



Ref No. IRC/287/2025-26

27.02.2026

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,

**Assignment of Initial (New) Credit Rating to our Bank by
M/s S&P Global Ratings Singapore Pte. Ltd, International Credit Rating Agency**

Pursuant to Regulation 30 read with Clause 3 of Para A of Part A of Schedule III and Regulation 55 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, and SEBI Master Circular No. SEBI/HO/DDHS/DDHS-POD2/P/CIR/2025/101 dated July 11, 2025, this is to inform that M/s S&P Global Ratings Singapore Pte. Ltd, International Credit Rating Agency has assigned the bank a fresh Issuer Credit Rating (ICR) as “**BBB/Stable/A2**” and Standalone Credit profile (SACP) as “**bbb-**”. The details of the rating assigned are as under:

Parameter	Name of Credit Rating Agency	Rating/ Outlook	Rating Action	Date of Credit Rating	Verification Status of CRA	Date of Verification
Issuer Credit Rating (ICR)- Long Term	S&P Global Ratings	BBB	New	27.02.2026	Verified	27.02.2026
Issuer Credit Rating (ICR)- Short Term	S&P Global Ratings	A2	New	27.02.2026	Verified	27.02.2026
Outlook	S&P Global Ratings	Stable	New	27.02.2026	Verified	27.02.2026
Standalone Credit Profile	S&P Global Ratings	bbb-	New	27.02.2026	Verified	27.02.2026

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

Thanking you,

Yours faithfully,

Ram Mohan K
Compliance Officer

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Indian Overseas Bank Assigned 'BBB/A-2' Ratings; Outlook Stable

February 27, 2026

Overview

- Indian Overseas Bank (IOB) has a very high likelihood of receiving government support if needed, in our view.
- The bank has robust capitalization, solid funding, and healthy liquidity that underpin its credit quality.
- We assigned our 'BBB' long-term and 'A-2' short-term issuer credit ratings to IOB.
- The stable outlook on the long-term rating reflects our view that the India-based bank will maintain its solid capital position and funding and liquidity profile over the next two years.

Rating Action

On Feb. 27, 2026, S&P Global Ratings assigned its 'BBB' long-term and 'A-2' short-term issuer credit ratings to IOB. The outlook on the long-term rating is stable.

Rationale

Our ratings reflect our expectation of extraordinary support from the government of India, if needed. The long-term rating on IOB is one notch above our assessment of its stand-alone credit profile (SACP). We see a very high likelihood that the government would provide the bank with timely and sufficient extraordinary support in the event of financial distress.

In our view, IOB plays a very important role as a public sector bank in promoting financial inclusion through increased access to deposit and lending services. The bank has very strong links with the government via majority government ownership and control.

The starting point for our ratings on IOB is 'bbb-', the same as for any bank operating predominantly in India. Drivers for our SACP include the bank's strong capitalization and deposit base. The bank's growing but still-small size and concentrated loan portfolio partially temper these strengths.

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Indian Overseas Bank Assigned 'BBB/A-2' Ratings; Outlook Stable

IOB is gradually expanding across India, with a concentration in southern India. The bank ranks among India's top 15 banks. Although it is strong in the south, particularly in Tamil Nadu, it remains a small player in a fragmented industry.

IOB accounted for less than 1.5% of the deposit and loan markets in India as of end-December 2025. This was much lesser than other rated government-owned banks such as State Bank of India, Indian Bank, and Union Bank of India.

We project IOB's return on assets (ROA) at about 1% starting fiscal 2027 (ending March 31, 2027). This is slightly lower than the bank's annualized ROA of 1.2% for the nine months ending Dec. 31, 2025, because the bank may set aside additional provisions as part of its transition to International Financial Reporting Standard (IFRS) 9. While the bank has weaker profitability than some peers, potential recoveries from a large written-off loan pool may enhance its bottom line.

Steady internal capital generation and timely capital infusions will support strong capitalization. We expect IOB to maintain a stable risk-adjusted capital (RAC) ratio of 10.0%-10.5% over the next two years. The bank had a RAC ratio of 10.2% (calibrated for an economic risk score of '5' and our 'BBB' long-term sovereign credit rating on India) as of March 31, 2025. Higher loan growth offsets our expectation of a capital infusion. IOB's quality of capital is weakened by its sizable amount of deferred tax assets at 14% of total adjusted capital. While this is higher than many peers, we expect the proportion to decline below 10% this year.

We expect IOB to raise additional capital over the next year or so to further dilute its government ownership to 75%, from 92.4% as of December 2025. This is to comply with the minimum public float of 25% that the Securities and Exchange Board of India requires for listed entities. In our view, the bank could sell new and existing shares.

IOB has received board approval to raise an additional Indian rupee (INR) 40 billion of capital through qualified institutional placements before end-fiscal 2026. The bank raised about INR14.4 billion via such placements in March 2025.

Above-average loan growth and some loan concentration expose IOB to asset quality risk.

While the bank continues to expand across India, its loan book remains concentrated in Tamil Nadu, which accounted for about 36% of its loans as of end-December 2025.

IOB also has borrower concentration. The bank's top 20 borrowers account for about 15% of its total advances, higher than for many domestic peers. That said, most of its top borrowers are government-owned entities that benefit from state government guarantees.

The bank is also exposed to vulnerabilities in the agriculture sector, which accounts for 32% of its total loans as of end Dec. 31, 2025. This level is more than the industry's 13%. However, IOB has mitigated the risk in this business by taking gold as collateral.

We anticipate credit losses will climb to 0.6%-0.8% of customer loans over the next two years, from 0.57% in first nine months of fiscal 2026. This is as the bank front-loads some provisioning ahead of its transition to IFRS 9.

IOB's loan book historically had higher loss rates than the industry average. The bank had an average credit loss ratio of 2.5% over fiscal years 2019-2025, versus 1.7% for the industry. Its slippage ratio has declined drastically since fiscal 2024, to an annualized 0.5% in the first nine months of fiscal 2026, from 2.9% for fiscal year 2023.

IOB has strong funding from a solid retail deposit base, thanks to its government links.

Customers have confidence in the bank as a government-owned bank.

Indian Overseas Bank Assigned 'BBB/A-2' Ratings; Outlook Stable

Its deposits consist mainly of granular retail deposits, with the top 20 depositors accounting for 4.1% of total deposits at end-March 2025. This level of deposit concentration is lower than that of most domestic peers.

IOB had a strong stable funding ratio of about 134% on average in the past five years, higher than most domestic peers. Current and savings accounts (CASA) remain a significant source of the bank's funding, at about 42% of its customer deposits as of end-December 2025. The number was higher than for several domestic peers. In our view, IOB's will be able to maintain its CASA ratio over the next two years. However, its loan-to-deposit ratio may increase to 85%-90% over the next two years as loan growth outpaces deposit growth. The bank had a loan-to-deposit ratio of 84% as of end-December 2025, a level similar to public sector bank peers.

We expect IOB to maintain a solid pool of liquid assets to support liquidity. The bank had a ratio of broad liquid assets to short-term wholesale funding of more than 50x as of March 2025, much higher than domestic peers.

Outlook

The stable outlook on the long-term rating reflects our view that IOB will raise capital and maintain its solid capital position, good funding, and liquidity profile over the next two years.

We also assess a very high likelihood of government support for the bank if needed over the next two years.

Downside scenario

We could downgrade IOB if we lower our sovereign ratings on India, or if we revise downward our assessment of the bank's SACP. We may revise down the SACP if:

- The bank's RAC ratio falls sustainably below 10%. This could happen if the bank fails to raise additional capital as planned; or
- Its funding profile deteriorates, based on a sustained drop in low-cost deposits or an increase in the loan-to-deposit ratio such that the ratio is no longer superior to that of rated peers.

Upside scenario

We could upgrade IOB if we raise the sovereign ratings on India and revise the bank's SACP upward. We view this scenario as unlikely over the next two years.

Rating Component Scores

Indian Overseas Bank Assigned 'BBB/A-2' Ratings; Outlook Stable

Rating Component Scores

Issuer Credit Rating	BBB/Stable/A-2
SACP	bbb-
Anchor	bbb-
Business position	Moderate (-1)
Capital and earnings	Strong (+1)
Risk position	Moderate (-1)
Funding and liquidity	Strong and Strong (+1)
Comparable ratings analysis	0
Support	1
ALAC support	0
GRE support	1
Group support	0
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings List

Ratings List

New Rating

Indian Overseas Bank

Issuer Credit Rating	BBB/Stable/A-2
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Indian Overseas Bank Assigned 'BBB/A-2' Ratings; Outlook Stable

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Indian Overseas Bank Assigned 'BBB/A-2' Ratings; Outlook Stable

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