

January 31, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	320		300	
NII (Rs. m)	5,24,018	5,98,331	5,37,982	6,09,202
% Chng.	(2.6)	(1.8)		
Op. Profit (Rs. m)	3,09,205	3,49,414	3,24,161	3,63,005
% Chng.	(4.6)	(3.7)		
EPS (Rs.)	31.9	36.0	33.0	37.1
% Chng.	(3.5)	(2.9)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII (Rs m)	4,56,587	4,53,797	5,24,018	5,98,331
Op. Profit (Rs m)	3,24,346	2,97,817	3,09,205	3,49,414
PAT (Rs m)	1,95,811	1,82,753	1,64,954	1,86,598
EPS (Rs.)	37.8	35.3	31.9	36.0
Gr. (%)	10.1	(6.7)	(9.7)	13.1
DPS (Rs.)	8.3	7.8	7.0	7.9
Yield (%)	2.8	2.6	2.3	2.6
NIM (%)	2.8	2.5	2.6	2.6
RoAE (%)	16.7	13.4	10.9	11.3
RoAA (%)	1.2	1.0	0.8	0.8
P/BV (x)	1.2	1.1	1.0	0.9
P/ABV (x)	1.3	1.1	1.0	0.9
PE (x)	7.9	8.5	9.4	8.3
CAR (%)	17.2	17.7	17.5	17.3

Key Data

BOB.BO | BOB IN

52-W High / Low	Rs.313 / Rs.191
Sensex / Nifty	82,270 / 25,321
Market Cap	Rs.1,548bn/ \$ 16,831m
Shares Outstanding	5,171m
3M Avg. Daily Value	Rs.2960.66m

Shareholding Pattern (%)

Promoter's	63.97
Foreign	8.71
Domestic Institution	10.04
Public & Others	8.97
Promoter Pledge (Rs bn)	8.31

Stock Performance (%)

	1M	6M	12M
Absolute	2.2	24.9	34.6
Relative	5.2	23.7	25.6

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Profitable growth remains a challenge

Quick Pointers:

- Soft quarter due to weak core revenue and fall in PCR QoQ.
- Funding mix of incremental growth key to determine margin trajectory.

BOB saw a soft quarter; core PAT was ahead of PLe due to lower provisions and higher TWO recovery. However, earnings quality was a bit weak due to (1) 5-10bps fall QoQ in reported core NIM (stable to improving NIM for peers) (2) 5% QoQ decline in core fees and (3) reduction in investments and LCR to book treasury income and (4) 192bps fall in PCR to 72% despite lower net slippages. While bank guided to loan/deposit growth of 11-13% and 10%, we are watchful since LDR has touched 85.7%. We are also monitoring NIM given it has been surprising negatively since the last few quarters due to preference for growth. Asset quality continues to remain a silver lining and ECL impact could be 60bps one-time and 18bps additional each year. We keep multiple at 1.0x but raise TP to Rs320 from Rs300 as we roll forward to Mar'27 ABV. Retain 'BUY'.

- Soft quarter due to NIM decline and minor fall in PCR:** NII adjusted for one-off was 1.5% at Rs112.8bn (PLe Rs114.5bn). NIM (calc.) was lower at 2.59% (PLe 2.62%); reported NIM fell by 17bps QoQ to 2.79%. Loan/deposit at 15.1%/10.3% YoY were in-line. CASA ratio was stable at 32.5% (32.6% in Q2'26) and LDR rose to 85.7% (83.9% in Q2'26). Other inc. was more at Rs36bn (PLe Rs30.6bn) due to higher treasury and TWO recoveries. Fee was in-line at Rs20.5bn. Opex at Rs80.2bn was slightly lower led by staff cost partly offset by higher other opex. Core PPOp at Rs60.1bn was 1.3% above PLe; PPOp was Rs73.8bn. Asset quality was steady; GNPA was 2.04% (PLe 2.05%). Gross slippages were Rs29.8bn (PLe Rs33.7bn); recoveries were Rs9.8bn (PLe Rs8.8bn). Provisions were lower at Rs8bn (PLe Rs16bn) and PCR declined by 192bps QoQ to 72%. Core PAT was 24% above PLe at Rs40bn while PAT was Rs50.5bn.
- Credit growth was broad based:** Sequential growth was broad based across segments: corporate 5.4%, retail 4.6%, SME 6.2% and agri 6.0%. As guided, corporate accretion was partly led by NBFCs. Bank maintained loan growth guidance of 11-13% with upside risk while deposit growth was guided at 10% with domestic LDR of 84%+. We are watchful of loan/deposit dynamics as overall LDR has touched 85.7%. We envisage loan/deposit CAGR of 12.0% over FY26-28E. Bank intends to rely on low cost deposits on long term basis to fund growth. Bulk deposits as percent of domestic deposits stood at 19%. LCR ratio decreased to 116% in Q3FY26 as bank sold Rs280bn of investment book to capture treasury income opportunity but it is targeted at 120%.
- Adjusted NIM fell QoQ:** Adjusted for interest on IT refund, reported core NIM declined by 5-10bps QoQ; margin performance was softer vs peers likely due to pricing pressure and preference for growth over profitability. Normal guidance of TWO recoveries was maintained at Rs7-7.5bn while TWO pool stood at Rs630bn. One-time impact of ECL would be 60bps and additional provisioning on a sustainable basis might be 18bps. Due to robust asset quality, credit cost guidance has been revised lower from <75bps to <60bps.

Exhibit 1: PAT beat led by lower provisions

Financial Statement (Rs m)	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)
Interest Income	3,12,295	3,09,076	1.0	3,22,667	(3.2)	3,07,408	3,12,295
Interest Expense	1,99,491	1,94,907	2.4	2,08,177	(4.2)	1,95,572	1,99,491
Net Interest Income (NII)	1,12,804	1,14,169	(1.2)	1,14,490	(1.5)	1,11,836	1,12,804
Other income	36,004	37,689	(4.5)	30,599	17.7	35,150	36,004
- Fee income	16,510	16,820	(1.8)	17,758	(7.0)	17,410	16,510
- Other non interest income	19,494	20,869	(6.6)	12,841	51.8	17,740	19,494
Total income	1,48,808	1,51,858	(2.0)	1,45,089	2.6	1,46,986	1,48,808
Operating expenses	80,237	75,215	6.7	80,956	(0.9)	78,926	80,237
-Staff expenses	41,112	42,067	(2.3)	42,638	(3.6)	40,607	41,112
-Other expenses	39,125	33,148	18.0	38,319	2.1	38,319	39,125
Operating profit	73,771	76,642	(3.7)	64,132	15.0	75,760	73,771
Core operating profit	61,147	65,774	(7.0)	60,382	1.3	58,280	61,147
Total provisions	7,989	10,823	(26.2)	16,022	(50.1)	12,325	7,989
Profit before tax	65,782	65,819	(0.1)	48,110	36.7	63,435	65,782
Tax	15,236	17,446	(12.7)	12,990	17.3	15,341	15,236
Profit after tax	50,546	48,373	4.5	35,120	43.9	48,094	50,546
Balance sheet (Rs m)							
Deposits	1,54,67,488	1,40,29,090	10.3	1,54,67,490	(0.0)	1,50,00,115	3.1
Advances	1,32,50,740	1,15,13,156	15.1	1,32,23,584	0.2	1,25,83,369	5.3
Profitability ratios							
RoaA	1.1	1.2	(6)	0.8	35	1.1	1
NIM	2.8	2.9	(15)	3.4	(62)	3.0	(17)
Yield on Advances	7.8	8.8	(99)	8.0	(25)	7.9	(13)
Cost of Deposits	5.0	5.4	(39)	5.1	(17)	5.0	(7)
Asset Quality							
Gross NPA (Rs m)	2,73,994	2,84,712	(3.8)	2,74,752	(0.3)	2,75,998	(0.7)
Net NPA (Rs m)	76,150	68,251	11.6	68,688	10.9	71,409	6.6
Gross NPL ratio	2.0	2.4	(39)	2.0	(1)	2.2	(12)
Net NPL ratio	0.6	0.6	(2)	0.5	6	0.6	1
Coverage ratio	72.2	76.0	(382)	75.0	(279)	74.1	(192)
Business & Other Ratios							
Low-cost deposit mix	32.5	33.0	(48)	32.4	11	32.6	(9)
Cost-income ratio	53.9	49.5	439	55.8	(188)	53.7	22
Non int. inc / total income	24.2	24.8	(62)	21.1	311	23.9	28
Credit deposit ratio	85.7	82.1	360	85.5	18	83.9	178
CAR	15.3	16.0	(67)	-	-	16.5	(125)
Tier-I	13.1	13.4	(34)	-	-	14.2	(105)

Source: Company, PL

Q3FY26 Concall Highlights

Balance Sheet

- Bank maintained loan growth guidance at 11-13% with upside risk. Deposit growth guidance was maintained at FY26 target of 10%. Loan growth for Q3FY26 was purely organic.
- In some quarters bank chose to rely on bulk deposits when rates were benign. Bank intends to fund balance sheet using low cost deposits on long term basis. Bulk deposits as percent of domestic deposits stood at 19%.
- Bank intends to maintain domestic LDR at 84%+.
- LCR ratio decreased to 116% in Q3FY26 as bank sold Rs280bn of investment book to capture treasury income opportunity. Targeted LCR is 120%.
- RoA guidance at >1%.

Profit & Loss

- 25% of term deposits are still left to be repriced. Rs400bn of bulk deposits are due for repricing.
- NII did not contain any one offs for Q3FY26. Impact of interest on income tax refund stood at 5-6bps on NIMs.
- NIM for Q4FY26 guided to range between 2.85-3% and for FY26 guidance stood at 2.85%. Majority of the impact of rate cuts will appear in Q4FY26.
- Impact from labour code stood at Rs80-90mn.

Asset Quality

- Normalized guidance for recoveries from written off account maintained at Rs7-7.5bn. Written off pool stood at Rs630bn.
- On a net basis impact from ECL and risk weight circular by RBI comes to 60bps for bank.
- Additional provisioning requirement on a sustainable basis due to ECL expected at 18bps on a incremental basis.
- Credit cost guidance revised to below 0.6% from below 0.75%. Slippage guidance at 1%-1.25%.
- Outstanding standard restructured book stood at Rs80bn.

Exhibit 2: QoQ loan growth led by SME and Agriculture

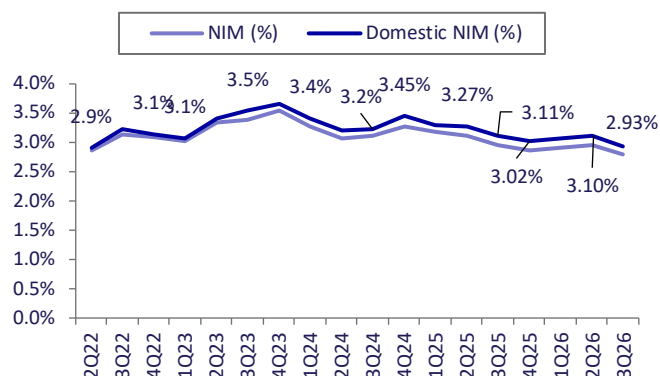
Loan break up (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)
Domestic Advances	1,09,65,570	96,48,690	13.6	1,04,65,060	4.8
Corporate	41,89,630	38,74,050	8.1	40,06,820	4.6
SME	15,34,150	13,17,690	16.4	14,44,010	6.2
Retail	28,57,860	24,33,600	17.4	27,31,160	4.6
Agri	17,98,050	15,10,500	19.0	16,97,030	6.0
Other/Misc	5,85,880	5,12,840	14.2	5,86,030	(0.0)

Advances Mix

Domestic Advances	82	82	(1)	87	(6)
Corporate	31	33	(6)	33	(6)
SME	11	11	2	12	(5)
Retail	21	21	2	23	(6)
Agri	13	13	4	14	(5)
Other/Misc	4	4	(0)	5	(10)

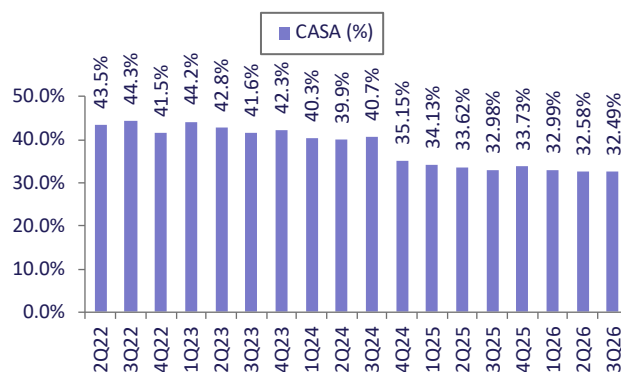
Source: Company, PL

Exhibit 3: Domestic NIM decreased to 2.93%



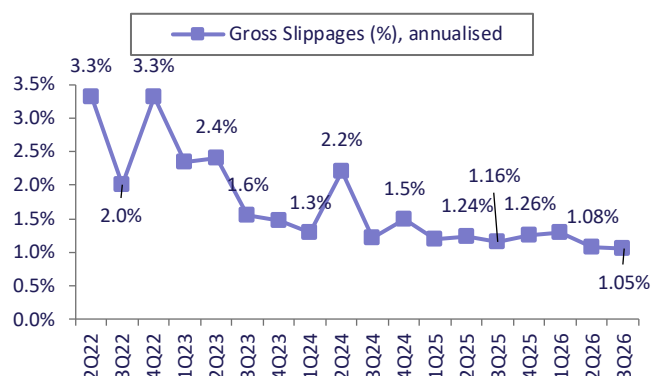
Source: Company, PL

Exhibit 4: CASA ratio decreased QoQ to 32.49%



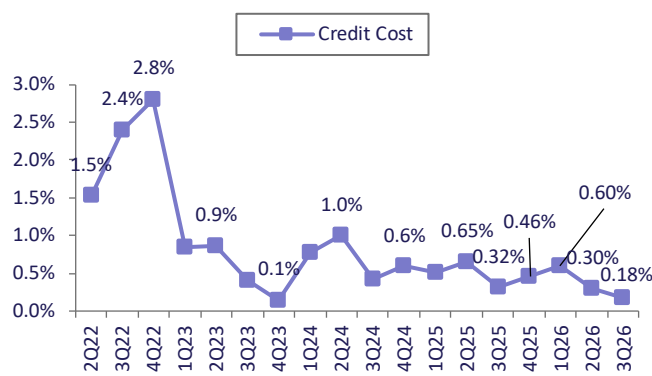
Source: Company, PL

Exhibit 5: Gross slippage decreased to 1.05%



Source: Company, PL

Exhibit 6: Credit cost decreased to 0.18%



Source: Company, PL

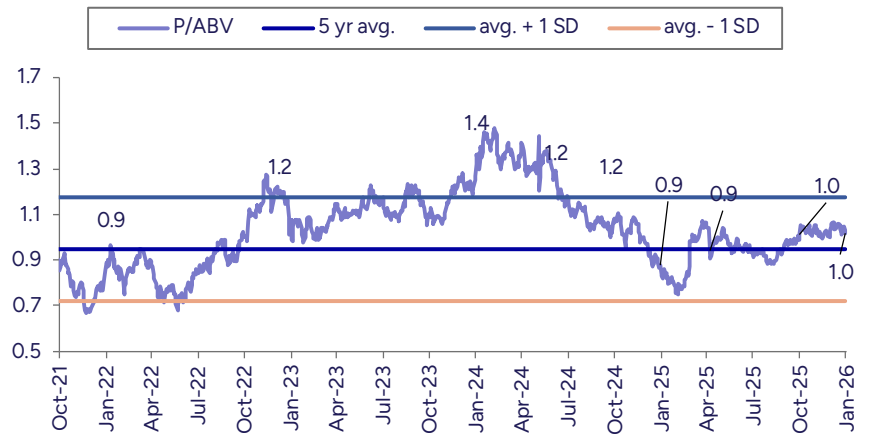
Exhibit 7: Return ratios to range at 11%

ROAE decomposition	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
NII/Assets	2.5	2.7	3.0	2.9	2.7	2.4	2.5	2.5
Other Income/Assets	1.1	0.9	0.7	1.0	1.0	0.8	0.7	0.6
Net revenues/Assets	3.6	3.6	3.8	3.9	3.7	3.2	3.2	3.2
Opex/Assets	1.8	1.8	1.8	1.9	1.8	1.7	1.7	1.7
Provisions/Assets	1.4	1.1	0.5	0.4	0.4	0.3	0.4	0.4
Taxes/Assets	0.4	0.2	0.4	0.5	0.4	0.3	0.3	0.3
ROAA	0.1	0.6	1.0	1.2	1.2	1.0	0.8	0.8
ROAE	1.2	9.6	16.5	17.8	16.7	13.4	10.9	11.3

Source: Company, PL

Note – FY20 represents merged numbers

Exhibit 8: One-year forward P/ABV trades at 1.0x



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Int. Earned from Adv.	9,30,509	9,60,740	10,36,599	11,54,042
Int. Earned from invt.	2,59,488	2,53,838	2,54,793	2,83,206
Others	6,856	8,368	11,778	13,256
Total Interest Income	12,14,416	12,49,358	13,32,143	14,82,893
Interest Expenses	7,57,830	7,95,561	8,08,124	8,84,561
Net Interest Income	4,56,587	4,53,797	5,24,018	5,98,331
Growth(%)	2.1	(0.6)	15.5	14.2
Non Interest Income	1,66,473	1,50,914	1,39,628	1,49,072
Net Total Income	6,23,060	6,04,711	6,63,646	7,47,403
Growth(%)	8.6	1.4	5.1	10.9
Employee Expenses	1,66,076	1,66,730	1,77,190	1,97,880
Other Expenses	1,32,637	1,56,916	1,77,251	2,00,109
Operating Expenses	2,98,714	3,23,645	3,54,441	3,97,989
Operating Profit	3,24,346	2,97,817	3,09,205	3,49,414
Growth(%)	4.7	(8.2)	3.8	13.0
NPA Provision	51,704	38,166	68,034	77,070
Total Provisions	59,803	52,893	83,241	93,800
PBT	2,64,544	2,44,924	2,25,964	2,55,614
Tax Provision	68,732	62,172	61,010	69,016
Effective tax rate (%)	26.0	25.4	27.0	27.0
PAT	1,95,811	1,82,753	1,64,954	1,86,598
Growth(%)	10.1	(6.7)	(9.7)	13.1

Balance Sheet (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Face value	2	2	2	2
No. of equity shares	5,178	5,178	5,178	5,178
Equity	10,355	10,355	10,355	10,355
Networth	13,69,257	15,46,695	16,71,443	18,17,836
Growth(%)	22.0	13.0	8.1	8.8
Adj. Networth to NNPA's	69,942	72,781	70,509	73,334
Deposits	1,47,20,348	1,62,52,375	1,82,46,293	2,04,36,749
Growth(%)	10.3	10.4	12.3	12.0
CASA Deposits	55,66,660	54,45,698	60,46,101	67,20,785
% of total deposits	37.8	33.5	33.1	32.9
Total Liabilities	1,78,12,473	1,97,01,103	2,21,55,357	2,49,04,777
Net Advances	1,20,95,579	1,38,47,024	1,55,09,349	1,73,71,236
Growth(%)	13.5	14.5	12.0	12.0
Investments	38,53,984	39,00,570	44,70,342	51,09,187
Total Assets	1,78,12,473	1,97,01,103	2,21,55,357	2,49,04,777
Growth (%)	12.3	10.6	12.5	12.4

Asset Quality

Y/e Mar	FY25	FY26E	FY27E	FY28E
Gross NPAs (Rs m)	2,78,349	2,69,559	2,61,146	2,71,607
Net NPAs (Rs m)	69,942	72,781	70,509	73,334
Gr. NPAs to Gross Adv.(%)	2.3	1.9	1.7	1.5
Net NPAs to Net Adv. (%)	0.6	0.5	0.5	0.4
NPA Coverage %	74.9	73.0	73.0	73.0

Profitability (%)

Y/e Mar	FY25	FY26E	FY27E	FY28E
NIM	2.8	2.5	2.6	2.6
RoAA	1.2	1.0	0.8	0.8
RoAE	16.7	13.4	10.9	11.3
Tier I	14.8	15.2	14.7	14.3
CRAR	17.2	17.7	17.5	17.3

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Interest Income	3,06,421	3,07,062	3,07,408	3,12,295
Interest Expenses	1,96,224	1,96,567	1,95,572	1,99,491
Net Interest Income	1,10,197	1,10,495	1,11,836	1,12,804
YoY growth (%)	(6.6)	(4.7)	(3.8)	(1.2)
CEB	21,240	15,750	17,410	16,510
Treasury	-	-	-	-
Non Interest Income	47,351	46,745	35,150	36,004
Total Income	3,53,772	3,53,807	3,42,558	3,48,299
Employee Expenses	43,472	43,077	40,607	41,112
Other expenses	37,501	35,651	38,319	39,125
Operating Expenses	80,973	78,728	78,926	80,237
Operating Profit	81,321	82,365	75,760	73,771
YoY growth (%)	0.3	15.0	(20.1)	(3.7)
Core Operating Profits	68,871	63,575	67,440	66,351
NPA Provision	12,970	16,860	8,830	5,590
Others Provisions	15,515	19,669	12,325	7,989
Total Provisions	15,515	19,669	12,325	7,989
Profit Before Tax	65,806	62,695	63,435	65,782
Tax	15,329	17,282	15,341	15,236
PAT	50,477	45,414	48,094	50,546
YoY growth (%)	3.3	1.9	(8.2)	4.5
Deposits	1,47,20,349	1,43,56,343	1,50,00,115	1,54,67,488
YoY growth (%)	10.9	9.1	10.0	10.3
Advances	1,20,95,579	1,18,65,855	1,25,83,369	1,32,50,740
YoY growth (%)	13.5	13.2	12.2	15.1

Key Ratios

Y/e Mar	FY25	FY26E	FY27E	FY28E
CMP (Rs)	299	299	299	299
EPS (Rs)	37.8	35.3	31.9	36.0
Book Value (Rs)	246	280	305	333
Adj. BV (Rs)	233	266	291	319
P/E (x)	7.9	8.5	9.4	8.3
P/BV (x)	1.2	1.1	1.0	0.9
P/ABV (x)	1.3	1.1	1.0	0.9
DPS (Rs)	8.3	7.8	7.0	7.9
Dividend Payout Ratio (%)	22.1	22.0	22.0	22.0
Dividend Yield (%)	2.8	2.6	2.3	2.6

Efficiency

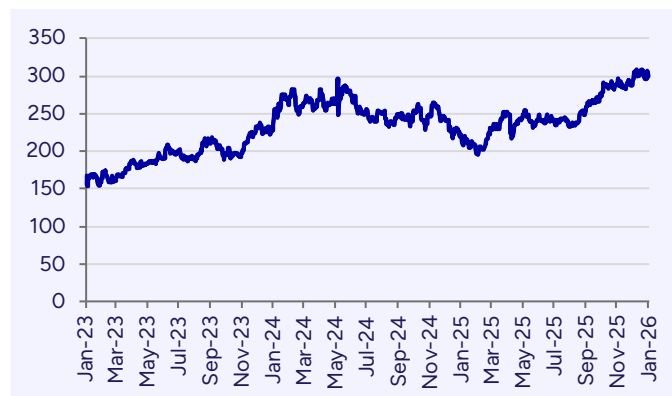
Y/e Mar	FY25	FY26E	FY27E	FY28E
Cost-Income Ratio (%)	47.9	53.5	53.4	53.2
C-D Ratio (%)	82.2	85.2	85.0	85.0
Business per Emp. (Rs m)	358	397	440	486
Profit per Emp. (Rs lacs)	26	24	21	24
Business per Branch (Rs m)	3,169	3,546	3,965	4,428
Profit per Branch (Rs m)	23	22	19	22

Du-Pont

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII	2.71	2.42	2.50	2.54
Total Income	3.70	3.22	3.17	3.18
Operating Expenses	1.77	1.73	1.69	1.69
PPoP	1.93	1.59	1.48	1.48
Total provisions	0.36	0.28	0.40	0.40
RoAA	1.16	0.97	0.79	0.79
RoAE	16.69	13.41	10.89	11.31

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	BUY	300	308
2	01-Nov-25	BUY	300	278
3	07-Oct-25	BUY	270	262
4	27-Jul-25	BUY	270	243
5	07-Jul-25	BUY	275	241
6	23-Jun-25	BUY	275	234
7	07-May-25	BUY	275	225
8	08-Apr-25	BUY	285	230

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	BUY	1,500	1,258
2	Bank of Baroda	BUY	300	308
3	Canara Bank	Hold	160	150
4	Canara Robeco Asset Management Company	BUY	325	311
5	City Union Bank	BUY	265	291
6	DCB Bank	BUY	155	182
7	Federal Bank	BUY	275	270
8	HDFC Asset Management Company	BUY	2,950	2,554
9	HDFC Bank	BUY	1,150	931
10	ICICI Bank	BUY	1,800	1,411
11	ICICI Prudential Asset Management Company	BUY	3,300	2,736
12	IndusInd Bank	Accumulate	960	892
13	Kotak Mahindra Bank	BUY	500	423
14	Nippon Life India Asset Management	BUY	930	893
15	State Bank of India	BUY	1,100	1,007
16	Union Bank of India	BUY	200	179
17	UTI Asset Management Company	Accumulate	1,250	1,135

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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