

इंडियन बैंक

Indian Bank

इलाहाबाद

ALLAHABAD

आपका अपना बैंक, हर कदम आपके साथ  
YOUR OWN BANK, ALWAYS WITH YOU

75

Azadi Ka  
Amrit Mahotsav

115  
Years of  
Dedicated  
Service to the  
Nation

16<sup>th</sup> Annual General Meeting  
held on June 22, 2022

Speech delivered by  
Shri S L Jain  
MANAGING DIRECTOR & CEO

**Dear Shareholders,**

It is my privilege to present before you the highlights of your Bank's performance during the financial year 2021-22. Your Bank continued to be on the growth trajectory and the details of achievements and initiatives of the Bank are provided in the Annual Report for the year.

The performance of your Bank came in an economic environment where the Indian economy did well despite multiple challenges it faced externally as well as internally. Let me begin with a short glimpse of the prevailing financial eco-system and the outlook for global and Indian economy.

**Global Economy:**

The war in Ukraine and its consequent impact on commodity prices cast a cloud on the growth outlook globally. It was buffeted by volatile crude prices, rising interest rates in the Advanced Economies, heightened trade tensions and geopolitical uncertainties in some parts of the world. China's tighter and wider COVID-19 curbs halted factory production and crimped domestic demand, adding to wider economic woes. Higher commodity prices due to disrupted supplies and intensified economic uncertainties have fuelled inflationary pressures, squeezing real incomes of households.

**Indian Economy:**

Due to global conflict and supply disruptions, domestic inflation surged to near 8-year high in Apr'22. To contain the inflation, RBI conducted an off-cycle MPC meeting and hiked the Policy rates by 40bps after almost 2 years. Subsequently, in its 2<sup>nd</sup> Bi-monthly MPC, RBI increased the Policy rates further by 50bps and focused on withdrawal of accommodation to contain the inflation.

Good prospects of rabi output on the back of favourable monsoon augur well for rural demand. With the ebbing of the third wave and expanding vaccination coverage, pick-up in contact-intensive services and urban demand is expected to be sustained in the near future. RBI expects the real GDP to grow at 7.2% and projected inflation at around 6.7% in FY23.

Indian economy overall showed resilience during pandemic years and is also expected to weather the present global turbulence.

**Banking Sector :**

The Indian Banking sector is sufficiently capitalised and the demand for credit from almost all the major categories of borrowers is encouraging. The Scheduled Commercial Banks (SCBs) in India posted continuous growth across all the business parameters in FY22. Demand for credit disbursed by SCBs has improved gradually during FY22.

**Bank's Performance - FY22 :**

Against this backdrop, I would like to present a snapshot of the Bank's performance during FY22.

**Landmark Business Figure:**

- ❖ The highlight of the Bank's performance was achieving landmark of ₹10 Lakh Cr in Gross Business in Mar'22 registering growth of 9% YoY. The growth was aided by 10% growth in deposit and 6% in Gross advances.
- ❖ Bank's CASA deposits increased by 9% YoY to ₹2.48 lakh Cr (₹247926 Cr) in FY22 which was 42% of Total Deposit of the Bank.
- ❖ Bank has a well-diversified credit book constituting 61% share of RAM. RAM portfolio has increased from 58% a year ago. The growth in the RAM has been observed in all sectors i.e., Retail, Agri & MSME. The Retail, Agriculture and MSME sectors grew by 15%, 12% and 6% YoY respectively.
- ❖ The Corporate loan book moderated by 5% at ₹152998 Cr in FY22 due to economic slowdown for last couple of years.
- ❖ Priority Sector Advances stood at 45.47% of Adjusted Net Bank Credit (ANBC) in FY22 as against the RBI mandatory target of 40.00%. Agriculture Credit stood at 21.06% of ANBC as against the RBI mandatory target of 18.00%.
- ❖ During the FY22, SHG portfolio of the bank grew by 22% YoY to reach ₹9524 Cr involving 3.30 lakh SHGs as on 31 Mar'22 as against ₹7785 Cr previous year.

**Earnings and Profitability:**

- ❖ Operating Profit recorded a growth of 16% to reach ₹12,717 Cr as compared to ₹10,967 Cr in the previous year.
- ❖ Net Profit of the Bank grew substantially by 31% to ₹3,945 Cr in FY22 as against ₹3,005 Cr in FY21.
- ❖ Net Interest Income of the Bank registering a growth of 7% YoY.
- ❖ Return on Assets (ROA) improved to 0.63% in FY22 from 0.50% a year ago.
- ❖ Return on Average Net worth (ROE) increased to 12.13% in FY22 from 10.63% in FY21.
- ❖ Earnings-per-Share (EPS) for FY22 improved to ₹32.38 from ₹26.61 a year ago.
- ❖ Domestic NIM of the Bank improved by 6 bps to 2.91% in FY22 as against 2.85% in FY21.
- ❖ Cost to income ratio reduced by 234 bps to 46.21% in FY22 as against 48.55%.

**Asset Quality:**

- ❖ Gross Non-Performing Assets (GNPA) reduced to 8.47% at ₹35,214 Cr in FY22 as against 9.85% in the previous financial year.
- ❖ Net NPA also declined by 110 bps to ₹8,849 Cr during the same period and was at 2.27% as on March 31, 2022 as against 3.37% in FY21.
- ❖ Provision Coverage Ratio (PCR) improved to 87.38% in FY22 from 82.12% in FY21.
- ❖ Total recovery during the FY22 stood at ₹7115 Cr from ₹5275 Cr a year ago.

**Sound Capital Structure:**

Capital Adequacy Ratio (CRAR) of the Bank computed as per Basel III guidelines, stood at comfortable level of 16.53% as on Mar'22 with Tier-I Capital at 13.17%.

During the year, Bank raised equity capital of ₹1650 Cr through Qualified Institutional Placement (QIP). Government holding has come down from 88.06% as on March 31, 2021 to 79.86% as on March 31, 2022.

**Bank's Footprint:**

Currently, the Bank has an extensive customer touch-points across India, comprising 5732 branches, 4925 ATMs and BNAs as well as over 9657 Business Correspondents (BCs). Bank is also having 3 overseas branches.

**Awards & Recognition:**

Bank has been awarded the Best Performing Bank – SHG Bank Linkage for FY21 by Government of India. It has also been awarded First Prize among PSBs by NABARD for Excellence in performance under "SHG Bank Linkage Programme in Tamil Nadu" for FY21.

Bank has won the "FE Pillar of the BFSI Industry award" in Financial Express (FE) Modern BFSI Summit.

**Financial Inclusion Initiatives:**

- ❖ As on Mar'22, the Bank opened 185 lakhs PMJDY accounts and the outstanding balance stood at ₹7609 Cr. The balance in PMJDY accounts has grown by 12% over the previous year.
- ❖ Bank has issued RuPay cards to around 60% of the accounts.
- ❖ The claim settlement ratio under PMJJBY and PMSBY was 95% and 98% respectively.
- ❖ Bank has registered growth of 29% YoY in FY22 under APY scheme. The Bank has bagged 2<sup>nd</sup> position from PFRDA in terms of annual APY performance with 96 Average Accounts Per Branch (AAPB) and awarded "Annual APY Award for Excellence" for FY22 having achieved 137% of target.

**Leveraging Technology :**

- ❖ Digital Banking has become a great enabler in providing products/services to the convenience of the customer. During Q4FY22, 77% of the Bank's transactions were carried out through Digital/ATM/BNA Channels as against 60% during Q4FY21.
- ❖ Leads generated through various channels like ATM, Website, Mobile Banking, Chatbot, Social Media are integrated with Lead Management System (LMS) for their effective conversion into business.
- ❖ During the financial year, Bank has implemented full-fledged Data Analytics solution for generation of business leads, cross selling of Retail & MSME loan products etc.

**HR Initiatives:**

- ❖ Bank has developed New Age Performance Management System (PMS) aimed at periodical assessment of performance with interactive dashboard and robust individual development plan for employees.
- ❖ The proactive role of HR in foreseeing the necessities of business and employees make the institution special and an employee friendly one. Bank has tied -up with M/s. Practo for free online Doctor consultation for serving and retired staff members.

**New Initiatives:**

- ❖ As a part of digital transformation, the Bank has launched "Project-WAVE" (World of Advanced Virtual Experience) and created an exclusive digitisation cell for undertaking key digitisation initiatives.
- ❖ To provide 24x7 digital solution, Bank has launched Pre Approved Personal Loan product with an end to end digitisation with instant disbursement in 3 Clicks.
- ❖ KCC renewal up to ₹1.6 lakh through digital channel has made live.
- ❖ MSME Prerana, a business mentorship programme for MSMEs has been successfully rolled out in 10 states/ UTs in 7 languages. Under this programme 1191 entrepreneurs were trained of which 342 were women.
- ❖ For ease of account opening and customer acquisition, the Bank has launched TAB Banking and Video KYC.

**Way Forward:**

At Indian Bank we have taken up comprehensive digital transformation for customer engagement and personalised offerings of our products and services.

Emphasis of the Bank is on providing new products through digital channels to ensure better customer experience and enhance digital adoption.

**Acknowledgement :**

I would like to take this opportunity to thank all the members of the Board for their valuable support, guidance and inputs during the course of journey throughout the year. I would also like to acknowledge the unstinted support of our loyal customers in the growth story of the Bank. I appreciate our dedicated and devoted work force for their untiring efforts and outstanding performance in challenging times.

I also wish to sincerely thank the Government of India, RBI, all our valuable shareholders and other stakeholders for their continued confidence and support to the Bank in all its endeavours.

We would continue to look forward for your support, goodwill and patronage.

**With best wishes,**

**Yours sincerely,**

**S L Jain**  
**MD & CEO**