



INDIAN BANK'S OPERATING PROFIT ZOOMS 55% IN Q2

Chennai: Indian Bank registered an overall creditable performance during the quarter ended September 2008. The Bank recorded a growth of 55.14% in Operating Profit and 14.27% in Net Profit. Highlighting the performance of the Bank to the press here today, 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 September 2008

(Rs. in crore)

	Quarter ended		
	Sep 07	Sep 08	Growth %
Interest Income	1257.38	1688.15	34.26
Net Interest Income	471.18	681.82	44.70
Total Income	1493.13	1900.93	27.31
Operating Profit	343.44	532.80	55.14
Net Profit	247.59	282.93	14.27

The Bank recorded an Operating Profit of Rs.532.80 crore for the quarter ended September 2008 as compared to Rs.343.44 crore for the corresponding period, last year, thus registering a growth of 55.14%.

Net Profit improved by Rs.35.34 Crore (14.27%) to Rs.282.93 crore for the quarter ended September 2008 as compared to Rs.247.59 crore for the corresponding period, last year.

Interest Income improved by 34.26% (Rs.430.77 crore) to Rs. 1688.15 crore from Rs.1257.38 crore against the backdrop of strong growth in advances.

Total Income improved by 27.31% (Rs.407.80 crore) to Rs. 1900.93 crore from Rs.1493.13 crore.

Key Financial ratios

- NIM improved to 3.86% as compared to 3.23% with improved yield on advances and reduction in cost during the quarter.
- Cost of Deposit has reduced from 6.24% for the quarter ended June 2008 to 6.10% for the quarter ended September 2008 due to focus on low cost deposits.
- Return on Average Assets was 1.60% as compared to 1.66%.
- Cost income ratio was lower at 40.44% as against 51.42%.
- Book value of equity improved to Rs.116.30 (Rs.85.65 for September 07).
- Net Worth improved to Rs.5398.42 crore from Rs.4080.94 crore.
- EPS (annualized) improved to Rs.25.38 from Rs.22.18.



Capital Adequacy

- The Capital Adequacy Ratio as per Basel II norms stood at 11.27% (including Tier I Capital Adequacy of 10.10%) as on 30.09.2008 against 13.85% as on 30.09.2007.

Business

The Overall Business of the Bank increased to Rs.1,12,706 crore up from Rs.86,383 crore recording a growth of Rs.26,323 crore (30.47%). Total Deposits rose by 20.22% (Rs.10,867 crore) to Rs.64,614 crore from Rs.53,747 crore. Gross Advances increased by 47.36% (Rs.15,456 crore) to Rs.48,092 crore from Rs.32,636 crore.

(Rs. in crore)

As at	30.09.2007	30.09.2008	Growth volume	Growth %
Deposits	53747	64614	10867	20.22
Gross Advances	32636	48092	15456	47.36
Total Business	86383	112706	26323	30.47

NPA Management

Gross NPA declined to 0.98% (Rs.470.40 crore) as on 30.09.2008, from 1.58% (Rs.515.56 crore) as on 30.09.2007. As on 30.09.2008, the Bank's Net NPA declined to Rs.85.26 crore and constituted 0.18% of net advances as against 0.27% as on 30.09.2007. During the half year, total NPA recovery was at Rs.252.87 crore. With constant monitoring of standard assets, slippage to NPA category was contained at Rs.142.12 crore during the half year.

Priority Sector lending

Priority Sector advances of the Bank increased by Rs.2137 crore (14.13%) during the half year to reach Rs.17267 crore as on 30th September 08 and recorded a y-o-y growth rate of 28.63%. It constituted 45.20% of Adjusted Net Bank Credit as against the norm of 40% to be reached by March 2009.

Agriculture credit

Credit to Agriculture increased by Rs.868 crore (13.79%) during the half year ended September 08 to reach Rs.7162 crore as on 30.09.2008 and registered y-o-y growth of 33.33%

The Bank has provided debt waiver amounting to Rs.455 crore benefiting 2.36 lakh small and marginal farmers under 'Agricultural debt waiver and debt relief scheme 2008'. Besides 0.43 lakh other farmers are provided relief of Rs.84.57 crore under the scheme. Fresh loans are issued to the beneficiaries of the scheme from 01.07.2008 and so far Rs.112.74 crore has been provided to 38,791 farmers.



Rural Development

Rural Development has been the niche area of the Bank and has always been close 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.

Financial Inclusion:

- ✧ Covering 4637 villages, the Bank under the Financial Inclusion Project, opened 11.06 lakh No Frills SB accounts and provided Overdraft and GCC facilities to 52,522 individuals with a total sum of Rs.11 crore.
- ✧ **Microfinance:** The pioneering role in the realm of micro finance and Self Help Group (SHG) movement is continued by the Bank throughout the country. The Bank disbursed Rs.472.85 crore as credit assistance to 36,859 SHGs during the half year ended September 2008. With a view to give focus on enhancing credit flow to SHGs, the Bank observes the month of July as 'SHG MONTH' every year. During the current year in the month on July 08, credit to the tune of Rs.110.28 crore has been provided to 8,210 SHGs.
- ✧ **Educational Loans:** Unstinted support to the students is continued and the exposure of the Bank to educational loan portfolio stood at Rs.1468.96 crore as on 30th September 2008 with 1,14,653 students having been brought in to fold. During the half year ended September 2008, the Bank disbursed a sum of Rs.312.36 crore as educational loans to 39,277 students.

During the Half year, advances to SME sector grew by Rs.807 crore (37.07%) to Rs.5162 crore.

The Bank's exposure under Personal Segment Advances and Home Loan as on 30.09.08 amounted to Rs.8901 crore and Rs.4574 crore respectively.

MOVEMENT BANYAN VRIKSH has been launched setting a goal of adding 1.1 million CASA accounts (Current and Savings Bank account) within a period of 101 working days from 18.08.2008 to 26.12.2008. Up to 16.10.2008, 3,12,895 accounts have been opened.

Branch Expansion

During the half year 32 new branches were opened.

**Technology initiatives**

ATMs: The Bank's ATMs increased to 628 as on 30.09.2008 in 230 cities/towns (including 171 offsite ATMs). The Bank's customers can access more than 31,000 ATMs across the country through consortium arrangements.

Awards & Accolades

- The Bank has emerged as the No.1 South Based Service Brand in the Brand Equity's Most Trusted Brands 2008 survey (conducted by the Economic Times Intelligence Group and AC Nielsen ORG-MARG). The Bank retains the No.1 spot among the South Based Service Brands for the 5th year in succession.
- The Bank was adjudged the Second Best Bank among the Public Sector Banks by a survey conducted by Financial Express along with Ernst & Young based on a set of Business and Profitability criteria for the year 2007.
