



BANK OF INDIA– Q3FY25

“Strengthened financial position marked by increased profitability and improved asset quality”

Ajcon Global's observations & views

1. Under the leadership of Mr. Rajneesh Karnatak well supported by top management team and dedicated staff, the bank has performed well on all fronts during the quarter, while other peer banks are struggling to achieve business growth.
2. The bank's asset quality has improved substantially with GNPA & NNPA coming down 3.69% & 0.85% respectively, which makes it one of the cheapest PSB from price to book value point of the view.
3. The emphasis of BOI's IT initiatives is on technological and digital transformation along with a focus on compliance and improved corporate governance, the bank will continue to increase its efficiency and profitability.

Q3FY25 Result Analysis:

- 1) **Net Interest Income** was increased by 11% YoY at Rs.6,070 Cr for Q3FY25 against Rs.5,463 Cr for Q3FY24 and Rs.5,986 Cr in Q2FY25.
- 2) **Operating Profit** was increased by 23% YoY and stood at Rs.3,703 Cr for Q3FY25 against Rs.3,004 Cr in Q3FY24 and Rs.4,147 Cr in Q2FY25.
- 3) **Net Profit** for the quarter increased by 35% YoY to Rs.2,517 Cr in Q3FY25, up from Rs.1,870 Cr in Q3FY24. On a sequential basis, net profit increased by 6% from Rs.2,374 Cr in Q2FY25.
- 4) **Net Interest Margin (NIM)** decreased by 2.80% in Q3FY25, compared to 2.85% in Q3FY24 and 2.82% in Q2FY25.
- 5) **Cost of Deposits** was 4.96% in Q3FY25, up from 4.62% in Q3FY24 and 4.95% in Q2FY25. Cost of Funds decreased to 4.81% in Q3FY25 against 4.94% in Q2FY25 and 4.52% in Q3FY24. Yield on Advances fell to 8.55% in Q3FY25 against 8.45% in Q2FY25 and 8.37% in Q3FY24.
- 6) **Total Business** rose to Rs. 14,46,295 in Q3FY25 against Rs. 13,97,100 in Q2FY25 and Rs. 12,72,887 in Q3FY24.
- 7) **Total Non- Interest Income** increased by 46% YoY to Rs.1,746 Cr in Q3FY25, from Rs.1,193 Cr in Q3FY24 and Rs.2,518 Cr in Q2FY25.
- 8) **In Q3FY25, the cost to income ratio (Global)** was 52.63%, compared to 54.87% in Q3FY24 and 51.22% in Q2FY25.
- 9) **Global Gross Advances** increased by 15.30% YoY from Rs. 5,65,060 Cr in Dec'23 to Rs. 6,51,507 Cr in Dec'24.
- 10) **Total Global Deposits** is up by 2.53% QoQ and 12.29% YoY at Rs. 7,94,788 in Q3FY25 against Rs. 7,75,181 in Q2FY25 and Rs. 7,07,827 crores in Q3FY24.
- 11) **Domestic CASA ratio** went up by 6.07% YoY from Rs.2,61,335 Cr in Dec'23 to Rs.2,77,190 Cr in Dec'24 and CASA ratio stood at 41.05%.
- 12) **C/D ratio** rose to 81.97% in Q3FY25 against 80.23% in Q2FY25 and 79.83% in Q3FY24.
- 13) **Return on Assets (ROA)** increased to 0.96% in Q3FY25 against 0.94% in Q2FY25 and 0.82% in Q3FY24.
- 14) **Fresh slippages** decreased to Rs. 1,045 crores in Q3FY25 against Rs. 2,357 crores in Q2FY25 and Rs. 1,172 in Q3FY24. **Recovery + Upgradation** stood at Rs. 1372 crores in Q3FY25 against Rs. 1769 crores in Q2FY25 and Rs. 1,334 crores in Q3FY24.
- 15) **Gross NPA ratio** down to 3.69% in Q3FY25 as against 4.41% in Q2FY25 and 5.35% in Q3FY24. Net NPAs ratio also decreased to 0.85% in Q3FY25 as against 0.94% in Q2FY25 and 1.41% in Q3FY24.

KEY FINANCIAL INDICATORS – Q3FY25

CMP (28.01.2025)	: Rs. 109.51
Face Value	: Rs. 10
Book value per share	: Rs. 142.61
Market Capitalisation	: Rs. 49,859.90
Capital Adequacy Ratio	: 16.00%
C/D Ratio	: 81.97%
CASA Ratio	: 41.05%
Net Interest Margin (NIM)	: 2.80%
Cost / Income Ratio	: 52.63%
GNPA	: 3.69%
Net NPA	: 0.85%
PCR	: 92.48%
Slippage Ratio	: 0.19%
Credit Cost	: 0.39%
Return on Assets	: 0.96%
Return on Equity	: 16.53%

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- 16) **Credit cost** decreased to 0.39% in Q3FY25 from 0.97% in Q2FY25.
- 17) **Provision Coverage Ratio** increased at 92.48% in Q3FY25 from 92.22% in Q2FY25 and 89.95% in Q3FY24.

Management Comments

- 18) In a post-results interaction, Mr. Rajneesh Karnatak, managing director and CEO, stated that the profit improvement in Q3 reflects contributions from core activities — NII as well as commissions, cross-selling, and gains from investment sales. The bank expects a net profit of Rs 8,000 crore for the FY25.
- 19) The bank is making considerable investments in technology and digitization to improve operational efficiency. Initiatives under the 'Tech Next' project seek to automate operations, improve customer service, and reduce manual duties. This involves creating an AI-driven credit underwriting procedure and strengthening the bank's cybersecurity infrastructure.
- 20) New home loan package The Star Samrudhi Home Loan plan, created for employees of national and state governments, PSUs, large corporations, and MNCs, has been launched. Bank has chosen a two-year road map under the Champion sector priority of MSME, targeting businesses in tourism, hospitality, and logistics.
- 21) Mr. Karnatak, provided cautious yet optimistic advice, predicting domestic credit growth of 14% to 15% and deposit growth of 13% to 14% in FY '25. The net interest margin (NIM) is predicted to stabilize at around 2.90% for the entire year, while the Cost-to-Income ratio is targeted to remain around 51%, despite a minor increase to 52.63% in the latest quarter.
- 22) The MD and CEO responded to an analyst's question about the factors that contributed to the improvement in asset quality, specifically the reduction in Gross NPAs to 3.69% and Net NPAs to 0.85%, by citing improved recovery efforts, stringent credit monitoring, and a focused approach to resolving stressed assets.