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**PRESS RELEASE**

**Indian Bank Announces First Quarter Results**

**Net Profit Rs. 331.66 Crore; Growth 52.40%**

**Results at a Glance**

- **Net Profit** rose to **Rs.331.66** crore during the first quarter ended June 2009 from **Rs. 217.62 crore** in the corresponding period last year, registering a growth of **52.40% yoy**.
- **Balance Sheet Size** increased **20.71% yoy** from **Rs.73489 crore** at the end of June 08 to **Rs.88705 crore** at the end of June 09.
- The Bank is well capitalised with a **Capital Adequacy Ratio** of 13.68% at the end of the first quarter compared to 12.06% at the end of the quarter ended June 08. The Tier I capital was 11.56% at the end of the quarter against 10.74% at the end of June 2008.

**Key Financial Ratios**

- Return on Average Assets improved to 1.54% from 1.23% (quarter ended June 08).
- NIM improved to 3.56% from 3.17%.
- Cost income ratio was lower at 42.04% as against 44.22%.
- The Capital Adequacy Ratio as per Basel I norms stood at 13.68% (including Tier I Capital Adequacy of 11.56%) as on 30.06.2009 against 12.06% as on 30.06.2008.
- The Capital Adequacy Ratio as per Basel II norms stood at 14.23% (including Tier I Capital Adequacy of 12.03%) as on 30.06.2009 against 11.91% as on 30.06.2008.
- The Net Worth of the Bank was Rs.6211.95 crore as at end June 2009 as compared to Rs.4933.69 crore as at end June 2008, a growth of 25.91% yoy.
- EPS (annualized) improved to Rs.29.76 from Rs.19.30
- Book value of equity improved to Rs.135.23 (Rs.105.49 for June 08).

Indian Bank has announced its unaudited results for the first quarter of FY 2009-10 following the approval by its Board of Directors in a meeting held in Chennai today (23<sup>rd</sup> July 2009).

Addressing the press here today, Shri.M S Sundara Rajan, Chairman and Managing Director said that despite the challenging economic scenario, the Bank has performed well in all sectors.

The Net Profit of the Bank for the first quarter was Rs.331.66 crore, growing by 52.40% over the Net Profit of Rs.217.62 crore during the first quarter of the previous year. The Bank's business has grown by 20.63% yoy to Rs.1,28,701 crore as at the end of June 2009 from Rs. 1,06,691 crore as at end June 2008.

#### **FINANCIAL HIGHLIGHTS:**

- **Net Interest Income (NII) and Net Interest Margin (NIM)**

Net Interest Income rose to Rs.737.68 crore in the quarter ending June 09 from Rs. 539.53 crore in the corresponding period last year, a growth of 36.73% yoy.

Net interest margin improved to 3.56 % from 3.17%.

- **Fee income**

Fee Income registered a growth of 43.97% yoy, rising to Rs.350.15 crore in the quarter compared to Rs.243.21 crore in the quarter ended June 08.

- **Trading Profits**

The Bank generated Rs.102.93 crore of Trading Profits in the quarter ended June 2009, as compared to Rs.24.38 crore (Q1 2008-09), a growth of 322.19% yoy.

- **Deposits**

Total deposits increased by 23.31% (Rs.14,502 crore) to Rs.76,717 crore from Rs.62,215 crore.

- **Advances**

The Bank's gross advances grew by 16.88% from Rs.44,476 crore as at end June 2008 to Rs. 51,984 crore as at end June 2009, while investments rose to Rs27,487 crore from Rs.20,818 crore, a growth of 32.03%.

Domestic Credit increased to Rs.49663 crore from Rs.42254 crore – an increase of Rs.7409 crore.

The Bank has started four large corporate branches with adequate infrastructure and expertise to have a competitive edge in large volume credit.

- **NPAs and restructured loans**

During the quarter, the Bank continued to maintain good performance in NPA recovery management recovering Rs.219 crore as against Rs.114 crore recovered during the corresponding period last year.

Gross NPA was 0.91% (Rs.474.37crore) as on 30.06.2009. The Bank's Net NPA as on 30.06.2009 was Rs.205.89.crore and constituted 0.40% of net advances. The increase in Net NPA is due to the implementation of RBI guidelines regarding floating provision held. Under the revised guidelines, floating provision is permitted for inclusion in Tier II capital and not for arriving Net NPA.

Considering the changing economic scenario, the Bank has finetuned its recovery policy. The Bank liberalized the OTS policy for small loans NPAs upto Rs.2.00 lakh and extended new OTS policy for Small and Micro enterprises.

The Bank has restructured loans aggregating Rs.1786.25 crore during the quarter.

The Bank has entered into an MoU with Mahindra & Mahindra for financing commercial vehicles of Mahindra make and a new product IB M&M Auto Star has been formulated.

The Bank has also entered with an MoU with TATA Motors Ltd for financing commercial vehicles of TATA make and a new product IB TATA CV Star has been formulated.

The Bank's specialized MSME branches are already functioning in Bangalore and Coimbatore. During the quarter 59 branches across the country have been identified for conversion into specialized SME branches.

## **BUSINESS OVERVIEW:**

### **• Retail Business**

- **Retail Asset Products:** Retail advances grew from Rs.8258 crore as at end June 2008 to Rs.10,004 crore as at end June 2009, a growth of 21.14% yoy. Retail Advances accounted for 19.24% of the total Advances of the Bank as at the end of June 2009.
- ATM card base has increased from 23.37 lakh (June 08) to 34.39 lakh as on 30<sup>th</sup> June 2009.
- **Wealth Management Services and Third Party Products:** The Bank offers Wealth Management Services and Gold Coins and bars - through its select branches. Personal Investment Products including Mutual Funds, Life Insurance products in association with UTI, Reliance, HDFC SLIC, General Insurance products in association with United India Insurance and Online trading accounts in association with Ind Bank Merchant Banking Ltd.

### **• Priority Sector lending**

Priority Sector Advances of the Bank increased by Rs.469 crore to reach Rs.18,895 crore as at 30 June 2009 from Rs.18,426 crore as on 31.03.2009. It constituted 38.94% of Adjusted Net Bank Credit as against the norm of 40% to be achieved by March 2010.

## **Agriculture credit**

During the first quarter the Bank disbursed a sum of Rs.1113.50 crore as Agriculture advances benefiting 2.52 lakh farmers and the outstanding stood at Rs 7994 crore as on 30.06.2009 from Rs.7838 crore as on 31.03.2009.

Of the farm loan of Rs1113.50 crore disbursed, Rs.273.97 crore have been disbursed to 83966 new farmers and Rs411.79 crore to 1,31,982 small/marginal farmers.

The Bank 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'. Besides 0.43 lakh other farmers were provided relief of Rs.84.57 crore under the scheme. Fresh loans were issued to the beneficiaries of the scheme and so far Rs.353.31 crore has been provided to 1,16,410 farmers.

## **Financial Inclusion:**

- The Bank has carved a niche for itself in rural development. The Bank has opened 20 Banking Service Centres across the country to provide doorstep banking for the rural masses.
- Covering 4637 villages, the Bank under the Financial Inclusion Project, opened 19.52 lakh No Frills SB accounts and provided Overdraft and General Credit Card facilities to 52,545 individuals with a total sum of Rs.10.91 crore.

- **Microfinance:** The Bank has made a significant contribution for the development of Self Help Group (SHG) movement throughout the country and in micro finance. The Bank disbursed Rs. 225.81 crore as credit assistance to 14069 SHGs during the quarter ended June 2009. During the quarter, the Bank opened one Microsate branch in Bhopal, an exclusive branch for microfinance. There are 26 Microsate branches across the country.

The Bank has already set up Indian Bank Self Employment Training Institute (INDSETI) in Salem and Puducherry for providing training to rural youth to enable them to be self employed. During the quarter one INDSETI was opened in Vellore.

The Bank has established Financial Literary and Credit Counselling Centre at Dharmapuri and Puducherry.

The Bank is a forerunner in launching Biometric ATMs in rural areas. An exclusive software application has been developed for enabling dual biometric authorization of SHG members.

- **Educational Loans:** To work for the cause of education has always been dear to the heart of Indian Bank. The exposure of the Bank to education loan portfolio stood at Rs.1852.02 crore as on 30 June 2009. During the quarter ended June 2009, the Bank disbursed a sum of Rs.143.76 crore as educational loans to 26,501 students.

The Bank's exposure under Personal Segment Advances and Home Loan as on 30.06.2009 amounted to Rs.10,004.18 crore and Rs.5134.26 crore respectively.

## **Technology Initiatives**

**ATMs:** The Bank's ATMs increased to 767 as on 30.06.2009 (including 211 offsite ATMs).

The Bank has installed ATMs at 58 railway stations across the country, of which 29 are ATM with e-ticketing kiosks.

The Bank also developed unique software to implement Tamilnadu state Government pensioners Sixth Pay Revision. Basic pension revision and arrears to be calculated from 1/2007 to 5/2009 was paid.

During the quarter, the Bank also made CBS lives in 3 pilot branches of 3 RRBs.

### **Awards & Accolades**

- Indian Bank has been awarded 'Celent Model Bank 2009' award for innovative and extensive use of Core Banking Software.
- Indian Bank is one among the 19 Indian Banks/Financial Institutions which are in the top 500 Global Financial Brands 2009 based on a study by Brand Finance Plc in association with the Banker magazine.
- The Bank was ranked No.1 among nationalized Banks by Ernst & Young, Knowledge partners of Financial Express.

**HR Initiatives:** The Bank has recruited specialist officers to work in specialized areas including SME and Priority Sector. Rural Marketing Officers from Agricultural Universities of Tamilnadu and Andhra Pradesh were recruited.

The Bank has also successfully completed the promotion in all cadres recently to ensure the succession planning process within the organization.

### **Corporate Social Responsibility:**

The Bank awards scholarship/prizes to District toppers in public examination. The Bank sponsored the release of a book on prevention of heart diseases.

The Bank organized blood donation camps and medical camps including eye screening camps for senior citizens during the quarter.

**Sports:** A.Dominic Raj and Bharthi Dasan won the Men Doubles title in the Tamilnadu State Carrom Championship 2009 held at Chennai in June.

Sai Meera Ravi, Women International Chess Master has been invited by Spanish Chess Federation to play 5 International Tournaments being held in Spain from 24<sup>th</sup> June to 30<sup>th</sup> August 2009.

N.Arul Selvi won the Women's Singles Title in the Second State ranking tournament held at Chennai in June.

Swetha Kumaravelu won the women youth title in third Tamilnadu state ranking Table Tennis tournament at Chennai in June.

Risk Based Internal Audit, credit revenue, managements, information systems and other audits are being carried out to check, control and monitor the transactions.

For detailed presentation please visit us at [www.indianbank.in](http://www.indianbank.in)