



**“The bank reported steady business growth in Q4FY26, reflecting continued momentum across the key operating segments”**

### Ajcon Global’s observations & views

The bank’s continued focus on operational efficiency, business expansion, and collections improvement reflects its long-term strategy to strengthen operational resilience, customer acquisition, and profitability. This is further supported by a constructive outlook on asset quality, driven by declining SMA levels, controlled slippages, stable recoveries, and an increasing focus on lower-risk segments such as allied agriculture and gold loans, which are expected to support sustainable growth.

### Q4FY26 Result Analysis:

- 1) **Total Business** expanded by 4.37% QoQ to Rs. 16,98,662 Crores in Q4FY26 from Rs. 16,27,602 Crores in Q3FY26 and surged by 14.57% YoY against Rs. 14,82,588 Crores in Q4FY25.
- 2) **Total Global Deposits** rose by 4.51% QoQ to Rs. 9,27,271 Crores in Q4FY26 from Rs. 8,87,288 Crores in Q3FY26 and climbed by 13.56% YoY against Rs. 8,16,541 Crores in Q4FY25.
- 3) **Global Gross Advances** grew by 4.20% QoQ to Rs. 7,71,391 Crores in Q4FY26 from Rs. 7,40,314 Crores in Q3FY26 and jumped 15.82% YoY against Rs. 6,66,047 Crores in Q4FY25.
- 4) **Net Interest Income** rose by 4.16% QoQ to Rs. 6,730 Crores in Q4FY26 from Rs. 6,461 Crores in Q3FY26 and also gained by 11% YoY against Rs. 6,063 Crores in Q4FY25.
- 5) **Operating Profit** grew by 19.87% QoQ to Rs. 5,026 Crores in Q4FY26 from Rs. 4,193 Crores in Q3FY26 and also up by 3% YoY against Rs. 4,885 Crores in Q4FY25.
- 6) **Net Profit** increased by 11.50% QoQ to Rs. 3,016 Crores in Q4FY26 from Rs. 2,705 Crores in Q3FY26 and also Scaled up by 15% YoY against Rs. 2,626 Crores in Q4FY25.

### KEY FINANCIAL INDICATORS – Q4FY26

<b>CMP (12.05.2026)</b>	: Rs. 140.14
<b>Face Value</b>	: Rs. 10
<b>Book value per share</b>	: Rs. 167.37
<b>Market Capitalisation</b>	: Rs. 63,765 Crs.
<b>Capital Adequacy Ratio</b>	: 18.01%
<b>C/D Ratio</b>	: 83.19%
<b>CASA Ratio</b>	: 37.64%
<b>Net Interest Margin (NIM)</b>	: 2.58%
<b>Cost / Income Ratio</b>	: 49.44%
<b>GNPA</b>	: 1.98%
<b>Net NPA</b>	: 0.59%
<b>PCR</b>	: 93.57%
<b>Credit Cost</b>	: 0.65%
<b>Return on Assets</b>	: 1.01%
<b>Return on Equity</b>	: 16.36%

- 4) **Net Interest Margin (NIM)** was steady to 2.58% in Q4FY26, compared to 2.57% in Q3FY26 and decreased from 2.61% in Q4FY25.
- 5) **Cost of Deposits** softened to 4.73% in Q4FY26 against 4.77% in Q3FY26 and 4.98% in Q4FY25. **Cost of Funds** decreased to 4.49% in Q4FY26 against 4.57% in Q3FY26 and from 4.73% in Q4FY25. **Yield on Advances** contracted to 7.59% QoQ from 7.81% in Q3FY26 and from 8.27% in Q4FY25, respectively.
- 6) **Total Non- Interest Income** rose by 40.85% QoQ to Rs. 3,210 Crores in Q4FY26 against Rs. 2,279 Crores in Q3FY26 and decreased by 6% YoY from Rs. 3,428 Crores in Q4FY25.
- 7) **Cost to income ratio (Global)** declined to 49.44% in Q4FY26 against 52.02% in Q3FY26 and increased from 48.53% in Q4FY26.
- 8) **Domestic CASA ratio** slightly came down to 37.64% in Q4FY26 against 37.97% in Q3FY26 and also, declined from 40.29% in Q4FY25.
- 9) **C/D ratio** marginally contracted to 83.19% in Q4FY26 against 83.44% in Q3FY26 and increased from 81.57% in Q4FY25.
- 10) **Return on Assets (ROA)** inched up to 1.01% in Q4FY26 against 0.96% in Q3FY26 and from 0.98% in Q4FY25, respectively.
- 11) **Fresh slippages** increased to Rs. 1,269 Crores in Q4FY26 against Rs. 1,090 Crores in Q3FY26 but declined from Rs. 1,913 Crores in Q4FY25. **Recovery + Upgradation** increased to Rs. 1,861 Crores in Q4FY26 against Rs. 1,159 Crores in Q3FY26 but declined from Rs. 2,040 Crores in Q4FY25.
- 12) **Gross NPA ratio** improved to 1.98% in Q4FY26 against 2.26% in Q3FY26 and 3.27% in Q4FY25. Net NPA ratio also improved to 0.56% in Q4FY26 against 0.60% in Q3FY26 and 0.82% in Q4FY25, respectively.
- 13) **Credit cost** increased to 0.65% in Q4FY26 from 0.34% in Q3FY26 and decreased from 0.84% in Q4FY25.
- 14) **Provision Coverage Ratio** was flat to 93.57% in Q4FY26 against 93.60% in Q3FY26 and increased from 92.39% in Q4FY25.



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#### Management Comments

- 15) In his opening remarks, Shri Rajneesh Karnatak, MD & CEO, highlighted the Bank's digital initiatives during Q4, including the integration of the BOI Omni Neo platform with the Government of India's UMANG app. Through its partnership with the National e-Governance Division, the Bank enabled customers to seamlessly access a wide range of central and state government services within the banking app, enhancing customer convenience and strengthening digital engagement through a unified platform.
- 16) Addressing to an analyst's query regarding ECL, the MD & CEO emphasized that the bank has already initiated extensive groundwork for a seamless transition to the RBI's framework by onboarding one of the Big Four consulting firms and setting up dedicated internal teams. The bank expects the transition impact to remain manageable at around 0.5% annually over five years, supported by its strong asset quality, declining SMA trends, and comfortable capital position.
- 17) While answering on the ECLGS 5.0 rollout progress, Shri Karnatak stated that the bank has already begun the strategic identification to identify eligible borrowers across MSME, agriculture-allied, mid-corporate, and large corporate segments through its dedicated branch network. He highlighted that the scheme carries 100% guarantee cover for MSMEs and 90% for non-MSME borrowers, with repayment tenure extending up to five years, while the airline sector will have a seven-year tenure. Based on preliminary estimates, the bank expects to disburse around Rs. 10,000–12,000 crore under the scheme following board approval and subsequent rollout across branches.
- 18) Responding to an analyst's query on retail deposits, the MD & CEO, highlighted that despite intense industry-wide competition and diversion of savings towards alternate asset classes, the bank witnessed healthy growth in both CASA and retail term deposits during the year. He emphasized that multiple strategic initiatives including Project UDAAN, dedicated resource relationship managers, zonal resource centers, and expansion of high-net-worth focused branches are being implemented to further strengthen the bank's retail liability franchise and improve deposit granularity.
- 19) Addressing to an analyst's query on the corporate growth pipeline and RAM strategy, Shri Karnatak reiterated the Bank's plan to gradually increase the RAM mix to 62% by FY29 while simultaneously expanding the corporate loan book, with overall advances targeted at Rs. 11 lakh crore by FY29. He highlighted a strong sanction pipeline of Rs. 65,000–70,000 crore across sectors such as roads, power, data centers, EVs, batteries, solar manufacturing, gas transmission, biogas, and rare earth metals. He further added that the Bank is scaling up its emerging corporate credit branches focused on mid-sized corporate loans in the Rs. 50–250 crore range, which are expected to offer better yields and stronger fee income opportunities.
- 20) On margins and profitability, Mr. Karnatak highlighted that Q4 FY26 ROA improved to 1.01%, with the bank aiming to sustain around 1% in FY27 despite pressure on global NIMs from its lower-yielding international portfolio. To support overall profitability, the bank plans to focus on higher-yielding RAM, MSME, mid-corporate, and MCLR-linked advances, while strengthening CASA and retail deposit mobilisation under Project Udaan and reducing slippages to around Rs. 4,000 crore in FY27. In addition, recoveries from written-off accounts, guided at Rs. 2,500–3,000 crore, are expected to continue supporting non-interest income and profitability.
- 21) Responding to an analyst's query on the potential monsoon impact on the agricultural loan book, Mr. Karnatak expressed confidence in sustaining agriculture growth despite weaker monsoon forecasts, citing improved irrigation infrastructure and limited drought risks in recent years. He added that the bank is increasingly focusing on allied agriculture and gold loans, where yields exceed 9% and asset quality remains strong with negligible NPAs, supporting both portfolio growth and profitability.
- 22) **During the conversation, the management guided below mentioned targets for FY27:**  
**Global Advance growth:** 15-16%, **Global Deposit growth:** 13-14%, **ROA:** 1%, **Global NIM:** 2.5-2.75%, **Domestic NIM:** 3%,  
**Written off recovery:** 2500-3000 crores.