

May 7, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	275		285	
NII (Rs. m)	4,83,584	5,51,589	5,00,134	5,59,729
% Chng.	(3.3)	(1.5)		
Op. Profit (Rs. m)	2,89,090	3,32,681	3,10,218	3,47,405
% Chng.	(6.8)	(4.2)		
EPS (Rs.)	29.8	34.8	32.6	36.5
% Chng.	(8.6)	(4.5)		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
NII (Rs m)	4,47,215	4,56,586	4,83,584	5,51,589
Op. Profit (Rs m)	3,09,652	3,24,346	2,89,090	3,32,681
PAT (Rs m)	1,77,888	1,95,811	1,54,198	1,80,189
EPS (Rs.)	34.4	37.8	29.8	34.8
Gr. (%)	26.1	10.1	(21.3)	16.9
DPS (Rs.)	7.6	8.5	6.6	7.7
Yield (%)	3.4	3.8	2.9	3.4
NIM (%)	3.1	2.8	2.7	2.7
RoAE (%)	17.8	16.4	11.2	11.9
RoAA (%)	1.2	1.2	0.8	0.9
P/BV (x)	1.1	0.9	0.8	0.7
P/ABV (x)	1.2	0.9	0.8	0.8
PE (x)	6.5	5.9	7.5	6.5
CAR (%)	16.3	17.7	17.7	17.4

Key Data BOB.BO | BOB IN

52-W High / Low	Rs.300 / Rs.191
Sensex / Nifty	80,747 / 24,414
Market Cap	Rs.1,161bn / \$ 13,686m
Shares Outstanding	5,171m
3M Avg. Daily Value	Rs.2528.8m

Shareholding Pattern (%)

Promoter's	63.97
Foreign	8.98
Domestic Institution	18.23
Public & Others	8.82
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.1)	(14.6)	(13.3)
Relative	(11.3)	(15.8)	(21.1)

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NII/NIM upgrade key to re-rating

Quick Pointers:

- Weak quarter due to miss on NII/NIM; asset quality improves.
- Cut in NIM to drive earnings downgrade; deposit cost a key monitorable.

BOB saw a weak quarter with core PPOP miss of 7.3% as NII/NIM was 6.1% below PLe. Margins remain under pressure; while reported domestic NIM fell by 9bps QoQ, full year NIM for FY25 fell by 16bps YoY to 3.02% due to 24bps increase in deposit cost and 13bps fall in loan yields. In our view, the fall in yields was likely due to preference for growth over profitability while increase in funding cost was driven by reliance on higher cost bulk deposits in FY25. Bank expects NIM to remain under pressure in Q1FY26, post which it may improve. We trim NIM for FY26/27E by 7/3bps to owing to likely repo rate cuts which may result in earnings downgrade of avg. 7.0%. Loan/deposit growth guidance for FY26 was given at 11-13% and 9-11%. Stock is valued at 0.8/0.7x on FY26/27 ABV (20% discount to SBI). We tweak multiple to 0.9x from 1.0x and trim TP to Rs275 from Rs285 but we roll to Mar'27 ABV. Retain 'BUY'.

- Weak quarter due to miss on NII/NIM leading to lower core PAT:** NII was 6% lower to PLe at Rs110.2bn (PLe Rs117.4bn) as NIM (calc.) was lower at 2.71% (PLe 2.87%); reported NIMs declined by 8bps QoQ to 2.86%. Loan growth was 13.5% YoY (PLe 13.4%). Deposit accretion was in-line at 10.9% YoY. LDR decreased to 82.2% (82.7% in Q3'25). CASA ratio increased to 33.7% (33.2% in Q3'25). Other income was a beat at Rs52.1bn (PLe Rs34.3bn) due to higher treasury, TWO recovery and fees. Opex at Rs81bn was 1.6% above PLe led by higher staff cost & other opex. Core PPOP was 7.3% below PLe at Rs63.8bn. PPOP was Rs81.3bn. Asset quality improved as GNPA fell by 17bps QoQ to 2.26% (PLe 2.29%) driven by lower net slippages. Provisions were Rs15.5bn (PLe Rs16.2bn). Core PAT was 3.6% below PLe at Rs37bn. PAT was Rs50.5bn.
- NIM sees a QoQ blip again:** Reported domestic NIM declined by 9bps QoQ to 2.94% due to (1) 13bps QoQ increase in deposit cost and (2) 11bps fall in loan yields attributable to faster growth in corporate/housing and T+1 based EBLR pricing. Bank expects NIM to remain under pressure in Q1FY26 post which it would normalize. NIM for H2FY26 would be much higher than H1FY26 since most of the bulk TD (20% share) would be repriced within 2-4 quarters. We trim NIM for FY26/27E by 7/3bps owing to likely repo rate cuts; bank would aspire to maintain full year NIM at FY25 levels (3.02%) which in our view may be tough in falling interest rate environment.
- Credit growth largely was broad based:** Credit growth was 5.1% QoQ driven by domestic corporate (6.4%), retail (5.5%), SME (3.5%) and agri (4.8%). Within retail, growth was well-spread across home, auto, PL and education. For FY26, deposit growth was guided at 9-11% with loan growth of 11-13%. As per the bank, there is a possibility of upgrade in this guidance if surplus liquidity persists. On liabilities, bank intends to reduce dependance on bulk deposits which continue remain at 17% (vs FY24). A third of these deposits would be repriced lower in Q1FY26 by 30-40bps. Overall LDR was guided at 82-84%.

Exhibit 1: PAT beat led by higher other income

Financial Statement (Rs m)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	Q4FY25E	% Var.
Interest Income	3,06,420	2,95,834	3.6	3,09,076	(0.9)	3,19,906	(4.2)
Interest Expense	1,96,224	1,77,906	10.3	1,94,907	0.7	2,02,553	(3.1)
Net Interest Income (NII)	1,10,196	1,17,928	(6.6)	1,14,169	(3.5)	1,17,353	(6.1)
- Other income	52,098	41,915	24.3	37,689	38.2	34,265	52.0
Fee income	21,240	18,540	14.6	16,820	26.3	21,025	1.0
Other non interest income	30,858	23,375	32.0	20,869	47.9	13,240	133.1
Total income	1,62,295	1,59,843	1.5	1,51,858	6.9	1,51,618	7.0
Operating expenses	80,973	78,782	2.8	75,215	7.7	79,703	1.6
-Staff expenses	43,472	45,467	(4.4)	42,067	3.3	42,908	1.3
-Other expenses	37,501	33,315	12.6	33,148	13.1	36,795	1.9
Operating profit	81,321	81,061	0.3	76,642	6.1	71,915	13.1
Core operating profit	63,793	72,656	(12.2)	65,774	(3.0)	68,815	(7.3)
Total provisions	15,515	13,019	19.2	10,823	43.3	16,183	(4.1)
Profit before tax	65,806	68,042	(3.3)	65,819	(0.0)	55,732	18.1
Tax	15,329	19,177	(20.1)	17,446	(12.1)	15,048	1.9
Profit after tax	50,477	48,865	3.3	48,373	4.3	40,685	24.1
Balance sheet (Rs m)							
Deposits	1,47,20,349	1,32,69,578	10.9	1,39,24,614	5.7	1,47,20,530	(0.0)
Advances	1,20,95,579	1,06,57,817	13.5	1,15,13,156	5.1	1,20,81,789	0.1
Profitability ratios							
RoaA	1.2	1.3	(8)	1.2	1	1.0	24
NIM	2.9	3.3	(41)	2.9	(8)	3.4	(55)
Yield on Advances	8.3	9.1	(80)	8.8	(49)	8.7	(41)
Cost of Deposits	5.2	5.2	(2)	5.4	(18)	5.4	(16)
Asset Quality							
Gross NPA (Rs m)	2,78,349	3,18,336	(12.6)	2,84,712	(2.2)	2,81,495	(1.1)
Net NPA (Rs m)	69,942	72,133	(3.0)	68,251	2.5	67,559	3.5
Gross NPL ratio	2.3	2.9	(66)	2.4	(17)	2.3	(3)
Net NPL ratio	0.6	0.7	(10)	0.6	(1)	0.6	2
Coverage ratio	74.9	77.3	(247)	76.0	(116)	76.0	(113)
Business & Other Ratios							
Low-cost deposit mix	33.7	35.1	(142)	33.2	50	33.2	49
Cost-income ratio	49.9	49.3	61	49.5	36	52.6	(268)
Non int. inc / total income	32.1	26.2	588	24.8	728	22.6	950
Credit deposit ratio	82.2	80.3	185	82.7	(51)	82.1	9
CAR	17.2	16.3	88	16.0	123	-	-
Tier-I	14.8	14.1	72	13.4	135	-	-

Source: Company, PL

Q4FY25 Concall Highlights

Balance Sheet

- Deposit growth guided at 9-11% and loan growth guided at 11-13% for FY26. There is a possibility of increase in this guidance if surplus liquidity persists.
- Corporate growth is expected at 10% subject to surplus system liquidity.
- In MSME portfolio management is focusing on CV/CE & supply chain finance management. Bank is confident that the recent change in definition of MSME by RBI will boost the MSME credit growth for FY26.
- Bank does not have any constraints to avoid any sector in lending.
- Loans by benchmark: 34% repo linked, 45-48% MCLR, & low single digit fixed rate. EBLR book repricing happens on T+1 basis.
- Bulk deposits are 20% of total domestic deposits and bank intends to reduce dependency on bulk deposits. 1/3rd of these deposits would get repriced in Q1FY26 at 30-40bps lower.
- LDR was guided at 82-84%. Overseas growth was moderated to manage LDR.
- LCR is expected to be operated at 120-123%. Bank has 6-7% excess SLR which can be used for the purpose of LCR.
- Banks expects 2 repo rate cuts totaling 50bps over FY26 and best case G-sec rate could reach 6%.
- Management thinks that durable liquidity will be better in FY26.
- Bank has achieved the PSL target for FY25 at 45% vs targeted level of 40%.

Profit & Loss

- Yield on advances declined YoY on account of moderation of lending rates.
- Bank does not intend to lower SA rates.
- Management stated that pressure on NIMs is expected to continue in Q1FY26. It is expected to recoup NIM in Q2FY26. H2FY26 will be better in terms of NIMs because the deposit repricing will happen in 6-9 months, resulting in upside. Domestic NIMs declined YoY due to tight deposit market in FY25. In international book, both assets & liabilities are largely linked to floating rates. Therefore, in terms of NIMs, bank remains insulated.
- Treasury & TWO recovery is expected to remain at current levels for FY26.
- Bank currently spends ~10% of total opex (including capex) as digital spend.
- BoB has carried forward unamortized expense of ~Rs2.91bn on account of additional liability for family pension due to revised RBI circular.
- Treasury income for Q3FY25 includes one off item of SR revaluation gain of Rs4.9bn post RBI circular on changes in valuation methodology.

Asset Quality

- Management stated that they see no stress building in any book and collection efficiency is good.
- The bank do not see any structural issues in MSME GNPA. MSME slippages were majorly from legacy accounts. The bank has implemented CMS to track cash flows in MSME segment.
- Write-offs for Q3FY25 were across segments, majorly in large accounts. Written off book balance as of year-end was Rs600bn.
- One-third of the balances have been recovered from 2 aviation accounts, which were provided fully in earlier quarters, and the remaining exposure is fully collateralized.

Exhibit 2: QoQ loan growth led by corporate at 6.4% and retail at 5.5%

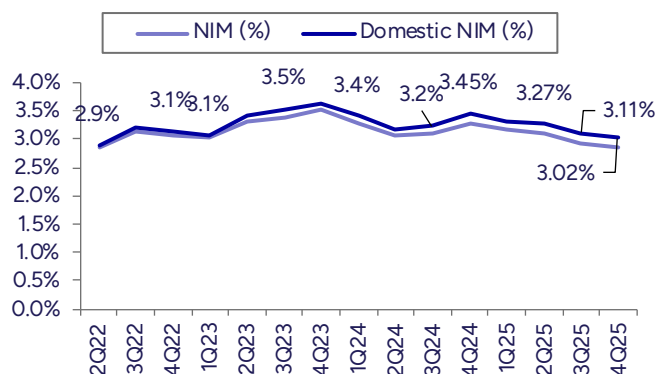
Loan break up (Rs mn)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)
Domestic Advances	1,02,11,120	89,81,160	13.7	96,48,690	5.8
Corporate	41,22,740	37,97,470	8.6	38,74,050	6.4
SME	13,63,770	11,94,150	14.2	13,17,690	3.5
Retail	25,66,330	21,49,420	19.4	24,33,600	5.5
Agri	15,83,240	13,86,400	14.2	15,10,500	4.8
Other/Misc	5,75,030	4,53,720	26.7	5,12,840	12.1

Advances Mix

Domestic Advances	83	82	1	82	1
Corporate	34	35	(4)	33	1
SME	11	11	1	11	(1)
Retail	21	20	6	21	1
Agri	13	13	1	13	(0)
Other/Misc	5	4	12	4	7

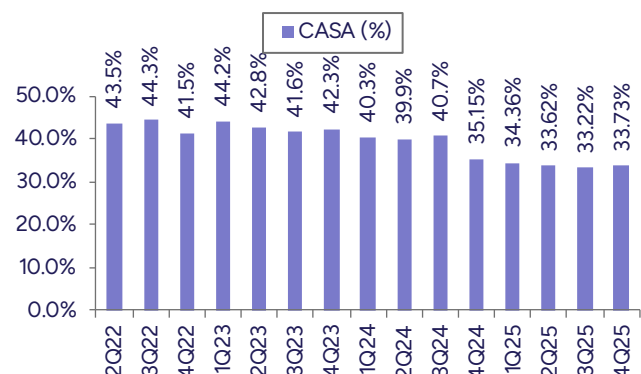
Source: Company, PL

Exhibit 3: Domestic NIM declines to 3.02%



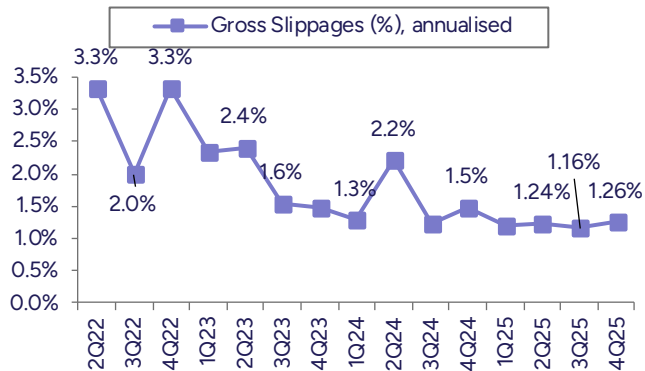
Source: Company, PL

Exhibit 4: CASA ratio increases by 50bps QoQ to 33.73%



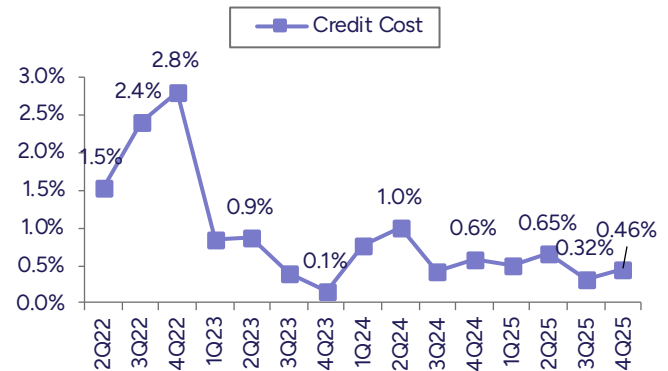
Source: Company, PL

Exhibit 5: Gross slippage increased by 10bps to 1.26%



Source: Company, PL

Exhibit 6: Credit cost increased by 14bps to 0.46%



Source: Company, PL

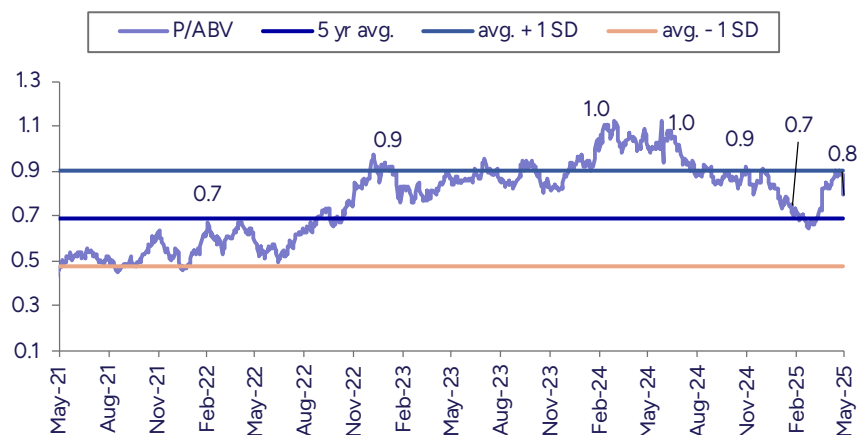
Exhibit 7: Return ratios to range at 11-12%

ROAE decomposition	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
NII/Assets	2.5	2.5	2.7	3.0	2.9	2.7	2.6	2.6
Other Income/Assets	0.9	1.1	0.9	0.7	1.0	1.0	0.7	0.7
Net revenues/Assets	3.4	3.6	3.6	3.8	3.9	3.7	3.3	3.4
Opex/Assets	1.6	1.8	1.8	1.8	1.9	1.8	1.8	1.8
Provisions/Assets	1.9	1.4	1.1	0.5	0.4	0.4	0.4	0.4
Taxes/Assets	-0.2	0.4	0.2	0.4	0.5	0.4	0.3	0.3
ROAA	0.0	0.1	0.6	1.0	1.2	1.2	0.8	0.9
ROAE	0.9	1.2	9.6	16.5	17.8	16.4	11.2	11.9

Source: Company, PL

Note – FY20 represents merged numbers

Exhibit 8: One-year forward P/ABV trades at 0.8x



Source: Company, PL



Income Statement (Rs. m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Int. Earned from Adv.	8,50,982	9,30,509	9,76,914	10,69,181
Int. Earned from invt.	2,48,657	2,59,488	2,68,570	2,90,853
Others	9,210	6,856	5,790	6,517
Total Interest Income	11,26,059	12,14,416	12,76,411	13,95,994
Interest Expenses	6,78,844	7,57,830	7,92,828	8,44,405
Net Interest Income	4,47,215	4,56,586	4,83,584	5,51,589
Growth(%)	8.1	2.1	5.9	14.1
Non Interest Income	1,44,954	1,66,473	1,40,033	1,52,803
Net Total Income	5,92,169	6,23,060	6,23,617	7,04,392
Growth(%)	27.6	8.6	2.6	9.3
Employee Expenses	1,58,160	1,66,076	1,86,208	2,07,986
Other Expenses	1,24,357	1,32,637	1,48,319	1,63,725
Operating Expenses	2,82,517	2,98,714	3,34,527	3,71,711
Operating Profit	3,09,652	3,24,346	2,89,090	3,32,681
Growth(%)	15.3	4.7	(10.9)	15.1
NPA Provision	64,709	64,709	64,339	71,113
Total Provisions	60,756	59,803	77,859	85,846
PBT	2,48,896	2,64,543	2,11,231	2,46,834
Tax Provision	71,008	68,732	57,032	66,645
Effective tax rate (%)	28.5	26.0	27.0	27.0
PAT	1,77,888	1,95,811	1,54,198	1,80,189
Growth(%)	26.1	10.1	(21.3)	16.9

Balance Sheet (Rs. m)

Y/e Mar	FY24	FY25	FY26E	FY27E
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	11,22,236	13,69,257	14,89,532	16,35,797
Growth(%)	14.3	22.0	8.8	9.8
Adj. Networth to NNPA's	72,133	69,942	68,103	69,489
Deposits	1,32,69,578	1,47,20,349	1,63,69,791	1,81,66,591
Growth(%)	10.2	10.9	11.2	11.0
CASA Deposits	51,43,662	49,64,620	55,07,167	61,16,074
% of total deposits	38.8	33.7	33.6	33.7
Total Liabilities	1,58,57,971	1,78,12,473	1,99,16,326	2,21,10,237
Net Advances	1,06,57,817	1,20,95,579	1,34,23,228	1,48,96,605
Growth(%)	13.3	13.5	11.0	11.0
Investments	36,98,168	38,53,985	44,19,844	49,04,980
Total Assets	1,58,57,971	1,78,12,473	1,99,16,326	2,21,10,237
Growth (%)	8.7	12.3	11.8	11.0

Asset Quality

Y/e Mar	FY24	FY25	FY26E	FY27E
Gross NPAs (Rs m)	3,18,336	2,78,349	2,72,594	2,77,951
Net NPAs (Rs m)	72,133	69,942	68,103	69,489
Gr. NPAs to Gross Adv.(%)	2.9	2.3	2.0	1.8
Net NPAs to Net Adv. (%)	0.7	0.6	0.5	0.5
NPA Coverage %	77.3	74.9	75.0	75.0

Profitability (%)

Y/e Mar	FY24	FY25	FY26E	FY27E
NIM	3.1	2.8	2.7	2.7
RoAA	1.2	1.2	0.8	0.9
RoAE	17.8	16.4	11.2	11.9
Tier I	14.1	15.1	14.9	14.6
CRAR	16.3	17.7	17.7	17.4

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Interest Income	2,96,287	3,02,633	3,09,076	3,06,420
Interest Expenses	1,80,286	1,86,412	1,94,907	1,96,224
Net Interest Income	1,16,001	1,16,221	1,14,169	1,10,196
YoY growth (%)	5.5	7.3	2.8	(6.6)
CEB	14,190	17,180	16,820	21,240
Treasury	-	-	-	-
Non Interest Income	24,873	51,814	37,689	52,098
Total Income	3,21,160	3,54,447	3,46,765	3,58,519
Employee Expenses	40,140	40,397	42,067	43,472
Other expenses	29,121	32,867	33,148	37,501
Operating Expenses	69,261	73,265	75,215	80,973
Operating Profit	71,613	94,770	76,642	81,321
YoY growth (%)	(8.5)	18.2	9.3	0.3
Core Operating Profits	70,733	87,850	69,572	68,871
NPA Provision	12,690	17,330	8,710	12,970
Others Provisions	10,107	23,357	10,823	15,515
Total Provisions	10,107	23,357	10,823	15,515
Profit Before Tax	61,506	71,413	65,819	65,806
Tax	16,924	19,034	17,446	15,329
PAT	44,582	52,379	48,373	50,477
YoY growth (%)	9.5	23.2	5.6	3.3
Deposits	1,30,69,941	1,36,34,859	1,39,24,614	1,47,20,349
YoY growth (%)	8.9	9.1	11.8	10.9
Advances	1,04,79,487	1,12,11,709	1,15,13,156	1,20,95,579
YoY growth (%)	8.8	12.3	12.4	13.5

Key Ratios

Y/e Mar	FY24	FY25	FY26E	FY27E
CMP (Rs)	225	225	225	225
EPS (Rs)	34.4	37.8	29.8	34.8
Book Value (Rs)	207	255	278	306
Adj. BV (Rs)	193	241	265	293
P/E (x)	6.5	5.9	7.5	6.5
P/BV (x)	1.1	0.9	0.8	0.7
P/ABV (x)	1.2	0.9	0.8	0.8
DPS (Rs)	7.6	8.5	6.6	7.7
Dividend Payout Ratio (%)	22.1	22.5	22.0	22.0
Dividend Yield (%)	3.4	3.8	2.9	3.4

Efficiency

Y/e Mar	FY24	FY25	FY26E	FY27E
Cost-Income Ratio (%)	47.7	47.9	53.6	52.8
C-D Ratio (%)	80.3	82.2	82.0	82.0
Business per Emp. (Rs m)	317	353	388	425
Profit per Emp. (Rs lacs)	24	26	20	23
Business per Branch (Rs m)	2,889	3,228	3,576	3,956
Profit per Branch (Rs m)	21	24	19	22

Du-Pont

Y/e Mar	FY24	FY25	FY26E	FY27E
NII	2.94	2.71	2.56	2.62
Total Income	3.89	3.70	3.31	3.35
Operating Expenses	1.86	1.77	1.77	1.77
PPoP	2.03	1.93	1.53	1.58
Total provisions	0.40	0.36	0.41	0.41
RoAA	1.17	1.16	0.82	0.86
RoAE	17.83	16.38	11.18	11.91

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	285	230
2	31-Jan-25	BUY	285	222
3	08-Jan-25	BUY	315	232
4	26-Oct-24	BUY	315	240
5	07-Oct-24	BUY	300	251
6	01-Aug-24	BUY	300	254
7	08-Jul-24	BUY	290	274
8	11-May-24	BUY	290	255

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	2,072	2,038
2	Axis Bank	BUY	1,500	1,207
3	Bank of Baroda	BUY	285	230
4	Can Fin Homes	BUY	860	723
5	City Union Bank	BUY	210	174
6	DCB Bank	BUY	155	113
7	Federal Bank	BUY	220	197
8	HDFC Asset Management Company	BUY	4,600	4,218
9	HDFC Bank	BUY	2,125	1,907
10	ICICI Bank	BUY	1,700	1,407
11	IndusInd Bank	Hold	860	676
12	Kotak Mahindra Bank	BUY	2,400	2,185
13	LIC Housing Finance	BUY	650	566
14	Nippon Life India Asset Management	BUY	700	638
15	State Bank of India	BUY	960	800
16	Union Bank of India	BUY	140	119
17	UTI Asset Management Company	BUY	1,300	1,019

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

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(Indian Clients)

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