



Result Update (30-07-2025)

“Phenomenal growth in overall business in the quarter led by handsome credit and deposit growth, one of the best in the Industry”

Ajcon Global's observations & views

1. IOB has delivered strong operational and financial performance, ranking among the top three on 16 out of 21 key metrics, backed by consistent profit growth and robust asset quality, claims the management.
2. Management believes that with stable margins and a sizable technically written-off book providing recovery visibility, the bank is well-positioned for sustained growth.

Q1FY26 RESULT ANALYSIS

- 1) **Total business** increased by 5.56% QoQ at Rs. 593213 Crores in Q1FY26 against Rs. 561957 Crores in Q4FY25 and it rose by 12.19% YoY from Rs. 528773 Crores in Q1FY25.
- 2) **Total deposits** increased by 6.04% QoQ at Rs. 330792 Crores in Q1FY26 against Rs. 311938 Crores in Q4FY25 and it increased by 10.75% YoY from Rs. 298681 Crores in Q1FY25.
- 3) **Advances** increased by 4.96% QoQ at Rs. 262421 Crores in Q1FY26 against Rs. 250019 Crores in Q4FY25 and it increased by 14.05% YoY from Rs. 230092 Crores in Q1FY25.
- 4) **Net interest income** declined by 12.06% QoQ at Rs. 2746 Crores in Q1FY26 against Rs. 3123 Crores in Q4FY25 and it increased by 12.50% YoY from Rs. 2441 Crores in Q1FY25.
- 5) **Operating profit** decreased by 9.93% QoQ at Rs. 2358 Crores in Q1FY26 against Rs. 2618 Crores in Q4FY25 and it increased by 40.70% YoY from Rs. 1676 Crores in Q1FY25.
- 6) **Net Profit** rose by 5.71% QoQ at Rs. 1111 Crores in Q1FY26 against Rs. 1051 Crores in Q4FY25 and it rose by 75.57% YoY from Rs. 633 Crores in Q1FY25.
- 7) **NIM (Global)** declined to 3.04% in Q1FY26 against 3.33% in Q4FY24 and 3.06% in Q1FY25.
- 8) **Domestic cost of deposits** dipped to 5.10% in Q1FY26 against 5.17% in Q4FY25 and it rose from 4.95% in Q1FY25.

KEY FINANCIAL INDICATORS – Q1FY26

CMP (30.07.2025)	: Rs. 37.87
Face Value	: Rs. 10
Book value per share	: Rs. 12.41
Market Capitalisation	: Rs. 72,924.71 Crs.
Capital Adequacy Ratio	: 18.28%
Global C/D ratio	: 79.33%
CASA ratio	: 43.78%
Net Interest Margin (NIM)	: 3.04%
Cost / Income ratio	: 44.22%
Gross NPA	: 1.97%
Net NPA	: 0.32%
PCR	: 97.47%
Slippage ratio	: 0.10%
Return on Assets (Annualised)	: 1.14%
Return on Equity (Annualised)	: 19.00%

- 9) **Total Non-Interest Income** decreased by 6.34% QoQ at Rs. 1481 Crores in Q1FY26 against Rs. 1581 Crores in Q4FY25 and it increased by 43.37% YoY from Rs. 1033 Crores in Q1FY25.
- 10) **Domestic Fee based income** decreased by 24.50% QoQ at Rs. 647 Crores in Q1FY26 against Rs. 857 Crores in Q4FY25 and increased by 45.14% YoY from Rs. 446 Crores in Q1FY25. **Global Fee based income** declined by 23.73% QoQ at Rs. 665 Crores in Q1FY26 against Rs. 872 Crores in Q4FY25 and it increased by 44.01% YoY from Rs. 462 Crores in Q1FY25.
- 11) **Cost/Income ratio** fell to 44.22% in Q1FY26 against 44.35% in Q4FY25 and 51.76% in Q1FY25, respectively.
- 12) **CASA ratio (Domestic)** slightly increased to 44.16% in Q1FY26 against 44.05% in Q4FY25 and from 42.48% in Q1FY25, respectively. **CASA ratio (Global)** inched up to 43.78% in Q1FY26 against 43.65% in Q4FY25 and from 42.17% in Q1FY25, respectively.
- 13) **Domestic Credit/Deposit (C/D) ratio** declined to 75.75% in Q1FY26 against 76.96% in Q4FY25 and 72.87% in Q1FY25, respectively. **Global C/D Ratio** declined to 79.33% in Q1FY26 against 80.15% in Q4FY25 and it rose from 77.04% in Q1FY25, respectively.
- 14) **Return on assets (ROA)** marginally increased to 1.14 % in Q1FY26 against 1.12% in Q4FY25 and from 0.70% in Q1FY25, respectively.
- 15) **Fresh slippages** decreased to Rs. 254 Crores in Q1FY26 against Rs. 2756 Crores in Q4FY25 and from Rs. 277 Crores in Q1FY25. **Total Recovery + Upgradation** declined to Rs. 851 Crores in Q1FY26 against Rs. 992 Crores in Q4FY25 and it increased from Rs. 582 Crores in Q1FY25.
- 16) **Gross NPA ratio** improved to 1.97% in Q1FY26 against 2.14% in Q4FY25 and 2.89% in Q1FY25. **Net NPAs ratio** improved to 0.32% in Q1FY26 against 0.37% in Q4FY25 and 0.51% in Q1FY25.
- 17) **Provision Coverage ratio** slightly rose to 97.47% QoQ in Q1FY26 from 97.30% in Q4FY25 and 96.96% in Q1FY25, respectively.
- 18) **The Bank's Capital Adequacy ratio** declined to 18.28% in Q1FY26 against 19.74% in Q4FY25 and 17.82% in Q1FY25, respectively.

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Management Comments

- 19) In the physical interaction replying an analyst's query on write-offs, Mr. Ajay Kumar Srivastava, the MD and CEO of the Bank said that the bank has recovered Rs. 574 Crores in Q1FY26 from technically written-off accounts, which consistently contribute 50–60% of quarterly recoveries out of the total written off pool of Rs. 28,000 Crores.
- 20) Addressing an analyst's query on SMA numbers, Mr. Srivastava stated that SMA 1+2 stood at 5.51% in June 2025, down from 5.86% in March 2025 and 7.99% in March 2024, indicating consistent improvement. He added that the slippage ratio remains stable between 0.10%–0.14% over the past two years, reflecting strong asset quality.
- 21) In response to another query on Deferred Tax Assets (DTA), Mr. Srivastava mentioned that the DTA has been steadily reduced from around Rs. 6,000 Crores in FY22–23 to Rs. 3,400 Crores currently. He added that the bank aims to bring it down further, potentially to zero by the end of the year, depending on performance.
- 22) Sharing insights on CASA growth, Mr. Srivastava attributed the strong performance to aggressive customer onboarding, with 65 lakh new CASA accounts added during FY23–25, with all 3,300+ branches onboarding 3–4 new customers daily as part of a focused, system-wide effort. He noted that these accounts currently hold Rs. 17,000 Crores in balances.
- 23) In response to a query on IOB's high RAM share, Mr. Srivastava said RAM forms 76% of the loan book, led by strong growth in retail (39% YoY) and agriculture (26% YoY). He added that the blended RAM yield may settle below 9% by year-end and the future mix will depend on pricing opportunities across segments.
- 24) Mr. Srivastava stated that gold loans grew 45% YoY, driven by the bank's strong presence in southern India—particularly Tamil Nadu—along with strategic focus on the segment due to its zero-risk weight, attractive yield of around 9%, minimal NPAs and plans to maintain similar growth momentum going forward.
- 25) Talking about digital initiative, Mr. Srivastava stated that the bank has consistently invested Rs. 1,500–1,700 Crores annually in technology upgrades, with a Rs.1,600 Crores+ budget for this year as well, reflecting its strong focus on IT infrastructure to support business growth and enhance returns.