



INDIAN BANK'S OPERATING PROFIT UP BY 34.64% IN Q3

21.01.2009

Chennai: 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.

One important achievement during the quarter was the assigning of BBB(-) long term and A-3 short term counterparty rating by the international rating agency Standard & Poor's to Indian Bank. The rating assigned to the Bank is the same as Sovereign rating. As per the agency's assessment "the rating on Indian Bank reflects the Bank's sound capitalisation, adequate earnings and comfortable liquidity and funding profile".

During the quarter ended December 2008, Indian Bank recorded a growth of 34.64% in Operating Profit and 14.05% in Net Profit.

Performance highlights for the quarter ended December 2008

(Rs. in crore)

	Quarter ended		
	Dec 07	Dec 08	Growth %
Interest Income	1391.08	1784.03	28.25
Net Interest Income	577.36	719.60	24.64
Total Income	1676.00	2071.37	23.59
Operating Profit	463.22	623.68	34.64
Net Profit	307.50	350.70	14.05

The Bank recorded an Operating Profit of Rs.623.68 crore for the quarter ended December 2008 as compared to Rs.463.22 crore for the corresponding period, last year, thus registering a growth of 34.64%.

Net Profit improved to Rs. 350.70 crore for the quarter ended December 2008 as compared to Rs.307.50 crore for the corresponding period, last year.

Interest Income improved by 28.25 % (Rs. 392.95 crore) to Rs. 1784.03 crore from Rs.1391.08 crore in the backdrop of strong growth in advances.

Total Income improved by 23.59% (Rs.395.37 crore) to Rs.2071.37 crore from Rs.1676.00 crore.

Key Financial ratios

- NIM improved to 3.91% as compared to 3.83% with improved yield on advances.
- Return on Average Assets was 1.83 % as compared to 1.99%.
- Cost income ratio was lower at 38.06 % as against 46.28%.
- Book value of equity improved to Rs.125.57 (Rs.92.80 for December 07).
- Net Worth improved to Rs. 5,796.52 crore from Rs. 4,388.45 crore.



- EPS (annualized) improved to Rs.31.69 from Rs. 27.75.

Capital Adequacy

The Capital Adequacy Ratio stood at 12.68 % (including Tier I Capital Adequacy of 10.63%) as on 31.12.2008 against 13.51% as on 31.12.2007.

Business

The Overall Business of the Bank improved to Rs.1,20,120 crore up from Rs.90,015 crore recording a growth of Rs.30,105 crore (33.44%). Total Deposits rose by 30.65% (Rs. 16,343 crore) to Rs.69,660 crore from Rs.53317 crore. Gross Advances increased by 37.50% (Rs.13,762 crore) to Rs. 50,460 crore from Rs.36,698 crore.

(Rs. in crore)

As at	31.12.2007	31.12.2008	Growth volume	Growth %
Deposits	53,317	69,660	16,343	30.65
Gross Advances	36,698	50,460	13,762	37.50
Total Business	90,015	1,20,120	30,105	33.44

Asset Quality/ NPA Management

Improving asset quality is one of the focus areas of the Bank. Gross NPA declined to 0.92% (Rs.462.46 crore) as on 31.12.2008, from 1.39% (Rs.510.46 crore) as on 31.12.2007. As on 31.12.2008, the Bank's Net NPA declined to Rs.80.29 crore and constituted 0.16% of net advances as against 0.21% as on 31.12.2007. During the nine months, total NPA recovery was at Rs. crore. Despite robust growth in advances, by constant monitoring of standard assets, slippage to NPA category has been contained at Rs.191.58 crore during the nine months and delinquency rate was 0.48% of standard advances at the beginning of the year.

Priority Sector lending

Priority Sector advances of the Bank increased by Rs.2569.11 crore (16.98 %) during the nine months to reach Rs.17,698.34 crore as on 31st December 08 and recorded a y-o-y growth rate of 24.88 %. It constituted 46.33% 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.1,032.30 crore (16.40%) during the nine months ended December 08 to reach Rs.7326 crore as on 31.12.2008 and registered y-o-y growth of 28.62 %

To enhance flow of credit to agriculture sector, 'Intensive Farm Credit Campaign' was observed coinciding with Rabi season operations between 24.11.2008 and 31.12.2008. During the campaign, a total of Rs.251.37 crore was disbursed benefiting 40,125 farmers.

The Bank has provided debt waiver amounting to Rs.457.40 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. 198.81 crore has been provided to 67,947 farmers.

Rural Development

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 set up a Trust by name "Indian Bank Trust for Rural Development" (IBTRD) for undertaking various developmental activities. Under the umbrella of this trust, the Bank has established a Financial Literacy and Credit Counseling (FLCC) centre at Dharmapuri on 13.01.09 and has proposed to establish one more centre at Puducherry. The Bank has also proposed to establish RUDSETI Model Training Institutes names as "Indian Bank Self Employment Training Institute (INO SETI) at three centres one each in Andhra Pradesh, Tamilnadu and Puducherry in our Lead Districts for providing training to rural youth.

Financial Inclusion:

- ❖ Covering 4637 villages, the Bank under the Financial Inclusion Project, opened 15.15 lakh No Frills SB accounts and provided Overdraft and GCC facilities to 52,524 individuals with a total sum of Rs.10.90 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.816.02 crore as credit assistance to 62,457 SHGs during the nine months ended December 2008.
- ❖ **Educational Loans:** Support to the students is continued by extending Educational loan and the exposure of the Bank to educational loan portfolio stood at Rs.1592.01 crore as on 31st December 2008 with 1,27,004 students having been brought in to fold. During the nine month ended December 2008, the Bank disbursed a sum of Rs.426.68 crore as educational loans to 49,399 students.

During the Nine months, advances to **SME** sector grew by Rs.936 crore (21.49%) to Rs.5,291 crore.

The Bank's exposure under Personal Segment Advances and Home Loan as on 31.12.08 amounted to Rs. 9,200.67 crore and Rs. 4,707.04 crore respectively. During the nine month ended December 2008, home loan disbursement was Rs.1,006.47 crore.

MOVEMENT BANYAN VRIKSH has been launched for adding CASA accounts (Current and Savings Bank account) within a period of 101 working days from 18.08.2008 to 26.12.2008. One million accounts have been opened during the Movement.

Branch Expansion

During the nine months 41 new branches were opened. More branches will be opened during fourth quarter to take the total number of new branches to 100. A specialised corporate branch opened in Mumbai to cater to the needs of corporate customers. Three more such branches will be opened in Bangalore, Chennai and Hyderabad.



Technology initiatives

ATMs: The Bank's ATMs increased to 651 as on 31.12.2008 in 242 cities/towns (including 176 offsite ATMs). The Bank's customers can access more than 32,000 ATMs across the country through consortium arrangements.

- Voice interface provided in ATMs installed during the year, welcoming and guiding the user for entering PIN.
- ATM installed at 35 Railway Stations, of which ATM with kiosk installed at 24 Railway Stations.
- Bio-metric scanner installed at Harbour Branch ATM (Chennai) on pilot basis and it is under installation in 10 more branches.
- As a part of strengthening the security in the conduct of transactions and for authentication and non-repudiation, besides user ID and password, Finger print authentication is used as second factor authentication. The application has been successfully tested for CBS applications. Finger print scanners will be installed in the branches in a phased manner. ATMs with Bio-metric scanners will be installed in 50 rural centres to enable customers to do transactions.
- General Packet Radio Service (GPRS) channel used on test basis for connecting of online ATM. After successful testing, 6 offsite ATMs located at various Centres are connected through GRPS. One ATM at Delhi was activated through GPRS connectivity. This makes mobile ATM possible through GPRS connectivity.

New initiatives on customer service

- ✘ **Customer Meets in selected branches of our Bank:** To understand the quality of service based on the perception of the customers, shortcoming in branch services and the needs/expectations of the customers. Customer Meets have been conducted in 701 branches of the Bank covering all the Circles across the country from 08.12.2008 to 17.12.2008.
- ✘ **Pension Adalat:** To redress the grievances of the pensioners of Chennai, Pension Adalats were conducted on 30.11.2008 at Ayanavaram, T Nagar, Guindy, Esplanade and Mylapore. In an innovative way, for redressal of grievances of pensioners, our Bank has installed a redressal desk with phone numbers 044-25225066 / Mobile: 9445030403 from 15.12.2008 to 15.01.2009. A separate toll number 1800-425-0025 was also made available to the pensioners to redress their grievances during this period.
- ✘ **Melas for exchange of soiled/mutilated notes and distribution of coins:** For the benefit of the customers and the general public, the Bank conducted meals for exchange of soiled/mutilated notes and distribution of coins at Tirupattur, Madurai, Salem and Tambaram West. In these melas, the Bank had given exchange for Rs.98.09 lakhs of soiled/mutilated notes and disbursed coins to the extent of Rs.3.77 lakh.



- ❖ **Adoption of Code of Bank's commitment to Micro and Small Enterprises (SME code):** SME code has been adopted in our Bank and branches are directed to provide copies of the code to all SME customers.
- ❖ **Observance of Farmers' Fortnight from 24.11.2008 to 06.12.2008:** To increase the Gross Capital formation in agriculture, Farmers' Fortnight was conducted from 24.11.2008 to 06.12.2008.
- ❖ **Formation of Marketing Committees:** Marketing Committees were constituted at the branches with customers forming the part of the committee along with the officials of the Bank.
- ❖ **Simplified Common application form for Micro and Small Enterprises:** A common application form has been designed for SME customers based on the recommendations of the working group constituted by IBA.
- ❖ **Facilities to old/sick/incapacitated/visually impaired persons:** The Bank has reiterated the facilities available to these persons to enable our dealing staff to be more sensitive to the needs of the senior citizen and the challenged customer for portraying human touch at all times.

Social Security Schemes

- Under Janashree Bima Yojana (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 3186 SHGs covering 31,860 members during the current fiscal.
- Under Universal Health Care Policy (UHCP) the micro insurance scheme launched in association with United India Insurance Company Ltd. (UIIC) and intended for providing health cover to BPL families, the Bank has provided insurance cover to 16,220 BPL members.

Awards & Accolades

- The Bank has been rated 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.
