



“Indian Overseas Bank  
Q3 FY '25 Results Conference Call”  
January 20, 2025



**Management:** Mr. Ajay Kumar Srivastava, Managing Director & CEO  
Mr. Joydeep Dutta Roy – Executive Director  
Mr. T. Dhanaraj – Executive Director  
Mr. Mahesh Kumar S.P. – Chief Financial Officer

**Moderator:** Ms. Sonali Pandey – Veritas Reputation PR Private Limited

**Moderator:** Ladies and gentlemen, good day, and welcome to the Indian Overseas Bank Q3 FY '25 Results Conference Call hosted by Veritas Reputation PR Private Limited. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Sonali Pandey from Veritas Reputation PR Private Limited. Thank you, and over to you, ma'am.

**Sonali Pandey:** Good evening, and welcome to Indian overseas Bank conference call to discuss our financial results for quarter 3 FY 2025 ended December 31, 2024. Indian Overseas Bank IOB, headquartered in Chennai continues to strengthen its presence with 3,322 branches, eight retail loan processing centers, 3,503 ATMs and 9,041 business correspondents across India as of December 31, 2024.

IOB also provides services in four countries, Singapore, Hong Kong, Thailand and Sri Lanka with a trust of 41 million active customers in banks fold. Our comprehensive suite of services spans personal, corporate and agricultural banking along with credit cards, loans and insurance products.

In 2024, IOB was among the top-performing public sector banks, contributing to the Nifty PSU Bank index 14.48% annual gain. IOB delivered strong earnings growth driven by improved asset quality and reduced provisions, reflecting the broader resilience of the PSU banking sector. Our financial results are available on our website and stock exchange platform.

Before we proceed, please note that today's discussion may include forward-looking statements subject to risks and uncertainties that would impact future outcomes. We encourage you to consider these factors when evaluating our performance. Joining us today are Mr. Ajay Kumar Srivastava, Managing Director and CEO; Mr. Joydeep Dutta Roy, Executive Director; Mr. Dhanaraj T, Executive Director. We will begin with an overview of Q3 FY '25 performance followed by a Q&A session.

I now invite Mr. Mahesh Kumar S.P., Chief Financial Officer, to present the financial highlights. Over to you, sir.

**Mahesh Kumar S.P.:** Thank you, Sonali. Good evening to all. Wish you all analysts, investors and the stakeholders a very Happy and Prosperous New Year 2025. Regarding the bank during the current Q3 2024-'25, bank has achieved a remarkable growth in business mix of INR 5.43 lakh crores as on 31st December 2024 recording year-on-year growth over 9.82%.

I present an overview of the bank's performance during Q3 2024-'25. CASA grown in absolute terms to INR1.32 lakh crores with year-on-year growth rate of 9.45%. Total deposits growth achieved at INR3.05 lakh crores as on 31st December 2024 with a year-on-year growth rate of 9.74%. Gross advances grown year-on-year by 9.93% and stood at INR2.38 lakh crores.

Operating profit registered year-on-year improvement of 27.30% at INR2,266 crores. Net profit grown year-on-year by 20.89% at INR874 crores. Provision coverage ratio improved to 97.07% as on 31st December 2024. Capital adequacy ratio at 16.97% against the regulatory requirement of 11.50%.

Financial performance. Total income increased year-on-year by 13.07% to INR8,409 crores. Overall, interest income grown year-on-year by 15.16%, mainly due to growth in the advances level. Interest expenses increased year-on-year by 14.43% due to growth in deposit levels and the borrowings increased to meet the credit demand. Net interest income increased year-on-year by 16.31% at INR2,789 crores.

Non-interest income improved year-on-year by 2.85% due to recoveries in written-off accounts and increase in other fee income. Provisions on NPAs marginally increased by 9% due to migration provision that is aging related. And all efforts are made to reduce the slippage -- to arrest of the slippages and reduce the NPAs by robust recovery system.

Tax expense increased due to reversal of deferred tax assets and provision for income tax at overseas branches amounting to INR3 crores. Thus, the bank has posted an impressive net profit of INR874 crores for Q3 2024-'25 with improvement year-on-year by 20.89%. Cost of deposits increased to 5.08%. Previous year, it was 4.82% due to offering of competitive interest on one deposit product that is 444 days scheme, which is attracting more deposits.

Cost of funds increased due to increase in borrowings to meet the surging demand for the credit. Yield on investments improved to 6.86% due to planned investments in high-yielding securities. Yield on advances improved to 9.02%, mainly due to improved margins under RAM segment in addition to marginal increase in the MCLR.

There is an improvement in yield on funds to 8.45%. Return on assets improved year-on-year 0.93%. Return on equity improved year-on-year to 17.86%. Cost-to-income ratio reduced to 44.55% and year-on-year reduction, if you see, it is 680 bps it has reduced. Total advances registered a growth of 3.25% over previous quarter and year-on-year growth of 9.93% and stood at INR2.38 lakh crores.

Credit deposit ratio improved by 379 bps over previous quarter and year-on-year by 14 bps at 77.88%. Retail improved by 25.73% mainly due to improved credit growth under home loans, vehicle loans, personal loans and other retail loans like jewel loans, deposit loans, etcetera.

Agriculture sector has grown by 37.38%. MSME growth registered by 6.11%. Corporate credit declined by 19.63%. Main focus is on corporate credit is towards A and above rated corporate borrowers, which is constituting right now at 65%. Overseas credit growth at 0.28%. Restructuring accounts -- restructured accounts, there is a reduction in restructured accounts to INR4,307 crores as on 31st December 2024.

NPA management. Gross NPA reduced from INR8,441 crores to INR6,071 crores. Net NPA reduced from INR1,303 crores to INR976 crores. Total recovery from NPA during Q3 was INR957 crores and total recovery from technical written-off accounts was INR677 crores. Provision coverage ratio improved from 96.85% to 97.07%. Provision -- the PCR including

technical write-off, is at 83.92%. Robust and continuous monitoring system has improved in controlling slippages.

Slippage ratio reduced year-on-year from 0.17% to 0.13%. Slippages during Q3 is INR284 crores. Capital adequacy. The focus is given towards capital-light advances. Overall, capital adequacy ratio is at 16.97% that is without including the current year profits whatever we have earned on quarterly basis. And valuations like, there is a significant improvement on equity, earnings per share, written-on assets. And this is what I submit to you. Thank you.

**Moderator:** Sir, should we begin the question-and-answer session?

**Mahesh Kumar S.P.:** Yes, please.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

**Ashok Ajmera:** I'm Ashok Ajmera, Chairman of Ajcon Global. Compliments to you, sir, and the entire team of Indian Overseas Bank for a good set of numbers even in this quarter also. You have excelled on many fronts, especially at the end of the day, everybody is concerned about your PAT, which is of course very good. You improved on the -- everyone is bothered nowadays on the bottom line, so you improved your bottom line a lot even in this quarter also. Good control on the gross NPA and net NPA, good ROA number. Having said this sir, I have got some observations and some questions and some data points to ask.

So number 1 is -- in the other interest income, in the interest income, there is one INR218 crores in this quarter, whereas in the last quarter, it was zero. So I might have got the full details, but what it could be? This is one. If you can -- otherwise, I can ask my other questions also.

**Ajay Kumar Srivastava:** Yes, welcome back. That is a recovery from technical written-off of accounts. That goes to other income.

**Ashok Ajmera:** Technical written-off is recovery from written-off it's a -- that INR635 crores is in addition to this INR218 crores.

**Ajay Kumar Srivastava:** Sorry, I will give that clarification. The recovery from technical written-off it's already shown separately. That is income tax income and income tax refund, interest refund.

**Ashok Ajmera:** Interest on income tax. Yes, that's what only I was wondering this is there. And we have -- if you look at the -- or this Note number 18, about the tax liability, which is coming, I think, every quarter, and which is the old disputed liability about tax. Direct tax INR3,560 crores, indirect tax INR1,455 crores, which the auditor has given in the Note number 18.

So I would just like to know, and there was also one recent, I think, tribunal decision also about the banking on the MAT credit also that yes, your MAT was not applicable or something. So what is the impact on this? And where do we stand on this big almost about INR5,000 crores of liability hanging on on which there is no provision. So can you throw some light on that?

**Ajay Kumar Srivastava:** Yes. In fact, if you remember, Mr. Ajmera, you raised this question in our last meet also. At that point of time, this contingent liability on tax was around INR10,000 crores. And in that meeting also, it was conveyed to you by me is that, of course, there is no provision because we expect that almost 100% of our demand is genuine, and we are going to get it back.

Today that INR10,000 crores, we are standing at INR5,014 crores only and giving effect orders from income tax authorities of around INR4,100 crores is already released and that is how that INR10,000 crores has got reduced to INR5,000 crores. This goes on to -- let me finish, which goes on to show that whatever we say and whatever belief was that our demands are genuine and it will be acceptable. It has been accepted, 50% has been already been reduced giving effect orders we have got.

Remaining INR5,000 crores also, it is under discussion and under consideration. Hopefully, going forward, also, we are not required to make any provision against that. And we are 100% hopeful that this will also be settled in our favor.

**Ashok Ajmera:** Sir, while you are talking about this, can we also get the clarification on AS 23, the loss in the value of the investment, which we have made in our books or other companies. There, there is a I think a loss of INR373 crores, which has directly been reduced from the reserve as per the note. So what is that? And whether other banks are also doing that because somehow I missed or I have not noticed such note in the other banks? That's not on AS 23 either?

**Ajay Kumar Srivastava:** This is a consolidation effect.

**Mahesh Kumar S.P.:** Mr. Ajmera, good evening. This is when consolidating the both accounts. It is stand-alone, we do not have any effect on this. While consolidating the accounts, this effect has been taken pertaining to our RRB, that is an associate in there. So that is the effect sir.

**Ashok Ajmera:** That RRB is this thing. And in consolidation, we don't include Universal Sompo, where we are holding 18.06%. What is our plan on that sir? Are we -- do you want to increase the stake or you want to hive up this stake? Keeping 18.06%?

**Ajay Kumar Srivastava:** Right now we want to continue with that. In the immediate future we want to continue with that.

**Ashok Ajmera:** Because I did not adding to the consolidation also. It is just a plain investment. It's your call. Now sir on the credit and deposit front.

**Moderator:** Sorry to interrupt, Mr. Ashok...

**Ashok Ajmera:** So -- just a minute -- just give me one minute. Yes. Sir on the credit and deposit, I mean, on the business front, even though annualized fourth quarter, we are saying that 9%, 9.5% growth on the credit. In these 3 quarters, we have grown 8.49%. So what is our -- are we achieving our target on the credit and deposit side also, Even in the last quarter, we have slowed down rather negative by 1.78%. So overall, in the 3 quarters, it is 6.72% only, even though we are maintaining good CASA. So what is your views around this, the credit expansion, the credit growth for FY '25 total overall. Similarly, the deposit.

**Ajay Kumar Srivastava:** See, both things credit and deposit in the beginning of the year, we gave that guidance that we intend to grow by around 13% both deposit and credit. Nine months, we have turned almost around 10%, 9%, 9.5% in deposit as well as credit. And we are pretty confident that by the end of this financial year deposit and credit growth both will be thereby at least above 13%. That is what we are working at. Having come to deposit degrowth we are talking about.

So there are three components of deposits. That is CASA, retail term deposit and bulk deposit. So CASA, we have increased. Retail term deposit we have increased. Bulk deposit because of high cost -high rate of interest, we have as a part of the strategy deliberately, we have shed our bulk deposit which was the high cost to the bank.

So that was a deliberate attempt. And because of that only deposit you are showing a negative growth. But having said that, the bulk deposit consists of only 5% of my total deposit portfolio, remaining 90%, 95% is CASA and retail term deposit. And in both these CASA and retail term deposits, we have grown.

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

**Ajay Kumar Srivastava:** So thank you, everyone, for joining. As you can see, quarter-on-quarter improvement in all key parameters, all key ratios there has been -- there we are ensuring that quarter-on-quarter, whatever is supposed to improve, that is getting improved. And quarter-on-quarter, whatever is supposed to reduce, that is getting reduced.

We want to be known as a consistent bank, a bank which consistently performs and if you go through over last 8 or 9 quarters of our performance, you can see that quarter-on-quarter, there has been steady growth, which is sustainable. And that is what we intend to do going forward also.

And this is the intention. This is the intent. And for achieving that, we at IOB with the entire team is working for that. So thank you all for joining and raising your questions for clarification. Thank you so much.

**Moderator:** On behalf of Veritas Reputation PR Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.