

January 29, 2026

Citizencredit Co-operative Bank Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer Rating	-	-	[ICRA]BBB (Stable); reaffirmed
Total	-	-	

*Instrument details are provided in Annexure I

Rationale

The rating continues to factor in Citizencredit Co-operative Bank Limited's (Citizencredit) long operating track record as a multi-state urban cooperative bank (UCB) and its comfortable capitalisation profile with Tier I of 18.38% as on March 31, 2025. In addition, the bank benefits from its sizeable granular deposit base and healthy share of current and savings account (CASA) deposits. However, its average cost of funds increased in FY2025 amid competition to raise deposits along with the slight reduction in the share of its CASA deposits. At the same time, the declining interest rate environment in the current fiscal has impacted its yields and business growth, affecting its operating profitability. Besides, Citizencredit continues to see a low credit-to-deposit (CD) ratio, which restricts its margins and profitability.

The rating also takes note of the bank's strong liquidity position, reflected by the high share of excess liquidity parked in Government securities (G-Secs). As a result, its average statutory liquidity ratio (SLR) stood at 36.01% of the net demand and time liabilities (NDTL) for Q2 FY2026.

The rating also considers the significant share of loans to micro, small and medium enterprise (MSME) segments, which keeps Citizencredit's asset quality profile vulnerable. It witnessed a few high slippages in FY2025, which led to a slight increase in its gross non-performing advances (GNPAs). Nevertheless, healthy recoveries helped the bank contain the rise in GNPAs and provision reversals limited the credit cost impact. Citizencredit reported GNPAs and net NPA (NNPAs) of 5.44% and 0.49%, respectively, as on March 31, 2025 compared to 5.01% and 0.00%, respectively, as on March 31, 2024. Slippages, however, remained under control in H1 FY2026 at Rs. 4 crore. Besides, the bank had a standard restructured book of ~4% of standard advances as on March 31, 2025. Its ability to limit incremental slippages from the standard restructured and overdue book while ensuring recoveries/upgrades from NPAs will remain critical for improving the asset quality metrics and keeping the credit costs under control. This will remain a near-to-medium-term monitorable, especially in the backdrop of uncertainties around tariffs and evolving trends regarding the asset quality in the retail unsecured and MSME segments. In addition, Citizencredit's high investment portfolio makes it vulnerable to adverse interest rate movements and its profitability depends on the mark-to-market losses/gains in the bond portfolio.

The Stable outlook on the rating factors in ICRA's expectation that the bank will be able to maintain a steady credit profile while growing its scale and improving its earnings profile.

Key rating drivers and their description

Credit strengths

Capitalisation profile remains comfortable – Citizencredit’s capitalisation profile remains comfortable with a Tier I capital of 18.38% as on March 31, 2025 (19.93% as on March 31, 2024). Compared to the net worth of Rs. 553 crore¹ as on March 31, 2025, the Tier I capital was lower at Rs. 341 crore as reserves such as revaluation reserves, provisions on NPAs and non-performing investments are excluded from the core capital. However, improvement in internal capital generation depends on the bank’s ability to grow its loan book. Moreover, the capital-to-risk weighted assets ratio (CRAR), which stood at 21.30% as on March 31, 2025, remained well above the regulatory level of 12%.

As it is a cooperative bank under the Multi-State Cooperative Societies Act, 2002 and given its constitution, Citizencredit’s overall capitalisation profile remains dependent on capital contribution from new and existing members as well as withdrawals/redemption/surrender of shares by members. While any capital infusion or withdrawal by members is at face value, capital withdrawals are unlikely to have a material impact on the bank’s capitalisation as the paid-up capital constituted ~4% of its overall Tier I capital as on March 31, 2025. However, in case of any capital requirement for growth or for provisions for stressed assets, Citizencredit will have to largely rely on its existing capital and internal accruals or consider allowing new members.

Strong liquidity profile with high share of CASA deposits – Citizencredit’s branch network has remained unchanged at 46 branches in the last few years with these branches mainly in Mumbai and a few districts of Maharashtra. Considering the branch network, its share of low-cost CASA deposits stayed at a fairly comfortable level of 41% of total deposits as on March 31, 2025 (43% as on March 31, 2024). The share of CASA remains healthy in relation to commercial banks as well as peer urban co-operative banks (UCBs) operating in Maharashtra.

With limited credit growth in the last few years, Citizencredit’s dependence on bulk deposits or on mobilising deposits by offering higher deposit rates has remained limited. This has aided granularity, leading to a competitive cost of interest-bearing funds at 5.12% in FY2025, though it rose from 4.63% in FY2024. In addition, the low CD ratio supports the bank’s strong liquidity with excess SLR holdings of ~Rs. 633 crore as on September 19, 2025 (excess of 18.6% of NDTL over regulatory requirement on a fortnightly average basis).

Long operating track record – Citizencredit is a Maharashtra-based multi-state scheduled cooperative bank. It was established as a cooperative credit society in 1920 and was granted a banking licence by the Reserve Bank of India (RBI) in 1989. Citizencredit obtained scheduled bank status in 1996 and became a multi-state cooperative bank from 1998. The bank has been in operations since the last 100 years, demonstrating a long operating track record in India.

The typical ticket size ranges from Rs. 5 crore to Rs. 30-35 crore. This apart, Citizencredit offers various loan products like housing loans, vehicle loans, gold loans and personal loans to retail customers. The retail segment accounted for 38% of the loan book while the corporate and MSME segment accounted for 53% as on March 31, 2025. The total loan book remained in the range of Rs. 1,350-1,610 crore in the last five years and stood at Rs. 1,610 crore as on March 31, 2025. It decreased to Rs. 1,551 crore as on September 30, 2025 as the bank focussed on reducing its exposure to low-yielding advances.

¹ The net worth includes paid-up share capital and total reserves excluding revaluation reserves; paid-up share capital and free reserves amounted to Rs. 364 crore as on March 31, 2025

Credit challenges

Suboptimal operating profitability – Despite the competitive cost of funds compared to other UCBs², Citizencredit's operating profitability remains modest, given the low CD ratio. Additionally, the bank witnessed an increase in its cost of funds in FY2025, given the competition to attract deposits, while the yield on assets remained largely unchanged. Consequently, the net interest margin (NIM), as a percentage of average total assets (ATA), declined to 2.81% in FY2025 from 3.27% in FY2024. With limited growth in advances, the bank's ability to pass on higher funding costs to borrowers continues to be constrained. The operating profitability remains at a suboptimal level with the core pre-provision operating profit (excluding trading gains/loss) declining to 0.58% of ATA in FY2025 from 1.22% in FY2024 due to lower NIMs and higher operating expenses (2.49% in FY2025 v/s 2.31% in FY2024).

Despite weaker operating profitability, the overall profit after tax (PAT) of Rs. 22.6 crore in FY2025 remained in line with PAT of Rs. 23 crore in FY2024, supported by higher trading profits on the bond portfolio (Rs. 9 crore in FY2025 against Rs. 4 crore in FY2024) and provision reversals on recovery of restructured accounts. Consequently, the bank reported a return on assets (RoA) and a return on equity (RoE) of 0.57% and 4.26%, respectively, in FY2025 (0.63% and 4.91%, respectively, in FY2024). While the reported RoA exceeded the positive triggers, the sustainability of the same will depend on Citizencredit's ability to maintain the NIMs. Besides this, the ability to keep incremental slippages in check with high recoveries from stressed assets will be key for an improvement in the profitability.

Asset quality remains monitorable – Citizencredit's gross slippages increased to Rs. 36 crore in FY2025 from Rs. 3 crore in FY2024 due to a few large slippages. As a result, fresh NPA generation rose to 2.4% in FY2025 from 0.2% in FY2024. However, recoveries and upgrades were higher at Rs. 24 crore in FY2025 (Rs. 12 crore in FY2024). This helped contain the increase in the GNPA stock and the headline asset quality metrics with GNPA and NNPA stood at 5.44% and 0.40%, respectively, as on March 31, 2025 (5.01% and 0.00%, respectively, as on March 31, 2024). The slippages in H1 FY2026 were contained at Rs. 4 crore, however, with decline in advances, its GNPA increased marginally to 5.55% as on September 30, 2025, though NNPA improved to 0.35%. Given the relatively high standard restructured book (4% of standard advances as on March 31, 2025), Citizencredit's ability to contain further slippages and achieve recoveries/upgrades from its NPA stock will remain a near-to-medium-term monitorable.

The uncertainties around tariffs and evolving trends regarding the asset quality in the retail unsecured and MSME segments are the key risks to the asset quality profile, going forward.

High geographical concentration in Maharashtra – Citizencredit's charter allows it to operate in more than one state. The bank had 46 branches as on March 31, 2025. However, its presence and portfolio are highly concentrated in Maharashtra with most of the branches located in Mumbai. This exposes the bank to concentration risks due to regional factors like natural calamities, political unrest, and intense competition among others.

Limited diversity in products and earnings – While Citizencredit's lending products and customer profile continue to be diverse, the share of non-interest income remains low with the same limited to bancassurance commission, locker rent and commission and exchange charges. The limited avenues for scaling up the fee-based income restrict the scope for improving the income profile. The contribution of Citizencredit's fee-based income was low at 0.26% of ATA in FY2025 (0.27% in FY2024).

Liquidity position: Strong

The bank's SLR stood at 36.59% of the NDTL as on September 19, 2025 and remained well above the regulatory requirement of 18%. Citizencredit can also avail liquidity support from the RBI (through repo against excess SLR investments and the marginal standing facility) in case of urgent liquidity needs. This apart, it has sizeable liquid assets by way of balances with other banks because of a lower CD ratio. ICRA expects Citizencredit to maintain strong liquidity, though this will continue to depend on its ability to maintain a stable deposit base.

² UCBs typically operate at a higher cost of funds than most scheduled commercial banks

Rating sensitivities

Positive factors – An improvement in the scale of operations, along with an increase in the bank’s operating profitability and an RoA of more than 0.5% on a sustained basis, will be a positive trigger.

Negative factors – A deterioration in the asset quality, leading to sustained weakness in the RoA and resulting in the weakening of the capitalisation ratio, or substantial weakening in the deposit base will be a negative trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA’s Rating Methodology for Banks and Financial Institutions
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Citizencredit Co-operative Bank Limited is a Maharashtra-based multi-state scheduled cooperative bank. It was established as a cooperative credit society in 1920 and was granted a banking licence by the RBI in 1989. Citizencredit obtained scheduled bank status in 1996 and became a multi-state cooperative bank in 1998. The bank has been operating since the last 100 years, demonstrating a long operating track record in India. It had 46 branches as on March 31, 2025.

Key financial indicators (standalone)

Citizencredit Co-operative Bank Limited	FY2024	FY2025
Total income [^]	133	122
Profit after tax	23	23
Total assets	3,855	4,059
PAT/ATA	0.63%	0.57%
Tier I	19.93%	18.38%
CRAR	23.53%	21.30%
Gross NPAs	5.01%	5.44%
Net NPAs	0.00%	0.49%

Source: Citizencredit & ICRA Research; Amount in Rs. crore; All ratios as per ICRA’s calculations

[^]Total income = Net interest income + Non-interest income (excluding trading gains)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 29, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Issuer Rating	Long term	-	[ICRA]BBB (Stable)	Nov 28, 2024	[ICRA]BBB (Stable)	Sep 29, 2023	[ICRA]BBB (Stable)	Sep 20, 2022	[ICRA]BBB (Stable)

Source: ICRA Research

Complexity level of the rated instrument

Instrument	Complexity indicator
Issuer Rating	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instruments credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Issuer Rating	-	-	-	-	[ICRA]BBB (Stable)

Source: Citizencredit

Annexure II: List of entities considered for consolidated analysis

Not applicable

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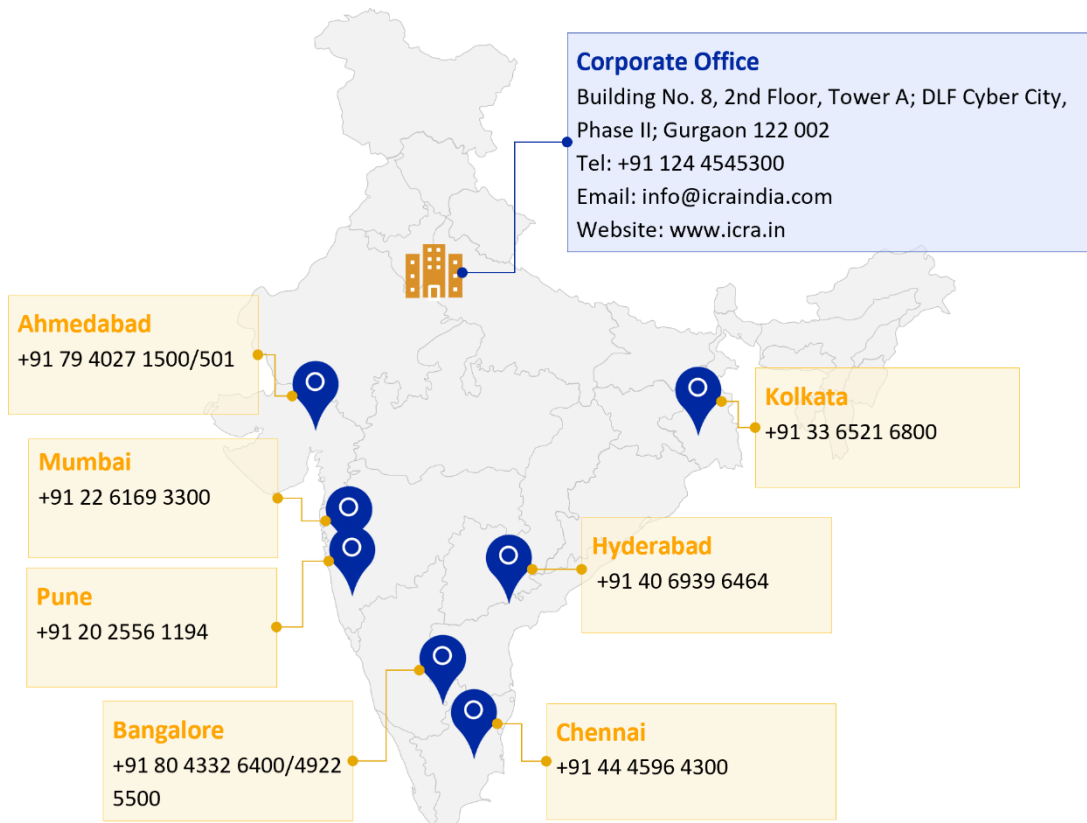
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Branches



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