



Indian Overseas Bank

Central Office
Chennai

Press Release

25.01.2019

Performance Highlights – 31.12.2018



Top Line – Milestones (Rs. Crores) (Global)

> Deposits	Rs. 220,311
> Advances	Rs. 150,590
> Business Mix	Rs. 370,901
> CASA	Rs. 82,081 (YoY ↑7.2%)
> CASA Ratio	37.26 (YoY ↑1.93%)

Bottom Line (Rs. Crores)

> Operating Profit	Rs. 1466	YoY ↑	114%
> Operating Profit	Rs. 1466	QoQ ↑	12.42%
> Net Loss	Rs. 346	YoY ↓	64.37%
> Net Loss	Rs. 346	QoQ ↓	28.95%
> Gross NPA	Rs. 35787	23.76 %	
Decrease by	97 bps	QoQ	
> Net NPA	Rs. 17988	13.56 %	
Decrease by	78 bps	QoQ	

Key Performance indicators:

	Global	Domestic
CASA Ratio	37.26	37.77
Net Interest Margin	2.16	2.10
Cost of Deposit	5.43	5.53
Yield on Advances	7.11	7.29
Cost to Income Ratio	42.05	43.49

> Provision Coverage Ratio at	64.23%
> Non interest income to Total income	20.14%
> RWA to Total Advances	83.06%
> Credit RWA to Total Advances	64.26%
> RAM % to Total Domestic Advances	65.81%

- ❖ Increase in Operating Profit by 114% YoY
- ❖ Reduction in Net Loss by 64% YoY
- ❖ ESPS 2018 – 92% of employees subscribed more than 100% of the equity shares offered

Performance Highlights for the Quarter ended December 31, 2018 QoQ (Sequential)

- Total business** stood at Rs. 3,70,901 crore as on 31st December 2018 as against Rs. 3,73,209 crore as on 30th September 2018.
- Total deposits** stood at Rs. 2,20,311 crore as on 31st December 2018 as against Rs. 2,23,169 crore as on 30th September 2018.



3. **CASA of the Bank increased by 131 bps** and stood at 37.26% as on 31st December 2018 as against 35.95% as on 30th September 2018.
4. **Gross Advances registering a marginal growth of 0.37%** stood at Rs. 1,50,590 crore as on 31st December 2018 as against Rs. 1,50,040 crore as on 30th September 2018.
5. **Operating Profit registered an increase of 12.42% for Quarter ended 31st December 2018 and stood at Rs. 1466 crore as against Rs. 1304 crore for the quarter ended 30th September 2018.**
6. **Net loss reduced by 28.95% for quarter ended 31st December 2018 and is Rs. 346 crore as against Rs. 487 crore for quarter ended 30th September 2018.**
7. **Total income registered an increase of 6.38% for the quarter ended 31st December 2018 and is Rs. 5689 crore as against Rs. 5348 crore for the quarter ended 30th September 2018.**
8. **Interest income registered an increase of 6.02% and stood at Rs.4542 crore for the quarter ended 31st December 2018 as against Rs. 4284 crore for the quarter ended 30th September 2018.**
9. **Non-interest income registered an increase of 7.61% and stood at Rs.1146 crore for the quarter ended 31st December 2018 as against Rs. 1065 crore for the quarter ended 30th September 2018.**
10. **Total Expenditure** stood at Rs. 4222 crore for the quarter ended 31st December 2018 as against Rs. 4044 crore for the quarter ended 30th September 2018.
11. **NPA MANAGEMENT: Gross NPA as at 31st December 2018 reduced by 97 bps and stood at Rs. 35787 crore with ratio of 23.76% as against Rs. 37110 crore with ratio of 24.73% as at 30th September 2018. GNPA has reduced both in quantum and as a percentage of Gross Advances QoQ.**
12. **Total recovery** stood at Rs. 3723 crore achieved for quarter ended December '18 as against Rs. 4462 crore achieved for quarter ended September '18 while the total fresh slippage (other than



debits to existing NPA accounts) for quarter ended December '18 was Rs. 1790 crore, which includes an exposure to IL&FS amounting to Rs. 929 crore.

13. **Net NPA reduced by 78 bps as at 31st December 2018 and stood at Rs. 17988 crore with ratio of 13.56% as against Rs. 18876 crore with ratio of 14.34% as on 30th September 2018 thus reducing NNPA by Rs. 888 crore in absolute terms.**
14. **Provision Coverage Ratio improved to 64.23% as on 31st December 2018 as against 61.97% as on 30th September 2018.**

Performance Highlights for the Quarter ended December 31, 2018 - YoY

1. **Total business** stood at Rs. 3,70,901 crore as on 31st December 2018 as against Rs. 3,68,128 crore as on 31st December 2017.
2. **Total deposits registered an increase of 1.72%** and increased to Rs.2,20,311 crore as on 31st December 2018 as against Rs. 2,16,592 crore as on 31st December 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 37.26% (Domestic 37.77%) as on 31st December 2018 as against 35.33% (Domestic 35.99%) as on 31st December 2017 with YoY growth at 193 bps (178 bps). Total CASA has increased from Rs.76526 crores as on 31.12.2017 to Rs. 82081 crores as on 31.12.2018, SB (Savings Bank) registered 9.13% YoY growth as at 31st December '18 over 31st December '17.**
4. **Gross Advances** stood at Rs. 1,50,590 crore as on 31st December 2018 as against Rs. 1,51,536 crore as on 31st December 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 64.75% to 65.81% YoY (December'18 over December'17). Bank



also increased its share of A and above rated accounts as a % of rated advances to 48.62% as of 31st December '18.

5. **Retail Segment grew by 7.18% YoY** (December '18 over December '17).
6. **Core Retail Advances (Housing Loans, Vehicle Loans, Clean Loans, Education Loans, Mortgage Loans) grew by 7.61% YoY.**
7. **Operating Profit for quarter ended 31st December 2018 registered growth of 114.10% and stood at Rs. 1466.15 crore as against Rs.684.77 crore for the quarter ended 31st December 2017.**
8. **Net Loss for the quarter ended 31st December 2018 reduced by 64.37% to Rs. 346.02 crore from Rs. 971.17 crore for the quarter ended 31st December 2017.**
9. **Total income for the quarter ended 31st December 2018 registered an increase of 12.39% and stood at Rs. 5689 crore as against Rs.5062 crore for the quarter ended 31st December 2017.**
10. **Interest income improved by 6.75%** and stood at Rs. 4542 crore for the quarter ended 31st December 2018 as against Rs. 4255 crore for the quarter ended 31st December 2017.
11. **Non-interest income registering a growth of 41.83% increased to Rs. 1146 crore for the quarter ended 31st December 2018 as against Rs. 808 crore for the quarter ended 31st December 2017.** Increase in share of digital products and para banking contributed to the growth.
12. **Total Expenditure decreased by 3.56%** from Rs. 4378 crore for the quarter ended 31st December 2017 to Rs. 4222 crore for the quarter ended 31st December 2018.
13. **NPA MANAGEMENT: Gross NPA** as at 31st December 2018 stood at Rs. 35787 crore with ratio of 23.76% as against Rs. 33267 crore with ratio of 21.95% as at 31st December 2017.
14. **Total recovery registered an increase of 23.24%** to Rs. 3723 crore achieved for quarter ended December '18 as against the



recovery of Rs. 3021 crore during quarter ended December '17 while the total fresh slippage for quarter ended December '18 stood at Rs. 1790 crore. Recovery achieved is substantially higher than slippages during the quarter mainly due to focused priority action on arresting slippages and improving recovery in NPA / OTS accounts.

The Bank has recovered Rs. 121 crore in NCLT accounts during the quarter ended December '18. Further, the Bank expects recovery aggregating Rs. 988 crore in the current quarter in 8 NCLT accounts where resolution is at an advanced stage, which will reduce GNPA by Rs. 2624 Crore (approx) (subject to Court resolution).

15. **Net NPA** is contained to Rs. 17988 crore with ratio of 13.56% as at 31st December 2018 as against Rs. 17761 crore with ratio of 13.08% as on 31st December 2017.
16. **Provision Coverage Ratio is improved to 64.23% as on 31st December 2018 as against 57.83% as on 31st December 2017.**

Performance Highlights for the Nine Months ended December 31, 2018

1. **Operating Profit increased by 56.1%** for Nine Months ended 31.12.2018 and stood at Rs. 3902.37 crore as against Rs. 2499.93 crore for Nine Months ended 31.12.2017.
2. **Net loss decreased by 34.91%** for Nine Months ended 31.12.2018 and stood at Rs.1752.72 crore as against Rs. 2692.76 crore for the corresponding period of the previous year (2017-18).
3. **Total income increased by 3.26%** for Nine Months ended 31.12.2018 and is Rs. 16364 crore as against Rs. 15847 crore for the corresponding period of the previous year (2017-18).
4. **Interest income** stood at Rs. 13075 crore for Nine Months ended 31.12.2018 as against Rs. 13088 crore for the corresponding period of the previous year (2017-18).



5. **Non-interest Income registered a growth of 19.17% and stood at Rs.3289 crore for Nine Months ended 31.12.2018 as against Rs. 2760 crore for Nine Months ended 31.12.2017.**
6. **Total Expenditure declined by 6.64% from Rs. 13347 crore for Nine Months ended 31st December 2017 to Rs. 12461 crore for Nine Months ended 31st December 2018.**
7. **Recovery in NPA accounts for Nine Months ended 31.12.2018 increased by 8.16% YoY and is significantly higher at Rs. 10567 crore as compared to Rs. 9770 crore for Nine Months ended 31.12.2017 against the fresh slippage of Rs. 4668 crore for Nine Months ended December '18 and debits in existing NPA accounts of Rs. 2758 crore for Nine Months ended December '18. Recovery is higher by 42% over total NPA debits (slippage + debits).**

❖ **CAPITAL ADEQUACY RATIO (CRAR):**

Particulars	Basel III as on 31.12.2018	Position after Capital Infusion through ESPS**	Regulatory Requirement*
CET I	6.70%	6.92%	5.50%
Tier I	6.73%	6.95%	7.00%
Total CRAR	8.86%	9.08%	9.00%

* Excluding CCB

❖ **Employee Stock Purchase Scheme**

The Bank's ESPS was launched for subscription on 31.12.2018 and the Issue was closed on 21.01.2019 as scheduled. While the ESPS issue offer was for upto 18.24 crore equity shares at a discounted price of Rs. 11.90, the overwhelming response of the employees with many of the employees applying for more than the number of shares offered to them under the Scheme, resulted in oversubscription and has made IOB – ESPS 2018 a grand success. In this process the Bank augmented its capital funds to the extent of Rs. 271 crores. IOB has scripted history by becoming **the first Public Sector Bank to record 100% subscription to ESPS.

❖ **Capital Infusion by GOI**

For the capital infusion of Rs. 2157 crore received from Government of India on 23.07.2018, the Bank had obtained the approval of shareholders at the Extraordinary General Meeting held on 02.11.2018 for the issue of



equity shares to the Government of India and thereafter allotted 137,30,10,821 equity shares to Government of India on 12.11.2018. However, the Bank had been permitted by RBI vide its letter dated 30.07.2018 to include the share application money received from GOI in CET1 capital for Quarter ended 30.09.2018.

❖ **Raising of Tier II Bonds**

During the quarter ended 31.12.2018, the Bank had raised Basel III Compliant Tier II bonds aggregating Rs. 300 crore on private placement basis at a coupon rate of 11.70% with tenor of 10 years from the date of allotment and with call option at the end of the 5th year or on any coupon payment date thereafter. M/s. CRISIL and M/s. ICRA have assigned ratings of CRISIL A+/Stable and [ICRA] A+ (hyb) / Negative for the Tier II Bonds Issue of the Bank.

❖ **KEY FINANCIAL RATIOS:**

- **Average Cost of Deposit** is 5.43% as on 31.12.2018 as against 5.39% as on 30.09.2018.
- **Average Yield on Advances** is 7.32% as on 31.12.2018 as against 7.52% as on 31.12.2017.
- **Cost to Income Ratio** is 42.05% as on 31.12.2018 as against 42.63% as on 30.09.2018.
- **Net Interest Margin** is 2.16% for quarter ended 31.12.2018 as against 1.91% as on 30.09.2018.
- **Credit Deposit Ratio** is 68.35% as on 31.12.2018 as against 69.96% as on 31.12.2017.

❖ **IT and Digital Banking Initiatives**

- **SGPRS:** Enhanced experience for the customers through Centralized Standardized Public Grievance Redressal System (SPGRS) launched
- **EASE:** Features added to Internet Banking and Mobile Banking to facilitate customers to send their request for various services



- **New to Bank Customers Sourcing (NTB):** Onboarding of the new technology platform **psbloansin59minutes.com** implemented in the Bank using Analytics facilitating MSME customers in line with Government of India Initiatives
- Integrated Online processing of MSME Mudra Loans upto Rs.10 lakhs end-to-end reducing the Turn Around Time for processing.
- **One time Settlement:** Proposal and processing of OTS upto Rs.3.00 crores facilitated through Digital Mode end to end has improved the recovery process of Stressed Accounts and Turn Around Time.
- IOB has implemented its online payment system IOBPAY in the website of Tamil Nadu Hindu Religious & Charitable Endowments Department (<https://tnhrce.gov.in>) for collection of various receipts of temples such as Online Donations, Annadhanam etc. Similar arrangement has also been entered into with **Directorate of Medical Services** for various types of collection through digital mode.
- **Bank has completed necessary certification for NCMC (National Common Mobility Card) as an Issuer and IOB is the first Bank which has been certified on International platform with multiple CVN functionality (NFC).**
- Conversion of all the Magstripe cards under usage into EMV Chip based cards has been completed to provide a secured environment for digital banking.

❖ Awards and Accolades

- **NABARD** has adjudged **Indian Overseas Bank as the 2nd Best Bank** among Commercial Banks for Best Performance in **Financial Literacy for 2017-18** in the state of Tamil Nadu for Conducting several Financial Literacy Trainings and imparting training to many Candidates.
- **For Atal Pension Yojana - RISE ABOVE REST CAMPAIGN:** Pension Fund Regulatory and Development Authority (PFRDA) has conducted 'Rise Above Rest Campaign' during the month of **October 2018** and one of our Zonal Managers and three Regional



Managers have received Awards for their performance under Rise Above Rest Campaign.

- **Vigilance Excellence Award 2018: The Central Vigilance Commission has awarded our Bank with Vigilance Innovation Award for CVO** with an Excellent Grade for various initiatives taken in the Bank such as REAP System for automated retail loan processing. (Retail Automated Processing), IOB Sahayak app, an internal portal for whistle blower, Online Complaint Management system (OCMS) and real time reporting of RVO's branch visit and compliance reports. The award was presented to our **MD & CEO and CVO by our Hon'ble President of India in the presence of CVC and VCs** at Vigyan Bhavan, New Delhi on 31.10.2018.
- Our Bank's Hindi Magazine VANI has been awarded Bronze prize in the "Indian Language Publication" Category by Association of Business Communicators India, Mumbai (ABCI) for the year 2018. Award function was held on 18th January 2019.
