

Result Update (17.01.2026)

“Surge in other income lifted the Bank’s Q3FY26 profit to an all time high despite higher provisioning”

Ajcon Global's observations & views

1. With tremendous credit growth this quarter, higher CASA, the Management remains confident of sustaining margins around the guided levels, supported by improving deposit repricing, focus on higher-yielding RAM-led growth and calibrated funding costs, which should help offset near-term pressure from faster rate transmission.
2. The strong quarterly performance positions Central Bank of India favourably among public sector banks, with steady profit growth, healthy interest income and sustained improvement in asset quality reflecting effective execution of its business strategy and prudent balance sheet management during the quarter.

Q3FY26 RESULT ANALYSIS

- 1) **Total business** rose by 4.90% QoQ to Rs. 774106 Crores in Q3FY26 against Rs. 737938 Crores in Q2FY26 and was up by 15.77% YoY against Rs. 668686 Crores in Q3FY25.
- 2) **Total deposits** increased by 1.38% QoQ to Rs. 450575 Crores in Q3FY26 against Rs. 444450 Crores in Q2FY26. Also, it rose by 13.24% YoY from Rs. 397907 Crores in Q2FY25.
- 3) **Gross Advances** increased by 10.24% QoQ to Rs. 323531 Crores in Q3FY26 against Rs. 293488 Crores in Q2FY26 and it was also grown by 19.48% YoY from Rs. 270779 Crores in Q3FY25.
- 4) **Net interest income** rose by 6.67% QoQ to Rs. 3502 Crores in Q3FY26 against Rs 3283 Crores in Q2FY26 and was down by 1.07% YoY against Rs. 3540 Crores in Q3FY25.
- 5) **Operating profit** increased by 28.33% QoQ to Rs. 2292 Crores in Q3FY26 against Rs 1786 Crores in Q2FY26 and was up by 16.76% YoY against Rs. 1963 Crores in Q3FY25.
- 6) **Net Profit** rose by 4.12% QoQ to Rs. 1263 Crores in Q3FY26 against Rs. 1213 Crores in Q2FY26 and also, went up by 31.70% YoY from Rs. 959 Crores in Q3FY25.
- 7) **NIM** rose to 2.96 % in Q3FY26 against 2.89% in Q2FY26 and went down from 3.45% in Q3FY25.
- 8) **Cost of deposits** dipped to 4.75% in Q3FY26 from 4.88% in Q2FY26 and also, marginally down from 4.77% in Q3FY25.
- 9) **Cost of Funds** decreased to 4.77% in Q3FY26 from 4.88% in Q2FY26 and also, down from 4.86% in Q3FY25.
- 10) **Yield on Advances** came down to 8.15% in Q3FY26 against 8.36% in Q2FY26 and 8.93% in Q3FY25., respectively.
- 11) **Total Non-Interest Income** increased 28.40% sequentially to Rs 1935 Crores in Q3FY26 from Rs 1507 crores in Q2FY26 and was also up by 57.45% YoY compared to Rs 1229 Crores in Q3FY25.
- 12) **Fee based income** was down by 14.24% QoQ to Rs 524 Crores in Q3FY26 from Rs 611 Crores in Q2FY26 but was marginally up by 0.19% YoY from Rs 523 Crores in Q3FY25.
- 13) **Treasury income** increased by 62.37% QoQ to Rs 302 Crores in Q3FY26 from Rs 186 Crores in Q2FY26 and was up by 34.82% YoY compared to Rs 224 Crores in Q3FY25.
- 14) **Cost/Income ratio** dropped to 57.84% in Q3FY26 against 62.72% in Q2FY26 and 58.83% in Q3FY25, respectively.
- 15) **The total Government guaranteed advances** increased by 24.95% QoQ to Rs. 5399 Crores in Q3FY26 against Rs. 4321 Crores in Q2FY26 and it marginally increased by 0.99% YoY from Rs. 5346 Crores in Q3FY25.
- 16) **CASA ratio** rose to 47.13% in Q3FY26 from 46.83% in Q2FY26 but went down YoY from 49.18% in Q3FY25.
- 17) **Credit/Deposit (C/D) ratio** rose to 72.00% in Q3FY26 against 66.20% in Q2FY26 and also, it was up by 68.25% in Q3FY25.
- 18) **Return on assets (ROA)** was flat at 1.01% on QoQ and was up from 0.86% in Q3FY25.
- 19) **Fresh slippages** fell to Rs. 658 Crores in Q3FY26 against Rs. 733 Crores in Q2FY26 and also decreased from Rs 800 Crores in Q3FY25. Recovery + Upgradation decreased to Rs. 406 Crores in Q3FY26 against Rs. 557 Crores in Q2FY26 and was down from Rs 660 Crores in Q3FY25.
- 20) **Gross NPA ratio** improved to 2.70% in Q3FY26 against 3.01% in Q2FY26 and 3.86% in Q3FY25. Net NPAs ratio also improved to 0.45% in Q3FY26 against 0.48% in Q2FY26 and 0.59% in Q3FY25.
- 21) **Total standard restructured assets** declined to Rs. 4113 Crores in Q3FY26 against Rs. 4491 Crores in Q2FY26 and Rs. 5515 Crores in Q3FY25.
- 22) **Credit cost** increased to 0.37% in Q3FY26 from 0.21% in Q2FY26 and has gone down from 0.49% in Q3FY25.
- 23) **Provision Coverage ratio** fell to 96.69% in Q3FY26 from 96.88% in Q2FY26 and inched up from 96.54% in Q3FY25.
- 24) **The Bank's Capital Adequacy ratio** decreased to 16.13% in Q3FY26 against 17.34% in Q2FY26 and slightly fell down from 16.43% in Q3FY25.

KEY FINANCIAL INDICATORS – Q3FY26

CMP (16.01.2026)	: Rs. 38.58
Face Value	: Rs. 10
Book value per share	: Rs. 38.79
Market Capitalisation	: Rs. 34,914.9 Crs.
Capital Adequacy Ratio	: 16.13%
Global C/D ratio	: 72.00%
CASA ratio	: 47.13%
Net Interest Margin (NIM)	: 2.96%
Cost / Income ratio	: 57.84%
Gross NPA	: 2.70%
Net NPA	: 0.45%
PCR	: 96.69%
Slippage ratio	: 0.25%
Return on Assets (Annualised)	: 1.01%
Return on Equity (Annualised)	: 14.47%

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Management Comments

- 25) Shri Kalyan Kumar, MD & CEO of the bank, spoke on the Bank’s Credit Growth Outlook & Strategy, noting that the strong Q3FY26 credit growth (10%+ QoQ and 19% YoY) is structural, driven by branch-level activation, outreach across 100+ locations and faster approvals through weekly CAC and fortnightly board-level committees. He reiterated confidence in achieving 15–16% FY26 credit growth with a targeted credit book of Rs. 3.40 lakh crore, supported by a sanction pipeline of Rs. 1.17 lakh crore, while reiterating that RAM remains the core growth engine at 72% of the loan book and corporate loan growth continues to be broad-based and well diversified rather than concentrated.
- 26) While speaking on MSME growth, Shri Kumar highlighted that the MSME growth has been slower than expected, though still healthy. To address this, the bank has identified 225 MSME-intensive branches, rolled out cluster-specific products and digital journeys and planned 90+ MSME outreach programmes in early Q4. The bank is expecting a visible pickup in MSME growth in Q4 FY26.
- 27) While replying to an analyst on Deposit Mobilisation & CASA Strategy, Shri. Kumar said deposit growth is being consciously calibrated by avoiding high-cost bulk deposits with continued focus on granular CASA-led growth, supported by a strong CASA ratio of 47%. 65% branches maintaining CASA above 50%. Despite some CASA softness in Q3, management expects improvement via segment-specific products (pensioners, defence, police, RERA accounts), a large-scale CASA mobilisation campaign targeting Rs. 20,000 crore and digital onboarding through mobile and TAB-based acquisition. These initiatives should aid deposit momentum going forward.
- 28) Margins faced short-term pressure with Q3 NIM at 2.96% vs 3% guidance, as over 60% of the loan book is repo-linked, leading to immediate rate transmission. Management maintained 3% NIM guidance, supported by deposit repricing benefits from Q1 FY27, focus on higher-yielding RAM, MSME, agri and infra loans and CASA-led funding cost reduction. The cost of deposits is expected to decline to 4.65–4.70% by June 2026 and further to 4.5–4.55% over the next 12 months, added by Shri Kumar.
- 29) While replying on the outlook for cost-to-income, Shri Kumar stated that the ratio remains elevated at 57.8% and cannot be reduced by March FY26 due to margin pressure from rate cuts. Management guided that improvement will be gradual at 50–100 bps per year, with levels below 53% achievable only over the next ~3 years and not by the end of FY26.
- 30) Shri Kumar replied on the write off recovery that the Q3 recoveries stood at Rs. 1,026 crore, led by large accounts, with the highest being Go Air Airlines at Rs. 515 crore. Other significant recoveries included Rs. 90.79 crore from ALM Industries, Rs. 80.37 crore from ALM Food Products and Rs. 52.32 crore from AL Nafis. Recoveries from accounts above Rs. 1 crore totaled Rs. 890.56 crore, while the remaining Rs. 20 crore came from smaller accounts.
- 31) Shri Kalyan Kumar said that provisioning rose proactively, with Rs. 375 crore for ECL in Q3 (total ECL provisions till now Rs. 1,525 crore, against an estimated Rs. 4,200 crore by April 2027), along with Rs. 50 crore for DCCO-related provisions and Rs. 150 crore for terminal employee benefits.