RESULT UPDATE (22.07.2025)

Central Bank of India – Q1FY26

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

"Strong profitability coupled with improved asset quality is the hallmark of the quarter"

Ajcon Global's observations & views

1. Inspite of June, 2025 being a tough quarter for the entire Industry, the bank performed well on profitability front both QoQ and YoY as the Bank's management believes in protecting its bottomline.
2. The strategic investment in Generali, making it as an Associate Company both in General & Life Insurance will auger well for the Bank offering full range of services to its large customer base.
3. The bank has reached the key milestone of ROA of 1.00% achieving 1.02 % for the quarter.

Q1FY26 RESULT ANALYSIS

1) **Net interest income** decreased by 0.47% QoQ to Rs. 3383 Crores in Q1FY26 as against Rs 3399 Crores in Q4FY25 and was down by 4.65% YoY as against Rs. 3548 Crores in Q1FY25.
2) **Operating profit** grew by 15.03% QoQ to Rs. 2304 Crores in Q1FY26 as against Rs 2003 Crores in Q4FY25 and was up by 15.60% YoY as against Rs. 1993 Crores in Q1FY25.
3) **Net Profit** rose by 13.06% QoQ to Rs.1169 Crores in Q1FY26 as against Rs.1034 Crores in Q4FY25 and registered a 32.84% YoY growth from Rs.880 Crores in Q1FY25.
4) **NIM** dipped to 3.16% against 3.17% in Q4FY25 and 3.58% in Q1FY25.
5) **Domestic cost of deposits** have gone up to 4.93% in Q1FY26 from 4.83% in Q4FY25 and 4.68% in Q1FY25.
6) **Cost of Funds** increased to 4.95% in Q1FY26 from 4.92% in Q4FY25 and 4.78% in Q1FY25.
7) **Yield on Advances** increased to 8.58% against 8.54% in Q4FY25 and decreased against 8.74% in Q1FY25.
8) **Total business** rose by 10.84% YoY to Rs. 704485 Crores against Rs. 635564 Crores in Q1FY25.

KEY FINANCIAL INDICATORS – Q1FY26

CMP (22.07.2025)	: Rs. 37.91
Face Value	: Rs. 10
Book value per share	: Rs. 37.06
Market Capitalisation	: Rs. 34313.86 Crs.
Capital Adequacy Ratio	: 17.66%
C/D ratio	: 64.43%
CASA ratio	: 46.88%
Net Interest Margin (NIM)	: 3.16%
Cost / Income ratio	: 55.43%
Gross NPA	: 3.13%
Net NPA	: 0.49%
PCR	: 97.02%
Slippage ratio	: 0.35%
Credit cost	: 0.68%
Return on Assets (Annualised)	: 1.02%
Return on Equity (Annualised)	: 14.17%

9) **Total deposits** up by 11.41% YoY to Rs. 428890 Crores against Rs. 384949 Crores in Q1FY25 and sequentially up by 3.92% from Rs 412697 Crores in Q4FY25.
10) **Gross Advances** rose by 9.97% YoY to Rs. 275595 Crores against Rs. 250615 Crores in Q1FY25 but it fell by 5% QoQ as against Rs 290101 Crores in Q4FY25.
11) **Total Non-Interest Income** dipped 1.54% sequentially to Rs 1786 Crores in Q1FY26 from Rs 1814 crores in Q4FY25 but surged 53.30% YoY compared to Rs 1165 Crores in Q1FY25.
12) **Fee based income** was down by 25.80% QoQ to Rs 443 Crores in Q1FY26 from Rs 597 Crores in Q4FY25 but rose by 4.24% YoY compared to Rs 425 Crores in Q1FY25.
13) **Treasury income** surged 62.35% QoQ to Rs 664 Crores in Q1FY26 from Rs 409 crores in Q4FY25 and increased 65.17% YoY compared to Rs 402 Crores in Q1FY25.
14) **Cost/Income ratio** dipped to 55.43% in Q1FY26 as against 61.57% in Q4FY25 and 57.71% in Q1FY25.
15) **The total Government guaranteed advances** increased by 16.25% YoY to Rs. 5230 Crores against Rs. 4499 Crores in Q1FY25.
16) **CASA ratio** dipped to 46.88% in Q1FY26 from 49.19% in Q1FY25.
17) **Credit/Deposit (C/D) ratio** fell to 64.43% in Q1FY26 against 65.27% in Q1FY25.
18) **Return on assets (ROA)** increased to 1.02% for the first time in Q1FY26 against 0.90% in Q4FY25 and 0.82% in Q1FY25.
19) **Fresh slippages** fell to Rs. 839 Crores against Rs. 1366 Crores in Q4FY25. Recovery + Upgradation increased slightly to Rs. 712 Crores against Rs. 702 Crores in Q4FY25.
20) **Gross NPA ratio** improved to 3.13% against 3.18% in Q4FY25 and 4.54% in Q1FY25. Net NPAs ratio improved to 0.49% against 0.55% in Q4FY25 and 0.73% in Q1FY25.
21) **Total standard restructured assets** decreased to Rs. 4948 Crores against Rs. 5114 Crores in Q4FY25 and Rs. 6038 Crores in Q1FY25.
22) **Credit cost** fell significantly to 0.68% in Q1FY26 from 1.23% in Q4FY25 and 2.14% in Q1FY25.
23) **Provision Coverage ratio** rose to 97.02% from 96.54% in Q4FY25 and 96.17% in Q1FY25.
24) **The Bank's Capital Adequacy ratio** increased to 17.66% against 17.02% in Q4FY25 and 15.68% in Q1FY25.

RESULT UPDATE (22.07.25)

Central Bank of India – Q1FY26

"Strong profitability coupled with improved asset quality is the hallmark of the quarter"

Management Comments

25) In response to a query on the sequential decline in credit growth, MD & CEO Mr. M.V. Rao clarified that the bank consciously reduced low yield corporate lending to safeguard margins, avoiding sub-6% rates. Focus remains on the higher-yielding RAM segments, which grew 15.7%, with plans to selectively pick up corporate assets at better pricing to support capital conservation over the coming months.
26) In reply to an analyst's query, Mr. Rao informed that the bank has acquired a 25.18% stake in Future Generali India Life Insurance for Rs. 57 Crores and a 24.91% stake in Future Generali India Insurance (general) for Rs. 451 Crores, totaling Rs. 508 Crores. With all key agreements signed, operations will begin post-rebranding. Management sees this as a strategic move to enhance customer offerings and drive long-term value creation beyond income contribution.
27) In response to an analyst's query regarding utilization of DTA, the bank's CFO Mr. Mukul Dandige said that the Deferred Tax Asset will be fully utilized by Q4 FY26, after which the bank will shift to the new tax regime. A small tax outgo of Rs. 65–70 Crores is expected in Q4, and from FY27 onward, this move is estimated to add Rs. 900 Crores to profits, boosting ROA by 9–10 bps.
28) The bank expects co-lending volumes to rise from Rs. 2,000 Crores to Rs. 2,800–3,000 Crores per quarter, driven by expanded partnerships. It currently earns a net yield of 9% on these co-lending arrangements, informed Mr. Rao.
29) Mr. Vivek Wahi, Executive Director, stated that the bank expects two more repo rate cuts of 25 bps each by March 2026, bringing the terminal repo rate to 5%. He anticipates a favorable year for treasury operations, with G-Sec yields projected to fall below 6% by year-end.
30) In response to another query on boosting CASA ratio, management replied that it plans to expand physical reach with 250 new BC Max centers and increase BC points from 12,800 to 14,000. Digitally, the Cent eeZ app has onboarded over 12 lakh new customers with an avg. balance of Rs. 27,000. CASA growth is expected, especially in current accounts through enhanced cash management and value chain financing.
31) Mr. M.V. Rao, MD & CEO, reaffirmed the FY26 loan growth target of 14–16%, with key contributions expected from data centers, logistics, selected manufacturing sectors and government-backed entities like NTPC and IREDA, while also staying open to prudent opportunities such as lease rental discounting amid repricing trends.

Ajcon Global Research
Ajcon Global Services Limited
https://ajcononline.com/