Ref No. IRC/123/2025-26 **05.08.2025**

The General Manager, Department of Corporate Services, BSE Limited, Floor 1, P.J. Towers, Dalal Street, Mumbai 400 001	The Vice President, National Stock Exchange Ltd, Exchange Plaza, C-1 Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051
BSE SCRIP CODE: 532388	**NSE SCRIP CODE: IOB**

Dear Sir/ Madam,

Update On Analyst Meet: Transcript

In continuation to our earlier intimation IRC/112/2025-26 dated 23.07.2025 and Pursuant to Regulation 30 read with Clause 15(b) of Para A of Part A of Schedule III and Regulation 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with the guidance note of stock exchanges dated 29.07.2022 on disclosures pertaining to Investors meet, we wish to inform that the Bank has conducted an Analyst Meet on Tuesday, 29.07.2025 at 04.00 pm (IST) to discuss the financial performance of the Bank for the Quarter ended 30.06.2025. We herewith attach the transcript of the Analyst Meet.

Please take the above information on record and arrange for dissemination.

Yours faithfully,

RAM MOHAN K Digitally signed by RAM MOHAN K Date: 2025.08.05 18:46:55 +05'30'

(Ram Mohan K)
Compliance officer

इण्डियन ओवरसीज़ बैंक,
निवेशक संबंध कक्ष,केंन्द्रीय कार्यालय,
763 अण्णा सालै, चेन्नै 600 002
044 – 7172 9791, 2888 9360 | investor@iobnet.co.in

Indian Overseas Bank

TRANSCRIPT

Q1 FY 2026 Analyst Meet

July 29, 2025

Organized by

MANAGEMENT TEAM OF INDIAN OVERSEAS BANK:

MR. AJAY KUMAR SRIVASTAVA, MD & CEO,
MR. JOYDEEP DUTTA ROY, EXECUTIVE DIRECTOR,
MR. DHANARAJ T, EXECUTIVE DIRECTOR, INDIAN OVERSEAS BANK

MODERATOR: MS SONALI PANDEY – VERITAS REPUTATION

Opening Script – Indian Overseas Bank Analyst Meet

Sonali Pandey (Veritas Reputation)

Good evening,

A warm welcome to everyone. Thank you for joining us today to discuss Indian Overseas Bank's financial results for the quarter ended June 30, 2025.

Before we begin, I would like to extend our sincere appreciation to each one of you for taking the time to join us in person today.

I am Sonali Pandey from Veritas Reputation, and I am truly honored to guide you through today's presentation.

Indian Overseas Bank (IOB), headquartered in Chennai, continues to strengthen its footprints across India with a robust network of over 3,345 branches, approximately 3,478 ATMs/CDMs, and a network of 11,064 Business Correspondents.

Internationally, IOB serves customers in Singapore, Hong Kong, Thailand, and Sri Lanka, proudly catering to a growing base of over 41 million active customers.

Our bank offers a comprehensive range of financial services, including personal, corporate, and agricultural banking, along with credit cards, loan products, and insurance products.

The financial results, investor presentation, and related disclosures are available on our website and have also been filed with the stock exchanges.

Before we begin, please note that today's discussion may include forward-looking statements which are subject to risks and uncertainties that may impact actual outcomes. We encourage you to keep these factors in mind while evaluating the bank's performance.

Joining us today is the distinguished leadership panel from Indian Overseas Bank.

It is my privilege to welcome:

- Shri Ajay Kumar Srivastava, Managing Director and CEO, Indian Overseas Bank
- Shri Joydeep Dutta Roy, Executive Director, Indian Overseas Bank
- Shri Dhanaraj T, Executive Director, Indian Overseas Bank

We will begin with an overview of the bank's performance for Q1 FY2025–26, followed by a Q&A session.

Now, I would like to invite Shri Ajay Kumar Srivastava, Managing Director and CEO of Indian Overseas Bank, to present the financial overview. Thank you. Over to you, sir.

Financial Overview – Shri Ajay Kumar Srivastava, MD & CEO

Good afternoon, everyone, and hearty welcome to all of you.

We've traveled from Chennai to Mumbai for this analyst meet, and I will now provide a brief synopsis of our performance numbers. Following that, we are open to any further questions or discussions you may have.

Let me begin with total business. As on June 30, 2025, the total business of the bank stood at ₹5,93,000 crore.

- Year-on-year (YoY) growth was 12.19%.
- Quarter-on-quarter (QoQ) growth on sequential basis was 5.56%.

Total deposits registered a YoY growth of 10.75% and a QoQ growth of 6.04%. Total advances (credit) grew by 14.05% YoY, and by 4.96% QoQ.

Moving to profitability and key ratios:

- Net profit grew 75.57% YoY. In absolute terms, it stood at ₹1,111 crore. On a QoQ basis, growth was 5.71% over March 2025.

- Operating profit increased 40.70% YoY, though there was a negative growth QoQ of approximately 10%.
- Net Interest Income (NII) grew 12.50% YoY, rising from ₹2,441 crore last year to ₹2,746 crore this year.

GNPA and NNPA is consistently coming down for last three years.

- Gross NPA (GNPA) stood at 1.97% as of June 2025.
- Net NPA (NNPA) declined to 0.32%, down from 0.51% a year ago.
- Provision Coverage Ratio (PCR) remained consistently above 96%-97%. As of June 2025, it stood at 97.47%, reflecting a YoY improvement of 51 basis points.

Credit cost remained stable at 0.29%, the same level as June 2024. Slippage ratio was 0.10% in the June 2025 quarter, compared to 0.13% a year ago. We have been consistently maintaining slippage ratio within this narrow range only.

The CASA ratio continues to remain strong at 43.78%, sustaining our position above 43% for several quarters.

Net Interest Margin (NIM) was 3.04% for June 2025, compared to 3.06% in June 2024. Sequentially, NIM declined from 3.58% in March 2025 due to industry-wide margin pressure.

Cost-to-Income Ratio remains controlled at 44.22%.

Return on Assets (ROA) improved from 1.12% in March 2025 to 1.14% in June 2025, showing a 2 basis point increase.

CRAR stands strong at 18.28%.

So overall, if you look at the performance across business parameters, efficiency ratios, asset quality, and provisioning, I can confidently say that Indian Overseas Bank has been delivering consistent and balanced growth across all key areas and parameters. I am very happy to share that we are very consistently showing the performance.

We have already shared our growth guidance for the year, and I am pleased to inform you that we are well-positioned to meet those targets. Significant activity is underway across the bank — especially on the digital front — as we focus on enhancing systems, processes, and product lines for better customer delivery.

I'm extremely happy to share that approximately 98% of our total transactions are now happening digitally, and this number continues to improve quarter-on-quarter. From 96% digital share, we've moved to 98%, and as of June 30 (and in the latest data), we are comfortably above 98%.

We are making continued investments in IT and digital infrastructure, including onboarding of key vendors and partners. We are actively working on advanced technologies such as AI, WhatsApp banking, and CBDC integration. Across all major technology and digital parameters, IOB is on par with industry standards and peers.

In terms of physical expansion:

- Last year, we opened approximately 110 new branches in different geographies.
- This year, we plan to open around 120 branches, especially in geographies where we currently do not have a presence and where profitability is achievable.

This process is being closely monitored at the Central Office level. To man those branches, the additional manpower whatever is needed, the recruitment process is being carried out for the last more than two years. To support this expansion, we have been undertaking need-based recruitment — not only generalist officers but also specialists in areas such as IT, cybersecurity, chartered accountancy, information security, Official Language and security officers, wherever required.

We continue to take a judicious and targeted approach on recruitment. This year, we plan to recruit around 900 young officers, including a mix of fresh hires and lateral entrants.

Overall, I can confidently say the bank is on a clear growth path. The past two years' numbers speak for themselves. In addition, we are simultaneously investing in the infrastructure and capabilities required to sustain and take it forward.

Our aspiration is to take Indian Overseas Bank to a level where it is rated among the best- banks in the country.

Let me share one additional data point.

We analyzed the performance of 12 public sector banks as of March 2025, comparing our bank's performance against 11 other PSBs across 21 critical financial ratios and parameters.

I'm very happy to share that IOB ranked in the top three positions across 16 of those 21 parameters.

While we weren't in the top rankings last year, we've made strong improvements and consistently maintained our position across critical metrics this year.

Going forward, our aspiration is to improve even further.

That was a brief overview of the bank's performance, growth strategy, and future plans. We now welcome any questions you may have, and I request both our Executive Directors to add anything further if they wish to.

Thank you.

Remarks by Executive Director (Digital Initiatives)

Thank you, sir. I would like to briefly add to what our MD has already shared regarding our technology and digital initiatives.

As mentioned, the bank has been consistently investing in both capital expenditure (capex) and operational expenditure (opex) in the technology space. We are almost at par with the industry in terms of our digital transformation roadmap. Our Bank's endeavour is to provide a best-in-class customer experience by enabling anywhere, anytime banking, with a strong emphasis on self-service centered channels.

As part of this digital push, the bank has deployed nearly 4,100 tab banking devices. These tabs offer several advantages:

- Accounts can be opened within 2–3 minutes
- Accessible anytime and anywhere — not restricted by banking hours, weekends, or holidays
- KYC compliance is automated, ensuring seamless onboarding

Currently, 40–50% of new accounts are being opened through tab banking. Recently, we have added 25 new services to our tab banking ecosystem, including the facility to open current accounts. We are also working towards enabling account opening for proprietorship and partnership firms through tabs in the near future.

Recently, we have launched our WhatsApp Banking service, making us one of the few Banks in the public sector space to offer this feature. Through WhatsApp, customers can:

- View mini statements
- Check transaction details

Soon, we will also enable fund transfers within IOB through the WhatsApp interface.

On July 5, 2025, we launched IOB Connect, our revamped mobile banking app — a comprehensive one-stop platform for all banking services. One of its standout features is the integration of Account Aggregator (AA) and UPI functionalities. With this:

1. IOB customers can view balances and statements of accounts held with other banks
2. They can also transfer funds from other bank accounts into their IOB accounts

The bank also offers video KYC account opening, available through two centers. This ensures customers can open accounts remotely at any time. Government of India & RBI are putting more emphasis on Re-KYC.

We've enabled customer onboarding through SMS, the IOB website, and most recently, through our Business Correspondent (BC) channel. We want provide AI & Gen AI experience to our customers.

Other noteworthy innovations include:

- The "My Account, My Name" product, allowing customers to personalize their account identity
- Online allotment of lockers, enhancing customer convenience
- Launch of “Akshara PIN”, a feature allowing any user (not limited to IOB customers) to create a secure and memorable PIN using their name. This is available through our website and enhances PIN security and ease of use

We have also introduced location intelligence via our IOB Locator tool, which allows customers to connect directly with their nearest branch, ATM, or branch manager.

We are committed to continuously evolving through digital innovation.

In terms of touchpoints:

- The bank currently has around 3,500 ATMs
- This year, we plan to:

- Replace 450 old ATMs
- Add 150 ATMs on capex model
- Add 400 ATMs on opex model

By the end of FY2025–26, we aim to have approximately 4,000 ATMs and Cash Recyclers in place.

As mentioned by our MD, we currently have 3,345 branches and plan to add around 150 more this year.

We also have a strong network of 11,000 Business Correspondents (BCs).

Thus, our total customer touchpoints exceed 17,600, including branches, ATMs, CDMs, and BC outlets.

We have also launched our Digital Dashboard, which allows real-time tracking of customer onboarding and activity.
Our goal is to enable customers to perform banking independently through:

- Mobile and Internet banking
- Debit and credit card

We remain committed to making Indian Overseas Bank a digitally advanced institution, fully aligned with industry standards in terms of customer experience and innovation.

Thank you.

Q&A Session:

Moderator: Thank you so much, Sir.

Before we begin the Q&A session, I kindly request everyone to keep their phones on silent mode. If you'd like to ask a question, please raise your hand and mention your name and the organization you represent.

Yes, Sir. Please go ahead.

Participant 1 (Mr Ramesh Bhojwani, Mehta & Vakil)

Thank you. Your presentation and candid remarks clearly show that IOB has taken a quantum leap improvement in all the performance parameters. You have not let down even on a single parameter. Full credit goes to the dedicated effort of your entire team under your able guidance.

Just a few minor observations and questions:

1. You mentioned recovery from technically written-off accounts — ₹574 crore recovered in Q1 FY26. As per your presentation, total write-offs are ₹3,025 crore. Correct me if I am wrong.
2. Can we expect a similar trend in recovery (₹574 crore per quarter) in Q2, Q3, and Q4 going forward?
3. Your guidance appears somewhat conservative given the H1 performance of the manufacturing and services sectors. Historically, H2 tends to outperform H1. Do you foresee any upward revision to the growth guidance?
4. Lastly, with inflation falling below 2%, there's speculation that the RBI may cut the repo rate by 25–50 bps in August. How would such a cut impact the bank's Net Interest Margin (NIM) and profitability?

IOB: (Shri Ajay Kumar Srivastava – MD & CEO):

Thank you for your kind words. As you rightly mentioned, all 21,000 IOBians are working tirelessly to take the bank to greater heights. It's truly a collective effort.

Regarding the recovery from technically written-off accounts — yes, the figure of ₹574 crore for Q1 FY26 is absolutely correct.

If you look at the past eight to nine quarters, we've seen that 50–60% of total recoveries consistently come from technically written-off accounts. The remaining comes from standard and other NPAs.

Currently, we have a pool of approximately ₹28,000 crore in technically written-off accounts. A substantial focus continues to be placed on recovering from this pool, and we expect this trend to remain steady quarter-on-quarter.

On your second point — the figure of ₹3,025 crore in write-offs pertains to Q4 FY25, largely due to a single large account: MTNL.

IOB had the highest exposure to MTNL at ₹2,300 crore. When the account slipped in Q4, we made a 100% upfront provision, which reflects the strength of our balance sheet. This full provisioning also ensured that the GNPA percentage was not adversely affected. We subsequently wrote off the account in the same quarter.

Despite this additional ₹2,300 crore provision, the bank still posted a net profit of ₹1,051 crore for Q4 — a 40% growth YoY, which shows the underlying strength of our balance sheet

On the repo rate, as you rightly noted, the decision lies with the RBI. What we can do is prepare and position ourselves effectively. To mitigate the impact of a potential cut:

- We are reducing interest rates on our deposit side
- We are focusing more on low-cost CASA deposits, which continue to hold above 43%
- We are targeting lending to high-margin segments and ensuring pricing discipline, not chasing volume at the cost of margin

Because a large portion of our book is linked to MCLR, there will be a lag effect in any impact from repo rate cuts. By that time, the benefit from deposit repricing will also kick in. We believe that by Q3 or Q4, we will be in a good position to offset the margin pressure.

Our goal is to maintain NIM above 3%, and we are confident we can do so.

Participant 1 (Mr Ramesh Bhojwani) : Thank you, Sir. You've captured everything beautifully. Wishing you continued success.

IOB: (Shri Ajay Kumar Srivastava – MD & CEO):
Thank you.

Participant 2 (Ashok Ajmera – Chairman, Ajcon Global):
First of all, congratulations on an excellent performance. In this quarter, we've seen many banks excel in one parameter while struggling in others. But in IOB's case, both credit and deposit growth have been strong, profitability has been maintained, and CASA has improved, which is commendable — especially since most other banks have seen CASA decline.

While NIM is under pressure, slippages are controlled and recovery from written-off accounts is strong.

Just a few observations and questions from my side:

1. On NIM, it has come down from 3.58% in the previous quarter to around 3.04% now. While a few basis points is understandable, with expected repo rate cuts (maybe two rounds of 25 bps each), do you expect to maintain NIM above 3%, or is there a possibility of it dipping below?
2. This quarter's profit includes a provision reversal of ₹62 crore from a stressed loan and a revaluation gain of ₹2.37 crore. This totals around ₹65 crore. Is this likely to recur in future quarters, or is it a one-off?
3. Regarding the MTNL exposure, you've already clarified that 100% provisioning has been done. Is there any possibility of recovery within this financial year, which could directly reduce provisioning?
4. You currently hold a COVID provision buffer of ₹1,692 crore. Are you planning to retain it, or could this buffer be partially utilized in upcoming quarters under the revised RBI provisioning norms?

5. One area I've repeatedly raised is the emphasis by statutory auditors on two items:

    - Deferred Tax Asset (DTA)
    - Old tax dispute liabilities

    Last year, this liability stood around ₹8,000–10,000 crore. It has come down to around ₹6,000 crore, which is good. But this includes:

    - Income tax liabilities: ~₹4,000 crore
    - Service tax: ~₹260 crore
    - GST: ~₹1,600 crore

    These are being shown as notes to accounts with auditor emphasis, even though there's no qualification. Other public sector banks do not seem to have such large disclosures under emphasis.

    What is the current status of these tax disputes? Can we expect a large tax refund in any of the upcoming three quarters?

Participant 2 (Mr Ashok Ajmera – Ajcon Global):

If you could please provide an update on the old tax disputes and clarify whether any significant tax refund is expected in the remaining three quarters. These were my key observations and questions. I may have a few more later if time permits. Thank you, Sir.

IOB (Shri Ajay Kumar Srivastava – MD & CEO):
Thank you, Mr. Ajmera. I'll address the few remaining points not covered earlier.

1. SMA Accounts and Slippages:

On the issue of SMA (Special Mention Accounts), while it is not specifically mentioned in the investor presentation because these numbers tend to fluctuate, I can share that the SMA1 + SMA2 portfolio currently stands at approximately 5.51% as on June 30, 2025, down from:

- 7.99% as of March 2024, and
- 5.86% as of March 2025

This shows a declining trend, which is encouraging.

However, it's important to view SMA in context with actual slippages. Despite SMA presence, actual quarterly slippages remain low, averaging ₹240–250 crore per quarter, translating to a slippage ratio of just 0.10–0.14%, a level we've consistently maintained for over two years. So, from an asset quality perspective, there is no issue as such.

2. ₹62 Crore ARC-related Profit Reversal:

The ₹62 crore profit related to the sale to ARC pertains to accounts that were 100% provided for. When recovery occurs, the corresponding provision is written back to the P&L.

This is not a one-off event — such recoveries happen from time to time and may continue in future quarters as well.

3. MTNL Exposure and Potential Recovery:

On MTNL, as you are aware, the bank had ₹2,300 crore in exposure, for which 100% provisioning was completed in Q4 FY25.

We understand that the Government of India is actively working on the resolution process. We remain hopeful that a resolution will materialize during the current financial year. If recovery happens, it will have a direct positive impact by reducing provision load and improving profit.

4. COVID Provision Buffer – ₹1,692 Crore:

The ₹1,692 crore COVID-related provision is still available as a buffer. It exceeds what's required under the IRAC norms and Covid Mandate. This buffer provides us with significant cushioning, and we will utilize it judiciously as per evolving risk assessments and RBI policy directions.

5. Deferred Tax Assets (DTA):

As mentioned earlier, our DTA balance has been reducing steadily.

- In FY22–23, it stood at over ₹6,000 crore
- As of now, it is approximately ₹3,400 crore.

We aim to further reduce it by year-end, and if financial performance supports, we may even consider fully neutralizing it.

6. Legacy Tax Disputes:

Regarding tax-related contingent liabilities — such as income tax, service tax, and GST, totaling approximately ₹6,000 crore — all these demands are contested and under various stages of appeal or litigation.

In the past, similar cases were decided in our favor, and we are confident of favorable outcomes here as well. We anticipate that there may be tax refunds in the coming quarters, although we cannot quantify the exact amount at this stage.

IOB (Senior Management):

On the auditor's emphasis of matter regarding old tax disputes — we have taken note of your observation that such emphasis is not common across peer banks. We have communicated this to our auditors.

They have informed us that they are re-evaluating this practice and will review the treatment followed by other banks. Based on that review, they may consider removing the emphasis paragraph from the upcoming quarters.

IOB (MD & CEO):

Yes, we included this disclosure intentionally, in the interest of transparency. We believe in being upfront with stakeholders.

Participant 3 (Mr Sushil Chokshi – Indsec Securities):

Congratulations on delivering stable numbers and a strong performance, particularly in CASA and RAM segments.

From your investor slide, it appears that IOB's Retail, Agriculture, MSME (RAM) segment stands at 78.92%, which is among the highest in the industry — across both public and private sector banks.

What's the secret behind sustaining this level? I understand retail is a key contributor, but how have agriculture and MSME segments supported this? Also, what is the yield on RAM?

IOB (MD & CEO – Shri Ajay Kumar Srivastava):
Thank you. Yes, RAM contributes around 76% of our total credit portfolio — and that's the result of a deliberate strategic focus.

Here's the segment-wise year-on-year growth:

- Retail grew by 39%
- Agriculture by 26%
- MSME by 6%

Regarding MSME — the 6% growth appears modest because one large account, worth around ₹3,000 crore, was repaid between March 2024 and March 2025. Excluding that, the underlying MSME growth would have been close to 16%**.**

As for yields, across RAM, we are achieving returns of around 9% or slightly below 9%, depending on product mix and repo rate impact — especially on retail and MSME, which are directly linked.

Mr Sushil Chokshi: So by year-end, do you expect the blended yield on RAM to remain around 9%, or will it dip below that?

IOB (MD & CEO):
Given the recent 1% repo rate reduction, and the possibility of another cut, the blended RAM yield may go below 9%. We're closely monitoring this.

Mr Sushil Chokshi: What is IOB's own forecast for repo rate movement through the year?

IOB (MD & CEO): That's the regulator's prerogative, and I will not comment on it.

However, IOB is well-prepared for any scenario**.** We've aligned our operations to ensure that even if rate cuts occur, our profitability, interest income and NII will remain intact.

Mr Sushil Chokshi: Understood. Regarding RAM contribution — is it concentrated in southern states or spread geographically?

IOB (MD & CEO): It's well-distributed pan-India**.** We have over 3,300 Plus branches, and all of them are actively lending to RAM segments. Growth is visible across north, south, east, and west — not limited to any specific geography. Most branches are meeting or exceeding their RAM budgets.

Mr Sushil Chokshi : Are there plans to change the credit mix going forward, or will the ~75:25 RAM to corporate ratio remain stable?

IOB (MD & CEO): We're not assigning rigid ratios going forward. The key driver will be pricing — whether corporate or RAM, we'll focus on segments offering healthy yields and returns. So, the mix may vary based on market dynamics and pricing advantage.

Mr Sushil Chokshi: Coming to CASA — I noticed that your current account deposits have grown quarter-on-quarter, which is rare in the current environment. What's enabling this?

IOB (MD & CEO): The core driver is new customer onboarding.

Over the last two years — FY2023–24 and FY2024–25 — we've onboarded approximately 65 lakh new CASA customers, including current account holders.

As of yesterday, these new accounts are maintaining balances of ₹17,000 crore. We're adding 3–4 new CASA customers per branch per day across our 3,336 branches.

This aggressive onboarding drive has led to consistent CASA growth, including in current accounts.

Mr Sushil Chokshi: What percentage of these CASA customers have we cross-sold to so far?

IOB (MD & CEO): Currently, cross-sell penetration is about 10–12%, but this is steadily improving.

Mr Sushil Chokshi: So do you expect future RAM growth to be driven by these newly onboarded CASA customers?

IOB (MD & CEO): Absolutely. Our RAM growth will be supported by a combination of:

- Newly onboarded CASA customers
- Legacy customer base
- Continued acquisition going forward

This approach ensures a sustainable pipeline for RAM portfolio expansion.

Mr Sushil Chokshi: Under your agriculture lending — what portion is constituted by gold loans?

IOB (MD & CEO): Approximately 50–55% of our agricultural lending portfolio comprises gold loans.

Moderator:

Let's give other participants a chance. Sir, we'll definitely come back to you.

Participant 4 (Ashok, Eklavya Invesco):

Sir, I have a few quick questions:

1. We received an Income Tax refund of ₹1,146 crore**.** Does this include interest?
2. We've shown 45% YoY growth in gold loans. Is this a focus area due to its secured nature?

3. With increasing tech upgrades, what is the planned technology spend for the current year?
4. Several PSU banks have reduced home loan rates to around 7.35–7.40%. Have we acted similarly?

IOB (MD & CEO – Shri Ajay Kumar Srivastava):

Thank you. Addressing each of your queries:

1. The ₹1,146 crore refund does not include any interest. It's the result of favorable tax appeals and discussions.
2. Regarding gold loans — yes, we've grown 45% YoY, and it's a strategic focus area for the following reasons:
   - Primarily sourced from Tamil Nadu and southern India, where we have strong branch presence.
   - It's zero-risk weighted, so the capital cost is negligible.
   - 9% interest is there, with negligible NPAs.
   - This year too, we plan to maintain growth in this portfolio at this rate.
3. On technology investments:
   - For the last three years, we've consistently spent between ₹1,500–1,700 crore annually on tech upgrades.
   - For FY2026, we have a budget of over ₹1,600 crore, covering IT infrastructure, digital platforms, and future-ready systems.
   - Technology is integral to our business — and the pace of change requires daily evolution.
4. Regarding home loan rates, yes — we've aligned with peers. Our best rate currently stands at 7.35%.

Executive Director:

Yes, the home loan rate is 7.35% — in line with the best in the public sector.

Participant 5 (Aditya Mundra – My Temple Capital):

Thank you, sir. I have a few queries:

1. Your corporate loan book has declined YoY, while personal loans have shown sharp growth. What is the bank's strategy in both these areas, especially given the unsecured nature of personal loans?
2. In the retail loan portfolio, the "Other" category forms about 40% — what does this include?
3. What is the current proportion of loans linked to EBLR (External Benchmark Lending Rate)?
4. Could you please share segment-wise GNPA data — for Retail, Agri, MSME, and Corporate?

IOB (MD & CEO):

Great questions — here's the clarification:

1. Personal Loans**:**
   - We issue personal loans only to customers whose salaries are credited with us**.**
   - Unsecured personal loans form less than 1% of the retail portfolio — this is not our core focus.
   - All lending is backed by salary mandates.
2. **Corporate Loan Book**:
   - There is negative growth because of pricing issue.
   - We chose not to renew certain large-ticket accounts where the offered rates were unattractive.

- However, this is turning around — as of now, we have a ₹9,000 crore corporate pipeline, already sanctioned and ready for disbursal.

3. The "Other" Retail Loans category (~40%) includes:
   - Housing loans
   - LAP (Loan Against Property)
   - Rental discounting
   - Vehicle loans,
   - Educational Loans and
   - Jewel loans not classified under agriculture
4. EBLR-linked loans currently constitute 53% of our portfolio; 47 are on MCLR and other benchmarks.

Aditya Mundra: Thank you. And the segment-wise GNPA?

IOB (MD& CEO):

Yes — we've included it in Slide 23 of the investor presentation. You can refer to it for a detailed break-up of GNPA by Retail, Agri, MSME, and Corporate.

IOB: Yes, it's available on Slide 23.

Other analysts: Acknowledged. Thank you.

Moderator: Request everyone to kindly raise your hand if you have a question.

IOB (MD & CEO – Shri Ajay Kumar Srivastava):

To clarify the GNPA by segment:

- Agriculture: 2.09%
- MSME: 2.62%

(Additional segment-wise data is in Slide 23 of the presentation.)

Participant 6 (Sumay Choksi – Indus Equity Advisors):

Congratulations on a strong quarter. A couple of questions:

1. There has been some scrutiny in recent media around agriculture NPAs across PSUs, yet IOB has maintained significantly better asset quality in this segment. What are you doing differently?

IOB (MD & CEO):

That's a great observation. Here's why our agri portfolio remains resilient:

- 50% of our agricultural loans are backed by Jewel Loans (JL) — which have near-zero NPAs**.**
- In the remaining 50%, we consciously avoid over-exposure to KCC-type loans**.**
- Instead, we focus on Self-Help Groups (SHGs) and Farmer Producer Organizations (FPOs) — which historically have very low default rates.
- This is a well-thought-out strategic choice, with proper implementation, ensuring both growth and asset quality.

Sumay Choksi: That makes sense. One more question — your presentation doesn't mention the credit rating profile of your corporate loan book. Could you provide a breakdown?

IOB (MD & CEO):

Yes, while we haven't included it in the deck, I can share a quick overview:

- Around 70% of the corporate loan book is rated AA, A, or BBB+**.**
- We do go for on lending to entities below investment grade (BBB− or lower).
- AAA-rated accounts often demand very thin pricing, which doesn't align with our profitability metrics.

- Unrated exposures, where present, are primarily state-guaranteed entities, such as PSU projects backed by government guarantees.

Sumay Choksi: Could we get that data post-meeting?

IOB (MD & CEO): Certainly — we will share it after the session.

Participant 7 (Pallavi Ajmera – AJCON Global):

Thank you. While I'm an analyst, I also specialize in financial crime compliance. With the aggressive digitization steps taken by the bank — such as 3-minute account openings and extensive tab banking — there are rising risks of synthetic frauds and mule accounts.

How is IOB mitigating these vulnerabilities while maintaining rapid onboarding?

IOB (MD & CEO): Valid concern. Here's how we're managing that:

- KYC is conducted thoroughly, even during fast-track onboarding — it's fully digital and verified.
- Despite best efforts, mule accounts do emerge occasionally — but this is being tackled holistically:
  - We work closely with the RBI's i4C unit, which has launched a coordinated effort across banks.
  - The entire banking ecosystem is aligned to combat financial fraud and synthetic accounts.
- We believe in continued customer onboarding, but with robust risk mitigation strategies built into our systems.
- Risk cannot be eliminated entirely in banking — it must be managed.

IOB (Executive Director):

Adding specifics on our tech-driven compliance measures:

1. We’ve implemented real-time API integration with i4C — which instantly flags suspicious accounts or complaints.
2. We are in the process of integrating with RBI’s Mule Hunter, a powerful fraud detection system.
3. Our tab banking platform has built-in Aadhaar-based authentication and real-time credential checks.
4. Automation and KYC-strengthening tools are embedded into onboarding — we’re not compromising on compliance despite speed.

We believe we’re well in control of financial crime risks and are continually enhancing safeguards.

Pallavi Ajmera: Thank you — it’s good to know that these cybersecurity and compliance frameworks are being strengthened alongside your digital expansion. It’s crucial, especially given the increasing pace of account creation.

IOB (Mr. Ajay Kumar Srivastava, MD & CEO):
Yes, please go ahead.

Participant 8: Samrat from Prosperity Wealth Advisors.

I have a simple question. We’ve seen a significant rise in fee-based income. What are the key drivers, and how do you plan to sustain this momentum?

IOB (MD & CEO):

Fee-based income includes various standard streams such as processing charges, commission, and service fees. However, in Q1 FY26, a major contributor was:

- PSLC (Priority Sector Lending Certificate) sales, which earned us approximately ₹200 crore.
- Additionally, processing charges grew from ₹80 crore last year to ₹110 crore this quarter.

Overall, our non-interest income stood at ₹665 crore, which includes these components.

Moderator : Are there any further questions?

Participant: Yes, a follow-up on the PSLC income. Since you've already earned ₹200 crore in Q1, is it fair to assume ₹300–400 crore more can be generated over the remaining three quarters?

IOB (MD & CEO): Absolutely. We are actively building our book, and it's likely that our PSLC earnings will exceed last year's total of ₹400 crore.

Participant: Understood. On the investment side, IOB holds an 18.06% stake in Universal Sompo General Insurance. Are you exploring any opportunity to increase this stake?

IOB (MD & CEO): As of now, there is no proposal on the table to increase our stake. Nothing is under discussion at this time.

Participant: Also, I noticed a significant increase in investments in subsidiaries/JVs — from ₹606 crore to ₹1,205 crore this quarter. Could you clarify the reason?

IOB (MD & CEO): This pertains to our increased investment in OGB (Odisha Gramya Bank), our Regional Rural Bank (RRB) partner, which is State Bank-sponsored. That's the source of the increase.

Participant: What about our exposure to the Malaysian banking entity, which is under winding-up proceedings? I believe our investment there is around ₹200 crore.

IOB (MD & CEO): Yes, we've invested approximately ₹200 crore. The recovery process is underway and approvals from relevant authorities are progressing. We expect full recovery within this financial year.

Participant: That's encouraging. Coming to co-lending, IOB has disclosed partnerships with two NBFCs this quarter. Can you elaborate on:

1. Current co-lending book size?
2. Growth plans for FY26?

IOB (MD & CEO): Our current co-lending book is ₹2,000 crore.

- We plan to add 8–10 more NBFCs this year.
- The target is to increase the co-lending book to ₹5,000 crore.
- These arrangements strictly follow RBI's 80:20 co-lending model guidelines.

Participant: On Agri-loans, with RBI relaxing collateral norms for loans below ₹2.00lakh, are you adjusting your lending practices, particularly for jewel-backed Agri loans?

IOB (MD & CEO): We have now returned to the pre-guideline status. The earlier directive disallowed collateral for sub-₹2 lakh loans. Following widespread representation, RBI has allowed voluntary collateral submission**.** So, the status quo is restored — except we now obtain a letter from borrowers opting for collateral.

Participant: Finally, regarding the recent ₹63 lakh RBI penalty, was it related to this very issue of collateral against Jewel loans?

IOB (MD & CEO): Yes, that's correct. During the interim regulatory window, collateral was taken for Jewel loans below ₹2 lakh, resulting in the penalty. Although the norms are now reverted, the penalty remains on record.

Participant: Thank you for the clarifications.

IOB (MD & CEO): You're welcome. We remain transparent and committed to compliance.

Participant: Thank you very much, Sir. Just to confirm — the credit growth guidance remains at around 13–15%**,** correct?

IOB (MD & CEO – Mr. Ajay Kumar Srivastava):

Yes Sir, our internal guidance is around 13% credit growth for FY26. While Q1 has shown strong momentum (5.5%), It is always better to do beyond whatever is committed.

Participant: That's reassuring. The bank is doing very well — congratulations and best wishes!

IOB (MD & CEO): Thank you very much.

Participant 9 (Amit Mishra, India Security):

Sir, what is your outlook on the education loan portfolio? This quarter it grew 8%, but we've seen job market challenges both in India and globally. What's your perspective?

IOB (MD & CEO): Education loans are a priority product for us — especially under the revamped Vidya Lakshmi scheme with guarantee coverage in place. Despite employment uncertainties, our commitment to support students pursuing higher education remains unchanged. We aim for ~9–10% growth in the education loan segment this year.

IOB (Executive Director):

To add, the 8% YoY growth appears slightly muted due to the sale of some portfolio to ARCs, which reduced the net book. However, our disbursements and sanctions are in double digits, consistent with the industry.

Amit Mishra: And how are we doing on Mudra loans?

IOB (MD & CEO): Mudra is another strategic focus area. Despite being unsecured, the effective interest rate is around 9–10%, and the loans are partially guaranteed by the government.

In Q1, we received the budget allocation and already achieved 20% YoY growth. We typically exceed the government's Mudra disbursement targets every year.

Amit Mishra: What's the NPA situation in Mudra loans?

IOB (MD & CEO): NPAs in the Mudra segment are around 9–10%, which is in line with industry averages. While product-wise NIM isn't segregated, Mudra loans contribute positively at an interest rate of ~9–10%**.**

Amit Mishra: Understood. Hopefully, this year we'll also see dividend declaration?

IOB (MD & CEO): Yes, that remains a priority, and we are working toward that. Hopefully, it materializes in the current fiscal or the next.

Participant 10 (Rohit, MMW):

Sir, how many credit card customers were added YoY?

IOB (MD & CEO): That specific number isn't handy at the moment. The team has noted it — we'll share it shortly.

Moderator

If there are no further questions, I invite Mr. Joydeep Dutta Roy, Executive Director, for closing remarks.

Closing Remarks by Mr. Joydeep Dutta Roy, Executive Director, IOB:

Good evening everyone. On behalf of our MD, Mr. Dhanraj, and the entire IOB team — thank you for joining us in such good numbers.

Respected MD sir, my colleague Mr. Dhanaraj, all the members of the investing and the analyst community present here. So it is a pleasure to host all of you and be a part of this analyst meet and also take some of your questions and answers and answer them. It also gives us feedback in terms of what are some of the important things that are playing on your mind. I think IOB as a bank probably we were in Chennai based and not in Mumbai so we were not so actively covered. But I think IOB as I can say is a bank to watch out for and it is a happening bank currently. And as MD sir pointed out in his opening remarks, 16 out of the 21 parameters that we are tracking, we were in the top three. And even in the other three parameters because of probably MTNL or something because it happened last year, some ratios were a little down. But this year I think we should be again almost all parameters, we should be in the top three, four. So that is where we are positioned in the top quartile of all the Banks put together, the public sector at least. And even if you compare the entire banking fraternity, there are a lot of parameters where we are even competing with private banks. Our slippage ratio of 0.10 best in the system.

So I think there are three, two, three things that really stand out for if I can just quickly summarize, one is I think the strength and robustness of the bank. And when I talk of strength and robustness, I think one you should all take note of is the consistency of the profitability every quarter on quarter. For the last so many quarters, if you look at our Bank's profitability growth, whether it is the net profit or operating profit, it is growing almost on an average of 25 to 30% this quarter. Of course, it was quite higher, 76% in fact on the net profit side. But 25 to 30% growth is almost assured and it is being consistently delivered across so many previous quarters. So that is something to take note of.

NIM is largely maintained 3.06 to 3.04 this year. So that again in a environment where NIMS are declining, we are still being able to hold it quite closely. And of Course I think even with the rate cuts etc. happening, our deposit cut and the MCLR book transition that we are trying to do I think will help us protect our NIMS to a great extent.

Our cost to income ratio has come down significantly. Again that is something to take very note of our asset quality. And that again is another point which I think is really stands out for IOB which is the resilience of the entire portfolio which is not just reflected in the slippage numbers. The best in the system as I was talking about 0.10 the NPA ratios we are second and third in the system, GNPA second, NNPA third, PCR is 97%. Again, something that means that there is nothing to actually provide. Additionally, further and whatever is there it is already provided for and whatever now comes by way of resolution. MD sir mentioned we have a 28,000 crores of technically written of books. Whatever happens there it is only going to add to profits. So that again is very very comforting for all of us in terms of how the growth numbers stack up.

Lastly, I think the agility on the business side so being a mid-sized bank the ability to grow faster is there and it is being demonstrated now whether it is CASA, whether it is the deposit growth, whether it is RAM, the total advances. I think all in all put together the numbers are there to speak.

So all in all I would say it is a happening bank, It is a Bank to watch out for and I want the analyst community, the investor community to keep us covered positively and bring IOB more in prominence now that the financial numbers and the numbers stack up and it is something that can be showcased to the world and to the investor community also.

So that is one request from our side that please cover us and cover us positively. I think that definitely would be helpful and thank you everyone for joining us and coming here in good numbers.

We would definitely like to keep interacting with you. If you have any other questions or any other things at any point in time please feel free to reach out to our Investor Cell numbers and email IDs etc. there and we will be immediately coming back with whatever queries you have so that the Bank is positioned rightly and the true progress and the true face of the Bank is actually demonstrated to the world and the public at large. So thank you once again for joining us. Thank you.

Moderator: Thank you. On behalf of Indian Overseas bank and Veritas reputation we conclude this analyst meet. Please do join us for the high tea.

IOB MD and CEO: Thank you, everyone. Thank you.

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