



Central Bank of India – Q2FY26

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Ajcon Global's observations & views

1. Under the leadership of the newly appointed MD & CEO, Shri Kalyan Kumar, who brings over two decades of experience with two large PSBs, the bank is expected charting a growth path by strengthening its digital initiatives, reviving corporate credit, leveraging its expertise and large CASA base in retail, agriculture, and MSME segments while maintaining strict control over provisions and recoveries.
2. The bank is fully capable of taking care of ECL impact whenever the final guidelines are announced without having any major impact on its profitability.

Q2FY26 RESULT ANALYSIS

- 1) **Net interest income** decreased by 2.96% QoQ to Rs. 3283 Crores in Q2FY26 as against Rs 3383 Crores in Q1FY26 and was down by 3.72% YoY as against Rs.3410 Crores in Q2FY25.
- 2) **Operating profit** was down by 22.48% QoQ to Rs.1786 Crores in Q2FY26 as against Rs 2304 Crores in Q1FY26 and was down by 17.51% YoY as against Rs.2165 Crores in Q2FY25.
- 3) **Net Profit** rose by 3.76% QoQ to Rs.1213 Crores in Q2FY26 as against Rs.1169 Crores in Q1FY26 and registered a 32.86% YoY growth from Rs.913 Crores in Q2FY25.
- 4) **NIM** dipped to 2.89% in Q2FY26 against 3.16% in Q1FY26 and 3.41% in Q2FY25.
- 5) **Domestic cost of deposits** has gone down to 4.88% in Q2FY26 from 4.93% in Q1FY26 and it was up from 4.67% in Q2FY25.
- 6) **Cost of Funds** decreased to 4.88% in Q2FY26 from 4.95% in Q1FY26 and increased from 4.75% in Q2FY25.
- 7) **Yield on Advances** decreased to 8.36% in Q2FY26 as against 8.58% in Q1FY26 and 8.77% in Q2FY25.
- 8) **Total business** rose by 4.75% QoQ to Rs.737938 Crores in Q2FY26 as against Rs.704485 Crores in Q1FY26 and was up by 14.43% YoY against Rs. 644858 Crores in Q2FY25.
- 9) **Total deposits** increased by 3.63% QoQ to Rs. 444450 Crores in Q2FY26 against Rs.428890 Crores in Q1FY26. Also, it rose by 13.40% YoY from Rs.391914 Crores in Q2FY25.
- 10) **Gross Advances** increased by 6.49% QoQ to Rs. 293488 Crores in Q2FY26 against Rs. 275595 Crores in Q1FY26 and it increased by 16.03% YoY from Rs. 252944 Crores in Q2FY25.
- 11) **Total Non-Interest Income** dipped 15.62% sequentially to Rs 1507 Crores in Q2FY26 from Rs 1786 crores in Q1FY26 and was also down by 8.50% YoY compared to Rs 1647 Crores in Q2FY25.
- 12) **Fee based income** was up by 37.92% QoQ to Rs 611 Crores in Q2FY26 from Rs 443 Crores in Q1FY26 but was down by 3.78% YoY compared to Rs 635 Crores in Q2FY25.
- 13) **Treasury income** dropped by 71.99% QoQ to Rs 186 Crores in Q2FY26 from Rs 664 crores in Q1FY26 and was down by 52.55% YoY compared to Rs 392 Crores in Q2FY25.
- 14) **Cost/Income ratio** rose to 62.72% in Q2FY26 as against 55.43% in Q1FY26 and 57.19% in Q2FY25.
- 15) **The total Government guaranteed advances** decreased by 17.38% QoQ to Rs.4321 Crores in Q2FY26 against Rs. 5230 Crores in Q1FY26 and it increased by 6.01% YoY from Rs. 4076 Crores in Q2FY25.
- 16) **CASA ratio** dipped to 46.83% in Q2FY26 from 48.93% in Q2FY25.
- 17) **Credit/Deposit (C/D) ratio** rose to 66.20% in Q2FY26 against 64.71% in Q2FY25.
- 18) **Return on assets (ROA)** increased to 1.01% in Q2FY26 against 0.85% in Q2FY25.
- 19) **Fresh slippages** fell to Rs. 733 Crores in Q2FY26 against Rs.839 Crores in Q1FY26. Recovery + Upgradation decreased to Rs.557 Crores in Q2FY26 against Rs.712 Crores in Q1FY26.
- 20) **Gross NPA ratio** improved to 3.01% in Q2FY26 against 3.13% in Q1FY26 and 4.59% in Q2FY25. Net NPAs ratio improved to 0.48% in Q2FY26 against 0.49% in Q1FY26 and 0.69% in Q2FY25.
- 21) **Total standard restructured assets** decreased to Rs.4491 Crores in Q2FY26 against Rs.4948 Crores in Q1FY26 and Rs.5808 Crores in Q2FY25.
- 22) **Credit cost** fell significantly to 0.21% in Q2FY26 from 0.68% in Q1FY26 and 0.55% in Q2FY25.
- 23) **Provision Coverage ratio** fell to 96.88% in Q2FY26 from 97.02% in Q1FY26 and rose against 96.31% in Q2FY25.
- 24) **The Bank's Capital Adequacy ratio** decreased to 17.34% in Q2FY26 against 17.66% in Q1FY26 and rose against 16.27% in Q2FY25.

KEY FINANCIAL INDICATORS – Q2FY26

CMP (24.10.2025)	: Rs. 39.07
Face Value	: Rs. 10
Book value per share	: Rs. 37.70
Market Capitalisation	: Rs. 35,358
Capital Adequacy Ratio	: 17.34%
C/D ratio	: 66.20%
CASA ratio	: 46.83%
Net Interest Margin (NIM)	: 2.89%
Cost / Income ratio	: 62.72%
Gross NPA	: 3.01%
Net NPA	: 0.48%
PCR	: 96.88%
Slippage ratio	: 0.30%
Credit cost	: 0.21%
Return on Assets (Annualised)	: 1.01%
Return on Equity (Annualised)	: 14.22%



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Management Comments

- 25) In his opening remarks, the MD & CEO, Shri Kalyan Kumar, outlined his vision to transform the Bank into a digitally enabled, customer-centric bank, focusing on optimizing stakeholder returns through enhanced technology adoption, CASA growth and robust credit and recovery processes. He highlighted key priorities including expansion in retail, agriculture and MSME segments, strengthening corporate credit, improving slippage containment and maximizing recoveries from written-off accounts to support sustainable growth.
- 26) In response to an analyst's query on RAM growth initiatives, the MD & CEO highlighted that Agriculture and MSME will remain key focus areas, with plans to scale up value chain and co-lending models—particularly in sectors like dairy, warehousing and cold chain—supported by technology-driven lending and cluster-based financing. He further added that over the next 6–12 months, the bank aims to strengthen branches in key activity clusters with enhanced manpower, digital processes and customized products to effectively capture emerging business opportunities.
- 27) Addressing an analyst's query on the portfolio mix, Shri Kalyan Kumar stated that the bank aims to maintain an optimal 65:35 balance between RAM and corporate advances, leveraging its strong skill sets in MSME and agriculture while simultaneously strengthening corporate capabilities through focused talent development, credit officer training, faster decision-making and improved customer confidence.
- 28) Sharing the bank's plan to improve margins and cost-to-income ratio, the MD & CEO said the focus will be on enhancing cross-selling income, leveraging the new bancassurance partnership with Future Generali and driving cost efficiencies through greater digital adoption, with a target to bring the cost-to-income ratio down to around 54–55% by the end of the year.
- 29) During the discussion about treasury income, Shri Mukul N. Dandige, CFO, said that while trading gains declined in Q2FY26, higher coupon income and SDL yields supported performance and the management expects treasury income to recover in H2 FY26, with 10-year G-sec yields likely in the 6.30–6.40% range amid softening inflation and potential rate cut.
- 30) Replying to an analyst about recovery from written-off accounts, Shri Mukul N. Dandige, CFO, said that the internal target for this financial year is to recover over ₹2,000 crore from the total ₹35,000 crore written-off book, with focused efforts on NCLT recoveries and e-auctions.
- 31) Talking about ECL provisions, Shri Mukul N. Dandige, CFO, said that based on the draft RBI guidelines, an additional provision of around ₹3,300–3,500 crore would be required, of which ₹1,150 crore has already been made and the bank intends to complete the remaining provisioning over the next seven quarters to fully comply with ECL norms by the June 2027 quarter.
- 32) Replying to an analyst's query on the recovery from the large collateral security of an Aviation Co. NPA account, the management replied that the process of E-Auctions is going on and the same is expected to be concluded by December 2025.