy core operating performance, with strong NII growth (+20% YoY) and lower opex offsetting the sharp fall in treasury gains. Loan growth (+6% QoQ) was strong, led by the corporate and overseas book. Deposit growth (+5% QoQ) was led by FCNR mobilization, although the CASA ratio moderated further to 26.4% (-71bps QoQ). Asset quality continued to organically improve, with GNPA/NNPA at 1.3%/0.3% and slippages steady (~58bps). We continue to flag higher dependence on non-core sources of income (recovery from written-off accounts and trading gains), and a weak deposit franchise. We lift our FY27E/FY28E earnings marginally and introduce our FY29E forecasts, subject to revision post the change in accounting regime. We maintain ADD on CBK, with a revised SOTP-based TP of INR175 (standalone bank at 1.0x Sep-28 ABVPS).

- **Strong operating performance:** NII growth was led by volume growth (+20% YoY), while NIMs remained stable at 2.53% (+1bp QOQ) as yields on corporate loans (7.72%; Q1FY27: 7.68%) and gold loans (9.10%; Q1FY27 8.96%) inched up, while cost of deposits held steady. Loan growth was broad-based, driven by retail (+32% YoY), corporate (+17% YoY), agri (+14% YoY), MSME (+15% YoY), and the overseas book (+58% YoY). We build in loan CAGR of 14% over FY26-FY28E, with relatively softer deposit growth (12% CAGR).
- **Organic improvement in asset quality:** Asset quality improved, with a QoQ decline in GNPA/NNPA by 24bps/6bps to 1.3%/0.3%, as PCR clocked in at 77.9% (+71bps QoQ). Gross slippages were stable QoQ (58bps), even as credit costs eased to 47bps (-2bps QoQ). While ECL implementation is likely to raise the credit cost, the strong provisioning is sufficient to absorb the impact. We expect credit costs to stay rangebound and average 65bps over FY27E-FY29E.
- **Critical to address pricing power handicap:** CBK has a pricing power handicap and the weakest deposit franchise amongst PSBs, which we believe is the toughest to fix, given intense competition for retail granular deposits.

Financial summary

(INR bn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY26	FY27E	FY28E	FY29E
NII	110.0	91.4	20.4%	102.2	7.7%	372.1	457.5	521.9	583.4
PPOP	87.6	85.9	2.0%	86.4	1.4%	330.2	372.3	425.2	485.6
PAT	51.7	47.7	8.4%	48.6	6.6%	191.9	217.5	237.9	268.5
EPS (INR)	5.7	5.3	8.4%	5.4	6.5%	21.2	24.0	26.2	29.6
ROAE (%)						18.0	17.8	16.9	16.5
ROAA (%)						1.1	1.1	1.1	1.1
ABVPS (INR)						117.8	135.9	156.3	180.6
P/ABV (x)						1.1	0.9	0.8	0.7
P/E (x)						5.9	5.2	4.8	4.2

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	% chg	New	Old	% chg
Net advances	13,984	13,778	1.5%	15,924	15,686	1.5%
NIM (%)	2.4	2.4	0 bps	2.5	2.7	-18 bps
NII	457.5	452.2	1.2%	521.9	548.3	-4.8%
PPOP	372.3	366.5	1.6%	425.2	444.1	-4.3%
PAT	217.5	212.1	2.5%	237.9	232.7	2.2%
Adj. BVPS (INR)	135.9	136.0	-0.1%	156.3	157.0	-0.5%

Source: Company, HSIE Research

ADD

CMP *(as on 14 Oct 2026)*	INR 125
Target Price	INR 175
NIFTY	22,623

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR170	INR175
EPS %	FY26E	FY27E
	+2.5%	+2.2%

KEY STOCK DATA

Bloomberg code	CBK IN
No. of Shares (mn)	9,071
MCap (INR bn) / ($ mn)	1,132/11,893
6m avg traded value (INR mn)	3,022
52 Week high / low	INR 163/117

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(0.8)	(10.1)	(0.4)
Relative (%)	4.8	(4.8)	10.9

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	62.9	62.9
FIs & Local MFs	11.9	12.4
FPIs	12.7	12.3
Public & Others	12.5	12.4
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

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ICICI Lombard General Insurance

Steady NEP growth; robust PAT uplift

ICICI Lombard (ICICIGI) reported NEP growth of steady 18%, while PAT showcased a staggering 15% YoY increase, mainly due to rise in investment income, which surged by 28% to ~INR16bn. Having sufficiently provided towards the Hon. Supreme Court judgement in Q1FY27, the management felt no incremental reserving was required during the quarter under review. ICICIGI continues to witness market share moderation in most of its core businesses, as the insurer lost ~46bps from Apr-Aug 2026; however, the company gained 23bps market share in health business on GDPI basis. We build in NEP growth of 12%/11%, with PAT growth of -12%/32% and elevation in COR to 107.5%/104.6% for FY27E/FY28E. We maintain BUY with a revised TP of INR2,000 (implying 30.5x Sept-28E P/E) on the back of sustained dominance in core businesses.

- **Lagging the industry (~10%) during Apr-Aug 2026:** ICICIGI reported a 4% increase in GDPI, lagging the industry (~10%) till Aug 2026-end, resulting in a 50bps YoY decline in market share. The moderation was driven by motor OD (-56bps) and fire (-41bps), partly offset by gains in motor TP (+34bps) and health (+23bps) on a YoY basis. Management has reiterated its stance of favoring underwriting profitability and portfolio quality over chasing market share.
- **Robust health business; growth in commercial lines:** Health, travel & PA grew by 26.8% in Q2FY27 vs 18.9% for industry, led by retail health at 64%, with an exit market share of 5%. Management highlighted emerging signs of recovery within the commercial lines portfolio, with ex-fire growth of 20% and market share improvement across major lines in commercial business.
- **Elevated CoR and Expense of Management for the quarter:** The company's CoR remained at 107%, up 200bps YoY, driven by sharp rise in loss ratio for health (group business) and fire as an LOB, while motor total observed managed LR at 61.7%, as the insurer did sufficient reserving for SC judgement in Q1. EoM surprised at 36.3% for the quarter, mainly due to the robust rise in retail business, which typically entails higher commission expenses but operates with more benign loss ratios.

Financial summary

(INR bn)	Q2FY27	Q2FY26	YoY%	Q1FY27	FY27E	FY28E	FY29E
Net written premium	62.1	53.1	17.0	66.0	257.5	293.4	324.8
Net earned premium	66.5	56.5	17.7	59.5	249.0	276.8	308.6
COR (%)	107%	105%	200bps	107%	107.5	104.6	104.4
PAT	9.46	8.2	15.5	4.0	24.5	32.4	38.5
EPS	19.2	16.6	15.5	8.2	49.0	64.7	76.8
ROE (%)	20.0	20.0	-	9.7	14.5	17.1	18.1

Change in estimates

(INR bn)	FY27E			FY28E		
	Revised	Old	% chg	Revised	Old	% chg
Net written premium	257.5	257.9	(0.2)	293.4	293.6	(0.1)
Net earned premium	249.3	250.7	(0.5)	276.8	283.6	(2.4)
COR (%)	107.5	106.1	136bps	104.6	103.8	83bps
PAT	24.5	27.2	(10)	32.4	35.4	(8.5)
ROE (%)	14.5	16	-154bps	17.1	18.5	-139bps

Source: Company, HSIE Research

BUY

CMP *(as on 14 Oct 2026)*	INR 1,713
Target Price	INR 2,000
NIFTY	22,623

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,100	INR 2,000
EPS%	FY27E	FY28E
	-10%	-8.5%

KEY STOCK DATA

Bloomberg code	ICICIGI IN
No. of Shares (mn)	500
MCap (INR bn) / ($ mn)	856/8,995
6m avg traded value (INR mn)	1,742
52 Week high / low	INR 2,065/1,423

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.2)	(3.9)	(7.6)
Relative (%)	1.3	1.4	3.6

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	51.3	51.2
FIs & Local MFs	19.4	20.6
FPIs	22.3	21.4
Public & Others	6.9	6.5
Pledged Shares	Nil	Nil

Source : BSE

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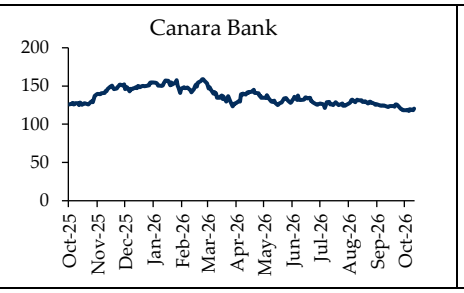
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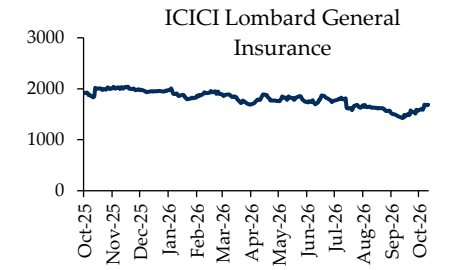
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Canara Bank, ICICI Lombard General Insurance	PGDM	NO
Samarth Desai	ICICI Lombard General Insurance	MSc	NO
Shweta Upadhyay	Canara Bank	MBA	NO

Price movement





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