

**PRESS RELEASE****Indian Bank announces results for Q3 FY20****Business crosses Rs.4.5 trillion and Balance sheet size crosses Rs.3 trillion****Operating profit grew by 67% and Net profit increased by 62%****Robust growth of 133% in Other income.**

The Board of Directors of the Bank approved the Balance Sheet and Profit & Loss for the Third Quarter of 2019-20 (Q3 FY20) and for the Nine months period ended December 31, 2019 (April - December FY20), at their meeting held on 24<sup>th</sup>, January 2020 in Chennai.

**Profitability:**

- The Bank's **Operating profit** registered a robust growth of **67%**, touching **Rs.1919 crore** for the Q3 FY20 as against **Rs.1147 crore** for the corresponding period of the previous year. For the nine months period ended December 31, 2019 (NME FY20), **Operating profit** grew by **32%** and was **Rs.4795 crore** as against **Rs.3635 crore** for the nine months period ended December 31, 2018 (NME FY19).
- **The Net profit** at **Rs.247 crore** for Q3 FY20 as against **Rs.152 crore** for Q3 FY19 was up by **62%** mainly on account of robust growth of **133%** in other income (including interest on IT refund). For the nine months period ended December 31, 2019, **Net profit** grew by **90%** and was **Rs.971 crore** as against **Rs.512 crore** for the corresponding period ended December 31, 2018.
- **Total income** of the Bank for the quarter ended December 31, 2019 was **Rs.6506 crore**, up 23% over **Rs.5269 crore** for the quarter ended December 31, 2018. For the nine months period ended December 31, 2019, the same was **Rs.18383 crore** as against **Rs.15530 crore** for the nine months period ended December 31, 2018.
- **Net interest income** rose by 14% for Q3 FY20 to **Rs.1955 crore**, from **Rs.1717 crore** for Q3 FY19. For NME FY20, Net interest income increased by **7%** and was **Rs.5604 crore** as against **Rs.5255 crore** for the corresponding period ended December 31, 2018.
- **Net revenues** (Net interest income plus other income) for Q3 FY20 grew by **38%** and was at **Rs.2994 crore** as against **Rs.2162 crore** for the corresponding quarter of the previous year. For NME FY20, Net revenues was **Rs.8074 crore** as against **Rs.6568 crore** for the corresponding period NME FY19 with an increase of **23%**.
- **Other income** for the quarter ended December 2019 was **Rs.1039 crore** and increased by **133%** over the corresponding quarter of the previous year including interest on IT refund of Rs.296 Cr. For the nine months period ended December 31, 2019, it grew by **88%** to touch **Rs.2471 crore**. Adjusting for the one off item, Other income grew by **67%** for Q3 FY 20 and **65%** for nine months period ended December 31, 2019.

- **Operating expenses** for the quarter ended December 31, 2019 was **Rs.1075 crore** as against **Rs. 1015 crore** during the corresponding quarter of the previous year. Operating expenses for the nine months period ended December 31, 2019 was **Rs.3280 crore** compared to **Rs.2933 crore** in NME FY19.
- **Net interest margin (NIM) (Domestic)** increased by **3** basis points (bps) and touched **2.91%** for the quarter ended December 31, 2019 as against **2.88%** for the quarter ended December 31, 2018. On a sequential basis, it was maintained almost at the same level.
- **NIM (Domestic)** for the nine months period ended December 31, 2019 declined by **10 bps** and was **2.92%** as against **3.02%** for the year ago period.
- **Cost-to-income ratio** declined to **35.91%** for the quarter ended December 31, 2019 as against **46.96%** for quarter ended December 31, 2018. The decrease was on account of growth of **38%** in operating revenues (including interest on IT refund of Rs.296 Cr). For the nine months period ended December 31, 2019 it was **40.62%** as against **44.65%** (nine months period ended December 31, 2018). After adjusting for the one off item, Cost-to-income ratio was **39.84%** for Q3 FY 20 and **42.16%** for nine months period ended December 31, 2019
- **Provisions and contingencies** for the Q3 FY20 was **Rs. 1672 crore** mainly due to higher provision towards NPAs as against **Rs.994 crore** for the corresponding quarter ended December 31, 2018. For the nine months period ended December 31, 2019, the same was **Rs.3824 crore** as against **Rs.3123 crore** for the previous nine months period ended December 31, 2018.
- **Return on Average Assets (RoA)** at **0.33%** for the quarter ended December 31, 2019, recorded an increase of **10 bps** (Q3 2018-19: 0.23%) due to increased Net Profit. RoA for the nine months period ended December 31, 2019 was **0.45%** as against **0.26%** for the nine months period ended December 31, 2018.
- **Return on Equity (RoE)** for Q3 FY20 was **5.04%** as against **3.72%** for Q3 FY19. For the nine months period ended December 31, 2019, RoE was **7.25%**.

#### **Assets & Liabilities:**

- **Business** at **Rs.450278 crore** as of December 31, 2019, recorded a Y-o-Y growth of **12%** over December 31, 2018.
- **Total Balance sheet size** grew by **14% (Y-o-Y)** and was **Rs.300110 crore** as of December 31, 2019 as against **Rs.263853 crore** as of December 31, 2018.
- **Total deposits** at **Rs.257621 crore** as of December 31, 2019, grew by **14%** over December 31, 2018

- **Domestic CASA deposits** recorded a Y-o-Y growth of **10%** and share of CASA was **34.51%** of total domestic deposits as on December 31, 2019 as against **35.73%** as on December 31, 2018 which was mainly on account of Term deposits outgrowing CASA. Growth in CASA was primarily driven by a Y-o-Y growth of **10.75%** in Savings account deposits to reach **Rs.73236 crore** and supplemented by Y-o-Y increase of **6.7%** in Current account deposits which reached **Rs.13160 crore**.
- **Advances at Rs.192658 crore** as of December 31, 2019 grew by **9%** over December 31, 2018 (**Rs.176864 crore**) driven primarily by growth in **Retail (22%)** [Of which **Housing loans – 31%** **Mortgage loans – 21%** and **Other retail loans – 25%**], **Agriculture (13%)**, **MSME (19%)** and supplemented by **Overseas advances (16%)**. Corporate loans however contracted by **4% YoY**.
- **Priority Sector portfolio** increased from **Rs.65438 crore** as of December 31, 2018 to **Rs.73760 crore** as of December 31, 2019. Priority sector advances as a percentage of ANBC stood at **47%** as against the regulatory requirement of **40%** as on December 31, 2019.
- **Advances to Weaker section** increased from **Rs.16300 crore** as on December 31, 2018 to **Rs.18287 crore** as on December 31, 2019, constituting **12%** of ANBC and as against regulatory requirement of **10%**.

#### **Capital Adequacy:**

- The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines, was healthy at **15%** as at December 31, 2019 (**12.67%** as at December 31, 2018) as against regulatory requirement of **10.875%**.
- Tier-I CAR was at **13.12%** as on December 31, 2019 compared to **11.53%** as at December 31, 2018. Risk-weighted Assets were at **Rs.157738 crore** (**Rs.154825 crore** as at December 31, 2018).

#### **Asset Quality**

- **Gross non-performing assets** were at **7.20%** of Gross advances as on December 31, 2019 and declined by **26 bps** from **7.46%** as on December 31, 2018. For the sequential quarter, GNPA % was **7.20%**. The GNPA % was maintained at the same level despite one large HFC account being recognized as a Non performing asset.
- **Net non-performing assets** came down from **4.42 %** as on December 31, 2018 to **3.50%** of Net advances as on December 31, 2019 with a reduction of **92 bps**. For the sequential quarter, NNPA % was **3.54%**.
- **Provision coverage ratio** improved YoY **993 bps** to **70.84%** from **60.91%**. Excluding technical write off, it improved by **1057 bps** to **53.20%** from **42.63%**.

- **Recovery from Bad debts** improved by **13%** for the nine months period ended December 31, 2019 over December 31, 2018.

**Recognitions:**

- **'Best Bank 2017-18'** under Nationalised Bank category - **Financial Express**
- **Voted as a 'Trusted Bank'** in the Nationalised Banks Category April 2019 - **Readers Digest**
- Winner of **'Digi Dhan Digital Payment Award 2018-19'** from Ministry of Electronics & Information Technology (MeitY) for achieving Digital Transactions Target (**160.82%**) under **> Rs.10 Cr to Rs.50 Cr category** for the year 2018-19.
- **First** among PSBs for Excellence in performance under **"SHG Bank Linkage Programme"** in Tamil Nadu for FY 2018-19 – **NABARD**
- **"Swatchatha Pakhwada 2019"** – **First position** for outstanding contribution to cleanliness drive.

**MD & CEO's Quote:**

*Commenting on the results, Ms. Padmaja Chunduru MD & CEO, Indian Bank said,*

*Bank has delivered yet another satisfying result with Business and Balance sheet crossing milestone figure of Rs.4.5 trillion and Rs.3 trillion respectively. Increase of 12% on YoY basis in Business was propelled by good growth, both in Deposits (14%) and Advances (9%) which is above Industry average. Bank's advances continued to ride on the retail growth momentum which now constitutes 64% of the Bank's Domestic loan book. Retail assets witnessed growth across all segments viz., Retail (22%), Agriculture (13%) and MSME (19%).*

*The earnings have been good despite recognition of a big HFC account as NPA. The slippages otherwise were contained through close and rigorous follow up which lent stability to the Asset quality metrics. Net NPA% has come down sequentially from 3.54% to 3.50% and Gross NPA% @ 7.2% was maintained at the same level.*

*With regard to amalgamation of Allahabad Bank with Indian Bank, the process is on and all activities are following expected timelines. We are sanguine that this would be a seamless integration resulting in good synergy for the Bank and offer improved products and services for the customers.*

*The Bank is geared up and we expect a good overall performance for FY 20.*

**Chennai, January 24<sup>th</sup>, 2020**