



**INDIAN OVERSEAS BANK  
CENTRAL OFFICE  
CHENNAI**

**PRESS RELEASE**

**13.02.2018**

**Performance Highlights – 31.12.2017**

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

- Deposits Rs. 2,16,592
- Advances Rs. 1,51,536
- Business Mix Rs. 3,68,128
- CASA Rs. 76,526
- CASA Ratio 35.33

**Bottom Line (Rs.Crores)**

- Operating Profit Rs. 685 (3M)
- Net Loss Rs. 971 (3M)
- Provisions Rs. 1656 (3M)
- Rs. 5193 (9M)
- Operating Profit Rs. 2500 (9M)
- Net Loss Rs. 2693 (9M)
- Gross NPA Rs. 33,267 (21.95%)
- Net NPA Rs. 17,761 (13.08%)

**Key Performance indicators:**

	Global	Domestic
CASA Ratio	35.33	36.00
Net Interest Margin	1.92	1.96
Cost of Deposit	5.39	5.51
Yield on Advances	7.52	7.85
Cost to Income Ratio	65.71	67.16





**Loss is due to provisions and not due to operations**

**Performance Highlights For The Quarter Ended December 31, 2017 - YoY**

**(1) Total business** increased to Rs. 3,68,128 crore as on 31<sup>st</sup> December 2017 as against Rs. 3,64,736 crore as on 31<sup>st</sup> December 2016.

**(2) Total deposits** increased to Rs. 2,16,592 crore as on 31<sup>st</sup> December 2017 as against Rs. 2,10,861 crore as on 31<sup>st</sup> December 2016. The Bank has reduced the concentration of Bulk Deposits and increased Retail Term Deposits to have a stable deposit profile and reduce the cost of funds.



- (3) **CASA** of the Bank is 36.00% as on 31st December 2017 as against 36.19% as on 31st December 2016. Minor reduction in CASA (%) is due to increase in Term Deposits. However, total CASA has increased from Rs 76304 crores as on 31.12.2016 to Rs 76526 crores as on 31.12.2017.
- (4) **Gross Advances** stood at Rs.1,51,536 crore as on 31st December 2017 as against Rs. 1,53,875 crore as on 31<sup>st</sup> December 2016. The Bank has rebalanced the credit portfolio with RAM's (Retail, Agri and MSME) share of total domestic advances improving from 54.18% to 64.75% YoY (December '17 over December '16).
- (5) **MSME Segment** grew by 14.14% YoY (December '17 over December '16). 
- (6) **Retail Segment** grew by 31.86% YoY (December '17 over December '16). 
- (7) **Priority Sector lending** as a % of ANBC is 48.84% as against the requirement of 40%. Agriculture as a % of ANBC is 21.11% as against the requirement of 18%. 
- (8) **Operating Profit** for Quarter ended 31st December 2017 stood at Rs. 684.77 crore.
- (9) **Net Profit:** Net Loss for the quarter ended 31<sup>st</sup> December 2017 is Rs. 971.17 crore.
- (10) **Total income** for the quarter ended 31st December 2017 is Rs. 5062.38 crore as against Rs. 5599.50 crore for the quarter ended 31<sup>st</sup> December 2016, mainly due to less treasury income and contraction of credit.
- (11) **Interest income** stood at Rs. 4254.69 crore for the quarter ended 31st December 2017 as against Rs. 4878.40 crore for the quarter ended 31st December 2016.
- (12) **Non-interest income** is Rs. 807.70 crore for the quarter ended 31st December 2017 as against Rs. 721.11 crore for the quarter ended 31<sup>st</sup> December 2016. 
- (13) **Total Expenditure** declined by 7.74% - YoY. 



**(14) NPA MANAGEMENT: Gross NPA** as at 31st December 2017 is at Rs. 33266.88 crore with ratio of 21.95% as against Rs. 34502.13 crore with ratio of 22.42% as on 31<sup>st</sup> December 2016. There has been a reduction in Gross NPA by Rs. 1235.25 crore with reduction of 47 bps YoY in quarter ended December 2017. **Gross NPA as at 31st December 2017 is lower than Gross NPA of March '17 and December '16.**



**(15) Total recovery** of Rs. 3020.53 crore achieved for quarter ended December '17 as against the recovery of Rs. 2446 crore during quarter ended December '16 while the total slippage for quarter ended December '17 was restricted to Rs. 1431.77 crore.



**(16) Net NPA** is contained to Rs. 17761.22 crore with ratio of 13.08% as on 31st December 2017 as against Rs. 19900.75 crore with ratio of 14.32% as on 31st December 2016. NNPA as a percentage has decreased by 124 bps on YoY basis. Net NPA has reduced both in quantum and as a percentage of Net Advances and it is less than March '17 and December '16 both in terms of quantum and as a % of net advances.



**(17) Provision Coverage Ratio** is improved to 57.83% as on 31st December 2017 as against 52.17% as on 31st December 2016.



### **Performance Highlights For The Quarter Ended December 31, 2017 QoQ**

**(1) Total business** stood at Rs. 3,68,128 crore as on 31<sup>st</sup> December 2017 as against Rs. 3,64,212 crore as on 30<sup>th</sup> September 2017.



**(2) Total deposits** stood at Rs. 2,16,592 crore as on 31<sup>st</sup> December 2017 as against Rs. 2,11,548 crore as on 30<sup>th</sup> September 2017.



**(3) CASA** of the Bank is 36.00% as on 31<sup>st</sup> December 2017 as against 36.26% as on 30<sup>th</sup> September 2017.

**(4) Gross Advances** stood at Rs.1,51,536 crore as on 31<sup>st</sup> December 2017 as against Rs. 1,52,664 crore as on 30<sup>th</sup> September 2017.

**(5) Core Retail** advances grew by 11.67% QoQ (December '17 over September '17).



**(6) MSME Segment** grew by 7.26% QoQ (December '17 over September '17).



**(7) Operating Profit** for Quarter ended 31<sup>st</sup> December 2017 stood at Rs. 684.77 crore as against Rs.1038.56 crore for the quarter ended 30<sup>th</sup> September 2017.



**(8) Net Profit: Net loss** for quarter ended 31<sup>st</sup> December 2017 is Rs. 971.17 crore as against Rs.1222.50 crore for quarter ended 30<sup>th</sup> September 2017. **Net Loss decreased by 20.56% Q-o-Q.**



Net loss is due to provisions. However, **the provisions have reduced substantially by 26.76% over September '17** and the quantum of reduction in provision made was Rs. 605.12 crore Q-o-Q.

**(9) Total income** for the quarter ended 31<sup>st</sup> December 2017 is Rs. 5062.38 crore as against Rs. 5610.35 crore for the quarter ended 30<sup>th</sup> September 2017.

**(10) Interest income** stood at Rs. 4254.69 crore for the quarter ended 31<sup>st</sup> December 2017 as against Rs. 4645.77 crore for the quarter ended 30<sup>th</sup> September 2017.

**(11) Non-interest income** is Rs.807.70crore for the quarter ended 31<sup>st</sup> December 2017 as against Rs.964.58 crore for the quarter ended 30<sup>th</sup> September 2017.

**(12) NPA MANAGEMENT: Gross NPA** as at 31<sup>st</sup> December 2017 is at Rs. 33266.88 crore with ratio of 21.95% as against Rs. 34708.59 crore with ratio of 22.73% as on 30<sup>th</sup> September 2017. There has been a reduction in Gross NPA by Rs. 1441.71 crore in quarter ended December 2017 (QoQ).



Net decrease in Gross NPA over September '17 (QoQ) was 4.15% and GNPA as a percentage has decreased by 78 bps over September '17.

**(13) Total recovery** of Rs. 3020.53 crore achieved for quarter ended December '17 as against the recovery of Rs. 3965.10 crore during quarter ended September '17 while the total slippage for quarter ended December '17 was restricted to Rs. 1431.77 crore as against Rs. 2098.59 crore for quarter ended September '17.

**(14) Net NPA** is contained to Rs. 17761.22 crore with ratio of 13.08% as on 31<sup>st</sup> December 2017 as against Rs. 18949.55 with ratio of 13.86% as on 30<sup>th</sup> September 2017. NNPA is less by Rs. 1188.33 crore with 78 bps reduction. Net NPA has reduced both in quantum and as a percentage of Net Advances.






**(15) Provision Coverage Ratio** is improved to 57.83% as on 31<sup>st</sup> December 2017 as against 55.88% as on 30<sup>th</sup> September 2017.






## Performance Highlights for the Nine months ended December 31, 2017

- **Operating Profit** for Nine months ended 31.12.2017 is Rs. 2499.93 crore as against Rs. 2609.23 crore for the corresponding period of the previous year (2016-17).
- **NET PROFIT: Net loss** for Nine months period ended 31.12.2017 is Rs.2692.76 crore as against Rs.2770.07 crore for the corresponding period of the previous year (2016-17). Net Loss decreased by 2.79% YoY. 
- **Total income** for Nine months ended 31st December 2017 is Rs.15847.23 crore as against Rs.17429.55 crore for the corresponding period of the previous year (2016-17) on account of reduction in interest rates.
- **Interest income** stood at Rs. 13087.66 crore for the Nine months ended 31st December 2017 as against Rs. 15089.01 crore for the corresponding period of the previous year (2016-17) on account of reduction in interest rates.
- **NON INTEREST INCOME:** Non-interest income is Rs. 2759.57 crore for the Nine months ended 31st December 2017 as against Rs.2340.54 crore for the corresponding period of the previous year (2016-17) registering a growth of 17.90%. 
- **RECOVERY IN NPA ACCOUNTS** for the Nine months ended 31st December 2017 is significantly higher at Rs. 9770.10 crore as against Rs. 5981 crore for the corresponding period of the previous year while the total slippage for the Nine months ended 31st December 2017 is Rs. 6511.07 crore. Recovery achieved is substantially higher than slippages during the period. 
- **CAPITAL ADEQUACY RATIO (CRAR):**

Particulars	Basel III	Regulatory Requirement
CET 1	6.54%	5.50%
CCB in CET1	1.04%	1.25%
Tier I	7.27%	7.00%
Tier II	2.47%	2.00%
<b>Total</b>	<b>9.74%</b>	<b>9.00%</b>
CCB in CRAR	0.74%	1.25%



➤ **KEY FINANCIAL RATIOS:**

- **Credit Deposit Ratio** is 69.96% as on 31.12.2017
- **Average Cost of Deposit** is 5.39% for Q3 FY 2017-18 as against 5.58% for Q2 FY 2017-18. 
- **Average Yield on Advances** is 7.52% as on 31.12.2017.
- **Cost to Income Ratio** is 65.71% as on 31.12.2017.
- **Net Interest Margin** is 1.92% for the quarter ended 31.12.2017.

➤ **CAPITAL INFUSION BY GOVERNMENT OF INDIA**

Gol infused capital of Rs.173.06 crore in January 2018. Gol has also announced capital infusion of Rs. 4694 crore for FY 2017-18 for our Bank as part of the Recapitalisation Plan.

➤ **RATINGS OUTLOOK UPGRADE**

- ✓ **International Credit Rating Agency, Moody's Investors Service, Singapore has revised their rating outlook on our Bank and our Hong Kong Branch to "POSITIVE" from "STABLE" (09.02.2018)**

The positive outlook reflects Moody's view on the expected evolution of the Bank's balance sheet, including a stabilization in asset quality, a moderate improvement in profitability metrics, and a stable funding and liquidity position.

- ✓ **CRISIL Limited has revised its outlook on the long term debt instruments of Indian Overseas Bank (IOB) to 'STABLE' from 'NEGATIVE', while reaffirming the ratings at CRISIL A+/A-/FAA. The rating on the certificates of deposits programme of the bank has been reaffirmed at 'CRISIL A1+'. (25.01.2018)**

The revision in Outlook is primarily driven by Government's PSB recapitalisation programme for this fiscal which is expected to improve the financial risk profile of IOB, help in meeting Basel III regulatory capital norms, and provide a cushion against expected rise in provisioning for non-performing assets (NPAs). Additionally, CRISIL believes that asset quality issues are peaking with incremental slippages to NPAs expected to taper in fiscal 2018 and 2019 and that this coupled with likely revival of credit growth in medium term will support IOB's performance.



## ➤ SET OFF OF SHARE PREMIUM ACCOUNT AGAINST ACCUMULATED LOSSES

The Bank had, after obtaining the approval of the shareholders for utilizing the balance available in the Share Premium account as at 31.03.2017 to set off the accumulated losses as at 31.03.2017 by way of a Special Resolution at the EGM held on 30.01.2018, so as to present a true and fair picture of the state of affairs of the Bank, effected the set off and the accumulated losses stand reduced to that extent.

## ➤ IT AND DIGITAL BANKING INITIATIVES:

### **CBS – Major developments:**

- ❖ Online processing of retail loans viz., Housing Loans, Vehicle Loans and Clean loans, with digitalization right from sourcing of loan, credit rating, standardized documentation and loan disbursement.
- ❖ Customized menu provided to branches for linking the Aadhaar with customer ID.
- ❖ SMS Alert facility to Deposit Customers on TDS deduction, submission of Form 15G/15H, exemption of Form 15 G/H when crossing the threshold limit enabled.

### **ITIL Process:**

- ❖ Bank has initiated implementation of Information Technology Infrastructure Library (ITIL) process in order to have improved IT Service delivery and satisfaction with reduced cost through improved utilization of resources for better management of risk and service. This will enable strong alignment between IT and business.

### **Digital Initiatives**

Indian Overseas Bank has always been a pioneer in launching various digital products and schemes that benefit customers the most along with utmost convenience.

### **The following are some of the latest Digital Initiatives:**

#### **1. IOB Nanban**

IOB Nanban Customer mobile application, a One-Stop app that benefits our customers to know everything about his account on a single tap



Through IOB Nanban customers can locate ATM, CDM, Cash Deposit machines. Enquiries on their transactions, Products of the bank, Artificial intelligence enabled Chatbot, all these and much more are available in IOB Nanban with ever increasing features.

**2. IOB Sahayak** – Launched mobile application for staff to recover and follow up NPA accounts

**3 Merchant QR code** - Launched merchant QR code for our customers to receive payments in their shops.

**4. IOB Pay - Online Payment services provided to**

- Institute of Hotel Management
- Delhi College of Arts & Commerce- Gone
- Vishwa Bharti Public School- NCRDEL Nithari
- Keswick Public School-Koodal Nagar, Madurai,
- Loyola College-Academic International
- Chinmaya Vidhyalaya

**Awards, Accolades and Achievements**

- ❖ Eye the Sky Campaign (07.07.2017 to 19.07.2017) – Our Erode Region has received the award for “Best Performing Regional Head” from Pension Fund Regulatory and Development Authority (PFRDA).
- ❖ Gift a Glory Campaign (03.10.2017 to 07.10.2017) – Our Tiruvannamalai Branch has received the “Best Performing Branch” from PFRDA.
- ❖ We for Victory Campaign (08.01.2018 to 20.01.2018)- Our Mumbai, Coimbatore, Kolkata, Bangalore and Chennai Zones have enrolled more than the target set for the campaign (5 accounts per branch) and qualified for the award.
- ❖ People First (Tamil Nadu) Campaign (22.01.2018 to 03.02.2018) - Our Bank has enrolled 7683 accounts and secured top position amongst all other Banks.
- ❖ Bank's quarterly Hindi Magazine "VANI" has received prize in Bronze category from Association of Business Communicators, Mumbai.
- ❖ Central Office has received II Prize from Chennai TOLIC for commendable work in the area of Official Language Implementation.
- ❖ Our Bank's Basketball team were the proud winners of the 4<sup>th</sup> Mulki Sunder Ram Shetty All India Basketball Tournament at Bangalore on 04.02.2018

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