BANK OF INDIA – Q3FY26

Result Update (22.01.2026)

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORY

"The Bank reported stable business growth during Q3FY26, reflecting steady momentum across key operating segments"

Ajcon Global's observations & views

1) The bank's healthy growth in deposits and advances during the quarter reflects strong business momentum and balance sheet expansion, providing a strong foundation to support sustained credit growth while maintaining stability in funding and asset quality.
2) Management's continued focus on strategic initiatives, reaffirmation of FY26 guidance and planned branch expansion underscore the bank's commitment to strengthening its market presence and sustaining long-term growth, while balancing profitability with prudent risk management.

Q3FY26 Result Analysis:

3) **Total Business** increased by 4.17% QoQ to Rs. 16,27,602 Crores in Q3FY26 from Rs. 15,62,446 Crores in Q2FY26 and rose by 12.54% YoY against Rs. 14,46,295 Crores in Q3FY25.
4) **Total Global Deposits** rose by 3.98% QoQ to Rs. 8,87,288 Crores in Q3FY26 from Rs. 8,53,301 Crores in Q2FY26 and increased by 11.64% YoY against Rs. 7,94,788 Crores in Q3FY25.
5) **Global Gross Advances** rose by 4.40% QoQ to Rs. 7,40,314 Crores in Q3FY26 from Rs. 7,09,145 Crores in Q2FY26 and was up by 13.63% YoY against Rs. 6,51,507 Crores in Q3FY25.
6) **Net Interest Income** was up by 9.29% QoQ to Rs. 6,461 Crores in Q3FY26 from Rs. 5,912 Crores in Q2FY26 and also increased by 6.44% YoY against Rs. 6,070 Crores in Q3FY25.
7) **Operating Profit** rose by 9.74% QoQ to Rs. 4,193 Crores in Q3FY26 from Rs. 3,821 Crores in Q2FY26 and also, up by 13.23% YoY against Rs. 3,703 Crores in Q3FY25.
8) **Net Profit** increased by 5.87% QoQ to Rs. 2,705 Crores in Q3FY26 from Rs. 2,555 Crores in Q2FY26 and it rose by 7.47% YoY against Rs. 2,517 Crores in Q3FY25.

KEY FINANCIAL INDICATORS – Q3FY26

CMP (22.01.2026)	: Rs. 166.42
Face Value	: Rs. 10
Book value per share	: Rs. 161.27
Market Capitalisation	: Rs. 75,721.1 Crs.
Capital Adequacy Ratio	: 17.09%
C/D Ratio	: 83.44%
CASA Ratio	: 37.97%
Net Interest Margin (NIM)	: 2.57%
Cost / Income Ratio	: 53.02%
GNPA	: 2.26%
Net NPA	: 0.60%
PCR	: 93.60%
Slippage Ratio	: 0.16%
Credit Cost	: 0.34%
Return on Assets	: 0.96%
Return on Equity	: 14.94%

4) **Net Interest Margin (NIM)** improved to 2.57% in Q3FY26, compared to 2.41% in Q2FY26 and decreased from 2.80% in Q3FY25.
5) **Cost of Deposits** declined to 4.77% in Q3FY26 against 4.85% in Q2FY26 and 4.96% in Q3FY25. **Cost of Funds** decreased to 4.57% in Q3FY26 against 4.66% in Q2FY26 and from 4.81% in Q3FY25. **Yield on Advances** was same at 7.81% QoQ but decreased from 8.55% in Q3FY25.
6) **Total Non- Interest Income** rose by 2.66% QoQ to Rs. 2,279 Crores in Q3FY26 against Rs. 2,220 Crores in Q2FY26 and also increased by 30.45% YoY from Rs 1,747 Crores in Q3FY25.
7) **Cost to income ratio (Global)** was flat at 53.02% QoQ and edge down from 52.63% in Q3FY25.
8) **Domestic CASA ratio** came down to 37.97% in Q3FY26 against 39.39% in Q2FY26 and also, declined from 41.05% in Q3FY25.
9) **C/D ratio** marginally increased to 83.44% in Q3FY26 against 83.11% in Q2FY26 and also, increased from 81.97% in Q3FY25.
10) **Return on Assets (ROA)** inched up to 0.96% in Q3FY26 against 0.91% in Q2FY26 and was same YoY at 0.96% in Q3FY25.
11) **Fresh slippages** increased to Rs. 1,090 Crores in Q3FY26 against Rs. 887 Crores in Q2FY26 and Rs. 1,045 Crores in Q3FY25, respectively. **Recovery + Upgradation** declined to Rs. 1,159 Crores in Q3FY26 against Rs. 1,440 Crores in Q2FY26 and Rs. 1,372 Crores in Q3FY25, respectively.
12) **Gross NPA ratio** improved to 2.26% in Q3FY26 against 2.54% in Q2FY26 and 3.69% in Q3FY25. Net NPA ratio also improved to 0.60% in Q3FY26 against 0.65% in Q2FY26 and 0.85% in Q3FY25, respectively.
13) **Credit cost** increased to 0.34% in Q3FY26 from 0.28% in Q2FY26 and improved from 0.39% in Q3FY25.
14) **Provision Coverage Ratio** marginally increased to 93.60% in Q3FY26 against 93.39% in Q2FY26 and also increased from 92.48% in Q3FY25.

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Management Comments

15) In his opening remarks, Shri Rajneesh Karnatak, MD & CEO, highlighted Bank's initiatives during Q3, that the Bank strengthened its franchise through multiple customer-centric initiatives, including the rollout of CTS continuous clearing for faster near real-time cheque settlement, the launch of the BOI Surya Shakti scheme to support solar-based agri and agri-processing infrastructure, introduction of a dedicated bouquet of loan products for gig workers, launch of two new RuPay credit card variants catering to HNI and women segments and the operationalisation of the BOI CSR Trust to streamline and enhance the Bank's CSR initiatives.

16) Shri Karnatak reiterated Bank's FY26 guidance, with credit growth targeted at 13–14% and global deposit growth at 11–12%. For FY26, NIM is expected to be maintained at around 2.50%, with Q4FY26 likely to trend higher at 2.60%, while no long-term NIM target has been set under the BOI@125 plan amid global volatility and interest rate uncertainties.

17) The MD & CEO shared that the bank has actively churned its loan book by exiting low-yielding AAA PSU and government exposures (yielding 6–6.25%) and shifting toward better-yielding RAM, MCLR-linked and AA rated assets. Despite YoY pressure from 125 bps repo rate cuts (with 64% of the Bank's loan book is repo-linked), this strategy lifted portfolio yields by 25–40 bps and supported a sequential improvement in global NIM from 2.41% in Sep'25 to 2.57% in Dec'25.

18) While speaking on Bank's RAM growth outlook, Shri Karnatak informed that the bank's RAM book currently stands at 58.4% and is targeted to reach 65% under the BOI@125 strategy, supported by better yields, diversification, and improved margins. For FY26 growth is expected to be strong, supported by rising incomes, stable agricultural earnings, the expanded MSME definition (enabling ₹200 crore loans) and a shift in agriculture toward allied activities and food processing for better margins and asset quality.

19) Responding to an analyst concern on Bank's gold loan portfolio, MD & CEO shared that the Bank's gold loan book stood at ₹47,000 crore as of Q3FY26 with minimal asset quality risk, as NPA levels remain low and recoveries are typically completed within 30 days through established SOPs. The portfolio yields around 9%, and to manage risks amid rising gold prices, the bank has tightened norms by reducing the loan-to-value ratio to 75% for fresh loans, ensuring adequate borrower margins and portfolio comfort.

20) Shri Karnatak replied to a query of an analyst on increased SMA 2, that the bank has improved its SMA position, with above ₹5 crore SMA reducing from ₹6,200 crore in September to ₹5,400 crore in December, forming just 0.75% of the standard loan book. A large part of SMA2 (₹3,500 crore) relates to three state government–guaranteed accounts, while retail, agriculture and MSME SMAs remain muted and well-controlled.

21) While replying to an analyst's concern on moderated CASA growth, Shri Karnatak explained that the CASA growth has moderated due to a structural shift across the banking system, as depositors increasingly deploy surplus funds into alternative investment avenues such as equities, mutual funds, real estate and gold. As a result, the bank's CASA ratio has softened to 38%, with CASA accretion of ₹12,000 crore YoY, even as deposit growth is being supported through higher retail term deposits.

22) In response to an analyst's query on recovery, the MD & CEO indicated healthy recovery traction, with recoveries of around ₹5,300 crore achieved during the first nine months and an additional ₹2,000 crore expected in Q4, which should take total recoveries for the year to about ₹7,200–7,300 crore. On written off recoveries, the current run rate stands at ₹400–450 crore per quarter (around ₹1,800 crore annualised), while the bank is internally targeting an improved pace of ₹750 crore per quarter, translating into nearly ₹3,000 crore of recoveries over the next four quarters.

23) The Bank estimates the ECL impact at 2% of CRR, which will be spread over the next five years (0.4% per year). With the bank already reporting a net profit of ₹7,500 crore in 9M FY26 and expected to reach ₹10,000 crore for FY26, this is not likely to have a significant effect on capital or earnings, added Shri Karnatak on ECL impact.