



Indian Overseas Bank  
Central Office  
Chennai

Press Release

26.10.2018

Performance Highlights - 30.09.2018

<u>Top Line - Milestones (Rs. Crores)</u>		<u>Key Performance Indicators</u>		
➤ Deposits	Rs. 2,23,169		Global	Domestic
➤ Advances	Rs. 1,50,040	CASA Ratio	35.95	36.46
➤ Business Mix	Rs. 3,73,209	Net Interest Margin	1.91	1.92
➤ CASA	Rs. 80,219	Cost of Deposit	5.39	5.50
➤ CASA (%)	35.95	Yield on Advances	7.14	7.42
<u>Bottom Line (Rs. Crores)</u>				
➤ Operating Profit	Rs. 1,304 (3M)	➤ Provision Coverage Ratio at	61.97%	
➤ Net loss	Rs. 487 (3M)	➤ Non interest Income to	19.91%	
➤ Provision for bad and doubtful assets	Rs. 1,678 (3M)	➤ Total Income		
➤ Operating Profit	Rs. 2,436 (6M)	➤ Cost to Income Ratio	42.63%	
➤ Net Loss	Rs. 1,407 (6M)	➤ RWA to Total Advances	85.00%	
➤ Gross NPA	Rs.37,110 24.73%	➤ Credit RWA to Total Advances	64.58%	
➤ Decrease by	91 bps	➤ RAM % to Total Advances	65.89%	
➤ Net NPA	Rs.18,876 14.34%			
➤ Decrease by	76 bps			

**Net Loss is due to provisions on bad debts and investment and not due to operations.**

**Performance Highlights for the Quarter ended September 30, 2018 QoQ (Sequential)**

- Total business registered an increase of 3.12%** and stood at Rs.3,73,209 crore as on 30th September 2018 as against Rs. 3,61,928 crore as on 30th June 2018.



2. **Total deposits registered an increase of 4.69%** and stood at Rs.2,23,169 crore as on 30<sup>th</sup> September 2018 as against Rs. 2,13,168 crore as on 30<sup>th</sup> June 2018.
3. **CASA** of the Bank stood at 36.46% as on 30<sup>th</sup> September 2018.
4. **Gross Advances registered an increase of 0.86%** and stood at Rs. 1,50,040 crore as on 30<sup>th</sup> September 2018 as against Rs. 1,48,760 crore as on 30<sup>th</sup> June 2018.
5. **Operating Profit registered an increase of 15.19% for Quarter ended 30<sup>th</sup> September 2018 and stood at Rs.1304 crore as against Rs. 1132 crore for the quarter ended 30<sup>th</sup> June 2018.**
6. **Net loss reduced by 47%** for quarter ended 30<sup>th</sup> September 2018 and is Rs. 487 crore as against Rs. 919 crore for quarter ended 30<sup>th</sup> June 2018.
7. **Total income for the quarter ended 30<sup>th</sup> September 2018 is Rs. 5348 crore as against Rs. 5327 crore for the quarter ended 30<sup>th</sup> June 2018.**
8. **Interest income stood at Rs. 4284 crore for the quarter ended 30<sup>th</sup> September 2018 as against Rs. 4249 crore for the quarter ended 30<sup>th</sup> June 2018.**
9. Non-interest income is Rs. 1065 crore for the quarter ended 30<sup>th</sup> September 2018 as against Rs. 1078 crore for the quarter ended 30<sup>th</sup> June 2018.
10. **Total Expenditure reduced by 3.6%** from Rs. 4195 crore for the quarter ended 30<sup>th</sup> June 2018 to Rs. 4044 crore for the quarter ended 30<sup>th</sup> September 2018.
11. **NPA MANAGEMENT: Gross NPA as at 30<sup>th</sup> September 2018 reduced by 91 bps and stood at Rs. 37110 crore with ratio of 24.73% as against Rs. 38146 crore with ratio of 25.64% as at 30<sup>th</sup> June 2018. GNPA has reduced both in quantum and as a percentage of Gross Advances QoQ.**



12. **Total recovery registered an increase of 31.66% over June'18** and stood at Rs. 4462 crore achieved for quarter ended September '18 as against Rs. 3389 crore achieved for quarter ended June '18 while the total fresh slippage (other debits to existing NPA accounts) for quarter ended September '18 was contained at Rs.884 crore as against Rs. 1994 crore for quarter ended June '18.
13. **Net NPA reduced by 76 bps as at 30<sup>th</sup> September 2018 and stood at Rs. 18876 crore with ratio of 14.34% as against Rs. 19642 crore with ratio of 15.10% as on 30<sup>th</sup> June 2018 thus reducing NNPA by Rs. 766 crore in absolute terms.**
14. **Provision Coverage Ratio improved to 61.97% as against 61.10% as on 30<sup>th</sup> June 2018.**

#### **Performance Highlights for the Quarter ended September 30, 2018 - YoY**

1. **Total business registered an increase of 2.47%** and stood at Rs.3,73,209 crore as on 30<sup>th</sup> September 2018 as against Rs. 3,64,212 crore as on 30<sup>th</sup> September 2017.
2. **Total deposits registered an increase of 5.49%** and increased to Rs. 2,23,169 crore as on 30<sup>th</sup> September 2018 as against Rs. 2,11,548 crore as on 30<sup>th</sup> September 2017. The Bank has reduced the concentration of Bulk Deposits and high cost deposits and increased Retail Term Deposits to have a stable and sustainable deposit profile and reduce the cost of funds.
3. **CASA of the Bank improved to 36.46% as on 30<sup>th</sup> September 2018 as against 36.26% as on 30<sup>th</sup> September 2017 with YoY growth at 20 bps. Total CASA has increased from Rs.75321 crores as on 30.09.2017 to Rs.80219 crores as on 30.09.2018, SB (Savings Bank) registered 7% YoY growth as at 30<sup>th</sup> September '18 over 30<sup>th</sup> September '17.** CASA has crossed the Rs. 80,000 crore milestone mainly due to enhanced customer service and continuous efforts to increase customer base and digital initiatives.
4. **Gross Advances** stood at Rs. 1,50,040 crore as on 30<sup>th</sup> September 2018 as against Rs. 1,52,664 crore as on 30<sup>th</sup> September 2017. The Bank has evolved a policy of not taking fresh exposures in stressed



sectors, below hurdle rated accounts and BB and below rated accounts. The Bank has also exited from accounts in the stressed sectors, wherever feasible.

The Bank has rebalanced the credit portfolio with RAM's (Retail, Agri and MSME) share of total domestic advances improving from 60.84% to 65.89% YoY (September'18 over September'17). Bank also increased its share of A and above rated accounts as a % of rated advances by 6.95% YoY from 42.72% (September '17) to 49.67% (September '18).

5. **MSME Segment grew by 4.56% YoY** (September '18 over September '17).
6. **Retail Segment grew by 17.06% YoY** (September '18 over September '17).
7. **Core Retail Advances (Housing Loans, Vehicle Loans, Clean Loans, Education Loans, Mortgage Loans) grew by 17.27% YoY.**
8. **Operating Profit for quarter ended 30th September 2018 registered growth of 25.51% and stood at Rs. 1304 crore as against Rs. 1039 crore for the quarter ended 30th September 2017.**
9. **Provisions & Contingencies reduced by 20.79%** to Rs. 1791 crore for quarter ended September'18 as against Rs. 2261 crore for quarter ended September'17.
10. **Net Loss for the quarter ended 30th September 2018 reduced by 60% to Rs. 487 crore from Rs. 1223 crore for the quarter ended 30th September 2017.**
11. **Total income for the quarter ended 30th September 2018 is Rs. 5348 crore as against Rs. 5610 crore for the quarter ended 30th September 2017 due to progressive decline in MCLR till March '18.**
12. **Interest income** stood at Rs. 4284 crore for the quarter ended 30th September 2018 as against Rs. 4646 crore for the quarter ended 30th September 2017.



- 13. Non-interest income registering a growth of 10.36% and increased to Rs. 1065 crore for the quarter ended 30<sup>th</sup> September 2018 as against Rs. 965 crore for the quarter ended 30<sup>th</sup> September 2017.** Cross-selling of products and services and increasing the wallet share of customer has resulted in IOB achieving 20% of total income as Non-Interest Income as at September 2018, one of the highest amongst PSBs.
- 14. Total Expenditure decreased by 11.55%** from Rs. 4572 crore for the quarter ended 30<sup>th</sup> September 2017 to Rs. 4044 crore for the quarter ended 30<sup>th</sup> September 2018.
- 15. Total recovery registered an increase of 12.53%** to Rs. 4462 crore achieved for quarter ended September '18 as against the recovery of Rs. 3965 crore during quarter ended September '17 over September '17 while the total fresh slippage for quarter ended September '18 stood at Rs. 884 crore as against slippage of Rs. 2693 crore for quarter ended September '17. Recovery achieved is substantially higher than slippages during the quarter mainly due to focused efforts towards recovery and containment of NPAs (fresh slippage and other debits in existing NPA accounts).

The Bank has recovered Rs. 247 crore in six NCLT accounts during the quarter ended September '18. Further, the Bank expects recovery aggregating Rs. 802 crore in the current quarter in two NCLT accounts where resolution is at an advanced stage.

- 16. Provision Coverage Ratio is improved to 61.97% as on 30<sup>th</sup> September 2018 as against 55.88% as on 30<sup>th</sup> September 2017.**

#### **Performance Highlights for the Half Year ended September 30, 2018**

- 1. Operating Profit increased by 34.21%** for the half year ended 30.09.2018 and stood at Rs. 2436 crore as against Rs. 1815 crore for the half year ended 30.09.2017.



2. **Net loss decreased by 18.29%** for the half year ended 30.09.2018 and stood at Rs. 1407 crore as against Rs. 1722 crore for the half year ended 30.09.2017.
3. **Total income** for the half year ended 30.09.2018 is Rs. 10675 crore as against Rs. 10785 crore for the corresponding half year of the previous year (2017-18).
4. **Interest income** stood at Rs. 8532 crore for the half year ended 30.09.2018 as against Rs. 8833 crore for the corresponding half year of the previous year (2017-18), mainly due to progressive reduction in MCLR till March '18.
5. **Non interest Income registered a growth of 9.78% and stood at Rs.2143 crore for the year ended 30.09.2018 as against Rs. 1952 crore for the half year ended 30.09.2017.**
6. **Total Expenditure declined by 8.15% from Rs. 8970 crore for the half year ended 30<sup>th</sup> September 2017 to Rs. 8239 crore for the half year ended 30<sup>th</sup> September 2018.**
7. **Recovery in NPA accounts for the half year ended 30.09.2018 increased by 16.3% YoY and is significantly higher at Rs. 7852 crore as compared to Rs. 6750 crore for the half year ended 30.09.2017 against the fresh slippage of Rs. 2878.04 crore for half year ended Sep '18 and debits in existing NPA accounts of Rs. 2394.49 crore for half year ended Sep '18. Recovery is higher by 49% over total NPA debits (slippage + debits).**

➤ **CAPITAL ADEQUACY RATIO (CRAR):**

Particulars	Basel III	Regulatory Requirement*
CET 1	7.11%	5.50%
Tier I	7.15%	7.00%
<b>Total CRAR</b>	<b>9.16%</b>	<b>9.00%</b>

\* Excluding CCB

The Bank has on 23.07.2018 received capital infusion of Rs. 2157 crore from Government of India towards contribution of the Central Government in the preferential allotment of equity shares (Special



Securities / Bonds) of the Bank during the financial year 2018-19, as Government's investment, which is pending for allotment as of date. The Bank has scheduled an Extraordinary General Meeting on 02.11.2018 to obtain the approval of shareholders for the issue of equity shares to the Government of India for such capital infusion. The Bank has been permitted by RBI vide its letter dated 30.07.2018 to include the share application money received from GOI in CET1 capital.

During the half year ended 30.09.2018, the Bank had, on 13.06.2018, exercised Regulatory Call in respect of Basel III Compliant Additional Tier I Perpetual Bonds aggregating to Rs. 1000 crore and redeemed the bonds.

Further, the Bank has redeemed on 22.08.2018 Lower Tier II Bonds aggregating Rs. 300 crore issued on 22.08.2008 and has also exercised Call Option on 17.09.2018 on Upper Tier II Bonds aggregating Rs. 655.30 crore issued on 17.09.2008 and redeemed the bonds.

➤ **KEY FINANCIAL RATIOS:**

- **Average Cost of Deposit** is 5.39% as on 30.09.2018 as against 5.58% as on 30.09.2017, reduced by 19 bps.
- **Average Yield on Advances** is 7.14% as on 30.09.2018 as against 7.13% as on 30.06.2018.
- **Cost to Income Ratio** is 42.63% as on 30.09.2018 as against 58.21% as on 30.09.2017, improved by 15.58%.
- **Net Interest Margin** is 1.91% for quarter ended 30.09.2018 as against 1.92% as on 30.06.2018.
- **Credit Deposit Ratio** is 67.23% as on 30.09.2018 as against 69.79% as on 30.06.2018 and 72.16% as on 30.09.2017.

➤ **IT and Digital Banking Initiatives**

- Bank has been on boarded as financier in the [www.psbloansin59minutes.com](http://www.psbloansin59minutes.com) portal which handles loan proposals ranging from Rs. 10 – 100 lakhs. The platform provides automated due diligence and verification with real time analysis of various inputs submitted by the applicant and uses sophisticated algorithms for analyzing the data and give in



principle sanction to the applicant within 59 minutes thereby reducing the TAT substantially.

- Digitalisation and automation of KCC loans upto Rs. 10 lakhs, Retail loans and OTS.
- Digitalisation and automation of MSME loan processing ensures that average TAT has been reduced to 4 days.
- Bank is now live on BHIM Bill Payment system launched by NPCI through integration with BBPS platform.
- The Government of India has set up Digidhan Mission during the year 2017-18 to promote digital transactions. In order to evaluate the performance of banks on assigned targets and also to create an environment of healthy competition amongst banks, MeitY introduced a Balanced Scorecard approach during FY 2017-18 which is being carried forward in FY 2018-19.

**For the reporting period - 15<sup>th</sup> September 2018, our Bank has secured a score of 70 and stood first among Public Sector Banks and 9<sup>th</sup> place amongst 56 banks.**

➤ **Awards and Accolades**

- **Indian Overseas Bank ranked at #489 is featuring among the Top 500 companies in Forbes World's Best Employers 2018 List. Only 2 PSBs including IOB have featured in the Forbes list. Further IOB is one of the 24 Indian companies ranked in the list.**
- Our Bank has been adjudged as **2nd Best Performing Bank** in terms of Aadhaar generation and update (using online client version) during the **Aadhaar Excellence Awards 2018.**
- **NABARD - SHG Bank Linkage Programme - 2<sup>nd</sup> Position - Best performance in the State of Tamil Nadu for the FY 2017-18**
- Our Bank's quarterly Hindi Magazine Vani has been awarded **Second Prize by GOI in "C" Region** under Rajbhasha Keerti Puruskaar Category for the year 2017-18. Prize was received by our MD & CEO from Hon'ble Vice President of India on 14.09.2018 at Delhi on the occasion of Hindi Day Celebration.

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