

**INDIAN OVERSEAS BANK**  
**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31.03.2014**

In Rupees Thousand	Bank		Group	
	Current Period From 01.04.2013 to 31.03.2014 in LKR	Previous Period From 01.04.2012 to 31.03.2013 in LKR	Current Period From 01.04.2013 to 31.03.2014 in INR	Previous Period From 01.04.2012 to 31.03.2013 in INR
Interest Income	1,284,216	1,106,875	226,837,339	206,767,255
Interest expenses	313,474	296,259	171,069,153	154,247,762
<b>Net Interest income</b>	<b>970,742</b>	<b>810,616</b>	<b>55,768,186</b>	<b>52,519,493</b>
Fee and Commission income	105,229	64,880	9,290,656	8,953,309
Fee and Commission expenses	8,270	6,175	-	-
<b>Net fee and Commission income</b>	<b>96,959</b>	<b>58,705</b>	<b>9,290,656</b>	<b>8,953,309</b>
Net gain / (loss) from trading	8,658	-	3,842,905	2,430,719
Net gain / (loss) from financial instruments designated at fair value through profit or loss	-	-	-	-
Net gain / (loss) from financial investments	-	-	-	-
Other operating income (net)	46,205	37,856	8,559,878	8,345,017
<b>Total operating income</b>	<b>1,122,564</b>	<b>907,177</b>	<b>77,461,625</b>	<b>72,248,538</b>
Impairment for loans and other losses	100,710	8,774	31,542,038	30,695,294
Individual Impairment	-	-	-	-
Collective Impairment	-	-	-	-
Others	100,710	8,774	31,542,038	30,695,294
<b>Net Operating income</b>	<b>1,021,854</b>	<b>915,951</b>	<b>45,919,587</b>	<b>41,553,244</b>
Personal expenses	50,475	48,010	22,700,548	19,999,468
Depreciation and amortisation	93,063	73,129	8,684,987	7,653,841
Other expenses	5,579	3,824	6,103,646	6,425,128

Operating profit / (loss) before value added tax (VAT)	872,737	790,988	8,430,406	7,474,807
Value added tax (VAT) on financial services	71,534	86,158	-	-
<b>Operating profit / (loss) after value added tax (VAT)</b>	<b>801,203</b>	<b>704,830</b>	<b>8,430,406</b>	<b>7,474,807</b>
Share or profits of associates and joint ventures			-	-
<b>Profit / (loss) before tax</b>	<b>801,203</b>	<b>704,830</b>	<b>8,430,406</b>	<b>7,474,807</b>
Tax expenses	101,138	93,652	2,412,991	1,802,530
<b>Profit / (loss) for the period</b>	<b>700,065</b>	<b>611,178</b>	<b>6,017,415</b>	<b>5,672,277</b>
<b>Profit attributable to :</b>				
Owners of the parent				
Non-controlling interest				
<hr/>				
<b>Earnings per share on profit</b>				
Basic earnings per ordinary share				
Diluted earnings per ordinary share				

**INDIAN OVERSEAS BANK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31.03.2014**

In Rupees Thousand	Bank		Group	
	Current Period	Previous Period	Current Period	Previous Period
	From	From	From	From
	01.04.2013	01.04.2012	01.04.2013	01.04.2012
	to	to	to	to
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	in LKR	in LKR	in INR	in INR
<b>Profit (loss) for the period</b>	<b>700,065</b>	<b>611,178</b>	<b>6,017,415</b>	<b>5,672,277</b>
<b>Other comprehensive income, net of tax</b>				
Changes in revaluation surplus				
Actuarial gains and losses on defined benefit plans	-	-	-	-
Gains and losses (arising from translating the financial statements of a foreign operation				
Gains and losses on re - measuring available-for-sale financial assets				
Gains and losses on cash flow hedges				
Others				
Share of profits of associates and joint ventures				
Less : Tax expense / (income) relating to components of other comprehensive income				
<b>Other comprehensive income for the period, net of taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>700,065</b>	<b>611,178</b>	<b>6,017,415</b>	<b>5,672,277</b>
<b>Total comprehensive income for the period</b>				
<b>Attributable to :</b>				
Owners of the parent				
Non -controlling interests				

**INDIAN OVERSEAS BANK**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31.03.2014**

In Rupees Thousand	Bank		Group	
	Current	Previous	Current	Previous
	Period	Period	Period	Period
	As at 31.03.2014 in LKR	As at 31.03.2013 in LKR	As at 31.03.2014 in INR	As at 31.03.2013 in INR
<b>Assets</b>				
Cash and cash equivalents	1,617,680	4,345,832	119,285,724	99,613,059
Balances with central banks	72,284	103,332	7,204,449	3,134,204
Placements with banks	-	-	70,802,053	52,971,139
Derivative financial instruments	-	-	-	-
Other financial assets held-for-trading	-	-	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-
Loans and receivables to Banks	45,000	49,040	11,833,502	9,599,229
Loans and receivables to other customers	19,748,376	13,848,461	1,747,044,167	1,594,041,943
Financial investments - Available -for -sale	2,040	2,040	181,054,837	455,977,657
Financial investments - Held -to -maturity	2,599,657	1,749,067	514,108,710	155,061,618
Investments in subsidiaries	-	-	-	-
Investments in associates and joint ventures	-	-	-	-
Property, plant and equipment	199,583	228,596	26,043,772	18,470,364
Investment properties	-	-	-	-
Goodwill and tangible assets	13,635	-	-	-
Deffered tax assets	4,119	-	-	-
Other assets	40,437	62,918	71,671,187	57,691,133
<b>Total assets</b>	<b>24,342,811</b>	<b>20,389,286</b>	<b>2,749,048,401</b>	<b>2,446,560,346</b>
<b>Liabilities</b>				
Due to banks	15,860,700	13,873,650	119,057,205	128,389,356
Derivative financial instruments	-	-	-	-
Other financial assets held-for-trading	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Due to other customers	3,275,660	1,977,585	2,160,703,662	2,018,205,286

Other borrowings	-	-	-	-
Debts securities issued	-	-	-	-
Current tax liabilities	-	11,371	-	-
Deffered tax liabilities	-	23,560	2,729,892	2,312,541
Other provisions	34,662	33,818	602,341	1,075,205
Other liabilities	96,684	94,260	304,253,578	162,004,389
Due to subsidiaries	-	-	-	-
Subordinated term debts	-	-	-	-
<b>Total liabilities</b>	<b>19,267,706</b>	<b>16,014,244</b>	<b>2,587,346,678</b>	<b>2,311,986,777</b>
<b>Equity</b>				
Stated capital / Assigned capital	2,288,494	2,288,495	12,353,483	9,240,953
Statutory reserve fund	138,664	99,666	30,621,187	29,116,187
Retained earnings	2,117,499	1,525,116	-	-
Other reserves	530,448	461,765	118,727,053	96,216,429
Total shareholders' equity	5,075,105	4,375,042	161,701,723	134,573,569
Non-controlling interest				
<b>Total equity</b>	<b>5,075,105</b>	<b>4,375,042</b>	<b>161,701,723</b>	<b>134,573,569</b>
<b>Total equity and liabilities</b>	<b>24,342,811</b>	<b>20,389,286</b>	<b>2,749,048,401</b>	<b>2,446,560,346</b>
<b>Contingent liabilities and commitments</b>	<b>3,060,388</b>	<b>1,115,671</b>	<b>702,627,841</b>	<b>710,012,096</b>
<b>Memorandum Information</b>				
Number of Employees	28	28	30,623	28,449
Number of Branches	2	2	3,122	2,968

**INDIAN OVERSEAS BANK**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31.03.2014**

In Rupees Thousand	Bank (in LKR)		Group(in INR)	
	Current	Previous	Current	Previous
	Period	Period	Period	Period
	31/03/14	31/03/13	31/03/14	31/03/13
<b>Cash flows from operating activities</b>				
Profit before tax	801,204	704,830	8,430	7,475
Adjustment for :				
Non - cash items included in profits before tax	(3,608)	22,560	31,190	32,629
Change in operating assets	(5,542,837)	(4,248,895)	(283,628)	(277,134)
Change in operating liabilities	1,300,499	(1,001,001)	275,360	232,300
Net gains from investing activities	(230)	(2,893)		(3,114)
Share of profits in associates and joint ventures				
Dividend income from subsidiaries and associates				
Interest expense on subordinated debt			6,078	6,070
Others (plesas specify)	-	(21)		
Contribution paid to defined benefit plans	(4,156)	(951)		
Tax paid	(126,393)	(31,971)	(4,650)	(4,295)
<b>Net cash generated from operating activities</b>	<b>(3,575,521)</b>	<b>(4,558,342)</b>	<b>32,780</b>	<b>(6,069)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant & equipment	(414)	(20,338)	(2,216)	(2,332)
Proceeds from te sale of property, plant & equipment	-	42	19	52
Purchase of financial investments	(1,139,496)	841,283		
Proceeds from te sale and maturity of financial investments				
Net purchase of intangible assets				
Net cash flow from acquisition of investment in subsidiaries and associates				
Net cash flow from disposal of subsidiaries			(69)	(1,733)
Proccds from disposal of associates and joint ventures				
Dividends received from investment in subsidiaries & associates	230	2,894		
Others (plesas specify)				

<b>Net cash (used in) / from investing activities</b>	<b>(1,139,680)</b>	<b>823,881</b>	<b>(2,266)</b>	<b>(4,013)</b>
<b>Cash flows from financing activities</b>				
Net proceeds from the issue of ordinary share capital			15,980	10,000
Net proceeds from the issue of other equity instruments				
Net proceeds from the issue of subordinated debt				
Repayment of subordinated debt			(2,000)	
Interest paid on subordinated debt			(6,046)	(5,777)
Dividend paid to non-controlling interest				
Dividend paid to shareholders of the parent company				
Dividend paid to holders of other equity instruments				
Others (please specify)			(945)	(4,168)
<b>Net cash from financing activities</b>	<b>1,987,050</b>	<b>6,648,810</b>		
	<b>1,987,050</b>	<b>6,648,810</b>	<b>6,989</b>	<b>55</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(2,728,151)</b>	<b>2,914,349</b>	<b>37,503</b>	<b>(10,027)</b>
Cash & cash equivalents at the beginning of the period	4,345,831	1,431,483	152,584	162,611
Exchange difference in respect of cash & cash equivalent				
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>1,617,680</b>	<b>4,345,832</b>	<b>190,087</b>	<b>152,584</b>

INDIAN OVERSEAS BANK  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31.03.2014

<b>Bank</b>										
In Rupees Thousand	Stated capital/Assigned capital)			Reserve fund	Revaluation reserve	Reserves		Total	Non-controlling interest	Total equity
	Ordinary voting shares	Ordinary non-voting shares	Assigned capital			Retained earnings	Other reserves			
Balance as at 01/04/13	-	-	2,288,495	73,091	-	1,016,401	381,852	3,759,839	-	3,759,839
Total comprehensive income for the year	-	-	-	-	-	611,178	-	611,178	-	611,178
Profit/(loss) for the year	-	-	-	-	-	4,024	-	4,024	-	4,024
Other comprehensive income (net of tax)	-	-	2,288,495	73,091	-	1,631,603	381,852	4,375,041	-	4,375,041
Total comprehensive income for the year	-	-	2,288,495	73,091	-	1,631,603	381,852	4,375,041	-	4,375,041
<b>Transactions with equity holders, recognised directly in equity</b>										
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-	-	-	-
Transfers to reserve during the period	-	-	-	65,574	-	-	148,595	214,169	-	214,169
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on revaluation of Property, Plant and Equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others (Please specify)	-	-	-	-	-	485,896	-	485,896	-	485,896
Total transactions with equity holders	-	-	-	-	-	485,896	-	485,896	-	485,896
Balance as at 31/03/2014	-	-	2,288,495	138,665	-	2,117,499	530,447	5,075,106	-	5,075,106
<b>Group</b>										
In Rupees Thousand	Stated capital/Assigned capital)			Reserve fund	Revaluation reserve	Reserves		Total	Non-controlling interest	Total equity
	Ordinary voting shares	Ordinary non-voting shares	Assigned capital			Retained earnings	Other reserves			
Balance as at 01/04/13	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	9,240,953	-	-	29,116,187	11,479,366	-	84,737,065	134,573,571	-	134,573,571
Profit/(loss) for the year	-	-	-	-	-	6,017,415	-	6,017,415	-	6,017,415
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	9,240,953	-	-	29,116,187	11,479,366	6,017,415	84,737,065	140,590,986	-	140,590,986
<b>Transactions with equity holders, recognised directly in equity</b>										
Share issue/increase of assigned capital	3,112,530	-	-	-	-	-	12,867,929	15,980,459	-	15,980,459
Share options exercised	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-	-	-	-
Transfers to reserve during the period	-	-	-	1,505,000	6,659,691	(4,335,528)	2,983,002	6,812,165	-	6,812,165
Dividends to equity holders	-	-	-	-	-	(1,681,887)	-	(1,681,887)	-	(1,681,887)
Profit transferred to head office	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on revaluation of Property, Plant and Equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others (Please specify)	-	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	3,112,530	-	-	1,505,000	6,659,691	(6,017,415)	15,850,931	21,110,737	-	21,110,737
Balance as at 31/03/2014	12,353,483	-	-	30,621,187	18,139,057	-	100,587,996	161,701,723	-	161,701,723



**INDIAN OVERSEAS BANK**  
**SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)**  
**AS AT 31.03.2014**

Item	Bank		Group	
	31/03/14	31/03/13	31/03/14	31/03/13
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs. '000	5036.85	4223.07	140682	120885
Total Capital Base, Rs. '000	4971.24	4112.00	205525	183660
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	55.63%	60.89%	7.63%	7.80%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	54.90%	59.29%	11.15%	11.85%
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	3.29%	7.42%	4.98%	4.02%
Net-Non Performing Advances, % (net of interest in suspense and provision)	0.13%	2.33%	3.20%	2.50%
<b>Profitability</b>				
Interest Margin, %	4.23%	4.68%	1.88%	2.43%
Return on Assets (befor Tax), %	2.82%	2.99%	0.32%	0.31%
Return on Equity, %	13.71%	13.14%	5.03%	5.49%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs. '000	16116.46	16389.39	589411	542613.87
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	90.62%	105.66%		
Off - shore Banking Unit	930.25%			

### Corporate Governance

The Bank facilitates good corporate Governance by its commitments for ethical practices in the conduct of its business to ensure transparency and efficiency. The Bank is also committed to follow high disclosure standard and transparency in financial reporting so as to keep investors and stakeholders adequately informed. It is essential for proper accountability between organization and its stakeholders.

### Risk Management

Risk taking is an integral part of the banking business. Banks assume various types of risks in its activities while providing different kinds of services based on its risk appetite. In the normal course of business, a bank is exposed to various risks including Credit Risk, Market Risk and Operational Risk. With a view to managing such risks efficiently and strengthening its risk management systems, the bank has put in place various risk management measures and practices which includes policies, tools, techniques, monitoring mechanism and management information systems (MIS).

The Bank has adopted the new Capital Adequacy Framework (Basel II) with effect from January 2008. In line with Regulator's guidelines, the Bank adopted the Standardised Approach (SA) for computation of Credit Risk Capital, Basic Indicator approach for calculating the capital for Operational Risk and Standardised Measurement Method (SMM) for Market Risk Capital computation. The Bank has put in place a Board approved Policy on Internal Capital Adequacy Assessment Process (ICAAP) to address second pillar requirements. This policy aims at assessing all material risks to which the bank is exposed over and above the regulatory prescriptions under the first pillars risks, and ensuring adequate capital structure to meet the requirements on an ongoing basis.

A full fledged Risk Management department is functioning at the Bank's Central Office, independent of the business departments for implementing best risk management systems and practices in the bank. A Chief Risk Officer in the rank of General Manager of the bank is in charge of the department who is responsible for overall supervision on risk management in the bank and is the convener for all the internal risk management committees. The Mid-Office in Risk Management and Credit Support Services Dept., in particular, and other functional departments/branches in general also carry out the risk management functions and monitor the adherence/compliance to policies, risk limit framework and internal approvals.

## **CERTIFICATION**

We, the undersigned, being the Chief Executive Officer and the Compliance Officer of Indian Overseas Bank certify jointly that :

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka
- (b) the information contained in these statements have been extracted from the audited financial statements of the bank.

**COUNTRY HEAD**

**COMPLIANCE OFFICER**

Date: 27.06.2014