

Central Bank of India

December 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Certificate of deposit	10,000.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in the rating of the Certificate of Deposits (CD) programme of Central Bank of India (CBI) draws strength from improvement in capitalisation levels from equity infusion by the Government of India (GoI) in the past, strengthening internal accruals and equity capital raised in the recent years. The bank raised equity capital of ₹1,500 crore in FY25 through qualified institutional placement (QIP) of equity shares, which resulted in shareholding of government of India (GoI) reducing to 89.27% from 93.08%.

The rating continues to factor in majority ownership of and demonstrated support from the GoI in terms of funding, management and governance. GoI has infused total equity capital of ₹21,835 crore in FY16 to FY23 into the bank. CARE Ratings Limited (CareEdge Ratings) expects continuation of strong funding support by the GoI, when needed by the bank.

The rating also factors in long track record of operations with established pan-India business franchise, diversified advances book with focus on non-corporate advances and deposit base with sizeable current account and savings account (CASA) proportion.

However, the rating factors in the bank's moderate-yet-improving, asset quality and profitability. CareEdge Ratings expects the bank's net interest margin (NIM) to witness some pressure in FY26, considering faster repricing of advances than deposits in the year post rate cuts. As a result, the bank would be required to keep its operational and credit costs under control to maintain its profitability in the near term.

Rating sensitivities: Factors likely to lead to rating actions:

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Not applicable

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Reduction in government support and ownership below 51%.
- Deterioration in asset quality, with gross non-performing assets (GNPA) of 5% or more on a sustained basis.
- Deterioration in capitalisation levels with cushion above the minimum regulatory requirement remaining lower than 100 bps on a sustained basis.

Analytical approach: Standalone

The rating is based on standalone financial profile of CBI and factors in strong and continued support from the GoI, which holds majority shareholding in the bank.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Majority ownership and support by GoI

GoI continues to be the majority shareholder holding 89.27% stake in CBI as on September 30, 2025. GoI has been supporting public sector banks with regular capital infusions and has undertaken steps to improve capitalisation, operational efficiency and asset quality considering the critical role and importance of public sector banks in the overall economy. CBI cumulatively received equity capital of ₹21,835 crore from the GoI in FY16-FY23. CareEdge Ratings expects GoI to continue to support public sector banks including CBI, considering majority ownership and their importance to the financial sector.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Comfortable capitalisation levels

Aided by regular equity infusion by the GoI, improvement in asset quality and profitability in recent years leading to accretion to net worth, the capitalisation profile of CBI has improved over the years. The bank also raised ₹1,500 crore equity capital through QIP in March 2025. The bank's capital adequacy levels remained comfortably above regulatory requirement as the bank reported total capital adequacy ratio (CAR) of 17.34% (CET-1 and Tier-I: 14.98%) as on September 30, 2025 (March 31, 2025: CAR: 17.02% and CET-I ratio/Tier-I CAR: 14.73%), against regulatory requirement of CAR of at least 11.5%. However, capital adequacy ratios remain relatively moderate compared to larger peers.

Given majority ownership by GoI, CBI is expected to receive timely and adequate support in the form of capital. CareEdge Ratings expects the bank to maintain capital cushion of at least 100 bps above minimum regulatory requirement in the near term.

Diversified advances profile with high share of retail advances

The bank's net advances grew at ~16% in FY25 compared to industry growth of ~12%. The bank had come out of RBI's prompt corrective action (PCA) framework on September 20, 2022, post which it has seen growth in advances. The bank's gross advances stood at ₹2,82,420 crore as on March 31, 2025, against ₹2,43,406 crore as on March 31, 2024, registering growth of ~15%.

The bank has been focusing on the segments of retail, agriculture and MSME (RAM) which constituted major portion of advances. The share of RAM advances to total advances increased marginally from 66.39% on March 31, 2024, to 66.90% on March 31, 2025, and further increased to 71.54% on September 30, 2025.

Within RAM advances, major segment was retail, constituting 28.4% of total advances led by home loans (constituting 63.32% of retail loans). Agriculture loan portfolio and MSME loans constituted 18.08% and 20.42% of total advances, respectively, as on September 30, 2025.

Established franchise with strong deposit base and comfortable CASA proportion

The bank has a track record of over a century and has developed a pan-India business franchise with a network of 4,556 branches and 4,174 ATMs as on September 30, 2025. Central Bank of India's (CBI) deposit base grew 7.2% in FY25, with deposits increasing from ₹3,85,011 crore on March 31, 2024, to ₹4,12,697 crore on March 31, 2025, and grew 13.4% in H1FY26 on a year-on-year basis to ₹4,44,450 crore on September 30, 2025.

The bank gradually improved CASA deposits over s, although the CASA proportion decreased marginally from 49.86% on March 31, 2024, to 48.75% on March 31, 2025. The reduction in CASA proportion in H1FY26 was aligned with the industry trend where banks faced challenges maintaining CASA deposits with depositors having multiple avenues to deploy funds.

The bank's deposit profile remained granular with retail term deposits constituting ~85% of the overall term deposits as on September 30, 2025, compared to ~89% as on March 31, 2025. However, CASA's sustenance at present levels, with the bank's ability to raise deposits at competitive rates, while maintaining its margin, remains a key monitorable.

Key weaknesses

Moderate but improving asset quality parameters

CBI's asset quality parameters have seen improvement in the last few years as the bank has written-off significant amount of NPAs and recoveries in the last five years. CBI's asset quality parameters showed continuous improvement post peaking with GNPA ratio of 21.48% and newt NPA (NNPA) ratio of 11.10% on March 31, 2018, largely due to exposure to weaker large-ticket corporate accounts. The bank's asset quality parameters improved largely due to lower slippages. The bank reported GNPA ratio of 3.18% and NNPA ratio of 0.55% on March 31, 2025, against GNPA of 4.50% and NNPA ratio of 1.23% on March 31, 2024.

The bank saw recovery of ₹15,794 crore and write-offs of ₹34,996 crore of NPAs in FY20-FY25, resulting in moderation in GNPA ratio. The bank reported GNPA ratio of 3.01% and NNPA ratio of 0.48% with provision coverage ratio (PCR; excluding technically written-off accounts) of 84.55% on September 30, 2025.

The bank's special mention accounts (SMA) stood at 3.45% of gross advances on March 31, 2025, against 6.32% on March 31, 2024, and further improved to 2.32% on September 30, 2025. The bank's net stressed assets (NNPA + net standard restructured advances + net security receipts) to net worth stood at 22.27% on March 31, 2025, against 37.70% on March 31, 2024. CareEdge Ratings expects the level of incremental slippages to remain lower resulting in improvement in asset quality going forward.

Moderate-yet-improving, profitability; some pressure expected in FY26

CBI's net interest income increased by 7.8% in FY25 to ₹13,897 crore against ₹12,896 crore in FY24. Non-interest income increased from ₹4,711 crore in FY24 to ₹5,855 crore in FY25 mainly due to increase in treasury income supported by recovery income and fee-based income. The bank's NIM decreased marginally from 3.09% in FY24 to 3.05% in FY25 as growth in interest expenses outpaced growth in interest income. Operating expenses to average total assets increased and stood at 2.55% in FY25 against 2.45% in FY24 mainly due to increase in staff expenses. Credit cost decreased and stood at 0.70% in FY25 against 0.79% in FY24. The bank reported profit after tax (PAT) of ₹3,785 crore on total income of ₹39,520 crore against PAT of ₹2,549 crore on total income of ₹35,434 crore in FY24. Thus, the bank's return on total assets (ROTA) improved and stood at 0.83% in FY25 against 0.61% in FY24.

Following rate cuts, the bank's NIM reduced in H1FY26 as yield on advances was lower and cost of deposits remained high due to lag in repricing and lower proportion of CASA deposits. NIM decreased from 3.12% in H1FY25 to 2.71% in H1FY26 on an annualised basis. Total income of the bank increased due to higher non-interest income and lower credit cost. The bank reported PAT of ₹2,382 crore on total income of ₹20,624 crore in H1FY26 compared to PAT of ₹1,793 crore on total income of ₹19,349 crore in H1FY25. As a result, the bank reported a ROTA of 0.97% for H1FY26 against 0.80% as on H1FY25 on an annualised basis.

CareEdge Ratings expects the bank's NIM to witness some pressure in FY26, considering faster repricing of advances than deposits in the year post rate cuts, as a result the bank would be required to keep operational and credit costs to maintain profitability in the near term.

Liquidity: Strong

Per the asset-liability maturity (ALM) statement submitted by bank as on September 30, 2025, there were no cumulative negative mismatch up to six months. Negative mismatch in longer tenure buckets is due to maturity of deposits, however, the bank witnesses roll over rate of deposits of above 90%. CBI's liquidity coverage ratio (LCR) and Net Stable Funding Ratio (NSFR) remained comfortable and stood at 241.96% and 150.47% respectively as on September 30, 2025, against regulatory requirements of 100%. The bank had excess statutory liquidity ratio (SLR) investments of ₹34,824 crore as on September 30, 2025 (7.71% of Net Demand and Time Liabilities). The bank also has access to systemic liquidity like RBI's liquidity adjustment facility (LAF) and marginal standing facility (MSF) facility and access to refinance from financial institutions and access to call money markets.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

While CBI's business model limits its direct exposure to environmental risks, credit risk may arise, if operations of any asset class of the portfolio are adversely impacted by environmental factors.

Social risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect the bank's regulatory compliance and reputation and hence remains a key monitorable.

CBI's Board comprises nine Directors, with three Independent Directors.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Government Support](#)

[Rating Outlook and Rating Watch](#)

[Banks](#)

[Financial Ratios - Financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Banks	Public sector bank

CBI founded on December 21, 1911, was the first commercial bank to be established in India. CBI functioned as a private sector bank until 1969. In 1969, CBI and 13 other banks were nationalised. As on September 30, 2025, GoI held 89.27% shareholding in the bank. As on September 30, 2025, CBI had a network of 4,566 branches, 4,174 ATMs across the country. As on September 30, 2025, the bank's overall business stood at ₹7.30 lakh crore with net advances of ₹2.86 lakh crore and deposits of ₹4.44 lakh crore. Post the asset quality review (AQR) by the RBI, CBI saw significant increase in its NPAs resulting in the bank having to make provisions, which impacted the bank's profitability and capital adequacy from FY16-FY21. CBI was put in the PCA framework by the RBI in June 2017 and was subsequently removed from the PCA in September 2022 after it met parameters under the framework. CBI has two subsidiaries including Centbank Home Finance Limited (64.4% ownership) and Centbank Financial Services Limited (100% ownership). CBI has three associates comprising two insurance companies, Generali Central Life Insurance Company Limited and Generali Central Insurance Company Limited, and its joint venture in Zambia named Indo Zambia Bank Limited, which is promoted jointly by the Government of Zambia and three Indian banks including CBI, Bank of Baroda and Bank of India. Each Indian bank holds 20% equity, and the Government of the Republic of Zambia holds 40% equity.

Standalone Financials:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total income	35,434	39,520	20,624
Profit After Tax (PAT)	2,549	3,785	2,382
Total Assets	4,38,293	4,72,061	5,03,350 [^]
Net Interest Margin (%)	3.09	3.05	2.71*
Gross NPA Ratio (%)	4.50	3.18	3.01
Net NPA Ratio (%)	1.23	0.55	0.48
Capital Adequacy Ratio (CAR) (%)	15.08	17.02	17.34

A: Audited UA: Unaudited; Note: these are latest available financial results

*annualised

[^]reported

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Certificate Of Deposit (Proposed)	-	-	-	-	10,000.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Certificate Of Deposit	ST	10,000.00	CARE A1+	-	1)CARE A1+ (04-Dec-24)	1)CARE A1+ (01-Feb-24)	-

ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Certificate Of Deposit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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