

Rating: HOLD | CMP: Rs150 | TP: Rs160

January 30, 2026

Q3FY26 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Target Price	HOLD 160		HOLD 160	
NII (Rs. m)	4,28,848	4,87,092	4,28,810	4,87,393
% Chng.	-	(0.1)		
Op. Profit (Rs. m)	3,24,677	3,64,986	3,26,560	3,71,214
% Chng.	(0.6)	(1.7)		
EPS (Rs.)	19.2	21.6	19.3	22.1
% Chng.	(0.6)	(2.1)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII (Rs m)	3,70,720	3,69,701	4,28,848	4,87,092
Op. Profit (Rs m)	3,13,903	3,34,815	3,24,677	3,64,986
PAT (Rs m)	1,70,273	1,84,266	1,73,968	1,95,920
EPS (Rs.)	18.8	20.3	19.2	21.6
Gr. (%)	17.0	8.2	(5.6)	12.6
DPS (Rs.)	4.0	4.1	3.8	4.3
Yield (%)	2.7	2.7	2.6	2.9
NIM (%)	2.4	2.1	2.2	2.2
RoAE (%)	19.9	18.1	14.9	14.9
RoAA (%)	1.1	1.0	0.9	0.9
P/BV (x)	1.5	1.2	1.1	1.0
P/ABV (x)	1.6	1.3	1.1	1.0
PE (x)	8.0	7.4	7.8	7.0
CAR (%)	16.3	15.9	16.9	18.4

Key Data

CNBK.BO CBK IN	
52-W High / Low	Rs.161 / Rs.79
Sensex / Nifty	82,566 / 25,419
Market Cap	Rs.1,364bn / \$ 14,828m
Shares Outstanding	9,071m
3M Avg. Daily Value	Rs.4465.03m

Shareholding Pattern (%)

Promoter's	62.93
Foreign	14.62
Domestic Institution	4.37
Public & Others	6.11
Promoter Pledge (Rs bn)	11.97

Stock Performance (%)

	1M	6M	12M
Absolute	(0.4)	36.5	63.5
Relative	2.2	34.5	51.6

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NIM and deposit growth remain key drivers

Quick Pointers:

- Core PAT beat due to higher TWO recovery and lower provisions.
- We are factoring loan/deposit CAGR of 12%/11% over FY26-28E.

CBK saw a soft quarter as NII/NIM and deposit growth were a miss while TWO recovery and lower asset quality cushioned core PAT. Reported NIM fell by 5bps QoQ to 2.45% despite healthy retail asset growth, CRR cut and rise in LDR. NIM level remains sub-par to peers (2.7-3.1%) which is dragging core RoA. While management has guided to loan growth of 12-13%, deposit growth (has been weak) remains a key growth driver since bank has reached LDR of 77%. Asset quality remains a silver lining with improving trend in net slippage leading to lower credit costs. Bank expects ECL transition impact to be Rs100bn to be spread over 4 years which may not materially change provision estimates. NIM and deposit growth remain key monitorables. With core RoA of 0.7x, valuation is 1.0x on FY28 ABV. We maintain a multiple of 1.1x on FY28 ABV to arrive at a TP of Rs160 keep our 'HOLD' rating.

- Soft quarter; fall in reported NIM despite LDR increase:** NII was 1.1% lower at Rs92.5bn (PLe Rs93.6bn) due to lower NIM (calc.) which came in at 2.23% (PLe 2.26%); reported NIM fell by 5bps QoQ to 2.45% despite a rise in LDR. Loan growth was in-line at 14.6% YoY (PLe 14.8%); deposit accretion was lower at 11.1% YoY (PLe 15.2%). CASA fell to 27.1% (28% in Q2'26); LDR rose to 77.1% (75% in Q2'26). Other income was higher at Rs79bn (PLe Rs74.8bn) due to higher treasury/TWO recovery. Fee was in-line at Rs27.4bn. Opex at Rs80.3bn was 2.5% more led by other opex partly offset by lower staff cost. Core PPoP at Rs60.1bn was 3.5% higher; PPoP was Rs91.2bn. GNPA was lower at 2.08% (PLe 2.17%). Gross slippage was lesser at Rs19bn (PLe Rs27.8bn); recovery was Rs9.9bn (PLe Rs11.3bn). Provisions were lower at Rs24.1bn (PLe Rs28.3bn). Core PAT was 23.6% above PLe at Rs27.7bn; PAT was Rs51.6bn.

- Loan growth largely in-line driven by retail:** Credit growth was 3.8% QoQ mainly driven by retail (+8.8%) and SME (+4.5%) while corporate and agri saw softer growth of 2.1%/1.4%. Strong retail growth was organic without any takeovers with growth mainly led by housing, auto and gold (ex-agri). RAM share has reached 59% (guidance of 60%) from 56.8% a year ago. Deposit growth was muted for Q3'26 owing to lower CASA accretion and CBK guided to grow loans by 12-13% and deposits by 10%. We are a bit circumspect of the resultant loan-deposit dynamics and factor 12%/11% CAGR in loans/deposits over FY26-28E. Deposit growth would be a key monitorable for loan growth.

- NIM remains weak and lower to peers:** Despite a CRR cut, increase in LDR QoQ and strong retail growth, NIM fell by 5bps QoQ due to slower accretion in low-cost deposits. Level of NIM remains sub-par to peers as which is a drag on RoA. Other opex surged QoQ due to i) IPO charge of Rs800mn ii) Rs800mn on account of replaceable furniture under employee benefit plans and iii) Rs1bn of technology cost. Hence other opex may normalize. CBK expects ECL transition impact to be Rs100bn spread over 4 years.

Exhibit 1: PAT at 51.6bn driven by lower provisions

P&L (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)
Interest income	3,19,816	3,03,116	5.5	3,18,035	0.6	3,15,439	1.4
Interest expense	2,27,293	2,11,630	7.4	2,24,440	1.3	2,24,027	1.5
Net interest income (NII)	92,523	91,486	1.1	93,595	(1.1)	91,412	1.2
Other Income	78,994	58,022	36.1	74,837	5.6	70,538	12.0
- Fee income	27,410	24,130	13.6	27,837	(1.5)	29,130	(5.9)
- Other non-interest income	51,584	33,892	52.2	47,000	9.8	41,408	24.6
Total income	1,71,517	1,49,507	14.7	1,68,432	1.8	1,61,950	5.9
Operating expenses	80,322	71,141	12.9	78,351	2.5	76,069	5.6
-Staff expenses	49,046	44,805	9.5	49,669	(1.3)	48,223	1.7
-Other expenses	31,276	26,336	18.8	28,682	9.0	27,847	12.3
Operating profit	91,195	78,366	16.4	90,081	1.2	85,881	6.2
Core operating profit	60,121	64,555	(6.9)	58,081	3.5	61,273	(1.9)
Total provisions	24,144	23,983	0.7	28,250	(14.5)	23,542	2.6
Profit before tax	67,051	54,384	23.3	61,831	8.4	62,340	7.6
Tax	15,500	13,342	16.2	15,458	0.3	14,600	6.2
Profit after tax	51,551	41,042	25.6	46,373	11.2	47,740	8.0
Balance Sheet (Rs bn)							
Deposits	1,52,12,683	1,36,94,647	11.1	1,57,76,087	(3.6)	1,50,02,810	1.4
Advances	1,17,28,157	1,02,37,269	14.6	1,17,53,184	(0.2)	1,13,01,139	3.8
Ratios (calc %)							
RoaA	1.2	1.1	14	1.1	12	1.1	6
RoaE	19.5	18.0	152	17.6	186	18.6	91
NIM	2.5	2.7	(26)	-	245	2.5	(5)
Yield on Advances	8.6	9.2	(64)	8.5	6	8.7	(14)
Cost of Funds	5.8	6.0	(21)	5.7	7	5.9	(5)
Asset Quality							
Gross NPL (Rs m)	2,48,326	3,50,606	(29.2)	2,59,947	(4.5)	2,70,403	(8.2)
Net NPL (Rs m)	53,223	90,811	(41.4)	54,589	(2.5)	61,132	(12.9)
Gross NPL ratio	2.1	3.3	(126)	2.2	(9)	2.4	(27)
Net NPL ratio	0.5	0.9	(44)	0.5	(1)	0.5	(9)
Coverage ratio	78.6	74.1	447	79.0	(43)	77.4	118
Business & Other Ratios							
Low-cost deposit mix	27.1	27.5	(44)	27.9		28.5	(143)
Cost-income ratio	46.8	47.6	(75)	46.5	31	47.0	(14)
Non int. inc / total income	46.1	38.8	725	44.4	162	43.6	250
Credit deposit ratio	77.1	74.8	234	74.5	259	75.3	177
CAR	16.5	16.4	6	-		16.2	30
Tier-I	14.6	14.6	5	-		14.3	32

Source: Company, PL

Q3FY26 Concall Highlights

Balance Sheet

- Bank has maintained loan/deposit guidance at 12-13%/10% respectively.
- Deposits left for repricing stood at 15%. RBI observation led to reclassification of deposits from overseas branches to borrowings, resulting in a restatement across previous quarters; reduction was Rs330bn in December.
- Gold portfolio stood at Rs2,210bn out of which agri stood at Rs1,480bn and rest was non-agri (included in personal retail).
- Retail growth in Q3FY26 was purely organic.
- Bank is open to increase lending to NBFCs provided rates are competitive.
- Borrowings increased QoQ on account of i) refinancing by SIDBI and NABARD of existing loans at lower rates ii) excess SLR of 6% which is borrowed and taken advantage of when opportunity arises. Management believes that bank is at optimum levels of borrowings currently.
- LCR stood at 125%.

Profit & Loss

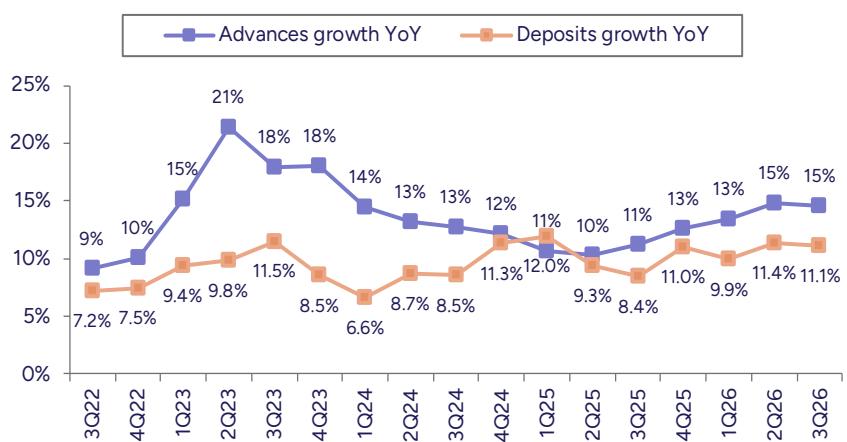
- Interest on written off recoveries stood at Rs3.7bn.
- Yield on gold loan portfolio stood at 9% and is expected to sustain. Yield on vehicle book stood at 8.5%.
- NIMs fell sequentially on account of immediate repo rate pass on 49% RPLR book. Bank guided for NIM of 2.45-2.50% even if further rate cuts happen.
- Bank has been earning PSLC fees only in Q1 since last 2 years. Seasonally Q3 does not provide opportunities for PSLC. Bank indicated that regulatory changes have transformed PSLC fees into a sustainable earning source, a shift from previous years where earnings were concentrated in the first quarter. Bank expects the PSLC fees momentum to continue at current pace for FY27.
- In Q3, bank generated Rs 20bn by offloading a 14.5% stake in Canara HSBC and a 13% stake in Canara Robeco. Bank earned Rs5bn out of cross selling for subsidiaries.
- Bank expects treasury to take upturn in cases of large OMO operations by RBI and expects surplus liquidity to sustain.
- Other opex surged QoQ due i) IPO charges Rs800mn and ii) Rs800mn on account of depreciation for replaceable furniture under employee benefit plans iii) Rs1bn on technology expenses.

Asset Quality

- ECL transition impact is expected to be Rs100bn over the next 4 years.
- Written off pool stood at Rs660bn.

- Breakup of slippages was: agri Rs7.9bn, MSME Rs7.4bn, retail Rs2.9bn, Rs0.35bn on gold loans and nil in corporate.
- Total SMA stood at Rs35.6bn vs Rs43.9bn in Q3FY25. SMA1 declined from Rs11.8bn in Q3FY25 to Rs10.5bn in Q3FY26. SMA2 declined from Rs21.2bn in Q3FY25 to Rs15.4bn in Q3FY26.
- Bank maintained recovery guidance of Rs20bn per year as it's been recovering Rs10bn on an average from retail pool.
- Rs800mn from standard assets provisioning was for DCCO extension whereas rest were routine in nature.

Exhibit 2: Advances growth increased to 14.8% YoY



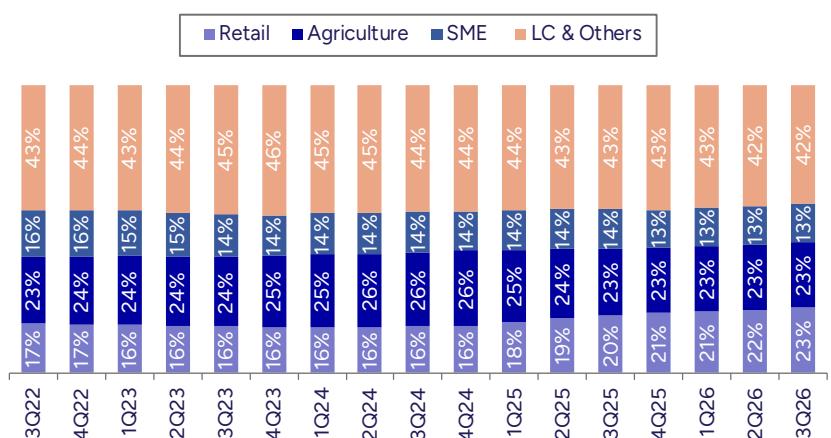
Source: Company, PL

Exhibit 3: Sequential growth of 3.6% driven by Retail & SME

Loan break up (Rs bn)	Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)
Gross Advances	1,19,23,260	1,04,97,060		13.6	1,15,10,410
Large Corporates	48,82,850	45,65,690	6.9	47,99,000	1.7
SME	16,06,360	14,38,860	11.6	15,37,770	4.5
Agri	27,00,100	24,37,870	10.8	26,61,740	1.4
International	7,30,370	6,21,150	17.6	6,96,130	4.9
Retail	27,33,950	20,81,160	31.4	25,11,900	8.8

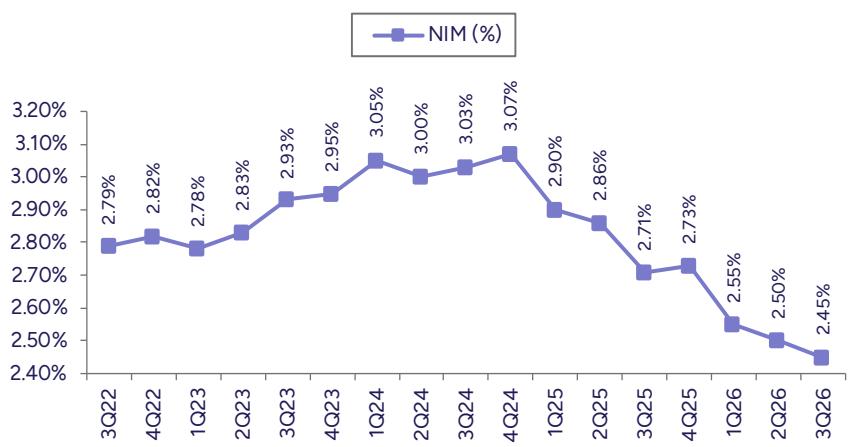
Source: Company, PL

Exhibit 4: Retail:corporate mix came in at 58:42



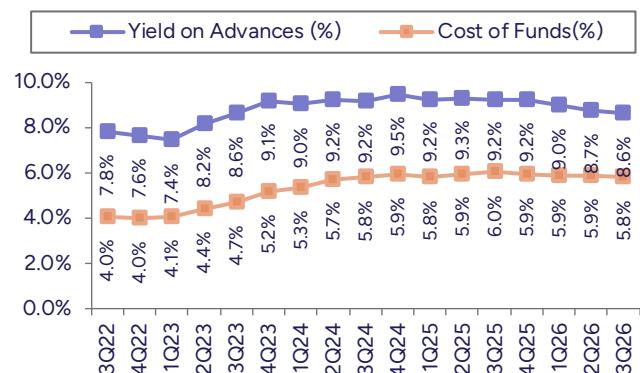
Source: Company, PL

Exhibit 5: NIMs decreased by 5bps QoQ to 2.45%



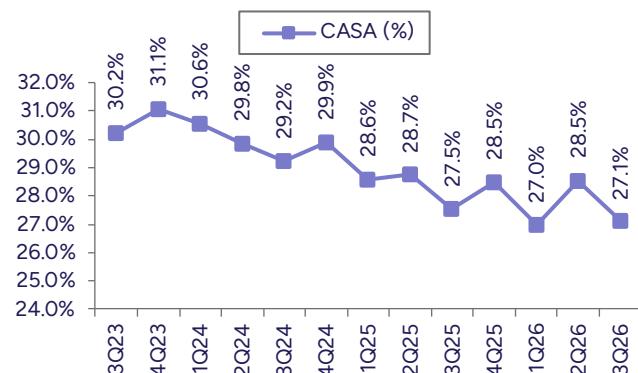
Source: Company, PL

Exhibit 6: Yield on advances fell due to repo rate cut



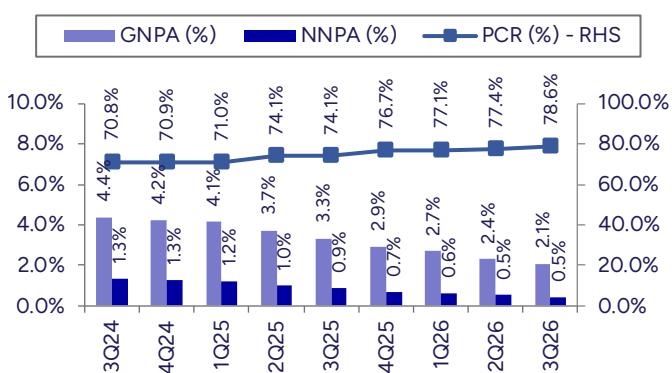
Source: Company, PL

Exhibit 7: CASA ratio decreased to 27.1%



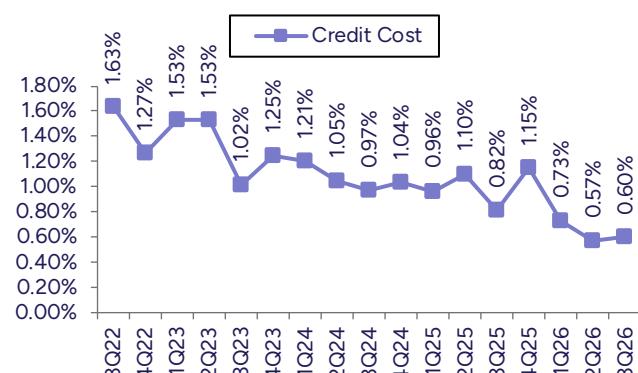
Source: Company, PL

Exhibit 8: GNPA/NNPA improved to 2.10%/0.5%



Source: Company, PL

Exhibit 9: Credit cost slightly increased to 0.60%



Source: Company, PL

Exhibit 10: Slippages came in at 19bn, while overall asset quality has improved

(Rs mn)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26
Additions	32100	29730	34280	29870	31760	34000	33370	23450	24640	27020	21660	21020	18990
Slippages (%)	1.91	1.77	1.79	1.56	1.66	1.77	1.51	1.06	1.12	1.09	0.86	0.80	0.69
Recovery	17760	19040	11270	11980	9580	9290	7800	11880	7800	7910	5050	5800	5950
Upgradation	9400	7350	8000	6710	5160	5200	4950	6590	4600	4200	5580	5370	3910
Write offs	28360	43170	19340	28890	39360	30670	23116	31210	38960	50220	31150	34630	31200
Gross NPAs	501430	461600	457270	439560	417220	406060	403564	377334	350614	315304	295184	270404	248334
Gross NPA Ratio	5.90	5.35	5.15	4.76	4.39	4.23	4.14	3.73	3.34	2.94	2.69	2.35	2.08
Net NPAs	159817	143493	134614	125540	121759	118228	117018	97774	90811	73533	67652	61132	53223
Net NPA Ratio	1.96	1.73	1.57	1.41	1.32	1.27	1.24	0.99	0.89	0.70	0.63	0.54	0.45
PCR	68.1	68.9	70.6	71.4	70.8	70.9	71.0	74.1	74.1	76.7	77.1	77.4	78.6
NPAs breakup													
MSME	126910	118950	122950	120760	114930	112340	113650	107130	99950	79150	78360	79850	72080
Retail	20700	20200	20820	20000	22980	22470	22490	20670	20490	21890	18110	17170	13510
Agriculture	79040	73990	74360	74290	80990	85410	88150	90220	89700	83750	80110	74860	69540
Corporate	274780	248460	239140	224510	198320	185830	179270	159310	140470	130510	118600	98520	93200

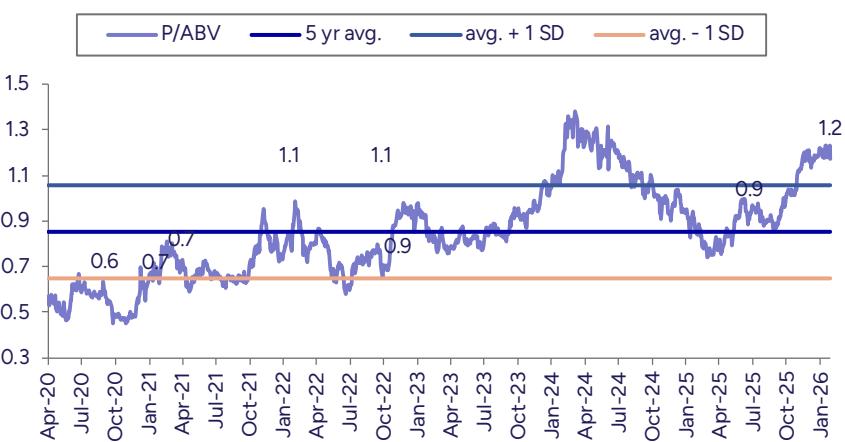
Source: Company, PL

Exhibit 11: Return ratios to remain at ~15%

RoA decomposition (%)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Interest Income/Assets	2.2	2.4	2.6	2.3	2.1	2.1	2.2
Other Income/Assets	1.4	1.5	1.3	1.4	1.5	1.2	1.2
Net revenues/Assets	3.6	3.9	3.9	3.8	3.6	3.4	3.4
Operating Expense/Assets	1.7	1.7	1.8	1.8	1.7	1.7	1.8
Provisions/Assets	1.2	1.1	0.7	0.6	0.5	0.5	0.5
Taxes/Assets	0.3	0.3	0.4	0.4	0.3	0.3	0.3
ROA	0.5	0.8	1.0	1.07	1.03	0.87	0.88
ROE	10.5	17.1	20.2	19.9	18.1	14.9	14.9

Source: Company Data, PL Research

Exhibit 12: One-year forward P/ABV trades at 1.2x



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Int. Earned from Adv.	8,77,893	9,33,866	10,24,830	11,39,985
Int. Earned from invt.	2,45,956	2,51,945	2,62,100	2,80,970
Others	27,087	24,446	22,334	24,175
Total Interest Income	11,97,551	12,74,029	13,84,186	15,25,388
Interest Expenses	8,26,831	9,04,328	9,55,338	10,38,297
Net Interest Income	3,70,720	3,69,701	4,28,848	4,87,092
Growth(%)	1.4	(0.3)	16.0	13.6
Non Interest Income	2,24,528	2,76,630	2,43,696	2,70,535
Net Total Income	5,95,248	6,46,331	6,72,544	7,57,627
Growth(%)	11.4	9.0	5.0	10.3
Employee Expenses	1,78,561	1,96,231	2,23,590	2,53,325
Other Expenses	1,02,784	1,15,284	1,24,277	1,39,316
Operating Expenses	2,81,345	3,11,515	3,47,866	3,92,641
Operating Profit	3,13,903	3,34,815	3,24,677	3,64,986
Growth(%)	6.7	6.7	(3.0)	12.4
NPA Provision	95,860	75,539	82,942	92,888
Total Provisions	87,630	93,464	92,720	1,03,760
PBT	2,26,273	2,41,351	2,31,957	2,61,226
Tax Provision	56,000	57,085	57,989	65,307
Effective tax rate (%)	24.7	23.7	25.0	25.0
PAT	1,70,273	1,84,266	1,73,968	1,95,920
Growth(%)	17.0	8.2	(5.6)	12.6

Quarterly Financials (Rs. m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Interest Income	3,10,020	3,10,028	3,15,439	3,19,816
Interest Expenses	2,15,601	2,19,941	2,24,027	2,27,293
Net Interest Income	94,419	90,088	91,412	92,523
YoY growth (%)	(1.4)	(1.7)	(1.9)	1.1
CEB	23,350	22,230	25,860	23,270
Treasury	-	-	-	-
Non Interest Income	63,508	70,605	70,538	78,994
Total Income	3,73,528	3,80,633	3,85,977	3,98,810
Employee Expenses	47,828	47,955	48,223	49,046
Other expenses	27,262	27,201	27,847	31,276
Operating Expenses	75,090	75,157	76,069	80,322
Operating Profit	82,837	85,536	85,881	91,195
YoY growth (%)	12.1	12.3	12.2	16.4
Core Operating Profits	75,727	69,366	73,711	65,295
NPA Provision	28,460	18,450	15,040	16,500
Others Provisions	18,317	23,516	23,542	24,144
Total Provisions	18,317	23,516	23,542	24,144
Profit Before Tax	64,520	62,020	62,340	67,051
Tax	14,493	14,500	14,600	15,500
PAT	50,027	47,520	47,740	51,551
YoY growth (%)	33.1	21.7	18.9	25.6
Deposits	1,45,68,832	1,46,76,553	1,50,02,810	1,52,12,683
YoY growth (%)	11.0	9.9	11.4	11.1
Advances	1,04,91,550	1,07,35,762	1,13,01,139	1,17,28,157
YoY growth (%)	12.6	13.4	14.8	14.6

Balance Sheet (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Face value	2	2	2	2
No. of equity shares	9,071	9,071	9,071	9,071
Equity	18,141	18,141	18,141	18,141
Networth	9,99,001	11,60,634	12,97,749	14,56,815
Growth(%)	14.9	16.2	11.8	12.3
Adj. Networth to NNPAs	73,530	49,465	43,081	40,301
Deposits	1,45,68,832	1,59,44,161	1,76,94,252	1,96,38,055
Growth(%)	11.0	9.4	11.0	11.0
CASA Deposits	41,50,504	42,93,995	47,92,373	53,50,702
% of total deposits	28.5	26.9	27.1	27.2
Total Liabilities	1,68,28,496	1,89,36,627	2,11,37,352	2,35,07,561
Net Advances	1,04,91,550	1,21,97,283	1,36,59,963	1,52,98,045
Growth(%)	12.6	16.3	12.0	12.0
Investments	38,03,434	41,37,167	45,91,278	50,07,704
Total Assets	1,68,28,496	1,89,36,627	2,11,37,352	2,35,07,561
Growth (%)	12.8	12.5	11.6	11.2

Asset Quality

Y/e Mar	FY25	FY26E	FY27E	FY28E
Gross NPAs (Rs m)	3,15,310	2,35,553	2,04,876	1,91,635
Net NPAs (Rs m)	73,530	49,465	43,081	40,301
Gr. NPAs to Gross Adv. (%)	2.9	1.9	1.5	1.2
Net NPAs to Net Adv. (%)	0.7	0.4	0.3	0.3
NPA Coverage %	76.7	79.0	79.0	79.0

Profitability (%)

Y/e Mar	FY25	FY26E	FY27E	FY28E
NIM	2.4	2.1	2.2	2.2
RoAA	1.1	1.0	0.9	0.9
RoAE	19.9	18.1	14.9	14.9
Tier I	14.4	13.4	13.3	13.3
CRAR	16.3	15.9	16.9	18.4

Source: Company Data, PL Research

Key Ratios

Y/e Mar	FY25	FY26E	FY27E	FY28E
CMP (Rs)	150	150	150	150
EPS (Rs)	18.8	20.3	19.2	21.6
Book Value (Rs)	103	121	136	153
Adj. BV (Rs)	95	115	131	149
P/E (x)	8.0	7.4	7.8	7.0
P/BV (x)	1.5	1.2	1.1	1.0
P/ABV (x)	1.6	1.3	1.1	1.0
DPS (Rs)	4.0	4.1	3.8	4.3
Dividend Payout Ratio (%)	21.3	20.0	20.0	20.0
Dividend Yield (%)	2.7	2.7	2.6	2.9

Efficiency

Y/e Mar	FY25	FY26E	FY27E	FY28E
Cost-Income Ratio (%)	47.3	48.2	51.7	51.8
C-D Ratio (%)	72.0	76.5	77.2	77.9
Business per Emp. (Rs m)	308	332	369	411
Profit per Emp. (Rs lacs)	21	22	20	23
Business per Branch (Rs m)	2,544	2,854	3,177	3,536
Profit per Branch (Rs m)	17	19	18	20

Du-Pont

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII	2.34	2.07	2.14	2.18
Total Income	3.75	3.61	3.36	3.39
Operating Expenses	1.77	1.74	1.74	1.76
PPoP	1.98	1.87	1.62	1.64
Total provisions	0.55	0.52	0.46	0.46
RoAA	1.07	1.03	0.87	0.88
RoAE	14.90	10.76	11.55	11.80

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	Hold	160	153

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	BUY	1,500	1,258
2	Bank of Baroda	BUY	300	308
3	Canara Bank	Hold	160	153
4	Canara Robeco Asset Management Company	BUY	325	311
5	City Union Bank	BUY	265	291
6	DCB Bank	BUY	155	182
7	Federal Bank	BUY	275	270
8	HDFC Asset Management Company	BUY	2,950	2,554
9	HDFC Bank	BUY	1,150	931
10	ICICI Bank	BUY	1,800	1,411
11	ICICI Prudential Asset Management Company	BUY	3,300	2,736
12	IndusInd Bank	Accumulate	960	892
13	Kotak Mahindra Bank	BUY	500	423
14	Nippon Life India Asset Management	BUY	930	893
15	State Bank of India	BUY	1,100	1,007
16	Union Bank of India	BUY	200	179
17	UTI Asset Management Company	Accumulate	1,250	1,135

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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