

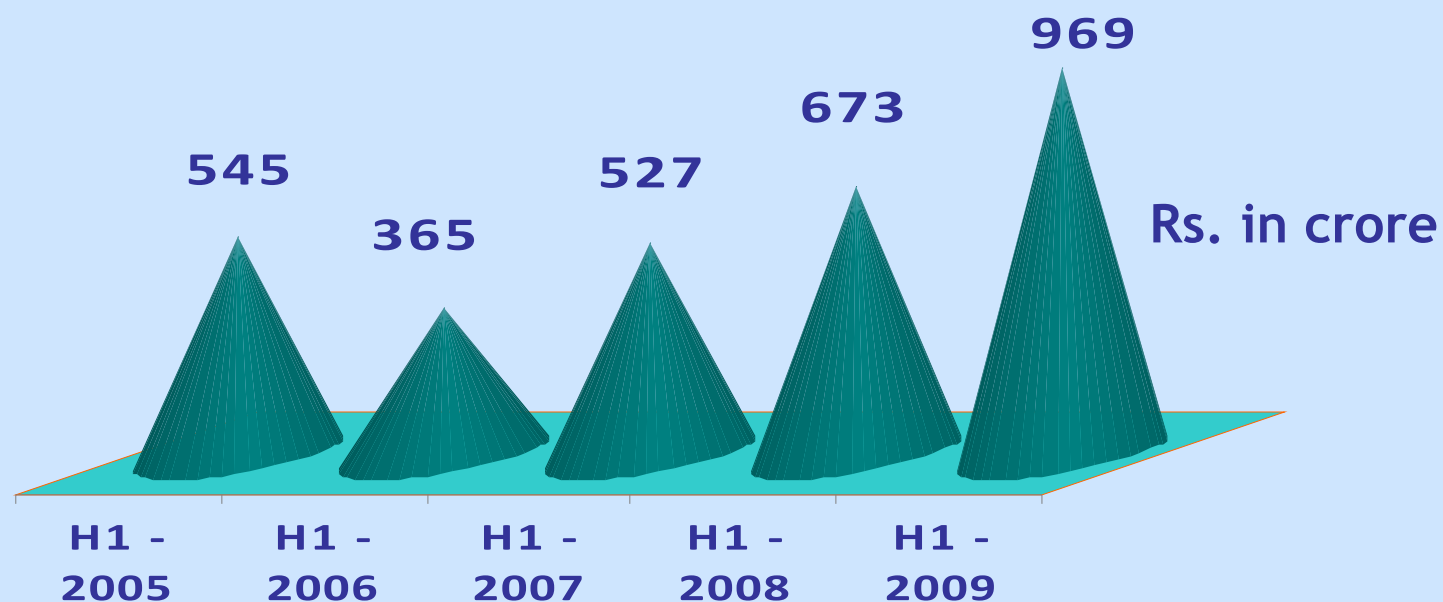
Bank's Performance in H1, 2008-09 (September 2008)

18.10.2008

OPERATING PROFIT

**HI 2008-09 - Up by Rs.296.26 Crore (44.01%)
to Rs.969.43 Crore from Rs.673.17 Crore**

**Q2 2008-09 - Up by Rs.189.36 Crore (55.14%)
to Rs.532.80 Crore from Rs. 343.44 Crore**



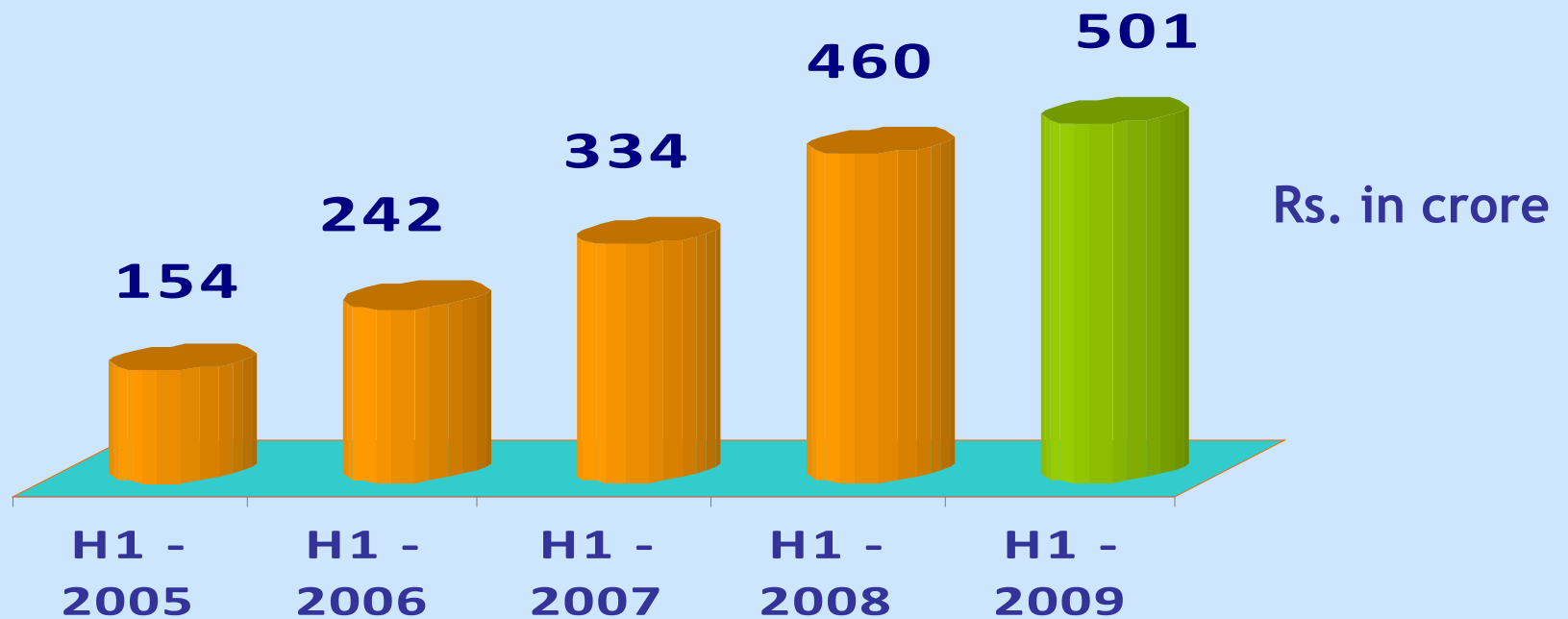
NET PROFIT

HI 2008-09 - Up by Rs.40.93 Crore (8.91%)

to Rs.500.55 Crore from Rs. 459.62 Crore

Q2 2008-09 - Up by Rs.35.34 Crore (14.27%)

to Rs.282.93 Crore from Rs. 247.59 Crore

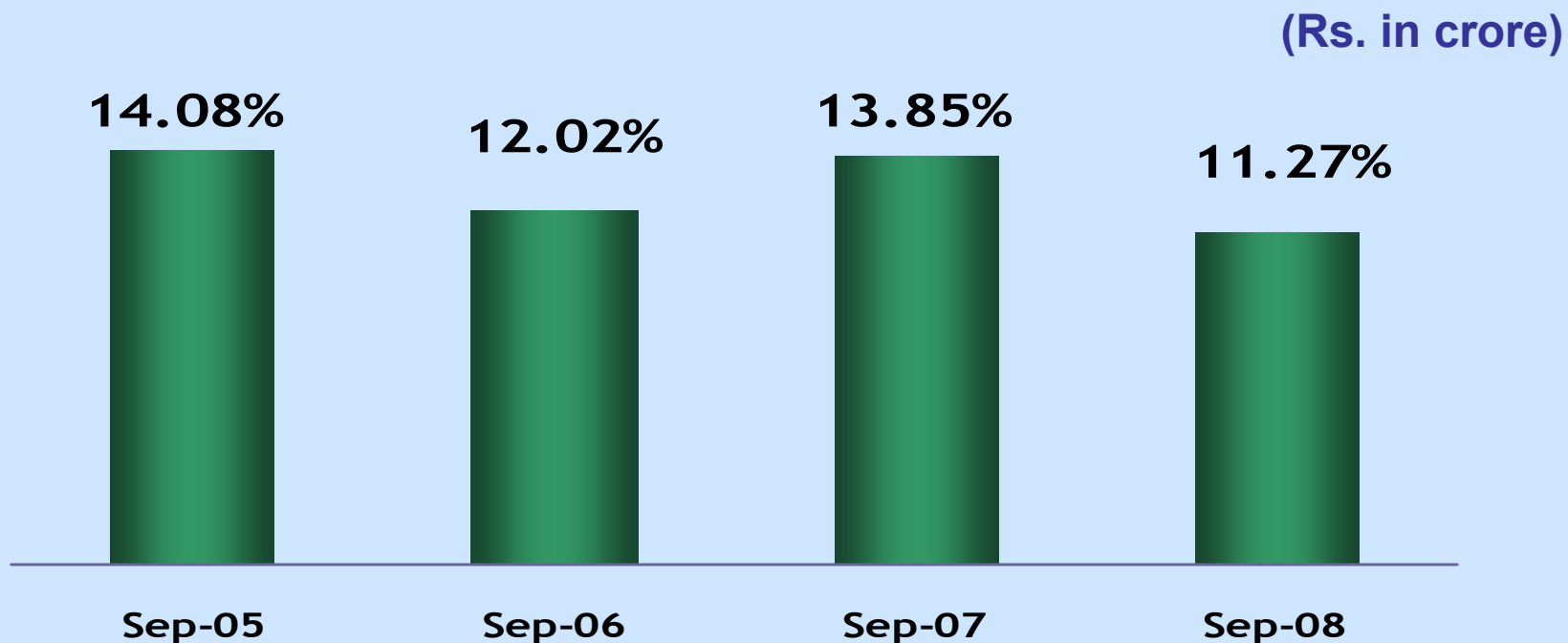


PROFIT & LOSS STATEMENT

Rs. In Crore

	H1 2008	H1 2009	H1-o-H1 Growth %	Q2 2008	Q2 2009	Q2-o-Q2 Growth %
Interest income	2452.58	3189.93	30.06	1257.38	1688.15	34.26
of which: Mol	46.88	69.89	49.08	24.55	48.92	99.27
Non interest income	417.29	455.99	9.27	235.75	212.78	-9.74
of which:						
Recovery of bad debts	93.95	107.17	14.07	49.12	53.67	9.26
Profit on sale of investment	77.33	27.41	-64.55	60.26	3.03	-94.97
other non interest income	246.01	321.41	30.65	126.37	156.08	23.51
Total Income	2869.87	3645.92	27.04	1493.13	1900.93	27.31
Non interest income as % to total income	14.54	12.51		15.79	11.19	
Interest Expenditure	1498.58	1968.58	31.36	786.20	1006.33	28.00
Operating expenditure	698.12	707.91	1.40	363.49	361.80	-0.46
Total Expenditure	2196.70	2676.49	21.84	1149.69	1368.13	19.00
Operating profit	673.17	969.43	44.01	343.44	532.8	55.14
Net Profit	459.62	500.55	8.91	247.59	282.93	14.27
Net Interest Income	954.00	1221.35	28.02	471.18	681.82	44.70

CAPITAL ADEQUACY



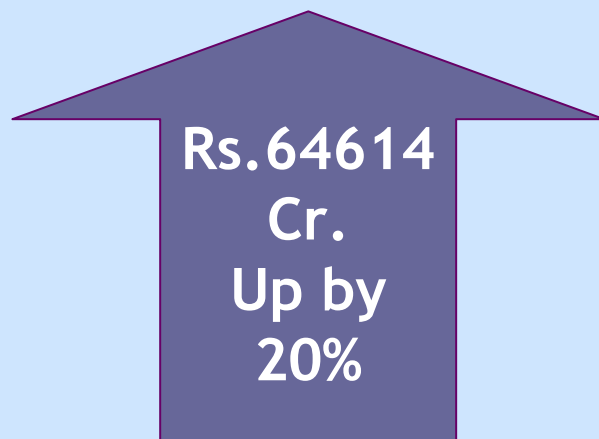
	Sep-07	Mar-08	Sep-08
1. Capital Adequacy	13.85	12.74	11.27
Tier I	12.26	11.29	10.10
Tier II	1.59	1.45	1.17

KEY FINANCIAL RATIOS

		H1- 2008	H1- 2009	Q2- 2008	Q2- 2009
1	NIM	3.36	3.46	3.23	3.86
2	Yield on advances	10.28	10.85	10.30	11.51
3	Cost of deposits	5.80	6.13	5.95	6.10
4	Cost income ratio	50.91	42.20	51.42	40.44
5	Return on Average Assets	1.57	1.38	1.66	1.60
6	Return on average net worth	23.91	20.04	25.03	21.91
7	Weighted average EPS (Rs.) (annualised)	20.52	22.34	22.18	25.38
8	Book value (Rs.)	85.65	116.30	85.65	116.30

BUSINESS GROWTH

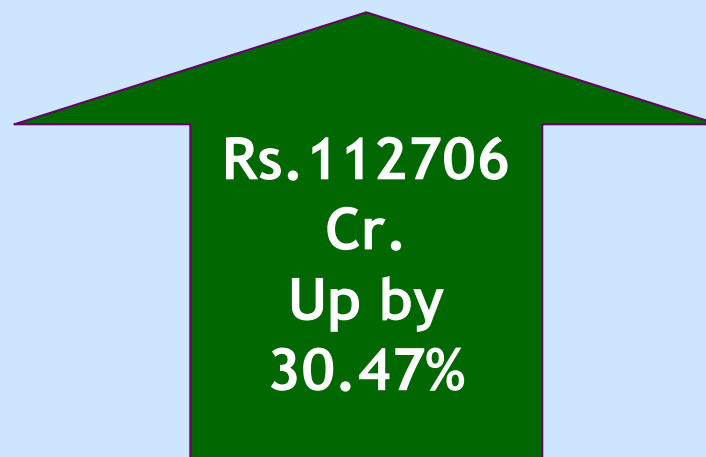
Deposits



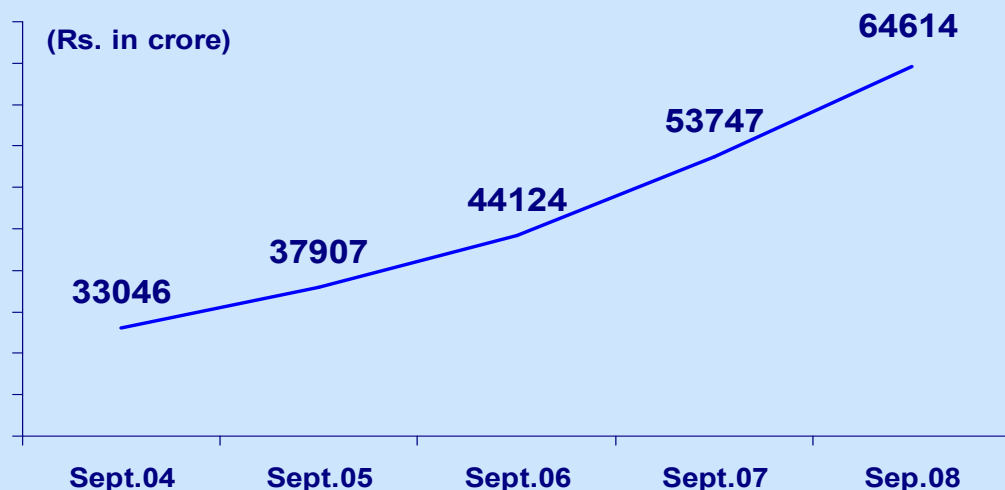
Advances



Business



DEPOSITS GROWTH



Category of Deposits	Sep 06	Sep 07	Mar-08	Jun-08	Sep-08
Current	3354	4323	4735	4747	4995
Savings	12134	14097	15011	16308	16389
Term	28636	35327	41300	41160	43230
Total Deposits	44124	53747	61046	62215	64614

- Improved by Rs. 10867 Crore or 20.22 % (YoY) to Rs.64614 Crore
- Launched 'Movement BANYAN VRIKSH' for mobilisation of 1.1 million Current and Savings Bank accounts within a period of 101 working days from 18.08.2008.
- The proportion of domestic low cost deposits in the total domestic deposits improved to 34.10% for Sep.08 as compared to 33.15% for March 08.
- Bulk Deposits declined to 10.34% of Total Deposits as against 14.34% as on 31.03.2008 and 11.15% as on 30.06.2008.

COMPOSITION OF ADVANCES

Rs. in Crore

Credit to	Sep 07	Mar 08	Sep 08	y-o-y Growth (%)
Agriculture	5371	6294	7162	33.35
Retail	6755	7860	8901	31.77
% Share	20.70	19.54	18.51	
Corporate & Commercial	15398	19695	24189	57.09
% Share	47.18	48.96	50.30	
SME	3573	4355	5162	44.47
% Share	10.95	10.83	10.73	
Overseas Credit	1539	2024	2678	74.01
Total	32636	40228	48092	47.36

- **Disbursements under Structured Products was Rs.2195.84 Crore.**
- Domestic CD Ratio improved to 73.37% from 65.09% (31.03.08)
- Considering the national goals, focus was given on lending to infrastructure.
- Higher Growth in Priority Sectors, Agriculture and SME are vindictive of Bank's Mission - **"Common Man's Bank"**

PRIORITY SECTOR LENDING

- Priority Sector advances increased by Rs.2137 crore (14.13%) during the half year ended September 08 to reach Rs.17267 crore as on 30.09.2008.
- Priority sector credit as percentage to Adjusted Net Bank Credit (ANBC) was 45.20% as against the prescribed norm of 40% to be achieved by March 09.
- Agricultural credit as percentage to Adjusted Net Bank Credit (ANBC) was 18.75% as against the prescribed norm of 18% to be achieved by March 09.
- In terms of announcement made by the Government of India in the Union Budget 2008-09, the Bank has provided debt waiver amounting to Rs.455.07 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 and so far Rs.112.74 crore has been provided to 38,791 Farmers.

PRIORITY SECTOR LENDING (BALANCE OUTSTANDING)

Rs. in Crore

	Sep-07	Sep-08	Growth (%)
1. Agriculture	5371.27	7161.66	33.33
2. Small Enterprises	2790.45	3858.01	38.26
3. Micro Credit	156.16	274.48	75.77
4. Retail Trade	892.49	995.14	11.50
5. Education Loan	898.36	1406.57	56.57
6. Home Loan	3312.91	3568.18	7.71
7. State sponsored org. for SC/ST	2.34	2.57	9.83
Total Priority Sector	13423.98	17266.61	28.63

LENDING TO SHGs

Rs in crore

Period	No. of SHGs financed during the year	Amount of Credit disbursed	Outstanding	YoY growth (%)	Number of new SHGs linked
Sep 03	8350	50.61	94.63	40.11	3246
Sep 04	14104	97.13	142.13	50.19	7223
Sep 05	22988	174.84	282.56	98.80	9622
Sep 06	24326	189.12	463.45	64.01	12388
Sep 07	24406	264.83	697.43	50.49	13860
YE Mar 08	75381	815.00	987.00	71.69	39879
Sep 08	36859	472.85	1104.82	58.41	13641

- July 08 observed as SHG month; and 8210 SHGs were linked with loan component of Rs.110 crore

FOCUS ON STUDENTS - EDUCATION LOAN

Rs in crore

Period	No. of students financed during the year	Amount of credit disbursed	Amount Outstanding	YoY Growth (%)
Sep'03	2333	30.00	77.24	61.25
Sep'04	4818	58.85	124.20	60.80
Sep'05	12738	136.25	281.71	126.82
Sep'06	15998	186.98	544.00	93.11
Sep'07	16466	230.11	928.28	70.63
YE March 08	44710	435.49	1149.33	66.00
Sep'08	39277	312.36	1468.96	58.24

COMMON MAN BANK - FINANCIAL INCLUSION INITIATIVES BY THE BANK

- **First bank to implement the Financial Inclusion (FI) project.**
- **Following the completion of the project in the Union Territory of Puducherry, the same has been successfully completed in our lead districts of Kollam and Cuddalore achieving 100% coverage, involving other banks also.**
- **11.06 lakh persons brought into Banking fold under FI across the country up to September 2008.**
- **52522 beneficiaries provided with OD/General Credit Card facility for Rs. 10.89 Crore for consumption needs.**
- **Issued 1.66 lakh Janashree Bima Yojana policies and 0.16 lakh Universal Health care (Mediclaim for BPL) up to September 2008.**

LENDING TO SME

- **Lending to SME sector grew by 44.47% (Rs. 1589 crore) to Rs. 5162 crore as on 30.09.2008 from Rs.3573 crore as on 30.09.2007.**
- **The Bank has tied up with organisations engaged in skill training, encouraging artisans and engineering colleges (SISI, BYST, MICO BOSCH, VIT TBI).**
- **In collaboration with SIDBI, the Bank has come out with a structured loan product for financing gold & jewellery clusters in Karaikudi, Rasipuram, Kovilpatti, Ponnamaravathy and entire Madurai Circle.**
- **A transparent two dimensional rating system has been adopted for rating SMEs.**
- **SME charter has been ported in the Bank's website.**
- **The Bank has established SME Central Processing Unit (CPU) at nine Circles to ensure quick and timely credit assistance to these units. Similar CPUs will be made functional at other centres also.**

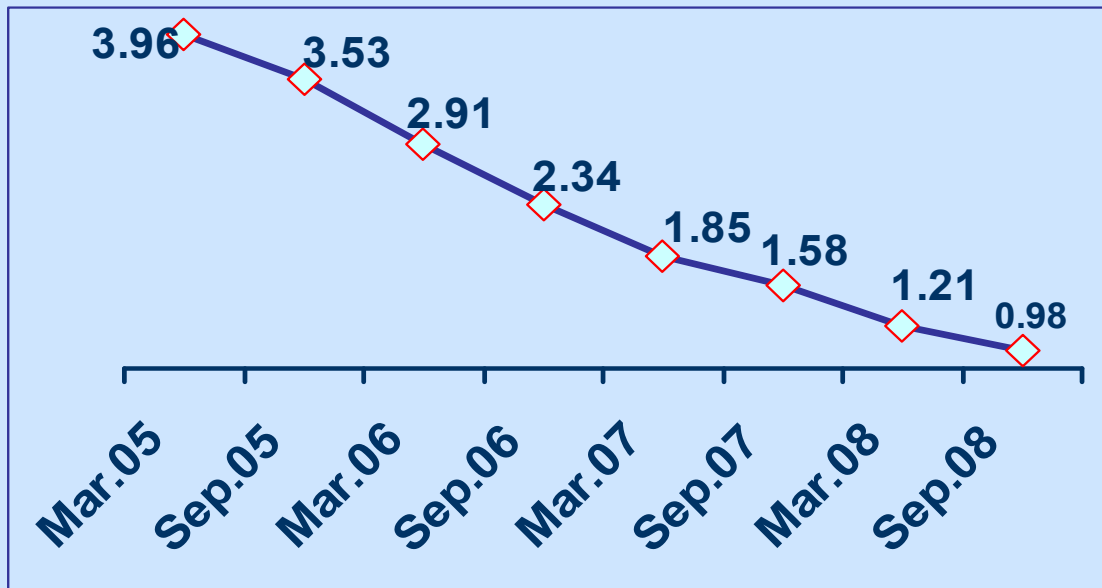
NPA MANAGEMENT

(Rs. In Crore)

	HYE Sep 07	YE March 08	HYE Sep 08
Gross NPA	515.56	486.87	470.40
Net NPA	86.59	97.59	85.26
NPA Recovery	188.67	575.38	252.87
Gross NPA (%)	1.58	1.21	0.98
Net NPA (%)	0.27	0.24	0.18

- Recovered a sum of Rs. 252.87 Crore in the half year.

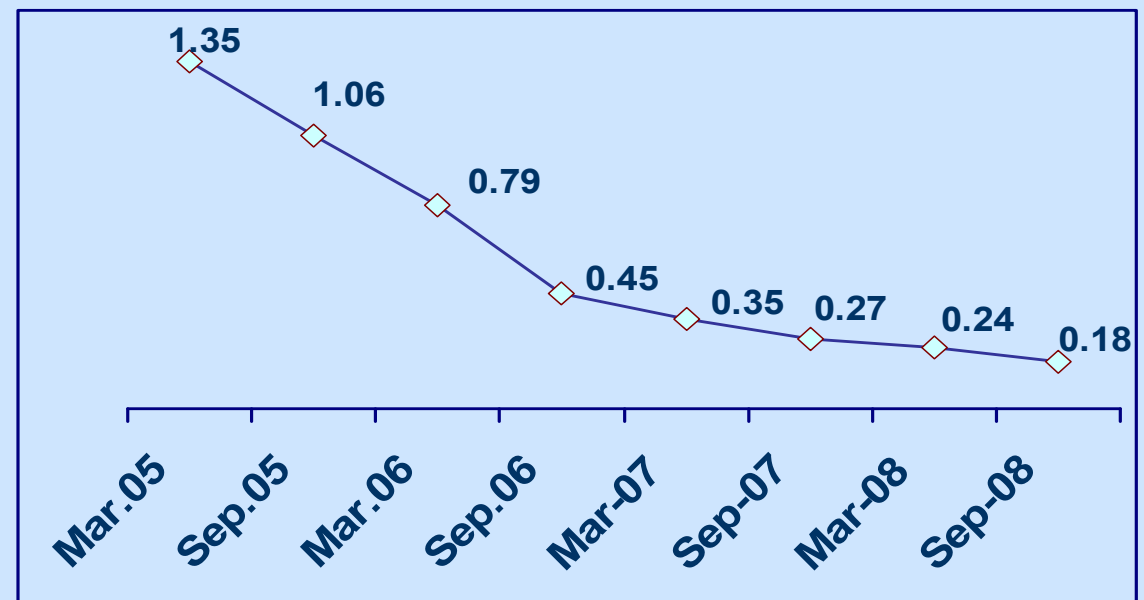
GROSS AND NET NPAs



← GROSS NPA (%)

Percentage of Gross NPA and Net NPA are less than 1%

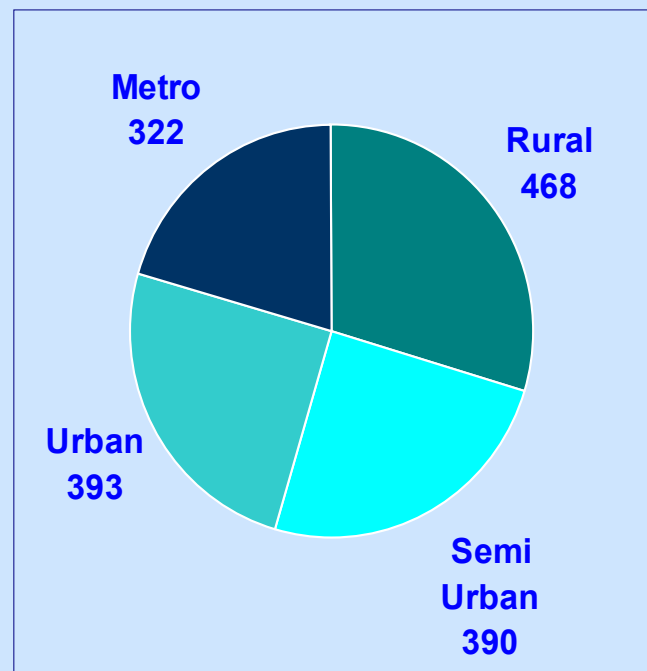
NET NPA (%) →



DISTRIBUTION CHANNELS

Opened 32 new branches during the half year.

	30.09.07	31.03.08	30.09.08
1.Total Domestic Brs.	1488	1541	1573
2.Overseas Branches (Singapore & Colombo)	2	2	2
Total Branches	1490	1543	1575
3. Extension Counters	85	72	69
4. Satellite Offices	37	32	30
5. Banking Service Centres		20	20
6. ATMs	484	600	628
7. Manpower	20910	20548	20293



CUSTOMER ACCOUNTS

(in lakh)

	Sep 07	Sep 08
Deposits	166.55	181.36
Advances	28.18	26.98
Total	194.73	208.34

TECHNOLOGY INITIATIVES

- Touch Screen kiosk with bi-lingual option has been installed at T.Nagar branch, Chennai on pilot basis for dissemination of information to the customers/public.
- As a part of strengthening the security in the conduct of transactions and for authentication and non-repudiation, besides User ID and Pass word, Finger Print authentication is used as second factor authentication. The application has been successfully tested. Finger print scanners will be installed in the branches in a phased manner. ATMs with Bio-metric scanners will be installed in 50 locations in Rural Centres to enable customers to do transactions.
- Voice interface provided in ATMs supplied by NCR, guiding the user for entering PIN.

PEOPLE INITIATIVES

- Need based training on all activities related to Banking is given to staff members to increase their knowledge base and hone their skill to meet present day challenges of banking.
- To address all the HR functionalities, a robust HR software – SAP, which is also effectively utilised as a Decision support system in critical areas.
- As a measure of extending technological advancement to the entire workforce, 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.
- As a Business Process re-engineering measure, centralised processing of pay & allowances of all the staff members is done using the in-house software developed by the Bank thus paving the way for a paperless establishment in the near future.

BEYOND BANKING . . .

- Rural Development has been the niche area of the Bank and has always been closer to its heart. As yet another step towards getting closer to the rural people, the Bank has proposed to set up a Trust by name 'Indian Bank Trust for Rural Development' (IBTRD) for undertaking various developmental activities.
- Under the umbrella of the Trust, the Bank will be establishing RUDSETI Model Training Institutes named as 'Indian Bank Self Employment Training Institute (INDSETI) at three centres one each in Andhra Pradesh, Tamil Nadu and Puducherry in our Lead Districts for providing training to rural youth.
- The Bank has also proposed to open Financial Literacy and Credit Counselling (FLCC) centres at two locations namely Puducherry and Dharmapuri with the objective of providing counselling to borrowers of all banks.

Except for the historical information contained herein, statements in this Release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion in business, the impact of any acquisitions, the adequacy of our allowance for credit losses, technological implementation and changes, the actual growth in demand for banking products and services, investment income, cash flow projections, our exposure to market risks as well as other risks. Indian Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Thank You