



Result Update (11.05.2026)

“The Bank posted excellent results with good profitability and credit growth, driven by a prudent lending approach and continued digital initiatives”

Ajcon Global’s observations & views

1. IOB continues to prioritize profitability over aggressive balance sheet expansion, selectively avoiding low-yield corporate lending while focusing on high-margin RAM, gold loans, solar financing, and digitally enabled growth, which should support stable ROA and NIMs going forward.
2. The Bank maintained strong balance sheet resilience, supported by low credit costs, sustained recoveries exceeding slippages, proactive ECL provisioning, and conservative underwriting standards, reinforcing confidence in asset quality sustainability.

Q4FY26 RESULT ANALYSIS

- 1) **Total business** increased by 5.33% QoQ to Rs. 678614 Crores in Q4FY26 against Rs. 644276 Crores in Q3FY26. Also, it rose by 20.76% YoY from Rs. 561957 Crores in Q4FY25.
- 2) **Total deposits** rose by 5.41% QoQ to Rs. 368191 Crores in Q4FY26 against Rs. 349302 Crores in Q3FY26. It grew by 18.03% YoY from Rs. 311938 Crores in Q4FY25.
- 3) **Advances** expanded by 5.24% QoQ to Rs. 310423 Crores in Q4FY26 against Rs. 294974 Crores in Q3FY26 and it increased by 24.16% YoY from Rs. 250019 Crores in Q4FY25.
- 4) **Net interest income** grew by 5.18% QoQ to Rs. 3470 Crores in Q4FY26 against Rs. 3299 Crores in Q3FY26 and it was up by 11.11% YoY from Rs. 3123 Crores in Q4FY25.
- 5) **Operating profit** increased by 2.38% QoQ at Rs. 2665 Crores in Q4FY26 against Rs. 2603 Crores in Q3FY26 and it rose by 1.80% YoY from Rs. 2618 Crores in Q4FY25.
- 6) **Net Profit** rose by 10.26% QoQ to Rs. 1505 Crores in Q4FY26 against Rs. 1365 Crores in Q3FY26. Also, it rose by 43.20% YoY from Rs. 1051 Crores in Q4FY25.
- 7) **NIM (Global)** ticked down to 3.21% in FY26 against 3.25% in FY25.
- 8) **Domestic cost of deposits** edged lower to 4.79% in Q4FY26 against 4.92% in Q3FY26 and 5.17% in Q4FY25, respectively.
- 9) **Total Non-Interest Income** declined by 13.88% QoQ to Rs. 1291 Crores in Q4FY26 against Rs. 1499 Crores in Q3FY26 and it was down by 18.34% YoY from Rs. 1581 Crores in Q4FY25.
- 10) **Domestic Fee based income** increased by 4.98% QoQ to Rs. 696 Crores in Q4FY26 against Rs. 663 Crores in Q3FY26 and dipped by 18.79% YoY from Rs. 857 Crores in Q4FY25. **Global Fee based income** rose by 4.41% QoQ to Rs. 710 Crores in Q4FY26 against Rs. 680 Crores in Q3FY26 and declined by 18.58% YoY from Rs. 872 Crores in Q4FY25.
- 11) **Cost/Income ratio** fell to 44.02% in Q4FY26 against 45.74% in Q3FY26 and slightly came down from 44.35% in Q4FY25.
- 12) **CASA ratio (Domestic)** ticked up to 41.46% in Q4FY26 against 41.29% in Q3FY26 and fell from 44.05% in Q4FY25. **CASA ratio (Global)** slightly rose to 40.99% in Q4FY26 against 40.85% in Q3FY26 and came down from 43.65% in Q4FY25.
- 13) **Domestic Credit/Deposit (C/D) ratio** rose to 82.00% in Q4FY26 against 81.81% in Q3FY26 and 76.96% in Q4FY25, respectively. **Global C/D Ratio** marginally decreased to 84.31% in Q4FY26 against 84.45% in Q3FY26 and increased from 80.15% in Q4FY25.
- 14) **Return on assets (ROA)** marginally rose to 1.32% in Q4FY26 against 1.28% in Q3FY26 and 1.12% in Q4FY25, respectively.
- 15) **Fresh slippages** jumped to Rs. 366 Crores in Q4FY26 against Rs. 301 Crores in Q3FY26 and significantly declined YoY basis from Rs. 2756 Crores in Q4FY25. Total Recovery increased to Rs. 960 Crores in Q4FY26 against Rs. 890 Crores in Q3FY26 and it declined from Rs. 992 Crores in Q4FY25.
- 16) **Gross NPA ratio** improved to 1.42% in Q4FY26 against 1.54% in Q3FY26 and 2.14% in Q4FY25. Net NPAs ratio improved to 0.21% in Q4FY26 against 0.24% in Q3FY26 and 0.37% in Q4FY25.
- 17) **Provision Coverage ratio** stayed flattish to 97.50% QoQ in Q4FY26 from 97.49% in Q3FY26 and improved from 97.30% in Q4FY25.
- 18) **The Bank's Capital Adequacy ratio** gradually improved to 19.78% in Q4FY26 against 16.30% in Q3FY26 and marginally increased from 19.04% in Q4FY25.

KEY FINANCIAL INDICATORS – Q4FY26

CMP (11.05.2026)	: Rs. 34.29
Face Value	: Rs. 10
Book value per share	: Rs. 14.60
Market Capitalisation	: Rs. 66,108 Cr
Capital Adequacy Ratio	: 19.78%
Global C/D ratio	: 84.31%
CASA ratio	: 40.99%
Cost / Income ratio	: 44.02%
Gross NPA	: 1.42%
Net NPA	: 0.21%
PCR	: 97.50%
Slippage ratio	: 0.13%
Return on Assets (Annualised)	: 1.23%
Return on Equity (Annualised)	: 20.42%



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Management Comments

- 19) Responding to an analyst’s query on SMA trends, Mr. Ajay Kumar Srivastava (MD & CEO) emphasized the notable improvement in asset quality indicators, with SMA as a percentage of total credit declining significantly to 4.92% in FY 26 from 6.7% in March FY25. He further noted that, despite geopolitical concerns arising from the West Asia crisis, there is currently no visible stress in the portfolio.
- 20) Discussing ECL provisioning, the MD & CEO noted that the Bank has created a cumulative provision buffer of Rs. 1,750 crore so far, with Rs. 1,500 crore provided in Q3 and Rs. 250 crore in Q4. He expects the overall ECL requirement to be approximately Rs. 3,000 crore and stated that the Bank plans to absorb the entire impact upfront before April 2027 rather than following the staggered transition permitted by the RBI.
- 21) On the treasury outlook, Mr. Srivastava highlighted that geopolitical uncertainties and volatile market conditions are expected to keep treasury performance under pressure over the next two quarters. However, he emphasized that the Bank’s treasury team remains agile and is well-equipped to recalibrate strategies dynamically in response to evolving bond yield movements and market conditions.
- 22) Commenting on the growth opportunities under the newly approved ECLGS 5.0 scheme, the MD & CEO stated that nearly 25–30% of the Bank’s MSME and non-MSME portfolio is expected to be eligible under the framework, thereby providing a strong boost to credit growth. He further indicated that the scheme could unlock additional funding opportunity of about Rs. 8,000–10,000 crore by March 2027 for the Bank.
- 23) The MD & CEO expressed confidence in the Bank’s growth outlook, supported by strong fundamentals, healthy capital adequacy, and sustained profitability. Backed by India’s favorable economic and GDP growth prospects, the Bank expects industry growth of 14–16% and aims to outperform the broader banking industry through its ongoing three-year strategic growth plan.
- 24) The MD & CEO underlined the strong and sustainable recovery trend, with recoveries consistently exceeding slippages over the past three years, supported by high PCR of 97.5% and a steadily declining NPA base. He further added that the Bank expects recoveries of around Rs. 3,600 crore in FY27 despite moderation from earlier levels of Rs. 4,000+ crores of recovery due to lower outstanding NPAs.
- 25) Addressing concerns on agriculture portfolio and monsoon risk, the MD & CEO stated that weak monsoons may affect the agriculture sector, especially in crop-loan-dominated areas. He, however, highlighted that a large share of the southern agri portfolio comprises gold-backed agriculture jewel loans, which has traditionally ensured stable agricultural NPAs even during adverse weather conditions.
- 26) The MD & CEO highlighted that overseas NPAs are predominantly legacy exposures under legal resolution, with very limited fresh slippages over the past three years. He added that the Bank remains selective in its overseas lending operations due to lower yields. Also, the Bank expects NIMs of 3.21% globally and 3.32% domestically going forward, supported by a greater focus on higher-yield domestic lending.
- 27) On corporate lending strategy, Mr. Srivastava stated that the Bank is not averse to the Corporate loans as the sanctioned corporate pipeline is still Rs. 13,000 crore but remains selective and consciously avoids low-yield corporate exposures that could impact margins. The Bank’s focus is always on growth with profitability as reflected in 24% YoY credit growth FY 26, he added.