

**Indian Bank announces results for Q1 FY22
Operating Profit up by 26% YoY, Net Profit tripled to ₹1182 cr**

The Board of Directors of Indian Bank approved the Balance Sheet and Profit & Loss for the Q1 FY22 at their meeting held on 19th July 2021 at Chennai.

Highlights – Q1FY22

- *NIM at 2.85%, improved by 2 bps YoY*
- *Net Interest Income rose by 3% YoY*
- *Cost of Funds at 4.08%, 81 bps reduction YoY*
- *CASA Ratio at 41%, CA YoY growth 18%, SB YoY growth 8%*
- *Cost to Income Ratio at 40.86%, improved by 620 bps YoY*
- *Capital Adequacy Ratio at 15.92%, improved by 247 bps YoY*

Profitability: Q1 FY22

Operating Profit and Net Profit

- The Bank's **Operating Profit** has registered a growth of **26% YoY** to **₹3472 Cr** for Q1FY22 as against **₹2753 Cr** for Q1FY21. On a QoQ sequential basis it increased by **36%**.
- The Bank's **Net Profit** for the quarter grew by **220% YoY** to **₹1182 Cr** from **₹369 Cr** in Q1FY21. On a QoQ sequential basis Net Profit declined by **31%**.

Net Interest Income and Net Interest Margin

- The Bank's **Net Interest Income (NII)** grew by **3% YoY** to **₹3994 Cr** in **Q1FY22** from **₹3874 Cr** in Q1FY21. On QoQ sequential basis it surged by **20%**.
- **Net Interest Margin (NIM) (Domestic)** improved by **51 basis points (bps)** on QoQ sequential basis. It stood at **2.85%** for Q1FY22 as against **2.83%** for Q1FY21.
- **Net Revenues** (Net interest income plus other income) for Q1FY22 grew by **13%** to **₹5871 Cr** from **₹5201 Cr** for Q1FY21. It was **₹5078 Cr** in previous quarter.

Non-Interest Income

- **Non- Interest Income** for Q1FY22 is up by 41% YOY and 8% QoQ . It stood at **₹1877 cr** as against **₹1327 Cr** in Q1FY21 on account of higher recovery in bad debts and rise in forex income.

Provisions and contingencies

- **Provisions & Contingencies** for Q1FY22 were at **₹2290 Cr** as against **₹2384 Cr** for the corresponding quarter of previous year and **₹839 Cr** in Q4FY21.
- **Operating Expenses** contracted by **2%** to **₹2399 Cr** in Q1FY22 as against **₹2448 Cr** in the corresponding quarter of FY21. On QoQ sequential basis it moderated by **5%**.
- **Cost-to-Income Ratio** stood at **40.86%** in Q1FY22 as against **47.06%** in Q1FY21 and **49.82%** in Q4FY21 due to substantial reduction in staff expenses and rise in non interest income.
- **Return on Average Assets (RoA)** was at **0.75%** for Q1FY22 as against **1.09%** in the previous quarter. There is an improvement of **50** basis points in the corresponding quarter of the previous financial year.
- **Return on Equity (RoE)** for Q1FY22 was **15.20%** as against **5.49 %** as on Q1FY21. For Q4FY21, the same is at **23.14%**.

Assets and Liabilities

- **Domestic CASA deposits** grew by **9%** YoY while moderated by **3%** QoQ and touched **₹220874 Cr** in Q1FY22. Share of CASA to Total Deposits was **41%** in Q1FY22 as against **42%** a year ago. Current account deposits grew by **18%** and in Savings account deposits by **8%** YoY.
- **Advances** grew by **6%** to **₹389625 Cr** in Q1FY22 over **₹366787 Cr** a year ago, primarily driven by growth in RAM sector (**13%**) of which growth in Retail, Agriculture and MSME was **9%, 17%** and **12%** respectively. On QoQ sequential basis advances marginally declined by **0.2%**.
- **Balance sheet size** grew by **8%** YoY and was **₹621669 Cr** as on 30th Jun'21 as against **₹575766 Cr** as on 30th Jun'20. On a sequential QoQ basis, it declined by **0.7%**.
- **Total Business** recorded YoY growth of **9%** reaching the level of **₹929708 Cr** in Jun'21 as against **₹855896 Cr** in Jun'20. On a sequential QoQ basis it increased by **0.1%**.

Total deposits grew by **10%** YoY and **0.4%** QoQ and stood at **₹540082 Cr** as on Jun'21 as against **₹489109 Cr** in Jun'20.

- **Priority Sector portfolio** increased to **₹144680 Cr** in Jun'21 from **₹138786 Cr** in same quarter of the previous year. Priority sector advances as a percentage of ANBC stood at **43.78%** as against the regulatory requirement of **40%**.

Capital Adequacy

- For Q1FY22, Bank's total Capital Adequacy Ratio (CRAR) was at **15.92%** with **247 bps YoY** increase. On a sequential quarter basis, it increased by **21 bps** from **15.71%** in **Q4FY21**.
- Tier-I CRAR was at **12.22%** in Jun'21 against **10.47%**, up by **175 bps YoY**. On a sequential quarter basis, it increased by **28 bps** from **11.94%** in **Q4FY21**.

Asset Quality

- **GNPA** was at **9.69%** of Gross advances as on Jun'21 brought down by **121 bps YoY** and **16 bps QoQ**.
- The **Net NPA** ratio declined to **3.47%** at 30th Jun'21 from **3.76%** in Jun'20. It stood at **3.37%** at 31st Mar'21.

Key Summary of Q1FY22 results

| Rs in Cr | Q1FY21 | Q4FY21 | Q1FY22 | QoQ% | YoY% |
|------------------------------|--------|--------|--------|--------|-------|
| Earnings & Profit | | | | | |
| Interest Income | 10120 | 8904 | 9624 | 8 | -5 |
| Interest Expenses | 6246 | 5570 | 5629 | 1 | -10 |
| Net Interest Income | 3874 | 3334 | 3994 | 20 | 3 |
| NIM % Domestic | 2.83 | 2.34 | 2.85 | 51 bps | 2 bps |
| Non-Interest Income | 1327 | 1744 | 1877 | 8 | 41 |
| Operating Profit | 2753 | 2548 | 3472 | 36 | 26 |
| Loan loss provisions | 1830 | 2870 | 1747 | -39 | -5 |
| Net Profit | 369 | 1709 | 1182 | -31 | 220 |

| Rs in Cr | Q1FY21 | Q4FY21 | Q1FY22 | QoQ% | YoY% |
|------------------------------|--------|--------|--------|----------|---------|
| Balance Sheet | | | | | |
| Gross Advances (Global) | 366787 | 390317 | 389625 | -0.2 | 6 |
| Domestic Corporate | 163566 | 160595 | 159011 | -1 | -3 |
| Domestic RAM | 194303 | 218942 | 218730 | -0.1 | 13 |
| Of which: Home Loans | 40747 | 41831 | 40995 | -2 | 1 |
| Deposits(Global) | 489109 | 538071 | 540082 | 0.4 | 10 |
| Domestic CASA | 202545 | 227027 | 220109 | -3 | 9 |
| Domestic Term Deposits | 278710 | 302238 | 311267 | 3 | 12 |
| CASA ratio % (Global) | 42 | 42 | 41 | -140 bps | -63 bps |
| Gross NPA | 39965 | 38455 | 37759 | -2 | -6 |
| Net NPA | 12755 | 12271 | 12653 | 3 | -1 |
| Slippages during the quarter | 523 | 8292 | 4204 | -49 | 704 |

| Ratios % | Q1FY21 | Q4FY21 | Q1FY22 | QoQ bps | YoY bps |
|----------------------|--------|--------|--------|---------|---------|
| Asset Quality | | | | | |
| GNPA | 10.90 | 9.85 | 9.69 | -16 | -121 |
| NNPA | 3.76 | 3.37 | 3.47 | 10 | -29 |
| PCR (with AUC) | 80.52 | 82.12 | 82.00 | -12 | 148 |
| PCR (without AUC) | 68.09 | 68.09 | 66.49 | -160 | -160 |
| Credit Cost | 1.93 | 2.99 | 1.81 | -118 | -12 |

| | Q1FY21 | Q4FY21 | Q1FY22 | QoQ bps | YoY bps |
|-----------------------|--------|--------|--------|---------|---------|
| Capital Ratios | | | | | |
| CET -I | 10.30 | 11.27 | 11.57 | 30 | 127 |
| Tier -1 | 10.47 | 11.94 | 12.22 | 28 | 175 |
| CAR | 13.45 | 15.71 | 15.92 | 21 | 247 |

MD and CEO's quote:

After successfully completing the amalgamation during the previous year, the Bank is now reaping the synergy benefits. With the vaccination program picking up and the economy expected to open up in the coming quarter, the Bank is well positioned to leverage the growth opportunities.

Bank has registered 26% growth in operating profit and tripled the net profit to ₹1182 Cr YoY. RAM sector registered 13% YoY growth and is at 58% of gross credit. The capital adequacy ratio of the Bank is at 15.92 % giving comfort to Bank in ramping up the business. Oversubscription of QIP in the month of Jun'21, adding ₹1650 Cr to equity, is another testimony to ever increasing market trust in the strong fundamentals of the Bank.

Post amalgamation the synergy benefits are coming in terms of cost efficiencies resulting in cost to income ratio of 40.86% as against 47.06% in the previous year.

Merger of IT operations and integration of systems has resulted in economies of scale through vendor rationalisation, finer pricing on AMCs and improved operational efficiencies. Bank has made long term investment in strengthening IT infrastructure, IT security and Network operations. These investments are being leveraged through various Digital Transformation initiatives and the benefits will be visible in the coming years through increased business, profitability and enhanced customer experience.

It gives me great pleasure to announce that Bank has declared dividend of 20% for FY21. Following the strong financial results for FY21, Bank has paid Performance Linked Incentive equivalent to 15 days' pay to the employees.

The Bank continues to support the MSMEs through its business mentoring program 'MSME Prerana' and start-ups through 'Ind Spring Board' initiatives. Bank has also extended 'MSME Prerana' programs in vernacular languages in the states of Maharashtra and Telangana during the current quarter.

I would like to express my sincere appreciation and thanks to the dedicated and committed employees of the Bank who braved all odds and stood by the Bank in these challenging times.

I also thank our valued customers for their continued patronage and steadfast support to the Bank.