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This report is a compilation of our analysis of Financial / Business performance “**Bank of India**” from an investment perspective

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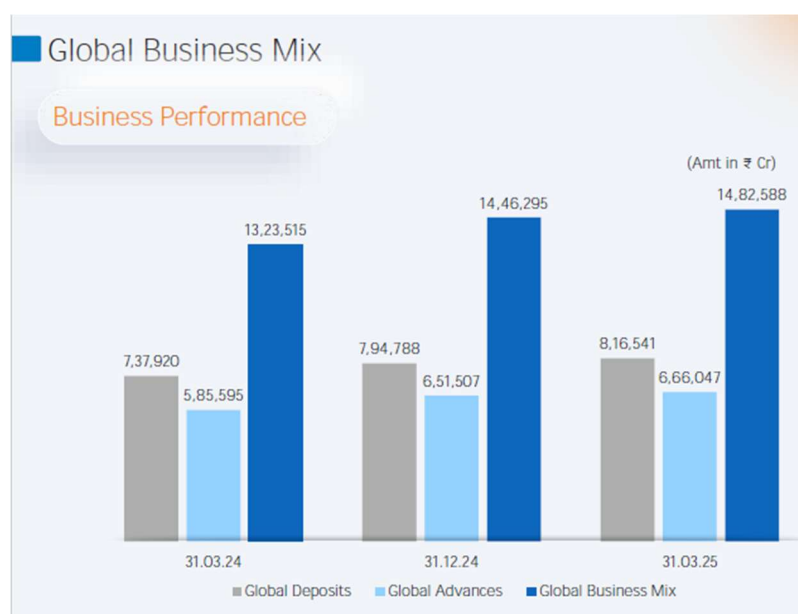
Company Analysis: Bank of India

Posted on 11th October 2025

Company Overview & Background

Bank of India (BoI) is one of India's oldest banks, having been established in 1906 by a group of businessmen in Mumbai. It became a nationalized bank in 1969 when the Government of India brought 14 major banks under its ownership to create a strong public banking system. Since then, Bank of India has remained under majority government ownership, with the Government holding a 73.38% stake as of March 2025. This ownership provides the bank with sovereign backing, instilling depositor confidence and ensuring stability even in times of financial sector turbulence.

As of March 2025, the bank managed deposits worth ₹8.16 lakh crore and advances of ₹6.66 lakh crore. Its global business totals nearly ₹14.82 lakh crore



The bank has more than 5,200 branches across India, including over 60% located in rural and semi-urban areas, which provide it with access to millions of households and small enterprises. This distribution strength is a powerful competitive advantage, allowing the bank to mobilize low-cost deposits and fulfill its role in financial inclusion.

Internationally, BoI has 22 overseas branches in 15 countries spread across five continents. Its overseas presence, which dates back decades, allows it to serve Indian corporates with global operations and the diaspora community, while participating in trade finance and syndicated lending. Few Indian public sector banks other than State Bank of India and Bank of Baroda can

match BoI's international network. This enables the bank to generate foreign currency income streams and diversify its business profile.

From a historical perspective, BoI has gone through multiple economic cycles, from pre-independence challenges to post-liberalization competition and the NPA cycle in the late 2010s.

Business Segments and Operating Model

Bank of India operates as a universal bank, with its business organized into retail, MSME, agricultural, corporate, and treasury operations. The retail banking segment is its main growth engine. It covers personal loans, home loans, vehicle finance, education loans, gold loans, and credit cards.

■ Composition Of Gross Domestic Advances

Business Performance

(Amt in ₹ Cr)

Particulars	31.03.24	31.12.24	31.03.25	Growth YoY%
Agriculture	84,555	94,991	98,335	16.30
MSME	76,559	89,134	90,639	18.39
Retail	1,11,484	1,27,825	1,33,699	19.93
RAM*	2,72,598	3,11,950	3,22,673	18.37
Corporate & Others	2,19,794	2,34,319	2,40,877	9.59
Gross Domestic Advances	4,92,392	5,46,269	5,63,550	14.45
RAM Advances (%)	55.36	57.11	57.26	

* Excluding RIDF, PSLC and SIDBI Bonds

In FY2025, retail loans grew by 19.93 % year-on-year to ₹1.33 lakh crore, demonstrating the increasing role of consumer credit in the bank's growth strategy. Housing loans form the largest component of this book, supported by government housing programs and steady urbanization trends. BoI's personal loan segment grew by over 30% in the same period, a reflection of rising middle-class consumption and the bank's willingness to tap into unsecured credit for salaried customers

Retail Loans

Business Performance (Amt in ₹ Cr)

Particulars	31.03.24	31.12.24	31.03.25	Growth YoY (%)
Home loans	59,107	65,368	67,826	14.75
Vehicle loans	16,641	20,018	20,828	25.16
Education loans	3,424	3,788	3,969	15.92
Mortgage loans	9,139	10,011	10,758	17.72
Personal loans	9,737	12,394	12,670	30.12
Others	13,436	16,246	17,648	31.35
Total Retail Loans	1,11,484	1,27,825	1,33,699	19.93

MSME lending, another priority area, grew 18.4% in FY2025 to reach ₹90,639 crore. MSMEs are the backbone of India's economy, and BoI has built significant expertise in cluster-based lending models, tailoring its offerings to specific industries and small businesses. The bank has actively used government credit guarantee schemes to extend loans without collateral to deserving entrepreneurs. Agriculture lending also plays a central role in BoI's portfolio, both as part of its public sector mandate and as a profitable lending opportunity. Agriculture loans increased by 16.3% in FY2025 to ₹98,335 crore, ensuring that the bank exceeds its regulatory targets for priority sector lending. This includes credit to small and marginal farmers, dairy entrepreneurs, and agri-infrastructure development

Domestic Credit – Industry Wise Outstanding

Business Performance (Amt in ₹ Cr)

Particulars	31.03.24	31.12.24	31.03.25
Infrastructure	58,860	59,427	56,626
Basic Metal & Metal products	16,561	19,046	18,994
Textiles	6,542	6,431	6,426
Gems & Jewellery	3,217	2,734	2,751
Chemicals & Chemical products	8,088	8,346	7,985
Vehicles & Transport equipment	2,328	2,182	2,186
Rubber, Plastic & their products	3,455	3,619	3,831
Construction	4,203	4,414	4,398
Direct Exp to Real Estate Sector	69,678	78,030	82,005
- Residential Mortgage*	67,649	75,579	79,257
- CRE	2,029	2,451	2,748
NBFC (Incl. HFC)	64,477	65,424	71,006

* Includes Priority Sector Housing Loans and all other Residential Mortgages

On the wholesale banking side, BoI lends to large corporates, mid-sized firms, and institutional borrowers. It has a substantial book in infrastructure, steel, and chemicals, though it has deliberately reduced its exposure to weaker corporates after experiencing high NPAs in the past. Growth in corporate loans was more moderate at around 9.6% in FY2025, but this was a conscious choice to maintain quality. Importantly, BoI's overseas advances, which make up around 15% of its loan book, give it additional diversification and relevance in trade finance markets.

The bank's treasury operations manage a large investment portfolio of about ₹2 lakh crore, primarily invested in government securities. This segment also engages in trading, foreign exchange, and liquidity management. Treasury income can be volatile depending on interest rate cycles, but it remains a key source of non-interest revenue for BoI.

Financial Performance Analysis

The past five years have been better for Bank of India. Following a difficult period when NPAs and losses rose for the bank; BoI has executed a successful turnaround. Total income has grown at an annual compounded rate of 11% over the past five years, reaching ₹71,308 crore in FY2025. Net Interest Income (NII) has been the primary driver, rising to ₹46,594 crore, a 23% increase year-on-year. The growth was underpinned by double-digit credit growth and an improvement in net interest margins, which rose to 2.82%

	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024	Mar 2025
Revenue +	38,125	43,685	42,093	39,585	38,313	41,005	42,591	40,854	38,281	47,932	61,073	71,308
Interest	27,170	32,220	30,245	27,606	27,679	27,207	27,191	26,421	24,083	27,441	37,757	46,594
Expenses +	11,473	13,600	19,842	21,218	24,618	26,874	26,386	17,672	16,263	21,177	18,848	20,656
Financing Profit	-518	-2,135	-7,994	-9,239	-13,984	-13,076	-10,987	-3,239	-2,065	-686	4,469	4,057

Non-interest income, which includes fees, commissions, recoveries, and trading gains, stood at ₹9,317 crore in FY2025, up 30% from the previous year. This increase was helped by significant recoveries from accounts that had been written off. While some of these are one-off in nature, BoI still has a large stock of technically written-off accounts, providing scope for future recoveries

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Financing Profit	-518	-2,135	-7,994	-9,239	-13,984	-13,076	-10,987	-3,239	-2,065	-686	4,469	4,057
Financing Margin %	-1%	-5%	-19%	-23%	-36%	-32%	-26%	-8%	-5%	-1%	7%	6%
Other Income +	4,319	4,278	3,672	6,819	5,846	4,862	6,687	6,778	8,092	7,168	6,415	9,317

Profitability has improved dramatically. Net profit rose to ₹9,552 crore in FY2025, a 71% increase compared to the previous year. Over the last five years, profit after tax has grown at a CAGR of

38%. The bank's return ratios are now healthy, with return on equity at 15.3% and return on assets at 0.9%. These are competitive with, or in some cases better than other public sector peers

Net Profit +	2,988	2,015	-6,276	-1,492	-5,982	-5,426	-3,051	2,081	3,487	3,839	6,567	9,552
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On asset quality, BoI has reduced its gross NPA ratio to 3.27%, down from over 16% at its peak in FY2018. Net NPA stands at just 0.82%, with a provision coverage ratio of about 75%. This reflects substantial provisioning and a cleaned-up balance sheet. Credit costs have normalized to below 1% of advances, allowing profits to flow through without heavy provisioning drag

Asset Quality Ratio (Global)

Asset Quality

(Amt. in ₹ Cr)

Particulars	31.03.24	31.03.25
Gross NPA	29,183	21,749
Net NPA	6,845	5,359
Gross NPA (%)	4.98	3.27
Net NPA (%)	1.22	0.82
Provision Coverage (%)	90.59	92.39
Slippage Ratio (%)*	1.58	1.36
Credit Cost (%)*	0.78	0.76

* Ratios is for full year i.e FY 24 & FY 25.

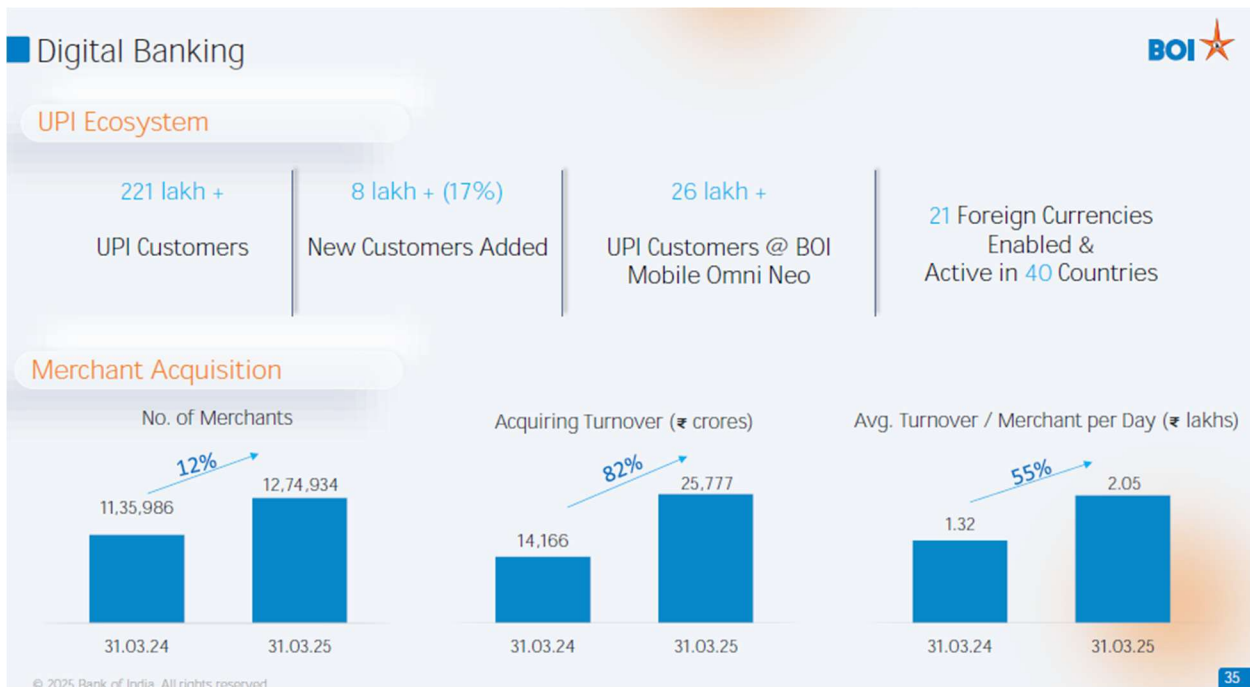
Capital adequacy is robust, with a CAR of 17.77% and Tier-1 capital at 14.5%. Liquidity coverage ratio at 132% ensures comfortable liquidity buffers. The CASA ratio remains stable at ~40%, though management is trying to improve this further through targeted campaigns.

Strategic Initiatives and Execution

Bank of India's management has set clear strategic priorities, focused on growth, profitability, and resilience. A major thrust has been to increase the share of RAM (Retail, Agriculture, and MSME) loans to 60% of the domestic loan book. This strategy has been executed effectively, with RAM now at 57%. The idea is to create a more granular and diversified portfolio that provides better yields and spreads risk more widely than reliance on large corporates.

Digital transformation has been another area of focus. BoI has launched several digital initiatives such as CRM-based complaint systems, pre-approved digital personal loans, and Star Digi Biz for MSME borrowers. The bank has also invested in enterprise-wide fraud risk management systems and early warning tools for credit monitoring. These steps enhance efficiency and reduce

operational risk. Importantly, BoI is integrating with India’s broader digital banking ecosystem, including UPI, account aggregator platforms, and CBDC pilots, to remain competitive with private sector peers



On the operational side, management has improved cost efficiency by rationalizing branches and staff. While branch count remains stable, the bank has centralized certain back-office functions to

improve productivity. As a result, cost-to-income ratio has improved to ~50%, down from ~57% three years ago.

Execution has been consistent. Credit growth targets of around 13-14% have been met, ROE and ROA targets achieved, and asset quality improved faster than anticipated. Recoveries from written-off accounts have exceeded expectations, providing a steady stream of non-interest income. RBI has not reported any divergence in BoI's asset classification or provisioning which is a positive sign.

Peer Benchmarking and Competitive Landscape

Compared to Punjab National Bank, which still struggles with higher GNPA ratios above 4-5%, BoI's asset quality is significantly better at 3.27%. Its ROE of 15.3% is superior to BoB's 13% and PNB's 12%, and on par with SBI's 15%.

Return on assets at 0.9% is close to the 1% threshold and CASA ratio of 40% is reasonable, though below Bank of Maharashtra's 53%. In terms of efficiency, cost-to-income at 50% is still higher than Bank of Maharashtra's 37% but improving steadily due to the various digital initiatives

On valuation metrics, BoI trades at 0.65x book and 5.4x earnings, at a discount to BoB's ~1x book, SBI's 1.4x, and private banks like ICICI (3.1x) or Kotak (2.5x). This undervaluation reflects market skepticism about PSU banks, but it also represents an upside if BoI continues to sustain its performance.

BoI's strengths relative to peers include its diversified loan portfolio, improving profitability, and international presence. Its weaknesses remain lower NIM compared to private peers and a still small proportion of fee income. However, management has shared a strategy of narrowing these gaps.

Risks and Concerns

Despite significant improvements, BoI faces several risks. Credit risk remains at the top particularly as it grows rapidly in retail and MSME segments. An economic slowdown could lead to rising delinquencies in these areas. Exposure to sensitive sectors like NBFCs, commercial real estate, and state power distribution companies also poses risks. Agricultural lending, while profitable, is vulnerable to loan waivers and monsoon dependence.

Operational risks include fraud and cyber threats. The bank reported ₹1,073 crore of frauds in FY2025, mainly due to reclassification of legacy cases, but nonetheless is a risk. As digital banking grows, cybersecurity risks become more significant. Management succession is another concern – with the MD retiring in late 2025, continuity in strategic direction will be important.

Investment Thesis

Bank of India today represents a company which is transforming itself and improving to various financial and operational parameters such as Advances growth, NPA, credit costs and finally ROE.

It has emerged from a period of stress with a clean balance sheet, strong capital buffers, and sustainable profitability. The bank is benefitting from credit demand across retail and infrastructure sectors.

From a valuation perspective, the bank offers comparative value. It trades at 0.65 x book value, despite delivering 13%+ % ROE, and appears undervalued relative to peers.

If it sustains ROE in the 15+% range, and topline and profit growth greater 12% we should see re-rating of the multiples which should add to the returns. Also, the bank has a 3% dividend yield which adds to the overall returns

Q3 - 2026 Results Analysis

Posted on 11th February 2026

Our investment thesis is that BOI is underpriced for the steady improvement in its performance. Although the stock is up ~30% since our initial position, it continues to sell for less than book value. Comparable banks in terms of performance, continue to sell at 1.4-2 times book value. If the bank continues to perform, we should see this gap reduce

The various parameters we are tracking to monitor bank performance are below, with their Q3 performance



Advances for the bank continue to grow at double digit driven by growth in the RAM (retail, agri and MSME) segment. Management expects this segment to account for 65% from the current 59% of the advances. This segment has higher growth and lower NPA leading to better ROE for the bank

In spite of double-digit growth in advances, interest income grew by 4% as 64% of the book is EBLR (repo-linked), and repo fell ~125 bps during 2025, causing immediate repricing. This has led the NIM to drop from 2.9% to 2.5% for 9 months FY26. The compression in the NIM has bottomed out and started improving from Q3 (2.41% in Q2 to 2.57% in Q3). Management expects NIM to improve to 2.6% in Q4 as the repricing of deposits occur with a lag

The bank is also dropping its low yield assets and replacing them with retail assets which have 30-40 bps higher yield

The second indicator to track is the GNPA and NPA which improved further in Q3. GNPA is 2.26% and NNPA is 0.6% which is comparable to the top private sector banks. The coverage ratio is 93.6% which means that any recoveries will add to the bottom line. Credit cost continues to be low at 0.4% and slippage ratio was at 0.16%. All these indicators point out that asset quality issues are behind us and the bank should not have any issues with NPA till the next cycle

The cost to income ratio continues to improve and is at 51%. Private banks have a much better ratio at around 40-45%. BOI continues to make substantial technology investments in its operations (10% of opex budget). The employee count has been flat for the last 5 years even

though business volume has almost doubled. This shows ongoing improvement in efficiency with more room for improvement

All these parameters have led to an improvement in ROA (0.96%) and ROE at 15.3%. Management expects ROA to exceed 1% next year with improvement in NIM and cost to income ratio. If management can achieve these numbers, the valuation gap with the other banks should reduce.

You can see financials for the company at [Bank Of India Financial Results – Quarterly & Annual, Quarterly Trends, Annual Trends | BSE](#)

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