



**HEAD OFFICE
66, RAJAJI SALAI,
CHENNAI-600 001**

Press Release

Indian Bank's Net Profit up

Board recommends 30% dividend

Indian Bank has announced its audited results for FY 2008-09, following the approval of its Board of Directors in the meeting held in Chennai on 27th April 2009. The Net Profit of the Bank for the year was Rs.1245.32 crores, a growth of 23.45 % over the Net Profit of Rs1008.74 crores during FY 2007-08.

The Bank has ended FY 2008-09 with a capital adequacy ratio of 13.27% and Net NPAs at 0.18% of Net Credit.

The EPS at Rs.27.96 was 23.94% higher than in the previous year. The Board of Directors has recommended a FINAL dividend of 30%.

Results at a Glance:

(Rs. in Crore)

	Q4 FY 2008-09	FY 2008-09
Net profit	394.07	1245.32
Net Interest income	667.57	2608.52
Fee Income	188.67	657.67
Net interest Margin (%)	3.34	3.54
Cost of funds (%)	5.69	5.50
Low cost deposits	22919.	22919
Capital adequacy ratio	13.27	13.27
Of which Tier I ratio	11.28	11.28

Results For Q4 FY 2008-09:

- Indian Bank has announced a Net Profit of Rs.394.07 crores for the fourth quarter of FY 2008-09, a growth of 63.06% over the Net Profit of Rs.241.67 crores for the fourth quarter of FY 2007-08.
- The Net Interest Income for Q4 was Rs.667.57 crores, as compared to Rs.522.58 crores during Q4 of the preceding year, a growth of 27.75% yoy.
- The Net Interest Margin for Q4 was 3.34% as compared to 3.44% for Q4 of the preceding year.
- The Fee Income for Q4 was Rs.188.67 crores, as compared to Rs.64.43.crores for Q4 of the preceding year, a growth of 14.74% yoy.

Highlights of performance during the year 2008-09

- * The total deposits of the Bank have grown 18.90% yoy from Rs.61046 crores as at end March'08 to Rs.72582.crores as at end March'09.
- * Domestic CASA Deposits constitute 32.50% of total deposits.
- * The Gross Advances have grown by 28.84% . Further, the Bank's Balance Sheet size has grown by 19.31% to Rs.84121.crores as at end March'09 from Rs.70508 crores as at end March'08.
- * The Net NPAs, as a proportion of net Credit, have reduced to 0.18.% from 0.24 % at the end of the preceding year.
- * The Bank's Capital Adequacy Ratio as per BASEL I was 13.27% as at end March'09 as compared to 12.74% as at end March'08.
- * Capital Adequacy ratio as per Basel II was 13.98% as on 31.03.09.

	2008-09	2007-08	Growth %	Q4 2009	Q4 2008	Q4-o-Q4 Growth %
Interest income	6830.33	5212.97	31.03	1856.37	1369.36	35.56
of which: Mol	145.36	175.54	-17.19	57.04	22.40	154.64
Non interest income	1035.44	1005.69	2.96	292.11	303.49	-3.75
of which:						
a. Recovery of bad debts	183.00	312.92	-41.52	45.61	97.46	-53.20
b. Profit on sale of investment	194.77	179.01	8.80	57.83	41.59	39.05
c. other non int.income	657.67	513.76	28.01	188.67	164.44	14.74
Total Income	7865.77	6218.66	26.49	2148.48	1672.85	28.43
Interest Expenditure	4221.81	3159.07	33.64	1188.80	846.78	40.39
Operating expenditure	1415.13	1400.29	1.06	323.96	303.10	6.88
Total Expenditure	5636.94	4559.36	23.63	1512.76	1149.88	31.56
Operating profit	2228.83	1659.30	34.32	635.72	522.97	21.56
Net Profit	1245.32	1008.74	23.45	394.07	241.67	63.06
Net Interest Income	2608.52	2053.90	27.00	667.57	522.58	27.75

	As on	31 st	As on	31 st	Rs.in crores Growth %
	March'09		March'08		
Deposits	72582		61046		18.90
Demand Deposits	22919		19715		16.25
Savings Bank	17667		15011		17.69
Current Accounts	5252		4704		11.65
Term Deposits	48563		40364		20.31
Net Advances	51466		39839		29.18
SME Advances	5489		4355		26.04
Priority Sector Advances	18426		15129		21.79
Agricultural Advances	7837		6294		24.53
Retail Advances*	9664		7860		22.25
Investments	22800		21915		4.04
Balance Sheet Size	84121		70508		19.31
Net NPAs (as % of netCredit)	0.18		0.24		
Gross NPAs (as % of gross Advances)	0.89		1.21		
Capital	As on	31st	As on	31st	
	March'09		March'08		
Equity Capital	429.77		429.77		
Net Worth	5880.30		4653.07		26.37
Capital Adequacy Ratio	13.27		12.74		
Tier – I	11.28		11.29		
Tier –II	01.99		1.45		

*Retail Assets are defined as our Personal Banking products

Performance Highlights under Priority Sector

Priority Sector Credit

- ☆ Priority Sector advances of the Bank increased by Rs.3296.47 crore during the year ended March 2009 to reach Rs.18425.70 crore as on 31st March 2009 and registered a growth rate of 21.79%.
- ☆ It constituted 48.23% of Adjusted Net Bank Credit (ANBC) as against the 40% norm to be achieved by March'09.
- ☆ The growth achieved during corresponding period last year was Rs.3130.79 crore (26.09%)

Agriculture credit

- ☆ Credit to Agriculture increased by Rs.1543.82 crore during the year ended March 2009 to reach Rs.7837.52 crore as on 31st March 2009 and registered a growth rate of 24.53%.
- ☆ It constituted 20.51% of ANBC as against the 18% norm
- ☆ The growth achieved during corresponding period last year was Rs.1479.60 crore (30.73%)
- ☆ In order to provide timely credit coinciding with monsoon, Intensive farm credit campaigns were conducted during the Kharif and Rabi seasons. During both these campaign periods, a total of 62710 farmers were assisted to the tune of Rs.362.65 crore.

Agricultural Disbursement

- ☆ **Special Agricultural Credit Plan:** Against the annual target of Rs.4925 crore, our Branches have disbursed a total of Rs.6324.77 crore, recording 128% achievement. Disbursement during previous year (07-08) was Rs.5707 crores against target of Rs.3500 crores.
- ☆ **New Farmers financed:** During 08-09, our Branches have financed 4.20 lakh new farmers working out to 470 farmers per Rural and Semi Urban Branch as against a target of 250 accounts per rural and semi urban branch to be achieved

by the March 2009. During last year (07-08), 2.99 lakh new farmers (191 accounts per Rural and Semi Urban Branch)

- ☆ **Finance to Small and Marginal Farmers:** During 08-09, 6.49 lakh Small/Marginal Farmers have been financed amounting to Rs.2373.22 crore, working out to 45.54% of direct agricultural credit against the stipulation of 40%. During last year (07-08), 8.08 lakh new Small/Marginal farmers were financed amounting to Rs.2089.17 crore.
- ☆ **Disbursement under Interest Subvention Scheme:** During 08-09, 9.51 lakh farmers have benefited under the scheme to the tune of Rs.2963.04 crore. The Bank is eligible for a sum of Rs.34.16 crore being interest subvention amount for the year ended March 09.

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's SHG portfolio stood at Rs.1350.86 crore as on 31.03.09 covering 1.55 lakh SHGs.
- ☆ The Bank disbursed Rs.1054.04 crore as credit assistance to 90421 SHGs during the year ended 31st March 2009 as against Rs.814.86 crore provided during corresponding period last year covering 75381 SHGs.
- ☆ The Bank has established 25 MICROSATE branches (specialized branches for microfinance), of which 15 were opened during 08-09. Through these Microsate Branches, a total of Rs.276.95 crore have been disbursed during the year ended March 2009, covering 16355 SHGs.

Education loan scheme

- ☆ Unstinted support to the students is continued and the exposure of the Bank to educational loan portfolio stood at Rs.1712.99 crore as on 31st March 2009 with 1,32,527 students having brought in our fold.
- ☆ Disbursement during the year ended March 2009 amounted to Rs. 540.17 crore covering 66,280 students as against Rs. 435.49 crore disbursed during last

year covering 44,710 students. As of March 2009, registered a growth of 49.04% in terms of outstanding level under Education Loans.

Financial Inclusion (FI)

- ☆ Besides achieving total financial inclusion (involving all Banks) in UT of Puducherry, Cuddalore (TN) & Kollam (Kerala), our Bank has implemented 100% Financial Inclusion in 11 other lead districts. 100% FI has also been completed by our Bank in Nilgiris (ST), Tiruvarur (SC) and Kanniyakumari (minorities) districts.
- ☆ Covering 4637 villages, the Bank under the Financial Inclusion Project, opened 17.04 lakh No Frills SB accounts and provided Overdraft and GCC facilities to 52545 individuals with a total sum of Rs.10.91 crore.
- ☆ 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 8579 groups covering 83033 members during the year ended March 2009.
- ☆ 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 so far cumulatively provided insurance cover to 16220 BPL members.

Weaker Section Advances

- ☆ Credit outstanding to Weaker Sections increased by Rs.440.43 crore during the year ended March 2009 against the target of Rs.141 crore, recording 312% achievement.

Agricultural Debt Waiver and Debt Relief Scheme

- ☆ In terms of the announcement made by the Gol in the Union Budget 2008, the Bank has provided debt waiver amounting to Rs.457.40 crore benefiting 2.36 lakh Small and Marginal Farmers. Besides 0.43 lakh other farmers are provided relief of Rs.84.57 crore as at the close of the scheme.
- ☆ Fresh loans are being issued to the beneficiaries of the Debt Waiver scheme from 01.07.08 and up to 31.03.09, Rs.283.19 crore has been provided covering 97357 accounts.

Capacity Building Initiatives

- ☆ As a 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 at Puducherry on 28.03.09.

The Bank has also established RUDSETI Model Training institutes named as “Indian Bank Self Employment Training Institute (IND SETI) at Salem on 25.03.09 and at Puducherry on 28.03.09 for providing training to rural youth.

- ☆ Apart from the above exclusive initiatives of the Bank towards capacity building, the Bank is already participating in Rural Training Centre, Karaikudi, Tamil Nadu (jointly with and NABARD & IOB) and Andhra Pradesh Bankers’ Institute of Rural & Entrepreneurship Development -APBIRED, Hyderabad (jointly with Government of AP & four other Banks). These two training institutes offer wide range of skill oriented training programmes with a focus on rural population.

Rural Technology Initiatives

- ☆ Banking Service Centre (BSC): To enable door step banking, by providing basic banking services at village level, the Bank has introduced Banking Service Centres (BSC). These centers extend financial services and non-financial services in the field of Agriculture, Education, Health etc. with the help of Internet facility. 20 Banking Service Centers have so far been opened by the Bank in rural areas across the country on a pilot basis.

For Self Help Groups, an exclusive software application has been developed for enabling dual biometric authentication of SHG members (i.e. with finger print). So far 18 Biometric ATMs have been installed in the Bank

- **Growing Retail Business**

- Bank's **Total Personal Segment Loan exposure as on 31.03.2009: Rs.9664.14 Crores.**
- **Year on Year Growth 2008 – 09 : 22.95%**
- Amount of Growth : Rs.1803.89 Crores.

Home Loans

- Bank's **Home Loan exposure as on 31.03.2009: Rs.5096.58 Crores.**
- **Year on Year Growth 2008 – 09 : 24.10%**
- Amount of Growth : Rs.989.70 Crores.

Special Home Loan:

Special Home Loan Scheme was introduced during December 2008, to be in force up to 30.06.09.

- **Wealth Management Services:** The Bank introduced Wealth Management Services to offer advice to HNIs.

Third Party Products:

- Tie-up with Reliance Mutual Fund to market their Mutual Fund products.
- Tie-up with Tata Motors for Financing of Car Loans including Booking Amount loans to Nano Car Seekers.

Bancassurance:

- The Bank has Corporate Agency Agreements with HDFC Standard Life and United India Insurance Company Ltd. for Life & Non life respectively, besides Agreements with UTI AMC and Reliance AMC for distribution of their mutual funds products.
- Bank has "Arogya Raksha" Scheme in conjunction with UIICO for providing group cover for its customers for health insurance.

Financing SME sector

The Bank has established SME CPUs at 9 key centres for quick approval of SME proposals. RBI approval has been obtained for converting 59 general Banking Branches into specialized SME Branches. Two specialized branches are already functioning at Coimbatore and Bangalore.

The Bank has introduced restructured loan products IB Caterers and IB Tours & Travels to assist the SME service sector units in Catering and Travel services.

Restructuring of Advances:

Disclosure on loans restructured during the year is as follows:

Advances Restructured	CDR Mechanism		SME		Others	
	No.	Amount outstanding	No.	Amount outstanding	No.	Amount outstanding
Standard	2	83.68	1863	384.41	47094	2132.83
Sub-standard	-	-	60	3.74	1467	21.72
Doubtful	-	-	11	0.21	447	4.62
Total	2	83.68	1934	388.36	49008	2159.17

- **Investment Portfolio**

The book value of the Bank's investment portfolio as of 31st March 2009 was Rs.- 22245.86 crores, of which Rs. 18858.09 crores was in government securities while Rs. 3387.77 crores was in other investments including corporate bonds, equities, preference shares, mutual funds etc.

67.63% of the government securities have been classified in the Bank's HTM category while 32.37% of the portfolio has been classified in the AFS categories.

The distribution of the investment portfolio in the three categories as well as the modified duration in each category was as follows.

Category	Percentage	Duration
HTM	67.63 %	years
AFS	32.37 %	years

- **Network Expansion**

The Bank has a wide presence through its 1642 Branches & 63 extension Counters and 755 ATMs across the country besides two Overseas Branches . During the year the Bank added 101 Branches.

- **Net Worth:**

The Net Worth of the Bank was Rs. 5880.30 crores as at end March '09 as compared to Rs.4653.07 crores a year earlier, a growth of 26.37% .

- **International Business**

The Bank has two foreign branches - Singapore and Colombo and a Foreign Currency Banking Unit in Colombo.

The total deposits of these branches are at Rs.2923 crores and Advances at Rs.2970 crores as of March 2009.

Other initiatives

- As part of marketing initiative touch screen kiosks have been installed at seven branches 5 in Chennai, one each in Mumbai and Delhi. The customers will be able to obtain information about the Bank's products and services at the touch of the screen. The information is available in Tamil, English and Hindi. They can even send e-mails from the touch screen to the Bank.
- Collection of electricity bill charges of TNEB donations to Guruvayur Devaswom Board through internet has been enabled. Centralised Pension Processing has been successfully implemented.
- Specialised Centralised Deposit Processing branches have been established at Chennai, Bangalore, Delhi and Mumbai for centralized

processing of backend operations relating to opening of accounts and issue of statements.

- Cheque Truncation Project has been implemented in NCR. 53 branches of Indian Bank are participating in Cheque Truncation Project.
- During the year 35 Specialist officers were recruited in different functional areas. 47 officers were absorbed through campus recruitment. The process for recruitment of 700 clerical staff is in progress.
- The Bank's training academy IMAGE (Indian Bank Management Academy for Growth and Excellence), trained 27923 officials and 2049 candidates from other institutions in various aspects of banking. For the first time in the Banking Industry, through e-learning package, the Academy covered 17,354 employees.

Awards

- One among the 19 Indian Banks/Financial Institutions which are in the top 500 Global Financial Brands 2009 based on a study made by Brand Finance Plc in association with the Banker magazine.
- Continues to be the Number One South Based Service Brand for the 5th year in succession. (ORG –MARG).
- The Bank is in the list of Forbes 2000 – 2009 (1659th position)
- Standard & Poor, the International Rating Agency has assigned BBB- Long Term and A- 3 Short Term Counter Party rating to the Bank.
- First prize by NABARD for excellence in performance under SHG Bank linkage for 2007-08.
- Skoch Challenger Award 2008 for Financial Inclusion
- Ranked by The Financial Express as the Best Nationalised Bank
- Our Chairman & Managing Director Shri M S Sundara Rajan has been ranked 45th in the list of top CEOs by Economic Times.

A presentation for investors is being separately placed on the Bank's website:

www.indianbank.in

Date: 27th April 2009