



Result Update (18-10-2025)

“The bank has reported an all-time high quarterly profit, supported by robust credit growth and improved margins”

Ajcon Global's observations & views

1. IOB continues to deliver good profits for Q2FY26, backed by strong credit growth.
2. Notably, the bank has achieved nearly its full-year's credit growth target within the first six months itself and management remains confident of exceeding the guidance by a significant margin.

Q2FY26 RESULT ANALYSIS

- 1) **Total business** increased by 4.02% QoQ at Rs. 617034 Crores in Q2FY26 against Rs. 593213 Crores in Q1FY26. Also, it rose by 14.10% YoY from Rs. 540801 Crores in Q2FY25.
- 2) **Total deposits** increased by 2.50% QoQ at Rs. 339066 Crores in Q2FY26 against Rs.330792 Crores in Q1FY26. It increased by 9.15% YoY from Rs. 310652 Crores in Q2FY25.
- 3) **Advances** increased by 5.92% QoQ at Rs.277968 Crores in Q2FY26 against Rs. 262421 Crores in Q1FY26 and it increased by 20.78% YoY from Rs. 230149 Crores in Q2FY25.
- 4) **Net interest income** increased by 11.40% QoQ at Rs.3059 Crores in Q2FY26 against Rs. 2746 Crores in Q1FY26 and it was up by 20.53% YoY from Rs. 2538 Crores in Q2FY25.
- 5) **Operating profit** increased by 1.78% QoQ at Rs. 2400 Crores in Q2FY26 against Rs.2358 Crores in Q1FY26 and it rose by 12.78% YoY from Rs.2128 Crores in Q2FY25.
- 6) **Net Profit** rose by 10.35% QoQ at Rs.1226 Crores in Q2FY26 against Rs.1111 Crores in Q1FY26. Also, it rose by 57.79% YoY from Rs.777 Crores in Q2FY25.
- 7) **NIM (Global)** rose to 3.21% in Q2FY26 against 3.04% in Q1FY26 and 3.08% in Q2FY25.
- 8) **Domestic cost of deposits** dipped to 5.05% in Q2FY26 against 5.10% in Q1FY26 and 5.15% in Q2FY25.

KEY FINANCIAL INDICATORS – Q2FY26

CMP (17.10.2025)	: Rs. 38.83
Face Value	: Rs. 10
Book value per share	: Rs. 13.13
Market Capitalisation	: Rs. 74,786 Crs.
Capital Adequacy Ratio	: 17.94%
Global C/D ratio	: 81.98%
CASA ratio	: 40.52%
Net Interest Margin (NIM)	: 3.21%
Cost / Income ratio	: 45.76%
Gross NPA	: 1.83%
Net NPA	: 0.28%
PCR	: 97.48%
Slippage ratio	: 0.11%
Return on Assets (Annualised)	: 1.20%
Return on Equity (Annualised)	: 19.95%

- 9) **Total Non-Interest Income** decreased by 7.83% QoQ at Rs.1365 Crores in Q2FY26 against Rs.1481 Crores in Q1FY26 and it was down by 16.41% YoY from Rs.1633 Crores in Q2FY25.
- 10) **Domestic Fee based income** increased by 12.36% QoQ at Rs.727 Crores in Q2FY26 against Rs. 647 Crores in Q1FY26 and was also up by 57.36% YoY from Rs.462 Crores in Q2FY25. **Global Fee based income** increased by 11.28% QoQ at Rs.740 Crores in Q2FY26 against Rs. 665 Crores in Q1FY26 and was up by 54.81% YoY from Rs.478 Crores in Q2FY25.
- 11) **Cost/Income ratio** rose to 45.76% in Q2FY26 against 44.22% in Q1FY26 and fell against 48.97% in Q2FY25, respectively.
- 12) **CASA ratio (Domestic)** fell to 41.01% in Q2FY26 against 44.16% in Q1FY26 and 42.76% in Q2FY25, respectively. **CASA ratio (Global)** fell to 40.52% in Q2FY26 against 43.78% in Q1FY26 and 42.44% in Q2FY25, respectively.
- 13) **Domestic Credit/Deposit (C/D) ratio** increased to 78.78% in Q2FY26 against 75.75% in Q1FY26 and 70.31% in Q2FY25, respectively. **Global C/D Ratio** increased to 81.98% in Q2FY26 against 79.33% in Q1FY26 and 74.09% in Q2FY25, respectively.
- 14) **Return on assets (ROA)** marginally increased to 1.20 % in Q2FY26 against 1.14% in Q1FY26 and 0.82% in Q2FY25, respectively.
- 15) **Fresh slippages** increased to Rs. 290 Crores in Q2FY26 against Rs. 254 Crores in Q1FY26 and from Rs.251 Crores in Q2FY25. Total Recovery + Upgradation increased to Rs.874 Crores in Q2FY26 against Rs.851 Crores in Q1FY26 and it declined from Rs. 1482 Crores in Q2FY25.
- 16) **Gross NPA ratio** improved to 1.83% in Q2FY26 against 1.97% in Q1FY26 and 2.72% in Q2FY25. Net NPAs ratio improved to 0.28% in Q2FY26 against 0.32% in Q1FY26 and 0.47% in Q2FY25.
- 17) **Provision Coverage ratio** slightly rose to 97.48% QoQ in Q2FY26 from 97.47% in Q1FY26 and 97.06% in Q2FY25, respectively.
- 18) **The Bank's Capital Adequacy ratio** declined to 17.94% in Q2FY26 against 18.28% in Q1FY26 and rose against 17.45% in Q2FY25, respectively.

“The bank has reported all-time high quarterly profit with robust credit growth and improved asset quality”

Management Comments

- 19) Addressing an analyst's query on credit growth, Mr. Ajay Kumar Srivastava, MD & CEO of Indian Overseas Bank, said the FY26 credit growth guidance is maintained at 14–15%, which is a bare minimum and the bank is confident of achieving 17–18% growth, supported by strong traction across Retail, Agriculture, MSME and Corporate segments, backed by a ₹15,000 crore corporate loan pipeline and robust underwriting across geographies.
- 20) In response to a query on branch expansion, Mr. Ajay Kumar Srivastava stated that IOB has opened 42 branches YTD and plans to operationalize over 240 more in the next 6–9 months, focusing on districts where the bank currently has no presence, as part of its strategy to regain lost ground during the 2014–2021 PCA period.
- 21) While replying to an analyst's query on digital transformation and improving non-interest income, the MD & CEO stated that 98% of IOB's transactions are now digital. This was made possible by a comprehensive IT overhaul with a ₹1,700 crore digital/IT budget for FY26 and an upgraded mobile banking platform. With tie-ups with two fintechs for credit cards and a focus on expanding government transactions will give a further boost to the non-interest income, he further added.
- 22) During the discussion on the bank's capital position and fundraising, Mr. Ajay Kumar Srivastava stated that the current capital can fund two years of growth without fresh infusion. He further added that, the Government shareholding was reduced from 96% to 94% in the last financial year and a further ₹4,000 crore QIP has been approved by the Board which will be executed based on market conditions.
- 23) Replying to an analyst's query on ECL provisioning, Mr. Srivastava mentioned that the management is currently reviewing the draft RBI ECL guidelines & further stated that the estimated additional provisioning requirement of ₹2,700–2,800 crore can be comfortably absorbed over the next 18 months through internal buffers.
- 24) Talking about the asset quality and SMA management, the MD & CEO stated that slippages have been effectively controlled over the past two years, with the slippage ratio consistently around 0.11–0.12%, SMA-1 and SMA-2 accounts have reduced to below 6% of total advances and the bank focuses on early intervention at SMA-0 and SMA-1 levels to ensure timely regularization.
- 25) In their closing remarks, Executive Directors Mr. Joydeep Dutta Roy and Mr. Dhanaraj T highlighted that the bank has delivered consistent quarter-on-quarter profitability over 8–10 quarters, supported by strong slippage control, robust margins and high asset quality and emphasized that the focus ahead will be on profitable credit growth, accelerated digital adoption and enhancing fee-based income to further improve operational efficiency.