

***PRESENTATION
ON
THE PERFORMANCE OF THE BANK
DURING FIRST HALF OF 2009-10***

AWARDS

Received FE India's Best Bank Awards from Hon'ble Finance Minister Shri.Pranab Mukerjee on 25.07.2009.



AWARDS



Receives



**Golden Peacock
National Training Award 2009**



Indian Bank Management Academy for
Growth & Excellence (IMAGE), Chennai



Awarded

***“Golden Peacock National
Training Award”***

***for the year 2009 on October 9, 2009 at
the 10th International Conference of
Corporate Governance held in London -
yet another cap on the Bank.***

AWARDS

Awarded

'Celent Model Bank – 2009'

**award for innovative and extensive
use of Core Banking Software.**



Bank's Performance in H1- 2009-10 (September 2009)

HIGHLIGHTS (H1 2009-10)

- **Growth of 40.58%(yoy) in Net Profit – to Rs.703.65 crore from Rs.500.55 crore**
- **Growth of 28.12%(yoy) in Operating Profit – to Rs.1184.35 crore from Rs.924.43 crore**
- **Growth of 20.81%(yoy) in total income – to Rs.4404.77 crore from Rs.3645.92 crore**
- **RoA improved to 1.58% from 1.38%**
- **NIM improved to 3.51% from 3.46%.**
- **Net Interest Income improved by 22.55%**
- **Cost income ratio fell to 43.17% from 44.89%**
- **EPS (annualised) improved to Rs.31.66 from Rs.22.34.**
- **Book value of shares increased to Rs.143.89 from Rs.116.30.**
- **Gross NPA fell to 0.89% from 0.98%**
- **Net NPA remains at 0.18%**
- **58721 students covered under Educational loan amounting to Rs.356 Crore during the half-year and the outstanding crossed Rs.2000 crore mark**
- **Provided credit assistance of Rs.630 crore to 39668 SHGs during the half year.**

HIGHLIGHTS (Q2 2009-10)

- **Growth of 31.48% (yoy) in Net Profit – to Rs.371.99 crore from Rs.282.93 crore**
- **Growth of 13.54% (yoy) in Operating Profit – to Rs.553.86 crore from Rs.487.80 crore**
- **Growth of 14.39% (yoy) in total income – to Rs.2174.38 crore from Rs.1900.93 crore**
- **RoA improved to 1.62% from 1.59%**
- **Cost income ratio fell to 44.41% from 45.47%**
- **EPS (annualised) improved to Rs.33.53 from Rs.25.38.**

NET PROFIT

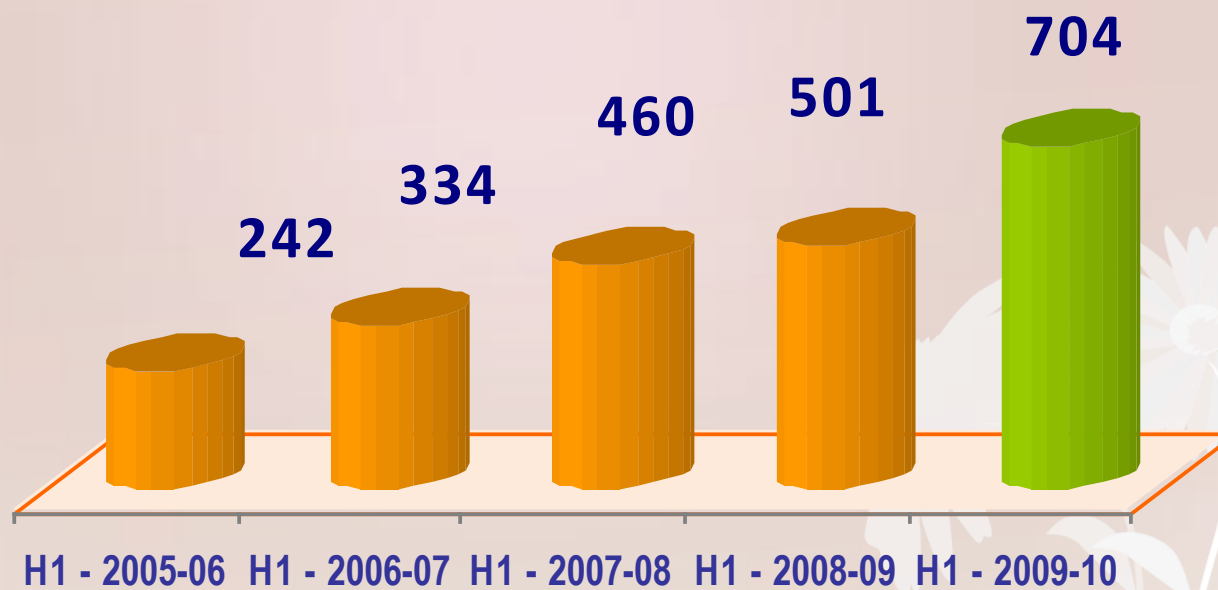
HI 2009-10 - Up by Rs.203.10 Crore (40.58%)

to Rs.703.65 Crore from Rs. 500.55 crore

Q2 2009-10 - Up by Rs.89.06 Crore (31.48%)

to Rs.371.99 Crore from Rs. 282.93 crore

Rs. in crore



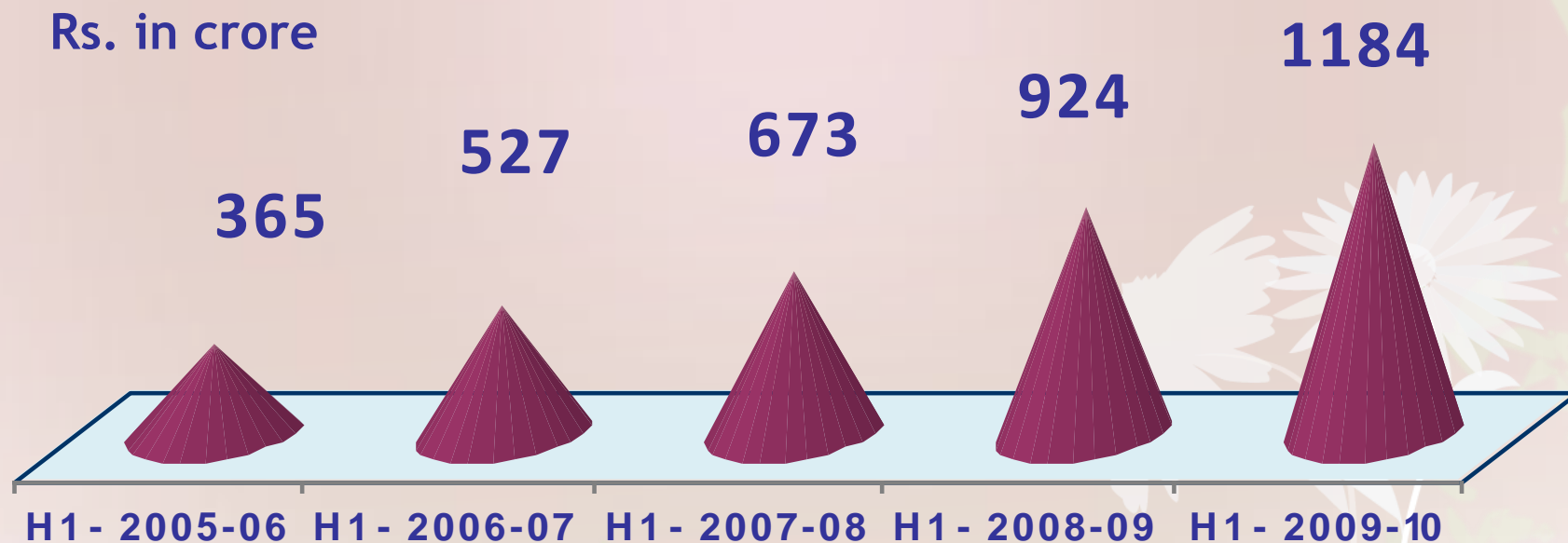
OPERATING PROFIT

HI 2009-10 - Up by Rs.259.92 Crore (28.12%)

to Rs.1184.35 Crore from Rs.924.43 crore

Q2 2009-10 - Up by Rs.66.06 Crore (13.54%)

to Rs.553.86 Crore from Rs. 487.80 crore



PROFIT & LOSS STATEMENT

(Rs. In crore)

	H1 2008-09	H1 2009-10	H1-o-H1 Growth %	Q2 2008-09	Q2 2009-10	Q2-o-Q2 Growth %
Interest income	3189.93	3817.41	19.67	1688.15	1937.17	14.75
of which: Mol	69.89	97.67	39.75	48.92	40.84	-16.52
Non interest income						
Recovery of bad debts	107.17	108.86	1.58	53.67	28.64	-46.64
Profit on sale of investment	27.41	132.87	384.75	3.03	29.94	888.12
other non interest income	321.41	345.63	7.54	156.08	178.63	14.45
Total non interest income	455.99	587.36	28.81	212.78	237.21	11.48
Total Income	3645.92	4404.77	20.81	1900.93	2174.38	14.39
Non interest income as % to total income	12.51	13.33		11.19	10.91	
Interest Expenditure	1968.58	2320.61	17.88	1006.33	1178.05	17.06
Operating expenditure	752.91	899.81	19.51	406.80	442.47	8.77
Total Expenditure	2721.49	3220.42	18.33	1413.13	1620.52	14.68
Operating profit	924.43	1184.35	28.12	487.80	553.86	13.54
Net Profit	500.55	703.65	40.58	282.93	371.99	31.48
Net Interest Income	1221.35	1496.80	22.55	681.82	759.12	11.34

KEY FINANCIAL RATIOS

		H1- 2008-09	H1- 2009-10	Q2- 2008-09	Q2- 2009-10
1	NIM (%)	3.46	3.51	3.86	3.45
2	Yield on advances (%)	10.85	10.94	11.51	10.83
3	Cost of deposits (%)	6.13	6.08	6.10	5.92
4	Cost income ratio (%)	44.89	43.17	45.47	44.41
5	Return on Average Assets (%)	1.38	1.58	1.59	1.62
6	Return on average net worth (%)	20.04	22.61	21.91	23.26
7	Weighted average EPS (Rs.) (annualised)	22.34	31.66	25.38	33.53
8	Book value (Rs.)	116.30	143.89	116.30	143.89

CAPITAL ADEQUACY

	Sep-08	Mar-09	Sep-09
Basel I			
Tier I (%)	10.48	11.28	11.51
Tier II (%)	1.22	1.99	1.69
CRAR as per Basel I	11.70	13.27	13.20
Basel II			
Tier I (%)	10.10	11.88	12.08
Tier II (%)	1.17	2.10	1.78
CRAR as per Basel II	11.27	13.98	13.86

Bank is adequately capitalised to take care of future growth.

Networth improved to Rs.6583.94 crore from Rs.5880.30 crore as on 31.03.2009 and Rs.5398.42 crore as on 30.09.2008

GROWTH COMPARED WITH SCHEDULED COMMERCIAL BANKS

(Rs. in crore)

	26.09.08	27.03.09	25.09.09	Growth %	
				Y-o-Y	During the year
DEPOSITS IN INDIA					
Indian Bank	60,146	70,444	75,563	25.63	7.27
ASCBs	3,439,327	3,834,109	4,120,007	19.79	7.46
ADVANCES IN INDIA					
Indian Bank	43,939	47,948	50,117	14.06	4.52
ASCBs	2,551,026	2,775,549	2,873,155	12.63	3.52

Indian Bank outperformed SCBs in both deposits and advances on year on year basis.

BUSINESS GROWTH

Deposits

**Rs.80,068
Cr.
Up by
23.92%
(YoY)**

Advances

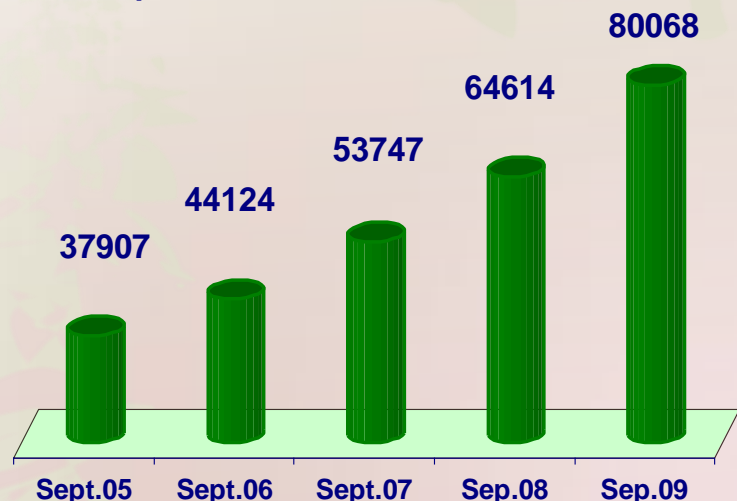
**Rs.53,919
Cr.
Up by
12.12 %
(YoY)**

Business

**Rs.1,33,987
Cr.
Up by
18.88%
(YoY)**

DEPOSITS

(Rs. in crore)



Growth %(YoY)	16.40%	21.81%	20.22%	23.92%
---------------	--------	--------	--------	--------

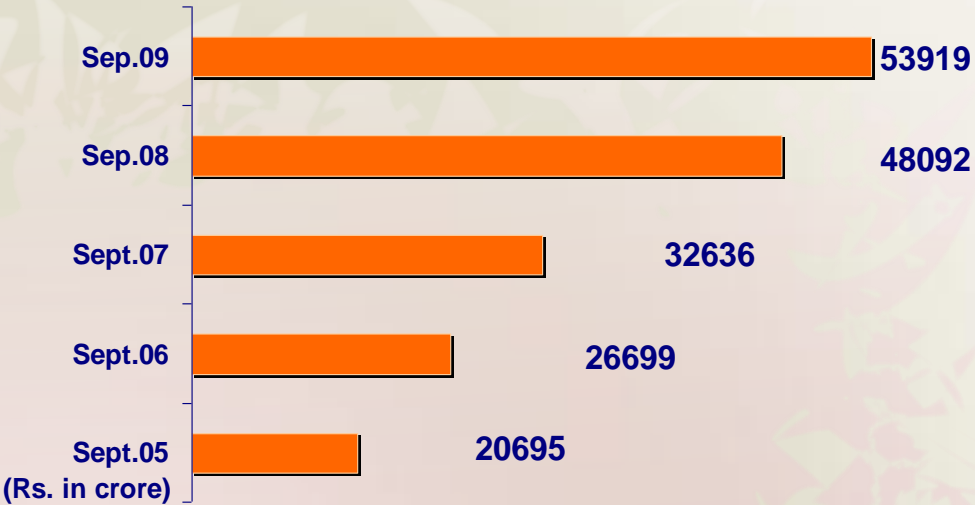
(Rs. in crore)

Category of Deposits	Sep 07	Mar-08	Sep-08	Mar-09	Sep-09
Current	4323	4735	4995	5293	5117
Savings	14097	15011	16389	17667	19692
Term	35327	41300	43230	49622	55259
Total Deposits	53747	61046	64614	72582	80068

- Deposits improved by Rs.15,454 crore or 23.92% (YoY) to Rs.80,068 crore.
- CASA share was at 30.96%-improved from 29.92% as on 30th June'09.
- Movement "BANYAN VRIKSH – VISION 2010" launched on 20.10.2009 aiming to mobilise 20 lakh CASA accounts during the remaining period of the year.
- Reliance on high cost PDs & CDs brought down to Rs.2660 crore as on 30.09.2009 from Rs.3600 crore as on 31.03.2009 and share of such deposits declined to 3.32% from 4.96% as on 31.03.2009.

COMPOSITION OF ADVANCES

(Rs. in crore)



Sector	Sep 08	Mar 09	Sep 09	y-o-y Growth (%)
Agriculture	7162	7838	8217	14.73
Retail	8901	9664	10320	15.94
Corporate & Commercial	23194	24966	25875	11.56
MSME	6157	6393	7130	15.80
Overseas Credit	2678	2970	2377	-11.24
Total	48092	51831	53919	12.12

INITIATIVES FOR CREDIT GROWTH

- Facility introduced to know the online status of loan application with credit limit of Rs.10 lakh and above.
- Entered into tie-up with Tata Motors for passenger cars including Nano and MoU with Hyundai Motors is scheduled to be signed shortly.
- Rs.2214 crore disbursed under all Retail Loan Products; Rs.447 crore under Home Loan; Rs.356 crore under Educational Loan; Rs.61 crore under Automobile; Rs.100 crore under Personal Loan and Others - Rs.1250 crore.
- Home Loan and Car Loan offered at concessional rate as festival offer from 20.08.2009 up to 31.10.2009.
- Special Home Loan scheme introduced in December 2008 in line with Government guidelines and valid up to 31.12.2009.
- Pensioners' meet conducted in various regions to create awareness and apprise the salient features and benefits of "Reverse Mortgage Loan". Coordinates with Senior Citizens' Counselling Centre at Chennai (established by NHB) to apprise Senior Citizens of the salient features of the scheme.

PRIORITY SECTOR LENDING

- Priority sector credit as percentage to Adjusted Net Bank Credit (ANBC) was 40.05% as against the prescribed norm of 40% to be achieved by March 2010.
- Agricultural credit as percentage to Adjusted Net Bank Credit (ANBC) was 16.83% as against the prescribed norm of 18% to be achieved by March 2010.
- Observed “Intensive Farm Credit Campaign” from 15th June to 15th August and disbursed Rs.279 crore covering 28,040 farmers.
- During the half year, 1.90 lakh new farmers financed working out to 209 farmers per Rural/semi urban branch.
- Disbursed Rs.2887.61 crore under Special Agricultural Credit Plan as against Rs.2686.52 crore during corresponding period last year.
- 3.21 lakh small and marginal farmers financed to the tune of Rs.1299.05 crore
- Fresh loans disbursed to the beneficiaries of the Debt Waiver scheme from 01.07.08 and so far Rs.465.75 crore provided to 1,47,314 farmers.

PRIORITY SECTOR LENDING (BALANCE OUTSTANDING)

Rs. in Crore

	Sep-08	Sep-09	Growth (%) YoY
1. Agriculture	7161.66	8216.53	14.73
2. Small Enterprises	4853.15	5164.32	6.41
3. Micro Credit	274.48	434.90	58.45
4. Education Loan	1406.57	1934.49	37.53
5. Home Loan	3568.18	3797.07	6.41
6. State sponsored org. for SC/ST	2.57	3.09	20.23
Total Priority Sector	17266.61	19550.40	13.23

LENDING TO SHGs & EDUCATION

Rs in crore

SHG →

Period	No. of SHGs financed during the year	Amount of Credit disbursed	Outstanding	YoY growth (%)	Number of new SHGs linked
Sep 07	24406	265	697	50.49	13860
Sep 08	36859	473	1105	58.41	13641
YE Mar 09	90421	1054	1351	36.88	42626
Sep 09	39668	630	1595	44.34	23806

Education Loan

Period	No. of students financed during the year	Amount of credit disbursed	Amount Outstanding	YoY Growth (%)
Sep'07	16466	230.11	928.28	70.63
Sep'08	39277	312.36	1468.96	58.24
YE March 09	66280	540.17	1695.90	47.56
Sep'09	58721	355.62	2060.62	40.28

LENDING TO MSME

- **Lending to MSME sector so far (01.04.09 to 30.09.09) grew by 11.51% (annualised growth of 23%).**
- **Lending to MSME sector grew by 15.80% (Rs.973 crore) to Rs.7130 crore as on 30.09.2009 from Rs. 6157 crore as on 30.09.2008.**
- **Received State Award - “Chief Minister’s Special Prize” - for meritorious service to MSME sector in Tamil Nadu.**
- **Converted 59 General Banking Branches into specialised SME Branches on 10.09.2009 for focussed attention and growth of SME portfolio in addition to 2 existing specialised branches.**
- **Opened one specialised SME Branch at Thuvakudi (Trichy) on 09.10.2009.**
- **To augment SME exposure development studies and cluster approach followed.**
- **Focus on indirect finance on SMEs such as by financing industrial parks linked to SME Clusters**

COMMON MAN BANK - FINANCIAL INCLUSION INITIATIVES BY THE BANK

- Besides achieving total financial inclusion (involving all banks) in Union Territory of Puducherry, Cuddalore and Kollam implemented 100% Financial Inclusion in 11 other Lead Districts.
- Financial Inclusion completed in Nilgiris (Scheduled Tribe), Tiruvarur (Scheduled Caste) and Kanniyakumari (minorities) districts of Tamilnadu as per RBI guidelines.
- 21.08 lakh no-frill accounts opened in 4637 villages. Overdraft/ General Credit Card facility allowed in 52,550 accounts to the tune of Rs.11.53 crore.
- Under Janashree Bima Yojana, the micro insurance scheme launched in association with Life Insurance Corporation of India, and intended for providing life cover to SHG members, provided insurance cover to 10,442 members (1160 groups) during the half year.

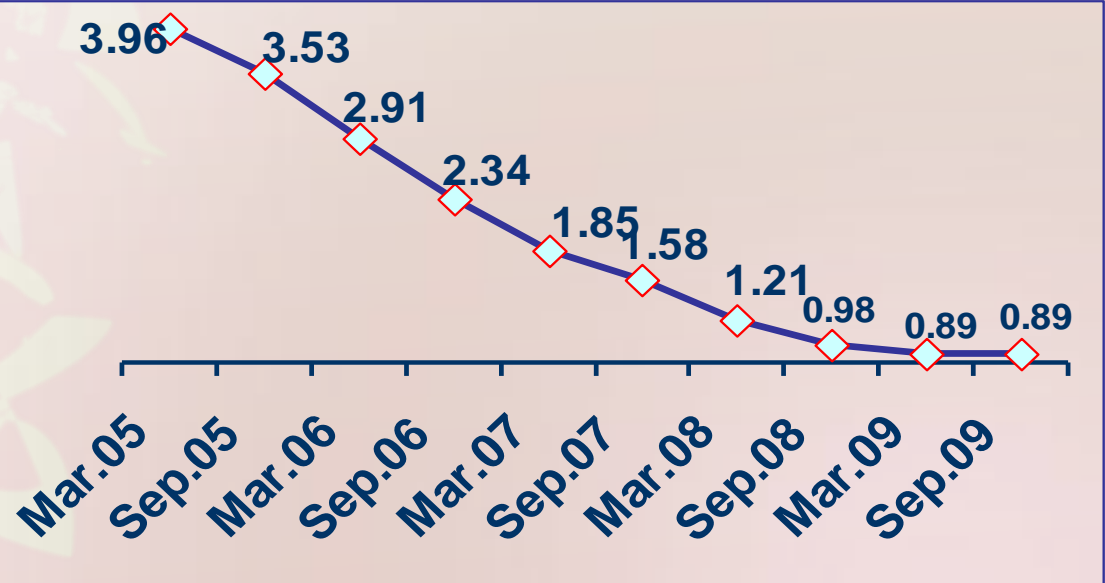
NPA MANAGEMENT

(Rs. in crore)

	HYE Sep 08	YE March 09	HYE Sep 09
Gross NPA	470.40	459.18	479.99
Net NPA	85.26	93.81	97.46
NPA Recovery	252.87	457.10	343.02
Gross NPA (%)	0.98	0.89	0.89
Net NPA (%)	0.18	0.18	0.18

- Bank's Gross NPA and Net NPA ratios are the best in the Industry.
- Recovery registered during the half-year is the Bank's highest since 2002.
- Proactive and vibrant in recovering the money blocked in stressed assets.
- Effectively utilised all the fora available like Lok Adalat, DRT, SARFAESI, Negotiated Settlement for resolution of NPAs.

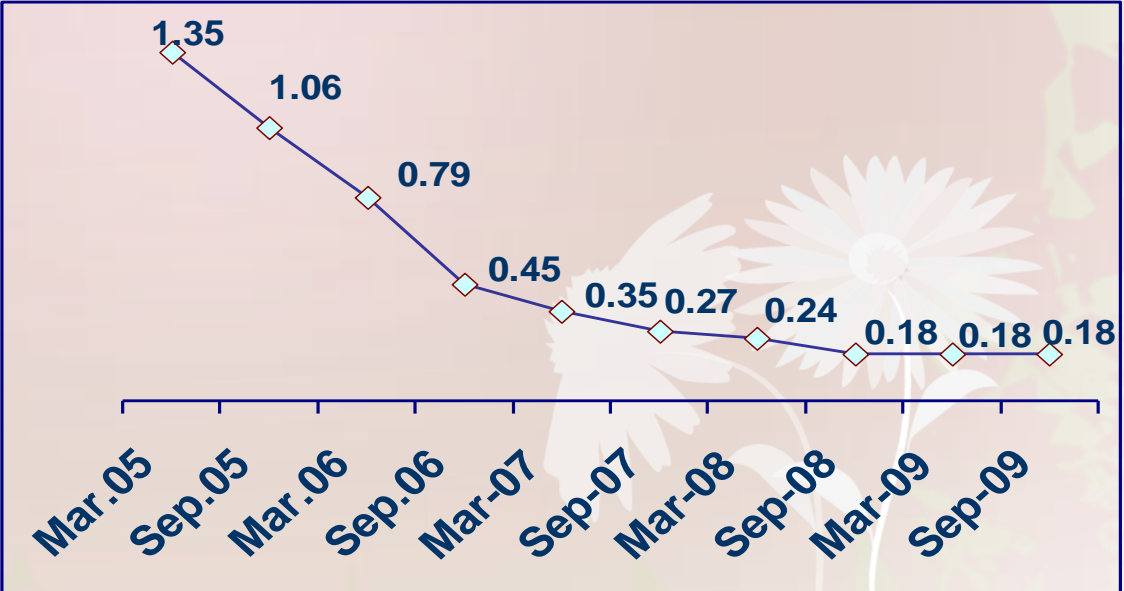
GROSS AND NET NPAs



← **GROSS NPA (%)**

Percentage of Gross NPA and Net NPA continue to be less than 1%

NET NPA (%) →



INVESTMENT PORTFOLIO

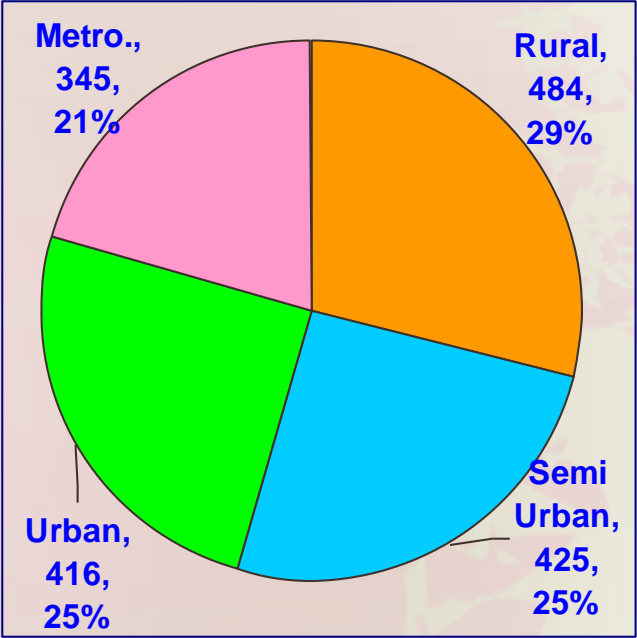
(Rs. in crore)

Category	30.09.2008			31.03.2009			30.09.2009		
	Book value	Duration	Modified duration	Book value	Duration	Modified duration	Book value	Duration	Modified duration
Available for sale (AFS)	5517.75	3.53	3.34	6633.96	3.72	3.55	9345.4	3.51	3.36
Held to maturity (HTM)	13188.02	6.30	6.03	14900.99	6.46	6.22	17451	6.62	6.37
Held for trading (HFT)	0.00	0.00	0.00	0.00	0.00	0.00	78.96	7.34	7.08
AFS & HFT	5517.75	3.53	3.34	6633.96	3.72	3.55	9424.4	3.54	3.39
Total	18705.77	5.49	5.24	21534.95	5.61	5.40	26876	5.54	5.33

SERVICE OUTLETS

	30.09.08	31.03.09	30.09.09
1.Total Domestic Brs.	1573	1642	1670
2.Overseas Branches (Singapore & Colombo)	2	2	2
Total Branches	1575	1644	1672
3. Extension Counters	69	63	62
4. Satellite Offices	30	29	29
5. Banking Service Centres	20	20	20
6. ATMs	628	755	800
7. Manpower	20293	19993	19519

Population group wise
branches as on 30.09.09



Opened 28 new branches during the half year.

The Bank proposes to have a pan India presence by opening branches in un-banked centres, minority dominated districts, district head quarters and places where the Bank is not having its presence.

TECHNOLOGY INITIATIVES

- 45 ATMs installed during the half year; total ATMs as on 30.09.2009 was 800.
- ATM operations by joint account holders introduced first by the Bank, enabling round the clock ATM services for SHGs. 33 Biometric ATMs installed so far.
- So far 51 ATMs installed at Railway Stations.
- ATM/debit card base increased to 37.30 lakh as on 30.09.2009 from 31.72 lakh as on 31.03.2009.
- Two factor authentication for debit / credit card transactions through internet (where card not present situation) implemented with effect from 01.08.2009 conforming to RBI guidelines.
- 24 hour region implemented successfully on 15.08.2009 facilitating
 - i. Use of ATMs online allowing full withdrawals 24 hours a day.
 - ii. Other delivery channels to allow fully permitted transactions during night also.

TECHNOLOGY INITIATIVES

- As per RBI guidelines initiated the process of implementing CBS in 3 RRBs (Pallavan Grama Bank, Pudhuvai Bharathiar Grama Bank and Saptagiri Grameena Bank). CBS implemented in all the 12 branches of Pudhuvai Bharathiar Grama Bank including Head office making 100% CBS compliant. Implemented CBS in 2 branches each and Head Office of the other two RRBs and all RRBs will be CBS compliant by end of this year.
- Implemented Financial Inclusion Project in Andhra Pradesh and the project was formally launched on 19.09.2009. The project uses contactless smart cards to make payment of wages under National Rural Employment Guarantee Act (NREGA) and Social Security Pension in select districts of AP. Customer enrollment completed for 22797 accounts.
- Redesigned website of our Bank was launched on 21/08/2009. Bank's website www.indianbank.in contains information about our Products and services, details for NRI customers, downloadable application forms Citizen Charter and host of other features.
- Business Continuity Planning & Disaster Recovery System:
 - As per RBI instructions, Disaster Recovery Drill for RTGS operations conducted on 01.08.2009.

HR INITIATIVES

- Need based training, in our training centres and external training institutes, on all activities related to Banking given to staff members to increase their knowledge base and hone their skill to meet present day challenges of banking.
- Executives/ Officers attended “Advanced Leadership Programme” conducted by Indian Institute of Management, Kolkata.
- A cohesive website for Human Resources Management through intranet has been hosted aiming to achieve paperless process of HR related issues and reducing the transit time.
- Initiated the process of recruiting staff at different cadres as a part of succession planning and aiming at the future growth and expansion.
- An automated software on “e-learning” enabling the staff members to manage their entire training from off-the-shelf library on various topics hosted for the staff to gain expertise/knowledge in all areas of banking.

CUSTOMER SERVICE

- All the staff are motivated to have a customer friendly attitude and cheerful disposition to make the Banking with Indian Bank a pleasant experience.
- Centralised pension processing centre functions to ensure prompt and easy delivery of pension on due dates.
- Coin Vending machines installed at temples and religious places
- Implemented online payment of utility bills facility like premium for LIC policies to our customers in tie up with Bill Desk.
- Bank is in the process of implementation of e-stamping project in tie up with M/S Stock Holding Corporation of India.
- Bank is in the process of implementing online collection of commercial tax (TNVAT) in Tamil Nadu.

CORPORATE SOCIAL RESPONSIBILITY

- Bank's co-sponsored Rural training centre at Karaikudi (jointly with IOB and NABARD) has conducted 156 training programmes so far benefitting 4059 persons.
- Bank's co-sponsored Rural Training Centre "Andhra Pradesh Bankers' Institute of Rural & Entrepreneurship Development" Hyderabad conducted 59 training programmes.
- Indian Bank Self Employment Training Institute (INDSETI) established in our Lead Districts Salem, Puducherry, Vellore and Chittoor provided training to 1604 rural youth during the half year.
- During the half year, Credit counselling given to 531 beneficiaries at Financial Literacy and Credit Counselling (FLCC) centres at Puducherry and Dharmapuri established with the objective of providing counselling to borrowers of all banks.
- Sponsored 2,043 blood donors during the half year; conducted 21 blood donation camps. 900 people were screened in Eye screening camps
- Special cardiac screening camp conducted and 340 persons mostly senior citizens benefited.
- Distributed Utility kits to the inmates of "KARUNAI ILLAM" an orphanage run by Tiruparankunram Temple, Madurai.
- Distributed bedsheets and pillows to 500 spastic children through Cheshire Homes and Spastics Society of Tamil Nadu, Chennai.

Cash awards distributed to meritorious students of X and XII Std.



Thank you