



Speech delivered by
Shri S L Jain
MANAGING DIRECTOR & CEO

116
Years of
Dedicated
Service to the
Nation

17TH ANNUAL GENERAL MEETING
HELD ON JUNE 19, 2023

Dear Shareholders,

I am pleased to present to you the performance highlights of your bank for the financial year 2022-23. Business growth and the details of accomplishments 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 major economies around the world faced unprecedented inflation & monetary tightening, which led to global slowdown.

Now, let me begin with a short preview of the prevailing financial eco-system and the outlook for global and Indian economy.

Global Economy:

Global economic activity remains resilient amidst the persistence of inflation at elevated levels, debacle of banks in some advanced economies, tight financial conditions and continued geopolitical tensions. Now, the Supply-chain disruptions are normalising, the disorders to energy and food markets caused by the geo-political conflict are also receding. The synchronous tightening of monetary policy by most central banks have started bearing fruits, with inflation moving back toward its targeted levels.

In its Jun'23 meeting, the US Federal Reserve announced a pause to the hikes in the federal funds rate, after a series of interest rate hikes in the last two years.

However, weakened external demand, spill-overs from the banking crisis, volatile capital flows and debt distress in certain vulnerable economies weigh on growth prospects. Hence, the outlook for the global economy remained sluggish. Consequently, IMF through its Global Economic Outlook for the month of Apr'23 has revised the global economic growth downward to 2.8% for calendar year 2023.

Indian Economy:

Due to multiple shocks, e.g. COVID-19, Russia invasion of Ukraine etc., record inflation was observed across the globe and India also faced the cascading effect of imported inflation. To rein in the inflation, the RBI hiked the policy repo rate by 250 bps in different phases during the FY23. Throughout the year domestic inflation remained elevated, its cumulative print was recorded at 6.65% during FY23. However, India's retail inflation eased to a 25-months low at 4.25% YoY in May'23. In its Jun'23 MPC meet, the RBI kept the policy rate unchanged.

India's GDP rose by 6.1% in Q4FY23 and 7.2% in FY23 which shows that its economic narrative continues to emerge. There is an overall revival in economic activity due to the investments from the Government being extremely strong. This capex led mode is surely keeping our economy afloat compared to other major global economies.

On the other hand, headwinds from geopolitical tensions, tightening global financial conditions and the slowing external demand pose downside risks to India's economic growth. The RBI projected real GDP to grow at 6.5% and CPI led inflation at 5.1% for FY24.

Banking Sector

The Indian Banking sector remained resilient & well capitalised and demand for credit from almost all the major sectors of the economy was seen. The banking sector successfully catered to the needs of the economy.

Bank's Performance - FY23

Against this background, I would like to present a synopsis of the Bank's performance during FY23.

Business Figure:

- Bank achieved the gross business of ₹10.95 Lakh Cr, witnessing YoY growth of 8% in FY23. This was driven by 14% YoY growth in Gross advances and 5% YoY growth in deposits. The YoY growth in SB deposits was at 7%.
- While Bank's CASA deposits increased by 5% YoY to ₹2.61 lakh Cr (₹2,60,809 Cr) in FY23, the CASA share to total deposits continued to remain consistent around 42%, as in the previous year.
- The Bank has a well-diversified credit book constituting 61% share of RAM (Retail, Agri & MSME) advances. The growth in the RAM advances has been observed in all the segments. Retail, Agriculture and MSME advances grew by 13%, 16% and 7% YoY respectively.
- Bank's Corporate loan book grew by 12% YoY to ₹1,71,242 Cr in FY23.
- Priority Sector Advances of the Bank stood at 44.26% of Adjusted Net Bank Credit (ANBC) in FY23 as against the RBI's mandatory target of 40.00%. Agriculture Credit stood at 19.27% of ANBC as against the mandatory target of 18.00%.
- The outstanding loan amount to SHGs grew by 44% YoY to reach ₹13,719 Cr involving 4.57 lakh SHGs as on 31st Mar'23 as against ₹9524 Cr in the previous year.

Earnings and Profitability:

- On the earnings front,
- Net Interest Income grew by 21% YoY to ₹20,225 Cr & Fee based income of the Bank grew by 16% YoY to ₹2,969 Cr.
 - Recovery in written-off accounts improved by 34% YoY to ₹2,155 Cr in FY23.
- On the profitability front,
- Operating Profit recorded a YoY growth of 20% to reach ₹15,271 Cr as compared to ₹12,717 Cr in the previous year.
 - Net Profit of the Bank grew by 34% YoY to ₹5,282 Cr in FY23 as against ₹3,945 Cr in FY22.
 - Return on Assets (RoA) improved to 0.77% in FY23 from 0.63% a year ago.
 - Return on Average Net worth (RoE) increased to 14.73% in FY23 from 12.13% in FY22.
 - As far as Earnings-per-Share (EPS) for FY23 is concerned, it improved to ₹42.41 from ₹32.38 a year ago.
 - Domestic NIM of the Bank is also improving, it increased by 50 bps to 3.41% in FY23 as against 2.91% in FY22.
 - We are also able to restrain our expenses. Cost to income ratio reduced by 201 bps to 44.20% in FY23 as against 46.21% in the last year.

Asset Quality:

- On account of continuous focus on improving asset quality the bank recovered a total of ₹8,504 Cr in FY23 as against ₹7,115 Cr a year ago.
- Gross Non-Performing Assets (GNPA) are continuously declining. The GNPA ratio has reduced by 252 bps to 5.95% at ₹28,180 Cr in FY23 as against 8.47% in the previous financial year.
- Simultaneously, Net NPA ratio also declined by 137 bps to 0.90% at ₹4,044 Cr as on March 31st 2023 as against 2.27% in FY22.
- Provision Coverage Ratio (PCR, including TWO) improved to 93.82% in FY23 from 87.38% in FY22.

Sound Capital Structure:

Capital Adequacy Ratio (CRAR) of the Bank computed as per Basel III guidelines stood at 16.49% in Mar'23, with Tier-I Capital at 13.48%.

The share of Government of India in the Bank was 79.86% as on 31st Mar'23.

The Board of Directors has recommended a dividend of ₹8.60 per equity share (86%) for FY23.

Bank's Footprint:

Bank is continuously extending its reach. Bank has an extensive customer touch-points across India, comprising 5,787 domestic branches, 3 overseas branches, 1 IFSC Banking Unit (IBU), 4,929 ATMs & BNAs and 10,750 Business Correspondents (BCs).

Awards & Recognition:

Bank has been conferred various awards for outstanding performance and services during the FY23. Some of the notable awards are:

The Financial Express, "Award for Best Public Sector Bank 2020-21" received in Aug'22.

The winner of BFSI Award 2023 in Best Brand category for spurring growth amidst global slowdown by the Economic Times.

The "Golden Peacock National Training Award-2023" for excellence in training practices from Hon'ble Minister of UAE at Dubai.

"CGTMSE Achievement Award FY23" for best efforts in information dissemination.

The Best Performing Bank Award in Tamil Nadu for SHG-Bank Linkage Programme for FY22 from NABARD.

The Company of the Year at Mint W3 awards 2023.

Bank was adjudged the 2nd Best Bank at National Level at the 14th State Forum of Bankers Clubs Kerala (SFBCK) Banking Excellence, 2021-22 in Jan'23.

The Bank also secured 2nd Position in ATAL Pension Yojana Enrolments for FY22

Financial Inclusion Initiatives:

- Financial Inclusion is the key to empower individuals and communities by providing equal access to financial services and opportunities for economic growth.
- Bank is having 205 lakh PMJDY accounts as in Mar'23 in which the outstanding balance stood at ₹9342 Cr. The balance in PMJDY accounts has grown by 23% over the previous year.

- Balance per PMJDY account of the bank stood at ₹4,557 in comparison to industry average of ₹4,087. Bank has also issued Ru-Pay cards to around 56% of the account holders.
- Bank garnered 6.86 lakh fresh enrolments in APY during the year with highest ever per branch account average of 117.

Leveraging Technology

- Digital Banking has been revolutionising the way we manage our finances by offering convenient and secure access to banking services anytime, anywhere.
- Mobile banking users of the bank increased to 115 lakh in FY23 as against 68 lakh in FY22, while the transactions increased by 72% YoY during the period.
- Number of UPI users increased by 27% YoY to 128 lakh in FY23, while the UPI transactions surged by 109% YoY.

HR Initiatives:

- As part of our commitment to foster a positive work environment, we have implemented several HR initiatives to support our staff, viz., implementation of job family concept, capacity building initiatives etc.
- Bank is dedicated to improve its service quality and hence continuously updating the knowledge of its employees through trainings. Bank has conducted trainings for the 36,652 employees posted in different verticals during the year for empowering and skilling them. 908 Digital banking champions have been assigned the responsibility of on-boarding more and more customers on the digital channels.
- The Bank has launched Performance Management System (PMS) to gauge the performance of our officers and motivate them for focused overall growth by assigning Key Performance Indicator (KPIs).
- We also prioritize employee well-being by offering wellness programs and initiatives, including health and fitness activities, stress management workshops, and mental health support. In our endeavour to serve our employees, the Bank has continued its tie-up with M/s. Practo for free online Doctor consultation for the serving and retired staff members.

New Initiatives:

- Under the umbrella of "Project-WAVE" (World of Advanced Virtual Experience) the Bank has launched various digital journeys.
- Now one can digitally apply for Agri jewel loan, Shishu Mudra loan & Personal loan. Customers can also renew MSME & KCC loans, open fixed deposits and savings account digitally.
- To garner low cost deposits, Bank has set-up liability verticals in major cities of India to ensure customized service to esteemed corporates and Government departments.
- Bank has introduced PROJECT IND LEAP, which is an improved operating model based on centralisation, standardisation, automation, efficient processing & economies of scale. Under the project, micro-market strategy has been implemented at pin code level for business growth. It is a transformation journey to address evolving customer expectations and emerging opportunities.

Way Forward:

At, Indian Bank, we are adopting best in class industry practices to address evolving customer expectations. We are committed to deliver excellence in financial services by bringing innovation & technology in our offerings and will continue to be responsive to the needs of our customers through the channel of their choices.

We are also committed to enhance customer-centric services, improve operational efficiency, embrace digital transformation and foster innovation to stay competitive in the evolving banking landscape.

Acknowledgement

I would like to thank our shareholders for their unwavering support and confidence in the Bank. The success we have achieved is a result of the hard work & dedication of the employees, the loyalty of our customers and the trust & confidence of our valued shareholders. We remain committed to delivering superior financial performance and creating value for our stakeholders.

I also wish to sincerely thank the Government of India, Reserve Bank of India, all our valuable shareholders and 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

Disclaimer: This Statement does not purport to be the proceedings of the Annual General Meeting of the Bank.

Corporate Office : 254-260, Avvai Shanmugam Salai, Royapettah, Chennai - 600 014.

1800 425 00 000

www.indianbank.in

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