Telephone : 044 – 28519654/28415702
E-Mail : investor@iobnet.co.in
FAX : 044 – 28585675

इण्डियन ओवरसीज़ बैंक
केंन्द्रीय कार्यालय- पोस्ट बॉक्स सं 3765, 763 अण्णा सालै, चेन्नै 600 002

**Indian Overseas Bank**
Central Office: P.B.No.: 3765, 763 Anna Salai, Chennai 600 002
**Investor Relations Cell**

IRC/365/18-19 25.01.2019

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**

Dear Sir/Madam,

**Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Unaudited (Reviewed) Financial Results of the Bank for the Quarter ended 31st December 2018**

We refer our letter no. IRC/360/2018-19 dated 18.01.2019 and inform that the Unaudited (Reviewed) Financial Results of the Bank for the quarter ended 31st December 2018 was approved by the Board at its meeting held today (i.e., 25.01.2019).

The Meeting of the Board of Directors commenced at 12.00 noon and concluded at 2:35 p.m.

In this connection, we enclose the following:

1. Unaudited (Reviewed) Financial Results for the quarter ended 31st December 2018
2. Press Release – Performance Highlights for the quarter ended 31st December 2018
3. Auditors' Limited Review Report

The above information pursuant to Regulation 33 of SEBI (LODR) Regulation 2015 may be taken on record.

Thanking you.

Yours faithfully,

**Radha Venkatakrishnan**
**General Manager & CFO**
Encl: As above

**INDIAN OVERSEAS BANK**

**CENTRAL OFFICE, 763, ANNA SALAI, CHENNAI 600 002**

**UNAUDITED (REVIEWED) FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2018**

Rs. in lakh

| SL. NO. | Particulars | Quarter ended | | | 9 Months ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | 31.12.2018 (Reviewed) | 30.09.2018 (Reviewed) | 31.12.2017 (Reviewed) | 31.12.2018 (Reviewed) | 31.12.2017 (Reviewed) | 31.03.2018 (Audited) |
| 1 | Interest Earned (a) + (b) +(c)+ (d) | **4,54,242** | **4,28,374** | **4,25,468** | **13,07,476** | **13,08,766** | **17,91,521** |
| | (a) Interest/discount on advances/bills | 2,98,801 | 2,90,508 | 2,99,710 | 879,700 | 915,140 | 11,96,083 |
| | (b) Income on Investments | 1,26,183 | 1,23,729 | 1,11,897 | 370,684 | 362,118 | 4,79,704 |
| | (c) Interest on Balances with Reserve Bank of India and other Inter Bank Funds | 16,669 | 14,137 | 13,861 | 44,503 | 31,508 | 48,369 |
| | (d) Others | 12,589 | 0 | 0 | 12589 | 0 | 67,365 |
| 2 | Other Income | 1,14,617 | 1,06,461 | 80,770 | 328,890 | 275,957 | 3,74,644 |
| **3** | **TOTAL INCOME (1+2)** | **5,68,859** | **5,34,835** | **5,06,238** | **16,36,366** | **15,84,723** | **21,66,165** |
| 4 | Interest Expended | 3,15,871 | 3,07,543 | 3,06,514 | 927,464 | 935,311 | 12,44,764 |
| 5 | Operating Expenses (i) + ii) | 1,06,374 | 96,873 | 1,31,247 | 3,18,665 | 3,99,419 | 5,58,493 |
| | (I) Employees Cost | 65,196 | 52,081 | 74,919 | 194,134 | 224,957 | 2,99,414 |
| | ii) Other Operating expenses | 41,178 | 44,792 | 56,328 | 124,531 | 174,462 | 2,59,079 |
| **6** | **TOTAL EXPENDITURE (4+5) (excluding Provisions & Contingencies)** | **4,22,245** | **4,04,416** | **4,37,761** | **12,46,129** | **13,34,730** | **18,03,257** |
| **7** | **OPERATING PROFIT before Provisions & Contingencies (3-6)** | **1,46,614** | **1,30,419** | **68,477** | **3,90,237** | **2,49,993** | **3,62,908** |
| 8 | Provisions (other than tax) and Contingencies | 2,07,528 | 2,01,660 | 1,64,025 | 649,249 | 548,623 | 12,26,078 |
| 9 | Exceptional Items | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Profit (+)/Loss(-) from Ordinary Activities before tax(7-8-9) | (60,914) | (71,241) | (95,548) | (259,012) | (298,630) | (863,170) |
| 11 | Tax expenses | (26312) | (22,515) | 1,569 | (83,740) | (29,354) | (233,221) |
| 12 | Net Profit (+) / Loss(-) from Ordinary Activities after tax (10-11) | (34,602) | (48,726) | (97,117) | (175,272) | (269,276) | (629,949) |
| 13 | Extraordinary items (net of tax expense) | 0 | 0 | 0 | 0 | 0 | 0 |
| **14** | **Net Profit (+) / Loss (-) for the period (12-13)** | **(34,602)** | **(48,726)** | **(97,117)** | **(175,272)** | **(269,276)** | **(629,949)** |
| 15 | Paid up equity share capital (Face value of each share - Rs.10/-) | 6,26,378 | 4,89,077 | 2,85,256 | 6,26,378 | 2,85,256 | 4,89,077 |
| 16 | Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year) | 6,27,996 | 6,27,996 | 9,12,438 | 6,27,996 | 9,12,438 | 6,27,996 |
| 17 | Analytical Ratios | | | | | | |
| | (i) Percentage of shares held by Govt. of India | 91.99 | 89.74 | 82.41 | 91.99 | 82.41 | 89.74 |
| | (ii) Capital Adequacy Ratio (%) (BASEL III) | 8.86 | 9.16 | 9.74 | 8.86 | 9.74 | 9.25 |
| | (a) CET 1 Ratio | 6.70 | 7.11 | 6.54 | 6.70 | 6.54 | 6.39 |
| | (b) Additional Tier 1 Ratio | 0.03 | 0.04 | 0.73 | 0.03 | 0.73 | 0.77 |
| | (iii) Earning Per Share (EPS) - in Rupees | | | | | | |
| | a) Basic and diluted EPS before Extraordinary items (Net of tax expense) for the period, for the year to date and for the previous year (not annualized) | (1.16) | (1.00) | (3.40) | (4.12) | (10.23) | (23.25) |
| | b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not annualized) | (1.00) | (1.00) | (3.40) | (4.12) | (10.23) | (23.25) |
| | (iv) NPA Ratios | | | | | | |
| | a) Gross NPA | 35,78,657 | 37,10,996 | 33,26,688 | 35,78,657 | 33,26,688 | 38,18,015 |
| | b) Net NPA | 17,98,792 | 18,87,605 | 17,76,122 | 17,98,792 | 17,76,122 | 20,39,966 |
| | c) % of Gross NPA | 23.76 | 24.73 | 21.95 | 23.76 | 21.95 | 25.28 |
| | d) % of Net NPA | 13.56 | 14.34 | 13.08 | 13.56 | 13.08 | 15.33 |
| | Return on assets (Annualised) (%) | (0.50) | (0.71) | (1.45) | (0.85) | (1.34) | (2.33) |

**Place: Chennai**
**Date : 25.01.2019**

**AJAY KUMAR SRIVASTAVA**
**EXECUTIVE DIRECTOR**

**K SWAMINATHAN**
**EXECUTIVE DIRECTOR**

**R SUBRAMANIAKUMAR**
**MANAGING DIRECTOR & CEO**

**INDIAN OVERSEAS BANK**

**CENTRAL OFFICE, 763, ANNA SALAI, CHENNAI 600 002**

**Notes forming part of the Unaudited Financial Results (Reviewed) of the Bank for the Quarter/Nine months ended December 31, 2018**

1. The above financial results have been reviewed by the Audit Committee of the Board and approved by the Board of Directors in the meeting held on January 25, 2019. The results have been subjected to limited review by the Statutory Central Auditors of the Bank in line with the guidelines issued by the Reserve Bank of India and as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. The above financial results have been prepared following the same accounting policies and practices as those followed in the Annual Financial Statements for the year ended March 31, 2018, except the treatment of MTM Losses as stated in Note No. 5.

3. The working results for the Quarter ended December 31, 2018 have been arrived at after considering provision for NPAs, Standard Assets, Unhedged Foreign Currency Exposure, Depreciation on Investments & Non - Performing Investments, as per RBI guidelines, Provision for taxes (after adjustment for Deferred Taxes), Provision for Contingencies, Employee Benefits, Depreciation on Fixed Assets and other usual and necessary provisions.

4. In accordance with RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015, banks are required to make Quarterly Pillar 3 disclosures including Leverage Ratio and Liquidity Coverage Ratio under Basel III Framework. The disclosures are being made available on bank website at the following link http://www.iob.in/investor_cell.aspx. The disclosures are not subjected to verification by the Statutory Central Auditors of the Bank.

5. RBI vide its Circular DBR.No.BP.BC.113/21.04.048/2017-18 dated June 15, 2018 granted an option to spread mark to market loss on AFS & HFT investments for quarter ended June 30, 2018, equally over the four quarters commencing with the quarter in which the loss is incurred. The Bank has availed the option to spread provisioning over four quarters, and accordingly charged Rs.146.50 Crore to the profit and loss account for the quarter ended December 31, 2018 and the unamortised depreciation amount as on December 31, 2018 is Rs.146.50 crores

6. Based on the available financial statements and the declaration from borrowers, the Bank has estimated the liability towards Unhedged Foreign Currency Exposure to their constituents in terms of RBI circular DBOD.NO.BP.BC.85/21.06.200/2013-14 dated January 15, 2014 and holds a provision of Rs. 11.08 crores as on December 31, 2018.

7. The Bank has on July 23, 2018 received infusion to the tune 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 , as Government's investment. Based on the permission received from Reserve Bank of India vide letter dated July 30, 2018, the Bank had considered the same for the purpose of CET1 capital for quarter ended 30.09.2018. After obtaining shareholders approval in Extraordinary General Meeting held on 02.11.2018, the Bank has allotted 1373010821 equity shares at Rs.15.71 each (i.e. face value of Rs.10.00 and premium of Rs.5.71) to Goverment of India on 12.11.2018.

8. During the quarter ended December 31, 2018, the Bank has sucessfully raised Basel III Compliant Tier II Bonds Series II to the tune of Rs.300 crores.

9. The Management in relation to System Migration has implemented action plan including System Audit to address significant areas. Reconciliation of certain Inter Branch Transactions are being addressed and the Management does not anticipate any material impact emanating out of such exercise on the financial statements of the Bank.

10. During the previous quarter based on latest actuarial valuation relating to gratuity, the Bank has reworked the present value of obligation for the financial year 2018-19, and excess contribution of Rs.69 crores was credited to the Profit and Loss account . In view of the above no provision towards gratuity has been made during the quarter under review.

11. The position of Investors' Complaints for the period from October 1, 2018 to December 31, 2018 is as under:

| | | |
|---|---|---|
| Pending complaints at the beginning of the Quarter | - | 0 |
| Complaints received during the Quarter | - | 11 |
| Complaints redressed during the Quarter | - | 11 |
| Closing balance at the end of the Quarter | - | 0 |

12. The Provision Coverage Ratio of the Bank as on December 31, 2018 stood at 64.23 %.

13. Previous period/year figures have been regrouped /reclassified/rearranged wherever necessary.

| | | | |
|---|---|---|---|
| **Place: Chennai**<br>**Date : 25.01.2019** | **AJAY KUMAR SRIVASTAVA**<br>**EXECUTIVE DIRECTOR** | **K SWAMINATHAN**<br>**EXECUTIVE DIRECTOR** | **R SUBRAMANIAKUMAR**<br>**MANAGING DIRECTOR & CEO** |

**INDIAN OVERSEAS BANK**

**CENTRAL OFFICE, 763, ANNA SALAI, CHENNAI 600002**

**SEGMENT REPORTING FOR THE QUARTER ENDED 31ST DECEMBER 2018**

Rs. in lakh

| Particulars | Quarter ended | | | 9 Months ended | | Year ended |
|---|---|---|---|---|---|---|
| | 31.12.2018 (Reviewed) | 30.09.2018 (Reviewed) | 31.12.2017 (Reviewed) | 31.12.2018 (Reviewed) | 31.12.2017 (Reviewed) | 31.03.2018 (Audited) |
| **1) Segment Revenue** | | | | | | |
| a) Treasury Operations | 2 02 744 | 1 45 437 | 1 43 266 | 4 94 950 | 4 64 083 | 6 09 326 |
| b) Corporate / Wholesale Banking | 1 81 111 | 1 69 844 | 2 19 480 | 5 36 811 | 6 06 090 | 8 15 926 |
| c) Retail Banking | 1 59 497 | 2 10 861 | 1 32 305 | 5 62 011 | 4 88 492 | 6 36 763 |
| d) Other Banking Operations | 12 901 | 8 631 | 11 153 | 29 906 | 25 971 | 36 603 |
| e) Unallocated | 12 606 | 62 | 34 | 12 686 | 87 | 67 547 |
| **Total** | **5 68 859** | **5 34 835** | **5 06 238** | **16 36 364** | **15 84 723** | **21 66 165** |
| Less: Inter segment Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| **Income from Operations** | **5 68 859** | **5 34 835** | **5 06 238** | **16 36 364** | **15 84 723** | **21 66 165** |
| **2) Segment Results: Profit (+) / Loss (-)** | | | | | | |
| a) Treasury Operations | 71 072 | 22 869 | 24 122 | 1 17 854 | 1 10 639 | 1 31 411 |
| b) Corporate / Wholesale Banking | 9 813 | 4 685 | 26 610 | 26 440 | 661 | 5 214 |
| c) Retail Banking | 41 820 | 95 560 | 8 694 | 2 08 976 | 1 17 387 | 1 28 411 |
| d) Other Banking Operations | 11 338 | 7 266 | 9 025 | 25 299 | 21 238 | 30 352 |
| e) Unallocated | 12 570 | 39 | 26 | 11 665 | 67 | 67 520 |
| **Operating Profit** | **1 46 613** | **1 30 419** | **68 477** | **3 90 234** | **2 49 992** | **3 62 908** |
| **Less: Provisions and Contingencies** | **2 07 528** | **2 01 660** | **1 64 025** | **6 49 248** | **5 48 623** | **12 26 078** |
| **Profit After Provisions and before Tax** | **- 60 915** | **- 71 241** | **- 95 548** | **-2 59 014** | **-2 98 631** | **-8 63 170** |
| **3) Segment Assets** | | | | | | |
| a) Treasury Operations | 78 80 210 | 83 60 094 | 78 27 762 | 78 80 210 | 78 27 762 | 79 62 880 |
| b) Corporate / Wholesale Banking | 87 38 854 | 85 80 485 | 96 50 686 | 87 38 854 | 96 50 686 | 90 76 116 |
| c) Retail Banking | 70 57 215 | 68 80 116 | 71 36 321 | 70 57 215 | 71 36 321 | 71 01 676 |
| d) Other Banking Operations | 40 002 | 39 690 | 25 019 | 40 002 | 25 019 | 14 953 |
| e) Unallocated | 7 44 001 | 7 01 070 | 3 29 700 | 7 44 001 | 3 29 700 | 6 41 178 |
| **Total** | **244 60 282** | **245 61 455** | **249 69 488** | **244 60 282** | **249 69 488** | **247 96 803** |
| | | | | | | |
| **4) Segment Liabilities** | | | | | | |
| a) Treasury Operations | 77 72 116 | 80 66 498 | 75 62 453 | 77 72 116 | 75 62 453 | 77 19 758 |
| b) Corporate / Wholesale Banking | 84 48 697 | 83 39 532 | 92 99 066 | 84 48 697 | 92 99 066 | 88 30 120 |
| c) Retail Banking | 68 30 116 | 66 94 378 | 68 85 659 | 68 30 116 | 68 85 659 | 69 09 933 |
| d) Other Banking Operations | 24 661 | 36 523 | 753 | 24 661 | 753 | 7 557 |
| e) Unallocated | 1 835 | 2 17 523 | 7 943 | 1 835 | 7 943 | 2 038 |
| **Total** | **230 77 425** | **233 54 454** | **237 55 874** | **230 77 425** | **237 55 874** | **234 69 406** |
| **5) Capital Employed :** | | | | | | |
| **Segment Assets - Segment Liabilities** | | | | | | |
| a) Treasury Operations | 1 08 094 | 2 93 596 | 2 65 309 | 1 08 094 | 2 65 309 | 2 43 122 |
| b) Corporate / Wholesale Banking | 2 90 157 | 2 40 953 | 3 51 620 | 2 90 157 | 3 51 620 | 2 45 996 |
| c) Retail Banking | 2 27 099 | 1 85 738 | 2 50 662 | 2 27 099 | 2 50 662 | 1 91 743 |
| d) Other Banking Operations | 15 341 | 3 167 | 24 266 | 15 341 | 24 266 | 7 396 |
| e) Unallocated | 7 42 166 | 4 83 547 | 3 21 757 | 7 42 166 | 3 21 757 | 6 39 140 |
| **Total** | **13 82 857** | **12 07 001** | **12 13 614** | **13 82 857** | **12 13 614** | **13 27 397** |

**Notes on Segment Reporting**

1. Segment expenses and liabilities have been apportioned on the basis of average segment assets, wherever direct allocation is not possible.

2. Figures of the previous year's/nine months/quarters have been regrouped / reclassified / rearranged whereever considered necessary to correspond with the current nine months /quarters classification / presentation

| | | | |
|---|---|---|---|
| Place: Chennai | AJAY KUMAR SRIVASTAVA | K SWAMINATHAN | K SUBRAMANIAKUMAR |
| Date: 25.01.2019 | EXECUTIVE DIRECTOR | EXECUTIVE DIRECTOR | MANAGING DIRECTOR & CEO |

INDIAN OVERSEAS BANK BALANCE SHEET MANAGEMENT DEPT. CENTRAL OFFICE

R. SUBRAMANIAN AND COMPANY LLP FRN 004127S/S200042 Chartered Accountants

SARC & Associates Firm No: 005020N Chartered Accountants

PATRO & CO. FRN 310100E CHARTERED ACCOUNTANTS

M. SRINIVASAN & ASSOCIATES FRN004060S CHENNAI-600 006

**R SUBRAMANIAN AND COMPANY LLP**
*Chartered Accountants*

**S A R C & ASSOCIATES**
*Chartered Accountants*

**PATRO & CO**
*Chartered Accountants*

**M SRINIVASAN & ASSOCIATES**
*Chartered Accountants*

## AUDITORS' LIMITED REVIEW REPORT

To

**The Board of Directors**
**Indian Overseas Bank**
**Chennai**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of Indian Overseas Bank ('the Bank') for the quarter / Nine months ended December 31, 2018 ("the Statement"), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015. The disclosures relating to "Pillar 3 under Basel III Capital Regulations", "Leverage Ratio" and "Liquidity Coverage Ratio" as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid statements have not been reviewed by us. This Statement which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to making inquiries of the bank's personnel and applying analytical and other review procedures applied to financial data and thus provides less assurance than an audit. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. The statement incorporates the relevant returns of 20 branches reviewed by us, 2 foreign branch reviewed by other auditors specially appointed for this purpose and unreviewed returns in respect of 3322 branches (including 48 Regional Offices and 7 Zonal Offices). In the conduct of our Review, we have relied on the review reports in respect of non-performing assets received from Inspection Officials of bank of 80 branches. These review reports cover 55.10 percent (of which 34.59 percent has been covered by us) of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.

Contd...2

4. Based on our review conducted as above, subject to limitation in scope as mentioned in Para 3 above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Statements together with the Notes thereon, prepared in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and other recognized accounting practices and policies have not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015, read with RBI Circular No. 2016-17/29 dated 28th July 2016 with respect to half yearly / quarterly review of Public Sector Banks including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

5. Emphasis of Matter

We draw attention to:

a) Note No.5 relating to spreading over the mark to market loss on AFS and HFT investments amounting to Rs. 586.02 crore equally over four quarters commencing from June 30, 2018.

b) Note No.9 relating to reconciliation of certain inter branch transactions.

Our opinion is not qualified in respect of the above.

For **R SUBRAMANIAN AND COMPANY LLP**
Chartered Accountants
FRN 004137S/S200041

**(R PRAKASH)**
Partner
M.No.205869

For **S A R C & ASSOCIATES**
Chartered Accountants
FRN 006085N

**(CHETAN THAKKAR)**
Partner
M.No. 114196

For **PATRO & CO**
Chartered Accountants
FRN 310100E

**(RAJENDRA PATRO)**
Partner
M.No.019423

For **M. SRINIVASAN & ASSOCIATES**
Chartered Accountants
FRN 004050S

**(M. SRINIVASAN)**
Partner
M.No.022959

Place : Chennai
Date : 25.01.2019

# 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)**

1. **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.

2. **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 1 | 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.

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