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PRESS RELEASE

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IDBI Bank on turnaround path exhibits Strong Capital position

Highlights of Q3 FY 19 (Quarter ending Dec 31, 2018) Financial Results

LIC's Investment in IDBI Bank: A win-win deal

- Majority stake acquisition in IDBI Bank by LIC will lead to creation of one-of-its-kind financial conglomerate in the Indian banking space.
- Strategic Alliance is a win-win situation for both LIC & IDBI Bank making them well-positioned to unlock value-enhancing business opportunities for all the stakeholders.
- LIC and IDBI Bank can realize their business potential in numerous ways by focusing on cross-selling of products and services through the shared branch and staff network, which can help in driving the Bank's retail business growth, thereby de-risking its business portfolio, paving the way for improved operations and better financial performance.
- Some of the areas of business synergy include the following:
 - Extend LIC's outreach by designating IDBI Bank's 1800+ branches as Customer Zone for cross-sell and servicing of LIC's insurance products.

- Tap LIC's wide distribution network, including 10 lakh+ agents, to cross-sell the Bank's products & services.
 - Engage the Bank as a primary bank for LIC for extending banking services such as deposit and current account facilities, CMS etc.
 - Cross-sell IDBI Bank's retail loans to LIC's customers, active agents and employees by extending attractive offers.
 - Extend broking, investment and advisory services to LIC on its future acquisitions and selloffs.
- The Bank will be well-positioned to return to a profitable growth path and exit PCA in a time-bound manner, aiding in improvement in its valuation. This is likely to ensure wealth maximization for all its investors, including LIC and GoI, who can realize higher return on their investment.

Capital

- **Life Insurance Corporation of India (LIC) completed acquisition of 51% controlling stake in IDBI Bank on January 21, 2019.**
- The Bank received total capital of Rs. 21,624 crore from LIC.
- **On the backdrop of capital infusion from LIC, the Bank has achieved regulatory capital requirement as on December 31, 2018**
- **CET 1** capital of the Bank improved to 9.32% as on December 31, 2018 as against 6.62% as on December 31, 2017.
- **CRAR improved** to 12.51% as on December 31, 2018 as against 11.93% as on December 31, 2017.
- **Risk Weighted Assets (RWA)** reduced by Rs.58,405 crore (23%) to Rs.1,90,456 crore over December 31, 2017.

Business

Business composition improved in respect of CASA and Retail Advance portfolio

- **CASA** increased to Rs.88,206 crore as on December 31, 2018 from Rs.85,644 crore as on December 31, 2017. CASA as on December 31, 2018 stood at 38% of total deposits.
- **Savings Bank Deposits** increased by 10% to Rs.57,486 crore as on December 31, 2018 from Rs.52,225 crore as on December 31, 2017.
- The composition of Advances portfolio Corporate Vs Retail was realigned. (52:48 as on December 31, 2018 as against 59:41 as on December 31, 2017).
- Structured Retail Assets portfolio increased by Rs. 6,868 crore or 16% to Rs.50,671 crore as on December 31, 2018 from Rs. 43,803 crore as on December 31, 2017.
- The overall priority sector lending achievement was 41.14% against regulatory minimum of 40% as on December 31, 2018

Asset Quality

- **Provision Coverage Ratio (PCR-including Technical Write-Offs)** improved by 18% to 75.21 % as on December 31, 2018 from 56.99% as on December 31, 2017.
- **Gross NPA and Net NPA Ratio** improved to 29.67% and 14.01% respectively as on December 31, 2018 as against 31.78% and 17.30% respectively as on September 30, 2018.
- **Slippages** during the quarter were Rs.2,211 crore which were lowest during last 7 quarters.
- **Recovery from NPAs** improved to Rs.3,440 crore for QE Dec 2018 from Rs. 537 crore for QE Dec 2017.

Profitability

- **Net Interest Income** stood at Rs.1357 crore for QE Dec 2018.
- **Operating Profit** stood at Rs.725 crore for QE Dec 2018.
- **Net Loss** stands at Rs.4,185 crore for QE Dec 2018 on account of higher provisioning.
- **Net Interest Margin (NIM)** stood at 1.88% for QE Dec 2018.
- **Yield on Advances** improved by 20 bps to 8.89% for QE Dec 2018 from 8.69% for QE Dec 2017.
- **Cost of Funds** stood at 5.88% for QE Dec 2018 as against 5.64% for QE Dec 2017.
- **Cost of deposits** stood at 5.53% for QE Dec 2018 as against 5.46% for QE Dec 2017.
- **Cost to Income Ratio** stood at 64.71% for QE Dec 2018 as against 36.55% for QE Dec 2017.

Focus Areas

- Emphasis on Retail Business, improving Asset Quality & Efficiency.
- Improving CASA and Retail Deposit base thereby containing cost of deposits.
- Strengthening the Balance Sheet through augmenting Retail Business and realignment of Corporate and Retail portfolio.
- Focus on NPA resolution, recovery from written off cases and improving the provision coverage and containing the slippages.
- Digital Banking – The number of Mobile Banking Connections increased to 24,67,256 as on December 2018 from 14,46,909 as on December 2017. The volume of digital transactions increased to Rs.1,69,781 crore as on December 31, 2018 from Rs.1,52,339 crore as on December 2017.
- Reviewing all the Risk Management and Credit Policies to strengthen the portfolio.

- Improvement in HR policies by implementing new performance appraisal system, viz. IDBI Bank Performance Assessment and Continuous Evaluation (i-PACE), which ensures stronger role clarity, transparency and objectivity in scoring.

Significant Developments from October 2018 till date

- S & P Global Ratings have removed the ratings from Credit Watch with negative implications on certain debt instruments.
- CRISIL have removed certain debt instruments from 'Watch with Developing Implications and assigned a stable outlook.
- The Bank was conferred as Top Performer in new accounts opened (PSU- Bank category) in the Star Performer Awards 2018 announced by NSDL.
- The Bank received the “Leadership Capital” award from PFRDA as recognition of the superlative performance of the Bank in the interbank contest for APY Subscriptions in November 2018. The Bank was also awarded the “Rise Above the Rest” award from PFRDA.
- The Bank’s Hindi Magazine ‘Vikas Prabha’ was awarded three prizes (two silver and one bronze) under Indian Language Category by the Association of Business Communicators of India (ABCI).
- **Mumbai, February 4, 2019:** The Board of Directors of **IDBI Bank Ltd. (IDBI)** met in **Mumbai** today to consider the financial results for the quarter ended December 31, 2018.

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