

Result Update (20.01.2026)

“Quarterly Net Profit surpasses Rs. 5,000 crores (Rs. 5,100 crores) for the first time in the history of the bank along with marked improvement in asset quality”

Ajcon Global’s observations & views

1. Improved asset quality (GNPA expected below 3%), strong recovery momentum and higher upfront ECL-related provisions highlight prudent balance sheet management and position the bank for a smooth transition to the ECL framework.
2. With credit growth tracking guidance, NIM expected to stabilize and improve ahead and a strong push on digital initiatives with new fee-based income streams, the bank is well placed to drive sustainable earnings growth and improved profitability.

Q3FY26 RESULT ANALYSIS

- 1) **Global Deposits** grew by 2.7% QoQ to Rs. 1660290 Crores in Q3FY26 against Rs. 1617080 Crores in Q2FY26 and increased 8.5% YoY from Rs.1529699 Crores in Q3FY25.
- 2) **Global Advances** rose by 5.3% QoQ to Rs. 1231238 Crores in Q3FY26 against Rs. 1169592 Crores in Q2FY26 and surged 10.9% YoY from Rs. 1110292 Crores in Q3FY25.
- 3) **Global Business** increased by 3.8% QoQ to Rs. 2891528 Crores in Q3FY26 against Rs. 2786673 Crores in Q2FY26 and rose 9.5% YoY from Rs. 2639991 Crores in Q3FY25.
- 4) **Net Interest Income** rose by 0.61% QoQ to Rs. 10533 Crores in Q3FY26 against Rs. 10469 Crores in Q2FY26 and dipped by 4.5% YoY from Rs. 11032 Crores in Q3FY25.
- 5) **Total Other Income** increased by 15.66% QoQ to Rs. 5022 Crores in Q3FY26 against Rs. 4342 Crores in Q2FY26 and was up by 47.19% YoY from Rs. 3412 Crores in Q3FY25.
- 6) **Operating profit** rose by 3.51% QoQ to Rs. 7481 Crores in Q3FY26, against Rs. 7227 Crores in Q2FY26 and increased by 12.99% YoY from Rs. 6621 Crores in Q3FY25.

KEY FINANCIAL INDICATORS – Q3FY26

CMP (20.01.2026)	: Rs. 125.77
Face Value	: Rs. 2
Book value per share	: Rs. 114.09
Market Capitalisation	: Rs. 1,44,294 Crs.
Capital Adequacy Ratio	: 16.77%
C/D ratio	: 74.2%
CASA ratio	: 37.1%
Net Interest Margin (NIM)	: 2.52%
Cost / Income ratio	: 51.91%
Gross NPA	: 3.19%
Net NPA	: 0.32%
PCR	: 96.99%
Slippage ratio	: 0.67%
Return on Assets (Annualised)	: 1.06%
Return on Equity (Annualised)	: 17.80%

- 7) **Net profit** rose by 4% QoQ to Rs. 5100 Crores in Q3FY26 against Rs. 4904 Crores in Q2FY26 and it was up by 13.13% YoY from Rs. 4508 Crores in Q3FY25.
- 8) **Global NIM** decreased to 2.52% in Q3FY26 against 2.60% in Q2FY26 and 2.93% in Q3FY25, respectively.
- 9) **Fee based income** rose by 1.60% QoQ to Rs. 1712 Crores in Q3FY26 against Rs. 1685 Crores in Q2FY26 and increased by 9.18% YoY from Rs. 1568 Crores in Q3FY25.
- 10) **Global cost of deposits** has gone down to 5.09% in Q3FY26 against 5.18% in Q2FY26 and 5.24% in Q3FY25.
- 11) **Treasury income** decreased by 24.42% QoQ to Rs. 1337 Crores in Q3FY26 against Rs.1769 Crores in Q2FY26 and increased by 32.77% YoY from Rs. 1007 Crores in Q3FY25.
- 12) **Cost/Income ratio** increased to 51.91% in Q3FY26 against 51.20% in Q2FY26 and fell from 54.16% in Q3FY25, respectively.
- 13) **The total Government guaranteed** increased to Rs. 75742 Crores in Q3FY26 against Rs. 70051 Crores in Q2FY26 and Rs. 71240 Crores in Q3FY25, respectively.
- 14) **CASA ratio** dipped to 37.1% in Q3FY26 against 37.3% in Q2FY26 and 38.1% in Q3FY25, respectively.
- 15) **Return on assets (ROA)** rose to 1.06% in Q3FY26 from 1.05% in Q2FY26 and 1.03% in Q3FY25, respectively.
- 16) **Fresh slippages** increased to Rs. 1824 Crores in Q3FY26 against Rs.1812 Crores in Q2FY26 and Rs.1600 Crores in Q3FY25, respectively. Cash Recovery + Upgradation decreased to Rs. 1693 Crores in Q3FY26 against Rs. 2716 Crores in Q2FY26 and Rs. 1973 Crores in Q3FY25, respectively.
- 17) **Gross NPA ratio** improved to 3.19% in Q3FY26 against 3.45% in Q2FY26 and 4.09% in Q3FY25, respectively. Net NPAs ratio improved to 0.32% in Q3FY26 against 0.36% in Q2FY26 and 0.41% in Q3FY25, respectively.
- 18) **Credit cost** rose to 0.46% in Q3FY26 from being negative in Q2FY26 and 0.12% in Q3FY25, respectively.
- 19) **Provision Coverage ratio** improved marginally to 96.99% in Q3FY26 against 96.91% in Q2FY26 and 96.77% in Q3FY25, respectively.
- 20) **The Bank’s Capital Adequacy ratio** declined to 16.77% in Q3FY26 against 17.19% in Q2FY26 but increased against 15.41% in Q3FY25.



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Management Comments

- 21) In response to an analyst’s question on NIM, Mr. Ashok Chandra, MD & CEO of the bank stated that domestic NIM moderated in Q3FY26 due to the impact of the 25 bps rate cut and delayed deposit repricing, as deposit rate reductions were implemented only from January 2026. He guided that NIMs are expected to remain stable in Q4FY26, with full-year domestic and global NIM at 2.70% and 2.60%, respectively, assuming no further rate cuts, and added that repricing of high-cost retail term deposits should be largely completed by end-April to mid-May 2026, supporting NIM improvement from Q1–Q2FY27.
- 22) Replying to an analyst query on higher provisioning, the MD & CEO stated that the bank made an additional Rs. 955 crore floating provision in Q3FY26, taking the total to Rs. 1,775 Crore, as a prudent step towards ECL implementation from April 2027. He added that the bank has not yet written back provisions of approximately Rs. 900 Crore on a standard account made in the earlier quarters unlike other banks and will take a calibrated call at an appropriate time to reverse the same.
- 23) On the ECL run-rate impact, Mr Ashok Chandra explained that the total capital requirement is estimated at around Rs. 9,000–10,000 crore over five years, implying incremental provisioning of roughly Rs. 500 crore per quarter; with Stage 1 and Stage 3 provisions largely in place, incremental provisioning will primarily be for Stage 2, translating into a manageable 10–15 bps increase in credit cost.
- 24) Elaborating on SMA numbers, the MD & CEO stated that the bank’s total SMA portfolio stands at 4.61% of advances, with SMA-0 at Rs. 34,173 crore, SMA-1 at Rs. 9,439 crore and SMA-2 at Rs. 13,122 Crore.
- 25) Addressing an analyst’s query about credit growth targets, Mr Ashok Chandra stated that with 9MFY26 credit growth at 10.9%, the bank remains confident of meeting and marginally exceeding its 11–12% FY26 guidance by March 2026, while maintaining deposit growth guidance of 9–10%, as it consciously replaces low-yielding corporate loans with higher-yielding advances, keeping corporate credit growth calibrated at 9.5% to protect margins.
- 26) Responding to an analyst’s query on recoveries from written-off accounts, the MD & CEO stated that the bank is targeting over Rs. 4,000 Crore of total recoveries in Q4FY26, including Rs. 1,500–1,600 crore from technical written-off accounts and expects annual recoveries to be sustained at Rs. 13,000–15,000 crore over the next two years.
- 27) Mr Ashok Chandra also highlighted that the bank has launched three new fee-based income streams – robust supply chain finance vertical, a cash management services vertical and the high-end PNB Luxura credit card, expecting these initiatives to drive sustainable growth in fee-based income in FY26–27.
- 28) Addressing an analyst query on the lower effective tax rate, the MD & CEO stated that the bank provided Rs. 1,230 crore towards tax in Q3FY26, aided by a reversal of around Rs. 506 crore following lower-than-expected final tax computation for FY25, resulting in an effective tax rate of 19%.