



*Relationship beyond banking*

Quarterly Results Sept 2010

BOI net at Rs. 617 Cr

- Operating Profit up by 14.40%(YoY) to Rs. 1380 Cr.
- Net Interest Income grows by 26.14% (YoY) at Rs. 1,776 Cr.
- NIM rises 24 bps YoY rise to 2.81%. (Domestic 3.17% and Foreign higher at 1.37% )
- Global Business crosses Rs.425,000 Cr.
- CASA grows by 84 bps in one quarter.
- 1.40 million CASA accounts opened in Q2.
- GNPA and NNPA (%) down sequentially; Coverage rises to 70%.

**Performance Highlights**

**Business:**

- Global business-mix reached a level of Rs.425,448 Cr. as on 30<sup>th</sup> Sept '10 growing by 21.92% .
- Domestic business–mix reached Rs.349,525 Cr. as on 30th September '10, from Rs.288,131 Cr as at September 30, 2009 recording a growth of 21.31%,.
- The Bank's domestic deposits as on 30<sup>th</sup> September'10 was Rs.204,828 Cr from Rs.169,874 Cr as on 30th September'10, an increase of 20.57 %.
- Gross domestic advances of the Bank reached a level of Rs.144,696 Cr as on 30th September '10, registering an increase of 22.36% over 30th September 2009.
- CASA deposits rose by 29% to Rs.68,067 Cr as of September '10 as against Rs.52,766 Cr in the previous year. **Sequential growth during 2<sup>nd</sup> quarter**

*was Rs.3068 Cr. CASA ratio improved to 33.48% from 32.64 % on a sequential basis.*

- Acquisition of new relationships was the thrust and as many as 1.40 Million CASA accounts opened during the quarter.

#### **Profit and Profitability:**

- Operating profit for the quarter Q2 FY 2010-2011 rose by 174 Cr to Rs. 1,380 Cr (14.4% growth) as against Rs. 1,205 Cr in the corresponding quarter of the previous year, despite challenging conditions on Treasury front.
- Net Profit of Rs. 617 Cr registered for Q2 FY 2010-2011 compared to Rs 323 Cr in the 2<sup>nd</sup> quarter of previous year, registering a growth of 90%. .
- Net Interest Income rose to Rs.1,776 Cr from Rs. 1,409 Cr for Q2 FY 2009-2010, a growth of 26 %.
- NIM of the Bank improved to 2.81 % for Q2 FY 2010-2011 from 2.57 % in the corresponding quarter of previous year. Domestic NIM improves to 3.17% in September 2010 from 3.08% in September 2009.

#### **Key Ratios:**

- Cost to Income Ratio is at 41.55% as of 30th September '10 from 42.15% in the corresponding period of the previous year
- Return on Equity (RoE) improved to 18.29% as of September '10 as against 10.88% in the 1st quarter of previous year.
- Return on Assets (RoA ) is at 0.87% compared to 0.55% as at Q2 FY 09-10.
- EPS (not annualised) and Book value showed improvement to Rs.11.74 and Rs. 262.36 as on 30th September '10 from Rs.10.88 and Rs.229.15 respectively in the previous year.
- Capital Adequacy Ratio (CRAR) is at 13.04% as on 30th September 2010 as per Basel II.

#### **Other Financial Highlights:**

- Educational loans grew robustly by 34.66 % YoY to Rs. 1,857 Cr as on 30<sup>th</sup> September '10 from Rs 1,379 Cr in the previous year

- Yield on domestic advances increased to 10.04% from 9.89% sequentially ; Yield on foreign advances also rises by 20 bps to 3.09%. Yield on funds improved to 7.25% from 6.96%.
- The Bank's Net Worth as on 30<sup>th</sup> September '10 stood at Rs. 13,797 Cr as compared to Rs. 12,051 Cr in the corresponding period of previous year.

**Asset Quality:**

- Gross NPAs marginally rose on sequential basis by Rs.68 Cr from Rs.4795 Cr to Rs.4863 Cr; Increase on YoY from Rs.3920 Cr as on 30<sup>th</sup> September 2009.
- The ratio of the Bank's Gross NPAs to Gross Advances is at 2.64 % as on 30<sup>th</sup> September 2010 in comparison to 2.61% as on 30<sup>th</sup> September 2009. There is a reduction of 10 bps over 2.74% as at June 30, 2010.
- Net NPA saw a marginal rise from Rs.2061 Cr in June 2010 to Rs.2072 Cr as on September '10. It was at Rs.1605 Cr as on 30<sup>th</sup> September 2009.
- The ratio of Net NPAs to Net Advances is at 1.14% as on 30<sup>th</sup> September 2010. Sequentially the figure has improved by 4 bps. It was at 1.08% as on 30<sup>th</sup> September 2009.
- Provision Coverage Ratio as on 30<sup>th</sup> September 2010 improved to 70.03% from 68.32% as on 30<sup>th</sup> September 2009 and from 65.51% as at Mar 31, 2010.

**Employee Productivity:**

- Business per Employee increased to Rs.1028 lacs as of 30<sup>th</sup> September '10 from Rs. 866 lacs in the previous year
- Gross Profit per Employee increased to Rs..13.33 lacs as of 30<sup>th</sup> September '10 from Rs 11.98 lacs in the previous year.

**Initiatives taken during Q2 FY 2010-2011:**

- The Bank undertook a detailed study of the Organizational Structure required to meet the challenges of current environment. Accordingly, Customer focussed verticals ie. Large Corporate, Mid Corporate, SME, Retail, Rural etc have been established . This would aid faster decision making and provide the Bank a competitive edge in the marketplace.

- 146 Branches opened during the current financial year, taking domestic branch network to 3353.
- 173 new ATMs were installed in Q2. Total No. of ATMs as on date is 1126.
- On-line ATM help desk developed in house and implemented.
- As per Finance Ministry guidelines and recommendations our Corporate web-site (English) has been enabled for physically challenged persons.
- BOI proud to be associated with first UID issue in Tembhal village in Nandurbar District, Maharashtra.
- Under Financial Inclusion Plan (FIP) , 40 Lacs No Frill accounts opened so far.
- Many products/schemes were launched on Bank's foundation day (Sept 7, 2010) such as :-
  - **BOI Kisan Sathi** – Aimed at benefiting tenant farmers and share croppers
  - **“Jai Jawan” Salary Plus Scheme** - Salary Linked Loan Scheme for Defence Personnel.
  - **Star Suraksha S/B Plus** - Many benefits along with FREE accidental death insurance of Rs50,000/-(For 2 years).
  - **Students ATM-cum-Debit Cards – “BINGO”** - Aimed at the Youth for their shopping needs allowing convenience of drawal of cash also through ATMs.
- Bank raised Innovative Perpetual Debt Instruments - Tier I capital - of Rs.300 Cr. at 9.05% p.a. on Sept 9, 2010.
- 2,700 new recruits have joined our ranks.

### **Way Forward**

- Customer Acquisition and CASA build up will continue to be thrust area.
- Broad basing the loan book will continue to be the focus..
- Likely to establish presence in Uganda and New Zealand by end of current year. Up-gradation of Johannesburg Office (Republic of South Africa) to a full fledged branch on anvil.
- Recruitment process for 5,200 staff members is underway.