

Reco/View: **BUY**

CMP: **Rs. 157**

Price Target: **Rs. 190**

Bank of India

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Banking

COMPANY DETAILS

| | |
|-------------------------------|---------------|
| Market cap: | Rs. 72,300 cr |
| 52-week high/low: | Rs. 168 / 93 |
| NSE volume: (No of shares) | 86.0 lakh |
| BSE code: | 532149 |
| NSE code: | BANKINDIA |
| Free float: (No of shares) | 121.0 cr |

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

| | |
|-----------|------|
| Promoters | 73.4 |
| FII | 5.8 |
| DII | 15.2 |
| Others | 5.6 |

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

| (%) | 1m | 3m | 6m | 12m |
|--------------------|------|------|------|------|
| Absolute | 10.1 | 20.9 | 37.3 | 63.1 |
| Relative to Sensex | 13.7 | 23.9 | 37.7 | 55.1 |

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- NII grew 6.4% y-o-y and 9.2% q-o-q was ahead of estimates, NIM up 16 bps q-o-q. Fee income was subdued but good treasury income aided overall non-interest income growth of 30.5% y-o-y.
- Credit cost inched up QoQ as fresh NPA addition was higher QoQ due to one large road account, however overall GNPA and NNPA ratio declined.
- PAT was up 7.5% y-o-y and 5.9% QoQ and was higher than our expectations. Loan growth at 15% y-o-y was higher than industry and guidance on the same is encouraging.
- We maintain a Buy rating on the stock with a revised PT of Rs. 190.

Result overview

- NII surged 9.2% q-o-q as NIMs improved 16 bps q-o-q to 2.57%. Cost of funds was down 9 bps q-o-q to 4.57%, while yield on advances remained stable at 7.81%, to protect margins, the bank strategically churned its low yielding portfolio (AAA-rated) towards better yielding advances (AA), also benefit of term deposit repricing was visible.
- Fee income was 5.1% y-o-y however 77% rise in treasury income led to a 30% y-o-y uptick in total other income.
- Opex were up 5.4% q-o-q and 10.5% y-o-y as the bank continues to invest in branches and technological upgrades. About 10% of total opex is allocated to IT, and additional Capex is also being spent on the IT side.
- Provisions increased 31% QoQ and 89.7% y-o-y, credit cost was up 6 bps QoQ to 0.34% as NPAs rose sequentially, while PAT rose 7.5% y-o-y and 5.9% QoQ, higher than estimates, on the back of stable topline growth and operational performance.
- Net loans rose 15% y-o-y to Rs7.27 lakh crore, in which RAM advances were up 18% y-o-y which now form 58.5% of domestic book, while the corporate book achieved double-digit growth at 11%. The bank has a corporate book pipeline of ~Rs. 65000 crore and expects disbursement to improve in the coming quarters.
- Deposit base was higher by 11.6% y-o-y at Rs 8.87 lakh crore, in this CASA was up 4.5%, CASA ratio declined from 39.4% to 37.97% QoQ, retail term deposits formed 46.4% of total deposit base.

Our Call

Rapid tech transformation would result in better underwriting, risk control and an enhanced customer experience. Business growth should be supported by healthy pipeline, comfortable capital position and steady capacity addition. Return ratios are expected to show stable to improving performance (ROA ~0.9-1%). The bank trades at 0.7x FY28E BVPS making valuations compelling, we maintain BUY rating on the stock with a revised PT of Rs. 190.

Key Risks

Increased stress in agri or corporate loans or higher impact of ECL provision could dent financials.

Valuation

| Particulars | FY24 | FY25 | FY26E | FY27E | FY28E |
|---------------------|--------|--------|--------|--------|--------|
| Net Interest Income | 23,053 | 24,394 | 25,046 | 29,874 | 33,550 |
| Net profit | 6,318 | 9,219 | 10,309 | 11,750 | 12,533 |
| EPS (Rs) | 14.9 | 20.3 | 17.6 | 19.8 | 20.5 |
| P/E (x) | 10.5 | 7.8 | 8.9 | 7.9 | 7.6 |
| P/BV (x) | 1.2 | 1.0 | 0.9 | 0.8 | 0.7 |
| RoE | 9.9 | 12.5 | 12.5 | 12.9 | 12.5 |
| RoA | 0.7 | 0.9 | 0.9 | 0.9 | 0.9 |

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 21, 2026

Concall Highlights

Strategic outlook and growth targets

- The management has established a positive trajectory for the upcoming fiscal year, targeting global advances growth of 13% to 14% and global deposit growth of 11-12% for FY26.
- A substantial Rs. 80,000 crore credit pipeline underpins management's confidence in better growth for FY27. This includes Rs. 65,000 crore in corporate loans earmarked for disbursement during Q4 FY26 and Q1 FY27.
- The bank expects maintaining a steady annual NIM of approximately 2.50% for FY26. Performance is expected to peak in Q4 FY 26, with a projected NIM of 2.60%. Benefit of term deposit repricing to flow in coming quarters while shift towards better yielding loans to support overall yields.
- In FY26 specifically, the bank plans to open 200 branches, with over 145 already operational and the remaining 50-55 scheduled for Q4. This will be followed by another 200 branches in FY '27.

AI push: Project Star ADITYA

- The bank is investing in a significant data lake initiative known as Project Star ADITYA, which incorporates artificial intelligence (AI), machine learning (ML), and generative AI (GenAI).
- These AI use cases are being implemented across multiple levels, including bank verticals, branches, zonal offices, and underwriting centers.

New products

- Two new variants have been introduced: Celestia, designed for high networth individuals, and the RuPay Women's credit card, tailored to women's needs.
- New suite of loans for gig workers offers individual loans up to INR 2 lakh and SMA loans up to Rs. 5 lakh, with interest rates between 9.5% and 10.5%.
- BOI Surya Shakti Scheme is an agriculture-focused scheme provides loans for farm mechanization ranging from Rs. 4 lakh to Rs. 50 lakh at a 9% interest rate.

ECL and other regulation

- Proposed ECL framework is expected to impact the bank's CRAR by approximately 2%, translating to around Rs. 4,700 crore, spread over five years at 0.40% annually.
- Changes in the MSME definition, now including medium enterprises with turnover up to Rs. 500 crore, are expected to drive growth in the RAM book

Asset quality

- The bank's total special mention account (SMA) book has decreased to approximately Rs. 5400 crore. However, there has been a significant doubling of SMA-2 accounts, totalling roughly Rs. 3500 crore, which is largely attributed to three state government accounts.
- In Q3FY26, fresh slippages rose to Rs1140 crore versus Rs. 895 crore QoQ, primarily due to a corporate road account within a consortium. Looking ahead, the bank does not anticipate more corporate slippages, and it expects slippages in the RAM (Retail, Agriculture, and MSME) segment to remain under control.
- For Q4, the bank projects recoveries of approximately Rs2000 crore. While the current quarterly recovery rate from written-off book is between ~Rs450 crore, there is an internal goal to increase this to Rs. 750 crore per quarter.

Result Table

| Particulars | Rs cr | | | | |
|----------------------------|-----------------|-----------------|--------------|-----------------|-------------|
| | Q3FY26 | Q3FY25 | y-o-y | Q2FY26 | QoQ |
| Net Interest Income | 6,461 | 6,070 | 6.4% | 5,914 | 9.2% |
| Other income | 2,279 | 1,746 | 30.5% | 2,220 | 2.7% |
| Net Income | 8,740 | 7,817 | 11.8% | 8,134 | 7.4% |
| Opex | 4,547 | 4,114 | 10.5% | 4,313 | 5.4% |
| Operating Profit | 4,193 | 3,703 | 13.2% | 3,821 | 9.7% |
| Provisions | 576 | 304 | 89.7% | 441 | 30.5% |
| PAT | 2,705 | 2,517 | 7.5% | 2,555 | 5.9% |
| Advances | 7,27,959 | 6,32,868 | 15.0% | 6,95,660 | 4.6% |
| Deposits | 8,87,287 | 7,94,788 | 11.6% | 8,53,301 | 4.0% |
| NIMs % | 2.57 | 2.80 | -23 bps | 2.41 | 16 bps |
| GNPA % | 2.26 | 3.69 | -143 bps | 2.54 | -28 bps |
| NNPA % | 0.60 | 0.85 | -25 bps | 0.65 | -5 bps |
| PCR % | 73.9 | 77.5 | -358 bps | 74.9 | -93 bps |

Source: Company; Mirae Asset Sharekhan Research

Additional Data
Top 10 shareholders

| Sr. No. | Holder Name | Holding (%) |
|---------|-----------------------|-------------|
| 1 | Republic of India | 73.38 |
| 2 | LIC | 8.48 |
| 3 | SBI Funds | 1.10 |
| 4 | Vanguard Group INC | 0.84 |
| 5 | Nippon Life India | 0.66 |
| 6 | Aditya Birla Sunlife | 0.59 |
| 7 | HDFC Life | 0.49 |
| 8 | Kotak Mahindra AMC | 0.46 |
| 9 | DSP Finance | 0.44 |
| 10 | PineBridge Investment | 0.28 |

Source: Bloomberg

Key management personnel

| Name | Designation |
|-------------------|------------------------|
| Rajneesh Karnatak | MD & CEO |
| B Kumar | CFO & ED |
| M.R. Kumar | Non Executive Chairman |

Source: Company Website

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