BANK OF INDIA – Q2FY27

Result Update (26.10.2026)

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORY

"Strong Business Momentum and Sustained Profitability"

Ajcon Global's observations & views

1. The Bank delivered healthy business growth, supported by strong deposit mobilisation and credit expansion. Improved asset quality and controlled credit costs strengthen management's confidence in sustaining ROA above 1% in FY27, despite the potential impact of the upcoming ECL provisioning framework.
2. The bank's corporate credit pipeline of approximately ₹65,000 crore, alongside opportunities across RAM, digital lending and supply-chain finance, provides visibility on future credit growth. Management's FY27 deposit growth guidance of 16–17%, higher than the 15–16% advances growth target, highlights its focus on funding-led balance-sheet expansion. Continued investment in digital capabilities and exploration of Generative AI applications across lending, liability management and wealth management could enhance operational efficiency and customer engagement.

Q2FY27 Result Analysis:

1) **Total Business** expanded by 7.80% QoQ to Rs. 18,92,601 Crores in Q2FY27 from Rs. 17,55,699 Crores in Q1FY27 and surged by 21.13% YoY against Rs. 15,62,446 Crores in Q2FY26.
2) **Total Global Deposits** rose by 8.31% QoQ to Rs. 10,37,530 Crores in Q2FY27 from Rs. 9,57,924 Crores in Q1FY27 and climbed by 21.59% YoY against Rs. 8,53,301 Crores in Q2FY26.
3) **Global Gross Advances** grew by 7.18% QoQ to Rs. 8,55,071 Crores in Q2FY27 from Rs. 7,97,775 Crores in Q1FY27 and jumped 20.58% YoY against Rs. 7,09,145 Crores in Q2FY26.
4) **Net Interest Income** rose by 2.55% QoQ to Rs. 7,007 Crores in Q2FY27 from Rs. 6,833 Crores in Q1FY27 and also gained by 19% YoY against Rs. 5,912 Crores in Q2FY26.
5) **Operating Profit** grew by 0.75% QoQ to Rs. 5,089 Crores in Q2FY27 from Rs. 5,051 Crores in Q1FY27 and also up by 33% YoY against Rs. 3,821 Crores in Q2FY26.
6) **Net Profit** increased by 4.37% QoQ to Rs. 3,202 Crores in Q2FY27 from Rs. 3,068 Crores in Q1FY27 and also scaled up by 25.32% YoY against Rs. 2,555 Crores in Q2FY26.

KEY FINANCIAL INDICATORS – Q2FY27

CMP (26.10.2026)	: Rs.126.32
Face Value	: Rs. 10
Book value per share	: Rs. 175.97
Market Capitalisation	: Rs. 57,509.30 Crs.
Capital Adequacy Ratio	: 17.78%
C/D Ratio	: 82.41%
CASA Ratio	: 34.16%
Net Interest Margin (NIM)	: 2.47%
Cost / Income Ratio	: 47.95 %
GNPA	: 1.60%
Net NPA	: 0.42%
PCR	: 94.45%
Credit Cost	: 0.12%
Return on Assets	: 1.01%
Return on Equity	: 16.36%

7) **Net Interest Margin (NIM)** marginally declined to 2.47% in Q2FY27, compared to 2.52% in Q1FY27 but increased from 2.41% in Q2FY26.
8) **Cost of Deposits** increased to 4.85% in Q2FY27 against 4.69% in Q1FY27 and remained same in Q2FY26. **Cost of Funds** increased to 5.16% in Q2FY27 against 4.45% in Q1FY27 and from 4.84% in Q2FY26. **Yield on Advances** contracted to 7.59% QoQ from 7.46% in Q1FY27 and from 7.81% in Q2FY26, respectively.
4) **Total Non- Interest Income** up by 7.41% QoQ to Rs. 2,770 Crores in Q2FY27 against Rs. 2,579 Crores in Q1FY27 and also increased by 25% YoY from Rs. 2220 Crores in Q2FY26.
5) **Cost to income ratio (Global)** increased to 47.95% in Q2FY27 against 46.33% in Q1FY27 but declined from 53.02% in Q2FY26.
6) **Domestic CASA ratio** came down to 34.16% in Q2FY27 against 36.68% in Q1FY27 and also, declined from 39.39% in Q2FY26.
7) **C/D ratio** marginally improved to 82.41% in Q2FY27 against 83.28% in Q1FY27 and decreased from 83.11% in Q2FY26.
8) **Return on Assets (ROA)** stayed flat QoQ to 1.01% in Q2FY27 and increased YoY from 0.91% in Q2FY26.
9) **Fresh slippages** decreased to Rs. 1,160 Crores in Q2FY27 against Rs. 1,778 Crores in Q1FY27 but up from Rs. 887 Crores in Q2FY26. **Recovery + Upgradation** increased to Rs. 1,770 Crores in Q2FY27 against Rs. 1,669 Crores in Q1FY27 and also up from Rs. 1,440 Crores in Q2FY26.
10) **Gross NPA ratio** improved to 1.60% in Q2FY27 against 1.81% in Q1FY27 and 2.54% in Q2FY26. Net NPA ratio also improved to 0.42% in Q2FY27 against 0.51% in Q1FY27 and 0.65% in Q2FY26, respectively.
11) **Credit cost** decreased to 0.12% in Q2FY27 from 0.15% in Q1FY27 but up from 0.07% in Q2FY26.
12) **Provision Coverage Ratio** inched up to 94.45% in Q2FY27 against 93.83% in Q1FY27 and increased from 93.39% in Q2FY26.

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Result update (27.07.2026)

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Management Comments

13) In his opening remarks, Mr. Rajneesh Karnatak, MD & CEO of the Bank, highlighted key institutional initiatives undertaken during the quarter, including the launch of STAR Radar, a predictive analytics model to identify emerging operational risks and facilitate timely interventions under the Audit Department's oversight. The Bank also set up a dedicated Gold Loan Cell to enhance portfolio monitoring, ensure policy compliance and provide operational support to branches. Further, Yuva Banking Mitras have been deployed at designated branches to promote youth account opening, youth-centric products and safe digital banking. Additionally, OCR-based CTS validation is being implemented to enhance cheque verification and prevent fraud.

14) In response to an analyst's query on provisioning trends and preparedness for the expected credit loss (ECL) framework, the MD & CEO informed that the Bank reversed ₹212 crore in standard asset provisions during Q2FY27, supported by improved credit monitoring and a reduction in SMA accounts. The Bank has also commenced an assessment of the potential impact of the ECL framework, with support from a consultant and technology-driven interventions. The estimated impact on CRAR is around 0.5% annually over the next four years, which is expected to be absorbed through strong capital adequacy and healthy profitability. The MD & CEO further indicated that ECL provisioning is expected to commence from Q3FY27, with Q3 and Q4 being key quarters for front-loading provisions.

15) Addressing an analyst's query on the declining CASA ratio, Mr. Karnatak agreed that the Bank's CASA ratio moderated to 34.16% but added further that the CASA deposits recorded 7% year-on-year growth, with an absolute increase of over ₹20,000 crore. CASA and retail term deposits accounted for approximately 77% of the total deposit mix, while bulk deposits constituted the remaining 23% which is required to fund strong credit growth, he further added.

16) On the NIM outlook, the MD & CEO highlighted that global NIM moderated to 2.47% in Q2FY27, partly due to the Bank's mobilisation of US$ 2.2 billion in FCNR deposits. The corresponding deployment in the international book had an estimated 5 bps impact on NIM. However, the 25 bps repo rate hike, passed on to the Bank's external benchmark-linked advances (66% of domestic advances), is expected to support NIM expansion by around 6–7 bps, aided by gradual deposit repricing.

17) On the technological front, Mr. Karnatak stated that the Bank's IT, digital banking and cybersecurity budgets for FY27 remain intact, with a Big 4 consultant supporting its technology transformation. The Bank continues to strengthen its cybersecurity and regulatory compliance framework, while advancing digital product offerings and AI/ML-led analytics, with analytics-driven leads through its CRM platform exceeding ₹21,000 crore, added Mr. Karnatak.

18) Replying an analyst's query on the credit pipeline, the MD & CEO stated that the Bank had a diversified pipeline of approximately ₹86,000–87,000+ crore as of September 2026, which includes ₹65,000 crore in corporate credit and ₹20,000 crore in RAM. He further added, key corporate segments driving the pipeline include renewable energy, power, roads, oil & gas and cement.

19) Addressing an analyst's query on supply chain financing and digital-led business expansion, Mr. Karnatak noted that the Bank has established a centralised branch in Mumbai, dedicated to handling pool financing, co-lending, trade and supply chain financing, supported by a robust IT platform. With the supply chain financing book having crossed approximately ₹1,000 crore, the Bank aims to scale it to ₹1,500 crore by the end of FY27. Further, all 69 zones have been tasked with onboarding at least one new vendor every month to expand the supply chain financing business, added Mr. Karnatak.

20) In response to a query on recovery from written-off accounts, the MD & CEO informed that recoveries stood at around ₹900 crore during Q2FY27, supported by a few large-ticket accounts. He further added that the Bank expects to sustain this recovery run rate through FY27, driven by targeted resolution efforts through OTS, NCLT and other recovery mechanisms.