



INDIAN OVERSEAS BANK – Q3FY25

“Financial performance has been excellent, with steady profitability growth, improved asset quality, and good capital adequacy”

Ajcon Global's observations & views

1. The bank's overall performance in Q3FY25 was excellent on account of higher profitability and good credit growth.
2. The bank's management was confident of achieving the given targets for FY25.

Q3FY25 Result Analysis:

- 1) **Net Interest Income** was up by 9.89% QoQ at Rs. 2789 crores against Rs. 2538 crores and it was up by 16.30% YoY against Rs. 2398 crores.
- 2) **Operating Profit** was increased by 6.48% QoQ and up by 27.30% YoY at Rs. 2266 Crores against Rs. 2128 crores in Q3FY25 and Rs. 1780 crores in Q3FY24.
- 3) **Net Profit** rose by 12.48% sequentially and up by 20.89% YoY at Rs. 874 crores against Rs. 777 crores in Q3FY25 and Rs. 723 crores in Q3FY24.
- 4) **Net Interest Margin (NIM)** increased to 3.33% against 3.08% QoQ and up by 3.12% YoY.
- 5) **Cost of Deposits** has gone down to 5.08% in Q3FY25 (4.82% in Q3FY24) against 5.15% in Q2FY25. Yield on Advances stood at 9.02% in Q3FY25 (8.88% in Q3FY24) against 8.97% in Q2FY25.
- 6) The bank has achieved remarkable growth in **total business**, went up by 9.82% YoY and 0.36% QoQ at Rs. 542753 crores against Rs. 494209 crores in Q3FY24 and Rs. 540801 crores in Q2FY25.
- 7) **Total Non-Interest Income** increased by 2.82% on YoY basis and fell down by 20.57% on QoQ basis to Rs. 1298 Crores in Q3FY25 (Rs. 1262 Crore in Q3FY24) against Rs. 1633 Crores in Q2FY25.
- 8) **Global Fee based income** increased by 23.18% on YoY basis and up by 17.50% on QoQ basis to Rs. 562 Crore in Q3FY25 (Rs. 456 Crore in Q3FY24) as against Rs. 478 Crore in Q2FY25.
- 9) **Cost/Income ratio** reduced to 44.55% in Q3FY25 (51.35% in Q3FY24) against 48.97% in Q2FY25.
- 10) **Advances** stood at Rs. 237632 crores increased by 3.25% QoQ against Rs. 230149 Crores in Q2FY25 and up by 9.93% YoY against Rs. 216163 crores in Q3FY24.
- 11) **Total Deposits** of Rs. 305121 crores up by 9.74% YoY (Rs. 278046 crores in Q3FY24) and down by 1.78% on QoQ sequentially to Rs. 310652 crores.
- 12) **CASA ratio** stood at 43.37% in Q3FY25 (43.49% in Q3FY24) against 42.44% in Q2FY25.
- 13) **C/D ratio** came at 77.88% against 77.74% YoY and 74.09% QoQ.
- 14) **Return on Assets (ROA)** increased to 0.93% in Q3FY25 from 0.86% in Q3FY24 and up from 0.82% in Q2FY25.
- 15) **Fresh Slippages** increased to Rs. 284 Crore in Q3FY25 (Rs. 331 crores in Q3FY24) as against Rs. 251 Crore in Q2FY25. **Recovery + Upgradation** stood at Rs. 957 Crore in Q3FY25 as against Rs. 1482 Crore in Q2FY25. Total recovery from technical written off accounts was Rs. 676 crores.
- 16) **Gross NPA Ratio** decreased to 2.55% in Q3FY25 as against 2.72% in Q2FY25 and 3.90% in Q3FY24. Net NPAs ratio down to 0.42% in Q3FY25 as against 0.47% in Q2FY25 and 0.62% in Q3FY24.
- 17) **Capital Adequacy Ratio** decreased to 16.97% in Q3FY25 as against 17.45% in Q2FY25 and 16.80% in Q3FY24.
- 18) **Provision Coverage Ratio** marginally increased to 97.07% in Q3FY25 against 97.06% in Q2FY25 and 96.85% in Q3FY24.

KEY FINANCIAL INDICATORS – Q3FY25

CMP (22.01.2025)	: Rs. 50.30
Face Value	: Rs. 10
Book value per share	: Rs. 10.66
Market Capitalisation	: Rs. 95,077.06
Capital Adequacy Ratio	: 16.97%
C/D Ratio	: 77.88%
CASA Ratio	: 43.37%
Net Interest Margin (NIM)	: 3.33%
Cost / Income Ratio	: 44.55%
GNPA	: 2.55%
Net NPA	: 0.42%
PCR	: 97.07%
Slippage Ratio	: 0.13%
Return on Assets	: 0.93%
Return on Equity	: 17.86%

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Management Comments

- 19) Indian Overseas Bank has 3,322 branches, 8 retail loan processing facilities, 3,503 ATMs, and 9,041 business correspondents across India as of December 31, 2024.
- 20) In 2024, IOB was among the top performing public sector banks, contributing to the Nifty PSU Banks index's 14.48% annually growth.
- 21) IOB generated robust earnings growth driven by improved asset quality and decreased Provisions, reflecting the overall resilience of the PSU banking sector.
- 22) The bank owns 18.06% of Universal Sompo General Insurance Company Ltd. Companies with an ownership of less than 25% are not considered joint ventures for consolidated financial statements under current RBI criteria.
- 23) In response to an analyst's concern about credit growth, Mr. Ajay Kumar Srivastava, MD & CEO, stated that the bank plans to increase deposits and credit by approximately 13% in line with the guidance. In 9 months, we have almost 10% growth in deposit and credit, and we are very optimistic that by the end, deposit and credit growth will be at least above 13%, which is what we are working on.