

Punjab National Bank

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USD\$)	1471.7 / 16.2
52-Week Range (INR)	135 / 85
1, 6, 12 Rel. Per (%)	8/10/18
12M Avg Val (INR M)	2328

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	427.8	426.7	500.3
OP	268.3	285.4	334.7
NP	166.3	164.8	213.2
NIM (%)	2.7	2.4	2.5
EPS (INR)	14.8	14.3	18.5
EPS Gr. (%)	97.4	-3.0	29.3
BV/Sh. (INR)	107	119	133
ABV/Sh. (INR)	101	113	128

Ratios

RoA (%)	1.0	0.9	1.0
RoE (%)	15.3	13.1	15.1

Valuations

P/E(X)	8.5	8.8	6.8
P/BV (X)	1.2	1.1	0.9
P/ABV (X)	1.2	1.1	1.0

Shareholding pattern (%)

As of	Dec-25	Sep-25	Dec-24
Promoter	70.1	70.1	70.1
DII	16.1	15.5	14.3
FII	5.9	5.7	5.7
Others	7.9	8.7	9.9

FII includes depository receipts

CMP: INR128
TP: INR145 (+14%)
Buy

Other income drives earnings; asset quality robust

NIM contracts 8bp QoQ to 2.52%

- Punjab National Bank (PNB) reported 3QFY26 PAT of INR51b (13% YoY/4% QoQ, 7% beat on MOFSL), aided by higher other income, partly offset by higher-than-expected provisions (floating provisions of INR9.6b).
- NII declined 4.5% YoY (up 0.6% QoQ) to INR105.3b (3% miss), as NIMs declined by 8bp QoQ to 2.52%.
- Other income surged 47% YoY/16% QoQ to INR50.2b (24% beat), led by the stake sale of Can HSBC Life, as well as a healthy recovery in written-off accounts. Total revenues thus grew 7.7% YoY/5% QoQ to INR155.5b (5% beat).
- Loan book grew 11.8% YoY (5.5% QoQ), while deposits grew 8.5% YoY (2.7% QoQ). CD ratio increased to 72% vs 70.1% in 2QFY26.
- Slippages dipped marginally to INR19b vs. INR19.6b in 2QFY26. The GNPA/NNPA ratio improved 26bp/4bp QoQ to 3.19%/0.32%. PCR ratio was 90%.
- **We trim our FY27E/FY28E earnings by 3%/4% and estimate FY27 RoA/RoE at 1.02%/15.1%. Reiterate BUY with a TP of INR145 (based on 1.0x Sep'27E ABV).**

NIM guidance reduced; the bank makes floating provisions of INR9.6b

- PNB reported a PAT of INR51b (13% YoY/ 4% QoQ, 7% beat on MOFSL), amid healthy income from the recovery from w-off as well as stake sale of Canara HSBC life; the bank has made floating provisions of INR9.6b prudentially utilizing the stake sale gains.
- NII dipped 4.5% YoY (up 0.6% QoQ), while NIM contracted 8bp QoQ to 2.52%. The contraction in NIM was primarily led by a fall in yield on advances (down 21bp QoQ to 7.69%) as well as yields on investment (down 17bp QoQ to 6.76%).
- Other income grew sharply by 47% YoY/16% QoQ to INR50.2b (a strong 24% beat), amid a healthy recovery in the w-off account, along with stake sale gains from Canara HSBC Life of INR9.1b.
- Opex grew by 3% YoY/6.5% QoQ to INR80.7b (inline). As a result, C/I ratio stood largely flat at 51.9% (up 70bp QoQ).
- PPop thus grew 13% YoY/3.5% QoQ to INR74.8b (8% beat). Provisions increased INR11.5b as the bank made floating provisions of INR9.6b. Management has guided for an ECL transition impact of INR90-100b.
- The loan book grew 11.8% YoY (5.5% QoQ) to INR11.96t, led by better growth in MSME advances (5% QoQ); Retail grew 3.6% QoQ, and corporate grew 4.7% QoQ. The bank grew faster on international advances (up 25% QoQ), which has also contributed to lower NIMs in 3QFY26.