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PRESS RELEASE**Indian Bank's Net Profit Up By 25.86% in Q3**

Highlighting the performance of the Bank to the Press here today, after the adoption of the Third Quarter results by the Board, Shri M S Sundara Rajan, Chairman & Managing Director said that the Bank has excelled in all areas - in the total business, net worth, operating profit, net profit, EPS and other key ratios..

Performance Highlights for the quarter ended December 2009

- The Bank posted Net Profit of Rs. 441.38 crore for the quarter ended December 2009 as compared to Rs.350.70 crore for the corresponding period of previous year, recording a growth of 25.86%.
- The Bank recorded an Operating Profit of Rs.690.67 crore compared to Rs. 578.68 crore for the corresponding period of previous year, registering a growth of 19.35 %.
- Net Interest Income improved by 21.31% (Rs.153.37 crore) to Rs.872.97 crore from Rs.719.60 crore.
- Total Income improved by 11.44% (Rs.236.92 crore) to Rs.2308.29 crore from Rs. 2071.37 crore.

Rating

ICRA has upgraded the rating assigned to the Rs.300 crore lower Tier II bonds programme of Indian Bank from LAA to LAA+ with a positive outlook. The rating indicates high quality and the rated instrument carries low credit risk.

Key Financial ratios

- NIM was at 3.82% compared to 3.91%.
- Return on Average Assets was at 1.86% as against 1.83% for the corresponding period of last year.
- Cost to Income ratio improved to 40.79% from 42.53%.
- Book value of equity improved to Rs.154.16 (Rs. 125.57 for December 08).
- Net Worth improved to Rs.7025.32 crore from Rs. 5796.52 crore.
- Earnings per Share (annualised) improved to Rs.39.99 from Rs. 31.69.

Capital Adequacy

The Capital to Risk weighted Assets Ratio (CRAR) is well above the prudential norm of 9%.

- CRAR as per Basel I norms improved to 13.15% as on 31.12.2009 against 12.68 % as on 31.12.2008.
- CRAR as per Basel II norms improved to 13.75% as on 31.12.2009 against 13.09% as on 31.12.2008.

Business:

- Total Business of the Bank measured in terms of total deposits and gross advances increased to Rs.1,42,200 crore, up from Rs.1,20,120 crore recording a growth of Rs.22,080 crore (18.38%). Total Deposits rose by 21.64% (Rs.15,072 crore) to Rs.84,732 crore from Rs.69,660 crore. Gross Advances increased by 13.89% (Rs.7008 crore) to Rs.57,468 crore from Rs.50,460 crore.

Performance Highlights for the nine months ended December 2009

- The Bank recorded an Operating Profit of Rs.1875.02 crore for the nine months ended December 2009 as compared to Rs.1503.11 crore in the same period the previous year, registering a growth of 24.74%.
- Net Profit improved by Rs.293.78 crore (34.51%) to Rs.1145.03 crore for the nine months ended December 2009 as compared to Rs. 851.25 crore in the same period in the previous year.
- Net Interest Income improved by 22.09% (Rs.428.82 crore) to Rs.2369.77 crore from Rs.1940.95 crore.
- Total Income improved by 17.42% (Rs.995.76 crore) to Rs.6713.05 crore from Rs.5717.29 crore.

Key Financial Ratios

- NIM was at 3.62% compared to 3.63% in the nine months ended December 2008.
- Return on Average Assets was at 1.68% compared to 1.53%.
- Cost to Income ratio improved to 42.32% as against 44.00%.
- Book value of equity improved to Rs.154.16 (Rs. 125.57 for December 08).
- Net Worth improved to Rs.7025.32 crore from Rs. 5796.52 crore.
- EPS (annualized) improved to Rs.34.43 from Rs. 25.46.

Asset Quality/ NPA Management

- Improving asset quality is one of the focus areas of the Bank. Gross NPAs declined to 0.89% (Rs.514.27 crore) as on 31.12.2009, from 0.92% (Rs.462.46 crore) as on 31.12.2008. As on 31.12.2009, the Bank's Net NPAs was maintained at 0.16%. During the nine months, total NPA recovery was Rs.471.07 crore.
- By continuous monitoring of Standard Assets, slippage to NPA category was contained at Rs.198.41 crore during the nine months and delinquency rate was at 0.39% of Standard Advances.

Priority Sector Lending

- Priority Sector advances of the Bank increased by Rs.2597 crore (14.09%) during the nine months to reach Rs.21023 crore as on 31st December 2009 and recorded a

y-o-y growth rate of 18.79%. It constituted 43.07% of Adjusted Net Bank Credit as against the norm of 40% to be reached by March 2010.

Agriculture credit

Credit to Agriculture increased by Rs.979 crore (12.49%) during the nine months ended December 2009 to reach Rs. 8817 crore and registered y-o-y growth of 20.35%.

Rural Development

Financial Inclusion: Covering 4637 villages under the Financial Inclusion Project, the Bank opened 21.76 lakh 'No Frills' SB accounts and provided Overdraft and GCC facilities to individuals with a total sum of Rs.11.59 crore.

✧ **Microfinance:** The pioneering work in the realm of Micro Finance and Self Help Group (SHG) movement is continued by the Bank throughout the country. The Bank disbursed Rs.1024.16 crore as credit assistance to SHGs during the nine months ended December 2009.

✧ **Education Loans:** The Bank is keen on helping meritorious yet needy students. The exposure of the Bank to education loan portfolio crossed the Rs.2000 crore mark and stood at Rs.2202.09 crore as on 31st December 2009 benefitting 154,377 students. During the nine months ended December 2009, the Bank disbursed a sum of Rs. 495.04 crore as Education loans to 78,412 students.

Advances to MSME

During the nine months, Advances to MSME sector grew by Rs.2228 crore (40.72%) to Rs.7699 crore.

- Continuous efforts by way of tie up with MSME DI, BYST, MICO BOSCH after careful analysis of individual cases so as to reach the Micro Enterprises target (60% of SE).
- For quick and quality appraisal of SME proposals, Central Processing Units have been set up in 9 key centres at Ahmedabad, Bangalore, Chennai, Coimbatore, Kancheepuram, Kolkata, Mumbai, New Delhi and Pune.
- 62 Specialised SME Branches function for giving focussed attention and growth of SME portfolio.
- To augment SME exposure, development studies as well as cluster approach are being utilised.
- Indirect finance to SMEs by financing Industrial Parks and other Infrastructural set-up linked to SME clusters.

Personal Segment Advances

The Bank's exposure under Personal Segment Advances and Home Loan as on 31.12.09 amounted to Rs.10605.20 crore and Rs.5240.77 crore respectively. During the nine months ended December 2009, Home Loan disbursement was at Rs.276.20 crore. The Bank's Festival Offer for Car Loans and Home Loans has been extended up to 31.03.2010.

MOVEMENT “BANYAN VRIKSH – VISION 2010” has been launched from 20.10.2009 to 31.03.2010 for adding CASA accounts (Current and Savings Bank account). So far, around 3.90 lakh accounts have been mobilised.

Expanding Branch network

Total number of branches in India crossed the 1700 mark to 1702 branches. During the nine months of this financial year, 60 new branches were opened. More branches will be opened during the fourth quarter to take the number of new branches to 100 in this financial year.

Technology Initiatives

ATMs: The number of ATMs increased to 855 as on 31.12.2009 which includes 242 offsite ATMs. Our customers have access to 47000 ATMs across the country and Mastercard Point of Sale Terminals. Our ATM cum Debit cards can be used globally in ATMs that accept Mastercard/Maestro/Cirrus cards.

- Implemented Application Supported by Blocked Amount (ASBA) under which, banks participating in the Public Issue process would be able to upload the bids of their customers into the electronic book of BSE/NSE.
- Financial Inclusion Project implemented in Andhra Pradesh using contactless Smart Cards to make payment of wages under National Rural Employment Guarantee Act and Social Security Pension in select districts of AP – through an end to end service provider.
- Utility bills payment enabled for Net Banking customers by tie up with M/s.Bill Desk covering 130 billers in segments like insurance, electricity, mobile/telephone bills, taxes, DTH, education fees, credit card, travel, charity, online shopping etc.
- Software developed to enable the pensioners to view their pension details through the internet banking site w.e.f. 27.11.2009.
- Pension slips are made available for all pensioners drawing pension through our Bank.
- 100% CBS implemented in 2 Regional Rural Banks viz. Pallavan Grama Bank and Pudukkottai Bharathiar Grama Bank. Implemented CBS in 28 out of 127 Branches of Sathagiri Grama Bank.
- Anti-phishing measures initiated for Internet Banking.
- Using digital certification from VERISIGN and 256 bit encryption facility to ensure security of online transactions and confidentiality of the data of internet banking customers..

Customer Service

- To redress complaints/grievances of pensioners, Pension Grievance Desk functioned at Head Office from 01.10.2009 to 31.10.2009.
- BCSBI: Revised Banking Codes and Standards Board of India (BCSBI) code ported in our website www.indianbank.in. It is proposed to make available copies of the revised code in various languages.

- Advised Branches to redress the first resort complaints forwarded by Banking Ombudsman Offices in the shortest time, but in any case within 30 days. Necessary acknowledgement or letter of satisfaction obtained from the complainant regarding the redressal of complaint/grievance.

Social Security Schemes

- Under Janashree Bima Yojana (JBY), the Bank has provided Life insurance cover to 28,790 SHGs upto December 2009 of this financial year.

Corporate Social Responsibility

The Bank regularly conducts blood donation camps, Eye screening camps and Health camps. The Bank has sponsored sowing of seeds around Thiruvannamalai Hills.

Awards & Accolades

- An Economic Times study ranked Indian Bank 4th among all the banks in terms of growth, efficiency, financial strength and shareholder return.
- Business Today – KPMG study ranked Indian Bank 6th among 39 big banks with a balance sheet size of Rs.24,000 crore for the year 2008-09.
- **WON The Business World's FASTEST GROWING MID SIZE BANK AWARD.**
- **The Magazine commended thus - "Stock Prices of Indian Bank and SBI were on equal footing in terms of price multiples.... The Bank is among the best for any measure of efficiency – ROE, ROA or Cost of deposits."**
- **While giving the Award, the Hon. Union Finance Minister remembered the Financial Express Award given by him as INDIA'S Best Nationalised Bank and said "YOU KEEP ON WINNING THE AWARDS AND I KEEP ON GIVING YOU".**
- Govt. of Tamil Nadu awarded **Manimegalai Award** for lending to SHGs on 16.11.2009 at Chennai.
- Economic Times intelligence group's first survey on publicly listed banks in India (published in their issue dated 23.11.09) ranked **Indian Bank 4th based on overall performance** and stated that - **"in terms of efficiency and financial strength, it (Indian Bank) ranks among the Best "**
- ICRA upgrades the rating assigned to the Tier II bonds programme of the Bank from **LAA to LAA+ with a positive outlook.**