INDIAN BANK – Q3FY26

Result Update (29.01.2026)

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

"Record Profitability, Improving Asset Quality and Robust Digital Momentum"

Ajcon Global's observations & views

1. The Bank's **Profitability reached record levels**, supported by strong operating performance, controlled credit costs, and stable margins, without resorting to aggressive risk-taking.
2. The Bank's **Asset quality continued to improve** across key metrics, with declining GNPA and NNPA ratios, high provisioning coverage and low slippages, indicating sustained Balance Sheet strengthening.

Q3FY26 RESULT ANALYSIS

1) **Total Business** rose by 2.33% QoQ at Rs. 1429771 Crores in Q3FY26 against Rs. 1397270 Crores in Q2FY26 also up by 13.34% YoY from Rs. 1261481 Crores in Q3FY25.
2) **Total Advances** increased by 2.99% QoQ at Rs. 638848 Crores in Q3FY26 against Rs. 620324 Crores in Q2FY26 and rose by 14.24% YoY from Rs. 559199 Crores in Q3FY25.
3) **Total Deposits** rose by 1.80% QoQ at Rs. 790923 Crores in Q3FY26 against Rs. 776946 Crores in Q2FY26 and increased by 12.62% YoY from Rs. 702282 Crores in Q3FY25.
4) **Net Interest Income** increased by 5.27% QoQ at Rs. 6896 Crores in Q3FY26 against Rs. 6551 Crores in Q2FY26 and rose by 7.50% YoY from Rs. 6415 Crores in Q3FY25.
5) **Operating Profit** rose by 3.87% QoQ at Rs. 5024 Crores in Q3FY26 against Rs. 4837 Crores in Q2FY26 and up by 5.79% YoY from Rs. 4749 Crores in Q3FY25.
6) **Net Profit** increased by 1.42% QoQ at Rs. 3061 Crores in Q3FY26 against Rs. 3018 Crores in Q2FY26. Also, rose by 7.33% YoY from Rs. 2852 Crores in Q3FY25.
7) **Net Interest Margin (NIM)** increased to 3.28% in Q3FY26 against 3.23% in Q2FY26 but declined from 3.45% in Q3FY25.

KEY FINANCIAL INDICATORS – Q3FY26

CMP (29.01.2026)	: Rs. 909.50
Face Value	: Rs. 10
Book value per share	: Rs. 484.00
Market Capitalisation	: Rs 1,22,708.42 Crs.
Capital Adequacy Ratio	: 16.58%
C/D ratio	: 80.77%
CASA ratio (Domestic)	: 39.08%
Net Interest Margin (NIM)	: 3.28%
Cost / Income ratio	: 46.90%
Gross NPA	: 2.23%
Net NPA	: 0.15%
PCR	: 98.28%
Slippage ratio	: 0.69%
Credit cost	: 0.21%
Return on Assets (Annualised)	: 1.30%
Return on Equity (Annualised)	:19.11%

8) **Cost of Deposits** declined to 4.93% in Q3FY26 against 5.01% in Q2FY26 and 5.18% in Q3FY25, respectively. **Cost of Funds** decreased to 5.00% in Q3FY26 against 5.09% in Q2FY26 and 5.27% in Q3FY25. **Yield on Advances** came down to 8.31% in Q3FY26 against 8.40% in Q2FY26 and 8.92% in Q3FY25, respectively.
9) **Cost/Income Ratio** increased to 46.90% in Q3FY26 against 46.48% in Q2FY26 but down from 44.56% in Q3FY25.
10) **The Total Government guaranteed advances** came down to Rs. 24046 Crores in Q3FY26 against Rs. 24958 Crores in Q2FY26 and from Rs. 30082 Crores in Q3FY25.
11) **CASA ratio** increased to 39.08% Q3FY26 against 38.87% in Q2FY26 but declined from 40.00% in Q3FY25.
12) **C/D ratio** rose to 80.77% in Q3FY26 against 79.84% in Q2FY26 also increased from 79.63% in Q3FY25.
13) **Return on Assets (ROA)** slipped to 1.30% in Q3FY26 against 1.32% in Q2FY26 and from 1.39% in Q3FY25.
14) **Fresh Slippages** decreased to Rs. 997 Crores in Q3FY26 against Rs. 1132 Crores in Q2FY26 and Rs. 1004 Crores in Q3FY25. Total Recovery + Upgradation declined to Rs. 1453 Crore in Q3FY26 against Rs. 1641 Crore in Q2FY26 and Rs. 1911 Crores in Q3FY25, respectively.
15) **Gross NPA** improved to 2.23% in Q3FY26 against 2.60% in Q2FY26 and 3.26% in Q3FY25. Net NPAs also improved to 0.15% in Q3FY26 against 0.16% in Q2FY26 and 0.21% in Q3FY25.
16) **Credit Cost** fell to 0.21% in Q3FY26 from 0.26% in Q2FY26 and 0.47% in Q3FY25.
17) **Provision Coverage Ratio** remains steady at 98.28%.
18) **The Bank's Capital Adequacy ratio** declined to 16.58% in Q3FY26 against 17.31% in Q2FY26 and up from 15.92% in Q3FY25.

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Management Comments

19) In his opening remarks, Shri Binod Kumar, MD & CEO, highlighted that the Bank reported a record operating profit of Rs.5,024 crore for the first time, while RoA stood at a healthy 1.30%, remaining above guidance despite a marginal decline from 1.32%. He noted that 46.07% of the loan book is MCLR-linked, with 37% due for repricing in the current quarter and 20% in the next quarter, while deposit repricing of 18% is due in the current quarter and 53% in the next quarter. He added that the Bank achieved its AUCA recovery guidance of Rs.2,000 crore, with NCLT recoveries of Rs.338 crore during the quarter.
20) Shri Ashutosh Choudhury, Executive Director, highlighted strong progress in the Bank’s digital journey, with digital business reaching Rs.1.98 lakh crore in 9MFY26. Digital transactions now account for 94% of total volumes, supported by rising mobile and UPI adoption, expansion to 169 fintech partnerships and 47 live digital journeys. He added that digital adoption has improved across liabilities and asset segments, while initiatives such as MSME digital platforms, virtual banking, AI-led solutions and cloud migration are strengthening operational efficiency and customer engagement.
21) Replying to an analyst’s query on the sharp increase in SMA-2 accounts during the quarter, Shri Binod Kumar stated that the rise was largely attributable to two PSU accounts aggregating around Rs.3,000 crore, which are backed by state government guarantees. He clarified that these accounts moved from SMA-0 in the previous quarter to SMA-2 in the current quarter and do not pose a significant slippage risk. Excluding these accounts, the underlying SMA-2 level stands at around Rs.1,309 crore.
22) Management clarified that the total SMA book stands at approximately Rs.31,000 crore, of which SMA-0 accounts for around Rs.12,000 crore, SMA-1 for about Rs.8,000 crore and SMA-2 for nearly Rs.11,000 crore.
23) In response to an analyst’s question on the treasury outlook, MD & CEO stated that treasury performance remains stable despite some hardening in yields. The Bank reported treasury income of around Rs.500 crore in the current quarter (including forex), while expecting moderation to about Rs.350 crore in the next quarter. Addressing the impact of the new labour code, management clarified that the estimated impact on profitability is minimal, at around Rs.56 lakh.
24) On credit cost outlook, Mr. Binod Kumar stated that credit costs are expected to remain broadly stable and within the guided level of below 1%. While there may be a marginal uptick of 1–2 bps in the near term due to some slippages, management remains confident of maintaining credit costs at broadly current levels going forward.
25) In response to an analyst’s question on potential geopolitical risks and tariff-related impact, Mr. Kumar stated that despite ongoing global uncertainties, the outlook for India’s economic growth remains strong, with external agencies projecting GDP growth of 6.5–7%. Accordingly, management does not foresee any material impact on the Bank’s growth or asset quality. On tariffs, management clarified that the Bank’s exposure to export-related businesses is negligible, with exposure to the US accounting for only around 4–5%, and therefore no meaningful impact is expected.