Indian Overseas Bank

Q1 FY2027 Earnings Conference Call

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MODERATOR:	**MS. SONALI PANDEY, GROUP HEAD, VERITAS REPUTATION PR PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Earnings Conference Call of Indian Overseas Bank arranged by Veritas Reputation. At this moment, all participant lines are in the listen-only mode, and later we will conduct the question-and-answer session. At that time, if you have a question, please press star and one on the touchtone keypad. Please note that this conference is being recorded.

I now hand the conference over to Ms. Sonali Pandey from Veritas Reputation PR. Thank you, and over to you, Ms. Pandey.

Sonali Pandey: Thank you. Good evening, and welcome to Indian Overseas Bank Conference Call to discuss our Financial Results for Quarter 1 FY26-'27 ended June 30, 2026. Indian Overseas Bank, IOB, headquartered in Chennai, continues to strengthen its presence with over 3,522 branches, around 3,691 ATMs and 13,401 business correspondents across India.

IOB also provides services in 4 countries: Singapore, Hong Kong, Thailand and Sri Lanka, with a trust of 46-plus million total customers in the bank's fold. Our comprehensive suite of services spans personal, corporate and agricultural banking, along with credit cards, loans and insurance products. Our financial results are available on our website and stock exchange platforms.

Before we proceed, please note that today's discussion may include forward-looking statements subject to risks and uncertainties that could impact future outcomes. We encourage you to consider these factors when evaluating our performance.

Joining us today are Shri. Ajay Kumar Srivastava, Managing Director and CEO; Mr. Joydeep Dutta Roy, Executive Director; Mr. Dhanraj T., Executive Director. We will begin with an overview of our quarter 1 performance followed by a Q&A session.

Now I invite Mr. Raghuram Mallela, Company Secretary, Indian Overseas Bank, to present the financial highlights. Over to you, sir.

Raghuram Mallela: Thank you, Sonali. Good evening, all. I am pleased to present an overview of the Bank's performance during the quarter ended June 30, 2026. It's a proud moment for the bank today that the bank has reached a new milestone by achieving an all-time high quarterly net profit of INR 1,659 crores for this quarter as compared to INR 1,111 crores as on June 30, 2025 with 49.32% year-on-year increase.

Bank has achieved the operating profit of INR 2,693 crores, registering a year-on-year growth of 14.21%. Regarding the performance of the bank for the quarter ended 30 June 2026, bank has achieved a business mix of INR 6,98,325 crores, recording a year-on-year growth of over 17.72%.

CASA in absolute terms stood at INR 1,54,415 crores, with a year-on-year growth rate of 6.61%. CASA ratio domestic as on June 2026 stood at 41.45%. CASA Global stood at 41.05%. Total deposits reached at INR 3,76,193 crores as on 30 June 2026 with a year-on-year growth rate of 13.72%.

Total advances increased year-on-year by 22.75%, reaching INR 3,22,132 crores as against INR 2,62,421 crores as of 30th June 2025. Provision coverage ratio improved to 97.67% as on 30

June 2026 as compared to 97.47% as on 30 June 2025. Capital adequacy ratio stood at 19.36% as against the regulatory requirement of 11.50%.

Net interest margin global for the quarter ended 30 June 2026 is 3.37% with an increase of 12 bps as compared to 3.25% as of the last quarter March 2026. Net interest margin domestic stood at 3.48% for the quarter ended June 2026 as compared to 3.35% for the quarter ended March 2026.

With regard to the NPA management, gross NPA reduced from INR 5,178 crores to INR 4,292 crores year-on-year basis. Net NPA reduced from INR 816 crores to INR 588 crores. GNPA percentage has reduced by 64 bps year-on-year from 1.97% as on June 2025 and reached 1.33% as on June 2026.

Similarly, net NPA percentage has also been reduced by 14 bps year-on-year from 0.32% as on June 2025, and it stood at 0.18% as on June 2026. The slippage ratio of the bank is reduced to 0.06% for the quarter ended June 2026 as against 0.10% as on June 2025. And with respect to the valuations, there is a significant improvement in return on assets, which stood at 1.41% for the quarter ended June 2026, with a 27 bps increase as compared to June 2025.

With regard to book value per share, it improved to INR 15.79 for June 2026 when compared to INR 12.41 for June 2025. Similarly, improvement is evidenced in return on equity with 369 bps year-on-year. Currently, return on equity stood at 22.69% when compared to 19% for June 2025. Earnings per share for June 2026 is 0.86 which improved from 0.58 as on June 2025. This is all about the financial performance of the bank for the quarter ended 30 June 2026. Thank you.

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

Ashok Ajmera: Yes, thanks for giving me the opportunity first. Compliments, Srivastava Saab, Joydeepji, and Dhanarajji, and the entire team of the Indian Overseas Bank for the fantastic results for Q1 FY'27. And you are just a whisker away from INR 7 lakh crore business, which will be achieved soon or might have already been achieved by now.

And compliment that you met all the, I mean, parameters or the targets which are given and even in the current quarter also, there is a good credit growth of 3.77%, an overall annualized base is 22.75%, which is commendable.

Having said this, sir, I've got a couple of observations and some questions. In profitability, which is one of the highest now in the net profit, as was told just now, INR 1,659 crores. Even profit is also good at almost about INR 2,700 crores.

There is a major component of PSLC commission of INR 863 crores and good recovery. I mean reasonably good recovery from written-off accounts of also almost about INR490 crores. Fee based income has also gone up. So this PSLC and equally in the investment in the treasury book, also the profitability is there. So that is where the major contributor of this profit in this quarter.

So going forward, can you give us some colour on the -- I mean, how are we going to close this FY27 as far as the profitability is concerned, whether the consistency will remain there in spite of these -- some of these factors which may not be materialized in the coming quarters?

Ajay Kumar Srivastava: So regarding this profitability, say, you need to look at NII also, interest income and expenses. So NII, we have grown by 34.30% year-on-year. So that itself is showing that out of operations, the lending activity and whatever we are doing on liabilities, but the NII growth is one major part of driving profitability.

And in addition to this, you talked about PSLC and recovery from technical written-off accounts. These are routine activity. Every quarter, it happens. If you remember earlier also, the same type of query was there that whether this PSLC income or recovery from technically written-off accounts will continue going forward also.

In fact, if you look at last 8 to 9 quarters numbers, these 2 parameters are there in all quarters. PSLC sale income. And so this isintegral part of non interest income. And that will continue, of course, it is stable, and it will continue going forward also.

NII, of course, interest income is increasing quarter-on-quarter, year-on-year. So going forward, I do not see any challenge in maintaining this profitability. On last 10 quarters, if you see the trend of operating profit and net profit quarter-on-quarter is only one dimensional, that is increasing.

Ashok Ajmera: On the credit front, also this quarter has been good for almost every bank. Suddenly, a lot of demand has emerged and there was some clarity in between on this West Asian war also. Again, that conflict started again. So now going forward, number one, on that ECLGS, how much was sanctioned and disbursed, whether that -- have you started seeing now any pressure again coming back to the smaller accounts or SME accounts on the recovery front or on the delinquency front? And what are the numbers of the ECLGS -- if we can know that how much -- how many people have already availed it? How much is the amount of disbursement?

Ajay Kumar Srivastava: Yes. So ECLGS total universe from IOB side, whatever number of eligible accounts and amount is there, that is around INR4,400 crores. And out of that, we have so far disbursed around INR 2,600 crores based on the requirement of the individual borrowers and in terms of ECLGS 5 requirement. So, INR 2,600 crores is already done. INR 1,800 crores is expected to be done over the next one, one and half months. And demand is there, request is there. We are pretty sure that 95% to 100% of ECLGS disbursement will certainly take place by August end or September first week.

And regarding West Asia issue and stress on any small borrowers or SME accounts, so far we have not seen. Individual cases are there. But not as one product or one sector that this particular product or sector is struggling because of West Asia crisis. Earlier also, there was no such sign. And right now also, we are not observing anything of that type.

Ashok Ajmera: Okay, sir. Point well taken, sir. Now on the ECL front, how are we prepared? I mean are we continuing the same what was there in the last quarter? That we will be in a position -- I mean the impact may not be that sizable, and we will be able to take care of it without taking the benefit of those four years or so on the ECL? What is the total buffer provisioning on that, sir?

Ajay Kumar Srivastava: So the same strategy continues. Our initial assessment or internal assessment, I will say, it is to the tune of INR 3,000 crores of additional requirement. Till March, we created a forward-looking provision for ECL only INR 1,700 crores. This is the balance sheet we have added INR 400 crores additional. So against INR 3,000 crores of probable requirement, we have provided already INR 2,150 crores to meet this ECL provisioning requirement.

And in coming quarters also, we will be equally making a provision going forward so that by the end of this financial year, the entire requirement of ECLGS can be taken care of in one shot. And as part of our internal discussion, we do not intend to go for a four-year dispensation.

Ashok Ajmera: Very encouraging, sir. Sir, last question in this -- rather a data point, in our net worth, which has gone to INR 29,256 crores in this quarter from INR 28,114 crores, there is an addition -- in addition to the profit, there is an addition of INR 554 crores in the net worth. So is it because of the AFS, some addition in the reserves because of the revaluation? I mean, because of the valuation of the -- or the profit of the AFS book or some other components if they are in this INR 550 crores, some DTA or some other things? If you can?

Ajay Kumar Srivastava: DTA, we have done INR 200 crores, sir.

Ashok Ajmera: AFS, any addition to that?

Ajay Kumar Srivastava: Sir, MTM addition is there around INR 300 crores.

Ashok Ajmera: That's very good, sir. Just last question going from this down. Sir, your NIM is very good and increasing also. And one thing is that whether the consistent -- it can be maintained in the remaining three quarters? And second one, sir, somehow I couldn't find out the SMA numbers, SMA 1,2 -- 0, 1, 2, or SMA above INR 5 crores, either I have missed the slides or -- so can you give some colour on that, sir?

Ajay Kumar Srivastava: Total SMA is around 4%. And it is coming down because one month before it was 4.95. We are paying attention to that. And the first question was about NIM. The NIM, sir, last one year, if you see, we have been successfully maintaining NIM between 3.3 to 3.4.

Earlier also, we gave the same guidance that it will be maintained at that range. And for June number, if you see our domestic NIM it has gone to 3.48%. So we are pretty sure that going forward also, sir, NIM will be in this range only around 3.3 to 3.4. In this range, it will move. As regards SMA, SMA 0 is INR5,733 crores. SMA 1 is INR3,068 crores. And SMA 2 is INR4,246 crores. So total SMA is INR13,000 crores, percentage terms, it is 4.05%.

Ashok Ajmera: I think it's -- SMA 2 numbers have a little bit increased in this quarter. Isn't it?

Ajay Kumar Srivastava: Ajmera Sir, SMA 2 has increased by INR500 crores over March, that is correct. Total SMA, it has come down by INR2,200 crores.

Ashok Ajmera: Yes, sir. So any concern on that, sir, the SMA 2 numbers increasing or they are now regularized by now?

Ajay Kumar Srivastava: Mostly, it is regularized, sir. If you look at our slippage ratio, sir, if you map that with SMAs, you can see that slippage ratio is 0.06% for June. March, it was 0.1%.

Ashok Ajmera: Yes, it is substantially. It is almost 50% of March. No, what I want to know, is there any government guaranteed account or anything out of this INR 4,246 crores or these are all small?

Ajay Kumar Srivastava: Not government guaranteed, sir. I will say that CGTMSE coverage or CGFMU coverage from the smaller accounts will be there. But nothing alarming, sir. Slippage ratio for last 10 quarters has been around 0.10, 0.12. Asset-wise, quality-wise, we are absolutely 100% sure, sir.

Ashok Ajmera: Very good performance, all the best to you. I think a lot of other people are in the queue. So, I'll step off from here. And if time permits, I'll come back again. Thank you.

Vimal Panchal: We have approval of INR 5,000 crores equity raising plans. So, what is -- which way are we planning, say, QIP, OFS, rights with the government making -- not subscribing or which way we are looking? And this INR 5,000 crores, are we planning in one shot or in a staggered manner? Just wanted to know.

Ajay Kumar Srivastava: So, it is true that INR 5,000 crores of capital raising plan has been approved by the Board. And we are in the process of obtaining all other statutory approval before hitting the market. And we expect that in this quarter, it will happen. So maybe in Q3 or Q4, depending on the market conditions, we will go to the market maybe in 1 or 2 or maybe more than 2 tranches also.

Ashlesh Sonje: Firstly, if I look at the yield, yield on advances has gone up by about 10 basis points Q-o-Q. If you can just explain what is happening? And along with that, if you can also share what has happened on the corporate -- what is the strategy on the corporate loan book because that has declined 10% Q-o-Q?

Ajay Kumar Srivastava: Yes. Yield on advances has increased because of a pricing issue, of course. And about 54% of the credit portfolio is linked to MCLR and 37% to RLLR, and because of good quality lending at reasonable pricing, yield on advances has increased. The corporate book, I will say that, there is a pipeline of around INR 14,000 crores already sanctioned and in different stages of disbursement. And we expect that the corporate loan book also, by the end of this year will grow by 12% to 13%.

Ashlesh Sonje: Understood, sir. Sir, but when you say the yield has gone up because of better pricing, can you elaborate a bit more which segments you are seeing this exactly? And what is the response from the borrowers?

Ajay Kumar Srivastava: See, 80% of the portfolio is RAM, Retail Agriculture MSME. So, this yield is coming from everywhere. Retail Agri MSME, a part of it is coming from corporate also. So, it's not only one area of product specific. It is uniformly spread across.

Ashlesh Sonje: Sir, is it fair to -- is my interpretation right that yield has gone up across all segments or you are saying there is something else?

Ajay Kumar Srivastava: Yes, more or less, yes.

Ashlesh Sonje: Okay. Sir, and the corporate advances, which have declined 10%, would you have a sense of where the borrowers are going? Are they going back to the bond market or they are going to some other bank?

Ajay Kumar Srivastava: See, for IOB, this 10% decline is because of one bigger account around -- amounting to around INR 10,000 crores, which we -- in the first month of this financial year in the month of April itself, since pricing was not matching, so we came out of that arrangement. And this corporate loan book of 10% decrease is because of that. It's not the INR 10,000 crores of impact were more but around 40% of that we covered in quarter 1.

And after coverage of 40% of corporate loan book, this 10% negative growth is visible, which, of course, in this quarter, it will be covered. And as I said, by the end of the financial year, we'll be showing a growth of 12% to 13%. Having said that, if you look at the total overall credit growth, so year-on-year, we have grown by around 22%. And quarter-on-quarter also, I think we have grown by 4% credit.

Ashlesh Sonje: Sir, secondly, the cost of deposits has also improved. It has declined by about 10 basis points Q-o-Q. Can you explain what has happened there as well?

Ajay Kumar Srivastava: We have focused on CASA very aggressively. And we -- despite 13% or 14% growth in total deposit and 18% growth -- 17% growth in the retail term deposits, we have been able to maintain CASA of 41% on a consistent basis. And that is the only reason how cost of deposit has come down. We are not very aggressive in high rate of interest bulk deposit field.

All along, we maintain around 6% to 7% bulk deposit ratio out of total deposit of the bank. And that is strategy that focusing on CASA, and not too much of reliance on bulk deposits. So the combined impact of these 3, 4 strategies has resulted in a reduction in cost of deposit.

Ashlesh Sonje: Sir, one follow-up on that one. Is there any part of your term deposits, which is yet to be repriced downward or all the repricing is already complete now?

Ajay Kumar Srivastava: All repricing done, already done, yes. Completed 6 months before.

Ashlesh Sonje: Okay. Understood, sir. And thirdly, if I look at the fee income for the quarter, it has grown quite handsomely about 20% Y-o-Y, is this something -- can you just explain what has happened here? The growth is quite good.

Ajay Kumar Srivastava: Yes, 2 major components are, one is PSLC commission. Second is sale on retail term deposits. Third is processing fee, plus all other usual charges.

Ashlesh Sonje: Sir, if I look at the presentation, I'm talking about this component, which was INR476 crores, so the PSLC income is sitting outside that number?

Ajay Kumar Srivastava: INR 476 crores will be normal exchange and commission, LC commission, BG commission, non-fund business plus locker rents, plus all other charges, demand drafts.

Ashlesh Sonje: Sir just trying to understand what has led to the growth here. It's grown about 20%?

Ajay Kumar Srivastava: See, base is low, so it's looking at 20%. If you look at the numbers, last year, June, it was INR 398 crores, absolute numbers you see, from INR 398 crores to INR 476 crores. Base is low, so it is 20% you can see. But in absolute numbers, it is in that range only.

Ashlesh Sonje: Okay. Sir, have you -- in any of your loan segments, have you changed your fee structure in any manner materially, processing fees or something?

Ajay Kumar Srivastava: At the time of sanction, whatever terms and conditions are part of the sanction. The same continues in between, we do not change, generally, unless a rating downgrade happened.

Ashlesh Sonje: Okay. Understood, sir. Sir, lastly, if you can share, what is the outstanding loan book which you have under CGTMSE as of now?

Ajay Kumar Srivastava: CGTMSE will be around 15% to 16% of the total credit portfolio.

Aditya Mundra: It's actually more of a bookkeeping question. So, the book value per share that we disclosed in our presentation is about INR 15.79 as on June 2026. But if I calculate as per our net worth divided by the total number of shares, it comes to about 20.5. So -- and this is the kind of difference that we see in all the quarters and in all the time periods. When we disclose the book value, what is the kind of adjustment we are making when disclosing this book value? What would be our full year guidance for the growth as well as ROA, growth on the advances side and the ROA number?

Ajay Kumar Srivastava: See, credit growth, we are intending to grow at around 13% to 14%. And I always say that having said that, this is the minimum we want to grow. Beyond that also, we'll be growing. The last 3 years, we have grown in the range of around 20% over the last 3 years. 13% to 14% is the minimum we intend to grow. ROE at 1.41%, that is we are very comfortable with these numbers. Internally, at all points in time, we want to maintain it above 1.20%. So going forward, by end of this year, maybe financial year, maybe we are looking at around 1.46%.

Aditya Mundra: will it be NIM driven or a reduction in opex driven because credit costs seems to have bottomed out?

Ajay Kumar Srivastava: It will be NIM driven.

Aditya Mundra: NIM driven. Okay. And that would be because of the mix change? Because again on the mix side also, I think we are maximum on the RAM side, already about 75%, 80%. So will it be more liability side then cost of deposit reduction or what would drive that NIM, sir?

Ajay Kumar Srivastava: It will be both sides. It will be increase in interest income and it will be a decrease in interest expenses. So both sides, we have been working consistently. The same trend will continue, the same strategy will continue. The NIM driven ROA will be basically driven by increase or improvement in NIM.

Aditya Mundra: Okay. But you see a further upside because of the product mix, there could be some upside on the product mix basically.

Ajay Kumar Srivastava: Yes. Product mix, it depends on the type of requirement in which geography. So that is a very dynamic thing. Our rally is around 80%. We intend to maintain around that level.

Aditya Mundra: Okay. And there is no pressure going forward on the cost of deposit or the cost of fund side? In the sense that -- it should not increase from here at least. That's what we can see?

Ajay Kumar Srivastava: In the foreseeable future, yes, of course, I do not see any increase because we are not too much reliant on bank deposits. So it's basically CASA driven deposit area we are focusing on. So I think it will be at that level only, around that level.

Aditya Mundra: Okay. And sir, just one, I believe in the last quarter you had mentioned that some corporates, you classified as RAM, if I'm not wrong, what would be the criteria of classifying some corporates as RAM or maybe that's the MSME side of the corporates?

Ajay Kumar Srivastava: No, there is no definition or change in definition. The RAM sector also consists of big ticket loans in MSME and agriculture around 300, 400, 500. So they -- size-wise they are equivalent to corporate. But classification-wise, they fall in agriculture or MSME. That is what I intended to say as per RBI definition. So that was the point I was trying to make last time.

Kushal: There is a huge growth in miscellaneous income like 423% Q-o-Q. So can you put a light on it?

Ajay Kumar Srivastava: Miscellaneous income, it includes recovery from technically written off account and PSLC commission is there, So these two are the major components in addition to processing fees.

Kushal: Okay. And second question is on agriculture loan. How much agri loan is backed by gold? And are we seeing any delinquencies, or are you expecting any?

Ajay Kumar Srivastava: So far, we have not seen any delinquencies in agriculture loan and going forward also we do not see any stress.

Kushal: And on gold part?

Ajay Kumar Srivastava: Gold part will be broadly around 40% of the total portfolio will be agriculture general loans.

Kushal: Okay. And looking at the loan book growth, last time we said 13% to 14% loan book growth. Are we being conservative or what?

Ajay Kumar Srivastava: No, we are not being conservative. We are giving you that this will be the minimum we will grow. And last 3 years, the guidance has always been 13% to 14%, but we are growing in the range of around 22%.

Kushal: Okay. So are we expecting this growth phase to continue?

Ajay Kumar Srivastava: Yes, if everything remains normal, of course, you can expect that.

Sumera Choksi: . Sir, firstly, my commendations on a good set of numbers. So just coming to two specific questions, I'll ask them together. Sir, versus the rest of the peer set, we've seen our NIM, ROA, ROE and cost-to-income has been pretty good, right? And we've maintained that for a while. So aspirationally, because sir you've achieved such a good level.

What's your outlook for the next year or so in terms of sustaining or even bettering this because I believe, sir, you've reached a level which is quite good. So how would you seek to improve from that? It might not be the easiest challenge, but I'm sure you guys must be prepped for it?

And second, sir, in terms of both the asset liability franchise, on digital initiatives, how are we looking at growing both our asset and liability franchise in terms of digital initiatives specifically? Any new projects we are looking to initialize apart from our stack we've already built up or something else that you have planned?

Ajay Kumar Srivastava: Okay. So this NIM, ROA and cost-to-income part, I will address that part first. Of course, the level where we have reached, it's -- I will say that last six, seven, eight quarters, we have been consistently maintaining and improving it also. And the strategy, whatever we have thought of and planned, we have been successfully implementing it.

And going forward also, we will follow the same plan with maybe a little change or some moderation wherever required. If outside world, there are no uncertainties, there are no challenges, all of a sudden unexpected challenges, if everything remains smooth and constant. Of course, these numbers, you can see growth further going forward in next financial year.

But otherwise, despite challenges like West Asia challenges, again, it is looming large now. We are pretty confident that NIM will be able to maintain at around 3.3% to 3.40% because of our inherent strength and the type of efficiency we have brought into the system. ROA also around -- between 1.4% to 1.5%, we do expect in the foreseeable two to three quarters going forward.

Regarding assets and liabilities, digital side, of course, without digital, nothing moves in the system, in the banking system also. And so everything from asset side also and liability side, most of the things have already been shifted to the digital part. We engaged one of the Big Four consultants 3-4 years back and the entire digital product processes, software, everything has got revamped to match with the latest expectations and requirements.

So as on date around 96% of the total transactions happen digitally in the system. Across-the-counter transactions are hardly 2% to 3%. And a lot of efficiency has come in through mobile banking, through net banking. Of course, everyone does UPI. We have created products and systems where people can apply for loan also sitting at home and sanction later, they can get it within 10 minutes on their laptop or mobile.

Throughout the country, anywhere, anyone can get a locker allotted digitally in 2 minutes' time. Account opening, customer onboarding, whatever happens, around 75% of the onboarding happens digitally. A lot of initiatives have been taken place. And digital is that area where we cannot say that whatever we have done, that is sufficient. So every day is a new challenge. Every day is a learning process, and we are on it, I can say.

Sumera Choksi: Understood, sir. And just one more question, sir. I believe in the news recently and maybe you would like to shed some color on this. I think in terms of our international operations, we received the IFSCA license for GIFT City. So how are we looking at monetizing specifically more on our international ops as well? If you could just shed some color on that?

Ajay Kumar Srivastava: So we got this approval around 3 to 4 months back, and we have started the process of opening it. Maybe in another 2 months, it will come into physical existence. We will start the process. And we are looking to build a book of around 500 million by the end of this financial year through this GIFT City branch. 500 million is the internal budget.

Ashlesh Sonje: If I go back to this INR 10,000 crores exposure, I'm sure you would have thought about whether we should continue the pricing competition. How did you arrive at it, and then what was the thought process in eventually letting it go? What is the objective function? What are you trying to maximise here?

Ajay Kumar Srivastava: See, we do not want to do any loss-making business. It's very clear. And for us, you look at the credit growth numbers, we have grown by 22%. Whether that is coming from corporate or retail or RAM or overall book, that is not material to that extent as to compare against that at what pricing we are growing.

Just for the sake of increasing corporate book at sub 7% rate of interest, we are certainly not interested into that. And this strategy we are following over the last more than 2 years very, very successfully. So the idea is to maximize income and at good price where we have been able to match our cost of fund, cost of deposit.

We are lending subject to, of course, asset quality should be good and stress and all those things are not visible. Very successfully we have been doing over the last 2 quarters. You can see slippage ratio, hardly any slippage happens. That's so much about the underwriting capabilities.

Credit growth of 22% is happening. Colour of money is same, whether we are growing in corporate or retail or whether we are earning from corporate or retail or MSME. Overall, NII is increasing, NIM is increasing, ROA is increasing. So, we are more focused on fundamentals. And that -- again, I will come back to that point only that any loss-making activity where that business does not make any sense to us, we generally do not venture into that.

Ashlesh Sonje: Understood, sir. That helps. And lastly, what is your plan on mobilizing FCNR deposits? How much have you mobilized already?

Ajay Kumar Srivastava: We have already mobilised$300 million, since the time this dispensation came and we created a new product on FCNRB. We have 4 overseas centres, and we have more than 4.5 lakh existing NRI customers. We are reaching out to them through personal contacts, through SMS, through emails. We are extensively using our overseas centres and the new customers.

We intend to double it, maybe by the time this dispensation period which is coming to an end in September. By September, we intend to double it to $600 million, $650 million. That is the plan.

Aditya Mundra: Sir, just one more bookkeeping question I had on similar lines. For example, like our cost of deposit is about 4.7% and our cost of funds is 4.85%. Generally, we have observed for the banks is that cost of funds is typically lower than the cost of deposits. Any particular reason that we will have a cost of funds more than the cost of deposits? Is there a different formula that we have for it? Maybe we do cost of equity also in that?

Ajay Kumar Srivastava: We have seen many cases where cost of funds is higher than cost of deposits. And cost of fund includes borrowing costs also.

Aryan Rana: Yes. Congratulations to the management for a good set of numbers; in fact, a very good set of numbers. My question is around capital raising and dilution outlook. I recently approved a plan to raise to INR5,000 crores by equity and INR1,000 crores by our Tier 2 bonds. The Government of India holds a massive 92.44% stake.

So, my question to you, sir, is what is the precise timeline for the INR5,000 crores equity raises? And will this be executed by QIP or a public offering to help satisfy SEBI's minimum public shareholding goals? Over to you, sir.

Ajay Kumar Srivastava: We intend to go to the market in maybe more than one tranche in Q3 and Q4.

Aryan Rana: Okay. All right, sir. So, my next question would be around the historic asset quality movements. So, the gross NPA fell to about 1.33% and net NPA at about 0.1%. So, this was supported by a tiny slippage ratio of 0.6%. So, the question that I have is what is the full year credit cost guidance for this coming quarter?

Ajay Kumar Srivastava: Credit cost for June quarter is 0.14%. And we expect that for the full year, the credit cost should be around 0.35% to 0.40%.

Moderator: I would now like to hand the conference over to the management of Indian Overseas Bank for closing remarks.

Ajay Kumar Srivastava: So, thank you everyone for joining the conference and expressing your interest by way of raising the queries on the numbers whatever set of numbers, whatever we have generated quarter on quarter. And I have only to add here that we are very consistent. We are known to be as a very we want to be known as a very consistent bank.

Last 11 quarters of numbers if you see the things which are supposed to show a positive growth that is showing positive growth, and the areas where the numbers which are supposed to show negative growth, degrowth, it is happening accordingly. The consistency is the hallmark of IOB and going forward also I can assure you on behalf of the entire IOB team that the same type of consistency will be visible going forward also.

We intend to grow both sides assets and liabilities by 13% to 14% and as I said that is the minimum. We are committed to ensure good asset quality and slippages will be closer to minimum only. And the capital adequacy ratio of 19.36% that is against mandatory requirement of 11.50%, that shows the strength of the balance sheet.

And I am very happy to share this information with all of you that those accumulated losses have been made nil by way of internal accrual of net profit plus netting off by share premium. Thanks a lot.