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इण्डियन ओवरसीज़ बैंक

केंद्रीय 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/ 241 /18-19

26.10.2018

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 30th September 2018**

We refer our letter no. IRC/236/2018-19 dated 19.10.2018 and inform that the Unaudited (Reviewed) Financial Results of the Bank for the quarter ended 30th September 2018 was approved by the Board at its meeting held today (i.e., 26.10.2018).

The Meeting of the Board of Directors commenced at 11.00 a.m. and concluded at 3:00 p.m.

In this connection, we enclose the following:

1. Unaudited (Reviewed) Financial Results for the quarter ended 30th September 2018
2. Press Release – Performance Highlights for the quarter ended 30th September 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 600002

UNAUDITED (REVIEWED) FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER 2018

Rs. in lakhs

SL. NO.	Particulars	Quarter ended 30.09.2018 (Reviewed)	Quarter ended 30.06.2018 (Reviewed)	Quarter ended 30.09.2017 (Reviewed)	Half year ended 30.9.2018 (Reviewed)	Half year ended 30.9.2017 (Reviewed)	Year ended 31.3.2018 (Audited)
1	Interest Earned (a) + (b) + (c) + (d)	4,28,374	4,24,860	4,64,577	853,234	8,83,297	17,91,521
	(a) Interest/discount on advances/bills	2,90,508	2,90,391	3,33,557	5,80,899	6,15,430	11,96,083
	(b) Income on Investments	1,23,729	1,20,772	1,21,446	2,44,501	2,50,221	4,79,704
	(c) Interest on Balances with Reserve Bank of India and other Inter Bank Funds	14,137	13,697	9,574	27,834	17,646	48,369
	(d) Others	0	0	0	0	0	67,365
2	Other Income	1,06,461	1,07,811	96,458	2,14,272	1,95,188	3,74,644
3	TOTAL INCOME (1+2)	5,34,835	5,32,671	5,61,035	1,067,506	10,78,485	21,66,165
4	Interest Expended	3,07,543	3,04,050	3,12,539	6,11,593	6,28,798	12,44,764
5	Operating Expenses (i) + (ii)	96,873	1,15,418	1,44,640	2,12,291	2,68,171	5,58,493
	(i) Employees Cost	52,081	76,856	70,933	1,28,937	1,50,037	2,99,414
	(ii) Other Operating expenses	44,792	38,562	73,707	83,354	1,18,134	2,59,079
6	TOTAL EXPENDITURE (4+5) (excluding Provisions & Contingencies)	4,04,416	4,19,468	4,57,179	8,23,884	8,96,969	18,03,257
7	OPERATING PROFIT before Provisions & Contingencies(3-6)	1,30,419	1,13,203	1,03,856	2,43,622	1,81,516	3,62,908
8	Provisions (other than tax) and Contingencies	2,01,660	2,40,060	2,23,809	4,41,720	3,84,597	12,26,078
9	Exceptional Items	0	0	0	0	0	0
10	Profit (+)/Loss(-) from Ordinary Activities before tax(7-8-9)	(71,241)	(126,857)	(119,953)	(198,098)	(203,081)	(863,170)
11	Tax expenses	(22,515)	(34,913)	2,297	(57,428)	-30,922	(233,221)
12	Net Profit (+) / Loss(-) from Ordinary Activities after tax (10-11)	(48,726)	(91,944)	(122,250)	(140,670)	(172,159)	(629,949)
13	Extraordinary items (net of tax expense)	0	0	0	0	0	0
14	Net Profit (+) / Loss (-) for the period (12-13)	(48,726)	(91,944)	(122,250)	(140,670)	(172,159)	(629,949)
15	Paid up equity share capital (Face value of each share - Rs.10/-)	4,89,077	4,89,077	2,85,256	2,85,256	2,85,256	4,89,077
16	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)						6,27,996
17	Analytical Ratios						
	(i) Percentage of shares held by Govt. of India	89.74	89.74	82.41	89.74	82.41	89.74
	(ii) Capital Adequacy Ratio (%) (Basel III)	9.16	7.98	10.32	9.16	10.32	9.25
	(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)	(1.00)	(1.88)	(4.72)	(2.88)	(6.83)	(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)	(1.88)	(4.72)	(2.88)	(6.83)	(23.25)
	(iv) NPA Ratios						
	a) Gross NPA	37,10,996	38,14,605	34,70,859	37,10,996	34,70,859	38,18,015
	b) Net NPA	18,87,605	19,64,181	18,94,955	18,87,605	18,94,955	20,39,966
	c) % of Gross NPA	24.73	25.64	22.73	24.73	22.73	25.28
	d) % of Net NPA	14.34	15.10	13.86	14.34	13.86	15.33
	e) Return on assets (Annualised) (%)	(0.71)	(1.35)	(1.82)	(1.02)	(1.28)	(2.33)

Place: Chennai
Date : 26.10.2018

AJAY KUMAR SRIVASTAVA
EXECUTIVE DIRECTOR


K SWAMINATHAN
EXECUTIVE DIRECTOR

SUBRAMANIKUMAR
MANAGING DIRECTOR & CEO



INDIAN OVERSEAS BANK CENTRAL OFFICE, 763, ANNA SALAI, CHENNAI 600002			
UNAUDITED (REVIEWED) FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 TH SEPTEMBER 2018			
SUMMARISED BALANCE SHEET			
	(Rs. In Lakhs)		
	As at 30.09.2018 (Reviewed)	As at 30.09.2017 (Reviewed)	As at 31.03.2018 (Audited)
Capital & Liabilities			
Capital	4,89,077	2,85,256	4,89,077
Reserves and Surplus	7,17,924	10,23,675	8,38,321
Deposits	2,23,16,906	2,11,54,836	2,16,83,181
Borrowings	4,27,561	13,94,586	9,22,808
Other Liabilities & Provisions	6,09,987	6,90,365	8,63,416
Total	2,45,61,455	2,45,48,718	2,47,96,803
Assets			
Cash & Balances with Reserve Bank of India	6,33,174	10,29,442	11,57,945
Balances with Banks & Money at call and Short Notice	12,67,592	23,32,192	14,96,554
Investments	74,55,776	59,89,702	68,64,594
Advances	1,31,41,318	1,36,50,244	1,32,48,882
Fixed Assets	2,96,238	2,98,450	2,89,343
Other Assets	17,67,357	12,48,688	17,39,485
Total Assets	2,45,61,455	2,45,48,718	2,47,96,803
NOTES			
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 October 26, 2018. 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 September 30, 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.ioib.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 September 30, 2018 and the unamortised depreciation amount as on September 30, 2018 is Rs.293.02 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 September 30, 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, which is pending for allotment as on date and reflected under share application money. Based on the permission received from Reserve Bank of India vide letter dated July 30, 2018, the Bank has considered the same for the purpose of CET1 capital. An Extraordinary General Meeting of Shareholders is scheduled on 02.11.2018 to obtain the approval of shareholders for issue of equity shares to Govt. of India on preferential basis.		
8	During the quarter ended September 30, 2018, the Bank has redeemed Lower Tier II Bonds aggregating Rs.300 cores on 22.08.2018 issued by the Bank on 22.08.2008. The Bank has also exercised call option on Upper Tier II Bonds aggregating Rs.655.30 crores on 17.09.2018 issued by the Bank on 17.09.2008.		
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	Based on latest actuarial valuation relating to gratuity, the Bank has reworked the present value of obligation for the financial year 2018-19. Accordingly, the excess contribution of Rs.69 crores accounted in previous quarter stand credited to the Profit and Loss account.		
11	The position of Investors' Complaints for the period from July 1, 2018 to September 30, 2018 is as under: Pending complaints at the beginning of the Quarter - 0 Complaints received during the Quarter - 17 Complaints redressed during the Quarter - 17 Closing balance at the end of the Quarter - 0		
12	The Provision Coverage Ratio of the Bank as on September 30, 2018 stood at 61.97%.		
13	The conversion of shares application money into equity, if made, would have the effect of reducing the loss per share and would therefore be anti-dilutive. Hence, such conversion has not been considered for the purpose of calculating diluted earning per share.		
14	Previous period/year figures have been regrouped /reclassified/rearranged wherever necessary.		
			
Place: Chennai Date : 26.10.2018	AJAY KUMAR SRIVASTAVA EXECUTIVE DIRECTOR	K SWAMINATHAN EXECUTIVE DIRECTOR	R SUBRAMANIAKUMAR MANAGING DIRECTOR & CEO

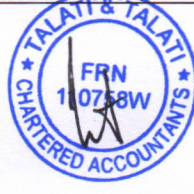


INDIAN OVERSEAS BANK						
CENTRAL OFFICE, 763, ANNA SALAI, CHENNAI 600002						
SEGMENT REPORTING FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2018						
Rs. in lakh						
Particulars	Quarter ended 30.09.2018 (Reviewed)	Quarter ended 30.06.2018 (Reviewed)	Quarter ended 30.09.2017 (Reviewed)	Half Year ended 30.09.2018 (Reviewed)	Half Year ended 30.09.2017 (Reviewed)	Year ended 31.03.2018 (Audited)
1) Segment Revenue						
a) Treasury Operations	1 45 437	1 46 769	1 50 267	2 92 206	3 20 817	6 09 326
b) Corporate / Wholesale Banking	1 69 844	1 85 856	1 98 742	3 55 700	3 86 610	8 15 926
c) Retail Banking	2 10 861	1 91 653	2 04 452	4 02 514	3 56 187	6 36 763
d) Other Banking Operations	8 631	8 374	7 527	17 005	14 818	36 603
e) Unallocated	62	19	47	81	53	67 547
Total	5 34 835	5 32 671	5 61 035	10 67 506	10 78 485	21 66 165
Less: Inter segment Revenue	-	-	-	-	-	-
Income from Operations	5 34 835	5 32 671	5 61 035	10 67 506	10 78 485	21 66 165
2) Segment Results after Provisions & Before Tax						
a) Treasury Operations	22 869	23 913	36 064	46 782	86 517	1 31 411
b) Corporate / Wholesale Banking	4 685	11 942	- 12 074	16 627	- 25 949	5 214
c) Retail Banking	-95 560	71 596	73 973	1 67 156	1 08 693	1 28 411
d) Other Banking Operations	7 266	6 695	5 853	13 961	12 213	30 352
e) Unallocated	39	- 944	40	- 905	41	67 520
Operating Profit	1 30 419	1 13 203	1 03 856	2 43 621	1 81 516	3 62 908
Less: Provisions and Contingencies	2 01 660	2 40 060	2 23 809	4 41 721	3 84 597	12 26 078
Profit After Provisions and before Tax	- 71 241	- 1 26 857	- 1 19 953	- 1 98 100	- 2 03 081	- 8 63 170
3) Segment Assets						
a) Treasury Operations	83 60 094	78 78 349	72 41 005	83 60 094	72 41 005	79 62 880
b) Corporate / Wholesale Banking	85 80 485	85 46 128	98 52 187	85 80 485	98 52 187	90 76 116
c) Retail Banking	68 80 116	67 74 014	71 12 861	68 80 116	71 12 861	71 01 676
d) Other Banking Operations	39 690	46 548	23 098	39 690	23 098	14 953
e) Unallocated	7 01 070	6 77 756	3 19 567	7 01 070	3 19 567	6 41 178
Total	245 61 455	239 22 795	245 48 718	245 61 455	245 48 718	247 96 803
4) Segment Liabilities						
a) Treasury Operations	80 66 498	76 85 255	69 09 124	80 66 498	69 09 124	77 19 758
b) Corporate / Wholesale Banking	83 39 532	83 52 537	94 57 902	83 39 532	94 57 902	88 30 120
c) Retail Banking	66 94 378	66 28 508	68 41 741	66 94 378	68 41 741	69 09 933
d) Other Banking Operations	36 523	21 902	28 745	36 523	28 745	7 557
e) Unallocated	2 17 523	2 041	2 275	2 17 523	2 275	2 038
Total	233 54 454	226 90 243	232 39 787	233 54 454	232 39 787	234 69 406
5) Capital Employed : Segment Assets - Segment Liabilities						
a) Treasury Operations	2 93 596	1 93 094	3 31 881	2 93 596	3 31 881	2 43 122
b) Corporate / Wholesale Banking	2 40 953	1 93 591	3 94 285	2 40 953	3 94 285	2 45 996
c) Retail Banking	1 85 738	1 45 506	2 71 120	1 85 738	2 71 120	1 91 743
d) Other Banking Operations	3 167	24 646	- 5 647	3 167	- 5 647	7 396
e) Unallocated	4 83 547	6 75 715	3 17 292	4 83 547	3 17 292	6 39 140
Total	12 07 001	12 32 552	13 08 931	12 07 001	13 08 931	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 years/Current year/quarters have been regrouped / reclassified / rearranged wherever considered necessary to correspond with the current year /quarters classification / presentation

Chennai 26.10.2018
 AJAY KUMAR SRIVASTAVA EXECUTIVE DIRECTOR
 K. SWAMINATHAN EXECUTIVE DIRECTOR
 R. SUBRAMANIAMANAND COMPANY LLP MANAGING DIRECTOR & CEO

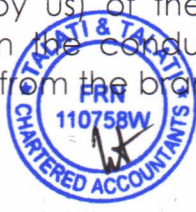


AUDITORS' LIMITED REVIEW REPORT

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 / half year ended September 30, 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, 1 foreign branch reviewed by other auditors specially appointed for this purpose and unreviewed returns in respect of 3342 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 55.73 percent (of which 33.75 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, 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 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, 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 **HARIBHAKTI & Co LLP**
Chartered Accountants
FRN 103523W/W100048


(G. N. RAMASWAMI)

Partner

M.No.202363



For **TALATI & TALATI**
Chartered Accountants
FRN 110758W


(UMESH TALATI)

Partner

M.No.034834



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


(R KUMARASUBRAMANIAN)

Partner

M.No.021888



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


(CHETAN THAKKAR)

Partner

M.No.114196



Place : Chennai

Date : 26.10.2018



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 30th September 2018 as against Rs. 2,13,168 crore as on 30th June 2018.
3. **CASA** of the Bank stood at 36.46% as on 30th September 2018.
4. **Gross Advances registered an increase of 0.86%** and stood at Rs. 1,50,040 crore as on 30th September 2018 as against Rs. 1,48,760 crore as on 30th June 2018.
5. **Operating Profit registered an increase of 15.19% for Quarter ended 30th September 2018 and stood at Rs.1304 crore as against Rs. 1132 crore for the quarter ended 30th June 2018.**
6. **Net loss reduced by 47%** for quarter ended 30th September 2018 and is Rs. 487 crore as against Rs. 919 crore for quarter ended 30th June 2018.
7. **Total income for the quarter ended 30th September 2018 is Rs. 5348 crore as against Rs. 5327 crore for the quarter ended 30th June 2018.**
8. **Interest income stood at Rs. 4284 crore for the quarter ended 30th September 2018 as against Rs. 4249 crore for the quarter ended 30th June 2018.**
9. Non-interest income is Rs. 1065 crore for the quarter ended 30th September 2018 as against Rs. 1078 crore for the quarter ended 30th June 2018.
10. **Total Expenditure reduced by 3.6%** from Rs. 4195 crore for the quarter ended 30th June 2018 to Rs. 4044 crore for the quarter ended 30th September 2018.
11. **NPA MANAGEMENT: Gross NPA as at 30th 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 30th 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 30th 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 30th 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 30th 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 30th September 2018 as against Rs. 3,64,212 crore as on 30th September 2017.
2. **Total deposits registered an increase of 5.49%** and increased to Rs. 2,23,169 crore as on 30th September 2018 as against Rs. 2,11,548 crore as on 30th 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 30th September 2018 as against 36.26% as on 30th 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 30th September '18 over 30th 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 30th September 2018 as against Rs. 1,52,664 crore as on 30th 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 30th September 2018 as against Rs. 965 crore for the quarter ended 30th 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 30th September 2017 to Rs. 4044 crore for the quarter ended 30th 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 30th September 2018 as against 55.88% as on 30th 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 30th September 2017 to Rs. 8239 crore for the half year ended 30th 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%
Total CRAR	9.16%	9.00%

* 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 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 - 15th September 2018, our Bank has secured a score of 70 and stood first among Public Sector Banks and 9th 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 - 2nd 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.
