



**RATED AS NUMBER - 1 PUBLIC SECTOR BANK\***

*\*By Financial Express*

# **PERFORMANCE OF THE BANK - 2008-09**

## SYNOPSIS OF PERFORMANCE

- ✓ The Board of Directors have pleasure in recommending a final dividend of 30% – With the interim dividend of 20% paid in March 09, total dividend works out to 50%.
- ✓ Sustained growth in Revenues, operating Profit, Net Profit, operational efficiency and business despite challenging market conditions.
- ✓ Healthy capital adequacy
- ✓ improved asset quality; Further fall in NPAs; Contained fresh NPAs;
- ✓ Expanded net work by addition of 101 branches and 155 ATMs during the year.
- ✓ Launched Wealth Management Services.

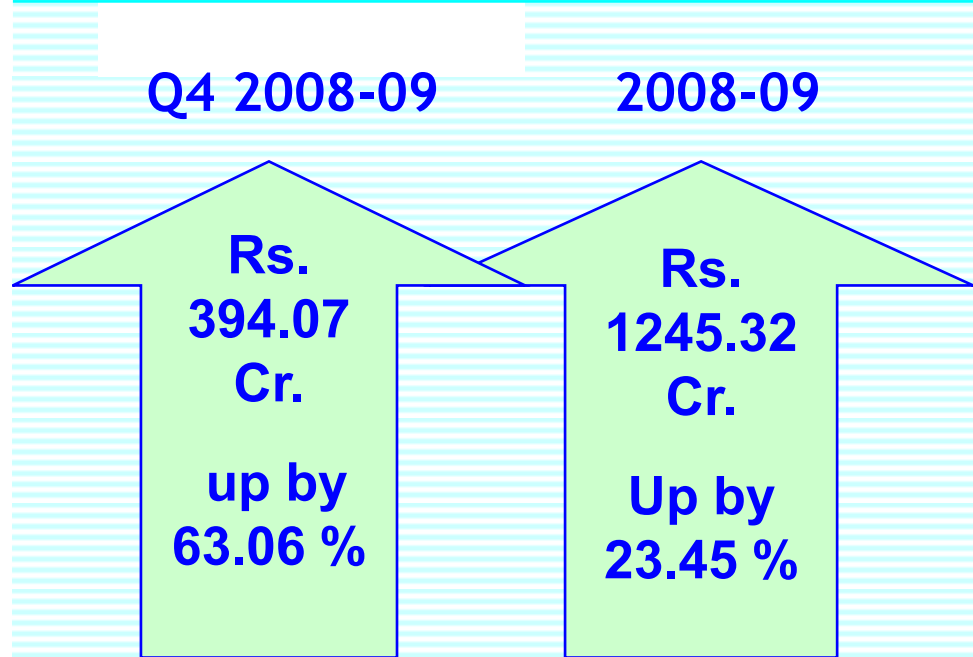
## PERFORMANCE HIGHLIGHTS

	Q4	FY09
Net Profit	↑ 63.06% YOY	↑ 23.45%
Net Interest Income	↑ 27.75% YOY	↑ 27.00%
Fee Income	↑ 14.74% YOY	↑ 28.00%
Operating Revenue	↑ 16.17% YOY	↑ 19.10%
Operating Profit	↑ 21.56% YOY	↑ 34.32%
Net Interest Margin	3.34	3.54
Cost of Funds	5.69	5.50

## **BUSINESS PERFORMANCE - 2008-09**

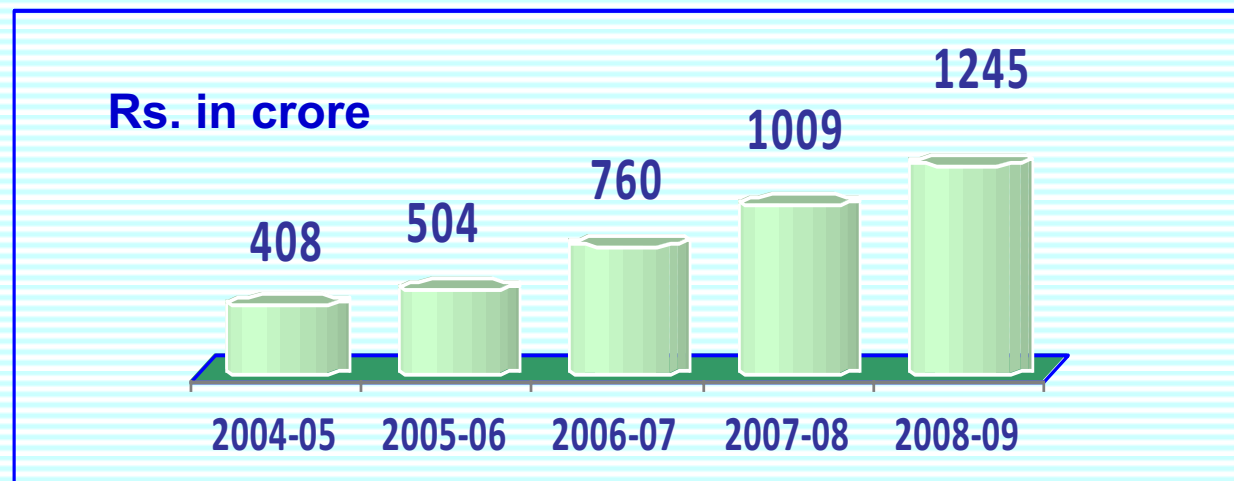
- Sustainable growth in the Bank's Business
  - Total Business grew by 22.85% to Rs.1,24,413 Cr.
  - Total Deposits grew by 18.90% to Rs.72,582 Cr.
  - Gross Advances grew by 28.84% growth to Rs. 51,831 Cr
  - Retail Advances grew by 22.95% in 2008-09 to Rs.9664 Cr. and constituted 18.65% of total advances.
- Net NPAs lower at 0.18% (0.24 % for March '08).
- Book Value per share was Rs.127.52, as at end March'09, compared to Rs.98.96 for March '08.
- Capital Adequacy at 13.27% with Tier-1 capital at 11.28% as per Basel I
- Capital Adequacy at 13.98% with Tier-1 capital at 11.88% as per Basel II
- Opened 101 branches during the year

# NET PROFIT



- 2008-09: Up by Rs.236.58 Crore (23.45%) to Rs.1245.32 Crore from Rs. 1008.74 Crore
- Q4 2008- 09: Up by Rs. 152.40 Crore (63.06%) to Rs.394.07 Crore from Rs. 241.67 Crore

**GROWING  
CONSISTENTLY**



# OPERATING PROFIT

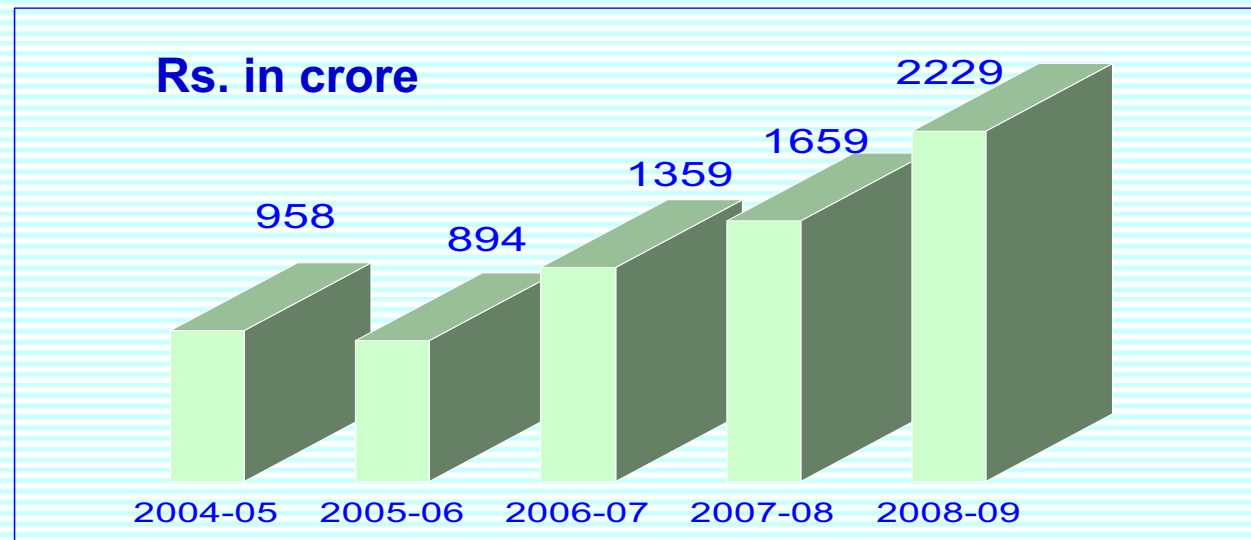
Q4 2008-09

Rs.  
635.72  
Crore  
  
Up by  
21.56%

2008-09

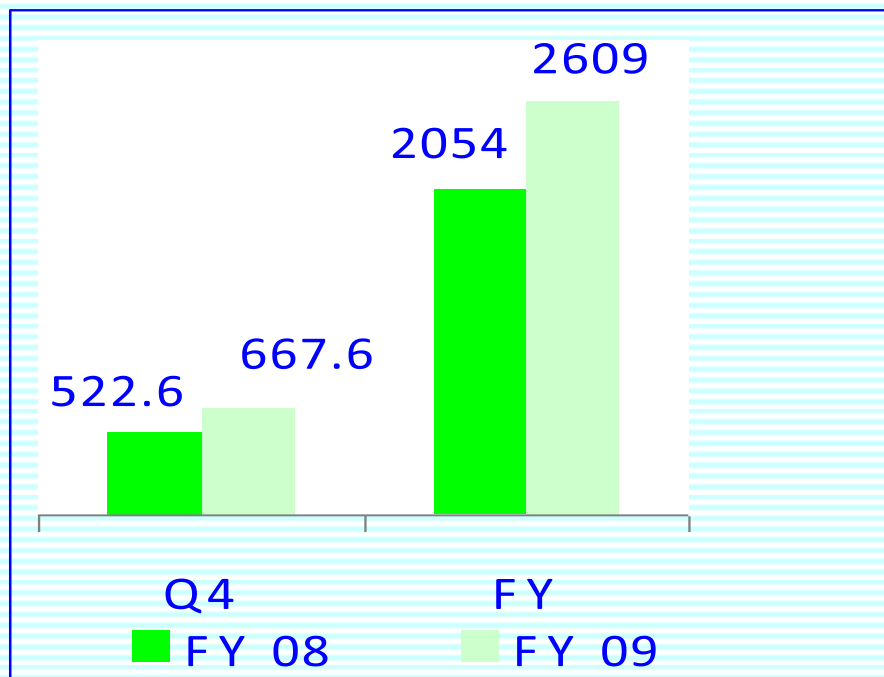
Rs.  
2228.83 Cr.  
  
Up by  
34.32%

- 2008-09: Up by Rs.569.53 Crore (34.32%) to Rs.2228.83 Crore from Rs.1659.30 Crore
- Qtr.Mar. 09: Up by Rs.112.75 Crore (21.56%) to Rs.635.72 Crore from Rs. 522.97 Crore



# GROWING NET INTEREST INCOME

Net Interest Income (FY 09 vs FY 08)



Net Interest Income in the last 5 years  
( Rs.in crores)

FY 05	1258.30
FY 06	1441.94
FY 07	1782.19
FY 08	2053.90
FY 09	2608.52

CAGR (5 years) 20 %

# PROFIT & LOSS STATEMENT

Rs. In Crore

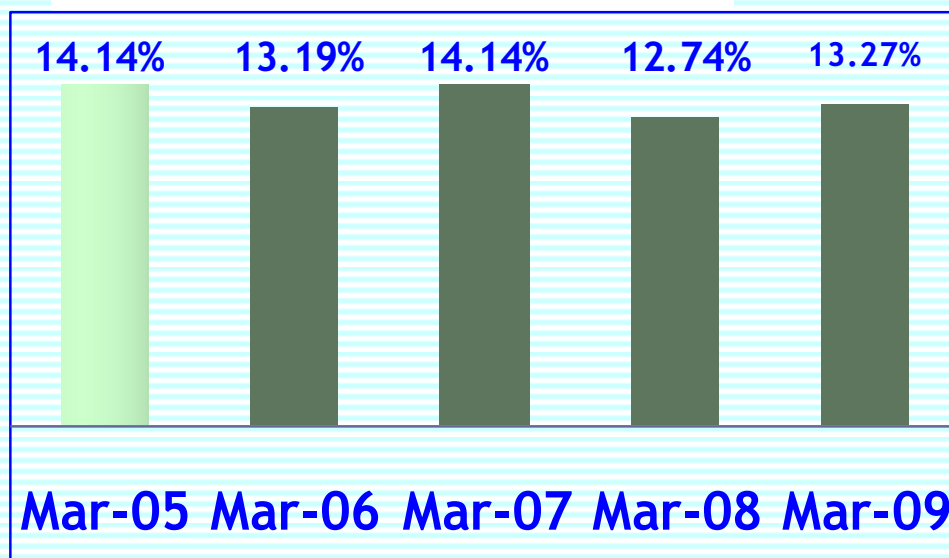
	2008-09	2007-08	Growth %	Q4 2009	Q4 2008	Q4-o-Q4 Growth %
Interest income	6830.33	5212.97	31.03	1856.37	1369.36	35.56
of which: Mol	145.36	175.54	-17.19	57.04	22.40	154.64
Non interest income	1035.44	1005.69	2.96	292.11	303.49	-3.75
of which:						
a. Recovery of bad debts	183.00	312.92	-41.52	45.61	97.46	-53.20
b. Profit on sale of investment	194.77	179.01	8.80	57.83	41.59	39.05
c. other non int. income	657.67	513.76	28.01	188.67	164.44	14.73
Total Income	7865.77	6218.66	26.49	2148.48	1672.85	28.43
Interest Expenditure	4221.81	3159.07	33.64	1188.80	846.78	40.39
Operating expenditure	1415.13	1400.29	1.06	323.96	303.10	6.88
Total Expenditure	5636.94	4559.36	23.63	1512.76	1149.88	31.56
Operating profit	2228.83	1659.30	34.32	635.72	522.97	21.56
Net Profit	1245.32	1008.74	23.45	394.07	241.67	63.06
Net Interest Income	2608.52	2053.90	27.00	667.57	522.58	27.75

## KEY FINANCIAL RATIOS

	Parameter	2007-08	2008-09	Q4-2008	Q4-2009
1	NIM	3.45	3.54	3.44	3.34
2	Yield on advances	10.59	11.02	10.45	10.92
3	Cost of deposits	5.85	6.27	5.79	6.55
4	Cost income ratio	45.77	38.83	36.69	33.76
5	Return on Average Assets	1.64	1.62	1.46	1.89
6	Return on average net worth	24.51	23.36	21.38	26.99
7	Weighted average EPS (Rs.) (annualised)	22.52	27.96	21.54	35.64
8	Book value (Rs.)	98.96	127.52	98.96	127.52

# CAPITAL ADEQUACY

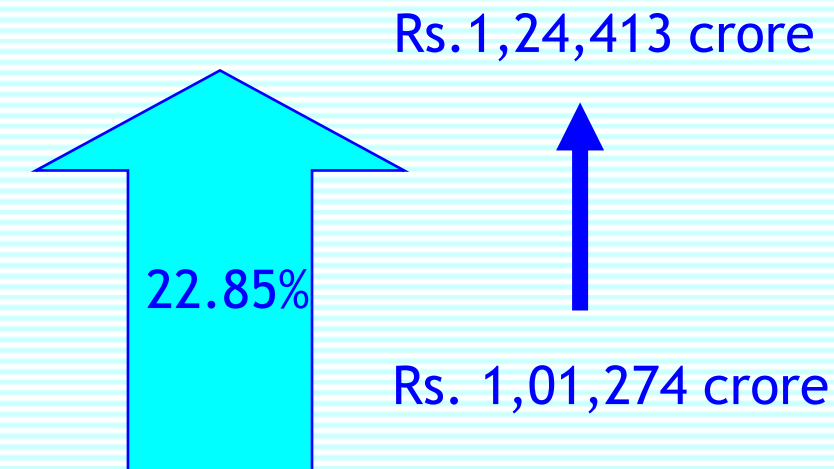
(Rs. in crore)



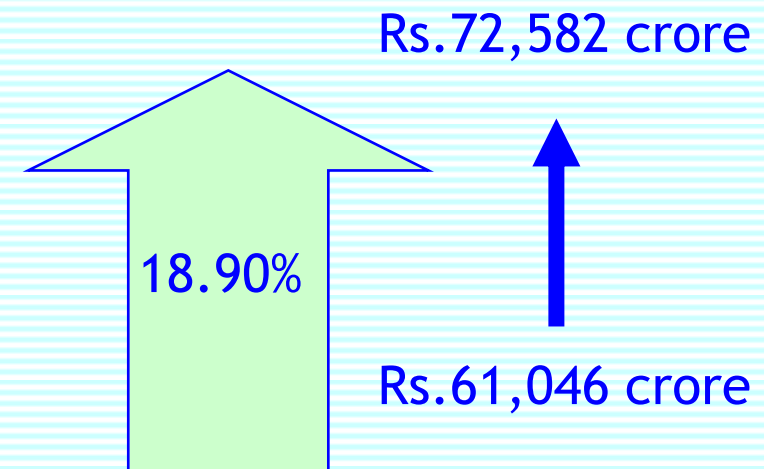
	Mar-07	Mar-08	Mar-09
Tier I	3621.32	4653.07	5864.95
Tier II	547.19	598.32	1034.14
<b>Total</b>	<b>4168.51</b>	<b>5251.39</b>	<b>6899.09</b>

	Mar-08	Mar-09
<b>Basel I</b>		
Tier I (%)	11.29	11.28
Tier II (%)	1.45	1.99
<b>CRAR as per Basel I</b>	<b>12.74</b>	<b>13.27</b>
<b>Basel II</b>		
Tier I (%)	11.43	11.88
Tier II (%)	1.47	2.10
<b>CRAR as per Basel II</b>	<b>12.90</b>	<b>13.98</b>

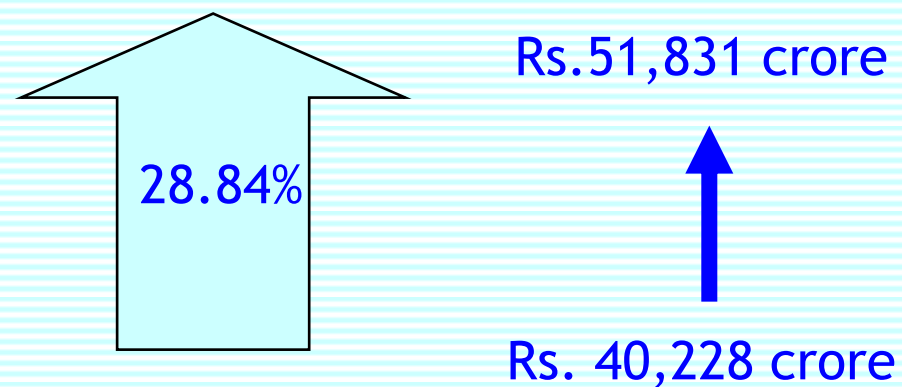
# BUSINESS HIGHLIGHTS



Global Business

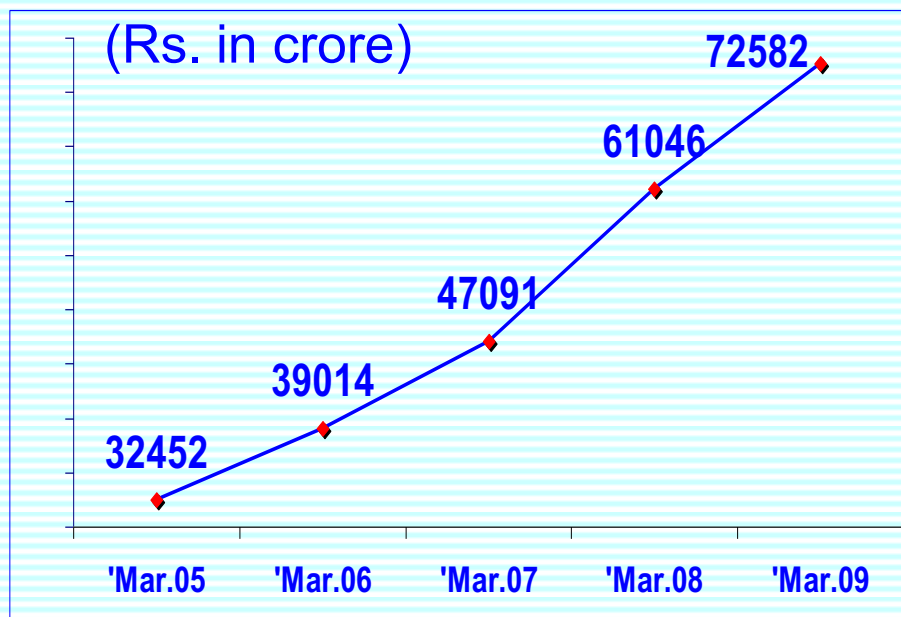


Global Deposits



Global Gross Advances

# DEPOSITS



(Rs. in crore)

CASA (DOMESTIC POSITION)	Mar.08	Mar.09	Growth
Current	4545	5014	10.32
Savings	14980	17625	17.66
Total CASA	19525	22639	15.95
% of CASA	33.27	32.53	

- Global Deposits Improved by Rs.11,536 Crore or 18.90% (YoY) to Rs.72,582 Crore
- Wholesale Deposits (Deposits of over Rs.5 Crore) declined to 12.62% of Total Deposits as against 16.60% as on 31.03.2008.
- Launched 'Movement BANYAN VRIKSH' for mobilisation of Current and Savings Bank accounts Bank opened over one million accounts during the period.

# STRATEGY FOR GROWTH IN LENDING

- Focus on building quality assets by extending credit to corporates with good financials and record performance in the past and having strong potential for future growth
- Focus on following business segments
  - Corporate
  - SMEs
  - Structured Products
- Close and continuous risk assessment of borrowal accounts, applying rating as a tool to assess the business
- Concentration on small accounts in Priority Sectors and Micro Credit which offers good repayment of dues

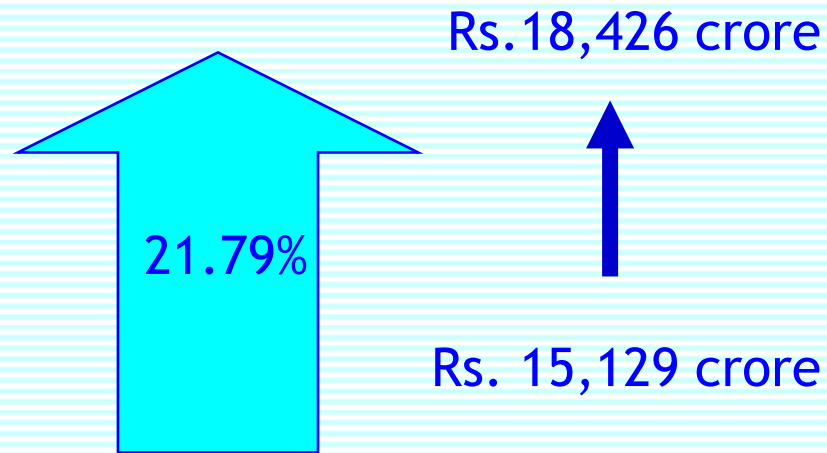
## ADVANCES - COMPOSITION

- Global Gross credit grew by Rs.11,603 Crore or 28.84% to Rs.51,831Crore as on 31.3.2009
- CD Ratio (gross) improved to 71.41% as on 31.3.2009 from 65.90% as on 31.03.2008
- Incremental CD Ratio during the year was 100.58%.

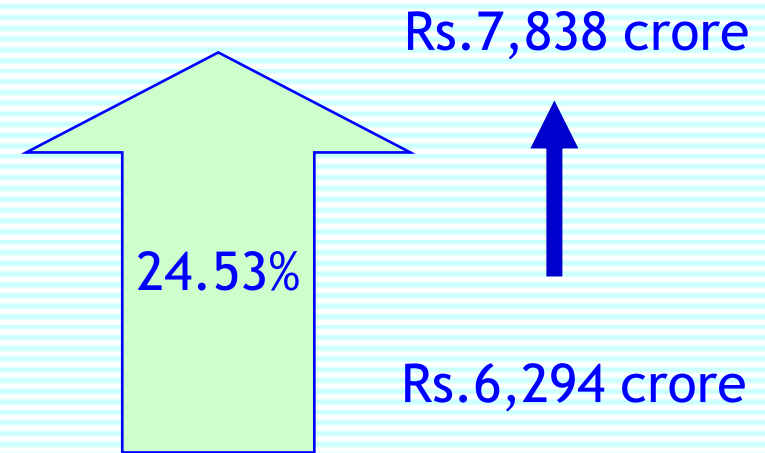
(Rs. in crore)

Credit to	Mar.07	Mar 08	Mar.09	Y-o-Y Growth (%)
Agriculture	4814	6294	7838	24.53
Retail	6251	7860	9664	22.95
SME	3115	4355	5489	26.04
Corporate & Commercial	13983	19695	25870	31.35
Overseas Credit	1339	2024	2970	46.74
<b>Total</b>	<b>29502</b>	<b>40228</b>	<b>51831</b>	<b>28.84</b>
Of which: Priority Sector	11998	15129	18426	21.79

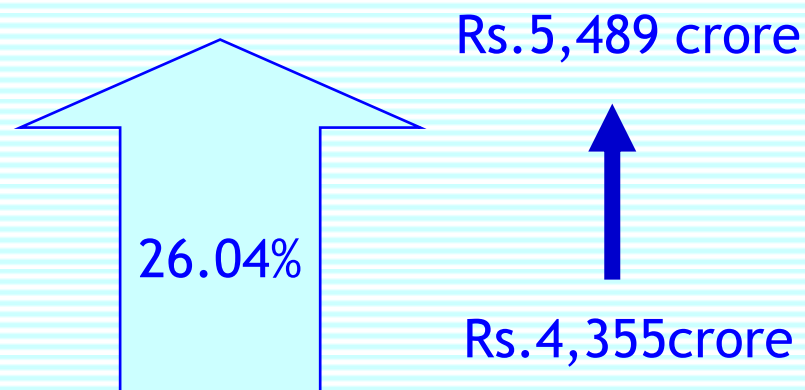
# PRIORITY SECTOR LENDING - HIGHLIGHTS



Priority Sector advances



Agriculture advances



SME Advances

## PRIORITY SECTOR LENDING - COMPOSITION

- Priority sector credit as percentage to Adjusted Net Bank Credit (ANBC) was 48.23 % as against the prescribed norm of 40%.
- Agricultural credit as percentage to Adjusted Net Bank Credit (ANBC) was 20.51 % as against the prescribed norm of 18%.
- Bank has provided debt waiver amounting to Rs.457.40 crore benefiting 2.36 lakh Small and Marginal Farmers. Besides 0.43 lakh other Farmers were provided relief of Rs.84.57 crore as at the close of the scheme.
- Fresh loans are being issued to the beneficiaries of the Debt Waiver scheme from 01.07.08 to 31.03.09 Rs.283.19 crore has been provided to 97,357 Farmers.

Segment	Mar.08	Mar09	Growth %	(Rs. in crore)
Agriculture	6294	7838	24.53	
Small Enterprises	3256	3950	21.31	
Micro credit	205	329	60.49	
Retail Trade	898	923	2.78	
Education Loan	1105	1608	45.52	
Home Loan	3369	3776	12.08	
State sponsored org. for SC/ST	2	2	0.00	
<b>Total Priority Sectors</b>	<b>15129</b>	<b>18426</b>	<b>21.79</b>	

# PRIORITY SECTOR LENDING - INITIATIVES

## CAPACITY BUILDING INITIATIVES

- As a step towards getting closer to the rural people, the Bank has set up a Trust by name 'Indian Bank Trust for Rural Development' (IBTRD) for undertaking various development activities.
- Under the umbrella of the above Trust, Financial Literacy and Credit Counseling (FLCC) centres have been established at Dharmapuri and Puducherry.
- The Bank has also established RUDSETI Model Training Institutes named as 'Indian Bank Self Employment Training Institute (IND SETI)' at Salem and Puducherry for providing training to rural youth.
- Apart from the above, exclusive initiatives of the Bank towards capacity building, the Bank is participating in Rural Training Centre, Karaikudi, Tamil Nadu (jointly with NABARD & IOB) and Andrapradesh Bankers' Institute of Rural & Entrepreneurship Development - APBIRED , Hyderabad (jointly with Government of AP & four other Banks). These two training institutes offer wide range of skill oriented training programmes with a focus on rural population.

## COMMON MAN BANK - FINANCIAL INCLUSION INITIATIVES

- Besides achieving total financial inclusion (involving all banks) in UT of Puducherry, Cuddalore in Tamilnadu and Kollam in Kerala, the Bank has implemented 100% Financial Inclusion in 11 other lead districts. 100% Financial Inclusion has also been completed by the Bank in Nilgiris (ST), Tiruvarur (SC) and Kanniyakumari (minorities) districts in Tamilnadu.
- Covering 4637 villages, the Bank under the Financial Inclusion Project, opened 17.04 lakh no frill SB accounts and provided overdraft and General Credit Card facilities to 52545 individuals with a total sum of Rs.10.91 crore.
- Under Janashree Bima Yojan (JBY), the micro insurance scheme launched in association with Life Insurance Corporation of India Ltd, and intended for providing life cover to SHG members, the Bank has provided insurance cover to 8,579 groups covering 83,033 members during the year.
- Under Universal Health Care Policy (UHCP), the micro insurance scheme launched in association with United India Insurance Company Ltd and intended for providing health cover to BPL families, the Bank has so far cumulatively provided insurance cover to 16,220 BPL members.

## LENDING TO SHGs - CONTINUED THRUST

Rs. in crore

Period	No. of SHGs financed during the year	Amount of Credit disbursed	Outstanding	YoY growth (%)	Number of new SHGs linked
2003-04	18203	103	137	82.67	14320
2004-05	35355	201	199	45.26	18616
2005-06	53285	393	350	75.88	35168
2006-07	61469	503	575	64.29	36163
2007-08	75381	815	987	71.65	39879
2008-09	90421	1054	1351	36.88	42626

- The Bank has established 25 MICROSATE branches (specialized branches for Micro finance) of which 13 were opened during 2008-09.
- To strengthen Micro Finance and to facilitate marketing through publicity & sale, the Bank along with Indian Bank Trust for Rural Development (IBTRD) arranged for an 'Exhibition cum sale' exclusively for SHG products at Chennai on 28.02.09 & 01.03.09. A total 146 SHGs participated and total sale of Rs.4.21 lakh. Orders booked worth around Rs.16 lakh.

## FOCUS ON STUDENTS - EDUCATION LOAN

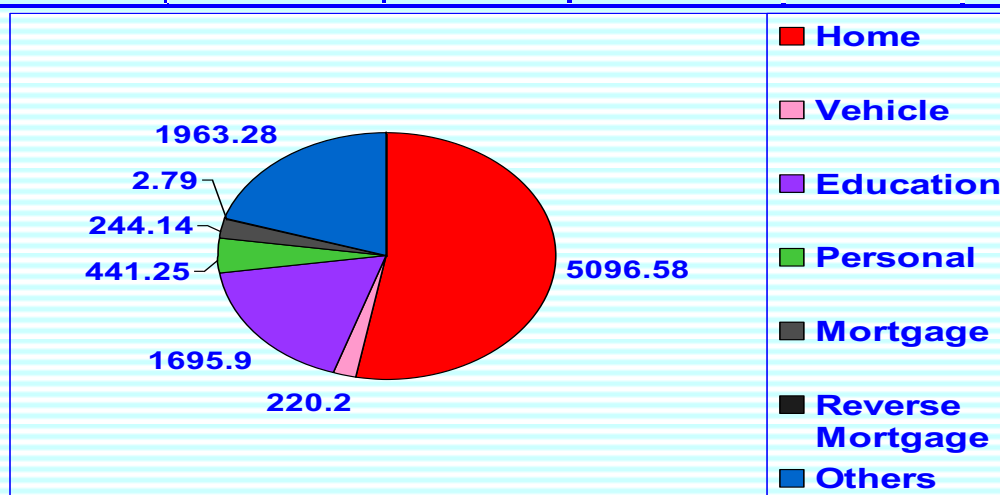
Rs. in crore

Period	No. of students financed during the year	Amount of Credit disbursed	Outstanding	YoY growth (%) ( Balance Outstanding )
2003-04	2881	38.72	83.39	38.04
2004-05	9552	119.25	161.66	93.86
2005-06	24809	260.14	375.86	132.50
2006-07	31141	352.25	692.36	84.21
2007-08	44710	435.49	1149.33	66.00
2008-09	66280	540.17	1695.90	47.56

Conscious of the need to promote technical and higher education to promising youths in the country the Bank has focused on educational loans which grew by 47.56% during 2008-09.

## PERSONAL BANKING PRODUCT WISE

Product (Rs. In Crore)	Mar.07		Mar.08		Mar09	
	No. of A/cs	Amount	No. of A/cs	Amount	No. of A/cs	Amount
Home Loan	97147	3501	100796	4107	103927	5097
Vehicle Loan	31186	145	27991	192	24173	220
Educational Loan	67454	692	103997	1147	135472	1696
Personal Loan	218595	650	190087	554	149428	441
Mortgage Loan	1562	205	1461	275	1314	244
Reverse Mortgage	0	0	10	0	69	3
Others	303230	1057	314687	1586	399600	1963
<b>Total</b>	<b>719174</b>	<b>6251</b>	<b>739029</b>	<b>7860</b>	<b>813983</b>	<b>9664</b>



## LENDING TO SME

- During the year, lending to SME sector grew by 26.04% (Rs.1134 crore) to Rs. 5489 Crore.
- Central Consultancy Cell has been set up at Head Office to study the developments in Industrial and Government initiated projects in different areas of the country and to provide vital feed back to field level functionaries.
- For quick and quality appraisal of SME proposals, Central Processing Units have been set up in 9 Centres.
- 59 branches have been identified for conversion into Specialised SME branches for the focused attention and growth of SME portfolio. Two such branches are already functioning one in Bangalore and another in Coimbatore.
- Micro Enterprises being a thrust area, the Bank has entered into MoU with organisations like Medium Small and Micro Enterprises Development Institute (MSMEDI), Bharat Yavak Shakti Trust (BYST) and MICO BOSCH to increase credit flow to this sector.

## INTERNATIONAL OPERATIONS

The Bank has 2 Branches overseas one at Colombo and the other at Singapore

(Rs. in crore)

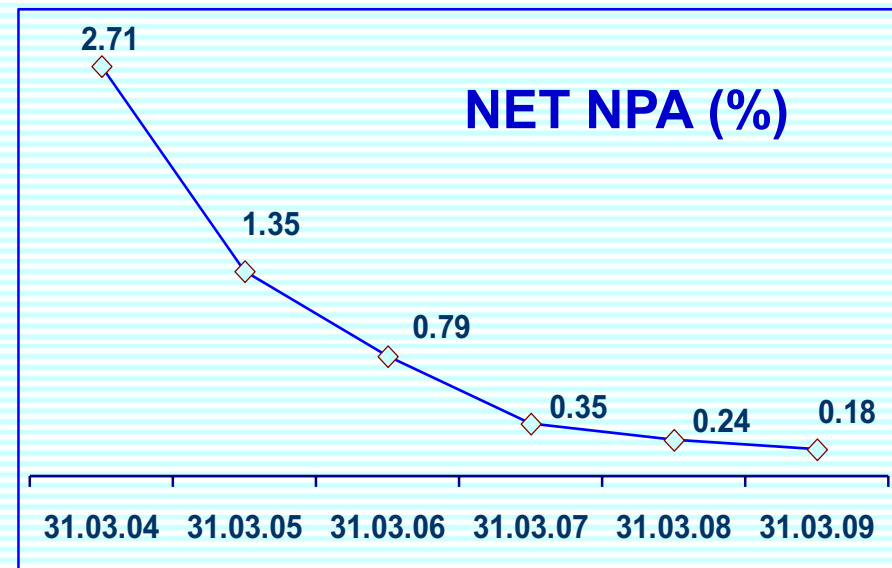
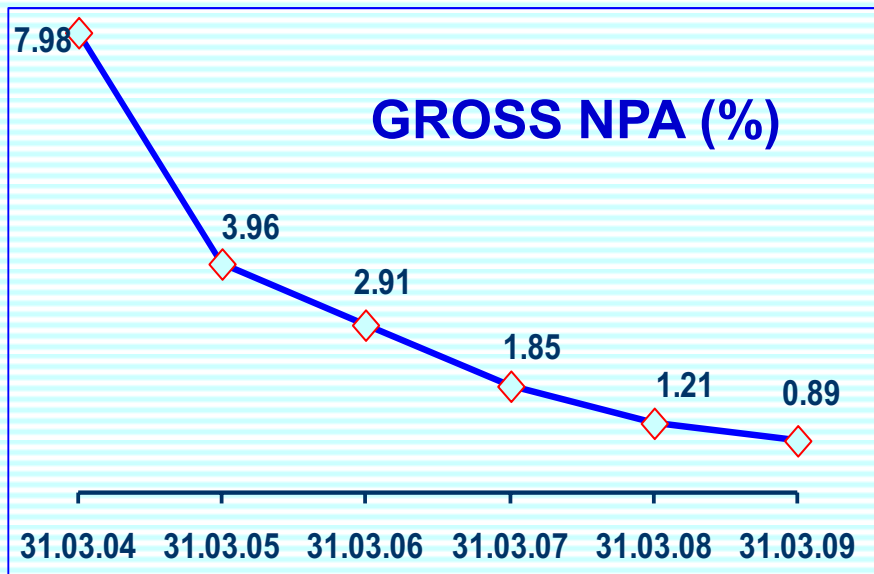
	2007-08	2008-09	% growth
Total Deposits	2141	2923	36.52
Total Credit	2024	2970	46.74
Investments	829	921	11.10
Operating Profit	57.72	93.27	61.59

- The Foreign Currency Banking Unit (FCBU), Colombo, is engaged in off-shore banking operations.
- The Bank has correspondent arrangements with 190 banks in 69 countries.

# NPA MANAGEMENT

(Rs. In Crore)

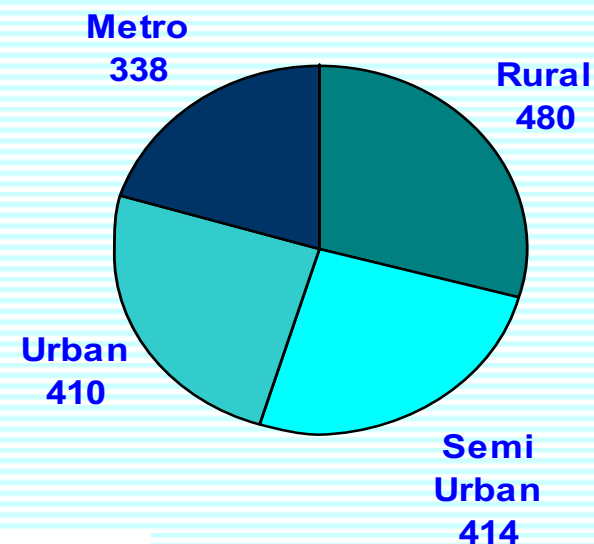
	Mar.07	Mar08	Mar09
Gross NPA	546	487	459
Net NPA	102	98	94
NPA Recovery	654	572	457
Fresh Slippage	172	444	229
Gross NPA (%)	1.85	1.21	0.89
Net NPA (%)	0.35	0.24	0.18



# DISTRIBUTION CHANNELS

*The Bank opened 101 New branches during the year (2008-09)*

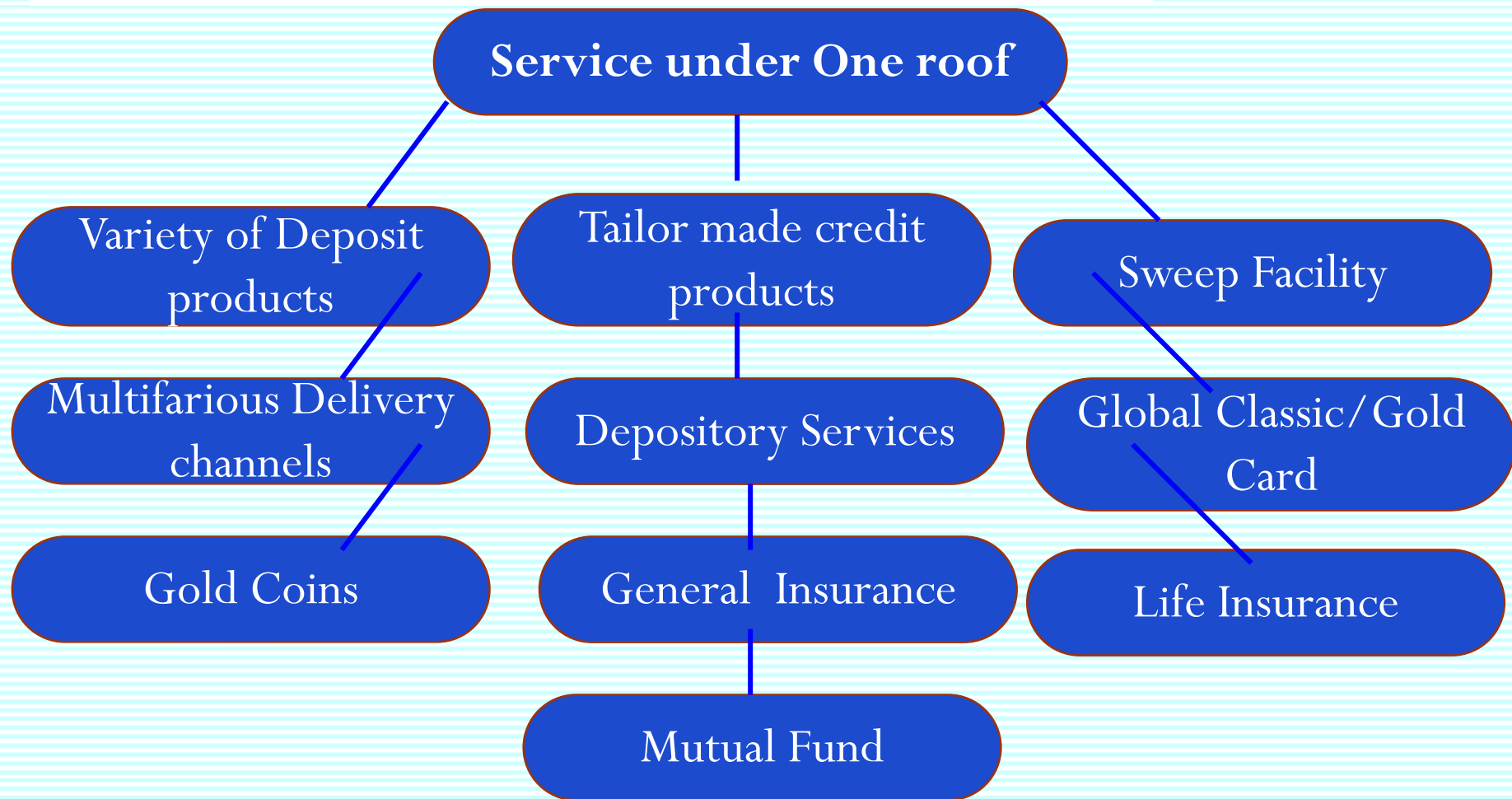
	31.3.2007	31.3.2008	31.3.2009
1. Total Domestic Brs.	1500	1541	1642
Of which: Microstat Brs.	1	12	25
2. Overseas Branches (Singapore & Colombo)	2	2	2
Total Branches	1502	1543	1644
3. Extension Counters	83	72	63
4. Satellite Offices	37	32	29
5. ATMs	516	600	755
6. Banking Service Centre	0	20	20
7. Manpower	20693	20548	19993



## CUSTOMER ACCOUNTS (in lakh)

	Mar.08	Mar.09
Deposits	170.53	191.64
Advances	29.85	26.57
Total	200.38	218.21

# SERVICE UNDER ONE ROOF - BANK'S MISSION



## INTERNATIONAL RATING OF THE BANK

- Standard & Poor, the International Rating Agency has assigned BBB- Long Term and A-3 Short Term counter party rating to the Bank. The rating assigned to the Bank is the same as sovereign rating. This is the reflection of the performance of the Bank in the areas of Capital Adequacy, Asset Quality and Risk Management.
- “Indian Bank’s capital position is sound. The bank’s profitability, primarily driven by an above-average net interest income margin, is relatively better than its peers. Recovery of bad debt contributes a significant portion (10%) of net revenue. This contribution should decline, however, as the operating environment turns less favorable. For the past four years, Indian Bank’s return on average assets has improved steadily to 1.65% for fiscal year ended March 31, 2008. We believe that the volatility and slowdown in the economy will negatively affect the bank’s profitability by raising credit cost and reducing market sensitive income. Nevertheless, we expect the bank’s profitability to remain higher than the industry average” the agency added.
- The agency further stated that Indian Bank is well positioned to absorb the increase in NPAs due to its prudent reserving.

## AWARDS & ACCOLADES

**1st Prize for  
SHG linkage  
in T.Nadu**

**Top 500  
Global  
Financial  
Brands 09**

**Number 1  
South Based  
Service  
Brand**

**Skoch  
Challenger  
Award-  
2008**

**The Best  
nationalised  
bank –  
NUMBER 1**

- ✓ The Bank has been awarded 1st prize by NABARD for excellence in Performance under SHG Bank linkage for 2007-08.
- ✓ CMD of the Bank has been ranked 45th in the Economic Times India Inc's most powerful CEOs list. He is ranked No.2 among the CEOs of Nationalised Banks and No.6 among the CEOs of Commercial Banks.
- ✓ Bank is one among the 19 Indian Banks/financial institutions which are in the top 500 Global Financial Brands 2009 on a study by Banker magazine.
- ✓ Bank continues to be the Number 1 South Based Service Brand for the 5th year in succession (ORG-MARG)
- ✓ Bank is in the list of Forbes 2000 - 2009 (1659th position)
- ✓ Skoch Challenger Award-2008 conferred for Financial Inclusion
- ✓ Bank has been ranked by "The Financial Express" as the BEST NATIONALISED BANK - NUMBER 1 in the country for 2007-08.